Analysis of State Budget Allocation of Goa, Manipur, Punjab, Uttar Pradesh and Uttarakhand

Executive Summary

- The highest fiscal deficit among the 5 state is in Uttar Pradesh, amounting to an all-time high of 20,513 crore in 2008-09 followed by Punjab which recorded a fiscal deficit of 6690 crores in 2008-09.
- The fiscal deficit of the Manipur increased threefold from 217 crore in 2008-09 to 733 crore in 2009-10.
- Punjab is the only state to have an aggregate revenue deficit of 13,580 crores from 2005-2010 – all the 4 other states have managed to show a revenue surplus in the period of 2005-2010.
- In 2008-09 and 2009-10 the Government of Goa has not received any debt waiver from the central government since the necessary conditionalities were not met – namely that the fiscal deficit of Goa was higher than the prescribed ceiling of 3.5% and 4% of the Gross State Domestic Product respectively. For example, the fiscal deficit in 2009-10 was 5.49% of GSDP which exceeded the prescribed ceiling.
- In Uttarakhand, in 2005-2010, the budget projections for Revenue Deficit and Fiscal Deficit each year have consistently not been achieved. Further, in 2009-10, Capital Expenditure in Uttarakhand remained unutilized to the extent of 16%, due to lower disbursement under education, rural development and irrigation sector.
- Salaries, pensions and interest payments together consist of a significant portion of the revenue expenditure of the state government in most states, the two highest being 72% of the total revenue expenditure in 2009-10 in Uttarakhand and 75% of the state's revenue expenditure in Punjab.
- In Punjab, the expenditure on salaries in 2009-10 was 43% of the revenue expenditure, exceeding the norm of 35% envisaged by the Twelfth Finance Commission.
- Manipur is the most dependent on central funding of the 5 states; being 90% reliant on GOI sources for revenue receipts in the period between 2005 and 2010.

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Introduction

The 5 States with upcoming Assembly elections are very varied with Gross State Domestic Product ranging from 6,767 crores in the case of Manipur to 3,67,786 crores in the case of Uttar Pradesh. Further, Manipur and Uttarakhand are Special Category States which means they get Central plan assistance in the form of 90% grant and only 10% loan in view of their weak economic basis as opposed to General category states which get 70% grant and 30% loan.

All figures in Rs. Crore	**Goa**	**Manipur**	**Punjab**	**Uttar Pradesh**	**Uttarakhand**
Gross State Domestic Product	19,525	6,767	1,40,145	3,67,786	47,808

Key Financial Indicators

Table 1 gives the aggregate financial indicators (total of key indicators from 2005-2010) for the 5 upcoming assembly elections. The points to be noted are as follows:

- Punjab is the only state to have an aggregate revenue deficit from 2005-2010 – all other states have managed to show a revenue surplus
- Uttar Pradesh has the highest aggregate fiscal deficit at 72,693 crores among all the states, while Manipur registers the lowest.

Table: Key Aggregate Financial Indicators 2005-2010

All figures in Rs. Crore	**Goa**	**Manipur**	**Punjab**	**Uttar Pradesh**	**Uttarakhand**
Revenue Receipts (A)	15,351	16,526	99,641	3,48,873	38,922
Revenue Expenditure (B)	15,090	12,347	1,11,789	3,32,882	38,301
Revenue Deficit (-)/Surplus (+) (C=A-B)	261	4,179	-13,580	15,991	621
Capital Accounts Receipts (D)	3,178	1,587	30,911	76,757	7,852
Capital Expenditure (E)	3,875	5,646	11,319	87,082	9,302
Fiscal Deficit* (B+ E+ Net loans and advances – A – Misc capital receipts)	-3,679	-1,594	-20,730	-72,693	-9,133

*The aggregate fiscal deficit for the same period (2005-2010) for the Union of India is 11,71,394 crores.

Revenue Receipts

Table 2 gives the break-up of aggregate Revenue Receipts from 2005-2010 for the 5 states facing assembly elections. Significant points are:

- Manipur is the most dependent on central funding; being 90% reliant on GOI funds in the period between 2005 and 2010 while Goa was the least dependent.
- Both Uttar Pradesh and Uttarakhand are dependent to a similar extent on Central funds (50-60%). However, it must be kept in mind that Uttarakhand has been classified as a Special Category State due to its economically weak basis, and therefore it is more understandable that the State is dependent to such a large extent on central funding.

