Finances of State Governments: 2001-02* (Part 1 of 2)
A Summary of Major Features

This article presents a quick overview[1] of the finances of the State Governments during 2001-02, mainly based on their budgets and other supplementary information received from them[2] . The budgets for 2001-02 are reflective of various policy measures comprising fiscal, institutional and sectoral reforms. The budgets continued to lay emphasis on fiscal consolidation through expenditure management, revenue augmentation and Public Sector Undertaking (PSU) reforms. The overall resource gap (GFD) of the States taken together is budgeted at 3.9 per cent of Gross Domestic Product (GDP) in 2001-02 as against 4.4 per cent estimated in the previous year (2000-01).

The article is divided into five Sections. A broad overview of the policy initiatives as proposed in the budgets for 2001-02 is presented in Section I. Section II provides a brief analysis of the revised estimates for 2000-01. An analysis of the receipts and expenditures as per the budget estimates for 2001-02 is provided in Section III. The aggregate public debt and outstanding liabilities of the State Governments are presented in Section IV. Concluding observations and emerging issues are outlined in Section V.

Section I

Policy Developments

The fiscal reforms at the State level assumed critical importance in the context of deterioration in their fiscal position as reflected in growing fiscal and revenue deficits. The State Governments, seized of the problem of fiscal deterioration, have embarked upon a number of corrective measures towards fiscal consolidation. The objective has been to restore fiscal stability and achieve a balanced revenue account, which is an important indicator of fiscal prudence, in the medium term. Continuing this process, the State Budgets for 2001-02 have placed emphasis on fiscal consolidation, improvement in physical and social infrastructure and growth enhancing sectoral policies. The fiscal restructuring measures underway are intended to address a number of long-term issues related to revenue mobilisation, expenditure management, reduction in subsidies, restructuring the Public Sector Undertakings, etc.

As an important budgetary measure, many States have begun to focus on expenditure management and have identified performance indicators to assess the quality of expenditure restructuring. Several States have proposed to conserve resources by compressing non-plan revenue expenditure. Along with the economy measures such as freeze on non-essential recruitment, reviewing manpower requirements and cut in establishment expenses, efforts are underway to review the organizational structure of major departments to achieve rationalization, efficiency and economy. Some States aim to undertake a comprehensive rationalization of posts and introduce an appropriate voluntary retirement scheme (VRS) in the coming years. Some of the States have also proposed zero-based budgeting in order to contain expenditure.

On the resource mobilisation front, a number of States have focussed on efficient utilization of existing resources through simplification /rationalization of tax structure, better enforcement and tax compliance and review of user charges particularly power, water, transport, etc. Further, preparations are underway for the introduction of value added tax (VAT) by April 2002[3] . Several States have undertaken a comprehensive examination of all the issues involved in the process. Maharashtra proposes to make administrative and institutional changes and introduce a new scheme of summary assessment to dispose of all pending cases of assessments by April 2003. Karnataka proposes to introduce a Self Assessment Scheme under Sales Tax and Entry Tax Act, while Tamil Nadu has initiated steps to set up a VAT Cell to analyse and process the various aspects of VAT and the steps that need to be taken towards its implementation. Karnataka has set up a Tax Reforms Commission for examining the tax structure and making recommendations to enhance tax receipts.

In the budgets for 2001-02, information technology (IT) is yet another area where the State Governments have shown keen interest. Several States have proposed setting up of IT Parks/Institutes of Information Technology. Himachal Pradesh has decided to confer the status of industry to all IT projects in order to promote the future growth and expansion of this sector, while the IT policy of Haryana provides incentives in the shape of preferential allotment of land, uninterrupted power supply and priority in term-lending, etc.

The financial health and management of State-level PSUs have been a cause for concern in the last few years. Many States have proposed to restructure their PSUs in order to make them profitable and competitive entities. To address the issue, Karnataka has come out with a Policy Paper on restructuring of PSUs, while Maharashtra introduced a Bill for setting up a Board for Restructuring of the State PSUs. In order to restore financial viability of electricity boards, some States have signed MoUs with the Central Government for reforming the power sector. Several States have set up State Electricity Regulatory Commissions (SERCs) in order to determine electricity tariff in a rational and remunerative manner.

