

## *Finances of State Governments – 2007-08: Highlights\**

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<sup>1</sup> The detailed article is available on the Reserve Bank's website. ([www.rbi.org.in](http://www.rbi.org.in))

<sup>2</sup> An analysis of the consolidated fiscal position of State Governments based on the State budgets of twenty-nine States including NCT Delhi for 2007-08 has been published in the Reserve Bank of India Annual Report, 2006-07. This Study covers budgets of twenty-eight State Governments. Information in respect of NCT Delhi and Puducherry are provided additionally as memo item. The Study provides detailed consolidated fiscal position as also State-wise analysis covering budgetary data as well as additional information obtained from the State Governments and the Government of India.

This article presents the highlights of the State Governments budgets for 2007-08. A detailed analysis is presented in "State Finances: A Study of Budgets of 2007-08" that was released in December 2007<sup>1</sup>.

The State Governments presented their budgets for 2007-08<sup>2</sup> in an environment of growing recognition to pursue fiscal correction and consolidation. The progressive enactment of Fiscal Responsibility Legislation (FRL) by twenty-six States so far ushered in a rule-based fiscal regime for the State Governments. The efforts of the State Governments towards reducing fiscal imbalances were aided by larger devolution and transfers from the Centre based on the recommendations of the Twelfth Finance Commission (TFC) along with the improvement in tax buoyancy on the strength of macroeconomic fundamentals. Furthermore, all States excepting Uttar Pradesh have implemented Value Added Tax (VAT) in *lieu* of sales tax, which has been an unqualified success in raising the tax revenue for the States.

The State Governments while presenting their budgets for 2007-08 have taken into account the priorities as laid out in the Eleventh Five Year Plan (2007-12). In order to ensure quality of human resource development, social sector expenditure is proposed to be raised by higher allocations in 2007-08. In view of the priority given to infrastructure development in the Eleventh Five Year Plan, the State Governments have envisaged implementation of various

projects, especially power and roads. Many State Governments have proposed to implement the infrastructure projects through the framework of public-private partnership (PPP). The State Governments have also undertaken development of urban infrastructure under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

The State Governments in their budgets for 2007-08 proposed various policy initiatives to carry forward the process of fiscal correction and consolidation through measures aimed at augmenting revenue and improving expenditure management. To augment their revenues, the State Governments announced measures for enhancing resource mobilisation through simplification/rationalisation of tax structure, better enforcement and tax compliance. Some States proposed to review the user charges on power, water and transport. By adopting an outcome-oriented budgetary framework, some States have emphasised on translation of outlays into defined outcomes through monitorable performance indicators. A few States also proposed a comprehensive review of the functioning of the State PSUs and their restructuring. In order to restore financial viability of electricity boards, some States have signed Memorandum of Understanding (MoU) with the Central Government for bringing reforms in the power sector. Some States have proposed to introduce "Gender Budget" to ensure empowerment and active participation of women in various development schemes.

The Government of India has taken initiatives to provide support to the State Governments in their developmental role by announcing measures in the area of education, health, social security, agricultural insurance, *etc.* The Reserve Bank, on its part, has been advising the State Governments on several issues, besides providing support in the form of ways and means advances (WMA)/ overdraft (OD) and raising of market borrowings. The Reserve Bank aided the State Governments in organising prepayment of high cost debt, introduction of non-competitive bidding in the auctions of State Government securities and investment of cash balances.

The fiscal and institutional reforms aimed towards fiscal correction and consolidation coupled with the implementation of recommendations of TFC and improvement in tax buoyancy on the strength of macroeconomic fundamentals have contributed in bringing about substantial improvement in the consolidated fiscal position of the State Governments since 2005-06. The reform measures initiated by the State Governments, Central Government and the Reserve Bank to strengthen the reform process at the State level are presented next. This is followed by a discussion of 2005-06 (Accounts), 2006-07 (Revised Estimates) and 2007-08 (Budget Estimates). A discussion on fiscal transfers to State Governments is provided as a special theme. Concluding observations are provided at the end.

## Policy Developments

### *Policy Initiatives of State Governments*

The State Governments, in their budgets for 2007-08, have remained committed to carry forward the process of fiscal correction and consolidation and have announced several policy measures aimed at revenue augmentation, expenditure management and institutional development. The States have also undertaken the development of urban infrastructure under JNNURM. The States have also proposed to implement infrastructure projects through the PPP framework.

In their budgets, the State Governments in general have placed emphasis on improving tax administration by simplification of rules and procedures, rationalisation of tax rates and making the system of tax collection easy and transparent to ensure better tax compliance. All the State Governments, except Uttar Pradesh, and both the Union Territories (UTs) with legislature, *i.e.*, NCT Delhi and Puducherry, have implemented VAT. A few States have proposed a reduction in certain taxes aimed at providing incentives to specific sectors/industries. In order to provide a boost to the tourism industry, Gujarat and West Bengal have announced reduction in the rates of luxury tax. Haryana has announced tax relief on energy saving devices to encourage conservation of power in the State. The State Governments have also placed emphasis on the need to enhance their non-tax revenues.

State Governments have continued their efforts to place emphasis on expenditure management and containment of non-plan revenue expenditure. While several States had already imposed ban over recruitments and creation of new posts, Nagaland has proposed a voluntary retirement scheme and ban on creation of new posts. The State Governments have highlighted the need to reduce salary expenditure and proposed measures to reduce administrative expenditure. While aiming at expenditure prioritisation, the State Governments have proposed several developmental schemes for the weaker sections of the society. Several State Governments, including Andhra Pradesh, have proposed insurance schemes for the poorer sections of population and tribal groups. Chhattisgarh has proposed an insurance scheme for farmers to provide protection against losses due to natural calamities, while Goa has proposed to provide insurance cover against accidental fire hazards to small and marginal farmers. Several State Governments have announced expansion in coverage under pension schemes and increase in rates of pension rates for senior citizens, widows and disabled persons (Himachal Pradesh, Karnataka, Sikkim, Tamil Nadu and West Bengal).

During past few years, the State Governments have adopted various institutional measures, which were oriented towards further strengthening of fiscal discipline, such as legislation in respect of guarantees and fiscal responsibility. Three State Governments,

*viz.*, Jammu and Kashmir (August 2006), Mizoram (October 2006) and Jharkhand (May 2007) enacted FRL encompassing targets on various fiscal parameters, thus taking the total number of States that have enacted FRL to twenty-six. The States have also implemented measures like introduction of new pension scheme (NPS), setting up of consolidated sinking fund (CSF) and guarantee redemption fund (GRF) and placing ceiling on guarantees. Most of the State Governments have proposed setting up of committees/institutions/schemes for targeted purposes, such as agricultural technological management authority (Bihar), knowledge incentive scheme (Chhattisgarh), women employment exchange (Gujarat), rural development (Haryana and Uttar Pradesh), streamlining of exemptions given to industries (Jammu and Kashmir), *etc.* Some States have also proposed to introduce insurance schemes in pursuance of a new scheme called Aam Admi Bima Yojana (AABY) announced in the Union Budget 2007-08. Few States would explore the possibility of linking their existing schemes with the AABY. A number of State Governments (Assam and Chhattisgarh) have decided to implement the recommendations of the Vaidyanathan Committee to strengthen the cooperative banks. Several State Governments have proposed for a greater role of the local bodies.

The State Governments have proposed several schemes particularly directed towards education, health and employment. Almost all the State Governments have proposed to set up (upgrade) new (existing) schools/colleges/

universities towards providing basic as well as advanced education facilities to wider sections of populations in their respective States. State Governments have announced extension of the employment guarantee schemes to cover more districts. The State Governments have also announced initiatives to improve irrigation facilities and supply of drinking water in rural as well as urban areas. The West Bengal and Tamil Nadu Government have announced measures to revise and revitalise the tea gardens of their States. Some States (Punjab, Sikkim, Tripura) have also placed emphasis on horticulture and floriculture projects.

#### *Initiatives of the Government of India*

The Government of India aids the reform process of the State Governments through various measures. The progress of eight flagship programmes under Bharat Nirman would continue to aid the development process in the State Governments. In the Union Budget 2007-08, the Government of India outlined several initiatives to assist the State Governments in their developmental and social role. The Centre has integrated the polio eradication programme into the National Rural Health Mission (NRHM). To make a beginning towards introducing a social security scheme for unorganised workers, the Union Government has proposed to extend death and disability insurance cover through Life Insurance Corporation of India (LIC) to rural landless households under a new scheme called "Aam Admi Bima Yojana". In order to revive and

replicate a programme called 'Training and Visit', in which the agricultural extension workers worked side by side with the farmers during the Green Revolution of the 1960s, the Ministry of Agriculture will draw up a new programme in consultation with the State Governments. The Centre has announced a scheme for the modernisation and technological upgradation of the coir industry with special emphasis to major coir producing States such as Kerala, Karnataka, Tamil Nadu, Andhra Pradesh and Orissa. The Union Budget based on the mutual agreement between the Centre and the States proposed to phase out the Central Sales Tax (CST), commencing with a reduction of the CST rate from 4 per cent to 3 per cent from April 1, 2007. In the spirit of ongoing cooperative fiscal federalism between the Centre and the States, the Union Budget announced that the Empowered Committee of State Finance Ministers would prepare a roadmap for introducing a national-level Goods and Services Tax (GST) with effect from April 1, 2010.

### *Reserve Bank's Initiatives*

The Reserve Bank as the banker and manager of public debt to the State Governments has been sensitising the State Governments on fiscal issues. In this direction, the Reserve Bank has been organising a bi-annual Conference of State Finance Secretaries since 1997 to establish a consultative approach to issues pertaining to the finances of State Governments.

Faced with the accumulation of surplus cash balances and a negative spread earned on the investment of such

balances, some State Governments had approached the Reserve Bank to arrange for the buy-back of their outstanding State Development Loans (SDLs). Accordingly, the Reserve Bank formulated a general scheme for the buy-back of SDLs with the concurrence of the Government of India. With a view to widening the investor base in SDLs, the Annual Policy Statement of April 2006 had proposed to extend the facility of non-competitive bidding (currently limited to Central Government dated securities) to the primary auction of SDLs. Necessary provisions of the Scheme on "Non-Competitive Bidding Facility" have been incorporated in the Revised General Notification issued by all the State Governments in July 2007. The scheme will be operationalised shortly. The Reserve Bank in its Annual Policy Statement for 2006-07, had proposed to constitute a Standing Technical Committee (STC) "under the aegis of the State Finance Secretaries Conference with representation from the Central and State Governments and the Reserve Bank to advise on the wide-ranging issues relating to the borrowing programmes of Central and State Governments through a consensual and co-operative approach". The STC was constituted in December 2006. In the context of the back-to-back transfer of external assistance to the States, the Reserve Bank organized a workshop on the management of foreign exchange risk in May 2007 for the benefit of State Government officials. The States have also proposed alternative mechanisms for providing for foreign exchange risk by setting aside funds in their budgets, where the Reserve Bank is

expected to play a role in managing these funds on the lines of CSF. These proposals were discussed at the 20th Conference of the State Finance Secretaries, held in August 2007. In the 19th Conference of State Finance Secretaries held on January 24, 2007, the provision for payment of brokerage and commission by the State Governments to the banks/other eligible entities for issuance of SDLs through auction method was reviewed. In terms of General Notification issued by all the State Governments in July 2007, payment of brokerage/commission to banks/other eligible entities was discontinued in case SDLs are issued through auction method. In the Annual Policy Statement of April 2007, it was proposed that, with a view to building up a critical mass and thereby improving the secondary liquidity of such securities, reissuance of SDLs may be introduced in consultation with the State Governments. The feasibility of introducing the system of re-issue of SDLs is being examined taking into account the responses received from State Governments.

### Accounts: 2005-06

The key deficit indicators of the State Governments, *viz.*, Revenue Deficit (RD), Gross Fiscal Deficit (GFD) and Primary Deficit (PD) recorded significant reduction when the revised estimates (RE) of 2005-06 translated into accounts. RD and GFD witnessed sharp declines of Rs.12,813 crore (64.6 per cent) and Rs.22,338 crore (19.9 per cent) respectively, between 2005-06 (RE) and 2005-06 (Accounts). Primary deficit also registered a sharp reduction of Rs.19,070

crore (75.9 per cent). In 2005-06 (Accounts), RD, GFD, and PD, relative to GDP, were placed at 0.2 per cent, 2.5 per cent and 0.2 per cent as against 0.6 per cent, 3.2 per cent and 0.7 per cent, respectively in the revised estimates. The correction in the revenue account in 2005-06 (Accounts) was largely due to a sharp reduction in the revenue expenditure, mainly non-interest revenue expenditure which fell by Rs.22,928 crore (6.1 per cent) (Table 1).

The developmental expenditure in revenue account declined substantially by Rs.17,160 crore accounting for 65.5 per cent of the fall in revenue expenditure. The non-developmental revenue expenditure also registered a decline by Rs.9,296 crore in 2005-06 over 2005-06 (RE). The revenue receipts declined by Rs.13,384 crore on account of a decline in States' own tax revenue and grants from the Centre, which was partly compensated by increase in States' share in Central taxes and their own non-tax revenue. There was a decline in capital outlay by Rs.6,207 crore (7.4 per cent), which was higher in magnitude than the fall in capital expenditure. The decline in capital outlay was particularly in respect of sectors such as rural development (15.4 per cent), special area programmes (41.3 per cent), transport (7.9 per cent) and irrigation and flood control (2.3 per cent). Thus, despite a decline in revenue receipts by 0.4 per cent of GDP, the overall correction in the key deficit indicators was on account of compression of developmental expenditure (both revenue and capital) by 0.6 per cent of GDP.