Table: Break-up of Revenue Receipts (2005-2010)

All figures in Rs. Crore	**Goa**	**Manipur**	**Punjab**	**Uttar Pradesh**	**Uttarakhand**
Total revenue receipt (A)	**15,351**	**16,526**	**99,641**	**3,48,873**	**38,922**
Tax receipt of State (B)	7,203	730	51,094	1,29,352	13,642
Non-Tax receipt of State (C)	5,689	916	28,953	35,647	3,296
Share of Union Taxes (D)	1,794	2,506	8,997	1,33,412	6,626
Grants from Government of India (E)	665	12,374	10,571	50,463	15,358
Total amount received from Central sources (F=D+E)	2,459	14,880	19,568	1,83,875	21,984
% of revenue receipt from Central sources (G=F/A %)	**16%**	**90%**	**20%**	**53%**	**56%**

Committed Expenditure

The table below gives the amounts for the committed expenditure of the State as a percentage of its revenue expenditure. Committed expenditure is defined by the Comptroller and Auditor General as the expenditure on interest payments, salaries and wages, pensions and subsidies. The points to be noted are –

- Punjab has the highest aggregate percentage of committed expenditure as a percentage of revenue expenditure at 79% with Uttar Pradesh second at 59% in the period of 2005-2010.

- Punjab also has 'salaries' as the highest percentage of revenue expenditure at 33% with Uttar Pradesh and Uttarakhand second at 32%.

Table: Aggregate Committed Expenditure (2005-2010)

All figures in Rs. Crore	**Goa**	**Manipur**	**Punjab**	**Uttar Pradesh**	**Uttarakhand**
Salaries and Wages (A)	3,363	4,849	32,554	1,10,165	12,597
Interest Payments (B)	2367	1462	22,307	53,758	5,394
Pensions (C)	1023	1173	12,181	32,977	3,478
Subsidies (D)	233	11	11,873	8,094	84
Total (E=A+B+C+D)	6986	7495	78,915	2,04,994	21,553
Revenue Receipt (F)	15,351	16,526	99,641	3,48,873	38,922
% of revenue receipt (E/F %)	**46%**	**45%**	**79%**	**59%**	**55%**

GOA

Introduction

Goa has a relatively low population density of 258 persons compared to all India average of 325 persons per sq. km. It also has one of the highest literacy rates of the states in the country, and one of the highest Compound Annual Growth Rates (14.35%) of Gross State Domestic Product (GSDP) of the General Category States in the country.

Key Financial Indicators

Table 1 summarizes the main financial indicators for the Goa State Budget from 2005-2010. The points to be noted are as follows:

- Revenue receipt grew by 16% in 2009-10 over the previous year mainly due to tax revenue.

- Revenue expenditure increased by Rs. 802 crore over the previous year. The increase was mainly under Education, Sports, Art and Culture (160 crore), Pension and Retirement benefits (129 crore), Power (76 crore) and Health and Family Welfare (53 crore).
- The fiscal deficit during 2009-10 was 5.49% of GSDP. In 2008-09 and 2009-10 the Government of Goa has not received any debt waiver since the necessary conditionalities were not met – the fiscal deficit of Goa was much higher than the ceiling of 3.5 and 4% respectively.

Table 1: Key Financial Indicators for Goa

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Revenue Receipts (A)	2169	2610	2944	3528	4100
Revenue Expenditure (B)	2191	2469	2778	3425	4227
Revenue Deficit (-)/Surplus (+) (C=A-B)	-22	141	166	103	-127
Capital Accounts Receipts (D)	704	645	511	673	645
Capital Expenditure (E)	580	626	688	897	1084
Fiscal Deficit (B+ E+ Net loans and advances – A – Misc capital receipts)	-603	-487	-541	-813	-1235

Revenue Receipts

Table 2 gives the break-up of Revenue Receipts for the State government. Goa is a largely self-sufficient state with majority of its revenue coming from its own tax and non-tax receipts.

It should be noted that the Central Government additionally transfers funds directly to the State Implementing Agencies for the implementation of various schemes/programmes in social and economic sectors recognized as critical. GOI directly transferred an additional 380.56 crore to Goa State implementing agencies during 2009-10.

