



GOVERNMENT OF HARYANA

**AN ECONOMIC AND FUNCTIONAL  
CLASSIFICATION OF THE HARYANA  
GOVERNMENT BUDGET  
2003-2004**

**ISSUED BY:  
ECONOMIC & STATISTICAL ADVISER  
PLANNING DEPARTMENT, HARYANA  
2004**



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## PREFACE

This report presents Economic and Functional Classification of budgetary transactions of Haryana Government Budget for the year 2001-2002 (Actuals), 2002-2003 (Revised Estimates) and 2003-2004 (Budget Estimates). The present Economic and Functional Classification scheme is based on the recommendations of the Committee on Regional Accounts of Central Statistical Organisation (CSO), Government of India. The classification of government transactions follows basically the technique of social accounting and groups together similar types of transactions after eliminating internal transfers.

The Economic and Functional Classification is an attempt to recast the state government transactions in order to assess the economic and functional significance of these transactions.

The economic classification groups together the primary items of commodities and services, consumption expenditure, subsidies, current transfers, capital formation out of budgetary resources, savings of the government etc. This is, therefore, an attempt to classify, regroup and consolidate the data scattered in the budget documents to a set of three accounts namely :

1. Income and Outlay Account of Administrative Departments.
2. Production Account of Departmental Enterprises.
3. Capital Finance Account of the State Government.

In addition to the above Borrowing Account is also added separately.

Functional Classification groups these according to the particular purpose or function they perform such as general public services, civil defence, education, health, social security and welfare services, housing and community amenities, cultural, recreational and religious services, economic services and Other Services .

These two types of classifications are integrated into "Economic and Functional Classification" which presents in a consolidated statement, the economic and functional characteristics of the government budgetary transactions.

It is hoped that the analysis presented herein will be found useful by administrators, planners and research scholars engaged in the study of the budgetary transactions of the State Government. Suggestions, if any, for improvement of the publication are most welcome.

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Chandigarh  
The 11<sup>th</sup> June 2004

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## CHAPTER-I

### INTRODUCTION

The expenditure in the Government Budget is classified department-wise. Though the Budget is divided into revenue and capital accounts, many items of revenue account are included in the capital account and vice-versa. Moreover, the items shown in the budget are too detailed and scattered and not necessarily based on distinctions and groupings required for understanding the economic impact of government transactions. For instance, from the study of Budget documents, as they are, it is not possible to get a clear idea of capital formation out of budgetary resources, savings of the government, contribution of the government towards net product from public administration for the estimation of State Income etc. The government's transactions are significant only in terms of such items and so, they have to be sorted out, reclassified and re-grouped into meaningful economic categories.

The 'Economic Classification' reveals only the economic magnitudes but does not reveal the ultimate object or purpose of the expenditure. Thus, besides economic classification, the expenditure of the State Government needs to be classified by the purpose categories viz. general government services, civil defence, education, health etc. This classification deals with the categorisation of government expenditure according to different types of services provided directly or financed by the State Government through current and capital grants or loans.

The ultimate aim of applying these methods of classification is to relate information obtained on the government sector to similar information made available on other major sectors of the economy. It is designed to obtain the kind of information on government transactions which are required for determining aggregates of state income and expenditure and for tracing their inter-relationship with other major sectors of the economy. The government sector is, however, so important that a proper analysis of its transactions is highly valuable in itself, especially in developing countries, like India, where economic statistics are not yet fully developed and where the government plays a predominant role within the market economy. The importance of an Economic and Functional Classification, therefore, cannot be over-emphasised.



## CHAPTER-II

### PRINCIPLES OF ECONOMIC CLASSIFICATION

Government Sector can be divided into Administrative Departments and Departmental Enterprises. The Central Statistical Organisation has been preparing economic classification of the budget of all public authorities and publishing it every year in the annual publication "National Accounts Statistics"(NAS) in the form "A set of three Accounts".

The economic classification scheme presented here is based mostly on the schemes already used or recommended by the United Nations in its reports entitled, "A Manual for Economic and Functional Classification of Government Transactions, 1958" and "A System of National Accounts". It is based on generally accepted concepts, definitions and classification, developed in the field of national accounting for analysis of various sectors of the economy and their inter-relationships. The system of national accounts presents an interlocking system of accounts for the transactions of the whole economy and government accounts appear as one element of this whole system.

The classification of government transactions basically follows the technique of social accounting and groups together similar types of transactions of the government after eliminating all internal transfers. The revenue account in the budget, for example, shows certain transfers to and from the capital account, which are mere accounting transactions or transfers. These have to be eliminated since they do not have any impact on the economy. In many cases, revenue expenditure or capital outlays are reduced to the extent that they are met from transfers from funds. This deflates the expenditure and does not give the total expenditure or aggregate demand made by the government on goods and services available. For a correct appraisal of government demand for goods and services which could be related to available supplies, revenue and capital expenditure have to be increased by the amount met from these transfers from the State operated funds. Reference may also be made to a third type of adjustments made in the classification scheme. The demand for Grants in the Budget first show expenditure gross of all recoveries but subsequently recoveries are deducted and only the net figures are shown in the Financial Statement. For purposes of this study, expenditures are shown net of recoveries from all outside sectors except recoveries

which are in the nature of the sale of goods and services. These recoveries in turn are deducted from the purchase of goods and services of the Government.

It is only after reclassification and re-grouping on the lines indicated above that it will be possible to analyse the economic impact of the State Government's budgetary transactions on the rest of the economy. The term "rest of the economy" refers to all the entities other than State Government and includes the Central Government, other State Governments, local bodies, statutory public undertakings, private commercial and non-commercial corporations or companies and individuals.

This system of classification adopted here is based on a series of distinctions useful for analysing their economic impact on the rest of the economy. Current transactions are distinguished from capital transactions and under both, transactions in goods and services are separated from transfers. The current transactions of the departmental commercial undertakings are on par with those of producers and of the purely administrative departments with those of consumers. Current receipts of the former constitute sale proceeds of goods and services supplied to the rest of the economy while purely administrative departments have little or no income of their own and largely draw upon the incomes of other sectors to meet their expenditure. Current expenditure of Commercial Undertakings like working expenses of productive enterprises are intermediate expenses that go to form prices of goods and services supplied. These are different in character from the current expenditure on wages and salaries and goods purchased by the administrative departments which are in the nature of consumer outlays and represents demand for goods and services for final consumption.

The Committee on Regional Accounts, in their first report, have recommended a set of Standard Accounts /Tables, of which Table No. 5, 6 & 7 relates to the economic classification of the Government Budget.

The Standard Accounts/ Tables adopted for the NAS are on the same lines and are given below:-

Account -1	<b>Income and Outlay Account of Administrative Departments</b>
Account -2	<b>Production Account of Departmental Commercial undertakings</b>
Account - 3	<b>Capital Finance Account of the State Government</b>



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## THE SET OF ACCOUNTS

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## ACCOUNT-I

## Income and Outlay Account of Administrative Departments

Items		2001-2002 (Actuals)	2002-2003 (Revised Estimates)	(Rs. lakhs) 2003-2004 (Budget Estimates)
1	2	3	4	5
<b>Receipts</b>				
1.	Income from Entrepreneurship and property	17738	23864	33367
	1.1 Profits	(-)13425	(-)13424	(-)15935
	1.2 Income from Property	31163	37288	49302
	1.2.1 Net Interest Receipts	16602	24076	29080
	a) Local Bodies	-	-	-
	b) From Other Sectors	16602	24076	29080
	1.2.2 Other property Receipts	14561	13212	20222
2.	Direct Taxes	21067	25121	27396
	2.1 Land Revenue	1343	1166	1046
	2.2 Other Taxes	19724	23955	26350
	2.2.1 Corporation Tax	10105	12877	14165
	2.2.2 Income Tax	9467	10979	12076
	2.2.3 Other Taxes on Income and Expenditure	124	82	90
	2.2.4. Wealth Tax	28	17	19
3.	Indirect Taxes	520891	589295	663249
	3.1 Custom	9981	12359	13595
	3.2 Excise	101939	112448	123742
	3.3 Sales Tax	294481	330000	379500
	3.4 Stamps & Registration Fees	48829	54000	59500
	3.5 Other Taxes & Duties	65661	80488	86912
4..	Fees & Miscellaneous Receipts	46774	60004	60533
5.	Revenue Grants from Other Governments	51304	71717	81078
	a) Centre	51304	71717	81078
	b) States	-	-	-
Total Receipts (Item 1 to 5)		657774	770001	865623

## ACCOUNT-I

## Income and Outlay Account of Administrative Departments

(Rs. lakhs)

	Items	2001-2002 (Actuals)	2002-2003 (Revised Estimates)	2003-2004 (Budget Estimates)
1	2	3	4	5
	<b>Disbursements</b>			
6.	Consumption Expenditure	345172	400232	411916
	6.1 Compensation of Employees	313910	332321	358951
	a) Wages and Salaries	258213	271966	290355
	b) Pensions	55697	60355	68596
	6.2 Net Purchase of Commodities and Services	31262	67911	52965
	a) Purchases	29189	69165	54282
	b) Maintenance and Repairs	20155	12178	13105
	c) Less Sales	18082	14432	14422
7.	Net Interest Paid	161613	194472	221782
	7.1 To Public Authorities	68974	69699	70408
	a) Centre	-	-	-
	b) States	-	-	-
	c) Local Bodies	-	-	-
	7.2 To Others	109262	143144	171653
	7.3 Less Commercial Interest	16623	18371	20279
8.	Subsidies	103871	135017	147505
9.	Current Transfers	118880	130205	148902
	9.1 To Public Authorities	3499	2171	3852
	a) Centre	-	-	-
	b) States	-	-	-
	c) Local Bodies	3499	2171	3852
	9.2 To Other Sectors	115381	128034	145050
10.	Total Disbursements	729536	859926	930105
11.	<b>Saving on Current Account</b>	(-)71762	(-)89925	(-)64482
12.	Total Receipts	657774	770001	865623



## ACCOUNT- 2

## Production Account of Departmental Enterprises

(Rs. lakhs)

Items	2001-2002 (Actuals)	2002-2003 (Revised Estimates)	2003-2004 (Budget Estimates)
1	2	3	4
<b>Receipts:</b>			
1. Sale of Goods and Services	51161	55548	57223
2. Imputed Irrigation Subsidy	23505	46160	49651
3. Total Receipts	74666	101708	106874
<b>Expenditure:.</b>			
4. Purchase of Commodities and Services including Maintenance	28835	40545	44315
5. Compensation of Employees	40617	54009	55906
5.1 Wages and Salaries	33410	44200	45222
5.2 Pensions	7207	9809	10684
6. Interest	16623	18371	20279
7. Consumption of Fixed Capital	2016	2207	2309
8. Profits	(- )13425	(- )13424	(- )15935
9. Total Expenditure	74666	101708	106874

## ACCOUNT- 3

## Capital Finance Account of the State Government

(Rs. lakhs)

Items	2001-2002 (Actuals)	2002-2003 (Revised Estimates)	2003-2004 (Budget Estimates)
1	2	3	4
5			
<b>Receipts:</b>			
1. Consumption of Fixed Capital	2016	2207	2309
2. Capital Transfers	-	-	-
2.1 From the Other Governments	-	-	-
2.2 From Rest of the World	-	-	-
3. Net Borrowings	268835	165733	256954
3.1 At Home	268835	165733	256954
3.2 From Other Sectors	-	-	-
4. Other Liabilities	-26331	30970	-79079
4.1 Extra Budgetary Receipts	-21742	45714	-59338
4.2 Less Net Purchase of Financial Assets	4589	14744	19741
5. Savings (Balancing item Account No.1)	(-71762)	(-89925)	(-64482)
6. Total Receipts	172758	108985	115702
<b>Expenditure:</b>			
7. Change in Stocks	43056	-6832	-8358
7.1 Administrative Departments	43056	-6833	-8359
7.2 Departmental Enterprises	-	1	1
8. Gross Fixed Capital Formation	94533	85582	97373
8.1 Administrative Departments	58919	68413	78822
8.2 Departmental Enterprises	35614	17169	18551
9. Net Purchase of Physical Assets	1702	-1758	-718
9.1 Second Hand Assets	-	-	-
(a) Administrative Departments	-	-	-
(b) Departmental Enterprises	-	-	-
9.2 Land	1702	(-1758)	(-718)
(a) Administrative Departments	1622	(-2058)	(-1018)
(b) Departmental Enterprises	80	300	300
10. Capital Transfers	33467	31993	27405
10.1 For Capital Formation	33440	31873	27368
10.2 For Others	27	120	37
11. Total Expenditure	172758	108985	115702

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## THE BORROWING ACCOUNT

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# Borrowing Account

(Rs. lakhs)

