



GOVERNMENT OF HARYANA

**AN ECONOMIC AND FUNCTIONAL/PURPOSE
CLASSIFICATION OF THE
HARYANA GOVERNMENT BUDGET
2004-2005**

**ISSUED BY: -
ECONOMIC AND STATISTICAL ADVISER
PLANNING DEPARTMENT, HARYANA
2005**

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PREFACE

This report presents Economic and Functional/Purpose Classification of budgetary transactions of Haryana Government Budget for the year 2002-2003 (Actuals), 2003-2004 (Revised Estimates) and 2004-2005 (Budget Estimates). The present Economic and Functional/Purpose 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/Purpose 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/Purpose 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/Purpose Classification" which presents in a consolidated statement, the economic and functional/purpose 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 14th November, 2005

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Economic & Statistical Adviser
to Government, Haryana

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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/Purpose 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/Purpose 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 inter-locking 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 Income and Outlay Account of Administrative Departments**
- Account -2 Production Account of Departmental Commercial undertakings .**
- Account - 3 Capital Finance Account of the State Government**

THE SET OF ACCOUNTS

ACCOUNT-I

Income and Outlay Account of Administrative Departments

(Rs. lakhs)

Items		2002-2003 (Actuals)	2003-2004 (Revised Estimates)	2004-2005 (Budget Estimates)
1	2	3	4	5
	Receipts			
1.	Income from Entrepreneurship and property	14751	12842	24711
	1.1 Profits	(-)11836	(-)16826	(-)16721
	1.2 Income from Property	26587	29668	41432
	1.2.1 Net Interest Receipts	14200	19291	25481
	a) Local Bodies	-	-	-
	b) From Other Sectors	14200	19291	25481
	1.2.2 Other property Receipts	12387	10377	15951
2.	Direct Taxes	22246	25190	25436
	2.1 Land Revenue	212	890	1136
	2.2 Other Taxes	22034	24300	24300
	2.2.1 Corporation Tax	11407	13381	13381
	2.2.2 Income Tax	10394	10900	10900
	2.2.3 Other Taxes on Income and Expenditure	215	-	-
	2.2.4 Wealth Tax	18	19	19
3.	Indirect Taxes	607783	656416	721860
	3.1 Custom	12306	13176	13176
	3.2 Excise	87872	93500	99500
	3.3 Sales Tax	333743	379500	425000
	3.4 Stamps & Registration Fees	54139	62500	70000
	3.5 Other Taxes & Duties	99083	107740	114184
4.	Fees & Miscellaneous Receipts	55591	63877	82904
5.	Revenue Grants from Other Governments	54290	74737	81987
	a) Centre	54290	74737	81987
	b) States	-	-	-
Total Receipts (Item 1 to 5)		754661	833062	936898

ACCOUNT-I

Income and Outlay Account of Administrative Departments

		(Rs. lakhs)		
Items	2002-2003 (Actuals)	2003-2004 (Revised Estimates)	2004-2005 (Budget Estimates)	
1	2	3	4	5
Disbursements				
6.	Consumption Expenditure	369672	390732	418018
	6.1 Compensation of Employees	325396	353640	373780
	a) Wages and Salaries	264370	289728	304871
	b) Pensions	61026	63912	68909
	6.2 Net Purchase of Commodities and Services	44276	37092	44238
	a) Purchases	47580	52746	58037
	b) Maintenance and Repairs	15085	12782	14024
	c) Less Sales	18389	28436	27823
7.	Net Interest Paid	189772	208076	236638
	7.1 To Public Authorities	69526	63084	45411
	a) Centre	69526	63084	45411
	b) States	-	-	-
	c) Local Bodies	-	-	-
	7.2 To Others	138383	164798	212883
	7.3 Less Commercial Interest	18137	19806	21656
8.	Subsidies	118373	132834	154617
9.	Current Transfers	121204	158005	179788
	9.1 To Public Authorities	8877	14796	16042
	a) Centre	-	-	-
	b) States	-	-	-
	c) Local Bodies	8877	14796	16042
	9.2 To Other Sectors	112327	143209	163746
10.	Total Disbursements	799021	889647	989061
11.	Saving on Current Account	(-)44360	(-)56585	(-)52163
12.	Total Receipts	754661	833062	936898

ACCOUNT-2

Production Account of Departmental Enterprises

(Rs. lakhs)

Items	2002-2003 (Actuals)	2003-2004 (Revised Estimates)	2004-2005 (Budget Estimates)
1	2	3	4
Receipts:			
1. Sale of Goods and Services	54159	70654	63680
2. Imputed Irrigation Subsidy	33263	35599	47497
3. Total Receipts	87422	106253	111177
Expenditure:			
4. Purchase of Commodities and Services including Maintenance	44923	44654	44159
5. Compensation of Employees	33689	55910	59172
5.1 Wages and Salaries	27371	45806	48263
5.2 Pensions	6318	10104	10909
6. Interest	18137	19806	21656
7. Consumption of Fixed Capital	2509	2709	2911
8. Profits	(-11836)	(-16826)	(-16721)
9. Total Expenditure	87422	106253	111177

ACCOUNT-3

Capital Finance Account of State Government

		(Rs. lakhs)		
Items	2002-2003 (Actuals)	2003-2004 (Revised Estimates)	2004-2005 (Budget Estimates)	
1	2	3	4	5
Receipts:				
1.	Consumption of Fixed Capital	2509	2709	2911
2.	Capital Transfers	-	-	-
	2.1 From the Other Governments	-	-	-
	2.2 From Rest of the World	-	-	-
3.	Net Borrowings	207398	244820	315701
	3.1 At Home	207398	244820	315701
	3.2 From Other Sectors	-	-	-
4.	Other Liabilities	(-110100)	(-148444)	(-181099)
	4.1 Extra Budgetary Receipts	(-93964)	(-133958)	(-155795)
	4.2 Less Net Purchase of Financial Assets	16136	14486	25304
5.	Savings (Balancing item Account No.1)	(-44360)	(-56585)	(-52163)
6.	Total Receipts	(-55447)	42500	85350
Expenditure:				
7.	Change in Stocks	(-52928)	(-64343)	(-38555)
	7.1 Administrative Departments	(-53025)	64369	(-38581)
	7.2 Departmental Enterprises	97	26	26
8.	Gross Fixed Capital Formation	88033	87954	107083
	8.1 Administrative Departments	60566	71269	86276
	8.2 Departmental Enterprises	27467	16685	20807
9.	Net Purchase of Physical Assets	347	190	-
	9.1 Second Hand Assets	-	-	-
	(a) Administrative Departments	-	-	-
	(b) Departmental Enterprises	-	-	-
	9.2 Land	347	190	(-3363)
	(a) Administrative Departments	182	(-360)	(-3913)
	(b) Departmental Enterprises	165	550	550
10.	Capital Transfers	19995	18699	20185
	10.1 For Capital Formation	19929	18600	20102
	10.2 For Others	66	99	83
11.	Total Expenditure	55447	42500	85350

Borrowing Account

Items	(Rs. lakhs)					
	2002-2003		2003-2004		2004-2005	
	(Actuals)		(R.E)		(B.E.)	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
1	2	3	4	5	6	7
I Borrowing at Home						
1. Internal Debt	421115	249203	485499	283033	613366	345400
2. Small Savings, Provident Fund, etc.	100085	64599	109167	66813	121199	73464
3. Other Debt	-	-	-	-	-	-
Total	521200	313802	594666	349846	734565	418864
Net Receipts	207398		244820		315701	
II Borrowing Abroad						
1. External Debt	-	-	-	-	-	-
2. Other Debt	-	-	-	-	-	-
Total	-	4	-	-	-	-
III. Extra Budgetary Receipts						
1. Loans and Advances by State Government	10630	45644	13780	31265	13427	23564
2. Loans from Govt. of India	24917	25164	38856	151129	35153	156613
3. Inter State Settlement	-	-	-	-	-	-
4. Contingency Fund	-	-	-	-	-	-
5. Reserve Fund	17374	13736	17123	16992	18760	19900
6. Deposits and Advances	214142	202572	183400	178700	208700	213700
7. Suspense & Miscellaneous	1294349	1384974	1022200	1036050	1125000	1148300
8. Remittances	176727	179088	100000	100000	120000	120000
9. Cash Balance	(-)4708	(-)22440	(-)22440	(-)33700	(-)33700	(-)43639
10 Fund	1119	(-)2733	378	4110	367	2153
11. Consumption of Fixed Capital	-	2509	-	2709	-	2911
Total	1734550	1828514	1353297	1487255	1487707	1643502
Net Receipts	(-)93964		(-)133958		(-)155795	

