

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 based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on analysis of indicators of financial performance of the Government. Some of the terms used in this chapter have been defined in the 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 building etc. owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit-I presents 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 moneys owed by the State Government such as internal borrowing, loans and advances from the Government of India and the balances in the Public Account including Reserve Funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. It can be seen that while the liabilities grew by 16 *per cent*, the assets grew by 8 *per cent* during 2001-02, mainly as a result of very high (26 *per cent*) growth in the deficit on Government account.

Exhibit-II shows receipts and disbursements of the Government during the year, Exhibit-III shows the position of sources and application of funds, Exhibit-IV shows Time Series Data on State Government finances for 5 years period 1997-2002. These are placed at pages 18 to 24.

1.3 Sources and Application of Funds

Exhibit-III 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 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, however, decreased from 65 *per cent* in 2000-01 to 63 *per cent* in 2001-02. The share of recoveries of loans and advances increased from 0.72 *per cent* to 1.17 *per cent*. The share of receipts from public debt marginally increased from 18.86 *per cent* in 2000-01 to 18.92 *per cent* in 2001-02. The share of net receipts from the Public Account increased from 8 to 13 *per cent*.

Revenue expenditure accounted for 88 *per cent* of total funds available during 2001-02. This was higher than the share of the revenue receipt (63 *per cent*) in the total receipt of the State Government. This led to Revenue Deficit. Non-plan revenue expenditure during the year was Rs.8066 crore (82 *per cent* of total revenue expenditure). The increase in the revenue expenditure was mainly due to higher expenditure on interest payments by Rs.548 crore, on public works by Rs.166 crore and on pension and other retirement benefits by Rs.171 crore in comparison to previous year. Percentage of capital expenditure increased marginally from 7.82 *per cent* to 7.91 *per cent* during the year. Lending for development purposes decreased from 5.96 *per cent* to 3.38 *per cent* of the total application of funds.

1.4 Revenue Receipts

The Revenue Receipts of the State consists mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from the Government of India. Overall revenue receipts of the State increased from Rs.4632 crore in 1997-98 to Rs.7048 crore in 2001-2002, at an average trend rate of 13.05 *per cent* per annum. There were, however, significant inter year variations in the growth rates. The overall growth in revenue receipts declined to 2.12 *per cent* in the current year. Overall revenue receipts, its annual and trend rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy are indicated in Table 1.

Table 1. Revenue Receipts-Basic parameters (Values Rupees in crore and other in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue Receipts	4632	4554	5885	6902	7048	5804
Rate of Growth	8.05	(-) 1.68	29.23	17.28	2.12	11.91
Revenue Receipt /GSDP	14.62	13.36	16.21	19.00	18.72	16.48
Revenue Buoyancy	0.369	*	4.55	60.87	0.61	1.73
GSDP Growth	21.82	7.64	6.42	0.28	3.48	6.88

* With negative growth in Revenue Receipts, buoyancy became negative.

The rate of growth of revenue receipts and GSDP in the State depict a diverging trend. On an average, higher growth in revenue receipts was observed in the years of moderate GSDP growth (1999-2000) and very moderate (even negative) growth in revenue receipts was associated with relatively higher GSDP growth. The revenue receipts-GSDP ratio after reaching a peak of 19 *per cent* in 2000-01 declined to 18.72 *per cent* in 2001-02, with the five-year average being 16.48 *per cent*. A low GSDP growth and higher growth in revenue receipts resulted in high revenue

buoyancy in 2000-01. Though revenue buoyancy became negative in 1998-99, during the last 5 years from 1997 to 2002, a relatively higher revenue growth compared to growth in GSDP kept the revenue buoyancy at 1.73. This indicated that with every one percentage point increase in the state GSDP, the revenue on an average increased by 1.73 *per cent*.

Composition of the revenue receipts of the State and relative share of the four components over last five years is indicated in Table 2. While on an average, around 43 *per cent* of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 57 *per cent* of the total revenue. Though the non-tax revenue of the State witnessed more or less a static share (10 *per cent*), contribution of grants-in-aid declined moderately in the current year. This decline in the contribution of grants-in-aid to the State's total revenue was due to less receipt of non-plan grants and grants for centrally sponsored plan schemes which was Rs.791.41 crore in 2000-01 and at Rs.527.33 crore in 2001-2002.

Table 2: Components of Revenue Receipts relative share in *per cent*

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Own Tax	30.70	32.65	28.95	31.64	35.00	31.79
Non-Tax Revenue	11.68	12.23	12.18	9.92	9.82	11.17
Central Tax Transfers	33.77	37.22	29.70	37.73	37.59	35.20
Grants-in-aid	23.59	17.90	29.16	20.71	17.59	21.84

Overall growth of the four components of revenue during 1997-2002 had also differed significantly. While the own taxes of the State recorded a trend growth of 18.37 *per cent* during 1997-2002, the non-tax revenue recorded a growth of 6.98 *per cent* only. The trend growth of revenue from central taxes and grants-in-aid was 17.34 and 3.05 *per cent* respectively. The trend annual growth of these components of the State's revenue, buoyancy, average ratio as percentage to GSDP and average annual rate of shift in their relative contribution is indicated in Table-3.

Table 3: Components of Revenue Receipts-Basic parameters 1997-2002 (*per cent*)

	ROG	Buoyancy	GSDP share	Relative share	Shift Rate
Own Taxes	18.37	3.951	5.24	32	1.52
Non-Tax Revenue	6.98	1.501	1.80	11	(-)3.29
Central Tax Transfers	17.34	3.729	5.73	35	0.71
Grants-in-aid	3.05	0.656	3.60	22	(-)2.27

State's own taxes had the highest buoyancy of the four components. Buoyancy of central tax transfers and grants-in-aid was also significantly high, while the non-tax revenue had a buoyancy of only 1.501 indicating that for every one percentage point increase in the State's GSDP its non-tax revenue grew by

only 1.501 *per cent*. Own taxes averaged 5.24 *per cent* of the State's GSDP during 1997-2002. The central tax transfer-GSDP ratio was 5.73 *per cent* during this period. Differing growth rates of these components of revenue also resulted in shift in their relative share in total revenue receipt of the State. Average annual increase in the relative contribution of State's own taxes was 1.52 *per cent*. While the contribution from its non-tax revenue was negative at 3.29 *per cent* Central Tax Transfers witnessed an increase in their share, the annual shift being 0.71 *per cent* while the relative share of grants-in-aid declined at an average rate of 2.27 *per cent*.

