### Material for exercises

### Given below is the time series data on the State Government Finance for the period 2010-11 t0 2014-15. The participants are required to study the data and in the light of discussions on the subject solve the exercise that follow.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Time series data on State Government Finances (Rs, in crore)** | | | | | |
| **Part-A Receipts** | | | | | |
| **Fiscal Aggregate** | **2010-11** | **2011-12** | **2012-13** | **2013-14** | **2014-15** |
| **1.Revenue Receipts (a) + (b)** | **22234** | **24783** | **26217** | **27128** | **28939** |
| (a) Tax Revenue | 6550  (29) | 8240  (33) | 9703 (37) | 10415 (38) | 10811  (37) |
| (i) Revenue from State Taxes | 3483  (16) | 4745  (19) | 5833 (22) | 6273 (23) | 6334  (22) |
| Of which |  |  |  |  |  |
| Taxes on sales, trade, etc. | 2425  (70) | 3414  (72) | 4174 (72) | 4579 (73) | 4602  (16) |
| State Excise | 337  (10) | 385  (8) | 421 (7) | 440 (7) | 466  (2) |
| Taxes on vehicles | 115  (3) | 105  (2) | 118 (2) | 134 (2) | 132  (1) |
| Stamps and Registration fees | 79  (2) | 171  (4) | 240 (4) | 261  (4) | 248  (1) |
| Land Revenue | 42  (1) | 33  (1) | 96 (2) | 16  (1) | 15  (0.05) |
| Other Taxes | 485  (14) | 637  (13) | 784 (13) | 843 (13) | 871  (5) |
| (ii) State’s share of Union taxes and duties | 3067  (14) | 3495  (14) | 3870 (15) | 4142 (15) | 4477  (15) |
| (b) Non-Tax Revenue | 15684  (71) | 16543  (67) | 16514 (63) | 16713  (62) | 18127  (63) |
| (i) State’s Own Non-Tax Revenue | 1093  (5) | 2002  (8) | 2160 (8) | 2870 (11) | 1978  (7) |
| Of which |  |  |  |  |  |
| Power Department receipts | 822  (75) | 1007  (50) | 1589 (74) | 1533  (53) | 1428  (72) |
| (ii) Grants-in-aid from the Union Government | 14591  (66) | 14541  (59) | 14354 (55) | 13843 (51) | 16150  (56) |
| State’s Own Revenues  (a) (i) + (b) (i) | 4576 | 6747 | 7993 | 9143 | 8312 |
| Revenue transfers from  Centre (a) (ii) + (b) (ii) | 17658 | 18036 | 18224 | 17985 | 20627 |
| 2. Miscellaneous capital receipts (Recoveries of Loans and Advances) | 2 | 168 | 2 | 4 | 3 |
| 3. Gross Public Debt receipts (including receipts of Ways and Means Advances) | 7053 | 8473 | 7029 | 6002 | 10259 |
| 4. Total receipts in the Consolidated Fund (1+2+3) | 29289 | 33424 | 33248 | 33134 | 39200 |
| 5. Contingency Fund receipts | 0.26 | 1.20 | - | - | 0.55 |
| 6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment) | 55860 | 31913 | 33438 | 32406 | 37242 |
| **Gross Receipts (4+5+6)** | **85149** | **65338** | **66686** | **65540** | **76443** |
| **Public Account Receipts (Net)** including receipts in departmental cash chest and cash balance investment | **1084** | **1017** | **1974** | **2790** | **3906** |
| **Part-B Disbursements** | | | | | | |  |  |  |  |  |  |
| **Fiscal Aggregate** | **2010-11** | **2011-12** | **2012-13** | **2013-14** | **2014-15** |
| **1. Revenue Expenditure**  **(a) + (b)=(i) + (ii) + (iii)** | **18467**  **(75)** | **22680**  **(79)** | **25117**  **(83)** | **27058**  **(85)** | **29329**  **(85)** |
| (a) Plan | 909  (5) | 1248  (5) | 1557 (6) | 1839  (7) | 2872  (10) |
| (b) Non-Plan | 17558  (95) | 21432  (95) | 23560 (93) | 25219  (93) | 26457  (90) |
| General Services (including interest payments) | 7777  (42) | 9707  (43) | 10614 (42) | 11374  (42) | 12039  (41) |
| Social Services | 5214  (28) | 5211  (23) | 5548 (22) | 6319  (23) | 8501  (29) |
| Economic Services | 5476  (30) | 6514  (29) | 7399 (29) | 7526  (28) | 8789  (30) |
| **2. Capital Expenditure**  **(a) + (b)=(i) + (ii) + (iii)** | **6064**  **(25)** | **5899**  **(21)** | **5224** **(17)** | **4507**  **(15)** | **5134**  **(15)** |
| (a) Plan | 5730  (94) | 5474  (93) | 4971 (95) | 4172  (93) | 4501  (88) |
| (b) Non-Plan | 334  (6) | 425  (7) | 253 (5) | 335  (7) | 633  (12) |
| (i) General Services | 458  (8) | 394  (6) | 637 (12) | 648  (14) | 608  (12) |
| (ii) Social Services | 1542  (25) | 1569  (27) | 1599 (31) | 1230  (28) | 1608  (31) |
| (iii) Economic Services | 4064  (67) | 3936  (67) | 2989 (57) | 2629  (58) | 2918  (57) |
| **3. Disbursement of loans and advances** | **72**  (**↓**) | **66**  (**↓**) | **93** (**↓**) | **121**  (**↓**) | 87  (**↓**) |
| **4. Total (1+2+3)** | **24603** | **28645** | **30434** | **31686** | **34550** |
| **5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)** | **5779** | **5648** | **5085** | **4147** | **8549** |