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.977898 lakhs in 2003-2004 (Revised Estimates) to Rs.1123279 lakhs in 2004-2005 (Budget Estimates) thereby showing an increase of 14.87 per cent in 2004-2005 (B.E.) over 2003-2004 (R.E.) as compared to an increase of 6.73 per cent in 2003-2004 (R.E.) over 2002-2003 (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)		
	2002-2003 (Actuals) 2	2003-2004 (R.E.) 3	2004-2005 (B.E.) 4
1. Final Outlays	405124	414533	483183
a) Government Consumption Expenditure (vide item 6 Account -1)	(44.22) 369672	(42.39) 390732	(43.02) 418018
i) Compensation of Employees (vide item 6.1 Account -1)	(40.35) 325396	(39.96) 353640	(37.22) 373780
ii) Net Purchase of Commodities & Services (vide item 6.2 Account - 1)	(35.52) 44276	(36.17) 37092	(33.28) 442.38
b) Gross Capital Formation	(4.83) 35105	(3.79) 23611	(3.94) 68528
i) Gross Fixed Capital Formation (vide item 8 Account - 3)	(3.83) 88033	(2.41) 88054	(6.10) 107083
ii) Change in Stocks (vide item 7, Account -3)	(9.61) (-)52928	(9.00) (-)64443	(9.53) (-)38555
c) Net Purchase of Physical Assets (vide item 9 Account -3)	(-)5.78 347	(-)6.59 190	(-)3.43 (-)3363
2. Transfer Payments to the rest of the economy	(0.04) 449344	(0.02) 517614	(-)0.30 591228
a) Current Transfers*(vide items 7, 8 and 9 Account -1)	(49.04) 421547	(52.93) 489924	(52.63) 563758
(b) Capital Transfers (vide item 10 Account -3)	(46.01) 27797	(50.10) 27690	(50.19) 27470
3. Financial Investment and Loans to the rest of economy	(3.03) 61779	(2.83) 45751	(2.44) 48868
Total Expenditure	(6.74) 916247	(4.68) 977898	(4.35) 1123279
	(100.00)	(100.00)	(100.00)

* Current transfers include subsidy and interest

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. 405124 lakhs during 2002-2003 (Actuals), Rs. 414533 lakhs during 2003-2004 (R.E.) and Rs. 483183 lakhs during 2004-2005 (B.E.). Thus, showing increased of 2.32 percent during 2003-2004 (R.E) over 2002-2003 (Actuals) and an increase of 16.56 percent during 2004-2005 (B.E.) over 2003-2004 (R.E.) . The corresponding contribution of final outlays to total expenditure during the above years was 44.22, 42.39 and 43.02 percent respectively.

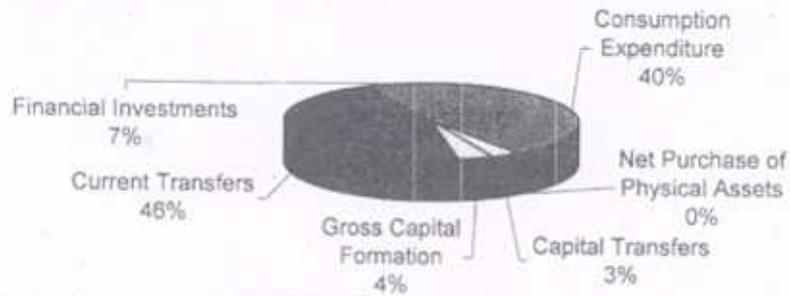
The Government consumption expenditure is the expenditure on compensation of Employees as well as net purchase of commodities and services. It was Rs. 369672 lakhs during 2002-2003 (Actuals), Rs. 390732 lakhs during 2003-2004 (R.E.) and is Rs. 418018 lakhs during 2004-2005 (B.E.). Its contribution to total expenditure during the above periods was 40.35, 39.96 and 37.22 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. 35105 lakhs during 2002-2003 (Actuals) , 23611 lakhs during 2003-2004 (R.E.) and expected to be Rs. 68528 lakhs during 2004-2005 (B.E.). Its share to total expenditure during the above periods was 3.83, 2.41 and 6.10 percent respectively. The decrease in capital formation during above periods 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.

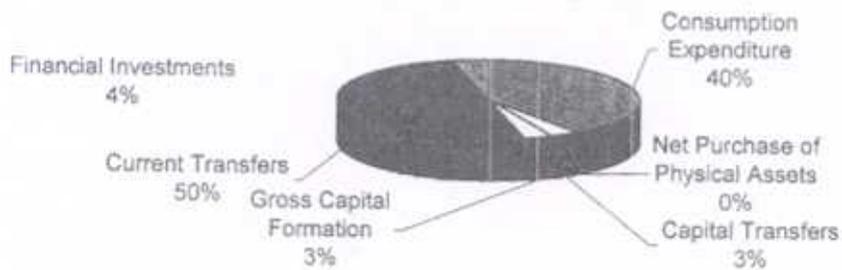
Transfer payments consist of both current and capital transfers. It was 449344 lakhs during 2002-2003 (Actuals), 517614 lakhs during 2003-2004 (R.E.) and estimated to be Rs. 591228 lakhs during 2004-2005 (B.E.) .Its contribution to total expenditure during the above periods were 49.04 , 52.93 and 52.63 percent respectively.

The financial investment and loans of the Government was Rs. 61779 lakhs during 2002-2003 (Actuals), Rs. 45751 lakhs during 2003-2004 (RE) and estimated to be Rs. 48868 lakhs during 2004-2005 (B.E). Its contribution in the total expenditure was 6.74 percent during 2002-2003 (Actuals), 4.68 percent during 2003-2004 (R.E) and estimated to be 4.35 percent during 2004-2005 (B.E).

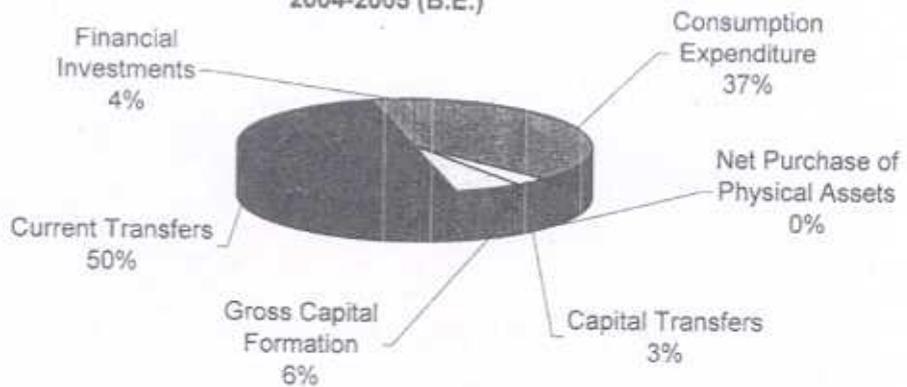
**Economic Classification -Distribution of Expenditure
2002-2003 (Actuals)**



2003-2004 (R.E.)



2004-2005 (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. 72879 lakhs during 2002-2003 (Actuals), Rs. 62228 lakhs during 2003-2004 (R.E) and expected to be Rs. 66870 lakhs during 2004-2005 (B.E.). It decreased 14.61 percent during 2003-04(R.E.) over 2002-2003 (Actuals).

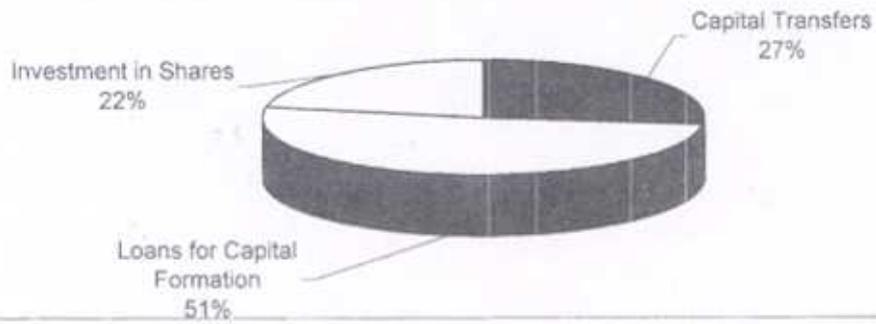
Capital transfers were to the tune of RS. 19929 lakhs during 2002-2003 (Actuals), Rs. 18600 lakhs during 2003-2004 (R.E.) and estimated to RS. 20102 lakhs during 2004-2005. Its contribution to total financial assistance was 27.35 percent, 29.89 percent and 30.06 percent respectively during the above periods.

