

## Explanatory Note on Data Sources and Methodology

### Data Sources

This Report is based on the receipts and expenditure data presented in the budget documents of 31 state governments and union territories (UTs) with legislature<sup>1</sup>. For accounts data, this has also been supplemented with the data taken from Finance Accounts of the state published by Comptroller and Auditor General (CAG) of India, wherever required. Data from 2017-18 onwards includes UTs with legislature which were earlier provided separately as memo item in all Statements. The analysis conforms to the data presented in state budgets and the accounting classification thereof. The detailed Appendices are based on the classification of receipts and expenditure of individual states/UTs into revenue and capital accounts. Some supplementary information regarding outstanding guarantees (contingent liabilities), expenditure on 'wages and salaries' and 'operations and maintenance' are obtained from state governments. Data on outstanding guarantees from 2006-07 to 2016-17 were obtained from Comptroller and Auditor General of India (CAG).

Data on the outstanding state wise loans under the National Small Savings Fund have been obtained from the CAG. The outstanding state-wise central loans have been sourced from the Union Finance Accounts of Controller General of Accounts (CGA). Besides, several items of data including the, availment of ways and means

advances (WMA)/overdraft (OD), market borrowings, investment of state governments in central government treasury bills and the data on the state development loans (SDLs) have been taken from the Reserve Bank records. Data on Gross Domestic Product (GDP) and the state wise Gross State Domestic Product (GSDP) are at market (current) prices and have been sourced from the Central Statistics Office (CSO). This is supplemented by information received from the respective State Governments and GSDP estimates used in the budget documents of the State Governments. Wherever GSDP data are not available or not consistent with CSO's data, the data are estimated based on the previous three years' annual average growth rate. GDP/GSDP data prior to 2011-12 correspond to base 2004-05 and data from 2011-12 onwards correspond to 2011-12 base, as published by CSO. GDP data for the year 2019-20 (BE) is taken from the Union Budget 2019-20.

Jammu & Kashmir has not provided account data for 2017-18 in its budget for 2019-20. This has been the practice in the past also. Therefore, the RBI has been using audited accounts data released by CAG each year. Awaiting confirmation, for 2017-18 may be considered as provisional.

As per Central Board direction, the unit of the data to be released will be either crore or lakh instead of million and billion.

<sup>1</sup> The extant practice in consolidation of fiscal data is that only 29 states are added, while 2 union territories are given as memo items. While calculating ratio to GDP, the denominator GDP includes all states and Union Territories. Thus, the ratio is an underestimation. Therefore, inclusion of UTs in the consolidation figure will avoid this under estimation and will give the correct picture.

## Methodology

The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditures relating to revenue account, capital outlay and loans and advances are categorised into social services, economic services and general services. While social and economic services constitute development expenditure, expenditure on general services is treated as non-development expenditure. Thus, development expenditure includes the development components of revenue expenditure, capital outlay and loans and advances by state governments. Social sector expenditure includes expenditure on social services, rural development, and food storage and warehousing (given under revenue expenditure, capital outlay and loans and advances by state governments).

The term 'Aggregate Expenditure' used in Chapter II is defined as summation of revenue expenditure, capital outlay and loans and advances. The term 'Aggregate Disbursement' used in Appendix Tables and Statements is summation of aggregate expenditure and debt repayments. The capital receipts provided in Appendix Tables (consolidated) and Statements (state-wise) and used in the analysis include public account items on a net basis while these are excluded from the respective capital expenditure. Percentage variation worked out in Appendix Tables and Statements may differ due to rounding-off of figures.

The data provided in Appendix III (capital receipts) and Appendix IV (capital

expenditure) are on a gross basis for all items, including public account items. Additionally, total capital receipts taking public account items on a net basis are also given in Appendix III to have comparable data with those of the previous years. Total capital expenditure given in Appendix IV is exclusive of public account items. The 'overall deficit/surplus' in the appendices is equal to the sum of cash deficit/ surplus (difference between the closing balance and opening balance), increase/decrease in cash balance investment account and the increase/ decrease in WMA/ ODs extended by the Reserve Bank.

## Methodology for Debt Statistics

The Reserve Bank in its Report of 2005-06 budgets had compiled a data series on outstanding liabilities of state governments since 1990-91. In the 2006-07 Report, a revised series of outstanding liabilities was published by including data on reserve funds, deposits and advances and contingency funds of state governments. In the 2007-08 Report, a revised data series on outstanding liabilities of state governments was published from 2003-04 onwards based on the Combined Finance and Revenue Accounts of Union and state governments, Reserve Bank records, data received from the Ministry of Finance (Government of India), Union Finance Accounts (Controller General of Accounts) and the budget documents of state governments. The present Report follows the same methodology for compilation of outstanding liabilities as given in 2007-08 Report and uses the same data sources.

The outstanding liabilities of the state governments as at end-March 2017 and end March 2018 have been directly taken from CAG of India's 'Combined Finance and Revenue Accounts of the Union and State Governments in India' (except for column nos. 2 to 4 and 15 in Statement 18.

The outstanding liabilities position for end-March 2019 and end-March 2020 have been derived by adding annual flows [2018-19 (RE) and 2019-20 (BE)], to the outstanding amounts for end-March 2018 and end-March 2019. This has been done in conformity with recommended methodology of 'Report of the Working Group on Compilation of State Government Liabilities', 2005. Based on the state wise market loans (Statement 22), the maturity profile of outstanding state government securities is provided in Statements 23 and 24. These Statements also incorporate the appropriation of liabilities of the four bifurcated states (Bihar, Madhya Pradesh, Uttar Pradesh and Andhra Pradesh) to their respective newly formed states (Jharkhand, Chhattisgarh, Uttarakhand and Telangana) on the basis of Government of India notifications.

### **e-STATES Database**

*State Finances: A Study of Budgets* is the only database on consolidated fiscal position of States based on State budgets, providing data on budget estimates for the latest year and actuals and revised estimates for preceding two years respectively. The

Reserve Bank has been receiving demand for time series data on various fiscal indicators of states. With an objective to provide updated time series data, [e-State database](#), an excel file of detailed budgetary items in the revenue and capital accounts from 1990-91 till 2019-20 has been provided in a single excel sheet. This database is a new addition to this report, for which updates on past data for budget and revised estimates are a work in progress.

**Note:** This database should be used alongside the State Finance Report. The names of budget items are kept the same as in the report. An additional alpha-numeric code preceding the item name (as given in the Report) is added to the budget item to avoid ambiguity. The alphabet codes are **RR** for Revenue Receipts, **RE** for Revenue Expenditure, **CR** for Capital Receipts and **CE** for Capital Expenditure. The numbers in the code denote the row number in which the item appear in the appendix for RE, RR, CE or CR. Including this code avoids ambiguity of an item since an item with the same name can be found in more than one appendix. For example, *WMA from RBI* can be seen both in Capital Receipts and Capital Expenditure as "6. WMA from RBI". To avoid this confusion, "CR10: 6. WMA from RBI" means WMA from RBI that is in the appendix for Capital Receipts, while "CE053: 6. WMA from RBI" means WMA from RBI in the appendix for Capital Expenditure.