

IV

Fiscal Position of State Governments

The fiscal position of states witnessed consolidation in terms of deficit indicators in 2010-11. The year 2011-12 (RE) recorded a marginal improvement in revenue surplus, while fiscal deficit was higher due to an increase in capital outlay. However, state governments are budgeted to further strengthen their fiscal position in 2012-13, which would be primarily contributed by higher surplus in their revenue accounts during the year. A comparison with the Thirteenth Finance Commission's (FC-XIII) targets for deficits indicates that the states have by and large achieved the envisaged revenue balance in 2011-12, but the GFD-GSDP target was not met by 12 states. During 2012-13 (BE), most states expect to meet both the deficit targets. The majority of the states budgeted a higher capital outlay and also show an increase in their revenue surplus during 2012-13, thereby indicating that the quality of expenditure is not being compromised to achieve the deficit targets.

1. Introduction

4.1 The fiscal consolidation process of the states, which had resumed in 2010-11 after a setback in 2008-09 and 2009-10, was somewhat hampered by a slowdown in economic activities in 2011-12. As a result, the consolidated gross fiscal deficit as a ratio to GDP, which had declined significantly in 2010-11, increased marginally in 2011-12 (RE), although revenue account at the consolidated level continued to remain in surplus. However, most states have indicated a reduction in their fiscal deficit-GSDP ratio during 2012-13

(BE) through generation of increased surplus in their revenue accounts, which is expected to improve their overall fiscal balance at the consolidated level (Tables IV.1 and IV.3).

4.2 Non-special category (NSC) states and special category (SC) states at the consolidated level witnessed improvement in their key deficit indicators during 2010-11. While revenue account recorded improvement across the majority of states, GFD-GSDP ratios were lower due to a decline in capital outlay. However, the fiscal imbalances of consolidated NSC and SC states

Table IV.1: Major Deficit Indicators of State Governments

(Amount in ₹ billion)

Item	1990-98	1998-2004	2004-08	2008-10	2010-11	2011-12 (BE)	2011-12 (RE)	2012-13 (BE)
	Averages							
1	2	3	4	5	6	7	8	9
Gross Fiscal Deficit	(2.7)	(4.1)	(2.3)	1,617.0 (2.7)	1,614.6 (2.1)	1,977.2 (2.2)	2,078.8 (2.3)	2,152.7 (2.1)
Revenue Deficit	(0.8)	(2.5)	(0.0)	91.7 (0.1)	-30.5 (-0.0)	-197.0 (-0.2)	-60.9 (-0.1)	-425.7 (-0.4)
Primary Deficit	(0.9)	(1.7)	(0.0)	538.2 (0.9)	366.4 (0.5)	575.9 (0.7)	685.5 (0.8)	598.3 (0.6)

BE: Budget Estimates. RE: Revised Estimates.

Note: 1. Negative (-) sign indicates surplus.

2. Figures in parentheses are percentages to GDP.

3. The ratios to GDP at current market prices are based on CSO's National Accounts 2004-05 series.

Source: Budget Documents of the state governments.

widened in 2011-12 (RE) due to higher capital outlays across the majority of states. In 2012-13, finances of consolidated NSC and SC states are budgeted to improve due to an increase in revenue surpluses in the majority of states. It is pertinent to note that reduction in the revenue deficit of West Bengal and the increase in revenue surplus of Bihar in 2012-13 contributed substantially to the budgeted improvement in the consolidated revenue account of NSC states (Tables IV.2 and IV.3).

4.3 On the receipts side, the average aggregate receipts-GDP ratio, which had moderated in the post global financial crisis period, has revived to its high growth phase level of 16.1 per cent during 2011-12 to 2012-13. A phase-wise analysis shows that the increase in the average of revenue receipts-GDP ratio of the states during the fiscal consolidation phase, *i.e.*,

2004-08 over that in 1998-2004 period, was largely attributable to an increase in central transfers, although the states' own revenues also increased over the same period. During 2008-10, the average revenue receipts-GDP ratio further increased, with the increase in central transfers more than offsetting the decline in states' own revenues. During 2010-11 to 2012-13 (BE), the revenue receipts-GDP ratio shows a gradual increase on account of improvement in both states' own tax revenues (OTR) and central transfers. The states' OTR as a ratio to GDP has been steadily increasing from an average of 5.1 per cent during 1990-98 to 6.3 per cent in 2012-13 (BE) (Table IV. 4).

4.4 The average aggregate expenditure-GDP ratio during 2004-08 was lower than that in 1998-04 due to a sharp decline in revenue expenditure, even though there was an increase in the capital

Table IV.2: Fiscal Imbalances in Non-Special and Special Category States

	2004-08 (Avg.)	2008-10 (Avg.)	2010-11		2011-12 (RE)		2012-13 (BE)	
	Per cent to GSDP	Per cent to GSDP	Per cent to GSDP	Deterioration in No. of States	Per cent to GSDP	Deterioration in No. of States	Per cent to GSDP	Deterioration in No. of States
1	2	3	5	6	7	8	9	10
Revenue Deficit								
Non-Special Category States	0.2	0.3	0.1	3	0.1	9	-0.3	4
Special Category States	-2.8	-3.1	-2.3	5	-2.5	4	-3.7	2
All States Consolidated*	0.0	0.1	-0.0	8	-0.1	13	-0.4	6
Gross Fiscal Deficit								
Non-Special Category States	2.7	3.1	2.5	3	2.7	10	2.5	8
Special Category States	3.1	3.6	2.9	4	4.5	8	3.1	2
All States Consolidated*	2.3	2.7	2.1	7	2.3	18	2.1	10
Primary Deficit								
Non-Special Category States	0.0	1.0	0.6	3	0.9	11	0.7	8
Special Category States	-0.5	0.6	0.1	4	1.8	8	0.5	3
All States Consolidated*	0.0	0.9	0.5	7	0.8	19	0.6	11
Primary Revenue Balance								
Non-Special Category States	-2.5	-1.7	-1.8	4	-1.8	9	-2.1	5
Special Category States	-6.4	-6.0	-5.0	6	-5.1	4	-6.3	2
All States Consolidated*	-2.3	-1.7	-1.7	10	-1.6	13	-1.9	7

* : As a ratio to GDP.

RE: Revised Estimates

BE: Budget Estimates

Source: Budget documents of the state governments.

Note : Negative (-) sign indicates surplus

Table IV.3: Deficit Indicators of State Governments

(Per cent)

State	2004-08 (Avg.)*				2010-11				2011-12 (RE)				2012-13 (BE)			
	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP
1	3	2	4	5	7	6	8	9	10	11	12	13	14	15	16	17
I. Non-Special Category	0.2	2.7	0.0	-2.5	0.1	2.5	0.6	-1.8	0.1	2.7	0.9	-1.8	-0.3	2.5	0.7	-2.1
1. Andhra Pradesh	0.0	2.8	0.2	-2.6	-0.4	2.0	0.4	-2.1	-0.1	2.6	1.0	-1.7	-0.6	2.6	1.0	-2.2
2. Bihar	-2.0	2.6	-1.2	-5.8	-3.0	1.9	-0.2	-5.0	-0.3	5.4	3.4	-2.3	-2.7	2.9	0.9	-4.7
3. Chhattisgarh	-2.7	0.9	-0.9	-4.4	-2.9	-0.3	-1.4	-3.9	-1.6	2.8	1.9	-2.5	-1.8	2.8	2.0	-2.6
4. Goa	-0.1	3.6	1.0	-2.7	-2.0	1.7	-0.3	-4.0	0.3	4.1	2.6	-1.3	0.2	3.8	2.4	-1.3
5. Gujarat	0.2	2.6	0.0	-2.3	1.0	2.9	1.1	-0.9	-0.3	2.2	0.3	-2.2	-0.5	2.6	0.8	-2.4
6. Haryana	-0.9	0.4	-1.5	-2.8	1.0	2.7	1.5	-0.2	0.8	2.5	1.1	-0.6	0.7	2.1	0.6	-0.8
7. Jharkhand	2.0	7.4	5.9	0.5	0.1	4.4	2.4	-1.8	-0.5	3.2	1.3	-2.4	-3.3	2.1	0.3	-5.1
8. Karnataka	-1.3	2.0	0.1	-3.3	-1.1	2.8	1.3	-2.6	-0.7	2.9	1.5	-2.1	-0.2	2.9	1.5	-1.6
9. Kerala	2.3	3.2	0.4	-0.4	1.3	2.8	0.7	-0.7	1.7	3.5	1.5	-0.3	0.9	2.7	0.9	-1.0
10. Madhya Pradesh	-1.8	3.3	0.4	-4.6	-2.5	1.9	0.1	-4.4	-2.6	2.6	0.7	-4.5	-1.9	3.0	1.1	-3.8
11. Maharashtra	0.2	2.4	0.5	-1.8	0.1	1.8	0.3	-1.4	0.2	1.7	0.3	-1.3	0.0	1.7	0.3	-1.4
12. Odisha	-1.4	0.1	-3.5	-5.0	-2.0	0.3	-1.2	-3.6	-1.4	0.9	-0.9	-3.2	-0.9	1.8	0.1	-2.7
13. Punjab	2.1	3.3	-0.2	-1.3	2.4	3.2	0.7	-0.1	2.2	3.8	1.3	-0.3	1.1	3.1	0.8	-1.2
14. Rajasthan	0.2	3.1	-0.4	-3.3	-0.3	1.3	-1.0	-2.6	-0.1	2.1	-0.1	-2.3	-0.2	2.1	0.1	-2.3
15. Tamil Nadu	-0.6	1.4	-0.4	-2.5	0.5	3.2	1.7	-1.0	-0.1	2.9	1.4	-1.6	-0.3	2.9	1.4	-1.8
16. Uttar Pradesh	0.2	3.7	0.3	-3.2	-0.6	3.0	0.5	-3.1	-1.3	2.9	0.6	-3.6	-0.8	3.0	0.7	-3.1
17. West Bengal	3.3	4.4	0.2	-0.9	3.6	4.1	1.2	0.7	3.1	3.9	1.0	0.2	1.1	2.5	-0.3	-1.8
II. Special Category	-2.8	3.1	-0.5	-6.4	-2.3	2.9	0.1	-5.0	-2.5	4.5	1.8	-5.1	-3.7	3.1	0.5	-6.3
1. Arunachal Pradesh	-9.3	3.7	-0.3	-13.3	-20.4	-0.1	-5.0	-25.2	-19.7	16.9	13.5	-23.1	-23.1	3.2	-0.2	-26.5
2. Assam	-2.3	0.3	-2.1	-4.7	-0.1	1.9	0.1	-1.9	-0.3	3.9	2.1	-2.1	-1.1	3.0	1.4	-2.7
3. Himachal Pradesh	0.3	3.7	-2.1	-5.4	1.0	3.4	-0.2	-2.6	-0.8	2.9	-0.5	-4.2	-0.6	2.9	-0.5	-3.9
4. Jammu and Kashmir	-6.0	5.3	0.7	-10.6	-6.9	4.3	0.2	-11.1	-4.9	6.1	2.0	-9.0	-7.6	2.9	-0.9	-11.4
5. Manipur	-8.5	4.9	0.3	-13.1	-14.1	5.9	2.1	-17.9	-3.4	15.5	11.9	-7.0	-14.2	4.2	0.5	-17.9
6. Meghalaya	-1.2	2.6	0.2	-3.6	-1.8	2.4	0.6	-3.6	-4.0	2.6	0.8	-5.8	-5.5	2.1	0.2	-7.3
7. Mizoram	-4.3	9.5	3.2	-10.7	0.4	10.6	6.5	-3.7	-2.8	7.0	3.1	-6.7	-7.8	3.3	0.3	-10.8
8. Nagaland	-4.7	3.9	0.0	-8.5	-7.3	2.8	-0.7	-10.8	-6.0	5.8	2.2	-9.6	-9.9	3.5	-0.3	-13.6
9. Sikkim	-11.0	6.3	1.1	-16.3	-2.5	5.6	2.3	-5.8	-13.2	4.8	1.9	-16.0	-17.5	3.5	0.6	-20.4
10. Tripura	-6.6	0.7	-3.0	-10.3	-4.7	1.4	-1.1	-7.2	-7.0	2.0	-0.6	-9.5	-5.7	2.6	0.0	-8.2
11. Uttarakhand	0.1	5.3	2.6	-2.7	0.0	2.4	0.5	-1.9	-0.3	3.1	1.1	-2.3	-0.4	3.4	1.4	-2.5
All States#	0.0	2.3	0.0	-2.3	-0.0	2.1	0.5	-1.7	-0.1	2.3	0.8	-1.6	-0.4	2.1	0.6	-1.9
<i>Memo Item:</i>																
1. NCT Delhi	-3.3	0.7	-0.8	-4.8	-4.0	-0.3	-1.3	-5.0	-1.2	1.0	0.1	-2.1	-1.6	0.7	-0.2	-2.5
2. Puducherry	0.4	4.0	1.7	-1.9	2.6	5.5	2.9	0.1	2.0	4.9	2.0	-0.9	1.5	4.8	2.1	-1.2