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

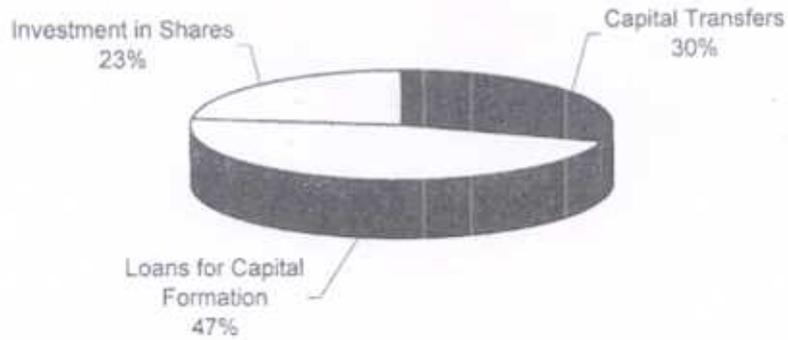
TABLE - 3.2
Financial Assistance for Capital Formation

Items	(Rs. lakhs)		
	2002-2003 (Actuals)	2003-2004 (R.E)	2004-2005 (B.E.)
1	2	3	4
1. Capital Transfers to Non Government Bodies(vide item 10.1 Account -3)	19929 (27.35)	18600 (29.89)	20102 (30.06)
2. Loans for Capital Formation(includes Loans and Advances used for Capital Formation only)	36814 (50.51)	29142 (46.83)	21464 (32.10)
3. Investment in Shares(vide item 4.2 Account -3)	16136 ((22.14)	14486 (23.28)	25304 (37.84)
Financial Assistance for Capital Formation	72879 (100.00)	62228 (100.00)	66870 (100.00)

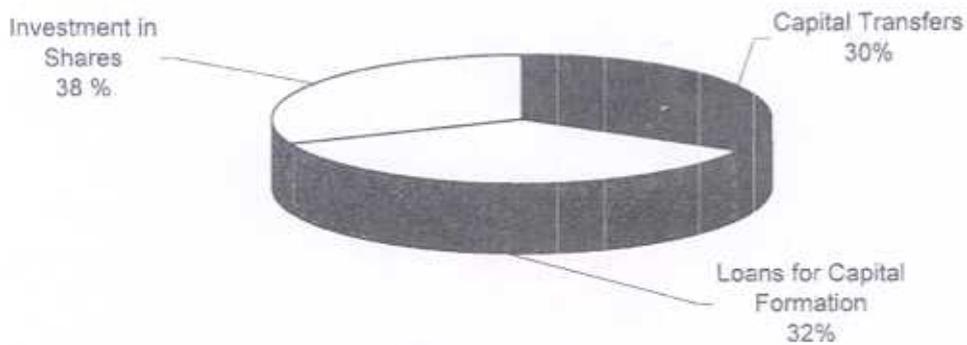
**Financial Assistance for Capital Formation
2002-2003 (Actuals)**



2003-2004(R.E.)



204-2005(B.E.)



3. Aggregate Gross Capital Formation out of Budgetary Resources

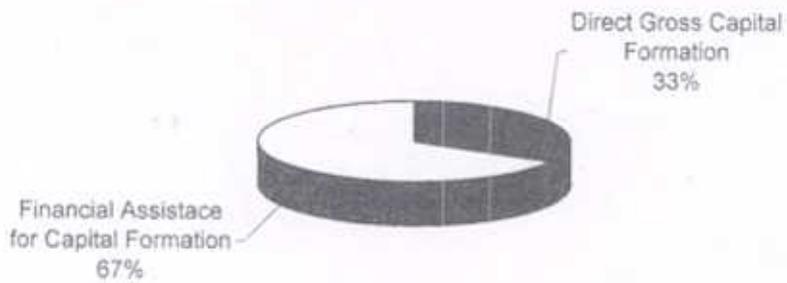
If the figures of direct gross capital formation by the State Government is added to the figures of financial assistance for capital formation to the rest of the economy, the resultant figure indicate the Aggregate gross capital formation out of the budgetary resources. The aggregate gross Capital formation of budgetary resources was to the tune of Rs. 107984 lakhs during 2002-2003 (Actuals) Rs.85839 lakhs during 2003-2004 (R.E.) and estimated at Rs .135398 lakhs during 2004-2005 .This shows a decrease of 20.51 percent during 2003-2004 (R.E.) over 2002-2003(Actuals) and increased by 57.73 percent during 2004-2005 (B.E.) over 2003-2004 (R.E.). The details are given in Table -3.3 and in the Graph.

TABLE - 3.3

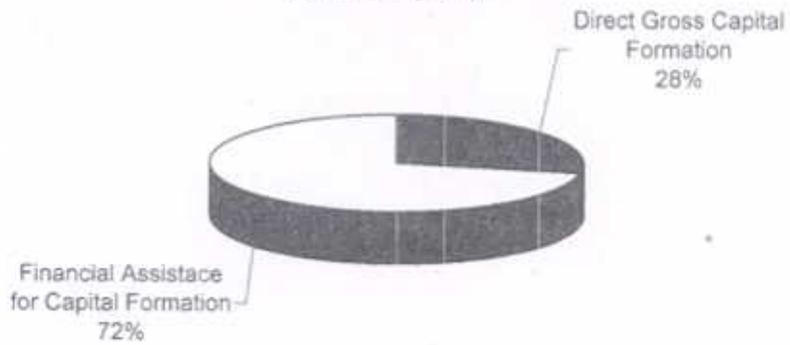
Aggregate Gross Capital Formation out of Budgetary Resources of the State Government

Items	(Rs. lakhs)		
	2002-2003 (Actuals)	2003-2004 (R.E)	2004-2005 (B.E.)
1	2	3	4
1. Gross Capital Formation by the State Government (Vide Table -3.1)	35105 (32.51)	23611 (27.51)	68528 (50.61)
2. Financial Assistance for Capital Formation to the rest of economy (Vide Table -3.2)	72879 (67.49)	62228 (72.49)	66870 (49.39)
Aggregate Gross Capital Formation out of Budgetary Resources of the State Government	107984 (100.00)	85839 (100.00)	135398 (100.00)

**Aggregate Gross Capital Formation
2002-2003(Actuals)**



2003-2004 (R.E.)



2004-2005 (B.E.)



3. Current Receipts of the State Government

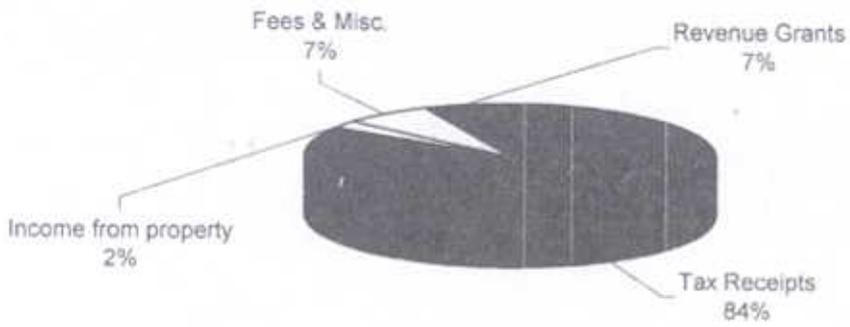
Current receipts of the State Government shows the sources of finance to the Government and also assess the economic implication of Government expenditure. The receipts of the State Government was Rs.754661 lakhs during 2002-2003 (Actuals), Rs. 833062 lakhs during 2003-2004 (R.E.) and estimated to be Rs. 936898 lakhs during 2004-05 (B.E.) Thus , the increase in the current receipt over previous year was 10.39 percent during 2003-2004 (R.E.) and 12.46 percent during 2004-2005 (B.E.).

Tax receipt is a major source of current receipt and its share in the total current receipts was 83.49 percent during 2002-2003(Actuals), 81.82 percent during 2003-2004 (R.E.) and estimated to be 79.76 percent during 2004-2005 (B.E.) The current receipts of the State Government under different heads are given in the Table 3.4 and in the Graph.

