Finances of State Governments – 2010-11: Highlights*

The State governments presented their budgets for 2010-11 against the backdrop of a strengthening recovery and the resultant improvement in growth prospects for the Indian economy. Reflecting these positive developments, growth in own tax revenues of States was budgeted to be higher in 2010-11 than in 2009-10 (RE). In addition, the States also expect a larger devolution from the Centre in the form of share in Central taxes during 2010-11. Having undertaken massive expansion in aggregate expenditures in the previous two years in the wake of the overall macroeconomic slowdown and implementation of recommendations of the Sixth Central/State(s) Pay Commission, the States budgeted only a modest rise in their aggregate expenditures during 2010-11. All these factors augur well for the resumption of the fiscal consolidation process at the level of the States in 2010-11. The emerging pattern of expenditure showed that as a ratio to Gross State Domestic Product (GSDP), development expenditure, capital outlay and social sector expenditure were budgeted to be lower in many States, raising concerns about the quality of fiscal adjustment being undertaken at the State level. Despite the extra expenditure obligations emanating from the implementation of revised pay structures and fiscal stimulus measures, States' debt-GDP ratio at 25.0 per cent in 2009-10 (RE) was well below the level of 30.8 per cent recommended by the Twelfth Finance Commission. In 2010-11 (BE), the aggregate debt-GDP ratio of States was likely to decline further, reflecting higher growth in nominal GDP than that in outstanding debt.

This article presents the highlights of the State Governments' budgets for 2010-11. A detailed analysis is presented in 'State Finances: A Study of Budgets of 2010-11' that was released in March 2011[1].

The global crisis affected output and employment across the world. To support aggregate demand, the major advanced and emerging market economies resorted to expansionary fiscal and monetary policies. While expansionary fiscal policy played an important role in the process of global economic recovery, fiscal sustainability has since assumed significance. In India, with the unprecedented global developments in the second half of 2008-09, the Central as well as State governments adopted an expansionary fiscal stance to counter the effects of the global crisis on the Indian economy. Although only a few State governments announced expenditure-led fiscal stimulus packages, these policy measures had a discernible impact on the consolidated revenue receipts and aggregate expenditures of State governments in 2008-09 and 2009-10. Consequently, there was a marked deterioration in the major fiscal indicators of the States.

With the Indian economy showing faster recovery from the second half of 2009-10, reverting to the path of fiscal consolidation has become an immediate priority of both the Central and State governments. Recognising the need for fiscal consolidation, the Thirteenth Finance Commission (FC) has set out a roadmap for fiscal correction and consolidation in the medium-term, both for the Centre and State governments. The budgets of the State governments for 2010-11 reflected their commitment to resuming the process of fiscal consolidation. Importantly, with the enactment of the Fiscal Responsibility and Budget Management (FRBM) Acts in West Bengal and Sikkim, all the States are expected to follow a rule-based fiscal policy, *albeit* under the amended FRBM Acts as suggested by the Thirteenth FC.

The State governments presented their budgets for 2010-11 against the backdrop of a strengthening recovery and the resultant improvement in growth prospects for the Indian economy. Reflecting these positive developments, growth in own tax revenues of States was budgeted to be higher in 2010-11 than in 2009-10 (RE). In addition, the States also expected a

* Prepared in the Fiscal Analysis Division of the Department of Economic and Policy Research (DEPR) with the support of Regional Offices of the DEPR. Support was also received from the Department of Government and Bank Accounts (DGBA) and Internal Debt Management Department (IDMD) of the Reserve Bank. The technical support received from Finance Departments of the 28 State governments, governments of NCT Delhi and Puducherry and valuable inputs received from the Ministry of Finance, Government of India, Planning Commission and the Office of the Comptroller and Auditor General (CAG) of India, New Delhi are gratefully acknowledged.

[1] The publication 'State Finances: A Study of Budgets of 2010-11' is available on the Reserve Bank's website (www.rbi.org.in).

larger devolution from the Centre in the form of share in Central taxes during 2010-11. Having undertaken massive expansion in aggregate expenditures in the previous two years in the wake of the overall macroeconomic slowdown and implementation of recommendations of the Sixth Central/State(s) Pay Commission (CPC/SPCs), the States budgeted only a modest rise in their aggregate expenditures during 2010-11. All these factors augur well for the resumption of the fiscal consolidation process at the level of the States in 2010-11.

The issues and perspectives are presented hereunder followed by the policy initiatives of State Governments, the Government of India, and of the Reserve Bank of India, an analysis and assessment of the consolidated budgetary position of the State Governments for the year 2008-09 (Accounts), 2009-10 (Revised Estimates) and 2010-11 (Budget Estimates). As a special theme, a brief on analysis of 'Finance Commissions in India: An Assessment' is provided at the end.

Issues and Perspectives

The period from 2004-05 to 2007-08 was marked by significant improvement in the consolidated position of State finances. The Twelfth FC put in place an incentive system, encouraging States to implement their own Fiscal Responsibility Legislations (FRLs) to enable them to be eligible for conditional debt restructuring and interest relief. However, the economic slowdown following the knock-on effect of the global financial crisis and the accompanying moderation in the pace of revenue growth adversely affected State finances in 2008-09 and 2009-10. After having implemented the expansionary fiscal policy to address the slowdown in the previous two years, the challenge before the State governments is to revert to the fiscal consolidation path from 2010-11 onwards. While an immediate challenge is to revert to the rule-based fiscal consolidation following the roadmap outlined by the Thirteenth FC, there is a need to calibrate the exit from the expansionary fiscal stance in a manner so that its adverse impact on growth is minimised. Another issue gaining importance from the viewpoint of State finances is the uncertainty regarding the implementation of the goods and services tax (GST) due to lack of consensus on certain issues between the Centre and the States. Given the uncertain revenue implications of the proposed introduction of GST, it is important for the States to undertake a careful management of their finances in the next few years. In the medium-term, improvement in the quality of States' expenditure management along with a move towards fiscal transparency and adoption/ strengthening of fiscal rules needs attention.

Policy Initiatives

Macroeconomic developments during 2008-09 and 2009-10 necessitated the use of expansionary fiscal policy at the State level. The policy emphasis was on the generation of employment and tax exemptions/ reductions to boost growth prospects. In fact, a few States undertook dedicated fiscal stimulus packages aimed at higher expenditure and tax concessions. However, foreseeing better growth prospects, States presented their budgets for 2010-11 with a focus on tax-enhancing measures, while measures such as exemption/reduction in the rates of value added tax (VAT) and excise duties on certain goods were also announced to tackle the price rise in essential commodities. On the expenditure side, higher allocations were proposed for various Plan schemes (both Centrally sponsored schemes and State Plan schemes), particularly in education, health, transportation, housing and employment generation besides increasing expenditure on food security and strengthening the public distribution system (PDS). The creation of infrastructure such as roads and bridges and healthcare services as public-private partnerships (PPP) was proposed by some States. Institutional measures such as establishment/augmentation of the Guarantee Redemption Fund (GRF) and the appointment of committees/commissions to oversee fiscal parameters in the context of fiscal reforms and budget management were expected to be taken up by some States in 2010-11. This section briefly discusses policy initiatives and schemes that have been proposed by the State governments, the Government of India and the Reserve Bank that impinge on State finances.

State Governments

The broad thrust of policy proposals announced in State budgets for 2010-11 was to revert to the path of fiscal consolidation suggested by the Thirteenth FC, against the backdrop of improvement in the prevailing macroeconomic conditions and the need for steady growth.

On the revenue side, the policy measures were broadly targeted to augment tax revenues. The major tax policy initiatives include: (i) an increase in the rate of value added tax (VAT) on specific commodities such as tobacco and allied products (Arunachal Pradesh and Karnataka), (ii) the imposition of VAT on items such as compressed natural gas for use in the transport sector, *Rassi, Ban & Newar,* bio-inputs like fertilisers, micro-nutrients and plant growth promoters, kerosene stoves, lanterns and petromax and their spares, embroidery and *zari* items, motion picture distribution, and plastic/glass scrap which were earlier exempted (NCT Delhi), (iii) increase in VAT rate on certain items such as diesel, *desi* ghee, plastic household items, plastic and tin containers including barrels, fertilisers, pesticides, weedicides, insecticides, herbicides, rodenticides and plant growth regulators, wood, timber, plywood and laminated boards, fittings for doors and windows, and furniture (NCT Delhi), and (iv) levy of surcharge on VAT (Haryana). Besides these, a few States have announced an increase in the VAT rate from 4 per cent to 5 per cent as decided by the Empowered Committee of State Finance Ministers. Apart from increasing the VAT rate, States also announced tax rationalisation measures, such as rationalising the excise duty structure (Goa and Assam), revising the Passenger Goods Taxation Act (Assam and Meghalaya), revising the entry tax rate to make it consistent with the VAT rate (Bihar), rationalising/revising the motor vehicle tax (Assam, Kerala, Manipur, Maharashtra and Mizoram), amending the VAT Act and e-services for luxury and profession tax (Maharashtra), rationalising stamp duties (Manipur) and amending/revising the Entertainment Tax Act (Orissa). Keeping in view the sharp rise in the prices of essential commodities, most States proposed exempting or reducing the VAT on certain foodgrains and goods for daily use.

Several States announced rationalisation of the stamp duty structure through measures such as reduced stamp duty rates (Karnataka, Kerala, Punjab and Uttarakhand), concession in rates (Jammu and Kashmir), exemption from stamp duty on specific transactions (Chhattisgarh and Kerala) and e- Stamping for specific purposes (Bihar). Apart from the introduction of new schemes for taxes on trades and e-Payments, e-Returns were proposed to be made compulsory in some States (Bihar). On the non-tax front, revenue enhancing measures announced by States included: (i) rationalisation of the licence fee for retail sale of liquor (Goa and Meghalaya), (ii) recruitment of *talatis* as a separate cadre in the revenue department to carry out revenue work such as collecting land revenue (Gujarat), (iii) disinvestment of the State PSUs (Jammu and Kashmir and Karnataka), (iv) sale of land and imposition of toll on vehicles of more than 16 tonnes weight (Karnataka), and (v) rationalisation of power tariffs and forest royalties (Manipur).

Apart from announcing tax exemption/reduction on certain items, various States proposed special allocation of resources during 2010-11 to contain rising food prices. Besides higher expenditure on food security, expenditure on socio-economic services particularly education, medical and public health, family welfare, irrigation, roads and bridges and rural development, emerged as a priority area of expenditure allocation during 2010-11, although growth in expenditure in some of these sectors was budgeted to be lower.

The policy initiatives relating to agriculture and allied activities have assumed significance in an environment of high food inflation. Himachal Pradesh, Karnataka, Maharashtra, Meghalaya, Orissa and West Bengal announced policy measures to enhance irrigation potential in order to increase agricultural productivity. The Government of West Bengal proposed that multipurpose cold storages and chain arrangements be established to ensure a fair price to farmers for their produce. To assist farmers, the State governments of Assam and Maharashtra announced that they would provide an interest subsidy on agricultural loans, while Nagaland will provide high-yielding seeds and agricultural equipment to farmers. With a view to achieve self-sufficiency in foodgrain production, the Tripura government chalked out an action plan targeting higher foodgrain production in the State.

State governments attempted to promote industrial growth and industrialisation by providing the necessary infrastructure facilities and other incentives to industries within their regions. Towards this end, the major policy initiatives included the setting up of micro-level enterprises in every village (Assam), a Margin Money Grant scheme for assistance to entrepreneurs belonging to Scheduled Castes (SCs) and Scheduled Tribes (STs) (Chhattisgarh), a Venture Capital Fund and a Viability Gap Fund to raise capital (Goa), the Exclusive Entrepreneurs Development Programme for women to set up small and micro-enterprises and new emporiums called *Haat-cum-shilpgram* to sell handicraft items (Goa), road networks linking ports, special economic zones (SEZs) and Special Investment Regions (Gujarat), facilitating marketing campaigns of handicrafts during the Commonwealth Games (Jammu and Kashmir), and improving infrastructure facilities to encourage the establishment of small and medium industries in every district (Karnataka). The Maharashtra government envisaged a policy for the golden quadrilateral of Mumbai-Pune-Nashik-Aurangabad as a focal point of agro-industries and industrial development. In order to enhance the competitiveness of industries, the State governments of Bihar, Chhattisgarh and Madhya Pradesh announced exemption/reduction of entry tax on raw inputs/outputs used by industries.

