ISSN 2229-7634

Trends in Kerala State Finances-1991-92 to 2012-13: A Study in the Backdrop of Economic Reforms in India

K.K.George
K.K.Krishnakumar

Working Paper N0.28

April 2012

CSES

Centre for Socio-economic & Environmental Studies
Khadi Federation Building, NH By-Pass, Padivattom, Kochi – 682 024
Kerala, India, Tel: 0484-2805107, 2805108 Email: cses@dataone.in URL: csesindia.org

Trends in Kerala State Finances-1991-92 to 2012-13: A Study in the Backdrop of Economic Reforms in India

K.K.George and K.K.Krishnakumar*

Abstract

This Paper attempts a review of the finances of Kerala government during the last twenty three years including the current financial year. The period coincided with the economic reforms in the country, characterized by Liberalization, Privatization and Globalization. Reforms envisaged fiscal conservatism with emphasis on containing budget deficits of various hues. The period witnessed a turnaround in both Indian and State economy, awards of five Finance Commissions and four Five Year Plans and the first year of 12th Plan. It also saw five changes in State Governments alternating between the Left Democratic Front (LDF) and United Democratic Front (UDF).

This paper is focused on Kerala. Since comparisons are made with the averages of All States (AS) and in a few cases, with major individual states, the paper also presents the trends in State Finances in India as whole. The paper finds that there have been some improvements in the fiscal position of Kerala in recent years though it continues to remain vulnerable. Besides, the State's performance fares badly in comparison with the average of All States and many individual states. While fiscal conservatism and fundamentalism need to be avoided, fiscal prudence is still a desirable virtue.

A worrying feature of the budgetary operations of the state is the very low rate of capital formation in government and the almost total reliance on borrowings for financing state's plan outlay, the revenue component of which is ever on the increase at a time when the plan component of State's expenditure is coming down.

---

* *K.K.George is Chairman, Centre for Socio-economic & Environmental Studies (CSES). K.K.Krishnakumar is a Fellow at CSES.*
We are thankful to Ms.Renjini S, formerly Research Associate of CSES for her assistance at the earlier stages of this study.
E-mail: cses@dataone.in URL: www.csesindia.org

While frequent resort to Ways and Means Advances and Overdrafts is to be avoided, the excessive build-up of cash reserves, out of funds borrowed beyond what is necessary to meet the fiscal deficit does not reflect well on the government's finance and liquidity management. There are other serious lapses in State's finance management. The study finds that all the deficit indicators show improvement over time; but the situation is not yet comfortable. The study points out the imperative of statesman like initiatives "to steer the State to the Highway of Development integrating it with the global economy" which the current year's budget aspires for. This development envisaged in our view needs to be both sustainable and inclusive.

Key Words: Kerala, India, State Finances, State budget, Economic Reforms

Trends in Kerala State Finances-1991-92 to 2012-13:
A Study in the Backdrop of Economic Reforms in India

This Paper attempts a review of the finances of Kerala state during the long period of 23 years including the current financial year. The period coincides with the economic reforms in the country characterized by Liberalization, Privatization and Globalization. Privatization implies less space for government and less budgetary involvement, at least in production sectors. The period was characterized by policies of fiscal conservatism with emphasis on containing budget deficits of various hues. Legislative sanction for fixing ceilings on Gross Fiscal Deficit (GFD) and Revenue Deficit (RD) was obtained by the Fiscal Responsibility Act which was passed by Kerala (2003) and almost all other states[1].

The period under the present study is characterized by a remarkable turnaround in both the national and state's economy. The state's finances are now being examined in the context of changes in economy of the country as also the changes in national and state's policies, particularly the fiscal policies during the last twenty years. The finances of the state during the two decades of our study have been influenced by five Union Finance Commissions (9^{th} to 13^{th}), all of which basically subscribed to the agenda of fiscal conservatism of the Union Government. The period also covered four Five Year Plans (8^{th} – 11th) and the first year of the 12^{th} Plan. Besides, the period witnessed 5 changes in the state government alternating between the United Democratic Front (UDF) and Left Democratic Front (LDF) dispensation every 5 years.

The methodology and sources of data

This paper is focused on Kerala, but comparisons are made with the averages of All States (AS) and in a few cases, with major individual states. Therefore the paper can be considered to deal with the trends in state finances of all states in India during the post reforms period. Our earlier study on state finances of Kerala from 1974-75 to 1997-98

[1] West Bengal and Sikkim were the last to fall in line. They too passed the Act in 2010.

was done in the context of near stagnation of the State's economy (George, 1993, 1998). We had subsequently looked into the state of Kerala finances upto 2000-01, half way during the economic reforms in the country (George and Krishnakumar, 2003).

The sources of data are mostly the annual studies of State Finances conducted by the Reserve Bank of India (RBI). We also rely on the budget documents of the Kerala government, the reports of the State's Public Expenditure Review Committee and the Three-year Rolling Medium Term Fiscal Policy and Plan (MTFPP) prepared by the Finance Department, and presented along with the state budget as mandated under the Kerala Fiscal Responsibility Act, 2003. The RBI data for 2010-11 are of Budget Estimates (BE) and those for 2009-10 are of Revised Estimates (RE). In addendum to some of our tables on Kerala, the Accounts figures for 2009-10 and 2010-11, the Revised Estimates for 2010-11 and the Budget Estimates for 2012-13 are given from the State's budget documents. It may be noted that there is a wide deviation between Budget Estimates and Revised Estimates on the one hand and Revised Estimates and the Accounts figures on the other. Our analysis based on the Revised and Budget Estimates for 2011-12 and 2012-13 are therefore to be viewed with caution. These deviations reflect on the quality of budgets, making and the uncertainties while preparing budgets not only of Kerala but of all governments in India, Central and State.

The different concepts of deficits and their implications

All the recent discussions on budgets, whether that of Central government or the State governments begin with a discussion of the trends in Gross Fiscal Deficit (GFD). The term 'fiscal deficit', as pointed out by Gulati (1991, 1993) had "hardly ever figured in the lexicon of fiscal policy in India". But the term has come to be increasingly used from the nineties. The term only indicates the volume of annual borrowings of the governments required to finance the combined annual expenditure on revenue and capital accounts. The higher fiscal deficit is viewed with disfavour because it has the potential to undermine the macro economic stability, trigger inflationary pressures, and harden interest rates and crowding out private sector borrowings and investments. Besides, it threatens the stability and flexibility of future budgets. But as pointed out by Gulati, the burden of public debt depends upon the direct and indirect returns to the budget from the investments financed by such borrowings. The direct returns to the budgets can be in the form of dividends, interest and non-tax revenue receipts arising from loans and the capital outlay that include the investments of the governments. The returns to the budgets can also be indirect in the form of higher taxes arising from the higher tax potential provided the economy grows as a result of the loans and capital outlay made out of the borrowings. The question whether the fiscal deficit will lead to instability in future budgets depends upon how productively the resources are utilized and how effective the government is in mobilizing tax and non-tax revenue from the additional income generated from its expenditure. Ultimately, the apprehensions regarding the growing fiscal deficits arise from the doubts regarding the productivity of public expenditure and the capacity and willingness of the governments to garner a portion of the additional income generated to the budget. These critical issues are not getting highlighted in the current discussions on fiscal deficits in India, which are preoccupied with numbers (George and Krishnakumar, 2003).

In the Medium Term Fiscal Policy and Strategy Statement with Medium Term Fiscal Plan (MTFP) 2007, the then Finance Minister too had argued on similar lines. According to him "reducing deficit at the expense of public investment or welfare expenditure is of questionable merit". But the problem in today's context is that the states have very few options in this regard as both the Government of India and the recent Finance Commissions place ceilings on fiscal deficits, revenue deficits, public debt and interest outgo (see table 3). Any crossing of the ceiling is visited by penalties in the form of denial of grants and debt relief [2] (George and Krishnakumar, 2008). Besides, the apprehensions regarding the growing fiscal deficits and their impact on the sustainability of the budgets or the burden of public debt are not totally misplaced in India and in Kerala as will be seen later in this paper.

[2] For a critique of increasing conditionalities and the penal provisions of the recent Finance Commissions, see George and Krishnakumar, 2008.

Major deficit indicators

Table 1 gives the budgetary deficits/surpluses in the revenue and capital accounts[3] . It also gives the figures of Gross Fiscal Deficit, Conventional Deficit (Overall Deficit) and the Primary Deficit (PD).[4] As may be expected, all the states including Kerala had Gross Fiscal Deficits continuously. In the revenue account, Kerala had deficits during all the twenty years, for which comparable data from RBI are available for all states. The average of all States, herein after AS, on the other hand, had shown a surplus in the revenue account during three years (2006-2007 to 2008-09). Kerala continues to have large revenue deficits in 2011-12 (RE) and 2012-13 (BE).

Kerala had created a surplus in its capital account during all the twenty years which implies that it had borrowed more than what it had spent and/or invested and/or loaned under capital account. All States, on the other hand, created a deficit in the capital accounts in the earlier noted three years implying that they had spent on capital works or invested or given loans to others more than what they had borrowed. This was made possible by the surpluses in the revenue accounts during the above years. As for Conventional Deficits (CD), Kerala had such deficits during ten years as against seven years for AS. Conventional surpluses during most of the years were created by the states including Kerala despite revenue deficits, by creating surpluses in their capital accounts.

Table 2 gives the major fiscal indicators of Kerala and AS in relation to GSDP/GDP. The table covers only 19 years unlike in table 1 as the latest figures of GSDP of states are available only till the year 2009-10. Different deficit indicators are related to GSDP/GDP as they indicate the fiscal capacity of the states to service the debt raised to finance the deficits. Table shows that GFD to GSDP ratio was higher for Kerala than for AS during all but few years. RD to GSDP ratios also show similar trends. In all the years, the ratios were higher for Kerala than for AS. The same trend is visible in the case of ratios of Revenue Deficits to Total Revenue Receipts (RD to TRR), indicative not only of the state's revenue raising capacity but also of its willingness to mobilize revenue. The ratio also depends on the volume of Central government funds coming through different

[3] All tables are given at the end of the paper.
[4] For definition of these terms, see the glossary given at the end.

agencies under different schemes. The RD to TRR ratios were quite high. Besides, they were much worse for Kerala than for AS. In seven years, the RDs were more than a quarter of the TRRs. In three years, it was more than one third. In 1999-2000, it was nearly half (46 percent).

The Primary Deficit (PD) to GSDP ratios were positive for both Kerala and All States except during one year. They were also quite high. The ratios were higher in Kerala than in AS during 13 years. In four years, the ratio was less than that of AS. In two years, they were equal. The high PD/GSDP ratios suggest that the interest outgo on previous loans was not the only reason for the deficits in the Revenue account. In other words, even if interest payments are excluded, the other revenue expenditure itself will exceed the revenue receipts.

One positive aspect of the long term trends is that the ratios over the three quinquennia and the last four-year period show that the GFD/GSDP ratio of Kerala after peaking during the second quinquennium has started declining continuously during the subsequent periods. Obviously, there has been some effect for the Fiscal Responsibility Act of 2003 and the increasing application of the "carrot and stick" policies of the Union Finance Commission and the Central Government. But the State do not seem to have availed of the relaxation in the deficit ratios made by the Central government in 2008-09 and 2009-10 to fight recession[5]. In Kerala, there was announcement of an anti-recession package in the budget of 2009-10. But it did not have much of an adverse impact on the deficit partly because the apprehended recession did not take place. During the 'recession years' of 2008-09 and 2009-10, the growth rates in Net State Domestic Product (NSDP) were higher than during the previous two years (Isaac 2011, also Kumar & Subramanian 2012). It is also partly due to the limited budget allocation to fight recession. The actual spending in capital account was even lesser (GOK, 2011). All the deficit indicators for 2009-10 based on accounts data show that Kerala had over- shot its ratios between Budget Estimates and Revised Estimates and Revised Estimates and Accounts figures.

[5] The Government of India had relaxed the GFD ratio by 0.5 percent during 2008-09 and 2009-10. The relaxed ratios were 3.5 percent and 4 percent respectively. The higher volume of borrowing thus permitted was meant to meet capital expenditure required to fight the recession.

(MTFP, Govt. of Kerala, Finance Department, Feb, 2011; White Paper, Govt. of Kerala, July 2011).

All ratios based on Accounts data went up in 2009-10 from 2008-09. They came down in 2010-11 only to go up in 2011-12 according to the Revised Estimates. The Budget Estimates for 2012-13 show steep decreases in all the ratios. These ratios too have to be understood with caution as the financial variables and GSDP figures are liable for substantial revision. The forward estimates of GSDP are more like 'guestimates', tinged with optimism.

