

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 information contained in the Finance Accounts. The analysis is based on trends in receipts and expenditure, quality of expenditure and financial management of the State Government. In addition, the chapter also contains a section on analysis of indicators of financial performance of the Government. Some of the terms used in this chapter are explained in **Appendix-I**.

1.2 Financial position of the State

The Government accounting system does not attempt a comprehensive accounting of fixed assets i.e. land and buildings, etc., owned by the Government. However, these accounts do capture the financial liabilities of the government and the assets created out of the expenditure incurred by it. Exhibit-I presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of moneys owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and reserve funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. Exhibit-I shows that while the liabilities grew by 23 per cent, the assets grew by 13.57 per cent during 2002-2003, mainly as a result of a very high (37 per cent) growth in the deficit on the Government account. This shows an overall deterioration in the financial condition of the Government.

1.3 Sources and application of funds

Exhibit-II gives the position of sources and application of funds during the current and the preceding year. 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 on lending for developmental and other purposes. Revenue receipts constituted the most significant source of fund for the State Government. Their relative share decreased from 69.37 per cent in 2001-2002 to 59.30 per cent in 2002-2003, even though there was increase in total gross receipts by 15.18 per cent. The share of recoveries of loans and advances decreased from 0.54 per cent to 0.47 per cent. There was a net outflow from public accounts, while the share of public debt receipts increased from 26.57 per cent in 2001-2002 to 26.81 per cent in 2002-2003.

The revenue expenditure accounted for 83 *per cent* of total funds. This was higher than the share of the revenue receipts in the total receipts. This led to revenue deficit and increasing the liabilities of the state to that extent which had no asset back up.

1.4 Revenue Receipts

1.4.1 The revenue receipts of the State consist mainly of its own taxes and non-tax revenue, central tax transfers and grants-in-aid from the Government of India. Over all revenue receipts of the state increased from Rs 2,312 crore in 1998-99 to Rs 3,659 crore in 2002-2003 at an average trend rate of 12 *per cent* per annum. Rate of growth of revenue receipts was negative ((-) 1.53 *per cent*) in 2002-2003. While tax revenue stagnated, there was a decline in non-tax revenue and Central tax transfers. Over all revenue receipts, its annual and trend rate of growth, ratio of its receipts to the State Gross Domestic Product (GSDP) and its buoyancy are indicated in Table-1.1.

Table: 1.1
Revenue Receipts – Basic Parameters (Values in Rs in crore and others in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Revenue Receipts	2312	3715	3046	3716	3659	3290
Rate of Growth	6.54	60.68	(-) 18.01	22.00	(-) 1.53	11.59
Revenue Receipt/GSDP	21.62	30.38	22.85	25.25	21.81	24.28
Revenue Buoyancy	0.311	4.234	*	2.112	*	0.898
GSDP Growth	21.037	14.332	8.995	10.413	13.997	12.907

* Rate of growth of Revenue Receipts was negative.

The rate of growth of revenue receipts and GSDP fluctuated over the years. However, during 1998-2003, rate of growth of revenue receipt failed to keep pace with GSDP growth in three out of the five years and overall buoyancy was less than one.

Non-availment of revenue deficit grant of Rs 292.31 crore

Revenue deficit grant of Rs 292.31 crore from the Central Government for 2001-2002 and 2002-2003 could not be availed due to increasing revenue deficit and non signing of MOU with the Central Government.

1.4.2 According to the recommendations of Eleventh Finance Commission (EFC) (2000-2005) an Incentive Fund was set up from which fiscal performance based grants were to be made available to States. The fund was created by crediting 15 *per cent* of the amount of Revenue Deficit Grant (RDG) meant for revenue deficit states and matching contribution by Central Government.

Releases from the Incentive Fund were based on a single monitorable fiscal objective that each State will be expected to achieve a minimum improvement of 5 *per cent* in the revenue deficit as a proportion of their revenue receipt each year. As per guidelines received from the EFC, the State was required to draw up a Medium Term Fiscal Reform Programme dovetailing the same with

improvements in the revenue balance and enter into Memorandum of Understanding (MOU) with the Government of India immediately.

Test-check of records (April-June 2003) of the Finance Department revealed that percentage of revenue deficit to revenue receipt of the State increased from 2.85 per cent in 1999-2000 to 25.31 per cent in 2000-2001, 46.74 per cent in 2001-2002 and 40.50 per cent in 2002-2003. The State Government had also not entered into MOU with the Government of India regarding fiscal reforms as of August 2003. Thus by not entering into MOU with the Government of India the State Government was deprived of 15 per cent of the recommended revenue deficit grant amounting to Rs 292.31 crore during 2001-2002 (Rs 150.33 crore) and 2002-2003 (Rs 141.98 crore). During this period the State Government had raised loans from open market at the interest rate of 10.35 and 7.8 per cent¹. Had the State Government availed these revenue deficit grants after complying with the conditions laid down by the EFC during respective years the interest liability of Rs 26.25 crore (upto August 2003) on the borrowings could have been avoided.

The Government stated (August 2003) that they are endeavouring to build a consensus in negotiating a more realistic MOU with the Government of India.

The reply of the Government was not acceptable as the MOU could have been signed well in time to avail the revenue deficit grant as per entitlement. Further these fiscal reforms were proposed to improve the fiscal performance of the State.

1.4.3 Composition of the revenue receipts of the state and the relative share of the four components over last five years is indicated in Table-1.2. On an average, only 36 per cent of the revenue came from state's own resources and central tax transfers and grants-in-aid together contributed about 64 per cent of total revenue. The grants-in-aid continued to grow in importance and from around 30 per cent of total revenue in 1999-2000 it increased to 61.44 per cent in 2002-2003. Central tax transfers as percentage to total revenue of the state witnessed a continuous decline from 31.44 per cent in 1998-99 to 3.03 per cent in 2002-2003.

