

The Hindu 28.07.2010

State pays a price for poor fiscal management, says expert

Staff Reporter

Expert puts the cut in Central allocations at Rs. 1,089 crore

— Photo A.V.G. Prasad

Finetuning a task: B. Prakasam, Director, Directorate of Economics and Statistics (DES), shares a lighter moment with M.A. Padmanabham, Joint Director of DES, at a programme in Eluru on Tuesday.

ELURU: The State suffered a cut in Central allocations by Rs. 1,089 crore in the current fiscal for its reported failure to tame the fiscal deficit during the 2009-10 financial year, according to P. Prakasam, Director, Directorate of Economics and Statistics (DES).

The Director was here on Tuesday to participate in a programme intending to sensitise the Chief Planning Officers, Deputy Directors, Divisional Deputy Statistical Officers and Assistant Statistical Officers from West Godavari, East Godavari and Krishna districts in building indices for projection of Gross State Domestic Product (GSDP) based on 'ground realities'.

The State is bound over reducing the fiscal deficit by 0.25 percentage points of GSDP in each financial year, beginning from 2005, and to keep it under 3 per cent by the end of 2010 financial year in line with the Fiscal Responsibility and the Budget Management Act-2005. However, the State government has ended up with a fiscal deficit of 3.29 per cent beyond the 'Lakshmana rekha', inviting 'disciplinary' action from the Centre.

Mr. Prakasam said the State, however, did well with regard to the other key indicators of the growth trends such as revenue deficit and outstanding total liabilities. The State overcame its recurring malady of revenue deficit during the 2009-10 financial year by achieving a surplus of 0.67 per cent (2,942 crore) in comparison to its GSDP during the year.

In respect of the outstanding total liabilities also, the State put up a better show by registering 24.9 per cent as against the targets under the FRBM Act. As per the Act, the State is supposed to ensure that its outstanding total liabilities did not cross 35 percentage points of its GSDP by the end of March, 2010.

Mr. Prakasam exhorted the field level statistical officers to comply with the guidelines in a letter and a spirit in building indices in a realistic manner since their performance was linked up with the State's prospects of receiving allocations from the Centre. Besides, the exercise would also help in striking a balance between one region and the other in terms of development.

The DES has been entrusted with collection of 75 per cent of data pertaining to industry, agriculture and services sectors for GSDP projections.