Avg.: Average.

RE: Revised Estimates.

PD: Primary Deficit.

PRB: Primary Revenue Balance.

RD: Revenue Deficit.

GFD: Gross Fiscal Deficit.

GSDP: Gross State Domestic Product.

*: Data for Puducherry pertain to 2006-07.

#: Data for All States are as per cent to GDP.

Note: Negative (-) sign indicates surplus.**Source:** Based on Budget Documents of the state governments.

outlay. During the crisis years, *i.e.*, 2008-10, the average aggregate expenditure-GDP ratio remained unchanged at 15.7 per cent as the increase in revenue expenditure was offset by a

decline in capital expenditure. Although the aggregate expenditure-GDP ratio had declined in 2010-11, it increased by 1.1 percentage points in 2011-12 (RE), mainly on account of an increase in

Table IV.4: Aggregate Receipts of State Governments

(Amount in ₹ billion)

Item	1990-98	1998-2004	2004-08	2008-10	2010-11	2011-12 (RE)	2012-13 (BE)	Variation (Per cent)	
	(Average)							Col.7/6	Col.8/7
1	2	3	4	5	6	7	8	9	10
Aggregate Receipts (1+2)	1,515.2 (15.0)	3,666.2 (15.9)	6,496.6 (16.1)	9,494.6 (15.7)	11,735.7 (15.3)	14,259.4 (16.1)	16,333.0 (16.1)	21.5	14.5
1. Revenue Receipts (a+b)	1,143.5 (11.3)	2,400.8 (10.5)	4,872.1 (11.9)	7,314.0 (12.1)	9,353.5 (12.2)	11,414.7 (12.9)	13,309.8 (13.1)	22.0	16.6
a. States' Own Revenue (i+ii)	696.2 (6.8)	1,501.2 (6.5)	2,921.1 (7.2)	4,279.2 (7.1)	5,523.6 (7.2)	6,578.5 (7.4)	7,649.7 (7.5)	19.1	16.3
i. States' Own Tax	518.0 (5.1)	1,187.8 (5.2)	2,333.6 (5.7)	3,425.0 (5.7)	4,607.1 (6.0)	5,514.7 (6.2)	6,450.7 (6.3)	19.7	17.0
ii. States' Own Non-Tax	178.2 (1.7)	313.4 (1.4)	587.5 (1.4)	854.2 (1.4)	916.5 (1.2)	1,063.9 (1.2)	1,199.0 (1.2)	16.1	12.7
b. Current Transfers (i+ii)	447.3 (4.5)	899.6 (3.9)	1,951.0 (4.7)	3,034.8 (5.0)	3,829.9 (5.0)	4,836.1 (5.5)	5,660.1 (5.6)	26.3	17.0
i. Shareable Taxes	254.3 (2.5)	517.0 (2.3)	1,110.7 (2.7)	1,630.3 (2.7)	2,194.9 (2.9)	2,597.3 (2.9)	3,021.9 (3.0)	18.3	16.3
ii. Grants-in Aid	193.0 (2.0)	382.6 (1.7)	840.4 (2.0)	1,404.5 (2.3)	1,635.0 (2.1)	2,238.9 (2.5)	2,638.2 (2.6)	36.9	17.8
2. Capital Receipts (a+b)	371.8 (3.7)	1,265.4 (5.4)	1,624.5 (4.2)	2,180.7 (3.6)	2,382.3 (3.1)	2,844.7 (3.2)	3,023.3 (3.0)	19.4	6.3
a. Loans from Centre@	180.8 (1.8)	260.9 (1.2)	117.4 (0.3)	75.6 (0.1)	94.8 (0.1)	159.9 (0.2)	202.1 (0.2)	68.7	26.4
b. Other Capital Receipts	191.0 (1.9)	1,004.5 (4.2)	1,507.1 (3.9)	2,105.1 (3.5)	2,287.5 (3.0)	2,684.9 (3.0)	2,821.1 (2.8)	17.4	5.1

RE: Revised Estimates. BE: Budget Estimates.

@ With the change in the system of accounting with effect from 1999-2000, states' share in small savings which was included earlier under loans from centre is included under internal debt and shown as special securities issued to National Small Savings Fund (NSSF) of the central government. The data for the years prior to 1999-2000 as reported in this Table, however, exclude loans against small savings, for the purpose of comparability.

Note: 1. The period averages provided in this table reflect the different fiscal phases of the states.

2. Figures in parentheses are percentages to GDP.

3. Capital receipts include public accounts on a net basis. Also see Notes to Appendices.

Source: Budget Documents of the state governments.

revenue expenditure. For 2012-13, the aggregate expenditure-GDP ratio is expected to be marginally lower on account of a decline in revenue expenditure (Table IV.5).

2. Accounts: 2010-11¹

4.5 After having implemented an expansionary fiscal policy to address the slowdown in 2008-09 and 2009-10, the challenge before the state governments was to revert to the fiscal consolidation path. The state governments had, in their budgets for 2010-11, proposed to carry

forward their fiscal consolidation, in keeping with the recommendation of the FC-XIII. The focus was on expenditure control against the backdrop of the rollback of fiscal stimulus measures and the tapering off of the impact of the Sixth Pay Commission Award. In 2010-11, key deficit-GDP ratios declined over the previous year, primarily on account of a boost in revenues led by a strengthening of the growth momentum. Revenue account turned to a surplus position in 2010-11 from a deficit in 2009-10, supported by an increase in the revenue receipts-GDP ratio as also a

¹ All comparisons for 2010-11 in this section are with respect to the revised estimates for the year, unless otherwise stated.

Table IV.5: Expenditure Pattern of State Governments

(Amount in ₹ billion)

Item	1990-98	1998-2004	2004-08	2008-10	2010-11	2011-12 (RE)	2012-13 (BE)	Variation (Per cent)	
	(Average)							Col.7/6	Col.8/7
1	2	3	4	5	6	7	8	9	10
Aggregate Expenditure (1+2 = 3+4+5)	1,511.4 (15.0)	3,670.8 (15.9)	6,311.8 (15.7)	9,488.3 (15.7)	11,587.3 (15.1)	14,330.8 (16.2)	16,322.9 (16.1)	23.7	13.9
1. Revenue Expenditure	1,230.5 (12.1)	2,959.7 (12.9)	4,818.0 (11.9)	7,405.7 (12.2)	9,323.0 (12.1)	11,353.8 (12.8)	12,884.1 (12.7)	21.8	13.5
of which:									
Interest payments	181.3 (1.7)	570.1 (2.5)	908.6 (2.3)	1,078.8 (1.8)	1,248.2 (1.6)	1,393.3 (1.6)	1,554.4 (1.5)	11.6	11.6
2. Capital Expenditure	280.9 (2.8)	711.1 (3.0)	1,493.8 (3.7)	2,082.6 (3.5)	2,264.3 (3.0)	2,977.1 (3.4)	3,438.8 (3.4)	31.5	15.5
of which:									
Capital outlay	146.2 (1.4)	328.1 (1.4)	886.5 (2.2)	1,459.2 (2.4)	1,519.3 (2.0)	1,952.8 (2.2)	2,372.1 (2.3)	28.5	21.5
3. Development Expenditure	993.1 (9.9)	2,093.6 (9.2)	3,682.9 (9.1)	6,024.1 (10.0)	7,203.5 (9.4)	9,208.8 (10.4)	10,332.4 (10.2)	27.8	12.2
4. Non-Development Expenditure	444.0 (4.3)	1,270.1 (5.5)	2,050.7 (5.1)	2,812.6 (4.6)	3,572.9 (4.7)	4,132.9 (4.7)	4,792.9 (4.7)	15.7	16.0
5. Others*	74.3 (0.8)	307.1 (1.3)	578.2 (1.5)	651.6 (1.1)	810.9 (1.1)	989.2 (1.1)	1,197.8 (1.2)	22.0	21.1

Avg.: Average. RE: Revised Estimates. BE: Budget Estimates.

*: Includes repayment of loans to Centre, discharge of internal debt, grants-in-aid and contributions (compensation and assignments to local bodies).

Note: 1. The period averages provided in this table reflect the different fiscal phases of the States.

2. Figures in parentheses are percent to GDP.

3. Capital Expenditure is given exclusive of Public Accounts. Also see Notes to Appendices.

Source: Budget Documents of the state governments.

reduction in the revenue expenditure-GDP ratio. The improvement in the revenue receipts-GDP ratio was entirely due to higher tax receipts from both states' own tax revenue and share in central taxes as ratios to GDP. On the expenditure front, the revenue expenditure-GDP ratio declined, reflecting a lower development revenue expenditure-GDP ratio. The surplus in the revenue account coupled with a decline in the capital outlay-GDP ratio resulted in a sharp decline in the consolidated GFD-GDP ratio and the primary deficit-GDP (PD-GDP) ratio by 0.8 percentage points and 0.7 percentage points, respectively, over 2009-10.

4.6 A comparison of the accounts figures with the revised estimates for 2010-11 shows that there was a turnaround in the revenue account from

deficit to surplus since the decline in revenue expenditure was larger than that in revenue receipts. Together with a cutback in the capital outlay-GDP ratio, the ratios of consolidated GFD-GDP and PD-GDP were lower than in the revised estimates.

4.7 Despite an improvement in the revenues from states' own taxes and tax devolution from the centre, revenue receipts in 2010-11 were lower, reflecting the impact of reduced receipts from states' own non-tax revenues, viz., 'irrigation', 'power' and 'interest receipts', as also grants from the centre to the states. Revenue expenditure was also lower than the revised estimate, largely due to a decline in development revenue expenditure on 'education, sports, art and culture', 'transport and communication', 'relief on account of natural

calamities' and 'rural development'. Non-development expenditure on 'administrative

services' and 'interest payments' was also lower in 2010-11 (Table IV.6).

