



# STATE OF SOCIAL SECTOR EXPENDITURE IN 2015-16

## SUMMARY

### Introduction

The 14th Finance Commission's (FFC) recommendations, accepted by the Union Government in February 2015, set the stage for a radical overhaul of India's fiscal architecture. The recommendations were designed to enhance fiscal autonomy of states by increasing the vertical tax devolution of the divisible pool of taxes from 32 per cent to 42 per cent. Consequently, the Ministry of Finance (MOF) allocated ₹5.24 lakh crore as tax devolution. This was significantly higher than the 2014-15 allocation of ₹3.38 lakh crore as per Revised Estimates (RE). This increase in devolution was accompanied by several changes in the mode of state transfers, including cuts in Centrally Sponsored Schemes (CSS), the Union Government's primary vehicle for financing social sector investments in the country. What are the implications of these changes? Did increased tax devolution result in enhancing the fiscal space available to states? Or was this offset by cuts in CSS and other grants? How have states responded to these changes? Have we seen any changes in the investment patterns of the states? Crucially, has the changed fiscal structure resulted in any visible shifts in social sector investments at the state level?

Based on an analysis of 13 state budgets, this brief presents a preliminary evaluation of the impact of the FFC recommendations on state finances and social sector expenditure.

Tax devolution  
increased from  
**₹3.38** to  
**₹5.24** lakh crore

### Data Gaps

Although the country is close to completing its first budget cycle since the implementation of the FFC recommendations, any rigorous assessment of the real impact of these recommendations is difficult owing to large gaps in available data.

### Receipts not reconciled

Five states (excluding the North East) had not reconciled their budgets to the new transfer system. As a result, revenue receipt estimates for these states are unreliable. In addition, there is no legal requirement for the government to table revenue receipts in the legislature. Therefore, the effect of the changed transfers on the revenues of these states cannot be estimated until the new budget year begins and once 2015-16 (RE) are available. These states have thus been excluded from the receipt analysis.

### Supplementary budgets

In FY 2015-16, the structure of grants from the Government of India (GOI) to states underwent significant changes. To begin with, a number of CSS and other central grants

#### STATE BUDGET DATA AVAILABILITY

States which had not reconciled their receipts with Union Government devolution

Uttar Pradesh  
Madhya Pradesh  
Jharkhand  
West Bengal  
Odisha

States where supplementary budgets are unavailable

Jammu and Kashmir  
Himachal Pradesh  
Punjab  
Haryana  
Uttar Pradesh  
West Bengal  
Gujarat  
Andhra Pradesh

By January 2016,  
**79%** of taxes  
and **85%** of CSS  
funds had been  
released to the  
states

were cut. Added to this, GOI entrusted the NITI Aayog with a long due over haul of CSS. The recommendations from the NITI Aayog were only made public in October 2015 and it was only after this that MOF issued a notification to increase the state share for a number of schemes. Given this uncertainty, states were expected to reconcile their expenditure budgets to accommodate these changes by passing supplementary budgets through the financial year. However, many states did not prepare, or certainly had not made public, these supplementary budgets for this financial year. There are some states that will pass supplementary budgets only in the next budget cycle. Thus, a detailed analysis for these states will only be possible in FY 2016-17.

In order to obtain an accurate picture of the spending choices made by states, only those states where supplementary budgets were passed and available have been analysed.

### Accounting gaps

The MOF does not collate state-wise CSS allocations. These are made through independent negotiations with line ministries. At the time of creating budgets, state governments estimate how much money they expect to receive from the Union Government for implementing CSS. State budget documents reflect these estimates. However, in practice there can be significant differences between estimated CSS allocations and actual monies received. For the purpose of this analysis, we have used estimates available in the state budgets.

### Revised and budget estimates

Revenue and expenditure at the state level can be measured in two ways: first, through a comparison of budgeted estimates (BE) or allocations made at the start of the financial year, and second through a comparison of Revised Estimates (RE). RE are determined every year in December when the government revisits its planned allocations. The RE are based on fiscal performance through the year and a projection of expenditure likely to be incurred at the end of the financial year. Thus, RE are a more realistic estimate of actual government expenditure.

A comparison between planned budgets over two years is useful as it offers readers a window into the differences in government plans across years. This is particularly relevant in the light of the FFC recommendations as it is an indicator of government intent. However, in FY 2014-15, BE for many states differed significantly from RE. Thus, it is important to compare plans for FY 2015-16 with monies actually spent to get a realistic picture of what is happening on the ground. As RE for FY 2015-16 are not yet available, we have compared RE for FY 2014-15 with BE for FY 2015-16. Based on current government estimates, by January 2016, 79 per cent or ₹4,11,682 crore had been released to states by way of tax devolution and 85 per cent of the Union Government's share of plan schemes/CSS had been released (data obtained from MOF press release issued on 20 February 2016). Thus it is likely that RE numbers from 2015-16 will not be drastically different from BE.

We offer readers comparisons of both BE and RE in this brief.

## Changes in the Quantum of Union Transfers (2014-15 to 2015-16)

### Winners and Losers 2015-16

To what degree has the change in financial devolution affected fiscal space available to states? On balance the status quo is maintained. If we compare the overall availability of money between 2014-15 BE and 2015-16 BE, then 9 out of 13 states received less money this budget year (see graph below). However, compared with FY 2014-15 RE, most states with the exception of Telangana (-20 per cent), Uttarakhand (-14 per cent), Karnataka (-3 per cent) and Maharashtra (-3 per cent), received about the same or significantly more money from the GOI, despite cuts in CSS.

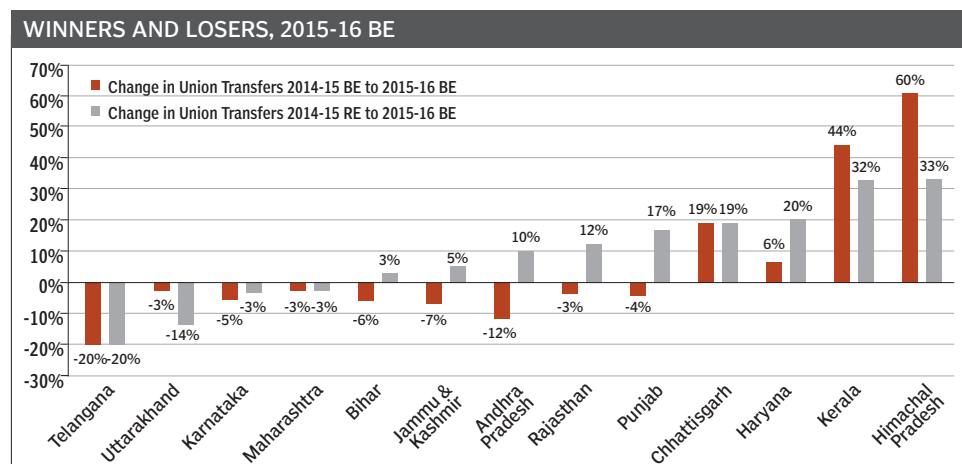
Amongst the poorer states, with a high dependency on Union transfers for financing their overall revenues, Telangana saw the largest drop – 20 percent in comparison to FY 2014-15 RE. This significant loss in finances is driven mainly by a reduction of ₹5,284 crore in various CSS, ₹2,050 crore in Special Package and Additional Central Assistance and ₹1,317 crore in grants for local bodies.

Chhattisgarh, Kerala and Himachal Pradesh saw significant gains, in part due to the change in the devolution formula (which now includes forest cover as an important variable). Kerala and Himachal Pradesh also saw significant increases due to a revenue deficit grant given to the states by the FFC.

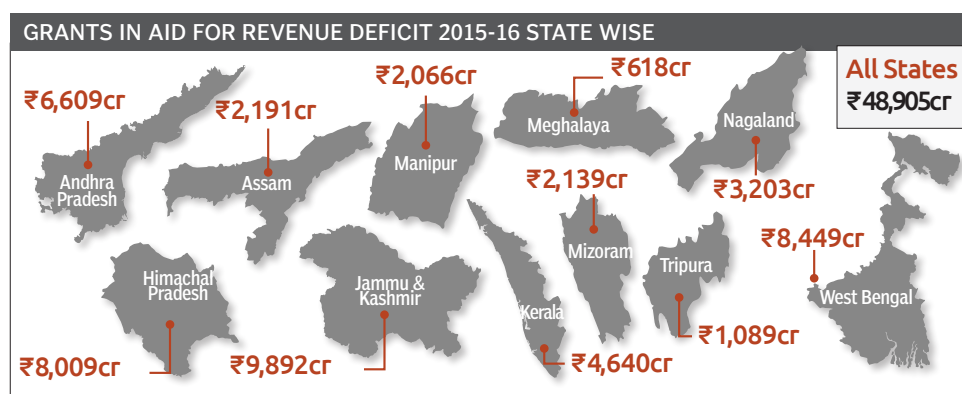
Maharashtra and Karnataka received a smaller share of money from the Union Government. However, these states significantly enhanced their own revenue collections between FY 2014-15 and FY 2015-16 and are thus likely to make up for the loss in Union funds with their own resources.

It is important to note that a part of the changes in Union Government transfers is due to increases in the quantum of taxes collected by GOI. Between FY 2014-15 and FY 2015-16, the Union Government's gross tax receipts increased by 6 per cent (when looking at BE) or 16 per cent (compared with RE). However, the magnitude of changes in most states cannot be explained only by increases in gross tax receipts.

It should also be highlighted that the FFC gave 11 states a total of ₹48,905 crore as additional grants to meet revenue deficits. For some of these states, these grants accounted for a significant portion of their total revenue receipts. However, given that the revenue deficit grants decrease every year (₹41,308 crore in FY 2016-17 to ₹34,206 crore in FY 2019-20), it will be interesting to see the subsequent impact of these decreases on state's overall revenue pool.



