

Report of The Core Group on Voluntary Disclosure Norms for State Governments

Reserve Bank of India
Department of Economic Analysis and Policy
Mumbai

January 12, 2001

Dr. Y.V.Reddy
Deputy Governor
Reserve Bank of India
Mumbai

Dear Sir,

Submission of the Report of the Core Group on Voluntary Disclosure Norms for State Governments

We submit herewith the Report of the Core Group on Voluntary Disclosure Norms for State Governments. We appreciate the research support provided by Shri S.M.Pillai, Director, Smt. Abha Prasad, Assistant Adviser and Shri. Arnab Gupta, Research Officer of the Division of Fiscal Analysis in the finalisation of the Report.

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Section I

Introduction

I.1 One of the important outcomes of the South East Asian Crisis is the need for enhanced transparent practices and adequate availability of information as this would help not only the policy makers but also the investors to take timely and adequate decisions. Since then, International Financial Institutions devoted their attention in developing standards and codes pertaining to various segments of economic policies viz. fiscal, monetary, financial, banking, securities market, insurance etc. In this context, fiscal transparency assumes no less important position. The International Monetary Fund (IMF) has come out with detailed guidelines on Codes pertaining to fiscal transparency. Keeping in view the IMF guidelines, as well as the level of transparency prevalent in Central Government Budget documents, this report pertains to the level of disclosure standards at the State level and various ways of improving the same.

I.2 It is reasonably recognised that a number of steps have been taken in the recent period to enhance transparency in the Central Budget. Furthermore, as India has subscribed to the Special Data Dissemination Standards (SDDS), Central Government commitment towards maintaining certain standards and disclosures is well known to the public, but at the State level it was strongly felt that there is a wide scope for improving transparency in the budget exercise. It is important to recognise that although there is no mandatory requirement for the States to adhere to such transparency standards, there is no doubt that adopting such practices would help State Governments in explaining the rationale of various policy decisions to the public. Furthermore, as several States would access the market for meeting their borrowing programmes, enhancement of such transparency practices would be beneficial for them.

I.3 With these in mind, the State Finance Secretaries in their Conference held on June 12, 1999 at the Reserve Bank of India, Mumbai decided to constitute a Committee of State Finances Secretaries' to suggest various measures of disclosures which can be introduced in the budgetary exercise of State Governments. It was also decided that such a committee could lay down a model budget for the States, which would enable the Legislature and the public to enhance their understanding of State finances.

I.4 Pursuant to the decision, the Core Group on 'Voluntary Disclosure Norms for State Governments' was constituted in January 2000, with the Finance Secretaries of Gujarat, Kerala, Meghalaya and West Bengal. Planning Commission and Ministry of Finance were also represented in the Group. Members of the Group from the Reserve Bank comprised Chief General Manager, Internal Debt Management Cell and Adviser, Department of Economic Analysis and Policy as the Member Secretary (Annexure 1). The Division of Fiscal Analysis, Department of Economic Analysis and Policy provided the necessary Secretariat for this Group.

I.5 Objectives of the Core Group

The following are the objectives of the Group, as set out in the first meeting of the Group held on January 15, 2000:

- (a) to study the transparency practices in the fiscal operations of State Governments in India with focus on their work-methods and budgetary practices.
- (b) to study transparency issues in State Budgets *vis-a-vis* Central Government Budget.
- (c) To study inter-State comparisons of budgetary accounts and reporting operational issues; and
- (d) to examine the challenges for State Governments in ensuring better and more transparent practices and an agenda for the future.

I.6 Following the Introductory Section, some of the theoretical issues on transparency in budget practices are addressed in Section II, followed by a discussion on the basic issues in the transparency in fiscal operations of State Governments in India in Section III. Section IV deals with the operational issues in Budget making. Section V details the developments/ progress made by the core group and Section VI charts out the 'Agenda for Future'.

Section II: Transparency in Budget Practices: **Some Theoretical Issues**

II.1 Enhanced fiscal transparency no doubt contributes to sound economic management and effective policy formulation. As indicated earlier, fiscal transparency strengthens accountability of the budgetary policies. It enhances credibility, with positive outcomes in the form of lower borrowing costs and stronger public support for sound macroeconomic policies. It facilitates market discipline on fiscal profligacy. Financial crises consequent to fiscal crisis can thus be detected at an early stage, and addressed expeditiously, wherever possible. It has been generally found that better fiscal discipline is exhibited by countries, with relatively high degree of transparency. In some cases, in fact, the growth performance of such countries has been more robust as compared with other countries characterised by less transparent financial practices. It has also been noticed from the experiences of a number of countries that transparency in government financing operations is often enhanced by

financial deregulation. An increasing number of countries have, therefore, been relying on open and market based financing, facilitating thereby the independent investment decisions of various public financial institutions.