Pursuant to the recommendations of the Eleventh Finance Commission (EFC), an Incentive Fund has been set up by the Centre. The Fund would provide incentive to encourage the State Governments to implement fiscal reforms in a time-bound manner (Box I)**.** Several States are in the process of implementing the fiscal reforms to increase revenue and improve the quality of expenditure.

A number of States have prepared Medium-Term Fiscal Plans aiming at phasing out revenue deficit and reducing fiscal deficit.

State Governments have taken initiatives to meet the needs of the potentially productive sectors, particularly, social and economic infrastructure. The initiatives towards sectoral reforms proposed by States focus on basic infrastructure, agriculture comprising modernization of irrigation and also assistance for the growth of food processing and agro based industries, information technology and other priority sectors. Rural development continues to be an important agenda with focus on rural employment generation, rural infrastructure development and watershed development programmes. Several States have laid emphasis on infrastructure development by setting up infrastructure development funds.

Some States have set up Consolidated Sinking Fund for retiring public debt and Expenditure

Review/Reforms Committee to enforce budget discipline and improve expenditure management. With regard to State Government guarantees, Goa has proposed to establish a Guarantee Redemption Fund (GRF) to take care of contingent liabilities, while West Bengal and Assam have placed ceiling on government guarantees.

Box I: Incentive Fund for State Fiscal Reforms

In pursuance of the Additional Terms of Reference given to the Eleventh Finance Commission (EFC), it was required to draw a monitorable fiscal reforms programme aimed at reduction of revenue deficit of the States and recommend the manner in which the grants to the States to cover the assessed deficit in their non-plan revenue account may be linked to the progress in implementing the programme. In order to encourage the State Governments to implement fiscal reforms in a time-bound manner, the EFC recommended setting up of an Incentive Fund comprising of two parts. The first part of the Fund would comprise 15 per cent of the withheld portion of the Grants recommended to cover the deficit of the States on non-plan revenue account. The second part of the Incentive Fund would be created by contribution from the Central Government equivalent to 15 per cent of the revenue deficit grants recommended by the EFC. The EFC recommended that the total amount of the Fund comprising both parts at Rs.10,607.7 crore for five year period from 2000-01 to 2004-05 to be apportioned at the rate of Rs.2,121.5 crore per year. The year-wise composition of the Incentive Fund proposed by the EFC is as under:

Composition of the Incentive Fund

(Rs. crore)

Year	Withheld portion of the revenue deficit grants	Contribution of the Centre	Total
1	2	3	4
2000-01	1,523.06	598.48	2,121.54
2001-02	1,080.43	1,041.11	2,121.54
2002-03	994.64	1,126.91	2,121.55
2003-04	861.74	1,259.81	2,121.55
2004-05	843.99	1,277.55	2,121.54
Total	5,303.86	5,303.86	10,607.72

The amount from the Incentive Fund will be available to a State in proportion to the level of performance in the implementation of the monitorable fiscal reforms programme in each year. If any State is unable to get the full amount initially earmarked for it in any year, such amount will not lapse, but will continue to be available to the same State in subsequent years. However, if any State is not able to draw the amount in the first four years, the amount undisbursed to a State would form part of the common pool and would be distributed to the performing States in the fifth year. The EFC report also provided broad parameters for monitoring fiscal reforms.