Table IV.6: Variation in Major Items - 2010-11 (Accounts) over 2010-11 (RE)

(Amount in ₹ billion)

Item	2010-11 (RE)	2010-11 (Accounts)	Variation		Share in variation* (Per cent)
			Amount	Per cent	
1	2	3	4	5	6
I. Revenue Receipts (i+ii)	9,680.7	9,353.5	-327.2	-3.4	100.0
(i) Tax Revenue (a+b)	6,734.2	6,802.0	67.8	1.0	-20.7
(a) Own Tax Revenue	4,582.7	4,607.1	24.4	0.5	-7.4
of which: Sales Tax	2,819.3	2,788.4	-30.9	-1.1	9.4
(b) Share in Central Taxes	2,151.5	2,194.9	43.4	2.0	-13.3
(ii) Non-Tax Revenue	2,946.5	2,551.5	-395.0	-13.4	120.7
(a) States' Own Non-Tax Revenue	979.0	916.5	-62.5	-6.4	19.1
(b) Grants from Centre	1,967.5	1,635.0	-332.6	-16.9	101.6
II. Revenue Expenditure	9,932.5	9,323.0	-609.5	-6.1	100.0
of which:					
(i) Development Expenditure	6,066.1	5,567.0	-499.1	-8.2	81.9
of which:					
Education, Sports, Art and Culture	1,976.8	1,876.2	-100.6	-5.1	16.5
Transport and Communication	239.6	220.0	-19.6	-8.2	3.2
Power	369.8	366.1	-3.7	-1.0	0.6
Relief on account of Natural Calamities	119.7	87.6	-32.1	-26.8	5.3
Rural Development	356.3	325.9	-30.4	-8.5	5.0
(ii) Non-Development Expenditure	3,590.8	3,502.0	-88.9	-2.5	14.6
of which:					
Administrative Services	803.9	751.6	-52.3	-6.5	8.6
Pension	1,065.7	1,082.6	16.9	1.6	-2.8
Interest Payments	1,269.5	1,248.2	-21.3	-1.7	3.5
III. Capital Receipts	2,366.0	2,382.3	16.3	0.7	100.0
of which:					
Non-Debt Capital Receipts	9.6	12.4	2.8	29.3	17.2
IV. Capital Expenditure	2,431.0	2,264.3	-166.7	-6.9	100.0
of which:					
Capital Outlay	1,704.0	1,519.3	-184.7	-10.8	110.8
of which:					
Capital Outlay on Irrigation and Flood Control	459.7	432.5	-27.2	-5.9	16.3
Capital Outlay on Energy	168.4	159.1	-9.3	-5.5	5.6
Capital Outlay on Transport	343.7	348.6	4.9	1.4	-2.9
<i>Memo Item:</i>					
Revenue Deficit	251.8	-30.5	-282.3	-112.1	
Gross Fiscal Deficit	2,066.7	1,614.6	-452.1	-21.9	
Primary Deficit	797.2	366.4	-430.8	-54.0	

RE: Revised Estimates. * : Denotes percentage share in relevant total.

Note: 1. Negative (-) sign in deficit indicators indicates surplus.

2. Capital receipts include public accounts on a net basis while capital expenditure excludes public accounts.

3. Also see Notes to Appendices.

Source: Budget Documents of the state governments.

3. Revised Estimates: 2011-12²

4.8 The fiscal position at the consolidated level during 2011-12 (RE) in comparison with 2010-11 (accounts) shows that while the revenue surplus as a ratio to GDP improved marginally, the consolidated GFD-GDP ratio was higher due to an increase in the capital outlay-GDP ratio. The state-wise position in 2011-12 (RE) over 2010-11 reveals that while the revenue deficit-GSDP ratio deteriorated in 13 out of 28 states, the fiscal deficit-GSDP ratios were higher in 18 states (Tables IV.1 and IV.3).

4.9 In terms of the consolidated position of the state governments for 2011-12 (RE), despite lower capital outlay-GDP ratio the fiscal deficit and primary deficit as ratios to GDP were higher than the budgeted levels. This was on account of lower revenue surplus at the consolidated level resulting from higher than budgeted revenue expenditure, which more than offset the increase in revenue receipts.

4.10 Higher tax receipts from both states' OTR and tax devolution from the centre contributed to the higher revenue receipts in 2011-12 (RE). States' OTR in 2011-12(RE) exceeded the budgeted level on account of higher collections from taxes on commodities. However, non-tax revenues were lower due to grants from the centre, although states' own non-tax revenues were higher in the revised estimates (Table IV.8).

4.11 In 2011-12 (RE), revenue receipts as a ratio to GSDP increased in 25 states over 2010-11 despite the moderation in economic growth. States' own revenues, viz., own tax revenue and own non-tax revenue as ratios to GSDP, increased in 24 and 17 states, respectively. During 2011-12, sharp increases in the prices of petroleum products helped boost states' OTR, because revenue from VAT on petroleum products accounts

for around one-third of the total VAT revenue. The share of VAT on petroleum products in total VAT revenue increased in 15 states; at the consolidated level this share increased to 31.3 per cent during 2011-12 (Table IV.7). Within current transfers, states' share in central taxes and grants from the centre increased in 25 and 24 states, respectively (Table IV.10).

4.12 Performance in terms of VAT-GSDP ratio of the consolidated NSC and SC states showed a gradual improvement during 2009-10 to 2011-12

Table IV.7: Contribution of VAT on Petroleum Products in Total Revenue from VAT

State/UT	2010-11	2011-12 (RE)
Non-special Category States		
Andhra Pradesh	27.8	28.5
Bihar	39.0	38.1
Chhattisgarh	34.5	32.6
Goa	36.6	35.7
Gujarat	42.5	43.4
Haryana	28.6	28.1
Jharkhand	29.2	26.5
Karnataka	24.9	26.2
Kerala	22.7	21.4
Madhya Pradesh	39.4	41.5
Maharashtra	31.6	42.6
Orissa	26.0	24.9
Punjab	15.0	22.7
Rajasthan	34.4	34.9
Tamil Nadu	29.1	26.6
Uttar Pradesh	33.1	30.4
West Bengal	30.0	28.6
Special Category States		
Arunachal Pradesh	18.8	74.9
Assam	35.4	35.4
Himachal Pradesh	9.7	6.8
Jammu & Kashmir	27.0	26.3
Manipur	18.3	29.4
Meghalaya	11.2	1.6
Mizoram	30.4	49.7
Nagaland	25.0	27.2
Sikkim	27.1	47.5
Tripura	20.9	22.8
Uttarakhand	24.5	31.3
All States	30.2	31.3

² All comparisons for 2011-12 in this section are with respect to budget estimates for the year, unless otherwise stated.

(RE). It may be mentioned that Andhra Pradesh, Karnataka, Kerala and Tamil Nadu among the NSC states and Assam, Himachal Pradesh and Jammu and Kashmir among the SC states recorded relatively higher VAT-GSDP ratios than the other states in their respective categories. In contrast, the VAT-GSDP ratio in Bihar and West

Bengal was significantly lower than in other NSC states during the same period (Chart IV.1).

4.13 On the expenditure side, revenue expenditure was higher in 2011-12 (RE) with the entire increase being contributed by higher development expenditure on social and economic

Table IV.8: Variation in Major Items - 2011-12 (RE) over 2011-12 (BE)

(Amount in ₹ billion)

Item	2011-12 (BE)	2011-12 (RE)	Variation		Share in variation* (Per cent)
			Amount	Per cent	
1	2	3	4	5	6
I. Revenue Receipts (i+ii)	11,218.4	11,414.7	196.2	1.7	100.0
(i) Tax Revenue (a+b)	7,904.8	8,111.9	207.1	2.6	105.5
(a) Own Tax Revenue	5,395.8	5,514.7	118.8	2.2	60.5
<i>of which:</i> Sales Tax	3,340.3	3,419.9	79.6	2.4	40.6
(b) Share in Central Taxes	2,508.9	2,597.3	88.3	3.5	45.0
(ii) Non-Tax Revenue	3,313.7	3,302.8	-10.9	-0.3	-5.5
(a) States' Own Non-Tax Revenue	1,026.2	1,063.9	37.7	3.7	19.2
(b) Grants from Centre	2,287.5	2,238.9	-48.6	-2.1	-24.7
II. Revenue Expenditure	11,021.4	11,353.8	332.3	3.0	100.0
<i>of which:</i>					
(i) Development Expenditure	6,680.0	7,016.7	336.7	5.0	101.3
<i>of which:</i> Education, Sports, Art and Culture	2,254.4	2,309.3	54.9	2.4	16.5
Transport and Communication	259.4	281.6	22.2	8.6	6.7
Power	380.2	456.6	76.4	20.1	23.0
Relief on account of Natural Calamities	81.3	133.5	52.2	64.2	15.7
Rural Development	407.2	423.9	16.8	4.1	5.0
(ii) Non-Development Expenditure	4,019.1	4,000.8	-18.2	-0.5	-5.5
<i>of which:</i> Administrative Services	965.1	927.8	-37.3	-3.9	-11.2
Pension	1,168.8	1,217.5	48.6	4.2	14.6
Interest Payments	1,401.3	1,393.3	-8.0	-0.6	-2.4
III. Capital Receipts	2,750.8	2,844.7	94.0	3.4	100.0
<i>of which:</i> Non-Debt Capital Receipts	20.4	2.0	-18.4	-90.0	-19.6
IV. Capital Expenditure	2,876.0	2,977.1	101.0	3.5	100.0
<i>of which:</i> Capital Outlay	2,027.5	1,952.8	-74.7	-3.7	-73.9
<i>of which:</i> Capital Outlay on Irrigation and Flood Control	583.6	505.7	-78.0	-13.4	-77.2
Capital Outlay on Energy	162.7	203.2	40.4	24.8	40.0
Capital Outlay on Transport	390.6	395.9	5.3	1.4	5.2
Memo Item:					
Revenue Deficit	-197.0	-60.9	136.1	-69.1	
Gross Fiscal Deficit	1,977.2	2,078.8	101.6	5.1	
Primary Deficit	575.9	685.5	109.5	19.0	

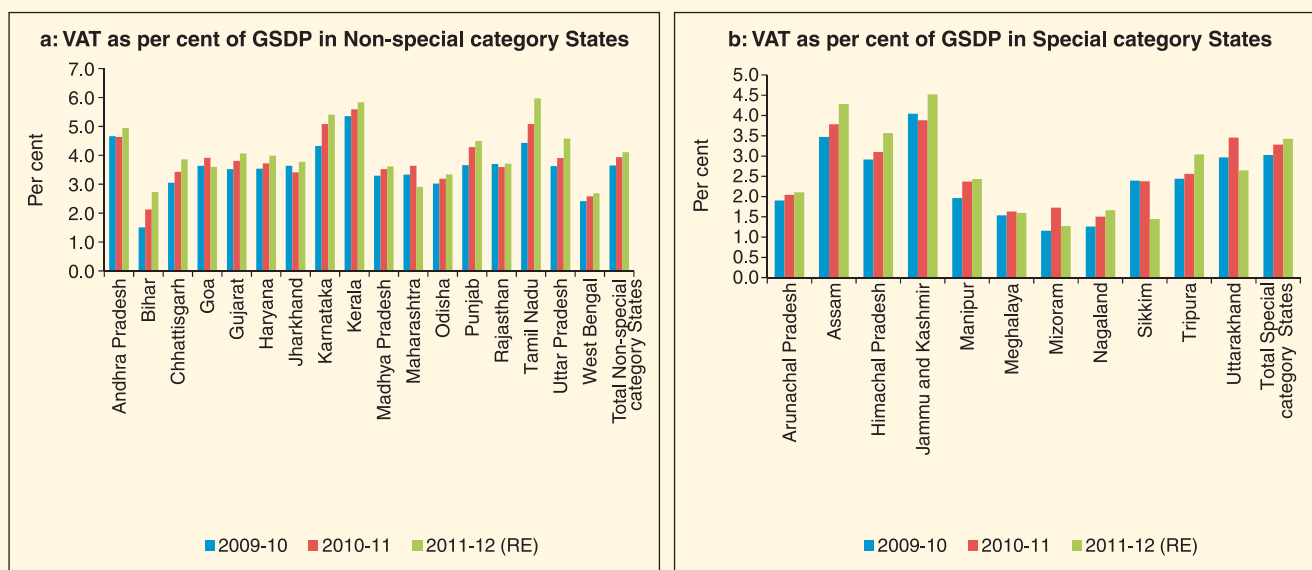
BE: Budget Estimates. RE: Revised Estimates.