Table: 1.2
Components of Revenue Receipt – relative Share in per cent

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Own Taxes	24.74	16.69	23.93	30.11	30.75	25.32
Non-Tax Revenue	8.91	28.43	5.81	5.33	4.78	11.02
Central tax Transfers	31.44	24.79	10.83	3.28	3.03	13.44
Grants-in-aid	34.90	30.09	59.42	61.28	61.44	50.22

Overall growth of the four components of revenue during 1998-2003 also differed significantly. While the revenue from own taxes of the State recorded a trend growth of 20 per cent during 1998-2003, the central tax transfers and

¹ 2001-2002 10.35 per cent and 2002-2003: 7.8 per cent.

non-tax revenue recorded negative growth of (-) 35.28 and (-) 8.46 *per cent* respectively. Non-tax revenue registered a high growth rate of 74 *per cent* during 1999-2000. This abnormal growth was due to crediting of loan amounts of Rs 861.50 crore during 1999-2000 as revenue receipts by HPSEB (Rs 205.46 crore) and Himachal Pradesh State Forest Corporation (Rs 656.04 crore) under the heads “0801-Free Power Royalty”, ‘0049-Interest Receipts” and “0406-Forestry and Wild Life”. However, non-tax revenue showed a declining trend during 2000-2003. Grants-in-aid also registered growth of 28 *per cent* during this period. The trend annual growth of the various components of State’s revenue, their buoyancy, average ratio as percentage of GSDP and average annual rate of shift in the relative contribution is indicated in Table-1.3.

Table: 1.3
Components of Revenue – Basic Parameters 1998-2003 (Per cent)

	ROG	GSDP Share	Buoyancy	Relative Share	Shift Rate
Own Taxes	20.32	6.148	1.575	25.32	7.83
Non-Tax Revenue	(-) 8.46	2.675	*	11.02	(-) 17.97
Central tax Transfers	(-) 35.28	3.264	*	13.44	(-) 42.00
Grants-in-aid	27.96	12.192	2.166	50.22	14.68

* Non-tax revenue and Central tax transfers had a negative growth.

The State’s own taxes and grants-in-aid had a high buoyancy of 1.575 and 2.166 respectively. However, Central tax transfers had a low buoyancy of (-) 2.733. As a result of the low buoyancy of the Central transfers and relatively lower buoyancy of its non-tax revenue compared to the other two components of revenue, the relative share of these in state’s total revenue declined. Average annual shift rate was (-) 42 *per cent* for Central tax transactions and (-) 17.97 *per cent* for the non-tax revenue. However, since nearly 50 *per cent* of the state’s total revenue was received through grants-in-aid, its grants-in-aid-GSDP ratio averaged 12.192 compared to a ratio of 6.148 for its own taxes and 3.264 for the Central tax transfers.

1.5 Expenditure

Overall expenditure of the state comprising revenue expenditure, capital expenditure and the loans and advances increased from Rs 4003 crore in 1998-99 to Rs 6029 crore in 2002-2003, at an average annual trend rate of 11.46 *per cent*. The rate of growth of total expenditure was lower than the rate of growth of state’s GSDP and its revenue receipts. During 1998-2003 total expenditure witnessed increasing trend mainly due to increase of expenditure on general services and interest payments. Relatively high growth rates of expenditure on general services and interest payments, notwithstanding a moderate growth of developmental expenditure (8.78 *per cent*) kept the overall buoyancy of total expenditure close to one. For every one *per cent* increase in the state’s GSDP and revenue receipts, expenditure increased by 0.905 *per cent*. Overall expenditure, its annual and trend growth ratio of total

expenditure to state's GSDP and the buoyancy of expenditure is indicated in Table-1.4 below:

Table: 1.4
Total Expenditure – Basic Parameters (Value in Rs crore and others in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Total Expenditure	4003	4435	4918	5256	6029	4928
Rate of Growth	18.05	10.79	10.89	6.87	14.71	11.46
TE/GSDP Ratio	37.43	36.27	36.90	35.71	35.94	36.37
Revenue Receipts/TE Ratio	57.76	83.77	61.94	70.70	60.69	66.75
Buoyancy of Total Expenditure with						
GSDP	0.858	0.753	1.211	0.660	1.051	0.888
Revenue Receipts	2.758	0.178	*	0.312	*	0.989

* Revenue receipts had a negative growth.

In terms of the activities total expenditure could be considered as being composed of expenditure on general services, interest payments, social and economic services, grants-in-aid and loans and advances. The relative share of these components in the total expenditure is indicated in Table-1.5.

Table: 1.5
Components of Expenditure –Relative Share (in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
General Services	15.26	19.93	16.98	17.28	16.09	17.11
Interest Payments	12.44	13.46	16.22	19.82	19.44	16.28
Social Services	36.05	35.56	36.38	34.49	30.74	34.64
Economic Services	33.78	29.25	29.20	27.44	32.36	30.41
Grants-in-aid and contributions	0.35	0.45	0.41	0.40	0.91	0.50
Loans and Advances	2.12	1.35	0.81	0.57	0.46	1.06

The movement of relative share of these components indicate that the share of economic services in total expenditure declined sharply from 33.78 per cent in 1998-99 to 27.44 per cent in 2001-2002. There was however an upsurge in the current year. The relative share of interest payments and general services increased sharply. Expenditure on social services also decelerated. Interest payments and expenditure on general services considered as non-developmental, together accounted for nearly 36 per cent of total expenditure in 2002-2003 as compared to around 28 per cent in 1998-99.

In total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and does not represent any addition in the State's service network. Overall revenue expenditure of the State increased from Rs 3,334 crore in 1998-99 to Rs 5,141 crore in 2002-2003, at an average trend rate of 13.06 per cent per annum. Rate of growth of revenue expenditure reached its maximum in 1998-99 at 23.53 per cent. Revenue expenditure – GSDP ratio also witnessed an increase from 31.17 per cent in 1998-99 to 32.48 per cent in 2000-2001. Further, the ratio of revenue expenditure to total expenditure increased from 83.29 per cent in 1998-99 to 85.27 per cent in 2002-2003. On an average 86 per cent of total expenditure of the state was on current consumption. The ratio of revenue expenditure to revenue receipt was also on the rise indicating increasing dependence on borrowing for meeting even the current expenditure. The gap between revenue receipts and revenue expenditure widened from around 3 per cent in 1999-2000 to 41 per cent in 2002-2003. Overall revenue

expenditure, its rate of growth, ratio of revenue expenditure to state's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table-1.6 below:

Table: 1.6
Revenue Expenditure –Basic Parameters (Values in Rs crore and others in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Revenue expenditure	3334	3821	4329	4576	5141	4240
Rate of Growth	23.53	14.61	13.29	5.71	12.35	13.06
RE/GSDP	31.17	31.25	32.48	31.09	30.64	31.29
RE as % of TE	83.29	86.16	88.02	87.06	85.27	86.04
RE as % of Revenue Receipt	144.20	102.85	142.12	123.14	140.50	128.90
Buoyancy of Revenue Expenditure with						
GSDP	1.118	1.019	1.478	0.548	0.882	1.012
Revenue Receipts	3.595	0.241	*	0.259	*	1.127

* Revenue receipt had a negative growth.

