

GOVERNMENT OF TAMILNADU

**ACCOUNTS AT A GLANCE
2006-2007**

**ACCOUNTANT GENERAL
(Accounts and Entitlements)**

TAMILNADU, CHENNAI - 600 018

PREFACE

This is the ninth issue of our annual publication “**Accounts At A Glance**”.

The Annual Accounts of the State Government are prepared under the directions of Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General’s Duties, Powers and Conditions of Service) Act, 1971, for being laid before the Legislature of the State. The Annual Accounts consist of Finance Accounts and Appropriation Accounts.

‘Accounts At A Glance’ provides a broad overview of Governmental activities, as reflected in Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

While it has been our endeavor to rely on the figures in the certified Finance Accounts and Appropriation Accounts, the certified annual accounts only should be referred to for authentic figures.

We look forward to suggestions that would help us in improving the publication.

(K. SRINIVASAN)
ACCOUNTANT GENERAL (A&E)

Place : Chennai
Date : 29.02.2008

Table of Contents

Chapter 1	Overview	Page
1.1	Introduction	1
1.2	Accounts	1
1.3	Finance Accounts and Appropriation Accounts- What do they depict?	2
1.4	Sources and Application of Funds	2
1.5	Deficit – What do they indicate?	4
1.6	Highlights of accounts	6
Chapter 2	Receipts	
2.1	Introduction	7
2.2	Revenue Receipts	7
2.3	Grants-in-aid/Central assistance	8
2.4	Capital receipts	8
2.5	Trend in Public Debt to GSDP for the past five years	8
Chapter 3	Expenditure	
3.1	Introduction	9
3.2	Revenue Expenditure	9
3.3	Capital Expenditure	11
Chapter 4	Appropriation Accounts	
4.1	Importance of Appropriation Accounts	13
4.2	Highlights of Appropriation Accounts	13
4.3	Actual expenditure	13
4.4	Persistent Saving	14
Chapter 5	Assets and Liabilities	
5.1	Assets	15
5.2	Debt and Liabilities	15
5.3	Public Account	16
5.4	Interest Payments	17
5.5	Utilisation of Borrowed Funds	17
5.6	Ways and Means Advances	18
5.7	Guarantees	18
Chapter 6	Other Items	
6.1	Loans and Advances by the State Government	19
6.2	Reconciliation of Accounts	19
6.3	Submission of Accounts by Treasuries	19
6.4	General Cash Balance	19

CHAPTER - 1

OVERVIEW

1.1 Introduction

The monthly accounts of the State Government are compiled and consolidated from the accounts submitted by the District Treasuries, Public Works and Forest Divisions, etc. to the Accountant General (Accounts and Entitlements). Besides, the Finance Accounts and Appropriation Accounts are prepared annually by the Accountant General (A&E) under the directions of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.2 Accounts

The accounts of Government are kept in the following three parts:

Part I	Consolidated Fund
Part II	Contingency Fund
Part III	Public Account

Part I Consolidated Fund: Deals with Receipts and Expenditure on Revenue Account and Capital Account, Public Debt and Loans and Advances.

During 2006-2007 total receipts amounted to Rs.46472 crore comprising Rs.40913 crore revenue receipts (Rs.34165 crore Tax revenue, Rs.3422 crore Non-Tax revenue and Rs.3326 crore Grants-in-aid and Contributions) and Rs.5559 crore capital receipts.

Disbursements during the year were Rs. 46472 crore comprising Rs. 38265 crore (82.3%) on revenue account and Rs. 8207 crore (17.7%) on capital account.

Part II Contingency Fund: The Government has a Contingency Fund of Rs.150 crore to meet unforeseen expenditure not provided for in the Budget. During the current year Rs.131.24 crore was drawn from the Fund and the entire amount had been recouped to the Fund. The expenditure incurred from the Fund had been transferred to the Consolidated Fund.

Part III Public Account: The transactions relating to Debt, Deposits, Advances, Remittances and Suspense are recorded. The transactions recorded in this part represent the liability of the Government to repay the Debt and Deposits and recoveries of Advances. The transactions relating to Remittances and Suspense represent only adjusting entries which will be cleared by corresponding Receipts or Payments within the same or another account circle.

1.3 Finance Accounts and Appropriation Accounts - What do they depict?

Finance Accounts

Finance Accounts present the accounts of net receipts and outgoings of the Government for the year together with the financial results disclosed by the revenue and capital accounts, the accounts of the public debt and the liabilities and assets of the Government concerned as worked out from the balances recorded in the accounts.

Appropriation Accounts

Appropriation Accounts bring out the expenditure of the State Government incurred from the Consolidated Fund against amounts voted by the State Legislature and amounts charged on the Consolidated Fund of the State and supplement the Finance Accounts. These comprise accounts of 47 charged Appropriations and 51 voted Grants.

Appropriation Acts 2006 - 2007 had projected for a gross expenditure of Rs.57066 crore, including the Supplementary Grants totaling Rs.5132 crore, voted by State Legislature during the year. An amount of Rs.906 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2006-2007 showed disbursements aggregating Rs.52204 crore against the aggregate budget provision of Rs. 57066 crore, resulting in net saving of Rs.4862 crore against Grants and Appropriations.

Recoveries in reduction of expenditure amounted to Rs.1042 crore reflecting an increase of Rs.136 crore vis-a-vis Budget Estimate of Rs.906 crore.

1.4 Sources and Application of Funds

During the year 2006-07, Government raised revenue of Rs.42516 crore and debt of Rs.7147 crore. Total funds received in the Consolidated Fund of the state were Rs.51162 crore. Out of this, Rs.4690 crore was utilised to repay past debt and Rs.46472 crore was spent in Government activities. This resulted in a deficit of Rs.1499 crore on Consolidated Fund of the State which together with the surplus of Rs.1527 crore on Public Account, increased the Government Balance by Rs.28 crore.

(Rs. in crore)

Sources	Amount	Application	Amount
Revenue Receipts	40913	Revenue Expenditure	38265
Recovery of Loans and Advances	1603	Loans given	2254
Miscellaneous Capital Receipts	..	Capital Expenditure	5953
Public Debt	7147	Repayment of Public Debt	4690
Public Account	1527	Cash Increase	28
Total	51190	Total	51190

The net receipts were sufficient to meet only 91% of the total expenditure, leaving a fiscal deficit of Rs.3956 crore. The Revenue Surplus for the year was Rs.2648 crore. In terms of GSDP, Fiscal Deficit was 1.6% of GSDP and Revenue Surplus was 1% of GSDP.