* : Denotes percentage share in relevant total.

Note: See Notes to Table IV.2.

Source: Budget Documents of the state governments.

Chart IV.1: Value Added Tax in Non-special and Special Category States



services. Non-development revenue expenditure was, however, marginally lower in 2011-12(RE) due to lower than budgeted expenditure on 'interest payments', 'administrative services' and 'miscellaneous general services'.

4. Budget Estimates: 2012-13³

Key Deficit Indicators

4.14 All the key deficit indicators of states at the consolidated level are budgeted to improve in 2012-13, indicative of the states' intent to carry forward fiscal consolidation as envisaged by FC-XIII. Higher growth in revenue receipts than in revenue expenditure during 2012-13 is expected to boost the revenue surplus of states at the consolidated level to 0.4 per cent of GDP. The improvement in the revenue account is expected to reduce GFD and PD by 0.2 percentage points of GDP each and would also provide resources for higher capital outlays. With the improvement in the revenue accounts of 22 states over 2011-12 (RE), 23 states have budgeted for revenue surplus in

2012-13. The GFD and PD as ratios to GSDP are budgeted to decline in 18 and 17 states, respectively, in 2012-13 (Tables IV.3 and IV.9).

Revenue Receipts

4.15 Revenue receipts as a ratio to GDP are placed higher in 2012-13 (BE), with states' OTR budgeted to contribute around 50 per cent of the increase in revenue receipts. States' own non-tax revenues are also budgeted to increase in 2012-13; while non-tax revenue from 'education, sports, art and culture' is estimated to increase, lower revenues are expected from 'interest receipts' and 'dividend and profits' in 2012-13. Current transfers from the central government in the form of tax devolution and grants are also budgeted to increase in 2012-13 (Chart IV.2, Tables IV.4 and IV.9 and Appendix Table 3).

4.16 Revenue receipts-GSDP ratios are expected to increase in 16 states during 2012-13 (BE). Within revenue receipts, states' own revenues, viz., OTR and ONTR as ratios to GSDP, are budgeted to increase in 20 and 11 states,

³ All comparisons for 2012-13 in this section are with respect to revised estimates for 2011-12, unless otherwise stated.

Table IV.9: Variation in Major Items - 2012-13 (BE) over 2011-12 (RE)

(Amount in ₹ billion)

Item	2011-12 (RE)	2012-13 (BE)	Variation		Share in variation* (Per cent)
			Amount	Per cent	
1	2	3	4	5	6
I. Revenue Receipts (i+ii)	11,414.7	13,309.8	1,895.1	16.6	100.0
(i) Tax Revenue (a+b)	8,111.9	9,472.6	1,360.6	16.8	71.8
(a) Own Tax Revenue	5,514.7	6,450.7	936.0	17.0	49.4
of which: Sales Tax	3,419.9	4,034.0	614.2	18.0	32.4
(b) Share in Central Taxes	2,597.3	3,021.9	424.6	16.3	22.4
(ii) Non-Tax Revenue	3,302.8	3,837.2	534.4	16.2	28.2
(a) States' Own Non-Tax Revenue	1,063.9	1,199.0	135.1	12.7	7.1
(b) Grants from Centre	2,238.9	2,638.2	399.4	17.8	21.1
II. Revenue Expenditure	11,353.8	12,884.1	1,530.3	13.5	100.0
of which:					
(i) Development Expenditure	7,016.7	7,877.6	860.8	12.3	56.3
of which: Education, Sports, Art and Culture	2,309.3	2,605.1	295.8	12.8	19.3
Transport and Communication	281.6	308.1	26.5	9.4	1.7
Power	456.6	507.4	50.8	11.1	3.3
Relief on account of Natural Calamities	133.5	79.0	-54.6	-40.9	-3.6
Rural Development	423.9	501.8	77.9	18.4	5.1
(ii) Non-Development Expenditure	4,000.8	4,614.2	613.4	15.3	40.1
of which: Administrative Services	927.8	1,112.0	184.1	19.8	12.0
Pension	1,217.5	1,404.4	186.9	15.4	12.2
Interest Payments	1,393.3	1,554.4	161.1	11.6	10.5
III. Capital Receipts	2,844.7	3,023.3	178.5	6.3	100.0
of which: Non-Debt Capital Receipts	2.0	2.2	0.2	9.6	0.1
IV. Capital Expenditure	2,977.1	3,438.8	461.7	15.5	100.0
of which: Capital Outlay	1,952.8	2,372.1	419.2	21.5	90.8
of which: Capital Outlay on Irrigation and Flood Control	505.7	630.8	125.1	24.7	27.1
Capital Outlay on Energy	203.2	181.1	-22.0	-10.8	-4.8
Capital Outlay on Transport	395.9	475.1	79.2	20.0	17.2
<i>Memo Item:</i>					
Revenue Deficit	-60.9	-425.7	-364.7	598.6	
Gross Fiscal Deficit	2,078.8	2,152.7	73.9	3.6	
Primary Deficit	685.5	598.3	-87.2	-12.7	

RE: Revised Estimates. BE: Budget Estimates.

*: Denotes percentage share in relevant total.

Note: See Notes to Table IV.2.

Source: Budget Documents of the state governments.

respectively, in 2012-13. Current transfers in the form of tax devolution and grants as a ratio to GSDP are also budgeted to increase in 19 states and 15 states, respectively (Table IV.10).

4.17 Cost recoveries from certain social and economic services are important sources of state's own non-tax revenues. Cost recovery of services⁴ is budgeted to improve for the education,

⁴ Cost recovery of services is measured in terms of their contribution to revenue receipts as a proportion to non-plan revenue expenditure on them by the states.

Table IV.10: Revenue Receipts of State Governments

(Per cent)

State	2004-08 (Avg.)*				2010-11				2011-12 (RE)				2012-13 (BE)			
	RR/ GSDP	OTR/ GSDP	ONTR/ GSDP	CT/ GSDP	RR/ GSDP	OTR/ GSDP	ONTR/ GSDP	CT/ GSDP	RR/ GSDP	OTR/ GSDP	ONTR/ GSDP	CT/ GSDP	RR/ GSDP	OTR/ GSDP	ONTR/ GSDP	CT/ GSDP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
I. Non-Special Category	13.5	7.0	1.6	4.9	13.6	7.2	1.4	5.0	14.5	7.5	1.4	5.6	14.8	7.7	1.3	5.7
1. Andhra Pradesh	14.0	7.6	1.9	4.4	13.8	7.7	1.8	4.3	14.4	7.9	1.8	4.7	15.1	8.5	1.8	4.8
2. Bihar	21.9	4.2	0.5	17.2	20.9	4.6	0.5	15.8	23.7	5.3	0.4	18.0	25.8	5.9	1.2	18.6
3. Chhattisgarh	16.5	7.2	2.4	6.9	19.3	7.7	3.3	8.4	20.4	7.7	3.3	9.4	19.1	7.4	3.3	8.4
4. Goa	15.1	7.3	5.5	2.3	16.7	6.6	7.0	3.2	13.6	5.7	5.1	2.9	13.3	6.1	4.7	2.5
5. Gujarat	10.5	6.5	1.5	2.5	10.2	7.1	1.0	2.2	10.5	7.0	1.0	2.6	11.2	7.6	1.0	2.6
6. Haryana	12.8	8.0	2.9	1.8	9.7	6.4	1.3	2.0	10.8	6.8	1.5	2.6	10.1	6.5	1.3	2.3
7. Jharkhand	13.7	4.4	2.1	7.2	18.1	5.4	2.8	9.9	20.8	5.7	2.9	12.1	23.2	6.3	2.8	14.1
8. Karnataka	15.8	9.8	1.9	4.1	15.3	10.1	0.9	4.3	15.8	10.5	0.7	4.5	15.6	10.0	0.6	5.1
9. Kerala	11.6	7.6	0.7	3.4	11.2	7.8	0.7	2.6	12.1	8.1	0.8	3.2	12.3	8.2	0.9	3.2
10. Madhya Pradesh	17.7	7.2	2.3	8.2	19.1	7.9	2.1	9.1	21.1	8.6	2.3	10.2	20.8	8.4	2.2	10.2
11. Maharashtra	10.6	7.1	1.5	2.0	9.9	7.0	0.8	2.1	10.5	7.2	0.8	2.4	10.2	6.9	0.8	2.4
12. Odisha	16.9	5.7	2.1	9.1	17.1	5.7	2.5	8.9	17.8	5.9	2.2	9.6	16.9	6.0	2.0	8.9
13. Punjab	13.9	7.3	4.1	2.6	12.3	7.5	2.4	2.4	12.2	8.0	1.5	2.7	13.1	8.2	1.8	3.1
14. Rajasthan	14.8	6.8	1.9	6.1	14.2	6.4	1.9	5.8	15.2	6.6	2.4	6.3	15.6	6.6	2.2	6.8
15. Tamil Nadu	13.2	8.8	1.0	3.4	13.5	9.2	0.9	3.4	14.7	10.3	1.0	3.5	14.6	10.3	0.9	3.3
16. Uttar Pradesh	16.5	6.5	1.4	8.6	19.4	7.2	1.9	10.2	21.6	8.0	2.1	11.5	21.8	8.5	1.9	11.3
17. West Bengal	9.9	4.5	0.5	4.9	10.0	4.5	0.5	5.0	10.8	4.5	0.5	5.7	12.1	4.9	0.5	6.7
II. Special Category	27.4	5.0	3.1	19.3	28.0	5.5	2.4	20.2	31.0	6.0	2.5	22.5	31.7	6.0	2.6	23.1
1. Arunachal Pradesh	54.7	1.8	7.8	45.1	65.9	2.6	6.4	56.8	71.1	2.7	4.0	64.4	65.0	2.8	4.2	58.0
2. Assam	20.4	5.2	2.6	12.7	22.1	5.7	2.3	14.1	28.3	6.3	2.3	19.7	29.1	6.2	2.7	20.2
3. Himachal Pradesh	24.1	5.5	3.7	14.9	23.2	6.7	3.1	13.5	23.9	7.1	3.0	13.8	24.3	7.5	3.0	13.8
4. Jammu and Kashmir	37.9	5.8	2.4	29.7	40.6	6.4	2.0	32.3	41.0	7.7	3.0	30.3	42.7	7.7	3.0	31.9
5. Manipur	43.6	1.8	2.0	39.7	56.5	2.8	2.7	51.0	55.4	2.9	2.7	49.9	68.7	2.9	3.4	62.4
6. Meghalaya	24.4	3.4	2.1	19.0	30.2	4.1	2.1	24.0	35.2	3.7	2.5	29.1	37.6	3.9	2.5	31.2
7. Mizoram	56.2	1.9	3.6	50.8	55.7	2.1	2.4	51.1	59.0	2.6	3.4	53.0	59.8	2.4	2.9	54.6
8. Nagaland	35.3	1.6	1.4	32.4	45.0	2.0	1.6	41.3	48.5	2.2	1.4	44.8	49.8	2.2	1.5	46.0
9. Sikkim	103.3	7.5	53.3	42.4	54.0	4.9	20.1	28.9	69.9	4.0	19.1	46.8	68.8	5.1	14.7	49.0
10. Tripura	30.4	3.0	1.1	26.3	29.7	3.6	0.8	25.4	32.4	4.0	0.8	27.7	31.9	4.0	0.8	27.1
11. Uttarakhand	18.1	6.1	1.9	10.0	15.3	5.8	0.9	8.6	16.6	6.4	1.2	9.1	16.4	6.1	1.2	9.1
All States#	11.9	5.7	1.4	4.7	12.2	6.0	1.2	5.0	12.9	6.2	1.2	5.5	13.1	6.3	1.2	5.6
<i>Memo Item:</i>																
1. NCT Delhi	9.1	7.4	1.1	0.6	9.5	6.2	1.6	1.6	9.5	6.4	0.2	0.6	7.7	7.0	0.2	0.5
2. Puducherry	22.8	6.6	6.6	9.5	24.8	11.6	5.7	7.4	24.8	12.8	1.0	8.4	30.0	15.0	0.8	14.2

