

CHAPTER I : AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

Introduction

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

Financial position of the State

1.2 In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings etc., owned by the Government, is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Abstract of such liabilities and the assets of the Government of Tripura as on 31 March 2001, compared with the corresponding position on 31 March 2000 is given below:

(Rupees in crore)

As on 31 March 2000		Liabilities	As on 31 March 2001	
523.45		Internal Debt		650.62
	345.61	Market Loans bearing interest	422.41	
	0.23	Market Loans not bearing interest	0.23	
	109.86	Loans from LIC of India	163.51	
	67.75	Loans from other Institutions	64.47	
681.95		Loans and Advances from Central Government		670.31
	9.01	Pre- 1984-85 Loans	7.70	
	330.40	Non-Plan Loans	258.74	
	315.91	Loans for State Plan Schemes	375.32	
	0.43	Loans for Central Plan Schemes	1.20	
	10.69	Loans for Centrally Sponsored Plan Schemes	10.84	
	1.42	Ways and Means Advances	1.42	
	14.09	Loans for Special Schemes	15.09	
582.07		Small Savings, Provident Funds, etc.		896.17
0.36		Reserve Fund		---
54.46		Deposits not bearing interest		46.26
10.00		Contingency Fund		10.00
15.05		Remittance balances		22.81
0.65		Suspense and Miscellaneous balances		---
751.57		Accumulated surplus on Government Account:		655.59
	774.38	Revenue Surplus as on 31 March 2000:	751.57	
	22.81	Revenue Deficit for the year 2000-2001:	95.98	
2619.56				2951.76

(Rupees in crore)

As on 31 March 2000		Assets		As on 31 March 2001	
2319.29		Gross capital outlay on Fixed Assets			2665.99
	198.85	Investment in Government Companies and Statutory Corporations, etc.	222.85		
	2120.44	Other Capital Outlay on General, Social and Economic Services	2443.14		
49.19		Loans and Advances by the State Government			51.68
	34.35	Other Development Loans	34.28		
	14.84	Loans to Government Servants and Miscellaneous Loans	17.40		
1.14		Other Advances			1.23
...		Reserve Fund			29.73
...		Suspense and Miscellaneous Balances			5.82
...		Remittance Balances			
249.94		Cash Balance			197.31
	Nil*	Cash in Treasuries		NIL*	
	5.82	Departmental Cash Balance including permanent advances	2.82		
	260.72	Cash balance investment	265.39		
	(-) 16.60**	Deposits with Reserve Bank of India	(-) 70.90**		
2619.56					2951.76

* Rs.1353 only.
 ** Minus balance was the net difference between receipts and disbursement of the State Government for the year 1999-2000/2000-2001 after incorporating all adjustments made by RBI for the year 1999-2000/2000-2001 upto 25 April 2000/25 April 2001.

It would be seen from the above table that while the liabilities consist mainly of internal borrowings, loans and advances from the Government of India, and receipts from the Small Savings, Provident Funds etc., the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balance. It would also be seen that while the liabilities grew by 23 per cent, the assets grew by only 13 per cent during 2000-2001. The liabilities had increased mainly due to incurring more internal debt (Rs.127.17 crore) and net increase in deposits under Small Savings and Provident Funds etc. in Public Account (Rs.314.09 crore).

Sources and applications of funds

1.3 The position of sources and applications of funds of the State Government during the current and the preceding year is shown below:

1999-2000				2000-2001
Amount (Rupees in crore)				Amount (Rupees in crore)
		Sources		
1438.26		1.Revenue Receipts		1638.06
2.37		2.Recoveries of Loans and Advances		1.87
262.04		3.Increase in Public Debt		115.53
157.48		4.Net Receipts from Public Account		277.00
	129.22	Increase in Small Savings and Provident Funds	314.09	
	(-) 0.07	Decrease in Reserve Funds	(-) 30.08	
	3.95	Decrease in Deposits and Advances	(-) 8.30	
	10.82	Decrease in Suspense Balances*	(-) 6.46	
	13.56	Increase in Remittance Balances	7.75	
1860.15		Total		2032.46

* Suspense and Miscellaneous, excluding Departmental Balances, Permanent Cash Imprest, Cash Balance Investment Account and other accounts.

1999-2000			2000-2001
		Applications	
1461.07		Revenue Expenditure	1734.04
267.20		Capital Expenditure	346.69
2.87		Lending for development and other purposes	4.36
129.01		Decrease in cash balance including permanent advances, departmental cash balance and cash balance investment	(-) 52.63
1860.15		Total	2032.46

1.4 The main sources of funds include the revenue receipts of the Government, public debt and the net receipts in the Public Account. These are applied mainly on revenue and capital expenditure. It would be seen that the revenue receipts (Rs.1638.06 crore) constitute the most significant source of funds for the State Government. While their relative share increased from 77 *per cent* in 1999-2000 to 81 *per cent* during 2000-2001, the share of recoveries of loans and advances decreased from 0.13 *per cent* to 0.09 *per cent*. The net receipts from the Public Account, however, increased sharply as their share went up from 8.47 *per cent* in 1999-2000 to 13.63 *per cent* in 2000-2001. This was mainly due to net increase of Rs.184.87 crore in Small Savings and Provident Funds offset by decrease of Rs. 65.35 crore under Deposit and Advances, Suspense balances and Remittance balances over the previous year. The receipts from the public debt went down from 14 *per cent* to 6 *per cent* of the total receipts.

1.5 The funds were mainly applied for revenue expenditure, whose share went up from 79 *per cent* to 85 *per cent* which remained higher than the share of the revenue receipts (81 *per cent*) in the total receipts of the State Government. A notable change during the year was that while the percentage of lending for development purposes went up from 0.15 *per cent* to 0.21 *per cent*, the percentage of capital expenditure went up from 14 *per cent* to 17 *per cent*.

Financial operations of the State Government

1.6 Annex-II gives the details of the receipts and disbursements made by the State Government. The Revenue expenditure (Rs.1734.04 crore) was higher than the revenue receipts (Rs.1638.06 crore) during the year, resulting in a revenue deficit of Rs.95.98 crore. The Revenue receipts (Rs. 1638.06 crore) comprised tax revenue (Rs.125.58 crore), non-tax revenue (Rs.94.51 crore), State's share of Union taxes and duties (Rs.236.22 crore) and grants-in-aid from the Central Government (Rs.1181.75 crore). The main sources of tax revenue were sales tax (65 *per cent*), State excise (16 *per cent*) and stamps and registration fees (5 *per cent*). Non-tax revenue came mainly from economic services (69 *per cent*), general services (6 *per cent*), social services (5 *per cent*) and interest receipts (20 *per cent*).