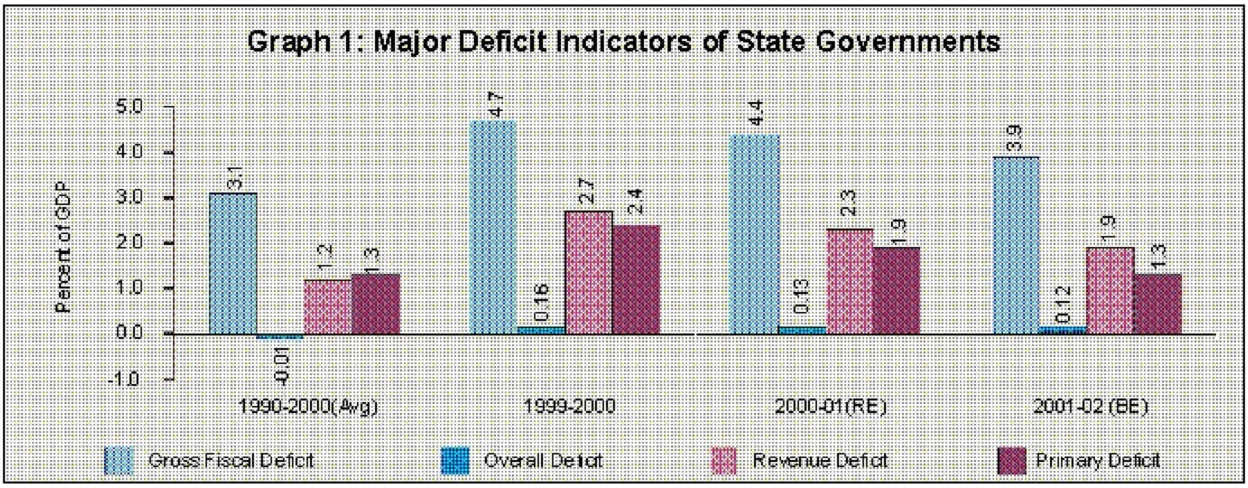
In pursuance of the recommendations of the EFC, an Incentive Fund for State fiscal reforms has been set up at the Centre. The release from the Incentive Fund will be based on a single monitorable fiscal objective. Accordingly, each State would need to achieve a minimum improvement of 5 per cent in the revenue deficit/surplus as a proportion of their revenue receipt each year till 2004-05. For this, the base year will be 1999-2000. Accordingly, the State Governments are required to draw up the Medium-Term Fiscal Reforms Plan. The Government of India will discuss the same with the individual State Government. This would be the basis of a Memorandum of Understanding between the State Government and the Ministry of Finance, Government of India, as a preliminary exercise. In pursuance of this, a number of States have prepared Medium-Term Fiscal Plans.

In order to enhance the transparency and uniformity of the information at State level, several States have started publishing *Budget at a Glance/Budget in Brief*, to facilitate quick understanding of some of the critical fiscal indicators in their budgets. Further, Andhra Pradesh, Kerala, Orissa and Tamil Nadu have recently presented White Paper/Strategy Paper providing an overview of the State economy with focus on current fiscal situation, emerging challenges and the corrective measures needed to overcome the fiscal imbalance.

Section II

Revised Estimates: 2000-01

As per the revised estimates for 2000-01, the consolidated gross fiscal deficit of the States is estimated at Rs.95,277 crore as against Rs.91,480 crore in 1999-2000, showing an increase of 4.2 per cent. In terms of GDP, the overall resource gap is placed at 4.4 per cent, lower by 0.3 per cent than 4.7 per cent in the previous year (Table 1). The other fiscal indicators, such as, revenue deficit and primary deficit have also recorded some improvement in 2000-01 over the previous year. The revenue deficit declined from 2.7 per cent of GDP in 1999-2000 to 2.3 per cent of GDP in 2000-01 and the primary deficit declined from 2.4 per cent of GDP to 1.9 per cent of GDP during the same period (Graph 1).



The share of revenue deficit in gross fiscal deficit, which showed a significant rise particularly in the second half of 1990s, declined from 58.8 per cent in 1999-2000 to 53.9 per cent in 2000-01.

While the revised estimates for 2000-01 showed an improvement in GFD-GDP ratio over 1999-2000, it was 0.3 percentage point higher than the budget estimates. The revenue deficit in the revised estimates for 2000-01 overshot its projected level by 12.3 per cent to Rs.51,318 crore. In terms of GDP, the revenue deficit of States is estimated at 2.3 per cent in 2000-01 (R.E) as against 2.1 per cent in the budget estimates. The primary deficit or the non-interest deficit as a percentage of GDP, was higher at 1.9 per cent than the budgeted level of 1.6 per cent.

In the revised estimates for 2000-01, revenue receipts at Rs. 2,49,615 crore showed a marginal increase of 1.9 per cent over the budget estimates (Table 2). The rise in revenue receipts was on account of the higher growth in current transfers from the Centre comprising shareable taxes and grants which at Rs.99,133 crore were 12.9 per cent higher than the budget estimates. However, the States' own tax revenue at Rs.1,20,503 crore is estimated to show a decline of 4.1 per cent in the revised estimates over the budgeted level (Table 3). The shortfall in States' own tax revenue was mainly due to lower realisation in taxes on commodities and services and property, which fell by 4.2 per cent and 4.4 per cent, respectively over the budget estimates. Collections under sales tax, the major item under States revenue receipts, at Rs.74,029 crore showed a decline of 1.5 per cent in the revised estimates over the budgeted level.

