

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 information contained in the Finance Accounts. The analysis is based on the trends in receipts and expenditure, quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on 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 Appendix-A.

1.2 Financial position of the State Government

In the Government accounting system comprehensive accounting of the fixed assets like land and building etc. owned by the Government is not done. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit-I (Page 3) below gives an abstract of such liabilities and assets as on 31 March 2002, compared with the corresponding position on 31 March 2001. While the liabilities in this statement consist mainly of money owed by the State Government such as external and 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 cash balances. It would be seen from Exhibit-I that while the liabilities grew by 34.09 *per cent*, the assets grew by only 10.46 *per cent* during 2001-2002. These assets include significant amount of unrecoverable loans and investments in shares of companies which are loss making. These assets are not capable of generating any income. This shows an overall deterioration in the financial condition of the Government as brought out in the succeeding paragraphs.

1.3 Financial operations of the State Government

1.3.1 Exhibit-II (Pages 4 -6) gives the details of the receipts and disbursements of the State Government. The revenue expenditure (Rs.2101.03 crore) during the year exceeded the revenue receipts (Rs.1872.53 crore) resulting in a revenue

deficit of Rs.228.50 crore. The revenue receipts comprised of tax revenue (Rs.569.34 crore), non-tax revenue (Rs.1136.08 crore), State's share of Union taxes and duties (Rs.107.82 crore) and grants-in-aid from the Central Government (Rs.59.29 crore). The main sources of tax revenue were sales tax (Rs.402 crore; 71 *per cent*) and state excise (Rs.46 crore; 8 *per cent*). Non tax revenue came mainly from General Services (Rs.612.44 crore; 53 *per cent*) and energy (Rs.418.40 crore; 37 *per cent*).

1.3.2 The capital receipts comprised of recoveries of loans and advances and Public Debt (Rs.804.72 crore). The items of expenditure were capital outlay (Rs.184.72 crore), and disbursement of loan and advances (Rs.468.92 crore). The receipts in the Public Accounts amounted to Rs.2463.71 crore against which the disbursement was Rs.2364.06 crore. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance from Rs.16.49 crore at the beginning of the year to Rs.25.02 crore at the end of the year.

1.4 Sources and applications of fund

1.4.1 Exhibit-III (Page 7) below gives the position of sources and applications of funds during the current and preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of Loans and Advances, Public Debt and the receipts in Public Accounts. These are applied mainly on revenue and capital expenditure and lending for developmental purposes. The Revenue Receipts contribute the most significant source of funds for the State Government. Although their share in total funds increased from 78 *per cent* in 2000-01 to 81 *per cent*, the share of receipts from the Public Accounts decreased as their share went down from 5 *per cent* in 2000-2001 to 4 *per cent* mainly due to increase in suspense and miscellaneous transactions and remittance balance. The receipts from Public Debt decreased from 15.30 *per cent* in 2000-2001 to 14.51 *per cent* in 2001-2002.

The funds were mainly applied for revenue expenditure whose share increased from 89.60 *per cent* to 90.79 *per cent*, but remained significantly higher than the share of the revenue receipts (80.92 *per cent*) in the total receipts of the State Government. This led to the Revenue Deficit. The increase in Revenue expenditure and consequent revenue deficit was attributed mainly to Rs.32.57 crore spent towards Direction and Administration in Power Department, Rs.223.05 crore for expenditure under State Lotteries and Rs.29.42 crore for Implementation of the Voluntary Retirement Scheme, Rs.43.81 crore for interest payment due to increase in quantum of outstanding debt and Rs.21.49 crore spent on Welfare of Aged, Infirm and Destitute. A notable change during the year was that the percentage of capital expenditure went down from 9.58 *per cent* to 7.99 *per cent* of the total application of funds and lending for developmental purposes also went down from 0.81 *per cent* to 0.25 *per cent*.

EXHIBIT - I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF GOA
(Rupees in crore)

As on 31 March 2001	Liabilities		As on 31 March 2002
--	External Debt		--
508.36	Internal Debt		646.73
368.17	Market loans bearing interest	457.44	
-	Market loans not bearing interest	-	
38.62	Loans from LIC	36.64	
83.45	Loans from other institutions	93.31	
8.69	Loans from NABARD	19.99	
0.08	Loans from National Co-op. Development Corporation	0.06	
9.35	Ways and Means advances	39.29	
1391.16	Loans and Advances from Central Government		1588.59
551.99	Non-Plan Loans	675.30	
830.21	Loans for State Plan schemes	904.16	
0.29	Loans for Central Plan Schemes	0.26	
8.67	Loans for Centrally Sponsored schemes	8.87	
199.86	Contingency Fund		675.76
388.16	Small Savings, Provident Fund etc		417.15
243.74	Deposits		326.50
16.24	Reserve Funds		27.31
3.86	Deposits with Reserve Bank [^]		7.26 ^α
2751.38			3689.30

As on 31 March 2001	Assets		As on 31 March 2002
1952.26	Gross Capital Outlay on Fixed Assets		2136.98
133.51	Investment in shares of Companies Corporations etc.	182.11	
1818.75	Other Capital outlay	1954.87	
39.31	Loans and advances		38.90
13.35	Other Development loans	14.07	
25.96	Loans to Government Servants	24.83	
-	Reserve Fund Investment		-
0.71	Advances		0.71
1.77	Remittances		15.50
82.68	Suspense and Miscellaneous Balances		92.13
20.35	Cash		32.28
*	Cash in Treasuries and Local Remittances	*	
1.46	Departmental Cash Balances	3.11	
0.08	Permanent Advances	0.09	
3.01	Cash Balance Investment	3.01	
15.80	Earmarked Fund Investment	26.07	
646.90	Deficit in Government Accounts		1365.40
226.01	Revenue deficit of the current year	228.50	
395.89	Accumulated deficit as on 31 March 2001	646.90	
25.00	Appropriation to Contingency Fund	490.00	
7.40	Net effect of balances taken over	431.66	7.40
	424.26	424.26	
2751.38			3689.30

* Rs.7000 only

[^] Included on Liability side as the balance was negative^α This represents the balance taking into account the adjustment of inter-Governmental transactions relating to 2001-2002 advised to the Reserve Bank of India upto 25 April 2002. For further details refer Explanatory note below statement No.7.

