

## CHAPTER - I

### AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

#### 1.1 Introduction

This chapter discusses the financial position of the State Government, based on the analysis of the information in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of indicators of financial performance of the government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in the **Appendix-I-A**.

#### 1.2 Financial position of the State

In the Government accounting system comprehensive accounting of the fixed assets like land and buildings etc. 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 by the Government. An abstract of such liabilities and the assets as on 31 March 2000, compared with the corresponding position on 31 March 1999 is given below:-

#### SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF ARUNACHAL PRADESH AS ON 31 MARCH 2000

(Rupees in crore)

As on 31.03.1999	Liabilities		As on 31.03.2000
		<b>External Debt</b>	-
<b>140.28</b>		<b>Internal Debt</b>	<b>162.49</b>
	47.02	Market Loans bearing interest	57.92
	...	Market Loans not bearing interest	...
	...	Loans from LIC	...
	93.26	Loans from other Institutions	104.57
		Ways and Means Advances	
	...	Overdraft from Reserve Bank of India	
<b>349.91</b>		<b>Loans and Advances from Central Government</b>	<b>404.64</b>
	75.01	Non-Plan Loans	85.16
	230.37	Loans for State Plan Schemes	273.98
	0.45	Loans for Central Plan Schemes	0.45
	1.72	Loans for Centrally Sponsored Plan Schemes	1.76
	42.36	Loans for Special Schemes	43.29
<b>0.05</b>		<b>Contingency Fund</b>	<b>0.05</b>
<b>162.61</b>		<b>Small Savings, Provident Funds etc.</b>	<b>196.14</b>
<b>14.14</b>		<b>Deposits</b>	<b>11.74</b>
<b>2.00</b>		<b>Reserve Funds</b>	<b>4.66</b>
<b>1996.98</b>		<b>Surplus on Government Account</b>	<b>2168.56</b>
	1820.22	(i) Revenue Surplus as on 31 <sup>st</sup> March 1999	1996.98
	176.76	(ii) Revenue Surplus during the year	171.58
<b>2665.97</b>			<b>2948.28</b>

(Rupees in crore)

As on 31.03.1999	Assets		As on 31.03.2000
2549.01	<b>Gross Capital Outlay on Fixed Assets</b>		2807.88
	12.07	Investment in Shares on Companies, Corporation etc.	12.34
	2536.94	Other Capital Outlay	2795.54
13.67	<b>Loans and Advances</b>		15.17
	6.10	Loans for Other Industries and Minerals	6.10
	2.30	Other Development Loans	2.29
	2.99	Loans for Co-operatives	3.79
	2.28	Loans to Government Servants	2.99
	<b>Reserve Fund Investment</b>		
5.57	<b>Advances</b>		5.73
39.48	<b>Suspense and Miscellaneous Balances</b>		62.42
117.13	<b>Remittance Balances</b>		118.19
(-) 58.89	<b>Cash in Treasuries and Local Remittances</b>		(-) 61.11
	(-)115.53	Deposits with Reserve Bank	(-)80.59
	0.52	Departmental Cash Balance	0.65
	...	Permanent Advances	...
	56.12	Cash Balance Investment	16.17
	...	Investment of earmarked Funds	2.66
	Deficit on Government accounts		
	(i) Revenue Deficit of the Current Year		
	(ii) Appropriation of Contingency Fund		
	(iii) Miscellaneous Deficit		
	Accumulated deficit up to 31 March 1998		
2665.97			2948.28

While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from table that while the liabilities increased by 16.55 per cent, the assets grew only by 10.59 per cent during 1999-2000, mainly as a result of a very high growth in the market loans bearing interest (12 to 14 per cent) and loans from Government of India (13 per cent). This shows an overall deterioration in the financial condition of the Government.

### 1.3 Sources and applications of fund

1.3.1 The position of sources and applications of funds during the current and the preceding years is given in the table below.

#### SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1998-99		SOURCES		1999-2000	
923.57		1. Revenue receipts		1008.92	
1.38		2. Recoveries of Loans and Advances		1.35	
60.71		3. Increase in Public debt other than overdraft		76.94	
27.57		4. Net receipts from Public account		6.97	
	26.94	-Increase in Small Savings	33.53		
	0.37	-Increase in Deposits and Advances	(-) 2.55		
	1.10	-Net effect of Suspense and Miscellaneous transactions	(-) 22.95		
	(-) 0.84	-Net effect of Remittance transactions	(-) 1.06		
...		5. Increase in Reserve Funds		2.66	
...		6. Net effect of Contingency Fund transactions		...	
...		7. Decrease in closing cash balance		2.22	
1013.23		<b>Total</b>		<b>1099.06</b>	

	APPLICATION	
746.81	1. Revenue expenditure	837.34
1.54	2. Lending for development and other purposes	2.85
232.35	3. Capital expenditure	258.87
...	4. Net effect of Contingency Fund transactions	...
32.53	5. Increase in closing cash balance	...
1013.23	Total	1099.06

The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of fund for the State Government. Their relative share went up marginally from 91.15 **per cent** in 1998-99 to 91.80 **per cent** during 1999-2000. This was mainly due to more receipts received under “Other Industries” (326 **per cent**). The relative share of net receipts from the Public Account, however, declined from 2.72 **per cent** in 1998-99 to 0.63 **per cent** in 1999-2000 and the receipts from the Public Debt went up marginally from 6 **per cent** to 7 **per cent**. The decline in net Public Account receipts was mainly due to decrease in suspense and miscellaneous transactions.

**1.3.2** The funds were mainly applied for revenue expenditure, whose share went up from 73.71 **per cent** to 76.19 **per cent** and remained significantly lower than the share of the revenue receipts (91.80 **per cent**) in the total receipts of the State Government. This led to the Revenue surplus. A notable change during the year was that while the percentage of capital expenditure went up from 22.93 **per cent** to 23.55 **per cent**, lending for development went up from 0.15 **per cent** to 0.26 **per cent**.

