

Profile of State

The State is located in the North Eastern Region of India. It is the third smallest State in the country in terms of geographical area (10,491.69 sq.km) and second highest populous State of North East after Assam. The State stands 18th in terms of population density in the country. As indicated in **Appendix 1.1(Part-D)** the State's population increased from 31.99 lakh in 2001 to 36.71 lakh as per 2011 census recording a decadal growth of 14.75 *per cent*. The percentage of population below the poverty line was 40.6 *per cent* against the all-India average (37.2 *per cent*) for 2004-05 (Economic Review of Tripura, 2011-12). The State's Gross State Domestic Product (GSDP) in 2012-13 at current prices was ₹ 23,854.70 crore (Advance Estimate). The State's literacy rate increased from 73.20 *per cent* (as per 2001 census) to 87.75 *per cent* (as per 2011 census). The per capita income of the State was estimated at ₹ 64,770 (A)¹ in 2012-13 against the all India average of ₹ 68,747 (Economic Survey 2012-13). General data relating to the State is given in **Appendix 1.1(Part-D)**.

Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of India's GDP at factor cost at current market price and the State GSDP at factor cost at current prices are indicated below:

Annual growth rate of GDP and GSDP at factor cost at current prices

Year	2008-09	2009-10	2010-11	2011-12	2012-13
India's GDP (₹ in crore)*	5303566	6108903	7266967	8353495	9461013
Growth rate of GDP (percentage)	15.75	15.18	18.96	14.95	13.26
State's GSDP (₹ in crore) [#]	13572.64	15402.70	17867.73	20981.74 (P)	23854.70 (A)
Growth rate of GSDP	15.05	13.48	16.00	17.43	13.69

* Economic Survey 2012-13, Ministry of Finance, Government of India.

[#] Information furnished by Directorate of Economic & Statistics, Government of Tripura.
(P) Provisional (A) Advanced Estimate

1.1. Introduction**1.1.1 Summary of Fiscal Transactions in 2012-13**

The **Table 1.1** presents the summary of the State Government's fiscal transactions while **Appendix 1.2** provides details of receipts and disbursements as well as the

¹ Information furnished by the Directorate of Economic & Statistics, Government of Tripura.

overall fiscal position during the current year (2012-13) *vis-à-vis* the previous year (2011-12).

Table No. 1.1: Summary of Fiscal operations in 2012-13

(₹ in crore)

Receipts			Disbursements				
Particulars	2011-12	2012-13	Particulars	2011-12	2012-13		
Section-A: Revenue					Non-Plan	Plan	Total
Revenue receipts	6476.90	7050.30	Revenue expenditure	4809.23	3993.61	1219.27	5212.88
Tax revenue	858.02	1004.65	General Services	2032.76	2158.36	9.12	2167.48
Non-tax revenue	214.22	178.75	Social Services	1929.06	1082.92	972.45	2055.37
Share of Union Taxes/ Duties	1307.56	1493.18	Economic Services	743.91	643.73	237.70	881.43
Grants from Government of India	4097.10	4373.72	Grants-in-aid and Contributions	103.50	108.60	NA	108.60
Section-B: Capital & others							
Misc. Capital Receipts	0.00	0.00	Capital Outlay	1397.26	32.52	1450.67	1483.19
Recoveries of Loans and Advances	2.10	1.26	Loans and Advances disbursed	13.89	0.28	18.65	18.93
Public Debt receipts	417.88	834.01	Repayment of Public Debt	217.52	306.14	0.00	312.49
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00	0.00	0.00
Public Account receipts	2083.38	2173.68	Public Account disbursements	1860.56	NA	NA	1893.66
Opening Cash Balance	839.55	1521.35	Closing Cash Balance	1521.35	NA	NA	2659.45
Total:	9819.81	11580.60	Total:	9819.81	NA	NA	11580.60

(Source: Finance Accounts for the respective years)

- Revenue receipts increased by ₹ 573.40 crore (8.85 per cent) during 2012-13 over the previous year due to increase in Tax Revenue by 17.09 per cent, State share of union taxes by 14.20 per cent and Grants from GOI by 6.75 per cent during the year. However, the non-tax Revenue of the State decreased by 16.56 per cent during the current year mainly due to less receipts from public undertakings as dividends by 97 per cent, less receipts from miscellaneous general services by 93 per cent and decrease in receipts from police by 24 per cent which were the main contributors of NTR Receipts during 2011-12.
- Revenue Expenditure increased by ₹ 403.65 crore (8.39 per cent) during the year 2012-13 from 2011-12 due to increased expenditure in Economic Service

by 18.49 *per cent* and 6.55 *per cent* in Social Service. However, in General Service, the expenditure increased only by 1.63 *per cent* over the previous year. About 77 *per cent* of Revenue Expenditure was under Non-Plan.

- Public Debt receipts increased substantially by almost 100 *per cent* due to more borrowing from open market by 115 *per cent* and Loans from NABARD by 45 *per cent* during the year 2012-13. Receipts from National Small Savings Funds (NSSF), however, increased by ₹ 28.76 crore during 2012-13 from ₹ 12.53 crore in 2011-12.
- Capital outlay increased by ₹ 85.93 crore (6 *per cent*) in 2012-13 over the previous year mainly due to increase in Economic Service by ₹ 49.74 crore and in Social Service by ₹ 24.84 crore during the year.

1.1.2 Review of the fiscal situation

Tripura Fiscal Responsibility and Budget Management (FRBM) Act, 2005

As per recommendations of the XII Finance Commission (XII FC), the Tripura Fiscal Responsibility and Budget Management (TFRBM) Act, 2005 was enacted which required preparation of Medium Term Fiscal Policy Statement (MTFPS) alongwith other documents² for being placed in the Assembly during the Budget Session. The XIII Finance Commission (XIII FC) recommended that every State needs to amend the FRBM Act and work out a fiscal reform path to make credible progress towards fiscal consolidation. Accordingly, Tripura had amended the TFRBM Act and had revised the MTFPS targets since 2010-11.

Major fiscal variables provided in the budget based on recommendations of the XIII Finance Commission and the actuals *vis-a-vis* the target in the FRBM Act of the State, are depicted in **Table 1.2** below:

Table No. 1.2: Trends in major fiscal variations *vis-à-vis* projections for 2012-13

Fiscal variables	2012-13			
	XIII FC targets for the State	Targets as prescribed in TFRBM Act	Projections made in MTFPS	Achievement
Revenue Deficit (-)/Surplus (+) (₹ in crore)	To maintain Revenue surplus			(+) 1,837.42
Fiscal Deficit(-)/Surplus (+) to GSDP ratio (In <i>per cent</i>)	(-) 3.00	(-) 3.00	(-) 3.00	(+) 1.41
Ratio of outstanding debt to GSDP (in <i>per cent</i>)	40.70	44.60	44.60	32.21

Source: XIII FC, Medium Term Fiscal Policy Statement, Finance Accounts.

During 2012-13, the State had achieved all the three targets fixed in the TFRBM Act. Like previous years, the State had remained revenue surplus during the current year as well, which was 26.06 *per cent* of total revenue receipts. The State Government was able to achieve the fiscal surplus-GSDP ratio of 1.41 *per cent* as against the fiscal

² Macroeconomic Framework Statement, Fiscal Policy Strategy Statement and eight Disclosures to be filled up in respective forms.

deficit – GSDP ratio of 3.00 *per cent* targeted in the FRBM Act, and MTFPS. The debt-GSDP ratio had also been maintained within the target of 44.60 *per cent* prescribed in TFRBM Act and MTFPS.

The improvement in achievements *vis-à-vis* targets prescribed in the TFRBM Act as well as MTFPS were mainly due to increase in total revenue receipts by 8.85 *per cent* in 2012-13 over the previous year.

During 2012-13, fiscal surplus stood at ₹ 336.56 crore i.e. an increase of ₹ 77.94 crore over 2011-12. The State Government should strive to maintain revenue as well as fiscal surplus all throughout the XIII FC period.

1.1.3 Budget estimates and actuals

The Budget Estimate of the State Government provides an estimate of revenue receipts and expenditure thereof for a particular financial year. Government have set various parameters to come out with these estimates based on past experience on various fiscal variables. The projected estimates are important as they guide the State Government Fiscal Policy for a financial year. The accuracy in the estimation of receipt and expenditure reflects the fiscal marksmanship and effective implementation of fiscal policies for the overall socio-economic development of the State. Deviation from the estimates on the other hand indicates poor planning and implementation of fiscal objectives. The following table shows the Budget Estimates and Actuals for selected Parameters.

Table No. 1.3: Budget and Actuals 2012-13

Sl. No.	Particulars	(₹ in crore)	
		Budget Estimates(RE)	Actuals
1	Tax Revenue	1033.00	1004.65
2	Non-Tax Revenue	179.25	178.75
3	State Share of Union Taxes and Duties	1493.18	1493.18
4	Capital Receipts (Borrowings)	819.00	834.01
5	Revenue Expenditure	5776.28	5212.88
6	Capital Expenditure	2506.09	1483.19
7	Revenue Deficit (-)/Surplus (+)	(+)1747.51	(+)1837.42
8	Fiscal Surplus (+)/Deficit (-)	(-)432.94	(+)336.56

It was seen that the collection of State's Own Tax was lower than the Revised Estimate by ₹ 28.35 crore (2.74 *per cent*) and stood at ₹ 1004.65 crore during the year 2012-13. Revenue and Capital Expenditure was below the estimates for the year. There was a surplus/savings in the projected revenue expenditure by 9.75 *per cent*. There was a sharp shortfall in capital expenditure by ₹ 1,023 crore i.e. 41 *per cent* less than the budget estimates despite having higher revenue and fiscal surplus.

Financial projections

In the budget speech 2012-13 there was no proposal for new tax, or increasing the rate of existing taxes. But the Finance Minister felt the necessity to improve the tax

collection to meet part of committed liabilities and support developmental activities of the Government.

With the aim of improving efficiency, ensure transparency and making it Dealers' friendly, the State had proposed to implement "Mission Mode Project for Computerisation of Tax Administration (MMPCT)" at a Project cost of ₹ 730.41 crore. The Project aimed at introducing various electronic services like e-registration of dealers, e-filing of returns, e-payment of taxes, e-refund, issuing e-forms to the dealers, etc. State Government had also taken up modernisation of Churaibari Check Post with a view to check tax evasion and reduce waiting time of transportation. Accordingly, e-services at Churaibari Check Post had been made functional at a cost of ₹ 45.22 crore during the year 2012-13 as mentioned in the Budget Speech of the Finance Minister.

Mode of Financing Fiscal Deficit

According to the Budget Speech 2012-13, the overall deficit was anticipated to be ₹ 149.33 crore. It was stated in the Budget Speech 2012-13 that this deficit would be met by increased fund flow from Central sources, improving resources mobilisation and reduction in non-developmental expenditure.

Table No. 1.4: Budget and Actuals of Central transfer of funds during 2012-13

<i>(₹ in crore)</i>			
Sl. No.	Components of Central Transfer	Budget	Actuals
1.	State Share of Union Taxes	1,380.00	1,493.18
2.	Non-Plan Gap Grants as per XIII FC	1,030.00	1,030.00
3.	Other non-plan Grants	205.79	259.76
4.	Grants (CSS, CP, NLCPR & NEC)	3,476.60	3,083.96
Total:		6,092.39	5,866.90

It was seen from the above table that actual receipt of Central Transfers including State's share of Union taxes was ₹ 5,866.90 crore against the budget of ₹ 6,092.39 crore which was short by ₹ 225.49 crore as compared to the budget estimates of 2012-13. Against the budget for Central grants (Plan and Non-Plan) of ₹ 4,712.39 crore, the State Government received ₹ 4,373.72 crore . ₹ 1,289.76 crore was received as non-plan grants during the year 2012-13. However, total contribution of the Central Government by way of grants increased by ₹ 276.62 crore (7 per cent) during 2012-13 as compared to the previous year (₹ 4,097.10 crore).

But even with short Central transfer compared to the budgeted estimate the State registered a fiscal surplus of ₹ 336.56 crore. The surplus had occurred mainly because of less capital expenditure as compared to the budgeted expenditure on this account during 2012-13.

1.1.4 Gender Budgeting

In order to create positive environment through economic and social policies for development of women and children to enable them to realise their full potential and to ensure equal rights and opportunities to them in social, economic life and of their protection, the State Government introduced Gender Budget with ₹149.82 crore out of total budget of ₹ 3,689.15 crore in the year 2005-06. The State Government allocates funds for women fully or partly on schemes within the overall budget. An amount of ₹ 149.82 crore was allocated to 12 Development Departments in the initial year viz Education (School & Higher), Social Welfare & Social Education (SW & SE), Agriculture, Animal Resources Development, Rural Development (including Panchayat), Health and Family Welfare, Tribal Welfare, Urban Development, SC/OBC & Minorities Departments. Over the years, provision for Gender Budgeting had been extended to other departments with increased budgetary allocation as well. The same had been featuring as Gender Budget Statement in the Budget at a glance since 2005-06. The budget allocation for women had increased from ₹ 149.82 crore in 2005-06 to ₹ 421.44 crore distributed among 17 departments during 2012-13. The details of year-wise allocation of funds under Gender Budget for the last five year are given in **Appendix 1.3**.

Scrutiny of budget records revealed that out of a total provision for plan outlay, 23 to 28 *per cent* was allocated for women during 2008-09 to 2012-13 of which the financial achievement ranged between 47 and 97 *per cent* during the period. Details are given in table below:

Table No. 1.5: Provision and achievement of Gender Budget during 2008-13

Year	Total budget for plan outlay	Provision for gender budget (percentage of total plan provision)	Financial achievement (percentage of achievement)
2008-09	808.45	230.31 (28)	222.34 (97)
2009-10	1,313.90	350.84 (27)	335.76 (96)
2010-11	1,053.92	294.84 (28)	194.54 (66)
2011-12	1,302.36	304.64 (23)	142.86 (47)
2012-13	1,864.55	421.44 (23)	289.93 (69)

The above table shows that during 2012-13, ₹ 421.44 crore (23 *per cent*) was allocated for implementation of various schemes for women through 17 development departments (**Appendix 1.3**) and the financial achievement was ₹ 289.93 crore which was about 69 *per cent* of the budget provision for women. There was 100 *per cent* utilisation of the amount in Family Welfare & Preventive Medicine followed by 97 *per cent* in Social Welfare and Social Education Department during 2012-13.

1.2 Resources of the State

1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India

(GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI. Besides the funds available in the Public accounts after disbursement is also utilised by the Government to finance its requirement. **Table No.1.1** and **Appendix 1.2** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.1** depicts the trends in various components of the receipts of the State during 2008-13, **Chart 1.2** and **Chart 1.3** depicts the composition of resources of the State during the current year.

Following flowchart show the components and sub-components of resources of the State.