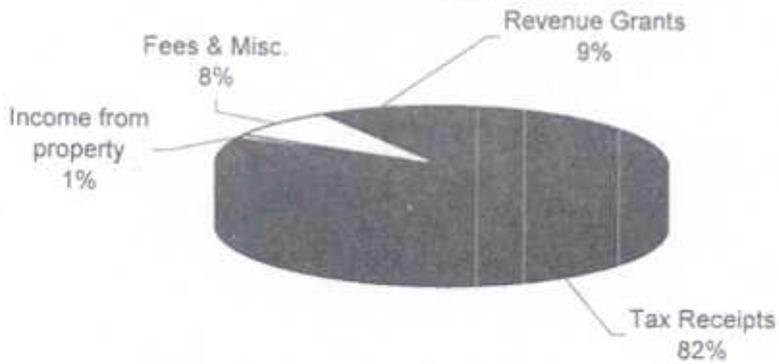
TABLE -3.4
Current Receipts

Items	(Rs. lakhs)		
	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
1	2	3	4
1. Tax Receipt (vide item 2 and 3, Account -1)	630029 (83.49)	681606 (81.82)	747296 (79.76)
2. Income from Property and Entrepreneurship (vide item 1, Account -1)	14751 (1.95)	12842 (1.54)	24711 (2.64)
3. Fees and Miscellaneous Receipts (vide item 4, Account -1)	55591 (7.37)	63877 (7.67)	82904 (8.85)
4. Revenue Grants from Government of India (vide item 5, Account -1)	54290 (7.19)	74737 (8.97)	81987 (8.75)
5. Total Current Receipts	754661 (100.00)	833062 (100.00)	936898 (100.00)

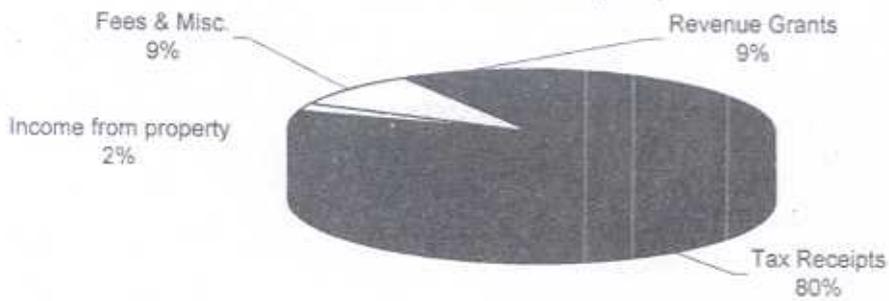
Current Receipts 2002-2003(Actuals)



2003-2004(R.E.)



2004-2005 (B.E.)



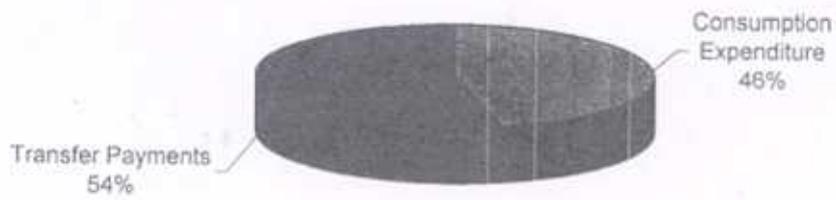
4. Current Outgoings of the State Government.

The current outgoings 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. 799021 lakhs during 2002-2003 (Actual) to Rs. 889647 lakhs during 2003-2004 (R.E.) and estimated to increase by Rs.989061 lakhs during 2004-2005 (B.E.), thus showing an increase 11.34 percent during 2003-2004 (R.E.) and 11.17 percent during 2004-2005 (B.E.). Transfer payments form the major source of current outgoings of the State Government and it is followed by consumption expenditure. Transfer payment was to the tune of Rs. 429349 lakhs during 2002-2003 (Actuals), Rs. 498915 lakhs during 2003-2004 (R.E.) and estimated at Rs. 571043 lakhs during 2004-2005 (B.E.). Its contribution to total current outgoings was 53.73 percent, 56.08 percent and estimated to 57.74 percent respectively during the above period. The details are given in Table 3.5.

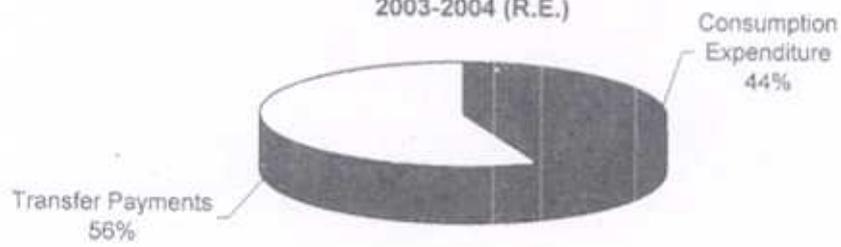
TABLE -3. 5
Current Outgoing of the State Government

Items	(Rs. lakhs)		
	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
1	2	3	4
1. Consumption Expenditure	369672	390732	418018
2. (vide item 6 , Account -1)	(46.27)	(43.92)	(42.26)
2. Transfer Payments (vide items 7,8 and 9 Account -1)	429349 (53.73)	498915 (56.08)	571043 (57.74)
3. Total Current Outgoing (1+2)	799021 (100.00)	889647 (100.00)	989061 (100.00)

Current Outgoings 2002-2003 (Actuals)



2003-2004 (R.E.)



2004-2005 (B.E.)



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)		
	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
1	2	3	4
1. Gross Receipts* (vide item 3, Account -2)	87422	106253	111177
2. Operating Expenses (vide items 4,5,6 and 7, Account -2)	99258	123079	127898
Net Surplus (1-2)	(-)11836	(-)16826	(-)16721

* 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)		
	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
1	2	3	4
1. Administration (Total Wages & Salaries) Less Wages and Salaries in	325396	353640	373780
2. Construction	11737	11428	11924
3. Water Supply	15617	16517	17482
4. Other Services	176089	188810	200039
a) Education	143816	155086	163848
b) Health	32273	33724	36191
c) Sanitation	-	-	-
5. Sub Total (2 to 4)	203443	216755	229445
6. Public Administration (1-5)	121953	136885	144335

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

SUBSIDIARY TABLES

Table 3.8(i)

Domestic Product by Industry of Origin and Factor Income of Departmental Enterprises year 2002-2003 (Actuals)

(Rs. Lakh)

State: Haryana

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	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Irrigation	8356	9422	-	-	4219	16476	2	-	-	5212	33263	39475	24834	24834
2	Forest	3785	686	-	-	766	-	24	-	(-12364)	2897	-	2897	1475	1445
3	Printing & Stationery	389	49	1	-	-	-	-	11	(-352)	88	-	88	37	46
4	Gen. Education	537	523	3	-	-	-	5	1	(-302)	767	-	767	240	241
5	Transport	20622	26945	-	-	-	1661	2276	2497	(-38818)	45185	-	45185	15743	18240
	(I) Civil Aviation	48	5	-	-	-	-	1	-	(-52)	2	-	2	(-3)	(-3)
	(II) Road Transport	20574	26940	-	-	-	1661	2277	2497	(-8766)	45183	-	45183	15746	18243
	Total	33689	37625	4	-	4985	18137	2309	2509	(-11836)	54159	33263	87422	42299	44808

Table 3.8(ii)

Domestic Product by Industry of Origin and Factor Income of Departmental Enterprises Year 2003-2004 (R.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	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Irrigation	24473	9633	-	-	2871	18106	1	-	-	19485	35599	55084	42590	42580
2	Forest	4130	980	-	-	589	-	19	-	(-2982)	2736	-	2736	1167	1167
3	Printing & Stationery	420	51	1	-	-	-	-	8	(-417)	63	-	63	3	11
4	Gen. Education	598	588	3	-	-	-	5	1	65	1260	-	1260	668	669
5	Transport	26289	27606	6	-	-	1700	2301	2700	(-13492)	47110	-	47110	16798	19498
	(i) Civil Aviation	60	5	6	-	-	-	1	-	(-62)	10	-	10	(-1)	(-1)
	(ii) Road Transport	26229	27601	-	-	-	1700	2300	2700	(-3430)	47100	-	47100	16799	19499
	Total	55910	38858	10	-	3460	19806	2326	2709	(-16826)	70654	35599	106253	61216	63925

Table 3.8(iii)

Domestic Product by Industry of Origin and Factor Income of Departmental Enterprises year 2004-2005 (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	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Irrigation	26204	6542	-	-	3333	19906	2	-	-	8490	47497	55987	46112	46112
2	Forest	4802	1191	-	-	795	-	19	-	(-3916)	2891	-	2891	905	905
3	Printing & Stationery	443	55	1	-	-	-	-	10	(-434)	75	-	75	9	19
4	Gen. Education	653	597	4	-	-	-	6	1	(-1)	1260	-	1260	658	659
5	Transport	27070	29306	-	-	6	1750	2302	2900	(-1)2370	50964	-	50964	18752	21652
	(i) Civil Aviation	63	6	-	-	6	-	2	-	(-65)	12	-	2	0	0
	(ii) Road Transport	27007	29300	-	-	-	1750	2300	2900	(-1)2305	50952	-	50952	18752	21652
	Total	59172	37691	5	-	4134	21656	2329	2911	(-1)6721	63680	47497	111177	66436	69347

Table 3.9(i)

Capital Formation by Type of Assets & Industry-Administration year 2002-2003(Actuals)

State: Haryana

(Rs. Lakh)

Sr.No.	Industry	Gross Domestic Fixed Capital Formation						Total	Change in Stocks	Gross Capital Formation (10+11)	Deprca-tion	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	7517	18831	20971	875	6372	60566	-	60566	(-35325)	7541	-	7541
	Less												
2	Construction Machinery & Stock of P.W.D.					8	8		8	1219	1227		1227
3	Water Supply			19276		(-114)	19202		19262	187	19429		19429
4	Other Services	2164		2258	25	657	5104		5104	-	5104		5104
	i) Education 3.2	1406		-	3	54	1523		1523	-	1523		1523
	ii) Medical & Public Health 4.2	698		76	22	603	1399		1399	-	1399		1399
	iii) Sanitation			2182		-	2182		2182	0	2182		2182
5	Total (2 to 4)	2164		21534	25	651	24374		24374	1386	25760		25760
	Net Public Admn (1-5)	5353	18831	5437	850	5721	36192		36192	(-54411)	(-18219)		(-18219)

Table 3.9 (iii)
Capital Formation by Type of Assets & Industry - Administration year 2003-2004 (R.E.)