1.7 The capital receipts comprised Rs.1.87 crore from recoveries of loans and advances by State Government and Rs.165.48 crore from Public Debt. Against this, the expenditure was Rs.346.69 crore on capital outlay, Rs.4.36 crore on disbursement of loans and advances and Rs.49.95 crore on repayment of Public Debt. The receipts in the Public Account amounted to Rs.1284.28 crore, against which the disbursements of Rs. 1007.28 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and

Public Account was a decrease of Rs. 52.63 crore in the cash balance from Rs.249.94 crore at the beginning of the year to Rs.197.31 crore at the end of the year.

1.8 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in **Annex-II** and the time series data on State Government finances for the five years' period from 1996-97 to 2000-2001, as presented below.

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Part A. Receipts					
1. Revenue Receipts	1028.92	1082.10	1268.35	1438.26	1638.06
(i) Tax Revenue	60.50	71.64	84.13	101.74	125.58
	(6)	(7)	(7)	(7)	(8)
Taxes on Agricultural Income	0.20	0.17	0.64	0.78	0.25
	(#)	(#)	(1)	(1)	(#)
Taxes on Sales, Trade, etc.	35.69	42.39	47.70	57.78	81.08
	(59)	(60)	(57)	(57)	(65)
State Excise	12.41	14.96	17.00	20.11	19.79
	(21)	(21)	(20)	(20)	(16)
Taxes on Vehicles	1.40	1.83	3.51	3.60	4.26
	(2)	(3)	(4)	(3)	(3)
Stamps and Registration Fees	3.62	3.93	4.82	5.10	5.94
	(6)	(5)	(6)	(5)	(5)
Land Revenue	0.58	1.67	3.37	2.57	1.82
	(1)	(2)	(4)	(2)	(1)
Other Taxes	6.60	6.69	7.10	11.80	12.44
	(11)	(9)	(8)	(12)	(10)
(ii) Non-Tax revenue	40.66	34.87	44.83	76.19	94.51
	(4)	(3)	(3)	(5)	(6)
(iii) State's share of Union taxes and duties	318.78	429.77	457.02	529.55	236.22*
	(31)	(40)	(36)	(37)	(14)
(iv) Grants-in-aid from Government of India	608.98	545.82	682.37	730.78	1181.75
	(59)	(50)	(54)	(51)	(72)
2. Misc. Capital Receipts	NIL	NIL	NIL	NIL	NIL
3. Total Revenue and Non-debt Capital Receipts (1+2)	1028.92	1082.10	1268.35	1438.26	1638.06
4. Recoveries of Loans and Advances	4.47	1.06	1.20	2.37	1.87
5. Public Debt Receipts	94.80	131.14	218.04	304.05	165.48
Internal Debt (excluding Ways and Means Advances and Overdrafts)	34.72	41.32	97.09	145.30	148.33
Net transactions under Ways and Means Advances and Overdrafts	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India [♥]	60.08	89.82	120.95	158.75	17.15
6. Total Receipts in the Consolidated Fund (3+4+5)	1128.19	1214.30	1487.59	1744.68	1805.41
7. Contingency Fund Receipts	NIL	NIL	NIL	NIL	NIL
8. Public Account Receipts	617.68	600.97	668.21	875.18	1284.28

(#) Negligible

* This figure represents: (i) Union Excise duties: Rs. 158.29 crore; (ii) Taxes on Income other than Corporation Tax: Rs. 22.16 crore; (iii) Service Tax and share of net proceeds assigned to States: Rs. 55.77 crore.

[♥]Includes Ways and Means Advances from GOI.

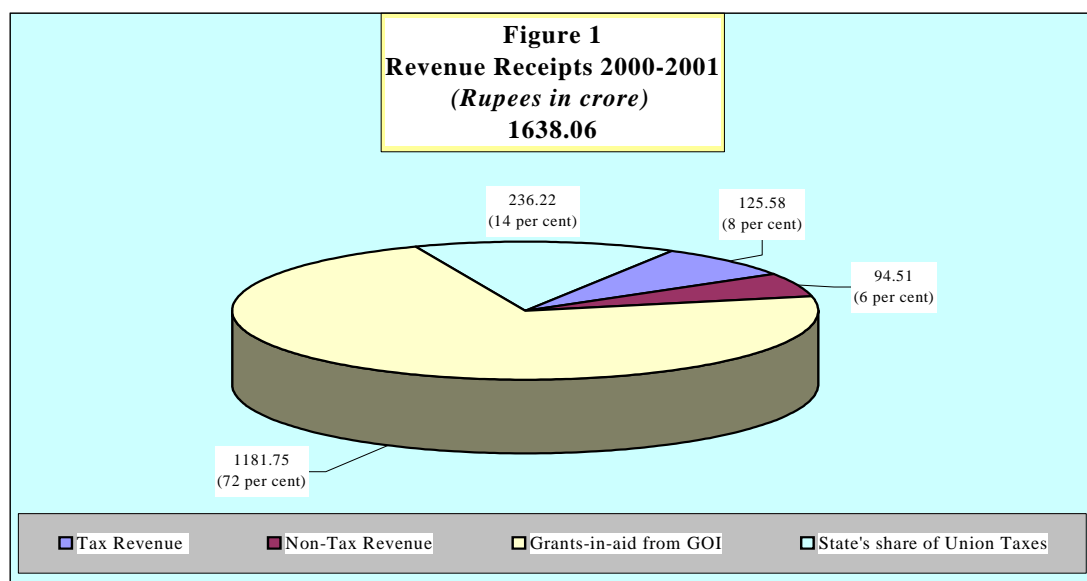
	1996-97	1997-98	1998-99	1999-2000	2000-2001
9. Total Receipts of the State (6+7+8)	1745.87	1815.27	2155.80	2619.86	3089.69
Part B. Expenditure/ Disbursement					
10. Revenue Expenditure	907.16 (79)	1060.39 (83)	1175.62 (85)	1461.07 (85)	1734.04 (83)
Plan	270.29 (30)	306.52 (29)	323.70 (28)	343.04 (23)	366.88 (21)
Non-plan	636.87 (70)	753.87 (71)	851.92 (72)	1118.03 (77)	1367.16 (79)
General Services (including Interests Payments)	291.03 (32)	349.39 (33)	408.92 (35)	540.99 (37)	646.44 (37)
Economic Services	237.40 (26)	296.05 (28)	300.98 (26)	328.09 (23)	404.47 (23)
Social Services	373.71 (41)	397.75 (37)	448.76 (38)	573.47 (39)	663.55 (38)
Grants-in-aid and Contributions	5.02 (1)	17.20 (2)	16.96 (1)	18.52 (1)	19.58 (1)
11. Capital Expenditure	241.68 (21)	215.26 (17)	208.93 (15)	267.20 (15)	346.69 (17)
Plan	253.31 (105)	207.79 (97)	197.10 (94)	257.94 (97)	332.14 (96)
Non-Plan	(-)11.63 (-5)*	7.47 (3)	11.83 (6)	9.26 (3)	14.55 (4)
General Services	21.16 (9)	3.66 (2)	4.19 (2)	6.32 (2)	8.25 (2)
Economic Services	141.50 (58)	131.94 (61)	104.99 (50)	155.41 (58)	217.88 (63)
Social Services	79.02 (33)	79.66 (37)	99.75 (48)	105.47 (40)	120.56 (35)
12. Disbursement of Loans and Advances	6.28	3.28	3.36	2.87	4.36
13. Total (10+11+12)	1155.12	1278.93	1387.91	1731.14	2085.09
14. Repayments of Public Debt	23.68	29.94	34.81	42.01	49.95
Internal Debt (excluding Ways and Means Advances and Overdrafts)	8.00	11.36	13.18	17.04	21.16
Net transactions under Ways and Means Advances and Overdrafts	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India [≡]	15.68	18.58	21.63	24.97	28.79
15. Appropriation to Contingency Fund	NIL	NIL	NIL	NIL	NIL
16. Total Disbursement out of Consolidated Fund (13+14+15)	1178.80	1308.87	1422.72	1773.15	2135.04
17. Contingency Fund Disbursements	NIL	NIL	NIL	NIL	NIL
18. Public Account Disbursements	590.50	549.45	593.91	717.70	1007.28
19. Total disbursement by the State (16+17+18)	1769.30	1858.32	2016.63	2490.85	3142.32
* Minus figure was due to more receipts and recoveries than expenditure.					

