

At the three sessions of Video Conferencing held on 11th, 12th and 22nd February 2008 with the officials of the State Governments to discuss the formats of State Finances and Local Bodies some issues were raised by the States. The clarifications on these issues are given below:

1. There is no mention of Committed Liabilities of the 9th & 10th Plan. (St-1)

This is a summary of Revenue and Capital Account Heads which consists of all type of Revenue Receipts as well as Revenue Expenditure. This data is required to be furnished year-wise irrespective of the plan period. Committed Liabilities will be the part of estimated expenditure and there is no need to indicate Committed Liabilities of the 9th & 10th Plan separately in this statement.

2. The Head “Grants-in -aid to Local Bodies” in Revenue Expenditure under Major Head 3604 is missing. (St-1)

Statement-1 has been modified by adding Grants-in-aid to Local Bodies.

3. Where should the additional DA liability and impact of pay commission to be mentioned?

This is a part of the salary component and should be included under the respective heads.

4. Where should the recommendations of State Finance Commissions be mentioned in St-1?

This figure should be booked under the minor head “200-Other Misc. Compensation and Assignments” below the major head 3604 in Statement-3. Hence it is not required in Statement-1.

5. Details under major head 0040 are not provided in State Finance Accounts and hence cannot be provided under St-2.

These details already exist in the Finance Accounts of the States.

The statement has been further modified by adding the following Minor Head under the Major Head 0040

110-Trade Tax/VAT

VAT imposed by the states should be shown under this minor head.

6. Major Head 0700-0701 needs to be split under Major & Medium Irrigation. (St-2)

Statement-2 has been slightly modified by incorporating this change.

7. What should be the Basis/Norms for Forecast/Projections?

States may follow the guidelines given below to forecast their receipts and expenditures for the projections/forecast:

- i. Normally, the rate of growth of revenue should not be less than the rate of growth for the year 2007-08 and 2008-09 of the Eleventh Five Year Plan. Similarly, the rate of growth of expenditure should not be more than the rate assumed for the Eleventh Five Year Plan. Any differences may be fully explained
- ii. The tax and non-tax figures may be projected at the 2007-08 level of taxes and the yield from the measures likely to be taken in 2008-09 and 2009-10 may be added subsequently.
- iii. Dearness Pay, DA and terminal benefits sanctioned upto 31-03-2008 may be taken into account in projecting the expenditure figures. Additional liabilities, if any, on account of Dearness Pay, DA revision sanctioned/to be sanctioned after 1-04-2008 to 2009-10, impact of 6th Pay Commission recommendations may be shown separately under fresh expenditure with suitable explanatory notes.
- iv. The State Government would have submitted data/information in respect of State resources to the Planning Commission for the formulation of the 11th Five Year Plan. Any deviation in the figures as furnished to the Planning Commission may be indicated in a separate note and should be suitably explained.

- v. The projections should be in conformity with projections made under the Fiscal Responsibility Legislation. Any deviations should be explained.

8. Minor Head 103-State Lotteries under the Major Head 2075 does not indicate whether it is a Gross or Net figure. (St-3)

The information for the Minor Head 103-State Lotteries under the Major Head 2075 should be for Gross.

It should be noted that Statement 3 has been further modified by adding the following Minor Heads under the Major Head 3604.

102-Stamp Duty

104-Betting Tax

105-Terminal Tax

9. Where the NEC and NLPR (Non-Lapsable Pool of Resources of NE States) schemes be included? (St-3)

The States which receive funds under the NEC and NLPR schemes may show them separately under Plan Expenditure.

10. What is the difference between “estimated” and “forecast”? (St-4)

There is no difference between estimated and forecast. It has the same meaning for the purpose of this statement.

11. The word Forecast is missing in the heading. (St-4b, page 48 column 27-41)

The figures to be shown in these columns are forecast figures. The word “forecast” has been added in the heading in the statement.

12. Whether DP is a part of Pay and DA of allowances? (St-5,6)

Yes, DP is part of Pay while DA forms part of allowances. Statements have been modified accordingly.

13. Head-wise Salary Data may not be available. (St-5)

The salary data is always compiled head-wise in the standard object head. It should be furnished head-wise as called for.

14. It may be difficult to provide of Head-wise Salary Data - PRIs/ULBs. (St-6)

The State Government may compile the data and furnish it to Finance Commission in the prescribed format.

15. Timber Categories are not specified in the schedules (St-11)

The statement has been modified slightly by adding a note stating that information on all categories of timber and non-timber to be provided.