The share of States' own tax revenue in the total revenue receipts declined from 51.3 per cent in the budget estimates to 48.3 per cent in the revised estimates. The interest receipts under States' non-tax receipts recorded a growth of 12.8 per cent, while the receipts from State lotteries are estimated to show a decline of 6.7 per cent over the budget estimates.

During 2000-01, the capital receipts of States at Rs.1,13,811 crore were higher by Rs.12,208 crore (12.0 per cent) than the budget estimates. The growth in capital receipts was due to the rise in market borrowings, special securities issued to NSSF, borrowings from financial institutions and recovery of loans and advances by States (Table 4)[4] .

In the revised estimates, the aggregate expenditure of States exceeded the budget estimates by Rs.15,308 crore during 2000-01. Component-wise, the revenue expenditure showed a growth of 3.5 per cent, while the capital expenditure was higher than budgeted level by 8.3 per cent. An important development during 2000-01 was the shift in the composition of expenditure in favour of developmental expenditure. While the developmental expenditure was higher by 7.5 per cent, non-developmental expenditure was lower by 1.2 per cent over the budget estimates for 2000-01, mainly on account of lower expenditure on administrative services and miscellaneous general services.

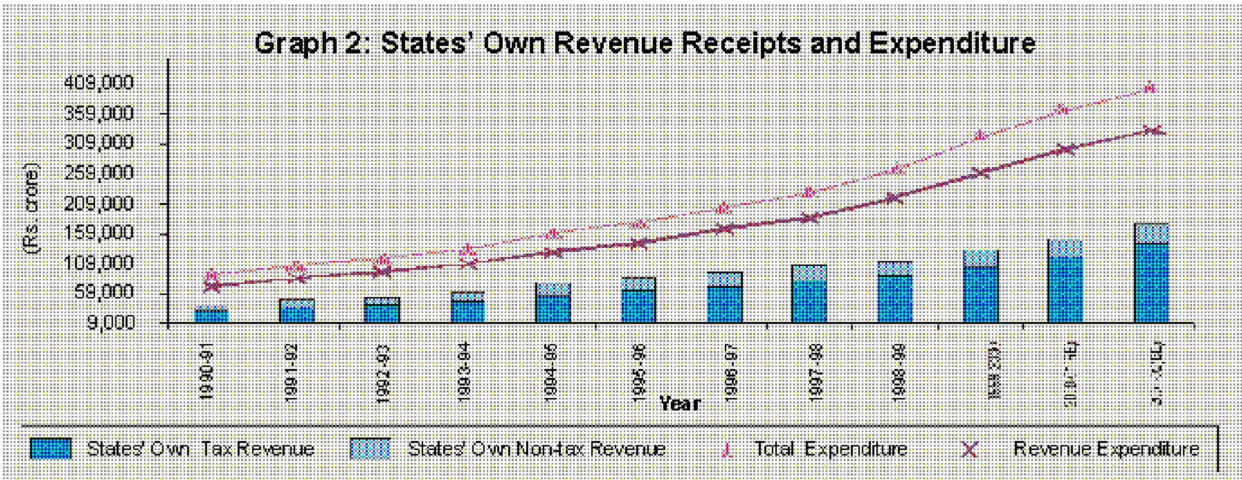
Section III

Budget Estimates: 2001-02

The State Budgets for 2001-02 envisage continued emphasis on fiscal consolidation process through measures for revenue augmentation and expenditure containment. The resource gap measured in terms of revenue deficit and gross fiscal deficit as a ratio of GDP is expected to decline in 2001-02. The revenue deficit of the States at Rs.48,046 crore is projected to decline by 6.4 per cent over the previous year. In terms of GDP, the revenue deficit is estimated to show a decline from 2.3 per cent in 2000-01 to 1.9 per cent in the budget estimates for 2001-02. In absolute terms, the gross fiscal deficit is projected at Rs.96,073 crore, marginally higher by 0.8 per cent over the previous year. The overall resource gap (GFD) as a percentage of GDP is budgeted to decline from 4.4 per cent in the revised estimates for 2000-01 to 3.9 per cent in 2001-02. The primary deficit at Rs.31,227 crore (1.3 per cent of GDP) is expected to decline sharply by 24.3 per cent from Rs.41,245 crore (1.9 per cent of GDP) in the revised estimates for 2000-01.