[≡] Includes Ways and Means Advances from GOI.

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Part C. Deficits					
20. Revenue Deficit (-)/ Surplus (+) (1-10)	(+)121.76	(+) 21.71	(+) 92.73	(-) 22.81	(-) 95.98
21. Fiscal Deficit (3+4 - 13)	121.73	195.77	118.36	290.51	445.16
22. Primary Deficit (21-23)	11.52	75.81	(-) 22.22	105.30	219.13
Part D. Other data					
23. Interest payments (percentage of Revenue expenditure)	110.21 (12)	119.96 (11)	140.58 (12)	185.21 (13)	226.03 (13)
24. Arrears of Revenue ** (percentage of Tax and Non- Tax revenue receipts)	8.53 (8)	9.61 (9)	9.91 (8)	9.64 (5)	14.35 (7)
25. Financial Assistance to local bodies etc.	89.60	128.16	71.07	73.37	100.52
26. Ways and Means Advances/Overdraft availed (days)	Nil	12	73	Nil	1
27. Interest on Ways and Means Advances/Overdraft (Rs. in crore)	Nil	0.02	0.33	Nil	0.01*
28. Gross State Domestic Product (GSDP) ¹	2756.82	3298.34	3814.18	4153.70	4524.42
29. Outstanding Debt (year-end)	658.95	760.14	943.37	1205.41	1320.93
30. Outstanding guarantees (year-end)	68.32	76.55	44.02	93.89	83.64 †
31. Maximum amount guaranteed (year-end)	67.01	87.69	63.82	79.82	157.22
32. Number of incomplete projects	83	104	78	14	21
33. Capital blocked in incomplete projects	67.14	120.41	96.23	25.40	20.20
* Rs. 0.89 lakh only. † Outstanding guarantees include interest of Rs. 7.91 crore. ** The information on arrears of revenue as furnished by the taxation authorities included only Sales Tax and Agricultural Income Tax.					
Note : 1. GSDP shown at current prices for 2000-2001 (Quick Estimate) and for 1999-2000 (provisional estimate) received (August 2001) from Statistics Department, Government of Tripura, Agartala. 2. Figures in brackets represent percentages (rounded) to total of each sub-heading.					

Revenue receipts

1.9 The revenue receipts consist of tax and non-tax revenue, and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. During the year, the revenue receipts increased by 14 per cent over that of previous year.



Tax revenue

1.10 This constitutes 8 *per cent* of the revenue receipts. Time series data (paragraph 1.8 above) show that the contribution of Sales Tax (major constituent) had increased from 57 *per cent* in 1999-2000 to 65 *per cent* in 2000-2001. The other major constituent of tax revenue *viz.*, the State Excise had declined from 20 *per cent* in 1999-2000 to 16 *per cent* in 2000-2001 after remaining stagnant at 20 *per cent* during the two consecutive years 1998-1999 and 1999-2000. The stamps and registration fees had remained static at 5 *per cent* during 1999-2000 and 2000-2001.

Non-tax revenue

1.11 The non-tax revenue constituted 6 *per cent* of the revenue receipts of the State Government in 2000-2001, and had increased by 1 *per cent* over the previous year.

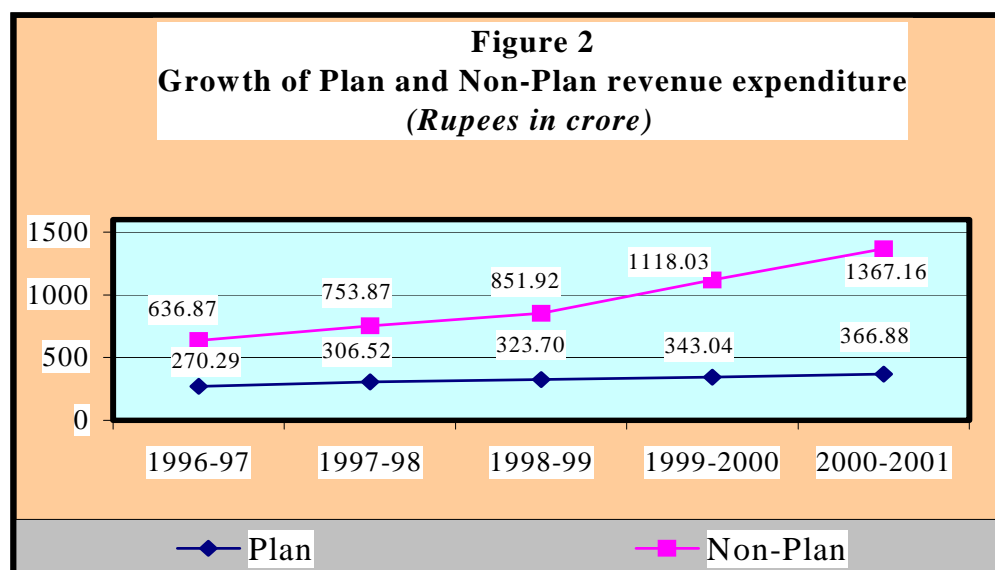
State's share of Union taxes and duties and grants-in-aid from the Central Government

1.12 The State's share of Union taxes and duties decreased by 55 *per cent* over the previous year, while the grants-in-aid from the Central Government increased by 62 *per cent*. However, as a percentage of revenue receipts, both of them taken together were 86 *per cent* during the year 2000-2001 which came down from 88 *per cent* in 1999-2000.

