

Government of Madhya Pradesh



**Statements laid before the Vidhan Sabha
as required under**

**The Madhya Pradesh
Rajkoshiya Uttardayitva Evam
Budget Prabandhan Adhiniyam, 2005**

**Raghavji
Finance Minister**

YEAR 2011-12

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PREFACE

The Madhya Pradesh Rajkoshiya Uttardayitva Evam Budget Prabandhan Adhiniyam, 2005 and the Rajkoshiya Uttardayitva Evam Budget Prabandhan Niyam, 2006 made under Section 12 of the above Adhiniyam have come into force on 1st January, 2006 and 30th January, 2006 respectively.

Under Section 5 of the Adhiniyam read with Rules 3,4,5 and 7, the State Government is required to lay Macro-Economic Framework Statement, Medium Term Fiscal Policy Statement, Fiscal Policy Strategy Statement and Disclosure Statements along with the Annual Financial Statement and Demands for Grants before the Assembly. This document containing the Statements referred above is, therefore, laid before the Assembly in compliance with the above statutory requirements.

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	2009-2010 (Quick Estimate)*	2004-05	2009-2010 (Quick Estimate)*
Primary	19.03	14.62	27.66	25.20
Secondary	27.93	28.08	27.15	27.62
Tertiary	53.05	57.30	45.19	47.18

*Note- The Central Statistical Organisation has issued a new series for calculating the GDP from the base year 2004-05 instead of 1999-2000. State Government adopted the new series from the year 2009-10.

- 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 2009-10. At all India level the contribution of primary sector declined from 19.03 percent to 14.62 percent and that of tertiary sector contribution has increased from 53.05 percent to 57.30 percent. In comparison, for Madhya Pradesh, the contribution of primary sector has decreased from 27.66 percent to 25.30 percent, whereas that of tertiary sector has increased from 45.19 percent to 47.18 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 3.54 percent by the year 2009-10. The GDP has increased to 7.96 percent in the year 2009-10, whereas the GSDP of State has increased by 8.49 percent in the year 2009-10, as compared to the previous year which is higher than the National Growth Rate for the 2nd year continuously. During the last five years (from the year 2005-06 to 2009-10), the average growth rate of State GSDP was 4.22 percent.

2. Growth in Gross State Domestic Product (GSDP)

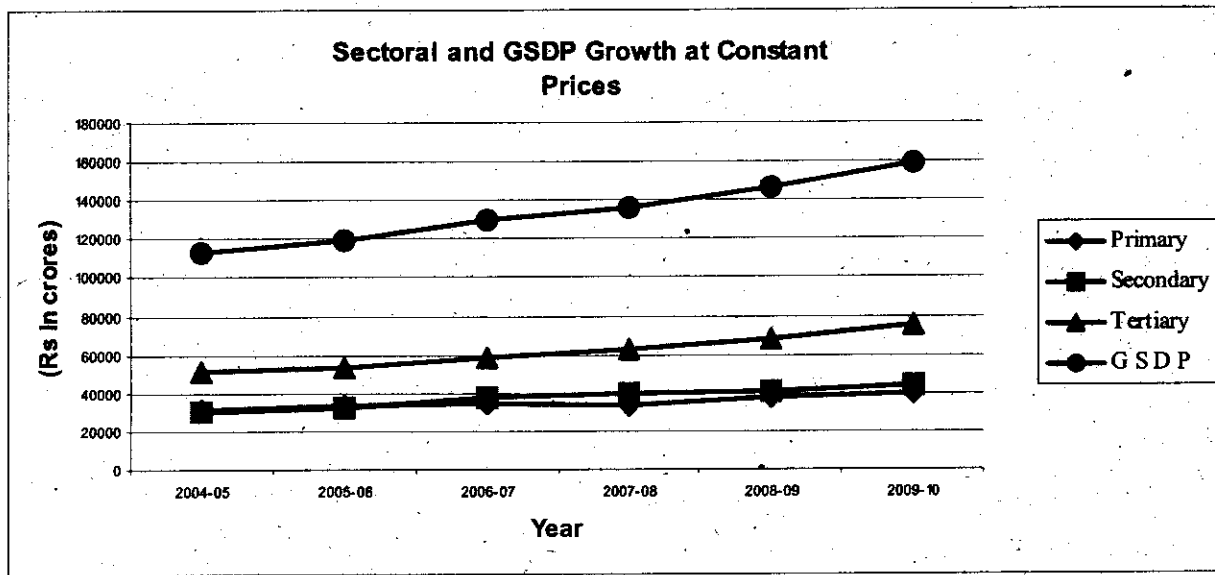
- 2.1 As per the quick estimates of Gross State Domestic Product (GSDP) for the year 2009-10 (at 2004-05 constant prices), the GSDP is estimated to have increased by 8.49 percent as compared to the previous year.
- 2.2 During the period 2004-05 to 2009-10, the GSDP witnessed a growth rate (TGR) of 7.1 percent, which is below the national average of 8.6 percent but there is remarkable growth in the year 2009-10 as compared to the year 2008-09 and it is higher than the national average.