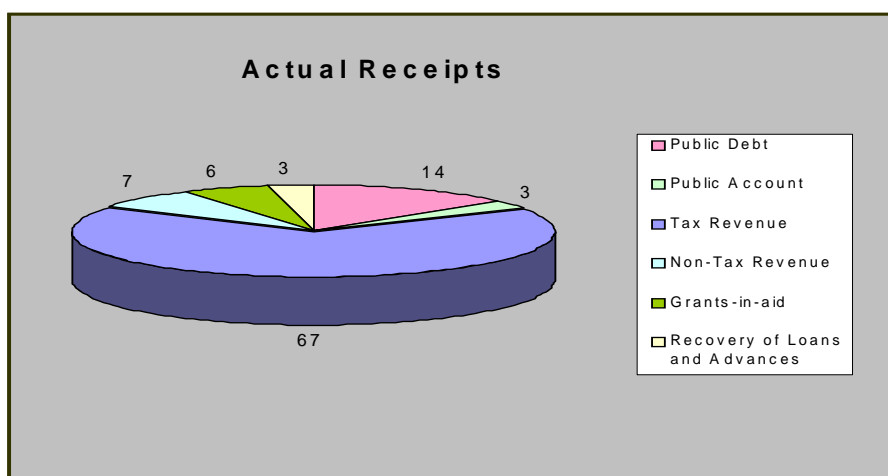
1.4.1 Sources of Financing the Deficit

The deficit of Rs.3956 crore was financed mainly from Public Debt of Rs.2457 crore and borrowing on Public Account for Rs.1499 crore which led to a surplus cash balance of Rs.28 crore.

(Rs. in crore)		
Description	Amount	%
Internal Debt and Loans and Advances from Government of India		62
Receipts	7147	
Payments	4690	
	} 2457	
Public Account	1499	38
Total Financing	3956	100

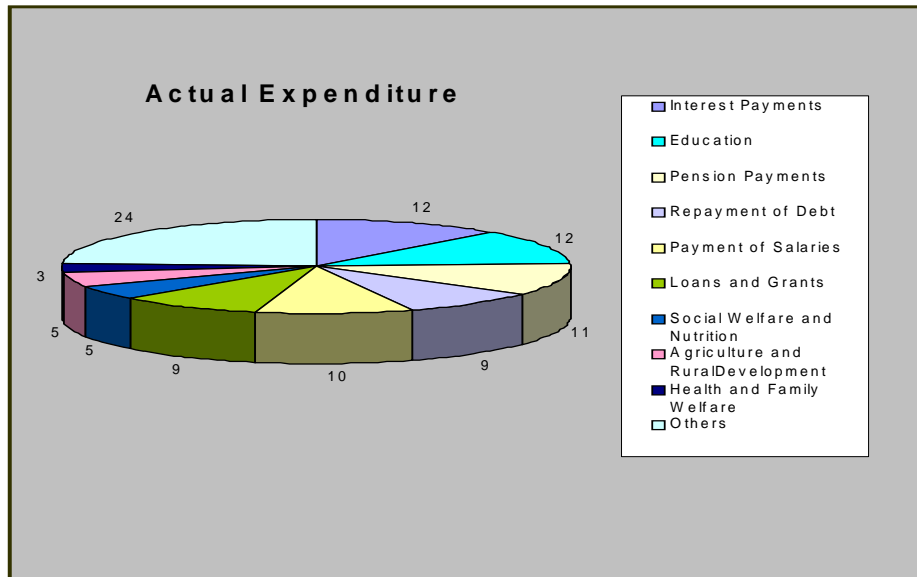
1.4.2 Where the Rupee came from?

The total expenditure for the year 2006-07 was Rs.51162 crore. Every rupee spent was met by raising Public Debt (14 paise), Public Account (3 paise), Revenue Receipts (80 paise) and Recovery of Loans and Advances (3 paise). Revenue Receipts (80 paise) consist of Tax Revenue (67 paise), Non-Tax Revenue (7 paise) and Grants-in-aid from Central Government (6 paise). The cumulative Public Debt at the end of 2006-07 stood at Rs.53082 crore (discussed at Para 5.2). The main sources of funds were Borrowings, Tax Revenue, Non-tax Revenue, Grants-in-aid and Public Account as shown below.



1.4.3 Where the Rupee went?

Based on the purpose of expenditure, it was classified into General Services, Social Services and Economic Services. Out of every one rupee spent, 12 paise was for Interest Payments, 12 paise for Education, 11 paise for Pension Payment, 10 paise for payment of salaries, 9 paise for repayment of Debt, 9 paise for Loans and Grants, 5 paise for Social Welfare and Nutrition, 5 paise for Agriculture and Rural Development, 3 paise for Health and Family Welfare and the balance 24 paise for other expenditure.



1.5 Deficit - What do they indicate?

Deficits in Government represent gaps between the revenue and expenditure. The kind of deficit, the ways of financing the deficit and application of funds are important indicators of the prudence of financial management in Government.

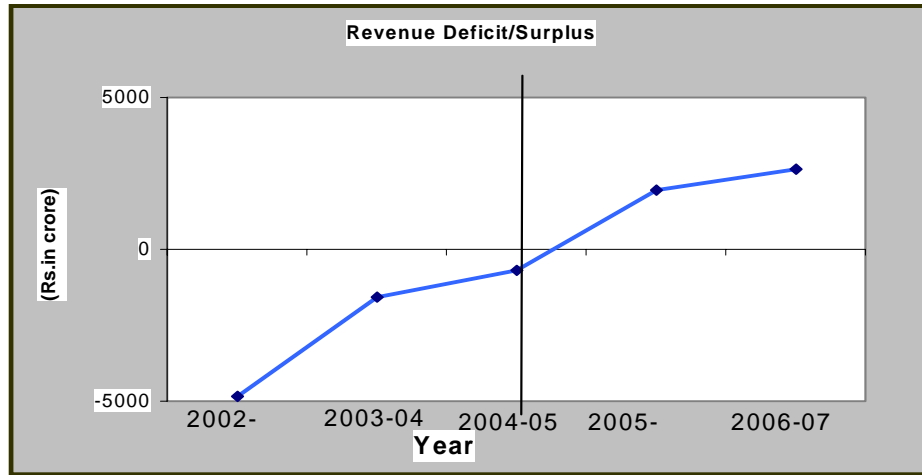
A. Revenue Deficit:- Revenue Expenditure minus Revenue Receipt

As per the traditional theory of financial management, revenue expenditure is required to maintain the existing establishment of Government and should be met out of revenue receipts. During the year 2006-07 Revenue Account resulted in a surplus of Rs.2648 crore.