Table 2: Break-up of Revenue Receipts

All figures in Rs. Crore	2005-06	2006-07	2007-08	2008-09	2009-10
Total revenue receipt (A)	**2169**	**2610**	**2944**	**3528**	**4100**
Tax receipt of State (B)	1096	1292	1359	1694	1762
Non-Tax receipt of State (C)	761	918	1043	1236	1731
Share of Union Taxes (D)	245	312	394	415	428
Grants from Government of India (E)	67	88	148	183	179
Total amount received from Central sources (F=D+E)	312	400	542	598	607
% of revenue receipt from Central sources (G=F/A %)	14%	15%	18%	17%	15%

Committed Expenditure

Table 3 gives the amounts for the committed expenditure of the State as a percentage of its revenue expenditure. Committed expenditure is defined by the Comptroller and Auditor General as the expenditure on interest payments, salaries and wages, pensions and subsidies. The points to be noted are –

- Salaries, interest payments and pensions together consist of almost 49% of the state's revenue expenditure.
- During the years 2008-09 and 2009-10 the expenditure on salaries increased 224 crore and 268 crore respectively. The increase was mainly due to payment of Sixth Pay Commission arrears to the Government employees to the extent of 40% in 2008-09 and the remaining 60% in 2009-10. The entire arrears have already been paid with no further liability in future years.
- Pension payments during 2009-10 increased by 129.94 crore, a highest ever increase of 59% over the previous year, mainly due to implementation of the Sixth Pay Commission's recommendations. The assessment made by the Twelfth Finance Commission was 199 crore whereas the actual expenditure stood at 350 crore.

Table 3: Committed Expenditure for Goa

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Salaries and Wages (A)	440	472	579	802	1070
Interest Payments (B)	400	427	447	510	583
Pensions (C)	159	150	144	220	350
Subsidies (D)	44	40	36	55	58
Total (E=A+B+C+D)	**1,043**	**1,089**	**1,206**	**1,587**	**2,061**
Revenue Receipt (F)	2169	2610	2944	3528	4100
% of revenue receipt (E/F %)	**48%**	**42%**	**41%**	**45%**	**50%**

MANIPUR

Introduction

Manipur is a Special Category State with a primarily agrarian population (76% engaged in agriculture). Population density is low at 103 persons per sq. km. compared to the all India average. The literacy rate is higher than that of the all-India average. The Gross State Domestic Product in 2009-10 showed a strong growth of 13.47%. Cumulatively, the Compound Annual Growth Rate from 2000-09 was 11.91% which is marginally higher than the other north-eastern states.

Key Financial Indicators

Table 1 summarizes the main financial indicators for the Manipur State Budget from 2005-2010. The points to be noted are as follows:

- Revenue receipts increased marginally by 0.52 crore (0.01%) over the previous year.

Though Tax revenue increased by 25.97 crore and State's share of Union Taxes and Duties by 16.75 crore, Non–tax revenue and Grants-in-aid from Government of India decreased by 13.71 crore and 28.49 crore respectively, resulting in the stagnating position of Revenue receipt.

- Revenue expenditure and Capital expenditure increased by 392.12 crore (14.95%) and ` 120.98 crore (8.25%) respectively in 2009-10 over the previous year
- The Fiscal deficit of the State increased **threefold** from 217 crore in 2008-09 to 733 crore in 2009-10. As a result, the ratio of Fiscal Deficit to GSDP increased from 2.83% in 2008-09 to 8.43% in 2009-10. This was mainly due to an increase in market borrowings.

Table 1: Key Financial Indicators for Manipur

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Revenue Receipts (A)	2409	2863	3508	3873	3873
Revenue Expenditure (B)	2004	2415	2292	2622	3014
Revenue Deficit (-)/Surplus (+) (C=A-B)	405	448	1216	1251	859
Capital Accounts Receipts (D)	219	267	263	315	523
Capital Expenditure (E)	616	867	1108	1467	1588
Fiscal Deficit (B+ E+ Net loans and advances – A – Misc capital receipts)	-271	-475	+102	-217	-733

Revenue Receipts

Table 2 gives the break-up of Revenue Receipts for the State government. Manipur depends mainly on Central funds with ~90% of its funds coming from either GOI taxes or Central Grants. Additionally, the Central Government has transferred 845.3 crores in 2009-10 directly to State Implementing agencies for the implementation of various schemes/programmes in social and economic sectors recognized as critical. This includes schemes like the NREGS, National Rural Health Mission, National AIDS Control etc.