EXHIBIT-II

ABSTRACT OF RECEIPTS AND DISBURSEMENT FOR THE YEAR 2001-02

Receipts			Disbursements						
2000-01			2001-02	2000-01		Non-Plan	Plan	Total	2001-02
1483.23	Section A – Revenue I-Revenue Receipts		1872.53	1709.24	I – Revenue Expenditure				2101.03
514.80	Tax Revenue	569.34		778.40	A-General Services	1076.40	3.98	1080.38	1080.38
796.14	Non-Tax Revenue	1136.08		432.75	B-Social Services	357.86	120.41	478.27	478.27
105.34	State's share of Union Taxes	107.82		226.09	Education, Sports, Arts and Culture	205.61	32.00	237.61	
14.82	Non-Plan Grants	11.94		82.36	Health and Family Welfare	67.92	17.46	85.38	
26.26	Grants for State Plan Scheme	24.29		84.29	Water Supply and Sanitation	61.07	26.36	87.43	
25.87	Grants for Central and Centrally Sponsored Schemes	22.96		12.73	Housing and Urban Development	7.05	12.77	19.82	
-	Grants for Special Plan Schemes	0.10		1.66	Information and Broadcasting	1.24	0.48	1.72	
226.01	II – Revenue Deficit carried over to Section B		228.50	1.03	Welfare of SC/ST and Other Backward classes	0.26	0.56	0.82	
				9.68	Labour and Labour Welfare	6.48	3.24	9.72	
				14.48	Social Welfare and Nutrition	7.76	27.54	35.30	
				0.43	Others	0.47	-	0.47	
				498.09	C-Economic Services	484.15	58.23	542.38	542.38
				34.83	Agriculture and allied activities	21.05	15.80	36.85	
				10.64	Rural Development	8.20	8.84	17.04	
				2.32	Special Areas Programme	-	1.78	1.78	
				20.19	Irrigation and Flood Control	12.42	2.62	15.04	
				372.84	Energy	397.07	8.40	405.47	
				7.37	Industry and Minerals	1.63	10.00	11.63	
				40.62	Transport	37.28	4.68	41.96	
				0.84	Science, Technology & Environment	-	0.33	0.33	
8.44	General Economic Services	6.50	5.78	12.28					
1709.24	Total Section A		2101.03	1709.24					2101.03

(Rupees in crore)

Receipts			Disbursements					
2000-01		2001-02	2000-01		Non-Plan	Plan	Total	2001-02
41.24	Section B - Others III – Opening Cash Balance including Permanent Advance and Cash Balance Investment	16.49	-	III-Opening Overdraft from Reserve Bank of India				-
			182.79	IV - Capital Outlay				184.72
			5.13	A- General Services	-	6.99	6.99	
			72.58	B- Social Services	-	46.20	46.20	
			7.04	Education, Sports, Arts and culture	-	9.64		
			3.99	Health & Family Welfare	-	3.48		
			60.85	Water Supply, Sanitation, Housing & Urban Development	-	32.93		
			0.05	Welfare of SC/ST and Other Backward classes	-	0.05		
			0.11	Social Welfare & Nutrition	-	0.03		
			0.54	Other Social Services	-	0.07		
			105.08	C-Economic Services	-	131.53	131.53	
			(-)2.91	Agriculture & Allied activities	-	2.10		
			0.93	Special Areas Programme	-	1.01		
			50.35	Irrigation & Flood Control	-	46.34		
			20.25	Energy	-	23.68		
			0.09	Industry & Minerals	-	5.08		
			32.96	Transport	-	46.88		
			0.01	Science, Technology & Environment	-	-		
			3.40	General Economic Services	-	6.44		
11.36	V – Recoveries of Loans and Advances	6.25	15.43	V-Loans and Advances disbursed				5.85
-	From Power Projects	-	-	For Power Projects	-	-	-	
4.49	From Government Servants	5.40	9.13	To Government servants	-	4.28	4.28	
6.87	From Others	0.85	6.30	To others	-	0.57	0.57	
-	VI – Revenue Surplus Brought Down	-	226.01	VI-Revenue Deficit brought down				228.50
605.71	VII – Public Debt Service	804.72	313.84	VII-Repayment of Public Debt				468.92
127.07	Internal Debt other than Ways and Means Advances	125.57	10.92	Internal Debt other than ways and means advances & overdrafts	-	17.15	17.14	
268.69	Ways and Means Advances	437.97	259.34	Ways & Means advances & overdraft	-	408.03	408.03	
209.95	Loans and Advances from Central Government	241.18	43.58	Repayment of loans & advances to Central Government	-	43.75	43.75	

Audit Report (Civil) for the year ended 31 March 2002

Receipts			Disbursements					
2000-01		2001-02	2000-01		Non-Plan	Plan	Total	2001-02
165.00	VIII-Appropriation to Contingency Fund	190.00	190.00	VIII-Appropriation to Contingency Fund				680.00
25.04	IX-Amount transferred to Contingency	680.14	0.14	IX-Expenditure from Contingency Fund				204.24
2132.34	X-Public Accounts Receipts	2463.71	2035.99	X-Public Accounts Disbursement				2364.06
104.04	Small savings and Provident Fund	104.46	59.52	Small Savings and Provident Fund	-	-	75.46	
10.36	Reserve Funds	11.99	6.95	Reserve Fund	-	-	0.92	
130.83	Deposits and Advances	167.49	80.10	Deposits and Advances	-	-	84.73	
832.82	suspense and Miscellaneous	987.43	847.45	Suspense and Miscellaneous	-	-	996.88	
1054.29	Remittances	1192.34	1041.97	Remittances	-	-	1206.07	
			16.49	XI Cash Balance at end				25.02
			*	Cash in Treasuries	-	-	*	
			(-3.86)	Deposits with Reserve Bank of India	-	-	(-7.26)	
			1.54	Departmental cash balance including permanent advance	-	-	3.20	
			18.81	Cash Balance Investment	-	-	29.08	
2980.69	Total Section B	4161.31	2980.69					4161.31