Items	2001-2002		2002-2003		2003-2004	
	(Actuals)		(R.E)		(B.E.)	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
1	2	3	4	5	6	7
<b>I Borrowing at Home</b>						
1. Internal Debt	606640	378328	408322	293779	510351	309087
2. Small Savings, Provident Fund, etc.	99676	59153	111060	59870	121519	65829
3. Other Debt	-	-	-	-	-	-
Total	706316	437481	519382	353649	631870	374916
Net Receipts	268835		165733		256954	
<b>II Borrowing Abroad</b>						
1. External Debt	-	-	-	-	-	-
2. Other Debt	-	-	-	-	-	-
Total	-	-	-	-	-	-
<b>III. Extra Budgetary Receipts</b>						
1. Loans and Advances by State Government	8471	30118	9760	31881	11106	22862
2. Loans from Govt. of India	33859	22352	38740	54243	35531	69843
3. Inter State Settlement	-	-	-	-	-	-
4. Contingency Fund	-	-	-	-	-	-
5. Reserve Fund	15101	17714	13786	24494	16010	16912
6. Deposits and Advances	171027	141225	177210	159101	186752	164000
7. Suspense & Miscellaneous	1005893	1012561	1283545	1253545	1087000	1107000
8. Remittances	179625	181513	149400	149400	150000	150000
9. Cash Balance	(-)29729	(-)4708	(-)4708	(-)37345	(-)37345	(-)26389
10 Fund	115	3313	77	-15430	82	1937
11. Consumption of Fixed Capital	-	2016	-	2207	-	2309
Total	1384362	1406104	1667810	1622096	1449136	1508474
Net Receipts	-21742		45714		(-)59338	

### CHAPTER-III MAIN FINDINGS

The significant economic magnitudes emerging from the set of three accounts given in the previous section are presented as under: -

#### 1 -Total Expenditure (excluding operating expenses of departmental enterprises)

The total expenditure of the State Government as per Economic Classification is estimated to increase from Rs.1015536 lakhs in 2002-2003 (Revised Estimates) to Rs.1088410 lakhs in 2003-2004 (Budget Estimates) thereby showing an increase of 7.18 per cent in 2003-2004 (B.E.) over 2002-2003 (R.E.) as compared to an increase of 8.38 per cent in 2002-2003 (R.E.) over 2001-2002 (Actuals). The break up of expenditure by major types is given in the following Table -3.1 and in the Graph.

TABLE - 3.1

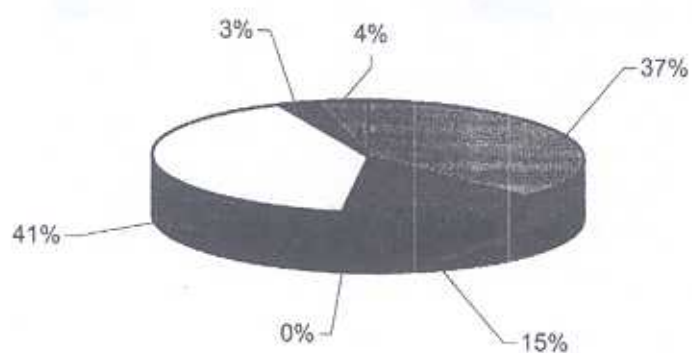
**Economic Classification - Distribution of Expenditure (excluding operating expenses of departmental enterprises)**

Item	(Rs. lakhs)		
	2001-2002	2002-2003	2003-2004
	(Actuals)	(R.E.)	(B.E.)
	2	3	4
1. Final Outlays	484463	477224	500213
	(51.70)	(46.99)	(45.96)
a) Government Consumption Expenditure	345172	400232	411916
(vide item 6 Account -1)	(36.84)	(39.41)	(37.85)
i) Compensation of Employees	313910	332321	358951
(vide item 6.1 Account -1)	(33.50)	(32.72)	(32.98)
ii) Net Purchase of Commodities & Services (vide item 6.2 Account - 1)	31262	67911	52965
	(3.34)	(6.69)	(4.87)
b) Gross Capital Formation	137589	78750	89015
	(14.68)	(7.75)	(8.18)
i) Gross Fixed Capital Formation	94533	85582	97373
(vide item 8 Account - 3)	(10.09)	(8.42)	(8.95)
ii) Change in Stocks	43056	-6832	-8358
(vide item 7, Account -3)	(4.59)	(-)(0.67)	(-)(0.77)
c) Net Purchase of Physical Assets	1702	-1758	-718
(vide item 9 Account -3)	(0.18)	(-)(0.17)	(-)(0.07)
2. Transfer Payments to the rest of the economy	417831	491687	545594
	(44.59)	(48.42)	(50.13)
a) Current Transfers*(vide items 7, 8 and 9 Account -1)	384364	459694	518189
	(41.02)	(45.27)	(47.61)
(b) Capital Transfers (vide item 10 Account -3)	33467	31993	27405
	(3.57)	(3.15)	(2.52)
3. Financial Investment and Loans to the rest of economy	34707	46625	42603
	(3.71)	(4.59)	(3.91)
Total Expenditure	937001	1015536	1088410
	(100.00)	(100.00)	(100.00)

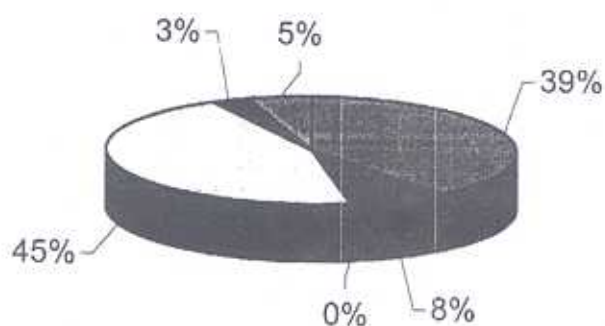
- Current transfers include subsidy and interest



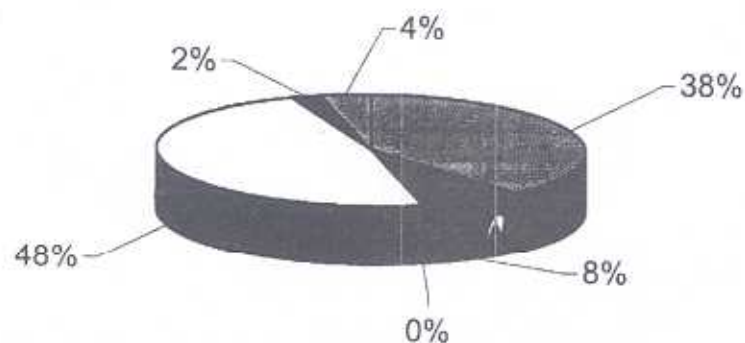
### Economic Classification-Distribution of Expenditure 2001-2002 (Actuals)



### 2002-2003 (R.E.)



### 2003-2004 (B.E.)



- |                                   |                                  |
|-----------------------------------|----------------------------------|
| ■ Consumption Expenditure         | ■ Gross Capital Formation        |
| □ Net Purchase of Physical Assets | □ Current Transfers              |
| ■ Capital Transfers               | ■ Financial Investment and Loans |



The final outlays are the direct expenditure of the State Government on goods and services, consumption expenditure, gross capital formation as well as net purchase of physical assets. It was Rs. 484463 lakhs during 2001-2002 (Actuals), Rs. 477224 lakhs during 2002-2003 (R.E.) and Rs. 500213 lakhs during 2003-2004 (B.E.). Thus, showing decrease of 1.49 percent during 2002-2003 (R.E) over 2001-2002 (Actuals) and an increase of 4.82 percent during 2003-2004 (B.E.) over 2002-2003 (R.E.). The corresponding contribution of final outlays to total expenditure during the above years was 51.70, 46.99 and 45.96 percent respectively.

The Government consumption expenditure is the expenditure on compensation of Employees as well as net purchase of commodities and services. It was Rs. 345172 lakhs during 2001-2002 (Actuals), Rs. 400232 lakhs during 2002-2003 (R.E.) and is estimated to be Rs. 411916 lakhs during 2003-2004 (B.E.). Its contribution to total expenditure during the above periods was 36.84, 39.41 and 37.85 percent respectively.

Gross capital formation of the State Government i.e. investment on buildings, roads, other constructions, machinery & equipment, acquisition of fleet and acquisition of stocks amounting to Rs. 137589 lakhs during 2001-2002 (Actuals), 78750 lakhs during 2002-2003 (R.E.) and expected to be Rs. 89015 lakhs during 2003-2004 (B.E.). Its share to total expenditure during the above periods was 14.68, 7.75 and 8.18 percent respectively. The decrease in capital formation during 2002-2003 (R.E.) and 2003-2004 (B.E.) was mainly due to higher recovery on account of more lifting of wheat stock by the F.C.I as a result recovery was more in the item change in stock.

Transfer payments consist of both current and capital transfers. It was 417831 lakhs during 2001-2002 (Actuals), 491687 lakhs during 2002-2003 (R.E.) and estimated to be Rs. 545594 lakhs during 2003-2004 (B.E.). Its contribution to total expenditure during the above periods were 44.59, 48.42 and 50.13 percent respectively.

The financial investment and loans of the Government was Rs. 34707 lakhs during 2001-2002 (Actuals), Rs. 46625 lakhs during 2002-2003 (RE) and estimated to be Rs. 42603 lakhs during 2003-2004 (B.E.). Its contribution in the total expenditure was 3.71 percent during 2001-2002 (Actuals), 4.59 percent during 2002-2003 (R.E) and estimated to be 3.91 percent during 2003-2004 (B.E.).

## 2. Financial Assistance for Capital Formation

In addition to its own capital formation, the Government also assists the rest of the economy through grants, loans and investment in share capital for capital formation. Such an assistance was to the tune of Rs. 66977 lakhs during 2001-2002 (Actuals), Rs. 69493 lakhs during 2002-2003 (R.E.) and expected to be Rs. 67621 lakhs during 2003-2004 (B.E.) thereby showing a decrease of 2.69 percent during 2003-2004(B.E.) over 2002-2003 (R.E.). It increased by 3.76 percent during 2002-2003 (R.E.) over 2001-2002 (Actuals).

Capital transfers forms the major portion of financial assistance followed by loans for capital formation and investment in shares. Capital transfers were to the tune of Rs. 33440 lakhs during 2001-2002 (Actuals), Rs. 31873 lakhs during 2002-2003 (R.E.) and estimated to Rs. 27368 lakhs during 2003-2004. Its contribution to total financial assistance was 49.93 percent, 45.86 percent and 40.47 percent respectively during the above periods.

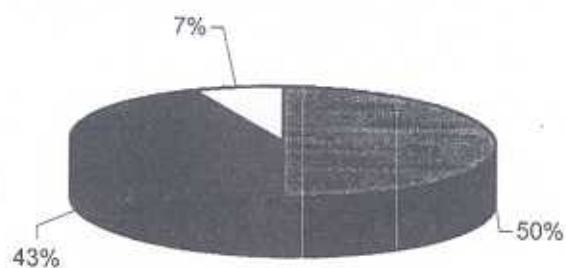
The allocation of the financial assistance in different forms is given in Table - 3.2 and in the Graph.

**TABLE - 3.2**  
**Financial Assistance for Capital Formation**

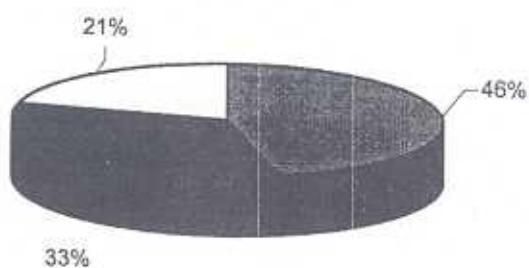
Items	(Rs. lakhs)		
	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
1. Capital Transfers to Non Government Bodies(vide item 10.1 Account -3)	33440 (49.93)	31873 (45.86)	27368 (40.47)
2. Loans for Capital Formation(includes Loans and Advances used for Capital Formation only)	28948 (43.22)	22876 (32.92)	20512 (30.34)
3. Investment in Shares(vide item 4.2 Account -3)	4589 (6.85)	14744 (21.22)	19741 (29.19)
Financial Assistance for Capital Formation	66977 (100.00)	69493 (100.00)	67621 (100.00)



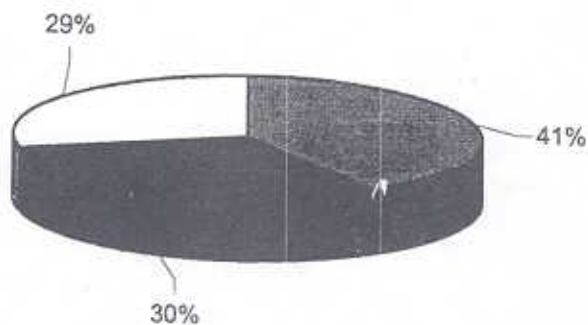
**Financial Assistance for Capital Formation  
2001-2002(Actuals)**



**2002-2003 (R.E.)**



**2003-2004 (B.E.)**



■ Capital Transfers ■ Loans for Capital Formation □ Investment in Shares



### 3. Aggregate Gross Capital Formation out of Budgetary Resources

If the figures of direct gross capital formation by the State Government is added to the figures of financial assistance for capital formation to the rest of the economy, the resultant figure indicate the Aggregate gross capital formation out of the budgetary resources. The aggregate gross capital formation out of budgetary resources was to the tune of Rs. 204566 lakhs during 2001-2002 (Actuals), Rs. 148243 lakhs during 2002-2003 (R.E.) and estimated at Rs. 156636 lakhs during 2003-2004. This shows a decrease of 27.53 percent during 2002-2003(R.E.) over 2001-2002 (Actuals) and increased by 5.66 percent during 2003-2004 (B.E.) over 2002-2003 (R.E.) . Gross capital formation by the State Government forms the major part and its contribution to aggregate capital formation out of budgetary resources was 67.26 percent, 53.12 percent and 56.83 percent respectively during the above periods.