State: Haryana

(Rs. Lakh)

Sr. No.	Industry	Gross Domestic Fixed Capital Formation							Total New Outlay (3 to 7)	Net Purchase of Second H. Assets	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									
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
	Administration Total	11651	27596	24769	1714	5539	71269	-	71269	(-84369)	6900	-	6900		
	Less														
2	Construction Machinery & Stock of P.W.D.					295	295	-	295	50	345	-	345		
3	Water Supply			19656		15	19671	-	19671	1	19672	-	19672		
4	Other Service	2375		1117	34	764	4290	-	4290	-	4290	-	4290		
	i) Education 3.2	1628				84	1712	-	1712	-	1712	-	1712		
	ii) Medical & Public Health 4.2	747		350	34	660	1811	-	1811	-	1811	-	1811		
	iii) Sanitation			767			767	-	767	-	767	-	767		
5	Total (2 to 4)	2375		20773	34	1074	24256	-	24256	51	24307	-	24307		
	Net Public Adm (1-5)	9276	27596	3996	1680	4465	47013	-	47013	(-84420)	(-17407)	-	(-17407)		

Capital Formation by Type of Assets & Industry - Administration year 2004-2005 (B.E.)

State: Haryana

Sr. No.	Industry	Gross Domestic Fixed Capital Formation							Total New Outlay (3 to 7)	Net Purchase of Second H Assets	Total	Change in Stocks	Gross Capital Formation (10+11)	Depreciation	Net Cap Formation (12-13)
		Buildings	Roads & Bridges	Other Construction	Transport Equipment	Mech. Equipment	7	8							
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
	1 Administration Total	17767	32405	26703	1344	8957	86276	-	86276	(-)38581	47695		47695		
	Less														
	2 Construction Machinery & Stock of P.W.D.					379	379		379	53	432		432		
	3 Water Supply			22810		120	22930		22930	2	22932		22932		
	4 Other Services	3408		2668	60	2256	8450		8450		8450		8450		
	(i) Education 3.2	2350			17	88	2455		2455		2455		2455		
	(ii) Medical & Public Health 4.2	1116		50	43	2168	3377		3377		3377		3377		
	(iii) Sanitation			2818			2818		2818		2818		2818		
	5 Total (2 to 4)	3406		25478	60	2765	31759		31759	55	31814		31814		
	Net Public Admn. (1-5)	14301	32405	1225	1284	5302	54517		54517	(-)38636	15881		15881		

Date: 08/08/05

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Table 3.10 (I)

Capital Formation by Type of Assets & Industry of use -Enterprises year 2002-2003(Actuals)

Sr. No.	Item Industry	Gross Domestic Fixed Capital Formation							Net purchase of sec. hand assets	Total Change in Stocks	Gross Capital formation (10+11)	Depreciation	Net Capital formation (12-13)	
		Buildings and Bridges												
		3	4	5	6	7	8	8						
1	2								9	10	11	12	13	14
1	Irrigation 2701+2702+4701+4702	-	-	19494	-	13	19507	-	-	19507	97	19604	-	19604
2	Forest 2406+4406	28	-	2343	-	39	2410	-	-	2410	-	2410	-	2410
3	Printing & Stationery 2058+4058	3	-	-	-	-	3	-	-	3	-	3	11	(-8)
4	General Education 2202+4202	-	-	-	-	-	-	-	-	-	-	-	1	(-1)
5	Others 4202	454	-	17	4980	96	5547	-	-	5547	-	5547	2497	3050
	I) Road Transport 3055+5055	450	-	-	4980	86	5516	-	-	5516	-	5516	2497	3019
	II) Civil Avi. 3053+5053	4	-	17	-	10	31	-	-	31	-	31	-	31
	Total	485	-	21854	4980	148	27467	-	-	27467	97	27564	2509	25055

(Rs. Lakh)

Table 3.10 (ii)

State: Haryana		Capital Formation by Types of Assets and Industry of Use - Enterprises Year 2003-2004 (R.E.)											2004			
Item		Gross Domestic Fixed Capital Formation											2003			
Sr. No.	Item	Gross Domestic Fixed Capital Formation										Total purchase (8+9) of sec. hand assets	Change in Stocks	Gross Capital formation (10+11)	Depreciation	Net Capital formation (12-13)
		Buildings	Roads and Bridges	Other Contructions	Transport Equip-ment	Mach-inery Equip-ment	Total (New Outlay) 3 to 7	Total								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1	1) Irrigation 2701+2702+4701+4702	-	-	8743	-	77	8820	-	8820	26	8846	-	8846	-	-	
2	2) Forest 2406+4406	108	-	2154	33	20	2315	-	2315	-	2315	-	2315	-	-	
3	3) Printing & Stationery 2058+4058	11	-	-	-	1	29	-	29	-	29	-	29	-	-	
4	4) General Education 2202+4202	10	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	5) Others 4202	455	-	15	4885	166	5521	-	5521	-	5521	-	5521	2700	2821	
	i) Road Transport 3055+5055	450	-	-	4885	136	5471	-	5471	-	5471	-	5471	2700	2771	
	ii) Civil Avi. 3053+5053	5	-	15	-	30	50	-	50	-	50	-	50	-	50	
	Total	591	10912	4918	16685	264	16685	16685	16685	26	16711	2709	14002			

Table 3.10 (iii)

Capital Formation by Types of Assets and Industry of Use - Enterprises year 2004-2005 (B.E.)

State: Haryana

(Rs. Lakh)

Sr. No.	Item Industry	Gross Domestic Fixed Capital Formation											Net purchase of sec. hand assets	Total Change in Stocks (8+9)	Gross Capital formation (10+11)	Depreciation	Net Capital formation (12-13)
		Buildings and Bridges	Roads and Contru- ctions	Other Equip- ment	Trans- port Equip- ment	Mach- inery (New Outlay)	Total	3	4	5	6	7					
1	2	3	4	5	6	7	8	9	10	11	12	13	14				
1	Irrigation 2701+2702+4701+4702	-	-	11049	-	76	11125	-	11125	26	11151	-	11151				
2	Forest 2406+4406	124	-	3527	34	363	4048	-	4048	-	4048	-	4048				
3	Printing & Stationery 2058+4058	11	-	-	-	-	11	-	11	-	11	10	1				
4	General Education 2202+4202	-	-	-	-	1	1	-	1	-	1	1	0				
5	Others	470	-	-	4885	266	5621	-	5621	-	5621	2900	2721				
	i) Road Transport 3055+5055	450	-	-	4885	236	5571	-	5571	-	5571	2900	2671				
	ii) Civil Avi. 3053+5053	20	-	-	-	30	50	-	50	-	50	-	50				
	Total	605	-	14576	4919	706	20806	-	20806	26	20832	2911	17921				

CHAPTER-IV

PRINCIPLES AND DETAILED FUNCTIONAL/PURPOSE 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/purpose classification groups them according to the particular purpose they serve. The functional/purpose classification is designed to show how government expenditure is divided between different types of services provided. The main objective of the functional/purpose 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/Purpose 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/purpose 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/purpose 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 any Thus, any expenditure on education regardless where it is shown in the budget has been placed under the head "Education" in the 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 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/purpose classification of the State government budgetary for the years 2002-2003 (Actuals), 2003-2004 (R.E.) and 2004-2005 (B.E.).