Revenue expenditure

1.13 During 2000-2001, revenue expenditure exceeded revenue receipt, which resulted in revenue deficit of Rs. 95.98 crore. Revenue expenditure accounted for most (83 *per cent*) of the expenditure (i.e. Revenue and Capital taken together) of the State Government. The increase of revenue expenditure was, however, mainly on the non-plan side by 22 *per cent* compared to an increase

of 7 per cent on the plan side over the previous year. A comparison of the data for the last 5 years shows that the growth in non-plan component (115 per cent) of revenue expenditure far surpassed that of plan expenditure (36 per cent), as may be seen in Figure 2.



1.14 Sector-wise analysis in time series data (paragraph 1.8 above) shows that while the expenditure on General Services increased by 122 per cent, from Rs.291.03 crore in 1996-97 to Rs.646.44 crore in 2000-2001, the corresponding increase in expenditure on Social Services and Economic Services was only 78 and 70 per cent respectively. As a proportion of total revenue expenditure, the share of General Services increased from 32 per cent in 1996-97 to 37 per cent in 2000-2001, and the share of Social Services and Economic Services decreased from 41 per cent to 38 per cent, and 26 per cent to 23 per cent respectively.

Interest payments

1.15 Interest payments increased by 105 per cent from Rs.110.21 crore in 1996-97 to Rs.226.03 crore in 2000-2001 against the increase of 22 per cent as compared to the previous year. This is further discussed in the section on financial indicators (paragraph 1.39).

Financial assistance to local bodies and other institutions

1.16 The quantum of assistance in the form of grants provided to different local bodies etc., during the period of five years ending 2000-2001 was as follows :

	1996-97	1997-98	1998-99	1999-2000	2000-2001
	<i>(Rupees in crore)</i>				
Universities and Educational Institutions	14.89	16.13	15.99	34.07	24.27
Municipal Corporations and Municipalities	1.51	0.72	4.41	3.73	10.24
Zilla Parishads and Panchayati Raj Institutions	5.02	51.83	39.13	20.15	36.31
Development Agencies	11.20	12.23	2.90	1.60	1.65
Hospitals and Other Charitable Institutions	Nil	2.85	1.41	1.45	Nil
Other Institutions	56.98	44.40	7.23	12.37	28.05
Total	89.60	128.16	71.07	73.37	100.52
Percentage of growth over previous year	(-) 21	43	(-) 45	3	37
Assistance as a percentage of revenue expenditure	10	12	6	5	6

The assistance to the Municipal Corporations and Municipalities, Zilla Parishads and Panchayati Raj Institutions, and other Institutions had considerably increased in 2000-2001 over the previous year, whereas, it had sharply decreased by 29 per cent in respect of Universities and Educational Institutions as compared to the previous year.

Loans and Advances by the State Government

1.17 The Government gives loans and advances to Government companies, corporations, autonomous bodies, co-operatives, non-government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that the outstanding amount have increased by Rs.7.38 crore (17 per cent) from Rs.44.30 crore in 1996-97 to Rs.51.68 crore in 2000-2001. There was substantial recovery of loans and advances during the year 1996-97 (Rs. 4.47 crore) which declined by 76 per cent (Rs.1.06 crore) during 1997-98 followed by marginal increase (Rs. 1.20 crore) in 1998-99 and Rs. 2.37 crore in 1999-2000. Then there was a sharp decline by 21 per cent to Rs. 1.87 crore in 2000-2001. The realisation was only 4 per cent of outstanding balance at the beginning of the year 2000-2001.

1.18 In respect of loans the detailed accounts of which are maintained by the departmental officers, all such departmental officers are required to furnish to the Accountant General (Accounts and Entitlement), each year, the detailed accounts including arrears (as on 31 March) in recovery of loans and interest

thereon. Information about arrears as on 31 March 2001 had not been received (November 2001) from any of these officers.

	1996-97	1997-98	1998-99	1999-2000	2000-2001
	<i>(Rupees in crore)</i>				
Opening balance	42.49	44.30	46.52	48.68	49.19
Amount advanced during the year	6.28	3.28	3.36	2.88	4.36
Amount recovered during the year	4.47	1.06	1.20	2.37	1.87
Closing balance	44.30	46.52	48.68	49.19	51.68
Net addition	1.81	2.22	2.16	0.51	2.49
Interest received	3.96	0.38	0.19	11.62	18.49

Capital expenditure

1.19 Capital expenditure leads to asset creation. In addition, financial assets arise from funds invested in institutions or undertakings outside Government *i.e.*, public sector undertakings (PSUs), corporations, etc and loans and advances. During the last five year period (1996-2001) the capital expenditure has grown by 43 *per cent*. Compared to the growth of total expenditure (Revenue, Capital and Loans and Advances taken together) recording an increase of 81 *per cent* during the same period. The share of capital expenditure in total expenditure has grown from 15 *per cent* in 1999-2000 to 17 *per cent* in 2000-2001. Time series data (paragraph 1.8 above) show that most of the capital expenditure has been on Economic and Social Services and mainly on the Plan side.

Quality of expenditure

1.20 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan under Revenue and Capital heads. While the Plan and Capital expenditure is usually associated with asset creation, the Non-plan and Revenue expenditure is identified with expenditure on establishment, maintenance and services.

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

The following table lists out the trend in these indicators:

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
1. Plan expenditure as a percentage of :					
- Revenue expenditure	30	29	28	23	21
- Capital expenditure	105	97	94	97	96
2. Capital expenditure to total expenditure (<i>per cent</i>)	21	17	15	15	17
3. Expenditure on General services (<i>per cent</i>)					
- Revenue	32	33	35	37	37
- Capital	9	2	2	2	2
4. Amount of wastages and diversion of funds detected during test audit (Rupees in crore)	7.08	24.52	31.68	50.72	16.67
5. Non-remunerative expenditure on incomplete projects (Rupees in crore)	67.14	120.41	96.23	25.40	20.20
6. Unspent balances under deposit heads (PL Accounts), booked as expenditure at the time of their transfer to the deposit head (Rupees in crore)	46.87	51.00	59.56	26.65	16.09

It would be seen that the share of Plan expenditure on the Revenue side had a sharp decline in 2000-2001 compared to the level of 1996-97. The share of Plan expenditure in the capital side also decreased similarly during the five year period. The expenditure on General Services, during the five year period, had been on the increase on the Revenue side, though on the Capital side it had remained static at 2 *per cent* from 1997-98 to 2000-2001 after a sharp decline from 9 *per cent* in 1996-97.

