

GOVERNMENT OF TAMIL NADU

ACCOUNTS AT A GLANCE

2010-2011

PRINCIPAL ACCOUNTANT GENERAL
(Accounts and Entitlements)

TAMIL NADU, CHENNAI - 600 018

PREFACE

This is the thirteenth issue of our annual publication **“Accounts At A Glance”**.

The Annual Accounts (Finance Accounts and Appropriation Accounts) of the Government of Tamil Nadu are prepared under the directions of Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971, for being laid on the table of the Legislature of the State.

“Accounts At A Glance” provides a broad overview of Governmental activities, as reflected in Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs. It has been our endeavour to rely on the figures in the certified Finance Accounts and Appropriation Accounts. In case of any doubt, the figures in the certified annual accounts should be referred to.

We look forward to the readers’ views and suggestions that would help us in further improving the publication.

(R.S.RANGARAJAN)
PRINCIPAL ACCOUNTANT GENERAL (A&E)

Place: Chennai
Date: 28.12.2011

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CHAPTER – 1

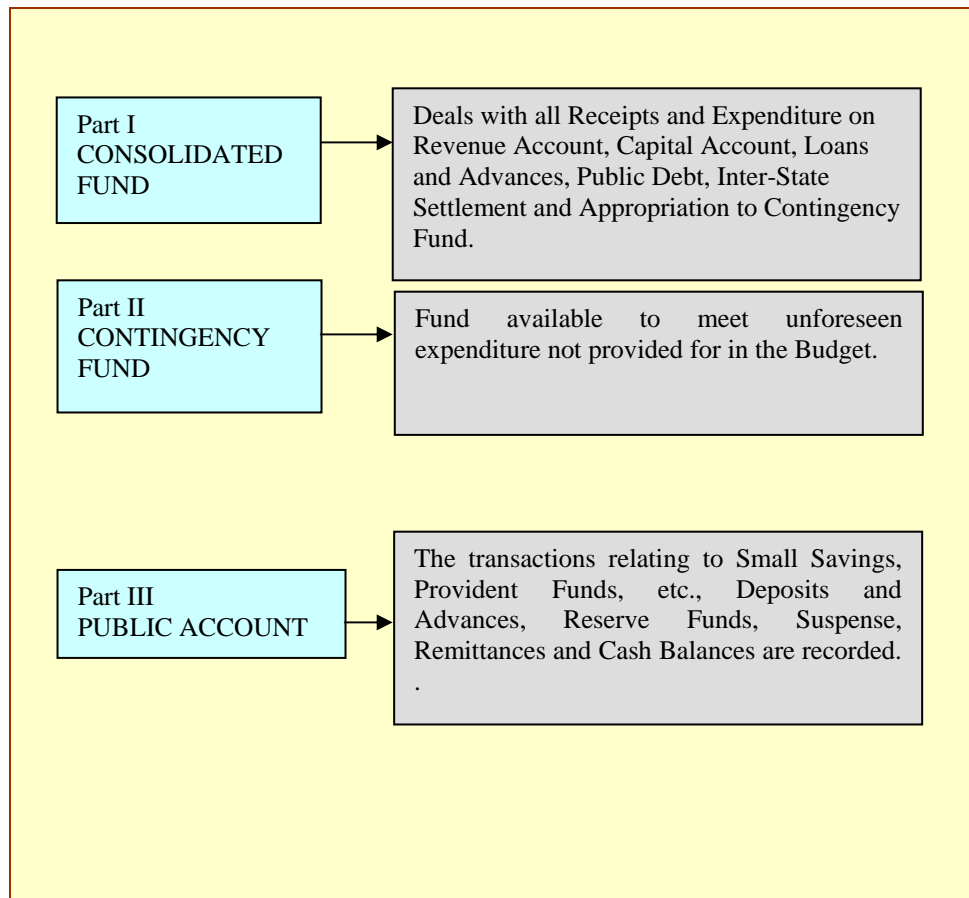
OVERVIEW

1.1 Introduction

The monthly accounts of the Government of Tamil Nadu are compiled and consolidated from the accounts submitted by the District Treasuries, Pay and Accounts Offices, Public Works and Forest Divisions, etc. to the Principal Accountant General (Accounts and Entitlements), Tamil Nadu, Chennai. The Finance Accounts and Appropriation Accounts are prepared annually by the Principal Accountant General (A&E) under the directions of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.2 Structure of Accounts

The accounts of Government are kept in three parts:



Part I Consolidated Fund: During 2010-2011 total Receipts amounted to ₹87,605 crore comprising ₹70,188 crore Revenue Receipts (₹58,696 crore Tax revenue, ₹4,652 crore Non-Tax revenue and ₹6,840 crore Grants from Central Government) and ₹17,417 crore Capital Receipts (Borrowings and Other Liabilities together with Recovery of Loans and Advances constitute Capital Receipts).

Disbursements during the year were ₹87,605 crore comprising ₹72,917 crore (83.23%) on Revenue Account and ₹14,688 crore (16.77%) on Capital Account (Capital Account consists of Capital expenditure and Loans and Advances).

Part II Contingency Fund: The Government has a Contingency Fund with a corpus of ₹150 crore. During the current year ₹136 crore was drawn from the Fund. The expenditure to the extent of ₹29 crore remained unrecouped to the Fund at the end of 31st March 2011.

1.3 Finance Accounts and Appropriation Accounts - What do they depict?

Finance Accounts

Finance Accounts present the net receipts and outgoings of the Government for the year together with the financial results disclosed by the Revenue and Capital accounts, the accounts of the Public Debt and the Liabilities and Assets of the Government of Tamil Nadu as worked out from the balances recorded in the accounts.

Appropriation Accounts

Appropriation Accounts bring out the gross expenditure of the State Government incurred from the Consolidated Fund against amounts voted by the State Legislature and amounts charged on the Consolidated Fund of the State. The Appropriation Accounts supplement the Finance Accounts and comprise accounts of 48 Charged Appropriations and 51 Voted Grants.

Appropriation Act 2010- 2011 had projected for a gross expenditure of ₹1,00,467 crore, including the Supplementary Grants totaling ₹15,379 crore, voted by State Legislature during the year. An amount of ₹2,009 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2010-2011 showed disbursements aggregating ₹94,219 crore against the aggregate budget provision of ₹1,00,467 crore, resulting in net saving of ₹6,248 crore against Grants and Appropriations.

Recoveries in reduction of expenditure amounted to ₹3,317 crore reflecting an increase of ₹1,308 crore vis-à-vis Budget Estimate of ₹2,009 crore.

1.4 Sources and Application of Funds

During the year 2010-2011, Government raised revenue of ₹70,958 crore and debt of ₹14,492 crore. Total funds received in the Consolidated Fund of the State were ₹85,450 crore. Total expenditure from the Fund was ₹90,902 crore. This has resulted in a deficit of ₹5,452 crore. Expenditure incurred from Contingency Fund and remaining unrecouped at the close of the year was ₹29 crore. This together with Public Account surplus of ₹5,365 crore had decreased the Government Balance by ₹116 crore.

Sources and Application of Funds

		PARTICULARS	AMOUNT
SOURCES (₹ in crore)		Revenue Receipts	70,188
		Recovery of Loans and advances	770
		Miscellaneous Capital Receipts
		Public Debt	14,492
		Surplus of Public Account	5,365
		Cash Decrease	116
		TOTAL	90,931

		PARTICULARS	AMOUNT
APPLICATION (₹ in crore)		Revenue Expenditure	72,917
		Loans given	2,252
		Capital Expenditure	12,436
		Repayment of Public Debt	3,297
		Contingency Fund	29
		Cash Increase	...
		TOTAL	90,931

The total receipts were sufficient to meet only 96.34% of the total expenditure, leaving a Deficit of ₹16,647 crore. The Revenue Deficit (difference between total Revenue Expenditure and total Revenue Receipts) for the year was ₹2,729 crore. In terms of GSDP (Gross State Domestic Product), Fiscal Deficit was 3.1 % of GSDP and Revenue Deficit was 0.5 % of GSDP.

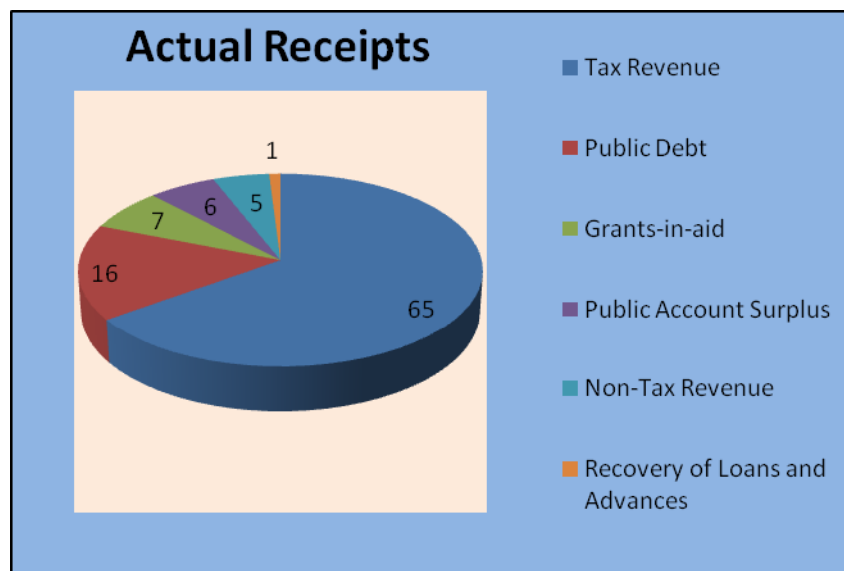
1.4.1 Sources Financing the Deficit

The deficit of ₹16,647 crore was financed mainly from Public Debt.