| Internal Debt (excluding Ways and Means Advances and Overdraft) | 871 | 1114 | 1265 | 1218 | 1213 |
| Net transactions under Ways and Means Advances and Overdraft | 2965 | - | **-** | **-** | **226** |
| Loans and Advances from Government of India[[1]](#footnote-1)∂ | 96 | 97 | 78 | 79 | 112 |
| **6. Appropriation to Contingency Fund** | **Nil** | **-** | **-** | **-** | **-** |
| **7. Gross disbursement out of Consolidated Fund (4+5)** | **30382** | **34293** | **35519** | **35833** | **43099** |
| **8. Contingency Fund disbursements** | **0.16** | **0.35** | **-** | **-** | **-** |
| **9. Gross Public Account disbursements** | **54776** | **30896** | **31464** | **29616** | **33336** |
| **10. Gross disbursements (7+8+9)** | **85158** | **65189** | **66983** | **65449** | **76435** |
| **11. Increase in Cash Balance** | **(-) 9** | **149** | **(-) 297** | **972** | **338** |
| **12 Grand Total** | **85149** | **65338** | **66686** | **66421** | **76773** |
| **Part-C Deficits** | | | | | |  |  |  |  |  |  |  |
| **1. Revenue Surplus** |  |  |  |  |  |
| **2. Fiscal Deficit** |  |  |  |  |  |
| **3. Primary Deficit (Fiscal Deficit –Interest Payment)** |  |  |  |  |  |
| **4. Interest Payments (included in revenue expenditure)** | **2283**  **(13)** | **2383**  **(11)** | **2707** | **3001** | **3533** |
| **5. Arrears of Revenue** | **1494** | **1172** | **1614** | **1433** | **1399** |
| **6. Financial Assistance to local bodies, etc.** | **1943** | **1795** | **2084** | **1481** | **1535** |
| **7. Ways and Means Advances/ overdraft availed (days)** | **365** | **134**  **(**Over draft on 5 days**)** | **119**  (overdraft on 9 days) | **107**  (overdraft on 7 days) | **207**  (overdraft on 2days) |
| **8. Interest on WMA/Overdraft** | **228** | **5** | **6** | **4** | **9** |
| **9. Gross State Domestic Product (GSDP[[2]](#footnote-2)≠) (Revised/Base 2004-05)** | **58073** | **65979** | **68185** | **87570** | **87921** |
| **10. Outstanding Public Debt[[3]](#footnote-3)• (year end) excluding Public Account** | **19867** | **22692** | **24635** | **26490** | **28201** |
| **11. Outstanding[[4]](#footnote-4)φ guarantees (year end)** | **2708** | **2098** | **611** | **2714** | **2860** |
| **12. Maximum amount guaranteed  (year end)** | **4750** | **4750** | **2650** | **4656** | **4232** |
| **13. Number of incomplete projects** | **93** | **169** | **202** | **267** | **671** |
| **14. Capital blocked in incomplete projects** | **269.43** | **590.36** | **685** | **832** | **1902** |
| Total Expenditure/GSDP | **51.57** | **45.93** | **39.24** | **36.29** | **39.30** |
| Revenue Receipts/Total expenditure | **90** | **86** | **86** | **86** | **84** |
| Revenue Expenditure/Total Expenditure | **75** | **79** | **83** | **85** | **85** |
| Expenditure on Social Services/Total Expenditure | **27.46** | **27.45** | **23.48** | **23.82** | **29.26** |
| Expenditure on Economic Services/Total Expenditure | **38.78** | **37.00** | **34.13** | **32.05** | **33.88** |
| Capital Expenditure/Total Expenditure | **24.65** | **20.59** | **17.17** | **14.22** | **14.86** |
| Capital Expenditure on Social and Economic Services/Total Expenditure | **22.79** | **19.21** | **15.08** | **12.18** | **13.10** |
| Revenue Surplus as % of GSDP | **6.61** | **3.19** | **1.41** | **0.08** | **(-)0.44** |
| Fiscal Deficit as % of GSDP | **4.15** | **5.60** | **5.44** | **5.22** | **6.38** |
| Primary Deficit as % of GSDP | **0.15** | **1.99** | **1.95** | **1.78** | **2.36** |
| Revenue Deficit/Fiscal Deficit | **NA** | **NA** | **NA** | **N/A** | **6.95** |
| Fiscal Liabilities/GSDP | **(-) 65.55** | **58.15** | **51.92** | **51.16** | **54.95** |
| Fiscal Liabilities/RR | **140.65** | **146.33** | **153.58** | **164.67** | **166.95** |
| Primary deficit vis-à-vis quantum spread | **703** | **843** | **1497** | **814** | **1141** |
| Debt Redemption (Principal+Interest)/Total Debt Receipts for the year | **98.03** | **82.92** | **90.75** | **89.41** | **99.39** |
| Return on Investment | **56.71** | **68.16** | **87.35** | **128.88** | **128.88** |
| Balance from Current Revenue (*`* in crore) | **(-) 3949** | **(-) 6639** | **(-)7617** | **(-)7915** | **(-)10325** |
| Financial Assets/Liabilities | **1.35** | **1.46** | **1.36** | **1.36** | **1.28** |

