



GOVERNMENT OF HARYANA

WHITE PAPER

ON

STATE FINANCES

(PART I)

FINANCE DEPARTMENT

MARCH, 2015



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Preface

1. In the November, 2014 elections to the Haryana Legislative Assembly, the people of Haryana gave a decisive mandate for Government. This of course came with high expectations of better governance and faster development. After joining office, the Chief Minister had promised to bring out a White Paper on the State finances so as to benchmark the status of the State finances. This White Paper intends to present the factual status of various aspects of finances and the related growth data for the State of Haryana over a 10 year period i.e. 2004-05 to 2013-14. This Paper is being presented in two parts.

2. Part One of the White Paper brings out the trends in macro-economic indicators, the trends for budgetary receipts and expenditure besides providing in some cases an overview of the distribution of this expenditure. The ten year trends in growth of Tax Revenue, Non Tax Revenue, revenue collection as well as areas of shortfall and slow growth in receipts have also been analysed. The expenditure on creation of capital assets is also examined as it mainly catalyses future growth and development of the State economy.

3. Part Two of this Paper attempts to provide an overview of the financial health of the Public Sector Undertakings, especially those in the sectors of Power, Social Welfare and Cooperatives. A synopsis of the committed liabilities, profits and losses generated by these PSUs in their operations during the period under review is also presented. An analysis of the financial health of the Cooperative Banks of the State, the HSCARDB & the HARCO Bank has also been made. Part two of the Paper also attempts to analyse the resource availability and allocation of several off budget resource centres like the Marketing Board, HRDF, Infrastructure Development Fund of the Department of Town and Country Planning and the Construction Worker Cess Fund of the Department of Labour. The method, manner and extent of use of these funds has also been examined in an effort to provide a complete overview of the off budget asset management of the Government. It also attempts to look at financial liabilities of Urban Local Bodies in the State.

4. Data for the White Paper have been mainly drawn from the Budget documents of the Government of Haryana, the Finance Accounts, documents of the Planning Commission of India and the Reserve Bank of India. In some cases, data has been collected from the Departments and the institutions concerned.

CHAPTER 1

State of the Economy

1.1 The State of Haryana was created on November 1, 1966. Haryana is geographically a small State accounting for only 1.3 percent of the country's total area and 2.09 percent of the population. As per the 2011 census 65 percent of its population is rural and 35 percent live in the urban areas. The male literacy rate is 84 percent whereas the female literacy rate is 66 percent (Annexure I & II). Haryana's contribution to India's Gross Domestic Product (GDP), taken at constant prices (2004-05) was 3.5 percent as per the Quick Estimates (QE) for 2013-14.

Gross State Domestic Product

1.2 The Gross State Domestic Product (GSDP) is defined as a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time, accounted without duplication. Haryana's GSDP was Rs. 3.89 lakh crore at current prices as per the QE for 2013-14, this has grown 4 times since 2004-05. While India's GDP was Rs 104.73 lakh crore in 2013-14 and has grown 3.5 times since 2004-05. The year wise details are at Annexure III.

1.3 Since the national economic environment impacts the growth in the States, Haryana's decadal annual average GSDP growth has been compared with the all India GDP growth rates in Table 1 in order to better understand the State's pace of growth. Looking at the data it is observed that Haryana's growth rate has remained higher than the all India GDP growth rate in all decades except for the period 1990-91 to 1999-00.

Table 1
Annual Average Rate of Growth of GSDP and GDP

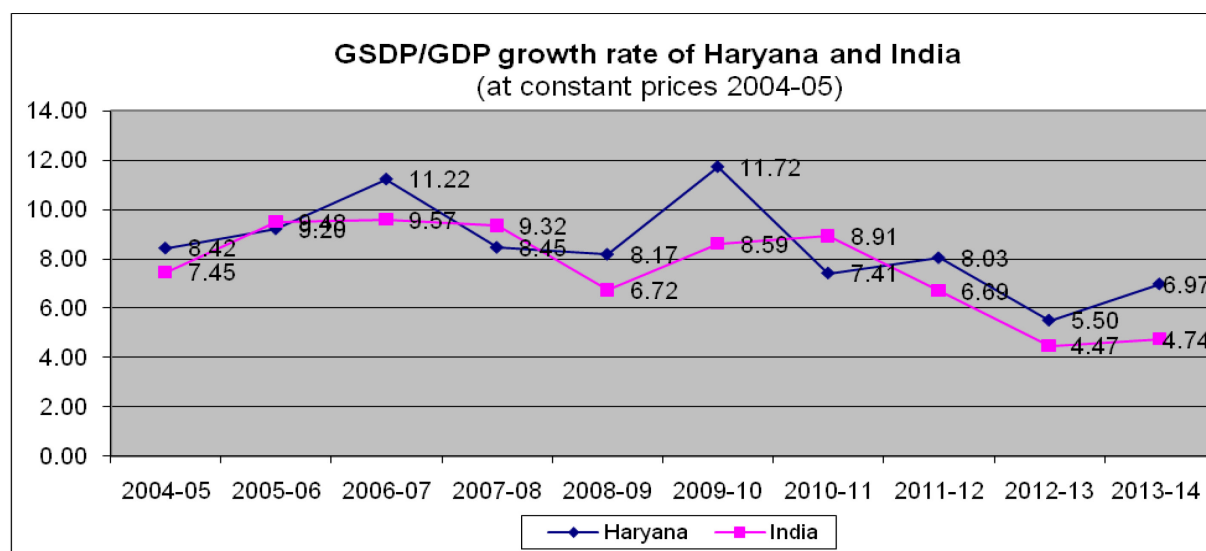
Period	1970-71 to 1979-80	1980-81 to 1989-90	1990-91 to 1999-00	2000-01 to 2009-10	2010-11 to 2013-2014
Haryana	4.06	7.01	5.28	8.95	6.99
India	3.13	5.89	5.74	7.37	6.20

Source: Department of Economic & Statistical Analysis, Haryana

Note:- All India data for the year 2004-05 to 2013-14 is based upon 2004-05 constant prices.

1.4 A graphical depiction of the actual annual rate of growth of GSDP for the period 2004-05 to 2013-14 in Table-2 (Annexure-IV) reveals that Haryana's growth rate has fluctuated more sharply than the all India growth rates over these years. This implies that there are certain underlying factors of instability in the State's economy that indicates inadequate policy intervention.

Table 2
GSDP and GDP Growth rates



Source: Department of Economic & Statistical Analysis, Haryana

1.5 The average growth recorded by the Haryana during the period from 2005-06 to 2013-14 was 8.5% which is lower than the average growth recorded by the States like Sikkim (16.5%), Uttarakhand (11.9%), Goa (10.6%), Gujarat (9.7%), Bihar (9.5%), Maharashtra (9.0%), Tamil Nadu (9.2%), Mizoram (8.8%), Madhya Pradesh (8.7%). The details are at Annexure -V.

Structural Transformation of the Economy

1.6 To further understand the trends in growth, the changing contribution of the primary, secondary and tertiary or service sectors of the economy have been studied. The primary sector of the economy constitutes mainly agriculture and allied activities. The secondary sector consists of manufacturing (formal and informal), electricity, gas, water supply, construction while the tertiary sector consists of all types of services including transport and communications. In less developed economies, a major share of the domestic product is generated by the primary sector. As an economy develops, the share of the secondary and tertiary sectors increase.

1.7 At the time of formation of Haryana, the State's economy was predominantly rural and agriculture based. Since then the State economy has gradually diversified and matured. As a result the contribution of the primary sector in the State's economy which was 56.6 percent in 1966-67 came down to 42.5 percent in 1993-94 and further decreased to 15.3 percent in 2013-14. This percentage decline in the primary sector has accompanied an impressive jump in percentage share of the tertiary sector in the GSDP of Haryana. As Table 3 indicates, the share of the tertiary sector was 22.9 percent in 1966-67 and by 1993-94 the contribution of this sector in the State's GDP was 31.3 percent, which further increased to 57.0 percent in 2013-14.