Avg.: Average.

RE: Revised Estimates.

ONTR: Own Non-Tax Revenue.

CT: Current Transfers.

RR: Revenue Receipts.

OTR: Own Tax Revenue.

GSDP: Gross State Domestic Product.

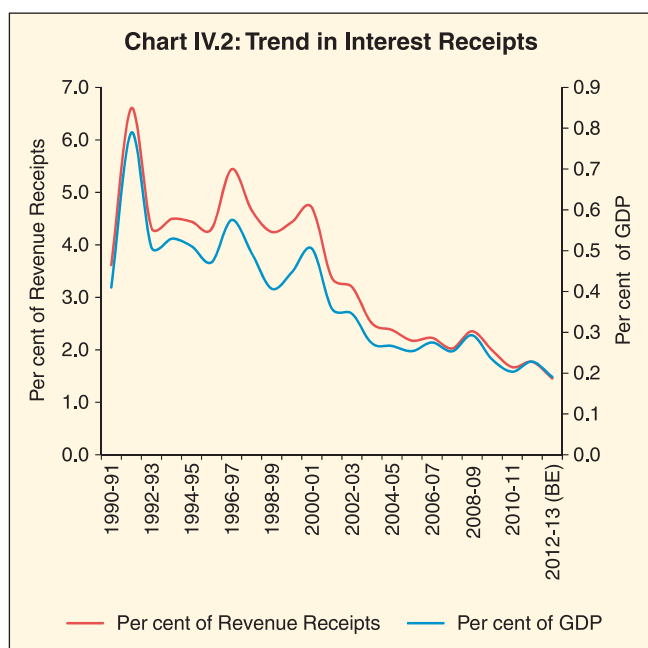
*: Data for Puducherry pertain to 2006-07.

#: Data for All States are as per cent to GDP.

Source: Based on Budget Documents of the state governments.

irrigation, power and roads sectors, but would marginally decline in the health sector in 2012-13. The cost recovery from the roads and power

sectors are also lower than that during the fiscal consolidation phase of 2004-08, though it shows improvement in recent years.



Expenditure Pattern

4.18 Aggregate expenditure of the states as a ratio to GDP which, during 2011-12 (RE), was higher than even in the crisis years, is placed marginally lower at 16.1 per cent in 2012-13 (Table IV.16).

Revenue Expenditure

4.19 During 2012-13, the consolidated RE-GDP ratio is budgeted to decline by 0.1 percentage points due to lower growth in the development component (both social and economic services). Within social services, revenue expenditure on 'water supply & sanitation' and 'expenditure on natural calamities' is budgeted to decline in 2012-13. Among economic services, 'irrigation & flood control', 'rural development' and 'transport and communication' are budgeted to grow at a slower pace during 2012-13. Despite a deceleration in the growth of interest payments and administrative services, the growth in non-development revenue expenditure is budgeted to increase in 2012-13, mainly due to higher growth of pension expenditure. However, committed expenditure as a ratio of revenue receipts, which had declined by 2.0

Table IV.11: Cost Recovery of Select Services
(Ratio of Non-Tax Revenue to Non-Plan Revenue Expenditure)

(Per cent)

Item	2000-04	2004-08	2008-10	2010-11	2011-12 (RE)	2012-13 (BE)
	Average					
1	2	3	4	5	6	7
A. Social Services						
of which:						
(a) Education \$	1.5	2.6	3.2	4.0	4.7	5.5
(b) Health *	5.2	5.2	5.2	3.9	4.3	4.2
B. Economic Services						
of which:						
(a) Irrigation #	9.8	15.3	16.1	16.1	20.6	21.1
(b) Power	6.4	14.3	18.1	13.4	14.0	14.1
(c) Roads @	18.3	10.1	5.8	6.9	6.1	6.6

RE: Revised Estimates.

\$: Also includes expenditure on sports, art and culture.

* : Includes expenditure on medical and public health and family welfare.

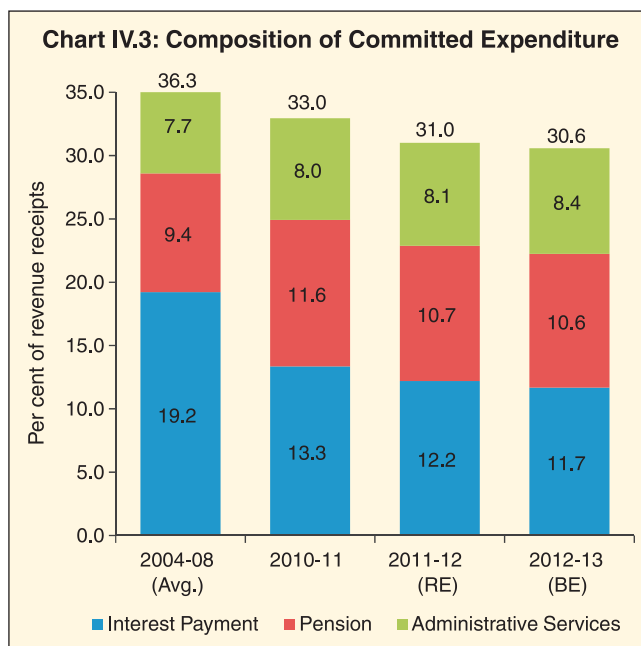
: Relates to irrigation and flood control for non-plan revenue expenditure, and to major, medium and minor irrigation for non-tax revenue.

@ : Relates to roads and bridges for non-plan revenue expenditure, and to road transport for non-tax revenue.

Note: Accounting in respect of power sector has not been uniform across the states which has, at times, resulted in adjustment across years.

Source: Compiled from the Budget Documents of the state governments.

percentage points to 31.0 per cent in 2011-12 (RE), is budgeted to decline further to 30.6 per cent in 2012-13 (Chart IV.3 and Appendix Table 4).



4.20 In 2012-13, the RE-GSDP ratio is budgeted to decline in 17 states, with the DRE-GSDP and NDRE-GSDP ratios declining in 15 and 19 states, respectively. Expenditures on pension and interest payments as ratios to GSDP are budgeted to decline in 18 and 19 states, respectively (Table IV.12).

4.21 The committed expenditure⁵ of NSC states, SC states and all states at the consolidated level declined during 2008-10 compared with 2004-08, reflecting the impact of a sharp decline in interest payments. During 2010-11 to 2012-13 (BE), the committed expenditure of all states and NSC states at the consolidated level has remained

Table IV.12: Revenue Expenditure of the State Governments

(Per cent)