## Revised Estimates: 2006-07

The trends in the revised estimates of 2006-07 *vis-à-vis* the budget estimates (BE) revealed that there was a decline in RD from 0.2 per cent of GDP in budget estimates to 0.1 per cent of GDP in the revised estimates. On the revenue account, there was a substantial increase in revenue receipts of Rs.22,654 crore (4.5 per cent) in 2006-07 (RE) over 2006-07 (BE), which more than compensated for the

increase in the revenue expenditure by Rs.19,872 crore (3.8 per cent). The marked rise in revenue receipts by 0.6 per cent of GDP was mainly on account of increase in States' own tax revenue and share in Central taxes, accounting for 39.7 per cent and 27.9 per cent of the increase in revenue receipts, respectively. The developmental component of revenue expenditure increased by 0.5 per cent of GDP on account of higher expenditure on energy, natural calamities, education,

**Table 1: Variation in Major Items - 2005-06 (Accounts) over 2005-06 (RE)**

Item	Variation		Contribution* (Per cent)
	Amount (Rs. crore)	Per cent	
1	2	3	4
<b>I. Revenue Receipts (i+ii)</b>	<b>-13,384</b>	<b>-3.0</b>	<b>100.0</b>
(i) Tax Revenue (a+b)	-3,262	-1.1	24.4
(a) Own Tax Revenue	-4,563	-2.1	34.1
<i>of which:</i> Sales Tax	-3,961	-3.0	29.6
(b) Share in Central Taxes	1,302	1.4	-9.7
(ii) Non-Tax Revenue	-10,122	-7.5	75.6
(a) States Own Non-Tax Revenue	2,580	5.7	-19.3
(b) Grants from Centre	-12,702	-14.2	94.9
<b>II. Revenue Expenditure (i + ii)</b>	<b>-26,197</b>	<b>-5.6</b>	<b>100.0</b>
(i) Non-Interest Revenue Expenditure	-22,928	-6.1	87.5
<i>of which:</i> Education, Sports, Art and Culture	-4,930	-5.9	18.8
Medical and Public Health and Family Welfare	-2,217	-9.8	8.5
Energy	-276	-1.3	1.1
Rural Development	-2,316	-11.6	8.8
Agriculture and Allied Activities	-1,341	-6.0	5.1
Administrative Services	-1,944	-5.4	7.4
Pension	-1,768	-4.2	6.7
(ii) Interest Payments	-3,269	-3.7	12.5
<b>III. Capital Receipts</b>	<b>10,242</b>	<b>6.6</b>	<b>100.0</b>
<b>IV. Capital Expenditure</b>	<b>-5,875</b>	<b>-4.5</b>	<b>100.0</b>
<i>of which:</i> Capital Outlay	-6,207	-7.4	105.6
<i>of which:</i> Rural Development	-723	-15.4	12.3
Irrigation and Flood Control	-615	-2.3	10.5
Special Area Programmes	-900	-41.3	15.3
Transport	-1,244	-7.9	21.2
<i>Memo Item:</i>			
Revenue Deficit	-12,813	-64.6	
Gross Fiscal Deficit	-22,338	-19.9	
Primary Deficit	-19,070	-75.9	

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

**Note** : Capital receipts include public accounts on a net basis while capital expenditure excludes public accounts.

**Source** : Budget Documents of the State Governments.

rural development and transport and communication. The GFD increased by Rs.7,160 crore (6.7 per cent), notwithstanding the decline in RD, due to higher provision for capital outlay by Rs.10,399 crore (11.0 per cent). The rise in capital outlay was mainly in respect of economic services such as irrigation and flood control, transport, energy and

urban development (Table 2) (Also see Statements 1 and 2).

### Budget Estimates: 2007-08

During 2007-08, the consolidated fiscal position of State Governments is slated to show improvement in terms of the major deficit indicators. A noteworthy aspect is that the consolidated revenue

**Table 2: Variation in Major Items - 2006-07 (RE) over 2006-07 (BE)**

Item	Variation		Contribution* (Per cent)
	Amount (Rs. crore)	Per cent	
1	2	3	4
<b>I. Revenue Receipts (i+ii)</b>	<b>22,654</b>	<b>4.5</b>	<b>100.0</b>
(i) Tax Revenue (a+b)	15,318	4.3	67.6
(a) Own Tax Revenue	9,001	3.6	39.7
<i>of which: Sales Tax</i>	3,771	2.4	16.6
(b) Share in Central Taxes	6,317	5.8	27.9
(ii) Non-Tax Revenue	7,336	4.8	32.4
(a) States Own Non-Tax Revenue	3,672	7.1	16.2
(b) Grants from Centre	3,664	3.7	16.2
<b>II. Revenue Expenditure (i+ii)</b>	<b>19,872</b>	<b>3.8</b>	<b>100.0</b>
(i) Non-Interest Revenue Expenditure	21,463	5.1	108.0
<i>of which: Education, Sports, Art and Culture</i>	2,900	3.2	14.6
Transport and Communication	1,135	8.3	5.7
Energy	5,412	27.9	27.2
Rural Development	1,592	7.7	8.0
Agriculture and Allied Activities	1,887	8.0	9.5
Relief on account of Natural Calamities	3,489	77.3	17.6
Administrative Services	-475	-1.1	-2.4
Pension	-86	-0.2	-0.4
(ii) Interest Payments	-1,591	-1.6	-8.0
<b>III. Capital Receipts</b>	<b>-8,475</b>	<b>-5.6</b>	<b>100.0</b>
<i>of which: Market Borrowings</i>	-3,290	-11.6	38.8
Special Securities Issued to NSSF	-2,516	-3.9	29.7
Loans from Centre	-3,328	-24.6	39.3
Recovery of Loans and Advances	3,156	59.3	-37.2
Small Savings, Provident Fund, etc. (Net)	551	5.3	-6.5
Deposit and Advances (Net)	2,928	-253.8	-34.6
<b>IV. Capital Expenditure</b>	<b>13,290</b>	<b>9.7</b>	<b>100.0</b>
<i>of which: Capital Outlay</i>	10,399	11.0	78.2
<i>of which: Urban Development</i>	109	5.4	0.8
Irrigation and Flood Control	2,242	7.4	16.9
Energy	1,270	13.4	9.6
Transport	1,524	8.1	11.5
<i>Memo Item:</i>			
Revenue Deficit	-2,782	-33.3	
Gross Fiscal Deficit	7,160	6.7	
Primary Deficit	8,752	92.5	

RE: Revised Estimates. BE: Budget Estimates.

\* : Denotes percentage share in relevant total.

**Note:** See Notes to Table 1.

**Source:** Budget Documents of the State Governments.



balance is envisaged to turn into a surplus of Rs.11,973 crore (0.3 per cent of GDP) in the budget estimates (BE) for 2007-08 from a deficit of Rs.5,566 crore (0.1 per cent of GDP) in 2006-07 (RE). It is pertinent to note that the revenue surplus has been budgeted one year in advance of the FRL stipulations and TFC recommendations. Consequent upon the

budgeted revenue surplus, the GFD would decline by Rs.5,590 crore (4.9 per cent) to Rs.1,08,323 crore (2.3 per cent of GDP). Similarly, the PD is budgeted to decline by Rs.12,561 crore (69.0 per cent) to Rs.5,648 crore (0.1 per cent of GDP) in 2007-08 (Table 3).

The correction in the revenue account during 2007-08 has been envisaged to be

**Table 3: Variation in Major Items - 2007-08 (BE) over 2006-07 (RE)**

Item	Variation		Contribution* (Per cent)
	Amount (Rs. crore)	Per cent	
1	2	3	4
<b>II. Revenue Receipts (i+ii)</b>	<b>75,304</b>	<b>14.2</b>	<b>100.0</b>
(i) Tax Revenue (a+b)	57,405	15.4	76.2
(a) Own Tax Revenue	36,958	14.4	49.1
<i>of which: Sales Tax</i>	24,860	15.7	33.0
(b) Share in Central Taxes	20,447	17.7	27.2
(ii) Non-Tax Revenue	17,899	11.3	23.8
(a) States Own Non-Tax Revenue	3,534	6.3	4.7
(b) Grants from Centre	14,366	14.0	19.1
<b>II. Revenue Expenditure (i+ii)</b>	<b>57,765</b>	<b>10.8</b>	<b>100.0</b>
(i) Non-Interest Revenue Expenditure	50,795	11.5	87.9
<i>of which: Education, Sports, Art and Culture</i>	9,054	9.5	15.7
Medical and Public Health and Family Welfare	2,672	10.7	4.6
Energy	-817	-3.3	-1.4
Rural Development	2,481	11.2	4.3
Agriculture and Allied Activities	3,143	12.3	5.4
Administrative Services	6,556	15.4	11.3
Pension	6,524	13.7	11.3
(ii) Interest Payments	6,971	7.3	12.1
<b>III. Capital Receipts</b>	<b>17,805</b>	<b>12.4</b>	<b>100.0</b>
<i>of which: Market Borrowings</i>	11,840	47.4	66.5
Loans from NABARD	1,657	20.4	9.3
Special Securities Issued to NSSF	-2,553	-4.1	-14.3
Loans from Centre	4,721	46.3	26.5
Recovery of Loans and Advances	-3,890	-45.9	-21.8
Reserve Funds (Net)	-543	-11.4	-3.0
Miscellaneous Capital Receipts	7,048	230.8	39.6
Remittances (Net)	-364	-113.9	-2.0
<b>IV. Capital Expenditure</b>	<b>20,908</b>	<b>13.9</b>	<b>100.0</b>
<i>of which: Capital Outlay</i>	13,854	13.2	66.3
<i>of which: Urban Development</i>	390	18.5	1.9
Irrigation and Flood Control	3,655	11.2	17.5
Energy	4,221	39.2	20.2
Transport	3,227	15.9	15.4
<i>Memo Item:</i>			
Revenue Deficit	-17,539	-315.1	
Gross Fiscal Deficit	-5,590	-4.9	
Primary Deficit	-12,561	-69.0	

RE : Revised Estimates. BE: Budget Estimates.

\* : Denotes percentage share in relevant total.

Note: See Notes to Table 1.

Source: Budget Documents of the State Governments.

achieved primarily through enhancement in revenue receipts by 14.2 per cent on top of the 23.3 per cent growth recorded in the previous year. The increase in revenue receipts during 2007-08 is budgeted to be contributed by own tax revenue (49.1 per cent), share in Central taxes (27.2 per cent), grants from the Centre (19.1 per cent) and States' own non-tax revenue (4.7 per cent). Revenue receipts as a ratio to GDP have been estimated to increase by 0.2 percentage points to 13.1 per cent in 2007-08, contributed mainly by own tax revenue and devolution and transfers from the Centre. States' own tax revenue as a percentage of GDP is estimated to rise marginally during 2007-08, maintaining the upward trend witnessed since the mid-1990s. The revenue from VAT/sales tax, which accounts for nearly half of States' own tax revenue, are budgeted to increase by 15.7 per cent in 2007-08, while taxes on property and capital transactions would rise by 18.3 per cent, respectively. On the other hand, the growth in States' own non-tax revenue is budgeted to decelerate to 6.3 per cent during 2007-08 from 16.1 per cent in the preceding year (Statement 3). Gross devolution and transfer of resources (*i.e.*, shareable tax revenue, grants and loans and advances) from the Centre to the State Governments are estimated to increase by 17.3 per cent to Rs.2,68,422 crore during 2007-08 as compared with 28.0 per cent growth recorded in the previous year. As a ratio to GDP, gross devolution and transfer from the Centre would improve to 5.8 per cent in 2007-08 from 5.5 per cent in the previous year. It may be stated that gross devolution and

transfer from the Centre would finance 35.0 per cent of the aggregate disbursements of the State Governments during 2007-08 as compared with 33.3 per cent in the preceding year. In terms of recommendations of the TFC, the States are receiving a higher share in shareable Central taxes and larger grants from the Centre. Simultaneously, the Central plan loans to the States are phased out (see Statement 4).

The improvement in revenue account would also be facilitated by deceleration in revenue expenditure to 10.8 per cent during 2007-08 from 22.6 per cent growth in the previous year. The budgeted increase in revenue expenditure during 2007-08 would be primarily contributed by non-interest revenue expenditure (87.9 per cent). Within revenue expenditure, developmental expenditure (economic and social services) would decelerate to 11.3 per cent after recording a sharp increase of 26.0 per cent in the previous year. Non-developmental expenditure would also decelerate to 9.5 per cent (from 17.6 per cent in previous year) on account of deceleration in expenditure on administrative services, pensions and interest payments (Statements 5 and 6).

Capital receipts are budgeted to increase by 12.4 per cent during 2007-08 against the decline of 12.9 per cent in the preceding year mainly on account of sharp increase in budgeted amount of market borrowings. It is pertinent to note that the State Governments have budgeted both special securities issued to NSSF and recovery of loans and advances at lower levels by 4.1 per cent and 45.9

per cent, respectively (Statement 7). The total capital expenditure of the State Governments, on the other hand, is budgeted to increase by 13.9 per cent during 2007-08 as compared with an increase of 22.1 per cent in the previous year. Enhancement in capital outlay would account for 66.3 per cent of the increase in capital disbursements in 2007-08, primarily representing developmental outlays in economic services. As a ratio to GDP, capital outlay would increase to 2.6 per cent from 2.5 per cent in the preceding year.

The share of social sector expenditure (SSE), including expenditure on social services, rural development and food storage and warehousing, in total expenditure (TE) by the State Governments, which showed a declining trend in the first half of this decade, witnessed an improvement during the recent years. From an average of 32.5 per cent during 2000-05, the ratio of SSE-TE

increased to 33.7 per cent in 2005-06 and further to 35.5 per cent 2006-07 (RE). SSE-TE ratio is budgeted at 35.9 per cent in 2007-08. SSE as a ratio to GDP would be maintained at 5.9 per cent in 2007-08 as in the previous year. The proportion of operations and maintenance expenditure in total revenue expenditure, by and large, exhibited a gradual decline over the years. On the other hand, share of wages and salaries in revenue expenditure increased over the second half of the 1990s, but declined to 27.8 per cent in 2006-07 (RE) from the peak level of 39.1 per cent in 2000-01.

The trend in major deficit indicators reveals significant improvement witnessed in recent years after recording progressive deterioration from the second half of the 1990s (Table 4) (also see Annex 1). However, the marked improvement in consolidated fiscal position does not reveal the wide variation that exists across the States.

**Table 4: Trends in Major Deficit Indicators of State Governments**

(Amount in Rs. crore)

Year	Revenue Deficit		Gross Fiscal Deficit		Primary Revenue Balance		Primary Deficit	
1	2		3		4		5	
1999-00	54,548	(2.8)	90,099	(4.6)	9,907	(0.5)	45,458	(2.3)
2000-01	55,316	(2.6)	87,923	(4.2)	4,331	(0.2)	36,937	(1.8)
2001-02	60,398	(2.6)	94,260	(4.1)	-1,198	(-0.1)	32,665	(1.4)
2002-03	57,179	(2.3)	99,726	(4.1)	-11,848	(-0.5)	30,699	(1.2)
2003-04 (Net of Power Bonds)	63,407	(2.3)	120,631	(4.4)	-16,989	(-0.6)	40,235	(1.5)
			94,086	(3.4)				
2004-05	39,158	(1.3)	107,774	(3.4)	-47,263	(-1.5)	21,353	(0.7)
2005-06	7,013	(0.2)	90,084	(2.5)	-77,011	(-2.2)	6,060	(0.2)
2006-07 (RE)	5,566	(0.1)	113,913	(2.8)	-90,139	(-2.2)	18,209	(0.4)
2007-08 (BE)	-11,973	(-0.3)	108,323	(2.3)	-114,648	(-2.5)	5,648	(0.1)

RE : Revised Estimates.

BE : Budget Estimates.

Negative (-) sign indicates surplus.

**Note :** 1. Figures in parentheses are percentages to GDP.

2. State Governments had issued power bonds amounting to Rs.28,984 crore during 2003-04 to CPSUs under one-time settlement scheme for dues of SEBs.

3. Figures in respect of Jammu and Kashmir from 1999-00 to 2005-06 and for Jharkhand from 2001-02 to 2005-06 relate to revised estimates.

**Source:** Budget Documents of the State Governments.

**Table 5: Decomposition and Financing Pattern  
of Gross Fiscal Deficit - 2005-06 (Accounts)  
to 2007-08 (BE)**

(Per cent to GFD)			
Item	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)
1	2	3	4
<b>Decomposition (1+2+3-4)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
1. Revenue Deficit	7.8	4.9	-11.1
2. Capital Outlay	86.1	92.1	109.7
3. Net Lending	6.1	5.7	10.7
4. Non-debt Capital Receipts	0.0	2.7	9.3
<b>Financing (1 to 11)</b>			
1. Market Borrowings	17.0	16.8	24.3
2. Loans from Centre	0.0	1.8	6.0
3. Special Securities issued to NSSF/Small Savings	81.9	51.5	49.6
4. Loans from LIC, NABARD, NCDC, SBI and Other Banks	4.5	5.6	6.8
5. Small Savings, P.F., etc.	11.6	9.6	11.4
6. Reserve Funds	5.8	4.2	3.9
7. Deposits and Advances	8.1	1.6	1.4
8. Suspense and Miscellaneous	8.8	0.0	-1.3
9. Remittances	0.1	0.3	0.0
10. Others	0.0	-2.8	-0.9
11. Overall Surplus (-) / Deficit (+)	-37.7	11.6	-1.1

RE : Revised Estimates. BE: Budget Estimates.  
NSSF: National Small Savings Fund.

