

**Planning Commission
(Financial Resources Division)**

Subject: FR Brief for the Annual Plan 2013-14 of Kerala relating to DCH-CM level Meeting

The FR brief for the Annual Plan 2013-14 of Kerala relating to DCH-CM level Meeting is circulated herewith.

Julie Singh
YP (FR)
03.04.2013

1. PS to Deputy Chairman
2. PS to Member (BKC)
3. PS to Member (SC)
4. PS to Member (SH)
5. PS to Member (NJ)
6. PS to Member (AS)
7. PS to Member (MS)
8. PS to Member (KK)
9. PS to Member (AM)
10. PS to Secretary

Copy to:

1. Adviser (SP-Kerala)
2. Joint Secretary, (PF-I), D/O Expenditure, North Block, New Delhi
3. Adviser (FR)
4. Director (SP-Kerala)/Director (SP-Coordination)
5. Director-FR (HKH/KM)
6. Consultant-FR (SL)
7. SRO (JH/SD)
8. EO (KG)/YP(SK/JS)

Planning Commission
(Financial Resources Division)

State: Kerala

A. Performance of the State Plan:

The achievements of the Annual Plans during the Eleventh Plan and first year of the Twelfth Plan are shown below:

Achievement of Plan outlay						
Rs. crore						
Year	GSDP	GSDP	Plan Outlay			
		Growth (%)	Approved	Actual	% achieved	Actual as % of GSDP
2007-08	175141	13.89	6950	5815	83.67	3.32
2008-09	202783	15.78	7700	6689	86.87	3.30
2009-10	231999	14.41	8920	8541	95.75	3.68
2010-11	269474	16.15	10025	9242.3	92.19	3.43
2011-12	315206	16.97	12010	12075	100.54	3.83
2012-13	360911	14.50	14010	14015	100.04	3.88
2013-14	413243	14.50	17000 (Proposed)			

Note: GSDP at current prices as on 27.02.2013 (CSO)

B. Assumptions underlying the State Government's projections for Annual Plan 2013-14

Assumptions made by the State Government for projection of resources for the Annual Plan 2013-14 are as follows:

Indicators	%age of increase
GDP growth (nominal price)	14.50%
Annual Growth of share in Central Taxes	14.99%
Annual growth of SOTR	16.92%
Annual growth in own non-tax revenues	11.82%
Annual growth of Interest payments	13.04%
Annual growth in pensions	16.00%
Annual growth in Salary	12.84%
Transfers to PRIs	As per TFC recommendations

C. PSE Plan

PSE's Total Plan for 2013-14 amounts to Rs. 1129.70 crore which includes Extra Budgetary Resources (EBR) of Rs.790.79 crore and Internal Resources (IR) of Rs. 338.91 crore.

D. ACA for EAPs

State Government has proposed Rs.1069.32 crore as loan for EAPs (back to back) for 2013-14. There is no grant component of EAP loan.

E. The details of Plan grants and Non-Plan grants for the Annual Plan 2013-14 as rewarded by 13th Finance Commission are given in the following table:

State: Kerela			
Rs. in crore			
(A)	Non-Plan Grant	2012-13	2012-13
1	Local Bodies	569.50	673.50
2	Disaster Relief (including for capacity building)	112.38	117.81
3	Post Devolution Non-Plan Revenue Deficit	0.00	0.00
4	Performance Incentive	0.00	0.00
5	Environment-Water Sector Management	44.00	44.00
6	Governance		
	a) Improvement in Supply of Justice	28.01	28.01
	b) Improvement of Statistical Systems at State and District Level	2.80	2.80
	c) Employee and Pension Data Base	0.00	0.00
7	Maintenance of Roads and Bridges	232.00	244.00
	Sub-Total	988.69	1110.12
(B)	Plan Grant		
1	Elementary Education	28.00	29.00
2	Environment-		
	a) Forest Protection	33.88	33.88
	b) Renewable Energy		
3	Governance		
	a) Reduction in Infant Mortality Rates		
	b) Incentive for issuing UIDs	9.92	9.92
	c) District Innovation Fund	0.00	0.00
4	State-specific	375.00	375.00
	Sub-Total	446.80	447.80
	Grand Total	1435.49	1557.92

F. Issues pertaining to State Finances

Desired Plan Size: The Plan document provided by the State Government indicates a desired Plan size of Rs.17000.00 crore for 2012-13 which is an increase of 23.92% over the Approved Plan size of 2012-13 at current prices. As against the desired plan size of Rs17000.00 crore, the resources identified amount to Rs..00 crore. This is without OTACA. There is, therefore, some resources gap of about Rs.58.00 crore..