The growth in revenue expenditure exceeded the rate of growth of state's GSDP and revenue receipts. Average buoyancy of revenue expenditure to GSDP during 1998-2003 was 1.012 indicating that for each one-percentage increase of GSDP, revenue expenditure increased by 1.012 *per cent*. Similarly, for each one-percentage point increase in the State's revenue receipts, revenue expenditure increased by 1.127 *per cent*.

The plan, capital and developmental expenditure reflect its quality. The higher the ratio of these components to total expenditure the better is the quality of expenditure. Table-1.7 below gives the ratio of these components to total expenditure.

Table: 1.7
Quality of Expenditure –(per cent to total expenditure)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Plan Expenditure	40.58	37.26	37.64	35.44	37.46	37.53
Capital Expenditure	14.91	12.66	11.25	12.44	14.33	13.10
Development Expenditure	71.34	65.69	66.11	62.28	63.39	65.39

(Total expenditure do not include Loans and Advances).

All the three components of expenditure showed a relative decline during 1998-2003. Plan expenditure declined from 40.58 *per cent* of total expenditure in 1998-99 to 37.46 *per cent* in 2002-2003. Similarly, capital expenditure also declined from 14.91 to 14.33 *per cent*. There was also a decline in the share of development expenditure from 71.34 *per cent* in 1998-99 to 63.39 *per cent* in 2002-2003.

Activity-wise expenditure also revealed that the average trend growth of various components had significant variations. Interest payments and expenditure on general services were the fastest growing components with an average growth of 26.56 *per cent* and 13.87 *per cent* per annum respectively. Loans and advances of the State had a negative growth of (-) 28.94 *per cent*. As percentage to GSDP, non-development expenditure comprising general services and interest payments averaged 12.27 *per cent*, social services 12.51 *per cent* and the economic services 11.04 *per cent*. Activity-wise trend

growth, ratio to GSDP, relative share of the various activities, shift in their relative share and buoyancy with GSDP and revenue receipt are indicated in Table-1.8.

Table: 1.8
Activity-wise Expenditure – (Basic Parameters (in per cent))

	ROG	GSDP share	Buoyancy GSDP	Revenue receipt	Buoyancy with	
					Relative share	Shift rate
General Services	13.87	6.21	1.07	1.20	17.077	2.161
Interest Payments	26.56	6.06	2.06	2.29	16.667	13.543
Social Services	9.73	12.51	0.75	0.84	34.394	(-) 1.556
Economic Services	7.73	11.04	0.60	0.67	30.348	(-) 3.348
Loans and Advances	(-) 28.94	0.36	(-) 2.24	(-) 2.50	0.986	(-) 36.242

The relative shares of the expenditure on interest and general services grew by an average of 2.161 *per cent* and 13.54 *per cent* per annum respectively and witnessed a positive shift in their shares. On the other hand, the share of expenditure on economic services, loans and advances and social services actually declined. Expenditure on General services and interest payments had a buoyancy greater than one with respect to GSDP and revenue receipt, while the buoyancy of other three components was relatively low. The relatively lower buoyancy of social services and economic services resulted in decline in their relative share and their annual rate of shift was (-) 1.556 *per cent* and (-) 3.348 *per cent* respectively.

1.6 Fiscal Imbalances

The deficits in the Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed are important pointers to the fiscal health. The revenue deficit which is the excess of its revenue expenditure over revenue receipts, increased from Rs 1,022 crore in 1998-99 to Rs 1,482 crore in 2002-2003. The fiscal deficit, which represents the total borrowing of the government and its total resource gap, increased from Rs 1,662 crore in 1998-99 to Rs 2,341 crore in 2002-2003. State also had a primary deficit which increased from Rs 1,164 crore in 1998-99 to Rs 1,169 crore in 2002-2003.

The existence of revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure and Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit has also increased from 61.49 *per cent* in 1998-99 to 63.31 *per cent* in 2002-2003. As proportion to state's gross domestic product revenue deficit had increased to 8.83 *per cent* in 2002-2003 and fiscal deficit to 13.95 *per cent*.

Table: 1.9
Fiscal Imbalances–Basic Parameters (Values in Rs crore and Ratios in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Revenue deficit	(-) 1022	(-) 106	(-) 1283	(-) 860	(-) 1482	(-) 951
Fiscal deficit	(-) 1662	(-) 189	(-) 1845	(-) 1511	(-) 2341	(-) 1510
Primary Deficit	(-) 1164	(+) 408	(-) 1047	(-) 469	(-) 1169	(-) 688
RD/GSDP	(-) 9.55	(-) 0.87	(-) 9.63	(-) 5.84	(-) 8.83	(-) 7.02
FD/GSDP	(-) 15.54	(-) 1.55	(-) 13.84	(-) 10.27	(-) 13.95	(-) 11.14
PD/GSDP	(-) 10.88	(+) 3.34	(-) 7.86	(-) 3.19	(-) 6.97	(-) 5.08
RD/FD	61.49	56.08	69.54	56.92	63.31	62.97

1.7 Fiscal Liabilities – Public Debt and Guarantees

The Constitution of India provides that state may borrow within the territory of India, upon the security of its consolidated funds, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed by the State to lay down any such limit. Table-10 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters. It would be observed that the over all fiscal liabilities of the State increased from Rs 6418 crore in 1998-99 to Rs 12393 crore in 2002-2003 at an average annual rate of 21.58 *per cent*. These liabilities as ratio to GSDP increased from 60 *per cent* in 1998-99 to 73.87 *per cent* in 2002-2003 and stood at 2.72 times of its revenue receipts and 7.49 times of its own resources comprising its own tax and non-tax revenue.

In addition to these liabilities Government had guaranteed loans of its various Corporations and others which in 2002-2003 stood at Rs 4503 crore. The guarantees are in the nature of contingent liabilities. Currently the fiscal liabilities were more than three times the revenue receipt of the state. The direct fiscal liabilities of the state grew much faster compared to its rate of growth of GSDP, revenue receipts and own resources. On average from each one *per cent* increase in GSDP, revenue receipts, own resources the direct fiscal liabilities of the state increased by 1.672, 1.862 and 1.748 *per cent* respectively.

