

2. State finances

AN OVERVIEW OF TRENDS

Broad trends in government finances in Haryana do not reflect any persistent fiscal imbalance in the aggregate or major problems of sustainability until 1996–97 (table 2.1). The revenue account shows both surpluses and deficits over the years, but a clear distinction is apparent between the periods before and after 1988–89. Revenue deficits appeared for the first time in 1988–89 and continued to more or less persist up to 1996–97, except in 1993–94. The deficit was relatively large during 1994–97; compared to less than 0.5 percent of GSDP before 1993–94, it was as high as 1.6 percent, 1.2 percent and 2.1 percent in the last three years. Fiscal deficit was generally below 3.5 percent of GSDP, though there were occasions when it went beyond 4 percent, falling back to a lower level in the succeeding years. Even in 1995–96 and 1996–97, the deficit amounted to 2.2 percent and 3.5 percent of the GSDP, respectively. However, unlike earlier years when borrowed resources were either lent out or spent on the capital account, a substantial part of such resources in recent years have been used for spending on revenue account. This recent change in the *quality* of fiscal deficit should cause concern, as it signifies the beginning of a deteriorating fiscal situation, unless corrected quickly.

A comparison with other States for the year 1994–95 reveals the lowest fiscal deficit-GSDP ratio among all the larger states (table A.1), underlining the low levels of deficit in Haryana. Given the relatively high real rate of growth of the State economy, the past levels of fiscal deficit were within sustainable limits. It may, however, be noted that the gap between the fiscal deficit and the revenue deficit (consisting of mostly capital outlay and net loans and advances by the State, as there is little capital receipt other than various forms of debt), as a ratio of the GSDP, is the smallest in Haryana. This indicates a relatively low level of capital disbursements as a ratio of the GSDP in the State as compared to other States.¹

As per the revised estimates for 1996–97, revenue receipts stood at Rs. 6215 crore, i.e., 19 percent of GSDP at current prices, as against revenue expenditures of Rs. 6883 crore, or 21 percent of GSDP. Considering only net profits of the State-run lotteries as revenue receipts (and eliminating expenditures on it from revenue expenditures),² these ratios work out to 12 percent and 14 percent respectively. As in the case of most of the States in India, the bulk of revenue receipts came from tax revenues (66 percent), which in turn were raised mostly from own tax revenues (83 percent of total tax revenue and about 55 percent of total revenue receipts: table 2.2). Interest

¹ Capital disbursements include capital outlay on various services as well as net loans and advances by the State government.

² These are the amounts we consider as revenue receipts and revenue expenditures in the following discussion.

receipts constituted 6 percent of the total revenue receipts, while grants from the central government at 12 percent were at a lower level compared to most other States, reflecting probably the relatively high per capita income of the State. Net receipts from State lotteries constituted a not insignificant 1.8 percent of total revenue receipts.

Table 2.1 : Haryana : Trends in State Finances : 1985–86 to 1996–97

	(percent of GSDP)				
	1985–86	1990–91	1994–95	1995–96	1996–97r.e.
1. Revenue Expenditure	12.63	13.30	15.49	13.99	14.36
a. Social services	4.54	4.74	4.78	5.70	4.40
b. Economic services	4.87	4.83	6.64	4.32	5.66
c. Interest payment	1.49	1.77	1.99	1.99	2.28
d. Others	1.73	1.95	2.07	1.98	2.02
2. Capital Expenditure	5.11	2.69	0.59	2.29	1.15
a. Capital disbursement	3.07	1.38	0.84	1.02	1.38
b. Net loans by state	2.04	1.32	-0.26	1.27	-0.23
3. Revenue Receipts	14.25	13.16	13.89	12.75	12.28
a. Own tax revenue	7.66	7.84	7.73	7.77	6.75
b. Shared taxes	1.31	1.36	1.30	1.29	1.32
c. Grants	1.76	1.08	0.84	1.07	1.52
d. Own non tax revenue	3.53	2.88	4.02	2.61	2.69
4. Capital Receipts	3.48	3.10	2.46	3.75	3.15
a. Internal debt(net)	-0.31	0.61	0.31	0.40	0.73
b. Loans from central govt. (net)	3.33	1.56	1.33	2.56	1.66
c. Provident fund, etc.	0.45	0.93	0.82	0.79	0.76
Revenue deficit (-)/ surplus(+)	1.63	-0.14	-1.60	-1.24	-2.08
Fiscal deficit (-)/surplus(+)	-3.49	-2.83	-2.19	-3.53	-3.23
Primary deficit(-)/surplus(+)	-2.00	-1.05	-0.19	-1.54	-0.96

Source: GoH, relevant years (a).