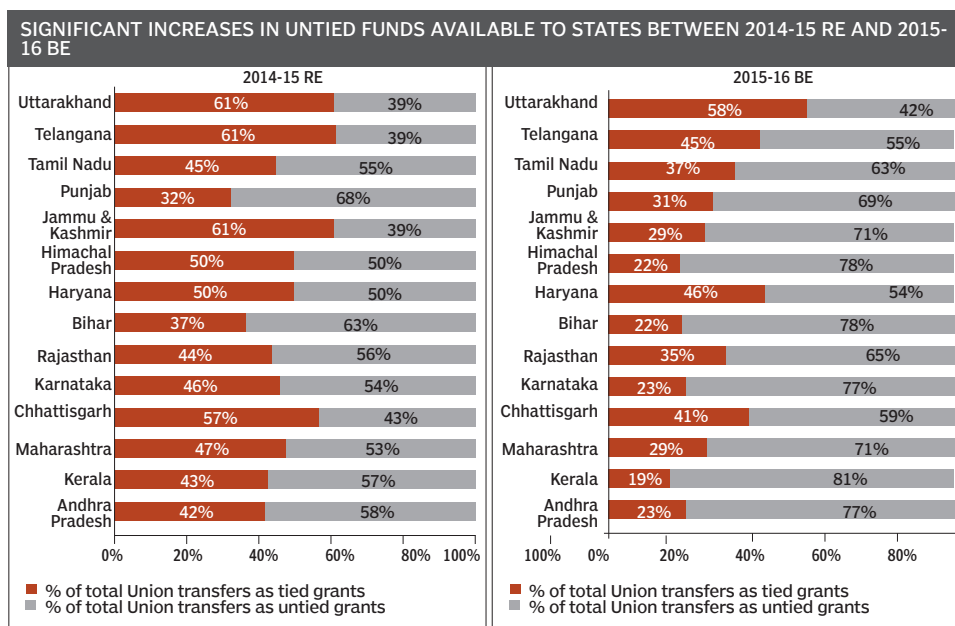
Source: Collated from individual state budget documents.



Source: Report of the Fourteenth Finance Commission. Available online at: <http://finmin.nic.in/14fincomm/14fcreng.pdf>.

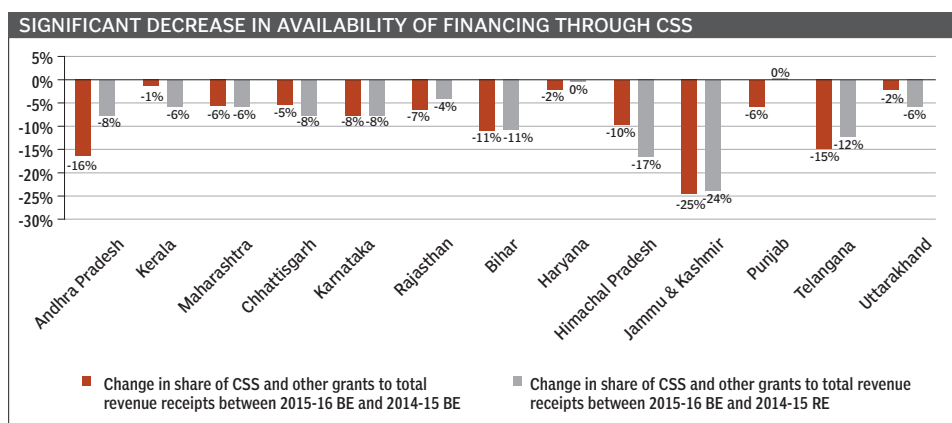
## Changes in the structure of state finances

In keeping with the recommendations of the FFC, state governments saw a significant increase in the overall availability of “untied funds” in their revenue pool. However, to create the requisite fiscal space for financing this “untied” transfer, the Union Government significantly reduced the quantum of money transferred to states through CSS and other grants. For instance, the share of CSS and other grants to total revenues decreased by around 25 percent in Jammu and Kashmir and 11 percent in Bihar (when compared to both BE and RE of the previous year).



**Source:** Collated from individual state budget documents.

**Note:** Untied grants includes Grants in Aid from Finance Commissions, Normal Central Assistance (NCA) and tax devolution. Tied grants includes grants for CSS and other Additional Central Assistance, Special Central Assistance. Some of the other grants may not specifically be for a particular scheme but their proportions would be very small. NCA has been collated from Ministry of Finance and thus constitutes actual releases.



**Source:** Collated from individual state budget documents.

However, these changes did not reduce the overall fiscal space available to state governments in any significant way. In other words, based on current data available, despite cuts in CSS, most states do have the required fiscal space to maintain current levels of social sector expenditure, if they so choose.



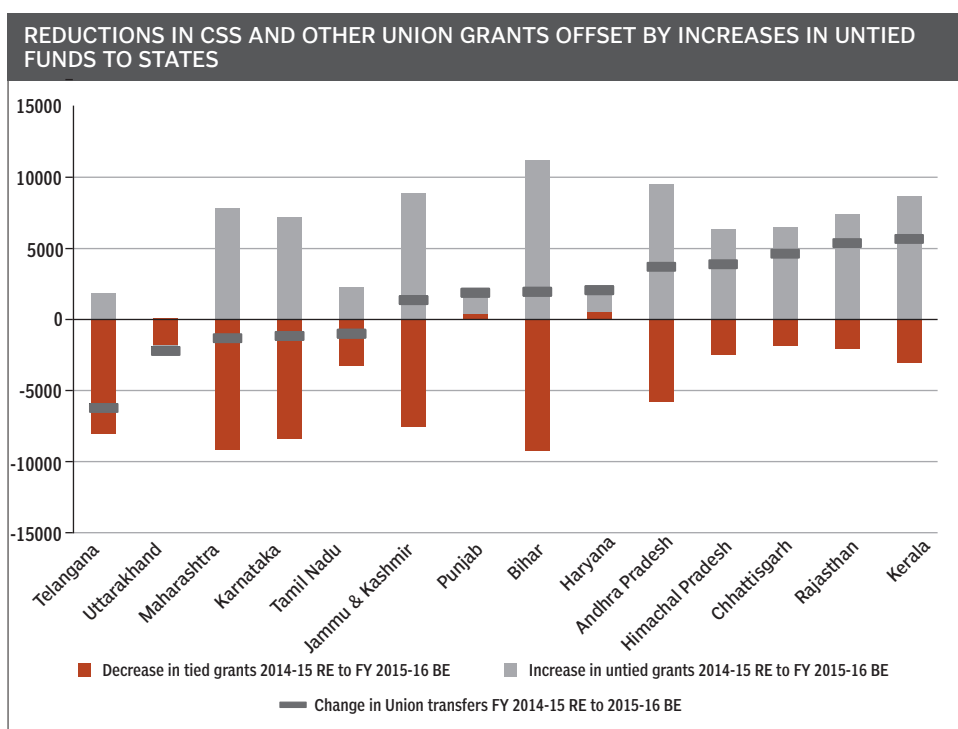
Crucially, GOI allocations for FY 2015-16 (including additions made in supplementary budgets) for some key CSS are marginally higher than the RE for FY 2014-15.

CHANGES IN GOI ALLOCATIONS FOR SOME KEY SCHEMES (RS. IN CRORE)			
Scheme	2014-15 RE	2015-16 Initial Allocation	2015-16 BE with Supplementary
National Health Mission	17,628	18,895	18,895
Integrated Child Development Services	16,667	8,336	15,486
Swachh Bharat Mission-Gramin	2,850	2,625*	8,915**

Source: India Budget Expenditure Vol. 2 and Supplementary Demand for Grants passed in July 2015 and December 2015. Available online at: [http://finmin.nic.in/the\\_ministry/dept\\_eco\\_affairs/budget/SuppDemand\\_index.asp](http://finmin.nic.in/the_ministry/dept_eco_affairs/budget/SuppDemand_index.asp). Last accessed on 27 February 2016

Note: \* Excludes 1000 crores which was transferred to SBM-Urban. \*\* Includes additional expenditure for transfer of Swachh Bharat Cess to Rashtriya Swachhta Kosh. Does not include ₹250 crore for a World Bank Project for SBM-Gramin.

Since these increased allocations came midway through the financial year, the changes are not reflected in state budgets. It is thus likely that the decreases in CSS are lower than estimated by states in FY 2015-16 BE.



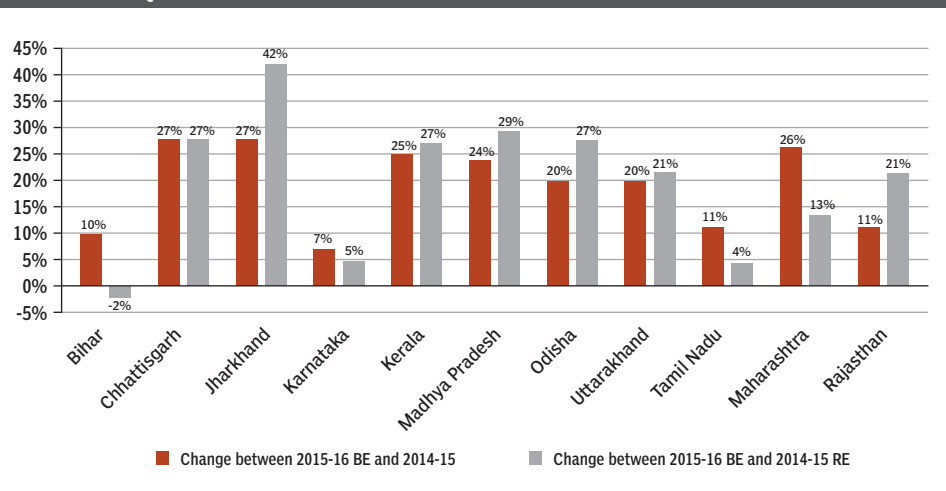
Source: Collated from individual state budget documents.

### States Responsiveness: Changes in Portfolio Post FFC

The quantum of social sector spending has increased significantly in most states, except Bihar, Karnataka and Tamil Nadu, which saw modest increases. The highest increases were in Chhattisgarh, Jharkhand and Maharashtra, all of which increased social sector expenditure by more than 25 per cent (BE).