1.5 Expenditure

Overall expenditure of the State comprising the revenue expenditure, capital expenditure and the loans and advances increased from Rs.6557 crore in 1997-98 to Rs.11148 crore in 2001-2002, at a trend rate of 13.01 *per cent* per annum. The rate of growth of total expenditure was only marginally lower than the rate of growth of revenue receipt during this period. There was also a decline in the rate of growth of expenditure from its peak in 1998-99. Total expenditure GSDP ratio, however, continued to increase from 20.70 *per cent* in 1997-98 to 29.61 *per cent* in 2001-2002 due to a moderate and relatively lower growth of the latter. There was also a decline in the percentage of revenue receipts with respect to total expenditure from 70.64 *per cent* in 1997-98 to 63.22 *per cent* in 2001-02 indicating that only a little over two thirds of the State's total expenditure was met from its current revenue, leaving the balance to be financed by borrowings. Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipt is indicated in Table 4 below:

Table 4: Total expenditure: Basic parameters (Value Rupees in crore and others in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Total Expenditure	6557	8079	9734	10304	11148	9164
Rate of Growth	7.32	23.21	20.49	5.86	8.19	13.01
TE/GSDP Ratio	20.70	23.70	26.83	28.32	29.61	25.83
Revenue Receipts/TE Ratio	70.64	56.37	60.46	66.98	63.22	63.53
Buoyancy of Total expenditure with						
GSDP	0.335	3.038	3.192	20.929	2.528	2.80
Revenue Receipts	0.909	*	0.701	0.339	3.863	0.997

* Rate of growth of Revenue was negative in 1998-99

Average buoyancy of the total expenditure with GSDP during 1997-2002 was 2.80 indicating that for every one-percentage point increase in GSDP, expenditure increased by 2.80 *per cent*. The buoyancy of total expenditure with GSDP was higher than that of total revenue with GSDP indicating a tendency for increased revenue deficit. However, lower growth in revenue

expenditure in 2001-02 kept the overall buoyancy of expenditure with revenue receipt at 0.997 only.

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services, interest payments, social and economic services and the loans and advances. The relative share of these components in total expenditure is indicated in Table 5.

Table 5: Components of Expenditure- Relative share (in per cent)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Average
General services	14.61	15.97	17.10	17.23	19.49	16.88
Interest payments	19.40	18.38	12.72	22.20	25.43	19.69
Social services	34.82	34.42	41.61	31.43	30.56	34.57
Economic Services	27.92	26.62	23.46	21.53	19.77	23.86
Loans & Advances	2.53	4.31	4.89	6.17	3.40	4.26

The movement of relative share of these components of expenditure indicated that while the share of economic services in total expenditure declined from 27.92 per cent in 1997-98 to 19.77 per cent in 2001-2002, the relative share of general services and interest payments increased. Interest payments and expenditure on general services considered as non-developmental, together accounted for nearly 45 per cent of total expenditure in 2001-2002 as compared to about 34 per cent in 1997-98.

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 to the State's service network. Overall revenue expenditure of the State increased from Rs.5535 crore in 1997-98 to Rs.9882 crore in 2001-2002, at an average trend rate of 14.34 per cent per annum. Rate of growth of revenue expenditure reached its maximum in 1999-2000 at 24.08 per cent and then it had declined sharply to 4.43 per cent in 2000-2001 and again went up to 11.86 per cent in 2001-2002. However, despite this decline in growth rate, revenue expenditure - GSDP ratio witnessed an increase from 17.47 per cent in 1997-98 to 26.34 per cent in 2001-2002. (It averaged 22.26 per cent during 1997-2002). Further, there was also an increase in the ratio of revenue expenditure to total expenditure from 84.41 per cent in 1997-98 to 88.64 per cent in 2001-02. On an average 86.26 per cent of total expenditure of the State was in the nature of expenditure on current consumption. The ratio of revenue expenditure to revenue receipt was also on the rise indicating increasing dependence of the State on borrowing for even meeting the current expenditure. 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 are indicated in Table 6 below:

Table 6: Revenue Expenditure. Basic parameters (Values Rupees in Crore and other in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue Expenditure	5535	6817	8459	8834	9882	7905
Rate of Growth	8.17	23.16	24.08	4.43	11.86	14.34
RE/GSDP	17.47	19.99	23.31	24.28	26.31	22.27
RE as % of TE	84.41	84.38	86.90	85.73	88.64	86.26
RE as % of Revenue Receipts	119.49	149.69	143.74	127.99	140.21	136.22
Buoyancy of Revenue Expenditure with						
GSDP	0.374	3.031	3.751	15.821	3.66	3.083
Revenue Receipts	1.015	*	0.824	0.256	5.594	1.09

* Rate of growth of Revenue Receipt was negative in 1998-99.

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 1997-2002 was 3.083 indicating that for each one-percentage increase in GSDP, revenue expenditure increased by 3.083 *per cent*. Similarly, for each one percentage increase in the State's receipts, revenue expenditure increased by 1.09 *per cent*.

The expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure reflect its quality. Higher the ratio of these components to total expenditure better is the quality of expenditure. Table 7 below gives the ratio of these components of expenditure to State's total expenditure.

Table 7: Quality of Expenditure (*per cent* to total expenditure)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Average
Plan expenditure	34.41	32.97	28.12	27.16	24.41	29.41
Capital expenditure	13.39	11.82	8.63	8.63	8.24	10.14
Development expenditure	70.16	68.94	71.86	60.66	56.05	64.74

(Total expenditure do not include Loans and Advances)

All the three components of expenditure show a relative decline from 34.41 *per cent* of total expenditure on 1997-98 to 24.41 *per cent* in 2001-2002. Similarly, capital expenditure also declined from 13.39 *per cent* in 1997-98 to 8.24 *per cent* in 2001-2002. There was also a decline in the share of development expenditure. The average share of expenditure on these components was significantly below the level achieved in 1997-98.

Activity-wise expenditure during 1997-2002 further reveal that the average trend growth of its various components had significant variations. Interest payments were the fastest growing component with an average growth of 29.86 *per cent* per annum. Loans and advances had a growth of 32.08 *per cent* and economic services grew by 5.09 *per cent* per annum. As percentage to

GSDP, non-development expenditure comprising general services and interest payments averaged 9.66 *per cent*, followed by social services 8.95 *per cent* and the economic services 6.07 *per cent*. Activity-wise trend growth, ratio to GSDP, relative share of the various activities, shift in their relative share and buoyancy with GSDP is indicated in Table-8.