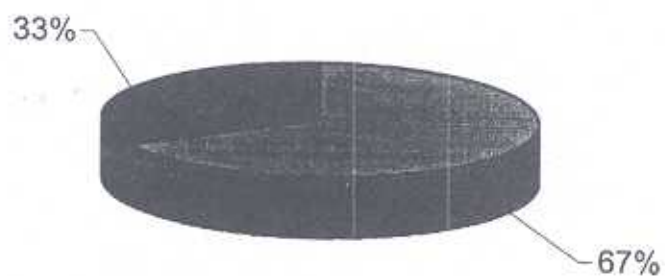
The details are given in Table -3.3 and in the Graph.

TABLE - 3.3

#### Aggregate Gross Capital Formation Out of Budgetary Resources of the State Government

Items	(Rs. lakhs)		
	2001-2002 (Actuals)	2002-2003 (R.E)	2003-2004 (B.E.)
1	2	3	4
1. Gross Capital Formation by the State Government (Vide Table -3.1)	137589 (67.26)	78750 (53.12)	89015 (56.83)
2. Financial Assistance for Capital Formation to the rest of economy (Vide Table -3.2)	66977 (32.74)	69493 (46.88)	67621 (43.17)
Aggregate Gross Capital Formation out of Budgetary Resources of the State Government	204566 (100.00)	148243 (100.00)	156636 (100.00)

**Aggregate Gross Capital Formation  
Out of Budgetary Resources  
2001-2002(Actuals)**



**2002-2003 (R.E.)**



**2003-2000 (B.E.)**



■ Direct Gross Capital Formation ■ Financial Assistance for Capital Formation

### 3. Current Receipts of the State Government

Current receipts of the State Government shows the sources of finance to the Government and also assess the economic implication of Government expenditure. The receipts of the State Government was Rs. 657774 lakhs during 2001-2002 (Actuals), Rs. 770001 lakhs during 2002-2003 (R.E.) and estimated to be Rs. 865623 lakhs during 2003-04 (B.E.) Thus, the increase in the current receipt over previous year was 17.06 percent during 2002-2003 (R.E.) and 12.42 percent during 2003-2004 (B.E.).

Tax receipt is a major source of current receipt and it is followed by revenue grants from the Central Government, fees and miscellaneous receipts and property and entrepreneurship. Its share in the total current receipts was 82.39 percent during 2001-2002 (Actuals), 79.80 percent during 2002-2003 (R.E.) and estimated to be 79.79 percent during 2003-2004 (B.E.)

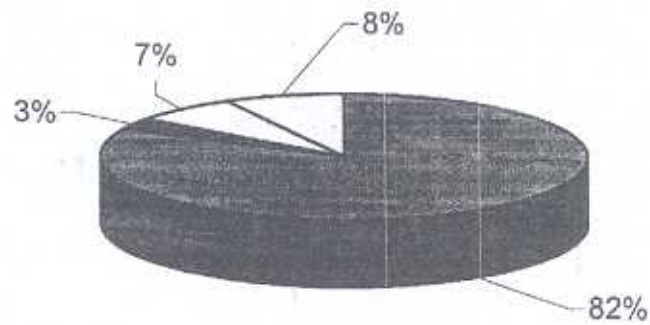
The current receipts of the State Government under different heads are given in the Table 3.4 and in the Graph.

**TABLE -3. 4**  
**Current Receipts**

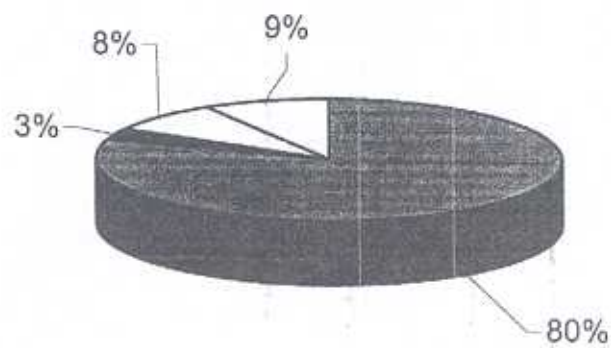
Items	(Rs. lakhs)		
	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
1. Tax Receipt (vide item 2 and 3, Account -1)	541958 (82.39)	614416 (79.80)	690645 (79.79)
2. Income from Property and Entrepreneurship (vide item 1, Account -1)	17738 (2.70)	23864 (3.10)	33367 (3.85)
3. Fees and Miscellaneous Receipts (vide item 4, Account -1)	46774 (7.11)	60004 (7.79)	60533 (6.99)
4. Revenue Grants from Government of India (vide item 5, Account -1)	51304 (7.80)	71717 (9.31)	81078 (9.37)
5. Total Current Receipts	657774 (100.00)	770001 (100.00)	865623 (100.00)



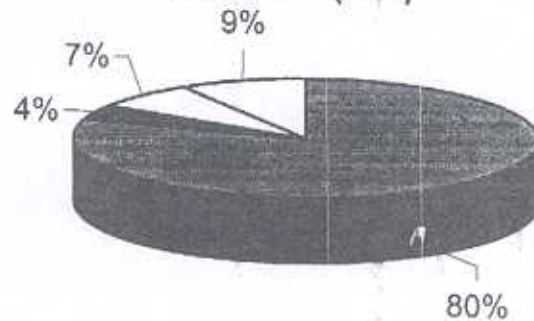
**Current Receipts  
2001-2002 (Actuals)**



**2002-2003 (R.E.)**



**2003-2004 (B.E.)**



■ Tax Receipts	■ Income from Property
□ Fees and Miscellaneous Receipts	□ Revenue Grants from Centre

**Current Outgoings  
2001-2002(Actuals)**

#### 4. Current Outgoings of the State Government.

The current out goings of the State Government constitute consumption expenditure as well as transfer payments of the State Government. The current outgoing of the State Government increased from Rs. 729536 lakhs during 2001-2002 (Actual) to Rs. 859926 lakhs during 2002-2003 (R.E.) and estimated at Rs.930105 lakhs during 2003-2004 (B.E.), thus showing an increase 17.87 percent during 2002-2003 (R.E.) and 8.16 percent during 2003-2004 (B.E.).

Transfer payments form the major source of current outgoings of the State Government and it is followed by consumption expenditure. Transfer payments was to the tune of Rs. 384364 lakhs during 2001-2002 (Actuals) , Rs. 459694 lakhs during 2002-2003 (R.E.) and estimated at Rs. 518189 lakhs during 2003-2004 (B.E.) . Its contribution to total current outgoings was 52.69 percent, 53.46 percent and estimated to 55.71 percent respectively during the above periods.

The details are given in Table 3.5 and in the Graph.

**TABLE -3. 5**  
**Current Outgoing of the State Government**

Items	(Rs. lakhs)		
	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
1. Consumption Expenditure (vide item 6 , Account -1)	345172 (47.31)	400232 (46.54)	411916 (44.29)
2. Transfer Payments (vide items 7,8 and 9 Account -1)	384364 (52.69)	459694 (53.46)	518189 (55.71)
3. Total Current Outgoing (1+2)	729536 (100.00)	859926 (100.00)	930105 (100.00)

**Current Outgoings  
2001-2002(Actuals)**



**2002-2003 (R.E.)**



**2003-2004 (B.E.)**



■ Consumption Expenditure ■ Transfer Payments



### 3. Net Surplus of Departmental Enterprises

The net surplus of departmental enterprises is the excess of gross receipts over operating expenses. This is taken as profit to income and outlay account of administrative departments of the State Government. The details are set out in Table -3.6

**TABLE - 3.6**  
**Net Surplus of Departmental Enterprises**

Items	(Rs lakhs)		
	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
1. Gross Receipts* (vide item 3, Account -2)	74666	101708	106874
2. Operating Expenses (vide items 4,5,6 and 7, Account -2)	88091	115132	122809
Net Surplus (1-2)	(-)13425	(-)13424	(-)15935

\* Includes Imputed Irrigation Subsidy.

### 6. Estimates of Net Product from Public Administration

**TABLE -3.7**  
**Estimates of Net Product from Public Administration**

Items	(Rs. Lakhs)		
	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
1. Administration (Total Wages & Salaries) Less Wages and Salaries in	313910	332321	358951
2. Construction	11040	11988	12575
3. Water Supply	14428	15861	16743
4. Other Services	172146	179281	190850
a) Education	141902	147315	156760
b) Health	30244	31966	34090
c) Sanitation	-	-	-
5. Sub Total (2 to 4)	197614	207130	220168
6. Public Administration (1-5)	116296	125191	138783

Note: Wages and Salaries include pension. Total pension is proportionately distributed in public administration and departmental enterprises.

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## SUBSIDIARY TABLES

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Table 3.8(i)

## Domestic Product by Industry of Origin and Factor Income of Departmental Enterprises year 2001-2002 (Actuals)

State: Haryana

(Rs. Lakh)

Sr. No.	Item	Compensation of Employees	Purchase of commodities & services	Maintenance			Interest	Rent rates & taxes	Depreciation	Profits	Total Receipts =			Net Product	Gross Product
				B (m)	R (m)	C (m)					Sales	Imputed	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Irrigation	12269	1572	-	-	1552	14972	2	-	-	6862	23505	30367	27243	27243
2	Forest	3529	708	-	-	387	-	23	-	(-2194)	2453	-	2453	1358	1358
3	Printing & Stationery	372	136	1	-	-	-	-	8	(-453)	64	-	64	(-81)	(-73)
4	Gen. Education	497	423	2	-	-	-	5	3	(-223)	707	-	707	279	282
5	Transport	23950	22764	-	-	5	1651	1255	2005	(-10555)	41075	-	41075	16301	18306
	(i) Civil Aviation	49	6	-	-	5	-	1	-	(-60)	1	-	1	(-10)	(-10)
	(ii) Road Transport	23901	22758	-	-	-	1651	1254	2005	(-10495)	41074	-	41074	16311	18316
	Total	40617	25603	3	-	1944	16623	1285	2016	(-13425)	51161	23505	74666	45100	47116



Table 3.8(ii)

## Domestic Product by Industry of Origin and Factor Income of Departmental Enterprises Year 2002-2003 (R.E.)

State: Haryana

(Rs. Lakh)

Sr. No.	Item	Compensation of Employees	Purchase of commodities & services	Maintenance			Interest	Rent rates & taxes	Depreciation	Profits	Total Receipt=			Net Product (3+8+9+11)	Gross Product (10+15)
				B (m)	R (m)	C (m)					Sales	Imputed Irrigation Subsidy	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Irrigation	25225	9223	-	-	2689	16721	2	-	-	7700	46160	53860	41948	41948
2	Forest	3758	847	-	-	366	-	24	-	(-)2427	2568	-	2568	1355	1355
3	Printing & Stationery	433	107	1	-	-	-	-	6	-472	75	-	75	(-)39	(-)33
4	Gen. Education	585	615	4	-	-	-	5	1	50	1260	-	1260	640	641
5	Transport	24008	24604	-	-	6	1650	2052	2200	(-)10575	43945	-	43945	17135	19335
	(I) Civil Aviation	56	6	-	-	6	-	2	-	-60	10	-	10	(-)2	(-)2
	(ii) Road Transport	23952	24598	-	-	-	1650	2050	2200	(-)10515	43935	-	43935	17137	19337
	Total	54009	35396	5	-	3061	18371	2083	2207	(-)13424	55548	46160	101708	61039	63246

Table 3.8(iii)

Domestic Product by Industry of Origin and Factor Income of Departmental Enterprises year 2003-2004 (B.E.)