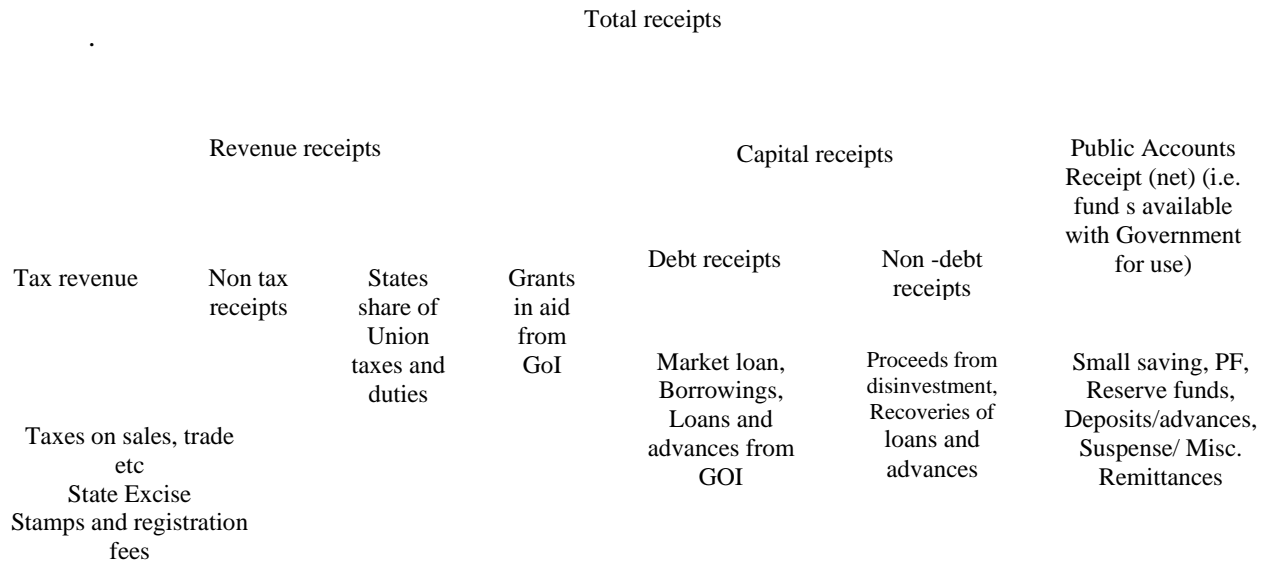
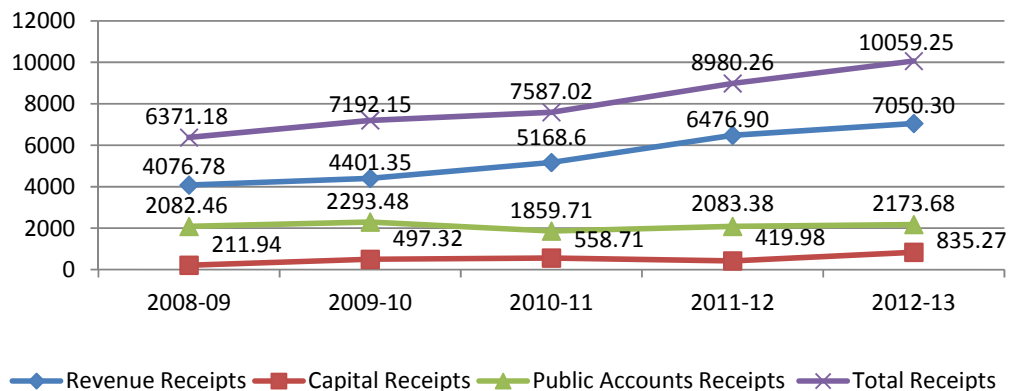
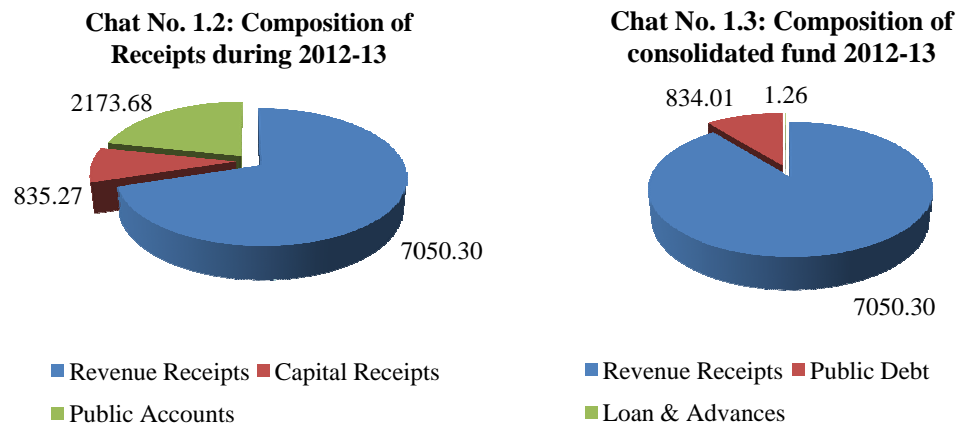


Chart No. 1.1: Trends in receipts 2008-13





Revenue receipts of the State increased from ₹ 4,076.78 crore in 2008-09 to ₹ 7,050.30 crore in 2012-13 which represented an increase of about 73 per cent over a period of five years from 2008-09 to 2012-13. This was contributed by 127 per cent increase in Tax revenue, 117 per cent in State’s share of Union Taxes and duties and 56 per cent increase in Grants-in-aid from the Government of India. On the other hand, the Capital receipts of the State showed a staggering growth rate of 294.11 per cent over the years from ₹ 211.94 crore in 2008-09 to ₹ 835.27 crore in 2012-13. This was mainly due to increase in internal debt of the State which increased from ₹ 206.17 crore in 2008-09 to ₹ 830.53 crore in 2012-13 registering an increase of 302.84 per cent in five years. The growth in Public Account receipts was modest at just 4.38 per cent. On the whole, the total receipts increased by 57.89 per cent over the years 2008-13.

1.2.2 Funds transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State implementing agencies³ for implementation of various schemes/programmes in social and economic Services, which are recognised as critical. These funds are not routed through the State Budget/State Treasury System and hence do not find mention in the finance Accounts of the State. As such, the Annual Finance Accounts of the State does not provide a complete picture of the resources of the State. The position of funds transferred directly to the State Implementing Agencies during the last five years are presented in **Table No. 1.6**.

³ State implementing agencies include any organisation/institution including Non-Governmental organisation which is authorised by the State Government to receive funds from the Government of India for implementing specific programmes in the State.



Table No. 1.6: Funds transferred by Central Government directly to the State Implementing Agencies outside the State Budget

(₹ in crore)

Particulars	Fund Transferred				
	2008-09	2009-10	2010-11	2011-12	2012-13
No. of Programmes / Schemes under which funds were transferred	53	91	73	68	63
Total Funds transferred by Central Government	700.30	1,568.64	962.59	1,753.28	1,618.36

Source: 'Central Plan Scheme Monitoring System' portal of the Controller General of Accounts' website.

During the year 2012-13 an amount of ₹ 1,618.36 crore was transferred directly by Government of India to the State Implementing Agencies. The detail of Schemes/Programmes and the Implementing Agencies to which the funds were transferred are presented in **Appendix 1.4**.

Out of ₹ 1,618.36 crore, ₹ 768.90 crore (47.51 per cent) was released towards Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) which decreased by 19.85 per cent over the previous year and ₹ 61.86 crore (3.82 per cent) was released towards Rural Housing – Indira Awaas Yojana (IAY) scheme (decreased by about 53.65 per cent) while funds released towards the National Rural Drinking Water Program (NRDWP): ₹ 100.59 crore; National Rural Health Mission (NRHM): ₹ 42 crore; Pradhan Mantri Gram Sadak Yojana (PMGSY): ₹ 338.59 crore; Rastriya Madhyamik Shiksha Abhiyan (RMSA): ₹ 70.18 crore; and Sarva Shiksha Abhiyan (SSA): ₹ 120.10 crore during the year. With the transfer of an approximate amount of ₹ 1,618.36 crore directly by GoI to the State Implementing Agencies, the total availability of State resources during 2012-13 had increased from ₹ 10,059.25 crore to ₹ 11,677.61 crore .

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts of the State consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2008-13 are presented in **Charts 1.4** and **1.5** respectively.

Chart 1.4: Trends in Revenue Receipt

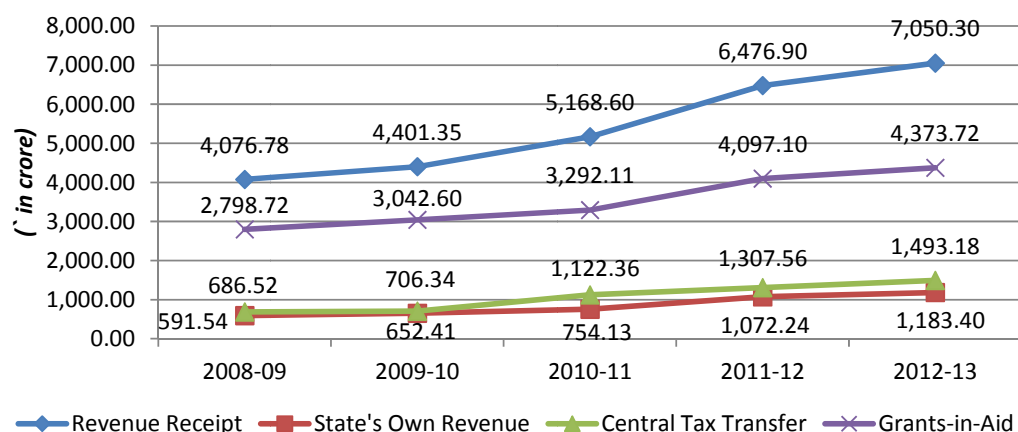
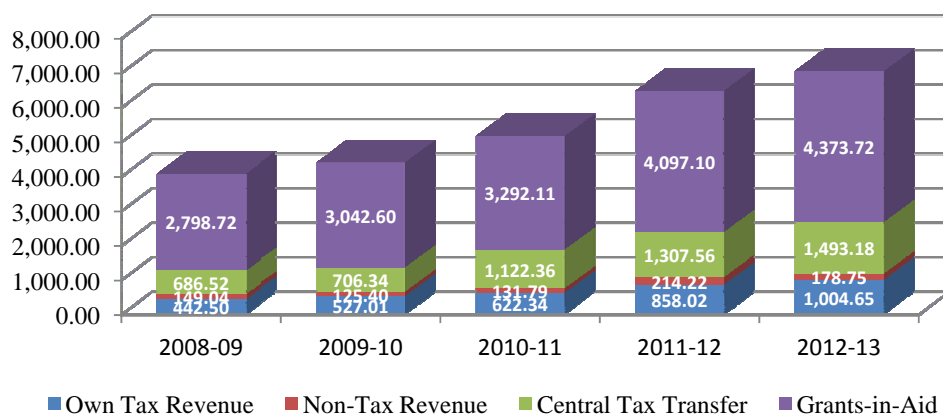


Chart 1.5: Composition of Revenue Receipts during 2008-13



Over the last two years, the increase in own tax revenue receipts was mainly due to increase in receipt on Tax on sales, trade, etc (VAT) which was due to revision of rates (4th May 2011) made by the Government.

The trends in revenue receipts and buoyancy ratios relative to GSDP during 2008-13 are presented in **Table No. 1.7**.

Table No. 1.7: Trends in Revenue Receipts and Buoyancy Ratios relative to GSDP

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue Receipts (RR) (₹ in crore)	4076.78	4401.35	5168.60	6476.90	7050.30
Rate of growth of RR (per cent)	10.23	7.96	17.43	25.31	8.85
R R/GSDP (per cent)	30.04	28.58	28.93	30.87	29.56
Buoyancy Ratios⁴					
Revenue Buoyancy w.r.t GSDP	0.68	0.59	1.09	1.45	0.65
State's Own Tax Buoyancy w.r.t GSDP	1.29	1.41	1.13	2.17	1.25
Revenue Buoyancy with reference to State's own taxes	0.53	0.42	0.96	0.67	0.52

⁴Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points if the GSDP increases by one per cent.

The State's Own Tax Buoyancy with respect to GSDP was in the range of 1.13 to 2.17 during 2008-09 to 2012-13. However, the buoyancy ratio has been positive for all the years. This indicated healthy fiscal consolidation in Tripura as the buoyancy of State's Own Tax to GSDP adds to the State's economic health. During 2012-13, the rate of growth of revenue receipts had decreased sharply to 8.85 *per cent* from 25.31 *per cent* during 2011-12.

1.3.1 State's Own Resources

State's share in central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources is assessed in terms of its own resources comprising own tax and non-tax sources. Though the Tax and Non-Tax revenue formed a minor part of the States resources, the performances of the State in mobilisation of Tax and Non-Tax is important in the long run for attaining self sufficiency or reduced dependency on Central Government. The State had adopted various fiscal policy measures *viz*: TFRBM Act, MTFPS to achieve this goal. The State's actual tax and non tax receipts for the year 2012-13 *vis-a-vis* assessment made by XIII FC, MTFPS and Revised Estimates are given in **Table 1.8**:

Table No. 1.8: Projection of XIII FC, MTFPS, Revised Estimates *vis-a-vis* the actual in respect of Tax and Non-Tax Revenue

	XIII FC projections	MTFPS projection	Revised Estimates	Actuals
	(₹ in crore)			
Tax revenue	732.49	784.24	1033.00	1,004.65
Non-tax revenue	155.83	143.61	179.25	178.75

The Revised estimates of the State in respect of Own Tax and Non-tax revenue for the year 2012-13 were much higher than the XIII FC Projections for the year. The actual in respect of Non-Tax Revenue was higher than the XIII FC Projections by 14.71 *per cent* and MTFPS Projection by 24.47 *per cent* respectively during the year 2012-13. But it was lower than the Revised Estimates.

1.3.1.1 Tax revenue

The tax revenue of the State increased by 17.09 *per cent* from ₹ 858.02 crore in 2011-12 to ₹ 1,004.65 crore in 2012-13. The increase in the revenue was mainly under the heads of major taxes *viz*. Taxes on Sales, trades, etc. (14.52 *per cent*), Stamps duty and Registration fees (19.46 *per cent*), State Excise (20.41 *per cent*) and Land Revenue (183.39 *per cent*) as shown in **Table No. 1.9**.

Table No. 1.9: Components of State's own resources

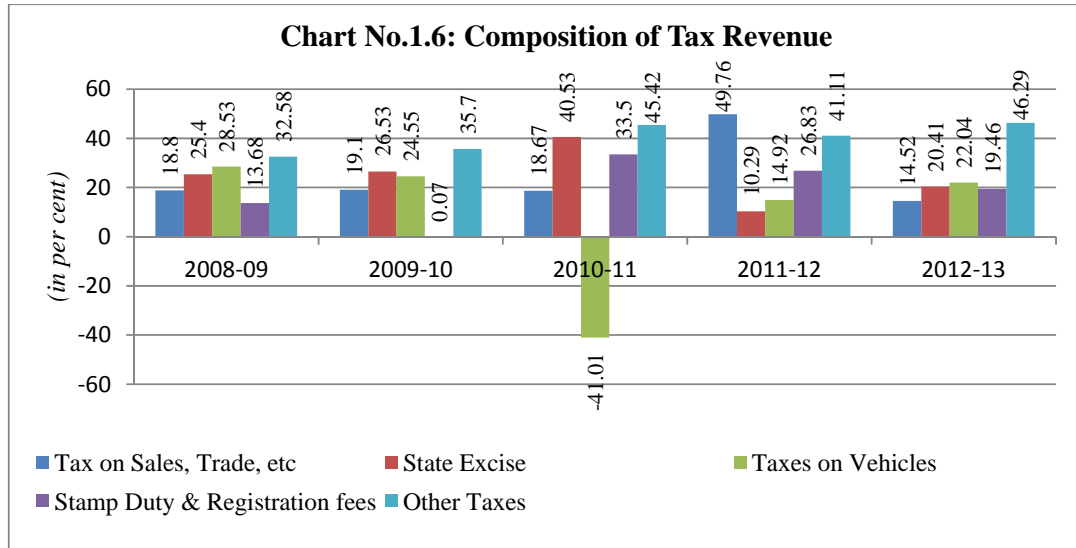
Revenue Head	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage increase in 2012-13 over 2011-12
Taxes on sales, trades etc.	314.79	374.93	444.93	666.32	763.07	14.52
State excise	48.28	61.09	85.85	94.68	114.00	20.41
Taxes on vehicles	29.82	37.14	21.91	25.18	30.73	22.04
Stamp duty and Registration fees	17.03	18.15	24.23	30.73	36.71	19.46
Land revenue	5.55	5.55	15.25	9.33	26.44	183.39
Other taxes ⁵	27.03	30.15	30.17	31.78	33.70	6.04
Total:	442.50	527.01	622.34	858.02	1,004.65	17.09

Source: Finance Accounts for the respective years

During 2012-13, Own Tax Revenue (OTR) of the State remained higher than the normative assessment (₹ 732.49 crore) made by the XIII Finance Commission for the State for 2012-13.