	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
Total	10000	10000	10000
General public services	2000	2000	2000
Civil defence	1000	1000	1000
Education	3000	3000	3000
Health	1500	1500	1500
Social security and welfare services	1000	1000	1000
Housing and other community services	1000	1000	1000
Cultural, recreational and religious services	1000	1000	1000
Economic services	1000	1000	1000
Other services	1000	1000	1000

TABLE -4.1

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

Items	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
1	2	3	4
1. General Public Services	150139	175071	202716
i) General Administration	149444	173733	201873
ii) General Research	695	1338	843
2. Civil Defence	541	444	174
3. Education	182380	215653	230551
i) Administration, Regulation and Research	6186	7160	8111
ii) Schools, Universities and Institutions including Subsidiary Services	176194	208493	222440
4. Health	38257	42365	47677
i) Administration, Regulation and Research	3697	3789	4427
ii) Hospitals, Clinics and Individual Health Services	34560	38576	43250
5. Social Security and Welfare Services	53317	55660	60633
i) Social Welfare Services	19930	22681	23755
ii) Social Security Benefits	33387	33979	36878
6. Housing and Other Community Services	28057	24540	27589
7. Cultural, Recreational and Religious Services	3839	4329	4392
8. Economic Services	261044	250915	309869
i) General Administration, Regulation & Research	6584	6820	7315
ii) Agriculture, Forestry, Fishing and Hunting	93819	74245	89096
iii) Mining, Manufacturing and Construction	26287	16053	11352
iv) Electricity, Gas, Steam and Water	149253	167472	183958
v) Atomic Energy	-	-	-
vi) Transport and Communication	34887	46993	52356
vii) Other Economic Services	(-)49786	(-)60668	(-)34208
9. Other Services	198673	208921	239678
i) Relief and Calamities	8901	845	3040
ii) Interest	189772	208076	236638
Grand Total	916247	977898	1123279

TABLE- 4.2

Functional/Purpose Classification : Percentage Distribution of Expenditure

Items	2002-2003	2003-2004	2004-2005
	(Actuals)	(R.E.)	(B.E.)
1. General Public Services	16.39	17.90	18.05
1.1 General Administration	16.31	17.76	17.97
1.2 General Research	0.08	0.14	0.08
2. Civil Defence	0.06	0.05	0.02
3. Education	19.91	22.05	20.52
i) Administration, Regulation & Research	0.68	0.73	0.72
ii) Schools, Universities & Institutions including Subsidiary Services	19.23	21.32	19.80
4. Health	4.17	4.33	4.24
i) Administration, Regulation & Research	0.40	0.39	0.39
ii) Hospitals, Clinics & Individual Health Services	3.77	3.94	3.85
5. Social Security & Welfare Services	5.82	5.69	5.40
6. Housing & Other Community Services	3.06	2.51	2.46
7. Cultural, Recreational & Religious Services	0.42	0.44	0.39
8. Economic Services	28.49	25.66	27.58
i) Administration, Regulation & Research	0.72	0.70	0.65
ii) Agriculture, Forestry, Fishing & Hunting	10.24	7.59	7.93
iii) Mining, Manufacturing & Construction	2.87	1.64	1.01
iv) Electricity, Gas, Steam & Water	16.29	17.12	16.38
v) Atomic Energy	-	-	-
vi) Transport & Communication	3.80	4.81	4.66
vii) Other Economic Services	(-)5.43	(-)6.20	(-)3.05
9. Other Services	21.68	21.37	21.34
9.1 Relief & Calamities	0.97	0.09	0.27
9.2 Interest	20.71	21.28	21.07
Total	100.00	100.00	100.00

CHAPTER -V

ECONOMIC-CUM-FUNCTIONAL/PURPOSE CLASSIFICATION

The Economic and Functional/Purpose Classifications have been combined into a single two-way cross-classification by significant economic functional/purpose 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/Purpose 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/Purpose Classification of Haryana Government budgetary expenditure relates to the years 2002-2003 (Actuals), 2003-2004 (Revised Estimates) and 2004-2005 (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/Purpose Classification of the Haryana Government Budgetary Expenditure 2002-2003 (Actuals)
(Rs. lakhs)

Sr. No.	Economic Functional Classification	Current Expenditure											Total**
		3	4	5	6	7	8	9	10	11	12		
		Salary	Pension	Purchase of Goods & Services & Maintenance	Total	Less out side sale	Net Consumption Expenditure	Current Transfer side	Subsidy	Interest	Current Expenditure		
1.	General Public Services	81555	-	18511	100066	3874	96192	41469	-	-	137661		
1.1	General Administration	81235	-	18419	99654	3874	95780	41303	-	-	137083		
1.2	General Research	320	-	92	412	-	412	166	-	-	578		
2.	Civil Defence	640	-	74	714	174	540	-	-	-	540		
3.	Education	149212	-	2709	151921	1215	150706	29203	-	-	179909		
3.1	Administration, Regulation & Research	5396	-	611	6007	-	6007	-	-	-	6007		
3.2	Schools, Universities & Institutions including Subsidiary Services	143816	-	2098	145914	1215	144699	29203	-	-	173902		
4.	Health	33706	-	3247	36953	2740	34213	1032	200	-	35445		
4.1	Administration, Regulation and Research	1433	-	497	1930	-	1930	354	-	-	2284		
4.2	Hospitals, Clinics and Individual Health Services	32273	-	2750	35023	2740	32283	678	200	-	33161		
5.	Social Security & Welfare Services	10087	-	4286	14373	423	13950	37790	1228	-	52968		
5.1	Social Welfare Services	9415	-	4078	13493	396	13097	5307	1228	-	19632		
5.2	Social Security Benefits	672	-	208	880	27	853	32483	-	-	33336		
6.	Housing and Other Community Services	6718	-	688	7406	5238	2168	2175	70	-	4413		

Table- 5.1 Contd..

1	2	3	4	5	6	7	8	9	10	11	12
7.	Cultural, Recreational & Other Religious Services	2133	-	724	2851	72	2785	651	-	-	3466
8.	Economic Services	41316	-	23929	65245	4653	60592	863	116834	-	178289
	8.1 General Administration, Regulation & Research	6234	-	414	6648	314	6334	100	-	-	6434
	8.2 Agriculture, Forestry, Fishing & Hunting	10621	-	1259	11880	657	11223	375	33841	-	45439
	8.3 Mining, Manufacturing & Construction	1569	-	882	2451	40	2411	281	-	-	2692
	8.4 Electricity, Gas, Steam & Water	15737	-	17496	33233	3553	29680	61	82910	-	112651
	8.5 Atomic Energy	4864	-	3540	8404	80	8324	46	-	-	8370
	8.6 Transport & Communication	2291	-	338	2629	7	2620	-	83	-	2703
	8.7 Other Economic Services	29	-	8497	8526	-	8526	189	41	189772	198528
9.	Other Services	29	-	8497	8526	-	8526	189	41	-	8756
	9.1 Relief & Calamities	-	-	-	-	-	-	-	-	189772	189772
	9.2 Interest	-	-	-	-	-	-	-	-	-	-
	Total	325396	-	62665	388061	18389	369672	113402	118373	189772	791219

Note: * Subsidy includes Imputed Irrigation Subsidy

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

TABLE 5.1 Contd.,

Economic Cum Functional/Purpose Classification of the Haryana Government Budgetary Expenditure 2002-2003(Actuals)
(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 Trans- fer	Invest- ment in Share	Loans & Advances For Capital Forma- tion	For Cur- rent Cons ump- tion	Expen- diture	Capital	
	13	14	15	16	17	18	19	20	21	22	
1. General Public Service	4536	4553	1219	132	2038	-	-	-	12478	150139	
1.1 General Administration	4499	4553	1219	132	1958	-	-	-	12361	149444	
1.2 General Research	37	-	-	-	80	-	-	-	117	695	
2. Civil Defence-	-	1	-	-	-	-	-	-	1	541	
3. Education	1466	236	-	-	769	-	-	-	2471	182380	
3.1 Administration, Regulation & Research	-	179	-	-	-	-	-	-	179	6186	
3.2 Schools, Universities & Institutions including Subsidiary Services	1466	57	-	-	769	-	-	-	2292	176194	
4. Health Administration, Regulation and Research	774	1413	-	-	-	-	-	-	1413	3697	
4.1 Hospitals, Clinics and Individual Health Services	774	625	-	-	-	-	-	-	1399	34560	
4.2 Social Security & Welfare Services	-	-	-	-	-	-	-	-	-	-	
5.1 Social Welfare Services	101	68	-	-	4	125	-	-	298	19930	
5.2 Social Security Benefits	-	1	-	-	50	-	-	-	51	33387	
6. Housing and Other Community Services	2547	4	-	-	11269	-	9250	574	23644	28057	