In the year 2009-10, primary, secondary and tertiary sectors, measured at constant prices (base year 2004-05) have shown a growth of 7.47 percent, 6.66 percent and 10.16 percent respectively. The contribution of various sectors to the GSDP and their respective growth in the year 2009-10 is presented in table 2.1.

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

Sector	Year 2008-09 (P)	Year 2009-10 (Q)	% Increase in 2008-09 Over Previous Year
Agriculture (Including Animal Husbandry)	33037.96	35524.86	7.53
Forestry	3951.11	4260.20	7.82
Fisheries	307.14	296.62	-3.43
Mining & Quarrying	6363.11	6461.90	1.55
Manufacturing	18615.55	20301.27	9.06
Construction	12893.94	13324.78	3.34
Electricity, Gas & Water Supply	3326.55	3855.33	15.90
Railways	2643.64	2851.97	7.88
Transportation & Warehousing by other sources	4536.74	4909.64	8.22
Communication	2544.07	2862.51	12.52
Trade, Hotels & Restaurants	19650.82	21207.94	7.92
Banking & Insurance	7636.35	8722.24	14.22
Real Estate	11666.46	12355.76	5.91
Public Administration	6757.89	8041.12	18.99
Other Services	12690.50	14099.02	11.10
Total	146621.83	159075.16	8.49

2.3 The sectoral growth in the economy in the State during the period 2004-05 to 2009-10 is depicted below.



2.4 As per quick estimates for the year 2009-10, the GSDP at current prices is estimated to be ₹ 216958.16 crore. It has increased by 16.31 percent as compared to the provisional estimate of previous year. It is remarkable that this increase has been more than the 15.52 percent growth rate of previous year.

3. Overview of State Finances

3.1 The Revenue Surplus for 2009-10 as per Accounts, stood at ₹ 5497.80 crore as compared to the revised estimate of ₹ 5307.55 crore. Similarly, as per Accounts, the Fiscal Deficit was ₹ 6198.92 crore against the revised estimate of ₹ 6593.53 crore. The Revenue Surplus for 2010-11 is estimated to increase from ₹ 1580.56 crore (BE) to ₹ 4726.08 crore (RE). The revised estimate of Fiscal Deficit is ₹ 8325.08 crore against the budget estimate of ₹ 8003.03 crore, which is within the prescribed limits for 2010-11 (3.50 percent of GSDP), under The Madhya Pradesh Rajkoshiya Uttardayitva Evam Budget Prabandhan Adhinyam, 2005.

- 3.2 As per Accounts for the year 2009-10, the revenue receipts are ₹ 41394.70 crore, which are less than the revised estimates of ₹ 43284.39 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 2010-11 is ₹ 52514.56 crore which is 20.88 percent higher than the budget estimate of ₹ 43443.82 crore. The main reasons of increase in revenue receipts in revised estimates are 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 2009-10 was ₹ 6382.04 crore which is 1.91 percent more than the revised estimates of ₹ 6262.30 crore. As per the revised estimates for 2010-11 ₹ 5997.45 is estimated to be received under the non tax revenue receipts which is 38.75 percent more than the budget estimates 2010-11 of ₹ 4322.46 crore.

4. Prospects

- 4.1 During 2004-05 to 2009-10, except for 2005-06, 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 further improvements in growth rate of this sector are expected.
- 4.2 The growth rate in agricultural sector has increased by 7.53 percent in the year 2009-10 (at constant prices) even after losses of crop due to deficit and uncertain rainfall. This would help in improving the economic growth in the State.
- 4.3 There has been a significant growth of 15.90 in communication sector reflecting robust economic growth of the State.
- 4.4 Madhya Pradesh is expected to receive grants ₹ 1373.48 crore in 2010-11 and ₹ 2324.55 crore during 2011-12 from Central Government as per recommendations of 13th Finance Commission.