State	2004-08 (Avg.)*					2010-11					2011-12 (RE)					2012-13 (BE)				
	RE/ GSDP	DRE/ GSDP	NDRE/ GSDP	IP/ GSDP	PN/ GSDP	RE/ GSDP	DRE/ GSDP	NDRE/ GSDP	IP/ GSDP	PN/ GSDP	RE/ GSDP	DRE/ GSDP	NDRE/ GSDP	IP/ GSDP	PN/ GSDP	RE/ GSDP	DRE/ GSDP	NDRE/ GSDP	IP/ GSDP	PN/ GSDP
1	2	3	4	5	6	7	8	9	10	11	7	8	9	10	11	7	8	9	10	11
I. Non-Special Category	13.7	7.6	5.8	2.7	1.3	13.7	8.2	5.1	1.9	1.6	14.6	9.0	5.1	1.8	1.6	14.4	8.8	5.2	1.8	1.6
1. Andhra Pradesh	14.0	8.7	5.3	2.6	1.3	13.3	8.8	4.5	1.6	1.6	14.3	9.7	4.5	1.6	1.6	14.5	10.1	4.4	1.6	1.5
2. Bihar	20.0	10.9	9.1	3.8	2.7	17.9	10.8	7.2	2.0	2.9	23.4	15.3	8.1	2.0	3.2	23.1	14.7	8.4	2.0	3.8
3. Chhattisgarh	13.9	9.0	4.3	1.8	0.9	16.5	11.4	4.5	1.0	1.5	18.9	13.8	4.6	0.9	1.4	17.3	12.4	4.4	0.8	1.3
4. Goa	14.9	10.1	4.8	2.6	1.0	14.7	10.1	4.6	2.0	1.1	13.9	9.9	4.0	1.5	1.1	13.5	9.9	3.6	1.4	0.9
5. Gujarat	10.7	6.2	4.5	2.6	0.9	11.2	7.3	3.9	1.9	1.1	10.2	6.5	3.7	1.9	1.0	10.7	6.6	4.1	1.8	0.9
6. Haryana	11.9	7.6	4.1	1.9	0.9	10.7	7.2	3.5	1.3	1.2	11.7	8.1	3.5	1.4	1.1	10.8	7.4	3.3	1.4	0.9
7. Jharkhand	15.6	10.3	5.4	1.5	1.2	18.3	12.1	6.2	2.0	1.7	20.3	13.6	6.7	1.9	1.7	19.9	13.8	6.1	1.7	1.6
8. Karnataka	14.5	8.9	4.9	1.9	1.2	14.2	9.7	3.7	1.5	1.1	15.0	10.0	4.0	1.4	1.3	15.5	9.8	4.6	1.4	1.3
9. Kerala	13.9	6.7	6.6	2.8	2.3	12.5	5.9	5.6	2.1	2.1	13.8	6.9	5.8	1.9	2.4	13.2	6.8	5.3	1.8	2.1
10. Madhya Pradesh	16.0	8.9	6.1	2.8	1.2	16.6	10.1	5.4	1.9	1.4	18.5	11.5	5.8	1.9	1.6	18.9	11.7	6.1	1.9	1.7
11. Maharashtra	10.8	6.2	4.4	2.0	0.7	10.0	6.3	3.5	1.5	0.8	10.6	6.9	3.6	1.4	0.8	10.2	6.4	3.7	1.4	0.8
12. Odisha	15.5	7.8	7.4	3.6	1.5	15.1	9.7	5.1	1.6	2.1	16.4	10.5	5.6	1.8	2.0	15.9	9.6	6.1	1.7	2.2
13. Punjab	16.1	6.7	9.1	3.4	1.5	14.6	6.1	8.3	2.5	2.4	14.4	7.2	6.4	2.5	1.9	14.2	7.7	5.9	2.3	1.6
14. Rajasthan	15.1	8.9	6.2	3.5	1.2	13.9	8.7	5.2	2.3	1.6	15.1	9.9	5.2	2.1	1.6	15.4	10.3	5.0	2.1	1.7
15. Tamil Nadu	12.6	6.7	5.0	1.9	1.7	14.1	7.9	5.0	1.5	2.3	14.6	8.4	4.9	1.5	2.1	14.2	8.2	4.7	1.5	2.0
16. Uttar Pradesh	16.7	8.3	7.5	3.4	1.4	18.8	9.6	8.4	2.5	2.2	20.3	11.2	8.3	2.3	2.2	21.0	11.3	8.9	2.3	2.6
17. West Bengal	13.2	6.1	6.9	4.2	1.5	13.6	7.5	6.1	2.9	1.7	13.9	8.1	5.7	2.9	1.5	13.2	7.4	5.7	2.9	1.5
II. Special Category	24.5	14.4	10.0	3.6	2.2	25.7	15.1	9.9	2.7	2.8	28.6	16.9	10.7	2.7	2.9	28.0	16.8	10.1	2.6	2.8
1. Arunachal Pradesh	45.4	31.9	13.4	4.1	2.0	45.5	30.1	15.4	4.9	2.7	51.3	36.5	14.8	3.3	2.6	41.9	29.4	12.5	3.3	2.5
2. Assam	18.1	11.2	6.9	2.4	1.8	22.0	12.7	7.4	1.8	2.3	28.0	16.3	9.1	1.8	2.1	28.0	17.0	8.0	1.6	2.0
3. Himachal Pradesh	24.4	13.7	10.7	5.8	2.7	24.2	14.6	9.7	3.6	3.8	23.2	13.7	9.4	3.4	3.7	23.7	14.0	9.7	3.3	4.1
4. Jammu and Kashmir	31.9	18.6	13.3	4.6	2.8	33.7	19.5	14.2	4.2	4.1	36.1	20.2	15.9	4.1	4.5	35.0	19.2	15.8	3.8	4.3
5. Manipur	35.1	21.5	13.6	4.6	3.4	42.5	24.2	17.1	3.8	4.2	52.1	29.5	20.8	3.6	6.0	54.4	32.8	19.9	3.6	6.0
6. Meghalaya	23.1	14.7	8.4	2.4	1.3	28.5	19.1	9.3	1.8	2.1	31.3	22.6	8.7	1.8	1.5	32.2	24.5	7.7	1.8	1.2
7. Mizoram	51.9	33.6	18.3	6.3	2.8	56.1	37.1	19.1	4.1	4.1	56.3	37.9	18.4	3.9	3.9	52.0	35.3	16.7	3.0	3.4
8. Nagaland	30.7	16.2	14.4	3.8	2.8	37.7	21.1	16.6	3.5	3.0	42.4	23.1	19.3	3.6	4.8	39.9	21.6	18.3	3.8	5.1
9. Sikkim	92.2	30.9	61.3	5.2	2.0	51.5	23.3	28.0	3.3	2.8	56.7	29.4	26.8	2.9	2.6	51.2	26.7	23.8	2.9	3.4
10. Tripura	23.8	12.6	10.8	3.7	2.5	25.1	13.5	11.0	2.6	3.8	25.5	14.3	10.6	2.5	3.5	26.3	15.0	10.8	2.5	3.4
11. Uttarakhand	18.1	10.9	6.7	2.7	1.4	15.3	9.3	5.5	2.0	1.5	16.4	10.0	5.8	2.1	1.6	16.0	9.6	5.5	2.1	1.5
All States#	11.9	6.6	5.0	2.3	1.1	12.1	7.3	4.6	1.6	1.7	12.8	7.9	4.5	1.6	1.6	12.7	7.8	4.5	1.5	1.7
<i>Memo Item:</i>																				
1. NCT Delhi	5.8	3.4	2.0	1.6	0.0	5.4	3.8	1.4	1.0	0.0	6.1	4.4	1.4	0.9	0.0	6.1	4.1	1.7	0.9	0.0
2. Puducherry	23.1	13.3	4.0	2.2	0.9	27.4	20.7	6.7	2.6	2.0	24.2	17.0	7.2	2.8	2.2	31.5	23.7	7.8	2.7	2.2

Avg.: Average.

RE: Revenue Expenditure.

*: Data for Puducherry pertain to 2006-07.

Source: Based on Budget Documents of the state governments.

RE: Revised Estimates.

DRE: Development Revenue Expenditure.

#: Data for All states are as per cent to GDP.

NDRE: Non-development Revenue Expenditure.

PN: Pension.

IP: Interest Payment.

GSDP: Gross State Domestic Product.

⁵ Comprises expenditure on interest payments, pension and administrative services.

Table IV.13: Interest Payments, Pension and Committed Expenditure

(As per cent to GSDP)

	2004-08 (Avg.)	2008-10 (Avg.)	2010-11	2011-12 (RE)	2012-13 (BE)
1	2	3	4	5	6
Interest Payments					
(i) Non-Special Category States	2.7	2.0	1.9	1.8	1.8
(ii) Special Category States	3.6	3.0	2.7	2.7	2.6
(iii) All States Consolidated*	2.3	1.8	1.6	1.6	1.5
Pension					
(i) Non-Special Category States	1.3	1.4	1.6	1.6	1.6
(ii) Special Category States	2.2	2.3	2.8	2.9	2.8
(iii) All States Consolidated*	1.1	1.2	1.4	1.4	1.4
Committed Expenditure					
(i) Non-Special Category States	5.0	4.4	4.5	4.5	4.5
(ii) Special Category States	8.8	8.6	8.9	9.6	9.2
(iii) All States Consolidated*	4.3	4.0	4.0	4.0	4.0

* : As a ratio to GDP. RE: Revised Estimates BE: Budget Estimates

Note: Committed expenditure comprises expenditure on interest payments, pension and administrative services.**Source:** Budget documents of the state governments.

stable at 4.0 per cent of GDP and 4.5 per cent of GSDP, respectively. However, the committed expenditure of SC states at the consolidated level, which had increased during 2011-12 (RE), is budgeted to decline during 2012-13 (Table IV.13). It may be mentioned that the average committed expenditure during 2010-11 to 2012-13 in three chronic revenue deficit states, viz., Kerala, Punjab and West Bengal, accounted for 41.3 per cent, 47.6 per cent and 50.0 per cent, respectively, of the revenue receipts.

Capital Expenditure

4.22 Growth in capital expenditure is budgeted to decelerate during 2012-13, which reflects the

slower pace of expansion in capital outlay. Development capital outlay on economic services, which accounts for around 68.0 per cent of the total capital outlay, is budgeted to grow at a lower rate in 2012-13 than in 2011-12 (RE). Capital outlay on 'energy' is budgeted to decline over the same period. Non-development capital outlay is also budgeted to decelerate during 2012-13. Despite the deceleration in its growth rate, capital outlay as a ratio to GDP at the consolidated level is placed marginally higher at 2.3 per cent in 2012-13 (BE). State-wise capital outlays as ratios to GSDP are budgeted to increase in 17 states in 2012-13 [18 states in 2011-12 (RE)]. The budgeted decline in loans and advances by the states is attributable to a decline in loans for economic services, viz., 'rural development' and 'power' and a sharp deceleration in the non-development component (Appendix Table 6).

Development Expenditure

4.23 Development expenditure remains the largest component of aggregate expenditure, although its share in aggregate expenditure shows a marginal decline to 63.3 per cent in 2012-13 (BE). The share of development revenue expenditure in aggregate expenditure is budgeted to decline in 2012-13. Within development revenue expenditure, growth rate in expenditure on both social and

Table IV.14: Components of Development Expenditure

(Amount in ₹ billion)

Year	Development Revenue Expenditure	Development Capital Outlay	Development Loans & Advances	Total Development Expenditure
1	2	3	4	5
2010-11	5,567.0 (48.0)	1,452.5 (12.5)	184.0 (1.6)	7,203.5 (62.2)
2011-12 (RE)	7,016.7 (49.0)	1,828.4 (12.8)	363.6 (2.5)	9,208.8 (64.3)
2012-13 (BE)	7,877.6 (48.3)	2,201.2 (13.5)	253.7 (1.6)	10,332.4 (63.3)

RE: Revised Estimates.

BE: Budget Estimates.

Note: Figures in parentheses are per cent to aggregate expenditure.**Source:** Budget Documents of the state governments.

economic services is budgeted to be lower in 2012-13. However, developmental capital outlay as a ratio to total expenditure is budgeted to record an increase of 0.7 percentage points in 2012-13, which is attributable to higher outlays in the 'major and medium irrigation and flood control' and 'transport' sectors. The share of loans and advances for development purposes is also budgeted to decline during 2012-13 due to a sharp decline in loans to 'power projects'. In 2012-13,

development expenditure-GSDP ratios are budgeted to decline in 17 states, while the consolidated development expenditure-GDP ratio is budgeted lower at 10.2 per cent. Among NSC states, the development expenditure-GSDP ratio remained higher than the average in 10 of the 17 NSC states. The improvement seen in select states, viz., Bihar, Chhattisgarh, Jharkhand and Madhya Pradesh, in recent years is noteworthy (Tables IV.14, IV.15 and Appendix Tables 8 to 14).