There was an increase in Land Revenue collection by 183.39 per cent during 2012-13 over 2011-12. The reasons for increase had not been furnished by the Department.

Growth of the different components of Own Tax revenue during 2008-13 over the previous years is depicted graphically below.



The above chart shows huge variations in the growth of the components of the State's Own tax revenue collection during the last five years from 2008-09 to 2012-13. The growth rate of Taxes on Sales, Trade, etc and Stamp Duty and Registration fees in 2012-13 were much lower as compared to 2011-12.

⁵ Other taxes include other taxes on commodities & services; taxes and duties on electricity; agricultural income; and taxes on profession, trade, callings & employment.

1.3.1.2 Composition of Non-tax revenue

The non-tax revenue stood at ₹ 178.75 crore in 2012-13 against ₹ 214.22 crore in 2011-12 with a decrease of 16.56 *per cent* over 2011-12. This decrease was due to short collection under the head 'Dividends and profits' which was only ₹ 0.67 crore during 2012-13 against ₹ 25.95 crore in 2011-12 and 'Other non-tax revenue' which declined by ₹ 27.41 crore in 2012-13 over the previous year offset by increase in 'interest receipts' by ₹ 17.22 crore.

Growth trend in different components of non-tax revenue during 2008-13 are depicted in **Table No. 1.10**.

Table No. 1.10: Component-wise growth trends of non-tax revenue

Revenue Head	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage increase(+)/ decrease(-) in 2012-13 over 2011-12
Interest receipts	62.93	27.88	23.24	50.66	67.88	33.99
Dividends & Profits	0.00	0.00	0.13	25.95	0.67	(-) 97.42
Other non-tax receipts	86.11	97.52	108.42	137.61	110.20	(-) 19.92
Total:	149.04	125.40	131.79	214.22	178.75	(-) 16.56

Besides, decrease in non-tax revenue over the previous year was mainly due to decrease in receipt of revenue from the General Service by 30.76 *per cent*, Economic Service by 14.06 *per cent* and decrease in receipt of dividend by 97.42 *per cent* as compared to 2011-12. Sector-wise receipts of non-tax revenue are given in **Table No. 1.11**.

Table No. 1.11: Sector-wise non-tax revenue receipts

Name of Sector	2008-09	2009-10	2010-11	2011-12	2012-13
General Service	53.32 (107.47)	62.35 (16.94)	50.75 (- 18.60)	64.35 (26.80)	44.55 (- 30.76)
Social Service	9.06 (- 8.58)	9.47 (4.52)	8.60 (- 9.19)	10.82 (25.81)	11.98 (10.72)
Economic Service	23.72 (0.51)	25.70 (8.35)	49.07 (90.93)	62.44 (27.25)	53.66 (- 14.06)
Interest Receipts, dividends, etc.	62.94 (6.32)	27.88 (-) 55.70	23.37 (- 16.18)	76.61 (227.81)	68.55 (- 10.52)
Total:	149.04 (29.14)	125.40 (- 15.86)	131.79 (5.10)	214.22 (62.55)	178.75 (- 16.56)

It was also seen that in General Service the non-tax revenue from Stationery and Printing dipped by 8.57 *per cent* than the previous year while it was less by 93.11 *per cent* in respect of Miscellaneous General Services during 2012-13. In Social Service, the receipt of non-tax revenue from Education was less by 66.87 *per cent* during 2012-13 as compared to the previous year, while it decreased by 62.13 *per cent* in Transport under Economic Sector during the year. The source-wise growth of non-tax revenue receipts are depicted in **Table No. 1.12**.

Table No. 1.12: Source-wise growth of Non-Tax Revenue receipts during 2008-13.

	<i>(In per cent)</i>				
	2008-09	2009-10	2010-11	2011-12	2012-13
Interest Receipts	176.74	(-) 55.70	(-) 16.63	117.95	33.99
Stationary & Printing	5.74	(-) 28.22	19.97	(-) 6.93	(-) 8.57
Miscellaneous General Service	4,194.89	0.05	(-) 49.33	2.68	(-) 93.11
Education	54.03	(-) 2.70	(-) 15.77	62.74	(-) 66.87
Health	47.71	7.72	(-) 16.58	26.56	35.04
Water Supply etc.	97.38	(-) 7.88	6.81	3.99	33.71
Housing	0.01	18.16	0.99	28.43	(-) 1.56
Industries	0.84	26.53	158.01	29.93	3.53
Transport	(-) 88.67	(-) 85.37	2,939.18	28.09	(-) 62.13

1.3.2 Grants-in-aid from GOI

Grants-in-aid from Centre to the State, a discretionary component of central transfers, is considered to be an integral element of the revenue receipts of the State. The grants-in-aid increased every year in absolute terms, but as a percentage to total revenue receipts there had been a declining trend over the last five years. While the percentage was 69 in 2008-09, it slowly came down to 62 in 2012-13. The table below shows the composition of the grants-in-aid and its trend over the last five years:

Table No. 1.13: Grants-in-aid from GOI

	<i>(₹ in crore)</i>				
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Non-Plan Grants	1319.36	1289.09	1195.43	1230.57	1289.76
Grants for State Plan Schemes	1203.48	1377.64	1745.48	2450.06	2691.59
Grants for Central Plan Schemes	30.49	32.56	29.29	46.79	33.34
Grants for Centrally Sponsored Schemes	200.50	266.26	279.81	312.25	321.04
Grants for Special Plan Schemes	44.89	77.05	42.10	57.43	37.99
Total:	2798.72	3042.60	3292.11	4097.10	4373.72
Percentage of increase over previous year	9.26	8.71	8.20	24.45	6.75
Total grants as a percentage of Revenue Receipts	69	69	64	63	62

There was almost no change in the amount of 'non-plan grants' over the period of five years. However, grants for State plan schemes have become more than doubled during 2012-13 as compared to the year 2008-09.

1.3.3 Debt waiver under the debt consolidation and relief facilities

According to the guidelines of Debt Consolidation and Relief Facility (DCRF), the XII Finance Commission (XII FC) had recommended that the Central Loans to States contracted till 31 March 2004 and outstanding as on 31 March 2005 would be consolidated and rescheduled for a fresh term of 20 years with interest rate of 7.5 per cent to be paid in 20 years and in 20 equal instalment subject to enactment of a Fiscal Responsibility and Budget Management Act by the State.

The XII FC had also framed a Debt Waiver Scheme named “Debt Consolidation and Relief Facility (DCRF)” based on the fiscal performance of the State linked to the reduction of revenue deficit and control of fiscal deficits of the State.

The State Government enacted the Tripura Fiscal Responsibility and Budget Management Act, 2005 and the rules for carrying out the provision of the Act which were published in October 2006.

As on 31 March 2005, the principal amount of Central Loan of ₹ 444.02 crore in respect of Government of Tripura was outstanding which was to be repaid in 20 equal instalments (i.e., ₹ 22.25 crore per instalment) with an interest rate of 7.5 per cent from the year 2005-06, consequent upon the enactment of the TFRBM Act.

The State had witnessed revenue surplus since 2003-04. Based on this fiscal performance, the State had availed Debt Waiver benefit under the DCRF Scheme for the XII FC period upto 2009-10 and received consolidated amount of ₹ 89.00 crore upto March 2013 as detailed below:

Table No. 1.14: Debt Relief due and received 2005-13

Year for which Debt Relief due	Year of Debt Relief received	Amount (₹ in crore)
2005-06	2006-07	22.25
2006-07	2008-09	22.25
2007-08	2009-10	22.25
2008-09	2010-11	11.12
2008-09	2011-12	11.13
Total:		89.00

The State Government had received the amount due on account of DCRF upto the year 2008-09. An amount of ₹ 22.25 crore due for the year 2009-10 had not been received (March 2013).

As per recommendation of the XIII FC the State Government had amended the TFRBM Act, 2005 in April 2011 and renamed it as Tripura Fiscal Responsibility and Budget Management (3rd Amendment) Act, 2011. Accordingly, the State had also revised its MTFPS targets since 2010-11. The State Government received ₹ 112.37 crore in 2011-12 and ₹ 23.85 crore in 2012-13 from the Central Government as non-plan Grants for State specific needs for creation of capital assets as recommended by XIII FC.

1.3.4 Central Tax transfers

The XIII FC recommended 32 per cent share of Union Taxes to the State of Tripura during the XIII FC period from 2010-11 upto 2014-15. The XIII FC also recommended average devolution of share of Union Taxes as 9.31 per cent of GSDP during the period while it was 4.74 per cent in the XII FC period.

During last five year period from 2008-09 to 2012-13, the devolution of different component of State’s Share of Union Taxes was as under:

Table No. 1.15: Trend in components of State's Share of Union Taxes

(₹ in crore)

Component of State's Share of Union Taxes	2008-09	2009-10	2010-11	2011-12	2012-13
Corporation tax	225.20	290.73	438.70	514.68	536.36
Income tax	141.40	161.95	231.83	261.43	321.11
Taxes on wealth	0.25	0.66	0.90	1.98	0.91
Union Excise & Customs	245.65	178.51	339.03	373.42	416.75
Service tax	74.02	74.49	111.90	156.05	218.05
Total:	686.52	706.34	1,122.36	1,307.56	1,493.18

The devolution of State's Share of Union Taxes assigned to the State substantially increased by 58.90 per cent in the 1st year of XIII FC (2010-11) over the Terminal year 2009-10 of XII FC period. This 58.90 per cent increase in the beginning year of XIII FC was the result of the 4.57 per cent increase in devolution of the XIII FC over the XII FC. There was an increasing trend in all the components of the State's Share of Union Taxes during the last five year period. Corporation Tax and Union Excise & customs constituted major components of state's share of Union Taxes.

1.3.5 Optimisation of the XIII FC grants during 2012-13

Table No. 1.16: Recommendations of XIII FC and Actual Release of Funds to ULBs & PRIs during 2012-13

(₹ in crore)

Transfers	Recommendation of the XIII FC	Actual release	Expenditure under relevant revenue head of account	Un-utilised amount
Local Bodies and PRIs	98.26	41.46	50.00	Nil
State Disaster Response Fund	19.16	10.58	10.68	Nil
Roads and Bridges	28.00	28.00	139.69	Nil
State Specific Grant	23.85	23.85	NA	NA
Forestry and Wild Life	36.63	17.91	67.61	Nil

Source: XIII FC recommendations, Finance Accounts and departmental records

Against the FC recommendation of ₹ 98.26 crore to the ULBs and PRIs, GoI released ₹ 41.46 crore during 2012-13 including specific grant during the year as per the Finance Accounts. However, as per the information furnished by the Rural Development (Panchayat) Department and Urban Development Department (July 2013) total funds received from GOI during 2012-13 was ₹ 50.00 crore which was utilised during the year.

The XIII FC recommended for Central Share of ₹ 19.16 crore against which ₹ 10.58 crore was released by the Central Government during the year 2012-13 towards the State Disaster Response Fund. The State Government transferred an amount of ₹ 10.64 crore to the SDRF under Public Account along with the Central Share of ₹ 9.58 crore. An expenditure of ₹ 10.68 crore was incurred on this account during 2012-13. The Central Government released ₹ 28.00 crore for maintenance cost of Roads and Bridges and ₹ 17.91 crore under Forestry and Wildlife against which

expenditure of ₹ 139.69 crore and ₹ 67.61 crore respectively were incurred. An amount of ₹ 23.85 crore was released as State Specific Grants during the year 2012-13 against which the position of expenditure during the year was not available.

1.4 Capital Receipts

Non-debt capital receipts of the State during the period 2008-09 to 2012-13 was not only meagre but also showed a decreasing trend from ₹ 3.51 crore in 2009-10 to ₹ 1.26 crore in 2012-13. However, capital receipts as a whole showed an increasing trend from ₹ 211.94 crore in 2008-09 to ₹ 835.27 crore in 2012-13 i.e. an increase of about 294 per cent over the years.

Table No. 1.17: Trends in growth and composition of receipts

Sources of State's Receipts	2008-09	2009-10	2010-11	2011-12	2012-13
Capital Receipts (CR)	211.94	497.32	558.71	419.98	835.27
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	3.25	3.51	2.80	2.10	1.26
Public Debt Receipts	208.69	493.81	555.91	417.88	834.01
Rate of growth of debt capital receipts (%)	316.63	136.62	12.58	(-) 24.83	99.58
Rate of growth of non-debt capital receipts (%)	(-) 0.61	8.00	(-) 20.23	(-) 25.00	(-) 40.00
Rate of growth of GSDP (%)	15.05	13.48	16.00	17.43	13.69
Rate of growth of CR (<i>per cent</i>)	297.19	134.65	12.34	(-) 24.83	98.88

1.4.1 Recoveries of loans and advances

During the year 2012-13, the State Government had given loans to the Government Servants and to other Co-operative Societies under Social and Economic Services for various developmental activities amounting to ₹ 18.93 crore and the outstanding loans and advances at the end of 31 March 2012 was ₹ 94.55 crore. Only ₹ 1.26 crore had been recovered from them during the year, of which ₹ 1.17 crore was received from the Government Servants. As on 31 March 2013, the outstanding Loans and Advances stood at ₹ 112.24 crore.

1.4.2 Debt receipts from internal sources (market loans, borrowings from financial institutions, banks)

Debt receipts from internal sources during the year 2012-13 was ₹ 830.53 crore out of which a major portion was borrowed from the open market which increased during the year by ₹ 345.00 crore (from ₹ 300.00 crore in 2011-12 to ₹ 645.00 crore in 2012-13) and National Small Savings Fund (NSSF) by ₹ 28.76 crore during the year. The growth rate of Public Debt receipts substantially increased by 99.58 per cent in 2012-13 over the previous year mainly due to increase in market borrowings.

1.4.3 Loans and advances from GoI

Loans and Advances from GoI during 2012-13 was ₹ 3.48 crore against ₹ 6.07 crore during 2011-12. Repayment during the year was ₹ 31.21 crore against outstanding

balance of ₹ 406.97 crore as on 31 March 2012. Outstanding balance of Loans and Advances stood at ₹ 379.24 crore as on 31 March 2013.

1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature. Here the Government acts as a banker. The balance after disbursements is the fund available with the government for use. Details for five year are shown in **Table No. 1.18**.

Table No. 1.18: Public Account Balances

	(₹ in crore)				
Resources under Public Account balances	2008-09	2009-10	2010-11	2011-12	2012-13
a. Small Savings, Provident Fund etc.	1496.89	1795.99	2002.94	2146.29	2385.57
b. Reserve Fund	329.79	360.52	430.60	506.75	582.56
c. Deposits and Advances	111.74	193.41	250.50	241.41	215.37
d. Suspense and Miscellaneous	0.00	0.00	0.00	0.00	0.00
e. Remittances	0.00	0.00	0.00	0.00	0.00
Total:	1938.42	2349.92	2684.04	2894.45	3183.50

Table No. 1.18 shows that after disbursement of the fund receipts from the Public Account in various heads during last five year period, there was an increasing trend in the balances of funds which stood at ₹ 3183.50 crore as on 31 March 2013. The overall increase was ₹ 1245.08 crore (64 per cent) in 2012-13 over the balance of ₹ 1938.42 crore in 2008-09. The Government could use the available funds of ₹ 3183.50 crore under Public Account for development purposes. The major share (75 per cent) of the Public Account was from Small Savings, Provident Funds etc. (₹ 2385.57 crore) which bear an interest rate of 8.80 per cent per annum. Out of the balance of ₹ 582.56 crore (18 per cent of total balance) under Reserve Fund, ₹ 479.21 crore was invested in the earmarked fund (Sinking Fund). Only 7 per cent contribution to the total balance of Public Account was from Deposit and Advances.