II.2 The literature on transparency in budget practices attributes that non-transparency in fiscal operations could arise in two ways: i) unintended non-transparency attributable to slow technical and institutional development, and ii) deliberate misrepresentation or suppression of information. Governments facing chronic fiscal problems during periods of fiscal stress, may be tempted to resort to "creative accounting". Non-transparent fiscal practices are known to destabilise the financial balance, breed inefficiency in allocation and utilisation of resources and foster inequity. For instance, non-transparent tax concessions and subsidies as well as economic regulations alter relative prices and factor returns, generating in that process, allocative distortions. Quasi-fiscal and off-balance sheet expenditures create sustained fiscal imbalances. Long-term effects of such actions are reflected in many countries through accumulation of payments arrears and unfunded contingent liabilities.

II.3 The recent South East Asian crises however, illustrated the cost of lack of transparency in the fiscal-financial sectors. The experience also shows the enormity of burden of government guaranteed lending programmes on the medium-term sustainability of government finances in such situations. An important fallout of the crises has been the greater transparency in the financial operations of the governments and their parastatals in the light of the strong linkages among various operations of the different tiers of the public sector. The IMF guidelines identify four important principles of fiscal transparency such as clarity of role and responsibility, public availability of information, open budget preparation, and independent assurances of integrity (Box).

Box: General Principles of Fiscal Transparency

The IMF guidelines on fiscal transparency identify four important principles as follows:

(a) *Clarity of Roles and Responsibilities*: reflects the significance of clear boundaries within government between fiscal, monetary and public enterprise activities, and between the public and private sectors. However, the Code does not advocate any particular allocation of responsibility among government agencies.

(b) *Public Availability of Information*: is concerned with the need for both comprehensive fiscal information and for governments to commit themselves to disseminate fiscal information at clearly specified frequencies/time frame. The concept of comprehensiveness goes beyond that typically reflected in government budget and accounts reports. In particular, the Code emphasises the need to report on any *quasi-fiscal activities* (QFAs) that have been assigned to or otherwise undertaken by agencies outside the general government.

(c) *Open Budget Preparation, Execution and Reporting*: encompasses traditional standards relating to coverage, accessibility, and integrity of fiscal information. Considerable emphasis is placed on the development and harmonization of international statistical and accounting standards for government reporting.

(d) *Independent Assurances of Integrity*: emphasises the traditional means of providing such assurances through external audit and statistical independence and then calls for increased openness by governments to allow independent scrutiny.

Source: *Manual on Fiscal Transparency*, International Monetary Fund

Section III: Basic Issues in the Transparency in Fiscal Operations of State Governments in India

This section deals with some of the broad analytical issues in the transparency of fiscal operations, with specific focus on the budgetary operations of the State

The Indian Constitution provides an elaborate arrangement for the budget making exercise. *Article 150* of the *Constitution*, provides that the form of accounts of both the Union and the States shall be in such form as may be prescribed by the President on the advice of the Comptroller and Auditor General (C&AG) of India. The State Governments place before the State Legislature, the *Annual Financial Statement* (AFS) in respect of the financial year (April 1 to March 31). The AFS contains details of the receipts and payments of the Government under three accounting heads, as follows:

Governments.

III.1 Constitutional Provisions for Budgetary Process in India

- 1) *Consolidated Fund*: comprises the *Revenue Account* and *Capital Account*. All revenue receipts and expenditure, loans raised and extended by the State Governments and recoveries of loans and advances by the State Government and public debt receipts and repayments are included as part of the *Consolidated Fund* of the State.
- 2) *Contingency Fund*: is in the nature of an imprest placed at the disposal of the Governor for financing items of unforeseen expenditure pending *ex post facto* legislative sanction. The Fund is set up under Article 267 (2) of the Constitution. The withdrawals from the *Contingency Fund* are made up to the Fund by presenting *Supplementary or Excess Demands*, as required, by the State Legislature.
- 3) *Public Account*: relates to those funds where the government acts as a banker to the public. The government accepts deposits from the public under various schemes and pays interest on such deposits. The receipts under this account constitute the liabilities of the government. Further, there are transactions relating to various *Reserve Funds* set up by the government like – *Road Fund, Electricity Fund, Education Cess Fund*, etc. and investment of surplus cash balances made through this account.

III.2 Transparency in government fiscal operations has to proceed in tandem with the process of fiscal consolidation and the financial sector reforms so as to instill credibility on the fiscal stance of the government. It may be noted that since 1992, the Central Government has taken increasingly significant steps to provide critical information about its preferences, with regard to the rate and maturity structure, borrowing requirements, diversification of the marketable products, to name a few, for the benefit of the market participants. In the case of State Government the need and the urgency for transparency has assumed critical importance due to the following. First, State Governments in their move to garner market based resources through auction system, which compels them in providing requisite information to investors on their fiscal health. Secondly, with attraction of larger inflow of foreign direct investments (FDI) to States in the recent past, more information is needed by the investors to take appropriate investment decisions. Thirdly, the state enterprises on account of declining budgetary support are compelled to raise resources from the

market and in some cases with the guarantee provided by the State Governments. As these institutions would be raising larger resources from the market in the near future, detailed information on their assets, liabilities and the financial performance would be required in a timely and systematic manner by the market. Further, the credit rating agencies would also require these information in order to develop a credible credit rating system.