1.8 The share of the secondary sector increased from 20.5 percent in 1966-67 to 32.7 percent in 2004-05, but this share had declined to 27.7 percent by 2013-14. This decline of the share of the manufacturing sector during the period under reference in Haryana is a cause of serious concern as the manufacturing sector is a major source of employment in an economy. Given the growing migration from rural Haryana to urban areas in search of employment, the challenges of urban governance and creation of sustainable employment opportunities in the secondary sector becomes imperative for future development of the State.

Table 3
Structural Composition of the Economy- contribution to GSDP/GDP

Sectors	1966-67	1993-94		2004-05		2013-14	
	Haryana	Haryana	All India	Haryana	All India	Haryana	All India
Primary	56.6	42.5	33.5	23.3	21.9	15.3	15.8
Secondary	20.5	26.2	23.7	32.7	25.1	27.7	24.3
Tertiary	22.9	31.3	42.8	44.0	53.0	57.0	59.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Department of Economic & Statistical Analysis, Haryana.

Note: Data for 2013-14 is pre-actual.

1.9 To further understand the trends in the three sectors of Haryana's economy the annual sectoral rates of growth for 2004-5 to 2013-14 have been compared to the all India rates in Table 4. The Agriculture & Allied sector has registered a negative growth during 2005-06, 2007-08, 2009-10 and 2012-13 in Haryana whereas the growth rate in this sector has remained positive during the corresponding years at the all India level. Further, on an average the rate of growth of this sector in Haryana has remained higher than the national average and the rate of growth has shown sharp fluctuations that are not evident in the national data. These adverse trends indicate increasing fundamental weaknesses in the primary sector in Haryana in the past decade. This also indicates a relative slowing down of the development in rural Haryana.

1.10 The manufacturing sector in Haryana has shown a rate of growth lower than the national average in six of the ten years under reference on the other hand the growth in the services sector in Haryana has been impressive in the past decade registering higher growth than the national average in each year. It is however worth mentioning that this growth in the services sector is localized and broadly confined to the areas surrounding the National Capital. Thus, issues of regional disparity in growth have remained largely unaddressed.

Table 4
Sector wise Rates of Growth 2004 to 2014

(in per cent)

Period/Year	Primary Sector (Agriculture & Allied)		Secondary Sector (Industry)		Tertiary Sector (Services)	
	Haryana	India	Haryana	India	Haryana	India
2004-05	3.37	-0.05	10.69	10.34	9.81	9.14
2005-06	-1.81	5.14	8.49	9.72	15.51	10.91
2006-07	14.15	4.16	9.22	12.17	11.32	10.06
2007-08	-0.06	5.80	6.59	9.67	13.62	10.27
2008-09	7.21	0.09	3.50	4.44	11.57	9.98
2009-10	-1.45	0.81	11.41	9.16	17.00	10.50
2010-11	5.22	8.60	5.60	7.55	9.15	9.67
2011-12	7.86	5.02	4.88	7.81	9.82	6.57
2012-13	-0.58	1.42	4.43	0.96	7.94	6.96
2013-14	3.06	4.71	4.43	0.35	9.39	6.78

Source: Department of Economic & Statistical Analysis, Haryana.

Per Capita Income

1.11 The per capita income (PCI) is simply defined as the income per person, in monetary terms. It is the Net State Domestic Product at current prices divided by the population of the State. The PCI for Haryana has remained higher than the all India per capita income during the period 2004-05 to 2013-14 (Table 5). In 2013-14, the PCI of Haryana was Rs 1,33,427 while the all India average was Rs 74,380.

Table 5
Per Capita Income for Haryana and India (at current prices)

(in Rs.)

Year	Haryana	India
2004-05	37,972	24,143
2005-06	42,309	27,131
2006-07	49,261	31,206
2007-08	56,917	35,825
2008-09	67,405	40,775
2009-10	82,037	46,249
2010-11	93,852	54,021
2011-12	1,06,320	61,855
2012-13	1,19,833	67,839
2013-14	1,33,427	74,380

Source: Department of Economic & Statistical Analysis, Haryana.

1.12 It is however important to note from Table 6 that the growth in per capita income of the State has been fluctuating as compared to the growth in per capita income recorded at the national level. The growth rate in per capita income of Haryana during 2005-06, 2007-08 and 2010-11 remained below the all India growth rates. Thus, the unstable characteristics of Haryana's GSDP growth in the last decade are also reflected in the growth of the State's per capita income.

Table 6
Growth in Per Capita Income (at constant prices 2004-05)
(in per cent)

Year	Haryana	India
2004-05	-	-
2005-06	7.0	7.8
2006-07	9.3	7.9
2007-08	5.9	8.1
2008-09	5.8	4.7
2009-10	10.6	6.8
2010-11	5.0	6.8
2011-12	6.8	5.1
2012-13	3.8	2.1
2013-14	5.0	2.7

Source: Department of Economic & Statistical Analysis, Haryana.

Regional Disparities in Per Capita Income

1.13 Regional inequality in income is another aspect of the State economy. Table 7 provides the districtwise average per capita income. In the year 2004-05, the ratio of per capita income between the richest and the poorest districts was 3.7 which has jumped to 9.7 in 2011-12. Further, the districts showing a PCI above the State average are showing a clear regional concentration and districts falling in other parts of the State are clearly trailing in terms of relative Per Capita Income. This is a worrying trend and needs to be addressed.

Table 7
District-wise Per Capita Income of Haryana (at Current Prices)
(in Rs.)

District	PCI			Index		
	2004-05	2008-09	2011-12	2004-05	2008-09	2011-12
Gurgaon	81,478	2,65,351	4,46,305	215	394	420
Panipat	57,436	1,09,113	1,64,541	151	162	155
Faridabad	41,590	80,120	1,63,247	110	119	153
Panchkula	43,406	78,393	1,15,962	114	116	109
Rewari	46,259	76,276	1,18,250	122	113	111
Ambala	43,455	72,695	1,16,329	114	108	109
Haryana	37,972	67,405	1,06,358	100	100	100
Sonipat	31,723	56,669	95,053	84	84	89
Karnal	35,172	62,602	93,231	93	93	88
Yamuna Nagar	32,038	56,000	82,232	84	83	77
Hisar	33,999	56,332	88,759	90	84	83
Fatehabad	31,712	54,856	80,425	84	81	76
Sirsa	32,569	55,107	86,792	86	82	82
Kurukshetra	31,537	56,743	82,590	83	84	78
Jhajjar	26,820	46,979	76,292	71	70	72
Rohtak	28,959	47,373	79,002	76	70	74
Bhiwani	25,085	43,141	67,050	66	64	63
Kaithal	27,475	49,539	69,360	72	73	65
Jind	25,642	47,017	68,763	68	70	65
Mahendergarh	21,888	36,353	54,835	58	54	52
Palwal	*	*	65,009	*	*	61
Mewat	*	28,594	45,934	*	42	43

Source: Department of Economic & Statistical Analysis, Haryana

*Districts not in existence in this period

Methodology of district-wise estimates: - The district-wise GDP estimates of the agriculture, fishing and mining sectors have been prepared by taking the value of district-wise production of these activities. The district-wise estimates of the remaining sectors have been prepared by allocating the State GSDP estimates to different districts either on the basis of district-wise workforce of 1999-2000 or some other suitable indicators. The index of Gurgaon for 2004-05 and for Faridabad for 2004-05 and 2008-09 includes data of Mewat and Palwal respectively.

The Unemployment Index

1.14 Examining the unemployment rate in Haryana in comparison to the all India rate for the period 2004-05 to 2011-12, we see that the rural and urban unemployment rate in Haryana as well as in India has gone down in 2011-12. However, the urban unemployment rate in the State has not declined to the same extent and remains higher than the all India average. The rural unemployment rate in Haryana also remains higher than the all India average. These pose a concern that the growth in GSDP has not given the required fillip to employment.