4.5 An improved fiscal management enabled the State to keep the fiscal deficit as a percentage of GSDP at 2.86 in the year 2009-10 and this has kept debt burden of the State under control. The ceiling on fiscal deficit as percentage of GSDP has been kept at 4.00 percent for the year 2009-10 and at 3.5 percent for the year 2010-11. As per revised estimates for the year 2010-11 fiscal deficit is estimated to be 3.47 percent of GSDP. As per budget estimate for 2011-12 this deficit is expected to be 3.00 percent of GSDP, the target set by the Central Government.

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
		2009-10	2010-11 (RE)	2011-12 (BE)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Revenue Receipts (2 +3+4)	41394.70	52514.56	57789.99	26.86	10.65
2	Tax Revenue (2.1+2.2)	28349.79	35284.05	40147.00	24.46	13.78
2.1	State Tax	17272.80	20379.83	23118.31	17.99	13.44
2.2	Share in Central Taxes	11076.99	14904.22	17028.69	34.55	14.25
3	Non-Tax Revenue	6382.04	5997.45	5999.44	-6.03	0.03
4	Grant-in-aid from Central Govt.	6662.87	11233.06	11643.55	68.59	3.65
5	Capital Receipts (6+7+8)	5043.88	10620.47	8141.25	110.56	-23.34
6	Recovery of loans and advances	47.82	418.67	73.86	775.51	-82.36
7	Net public debt	6208.46	6072.00	7657.19	-2.20	26.11
8	Net Receipts from Public Account	-1212.40	4129.80	410.20	-440.63	-90.07
9	Total Receipts (1+5)	46438.58	63135.03	65931.24	35.95	4.43
10	Revenue Expenditure (10.1+10.2)	35896.90	47788.48	53923.49	33.13	12.84
10.1	Non-Plan Revenue Expenditure	26059.22	33201.36	38205.40	27.41	15.07
10.2	Plan Revenue Expenditure	9837.68	14587.12	15718.09	48.28	7.75
10.3	Revenue Expenditure Of which:					
10.3.1	Interest payments	4454.30	5083.08	5342.18	14.12	5.10
10.3.2	Subsidies	12391.63	17175.52	18328.12	38.61	6.71
10.3.3	Wages & Salaries	10178.17	14674.35	17839.32	44.17	21.57
10.3.4	Pension Payments	3077.18	4569.83	5158.05	48.51	12.87
11	Capital Expenditure (11.1+11.2+12)	7924.88	9545.78	8721.93	20.45	-8.63
11.1	Non-Plan Capital Expenditure	61.05	141.06	39.89	131.06	-71.72
11.2	Plan Capital Expenditure	7863.83	9404.72	8682.04	19.59	-7.68
12	Loans and advances (12.1+12.2)	3819.66	3924.05	3200.21	2.73	-18.45
12.1	Non Plan Loans and advances	3142.76	2804.25	2021.55	-10.77	-27.91
12.2	Plan Loans and advances	676.90	1119.80	1178.66	65.43	5.26
13	Total Expenditure	47641.44	61258.31	65845.63	28.58	7.49
13.1	Non Plan Expenditure (10.1+11.1+12.1)	29263.03	36146.67	40266.84	23.52	11.40
13.2	Plan Expenditure (10.2+11.2+12.2)	18378.41	25111.64	25578.79	36.64	1.86
14	Revenue Deficit (1-10)/Surplus	5497.80	4726.08	3866.50	-14.04	-18.19
15	Fiscal Deficit (1+6-13)	-6198.92	-8325.08	-7981.78	34.30	-4.12
16	Primary Deficit [1+6-(13-10.3.1)]	-1744.62	-3242.00	-2639.60	85.83	-18.58

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 4.00 percent, 3.5 percent of GSDP for the year 2009-10 and 2010-11 respectively. The ceiling has been fixed at 3.00 percent again for the year 2011-12. 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 2009-10	Revised Estimates 2010-11	Budget Estimates 2011-12	Target for 3 Years		
					2012-13	2013-14	2014-15
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Revenue Surplus as percentage of GSDP	2.53	1.97	1.45	1.68	1.81	1.93
2	Fiscal Deficit as percentage of GSDP	2.86	3.47	3.00	2.90	2.88	2.88
3	Total outstanding Liabilities as percentage of GSDP	32.99	32.11	32.10	31.30	31.08	30.88