Table 2: Break-up of Revenue Receipts

All figures in Rs. Crore	2005-06	2006-07	2007-08	2008-09	2009-10
Total revenue receipt (A)	**2409**	**2863**	**3508**	**3873**	**3873**
Tax receipt of State (B)	95	122	147	170	196
Non-Tax receipt of State (C)	76	181	165	254	240
Share of Union Taxes (D)	342	436	550	581	597
Grants from Government of India (E)	1896	2124	2646	2868	2840
Total amount received from Central sources (F=D+E)	2238	2560	3196	3449	3437
% of revenue receipt from Central sources (G=F/A %)	**93%**	**89%**	**91%**	**89%**	**89%**

Committed Expenditure

Table 3 gives the amounts for the committed expenditure of the State as a percentage of its revenue expenditure. Committed expenditure is defined by the Comptroller and Auditor General as the expenditure on interest payments, salaries and wages, pensions and subsidies. The points to be noted are –

- Salaries, interest payments and pensions together consist of 45% of the state's revenue expenditure in 2009-10. Salaries alone accounted for almost 30%.
- The Compounded Annual Growth Rate of Salary and Wages of the State from 2003-04 to 2008-09 is 10.36% and was much higher than that of NE states (7.26%).
- Pension payments alone accounted for nearly 8% of Revenue receipts of the State during 2009-10 and increased by 26 crore (10%) from 267 crore last year to 293 crore.
- The Compound Annual Growth rate of Interest Payment for Manipur between 2000-01 and 2008-2009 is 10.11% which was much higher than average north east states (7.51%); indicating that the State's economy was comparatively more stressed due to past liabilities.

Table 3: Committed Expenditure for Manipur

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Salaries and Wages (A)	872	813	928	1095	1141
Interest Payments (B)	238	289	298	314	323
Pensions (C)	168	239	206	267	293
Subsidies (D)	3	3	-	2	3
Total (E=A+B+C+D)	**1281**	**1344**	**1432**	**1678**	**1760**
Revenue Receipt (F)	2409	2863	3508	3873	3873
% of revenue receipt (E/F %)	**53%**	**47%**	**41%**	**43%**	**45%**

PUNJAB

Introduction

Punjab is an agrarian state with the advantage of relatively lower population below poverty line compared to other General Category states as per the Comptroller and Auditor General. It also has relatively higher literacy, life expectancy at birth and lower infant mortality compared to the all-India average.

Key Financial Indicators

Table 1 summarizes the main financial indicators for the Punjab State Budget from 2005-2010. The points to be noted are as follows:

- Revenue expenditure increased in 2009-10 by 11.6%. The increase was mainly due to increase under general education, pension, assignment to local bodies and Panchayati Raj Institutions and roads and bridges.
- Punjab has faced a revenue deficit since 2007-08 since revenue growth has failed to surpass revenue expenditure
- Punjab has the fifth highest fiscal deficit of all States which is 3.6% of its Gross State Domestic Product

Table 2: Key Financial Indicators for Punjab

All figures in Rs. Crore	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Receipts (A)	16,966	20,567	19,238	20,713	22,157
Revenue Expenditure (B)	18,207	18,544	23,061	24,569	27,408
Revenue Deficit (-)/Surplus (+) (C=A-B)	-1,240	2,023	-5,256	-3,856	-5,251
Capital Accounts Receipts (D)	4,715	4,670	7,108	6,058	8,360
Capital Expenditure (E)	1,517	2,586	2,192	2,858	2,166
Fiscal Deficit (B+ E+ Net loans and advances – A – Misc capital receipts)	-2,654	-612	-4,604	-6,690	-6,170

Revenue Receipts

Table 2 gives the break-up of Revenue Receipts for the State government. Punjab is largely a self-sufficient state with most of its funds being generated through state tax receipts.