Table IV.15: Development Expenditure: Select Indicators

(Per cent)

State	2004-08 (Avg.)*			2010-11			2011-12 (RE)			2012-13 (BE)		
	DEV/ GSDP	SSE/ GSDP	CO/ GSDP	DEV/ GSDP	SSE/ GSDP	CO/ GSDP	DEV/ GSDP	SSE/ GSDP	CO/ GSDP	DEV/ GSDP	SSE/ GSDP	CO/ GSDP
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Non-Special Category	10.3	5.9	2.4	10.5	6.7	2.2	11.8	7.4	2.4	11.6	7.4	2.6
1. Andhra Pradesh	12.2	6.2	3.0	11.2	6.6	1.9	12.5	7.2	2.2	13.2	7.6	2.6
2. Bihar	15.3	10.2	3.6	15.4	9.1	4.3	20.4	12.7	5.3	19.5	12.8	5.1
3. Chhattisgarh	12.7	8.2	3.2	14.3	10.1	2.5	19.0	13.0	4.3	17.9	11.6	4.4
4. Goa	13.3	6.1	3.7	13.3	6.4	3.8	13.1	6.6	3.8	12.9	7.0	3.6
5. Gujarat	8.8	4.7	2.4	9.3	5.6	1.9	8.9	5.2	2.4	9.6	5.6	3.0
6. Haryana	9.3	4.3	1.6	8.8	5.2	1.5	9.7	5.8	1.5	8.8	5.2	1.3
7. Jharkhand	15.5	9.8	3.9	16.1	11.1	3.9	17.2	11.6	3.4	19.0	12.0	4.9
8. Karnataka	12.2	6.2	3.2	13.6	7.5	3.5	13.5	7.6	3.2	12.9	7.4	2.8
9. Kerala	7.6	5.4	0.6	7.4	4.9	1.2	8.6	5.7	1.5	8.7	5.5	1.7
10. Madhya Pradesh	14.5	7.3	4.4	14.6	8.6	3.2	19.7	9.5	3.1	16.5	10.3	3.2
11. Maharashtra	8.5	4.8	1.9	8.0	5.0	1.7	8.5	5.4	1.5	8.1	5.4	1.7
12. Odisha	9.5	6.2	1.6	12.0	7.8	2.2	12.8	8.6	2.1	12.3	7.8	2.7
13. Punjab	8.2	3.6	1.4	7.1	3.7	1.1	8.7	5.4	1.6	9.3	5.5	2.0
14. Rajasthan	12.0	7.6	3.0	10.3	7.0	1.6	12.3	8.1	2.2	12.6	8.3	2.4
15. Tamil Nadu	9.1	5.7	1.9	10.6	7.0	2.4	11.9	7.2	2.8	11.2	7.4	3.0
16. Uttar Pradesh	11.9	7.1	3.4	13.2	8.8	3.5	15.2	10.4	4.1	14.9	10.4	3.7
17. West Bengal	7.4	5.0	0.8	8.0	6.4	0.5	8.8	7.1	0.7	8.8	6.6	1.3
II. Special Category	20.0	10.8	5.8	20.1	11.4	5.3	23.0	12.9	6.7	22.5	12.8	6.5
1. Arunachal Pradesh	44.5	19.7	13.0	49.3	19.0	20.2	59.8	25.1	36.5	37.7	16.3	26.3
2. Assam	14.4	8.3	2.6	14.6	9.8	1.9	20.3	12.0	4.1	20.9	12.8	3.6
3. Himachal Pradesh	17.0	10.5	3.4	18.1	11.0	3.3	17.3	10.4	3.1	17.4	10.3	2.9
4. Jammu and Kashmir	28.3	13.3	11.2	29.9	13.6	11.1	29.6	14.6	10.9	28.5	14.1	10.5
5. Manipur	33.2	16.9	12.8	41.4	20.1	20.0	45.6	21.9	18.9	49.2	21.3	18.4
6. Meghalaya	18.5	10.7	3.8	23.1	12.4	4.1	28.7	15.2	6.1	31.5	17.0	7.5
7. Mizoram	47.8	24.3	14.0	47.2	26.3	10.2	47.7	25.9	9.8	46.2	22.9	11.1
8. Nagaland	23.7	12.2	8.6	29.3	14.2	10.1	32.8	15.6	11.8	30.0	14.7	13.3
9. Sikkim	47.2	26.1	17.3	30.4	18.8	8.0	47.4	27.8	17.8	45.1	26.1	21.0
10. Tripura	19.1	11.7	7.3	18.9	12.4	6.1	22.1	15.2	8.9	19.6	12.9	8.2
11. Uttarakhand	15.7	8.9	4.9	11.7	7.9	2.4	13.3	8.8	2.9	13.4	9.2	3.7
All States#	9.1	5.2	2.2	9.4	5.9	2.0	10.4	6.4	2.2	10.2	6.4	2.3
<i>Memo Item:</i>												
1. NCT Delhi	6.8	4.2	1.6	6.7	4.1	1.5	6.7	4.5	1.3	6.1	4.3	1.3
2. Puducherry	21.0	10.0	3.6	23.1	12.0	2.9	19.4	13.1	2.9	26.7	19.1	3.3

Avg.: Average.

CO: Capital Outlay.

*: Data for Puducherry pertain to 2006-07.

DEV: Development Expenditure.

GSDP: Gross State Domestic Product.

#: Data for All States are as per cent to GDP.

RE: Revised Estimates.

SSE: Social Sector Expenditure.

Source: Based on Budget Documents of the state governments.

Table IV.16: Trends in Aggregate Social Sector Expenditure of State Governments

(Per cent)

Item	1990-98	1998-2004	2004-08	2008-10	2010-11	2011-12 (RE)	2012-13 (BE)
	Average						
1	2	3	4	5	6	7	8
TE/GDP	15.0	15.9	15.7	15.7	15.1	16.2	16.1
SSE/GDP	5.5	5.5	5.2	6.0	5.9	6.4	6.4
SSE/TE	36.6	34.5	33.1	38.1	39.0	39.8	40.0

RE: Revised Estimates. BE: Budget Estimates. GDP: Gross Domestic Product. TE: Total Expenditure. SSE: Social Sector Expenditure.
Source: Budget Documents of the state governments.

4.24 The share of social sector expenditure (SSE) in total expenditure, which had declined during 1998-2004 and 2004-08, has since increased sharply to 40.0 per cent in 2012-13. The SSE to GDP ratio, which had increased by 0.5 percentage points to 6.4 per cent in 2011-12 (RE), is budgeted to remain at the same level in 2012-13 (Table IV.16). Thirteen states have budgeted for an increase in their SSE-GSDP ratios as against 25 states in 2011-12(RE) (Table IV.15). There has been a steady increase in the share of SSE in total expenditure during 2010-11 to 2012-13 (BE). It

may be noted that, within social services, the shares of 'education, sports, art and culture' and 'water supply and sanitation' showed a steady decline, while the shares of 'urban development', and 'welfare of SCs, STs and OBCs' increased gradually during 2010-11 to 2012-13(BE) (Table IV.17 and Appendix Table 15).

5. Assessment

Revenue Deficit and Gross Fiscal Deficit

4.25 Key deficit indicators of the state governments at the consolidated level are

Table IV.17: Composition of Expenditure on Social Services (Revenue and Capital Accounts)

(Per cent to expenditure on social services)

Item	1990-98	1998-2004	2004-08	2008-10	2010-11	2011-12 (RE)	2012-13 (BE)
	Average						
1	2	3	4	5	6	7	8
Expenditure on Social Services (a to l)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(a) Education, Sports, Art and Culture	51.9	52.6	47.3	44.3	47.7	46.7	46.4
(b) Medical and Public Health	14.7	12.1	11.3	10.4	10.5	10.4	10.6
(c) Family Welfare	1.0	2.1	1.6	1.6	1.7	1.6	1.8
(d) Water Supply and Sanitation	7.3	7.6	8.2	6.7	5.0	4.8	4.3
(e) Housing	2.9	2.9	2.9	3.1	2.8	2.6	2.9
(f) Urban Development	2.4	3.2	5.4	8.7	6.6	7.5	8.3
(g) Welfare of SCs, ST and OBCs	6.6	6.3	7.0	6.9	7.0	7.1	7.3
(h) Labour and Labour Welfare	1.4	1.1	1.1	1.0	1.0	1.0	1.3
(i) Social Security and Welfare	4.4	4.7	6.5	9.4	9.9	10.4	10.3
(j) Nutrition	2.2	2.2	2.5	3.1	3.3	3.4	3.3
(k) Expenditure on Natural Calamities	2.8	3.3	4.0	2.7	2.2	2.6	1.4
(l) Others	2.4	2.0	2.2	2.2	2.4	1.8	2.1

RE: Revised Estimates. BE: Budget Estimates.
Source: Budget Documents of the state governments.

budgeted to improve during 2012-13 (Table IV.18). The consolidated revenue surplus is budgeted to increase by 0.3 percentage points of GDP during 2012-13, with 22 of the 28 states expected to

record improvement in their revenue account. Of these, one state is expected to show a turnaround in its revenue account from deficit to surplus, while the revenue surpluses of 16 states are budgeted

Table IV.18 : State-wise Correction of RD and GFD - 2012-13 (BE) over 2011-12 (RE)

State	Revenue Deficit		Gross Fiscal Deficit	
	Correction over 2011-12 (RE) (₹ billion)	Percentage to Total	Correction over 2011-12 (RE) (₹ billion)	Percentage to Total
1	2	3	4	5
1. Andhra Pradesh	-36.6	12.4	22.3	18.9
2. Bihar	-64.0	21.6	-53.2	-45.1
3. Chhattisgarh	-8.2	2.8	8.4	7.1
4. Goa	-0.4	0.1	1.9	1.6
5. Gujarat	-16.9	5.7	50.6	42.9
6. Haryana	-1.1	0.4	-0.8	-0.7
7. Jharkhand	-40.3	13.6	-10.7	-9.1
8. Karnataka	22.1	-7.5	26.4	22.4
9. Kerala	-20.1	6.8	-5.7	-4.9
10. Madhya Pradesh	14.2	-4.8	21.8	18.5
11. Maharashtra	-22.1	7.5	23.9	20.3
12. Odisha	7.4	-2.5	26.9	22.9
13. Punjab	-24.6	8.3	-7.1	-6.0
14. Rajasthan	-4.8	1.6	9.6	8.2
15. Tamil Nadu	-18.4	6.2	32.4	27.5
16. Uttar Pradesh	20.9	-7.1	28.8	24.5
17. West Bengal	-103.0	34.8	-57.6	-48.9
Total (A)	-295.8	100.0	117.8	100.0
1. Arunachal Pradesh	-4.7	6.8	-12.6	28.6
2. Assam	-10.7	15.5	-6.3	14.4
3. Himachal Pradesh	0.8	-1.2	1.8	-4.0
4. Jammu and Kashmir	-22.9	33.3	-17.3	39.5
5. Manipur	-12.5	18.1	-11.8	26.9
6. Meghalaya	-3.8	5.6	-0.4	0.8
7. Mizoram	-4.3	6.3	-2.3	5.1
8. Nagaland	-5.6	8.2	-2.4	5.6
9. Sikkim	-4.0	5.8	-0.5	1.2
10. Tripura	1.0	-1.5	1.9	-4.2
11. Uttarakhand	-2.2	3.2	6.1	-13.9
Total (B)	-68.9	100.0	-43.9	100.0
Grand Total (A + B)	-364.7	100	73.9	100.0
<i>Memo item:</i>				
1. NCT Delhi	-24.6	-	-5.7	-
2. Puducherry	-0.4	-	0.8	-

RE : Revised Estimates. BE : Budget Estimates. '-' : Not applicable.

Note : Negative (-) sign indicates improvement in deficit indicators.

Source : Budget Documents of the state governments.

to rise and the revenue deficits of five states would moderate in 2012-13.

4.26 In line with an improvement in the revenue account, the consolidated GFD-GDP ratio is budgeted to be lower in 2012-13, despite an increase in the CO-GDP ratio. Fiscal deficit in absolute terms is budgeted to decline in 14 states, while the GFD-GSDP ratio is placed lower in 18 States during 2012-13. The consolidated capital outlay (CO)-GDP ratio is budgeted to increase during 2012-13, with an increase in this ratio being noticed in 17 states.

Decomposition and Financing of Gross Fiscal Deficit

4.27 The decomposition of consolidated GFD shows that capital outlay accounts for over 110 per cent of GFD in 2012-13 (BE). Net lending as a proportion to GFD is also budgeted to be higher in 2012-13 (Table IV.19). Market borrowings would

continue to remain the major source of financing the GFD of the states. The contribution of NSSF investment in state government special securities, which had turned negative in 2011-12 (RE) would be marginally positive in 2012-13 (BE). The share of certain public account items, viz., 'provident fund', 'deposits and advances' and 'suspense and miscellaneous' in GFD, is expected to decline during 2012-13 (Table IV.19).