On the expenditure side, capital disbursements exhibit a worrisome falling trend over time, but the trend has been arrested and reversed to some extent in recent years, mainly owing to large investments in water supply and irrigation. Revenue expenditures, on the other hand, display a steadily rising trend. Capital disbursements (as a ratio of GSDP) fell from 5.11 percent in 1980–81 to 1.15 percent in 1996–97, but revenue expenditure rose from 12.63 percent to 14.36 percent during the same period. The growth of revenue expenditures in this period has been over 16 percent per annum, while GSDP has grown at only 15 percent per year. Given a long-term growth rate of less than 14 percent in revenue receipts, there is a clear long term tendency for the revenue (and fiscal) deficits to rise. As discussed below, this is largely owing to rising interest payments as a result of rising stock of debt.

TAX REVENUES

The tax structure of Haryana (table 2.2), until 1996–97, was fairly similar to that of many other States in India. Sales tax accounted for a little less than half of own tax revenue, and State excise accounted for a quarter. Stamp duties and registration fees, and motor vehicle taxes were the other major taxes in terms of revenue significance. With the imposition of prohibition from July 1996, the government lost its second largest source of revenue. The extent of the excise duty loss was approximately Rs. 410 crore in 1996–97; there would have been additional revenue loss from foregone sales tax on liquor. This policy has, however, been reversed and prohibition stands withdrawn from April 1, 1998. In the present exercise, we take these developments into account.

A comparison of the average level of tax-GSDP ratios across States over the first half of the present decade, shows this ratio to be relatively low in Haryana among the major States at 9.3 percent, higher than in Punjab and Maharashtra only (table A.2). It is low in all the four high-income States of India (Gujarat, Maharashtra and Punjab beside Haryana) owing to smaller tax devolutions (resulting from the progressivity in tax sharing) as also owing to the falling share of State taxes in the additional income as per capita SDP rises beyond a point. However, the higher own tax ratio of Gujarat suggests the possibility of raising the same in Haryana, particularly in view of its proximity to Delhi. Although a recent exercise on the estimation of relative tax effort by the major States (table A.3), using data for the years 1991–92 to 1993–94, shows the effort of Haryana to be considerably better than average at 128 (average: 100) (Sen, 1997), the low buoyancy of most of the State taxes shows the inability of the State to sustain its tax effort. The overall buoyancy of the tax system is estimated to be marginally greater than unity. While State excise is a more buoyant revenue source for Haryana as compared to other taxes, the estimates point to the need for improving the buoyancy of the other taxes.

Table 2.2 : Composition of Revenue Receipts

	(percentages)				
	1980-81	1985-86	1990-91	1995-96	1996-97(r.e.)
Total Revenue Receipts (% of GSDP)	13.54	14.25	13.16	12.75	12.47
1 Own tax revenue	51.03	53.73	59.60	60.97	55.00
a. Sales tax	22.87	25.10	27.57	29.67	34.92
b. State excise	9.38	11.88	15.96	15.54	1.73
c. Stamp duty and registration	4.00	4.00	5.66	6.88	7.36
d. Motor vehicles taxes	9.31	8.69	7.68	7.14	8.31
2 Shared tax	13.36	9.16	10.36	10.13	10.74
3 Own non-tax rev.	25.69	24.80	21.85	20.50	21.91
a. Interest receipts	7.53	7.91	7.08	7.22	5.96
b. Lotteries(net)	0.01	0.27	0.65	0.84	1.80
c. Transport	10.68	10.36	8.15	7.67	7.93
d. Irrigation	2.26	1.34	0.97	0.59	0.71
e. Social services	1.6	1.55	1.14	1.47	2.23
f. Others	3.62	3.37	3.86	2.70	3.29
4 Grants from the Central govt.	9.92	12.32	8.19	8.39	12.35

Stamp duties and registration fees have shown high buoyancy until very recently owing to the boom in the real estate market, particularly in those areas that fall within the National Capital Region. This is in spite of the fact that a large part of the value of transactions is not declared in the documents. The tax rates were quite high (about 13 percent on the value of sale of immovable property) and could have easily led to large-scale evasion (NIPFP, 1996). It may be better to reduce the rates substantially to encourage more accurate declaration of the value of transactions, along with the adoption of anti-evasion measures like shifting the legal tax base to a "fair market value" defined in a more objective manner. Some States have actually adopted this "fair market value" system.³

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A committee of officials is currently going into the details of various issues relating to the levy of stamp duties, following the recommendations of the *Committee of State Finance Ministers*; it may be worthwhile to wait for their report before suggesting any action in this regard.