Table 8
Unemployment rate

(in per cent)

	2004-05		2011-12	
	Rural	Urban	Rural	Urban
Haryana	3.3	4.8	2.8	4.2
India	2.5	5.3	2.3	3.8

Source: Report on NSS 61st and 68th rounds published by NSSO, GOI

1.15 In January, 2015, the Labour Bureau of the Ministry of Labour & Employment, Government of India released the results of the Fourth Annual Employment & Unemployment Survey, 2013-14. The Labour Force estimates are derived in this study from persons aged 15 years and above. The trends of unemployment in Haryana and all India basis are given in the table below.

Table 9
Unemployment Rate in 2013-14

(in per cent)

Particular	Male	Female	Person
Haryana			
Rural	4.5	8.6	5.1
Urban	3.8	6.5	4.1
Total	4.3	8.0	4.8
India			
Rural	4.2	6.4	4.7
Urban	3.9	12.4	5.5
Total	4.1	7.7	4.9

Source: Fourth Annual employment & Unemployment survey report 2013-14 by Labour Bureau, GOI.

1.16 As per this Table too, the unemployment status in Haryana in 2013-14 remains a cause of concern. In case of rural areas, the unemployment rate of 5.1 percent is higher compared to the all India average. It is pertinent to mention here that the female unemployment rate in rural Haryana is much higher than the all India average. The problem of rural unemployment in Haryana is further compounded by the fact that as per the data recently released by the Labour Bureau, about 51 percent of State's workforce is still engaged in the primary sector (Table 10). Therefore, there is an urgent need to generate more employment opportunities and to address the issues of unemployment in rural areas.

Table 10
Sector-wise distribution of workforce in 2013-14

(in per cent)

Area	Sectors			
	Primary	Secondary	Tertiary	Total
Haryana				
Rural	51.3	22.3	28.4	100.0
Urban	4.5	27.9	67.6	100.0
India				
Rural	60.4	20.2	19.4	100.0
Urban	7.6	32.3	60.1	100.0

Source : Fourth Annual employment & Unemployment survey report 2013-14 by Labour Bureau, GOI

Further, as detailed earlier in this chapter, the primary sector in Haryana is contributing only 15.3 percent of the State's GDP in 2013-14 while employing 51.3 percent of the work force. This situation also needs to be remedied on a war footing through proper policy interventions that enhance the productivity of the primary sector.

Human Development Index (HDI)

1.17 The Human Development Report (HDR) published annually by the United Nations Development Program (UNDP), covers 187 countries across the world and estimates the HDI in terms of three basic capabilities: to live a long and healthy life, to be educated and knowledgeable, and to enjoy a decent economic standard of living. According to HDR 2014, India with an HDI of 0.586 in 2013 is positioned at a global ranking of 135 out of 187 countries; India had the same ranking in the HDR 2013 also.

Table 11
Ranking of States according to HDI Value

State	HDI 1999–2000	HDI 2007–08	Rank 1999–2000	Rank 2007–08
Kerala	0.677	0.790	2	1
Delhi	0.783	0.750	1	2
Himachal Pradesh	0.581	0.652	4	3
Goa	0.595	0.617	3	4
Punjab	0.543	0.605	5	5
NE (excluding Assam)	0.473	0.573	9	6
Maharashtra	0.501	0.572	6	7
Tamil Nadu	0.480	0.570	8	8
Haryana	0.501	0.552	7	9
Jammu and Kashmir	0.465	0.529	11	10
Gujarat	0.466	0.527	10	11

Note: States are arranged according to 2007–08 rank.

Source : India Human Development Report 2011

The Planning Commission published the first National Human Development (NHRD) in 2002. The second report, the National Human Development Report (NHDR) 2011 provides the progress for the period 1999- 2000 and 2007-08. The ranking of the top ten States according to the HDI value is given in the Table 11 above. In terms of the HDI, Haryana has slipped two places down to the ninth position in 2007–08 from the seventh position in 1999–2000. Though Haryana's HDI value improved from 0.501 in 1999-2000 to 0.552 in 2007-08, the other States performed better during this period. Broadly, this indicates that Haryana's public expenditure and governance focus needs to be adjusted so as to consistently and rapidly improve Haryana's HDI value, and consequently its position in the national ranking. This trend contrasts against our ranking in GSDP and PCI.

CHAPTER 2

State Finances

2.1 As per Article 202 of the Constitution of India, the Governor of a State shall cause to be laid before the House or Houses of the Legislature of the State, a statement of the estimated receipts and expenditure of the State for a financial year. This estimated statement of receipts and expenditure for a financial year is called the “Annual Financial Statement” in the Constitution and is commonly known as the “Budget”. This statement contains all the receipts and expenditure, loans and advances, public accounts and transactions in contingency funds of the current year and the estimates for the coming year. This financial statement describes the result of the transactions in the Consolidated Fund and Public Accounts as per the Heads of Account laid down by the President of India on the aid and advice of the CAG under Article 150 of the Constitution. The transactions in the Consolidated Fund comprise the State’s total revenue receipts and revenue expenditure on the revenue account and capital expenditure, public debt (both receipts and disbursements) and recoveries from loans and advances on the capital account. All other receipts and disbursements, which are not part of the Consolidated Fund, like employees’ provident fund, employees’ insurance funds, etc. are shown in the Public Account. The Budget Estimates (BE) approved by the State Legislature may undergo changes during the financial year due to the supplementary demand voted during the year and any other unforeseen transactions in the Contingency Fund. These changes both in the expenditure and receipts are laid before the House in the Revised Estimates (RE). The trends in various aspects of receipts and expenditure as reflected in the Budget indicate the inherent fiscal strength and weakness of a State. This chapter seeks to examine some key indicators in a ten year time frame from 2004-05 to 2013-14 to establish the condition of State Finances.

Revenue Receipts

2.2 The total revenue receipts (TRR) include the State’s own tax and non tax revenues, Grants in Aid and a share in the Central taxes from the Government of India. The State’s share in Central taxes devolve as per the recommendations of the

Central Finance Commission. Studying the trends in revenue receipts for the period 2004-2014 in Table 12, we see that the State's own revenues as a share of total revenue have declined from 89.5 percent in 2004-05 to 80.4 percent in 2013-14. This indicates a perceptible decline in the State's ability to raise resources internally. The major component of State's own revenues is tax revenue, where the share has remained stagnant and flat at about 67 percent. Further, within its own revenues, the share of non tax revenue has declined from 22.8 percent in 2004-05 to 13.1 percent in 2013-14. Non Tax Revenue includes profit and dividend on government equity, and charges collected for rendering government services like road transport, water sewerage, irrigation charges, urban cess, etc. A declining trend in both the State's own tax revenues and non tax revenues indicates a drying up of taxes or a narrowing tax base, a contraction of charged Government services or a non recovery of the economic cost of services. This is indicative of systemic weaknesses and a suboptimal resource mobilization within the State.

Table 12
Compositions of Revenue Receipts

(in per cent)

Year	State Own Revenue			Central Share		
	Tax Revenue	Non-tax Revenue	Total	Share in taxes	Grants	Total
2004-05	66.7	22.8	89.5	5.6	4.9	10.5
2005-06	65.5	17.8	83.3	8.6	8.1	16.7
2006-07	60.9	25.6	86.5	7.2	6.3	13.5
2007-08	58.8	25.8	84.6	8.3	7.1	15.4
2008-09	63.2	17.5	80.7	9.4	9.9	19.3
2009-10	63.0	13.0	76.0	8.5	15.5	24.0
2010-11	65.7	13.4	79.1	9.0	11.9	20.9
2011-12	66.7	15.5	82.2	8.8	9.0	17.8
2012-13	70.0	13.9	83.9	9.1	7.0	16.1
2013-14	67.3	13.1	80.4	8.8	10.9	19.7

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

2.3 Further, the above Table reveals that the share of Central grants in total receipts which was 4.9 percent in 2004-05 has increased to 10.9 percent in 2013-14, indicating the State's increasing reliance upon Central grants-in-aid and devolutions

during the ten year period. Also, the share of central allocations in revenue receipts has grown from 10.5 percent to 19.7 percent in ten years. This trend of growing dependence on the Government of India for resources is also an indication of the lack of tax buoyancy within the State's own tax revenue streams and needs to be addressed.

