

Format F-1

[See Rule 3]

MACRO-ECONOMIC FRAMEWORK STATEMENT

A. 1 Overview of the State Economy:

1.1 A comparative analysis of the structure of the economy of the State and the changes witnessed in it vis-a-vis the national economy is presented in Table 1.1.

Table 1.1
Changes in the Structure of the Economy (at constant prices)
(Figures in Percentage)

Sector/Year	All India		Madhya Pradesh	
	2004-05	2010-11 (Advance Estimate)	2004-05	2010-11 (Advance Estimate)
Primary	19.03	14.19	27.66	24.11
Secondary	27.93	27.96	27.15	30.28
Tertiary	53.05	57.85	45.19	45.61

1.2 There have been changes in the structure of the economy at the All India and state level during the years 2004-05 to 2010-11. At all India level the contribution of primary sector declined from 19.03 percent to 14.19 percent and that of tertiary sector contribution has increased from 53.05 percent to 57.85 percent. In comparison, for Madhya Pradesh, the contribution of primary sector has decreased from 27.66 percent to 24.11 percent, whereas that of tertiary sector has increased from 45.19 percent to 45.61 percent.

1.3 The contribution of Madhya Pradesh to the National Gross Domestic Product (GDP) in 2004-05 was 3.80 percent which declined to 3.74 percent by the year 2010-11. The GDP has increased by 8.58 percent in the year 2010-11, whereas the GSDP of State has increased by 8.96 percent when compared to the previous year. During the last five years (from the year 2006-07 to 2010-11), the average growth rate of State GSDP was 9.27 percent.

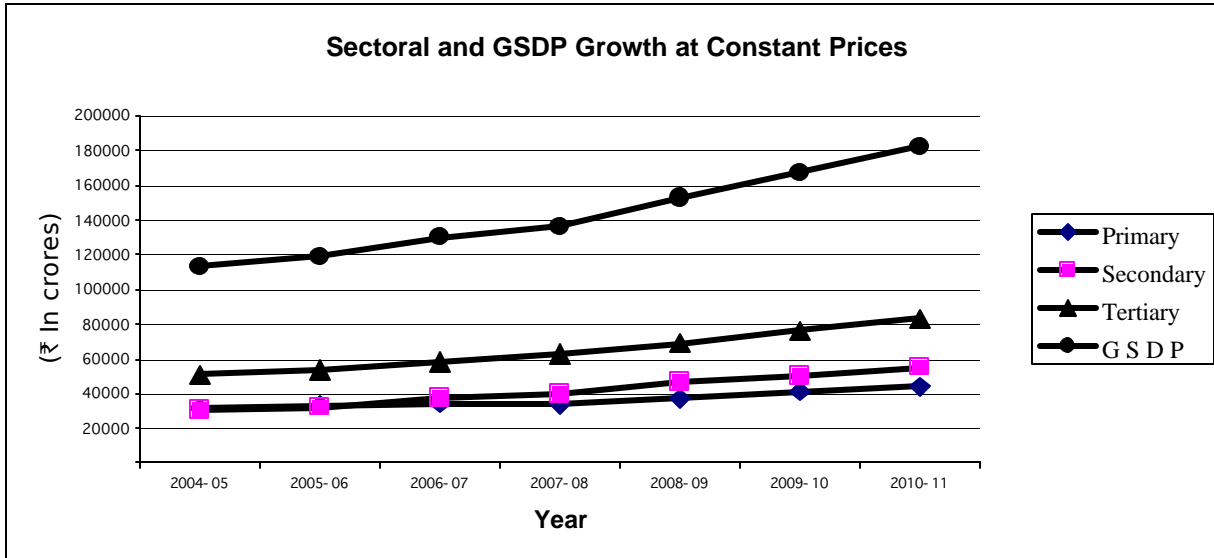
2. Growth in Gross State Domestic Product (GSDP)

- 2.1 As per the quick estimates of Gross State Domestic Product (GSDP) for the year 2010-11 (at 2004-05 constant prices), the GSDP is estimated to have increased by 8.96 percent as compared to the previous year.
- 2.2 During the period 2004-05 to 2010-11, the GSDP witnessed a growth rate (TGR) of 8.50 percent, which is below the national average of 8.51 percent. In the year 2010-11, primary, secondary and tertiary sectors, measured at constant prices (base year 2004-05) have shown a growth of 7.17 percent, 10.12 percent and 9.16 percent respectively. The contribution of various sectors to the GSDP and their respective growth in the year 2010-11 is presented in table 2.1.

Table 2.1
Contribution of Different Sectors to GSDP at Constant (2004-05) Prices
(₹ in crore)

Sector	Year 2009-10 (Q)	Year 2010-11 (A)	% Increase in 2010-11 Over Previous Year
Agriculture (Including Animal Husbandry)	36476.66	38983.60	6.87
Forestry	4260.20	4676.65	9.78
Fisheries	296.62	314.03	5.87
Mining & Quarrying	7334.86	8020.55	9.35
Manufacturing	23230.28	25030.36	7.75
Construction	16082.36	18553.02	15.36
Electricity, Gas & Water Supply	3504.85	3625.50	3.44
Railways	2714.27	2804.86	3.34
Transportation & Warehousing by other sources	4961.44	5392.10	8.68
Communication	2862.51	3284.46	14.74
Trade, Hotels & Restaurants	21612.44	23230.47	7.49
Banking & Insurance	8617.53	9826.95	14.03
Real Estate	12593.38	13530.11	7.44
Public Administration	8567.85	9483.93	10.69
Other Services	14284.88	15644.61	9.52
Total	167400.13	182401.20	8.96

- 2.3 The sectoral growth in the economy in the State during the period 2004-05 to 2010-11 is depicted below.