#### **1.4 Financial operations of the State Government**

**1.4.1 Exhibit-I** (at the end of the Chapter) gives the details of the receipts and disbursements made by the State Government. The Revenue expenditure (Rs.837.34 crore) during the year was lower than the revenue receipts (Rs.1008.92 crore) resulting in revenue surplus of Rs.171.58 crore. The Revenue receipts comprised tax revenue (Rs.13.88 crore), non tax revenue (Rs.67.01 crore), State’s share of union taxes and duties (Rs.340.77 crore) and grants-in-aid from the Central Government (Rs.587.26 crore). The main sources of tax revenue were land revenue (10 **per cent**), State excise (73 **per cent**) and taxes on vehicles (8 **per cent**). Non-tax revenue came mainly from Forest and Wild life (24 **per cent**), Power (11 **per cent**), other Transport Services (6 **per cent**) and Road Transport (9 **per cent**) respectively.

**1.4.2** The capital receipts comprised Rs.1.35 crore from recoveries of loans and advances and Rs.94.81 crore from public debt. Against this, the expenditure was Rs.258.87 crore on capital outlay, Rs.2.85 crore on disbursement of loans and advances and Rs.17.87 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.611.49 crore, against which the disbursement of Rs.604.52 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public

Account was a decrease in the cash balance (Rs.2.22 crore) from Rs.(-) 58.89 crore at the beginning of the year to Rs.(-) 61.11 crore at the end of the year.

**1.4.3** The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit-I and the time series data for the five years period from 1995-96 to 1999-2000 presented below:-

**TIME SERIES DATA ON STATE GOVERNMENT FINANCES**

**(Rupees in crore)**

	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>770.99</b>	<b>809.04</b>	<b>835.46</b>	<b>923.57</b>	<b>1008.92</b>
(a) Tax Revenue	7.68	8.53	9.83	11.29	13.88
Agricultural Income Tax	.....	.....	.....	.....	.....
Sales Tax	0.34	0.40	0.32	0.28	0.35
State Excise	4.50	4.90	5.56	7.58	10.08
Taxes on vehicle	0.99	1.09	0.97	1.01	1.12
Stamps and Registration fees	0.32	0.37	0.42	0.50	0.45
Land Revenue	0.98	1.27	1.98	1.33	1.36
Other Taxes	0.55	0.50	0.58	0.59	0.52
(b) Non Tax Revenue	91.10	66.08	57.27	64.54	67.01
(c) State's share of Union Taxes	124.52	179.03	243.83	268.84	340.77
(d) Grants-in-aid from GOI	547.69	555.40	524.53	578.90	587.26
<b>2. Misc. Capital Receipts</b>	...	...	...	...	...
<b>3. Total Revenue and Non Debt Capital receipts (1+2)</b>	<b>770.99</b>	<b>809.04</b>	<b>835.46</b>	<b>923.57</b>	<b>1008.92</b>
<b>4. Recoveries of Loans and Advances</b>	<b>1.07</b>	<b>1.27</b>	<b>1.33</b>	<b>1.38</b>	<b>1.35</b>
<b>5. Public Debt Receipts</b>	<b>51.30</b>	<b>59.06</b>	<b>65.36</b>	<b>76.78</b>	<b>94.81</b>
Internal Debt (excluding Ways & Means Advance and Overdrafts)	12.36	13.84	15.59	18.61	24.50
Net Transactions under Ways & Means Advances & Overdraft	...	...	...	...	...
Loans and advances from Government of India*	38.94	45.22	49.77	58.17	70.31
<b>6. Total receipts in the Consolidated Fund (3+4+5)</b>	<b>823.36</b>	<b>869.37</b>	<b>902.15</b>	<b>1001.73</b>	<b>1105.08</b>
<b>7. Contingency Fund Receipts</b>	...	...	...	...	...
<b>8. Public Accounts Receipts</b>	<b>1301.20**</b>	<b>1378.53**</b>	<b>4003.49**</b>	<b>2939.28**</b>	<b>2674.81**</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>2124.56</b>	<b>2247.90</b>	<b>4905.64</b>	<b>3941.01</b>	<b>3779.89</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>507.28</b>	<b>604.09</b>	<b>664.62</b>	<b>746.81</b>	<b>837.34</b>
Plan	178.36	210.69	260.18	282.51	297.67
Non-Plan	328.92	393.40	404.44	464.30	539.67
General Services	140.66	166.46	195.99	231.54	270.79
Economic Services	210.02	235.91	242.87	280.47	286.07
Social Services	156.60	201.72	225.76	234.80	280.48
Grants-in-aid and Contributions	...	...	...	...	...

\* Excludes Ways and Means Advances from GOI.

\*\* Includes Other Accounts figures.