Borrowing Ceiling: The borrowing ceiling indicated by MOF for the Annual Plan 2013-14 of Kerala is Rs. 12397.00 crore. The budgetary borrowings of the State for 2013-14 have been estimated at Rs. 12397.29 crore.

OTACA: One Time ACA allocated to the State since 2005-06 are given as follows:

Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
OTACA	52.03	50	60	100	110	193	320	96
Grant	15.61	15	18	30	33	58	96	29
Loan	36.42	35	42	70	77	135	224	68

G. Economic Profile of Kerala

(i) Growth Rate Trend

Table-1: Growth Rates of GSDP at constant prices (2004-05) prices								
States	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Kerala	10.09	7.90	8.77	5.56	9.17	8.05	9.51	NA
Karnataka	10.51	9.98	12.60	7.11	1.29	9.66	5.50	5.95
Tamil Nadu	13.96	15.21	6.13	4.89	10.36	9.83	7.37	4.61
All India	9.48	9.57	9.32	6.72	8.59	9.32	6.21	4.96

Source: CSO as on 27.02.2013

(ii) Per Capita NSDP

(In Rupees)

Table-2 : Per capita NSDP at Constant (2004-05) prices								
States	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Kerala	34837	37284	40288	42433	45921	49391	53877	NA
Karnataka	29295	31967	35574	37687	37297	40332	42218	44389
Tamil Nadu	34126	39166	41314	42936	46886	51117	54550	56505
All India	26015	28067	30332	31754	33901	36342	38037	39143

Source: CSO as on 27.02.2013

(iii) Sectoral Growth Rate

Table-3 : Sectoral growth rate (Real) of GSDP with 2004-05 base							
Sector	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Agriculture and Allied	4.98	-6.28	-1.23	1.98	-0.59	-0.24	-0.14
Industry	9.91	6.72	7.79	0.44	7.74	6.49	6.97
Services	11.65	12.26	11.43	8.07	11.17	11.57	9.27
State domestic product	10.09	7.90	8.77	5.56	8.95	9.13	7.80

Source: CSO as on 14.08.2012

(iv) Credit Deposit Ratio

(In Rupees crore)

Table 4: Credit-Deposit Ratio						
Items	2007	2008	2009	2010	2011	2012
Deposit	95282	109103	135173	150619	170547	200573
Credit	60615	71226	81612	95785	122823	151526
CD ratio	63.62	65.28	60.38	63.59	72.02	75.55
ROG(deposit)	18.92	14.51	23.89	11.43	13.23	17.61
ROG(credit)	17.94	17.51	14.58	17.37	28.23	23.37
Source: RBI Annual Report, Note :Year refers to financial year ending March, 31						

(v) Credit Deposit Ratio compared to neighboring states

Table-5: Credit Deposit Ratio of the state including neighboring states						
States/Year	2007	2008	2009	2010	2011	2012
Kerala	60.9	63.4	59.7	63.1	73.1	75.5
Karnataka	76.3	78.1	77.3	77.6	72.7	70.7
Tamil Nadu	114.5	114.7	108.1	113.8	115.1	116.2
All India	75	74.4	72.6	73.3	75.6	78.1
Source: RBI Annual Report, Note :Year refers to financial year ending March, 31						

H. Fiscal Overview of Kerala

(i) Fiscal Parameters

Table-6 :Fiscal Profile of the state (as % of GSDP at current prices)							
Indicator	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 BE	2013-14 Est.
Fiscal Deficit	-3.48	-3.13	-3.39	-2.87	-4.07	-2.97	-0.59
Revenue Deficit	-2.16	-1.83	-2.17	-1.36	-2.55	-0.96	-0.54
Primary Deficit	-1.01	-0.83	-1.11	-0.76	-2.71	-0.97	1.37
OL	31.64	31.20	30.59	29.20	28.37	28.03	27.68
IP/RR	20.51	19.01	20.27	18.36	11.30	15.03	16.26
Salaries/NPRE	32.58	35.19	36.36	35.11	21.37	18.97	34.29