1.4.2 Where the Rupee came from?

The total expenditure for the year 2010-2011 was ₹90,931 crore. Every rupee spent came from Revenue Receipts (77 paise) which consist of Tax Revenue (65 paise), Non-Tax Revenue (5 paise) and Grants-in-aid from Central Government (7 paise), Public Debt (16 paise), Recovery of Loans and Advances (1 paise) and from Public Account Surplus (6 paise). The cumulative Public Debt at the end of 2010-2011 stood at ₹91,050 crore (discussed in Para 5.2). The main sources of funds were Tax Revenue, Borrowings, Non-Tax Revenue and Grants-in-Aid as shown in Chart 1.

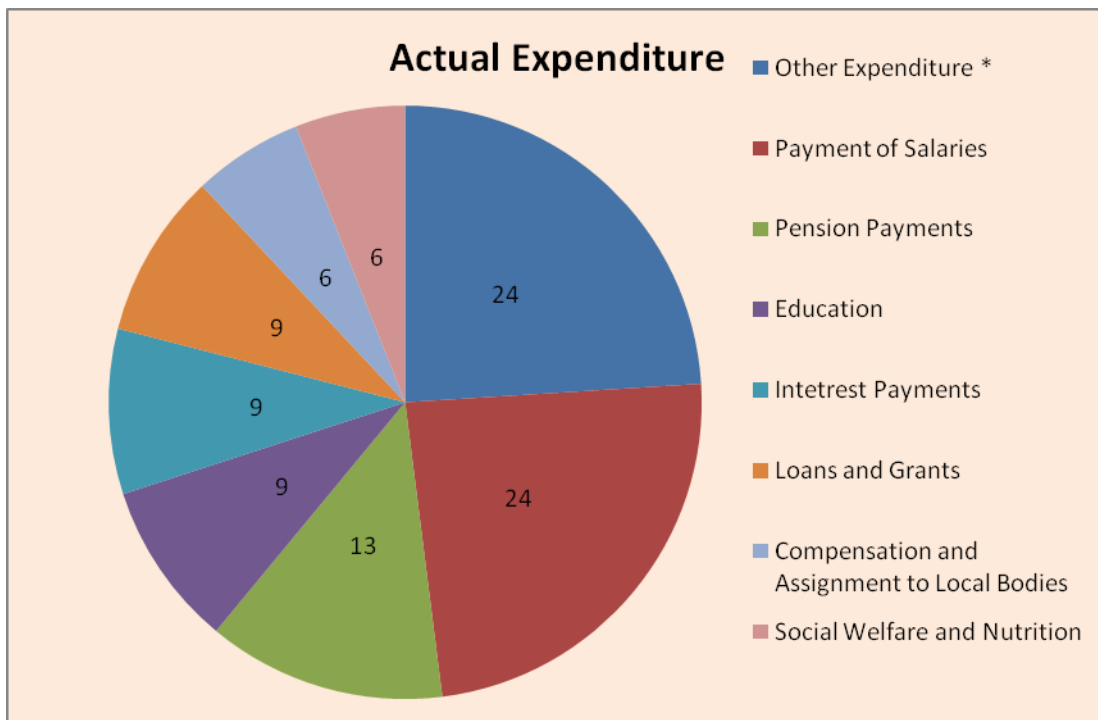
Chart 1



1.4.3 Where the Rupee went?

Based on the purpose of expenditure, it was classified into General Services, Social Services and Economic Services. Out of every rupee spent, 24 paise went for payment of salaries, 13 paise for Pension Payment, 9 paise for Education, 9 paise for Interest Payments, 9 paise for Loans and Grants, 6 paise for Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, 6 paise for Social Welfare and Nutrition, and the balance 24 paise was for other expenditure as shown in Chart 2.

Chart 2



* Other Expenditure of 24 paise includes Civil Supplies (4 paise), Repayment of Public Debt (3 paise), Agriculture and Rural Development (3 paise), Health and Family Welfare (3 paise) and others (11 paise).

1.5 Deficit - What do they indicate?

Deficits in Government represents gap between the revenue and expenditure. The kind of deficit, the ways of financing the deficit and application of funds are important indicators of the prudence of financial management by Government.

A. Revenue Deficit:- Revenue Expenditure minus Revenue Receipt

As per the traditional theory of financial management, revenue expenditure is required to maintain the existing establishment of Government and should be met out of revenue receipts. During the year 2010-2011 the Revenue Account resulted in a deficit of ₹2,729 crore.

B. Fiscal Deficit:- Total Expenditure minus Total Receipts (Revenue Receipts plus Capital Receipts excluding liabilities)

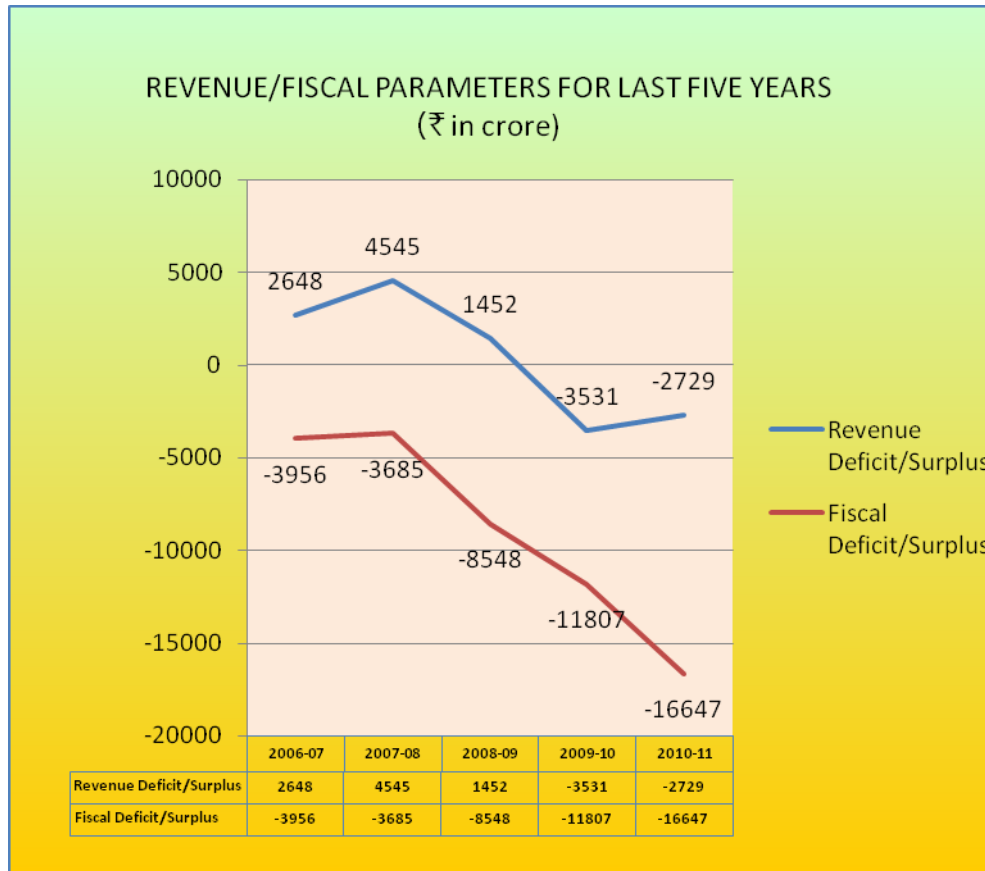
It is a measure of total expenditure which is financed by borrowings. During the year 2010-2011, Fiscal Deficit comprising of Borrowings and other Liabilities was ₹16,647 crore.

1.5.1 Trend of Revenue Deficit / Surplus and Fiscal Deficit for the last five years is shown in the table below and Chart 3:

GSDP: ₹5,33,021 crore

Revenue/Fiscal Parameters				
Year	Revenue Deficit (-) / Surplus (+) (₹in crore)	Percentage of Revenue Deficit (-) / Surplus (+) to GSDP	Fiscal Deficit (-) / Surplus(+) (₹in crore)	Percentage of Fiscal Deficit (-) / Surplus (+) to GSDP
2006-2007	+2,648	+1.0	-3,956	-1.6
2007-2008	+4,545	+1.6	-3,685	-1.3
2008-2009	+1,452	+0.4	-8,548	-2.5
2009-2010	-3,531	-0.9	-11,807	-3.1
2010-2011	-2,729	-0.5	-16,647	-3.1

Chart 3



Revenue Surplus from 2005-06 onwards turned to Revenue Deficit in 2009-10 and 2010-11. The Tax Revenue in 2010-11 has increased by 30% as compared to previous year which has contributed to overall increase under Revenue Receipts despite a decrease of 7% in Non-Tax Revenue. But, there has been an overall increase of 23% in Revenue Expenditure contributing to Revenue Deficit at the end of the year. The Revenue Deficit, however, decreased by 23% as compared to previous year. The decrease in Revenue deficit was due to increase in Tax Revenue and Grants from Central Government during 2010-11.

The Fiscal Deficit of the State increased from ₹2,251 crore in 2005-2006 to ₹16,647 crore in 2010-2011.