It should be noted that the Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies for the implementation of various schemes/programmes in social and economic sectors recognized as critical. These funds are not routed through the State Budget/State Treasury System. The CAG has pointed out the direct transfer to state implementing agencies run the risk of poor oversight of utilization of funds. During 2009-10 the Central Government has directly transferred an additional amount of 1162 crore to state implementing agencies.

Table 2: Break-up of Revenue Receipts

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Total revenue receipt (A)	**16,966**	**20,567**	**19,238**	**20,713**	**22,157**
Tax receipt of State (B)	8,989	9,017	9,899	11,150	12,039
Non-Tax receipt of State (C)	4,536	7,745	5,235	5,784	5,653
Share of Union Taxes (D)	1,228	1,566	1,975	2,084	2,144
Grants from Government of India (E)	2,213	2,234	2,109	1,695	2,320
Total amount received from Central sources (F=D+E)	3441	3800	4084	3779	4464
% of revenue receipt from Central sources (G=F/A %)	**20%**	**18%**	**21%**	**18%**	**20%**

Committed Expenditure

Table 3 gives the amounts for the committed expenditure of the State as a percentage of its revenue expenditure. Committed expenditure is defined by the Comptroller and Auditor General as the expenditure on interest payments, salaries and wages, pensions and subsidies. The points to be noted are –

- Salaries, interest payments and pensions together consist of 75% of the state's revenue expenditure.
- The expenditure on salaries in 2009-10 was 43% of the revenue expenditure exceeding the norm of 35% envisaged by the Twelfth Finance Commission.
- Interest payment as a percentage of revenue receipt was 23% in 2009-10, beyond the medium term target of 15% set by the Twelfth Finance Commission.

Table 3: Committed Expenditure for Punjab

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Salaries and Wages (A)	5,389	5,726	6,379	6,835	8,225
Interest Payments (B)	3,715	4,152	4,527	4,902	5,011
Pensions (C)	1,656	1,905	2,433	2,830	3,357
Subsidies (D)	1,574	1,553	3,021	2,806	2,919
Total (E=A+B+C+D)	**12,334**	**13,336**	**16,360**	**17,373**	**19,512**
Revenue Receipt (F)	16,966	20,567	19,238	20,713	22,157
% of revenue receipt (E/F %)	**73%**	**65%**	**85%**	**84%**	**88%**

UTTAR PRADESH

Introduction

Uttar Pradesh is a densely populated state with several developmental concerns such as high poverty rates, high infant mortality, low literacy rates and lesser life expectancy rates compared to other states in the country. The state experiences lower economic growth in the past decade as the Compound Annual Growth Rate of its Gross Domestic Product for 2000-01 to 2008-09 has been 10.8% compared to 13.4% in other General Category states.

Key Financial Indicators

Table 1 summarizes the main financial indicators for the Uttar Pradesh State Budget from 2005-2010. The points to be noted are as follows:

- Revenue expenditure increased by 18% in 2009-10, and significantly exceeded the assessment made by the government in the Fiscal Correction Path
- Capital expenditure also increased by 12% in 2009-10, mainly due to capital outlay on rural development programmes and procurement of food grains.

Table 2: Key Financial Indicators for Uttar Pradesh

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Revenue Receipts (A)	45,349	60,600	68,672	77,831	96,421
Revenue Expenditure (B)	46,617	55,699	65,223	75,969	89,374
Revenue Deficit (-)/Surplus (+) (C=A-B)	-1,268	4,901	3,449	1,862	7,047
Capital Accounts Receipts (D)	14,842	12,067	9,528	17,538	22,782
Capital Expenditure (E)	8,711	13,984	16,950	22,346	25,091
Fiscal Deficit (B+ E+ Net loans and advances – A – Misc capital receipts)	-10,078	-9,615	-13,794	-20,513	-18,693

Revenue Receipts

Table 2 gives the break-up of Revenue Receipts for the State government, indicating that more than 50% of the revenue income of the State comes from central sources in the shape of either grants from the Government of India or share of Union Taxes.

It should be noted that the Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies for the implementation of various schemes/programmes in social and economic sectors recognized as critical. These funds are not routed through the State Budget/State Treasury System. The Central Government in 2009-10 transferred an additional 13,710 crore directly to state implementing agencies such as the NREGS. The CAG has commented upon this saying it runs the risk of poor oversight of utilization of funds.