The development of the social sector, particularly education, health, housing, social security, women empowerment and the welfare of SCs and STs, was emphasised by many States while presenting their budgets for 2010-11. The policy measures announced in State budgets also aimed to promote financial inclusion/banking services in States. These measures include: (i) an interest subsidy of 3 per cent for bank loans extended to self-help groups (SHGs) to increase the reach of cheaper credit to SHGs by banks (Arunachal Pradesh), (ii) strengthening Primary Agriculture Co-operatives and District Co-operative Banks as per the recommendations of the Vaidyanathan Committee (Gujarat and Karnataka), (iii) banking services at least one day in a week through branchless banking, and business correspondents and primary agricultural co-operative credit societies in villages with population up to 2,000 (Bihar) and (iv) enhancing the flow of credit to marginal farmers, especially BPL families, and providing seed capital (Meghalaya). The government of Nagaland proposed to extend the necessary assistance to set up banks in unbanked areas, while Uttarakhand proposed to establish 'mini-banks' in 428 villages during 2010-11. Rajasthan proposed to strengthen the co-operative movement through the Aggregate Co-operative Development Scheme.

The development of infrastructure and other services through Public Private Partnership (PPP) were another priority area in terms of States' policy initiatives in 2010-11. This was sought to be achieved through (i) constructing bridges and citizen service centres to provide value added services to rural citizens (Andhra Pradesh), (ii) setting up an Infrastructure Development Fund (Goa), (iii) setting up an Infrastructure Development Board for financing, implementation, maintenance and operation of PPP projects (Haryana), (iv) transmission and distribution of energy and the construction of expressways (Uttar Pradesh), (v) setting up hospitals (NCT Delhi), and (vi) improving tertiary-level healthcare (Haryana).

The institutional measures adopted by State governments such as Fiscal Responsibility Legislations (FRLs), Value Added Tax (VAT), New Pension Schemes (NPS), setting up of a Consolidated Sinking Fund (CSF) and a Guarantee Redemption Fund (GRF) have helped them consolidate their finances in the past decade. The progress so far has been quite encouraging as all States have implemented VAT and also enacted FRLs. In fact, one of the major developments during 2010-11 has been the enactment of the Fiscal Responsibility and Budget Management (FRBM) Acts by the State governments of West Bengal and Sikkim, which is expected to facilitate restructuring of finances in these States, particularly in West Bengal that has chronic revenue deficits.

Government of India

Under the National e-Governance Programme, the Government of India approved a scheme to computerise State treasuries at an overall cost of ₹626 crore (with Central assistance of ₹482 crore). The scheme, to be implemented in about three years beginning in 2010-11, would support States and UTs to fill the existing gap in their treasury computerisation, upgrading, expansion and interface requirements, apart from supporting basic computerisation. It would make the budgeting process more efficient, improve cash flow management, promote real time reconciliation of accounts, strengthen the management information system, improve accuracy and timeliness in preparing accounts and bring about transparency and efficiency in the public delivery system in States and Union Territories. In this context, the detailed guidelines were communicated to all States and UTs to enable them to prepare their proposals. Two committees, *viz.*, the Empowered Committee (EC) and the Programme Steering Committee, were constituted to implement the scheme.

The Central government announced steps towards management of food security in the country in consultation with State Chief Ministers to control food inflation in the economy. While the Direct Tax Code is to be introduced from April 1, 2012 the GST would be implemented once consensus on certain issues is achieved and the institutional setup is ready for its implementation. The government has already tabled the Constitutional Amendment Bill for GST in the Parliament on March 22, 2011. Acting on the assessment and recommendations of the Thirteenth FC, the Government of India appointed a committee to review the structure of the National Small Savings Fund (NSSF) and a Committee on revenue-deficit States to suggest ways to eliminate the revenue deficit (Kerala, Punjab and West Bengal).

Recognising that the Ladakh region of Jammu and Kashmir faces an extremely harsh climate and suffers from energy deficiency, the Government of India has proposed to set up solar, small hydro and micro-power projects. The Government of India announced a grant to the Government of Tamil Nadu towards the cost of installing a zero liquid discharge system at the effluent treatment plant in Tirupur to sustain hosiery industry without undermining the environment. A Special Golden Jubilee package was announced for Goa to preserve the natural resources of the State by restoring Goa's beaches, which are prone to erosion, and increasing its green cover through sustainable forestry. Apart from increased plan allocation for school education in 2010-11, States were provided resources for elementary education under the Thirteenth FC grants for 2010-11. In order to encourage State Governments to create a slum-free India, the Union budget 2010-11 proposed to increase support to the States under *Rajiv Awas Yojana* in 2010-11. To encourage people in the unorganised sector to voluntarily save for their retirement and to lower the cost of operating the NPS for such subscribers, the Government of India announced its contribution of ₹1,000 per year to each NPS account to be opened during 2010-11. This initiative, *Swalamban*, would be available for people joining NPS with a minimum contribution of ₹1,000 and a maximum contribution of ₹12,000 per annum during 2010-11. Accordingly, an amount of ₹100 crore was allocated for the year 2010-11. A Mission Mode Project to computerise commercial taxes in States has been approved with an outlay of ₹1,113 crore, of which the Centre's share is ₹800 crore; the project will lay the foundation for the launch of GST.

Reserve Bank of India

In January 2011, the Reserve Bank entered into a Supplementary Agreement under Section 21A of the Reserve Bank of India Act, 1934 with the Government of Jammu and Kashmir. Under the agreement, the Reserve Bank shall carry out the general banking business of the Government of Jammu and Kashmir and act as the sole agent for investment of Government's funds *w.e.f.* April 1, 2011. On the recommendation of the State Government, the Reserve Bank has entered into an agreement with Jammu and Kashmir Bank Ltd., whereby Jammu and Kashmir Bank would act as an agent of the Reserve Bank for conduct of general banking business of the State Government.

Consolidated Fiscal Position of the State Governments

Accounts: 2008-09

The fiscal position of the States deteriorated somewhat in 2008-09 as revenue receipts were impacted by the overall macroeconomic slowdown, and revenue expenditure obligations grew with the implementation of the Sixth Central Pay Commission (CPC)/State Pay Commissions (SPCs) during the year. The fiscal outcome for 2008-09 at the consolidated level, however, turned out to be better than anticipated when the revised estimates were translated into accounts. Accordingly, the consolidated surplus in the revenue account was higher while fiscal deficit was lower in the accounts position relative to the revised estimates for the year. As a ratio of GDP, the consolidated revenue surplus improved marginally, from 0.19 per cent in 2008-09 (RE) to 0.23 per cent in 2008-09 (Accounts). The improvement in the revenue account reflected a sharper reduction in revenue expenditure than the shortfall recorded in revenue receipts in the accounts *vis-à-vis* the revised estimates for the year.

The reduction in revenue expenditure occurred particularly in the development component, which declined sharply in 2008-09 (Accounts) over 2008-09 (RE). The decline was seen across major categories of development revenue expenditures, *viz.*, 'education, sports and art and culture', 'medical and public health' and 'rural development'. Non-development revenue expenditure was also lower and contributed more than one-fourth of the decline in revenue expenditure in 2008-09 (Accounts) over 2008-09 (RE). Within non-development revenue expenditure, committed expenditure comprising administrative services, pension and interest payments declined by 4.1 per cent in 2008-09 (Accounts) over 2008-09 (RE).

The revenue receipts in 2008-09 (Accounts) turned out to be lower than the revised estimates, due to a decline in transfers from the Centre and own tax revenues of States. Grants from the Centre as well as the States' share in Central taxes declined in 2008-09 (Accounts) over 2008-09 (RE), thereby contributing around 85.3 per cent to the total decline in revenue receipts. Reflecting the impact of moderation in overall economic activity in the Indian economy, States' own tax revenue (OTR) collections in 2008-09 (Accounts) also fell short of the revised estimates.

This was, however, partly compensated by an increase in States' own non-tax revenue receipts (ONTR) in 2008-09 (Accounts) over 2008-09 (RE). The marginal improvement in revenue account was reflected in a decline in the Gross Fiscal Deficit to GDP (GFD-GDP) ratio, from 2.6 per cent in 2008-09 (RE) to 2.4 per cent in 2008-09 (Accounts). The decline in capital outlay to the extent of 9.3 per cent over the revised estimates led to a further decline in the GFD-GDP ratio. Consequently, the consolidated GFD of the States declined in 2008-09 (Accounts) as compared with 2008-09 (RE). Reflecting the decline in GFD, the States were able to compress the primary deficit in 2008-09 (Accounts) over 2008-09 (RE) (Table 1).

Revised Estimates 2009-10

The deterioration in State finances persisted in 2009-10 as a few State governments, perceiving a further slowdown, announced dedicated fiscal stimulus measures including higher spending on infrastructure, while some other States announced tax exemptions and a reduction in their own tax rates to boost economic activities. The consolidated revenue deficit, therefore, re-emerged in 2009-10 after a gap of three years and GFD was higher in the revised estimates compared with budget estimates. The deterioration in the revenue account occurred as the marginal increase in total revenue receipts was more than offset by a surge in revenue expenditures of the States in 2009-10 (RE) over 2009-10 (BE). The revenue deficit as a ratio to GDP (RD-GDP) at 0.7 per cent in 2009-10 (RE) was marginally higher than 0.5 per cent in 2009-10 (BE).

According to the revised estimates of 2009-10, States' tax receipts declined over the budget estimates of that year, reflecting a perceptible fall in States' share in Central taxes and a marginal decline in States' OTR. The sharp fall in the Centre's gross tax revenues in the wake of the economic slowdown led to lower than budgeted transfers under the States' share in Central taxes in 2009-10 (RE). States' OTR also recorded a marginal decline as revenue collections from stamp and registration fees, professional tax and land revenue fell short of their budgeted levels. States' non-tax revenues, however, rose, particularly on account of a sharp rise in the ONTR component, while grants-in-aid from the Centre increased moderately in 2009-10 (RE) over 2009-10 (BE). The improvement in the ONTR of States over

Table 1: Variation in Major Items – 2008-09 (Accounts) over 2008-09 (RE)

(Amount in ₹ crore)

Item	2008-09 (RE)	2008-09 (Accounts)	Variation		Share in variation* (Per cent)
			Amount	Per cent	
	1	2	3	4	5
I. Revenue Receipts (i+ii)	**7,37,865**	**6,94,657**	**-43,208**	**-5.9**	**100.0**
(i) Tax Revenue (a+b)	5,03,878	4,82,983	-20,895	-4.1	48.4
(a) Own Tax Revenue	3,30,405	3,21,930	-8,475	-2.6	19.6
of which: Sales Tax	2,02,610	1,98,327	-4,283	-2.1	9.9
(b) Share in Central Taxes	1,73,473	1,61,052	-12,421	-7.2	28.7
(ii) Non-Tax Revenue	2,33,987	2,11,675	-22,312	-9.5	51.6
(a) States' Own Non-Tax Revenue	79,614	81,751	2,137	2.7	-4.9
(b) Grants from Centre	1,54,373	1,29,923	-24,450	-15.8	56.6
II. Revenue Expenditure	**7,27,165**	**6,81,985**	**-45,180**	**-6.2**	**100.0**
of which:					
(i) Development Expenditure	4,45,889	4,14,452	-31,437	-7.1	69.6
of which:					
Education, Sports, Art and Culture	1,29,706	1,21,276	-8,430	-6.5	18.7
Transport and Communication	19,975	19,776	-200	-1.0	0.4
Power	36,715	37,337	622	1.7	-1.4
Relief on account of Natural Calamities	10,076	8,326	-1,750	-17.4	3.9
Rural Development	30,040	26,550	-3,489	-11.6	7.7
(ii) Non-Development Expenditure	2,60,899	2,49,016	-11,883	-4.6	26.3
of which:					
Administrative Services	57,144	52,431	-4,713	-8.2	10.4
Pension	66,938	65,440	-1,498	-2.2	3.3
Interest Payments	1,06,220	1,02,955	-3,265	-3.1	7.2
III. Capital Receipts	**1,86,201**	**1,96,634**	**10,433**	**5.6**	**100.0**
of which:					
Non-Debt Capital Receipts	5,314	266	-5,048	-95.0	-48.4
IV. Capital Expenditure	**2,13,259**	**2,00,347**	**-12,912**	**-6.1**	**100.0**
of which:					
Capital Outlay	1,57,254	1,42,628	-14,626	-9.3	113.3
of which:					
Capital Outlay on Irrigation and Flood Control	48,727	43,692	-5,035	-10.3	39.0
Capital Outlay on Energy	18,728	17,141	-1,587	-8.5	12.3
Capital Outlay on Transport	29,614	27,604	-2,010	-6.8	15.6
Memo Item:					
Revenue Deficit	-10,701	-12,672	-1,971	18.4	
Gross Fiscal Deficit	1,46,349	1,34,589	-11,760	-8.0	
Primary Deficit	40,128	31,634	-8,494	-21.2	

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

Note: 1. Negative (-) sign in deficit indicators indicates surplus.
2. Capital receipts include public accounts on a net basis while capital expenditure excludes public accounts.