**Exercise 2.1**

**Time required:**

**For understanding the time series data: - 15 Minutes**

**For solving the exercise :- 10 Minutes**

From the data available in the above time series the participants will discuss and calculate the following parameters and fill the blank columns in time series data table

1. Revenue Surplus/deficit
2. Fiscal deficit
3. Primary deficit

**Exercise 2.2**

**Time required: 15 minutes**

During Analysis of Financial statement and examination of vouchers in Audit it was observed that the State Government had incorrectly charged a part of expenditure (which is actually of Revenue nature) to Capital expenditure to the following extent. You are required to show the impact of such incorrect booking of expenditure in time series data and make suitable comments in the Report

*(Rupees in crore)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Fiscal Aggregate | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Revenue Receipts | 22234 | 24783 | 26217 | 27128 |
| Revenue Expenditure  (as per vouchers) | 18467 | 22680 | 25117 | 27058 |
| Revenue expenditure charged to capital expenditure (as per audit analysis) which is not included in figures of above column | 4767 | 4103 | 1400 | 170 |

1. ∂ Includes Ways and Means Advances [↑](#footnote-ref-1)
2. ≠ Figures of GSDP are based on information supplied by the State Government. [↑](#footnote-ref-2)
3. • Includes internal debt and loans and advances from Central Government only. [↑](#footnote-ref-3)
4. [↑](#footnote-ref-4)