• *Rs. 7000/- only.*

EXHIBIT-III
Sources and Application of Funds

(Rupees in crore)

2000-01	Sources		2001-02
1483.23	Revenue Receipts		1872.53
11.36	Recoveries of Loans and Advances		6.25
291.88	Increase in Public Debt other than overdraft		335.80
96.38	Net Receipts from Public Accounts		99.65
	44.52	Increase in Small Savings	28.99
	50.74	Increase in deposits and advances	82.76
	3.42	Increase in Reserve Funds	11.07
	(-14.62)	Net effect of suspense and Miscellaneous transactions	(-)9.44
	12.32	Net effect of remittance transactions	(-)13.73
-	Net effect of Contingency Fund Transaction		-
24.75	Decrease in closing balances		-
1907.60	TOTAL		2314.23

2000-01	Applications		2001-02
1709.24	Revenue Expenditure		2101.03
15.43	Lending for Development and other purposes		5.85
182.79	Capital Expenditure		184.72
0.14	Net effect of Contingency Fund Transactions		14.10
-	Increase in closing balance		8.53
1907.60	TOTAL		2314.23

Explanatory Note

(For Exhibit I, II & III)

1. The summarised financial statements are based on the Finance Accounts and the Appropriation Accounts of the State Government and are subject to the notes and the explanations contained therein.
2. Although a part of the revenue expenditure (grant) and loans are used for capital formation by the recipients, its classification in the Government accounts remains unaffected by the end use.
3. There was a net difference of Rs.1.73 lakh between the figure reflected in the accounts (Rs.1830.05 lakh) and those intimated by the Reserve Bank of India at the end of the year (Rs.1831.78 lakh). The difference is under reconciliation.

EXHIBIT-IV

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02
PART A – RECEIPTS					
1. Revenue Receipts	1108	1147	1228	1483	1873
(i) Tax Revenue	365(33)	357(31)	458(37)	515(35)	569 (30)
Agricultural Income Tax	-	-	-	-	-
Sales Tax	258(71)	254(71)	348(76)	388(75)	402 (71)
State Excise	32(9)	35(10)	36(8)	39(8)	46 (8)
Taxes on Vehicles	31(8)	24(7)	28(6)	30(6)	33 (6)
Stamps and Registration fees	17(5)	17(5)	18(4)	22(4)	26 (5)
Land Revenue	3(1)	4(1)	5(1)	3(1)	8 (1)
Taxes on Good and Passengers	6(2)	4(1)	4(1)	13(2)	36 (6)
Other Taxes	18(4)	19(5)	19(4)	20(4)	19 (3)
(ii) Non Tax Revenue	582(50)	651(57)	634(52)	796(54)	1136 (61)
(iii) State's share in Union Taxes	97(9)	97(8)	96(8)	105(7)	108(6)
(iv) Grants in aid from GOI	64(6)	42(7)	40(3)	67(4)	59(3)
2. Misc. Capital Receipts	-	-	-	-	-
3. Total Revenue and non-debt capital receipts (1+2)	1108	1147	1228	1483	1873
4. Recoveries of Loans and Advances	6	6	5	11	6
5. Public Debt Receipts	233	274	301	606	805
Internal Debt (excluding ways and means advances and overdrafts)	30	122	97	127	126
Net transaction under ways and means advance and overdraft	112	25	73	269	438
Loans and advances from Government of India	91	127	131	210	241
6. Total Receipts in the Consolidated Fund (3+4+5)	1347	1427	1534	2100	2684
7. Contingency Fund Receipts	-	3	170	165	190
8. Public Account Receipt	1745	1538	1785	2132	2464
9. Total Receipts of the State (6+7+8)	3092	2968	3489	4397	5828
PART B – EXPENDITURE					
10. Revenue Expenditure	1122(91)	1288(95)	1437(92)	1709(90)	2101(92)
Plan	97(9)	106(8)	122(8)	141(8)	183(9)
Non-Plan	1025(91)	1182(92)	1315(92)	1568(92)	1918(91)
General Services	554(49)	602(47)	606(42)	778(46)	1080(51)
Economic Services	256(23)	325(25)	416(29)	498(29)	543(26)
Social Services	311(28)	361(28)	415(29)	432(25)	478(23)
Interest payments	118(11)	144(11)	178(12)	212(12)	261(12)
11. Capital Expenditure	114(9)	128(9)	129(8)	183(10)	185(8)
Plan	113(99)	127(99)	129(100)	188(100)	185(100)
Non Plan	1(1)	1(1)	-	(-5)	-
General Services	12(11)	15(12)	13(10)	5(3)	7(4)
Economic Services	74(65)	75(58)	80(62)	110(58)	132(71)
Social Services	28(25)	38(30)	36(28)	73(39)	46(25)
12. Disbursement of loan and advances	3	6	8	15	6
13. Total (10+11+12)	1239	1422	1574	1907	2292
14. Repayment of Public Debt	143	61	113	314	469
Internal Debt (excluding ways and means advances and overdraft)	1	2	4	11	17