Motor vehicle taxes are primarily derived from heavy vehicles. A comparative evaluation of the rate structure of Haryana shows that the rates on buses are comparable to other States, but those on goods vehicles (trucks) are relatively low, as is the case in Punjab. Therefore, there may be some scope for raising the tax rate on goods vehicles. Also, the passenger tax on contract carriages, presently computed on the basis of a number of variables for each vehicle, may be rationalised to a fixed annual additional tax on such vehicles. This would make administration simpler and less discretionary, and will also promote optimum use of contract carriages.

Given the large tax potential from agricultural income, the negligible revenue from agricultural taxes (as in Punjab) is striking; this sector is taxed only in an indirect way. Haryana does not levy agricultural income tax; even conventional land revenue has almost become defunct, partly as a result of not undertaking regular settlement operations. However, the market (or *mandi*) fees levied by the market boards (at the rate of 3%) do constitute a substantive levy on farmers⁴ who bring their agricultural surplus to the organised market for sale. The proceeds of this levy do not enter the government budget, but are expected to be spent by the market boards on laying and maintaining village roads, and give relief to the government budget by reducing the governmental responsibilities in this area.

The question of electricity duty, as long as the State Electricity Board (SEB) has a monopoly on the supply of electricity, is closely tied to the electricity tariff. In the final analysis, both are in the nature of public revenues. In a situation where the SEB is making losses which are being made good with government subsidies, the distinction between tariff and duty gets blurred. With the forthcoming reform of the power sector, however, the impact of changes in electricity tariff and in electricity duty rates on government finances will not be equivalent, especially in the event of privatisation. The weak economic case for this tax, and the possibility of merging it under a State level VAT with a wider base are other issues to be considered.

Entertainment tax yields little revenue nowadays. The main tax base in this case is the admission charges to the cinemas. The falling popularity of movie theatres has meant a steep fall in the revenue from this tax. Video theatres, cable television and home viewing of cine-videotapes have replaced cinema theatres. The solution, to our thinking, lies in bringing all the alternative entertainment channels under the tax net. Further, it is too early to write off entertainment tax as a source of revenue as there are indications of a revival of movie going habits.

⁴ The government intends to bring a part of the market fees into the budget; the exact manner of this is yet to be determined. While this may raise budgetary receipts, it will not raise the level of public revenues in the broader sense.

NON-TAX REVENUES

The major source of non-tax revenue in recent years have been the profits from State lotteries, although they exhibit sharp fluctuations. These fluctuations are mainly on account of bans on the sale of lottery tickets in target regions, including those in Delhi and more recently, Tamil Nadu. Given the recent Supreme Court judgement upholding such bans by State governments, the possibility of this revenue source drying up in future is very real. The other important non-tax revenue source has been interest receipts, but these include some purely self-balancing receipts (like part of those from the SEB and those from irrigation), and the actual receipts are much smaller. User charges, which ought to constitute the bulk of non-tax revenues, are minimal (see discussion of subsidies below).

CENTRAL GRANTS

Central grants accounted for only 12 percent of the revenue receipts of Haryana, the major share coming from plan grants. Not usually being eligible for deficit grants, statutory grants for Haryana have been relatively low. This could partly be attributed to progressivity in the *inter se* distribution.

EXPENDITURES

The Indian States in general have not been able to generate revenue surpluses since 1987–88, and in fact have been showing rising deficits (Rao and Sen, 1993). Haryana is no exception to this general trend. Even so, the revenue deficits (and the fiscal deficits) were not large enough in the past to cause serious problems, given the growth rate of the State economy. In recent years, this comfortable scenario has undergone a change for the worse. The revenue deficits have started growing and the growth of the economy has also slowed down somewhat, calling for corrective action in the area of State finances. The growth of revenues needs to be stepped up as discussed above; but it is more important to contain the growth of unproductive expenditures and redirect expenditures into more productive areas. To identify areas where such action needs to be focused, we examine below the composition of government expenditures.