It is argued that the capital expenditure of the state is understated on account of a long standing accounting practice.

> The non-plan revenue expenditure has for long classified outlays on several development activities that create durable and productive assets. Though nearly 30 percent of the annual plan outlay – reclassified from 2006-07 as non-plan expenditure—is devolved to local bodies, this is shown as revenue grant in tune with the accounting standard of Comptroller and Auditor General (C & AG). The assets created by the local bodies using the devolved funds do not get accounted as addition to the state assets. Much of the State's own expenditure on maintenance actually goes toward creation of new assets such as roads and bridges. Such accounting practices understate capital expenditure and have ensured that revenue expenditure accounts for about 80% of the fiscal deficit. The Kerala Public Expenditure Review Committee (KPERC) in its second report dated November 2006 had estimated that the revenue deficit was overstated by 1.1% of the GSDP in 2005-06. What it means is that it might be easier for the state to adjust to meet the XII Finance Commission fiscal deficit target of 3 % of GSDP by March 2009, but it would be impossible to meet the 0% revenue deficit target (MTFP, 2007). (See also KPERC, 2010)

The budget for the current fiscal year shows a new category of ratios viz Effective Revenue Deficit (ERD) ratio apparently taking into account the logic in the above paragraph. It may however be noted that neither the Government of India nor the 13th Finance Commission had accepted this logic.[6] Besides, the plan grants to local bodies had been shifted to non plan expenditure accounts from 2006-07 onwards, possibly to claim non plan revenue deficit grants from the Finance Commission. It appears that the State is shifting between one accounting classification for the Finance Commission and another for claiming larger plan outlay (by showing larger balances in the current account before the Planning Commission) and larger Capital expenditure. Besides, we have no means for comparing our Revenue Deficit position with that of other states unless the C & AG changes its accounting standards and the Finance Commission accept the ERD ratios for their targeted ceiling of RD ratios. Additionally no published data on the capital component of plan grants to local bodies are available as noted earlier[7] .

There is however another- practice of states transferring funds from the Consolidated Fund to Civil Deposits which may result in inflating the revenue expenditure of the state, thus increasing the Revenue Deficit to GSDP ratios without actually incurring the expenditure during the relevant budget period. This practice was criticized by the 13th Finance Commission as will be seen shortly. Thus, on the one hand, the State is trying to understate the Revenue Deficit position by the introduction of the novel concept of ERD ratios while inadvertently inflating the RD ratios. It appears that what the right hand is doing is countered by the left hand.

Table 3 gives the various targets fixed by the 13th Finance Commission (13FC) for the four-year period from 2011-12 to 2014-15. Kerala government's Revised Estimates of revenue deficits for 2011-12, the Budget Estimates for 2012-13 and the projections for 2013-14 and 2014-15 are also given in the table. As may be seen from the table, the RD/GFD ratio for 2011-12 was higher than envisaged by the Finance Commission. But in 2012-13 the budget estimates of the Government and the forward estimates of the

---

[6] The whole gamut of issues relating to accounting classification has been examined by the Planning Commision's High Level Expert Committee of efficient management of public expenditure (Planning Commission, Government of India,2011 – Chairman Shri.C.Rangarajan.. See also Gupta (2011). But the Government of India has not yet taken a decision based on the report.

[7] For that matter,there is no data on the purpose (for capital or revenue), for which Loans from the State Governments are used by the borrowers like public sector enterprises,cooperatives etc.

MTFP for 2013-14 are the same as the Finance Commission's targets. As for GFD, in all the four years, the ratios based on the Revised/Budgeted/Projected Estimates were the same or lower than the targeted ones.

Table 4 gives the deficit indicators of the seventeen Non-special Category states given by the RBI (RBI, 2011). The table shows that Kerala's average GFD to GSDP was the fifth highest during the three-year period 2005-08. Surprisingly, only Orissa, one of the most backward states had a fiscal surplus. In 2008-09, Kerala's position improved to eighth. In 2009-10, the relative position based on RE figures improved dramatically to fifteenth.

RD/GSDP ratios show that 13 states had surpluses during 2005-08. But Kerala continued to have Revenue Deficits in relation to GSDP which was lower only than that of West Bengal and Jharkhand. It was the same as that of Punjab. In 2008-09, eleven states had revenue surpluses and one state had neither surplus nor deficits. Kerala's position in revenue deficit continued to be high. It was the third highest after West Bengal and Punjab. In 2009-10, the number of surplus states came down to six and Kerala's relative position in RD continues to be third after, West Bengal and Gujarat. It may be noted however that there was a gradual reduction in the RD/GSDP ratio of Kerala unlike that of West Bengal which continues to show an increase.

The Primary Deficit to GSDP ratios show that Kerala's Primary Deficit was the third highest during 2005-08. In 2008-09, Kerala's position was the eighth. In 2009-10 the relative position of Kerala improved substantially to fifteenth.

Uses of Borrowings to cover GFD

Table 5 gives the purpose-wise use of borrowings made to cover the Gross Fiscal Deficits. The table indicates that the Revenue Deficit to GFD ratio was more for Kerala during all the twenty years except during one year (1996-97). Capital Outlay to GFD ratio was lower than that of AS during all the years. During some years, Capital Outlay was only one-fifth of the GFD. Capital outlay plus Net Lending was also lower in Kerala. Non-Debt Capital Receipts (NDCR), the data for which are available only from 2006-07, too were also lower for Kerala. In fact, they were only marginal for Kerala and AS except for two years for AS. These figures indicate that borrowings were utilized by Kerala more to finance revenue expenditure than for capital expenditure or for extending loans.

Figures for Kerala based on accounts data went up in 2009-10 only to come down steeply in 2010-11. It went up marginally in 2011-12 (RE). It is budgeted to decrease sharply in 2012-13. Converse was true for Capital Outlay to GFD ratios. This is the case even if we add Net Lending to Capital Outlay.

Table 6 gives the deficit ratios for the seventeen major states in India. In 2008-09, Kerala was one of the four states with high RD/GFD ratio, the others being West Bengal, Punjab and Rajasthan. The implication is that the Capital Outlay to GFD ratio was very low in Kerala. In fact, it was the second lowest after West Bengal. Even if we add Net Lending to Capital Outlay, the position remains the same. In 2009-10, the relative position of Kerala has changed marginally.

The burden of Liabilities of Kerala

Table 7 gives the total outstanding liabilities of Kerala and AS in relation to GSDP/GDP given by the RBI[8] . The table shows that the ratio of liabilities to GSDP of Kerala was higher than that of AS during all the years. In fact, the ratio was as high as 40 percent at the end of 2003, 2004 and 2005. Budget documents of Government of Kerala show fluctuating trends between 2008 and 2009. The Revised Estimates for 2011-12 and the Budget Estimates for 2012-13 suggest further decline to reach the targets of the 13FC or even go below them.

Table 8 presents the debt indicators of major state governments given by the RBI (2011). In the average ratio of Debt to GSDP during 2005-08, Kerala's position was ninth highest among seventeen states. In 2008-09, Kerala's relative position improved to seventh. In 2009-10, the position improved further, though marginally. As may be seen from Table 3, the Finance Commission wants the debt to GDP ratio reduced progressively to 29.8 percent by 2014-15.

8 RBI data differ from that of State budgets, the reasons for which require further probing.

Table 9 shows that the share of Internal Debt in total outstanding liabilities has been increasing steadily for both Kerala and AS. But the share of Internal Debt for Kerala was consistently less than that of AS from 2000-2001. The share of Kerala in Loans and Advances from the Centre in total outstanding liabilities also was lower than that of AS in all but the last two years. There was a sharp decline in the Loans and Advances from the Centre from 2003-2004. This is partly due to the debt relief and debt rescheduling granted by the Eleventh and the Twelfth Finance Commissions. The Twelfth Finance Commission decided that the Loans from the Centre must be gradually replaced by market borrowings. The share of Provident Funds, Small Savings etc [9] in outstanding liabilities was considerably more for Kerala than for AS during all the years. In fact, during many years it was more than double that of AS. The share of this category of liabilities was more than that of internal debt till 2002-03. It was more than Central loans from 2000-01. However, the importance of Provident Fund, Small Savings etc., which are part of Public Accounts has been coming down in recent years. But they still account for one fourth of the total liabilities. The share was increasing for Kerala during the first three quinquennia but came down during the next quinquennium. In the case of AS, it was showing a continuous decrease during all the periods. In the case of Miscellaneous Liabilities, Kerala's ratio was less than that of AS during all years. It is coming down continuously except during the three years from 2007-08. The same trend is visible for AS.

The large share of Provident Fund, Small Savings etc forming part of the Public Accounts of the State is quite worrisome. It may be pointed out that "the Public Accounts are maintained by the state governments in their fiduciary capacity, as bankers or trustees. The utilization of these funds for current consumption has already started impairing government's ability to meet in time, its fiduciary obligations. It may also get the state into much more serious Ways and Means difficulties in future" (George 1993, 1998; Finance Department, GOK, 2011).

[9] State Provident Funds, Trust and Endowments, Insurance and Pension Funds and State Savings Bank Deposits.

According to the 13th Finance Commission, the Public Account needs to be examined and reconciled by the states. The Public Account should not be treated as an alternative to the Consolidated Fund and government expenditure should be directly incurred from the Consolidated Fund as far as possible, avoiding transfers from Consolidated Fund to the Public Account.

Another common practice which the Commission found objectionable is the transfer of budgetary allocations from the Consolidated Fund to Civil Deposits in the Public Account at the end of a financial year to avoid lapse. These deposits inflate the state's total liabilities. It also appears that audit scrutiny by the C&AG of expenditures incurred from Civil Deposits is not consistent across states. The Commission recommended that such funds and transactions be brought under the audit jurisdiction of the C&AG as the responsibility for the funds should eventually be towards the state legislature.

The CAG report for 2010-11 has noted that 15 heads of the Government Departments and agencies who have failed to spend development funds amounting to Rs.307.6 crores had withdrawn the amounts and deposited them in the treasury savings banks/ treasury public accounts or release them to the implementing agencies towards the close of the financial year to prevent hem from lapsing. It has been pointed out that this practice violates the Kerala Financial Code Volume 1 and amounts to bypassing the control of the Legislature over expenditure out of the Consolidated Funds of the state (Times of India, Kochi Edition, and March 24, 2012)

Table 10 shows the yield range and the weighted average of state government securities during the last 19 years. During the first five years, there was an increasing trend in the interest rates and the period was marked by high average rates. There was a declining trend, from the peak of 14 percent reached in 1995-96, during the next five years but the high interest rate regime continued. From 2000-2001, till 2003-04, the interest rates show a downward trend and the period was marked by low interest rates. During the last five years, there was a rising trend, though the interest rates continued to be relatively low. The implication is that the relatively low interest rates which prevailed from 2002-03 may ease the interest burden during the coming few years. But the market interest rates are hardening during recent years and may have implications for future years.

Table 11 gives the rates of interest on total outstanding liabilities as well as its different components. The table shows that the average interest rate for Kerala was more than that of AS during eleven out of twenty years. It was more for Kerala during the first half of the nineties as also during the second half of the present decade. The interest rates were lower for Kerala for eight years continuously from 1997-98.

The interest rates on different components of outstanding liabilities of Kerala in comparison with those of AS show that the rate of interest on Central loans to Kerala was lower during all the years except during five years. Interest rates on Internal Debt of Kerala were higher during 13 years. In the case of Small Savings, Provident Fund etc, the interest rates of Kerala were always lower than that of AS.

Domar Gap (the difference in growth rate of GSDP at current prices and the average interest rate), which is one of the indicators of possible debt stress of a country/state is presented in Table 12. The table shows that the 'gap' is positive and is increasing almost steadily from 2002-03. The implication is that the fiscal capacity of the state to service the debt is steadily increasing. The Domar Gap is increasing partly due to high growth rate of GSDP at current prices and partly due to interest rate relief on Central loans, debt swaps of earlier high cost market loans and decline in the market rates.

Table 13 gives the ratios of total outstanding liabilities to total revenue receipts, another indicator of the possibility of debt stress. The table brings out that the debt burden has been more for Kerala than for AS during all the twenty years. Kerala's ratio had crossed the mark of 300 percent during the first six years of the present decade. However, there has been a declining trend in the ratio during recent years. This is partly due to the easing of the interest burden noted earlier and the high growth rate of total revenue receipts possibly following the high growth rate of GSDP. The State, however, has not yet come out fully from its fiscal distress noted by the 13th Finance Commission. It may be noted that Kerala along with Punjab and West Bengal were the only states considered as fiscally distressed (based on the RD-GSDP ratio), according to the 13FC.