Source: Budget Documents of the State Governments.

the budgeted levels reflected higher collections from education, sports, art & culture; power; irrigation and interest receipts. Consequently, as the fall in tax receipts was entirely compensated by a rise in their non-tax revenue receipts, States recorded marginally higher than budgeted revenue receipts during 2009-10 (RE) (Table 2).

The increase in revenue expenditures of States in 2009-10 (RE) over 2009-10 (BE) was attributable entirely to an increase in development expenditure pertaining to education, sports and art & culture; relief on account of natural calamities; power; irrigation and transport & communications. The States were able to contain their non-development expenditure mainly in respect of committed expenditure (by ₹3,613 crore) in 2009-10 (RE) over the budget estimates. As per 2009-10 (RE), expenditures on administrative services and interest payments were lower than their respective budget estimates. However, expenditure on

Table 2: Variation in Major Items – 2009-10 (RE) over 2009-10 (BE)

(Amount in ₹ crore)

Item	2009-10 (BE)	2009-10 (RE)	Variation		Share in variation* (Per cent)
			Amount	Per cent	
	1	2	3	4	5
I. Revenue Receipts (i+ii)	**8,04,943**	**8,07,388**	**2,445**	**0.3**	**100.0**
(i) Tax Revenue (a+b)	5,52,243	5,31,004	-21,239	-3.8	-868.7
(a) Own Tax Revenue	3,66,523	3,65,527	-995	-0.3	-40.7
of which: Sales Tax	2,25,009	2,25,227	218	0.1	8.9
(b) Share in Central Taxes	1,85,720	1,65,477	-20,243	-10.9	-827.9
(ii) Non-Tax Revenue	2,52,701	2,76,384	23,684	9.4	968.7
(a) States' Own Non-Tax Revenue	84,017	97,178	13,161	15.7	538.3
(b) Grants from Centre	1,68,683	1,79,206	10,523	6.2	430.4
II. Revenue Expenditure	**8,37,238**	**8,54,051**	**16,813**	**2.0**	**100.0**
of which:					
(i) Development Expenditure	4,92,443	5,15,929	23,486	4.8	139.7
of which:					
Education, Sports, Art and Culture	1,54,781	1,61,519	6,738	4.4	40.1
Transport and Communication	20,227	22,519	2,292	11.3	13.6
Power	32,020	34,248	2,228	7.0	13.3
Relief on account of Natural Calamities	5,540	10,378	4,838	87.3	28.8
Rural Development	43,147	29,640	-13,507	-31.3	-80.3
(ii) Non-Development Expenditure	3,21,907	3,16,504	-5,403	-1.7	-32.1
of which:					
Administrative Services	74,389	71,249	-3,140	-4.2	-18.7
Pension	87,220	87,271	51	0.1	0.3
Interest Payments	1,16,427	1,15,904	-524	-0.4	-3.1
III. Capital Receipts	**2,25,014**	**2,37,355**	**12,341**	**5.5**	**100.0**
of which:					
Non-Debt Capital Receipts	2,216	361	-1,855	-83.7	-15.0
IV. Capital Expenditure	**2,18,540**	**2,26,580**	**8,041**	**3.7**	**100.0**
of which:					
Capital Outlay	1,60,247	1,60,407	160	0.1	2.0
of which:					
Capital Outlay on Urban Development	2502	2833	331	13.2	4.1
Capital Outlay on Irrigation and Flood Control	45905	47346	1,440	3.1	17.9
Capital Outlay on Energy	15478	17713	2,236	14.4	27.8
Capital Outlay on Transport	28,859	32,062	3,203	11.1	39.8
Capital Outlay on Energy	16,690	18,728	2,038	12.2	25.4
Memo Item:					
Revenue Deficit	32,295	46,663	14,368	44.5	
Gross Fiscal Deficit	1,99,510	2,16,101	16,591	8.3	
Primary Deficit	83,083	1,00,197	17,115	20.6	

BE: Budget Estimates. RE: Revised Estimates. * Denotes percentage share in relevant total.
Note: See Notes to Table 1.
Source: Budget Documents of the State Governments.

administrative services was higher in 2009-10 (RE) over 2008-09 (Accounts), reflecting the impact of the increase in wages and salaries on account of the implementation of the Sixth CPC/SPCs during the year.

In view of the overall macroeconomic slowdown, the Central Government had allowed States to increase the limit of fiscal deficit to 4.0 per cent of GSDP during 2009-10. Thus, the States were allowed to raise additional market borrowings to the extent of 0.5 per cent of GSDP in 2009-10. This additional fiscal space was to be utilised for undertaking capital investments. While capital outlay and net lending of State governments remained close to their budgeted levels, the increase in GFD-GDP ratio from 3.0 per cent in 2009-10 (BE) to 3.3 per cent in 2009-10 (RE) was mainly due to an increase in revenue deficit over the budget estimate (Table 2 and Appendix Table 1).

Budget Estimates 2010-11

The deterioration in State finances during 2008-09 and 2009-10 resulting from countercyclical fiscal stimulus measures, a cyclical slowdown in growth of tax revenues mirroring the economic scenario (particularly in 2008-09) and the implementation of the Sixth CPC/SPCs led to a considerable departure from the targets envisaged under the FRLs of States during these two years. However, given the robust growth outlook for 2010-11, the States' fiscal position was expected to improve. The commitment of the States towards reverting to the fiscal consolidation path was evident from the budget estimates of key fiscal indicators for 2010-11 (Appendix Table 2).

The consolidated revenue account of the State governments was budgeted to improve, with the revenue deficit placed lower at 0.3 per cent of GDP in 2010-11 (BE) as against 0.7 per cent in 2009-10 (RE). The improvement in the revenue account during 2010-11 (BE) reflects growth in revenue receipts, outstripping that in revenue expenditure. Revenue receipts were budgeted to show an increase mainly on account of higher growth in own tax revenues and States' share in Central taxes in 2010-11 (BE) (Table 3).

Table 3: Variation in Major Items – 2010-11 (BE) over 2009-10 (RE)

(Amount in ₹ crore)

Item	2009-10 (RE)	2010-11 (BE)	Variation		Share in variation* (Per cent)
			Amount	Per cent	
	1	2	3	4	5
I. Revenue Receipts (i+ii)	**8,07,388**	**9,13,038**	**1,05,650**	**13.1**	**100.0**
(i) Tax Revenue (a+b)	5,31,004	6,27,147	96,143	18.1	91.0
(a) Own Tax Revenue	3,65,527	4,26,682	61,154	16.7	57.9
of which: Sales Tax	2,25,227	2,64,848	39,621	17.6	37.5
(b) Share in Central Taxes	1,65,477	2,00,466	34,989	21.1	33.1
(ii) Non-Tax Revenue	2,76,384	2,85,891	9,506	3.4	9.0
(a) States' Own Non-Tax Revenue	97,178	1,02,609	5,431	5.6	5.1
(b) Grants from Centre	1,79,206	1,83,282	4,075	2.3	3.9
II. Revenue Expenditure	**8,54,051**	**9,37,408**	**83,357**	**9.8**	**100.0**
of which:					
(i) Development Expenditure	5,15,929	5,59,713	43,785	8.5	52.5
of which:					
Education, Sports, Art and Culture	1,61,519	1,84,751	23,232	14.4	27.9
Transport and Communication	22,519	20,816	-1,702	-7.6	-2.0
Power	34,248	33,305	-942	-2.8	-1.1
Relief on account of Natural Calamities	10,378	5,323	-5,055	-48.7	-6.1
Rural Development	29,640	33,499	3,860	13.0	4.6
(ii) Non-Development Expenditure	3,16,504	3,51,476	34,972	11.0	42.0
of which:					
Administrative Services	71,249	83,187	11,938	16.8	14.3
Pension	87,271	95,018	7,747	8.9	9.3
Interest Payments	1,15,904	1,28,656	12,752	11.0	15.3
III. Capital Receipts	**2,37,355**	**2,42,860**	**5,505**	**2.3**	**100.0**
of which:					
Non-Debt Capital Receipts	361	3,155	2,794	774.3	50.8
IV. Capital Expenditure	**2,26,580**	**2,37,176**	**10,596**	**4.7**	**100.0**
of which:					
Capital Outlay	1,60,407	1,66,703	6,296	3.9	59.4
of which:					
Capital Outlay on Irrigation and Flood Control	47,346	49,265	1,919	4.1	18.1
Capital Outlay on Energy	17,713	14,531	-3,182	-18.0	-30.0
Capital Outlay on Transport	32,062	32,419	357	1.1	3.4
Memo Item:					
Revenue Deficit	46,663	24,370	-22,293	-47.8	
Gross Fiscal Deficit	2,16,101	1,98,539	-17,562	-8.1	
Primary Deficit	1,00,197	69,883	-30,314	-30.3	

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.

The decline in the revenue deficit-GDP ratio in 2010-11 (BE) along with lower capital outlay as a ratio to GDP was expected to contain the GFD at 2.5 per cent of GDP in 2010-11 (BE) compared with 3.3 per cent in 2009-10 (RE).

With the revenue deficit being budgeted to decline, a notable positive feature emerging from State finances was that capital outlay would account for a higher proportion of GFD in 2010-11 (BE) compared with 2009-10 (RE) (Statement 1). It may be noted that from 2006-07 to 2008-09, States' capital outlay was higher than GFD, indicating that not only entire borrowings but a portion of revenue receipts was also spent on capital outlays. If most States are able to achieve a revenue balance or surplus by 2011-12 as envisaged by the Thirteenth FC, it would again restore the capital outlay-GFD ratio to 100 per cent or above and, thereby, help enhance the long-term growth potential of States.

States appeared to be reasonably optimistic regarding growth prospects, as evident from the higher budget estimates of both OTR and tax devolution from the Centre during 2010-11. While the economic slowdown had moderated States' OTR in 2008-09 and 2009-10 (RE), its impact on statutory transfer of tax revenues from the Centre to the States was more perceptible. In 2010-11(BE), States' OTR and share in Central taxes were budgeted to increase significantly as compared with 2009-10 (RE). The increase in States' share in Central taxes is in line with the expected buoyancy in gross tax revenues of the Centre. In contrast, growth in the consolidated non-tax revenue receipts of States was expected to decelerate during 2010-11 (BE) with the lower growth budgeted for grants from the Centre to the States and States' ONTR as compared with 2009-10 (RE).

Revenue receipts as a ratio to GDP (RR-GDP) were budgeted to decline from 12.3 per cent in 2009-10 (RE) to 11.6 per cent in 2010-11(BE). Even though higher tax buoyancy was anticipated at the Central level and a rise in the share of States in the net proceeds of shareable central taxes has been recommended by the Thirteenth FC, transfer through tax devolution from the Centre to States as a ratio to GDP in 2010-11 was expected to remain stable at the previous year's level. With declining grants and stable non-tax revenue (as ratio to GDP), the overall current transfers to States are budgeted to decline by 0.4 percentage points of GDP in 2010-11 (BE). On the States' own revenue collection front, the ratio of their OTR to GDP was budgeted to decline from 5.6 per cent in 2009-10 (RE) to 5.4 per cent in 2010-11 (BE). Nevertheless, States expected higher collections from all major taxes, *viz.,* VAT, stamp duty and registration fees, State excise duty and property tax. States' ONTR-GDP ratio was budgeted to remain marginally lower in 2010-11, mainly due to a decline in interest receipts and non-tax revenue from the power sector of State governments. As noted by the Thirteenth FC, the current level of recovery on loans advanced by the States is extremely poor (Appendix Table 3).

Growth in the consolidated revenue expenditure of State governments was budgeted to decelerate significantly in 2010-11 (BE) as compared with 2009-10 (RE) mainly due to lower growth expected in development revenue expenditure (both social and economic services). All major categories of social services expenditure, *viz.,* education, sports, art & culture, medical and public health, family welfare, social security & welfare, welfare of SC/ST & other backward classes and urban development, were expected to show lower growth in 2010-11 (BE). In economic services, the States' expenditure on food storage & warehousing, co-operation, special area programmes, power and transport & communications sectors was budgeted to decline (in absolute terms) in 2010-11. In contrast, growth in revenue expenditure on rural development was placed marginally higher than in the previous year. Non-development revenue expenditure, contributing 37.5 per cent of total revenue expenditure, was budgeted to show a lower growth in 2010-11 mainly on account of lower interest outgo on loans from the Centre and only a modest rise in other major components of committed expenditure, *viz.,* pensions, administrative services. Accordingly, committed expenditure as a ratio to revenue receipts was expected to decline marginally to 33.6 per cent in 2010-11 (BE) (Appendix Table 5 and 6).

