RESEARCH PAPER | Economics | Volume : 5 | Issue : 2 | Feb 2015 | ISSN - 2249-555X

Financial Development and Long-Run Volatility Trends in Kerala

KEYWORDS

Neha Elizabath

Research Scholar, Department of Economics, University of Calicut, Dr. John Matthai Centre, Thrissur

ABSTRACT *Unfavorable disparities have occurred in the State's fiscal profile. In spite of commendable achievement in the sphere of human development, industrial growth in Kerala has been tardy. The state economy has been portrayed susceptible to instabilities to remittances from abroad. Recently, unemployment and rural poverty have been fairly high and there has been deterioration in the setup of education, and health built up over the years. The study scrutinizes the fading financial situation in the State to recognize the problem areas. It makes numerous suggestions to perk up the revenue productivity of the tax system by rationalizing the constitution and operation of sales and excise taxes in the State. The paper finds that there have been some improvements in the fiscal position of Kerala in recent years though it continues to remain vulnerable. Besides, the State's performance fares badly in comparison with the average of All States and many individual states. While fiscal conservatism and fundamentalism need to be avoided, fiscal prudence is still a desirable virtue. A worrying feature of the budgetary operations of the state is the very low rate of capital formation in government and the almost total reliance on borrowings for financing state's plan outlay, the revenue component of which is ever on the increase at a time when the plan component of State's expenditure is coming down. The participation of local bodies in the preparation of projects and plans as well as administration of plan funds is the first of its kind in Indian states. This augurs well for the economic prospects of the state. Continuance of present trends under moderate growth, as captured in the base scenario implies a deepening fiscal crisis, even while the plan has to be cut down. In this backdrop, a reform package has been suggested in the report with a view to achieving a sustainable debt to GSDP ratio and higher growth rate.*

Introduction

All the recent discussions on budgets, whether that of Central government or the State governments begin with a discussion of the trends in Gross Fiscal Deficit (GFD). The term 'fiscal deficit' had "hardly ever figured in the lexicon of fiscal policy in India". But the term has come to be increasingly used from the nineties. The term only indicates the volume of annual borrowings of the governments required to finance the combined annual expenditure on revenue and capital accounts. The higher fiscal deficit is viewed with disfavor because it has the potential to undermine the macroeconomic stability, trigger inflationary pressures, and harden interest rates and crowding out private sector borrowings and investments. Besides, it threatens the stability and flexibility of future budgets. But, the burden of public debt depends upon the direct and indirect returns to the budget from the investments financed by such borrowings. The direct returns to the budgets can be in the form of dividends, interest and non-tax revenue receipts arising from loans and the capital outlay that include the investments of the governments. The returns to the budgets can also be indirect in the form of higher taxes arising from the higher tax potential provided the economy grows as a result of the loans and capital outlay made out of the borrowings. The question whether the fiscal deficit will lead to instability in future budgets depends upon how productively the resources are utilized and how effective the government is in mobilizing tax and non-tax revenue from the additional income generated from its expenditure. Ultimately, the apprehensions regarding the growing fiscal deficits arise from the doubts regarding the productivity of public expenditure and the capacity and willingness of the governments to garner a portion of the additional income generated to the budget. These critical issues are not getting highlighted in the current discussions on fiscal deficits in India, which are preoccupied with numbers. But the problem in today's context is that the states have very few options in this regard as both the Government of India and the recent Finance Commissions place ceilings on fiscal deficits, revenue deficits, public debt and interest outgo. Any crossing of the ceiling is visited by penalties in the form of denial of grants and debt relief. Besides, the apprehensions regarding the growing fiscal deficits and their impact on the sustainability of the budgets or the burden of public debt are not totally misplaced in India and in Kerala.