The Fiscal Deficit for 2010-2011 was ₹16,647 crore constituting 3.1 per cent of GSDP. As per Tamil Nadu Fiscal Responsibility Act, 2003, the Government has committed to reduce the ratio of fiscal deficit to Gross State Domestic Product every year by 0.25 per cent to 0.30 percent beginning from Financial Year 2002-2003 with medium term goal of not being more than 3 per cent of fiscal deficit to GSDP to be attained by 31st March 2012 and adhere to it thereafter. In the year 2007-2008, the norms as per Tamil Nadu Fiscal Responsibility Act, 2003 were achieved. However, in 2008-2009, the fiscal deficit/GSDP Ratio had increased by 1.5 per cent as compared to 2007-2008 and in 2009-10, the Ratio had increased by 0.6 per cent as compared to 2008-09. In 2010-11, there was no change in the ratio, the actual increase being 3.1 per cent.

1.6 Highlights of Accounts

(₹in crore)				
Sl. No.	Particulars	B.E 2010-2011	Actuals	Percentage of Actuals to B.E
1	Tax Revenue	51,840	58,696	113.23
2	Non-Tax Revenue	4,101	4,652	113.44
3	Grants from Central Government	7,151	6,840	95.65
4	Total Revenue Receipts	63,092	70,188	111.25
5	Recovery of Loans & Advances	350	770	220.00
6	Other Receipts	-	-	-
7	Borrowings and other liabilities (B)	16,222	16,647	102.62
8	Total Capital Receipts (A)	16,572	17,417	105.10
9	Total Receipts	79,664	87,605	109.97
10	Expenditure on Revenue Account	66,488	72,917	109.67
11	Expenditure on Capital Account (C)	13,176	14,688	111.48
12	Total Expenditure	79,664	87,605	109.97
13	Revenue Deficit (-)(10-4)	-3,396	-2,729	-
14	Fiscal Deficit (4+5+6-12)	-16,222	-16,647	-

- (A) Capital Receipts: Recovery of Loans and Advances + Other Receipts+ Borrowings and Other Liabilities.
- (B) Borrowings and Other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – disbursements) of Part III. Public Account + Net of Opening and Closing Cash Balance.
- (C) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances Disbursed.

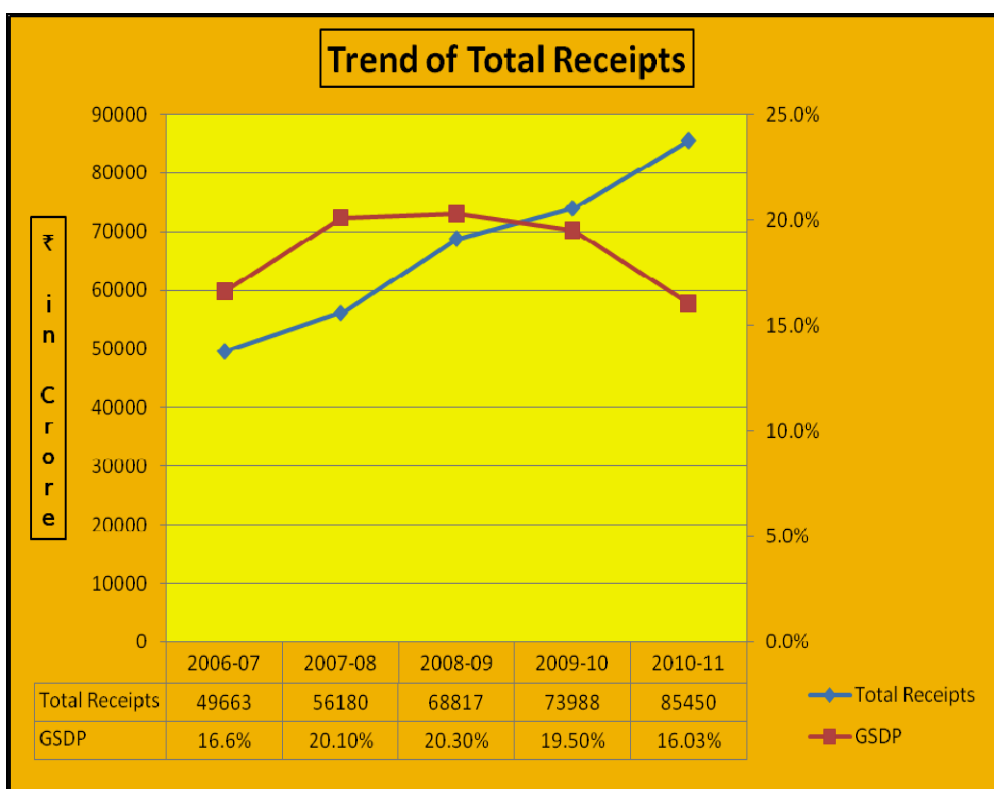
GSDP: ₹5,33,021 crore.

CHAPTER - 2 RECEIPTS

2.1 Introduction

Total receipts for the current year were ₹85,450 crore (Revenue Receipts ₹70,188 crore and Capital Receipts ₹15,262 crore) as shown in Chart 4. Based on their source, receipts of Government are classified into Revenue Receipts and Capital Receipts.

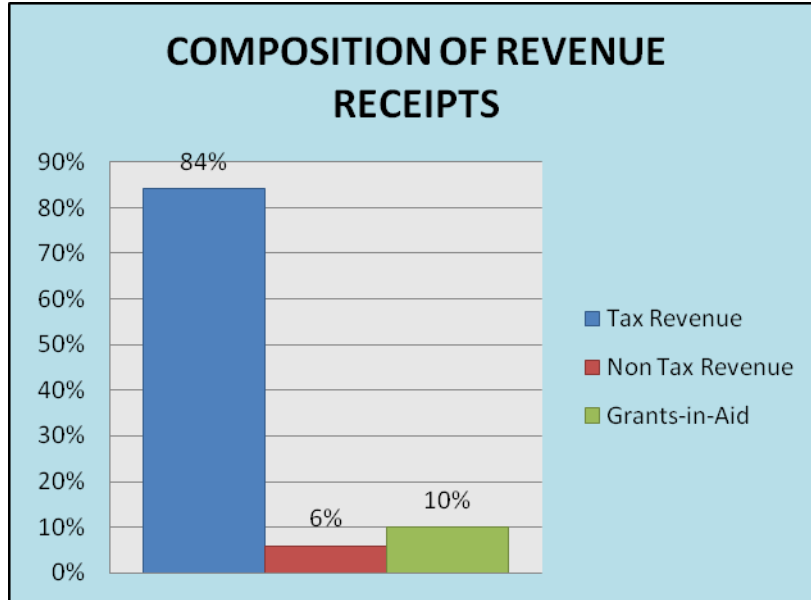
Chart 4



2.2 Revenue Receipts

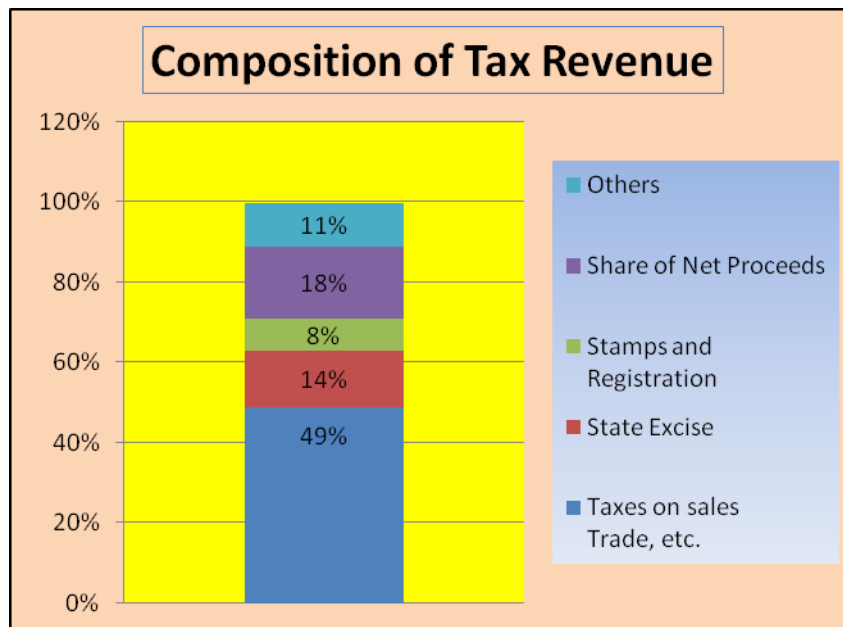
Tax Revenue of ₹58,696 crore and Non-Tax Revenue of ₹4,652 crore formed 11.01 per cent and 0.9 per cent respectively of the GSDP. Revenue receipts include ₹6,840 crore received from Government of India as Grants-in-aid. The composition of these revenues to 'Total Revenue Receipts' was 84 per cent, 6 per cent and 10 per cent for Tax Revenue, Non-Tax Revenue and Grants-in-aid respectively as shown in Chart 5.

Chart 5



Tax Revenue included ₹10,914 crore representing ‘Share of Net Proceeds of Taxes and Duties assigned to the State (18per cent). Major contributors to States’ own Tax Revenue receipts were (i) Taxes on Sales, Trade, etc., ₹28,614 crore (49 per cent), (ii) State Excise ₹8,116 crore (14 per cent) (iii) Stamps and Registration Fees ₹4,651 crore (8 per cent) and (iv) Others ₹6,401 crore (11 per cent) as shown in Chart 6.