(ii) State's Own Tax Revenue (SOTR)

Table-7: SOTR of the State as % of GSDP (at current prices)						
States	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Kerela	7.80	7.89	7.60	8.06	8.16	8.90
Tamil Nadu	8.44	8.39	7.62	8.44	8.72	
Karnataka	9.60	8.91	9.06	9.47	10.03	9.82
General States	6.98	6.76	6.58	7.13	7.21	
All India	6.89	6.65	6.45	7.00	7.09	

(iii)Public Expenditure Ratio

Table-8 :Public Expenditure Ratio*						
States	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Kerela	15.56	15.24	14.68	14.39	16.15	16.34
Tamil Nadu	14.88	16.33	14.64	15.47	15.40	
Karnataka	17.29	16.84	17.97	17.01	17.80	18.40
General States	16.15	16.59	16.32	15.90	16.65	
All India	16.76	17.10	16.94	16.53	19.88	

* Public expenditure ratio= the percentage of public expenditure (plan + non-plan) to GSDP.

(iv) Per Capita Profile

(In Rupees)

Table-9 :Per capita Profile Of Kerela							
Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 BE	2013-14 Est.
Per Capita Total Expenditure	8064.43	9072.35	9927.57	11223.05	14624.47	16946.21	15027.65
<i>All India</i>	<i>6370.17</i>	<i>7401.73</i>	<i>8397.42</i>	<i>9493.21</i>	<i>11267.23</i>		
Per Capita Revenue Receipts	6244.24	7196.13	7608.30	8966.36	10919.02	13833.00	14313.17
<i>All India</i>	<i>5591.11</i>	<i>6102.35</i>	<i>6637.55</i>	<i>8062.97</i>	<i>9428.08</i>		
Per Capita Plan Exp.	1345.74	1603.46	1977.27	2106.50	2626.85	3412.04	
<i>All India</i>	<i>2069.69</i>	<i>2521.10</i>	<i>2722.10</i>	<i>3098.15</i>	<i>3995.62</i>		
Per Capita SOTR	4043.83	4694.30	5135.94	6284.68	7387.10	9229.99	10299.79
<i>All India</i>	<i>2618.61</i>	<i>2878.86</i>	<i>3197.69</i>	<i>4020.26</i>	<i>4630.99</i>		
Per Capita GSDP	51813.80	59531.75	67604.69	77966.03	90571.23	103704.06	118741.15
<i>All India</i>	<i>38004.09</i>	<i>43281.45</i>	<i>49576.61</i>	<i>57413.72</i>	<i>65327.36</i>		

Fiscal Indicator

(Rs. in crore)