Net transactions under ways and means advances and overdraft)	112	25	73	259	408
Loans and advances from Govt. of India	30	34	36	44	44
15. Appropriation to Contingency Fund	-	3	169	190	680
16. Total disbursement by the state (13+14+15)	1382	1486	1756	2311	3441
17. Contingency Fund disbursements	-	3.68	0.04	0.14	204
18. Public Account disbursement	1217	1424	1674	2036	2364
19. Total Disbursement by the State (16+17+18)	2599	2914	3430	4347	6009
20. Revenue Deficit (1-10)	14	141	209	226	228
21. Fiscal Deficit (3+4-13)	125	269	341	413	413
22. Primary Deficit (21-23)	7	125	163	201	152
PART-D – OTHER DATA					
23. Interest Payments (included in revenue expenditure)	118	144	178	212	261
24. Arrears of revenue (% Tax and Non-Tax Revenue Receipts)	139	189	165	205	277
25. Financial Assistance to Local Bodies etc.	125	133	164	163	156
26. Ways and Means Advances/Overdraft availed (days)	108	16	22	16	36
27. Interest on Ways and Means Advances/ Overdraft	0.31	0.02	0.16	0.59	0.96*
28. Gross State Domestic Product (GSDP)	3690	4285♣	4369♣	4714* ^α	4265 ^α
29. Outstanding Debt (year end)	1565	1854	2151	2532	2981
30. Outstanding guarantees (year end)	29	28	52	160	141 ^ψ
31. Maximum amount guaranteed (during the year)	32	4	43	111	338
32. Number of incomplete projects	N.A	7	20	24	17
33. Capital blocked in incomplete projects	N.A	126.67	21.22	15.20	15.15

Note: Figures in brackets represent percentages (rounded) to total of each sub-heading.

* Includes interest of Rs.0.15 and Rs.0.02 payable on ways & means advances and overdraft paid in April 2002 for the last quarter of 2001-02.

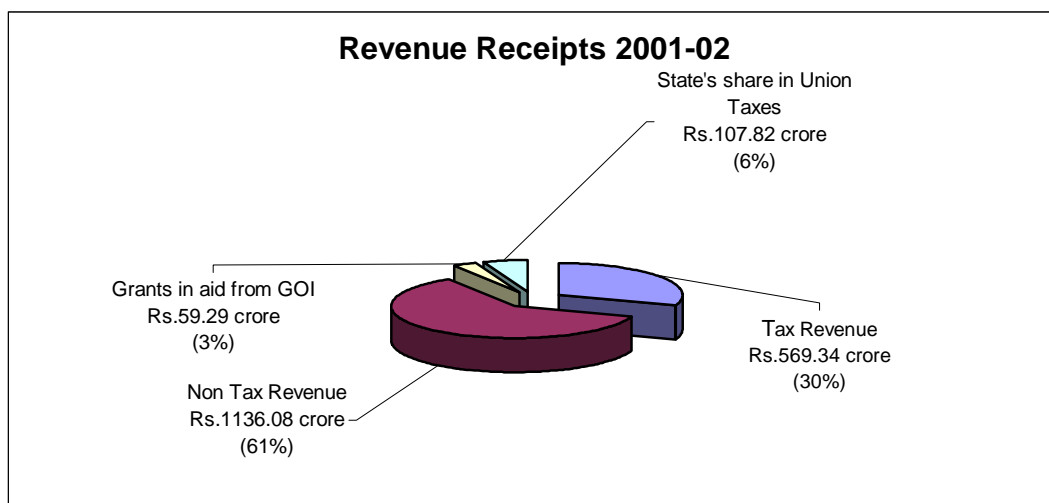
* Provisional figure

^α Average of last 4 years figures (1997-2001) as GSDP for 2001-02 not available.

^ψ Excluding the information awaited from Goa State Infrastructure Development Corporation.

1.5 Revenue receipts

1.5.1 The revenue receipts of the State consist mainly of own tax and non-tax revenue tax transfers from the Government of India (GOI) and grants-in-aid. Their relative shares are shown below. Revenue receipt grew at an average annual rate of 19 *per cent* during 1997-98 to 2001-02 and increased by 26 per cent over that of 2000-01.



Tax Revenue

1.5.2 The tax revenue constitutes 30 *per cent* of revenue receipts. The increase in own tax during 2001-02 (569 crore) over 2000-01 (515 crore) was 54 crore (10 per cent). The increase in tax revenue was mainly under Sales tax, State Excise and Taxes on Goods and Passengers by Rs.44 crores. However, the contribution of Sales Tax (major constituent) to Tax Revenue decreased from 76 *per cent* in 1999-2000 to 71 *per cent* in 2001-02.

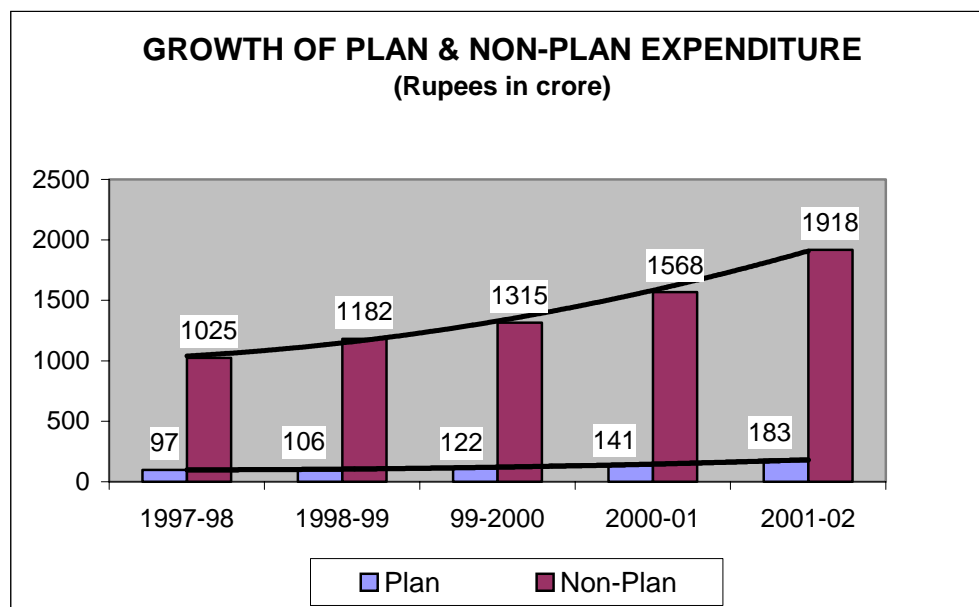
Non Tax Revenue

1.5.3 The non-tax revenue constituted 61 *per cent* of the revenue receipts. There was an increase of Non-Tax Revenue from Rs.796 crore in 2000-2001 to Rs.1136 crore in 2001-02.