This Paper attempts a review of the finances of Kerala state during the long period including the current financial year. The period coincides with the economic reforms in the country characterized by Liberalization, Privatization and Globalization. Privatization implies less space for government and less budgetary involvement, at least in production sectors. The period was characterized by policies of fiscal conservatism with emphasis on containing budget deficits of various hues. Legislative sanction for fixing ceilings on Gross Fiscal Deficit (GFD) and Revenue Deficit (RD) was obtained by the Fiscal Responsibility Act which was passed by Kerala (2003) and almost all other states. The period under the present study is characterized by a remarkable turnaround in both the national and state's economy. The state's finances are now being examined in the context of changes in economy of the country as also the changes in national and state's policies, particularly the fiscal policies during the last twenty years.

The methodology and sources of data

This paper is focused on Kerala, but comparisons are made with the averages of All States and in a few cases, with major individual states. Therefore the paper can be considered to deal with the trends in state finances during the post reforms period.

The sources of data are mostly the annual studies of State

Volume : 5 | Issue : 2 | Feb 2015 | ISSN - 2249-555X

Finances conducted by the Reserve Bank of India (RBI). Also rely on the budget documents of the Kerala government, the reports of the State's Public Expenditure Review Committee.

Deficit Indicators

Kerala had created a surplus in its capital account during all the twenty years which implies that it had borrowed more than what it had spent and/or invested and/or loaned under capital account. All States, on the other hand, created a deficit in the capital accounts in the earlier noted three years implying that they had spent on capital works or invested or given loans to others more than what they had borrowed. This was made possible by the surpluses in the revenue accounts during the above years. As for Conventional Deficits (CD), Kerala had such deficits during ten years. Conventional surpluses during most of the years were created by the states including Kerala despite revenue deficits, by creating surpluses in their capital accounts.

Table 1 gives the budgetary deficits/surpluses in the revenue and capital accounts. It also gives the figures of Gross Fiscal Deficit, Conventional Deficit (Overall Deficit) and the Primary Deficit (PD).

Table 1
Budgetary Surpluses/Deficits Kerala

(Rs.Crore)

Year	Gross Fiscal Deficit/Surplus		Revenue Deficit/Surplus		Primary Deficit/Surplus		Capital Deficit/Surplus		Overall Budgetary Deficit/surplus	
	Kerala	AllStates	Kerala	All States	Kerala	AllStates	Kerala	All States	Kerala	All States
1991-92	803.4	18900.1	364.3	3650.7	320.0	18073.1	-316.3	-6211.0	48.0	-560.3
1992-93	732.0	20891.3	337.4	5114.1	189.5	7681.2	-427.5	-6943.5	-90.1	-1829.4
1993-94	935.2	20596.0	371.3	3812.3	243.0	4795.5	-470.8	-3330.7	-99.5	481.8
1994-95	1108.7	27096.9	399.9	6156.2	289.0	8283.5	-809.5	-10823.9	-409.6	-4467.7
1995-96	1302.7	31425.8	402.8	8200.5	378.5	9493.7	-467.8	-11050.3	-65.0	-2849.8
1996-97	1542.5	37231.3	645.0	16115.9	439.1	11674.9	-663.9	-16373.3	-20.9	-259.4
1997-98	2413.9	44199.9	1122.9	16333.0	1127.8	14087.3	-837.8	-18435.8	285.2	-2102.8
1998-99	3012.2	74253.8	2010.0	43641.8	1505.9	38380.4	-1684.5	-40122.0	365.5	3519.8
1999-00	4536.6	91480.3	3624.2	53797.0	2584.3	46508.6	-3604.4	-50884.3	19.8	3112.7
2000-01	3877.8	89532.0	3147.1	53568.6	1630.2	37830.0	-2727.1	-55914.2	470.0	-2345.6
2001-02	3289.4	95993.6	2603.6	59188.1	779.9	53488.8	-2827.6	-53782.2	-222.0	3425.9
2002-03	4993.6	102122.8	4122.2	55111.1	2046.8	31980.9	-3912.6	-59722.6	209.6	-4611.5
2003-04	5539.0	121070.0	3680.0	61145.0	2210.7	41306.8	-5556.8	-99980.7	121.2	1164.5
2004-05	4452.0	109257.0	3869.0	38423.0	839.5	21267.8	-4133.3	-98881.5	-864.3	-10458.3
2005-06	4182.0	90084.0	3129.0	7013.0	382.8	6060.0	-3672.9	-40959.6	-543.9	-33946.6
2006-07	3822.0	77508.0	2618.0	-24857.0	367.7	15971.6	-3461.5	85332.7	-825.5	-16324.3
2007-08	8100.0	75455.0	3785.0	-42943.0	1770.4	24575.6	-3719.0	29532.5	66.0	-13410.3
2008-09	6346.0	134589.0	3712.0	-12672.0	1687.4	31034.2	-5356.0	3713.0	-1634.0	-4959.0
2009-10*	8698.0	21810.0	4081.0	46963.0	1496.8	100197.4	-3874.0	-10774.0	207.0	33889.0
2010-11#	8543.0	198539.0	3629.0	23469.0	2756.5	69882.3	-3222.0	-5683.0	407.0	17786.0