III.3 Transparency in Budget Making: States vis-a-vis Central Government Budget

In the Indian context, the disclosure practice in the budgetary operation of the Centre is relatively sound in relation to State budgets. The most basic deficit indicators *viz.*, gross fiscal deficit, revenue deficit and primary deficit are not presented by many State Governments. Moreover, while the Central Government provides information on major fiscal indicators on a monthly basis, no such high-frequency data are provided by the States. Information on the level and composition of outstanding liabilities is also not adequately provided in the annual budgets of most State Governments. Information on subsidies is not made available in the budget documents. Information on the resources of the public enterprises is yet another area where clarity is much needed. Further, clear information on the budgetary support to the state public enterprises is not easily available, with demarcation between loan and equity components of such financing. Information on flows and outstanding stock and the nature of contingent liabilities of the States is also not available in most budgets. While some States provide data on additional resource mobilisation in their budget documents, many of them do not present estimates concerning this aspect. The State budgets also do not present time series data on various fiscal indicators *viz.*, Primary Deficit, Revenue Deficit, Tax Revenue, Interest Payments, Subsidies etc. as found in the case of Central Budget.

III.4 Inter-State Comparisons of Budgetary Accounts and Reporting

The presentation of budget statements is not uniform across the States, which poses problems in compilation of consolidated fiscal position of State Governments. The practices of budgetary forecasting lack adequate degree of transparency. Further, wide deviations of the final accounts *vis-à-vis* the budget and the revised estimates reduce the credibility of the projections provided in the budget documents.

Section IV: Operational Issues in the budgetary exercise of State Governments

IV.1 Among States, the presentation of *detailed Demand for Grants* is not uniform – Budget Estimates are presented ‘Demand-wise’, ‘Department-wise’ and ‘Account head-wise’. Few States do not present the ‘Accounts’ data in the detailed *Demands for Grants* format. This has rendered it difficult to analyse data in the combined form. Data presented in the AFS at times do not tally with the data given in the *Detailed Demand for Grants*. Several States do not present the details of ‘Plan’ and ‘Non-Plan’ components of various expenditures on the basis of account heads. Instead, these are spread over a large number of documents and are given demand-wise, thereby complicating data consolidation and analysis. A few States do not give the ‘Group-wise’ totals. These Groups are broad group heads like – Expenditure on ‘social services’, ‘economic services’ and ‘general services’.

IV.2 The uniformity in presentation of '*Demand for Grants*' data, is to be recognised as an important step that the expenditure requirements of the States have to be presented 'demand-wise' to the State Legislature for voting. However, the account head-wise classification is analytically superior since it incorporates all the expenditures undertaken on a particular account head, in one place. If the expenditure accounts are presented 'Demand' or 'Department' wise then each account head is spread over a number of documents - each of which has to be identified and added to get to the 'total' figure given in the AFS. This makes the process of tallying the data extremely cumbersome. Thus, a summary of the expenditures account-head wise (including both Major Account and Sub-Account heads), would facilitate consolidation and analysis of data.

IV.3 So far as there continues to be a bifurcation of the expenditures into 'Plan' and 'Non-Plan' components, it is suggested that this bifurcation be spelt out in the AFS itself, as is done in the budgets for instance of Andhra Pradesh and Rajasthan. This would immediately present a snapshot of the total Plan and non-Plan expenditures being undertaken by the States. A further issue is regarding discrepancy between the figures given in the AFS and the details given in the *Demand for Grants* particularly on the estimates of revenues and receipts of States, which impedes data reconciliation and uniformity, as indicated earlier.

IV.4 There is no clear demarcation of responsibilities between the State Government and the local Governments. Furthermore, the flow of resources between the State Governments and the local Governments is not adequately transparent. The collection of information on financial operations of local Governments viz., *Panchayats*, municipal corporations etc. involves a large network of information system and prescribing standard norms for such institutions to keep and publish their records on financial operations on a regular basis.

IV.5 Regarding availability of information in terms of the timing of publications, the final annual budgets of some of the State Governments are not presented at a regular frequency, thereby hampering timely flow of information to the public. Except for the *Annual Financial Statement*, which is a statutory document, there is no uniformity in the nature and contents of documents presented.

IV.6 As regards information availability in terms of the method of presentation of budgets, there is need for revision in the budgetary practices of State Governments, not only as a requisite for greater transparency in the budgets, but also to follow a uniform budgetary practice, for ease of consolidation and comparison of the fiscal performance of the Government sector at different points of time. This would call for an attempt to work out a generalised and model budget system, incorporating not only greater information, but also facilitating access to information and easier inter-state comparison.