Tables A.4 and A.5 summarise the composition of revenue and capital expenditures respectively. The three major categories of revenue expenditure — general services, social services and economic services — account for 33 percent, 29 percent and 38 percent respectively in 1996–97. This compares with 28 percent, 32 percent and 41 percent respectively in 1980–81, implying a rising share of general services at the cost of both social services and economic services. The entire increase in the share of general services is attributable to rising interest payments; its share in revenue expenditure has gone up from 9 percent in 1980–81 to 13 percent in 1990–91, and further to 15 percent in 1996–97. A large proportion of capital expenditure on various services in 1996–97 went

to water supply and sanitation (41%) and irrigation (39%). Although large capital expenditures on water supply and sanitation are fairly recent, irrigation has always had a large share in capital expenditures. Among the other services, roads and bridges (6%), industries (6%), road transport (4%) and housing (4%) together accounted for almost all the rest of the capital expenditure. Net loans and advances by the State were actually negative, mainly owing to large recovery of loans from the power sector.⁵

The bulk of the revenue expenditure on social services was accounted for by education (15% in 1996–97) and health (7%). Each of them exhibit a similar fall in their shares that social services as a whole do since 1980–81. In economic services, the expenditure on agriculture as a whole (including that on irrigation) shows a noticeable drop in its share in total revenue expenditure from 22 percent in 1980–81 to 15 percent in 1996–97; this drop is less pronounced for irrigation. The share of power, on the other hand, shows sudden rise after 1993–94, partly due to self-balancing entries under revenue expenditure and repayment of and/or interest received on loans by the State. The share of the transport sector fell from 15 percent in 1980–81 to 8.5 percent in 1996–97; within the transport sector, a greater drop is noticed under road transport (read Haryana Roadways) as compared to roads and bridges. Expenditure on poverty alleviation was never very large in Haryana, and this has steadily declined over the years to claim only about 1.5 percent of the revenue expenditures at present. There is thus a strong need to reverse this trend in the light of the recent increase in rural poverty.

The economic classification of government expenditure in Haryana (table 2.3) does not provide any obvious target category for expenditure control. Data obtained for four years (1992–93 to 1995–96) show a drop in the share of wages and salaries from about 40 percent in 1992–93 to 28 percent in 1995–96. The single largest category appears to be transfers, mainly owing to the prize money awarded to the State-run lottery winners. Ignoring this would mean that compensation of employees has actually more or less maintained its share at the same level of 40 percent. With the implementation of the new pay scales that have been announced for the State government employees following the recommendations of the Fifth Pay Commission appointed by the central government, this share would rise to a higher level. There is thus a need to control its growth. A freeze on new employment is the usual advanced solution; in Haryana, such a freeze is already in place. Its effectiveness, however, is undermined by several factors including legal compulsions. Purchase of commodities and services, the category that can be roughly equated to operation and maintenance of assets, accounts for only about 12 percent of the total expenditures, while the share of capital expenditures is shown to be declining fast. The last two are the categories of government expenditure on which economic growth depends to a large extent and, therefore, *prima facie* need greater allocations in the total expenditure.

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These have been partly mere book entries, the offset on the expenditure side being rural electrification subsidy. There is no uniformity over the years, however.

SUBSIDIES

A recent NIPFP study on government subsidies in India (Srivastava *et.al.*, 1997) estimates in a comprehensive manner subsidies (more accurately, unrecovered costs) flowing through the budgets of the Central and State governments. We reproduce here the estimated government subsidies in Haryana for the year 1993–94 for ready reference (table 2.4). A notable feature of these estimates is that the subsidies are defined as not only the explicit subsidies, but also include the implicit ones in the opportunity cost of the cumulative capital expenditure (including equity investments and loans) as well as estimated depreciation, net of all receipts (including interest and dividends received).