Table 8: Activity-wise Expenditure-Basic parameters (in per cent)

	ROG	GSDP Share	Relative Share	Share shift	Buoyancy with	
					GSDP	Revenue Receipt
General Services	31.71	4.47	16.88	11.48	6.819	2.430
Interest payments	29.86	5.19	19.69	6.51	6.422	2.288
Social services	12.31	8.95	34.57	(-)1.95	2.647	0.943
Economic Services	5.09	6.07	23.86	(-)8.82	1.095	0.390
Loans & Advances	32.08	1.14	4.26	18.03	6.899	2.458

The relative share of the expenditure on general services, interest and loans and advances increased by an average of 11.48 *per cent*, 6.51 *per cent* and 18.03 *per cent* per annum respectively while the share of expenditure on social services and economic services actually declined. Interest payments also had the buoyancy of 6.422 with regard to GSDP and 2.288 with revenue receipts, indicating that for each one *per cent* increase in GSDP and revenue receipts, interest liabilities grew by 6.422 and 2.288 *per cent* respectively.

1.6 Fiscal imbalances

The deficits in 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 and the resources so raised are applied are important pointers to the fiscal health. The revenue deficit of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs.903 crore in 1997-98 to Rs.2834 crore in 2001-2002. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs.1801 crore in 1997-98 to Rs.3968 crore in 2001-2002. State also had a primary deficit increasing from Rs.509 crore in 1997-98 to Rs.1133 crore in 2001-2002.

The existence of revenue deficit indicated that the State Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit have also been continuously increasing from 50 *per cent* in 1997-98 to 71 *per cent* in 2001-2002 indicating a continuous deterioration. As proportion to State's gross domestic product revenue deficit had increased to 8 *per cent* in 2001-2002 and fiscal deficit to 11 *per cent*.

Table 9: Fiscal Imbalances-Basic parameters (Values Rupees in crore and Ratios in per cent)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue deficit	(-) 903	(-) 2263	(-) 2574	(-) 1932	(-) 2834	(-) 2101
Fiscal deficit	(-) 1801	(-) 2914	(-) 3746	(-) 3325	(-) 3968	(-) 3151
Primary Deficit	(-) 509	(-) 1429	(-) 2508	(-) 1038	(-) 1133	(-) 1323
RD/GSDP	3	7	7	5	8	6
FD/GSDP	6	9	10	9	11	9
PD/GSDP	2	4	7	3	3	4
RD/FD	50	78	69	58	71	65

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 in the State to lay down any such limit. Exhibit-IV lists the amounts of guarantees given by the Government and the amount outstanding at the end of each year during 1997-2002. 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 receipt to these parameters. It would be observed that the overall fiscal liabilities of the State increased from Rs.12402 crore in 1997-98 to Rs.27853 crore in 2001-2002 at an average annual rate of 20.79 *per cent*. These liabilities as ratio to GSDP increased from 39.15 *per cent* in 1997-98 to 73.97 *per cent* in 2001-2002 and stood at 3.95 times of its revenue receipts and 8.82 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 2001-02 stood at Rs.5251 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans there may be an obligation of the State to fulfill these commitments. Currently the fiscal liabilities including the contingent liabilities exceed nearly five times the revenue receipt of the State. The direct fiscal liabilities of the State have grown much faster compared to its rate of growth of GSDP, revenue receipts and own resources. On average for each one *per cent* increase in GSDP, Revenue Receipts and own resources the direct fiscal liabilities of the State had gone up by 15.53, 2.92 and 2.29 *per cent* respectively.

Table 10: Fiscal Liabilities-Basic parameters (in per cent)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Fiscal Liabilities	12402	15057	20289	23911	27853	19902
Rate of Growth	13.43	21.41	34.75	17.85	16.49	20.79
Ratio of Fiscal liabilities to						
GSDP	39.15	44.16	55.92	65.71	74.15	55.82
Revenue Receipt	267.75	330.63	344.76	346.44	395.19	336.95

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Own Resources	631.79	736.64	838.04	833.43	881.70	784.32
Buoyancy of fiscal Liabilities to						
GSDP	0.65	2.802	5.413	63.750	5.090	15.534
Revenue Receipts	1.668	*	1.189	1.033	7.778	2.917
Own resources	1.762	5.184	1.884	0.965	1.631	2.285

*With negative growth in Revenue Receipts, buoyancy became negative

Increasing liabilities had raised the issue of its sustainability. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. However, in case of Orissa average interest on fiscal liabilities at 9.59 *per cent* during 1997-2002 exceeded the rate of growth of GSDP by 2.71 *per cent* as indicated in Table 11.

Table 11: Debt sustainability-Interest rate and GSDP Growth (in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Weighted Interest Rate	10.07	9.84	6.73	10.35	10.96	9.59
GSDP Growth	21.82	7.64	6.42	0.28	3.48	6.88
Interest spread	11.75	(-) 2.20	(-) 0.31	(-) 10.07	(-) 7.48	(-) 2.71

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 12 below gives the position of the receipt and repayment of internal debt and loans and advances from Government of India after providing for the interest and repayments, which varied from 1.54 *per cent* to 48.45 *per cent* during 1997-2002. The net funds available declined to the lowest level of 1.54 *per cent* of total fresh loans during 2001-2002.

Table 12: Net Availability of Borrowed Funds (Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Market Borrowings						
Receipts	579	623	1129	1044	1687	1012
Repayment (Principal + Interest)	432	574	675	867	987	707
Net Fund Available	147	49	454	177	700	305
Net Fund Available (<i>Per cent</i>)	25.39	7.87	40.21	16.95	41.49	30.14
Loans and Advances from Government of India excluding ways & means advance						
Receipt	1085	1281	1253	1489	973	1216
Repayment (Principal + Interest)	770	947	553	1405	1632	1061
Net Fund Available	315	334	700	84	(-) 659	155
Net Fund Available (<i>Per cent</i>)	29.03	26.07	55.87	5.64	(-) 67.73	12.75
Total Public Debt						
Receipt	1664	1904	2382	2533	2660	2229

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Repayment (Principal + Interest)	1202	1521	1228	2272	2619	1769
Net Fund Available	462	383	1154	261	41	460
Net Fund Available (Per cent)	27.76	20.12	48.45	10.30	1.54	20.64

1.8 Loss/Diversion of Central Assistance/incorrect submission of Utilisation Certificates

Loss/diversion of central assistance of Rs.43.32 crore was noticed in the following cases:

Sl. No	Name of the Department	Scheme to which the funds relate	Central assistance lost/diverted (Rupees in crore)	Remarks
1.	Agriculture	Macro Management of Agriculture – Centrally Sponsored Scheme (CSS)	22.82	<p>The scheme was introduced in the state from 2001-02 subsuming 27 existing CSS. The expenditure under the scheme based on a work plan was to be shared between Government of India (GOI) and the State Government in the ratio of 90 : 10 treating 80 per cent of Central assistance as grant and remaining 20 per cent as loan. As per guidelines 50 per cent of allocated funds were to be released by GOI during April every year as first instalment and on receipt of progress report of utilisation of available funds (unspent funds of previous years plus amount released in the first instalment), the second and final instalment was to be released on a graded basis i.e. upto 60 per cent by December would entitle to the remaining 50 per cent but such utilisation in January, February or March would entitle the State Government to 40, 30, 20 per cent respectively of balance funds. Central assistance of Rs.22.82 crore was lost on account of the following:</p> <p>(i) Poor utilisation of available funds: Rs.14.85 crore (ii) Excess carry over of balance: Rs.7.97 crore.</p>
2.	Education	Centrally sponsored scheme Educational technology with 100 per cent Central assistance	0.67	<p>Government of India (GOI) sanctioned (March 2001) Rs.1.61 crore towards purchase of 12978 radio-cum-cassette players for supply to primary schools of 14 super cyclone affected districts and released (March 2001) 1st installment of Rs.94.32 lakh. The balance was to be released on purchase of the sets by the State. On the request of State Government, GOI permitted utilisation of the fund during 2001-02. The fund could not be utilised even in 2001-02. To avoid lapse of budget grant the money was drawn and kept in Civil Deposit and consequently the balance of the Central assistance of Rs.66.64 lakh was lost.</p>

Sl. No	Name of the Department	Scheme to which the funds relate	Central assistance lost/diverted (Rupes in crore)	Remarks
3	Panchayati Raj Department	Loss of Central Assistance under JGSY and SGSY	18.94	Scrutiny of 16 sanction orders issued by GOI under Jawahar Gram Samridhi Yojana (JGSY) and Swarn jayanti Gram Swarojgar Yojna (SGSY) schemes during the year 1999-2001 revealed that Government of India had deducted Central Assistance of Rs.18.94 crore due to (i) retention of excess balance at the commencement of financial year (Rs.13.58 crore), (ii) excess administrative expenditure (Rs.0.46 crore), (iii) short expenses on SC/ST (Rs.0.65 crore) and (iv) short release of State share (Rs.4.25 crore) at the time of release of next instalment under the schemes. This deprived the rural poor of the intended benefits.
4.	Fisheries and Animal Resources Development Department	CSS – Development of fresh water aqua culture through Fish Farmers Development Agencies (FFDAs)	0.89	Scheme funds meant for subsidy and training of fish farmers were irregularly diverted by 22 FFDAs for payment of base staff salary which was to be borne out of the State Government funds. This had deprived the fish farmers of the intended benefits
	Total		43.32	

1.9 Investment and returns

1.9.1 As on 31st March 2002, Government had invested Rs.1473.20 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Cooperatives. Government's return on this investment was not only meagre, it also declined continuously as indicated in Table 13 below:

Table 13: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of Return	Weighted Interest rates(in per cent)
1997-98	1268.41	3.20	0.25	10.07
1998-99	1346.56	0.28	0.02	9.84
1999-2000	1379.19	111.15	8.06	6.73
2000-2001	1408.82	37.91	2.69	10.35
2001-2002	1473.20	8.77	0.60	10.96

In addition to its investment, Government has also been providing loans and advances to many of these parastatals. Total outstanding was Rs.2366 crore as on 31st March 2002. Overall interest received stood at 0.76 per cent during 2001-02. The difference between interest paid and received is negative during last five years (Table 14). Further, in most cases Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 14: Average Interest Received on Loans Advanced by the State Government

	(Rupees in crore)				
	1997-98	1998-99	1999-2000	2000-01	2001-02
Opening Balance	903	944	1186	1560	2119
Amount advanced during the year	165	348	476	636	379
Amount repaid during the year	124	106	102	77	132
Closing Balance	944	1186	1560	2119	2366
Net addition	41	242	374	559	247
Interest Received	-	13	15	10	18
Interest received as <i>per cent</i> to Loans advanced	Nil	1.10	0.96	0.47	0.76
Weighted Interest rates paid by the State	10.07	9.84	6.73	10.35	10.96
Difference between interest paid and received	(-) 10.07	(-) 8.74	(-) 5.77	(-) 9.88	(-) 10.20

1.9.2 Further scrutiny of records relating to loans disbursed/recovered during the period 1997-2002 of 5¹ Departments of the State Government revealed the following:

1.9.2.1 Loans to GRID Corporation

A case study of the Energy Department revealed that loan of Rs.120 crore sanctioned during February 1999 to GRID Corporation Ltd. Orissa for clearance of outstanding dues of Orissa Power Generation Corporation with the condition that the loan was to be repaid in 12 equal annual instalments commencing from 2001-02 at 13 *per cent* interest per annum.

Audit scrutiny revealed that against Rs.10 crore as principal and interest of Rs.49.40 crore at the end of 2001-2002, no recoveries were made by Government due to poor financial condition of the Corporation. It was noticed that no penal clause was included in the sanction order for default in repayment of loans by the loanee. Government, however, assured to collect the penal interest as applicable.

1.9.2.2 `Loans converted into equity

Out of total loans of Rs.27.54 crore disbursed by Government in Textile and Handloom Department to Orissa Textile Mills Ltd. between 1981-82 and 1997-98, Rs.12.72 crore was converted (February 1997) into equity for strengthening the financial status of the company and the interest of Rs.18.59 crore due to Government as of March 1995 was waived. As the company was wound up in May 2001 the conversion of loan into equity in effect resulted in writing off the loans. Further, there were outstanding loans of Rs.14.82 crore at the date of winding of the company.

¹ Energy, Industries, Steel and Mines, Textile and Handloom and Housing and Urban Development Departments.

Further, due to liberal grant of loans and advances by Government in Textile and Handloom Department and Industries Department to 6² unviable units, prospects of recovery of Government money of Rs.31.17 crore (Principal: Rs.22.80 crore and Interest: Rs.8.37 crore) outstanding against them as of March 2002 were bleak due to defunct state/sale/closure of the units.

1.9.2.3 Loans to Orissa State Housing Board

Government in Housing and Urban Development Department sanctioned loan of Rs.25.17 crore to the Orissa State Housing Board between 1969-70 and 1998-99 in 169 cases towards various housing projects stipulating different terms and conditions of recovery.