2.4 As per advance estimates for the year 2010-11, the GSDP at current prices is estimated to be ₹ 271680.69 crore. It has increased by 19.65 percent as compared to the quick estimates of previous year.

3. Overview of State Finances

3.1 The Revenue Surplus for 2010-11 as per Accounts, stood at ₹ 6842.60 crore as compared to the revised estimate of ₹ 4726.08 crore. Similarly, as per Accounts, the Fiscal Deficit was ₹ 5272.02 crore against the revised estimate of ₹ 8225.08 crore. The Revenue Surplus for 2012-13 is estimated to increase from ₹ 3866.50 crore (BE) to ₹ 7791.15 crore (RE). The revised estimate of Fiscal Deficit is ₹ 7930.95 crore against the budget estimate of ₹ 7981.78 crore, which is within the prescribed limits for 2011-12 (3.00 percent of GSDP), under The Madhya Pradesh Rajkoshiya Uttardayitva Evam Budget Prabandhan Adhinyam, 2005.

3.2 As per accounts for the year 2010-11, the revenue receipts are ₹ 51854.19 crore, which is less than the revised estimates of ₹ 52514.56 crore. The main reason of this short fall is due to global economic crisis and decrease in share of state in central taxes. The revised estimate of revenue receipts for the year 2011-12 is ₹ 63535.25 crore which is 20.88 percent higher than the Budget Estimate of

₹ 57789.99 crore. The main reasons of increase in revenue receipts in revised estimates is due to increase in the amount of share in central taxes as per recommendation of Thirteenth Finance Commission and receipt of more amount of Non Plan Grants from the Centre. The improvement in Tax and Non Tax revenue collection has also increased the revenue receipts of the State.

- 3.3 The actual receipts of non tax revenue for 2010-11 was ₹ 5719.77 crore which is 4.63 percent less than the revised estimates of ₹ 5997.45 crore. As per the revised estimates for 2011-12 ₹ 6991.20 is estimated to be received under the non tax revenue receipts which is 16.53 percent more than the budget estimates 2011-12 of ₹ 5999.44 crore.

4. Prospects

- 4.1 With a proactive industrial policy and a progressive agricultural strategy the economy is bound to continue on the path of high trajectory, save a bad monsoon. However, the existing evidence shows the central taxes collections are below the target level and thus tax devolutions from the centre may not be buoyant.
- 4.2 During 2004-05 to 2009-10, the growth rate in registered manufacturing sector has been positive, which gives an indication of optimism. The manufacturing sector has attracted private investment and, as a result, there is expectation of further improvements in growth rate of this sector.
- 4.3 The growth rate in agricultural sector has increased by 6.87 percent in the year 2010-11 (at constant prices) even after losses of crop due to short and uncertain rainfall. This has led to minor down fall in the economic growth of the State.
- 4.4 There has been a significant growth of 3.44 percent in electricity, gas and water distribution sectors which shows the economic growth of the State.

- 4.5 Madhya Pradesh is expected to received grants ₹ 2324.55 crore in 2011-12 and ₹ 2858.91 crore during 2012-13 from Central Government as per recommendations of 13th Finance Commission.
- 4.6 An improved fiscal management enabled the State to keep the fiscal deficit as a percentage of GSDP at 1.94 in the year 2010-11 and this kept debt burden of the State under control. The ceiling of fiscal deficit as percentage of GSDP has been kept at 3.50 percent for the year 2010-11 and at 3.00 percent for the year 2011-12. As per revised estimates for year 2011-12 fiscal deficit is estimated to be 2.63 percent of GSDP. As per budget estimate for 2012-13 this deficit is expected to be 2.98 percent of GSDP.

B. Trends in Select Fiscal Indicators

(₹ in crore)

S.No.	Fiscal Indicators	Previous Year	Current Year	Ensuing Year	% Change in Current Year over Previous Year	% Change in Ensuing Year over Current Year
		2010-11	2011-12 (RE)	2012-13 (BE)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Revenue Receipts (2 +3+4)	51854.18	63535.25	69913.51	22.53	10.04
2	Tax Revenue (2.1+2.2)	37057.85	44674.90	49916.44	20.55	11.73
2.1	State Tax	21419.34	25888.43	28311.96	20.86	9.36
2.2	Share in Central Taxes	15638.51	18786.47	21604.48	20.13	15.00
3	Non-Tax Revenue	5719.77	6991.20	7326.89	22.23	4.80
4	Grant-in-aid from Central Govt.	9076.56	11869.15	12670.18	30.77	6.75
5	Capital Receipts (6+7+8)	5009.65	19731.74	10086.73	293.87	-48.88
6	Recovery of loans and advances	401.84	9171.97	99.48	2182.49	-98.92
7	Net public debt	4928.71	7434.17	9460.35	50.83	27.25
8	Net Receipts from Public Account	-320.90	3125.60	526.90	-1074.01	-83.14
9	Total Receipts (1+5)	56863.83	83266.99	80000.24	46.43	-3.92
10	Revenue Expenditure (10.1+10.2)	45011.59	55744.10	63543.50	23.84	13.99
10.1	Non-Plan Revenue Expenditure	32100.87	39200.52	44597.10	22.12	13.77
10.2	Plan Revenue Expenditure	12910.72	16543.58	18946.40	28.14	14.52
10.3	Revenue Expenditure Of which:	0.00	0.00	0.00		
10.3.1	Interest payments	5048.95	5666.73	6275.08	12.24	10.74
10.3.2	Subsidies	16709.14	20032.19	22768.08	19.89	13.66
10.3.3	Wages & Salaries	13290.76	17035.33	19901.04	28.17	16.82
10.3.4	Pension Payments	3766.53	4968.05	5825.85	31.90	17.27
11	Capital Expenditure (11.1+11.2+12)	8799.88	9274.61	10820.22	5.39	16.66
11.1	Non-Plan Capital Expenditure	142.81	45.98	46.05	-67.80	0.15
11.2	Plan Capital Expenditure	8657.07	9228.63	10774.17	6.60	16.75
12	Loans and advances (12.1+12.2)	3716.58	15619.46	5667.26	320.26	-63.72
12.1	Non Plan Loans and advances	2763.51	14068.40	3644.35	409.08	-74.10
12.2	Plan Loans and advances	953.07	1551.06	2022.91	62.74	30.42
13	Total Expenditure	57528.05	80638.17	80030.98	40.17	-0.75
13.1	Non Plan Expenditure (10.1+11.1+12.1)	35007.19	53314.90	48287.50	52.30	-9.43
13.2	Plan Expenditure (10.2+11.2+12.2)	22520.86	27323.27	31743.48	21.32	16.18
14	Revenue Deficit (1-10)/Surplus	6842.59	7791.15	6370.01	13.86	-18.24
15	Fiscal Deficit (1+6-13)	-5272.03	-7930.95	-10017.99	50.43	26.32
16	Primary Deficit [1+6-(13-10.3.1)]	-223.08	-2264.22	-3742.91	914.98	65.31