State: Haryana

(Rs. Lakh)

Sr. No.	Item	Compen- sation of Employees	Purchase of comm- odities & services	Maintenance			Interest.	Rent rates & taxes	Depre- ciation	Profits	Total Receipts=				Net Product (3+8+ 9+11)	Gross Product (10+15)
				B (m)	R (m)	C (m)					Sales	Imputed	Irrigation	Subsidy		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1	Irrigation	25762	9628			3765	18579	2			8085	49651	57736	44343	44343	
2	Forest	4209	960			955		24		-3452	2696		2696	781	781	
3	Printing & Stationery	470	115	1					8	-475	119		119	-5	3	
4	Gen. Education	617	644	3				5	1	-10	1260		1260	612	613	
5	Transport	24848	26155			6	1700	2052	2300	-11998	45063		45063	16602	18902	
	(i) Civil Aviation	61	5			6		2		-61	13		13	2	2	
	(ii) Road Transport	24787	26150				1700	2050	2300	-11937	45050		45050	16600	18900	
	Total	55906	37502	4		4726	20279	2083	2309	-15935	57223	49651	106874	62333	64642	

Table 3.9(i)

## Capital Formation by Type of Assets &amp; Industry-Administration year 2001-2002(Actuals)

State: Haryana

(Rs. Lakh)

Sr.No.	Industry	Gross Domestic Fixed Capital Formation							Total	Change in Stocks	Gross Capital Formation (10+11)	Depreciation	Net Cap. Formation (12-13)
		Buildings	Roads & Bridges	Other Const- ruction	Transport Equip- ment	Mech. Equip- ment	Total New Outlay (3 to 7)	Net Purchase of Second H. Assets					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Administration Total	5884	25039	20070	1098	6831	58919		58919	43056	101975		101975
	Less												
2	Construction Machinery & Stock of P.W.D.					26	26		26	-315	-289		-289
3	Water Supply												
4	Other Services			16916		-9	16907		16907	2775	19682		19682
	i) Education 3.2	1803		515	5	806	3129		3129		3129		3129
	ii) Medical & Public Health 4.2	1102				72	1174		1174		1174		1174
	iii) Sanitation	701		43	5	734	1483		1483		1483		1483
	Total (2 to 4)	1803		17431	5	823	20062		20062	2460	22522		22522
	Net Public Admn (1-5)	4078	25039	2639	1093	8008	38857		38857	40596	79453		79453



Table 3.9 (ii)

## Capital Formation by Type of Assets &amp; Industry - Administration year 200-2003 (R.E.)

State: Haryana

(Rs. Lakh)

Sr. No.	Industry	Gross Domestic Fixed Capital Formation							Total	Change in Stocks	Gross Capital Formation	Depreciation	Net Cap. Formation (12-13)
		Buildings	Roads & Bridges	Other Construction	Transport Equipment	Mech. Equipment	Total New Outlay (3 to 7)	Net Purchase of Second H. Assets					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	1 Administration Total	10104	27053	20598	1111	9547	68413	-	68413	-6833	61580	-	61580
	Less												
2	Construction Machinery & Stock of P.W.D.	-	-	-	-	541	541	-	541	50	591	-	591
3	Water Supply	-	-	16373	-	65	16438	-	16438	1	16439	-	16439
4	Other Services	2791	-	1500	46	3009	7346	-	7346	-	7340	-	7346
	(i) Education 3.2	2423	-	-	13	380	2816	-	2816	-	2816	-	2816
	(ii) Medical & Public Health 4.2	368	-	53	33	2589	3043	-	3043	-	3043	-	3043
	(iii) Sanitation	-	-	1447	-	40	1487	-	1487	-	1487	-	1487
	Total (2 to 4)	2791	-	17873	46	3615	24325	-	24325	51	24376	-	24376
	Net Public Admn. (1-5)	7313	27053	2725	1065	5932	44088	-	44088	(-8884)	37204	-	37204

Table 3.9 (III)

## Capital Formation by Type of Assets &amp; Industry - Administration year 2003-2004 (B.E.)

State: Haryana

(Rs. Lakh)

Sr.No.	Industry	Gross Domestic Fixed Capital Formation							Total	Change in Stocks	Gross Capital Formation	Depre- ciation	Net Cap. Formation (12-13)
		Buildings	Roads & Bridges	Other Const- nction	Transport Equip- ment	Mech. Equip- ment	Total New Outlay (3 to 7)	Net Purchase of Second H. Assets					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Administration Total	12644	30414	26674	1058	8032	78822		78822	-8359	70463		70463
	Less												
2	Construction Machinery & Stock of P.W.D.					572	572		572	50	622		622
3	Water Supply												
4	Other Services	4344		22522		15	22537		22537	1	22538		22538
	(i) Education 3.2	2582		2072	72	2788	9278		9278		9276		9276
	(ii) Medical & Public Health 4.2	1762		130	7	385	2874		2874		2874		2874
	(iii) Sanitation			1942	65	2403	4360		4360		4360		4360
	Total (2 to 4)	4344		24594	72	3375	32385		32385	51	32436		32436
	Net Public Admn. (1-5)	8300	30414	2080	988	4657	46437		46437	-8410	38027		38027

Table 3.10 (I)

## Capital Formation by Type of Assets &amp; Industry of use -Enterprises year 2001-2002(Actuals)

State: Haryana

(Rs. Lakh)

Sr. No.	Item Industry	Gross Domestic Fixed Capital Formation							Net purchase of sec. hand assets	Total (8+9)	Change in Stocks	Gross Capital formation (10+11)	Depreciation	Net Capital formation (12-13)
		Buildings	Roads and Bridges	Other Contru- ctions	Trans- port Equip- ment	Mach- inery Equip- ment	Total (New Outlay)							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1	Irrigation 2701+2702+4701+4702	-	-	28068	-	1	28069	-	28069	-	28069	-	28069	
2	Forest 2406+4406	75	-	2138	17	50	2280	-	2280	-	2280	-	2280	
3	Printing & Stationery 2058+4058	161	-	-	-	-	161	-	161	-	161	8	153	
4	General Education 2202+4202	-	-	-	-	-	-	-	-	-	-	3	(-3)	
5	Others 4202	223	-	15	4680	186	5104	-	5104	-	5104	2005	3099	
i)	Road Transport 3055+5055	223	-	-	4680	185	5088	-	5088	-	5088	2005	3083	
ii)	Civil Avi. 3053+5053	-	-	15	-	1	16	-	16	-	16	-	16	
	Total	459	-	30221	4697	237	35614	-	35614	-	35614	2016	33598	



Table 3.10 (ii)

## Capital Formation by Types of Assets and Industry of Use - Enterprises Year 2002-2003 (R.E.)

State: Haryana

(Rs. Lakh)

Sr. No.	Item	Gross Domestic Fixed Capital Formation							Net purchase of sec. hand assets	Total (8+9)	Change in Stocks	Gross Capital formation (10+11)	Depre- ciation	Net Capital form- ation (12-13)
		Build- ings	Roads and Bridges	Other	Trans- port Equip- ment	Mach- inery Equip- ment	Total (New Outlay)							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1	Irrigation 2701+2702+4701+4702	-	-	8738	-	3	8741	-	8741	1	8742	-	8742	
2	Forest 2406+4406	51	-	2742	25	36	2854	-	2854	-	2854	-	2854	
3	Printing & Stationery2058+4058	3	-	-	-	-	3	-	3	-	3	6	(-3)	
4	General Education2202+4202	-	-	-	-	-	-	-	-	-	-	1	(-1)	
5	Others4202	455	-	15	4885	216	5571	-	5571	-	5571	2200	3371	
I)	RoadTransport 3055+5055	450	-	-	4885	186	5521	-	5521	-	5521	2200	3321	
II)	Civil Avi. 3053+5053	5	-	15	-	30	50	-	50	-	50	-	50	
	Total	509	-	11495	4910	255	17169	1	17169	1	17170	2207	14963	

Table 3.10 (iii)

## Capital Formation by Types of Assets and Industry of Use - Enterprises year 2003-2004 (B.E.)

State: Haryana

(Rs. Lakh)

Sr. No.	Item Industry	Gross Domestic Fixed Capital Formation							Net purchase of sec. hand assets	Total (8+9)	Change in Stocks	Gross Capital formation (10+11)	Depre- ciation	Net Capital form- ation (12-13)
		Build- ings	Roads and Bridges	Other Contru- ctions	Trans- port Equip- ment	Mach- inery Equip- ment	Total (New Outlay)							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1	Irrigation 2701+2702+4701+4702			10849		77	10926		10926	1	10927		10927	
2	Forest 2406+4406	52		1984	25	35	2096		2096		2096		2096	
3	Printing & Staionery2058+4058	5				3	8		8		8	8		
4	General Education2202+4202											1	-1	
5	Others	455		15	4885	166	5521		5521		5521	2300	3221	
	I)RoadTransport 3055+5055	450			4885	136	5471		5471		5471	2300	3171	
	ii)Civil Avi. 3053+5053	5		15		30	50		50		50		50	
	Total	512		12848	4910	281	18551		18551	1	18552	2309	16243	



## CHAPTER-IV

### PRINCIPLES AND DETAILED OF FUNCTIONAL CLASSIFICATION

For purpose accountability, expenditure is usually charged according to the immediate object of expenditure at the time the money is spent i.e. wages and salaries, purchases of goods and services, grants, loans, purchase of machinery and so on. The economic classification groups of all these primary items of expenditure by their economic character, i.e. current and capital expenditure, transfer payments, loans and investments whereas the functional classification groups them according to the particular purpose they serve. The functional classification is designed to show how government expenditure is divided between different types of services provided. The main objective of the functional classification, therefore, is to show Government expenditure according to the immediate or short run purpose they served and to provide information about public expenditure devoted to a particular service or group of services, say, education, health, agriculture, etc. The term "purpose" as used in this study refers to different types of services provided directly or financed by Government agencies through current and capital grants or loans, etc. and not long run objectives such as promotion of economic development and maintenance of full employment.

The Functional Classification excludes current expenditure on goods and services of Departmental Commercial Undertakings, which produce goods and services that are sold largely outside the Government sector. Their current expenditure on goods and services is an intermediate expenditure which represents cost of production and not expenditure on final goods and services provided by the Government.

It may also be noted that the functional classification is not applied to receipts except to those which may be considered in reduction of expenditure included in this type of classification, such as proceeds from sales, of goods and services by the Government administrative departments. All other receipts including proceeds from taxes or loans are considered as contribution to a General Consolidated Fund from which expenditure of all kinds is financed.

In the purpose classification scheme, all the items of expenditure have been grouped under different broad functional categories regardless of their sequence in the budget. For example, expenditure under "education" given in the functional classification



includes not only expenditure under demands for grants "education" but also the expenditure on the agricultural education, medical education, engineering education, etc. shown in the demands for grants under different departments. The exceptions to this rule are educational activities which are in. Thus, any expenditure on education regardless where it is shown in the budget has been placed under the head "Education" in the tegral functional classification. The exception to this rule are educational activities which are an integral part of other services provided by the Government. The police training schools which are treated as part of the police services is an example of this type. The entire expenditure of the state government has been broadly divided into nine major categories. The major categories are ( i ) General public services (ii ) Civil defence (iii) Education (iv) Health (v) Social security and and welfare services (vi) Housing and other community services (vii) Cultural, recreational and religious services (viii) Economic services (ix) Other services.

The following table presents the detailed functional classification of the State government budgetary for the years 2001-2002 (Actuals), 2002-2003 (R.E.) and 2003-2004 (B.E.).