B. Fiscal Deficit:- Total Expenditure minus Total Receipts (Revenue Receipts plus Capital Receipts excluding liabilities)

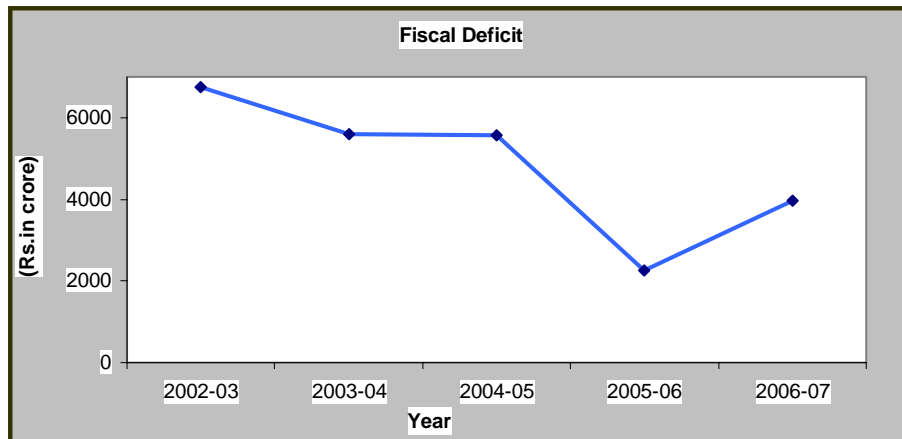
It is a measure of total expenditure which is financed by borrowings. During the year 2006-07 Fiscal Deficit comprising of Borrowings and other Liabilities was Rs.3956 crore.

1.5.1 The trend of Revenue Deficit / Surplus and Fiscal Deficit during the last five years is as under :



The Revenue Deficit occurred till 2004-05 had become Revenue Surplus during 2005-06 and 2006-07 due to increase in Tax Revenue. The Revenue Surplus for 2006-07 was Rs.2648 crore constituting 1% of GSDP.

The Fiscal Deficit of the State increased from Rs.2251 crore in 2005-2006 to Rs.3956 crore in 2006-2007.



The Fiscal Deficit for 2006-07 was Rs. 3956 crore constituting 1.6% of GSDP. As per Tamil Nadu Fiscal Responsibility Act, 2004, the Government has committed to reduce the ratio of fiscal deficit to Gross Domestic Product every year by 0.25 percent to 0.30 percent. However, in 2006-07, the Fiscal deficit had increased by 0.6% as compared to 2005-06.

1.6 HIGHLIGHTS OF ACCOUNTS

(Rs.in crore)

Sl. No.	Particulars	B.E 2006-2007	Actuals	Actuals to B.E
1	Tax Revenue	33036	34165	103.4%
2	Non-Tax Revenue	2675	3422	128.0%
3	Grants-in-aid & Contributions	3021	3326	110.1%
4	Total Revenue Receipts	38732	40913	105.6%
5	Recovery of Loans & Advances	1371	1603	116.9%
6	Other Receipts
7	Borrowings and other liabilities (B)	7231	3956	54.7%
8	Total Capital Receipts (A)	8602	5559	64.6%
9	Total Receipts	47334	46472	98.2%
10	Expenditure on Revenue Account	39861	38265	96.0%
11	Expenditure on Capital Account (C)	7473	8207	109.8%
12	Total Expenditure	47334	46472	98.2%
13	Revenue Deficit (-)(10-4) / Revenue Surplus(+) (4-10)	(-1129)	(+)2648	
14	Fiscal Deficit (4+5+6-12)	(-7231)	(-)3956	

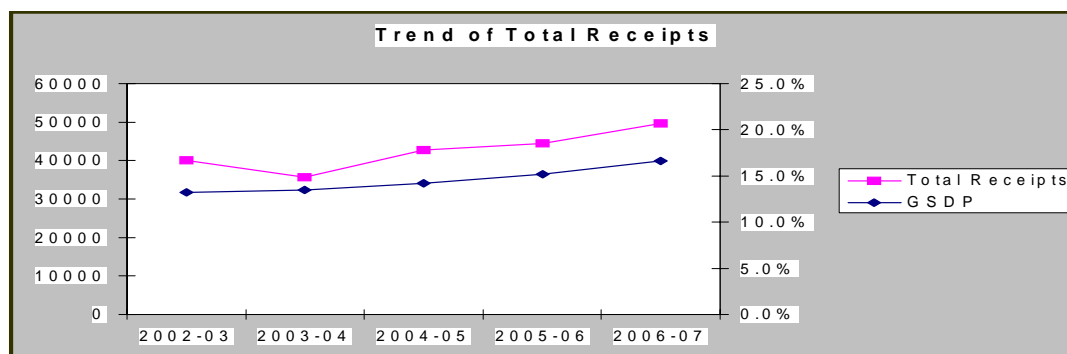
- (A) Capital Receipts: Recovery of Loans and Advances + Other Receipts+ Borrowings and other liabilities.
- (B) Borrowings and other liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net(Receipts – disbursements) of Part III. Public Account + Net of Opening and Closing Cash balance.
- (C) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed .

CHAPTER - 2

RECEIPTS

2.1 Introduction

Total receipts for the current year were Rs.49663 crore (Revenue Receipts Rs.40913 crore and Capital Receipts Rs.8750 crore). Based on its source, receipts of Government are classified into Revenue receipts and Capital Receipts. The trend in Government Receipts over the past five years is depicted below:



2.2 Revenue Receipts

Tax Revenue of Rs.34165 crore and Non-Tax Revenue of Rs.3422 crore formed 13.9 per cent and 1.4 per cent respectively of the GSDP. Revenue receipts include Rs.3326 crore received from Government of India as Grants-in-aid. Major contributors to revenue receipts were (i) Taxes on Sales, Trade, etc.(Rs.17727 crore– 43.3%), (ii) State Excise (Rs. 3986 crore – 9.7%) and (iii) Stamps and Registration Fees (Rs.2997 crore - 7.3 %).

Tax Revenue during the year exceeded the Budget Estimate by Rs. 1129 crore, the increase being mainly under Taxes on Property and Capital Transactions.

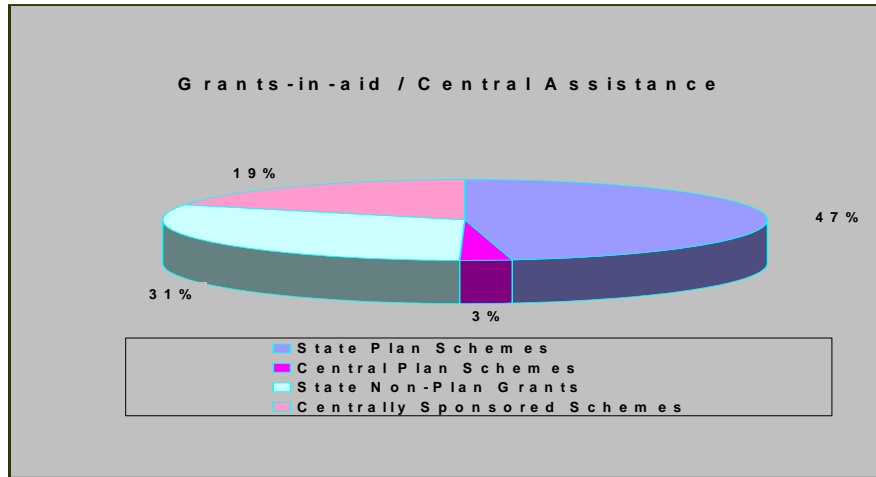
Tax Revenue comprises of State Taxes of Rs.27771 crores (81.3%) and Share of Central Taxes and Duties of Rs.6394 crores (18.7%).