1.22 It would be seen from the above table that unspent balance under deposit heads (in Personal Ledger Accounts) booked as expenditure had an upward trend for two consecutive years upto 1998-99. The trend was reversed in 1999-2000 and 2000-2001.

Financial Management

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

Investments and returns

1.24 Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved*

* These differ with No. of concerns and amounts invested as mentioned in Chapter-VIII, which was based on information furnished by the Managements. Number of statutory corporations includes here Assam Financial Corporation, a joint venture with other States, which has been excluded from Chapter-VIII. The State Government has been asked to reconcile the differences in amounts invested in the Corporation/Companies(October 2001).

were as under :

Sector	Number of concerns	Amount invested	
		As on 31 March 2001	During 2000-2001
		<i>(Rupees in crore)</i>	
(1) Statutory Corporations	2	70.04	11.06
(2) Government Companies	9	111.19	10.23
(3) Co-operative Institutions (including Bank)	677	41.62	2.72
Total	688	222.85	24.01

No dividend has been received by the Government on the above investments.

(Rupees in crore)

Year	Investment at the beginning of the year	Rate of interest on Government borrowings (in percentage)	Total interest liability	Return of investment to Government
1996-97	121.98	13.85	16.89	Nil
1997-98	145.85	13.05	19.03	Nil
1998-99	162.66	12.15	19.76	Nil
1999-2000	177.98	12.25	21.80	Nil
2000-2001	198.85	10.82	21.51	Nil
Total			98.99	

Thus, while the Government was raising high cost borrowings from the market, it had been increasing the investment in the above institutions year after year without getting any return therefrom. During the last 5 years, interest liability on the investments made out of borrowed funds at the prevailing market borrowing rates works out to Rs. 98.99 crore which represents 44 *per cent* of the total investment as of March 2001.

1.25 As of 31 March 2001, the Government invested Rs.111.19 crore in 9 Government companies. Eight of these companies were running under loss (one in the process of liquidation) and the accumulated loss for all the 8 working Companies taken together was Rs. 25.32 crore.

Incomplete Projects

1.26 As of 31 March 2001, there were 21 incomplete projects (costing Rs. 25 lakh and above) in which total amount of Rs.20.20 crore was invested. The projects were due for completion by the end of March 2001, but their non-completion led to locking up of Rs.20.20 crore.

Arrears of revenue

1.27 The arrears of revenue pending collection increased by 49 *per cent* during the year. The outstanding arrears remained in the range of 7 to 9 *per cent* of the revenue raised (both tax revenue and non-tax revenue taken together) during each of the years 1996-97 to 2000-2001. Of the arrears of Rs.14.35 crore as of March 2001, Rs.1.31 crore (9 *per cent*) was pending for more than five years, and pertained to Sales Tax (Rs.1.24 crore) and Agricultural Income Tax (Rs.0.07 crore). The overall position of arrears of revenue, compared to the previous year, showed a slightly slackening of the revenue efforts of the State Government.

Ways and means advances and overdraft

1.28 Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.10 lakh. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA)/overdraft (OD) from the Bank. In addition, special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management in the Government. During the year 2000-2001, the Government had taken Rs. 43.28 crore as Ways and Means Advances and repaid the same leaving no outstanding at the end of the year. Rs. 0.89 lakh was paid as interest on ways and means advances at the rate of 7 *per cent*. To make up the deficiency in the cash balance, the holdings of the Government of India Treasury Bills were rediscounted on 178 days during the year 2000-2001.

Deficit

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

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

CONSOLIDATED FUND				
(Rupees in crore)				
Receipt	Amount		Disbursement	Amount
Revenue	1638.06	Revenue deficit 95.98	Revenue	1734.04
Misc. capital receipts -	-		Capital	346.69
Recovery of loans & advances	1.87		Loans & advances disbursed	4.36
Sub Total	1639.93	Gross fiscal deficit :445.16	Sub Total	2085.09
Public debt receipts	165.48		Public debt repayment	49.95
Total	1805.41	A: Deficit in Consolidated Fund : 329.63		2135.04
Receipt		Public account	Disbursement	
Small savings, PF etc.	467.01		Small savings, PF etc	152.92
Deposits and advances	167.22		Deposits and advances	175.52
Reserve funds	NIL		Reserve funds	30.08
Suspense & misc.	40.82		Suspense & misc.	47.28
Remittances	609.23		Remittances	601.48
Total Public Account	1284.28	B: Surplus in Public Account : 277.00		1007.28
Decrease in cash balance (A-B) :52.63				

There was a revenue deficit during the year amounting to Rs. 95.98 crore. The fiscal deficit was Rs.445.16 crore which was offset by net proceeds of the public debt of Rs.115.53 crore and led to a net deficit of Rs.329.63 crore in the Consolidated Fund. This, combined with surplus of the Public Account (Rs.277.00 crore), resulted in an overall decrease of the Cash Balance by Rs.52.63 crore as a result of which the cash balance of Rs. 249.94 crore as on 31 March 2000 decreased to Rs. 197.31 crore as on 31 March 2001. Time series data (paragraph 1.8 above) show that the fiscal deficits gradually increased from 1996-97 to 2000-2001, barring a temporary dip in 1998-99. Overall increase in fiscal deficit during 2000-2001 over the level of 1996-97 was 266 per cent.

Application of the borrowed funds (Fiscal Deficit)

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

Ratio	1996-97	1997-98	1998-99	1999-2000	2000-2001
RD/FD[♦]	(-)1.00	(-)0.11	(-)0.78	0.08	0.22
CE/FD	1.99	1.10	1.76	0.92	0.78
Net loans/FD	0.01	0.01	0.02	0.00	0.00
Total	1.00	1.00	1.00	1.00	1.00

It would be seen that during the three years ending 1998-99, the State had revenue surplus, which together with the funds borrowed went mainly to meet capital expenditure. During the year 1999-2000 and 2000-2001, the State had Revenue Deficit, which was an indication that the State had to depend on the borrowings to meet even the revenue expenditure.

Guarantees given by the State Government

1.32 Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the Statutory corporations, Government companies and Co-operative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Time series data (paragraph 1.8 above) list the amounts of guarantees given by the Government and the amounts outstanding at the end of each year during 1996-2001. Against the maximum amount of Rs.157.22 crore guaranteed by the Government upto 31 March 2001, Rs.75.73 crore was outstanding as principal and Rs. 7.91 crore as interest.

1.33 The Government had not levied any fee or charge in lieu of the amount guaranteed nor had it set up any fund for meeting the liabilities which may arise on invocation of guarantees.