The ratio of interest payments to revenue receipts (TRR) is yet another indicator of the debt burden of a state. Table 14 shows that Kerala's debt burden was much heavier than that of AS during all the twenty years except in 1998-99. For 10 years from 1998-99, interest payments had been eating away more than one fifth of the total revenue receipts of the state. During five years, interest payments exceeded more than one fourth of revenue receipts. However, the debt-TRR ratio has been coming down almost steadily since 2004-05. The situation appears to be comfortable and the State has already reached the target of 15 percent stipulated by the 13th the Finance Commission.

To escape from the ceilings on Fiscal Deficits and Revenue Deficits by the Fiscal Responsibility Acts, states had been resorting to guaranteeing the borrowings of public sector undertakings, cooperatives etc. instead of funding them directly from the budget. The resort to guarantees in relation to GSDP was quite high in Kerala. (Table 15) It reached its peak of 15.3 percent in 2001 – 02. The ratio came down to 13.1 during the next year but went up to 14.3 percent in the following year. Thereafter, it shows a continuous decline during the next five years. This may be partly due to the ceiling on guarantees fixed at 14 percent of GSDP by the Kerala Ceiling on Govt. Guarantees Act, (2003). But Kerala has now got more space for increasing its guarantees as the present ratios to GSDP are much lower than the ceiling stipulated by the Act. Nevertheless the government has to be guarded as guarantees are contingent liabilities.

Liquidity Management

The Conventional Deficits noted earlier were financed by drawing from the cash balance and cash balance investment accounts and by resort to Ways and Means Advances and Overdrafts from the Reserve Bank of India. In some years, they had adopted a combination of one or more of these methods as may be seen from Table 16.

Despite the fiscal deficit and the revenue deficit, the recourse to Ways and Means Advances from the Reserve Bank of India had been coming down from 2004-05.(See Table 17) It was particularly low during the last three years. In 2010-11, it was nil for Kerala. But the RE for 2011-12 and the BE for 2012-13 show steep increases in the Ways and Means Advances taken from the RBI.

Recourse to Overdrafts as indicated by the number of days also has come down from 2004-05. During the last three years, there was no occasion for resorting to overdrafts from RBI by Kerala and AS. Surprisingly, in spite of the chronic deficit, both Kerala and AS were maintaining increasingly large cash balances. In 2009-10, the total cash reserves of Kerala was more than one-tenth of its total revenue expenditure.(See Table 18) Maintaining huge cash reserves out of borrowed resources is adversely commented upon by both the RBI (2011) and the 13th Finance Commission.

Apart from the improved macroeconomic situation which had positive implications for State finances, the accumulation of large surplus cash balances indicates that some States tend to borrow more than their Fiscal Deficit. Government of Kerala had indulged in this practice in 5 years of the present decade (Table 19). Taking note of this situation, the Thirteenth FC has highlighted that while States require some cushion for smoothening expenditure at the implementation level, the accumulation of cash beyond a level reflects inefficiency, leading to an avoidable interest burden.

Given the fact that States still have ample surplus cash balances and the GFD-GSDP ratio is envisaged to be lower in the coming years, it is essential that States adopt a need-based approach to their market borrowings. The Thirteenth FC has also suggested that there should be a directed effort by States with large balances towards utilizing their existing cash balances before resorting to fresh borrowings. States may consider using their surplus cash balances for bullet repayments of market borrowings raised for debt swaps during the period 2002-2005, which are likely to become due during the next few years. Further, State governments need to have an effective forecasting and monitoring mechanism for their cash inflows and outflows. Effective cash management is possible only if State governments develop the skills and capacity to record, monitor, and project short-term inflows and outflows. States should encourage coordination among State entities that collect revenue and expend funds. Better timing of decisions involving major expenditure and rationalizing the number of bank accounts may also help them use cash surpluses more efficiently. (RBI 2011)

No doubt, the 13th Finance Commission has pointed out that the state is not entirely to be blamed for the accumulation of cash balances as other factors also contribute to cash balances at the state level. One of them is the mechanism of release of Central assistance wherein, the grants are released to the states leading to a temporary build-up of cash balances that get used up only in due course of time. The total amount of plan grants and loans to the states in 2007-08 was of the order of Rs. 0.78 lakh crore. Although, these transfers are linked to utilization of previous releases, there have been capacity constraints on implementation in many states. Transfer of unspent funds to deposit accounts maintained in the Public Account at the end of the financial year by states leads to build-up of cash balances. In addition, flows from the Centre not budgeted by the states and end of the year releases in CSS, leads to increase in cash balances.

Capital Formation through the State Budget

Table 20 gives the ratio of Capital Outlay, Loans and Advances by state governments and Revenue Expenditure to GSDP/GDP. The Capital Outlay comprises of direct expenditure on capital projects by the state government as also investments made by them in public sector undertakings, joint ventures, cooperatives and in a few cases private sector companies. In popular perception and in media discussions, Capital Outlay and the loans made by the State government contributes to more growth and consequently more revenue generation than the revenue expenditure as the former adds to the capital formation in the state in the government sector [10] . The table shows that the Capital Outlay to GSDP ratio was very low not only in Kerala but also AS. The ratio of Kerala was always less than that of AS except in 1996-97 when it was just equal. The ratio was just above one percent upto 1998-99. It was the lowest at 0.6 percent from 2004-05 to 2006-07. It was less than one percent since then till 2010-11. RE for 2011-12 and BE for 2012-13 show marginal increases. Even if we add Loans and Advances given by the State governments under Capital account to Capital Outlay, we see the same trend. As seen earlier, it is sometimes argued that Kerala's Capital Outlay is much more than what

[10] People who should be in the know do not try to clear this perception. In fact, they seem to contribute to this misconception. For a fuller discussion on the development implications of this misconception, see Gulati(1991, 1993) and George (2003), 2011, Gupta, 2011.

is reflected in the budget as a large component of transfer of plan funds to local governments goes for capital expenditure.

Table 21 presents the disaggregated picture of capital formation from the budget of the State government. The table shows that construction accounts for an overwhelming share of capital formation (84 percent to 93 percent). Only the rest of the capital formation is on account of machinery and other equipments.

State's Plan Outlay and Expenditure

The implications of fiscal crisis for development are further brought out in Table 22 which gives the ratio of actual expenditure to approved plan outlay. The utilization of plan outlay was more for Kerala than for AS only during seven out of 18 years for which data are now available. The under utilization as compared to AS continued steadily from 2003-04 till 2008-09.

The per capita plan expenditure of Kerala and AS is given in Table 23. The per capita plan expenditure of Kerala was less than that of AS during the first three years of the nineties. But during the second half of the nineties upto 2004-05 with the exception of 2001-02, the plan expenditure of Kerala was more than that of AS. During the second half of the present decade, the plan expenditure was less than that of AS. But during 2009-10 and 2010-11, the per capita approved plan outlay of Kerala (not actual expenditure) was more than that of AS.

Table 24 gives the per capita plan expenditure/outlay of seventeen major states during the Tenth and the Eleventh Plans. During the Tenth Plan, Kerala's per capita expenditure was higher than that of the All States' average but lower than that of all southern states. Its position was only seventh among the states. During the Eleventh Plan, Kerala's relative position came down to the twelfth. In fact, the outlay was less than the All State's average.

Why Small Plans?

One of the reasons for the smaller plan outlay of the state in recent years and its failure to achieve even the smaller plan outlay is because of its continuous non-plan revenue deficits all throughout the two decades. AS, on the other hand, started carving out a surplus on the non-plan account from 2005-06 onwards. The volume of their surpluses is increasing progressively (Table 25). The table shows that the non-plan revenue deficits of Kerala had eaten away not only the entire plan grants(including grants for Central Plan and Centrally Sponsored Schemes) from the Centre but also the total Central plan assistance(including plan loans for State Plan, CPs and CSSs).

The smaller per capita plan outlay of Kerala is because of the balance from current revenues which used to be positive till the early nineties, but turned consistently negative since then (MTFP, 2006). The negative balances in current revenue accounts were more than the Central revenue assistance for state plans during all but three years (2004-05, 2005-06 and 2010-11). The implication, as may be seen from Table 26, is that the entire state plan financing is through borrowings and net contribution from state Public Sector Units (non-plan support to the state PSUs) and Local Self Governments. The BE for 2012-13 hopefully envisages a small surplus from current revenues.

The exclusive reliance on debt financing of state plans has to be seen with some apprehension in the context of the large revenue component of total plan expenditure which was considerably higher than that of AS during all but three years of the nineties (Table 27). Even though the revenue component has been coming down marginally in recent years, it still accounts for more than three-fifths of the total plan expenditure in 2010-11. In the current year, it is budgeted to go up to 71.5 percent. It may also be noted that the this trend is taking place when the plan component of total expenditure has been coming down from 2002-03 onwards for both Kerala and AS. In the case of AS, the share which was coming down till 2003-04 has been going up since then. But the share of plan expenditure in the total expenditure of Kerala has been much lower than that of AS.

For the higher ratio of non-plan expenditure to total expenditure in Kerala, the reasons are many. Firstly, the share of the revenue expenditure with its higher non-plan content is higher in the state. Secondly, the social and the community services, predominate Kerala's total revenue expenditure. The recurring non-plan content of expenditure on these services is considerably higher than that of economic services, not only in Kerala but also in other states. Thirdly, the non-plan component even of social and community services is higher in Kerala than elsewhere because in the past, Kerala had spent more on these services as per its earlier plan priorities. The higher volume of plan expenditure on social service in one plan tends to result in correspondingly larger non-plan commitments on that account at the start of the subsequent plan and thereafter[11] (Gulati, 1991 and1993).

Table 27 examines the reasons for the fiscal crisis of the state especially in relation to AS as noted in earlier tables. The table presents the ratios of state's own revenue resources, (Tax and non tax) revenue transfers from the Centre, total revenue (TRR) and the revenue expenditure. The total revenue to GSDP ratio was higher for Kerala than for AS till 1998-99. Subsequently, AS had overtaken Kerala. Against this trend in TRR/GSDP ratio, the RE- GSDP ratio of Kerala was always higher than that of AS except during two years. As for the decline in TRR/GSDP ratio, both components of revenue receipts played a part. Own revenue to GSDP ratio of Kerala was always higher except in 2009-10[12]. The ratio of Central revenue transfers to GSDP of Kerala was lower than that of AS during all but two years of the early nineties.

The table reveals that the efforts of Kerala for own revenue mobilization came down during the present decade though the Own revenue-GSDP ratio was higher for Kerala. The ratio which was more than 10 percent during the first half of the nineties came down from the second half onwards. The ratio of Central transfers to GSDP over the years was coming down continuously. The revenue expenditure in relation to GSDP was showing a steady decline from the first quinquennium onwards.

[11] Recently the High Level expert Committee of the Planning Commission on management of Public Expenditure refer to earlier as recommended the abolition of current dichotomy between paln and non plan expenditure. See also Gupta op.cite(2011)

[12] The ratio for this year has to be interpreted with caution as the revenue figures are of Revised Estimates.

The Future Scenario

The fiscal scenario appears to emit mixed signals. One unfavourable factor for the states' revenue is the lower growth rate of Gross Domestic Product of the country, expected due to many reasons[13]. This can lead to lower growth in Central government's tax revenue. If this happens, the state will lose revenue by getting lower amount as share in Central taxes. The State Budget for 2012-13 shows a reduction of Rs.187 crores in the share of Central taxes in 2011-12. The reduction for the current year is expected to be Rs.21 crores (Budget Speech 2012-13).

Kerala economy however has been growing at a pace faster than the national economy (Ahluwalia, 2011). In fact, the growth rate of the state was the highest among states in India during the 1993-2009 period (Kumar & Subramanian 2012, ibid). It is possible that Kerala may not be affected by the deceleration of the economy to the same extent as the national economy. There are indications that factors like depreciation of the rupee may help the state to attract large funds from the non resident Kerala (NRKs) and from its exports. This expectation is based on the assumption that the West Asia to which the majority of the Non Resident Keralites (NRKs) have gone may not be affected to the same extent as the Western World. As noted earlier, even during the recession in the country in 2008-09 and 2009-10, Kerala economy continued to grow. The growth rate which was the 2nd highest among the States after Goa (Kumar & Subramanian, *ibid*). If the current economic growth trends persist in the State, it can lead to higher revenue from state's own taxes.

There seems to be yet another factor favourable for the growth of state's revenue. It is expected that the proposed Goods and Service Tax (GST) would introduce buoyancy in revenue, both by widening the tax base and by stimulating economic growth due to lower compliance cost and lower effective tax rates on a wider base according to the Reserve Bank of India (RBI, State Finances, 2009-10). It is expected that the "Goods and Service Tax dispensation would be better for Kerala as the state is a consuming state with most of the imports coming from outside. Besides, the share of service sector in Kerala's GSDP

[13] Standard and Poor has already downgraded India's credit rating and indicated further downgrade citing a number of reasons.

is one of the highest among the states. However, we are not yet sure when GST will be introduced in the country and how the rates will get fixed. It is getting postponed again and again.