Non-tax revenue during the year were higher than the Budget Estimate by Rs.748 crore, mainly on account of more collection under Interest Receipts, General Services and Social Services. Share of various constituents of tax, non-tax revenue and grants-in-aid and contributions to total revenue receipts is tabulated below:

(Rs.in crore)		
Components	Actuals	Actuals to Total Revenue Receipts
A. Tax Revenue (Taxes on Income and Expenditure, Property and Capital Transactions, Stamps and Registration, State Excise, Taxes on Sales etc.)	34165	83.5%
B. Non-Tax Revenue (Interest Receipts, Dividends and Profits etc.)	3422	8.4%
C. Grants-in-aid and Contributions (Assistance from Government of India)	3326	8.1%
Total - Revenue Receipts	40913	100%

2.3 Grants-in-aid/Central assistance

This represents assistance received from GOI in the form of grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by Planning Commission and State Non-plan Grants recommended by Finance Commission. The total receipts during the year 2006-07 were Rs.3326 crore as shown below.



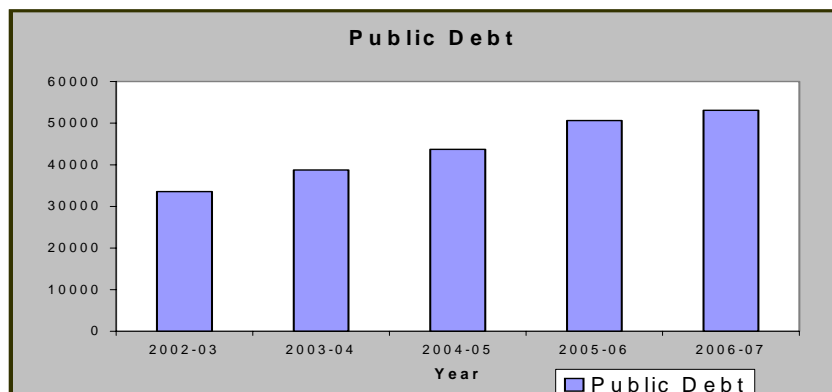
2.4 Capital Receipts

The Capital Receipts are mainly borrowings, recoveries of loans and advances made by government and miscellaneous Capital Receipts. The composition of the capital receipts for the year are as shown below.

(Rs.in crore)

Item	Amount	%
A. Public Debt	7147	81.7
1. Internal Debt	6820	78.0
2. Govt. of India Loans and Advances	327	3.7
B. Recovery of Loans and Advances	1603	18.3
Total	8750	100

2.5 Trend in Public Debt to GSDP for the past five years



CHAPTER - 3 EXPENDITURE

3.1 Introduction

The expenditure of the Government consists of Revenue Expenditure and Capital Expenditure. Based on the purpose and nature of expenditure these are further segregated into Plan and Non-plan.

3.2 Revenue Expenditure

This represents the amount spent on payment of interest (Rs.5956 crores), payment of Pension (Rs.5488 crores), payment of salaries (Rs. 5056 crores), expenditure on education (Rs.6061 crores), expenditure on Health and Family Welfare (Rs.1552 crores), expenditure on Social Welfare and Nutrition (Rs.2449 crores) and others (Rs.11703 crores). Revenue Expenditure (Rs.38265 crore) were 15.5 per cent of GSDP. It was less than Budget Estimate by Rs. 1596 crore (Rs. 2161 crore less under Non-Plan and Rs. 565 crore more under Plan).

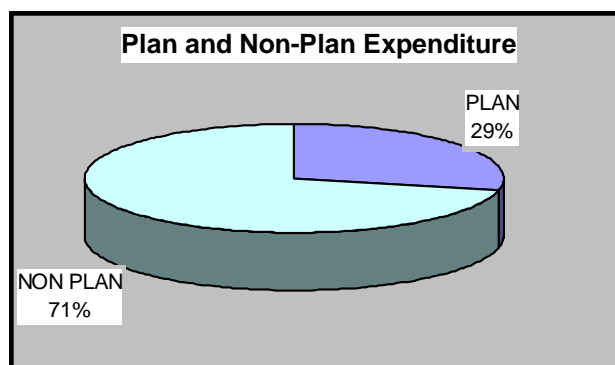
3.2.1 Plan Expenditure

During the year 2006-2007, Plan Expenditure, representing 29 per cent of total disbursements, were Rs. 13326 crore (Rs. 12256 crore under State Plan, Rs. 624 crore under Centrally Sponsored Plan and Rs. 446 crore under Schemes financed by Autonomous Bodies).