- Note:** 1. Due to the change in the accounting procedure from 1999-2000, Loans from the Centre excludes States' share in small saving collections which is shown under Securities issued to the NSSF under Internal Debt. Accordingly, repayments of small saving collections included under repayments of Loans to Centre is now shown under discharge of Internal Debt to have consistent accounting for receipts and expenditure.
2. 'Others' include Compensation and Other Bonds, Loans from Other Institutions, Appropriation to Contingency Fund, Inter-state Settlement and Contingency Fund.
3. Figures in respect of Jammu and Kashmir and Jharkhand relate to revised estimates.

**Source :** Budget Documents of the State Governments.

During 2007-08, twenty States have presented revenue surplus budgets. However, fifteen States have budgeted for higher GFD in 2007-08 over the previous year. Only a few States account for a major part of the envisaged overall correction. State-wise analysis of the fiscal correction process indicates that the non-special category States would account for 85 per cent of the correction in the revenue account and 73 per cent of the correction in GFD during 2007-08.

The decomposition of consolidated GFD of all State Governments based on their budget documents reveals that the surplus in the revenue account would finance capital expenditure in 2007-08, while RD formed 4.9 per cent of GFD in the previous year. Accordingly, the share of capital outlay in GFD would move up from 92.1 per cent to 109.7 per cent over the year. Securities issued to NSSF would continue to be the major financing item of GFD, though its share would come down due to the expected decline in net collections in keeping with the recent trends and the policy decision to reduce the minimum obligation of the States to borrow from the NSSF to 80 per cent of net collections from 100 per cent. Market borrowings would correspondingly finance a higher share of GFD during 2007-08 at 24.3 per cent compared with 16.8 per cent during the previous year (Table 5).

A perusal of Union Budgets in conjunction with State Budgets for last three years reveals that States have generally overestimated grants-in-aid from the Centre while the amount of shareable Central taxes have been

underestimated in the State Budgets. So far as, financing of GFD is concerned, the flows from NSSF, which have been generally underestimated in State Budgets, have been overestimated in the State budgets in 2007-08. Loans from the Centre have been generally overestimated in the State budgets. In view of the underestimation of the shareable taxes from the Centre to the tune of Rs.6,267 crore in the State budgets of 2007-08 and overestimation of grants by Rs.17,737 crore, the level of revenue receipts would differ from those budgeted by the State Governments. The RD and GFD would, therefore, be somewhat higher than those budgeted by the State Governments. With regard to financing of GFD, both loans and advances from the Centre and loans against Securities issued to the NSSF have been overestimated by Rs.3,501 crore and Rs.6,689 crore respectively, in the State budgets of 2007-08. Thus, the financing pattern of GFD gets distorted due to such overestimation/underestimation of the budgetary heads of State Governments as compared with that of the Union Budget.

### *Outstanding Liabilities and Market Borrowings*

The large and growing GFD of States, particularly since the latter half of the 1990s, led to accumulation in the outstanding debt of the State Governments. The loans from Centre, which accounted for a significant share of States' debt over the years, have shown a decline. On the other hand, the share of market borrowings and NSSF has increased as compared to the 1990s. The

outstanding liabilities of the State Governments as at end-March 1991 were placed at Rs.1,28,155 crore (or 22.5 per cent of GDP). The debt-GDP ratio, which was at a low of 20.9 per cent as at end-March 1997, rose sharply to 32.7 per cent as at end-March 2006 but declined to 30.8 per cent as at end-March 2007. The outstanding liabilities of State Governments are budgeted at Rs.13,78,663 crore as at end-March 2008 with the debt-GDP ratio placed at 29.8 per cent (Statement 8 and Annex 2).

The share of market borrowings in the aggregate outstanding liabilities of State Governments gradually moved up from 12.2 per cent at end-March 1991 to 14.8 per cent at end-March 2000 to 20.7 per cent at end-March 2005. The declining trend in share of high cost market loans of State Governments continued during 2006-07. As at end-March 2007, the share of outstanding market borrowings with interest rate of 10 per cent and above declined by nearly 5 percentage points to 27.5 per cent from 32.2 per cent as at end-March 2006. The net allocations of market borrowings to the State Governments, as per Reserve Bank records, have increased steadily. Additional allocations which witnessed a decline till 2006-07, have increased during 2007-08. The net allocation under market borrowing programme for State Governments is placed at Rs.28,811 crore during 2007-08, an increase of 67.1 per cent over the previous year. Taking into account repayments of Rs.11,555 crore and additional allocation of Rs.5,625 crore, the gross allocation amounts to Rs.45,990 crore, higher by 72.9 per cent

over the previous year. During 2007-08 (up to November 30, 2007), the States have raised market borrowings amounting to Rs.30,875 crore (or 67.2 per cent of gross allocation) through auctions with cut-off rate in the range of 8.00-8.90 per cent. The weighted average interest rate on market borrowings which had declined since the mid-1990s up to 2003-04, firmed up to 8.39 per cent during 2007-08 (up to November 30, 2007) in line with that of the Central Government securities, reflecting the general upward movement in interest rates. In 2007-08 so far (up to November 30, 2007), the entire amount of market borrowings was raised through

the auction route as in 2006-07, indicating State Governments' intention to raise market borrowings based on their improved financial condition (Table 6).

### *Liquidity Position and Cash Management*

Based on the recommendations of the Advisory Committee on Ways and Means Advances and Overdrafts to the State Governments (Chairman: Shri M.P.Bezbaruah), a revised WMA Scheme for State Governments was put in place with effect from April 1, 2006. Accordingly, the aggregate Normal WMA

**Table 6: Market Borrowings of State Governments**

(Rs. crore)						
Item	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08*
1	2	3	4	5	6	7
1. Net Allocation	12,722	12,767	13,969	16,112	17,242	28,811
2. Additional Allocation	6,422	4,893	3,236	3,522	2,803	5,625
3. Allocation under DSS	10,000	29,000	19,766	–	–	–
4. Total (1+2+3)	29,144	46,660	36,971	19,634	20,046	34,436
5. Repayments	1,789	4,145	5,123	6,274	6,551	11,555
6. Gross Allocation (4+5)	30,933	50,805	42,094	25,908	26,597	45,990
7. Amount raised under DSS	10,000	26,623	16,943	–	–	–
8. Amount raised to prepay RIDF loans	–	–	1,386	–	–	–
9. Total Amount Raised (i + ii)	30,853	50,521	39,101	21,729	20,825	30,875
(i) Tap Issues	27,880	47,626	38,216	11,186	–	–
(ii) Auctions	2,973	2,895	885	10,543	20,825	30,875
	(13)	(8)	(3)	(24)	(22)	(21)
10. Net Amount Raised (9-5)	29,064	46,376	33,978	15,455	14,274	19,320
11. Net Amount Raised (other than DSS) (10-7)	19,064	19,753	17,035	15,455	14,274	19,320
12. Net Amount Raised (other than 200. DSS and RIDF) (11-8)	19,064	19,753	15,649	15,455	14,274	19,320
<i>Memo-Item:</i>						
(i) Coupon/Cut-off Yield Range (%)	6.60-8.00	5.78-6.40	5.60-7.36	7.32-7.85	7.65-8.66	8.00-8.90
(ii) Weighted Average Interest Rate (%)	7.49	6.13	6.45	7.63	8.10	8.39
(iii) Average Maturity (in years)	10.00	10.05	10.01	10.00	10.00	10.00

DSS: Debt Swap Scheme. '–': Nil/Not Applicable. \*: Amount raised up to November 30, 2007.

**Note:** (i) Figures in brackets represent number of States opting for the auction route.

(ii) The data on market borrowings as per RBI records may differ from that reported in the budget documents of the State Governments.

**Source:** Reserve Bank records.

limit was increased by 10.5 per cent to Rs.9,875 crore for the year 2006-07. The State-wise limits of Normal WMA were reviewed towards the end of the year. It was perceived that the extant Normal WMA limits were adequate, *inter alia*, on account of (i) low utilisation of WMA by the State Governments during 2006-07; (ii) acclimatisation of the State Governments to the changes in the fiscal environment as envisaged by the TFC, thereby signaling the end of the transition; and (iii) expected persistence of comfortable liquidity position of the State Governments during 2007-08. Accordingly, it was decided to retain the extant State-wise Normal WMA during 2007-08.

During 2006-07, the average utilisation of normal WMA, special WMA and overdrafts by the States remained low. There was a reduction in the number of States that availed WMA during 2006-07 (8 States as compared with 12 States in 2005-06). Similarly, there was a reduction in the number of the State Governments availing overdraft during 2006-07 (two States as compared with eight States in 2005-06). This reflected improvement in the overall cash position resulting in build-up of high level of surplus cash balances by most of the State Governments. The utilisation of WMA and overdraft (average of daily outstandings) by the States at Rs.904 crore during 2007-08 (up to November 30, 2007) was, however, substantially higher than that of Rs.246 crore in the corresponding period of the previous year. During 2007-08 (up to November 30, 2007), seven States availed of WMA for a period of 1-155 days, of which three States

resorted to overdraft for a period ranging between 3-65 days. The higher utilisation of WMA reflects temporary mismatches between receipts and expenditure in respect of a few States notwithstanding maintenance of high level of surplus cash balances by a number of State Governments.

An issue that has a bearing on the liquidity and cash management by the State Governments relates to their surplus cash balance. The buoyancy in small saving collections over the last few years and the automatic channelisation of these funds to the States has meant that State Governments' borrowings are more than the amount required for financing their GFD. This gets reflected in large surplus cash balances maintained by most of the State Governments in the form of investments in 14-Day Intermediate and Auction Treasury Bills, which at the consolidated level stand at Rs.62,996 crore (as on November 23, 2007). The States get a lower rate of return on these investments than the cost of borrowings for these resources, thus having an adverse impact on the revenue account.

### *Special Theme: Fiscal Transfers to the State Governments*

Fiscal transfers play an important role in a federal structure of Government by addressing the imbalances between the national and sub-national governments arising on account of the allocation of functions and financial resources to different levels of Government. Under the federal system in India, while the State Governments have a major responsibility with regard to provision of economic and

social infrastructure, their own resources fall far short of the requirements, necessitating fiscal transfers from the Centre to the States.

In a federal set-up, fiscal transfers take place through tax devolution and grants, which are supplemented by loans from the Centre to the States. In line with the practice followed in other federal countries, fiscal transfers in India are guided by the principle of "equalisation", which neutralises deficiency in fiscal capacity across States but not in revenue effort. The normative approach to fiscal transfers neutralises adverse incentives as States are assessed in terms of revenues that they ought to raise given their respective capacities. Similarly, expenditures are assessed on the basis of needs consistent with an average or minimum acceptable level of service and the relevant cost norms and not driven by the past history of expenditures. The objective of fiscal transfers is to correct the vertical and horizontal imbalances. Vertical imbalances arise because higher resources have been assigned to the Central Government while State Governments are entrusted with larger responsibilities. Horizontal imbalances arise on account of different fiscal capacities and needs of the States as also the differences in the costs of providing the services. Transfers from the Central Government to the State Governments taken together are aimed at correcting vertical imbalances. The allocation of transfers among the State Governments aims at correcting horizontal imbalances. In the present scheme of transfers, tax devolution plays a dual role of correcting

vertical as well as horizontal imbalances, while grants-in-aid are mainly targeted towards achieving a degree of equalisation. Apart from statutory grants under the recommendations of the Finance Commission (FC), there are plan grants covering Central assistance for State plans as decided by the Planning Commission (PC), as well as plan grants given by the Central Ministries for implementation.

Gross devolution and transfers (GDT) comprising share in Central taxes (SCT), grants-in-aid (GIA) and loans from Centre (LFC) have increased steadily over the years, but for the decline in a single year during 1999-00 (Table 7). Component-wise, the shares of SCT and GIA in GDT have moved up in recent years with phasing out of LFC to the States in terms of recommendations of the TFC. GDT is budgeted to be 5.8 per cent of GDP in 2007-08. On an average, the ratio of GDT to GDP during the first three years of Twelfth FC (2005-08) was higher at 5.5 per cent than the Eleventh FC period (5.2 per cent). GDT constituted around 33 per cent of aggregate disbursements and aggregate receipts of the States during 2005-08. The GDT as percentage of GDP witnessed a decline in the 1990s and early 2000s coinciding with the period of Tenth FC and Eleventh FC. During the period of Twelfth FC so far, the compound annual growth rate (CAGR) of GDT at 22.5 per cent was substantially higher than during previous three Finance Commissions (Annex 3).

The FC transfers comprising SCT and statutory grants and grants for natural calamities, on an average, account for



Table 7: Composition of Gross Devolution and Transfers

Year	Share in	Grants-	Loans from	Total	Share in	Grants-	Loans from	Total
	Central Taxes	in-Aid	Centre		Central Taxes	in-Aid	Centre	
	(Rupees crore)				(Per cent to total)			
1	2	3	4	5	6	7	8	9
1986-87	8,384	6,985	7,703	23,072	36.3	30.3	33.4	100.0
1987-88	9,660	8,275	9,034	26,969	35.8	30.7	33.5	100.0
1988-89	10,736	9,660	9,937	30,333	35.4	31.8	32.8	100.0
1989-90	13,097	8,505	11,259	32,862	39.9	25.9	34.3	100.0
1990-91	14,242	12,643	13,974	40,859	34.9	30.9	34.2	100.0
1991-92	16,848	15,226	13,069	45,143	37.3	33.7	29.0	100.0
1992-93	20,580	17,759	13,100	51,439	40.0	34.5	25.5	100.0
1993-94	22,395	21,176	14,277	57,848	38.7	36.6	24.7	100.0
1994-95	24,885	19,911	18,742	63,538	39.2	31.3	29.5	100.0
1995-96	29,048	20,873	18,804	68,725	42.3	30.4	27.4	100.0
1996-97	35,038	22,949	22,931	80,918	43.3	28.4	28.3	100.0
1997-98	40,411	23,853	29,744	94,009	43.0	25.4	31.6	100.0
1998-99	39,421	23,480	39,367	102,268	38.5	23.0	38.5	100.0
1999-00	44,121	30,177	21,354	95,652	46.1	31.5	22.3	100.0
2000-01	50,734	37,289	18,707	106,730	47.5	34.9	17.5	100.0
2001-02	52,215	42,601	24,396	119,213	43.8	35.7	20.5	100.0
2002-03	56,655	45,170	26,831	128,657	44.0	35.1	20.9	100.0
2003-04	67,080	50,834	25,871	143,785	46.7	35.4	18.0	100.0
2004-05	78,550	56,322	25,878	160,750	48.9	35.0	16.1	100.0
2005-06	94,024	76,750	8,097	178,871	52.6	42.9	4.5	100.0
2006-07 (RE)	115,737	102,955	10,197	228,889	50.6	45.0	4.5	100.0
2007-08 (BE)	136,184	117,320	14,918	268,422	50.7	43.7	5.6	100.0

RE: Revised Estimates.