It was noticed that in 6 cases there was no provision for payment of penal interest and in 37 cases, no repayment of dues of Rs.4.26 crore was effected (principal Rs.1.81 crore and interest Rs.2.45 crore) though they were due since 1993-94. The total over due loans of Rs.18.06 crore (Principal Rs.7.97 and interest Rs.10.09 crore) by March 2002 were yet to be realised from OSHB (July 2002).

1.9.2.4 Non-payment of overdue loans

(a) The following Government Corporations of Steel and Mines and Industries Departments did not repay the outstanding overdue loans.

Name of the Corporation	Loan disbursed	Payment due		Total amount overdue
		Principal	Interest	
Orissa Mining Corporation*, Bhubaneswar (Steel and Mines Department)	24.18	19.34	12.62	31.96
Industrial Development Corporation, Bhubaneswar (Industries Department)	13.77	11.37	18.34	29.71
Orissa State Financial Corporation, Cuttack (Industries Department)	17.01	16.69	11.02	27.71
Total	54.96	47.40	41.98	89.38

* Brief mention of it was made in Para 3.21 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2001.

This had adversely affected the financial position of the State by way of blockage of funds of Rs.89.38 crore with the above Corporations.

(b) Further, interest free loans of Rs.13.78 crore were paid to Orissa State Financial Corporation (OSFC) between 1988-2001 for disbursement of annual minimum dividend to its share holders as guaranteed by the State Government. These loans were to be repaid in 3 annual instalments with a moratorium of 1 year from the date of their payment. Although repayment of loans of Rs.12.70 crore paid up to 1999-2000 was over due as of March 2002, OSFC did not

² Bhaskar Textile Mills :Jharsuguda (Defunct since April 1998):Rs.3.70 crore; Gangpur Weaver's Co-operative Spinning Mills Ltd., Sundargarh (Sold in May 1993):Rs.11.22 crore, Orissa Textile Mills, Choudwar (Defunct since May 2001):Rs.14.81 crore, Orissa State Leather Corporation, Cuttack (Closed in January 1998):Rs.0.80 crore, Orissa State Handloom Development Corporation, Bhubaneswar (Defunct in 1997-98):Rs.0.10 crore) and Orissa Instrument Company, Cuttack (Closed in January 1998): Rs.0.54 crore.

repay the same. Moreover, instead of discharging the minimum dividend liability, the corporation retained the interest free loans with it as a separate liability to shore up its capital base. Since OSFC failed to discharge the dividend liability, the payment of interest free loans to it by Government year after year was irregular resulting in loss of interest of Rs.10.21 crore calculated at minimum borrowing rate of 10.5 *per cent* during the period.

1.10 Financial results of irrigation works

The financial results of 11 major and 41 medium irrigation projects with a capital expenditure of Rs.2196.25 crore at the end of March 2002 showed that revenue expenditure realised from these projects during 2001-2002 (Rs.1.11 crore) was only 0.05 *per cent* of the capital expenditure and these were not sufficient to cover even the direct working expenses (Rs. 45.26 crore). After meeting the working and maintenance expenditure (Rs.45.48 crore) and interest charges (Rs.148 crore), the schemes suffered a net loss of Rs. 192.36 crore. The loss was substantial (Rs.165.73 crore) in all the major irrigation projects.

1.11 Incomplete Projects

As of 31st March 2002 there were 31 (Major 14 and Medium 17) incomplete projects in which Rs.4052 crore were blocked. Of these, 25 projects were incomplete for period ranging from 5 to 10 years (9: Rs.338 crore), 10 to 15 years (4: Rs.224 crore), 15 to 20 years (4: Rs.669 crore) and more than 20 years (8: Rs.2635 crore). This showed that the Government was spreading its resources thinly, which failed to yield any return. Reasons for incomplete projects were paucity of funds, works left incomplete by contractors, change in site/design of the project(s), defective planning etc.

1.12 Arrears of revenue

Comparing the arrears for the years 2000-2001 (Rs.1064 crore) to 2001-2002 (Rs.1195 crore), there had been an increase of 12 *per cent*. The arrears of revenue up to 31st March 2002 were 17 *per cent* of the revenue receipts during 2001-2002. Of the arrears, Rs.328 crore (27 *per cent*) were pending for more than five years and pertained to Taxes on Sales, Trade etc.(Rs.322 crore), Mines and Minerals (Rs.2.19 crore) and Police (Rs 3.40 crore). The deterioration in the position of arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

1.13 Management of Cash Balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of

Ways and Means Advance (WMA) from Reserve Bank of India has been put in place. However, State has been increasingly using this mechanism over the years. Normally these advances should be liquidated during the year. Any outstanding balances of WMA indicate mis-match in the revenue and expenditure, which is not transient in nature. Resort to overdraft which is over and above the WMA limits, is all the more undesirable. The State has increasingly been drawing in excess of its WMA limits from RBI as indicated in Table 15.

Table 15: Ways and Means Advance & Overdrafts of the State and Interest paid

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Ways & Means Advances						
Taken in the year	1295	1613	1867	2137	1355	1653
Outstanding	16	160	206	179	179	148
Interest paid	6.02	4.22	6.54	11.71	11.59	8.02
Overdraft						
Taken in the year	872	1039	1868	3828	5393	2600
Outstanding	Nil	144	Nil	833	1064	408
Interest paid	2.00	1.75	3.07	4.13	8.32	3.85
Number of days State was in overdraft	104	90	141	203	252	158

1.14 Financial Indicators of the Government of Orissa

The finances of a State should be sustainable, flexible and non-vulnerable. Table 16 below presents a summarized position of Government finances over 1997-2002, 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 its resources. The buoyancy of the revenue receipt indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprises not only the tax and non-tax resources of the State but also the transfers from Union Government. It indicates the sum total of the resources which the State has access to including entitlement from the central pool. These ratios showed a continuous improvement during 1997-2001, while revenue buoyancy declined considerably in 2001-02 mainly due to decline in Grants-in-aid from the Central Government. Despite decline in Revenue buoyancy, the own tax to GSDP ratio improved in 2001-02. Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in the relation to its resource mobilization. The ratio of revenue expenditure to total expenditure has shown continuous increase while its capital expenditure has declined. Both its revenue and total expenditure have been buoyant compared to its revenue receipts and revenue expenditure has shown a comparatively greater buoyancy. All these indicate State's increasing

dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 16: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Resource Mobilization						
Revenue Receipt/GSDP	14.62	13.36	16.21	19.00	18.72	16.48
Revenue Buoyancy	0.369	*	4.55	60.87	0.61	1.73
Own Tax/GSDP	4.49	4.36	4.70	6.00	6.57	5.22
Expenditure Management						
Total Expenditure/ GSDP	20.70	23.70	26.83	28.32	29.61	25.83
Revenue Receipts/ Total Expenditure	70.64	56.37	60.46	66.98	63.22	63.53
Revenue Expenditure/ Total Expenditure	84.41	84.38	86.90	85.73	88.64	86.26
Capital Expenditure	13.39	11.82	8.63	8.63	8.24	10.14
Development Expenditure	70.16	68.94	71.86	60.66	56.05	64.74
Buoyancy of TE with RR	0.909	*	0.701	0.339	3.863	0.997
Buoyancy of RE with RR	1.015	*	0.824	0.256	5.594	1.09
Management of Fiscal Imbalances						
Revenue Deficit (Rs. in crore)	(-) 903	(-) 2263	(-) 2574	(-) 1932	(-) 2834	(-) 2101
Fiscal Deficit(Rs. in crore)	(-) 1801	(-) 2914	(-) 3746	(-) 3325	(-) 3968	(-) 3151
Primary Deficit (Rs. in crore)	(-) 509	(-) 1429	(-) 2508	(-) 1038	(-) 1133	(-) 1323
Revenue Deficit/ Fiscal Deficit	50	78	69	58	71	
Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	39.15	44.16	55.92	65.71	74.15	55.82
Fiscal Liabilities/RR	1.668	*	1.189	1.033	7.778	2.917
Buoyancy of FL with Own Resources	1.762	5.184	1.884	0.965	1.631	2.285
Interest spread	11.75	(-) 2.20	(-) 0.31	(-) 10.07	(-) 7.48	(-) 2.71
Net Fund Available	27.76	20.12	48.45	10.30	1.54	20.64
Other Fiscal Health Indicators						
Return on Investment	0.0025	0.0002	0.087	0.027	0.006	0.0231
BCR (Rs. in crore)	(-) 229	(-) 1364	(-) 1581	(-) 1069	(-) 1945	(-)1238
Financial Assets/ Liabilities	0.71	0.64	0.58	0.56	0.52	0.60

* With negative growth in Revenue Receipts, buoyancy became negative.

Increasing revenue and fiscal deficit indicate growing fiscal imbalances of the State. Similarly, increase in ratio of revenue deficit and fiscal deficit indicates that the application of borrowed funds has largely been to meet current consumption. All the four indicators of fiscal imbalances show continuous deterioration over time indicating 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. The average interest paid by the State on its borrowings during 1997-2002 has also exceeded the rate of growth of its GSDP, violating the cardinal rule of debt sustainability. 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 and use of high cost borrowing for investments indicates an implicit subsidy. 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 negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability to fund for additional infrastructure support and other revenue generating investment.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
ORISSA AS ON 31 MARCH 2002

(Rupees in crore)

As on 31.03.2001	Liabilities		As on 31.03.2002
6994.65	Internal Debt -		9816.08
4936.55	Market Loans bearing interest	5612.46	
16.91	Market Loans not bearing interest	16.57	
41.50	Loans from LIC	38.08	
987.51	Loans from other Institutions	2905.94	
179.25	Ways and Means Advances	179.31	
832.93	Overdrafts from Reserve Bank of India	1063.72	
9184.19	Loans and Advances from Central Government		8715.00
575.56	Pre 1984-85 Loans	471.39	
2844.74	Non-Plan Loans	1797.62	
5418.84	Loans for State Plan Schemes	6107.49	
49.91	Loans for Central Plan Schemes	47.99	
95.14	Loans for Centrally Sponsored Plan Schemes	90.51	
200.00	Ways and Means Advance	200.00	
122.30	Contingency Fund		55.68
5836.21	Small Savings, Provident Funds, etc.		6746.99
1696.87	Deposits		2385.77
200.34	Reserve Funds Advances		190.48
0.16	Suspense and Miscellaneous		-----
698.12	Miscellaneous Capital Receipts		698.12
24732.84			28608.12
As on 31.03.2001	Assets		As on 31.03.2002
11413.31	Gross Capital Outlay on Fixed Assets		12300.08
1408.82	Investments in shares of Companies, Corporations etc.	1473.20	
10004.49	Other Capital Outlay	10826.88	
2118.90	Loans and Advances		2366.39
702.54	Loans for Power Projects	842.50	
520.63	Other Development Loans	508.46	
895.73	Loans to Government servants and Miscellaneous loans	1015.43	
7.25	Advances		7.39
64.76	Suspense and Miscellaneous Balances		163.01
17.82	Remittance Balances		25.74
268.66	Cash		69.63
4.14	Cash in Treasuries and Local Remittances	9.13	
229.75	Deposits with Reserve Bank	25.52	
10.96	Departmental Cash Balance including Permanent Advances	13.86	
0.38	Security Deposits	0.38	
1.13	Investment of earmarked funds	1.13	
22.30	Cash Balance Investment	19.61	
10842.14	Deficit on Government Accounts		13675.88
--	Appropriation to Contingency Fund		
1931.97	Revenue Deficit of the Current Year	2833.74	
8910.17	Accumulated deficit	10842.14	
24732.84			28608.12

**EXHIBIT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR 2001-2002**

(Rupees in crore)

2000-2001	Receipts		2001-2002	2000-2001	Disbursements	Non-Plan	Plan		2001-2002
	Section-A: Revenue								
					1.Revenue Expenditure				
6902.02	I. Revenue Receipts		7047.99	4030.93	General Services	4911.60	21.72		4933.32
2184.03	-Tax Revenue	2466.88		3115.96	Social Services	2233.78	1025.67		3259.45
685.47	-Non-tax revenue	691.75		1741.58	-Education, Sports, Art and Culture	1321.58	411.76	1733.34	
2209.45	-State's share of Union Taxes & Duties	2532.12		433.11	-Health and Family Welfare	271.80	149.64	421.44	
394.52	-State's share of net proceeds of Taxes on income other than Corporate Tax	116.60		241.67	-Water Supply & Sanitation, Housing and Urban Development	153.36	113.06	266.42	
467.83	-Non-Plan grants	313.16		10.10	-Information and Broadcasting	8.00	2.13	10.13	
600.97	-Grants for State Plan Scheme	649.84		216.73	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	70.08	193.10	263.18	
36.16	-Central Plan Schemes	63.46		22.42	-Labour and Labour Welfare	18.43	2.93	21.36	
323.59	-Centrally Sponsored Plan Schemes	214.18							
1931.97	II. Revenue deficit carried over to Section B		2833.74	388.27	-Social Welfare and Nutrition	371.79	151.48	523.27	
				62.08	-Others	18.74	1.57	20.31	
				1537.67	Economic Services	793.76	745.64		1539.40
				507.66	-Agriculture and Allied Activities	325.08	146.39	471.47	
				411.77	Rural Development	80.47	367.51	447.98	
				-	-Special Areas Programmes	-	-	-	-
				178.44	-Irrigation and Flood Control	122.98	70.02	193.00	
				6.82	-Energy	5.01	11.16	16.17	
				101.40	-Industry and Minerals	84.11	17.97	102.08	
				146.89	-Transport and Communications	134.74	0.61	135.35	
				25.50	-Science, Technology and Environment	2.23	13.40	15.63	
				159.19	-General Economic Services	39.14	118.58	157.72	
				149.43	-Grants-in-aid and Contributions				149.56