The revenue receipts, including Rs.2,133 crore in the form of additional resources mobilization proposed by States, at Rs.2,84,681 crore are budgeted to be higher by 14.0 per cent over the previous year (Table 2). Tax receipts are budgeted to rise by 17.8 per cent to Rs.2,03,060 crore in 2001-02 from Rs.1,72,330 crore in the previous year. In this rise, the States' own tax revenue would contribute 72.3 per cent, while the rest would be contributed by the shares of tax revenues from the Centre. The States' own tax revenue at Rs.1,42,710 crore is estimated to record an increase of 18.4 per cent as against a rise of 17.5 per cent in the previous year. However, the sales tax receipts are estimated to show a lower growth of 17.0 per cent than 18.8 per cent in 2000-01. On the other hand, States' own non-tax revenue at Rs.33,064 crore is projected to show a growth of 10.3 per cent in 2001-02 as against the marginal rise of 0.4 per cent in 2000-01. In contrast, the interest receipts of States are projected to show a decline of 14.8 per cent as against a rise of 8.9 per cent in 2000-01**.** States' own revenue resources are expected to finance 52.8 per cent of the revenue expenditure and 43.8 per cent of the aggregate expenditure in 2001-02, as compared with 50.0 per cent and 41.1 per cent, respectively, in 2000-01 (Graph 2). The capital receipts of States are budgeted at Rs.1,13,846 crore, marginally higher over the previous year. Of this, the non-debt component, comprising recovery of loans and advances is estimated at Rs.4,909 crore, showing a decline of 40.9 per cent over the previous year.

The aggregate resource flows from the Centre in the form of share in Central taxes, grants and loans from the Centre (excluding share of small savings collections) are budgeted at Rs.1,37,280 crore as against Rs.1,23,492 crore in the previous year. However, the growth rate of 11.2 per cent in such flows budgeted in 2001-02, would be lower than the growth of 28.2 per cent recorded in 2000-01, mainly on account of the lower growth in grants (Table 9).



In the budget estimates for 2001-02, growth in revenue and capital expenditure is projected to be lower than their levels in the previous year. Revenue expenditure continues to absorb a major portion of resources. The non-developmental component (revenue and capital) at Rs.1,45,360 crore would register a growth of 17.2 per cent over the previous year (Table 8). Growth in expenditure under developmental heads (revenue and capital) would in turn show a deceleration over the previous year. The expenditure on social services (including loans and advances) is budgeted to rise by 9.6 per cent in 2001-02 as compared with a rise of 16.4 per cent in the previous year, while expenditure on economic services (including loans and advances) is budgeted to show a decline of 0.9 per cent in 2001-02, as compared with a growth of 23.5 per cent in the previous year. A noteworthy development is the focus on the need for increased budgetary allocation for expenditure for natural calamities. The budgetary allocation for meeting expenditure relating to natural calamities shows a sharp rise of 63.7 per cent at Rs.8,185 crore in 2001-02 (Table 7).

During 2001-02, the revenue deficit is budgeted to absorb 50 per cent of the GFD as against 53.9 per cent of the GFD in 2000-01. The financing pattern indicates that the loans from the Centre (excluding share of small savings collections) and market borrowings would finance 17.5 per cent and 11.2 per cent, respectively, of the GFD, while the rest would be financed by receipts from special securities issued to National Small Saving Fund of the Central Government, the loans from financial institutions, State Provident Fund, Reserve Funds, etc., (Table 5).