The options for the State

Ultimately, if the competing demands on the state's revenue, some of which are quite legitimate, but many others only responding to the ever growing aspirations of people fuelled by diverse interest groups well entrenched in the system, and backed by competing populist politics are to be met, there is a need for further expanding the fiscal space of the state government. It appears that the scope for widening space by a State in India is getting increasingly limited. The option for containing deficits by increasing the tax rates and widening the tax base is getting limited for both the Central and State Governments in view of the need, allegedly so, for falling in line with the tax rates of other competing countries in the era of globalization. An individual state's autonomy in a federal state in fixing its own rates on its own tax base, limited as it is under Indian federal constitution, is getting further limited in view of the increasing uniformity stipulated by the Central Government especially with regard to Value Added Tax (VAT) and the proposed GST.

Everything however is not lost. The space can still be widened by a state in a number of ways such as strengthening tax administration, mobilizing non tax revenue, cutting down low priority expenditure, implementing expenditure programmes efficiently and attracting larger transfers from the Central Government. An examination whether and to what extent there is scope for increasing the revenue and reducing the expenditure does not fall within the purview of this study. A large number of reports had in the past examined how the resources of the state can be augmented or expenditure reduced[14]. In the current context, there is scope for mobilization of additional tax and non tax revenues as the State economy has been growing very fast. The current years budget estimates an

[14] Expenditure Commission Report (1989), Finance Department, Government of Kerala under the Chairmanship of B.P.R.Vithal of which the first author of this paper was a member, was one of the early efforts for improving expenditure management.

increase in GSDP (at current prices) at a hefty rate of 19.7% (see Table 18). It may also be noted that Kerala today stands at the very top of Indian States in terms of per capita income and household consumer expenditure. The Finance Minister has made some effort in the right direction in the current year's Budget (2012-13) to mobilize additional resources of Rs.1512 crores. However laudable this effort may be, this 'a scratch here and a fiddle there' approach may not be good enough if we are to reach the current Budget's ambitious goal of "leading Kerala to the Highway of development integrating it with global economy is to be achieved". (Budget Speech 2012-13).

The fiscal situation of the State calls for radical and comprehensive reforms and a bold statesman like initiatives. The implementation of reforms in tax system, mobilization of non-tax revenue and expenditure management however are bound to be met with stout resistance, given the state's fractured polity, competitive and populist politics and organized and articulate interest groups which are now bold enough to take their demands to the streets. But there are also structural rigidities inbuilt into the state's finances by the Kerala's unique model of development heavily emphasizing social sector development (George 1993, 1998) and the conflicts in development priorities between the Central and the State Governments arising from the higher levels of social development of the State. The state's maneuverability with regard to its budgetary operations is getting further limited by the increasing conditionalities of Union Finance Commissions and the proliferation of Centrally Sponsored Schemes. Thus the task of finance management in Kerala is an unenviable one, to steer the State between the rock of domestic political compulsions and the hard surface of the much needed fiscal prudence, not necessarily fiscal conservatism often bordering 'fiscal fundamentalism' of the Union Government and the recent Finance Commissions.

References

Gulati I S, 1993 May 01, 'Tackling the Growing Burden of Public Debt' *Economic & Political Weekly.*

Gulati I S, 1991 July 20, 'Reducing the Fiscal Deficit', Mumbai, *Economic & Political Weekly*.

Utsav Kumar, Arvind Subramanian, 2012 January 21, 'Growth in India's States in the first decade of the 21st Century: Four Facts', *Economic & Political Weekly.*

George K K, 1999, *Limits to Kerala Model of Development,* Centre for Development Studies, Monograph Series, Thiruvananthapuram.

George K K, 2002, *State Level Fiscal Reforms in India: Some Core Issues*, Working Paper No. 6. Cochin, Centre for Socio-economic & Environmental Studies.

George K K, Krishnakumar K K, 2011, 'Regaining the Constitutional Identity of the Finance Commission: A Daunting Task for the Thirteenth Commission' Praveen Jha (ed), *Progressive Fiscal Policy in India,* pp: 264-282*,* New Delhi, Sage Books.

George K K, Krishnakumar K K, 2008, 'Kerala's Developmet Experiences: Its Implications for Finnace Commissions' Srivastava D K, Shanmugham K R & Bhujanga Rao C (ed), *Finance Commission: Issues of the Southern State*, Chennai, Madras School of Economics.

Government of India, 2011, *High Level Committee of Efficient Management of Public Expenditure – Chairman Rangarajan C*, New Delhi, Planning Commission.

Government of India, 2004, *Report of the Twelfth Finance Commission (2005-10)*, New Delhi.

Government of India, 2009, *Report of the Thirteenth Finance Commission (2010-15)*, New Delhi.

Government of Kerala, July 2011, *White Paper on State Finances*, Thiruvananthapuram, Finance Department.

Government of Kerala, *Budget Speech* (various years), Thiruvananthapuram, Finance Department.

Government of Kerala, *Budget in Brief* (various years), Thiruvananthapuram, Finance Department.

Government of Kerala, *Finance Accounts* (various years), Thiruvananthapuram, Comptroller & Audited General.

K.M.Mani, Budget Speech 2012-2013, Government of Kerala.

Government of Kerala, *Medium Term Fiscal Policy & Strategy Statement with Medium Term Fiscal Plan for Kerala 2006-07 to 2008-09, 2007-08 to 2009-10, 2009-10 to 2011-12, 2010-11 to 2012-13, 2011-12 to 2013-14*. Thiruvananthapuram, Finance Department.

Government of Kerala, 2010 June, *Kerala Public Expenditure Review Committee Second Committee, Second Report 2008-09*.

Gupta Arindam Das, 2011 October 22, 'Public Expenditure Management Committee Report: A Critical Review' *Economic & Political Weekly*, Mumbai, Vol.XLVI No.43.

Isaac Thomas, 2011, *Alternative White Paper,*http://dr-tm-thomas-isaac.blogspot.com/search/label/Alteration%20White%20Paper

Reserve Bank of India, *State Finances* (Various issues), Mumbai.

Times of India, Cochin , March 24,2012

Table 1
Budgetary Surpluses/Deficits Kerala

(Rs.Crore)

Year	Gross Fiscal Deficit/Surplus		Revenue Deficit/Surplus		Primary Deficit/Surplus		Capital Deficit/Surplus		Overall Budgetary Deficit/surplus	
	Kerala	AllStates	Kerala	All States	Kerala	AllStates	Kerala	All States	Kerala	All States
1991-92	803.4	18900.1	364.3	5650.7	320.0	18073.1	-316.3	-6211.0	48.0	-560.3
1992-93	732.0	20891.3	337.4	5114.1	189.5	7681.2	-427.5	-6943.5	-90.1	-1829.4
1993-94	935.2	20596.0	371.3	3812.5	248.0	4795.5	-470.8	-3350.7	-99.5	461.8
1994-95	1108.7	27696.9	399.9	6156.2	289.0	8283.5	-809.5	-10623.9	-409.6	-4467.7
1995-96	1302.7	31425.8	402.8	8200.5	378.5	9493.7	-467.8	-11050.3	-65.0	-2849.8
1996-97	1542.5	37251.3	643.0	16113.9	439.1	11674.9	-663.9	-16373.3	-20.9	-259.4
1997-98	2413.9	44199.9	1122.9	16333.0	1127.8	14087.3	-837.8	-18435.8	285.2	-2102.8
1998-99	3012.2	74253.8	2030.0	43641.8	1565.9	38380.4	-1664.5	-40122.0	365.5	3519.8
1999-00	4536.6	91480.3	3624.2	53797.0	2584.3	46308.6	-3604.4	-50684.3	19.8	3112.7
2000-01	3877.8	89532.0	3147.1	53568.6	1620.2	37830.0	-2727.1	-55914.2	420.0	-2345.6
2001-02	3269.4	95993.6	2605.6	59188.1	779.9	33486.8	-2827.6	-55762.2	-222.0	3425.9
2002-03	4993.6	102122.8	4122.2	55111.1	2046.8	31980.9	-3912.6	-59722.6	209.6	-4611.5
2003-04	5539.0	123070.0	3680.0	61145.0	2210.7	41306.8	-3556.8	-59980.7	123.2	1164.3
2004-05	4452.0	109257.0	3669.0	36423.0	839.5	21267.8	-4133.3	-46881.5	-464.3	-10458.5
2005-06	4182.0	90084.0	3129.0	7013.0	382.8	6060.0	-3672.9	-40959.6	-543.9	-33946.6
2006-07	3822.0	77508.0	2638.0	-24857.0	367.7	15671.6	-3463.5	8532.7	-825.5	-16324.3
2007-08	6100.0	75455.0	3785.0	-42943.0	1770.4	24375.6	-3719.0	29532.5	66.0	-13410.5
2008-09	6346.0	134589.0	3712.0	-12672.0	1687.4	31634.2	-5366.0	3713.0	-1654.0	-8959.0
2009-10*	6698.0	21610.0	4081.0	46663.0	1496.8	100197.4	-3874.0	-10774.0	207.0	35889.0
2010-11#	8543.0	198539.0	3629.0	23469.0	2756.5	69882.3	-3222.0	-5683.0	407.0	17786.0

*Indicates Revised Estimates
#Indicates budget estimates
(+) Deficit/(-)Surplus
Source: RBI, State Finances, Various Issues

Addendum

2009-10	7871.62	N.A.	5022.98	N.A.	2579.14	N.A.	-5940.35	N.A.	-917.37	N.A.
2010-11	7730.45	N.A.	3673.86	N.A.	2040.79	N.A.	-4443.73	N.A.	-769.87	N.A.
2011-12*	11300.07	N.A.	5471.67	N.A.	4941.64	N.A.	-5968.63	N.A.	-496.96	N.A.
2012-13#	10726.79	N.A.	3463.77	N.A.	3492.46	N.A.	-4544.95	N.A.	-1081.18	N.A.

Effective Revenue Deficit/Surplus

Year	Effective RD	
2009-10	2972.14	N.A.
2010-11	1325.64	N.A.
2011-12*	2726.58	N.A.
2012-13#	189.51	N.A.

Source: Finance Department, Government of Kerala, Budget in Brief- 2012-13.

Table 2
Major Fiscal Indicators of Kerala and All States

(Percent)

Year	GFD/GSDP		RD/GSDP		PD/GSDP		RD/TRR	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States
1991-92	4.6	3.2	2.1	1.0	1.8	3.0	12.8	7.0
1992-93	3.7	3.1	1.7	0.8	1.0	1.1	10.2	5.6
1993-94	3.6	2.6	1.4	0.5	0.9	0.6	9.5	3.6
1994-95	3.5	3.0	1.3	0.7	0.9	0.9	8.6	5.0
1995-96	3.4	2.9	1.0	0.8	1.0	0.9	7.4	6.0
1996-97	3.5	3.0	1.4	1.3	1.0	0.9	10.5	10.5
1997-98	4.9	3.2	2.3	1.2	2.3	1.0	15.8	9.6
1998-99	5.4	4.6	3.6	2.7	2.8	2.4	28.2	24.7
1999-00	6.6	5.1	5.2	3.0	3.7	2.6	45.6	26.0
2000-01	5.3	4.7	4.3	2.8	2.2	2.0	36.0	22.5
2001-02	4.2	4.6	3.3	2.8	1.0	1.6	28.8	23.1
2002-03	5.7	4.5	4.7	2.4	2.4	1.4	38.8	19.7
2003-04	5.7	4.8	3.8	2.4	2.3	1.6	31.1	19.3
2004-05	3.7	3.7	3.1	1.2	0.7	0.7	27.2	9.8
2005-06	3.1	2.7	2.3	0.2	0.3	0.2	20.5	1.6
2006-07	2.5	2.0	1.7	-0.6	-0.2	-0.4	14.5	-4.7
2007-08	3.5	1.6	2.2	-0.9	1.0	-0.5	17.9	-6.9
2008-09	3.2	2.5	1.8	-0.2	0.8	0.6	15.1	-1.8
2009-10*	3.3	3.5	2.0	0.8	0.7	1.6	15.4	4.8
1991-92 - 1995-96 (Avg.)	3.7	2.9	1.5	0.7	1.1	1.3	9.7	5.5
1996-97 - 2000-01 (Avg.)	5.1	4.1	3.4	2.2	2.4	1.8	27.2	18.7
2001-02 - 2005-06 (Avg.)	4.5	4.1	3.5	1.8	1.3	1.1	29.3	14.7
2006-07 - 2009-10 (Avg.)	3.1	2.4	1.9	-0.3	0.6	0.3	15.7	-2.1
1991-92 - 2000-01 (Avg.)	4.4	3.5	2.4	1.5	1.8	1.5	18.5	12.1
2001-02 - 2009-10 (Avg.)	3.9	3.3	2.8	0.9	1.0	0.8	23.3	7.2

Addendum			RD/GSDP	ERD/GSDP^				
2009-10	3.4	N.A.	2.2	N.A.	1.1	N.A.	19.2	N.A.
2010-11	2.8	N.A.	1.3	N.A.	0.7	N.A.	11.9	N.A.
2011-12*	3.5	N.A.	1.7	N.A.	1.5	N.A.	13.8	N.A.
2012-13#	2.7	N.A.	0.9	N.A.	0.9	N.A.	7.2	N.A.