Form 2 F - 2
(see rule 4)

MEDIUM TERM FISCAL POLICY STATEMENT

The Fiscal Responsibility and Budget Management Act has been formulated as per the recommendations of the Twelfth Finance Commission and accordingly the target of fiscal deficit had been fixed as 3.00 percent of GSDP.

In changed economic circumstances, Central Government has permitted to raise the target to 3.43 percent, 3.00 percent of GSDP for the year 2010-11 and 2011-12 respectively. The ceiling has been fixed at 3.00 percent. As per the recommendations of the 13th Finance Commission, the fiscal deficit has been kept within the limit of 3 percent and the recommendation about Fiscal Responsibility and Budget Management will be adhered to.

A. Fiscal Indicators- Rolling Targets

S. No.	Fiscal Indicators	Account 2010-11	Revised Estimates 2011-12	Budget Estimates 2012-13	Target for 3 Years		
					2013-14	2014-15	2015-16
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Revenue Surplus as percentage of GSDP	2.52	2.58	1.89	1.99	2.10	2.15
2	Fiscal Deficit as percentage of GSDP	1.94	2.63	2.98	3.00	3.00	3.00
3	Total outstanding Liabilities as percentage of GSDP	27.79	27.73	28.09	28.20	28.29	28.37

B. Projections of Fiscal Indicators

(1) Revenue receipts:

- a) **Tax-revenue** - State's own tax revenue and Central tax devolution are the component of tax revenue. The State's share in Central taxes for the year 2012-13 is estimated to be ₹ 21604.48 crore. The Budget estimate of the State's Own Tax Revenue (SOTR) during 2012-13 is ₹ 28317.96 crore.
- b) **Non-Tax Revenue** - State's non-tax revenue for the year 2012-13 is estimated to be ₹ 7326.89 crore, which is 4.80 percent higher than the revised estimate of ₹ 6991.20 crore of 2011-12.
- c) **Share of own tax revenues to total revenue receipts** — The share of own tax revenue to the total revenue receipts is 40.75 percent in the year 2011-12 (RE). This is expected to reach 40.50 percent by 2011-12.

d) **Share of own non-tax revenues to total revenue receipts** – The share of own non-tax revenue to the total revenue receipts is 11.00 percent in the year 2011-12 (RE). This ratio is expected to be 10.48 percent in the year 2012-13 (BE).

(2) Capital receipts:

The Capital receipts for the year 2012-13 are estimated to be ₹ 10086.73 crore which is 48.88 percent less than the Revised Estimates of 2011-12. This decrease is due to financial restructuring of loan of the electricity distribution companies as on 31.3.2011 into perpetual loan. The gross debt in the subsequent years has been estimated as per the fiscal targets and new loan portfolio will be determined keeping in view the various sources of credit availability and the prevailing rate of interest for the relevant year.

- a) **Loans and advances from the Central** –An amount of ₹ 2924.61 crore is expected to be received during 2012-13 from the Central Government as loans and advances for Externally Aided Projects.
- b) **Special securities issued to the National Small Savings Fund (NSSF)** – It is a costlier source of financing for the State Government, but it is mandatory loan for State Govt. based on deposits under small saving schemes of the State. The revised estimate for the year 2011-12 is ₹ 1261.45 crore. An amount of ₹ 1200 crore is estimated to be received under this head during the year 2012-13.
- c) **Recovery of loans and advances** - The outstanding loans and advances are ₹ 15104.76 crore as on 31st March 2011. A major portion of it, amounting to ₹ 11344.30 crore, is with MP State Electricity Board and its successor companies.
- d) **Borrowings from financial institutions** –The revised estimate of market borrowings is ₹ 6282.53 crore against the budget estimate of ₹ 6267 crore for the year 2011-12. ₹ 7864.27 crore is expected to be raised from Market Borrowing during 2012-13, and the estimate for subsequent years has been estimated on the basis of fiscal indicators. The loans from institutions like NABARD, HUDCO, LIC are project based and are part of the overall borrowing programme.