Source: RBI, State Finances,

As may be expected, Kerala had Gross Fiscal Deficits continuously. In the revenue account, Kerala had deficits during all the twenty years, for which comparable data from RBI are available for all states. The average of all States, on the other hand, had shown a surplus in the revenue account during three years (2006-2007 to 2008-09). Kerala continues to have large revenue deficits in 2011-12 and 2012-13.

Table 2 gives the deficit indicators of the seventeen Non-special Category states given by the RBI (RBI, 2011). The table shows that Kerala's average Gross Fixed Deficit to Gross State Domestic Product was the fifth highest during the three-year period 2005-08. Surprisingly, only Orissa, one of the most backward states had a fiscal surplus. In 2008-09, Kerala's position improved to eighth. In 2009-10, the relative position based on the figures improved dramatically to fifteenth. Revenue Deficit/GSDP ratios show that 13 states had surpluses during 2005-08. But Kerala continued to have Revenue Deficits in relation to GSDP which was lower only than that of West Bengal and Jharkhand. It was the same as that of Punjab. In 2008-09, eleven states had revenue surpluses and one state had neither surplus nor deficits. Kerala's position in revenue deficit continued to be high. It was the third highest after West Bengal and Punjab. In 2009-10, the number of surplus states came down to six and Kerala's relative position in RD continues to be third after, West Bengal and Gujarat. It may be noted however that there was a gradual reduction in the RD/GSDP ratio of Kerala unlike that of West Bengal which continues to show an increase. The Primary Deficit to GSDP ratios shows that Kerala's Primary Deficit was the third highest during 2005-08. In 2008-09, Kerala's position was the eighth. In 2009-10 the relative position of Kerala improved substantially to fifteenth .

Table 2
Deficit Indicators of Major State Governments

(Percent)

State	2005-08 (Avg.)				2008-09				2009-10 (RE)			
	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP	RD/ GSDP	GFD/ GSDP	PD/ GSDP	PRB/ GSDP
Andhra Pradesh	-0.3	2.7	0.1	-3.0	-0.3	3.3	1.2	-2.4	-0.7	3.5	1.3	-2.9
Bihar	-2.2	3.1	-0.7	-6.0	-3.1	1.8	-0.9	-5.8	-0.1	6.3	3.6	-2.8
Chhattisgarh	-3.5	0.3	-1.3	-5.2	-2.0	1.1	-0.1	-3.1	0.1	2.9	1.9	-0.9
Goa	-0.6	3.6	0.8	-3.4	-0.5	4.1	1.5	-3.1	1.2	6.7	4.1	-1.3
Gujarat	-0.4	2.2	-0.4	-3.0	0.0	3.1	0.8	-2.3	1.1	3.3	1.1	-1.1
Haryana	-1.3	0.1	-1.7	-3.6	1.1	3.6	2.3	-0.1	1.7	4.0	2.6	0.5
Jharkhand	2.2	8.8	7.0	0.4	-0.8	5.0	2.1	-3.7	-3.1	2.1	-0.5	-5.8
Karnataka	-1.6	2.2	0.2	-3.6	-0.6	3.2	1.6	-2.5	-0.2	3.8	2.0	-1.9
Kerala	2.2	3.2	0.4	-0.6	2.0	3.3	0.9	-0.5	1.9	3.1	0.7	-0.5
Madhya Pradesh	-2.0	2.6	-0.3	-4.9	-2.4	2.6	0.1	-4.8	-2.7	3.4	0.9	-5.2
Maharashtra	-0.6	1.9	-0.2	-2.7	-0.8	2.0	0.2	-2.6	1.5	3.7	2.0	-0.2
Orissa	-2.2	-0.5	-4.1	-5.8	-2.8	0.3	-1.9	-4.7	1.0	3.7	1.3	-1.3
Punjab	1.7	3.1	-0.2	-1.6	2.3	4.0	1.1	-0.6	2.2	3.4	0.6	-0.6
Rajasthan	-0.3	2.8	-0.9	-4.0	0.4	3.5	0.4	-2.7	1.8	4.5	1.4	-1.3
Tamil Nadu	-1.1	1.2	-0.8	-3.1	-0.4	2.5	0.8	-2.2	1.3	3.4	1.6	-0.4
Uttar Pradesh	-0.7	3.5	0.3	-3.9	-0.5	5.0	2.2	-3.2	-0.4	4.9	2.3	-2.9
West Bengal	3.0	4.1	0.0	-1.0	4.2	3.8	0.4	0.7	3.6	6.7	3.3	2.4
All States#	-0.4	1.9	-0.2	-2.6	-0.2	2.4	0.6	-2.1	0.7	3.3	1.5	-1.1