*Table: 1.10
Fiscal Liabilities – Basic Parameters*

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Fiscal Liabilities	6418	7104	8621	10220	12393	8951
Rate of Growth	47.98	10.69	21.35	18.55	21.26	21.58
Ratio of Fiscal Liabilities to						
GSDP	60.00	58.09	64.68	69.44	73.87	66.06
Revenue Receipt	277.60	191.22	283.03	275.03	338.70	272.11
Own Resources	824.94	423.87	951.55	776.01	953.31	748.80
Buoyancy of Fiscal liabilities to						
GSDP	2.281	0.746	2.374	1.781	1.519	1.672
Revenue Receipt	7.333	0.176	*	0.843	*	1.862
Own resources	4.186	0.093	*	0.409	*	1.748

* Revenue receipts and own resources had a negative growth.

Increasing liabilities had raised the issue of sustainability. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. In the case of Himachal Pradesh average interest rate on fiscal liabilities at 9.93 *per cent* was less than the rate of

growth of GSDP by 2.97 *per cent* as indicated in Table-1.11. Further in 2 out of 5 years average interest rate on fiscal liabilities exceeded the GSDP growth.

Table: 1.11
Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Weighted Interest Rate	9.26	8.83	10.15	11.06	10.37	9.93
GSDP Growth	21.04	14.33	9.00	10.41	14.00	12.91
Interest spread	11.78	5.50	1.15	0.65	3.63	2.97

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table-1.12 below gives the position of the receipt and repayment of fiscal liabilities over last five years. The net funds available on account of the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments varied from 13 *per cent* to 35 *per cent*.

Table: 1.12
Net Availability of Borrowed Funds (Rs in crore)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Internal Debt						
Receipt	357	859	1227	1465	2053	1192
Repayment (Principal + Interest)	86	141	311	503	512	311
Loans and Advances from GOI						
Receipt	366	179	221	(-)64	146	170
Repayment (Principal + Interest)	380	429	464	515	779	513
Other Liabilities						
Receipt	2298	2389	1777	1547	1685	1939
Repayment (Principal + Interest)	1798	2299	1531	1557	1225	1682
Total Liabilities						
Receipt	3021	3427	3225	2948	3884	3301
Repayment (Principal + Interest)	2264	2869	2306	2575	2516	2506
Net Fund Available	757	558	919	373	1368	795
Net Fund Available (<i>per cent</i>)	25.06	16.28	28.50	12.65	35.22	24.08

Ways and Means Advances and Overdrafts

1.7.1 The Government could not maintain minimum cash balance with the Reserve Bank of India on 308 days and obtained ways and means advances of Rs 1109 crore on 92 days, overdraft of Rs 1,634 crore on 179 days and rediscounted treasury bills of Rs 657 crore on 37 days. Interest of

Rs 7.65 crore was paid during the year on ways and means advances and overdraft.

Concealment of internal debt by the State Government

1.7.2 Himachal Pradesh Road Infrastructure Development Corporation (HPRIDC) and Himachal Pradesh Infrastructure Development Board (HPIDB) deposited Rs 226.23 crore during 2002-2003 under the Head “8448 Deposits of Local Funds-120 Other Fund”. It was noticed that the funds deposited by HPRIDC/HPIDB were raised by placement of Non-SLR Bonds. The repayment of the principal and interest on these Bonds was guaranteed by the State Government. Thus depositing these amounts under the head “8448-Deposits of Local Funds” instead of under the head “6003-Internal debt of the State Government” has resulted in concealment of internal debt of the State Government to the extent of Rs 226.23 crore.

1.8 Investments and returns

As on 31 March 2003, Government had invested Rs 1796 crore in statutory corporations, Government companies, joint stock companies and cooperatives. Government’s return on this investment was not only meagre (less than 1 per cent), it was also on a decline as indicated in Table-1.13 below.

Table: 1.13
Return on Investment

(Rupees in crore)				
Year	Investment at the end of the year	Return	Percentage of Return	Rate of interest on Government Borrowing (%)
1998-1999	973	0.54	0.055	9.26
1999-2000	1105	0.59	0.053	8.83
2000-2001	1179	0.61	0.052	10.15
2001-2002	1384	0.89	0.064	11.06
2002-2003	1796	0.61	0.034	10.37

In addition to its investment, Government has also been providing loans and advances to many of these parastatals. Total outstanding loans was Rs 253 crore as on 31 March 2003. Overall interest received had declined to 3.31 per cent (Table-1.14). Government has, therefore, been providing an explicit subsidy varying from 4 to 9 per cent in the intermediation.

Table: 1.14
Average Interest Received on Loans Advanced by the State Government

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
Opening Balance	654.30	709.94	239.44	252.35	253.43
Amount advanced during the year	84.93	60.26	40.27	30.35	28.37
Amount repaid during the year	29.29	530.76	27.36	29.27	28.95
Closing Balance	709.94	239.44	252.35	253.43	252.85
Net addition	55.64	(-) 470.50	12.91	1.08	--
Interest Received	4.36	158.13	14.55	6.88	8.37
Interest received as per cent to Loans advanced	0.64	33.33	5.93	2.72	3.31
Average Interest paid by the State	9.26	8.83	10.15	11.06	10.37
Difference between interest paid and received	8.62	(-) 24.50	4.22	8.34	7.05

In these two functions of financial intermediation and investment, low returns indicated implicit subsidy. During 2002-2003 alone, the implicit subsidy (the difference between the cost of raising funds and the returns) amounted to Rs 204 crore.

1.9 Financial results of irrigation works

The financial results of one major and nine medium irrigation projects with capital expenditure of Rs 86.88 crore as of March 2003 showed that revenue realised during 2002-2003 (Rs 0.06 crore) was only 0.069 *per cent* of the capital expenditure. It was not sufficient to meet the working and maintenance expenditure (Rs 3.47 crore). The net loss after meeting the working and maintenance expenditure was Rs 3.41 crore.

1.10 Incomplete Projects

As informed by the State Government, there were eight incomplete projects in which Rs 16.77 crore were blocked. The delay in completion of other projects ranged between 2 months to 24 months. This showed that the Government was spreading its resources thinly without prioritisation. Reasons for incomplete projects were paucity of funds, failure of contractors, change in site/design of the project(s), defective planning etc.