*Revised Estimates
Budget Estimates
(+) Deficit/(-)Surplus
^ This colulmn denotes Effective RD to GSDP ratio for Kerala

Notes: 1. GSDP/GDP at current prices
2. GFD- Gross Fiscal Deficict
3. RD- Revenue Deficit
4. TRR- Total Revenue Receipts

Sources: 1. RBI, State Finances, Various Issues
2. CSO, State Domestic Product (State Series), Various Issues
3. Finance Department, Government of Kerala, Medium Term Fiscal Policy and Strategy Statement with Medim Term Fiscal Plan for Kerala(MTFPSS), 2012-13 to 2014-15
4. Effective RD ratios are from Budget in Brief 2012-13

Table 3

Revenue and Fiscal Deficits, Debt and Interest Payments: 13FC's future targets and achievements/projections of Kerala

(Percent)

Year	13 FC's Targets								Achievements/Projections of Kerala			
	RD/GSDP		FD/GSDP		Debt/GSDP		Payments/Revenue Receipts		RD/GSDP	Debt/GSDP	FD/GSDP	Interest Payments/ Revenue Receipts
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States				
2011-12	1.4	0.2	3.5	3.1	32.3	26.1	24.5	N.A.	1.67	27.33	3.46	16.06
2012-13	0.9	0.2	3.5	3.1	31.7	25.5	24.2	N.A.	0.89	25.86	2.74	15.03
2013-14	0.5	0.1	3.0	3.0	30.7	24.9	23.6	N.A.	0.40	25.58	3.00	14.63
2014-15	0.0	0.0	3.0	3.0	29.8	24.3	23.0	N.A.	-0.02	25.34	3.00	14.24

Note: Achievement for 2011-12 are based on Revised Estimates. For 2012-13, figures are of Budget Estimates.
For the next two years, they are based on forward estimates in the MTFPSS 2012-13 to 2014-15.

Source: 1. 13th Finance Commission report
2. GOK, MTFPSS 2012-13 to 2014-15

Table 4
Deficit Indicators of Major State Governments

(Percent)

State	2005-08 (Avg.)				2008-09				2009-10 (RE)			
	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP
Andhra Pradesh	-0.3	2.7	0.1	-3.0	-0.3	3.3	1.2	-2.4	-0.7	3.5	1.3	-2.9
Bihar	-2.2	3.1	-0.7	-6.0	-3.1	1.8	-0.9	-5.8	-0.1	6.3	3.6	-2.8
Chhattisgarh	-3.5	0.3	-1.3	-5.2	-2.0	1.1	-0.1	-3.1	0.1	2.9	1.9	-0.9
Goa	-0.6	3.6	0.8	-3.4	-0.5	4.1	1.5	-3.1	1.2	6.7	4.1	-1.3
Gujarat	-0.4	2.2	-0.4	-3.0	0.0	3.1	0.8	-2.3	1.1	3.3	1.1	-1.1
Haryana	-1.3	0.1	-1.7	-3.0	1.1	3.6	2.3	-0.1	1.7	4.0	2.6	0.3
Jharkhand	2.2	8.8	7.0	0.4	-0.8	5.0	2.1	-3.7	-3.1	2.1	-0.5	-5.8
Karnataka	-1.6	2.2	0.2	-3.6	-0.6	3.2	1.6	-2.3	-0.2	3.8	2.0	-1.9
Kerala	2.2	3.2	0.4	-0.6	2.0	3.3	0.9	-0.5	1.9	3.1	0.7	-0.5
Madhya Pradesh	-2.0	2.6	-0.3	-4.9	-2.4	2.6	0.1	-4.8	-2.7	3.4	0.9	-5.2
Maharashtra	-0.6	1.9	-0.2	-2.7	-0.8	2.0	0.2	-2.6	1.5	3.7	2.0	-0.2
Orissa	-2.2	-0.5	-4.1	-5.8	-2.6	0.3	-1.9	-4.7	1.0	3.7	1.3	-1.3
Punjab	1.7	3.1	-0.2	-1.6	2.3	4.0	1.1	-0.6	2.2	3.4	0.6	-0.6
Rajasthan	-0.3	2.8	-0.9	-4.0	0.4	3.5	0.4	-2.7	1.8	4.5	1.4	-1.3
Tamil Nadu	-1.1	1.2	-0.8	-3.1	-0.4	2.5	0.8	-2.2	1.3	3.4	1.6	-0.4
Uttar Pradesh	-0.7	3.5	0.3	-3.9	-0.5	5.0	2.2	-3.2	-0.4	4.9	2.3	-2.9
West Bengal	3.0	4.1	0.0	-1.0	4.2	3.8	0.4	0.7	5.6	6.7	3.5	2.4
All States#	-0.4	1.9	-0.2	-2.6	-0.2	2.4	0.6	-2.1	0.7	3.3	1.5	-1.1

Notes: 1. # : Data for All States are Per cent bto GDP
2. Negative (-) sign indicates surplus
3. RD:Revenue Deficit, GFD: Gross Fiscal Deficit, PD: Primary Deficit, PRB: Primary Revenue Balance(Revenue Deficit minus interest payments)
4. There are marginal differences between ratios given in this table and those given in Table 2. This may be partly because of the differences in the GSDP data used by us and the RBI.The differences for 2009-10 can also be due to the RE data used for computing the ratios in this table.

Source: RBI, State Finances, 2010-11

Table 5

Uses of Borrowings to cover GFD

(Percent)

Year	Capital Outlay		Rev Def/Surplus		Net Lending		Non Debt capital receipts		Capital Outlay+Net lending		GFD	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States
1991-92	-35.6	-53.42	45.3	29.90	-19.0	-16.7	0.0	0.0	-54.7	-70.1	100	100
1992-93	-38.0	-51.00	46.1	24.48	-15.9	-24.5	0.0	0.0	-53.9	-75.5	100	100
1993-94	-38.8	-60.45	39.7	18.51	-21.4	-21.0	0.0	0.0	-60.3	-81.5	100	100
1994-95	-40.2	-62.65	36.1	22.23	-23.7	-15.1	0.0	0.0	-63.9	-77.8	100	100
1995-96	-43.3	-58.85	30.9	26.09	-25.8	-15.1	0.0	0.0	-69.1	-73.9	100	100
1996-97	-40.4	-47.08	41.7	43.26	-18.0	-10.2	0.0	0.0	-58.3	-57.3	100	101
1997-98	-30.6	-51.59	46.5	36.95	-22.9	-11.5	0.0	0.0	-53.5	-63.0	100	100
1998-99	-21.6	-31.07	67.4	58.77	-11.0	-10.8	0.0	0.0	-32.6	-41.9	100	101
1999-00	-14.3	-27.89	79.9	58.81	-5.8	-13.3	0.0	0.0	-20.1	-41.2	100	100
2000-01	-14.9	-34.77	81.2	59.83	-4.0	-5.4	0.0	0.0	-18.8	-40.2	100	100
2001-02	-17.1	-33.62	79.7	61.66	-3.2	-4.7	0.0	0.0	-20.3	-38.3	100	100
2002-03	-14.0	-35.81	82.5	53.97	-3.5	-10.2	0.0	0.0	-17.5	-46.0	100	100
2003-04	-11.6	-42.60	66.4	49.68	-22.0	-7.7	0.0	0.0	-33.6	-50.3	100	100
2004-05	-15.3	-56.34	82.4	33.34	-2.3	-10.3	0.0	0.0	-17.6	-66.7	100	100
2005-06	-19.5	-86.10	74.8	7.78	-5.6	-6.1	0.0	0.0	-25.2	-92.2	100	100
2006-07	-23.6	-126.5	69.0	-32.1	-7.4	-8.0	-0.1	-2.5	-31.0	-134.5	100	100
2007-08	-24.2	-157.5	62.0	-56.9	-13.9	-8.6	-0.1	-9.2	-38.1	-166.1	100	100
2008-09	-26.7	-106.0	58.5	-9.4	-14.9	-3.6	-0.1	-0.2	-41.7	-109.6	100	100
2009-10*	-29.0	-74.2	60.9	21.6	-10.2	-4.3	-0.1	-0.2	-39.1	-78.6	100	100
2010-11#	-48.5	-84.0	42.5	12.3	-9.1	-5.3	-0.1	-1.6	-57.6	-89.3	100	100

Sourcs: RBI, State Finances, Various Issues

* indicates Revised Estimates

# indicates Budget Estimates

(+)Deficit/(-)Surplus

Note: The non-debt capital receipts comprises mainly Recoveries of Loans and Proceeds of Disinvestment.

Addendum

Year	Capital Outlay		Rev Def/Surplus		Net Lending		Non Debt		Capital		GFD	
2009-10	-26.2	N.A.	63.8	N.A.	-11.1	N.A.	-1.1	N.A.	-37.3	N.A.	100	N.A.
2010-11	-43.5	N.A.	47.5	N.A.	-9.9	N.A.	-0.9	N.A.	-53.4	N.A.	100	N.A.
2011-12*	-43.8	N.A.	48.4	N.A.	-8.6	N.A.	-0.8	N.A.	-52.4	N.A.	100	N.A.
2012-13#	-61.1	N.A.	32.3	N.A.	-7.6	N.A.	-1.0	N.A.	-68.7	N.A.	100	N.A.

*Revised Estimates

Budget Estimates

Source: GOK, MTFPS 2012-13 to 2014-15.

Table 6
Uses of Borrowings to cover GFD- State-wise

(Percent)

State	RD/GFD		Capital Outlay/GFD		Net Lending/GFD		(Capital Outlay+Net Lending)/GFD	
	2008-09 (Acco-unts)	2009-10(RE)	2008-09 (Acco-unts)	2009-10(RE)	2008-09 (Acco-unts)	2009-10(RE)	2008-09 (Acco-unts)	2009-10(RE)
Andhra Pradesh	-8.1	-20.6	83.9	112.1	24.5	8.5	108.4	120.6
Bihar	-178.3	-1.8	256.7	97.3	21.5	4.5	278.2	101.8
Chhattisgarh	-182.1	5.1	286.4	95.9	-4.2	-1.0	282.2	94.9
Goa	-12.6	18.3	110.3	80.1	2.3	1.6	112.6	81.7
Gujarat	0.6	34.5	97.9	64.1	1.7	1.4	99.6	65.5
Haryana	31.8	43.8	68.6	47.5	-0.3	8.9	68.3	56.4
Jharkhand	-16.7	-146.6	104.1	210.4	12.7	36.1	116.8	246.5
Karnataka	-18.7	-4.8	113.0	96.9	7.7	8.2	120.7	105.1
Kerala	58.5	60.9	26.7	29.0	14.9	10.2	41.6	39.2
Madhya Pradesh	-91.6	-80.5	151.4	122.6	40.8	57.9	192.2	180.5
Maharashtra	-39.8	41.2	134.8	55.4	5.1	3.4	139.9	58.8
Orissa	-1023.8	28.0	1131.4	76.9	-7.6	-4.9	1123.8	72.0
Punjab	57.6	63.3	42.7	55.0	-0.4	-18.3	42.3	36.7
Rajasthan	11.9	40.3	84.6	55.8	3.6	3.9	88.2	59.7
Tamil Nadu	-17.0	39.0	106.5	66.9	10.5	-6.0	117.0	60.9
Uttar Pradesh	-9.1	-8.3	108.9	105.7	0.1	2.7	109.0	108.4
West Bengal	108.5	83.9	27.3	14.3	-35.8	1.8	-8.5	16.1
All States	-9.4	21.6	106.0	74.2	3.6	4.3	109.6	78.5

Notes: 1. RE: Revised Estimates
2.Negative (-) sign indicates surplus in deficit indicators
Source: RBI, State Finances 2010-11

Table 7

Total Outstanding Liabilities as percentage of GSDP/GDP

(Percent)

Year	Kerala	All States
1992	28.5	22.5
1993	28.7	22.4
1994	28.9	21.7
1995	29.1	21.3
1996	27.7	20.9
1997	27.7	20.7
1998	29.2	21.7
1999	30.8	22.8
2000	32.1	26.1
2001	36.1	28.3
2002	37.9	30.3
2003	39.5	32.0
2004	40.5	32.8
2005	39.6	31.3
2006	38.5	31.0
2007	36.7	29.0
2008	35.3	26.6
2009	35.3	26.3
2010*	34.3	25.0
2011#	33.4	23.1
1992 -96 (Avg.)	28.6	21.8
1997 - 2001 (Avg.)	31.2	23.9
2002 - 2006 (Avg.)	39.2	31.5
2007 - 2011 (Avg.)	35.0	26.0
1992 - 2001 (Avg.)	29.9	22.8
2002 - 2011 (Avg.)	37.1	28.7

*Revised Estimates

Budget Estimates

Sources: 1. RBI, State Finances, Various Issues

2. CSO, SDP(State Series), Various Issues

Addendum

Total Outstanding Liabilities as percentage of GSDP

Year	Kerala
2010	32.3
2011	29.8
2012*	28.6
2013#	26.8

Source: For both Outstanding Liabiliteis and GSDP- Budget in Brief, 2012-13, GOK

Note: It may differ from the RBI, State Finances figures. We are not clear about the reasons.