*Chapter I – An overview of the Finances of the State Government*

*(Rupees in*

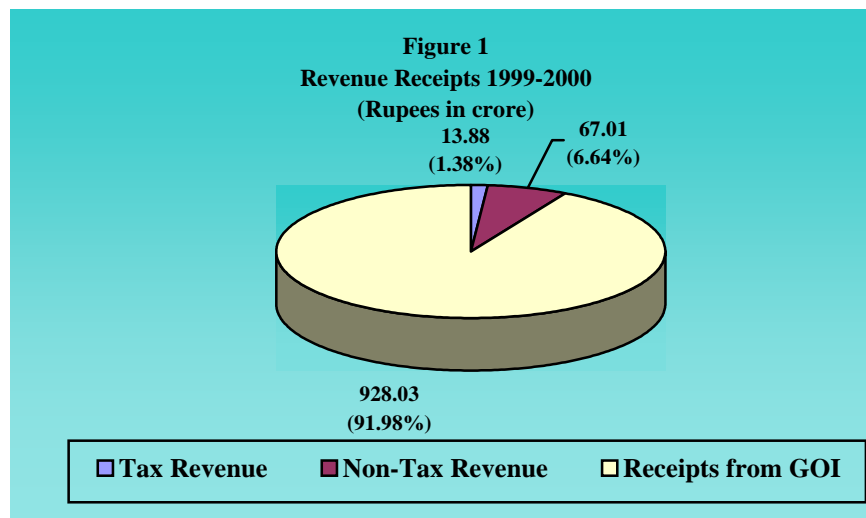
	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>11. Capital Expenditure</b>	<b>286.20</b>	<b>276.97</b>	<b>293.57</b>	<b>232.35</b>	<b>258.87</b>
Plan	286.12	277.75	294.24	232.50	257.81
Non-Plan	0.08	(-0.78)	(-0.67)	(-0.15)	1.06
General Services	9.77	8.93	15.71	15.23	15.29
Social Services	50.39	62.50	44.91	28.83	31.07
Economic Services	226.04	205.54	232.95	188.29	212.51
<b>12. Loans and advances given</b>	<b>1.51</b>	<b>1.13</b>	<b>1.06</b>	<b>1.54</b>	<b>2.85</b>
<b>13. Total (10+11+12)</b>	<b>794.99</b>	<b>882.15</b>	<b>959.25</b>	<b>980.70</b>	<b>1099.06</b>
<b>14. Repayments of Public Debt</b>	<b>8.25</b>	<b>10.16</b>	<b>12.29</b>	<b>16.07</b>	<b>17.87</b>
Internal Debt (excluding Ways & Means Advances and Overdrafts)	1.15	1.78	1.84	2.27	2.29
Net Transactions under Ways & Means Advances & Overdraft	....	...	...	...	...
Loans and advances from Government of India*	7.10	8.38	10.45	13.80	15.58
<b>15. Appropriation to Contingency Fund</b>	<b>....</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>16. Total Disbursement out of Consolidated Fund (13+14+15)</b>	<b>803.24</b>	<b>892.31</b>	<b>971.54</b>	<b>996.77</b>	<b>1116.93</b>
<b>17. Contingency Fund Disbursement</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>18. Public Account Disbursement</b>	<b>1306.91***</b>	<b>1395.33***</b>	<b>3913.07***</b>	<b>2967.88***</b>	<b>2628.03***</b>
<b>19. Total Disbursement by the State (16+17+18)</b>	<b>2110.15</b>	<b>2287.64</b>	<b>4884.61</b>	<b>3964.65</b>	<b>3744.96</b>
<b>Part C. Deficits/Surplus</b>					
<b>20. Revenue Surplus (1-10)</b>	<b>263.71</b>	<b>204.95</b>	<b>170.84</b>	<b>176.76</b>	<b>171.58</b>
<b>21. Fiscal Deficit (3+4-13)</b>	<b>22.93</b>	<b>71.84</b>	<b>122.46</b>	<b>55.75</b>	<b>88.79</b>
<b>22. Primary Deficit (21-23)</b>	<b>(-19.48)</b>	<b>18.58</b>	<b>62.20</b>	<b>(-15.51)</b>	<b>8.99</b>
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	<b>42.41</b>	<b>53.26</b>	<b>60.26</b>	<b>71.26</b>	<b>79.80</b>
<b>24. Arrears of Revenue (Percentage of Tax &amp; non tax Revenue Receipts)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>25. Financial Assistance to local bodies etc.</b>	<b>1.35</b>	<b>4.52</b>	<b>10.85</b>	<b>9.06</b>	<b>13.84</b>
<b>26. Ways and Means Advances / Overdraft availed (days)</b>	<b>6</b>	<b>...</b>	<b>1</b>	<b>21</b>	<b>6</b>
<b>27. Interest on WMA/Overdraft</b>	<b>0.002</b>	<b>....</b>	<b>....</b>	<b>0.010</b>	<b>0.02</b>
<b>28. Gross State Domestic Product (GSDP)</b>	<b>345.85</b>	<b>329.02</b>	<b>996.19</b>	<b>1071.81</b>	<b>NA</b>
<b>29. Outstanding Debt (year end)</b>	<b>417.16</b>	<b>487.42</b>	<b>565.15</b>	<b>652.80</b>	<b>763.28</b>
<b>30. Outstanding guarantees (year end)</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
<b>31. Maximum amount granted (year end)</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>....</b>	<b>....</b>
<b>32. Number of incomplete projects</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>41</b>	<b>106</b>
<b>33. Capital blocked in incomplete projects</b>				<b>31.25</b>	<b>26.02</b>

\* Excludes Ways and Means and Advances from GOI.

\*\*\* Includes Other Accounts figures.

## 1.5 Revenue receipts

**1.5.1** The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure I. Revenue receipts increased from Rs. 770.99 crore in 1995-96 to Rs.1008.92 crore in 1999-2000 which constituted an increase of 30.86 per cent.



### 1.5.2 Tax revenue

These constitute negligible share (1 per cent) of the revenue receipts and the share remained constant during 1995-96 to 1999-2000 inspite of an increase in growth in tax revenue from Rs. 7.68 crore (1995-96) to Rs. 13.88 crore (1999-2000).

### 1.5.3 Non-tax revenue

The non-tax revenue constituted 6.64 per cent of the revenue receipts of the Government in 1999-2000 and their share in the revenue receipts declined considerably from 12 per cent in 1995-96. Despite having registered a significant growth of 326 per cent and 291 per cent under other Industries and other Administrative Services, the non-tax revenue increased marginally by 3.83 per cent over the previous year i.e. 1998-99 mainly due to decrease in receipts under Stationery and Printing (97 per cent), Miscellaneous General Services (39 per cent) and Other Transport Services (38 per cent) during 1999-2000.