1.11 Arrears of revenue

The arrears of revenue pending collection was Rs 181.49 crore as of March 2003 which was 0.03 *per cent* of the revenue collected during the year. Of these Rs 98.63 crore and Rs 42.92 crore were on account of Sales Tax and Power Receipts respectively. Of these Rs 32.64 crore (18 *per cent*) was pending for more than five years and pertained mainly to Sales Tax (Rs 24.38 crore), State Excise Receipt (Rs 5.41 crore) and Police receipts (Rs 2.19 crore). A few revenue collecting departments had not furnished information regarding arrears.

1.12 Financial Indicators of the Government of Himachal Pradesh

The finances of a State should be sustainable, flexible and non-vulnerable. Table-15 below presents a summarized position of Government finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and captures its important facets.

The ratio of revenue receipt and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of revenue receipt indicates the nature of the tax regime and the State's increasing access to resources. Revenue receipts comprises not only the tax and non-tax resources of the State but the Central transfers. It indicates the sum total of the State's access for which there is no direct service provision obligations, recovery of users' charges for the social and economic services provided by it and its entitlement from the Central pool of resources. These ratios indicate a mixed trend. Revenue receipt-GSDP ratio, though fluctuating over the years had a negative shift rate of one percent per annum. The buoyancy of revenue receipts was

also less than one. These indicated continued deterioration of State's fiscal stage.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in the relation to its resource mobilisation. The ratio of revenue expenditure to total expenditure has shown increase while its capital expenditure and development expenditure as percentage to total expenditure has declined. Both its revenue and total expenditure have been buoyant compared to its revenue receipts, revenue expenditure. All these indicate state's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table: 1.15
Indicators of Fiscal Health (in per cent)

Fiscal Indicators	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Resource Mobilisation						
Revenue Receipt/GSDP	21.62	30.38	22.85	25.25	21.81	24.28
Revenue Buoyancy	0.311	4.234	*	2.112	*	0.898
Own tax/GSDP	5.348	5.070	5.469	7.603	6.706	6.148
Expenditure Management						
Total Expenditure/GSDP	37.43	36.27	36.90	35.71	35.94	36.37
Revenue Receipts/Total Expenditure	57.76	83.77	61.94	70.70	60.69	66.75
Revenue Expenditure/Total Expenditure	83.29	86.16	88.02	87.06	85.27	86.04
Capital Expenditure/Total Expenditure	14.91	12.66	11.25	12.44	14.33	13.10
Development Expenditure/Total Expenditure	71.34	65.69	66.11	62.28	63.39	65.39
Buoyancy of TE with RR	2.758	0.178	*	0.312	*	0.989
Buoyancy of RE with RR	3.595	0.241	*	0.259	*	1.127
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	(-) 1022	(-) 106	(-) 1283	(-) 860	(-) 1482	(-) 951
Fiscal deficit (Rs in crore)	(-) 1662	(-) 189	(-) 1845	(-) 1511	(-) 2341	(-) 1510
Primary Deficit (Rs in crore)	(-) 1164	408	(-) 1047	(-) 469	(-) 1169	(-) 688
Revenue Deficit/ Fiscal Deficit	61.49	56.08	69.54	56.92	63.31	62.97
Fiscal Indicators						
Management of Fiscal Liabilities (FL)						
Fiscal Liabilities/GSDP	60.00	58.09	64.68	69.44	73.87	66.06
Fiscal Liabilities/RR	277.60	191.22	283.03	275.03	338.70	272.11
Buoyancy of FL with RR	7.333	0.176	*	0.843	*	1.862
Buoyancy of FL with OR	4.186	0.093	*	0.409	*	1.748
Interest spread	11.78	5.50	(-) 1.15	(-) 0.65	3.63	2.97
Net Fund Available	25.06	16.28	28.50	12.65	35.22	24.08
Other Fiscal Health Indicators						
Return on Investment	0.055	0.053	0.052	0.064	0.03	0.05
BCR (Rs in crore)	(-) 761.12	(-) 113.87	(-) 921.12	(-) 810	(-) 1470	(-) 815
Financial Assets/Liabilities	0.73	0.74	0.64	0.61	0.56	0.66

* Revenue receipts and own resources had a negative growth.

Increasing revenue and fiscal deficit indicates growing fiscal imbalances of the State. Similarly increase in the ratio of revenue deficit and fiscal deficit indicates that the application of borrowed funds has largely been to meet current consumption. All the indicators of fiscal imbalances show continuous deterioration over time indicting increasing unsustainability and vulnerability of State finances.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing revenue deficit, indicate that the State is gradually getting into a debt trap. Similarly the higher buoyancy of the debt both with regard to its revenue receipts and own resource indicate its increasing unsustainability. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. The State's low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. The ratio of State's total financial assets to liabilities has also deteriorated indicating that increasingly a greater part of liabilities are without an asset back up. This indicates that either the State has to generate more revenue from out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance from current revenue of the State has also continued to be increasingly negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

1.13 Impact of Government policies

Exhibit-V depicts the progress achieved during 2001-2002 as compared to 2000-2001 in various sectors. It would be seen that the percentage of literacy has remained at 73.13 *per cent* during 2000-2002. No new institutions were opened in the Health and Family Welfare sector. In power sector, generation has decreased during 2001-2002 necessitating purchase of power to fulfill the demand of the consumers. Fruit Production has decreased significantly during 2001-2002 as compared to 2000-2001.

EXHIBIT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF HIMACHAL PRADESH AS ON 31 MARCH 2003

(Rupees in crore)

(Rupees in crore)

As on 31 March 2002		Liabilities	As on 31 March 2003		As on 31 March 2002		Assets	As on 31 March 2003	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
4309.82		Internal Debt (excluding overdrafts from Reserve Bank of India)		6259.00	5992.73		Gross Capital Outlay		6852.47
	1299.32	Market Loans bearing interest	1983.36			1383.54	Investment in shares of Companies, Corporations, etc.	1796.49	
	0.17	Market Loans not bearing interest	0.19			4609.19	Other capital expenditure	5055.98	
	651.76	Loans from the Life Insurance Corporation of India	708.58		253.43		Loans and Advances		252.85
	8.15	Loans from the General Insurance Corporation of India	3.72			64.31	Loans for Energy	66.28	
	319.36	Loans from the National Bank for Agriculture and Rural Development	420.72			92.32	Other Development Loans	83.36	
	34.35	Loans from the National Co-operative Development Corporation	28.56			96.80	Loans to Government Servants and Miscellaneous Loans	103.21	
	1431.09	Loans from other institutions	2129.70		5.28		Suspense and Miscellaneous Balances		--
	92.00	Ways and Means Advances from the Reserve Bank of India	135.00		0.16		Advances		0.16
	473.67*	Special securities issued to National small savings Funds of the Central Government	849.17*		23.56		Cash		20.97
2842.84		Loans and Advances from the Central Government		2548.31		23.27	Cash in Treasuries and Local Remittances	20.73	
	57.77	Pre 1984-85 Loans	50.53			0.24	Departmental Cash Balance including Permanent Advances	0.24	