More than **25%** increase in social sector expenditure in Chhattisgarh, Jharkhand and Maharashtra

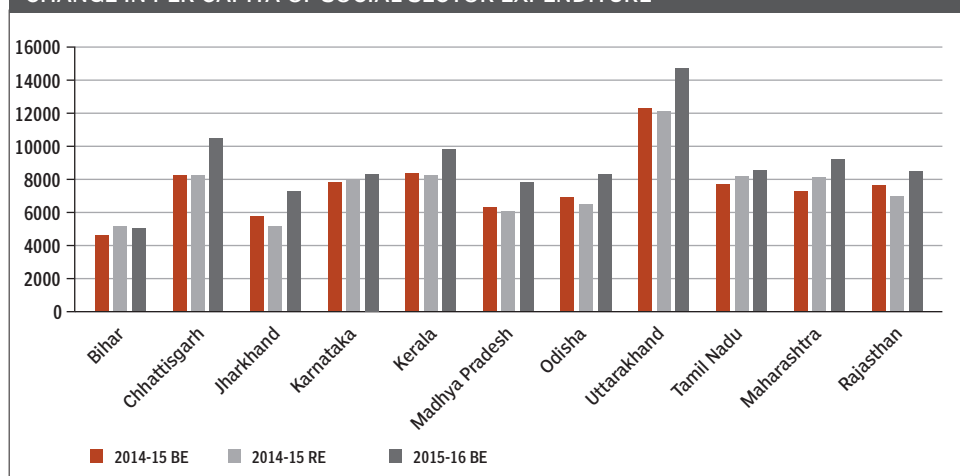
### CHANGE IN QUANTUM OF SOCIAL SECTOR EXPENDITURE



**Source:** Collated from individual state budget documents including supplementary expenditures passed.  
**Note:** Social sector has been defined as per Comptroller Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures undertaken from the Consolidated Fund have been accounted, net of recoveries.

In per capita terms (using Census 2011 population), Chhattisgarh now intends to spend ₹10,279 per capita on the social sector, second only to Uttarakhand with ₹14,549. Per capita expenditure in Bihar is as low as ₹4,970.

### CHANGE IN PER CAPITA OF SOCIAL SECTOR EXPENDITURE



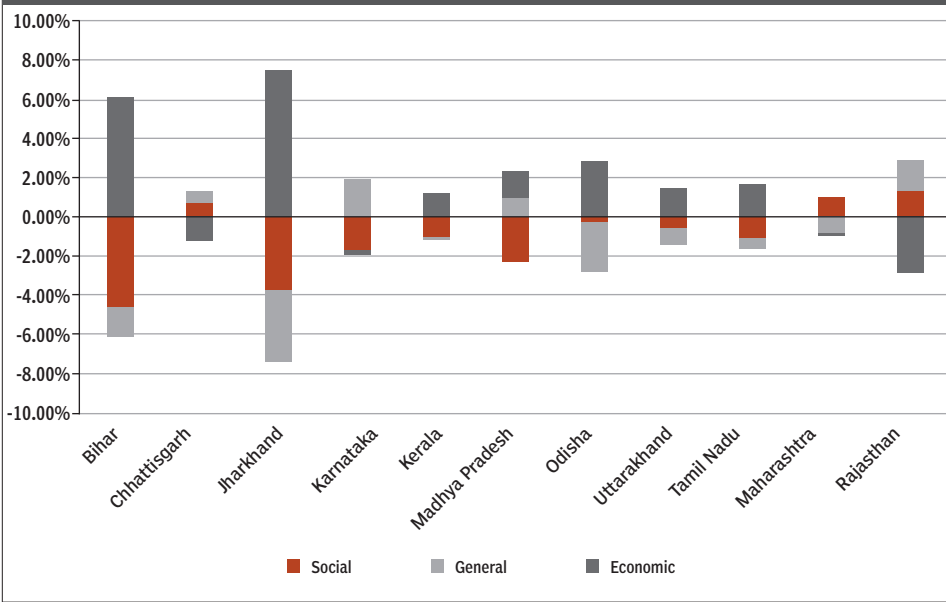
**Source:** Collated from individual state budget documents including supplementary expenditures passed. Population figures are based on Census 2011.  
**Note:** Social sector has been defined as per Comptroller Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures undertaken from the Consolidated Fund have been accounted, net of recoveries.

### Effects of fiscal devolution

Spending on social sectors as a proportion of total spending by states changed by about 1 per cent in FY 2015-16, for most states studied compared to FY 2014-15 BE. Rajasthan increased social sector spending by 3 per cent compared to 2014-15 RE. Notably, states like Chhattisgarh, Madhya Pradesh, Jharkhand and Odisha, with the highest increase in the quantum of social sector expenditure, saw only modest increases or declines in the share of social sector in total expenditure.

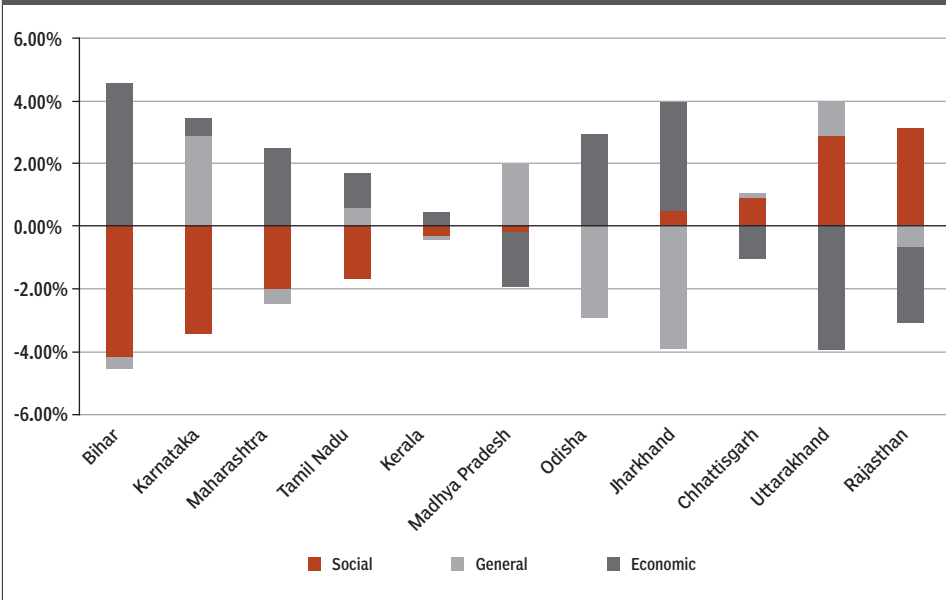
Several states like Bihar, Maharashtra and Karnataka have seen a significant reduction in social sector investments as a share of total expenditures while others, such as Rajasthan and Uttarakhand, have increased their proportional investments from last year (RE).

**SHARE OF EXPENDITURES FOR SOCIAL, GENERAL AND ECONOMIC SECTORS (2014-15 BE TO 2015-16 BE)**



**Source:** Collated from individual state budget documents including supplementary expenditures passed. Population figures are based on Census 2011.  
**Note:** Social sector has been defined as per Comptroller Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures undertaken from the Consolidated Fund have been accounted, net of recoveries. Total expenditure excludes repayment of public debt.

**SHARE OF EXPENDITURES FOR SOCIAL, GENERAL AND ECONOMIC SECTORS (2014-15 RE TO 2015-16 BE)**



**Source:** Collated from individual state budget documents including supplementary expenditures passed. Population figures are based on Census 2011.  
**Note:** Social sector has been defined as per Comptroller Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures undertaken from the Consolidated Fund have been accounted, net of recoveries. Total expenditure excludes repayment of public debt.

To understand the impact of greater fiscal autonomy on state level investment patterns, we analysed detailed state budgets for a few state governments. The picture, as expected, is varied. Karnataka, for instance, reduced its expenditure on “Education, Sports, Art and Culture” by 9 per cent (BE and RE) while increasing its investments under the “Water Supply, Sanitation, Housing and Urban Development” head by 31 per cent in 2014-15 RE. The planned expenditure on Social Welfare and Nutrition increased by 17 per cent over FY 2014-15 RE. In contrast, in Bihar, “Water Supply, Sanitation, Housing and Urban Development” had a significant reduction, at 13 per cent (FY 2014-15 RE to FY 2015-16 BE). However, the state’s expenditure on the “Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes” budget head increased significantly, at close to 60 per cent (both BE and RE).

Finally, it is also important to note that despite increases in untied funds, a significant portion of expenditure in the social sector continues to be tied to CSS. Part of the reason for this is increases in the sharing ratios of state and Union Government contributions to CSS. For instance, for 17 core schemes including the Swachh Bharat programme, National Health Mission and the Integrated Child Development Scheme, the sharing pattern has changed, with the Union Government reducing its share from over 75 per cent to 60 per cent. The bulk of the state share for these schemes comes from the pool of untied resources provided by the Union government. Thus, in effect, social sector spending on key national priorities has been ring-fenced. For example, in Rajasthan, a state that saw a significant increase in overall social sector investments, in FY 2015-16, 24 per cent or nearly 1/4th of the total spending on social sector and rural development in the state was tied to 10 CSS.

## Conclusion

On balance, the FFC recommendations and subsequent devolution of funds to state governments’ has created an important structural change in the dynamics of fiscal transfers in India. States are now receiving a significantly larger share of untied funds, while funding through CSS has been reduced. From the perspective of social sector spending, state governments do have the fiscal space, through their untied funds, to maintain (and in some states enhance) social sector spending at 2014-15 levels. Moreover, the overall expenditure on social sectors has seen increases at the state level. However, when analysed as a percentage of total expenditure, social sector spending has decreased marginally in many states.

In sum, while the structure of the fiscal transfer mechanism has changed, for the moment state level social sector expenditure has not witnessed any drastic shifts from 2014-15. This should lay to rest fears that the FFC has resulted in a fiscal squeeze – until revised estimates for 2015-16 are made available. However, despite increases in untied funds, states are yet to demonstrate any serious attempt to restructure their budgets in a way that reflects their new found autonomy to alter investment patterns. Is the FFC a tectonic change or a lost opportunity? Only time will tell.