1.6 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance as it is an important aspect of fiscal policy to achieve developmental goals. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of social Service.

1.6.1 Growth and Composition of Expenditure

Chart 1.7 presents the trends in total expenditure over a period of the last five years (2008-13) and its composition in terms of 'expenditure by activities' is depicted in **Chart 1.8**.

Chart No. 1.7: Trends in various components of total expenditure during 2008-13

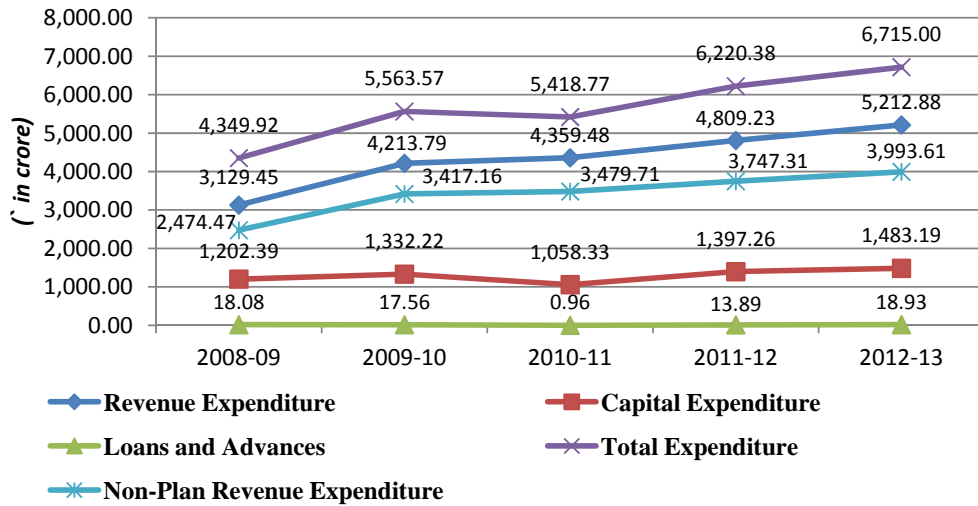


Chart 1.7 shows that during the period from 2008-09 to 2012-13 the total expenditure i.e., Revenue, Capital and Loans and Advances disbursed was on increasing trend and it was higher by 7.95 per cent during 2012-13 over the previous year. Revenue and Capital expenditure increased by 8.39 per cent and 6.15 per cent respectively in 2012-13 over 2011-12. Revenue expenditure constituted about 78 per cent of the total expenditure, of which 77 per cent was on Non-Plan Revenue Account during 2012-13. Out of total loans and advances of ₹ 18.93 crore during the year 2012-13, the major portion of ₹ 18.65 crore was disbursed for developmental activities under Social and Economic Services under Plan head.

Chart 1.7 also shows that as a percentage of total expenditure, revenue expenditure was 78 per cent during the year 2012-13. Out of the total revenue expenditure, 77 per cent was non-plan and 23 per cent was on plan activities. The trend in composition of revenue expenditure (both plan and non-plan) is depicted in **Table No. 1.19**.

Table No. 1.19: Trends in Composition of revenue expenditure (Non-plan and Plan) during 2008-13

	2008-09	2009-10	2010-11	2011-12	2012-13
	(₹ in crore)				
Non-plan	2474.47 (79)	3417.16 (81)	3479.71 (80)	3747.31 (78)	3993.61 (77)
Plan	654.98 (21)	796.63 (19)	879.77 (20)	1061.92 (22)	1219.27 (23)
Total:	3,129.45	4,213.79	4,359.48	4,809.23	5,212.88

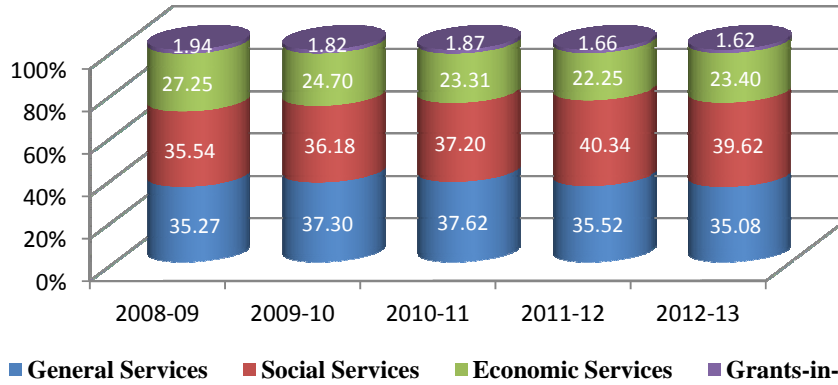
(Figures in bracket indicate percentage of total expenditure)

The non-plan revenue expenditure (₹ 3,993.61 crore) was significantly higher than the XIII FC projection (₹ 2,960.10 crore) for the current year. The percentage of Plan Revenue Expenditure (PRE) to total expenditure fluctuated between 19 and 23 per cent during the period 2008-13. The State could not reduce the Non-Plan Revenue

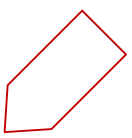
Expenditure (NPRE) and increase in the PRE was one-two *per cent* in 2012-13 over the earlier years. The ratio of revenue expenditure to total expenditure was on an increasing trend from 72 *per cent* in 2008-09 to 80 *per cent* in 2010-11 (**Chart 1.7**), which decreased to 77 *per cent* in 2011-12 but again increased to 78 *per cent* in 2012-13.

The trends in composition of total expenditure by activities as depicted in **Chart 1.8** show that the share of General Services to total expenditure ranged between 35.08 and 37.62 *per cent* and the share of Social Services to total expenditure increased gradually from 35.54 *per cent* in 2008-09 to 40.34 *per cent* in 2011-12 but decreased marginally to 39.62 *per cent* in 2012-13. The expenditure on Economic Services, however, showed a declining trend over the years and reached to 23.40 *per cent* in 2012-13 as compared to 27.25 *per cent* in 2008-09.

Chart 1.8: Trends in composition of total expenditure by activities during 2008-13
(Figures in percentage)



- During 2012-13, the expenditure on General, Social and Economic Services increased to ₹ 2,355.56, ₹ 2,660.37 and ₹ 1,571.54 crore i.e. by 6.10, 6.02 and 13.53 *per cent* respectively over the previous year.
- The combined revenue expenditure under both plan and non-plan (Plan: ₹ 1,210.15 crore; Non-plan: ₹ 1,726.65 crore) during 2012-13 in respect of Social and Economic Services increased by 9.87 *per cent* as compared to 2011-12.
- The non-plan revenue expenditure on Social and Economic Services during 2012-13 were ₹ 1,082.92 crore and ₹ 643.73 crore respectively.
- Non-plan revenue expenditure in Social Service decreased from ₹ 1,108.15 crore in 2011-12 to ₹ 1,082.92 crore by 2.28 *per cent* in 2012-13.



Revenue expenditure on some of the components in Social and Economic Services in 2011-12 and 2012-13 are given below:

Table No. 1.20: Actual Revenue Expenditure on different components during 2011-12 and 2012-13

Name of Component	Actuals	
	2011-12	2012-13
General Education	861.79	929.23
Medical, Public Health and Family Welfare	220.83	230.49
Maintenance Expenditure for Medium Irrigation	Nil	Nil
Maintenance Expenditure for Minor Irrigation	1.38	0.56
Subsidies	12.62	37.57

(₹ in crore)

Source: Finance Accounts 2011-12 and 2012-13.

During 2012-13, the actual expenditure incurred under General Education, Medical, Public Health & Family Welfare and Subsidies was higher by 6, 9 and 14 per cent respectively over those of 2011-12. Out of the total subsidies of ₹ 37.57 crore, ₹ 25.32 crore was on account of Food subsidy for BPL and AAY Families during 2012-13. During 2012-13 the maintenance expenditure for medium irrigation projects was nil while it was ₹ 0.56 crore in respect of minor irrigation projects.

1.6.2 Revenue expenditure

Revenue expenditure as a percentage of GSDP increased by 4.30 per cent in 2009-10 from the previous year and thereafter it decreased consistently from 27.36 per cent in 2009-10 to 21.85 per cent in 2012-13. The revenue surplus as per cent of GSDP increased from 6.98 per cent in 2008-09 to 7.70 per cent in 2012-13 with irregular ups and downs during the five year period.

Table No. 1.21: Revenue receipts vis-a-vis revenue expenditure and their percentage with the GSDP during 2008-13

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue receipts	4,076.78	4,401.35	5,168.60	6,476.90	7,050.30
As percentage of GSDP	30.04	28.58	28.93	30.87	29.56
Revenue expenditure	3,129.45	4,213.79	4,359.48	4,809.23	5,212.88
As percentage of GSDP	23.06	27.36	24.40	22.92	21.85
Revenue surplus	947.33	187.56	809.12	1,667.67	1,837.42
As percentage of GSDP	6.98	1.22	4.53	7.95	7.70

(₹ in crore)

1.6.3 Committed Expenditure

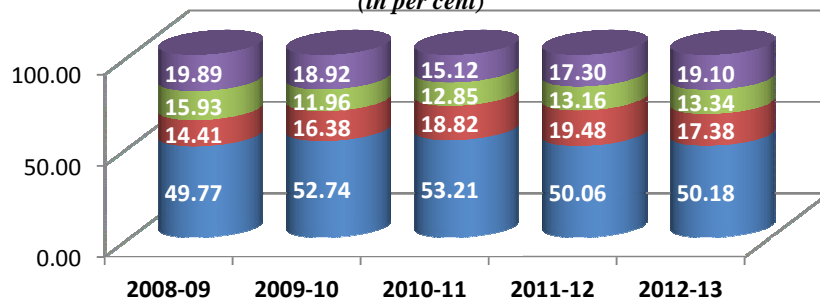
The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pension and subsidies. **Table 1.22** and **Chart 1.9** present the trends in the expenditure on these components during 2008-2013.

Table No. 1.22: Components of Committed Expenditure

Components of Committed Expenditure	2008-09	2009-10	2010-11	2011-12	(₹ in crore)	
					2012-13	
					BE	Actuals
Salaries* & Wages , of which	1,466.30	2,042.75	2,143.15	2,189.77	2,745.85	2,467.90
<i>Non-Plan Head</i>	1,231.48	1,802.15	1,851.55	1,875.95	2,397.97	2,003.83
<i>Plan Head</i>	143.11	240.60	291.60	313.82	347.88	464.07
Interest Payments	394.29	408.51	447.32	493.27	520.00	532.81
Expenditure on Pensions	356.43	559.89	654.77	730.02	700.00	694.19
Subsidies	6.56	6.12	11.07	12.62	Nil	37.57
Total:	2,223.58	3,017.27	3,256.31	3,425.68	3,965.85	3,732.47

*Includes grants-in-aid

Chart 1.9: Share of Committed Expenditure in Non-Plan Revenue Expenditure during 2008-09 to 2012-13 (in per cent)



■ Salary & Wages ■ Pensions Payment ■ Interest Payment ■ Other NPRE including subsidy

Expenditure on Salary:

In 2009-10 the terminal year of XII FC, salary and wages expenditure of the State stood at 62.94 per cent of revenue expenditure net of interest payment and pension which was higher by 27.94 per cent of the XII FC ceiling. Similarly during 2010-11 to 2012-13, the salary and wages expenditure were much higher than the XIII FC Projections which can be seen in **Table No. 1.23**. However, during 2012-13, the salary expenditure was below the budget estimates for the year. The salary expenditure increased mainly due to revision of pay of the State Government Employees as per recommendation of the Pay Review Committee constituted by the State Government during 2009-10. The revised pay was effective from 1-1-2006. Besides, the retirement age of the State Government Employees had been increased to 60 years from 58 years w.e.f 1 April 2012 resulting in increase in salary expenditure of the State Government during 2012-13.

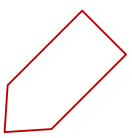


Table No. 1.23: XIII FC recommendation vis-à-vis the actual in respect of Non-Plan Revenue Expenditure

(₹ in crore)

Component	XIII FC Projection			Actual		
	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
Salary (<i>per cent</i>)	1,505.05 (53)	1,528.20 (52)	1,548.67 (46)	1,851.55 (53)	1,875.95 (50)	2,003.83 (50)
Interest Payment (<i>per cent</i>)	458.61 (16)	491.49 (16)	527.07 (16)	447.32 (13)	493.27 (13)	532.81 (13)
Pensions (<i>per cent</i>)	455.21 (16)	500.73 (17)	550.80 (16)	654.77 (19)	730.03 (19)	694.19 (18)
Others (<i>per cent</i>)	407.30 (15)	439.68 (15)	733.65 (22)	526.07 (15)	648.06 (17)	762.78 (19)
Total:	2,826.17	2,960.10	3,360.19	3,479.71	3,747.31	3,993.61

Expenditure on Pension Payments:

The table and chart shows that the expenditure on pension payments during 2012-13 was higher than the XIII FC projections by ₹ 143.39 crore (i.e by 26 *per cent*). But, the actual expenditure on pension was below the budget estimates (RE) (₹ 700.00 crore) for the year 2012-13 which decreased over the previous year expenditure. The decrease in expenditure on pension was mainly due to extension of retirement age of the State Government Employees from 58 years to 60 years w.e.f 1 April 2012. During 2012-13, ₹ 694.19 crore was spent on pension payment for 51,265 pensioners including 82 MLAs. The pension payment liabilities would go up from 2014-15 onwards. The State Government did not introduce the New Pension Scheme and remained committed to continue the existing system of pension.

Interest Payments:

The expenditure on interest payments was having an increasing trend during 2008-13 and ranged between 10 and 13 *per cent* of revenue expenditure during the period. Interest payments increased by ₹ 39.54 crore during 2012-13 over the previous year mainly due to more payments on internal borrowings from market and other financial institutions by ₹ 308.76 crore and loans from small savings provident funds by ₹ 192.26 crore. Interest payment on loans from Government of India during the year was ₹ 31.79 crore only. Out of first three years of the period, interest payments in two years i.e. 2011-12 and 2012-13 was higher than the projection made by the XIII FC. However, in 2010-11, it was below the XIII FC projection by ₹ 11.29 crore which could be seen in **Table No. 1.23**.

Subsidies:

The subsidies provided by the State include both implicit and explicit subsidies which were utilised to bridge the gap between income and expenditure to certain selected Departments/Corporations/Government Companies. The State Government paid ₹ 37.57 crore as explicit subsidies relating to Agriculture and other Allied Activities. Out of ₹ 37.57 crore, ₹ 25.32 crore was given as food subsidy through the Food, Civil Supplies and Consumers Affairs Department to the BPL and AAY Families, Tribal Welfare and Scheduled Caste Welfare Departments.

As per information furnished by the Education (School) Department (November 2013), during 2012-13 text books costing ₹ 3.47 crore were distributed among the BPL school going children free of cost out of which ₹ 0.51 crore was relating to the Sarva Shiksha Abhiyan Mission implemented in the State. Besides, expenditure of ₹ 5.49 crore was incurred for free distribution of text books to the school going children through State Council of Educational Research and Training (SCERT) during the year 2012-13. Free supply of school uniform to the students costing ₹ 19.38 crore was done during 2012-13 by the Education (School) Department under SSA Mission of the State.

It was stated by the Department that the scheme for free supply of bicycle to the students particularly girl students studying in standard XI and XII would come into force from the financial 2013-14.

Department-wise explicit subsidy given by the State Government during last five years from 2008-09 to 2012-13 are given in **Table No. 1.24**.