Source: RBI, State Finances, 2010-11

The burden of Liabilities of Kerala

Table 3 gives the total outstanding liabilities of Kerala and AS in relation to GSDP/GDP given by the RBI8 . The table shows that the ratio of liabilities to GSDP of Kerala was higher than that of AS during all the years. In fact, the ratio was as high as 40 percent at the end of 2003, 2004 and 2005. Budget documents of Government of Kerala show fluctuating trends between 2008 and 2009. The Revised Estimates for 2011-12 and the Budget Estimates for 2012-13 suggest further decline to reach the targets of the 13FC or even go below them.

Table 3, the Finance Commission wants the debt to GDP ratio reduced progressively to 29.8 percent by 2014-15.

Year	Kerala
2010	32.3
2011	29.8
2012*	28.6
2013#	26.8

Table 4 given below presents the debt indicators of major state governments given by the RBI (2011). In the average ratio of Debt to GSDP during 2005-08, Kerala's position was ninth highest among seventeen states. In 2008-09, Kerala's relative position improved to seventh. In 2009-10, the position improved further, though marginally. As may be seen from Table 3, the Finance Commission wants the debt to GDP ratio reduced progressively to 29.8 percent by 2014-15

Volume : 5 | Issue : 2 | Feb 2015 | ISSN - 2249-555X

Table 4
Debt Indicators of Major State Governments

State	2005-08	2008-09	(Percent) 2009-10
	Debt/GSDP	Debt/GSDP	Debt/GSDP
Andhra Pradesh	33.6	29.2	30.1
Bihar	51.8	39.1	39.7
Chhattisgarh	23.9	15.8	15.2
Goa	38.5	36.2	35.5
Gujarat	35.4	32.6	32.1
Haryana	22.5	18.3	19.0
Jharkhand	30.6	31.7	33.6
Karnataka	27.1	24.1	24.3
Kerala	37.1	35.3	34.3
Madhya Pradesh	40.5	35.2	34.4
Maharashtra	30.8	26.9	25.1
Orissa	46	32.9	30.6
Punjab	43.2	37.1	35.2
Rajasthan	48.2	41.8	41.1
Tamil Nadu	25.4	25.4	25.5
Uttar Pradesh	54.0	46.8	43.5
West Bengal	47.1	42.5	42.8
All States	28.9	26.3	25.0