Table-5.1 Contd.,

	13	14	15	16	17	18	19	20	21	22
7. Cultural, Recreational & other Religious Services	288	9	-	-	76	-	-	-	373	3839
8. Economic Services	65801	5465	(-54147	215	13591	16011	27564	8255	82756	261045
8.1 General Administration, Regulation & Research	-	150	-	-	-	-	-	-	150	6584
8.2 Agriculture, Forestry, Fishing & Hunting	29298	127	97	165	10448	140	-	8105	48380	93819
8.3 Mining, Manufacturing & Construction	51	12	-	-	1255	(-3	22280	-	23595	26287
8.4 Electricity, Gas, Steam & water	17150	(-14	167	-	1888	13367	4044	-	36602	149253
8.5 Atomic Energy	-	-	-	-	-	-	-	-	-	-
8.6 Transport & Communication	19303	5099	-	50	-	2066	-	-	26518	34888
8.7 Other Economic Services	-	91	(-54411	-	-	441	1240	150	(-52489	(-49786
9. Other Services	145	-	-	-	-	-	-	-	145	198673
9.1 Relief & Calamities	145	-	-	-	-	-	-	-	145	8901
9.2 Interest	-	-	-	-	-	-	-	-	-	189772
Total	75658	12375	(-52928	347	27797	16136	36814	8829	125028	916247

TABLE 5.2

Economic Cum Functional/Purpose Classification of the Haryana Government Budgetary Expenditure 2003-2004 (R.E.)
(Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Current Expenditure										Total** Current Expen- diture
		3	4	5	6	7	8	9	10	11	12	
		Salary	Pension	Purchase of Goods & Services & Maintenance	Total	Less Out Side Sale	Net Con- sumption Expenditure	Current Transfer	Sub* sidy	Interest		
1	General Public Services	73444	16201	19196	108841	8597	100244	58144	-	-	158388	
1.1	General Administration	73134	16133	18726	107993	8597	99396	57816	-	-	157212	
1.2	General Research	310	68	470	848	-	848	328	-	-	1176	
2	Civil Defence	560	124	45	729	325	404	-	-	-	404	
3	Education	132233	29170	3853	165256	662	164594	47875	-	-	212469	
3.1	Administration, Regulation & Research	5175	1142	571	6888	-	6888	5	-	-	6893	
3.2	Schools, Universities & Institutions including Subsidiary Services	127058	28028	3282	158368	662	157706	47870	-	-	205576	
4	Health	28884	6372	5471	40727	3036	37691	1207	554	-	39452	
4.1	Administration, Regulation and Research	1253	277	865	2395	-	2395	292	-	-	2687	
4.2	Hospitals, Clinics and Individual Health Services	27631	6095	4606	38332	3036	35296	915	554	-	36765	
5	Social Security & Welfare Services	9933	2191	3531	15655	517	15138	38494	1067	-	54699	
5.1	Social Welfare Services	9300	2051	3330	14681	517	14164	5539	1067	-	20770	
5.2	Social Security Benefits Housing and Other Community Services	633	140	201	974	-	974	32955	-	-	33929	
6		5736	1265	612	7613	9381	(-1768)	1834	70	-	136	

Table -5.2 Contd.,

1	2	3	4	5	6	7	8	9	10	11	12
7.	Cultural, Recreational & Other Religious Services	1897	418	873	3188	202	2986	660	-	-	3646
8.	Economic Services	37015	8165	31153	76333	5716	70617	790	131143	-	202550
	8.1 General Administration, Regulation & Research	5382	1187	409	6978	384	6594	109	-	-	6703
	8.2 Agriculture, Forestry, Fishing & Hunting	9334	2059	1429	12822	716	12106	419	38166	-	50691
	8.3 Mining, Manufacturing & Construction	1332	294	909	2535	156	2379	224	10	-	2613
	8.4 Electricity, Gas, Steam & Water	13637	3008	20849	37494	3740	33754	-	92682	-	126436
	8.5 Atomic Energy	-	-	-	-	-	-	-	-	-	-
	8.6 Transport & Communication	5544	1223	6979	13746	130	13616	38	-	-	13654
	8.7 Other Economic Services	1786	394	578	2758	590	2168	-	285	-	2453
9.	Other Services	26	6	794	826	-	826	10	-	208076	208912
	9.1 Relief & Calamities	26	6	794	826	-	826	10	-	-	836
	9.2 Interest	-	-	-	-	-	-	-	-	208076	208076
	Total	289728	63912	65528	419168	28436	390732	149014	132834	208076	880656

Note: * Subsidy includes Imputed Irrigation Subsidy.

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

TABLE - 5.2 Contd.,

Economic-cum-Functional/Purpose Classification of the Haryana Government Budgetary Expenditure 2003-2004(R.E.)
(Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Capital Expenditure										Total Grand	
		Build- ings & other Const- ruction	Machi- nery & Trans- port Equipment	13	14	15	16	17	18	19	20	21	22
1.	General Public Services	7364	4222	50	(-)390	2457	2980	-	-	-	-	16683	175071
1.1	General Administration	7364	4220	50	(-)390	2297	2980	-	-	-	-	16521	173733
1.2	General Research	-	2	-	-	160	-	-	-	-	-	162	1338
2.	Civil Defence	-	40	-	-	-	-	-	-	-	-	40	444
3.	Education	1628	361	-	-	1195	-	-	-	-	-	3184	215653
3.1	Administration, Regulation & Research	-	267	-	-	-	-	-	-	-	-	267	7160
3.2	Schools, Universities & Institutions including Subsidiary Services	1628	94	-	-	1195	-	-	-	-	-	2917	208493
4.	Health	1097	1816	-	-	-	-	-	-	-	-	2913	42365
4.1	Administration, Regulation and Research	-	1102	-	-	-	-	-	-	-	-	1102	3789
4.2	Hospitals, Clinics and Individual Health Services	1097	714	-	-	-	-	-	-	-	-	1811	38576
5.	Social Security & Welfare Welfare Services	740	112	-	-	4	105	-	-	-	-	961	55660
5.1	Social Welfare Services	740	62	-	-	4	105	-	-	-	-	911	21681
5.2	Social Security Benefits	-	50	-	-	-	-	-	-	-	-	50	33979
6.	Housing and Other Community services	1520	136	-	30	12424	-	9671	622	-	-	24404	24540

Table-5.2 Contd.,

	13	14	15	16	17	18	19	20	21	22
7. Cultural, Recreational & Other Religious Services	390	38	-	-	355	-	-	-	683	4329
8. Economic Services-	62871	5710	(-)64493	550	11255	11401	19471	1500	48365	250915
8.1 General Administration, Regulation & Research	14980	288	26	500	6160	-	-	1500	23554	74245
8.2 Agriculture, Forestry, Fishing & Hunting	69	39	-	-	300	-	13032	-	13440	16053
8.3 Mining, Manufacturing & Construction	19656	19	1	-	4795	10467	6098	-	41036	167472
8.4 Electricity, Gas, Steam & Water	28066	5223	-	50	-	-	-	-	33339	46993
8.5 Atomic Energy	100	24	(-)64520	-	-	934	341	-	(-)63121	(-)60668
8.6 Transport & Communication	9	-	-	-	-	-	-	-	9	208921
8.7 Other Economic Services	9	-	-	-	-	-	-	-	9	845
9. Other Services	-	-	-	-	-	-	-	-	-	208076
9.1 Relief & Calamities	-	-	-	-	-	-	-	-	-	-
9.2 Interest	-	-	-	-	-	-	-	-	-	-
Total	75619	12435	(-)64443	190	27690	14486	29142	2122	97242	977898

TABLE- 5.3 Contd.,

Economic Cum Functional/Purpose Classification of the Haryana Government Budgetary Expenditure 2004-2005 (B.E.)
(Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Current Expenditure						Total** Current Expen- diture			
		3	4	5	6	7	8				
1	2	3	4	5	6	7	8	9	10	11	12
1.	General Public Services	76350	17257	23124	116731	9407	107324	76809	-	-	184133
1.1	General Administration	76029	17185	23066	116280	9407	106873	76651	-	-	183524
1.2	General Research	321	72	58	451	-	451	158	-	-	609
	Civil Defence	568	128	49	745	582	163	-	-	-	163
3.	Education	139513	31534	6404	177451	678	176773	49920	-	-	226693
2.1	Administration, Regulation & Research	5872	1327	504	7703	-	7703	-	-	-	7703
3.2	Schools, Universities & Institutions including Subsidiary Services	133641	30207	5900	169748	678	169070	49920	-	-	218990
4.	Health	31153	7041	5938	44132	3058	41074	1653	554	-	43281
4.1	Administration, Regulation and Research	1634	369	845	2848	-	2848	560	-	-	3408
4.2	Hospitals, Clinics and Individual Health Services	29519	6672	5093	41284	3058	38226	1093	554	-	39873
5.	Social Security & Welfare Services	10516	2377	4279	17172	183	16989	40697	1117	-	58803
5.1	Social Welfare Services	9879	2233	3657	15769	123	15646	5210	1117	-	21973
5.2	Social Security Benefits	637	144	622	1403	60	1343	35487	-	-	36830
6.	Housing and Other Community Services	5923	1339	637	7899	8421	(-522)	1852	30	-	1360