Table 8
Debt Indicators of Major State Governments

(Percent)

State	2005-08 (Avg.) Debt/GSDP	2008-09 Debt/GSDP	2009-10(RE) Debt/GSDP
Andhra Pradesh	33.6	29.2	30.1
Bihar	51.8	39.1	39.7
Chhattisgarh	23.9	15.8	15.2
Goa	38.5	36.2	35.5
Gujarat	35.4	32.6	32.1
Haryana	22.5	18.3	19.0
Jharkhand	30.6	31.7	33.6
Karnataka	27.1	24.1	24.3
Kerala	37.1	35.3	34.3
Madhya Pradesh	40.5	35.2	34.4
Maharashtra	30.8	26.9	25.1
Orissa	46	32.9	30.6
Punjab	43.2	37.1	35.2
Rajasthan	48.2	41.8	41.1
Tamil Nadu	25.4	25.4	25.5
Uttar Pradesh	54.0	46.8	43.5
West Bengal	47.1	42.5	42.8
All States#	28.9	26.3	25.0

Note: 1. Avg.: Average

2. # : Data for All States are per cent to GDP

3. RE: Revised Estimate

Source: RBI, State Finances 2010-11

Table 9
Composition of Outstanding Liabilities of Kerala

(Percent)

Year (As on end-March)	Total Internal Debt to outstanding liabilities		Loans & advances from Centre to oustanding		Samll Savings, PF etc.* to Outstanding Liabilities		Miscellaneous** to outstanding liabilities	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States
1992	23.37	15.79	41.75	56.46	28.60	13.47	6.28	14.28
1993	25.35	15.91	40.72	54.44	28.17	13.97	5.76	15.67
1994	22.84	16.42	41.00	53.88	30.94	14.89	5.23	14.82
1995	22.40	16.49	40.15	53.39	32.50	15.16	4.96	14.96
1996	23.19	17.47	39.54	52.08	31.62	15.24	5.65	15.21
1997	23.57	17.42	37.46	51.75	31.17	15.38	7.80	15.45
1998	24.40	18.36	34.49	51.06	29.67	15.12	11.44	15.47
1999	25.20	17.92	32.59	51.03	32.47	15.92	9.74	15.13
2000	25.57	22.87	29.14	46.64	38.43	15.94	6.85	14.55
2001	28.83	29.07	25.41	41.15	38.81	15.80	6.95	13.99
2002	31.43	34.14	23.42	37.18	38.13	15.15	7.02	13.53
2003	34.05	41.69	20.71	31.84	37.24	14.25	8.00	12.23
2004	44.29	52.79	14.37	21.37	36.78	13.49	4.56	12.35
2005	49.41	58.68	12.39	15.78	33.85	12.90	4.36	12.64
2006	53.50	60.88	11.32	13.68	30.99	12.27	4.19	13.17
2007	57.28	61.52	10.27	11.81	27.78	12.07	4.67	14.59
2008	58.15	62.06	9.46	10.92	27.11	12.19	5.29	14.83
2009	60.39	63.87	9.56	10.05	25.04	12.07	5.01	14.00
2010	61.55	65.05	10.44	9.55	23.20	12.15	4.81	13.25
2011	62.12	66.92	9.41	8.55	24.25	12.31	4.22	12.22
1992 -96 (Avg.)	23.43	16.42	40.63	54.05	30.36	14.54	5.57	14.99
1997 - 2001 (Avg.)	25.51	21.12	31.82	48.33	34.11	15.63	8.56	14.92
2002 - 2006 (Avg.)	42.54	49.64	16.44	23.97	35.40	13.61	5.62	12.78
2007 - 2011 (Avg.)	59.90	63.88	9.83	10.18	25.48	12.16	4.80	13.78
1992 - 2001 (Avg.)	24.47	18.77	36.22	51.19	32.24	15.09	7.07	14.95
2002 - 2011 (Avg.)	51.22	56.76	13.13	17.07	30.44	12.89	5.21	13.28

Notes: * State Provident Funds, Trust and Endowments, Insurance and Pension Funds and State Savings Bank Deposits.

** Reserve funds, Deposits and advances and Contingency funds

Source: RBI, State Finances, various years

Table 10
Yield on State Government Securities

(Percent)

Year	Yield Range (%)	Weighted Average Yield (%)
1991-92	11.50-12.00	11.82
1992-93	13.00	13
1993-94	13.50	13.5
1994-95	12.50	12.5
1995-96	14.00	14
1996-97	13.75-13.85	13.83
1997-98	12.30-13.05	12.82
1998-99	12.15-12.50	12.35
1999-2000	11.00-12.25	11.89
2000-01	10.50-12.00	10.99
2001-02	7.80-10.53	9.2
2002-03	6.60-8.00	7.49
2003-04	5.78-6.40	6.13
2004-05	5.60-7.36	6.45
2005-06	7.32-7.85	7.63
2006-07	7.65-8.66	8.1
2007-08	7.84-8.90	8.25
2008-09	6.95-9.90	8.35
2009-10*	7.04-8.49	8.06

* Upto February 8, 2010

Source: RBI State Finances, 2008-09 and 2009-10

Table 11
Rate of Interest (Interest payments/outstanding liabilities)

(Percent)

Year	Loans from the Centre		Internal Debt		Small Savings, Provident Funds, etc.**		Others ##		Total Interest Payments	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States
1991-92	10.67	8.87	10.93	11.29	9.04	12.55	0.02	0.71	9.70	8.54
1992-93	9.76	9.44	11.37	10.63	8.98	12.50	0.02	2.09	9.30	8.99
1993-94	10.22	10.38	10.68	10.37	12.12	13.13	0.02	1.59	10.28	9.39
1994-95	10.62	11.02	12.47	12.30	11.59	12.39	0.02	2.79	10.79	10.22
1995-96	11.22	11.27	12.20	11.90	8.37	11.82	0.02	2.23	9.96	10.10
1996-97	11.66	11.60	12.79	13.16	8.59	10.65	0.02	1.52	10.29	10.19
1997-98	11.94	11.80	13.38	13.27	9.03	10.18	0.01	3.32	10.44	10.50
1998-99	12.15	12.16	13.18	12.93	8.72	10.84	0.01	2.84	9.99	10.66
1999-2000	12.46	12.54	13.49	14.62	11.71	12.82	0.00	2.01	11.26	11.37
2000-01	11.31	11.63	13.16	12.58	9.11	10.57	0.00	1.70	10.16	10.24
2001-02	11.67	12.07	12.43	13.08	7.55	9.56	0.00	1.90	9.48	10.54
2002-03	11.64	12.11	12.28	12.19	8.89	9.34	0.00	1.15	9.98	10.23
2003-04	11.40	11.91	12.86	11.95	7.95	7.83	0.00	2.92	9.70	10.25
2004-05	11.93	13.28	10.51	10.26	7.76	8.60	-0.02	2.65	9.22	9.74
2005-06	7.62	8.22	10.27	9.45	7.91	8.53	0.00	2.71	8.69	8.29
2006-07	7.99	8.40	9.29	9.23	9.18	8.60	0.80	2.20	8.75	8.11
2007-08	7.99	8.04	9.10	9.44	8.07	8.65	0.00	1.63	8.28	8.04
2008-09	7.86	7.64	8.85	9.09	7.66	8.67	0.00	1.49	7.96	7.75
2009-10*	6.81	7.72	8.65	9.04	8.49	8.79	0.00	2.24	8.00	7.92
2010-11#	6.49	6.96	9.16	9.03	8.01	8.62	0.00	2.07	8.18	7.86

Note: 1. Interest Rate= (Interest payment/ Outstanding liabilites at the beginning of the year) X 100
** Calculated as % on Outstanding Liabilities on Provident Funds etc. in State Finances
Calculated as % on Miscellaneous outstanding liabilities
Source: RBI, State Finances, various years.

Addendum

2009-10	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7.89	N.A.
2010-11	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7.60	N.A.
2011-12*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7.57	N.A.
2012-13#	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7.60	N.A.

* Revised Estimates
# Budget Estimates
Source: GOK, MTFP 2012-13 to 2014-15.
Note: It may differ from RBI, State Finances figures. The reasons for which are not clear.

Table 12
Domar Gap for Kerala

(Percent)

Year	GSDP growth rate (at current prices)	Interest rate	Domar Gap
2002-03	11.51	10.2	1.31
2003-04	11.28	9.7	1.58
2004-05	14.02	9.1	4.92
2005-06	14.74	8.7	6.04
2006-07	12.38	8.8	3.58
2007-08	13.89	8.23	5.66
2008-09	15.78	7.85	7.93
2009-10	14.60	7.89	6.71
2010-11	19.20	7.6	11.60
2011-12*	17.94	7.57	10.37
2012-13#	19.77	7.6	12.17

*Revised Estimates

Budget Estimates

Note: Domer Gap = GSDP growth rate- Interest rate

Source: 1. For Interest Rate -GOK, MTFPSS various years

2. For GSDP growth rate up to 2007-08- Thomas Isaac, Alternative White Paper, 2011 and 2007-08 onwards GOK, MTFP 2012-13 to 2014-15.

Table 13
Ratio of Total Outstanding Liabilities to Total Revenue Receipts

(Percent)

Year	Kerala	All States
1991-92	204.49	182.49
1992-93	201.34	184.75
1993-94	193.67	178.01
1994-95	198.89	177.47
1995-96	197.65	183.34
1996-97	200.41	187.59
1997-98	203.28	197.50
1998-99	240.80	225.21
1999-2000	279.73	243.73
2000-01	300.75	249.10
2001-02	326.13	268.10
2002-03	322.67	284.54
2003-04	331.44	285.33
2004-05	323.65	272.54
2005-06	313.07	266.28
2006-07	287.68	234.01
2007-08	277.18	212.96
2008-09	265.13	210.57
2009-10*	266.76	168.28
2010-11#	262.15	163.46

*Indicates Revised Estimates

#Indicates budget estimates

Note: Outstanding liabilities at the end of the year and Revenue Receipts during the year.

Source: RBI, State Finances for various years.

Addendum

2009-10	287.47
2010-11	266.16
2011-12*	235.94
2012-13#	217.57

Source: GOK, Budget in Brief, 2012-13

Table 14
Ratio of Interest Payments to Revenue Receipts
(Percent)

Year	Kerala	All States
1991-92	16.95	13.58
1992-93	16.35	14.50
1993-94	17.52	14.96
1994-95	17.57	15.70
1995-96	17.04	16.03
1996-97	17.96	16.73
1997-98	18.07	17.68
1998-99	20.09	20.33
1999-2000	24.58	21.80
2000-01	25.86	21.72
2001-02	27.49	24.45
2002-03	27.71	25.02
2003-04	28.17	25.82
2004-05	26.76	23.65
2005-06	24.84	19.49
2006-07	23.04	17.55
2007-08	20.51	16.00
2008-09	19.01	14.82
2009-10*	19.61	11.91
2010-11#	18.56	11.55

* Revised Estimates
+ Budget Estimates
Source: RBI, *State Finaces for various years.*

Addendum

2009-10	20.27	N.A.
2010-11	18.36	N.A.
2011-12*	16.06	N.A.
2012-13#	15.03	N.A.