Table No. 1.24: Department-wise explicit subsidy given by the Government during 2008-13

(₹ in crore)

Sl. No.	Name of Department	Amount of subsidy given				
		2008-09	2009-10	2010-11	2011-12	2012-13
1.	Tribal Welfare Department	1.95	1.78	3.31	2.63	4.28
2.	Welfare of SC, OBC & Minorities Department	2.21	1.06	1.99	3.13	3.66
3.	Agriculture Department	2.38	2.64	5.77	6.86	3.86
4.	Food, Civil Supplies & Consumers Affairs Department	0.00	0.00	0.00	0.00	25.32
5.	Industries & Commerce Department	0.00	0.00	0.00	0.00	0.45
6.	Co-operation Department	0.00	0.64	0.00	0.00	0.00
Total:		6.54	6.12	11.07	12.62	35.57

The State Government provides financial support to the Government Companies and Corporations by way of grants and loans to meet the gap between income and expenditure which becomes an indirect/implicit subsidy. The details of the subsidy provided by the Government under this category during 2008-13 are given in **Table No. 1.25**.

Table No. 1.25: Implicit subsidies given during 2008-13 to Government Companies/Corporations

(₹ in crore)

Sl. No.	Name of Government Companies/ Corporations	Year					Total
		2008-09	2009-10	2010-11	2011-12	2012-13	
1.	Tripura State Electricity Corporation Limited	25.00	126.77	93.05	49.15*	40.00	333.97
2.	Tripura Tea Development Corporation Limited	0.01	0.00	1.38	0.20	0.00	1.59
3.	Tripura Rehabilitation & Plantation Corporation Limited	3.05	1.50	1.16	0.50	6.82	13.03
4.	Tripura Tourism Development Corporation Limited	0.00	0.35	0.35	0.25	1.81	2.76
5.	Tripura Road Transport Corporation	0.00	10.94	13.00	13.25	14.80	51.99
6.	Tripura Jute Mills Limited	0.00	0.00	0.00	0.70	0.00	0.70
Total:		28.06	139.56	108.94	64.05	63.43	404.04

Source: Audit Reports.

*Grant ₹ 9.15 crore subsidy: ₹ 40 crore.

Maximum financial assistance as subsidy/grant was provided to the Tripura State Electricity Corporation Limited (TSECL). During the last five years, ₹ 333.97 crore was paid to TSECL.

1.6.4 Financial Assistance by State Government to Local Bodies and other institutions

Local Bodies

Post 73rd and 74th Constitutional Amendments, the Government of Tripura enacted the Tripura Panchayats Act, 1993 and Tripura Municipal Act, 1994 empowering Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) to function as institutions of self government and to accelerate economic development in rural and urban areas which would enable them to function as local self government institutions.

Classification of Local Bodies

Panchayati Raj Institutions (PRIs): Consequent upon the 73rd Constitutional Amendment, the Tripura Panchayats Act, 1993 was enacted and three tiers of Panchayati Raj system was established in the State comprising Gram Panchayats (GPs) at village level, Panchayat Samitis (PSs) at block level and Zilla Parishads (ZPs) at district levels. All the PRIs are governed by Tripura Panchayats Act, 1993. As of March 2013 there were 4 ZPs, 23 PSs and 511 GPs in the State. In the Tripura Tribal Areas Autonomous District Council (TTAADC) areas, there were 527 Village Development Committees (VDCs) and 35 Block Advisory Committees (BACs) which were synonymous to GPs and PSs respectively.

Urban Local Bodies (ULBs): Consequent upon the 74th Constitutional Amendment, the Government of Tripura had enacted the Tripura Municipal Act, 1994. There were two categories of ULBs in the State e.g. Municipal Council (MC) and Nagar Panchayats (NPs). All the ULBs were governed by the Tripura Municipal Act, 1994. As of March 2013, there was one MC and 15 NPs in the State.

Financial profile

The quantum of assistance provided by way of grants and loans to local bodies and others during the last five years is presented in **Table 1.26**.

Table No. 1.26: Financial Assistance to Local Bodies etc.

	(₹ in crore)				
Financial assistance to Institutions	2008-09	2009-10	2010-11	2011-12	2012-13
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	29.92	39.76	33.91	34.70	37.51
Municipal Council and Nagar Panchayats	59.24	78.52	70.65	132.93	241.52
Zilla Parishads and Other Panchayati Raj Institutions	60.00	27.57	29.93	45.04	45.36
Other Institutions	77.50	77.52	125.31	5.16	6.09
Total:	226.66	223.37	259.80	217.83	330.48
Assistance as percentage of RE	7.24	5.30	5.96	4.53	6.34

The quantum of financial assistance to the Zilla Parishads and other Panchayati Raj Institutions and Municipalities increased substantially since 2011-12 due to devolution of funds to Local Bodies to facilitate their functioning as vibrant

institutions of Local Self Government as per the policy of the State Government. The assistance to the Agartala Municipal Council and 15 Nagar Panchayats substantially increased by ₹ 108.59 crore during 2012-13 over the previous year and by ₹ 170.87 crore as compared to 2010-11. As regards other institutions the devolution of funds was less in 2011-12 which stood at ₹ 5.16 crore as against ₹ 125.31 crore in 2010-11 and ₹ 6.09 crore in 2012-13. The devolution of funds to Educational Institutions had increased during 2012-13 due to increase in assistance to Non-Government Secondary Schools by 8 per cent over previous year.

Devolution of functions, functionaries and funds (3Fs) to PRIs and ULBs

The 73rd and 74th Constitutional Amendments gave the constitutional status to PRIs and ULBs and established a system of uniform structure, holding of regular elections, regular flow of funds through Central and State Finance Commission allocations etc. As a follow up, the State was required to entrust these bodies such power, functions and funds so as to enable them to function as Institution of self- government. In particular, the PRIs and ULBs were required to prepare plans and implement schemes for economic development and social justice including those subjects enumerated in the Eleventh Schedule (related to PRIs) and Twelfth Schedule (related to ULBs) of the Constitution of India.

The Tripura Panchayats Act, 1993 had provision for transfer of subjects to different tiers of PRIs. The State Government had devolved five subjects⁶ to PRIs out of 29 subjects listed in the Eleventh Schedule of the Constitution (August, 2006 & August, 2007). The remaining 24 subjects were yet to be transferred. Out of these five subjects, funds for payment of wages of pump operators and power consumption charges only had been transferred to the PRIs.

Besides, the transfer of functionaries to PRIs was not done which was a prerequisite for successful working of local self government at the grass-root level. The works of the PRIs were being performed by the State Government functionaries. The position of receipts of funds by PRIs from different sources for the last five years is shown in the table below:

Table No. 1.27: Source of funds of PRIs during 2008-13

Source of funds	2008-09	2009-10	2010-11	2011-12	2012-13
Panchayat Development Fund (Grants)	44.93	21.69	18.40	17.86	18.14
Finance Commission Grants	3.08	9.23	11.42	27.18	27.23
Own Revenue	0.72	0.75	0.84	1.10	1.91
Total:	48.73	31.67	30.66	46.14	47.28

(₹ in crore)

Source: Information furnished by Rural Development (Panchayat) Department.

The table shows that the receipt of funds by PRIs from different sources were in decreasing trend from 2008-09 to 2010-11 which further increased from 2011-12 over the previous year mainly due to more receipts towards Finance Commission grants by ₹ 15.76 crore during 2011-12 and again by ₹ 1.14 crore in 2012-13.

⁶ (1) Water Resources, (2) Primary School, (3) Adult and Non- Formal Education, (4) Social Welfare including Welfare of the Handicapped and Mentally Retarded and (5) Women and Child Development.

As per information furnished by the RD (Panchayat) Department (July 2013), it was noticed that the amount of grants received in respect of Panchayat Development fund and the Finance Commission grants had been fully utilised during the period 2008-13 leaving a little revenue from own sources for future use. Details of Revenue Expenditure incurred by PRIs during 2008-13 are given in **Table No. 1.28**.

Table No. 1.28: Utilisation of funds by PRIs during 2008-13

Source of expenditure	2008-09	2009-10	2010-11	2011-12	2012-13
Panchayat Development funds	44.93	21.69	18.40	17.86	18.13
Finance Commission Grants	3.08	9.23	11.42	27.18	27.23
Own Revenue	0.61	0.64	0.71	0.93	1.62
Total:	48.62	31.56	30.53	45.97	46.98

(₹ in crore)

Urban Local Bodies

- The Tripura Municipal Act 1994 envisaged transfer of functions of various departments of the State Government to ULBs. All the 18 functions listed in the XII Schedule of the Constitution had been transferred by the State Government to the ULBs. But in practice, functions like fire service, road and bridges were still controlled by the State Government departments.
- ULBs receive funds by way of grants both from Central and State Government. The collection from own sources as taxes and fees etc. were also substantial. The funds position from various sources during 2008-09 to 2012-13 are given below:

Table No. 1.29: Source of funds of ULBs during 2008-13

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
States grants	67.83	76.03	97.03	108.18	219.55
Central grants	1.52	2.49	2.24	5.25	22.77
Own Revenue	14.14	15.27	17.07	17.60	20.43
Total:	83.49	93.79	116.34	131.03	262.75

(₹ in crore)

Source: Information by the Urban Development Department

From the above table it can be seen that the total devolution of funds during the period from 2008-09 to 2012-13 had been on an increasing trend which further increased in 2012-13 and was almost double in 2012-13 as compared to the previous year. State Grants constitute major components of funds for ULBs (above 80 per cent) during the period. During 2012-13, Central grants increased by four times over the previous year. Revenue from own sources during the period ranged between ₹ 14 crore and ₹ 20 crore of which major portion was collected through Agartala Municipal Council (₹ 10 crore to ₹ 15 crore) during the period.

Information as furnished by the Urban Development Department shows that funds were utilised cent per cent in respective years from 2008-09 to 2012-13 through AMC and 15 NPs.

Accounting and Auditing arrangement of PRIs and ULBs

PRIs: Rural Development (Panchayats) Department, Government of Tripura instructed PRIs to maintain the accounts in New Accounting Structure 2009 w.e.f 01.04.2010 as devised by the Ministry of Panchayati Raj, Government of India in consultation with the Comptroller and Auditor General of India. In practice, the PRIs started maintaining their accounts as per the new Accounting Structure from the year 2011-12. The State Government had engaged Chartered Accountant (CA) firms to introduce Double Entry Accounting System (DEAS) in PRIs and they were to train the GP staff in the software implementation and ensure preparation of accounts in double entry system.

Government of Tripura, Finance Department framed the 'Tripura Local Fund Audit Rules 2011' for audit of accounts of local bodies by the Director, Local Fund Audit and a gazette notification was issued on 12 January 2012 for implementation of the rules. Rule 3 (1) provides that the State Government or such authority as it may direct; shall appoint a person to be the Director, Local Fund Audit (LFA).

CAG conducts audit of accounts of PRIs as entrusted by the State Government under standard terms and conditions of Technical Guidance and Support (TG&S) module under Section 20(1) of the CAG's DPC Act.

ULBs: Based on the recommendations of Eleventh Finance Commission, the Ministry of Urban Development, GOI in consultation with Comptroller and Auditor General of India developed the National Municipal Accounts Manual (NMAM) which was based on double entry accrual system of accounting. The Urban Development Department, Government of Tripura had drafted (June 2010) the 'Tripura Municipal Accounting Manual' based on the NMAM. The Manual finalised in June 2011 had not been implemented (March 2013).

As per Section 264, 265 and 266 of the Tripura Municipal Act, 1994, the accounts of the Municipality shall be examined and audited by an auditor appointed in this regard by the State Government. The State Government shall, by rules, make provision with respect to the maintenance of accounts of the Municipalities and auditing of such accounts, including the power of the auditor. The auditor shall submit the audit report to the Chairperson of the Municipality and a copy thereof to the State Government.

CAG conducts audit of accounts of ULBs as entrusted by the State Government under standard terms and conditions of Technical Guidance and Support (TG&S) module under Section 20(1) of the CAG's DPC Act vide order dated 21 March 2011.

Reporting arrangement

Under TG&S arrangement, audit findings on test-check of accounts of PRIs and ULBs conducted by the CAG are presented in the form of Annual Technical Inspection Report (ATIR) to the State Government for necessary action.

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects *viz.*, adequacy of expenditure (i.e. adequate provision for providing public services), efficiency of expenditure use and its effectiveness (assessment of outlay-outcome relationships for selected services).

1.7.1 Adequacy of Public Expenditure

In view of the importance of public expenditure on development heads from the point of view of Social and economic development, it is important for the Government to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁷ like, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, etc. Expenditure on Social and Economic Services together constitute the development expenditure while the expenditure on general services is treated as non-development expenditure. The trend of development and non-development expenditure on revenue heads along with the rate of growth during the period 2008-13 are as under:

Table No. 1.30: Development and non-development revenue expenditure

(₹ in crore)					
Nature of expenditure	2008-09	2009-10	2010-11	2011-12	2012-13
Development expenditure (% of total Revenue Expenditure)	1713.09 (54.74)	2262.65 (53.70)	2345.88 (53.81)	2672.97 (55.58)	2936.80 (56.34)
Rate of Growth (in <i>per cent</i>)	20.91	32.08	3.68	13.94	9.87
Non-development expenditure (% of total Revenue Expenditure)	1416.76 (45.26)	1951.14 (46.30)	2013.60 (46.19)	2136.26 (44.42)	2276.08 (43.66)
Rate of Growth (in <i>per cent</i>)	2.90	37.72	3.20	6.09	6.54
Total Revenue expenditure	3129.45	4213.79	4359.48	4809.23	5212.88
Rate of Growth (in <i>per cent</i>)	12.02	34.65	3.46	10.32	8.39

The Development expenditure increased by ₹ 263.83 crore (9.87 *per cent*) in 2012-13 over the previous year. The Development expenditure as a percentage of total revenue expenditure increased marginally from 55.58 *per cent* in 2011-12 to 56.24 *per cent* in 2012-13. Non-development expenditure increased by ₹ 139.82 crore in 2012-13 over the previous year. The rate of growth of non-development expenditure in 2012-13 over the previous year was 6.54 *per cent*. It was observed that non-development

⁷ Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept or need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. The examples of such goods include the provision of free or subsidized food for the poor to support nutrition, the delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

expenditure as a percentage of total revenue expenditure showed a decreasing trend from 2009-10 which stood at 43.66 *per cent* in 2012-13 from 46.30 *per cent* in 2009-10.

The following table would indicate the fiscal priorities given by the Government in various heads of expenditure with reference to GSDP and Aggregate Expenditure (AE) during 2012-13 as compared to 2009-10.

Table No. 1.31: Fiscal Priority of the State in 2009-10 and 2012-13

<i>(in per cent)</i>						
Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE	Education/AE	Health / AE
2009-10	36.12	61.08	36.08	23.95	16.76	4.94
2012-13	28.15	63.30	39.62	22.09	16.68	4.64
AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Service Expenditure CE: Capital Expenditure # Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed. Source: For GSDP, Information furnished by Directorate of Economics and Statistics, Government of Tripura.						

It can be seen that during 2012-13 Development Expenditure as percentage of Aggregate Expenditure increased by 2.22 *per cent* as compared to 2009-10. In respect of Social Service Expenditure the increase was 3.54 *per cent*. The Capital Expenditure as percentage of Aggregate Expenditure decreased by 1.68 *per cent* in 2012-13 as compared to that of 2009-10. Further, the expenditure on Education as ratio of Aggregate Expenditure decreased from 16.76 *per cent* in 2009-10 to 16.68 *per cent* in 2012-13. Similarly, the expenditure on Health as a ratio of Aggregate Expenditure decreased from 4.94 *per cent* in 2009-10 to 4.64 *per cent* in 2012-13.