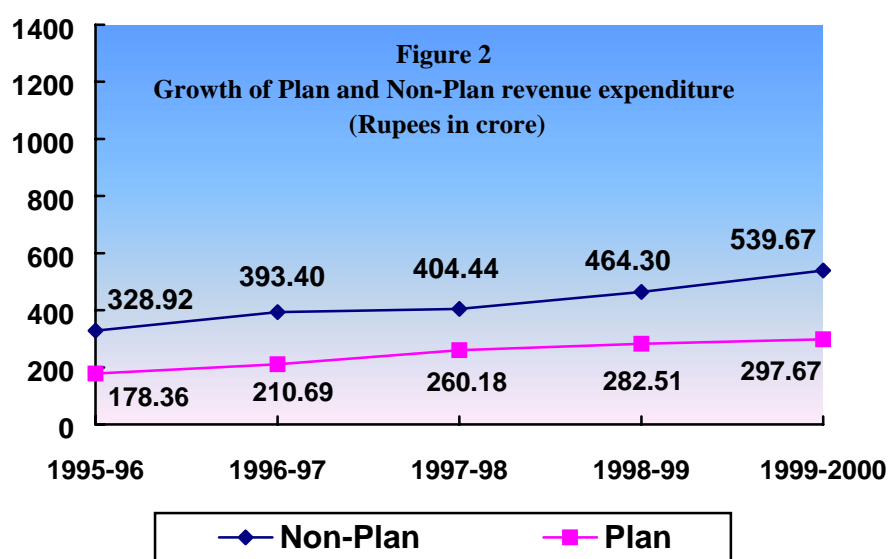
### 1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union taxes (excise duties, income and corporation taxes) increased by 27 per cent during the year, while the grants-in-aid from the Central Government also increased by 1 per cent. These receipts (Rs.928.03 crore) financed 100 per cent of the revenue expenditure (Rs.837.34 crore) of

the State. The relative share of State share of Union Taxes to Revenue Receipts increased from 16 **per cent** in 1995-96 to 34 **per cent** in 1999-2000 while the grants-in-aid from GOI decreased from 71 **per cent** in 1995-96 to 58 **per cent** in 1999-2000.

## 1.6 Revenue expenditure

**1.6.1** The revenue expenditure (both Plan and Non-Plan) accounted for most (76 **per cent**) of the expenditure of the State Government and increased by 12 **per cent** during 1999-2000. While the increase was 5.37 **per cent** under Plan side, the increase in Non-Plan side was 16.23 **per cent**. The share in Non-Plan expenditure during 1999-2000 was 64.45 **per cent** of revenue expenditure as against 35.55 **per cent** under Plan. The trend analysis shows that the growth under Non-Plan was more than the growth under Plan side as shown in Figure 2.



**1.6.2** Sector-wise analysis shows that while the expenditure on General Services increased by 93 **per cent** from Rs.140.63 crore in 1995-96 to Rs.270.79 crore in 1999-2000, the corresponding increases in expenditure on Social Services and Economic Services were only 79 and 36 **per cent** respectively. As a proportion of total expenditure, the share of General Services increased from 28 **per cent** in 1995-96 to 32 **per cent** in 1999-2000, whereas the share of Economic Services decreased from 41 **per cent** to 34 **per cent** and that of Social Services increased from 31 **per cent** to 33 **per cent**.

### 1.6.3 Interest payments

Interest payments increased steadily by 88 **per cent** from Rs.42.41 crore in 1995-96 to Rs.79.80 crore in 1999-2000. This is further discussed in the section on financial indicators.

#### 1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance in the form of grants-in-aid provided to different local bodies etc., during the period of five years ending 1999-2000 was as follows:

		(Rupees in lakh)				
		1995-96	1996-97	1997-98	1998-99	1999-2000
(1)	Universities and Educational Institutions	29.78	355.91	651.00	673.00	965.00
(2)	Art and Culture	65.42	58.28	...	...	...
(3)	Medical and Public Health and other charitable Institutions	1.90	1.90	355.00	...	...
(4)	Urban Development	11.67	5.01	...	...	...
(5)	Social Welfare	26.15	30.67	...	...	...
(6)	Rural Development	...	...	...	170.00	243.00
(7)	Other institutions	0.50	...	79.00	63.00	58.00
(8)	Panchayat Raj Institutions	...	...	...	...	118.00
	<b>Total</b>	...	...	...	...	<b>1384.00</b>
	Percentage of growth over previous year	(-) 81	234	140	(-) 16.50	52.75
	Assistance as a percentage of revenue expenditure	0.27	0.75	1.63	1.21	1.65
	Assistance as a percentage of revenue receipts	0.18	0.56	1.30	0.98	1.37

The assistance to the local bodies and others increased considerably (53 **per cent**) during 1999-2000. The financial assistance to universities and educational institutions also witnessed an increase (43.38 **per cent**) over 1998-99.

The assistance to local bodies and others ranged between 0.18 and 1.37 **per cent** of the revenue receipts and between 0.27 and 1.65 **per cent** of the revenue expenditure during 1995-2000.

#### 1.6.5 Loans and Advances by the State Government

The Government gives loans and advances to Government companies, local bodies, autonomous bodies, cooperatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that during 1999-2000 there was negligible



improvement in repayment as a result of which the closing balance increased by about 10.97 **per cent**.