- e) **Other receipts (net) –provident funds, etc.–** The borrowings from the Public Accounts outside the Consolidated Fund of the State is a source of capital receipts. It will be used to meet the gap in capital expenditure as per availability.
- f) **Outstanding Liabilities - Internal Debt and Other Liabilities** – As per the accounts of the year 2010-11 the gross debt, at the end of March 2011, is ₹ 57769.47 crore. After adding the other liabilities (Public Account) the total outstanding liabilities become ₹ 75504.31crore. It is estimated to be ₹ 83636.19 crore at the end of March 2012.

(3) **Total expenditure:**

The total expenditure is classified into revenue and capital account. The revenue account consists of plan and non-plan expenditure. As per the Budget Estimate 2012-13, the plan revenue expenditure is ₹18946.40 crore and the non-plan revenue expenditure is ₹ 44597.10 crore. The increase in plan revenue expenditure and non-plan revenue expenditure is expected to be 16.50 and 14 percent respectively for the year 2012-13.

- a) **Revenue account:** The revenue account mainly consists of salaries, pensions, interest payments and subsidies.
 1. **Interest payments:** During 201112, the average cost of borrowing is estimated to be 8.38 percent and the projections for further years are based this rate.
 2. **Major subsidies:** An increase of 13.66 percent is estimated in the B.E. of 2012-13 as compared to the R.E. of 2011-12 .
 3. **Salaries:** A growth of 28.17 percent is estimated in BE 2012-13 in salary head as compared to the revised estimate of 2010-11. A growth of 16.82 percent is expected in salary head during the year 2012-13 as compared to revised estimates of the year 2011-12.
 4. **Pensions:** As a result of revision of pay scales to state government employees from 1st January, 2006, pension/ family pension of state pensioners have also been consolidated. A growth of 31.90 percent is expected in dearness relief to pensioners during the year 2011-12 as

compared with the 2010-11, which is due to increase in interim relief to the pensioners equivalent to dearness allowance to the State Government Employees. It is estimated a growth of 17.27 percent during 2012-13 as compared with Revised Estimate of 2011-12. A growth of 17 percent is estimated in coming years.

b) Capital account:

- 1. Loans and advances:** During the year 2011-12, there has been a growth of 320 percent in loans and advances in the Revised Estimate of year 2010-11 over the budget estimate. The main reason for this growth is due to conversion of debt of electricity distribution companies as on 31th March, 2011, into perpetual loans.
- 2. Capital Outlay:** The Capital outlay of the State is being used mainly for infrastructure developments like roads, power and irrigation. As per the revised estimates of 2011-12, the Plan Capital expenditure is 3.07 percent of the GSDP. Due to the necessity of capital investment in infrastructure Sectors, Capital expenditure is projected to grow at rate of 13.50 to 15.50 percent during the forthcoming years.

(4) Growth in Gross Domestic Product (GSDP)

There has been an average growth rate of 15.96 percent in GSDP at current prices from the years 2004-05 to 2010-11. It is estimated to grow by 11.03 percent in the year 2011-12 and 11.5 percent in the subsequent years. It is imperative to accelerate the growth rate of GSDP and this is the major objective of fiscal policy. The fiscal policy of State is moving towards the achievement of this objective within the limits defined by the Fiscal Responsibility and Budget Management Act.

C. Assessment of sustainability

- (1) The balance between receipts and expenditure with special reference to revenue receipts and revenue expenditure:** In order to achieve the revenue deficit and fiscal deficit targets envisaged in the Act, it is necessary for receipts to grow at a faster rate than the total expenditure especially the revenue expenditure. As per the revised estimate, the tax revenue to GSDP ratio is 14.81 percent in year 2011-12 and is expected to be 14.84 percent in the year 2011-12. Own tax revenue to GSDP ratio in the year 2011-12 is 8.58 percent which is expected to remain at 8.42 percent in the year 2012-13. State's share in Central tax devolutions as a proportion of GSDP for the year 2011-12 is 6.23 percent and would be 6.42 percent in the year 2012-13. In order to increase the non-tax revenues, user charges would be reviewed from time to time with a view to making them sustainable.

The interest payments as a proportion of total revenue receipts in the year 2010-11 were 9.74 percent which has decreased to 8.92 percent as per Revised Estimate of 2011-12. This proportion is expected to be 8.98 percent in 2012-13. This is significantly less than the limit of 15 percent targeted from the sustainability point of view.

As per the revised estimate for 2011-12 the ratio of total liability to GSDP was estimated at 27.73 percent. It is expected to 28.09 percent in the year 2012-13. This ratio may go up to 28.37 percent by the year 2015-16.

- (2) Assessment of increase in Non Plan Revenue Expenditure (NPRE):** An increase of 28.17% and 31.90% is expected in salary and pension heads respectively in the revised estimate of 2011-12 with respect to the year 2010-11. A growth of 16.82 percent is estimated under the salary head, in year 2012-13 as compared to revised estimate of 2011-12. Apart from this, there is a possibility of an increase in the NPRE due to the recommendations of State Pay Commission.

The increase in interest liability has been controlled by limiting the State's fiscal deficit and prudent selection of loan portfolio. The interest head under Revised Estimates for 2011-12 as compared to 2010-11 has increased at 12.24 percent and it is estimated to grow at 10.74 percent in 2012-13 (BE) as compared to the year 2011-12. Non Plan Revenue Expenditure is estimated to grow at 14.52 percent in 2012-13 and there after the growth rate is estimated at 14 percent.