Chart 6



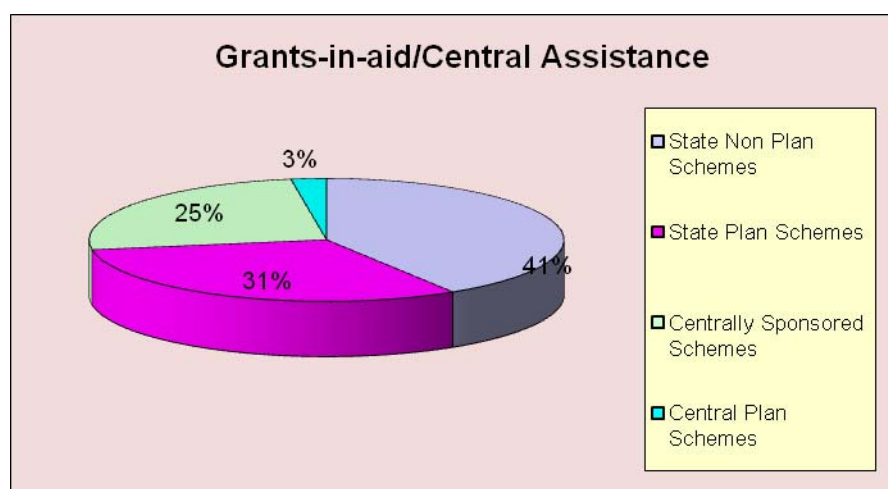
Tax Revenue during the year was more than the Budget Estimate by ₹6,856 crore; the increase mainly under, ‘Taxes on Income other than Corporation Tax’, ‘Stamps and Registration Fees’, ‘Customs’, ‘Union Excise Duties’, ‘State Excise’, ‘Taxes on Sales, Trade, etc.’, ‘ Taxes on Vehicles’, ‘Taxes on Goods and Passengers’ and ‘Taxes and Duties on Electricity’. Non-Tax Revenue during the year was higher than the Budget Estimate by ₹551 crore, mainly on account of more collection under Social Services and Economic Services.

2.3 Grants-in-aid/Central assistance

This represents assistance received from Government of India in the form of Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by Planning Commission and State Non-plan Grants recommended by Finance Commission. The total receipts during the year 2010-11 were ₹6,840 crore which was more by 24 per cent of 2009-10, as shown in the table below and Chart 7.

Item	Amount (₹ in Crore)	Percentage to total Grants
State Non Plan Schemes	2,813	41
State Plan Schemes	2,142	31
Centrally Sponsored Schemes	1,727	25
Central Plan Schemes	158	3
Total	6,840	100

Chart 7



2.4 Capital Receipts

The Capital Receipts are mainly borrowings, recoveries of loans and advances made by Government and miscellaneous Capital Receipts. The composition of the capital receipts for the year is as shown below.

Item	Amount (₹ in crore)	Percentage to total Capital Receipts
A. Public Debt	14,492	95
1. Internal Debt	13,045	85
2. Govt. of India Loans and Advances	1,447	10
B. Recovery of Loans and Advances	770	5
Total	15,262	100

CHAPTER - 3

EXPENDITURE

3.1 Introduction

The expenditure of the Government consists of Revenue Expenditure and Capital Expenditure. Based on the purpose and nature of expenditure, these are further segregated into Plan and Non-plan.

3.2 Revenue Expenditure

Revenue expenditure of ₹72,917 crore for the current year represents the amount spent on payment of interest (₹7,940 crore), payment of Salaries (Pay ₹14,742 crore and DA ₹6,756 crore), payment of Pension (₹12,698 crore), expenditure on Education etc., (₹13,466 crore), expenditure on Health and Family Welfare (₹4,076 crore), expenditure on Social Welfare and Nutrition (₹6,736 crore) and others (₹6,503 crore). Revenue Expenditure (₹72,917 crore) was 13.7 per cent of GSDP. It was more than Budget Estimate by ₹6,429 crore (₹5,974 crore increase under Non-Plan and ₹455 crore increase under Plan).

3.2.1 Plan Expenditure

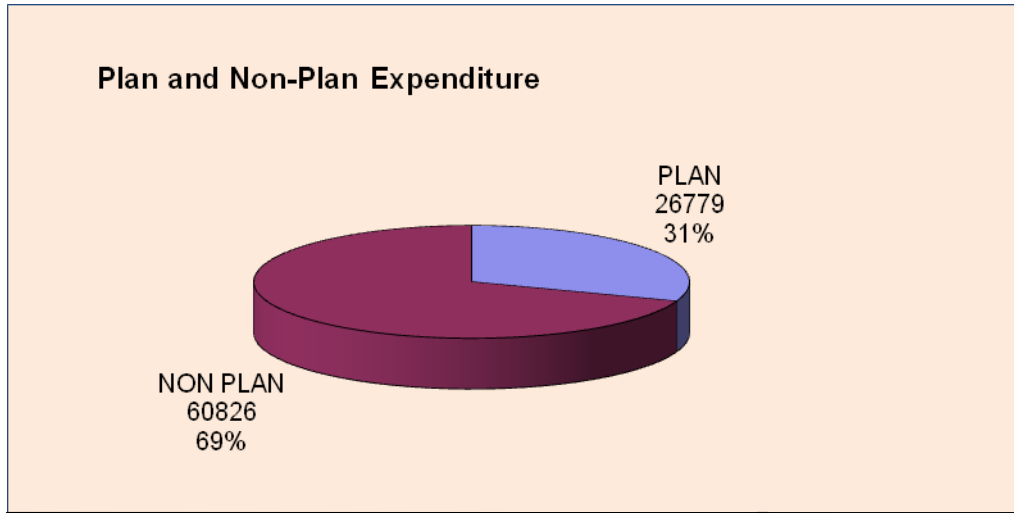
During the year 2010-2011, Plan Expenditure representing 30.6 per cent of total disbursements, was ₹26,779 crore (₹24,637 crore under State Plan, ₹1,376 crore under Centrally Sponsored Schemes, ₹5 crore under Schemes financed by Autonomous Bodies and ₹761 crore under schemes shared between State and Centre).

3.2.2 Non-Plan Expenditure

Non-Plan Expenditure during 2010-2011, representing 69.4 per cent of total disbursements was ₹60,826 crore, consisting of ₹58,649 crore under Revenue and ₹2,177 crore under Capital and Loans and Advances.

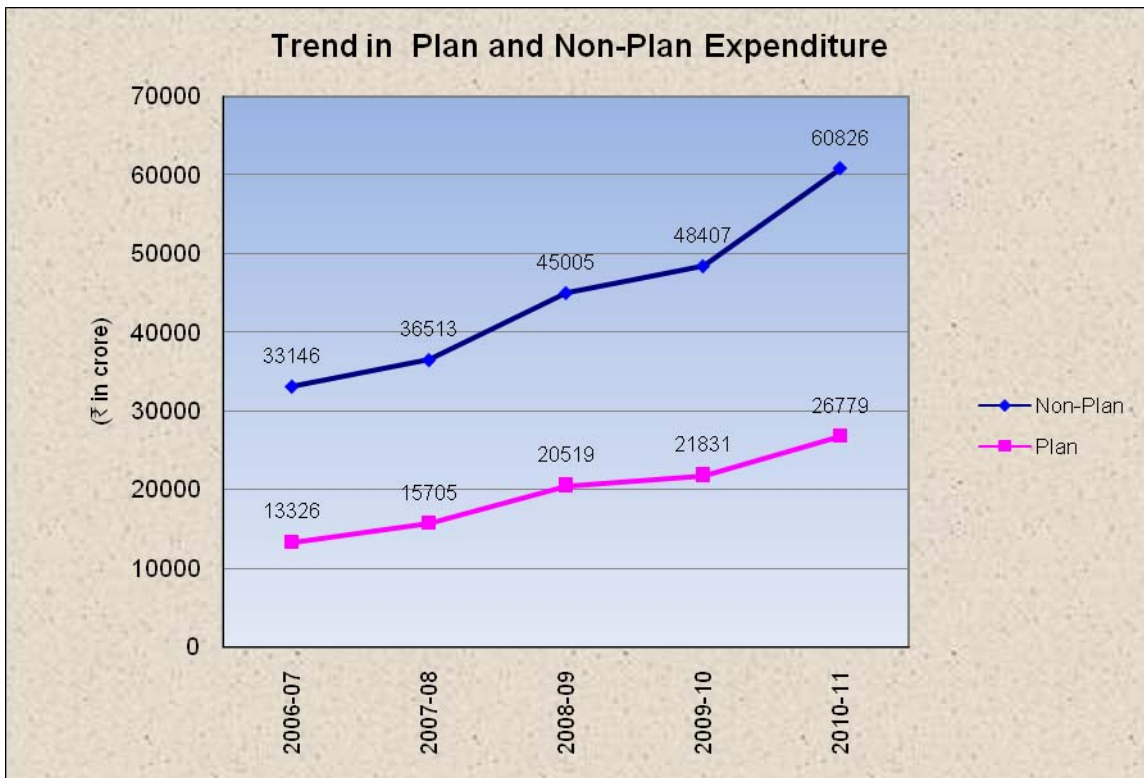
The following pie-chart shows the distribution of Expenditure under Plan and Non-Plan (Revenue and Capital) for the current year:

Chart 8



3.2.3 Trend in total Plan and Non-Plan expenditure under Revenue and Capital sections for the past five years from 2006-07 to 2010-11 is depicted in Chart 9.