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening balance	13.47	13.91	13.78	13.51	13.67
Amount advanced during the year	1.51	1.13	1.06	1.54	2.85
Amount repaid during the year	1.07	1.27	1.33	1.38	1.35
Closing balance	13.91	13.78	13.51	13.67	15.17
Net addition	(+) 0.44	(-) 0.14	(-) 0.27	(+)0.16	(+) 1.50
Interest received	0.20	0.81	0.42	0.03	0.001
Net receipts from long term borrowing during the year	61.08	70.26	77.73	87.65	110.48

## 1.7 Capital expenditure

*1.7.1* Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. Public Sector Undertakings (PSUs), corporations, etc. and loans and advances. During 1998-99 the capital expenditure has declined by 21 **per cent** and the same has increased by 11 **per cent** during 1999-2000 over the previous years viz. 1997-98 and 1998-99. The table in paragraph 1.4.3 shows that most of the capital expenditure has been on Economic and Social Services on the plan side.

## 1.8 Quality of expenditure

*1.8.1* Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan which are revenue and capital. While the Plan and Capital expenditure are usually associated with asset creation. The non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

*1.8.2* Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account after booking them as expenditure, can also to be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General services, to the detriment of Economic and Social Services.

**1.8.3** The following table lists out the trend in these indicators :

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Plan expenditure as a Percentage of :					
	Revenue expenditure	35	35	39	38	36
	Capital expenditure	100	104	100	100	100
2.	Capital expenditure ( <b>per cent</b> )	36	31	31	24	24
3.	Expenditure on General Services ( <b>per cent</b> )					
	Revenue	28	28	29	31	32
	Capital	3	3	5	7	6
4.	Amount of wastage and diversion of funds detected during test audit	-	-	-	-	-
5.	Non-remunerative expenditure on incomplete projects (Rupees in crore)	-	-	-	31.25	26.02
6.	Unspent balances under deposit heads, booked as expenditure at the time of their transfer to the deposit head	NA	NA	NA	NA	NA

It would be seen that the share of Plan expenditure under revenue remained constant upto 1996-97, increased in 1997-98 and declined successively in 1998-99 and 1999-2000 whereas in respect of capital side, cent **per cent** has been achieved. The share of capital expenditure to total expenditure showed a decreasing trend (from 36 **per cent** to 24 **per cent**) during 1995-96 to 1999-2000. The expenditure on General Services under both Revenue and Capital side remained constant upto 1996-97 and showed an increasing trend between 1997-98 and 1999-2000. As on 31.3.2000, Rs.26.02 crore was blocked in 106 incomplete projects.

## **1.9 Financial Management**

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

### **1.9.1 Investments and returns**

Investments are made out of the capital outlay by the government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under :

(Rupees in crore)

Sector	Number of concerns	Amount invested	
		As on 31.03.2000	during 1999-2000
(1) Government Companies	5	8.34	0.27
(2) Cooperative Institutions	144	4.00	---
<b>Total</b>	<b>149</b>	<b>12.34</b>	<b>0.27</b>

The details of investments and the returns realized during the last five years by way of dividend and interest were as follows :

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent)
<b>(Rupees in Crore)</b>				
1995-96	10.76	0.01	0.09	12.50
1996-97	11.29	0.01	0.07	14.00
1997-98	11.80	0.01	0.08	13
1998-99	12.07	0.03	0.25	13.05 and 12.30
1999-2000	12.34	0.001	0.001	14 and 11.30

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched insignificant returns.

### 1.9.2 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.10 lakh. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking Ways and Means Advances (WMA)/ Overdraft (OD) from the Bank. In addition special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects on the financial management in Government.

The extent to which the Government maintained the minimum balance with the Bank and took WMA and OD during the year 1999-2000 is given below :-

1. Number of days on which the minimum balance was maintained without obtaining any advance 360 days
2. Number of days on which the minimum balance was maintained by taking ordinary ways and means advance 05 days
3. Number of days on which overdraft was taken 01 days

During 1999-2000 the State Government took ordinary (Rs.32.72 crore) and Special (Rs.4.47 crore) ways and means advance and overdraft (Rs.0.37 crore) and the entire amount (Rs.37.56 crore) was repaid along with interest of Rs.2.28 lakh.

### 1.9.3 Deficit

**1.9.3.1** Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

**1.9.3.2** The Revenue Deficit is the excess expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary Deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account.

<b>(Rupees in crore)</b>					
<b>CONSOLIDATED FUND (CF)</b>					
<b>Receipt</b>	<b>Amount</b>		<b>Disbursement</b>	<b>Amount</b>	
Revenue	1008.92	Revenue surplus	171.58	Revenue	837.34
Misc.					
Capital receipts	...			Capital	258.87
Recovery of loans & advances	1.35			Loans & advances disbursement	2.85
<b>Sub Total</b>	<b>1010.27</b>	<b>Gross fiscal deficit</b>	<b>88.79</b>	<b>Sub Total</b>	<b>1099.06</b>
Public debt receipts	94.81			Public debt repayment	17.87
<b>Total</b>	<b>1105.08</b>	<b>A:Deficit in CF:</b>	<b>11.85</b>		<b>1116.93</b>
<b>PUBLIC ACCOUNT</b>					
Small savings, PF etc.	61.51			Small savings, PF, etc.	27.98
Deposits & advances	52.56			Deposits & advances	55.11
Reserve Funds	2.66			Reserve Funds	2.66
Suspense & Misc.	(-) 18.02			Suspense & Misc.	4.93
Remittances	512.78			Remittances	513.84
<b>Total Public Account</b>	<b>611.49*</b>	<b>B : Deficit in CF financed by Public Account :</b>	<b>6.97</b>		<b>604.52*</b>
		<b>Investment in earmarked fund :</b>	<b>2.66</b>		
<b>Decrease in cash balances (A-B): 2.22</b>					

The table shows that though there was no revenue deficit in Government accounts, it had a fiscal deficit of Rs.88.79 crore as of 31 March 2000. The deficit was mainly financed by net proceeds of the Public Debt (Rs.76.94 crore) and partly by the surplus from Public Account (Rs.6.97 crore). The

\* Excludes Other Accounts figures.

table in paragraph 1.4.3 shows that as compared to 1995-96 the fiscal deficit has shown an increasing trend during the period from 1996-97 to 1999-2000.