Table 13

Haryana's Trends in Revenue Receipts as a share of GSDP

(Rs. in crore)

Year	Total Revenue Receipts (TRR)	States Own Tax Revenue	GSDP	TRR % of GSDP	State's own Taxes % of GSDP
2004-05	11,149	7,440	95,795	11.6	7.8
2005-06	13,853	9,078	1,08,885	12.7	8.3
2006-07	17,952	10,928	1,28,732	13.9	8.5
2007-08	19,751	11,618	1,51,596	13.0	7.7
2008-09	18,452	11,655	1,82,522	10.1	6.4
2009-10	20,993	13,220	2,23,600	9.4	5.9
2010-11	25,564	16,790	2,60,621	9.8	6.4
2011-12	30,558	20,399	2,98,688	10.2	6.8
2012-13	33,634	23,559	3,41,351	9.9	6.9
2013-14	38,012	25,567	3,88,917	9.8	6.6

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

2.4 Analysing the trends in the State's own tax revenue as a percentage of GSDP in Table 13, we see that this share has declined over the ten year period. The total revenue receipts have also steadily declined as a share of GSDP over the period under reference.

Table 14
Composition of State's Own Tax Revenue

(in per cent)

Items	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Sales Taxes	64.0	61.7	62.7	66.5	70.0	68.3	66.0	65.6	65.3	65.6
State Excise	13.6	12.2	11.1	11.9	12.2	15.6	14.1	13.9	13.7	14.5
Taxes on Goods & Passenger	5.8	4.7	3.9	3.3	3.2	3.0	2.3	2.1	2.0	1.9
Taxes & Duties on Electricity	0.8	0.7	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.9
Stamps & Registration	9.8	14.8	16.2	15.2	11.4	9.8	13.8	13.7	14.1	12.5
Taxes on Vehicles	1.9	1.9	2.0	2.0	2.1	2.1	2.7	3.6	3.8	4.3
Other Taxes	4.1	4.0	3.2	0.3	0.3	0.4	0.3	0.3	0.3	0.3
Total	100	100	100	100	100	100	100	100	100	100

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

2.5 As indicated in Table 14, VAT (Sales Tax) is the major source of the State's own revenue receipts. The share of Sales Tax in Haryana's revenue receipts which was 64 percent in 2004-05 became 65.6 percent in 2013-14, indicating that the share of sales tax in total State tax revenue has increased marginally or remained flat. The second major component of revenue receipts is State Excise, which was 13.6 percent in 2004-05, its share has marginally increased to 14.5 percent in 2013-14, showing more or less a flat trend. Another feature of concern is the rapidly declining share of Taxes on Goods & Passengers in State receipts which has fallen from 5.8 percent in 2004-05 to 1.9 percent in 2013-14. Taxes on vehicles as a share of revenue have risen as the number of vehicles purchased has grown. These trends in State's own tax revenue reflect that the State Government is unable to increase tax revenues commensurate to growth in GSDP. The details are at Annexure -VI.

Borrowings

2.6 As the tax revenues are not able to finance the State's entire expenditure, over the years there has been a growing reliance on public debt as a major source for financing Government's expenditure. The main sources of borrowings for the State are open market loans through the RBI (OMB), loans taken from the National Bank for Agriculture and Rural Development (NABARD), National Capital Region Planning Board (NCRPB), Housing and Urban Development Corporation (HUDCO) and National Small Savings Funds, etc.

Table 15
Haryana's Public Debt

(Rs. in crore)

Year	Loans Raised	Repayments	Net Borrowings	Net Borrowing as %age of GSDP	Outstanding Debt Liabilities
1	2	3	4 (2-3)	5	6
2004-05	4,474	3,014	1,460	1.5	23,320
2005-06	3,349	1,108	2,241	2.1	26,268
2006-07	2,012	1,114	898	0.7	27,514
2007-08	844	841	3	0.0	28,649
2008-09	3,888	1,293	2,596	1.4	31,817
2009-10	8,455	2,746	5,709	2.6	39,330
2010-11	10,513	4,641	5,872	2.3	46,443
2011-12	11,741	5,011	6,730	2.2	50,688
2012-13	15,560	6,298	9,262	2.7	60,159
2013-14	17,713	8,077	9,636	2.5	71305

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

2.7 As borrowings have increased over the years, the Government is also borrowing to repay old debts as is evident from column 3 vis-a-vis column 2 in Table 15. In the past ten years the Government has used borrowings as a source of funds to meet a part of its committed non-plan expenditure, which is not a healthy sign. More light is thrown on this data later in this paper, while examining the trends in government expenditure. Borrowing by the Government is not undesirable per se, but these borrowings must be deployed largely for capital expenditure as well as on social infrastructure in order for the debt to be sustainable in the long term. Thus, if the debt is used for public investment in basic economic infrastructure, it will catalyse economic activity and create large positive externalities both in terms of inducing

related private investment and enlarging the State's tax base. But the trend of borrowing to finance present consumption represented by non-plan revenue expenditure is unsustainable in the long term as it does not produce future streams of income and still needs to be repaid.

Revenue and Capital Expenditure

2.8 The most fundamental classification of the government expenditure is revenue and capital expenditure. All expenditure that goes towards operation & maintenance, committed salary expenditure and does not create any assets is called revenue expenditure and all expenditure that creates long term assets is called capital expenditure. The purpose of capital expenditure is to enhance the capacity of the economy to produce goods and services through public investment in infrastructure like roads, bridges, power generation and distribution capacity, irrigation networks, transport, sewerage, water supply, education, health, sports facilities, etc. In fact capital outlays must increase constantly in order to meet the growing infrastructure needs of a growing State like Haryana.

Table 16
Share and Growth Rates of Revenue and Capital Expenditure

(Rs. in crore)

Year	Revenue	% Growth	Capital	% Growth
2004-05	11,407 (91.2%)	12.8	1,105 (8.8%)	- 60.8
2005-06	12,640 (87.6%)	10.8	1,789 (12.4%)	61.9
2006-07	16,362 (86.2%)	29.5	2,612 (13.8%)	46.0
2007-08	17,527 (82.5%)	7.1	3,712 (17.5%)	42.1
2008-09	20,535 (80.1%)	17.2	4,834 (19.9%)	30.2
2009-10	25,257 (80.7%)	22.9	6,048 (19.3%)	25.1
2010-11	28,310 (86%)	12.1	4,753 (14.0%)	-21.4
2011-12	32,015 (84.0%)	13.1	5,999 (16.0%)	26.2
2012-13	38,072 (86.0%)	18.9	6,284 (14.0%)	4.8
2013-14	41,887 (90.0%)	10.0	4,710 (10.0%)	-25.1

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

2.9 As Table 16 indicates, the Government of Haryana spends most of its receipts on consumption. In the ten years under reference about 90 percent of the receipts are spent on revenue expenditure and 10 percent on capital expenditure. Though from 2005 to 2010, the capital outlay was showing a positive and rising share in expenditure, this share has shown a declining trend since 2010. This indicates that the policy stance has been wavering and uncontrolled growth in revenue expenditure came in the way of a sustained growth of capital expenditure. On examining the rates of growth of these expenditures in the period under reference we see that the growth for both expenditures has been fluctuating widely. While the rate of growth in capital expenditure which was 61.9% in 2005-06, it dropped to (-) 21.4% in 2010-11 and further dropped to (-) 25.1% in 2013-14. Thus, the varying rates of growth in capital expenditure indicate a lack of stability or controlled and directed spending.