The adequacy of Government expenditure both under Revenue and Capital account and also Plan and Non-Plan components are reflected in the table below:

Table No. 1.32: Expenditure on Revenue and Capital (Plan and Non-Plan)

Expenditure	<i>(₹ in crore)</i>									
	Plan					Non-Plan				
	2008-09	2009-10	2010-11	2011-12	2012-13	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue	654.98	796.63	879.77	1061.92	1219.27	2474.47	3417.16	3479.71	3747.31	3993.61
Capital	1123.75	1263.77	1006.70	1321.14	1450.67	78.64	68.45	51.63	76.12	32.52
Total :	1778.73	2060.40	1886.47	2383.06	2669.94	2553.11	3485.61	3531.34	3823.41	4026.13

It can be seen from **Table No. 1.32** that under the plan head, the total expenditure (both Revenue and Capital) increased from ₹ 1,778.73 crore in 2008-09 to ₹ 2,669.94 crore in 2012-13. The capital expenditure in plan during the last five year period ranged between 53.36 and 63.18 *per cent* and the revenue expenditure under the plan head ranged between 36.82 and 46.64 *per cent* during 2008-09 to 2012-13.

Under non-plan head, the revenue expenditure constituted a major portion which ranged between 96.92 and 99.19 *per cent* during 2008-09 to 2012-13. The non-plan revenue expenditure (₹ 3,993.61 crore) during 2012-13 exceeded the XIII FC Projection for 2012-13 (₹ 3,360.18 crore) by ₹ 633.43 crore (18.85 *per cent*). Increase in capital expenditure under plan head was ₹ 129.53 crore (9.80 *per cent*) in 2012-13

over the previous year mainly under Water Supply and Sanitation (₹ 124.98 crore), Agriculture and Allied Activities (₹ 12.09 crore), etc. offset by decrease in Social Welfare and Nutrition (₹ 16.11 crore) while revenue expenditure under the plan head increased by ₹ 157.35 crore (14.82 *per cent*) over the previous year mainly due to increase under Education, Sports, Art and Culture (₹ 16.75 crore); Water Supply, Sanitation, Housing and Urban Development (₹ 116.29 crore) and Industry and Mineral (₹ 15.97 crore).

1.7.2 Efficiency of Expenditure Use

Apart from improving the allocation towards development expenditure⁸, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.33** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* the previous year, **Table 1.34** provides the details of capital expenditure and the component of revenue expenditure incurred on the maintenance of the selected social and economic services

Table No. 1.33: Development Expenditure

Components of Development Expenditure	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Development Expenditure (a to c)	2,740.73 (63.00)	3,398.56 (61.08)	3,278.68 (60.02)	3907.31 (62.81)	4250.56 (63.30)
a. Development Revenue Expenditure	1,713.09 (39.38)	2,262.65 (40.67)	2,345.88 (43)	2672.97 (42.97)	2936.80 (43.73)
b. Development Capital Expenditure	1,009.56 (23.21)	1,118.35 (20.10)	931.96 (17)	1220.53 (19.62)	1295.11 (19.29)
c. Development Loans and Advances	18.08 (0.41)	17.56 (0.31)	0.84 (0.02)	13.81 (0.22)	18.65 (0.28)

Figures in the parentheses indicate *per cent* to aggregate expenditure

Source: Finance Accounts

Table above shows that the development expenditure, combining the expenditure on Social and Economic Services increased in absolute terms from ₹ 2,740.73 crore in 2008-09 to ₹ 3,398.56 crore in 2009-10 and then had a slight downfall in 2010-11, which stood at ₹ 3,278.68 crore and then increased to ₹ 3,907.31 crore (19.17 *per cent*) in 2011-12 and ₹ 4,250.56 crore in 2012-13. The percentage of development expenditure to total expenditure of the State increased by a mere 0.49 *per cent* during 2012-13 over the previous year. The relative share of the revenue development expenditure was 43.73 *per cent* of the total expenditure while the share in respect of

⁸ The analysis of the expenditure data is disaggregated into development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are categorized into social services and economic services which together constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

development capital expenditure was 19.29 *per cent* which was 0.33 *per cent* lower than the previous year.

The efficiency of Government expenditure on selected parameters in some major areas under Social and Economic Services is depicted in the following table.

Table No. 1.34: Efficiency of Expenditure Use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2011-12			2012-13		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S &W	O&M		S&W	O &M
Social Services (SS)						
Education, Sports, Art & Culture	17.40	84.99	15.01	12.85	89.97	10.03
Health & Family Welfare	34.88	75.03	24.97	26.04	80.06	19.94
Water Supply, Sanitation, and Housing & Urban Development	52.92	15.69	84.31	58.92	12.77	87.23
Other Social Services	13.38	14.87	85.13	10.68	9.73	90.27
Total (SS)	23.12	54.61	45.39	22.74	56.04	43.96
Economic Services (ES)						
Agriculture & Allied Activities	20.11	50.82	49.18	22.56	19.21	80.79
Irrigation & Flood Control	65.26	90.03	9.97	63.21	80.93	19.07
Power & Energy	34.18	3.12	96.88	64.39	3.60	96.40
Transport	61.85	-	100.00	66.94	0.91	99.09
Other Economic Services	55.58	62.61	37.39	30.83	99.10	0.90
Total (ES)	46.26	42.78	57.22	43.91	44.07	55.93
Total (SS+ES)	31.35	51.32	48.68	30.60	52.45	47.55

TE: Total Expenditure (CE+RE of the sub-sectors); CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations and Maintenance.

Table above depicts the trend of various component-wise percentages of Revenue and Capital expenditure, percentage of expenditure on salary and wages as well as the percentage of expenditure on operation and maintenance cost in relation to revenue expenditure in Social and Economic Services for the year 2011-12 and 2012-13.

The above table also shows that the percentage of salary and wages expenditure in Social Services during the year 2012-13 had increased to 56.04 *per cent* mainly due to increase in salary expenditure in Education Sector by 4.98 *per cent* and in Health Sector by 5.03 *per cent* over the previous year. However, in Water Supply and Sanitations and Housing & Urban Development, the operational and maintenance cost increased steadily during 2012-13 which stood at 87.23 *per cent* of the revenue expenditure on that account.

On the other hand, the salary and wages expenditure in Economic Service had increased only by 1.29 *per cent* mainly due to decrease in salary expenditure by 9.10 *per cent* in Irrigation Sector and steep decrease in Agriculture and Allied Activities by 31.61 *per cent* under Economic Service during the 2012-13.

However, the combined salary and wage expenditure in Social and Economic Services during the year 2012-13 in relation to the share of total revenue expenditure was almost the same as in the previous year. The capital expenditure to total expenditure in both these Services decreased over the previous year.

As the expenditure on Social and Economic Services are treated as development expenditure, the salary and wages expenditure in those Services are also treated as development expenditure during the year.

1.8 Financial Analysis of Government Expenditure and Investments

1.8.1 Financial Results of Irrigation projects

During 2012-13, Non-Plan revenue expenditure on Minor and Medium Irrigation Projects was ₹ 36.89 crore. According to Para 6 (x) of Term of Reference (TOR) of the XIII FC, there was a need for ensuring the commercial viability of irrigation projects etc. in the State through various means including levy of user charges and adoption of measures to promote efficiency. There was no commercial Irrigation Project in the State of Tripura. Gumti, Khowai and Manu were the three medium irrigation projects in the State of which Gumti Project was still in progress after incurring an expenditure of ₹ 76.31 crore as on 31 March 2013.

1.8.2 Incomplete projects

As per information furnished by the State Public Works Department, there were 65 ongoing/incomplete projects as on 31 March 2013 with initial budgeted cost of ₹ 5 crore and above in each case. Category-wise details of ongoing works/projects with initial budgeted cost and their cumulative expenditure incurred up to 31 March 2013 are given in **Table 1.35**:

Table No. 1.35: Category-wise profile of Incomplete Projects

(₹ in crore)

Category of works/projects	No. of incomplete Works/Projects	Initial Budgeted Cost	Actual expenditure incurred during 2012-13	Cumulative actual expenditure as on 31.3.2013 (percentage over approved cost)
Building works	34	445.51	83.27	214.19 (48.08)
Bridges works	17	124.66	21.84	53.53 (42.94)
Road works	8	285.11	65.84	137.70 (48.30)
Water Resources works	6	129.91	19.88	114.45 (88.10)
Total:	65	985.19	190.83	519.87 (52.77)

Source: Finance Accounts 2012-13

Out of 65 ongoing/incomplete projects, 34 are building works most of which pertains either to the Health Department or Education Department. There are 16 major projects having estimated cost of more than ₹ 10 crore each (**Appendix 1.6**).

One project 'Gomati medium project' relating to the Public Works (Water Resources) Department was lingering since 1981-82 with a revised cost of ₹ 90.31 crore of which an expenditure of ₹ 76.31 crore (84 per cent) had already been incurred up to 31 March 2013. The revised date of completion of the project had however, been fixed on 31 March 2014.

Further, information pertaining to incomplete projects whose scheduled date of completion was up to 31 March 2013 is given in the **Table 1.36**.

Table No. 1.36: Category-wise profile of Incomplete Projects which were scheduled to be completed by 31 March 2013

(₹ in crore)

Name of Projects	No. of incomplete Projects	Initial Budgeted Cost	Cumulative actual expenditure as on 31.3.2013
Building works	4	58.55	34.85
Bridges works	5	31.26	6.72
Water Resources works	5	46.90	38.13
Total:	14	136.71	79.70

Source: Finance Accounts 2012-13.

Out of 65 ongoing projects, 14 projects with initial budgeted cost of ₹ 136.71 crore remained incomplete though the completion date of those projects had already elapsed as on 31 March 2013. The cumulative expenditure on those 14 projects was ₹ 79.70 crore (58 per cent of budgeted cost) till March 2013. Out of 14 incomplete projects four are major projects having estimated cost of more than ₹ 10 crore. As the revised date of completion and cost of those 14 projects were not available, the expected time and cost overrun could not be assessed. Delay in completion of works invites the risk of escalation in the cost of the works. The actual cost overrun would however, be available on closure of the claims of the construction agencies after completion. Besides, due to delay in completion of the projects, the intended benefits from those projects did not reach the beneficiaries in the State.

1.8.3 Investment and returns

As on 31 March 2013, Government's investment was ₹ 1,075.42 crore in 2 Statutory Corporations, 12 Government Companies, 24 Co-operatives and local bodies and one rural bank (Table 1.37).

Table No. 1.37: Return on Investment

Investment/Return/Cost of Borrowings	2010-11	2011-12	2012-13
Investment at the end of the year (₹ in crore)	882.73	959.14	1,075.42
Return on investment(₹ in crore)	0.13	25.95	0.67
Return on investment (per cent)	0.01	2.71	0.06
Average rate of interest on Government borrowing (per cent)	8.88	8.41	8.44
Difference between cost of funds and return (per cent)	8.87	5.70	8.38

Source: Finance Accounts

It is evident from the above that upto the end of 2012-13, a total amount of ₹ 1,075.42 crore was invested in 12 Government companies (₹ 794.52 crore), 2 statutory corporations (₹ 156.28 crore), 24 Co-operative societies and one Rural Bank (₹ 124.62 crore). Investment in the Government Companies, Statutory Corporations and Co-operative Societies and the Bank taken together increased from ₹ 959.14 crore at the end of the year 2011-12 to ₹ 1,075.42 crore in 2012-13. During 2012-13, the Government invested ₹ 116.28 crore in those Companies, Corporations and Co-operative societies. Out of total investment of ₹ 116.28 crore, ₹ 108.28 crore was invested in eight Government companies, ₹ 6.13 crore was invested in seven Co-operative societies and ₹ 1.87 crore was invested in one Statutory Corporation

during the year 2012-13. Out of ₹ 794.52 crore invested in the Government companies, ₹ 438.12 crore was invested in the Tripura State Electricity Corporation Limited as equity followed by ₹ 182.48 crore in the Tripura Jute Mills Ltd. upto the end of the year 2012-13.

During the year 2012-13, only one Company (Tripura Forest Development and Plantation Corporation Limited) had paid dividend of ₹ 0.67 crore.

1.8.4 Loans and advances by State Government

In addition to investments as equity capital in Corporations, Companies and Co-operative societies, Government had also been providing loans and advances to those Institutions/Organisations. The Government further provides loans to its employees for construction of houses and other miscellaneous purposes. **Table 1.38** presents the outstanding loans and advances as on 31 March 2013, interest receipts *vis-a-vis* interest payments during the last five years.

Table No. 1.38: Average Interest Received on Loans Advanced by the State Government

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2008-09	2009-10	2010-11	2011-12	2012-13	
					RE	Actual
Opening Balance	55.74	70.57	84.62	82.78	94.57	94.57
Amount advanced during the year	18.08	17.56	0.96	13.89	18.97	18.93
Amount repaid during the year	3.25	3.51	2.80	2.10	2.00	1.26
Closing Balance	70.57	84.62	82.78	94.57	111.54	112.24
Net addition of loans	(+) 14.83	14.05	(-) 1.84	11.79	(-) 16.97	(-) 17.67
Interest Receipts	0.69	1.21	0.98	0.91	NA	1.39
Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.98	1.43	1.18	0.96	NA	1.24
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	7.78	7.98	6.92	7.18	NA	6.93
Difference between interest payments and interest receipts (<i>per cent</i>)	6.80	6.55	5.74	6.22	NA	5.69

NA: Not available

As of March 2013, the balance of loans and advances by the State Government was ₹ 112.24 crore, of which loans for Economic Services, Social Services and loans to employees being ₹ 66.28 crore, ₹ 34.40 crore and ₹ 11.25 crore respectively remained outstanding. During 2012-13, Interest receipts as percentage of outstanding loans and advances was 1.24 against interest paid by the Government as percentage of outstanding liabilities being 6.93.

1.8.5 Cash Balances and Investment of Cash Balances

It is desirable that the flow of State's resources matches its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA)-ordinary or special and overdraft from Reserve Bank of India (RBI) had been put in place. The operative limit for normal WMA was ₹ 80 crore for the State with effect from 1 April 2005 and the operative limit for special WMAs had been revised by the Bank from time to time.

The State had not availed any overdraft facility since 1999-2000. Ways and Means Advances (ordinary or special) also were not taken by the State since 2005-06. Under the agreement with the RBI, the State Government has to maintain a minimum cash balance of ₹ 29.00 lakh with the Bank.

Table No. 1.39 depicts the cash balances and investments made by the State Government out of cash balances during the year 2012-13.

Table No. 1.39: Cash balances and investments of Cash balances

(₹ in crore)

Particulars	Opening balance on 1-4-2012	Closing balance on 31-3-2013
(a) General Cash Balance -		
Cash in Treasuries	0.00	0.00
Deposits with Reserve Bank	(-)5.57	(-) 127.23
Deposits with other Banks	0.00	0.00
Remittances in transit - Local	(-) 1.13	(-) 1.13
Total:	(-) 6.70	(-) 128.36
Investments held in Cash Balance investment account	1,104.30	2,305.70
Total (a):	1,097.60	2,177.34
(b) Other Cash Balances and Investments		
Cash with departmental officers viz ,Public Works Department Officers, Forest Department Officers, District Collectors	19.32	2.96
Permanent advances for contingent expenditure with departmental officers	0.22	(-) 0.06
Investment of earmarked funds	404.21	479.21
Total (b):	423.75	482.11
Grand total (a)+ (b):	1,521.35	2,659.45

The above table shows that ₹ 2,305.70 crore had been held in cash balance investment account and ₹ 479.21 crore in earmarked (sinking fund) fund as on 31 March 2013. The funds in Cash balance Investment Account increased by ₹ 1,201.40 crore i.e. about 108.79 per cent during the year.

Outstanding balances under the head ‘Cheques and Bills’

This is an intermediary account head for initial record of transactions which are to be cleared eventually. Outstanding balance under the major head 8670 cheques and Bills represents the amount of unencashed cheques. The trend of outstanding amount of cheques and bills for the last five years which were required to be cleared are given in

Table No. 1.40.