2000-2001	Receipts		2001-2002	2000-2001	Disbursements	Non-Plan	Plan		2001-2002
	Section-B								
(-)95.27	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		268.66	Nil	III. Opening Overdraft from RBI				832.93
Nil	IV. Miscellaneous Capital Receipts		Nil	834.10	IV. Capital Outlay	75.55	813.22		886.77
				31.15	General Services	60.17	14.56	74.73	
				123.13	Social Services	0.62	146.59	147.21	
				18.90	-Education, Sports, Art and Culture	0.19	22.12	22.31	
				25.83	-Health and Family Welfare	-	28.12	28.12	
				72.05	-Water Supply, Sanitation, Housing and Urban Development	0.43	90.61	91.04	
				6.27	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	-	5.72	5.72	
				0.80	-Social Welfare and Nutrition	-	0.02	0.02	
				679.82	Economic Services	12.76	652.07	664.83	
				66.67	-Agriculture and Allied Activities	12.57	22.08	34.65	
				-	-Rural Development	-	-	-	
				-	-Special Areas Programmes	-	-	-	
				468.44	-Irrigation and Flood Control	-	452.48	452.48	
				0.25	-Energy	-	50.20	50.20	
				-2.09	-Industry and Minerals	-	1.63	1.63	
				144.21	-Transport and Communications	-	120.28	120.28	
				2.34	-General Economic Services	0.19	5.40	5.59	
76.58	V Recoveries of Loans and Advances		131.66	635.79	V. Loans and Advances disbursed				379.15
Nil	-From Power Projects	Nil		250.12	-For Power Projects			139.97	
43.08	-From Government Servants	109.33		340.89	-To Government Servants			221.52	
33.50	-From others	22.33		44.78	-To Others			17.66	
	VI Revenue surplus brought down			1931.97	VI. Revenue deficit brought down				2833.74

2000-2001	Receipts		2001-2002	2000-2001	Disbursements	Non-Plan	Plan		2001-2002
2782.44	VII Public debt receipts (other than Ways & Means)		3042.29	770.28	VII. Repayment of Public Debt				920.85
1043.61	-Internal debt other than Ways and Means Advances and Overdraft	1687.01		112.99	-Internal debt other than Ways and Means Advances and Overdraft			83.76	
	-Net transaction under Ways and Means Advances	0.06*		26.78	-Net transaction under Ways and Means Advances				
1738.83	-Loans and Advances from Central Government	1355.22		630.51	-Repayment of Loans and Advances to Central Government			837.09	
	VIII Appropriation to Contingency Fund		-	Nil	VIII. Appropriation to Contingency Fund				
0.60	IX Amount transferred to Contingency Fund			Nil	IX. Expenditure from Contingency Fund				66.62
6174.92	X Public Account receipts		6812.71	5331.40	X. Public Account disbursements				5329.35
1692.19	-Small Savings and Provident Funds	1993.58		830.68	-Small Savings and Provident funds			1082.80	
138.73	-Reserve Funds	250.81		324.97	-Reserve funds			260.67	
207.43	-Suspense and Miscellaneous	33.78		142.69	-Suspense and Miscellaneous			132.18	
1842.20	-Remittance	1843.85		1840.21	-Remittance			1851.78	
2294.37	-Deposits and Advances	2690.69		2192.85	-Deposits and Advances			2001.92	
832.93	XI Closing Overdraft from Reserve Bank of India		1063.72	268.66	XI Cash Balance at end				69.63
				4014	-Cash in Treasuries and Local Remittances			9.13	
				229.75	Deposits with Reserve Bank			25.52	
				10.96	-Departmental Cash Balance including permanent advances			13.86	
				23.81	-Cash Balance Investment			21.12	
9772.20			11,319.04	9772.20					11319.04

* Represents receipts Rs.1354.59 crore and disbursements-Rs.1354.53 crore

**EXHIBIT - III
SOURCES AND APPLICATION OF FUNDS**

(Rupees in crore)

2000-2001		Sources	2001-2002	
6902.02		1. a) Revenue receipts		7047.99
Nil		b) Miscellaneous Capital receipts(Non-debt)		Nil
76.58		2. Recoveries of Loans and Advances		131.66
2012.16		3. Increase in Public debt other than overdraft		2121.44
843.52		4. Net receipts from Public Account		1483.36
	861.51	Increase in Small Savings	910.78	
	101.52	Increase in Deposits and Advances	688.77	
	-186.24	Increase in Reserve funds	-9.86	
	64.74	Net effect of suspense and Miscellaneous transactions	-98.40	
	1.99	Net effect of Remittance transactions	-7.93	
832.93		5. Increase in Overdraft		230.79
-		6. Decrease in closing cash balance		199.03
0.60		7. Net effect of Contingency Fund transaction		-
10667.81		Total		11214.27
Application				
2000-2001				2001-02
8833.99		1. Revenue expenditure		9881.73
635.79		2. Lending for development and other purposes		379.15
834.10		3. Capital expenditure		886.77
-		4. Net effect of Contingency Fund transactions		66.62
-		5. Decrease in Overdraft		-
363.93		6. Increase in closing Cash Balance		-
Nil		7. Appropriation to Contingency Fund		-
10667.81		Total		11214.27

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 other pending settlement, etc.
4. There was a difference of Rs.1064.04 crore (net debit) between the figures reflected in the accounts (Rs.25.52crore) and that intimated by the RBI (Rs.1038.52 crore) under "Deposit with Reserve Bank". After reconciliation and adjustment, the difference to the extent of Rs.10.22 lakh Debit (Net) remains to be reconciled (June 2002).