Source: RBI, State Finances 2010-11

Liquidity Management

The Conventional Deficits noted earlier were financed by drawing from the cash balance and cash balance investment accounts and by resort to Ways and Means Advances and Overdrafts from the Reserve Bank of India. Despite the fiscal deficit and the revenue deficit, the recourse to Ways and Means Advances from the Reserve Bank of India had been coming down from 2004-05. It was particularly low during the last three years. In 2010-11, it was nil for Kerala. But for 2011-12 and for 2012-13 it shows steep increases in the Ways and Means Advances taken from the RBI. Recourse to Overdrafts as indicated by the number of days also has come down from 2004-05. During the last three years, there was no occasion for resorting to overdrafts from RBI by Kerala and AS. Surprisingly, in spite of the chronic deficit, both Kerala and all states were maintaining increasingly large cash balances. In 2009-10, the total cash reserves of Kerala were more than one-tenth of its total revenue expenditure. Maintaining huge cash reserves out of borrowed resources are adversely commented upon by both the RBI (2011) and the 13th Finance Commission. Apart from the improved macroeconomic situation which had positive implications for State finances, the accumulation of large surplus cash balances indicates that some States tend to borrow more than their Fiscal Deficit. Government of Kerala had indulged in this practice in 5 years of the present decade. Taking note of this situation, the Thirteenth finance commission has highlighted that while States require some cushion for smoothening expenditure at the implementation level, the accumulation of cash beyond a level reflects inefficiency, leading to an avoidable interest burden.

Capital Formation through the State Budget

Table 5 gives the ratio of Capital Outlay, Loans and Advances by state governments and Revenue Expenditure to GSDP/GDP. The Capital Outlay comprises of direct expenditure on capital projects by the state government as also investments made by them in public sector undertakings, joint ventures, and cooperatives and in a few cases private sector companies. In popular perception and in media discussions, Capital Outlay and the loans made by the State government contributes to more growth and consequently more revenue generation than the revenue expenditure as the former adds to the capital formation in the state in the government sector 10.

Uses of Borrowings

(Percent)

Year	Capital Oulay to GSDP/GDP		Loans and Advances by State Govts to GSDP/GDP		Capital Outlay+Loans and Advances by State Govts to GSDP/GDP		Revenue Expenditure to GSDP/GDP	
	Kerala	All States	Kerala	All States	Kerala	All States	Kerala	States
1993-94	1.4	1.6	0.9	0.9	2.3	2.4	16.3	13.8
1994-95	1.4	1.9	0.9	1.0	2.3	2.9	15.9	13.9
1995-96	1.5	1.7	0.9	0.8	2.4	2.5	15.0	13.4
1996-97	1.4	1.4	0.8	0.9	2.2	2.3	15.3	13.4
1997-98	1.5	1.6	1.2	0.8	2.7	2.4	16.7	13.3
1998-99	1.2	1.4	0.7	0.7	1.9	2.1	16.4	13.6
1999-2000	0.9	1.4	0.5	0.9	1.4	2.3	16.7	14.6
2000-01	0.8	1.6	0.4	0.6	1.2	2.2	16.3	15.1
2001-02	0.7	1.5	0.2	0.6	0.9	2.1	15.0	15.0
2002-03	0.8	1.6	0.3	0.6	1.1	2.3	17.0	14.8
2003-04	0.7	2.1	1.3	1.0	2.0	3.1	16.0	14.9
2004-05	0.6	2.1	0.2	0.7	0.7	2.7	14.4	13.7
2005-06	0.6	2.3	0.2	0.4	0.8	2.7	13.5	12.9
2006-07	0.6	2.5	0.2	0.3	0.8	2.8	13.5	12.8
2007-08	0.8	2.6	0.5	0.3	1.4	2.9	14.2	12.7
2008-09	0.8	2.7	0.5	0.3	1.3	3.0	14.0	12.9
2009-10	0.8	2.6	0.4	0.3	1.4	2.9	15.4	13.9

urce: Finance Department, Government of Kerala

The table shows that the Capital Outlay to GSDP ratio was very low not only in Kerala but also AS. The ratio of Kerala was always less than that of all states except in 1996-97 when it was just equal. The ratio was just above one percent up to 1998-99. It was the lowest at 0.6 percent from 2004-05 to 2006-07. It was less than one percent since then till 2010-11. 2011-12 and 2012-13 show marginal increases. Even if we add Loans and Advances given by the

State governments under Capital account to Capital Outlay, we see the same trend. As seen earlier, it is sometimes argued that Kerala's Capital Outlay is much more than what is reflected in the budget as a large component of transfer of plan funds to local governments goes for capital expenditure.