Table No.1.40: Position of outstanding Cheques and Bills

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/ Decrease (-)
2008-09	2.55	2.53	(-) 0.02
2009-10	2.53	2.53	Nil
2010-11	2.53	2.46	(-) 0.07
2011-12	2.46	2.42	(-) 0.04
2012-13	2.42	2.44	(+) 0.02

The above table shows that though there was decreasing trend in the outstanding balance of cheques and bills amount, the balance at the end of 31 March 2013 stood at ₹ 2.44 crore.

Fresh borrowings by the State

The XIII FC suggested that there should be a directed effort by States with large balances to utilise existing cash balances before resorting to fresh borrowings. Further, it also suggested to consider to utilise surplus cash balances for lumpsum repayment of market borrowings raised for debt swap during the period 2002-05 which was likely to become due during the next few years. The Reserve Bank of India also had reiterated the fact and advised the States to manage their cash balance more efficiently. During 2012-13, the State Government resorted to fresh borrowing to the tune of ₹ 830.53 crore of which ₹ 645.00 crore was from Open Market Borrowings (OMB); ₹ 41.28 crore from National Small Savings Fund; ₹ 144.25 crore from other Financial Institution (NABARD). The repayment on borrowings during the year was only ₹ 281.28 crore. On the other hand, as pointed out in **Para 1.8.5**, the balance in Cash Balance Investment Account at the beginning of the year 2012-13 was ₹ 1,104.30 crore. Despite the huge balance in Cash Balance Investment Accounts, the State Government resorted to fresh borrowing to the tune of ₹ 830.53 crore. As a result, the overall interest payment stood at ₹ 532.81 crore which included ₹ 148.40 crore in respect of fresh market borrowings during 2012-13.

1.9 Assets and Liabilities

1.9.1 Growth and Composition of Assets and Liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.7** gives an abstract of such liabilities and the assets as on 31 March 2013 compared with the corresponding position on 31 March 2012. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and cash balances.

The FRBM Act of the State had defined the total liabilities as follows: “*The total liabilities means the liabilities under the Consolidated Fund and the Public Account of the State and shall also include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where principal and/or interest are to be serviced out of the State budget*”.

The ratio of assets to liabilities increased to 2.17 in 2012-13 from 2.04 during 2011-12.

1.9.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.7**. The composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.10 & 1.11**.

Chart 1.10 : Composition of outstanding fiscal liabilities as on 31 March 2012
(` in crore)

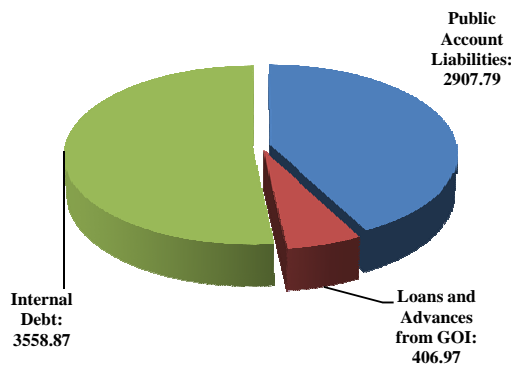
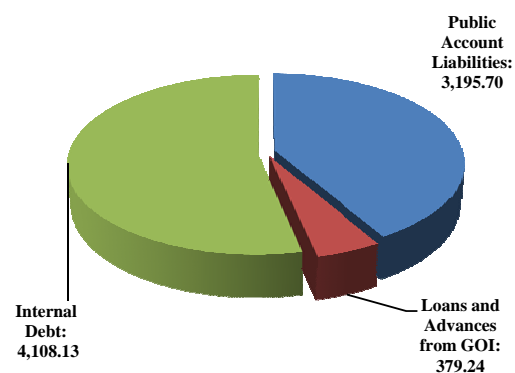


Chart 1.11 : Composition of outstanding fiscal liabilities as on 31 March 2013
(` in crore)



The outstanding fiscal liabilities of the State as on 31 March 2013 was ₹ 7,683.07 crore against the liabilities of ₹ 6,873.63 crore as on 1 April 2012 with an increase of ₹ 809.44 crore (11.78 per cent) during the period. Outstanding liabilities increased mainly on account of internal debt by ₹ 549.26 crore (15 per cent) and Public Account by ₹ 287.91 crore (9.90 per cent) offset by decrease in loans and advances from GoI by ₹ 27.73 crore over the previous year. The State failed to contain the outstanding liabilities within the revised estimated liabilities of ₹ 7,534.99 crore for the year 2012-13. During 2012-13, the percentage of Internal Debt liabilities to total revenue receipts was 58.27 while the percentage of total liabilities to revenue receipts was 108.97.

During the last five year period of 2008-09 to 2012-13, the outstanding liabilities consistently increased from ₹ 5,066.51 crore in 2008-09 to ₹ 7,683.07 crore in 2012-13. The percentage of fiscal liabilities to GSDP during 2012-13 was 32.21, against the projection in the Fiscal Indicator in the MTFP statement (44.60 per cent), and was also well within the projection (44.70 per cent) made in XIII FC.

1.9.3 Transactions under Reserve fund

As on 31 March 2013, the following Reserve Funds were operated by the Government of Tripura:

i) Interest Bearing Reserve Funds:

This funds include State Disaster Response Fund (SDRF) operated by The State Government under the major head 8121-122 created as per recommendation of the XIII FC during 2010-11 by transferring the balance of Calamity Relief Funds operated under major head 8235-111 with non-interest bearing reserve fund upto the end of 31 March 2010. Under the guidelines of the Fund, the State Government was required to contribute 10 per cent to the fund. During 2012-13, the GoI released ₹ 10.58 crore (₹ 9.58 crore towards SDRF plus ₹ 1.00 crore for capacity building). The State Government contributed ₹ 1.06 crore to the SDRF under Public Account. After setting off an expenditure of ₹ 10.68 crore in 2012-13 on natural calamities, the

balance of ₹ 98.23 crore lying in the Fund as of 31 March 2013 had been invested in authorised securities with Nationalised Banks.

ii) Reserve Funds not Bearing Interest

Two major heads comprising 8222 – Sinking Funds and 8235 – General and Other Reserve Funds had been operated by the Government in this category of Reserve Funds. Sinking Funds is Earmarked Fund created by the Government as per recommendation of XII FC. The accumulated funds in this Investment Account was ₹ 479.21 crore at the end of 31 March 2013 including an amount of ₹ 75.00 crore transferred from Revenue by booking it as expenditure during 2012-13 resulting in increase of cash balance to that extent at the end of March 2013.

Under major head 8235 – General and Other Reserve Funds, an amount of ₹ 0.94 crore was credited during 2012-13 out of which ₹ 0.92 crore was credited from Guarantee Redemption Fee/Commission received during the year from Power Corporation (₹ 0.75 crore) and four Co-operative Societies (₹ 0.17 crore). After disbursement of ₹ 0.09 crore during the year, the closing balance in this fund stood at ₹ 5.12 crore at the end of 31 March 2013.

1.9.4 Contingent liabilities

Status of Guarantees

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by borrower for whom the guarantee had been extended. Under Article 293 of the Constitution of India the State Legislature passed the limits of annual incremental risk weighted guarantees to 1 per cent of the GSDP of that year within which Government may give guarantee on the security of the Consolidated Fund of the State.

The State Government also introduced ‘The Tripura Government Guarantee Redemption Fund Scheme’ in 2007 and decided to charge 1 per cent Guarantee Redemption Fee on the fresh guarantee to cover the risk of the liabilities which may arise on invocation of the guarantees.

Table No. 1.41: Status of Guarantees – Contingent Liabilities

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Maximum amount guaranteed during the year	76.66	76.66	6.10	99.99	121.42
Outstanding amount of guarantees, of which	29.53	29.54	35.64	115.72	193.27
i) <i>Principal</i>	24.25	24.25	30.35	115.64	193.19
ii) <i>Interest</i>	5.28	5.29	5.29	0.08	0.08
Ceiling fixed by the State Government act, if any	1 % of GSDP	1 % of GSDP	1 % of GSDP	1 % of GSDP	1 % of GSDP
Outstanding amount of guarantee to Revenue Receipts (<i>per cent</i>)	0.72	0.67	0.69	1.79	2.74

During 2012-13, the State Government had given fresh guarantees amounting to ₹ 121.42 crore for repayment of loans raised by the Statutory Corporations, Government Companies, Local Bodies and Other Institutions. Out of the total fresh guarantees of ₹ 121.42 crore, ₹ 75.00 crore was given on loans raised by the Power

Corporation for Restructured Accelerated Power Development Reforms Programme (RAPDRP) and ₹ 46.42 crore was given to six Co-operative Societies during 2012-13. The Government received ₹ 0.92 crore against a receivable fees of ₹ 1.21 crore as guarantee commission/fee on the fresh guarantees given by the State Government. Out of ₹ 0.92 crore received during 2012-13, ₹ 0.75 crore pertains to Power Corporation and ₹ 0.17 crore from four Co-operative societies. However, outstanding guarantee stood at ₹ 193.27 crore including interest of ₹ 0.08 crore (0.81 per cent of GSDP) at the end of 31 March 2013 against ₹ 115.72 crore at the end of 2012.

Maximum outstanding guarantee was in respect of Power Corporation amounting to ₹ 121.91 crore at the end of March 2013. However, the incremental guarantee liability of the State was 0.51 per cent of GSDP which was within the limit fixed by the Legislature for the year.

Off Budget Borrowings

There was no off-budget borrowing for the year 2012-13. As such, the Government had not exceeded the annual permissible limit of 0.5 per cent of the GSDP for off-budget borrowings according to the TFRBM Act, 2005.

1.10 Analysis of Borrowings of Government

(i) Debt Management

Table No. 1.42: Public Debt Management

		(₹ in crore)				
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	
(i) Total Public Debt received	208.69	493.81	555.91	417.88	834.01	
(ii) Less : Debt Repayment including Interest	440.12	470.82	505.92	549.64	653.05	
(iii) Less: Net Disbursement of Loans and Advances by the State	(+) 14.83	(+) 14.05	(-) 1.84	(+) 11.79	(+) 17.67	
Net Debt Utilized (i) – (ii) - (iii)	(+) 246.26	(-) 8.94	(-) 51.83	(+) 143.55	(+) 163.29	
Ratio of Net Debt Utilised to Total Debt Received (per cent)	1.18	0.02	0.09	0.34	0.20	

Fiscal deficit is usually financed by way of borrowings by the State. The table shows that during 2012-13 the State Government borrowed funds from the Internal Market and GoI amounting to ₹ 834.01 crore and repaid ₹ 653.05 crore including interest of ₹ 340.55 crore on outstanding loans. The growth rate of borrowed funds and repayments during 2012-13 were 99 per cent and 19 per cent respectively over the previous year.

Debt Profile

A time series analysis of Public Debt for the previous five years and per capita debt are given in Table No. 1.43.

Table No. 1.43: Per capita debt

Year	2008-09	2009-10	2010-11	2011-12	2012-13
Total Debt (₹ in crore)	3115.54	3415.41	3765.48	3965.84	4487.37
Population*	35,15,000	35,57,000	35,99,000	36,41,000 (P)	36,83,000 (A) [#]
Per capita Debt (in ₹)	8,863.36	9,601.94	10,462.57	10,892.17	12,184.00

Source: *Information furnished by Directorate of Economic & Statistics, Government of Tripura.
(P) = Provisional, (A) = Advance.

The per capita debt of the State increased from ₹ 8863.36 in 2008-09 to ₹ 12,184.00 in 2012-13 registering an increase of 37.46 *per cent* during the last five years. During the same period, the percentage increase of outstanding public debt was 44.03 *per cent*.

Table No. 1.44: Maturity Profile of Outstanding Debt

(₹ in crore)

Amount of Debt Maturing	Between 2012-13 & 2013-14	Between 2014-15 & 2015-16	Between 2016-17 & 2017-18	Between 2018-19 & 2019-20	2020-21 onwards
(A) Internal Debt, of which	442.62	621.13	512.92	732.86	2079.82
(i) <i>Market Loans</i>	197.10	337.48	236.94	506.00	1230.00
(ii) <i>Loans from Financial Institutions</i>	132.57	169.91	162.24	113.12	32.39
(iii) <i>NSSF Loans</i>	112.95	113.74	113.74	113.74	817.43
(B) Loans from Government of India, of which	78.43	62.00	61.50	61.27	115.83
(i) <i>Plan Loans</i>	77.15	60.79	60.39	60.23	112.96
(ii) <i>Non-Plan Loans</i>	1.28	1.21	1.11	1.04	2.87
(C) Average interest rate	7.77	8.36	8.29	8.89	8.94

During 2012-13, an amount of ₹ 281.28 crore (Market Loan: ₹ 119.43 crore; NSSF: ₹ 56.08 crore and others: ₹ 105.77 crore) was due for repayment which is included in the outstanding loans scheduled to be matured between 2012-13 and 2013-14 (**Table No.1.44**). The State Government paid the outstanding loans due for 2012-13 and ₹ 161.34 crore would be maturing for payment during 2013-14. It could be seen from **Table No. 1.44** that from 2020-21 onwards, ₹ 1230.00 crore excluding interest would mature for payment by the State Government. During the year 2012-13, the Government raised a fresh market Loan of ₹ 645.00 crore which would mature after 2022-23 for payment with interest at the rate of 8.55 *per cent* to 8.94 *per cent*. From 2020-21 onwards, the outstanding loans of ₹ 817.43 crore from NSSF would be due for payment with interest rate of 9 *per cent*. On the other hand, maximum amount of outstanding loans from GoI are to be paid from 2020-21 onwards. As on 31 March 2013, there was a total outstanding Public debt of ₹ 4487.37 crore (Internal debt: ₹ 4108.13 crore and Loans from GOI: ₹ 379.24 crore) after repayment of previous Loans during the year 2012-13 (**Appendix 1.7**).

(iii) Debt sustainability

Debt sustainability refers to the state’s ability to maintain a constant debt-GDP ratio over a period of time. Thus, it implies State’s ability to service its debt.

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability⁹ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹⁰; sufficiency of non-debt receipts¹¹; net availability of borrowed funds¹²; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.45** analyses the debt sustainability of the State according to these indicators for the period of three years beginning from 2010-11.

Table No. 1.45: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2010-11	2011-12	2012-13
Debt Stabilisation (Quantum Spread + Primary Deficit/Surplus) (₹ in crore)	(+) 443.13	(+) 1091.54	(+) 1077.58
Sufficiency of Non-debt Receipts (Resource Gap) (₹ in crore)	(+) 620.85	(+) 857.77	(+) 168.91
Net Availability of Borrowed Funds (₹ in crore)	(+) 49.99	(-) 131.76	(+) 180.97
Burden of Interest Payments (IP/RR Ratio) (in per cent)	8.65	7.62	7.56

The above table shows that the Debt of the State had been quite stable since 2010-11 as the quantum spread *plus* primary deficit remained positive. During 2012-13, the sufficiency of non-debt receipts of the State was ₹ 168.91 crore against ₹ 857.77 crore in 2011-12, which indicated that incremental non-debt receipts adequately covered incremental interest burden. The sufficiency of non-debt receipts however, decreased in 2012-13 as compared to the previous year. The net Availability of Borrowed Funds was positive during the last three years except 2011-12.

(iv) Market Borrowings

To augment the resources of the State for undertaking development activities the State Government may borrow funds from the open market. The limit of borrowing for a particular financial year is fixed by the Planning Commission of Government of India under Article 293 of the Constitution of India.

⁹ The debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

¹⁰ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

¹¹ Adequacy of incremental non-debt receipt of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipt could meet the incremental interest burden and the incremental primary expenditure.

¹² Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

During last five year period from 2008-09 to 2012-13, the position of funds raised from open market as well as the repayment are given in **Table No. 1.46**.