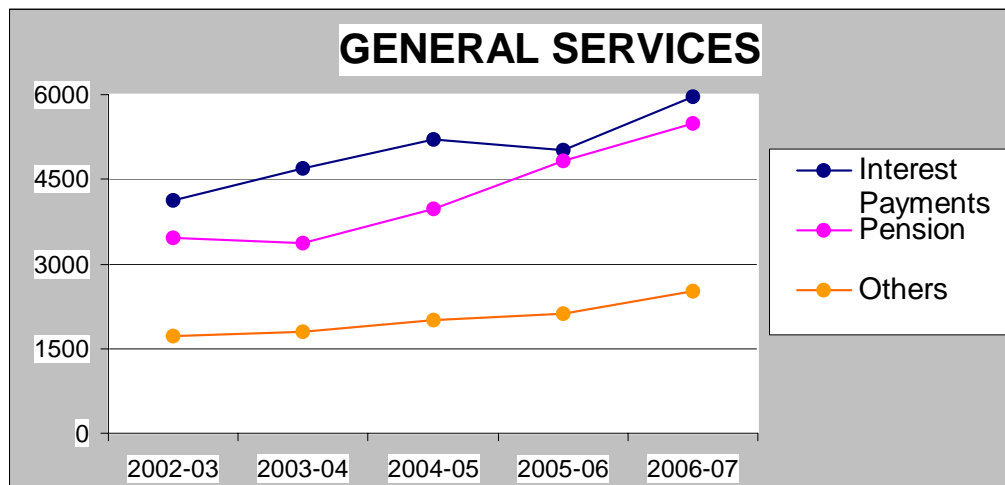
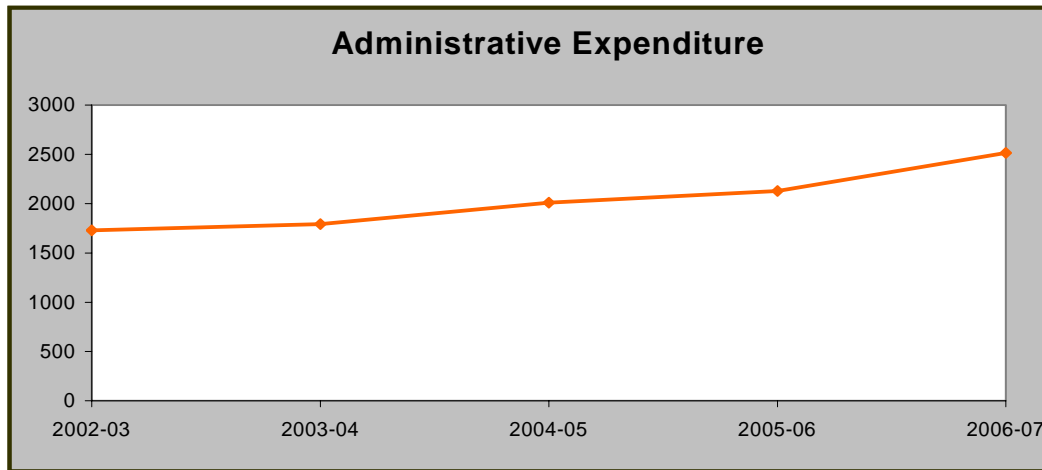
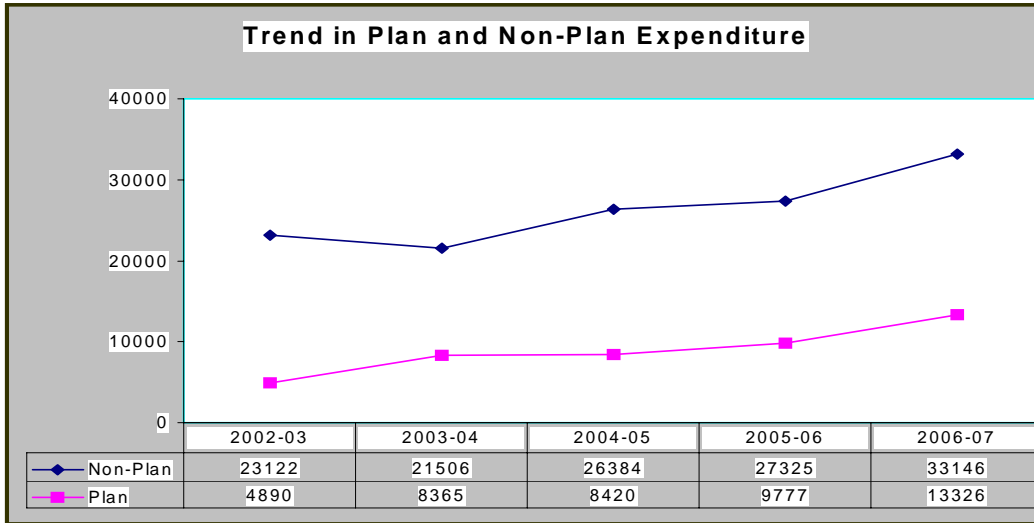
3.2.2 Non-Plan Expenditure

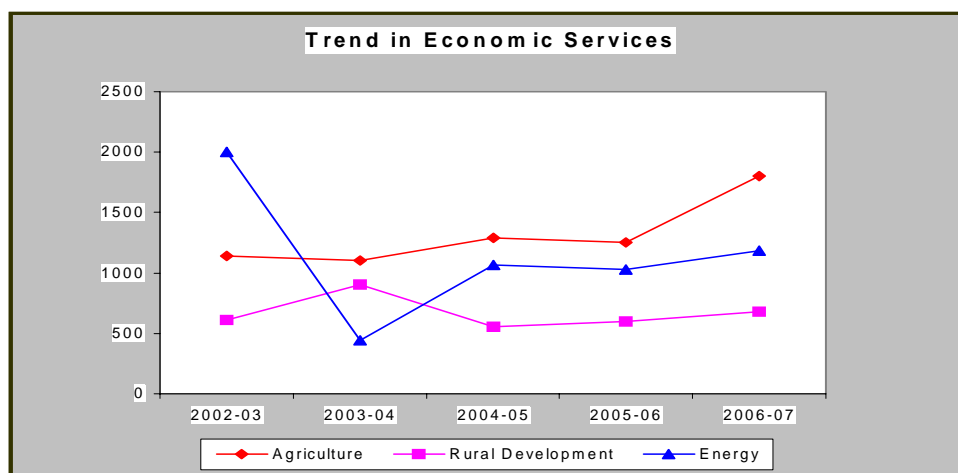
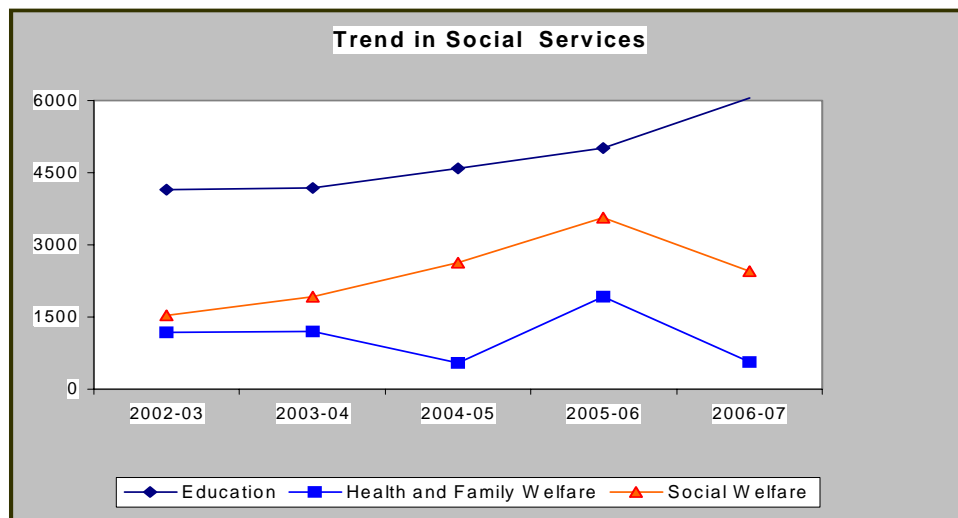
Non-Plan Expenditure during 2006-2007, representing 71 per cent of total disbursements were Rs.33146 crore, consisting of Rs.31065 crore under Revenue and Rs.2081 crore under Capital.

