Vision

State Govt is steadily moving towards fiscal stability.
Fiscal Stability through enhanced revenue receipts.
The Left Front Govt stands for more Govt intervention and enhanced Govt expenditure; not for expenditure contraction
Revenue Receipts GSDP ratio to be 14 per cent in 2010-11
Elimination of Revenue Deficit by 2010-2011
Excellent Management of liquidity; The State has not entered into overdraft even for a single day during the fiscal 2008-09.
E-based tax administration; streamlining of procedures.
Greater devolution of fiscal powers, transparency in procedures.
Fiscal autonomy to deserving PSUs
More financial powers to Administrative Secretariat and Directorates
Modernisation and transparency

Dr. Thomas Issac

FINANCE

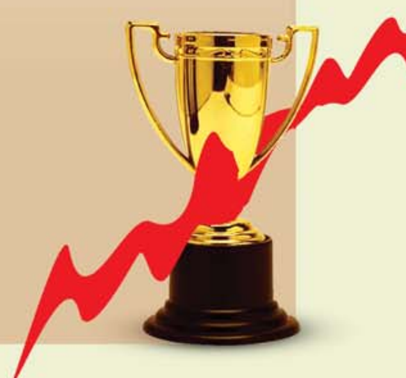
Surges to Stability & Growth

MAJOR STEPS on the Anvil

5000 crore Public Expenditure to fight the economic slow down

2500 crore government investment in infrastructure during this fiscal.

Administrative Sanction for 1000 crore works in June-July



TOP ACHIEVEMENTS

State surges to fiscal stability; Revenue deficit shall be eliminated by 2010-11.

23% overall tax growth. 109% growth in value added tax compared to the last year of previous Government. More money through e-based tax administration and transparent procedures.

Administrative Reforms in Treasury, Commercial Taxes, Lottery and Finance Secretariat.

Transparency and corruption free administration through modernisation.

Border Check Posts recovering from corruption and inefficiency. 'Corruption Free Walayar' Campaign paves way for modern practices.

Lottery Dept registers impressive growth. Annual sales turnover grown to Rs. 485 crore from 160 crore; 103 crore profit during the previous year.

KSFE annual turnover touches 7000 crore; 81 new branches. Vision 2010 targets 10000 crore annual turnover.

5000 crore public investment in infrastructure during the current fiscal; Bold measures to fight the slowdown.

More money for social welfare.

Rice and wheat for Rs.2/kg

More than 100% hike in welfare pensions, Arrears cleared.

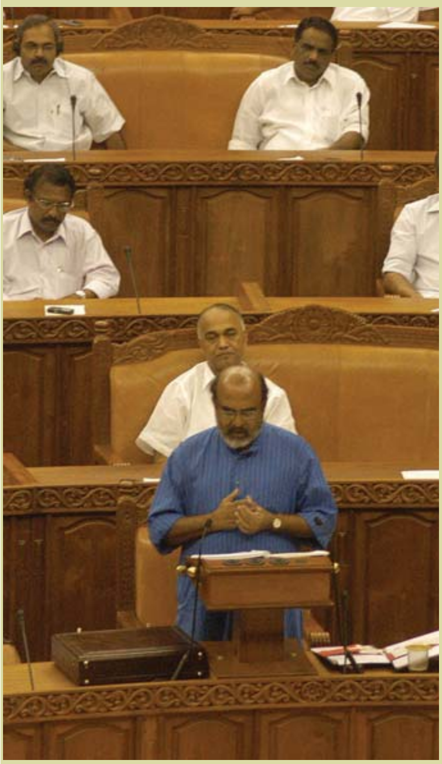
Liberal Assistance for the revitalisation of PSUs and for traditional sectors.

5 OTHER PROJECTS Envisaged

1. Modernised Treasury with ATM facility by next year
2. Modern Entry facilitation Centres at Boarder Check posts by 2010-11
3. KFC to be transformed to a SME facilitator
4. Total E-based administration in Commercial Taxes
5. Devolution of more financial powers

The Government is committed to eliminate revenue deficit by 2010-11 by matching revenue receipts and expenditure. To achieve this objective, it is not intended to reduce the revenue deficit mechanically at a uniform rate each year.

Fiscal Vision Clear



The Government is guided by a clear fiscal vision from its very inception. It was certain that a huge revenue deficit would be a reality in the first few years that were to follow. In fact this was also a result of the lack of vision and mismanagement of the previous UDF Government. The revenue deficit according to revised estimate 2007 – 08 Rs.4644 crore. It has to be borne in mind that expenditure in 2006 – 07 and 2007 – 08 was at record levels due to implementation of pay revision and arrear payments coming up to more than 19 percent of the State Domestic product. The revenue deficit anticipated in the budget estimate 2008-09 is only Rs. 3367 crore. Here also it has to be borne in mind that the Government has provided greater allocations for welfare schemes, welfare pensions etc. In fact, without toning down the socio-economic commitment of the last five decades the government could manage revenue deficit to the State's overall advantage. From 2007 – 08 to 2008 – 09, the decrease in revenue deficit is to the tune of Rs. 1300 crore. The fiscal vision of this government is to bring revenue deficit down below 1 percent by 2010 – 11.

2010-11 will be the 1st year of the 13th Finance Commission. Steps have already been taken to ensure a more legitimate share from the Finance Commission. If the State can rectify even partially the awful setback meted out by the 11th and 12th Finance Commissions, we will be able to eliminate revenue deficit by 2010-11. A substantial increase in Central receipts is a pre-condition for the elimination of revenue deficit. A broad political consensus in the State is desirable on this issue.

The main point of action to eliminate revenue deficit is to ensure substantial increase in revenue receipts. The State's revenue receipts have to increase by about 20-25 per cent per annum. Thus the revenue receipts of the State will increase to more than 16 per cent of the State Domestic product by 2010 – 11. In 2006 – 07 this was only 13.5 per cent. At the same time the expenditure in 2006 – 07 and 2007 – 08 was more than 19 percent of the State Domestic product due to

implementation of pay revision. If we are cautious about revenue expenditure the above rate will naturally come down to 17 per cent by 2010-11. The main way out to reduce expenditure is to check corruption and profligacy.

Thus the Government is committed to eliminate revenue deficit by 2010-11 by matching revenue receipts and expenditure. To achieve this objective, it is not intended to reduce the revenue deficit mechanically at a uniform rate each year. For reasons already mentioned this fall is perceived after 2007-08. In such a context, when there is no revenue deficit, a high fiscal deficit is not a matter of grave concern.

SUCCESS STORY

Walayar Model

Once Mafia ruled Corruption crowned Walayar Border Check posts Blooms corruption free Walayar Campaign paves the way for modernisation, transparency and elimination of corruption.

Designed efforts for built in mechanism to check corruption yield dividends, no use in finding fault with employees alone.

The atmosphere that facilitates corruption should go, and precisely that is what done in Walayar.

Modernisation, Greater Transparency, E-based administration and Committed employees make it peerless experience.