At a consolidated level, States budgeted a lower growth in capital receipts for 2010-11 (BE) as compared with 2009-10 (RE), mainly on account of lower recovery of loans and advances and special securities issued to the National Small Savings Fund (NSSF). However, loans from the Centre were budgeted to increase during the same period. Similarly, States budgeted a moderate increase of 5.8 per cent in market borrowings (gross) to be raised in 2010-11 [an increase of 18.3 per cent in 2009-10 (RE) over 2008-09]. In 2009-10 (RE), small savings and provident fund collections (net) had increased significantly by 55.3 per cent, partly reflecting the impact of arrears received by State government employees. However, only a moderate decline of 7.7 per cent was expected in small savings and provident funds (net) in 2010-11 (BE). As regards the composition of capital receipts, the States' increasing dependence on market borrowings was evident in 2010-11 as well. While loans from the Centre (gross) were budgeted to account for 6.4 per cent in 2010-11 as against 5.4 per cent in 2009-10 (RE), the share of NSSF in capital receipts was budgeted to decline marginally in 2010-11 (BE) (Appendix Table 7).

While announcing their budgets, many State governments had proposed to undertake higher capital expenditure in 2009-10. In 2010-11 (BE), the level of capital expenditure was expected to record only a modest growth as compared with 2009-10 (RE). While States budgeted lower growth in capital outlay for development activities (1.6 per cent as against 12.0 per cent in 2009-10), the same for non-development activities was expected to be much higher at 58.0 per cent as against 25.5 per cent in 2009-10 (RE), although it accounted for merely 6.3 per cent in capital outlay. Similarly, loans and advances by the State governments were budgeted to decline by 14.5 per cent in 2010-11. In short, lower resource availability for development activities, as evident from the pattern of capital expenditure in 2010-11 (BE), raises concerns about the quality of fiscal adjustment being undertaken by the States.

A trend analysis shows that the composition of transfers from the Centre to States largely depends on the macroeconomic situation in the Indian economy. Based on the cyclical behaviour of tax devolutions and grants-in-aid, it is found that the former moves positively with GDP while the latter is associated negatively. Such a trend was observed during 2008-09 and 2009-10 (RE) when tax devolution from the Centre was substantially lower (in terms of growth as well as a ratio to GDP) than during the upswing period, which to some extent was compensated through higher grants from the Centre. With growth recovery in 2010-11 (BE), States expected to receive higher resources through tax devolution (in absolute terms) while their dependence on grants was expected to diminish (in terms of GDP). Gross transfers from the Centre (*i.e.,* shareable taxes, grants-in-aid and loans from the Centre) were budgeted to decline from 5.5 per cent of GDP in 2009-10 (RE) to 5.1 per cent in 2010-11 (BE) mainly due to expected decline in grants as a ratio to GDP (Appendix Table 4).

Given the development needs of States, it is important to examine the trends in development as well as social sector expenditure of States. The pattern of aggregate expenditure of States in 2010-11 (BE) showed a decline in the share of development expenditure in total expenditure following a sharp decline in the share of development capital outlay, particularly in the case of economic services, *viz.*, food storage and warehousing, co-operation and power projects. States' loans and advances for development purposes were also budgeted to decline in absolute terms in 2010-11 with a corresponding decline in their share in total development expenditure. A major portion of development expenditure continued to be expended through the revenue account of States (Appendix Table 5).

A gradual rise in the share of social sector expenditure in the aggregate expenditure of States was evident in recent years, which, however, was expected to rise marginally in 2010-11 (BE). The ratio of social sector expenditure to GDP (SSE-GDP) was, however, likely to decline in 2010-11 (BE) as compared with 2009-10 (RE). Notwithstanding a decline in SSE-GDP ratio in 2010-11 (BE), education, sports, art & culture, medical and public health continued to be priority areas for State governments.

The consolidated revenue deficit, which re-emerged at the State level in 2009-10 (RE) after a gap of three years, contributed around one-fifth of the GFD. Since the revenue deficit was budgeted to decline in 2010-11 (BE), its share in GFD would also decline accordingly. Capital outlay would continue to be the dominant component in States' GFD in 2010-11 (BE). With the phasing out of loans from the Centre as recommended by the Twelfth FC and a decline in collections under NSSF, market borrowings have become a major source of financing the GFD in recent years. A similar trend was observed in 2010-11 (BE), as a major portion of the GFD would be met through market borrowings, followed by small savings and provident funds.

Outstanding Liabilities and Market Borrowings of State Governments

An inter-temporal comparison shows that the consolidated outstanding liabilities of States as a ratio to GDP steadily increased from 1997-98 to 2003-04. With the debt relief mechanism prescribed by the Twelfth FC, which incentivised adherence to a rule-based fiscal regime, the States were able to contain the magnitude of outstanding liabilities to 26.6 per cent of GDP by 2007-08. The declining trend in the debt-GDP ratio persisted from 2008-09 to 2010-11. The additional expenditure obligations emanating from revised pay structures and expansionary fiscal policy measures announced by a number of State governments led to higher levels of debt in 2008-09 and 2009-10, which grew by 10.7 per cent and 11.4 per cent in 2008-09 and 2009-10, respectively, compared with an increase of only 7.0 per cent in 2007-08. In spite of higher levels of outstanding debt in 2008-09 and 2009-10 (RE), the aggregate debt-GDP ratios of States recorded a decline during the same period. Importantly, the aggregate debt-GDP ratio at 25.0 per cent in 2009-10 (RE) was well below the level of 30.8 per cent recommended by the Twelfth FC. In 2010-11 (BE), the outstanding debt-GDP ratio of the States was likely to decline further to 23.1 per cent. States were allowed to raise additional market borrowings to the extent of 0.5 per cent of GSDP each in 2008-09 and 2009-10 which were to be utilised for undertaking capital investment. Accordingly, the GFD-GSDP target was relaxed from 3.0 per cent to 3.5 per cent in 2008-09 and further to 4.0 per cent in 2009-10. States seem to have resorted to this additional provision of borrowings in 2008-09 with incremental market borrowings at the consolidated level relative to GDP turning out to be higher at 0.8 per cent. Although the incremental market borrowing-GDP ratio at the consolidated level declined slightly during 2009-10, the incremental market borrowings were higher in absolute terms. Notwithstanding the increase in market borrowings in 2008-09 and 2009-10, the consolidated debt-GDP ratios of State governments declined as the share of other debt components fell and nominal economic growth turned out to be higher than that in outstanding debt (Appendix Table 8 and Statement 2).

The composition of States' outstanding liabilities has witnessed a noticeable change in recent years. With the increasing emphasis on financing GFD through market borrowings, its share in outstanding liabilities of State governments has increased gradually, while the dependence on loans from the Centre declined sharply from 1999-2000 onwards. In 2009-10 (RE), market borrowings emerged as a dominant component with a share of 31.5 per cent in total outstanding liabilities of the State governments, which was expected to further increase to 35.6 per cent in 2010-11 (BE). In contrast, the share of the special securities issued to National Small Savings Fund (NSSF) has declined persistently since end-March 2008. The Special securities issued to NSSF expected to account for around one-fourth of the total outstanding liabilities as at end-March 2011. The share of high-cost debt instruments, *i.e.*, public account items like 'small savings' and 'State provident fund' in total outstanding liabilities has remained in the range of 12.1-12.3 per cent since 2005-06. Considering the burden arising as a result of the high effective rate of interest on NSSF loans taken by States till 2006-07, the Thirteenth FC has recommended interest relief on these NSSF loans, with a precondition relating to the enactment of the FRL.

As already mentioned, there has been greater reliance on market borrowings by State governments to meet their resource requirements. This was evident during 2008-09 and 2009-10 when States had to undertake counter-cyclical measures in the wake of the impact of the global economic downturn on domestic economic activity. The higher amount of market borrowings raised during this period was facilitated by additional provisions allowed by the Centre (Table 4). As a result, the outstanding stock of State Development Loans (SDLs) recorded an increase of 34.6 per cent and 28.6 per cent in 2008-09 and 2009-10, respectively, compared with an increase of 23.0 per cent in 2007-08. The interest rate profile of outstanding stock of SDLs shows that the share of high-cost market loans (interest rate over 10 per cent) declined further during 2009-10. The share of outstanding stock of SDLs with interest rates of 10 per cent and above declined sharply from 10.1 per cent as at end-March 2009 to 4.7 per cent as at end-March 2010. However, the share of outstanding SDLs with interest rates ranging between 8-10 per cent increased from 34.4 per cent at end-March 2009 to 44.8 per cent at end-March 2010, which indicates that incremental debt was raised at somewhat higher cost in 2009-10.

Keeping in view the surplus cash position of the State governments, the WMA limits of State governments have been left unchanged since 2006-07. Accordingly, the aggregate normal WMA limit for States for 2009-10 was ₹9,925 crore and the limit had been retained for 2010-11. The rate of interest on normal and special WMA and OD continue to be linked to the repo rate. Most State governments have accumulated sizeable cash surpluses in recent years, which reflected, *inter alia*, the fiscal consolidation process undertaken since 2005-06. The temporary setback to fiscal consolidation in the wake of the global crisis, however, did not impact the surplus cash position of the States, as the liquidity pressures remained confined to a few State governments. The position in respect of outstanding WMA/OD remained relatively comfortable during 2009-10. Although the dependence of most of the States on WMA/OD remained moderate in 2010-11, two chronic revenue-deficit States, *viz.*, West Bengal and Punjab, depended heavily on WMA/OD to meet their temporary resource gaps in the months of October and November 2010.

Table 4: Market Borrowings of State Governments

(₹ crore)

Item	2008-09	2009-10	2010-11*
	1	2	3
1. Net Allocation	51,719	1,02,258	1,42,157
2. Additional Allocation	62,990	2,679	5,842
3. Repayments	14,371	16,238	15,641
4. Gross Allocation (1+2+3)@	1,29,080	1,18,189	1,63,640
5. Total Amount Raised	1,18,138	1,31,122	1,03,910
6. Net Amount Raised (5-3)	1,03,767	1,14,884	88,269
Memo item:			
(i) Coupon/Cut-off Yield Range (%)	5.80-9.90	7.04-8.58	8.05-8.58
(ii) Weighted Average Interest Rate (%)	7.87	8.11	8.39
(iii) Average Maturity (in years)	10	10	10

* upto March 23, 2011.

@ Gross allocation for 2009-10 exclude Andhra Pradesh, Jharkhand and Maharashtra.

Note: (i) Data are inclusive of Puducherry.

(ii) 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.

Since the middle of 2004-05, most States have tended to accumulate sizeable cash surpluses. Despite expenditure pressures on account of pay revisions and fiscal stimulus measures undertaken in 2008-09 and 2009-10, most States continued to accumulate surplus cash balances which they invested in 14-day Intermediate and Auction Treasury Bills (ITBs and ATBs), although temporary dips were observed in some months. Monthly data shows that a major portion of cash surpluses is carried forward by the State governments into the next year. As on March 18, 2011 the investment in 14-day ITBs by the State governments stood at ₹1,20,318 crore, which has significant implications for monetary policy. Importantly, since mid-June 2010, States' investments in ATBs have shown substantial increases, reflecting its positive return differential over ITBs.

Special Theme – Finance Commissions in India: An Assessment

In December 2009, the Thirteenth FC submitted its Report recommending (i) a rise in the share of net proceeds of shareable taxes from 30.5 per cent (Twelfth FC) to 32 per cent for the award period of 2010-11 to 2014-15, and (ii) a rise in the indicative ceiling on all revenue account transfers to the States from 38.0 per cent to 39.5 per cent of the Centre's gross revenue receipts. In addition, the Thirteenth FC also, *inter alia*, recommended a revised fiscal map for the Centre and the States. In order to assess the evolving role of Finance Commissions in the context of Centre-State finances, the topic on 'Finance Commissions in India: An Assessment' was chosen as a special theme.