1.6 Revenue expenditure

1.6.1 The revenue expenditure increased by Rs.392 crore (23 per cent) from Rs.1709 crore to Rs.2101 crore and constituted 92 per cent of the total expenditure of the Government. Non-plan revenue expenditure constituted a

major part of the revenue expenditure during 1997-2002 and ranged between 91 and 92 *per cent*. A comparison shows that the rate of growth in non-plan component (91 *per cent*) of revenue expenditure far surpassed the plan expenditure (9 *per cent*) during the five years 1997-2002.



1.6.2 Sector-wise analysis shows that while the expenditure on General services increased by 95 *per cent* from Rs.554 crore in 1997-98 to Rs.1080 crore in 2001-2002, the corresponding increases in expenditure on Social Services and Economic services were 54 *per cent* and 112 *per cent* respectively. As a proportion of total expenditure the share of General Services increased from 49 *per cent* in 1997-98 to 51 *per cent* in 2001-02, the share of Social services decreased from 28 *per cent* to 23 *per cent* and that of Economic Services increased from 23 *per cent* to 26 *per cent*.

Interest payments

1.6.3 Interest payments increased steadily from Rs.118 crore in 1997-98 to 261 crore in 2001-02. This is further discussed in the section on financial indicators. The main component of the increase in interest payments was the payment of interest on loans and advances from Government of India and interest on internal debt which had risen from 93 crore in 1997-98 to 220 crore in 2001-02.

Financial assistance to local bodies and other institutions

1.6.4 The quantum of assistance provided to different 'local bodies' etc. during the period of five years ending 2001-02 was as follows:

Sl. No	Name of Institutions	1997-98	1998-99	1999-2000	2000-01	2001-02
(Rupees in crore)						
1.	Universities and Educational Institutions					
	- Grant	103.85	114.78	143.64	129.90	115.22
	- Loan	0.01	-	-	0.01	0.01
2.	Municipal Councils					
	- Grant	7.71	5.04	4.67	7.25	14.55
	- Loan	0.05	-	-	-	-
3.	Panchayati Raj Institutions					
	- Grant	3.11	3.30	5.35	3.84	10.50
	- Loan	0.05	0.04	0.01	0.03	0.05
4.	Rural Development Agencies					
	- Grant	2.11	1.72	2.17	1.96	4.80
	- Loan	-	-	-	-	0.02
5.	Sports and Youth Affairs					
	- Grant	2.09	1.75	2.60	5.74	6.94
	- Loan	-	-	-	-	-
6.	Other Institutions					
	- Grant	6.03	6.85	5.73	7.77	4.23
	- Loan	0.04	0.07	0.01	6.02	0.01
Total						
	- Grant	124.90	133.17	164.16	156.46	156.24
	- Loan	0.15	0.11	0.02	6.06	0.09
Grand Total		125.05	133.28	164.18	162.94	156.33
Percentage of growth over previous year		34.07	6.58	23	(-)-1.00	(-)-4.06
Assistance as percentage of Revenue Receipts		11.28	11.61	13.37	10.98	8.35
Assistance as percentage of revenue expenditure		11.14	10.34	11.43	9.53	7.44

1.6.5 The assistance to the local bodies etc., increased from 125.05 crore in 1997-98 to 156.33 crore in 2001-02, an increase of 25 *per cent* during the period of five years. The assistance to local bodies and others ranged between 11 *per cent* and 8 *per cent* of revenue receipts and between 11 *per cent* and 7 *per cent* of revenue expenditure during the period of five years.

1.6.6 Educational institutions (including university) were the major beneficiaries whose share increased from 103.86 crore in 1997-98 to 115.23 crore in 2001-02 an increase of 11 *per cent* for the period of five years.

Loans and Advances by the State Government

1.6.7 The Government gives loans and advances to Government companies, Corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions etc., for developmental and non-developmental activities. The position for the last five years given below shows that while amount of advances increased significantly upto 2000-01 there was a decrease in the amount advanced during 2001-2002. The closing balance of recoverable loans however increased by 22 per cent compared to closing balance of 1997-98.

	1997-98	1998-99	1999-2000	2000-01	2001-02
	<i>(Rupees in crore)</i>				
Opening balance	35.58	31.91	32.43	35.23	39.30
Amount advanced during the year	2.29	6.40	7.91	15.43	5.85
Amount repaid during the year	5.96	5.88	5.11	11.36	6.25
Closing balance	31.91	32.43	35.23	39.30	38.90
Net addition	(-3.67)	0.52	2.81	4.07	(-)0.40
Interest received	1.85	1.72	1.61	1.86	1.47

Out of loans advanced to Goa Housing Board*, recovery of Rs.6.85 crore (Principal: Rs.2.66 crore and interest: Rs.4.19 crore) was in arrears as on 31 March 2002. In respect of loans, the detailed accounts of which were maintained by the departmental officers, recovery of Rs.2.94 crore (Principal: Rs.1.79 crore and interest Rs.1.15 crore) were in arrears in 13 of 29 departments and the other departments did not furnish information to Director of Accounts, Goa resulting in understatement of outstanding loans.

1.7 Capital expenditure

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, corporations, etc. and loans and advances. There has been a decline in the capital expenditure and its share in total expenditure had fallen from 9 per cent in 1997-98 to 8 in 2001-02. Exhibit-IV shows that most of the capital expenditure had been on economic and social service on the plan side.