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 2011-12 is estimated to be ₹ 17028.69 crore. This increase in Central tax devolution is due to higher devolutions by the Thirteenth Finance Commission. The Budget estimate of the State's Own Tax Revenue (SOTR) during 2011-12 is ₹ 23118.31 crore.
- b) **Non-Tax Revenue** - State's non-tax revenue for the year 2011-12 is estimated to be ₹ 5999.44 crore, which is 0.03 percent higher than the revised estimate of ₹ 5997.45 crore.
- c) **Share of own tax revenues to total revenue receipts** - The share of own tax revenue to the total revenue receipts is 38.81 percent in the year 2010-11 (RE). This ratio is expected to reach 40.01 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 11.42 percent in the year 2010-11 (RE). This ratio is expected to be 10.37 percent in the year 2011-12 (BE).

(2) Capital receipts:

The Capital receipts for the year 2011-12 are estimated to be ₹ 8141.25 crore which is 23.34 percent less than the Revised Estimates of 2010-11. This decrease is due to short fall of net receipts under public account and prudent borrowing so as to bring down the Fiscal deficit target to 3.00 percent for next financial year from 3.5 in current financial year. 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 ₹ 1788.67 crore is expected to be received during 2011-12 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 2010-11 is ₹ 2200 crore against the budget estimate of ₹ 300 crore. An amount of ₹ 1500 crore is estimated to be received under this head during the year 2011-12.
- c) **Recovery of loans and advances** - The outstanding loans and advances are ₹ 11423.66 crore as on 31st March 2010. A major portion of it, amounting to ₹ 7868.85 crore, is lying with MP State Electricity Board and its successor companies.
- d) **Borrowings from financial institutions** – The revised estimate of market borrowings is ₹ 4172.68 crore against the budget estimate of ₹ 6500 crore for the year 2010-11. ₹ 6267 crore is expected to be raised from Market Borrowing during 2011-12, 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 2009-10 the gross debt, at the end of March 2010, is ₹ 61291.37 crore. After adding the other liabilities (Public Account) the total outstanding liabilities become ₹ 67852.56 crore and after further adding the outstanding loans and interest against guarantees issued to other institution by the State Government it becomes ₹ 71576.41. It is estimated to be ₹ 76950.83 crore at the end of March 2011.

(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 2011-12, the plan revenue expenditure is ₹15718.09 crore and the non-plan revenue expenditure is ₹ 38205.40 crore. The increase in plan revenue expenditure and non-plan revenue expenditure is expected to be 12 and 10 percent respectively for the year 2011-12.

- a) **Revenue account:** The revenue account mainly consists of salaries, pensions, interest payments and subsidies.

1. **Interest payments:** During 2010-11, the average cost of borrowing is estimated to be 8.29 percent and the projections for further years are based on this rate.
2. **Major subsidies:** An increase of 6.71 percent is estimated in the B.E. of 2011-12 as compared to the R.E. of 2010-11 .
3. **Salaries:** The State Government employees have been given the cash benefits based on recommendations of the Sixth Central Pay Commission, since September, 2008. The pay arrears pertaining to 1st January, 2006 to August, 2008 have been paid from the year 2010-11 in

five equal annual installments. In addition to this, due to additional installment of Dearness Allowance at the rate of 3 percent, 2 percent and 8 percent from the month of April, July and October respectively in the year 2010-11 and grant of UGC, AICTE and AICR pay scales to Collegiate, Technical, Agricultural teachers respectively and revised pay scales to Judicial Officers Cadre, a growth of 44.17 percent is estimated in BE 2011-12 in salary head as compared to the revised estimate of 2009-10. A growth of 21.57 percent is expected in salary head during the year 2011-12 as compared to revised estimates of the year 2010-11.