Examining the role of various FCs, it was observed that apart from the constitutional tasks of deciding the proportion of tax revenue to be shared with the States and the principles governing the grants-in-aid of the revenues of the States, the scope of the FCs has broadened over time as they were assigned several other issues on government finances, particularly those relating to augmentation of State Consolidation Funds to supplementing the resources of local bodies and debt-related issues. The approach of successive FCs, however, varied as they addressed concerns raised by States from time to time regarding the composition of the divisible pool of Central taxes and *inter se* distribution criteria. Recent constitutional changes have simplified the sharing arrangement of the divisible pool of Central taxes by clubbing all shareable Central taxes and excise duties. While determining the formula for horizontal distribution of *inter se* shares of States, various FCs attempted to correct the differentials in revenue capacity and cost disability factors inherent in the economies of States, and foster fiscal efficiency at the State level. However, differences have been noticed in selection, definition and weight of variables that have been used by FCs to prescribe the devolution formula for Central taxes. More recently, the Thirteenth FC has placed greater emphasis on fiscal capacity distance and fiscal discipline, which is expected to facilitate greater convergence among the States. In the context of grants, there has been some shift from a gap-filling approach to a normative assessment of resource requirements and expenditure. The pattern of transfers through the FC channel showed that the share in Central taxes has persistently been the predominant component of revenue sharing since the First FC.

Using the framework provided by Rangarajan and Srivastava (2008)[2] to separate the vertical, horizontal and residual components of per capita FC transfers to the States, an attempt was made to assess the degree of equalisation achieved across the States since the Tenth FC. It was found that equalisation component of transfers was highest in the case of Eleventh FC as the gap between recommended and benchmark transfers was minimum.

[2] Rangarajan, C. and D. K. Srivastava (2008), ''Reforming India's fiscal transfer system: resolving vertical and horizontal imbalances'', *Madras School of Economics Working Paper 31/2008*.

Appendix Table 1: Major Deficit Indicators of State Governments

(Amount in ₹ crore)

Year	Gross Fiscal Deficit	Revenue Deficit	Conventional Deficit	Primary Deficit	Net RBI Credit to States
	1	2	3	4	5
1990-91	18,787	5,309	-72	10,132	420
	(3.3)	(0.9)	(-0.0)	(1.8)	(0.1)
1991-92	18,900	5,651	156	7,956	-340
	(2.9)	(0.9)	(0.0)	(1.2)	(-0.1)
1992-93	20,891	5,114	-1,829	7,681	176
	(2.8)	(0.7)	(-0.2)	(1.0)	(0.0)
1993-94	20,364	3,872	363	4,564	591
	(2.4)	(0.4)	(0.0)	(0.5)	(0.1)
1994-95	27,308	6,706	-4,346	7,895	48
	(2.7)	(0.7)	(-0.4)	(0.8)	(0.0)
1995-96	30,870	8,620	-2,680	9,031	16
	(2.6)	(0.7)	(-0.2)	(0.8)	(0.0)
1996-97	36,561	16,878	7,202	11,175	898
	(2.7)	(1.2)	(0.5)	(0.8)	(0.1)
1997-98	43,474	17,492	-1,803	13,675	1,543
	(2.8)	(1.1)	(-0.1)	(0.9)	(0.1)
1998-99	73,295	44,462	3,268	37,854	5,579
	(4.2)	(2.5)	(0.2)	(2.2)	(0.3)
1999-00	90,099	54,548	3,125	45,458	1,312
	(4.6)	(2.8)	(0.2)	(2.3)	(0.1)
2000-01	87,923	55,316	-2,379	36,937	-1,092
	(4.2)	(2.6)	(-0.1)	(1.8)	(-0.1)
2001-02	94,260	60,398	3,545	32,665	3,451
	(4.1)	(2.7)	(0.2)	(1.4)	(0.2)
2002-03	99,726	57,179	-4,291	30,699	-3,100
	(4.1)	(2.3)	(-0.2)	(1.3)	(-0.1)
2003-04	1,20,631	63,407	-526	40,235	293
	(4.4)	(2.3)	(-0.0)	(1.5)	(0.0)
2004-05	1,07,774	39,158	-10,232	21,353	-2,705
	(3.3)	(1.2)	(-0.3)	(0.7)	(-0.1)
2005-06	90,084	7,013	-33,947	6,060	2,425
	(2.4)	(0.2)	(-0.9)	(0.2)	(0.1)
2006-07	77,508	-24,857	-16,324	-15,672	640
	(1.8)	(-0.6)	(-0.4)	(-0.4)	(0.0)
2007-08	75,455	-42,943	-13,410	-24,376	1,140
	(1.5)	(-0.9)	(-0.3)	(-0.5)	(0.0)
2008-09	1,34,589	-12,672	-8,959	31,634	-1,609
	(2.4)	(-0.2)	(-0.2)	(0.6)	(-0.0)
2009-10 (BE)	1,99,510	32,295	25,821	83,083	–
	(3.0)	(0.5)	(0.4)	(1.3)	–
2009-10 (RE)	2,16,101	46,663	35,889	1,00,197	186
	(3.3)	(0.7)	(0.5)	(1.5)	(0.0)
2010-11 (BE)	1,98,539	24,370	18,687	69,883	–
	(2.5)	(0.3)	(0.2)	(0.9)	–

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 deposit with RBI. Aggregate disbursements include: (i) revenue expenditure and (ii) capital disbursements excluding repayments 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 aggregate disbursements (net of debt repayments) less revenue receipts, non-debt capital receipts and recovery of loans and advances.
5. Primary deficit is gross fiscal deficit less interest payments.
6. Figures in brackets are as percentage to GDP.
7. Figures in respect of Jammu and Kashmir from 1990-91 to 2008-09 and for Jharkhand from 2001-02 to 2008-09 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.

Appendix Table 2: Consolidated Budgetary Position at a Glance

(Amount in ₹ crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Variation					
					Col.3 over Col.1		Col.3 over Col.2		Col.4 over Col.3	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10
I. Revenue Account										
A. Receipts	6,94,657	8,04,943	8,07,388	9,13,038	1,12,731	16.2	2,445	0.3	1,05,650	13.1
B. Expenditure	6,81,985	8,37,238	8,54,051	9,37,408	1,72,066	25.2	16,813	2.0	83,357	9.8
C. Surplus(+)/Deficit(-) (IA-IB)	12,672	-32,295	-46,663	-24,370						
II. Capital Account*										
A. Receipts	1,96,634	2,25,014	2,37,355	2,42,860	40,721	20.7	12,341	5.5	5,505	2.3
B. Disbursements	2,00,347	2,18,540	2,26,580	2,37,176	26,233	13.1	8,041	3.7	10,596	4.7
C. Surplus(+)/Deficit(-) (IIA-IIB)	-3,713	6,475	10,774	5,683						
III. Aggregate Receipts	**8,91,292**	**10,29,957**	**10,44,743**	**11,55,898**	**1,53,451**	**17.2**	**14,786**	**1.4**	**1,11,155**	**10.6**
IV. Aggregate Disbursements	**8,82,333**	**10,55,778**	**10,80,632**	**11,74,584**	**1,98,299**	**22.5**	**24,854**	**2.4**	**93,953**	**8.7**
V. Overall Surplus(+)/Deficit(-) (III-IV)	**8,959**	**-25,821**	**-35,889**	**-18,687**						
VI. Financing of Overall Surplus (+)/ Deficit (-) [V=VI(A+B+C)]										
A. Increase (+)/Decrease (-) in Cash Balances (Net)	-15,802	-15,499	-19,446	-11,639						
B. Additions to (+)/Withdrawals from (-) Cash Balance Investment Account (Net)	24,458	-8,751	-16,255	-7,074						
C. Repayment of (+)/Increase in (-) Ways and Means Advances and Overdrafts from RBI (Net)	302	-1,570	-189	26						

* 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: 1. Figures for 2008-09 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.
2. Also see Notes to Appendices.

Source : Budget Documents of the State Governments.

Appendix Table 3: Revenue Receipts

(Amount in ₹ crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Variation					
					Col.3 over Col.1		Col.3 over Col.2		Col.4 over Col.3	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10
Total Revenue (I+II)	**6,94,657**	**8,04,943**	**8,07,388**	**9,13,038**	**1,12,731**	**16.2**	**2,445**	**0.3**	**1,05,650**	**13.1**
I. Tax Revenue (A+B)	**4,82,983**	**5,52,243**	**5,31,004**	**6,27,147**	**48,021**	**9.9**	**-21,239**	**-3.8**	**96,144**	**18.1**
A. Revenue from States' Taxes (i to iii)	**3,21,930**	**3,66,523**	**3,65,527**	**4,26,682**	**43,597**	**13.5**	**-995**	**-0.3**	**61,154**	**16.7**
(i) Taxes on Income (a+b)	3,554	3,804	3,678	3,977	124	3.5	-126	-3.3	299	8.1
(a) Agricultural Income Tax	43	34	73	81	29	68.2	39	116.3	9	12.0
(b) Tax on Professions, Trades, Callings and Employment	3,511	3,771	3,605	3,895	94	2.7	-165	-4.4	290	8.0
(ii) Taxes on Property and Capital Transactions (a to c)	41,383	48,218	44,459	52,746	3,076	7.4	-3,759	-7.8	8,287	18.6
(a) Stamps and Registration Fees	36,066	42,937	39,230	46,039	3,164	8.8	-3,707	-8.6	6,809	17.4
(b) Land Revenue	4,834	4,780	4,588	5,943	-246	-5.1	-192	-4.0	1,355	29.5
(c) Urban Immovable Property Tax	482	500	641	764	159	32.9	140	28.0	123	19.3
(iii) Taxes on Commodities and Services (a to g)	2,76,994	3,14,501	3,17,390	3,69,959	40,397	14.6	2,889	0.9	52,569	16.6
(a) Sales Tax*	1,98,327	2,25,009	2,25,227	2,64,848	26,900	13.6	218	0.1	39,621	17.6
(b) State Excise Duties	40,990	45,961	47,729	55,478	6,739	16.4	1,768	3.8	7,749	16.2
(c) Taxes on Vehicles	16,446	18,695	18,758	21,561	2,311	14.1	63	0.3	2,803	14.9
(d) Taxes on Passengers and Goods	8,541	9,552	9,281	10,641	740	8.7	-271	-2.8	1,360	14.7
(e) Electricity Duties	9,530	11,745	12,908	13,524	3,378	35.4	1,163	9.9	616	4.8
(f) Entertainment tax	981	885	912	1,199	-69	-7.1	27	3.1	287	31.4
(g) Other taxes and duties	2,178	2,654	2,575	2,709	397	18.2	-79	-3.0	134	5.2
B. Share in Central Taxes	**1,61,052**	**1,85,720**	**1,65,477**	**2,00,466**	**4,424**	**2.7**	**-20,243**	**-10.9**	**34,989**	**21.1**
II. Non-tax Revenue (C + D)	**2,11,675**	**2,52,700**	**2,76,384**	**2,85,891**	**64,710**	**30.6**	**23,684**	**9.4**	**9,506**	**3.4**
C. Grants from the Centre	**1,29,923**	**1,68,683**	**1,79,206**	**1,83,282**	**49,283**	**37.9**	**10,523**	**6.2**	**4,075**	**2.3**
D. States' Own Non-Tax Revenue (a to f)	**81,751**	**84,017**	**97,178**	**1,02,609**	**15,427**	**18.9**	**13,161**	**15.7**	**5,431**	**5.6**
(a) Interest Receipts	16,356	13,010	16,812	16,356	456	2.8	3,802	29.2	-456	-2.7
(b) Dividends and Profits	833	497	488	758	-345	-41.4	-9	-1.8	270	55.3
(c) General Services	22,279	26,706	30,296	27,601	8,017	36.0	3,590	13.4	-2,695	-8.9
of which:										
State Lotteries	5,089	5,863	5,769	6,559	680	13.4	-94	-1.6	790	13.7
(d) Social Services	7,726	7,055	8,493	11,387	767	9.9	1,439	20.4	2,893	34.1
(e) Economic Services	34,555	36,749	40,183	46,507	5,627	16.3	3,433	9.3	6,325	15.7
(f) Fiscal Services	2	0	906	0	904	0.0	906	0.0	-906	-100.0

* Comprises General Sales Tax/VAT, Central Sales Tax, Sales Tax on Motor Spirit and Purchase Tax on Sugarcane, *etc.*

'–' Negligible/Nil/Abnormal growth due to low base.

Note: Figures for 2008-09 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

Source: Budget Documents of the State Governments.