* Accounts maintained by Director of Accounts, Government of Goa

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. The Government expenditure is broadly classified into Plan and Non-Plan and revenue and capital. While Plan and Capital expenditure are usually associated with asset creation, non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. In general, Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, 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 be considered as negative as the expenditure was not actually incurred in the concerned year. Another possible indicator is the increase in the expenditure on General services, to the detriment of Economic and Social services. The following table lists out the trend in these indicators:

	1997-98	1998-99	1999-2000	2000-01	2001-02
1. Plan expenditure as a percentage of					
- Revenue expenditure	9	8	8	8	9
- Capital expenditure	99	99	100	100	100
2. Capital expenditure as a percentage of total expenditure	9	9	8	10	8
3. Expenditure on General services (<i>per cent</i>)					
- Revenue	49	47	42	46	51
- Capital	11	12	10	3	4
(Rupees in crore)					
4. Amount of wastage and diversion of funds detected during test audit (Rupees in crore)	10.93	37.91	8.10	6.93	3.04
5. Non remunerative expenditure in incomplete projects	N A	126.67	21.22	15.20	15.15

It would be seen that the share of Plan expenditure on the revenue side has been varying between 9 to 8 *per cent* and the share on capital expenditure to total expenditure declined from 10 per cent in 2000-01 to 8 *per cent* during the same period.

1.9 Financial Management

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

Investment and returns

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

Sector	Number of concerns	Amount invested	
		As on 31 March 2002	During 2001-02
		<i>(Rupees in crore)</i>	
1. Statutory Corporations	2	18.01	Nil
2. Government Companies	15	144.14	47.15
3. Joint Stock Companies	78	0.04	Nil
4. Co-operative Institutions	352	19.92	1.45
TOTAL	447	182.11	48.60

The details of investments and the returns realised 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 borrowings
	<i>(Rupees in crore)</i>			<i>(Percentage)</i>
1997-1998	128.17	0.67	0.52	13.05
1998-1999	131.05	0.44	0.33	12.15 and 12.50
1999-2000	132.06	0.33	0.25	11.85 to 12.25
2000-2001	133.51	0.25	0.19	10.52 to 14
2001-2002	182.11	0.44	0.24	8 to 14

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

Incomplete projects

1.9.2 As on 31 March 2002, there were 17 projects which were incomplete for 1 to 3 years and in which Rs.15.15 crore were blocked. The major projects involved were construction of 40 MLD water treatment plant at Curti (Rs.269.31 lakh),

Laying and jointing of Conveying Main from Curti to Panaji (Rs.301.69 lakh), and Rajiv Kala Mandir, Ponda (Rs.650.00 lakh). This showed that the Government was spreading its resources thinly without any returns.

Arrears of revenue

1.9.3 The arrears of revenue increased from Rs.139 crore in 1997-98 to Rs.277 crore in 2001-02, an increase of 99 *per cent*. The arrears in 2001-02 constituted 15 *per cent* of total revenue receipts of the State Government and out of these Rs.42.53 crore were pending for more than three years and pertained mainly to Sales Tax (Rs.38.10 crore) and Tax on Vehicle (Rs.2.05 crore).

Ways and means advances and overdraft

1.9.4 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.0.19 crore on all days. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ordinary and special ways and means advances (WMA)/ Overdraft (OD) from the Bank. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government and reflected on the financial management in Government. During the year 2001-02, the Government obtained Ways and Means advances of Rs.309.87 crore from Reserve Bank of India and an amount of Rs.290.97 crore was repaid during the year and Rs.18.90 crore were outstanding. Rs.0.63 lakh was paid as interest on these advances in 2001-02. During the year an overdraft amounting to Rs.128.10 crore was obtained from RBI from which an amount of Rs.117.06 crore was repaid and Rs.0.16 crore was paid as interest.

Deficit

1.9.5 Deficits in Government account represents gap 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 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.

The Revenue Deficit is the excess of revenue expenditure over the 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 table gives a break-up of the deficit in Government account.

EXHIBIT – V

FINANCIAL OVERVIEW ON THE GOVERNMENT EXPENDITURE

(Rupees in crore)

CONSOLIDATED FUND				
Receipt	Amount		Disbursement	Amount
Revenue	1872.53	Revenue Deficit : 228.50	Revenue	2101.03
Misc. Capital Receipts	-		Capital	184.72
Recovery of loans and advances	6.25		Loans and advances disbursement	5.85
Sub-Total	1878.78	Gross Fiscal deficit : 412.82		2291.60
Public Debt	804.72		Public Debt repayment	468.92
Total	2683.50	A : Deficit in CF: 77.02		2760.52
CONTINGENCY FUND				
Appropriation to Contingency Fund	0.14	B : Deficit in Contingency Fund : (-)14.10	Unrecouped expenditure from Contingency Fund	14.24
PUBLIC ACCOUNT				
Small Savings, PF etc	104.46		Small Savings, PF etc.	75.46
Deposits and advances	167.49		Deposits and advances	84.73
Reserve Funds	11.99		Reserve Funds	0.92
Suspense and miscellaneous	987.43		Suspense and miscellaneous	996.88
Remittances	1192.34		Remittances	1206.07
Total Public Account	2463.71	C : Surplus on Public Account : Rs.99.65		2364.06
Increase in cash balance (B+C-A) : 8.53				

The fiscal deficit of Rs.412.82 crore was financed by net proceeds of the Public Debt (Rs.335.80 crore) and surplus from Public Account. Exhibit-IV shows that the deficit has shown an increasing trend over the last three years. There was an overall increase of Rs.288 crore in 2001-02 in Fiscal deficit as compared to 1997-1998. Revenue deficit constituted 55 per cent of the Fiscal deficit.

Application of borrowed funds (Fiscal Deficit)

1.9.6 The fiscal deficit (FD) represents total net borrowings 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 developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operation because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the Government of Goa for the last five years:

Ratio	1997-98	1998-99	1999-2000	2000-01	2001-02
RD/FD	0.11	0.52	0.61	0.55	0.55
CE/FD	0.91	0.48	0.38	0.44	0.45
Net loans/FD	(-)0.02	--	0.01	0.01	-
Total	1	1	1	1	1

It would be seen that borrowed funds were used to meet revenue expenditure which increased from 11 *per cent* in 1997-98 to 55 *per cent* during 2001-02. The availability of funds for the Capital expenditure was affected and came down from 91 *per cent* in 1997-98 to between 38 and 45 *per cent* during 1998-2002.