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 48.51 percent is expected in dearness relief to pensioners during the year 2010-11 as compared with the 2009-10, 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 12.87 percent during 2011-12 as compared with Revised Estimate of 2010-11. A growth of 12 percent is estimated in coming years.

b) Capital account:

1. **Loans and advances:** During the year 2010-11, there has been a growth of 142 percent in loans and advances in the Revised Estimate of year 2009-10 over the budget estimate. The main reason for this growth is increase in loans for working capital to the Power Transmission and Distribution Companies.
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 2010-11, the Plan Capital expenditure is 3.98 percent of the GSDP. Due to the necessity of capital investment in infrastructure Sectors, Capital expenditure is projected to grow at rate of 14 percent during the forthcoming years.

(4) Growth in Gross Domestic Product (GSDP) –

There has been an average growth of 14.03 percent in GSDP at current prices from the years 2004-05 to 2009-10. It is estimated to grow by 10.46 percent in the year 2010-11 and 11.03 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 14.72 percent in year 2010-11 and is expected to be 15.09 percent in the year 2011-12. Own tax revenue to GSDP ratio in the year 2010-11 is 8.50 percent which is expected to remain at 8.69 percent in the year 2011-12. State's share in Central tax devolutions as a proportion of GSDP for the year 2010-11 is 6.22 percent and would be 6.40 percent in the year 2011-12. 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 2009-10 were 10.76 percent which has decreased to 9.68 percent as per Revised Estimate of 2010-11. This proportion is expected to be 9.25 percent in 2011-12. This is significantly less than the limit of 15 percent targeted from the sustainability point of view.

As per the revised estimate for 2010-11 the ratio of total liability to GSDP was estimated at 32.11 percent. It is expected to 32.10 percent in the year 2011-12. This proportion is expected to go down to 30.88 percent by the year 2014-15

(2) Assessment of increase in Non Plan Revenue Expenditure (NPRE): As a result of revised pay scales/pension to the State Employees and pensioners based on the 6th Pay Commission recommendations, an increase of 44.17% and 48.51% is expected in salary and pension heads respectively in the revised estimate of 2010-11 with respect to the year 2009-10. A growth of 21.57 percent is estimated under the salary head, in year 2011-12 as compared to revised estimate of 2010-11, because of bridging the gap of dearness allowance of Central Government and State Government Employees.

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 2010-11 as compared to 2009-10 has increased at 14.12 percent and it is estimated to grow at 5.10 percent in the Budget Estimate 2011-12 as compared to the year 2010-11. Non Plan Revenue Expenditure is estimated to grow at 15.07 percent in 2011-12 and there after the growth rate is estimated at 10 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	(Rs. In crore)
2005-06	1557.15
2006-07	1729.16
2007-08	1964.28
2008-09	2433.05
2009-10	3077.18
2010-11	4569.83
2011-12	5158.05
2012-13	5777.02
2013-14	6470.26
2014-15	7246.69
2015-16	8116.29
2016-17	9090.25
2017-18	10181.08
2018-19	11402.81
2019-20	12771.14
2020-21	14303.68

Note:- Data for the 2005-06 to 2009-10 are Actual, 2010-11 is Revised Estimates, 2011-12 is Budget Estimates.

Due to the revision of pension and increase in dearness relief as per 6th Pay Commission Scales to the state pensioners, revised estimate of 2010-11 is 48.51% more than that the actuals of 2009-10. As per the budget estimate 2011-12, expenditure of ₹ 5158.05 crore is expected in pension head. A growth rate of 12% is estimated for the year 2012-13 and afterwards.

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 to 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 increased in the year 2010-11. Effective Interest rate has come down due to swapping of the debt, debt consolidation and relief facility (DCRF) recommended by the 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 39.58 percent in 2011-12 in comparison with the Budget Estimates of 2010-11. State own tax revenues (SOTR) are estimated to grow at 17.99 percent during the year 2011-12 (BE) as compared to the year 2009-10. Similarly SOTR is expected to grow at 13.44 percent in 2011-12(BE) as compared to 2010-11 (RE). NPRE is expected to grow at 27.41 percent in the year 2010-11(RE) as compared to the year 2009-10 and for the year 2011-12 is estimated to grow at 15.07 percent over 2010-11(RE).

The main reason for the increase in the NPRE in 2011-12 is revision of 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 ₹ 3866.49 crore in 2011-12 as compared to the ₹ 5497.80 crore in the year 2010-11 and the fiscal deficit is expected to be ₹ 7981.79 crore in the year 2011-12. 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 continuously. It is the Government's intention to undertake positive tax initiatives to expand the tax base, to increase tax compliance and make tax administration more efficient. The State Government would be further strengthening Information Technology initiative in tax collecting departments.