Table 2.3: Economic Classification of Government Expenditure :
Haryana

	1992–93	1993–94	1994–95	1995–96(r.e.)
				(Rs. lakh)
Total Expenditure	249751	361967	639111	555333
Compensation of employees	98621	109834	130746	153277
	(39.49)	(30.34)	(20.46)	(27.60)
Wages and salaries	88065	97983	117141	137045
Pension	10556	11851	13605	16232
Purchase of commodities and services	33572	42347	83201	69255
	(13.44)	(11.70)	(13.02)	(12.47)
Interest paid	34331	42170	50594	60886
	(13.75)	(11.65)	(7.92)	(10.96)
Transfers	41656	118378	334603	219668
	(16.68)	(32.70)	(52.35)	(39.56)
Depreciation	1481	1787	1894	2012
	(0.59)	(0.49)	(0.30)	(0.36)
Capital Account	40090	47451	38073	50235
	(16.05)	(13.11)	(5.96)	(9.05)
Budget Figures				
Revenue expenditure	234095	259103	378031	390407
Capital expenditure	22833	30292	20658	28587
Total	256929	289396	398689	418994

Source: GoH, relevant years (b).

Note : Figures in parentheses are percentage shares in total expenditure.

The estimated subsidies are much larger (almost double) in economic services as a whole compared to those in social services, although the largest subsidies are given to the education sector (about Rs. 460 crore). The other large claimants among the individual budgetary categories were irrigation (Rs. 444 crore), power (Rs. 278 crore), medical, public health and family welfare (Rs. 128 crore), agriculture (Rs. 210 crore) and roads and bridges (Rs. 115 crore). The total subsidies are estimated to be Rs. 2007 crore, or a little less than 10 percent of the GSDP for that year. If we note that revenue receipts were about 12 percent of the GSDP in that year, the extent of the subsidies becomes clearer. Not all of these would be desirable or even intended; these estimates should provide a good starting point for an expenditure restructuring programme. While the ongoing power reforms are expected to phase out power subsidies in the medium run, irrigation subsidies ought to be the most obvious target for a subsidy reduction programme. Other areas where it may be possible to reduce subsidies in varying degrees are roads and bridges and non-elementary education. Reduction in subsidies ought to take place on the expenditure side as well as that of recovery.

**Table 2.4 : Comprehensive Estimate of Government Subsidies :
1993-94**

Services	(Rs. crore)			
	Total Cost			Recovery Rate (%)
Social Services (total)	838.39	30.24	808.15	3.61
of which				
Elementary education	202.74	8.55	194.19	4.22
other education, art and culture	269.05	3.52	265.52	1.31
public health	20.44	0.14	20.31	0.67
Medical and family welfare	109.40	1.57	107.82	1.44
water supply sewerage & sanitation	85.11	8.15	76.97	9.57
Economic Services (total)	1499.97	301.6	1198.36	20.11
of which				
Agriculture and allied activities	235.51	24.53	210.98	0.10
Irrigation	464.38	20.44	443.93	4.40
Power	277.86	0.00	277.86	0.00
Industries	32.03	1.62	30.42	5.04
roads and bridges	114.62	0.04	114.57	0.04
Transport	287.05	253.04	34.01	88.15
Surplus Sectors	-0.15	22.62	-22.76	NC
a. social services	0.01	1.52	-1.51	15366.95
b. economic services	-0.16	21.10	-21.26	NC
Total subsidies (1+2)	2338.36	331.85	2006.51	14.19
Subsidies net of surplus (4-3)	2338.21	354.46	1983.75	15.16

Source : Srivastava *et al.*, 1997.

PUBLIC DEBT

We consider three major categories of debt here: internal debt (consisting of market loans and other borrowings from financial institutions, banks etc.), loans and advances from the central government and provident fund. The total indebtedness under these three categories amounted to less than 20 percent of the GSDP, all through the period 1980-81 to 1995-96, with small fluctuations. In 1995-96, this ratio was 17 percent. These low ratios are partly due to the borrowings of the States in India being largely controlled by the central government.

The composition of public debt has undergone some change over the years in Haryana (table 2.5). The share of market borrowings fell a little from 17 percent in 1980-81 to 13 percent in 1985-86, but then it remained stable until 1995-96. The share of other internal debt doubled from 5 percent to 10 percent between 1980-81 and 1985-86, but came back to around 5 percent by 1990-91, remaining stable since then. The share of debt from the Central government shows a gradual fall, dropping from 63 percent to 54 percent. Within this broad category, loans rescheduled by the Seventh and Eighth Finance Commissions bearing low interest rates constituted only 6 percent of the total indebtedness in 1995-96, as compared to 54 percent in 1980-81, in the absence of such rescheduling at concessional interest rates by the subsequent Finance Commissions. Indebtedness under the third category (provident funds) has, on the other hand, doubled its share from 14 percent in 1980-81 to 28 percent in 1995-96.