* Includes Rs 197.78 crore being the share of Small Savings collections for the year 1999-2001 transferred from head 6004-01-102.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
	2009.72	Non-Plan Loans	1658.10			0.05	Cash Balance Investment Account	--	
	658.93	Loans for State Plan Schemes	761.37		4049.38		Deficit on the Government Account		5531.78
	0.40	Loans for Central Plan Schemes	0.35			3174.85	Accumulated deficit upto 31 March 2002	4035.31	
	49.35	Loans for Centrally Sponsored Plan Schemes	47.96				Add		
	66.67	Ways and Means Advances	30.00			860.46	(i) Current year's deficit	1482.40	
5.00		Contingency Fund		5.00		14.07	(ii) Other miscellaneous adjustment, etc.	14.07	
2208.29		Small Savings, Provident Funds, etc.		2484.41					
---		Suspense and Miscellaneous Balances		17.42					
445.04		Deposits		709.07					
275.27		Overdrafts from the Reserve Bank of India		135.00					
138.76		Reserve Funds		257.25					
(-) 22.21		Deposits with the Reserve Bank of India		108.26					
121.68		Remittance Balances		134.51					
10324.54		Total:		12658.23	10324.54		Total:		12658.23

EXHIBIT-II

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-2002	Source	2002-2003
3715.80	1. Revenue Receipts	3658.75
29.27	2. Recoveries of Loans and Advances	28.95
1423.56	3. Increase in Public Debt* other than Overdraft	1654.59
187.60	4. Net receipts from Public Account	694.18
206.97	Increase in Small Savings, Provident Funds, etc.	276.12
(-) 128.60	Increase in Deposits and Advances	264.03
96.99	Increase in Reserve Funds	118.48
(-) 25.61	Net effect of Suspense and Miscellaneous transactions	22.70
37.85	Net effect of Remittance transactions	12.85
--	Decrease in closing cash balance	133.06
5356.23	Total	6169.53
2001-2002	Application	2002-2003
4576.26	1. Revenue expenditure	5141.15
30.35	2. Lending for development and other purposes	28.37
649.80	3. Capital expenditure	859.74
--	4. Decrease in Overdraft	140.27
99.82	5. Increase in closing cash balance	--
5356.23	Total	6169.53

Explanatory Notes for Exhibit-I, II and III:

1. The abridged accounts in the foregoing statements 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 Exhibit-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and others pending settlement, etc.
4. There was an unreconciled difference of Rs 126.37 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank". A net difference of Rs 126.70 crore (credit) had been reconciled and Rs 0.33 crore (credit) were awaiting reconciliation (May 2003).

* Includes Ways and Means Advances taken from Reserve Bank of India/GOI.

EXHIBIT-III
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003
(Rupees in crore) (Rupees in crore)

Receipts					Disbursements					
2001-2002			2002-2003		2001-2002			2002-2003		
1.	2.	3.	4.	5.	6.	7.	NON-PLAN	Plan	Total	11.
		Section – A Revenue								
3715.80		I-Revenue Receipts		3658.75		I-Revenue Expenditure				5141.15
	1118.79	(i) Tax revenue	1124.47		1941.79	General Services	2093.48	37.19	2130.67	
	198.33	(ii) Non-tax revenue	175.49		1543.76	Social Services	863.17	745.69	1608.86	
	121.84	(iii) State's share of Union Taxes and Duties	110.70		877.53	Education, Sports, Art and Culture	497.65	439.74	937.39	
	1124.76	(iv) Non-Plan Grants	874.38		259.51	Health and Family Welfare	131.39	146.25	277.64	
	965.20	(v) Grants for State Plan Schemes	1176.04		207.92	Water Supply, Sanitation, Housing and Urban Development	123.32	77.91	201.23	
	186.88	(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	197.67		7.87	Information and Broadcasting	4.53	4.49	9.02	
					14.63	Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	3.20	9.42	12.62	
860.46		II-Revenue Deficit carried over to Section B		1482.40	12.59	Labour and Labour Welfare	9.50	4.16	13.66	
					160.53	Social Welfare and Nutrition	90.73	62.81	153.54	
					3.18	Others	2.85	0.91	3.76	
					1069.91	Economic Services	795.40	550.59	1345.99	
					440.59	Agriculture and Allied Activities	349.88	235.17	585.05	
					80.62	Rural Development	29.77	61.15	90.92	
					50.66	Irrigation and Flood Control	29.94	40.10	70.04	
					86.35	Energy	98.43	32.49	130.92	
					39.32	Industry and Minerals	8.03	34.13	42.16	
					303.05	Transport	267.29	92.73	360.02	
					1.41	Science, Technology and Environment	--	3.31	3.31	

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
					67.91	General Economic Services	12.06	51.51	63.57	
					20.80	Grants-in-aid and Contributions	2.87	52.76	55.63	
4576.26		Total:		5141.15	4576.26	Total:	3754.92*	1386.24	5141.15	5141.15**
Section-B-Capital										
(-) 54.05		III-Opening cash balance including Permanent Advances and Cash Balance Investment Account, etc.		45.77	649.80***	Capital Outlay	(-) 2.72	862.46	859.74	859.74***
					8.30	General Services	--	11.17	11.17	
					269.64	Social Services	0.59	243.24	243.83	
					41.18	Education, Sports, Art and Culture	0.66	19.29	19.95	
					18.41	Health and Family Welfare	--	19.80	19.80	
					207.39	Water Supply, Sanitation, Housing and Urban Development	(-) 0.07	200.83	200.76	
					0.04	Information and Broadcasting	--	0.36	0.36	
					2.25	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	2.64	2.64	
					0.35	Social Welfare and Nutrition	--	0.30	0.30	
					0.02	Others	--	0.02	0.02	
					371.86	Economics Services	(-) 3.31	608.05	604.74	
					15.76	Agriculture and Allied Activities	(-) 3.31	25.87	22.56	
					--	Rural Development	--	--	--	
					45.21	Irrigation and Flood Control	--	45.87	45.87	
					164.18	Energy	--	358.56	358.56	
					0.13	Industry and Minerals	---	1.73	1.73	
					145.04	Transport	--	174.27	174.27	

* This includes Rs 8.43 crore Non-Plan expenditure on Centrally sponsored schemes (General Services: Rs 7.55 crore; Social Services: Rs 0.88 crore).