Section IV

Debt and Liabilities

Market Borrowings

The net market borrowings originally allocated for all States for the fiscal year 2000-01 were Rs.11,230 crore (gross Rs.11,650 crore). As against this, the State Governments raised a net amount of Rs.12,880 crore (gross Rs.13,300 crore), including the additional allocation of Rs. 1,650 crore (Table 10). As a part of the policy to move towards the system of auctioning of State loans, since 1999, the State Governments are allowed to raise 5 per cent to 35 per cent of the allocated borrowings through auctions along with the flexibility to decide the timing. The States, which opted for such auctions during 2000-01, raised an aggregate amount of Rs.1,670 crore at cut-off rates ranging between 11.57 per cent and 11.80 per cent. The amount mobilised through pre-announced issues aggregated to Rs.11,630 crore. At this level, market borrowings financed 13.6 per cent of the gross fiscal deficit of States. During 2000-01, with general moderation in interest rates in the economy, the weighted average cost of State borrowings declined to 10.99 per cent from 11.89 per cent in the previous year. Out of the provisional allocation for market borrowings of Rs.12,648 crore for the States for the year 2001-02, up to August 28, 2001, 28 States have raised an amount of Rs.7,807 crore, including an amount of Rs.2,210 crore raised through auctions by eight States.

Debt Position of State Governments

The persistent fiscal deficit of States has led to a steady accumulation of debt. The outstanding stock of debt of States amounted to Rs.5,04,248 crore or 23.1 per cent of GDP at end-March 2001. The debt-GDP ratio is estimated to go up to 23.9 per cent as at the end of March 2002 (Table 5). The growth in the debt stock during the latter half of the 1990s, on an average, remained at 17.9 per cent, significantly above the growth rate of State revenues at 11.2 per cent, reflecting the deterioration in the fiscal position at the sub-national level. The rising debt levels have resulted in growing interest burden on States. The interest payments pre-empted 21.6 per cent of the revenue receipts of States in 2000-01 as against 13.0 per cent in 1990-91.

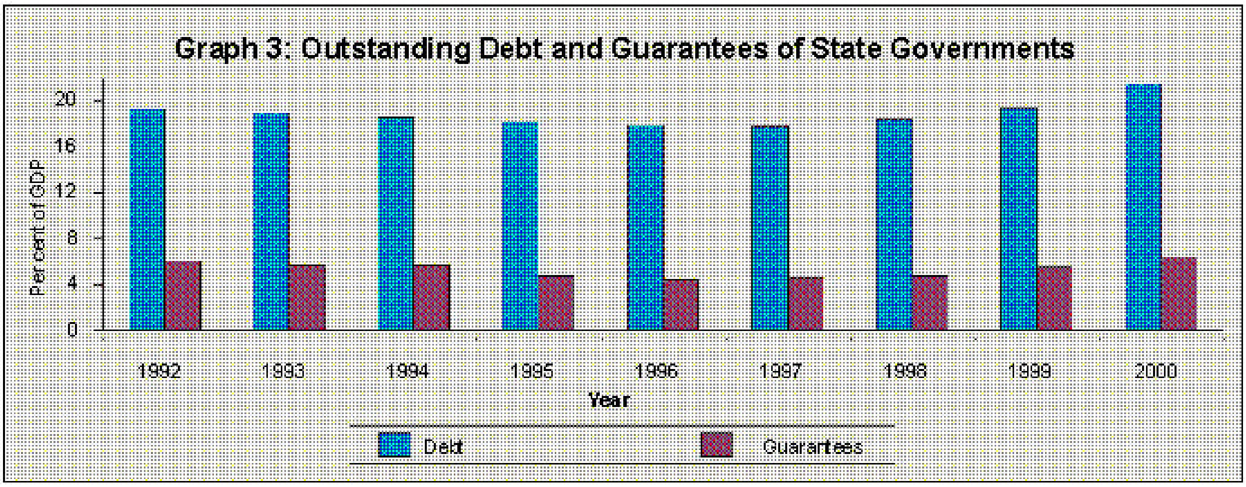
Besides loans from the Centre and market borrowings, the other sources of growth in liabilities of States in recent years have been loans from financial institutions and the public account liabilities. The overall impact of the rising debt level has reduced the flexibility of States to release funds for basic infrastructure and the social sector.