IV.7 It would also be useful, if the State Governments could bring out a document akin to the *Budget at a Glance* of the Central budget giving the estimated levels of GFD and PD (including its ratio to the SDP). It could also incorporate time-series data on important fiscal variables of the State. The levels of outstanding debt, guarantees, wages and salaries and subsidies could also be explicitly indicated. Andhra Pradesh

has prepared a similar document called *Andhra Pradesh Budget in Brief*, which incorporates time-series data on revenue receipts, expenditure and debt. The Group felt that this is a worthy practice to be emulated by other States, in addition to providing data on subsidies, wages and salaries.

Section V: Developments/ Progress in Disclosure Practices

V.1 In the first meeting held on January 15, 2000, the Group amply recognised the need for better disclosure practices by the States, in view of various factors mentioned previously. As the budget is a policy statement of the Government, it is necessary to have increased disclosure about the States' fiscal objectives and how they would be met. While the CAG scrutinises the State budgets, it would not absolve the States of improving the extent of their disclosures. This would require:

- (i) presentation of budgets in a better format and
- (ii) benchmarking of certain disclosure standards.

V.2 A suggestion was also made to evolve a common format for all the States along the lines of *Budget at a Glance* (BAG) of the Central Government. It was then decided to divide the disclosure norms into two parts – those where disclosure could begin from the then next budget (2000-2001) itself, and those which could be made in the medium to long term. It was suggested that what was required was a small separate document having:

- (i) *Mandatory Section* – would include information to be furnished by the States, and
- (ii) *Voluntary Section* – would include information which should preferably be furnished by States to help assess their finances.

V.3 It was also agreed that to conform to international standards, the budgets should be assessed bearing in mind the *Manual on Government Statistics* (GFS) of the International Monetary Fund.

V.4 To begin with, it was suggested that every State could give information along the lines of page 1 of "*Budget At a Glance*" (BAG) of the Central Government (Annexure 4) for the coming budget (2000-01). Apart from this the States could provide certain information on a few important fiscal parameters, *viz.*, revenue deficit, fiscal deficit and primary deficit.

V.5 In the estimation of these deficit indicators, the Group felt that the States could adopt the same methodology as adopted by the Centre. Other items which could be given includes:

- a. Financing of deficit
- b. Level and composition of outstanding liabilities
- c. Explicit subsidies extended by States
- d. Level of budgetary support to State Public Enterprises
- e. Flows and outstanding stock of contingent liabilities
- f. Additional Resource mobilisation
- g. Time series data on fiscal indicators *viz.* revenue deficit, primary deficit, tax revenue, interest payments subsidies etc.

V.6 Subsequently, it was suggested, as a part of future program that a format of a model budget summary could be devised and circulated to all the State Governments. The format could list out the items, which were required to be furnished by the Government on a medium-term basis.

V.7 In conclusion the plan of action that was chalked out was:

- (i) Encouraging the States to provide information provided on page 1 of the BAG and the items enumerated above, in their current year's budget.
- (ii) The preparation of a model budget format for the State Governments to be forwarded to the committee for their approval.

V.8 In the second meeting of the Group held on October 24, 2000, a review was made of the initial suggestions of the group. It was observed that ten State Governments had presented critical summary indicators along the line of *Budget at a Glance* (BAG), presented by the Centre, in their budgets for 2000-01(Annexure 2). The Group was happy to note the progress made by States. As indicated earlier, the next step is to suggest a summary format of budget to State Governments which they could consider in implementing in the medium term. In this task, the Planning Commission rendered an excellent service in designing the summary format (Annexure 3).

V.9 The Group felt that unless Budget documents enable proper comprehension of financing scheme and expenditure priorities of Governments, the evaluation of its resource generation and spending performance becomes quite difficult. The evaluation, as such, matters most when it comes to estimating the requirements of Central Assistance by Planning Commission, estimating the revenue requirements by Finance Commission, independent assessment by financial institutions interested in lending to State Governments and above all a meaningful discussion in State Legislatures for enhancing awareness among general public. Since proper comprehension has much to do with appropriate presentation, at the same time taking into account the capabilities of States to furnish such details, a '*Budget Summary*' was designed with the following objectives:

1. To briefly present the summary of critical State Government fiscal data to enable reconciliation of the estimation of Plan resources by Planning Commission with Budget documents of State Governments. The reconciliation amounts to separately mentioning -

- budgetary support to State Public Sector units and/or their positive operating surplus.
- loans and bonds raised by these units backed by State Government guarantees
- augmentation/deterioration of Plan resources on account of surplus/deficit on Centrally Sponsored Schemes (CSS)/ Centrally Planned Schemes (CPS) account
- augmentation/deterioration of Plan resources on account of build-up/contraction of opening balance.