The pie-chart below shows the distribution of Expenditure under Plan and Non-Plan(Revenue and Capital) for the current year:



3.2.3. Trend in Plan and non-plan expenditure, administration, general, social and economic expenditure for the past five years from 2002-2003 and 2006-2007 are depicted below:





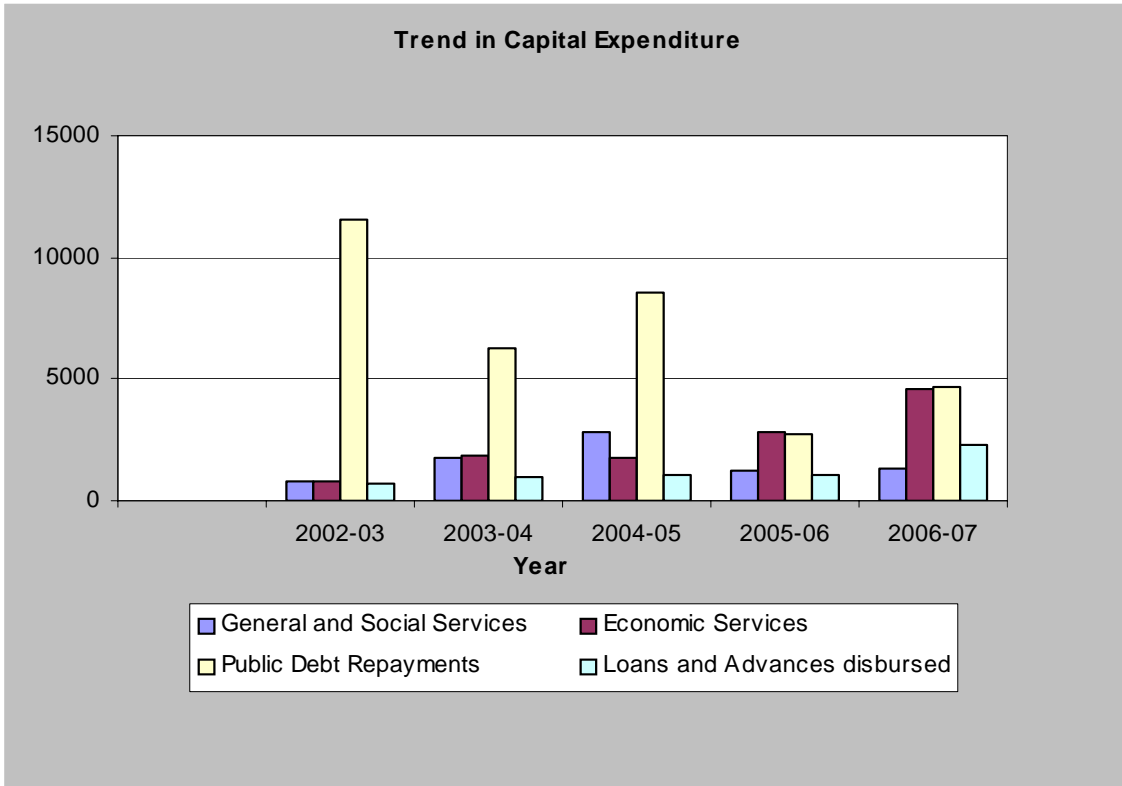
3.3 Capital Expenditure

Expenditure incurred to create durable assets of material and permanent character or to liquidate liabilities. The capital expenditure of Rs. 12897 crore was incurred on the following components during the year 2006-07:

(Rs.in crore)

Sector	Amount	%
1. General Services - Police, Public Works etc.	195	1.5
2. Social Services - Education, Health and Family Welfare, Water Supply, Welfare of SC/STs etc.	1132	8.8
3. Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	4626	35.8
4. Repayment of Public Debt		
(a) Internal Debt	4150	32.2
(b) Loans from Central Government	540	4.2
5. Loans and Advances disbursed	2254	17.5
Total	12897	100.0

Out of the total Capital expenditure, 1.5 % was spent under General Services, 8.8% under Social Services, 35.8% under Economic Services, 36.4% for repayment of Public Debt and 17.5% for disbursement of Loans and Advances during the year 2006-07.



Compared to the previous year there was a steep increase in Capital Expenditure on Economic Services, Loans and Advances disbursed and Repayment of Public Debt.

CHAPTER - 4

APPROPRIATION ACCOUNTS

4.1 Importance of Appropriation Accounts

Appropriation Act passed by the State Legislature under Articles 204 and 205 of the Constitution of India provides the authority to the Government to withdraw specified sums from the Consolidated Fund of the State for the specified activities of the State Government.

The Appropriation Accounts show that in the year 2006-2007, there was actual expenditure of Rs. 52204 crore, comprising Rs. 39269 crore Revenue Expenditure, Rs. 5991 crore Capital Expenditure, Rs. 4690 crore Repayment of Debt and Rs. 2254 crore Loans and Advances. There were saving/excess under Revenue / Capital / Public Debt / Loans and Advances with reference to total grants allocated by the State Legislature.

4.2 Highlights of Appropriation Accounts

(Rs.in crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Saving(-)
		(a)	(b)	(c)	(d)	(e)
(Rupees in crore)						
1	Revenue Voted	34901	1438	36339	33246	-3093
	Charged	5857	175	6032	6023	-9
2	Capital Voted	6439	964	7403	5983	-1420
	Charged	..	8	8	8	..
3	Public Debt Charged	3695	1165	4860	4690	-170
4	Loans and Advances Voted	1042	1382	2424	2254	-170
Total		51934	5132	57066	52204	-4862

Out of the ultimate saving of Rs. 4862 crore, Rs. 4674 crore was surrendered by the departments at the end of the year resulting in the assessment of the requirement not having been made properly. The amount could have been utilised by needy areas had the surrenders were anticipated and made earlier.

4.3 Actual expenditure - Reconciliation between Appropriation Accounts and Finance Accounts

The actual expenditure fell short of the estimated expenditure by Rs. 4862 crore.

(Rs.in crore)

Details	Appropriation Accounts	Actual Expenditure	Saving
Gross Expenditure authorised	57066	52204	4862
Recoveries	906	1042	136 (excess recovery)
Net expenditure (as per Finance Accounts)	56160	51162	

4.4 Persistent Saving

Details of persistent saving on a few selected grants/appropriations during 2006-07 and for the past four years are given below:

- ❖ In the case of Adi-Dravidar and Tribal Welfare Department, the saving in the Revenue grant was 7.6% to total grant and the saving fluctuated between 1.6% to 9.4% during the past four years.
- ❖ In the case of Health and Family Welfare Department, the saving in the Revenue grant was 12.6% to total grant and the saving fluctuated between 6.2% to 14.0% during the past four years.
- ❖ In the case of Home Department - Police, the saving in the Revenue grant was Rs. 11.5% to total grant and the saving fluctuated between 5.2% to 13.6% during the past four years.
- ❖ In the case of Public Works Department, the saving in the Capital grant was 42.7% to total grant and the saving fluctuated between 6.7% to 25.8% during the past four years.
- ❖ In the case of Highways Department, the saving in the Capital Grant was 38.4% to total grant and the saving fluctuated between 9% to 47.8% during the past four years.