Budgetary Variations: State Budget vis-à-vis Union Budget

4.28 Variations in the common items as presented in the state budgets and the Union budget continued in 2012-13. In 2010-11 and 2011-12, states overestimated the grants and loans they receive from the centre, but underestimated their share in central taxes. However, for 2012-13 states have overestimated all the items as compared with the Union Budget.

Table IV.19: Decomposition and Financing Pattern of Gross Fiscal Deficit - 2010-11 (Accounts) to 2012-13 (BE)

(Per cent to GFD)

Item	2010-11	2011-12 (RE)	2012-13 (BE)
1	2	3	4
Decomposition (1+2+3-4)	100.0	100.0	100.0
1. Revenue Deficit	-1.9	-2.9	-19.8
2. Capital Outlay	94.1	93.9	110.2
3. Net Lending	8.6	9.1	9.7
4. Non-debt Capital Receipts	0.8	0.1	0.1
Financing (1 to 11)	100.0	100.0	100.0
1. Market Borrowings	55.0	75.4	82.3
2. Loans from Centre	0.4	3.6	5.3
3. Special Securities issued to NSSF/Small Savings	23.9	-1.2	0.6
4. Loans from LIC, NABARD, NDCDC, SBI and Other Banks	2.0	2.9	3.9
5. State Provident Fund etc.	17.2	12.3	10.8
6. Reserve Funds	1.6	2.7	2.9
7. Deposits and Advances	14.2	5.2	2.0
8. Suspense and Miscellaneous	0.2	2.3	-2.0
9. Remittances	-0.6	-3.0	-0.7
10. Others	-4.8	-3.6	-4.6
11. Overall Surplus (-) / Deficit (+)	-9.2	3.4	-0.5

BE : Budget Estimates. RE : Revised Estimates.

Note : 1. See Notes to Appendix Table 17.

2. 'Others' include Compensation and Other Bonds, Loans from Other Institutions, Appropriation to Contingency Fund, Inter-State Settlement and Contingency Fund.

Source : Budget Documents of the state governments.

Table IV.20: Budgetary Data Variation- State Budgets and Union Budget

(Amount in ₹ billion)

Item	2010-11 (BE)			2011-12 (BE)			2012-13 (BE)		
	State Budgets	Union Budget	Difference*	State Budgets	Union Budget	Difference*	State Budgets	Union Budget	Difference*
1	2	3	4	5	6	7	8	9	10
1. Shareable Taxes from Centre	2,004.7	2,090.0	-85.3	2,508.9	2,634.6	-125.6	3,021.9	3,019.2	2.7
2. Grants-in-Aid	1,832.8	1,519.6	313.2	2,287.5	1,871.3	416.2	2,638.2	2,108.8	529.5
3. Loans from Centre (Net)	69.7	33.6	36.1	95.8	7.3	88.5	113.9	26.0	87.9
4. NSSF (Net)	120.8	298.6	-177.8	174.9	341.7	-166.8	12.8	-158.2	171.0

*: Negative (-)/Positive (+) sign implies underestimation/overestimation in State budgets in comparison with Union Budget.

Source: Budget Documents of the state governments and the Union Government.

Any shortfall in the current transfers from the centre could reduce the consolidated revenue surplus of the states (Table IV.20).

Performance of states vis-à-vis Projections of the FC-XIII

4.29 FC-XIII had chalked out a fiscal consolidation path for states, stipulating that states achieve revenue balance and a fiscal deficit-GSDP ratio of 3.0 per cent by 2014-15. FC-XIII had also made a state-wise assessment of own receipts and select expenditures for each of the years in

the award period of 2010-15. Although the own tax revenue-GSDP ratio of the states at the consolidated level was increasing during the period 2010-11 to 2012-13, it was lower than the FC-XIII's assessment of the same. Within revenue expenditure, states were placed better in the case of expenditure on interest payments as a ratio to GSDP compared with the limit stipulated by the FC-XIII, while the pension-GSDP ratio has remained higher than the FC-XIII limit during 2010-11 to 2012-13 (Table IV.21).

Table IV.21: Performance of the States vis-à-vis FC-XIII Assessment

(Per cent of GSDP)

Item	2010-11		2011-12		2012-13	
	Based on					
	FC-XIII Assessment	2010-11 (Accounts)	FC-XIII Assessment	Revised Estimates	FC-XIII Assessment	Budget Estimates
1	2	3	4	5	6	7
Own Revenue Receipts (1+2)	10.1	8.5	10.1	8.9	10.1	9.0
1. Own Tax Revenue	8.5	7.1	8.6	7.4	8.7	7.6
2. Own Non-tax Revenue	1.6	1.4	1.5	1.4	1.5	1.4
Revenue Expenditure						
of which: Interest Payments	2.4	1.9	2.4	1.9	2.3	1.8
Pension	1.5	1.7	1.5	1.6	1.5	1.7

Note: As the GSDP series were revised after the release of the FC-XIII report, the calculated ratios are based on revised GSDP (2004-05 series) while the ratios pertaining to FC-XIII are directly taken from the FC-XIII Report.

4.30 A comparison of states' revenue deficit and fiscal deficit in terms of GSDP with the targets of FC-XIII reveals that the performance of all states, NSC and SC states at the consolidated level in respect of the revenue deficit-GSDP ratio was better than the FC-XIII's targets in 2011-12. State-wise data shows that with the exception of Goa, Haryana, Kerala, Maharashtra, Punjab and West Bengal, the rest of the states performed

better than their respective FC-XIII targets. The fiscal deficit-GSDP ratio of all states and NSC states at the consolidated level was lower than the FC-XIII target; however, the same was higher than the FC-XIII target for SC states at the consolidated level. Among NSC states, the GFD-GSDP ratios of Bihar, Goa, Jharkhand, Punjab and West Bengal were higher than the FC-XIII target. Within SC states, the GFD-GSDP ratio is expected to be

Table IV.22: Deficit Indicators in Comparison with FC-XIII Targets

(Per cent to GSDP)

States	Revenue Deficit				Gross Fiscal Deficit			
	2011-12		2012-13		2011-12		2012-13	
	FC XIII	RE	FC XIII	BE	FC XIII	RE	FC XIII	BE
1	2	3	4	5	6	7	8	9
I. Non-Special Category States								
Andhra Pradesh	0.0	-0.1	0.0	-0.6	3.0	2.6	3.0	2.6
Bihar	0.0	-0.3	0.0	-2.7	3.0	5.4	3.0	2.9
Chhattisgarh	0.0	-1.6	0.0	-1.8	3.0	2.8	3.0	2.8
Goa	0.0	0.3	0.0	0.2	3.0	4.1	3.0	3.8
Gujarat	0.0	-0.3	0.0	-0.5	3.0	2.2	3.0	2.6
Haryana	0.0	0.8	0.0	0.7	3.0	2.5	3.0	2.1
Jharkhand	0.0	-0.5	0.0	-3.3	3.0	3.2	3.0	2.1
Karnataka	0.0	-0.7	0.0	-0.2	3.0	2.9	3.0	2.9
Kerala	1.4	1.7	0.9	0.9	3.5	3.5	3.5	2.7
Madhya Pradesh	0.0	-2.6	0.0	-1.9	3.0	2.6	3.0	3.0
Maharashtra	0.0	0.2	0.0	0.0	3.0	1.7	3.0	1.7
Odisha	0.0	-1.4	0.0	-0.9	3.0	0.9	3.0	1.8
Punjab	1.8	2.2	1.2	1.1	3.5	3.8	3.5	3.1
Rajasthan	0.0	-0.1	0.0	-0.2	3.0	2.1	3.0	2.1
Tamil Nadu	0.0	-0.1	0.0	-0.3	3.0	2.9	3.0	2.9
Uttar Pradesh	0.0	-1.3	0.0	-0.8	3.0	2.9	3.0	3.0
West Bengal	1.6	3.1	1.1	1.1	3.5	3.9	3.5	2.5
Total I	0.3	0.1	0.2	-0.3	3.1	2.7	3.1	2.5
II. Special Category States								
Arunachal Pradesh	0.0	-19.7	0.0	-23.1	3.0	16.9	3.0	3.2
Assam	0.0	-0.3	0.0	-1.1	3.0	3.9	3.0	3.0
Himachal Pradesh	0.0	-0.8	0.0	-0.6	3.0	2.9	3.0	2.9
Jammu and Kashmir	0.0	-4.9	0.0	-7.6	4.7	6.1	4.2	2.9
Manipur	0.0	-3.4	0.0	-14.2	3.5	15.5	3.5	4.2
Meghalaya	0.0	-4.0	0.0	-5.5	3.0	2.6	3.0	2.1
Mizoram	0.0	-2.8	0.0	-7.8	6.4	7.0	5.2	3.3
Nagaland	0.0	-6.0	0.0	-9.9	3.5	5.8	3.5	3.5
Sikkim	0.0	-13.2	0.0	-17.5	3.5	4.8	3.5	3.5
Tripura	0.0	-7.0	0.0	-5.7	3.0	2.0	3.0	2.6
Uttarakhand	0.0	-0.3	0.0	-0.4	3.5	3.1	3.5	3.4
Total II	0.0	-2.5	0.0	-3.7	3.4	4.5	3.3	3.1
Total (I+II) 28 States	0.2	-0.1	0.2	-0.5	3.1	2.8	3.1	2.5

RE : Revised Estimates. BE : Budget Estimates.

Note: 1. Negative sign (-) indicates surplus

2. As the GSDP series were revised after the release of the FC-XIII report, the calculated ratios are based on revised GSDP (2004-05 series) while the ratios pertaining to FC-XIII are directly taken from the FC-XIII Report.

higher than the FC-XIII target in all states, barring Himachal Pradesh, Meghalaya, Tripura and Uttarakhand.

4.31 The revenue account position of all states, NSC states and SC states at the consolidated level is budgeted to be better than the FC-XIII target for 2012-13, while the revenue deficit-GSDP ratios of Goa and Haryana are higher than the FC-XIII target for the year. The GFD-GSDP ratio of all states, NSC states and SC states at the consolidated level is budgeted to be lower than the FC-XIII target in 2012-13. At the state level, GFD -GSDP ratio is expected to exceed the FC-XIII targets in 2012-13 (BE) for Goa among the NSC states and Arunachal Pradesh and Manipur among the SC states (Table IV.22).

Conclusion

4.32 Key deficit-GDP ratios recorded improvement in 2010-11 (Accounts) over the previous year, as well as over the revised estimates for the year. Fiscal imbalances in terms of GFD-GDP and PD-GDP ratios at the consolidated level,

however, widened during 2011-12 (RE), even though these were due to an increase in capital outlay during the year. State-wise data, however, shows improvement in the revenue account of the majority of the states in 2011-12(RE). Most of the states witnessed higher receipts from central transfers and own tax revenues in 2011-12 (RE). Within own tax revenues, taxes on petroleum products, which account for around one-third of the total revenue from VAT, increased in 15 states during 2011-12(RE). The overall fiscal performance of states at the consolidated level is expected to improve during 2012-13 as reflected in the increase in revenue surplus and reduction in GFD and PD as ratios to GSDP. The increase in revenue surplus, generated primarily through increase in revenue receipts, is expected to provide more resources for capital investment.

4.33 The performance of the states *vis-à-vis* the FC-XIII's deficit targets indicates that the states at the consolidated level were able to better the FC-XIII's targets for revenue account in 2011-12(RE) and 2012-13 (BE).