2.10 The Reserve Bank of India in its annual 'Study of State Finances' has also published data on the State's capital expenditure as a percentage of GSDP. This data summarized in Table 17 clearly indicates that the spending on capital investment as a percentage of GSDP by the Government of Haryana has been extremely low for the decade under reference.

Table 17
Haryana's Capital Outlay as percentage to GSDP

Year	Percentage
2004-08 (average)	1.6
2008-10 (average)	2.4
2010-13 (average)	1.5
2011-12 Actual	1.8
2012-13 RE	1.3
2013-14 BE	1.4

Source: RBI – Study of State Finances 2013-14

Committed Liabilities

2.11 Salaries and pension constitute the major component of the revenue expenditure as is evident from Table 18. Committed liabilities are the Government's liabilities that must be met each year. These include interest payment on borrowings, salaries and pension. Table 18 indicates that while the salaries rose 350 percent during the period from Rs 3,658 crore to Rs 12,792 crore, pension grew more than 400 percent and the committed liabilities of the Government rose more than three times from Rs. 6,795 crore in 2004-05 to Rs. 22,462 crore in 2013-14. Thus, the growing share of salary and pension in its revenue expenditure prevented the State from achieving a revenue surplus. With the State's borrowing and debt growing over time as indicated in Table 15, interest payments have also increased both in absolute terms as well as a percentage of total revenue expenditure. Interest payments have increased by more than 260 percent in the period 2004-2014. As the Table 18 indicates the Total Revenue Receipts were higher than the Total Revenue Expenditure for only three years in the decade under reference, thus indicating that the total Revenue Expenditure has grown faster than the Revenue Receipts, indicating an adverse revenue situation.

Table 18
Salaries, Pension and Interest Payments

(Rs. in crore)

Year	Interest Payments	Pension Payments	Salaries	Total (2 to 4)	Total Revenue Receipts	Total Revenue Exp.
1	2	3	4	5	6	7
2004-05	2,235	902	3,658	6,795	11,149	11,407
2005-06	2,100	1,003	3,725	6,828	13,853	12,640
2006-07	2,265	1,173	3,919	7,358	17,952	16,362
2007-08	2,346	1,398	4,434	8,177	19,751	17,527
2008-09	2,339	1,614	6,250	10,203	18,452	20,535
2009-10	2,737	2,390	8,241	13,368	20,923	25,257
2010-11	3,319	3,094	9,523	15,936	25,564	28,310
2011-12	4,001	3,204	9,728	16,933	30,558	32,015
2012-13	4,744	3,636	10,615	18,995	33,634	38,072
2013-14	5,850	4,169	11,110	22,462	38,012	41,887

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

Revenue Deficit

2.12 The excess of revenue expenditure over revenue receipts is defined as a revenue deficit, while an excess of revenue receipts over revenue expenditure is defined as a revenue surplus. A revenue deficit implies that the State Government does not have sufficient funds to meet its committed expenditures and the gap is met through borrowings and accordingly fewer funds are available for productive and capital expenditure. For three years, 2005-06 to 2007-08 the State was revenue surplus after which the State became revenue deficit with the deficit increasing year on year except for a marginal decline in 2010-11, 2011-12 and 2013-14. This marginal bucking in trend in 2013-14 was due to deferment of large liabilities to the next fiscal. As per the mandate of the 13th Finance Commission, the State was to achieve a zero revenue deficit from the year 2011-12 onwards, which has not been met.

Table 19
Trends in Revenue Deficit

Year	Revenue Deficit/Surplus (Rs. in crore)	Revenue Deficit/Surplus as % of GSDP
2004-05	(-)258	-0.27
2005-06	(+)1,213	+1.11
2006-07	(+)1,590	+1.24
2007-08	(+)2,224	+1.47
2008-09	(-)2,082	-1.14
2009-10	(-)4,265	-1.91
2010-11	(-)2,746	-1.04
2011-12	(-)1,457	-0.47
2012-13	(-)4,438	-1.29
2013-14	(-)3,875	-0.98

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

Fiscal Deficit

2.13 The fiscal deficit means excess of the total disbursements from the consolidated fund of the State (excluding repayment of debt) over total receipts in to the consolidated fund excluding the debt receipts during a financial year. A declining fiscal deficit signifies a consolidation of the resource position and sustainable functioning of the Government. A fiscal deficit is usually financed by way of borrowings by the State. The data in Table 20 indicates that except for the year 2006-07, the State has continuously had a fiscal deficit. In the year 2004-05, fiscal deficit was Rs. 1,206 crores, which has increased significantly to Rs. 8,314 crores in 2013-14. In other words, the fiscal deficit which was 1.26% of GSDP in 2004-05 rose sharply to 4.51% in 2009-10 and was 2.12% in 2013-14. This trend indicates that the Government spending is being increasing financed by raising loans.

Table 20
Trends in Fiscal Deficit/Surplus

(Rs. in crore)		
Year	Deficit/Surplus	As a % age to GSDP
2004-05	1,206	1.26
2005-06	286	0.26
2006-07	(+) 1,179	(+) 0.92
2007-08	1,264	0.83
2008-09	6,558	3.59
2009-10	10,091	4.51
2010-11	7,258	2.75
2011-12	7,153	2.33
2012-13	10,362	3.00
2013-14	8,314	2.12

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

2.14 As per the 13th Finance Commission recommendations, the fiscal deficit of the State as a percentage of GSDP should be 3% for the period 2010-11 to 2014-15. Though the State has remained within this limit it has not been able to raise the share of its capital expenditure and investment, this is not a good sign. Further, as per the fiscal correction recommended under the 13th Finance Commission as well as in the State FRBM Act, 2005, the State was required to bring down the revenue deficit to

zero for the period 2011-12 to 2014-15. As this target was not attained, the State Government also failed to avail a benefit of a Rs. 350 crore waiver of NSSF loans from the Government of India.

Plan Outlays

2.15 Within the Budget Estimates, expenditure is classified as plan and non-plan. While all old revenue expenditure is classified as non-plan expenditure, new expenditure on both scheme and capital works is categorized as plan expenditure. As can be seen from Table 21 nearly two thirds of the expenditure is non-plan expenditure in 2013-14. The non-plan expenditure was 78.4% in 2004-05 and this has reduced to 66.0% in 2013-14. Similarly, the plan expenditure which was 21.6 % in 2005-06 has increased to 34.0% in 2013-14. However, the revenue component within the plan expenditure shows an increasing trend in the period under reference, thus indicating that the new Government expenditure has carried a significant share of revenue expenditure.

Table 21
Trends in Plan and Non-Plan Expenditure

(Rs. in crore)

Year	Non-Plan	% Growth	Plan	% Growth
2004-05	9,807 (78.4%)	-7.7	2,705 (21.6%)	14.2
2005-06	10,722 (74.3%)	9.3	3,707 (25.7%)	37.0
2006-07	13,999 (73.8%)	30.6	4,975 (26.2%)	34.2
2007-08	14,627 (68.9%)	4.5	6,612 (31.1%)	32.9
2008-09	17,441 (68.8%)	19.2	7,928 (31.2%)	19.9
2009-10	20,772 (66.4%)	19.1	10,534 (33.6%)	32.9
2010-11	22,428 (68.0%)	7.9	10,635 (32.0%)	0.9
2011-12	25,504 (67.0%)	13.7	12,510 (33.0%)	17.6
2012-13	30,424 (69.0%)	19.3	13,931 (31.0%)	11.6
2013-14	30,885 (66.0%)	1.5	15,712 (34.0%)	12.8

Source: State Budget Documents and Finance Accounts of AG, Haryana. Note: Data for 2013-14 is pre-actual.