There is no case of occurrence of persistent excess to end of 2006-07 in any grant/appropriation.

CHAPTER - 5

ASSETS AND LIABILITIES

5.1 Assets

Government has valuable assets in the form of Land, Buildings, Factories etc. Most of these assets of the Government do not easily lend themselves to an accurate valuation and Government account do not exhibit comprehensive valuation of Fixed assets like Land, Buildings etc. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government.

Out of the expenditure as on 31st March 2007, total investments as share capital in non-financial Public Sector Undertakings (PSU) during the year was Rs.4278 crore.

1. Dividend received during the year were Rs.30 crore (0.7% on investment). During 2006-07, investments in PSUs increased by Rs.1534 crore and dividend income increased Rs.8 crore over the previous year.
2. The expenditure on capital account towards financial assets was as follows: Agriculture:Rs.3237 crore, Police: Rs.1024 crore, Education Rs.1032 crore, Health and Family Welfare Rs.1032 crore, Water Supply and Sanitation, Housing and Urban Development Rs.7168 crore and on other areas Rs.14612 crore.
3. The Cash Balance as on 31st March 2007 was Rs.9133 crore and the cash balance investment was Rs.8302 crore.

5.2 Debt and Liabilities

Outstanding Public Debt at the end of 31st March 2007 was Rs.53082 crore, comprising of internal debt Rs.46616 crore and Loans and Advances from Central Government Rs.6466 crore. Other liabilities accounted under Public Account were Rs.18561 crore.

As per the Tamil Nadu Fiscal Responsibility Act, 2004, the Government has committed to reduce the ratio of revenue deficit to revenue receipt every year by 3% to 5% depending upon the economic situation in that year to a level below 5% by 31.3.2008, eliminate revenue deficit by 2008-09 and adhere to it thereafter. **The transactions on Revenue account have resulted in revenue surplus during 2005-06 and 2006-07.**

On the Fiscal side, it was committed by the Government to reduce the ratio of fiscal deficit to GSDP every year by 0.25 per cent to 0.30 percent beginning from financial year 2002-03 with medium term goal of not being more than 3 percent of fiscal deficit to GSDP to be attained by 31st March 2008 and adhere to it thereafter.

The goal was achieved in 2005-06, when the Fiscal deficit was less by 1.7% as compared to 2004-05 whereas in the year 2006-07, instead of getting reduced the Fiscal deficit had gone up by 0.6%.

Liabilities of the State Government increased by Rs.26947 crore, from Rs.44696 crore in 2002-2003 to Rs.71643 crore during 2006-2007. Public debt comprising internal debt of the State Government and loans and advances from the Central Government increased by Rs.19519 crore, from Rs.33563 crore in 2002-2003 to Rs.53082 crore at the end of the current year.

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature. Details of the Public Debt and total liabilities of the State Government are as under:

(Rs.in crore)

Year	Internal Debt	Loans and advances from Central Government	Total Public Debt	Small savings	Provident Funds	Other Obligations*	Total Liabilities	Total Liabilities to GSDP
2002-03	21998	11565	33563	241	6428	4464	44696	28.2%
2003-04	29331	9427	38758	242	6689	5051	50740	28.8%
2004-05	37166	6540	43706	261	6243	6878	57088	28.4%
2005-06	43946	6680	50626	246	6586	8617	66074	29.6%
2006-07	46616	6466	53082	252	6835	11474	71643	29.1%

* Includes Trust and Endowments, Reserve Funds, Deposits, Suspense and Remittances.

5.3 Public Account

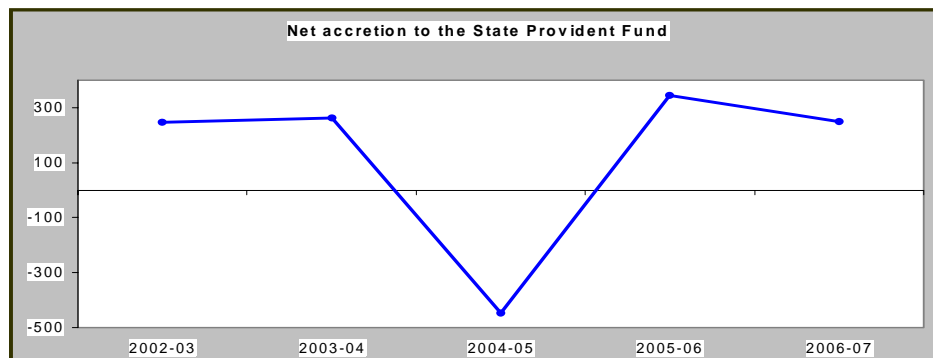
The State Government also acts as a banker and trustee in respect of the amounts under small savings collections, provident funds and deposits. There was an overall increase of Rs.1385 crore in respect of such liabilities of State Government during 2006-2007 and the balance to the end of the year was Rs.3344 crore.

(Rs.in Crore)

Year	Opening Balance	Receipts	Payments	Closing Balance
2002-03	1085	10939	11617	407
2003-04	407	11363	11086	684
2004-05	684	12000	11045	1639
2005-06	1639	11789	11469	1959
2006-07	1959	14729	13344	3344