1.34 The amount guaranteed and sub-guaranteed remaining outstanding relates to 1 Statutory Corporation, 4 Government Companies, 9 Co-operative Institutions and Banks, Notified Area Authorities (now renamed as Nagar Panchayats and three other institutions/organisation. Complete information relating to one Government Company[♠], one Co-operative Institution[♣], Agartala Municipal Council and one other Institution[®] was not furnished by the Government.

Public debt

1.35 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any

[♦] As the State had revenue surplus during 1996-97 to 1998-99, the ratio has been prefixed by a minus sign.

[♠] Tripura Tea Development Corporation Ltd.

[♣] Tachai Tea Estate Co-operative Society.

[®] Tripura Khadi and Village Industries Board.

such limit. The details of the total liabilities of the State Government as at the end of the last five years, representing the closing balance for each, are given in the following table. During the five-years' period, the total liabilities of the Government had grown by 117 *per cent*. This was on account of 131 *per cent* growth in internal debt, 78 *per cent* growth in loans and advances from Government of India and 146 *per cent* growth in other liabilities. During 2000-2001, Government borrowed Rs.79.95 crore in the open market at interest rates of 10.52 and 10.82 *per cent* per annum.

(Rupees in crore)

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities*	Total liabilities	Ratio of debt to GSDP†
1996-97	281.33	377.62	658.95	371.61	1030.56	0.37
1997-98	311.28	448.86	760.14	428.75	1188.89	0.36
1998-99	395.19	548.18	943.37	503.91	1447.28	0.38
1999-2000	523.46	681.95	1205.41	636.89	1842.30	0.44
2000-2001	650.62	670.31	1320.93	912.69	2233.62	0.49

1.36 The amount of funds raised during 2000-2001 through Public debt, the amount of repayment and net funds available are given in the following table:

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Internal debt[∞]					
Receipt	34.72	41.32	97.09	145.30	191.61
Repayment (principal + interest)	41.24	47.24	53.81	75.61	144.35
Net funds available (<i>per cent</i>)	(-6.52) (-19)	(-5.92) (-14)	43.28 (45)	69.69 (48)	47.26 (25)
Loans and advances from GOI					
Receipt during the year	60.08	89.82	120.95	158.75	17.15
Repayment (principal + interest)	55.19	64.25	77.11	94.23	107.40
Net funds available (<i>per cent</i>)	4.89 (8)	25.57 (28)	43.84 (36)	64.52 (41)	(-) 90.25 (-526)
Other liabilities					
Receipt during the year	243.59	260.18	314.44	383.46	616.47
Repayment	221.70	203.04	239.29	250.48	340.66
Net funds available (<i>per cent</i>)	21.89 (9)	57.14 (22)	75.15 (24)	132.98 (35)	275.81 (45)

It would be seen that during each of the years between 1996-97 and 2000-2001 only 6 *per cent* to 39 *per cent* of the borrowings etc. (Internal Debt, Loans and Advances from GOI and other liabilities taken together) were available for investment and other expenditure after meeting the repayment obligations*. The net availability, however, decreased to 13 *per cent* of the borrowings in 2000-2001 over the previous year.

* Other liabilities include small savings etc., reserve fund, and deposits.

† Debt means total public debt *plus* other liabilities.

∞ Internal debt as depicted in the table excludes Ways and Means Advances.

* Availability for investment and other expenditure (in percentage) – 1996-97: 6; 1997-98: 20; 1998-99: 30; 1999-2000: 39; and 2000-2001: 28.

Indicators of the financial performance

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

(i) Sustainability

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

(ii) Flexibility

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

(iii) Vulnerability

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

(iv) Transparency

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

1.38 Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility and Vulnerability that can be expressed in concrete terms of certain indices/ratios worked out from Finance Accounts. The list of such indices/ratios is given in the **Annex-I**. **Annex-III** indicates the behaviour of these indices/ratios over the period from 1996-97 to 2000-2001. The implications of these indices/ratios for the State on the financial health of the State Government are discussed in the following paragraphs.

1.39 The behaviour of the indices/ratios is discussed below:

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts *minus* plan assistance grants *minus* non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The **Annex-III** shows that the State Government has had negative and decreasing BCRs in the last five years, which indicated that the Government had to depend only on borrowings for meeting its plan expenditure.

(ii) Interest ratio

Interest ratio is defined as -
$$\frac{\text{Interest payment} - \text{Interest receipts}}{\text{Total revenue Receipts} - \text{Interest receipts}}$$

The higher the ratio, the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In the case of Tripura, the ratio has moved in the range of 0.10 to 0.13. The ratio (0.11) remained static in 1997-98 and 1998-99 but it increased to 0.13 in 2000-2001. A rising interest ratio has adverse implications on the sustainability since it points out to the rising interest burden.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long run in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Tripura, the ratio was more than one upto 1997-98, with the ratio reaching a high of 2.07 in 1996-97. But the trend was reversed thereafter and the ratio gradually declined from 1.14 in 1997-98 to 0.81 in 2000-2001, which indicated that substantial part of capital receipts were not available for investment and diverted to meet revenue expenditure during 1998-99 to 2000-2001.

(iv) Tax receipts Vs Gross State Domestic Product (GSDP)

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Financial Indicators exhibited at Annex-III show that in the case of Tripura, this ratio had ranged between 0.08 and 0.16 during the five years' period ending 2000-2001. Similarly, the ratio of State tax receipts compared to GSDP had also been constant at 0.02 upto 1998-99 but in 1999-2000 and 2000-2001 it was static at 0.03. The ratio suggests that the State Government had the option to raise more resources through taxation.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The return of Government investments in statutory corporations, Government companies, and co-operative institutions was nil as no dividend/interest has been received by the Government on the investment made during the years 1996-97 to 2000-2001.

(vi) Capital repayments Vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In the case of Tripura, this ratio had shown declining trend from 0.25 in 1996-97 to 0.14 in 1999-2000, but again increasing to 0.43 in 2000-2001 with indication of less mobilisation of capital for investment.

(vii) Debt Vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing the risk for the lender. In the case of Tripura, this ratio has moved in the range between 0.36 and 0.49 during the five years ending 2000-2001. The gradual increase of the ratio from 1997-98 onwards indicates the government's increasing inability to meet its debt obligations.

(viii) Revenue deficit/Fiscal deficit

During the period of three years ending 1998-99, the State had revenue surplus. But in the year 1999-2000 and 2000-2001, the State had revenue deficit. This means that the State had to depend on the borrowings to meet even the revenue expenditure. Increase in revenue expenditure was mainly due to steep increase in non-plan expenditure like salaries of the State Government employees. The government had to pay salary bills for Rs. 475.32 crore in 1998-99, Rs. 699.71 crore in 1999-2000 and Rs. 830.49 crore in 2000-2001. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, the higher the ratio the worse is the financial condition of the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. During 2000-2001, 22 *per cent* of the borrowings were applied to revenue expenditure as compared to 8 *per cent* in 1999-2000. This is an unfavourable trend.