### 1.9.3.3 Application of the borrowed funds (Fiscal Deficit)

The Fiscal Deficit (FD) represents total net borrowing of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for making the Capital Expenditure (CE) and for giving loans to various bodies for development and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowings for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of Arunachal Pradesh for the last five years.

Ratio	1995-96	1996-97	1997-98	1998-99	1999-2000
RS/FD	(-) 11.50	(-) 2.85	(-) 1.39	(-) 3.17	(-) 1.93
CE/FD	12.48	3.85	2.39	4.17	2.92
Net loans/FD	0.02	-	-	-	0.01
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

As there was continued Revenue surplus, Revenue expenditure had not been met from borrowed funds and part of revenue surplus was utilised for Capital formation.

### 1.9.4 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Table in paragraph 1.4.3 lists the amounts of guarantees given by the Government and the amounts remained constant (Rs.50.00 lakh) over the years (1995-2000).

## 1.10 Public debt

**1.10.1** The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by **76 per cent**. This was on account of **66 per cent** growth in internal debt, **76 per cent** growth in loans and advances from Government of India and **84 per**

cent growth in other liabilities. During 1999-2000 no borrowing has been made by Government from the open market.

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
<b>(Rupees in crore)</b>						
1995-96	98.13	229.38	327.51	114.23	441.74	1.27
1996-97	110.18	266.23	376.41	138.63	515.04	1.56
1997-98	123.93	305.55	429.48	153.10	582.58	0.58
1998-99	140.28	349.91	490.19	178.75	668.94	0.62
1999-2000	162.49	404.64	567.13	209.89	777.02	NA

**1.10.2** The amount of funds raised through Public debt, the amount of repayment and net funds available are given in the following table:

	1995-96	1996-97	1997-98	1998-1999	1999-2000
<b>(Rupees in crore)</b>					
<b>Internal Debt<sup>(a)</sup></b>					
Receipt	30.60	13.84	15.64	52.29	62.06
Repayment (Principal + Interest)	29.55	15.56	17.00	55.84	59.19
Net funds available	1.05	1.72	(-) 1.36	(-) 3.55	2.87
<b>(Per cent)</b>	(3)	(12)	(-9)	(-7)	(5)
<b>Loans and advances from GOI</b>					
Receipt during the year	38.94	45.22	49.77	58.17	70.31
Repayment (Principal + Interest)	26.98	32.48	39.63	47.58	55.29
Net funds available	11.96	12.74	10.14	10.59	15.02
<b>(Per cent)</b>	(31)	(28)	(20)	(18)	(21)
<b>Other liabilities<sup>(b)</sup></b>					
Receipt during the year	29.46	34.72	39.96	50.06	61.51
Repayment	23.81	28.74	31.25	40.71	48.75
Net funds available	5.65	5.98	8.71	9.35	12.76
<b>(Per cent)</b>	(19)	(17)	(22)	(19)	(21)

It would be seen that the bulk of the receipts were consumed in repayment during the entire period and very little of the borrowings were available for investment and other expenditure. Considering that the outstanding debt has been increasing year after year the net availability of funds through public borrowings is going to reduce further.

<sup>(a)</sup> Included ways and means advancers.

<sup>(b)</sup> Other liabilities includes small savings, provident fund, reserve funds, deposits and other non-interest bearing obligations.

## 1.11 Indicators of the financial performance

**1.11.1** A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing. Finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate to Annual development plans and are provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity, while plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows :

**(i) Sustainability**

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

**(ii) Flexibility**

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

**(iii) Vulnerability**

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

**(iv) Transparency**

There is also the issue of financial information provided by the Government. This consists of annual Financial Statement (Budget) and the Accounts. As regards the budget the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist and completeness of accounts would be the principal criteria.

**1.11.2** Information available in finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in **Appendix-I Part-B** to this chapter. Exhibit-II indicates the behaviour of these indices/ratios over the period from 1995-96 to

1999-2000. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

**1.11.3 The behaviours of the indices/ratios is discussed below**

**(i) Balance from current revenues (BCR)**

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government had surplus from its revenues for meeting plan expenditure. The table shows that the State Government had positive BCR only in one year i.e. during 1995-96 out of the five years, but in 1996-2000 the BCRs were negative suggesting that Government had to depend only on borrowings for meeting its plan expenditure.

**(ii) Interest ratio**

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Arunachal Pradesh the ratio has moved in narrow range of 0.05 to 0.08. It has gone upto 0.08 only during 1999-2000. A rising interest ratio has adverse implications on the sustainability since it points out to the rising interest burden.

**(iii) Capital outlay/capital receipts**

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Arunachal Pradesh, the ratio has come down from 4.10 in 1995-96 to 1.99 in 1999-2000 indicating that less and less of revenue receipts were being applied for capital formation.

**(iv) Tax receipts vs Gross State Domestic Product (GSDP)**

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as central taxes paid by people living in the state. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Arunachal Pradesh this ratio during four years viz., 1995-96 to 1998-99 varied between 0.38 to 0.26. The ratio of State tax receipts compared to GSDP has varied between 0.01 and 0.03 during the period from 1995-96 to 1998-99. Figures pertaining to 1999-2000 have not yet been finalised by the State for which the ratio of the year could not be worked out. Thus, the ratio for these four years suggests that



while the State Government had the option to raise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficits.