TABLE -4.1

**Functional Classification of Haryana Government Budgetary Expenditure**  
(Rs. lakhs)

Items	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
1. General Public Services	141029	148607	163846
i) General Administration	140522	147854	163102
ii) General Research	507	753	744
2. Civil Defence	736	172	133
3. Education	181756	201487	224079
i) Administration, Regulation and Research	7000	7603	7896
ii) Schools, Universities and Institutions including Subsidiary Services	174756	193884	216183
4. Health	34787	43806	47210
i) Administration, Regulation and Research	2770	3603	3594
ii) Hospitals, Clinics and Individual Health Services	32017	40203	43616
5. Social Security and Welfare Services	50853	55042	59938
i) Social Welfare Services	17853	20943	22764
ii) Social Security Benefits	33000	34099	37174
6. Housing and Other Community Services	21328	30420	31103
7. Cultural, Recreational and Religious Services	5437	4805	4971
8. Economic Services	336057	316685	332608
i) General Administration, Regulation & Research	6280	6541	7098
ii) Agriculture, Forestry, Fishing and Hunting	91764	97719	94906
iii) Mining, Manufacturing and Construction	15638	10977	5488
iv) Electricity, Gas, Steam and Water	132567	154228	176209
v) Atomic Energy	-	-	-
vi) Transport and Communication	45696	49157	52967
vii) Other Economic Services	44112	(-)1937	(-)4060
9. Other Services	165018	214512	224522
i) Relief and Calamities	3405	20040	2740
ii) Interest	161613	194472	221782
Grand Total	937001	1015536	1088410

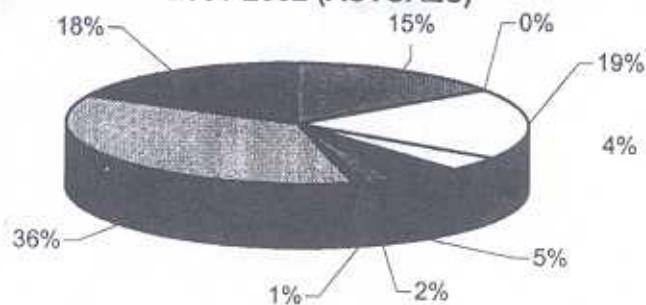
TABLE- 4.2

## Functional Classification : Percentage Distribution of Expenditure

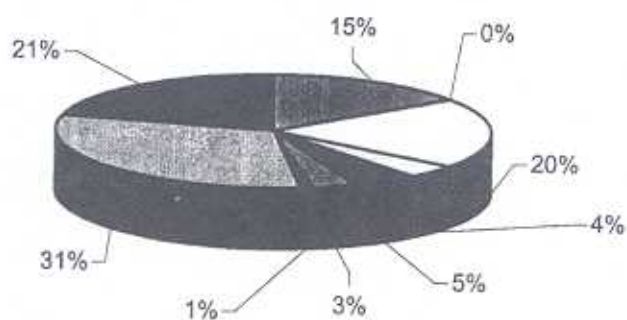
Items	2001-2002	2002-2003	2003-2004
	(Actuals)	(R.E.)	(B.E.)
1. General Public Services	15.05	14.63	15.05
1.1 General Administration	15.00	14.56	14.98
1.2 General Research	0.05	0.07	0.07
2. Civil Defence	0.08	0.02	0.01
3. Education	19.40	19.84	20.59
i) Administration, Regulation & Research	0.75	0.75	0.73
ii) Schools, Universities & Institutions including Subsidiary Services	18.65	19.09	19.86
4. Health	3.71	4.31	4.34
i) Administration, Regulation & Research	0.29	0.35	0.33
ii) Hospitals, Clinics & Individual Health Services	3.42	3.96	4.01
5. Social Security & Welfare Services	5.43	5.42	5.50
6. Housing & Other Community Services	2.28	3.00	2.86
7. Cultural, Recreational & Religious Services	0.58	0.47	0.46
8. Economic Services	35.86	31.19	30.56
i) Administration, Regulation & Research	0.67	0.65	0.65
ii) Agriculture, Forestry, Fishing & Hunting	9.79	9.62	8.72
iii) Mining, Manufacturing & Construction	1.67	1.08	0.50
iv) Electricity, Gas, Steam & Water	14.15	15.19	16.19
v) Atomic Energy	-	-	-
vi) Transport & Communication	4.87	4.84	4.87
vii) Other Economic Services	4.71	(-)0.19	(-)0.37
9. Other Services	17.61	21.12	20.63
9.1 Relief & Calamities	0.36	1.97	0.25
9.2 Interest	17.25	19.15	20.38
TOTAL	100.00	100.00	100.00



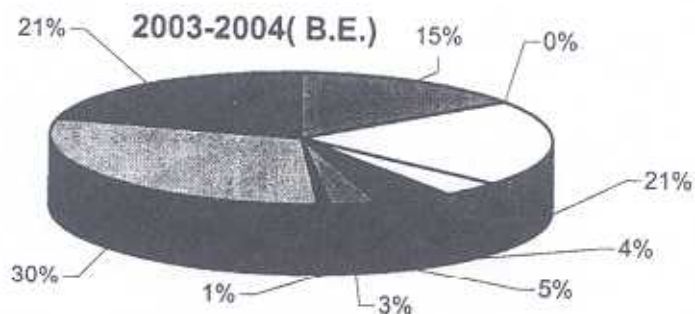
**FUNCTIONAL CLASSIFICATION OF THE HARYANA  
GOVERNMENT BUDGET  
2001-2002 (ACTUALS)**



**2002-2003(R.E.)**



**2003-2004( B.E.)**



- |   |                                      |
|---|--------------------------------------|
| ■ General Public Services                     | ■ Civil Defence                      |
| □ Education                                   | □ Health                             |
| ■ Social Security & Welfare Services          | ■ Housing & Other Community Services |
| ■ Cultural, Recreational & Religious Services | ■ Economic Services                  |
| ■ Other Services                              |                                      |

## CHAPTER -V

## ECONOMIC-CUM-FUNCTIONAL CLASSIFICATION

The Economic and Functional Classifications have been combined into a single two-way cross-classification by significant economic functional categories. This classification shows how expenditure for particular purpose is divided between economic categories such as current expenditure on goods and services, capital formation and various types of transfers and loans. It also shows how expenditure in a particular economic category is divided according to different purposes or types of services provided by the Government. Economic-cum-Functional Classification of transactions provides macro-economic data and is useful mostly at the policy formulation level and enable the decision makers to review in broad terms, the pattern of resource allocation and its impact on rest of the economy. Such a cross classification of the Government's budgetary expenditure is of great value in drawing up a programme of projected expenditure covering a period of years and in evaluating the progress of actual expenditure.

Present Economic-cum-Functional Classification of Haryana Government budgetary expenditure relates to the years 2001-2002 (Actuals), 2002-2003 (Revised Estimates) and 2003-2004 (Budget Estimates). The table classifies horizontally the expenditure on each service for the year under review into significant economic categories and vertically into different functional categories.

TABLE - 5.1

**Economic Cum Functional Classification of the Haryana Government Budgetary Expenditure 2001-2002 (Actuals)**  
(Rs. lakhs)

Sr. No.	Economic Classification/ Functional Classification	Current Expenditure						Net Con- sumption Expend- iture	Current Transfer sidy	Sub *	Interest	Total** Current Expend- iture
		Salary	Pension	Purchase of Goods & Services & Maintenance	5	6	7					
1	2	3	4	5	6	7	8	9	10	11	12	
1.	General Public Services	60735	13100	14137	87972	3585	84387	43559	-	-	-	127946
1.1	General Administration	60495	13048	14112	87655	3585	84070	43525	-	-	-	127595
1.2	General Research	240	52	25	317	-	317	34	-	-	-	351
2.	Civil Defence	552	119	65	736	1	735	-	-	-	-	735
3.	Education	121602	26230	2612	150444	787	149657	30870	-	-	-	180527
3.1	Administration,Regulation & Research	4878	1052	795	6725	-	6725	250	-	-	-	6975
3.2	Schools ,Universities & Institutions including Subsidiary Services	116724	25178	1817	143719	787	142932	30620	-	-	-	173552
4.	Health	25921	5591	2888	34400	2769	31631	1002	11	-	-	32644
4.1	Administration ,Regulation and Research	1043	225	321	1589	-	1589	521	-	-	-	2110
4.2	Hospitals, Clinics and Individual Health Services	24878	5366	2567	32811	2769	30042	481	11	-	-	30534
5.	Social Security & Welfare Services	8197	1768	3706	13671	646	13025	36664	911	-	-	50600
5.1	Social Welfare Services	7627	1645	3486	12758	125	12633	4096	911	-	-	17640
5.2	Social Security Benefits	570	123	220	913	521	392	32568	-	-	-	32960
6.	Housing and Other Community Services	5203	1122	871	7196	5599	1597	2259	-	-	-	3856



Table- 5.1 Contd..

1	2	3	4	5	6	7	8	9	10	11	12
7.	Cultural, Recreational & Other Religious Services	1711	369	1770	3850	97	3753	509	-	-	4262
8.	Economic Services	34269	7393	19900	61562	4598	56964	4017	102949	-	163930
	8.1 General Administration, Regulation & Research	5007	1080	368	6455	312	6143	69	-	-	6212
	8.2 Agriculture, Forestry, Fishing & Hunting	8260	1782	1267	11309	795	10514	3784	26408	-	40706
	8.3 Mining, Manufacturing & Construction	1208	261	796	2265	30	2235	123	-	-	2358
	8.4 Electricity, Gas, Steam & Water	11947	2577	10947	25471	2851	22620	-	76419	-	99039
	8.5 Atomic Energy	-	-	-	-	-	-	-	-	-	-
	8.6 Transport & Communication	5905	1274	6191	13370	83	13287	41	-	-	13328
	8.7 Other Economic Services	1942	419	331	2692	527	2165	-	122	-	2287
9.	Other Services	23	5	3395	3423	-	3423	-	-	161613	165036
	9.1 Relief & Calamities	23	5	3395	3423	-	3423	-	-	-	3423
	9.2 Interest	-	-	-	-	-	-	-	-	161613	161613
Total		258213	55697	49344	363254	18082	345172	118880	103871	161613	729536

Note: \* Subsidy includes Imputed Irrigation Subsidy

\*\* It does not include operating expenses of Departmental Commercial Undertakings.

TABLE 5.1 Contd.,

## Economic Cum Functional Classification of the Haryana Government Budgetary Expenditure 2001-2002(Actuals)

(Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Capital Expenditure										Total Capital Expen- diture	Grand Total
		Build- ings & other const- ruction	13	14	15	16	17	18	19	20	21		
1	2												22
1.	General Public Service	3285	6160	-315	1638	2031	284	-	-	-	13083	141029	
1.1	General Administration	3285	6160	-315	1638	1875	284	-	-	-	12927	140522	
1.2	General Research	-	-	-	-	156	-	-	-	-	156	507	
2.	Civil Defence-	-	1	-	-	-	-	-	-	-	1	736	
3.	Education	1102	97	-	-	30	-	-	-	-	1229	181756	
3.1	Administration, Regulation & Research	-	25	-	-	-	-	-	-	-	25	7000	
3.2	Schools, Universities & Institutions including Subsidiary Services	1102	72	-	-	30	-	-	-	-	1204	174756	
4.	Health	744	1399	-	-	-	-	-	-	-	2143	34787	
4.1	Administration, Regulation and Research	-	660	-	-	-	-	-	-	-	660	2770	
4.2	Hospitals, Clinics and Individual Health Services	744	739	-	-	-	-	-	-	-	1483	32017	
5.	Social Security & Welfare Services	139	40	-	-	4	70	-	-	-	253	50853	
5.1	Social Welfare Services	139	-	-	-	4	70	-	-	-	213	17853	
5.2	Social Security Benefits	-	40	-	-	-	-	-	-	-	40	33000	
6.	Housing and Other Community Services	980	3	-	3	10336	-	-	6150	-	17472	21328	

Table-5.1 Contd.,

	1	2	13	14	15	16	17	18	19	20	21	22
7. Cultural, Recreational & other Religious Services	382	17	-	-	-	-	126	-	-	650	1175	5437
8. Economic Services	75037	5146	43371	80	20940	4235	22798	520	172127	336057	68	6280
8.1 General Administration, Regulation & Research	-	68	-	-	-	-	-	-	-	-	-	-
8.2 Agriculture, Forestry, Fishing & Hunting	32743	165	-	-	18128	22	-	-	51058	91764	-	-
8.3 Mining, Manufacturing & Construction	5	23	-	-	275	51	12926	-	13280	15638	-	-
8.4 Electricity, Gas, Steam & water	16916	-9	2775	-	2537	3831	7478	-	33528	132567	-	-
8.5 Atomic Energy	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Transport & Communication	25277	4892	-	-	80	-	2119	-	32368	45696	-	-
8.7 Other Economic Services	96	7	40596	-	-	331	275	520	41825	44112	-	-
9. Other Services	1	-	-	-	(-19)	-	-	-	(-18)	165018	-	-
9.1 Relief & Calamities	1	-	-	-	(-19)	-	-	-	(-18)	3405	-	-
9.2 Interest	-	-	-	-	-	-	-	-	-	161613	-	-
Total	81670	12863	43056	1702	33467	4589	28948	1170	207465	937001	-	-