Table 6 presents the disaggregated picture of capital formation from the budget of the State government. The table shows that construction accounts for an overwhelming share of capital formation (84 percent to 93 percent). Only the rest of the capital formation is on account of machinery and other equipments.

Table 6
Capital formation from state budgets

(percent)

2007-08	87.66	12.32	0.02	100.00
2008-09	86.86	12.90	0.25	100.00
2009-10	92.64	7.08	0.28	100.00
2010-11	92.61	7.11	0.27	100.00

Source: Capital Formation-Budget in Brief

Volume : 5 | Issue : 2 | Feb 2015 | ISSN - 2249-555X

State Fiscal scenario

The fiscal scenario appears to emit mixed signals. One unfavorable factor for the states' revenue is the lower growth rate of Gross Domestic Product of the country, expected due to many reasons. This can lead to lower growth in Central government's tax revenue. If this happens, the state will lose revenue by getting lower amount as share in Central taxes. The State Budget for 2012-13 shows a reduction of Rs.187 crores in the share of Central taxes in 2011-12. The reduction for the current year is expected to be Rs.21 crores Kerala economy however has been growing at a pace faster than the national economy (Ahluwalia, 2011). In fact, the growth rate of the state was the highest among states in India during the 1993-2009 periods. It is possible that Kerala may not be affected by the deceleration of the economy to the same extent as the national economy. There are indications that factors like depreciation of the rupee may help the state to attract large funds from the nonresident Kerala (NRKs) and from its exports. This expectation is based on the assumption that the West Asia to which the majority of the Non Resident Keralites (NRKs) have gone may not be affected to the same extent as the Western World. As noted earlier, even during the recession in the country in 2008-09 and 2009-10, Kerala economy continued to grow. The growth rate was the 2nd highest among the States after Goa. If the current economic growth trends persist in the State, it can lead to higher revenue from state's own taxes. There seems to be yet another factor favorable for the growth of state's revenue. It is expected that the proposed Goods and Service Tax (GST) would introduce buoyancy in revenue, both by widening the tax base and by stimulating economic growth due to lower compliance cost and lower effective tax rates on a wider base according to the Reserve Bank of India (RBI, State Finances, 2009-10). It is expected that the "Goods and Service Tax dispensation would be better for Kerala as the state is a consuming state with most of the imports coming from outside. Besides, the share of service sector in Kerala's GSDP is one of the highest among the states.

Different options for the state

Ultimately, if the competing demands on the state's revenue, some of which are quite legitimate, but many others only responding to the ever growing aspirations of people fuelled by diverse interest groups well entrenched in the system, and backed by competing populist politics are to be met, there is a need for further expanding the fiscal space of the state government. It appears that the scope for widening space by a State in India is getting increasingly limited. The option for containing deficits by increasing the tax rates and widening the tax base is getting limited for both the Central and State Governments in view of the need, allegedly so, for falling in line with the tax rates of other competing countries in the era of globalization. An individual state's autonomy in a federal state in fixing its own rates on its own tax base, limited as it is under Indian federal constitution, is getting further limited in view of the increasing uniformity stipulated by the Central Government especially with regard to Value Added Tax (VAT) and the proposed GST. Everything however is not lost. The space can still be widened by a state in a number of ways such as strengthening tax administration, mobilizing non tax revenue, cutting down low priority expenditure, implementing expenditure programmes efficiently and attracting larger transfers from the Central Government. An examination whether and to what extent there is scope for increasing the revenue and reducing the expenditure does not fall within the purview of this study. A large number of reports had in the past examined how the resources of the state can be augmented or expenditure reduced. In the current context, there is scope for mobilization of additional tax and non tax revenues as the State economy has been growing very fast. The current year's budget estimates an in GSDP (at current prices) at a hefty rate of 19.7%. It may also be noted that Kerala today stands at the very top of Indian States in terms of per capita income and household consumer expenditure. The Finance Minister has made some effort in the right direction in the current year's Budget (2012-13) to mobilize additional resources of Rs.1512 crores. However laudable this effort may be, this 'a scratch here and a fiddle there' approach may not be good enough if we are to reach the current Budget's ambitious goal of "leading Kerala to the Highway of development integrating it with global economy is to be achieved".