2. To report important items of receipts such as Sales Tax, Excise, Motor Vehicle Tax, Stamp duties and Registration, Royalty from Minerals. Income from Forestry and Environment, major user charges and borrowings from Government of India, financial Institutions and Market. This would enable a focused discussion with regard to their mobilisation/moderation and the extent of Government dependence.

3. To report important items of expenditure at the sectoral (Major Head) level like Public Works, Irrigation, Rural development etc. in order to gauge the focus of public expenditure right at the outset. Sectoral allocation will also indicate a breakdown of outlay in terms of State Plan, non-Plan and CSS/CPS.

4. To report the entire expenditure in terms of detailed heads like salaries, office expenses, interest payment, public works, grants-in-aid etc. in order to gauge the focus of Public expenditure at the destination. This level of abstraction would enable a stronger grasp of developmental and non-developmental spending of Government. It is intended to make two mutually exclusive groups of detailed heads, developmental and non-developmental that will be synonymous with Plan, non-Plan expenditure. It is expected that the Plan, non-Plan distinction arrived at in this manner will delineate Plan expenditure as one that measures the flexibility available with State Government in determining Public expenditure.

5. And finally, a graphical exposition of 'How the rupee comes' and 'How the rupee goes' will equate resource constraints with expenditure priorities.

6. A further area of enhanced disclosure, given the growing importance on State Government Guarantees would pertain to the guarantees. In this context a separate statement giving details on outstanding guarantees, amount invoked, details of default, if any, could also be published (Annexure 3).

V.10 On the issue of whether the consent/concurrence of the Comptroller and Auditor General (CAG) would be required for bringing out such a format was also discussed by the Group. Since *Article 150* of the *Constitution* states that the formats of the Accounts of the Central and State Government are prescribed by the President on the advice of the CAG, the role of the CAG lay in deciding the mode of presentation of accounts and the *Major and Minor Heads of Accounts* is to be duly recognized. The permission of the CAG would be required only if there were changes being suggested on accounting aspects. Proposed additions to the existing budget documents are intended to be based on information derived from basic budget data, which conforms to the accounting classification already prescribed. The basic accounting classification is not sought to be changed. Hence the Group felt that the consent/concurrence of CAG would not be required at this stage.

V.11 The top layers of accounting classification have been prescribed by the President on the advice of the CAG under the '*List of Major and Minor Heads*'. Changes in these level by individual States are not permissible. Below the level of minor heads are three more layers of accounting classification. The States have been given the flexibility to modify these subordinate levels, in consultation with the concerned Accountant General, to suit their needs. Of this the last level (6th level) is the 'Object Head' or the destination heads, pertaining to the statement ('Important Allocation at the Destination – Detailed Head wise') of the format suggested. This statement could be the 'voluntary' section of the disclosure format and could be left to the discretion of the States to publish their 'Object Heads' depending on the importance of the items to the State.

V.12 The Group, after detailed deliberations, concluded that all the information that is being sought is given in the budget documents of States. However, the number of

documents was so large, these are often hidden in the details. Thus, this format could serve as a map in the summary form, by also mentioning the location of where the detailed information could be obtained. This would ensure that the Budget would be more useful to its principal clients.

Section VI: Agenda for Future

VI.1 On the basis of the above deliberations, two sets of States were identified - one set of 10 States which have already implemented the *Budget at Glance* and the balance comprising rest of the States. Keeping this in mind, the Core Group in its final meeting held on November 4, 2000, recommended the following:

1. The States which have already started publishing “*Budget at a Glance*” may be persuaded to disseminate more information on a time series basis, especially data on major fiscal indicators *viz.*, revenue deficit, primary deficit, tax revenue, interest payments, subsidies, contingent liabilities including guarantees etc.
2. Other States are encouraged to initiate necessary steps towards publishing “*Budget at a Glance*” and also some of the time series data on a few fiscal indicators as mentioned above. Since these State Governments have some time left with them for preparation of the Annual Budget 2001-02, there is a scope for attempting this suggestion.
3. In the medium term, States are encouraged to move towards publishing ‘*Budget Summary*’ as given in Annexure –3. The Group fully agreed that although there may be some gaps in the initial stage, States are encouraged to make improvement in the subsequent years, once they gain enough expertise. Some of the major States, which have necessary skills, may move towards publishing the suggested *Budget Summary* as early as possible. This could help other States in emulating the practice.
4. The State Finance Secretaries Forum may assess the progress under this sphere after a period of 2 years so as to chalk out further programme of action.
5. It is important to mention that the suggested format (Budget Summary) could be considered as an ultimate goal of State Governments in the transparency practices with regard to budget exercise.
6. Availability of high frequency data in the website is the order of the day. State Governments are encouraged to use this opportunity so that they can develop their own website and start publishing the data in this website. At a later point of time this would also provide an opportunity for them to move towards high frequency data *viz.*, monthly, quarterly or half yearly. Publishing high frequency data would help the authorities in assessing the performance and to plan for the future.

