Explanatory Note on Data Sources and Methodology

Data Sources

This Study is based on the receipts and expenditure data presented in the budget documents of 28 State Governments. Data in respect of two Union Territories (UTs) with legislature, *viz.*, National Capital Territory of Delhi (NCT Delhi) and Puducherry are provided separately as memo item in all statements. The analysis conforms to the data presented in State budgets and the accounting classification thereof. The detailed Appendices are based on the classification of receipts and expenditure of individual States/UTs into revenue and capital accounts. Revenue expenditure and capital expenditure are further bifurcated into 'Plan' and 'Non-Plan'. Some supplementary information regarding institutional reforms, level of guarantees (contingent liabilities), expenditure on 'wages and salaries' and 'operations and maintenance' are obtained from the State Governments. Information on Additional Resource Mobilisation (ARM) is not presented in the Study. Information received from the Planning Commission relating to State-wise plan outlays are also incorporated in the Study. Data on debt relief to State Governments based on recommendations of Twelfth Finance Commission (Twelfth FC) and the outstanding State-wise loans under the National Small Savings Fund have been obtained from the Ministry of Finance, Government of India. The outstanding State-wise central loans have been sourced from the Union Finance Accounts. Besides, several items of data including Ways and Means Advances (WMA)/ Overdraft (OD), market borrowings, investment of State Governments in Central Government securities and maturity profile of the State Development Loans (SDLs) have been taken from the Reserve Bank records.

The data provided in Appendix III (capital receipts) and Appendix IV (capital expenditure) are on a gross basis for all items, including Public Accounts. Additionally, total capital receipts taking public accounts on a net basis are also given in Appendix III to have comparable data with those of the previous years. Appendix IV gives broad total of capital expenditure exclusive of public accounts. The capital receipts provided in Appendix tables (consolidated) and statements (State-wise) and used in the analysis include public accounts on a net basis while public accounts are excluded from the respective capital expenditure. The 'All States' totals in the Study and national averages pertain to 28 State Governments, excluding NCT Delhi and Puducherry. The data for Gross State Domestic Product (GSDP) for each State have been sourced from the Central Statistics Office (CSO). This is supplemented by information received from the respective State Governments and GSDP estimates used in the budget documents of the State Governments. Wherever GSDP data are not available, the data are estimated based on the previous three years' annual average growth rate. Data on GDP are at current market prices obtained from CSO. The ratios to GSDP/GDP are worked out based on latest available GSDP/GDP estimates. Percentage variation worked out in Appendix tables and statements may differ due to rounding-off of figures.

Methodology

The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are categorised into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure. Thus, the development expenditure includes the development components of revenue expenditure, capital outlay and loans and advances by the State Governments. The social sector expenditure includes expenditure on social services, rural development, and food storage and warehousing under revenue expenditure, capital outlay and loans and advances by the State Governments. Capital outlay includes both development and non-development capital outlay. The 'overall deficit/surplus' (conventional deficit/ surplus) used in the analysis is equal to the sum of cash deficit/surplus (difference between the closing balance and opening balance), increase/ decrease in cash balance investment account and the increase/decrease in WMAs extended by the Reserve Bank.

Methodology for Debt Statistics

The Reserve Bank in its Study of 2005-06 budgets had compiled a data series on outstanding liabilities of State Governments since 1990-91. In the 2006-07 Study, a revised series of outstanding liabilities was published by including data on reserve funds, deposits and advances and contingency funds of State Governments. In the 2007-08 Study, a revised data series on outstanding liabilities of State Governments was published from 2003-04 onwards based on the Combined Finance and Revenue Accounts of Union and State Governments, Reserve Bank records, data received from the Ministry of Finance (Government of India), Union Finance Accounts (Controller General of Accounts) and the budget documents of the State Governments. The present Study follows the same methodology for compilation of outstanding liabilities as given in 2007-08 Study and uses the same data sources. The data provided in Appendix table 19 and 20 and Statements 26 to 28 on debt position of States are provisional. Based on the State-wise market loans (Statement 32), the maturity profile of outstanding State Government securities is provided in Statements 34 and 35. These Statements also incorporate the appropriation of liability of the three bifurcated States to their respective newly formed States on the basis of Government of India notifications.

Note : State-wise data on major fiscal indicators for the period 1980-81 to 2009-10 (BE) and State-wise detailed data on the transactions in the revenue and capital account for the period 1990-91 to 2009-10 (BE) were presented in "Handbook of Statistics on State Government Finances" published by the Reserve Bank in July 2010. This Handbook, containing data on 28 States and two UTs, was released in three versions, *viz*., printed, CD and web-based (www.rbi.org.in) version. While the printed version covers data on major fiscal indicators for the period 1990-91 to 2009-10 (BE) and State-wise detailed data on the transactions in the revenue and capital account for the period 2002-03 to 2009-10 (BE), the CD and web-based version is more comprehensive than printed version covering data from 1980-81 onwards on major fiscal indicators and State-wise detailed data on the transactions in the revenue and capital account from 1990-91 onwards. CD version also incorporates intelligent search features. The issues of publication 'State Finances: A Study of Budgets' published since 2001-02 are available on the Reserve Bank's website.