Table 2: Break-up of Revenue Receipts

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Total revenue receipt (A)	**45,349**	**60,600**	**68,672**	**77,831**	**96,421**
Tax receipt of State (B)	18,858	22,998	24,959	28,659	33,878
Non-Tax receipt of State (C)	2,930	6,533	5,816	6,767	13,601
Share of Union Taxes (D)	18,203	23,218	29,288	30,906	31,797
Grants from Government of India (E)	5,358	7,851	8,609	11,499	17,146
Total amount received from Central sources (F=D+E)	23,561	31,069	37,897	42,405	48,943
% of revenue receipt from Central sources (G=F/A %)	**52%**	**51%**	**55%**	**54%**	**51%**

Committed Expenditure

Table 3 gives the amounts for the committed expenditure of the State as a percentage of its revenue expenditure. Committed expenditure is defined by the Comptroller and Auditor General as the expenditure on interest payments, salaries and wages, pensions and subsidies. The points to be noted are –

- In 2009-10, salaries, interests and pensions payments together comprise of 59% of all revenue expenditure.
- Salary Bill in 2009-10 as a percentage of revenue expenditure (net of interest payments and pensions) was 50%, while the Twelfth Finance Commission norm was 35%
- Pension payments have risen by 177% from Rs. 3991 crore in 2005-06 to Rs. 11,007 crore in 2009-10. Pension payments in 2009-10 exceeded the projection of the Twelfth Finance Commission by 66%. The Government has introduced a Contributory Pension Scheme to mitigate impact of rising pension liabilities
- In 2009-10, major sectors given subsidy were energy (38%), rural development (28%), agriculture (20%) and irrigation and flood control (4%)

Table 3: Committed Expenditure for Uttar Pradesh

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Salaries and Wages (A)	15,653	17,956	19,352	23,857	33,347
Interest Payments (B)	9,098	10,477	10,820	11,375	11,988
Pensions (C)	3,991	4,850	6,136	6,926	11,074
Subsidies (D)	--	--	--	3,819	4,275
Total (E=A+B+C+D)	**28,742**	**33,283**	**36,308**	**45,977**	**60,684**
Revenue Receipt (F)	45,349	60,600	68,672	77,831	96,421
% of revenue receipt (E/F %)	**63%**	**55%**	**53%**	**59%**	**63%**

UTTARAKHAND

Introduction

Uttarakhand is a Special Category State because of its mountainous terrain, due to which there are higher infrastructure and transaction costs, as well as higher costs of governance. This means that special privileges are given to Uttarakhand, including financial assistance from the Centre in the ratio 90% grant and 10% loan, unlike non-special category states which get 70% grant and 30% loan.

Key Financial Indicators

Table 1 summarizes the main financial indicators for the Uttarakhand State Budget from 2005-2010. The points to be noted are as follows:

- Revenue Receipts were short by 13% in 2009-10 due to less receipt under Non-tax Revenue. The State Government, in its Mid Term Policy Statement attributed the shortfall revenue collection to the recession in the economy and financial burden that arose by Rs. 2,500 crore after the implementation of Sixth Pay Commission recommendations.

- Capital Expenditure in 2009-10 remained unutilized to the extent of 16%, due to less disbursement under education, rural development and irrigation sector.

- Over the last 5 years, the budget projections for Revenue Deficit and Fiscal Deficit have not been achieved. The State could not achieve the fiscal deficit target of 4% of Gross State Domestic Product as prescribed in the Fiscal Responsibility and Budgetary Management (FRBM) Act, 2005 for the year 2009-10 which stood at 5.94%.

Table 2: Key Financial Indicators for Uttarakhand

All figures in Rs. Crore	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Revenue Receipts (A)	5,537	7,373	7,891	8,635	9,486
Revenue Expenditure (B)	5,610	6,476	7,254	8,394	10,567
Revenue Deficit (-)/Surplus (+) (C=A-B)	-73	897	637	241	-1,081

All figures in Rs. Crore	2005-06	2006-07	2007-08	2008-09	2009-10
Capital Accounts Receipts (D)	1,793	1,248	1,466	1,598	1,747
Capital Expenditure (E)	1,705	1,699	2,235	2,016	1,647
Fiscal Deficit (B+ E+ Net loans and advances – A – Misc capital receipts)	-1,878	-885	-1,744	-1,843	-2,783

Revenue Receipts

Table 2 gives the break-up of Revenue Receipts for the State government, indicating that more than 50% of the revenue income of the State comes from central sources in the shape of either grants from the Government of India or share of Union Taxes.