2.16 In the last ten years the plan allocation in the Social Services sector has dramatically increased. In 2004-05, 43.7% of the plan funds were allocated to Social Services sector, which increased to 59.6% in 2013-14. Besides, the plan allocation in Agriculture & Allied activities increased marginally from 5.6% in 2004-05 to 8.3% in 2013-14 and Rural Development from 4.6% to 7.5% during the same period largely on the strength of additional central sectors scheme allocations. The major decline is in sectors like Irrigation and Energy. The allocation for the Irrigation sector declined from 13.3% in 2004-05 to 5.4% in 2013-14 and Energy from 17.1% to 2.4%. It shows that a major chunk of plan funds are being earmarked for the social sector, slowing down the impetus for development of infrastructure in the State. The details are at Annexure - VII.

2.17 As part of the budget making exercise the Legislature approves the Budget Estimates (BE) prior to the beginning of the financial year which are changed as per actual resource availability and need in the Revised Estimate (RE). An overview of the annual achievement to the Budget Estimates and the Revised Estimates is tabulated below.

Table 22
Plan Allocations and Expenditure

(Rs in crore)

Year	Approved Outlay (BE)	Revised Outlay (RE)	Actual Exp.	Growth in %age		% Exp. to	
				(BE)	(RE)	(BE)	(RE)
1	2	3	4	5	6	7	8
2004-05	2,306	2,237	2,108	10.3	20.9	91.4	94.2
2005-06	3,007	3,059	2,997	30.4	36.8	99.7	97.9
2006-07	3,300	3,820	4,233	9.7	24.9	128.3	110.8
2007-08	5,300	5,500	5,751	60.6	43.9	108.5	104.6
2008-09	6,650	7,130	7,108	25.5	29.6	106.9	99.7
2009-10	10,000	10,400	9,624	50.4	45.9	96.2	92.5
2010-11	11,100	11,100	9,575	11.0	6.7	86.3	86.3
2011-12	13,200	13,400	11,103	18.9	20.7	84.1	82.9
2012-13	14,500	14,424	12,521	9.9	7.6	86.4	86.8
2013-14	18,000	17,235	13,930	24.1	19.5	77.4	80.8

Source: Department of Economic & Statistical Analysis Haryana.

Note: Data for 2013-14 is pre-actual.

Since 2009-10, the State is not achieving either its planned Budget Estimates or the Revised Estimates during each financial year. As indicated in Table 22 the actual expenditure as compared to the BE and RE is declining each year and in 2013-14 and expenditure level of only 80 percent of the RE was achieved. This indicates that either the budget estimates are unrealistic or that the State is unable to raise the projected revenues to finance these budgetary targets. In either case this is a cause for concern.

Contingent Liability

2.18 These represent a fiscal risk for the Government as serious fiscal instability as invoking of these liabilities in a distinct probability given the financial performance of some institutions which have taken State guarantees for raising loans.

Table 23
Contingent Liabilities of the State

(Rs. in crore)

Year	Cumulative Contingent Liability	Year on year % Growth
2004-05	4,209	-28.28
2005-06	5,627	33.69
2006-07	5,074	-9.83
2007-08	2,699	-46.81
2008-09	4,575	69.51
2009-10	4,536	-0.85
2010-11	4,528	-0.18
2011-12	5,602	23.72
2012-13	20,733	270.10
2013-14	27,306	31.70

Source: Finance Account of A.G. Haryana.

Note: Data for 2013-14 is pre-actual.

The table indicates that the contingent liabilities of the State which were Rs. 4209 crore in 2004-05 have increased to Rs. 27,306 crore in 2013-14. This is a 650 percent increase in contingent liabilities in a period of ten years. The sudden increase in the years 2012-13 and 2013-14 is due the State acceding to a Financial Restructuring Plan (FRP) for the Power Distribution Companies (Discoms). In another instance, recently the State Government had to step in to provide financial support of Rs. 100 crore to the Haryana State Cooperative and Agriculture Rural Development Bank (HSCARDB) to repay its loans to NABARD during 2014-15. Instances of the State Government actually discharging these contingent liabilities is a matter of concern and has the potential to affect the State Government's fiscal health further.

Conclusion

In the four chapters that comprise the White Paper, an attempt has been made to capture the trends of financial instabilities and weakness within the State Government. The way forward of course is to carry out detailed analysis of the policies and initiatives that caused these and accordingly carry out course corrections to remedy the areas of decline and weakness.

Diversification of agriculture and improving the productivity of the workforce engaged in the primary sector becomes the top imperative. Steps also need to be taken to boost the growth rate in the primary sector. The decline in secondary sector in the State's Gross Domestic Product in the past decade also requires to be arrested. Haryana's locational advantage must be leveraged to give fresh impetus to the lagging industrial sector. The regional disparity that has become pronounced in the State's development process would also require focused attention.

The skewed distribution of State resources in the period under reference requires a course correction and a paradigm shift in future resource allocation decisions. The health of State and parastatal finances resulting from populism merits its replacement by a long term vision based on the principles of sound economics. The regional disparities in development require heightened public expenditure on infrastructure and skilling. On the other hand, the lack of buoyancy in State tax and non tax revenue restricts resource mobilization and increases dependence on Government borrowing.

The challenge is obviously to find a balance in these and optimally leverage resources through better governance and consensus across political and social spectrum to put economy back on track.

Annexure I
Demographic Characteristics of the State

Area	44,212 Sq. Km.	1.3% of India	
GSDP (2013-14) (at Constant Prices)	1,99,657 crore	3.5% of India	
Population (Census 2011)	2.53 crore	2.9% of India	
	Haryana		All India
Census	2001	2011	2011
Rural Population (in numbers)/(%)	1.50 crore (71.1%)	1.65 crore (65.1%)	83.35 crore (68.8%)
Urban Population (in numbers)/(%)	0.61 crore (28.9%)	0.88 crore (34.9%)	37.71 crore (31.2%)
Sex Ratio (per thousand male)	861	879	943
Infant Mortality Rate (per thousand live births)	66	41	40
Literacy Rate	67.9	75.6	74.0
Literacy Rate (Male)	78.5	84.1	80.9
Literacy Rate (Female)	55.7	65.9	64.6
Total workers	8.4 million	8.9 million	362.4 million
Workers (as % of total Population)	39.6	35.2	29.9

Source: 2011 Census India and Department of Economic & Statistical Analysis, Haryana.

Annexure II
Growth of Population in Haryana and India

Period	Year	Growth Rate as %	
		Haryana	India
Decade ending	1981	28.75	24.66
Decade ending	1991	27.40	23.85
Decade ending	2001	28.40	21.56
Decade ending	2011	19.90	17.68

Source: Census of India.

Annexure III
GSDP/GDP of Haryana and India (at current Prices)

(Rs. in crore)

Year	Haryana	India
2004-05	95,795	2,971,464
2005-06	108,885	3,390,503
2006-07	128,732	3,953,276
2007-08	151,596	4,582,086
2008-09	182,522	5,303,567
2009-10	223,600	6,108,903
2010-11	260,621	7,248,860
2011-12	298,688	8,391,691
2012-13	341,351	9,388,876
2013-14	388,917	10,472,807

Source: CSO, India and Department of Economic & Statistical Analysis, Haryana.

Annexure IV
GSDP/GDP growth rate (at constant prices 2004-05)

Year	Haryana	India
2004-05	8.42	7.45
2005-06	9.20	9.48
2006-07	11.22	9.57
2007-08	8.45	9.32
2008-09	8.17	6.72
2009-10	11.72	8.59
2010-11	7.41	8.91
2011-12	8.03	6.69
2012-13	5.50	4.47
2013-14	6.97	4.74

Source: CSO, India and Department of Economic & Statistical Analysis, Haryana.