## STATE REPORT CARD 2016

# BIHAR

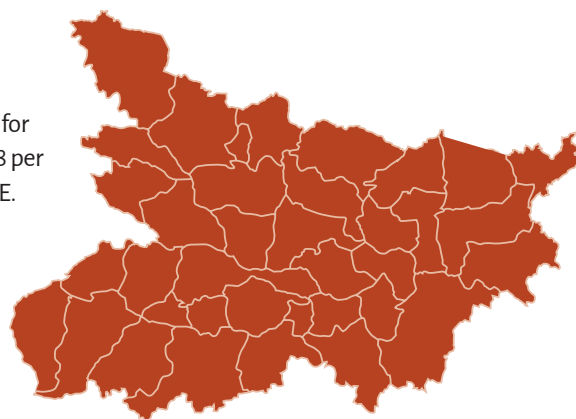
### SUMMARY

#### Revenue

Revenue receipts for the state of Bihar grew by 8 per cent between FY 2014-15 Revised Estimates (RE) and FY 2015-16 Budgeted Estimates (BE). Union Government transfers for the year increased by 3 per cent during the same period. Untied funds accounted for 78 per cent of the total transfers received from the Government of India (GOI) in FY 2015-16 BE.

#### Expenditure

The state's total budgeted expenditure in FY 2015-16 grew by 9 per cent over FY 2014-15 RE. The social sector expenditure dropped by 2 per cent in the year. While expenditure for "Social Welfare and Nutrition" dipped significantly, expenditure under the head "Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes" increased by nearly 60 per cent.



### RECEIPTS

#### Overall receipts

Revenue receipts in FY 2015-16 BE grew by 1 per cent over FY 2014-15 BE (8 per cent of RE). Union tax revenues transferred to the state increased by 21 per cent over the preceding year's BE (33 per cent of RE).

REVENUE RECEIPTS (IN RS CRORES)			
	2014-15 BE	2014-15 RE	2015-16 BE
Share in Union taxes	41,775	38,082	50,748
Grants in Aid (GIA)	31,420	28,903	18,171
Own taxes	25,663	25,663	30,875
Own non-tax revenue	3,082	3,097	3,396
<b>Total</b>	<b>1,01,939</b>	<b>95,745</b>	<b>1,03,189</b>

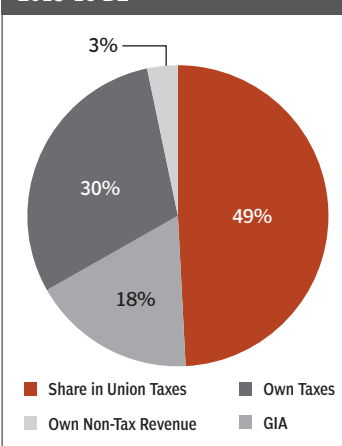
Source: Collated from state budget documents.

Note: GIA includes: Normal Central Assistance (NCA), Finance Commission (FC) Grants, Centrally Sponsored Schemes (CSS) and other grants from GOI. Figures have been rounded off

#### Tied and untied funding

Tied funds are usually for specific purposes, such as grants under Centrally Sponsored Schemes (CSS). In contrast, states can decide how to spend untied funds which are transferred to them. In accordance with the 14th Finance Commission (FFC) recommendations, the share

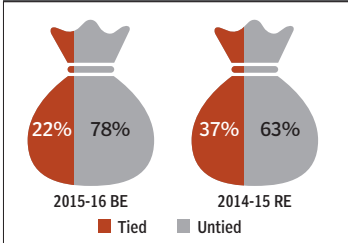
REVENUE RECEIPTS  
2015-16 BE



Source: Collated from state budget documents.

Note: Figures have been rounded off.

## COMPOSITION OF UNION TRANSFERS



**Source:** Collated from state budget documents.

**Note:** Untied grants include GIA from FC, NCA and tax devolution. Tied grants include grants for CSS and other grants such as Additional Central Assistance and Special Central Assistance. Some of the other grants may not be specifically for a particular scheme but their proportions would be very small. NCA has been collated from the Ministry of Finance (MOF) and thus constitutes actual funds released.

of untied funds received from GOI increased significantly in FY 2015-16. To allow for the increase in untied funds, the Union Government reduced tied funding, such as CSS and other grants. The overall share of CSS and other grants in Union transfers dropped from 37 per cent in FY 2014-15 RE to 22 per cent in FY 2015-16.

## Transfers from the Union Government

Transfers from the Union Government accounted for 67 per cent of revenue receipts in FY 2015-16. Compared to FY 2014-15 RE, Union transfers increased by 3 per cent from FY 2014-15 RE. However, in comparison with BE, it dropped by 6 per cent from FY 2014-15.

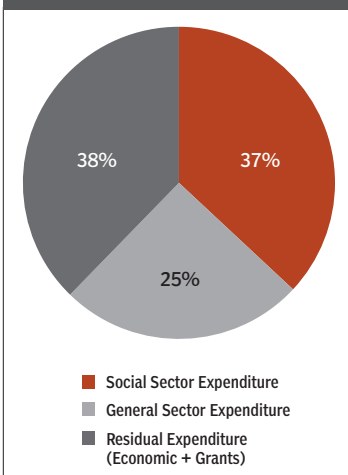
### COMPOSITION AND CHANGE IN UNION TRANSFERS TO BIHAR (IN RS CRORES)

	2014-15 BE	2014-15 RE	2015-16 BE	2015-16 BE over 2014-15 BE	2015-16 BE over 2014-15 RE
<b>Taxes</b>	41,775	38,082	50,748	8,973	12,666
<b>FC Grants</b>	3,848	3,192	2,948	-900	-244
<b>CSS and other scheme grants</b>	26,331	24,472	15,223	-11,109	-9,249
<b>Normal Central Assistance (NCA)</b>	1,240	1,240	0	-1,240	-1,240
<b>Total</b>	<b>73,195</b>	<b>66,985</b>	<b>68,918</b>	<b>-4,277</b>	<b>1,933</b>

**Source:** Collated from individual state budget documents. NCA collected from MOF and thus constitutes actual funds released.

**Notes:** Figures have been rounded off.

## EXPENDITURE 2015-16 BE



**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

## EXPENDITURE

### Overall expenditure

Bihar's total budgeted expenditure, including supplementary budgets, grew by 24 per cent in FY 2015-16 over FY 2014-15 BE (9 per cent over FY 2014-15 RE). In fact, total supplementary budgets passed were significant and accounted for 20 per cent of the initial BE.

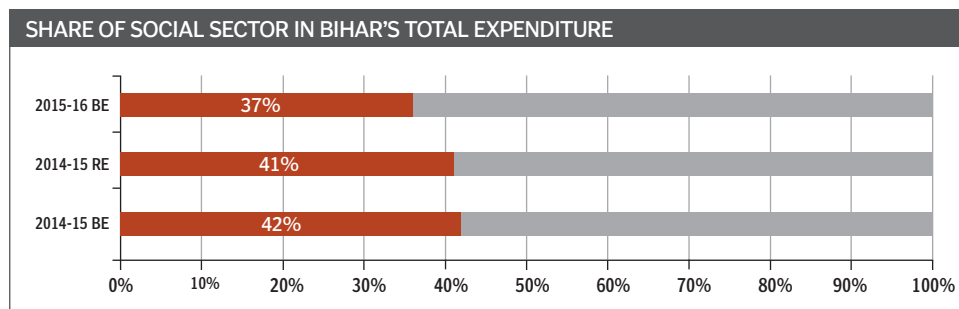
### EXPENDITURE IN BIHAR'S BUDGET (IN RS CRORES)

Type of expenditure	2014-15 BE	2014-15 RE	2015-16 BE
<b>Total expenditure</b>	1,13,323	1,28,581	1,40,005
<b>Revenue expenditure</b>	91,765	1,00,255	1,06,626
<b>Capital expenditure</b>	21,558	28,326	33,379
<b>Social sector expenditure</b>	47,137	52,921	51,735
<b>General sector expenditure</b>	30,453	33,046	35,470
<b>Residual expenditure (Economic + Grants)</b>	35,733	42,613	52,800
<b>Fiscal Deficit</b>	11,368	32,820	36,799

**Source:** Collated from individual state budget documents including supplementary expenditures passed.  
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries. Total and capital expenditure excludes repayment of public debt. Numbers have been

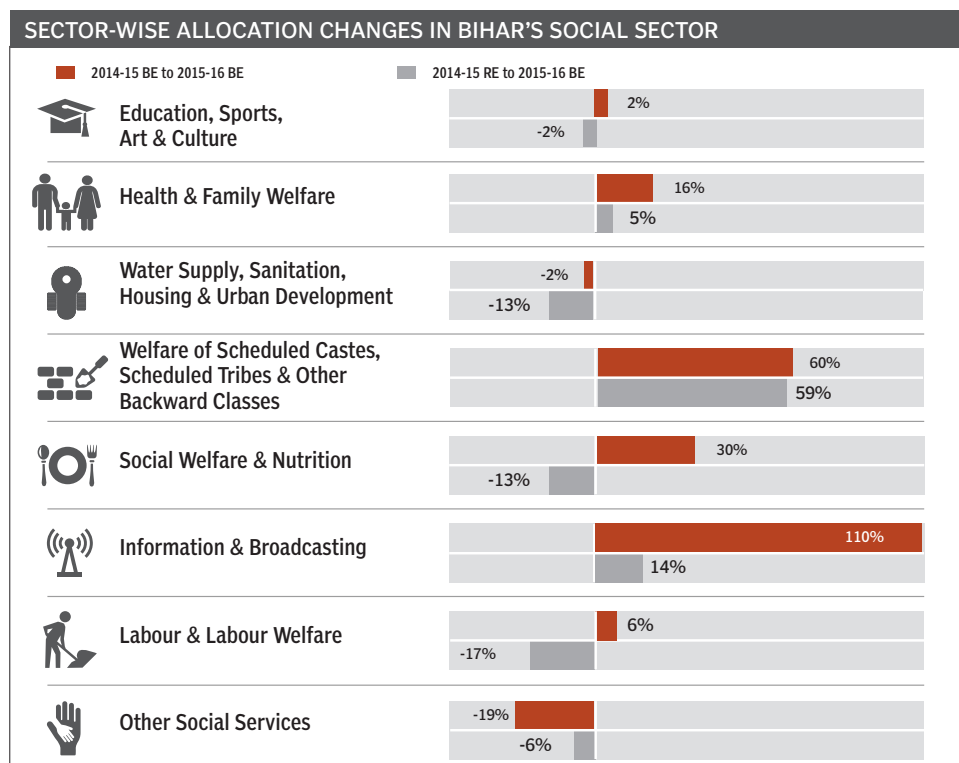
## Social Sector Expenditure

Social sector expenditure in the state dropped by ₹1,186 crore or 2 per cent over FY 2014-15 RE. The share of social sector expenditure as a proportion of total expenditure in Bihar fell by 4 per cent between FY 2014-15 RE and FY 2015-16 BE.