Annexure 1

Members of the Core Group

1. Shri K.V. Bhanujan, Principal Secretary, Government of Gujarat
2. Shri Vinod Rai, Principal Secretary, Government of Kerala
3. Shri Asok Gupta, Principal Secretary, Govt. of West Bengal
4. Shri P.J. Bazeley, Principal Secretary, Government of Meghalaya
5. Dr. N.J. Kurian, Adviser, Planning Commission
6. Shri S.C. Pandey, Director, Ministry of Finance, Government of India
7. Smt. Usha Thorat, Chief General Manager, Internal Debt Management Cell, Reserve Bank of India
8. Dr. R. Kannan, Adviser, Department of Economic Analysis & Policy, Reserve Bank of India (Member Secretary)

Annexure 2

States that have broadly incorporated the critical summary indicators along the lines of '*Budget at a Glance*' of the Central Government.

1. Tamil Nadu
2. Gujarat
3. Maharashtra
4. Punjab
5. Meghalaya
6. NCT Delhi
7. Orissa
8. Haryana
9. Madhya Pradesh
10. Uttar Pradesh

Annexure 3
GOVERNMENT OF -BUDGET SUMMARY

CONSOLIDATED STATEMENT ON RECEIPTS AND EXPENDITURE

					(Rs.crore)
	RECEIPTS & EXPENDITURE	1999-2000 BE Actual	2000-01 BE	RE	2001-02 BE
	1.	2.	3.	4.	5.
	6.				
1.	REVENUE RECEIPTS (1.1 TO 1.7)				
1.1	State's own Tax Revenue				
1.2	Share in Central Taxes				
1.3	State's own non-tax revenue <i>of which Lotteries (Gross Receipts)</i>				
1.4	Grants for State Plan Schemes (Central Asst.) Plan Grants from Finance Commission				
1.5	Non-Plan Grants				
1.6	CSS/CPS				
1.7	Others				
2.	REVENUE EXPENDITURE (2.1+2.2)				
2.1	Plan Revenue Expenditure of which <i>Outlay on CSS/CPS</i> <i>Support to State PSUs</i> <i>Lotteries (Gross Expenditure)</i>				
2.2	Non-Plan Revenue Expenditure of which <i>Interest</i> <i>Support to State PSUs</i> <i>Lotteries (Gross Expenditure)</i>				
3.	CAPITAL RECEIPTS (3.1 TO 3.14)				
3.1	SLR based Market borrowings (Gross)				
3.2	Negotiated Loans (Budgeted)				
3.3	Loans for State Plan Schemes (Central Asstt.)				
3.4	Loans against Net Small savings				
3.5	Central Plan Schemes				
3.6	Central Sponsored Schemes				
3.7	net Change in W & M from RBI				
3.8	W & M advances from Centre				
3.9	Recovery of Loans 7 Advances				
3.10	Dis-investment				
3.11	Contingency Fund (net)				
3.12	Appropriation to Contingency Fund (Net)				
1.13	Other capital receipts into Consolidated Fund				
1.14	Public Account (Net) of which <i>Inter-State Settlement(Net)</i> <i>Provident Fund (Net)</i> <i>Reserve Fund (Net)</i>				

	<i>Deposits & Advances (net)(Budgeted)</i> <i>Suspense & Miscellaneous (Net)</i> <i>Withdrawal from C.B.Investment Account (Net)</i> <i>Remittances (Net)</i> <i>Others (Net)</i>		
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CONSOLIDATED STATEMENT ON RECEIPTS AND EXPENDITURE

(Rs. crore)						
	RECEIPTS 7 EXPENDITURE	1999-2000		2000-01		2001-02
		B.E	Actual	B.E.	R.E.	B.E
	1	2	3	4	5	6
4.	CAPITAL EXPENDITURE (4.1 TO 4.6)					
4.1	Plan Capital Outlay <i>of which outlay on Centrally sponsored/Plan</i>					
4.2	Plan Lending <i>of which lending on Centrally sponsored/Plan</i>					
4.3	Non-Plan Capital Outlay					
4.4	Non-Plan Lending					
4.5	Discharge of Internal Debt <i>of which Market Borrowings</i>					
4.6	Repayment of Loans to Centre					
A.						
B.						
C.	TOTAL RECEIPTS (1+3)					
D.	TOTAL EXPENDITURE (2+4)					
E.	SURPLUS (+)/DEFICIT(-) (A-B)					
F.	OPENING BALANCE					
G.	CLOSING BALANCE (C+D)					
H.	REVENUE SURPLUS (+)DEFICIT(-) (1-2)					
H.	GROSS FISCAL DEFICIT (+)(4.1 TO 4.4+2-1-3.9-3.10 OR 3-3.9-3.10-4.5-4.6-c)					
1.	PRIMARY DEFICIT (+) (G-Interest Payments)					
i.						
ii.	STATE'S OWN RESOURCES (i to x)					
iii.	Balance from Current Revenues					
iv.	(1.1+1.2+3+1.6-2.2+N.P. support to PSUs)					
v.	Net Contribution from State PSUs					
vi.	(Non-Plan support to State PSUs)					
vii.	Plan Grants under FC (1.5)					
viii.	MCR (net) (3.7 to 3.14 GPF 4.3 to 4.6)					
ix.	Net provident Fund					
x.	Loans against Net Small Savings (3.4)					
x	SLR based Borrowings 9Gross) (3.1)					