*Revised Estimates
Budget Estimates
Source: GOK, Budget in Brief , 2012-13

Table 15
Outstanding Guarantees of Kerala/ All States to GSDP/GDP

(Percent)

Year	Outstanding Guarantees of Kerala to GSDP	Outstanding Guarantees of All States to GDP
1991-92	9.9	6.1
1992-93	11.5	5.6
1993-94	8.8	5.6
1994-95	10.1	4.8
1995-96	5.4	4.4
1996-97	4.7	4.7
1997-98	5.0	4.8
1998-99	5.1	4.5
1999-2000	11.5	6.8
2000-01	12.1	8.0
2001-02	15.3	7.3
2002-03	13.1	7.5
2003-04	14.3	8.0
2004-05	10.3	6.3
2005-06	8.7	5.3
2006-07	6.2	3.8
2007-08	4.7	3.3
2008-09	3.8	2.8
1991-92 - 1995-96 (Avg.)	9.2	5.3
1996-97 - 2000-01 (Avg.)	7.7	5.8
2001-02 - 2005-06 (Avg.)	12.4	6.9
2006-07 - 2008-09 (Avg.)	4.9	3.3
1991-92 - 2000-01 (Avg.)	8.4	5.5
2001-02 - 2008-09 (Avg.)	9.6	5.5

Note: GSDP/GDP at current prices.

Sources: 1. RBI, State Finances, various years

2. CSO, State Domestic Product (State Series), Various Issues

Table 16
Means of Financing Convetional Deficit

(Percent)

Year	Increase(+)/Decrease(-) in Cash Balances		Withdrawals from(-) /Additions to(+) cash balance Investment Account(net)		Increase(-)/Decrease(+) in Ways &Means Advances & Overdrafts from Rbi (net)		Overall Surplus(+)/Deficit(-)	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States
1991-92	81.15	403.63	-0.69	-439.76	19.54	136.13	100.00	100.00
1992-93	191.78	-32.91	0.00	122.91	-91.78	10.02	100.00	100.02
1993-94	-86.63	121.51	-0.01	-29.67	186.64	8.16	100.00	100.00
1994-95	-6.25	-26.27	103.26	82.07	2.99	44.19	100.00	100.00
1995-96	-18.05	16.30	118.05	125.95	0.00	-42.25	100.00	100.00
1996-97	-100.33	96.48	200.33	-5.90	0.00	9.41	100.00	100.00
1997-98	-50.57	26.69	150.57	-18.29	0.00	91.60	100.00	100.00
1998-99	39.31	-957.18	26.81	937.07	33.88	120.11	100.00	100.00
1999-00	494.04	-20.09	0.00	40.74	-394.04	79.35	100.00	100.00
2000-01	-28.50	36.21	0.02	31.00	128.47	32.79	100.00	100.00
2001-02	63.38	-18.59	0.00	35.10	36.62	83.49	100.00	100.00
2002-03	126.38	-109.66	0.00	59.89	-26.38	149.77	100.00	100.00
2003-04	100.00	89.93	0.00	9.80	0.00	0.27	100.00	100.00
2004-05	28.92	6.22	0.00	76.74	71.08	17.04	100.00	100.00
2005-06	30.00	N.A.	26.73	0.00	43.26	0.00	100.00	N.A.
2006-07	17.63	-29.30	82.37	130.33	0.00	-1.03	100.00	100.00
2007-08	118.56	-65.57	-18.56	165.25	0.00	0.32	100.00	100.00
2008-09	-5.15	-176.39	105.15	273.01	0.00	3.38	100.00	100.00

Source: RBI State Finances, Various Issues

Table 17

Availment of Ways and Means Advances and Overdraft from the Reserve Bank- Kerala

Year	WMA(No. of days)	Overdraft	
		No. of days	No. of Occasions
2003-04	328	196	28
2004-05	348	161	19
2005-06	240	63	11
2006-07	223	63	9
2007-08	184	51	9
2008-09	18	0	0
2009-10	2	0	0
2010-11#	0	0	0

up to March 18, 2011

Source: RBI, State Finances, various years.

Addendum

Ways and Means Advances from RBI (Gross) (Rs. Crore)

2009-10	640.62
2010-11	0.00
2011-12*	1605.00
2012-13#	7025.00

*Revised Estimates

Budget Estimates

Source: GOK, Budget in Brief, 2012-13

Table 18
Cash Balances and Investments in Cash Balance Investments Account of Kerala

Year	Closing Balance (Rs. Lakh)			Ratio of General Cash Balance to Rev. Exp.(%)
	Cash Balance (1)	Investment held in cash balance Investment Account (2)	Total Cash Balance (1+2)	
1991	1365.94	816.89	2182.83	0.77
1992	-4522.14	867.04	-3655.10	-1.14
1993	12752.12	867.07	13619.19	3.73
1994	4132.2	865.67	4997.87	1.16
1995	1634.66	42131.25	43765.91	8.64
1996	461.84	49803.04	50264.88	8.63
1997	-1635.48	53990.26	52354.78	7.71
1998	12787.73	11050.88	23838.61	2.89
1999	-1578.73	1252.76	-325.97	-0.04
2000	-11361.21	1252.76	-10108.45	-0.87
2001	606.98	1244.56	1851.54	0.16
2002	14672.7	1244.56	15917.26	1.36
2003	-11809.23	1244.48	-10564.75	-0.72
2004	-24164.14	1244.48	-22919.66	-1.48
2005	-10731.18	1244.48	-9486.7	-0.55
2006	5584.61	15782.94	21367.55	1.16
2007	20136.56	83782.43	103918.99	4.99
2008	12326.74	85004.73	97331.47	3.91
2009	3813.74	258972.7	262786.44	9.13
2010	5840.00	323042.00	328882.00	11.62

Source: Finance Accounts, Govt. of Kerala

Note: Cash balance is the total of Cash in Tresuries, Deposits with RBI and Other Banks and Remiitances in transit.

Table 19
Cash Balances and Investments in Cash Balance Investments Account of Kerala

(Rs. Crore)

Year	Increase in Outstanding Liabilities	GFD	Gap (GFD-Increase in Debt Stock)
2001-02	3281	3269.4	-11.60
2002-03	4779	4993.6	214.60
2003-04	5431	5539	108.00
2004-05	4541	4452	-89.00
2005-06	4154	4182	28.00
2006-07	4434	3822	-612.00
2007-08	5948	6100	152.00
2008-09	7983	6347	-1636.00
2009-10	8750	7872	-878.00
2010-11	7431	7730	299.00

Source: GOK, Budget in Brief 2012-13

Table 20
Uses of Borrowings

(Percent)

Year	Capital Oulay to GSDP/GDP		Loans and Advances by State Govts to GSDP/GDP		Capital Outlay+Loans and Advances by State Govts to GSDP/GDP		Revenue Expenditure to GSDP/GDP	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	States
1991-92	1.6	1.7	1.0	1.1	2.6	2.8	18.3	14.5
1992-93	1.4	1.6	0.7	1.0	2.1	2.6	18.3	14.1
1993-94	1.4	1.6	0.9	0.9	2.3	2.4	16.3	13.8
1994-95	1.4	1.9	0.9	1.0	2.3	2.9	15.9	13.9
1995-96	1.5	1.7	0.9	0.8	2.4	2.5	15.0	13.4
1996-97	1.4	1.4	0.8	0.9	2.2	2.3	15.3	13.4
1997-98	1.5	1.6	1.2	0.8	2.7	2.4	16.7	13.3
1998-99	1.2	1.4	0.7	0.7	1.9	2.1	16.4	13.6
1999-2000	0.9	1.4	0.5	0.9	1.4	2.3	16.7	14.6
2000-01	0.8	1.6	0.4	0.6	1.2	2.2	16.3	15.1
2001-02	0.7	1.5	0.2	0.6	0.9	2.1	15.0	15.0
2002-03	0.8	1.6	0.3	0.6	1.1	2.3	17.0	14.8
2003-04	0.7	2.1	1.3	1.0	2.0	3.1	16.0	14.9
2004-05	0.6	2.1	0.2	0.7	0.7	2.7	14.4	13.7
2005-06	0.6	2.3	0.2	0.4	0.8	2.7	13.5	12.9
2006-07	0.6	2.5	0.2	0.3	0.8	2.8	13.5	12.8
2007-08	0.8	2.6	0.5	0.3	1.4	2.9	14.2	12.7
2008-09	0.8	2.7	0.5	0.3	1.3	3.0	14.0	12.9
2009-10*	0.8	2.6	0.4	0.3	1.4	2.9	15.4	13.9
1991-92 - 1995-96 (Avg.)	1.5	1.7	0.9	1.0	2.3	2.6	16.8	13.9
1996-97 - 2000-01 (Avg.)	1.2	1.5	0.7	0.8	1.9	2.3	16.3	14.0
2001-02 - 2005-06 (Avg.)	0.7	1.9	0.4	0.7	1.1	2.6	15.2	14.3
2006-07 - 2009-10 (Avg.)	0.8	2.6	0.4	0.3	1.2	2.9	14.3	13.1
1991-92 - 2000-01 (Avg.)	1.3	1.6	0.8	0.9	2.1	2.4	16.5	14.0
2001-02 - 2009-10 (Avg.)	0.7	2.2	0.4	0.5	1.2	2.7	14.8	13.7

Notes: 1. GSDP/GDP at current prices
2. * Indicates Revised Estimates

Sources: 1. RBI, State Finances, Various Issues
2. CSO, State Domestic Product (State Series), Various Issues

Addendum

2009-10	0.9
2010-11	1.2
2011-12*	1.5
2012-13#	1.7

*Revised Estimates
Budget Estimates
Source: Finance Department, Government of Kerala, Budget in Brief- 2012-13.

Table 21
Capital formation from state budgets

(Percent)

Year	Share in Total			Total
	Construction	Machinery & Other Equipments	Change in Stocks	
1990-91	83.62	16.38	0.00	100.00
1991-92	87.27	12.73	0.00	100.00
1992-93	Not available			
1993-94				
1994-95	91.71	8.29	0.00	100.00
1995-96	89.24	10.76	0.00	100.00
1996-97	84.17	15.83	0.00	100.00
1997-98	88.95	11.05	0.00	100.00
1998-99	89.27	10.73	0.00	100.00
1999-2000	Not available			
2000-01				
2001-02				
2002-03				
2003-04				
2004-05				
2005-06				
2006-07				
2007-08	87.66	12.32	0.02	100.00
2008-09	86.86	12.90	0.25	100.00
2009-10	92.64	7.08	0.28	100.00
2010-11	92.61	7.11	0.27	100.00

Source: Capital Formation-Budget in Brief, various years

Table 22
Plan Outlay and Actual Expenditure

Year	ApprovedOutlay(Rs. Crores)		Actual Expenditure (Rs. Crores)		Ratio of Actual Expenditure to PlanOutlay(%)	
	Kerala	All States	Kerala	All States	Kerala	All States
1991-92	807	27158	672	24947	83.27	91.86
1992-93	913	30217	825	28011	90.36	92.70
1993-94	1000	33695	1013	28637	101.30	84.99
1994-95	1260	40471	1261	36265	100.08	89.61
1995-96	1550	47954	1591	43341	102.65	90.38
1996-97	2200	48088	2107	50898	95.77	105.84
1997-98	2851	63360	2868	58200	100.60	91.86
1998-99	3100	79892	3355	64843	108.23	81.16
1999-2000	3250	87738	2946	72325	90.65	82.43
2000-01	3317	87776	2954	75561	89.06	86.08
2001-02	3015	97634	2398	83935	79.54	85.97
2002-03	4025	101781	3944	82836	97.99	81.39
2003-04	4430	106947	3618	89091	81.67	83.30
2004-05	4852	117727	3544	107206	73.04	91.06
2005-06	5369	142878	3878	136440	72.23	95.49
2006-07	6210	183871	4559	178442	73.41	97.05
2007-08	6950	225642	5085	211815	73.17	93.87
2008-09	7700	293664	6237	266735	81.00	90.83
2009-10*	8660	253615	N.A.	N.A.	N.A.	N.A.
2010-11#	10025	389244	N.A.	N.A.	N.A.	N.A.

* Revised Estimates

Budget Estimates

Note 1. As the Actual Expenditure is not available for 1994-95, the RE figures are taken.

2. Actual Expenditure figures for 2009-10 and 2010-11 are not currently avalibale.

Source: RBI, State Finances.