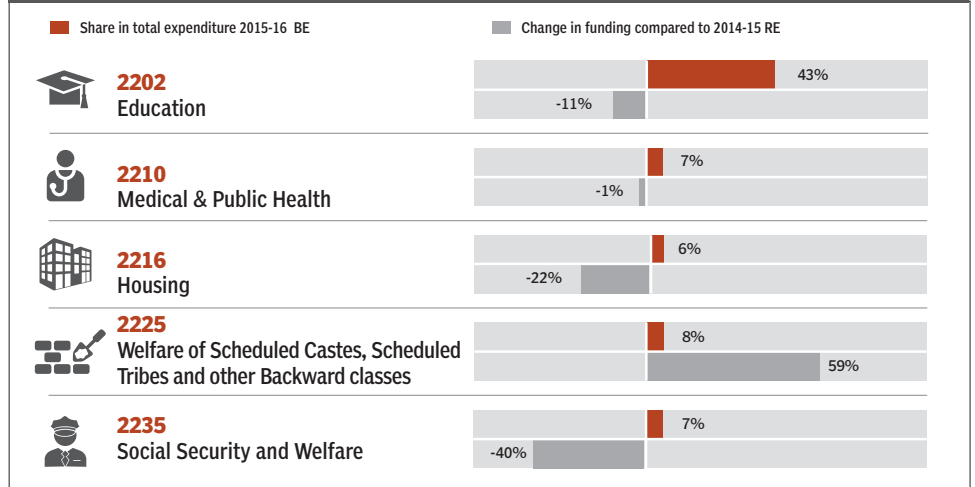
**Source:** Collated from individual state budget documents including supplementary expenditures passed.  
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries.

The most significant budget cuts were in “Water Supply, Sanitation, Housing and Other Development” and “Social Welfare and Nutrition” budget heads. Interestingly, budgets for “Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes” saw a significant 59 per cent increase in funding compared to FY 2014-15 RE.



**Source:** Collated from state budget documents.

## CHANGES IN THE FIVE BIGGEST COMPONENTS OF BIHAR'S SOCIAL SECTOR

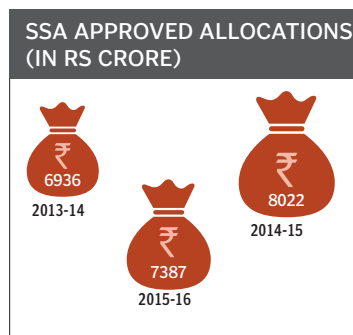


## CENTRALLY SPONSORED SCHEMES

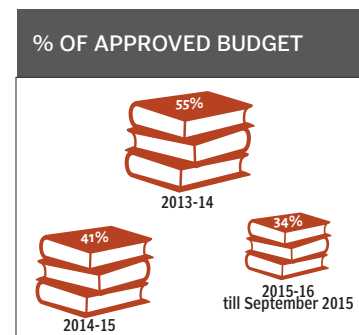
### Sarva Shiksha Abhiyan (SSA)

Approved allocations for Sarva Shiksha Abhiyan (SSA) (including state shares) dropped by 8 per cent from ₹8,022 crore to ₹7,387 crore.

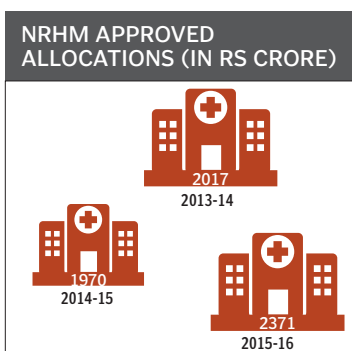
The actual release of funds has also been low. In 2014-15 only 41 per cent of the total allocation was released to the SSA implementing society. However, fund release was faster in FY 2015-16. By September 2015, halfway through the financial year, 34 per cent of the total approved funds had been released. In contrast, in FY 2014-15 in the same time period, only 19 per cent of approved funds had been released. This suggests that the overall fund availability and expenditure under SSA in the state is likely to be higher in FY 2015-16 compared with the previous year.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: NHM Website

### National Rural Health Mission (NRHM)

Approved funds for the National Rural Health Mission (NRHM) increased from ₹1,970 crore in FY 2014-15 to ₹2,371 crore in FY 2015-16. In FY 2014-15, 91 per cent of GOI allocations had been released. In FY 2015-16 till September, GOI had released 75 per cent of its allocations. This is faster than in the corresponding period of the previous financial year when 69 per cent had been released. However, expenditure in FY 2015-16 has been extremely slow. A mere 4 per cent of funds had been spent by September 2015.





## STATE REPORT CARD 2016

# CHHATTISGARH

### SUMMARY

#### Revenue

Revenue receipts for the state of Chhattisgarh grew by 18 per cent between the FY 2014-15 Revised Estimates (RE) and the FY 2015-16 Budgeted Estimate (BE). Union Government transfers increased by a significant 19 per cent during the same period. Untied funds accounted for 59 per cent of the total transfers received from the Government of India (GOI) in FY 2015-16 BE.

#### Expenditure

Chhattisgarh's total budgeted expenditure grew by 25 per cent over FY 2014-15 RE, with social sector expenditure increasing by 27 per cent in FY 2015-16. However, as a proportion of total expenditure, social sector spending increased by less than 1 per cent. The largest increase of ₹1,796 crore was seen in the sector "Social Welfare and Nutrition".

### RECEIPTS

#### Overall receipts

Revenue receipts in FY 2015-16 BE grew by 19 per cent over BE (18 per cent of RE). Union tax revenues transferred to the state increased by 64 per cent over FY 2014-15 BE (71 per cent over RE).

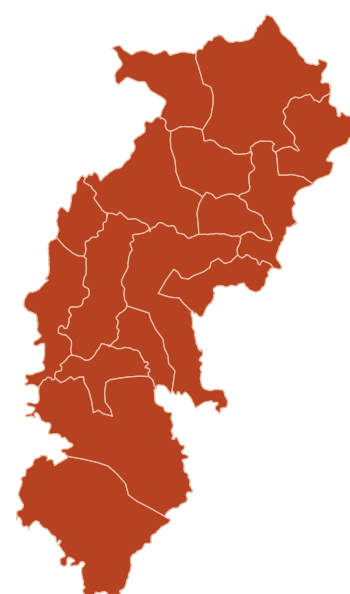
REVENUE RECEIPTS (IN RS CRORE)			
	2014-15 BE	2014-15 RE	2015-16 BE
Share in Union taxes	9,881	9,467	16,213
Grants in Aid (GIA)	14,662	15,129	12,994
Own taxes	17,926	18,127	20,086
Own non-tax revenue	6,185	6,319	8,663
<b>Total</b>	<b>48,654</b>	<b>49,042</b>	<b>57,956</b>

Source: Collated from individual state budget documents.

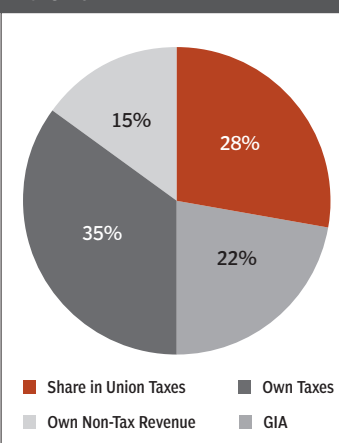
Note: GIA includes: Normal Central Assistance (NCA), Finance Commission (FC) Grants, Centrally Sponsored Schemes (CSS) and other grants from GOI. Figures have been rounded off.

#### Tied and untied funding

Tied funds are usually for specific purposes, such as grants under Centrally Sponsored Schemes (CSS). In contrast, states can decide how to spend untied funds which are transferred to them. In accordance with the 14th Finance Commission's (FFC) recommendations, the share of untied funds received from GOI increased significantly in FY 2015-16. To offset the increased untied funds, the Union Government decreased funding of CSS and other grants. The overall



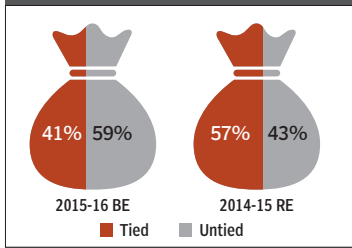
REVENUE RECEIPTS  
2015-16 BE



Source: Collated from state budget documents.

Note: Figures have been rounded off.

## COMPOSITION OF UNION TRANSFERS



**Source:** Collated from state budget documents.

**Note:** Untied grants include GIA from FC, NCA and tax devolution. Tied grants include grants for CSS and other grants such as Additional Central Assistance and Special Central Assistance. Some of the other grants may not be specifically for a particular scheme but their proportions would be very small. NCA has been collated from the Ministry of Finance (MOF) and thus constitutes actual funds released.

share of CSS and other grants in Union transfers dropped from 57 per cent in FY 2014-15 RE to 41 per cent in FY 2015-16.

## Transfers from the Union Government

Transfers from the Union Government accounted for 50 per cent of the state's revenue receipts in FY 2015-16. Compared to both FY 2014-15 RE and BE, Union transfers saw an increase of 19 per cent in FY 2015-16.