Table No. 1.46: Market borrowing during 2008-13

(₹ in crore)					
Year	Opening balance	Amount raised	Amount repaid	Closing balance	Increase (+)/ Decrease (-)
2008-09	1,113.91	156.00	77.97	1,191.94	78.03
2009-10	1,191.94	350.00	98.01	1,443.93	251.99
2010-11	1,443.93	285.00	92.88	1,636.05	192.12
2011-12	1,636.05	300.00	73.47	1,862.58	226.53
2012-13	1,862.58	645.00	119.43	2,388.15	525.57
Total:	7,248.41	1,736.00	461.76	8,522.65	1,274.24

Source: Finance Accounts.

It would be seen from **Table No. 1.46** that during the period 2008-13, the State Government borrowed ₹ 1,736.00 crore from the open market and repaid ₹ 461.76 crore during the years resulting in net addition to the internal debt liability of the State amounting to ₹ 1,274.24 crore during the period. Interest rates on the market borrowings ranged between 7.77 per cent and 8.94 per cent during the past five years up to 2012-13. Total internal debt of the State at the end of 31 March 2013 stood at ₹ 4,108.13 crore including market loan of ₹ 2,388.15 crore (**Appendix 1.7**).

Cash balance investment

The position of the cash balance investment account during last five year period upto 2012-13 are detailed in **Table No. 1.47**.

Table No. 1.47: Year-wise position of cash balance investment account 2008-13

(₹ in crore)				
Year	Opening Balance	Closing Balance	Interest receipt on investment	Interest paid on market loan
2008-09	859.63	744.35	62.24	93.79
2009-10	744.35	260.05	26.67	93.26
2010-11	260.05	657.41	22.26	113.81
2011-12	657.41	1,104.30	48.91	131.13
2012-13	1,104.30	2,305.70	66.49	148.40

From the balances of cash balance investment account it was seen that while the balance was on decreasing trend in 2008-09 and 2009-10, it substantially increased from ₹ 260.05 crore in 2009-10 to ₹ 2,305.70 crore in 2012-13.

Detail of loans raised and investment of the Government in Treasury Bills with RBI on that date are shown in the table below:

Table No. 1.48: Details of investment during 2008-13

(₹ in crore)

Financial Year	Amount of loan raised	Date of credit to Government Account	Amount invested in the Treasury Bills	Date of investment	Balance in the Cash Balance Investment Account on the date of credit of market loans.
2008-09	156.00	02-03-2009	441.63	02-03-2009	1073.72
2009-10	150.00	07-10-2009	162.72	07-10-2009	483.29
	100.00	23-12-2009	108.95	23-12-2009	439.17
	100.00	24-02-2010	235.80	24-02-2010	576.39
2010-11	100.00	09-06-2010	91.11	09-06-2010	318.18
	120.00	16-03-2011	129.88	16-03-2011	695.54
	65.00	23-03-2011	105.39	23-03-2011	741.55
2011-12	100.00	11-05-2011	283.88	11-05-2011	622.52
	50.00	13-07-2011	5.64	13-07-2011	914.84
			217.34	14-07-2011	911.08
	50.00	25-01-2012	130.51	25-01-2012	1044.58
100.00	30-03-2012	322.64	30-03-2012	1104.30	
2012-13	125.00	06-06-2012	202.65	06-06-2012	1330.53
	90.00	21-11-2012	78.81	21-11-2012	1172.71
	100.00	15-12-2012	246.97	17-12-2012	1304.40
	250.00	06-03-2013	311.89	06-03-2013	1955.68
	80.00	20-03-2013	360.57	20-03-2013	2419.78

Source: Statement of RBI and data compiled by the Book Section of AG (A&E), Tripura.

From the table above, it can be seen that in each year from 2008-09 to 2012-13, despite having huge balance in cash balance investment account the Government resorted to fresh market borrowing. The percentage of fresh market borrowing to opening balance in cash investment accounts ranged from 18.15 per cent in 2008-09 to 58.41 per cent in 2012-13 (Table No. 1.46 & 1.48). Those borrowings also added to the interest burden of the State. The cash balance on the date of borrowings were always more than the amount borrowed which implied that the State Government could have avoided borrowings at a higher rate of interest. Besides, during 2012-13 there was a fiscal surplus of ₹336.56 crore and hence the State Government could have avoided fresh borrowing especially from the open market (₹645.00 crore) which were taken at higher interest rates (8.55 to 8.94 per cent) as compared to receipt of interest of only 5 per cent on the investments made by the State Government.

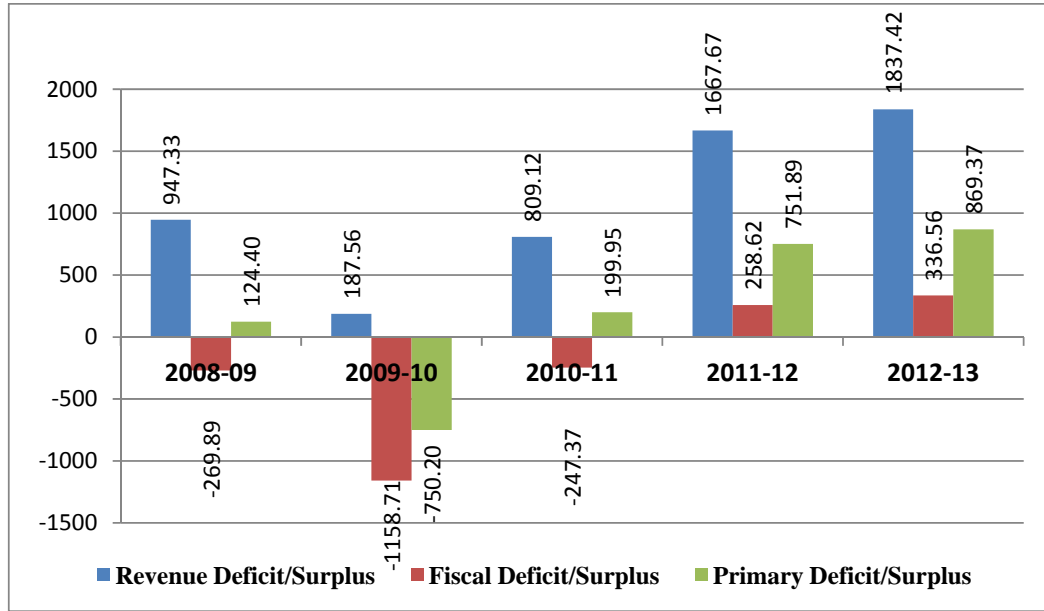
1.11 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The nature and quantum of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and applied are also important pointers to its fiscal management. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-a-vis targets set under FRBM Act/Rules for the financial year 2012-13.

1.11.1 Trends in Deficits

Chart 1.12 presents the trends in deficit/surplus indicators over the period 2008-13.

Chart No. 1.12: Trends in Deficit/Surplus Indicators for the last five years
(Rupees in crore)



The State was able to achieve revenue surplus during 2008-13 which had increased in 2012-13 by 10.18 per cent over the previous year. Except 2009-10, the State had witnessed primary surplus during 2008-13. There was fiscal deficit during 2008-11, but the State had achieved fiscal surplus since 2011-12. The balance from current revenue stands at ₹ 265.16 crore against (-) ₹ 136.94 crore in 2011-12.

The State achieved fiscal surplus consecutively for two years. The fiscal surplus of ₹ 285.62 crore in 2011-12 further increased to ₹ 336.56 crore in 2012-13 registering an increase of ₹ 50.94 crore (i.e. 17.83 per cent).

1.11.2 Composition of Fiscal Deficit/Surplus and its Financing Pattern

The financing pattern of the fiscal deficit/surplus had undergone a compositional shift as reflected in the table below:

Table No. 1.49: Decomposition and Financing Pattern of Fiscal Deficit

Particulars	(₹ in crore)		
	2010-11	2011-12	2012-13
1	2	3	4
Decomposition of Fiscal Deficit (-) / Surplus (+)	(-) 247.37	(+) 258.62	(+) 336.56
Fiscal Deficit/Surplus as percentage to GSDP	(-) 1.38	(+) 1.23	(+) 1.41
Revenue Deficit (-) / Surplus (+)	(+) 809.12	(+) 1667.67	(+) 1,837.42
Capital Expenditure	1058.33	1397.26	1483.19
Net Loans and Advances	(+) 1.84	(-) 11.79	(-)17.67

(₹ in crore)

Particulars	2010-11	2011-12	2012-13
1	2	3	4
Financing Pattern of Fiscal Deficit (-) / Surplus (+)			
Market Borrowings (Net)	(+) 192.21	(+) 54.28	(+)377.17
Loans from GOI (Net)	(-) 28.57	(-) 75.09	(-)59.52
Special Securities Issued to NSSF (Net)	(+) 135.40	(-) 159.77	(-)134.01
Loans from Financial Institutions (Net)	(+) 57.52	(+) 24.06	(-)2.67
Small Savings, Provident Fund, etc. (Net)	(+) 206.96	(-) 17.80	(+)47.01
Deposits and Advances (Net)	(+) 56.94	(-) 9.08	(-)26.04
Suspense and Misc. (Net)	(-) 48.90	(-) 32.67	(-)19.34
Remittances (Net)	(-) 33.75	(+) 45.13	(+)10.31
Others (R F) (Net)	(+) 70.08	(+) 35.40	(+)0.82
Increase (+) / decrease (-) in cash balance	(+) 354.19	(+) 681.80	(+)1,138.10

The source of funds of the State Government comprises of revenue receipts, non-debt capital receipts, public debt receipts and net receipts from public accounts. The State Government received a substantial amount of ₹ 4,373.72 crore from Central Government as grants during the year 2012-13 and with this amount the total revenue receipts stood at ₹ 7,050.30 crore. The revenue expenditure was only ₹ 5,212.88 crore resulting in revenue surplus of ₹ 1,837.42 crore during 2012-13. The State had been enjoying revenue surplus since 2005-06 and with gradual improvement in its fiscal policy implementation the State had also began to have fiscal surplus from 2011-12. The surplus of ₹ 336.56 crore during 2012-13 was derived after meeting the capital expenditure and disbursement of loans and advances during the year. Besides, the net availability of borrowed funds was ₹ 180.97 crore during the year 2012-13 which contributed to the primary surplus to that extent during the year.

1.11.3 Quality of Deficit/Surplus

Table 1.50 indicates the extent to which the deficit/surplus had been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table No. 1.50: Primary deficit/Surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Non-debt receipts vis-à-vis primary revenue expenditure	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2008-09	4,080.03	2,735.16	1,202.39	18.08	3,955.63	1,344.87	(+) 124.40
2009-10	4,404.86	3,805.28	1,332.22	17.56	5,155.06	599.58	(-) 750.20
2010-11	5,171.40	3,912.16	1,058.33	0.96	4,971.45	1,259.24	(+) 199.95
2011-12	6,479.00	4,315.96	1,397.26	13.89	5,727.11	2,163.04	(+) 751.89
2012-13	7,051.56	4,680.07	1,483.19	18.93	6,182.19	2,371.49	(+) 869.37

The non-debt receipts of the State during 2008-13 were sufficient to meet the primary revenue expenditure. The non-debt receipts increased by 72.88 per cent from ₹ 4,080.03 crore in 2008-09 to ₹ 7,051.56 crore in 2012-13. The primary revenue expenditure however, increased by 71.12 per cent from ₹ 2,735.16 crore in 2008-09 to ₹ 4,680.07 crore in 2012-13. During the period (2008-13) Capital Expenditure grew

by 23.35 *per cent*. The State had a primary surplus of ₹ 869.37 crore during 2012-13 against ₹ 751.89 crore in 2011-12 with an increase of ₹ 117.48 crore during the year.

1.12 Conclusion and recommendation

Surplus/Deficit

The fiscal position of the State viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit etc. indicated that the State had maintained revenue and primary surplus during the last five year (in 2009-10, the State had witnessed primary deficit). During the current year, there was a considerable improvement in revenue surplus and primary surplus. There was also fiscal surplus consecutively for the second year.

Revenue Receipts

During 2012-13, ₹ 5866.90 crore (83 *per cent*) of the total revenue was from the Government of India as State share of central taxes ₹ 1493.18 crore (21 *per cent*) and Grants-in-aid ₹ 4373.72 crore (62 *per cent*). The Own Tax Revenue of the State constituted ₹ 1004.65 crore (14 *per cent*) of the total revenue receipts. The OTR during 2012-13 remained above the normative assessment of ₹ 732.49 crore which was 37.16 *per cent* made by the XIII Finance Commission for the State and had also remained above the State's own projections of ₹ 784.24 crore by 28.10 *per cent*. The non-tax revenue constituted ₹ 178.75 crore (3 *per cent*) of the revenue receipts of ₹ 7050.30 crore which was higher than the projections made both by the XIII FC (by 14.71 *per cent*) and the State (by 24.47 *per cent*).

The tax compliance efforts appeared to have been enforced by the State Government. The Government should maintain the same momentum to ensure that the Government of India releases all grants due to the State by timely action on all conditionalities that are pre-requisites to the release which would also increase the total receipts of the State.

Expenditure of the State Government

During 2012-13, the Revenue expenditure increased to ₹ 5,212.88 crore (78 *per cent* of the total expenditure) from ₹4809.23 crore in 2011-12 recording a growth of ₹ 403.65 crore over the previous year. On the other hand capital expenditure in 2012-13 increased by ₹ 85.93 crore over the previous year which as a percentage of total expenditure remained constant as in the previous year and increased by only 6.15 *per cent* over 2011-12 in absolute terms.

During 2012-13, the development expenditure (₹ 4,277.56 crore) increased by ₹ 370.25 crore over the previous year but the same was much below the Revised Estimate (₹ 5,358.51 crore) for 2012-13. The relative share of the revenue development expenditure was 44 *per cent* of the total expenditure while the share in respect of capital development expenditure was only 19 *per cent*. The expenditure pattern of the State thus, revealed that there was an increasing pressure on revenue expenditure, on the otherhand the capital expenditure marginally decreased by less than one *per cent* in 2012-13 compared to the previous year.

The expenditure on non-plan salary component during 2012-13 was also significantly higher by ₹ 455.16 crore (around 29 *per cent*) than the assessment made by the XIII FC for the State (₹ 1,548.67 crore).

The high proportion of salaries to total revenue expenditure much beyond the assessment of the XIII FC may have adverse impact on the State's financial health as the State's own resources are meagre.

Fiscal Correction Path

During 2012-13, the State had witnessed a significant growth in revenue surplus which stood at ₹ 1,837.42 crore from ₹ 1,667.67 crore in 2011-12 and the fiscal surplus stood at ₹ 336.56 crore from ₹ 258.62 crore in 2011-12. The fiscal surplus as percentage of GSDP of the State during 2012-13 stood at 1.41 *per cent* of GSDP against the target of fiscal deficit of 3.00 *per cent* as projected in the TFRBM Act, 2005 for the year 2012-13.

Keeping in view the recommendations of the XIII Finance Commission, the State should continue to maintain fiscal surplus to achieve the targets as fixed in the FRBM in the ensuing years.

Fiscal liabilities

The percentage of fiscal liabilities to GSDP during 2012-13 was 32.21, which was lower than the projection (44.60 *per cent*) in the Medium Term Fiscal Policy Statement (MTFPS) and the projection made in the TFRBM Act. During 2012-13, interest receipts as percentage of outstanding loans and advances by the Government was 1.24 *per cent* whereas interest paid by the Government as a percentage of outstanding liabilities was 6.93.

Investment and Returns

Investment of Government money in Government Companies and Statutory Corporations are increasing year after year, but a meagre return of ₹ 0.67 crore from the investment had been received by the Government during 2012-13. Against the average rate of interest on Government borrowings of 8.44 *per cent*, the return on investment was only 0.06 *per cent* during 2012-13.

A performance-based system of accountability should be put in place in the Government Companies/Statutory Corporations so as to derive profitability and improve efficiency in service. The Government should ensure better return on investments by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and analyse whether it is justified to invest high cost borrowings in those Companies.