(ix) Primary deficit Vs Fiscal deficit

Primary deficit is the fiscal deficit *minus* interest payments. This means that, the less the value of the ratio, the less the availability of funds for capital investment. In the case of Tripura, this ratio had been in the range of (-) 0.19 to 0.49 during the five years ending 2000-2001. This suggests that funds available for capital investment after meeting interest obligations were small and even negative during 1998-99.

(x) Guarantees Vs revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay, viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In the case of Tripura, this ratio decreased to 0.05 in 2000-2001 from 0.07 in 1999-2000, indicating decrease in vulnerability (**Annex-III**).

(xi) Assets Vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. This ratio had all along been more than 1 and had moved in the range of 1.29 to 1.63. In the year 2000-2001 the State was not in a better position as compared to the previous year as the ratio had declined from 1.40 to 1.29 (**Annex-III**).

(xii) Budget

Submission of Vote on Account during the last quarter of the previous financial year was followed by submission of Budget during the second quarter of 2000-2001. The details are given in the following table :

Preparation	Month of submission	Month of approval
Vote on Account	February 2000	February 2000
Budget	July 2000	July 2000
Supplementary	March 2001	March 2001

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

Conclusion

1.40 The rising interest burden over the last 5 years had adverse implications on the sustainability of the State's finances. While the Government was resorting to high cost borrowings from the markets and increasing its investments every year in the Government Companies/Corporations and other bodies, the return on these investments was nil all along. The ratio of State tax receipts to GSDP was meagre, showing that there was much scope for augmentation of tax base. The State has fallen into revenue deficit during 1999-2000 and 2000-2001 after having a continuous spell of revenue surplus over the years, which indicates an unhealthy sign of taking recourse to borrowed funds for meeting revenue expenditure.

ANNEX-I

(Reference : Paragraphs 1.1 and 1.38)

Part A. Government Accounts

I. Structure: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account

Part I : Consolidated Fund

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

Part II : Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund.

Part III : Public Account

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

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/ratios and basis for their calculation

(Referred to in paragraph 1.38)

Indices/ratios		Basis for calculation
Sustainability		
Balance from current revenue	B C R	Revenue Receipts <i>minus</i> all Plan grants (under Major Head 1601-02,03,04,05) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit – Interest Payments
Interest Ratio		<u>Interest payments – Interest receipts</u> Total Revenue Receipts – Interest Receipts
Capital Outlay Vs Capital receipts	Capital outlay	Capital expenditure as per Statement No 12 of the Finance Accounts
	Capital receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, PF etc. + Repayments received against loans advanced by the State Government - Loans advanced by the State Government
Total tax receipts Vs GSDP		
State tax receipts Vs GSDP		
Indices/ratios		Basis for calculation
Flexibility		
- Balance from current revenue		As above
- Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 <i>minus</i> repayments on account of Ways and Means Advances/ Overdraft under both the major heads
	Capital Borrowings	Addition under Major Heads 6003 and 6004 <i>minus</i> addition on accounts of Ways & Means advances/overdraft under both the major heads
	State Tax Receipts	Statement 10 of Finance Accounts
Incomplete Projects		As per details in Finance Accounts.
- Total Tax Receipts Vs GSDP	Total Tax Receipts	State Tax receipts <i>plus</i> State's share of Union Taxes
- Debt Vs GSDP		

<p>Vulnerability - Revenue Deficit - Fiscal Deficit - Primary Deficit Vs Fiscal Deficit</p>	<p>Primary Deficit</p>	<p>Paragraph 1.30 of the Audit Report Paragraph 1.31 of the Audit Report Fiscal Deficit <i>minus</i> interest payments</p>
<p>Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government</p>	<p>Outstanding guarantees</p>	<p>Paragraph 1.32 of the Audit Report</p>
	<p>Revenue Receipts</p>	<p>Paragraph 1.4 and 1.9 of the Audit Report</p>
<p>Assets Vs Liabilities</p>	<p>Assets and Liabilities</p>	<p>Paragraph 1.2 of the Audit Report</p>
	<p>Debt</p>	<p>Borrowings and other obligations at the end of the year (Statement No 3 of the Finance Accounts)</p>

ANNEX-II
(Reference : Paragraphs 1.6 and 1.8)

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2000-2001

(Rupees in crore)

Receipts			Disbursements				
1999-2000		2000-2001	1999-2000				2000-2001
Total			Total		Non-Plan	Plan	Total
1438.26	Section-A : Revenue			I. Revenue			1734.04
	I. Revenue Receipts	1638.06	1461.07	Expenditure			
101.74	-Tax Revenue	125.58	540.99	General Services	643.79	2.65	646.44
76.19	-Non-Tax Revenue	94.51	573.47	Social Services	426.54	237.01	663.55
529.55	-State's Share of Union Taxes	236.22	356.72	-Education, Sports, Arts and Culture	309.42	97.32	406.75
55.95	-Non-Plan Grants	462.44	71.13	-Health and Family Welfare	48.20	34.53	82.73
565.07	-Grants for State/Union Territory Plan Schemes	594.12	19.35	-Water Supply, Sanitation, Housing and Urban Development	21.69	4.23	25.92
16.32	-Grants for Central Plan Schemes	18.83	5.59	-Information and Broadcasting	3.57	2.65	6.22
84.07	-Grants for Centrally sponsored Plan Schemes	90.18	71.34	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	10.90	69.48	80.38
9.37	-Grants for Special Plan Schemes (NEC)	16.18	3.94	-Labour and Labour Welfare	3.75	0.66	4.41
			44.90	-Social Welfare and Nutrition	28.42	28.13	56.55
			0.50	-Others	0.59	Nil	0.59
			328.09	Economic Services	277.25	127.22	404.47
			118.06	-Agriculture and Allied Activities	81.19	54.79	135.98
			77.69	-Rural Development	21.61	50.85	72.46
			0.60	-Special Areas Programme(NEC)	-	5.58	5.58
			8.16	-Irrigation and Flood Control	14.39	2.73	17.12
			82.45	-Energy	111.40	0.20	111.60
			14.13	-Industry and Minerals	8.72	9.54	18.26
			15.05	-Transport	27.69	0.38	28.07
			5.56	-Communication	6.35	0.03	6.38
			0.39	-Science Technology and Environment	0.13	0.30	0.43
			6.00	-General Economic Services	5.77	2.82	8.59
			18.52	Grants-in-aid and contributions	19.58	Nil	19.58
22.81	II. Revenue deficit carried over to Section-B	95.98		II. Revenue surplus carried over to Section-B	Nil	Nil	Nil
1461.07	Total : Section A : 1734.04	1461.07	1461.07	Total :	1367.16	366.88	1734.04
							1734.04