- (3) The use of capital receipts including market borrowings for creating productive assets:** The State has already achieved revenue surplus in the year 2004-05 and it is continuing in the 7th year. All capital receipts are being used for capital formation in irrigation, power, roads, and bridges etc. as per the priorities of the Government since 2007-08. In view of increasing public investment in infrastructural field, the target of growth in capital receipts has been fixed.
- (4) The estimated yearly pension liabilities worked out for the next ten years:** The trend of growth in pension payment has been made on the basis of data available for last five years. Accordingly pension liabilities have been forecasted as follows:-

Projections of Pension Liability

Year	(₹. In crore)
2006-07	1729.16
2007-08	1964.28
2008-09	2433.05
2009-10	3077.18
2010-11	3766.53
2011-12	4968.05
2012-13	5825.85
2013-14	6816.24
2014-15	7975.01
2015-16	9330.76
2016-17	10916.99
2017-18	12772.87
2018-19	14944.26
2019-20	17484.79
2020-21	20457.20
2021-22	23934.92

Note:- Data for the 2005-06 to 2010-11 are Actual, 2011-12 is Revised Estimates, 2012-13 is Budget Estimates.

Due to revision of pension and increase in Dearness Relief as per 6th Pay Commission Scales to the state pensioners, revised estimate of 2010-11 is estimated to be 31.90 % more than that the actual payment of 2010-11. As per the Budget Estimate 2012-13, expenditure of ₹ 5825.85 crore is expected in pension head. The growth rate of 17% is estimated in the year 2013-14 and afterwards.

Form F – 3

[See Rule 5]

FISCAL POLICY STRATEGY STATEMENT

(1). Fiscal Policy-Overview: The fiscal policy of the State is aimed at increasing capital expenditure so as to ensure investment in social and physical infrastructure. This would expand the productive base of the State's economy and help to attract more private investments. Apart from it revenue expenditure in social sector is also required as bring in inclusive growth. In order to achieve this objective, it is necessary to increase revenue receipts and decrease unproductive Non-Plan Revenue Expenditure (NPRE). Due to economic revival, tax collection has been increased in the year 2010-11. Effective Interest rates have come down due to swapping of the debt, debt consolidation and relief facility (DCRF) recommended by Twelfth Finance Commission. As a result of this the increase in interest payment has been brought under control.

The revenue receipts of the State are to grow at 20.98 percent in 2012-13 in comparison with the Budget Estimates of 2011-12. State own tax revenues (SOTR) are estimated to grow at 20.86 percent during the year 2011-12 (BE) as compared to the year 2010-11 Similarly SOTR is expected to grow at 9.36 percent in 2012-13(BE) as compared to 2011-12 (RE). NPRE is expected to grow at 22.12 percent in the year 2011-12(RE) as compared to the year 2010-11 and for the year 2012-13 is estimated to grow at 13.77 percent over 2011-12(RE).

The main reason for the increase in the NPRE in 2011-12 is pay scales/pension, additional installment of dearness allowance/relief, Payment of arrears to the State Government Employees/Pensioner, as per the 6th Pay Commission recommendations. Due to this the States revenue surplus is estimated to be ₹ 6370.01 crore in 2012-13 as compared to the ₹ 3866.50 crore in the year 2011-12 and the fiscal deficit is expected to be ₹ 10017.99 crore in the year 2012-13. These fiscal indicators are expected to be in

the limit fixed under Fiscal Responsibility and Budget Management Act- 2009 (Amended) for the year 2009-10.

(2). Fiscal policy for the ensuing year: The present fiscal policy is showing good and positive results. Therefore, the Government would continue to pursue the same policy in coming financial years.

(i) **Tax Policy:** The Government endeavors to increase the revenue receipts. In order to achieve this goal, many legislative and administrative measures have been undertaken. The increased tax base of luxury tax, entertainment tax and advertisement tax is a step in this direction and such efforts would be continued. Use of Information Technology has increased the tax collection efficiency and further improvement is envisaged in the ensuing year .

(ii) **Expenditure Policy:** Effectiveness, accountability, propriety and timeliness are four basic principles of public expenditure management. An integrated financial information system will be in place soon to bring the finance Department and treasury drawl system of other department under single network to strengthen financial management of the state. The system of financial advisors as practiced in Government of India is being considered in the state to ensure basic principles of public expenditure management are followed by all the Departments.

Some more budget information, which published at the time of Budget Presentation are as follows:-

(a) **Outcome Budget:** The Outcome Budget are being prepared and presented before the Vidhan Sabha from the year 2006-07. In continuation the Outcome Budget is being presented for the year 2012-13. This will enable assessment of Outcomes through quantifiable deliverables.

- (b) **Gender Budget:** The Government's commitment for enabling women in realising their full potential is evident by the preparation and presentation of gender budget. Through the gender budget we are able to classify some major schemes that benefit women and this will help in the better targeting of the schemes. Gender Budget has been prepared since 2007-08. In continuation Gender Budget for the year 2012-13 is being presented.
- (c) **Off Budget Estimates:** Transparency in government transaction is an essential condition in strengthening the democratic set-up. In order to make the Budget more transparent, State Government had decided to publish sources of funds for ongoing projects in the state since the year 2008-09. This process has been continued in the year 2012-13. In addition to this, monitoring of the amount received by the various departments/agencies of the State under selected central plan schemes is being done.
- (d) **Agriculture Budget :** From the financial year 2012-13, all the major demand for grants (like Narmada Valley Development Agency, Farmers' Welfare & Agriculture Development, Animal Husbandry & Dairy, Fisheries, Horticulture & food Preservation and Co-operation) relating to agriculture and also demand for grants of the departments relating to agriculture development directly or indirectly would be grouped together and be put in a separate volume.
- (e) **Annuity:** In addition to the funds provided in the budget for the development and welfare of the state, the annuity commitments for the infrastructure development through Public Private Partnership would be provided in volume-5 of the budget documents from this year onwards.