Appendix Table 4: Devolution and Transfer of Resources from the Centre

(Amount in ₹ crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Variation					
					Col.3 over Col.1		Col.3 over Col.2		Col.4 over Col.3	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10
I. States' Share in Central Taxes	**1,61,052**	**1,85,720**	**1,65,477**	**2,00,466**	**4,424**	**2.7**	**-20,243**	**-10.9**	**34,989**	**21.1**
II. Grants from the Centre (1 to 5)	**1,29,923**	**1,68,683**	**1,79,206**	**1,83,282**	**49,283**	**37.9**	**10,523**	**6.2**	**4,075**	**2.3**
1. State Plan Schemes	63,480	82,807	81,600	92,384	18,119	28.5	-1,208	-1.5	10,784	13.2
2. Central Plan Schemes	2,657	6,889	6,459	7,120	3,802	143.1	-430	-6.2	661	10.2
3. Centrally Sponsored Schemes	25,889	35,956	41,036	45,141	15,147	58.5	5,081	14.1	4,104	10.0
4. NEC/Special Plan Schemes	520	927	972	996	453	87.1	46	4.9	24	2.5
5. Non-Plan Grants (a to c)	37,378	42,105	49,139	37,641	11,762	31.5	7,034	16.7	-11,499	-23.4
a) Statutory Grants	20,478	16,642	18,799	17,948	-1,679	-8.2	2,157	13.0	-851	-4.5
b) Grants for Natural Calamities	2,914	2,866	3,695	3,179	780	26.8	829	28.9	-516	-14.0
c) Non-Plan Non-Statutory Grants	13,985	22,597	26,646	16,515	12,661	90.5	4,049	17.9	-10,131	-38.0
III. Gross Loans from the Centre (i+ii)	**7,005**	**17,209**	**12,783**	**15,445**	**5,779**	**82.5**	**-4,426**	**-25.7**	**2,662**	**20.8**
i) Plan Loans	6,998	16,802	12,412	15,065	5,414	77.4	-4,391	-26.1	2,653	21.4
ii) Non-Plan Loans*	7	407	372	380	365	–	-35	-8.7	9	2.4
IV. Gross Transfer (I+II+III)	**2,97,980**	**3,71,613**	**3,57,466**	**3,99,192**	**59,486**	**20.0**	**-14,146**	**-3.8**	**41,726**	**11.7**
V. Repayment of Loans and Interest Payments Liabilities (a+b)	**18,856**	**20,592**	**19,282**	**19,359**	**425**	**2.3**	**-1,310**	**-6.4**	**77**	**0.4**
a) Repayment of Loans to the Centre	7,766	7,993	7,925	8,476	159	2.0	-68	-0.9	551	7.0
b) Interest Payments on the Loans from the Centre	11,090	12,599	11,357	10,883	267	2.4	-1,242	-9.9	-474	-4.2
VI. Net Transfer of Resources from the Centre (IV-V)	**2,79,124**	**3,51,021**	**3,38,184**	**3,79,833**	**59,060**	**21.2**	**-12,837**	**-3.7**	**41,649**	**12.3**

* Include Ways and Means Advances from the Centre. NEC: North Eastern Council. '-' Abnormal growth due to low base.

Note: Figures for 2008-09 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

Source: Budget Documents of the State Governments.

Appendix Table 5: Development Expenditure – Major Heads

(Amount in ₹ crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Percentage Variation Col.3 over Col.1	Percentage Variation Col.3 over Col.2	Percentage Variation Col.4 over Col.3
	1	2	3	4	5	6	7
I. Development Expenditure (Revenue and Capital) (A + B)	**5,51,789**	**6,45,969**	**6,69,696**	**7,15,925**	**21.4**	**3.7**	**6.9**
A. Social Services (1 to 11)	**2,84,437**	**3,44,108**	**3,71,474**	**4,06,137**	**30.6**	**8.0**	**9.3**
	(50.2)	**(52.2)**	**(54.1)**	**(55.6)**			
1. Education, Sports, Art and Culture	1,25,871	1,59,164	1,66,751	1,90,442	32.5	4.8	14.2
2. Medical and Public Health and Family Welfare	34,353	43,848	45,493	50,297	32.4	3.8	10.6
3. Water Supply and Sanitation	21,612	22,961	22,149	20,597	2.5	-3.5	-7.0
4. Housing	7,095	7,046	9,177	10,528	29.3	30.2	14.7
5. Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes	20,488	22,015	25,261	28,442	23.3	14.7	12.6
6. Labour and Labour welfare	2,839	3,586	3,842	4,497	35.3	7.1	17.1
7. Social Security and Welfare	26,027	32,556	36,482	39,549	40.2	12.1	8.4
8. Nutrition	8,475	13,784	14,578	15,129	72.0	5.8	3.8
9. Relief on account of Natural Calamities	8,326	5,540	10,378	5,323	24.6	87.3	-48.7
10. Urban development	25,922	30,205	33,558	36,811	29.5	11.1	9.7
11. Others*	3,428	3,403	3,807	4,523	11.0	11.9	18.8
B. Economic Services (1 to 9)	**2,67,353**	**3,01,861**	**2,98,222**	**3,09,787**	**11.5**	**-1.2**	**3.9**
	(47.1)	**(45.8)**	**(43.4)**	**(42.4)**			
1. Agriculture and Allied Activities	47,380	47,533	52,039	51,684	9.8	9.5	-0.7
2. Rural Development	32,382	61,558	37,538	43,325	15.9	-39.0	15.4
3. Special Area Programmes	3,765	4,752	5,769	6,695	53.2	21.4	16.0
4. Irrigation and Flood Control	61,080	68,294	71,696	78,119	17.4	5.0	9.0
5. Energy	54,659	47,701	52,143	48,152	-4.6	9.3	-7.7
6. Industry and Minerals	7,605	8,823	9,755	11,108	28.3	10.6	13.9
7. Transport and Communications	47,404	49,129	54,624	53,349	15.2	11.2	-2.3
8. Science, Technology and Environment	456	576	596	819	30.5	3.4	37.6
9. General Economic Services	12,622	13,495	14,063	16,536	11.4	4.2	17.6
II. Loans and Advances by State Governments for Development Purposes (A+B)	**15,299**	**13,106**	**16,841**	**14,307**	**10.1**	**28.5**	**-15.0**
A. Social Services (1 to 7)	**6,394**	**5,839**	**5,771**	**7,046**	**-9.8**	**-1.2**	**22.1**
	(1.1)	**(0.9)**	**(0.8)**	**(1.0)**			
1. Education, Sports, Art and Culture	14	15	12	7	-11.5	-16.9	-44.3
2. Medical and Public Health	146	67	97	118	-33.6	46.0	21.7
3. Family Welfare	1	–	–	1	-48.5	–	64.1
4. Water Supply and Sanitation	849	1,858	1,683	2,097	98.1	-9.4	24.6
5. Housing	3,320	608	818	1,152	-75.4	34.5	40.9
6. Government Servants (Housing)	588	779	777	864	32.0	-0.3	11.3
7. Others @	1,475	2,511	2,383	2,807	61.5	-5.1	17.8
B. Economic Services (1 to 10)	**8,904**	**7,267**	**11,070**	**7,260**	**24.3**	**52.3**	**-34.4**
	(1.6)	**(1.1)**	**(1.6)**	**(1.0)**			
1. Crop Husbandry	188	63	90	36	-51.9	44.6	-60.3
2. Soil and Water Conservation	6	–	–	–	-100.0	–	–
3. Food Storage and Warehousing	1,524	1,280	1,980	827	29.9	54.7	-58.2
4. Co-operation	744	352	823	328	10.6	133.5	-60.2
5. Major and Medium Irrigation, etc.	1	4	–	–	–	-100.0	–
6. Power Projects	4,131	3,778	6,020	4,136	45.7	59.3	-31.3
7. Village and Small Industries	104	86	130	103	25.8	51.5	-20.7
8. Other Industries and Minerals	715	474	303	791	-57.7	-36.2	161.5
9. Rural Development	4	81	16	81	281.3	-80.1	405.2
10. Others+	1,488	1,149	1,708	957	14.8	48.7	-44.0
III. Total Development Expenditure (I + II)	**5,67,088**	**6,59,074**	**6,86,537**	**7,30,231**	**21.1**	**4.2**	**6.4**
	(100.0)	**(100.0)**	**(100.0)**	**(100.0)**			

'–' 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 development expenditure.

2. Figures for 2008-09 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

Source: Budget Documents of the State Governments.

Appendix Table 6: Non-Development Expenditure – Major Heads

(Amount in ₹ crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Percentage Variation		
					Col.3 over Col.1	Col.3 over Col.2	Col.4 over Col.3
	1	2	3	4	5	6	7
I. Non-Development Expenditure (General Services) on Revenue Account (i to vi)	**2,49,016**	**3,21,907**	**3,16,504**	**3,51,476**	**27.1**	**-1.7**	**11.0**
i. Organs of State	6,491	9,215	9,730	9,510	49.9	5.6	-2.3
ii. Fiscal Services	10,064	12,868	13,696	15,005	36.1	6.4	9.6
iii. Interest Payments and Servicing of Debt (1+2)	1,09,393	1,25,078	1,24,756	1,40,460	14.0	-0.3	12.6
1. Appropriation for reduction or avoidance of Debt	6,439	8,651	8,852	11,805	37.5	2.3	33.4
2. Interest Payments	1,02,955	1,16,427	1,15,904	1,28,656	12.6	-0.4	11.0
iv. Administrative Services (1 to 5)	52,431	74,389	71,249	83,187	35.9	-4.2	16.8
1. Secretariat - General Services	2,785	6,640	6,262	6,952	124.9	-5.7	11.0
2. District Administration	5,457	7,274	7,517	8,205	37.7	3.3	9.2
3. Police	32,471	39,592	40,812	47,038	25.7	3.1	15.3
4. Public Works	5,053	6,734	7,218	7,148	42.9	7.2	-1.0
5. Others *	6,666	14,149	9,441	13,843	41.6	-33.3	46.6
v. Pension	65,440	87,220	87,271	95,018	33.4	0.1	8.9
vi. Miscellaneous General Services	5,196	13,137	9,802	8,294	88.6	-25.4	-15.4
II. Non-Development Expenditure on Capital Account (1+2)	**5,965**	**7,408**	**7,153**	**11,016**	**19.9**	**-3.4**	**54.0**
1. Non-Developmental (General Services)	5,291	6,721	6,640	10,492	25.5	-1.2	58.0
2. Loans for Non-Development Purposes (a+b)	674	687	513	524	-23.9	-25.3	2.1
a) Government Servants (other than housing)	368	461	435	441	18.3	-5.5	1.4
b) Miscellaneous	306	226	78	83	-74.5	-65.5	6.1
III. Total Non-Development Expenditure (I + II)	**2,54,981**	**3,29,315**	**3,23,657**	**3,62,492**	**26.9**	**-1.7**	**12.0**
IV. III as percentage of Aggregate Receipts	**28.6**	**32.0**	**31.0**	**31.4**			
V. III as percentage of Aggregate Disbursements	**28.9**	**31.2**	**30.0**	**30.9**			

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

Note: Figures for 2008-09 (Accounts) in respect of Jammu and Kashmir and Jharkhand relate to Revised Estimates.

Source: Budget Documents of the State Governments.

Appendix Table 7: Capital Receipts

(Amount in ₹ crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Variation					
					Col.3 over Col.1		Col.3 over Col.2		Col.4 over Col.3	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10
Total Capital Receipts (1 to 10)	**1,96,634**	**2,25,014**	**2,37,355**	**2,42,860**	**40,721**	**20.7**	**12,341**	**5.5**	**5,505**	**2.3**
1. Internal Debt *	1,42,951	1,66,820	1,86,621	1,93,072	43,670	30.5	19,801	11.9	6,450	3.5
of which:										
(i) Market Loans (Gross)	1,18,492	1,29,670	1,40,171	1,48,356	21,678	18.3	10,501	8.1	8,186	5.8
(ii) Special Securities issued to NSSF@	8,520	18,957	28,968	25,911	20,448	240.0	10,012	52.8	-3,057	-10.6
2. Loans from the Centre@	7,005	17,209	12,783	15,445	5,779	82.5	-4,426	-25.7	2,662	20.8
3. Recovery of Loans and Advances	11,072	4,609	7,963	4,210	-3,108	-28.1	3,354	72.8	-3,753	-47.1
4. Small Savings, Provident Funds, *etc.* (net)	15,641	21,617	24,289	22,426	8,648	55.3	2,672	12.4	-1,863	-7.7
5. Contingency Fund (net)	781	200	702	185	-79	-10.1	502	250.9	-517	-73.6
6. Reserve Funds (net)**	7,542	2,554	-7,208	3,739	-14,750	-195.6	-9,762	-382.3	10,947	-151.9
7. Deposits and Advances (net)***	4,594	9,354	6,236	3,566	1,642	35.7	-3,118	-33.3	-2,670	-42.8
8. Appropriation to Contingency Fund (net)	-495	–	-200	–	295	-59.6	-200	–	200	-100.0
9. Remittances (net)	-1,522	3	325	8,865	1,847	-121.4	323	–	8,540	–
10. Others #	9,066	2,649	5,843	-8,649	-3,223	-35.5	3,194	120.6	-14,492	-248.0

'–' Nil/Negligible/Abnormal growth due to low base.