Chart 9



3.2.4 Trends in Revenue expenditure under Administrative, General, Social and Economic services expenditure for the past five years from 2006-2007 to 2010-2011 are depicted in Charts 10 to 13:

Chart 10

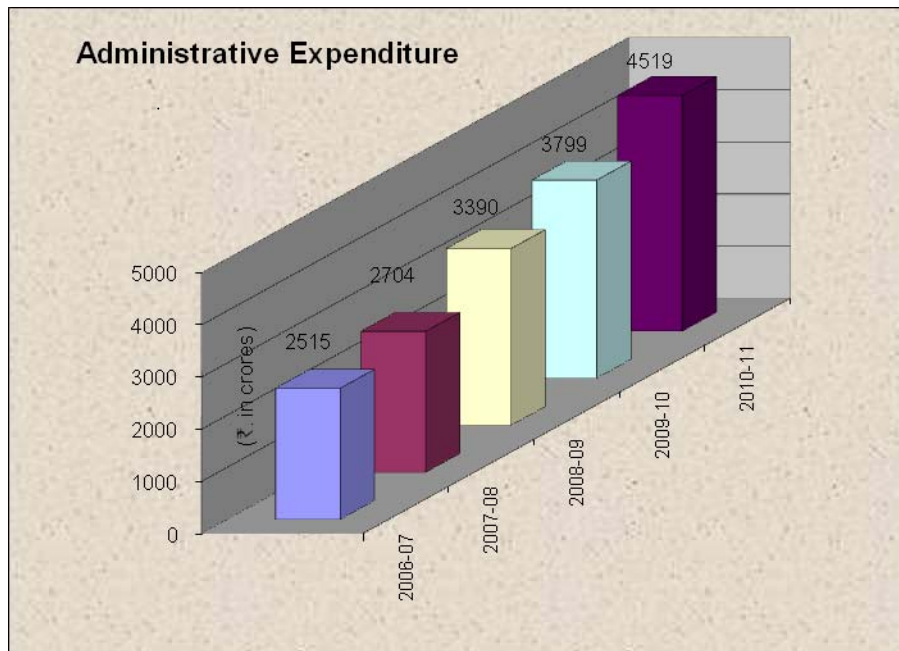


Chart 11

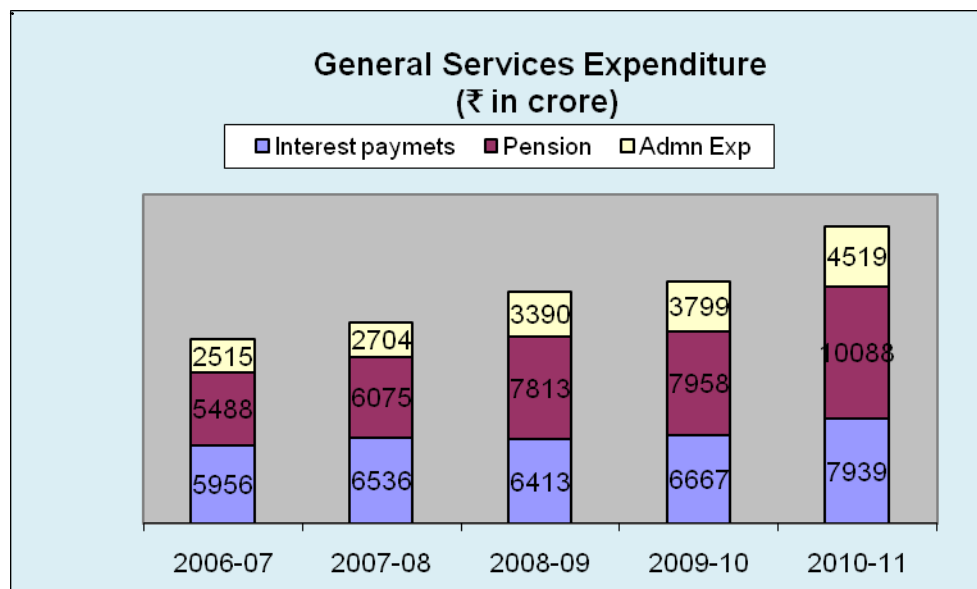


Chart 12

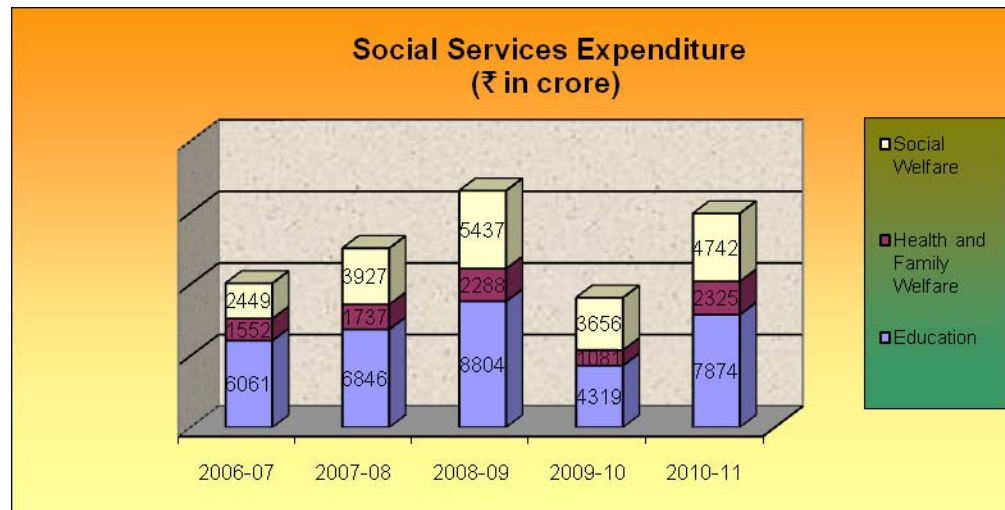
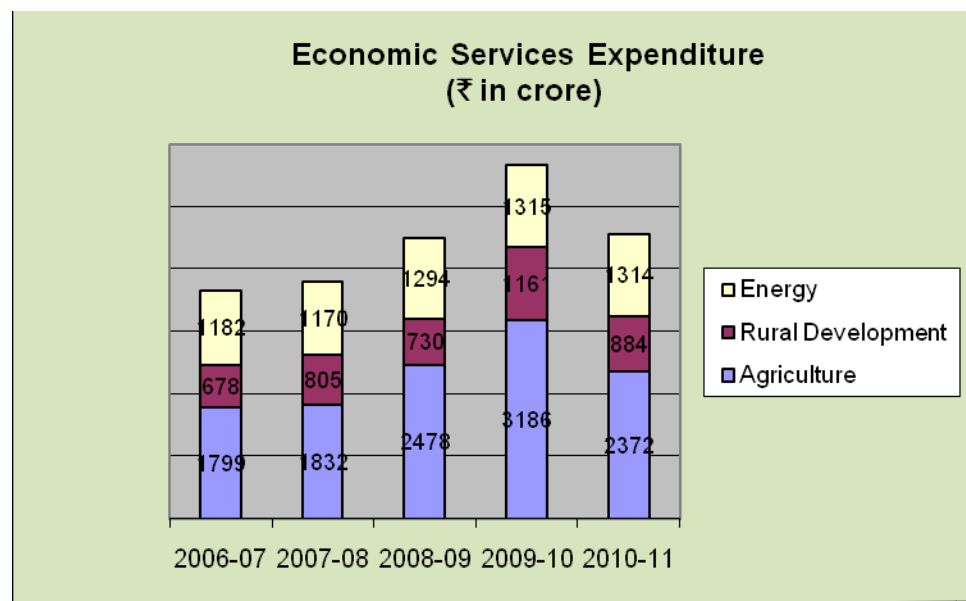


Chart 13



3.3 Capital Expenditure

Expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object either of increasing concrete assets of a material and permanent character or of reducing recurring liabilities. Such expenditure during the year was ₹17,985 crore as shown in the table below:

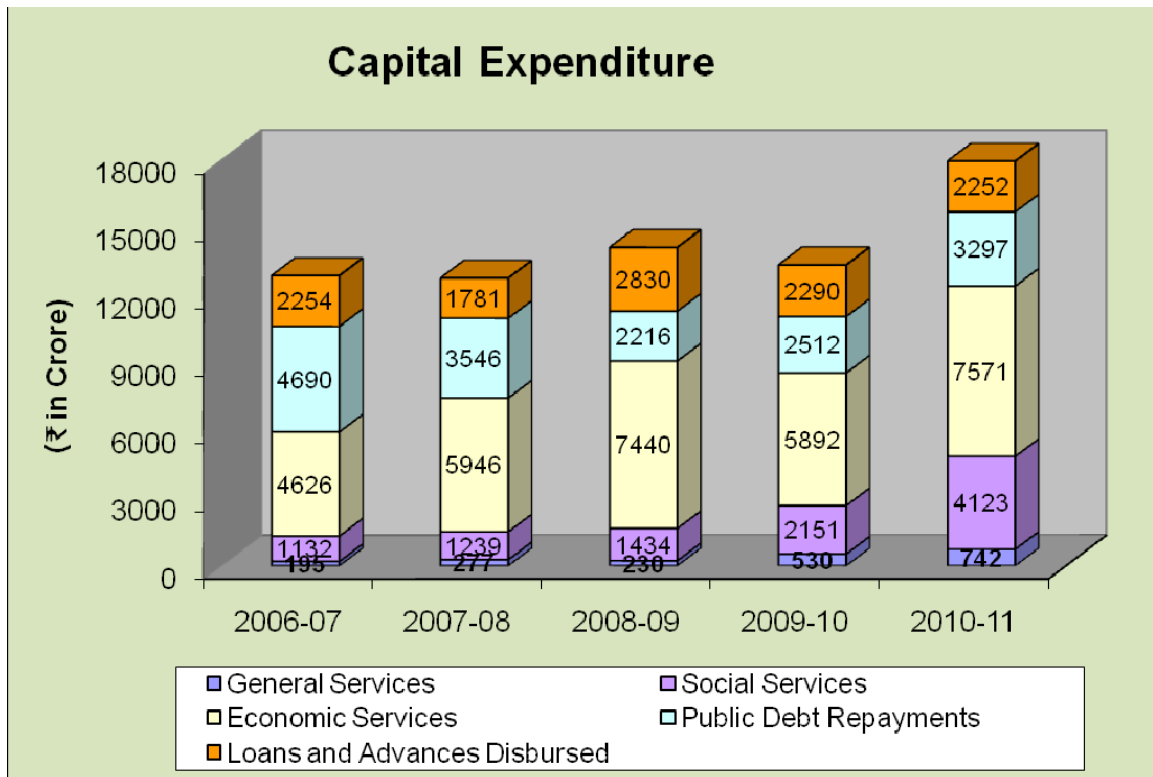
SECTOR-WISE CAPITAL EXPENDITURE

Sector	Amount (₹ in crore)	Percentage to Total Expenditure
1. General Services - Police, Public Works etc.	742	4.1
2. Social Services - Education, Health and Family Welfare, Water Supply, Welfare of SC/STs etc.	4,123	22.9
3. Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	7,571	42.1
4. Repayment of Public Debt	3,297	18.4
(a) Internal Debt of the State Government	2,887	16.1
(b) Loans and Advances from the Central Government	410	2.3
5. Loans and Advances Disbursed	2,252	12.5
Total	17,985	100.0

Out of the total Capital expenditure, 4.1% was spent under General Services, 22.9% under Social Services, 42.1% under Economic Services, 18.4 % for repayment of Public Debt and 12.5 % for disbursement of Loans and Advances during the year 2010-2011.

Compared to the previous year, there was increase in Capital Expenditure on General Services, Social Services, Economic Services and Repayment of Public Debt while the expenditure in the Disbursement of Loans and Advances decreased as shown in Chart 14.

Chart 14



CHAPTER - 4

APPROPRIATION ACCOUNTS

4.1 Importance of Appropriation Accounts

The Appropriation Act passed by the State Legislature under Articles 204 and 205 of the Constitution of India provides the authority to the Government to withdraw specified sums from the Consolidated Fund of the State for specified activities of the State Government.

The Appropriation Accounts show that in the year 2010-2011, there was expenditure of ₹94,219 crore comprising of ₹75,403 crore Revenue Expenditure, ₹13,267 crore Capital Expenditure, ₹3,297 crore Repayment of Public Debt and ₹2,252 crore Loans and Advances. There was saving / excess under Revenue / Capital / Public Debt / Loans and Advances with reference to total grants allocated by the State Legislature.

4.2 Highlights of Appropriation Accounts

Sl. No	Nature of expenditure	Original grant (a)	Supple- mentary grant (b)	Total (c)	Actual expenditure (d)	Saving(-) (e)
(Rupees in crore)						
1	Revenue Voted Charged	59,875 7,990	10,657 655	70,532 8,645	67,135 8,268	3,397 377
2	Capital Voted Charged	12,912 5	2,361 4	15,273 9	13,261 6	2,012 3
3	Public Debt Charged	3,415	106	3,521	3,297	224
4	Loans and Advances Voted	891	1,596	2,487	2,252	235
Total		85,088	15,379	1,00,467	94,219	6,248

Out of the ultimate saving of ₹6,248 crore, ₹5,905 crore was surrendered by the departments at the end of the year indicating that the assessment of their requirement was not made properly.

4.3 Actual expenditure - Reconciliation between Appropriation Accounts and Finance Accounts

The actual expenditure fell short of the estimated expenditure by ₹6,248 crore as shown in the table below:

(₹ in crore)

Details	Budget Estimates	Actual Expenditure	Saving
Gross Expenditure (as per Appropriation Accounts)	1,00,467	94,219	-6,248
Less- Recoveries	2,009	3,317	-1,308
Net expenditure (as per Finance Accounts)		90,902	

4.4 Persistent Saving

There has been persistent saving of more than 5 per cent of total provision under Revenue grants/appropriations in 18 Departments during the past five years and in the current year. Ten departments where major persistent saving has occurred are listed below:

- ❖ Industries Department - Saving in the grant was 19.10 % to total grant during the year 2010-11. The saving fluctuated between 25.56 % and 94.44 % during the preceding five years.
- ❖ Hindu Religious and Charitable Endowments Department - Saving in the grant was 12.96 % to total grant during the year 2010-11. The saving fluctuated between 5.24% and 19.09 % during the preceding five years.
- ❖ Highways and Minor Ports Department - Saving in the grant was 12.37 % to total grant during the year 2010-11. The saving fluctuated between 11.85 % and 18.56% during the preceding five years.

- ❖ Fire and Rescue Services Department - Saving in the grant was 12.05 % to total grant during the year 2010-11. The saving fluctuated between 17.92 % and 29.08 % during the preceding five years.
- ❖ Micro, Small and Medium Enterprises Department - Saving in the grant was 11.35 % to total grant during the year 2010-11. The saving fluctuated between 17.71 % and 45.44 % during the preceding five years.
- ❖ Tamil Development Department - Saving in the grant was 11.17 % to total grant during the year 2010-11. The saving fluctuated between 6.50 % and 14.98 % during the preceding five years.
- ❖ Public Department - Saving in the grant was 11.08 % to total grant during the year 2010-11. The saving fluctuated between 9.81 % and 23.36 % during the preceding five years.
- ❖ Backward Classes, Most Backward Classes and Minorities Welfare Department - Saving in the grant was 11.06 % to total grant during the year 2010-11. The saving fluctuated between 7.69 % and 11.44 % during the preceding five years.
- ❖ Personnel and Administrative Reforms Department - Saving in the grant was 8.08 % to total grant during the year 2010-11. The saving fluctuated between 6.81 % and 11.29 % during the preceding five years.
- ❖ Agriculture Department - Saving in the grant was 8.02 % to total grant during the year 2010-11. The saving fluctuated between 6.93 % and 14.97 % during the preceding five years.

There is no case of occurrence of persistent excess to the end of 2010-2011 in any grant/appropriation.

CHAPTER - 5

ASSETS AND LIABILITIES

Government has valuable assets in the form of Land, Buildings, Factor2ies etc. Most of these assets of the Government do not easily lend themselves to an accurate valuation and Government accounts do not exhibit comprehensive value of Fixed assets like Land, Buildings etc. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government.

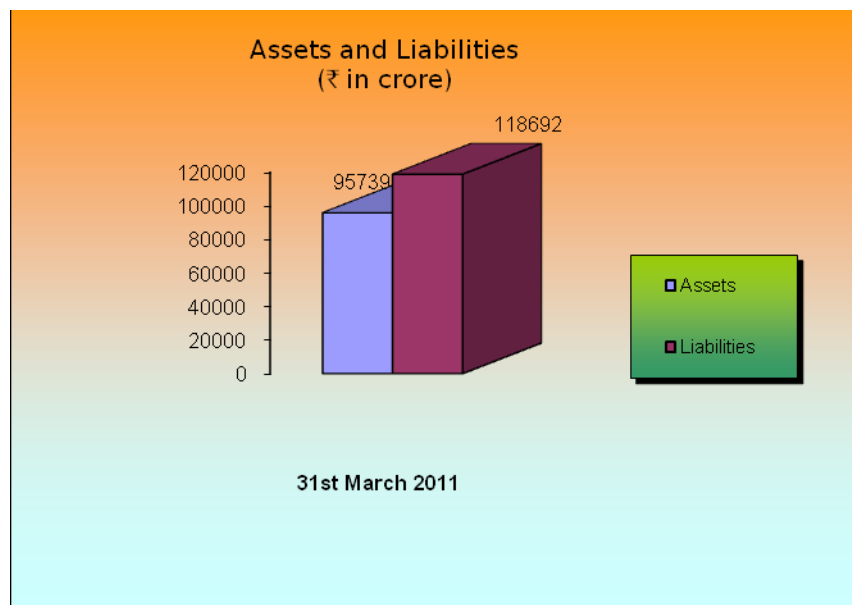
Assets and Liabilities and the Statement of Balances

(Position as on 31.03.2011)

Assets	₹in crore	Liabilities	₹in crores
Capital Expenditure			
General Services	3,914	Internal Debt	81,657
Social Services	19,867	External Debt	..
Economic Services	47,222	Loans from Central Government	9,393
Total	71,003	Small Savings	10,300
Loans and Advances		Reserve Fund	3,605
General Services	466	Others	12,643
Social Services	3,657	Other Receipts	1,094
Economic Services	4,875		
Total	8,998	Total Liabilities (Available Funds)	1,18,692
Cash Balances	-521	Cumulative Resource Gap	-22,953
Investments	16,259		
Total Assets	95,739	Resource Use	95,739

The following Chart shows the position of Assets and Liabilities as on 31st March 2011.

Chart 15



5.1 Assets

Out of the expenditure as on 31st March 2011, total investments as share capital in non-financial Public Sector Undertakings (PSU) was ₹10,223 crore.

1. Dividend received during the year was ₹27 crore (0.3 % on investment). During 2010-2011, investments in PSUs increased by ₹2,116 crore and dividend income decreased by ₹21 crore over the previous year.
2. The expenditure on capital account towards creation of assets was as follows:
Agriculture: ₹7,696 crore, Police: ₹1,672 crore, Education: ₹ 2,074 crore, Health and Family Welfare: ₹2,101 crore, Water Supply and Sanitation, Housing and Urban Development: ₹13,305 crore and on other departments ₹43,061 crore.
3. The Cash Balance as on 31st March 2011 was ₹ (-) 521 crore and the cash balance investment was ₹13,496 crore.