BE: Budget Estimates.

Source: Budget Documents of the State Governments.

around two-thirds of total current transfers to the States. In terms of GDP, the FC transfers were 3.3 per cent of GDP during the Twelfth FC period, which is the highest ever FC transfers since the Ninth FC. This is because along with SCT, there is substantial increase in the grant component in terms of recommendations of the TFC. It may be recalled that the Twelfth FC recommended a greater role for grants in overall FC transfers on the following grounds: (a) grants are determined in absolute terms and the amounts are, therefore, known; (b) grants can be targeted better; and (c) in determining grants, better account can be taken of

cost disabilities and redistributive considerations that are not adequately captured in the tax devolution formula. Accordingly, the Twelfth FC allowed increase in share of grants in total FC transfers to 18.87 per cent during the award period 2005-10, from 8.96 per cent during Tenth FC period and 13.47 per cent during Eleventh FC period. Data for 2005-06 to 2007-08 indicate that, on an average, share of grants in FC transfers was 15.2 per cent while that of tax devolution was 84.8 per cent. Other current transfers from the PC and the Ministry of Finance also witnessed significant increase relative to GDP during the Twelfth FC (Table 8).

**Table 8: Finance Commission Devolution and Other Current Transfers**

Period	(Amount in Rs. crore)				
	SCT	SG	FCT (2+3)	OCT	Total (4+5)
1	2	3	4	5	6
Ninth FC (1990-95)	19,790 (2.6)	2,382 (0.3)	22,172 (2.9)	14,961 (1.9)	37,133 (4.9)
Tenth FC (1995-00)	37,608 (2.4)	2,935 (0.2)	40,542 (2.6)	21,332 (1.4)	61,874 (4.0)
Eleventh FC (2000-05)	61,047 (2.4)	9,792 (0.4)	70,839 (2.8)	36,651 (1.4)	107,490 (4.2)
Twelfth FC (2005-08)	115,315 (2.8)	20,620 (0.5)	135,935 (3.3)	78,389 (1.9)	214,323 (5.2)

SCT: Share in Central Taxes. SG: Statutory Grants.  
OCT: Other Current Transfers. FCT: Finance Commission Transfers.

**Note:** (1) Figures in brackets are as percentage to GDP.  
(2) Other Current Transfers are same as non-Statutory grants.

**Source:** Budget Documents of the State Governments.

During the period from Ninth to Eleventh Finance Commissions, revenue receipts of the State Governments before transfers averaged 7.0 per cent of GDP, while revenue receipts after transfers averaged 11.3 per cent of GDP. In the first three years of the Twelfth FC, revenue receipts before and after transfers have averaged 7.5 per cent and 12.7 per cent of GDP, respectively. Higher devolution and transfer of resources to the State Governments has facilitated the fiscal correction and consolidation process particularly in achieving substantial improvement on the revenue account (Table 9).

On the capital account, transfers from the Centre in the form of loans facilitate financing of GFD of the States. Historically, loans from Centre were the largest source of financing GFD till 1998-99. There has been a steep reduction in importance of net LFC in GFD financing – from an average of 48.7 per cent during 1990-95 and 39.7 per cent during 1995-00 to 4.6 per cent during 2000-05 and further to 2.6 per cent during 2005-08. The decline in LFC to the State Governments, however, was compensated by higher open market borrowings and negotiated loans. The changing milieu of financing

**Table 9: Revenue Receipts before and after Devolution and Transfers**

Period	RRBT	RRAT	RRBT/GDP	RRAT/GDP
	(Rs. crore)		(per cent)	
1	2	3	4	5
Ninth FC (1990-95)	55,546	92,679	7.2	12.1
Tenth FC (1995-00)	103,542	165,416	6.7	10.7
Eleventh FC (2000-05)	178,171	285,661	7.0	11.2
Twelfth FC (2005-08)	308,738	523,061	7.5	12.7

RRBT: Revenue Receipts before Devolution and Transfers.  
RRAT: Revenue Receipts after Devolution and Transfers.  
GDP: Gross Domestic Product.

**Source:** Budget Documents of the State Governments.

pattern of GFD of States also reflects the changes in the accounting norms in respect of small savings on account of institution of NSSF effective April 1, 1999. The collections under NSSF, which are passed on to the State Governments against issue of Special State Government Securities, have turned out to be a buoyant source of funds during past few years. Before institution of NSSF, small savings were treated as loans from Centre to the State Governments. The introduction of DSS for the period 2002-03 to 2004-05 also significantly reduced the importance of LFC as a financing item of the GFD.

To sum up, with the change in accounting framework of small savings and constitution of NSSF with effect from April 1, 1999 and abolition of Plan loans from the Centre to the States from 2005-06 in line with the recommendations of Twelfth FC, the share in Central taxes and grants-in-aid remain two major components of gross devolution and transfer from the Centre to the States. The gross devolution and transfer from the Centre to the State Governments, comprising share in Central taxes, grants-in-aid and loans from the Centre has reached the average level of 5.5 per cent of GDP during the first three years of Twelfth FC (2005-08) as compared with the average level of 5.2 per cent during Eleventh FC period. The higher devolution of Central taxes and transfer of grants during the first three years of the award period of Twelfth FC apart from the buoyant own tax revenues of the States has facilitated improvement in fiscal position of the State Governments.

### *Concluding Observations*

An assessment of the fiscal position of the State Governments indicates visible improvement in the key deficit indicators in the recent years. Reflecting this, in the revised estimates of 2006-07, the consolidated RD and GFD of States, as ratios to GDP, have been placed at 0.1 per cent and 2.8 per cent, respectively. Continuing with the fiscal correction process, the State Governments have budgeted for a further reduction in GFD as a ratio to GDP to 2.3 per cent during 2007-08. The reduction in GFD is based on a turnaround envisaged in the revenue account, which is budgeted to generate a surplus of 0.3 per cent of GDP. It is significant to mention that the State Governments have budgeted a consolidated surplus on the revenue account after two decades. In this context, it may also be mentioned that several State Governments have achieved the targets of reduction in RD and GFD ahead of the path of restructuring recommended by the TFC and their own FRL.

The key factors that have enabled the improvement in fiscal position of the State Governments are: (i) a rule-based process of fiscal correction and consolidation adopted under the FRL by a majority of State Governments; (ii) buoyancy in States' own tax revenue; (iii) expenditure management by the State Governments, and (iv) high current transfers from the Central Government. Higher devolution and transfer of resources to the State Governments has facilitated the fiscal correction and consolidation process particularly in

achieving substantial improvement on the revenue account. Higher devolution and current transfers to the poorer States as a ratio of their GSDP also reflect the principle of equalisation.

Given the importance of revenue augmentation in sustaining fiscal correction, the State Governments have announced measures for mobilisation of additional resources through simplification/rationalisation of tax structure, better enforcement and tax compliance. The States have made commitments to contain non-plan revenue expenditure and introduced new pension schemes to contain future pension obligations. The State Governments have also taken into account the priorities laid down in the Eleventh Five Year Plan (2007-12) in the State Budgets for 2007-08. Accordingly, allocations for the social sector and rural infrastructure are proposed to be raised by the States.

The overall improvement in the consolidated fiscal position of the State Governments, however, does not reveal the wide variation that exists in fiscal performance across the States. The State-wise analysis reveals that fiscal correction has not been uniform across States, notwithstanding a strong commitment by almost all State Governments to carry forward the process of fiscal correction and consolidation. Only a few States account for the major part of the overall correction. State-wise analysis of the fiscal correction process indicates that the non- Special Category States would account for 85 per cent of the correction in the revenue account and 73 per cent

of the correction in GFD. With TFC recommending a uniform target oriented fiscal restructuring path to be attained by all the States by end of 2009-10, the fiscally weak States may initiate measures to catch up with the fiscally sound States within the timeframe.

While the State Governments have achieved noticeable improvement in their fiscal position in the recent years, they would have to strive to make the fiscal consolidation durable through strengthening the revenue flows into the budget while placing emphasis on targeting expenditures to meet the developmental objectives. The strength in overall macroeconomic conditions has resulted in higher own revenue receipts and greater fiscal capacity for the States. The buoyancy in revenue mobilisation also needs to be channelised for productive expenditure and investment. It is crucial to ensure that the process of fiscal correction does not adversely affect capital outlay and expenditure on social sectors.

The high level of deficit of State Governments in the past resulted in accumulation of high level of debt by the State Governments. In case of several States, the present level of debt- GSDP ratio is perceived to be alarmingly high. Furthermore, there are concerns about the ability of the State Governments to service their debt obligations. The TFC had emphasised the need to determine borrowing limits for each State taking into account borrowings from all sources including small savings and States' public accounts and reserve funds. In ensuring

debt sustainability in terms of a stable debt to GSDP ratio, given the growth rate and the rate of interest, the status of primary balance is of crucial importance. Despite an improvement in the number of fiscal parameters, the primary balance of many of the States, and consequently at the consolidated level, continues to be in deficit. However, due to higher economic growth and the favourable interest rate environment in the recent years, the debt to GDP ratio of the States has been contained from rising. It may be mentioned that the State Governments have budgeted ratio of interest payment to revenue receipts for 2007-08 at 16.9 per cent against the TFC target of 15 per cent for the year 2009-10. The State Governments may make efforts through fiscal restructuring to contain their debt at sustainable level.

With a view to improving monitoring and evaluation of programmes, the State Governments may consider strengthening their evaluation capacity with a focus on outcome. They may aim at a system which is responsible and responsive for improving the efficiency and effectiveness of spending.

With fiscal transparency gaining critical importance, the State Governments may need to make efforts to enhance transparency by providing adequate details in their budgets on items such as outstanding and contingent liabilities, subsidies, *etc.* In addition, public dissemination of fiscal data on a more frequent basis, say quarterly basis, may be considered. With large deviation observed between budget estimates and the accounts data, particularly in the revenue account of the States in the

recent years, it would be useful to improve the entire budget estimation process and methodology. In view of the constitution of the Sixth Pay Commission in October 2006 to examine the pay and pension structure of the Central Government employees, it is important to note that the State Governments have by and large followed the Central Pay Commission award to improve the pay structure of their employees. Several State Governments have constituted their own Pay Commissions. The State finances experienced deterioration in the latter part of 1990s subsequent to adopting the recommendations of the Fifth Pay Commission for their employees. The States, therefore, need to base their decisions relating to salary levels after due consideration to their fiscal capacity, employee strength, size of population and the required complementary expenditure for productive employment.

To conclude, the improvement in the fiscal position of the State Governments has resulted from buoyancy in their tax revenues along with higher current transfers from the Centre. The State Governments would, however, have to devise strategies for augmenting resource mobilisation from non-tax sources of revenue. With regard to expenditure management, the State Governments may emphasise improvement in effectiveness of service delivery mechanism. The States would also need to make continuous efforts towards ensuring the channelisation of resources to meet the development needs in line with the priorities laid down in the Eleventh Five Year Plan, while initiating steps to bring down the levels of non-developmental expenditure.

## Statement 1: Major Deficit Indicators of State Governments

(Amount in Rs. crore)

Year	Gross Fiscal Deficit	Revenue Deficit	Conventional Deficit	Primary Deficit	Net RBI Credit to States
1	2	3	4	5	6
1990-91	18,787 (3.3)	5,309 (0.9)	-72 (0.0)	10,132 (1.8)	420 (0.1)
1991-92	18,900 (2.9)	5,651 (0.9)	156 (0.0)	7,956 (1.2)	-340 (-0.1)
1992-93	20,891 (2.8)	5,114 (0.7)	-1,829 (-0.2)	7,681 (1.0)	176 (0.0)
1993-94	20,364 (2.4)	3,872 (0.5)	363 (0.0)	4,564 (0.5)	591 (0.1)
1994-95	27,308 (2.7)	6,706 (0.7)	-4,346 (-0.4)	7,895 (0.8)	48 (0.0)
1995-96	30,870 (2.6)	8,620 (0.7)	-2,680 (-0.2)	9,031 (0.8)	16 (0.0)
1996-97	36,561 (2.7)	16,878 (1.2)	7,202 (0.5)	11,175 (0.8)	898 (0.1)
1997-98	43,474 (2.9)	17,492 (1.1)	-1,803 (-0.1)	13,675 (0.9)	1,543 (0.1)
1998-99	73,295 (4.2)	44,462 (2.6)	3,268 (0.2)	37,854 (2.2)	5,579 (0.3)
1999-00	90,099 (4.6)	54,548 (2.8)	3,125 (0.2)	45,458 (2.3)	1,312 (0.1)
2000-01	87,923 (4.2)	55,316 (2.6)	-2,379 (-0.1)	36,937 (1.8)	-1,092 (-0.1)
2001-02	94,260 (4.1)	60,398 (2.6)	3,545 (0.2)	32,665 (1.4)	3,451 (0.2)
2002-03	99,726 (4.1)	57,179 (2.3)	-4,291 (-0.2)	30,699 (1.2)	-3,100 (-0.1)
2003-04	1,20,631 (4.4)	63,407 (2.3)	-526 (0.0)	40,235 (1.5)	293 (0.0)
2004-05	1,07,774 (3.4)	39,158 (1.3)	-10,232 (-0.3)	21,353 (0.7)	-2,705 (-0.1)
2005-06	90,084 (2.5)	7,013 (0.2)	-33,947 (-1.0)	6,060 (0.2)	2,425 (0.1)
2006-07 (BE)	106,753 (2.6)	8,348 (0.2)	-5,773 (-0.1)	9,458 (0.2)	-
2006-07 (RE)	113,913 (2.8)	5,566 (0.1)	13,210 (0.3)	18,209 (0.4)	-2,733 (-0.1)
2007-08 (BE)	108,323 (2.3)	-11,973 (-0.3)	-1,225 (-0.0)	5,648 (0.1)	-

RE: Revised Estimates.

BE: Budget Estimates.

'-': Not Available.

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

2. Conventional deficit represents the difference between aggregate disbursements and aggregate receipts. Aggregate receipts include: (i) revenue receipts; (ii) capital receipts excluding Ways and Means Advances and Overdraft from RBI, and (iii) net receipts under Public Account excluding withdrawals from Cash Balance Investment Account and deposits with RBI. Aggregate disbursements include: (i) revenue expenditure and (ii) capital disbursements excluding repayment of Ways and Means Advances and Overdraft from RBI.

3. Revenue deficit is the difference between revenue expenditure and revenue receipts.

4. Gross fiscal deficit is the difference between aggregate disbursements net of debt repayments and recovery of loans and revenue receipts and non-debt capital receipts.

5. Primary deficit is gross fiscal deficit less of interest payments.

6. Figures in brackets are as percentage to GDP.

7. Figures in respect of Jammu and Kashmir from 1990-91 to 2005-06 and for Jharkhand from 2001-02 to 2005-06 relate to revised estimates.

8. The net RBI credit to State Governments refers to variations in loans and advances given to them by the RBI net of their incremental deposits with the RBI.