### COMPOSITION AND CHANGES IN UNION TRANSFERS TO CHHATTISGARH (IN RS CRORES)

	2014-15 BE	2014-15 RE	2015-16 BE	2015-16 BE over 2014-15 BE	2015-16 BE over 2014-15 RE
<b>Taxes</b>	9,881	9,467	16,213	6,332	6,746
<b>FC Grants</b>	1,628	842	935	-693	93
<b>CSS and other scheme grants</b>	12,715	13,967	12,060	-655	-1,908
<b>Normal Central Assistance (NCA)</b>	320	320	0	-320	-320
<b>Total</b>	<b>24,543</b>	<b>24,596</b>	<b>29,208</b>	<b>4,664</b>	<b>4,612</b>

**Source:** Collated from individual state budget documents. NCA collected from MOF and thus constitutes actual funds released.

**Note:** Figures have been rounded off.

## EXPENDITURE

### Overall expenditure

Chhattisgarh's total budgeted expenditure, including supplementary budgets, grew by 25 per cent over both BE and RE of the previous year. The total supplementary budgets accounted for 6 per cent of the expenditure of the initial 2015-16 BE.

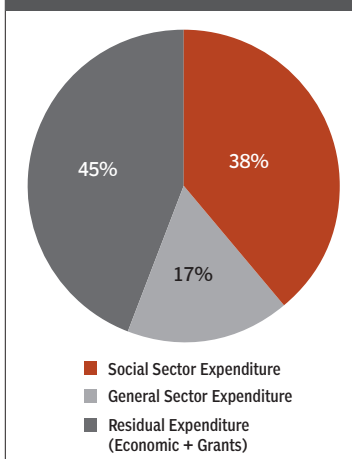
### EXPENDITURE IN CHHATTISGARH'S BUDGET (IN RS CRORES)

Type of expenditure	2014-15 BE	2014-15 RE	2015-16 BE
<b>Total expenditure</b>	54,710	55,035	68,627
<b>Revenue expenditure</b>	46,265	46,751	56,270
<b>Capital expenditure</b>	8,445	8,284	12,357
<b>Social sector expenditure</b>	20,748	20,743	26,256
<b>General sector expenditure</b>	9,024	9,345	11,714
<b>Residual expenditure (Economic + Grants)</b>	24,938	24,947	30,654
<b>Fiscal Deficit</b>	5,761	5,768	10,449

**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

## EXPENDITURE 2015-16

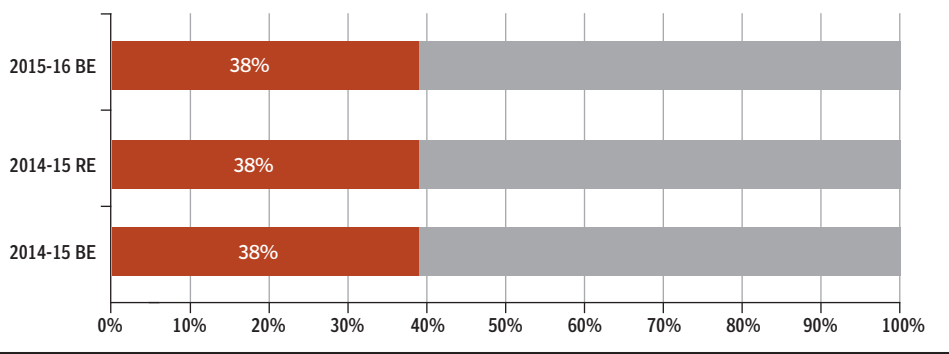


**Source:** Collated from individual state budget documents including supplementary expenditures passed.  
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

### Social sector expenditure

Social sector expenditure in the state increased by approximately ₹5,515 crore or 27 per cent over FY 2014-15 RE. However, the share of social sector expenditure as a proportion of total expenditure increased by less than 1 per cent during the same period.

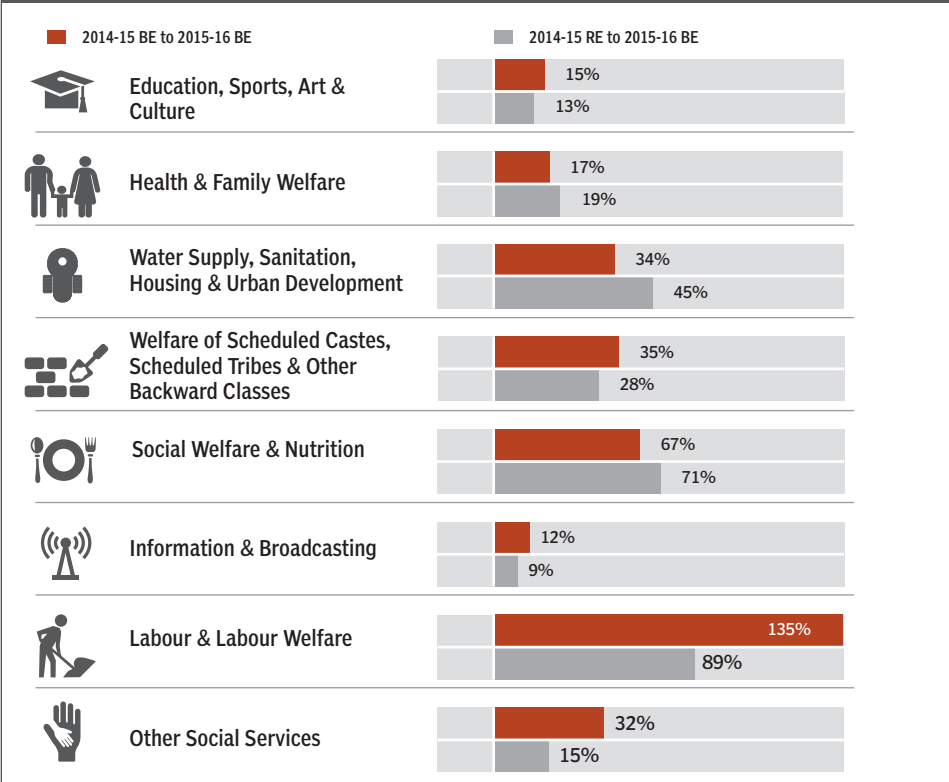
### SHARE OF SOCIAL SECTOR IN CHHATTISGARH'S TOTAL EXPENDITURE



**Source:** Collated from individual state budget documents including supplementary expenditures passed.  
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries.

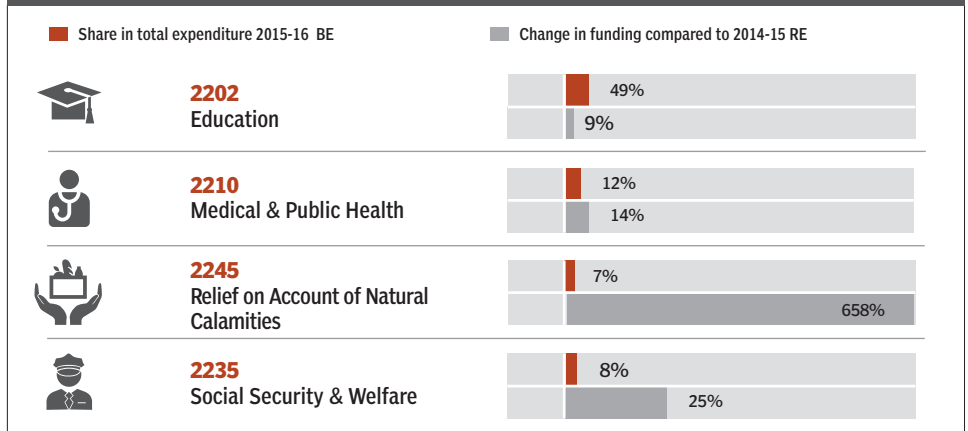
In Chhattisgarh, "Labour and Labour Welfare" saw a sharp increase of 89 per cent in FY 2015-16 compared to FY 2014-15 RE in social sector expenditure. The largest increase of ₹1,796 crore was seen in "Social Welfare and Nutrition".

### SECTOR-WISE ALLOCATION CHANGES IN CHHATTISGARH'S SOCIAL SECTOR



**Source:** Collated from state budget documents.

## CHANGES IN THE FOUR MAJOR COMPONENTS OF CHHATTISGARH'S SOCIAL SECTOR



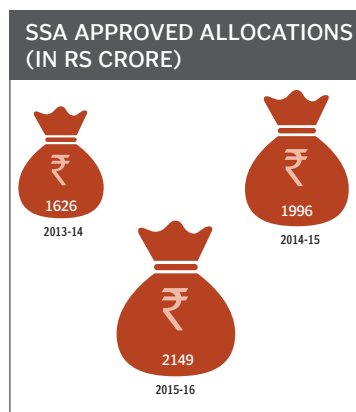
Source: Collated from state budget documents.

## CENTRALLY SPONSORED SCHEMES

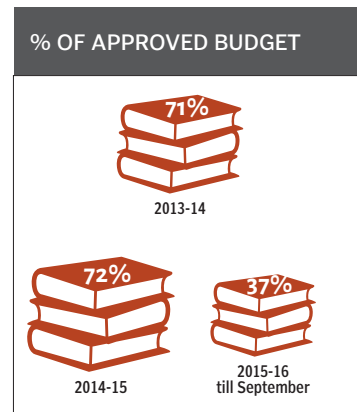
### Sarva Shiksha Abhiyan (SSA)

Approved allocations for Sarva Shiksha Abhiyan (SSA) (including state shares) increased by 8 per cent from ₹1,996 crore in FY 2014-15 to ₹2,149 crore in FY 2015-16.