* 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) includes 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).

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

Note: 1. Figures for 2008-09 (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.

Appendix Table 8: Composition of Outstanding Liabilities of State Governments

(As at end-March)

(₹ crore)

Year	Market Loans	Power Bonds	Compen-sation 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
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	2,42,777	26,051	82	4,25,309	299	12,197	971	15,622	9,176	1,118
2008	2,98,508	23,143	80	4,30,879	255	11,534	927	20,867	9,295	1,175
2009	4,01,924	21,691	80	4,31,915	372	10,842	905	27,429	9,099	1,189
2010 (RE)	5,15,785	18,784	79	4,55,015	561	10,160	905	36,687	8,480	1,464
2011 (BE)	6,48,426	15,877	80	4,67,091	535	9,556	905	46,153	7,808	1,422

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)	Contigency Fund	Total Outstanding Liabilities
	11	12 = sum (6 to11)	13 =sum (1 to 5)+12	14	15	16	17	18	19 = sum (13 to 18)
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	509	3,999	35,885	1,15,238	32,894	9,013	22,963	489	**2,16,483**
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	1,25,181	2,30,331	80,523	19,769	52,193	1,533	**5,09,529**
2001	12,667	29,213	1,78,953	2,38,655	93,629	22,868	59,328	714	**5,94,147**
2002	18,078	40,894	2,44,625	2,49,551	1,03,815	27,389	64,325	1,042	**6,90,747**
2003	23,524	51,198	3,26,032	2,49,179	1,13,678	32,188	65,036	314	**7,86,427**
2004	33,407	65,960	4,76,772	1,92,981	1,21,841	42,217	69,116	246	**9,03,174**
2005	35,648	67,921	5,95,064	1,60,045	1,30,828	52,311	75,290	527	**10,14,067**
2006	35,718	71,845	6,98,773	1,57,004	1,40,806	63,120	86,691	1,322	**11,47,717**
2007	30,253	69,338	7,63,855	1,46,653	1,49,920	78,761	1,01,068	1,319	**12,41,576**
2008	27,640	71,438	8,24,304	1,45,098	1,61,972	78,265	1,16,591	2,073	**13,28,302**
2009	28,315	77,780	9,33,762	1,43,870	1,77,434	83,927	1,28,350	2,853	**14,70,195**
2010 (RE)	25,243	82,940	10,73,163	1,48,729	2,01,723	76,719	1,34,586	3,554	**16,38,474**
2011 (BE)	20,108	85,951	12,17,959	1,55,698	2,24,149	80,458	1,38,152	3,739	**18,20,155**

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 and Jammu and Kashmir [2008-09, 2009-10 (RE) and 2010-11 (BE)] and Manipur [2008-09, 2009-10 (RE)] were not available, the same has been included under 'Loans from Other Institutions'.
3. Power bonds due for repayment on April 1, 2010 were paid on March 31, 2010 since April 1, 2010 was declared as public holiday under Negotiable Instrument Act at Mumbai to facilitate yearly closing of accounts of banks and, hence, have been shown as outstanding as at-end March 2010.

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

Statement 1: Major Fiscal Indicators

(Per cent)

State	Revenue Deficit/ Gross Fiscal Deficit			Capital Outlay/ Gross Fiscal Deficit			Net Lending/ Gross Fiscal Deficit		
	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)
	1	2	3	4	5	6	7	8	9
I. Non-Special Category									
1. Andhra Pradesh	-8.1	-20.6	-27.3	83.6	112.1	110.4	24.5	8.5	16.9
2. Bihar	-178.3	-1.8	-142.7	256.7	97.3	227.1	21.5	4.5	15.6
3. Chhattisgarh	-182.1	5.1	-27.0	286.4	95.9	127.9	-4.2	-1.0	-0.9
4. Goa	-12.6	18.3	–	110.3	80.1	99.6	2.3	1.6	0.5
5. Gujarat	0.6	34.5	29.7	97.9	64.1	67.9	1.7	1.4	2.4
6. Haryana	31.8	43.8	44.7	68.6	47.5	39.9	-0.3	8.9	15.6
7. Jharkhand	-16.7	-146.6	-527.2	104.1	210.4	568.0	12.7	36.1	59.1
8. Karnataka	-18.7	-4.8	-5.2	113.0	96.9	121.3	7.7	8.2	12.7
9. Kerala	58.5	60.9	42.5	26.7	29.0	48.5	14.9	10.2	9.1
10. Madhya Pradesh	-91.6	-80.5	-19.7	151.4	122.6	100.3	40.8	57.9	19.5
11. Maharashtra	-39.8	41.2	31.5	134.8	55.4	67.0	5.1	3.4	1.5
12. Orissa	-1023.8	28.0	17.9	1,131.4	76.9	80.2	-7.6	-4.9	1.9
13. Punjab	57.6	63.3	62.1	42.7	55.0	39.7	-0.4	-18.3	-1.9
14. Rajasthan	11.9	40.3	13.0	84.6	55.8	87.8	3.6	3.9	-0.8
15. Tamil Nadu	-17.0	39.0	20.9	106.5	66.9	75.7	10.5	-6.0	3.3
16. Uttar Pradesh	-9.1	-8.3	-2.4	108.9	105.7	100.9	0.1	2.7	1.6
17. West Bengal	108.5	83.9	73.7	27.3	14.3	24.2	-35.8	1.8	2.1
Total I	**-0.6**	**25.6**	**16.2**	**97.2**	**69.8**	**79.7**	**3.6**	**4.6**	**5.7**
II. Special Category									
1. Arunachal Pradesh	-297.9	-853.4	-1557.7	390.5	951.1	1,657.0	7.4	2.2	0.8
2. Assam	272.5	52.8	64.0	-168.7	46.7	35.5	-3.8	0.4	0.5
3. Himachal Pradesh	5.7	6.8	20.7	91.3	92.1	72.2	3.0	1.2	7.1
4. Jammu and Kashmir	-144.7	-200.0	-265.0	243.1	297.1	361.0	1.5	3.0	4.0
5. Manipur	-576.5	-475.8	-467.5	676.3	574.2	625.9	0.2	1.6	5.2
6. Meghalaya	-29.4	-35.5	-88.2	122.0	132.1	184.3	7.3	3.4	3.8
7. Mizoram	-360.0	-66.5	-816.4	467.9	167.8	928.4	-7.9	-1.3	-12.0
8. Nagaland	-150.1	-45.0	-334.3	250.4	142.9	433.5	-0.3	2.1	0.8
9. Sikkim	-161.4	-184.1	-147.6	261.4	272.6	246.7	-0.1	11.5	0.9
10. Tripura	-351.0	-12.0	-80.2	445.5	110.7	177.9	5.5	1.3	2.2
11. Uttarakhand	-13.0	28.7	-9.3	109.3	73.8	114.8	3.7	5.2	3.1
Total II	**- 170.1**	**-12.3**	**-27.7**	**266.0**	**111.6**	**127.3**	**4.2**	**1.9**	**2.3**
All States (I+II)	**-9.4**	**21.6**	**12.3**	**106.0**	**74.2**	**84.0**	**3.6**	**4.3**	**5.3**
Memo item:									
1. NCT Delhi	-162.5	-188.8	-221.1	141.5	137.1	155.6	121.0	151.6	165.6
2. Puducherry	30.2	51.3	25.4	70.4	53.2	74.8	-0.6	-0.4	-0.3

(Contd.)

Statement 1: Major Fiscal Indicators *(Contd.)*

(Per cent)

State	Non-Development Expenditure/ Aggregate Disbursement			Interest Payment/Revenue Expenditure			State's Own Tax Revenue/ Revenue Expenditure		
	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)
	10	11	12	13	14	15	16	17	18
I. Non-Special Category									
1. Andhra Pradesh	23.3	22.8	25.7	13.0	12.1	11.7	53.9	53.9	54.0
2. Bihar	28.9	29.0	29.5	13.2	11.1	11.1	21.6	21.6	26.2
3. Chhattisgarh	20.9	18.5	20.4	7.8	5.9	6.1	47.8	35.7	38.2
4. Goa	27.3	27.6	30.5	14.9	12.5	12.9	49.4	42.0	44.3
5. Gujarat	26.0	28.0	29.3	20.4	18.0	18.3	60.8	55.1	56.1
6. Haryana	24.0	24.6	26.4	11.4	11.1	13.7	56.8	52.7	57.8
7. Jharkhand	28.0	29.3	27.5	13.8	13.0	12.9	32.8	32.3	36.1
8. Karnataka	23.6	23.1	24.2	10.9	11.4	11.9	66.4	64.0	68.2
9. Kerala	39.1	38.7	36.8	16.5	17.0	16.6	56.7	56.9	60.0
10. Madhya Pradesh	25.7	24.1	26.9	14.2	12.6	12.1	46.1	45.9	44.6
11. Maharashtra	27.5	27.4	30.5	16.2	13.9	15.2	68.7	55.0	61.0
12. Orissa	27.1	31.5	32.1	13.6	12.3	12.2	37.7	30.5	31.9
13. Punjab	49.5	46.4	45.6	20.0	18.2	17.3	45.4	46.8	48.8
14. Rajasthan	29.8	30.7	31.9	18.1	16.5	17.0	43.6	40.4	43.7
15. Tamil Nadu	27.8	28.8	29.8	11.1	11.3	11.5	62.9	59.7	62.3
16. Uttar Pradesh	29.3	33.8	35.3	15.0	12.8	12.1	37.7	36.7	38.1
17. West Bengal	34.3	39.7	36.0	23.4	21.2	21.9	27.9	27.1	31.3
Total I	**28.6**	**29.7**	**30.7**	**15.3**	**13.9**	**14.1**	**49.8**	**46.0**	**48.9**
II. Special Category									
1. Arunachal Pradesh	19.3	21.1	32.1	7.5	6.3	8.2	4.7	3.1	4.3
2. Assam	30.9	35.4	27.3	11.2	7.2	7.4	29.1	14.5	15.4
3. Himachal Pradesh	31.9	32.0	34.8	20.1	18.5	18.5	23.8	24.4	24.4
4. Jammu and Kashmir	33.0	34.0	35.9	12.9	13.4	12.9	21.6	20.4	20.1
5. Manipur	26.1	25.5	29.6	12.0	10.4	8.9	6.5	6.4	7.1
6. Meghalaya	28.9	24.6	25.0	7.9	6.9	6.6	13.8	11.2	11.4
7. Mizoram	28.9	27.3	30.4	9.8	8.7	8.4	4.1	3.9	4.1
8. Nagaland	37.9	34.6	36.2	10.9	10.5	9.4	5.4	4.4	4.7
9. Sikkim	48.2	44.1	40.3	6.2	5.9	6.4	8.0	6.5	6.9
10. Tripura	33.9	32.6	39.7	12.6	10.4	10.8	14.1	11.8	14.1
11. Uttarakhand	30.1	28.4	28.6	14.1	12.5	13.2	36.3	29.2	33.5
Total II	**31.5**	**32.2**	**31.8**	**12.8**	**10.6**	**10.7**	**21.6**	**16.5**	**17.5**
All States (I+II)	**28.9**	**30.0**	**30.9**	**15.1**	**13.6**	**13.7**	**47.2**	**42.8**	**45.5**
Memo item:									
1. NCT Delhi	23.2	24.7	24.3	21.4	18.0	18.1	103.6	90.8	104.7
2. Puducherry	24.2	24.0	16.5	10.1	8.7	8.4	28.2	27.4	37.7

Statement 1: Major Fiscal Indicators *(Concld.)*

(Per cent)