** These are net figures exclusive of recoveries adjusted in reduction of revenue expenditure.

*** These are net figures exclusive of recoveries adjusted in reduction of capital expenditure.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
					1.54	General Economic Services	--	1.75	1.75	
29.27		IV-Recoveries of Loans and Advances		28.95	30.35	III-Loans and Advances disbursed				28.37
	--	From Power Projects	--		--	For Power Projects		--	1.97	
	19.87	From Government Servants	19.55		14.03	To Government Servants			24.95	
	9.40	From Others	9.41		16.32	To others			1.45	
					860.46	IV-Revenue deficit brought down				1482.40
1587.93		V-Public Debt Receipts		2198.74[†]	164.37	V-Repayment of Public Debt				684.41
	1465.30	Internal Debt other than Ways and Means Advances and Overdraft	2052.45		88.12	Internal debt other than Ways and Means Advances and Overdraft			146.31	
					248.72	Net transactions under Ways and Means Advances including Overdraft			97.27	
	122.63	Loans and Advances from the Central Government	146.29		324.07	Repayment of Loans and Advances to Central Government			440.83	
3733.11		VI-Public Account Receipts		4155.69	3545.51	VI-Public Account Disbursement				3461.52
	761.04	Small Saving and Provident Funds	826.90		554.07	Small Savings and Provident Funds			550.78	
	169.77	Reserve Funds	273.43		72.78	Reserve Funds			154.95	
	737.41	Deposits and Advances	703.89		866.01	Deposit and Advances			439.86	
	162.83	Suspense and Miscellaneous	171.80		188.44	Suspense and Miscellaneous			149.10	
	1902.06	Remittances	2179.67		1864.21	Remittances			2166.83	
					45.77	VII-Cash Balance at end				(-) 87.29
					23.27	Cash in Treasuries and Local Remittances			20.73	
					0.24	Departmental Cash Balance including Permanent Advances			0.24	
					22.24	Deposits with Reserve Bank			(-) 108.26	
					0.05	Cash Balance investment			--**	
5296.26				6429.15	5296.26					6429.15

* Includes Rs 197.78 crore being the share of small savings collections for the years 1999-2001 transferred from the head 6004-01-102

** Rs 0.08 lakh only.

EXHIBIT-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	
1.	2.	3.	4.	5.	6.	
Part A. Receipts						
1.	Revenue Receipts	2312	3715	3046	3716	3659
(i)	Tax Revenue	572 (25)	620 (17)	729 (24)	1119 (30)	1125(31)
	Taxes on Sales, Trade, etc.	197 (34)	233 (38)	302 (41)	355 (32)	383 (34)
	State Excise	185 (33)	199 (32)	209 (29)	236 (21)	274 (25)
	Taxes on vehicles	17 (3)	28 (4)	61 (8)	133 (12)	82 (7)
	Stamps and Registration fees	22 (4)	25 (4)	29 (4)	34 (3)	37 (3)
	Taxes and duties on Electricity	28 (5)	ψ	28 (4)	8 (-)	--*
	Land Revenue	1 (-)	6 (1)	4 (1)	52 (5)	5 (-)
	Taxes on Goods and Passengers	115 (20)	105 (17)	43 (6)	34 (3)	32 (3)
	Other Taxes and Duties on Commodities and Services	7 (1)	24 (4)	53 (7)	64 (6)	77 (7)
	Customs	--	--	--	82 (7)	89 (8)
	Union Excise Duties	--	--	--	113 (10)	136 (12)
	Service Tax	--	--	--	8 (1)	10 (1)
(ii)	Non-Tax Revenue	206 (9)	1056 (28)	177 (6)	198 (6)	175 (5)
(iii)	State's share in Union taxes and duties	727 (31)	921 (25)	330 (11)	122 (3)	111(3)
(iv)	Grants-in-aid from GOI	807 (35)	1118 (30)	1810 (59)	2277 (61)	2248 (61)
2.	Misc. Capital Receipts	--	--	--	--	--
3.	Total revenue and Non-debt capital receipts (1+2)	2312	3715	3046	3716	3659
4.	Recovery of Loans and Advances	29	531	27	29	29
5.	Public Debt Receipts	1642	1477	1557	1588	2199
	Internal Debt (excluding Ways and Means Advances and Overdraft)	357 (22)	859 (58)	1227 (79)	1465 (92)	2053 (93)
	Net transactions under Ways and Means Advances and Overdraft	819 (50)	--	--	--	--
	Loans and Advances from Government of India [®]	466 (28)	618 (42)	330 (21)	123 (8)	146 (7)
6.	Total receipts in the Consolidated Fund (3+4+5)	3983	5723	4630	5333	5887
7.	Contingency Fund Receipts	4	--	--	--	--
8.	Public Account receipts	4054	4932	3878	3733	4156
9.	Total receipts of the State (6+7+8)	8041	10655	8508	9066	10043
Part B. Expenditure/Disbursement						
10	Revenue expenditure	3334	3821	4329	4576	5141
	<i>Plan</i>	<i>1006 (30)</i>	<i>1073 (28)</i>	<i>1282 (30)</i>	<i>1202 (26)</i>	<i>1386 (27)</i>
	<i>Non-Plan</i>	<i>2328 (70)</i>	<i>2748 (72)</i>	<i>3047 (70)</i>	<i>3374 (74)</i>	<i>3755 (73)</i>
	General Services (including interest payments)	1088 (33)	1447 (38)	1614 (37)	1942 (42)	2131 (42)
	Social Services	1265 (38)	1376 (36)	1561 (36)	1543 (34)	1609 (31)
	Economic Services	967 (29)	978 (26)	1134 (26)	1070 (23)	1346 (26)
	Grants-in-aid and Contributions	14	20	20 (1)	21 (1)	55 (1)

ψ Rs 21 lakh only.

* Rs 25 lakh only.