Annexure V

Growth rate of Gross State Domestic Product of different States (at constant prices 2004-05)

											(in percent)
Sr. No.	State\UT	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Average
1	Bihar	-1.7	16.2	5.6	14.5	5.3	15.0	10.3	10.7	9.9	9.5
2	Goa	7.5	10.0	5.5	10.0	10.2	16.9	20.2	4.1	NA	10.6
3	Gujarat	14.9	8.4	11.0	6.8	11.2	10.0	7.7	8.0	NA	9.7
4	Haryana**	9.2	11.2	8.4	8.2	11.7	7.4	8.0	5.5	7.0	8.5
5	Madhya Pradesh	5.3	9.2	4.7	12.5	9.6	6.3	9.7	9.9	11.1	8.7
6	Maharashtra	13.3	13.5	11.3	2.6	9.3	11.3	4.8	6.2	8.7	9.0
7	Mizoram	7.0	4.8	11.0	13.3	12.4	17.2	-2.6	7.2	NA	8.8
8	Sikkim	9.8	6.0	7.6	16.4	73.6	8.7	10.8	7.6	7.9	16.5
9	Tamil Nadu	14.0	15.2	6.1	5.5	10.8	13.1	7.4	3.4	7.3	9.2
10	Uttarakhand	14.3	13.6	18.1	12.7	18.1	10.0	9.4	5.6	5.7	11.9
	All-India -GDP	9.5	9.6	9.3	6.7	8.6	8.9	6.7	4.5	4.7	7.6

Source: 1. Central Statistics Office, New Delhi for all States and All India except Haryana

2. Department of Economic & Statistical Analysis, Haryana for Haryana GSDP

* NA: Not available ** Haryana GSDP estimates for 2013-14 have been released on 6.2.2015.

Annexure VI

Composition of State Own Taxes Revenue (at constant prices 2004-05)

(Rs. in crore)

Items/Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Sales Taxes	4,761	5,368	6,163	6,627	6,477	6,905	7,733	8,574	9,175	9,445
State Excise	1,013	1,060	1,094	1,184	1,127	1,574	1,651	1,814	1,931	2,082
Taxes on goods & Passenger	432	408	382	325	294	299	270	275	281	280
Taxes & Duties on Electricity	62	59	88	92	84	92	91	106	115	123
Stamps & Registration	727	1,284	1,587	1,513	1,053	989	1,618	1,789	1,984	1,803
Taxes on Vehicles	140	165	201	201	190	212	319	474	529	617
Other Taxes	305	352	310	29	32	35	34	35	42	46
Total	7,440	8,695	9,826	9,972	9,257	10,106	11,717	13,068	14,057	14,395

Source: State Budget Documents and Finance Accounts, A.G, Haryana

Note: 1. The State's Own Tax Revenue at current prices has been deflated with the Wholesale Price Index (WPI) of all commodities to arrive at State Own Tax Revenue at constant (2004-05) prices.

2. Data for 2013-14 is pre-actual.

Annexure VII
Sectoral Trend in Plan Allocation

(Rs. in crore)

Sr. No.	Sector	2004-05	%	2005-06	%	2006-07	%	2007-08	%	2008-09	%
1	Agriculture and Allied Activities	124.20	5.6	161.96	5.3	174.56	4.6	228.53	4.2	404.47	5.7
2	Rural Development	102.35	4.6	173.32	5.7	173.26	4.5	397.71	7.2	611.37	8.6
3	Special Area Programme	11.56	0.5	16.00	0.5	18.00	0.5	18.80	0.3	22.50	0.3
4	Irrigation and Flood Control	298.25	13.3	454.00	14.8	498.00	13.0	750.24	13.6	807.50	11.3
5	Energy	382.00	17.1	349.00	11.4	574.64	15.0	872.52	15.9	868.74	12.2
6	Industries and Minerals	31.01	1.4	132.96	4.3	156.45	4.1	119.52	2.2	135.53	1.9
7	Transport	246.20	11.0	288.20	9.4	303.20	7.9	408.75	7.4	882.21	12.4
8	Science - Technology and Environment	3.18	0.1	5.00	0.2	4.07	0.1	3.94	0.1	6.02	0.1
9	General Economic Services	5.71	0.3	12.15	0.4	17.80	0.5	11.77	0.2	19.60	0.3
10	Decentralised Planning	15.00	0.7	20.00	0.7	20.00	0.5	35.00	0.6	100.63	1.4
11	Social Services	977.72	43.7	1,397.50	45.7	1,841.54	48.2	2,581.14	46.9	3,174.04	44.5
12	General Services	39.54	1.8	49.31	1.6	38.48	1.0	72.08	1.3	97.39	1.4
	Total	2,236.72	100	3,059.40	100	3,820.00	100	5,500.00	100	7,130.00	100

Contd....

Sectoral Trend in Plan Allocation

(Rs. in crore)

Sr. No.	Sector	2009-10	%	2010-11	%	2011-12	%	2012-13	%	2013-14	%
1	Agriculture and Allied Activities	523.24	5.0	724.05	6.5	1,034.84	7.7	1,182.53	8.2	1,427.24	8.3
2	Rural Development	606.99	5.8	730.47	6.6	941.62	7.0	1,101.54	7.6	1,285.40	7.5
3	Special Area Programme	30.00	0.3	27.00	0.2	30.00	0.2	23.00	0.2	34.00	0.2
4	Irrigation and Flood Control	838.00	8.1	818.20	7.4	985.00	7.4	905.00	6.3	939.00	5.4
5	Energy	1,055.35	10.1	1,039.91	9.4	1,158.36	8.6	670.00	4.6	421.86	2.4
6	Industries and Minerals	76.04	0.7	73.68	0.7	100.62	0.8	75.26	0.5	91.50	0.5
7	Transport	1,451.74	14.0	1,145.04	10.3	1,242.33	9.3	1,610.00	11.2	2,236.50	13.0
8	Science - Technology and Environment	31.15	0.3	10.80	0.1	21.43	0.2	18.60	0.1	23.15	0.1
9	General Economic Services	27.26	0.3	19.56	0.2	22.26	0.2	29.14	0.2	29.50	0.2
10	Decentralised Planning	275.11	2.6	152.17	1.4	232.13	1.7	100.00	0.7	300.00	1.7
11	Social Services	5,341.19	51.4	6,231.81	56.1	7,494.36	55.9	8,509.68	59.0	10,269.59	59.6
12	General Services	143.93	1.4	127.31	1.1	137.05	1.0	199.42	1.4	177.39	1.03
	Total	10,400.00	100	11,100.00	100	13,400.00	100	14,424.17	100	17,235.13	100

Source: Department of Economic & Statistical Analysis Haryana.

Note: Data for 2013-14 is pre-actual.

Glossary

Budget Estimates (BE)	The Budget attempts to arrive at an accurate estimate of the receipts and expenditure under each of the heads of accounts for the forthcoming year. The estimates are based upon the experience of the past years and the present policies of the Government and the anticipated events likely to occur in the future.
Revenue Account Receipts	Revenue Account Receipts constitute the “Revenue Budget” which takes into account all revenue receipts. The total revenue receipts include State’s Own Taxes and Non-Tax Revenues and Grants-in-Aid and Share in Central Taxes from the Government of India.
Revenue Account Disbursements	Revenue Account Disbursements give particulars of the estimated current expenditure of the different Departments of the Government. Of salaries and allowances, contingencies, grants-in-aid, maintenance, pension, interest payments, interest charges, etc. In other words it is primarily restricted to expenditure that does not lead to capital formation.
Revenue Deficit	When the expenditure as summarized in Revenue Account Disbursements is deducted from the Revenue Account Receipts, we get the “Revenue Surplus” which is available for financing capital expenditure for the year. However, in recent years this has usually been a negative (minus) figure and is called the “Revenue Deficit”. Revenue Deficit otherwise means the excess of revenue expenditure over revenue receipts.
Capital Account	Capital Accounts are the transactions of the Government outside the Revenue Budget. Capital Account relates to the expenditure on items which lead to direct capital formation like buildings, roads, irrigation projects, machinery and equipment, share capital investments, etc. Capital Account also includes loans and advances given or obtained by the State Government. This would, therefore, include the loans and advances received from the