S.N.	Item/Year	Eleventh Plan					Twelfth Plan	
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 BE	2013-14 Est.
		At current prices						
1	2	3	4	5	6	7	10	11
1	Tax Revenue	17720.65	20265.70	22023.80	26863.54	31698.96	39225.67	43989.14
1a	State's Own Tax Revenue	13668.95	15990.18	17625.02	21721.73	25708.60	32122.21	35845.35
1b	Share in Central Taxes	4051.70	4275.52	4398.78	5141.81	5990.36	7103.46	8143.79
2	Non Tax Revenue	3386.14	4246.48	4085.60	4126.90	6301.40	8915.92	5823.57
2a	State's Own Non-Tax Revenue	1209.55	1559.29	1852.22	1930.28	2592.18	3495.41	4596.28
2b	Grants	2176.59	2687.19	2233.38	2196.62	3709.22	5420.51	1227.29
3	Total Revenue Receipts	21106.79	24512.18	26109.40	30990.44	38000.36	48141.59	49812.71
4	Non Debt Capital Receipts	52.38	44.74	87.43	68.84	70.95	107.83	57.00
5	Total Receipts	21159.17	24556.92	26196.83	31059.28	38071.31	48249.42	49869.71
6	Revenue Expenditure	24891.64	28223.86	31132.37	34664.81	46044.62	51605.36	52051.59
6a	Plan Expenditure	2277.29	3211.86	4179.05	4195.74	5327.21	8487.18	
6b	Non Plan Revenue Expenditure	22614.35	25012.00	26953.32	30469.07	40717.41	43118.18	52051.59
	<i>of which</i>							
	<i>i) Interest payments</i>	4329.65	4659.69	5292.48	5689.66	4293.60	7234.33	8100.36
	<i>ii) Pensions</i>	4924.53	4686.43	4705.50	5767.49	14948.97	16254.37	9860.00
	<i>iii) Salaries</i>	7367.12	8800.95	9799.38	10698.32	8700.30	8178.05	17850.27
7	Capital Expenditure (8+9)	2367.74	2679.29	2936.07	4125.43	4851.45	7370.85	247.63
7a	Plan (8a+9a)	2271.58	2250.01	2606.36	3084.97	3814.77	3387.41	0.00
7b	Non Plan (8b+9b)	96.16	429.28	329.71	1040.46	1036.68	3983.44	247.63
8	Capital Outlay	1474.58	1695.60	2059.39	3363.69	3852.91	6554.90	121.00
8a	Plan	1451.71	1670.76	1902.16	2765.66	3398.09	2875.03	
8b	Non Plan	22.87	24.84	157.23	598.03	454.82	3679.87	121.00
9	Loans & Advances	893.16	983.69	876.68	761.74	998.54	815.95	126.63
9a	Plan	819.87	579.25	704.20	319.31	416.68	512.38	
9b	Non Plan	73.29	404.44	172.48	442.43	581.86	303.57	126.63
10	Total Expenditure (6+7)	27259.38	30903.15	34068.44	38790.24	50896.07	58976.21	52299.22
10a	Plan (6a+7a)	4548.87	5461.87	6785.41	7280.71	9141.98	11874.59	0.00
10b	Non Plan (6b+7b)	22710.51	25441.28	27283.03	31509.53	41754.09	47101.62	52299.22
11	Revenue Deficit (3-6)	-3784.85	-3711.68	-5022.97	-3674.37	-8044.26	-3463.77	-2238.88
12	Fiscal Deficit (11-7+4)	-6100.21	-6346.23	-7871.61	-7730.96	-12824.7	-10726.79	-2429.51
13	Primary Deficit [12+6(b) (i)]	-1770.56	-1686.54	-2579.13	-2041.30	-8531.16	-3492.46	5670.85
14	Total Outstanding Liabilities (as at the end of the year)	55409.57	63269.68	70969.75	78673.23	89418.19	101179.17	114372.11

Scheme of Financing for the Estimates for the Annual Plan 2012-13 of Kerala				
in Crore				
Sl. No.	Items	2011-12	2011-12	2012-13
		Approved	LE	Estimates
	1	2	3	4
A	State Government			
1	State's Own Resources	3392.40	-4756.47	-4540.38
	a BCR	-3643.31	-5038.43	-3214.35
	b MCR (excluding deductions for repayment of loans)	-184.95	-153.90	-1772.83
	c Plan grants from GoI (TFC)	435.86	435.86	446.80
	d ARM			
	e Adjustment of Opening Balance			
2	State's Borrowings {(i) minus (ii)}	10418.00	9879.44	12654.00
	(i) Gross Borrowings (a to i)	11905.82	11367.26	14379.61
	a Net Accretion to State Provident Fund	2500.00	2442.33	1469.10
	b Gross Small Savings	500.00	500.00	700.00
	c Net market borrowings	6076.47	6076.47	9373.77
	d Gross Negotiated loans (I to VI)	934.64	934.64	934.00
	e Bonds/Debentures			
	f Loans portion of NCA	725.97	725.97	798.57
	g Loans portion of ACA for EAPs			
	h Loans for back to back EAPs	1033.41	552.52	876.17
	i Loan portion of CA-Others			
	j Loan portion of CA- Others	135.33	135.33	228.00
	(ii) Repayments (a to d)	1487.82	1487.82	1725.61
	a Repayment of GoI Loans	372.37	372.37	394.08
	b Repayment to NSSF	486.31	486.31	597.72
	c Repayment of Negotiated Loans	513.32	513.32	617.99
	d Repayment- Others (Power sector Bonds)	115.82	115.82	115.82
3	CENTRAL ASSISTANCE (a+b+c)- Grants	1480.36	1388.71	1539.97
	a Normal Central Assistance	328.95	328.95	366.25
	b ACA for EAPs			
	c Back to back EAPs			
	d Grant portion of CA-Others	1151.41	1059.76	1143.72
	Total A : State Government Resources (1+2+3)	8505.96	6511.68	9623.59
B	Resources of Public Sector Enterprises (PSEs)			
	1 Internal resources (KSEB)	550.00	474.00	605.00
	2 Extra Budgetary Resources	450.00	450.00	495.00
	3 Budgetary support			
	Total B : PSEs (1+2+3)	1000.00	924.00	1100.00
C	Resources of Local Bodies			
	i. Urban Local Bodies			
	a Internal resources	-52.90		
	b Extra Budgetary Resources			
	c Budgetary support	468.28	468.28	
	Total i : (a+b+c)	415.38	468.28	
	ii. Rural Local Bodies			
	a Internal resources	-409.43	-409.43	
	b Extra Budgetary Resources			
	c Budgetary support	2498.10	2498.10	
	Total ii : (a+b+c)	2088.67	2088.67	3228.00
C	Total C : local bodies (i + ii)	2504.05	2556.95	3228.00
D	AGGREGATE PLAN RESOURCES (A+B+C)	12010.01	9992.6	13952