(Rupees in crore)

Receipts			Disbursements					
1999-2000		2000-2001	1999-2000					2000-2001
Total			Total		Non-Plan	Plan	Total	
	Section-B : Others							
120.93	III. Opening cash balance including permanent advance and cash balance investment	249.94	NIL	III. Opening overdraft from Reserve Bank of India				NIL
NIL	IV. Miscellaneous capital receipts	NIL	267.20	IV. Capital Outlay-	14.55	332.14	346.69	346.69
			6.32	General Services	-	8.25	8.25	
			105.47	Social Services	1.12	119.44	120.56	
2.37	V. Recoveries of loans and advances	1.87	0.77	-Education, Sports, Arts and Culture	-	4.65	4.65	
1.40	From Government servants	1.58	7.26	-Health and Family Welfare	-	3.55	3.55	
0.97	From others	0.29	41.27	-Water Supply and Sanitation	1.12	56.91	58.03	
NIL	VI. Revenue surplus brought down	NIL	54.32	-Housing and Urban Development	Nil	54.32	54.32	
304.05	VII. Public debt receipts	165.48	NIL	-Information and Broadcasting	Nil	Nil	Nil	
145.30	Internal debt other than Ways and Means	148.33		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	Nil	Nil	Nil	
NIL	Net transactions under Ways and Means Advances including Overdraft	NIL	1.81		Nil	Nil	Nil	
158.75	Loans and advances from GOI	17.15	0.04	-Social Welfare and Nutrition	Nil	0.01*	0.01	
875.18	VIII. Public Account receipts	1284.28	Nil	Economic Services	13.43	204.45	217.88	
252.72	Small savings and provident funds etc.	467.01	4.07	-Agriculture and Allied Activities	3.24	3.39	6.63	
0.04	Reserve fund	NIL	12.99	-Rural Development	Nil	26.19	26.19	
146.72	Deposits and Advances	167.22	9.59	-Special Areas Programme	Nil	18.37	18.37	
38.31	Suspense and Miscellaneous	40.82	28.34	-Irrigation and Flood Control	Nil	30.03	30.03	
437.39	Remittances	609.23	37.40	-Energy	Nil	75.45	75.45	
NIL	IX. Closing overdraft from RBI	NIL	5.63	-Industry and Minerals	Nil	5.98	5.98	
			51.84	-Transport	10.19	40.72	50.91	
			0.06	-Science, Technology and Environment	Nil	0.07	0.07	
			5.49	-General Economic Services	Nil	4.25	4.25	

* Rs. 40,699 only rounded off to Rs. 0.01 crore.

(Rupees in crore)

Receipts			Disbursements		
1999-2000 Total		2000-2001	1999-2000		2000-2001
	Section-B : Others				
			2.87	V. Loans and Advances Disbursed	4.36
			2.64	-To Government Servants	4.15
			0.23	-To others	0.21
			22.81	VI. Revenue deficit brought down	95.98
			42.01	VII. Repayment of Public Debt	49.95
			17.04	-Internal Debt other than Ways and Means Advances	21.16
			NIL	-Net transactions under Ways and Means Advances including Overdraft	NIL
			24.97	-Repayment of Loans and Advances to Central Government	28.79
			717.70	VII Public Accounts Disbursements	1007.28
			123.50	-Small Savings and Provident Funds	152.92
			0.11	-Reserve Fund	30.08
			142.77	-Deposits and Advances	175.52
			27.49	-Suspense	47.28
			423.83	-Remittances	601.48
			249.94	IX. Cash Balance at end	197.31
			Nil*	-Cash in Treasuries	NIL*
			5.82	-Departmental Cash Balance including permanent advance	2.82
			260.72	-Cash Balance investment	265.39
			(-) 16.60	-Deposit with Reserve Bank of India	(-) 70.90
1302.53	Total : Section B :	1701.57	1302.53	Total : Section B :	1701.57

* Rs.1353 only.

Explanatory Notes for tables at paragraphs 1.2 and 1.3 as well as Annex-II :

1.The abridged accounts in the statements have to be read with comments and explanations in the Finance Accounts.

2.Government accounts being mainly on cash basis, the surplus on Government account, as shown in paragraph 1.2 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. 3.48 crore between the figure reflected in the accounts (debit : Rs. 70.90 crore) and that (debit: Rs. 67.42 crore) intimated by the RBI under "Deposit with Reserve Bank". The difference of Rs. 3.48 crore is under reconciliation (September 2001).

ANNEX – III
(Reference : Paragraphs 1.38 and 1.39)

FINANCIAL INDICATORS FOR GOVERNMENT OF TRIPURA

	1996-97	1997-98	1998-99	1999-2000	2000-2001
Sustainability					
BCR(Rs. in crore)	(-)15.26	(-)117.66	(-)186.11	(-) 354.60	(-) 448.41
Primary Deficit (PD) (Rs. in crore)	11.52	75.81	(-)22.22	105.30	219.13
Interest ratio	0.10	0.11	0.11	0.12	0.13
Capital outlay/ Capital receipts	2.07	1.14	0.71	0.62	0.81
Total Tax receipts/GSDP	0.14	0.15	0.15	0.16	0.08
State Tax Receipts/GSDP	0.02	0.02	0.02	0.03	0.03
Return on Investment ratio	NIL	NIL	NIL	NIL	NIL
Flexibility					
BCR (Rs. in crore)	(-)15.26	(-)117.66	(-)186.11	(-) 354.60	(-) 448.41
Capital repayment / Capital borrowings	0.25	0.23	0.16	0.14	0.43
Debt/GSDP	0.37	0.36	0.38	0.44	0.49
Vulnerability					
Revenue Surplus (RS)/ Revenue Deficit (RD)(-) (Rs. in crore)	121.76	21.71	92.73	(-) 22.81	(-) 95.98
Fiscal Deficit (FD) (Rs. in crore)	121.73	195.77	118.36	290.51	445.16
PD/FD	0.09	0.39	(-)0.19	0.36	0.49
RD/FD	(-)1.00	(-)0.11	(-)0.78	0.08	0.22
Outstanding Guarantees/revenue receipts	0.07	0.07	0.03	0.07	0.05
Assets/Liabilities	1.63	1.57	1.53	1.40	1.29

Note:

1. The interest payment in 1998-99 was more than the fiscal deficit, hence the negative figure for primary deficit.
2. Definition of capital outlay and capital receipts is at Part B of Annex-I.