EXHIBIT - IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCE

	1997-98	1998-99	1999-2000	2000-2001	2001-02
	(R u p e e s i n c r o r e)				
PART A. RECEIPTS					
1. Revenue Receipts	4632	4554	5885	6902	7048
(i) Tax Revenue	1422(31)	1487(33)	1704(29)	2184(31)	2467(35)
Taxes on Agricultural Income	Nil	Nil	Nil	Nil	Nil
Taxes on Sales, Trade, etc.	925(65)	971(65)	1108(65)	1342(62)	1402(57)
State Excise	106(8)	110(7)	115(7)	135(6)	197(8)
Taxes on vehicles	142(10)	143(10)	156(9)	178(8)	216(9)
Stamps and Registration fees	77(5)	88(6)	102(6)	109(5)	110(4)
Land Revenue	39(3)	58(4)	50(3)	53(2)	84(3)
Taxes and Duties on Electricity	128(9)	110(7)	127(7)	147(7)	137(6)
Other Taxes	5	7(1)	46(3)	220(10)	320(13)
State's share of net proceeds of Taxes and duties	1564(34)	1695(37)	1748(30)	2604(38)	2647(37)
(ii) Non-Tax Revenue	541(11)	557(12)	717(12)	685(10)	692(10)
(iii) Grants-in-aid from GOI	1105(24)	815(18)	1716(29)	1429(21)	1240(18)
2. Miscellaneous Capital Receipts	Nil	505	Nil	Nil	Nil
3. Total Revenue and Non-debt Capital Receipts (1+2)	4632	5059	5885	6902	7048
4. Recoveries of Loans and Advances	124	106	103	77	132
5. Public Debt Receipts	1729	2383	2682	3589	3273
Internal Debt (excluding Ways and Means Advances and Overdrafts)	579	623	1129	1044	1687
Net transaction under Ways and Means Advances and Overdrafts	Nil	289	Nil	806	231
Loans and advances from Government of India*	1150	1471	1553	1739	1355
6. Total Receipts in the Consolidated Fund (3+4+5)	6485	7548	8670	10568	10453
7. Contingency Fund Receipts	Nil	3	106	1	Nil
8. Public Account Receipt	4178	4907	6557	6175	6813
9. Total Receipts of the State (6+7+8)	10663	12458	15333	16744	17266
PART B. EXPENDITURE/DISBURSEMENTS					
10. Revenue Expenditure	5535(84)	6817(85)	8459(87)	8834(86)	9882(89)
Plan	1355(24)	1646(24)	1828(22)	1824(21)	1816(18)
Non-Plan	4180(76)	5171(76)	6631(78)	7010(79)	8066(82)
General Services including interest payment	2240(40)	2757(40)	2888(34)	4031(46)	4933(50)
Social Services	2212(40)	2720(40)	4002(48)	3116(35)	3260(33)
Economic Services	1056(19)	1316(19)	1548(18)	1538(17)	1539(16)
Grants-in-aid and contributions	28 (1)	24 (1)	21(Nil)	149(2)	150(1)
11. Capital Expenditure	856(13)	914(11)	799(8)	834(8)	887(8)
Plan	846(99)	903(99)	775(97)	802(96)	813(92)
Non-Plan	10(1)	11(1)	24(3)	32(4)	74(8)
General Services	10(1)	18(2)	15(2)	31(4)	75(8)
Social Services	71(8)	61(7)	48(6)	123(15)	147(17)
Economic Services	775(91)	835(91)	736(92)	680(81)	665(75)
12. Disbursement of loans and advances	166(3)	348(4)	476(5)	636(6)	379(3)
13. Total Expenditure(10+11+12)	6557	8079	9734	10304	11148

* Includes Ways and Means Advances from GOI

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	1997-98	1998-99	1999-2000	2000-2001	2001-02
	(R u p e e s i n c r o r e)				
14. Repayments of Public Debt	721	561	484	744	921
Internal Debt (excluding Ways and Means Advances and Overdrafts)	17	121	141	113	84
Net transactions under Ways and Means Advances and Overdraft	425	-	98	-	-
Loans and Advances from Government of India*	279	440	245	631	837
15. Appropriation to Contingency Fund	--	--	90	Nil	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	7278	8640	10308	11048	12069
17. Contingency Fund disbursements	10	17	11	Nil	67
18. Public Account disbursement	3519	4026	4925	5331	5329
19. Total disbursement by the State (16+17+18)	10807	12683	15244	16379	17465
PART C DEFICITS					
20. Revenue Deficit (-)/ Surplus (+)(1-10)	(-) 903	(-) 2263	(-)2574	(-)1932	(-)2834
21. Fiscal Deficit (3+4-13)	1801	2914	3746	3325	3968
22. Primary Deficit (21-23)	509	1429	2508	1038	1133
Part D Other .Data.					
23. Interest Payments (Percentage of Revenue Expenditure)	1292(23)	1485(22)	1238(15)	2287(26)	2835(29)
24. Arrears of Revenue (% of Tax & Non-Tax Revenue Receipt) (Under principal heads of revenue as reported by the Department)	1237(49)	1152(42)	1074(34)	1064(19)	1195(21)
25. Financial Assistance to local bodies, etc	606	727	965	1230	
26. Ways and Means Advances/ Overdrafts availed (days)	1295 (220 days)	1613 (160 days)	1867 (144 days)	2137 (142 days)	1355 (112 days)
	872 (104 days)	1039 (90 days)	1868 (141 days)	3828 (203 days)	5393 (252 days)
27. Interest on WMA/Over-draft	6.02	4.22	6.54	11.71/4.13	11.59/8.3 2
28. Gross State Domestic Product (GSDP)	31675	34095	36283(P)	36386(Q)	37654
29. Outstanding Public Debt(year end)	9315	11135	13334	16178	18531
30. Outstanding guarantees (year end) (Principal + Interest)	1849+16	3484+23	3696+8	3448+**	5251+**
31. Maximum amount guaranteed (year end)	3577	5321	6465	6748	8423
32. Number of incomplete projects	25	29	29	29	31
33. Capital blocked in incomplete projects	2496	2974	3340	3673	4031
34. Outstanding Debt (year end)	13688	16485	20282	23904	27853

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

P – Provisional Estimates, Q – Quick Estimates,

* Worked out on the basis of average growth over previous four years as GSDP figures were not furnished by the State Government.

** Figures not furnished by Government