TABLE 5.2

## Economic Cum Functional Classification of the Haryana Government Budgetary Expenditure 2002-2003 (R.E.)

(Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Current Expenditure							Total**		
		Salary	Pension	Purchase of Goods & Services & Maintenance	Total	Less Out Side Sale	Net Consumption Expenditure	Current Transfer	Subsidy	Interest	Current Expenditure
1	2	3	4	5	6	7	8	9	10	11	12
1.	General Public Services	66257	14715	14686	95658	3477	92181	45742	-	-	137923
	1.1 General Administration	65989	14655	14560	95204	3477	91727	45692	-	-	137419
	1.2 General Research	268	60	126	454	-	454	50	-	-	504
2.	Civil Defence	546	121	62	729	561	168	-	-	-	168
3.	Education	125436	27858	4510	157804	504	157300	39577	-	-	196877
	3.1 Administration, Regulation & Research	4876	1083	794	6753	-	6753	500	-	-	7253
	3.2 Schools, Universities & Institutions including Subsidiary Services	120560	26775	3716	151051	504	150547	39077	-	-	189624
4.	Health	27242	6050	7087	40379	3062	37317	1488	554	-	39359
	4.1 Administration, Regulation and Research	1081	240	350	1671	-	1671	528	-	-	2199
	4.2 Hospitals, Clinics and Individual Health Services	26161	5810	6737	38708	3062	35646	960	554	-	37160
5.	Social Security & Welfare Services	8724	1937	4352	15013	153	14860	38478	1185	-	54523
	5.1 Social Welfare Services	8129	1805	4127	14061	123	13938	5372	1185	-	20495
	5.2 Social Security Benefits	595	132	225	952	30	922	33106	-	-	34028
6.	Housing and Other Community Services	5479	1217	778	7474	420	7054	2040	-	-	9094

Table -5.2 Contd.,

	1	2	3	4	5	6	7	8	9	10	11	12
7. Cultural, Recreational & Other Religious Services		1870	415	776	3061	165	2896	661	-	-	-	3557
8. Economic Services		36388	8037	29092	73517	5090	68427	1874	133278	-	-	203579
8.1 General Administration, Regulation & Research		5018	1114	423	6555	235	6320	79	-	-	-	6399
8.2 Agriculture, Forestry, Fishing & Hunting		9084	1973	1242	12299	828	11471	1610	48945	-	-	62026
8.3 Mining, Manufacturing & Construction		1291	287	900	2478	85	2393	145	149	-	-	2687
8.4 Electricity, Gas, Steam & Water		13078	2905	19424	35407	3258	32149	-	84057	-	-	116206
8.5 Atomic Energy		-	-	-	-	-	-	-	-	-	-	-
8.6 Transport & Communication		6048	1343	6725	14116	126	13990	40	-	-	-	14030
8.7 Other Economic Services		1869	415	378	2662	558	2104	-	127	-	-	2231
9. Other Services		24	5	20000	20029	-	20029	345	-	-	-	214846
9.1 Relief & Calamities		24	5	20000	20029	-	20029	345	-	-	-	20374
9.2 Interest		-	-	-	-	-	-	-	-	-	-	194472
Total		271966	60355	81343	413664	13432	400232	130205	135017	194472	859926	

Note: \* Subsidy includes Imputed Irrigation Subsidy.

\*\* It does not include operating expenses of Departmental Commercial Undertakings.

TABLE - 5.2 Contd.,  
Economic-cum-Functional Classification of the Haryana Government Budgetary Expenditure 2002-2003(R.E.)  
(Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Capital Expenditure											Total Grand	
		Build- ings & other Const- ruction	Machi- nery & Trans- port Equipment	Change in Stocks	Net Purchase of Phy. Assets	Capital Transfer	Investment in Shares	Loans & Advances For Capital Formation	For Cur- rent Cons- umption	Expen- diture	Capital Total			
1	2	13	14	15	16	17	18	19	20	21	22			
1.	General Public Services	4710	4871	50	(-)1803	2256	600	-	-	10684	148607			
1.1	General Administration	4673	4871	50	(-)1803	2044	600	-	-	10435	147854			
1.2	General Research	37	-	-	-	212	-	-	-	249	753			
2.	Civil Defence	-	4	-	-	-	-	-	-	4	172			
3.	Education	2423	743	-	-	1444	-	-	-	4610	201487			
3.1	Administration, Regulation & Research	-	350	-	-	-	-	-	-	350	7603			
3.2	Schools, Universities & Institutions including Subsidiary Services	2423	393	-	-	1444	-	-	-	4260	193884			
4.	Health	421	4026	-	-	-	-	-	-	4447	43806			
4.1	Administration, Regulation and Research	-	1404	-	-	-	-	-	-	1404	3603			
4.2	Hospitals, Clinics and Individual Health Services	421	2622	-	-	-	-	-	-	3043	40203			
5.	Social Security & Welfare Welfare Services	265	75	-	-	54	125	-	-	519	55042			
5.1	Social Welfare Services	265	54	-	-	4	125	-	-	448	20943			
5.2	Social Security Benefits	-	21	-	-	50	-	-	-	71	34099			
6.	Housing and Other Community services	3541	61	-	80	10689	-	6955	-	21326	30420			



Table-5.2 Contd.,

	1	2	13	14	15	16	17	18	19	20	21	22
7. Cultural, Recreational & Other Religious Services	268	22					208	-		750	1248	4805
8. Economic Services-	58130	6021				300	17342	14019	15921	8255	113106	316685
8.1 General Administration, Regulation & Research	-	142				-	-	-	-	-	142	6541
8.2 Agriculture, Forestry, Fishing & Hunting	15571	241			1	250	11289	236	-	8105	35693	97719
8.3 Mining, Manufacturing & Construction	10	25			-	-	1258	151	6846	-	8290	10977
8.4 Electricity, Gas, Steam & Water	14926	65			1	-	4795	12607	5628	-	38022	154228
8.5 Atomic Energy	-	-			-	-	-	-	-	-	-	-
8.6 Transport & Communication	27523	5454			-	50	-	-	2100	-	35127	49157
8.7 Other Economic Services	100	94			(-)6884	-	-	1025	1347	150	(-)4168	(-)1937
9. Other Services	1	-			-	(-)335	-	-	-	-	(-)334	214512
9.1 Relief & Calamities	1	-			-	(-)335	-	-	-	-	(-)334	20040
9.2 Interest	-	-			-	-	-	-	-	-	-	194472
Total	69759	15823			(-)6832	(-)1758	31993	14744	22876	9005	155610	1015536

**TABLE- 5.3 Contd.,**  
**Economic Cum Functional Classification of the Haryana Government Budgetary Expenditure 2003-2004 (B.E)**  
 (Rs. lakhs)

Sr.No. Economic Classification/ Functional Classification												Total**
Current Expenditure												Current Expen- diture
Salary	Pension	Purchase of Goods & Services & Maintenance	Total	Less Out side sale	Net Con- sumption	Current Transfer Expenditure	Sub* sidy	Interest				
1	2	3	4	5	6	7	8	9	10	11	12	
1.	General Public Services	72825	17205	12423	102453	3891	98562	52186	-	-	150748	
1.1	General Administration	72542	17138	12268	101948	3891	98057	52134	-	-	150191	
1.2	General Research	283	67	155	505	-	505	52	-	-	557	
2.	Civil Defence	569	134	58	761	632	129	-	-	-	129	
3.	Education	132011	31187	8433	171631	554	171077	49219	-	-	220296	
3.1	Administration ,Regulation & Research	5208	1230	554	6992	-	6992	750	-	-	7742	
3.2	Schools ,Universities & Institutions including Subsidiary Services	126803	29957	7879	164639	554	164085	48469	-	-	212554	
4.	Health	28940	6837	7236	43013	3202	39811	1462	554	-	41827	
4.1	Administration ,Regulation and Research	1365	322	330	2017	-	2017	554	-	-	2571	
4.2	Hospitals ,Clinics and Individual Health Services	27575	6515	6906	40996	3202	37794	908	554	-	39256	
5.	Social Security & Welfare Services	9999	2362	4632	16993	140	16853	41205	1067	-	59125	
5.1	Social Welfare Services	9372	2214	4398	15984	129	15855	5052	1067	-	21974	
5.2	Social Security Benefits	627	148	234	1009	11	998	36153	-	-	37151	
6.	Housing and Other Community Services	5716	1350	633	7699	465	7234	2103	-	-	9337	

Table-5.3 Contd.,

	1	2	3	4	5	6	7	8	9	10	11	12
7. Cultural, Recreational & Other Religious Services			1921	454	770	3145	180	2965	576	-	-	3541
8. Economic Services			38349	9061	30859	78269	5358	72911	1996	145884	-	220791
8.1 General Administration			5446	1287	385	7118	248	6870	87	-	-	6957
Regulation & Research												
8.2 Agricultural, Forestry Fishing & Hunting			9633	2276	1513	13422	880	12542	1740	53035	-	67317
8.3 Mining, Manufacturing & Construction			1333	315	860	2508	90	2418	127	10	-	2555
8.4 Electricity, Gas, Steam & Water			13650	3225	20494	37369	3420	33949	-	92504	-	126453
8.5 Atomic Energy			-	-	-	-	-	-	-	-	-	-
8.6 Transport & Communication			6370	1505	7071	14946	130	14816	42	-	-	14858
8.7 Other Economic Services			1917	453	536	2906	590	2316	-	335	-	2651
9. Other Services			25	6	2343	2374	-	2374	155	-	221782	224311
9.1 Relief & Calamities			25	6	2343	2374	-	2374	155	-	-	2529
9.2 Interest			-	-	-	-	-	-	-	-	221782	221782
Total			290355	68596	67387	426338	14422	411916	148902	147505	221782	930105

Note: \* Subsidy includes Imputed Irrigation Subsidy.

\*\* It does not include operating expenses of Departmental Commercial Undertakings.



**TABLE- 5. 3 Contd.,**  
**Economic-cum-Functional Classification of the Haryana Government Budgetary Expenditure 2003-2004 (B.E.)**  
 (Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Capital Expenditure										Total	
		Build- ings & other	Machi- nery & trans- port	Change in Stocks	Net Purchase of Phy. Assets	Capital Transfer	Investment in shares	Loans & Advances For	Capital For Curr rent Cons- umption	Expen- diture	Grand Total	Capital Expen- diture	Grand Total
1	2	13	14	15	16	17	18	19	20	21	22		
1.	General Public Services	5112	4037	50	(-801)	2400	2300	-	-	13098	163846		
1.1	General Administration	5082	4037	50	(-801)	2243	2300	-	-	12911	163102		
1.2	General Research	30	-	-	-	157	-	-	-	187	744		
2.	Civil Defence	-	4	-	-	-	-	-	-	4	133		
3.	Education	2582	542	-	-	659	-	-	-	3783	224079		
3.1	Administration, Regulation Research	-	150	-	-	4	-	-	-	154	7896		
3.2	Schools, Universities & Institutions including Subsidiary Services	2582	392	-	-	655	-	-	-	3629	216183		
4.	Health	1892	3491	-	-	-	-	-	-	5383	47210		
4.1	Administration, & Regulation Research	-	1023	-	-	-	-	-	-	1023	3594		
4.2	Hospitals, Clinics and Individual Health Services	1892	2468	-	-	-	-	-	-	4360	43616		
5.	Social Security & Welfare Services	625	79	-	-	4	105	-	-	813	59938		
5.1	Social Welfare Services	625	56	-	-	4	105	-	-	790	22764		
5.2	Social Security Benefits	-	23	-	-	-	-	-	-	23	37174		
6.	Housing and Other Community Services	4047	67	-	80	10199	-	7373	-	21766	31103		

Table -5.3 Contd.,

1	2	13	14	15	16	17	18	19	20	21	22
7. Cultural, Recreational & Other Religious Services		339	38	-	-	203	-	-	850	1430	4971
8. Economic Services		67987	6023	(-)8408	300	13940	17336	13139	1500	111817	332608
8.1 General Administration, Regulation & Research		-	141	-	-	-	-	-	-	141	7098
8.2 Agriculture, Forestry, Fishing & Hunting		16762	362	1	250	8405	305	4	1500	27589	94906
8.3 Mining, Manufacturing & Construction		19	23	-	-	740	55	2096	-	2933	5488
8.4 Electricity, Gas, Steam & Water		20580	15	1	-	4795	16017	8348	-	49756	176209
8.5 Atomic Energy		-	-	-	-	-	-	-	-	-	-
8.6 Transport & Communication		30526	5433	-	50	-	-	2100	-	38109	52967
8.7 Other Economic Services		100	49	(-)8410	-	-	959	591	-	(-)6711	(-)4060
9. Other Services		508	-	-	(-)297	-	-	-	-	211	224522
9.1 Relief & Calamities		508	-	-	(-)297	-	-	-	-	211	2740
9.2 Interest		-	-	-	-	-	-	-	-	-	221782
Total		83092	14281	(-)8358	(-)718	27405	19741	20512	2350	158305	1088410

## CHAPTER -VI

## RECONCILIATION STATEMENTS

A reconciliation of the figures of revenue and expenditure given in the budget ( Financial Statement) and in the economic and functional classification is given below. The various adjustments made in the classification to arrive at the figures mentioned are spelt out in detail in the following statements:-