5.2 Debt and Liabilities

Outstanding Public Debt at the end of 31st March 2011 was ₹91,050 crore, comprising of internal debt ₹81,657 crore and Loans and Advances from Central Government ₹9,393 crore. Other liabilities accounted under Public Account were ₹26,446 crore.

As per the Tamil Nadu Fiscal Responsibility Act, 2003, the Government has committed to reduce the ratio of revenue deficit to revenue receipt every year by 3% to 5% depending upon the economic situation in that year to a level below 5% by 31.3.2008, eliminate revenue deficit by 2009-2010 and adhere to it thereafter. The transactions in Revenue account have resulted in revenue surplus during 2005-2006 to 2008-2009. But in 2009-10 and 2010-11 the transactions have resulted in revenue deficit.

On the Fiscal side, it was committed by the Government to reduce the ratio of fiscal deficit to GSDP every year by 0.25 percent to 0.30 percent beginning from financial year 2002-2003 with medium term goal of not being more than 3 percent of fiscal deficit to GSDP to be attained by 31st March 2008 and adhere to it thereafter.

The goal was achieved in 2005-2006, when the Fiscal deficit was less by 1.7% as compared to 2004-2005 whereas in the year 2006-2007, instead of getting reduced the Fiscal deficit had gone up by 0.6%. In the year 2007-2008, the goal was achieved. During 2008-2009, the fiscal deficit had increased by 1.5 percent compared to 2007-2008. During 2009-10, the fiscal deficit had increased by 0.6 percent compared to 2008-09, the actual increase being 3.1 per cent. In 2010-11, there was no change in the ratio – the actual increase being 3.1 per cent.

Liabilities of the State Government increased by ₹46,003 crore from ₹71,643 crore in 2006-2007 to ₹1,17,646 crore during 2010-2011. Public Debt comprising Internal Debt of the State Government and Loans and Advances from the Central Government increased by ₹37,968 crore, from ₹53,082 crore in 2006-2007 to ₹91,050 crore at the end of the current year.

Details of the Public Debt and total liabilities of the State Government as on 31st March of each year for the past five years are as under:

GSDP : ₹5,33,021 crore

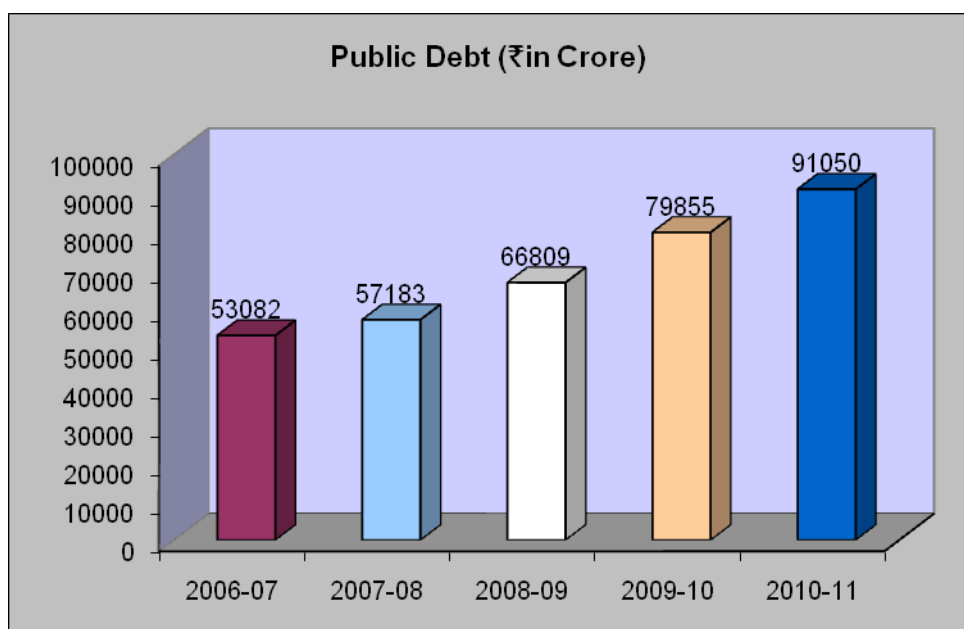
(₹ in crore)

Year	Internal Debt	Loans and advances from Central Government	Total Public Debt	Small Saving	Provident Funds	Other Obligations *	Total Liabilities	Total Liabilities to GSDP
2006-07	46,616	6,466	53,082	252	6,835	11,474	71,643	29.1 %
2007-08	50,249	6,934	57,183	260	7,211	12,292	76,946	27.6 %
2008-09	59,150	7,659	66,809	269	7,780	14,677	89,535	26.4 %
2009-10	71,498	8,357	79,855	253	8,775	15,850	1,04,733	27.6 %
2010-11	81,657	9,393	91,050	262	10,033	16,301	1,17,646	22.1%

* Includes Trust and Endowments, Reserve Funds, Deposits, Suspense and Remittances.

Trend in Cumulative Public Debt (Progressive figures) for the past Five years from 2006-07 to 2010-11 is depicted in chart 16.

Chart 16



Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be, from time to time, fixed by the State Legislature. Under Article 293(3), the State Government can raise loans only with the consent of Government of India, if any loan is outstanding or if there is any outstanding loan for which Government of India has stood guarantee. The Government of India had consented to the State Government for raising open market borrowing upto ₹9,981 crore during 2010-11.

5.3 Public Account

The State Government also acts as a banker and trustee in respect of the amounts under small savings collections, provident funds and deposits. There was an overall increase of ₹2,700 crore in respect of such liabilities of State Government during 2010-2011 and the balance to the end of the year was ₹10,411 crore, as indicated in the table below:

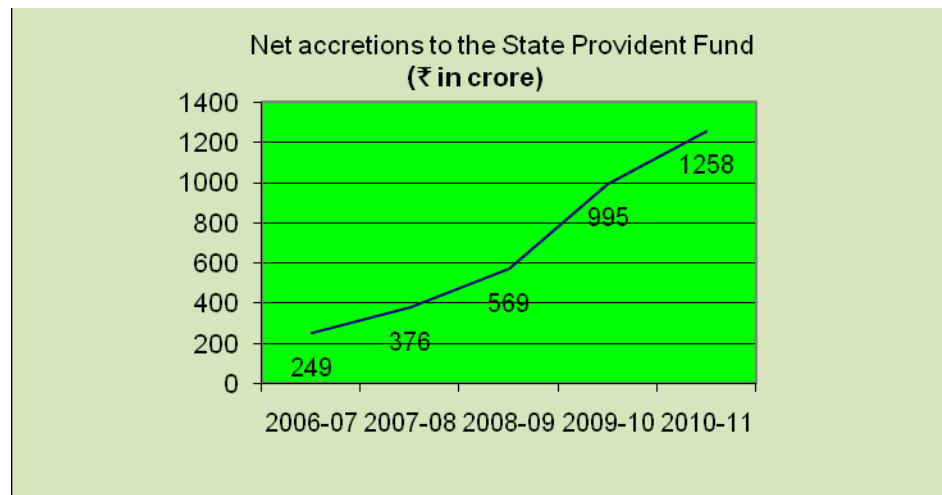
(₹ in crore)

Year	Opening Balance	Receipts	Payments	Closing Balance
2006-07	1,959	14,729	13,344	3,344
2007-08	3,344	17,296	16,776	3,864
2008-09	3,864	21,120	18,966	6,018
2009-10	6,018	23,630	21,937	7,711
2010-11	7,711	27,191	24,491	10,411

5.3.1 State Provident Fund

Receipts were more than the payments during the years 2006-07 to 2010-11 resulting in affirmative accretion to the Fund as shown in Chart 17.

Chart 17



5.4 Interest Payments

Interest payments on debt and other liabilities totaling ₹7,940 crore constituted 10.9 per cent of revenue expenditure of ₹72,917 crore. Interest payments on Public Debt were ₹6,821 crore (₹6,283 crore on internal debt, ₹538 crore on loans and advances from Central Government) and on other liabilities ₹1,119 crore (Charts 18 and 19). Expenditure on account of interest payments increased by ₹1,273 crore during 2010-11.