5.3.1 State Provident Fund

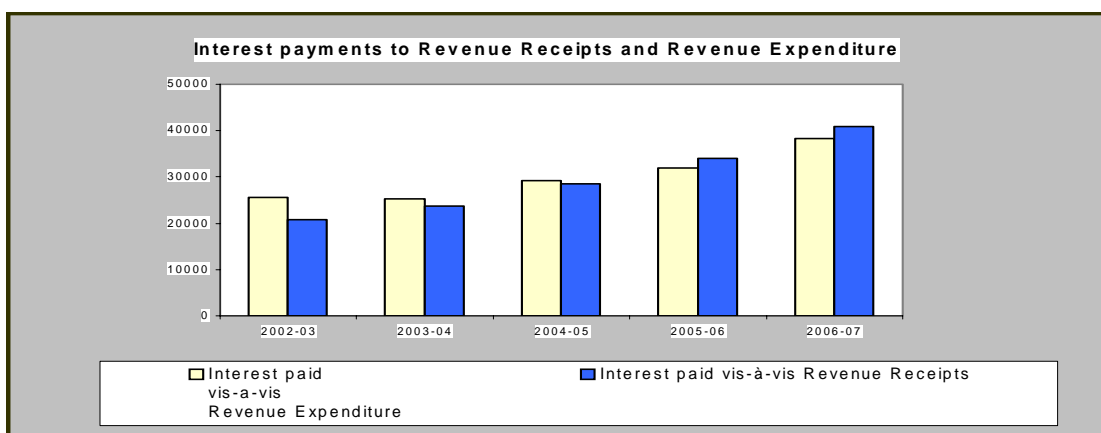
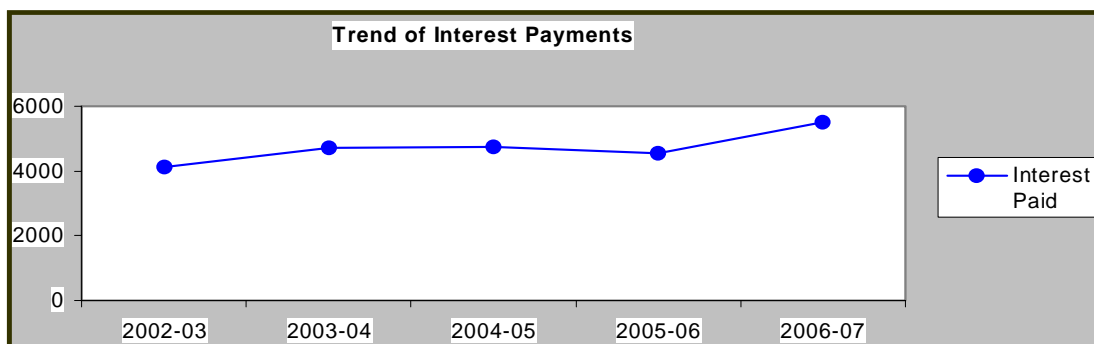
The details of transactions from the State Provident Fund are shown below:



Receipts were more than payments from the year 2002-03 to 2006-07, except in the year 2004-05 where there was more payments than the receipts.

5.4 Interest Payments

Interest payments on debt and other liabilities totaling Rs.5506 crore constituted 14.4 percent of revenue expenditure of Rs.38265 crore. Interest payments on Public Debt were Rs.4790 crore (Rs.4161 crore on internal debt, Rs.629 crore on loans and advances from Central Government) and on other liabilities, Rs.716 crore. Expenditure on account of interest payments increased by Rs.947 crore during 2006-2007.



5.5 Utilisation of Borrowed Funds

The new debt contracted during the year 2006-07 was Rs. 7147 crore and this constitutes 14.4% of the total receipts of Rs. 49663 crore (Revenue Receipts : Rs.40913 crore and Capital Receipts: Rs.8750 crore). The borrowings were mainly for repayment of old debt and payment of interest thereon.

The position representing new debt contracted and repayment of old debt for the past three years is indicated below :

(Rs. in crore)

Year	New Debt Contracted	New Debt to Total Debt at the end of the year	Repayment of old debt to Total Debt
2004-05	13473	30.8%	16.3%
2005-06	9641	19.1%	5.1%
2006-07	7147	13.5%	8.1%

The Interest paid for repayment of debt during the year was Rs. 4790 crore while it was Rs.716 crore towards other obligations.

5.6 Ways and Means Advances

The State Government, in order to maintain and sustain its liquidity position, obtains Ways and Means Advances from the Reserve Bank of India and thereafter, draws upon the overdraft facility whenever there is shortfall in the agreed minimum cash balance in its account with the Reserve Bank of India. The State Government is required to maintain a minimum cash balance of Rs.325 lakh with Reserve Bank of India on a daily basis.

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07
i) Number of days on which minimum balance was maintained					
a) Without obtaining any advance	10	323	342	351	365
b) By obtaining Normal Ways and Means Advances	235	36	7
c) By obtaining Special Ways and Means Advances	48	5	16	14	..
Total	293	364	365	365	365
ii) Number of days on which overdraft was taken	71	2

There was no occasion of drawal of Overdraft and Ways and Means Advance during the year 2006-07.

5.7 Guarantees

The position of guarantees by the State Government for the payment of loans and capital and payment of interest thereon raised by Statutory Corporations and Boards, Government Companies, Co-operative Institutions, etc. is given below:

(Rs. in crore)

At the end of the year	Amount Guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
2002-03	16353	8559	118
2003-04	18843	9961	137
2004-05	17220	8312	112
2005-06	13669	5488	76
2006-07	15942	3960	78

CHAPTER - 6

OTHER ITEMS

6.1 Loans and Advances by the State Government

Total loans and advances made by the State Government at the end of 31st March 2007 was Rs.7752 crore. Recovery of principal amount aggregating Rs.6149 crore was outstanding at the end of 31st March 2007.

Total loans and advances to Government Corporations / Companies, Non-Government Institutions, Local Bodies, etc. at the end of 31st March 2007 was Rs.3123 crore. The recovery of principal, amounting to Rs.2855 crore was in arrears at the end of March 2007.

6.2 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the departmental figures with the figures in the books of Accountant General(A&E).

Before annual accounts are finalised, the Departments reconcile the departmental accounts figures with those booked in accounts compiled by the Accountant General(A&E). The reconciliation of accounts figures is to be done monthly. For the year 2006-2007 reconciliation has been completed in respect of 95 per cent of the total certificates due from the controlling officers.

6.3 Submission of Accounts by Treasuries

Monthly Accounts are rendered by the following authorities to the Accountant General (A&E):

(i) 30 Treasuries, (ii) 9 Pay and Accounts Offices, (iii) 175 Public Works Divisions and (iv) 99 Forest Divisions.

During the year 2006-2007 there was no delay in the rendition of accounts by Treasuries, Public Works Divisions and Forest Divisions. Vouchers for Rs.3 crore were due to be received for the year 2006-2007 from various Treasuries.

6.4 General Cash Balances

The closing cash balance according to the Reserve Bank of India was Rs.79 crore (Net credit) against the general cash balance of Rs.75 crore (Net debit) reflected in State Government accounts. The difference of Rs.4 crore (Net credit) was under reconciliation. Cash in Treasuries and Remittances in Transit amounted to Rs.16 crore.

Investments held in the Cash Balance Investment Account as on 31st March 2007 were Rs.8302 crore. Other cash balances and investments comprising cash with departmental officers (Rs.2 crore), Permanent Advances with departmental officers (Rs.6 crore) and investment of earmarked funds (Rs.2099 crore) as on 31st March 2007 amounted to Rs.2107 crore.

The closing Cash Balance of the State Government increased from Rs.63 crore to Rs.91 crore as compared to the previous year.