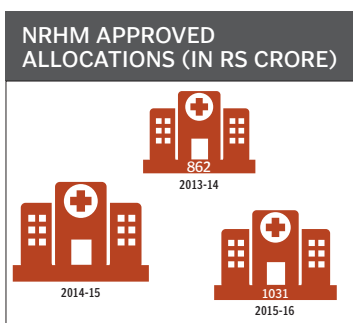
However, the release of funds has been slow. In FY 2014-15, 72 per cent of the total approved funds were released. Up to September 2015, halfway through the current financial year, releases were as low as 37 per cent. Expenditure, too, was slow. In contrast, by September 2014, 29 per cent of approved funds had been released. This suggests that fund release was faster in FY 2015-16 over FY 2014-15.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: NHM Website

### National Rural Health Mission (NRHM)

Approved funds for the National Rural Health Mission (NRHM) increased marginally from ₹818 crore in FY 2014-15 to ₹1,031 crore in FY 2015-16. However, expenditure in both years has been extremely slow. In FY 2014-15 a mere 47 per cent of funds approved had been spent. A similar trend seems to be emerging in FY 2015-16. By September the state had only spent 23 per cent of its total approved budget.





## STATE REPORT CARD 2016

# KARNATAKA

### SUMMARY

#### Revenue

Revenue receipts for the state of Karnataka grew by 7 per cent between the FY 2014-15 Revised Estimates (RE) and the FY 2015-16 Budgeted Estimate (BE). Union Government transfers for the year decreased by 3 per cent during the same period. Untied funds accounted for 77 per cent of the total transfers received from the Government of India (GOI) in FY 2015-16 BE.

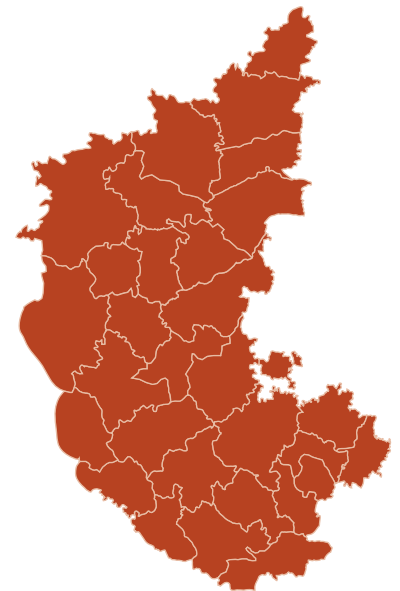
#### Expenditure

The State's total budgeted expenditure in FY 2015-16 grew by 13 per cent over FY 2014-15 RE, with social sector expenditure increasing by 5 per cent in FY 2015-16. While expenditure for "Education" decreased by 11 per cent, expenditure under the head "Housing" increased significantly, by 52 per cent between 2014-15 RE and 2015-16 BE.

### RECEIPTS

#### Overall receipts

Revenue receipts in FY 2015-16 BE grew by 5 per cent over the previous year's BE (7 per cent over RE). Union tax revenues transferred to the state increased by 50 per cent over FY 2014-15 BE (61 per cent over RE).



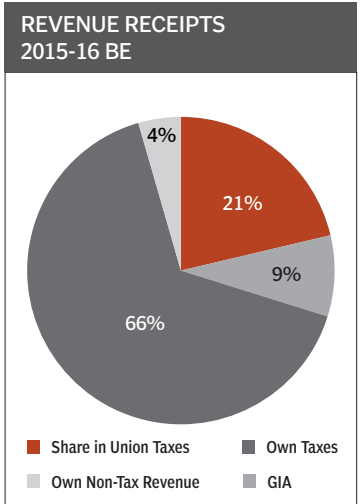
REVENUE RECEIPTS (IN RS CRORE)			
	2014-15 BE	2014-15 RE	2015-16 BE
Share in Union taxes	16,560	15,410	24,790
Grants in Aid (GIA)	20,135	20,478	9,919
Own taxes	69,870	68,554	76,445
Own non-tax revenue	4,473	4,465	5,206
<b>Total</b>	<b>1,11,039</b>	<b>1,08,908</b>	<b>1,16,360</b>

**Source:** Collated from state budget documents.

**Note:** GIA includes: Normal Central Assistance (NCA), Finance Commission (FC) Grants, Centrally Sponsored Schemes (CSS) and other grants from GOI. Figures have been rounded off.

#### Tied and Untied funding

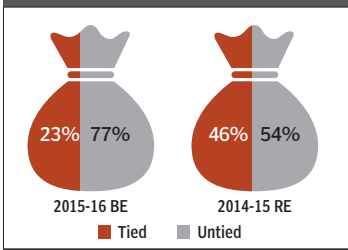
Tied funds are usually for specific purposes, such as grants under Centrally Sponsored Schemes (CSS). In contrast, states can decide how to spend untied funds which are transferred to them. In accordance with the 14th Finance Commission's (FFC) recommendations, the share of untied funds received from the Union Government increased significantly in FY 2015-16. To



**Source:** Collated from state budget documents.

**Note:** Figures have been rounded off.

## COMPOSITION OF UNION TRANSFERS



**Source:** Collated from state budget documents.

**Note:** Untied grants include GIA from FC, NCA and tax devolution. Tied grants include grants for CSS and other grants such as Additional Central Assistance and Special Central Assistance. Some of the other grants may not be specifically for a particular scheme but their proportions would be very small. NCA has been collated from the Ministry of Finance (MOF) and thus constitutes actual funds released.

offset the increase in untied funds, GOI decreased funding of CSS and other grants. The overall share of CSS and other grants in total transfers decreased from 46 per cent in FY 2014-15 RE to 23 per cent in FY 2015-16.

## Transfers from the Union Government

Transfers from the Union Government accounted for 30 per cent of revenue receipts in 2015-16. Compared with 2014-15 RE, Union transfers decreased by 3 per cent. However, when compared with BE, it dropped by 5 per cent from 2014-15.

### COMPOSITION AND CHANGE IN UNION TRANSFERS TO KARNATAKA (IN RS CRORES)

	2014-15 BE	2014-15 RE	2015-16 BE	2015-16 BE over 2014-15 BE	2015-16 BE over 2014-15 RE
<b>Taxes</b>	16,560	15,410	24,790	8,230	9,380
<b>FC Grants</b>	3,211	3,466	1,814	-1,398	-1,652
<b>CSS and other scheme grants</b>	16,406	16,495	8,105	-8,301	-8,390
<b>Normal Central Assistance (NCA)</b>	518	518	0	-518	-518
<b>Total</b>	<b>36,695</b>	<b>35,889</b>	<b>34,709</b>	<b>-1,987</b>	<b>-1,180</b>

**Source:** Collated from individual state budget documents. NCA collected from MOF and thus constitutes actual funds released.

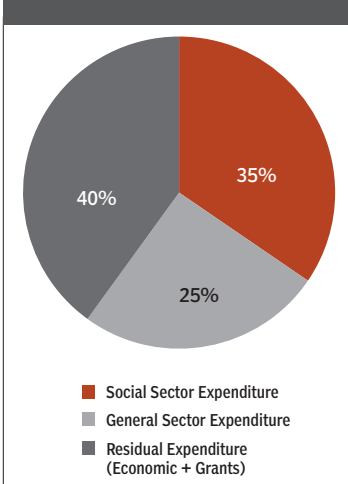
**Note:** Figures have been rounded off.

## EXPENDITURE

### Overall expenditure

Karnataka's total budgeted expenditure, including supplementary budgets, grew by 11 per cent in FY 2015-16 over FY 2014-15 BE (13 per cent over FY 2014-15 RE). Total supplementary budgets passed accounted for 6 per cent of the initial FY 2015-16 BE.

### EXPENDITURE 2015-16 BE



**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

### EXPENDITURE IN KARNATAKA'S BUDGET (IN RS CRORES)

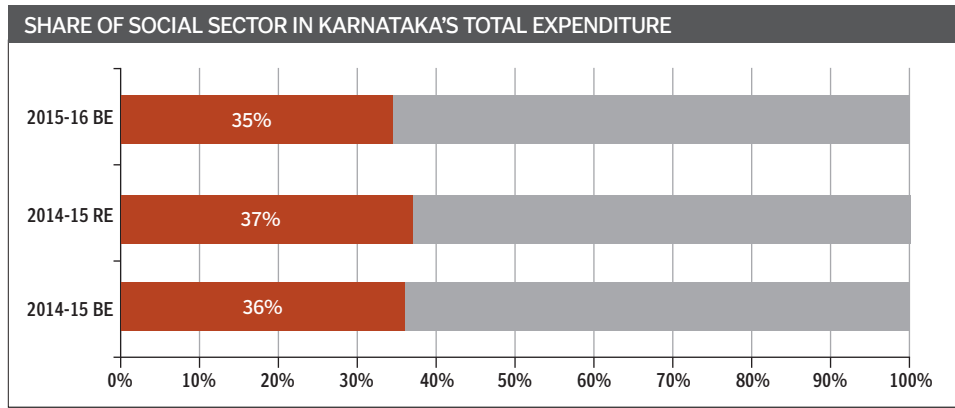
Type of expenditure	2014-15 BE	2014-15 RE	2015-16 BE
<b>Total expenditure</b>	1,31,248	1,28,078	1,45,312
<b>Revenue expenditure</b>	1,10,757	1,08,748	1,22,151
<b>Capital expenditure</b>	20,490	19,330	23,161
<b>Social sector expenditure</b>	46,943	48,020	50,196
<b>General sector expenditure</b>	30,341	28,429	36,975
<b>Residual expenditure (Economic + Grants)</b>	53,964	51,629	58,142
<b>Fiscal Deficit</b>	20,041	19,035	28,786