- (iii) **Borrowing and Contingent liabilities:** Revenue surplus has already been achieved in the year 2004-05 and it is continued. As a result, there has been an increase in Plan Capital expenditure even after reducing the loans for capital investment. In order to bring in more transparency, the annuity commitments are also explicitly stated.

3. Strategic priorities for the coming year:

- (i) Fiscal policy is mainly concerned with the government expenditure and revenue mobilisation. In the revenue mobilisation front , the main priority is to increase the tax base and collection efficiency.
- (ii) The thrust of the borrowing programme is to bring down the cost of borrowing.
- (iii) On the expenditure front, agriculture sector would be a priority. For the first time, Government is presenting a separate Budget for agriculture.
- (iv) The other priority would be energy sector wherein the financial base of the distribution companies would be strengthened to make them financially self sustainable in the long run.
- (v) Rural connectively is also another priority sector.

(4) Rationale for Policy changes

- (i) The basic objective of the fiscal policy is to accelerate the economic growth and also bringing all sections of the population into the development process.
- (ii) Increasing tax rates beyond a certain point would be counter productive for raising further tax revenue (Laffer curve). Keeping this in mind, the Government would be expanding tax base.
- (iii) Nearly a quarter of The State income comes from agriculture and thus this sector needs attention to sustain a high growth of the economy.

(5). Policy Evaluation:

All updated fiscal information have been provided as per the FRBM Act. 2005 The Medium Term Fiscal Policy are based on 2008-09 account, 2009-10 Budget/revised estimates, 2010-11 budget estimates and projected trends for year 2011-12 to 1013-14.

The targets set for mentioned years are likely to be met. Further, the assumptions underlying the projections have been appropriately modified with explanations to ensure that they continue to be rooted in reality. The commitment of the Government to fiscal transparency is reflected through the disclosure statements and other information provided.

FORM F-4

[See Rule 7]

STATEMENT ON INDICATORS OF FISCAL SITUATION

S.No.	Item	Previous Year (Accounts)	Current Year (RE)	Ensuing Year (BE)
		2010-11	2011-12	2012-13
(1)	(2)	(3)	(4)	(5)
1	Gross Fiscal Deficit as Percentage of GSDP	1.94	2.63	2.98
2	Revenue surplus as Percentage of Gross Fiscal Deficit	129.79	98.24	63.59
3	Revenue surplus as Percentage of GSDP	2.52	2.58	1.89
4	Revenue surplus as Percentage of TRR	13.20	12.26	9.11
5	Total Liabilities -GSDP Ratio (%)	27.79	27.73	28.09
6	Total Liabilities - Total Revenue Receipts (%)	145.61	131.64	135.15
7	Total Liabilities –State's Tax Revenue Receipts (%)	352.51	323.06	333.75
8	State's Tax Revenue Receipts in comparison of Revenue Expenditure (%)	47.59	46.44	44.56
9	Capital Outlay as Percentage of Gross Fiscal Deficit	166.92	116.94	108.01
10	Interest Payment as Percentage of Revenue Receipts	9.74	8.92	8.98
11	Salary Expenditure as Percentage of Revenue Receipts	25.63	26.81	28.47
12	Pension Expenditure as Percentage of Revenue Receipts	7.26	7.82	8.33

FORM F-5
[See Rule 7]

A. COMPONENTS OF STATE GOVERNMENT LIABILITIES

(₹. in crore)

Category	Raised or to be raised during the Fiscal Year			Repayment/Redemption during the Fiscal Year			Outstanding Amount (as on 31st March)		
	Previous Year	Current Year	Ensuing Year	Previous Year	Current Year	Ensuing Year	Previous Year	Current Year	Ensuing Year
	2010-11 (Account)	2011-12 (RE)	2012-13 (BE)	2010-11 (Account)	2011-12 (RE)	2012-13 (BE)	2010-11 (Account)	2011-12 (RE)	2012-13 (BE)
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Market Borrowings	3900.00	6282.53	8494.27	642.54	878.12	1137.11	24877.76	30282.17	37639.33
Loans from Centre	1094.48	1788.67	2924.61	517.62	524.23	535.99	10955.82	12220.26	14608.88
Special Securities issued to the NSSF	2038.41	1261.45	1200.00	456.46	380.00	714.00	16248.20	17129.65	17615.65
Borrowings from Financial Institutions/ Banks	425.03	901.62	954.20	912.62	1017.75	1094.02	5687.67	5571.54	5431.72
WMA/OD from RBI	0.00	0.00	4000.00	0.00	0.00	4000.00	0.00	0.00	0.00
Public Account	12242.06	11819.74	13017.09	9515.30	11122.05	12253.92	17734.86	18432.55	19195.72
Other Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	19699.98	22054.01	30590.17	12044.54	13922.15	19735.04	75504.31	83636.17	94491.30

B. WEIGHTED AVERAGE INTEREST RATES ON STATE GOVERNMENT LIABILITIES

(Percent)

S. No	Category	Raised during the Fiscal Year [^]		Outstanding Amount (as on 31st March)	
		Previous Year	Current Year	Previous Year	Current Year
		(Accts)	(RE)	(Accts)	(RE)
		2010-11	2011-12	2010-11	2011-12
1	2	3	4	5	6
1	Market Borrowings	8.41	8.92	7.73	7.75
2	Loans from Centre	9.00	9.00	8.80	8.80
3	Special Securities issued to the NSSF	9.50	9.50	9.90	9.90
4	Borrowings from Financial Institutions/ Banks	6.50	6.50	7.85	7.85
5	WMA/OD from RBI	0.00	0.00	0.00	0.00
6	Public Account	8.00	8.00	8.00	8.00
7	Other Deposits	0.00	0.00	0.00	0.00
8	Overall Average Rate *	8.28	8.38	8.46	8.46

Weighted average interest rate where the respective weight is the amount borrowed. This is calculated on contractual basis and then annualized.