**Source:** Budget Documents of the State Governments and the Reserve Bank records.

**Statement 2: Consolidated Budgetary Position At A Glance**

(Amount in Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Budget Estimates)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)	Variation					
					Col.4 over Col.2		Col.4 over Col.3		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
<b>I. Revenue Account</b>										
A. Receipts	4,31,021	5,08,775	5,31,429	6,06,733	1,00,408	23.3	22,654	4.5	75,304	14.2
B. Expenditure	4,38,034	5,17,123	5,36,995	5,94,760	98,961	22.6	19,872	3.8	57,765	10.8
C. Surplus(+)/Deficit(-) (IA-IB)	-7,013	-8,348	-5,566	11,973						
<b>II. Capital Account *</b>										
A. Receipts	1,64,607	1,51,782	1,43,307	1,61,112	-21,300	-12.9	-8,475	-5.6	17,805	12.4
B. Disbursements	123,648	1,37,661	1,50,951	1,71,859	27,304	22.1	13,290	9.7	20,908	13.9
C. Surplus(+)/Deficit(-) (IIA-IIB)	40,960	14,120	-7,645	-10,748						
<b>III. Aggregate Receipts</b>	<b>5,95,628</b>	<b>6,60,557</b>	<b>6,74,736</b>	<b>7,67,845</b>	<b>79,107</b>	<b>13.3</b>	<b>14,179</b>	<b>2.1</b>	<b>93,109</b>	<b>13.8</b>
<b>IV. Aggregate Disbursements</b>	<b>5,61,682</b>	<b>6,54,784</b>	<b>6,87,946</b>	<b>7,66,620</b>	<b>1,26,264</b>	<b>22.5</b>	<b>33,162</b>	<b>5.1</b>	<b>78,674</b>	<b>11.4</b>
<b>V. Overall Surplus (+)/ Deficit (-) (III-IV)</b>	<b>33,947</b>	<b>5,773</b>	<b>-13,210</b>	<b>1,225</b>						
<b>VI. Financing of Overall Surplus (+)/Deficit (-) [V=VI(A+B+C)]</b>										
A. Increase (+)/Decrease (-) in Cash Balances (Net)	-1,827	4,560	-9,469	3,311						
B. Additions to (+)/ Withdrawals from (-) Cash Balance Investment Account (Net)	34,761	1,263	-3,672	-2,016						
C. Repayment of (+)/ Increase in (-) Ways and Means Advances and Overdrafts from RBI (Net)	1,013	-50	-70	-70						

\* : Excluding (i) WMA from RBI, (ii) Purchase/Sale of Securities from Cash Balance Investment Account, and (iii) Deposit with RBI. Capital receipts include Public Accounts on a net basis while Capital Expenditure are given exclusive of Public Accounts.

**Note** : Figures for 2005-06 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

**Source** : Budget Documents of the State Governments.

## Statement 3: Revenue Receipts

(Amount in Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Budget Estimates)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)	Variation					
					Col.4 over Col.2		Col.4 over Col.3		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
<b>Total Revenue (I+II)</b>	<b>4,31,021</b>	<b>5,08,775</b>	<b>5,31,429</b>	<b>6,06,733</b>	<b>1,00,408</b>	<b>23.3</b>	<b>11,282</b>	<b>2.2</b>	<b>75,304</b>	<b>14.2</b>
<b>I. Tax Revenue (A+B)</b>	<b>3,06,332</b>	<b>3,57,499</b>	<b>3,72,817</b>	<b>4,30,222</b>	<b>66,485</b>	<b>21.7</b>	<b>6,194</b>	<b>1.7</b>	<b>57,405</b>	<b>15.4</b>
<b>A. Revenue from States*</b>										
<b>Taxes (i to iii)</b>	<b>2,12,307</b>	<b>2,48,080</b>	<b>2,57,080</b>	<b>2,94,038</b>	<b>44,773</b>	<b>21.1</b>	<b>-123</b>	<b>-</b>	<b>36,958</b>	<b>14.4</b>
(i) Taxes on Income(a+b)	2,563	2,721	2,864	3,028	301	11.7	143	5.3	164	5.7
(a) Agricultural Income Tax	17	22	21	26	5	29.0	-1	-3.0	5	23.1
(b) Tax on Professions, Trades, Callings and Employment	2,547	2,699	2,843	3,002	296	11.6	144	5.3	159	5.6
(ii) Taxes on Property and Capital Transactions (a to c)	27,667	30,779	34,080	40,310	6,413	23.2	2,401	7.6	6,230	18.3
(a) Stamps and Registration Fees	24,868	27,344	30,903	36,862	6,036	24.3	2,659	9.4	5,958	19.3
(b) Land Revenue	2,716	3,332	3,070	3,287	353	13.0	-263	-7.9	217	7.1
(c) Urban Immovable Property Tax	83	102	107	162	24	28.6	5	4.6	55	51.4
(iii) Taxes on Commodities and Services (a to g)	1,82,077	2,14,578	2,20,136	2,50,700	38,059	20.9	-2,667	-1.2	30,564	13.9
(a) Sales Tax *	1,28,769	1,54,342	1,58,113	1,82,973	29,343	22.8	-2,819	-1.8	24,860	15.7
(b) State Excise Duties	25,036	28,558	29,409	31,578	4,374	17.5	-124	-0.4	2,169	7.4
(c) Taxes on Vehicles	11,964	13,232	13,572	15,222	1,608	13.4	-50	-0.4	1,650	12.2
(d) Taxes on Passengers and Goods	6,450	7,463	7,746	8,509	1,297	20.1	266	3.6	763	9.9
(e) Electricity Duties	7,718	8,226	8,559	9,052	842	10.9	333	4.1	493	5.8
(f) Entertainment Tax	649	855	767	851	119	18.3	-132	-14.6	83	10.9
(g) Other Taxes and Duties	1,492	1,901	1,970	2,515	478	32.0	-142	-6.7	545	27.7
<b>B. Share in Central Taxes</b>	<b>94,024</b>	<b>1,09,420</b>	<b>1,15,737</b>	<b>1,36,184</b>	<b>21,712</b>	<b>23.1</b>	<b>6,317</b>	<b>5.8</b>	<b>20,447</b>	<b>17.7</b>
<b>II. Non-tax Revenue (C + D)</b>	<b>1,24,690</b>	<b>1,51,276</b>	<b>1,58,612</b>	<b>1,76,511</b>	<b>33,922</b>	<b>27.2</b>	<b>5,087</b>	<b>3.3</b>	<b>17,899</b>	<b>11.3</b>
<b>C. Grants from the Centre</b>	<b>76,750</b>	<b>99,290</b>	<b>1,02,955</b>	<b>1,17,320</b>	<b>26,205</b>	<b>34.1</b>	<b>2,767</b>	<b>2.8</b>	<b>14,366</b>	<b>14.0</b>
<b>D. States' Own Non-Tax Revenue (a to f)</b>	<b>47,939</b>	<b>51,986</b>	<b>55,657</b>	<b>59,191</b>	<b>7,718</b>	<b>16.1</b>	<b>2,320</b>	<b>4.4</b>	<b>3,534</b>	<b>6.3</b>
(a) Interest Receipts	9,380	8,502	9,302	11,008	-78	-0.8	-422	-4.3	1,706	18.3
(b) Dividends and Profits	578	303	320	335	-258	-44.7	13	4.3	15	4.6
(c) General Services	11,784	15,108	16,972	14,285	5,189	44.0	1,815	12.0	-2,688	-15.8
<i>of which:</i>										
State Lotteries	7,124	10,741	8,670	8,207	1,546	21.7	-2,071	-19.3	-463	-5.3
(d) Social Services	4,549	3,286	4,539	4,474	-9	-0.2	1,225	37.0	-65	-1.4
(e) Economic Services	21,649	24,781	24,522	29,090	2,873	13.3	-307	-1.2	4,568	18.6
(f) Fiscal Services	1	6	2	-	1	170.4	-4	-65.6	-2	-95.4

\* : Comprises General Sales Tax, Central Sales Tax, Sales Tax on motor spirit and Purchase Tax on sugarcane, etc.

' : Negligible/Nil

Note : Figures for 2005-06 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

Source : Budget Documents of the State Governments.



**Statement 4: Devolution and Transfer of Resources from the Centre**

(Amount in Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Budget Estimates)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)	Variation					
					Col.4 over Col.2		Col.4 over Col.3		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
<b>I. States' Share in Central Taxes</b>	<b>94,024</b>	<b>1,09,420</b>	<b>1,15,737</b>	<b>1,36,184</b>	<b>21,712</b>	<b>23.1</b>	<b>6,317</b>	<b>5.8</b>	<b>20,447</b>	<b>17.7</b>
<b>II. Grants from the Centre (1 to 5)</b>	<b>76,750</b>	<b>99,290</b>	<b>1,02,955</b>	<b>1,17,320</b>	<b>26,205</b>	<b>34.1</b>	<b>3,664</b>	<b>3.7</b>	<b>14,366</b>	<b>14.0</b>
1. State Plan Schemes	28,748	42,299	41,079	52,499	12,332	42.9	-1,220	-2.9	11,420	27.8
2. Central Plan Schemes	2,216	5,678	5,049	5,551	2,833	127.8	-629	-11.1	502	9.9
3. Centrally Sponsored Schemes	13,314	18,189	19,914	24,655	6,599	49.6	1,725	9.5	4,741	23.8
4. NEC/Special Plan Schemes	339	735	825	736	486	143.5	91	12.3	-90	-10.9
5. Non-Plan Grants (a to c)	32,133	32,390	36,087	33,880	3,954	12.3	3,697	11.4	-2,207	-6.1
a) Statutory Grants	18,049	19,637	17,113	17,067	-936	-5.2	-2,524	-12.9	-45	-0.3
b) Grants for Natural Calamities	3,272	2,532	3,636	2,722	365	11.1	1,104	43.6	-914	-25.1
c) Non-Plan Non-Statutory Grants	10,812	10,221	15,338	14,091	4,526	41.9	5,117	50.1	-1,247	-8.1
<b>III. Gross Loans from the Centre (i+ii)</b>	<b>8,097</b>	<b>13,525</b>	<b>10,197</b>	<b>14,918</b>	<b>2,101</b>	<b>25.9</b>	<b>-3,328</b>	<b>-24.6</b>	<b>4,721</b>	<b>46.3</b>
i) Plan Loans	8,062	13,040	9,768	14,503	1,705	21.2	-3,273	-25.1	4,735	48.5
ii) Non-Plan Loans*	34	485	430	415	395	1,150	-55	-11.4	-14	-3.3
<b>IV. Gross Transfer (I+II+III)</b>	<b>1,78,871</b>	<b>2,22,235</b>	<b>2,28,889</b>	<b>2,68,422</b>	<b>50,017</b>	<b>28.0</b>	<b>6,653</b>	<b>3.0</b>	<b>39,534</b>	<b>17.3</b>
<b>V. Repayment of Loans and Interest Payments (a+b)</b>	<b>21,290</b>	<b>23,104</b>	<b>21,370</b>	<b>21,348</b>	<b>80</b>	<b>0.4</b>	<b>-1,734</b>	<b>-7.5</b>	<b>-22</b>	<b>-0.1</b>
a) Repayment of Loans to the Centre	8,141	8,698	8,187	8,433	46	0.6	-511	-5.9	246	3.0
b) Interest Payments on the Loans from the Centre	13,150	14,406	13,183	12,914	33	0.3	-1,223	-8.5	-269	-2.0
<b>VI. Net Transfer of Resources from the Centre (IV-V)</b>	<b>1,57,581</b>	<b>1,99,132</b>	<b>2,07,519</b>	<b>2,47,075</b>	<b>49,938</b>	<b>31.7</b>	<b>8,387</b>	<b>4.2</b>	<b>39,556</b>	<b>19.1</b>

\*: Include Ways and Means Advances from the Centre.

Note : Figures for 2005-06 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

Source : Budget Documents of the State Governments.

## Statement 5: Developmental Expenditure - Major Heads

(Amount in Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Budget Estimates)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)	Percentage variation		
					Col.4 over Col. 2	Col.4 over Col.3	Col.5 over Col. 4
1	2	3	4	5	6	7	8
<b>I. Developmental Expenditure</b>							
<b>(Revenue and Capital) (A + B)</b>	<b>3,16,018</b>	<b>3,72,850</b>	<b>4,04,601</b>	<b>4,52,106</b>	<b>28.0</b>	<b>8.5</b>	<b>11.7</b>
<b>A. Social Services (1 to 11)</b>	<b>1,62,689</b>	<b>1,95,724</b>	<b>2,08,278</b>	<b>2,33,392</b>	<b>28.0</b>	<b>6.4</b>	<b>12.1</b>
	<b>(49.3)</b>	<b>(50.9)</b>	<b>(49.7)</b>	<b>(49.9)</b>			
1. Education, Sports, Art and Culture	79,863	94,096	97,493	1,06,845	22.1	3.6	9.6
2. Medical and Public Health and Family Welfare	22,031	28,021	28,435	31,283	29.1	1.5	10.0
3. Water Supply and Sanitation	13,646	15,205	16,325	18,495	19.6	7.4	13.3
4. Housing	2,747	4,098	4,607	5,523	67.7	12.4	19.9
5. Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes	11,698	13,966	15,452	17,830	32.1	10.6	15.4
6. Labour and Labour Welfare	1,656	2,017	2,346	2,576	41.7	16.3	9.8
7. Social Security and Welfare	9,476	13,360	14,097	17,251	48.8	5.5	22.4
8. Nutrition	4,022	5,100	5,254	5,746	30.6	3.0	9.4
9. Relief on account of Natural Calamities	8,570	4,517	8,006	4,978	-6.6	77.3	-37.8
10. Urban Development	6,988	12,592	13,568	19,722	94.1	7.8	45.4
11. Others*	1,991	2,753	2,695	3,144	35.4	-2.1	16.6
<b>B. Economic Services (1 to 9)</b>	<b>1,53,330</b>	<b>1,77,126</b>	<b>1,96,322</b>	<b>2,18,714</b>	<b>28.0</b>	<b>10.8</b>	<b>11.4</b>
	<b>(46.5)</b>	<b>(46.1)</b>	<b>(46.8)</b>	<b>(46.8)</b>			
1. Agriculture and Allied Activities	22,699	26,892	30,077	32,757	32.5	11.8	8.9
2. Rural Development	21,539	25,436	27,929	30,881	29.7	9.8	10.6
3. Special Area Programmes	2,093	3,257	3,846	3,488	83.8	18.1	-9.3
4. Irrigation and Flood Control	37,531	45,369	48,011	53,639	27.9	5.8	11.7
5. Energy	31,870	28,886	35,567	38,971	11.6	23.1	9.6
6. Industry and Minerals	4,797	4,874	5,835	6,886	21.6	19.7	18.0
7. Transport and Communications	25,096	32,361	35,020	39,270	39.5	8.2	12.1
8. Science, Technology and Environment	310	509	475	564	53.5	-6.5	18.6
9. General Economic Services	7,396	9,543	9,563	12,259	29.3	0.2	28.2

## Statement 5: Developmental Expenditure - Major Heads

(Amount in Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Budget Estimates)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)	Percentage variation		
					Col.4 over Col. 2	Col.4 over Col.3	Col.5 over Col. 4
1	2	3	4	5	6	7	8
<b>II. Loans and Advances by State Governments for Developmental Purposes (A + B)</b>							
<b>A. Social Services (1 to 7)</b>	<b>3,042</b>	<b>4,745</b>	<b>4,766</b>	<b>8,809</b>	<b>56.7</b>	<b>0.4</b>	<b>84.8</b>
	<b>(0.9)</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>(1.9)</b>			
1. Education, Sports, Art and Culture	53	20	16	15	-68.9	-18.2	-8.2
2. Medical and Public Health	71	77	77	185	8.5	0.0	140.4
3. Family Welfare	1	2	2	2	184.6	0.3	-3.9
4. Water Supply and Sanitation	846	1,098	1,190	1,439	40.6	8.4	20.9
5. Housing	750	1,265	1,256	4,956	67.3	-0.7	294.6
6. Government Servants (Housing)	360	725	542	616	50.5	-25.3	13.8
7. Others@	961	1,559	1,684	1,597	75.2	8.0	-5.2
<b>B. Economic Services (1 to 10)</b>	<b>10,984</b>	<b>7,014</b>	<b>9,683</b>	<b>6,780</b>	<b>-11.8</b>	<b>38.1</b>	<b>-30.0</b>
	<b>(3.3)</b>	<b>(1.8)</b>	<b>(2.3)</b>	<b>(1.4)</b>			
1. Crop Husbandry	30	11	108	12	264.7	908.5	-88.9
2. Soil and Water Conservation	3	-	2	-	-39.4	-	-100.0
3. Food Storage and Warehousing	346	321	831	784	140.4	159.4	-5.7
4. Co-operation	2,320	1,197	2,154	389	-7.2	80.0	-81.9
5. Major and Medium Irrigation, etc.	11	18	7	8	-34.8	-57.8	8.8
6. Power Projects	6,828	4,354	4,988	3,966	-26.9	14.6	-20.5
7. Village and Small Industries	124	71	90	78	-27.5	27.4	-13.6
8. Other Industries and Minerals	618	481	731	512	18.4	51.9	-30.0
9. Rural Development	6	7	7	4	13.8	4.7	-50.4
10. Others+	697	555	763	1,028	9.5	37.6	34.7
<b>III. Total Developmental Expenditure (I + II)</b>	<b>3,30,044</b>	<b>3,84,608</b>	<b>4,19,050</b>	<b>4,67,696</b>	<b>27.0</b>	<b>9.0</b>	<b>11.6</b>

': Nil/Negligible.