Guarantees given by the State Government

1.9.7 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 co-operative institutions, etc. and payment of interest and dividend by them. They constitute contingent liability of the State. Under Article 293 of the Constitution, the State Legislature has laid down the maximum limits of Rs.550 crore within which Government may give guarantees on the security of the Consolidated Fund of the State. Exhibit-IV lists the amount of guarantees given by the Government and the amounts outstanding at the end of each year during 1997-2002. There was a decrease in the amount of outstanding guarantee from Rs.160 crore at the end of 2000-2001 to Rs.141 crore in 2001-02, as the information from Goa State Infrastructure Development Corporation about the outstanding guarantees was not incorporated in the guarantee amount for 2001-02.

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 the 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 has 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:

(Rupees in crore)

Year	Internal Debt	Loans and advances from Central Government	Total Public Debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
1997-98	169.74	1036.78	1206.52	358.92	1565.44	0.33
1998-99	289.93	1130.32	1420.25	433.67	1853.92	0.43
1999-00	382.86	1224.79	1607.65	543.01	2150.66	0.49
2000-01	508.36	1391.16	1899.52	633.01	2532.53	0.54
2001-02	646.73	1588.59	2235.32	745.62	2980.94	0.70

During 1997-2002, the total liabilities of the Government had grown by 90 per cent. This was on account of 281 per cent growth in internal debt, 53 per cent growth in loans and advances from Government of India and 108 per cent growth in other liabilities. During 2001-02 Government borrowed Rs.89 crore in open market at the interest rates of 10.35 and 8 per cent per annum.

1.10.2 The amount of funds raised through debt, the amount of repayment and net funds available are given as under:

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02
Internal Debt					
- Receipt	141.96	147.31	170.25	395.76	563.54
- Repayment (Principal + Interest)	132.83	52.63	119.59	342.32	533.89
- Net funds available (per cent)	9.13 (6)	94.68 (69)	50.66 (30)	53.44 (14)	29.65 (5)
Loans and advances from GOI					
- Receipt during the year	90.76	127.07	130.52	209.95	241.18
- Repayment	97.49	109.74	126.31	135.86	144.87
- Net funds available (per cent)	(-6.73) (-)(7)	17.33 (14)	4.21 (3)	74.09 (35)	96.31 (40)
Other liabilities					
- Receipt during the year	165.17	98.31	101.82	104.04	270.57
- Repayment	119.53	70.19	86.30	96.35	204.09
- Net funds available (per cent)	45.64 (28)	28.12 (29)	15.52 (15)	7.69 (8)	66.48 (25)

It would be seen that very little of the borrowings are available for investment and other expenditure after meeting the repayment obligation. During 2001-02, out of borrowed funds of Rs.1075.29 crore only Rs.192.44 crore (18 per cent) were available to the State Government for investment.

1.11 Indicators of 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 the Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and 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, vulnerability and transparency. 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 its 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 revenue or increasing its debt burden.

(iii) Vulnerability

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

(iv) Transparency

The issue of transparency concerns 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 analyze 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 the Appendix-B. The following Table indicates the behaviour of these indices/ratios over the period from 1997-98 to 2001-02.

Financial Indicators for Government of Goa

Government of Goa	1997-98	1998-99	1999-2000	2000-01	2001-02
SUSTAINABILITY					
B C R (Rupees in crore)	44.44	(-)70.17	(-)126.54	(-)137.09	(-)95.14
Interest Ratio	0.10	0.12	0.14	0.14	0.14
Capital Outlay/Capital Receipts	0.57	0.41	0.32	0.26	0.40
Total Tax Receipts/GSDP at current prices	0.13	0.11	0.13	0.13	0.16
State Tax Receipts/GSDP at current prices	0.09	0.08	0.10	0.11	0.13
Returns on Investment	0.67	0.44	0.25	0.18	0.25
FLEXIBILITY					
B C R (Rupees in crore)	44.44	(-) 70.17	(-)126.54	(-)137.09	(-)95.14
Capital repayment/Capital borrowings	0.31	0.17	0.29	0.52	0.59
Total Tax Receipts/GSDP	0.13	0.11	0.13	0.13	0.16
State Tax Receipts/GSDP	0.09	0.08	0.10	0.11	0.13
Debt/GSDP	0.08	0.40	0.45	0.49	0.62
VULNERABILITY					
Revenue Surplus/Deficit	(-)14.05	(-)140.78	(-)208.86	(-)226.01	(-)228.50
Fiscal Deficit (FD)	124.64	269.11	340.96	412.87	412.82
Primary Deficit (PD)	6.53	124.23	162.81	200.71	156.85
PD/FD	0.05	0.45	0.48	0.49	0.38
RD/FD	0.11	0.52	0.61	0.55	0.56
Outstanding guarantee/Revenue Receipts	0.03	0.03	0.04	0.11	0.18
Assets/Liabilities	1.08	0.99	0.83	0.76	0.63

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

SUSTAINABILITY

(i) Balance from current revenue (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure.

The table shows that the BCR was negative from 1998-99 to 2001-02 indicating that State had no surplus from current revenues for funding its Annual plans in these years and had to depend only on borrowings for the same.

(ii) Interest ratio

Interest ratio is a relative between net interest outgo to revenue receipts excluding interest receipts. 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. The ratio has gone up from 0.10 to 0.14 from 1997-98 to 2001-02. A rising interest ratio has adverse implications on the sustainability since it points out to the rising interest burden.

(iii) Capital outlay/capital receipts

The 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. During 1997-98 to 2001-02, the ratio was less than 1 indicating that in all these years part of capital receipts were used to meet revenue expenditure. The ratio declined from 0.57 and 0.41 per cent in 1997-98 and 1998-99 to 0.40 in 2001-02 pointing out to worsening sustainability.