J.	Negotiated Loans 93.2)			
K.	Adjustment of Opening Balance 9D-E)			
L.	CSS/CPS Deficit (-)/Surplus (+) (Receipts - Disbursements)			
	CENTRAL ASSISTANCE (1.4+3.3) STATE PLAN RESOURCES (I + J) STATE PLAN OUTLAY (=K) or (2.1+4.1+4.2 - outlay on CSS/CPS)			

Items such as positive contribution from State Public Sector units and negotiated loans/bonds guaranteed by State Government that do not enter either Consolidated Fund or Public Account constitute extra-budgetary resources. As such these are excluded from the Consolidated Statement on Receipts and Disbursements, the latter exclusively reflecting the budgetary transactions of Government.

IMPORTANT ITEMS OF RECEIPTS

					(Rs. crore)	
RECEIPTS *		1999-2000		2000-01		2001-02
		B.E	Actual	B.W.	E.W.	B.E.
1.		2.	3.	4.	5.	6.
	TOTAL (REVENUE + CAPITAL RECEIPTS)					
1.	Share of Central Taxes					
2.	Non-Plan Grants under FC and GOI					
3.	Devolution under CSS/CPS					
4.	Formula based Central Assistance					
5.	ACA for EAP					
6.	Other ACA (non-formula based)					
7.	Share of Loans against small savings					
8.	SLR (based) Market Borrowings					
9.	Negotiated loans (Entering Consolidated Fund)					
10.	Bonds (Entering Public Account)					
11.	sales Tax					
12.	Excise					
13.	Motor Vehicles & Passenger Tax					
14.	Stamps & Registration					
15.	Luxury & Entertainment Tax					
16.	State's non-tax revenue **					
17.	Others ***					

The choice of item is totally illustrative. State Governments may choose items in descending order of size in their budgeted receipts.

** Important receipts under State's non-tax revenue like Royalty from Mines & Minerals, Environment & Forestry etc. Receipts from Electricity & Road transport to be included only if these are departmental.

*** Items 1 to 17 must add up to total receipts as in the Consolidated Statement on Receipts & Expenditure.

POSITIVE CONTRIBUTION FROM STATE PSU'S TOTAL DEBT AND GUARANTEES

				(Rs. crore)
RECEIPTS		1999-2000	2000-01	2001-02

		B.E	Actual	B.E.	R.E.	B.E.
1.	Positive Contribution from State PSUs					
a.	SEB					
b.	SRTC					
c.	Others					
2.	Total Debt (Capital receipts less non-debt)					
a.	Current					
b.	Outstanding					
3.	Total guarantees*					
a.	Current					
b.	Outstanding					

Total guarantees to be reported regardless of whether these enter Government Accounts. what however does enter Government Accounts may be indicated in the parentheses.

IMPORTANT ALLOCATIONS AT THE ORIGIN-MAJOR HEAD WISE

(Rs. crore)

	EXPENDITURE *	1999-2000 B.E	Actual	2000-01 B.E. R.E	2001-02 B.E.
	1.	2.	3.	4. 5.	6.
	TOTAL (REVENUE + CAPITAL EXPENDITURE)				
1.	Non-Plan State Plan CSS/CPS				
2.	Education, Sports, Art & Culture Non-Plan State Plan CSS/CPS				
3.	Medical & Public Health Non-Plan State Plan CSS/CPS				
4.	Public Works Non-Plan State Plan CSS/CPS				
5.	Crop Husbandry Non-Plan State Plan CSS/CPS				
6.	Major & Medium irrigation Non-Plan State Plan CSS/CPS				
	Roads & Bridges				

7.	Non-Plan State Plan CSS/CPS			
	Others ** Non-Plan State Plan CSS/CPS			

As in the Statement on important receipts, the statement on important allocations is only illustrative. State Governments may choose items that are in descending order of size in their budgeted expenditure.
** Items 1 to 7 must add up to total expenditure as in the Consolidated Statement on Receipts & Expenditure.