## CURRENT ACCOUNT : REVENUE

(Rs. lakhs)			
Item	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
<b>I Current revenue of Government administration shown in the Financial Statement</b>	<b>760055</b>	<b>878191</b>	<b>981062</b>
<b>II Less</b>			
1. Revenue receipts netted against -, expenditure Sale of Goods and Services (Account No.1)	18082	13432	14422
2. Interest Receipts from Departmental Enterprises (Account -.2)	16623	18371	20279
3. Revenue attributed to Departmental Enterprises (Account -2)	51161	55548	57223
4. Sale of Land & Property	74	4338	4298
5. Fund (Borrowing account)	115	77	82
6. Pension (Receipts)	2801	3000	3200
<b>III Add:</b>			
1. Profit Transferred by Departmental Commercial Undertakings (Account -2)	(-)13425	(-)13424	(-)15935
2. Rounding error	-	-	-
<b>IV Total Adjustments</b>	<b>(-)102281</b>	<b>(-)108190</b>	<b>(-)115439</b>
<b>Current revenue of Govt. administration as shown in the Economic Classification of Budget (Account -1)</b>	<b>657774</b>	<b>770001</b>	<b>865623</b>



## CURRENT ACCOUNT : EXPENDITURE

		(Rs. lakhs)		
Item		2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1		2	3	4
I.	Revenue expenditure as shown in the Financial Statement	865650	986834	1073090
II	Less			
	1. Revenue receipts netted against revenue expenditure-sale of goods and services (Account -1)	18082	13432	14422
	2. Interest receipts from Departmental Enterprises (Account -2)	16623	18371	20279
	3. Expenditure of capital nature in revenue Account	42413	50149	45494
	4. Current expenditure of Departmental Enterprises	88091	115132	122809
	5. Fund (Borrowing account)	7398	(-)11016	6432
	6. Pensions (Receipts)	2801	3000	3200
III	Add			
	1. Expenditure of revenue nature in Capital Account	15789	16000	20000
	2. Imputed Irrigation Subsidy	23505	46160	49651
	3 Rounding error			
IV	Total adjustments	(-)136114	(-)126908	(-)142985
V	Revenue expenditure of Government administration as shown in the Economic Classification of Budget	729536	859926	930105

## CAPITAL ACCOUNT : EXPENDITURE

		(Rs. lakhs)		
Item		2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1		2	3	4
<b>I.</b>	<b>Capital Expenditure as Shown in the Financial Statement</b>	<b>146712</b>	<b>89504</b>	<b>109752</b>
<b>II</b>	<b>Less</b>			
	1. Financial Investment in Shares	4589	14744	19741
	2. Expenditure of revenue nature in capital Account -I	15789	16000	20000
	3. Fund (Borrowing Account)	(-)4085	(-)4415	(-)4495
	4. Sale of Land and Property	74	4338	4298
<b>III</b>	<b>Add</b>			
	1. Expenditure of capital nature in revenue Account	42413	50149	45494
	2. Rounding error	-	-	-
<b>IV</b>	<b>Total Adjustments</b>	<b>(+)26046</b>	<b>(+)19481</b>	<b>(+)5950</b>
<b>V</b>	<b>Capital Expenditure as shown in the Economic classification of Budget</b>	<b>172758</b>	<b>108985</b>	<b>115702</b>

## TOTAL EXPENDITURE

Item	(Rs. lakhs)		
	2001-2002 (Actuals)	2002-2003 (R.E.)	2003-2004 (B.E.)
1	2	3	4
<b>I. As per consolidated fund shown in the Financial Statement</b>	<b>1443160</b>	<b>1456241</b>	<b>1584633</b>
<b>II Less</b>			
1. Current expenditure of Departmental Enterprises	88091	115132	122809
2. Revenue receipts netted against revenue expenditure – sale of goods and services (Account –1)	18082	13432	14422
3. Sale of land and property	74	4338	4298
4. Fund	3313	(-)15430	1937
5. Interest Departmental Enterprises	16623	18371	20279
6. Repayment of public debt.	400680	348022	378930
(Borrowing account)			
7. Pension (receipt)	2801	3000	3200
<b>III Add</b>			
1. Imputed Irrigation Subsidy	23505	46160	49651
2. Rounding error	-	-	(+)1
<b>IV Total Adjustments</b>	<b>(-)506159</b>	<b>(-)440705</b>	<b>(-)496223</b>
<b>V Total Expenditure as shown in the Economic &amp; Functional Classification</b>	<b>937001</b>	<b>1015536</b>	<b>1088410</b>



## APPENDIX

### 1- Notes on the Accounts and their Derivations

#### **Account -1 : Income and Outlay Account of Administrative Departments**

This account deals with the current revenue and expenditure of Government administrative departments. All the departments other than those which are commercial in nature, are considered as administrative for the purpose of economic classification. These include organs of the State, collection of taxes, other fiscal services, interest payments and services of debt, administrative services like police, jails, supplies and disposals, pensions, etc. and economic services like agriculture, animal husbandry, etc. The management of expenditure of various funds like those of famine relief and drought relief funds etc, are also included. The current expenditure of administrative departments consists of the final outlays of Government on current account which represent Government's current consumption. The final outlays are made up of purchases of commodities and services and wages and salaries. Besides, Government makes transfer payments, such as interest, grants, subsidies etc., to the rest of the economy which are added indirectly to the disposable income of the community. To meet these current expenditures, Government appropriates a part of the income of the community through a variety of taxes, miscellaneous fees, etc., accruing in the course of administration. In addition, Government has an investment income from property and entrepreneur-ship and also receives revenue grants, contributions and recoveries from the Central Government and the rest of economy. The excess of current receipt over current expenditure denotes the 'Saving' of the Government administration available for domestic capital formation. Some of the items included in this account are explained below:

#### **Compensation of Employees.**

This item comprises of pay of officers, pay of establishment, wages paid to casual labour, allowances and honoraria other than travelling and daily allowances, contribution to provident fund, pension payments and payments in kind such as, the cost of liveries and uniforms and ration supplied to police personnel.

### **Commodities and Services.**

This item includes all expenditure under contingency such as office supplies, rent, rates and taxes, fuel and light, printing, travel expenses, telephone and telegraph charges and other items of current operations and the whole of expenditure on current operations and the whole of expenditure on current repairs and maintenance, less sale of commodities and services by Government to enterprises and households.

### **Interest Paid**

Interest paid on public debt and other obligations other than on commercial debt which is included in Account-2.

### **Subsidies**

These are grants on current account which private industries etc. receive from the Government. These may take the form of direct payments to the producers, of differentials, between the buying and selling prices of Government trading organisations. All current transfers to public corporations, irrespective of whether they are made to maintain the price level or for other purposes, are treated as subsidies. Rebate on the sale of handloom cloth, loss on the sale of fertilizers, improved seeds, pesticides and agricultural implements, loss suffered by the Co-operative Societies etc. are also treated as subsidies. In the case of Irrigation, loss incurred by the Departmental Commercial Undertakings is treated as subsidy.

### **Current Transfers.**

These include grants to local bodies, grants to aided schools, scholarships and stipends and other current transfers to households, such as pensions for distinguished and meritorious services, territorial and political pensions, old age pensions, family allowances, prizes, gratuitous relief to famine stricken people, awards and other miscellaneous compensations and contributions etc., to private non-profit institutions.

### **Savings on Current Account.**

This represents the excess of current receipts over current expenditure.



### **Income from property and Entrepreneur-ship**

This flow records, the income receivable by the State Government from departmental commercial undertakings as well as, the net rent and dividends accruing to it from the ownership of buildings and financial assets.

### **Interest Received**

Interest received can be classified into three broad categories, from the households, the local bodies and the departmental commercial undertakings. The interest received from departmental commercial undertakings appears as a payment item in Account - 2.

This item, therefore, is deducted from both interest received and interest paid so that there is no double counting.

### **Direct Taxes**

These include taxes on income other than corporation tax, corporation tax, other taxes on income and expenditure, taxes on wealth and land revenue.

### **Indirect Taxes**

These are defined as taxes assessed on producers that are chargeable to the cost of commodities and services produced or sold. These include Union and State excise duties, stamps and registration fees, sales tax, taxes on vehicles, taxes on goods and passengers, electricity duties and other taxes and duties.

A list of direct and indirect taxes is given below: -

Direct Taxes	Indirect Taxes
1. Taxes on Income	1. Stamps and Registration fees.
2. Land Revenue	2. State Excise Duties
3. Corporation Tax	3. Sales Tax
4. Other Taxes on Income and Expenditure	4. Taxes on Vehicles
5. Taxes on Wealth	5. Taxes on Goods and passengers
6. Custom	6. Taxes and Duties on Electricity
7. Service Tax	7. Other Taxes and Duties on Commodities and Services



**Miscellaneous Receipts.**

Include fees, fines and forfeitures.

**Revenue Grants, Contributions, etc.**

Grants received from Government of India have been divided into revenue and capital grants. Only revenue grants have been detailed here.

**Account -2 : Production Account of Departmental Enterprises**

The departmental enterprises or Government trading enterprises may be defined as Government agencies producing commodities and services, that are not provided free of charge. The operation of these enterprises, are in the nature of entrepreneurial activities of Government. Current expenditure of these enterprises, like working expenses of productive enterprises, constitute intermediate expenditure that enter into prices of commodities and services, as these are sold to the other sectors of the economy. Hence, expenditure of these enterprises is different in character from final outlays by administrative departments, which have no income of their own and draw upon incomes of other sectors to meet their expenditure. Other main characteristics are :-

- i) Departmental Enterprises are subject to market forces i.e., demand and supply.
- ii) The activities of such enterprises are subordinate to legislative control and are owned, run and managed by the Government.
- iii) The intention to make profit is not the essential characteristic and the activities of such enterprises may be carried on deliberately at a loss.
- iv) The operation of departmental enterprises usually involves the use of expensive capital equipment and the holding of stocks which may be subject to large fluctuations and the provision for depreciation may, therefore, be a significant element in the total cost of operations.
- v) Commercial accounting methods have to be used to determine the profit or loss.
- vi) To maintain their operations, departmental enterprises must both give and receive commercial credit.

Independent Statutory Corporations and Boards set up by the State Government are excluded from the purview of this account. In this study, the following have been classified as departmental commercial undertakings :-

1. Irrigation.
2. Education (Only Sale of Text Books)
3. Road Transport.
4. Forests.
5. Civil Aviation
6. Printing and Stationery

The expenditure side of this account consists of the following items of current expenditure of departmental commercial undertakings, such as compensation to employees (i.e. Wages and Salaries) purchase of commodities and services (including maintenance and repairs), interest, consumption of fixed capital and profits. The loss on irrigation is treated as subsidy and is shown as negative expenditure on the expenditure side of the account. The sale proceeds are furnished on the receipt side.

### **Account -3 : Capital Finance Account of State Government.**

This account deals with the total capital formation by the State Government administration and its departmental commercial undertakings, together with capital transfer payments which are mostly for assisting capital formation in the rest of the economy. The capital expenditure of government administration and departmental commercial undertakings are given separately, whereas, the sources of finance are common to both.

#### **Expenditure on Capital Account.**

Items of expenditure appearing under this account are discussed below:-

#### **Change in Stocks**

Change in stocks represents the value of the physical change in raw materials, work-in-progress (other than the work-in-progress in buildings which are included in fixed capital formation) and finished products which are held by departmental commercial undertakings and in Government stockpiles. The net increase or decrease in stocks needed for construction works and stocks of departmental commercial undertakings are differentiated from change-in-stocks of strategic material like food, fertilizers, etc. held by administrative departments for policy purposes.



## **Gross Capital Formation**

Gross capital formation represents the gross value of the commodities which are added to the domestic capital stocks of the State. It comprises of expenditure on acquisition of fixed assets, as well as, the value of the physical change in stocks. The gross fixed capital formation, appearing under this head, consist of new outlay on buildings and other construction and machinery and equipment.

### **Buildings and Other Construction**

Buildings include all expenditure on new construction and major alterations to residential and non-residential buildings including the value of change in work-in-progress. Other construction include mostly expenditure on construction of roads and bridges, works on power and irrigation projects, flood control, forest clearance, land reclamation, water supply and sanitation.

### **Machinery and Equipment**

This item includes expenditure incurred on the purchase of various equipment, such as buses, jeeps, trucks, tractors for road haulage, power generating machinery, agricultural machinery and implements, office furniture, machinery and equipment and instruments used by professional men.

### **Net purchase of Physical Assets**

The major component here is purchase of land, occasionally, purchase and sale of second hand capital assets are also shown in budgets. These transactions of both land as well as second hand assets are treated as sale/purchase to arrive at new purchase of physical assets and they are classified separately.

### **Capital Transfers**

It covers grants to finance the construction of buildings, purchase of machinery and equipments and for public works, water supply and sewerage disposal schemes, etc. There are intended to assist capital formation in other sectors of the economy.