Table 2.5 : Composition of Debt of the Government of Haryana and Effective Interest Rates

Category of Debt	(percentage)					
	1990-91	1991-92	1992-93	1993-94	1995-96	
1. Internal debt	17.37	17.72	17.16	17.58	19.32	18.46
on market loans	13.94	13.76	14.24	14.49	14.11	14.62
others	3.43	3.96	2.92	3.09	5.21	3.84
2. Central govt. loans	59.58	58.18	57.33	55.98	53.64	53.72
rescheduled loans	18.31	15.57	11.13	9.19	7.32	5.94
others	41.27	42.61	46.20	46.79	46.32	47.78
3. Provident fund, etc.	23.05	24.10	25.51	26.45	27.04	27.82
Total debt (1+2+3)(Rs. crore)	2398.31	2821.04	3193.67	3581.47	4132.07	4732.69
Debt/GSDP	17.59	17.27	18.41	17.45	16.93	16.96
Effective Interest Rates						
Internal debt	13.13	12.03	11.58	14.27	13.26	12.50
on market loans	10.96	12.62	11.12	11.78	12.53	12.52
others	21.93	9.95	13.85	25.97	15.25	12.41
Central govt. loans	8.35	7.96	10.49	10.47	11.12	11.54
rescheduled loans	5.68	3.95	7.32	4.96	6.94	6.16
others	9.54	9.42	11.26	11.55	11.78	12.21
Provident fund, etc.	11.37	11.69	9.95	12.07	11.20	10.83

Source: CAG, relevant years(a).

Apart from the rise in nominal interest rates for almost all categories of debt except rescheduled loans from the central government, the steep fall in the share of rescheduled debt has also contributed to a rising average effective interest rate. This has been to some extent counterbalanced by the rising share of provident funds carrying a relatively low effective rate of interest. Table 2.6 looks at this issue from a different angle. Debt repayments and interest payments during a year together constitute debt servicing expenses. These as a ratio of fresh borrowings show the extent to which borrowed funds are available for public investment (or even consumption, when there are primary deficits). This ratio fluctuates sharply between 65 percent in 1995–96 and 92 percent in 1992–93, but seems to be hovering around 85 percent in general. This by itself should cause some concern; more cause for worry is seen in the fact that interest payments are already far higher than repayments of debt, and their share in debt servicing costs are fast rising. Given a steady debt-GSDP ratio so far, this implies a potentially difficult public debt scenario in the future, as lower repayments now imply greater debt accumulation and hence higher debt servicing costs in future, unless the debt resources are utilised so as to significantly raise the real growth rate of the economy.

Table 2.6: Public Debt and Servicing

	(Rs. lakh)							
Indebtedness	80-81	85-86	90-91	91-92	92-93	93-94	94-95	95-96r.e.
Opening balance	56703.5	124920.7	244867.2	288715.9	326730.5	366444.3	423304.9	484362.4
Fresh borrowings(a)	32591.3	90474.5	79833.1	65541.3	66129.8	95947.3	97790.8	145805.2
Repayments(b)	23830.0	67085.8	35984.5	27826.2	26415.9	39086.8	36733.3	39642.5
(b)/(a)	0.73	0.74	0.45	0.42	0.4	0.41	0.38	0.27
Interest payments(c)	3701.4	9792.3	24202.6	27674.1	34330.9	42170.2	48694.4	55572.5
{(b)+(c)}/(a)	0.84	0.85	0.75	0.85	0.92	0.85	0.87	0.65

Source: CAG, relevant years(a).

CONTINGENT LIABILITIES

The Government of Haryana has, from time to time, provided guarantees for repayment of loans as well as repayment of interest on loans, debentures and bonds etc., raised by local bodies as well as statutory corporations and government companies. The outstanding amount of sums guaranteed has steadily increased from Rs. 941 crore for principal amounts on 31, March 1988 to Rs. 2361 crore on 31, March 1996. The guarantees for interest payments have been smaller – to the tune of Rs. 6.41 crore in 1989 increasing to Rs. 14.79 crore in 1996. Remarkably, over this period, the government has not had to make any payments towards these guarantees. The major claimants for these guarantees are statutory corporations and boards, and cooperative banks and societies. (a breakup of the guarantees outstanding as on 31, March 1996 can be seen in table A.6).