\* : Include expenditure on information and publicity.

@ : Include urban development, social security and welfare, etc.

+ : Include forest, fisheries, animal husbandry, road and water transport services, etc.

**Note :** 1. Figures in brackets are percentage to total developmental expenditure.

2. Figures for 2005-06 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

**Source :** Budget Documents of the State Governments.

## Statement 6: Non-Developmental Expenditure - Major Heads

(Amount in Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Budget Estimates)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)	Percentage Variation		
					Col.4 over Col.2	Col.4 over Col.3	Col.5 over Col.4
1	2	3	4	5	6	7	8
<b>I. Non-Developmental Expenditure (General Services) on Revenue</b>							
<b>Account (i to v)</b>	<b>1,86,885</b>	<b>2,21,970</b>	<b>2,19,709</b>	<b>2,40,585</b>	<b>17.6</b>	<b>-1.0</b>	<b>9.5</b>
i. Organs of State	4,127	5,010	5,343	5,457	29.4	6.6	2.1
ii. Fiscal Services	9,606	10,728	11,568	12,185	20.4	7.8	5.3
iii. Interest Payments and Servicing of Debt (1+2)	90,453	1,03,915	1,03,430	1,09,887	14.3	-0.5	6.2
1. Appropriation for reduction or avoidance of Debt	6,430	6,620	7,726	7,212	20.2	16.7	-6.7
2. Interest Payments	84,024	97,295	95,704	1,02,675	13.9	-1.6	7.3
iv. Administrative Services (1 to 5)	34,298	42,985	42,511	49,066	23.9	-1.1	15.4
1. Secretariat - General Services	1,491	2,905	2,927	3,733	96.3	0.8	27.6
2. District Administration	3,935	4,855	4,991	5,296	26.8	2.8	6.1
3. Police	21,214	23,443	24,612	26,469	16.0	5.0	7.5
4. Public Works	3,039	4,038	4,225	4,431	39.0	4.6	4.9
5. Others@	4,618	7,744	5,756	9,136	24.6	-25.7	58.7
v. Pension and Miscellaneous General Services	48,401	59,331	56,857	63,990	17.5	-4.2	12.5
<b>II. Non-Developmental Expenditure on Capital Account (1+2)</b>	<b>3,135</b>	<b>4,649</b>	<b>4,766</b>	<b>5,545</b>	<b>52.0</b>	<b>2.5</b>	<b>16.3</b>
1. Non-Developmental (General Services)	2,737	4,168	4,275	4,941	56.2	2.6	15.6
2. Loans for Non-Developmental Purposes (a+b)	399	480	492	604	23.4	2.4	22.9
a) Government Servants (other than housing)	243	344	341	358	40.3	-0.8	4.7
b) Miscellaneous	155	136	150	246	-3.3	10.5	64.1
<b>III. Total Non-Developmental Expenditure (I + II)</b>	<b>1,90,021</b>	<b>2,26,618</b>	<b>2,24,475</b>	<b>2,46,130</b>	<b>18.1</b>	<b>-0.9</b>	<b>9.6</b>
<b>IV. III as percentage of Aggregate Receipts</b>	<b>31.9</b>	<b>34.3</b>	<b>33.3</b>	<b>32.1</b>			
<b>V. III as percentage of Aggregate Disbursements</b>	<b>33.8</b>	<b>34.6</b>	<b>32.6</b>	<b>32.1</b>			

@ Include expenditure on Public Service Commission, Treasury and Administration, Jails, etc.

**Note** : Figures for 2005-06 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.**Source** : Budget Documents of the State Governments.

## Statement 7 : Capital Receipts

(Amount in Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Budget Estimates)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)	Variation					
					Col.4 over Col.2		Col.4 over Col.3		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
<b>Total Capital Receipts (1 to 10)</b>	<b>1,64,607</b>	<b>1,51,782</b>	<b>1,43,307</b>	<b>1,61,112</b>	<b>-21,300</b>	<b>-12.9</b>	<b>-8,475</b>	<b>-5.6</b>	<b>17,805</b>	<b>12.4</b>
1. Internal Debt*	1,16,644	1,10,700	1,03,600	1,14,658	-13,044	-11.2	-7,100	-6.4	11,058	10.7
<i>of which:</i>										
Market Loans (Gross)	22,795	28,268	24,978	36,818	2,183	9.6	-3,290	-11.6	11,840	47.4
Special Securities issued to NSSF@	78,576	64,815	62,299	59,746	-16,277	-20.7	-2,516	-3.9	-2,553	-4.1
2. Loans from the Centre@	8,097	13,525	10,197	14,918	2,101	25.9	-3,328	-24.6	4,721	46.3
3. Recovery of Loans and Advances	8,904	5,326	8,482	4,592	-422	-4.7	3,156	59.3	-3,890	-45.9
4. Small Savings, Provident Funds, etc. (net)	10,463	10,336	10,887	12,396	423	4.0	551	5.3	1,509	13.9
5. Contingency Fund (net)	838	57	244	178	-594	-70.9	188	-	-66	-27.1
6. Reserve Funds (net)**	5,228	4,365	4,778	4,235	-450	-8.6	413	9.5	-543	-11.4
7. Deposits and Advances (net)***	7,262	-1,154	1,775	1,515	-5,488	-75.6	2,928	-253.8	-260	-14.7
8. Appropriation to Contingency Fund (net)	-801	-	-60	-	741	-92.5	-60	-	60	-100.0
9. Remittances (net)	51	1,975	319	-44	268	520.3	-1,656	-83.8	-364	-113.9
10. Others#	7,920	6,652	3,085	8,665	-4,835	-61.0	-3,567	-53.6	5,580	180.9

': Negligible/Nil.

\* Includes market loans, special securities issued to NSSF, land compensation bonds, cash credits and loans from State Bank of India and other banks (net) as also loans from National Rural Credit (Long-term Operations) Fund of the NABARD, National Co-operative Development Corporation, Life Insurance Corporation of India, Khadi and Village Industries Commission, etc., but excludes Ways and Means Advances and Overdrafts from the Reserve Bank of India.

@ 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 the Centre is included under internal debt and shown as special securities issued to NSSF of the Central Government.

\*\* Reserve funds (net) include reserve funds bearing interest (like the depreciation reserve funds of Government Commercial Undertakings) as well as those not bearing interest (like sinking funds, famine relief fund and roads and bridges funds).

\*\*\* Deposits and advances (net) include deposits bearing interest (like deposits of local funds) as well as those not bearing interest (like defence and postal deposits and civil advances).

# Include Suspense and Miscellaneous (net) and Inter-State Settlement (net) and Miscellaneous Capital Receipts.

**Note:** 1. Figures for 2005-06 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.  
2. Capital receipts include Public Accounts on a net basis.

**Source:** Budget Documents of the State Governments.

## Statement 8: Composition of Outstanding Liabilities of State Governments

Statement 8: Composition of Outstanding Liabilities of State Governments										
(As at end-March)										
(Amount in Rs. crore)										
Year	Market Loans	Power Bonds	Compensation and Other Bonds	NSSF	WMA from RBI	Loans from LIC	Loans from GIC	Loans from NABARD	Loans from SBI and Other banks	Loans from NCDC
1	2	3	4	5	6	7	8	9	10	11
1991	15,652	-	60	-	1,050	718	241	278	303	630
1992	19,008	-	64	-	1,288	775	267	151	604	812
1993	22,480	-	72	-	1,073	894	295	25	733	885
1994	26,119	-	79	-	1,306	1,044	380	-85	807	893
1995	31,200	-	77	-	608	1,135	421	-79	943	1,071
1996	37,088	-	76	-	1,894	1,257	501	288	1,175	1,101
1997	43,602	-	74	-	2,557	1,418	-	821	1,183	1,108
1998	50,847	-	77	-	630	1,684	-	2,038	1,396	1,107
1999	61,477	-	66	-	4,858	2,203	-	3,147	2,057	1,204
2000	75,427	-	65	25,251	7,328	3,102	-	4,372	3,177	1,345
2001	86,767	-	62	56,352	6,559	4,216	-	6,501	4,390	1,439
2002	1,04,027	-	59	90,226	9,419	5,085	-	8,969	7,139	1,622
2003	1,33,066	-	63	1,39,193	2,512	6,621	-	11,546	7,896	1,611
2004	1,79,917	28,984	82	1,98,454	3,375	8,967	1,008	11,285	8,222	3,071
2005	2,13,480	29,883	83	2,82,200	1,498	11,994	990	8,226	9,486	1,577
2006	2,28,925	31,581	82	3,65,933	407	12,609	989	11,654	9,680	1,195
2007 (RE)	2,42,777	26,051	82	4,25,310	477	12,433	989	18,341	9,314	1,423
2008 (BE)	2,69,084	23,144	81	4,78,989	547	12,125	989	26,161	8,908	1,703

Year	Loans from Other Institutions	Loans from Banks and FIs	Total Internal Debt	Loans and Advances from Centre	Provident Funds, etc.	Reserve Fund	Deposit and Advances (Net Balances)	Contingency Fund	Total Outstanding Liabilities
1	12	13	14=sum(2-6)+13	15	16	17	18	19	20=sum(14-19)
1991	343	2,513	19,274	73,521	16,861	4,734	12,769	995	1,28,155
1992	301	2,910	23,270	82,979	19,790	5,519	14,502	969	1,47,030
1993	396	3,228	26,853	91,626	23,515	6,698	18,911	762	1,68,365
1994	391	3,429	30,933	1,01,122	27,972	8,180	19,009	658	1,87,875
1995	499	3,989	35,875	1,15,238	32,894	9,013	22,963	489	2,16,473
1996	517	4,838	43,895	1,29,264	38,216	10,577	26,654	929	2,49,535
1997	575	5,106	51,338	1,46,168	44,095	12,350	31,436	511	2,85,898
1998	1,510	7,734	59,289	1,68,656	50,843	14,498	36,609	921	3,30,816
1999	2,178	10,789	77,190	1,99,007	63,256	17,320	42,357	445	3,99,576
2000	5,114	17,110	1,26,346	2,30,331	80,523	19,769	52,193	1,533	5,09,529
2001	12,667	29,213	1,81,623	2,38,655	93,629	22,868	59,328	714	594,147
2002	18,078	40,894	2,49,069	2,49,551	1,03,815	27,389	64,325	1,042	6,90,747
2003	23,524	51,198	3,33,753	2,49,179	1,13,678	32,188	65,036	314	7,86,430
2004	33,407	65,960	4,76,772	1,92,981	1,32,043	42,217	69,116	246	9,13,376
2005	35,648	67,921	5,95,064	1,60,045	1,45,936	52,311	75,290	527	10,29,174
2006	35,718	71,845	6,98,773	1,57,004	1,60,955	63,120	86,691	1,322	11,67,866
2007 (RE)	42,700	85,200	7,79,896	1,59,014	1,71,842	67,898	88,466	1,566	12,68,683
2008 (BE)	43,334	93,221	8,65,065	1,65,502	1,84,238	72,133	89,981	1,744	13,78,663

RE : Revised Estimates.

BE : Budget Estimates.

': Not applicable/Not available/negligible.

**Note:** 1. From 1997 to 2003, 'Loans from Other Institutions' also includes 'Other Loans' and 'Loans from GIC'. From 2004, 'Loans from Other Institutions' includes 'Other Loans'.

2. As detailed break-up of Discharge of Internal Debt for Arunachal Pradesh [2006-07 (RE) and 2007-08 (BE)] and Jammu and Kashmir [2006-07 (RE) and 2007-08 (BE)] were not available, the same has been included under 'Loans from Other Institutions'.

**Source:** 1. Budget Document of the State Governments.  
2. Combined finance and Revenue Accounts of the Union and State Governments in India, Government of India.  
3. Ministry of finance, Government of India.  
4. Reserve Bank Records.  
5. Finance Accounts of the Union Government, GOI.