	Centre and repayment thereof and the loans and advances made by the State Government to Boards, Corporations and other institutions and the repayment of such advances. The interest on these loans forms part of the revenue account.
Fiscal Deficit	“Fiscal Deficit” means the excess of total disbursements from the Consolidated Fund of the State (excluding repayment of debt) over total receipts into the Consolidated Fund excluding the debt receipts during a financial year.
Public Account	Receipts and disbursements, such as deposits, reserve funds, remittances, etc. which do not form part of the “Consolidated Fund”, are included in the Public Account and are not subject to a vote by the Legislature, as they are not moneys issued out of the Consolidated Fund. All revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all money received by the Government in repayment of loans granted by that Government are credited into the Consolidated Fund of the State and provision is made in the Appropriation Bill passed under Article 204 of the Constitution for the appropriation out of the Consolidated Fund of all moneys required to meet the grants made by the Assembly and the expenditure charged on the above Fund. All other public moneys received by or on behalf of the Government of a State are credited to the Public Account of the State, and disbursements from that account, outside the Consolidated Fund of the State, do not require any appropriation of funds by the Legislature.
The Haryana Fiscal Responsibility and Budget Management Act, 2005	The State Legislature has enacted this Act to provide for the responsibility of the State Government to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct

	of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto.
Capital Expenditure	<p>The cost of constructing or acquiring an asset of a lasting nature, which yields revenue or which avoids a recurring commitment may be classified generally as Capital Expenditure. Irrigation projects easily fall within this definition, because they are lasting assets and they bring in revenues to the Government. Capital Expenditure may be met from the annual revenues of the Government, but it may also be met with money borrowed from the public or the Central Government or from any other available resources. The asset is permanent and fetches enough net revenue to pay off the interest on the capital, then the work may be financed on the basis of a perpetual loan. But, if the asset has only a limited life of a few years, then provision must be made for paying off the borrowed money and the interest thereon, in annual instalments, within the estimated life of the asset. The broad theory underlying this method of financing is that the present generation should not be made to shoulder the full burden of building up an asset, the benefits of which will be accruing to subsequent generations. In respect of certain capital works, the Government may obtain grants equivalent to the entire cost of the work from the Government of India or any other body. Such grants are treated as receipts in the Revenue section. The Outlay on Capital Works proposed in the Budget is shown in Capital Account of the Budget Abstract under the head "Capital Expenditure outside the Revenue Account".</p>
Consolidated Fund	<p>"Consolidated Fund" is the expression, which came into use, based on Article 266(1) of the Constitution. The normal revenues of the Government for the year, as shown in Revenue Account Receipts of the Budget, form part of the Consolidated Fund. Loans raised by the Government from the public, including financial institutions and from the Government of India, enter the</p>

	<p>Consolidated Fund. Moneys received by the government in repayments of loans are also included in the Consolidated Fund. The disbursements made out of these sources are consequently shown under the head of the Consolidated Fund. All expenditure proposed to be met from the Consolidated Fund should be placed before the Legislature and should be voted by the Legislature, except certain items classified as “charged” expenditure.</p>
Charged Expenditure	<p>“Charged” expenditure means the expenditure which is a first charge on the Consolidated Fund and which does not require the vote of the Legislature as laid down in Article 202(3) of the Constitution. It covers items such as the emoluments of the Governor, the Speaker, the Deputy Speaker, judges of the High Court and Members of the Public Service Commission. It also includes the sums earmarked for payments of interest on debts and for their redemption. Amounts decreed against the Government by the Court of Law are “charged” items of expenditure.</p>
Non-Plan and Plan Expenditure	<p>a) Non Plan Expenditure: Non Plan Expenditure, interalia includes committed expenditure on the establishment and other expenditure like grant-in-aid by the State Government maintenance of capital assets, subsidies, compensation, repayment of borrowings, interest payments etc. In a nutshell, all expenditure which is recurring and is needed every year for the same purpose, is kept on the non- plan side.</p> <p>b) Plan Expenditure: Expenditure incurred on new development schemes/projects, expenditure on left over development works of previous year which are phased into two-three years or so, grant-in-aid given by GOI for a particular purpose like Central Finance Commission grants, etc, is termed as plan expenditure. Mostly it involves the expenditure on asset creation as well as on the development of infrastructure.</p> <p>The Non Plan and Plan expenditure both are further divided into</p>

	<p>revenue and capital account. The expenditure on establishment, State Grant in Aid, subsidies, compensation interest payments, etc. are kept under revenue account. Repayments of borrowings including cash credit for the purchase of food grains, provisions for creation of assets and other infrastructure, grant of loans to State Public Sector Undertakings and State Government Employees are kept under the Capital Account.</p> <p>The plan expenditure under the schemes of development nature is classified as under:</p> <ol style="list-style-type: none"> 1. State Plan Schemes Sponsored by the State 2. Centrally Sponsored Schemes <ol style="list-style-type: none"> (i) Schemes shared between State and Centre Government. (ii) Schemes 100% sponsored by the Centre Government in the State.
Committed Expenditure	<p>During the currency of a particular plan period, which provides for an increase in the level of development over that attained in the previous plan period, is classified under plan. To give a concrete example the new teachers appointed during the Tenth plan period, aimed at a new level of activity in this sector. During the plan period, the expenditure was shown as plan expenditure. With the commencement of the Eleventh Five Year Plan the expenditure on these teachers had to be debited to the regular Non-Plan group sub head. The effect of this would be a large transfer of expenditure from the plan side to the Non-Plan side. Normally a substantial portion of the revenue expenditure component of the plan would become committed expenditure in the succeeding plan period. On the capital side, however, the scheme will usually continue to figure on the plan side as a spill-over work.</p>

	<p>The Budget Publications are presented to State Legislature:-</p> <ul style="list-style-type: none"> i) Receipt Budget (Vol.I) ii) Non Plan Budget (Vol.II) iii) Plan Budget (Vol. III) iv) FS Memo v) Plan Memo vi) FRBM Report & Review thereof. vii) Budget at a glance viii) Budget speech <p>The Finance Department has increased the demands for grants from 25 to 45 from the financial year 2010-11 and an effort has been made to create department-wise demand.</p> <p>The Budget memorandum is prepared by State Government and put up in the name of as F.S. Memo. This publication is published in two parts write-up portion & Annexures. Financial Position of State, Budget Abstract, causes of variations pertaining to Accounts/ Revised Estimates/ Budget Estimates/ Assets Liabilities and Annual plan are included in the write-up portion.</p>
Usual Activity Status	The usual activity status relates to the activity status of a person during the reference period of 365 days preceding the date of survey.
Usual Principal Activity Status(PS)	The activity status on which a person spent relatively long time (i.e. major time criterion) during the 365 days preceding the date of survey was considered as a usual principal activity status of the person.
Gross State Domestic Product (GSDP)	It is defined as a measure in monetary terms of the volume of all goods and services produced within the boundary of the State during a given period of time accounted without duplication.
Per Capita Income (PCI)	The fixed assets are consumed in the process of production of these goods and services in an economy during the given period

	of time. These fixed assets are known as consumption of fixed capital (CFC). When the CFC is deducted from GSDP, it gives NSDP (Net State Domestic Product). The NSDP divided by the population results in the per capita Net State Domestic Product of Per Capita Income.
Human Development Index (HDI)	A composite index measuring average achievement in three basic dimensions of human development – along and healthy life, knowledge and a decent standard of living.
Contingent Liability	The State Government provides guarantee for loans of Boards and Corporations and these guarantees form the basis for the Government's committed liability, in case of a default by the Board or Corporation on its loan repayment, the guarantee would get invoked by the lender and the State Government would be required to step in to repay the loan on behalf of the entity.