Table 23
Per Capita Plan Outlay(Actual Expenditure)

Year	Actual Expenditure (Rs. Crores)		Per Capita Plan Outlay**(Rs.)	
	Kerala	All States	Kerala	All States
1990-91	596	22361	203.83	262.57
1991-92	672	24947	226.72	287.51
1992-93	825	28011	274.36	316.93
1993-94	1013	28637	332.24	318.19
1994-95	1261	36265	407.96	395.92
1995-96	1591	43341	511.74	461.30
1996-97	2107	50898	669.74	532.84
1997-98	2868	58200	902.45	599.43
1998-99	3355	64843	1045.17	657.04
1999-2000	2946	72325	913.15	725.47
2000-01	2954	75561	927.73	734.50
2001-02	2398	83935	749.47	802.90
2002-03	3944	82836	1226.67	780.16
2003-04	3618	89091	1118.12	826.29
2004-05	3544	107206	1089.96	979.57
2005-06	3878	136440	1186.91	1228.64
2006-07	4559	178442	1388.58	1584.11
2007-08	5085	221648	1541.28	1940.43
2008-09	6237	277422	1881.33	2395.86
2009-10*	8920	334800	2677.63	2853.20
2010-11#	10025	403144	3002.58	3331.25

* Revised Outlay

\# Approved Outlay

** Calculated using mid year population.

Note: 1. From 2007-08 onwards, All States do not include NCT Delhi
2. As the Actual Expenditure is not available for 1994-95, the RE figures are taken.

Source: 1. State Finances, RBI
2. Mid year population- GOK, *Budget in Brief* , various years (2010-11 mid year population has been taken from CSO)

Table 24

Statewise Per Capita Plan Outlay/Actual Expenditure

(Rs.)

State	Tenth Plan	Eleventh Plan*
Andhra Pradesh	7873.20	15399.02
Bihar	2398.43	5952.90
Chhattisgarh	7111.03	16318.22
Goa	26870.12	46827.79
Gujarat	8627.32	15829.47
Haryana	5781.74	16879.70
Jharkhand	5467.80	9804.32
Karnataka	10834.76	16562.45
Kerala	5944.64	8845.86
Madhya Pradesh	5312.31	8627.27
Maharashtra	5520.25	10122.68
Orissa	3702.24	8271.08
Punjab	5863.93	10980.11
Rajasthan	5624.00	10668.70
Tamil Nadu	6658.14	10221.13
Uttar Pradesh	3106.92	7032.92
West Bengal	2687.96	5850.48
All States	5491.45	10257.97

Note: Mid year Population has been used for the calculation.

* Only the first four years are included under the eleventh plan.

Figures for 2009-10 is of Revised Oulay and 2010-11 is of Budget Outlay

Source: GOK, Budget in Brief, 2012-13

Table 25
Non-plan Revenue Surplus Ratios

(Percent)

Year	Ratio of Non-plan Revenue Surplus to			
	Total Plan Grants from the Centre		Total Central assitance	
	Kerala	All States	Kerala	All States
1990-91	-112.13	-3.21	-60.36	-1.97
1991-92	-85.31	-13.93	-48.64	-9.04
1992-93	-53.21	-9.76	-31.67	-6.42
1993-94	-43.94	-11.38	-24.89	-7.67
1994-95	-38.97	-8.47	-24.34	-5.10
1995-96	32.70	12.96	18.05	8.21
1996-97	31.80	-26.43	17.65	-15.15
1997-98	59.66	-24.63	31.02	-13.90
1998-99	-84.26	-141.85	-43.88	-80.67
1999-2000	-413.93	-163.49	-207.24	-95.69
2000-01	-342.24	-147.72	-176.51	-86.39
2001-02	-209.59	-142.58	-122.97	-82.70
2002-03	-243.69	-123.88	-103.78	-73.70
2003-04	-284.44	-126.39	-146.37	-76.29
2004-05	-156.41	-41.46	-70.68	-26.49
2005-06	-89.21	40.34	-67.76	33.62
2006-07	-132.39	91.60	-109.93	82.72
2007-08	-202.51	111.52	-157.68	101.63
2008-09	-122.90	69.95	-90.36	65.03
2009-10*	-103.94	136.17	-78.61	124.31
2010-11#	-31.49	171.38	-22.00	155.32

Source: RBI, State Finances,various years.

Table 26
Components of State Plan Resources

(Rs. In Crore)

Year	Balance from Current Revenues	Net Contribution from State PSUs (Non-Plan support to State PSUs) and LSG's	Plan Grants Under FC	MCR(Net)	State Provident Fund, Small Savings (Net)	Small Savings - NSSF (Gross)	SLR based Borrowi-ngs (net)	Negotiated Loans (Gross)	Repayme-nt of Loans	Adjustment of opening Balance	CSS/CPS Deficit (-) /Surplus(+)	Central Assist-ance	State Plan Resources
	i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	(i to xii)
2000-01	-1786.62	594.3	79.34	1384.91	688.91	440.15	577.29	473.55	0	-119.68	-141.26	684.21	2875.10
2001-02	-1713.01	430.58	130.14	-660.06	-15.83	462.56	966.05	582.42	0	-140.66	104.09	815.7	961.98
2002-03^	-1845.3	448.12	182.3	-916.59	139.7	832.31	1237.3	647.78	0	264.82	-205.67	1474.85	4424.85
2003-04	-2019.25	297.57	188.16	-2360.05	438.25	1946.96	1930.63	1879.25	0	123.54	-80.44	1022.63	3367.25
2004-05^	-1389.29	313.05	353.26	-2113.9	593.11	2794.95	1671.89	546.42	0	-108.06	-211.3	1750.82	4827.79
2005-06	-616.23	397.2	773.04	-2514.59	606.9	2678.02	1801.15	741.06	0	-163.15	-199.66	727.2	4230.94
2006-07	-1332.28	1870.53	4.97	671.53	-306.67	2228.1	773.05	717.53	-631.04	0	0	777.86	4773.58
2007-08	-2749.18	1919.45	37.22	-847.78	1126.49	180.45	4296.75	750.04	-449.76	0	0	1426.72	5690.40
2008-09	-2287.99	2532.13	33.85	-1015.8	1233.31	13.29	4781.63	624.3	-916.04	0	0	2144.03	7142.71
2009-10	-2155.49	2914.2	7.53	-672.99	2849.29	72.42	4710.3	481.75	-956.55	0	0	1530.03	8780.49
2010-11	-909.68	3614.33	8.55	-1279.77	2489.94	389.44	4770.52	854.68	-1200.5	0	0	1287.07	10024.58
2011-12*	-3265.73	4151.32	422.18	-1214.66	2548.14	10	7916.6	934.65	-1402.85	0	0	2126.57	12226.22
2012-13#	650.74	4328	423.31	-5081.36	1079.57	200	10400.24	934.01	-1594.96	0	0	2670.45	14010.00

* Revised Estimates

Budget Estimates

Notes: 1. State Plan Resources is not equal to the sum (i to xii) in the years 2002-03 and 2004-05. These figures are taken as they are in the Budget in Brief.

Source: Budget in Brief, Government of Kerala

Table 27

Revenue and Plan Components of Total Expenditure

(Percent)

Year	Revenue component of total plan expenditure		Plan Component of Total Expenditure	
	Kerala	All States	Kerala	All States
1990-91	51.64	52.42	22.50	30.12
1991-92	49.97	51.26	20.49	28.80
1992-93	58.93	54.22	20.64	27.98
1993-94	53.66	53.69	22.84	27.28
1994-95	53.77	49.73	23.80	27.55
1995-96	55.26	51.94	24.05	27.28
1996-97	59.03	49.16	26.30	29.37
1997-98	60.65	51.43	30.00	25.98
1998-99	68.83	54.12	28.91	24.35
1999-2000	70.50	54.48	22.56	22.40
2000-01	71.83	53.18	20.55	22.64
2001-02	73.09	58.29	18.05	21.24
2002-03	77.09	54.00	23.35	21.07
2003-04	76.77	49.98	15.78	19.46
2004-05	78.65	50.84	19.71	21.18
2005-06	74.90	48.10	20.33	25.77
2006-07	65.39	47.82	15.27	28.69
2007-08	50.07	49.36	15.90	30.77
2008-09	58.84	51.02	16.83	32.12
2009-10*	64.60	53.91	17.33	32.33
2010-11#	67.51	56.39	19.17	33.09

Sources: RBI, State Finances, various years.

Addendum

2009-10	61.59	N.A.	18.60	N.A.
2010-11	57.63	N.A.	17.86	N.A.
2011-12*	58.37	N.A.	17.27	N.A.
2012-13#	71.47	N.A.	17.30	N.A.

* Revised Estimates

Budget Estimates

Source: GOK, Budget in Breif

Table 28

Ratio of Revenue and Revenue Expenditure to GSDP/GDP

(Percent)

Year	Own Revenue/GSDP		Central Transfers/GSDP		Total Revenue/GSDP		Rev Exp/GSDP	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	All States
1990-91	11.0	7.7	6.1	5.2	17.0	12.9	20.0	13.9
1991-92	10.9	8.2	5.4	5.4	16.3	13.6	18.3	14.5
1992-93	10.9	7.7	5.8	5.6	16.6	13.4	18.3	14.1
1993-94	10.1	7.8	4.8	5.5	14.9	13.3	16.3	13.8
1994-95	10.0	8.4	4.6	4.9	14.6	13.2	15.9	13.9
1995-96	10.1	8.0	3.9	4.6	14.0	12.6	15.0	13.4
1996-97	9.9	7.5	3.9	4.6	13.8	12.1	15.3	13.4
1997-98	10.2	7.5	4.2	4.6	14.4	12.1	16.7	13.3
1998-99	9.3	7.0	3.5	3.9	12.8	10.9	16.4	13.6
1999-00	8.3	7.4	3.2	4.2	11.5	11.6	16.7	14.6
2000-01	9.0	7.8	3.0	4.6	12.0	12.4	16.3	15.1
2001-02	8.3	7.6	3.3	4.5	11.6	12.2	15.0	15.0
2002-03	9.2	7.9	3.1	4.5	12.2	12.4	17.0	14.8
2003-04	9.2	7.8	3.0	4.7	12.2	12.5	16.0	14.9
2004-05	8.2	8.0	3.1	4.6	11.3	12.5	14.4	13.7
2005-06	7.8	7.7	3.3	5.0	11.2	12.7	13.5	12.9
2006-07	8.4	8.0	3.5	5.4	11.8	13.4	13.5	12.8
2007-08	8.5	7.9	3.6	5.7	12.1	13.6	14.2	12.7
2008-09	8.7	7.6	3.5	5.5	12.2	13.2	14.0	12.9
2009-10*	8.3	10.2	3.2	5.6	11.5	15.9	13.3	13.9
Average of ratios								
1991-92 - 1995-96	10.4	8.0	4.9	5.2	15.3	13.2	16.8	13.9
1996-97 - 2000-01	9.3	7.4	3.6	4.4	12.9	11.8	16.3	14.0
2001-02 - 2005-06	8.5	7.8	3.2	4.7	11.7	12.5	15.2	14.3
2006-07 - 2009-10@	8.5	8.5	3.4	5.6	11.9	13.4	13.8	12.8
1991-92 - 2000-01	9.9	7.7	4.2	4.8	14.1	12.5	16.5	14.0
2001-02 - 2009-10@	8.5	8.1	3.3	5.1	11.8	12.8	14.5	13.7

Source: RBI, State Finances & CSO, National Accounts Statistics & State Domestic Product, State Series, Various Issues

@ Average Ratio to GSDP upto 2009-10 only

* Revised estimates

Addendum

2009-10	8.38	NA	2.85	NA	11.24	NA	13.40	NA
2010-11	8.54	NA	2.65	NA	11.19	NA	12.51	NA
2011-12*	8.94	NA	3.18	NA	12.12	NA	13.79	NA
2012-13#	9.10	NA	3.20	NA	12.30	NA	13.19	NA

* Revised Estimates

Budget Estimates

Source: GOK, Budget in Breif

Glossary

Revenue Deficit (RD) denotes the difference between revenue receipts and revenue expenditure.

Capital Deficit (CD) denotes the difference between capital receipts and capital disbursements.

Conventional Deficit or Budget Deficit or Overall Deficit is the difference between total receipts and expenditure, both revenue and capital.

Gross Fiscal Deficit (GFD) is the difference between aggregate disbursements (revenue expenditure plus capital disbursements net of debt repayment and recovery of loans) and revenue receipts and non debt capital receipts.

Primary Revenue Balance (PRB) denotes revenue deficit *minus* interest payments.

Net Lending is ‘loans and advances by State Governments’ less ‘recovery of loans and advances’.

Non-debt Capital Receipts comprises mainly of Recoveries of Loans and Proceeds of Disinvestment.

Capital Outlay denotes direct capital expenditure made by the Government and the investments made by it mostly in State Public Sector Units (PSUs), co-operatives and in a few cases in private sector organizations.

Loans and Advances are made by the Government avowedly meant for capital purposes to PSUs, Co-operatives and occasionally to private organizations.