## Annex 1: Major Fiscal Indicators (Contd.)

(Per cent)

State	State's Aggregate Disbursement/Aggregate Disbursement			Gross Fiscal Deficit/Gross Fiscal Deficit Expenditure			Revenue Deficit/Gross Fiscal Deficit		
	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)
1	2	3	4	5	6	7	8	9	10
<b>I. Non-Special Category</b>									
1. Andhra Pradesh	8.6	8.8	10.2	19.2	14.1	11.8	0.8	0.7	0.4
2. Bihar	4.0	4.5	4.2	17.2	23.3	10.3	-2.2	10.9	-110.2
3. Chhattisgarh	1.7	2.0	2.1	4.6	10.7	10.4	-325.0	-117.6	-115.0
4. Goa	0.5	0.5	0.6	21.8	21.8	18.0	3.6	4.9	1.1
5. Gujarat	6.1	5.6	5.4	20.0	16.8	15.4	6.4	-29.2	-27.5
6. Haryana	2.6	2.8	2.7	2.0	3.9	8.4	-424.8	100.8	-70.0
7. Jharkhand	2.4	2.3	2.1	37.5	34.1	27.8	31.6	20.7	11.3
8. Karnataka	6.2	6.4	6.4	10.8	12.4	13.2	-62.7	-52.7	-25.8
9. Kerala	3.8	4.2	4.0	21.5	30.5	25.7	74.8	71.0	70.7
10. Madhya Pradesh	5.2	4.5	4.5	18.2	15.4	14.3	-0.7	-38.9	-43.1
11. Maharashtra	12.2	11.4	10.8	26.7	20.6	14.0	21.8	20.4	-4.6
12. Orissa	2.8	3.0	3.1	1.9	5.0	5.0	-174.0	-81.2	-102.0
13. Punjab	3.6	3.9	3.9	13.5	21.9	20.7	46.8	39.4	30.9
14. Rajasthan	4.8	4.7	4.7	19.8	16.4	15.7	12.8	-1.9	-4.0
15. Tamil Nadu	6.9	7.7	7.3	6.2	14.1	14.9	-86.7	3.7	1.3
16. Uttar Pradesh	10.7	10.7	11.7	18.2	15.6	14.4	12.6	-30.3	-49.2
17. West Bengal	7.2	6.3	6.1	28.8	30.4	27.3	77.0	71.1	62.4
<b>Total I</b>	<b>89.4</b>	<b>89.3</b>	<b>89.7</b>	<b>18.2</b>	<b>18.0</b>	<b>15.4</b>	<b>14.3</b>	<b>9.9</b>	<b>-4.7</b>
<b>II. Special Category</b>									
1. Arunachal Pradesh	0.4	0.4	0.4	12.2	9.7	5.7	-71.0	-162.8	-116.0
2. Assam	2.2	3.0	2.6	-3.0	18.6	10.8	424.3	17.3	-43.4
3. Himachal Pradesh	1.5	1.3	1.2	9.9	13.8	15.6	-12.8	4.9	18.5
4. Jammu and Kashmir	2.4	2.0	2.1	12.1	10.9	13.2	-114.4	-131.0	-136.9
5. Manipur	0.5	0.5	0.4	10.1	7.1	3.7	-149.1	-340.7	-381.2
6. Meghalaya	0.4	0.4	0.4	9.3	3.4	2.5	-40.5	-395.5	-617.5
7. Mizoram	0.4	0.3	0.3	19.4	12.6	5.5	-16.5	-61.2	-143.3
8. Nagaland	0.5	0.5	0.5	11.9	12.5	7.1	-67.4	-103.8	-257.4
9. Sikkim	0.4	0.4	0.4	7.0	7.7	8.2	-132.2	-222.8	-155.0
10. Tripura	0.6	0.5	0.6	3.5	12.9	15.5	-574.4	-116.3	-94.9
11. Uttarakhand	1.4	1.3	1.4	25.3	21.5	13.9	3.9	-19.1	-64.6
<b>Total II</b>	<b>10.6</b>	<b>10.7</b>	<b>10.3</b>	<b>9.8</b>	<b>14.3</b>	<b>11.4</b>	<b>-92.8</b>	<b>-46.9</b>	<b>-85.1</b>
<b>Grand Total (I+II)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>17.3</b>	<b>17.6</b>	<b>14.9</b>	<b>7.8</b>	<b>4.9</b>	<b>-11.1</b>
<i>Memo item:</i>									
1. NCT Delhi	-	-	-	-2.3	6.1	10.2	1,765.5	-532.4	-305.6
2. Puducherry	-	-	-	13.4	21.7	28.2	-2.7	27.0	24.7

## Annex 1: Major Fiscal Indicators (Contd.)

(Per cent)

State	Capital Outlay/Gross Fiscal Deficit			Net Lending/Gross Fiscal Deficit			Non-Developmental Expenditure/ Aggregate Disbursement		
	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)
1	11	12	13	14	15	16	17	18	19
<b>I. Non-Special Category</b>									
1. Andhra Pradesh	92.3	129.2	149.3	6.9	8.7	59.3	28.1	26.4	24.3
2. Bihar	56.3	83.4	202.2	45.9	5.7	8.0	38.1	33.7	32.4
3. Chhattisgarh	349.8	178.6	227.1	75.2	39.0	-12.2	22.8	22.5	23.8
4. Goa	96.3	94.8	97.9	0.1	0.2	1.0	29.5	27.9	40.6
5. Gujarat	111.0	134.5	124.0	-17.2	-5.2	3.5	33.5	30.9	33.4
6. Haryana	564.4	313.4	170.5	-39.6	-314.2	-0.5	32.0	26.0	26.4
7. Jharkhand	45.2	52.3	66.6	23.2	27.0	22.0	25.5	22.9	28.0
8. Karnataka	157.9	149.3	130.2	4.8	3.4	6.7	29.4	28.4	24.9
9. Kerala	19.5	19.4	17.8	5.6	9.6	11.5	41.8	39.3	40.0
10. Madhya Pradesh	144.9	114.1	126.4	-44.1	24.8	16.8	26.6	29.1	29.5
11. Maharashtra	57.2	67.3	95.8	21.0	12.2	8.8	31.8	34.4	36.6
12. Orissa	375.5	176.4	186.7	-101.4	4.7	15.3	43.9	39.8	36.1
13. Punjab	57.1	59.0	70.1	-3.9	1.6	-1.0	51.9	46.8	45.8
14. Rajasthan	83.4	105.8	99.7	3.8	-3.8	4.3	32.8	33.2	32.6
15. Tamil Nadu	180.2	96.6	100.8	6.5	-0.3	-2.1	33.6	29.3	30.1
16. Uttar Pradesh	86.4	127.1	147.6	1.0	3.2	1.6	35.5	33.9	30.3
17. West Bengal	17.2	18.2	23.7	5.8	10.7	13.9	40.4	41.8	40.7
<b>Total I</b>	<b>79.5</b>	<b>87.0</b>	<b>103.5</b>	<b>6.2</b>	<b>6.0</b>	<b>11.4</b>	<b>34.0</b>	<b>32.7</b>	<b>32.1</b>
<b>II. Special Category</b>									
1. Arunachal Pradesh	171.0	261.5	214.3	-	1.3	1.7	20.8	21.8	22.1
2. Assam	-305.1	79.9	138.0	-19.1	2.9	5.5	34.9	31.6	30.6
3. Himachal Pradesh	113.9	96.2	81.1	-1.1	-1.0	0.5	33.4	34.9	35.6
4. Jammu and Kashmir	211.7	227.9	234.1	2.7	3.2	2.9	30.9	33.0	31.5
5. Manipur	227.0	412.9	469.5	22.1	27.8	11.7	33.1	27.4	27.1
6. Meghalaya	144.9	466.5	700.1	-4.4	29.0	17.4	31.8	27.3	23.6
7. Mizoram	113.7	167.3	254.0	2.8	-6.2	-10.7	25.6	28.4	30.2
8. Nagaland	169.0	203.7	356.1	-1.6	-	1.3	35.7	33.8	38.3
9. Sikkim	232.3	323.1	255.2	-0.1	-0.3	-0.1	55.0	48.3	53.0
10. Tripura	675.8	216.2	194.8	-1.4	0.1	0.2	35.1	36.4	43.5
11. Uttarakhand	90.8	120.0	162.8	5.3	-1.0	1.8	28.9	28.4	27.7
<b>Total II</b>	<b>188.1</b>	<b>145.0</b>	<b>182.5</b>	<b>4.7</b>	<b>2.0</b>	<b>2.7</b>	<b>32.7</b>	<b>32.0</b>	<b>32.2</b>
<b>Grand Total (I+II)</b>	<b>86.1</b>	<b>92.1</b>	<b>109.7</b>	<b>6.1</b>	<b>5.7</b>	<b>10.7</b>	<b>33.8</b>	<b>32.6</b>	<b>32.1</b>
<i>Memo item:</i>									
1. NCT Delhi	-612.9	247.8	197.4	-1,052.7	384.6	208.1	25.8	20.5	23.1
2. Puducherry	103.5	74.1	75.6	-0.8	-1.1	-0.3	18.8	20.8	18.3



## Annex 1: Major Fiscal Indicators (Contd.)

(Per cent)

State	Non-Developmental Revenue Expenditure/Revenue Receipts			Interest Payment/Revenue Expenditure			States' Own Tax Revenue/ Revenue Expenditure		
	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)
1	20	21	22	23	24	25	26	27	28
<b>I Non-Special Category</b>									
1. Andhra Pradesh	38.7	35.2	34.3	20.1	17.7	15.7	55.0	55.9	57.1
2. Bihar	47.8	44.5	37.5	20.6	16.4	16.3	20.1	19.2	20.7
3. Chhattisgarh	24.7	25.4	27.6	12.9	10.4	10.3	54.3	52.0	51.7
4. Goa	34.3	32.9	48.0	18.3	16.8	14.7	50.1	46.2	36.4
5. Gujarat	45.0	39.0	41.6	24.1	24.4	24.7	61.6	64.5	66.6
6. Haryana	33.1	30.5	29.3	16.6	13.7	14.9	71.8	63.7	73.1
7. Jharkhand	40.5	34.7	38.1	7.4	6.9	14.9	29.6	27.8	29.3
8. Karnataka	33.1	32.2	28.9	13.4	12.0	12.3	66.4	67.9	68.2
9. Kerala	57.2	59.2	57.2	20.6	17.8	17.9	53.1	48.2	51.7
10. Madhya Pradesh	36.9	35.5	36.0	16.6	16.9	16.4	44.3	44.0	45.1
11. Maharashtra	44.8	44.2	43.7	17.9	18.5	17.9	64.2	63.5	67.7
12. Orissa	48.5	44.8	41.9	27.2	19.4	22.0	36.8	34.0	35.9
13. Punjab	62.0	62.3	59.2	20.4	19.4	17.7	49.4	44.2	44.2
14. Rajasthan	42.3	41.6	40.8	24.2	22.6	21.6	46.0	44.7	45.5
15. Tamil Nadu	38.0	38.0	36.9	14.2	13.5	12.4	72.9	68.9	69.4
16. Uttar Pradesh	46.1	40.2	35.8	19.5	18.7	16.3	40.5	43.0	41.0
17. West Bengal	68.9	66.4	61.5	31.3	30.7	30.4	33.4	35.3	37.7
<b>Total I</b>	<b>44.3</b>	<b>41.9</b>	<b>40.2</b>	<b>19.7</b>	<b>18.3</b>	<b>17.7</b>	<b>51.7</b>	<b>51.2</b>	<b>52.6</b>
<b>II. Special Category</b>									
1. Arunachal Pradesh	26.4	24.3	24.5	9.4	10.8	9.6	3.7	3.5	3.7
2. Assam	34.9	40.0	35.5	14.3	12.8	11.6	30.7	21.4	25.1
3. Himachal Pradesh	43.0	44.9	45.5	24.2	23.8	23.5	23.2	21.7	25.8
4. Jammu and Kashmir	32.5	34.5	33.6	13.4	11.9	11.8	17.4	18.9	20.7
5. Manipur	29.9	27.6	30.5	11.9	12.4	12.5	4.7	5.0	5.4
6. Meghalaya	35.8	27.9	23.8	11.4	10.1	8.2	15.1	12.7	12.1
7. Mizoram	32.8	32.9	33.1	11.6	12.5	12.1	3.5	3.5	3.8
8. Nagaland	41.5	38.2	36.7	12.3	11.7	12.6	5.1	5.1	5.2
9. Sikkim	59.2	52.2	57.8	5.8	5.9	5.4	8.3	6.6	6.1
10. Tripura	35.6	38.0	39.6	15.5	15.2	12.9	12.4	13.4	13.3
11. Uttarakhand	36.6	35.0	31.2	14.4	15.6	14.3	31.8	36.2	34.0
<b>Total II</b>	<b>36.3</b>	<b>37.2</b>	<b>35.6</b>	<b>14.7</b>	<b>14.0</b>	<b>13.2</b>	<b>20.3</b>	<b>18.9</b>	<b>20.6</b>
<b>Grand Total (I+II)</b>	<b>43.4</b>	<b>41.3</b>	<b>39.7</b>	<b>19.2</b>	<b>17.8</b>	<b>17.3</b>	<b>48.5</b>	<b>47.9</b>	<b>49.4</b>
<i>Memo item:</i>									
1. NCT Delhi	20.5	23.4	22.3	25.7	27.5	26.8	137.2	125.3	121.7
2. Puducherry	21.1	25.8	25.1	9.6	9.7	9.4	26.7	27.7	27.3

## Annex 1: Major Fiscal Indicators (Concl.)

(Per cent)

State	States' Own Non Tax Rev/ Revenue Expenditure			Gross Transfers/Aggregate Disbursement			Debt Servicing/Gross Transfers		
	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)	2005-06 (Accounts)	2006-07 (RE)	2007-08 (BE)
1	29	30	31	32	33	34	35	36	37
<b>I Non-Special Category</b>									
1. Andhra Pradesh	13.4	12.2	12.5	23.7	25.5	23.2	17.6	15.7	11.6
2. Bihar	2.9	1.5	1.7	60.9	57.9	68.5	10.7	6.7	4.8
3. Chhattisgarh	16.5	13.9	14.9	37.2	38.7	37.5	10.1	3.5	4.7
4. Goa	34.7	35.6	47.7	11.0	17.4	14.3	26.4	15.7	14.5
5. Gujarat	13.2	14.0	12.4	21.5	22.4	20.7	20.7	16.8	17.6
6. Haryana	19.5	18.0	17.4	15.9	12.6	13.6	12.7	11.3	9.8
7. Jharkhand	14.3	12.8	13.2	29.2	35.5	39.4	11.6	8.2	7.2
8. Karnataka	13.8	12.2	4.7	25.4	24.8	28.9	12.8	10.7	9.0
9. Kerala	5.1	4.2	4.2	24.5	25.2	25.7	19.5	14.4	14.4
10. Madhya Pradesh	10.7	10.1	9.3	33.0	41.7	43.5	11.4	8.9	7.9
11. Maharashtra	11.4	8.4	8.5	13.8	19.5	21.2	14.6	5.7	6.3
12. Orissa	11.3	11.0	8.6	47.9	53.7	56.1	16.8	10.4	12.2
13. Punjab	24.9	26.6	26.9	16.9	15.9	19.1	13.3	6.1	4.5
14. Rajasthan	12.7	12.6	11.9	32.5	35.3	37.0	11.2	8.8	7.7
15. Tamil Nadu	8.1	7.1	6.4	21.9	19.2	21.7	8.6	9.1	7.1
16. Uttar Pradesh	6.3	9.5	10.1	41.4	41.8	44.6	12.6	9.9	7.3
17. West Bengal	3.3	3.4	3.4	31.8	32.6	34.6	18.8	19.1	16.4
<b>Total I</b>	<b>10.9</b>	<b>10.4</b>	<b>9.8</b>	<b>28.3</b>	<b>30.0</b>	<b>31.9</b>	<b>14.0</b>	<b>10.5</b>	<b>9.0</b>
<b>II. Special Category</b>									
1. Arunachal Pradesh	12.1	10.6	8.1	73.4	77.5	77.0	12.0	1.5	2.7
2. Assam	13.9	9.7	10.5	61.3	53.6	57.3	3.8	8.9	4.9
3. Himachal Pradesh	10.7	12.6	10.6	51.2	51.6	49.4	3.0	3.0	2.9
4. Jammu and Kashmir	7.5	6.0	8.6	70.7	72.0	67.6	2.0	1.1	1.0
5. Manipur	3.8	7.5	6.2	81.8	77.9	78.8	7.5	13.3	13.7
6. Meghalaya	8.7	8.2	6.6	67.3	76.5	79.4	4.6	3.6	2.3
7. Mizoram	7.6	6.6	5.5	68.5	76.2	81.6	4.2	3.4	2.8
8. Nagaland	4.7	3.6	4.0	77.2	77.0	81.1	7.4	2.2	1.8
9. Sikkim	56.0	53.1	58.1	38.8	47.0	40.6	5.8	4.2	3.1
10. Tripura	2.7	2.7	2.6	80.8	73.7	71.6	3.2	1.6	1.6
11. Uttarakhand	11.6	9.7	10.9	40.6	43.1	49.9	2.4	1.7	1.2
<b>Total II</b>	<b>11.5</b>	<b>10.1</b>	<b>10.9</b>	<b>62.2</b>	<b>61.0</b>	<b>61.8</b>	<b>4.0</b>	<b>4.4</b>	<b>3.1</b>
<b>Grand Total (I+II)</b>	<b>10.9</b>	<b>10.4</b>	<b>10.0</b>	<b>31.8</b>	<b>33.3</b>	<b>35.0</b>	<b>11.9</b>	<b>9.3</b>	<b>8.0</b>
<i>Memo item:</i>									
1. NCT Delhi	21.5	17.1	17.1	4.5	4.1	7.9	363.8	259.1	183.1
2. Puducherry	28.5	27.1	26.0	53.6	49.2	41.4	22.0	23.7	25.9

RE : Revised Estimates. BE : Budget Estimates. '-' Nil/Negligible/Not applicable. NCT : National Capital Territory.