It should be noted that the Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies for the implementation of various schemes/programmes in social and economic sectors recognized as critical. These funds are not routed through the State Budget/State Treasury System. During 2009-10 the Central Government directly routed an additional 1,010 crore to state implementing agencies.

Table 2: Break-up of Revenue Receipts

All figures in Rs. Crore	2005-06	2006-07	2007-08	2008-09	2009-10
Total revenue receipt (A)	**5,537**	**7,373**	**7,891**	**8,635**	**9,486**
Tax receipt of State (B)	1,785	2,514	2,739	3,045	3,559
Non-Tax receipt of State (C)	650	647	668	699	632
Share of Union Taxes (D)	1,010	1,132	1,428	1,506	1,550
Grants from Government of India (E)	2,092	3,081	3,056	3,384	3,745
Total amount received from Central sources (F=D+E)	3102	4213	4484	4890	5295

All figures in Rs. Crore	2005-06	2006-07	2007-08	2008-09	2009-10
% of revenue receipt from Central sources (G=F/A %)	56%	57%	57%	57%	56%

Committed Expenditure

Table 3 gives the amounts for the committed expenditure of the State as a percentage of its revenue expenditure. Committed expenditure is defined by the Comptroller and Auditor General as the expenditure on interest payments, salaries and wages, pensions and subsidies. The points to be noted are –

- Salaries, pensions and interest payments together consist of 72% of the total revenue expenditure of the Government in 2009-10, leaving a much smaller amount (Rs. 2424 crore) of revenue expenditure to be spent on new social welfare schemes. This amounts to less than Rs. 2500 per person.[1]
- The Twelfth Finance Commission norms prescribe that expenditure under the salaries head should be 35% of revenue expenditure while actual expenditure on salaries accounted for 53% in 2009-2010
- Expenditure on salaries increased by 44% from 2008-09 to 2009-10 due to the implementation of the Sixth Pay Commission.

Table 3: Committed Expenditure for Uttarakhand

All figures in Rs. Crore	2005-06	2006-07	2007-08	2008-09	2009-10
Salaries and Wages (A)	1,381	1,551	2,232	3,045	4,388
Interest Payments (B)	808	964	1,096	1,188	1,338
Pensions (C)	453	527	623	828	1,047
Subsidies (D)	--	--	--	42	42
Total (E=A+B+C+D)	2,642	3,042	3,951	5,103	6,815
Revenue Receipt (F)	5,537	7,373	7,891	8,635	9,486
% of revenue receipt (E/F %)	**48%**	**41%**	**50%**	**59%**	**72%**

[1] According to Interim Census data Uttarakhand has a current population of over 1 crore (1,01,16,752)

VIII. APPENDIX

Definitions

Term	Definition
Revenue Receipt	Revenue receipt consists of state tax receipts + state non-tax receipts + share of Union taxes + grants from Government of India
Capital Receipt	Capital receipts consist of borrowing and other liabilities as well as recoveries of loans. Capital receipts create liabilities or reduce assets
Revenue Expenditure	Expenditure that does not result in the creation of long term assets, but is instead used in the day-to-day running of the government
Capital Expenditure	Any expenditure other than operating expenditure, the benefits of which extend over a period of time exceeding one year. It is expenditure on the creation of assets.
Revenue Deficit	Revenue Deficit denotes the difference between revenue receipts and revenue expenditure
Gross Fiscal Deficit	The Fiscal Deficit (FD) is a measure of the extent to which the Government spends beyond its means by resorting to borrowings and becomes indebted in the process. It is defined by the CAG as Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts
Net Fiscal Deficit	Gross fiscal deficit less net lending of the Central Government.
Planned expenditure	Expenditure on programs/projects recommended by the Planning Commission
Non-plan expenditure	All expenditures by the Government not included in the Plan, mainly consisting of interest payments and subsidies

Source: Comptroller and Auditor General State Finance Audit Reports.