(v) ***Return on Investment (ROI)***

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and cooperative institutions. It shows that the ROI in case of Government of Arunachal Pradesh has been negligible and has moved in the range of 0.0001 to 0.03 **per cent** and even showed a reducing trend. The low ROI suggests that the investments in the Public Sector Undertakings (PSUs) were based to finance their loss, rather than generate surplus.

(vi) ***Capital repayments vs Capital borrowings***

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Arunachal Pradesh, this ratio has been in the narrow range from 0.16 to 0.19 during 1995-2000 indicating increase in the availability of Capital for investment.

(vii) ***Debt vs Gross State Domestic Product (GSDP)***

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Arunachal Pradesh, this ratio which was at 1.56 during 1996-97 declined to 0.58 in 1997-98 but increased to 0.62 in 1998-99 thus showing mixed trends. The figures for 1999-2000 have not yet been furnished by the department (September 2000).

(viii) ***Primary deficit vs Fiscal deficit***

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment. In case of Government of Arunachal Pradesh, this ratio improved from (-)0.86 to 0.10 (1995-96 to 1999-2000) indicating that the quantum of borrowing increased at a faster rate relative to interest payment resulting in more availability of borrowed funds.

(ix) ***Assets vs Liabilities***

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. In the case of Arunachal Pradesh this ratio has all along been more than 1 and has moved in the range between 4.27 in 1995-96 and 3.79 in 1999-2000.

**(x) Accounts**

There were delays in the submission of accounts by the 15 treasuries of the State during 1999-2000 from 3 days to 72 days.

**1.11.4 Conclusions**

Though the State had revenue surplus for the five years ending 31 March 2000, the financial position of the State Government characterised by Negative BCR during the period from 1996-97 to 1999-2000 indicating that the State does not have any surplus for meeting plan expenditure from its revenue after excluding the Plan Central Assistance received and meeting the Non-Plan expenditure. This has adverse implications for sustainability.

The matter had been reported to Government in November 2000; reply had not been received (December 2000).

**EXHIBIT - I**

**ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 1999-2000**

**(Rupees in crore)**

Receipts			Disbursements		
1998-99		1999-2000	1998-99		1999-2000
	<b>Section – A: Revenue</b>				
<b>923.57</b>	<b>I. Revenue receipts</b>	<b>1008.92</b>	<b>746.81</b>	<b>I. Revenue expenditure</b>	<b>837.34*</b>
11.29	Tax Revenue 13.88		231.54	<b>General Services 270.79</b>	
64.54	Non Tax Revenue 67.01			<b>Social Services</b>	
24.65	State's Share of net proceeds of Taxes on income other than corporations 30.25		117.87	-Education, Sports, Art and Culture 129.17	
244.19	States Share of Union Taxes 310.52		50.87	-Health and Family Welfare 53.96	
			39.96	-Water Supply, Sanitation, Housing and Urban Development 57.27	
38.29	Non-Plan grants 9.86		2.29	-Information and Broadcasting 2.58	
			...	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes ...	
			3.59	-Labour and Labour Welfare 2.79	
476.15	Grants for State Plan Scheme 507.51		18.86	-Social Welfare and Nutrition 33.31	
54.12	Grants for Central and Centrally Sponsored Plan Schemes 56.74		1.36	-Others 1.41	
10.34	Grants for Special Plan Schemes 13.15			<b>Economic Services</b>	
			131.82	-Agriculture and Allied Activities 143.89	
			24.81	-Rural Development 19.98	
			11.43	-Special Areas programmes 13.38	
			17.17	-Irrigation and flood control 21.40	
			8.34	-Energy 8.83	
			14.00	-Industry and Minerals 8.97	
			45.80	-Transport 38.73	
			0.25	-Science, Technology and Environment 0.30	
			16.94	-General Economic Services 21.60	
			...	-Grants-in-aid and contribution ...	
			9.91	-Communication 8.98	
...	<b>II Revenue surplus carried over to Section B</b>		<b>176.76</b>	<b>II Revenue Surplus carried over to Section B</b>	<b>171.58</b>
(-91.42)	<b>III Opening Cash balance including Permanent Advances and Cash Balance investment</b>	<b>(-58.89)</b>		<b>III Opening Overdraft from RBI</b>	<b>---</b>
	<b>IV Miscellaneous Capital receipts</b>		<b>232.35</b>	<b>IV Capital Outlay</b>	<b>258.87</b>
			15.23	<b>General Services- 15.29</b>	
			...	<b>Social Services-</b>	
			2.93	-Education Sports, Art and Culture 4.84	
			1.36	-Health and Family Welfare 2.46	
			24.47	-Water Supply, Sanitation, Housing and Urban Development 23.55	
			0.05	-Information and Broadcasting 0.11	
			.....	-Welfare of Scheduled Castes Scheduled Tribes and Other Backward classes ...	
				-Social Welfare and Nutrition ...	
			0.02	-Others 0.11	
				<b>Economic Services-</b>	
			2.03	-Agriculture and Allied Activities 3.57	
			1.18	-Rural Development 0.76	
			15.18	-Special Areas Programmes 12.27	
			6.33	-Irrigation & Flood Control 5.93	
			69.07	-Energy 95.85	
			0.34	-Industry and Minerals 0.57	
			93.45	-Transport 92.81	
			0.71	-General Economic Services 0.75	
<b>1.38</b>	<b>V Recoveries of Loans and advances</b>	<b>1.35</b>	<b>1.54</b>	<b>V Loans and Advances disbursed</b>	<b>2.85</b>
...	-From Power Projects ...	...	...	-For Power Projects ...	...