(ii) **Expenditure Policy:** Outcomes are the measure of success or failure of government expenditures. These can be evaluated on the standards of outcomes and accountability. All drawal of State Government has been routed through computerised system of treasuries. An Integrated Financial Information System is being developed to bring Finance Department and Treasury Drawal System including other departments under single network to strengthen the financial management of the State. This computerised system will be woking from the financial year 2012-13

To ensure proper and timely utilization of the plan budget, quarterly expenditure system has been implemented from 1st April, 2010 for plan allocation.

Some more budget information, which was 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 2011-12.

This will enable assessment of Outcomes through quantify as to 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 2011-12 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 2011-12. In addition to this, a proposal is under consideration to monitoring the amount received by the various departments/agencies of the State under selected central plan schemes.
- (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.

(3). Strategic priorities for the coming year:

- (i) Since financial year 2010-11 maximum transactions of the State Government are being routed through Electronic Clearing System. During 2010-11 efforts will be made to bring the remaining transactions also in the system. A new integrated Financial Management Information System is being developed to strengthen the financial management of the state government. This new system is expected to become functional from the year 2012-13.

- (ii) It has been decided to make more use of information technology to attain maximum growth in revenue earnings. The process of computerization will be further expedited in case of stamps and registration, commercial taxes, state excise and transport departments. Use of information technology will make the tax regime more transparent and effective.
- (iii) There will be an effort to complete infrastructure development projects on priority basis. Apart from this, priority will be given to education, health and food security sectors, so as to improve the productivity of human resources.

(4). Rationale for Policy changes:

- (i) State Government has increased the salaries and the pensions of Government employees. The complementary nature of revenue expenditure is evident in social sector. The Education and Health sectors require deployment of more teachers, Doctors and Para-medical staff. Food security is crucial to the state due to high incidence of poverty and malnutrition. As a result, revenue expenditures may go up.
- (ii) While deciding the borrowing programme of the Government, trends in money market are kept in mind. The basic objective of the borrowing policy is to bring down the average cost of borrowing, and to increase its efficiency.
- (iii) In order to increase agricultural production, there is a need to decrease the cost of agricultural inputs and ensure their availability. Therefore, the level of power subsidies and loan subsidies to farmers would be decided by the economic rationality in the context of a democratic political setup .

(5). Policy Evaluation:

All updated fiscal information has been provided as per the FRBM Act. 2005 The Medium Term Fiscal Policy is based on 2008-09 account, 2009-10 budget/revised

estimates, 2010-11 budget estimates and projected trends for year 2011-12 to 2013-14. Targets set for the 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)
		2009-10	2010-11	2011-12
(1)	(2)	(3)	(4)	(5)
1	Gross Fiscal Deficit as Percentage of GSDP	2.86	3.47	3.00
2	Revenue surplus as Percentage of Gross Fiscal Deficit	88.69	56.77	48.44
3	Revenue surplus as Percentage of GSDP	2.53	1.97	1.45
4	Revenue surplus as Percentage of TRR	13.28	9.00	6.69
5	Total Liabilities -GSDP Ratio (%)	32.99	32.11	32.10
6	Total Liabilities - Total Revenue Receipts (%)	172.91	146.53	147.80
7	Total Liabilities -State's Tax Revenue Receipts (%)	414.39	377.58	369.46
8	State's Tax Revenue Receipts in comparison of Revenue Expenditure (%)	48.12	42.65	42.87
9	Capital Outlay as Percentage of Gross Fiscal Deficit	127.84	114.66	109.27
10	Interest Payment as Percentage of Revenue Receipts	10.76	9.68	9.24
11	Salary Expenditure as Percentage of Revenue Receipts	24.59	27.94	30.87
12	Pension Expenditure as Percentage of Revenue Receipts	7.43	8.70	8.93

FORM F-5
[See Rule 7]

A. COMPONENTS OF STATE GOVERNMENT LIABILITIES

(Rs. in crore)