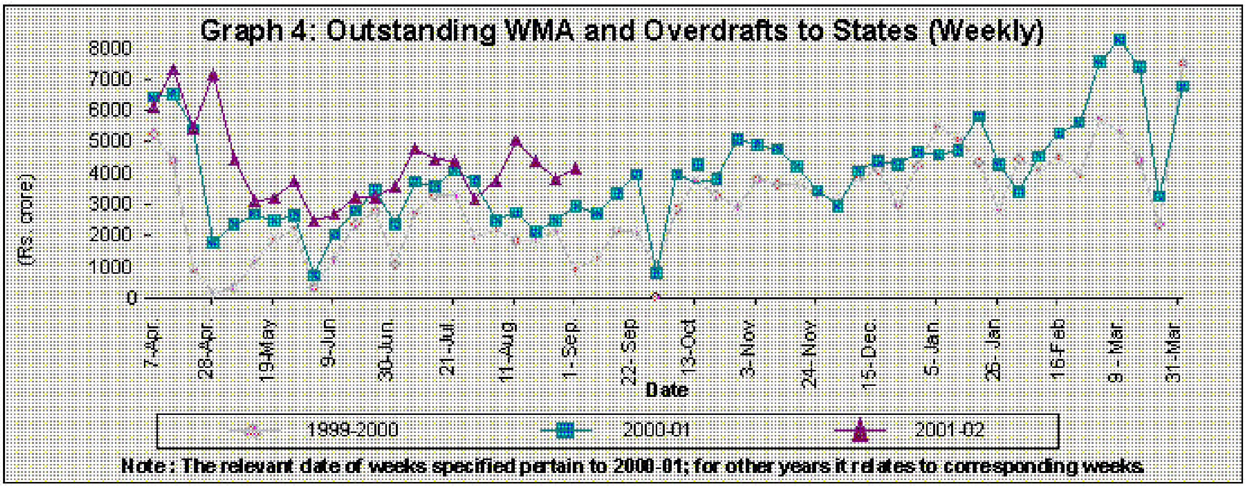
Contingent Liabilities/Guarantees of State Governments

The fiscal position of the State Governments is also influenced by the nature and levels of contingent liabilities, which include guarantees, indemnities, etc. Although these contingent liabilities are not treated as part of the liabilities in the existing accounting practices as their occurrence depends on certain future events, given the high level of debt, these contingent liabilities are potential source of fiscal risk. As per the available data, the outstanding guarantees extended by 17 major States amounted to Rs.1,24,813 crore as at end March 2000. In terms of GDP, the outstanding guarantees rose to 6.4 per cent as at end-March 2000 from 5.5 per cent as at end-March 1999 (Graph 3). In this regard, many States have taken initiatives to place ceiling on guarantees. The statutory ceilings on guarantees have been put in place by Gujarat, Karnataka, Sikkim and West Bengal. Rajasthan and Assam have imposed administrative ceilings, while Tamil Nadu has taken a decision to charge guarantee commission on outstanding guaranteed amount.

Ways and Means Advances

The recourse to WMA by States was generally higher during 2000-01 than in the previous year, indicating pressure on liquidity management of States (Graph 4). However, as on March 31, 2001, State Governments' outstanding WMA and overdrafts from the Reserve Bank amounted lower at Rs.6,811 crore than Rs.7,519 crore as at the end of March 2000. The number of States resorting to overdrafts during 2000-01 remained at nineteen, the same as in the previous year. During 2000-01, three States could not clear their overdrafts with the Reserve Bank within the stipulated time limit and consequently the Reserve Bank had to stop payments on their behalf. With effect from February 1, 2001, the Reserve Bank has revised the WMA Scheme for States (Box II).





Section V

Concluding Observations

The GFD-GDP ratio is estimated to be lower at 4.4 per cent in 2000-01 as against 4.7 per cent in the previous year. The expenditure overrun stems largely from the persistent rise in non-plan revenue expenditure. This segment of expenditure (mainly comprising interest payments, administrative services and pension outgo) accounts for a major portion of non-plan revenue expenditure and together absorbs a sizeable portion of revenue receipts, revealing the continued use of borrowed funds to fill up the revenue gap.

The share of social and economic services in aggregate expenditure is estimated to decline to 58.4 per cent in the budget estimates for 2001-02 from 61.2 per cent in 2000-01 (RE). The tax-GDP ratio needs to be enhanced for improving the fiscal position, as the flexibility available to the State Governments in expenditure containment is limited especially in the short run since committed expenses account for a significant proportion of revenue receipts.