16. Whether amounts (financial figures) are to be given in St.13?

Yes, only the amounts need to be given in this statement.

17. What should be included in Additional Resource Mobilisation (ARM)? (St-13,13a)

Any additional measure, other than those adopted in the normal course, to improve revenue position comprises ARM. For example, introduction of additional tax, cess, etc.; revision of rates or introduction of user charges on any new service etc.

18. In St-13a are only explanatory notes to be provided?

Yes, only explanatory notes on the measures taken need to be given in this statement. Please attach additional sheets if the space provided is not adequate.

19. Define the “Fiscal Services” under B(vi) in St-15.

“Fiscal Services” means transactions relating to currency, coinage and mint or those relating to implementation of financial laws in the state.

20. Revenue Deficit Grant: Is it a receipt? (St-17)

Yes, it is a receipt in State Government Account.

21. Specify “Other Assets” to be mentioned under Point no. 4 in St-18.

The assets not covered under point nos. 1, 2 & 3 of the Statement should be included in the point no.4 - other assets.

22. How should debt be estimated after 1.4.2010? (Statement 18 a,b & c)

Refer to **Point 7** of this note on the Basis or Norms for Forecast/Projection for estimation of debt after 1.4.2010.

23. Whether the Grants are charged under the Consolidated fund? (St-20)

Yes, the grants are taken under the Consolidated Fund.

24. Dues & Loans written off – Should dues and loans of smaller amount to be ignored? (St-22)

No. Information on all Dues & Loans written off should be provided.

25. Funds created in Public Account - whether to be reflected in Consolidated Fund. (St-23)

No. By definition the Public Account is separate from the Consolidated Fund.

26. Calamity relief is given as a consolidated amount. Hence it may not be possible to provide calamity specific figures. (St-25)

In this statement the receipts are to be taken as consolidated figure whereas the expenditure figures should be furnished under the various heads mentioned therein.

27. Why is 9th Plan maintenance data included in St-27a?

10th Plan maintenance data should be included. The statement has been modified accordingly.

28. Is Sinking fund (net) part of Misc. Capital Receipts? (St-27b)

Any balances to be utilized in the Sinking Fund are treated as Capital receipts in the Accounts.

29. Information on which projects to be taken? (St-28)

Information on those projects which were either initiated during the years as called for (i.e., during 2002-03 to 2007-08) or projects which were initiated before 2002-03 and ongoing during the years as called for should be furnished.

30. Major heads given in the statement as examples are not correct. Correct heads to be given as example. (St-29)

The Major Heads given in the examples are as per the list of Major and Minor Heads issued by the CGA. However, these are only examples. The details relating to all revenue heads operated in this regards should be provided.

31. Year to be given in Column no. 3, 4, 6 & 7. (St-29)

Statement has been modified.

32. Definition of temporary and permanent buildings. (St-30)

Temporary structures like tenements, camps etc. should be termed as temporary buildings and other structures should be termed permanent buildings.

33. How would plinth area for Electrical works be calculated? (St-30e)

Plinth area need not be taken for electrical works. However, the information is to be furnished point-wise. Statement has been slightly modified accordingly.

34. Since minor irrigation works are maintained and run by Local Bodies it may not be possible to provide information on such expenditures. (St-32)

If only the function of minor work has been transferred to the Local Bodies but its expenditure is borne by the State Govt. then it has to be included in the statement.

However, if the funds under the function have also been transferred to the local bodies then the information need not be provided in this statement.

35. What is the cut-off limit for PSEs? (St-42)

The data relating to all PSEs should be furnished in this Statement.

36. What is the definition of PSEs? (St-42)

A Public Sector Undertaking is a corporation in the public sector where management control of the company rests with the Government, either with the Central Government or the state Government. These enterprises would have been established by the government as government companies under Section 617 of the Companies Act, and the equity holding of the government is more than 50 percent. PSEs also include statutory corporations constituted under specific statutes of the Parliament.

37. What would be the deemed value of land for the allottee? (St-43)

The deemed value for allottee will be the value of land on the date of allotment.

38. It would be difficult to provide region-wise date. (Topic 42c)

Modalities are to be worked out by the State Government to compile this data.

Statements 1, 2, 3, 4b, 5, 6, 11, 18, 27a, 29, 30, 30e have been modified and uploaded on the website. These modifications have been highlighted in yellow. The states are requested to download the modified statements.