Table-5.3 Contd.,

1	2	3	4	5	6	7	8	9	10	11	12
7.	Cultural, Recreational & Other Religious Services	2026	458	814	3298	206	3092	565	-	-	3657
8.	Economic Services	38795	8769	28758	76322	5288	71034	851	152916	-	224801
	8.1 General Administration Regulation & Research	5599	1265	401	7265	327	6938	109	-	-	7047
	8.2 Agricultural, Forestry Fishing & Hunting	9736	2201	1548	13485	759	12726	421	47507	-	60654
	8.3 Mining, Manufacturing & Construction	1357	307	886	2550	141	2409	309	3212	-	5930
	8.4 Electricity, Gas, Steam & Water	14375	3249	17900	35524	3910	31614	12	101922	-	133548
	8.5 Atomic Energy	-	-	-	-	-	-	-	-	-	-
	8.6 Transport & Communication	5792	1309	7455	14556	140	14416	-	-	-	14416
	8.7 Other Economic Services	1936	438	568	2942	11	2931	-	275	-	3206
9.	Other Services	27	6	2058	2091	-	2091	156	-	236638	238885
	9.1 Relief & Calamities	27	6	2058	2091	-	2091	156	-	-	2247
	9.2 Interest	-	-	-	-	-	-	-	-	236638	236638
	Total	304871	68909	72061	445841	27823	418018	172503	154617	236638	981776

Note: * Subsidy includes Imputed Irrigation Subsidy.

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

TABLE- 5. 3 Contd.,
Economic-cum-Functional/Purpose Classification of the Haryana Government Budgetary Expenditure 2004-2005 (B.E.)
(Rs. lakhs)

Sr.No.	Economic Classification/ Functional Classification	Capital Expenditure										Total	Grand				
		Build- ings & other Const- ruction	13	14	15	16	17	18	19	20	21						
1	2																
1.	General Public Services	10261	4505	53	(-3901)	2478	5187	-	-	18583	202716						
1.1	General Administration	10261	4502	53	(-3901)	2247	5187	-	-	18349	201873						
1.2	General Research	-	3	-	-	231	-	-	-	234	843						
2.	Civil Defence	-	11	-	-	-	-	-	-	11	174						
3.	Education	2350	513	-	-	430	995	612	-	3858	230551						
3.1	Administration,	-	408	-	-	-	-	-	-	408	8111						
3.2	Schools, Universities & Institutions including Subsidiary Services	2350	105	-	-	530	995	304	-	3450	222440						
4.	Health	1166	3230	-	-	-	-	-	-	4396	47677						
4.1	Administration, & Regulation Research	-	1019	-	-	-	-	-	-	1019	4427						
4.2	Hospitals, Clinics and Individual Health Services	1166	2211	-	-	-	-	-	-	3377	43250						
5	Social Security & Welfare Services	1475	138	-	(-12)	4	225	-	-	1830	60633						
5.1	Social Welfare Services	1475	78	-	-	4	225	-	-	1782	23755						
5.2	Social Security Benefits	-	60	-	(-12)	-	-	-	-	48	36878						
6.	Housing and Other Community Services	4571	80	-	-	10993	-	9985	600	26229	27589						

Table 5.3 Contd.,

1	2	13	14	15	16	17	18	19	20	21	22
7. Cultural, Recreational & Other Religious Services	444	23	-	268	-	-	-	-	-	735	4392
8. Economic Services	70996	6527	(-38608)	550	12732	19892	11479	1500	1500	85068	309869
8.1 General Administration, Regulation & Research	-	268	-	-	-	-	-	-	-	268	7315
8.2 Agriculture, Forestry, Fishing & Hunting	18107	668	26	500	7641	-	-	1500	1500	28442	89096
8.3 Mining, Manufacturing & Construction	79	27	-	-	296	20	5000	-	-	5422	11352
8.4 Electricity, Gas, Steam & Water	20192	120	2	-	4795	19183	6118	-	-	50410	183958
8.5 Atomic Energy	-	-	-	-	-	-	-	-	-	-	-
8.6 Transport & Communication	32518	5372	-	50	-	-	-	-	-	37940	52356
8.7 Other Economic Services	100	72	(-38636)	-	-	689	361	-	-	(-37414)	(-34208)
9. Other Services	793	-	-	-	-	-	-	-	-	793	239678
9.1 Relief & Calamities	793	-	-	-	-	-	-	-	-	793	3040
9.2 Interest	-	-	-	-	-	-	-	-	-	-	236638
Total	92056	15027	(-38555)	(-3363)	27470	25304	21464	2100	2100	141503	1123279

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/purpose 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	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
	2	3	4
I Current revenue of Government administration shown in the Financial Statement	865702	976936	1079140
II Less			
1. Revenue receipts netted against expenditure Sale of Goods and Services (Account No.1)	18389	28436	27823
2. Interest Receipts from Departmental Enterprises (Account -2)	18137	19806	21656
3. Revenue attributed to Departmental Enterprises (Account -2)	54159	70654	63680
4. Sale of Land & Property	154	790	4313
5. Fund (Borrowing account)	1119	378	367
6. Pension (Receipts)	7247	6984	7682
III Add:			
1. Profit Transferred by Departmental Commercial Undertakings (Account -2)	(-)11836	(-)16826	(-)16721
2. Rounding error	-	-	-
IV Total Adjustments	(-)111041	(-)143874	(-)142242
Current revenue of Govt. administration as shown in the Economic Classification of Budget (Account -1)	754661	833062	936898

CURRENT ACCOUNT : EXPENDITURE

		(Rs. lakhs)		
Item	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)	
1	2	3	4	
I. Revenue expenditure as shown in the Financial Statement	934213	1067351	1168402	
II Less				
1. Revenue receipts netted against revenue expenditure-sale of goods and services (Account -1)	18389	28436	27823	
2. Interest receipts from Departmental Enterprises (Account -2)	18137	19806	21656	
3. Expenditure of capital nature in revenue Account	37055	35624	44376	
4. Current expenditure of Departmental Enterprises	99258	123079	127898	
5. Fund (Borrowing account)	1681	8630	6903	
6. Pensions (Receipts)	7247	6984	7682	
III Add				
1. Expenditure of revenue nature in Capital Account	13312	9256	9500	
2. Imputed Irrigation Subsidy	33263	35599	47497	
3. Rounding error	-	-	-	
IV Total adjustments	(-)135192	(-)177704	(-)179341	
V Revenue expenditure of Government administration as shown in the Economic Classification of Budget	799021	889647	989061	

CAPITAL ACCOUNT : EXPENDITURE

(Rs. lakhs)

Item	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
1	2	3	4
I. Capital Expenditure as Shown in the Financial Statement	43580	26888	75341
II Less			
1. Financial Investment in Shares	16136	14486	25304
2. Expenditure of revenue nature in capital Account -I	13312	9256	9500
3. Fund (Borrowing Account)	(-)4414	(-)4520	(-)4750
4. Sale of Land and Property	154	790	4313
III Add			
1. Expenditure of capital nature in revenue Account	37055	35624	44376
2. Rounding error	-	-	-
IV Total Adjustments	(+)11867	(+)15612	(+)10009
V Capital Expenditure as shown in the Economic classification of Budget	55447	42500	85350

TOTAL EXPENDITURE

Item	(Rs. lakhs)		
	2002-2003 (Actuals)	2003-2004 (R.E.)	2004-2005 (B.E.)
1	2	3	4
I. As per consolidated fund shown in the Financial Statement	1297804	1559665	1769321
II Less			
1. Current expenditure of Departmental Enterprises	99258	123079	127898
2. Revenue receipts netted against revenue expenditure –sale of goods and services (Account -1)	18389	28436	27823
3. Sale of land and property	154	790	4313
4. Fund	(-)2733	4110	2153
5. Interest Departmental Enterprises	18137	19806	21656
6. Repayment of public debt. (Borrowing account)	274367	434162	502013
7. Pension (receipt)	7247	6984	7682
III Add			
1. Imputed Irrigation Subsidy	33263	35599	47497
2. Rounding error	(-)1	(+)1	(-)1
IV Total Adjustments	(-)381557	(-)581767	(-)646042
V Total Expenditure as shown in the Economic & Functional/Purpose Classification	916247	977898	1123279

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

1. Taxes on Income
2. Land Revenue
3. Corporation Tax
4. Other Taxes on Income and Expenditure
5. Taxes on Wealth
6. Custom
7. Service Tax

Indirect Taxes

1. Stamps and Registration fees
2. State Excise Duties
3. Sales Tax
4. Taxes on Vehicles
5. Taxes on Goods and Passengers
6. Taxes and Duties on Electricity
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/PURPOSE 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 laborer, 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.