S.No.	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
		2009-10 (Account)	2010-11 (RE)	2011-12 (BE)	2009-10 (Account)	2010-11 (RE)	2011-12 (BE)	2009-10 (Account)	2010-11 (RE)	2011-12 (BE)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Market Borrowings	5821.00	4172.68	6267.00	804.50	644.60	878.12	21620.30	25148.38	30537.26
2	Loans from Centre	1344.54	1345.50	1788.67	456.26	510.42	524.23	10378.95	11214.03	12478.47
3	Special Securities issued to the NSSF	810.00	2200.00	1500.00	318.18	350.00	380.00	14666.25	16516.25	17636.25
4	Borrowings from Financial Institutions/ Banks	626.96	779.00	901.62	815.09	920.16	1017.75	6175.26	6034.16	5917.97
5	WMA/OD from RBI	0.00	1000.00	4000.00	0.00	1000.00	4000.00	0.00	0.00	0.00
6	Public Account	11322.06	10858.81	6856.44	9946.48	10832.54	6051.80	15011.80	15038.07	15842.71
7	Other Deposits									
8	Total	19924.56	20355.99	21313.73	12340.51	14257.72	12851.90	67852.56	73950.83	82412.66

B. WEIGHTED AVERAGE INTEREST RATES ON STATE GOVERNMENT LIABILITIES

(Percent)

S. No	Category	Raised during the Fiscal Year ^A		Outstanding Amount (as on 31st March)	
		Previous Year (Accts)	Current Year (RE)	Previous Year (Accts)	Current Year (RE)
		2009-10	2010-11	2009-10	2010-11
-1	-2	-3	-4	-5	-6
1	Market Borrowings	8.36	8.46	7.90	8.10
2	Loans from Centre	9.00	9.00	8.46	8.47
3	Special Securities issued to the NSSF	9.50	9.50	9.97	9.95
4	Borrowings from Financial Institutions/ Banks	6.50	6.50	7.91	7.80
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 *	8.27	8.29	8.45	8.46

^A 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 2009-10	Current Year 2010-11
	(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 (%)
(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 31.12.2010)	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 (13)					Un received	Un received		Un received	Un received	
Commerce, Industry and Employment Department (2)	3,55.06	0.00	0.00	0.00	-	-	1,60.83	-	-	
Energy Department (55)	4.20	0.00	0.00	0.00	-	-	0.00	-	-	
Co-operation (6)	61,82.55	0.00	0.00	0.00	-	-	32,80.35	-	-	
Urban Administration & Development (61)	20,39.57	0.00	0.00	0.00	-	-	11,02.13	-	-	
Tribal, Schedule Cast and Backward Classes Welfare (2)	5,10.98	0.00	0.00	0.00	-	-	2,27.93	-	-	
Housing and Environment (13)	51.00	0.00	0.00	0.00	-	-	12.42	-	-	
Village industry (4)	2,05.90	0.00	0.00	0.00	-	-	22.29	-	-	
Minority & Backward Class Department (3)	49.00	0.00	0.00	0.00	-	-	23.47	-	-	
Schedule Cast Welfare Department (3)	22.90	0.00	0.00	0.00	-	-	15.29	-	-	
	59.00	0.00	0.00	0.00	-	-	1,30.76	-	-	
Grand Total	94,80.17	0.00	0.00	0.00			49,75.52			10.55%

* 2010-11 (R.E.).

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
(1)	(2)	(3)	(4)	(5)	(6)
0.00	305.66	0	63.57	0.00	369.23

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:	7630.15	3793.51	11423.66
	Loans to Local Bodies	1232.75	170.11	1402.86
	Loans to companies	0	0	0
	Loans to others	6397.4	3623.4	10020.8
2	Equity Investment	9643.34	2042.94	11686.28
	Shares	0	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	22833.21	5836.45	28669.66

Note: Assets above the threshold value of Rupees two lakh only to be recorded.

FORM F – 10

[See Rule 7]

REVENUES RAISED BUT NOT REALISED

(Principal taxes and non-taxes)

(As at the end of the year 2009-10)

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*	79.34	37.84	117.18
0030	Stamps and Registration fees	28.62	71.24	99.86
	Taxes on Commodities and Services			
0039	State Excise	5.22	55.06	60.28
0040	Taxes on Sales, trade, etc	520.76	66.17	586.93
0041	Taxes on Vehicles	0.00	0.00	0.00
0045	Other taxes and duties on commodities and services	0.14	0.48	0.62
0043	Taxes and Duties on Electricity	0.00	19.72	19.72
0853	Non-Ferrous Mining and Metallurgical Industries	1546.33	12.17	1558.50
0700	Major Irrigation	0.00	1115.77	1115.77
0701	Medium Irrigation	0.00	61.23	61.23
0702	Minor Irrigation	0.00	652.15	652.15
0406	Forestry and Wild life	3.48	13.69	17.17
	TOTAL	2183.89	2105.52	4289.41