State	State's Own Non Tax Revenue/ Revenue Expenditure			Gross Transfers/Aggregate Disbursement		
	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)	2008-09 (Accounts)	2009-10 (RE)	2010-11 (BE)
	19	20	21	22	23	24
I. Non-Special Category						
1. Andhra Pradesh	15.7	18.7	18.0	25.0	24.8	27.1
2. Bihar	4.0	2.6	3.0	69.4	60.9	68.4
3. Chhattisgarh	16.0	18.3	22.0	39.9	37.5	35.2
4. Goa	36.1	33.3	31.3	13.3	16.8	18.4
5. Gujarat	13.2	10.5	11.5	19.7	20.6	19.2
6. Haryana	15.8	11.8	12.5	13.7	18.2	14.7
7. Jharkhand	14.2	17.5	18.9	42.8	49.6	49.4
8. Karnataka	7.6	5.4	5.3	24.2	25.5	22.9
9. Kerala	5.5	5.8	6.6	23.7	24.2	22.5
10. Madhya Pradesh	11.3	16.5	10.3	44.4	40.6	41.4
11. Maharashtra	12.9	7.0	9.8	20.0	21.9	19.0
12. Orissa	15.0	10.0	9.7	52.3	48.5	48.2
13. Punjab	23.5	21.2	19.9	14.1	16.3	15.7
14. Rajasthan	11.3	12.4	11.4	34.8	31.3	34.9
15. Tamil Nadu	10.7	7.4	6.2	24.6	21.5	23.1
16. Uttar Pradesh	8.9	15.8	13.5	41.0	38.1	39.5
17. West Bengal	9.6	5.1	5.5	29.4	27.2	32.6
Total I	**11.8**	**11.3**	**11.1**	**30.8**	**30.1**	**30.7**
II. Special Category						
1. Arunachal Pradesh	26.9	38.7	11.5	69.0	63.6	66.0
2. Assam	16.0	9.7	8.6	66.9	48.7	50.9
3. Himachal Pradesh	18.6	16.7	14.7	42.6	44.7	45.6
4. Jammu and Kashmir	9.1	8.6	7.5	64.0	67.6	69.9
5. Manipur	9.7	9.8	11.3	78.4	81.7	77.9
6. Meghalaya	8.4	6.7	6.4	64.7	69.2	74.7
7. Mizoram	6.9	4.8	5.7	83.9	77.0	83.8
8. Nagaland	6.2	4.0	3.8	77.2	70.8	84.1
9. Sikkim	52.6	46.4	41.7	43.0	50.6	52.3
10. Tripura	4.8	3.3	4.0	77.3	61.1	69.7
11. Uttarakhand	8.3	11.8	9.3	45.1	38.4	47.9
Total II	**13.9**	**12.2**	**9.8**	**61.3**	**55.8**	**60.1**
All States (I+II)	**12.0**	**11.4**	**10.9**	**33.8**	**33.1**	**34.0**
Memo item:						
1. NCT Delhi	19.6	23.8	27.2	9.2	17.8	8.2
2. Puducherry	24.5	20.4	28.2	40.5	36.6	24.1

RE: Revised Estimates. BE: Budget Estimates. '–': Nil/Negligible/Not applicable.

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

2. Figures for Jammu and Kashmir and Jharkhand for the year 2008-09 (Accounts) relate to Revised Estimates.

Source: Budget Documents of the State Governments.

Statement 2: Total Outstanding Liabilities of State Governments (As at end-March)

(As at end-March)

(₹ crore)

State	1991	1992	1993	1994	1995	1996	1997
	1	2	3	4	5	6	7
I. Non-Special Category							
1. Andhra Pradesh	8,150	9,454	11,063	12,940	15,224	17,778	20,201
2. Bihar	10,633	11,777	13,551	14,752	16,701	18,695	20,752
3. Chhattisgarh	–	–	–	–	–	–	–
4. Goa	903	967	1,049	1,115	1,183	1,275	1,402
5. Gujarat	8,076	9,361	10,502	11,467	12,999	14,889	17,006
6. Haryana	3,076	3,471	3,899	4,424	5,036	6,171	7,004
7. Jharkhand	–	–	–	–	–	–	–
8. Karnataka	5,898	6,271	7,160	8,815	9,952	11,074	12,739
9. Kerala	4,983	5,833	6,682	7,595	9,280	10,719	12,314
10. Madhya Pradesh	7,777	8,803	11,442	10,792	12,165	13,891	15,948
11. Maharashtra	12,878	15,279	16,911	18,787	21,979	26,379	30,602
12. Orissa	5,156	6,065	6,792	7,689	8,914	10,295	11,996
13. Punjab	7,071	8,131	9,524	10,874	12,454	14,040	15,618
14. Rajasthan	6,580	7,647	8,654	10,038	11,866	14,137	16,742
15. Tamil Nadu	7,044	8,341	10,206	11,616	13,541	15,134	17,257
16. Uttar Pradesh	19,760	22,978	26,366	29,693	34,263	38,998	45,630
17. West Bengal	8,857	10,135	11,281	12,926	15,128	17,716	21,114
II. Special Category							
1. Arunachal Pradesh	280	287	262	281	319	397	480
2. Assam	4,341	4,658	4,670	4,675	5,228	6,326	6,402
3. Himachal Pradesh	1,329	1,492	1,833	1,996	2,556	3,267	3,661
4. Jammu and Kashmir	3,358	3,808	4,014	4,510	4,448	4,628	5,294
5. Manipur	390	503	531	564	607	676	721
6. Meghalaya	218	245	301	381	450	490	475
7. Mizoram	330	314	322	378	444	538	574
8. Nagaland	409	476	520	586	624	781	753
9. Sikkim	142	162	199	222	263	292	228
10. Tripura	517	573	631	759	856	948	986
11. Uttarakhand	–	–	–	–	–	–	–
All States	**1,28,155**	**1,47,030**	**1,68,365**	**1,87,875**	**2,16,483**	**2,49,535**	**2,85,898**
Memo item:							
1. NCT Delhi	–	–	–	117	627	1,354	**2,205**
2. Puducherry	–	–	–	–	–	–	**–**

Statement 2: Total Outstanding Liabilities of State Governments (As at end-March) *(Contd.)*

(As at end-March)

(₹ crore)

State	1998	1999	2000	2001	2002	2003	2004
	8	9	10	11	12	13	14
I. Non-Special Category							
1. Andhra Pradesh	23,313	28,301	34,829	41,809	48,637	56,030	65,251
2. Bihar	23,584	27,109	32,866	29,942	34,135	38,254	39,999
3. Chhattisgarh	–	–	–	6,967	8,121	9,592	10,825
4. Goa	1,568	1,936	2,510	2,822	3,746	3,503	3,885
5. Gujarat	20,419	25,068	34,190	42,781	47,919	55,175	62,307
6. Haryana	8,110	10,250	13,810	14,650	17,726	19,948	22,450
7. Jharkhand	–	–	–	8,448	9,979	11,887	10,036
8. Karnataka	14,697	17,455	21,045	25,301	31,337	36,020	39,959
9. Kerala	14,469	17,333	22,214	26,259	29,536	34,312	39,151
10. Madhya Pradesh	17,975	21,957	25,933	22,127	26,043	29,882	37,967
11. Maharashtra	37,052	44,264	58,813	67,601	78,541	89,952	1,06,838
12. Orissa	13,636	16,281	20,614	24,220	28,161	30,869	33,850
13. Punjab	17,904	21,823	26,610	30,763	35,730	40,125	42,819
14. Rajasthan	19,229	24,136	31,684	35,541	41,634	47,534	53,109
15. Tamil Nadu	19,512	23,189	29,568	34,541	39,069	44,471	51,759
16. Uttar Pradesh	52,428	62,103	77,934	83,098	95,822	1,05,126	1,24,063
17. West Bengal	25,173	32,192	44,042	54,929	66,396	78,325	89,472
II. Special Category							
1. Arunachal Pradesh	477	566	735	739	790	966	1,736
2. Assam	6,469	6,765	8,666	10,227	11,988	13,099	15,688
3. Himachal Pradesh	4,298	6,383	7,840	8,705	10,055	12,228	14,379
4. Jammu and Kashmir	5,736	6,429	7,739	9,101	9,624	10,528	14,728
5. Manipur	1,040	1,328	1,614	1,870	1,870	1,890	2,444
6. Meghalaya	658	862	1,117	1,388	1,528	1,820	2,123
7. Mizoram	771	842	1,178	1,375	1,713	1,967	2,606
8. Nagaland	876	1,063	1,389	1,604	1,884	2,385	2,389
9. Sikkim	260	415	593	852	929	989	1,010
10. Tripura	1,163	1,525	1,993	2,384	2,817	3,278	4,057
11. Uttarakhand	–	–	–	4,106	5,018	6,274	8,273
All States	**3,30,816**	**3,99,576**	**5,09,529**	**5,94,148**	**6,90,747**	**7,86,427**	**9,03,174**
Memo item:							
1. NCT Delhi	3,081	3,788	6,348	7,924	9,777	12,494	14,149
2. Puducherry	–	–	–	–	–	–	1,310

Statement 2: Total Outstanding Liabilities of State Governments (As at end-March) *(Concld.)*

(As at end-March)

(₹ crore)

State	2005	2006	2007	2008	2009	2010 (RE)	2011 (BE)
	15	16	17	18	19	20	21
I. Non-Special Category							
1. Andhra Pradesh	75,418	83,282	90,456	99,875	1,10,054	1,23,668	1,36,666
2. Bihar	43,183	47,290	49,846	52,807	55,782	61,570	66,514
3. Chhattisgarh	12,133	13,190	14,042	14,647	15,029	16,406	19,036
4. Goa	4,417	5,126	5,841	6,642	7,150	8,012	8,627
5. Gujarat	71,334	83,024	90,956	1,00,328	1,09,862	1,22,130	1,36,552
6. Haryana	24,900	26,979	29,308	29,911	33,495	39,747	46,526
7. Jharkhand	13,090	16,924	19,049	21,342	24,024	27,891	29,867
8. Karnataka	44,345	49,587	58,079	60,555	65,219	72,577	82,337
9. Kerala	43,695	47,883	52,318	58,503	67,008	73,514	81,742
10. Madhya Pradesh	44,586	49,647	52,731	54,909	60,312	66,842	74,574
11. Maharashtra	1,24,554	1,46,228	1,60,741	1,62,013	1,86,674	2,09,089	2,36,526
12. Orissa	36,982	40,724	42,938	42,975	43,901	46,232	50,937
13. Punjab	47,071	51,140	51,009	55,794	61,529	67,656	73,794
14. Rajasthan	59,968	66,239	71,173	77,166	84,235	90,420	98,881
15. Tamil Nadu	55,968	63,848	68,561	73,887	86,154	96,853	1,09,381
16. Uttar Pradesh	1,36,273	1,54,061	1,67,776	1,79,741	1,92,767	2,13,747	2,34,581
17. West Bengal	97,342	1,14,419	1,24,153	1,36,422	1,50,434	1,75,450	1,98,195
II. Special Category							
1. Arunachal Pradesh	2,069	2,412	2,371	2,837	5,926	6,092	4,724
2. Assam	17,043	18,401	19,490	20,192	22,800	24,660	27,385
3. Himachal Pradesh	16,483	17,390	18,142	19,482	21,900	23,535	25,534
4. Jammu and Kashmir	15,877	18,427	19,673	22,102	25,077	26,847	28,501
5. Manipur	3,239	4,062	4,185	4,529	4,883	5,203	5,379
6. Meghalaya	2,410	2,610	2,819	3,218	3,700	4,091	4,550
7. Mizoram	2,922	3,154	3,354	3,951	4,147	4,655	4,688
8. Nagaland	2,638	3,006	3,225	3,577	4,185	4,561	4,843
9. Sikkim	1,150	1,289	1,409	1,705	2,018	2,371	2,731
10. Tripura	4,853	5,358	4,625	4,542	4,710	5,388	5,931
11. Uttarakhand	10,123	12,017	13,308	14,650	17,223	19,270	21,154
All States	**10,14,067**	**11,47,717**	**12,41,576**	**13,28,302**	**14,70,195**	**16,38,474**	**18,20,155**
Memo item:							
1. NCT Delhi	15,836	21,567	25,569	25,339	25,382	26,544	26,744
2. Puducherry	1,549	1,818	2,169	2,923	3,325	3,898	3,938

RE: Revised Estimates. BE: Budget Estimates. '–' Not available/Not applicable.

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 and Jammu and Kashmir [2008-09, 2009-10 (RE) and 2010-11 (BE)] and Manipur [2008-09, 2009-10 (RE)] were not available, the same has been included under 'Loans from Other Institutions'.

3. Power bonds due for repayment on April 1, 2010 were paid on March 31, 2010 since April 1, 2010 was declared as public holiday under Negotiable Instrument Act at Mumbai to facilitate yearly closing of accounts of banks and, hence, have been shown as outstanding as at-end March 2010.

Source: 1. Combined Finance and Revenue Accounts of the Union and State Governments in India, CAG.

2. Ministry of Finance, Government of India.

3. Reserve Bank Records.

4. Budget Documents of the State Governments.

5. Finance Accounts of the Union Government, CGA, Government of India.