Conclusion

The fiscal situation of the State calls for radical and comprehensive reforms and a bold statesman like initiatives. The implementation of reforms in tax system, mobilization of

Non-tax revenue and expenditure management however are bound to be met with stout resistance, given the state's fractured polity, competitive and populist politics and organized and articulate interest groups which are now bold enough to take their demands to the streets. But there are also structural rigidities inbuilt into the state's finances by the Kerala's unique model of development heavily emphasizing social sector development and the conflicts in development priorities between the Central and the State Governments arising from the higher levels of social development of the State. The state's maneuverability with regard to its budgetary operations is getting further limited by the increasing conditionalities of Union

REFERENCE • Gulati I S, 1993 May 01, 'Tackling the Growing Burden of Public Debt' Economic & Political Weekly. | • Gulati I S, 1991 July 20, 'Reducing the Fiscal Deficit', Mumbai, Economic & Political Weekly. | • Utsav Kumar, Arvind Subramanian, 2012 January 21, 'Growth in India's States in the first decade of the 21st Century: Four Facts', Economic & Political Weekly. | • George K K, 1999, Limits to Kerala Model of Development, Centre for Development Studies, Monograph Series, Thiruvananthapuram. | • George K K, 2002, State Level Fiscal Reforms in India: Some Core Issues, Working Paper No. 6. Cochin, Centre for Socio-economic & Environmental Studies. | • George K K, Krishnakumar K K, 2011, 'Regaining the Constitutional Identity of the Finance Commission: A Daunting Task for the Thirteenth Commission' Praveen Jha (ed), Progressive Fiscal Policy in India, pp: 264-282, New Delhi, Sage Books. | • George K K, Krishnakumar K K, 2008, 'Kerala's Developmet Experiences: Its Implications for Finnace Commissions' Srivastava D K, Shanmugham K R & Bhujanga Rao C (ed), Finance Commission: Issues of the Southern State, Chennai, Madras School of Economics. | • Government of India, 2011, High Level Committee of Efficient Management of Public Expenditure – Chairman Rangarajan C, New Delhi, Planning Commission. | • Government of India, 2004, Report of the Twelfth Finance Commission (2005-10), New Delhi. | • Government of India, 2009, Report of the Thirteenth Finance Commission (2010-15), New Delhi. | • Government of Kerala, July 2011, White Paper on State Finances, Thiruvananthapuram, Finance Department. | • Government of Kerala, Budget Speech (various years), Thiruvananthapuram, Finance Department. | • Government of Kerala, Budget in Brief (various years), Thiruvananthapuram, Finance Department. | • Government of Kerala, Finance Accounts (various years), Thiruvananthapuram, Comptroller Audited General. | • K.M.Mani, Budget Speech 2012-2013, Government of Kerala. | • Government of Kerala, Medium Term Fiscal Policy & Strategy Statement with Medium Term Fiscal Plan for Kerala 2006-07 to 2008-09, 2007-08 to 2009-10, 2009- 10 to 2011-12, 2010-11 to 2012-13, 2011-12 to 2013-14. Thiruvananthapuram, Finance Department. | • Government of Kerala, 2010 June, Kerala Public Expenditure Review Committee Second Committee, Second Report 2008-09. | • Gupta Arindam Das, 2011 October 22, 'Public Expenditure Management Committee Report: A Critical Review' Economic & Political Weekly, Mumbai, Vol.XLVI No.43. | • Isaac Thomas, 2011, Alternative White Paper,http://dr-tm-thomasisaac. blogspot.com/search/label/Alteration%20White%20Paper Reserve Bank of India, State Finances (Various issues), Mumbai. | • Times of India, Cochin , March 24,2012