* Weighted average interest rate where the weights are the amount of the respective components of State Government liabilities.

C. DETAILS OF SPECIAL WAGES & MEANS ADVANCE / WAYS & MEANS ADVANCE OVER-DRAFT AVAILED BY THE STATE GOVERNMENT FROM RESERVE BANK OF INDIA

S.No.	WMA/OD	Previous Year 2010-11	Current Year 2011-12
	(1)	(2)	(3)
(1)	Average amount of WMA (Rs crore)	0	0
(2)	Average amount of OD (Rs crore)	0	0
(3)	Number of days of WMA	0	0
(4)	Number of days of OD	0	0
(5)	Number of occasions of OD	0	0

* Wages and Means Advance was raised due to technical reasons of RBI rather than financial position of the State.

FORM F-6
[See Rule 7]

CONSOLIDATED SINKING FUND (CSF)

(Rs in Crore)

Outstanding balance in CSF at the beginning of the previous year	Additions to CSF during the previous year	Withdrawals from CSF during the previous year	Outstanding balance in CSF at the end of the previous year/beginning of current year	Outstanding Stock of SLR Borrowings at the beginning of current year (%)	Additions to CSF during the current year	Withdrawals from CSF during the current year	Outstanding balance at the end of current year/beginning of ensuing year	Outstanding Stock of SLR Borrowings at the end of current year (%)
2010-11	2010-11	2010-11	2010-11	2011-12	2011-12	2011-12	2011-12	2011-12
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-

FORM - F - 7

(See Rule 7)

STATEMENT OF GUARANTEES GIVEN BY THE GOVERNMENT

Category (No. of Guarantees within bracket)	Maximum Amount Guaranteed during the year (Rs. crore)	Outstanding at the beginning of the year (Rs. crore)	Additions during the year (Rs. crore)	Reductions during the year (other than invoked during the year) (Rs. crore)	Invoked during the year (Rs. crore)		Total Outstanding Guarantees (Rs. crore) (In position 31.12.2011)	Guarantee Commission or Fee (Rs. crore)		Total Outstanding Guarantees as a % of Total Revenue Receipts *
					Discharged	Not Discharged		Receivable	Received	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Finance (12)					Un received	Un received		Un received	Un received	
Energy Department (64)	4,30.15	0.00	0.00	0.00	-"	-"	2,09.98	-"	-"	
Co-operation (5)	77,09.11	0.00	0.00	0.00	-"	-"	33,01.92	-"	-"	
Urban Administration & Development (55)	15,39.57	0.00	0.00	0.00	-"	-"	11,02.42	-"	-"	
Tribal, Schedule Cast and Backward Classes Welfare (2)	5,08.44	0.00	0.00	0.00	-"	-"	2,48.63	-"	-"	
	51.00	0.00	0.00	0.00	-"	-"	21.01	-"	-"	
Housing and Environment (13)										
Village industry (4)	2,05.90	0.00	0.00	0.00	-"	-"	18.23	-"	-"	
Minority & Backword Class Department (3)	49.00	0.00	0.00	0.00	-"	-"	23.27	-"	-"	
Schedule Cast Welfare Department (3)	22.90	0.00	0.00	0.00	-"	-"	17.38	-"	-"	
	60.00	0.00	0.00	0.00	-"	-"	1,30.74	-"	-"	
Grand Total	1,05,76.08	0.00	0.00	0.00			50,73.61			

* 2011-12 (R.E.).

7.99%

FORM F-8

[See Rule 7]

GUARANTEE REDEMPTION FUND (GRF)

(Rs. in Crore)

Outstanding invoked guarantees at the end of the previous year	Outstanding Amount in GRF at the end of the previous year	Amount of Guarantees Likely to be Invoked during the current year	Addition to GRF during the current year	Withdrawal from the GRF during the current year	Outstanding Amount in GRF at the end of the current year
2010-11	2010-11	2011-12	2011-12	2011-12	2011-12
(1)	(2)	(3)	(4)	(5)	(6)
0.00	369.23	0.00	1.50	0.00	370.73

FORM F – 9
[See Rule 7]

STATEMENT OF FINANCIAL ASSETS

S.No..	Item	Assets at the beginning of the previous year Book Value (Rs. in crores)	Assets acquired during the previous year Book Value (Rs. in crores)	Cumulative total of assets at the end of the previous year Book Value (Rs. in crores)
1	Loans and advances Of which:	11423.6647	3681.0827	15104.7474
	Loans to Local Bodies	1402.86	173.44	1576.3
	Loans to companies	0	0	0
	Loans to others	10020.8047	3507.6427	13528.4474
2	Equity Investment	11686.28	529.76	12216.04
	Shares	0		0
	Bonus shares	0	0	0
3	Investments in GOI dated securities/Treasury Bills	3.53	0	3.53
4	Investments in Treasury Bills	5556.19	0	5556.19
5	Other financial investments	-	-	-
6	Total	28669.66	4210.84	32880.51

FORM F – 10
[See Rule 7]