Box II: Revision of Ways and Means Advances (WMA) to State Governments

Under Section 17(5) of the Reserve Bank of India Act, 1934, the Reserve Bank has been providing Ways and Means Advances (WMAs) to the State Governments to help them to tide over temporary mismatches in the cash flow of receipts and payments. There are two types of WMAs- normal and special. The normal WMAs are clean or unsecured advances, while Special WMAs are given against the pledge of Central Government Securities and Treasury Bills held by State Governments. The limits of WMAs are fixed by the Reserve Bank of India from time to time.

The Reserve Bank of India had constituted an Informal Group of State Finance Secretaries to review the then existing scheme of WMA and to make recommendations. The Group submitted its report in January 2001. Based on the recommendations of the Group, the scheme of WMA to the States has been revised and made effective from February 1, 2001. The main features of the same are as follows:

(i) The normal WMA limits are worked out taking into account the three years' average of revenue receipts and capital expenditure for fiscal years 1997-98, 1998-99 and 1999-2000 and applying to this base a ratio of 2.4 per cent for non-special category States and 2.9 per cent for special category States.

(ii) As per the revised scheme, the total normal WMA limits work out to Rs.5,283 crore as against the earlier limit of Rs.3,941 crore.

(iii) The special WMA limits continue to be linked to the investments made by State Governments in the Government of India dated securities and Treasury Bills.

(iv) A State is allowed to run an overdraft for 12 consecutive working days instead of 10 days earlier.

(v) The overdraft shall not exceed 100 per cent of normal WMA limits. If overdraft exceeds 100 per cent of normal WMA limits in a financial year, the Reserve Bank will on the first occasion advise the State Government; on the second or subsequent occasions, the State shall be given five working days instead of the notice period of three working days earlier to bring down the overdraft amount within the level of 100 per cent limit. If this is not adhered to, payments will be stopped.

(vi) The WMA Scheme 2001 is subject to review in its entirety at the end of two years.

The continued emphasis on fiscal reforms at sub-national level has gained significance and become an important component of overall economic restructuring. The State Budgets for 2001-02 propose measures reflecting the urgency to expedite the fiscal consolidation process, while focusing on infrastructure development and growth enhancing sectoral policies.

The measures taken by the States to strengthen reform process have a potential for some positive impact on State finances. These measures include setting up of Consolidated Sinking Fund, Expenditure Review/Reform Committee, Guarantee Redemption Fund, Infrastructure Development Fund and Tax Reforms Commission, placing statutory limits on guarantees, restructuring the PSUs, comprehensive rationalization of posts and introduction of Voluntary Retirement Scheme. The medium-term fiscal plan drawn up by State Governments provide timeframe for implementing fiscal reforms programme and for achieving fiscal soundness.

Further improvement in the fiscal position requires measures at widening the tax base, rationalising user charges, better targeting of subsidies, comprehensive restructuring of State-level public sector enterprises and rationalization and prioritization of expenditure.

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* Prepared in the Division of State and Local Finances of the Department of Economic Analysis and Policy.

[1] A detailed study of the State Budgets will be published separately.

[2] The analysis is based on the budgets of 28 States and the National Capital Territory of Delhi and uses supplementary information on additional resource mobilisation measures received from States up to end-August 2001. The budget estimates for 2001-02 include the three new States, *viz.*, Chhattisgarh, Jharkhand and Uttaranchal formed in November 2000. As the new States were carved out of the existing States of Madhya Pradesh, Bihar and Uttar Pradesh, the data for 1999-2000 and 2000-01 (BE) are inclusive of the three new States. The revised estimates for 2000-01 include the data of Chhattisgarh and do not include those of Jharkhand and Uttaranchal for the period November 2000 to March 2001.

[3] The conference of Chief Ministers/Finance Ministers, held in July 2001, reviewed the progress towards implementation of the VAT, compliance of uniform floor rates of sales tax and abolition of sales tax based exemptions.

[4] Prior to 1999-2000, States' share in the small savings was included under 'loans from the Centre'. Under the revised accounting procedure, the same are treated as receipts against special securities issued to National Small Savings Fund (NSSF). In their budgets, while some States continue to show it as loans from the Centre, other States

show it as part of their internal debt as special securities issued to NSSF. In view of the change in the accounting procedure in 1999-2000 and with the objective of having uniformity in data presentation for all the States, the share in small savings has been shown as a separate item as special securities issued to NSSF of the Central Government and not as ‘Loans from the Centre’.