

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 28 state governments. Data in respect of two Union Territories (UTs) with legislature, viz., National Capital Territory of Delhi (NCT Delhi) and Puducherry are 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. Revenue expenditure and capital expenditure are further bifurcated into 'Plan' and 'Non-Plan'. Some supplementary information regarding institutional reforms, level of guarantees (contingent liabilities), expenditure on 'wages and salaries' and 'operations and maintenance' are obtained from state governments. Information received from the Planning Commission relating to state-wise plan outlays are also incorporated in the Report. Data on the outstanding state-wise loans under the National Small Savings Fund have been obtained from the Ministry of Finance, Government of India. The outstanding state-wise central loans have been sourced from the Union Finance Accounts. Besides, several items of data including avilment 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. The state-wise Gross State Domestic Product (GSDP) are at factor cost (current prices) and have been sourced from the Central Statistics Office (CSO). Data on Gross Domestic Product (GDP) are at current market prices (Base year: 2004-05) as published by CSO.

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 under revenue expenditure, capital outlay and loans and advances by state governments.

The 'All States' totals and national averages pertain to 28 state governments, excluding NCT Delhi and Puducherry. For the year 2013-14 and wherever GSDP figures were not available for 2012-13, these have been estimated by applying GSDP growth rates provided in the budget documents/information received from the state governments to the CSO data. Wherever both the CSO data as well as information from state governments were not available, the data are estimated based on the previous three years' annual average growth rate.

The term 'Aggregate Expenditure' used in Chapter IV 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 2012 have been directly taken from Comptroller and Auditor General (CAG) of India's 'Combined Finance and Revenue Accounts of the Union and State Governments in India' (except for column nos. 2 to 5 and 15 in Statement 18). The outstanding liabilities position for end-March 2013 and end-March 2014 have been derived by adding annual flows [2012-13 (RE) and 2013-14 (BE)], to the outstanding amounts for end-March 2012 and end-March 2013, respectively, 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 23), the maturity profile of outstanding state government securities is provided in Statements 24 and 25. These Statements also incorporate the appropriation of liabilities of the three bifurcated states (Bihar, Madhya Pradesh and Uttar Pradesh) to their respective newly formed states (Jharkhand, Chhattisgarh and Uttarakhand) on the basis of Government of India notifications.

Note : State-wise data on major fiscal indicators for the period 1980-81 to 2009-10 (BE) and state-wise detailed data on the transactions in the revenue and capital account for the period 1990-91 to 2009-10 (BE) were presented in "Handbook of Statistics on State Government Finances" published by the Reserve Bank in July 2010. This Handbook, containing data on 28 states and two UTs, was released in three versions, viz., printed, CD and web-based (www.rbi.org.in) version. While the printed version covers data on major fiscal indicators for the period 1990-91 to 2009-10 (BE) and state-wise detailed data on the transactions in the revenue and capital account for the period 2002-03 to 2009-10 (BE), the CD and web-based versions are more comprehensive than printed version covering data from 1980-81 onwards on major fiscal indicators and state-wise detailed data on the transactions in the revenue and capital account from 1990-91 onwards. CD version also incorporates intelligent search features. The issues of publication 'State Finances: A Study of Budgets' published since 2001-02 are available on the Reserve Bank's website. The Reserve Bank of India also released 'Compendium CD of Articles on State Finances from 1950-51 to 2010-11' in July 2011. This Compendium CD provides access to all the articles published since 1950-51 to 2010-11 at one place.