REVENUES RAISED BUT NOT REALISED

(Principal taxes and non-taxes)

(As at the end of the year 2010-11)

Major Head	Description	Amount under disputes (Rs. crore)	Amount not under disputes (Rs. crore)	Grand Total (Rs. crore)
1	2	3	4	5
	Taxes on Income and Expenditure			
0023	Hotel Receipts Tax	-	-	-
0028	Other Taxes on income and expenditure	-	-	-
	Taxes on Property and capital Services			
0029	Land Revenue*	239.99	5.16	245.15
0030	Stamps and Registration fees	28.52	69.88	98.40
	Taxes on Commodities and Services	0.00	0.00	0.00
0039	State Excise	5.17	60.86	66.03
0040	Taxes on Sales, trade, etc	466.98	62.82	529.80
0041	Taxes on Vehicles	0.00	0.00	0.00
0045	Other taxes and duties on commodities and services	0.14	0.67	0.81
0043	Taxes and Duties on Electricity	53.69	16.98	70.67
0853	Non-Ferrous Mining and Metallurgical Industries	1228.44	12.38	1240.82
0700	Major Irrigation	0.00	808.05	808.05
0701	Medium Irrigation	0.00	58.47	58.47
0702	Minor Irrigation	0.00	705.13	705.13
0406	Forestry and Wild life #	3.48	13.69	17.17
	TOTAL	2026.41	1814.09	3840.50

*Information related only 14 districts.

At the end of the year 2009-10

FORM F-11

[See Rule 7]

DETAILS OF NUMBER AND RELATED SALARIES OF EMPLOYEES**A. Employment in State Government**(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	10473	2.35
2	5001 to 21000	364832	81.83
3	210011 to 37000	59889	13.43
4	370011 to 53000	7525	1.69
5	53001 to 65000	2621	0.59
6	65001 to 80000	450	0.10
7	above 80001	66	0.01
	Total	445856	100

B. Employment in State Public Sector Undertakings**(i) New Pay scale**(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	125	4.19
2	2501 to 4300	734	24.61
3	4301 to 6100	942	31.59
4	6101 to 9700	839	28.14
5	9701 to 13300	202	6.77
6	13301 to 19300	116	3.89
7	above 19301	24	0.80
	Total	2982	100

(ii) Old Pay scale(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4.00
1	upto 800	0	0.00
2	from 801 to 1000	47	12.70
3	from 1001 to 1400	300	81.08
4	from 1401 to 2000	9	2.43
5	from 2001 to 3500	7	1.89
6	from 3501 to 5000	7	1.89
7	above 5001	0	0.00
	Total	370	100

(iii) Sixth Pay Comm. scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	812	1.62
2	5001 to 21000	34361	68.48
3	210011 to 37000	12940	25.79
4	370011 to 53000	1261	2.51
5	53001 to 65000	750	1.49
6	65001 to 80000	55	0.11
7	above 80001	0	0.00
	Total	50179	100

C. Employment in Semi Government Bodies

(i) New Pay scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	21	0.49
2	2501 to 4300	1144	26.70
3	4301 to 6100	1046	24.42
4	6101 to 9700	1207	28.17
5	9701 to 13300	495	11.55
6	13301 to 19300	325	7.59
7	above 19301	46	1.07
	Total	4284	100

(ii) Old Pay scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 800	3	0.41
2	from 801 to 1000	304	41.59
3	from 1001 to 1400	81	11.08
4	from 1401 to 2000	60	8.21
5	from 2001 to 3500	254	34.75
6	from 3501 to 5000	23	3.15
7	above 5001	6	0.82
	Total	731	100

(iii) Sixth Pay Comm. scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	369	11.15
2	5001 to 21000	2555	77.21
3	210011 to 37000	318	9.61
4	370011 to 53000	52	1.57
5	53001 to 65000	7	0.21
6	65001 to 80000	8	0.24
7	above 80001	0	0.00
	Total	3309	100

D. Employment in Universities

(i) New Pay scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	261	33.00
2	2501 to 4300	285	36.03
3	4301 to 6100	80	10.11
4	6101 to 9700	93	11.76
8.5.	9701 to 13300	36	4.55
6	13301 to 19300	26	3.29
7	above 19301	10	1.26
	Total	791	100

(ii) Sixth Pay Comm. scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	922	13.41
2	5001 to 21000	4836	70.34
3	210011 to 37000	429	6.24
4	370011 to 53000	363	5.28
5	53001 to 65000	225	3.27
6	65001 to 80000	88	1.28
7	above 80001	12	0.17
	Total	6875	100

E. Employment in Urban Local
Bodies
New Pay scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	25832	35.25
2	5001 to 21000	43725	59.67
3	210011 to 37000	2946	4.02
4	370011 to 53000	632	0.86
5	53001 to 65000	122	0.17
6	65001 to 80000	26	0.04
7	above 80001	0	0.00
Total		73283	100

F. Employment in Development Authorities
New Pay scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	348	19.29
2	5001 to 21000	1205	66.80
3	210011 to 37000	173	9.59
4	370011 to 53000	65	3.60
5	53001 to 65000	13	0.72
6	65001 to 80000	0	0.00
7	above 80001	0	0.00
Total		1804	100

G. Employment in Rural Local
Bodies
New Pay scale

(As at the end of 31st March 2011)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	76086	47.71
2	5001 to 21000	76332	47.87
3	210011 to 37000	6326	3.97
4	370011 to 53000	581	0.36
5	53001 to 65000	122	0.08
6	65001 to 80000	22	0.01
7	above 80001	3	0.00
Total		159472	100