ACA Components of other Schemes/Programmes for Annual Plan 2013-14			
(Rs. in crore)			
Sl. No.	Name of Projects/Programmes	2012-13 Approved	2013-14
1	AIBP	100.00	
2	JNNURM	550.00	528.56
3	NSAP	117.05	139.87
4	NPAG		
5	HADP/WGDP	24.82	24.82
6	Roads and Bridges	46.47	46.47
7	BRGF	36.83	47.41
8	SCA to TSP	6.02	5.49
9	NEGAP	6.87	10.26
10	RKVY	309.78	
11	Grants in Aid under Art. 275(1)	5.66	5.10
12	One time ACA	96.00	
	Total	1299.50	807.98

Estimates of Balance from Current Revenues

Sl. No.	Items	12th Plan	(Rs in crore)			
		2012-17	2011-12	2012-13	2012-13	2013-14
		Projections	Actuals	A P	LE	Est.
		at current prices				
1	2	3	4	5	6	7
I.	NON PLAN REVENUE RECEIPTS (1 to 4)	281257.12	35256.49	40521.54	42872.90	49812.71
1	Share in Central Taxes	49489.94	5990.36	7082.21	7082.21	8143.79
2	State's Own Tax Revenue	206459.53	25718.60	30259.69	30656.90	35845.35
3	State's Own Non Tax Revenues	18931.70	2592.18	2156.17	4110.33	4596.28
4	Grants From Centre (4.1 to 4.4)	6375.95	955.35	1023.47	1023.47	1227.29
4.1	Revenue Deficit Grant		0.00	0.00	0.00	0.00
4.2	Central Share of Calamity Relief Fund	600.69	103.22	112.38	112.38	117.81
4.3	Grants for Local Bodies	3631.90	409.47	569.50	569.50	673.50
4.4	Other Non- Plan Grants	2143.36	208.66	34.78	34.78	45.24
II.	NON PLAN REVENUE EXPENDITURE (5 to 8)	291626.97	39940.32	43735.88	45152.04	52051.58
5	Non Developmental Expenditure (5.1 to 5.4)	139313.11	20465.69	20998.28	22426.15	25521.46
5.1	Interest Payments	47494.00	6293.60	7509.38	7166.05	8100.36
5.2	Pension Payments	57454.92	8700.30	8170.23	8500.00	9860.00
5.3	Salaries	21406.05	4022.99	3265.43	3577.39	4036.73
5.4	Others	12958.14	1448.80	2053.23	3182.71	3524.37
6	Development Expenditure (6.1 to 6.2)	117279.48	16085.56	18387.62	18612.86	21178.56
6.1	Salaries	79130.44	11450.03	12238.00	12241.70	13813.54
6.2	Others	38149.04	4635.52	6149.62	6371.17	7365.01
7	Pay & DA revision (not included in 5.3 & 6.1)	4313.69				
8	Non Plan Transfer to Local Bodies and PSEs	30720.69	3389.08	4349.99	4113.02	5351.57
8.1	Urban Local Bodies	4850.76	680.06	686.86	790.55	1028.61
8.2	Rural Local Bodies	25869.93	2709.02	3663.13	3322.47	4322.96
III.	BCR without ARM (I-II)	-10369.85	-4683.83	-3214.35	-2279.14	-2238.87