\* Details of Plan and Non-Plan expenditure are given in Appendix – I(C)

(Rupees in

Receipts			Disbursements		
1998-99		1999-2000	1998-99		1999-2000
	<b>Section – A: Revenue</b>				
1.00	-From Government Servants 1.08		1.17	-To Government Servants 1.79	
0.38	-From Others 0.27		0.37	-To others 1.06	
<b>176.76</b>	<b>VI Revenue Surplus brought down</b>	<b>171.58</b>	<b>...</b>	<b>VI Revenue deficit brought down</b>	<b>---</b>
<b>76.78</b>	<b>VII Public debt receipts</b>	<b>94.81</b>	<b>16.07</b>	<b>VII Repayment of Public Debt</b>	<b>17.87</b>
...	-External debt ...		...	-External debt ...	
18.61	-Internal debt other than ways and means Advances and Overdraft 24.50		2.27	-Internal debt other than Ways & Means Advances & Overdraft 2.29	
...	-Net transactions under Ways and Means Advances including overdraft ...		...	- Net transactions under Ways and Means Advances including Overdraft ...	
58.17	-Loans and Advances from Central Government 70.31		13.80	-Repayment of Loans and Advances to Central Government 15.58	
...	<b>VIII Appropriation to Contingency Fund</b>	<b>...</b>	<b>...</b>	<b>VIII Appropriation to Contingency Fund</b>	<b>...</b>
...	<b>IX Amount transferred to Contingency Fund</b>	<b>...</b>	<b>...</b>	<b>IX Expenditure from Contingency Fund</b>	<b>...</b>
<b>582.40</b>	<b>X Public Account receipts</b>	<b>611.49</b>	<b>554.83</b>	<b>X Public Accounts disbursements</b>	<b>604.52</b>
50.06	-Small savings and Provident fund 61.51		23.12	- Small savings and provident fund 27.98	
3.91	Reserve Funds 2.66		3.91	- Reserve Funds 2.66	
1.69	-Suspense and Miscellaneous (-)18.02**		0.59	-Suspense and Miscellaneous 4.93	
470.31	-Remittance 512.78		471.15	-Remittance 513.84	
56.43	-Deposits and Advances 52.56		56.06	-Deposits and Advances 55.11	
...	<b>XI Closing Overdraft from Reserve Bank of India</b>	<b>...</b>	<b>(-) 58.89</b>	<b>XI Cash Balance at end ON 31<sup>ST</sup> March 2000</b>	<b>(-)61.11</b>
	<b>XII Earmarked funds</b>	<b>2.66</b>		<b>-Cash in Treasuries and Local Remittances</b>	
			(-)115.53	-Deposits with Reserve Bank (-)80.59	
			0.52	-Departmental Cash Balance including permanent Advances 0.66	
			56.12	-Cash Balance Investment 16.17	
				-Investment of earmarked funds 2.66	
<b>1669.47</b>	<b>Total</b>	<b>1831.92</b>	<b>1669.47</b>	<b>Total</b>	<b>1831.92</b>

### Explanatory notes

1. The abridged accounts in foregoing statement have to be read with comments and explanations in the Finance accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement I indicates the position on cash basis, as opposed to accrual basis in the commercial accounting, consequently, items payable or receivable or items like depreciation or variation in stock figure etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances includes cheques issued but not paid, payment made on behalf of the State and other pending settlement.
4. There was a difference of Rs. 1.76 crore (net credit) between the figure reflected in the accounts Rs. (-) 23.58 crore and that intimated by the RBI under "Deposit with Reserve Bank" Rs. (-)25.34 crore. The difference is under consideration.

\*\* Minus figures are due to adjustment of earlier year outstanding balances.

**EXHIBIT-II**  
**FINANCIAL INDICATORS FOR GOVERNMENT OF ARUNACHAL PRADESH**

	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>Sustainability</b>					
BCR (Rs. in crore)	36.53	(-) 18.61	(-) 39.20	(-) 81.35	(-) 108.15
Primary Deficit (PD) (Rs.in crore)	(-) 19.48	18.62	62.21	(-) 15.51	8.99
Interest Ratio	0.05	0.06	0.07	0.07	0.08
Capital outlay/Capital receipts	4.10	3.45	3.42	2.24	1.99
Total tax receipts/GSDP	0.38	0.57	0.25	0.26	NA
State Tax Receipts/GSDP	0.02	0.03	0.01	0.01	NA
Return on Investment ratio	0.01	0.01	0.01	0.03	0.0001
<b>Flexibility</b>					
BCR (Rs. in crore)	36.53	(-) 18.61	(-) 39.20	(-) 81.35	(-) 108.15
Capital repayments/Capital borrowings	0.16	0.17	0.19	0.21	0.19
State Tax receipts/GSDP	0.02	0.03	0.01	0.01	NA
Debt/GSDP	1.27	1.56	0.58	0.62	NA
<b>Vulnerability</b>					
Revenue Surplus (RS) (Rs.in crore)	263.71	204.95	170.84	176.76	171.58
Fiscal Deficit (FD) (Rs. in crore)	22.93	71.84	122.46	55.75	88.79
Primary Deficit (PD) (Rs. in crore)	(-) 19.48	18.58	62.20	(-) 15.51	8.99
PD/FD	(-) 0.86	0.26	0.51	0.28	0.10
RS/FD	(-)11.50	(-) 2.85	(-) 1.39	(-) 3.17	(-) 1.93
Outstanding Guarantees/revenue receipts	0.00	0.00	0.00	0.00	0.00
Assets/Liabilities	4.27	4.20	4.12	3.99	3.79

- Note :
1. The interest payment in 1995-96 and 1998-99 was more than the fiscal deficit, hence the negative figure for primary deficit.
  2. Fiscal deficit has been calculated as : Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Non-loan capital receipts.
  3. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as internal loans + Loans and Advances from Government of India + Net receipts from small savings, PF, etc. + Repayments received from loans advanced by the State Government – Loans advanced by State Government.