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 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	8620	1.90
2	5001 to 21000	370080	82.35
3	210011 to 37000	60120	13.38
4	370011 to 53001	7845	1.74
5	53001 to 65000	2327	0.52
6	65001 to 80000	380	0.08
7	above 80001	32	0.01
	Total	449404	100

B. Employment in State Public Sector Undertakings

(i) New Pay scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	97	0.53
2	2501 to 4300	2797	15.23
3	4301 to 6100	6674	36.33
4	6101 to 9700	4264	23.21
5	9701 to 13300	2743	14.93
6	13301 to 19300	1272	6.92
7	above 19301	522	2.84
	Total	18369	100

(ii) Old Pay scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 800	0	0.00
2	from 801 to 1000	47	12.60
3	from 1001 to 1400	305	81.77
4	from 1401 to 2000	4	1.07
5	from 2001 to 3500	10	2.68
6	from 3501 to 5000	7	1.88
7	above 5001	0	0.00
	Total	373	100

(iii) Sixth Pay Comm. scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	738	1.78
2	5001 to 21000	26302	63.55
3	210011 to 37000	12350	29.84
4	370011 to 53001	1213	2.93
5	53001 to 65000	729	1.76
6	65001 to 80000	56	0.14
7	above 80001	1	0.00
	Total	41389	100

C. Employment in Semi Government Bodies

(i) New Pay scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	162	2.54
2	2501 to 4300	1829	28.64
3	4301 to 6100	1544	24.17
4	6101 to 9700	1670	26.15
5	9701 to 13300	616	9.64
6	13301 to 19300	467	7.31
7	above 19301	99	1.55
	Total	6387	100

(ii) Old Pay scale

(As at the end of 31st March 2010)

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	306	41.63
3	from 1001 to 1400	88	11.97
4	from 1401 to 2000	158	21.50
5	from 2001 to 3500	156	21.22
6	from 3501 to 5000	20	2.72
7	above 5001	4	0.54
	Total	735	100

(iii) Sixth Pay Comm. scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	10	0.72
2	5001 to 21000	1144	82.72
3	210011 to 37000	211	15.26
4	370011 to 53001	15	1.08
5	53001 to 65000	1	0.07
6	65001 to 80000	2	0.14
7	above 80001	0	0.00
	Total	1383	100

D. Employment in Universities

(i) New Pay scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	575	8.41
2	2501 to 4300	3554	51.99
3	4301 to 6100	907	13.27
4	6101 to 9700	864	12.64
8.5.	9701 to 13300	451	6.60
6	13301 to 19300	288	4.21
7	above 19301	197	2.88
	Total	6836	100

(ii) Sixth Pay Comm. scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 5000	0	0.00
2	5001 to 21000	450	80.36
3	210011 to 37000	38	6.79
4	370011 to 53001	28	5.00
5	53001 to 65000	43	7.68
6	65001 to 80000	1	0.18
7	above 80001	0	0.00
	Total	560	100

E. Employment in Urban Local Bodies

New Pay scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	14659	20.75
2	2501 to 4300	37726	53.39
3	4301 to 6100	9808	13.88
4	6101 to 9700	5901	8.35
5	9701 to 13300	2057	2.91
6	13301 to 19300	405	0.57
7	above 19301	100	0.14
Total		70656	100

F. Employment in Development Authorities

New Pay scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	249	13.84
2	2501 to 4300	536	29.79
3	4301 to 6100	242	13.45
4	6101 to 9700	549	30.52
5	9701 to 13300	104	5.78
6	13301 to 19300	74	4
7	above 19301	45	3
Total		1799	100

G. Employment in Rural Local Bodies

New Pay scale

(As at the end of 31st March 2010)

S.No	Pay Group (in Rupees)	No. of Employees	Percentage
1	2	3	4
1	upto 2500	47196	31.53
2	2501 to 4300	71215	47.58
3	4301 to 6100	23006	15.37
4	6101 to 9700	6255	4.18
5	9701 to 13300	1552	1.04
6	13301 to 19300	365	0.24
7	above 19301	89	0.06
Total		149678	100