(iv) Tax receipts Vs. Gross State Domestic Products (GSDP)

Tax receipts consist of State taxes and State's share of central taxes. The latter can also be viewed as a part of central taxes paid by people living in the state. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio 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 this ratio with GSDP at current prices increased from 0.13 in 1997-98 to 0.16 in 2001-02. Similarly the ratio of State tax receipts compared to GSDP has been increasing from at 0.09 to 0.13 for these years. The ratio 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 deficit.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The ROI in case of Government of Goa has been negligible and has moved in a narrow range of 0.52 to 0.25 *per cent* during 1997-2002 showing poor returns which are not sustainable especially when the investments are from funds borrowed.

FLEXIBILITY

(vi) Capital repayment Vs. Capital borrowings

This ratio would indicate the extent to which the capital is available for investment, after repayment of capital. The lower the ratio, the higher the availability of capital for investment. This ratio increased from 0.17 in 1998-99 to 0.59 in 2001-02 indicating reduced availability of borrowing 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 Government's ability to meet its debt obligations and therefore increasing risk for the lender.

In the case of Goa this ratio has increased from 0.08 in 1997-98 to 0.62 in 2001-02 pointing to increase in indebtedness of the Government.

VULNERABILITY

(viii) Revenue deficit/Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipt and represents the revenue expenditure financed by borrowings etc. Evidently the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a *percentage* of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus higher the ratio the worse off is the state because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State.

(ix) Primary deficit vs. fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. Less the value of the ratio, the less the availability of funds for capital investment.

In the case of Goa , the ratio was in the range of 0.05 and 0.49 during 1997-2002 and it was less than one in all the preceding five years, which was indicative of increased vulnerability since capital was being applied to meet revenue deficit rather than increasing assets.

(x) Guarantees vs. revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay viz. its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipt of the Government would indicate the degree of vulnerability of the State Government.

In the case of Goa, it increased to 0.18 in 2001-02 from 0.03 in 1997-98, indicating a very significant increase in the risk exposure and vulnerability of the State's finances.

(xi) Assets and 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 to solvency. The ratio declined from 1:08 in 1997-98 to 0.63 in 2001-02 which was indicative of the worsening financial position of the Government since the capital was applied to meet revenue deficit rather than asset creation.

TRANSPARENCY

(xii) Budget

There was no delay in submission of the budget and its approval. The details are given in the following table.

Preparation	Month of submission	Month of approval
Budget	March 2001	July 2001
Supplementary I	July 2001	July 2001
Supplementary II	January 2002	January 2002

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders) of significant amounts every year vis-à-vis the final modified grant. Significant variations (excess/saving) between the final modified grant and actual expenditure were also persistent.

Conclusion

The BCR of the State has been negative since 1998-99. The debt to GSDP ratio has also increased substantially and now the debt constitutes 62 per cent of GSDP.

The application of an increasingly large share of borrowing for revenue expenditure has made the State finance vulnerable to funding from outside sources and the higher revenue deficit including heavy interest has left little for investment. Persistently mounting interest payment, declining tax to GSDP ratio and galloping deficits indicated poor financial condition of the Government. There was a significant deterioration in the financial position of the State during last five years.

APPENDIX A
(Reference: Paragraph 1.1)

Part A – Government Accounts

I. Structure:

The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund (iii) Public Account

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries, of loans go into the Consolidated Fund of the State, constituted under Article 266 (1) of the Constitution of India. All the expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely Revenue Accounts (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts and Capital Expenditure, Public Debt and Loans etc).

Part II : Contingency Fund

The Contingency Fund created under Article 267 (2) of the Constitution of India is in the nature of the imprest placed at the disposal of the Government of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of the Fund authorised by the Legislature during the year was Rs.10 crore.

Part III : Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc. which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-à-vis the

amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants require regularization by the Legislature.

APPENDIX B

Part B List of Indices/ratio and basis for their calculation (Referred to in paragraph 1.11)

Indices/Ratio		
Sustainability		
Balance from the Current Revenue	B C R	Revenue receipts minus all Plan grants (under Major Head 1601-02-03-04) and Non-Plan revenue expenditure excluding debit under Major Head 2048- Appropriation for reduction or avoidance of Debt.
Primary Deficit		Fiscal Deficit minus Interest Payments
Interest Ratio		Interest payments-Interest receipts Total revenue receipts-Interest receipts
Capital Outlay Vs. Capital Receipts	Capital Outlay	Capital expenditure as per statement No. 13 of the Finance Accounts
	Capital Receipts	Internal loans(net of ways and means advances)+Loans and advances from Government of India+Net receipts from small savings, PF etc.+ repayment received of loans advanced by State Government – Loans advanced by the State Government.
Total tax receipts Vs. GSDP		Statement 1 of Finance Accounts
State Tax receipts Vs. GSDP		State Tax receipts plus State's share of Union Taxes
Flexibility		
Balance from current Revenue		As above
Capital repayment Vs. Capital borrowings	Capital Repayment	Disbursement under Major Heads 6003 and 6004 minus repayment on accounts of Ways and Means Advances/Overdraft under both the Major Heads
	Capital Borrowings	Addition under Major Heads 6003 and 6004 minus addition on account of Ways and Means Advances/Over-draft under both the major Heads

Total tax receipts Vs. GSDP	State Tax Receipts	Statement No. 9 of the Finance Accounts
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Debt Vs. GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)
Vulnerability		
Revenue Deficit		Revenue expenditure minus Revenue Receipts (Paragraph 1.9.5 of Audit Report)
Fiscal Deficit		Total expenditure minus Revenue receipts and non-debt public receipts (Paragraph 1.9.6 of Audit Report)
Primary Deficit Vs. Fiscal Deficit	Primary Deficit	Fiscal deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs. Total revenue receipts of the Government	Outstanding guarantees	Exhibit – IV
	Revenue Receipts	Exhibit – II
Assets Vs. Liabilities	Assets and Liabilities	Exhibit - I