IMPORTANT ALLOCATIONS AT THE DESTINATION-DETAILED HEAD WISE

	EXPENDITURE *	1999-2000		2000-01		2001-02	
		B.E	Actual	B.E. R.E	B.E.		
	1.	2.	3.	4.	5.	6.	
	TOTAL (REVENUE+CAPITAL EXPENDITURE)						
1.	Salaries						
	<i>Of which</i>						
	Government						
	Local Bodies						
	Teachers						
2.	Wages						
3.	Office Expenses						
4.	Travel Allowances						
5.	Rent						
6.	Motor Vehicles						
7.	Petroleum, Oil & Lubricant						
8.	Maintenance						
9.	Materials & Supplies						
10.	Machinery & Equipment						
11.	Dietary Charges						
12.	Minor Works						
13.	Major Works						

14.	Subsidies*			
15.	Investment			
16.	Loans (Lending as well as repayment)			
17.	Interest			
18.	Grant-in-aid +			
19.	Pensions			
20.	Others \$			

The list of detailed heads is not exhaustive. State Governments may however include all detailed heads that are functional in their budgets. Total must add up to total expenditure as in the Consolidated Statement on receipts and expenditure.

* Includes both Explicit and implicit subsidies

+ Excludes Grants in Aid for payment of salaries to local bodies and teachers

\$ Please specify

EXPLICIT AND IMPLICIT SUBSIDIES

Item	1998-99	1999-2000	2000-01
Subsidies			
<i>Of Which</i>			
Explicit			
Implicit*			

* Includes revenue foregone by way of Concessions/ incentives/ user charges

TOTAL NUMBER OF STATE GOVERNMENT EMPLOYEES

Items	1998-99	1999-2000	2000-01
Total Employees			
<i>Of which</i>			
Direct State Government employees			
Employees of State PSUs			
Employees of Other State Undertakings			
Teachers			

COMPARITIVE STATEMENT OF CONTINGENT LIABILITIES OUTSTANDING

Sl. No.	Institutions	1998-99	1999-2000	2000-01
	Guarantee	Outstanding Commission fee on Default	Outstanding Commission fee on Default	Outstanding Commission fee on Default
1.a	SEBs			
1.b	Public Sector Undertakings			
1.c	Grant-in-Aid Institutions			
2.a	Co-operatives			
2.b	Agricultural Banks			
2.c	State Co-operative Banks			
2.d	Marketing Co-operatives			
2.e	Consumer Co-operatives			
3.a	Industrial Co-operatives			
3.b	Coir			
3.c	Handloom			
3.d	Others			
4.a	Local Bodies			
4.b	Development Authorities			
5.a	Letter of Comfort			
5.b	SPVs			
5.c	IPPs			
6	Other Contingent Liabilities			
	Grand Total			

	1998-99	1999-2000	2000-01
I. Guarantees for loans			
In favour of Financial Institutions/ Banks			
i) LIC			
ii) HUDCO			
iii) NCDC			
iv) NB			
v) Banks			
vi) Other FIs			
vii) Other			
II. Guarantees for bonds			
i) SPV for infrastructure (other than those given below)			
ii) Electricity Boards			
iii) Transport undertakings [surface and water transport]			
iv) Ports			
III. Letters of Comfort (issued, as in I & II above)			

Budget of the Central Government at a Glance

<i>(In crore of Rupees)</i>				
	1997-98 Actuals	1998-99 Budget Estimates	1998-99 Revised Estimates	1999-2000 Budget Estimates
1. Revenue Receipts	133901	161994	157665	182840
2. Tax Revenue (Net to Centre)	95672	116857	109537	132365
3. Non-Tax Revenue	38229	45137	48128	50475
4. Capital Receipts	98167	105933	124247	101042
5. Recoveries of Loans	8318	9908	11504	11087
6. Other Receipts	912	5000	9006	10000
7. Borrowings and other liabilities	88937	91025	103737	79955
8. Total Receipts (1+4)	232068	267927	281912	283882
9. Non-Plan Expenditure	172991	195925	213541	206882
10. On Revenue Account	145176	166301	176691	190331
<i>of which</i>				
11. Interest Payments	65637	75000	77248	88000
12. On Capital Account	27815	29624	36850	16551
13. Plan Expenditure	59077	72002	68371	77000
14. On Revenue Account	35174	43761	41448	46656
15. On Capital Account	23903	28241	26923	30344
16. Total Expenditure (9+13)	232068	267927	281912	283882
17. Revenue Expenditure (10+14)	180350	210062	218139	236987
18. Capital Expenditure (12+15)	51718	57865	63773	46895
19. Revenue Deficit (1-17)	46449	48068	60474	54147
20. Fiscal Deficit [(1+5+6)-16]	88937	91025	103737	79955*
21. Primary Deficit (20-11)	23300	16025	26489	-8045

* The fiscal deficit excludes the transfer of share of net Small Savings Collections, which will be paid from the Public Account. On the same basis as earlier years, the fiscal deficit is Rs.1,04,955 crore. Consequently, the primary deficit on the same basis is Rs.16,955 crore.

\$ With effect from 1.4.1999, a new system of transferring 75% of the net small savings collections to States and UTs from the Public Account is being introduced. But for this change, the non-plan capital expenditure would have been Rs.25,000 crore higher.