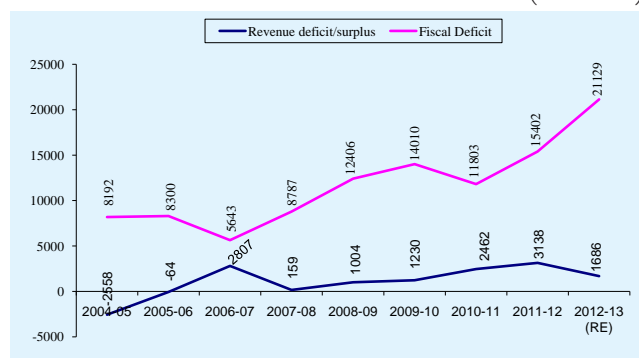


Public Finance management in the state continued to be compliant with the mandates of APFRBM Act, 2005. The Act stipulates that the State Government shall maintain a revenue surplus in a financial year and ensure that fiscal deficit does not exceed 3 per cent of GSDP.

During the financial year 2011-12, the State Government took regular action to achieve the targets on fiscal reforms. The state achieved revenue surplus and contained fiscal deficit to well within the FRBM target of 3 per cent of GSDP from the year 2006-07. The details of revenue deficit / surplus and fiscal deficit from 2004-05 to 2012-13 (RE) are shown in Chart-3.1.

Chart 3.1 : Revenue deficit / surplus and fiscal deficit
(Rs.Crore)



Source: Finance Department

The State Government made efforts to reduce revenue expenditure and improve the revenues by plugging loopholes in the collection of tax revenues. The revenue collections were increased satisfactorily. But, the revenue expenditure was increased to an extent of 15 per cent during the year 2011-12 over 2010-11. The main reasons for increase of revenue expenditure are increase in the number of beneficiaries of scholarships and tuition fees to the SCs / STs / BCs apart from Power Subsidy and Rice Subsidy.

During the financial year 2012-13 (RE), own tax revenue estimates at Rs.62,572 crore registered a growth rate of 17.43 per cent over previous year. Similarly, non-tax revenue estimates at Rs.12,864 crore registered a growth

rate of 10 per cent over the previous year. Revenue expenditure at Rs.1,07,815 crore resulted in a revenue surplus of Rs.1686 crore. Fiscal deficit estimates at Rs.21,129 crore constitutes 2.46 per cent of GSDP.

Revenue Mobilization

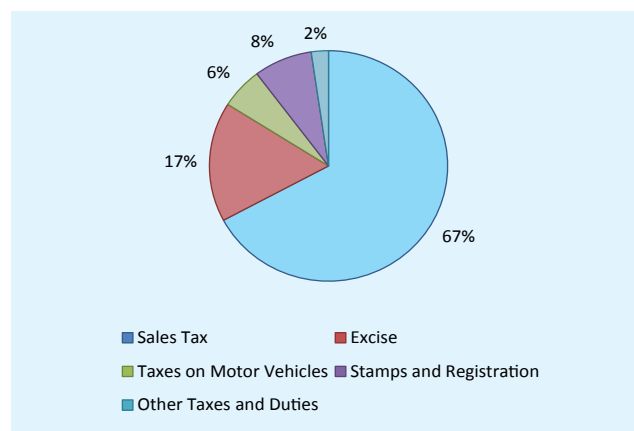
Tax collections increased at 18.04 per cent during the year 2011-12 over the year 2010-11 due to strengthening of tax collection mechanism. The average rate of growth of tax revenue stands during last 3 years at 17.27 per cent. Compensation for loss to revenue on account of phasing out of Central Sales Tax from Government of India in the year 2011-12 was received for Rs.986 crore. The growth in Non-tax revenue was also increased to an extent of 9.08 per cent in the year 2011-12 over 2010-11.

Own Tax Revenues

The State's own tax revenues grew by 18.04 per cent in the year 2011-12 over the previous year 2010-11 and stood at Rs.53,283 crore. Sales Tax, Excise, Motor Vehicle Tax and Stamps and Registration contribute the bulk of the Tax Revenues.

The Composition of the Own Tax Revenue during 2012-13 (RE) is depicted in Chart-3.2.

Chart 3.2: State's Own Tax Revenue



Source: Finance Department

Own tax revenue from 2004-05 to 2012-13 (RE) is shown in Chart-3.3 and the details of the composition of own tax revenue are given in Annexure 3.1.

Chart 3.3: Own Tax Revenues (Rs.Crore)



Source: Finance Department

Own Non-Tax Revenue

The own non-tax revenue was increased to Rs.11,694 crore in the year 2011-12 where as the actuals for the year 2010-11 was Rs.10,720 crore. The major components of State's own non-tax revenue from 2004-05 to 2012-13 (RE) are given in Annexure 3.2.

Central Transfers

The receipts under Central Tax Devolution for the fiscal year 2011-12 stood at Rs.17751Crore, which is an increase of Rs.2514 Crore over 2010-11. The flow of Total Central resources to the State from 2004-05 to 2012-13 (RE) is given in Annexure 3.3.

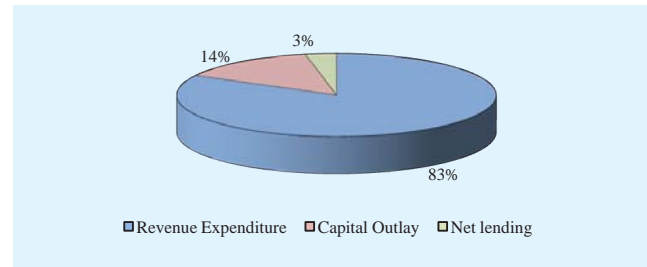
Expenditure / Restructuring Expenditure

During the year 2011-12, capital expenditure constituted 17.01 per cent out of the total expenditure. Out of the provision of Rs.21,428 crore made in 2011-12 (BE), the capital expenditure including loans and advances was Rs.18,540 crore. The major part of the capital expenditure was allocated to irrigation sector, roads and bridges and welfare sector. The State is continuously implementing the schemes like subsidy rice, power subsidy, old age pensions, pavala vaddi to SHGs, INDIRAMMA BATA, Housing Programmes etc. The State is implementing social sector schemes without hindrance in keeping view

the inclusiveness which are benefiting the people below poverty line in the State.

The composition of total expenditure in 2011-12 is depicted in Pie-Chart 3.4 and details of the expenditure from 2001-02 to 2012-13 (RE) are given in Annexure 3.5.

Chart 3.4 : Composition of Expenditure -2012-13 (RE)



Source: Finance Department

Debt and Interest Payments

Interest payments against Government debt had gone up from Rs.9675 crore in 2010-11 to Rs.10561 crores in 2011-12. The interest payment during 2011-12 increased by 9.15 per cent over previous year. The total outstanding debt by the end of March 2011-12 was Rs.1,35,646 crore, which comes to 20.70 per cent of GSDP. The State Government is well within the limits of the outstanding debt 27.6 per cent fixed in the APFRBM Act. The Outstanding Central Loans as a proportion of the total debt comprising 12.72 per cent and market borrowings constitute another 55.35 per cent. The composition of Outstanding Debt from 2001-02 to 2012-13 (RE) is given in Annexure 3.7.

Fiscal Deficit

In the year 2011-12, the actual percentage of fiscal deficit to GSDP is at 2.35 per cent. Thus, the State Government is within the target percentage of fiscal deficit limits (3 per cent) prescribed by Government of India.

The Interest Payments and Fiscal Deficit from 2004-05 to 2012-13 (RE) are given in Annexure-3.6.