Chart 18

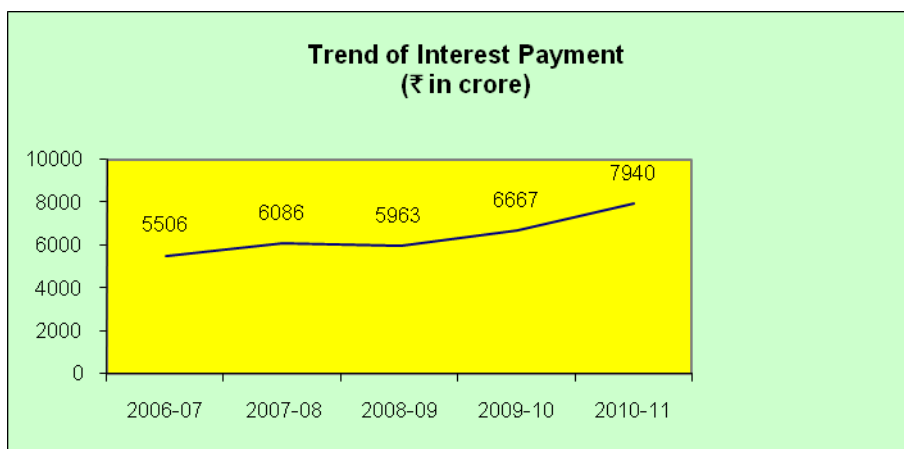
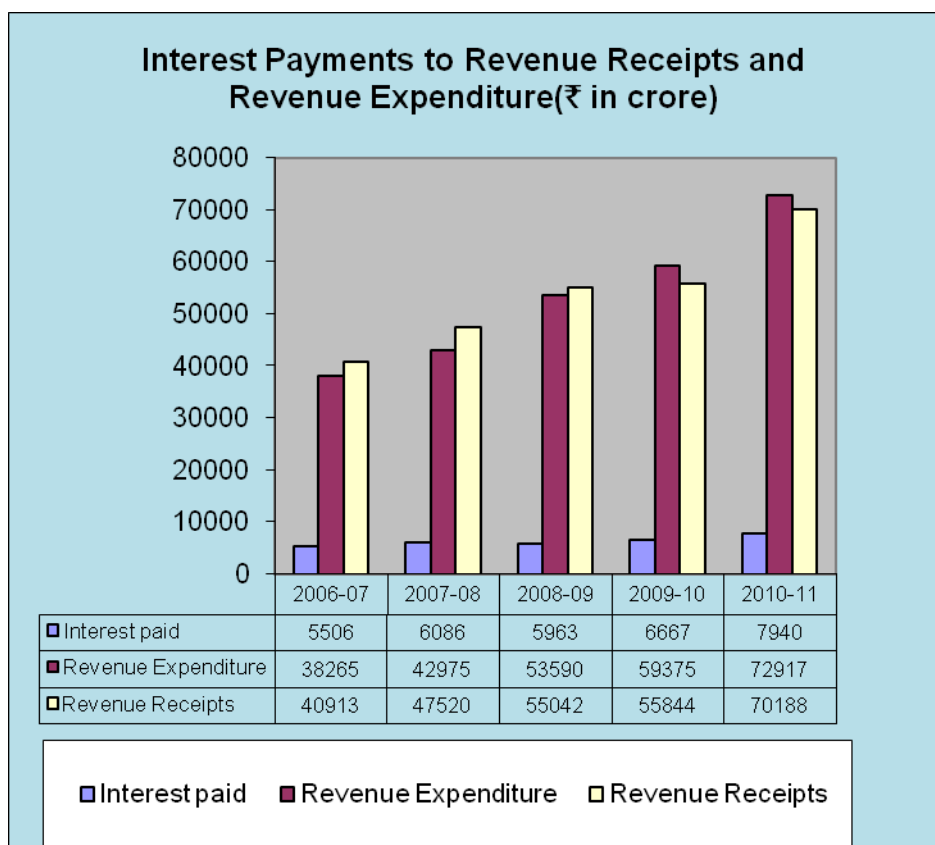


Chart 19



5.5. Utilisation of Borrowed Funds.

The new debt contracted during the year 2010-2011 was ₹14,492 crore constituting 17 per cent of the total receipts of ₹85,450 crore (Revenue Receipts: ₹70,188 crore and Capital Receipts: ₹15,262 crore). The borrowings were mainly for repayment of old debt and payment of interest thereon. The position representing new debt contracted and repayment of old debt for the past three years is indicated below:

Year	New Debt Contracted (₹in crore)	New Debt to Total Debt at the end of the year	Repayment of old debt to Total Debt
2008-09	11,841	17.7 %	3.2 %
2009-10	15,557	19.5 %	3.1 %
2010-11	14,492	15.9 %	3.6 %

The interest paid for repayment of debt during the year was ₹6,821 crore while it was ₹1,119 crore towards other obligations.

5.6 Ways and Means Advances

The State Government, in order to maintain and sustain its liquidity position, obtains Ways and Means Advances from the Reserve Bank of India and thereafter, draws upon the overdraft facility whenever there is shortfall in the agreed minimum cash balance in its account with the Reserve Bank of India. The State Government is required to maintain a minimum cash balance of ₹325 lakh with Reserve Bank of India on a daily basis. The position in this regard for the past five years is as under:

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
i) Number of days on which minimum balance was maintained					
a) Without obtaining any advance	365	366	365	365	365
b) By obtaining Normal Ways and Means Advances	--	--	--	--	..
c) By obtaining Special Ways and Means Advances	--	--	--	--	..
Total	365	366	365	365	365
ii) Number of days on which overdraft was taken	--	--	--	--	..

There was no occasion of drawal of Overdraft or resorting to Ways and Means Advances from 2006-07 to 2010-11.

5.7 Guarantees

The position of guarantees by the State Government for the payment of loans and capital and payment of interest thereon raised by Statutory Corporations and Boards, Government Companies, Co-operative Institutions, etc. is given below:

At the end of the year	Amount Guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
2006-07	15,942	3,960	78
2007-08	20,090	5,343	67
2008-09	11,062	4,487	145
2009-10	12,830	6,121	176
2010-11	810*	15,954	..

*Maximum amount guaranteed to Tamil Nadu State Co-operative Agriculture and Rural Development Bank during 2009-10 was ₹1,000.00 crore. The details for 2010-11 were not furnished.

Maximum amount guaranteed to Tamil Nadu Electricity Board (TNEB) during 2009-10 was ₹ 8,420.74 crore. During 2010-11 the TNEB has been trifurcated into 3 companies and the details of maximum guarantee for the three companies were not furnished.

CHAPTER - 6

OTHER ITEMS

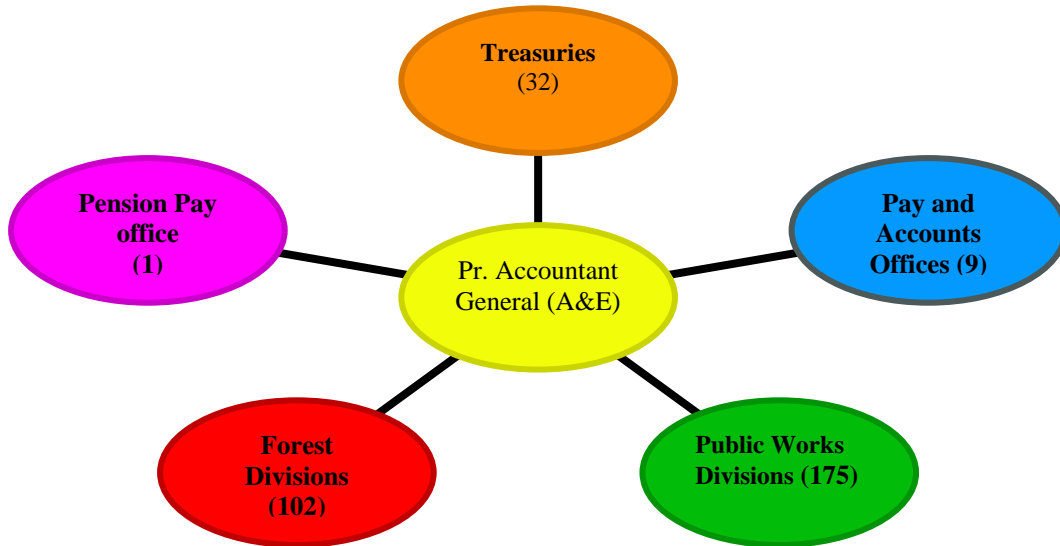
6.1 Loans and Advances by the State Government:

Total loans and advances made by the State Government at the end of 31st March 2011 was ₹9,769 crore. Recovery of principal amount aggregating to ₹8,999 crore was outstanding at the end of 31st March 2011.

Total loans and advances to Government Corporations / Companies, Non-Government Institutions, Local Bodies, Co-operatives etc. at the end of 31st March 2011 was ₹5,686 crore. The recovery of principal amounting to ₹5,420 crore was in arrears at the end of March 2011.

6.2 Submission of Accounts by Accounts rendering Authorities/Units:

Authorities/Units rendering accounts to Principal Accountant General



During the year 2010-2011 there was no delay in the rendition of accounts by Treasuries, Pay and Accounts Offices, Public Works Divisions and Forest Divisions. Vouchers for ₹6.46 crore were due to be received for the year 2010-2011 from various Treasuries.

6.3 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the departmental figures with the figures in the books of Principal Accountant General (A&E).

Further, the reconciliation of accounts figures is to be done monthly. Before annual accounts are finalised, the Departments reconcile their account figures with those booked in accounts compiled by the Principal Accountant General (A&E). For the year 2010-11 reconciliation has been completed 100 per cent in respect of expenditure and 98.9 per cent of receipts.

6.4 General Cash Balances

The closing cash balance according to the Reserve Bank of India was ₹(-) 532 crore (Net debit) against the general cash balance of ₹(-) 538 crore (Net credit) reflected in State Government accounts. The difference of ₹6 crore (Net credit) was under reconciliation. Difference to the extent of ₹5 crore (Net Debit) was cleared by the end of July 2011. Cash in Treasuries and Remittances in Transit amounted to ₹17 crore.

Investments held in the Cash Balance Investment Account as on 31st March 2011 were ₹13,496 crore. Other cash balances and investments comprising cash with departmental officers (₹2 crore), Permanent Advances with departmental officers (₹7 crore) and Investment of earmarked funds (₹2,762 crore) as on 31st March 2011 amounted to ₹2,771 crore.

The closing Cash Balance of the State Government decreased from ₹(-) 405 crore to ₹(-) 521 crore as on 31st March 2011 compared to the previous year.