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

2. Figures for Jharkhand and Jammu and Kashmir for the year 2005-06 (Accounts) relate to Revised Estimates.

**Source :** Budget Documents of the State Governments.

Annex 2: Total Outstanding Liabilities of State Governments									
(As at end-March)									
(Rs. crore)									
State	1991	1992	1993	1994	1995	1996	1997	1998	1999
1	2	3	4	5	6	7	8	9	10
<b>I Non-Special Category</b>									
1. Andhra Pradesh	8,150	9,454	11,063	12,940	15,224	17,778	20,201	23,313	28,301
2. Bihar	10,633	11,777	13,551	14,752	16,701	18,695	20,752	23,584	27,109
3. Chhattisgarh	–	–	–	–	–	–	–	–	–
4. Goa	903	967	1,049	1,115	1,183	1,275	1,402	1,568	1,936
5. Gujarat	8,076	9,361	10,502	11,467	12,999	14,889	17,006	20,419	25,068
6. Haryana	3,076	3,471	3,899	4,424	5,036	6,171	7,004	8,110	10,250
7. Jharkhand	–	–	–	–	–	–	–	–	–
8. Karnataka	5,898	6,271	7,160	8,815	9,952	11,074	12,739	14,697	17,455
9. Kerala	4,983	5,833	6,682	7,595	9,280	10,719	12,314	14,469	17,333
10. Madhya Pradesh	7,777	8,803	11,442	10,792	12,165	13,891	15,948	17,975	21,957
11. Maharashtra	12,878	15,279	16,911	18,787	21,979	26,379	30,602	37,052	44,264
12. Orissa	5,156	6,065	6,792	7,689	8,914	10,295	11,996	13,636	16,281
13. Punjab	7,071	8,131	9,524	10,874	12,454	14,040	15,618	17,904	21,823
14. Rajasthan	6,580	7,647	8,654	10,038	11,866	14,137	16,742	19,229	24,136
15. Tamil Nadu	7,044	8,341	10,206	11,616	13,541	15,134	17,257	19,512	23,189
16. Uttar Pradesh	19,760	22,978	26,366	29,693	34,253	38,998	45,630	52,428	62,103
17. West Bengal	8,857	10,135	11,281	12,926	15,128	17,716	21,114	25,173	32,192
<b>II Special Category</b>									
1. Arunachal Pradesh	280	287	262	281	319	397	480	477	566
2. Assam	4,341	4,658	4,670	4,675	5,228	6,326	6,402	6,469	6,765
3. Himachal Pradesh	1,329	1,492	1,833	1,996	2,556	3,267	3,661	4,298	6,383
4. Jammu and Kashmir	3,358	3,808	4,014	4,510	4,448	4,628	5,294	5,736	6,429
5. Manipur	390	503	531	564	607	676	721	1,040	1,328
6. Meghalaya	218	245	301	381	450	490	475	658	862
7. Mizoram	330	314	322	378	444	538	574	771	842
8. Nagaland	409	476	520	586	624	781	753	876	1,063
9. Sikkim	142	162	199	222	263	292	228	260	415
10. Tripura	517	573	631	759	856	948	986	1,163	1,525
11. Uttarakhand	–	–	–	–	–	–	–	–	–
<b>All States</b>	<b>1,28,155</b>	<b>1,47,030</b>	<b>1,68,365</b>	<b>1,87,875</b>	<b>2,16,473</b>	<b>2,49,535</b>	<b>2,85,898</b>	<b>3,30,816</b>	<b>3,99,576</b>
<i>Memo item:</i>									
1. NCT Delhi	–	–	–	117	627	1,354	2,205	3,081	3,788
2. Puducherry	–	–	–	–	–	–	–	–	–

## Annex 2: Total Outstanding Liabilities of State Governments

(As at end-March)									
(Rs. crore)									
State	2000	2001	2002	2003	2004	2005	2006	2007 (RE)	2008 (BE)
1	11	12	13	14	15	16	17	18	19
<b>I. Non-Special Category</b>									
1. Andhra Pradesh	34,829	41,809	48,637	56,030	75,361	90,399	1,03,177	1,11,279	1,19,925
2. Bihar	32,866	29,942	34,135	38,254	39,999	43,183	47,290	48,514	51,675
3. Chhattisgarh	–	6,967	8,121	9,592	10,825	12,133	13,190	14,282	15,801
4. Goa	2,510	2,822	3,746	3,503	3,885	4,417	5,126	5,914	6,667
5. Gujarat	34,190	42,781	47,919	55,175	62,307	71,334	83,024	89,217	95,377
6. Haryana	13,810	14,650	17,726	19,948	22,450	24,900	26,979	28,451	30,687
7. Jharkhand	–	8,448	9,979	11,887	10,036	13,090	16,924	21,366	25,601
8. Karnataka	21,045	25,301	31,337	36,020	39,959	44,345	49,587	53,407	56,366
9. Kerala	22,214	26,259	29,536	34,312	39,151	43,695	47,883	54,568	61,963
10. Madhya Pradesh	25,933	22,127	26,043	29,882	37,967	44,586	49,647	53,830	58,846
11. Maharashtra	58,813	67,601	78,541	89,952	1,06,838	1,24,554	1,46,228	161,113	1,75,090
12. Orissa	20,614	24,220	28,161	30,869	33,850	36,982	40,724	41,778	42,726
13. Punjab	26,610	30,763	35,730	40,125	42,819	47,071	51,140	55,392	61,008
14. Rajasthan	31,684	35,541	41,634	47,534	53,109	59,968	66,239	71,090	76,752
15. Tamil Nadu	29,568	34,541	39,069	44,471	51,759	55,968	63,848	68,434	76,523
16. Uttar Pradesh	77,934	83,098	95,822	1,05,126	1,24,063	1,36,273	1,54,061	1,71,404	1,85,425
17. West Bengal	44,042	54,929	66,396	78,325	89,472	97,342	1,14,419	1,22,895	1,34,786
<b>II. Special Category</b>									
1. Arunachal Pradesh	735	739	790	966	1,736	2,069	2,412	2,801	3,012
2. Assam	8,666	10,227	11,988	13,099	15,688	17,043	18,401	19,352	21,051
3. Himachal Pradesh	7,840	8,705	10,055	12,228	14,379	16,483	17,390	18,415	19,769
4. Jammu and Kashmir	7,739	9,101	9,624	10,528	14,728	15,877	18,427	20,438	22,168
5. Manipur	1,614	1,870	1,870	1,890	2,537	3,365	4,316	4,399	4,548
6. Meghalaya	1,117	1,388	1,528	1,820	2,123	2,410	2,610	2,870	3,206
7. Mizoram	1,178	1,375	1,713	1,967	2,606	2,922	3,154	3,418	3,611
8. Nagaland	1,389	1,604	1,884	2,385	2,389	2,638	3,006	3,370	3,506
9. Sikkim	593	852	929	989	1,010	1,150	1,289	1,417	1,669
10. Tripura	1,993	2,384	2,817	3,278	4,057	4,853	5,358	5,578	5,917
11. Uttarakhand	–	4,106	5,018	6,274	8,273	10,123	12,017	13,691	14,988
<b>All States</b>	<b>5,09,529</b>	<b>5,94,148</b>	<b>6,90,747</b>	<b>7,86,427</b>	<b>9,13,376</b>	<b>1,29,174</b>	<b>11,67,866</b>	<b>12,68,683</b>	<b>13,78,663</b>
<i>Memo item:</i>									
1. NCT Delhi	6,348	7,924	9,777	12,494	14,149	15,836	21,567	25,568	24,402
2. Puducherry	–	–	–	–	1,310	1,549	2,619	3,335	3,595

RE : Revised Estimates. BE : Budget Estimates. '–' Nil/Negligible

- Source:**
1. Combined Finance and Revenue Accounts of the Union and State Governments in India, CAG.
  2. Finance Accounts of the Union Government, CGA, Government of India.
  3. Ministry of Finance, Government of India.
  4. Reserve Bank records.
  5. Budget Documents of the State Governments.

**Annex 3: Gross Devolution and Transfers\***

State	GDT (Rs. crore)				GDT to GSDP (Per cent)			
	1990-95 (Avg.)	1995-00 (Avg.)	2000-05 (Avg.)	2005-08 (Avg.)	1990-95 (Avg.)	1995-00 (Avg.)	2000-05 (Avg.)	2005-08 (Avg.)
1	2	3	4	5	6	7	8	9
<b>Non-Special Category</b>								
1. Andhra Pradesh	3,720	6,794	10,142	15,048	7.4	6.8	6.0	5.6
2. Bihar	4,428	7,274	10,552	17,912	12.7	12.1	19.0	26.4
3. Chhattisgarh	–	–	2,264	4,984	–	–	6.7	10.0
4. Goa	201	228	276	499	10.6	4.8	3.1	3.5
5. Gujarat	2,016	4,006	5,819	8,238	4.6	4.3	4.2	3.4
6. Haryana	758	1,531	1,429	2,528	3.8	4.0	2.1	2.2
7. Jharkhand	–	–	4,293	5,323	–	–	11.3	9.8
8. Karnataka	2,199	3,867	6,502	11,359	6.0	5.2	5.3	5.8
9. Kerala	1,707	2,529	3,798	6,782	7.3	5.1	4.6	4.9
10. Madhya Pradesh	3,222	5,574	7,628	12,436	7.7	6.7	8.7	10.0
11. Maharashtra	3,754	6,362	5,948	14,067	4.0	3.3	2.0	2.8
12. Orissa	2,233	3,679	6,364	10,567	13.8	11.5	13.4	14.6
13. Punjab	1,800	2,393	1,964	4,482	7.1	4.8	2.6	3.8
14. Rajasthan	2,826	4,848	7,036	11,205	9.1	7.6	7.5	8.0
15. Tamil Nadu	3,218	4,671	6,191	10,277	6.5	4.6	3.9	4.2
16. Uttar Pradesh	7,983	12,481	17,541	31,808	10.2	8.5	8.7	10.4
17. West Bengal	3,527	6,853	9,229	14,378	7.2	7.0	5.5	6.0
<b>Special Category</b>								
1. Arunachal Pradesh	456	833	1,165	2,021	62.7	60.7	53.5	66.0
2. Assam	2,098	3,487	5,186	9,918	15.3	14.9	13.8	19.3
3. Himachal Pradesh	988	2,005	2,801	4,596	22.8	21.9	17.0	16.8
4. Jammu and Kashmir	1,933	4,127	6,452	10,107	34.9	39.0	36.3	40.1
5. Manipur	497	875	1,894	2,486	44.8	40.2	53.5	47.4
6. Meghalaya	415	675	1,118	2,037	31.1	26.4	25.0	32.0
7. Mizoram	428	725	1,100	1,698	73.5	62.5	48.2	45.1
8. Nagaland	585	990	1,686	2,515	52.8	44.3	36.5	33.5
9. Sikkim	176	398	689	1,109	54.8	58.2	55.8	57.3
10. Tripura	598	1,110	1,803	2,870	37.6	33.9	27.5	27.8
11. Uttarakhand	–	–	1,813	4,149	–	–	11.4	13.6
<b>Total</b>	<b>51,765</b>	<b>88,314</b>	<b>131,827</b>	<b>225,394</b>	<b>6.8</b>	<b>5.7</b>	<b>5.2</b>	<b>5.5</b>
<i>Memo item:</i>								
1. NCT Delhi	368	1,082	796	939	1.5	2.8	1.1	0.8
2. Puducherry	–	–	–	1,175	–	–	–	18.7

## Annex 3: Gross Devolution and Transfers\*

State	GDT to Aggregate Disbursement (Per cent)			
	1990-95 (Avg.)	1995-00 (Avg.)	2000-05 (Avg.)	2005-08 (Avg.)
1	10	11	12	13
<b>Non-Special Category</b>				
1. Andhra Pradesh	40.4	37.0	28.5	24.2
2. Bihar	58.5	62.4	59.2	62.4
3. Chhattisgarh	–	–	36.1	37.8
4. Goa	41.0	19.1	11.9	14.2
5. Gujarat	26.2	26.0	19.8	21.6
6. Haryana	21.7	20.0	12.1	14.0
7. Jharkhand	–	–	44.0	34.7
8. Karnataka	30.9	28.8	25.6	26.4
9. Kerala	37.4	26.9	22.8	25.2
10. Madhya Pradesh	42.0	39.0	36.7	39.4
11. Maharashtra	26.4	23.0	11.2	18.1
12. Orissa	56.1	49.6	46.9	52.6
13. Punjab	37.6	25.8	11.4	17.3
14. Rajasthan	43.4	37.5	31.4	34.9
15. Tamil Nadu	33.9	27.0	20.1	20.9
16. Uttar Pradesh	51.0	46.5	36.9	42.6
17. West Bengal	48.7	46.5	30.4	33.0
<b>Special Category</b>				
1. Arunachal Pradesh	88.1	87.4	71.6	75.9
2. Assam	65.2	68.3	52.5	57.4
3. Himachal Pradesh	60.2	59.3	42.3	50.8
4. Jammu and Kashmir	75.9	82.5	72.2	70.1
5. Manipur	81.4	76.7	89.0	79.5
6. Meghalaya	76.6	73.7	68.1	74.4
7. Mizoram	85.1	81.5	72.1	75.4
8. Nagaland	75.7	77.5	81.9	78.5
9. Sikkim	64.5	29.1	42.4	42.1
10. Tripura	83.1	82.2	69.8	75.4
11. Uttarakhand	–	–	45.8	44.5
<b>Total</b>	<b>42.4</b>	<b>37.7</b>	<b>29.7</b>	<b>32.6</b>
<i>Memo item:</i>				
1. NCT Delhi	20.8	26.7	8.1	5.5
2. Puducherry	–	–	–	48.1

\* Gross Devolution and Transfers (GDT) include share in central taxes, grants-in-aid from the Centre and gross loans from the Centre.

**Avg.** : Average. '–' : Not applicable/Not available.

**GSDP** : Gross State Domestic Product.

**Source** : Budget Documents of the State Governments.