### **Receipts of Capital Account**

This part deals with the financing of the capital formation and the sources for the same are discussed as under:

#### **Savings**

The savings on current account is directly taken from Account-1.



## Consumption of Fixed Capital

This is brought over from Account-2

## Capital Transfers

Includes capital grants received from Government of India.

## Net Borrowings

Includes items like internal debt, small savings, provident funds etc.

## Other Liabilities

All investment in the share capitals of statutory corporations, cooperative societies and others are classified as financial assets and are shown against other liabilities, as a negative figure. Also included are the extra-budgetary receipts like loans from Government of India, loans and advances by State Government, Inter-State settlement, Contingency fund, Reserve fund, Deposits and Advances, Suspense and Miscellaneous, Remittances and Cash Balances, besides, there are some funds maintained by the government like famine relief fund, road fund etc, which are also covered here.

## 2- NOTES ON FUNCTIONAL CATEGORIES

### 1. General Public Services

#### 1.1 General Administration includes:-

Organs of government viz.; expenditure on Governor including his staff, library, research and other facilities, District and Sub-Divisional establishments, State Legislature including expenditure for Ministers ( Pay, allowances, T.A ., expenditure on elections).

#### 1.2 General Research includes:-

Institutions and organizations engaged in basic and general research and promotion of such research and in general scientific knowledge.

### 2. Defence

Civil defence services include expenditure on Home Guards.

### 3. Education.

#### 3.1 Administration, Regulation and Research include :-

- (a) Administrative expenditure on Education.
- (b) General regulation and promotion of school system, institutions of higher learning and adult and other educational activities i.e. expenditure on Board of Higher Secondary Education, University Grants Commission.
- (c) Research into objectives, organisations, administration and methodology of all types of education i.e. expenditure on production of text books, collection of educational statistics etc.

#### 3.2 Universities, Schools and Other Educational Facilities include:-

- (a) Educational Services i.e. all types of expenditure for primary and secondary schools, colleges, universities, technical training institutes like medical colleges and schools (including attached hospitals), nursing colleges/schools, veterinary colleges/schools, engineering colleges, art colleges/schools, music colleges and schools etc. This includes all expenditure on education for backward classes, adult education ,education for displaced persons, non-custodian type schools for deaf, dumb and blind. Items of expenditure, like introduction of Hindi in Universities, development of Sanskrit Education, Central Institute of Fisheries Education, Marine Engineering Training Schools etc., are also included. Expenditure on custodian type schools for deaf, dumb and blind is, however, excluded and grouped

under welfare services (Class-5). Expenditure for development of any language like development of Sanskrit ,development of Hindi etc., are also excluded and classified as cultural services (Class-7).

(b) Scholarships for education and research i.e. all type of scholarships for study in schools, colleges, universities or for research in any subject in India or abroad including payment of maintenance allowances for students doing research or study (This does not include maintenance allowance for in service trainees)

(c) Loans or grants for education i.e. ,grants to Universities, colleges, schools, educational institutions or to individuals.

(d) Subsidiary educational services i.e. expenditure for mid-day meals for students, free transport to attend schools, colleges etc., or free supply of textbooks or any other facilities to attract attendance in schools.

#### **4. Health**

##### **4.1 Administration, Regulation and Research include:-**

(a) Administration of Department for Health i.e. expenditure of Department of Health.

(b) Administration of National Health Schemes i.e. expenditure for medical insurance schemes.

(c) Expenditure for regulation of hospitals, medical and dental clinics, doctors, dentists, nurses and mid-wives. This includes-expenditure of Directorate of Health services, expenditure for drug control etc.

(d) Registration of information on vital events, diseases i.e. expenditure for registration of birth and death, expenditure for collection, analysis and research on vital statistics. This includes apart ( vital statistics) of the office of the Registrar General.

##### **4.2 Hospitals, Clinics and Other Health Services include :-**

(a) Hospitals and dispensaries i.e. all expenditure on hospitals, dispensaries, health clinics including insane asylums and care of mentally defective persons. These include expenditure on drugs supplied, provisions of appliances, cost of construction and maintenance of hospitals, dispensaries and their development.



- (b) Medical and health schemes i.e., expenditure on drugs and appliances of National Health Scheme or programmes for immunization, vaccination and other expenditure for eradication of epidemic diseases like Malaria Control Programme, Falaria Control Programme etc.
- (c) Loans and grants for medical or health purposes to private hospitals, clinics, health centres, other bodies and individual doctors.

## **5. Social Security and Welfare Services**

### **5.1 Social Welfare Services include :-**

- (a) Administration i.e. expenditures of Department of Social Welfare, Department of Family Planning etc.
- (b) Public relief i.e. expenditure on civil supply or rationing systems, subsidised food scheme, etc.
- (c) Child welfare services i.e. expenditure for child and mothers care, maternity benefits, child welfare clinics, institutions/homes for child and maternity homes, orphanages, etc.
- (d) Care of aged, disabled persons i.e. expenditure and grants to institutions for care of aged and other helpless persons, blind, dumb and deaf, women home etc.
- (e) Family Welfare Services, i.e. expenditure on family planning, family guardians and widows allowances, applied nutrition programme.
- (f) Other Welfare Services, i.e. payment of pensions to freedom fighters, territorial and political pensions unspecified and general expenditure on welfare of Backward Classes, grants, loans etc., to institutions or organisations engaged in welfare activities like Red Cross Society and Contribution for unspecified charitable purposes.

### **5.2 Social Security Benefits include :-**

Social Security Benefits i.e. expenditure on unemployment benefits, old age pensions, accident injury and sickness compensation and other benefits to compensate loss in income. This includes expenditure on personal injuries, compensation insurance schemes, state insurance schemes, grants to Life Insurance Corporation etc.

## 6. Housing and Community Services

### Housing and Community Services includes:-

- (a) Administration, regulation of standards and promotion of activities and facilities in respect of housing ,community development and sanitation
- (b) Housing and related slum clearance activities i.e. expenditure for provision, assistance or support of residential house building activities, cost of acquisition of land for housing or urban development ,loans to individuals or organisation for construction of residential houses, expenditure of the departments engaged in mortgage and financing for Residential buildings, the liabilities of which are solely to the Government.
- (c) Town and Country Planning i.e., all types of expenditure for planning and development of towns, colonies etc.
- (d) Urban and rural renewal and municipal amenities i.e. all types of expenditure for collection and disposal of garbage, refuse, development and maintenance of sewerage and drainage system, street cleaning ,smoke regulation, etc.
- (e) Community facilities i.e. expenditure on community development schemes (general and unspecific items), national extension schemes, local development works etc.

## 7. Cultural ,Recreational and Religious Services

### Cultural, Recreational and Religious Services include :-

- a) Administration concerning with culture ,recreation and religion i.e. expenditure of department of Culture, Directorate of Physical Education and Sports, Department of Tourism.
- b) Cultural and Literacy activities i.e. expenditure including grants/loans for studies of Civilisation Language, Literature, Libraries etc.
- c) Recreational places i.e.expenditure on maintenance and improvement of botanical and zoological gardens (excluding botanical & zoological surveys and research), development of tourism, maintenance and development of tourist places, museums, parks, play grounds, swimming pools , expenditure for camps , hostels and other lodging places (excluding student hostels), uplift of youth welfare, including N.C.C., physical education and sports.



- d) Religious Services i.e. grants for religious purposes including repairs and maintenance of ancient temples, contribution to religious institutions.

## **8. Economic Services**

### **8.1 General Administration , Regulation and Research include:-**

- a) Expenditure of departments, concerned with the General Administration of Economic, Commercial and Labour Affairs.
- b) General regulation and registration of business, i.e. expenditure on wage board, price control board, regulation of markets, shop's establishments, regulation and standardisation of weights and measures etc.
- c) Labour affairs of general character , i.e. expenditure on employment exchanges including training centers for unemployed persons with the object of fixing them with employment, expenditure on factory inspection (un-specified or general), expenditure on labour arbitration boards, labour tribunals, etc.
- d) Research on technology engineering market, labour and similar other research not allocable to any specific kind of industry expenditure on market research, research on manpower, employment, un-employment surveys etc., are included.

### **8.2 Agriculture, Forestry, Fishing & Hunting include :-**

- (a) Administration, regulation and research i.e. expenditure on department of Agriculture, Forest, Animal husbandry, Horticulture and Fisheries.
- (b) Development of Agriculture i.e. expenditure on agriculture farms, its implementation of improved method of agricultural practices including its demonstration, exhibitions, publicity , etc, distribution and control of seeds and fertilizers ,storing facilities for agricultural produce, marketing of agricultural produce ,expenditure on agricultural price support schemes, expenditure on grow more food scheme. This also includes expenditure on improvement of conditions of agricultural labourer, development of cash crops etc.
- (c) Development and use of soil i.e. expenditure on soil conservation, irrigation and drainage of lands, reclamation of waste lands, land settlement etc. This also includes consolidation of holdings, flood control measures and settlement of land disputes.



(d) Forest, i.e. expenditure on preservation of wild life, forest fire protection services and hunting etc.

(e) Livestock and animal husbandry, i.e. expenditure on veterinary hospitals, research on animal husbandry, development of animal husbandry and livestock, expenditure on poultry farms, fodder development schemes and research on it, expenditure for development of milk production, wool production etc.

(Expenditure on manufacturing, grading and processing of wool etc. are excluded).

(f) Fishing, i.e. expenditure for production of fish, mechanization of fish catching station, construction and improvement of fish landing station, fish nurseries, fish preservation and cold storage for fish. This also includes improvements of working conditions of fishermen, contribution to fishermen cooperative societies.

### **8.3 Mining, Manufacturing and Construction includes:-**

(a) Administration, regulation and research i.e. expenditure on Department of Industry.

(b) Mining, i.e. expenditure for promotion, investment, grants subsidies and assistance for extraction of mineral ores, expenditure for development of mines and working conditions of mines including labour welfare activities.

(c) Manufacturing i.e. expenditure for promotion, investment, grants, subsidies and other assistance for industrial development including village and small-scale industries. This also includes khadi industries and marketing of khadi and village industrial products.

(d) Buildings and other construction industries, i.e. expenditure for promotion, development of building materials, etc.

### **8.4 Electricity, Gas, Steam and Power include:-**

(a) Electricity, gas and steam i.e. expenditure on promotion, regulation, research, investment, grants, subsidies and other assistance for generation, transmission and distribution of electric power, gas, steam, heat etc. This includes loans and advances to bodies like State Electricity Board etc. (Subsidies given for consumption

of electric power for the benefit of a particular industry say khadi industry, is excluded from here and taken into account in that industry).

(b) Water supply i.e. expenditure on promotion, regulation, research, investment, grants, subsidies and other assistance for storing, purification and distribution of water, development of tanks and other water reservoirs in the rural areas, digging on wells in the rural areas for drinking purposes. (Tubewells and other water resources for Irrigation purposes are excluded)

#### **8.5 Atomic Energy includes :-**

Administration and research i.e. expenditure of Department of Atomic Energy.

#### **8.6 Transportation and Communication includes :-**

(a) Administration, regulation and research i.e. expenditure of Transport Controller and Department of Civil Aviation.

(b) Highways, road, bridges and tunnels, i.e. expenditure for construction, repairs, maintenance and other outlays for highways, roads, bridges and tunnels, development and regulation of car-parks and other type of parking places, terminal facilities for bus, truck, etc. (Bridges, tunnels, car-parks, highways etc. for which tolls are charged are excluded)

(c) Waterways and other navigations, i.e. expenditure including assistance, loans, etc., to commercial enterprises for promoting, providing for and maintaining facilities for inland regulation and control of waterways. This includes expenditure for dredging of canals, rivers, lakes including construction and operation of lighthouses, buoys, etc.

(d) Air transport and other communication, i.e., expenditure as investment, grants, subsidies and other assistance for air transport.

#### **8.7 Other Economic Services includes:-**

(a) Storage and Warehousing i.e., expenditure for promotion, regulation, research and other outlays for storage and warehousing of general character (storage for specific items are grouped in appropriate category of that item).



(b) Cooperative activity, i.e. expenditure for promotion, regulation, research and other outlays, assistance, loans, etc. for cooperative activities of general character. This includes expenditure of office for registration and control of co-operative societies.

## 9. Other Services

### 9.1 Relief Operation includes :-

(a) Flood relief, drought relief and relief work on other disasters and calamities (expenditure on specific purposes like education, health etc. incurred under these heads are excluded and classified under concerned categories.)

(b) Refugee relief and rehabilitation, i.e. expenditure of the Department of Rehabilitation, feeding and other expenditure of refugees, management of camps, grants/loans to refugees for business, etc.

### 9.2 Other Miscellaneous Services includes :-

It includes interest payments except interest expenditure incurred on departmental enterprises.

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