	1.	2.	3.	4.	5.	6.
11.	Capital Expenditure	584	554	549	650	860
	Plan	584 (100)	557 (100)	554 (100)	650 (100)	862 (100)
	Non-Plan	--	(-) 3	(-) 5	--	(-) 02
	General Services	21 (4)	34 (6)	19 (3)	8 (1)	11(1)
	Social Services	178 (30)	201 (36)	228 (42)	270 (42)	244 (28)
	Economic Services	385 (66)	319 (58)	302 (55)	372 (57)	605 (71)
12.	Disbursement of Loans and Advances	85	60	40	30	28
13.	Total (10+11+12)	4003	4435	4918	5256	6029
14.	Repayment of Public Debt	165	995	414	164	684
	Internal Debt (excluding Ways and Means Advances and Overdraft)	17 (10)	28 (3)	47 (11)	88 (54)	146 (21)
	Net Transactions under Ways and Means Advances and Overdraft	--	717 (72)	17 (4)	(-) 249 (-152)	97 (14)
	Loans and Advances from Government of India [@]	148 (92)	250 (25)	350 (85)	325 (198)	441 (65)
15.	Appropriation to Contingency Fund	4 (2)	--	--	--	--
16.	Total disbursement out of Consolidated Fund (13+14+15)	4172	5430	5332	5420	6713
17.	Contingency Fund disbursements	--	--	--	--	--
18.	Public Account disbursements	3368	5091	3164	3546	3462
19.	Total disbursement by the State (16+17+18)	7540	10521	8496	8966	10175
Part C. Deficits						
20.	Revenue Deficit (1-10)	1022	106	1283	860	1482
21.	Fiscal Deficit (3+4-13)	1662	189	1845	1511	2341
22.	Primary Deficit (21-23)	1164	(-) 408	1047	469	1169
Part D. Other data						
23.	Interest Payments (included in revenue expenditure)	498	597	798	1042	1172
24.	Arrears of Revenue^φ (Percentage of Tax and non-tax Revenue Receipts)	224 (29)	189 (11)	261 (29)	264 (20)	181.49 (14)
25.	Financial Assistance to local bodies, etc.	175	167	213	169	186
26.	Ways and Means Advances and Overdraft availed (days)	119	253	185	300	271
27.	Interest on WMA and Overdraft	2.23	6.69	4.96	9.16	7.65
28.	Gross State Domestic Product (GSDP)**	10696	12229	13329	14717	16777
29.	Outstanding Debt (year end)	6418	7104	8621	10220	12393
30.	Outstanding guarantees (year end)	1869	1886	3804	4418	4503
31.	Maximum amount guaranteed (year end)	2507	2897	4268	5112	5436
32.	Number of incomplete projects	39	25	17	3	8
33.	Capital blocked in incomplete projects	42	35	30	4	17

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

@ Includes Ways and Means Advances from GOI.

φ Source: Paragraph 1.5 of Audit Report (Revenue Receipts) of 1998 to 2002 and 1.9 of 2002-2003.

** Source for GSDP figures: Economics and Statistics Department, Government of Himachal Pradesh. Figures have been revised by the State Government. Figures for 2002-2003 have been worked out by taking the average increase of 14 per cent during 1997-98 to 2001-2002.

EXHIBIT-V
STATEMENT SHOWING IMPACT OF GOVERNMENT POLICIES IN THE STATE

Serial number	Description	Unit	Year	
			2000-2001	2001-2002
1.	Education			
(a)	Schools			
(i)	Primary/Junior Basic	Number	10,633	10,633
(ii)	Middle/Senior Basic	Number	1,672	1,673
(iii)	High/Senior Secondary	Number	1,506	1,514
(b)	Enrollment in schools	In lakh	1.50	1.54
(c)	Literacy	Percentage	73.13	73.13
(d)	Colleges	Number	37	40
(e)	Universities	Number	03	03
2.	Technical Education			
(a)	Engineering Colleges	Number	1	1
(b)	Polytechnics	Number	07	07
(c)	Industrial Training Institutes	Number	44	44
(d)	Motor Driving and Heavy Earth Moving Training Institutes	Number	01	01
3.	Health			
(i)	Allopathic Dispensaries	Number	155	155
(ii)	Primary Health Centres	Number	369	369
(iii)	Allopathic Hospitals	Number	50	50
(iv)	Ayurvedic Dispensaries	Number	1,112	1,112
(v)	Ayurvedic Hospitals	Number	22	22
(vi)	Natural care Hospitals (Ayurvedic)	Number	1	1
(vii)	Ayurvedic Pharmacies	Number	3	3
(viii)	Research Institutes	Number	1	1
(ix)	Homeopathic Health Centres	Number	14	14
(x)	Unani Health Centres	Number	3	3
(xi)	Medical Colleges	Number	2	2
(xii)	Dental Colleges	Number	1	1
(xiii)	Ayurvedic Colleges	Number	1	1
(xiv)	Infant mortality	Number per thousand	60	54
4.	Animal Health			
(i)	Veterinary dispensaries	Number	1,435	1,585
(ii)	Central Veterinary Dispensaries	Number	25	25
(iii)	Polyclinics	Number	7	7
(iv)	Veterinary Hospitals	Number	302	303
5.	Power			
(i)	Generation	Million Kwh	1153.3	1149.5
(ii)	Purchased	Million Kwh	2539.3	2651.5
(iii)	Consumption	Million Kwh	2205.8	2331.8
(iv)	Sale	Million Kwh	615.6	548.8
(v)	Rural Electrification	Percent	100.00	100.00
6.	Roads/Communication			
(i)	Villages connected with roads	Number	7,867	7,910
(ii)	Motorable Roads	Km	22,206	22,763
(iii)	Jeepable Roads	Km	906	781
(iv)	Less than jeepable Roads	Km	4,105	3,959
(v)	Telephone sets	Number in lakh	3.51	4.44
(vi)	Vehicles	Number	1,799	1,832
7.	Irrigation			
	Irrigation potential created	Lakh Hectares	1.95	1.97
8.	Railway Lines			
(i)	Narrow Gauge	Length in kms	209	209
(ii)	Broad Gauge	Length in kms	16	16
9.	Per Capita Income at current prices	Rupees in lakh	0.20	0.21
10.	Houses	Number	53,256	58,096
11.	Agriculture Production	In lakh tonnes	11.12	15.99
12.	Fruit Production	In lakh tonnes	4.28	2.63

Source: Economic Survey for the years 2002 and 2003 and letters of various departments like Health and Family Welfare, Ayurveda, Medical Education and Rural Development.