**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

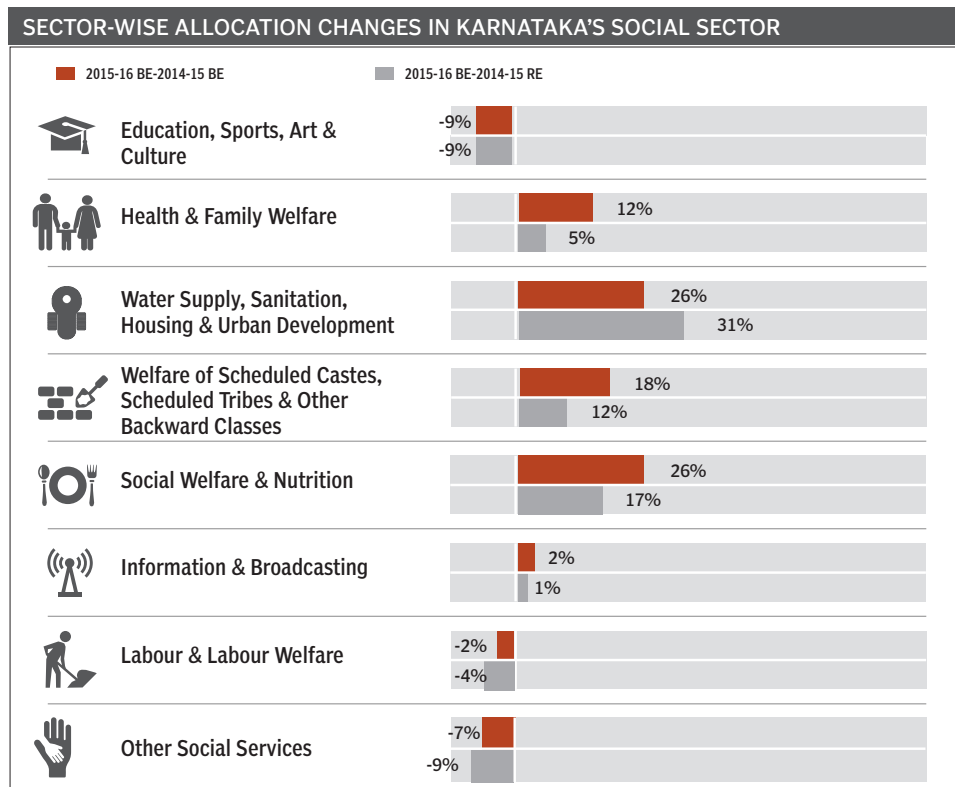
## Social Sector Expenditure

Social sector expenditure in the state increased by over ₹2,000 crore or 5 per cent over FY 2014-15 RE. However, the share of social sector expenditure in Karnataka's total expenditure fell by 3 per cent between FY 2014-15 RE and FY 2015-16 BE.



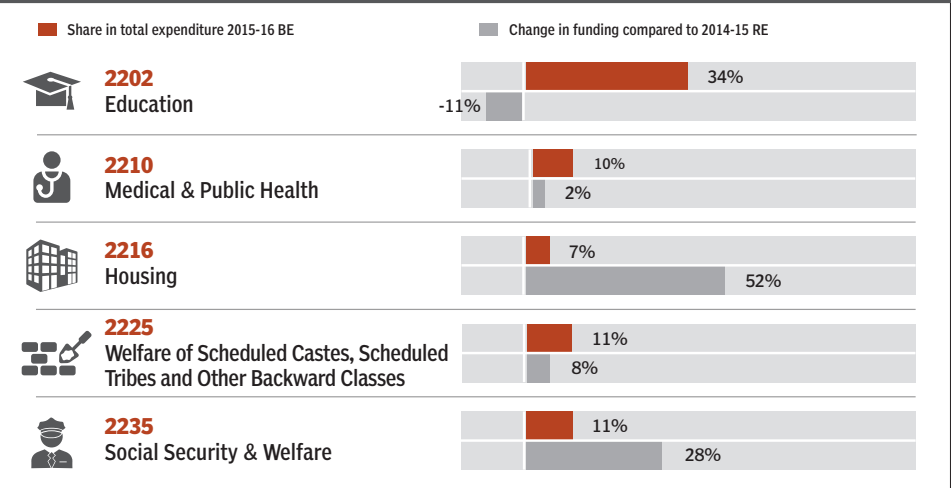
**Source:** Collated from individual state budget documents including supplementary expenditures passed.  
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries.

The most significant budget cuts were seen in “Education, Sports, Art and Culture” and “Other Social Services. The budget heads “Water Supply, Sanitation, Housing and Urban Development” saw a significant 31 per cent increase in funding compared to FY 2014-15 RE.



**Source:** Collated from state budget documents.

### CHANGES IN THE FIVE BIGGEST COMPONENTS OF KARNATAKA'S SOCIAL SECTOR



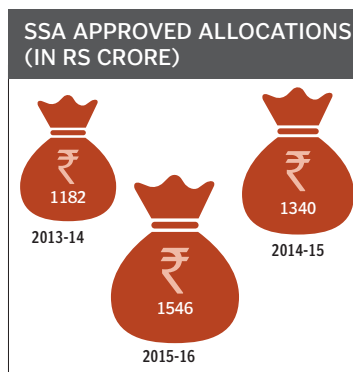
Source: Collated from state budget documents.

## CENTRALLY SPONSORED SCHEMES

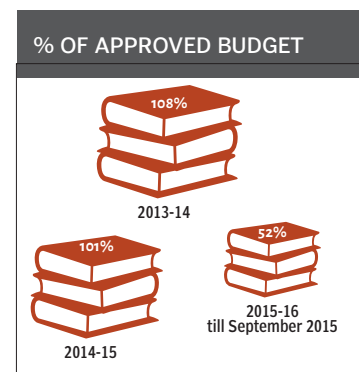
### Sarva Shiksha Abhiyan (SSA)

Approved allocations for Sarva Shiksha Abhiyan (SSA) (including state shares) increased by 15 per cent from ₹1,340 crore in FY 2014-15 to ₹1,546 crore in FY 2015-16.

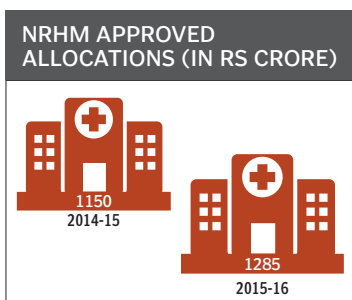
The actual release of funds has also been consistently smooth. In FY 2014-15, 101 per cent of the total allocation was released to the SSA state implementing society, implying that more funds than approved were released. Up to September 2015, halfway through the current financial year, 52 per cent of the approved funds had been released. The corresponding figure for the same time period in FY 2014-15 was 59 per cent. The pattern indicates that overall fund availability and expenditure under SSA is likely to meet FY 2015-16 targets.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: NHM Website

### National Rural Health Mission (NRHM)

Approved funds for the National Rural Health Mission (NRHM) increased from ₹1,150 crore in FY 2014-15 to ₹1,285 crore in FY 2015-16. In FY 2014-15 GOI had released 85 per cent of its total share. In FY 2015-16, till September, 61 per cent of total GOI allocations have been released. The corresponding figure for FY 2014-15 was 72 per cent, which indicates that releases have slowed. Expenditure in FY 2015-16 has also been slow. A mere 14 per cent of funds had been spent by September 2015. Moreover, this does not include additional supplementary proposals that the state has made, as they have not been accepted. If the proposals are accepted, then expenditure would be even lower.





## STATE REPORT CARD 2016

# RAJASTHAN

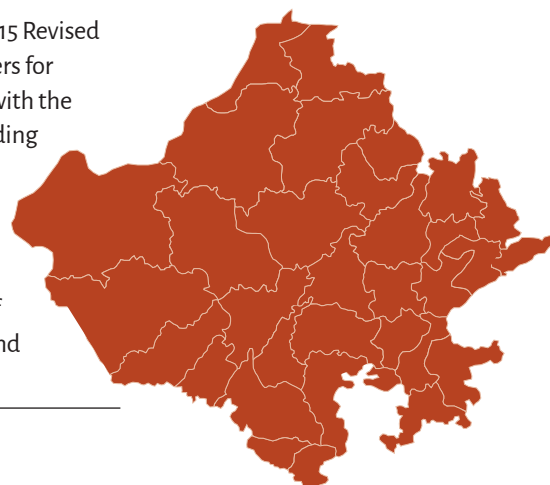
### SUMMARY

#### Revenue

Revenue receipts for the state of Rajasthan grew by 15 per cent between the FY 2014-15 Revised Estimate (RE) and the FY 2015-16 Budgeted Estimate (BE). Union Government transfers for the year increased by a significant 12 per cent from the RE for FY 2014-15. In keeping with the recommendations of the 14th Finance Commission (FFC), 65 per cent of the total funding received from the Union Government was untied in FY 2015-16.

#### Expenditure

Total budgeted expenditure grew by 12 per cent from FY 2014-15 RE. Overall, social sector expenditure increased by 21 per cent from the previous year. As a proportion of total expenditure, social sector spending increased by 3 per cent. The head "Health and Family Welfare" increased by 26 per cent compared with FY 2014-15 RE.



### RECEIPTS

#### Overall receipts

Revenue receipts in FY 2015-16 grew by 5 per cent over BE (15 per cent of RE). The Union tax revenues transferred to the state increased by 27 per cent of BE (46 per cent of RE).

REVENUE RECEIPTS (IN RS CRORES)			
	2014-15 BE	2014-15 RE	2015-16 BE
Share in Union taxes	22,756	19,817	28,925
Grants In Aid (GIA)	27,776	23,596	19,845
Own taxes	40,655	39,787	47,096
Own non-tax revenue	14,939	13,468	15,496
<b>Total</b>	<b>1,06,126</b>	<b>96,668</b>	<b>1,11,362</b>

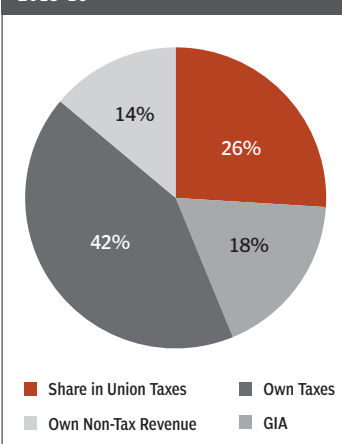
**Source:** Collated from state budget documents.

**Note:** GIA includes: Normal Central Assistance (NCA), Finance Commission (FC) Grants, Centrally Sponsored Schemes (CSS) and other grants from GOI. Figures have been rounded off.

#### Tied and untied funding

Tied funds are usually for specific purposes, such as grants under Centrally Sponsored Schemes (CSS). In contrast, states can decide how to spend untied funds which are transferred to them. In line with the FFC recommendations, the share of untied funds received from the Union Government increased significantly in FY 2015-16. To accommodate the increased untied funds,

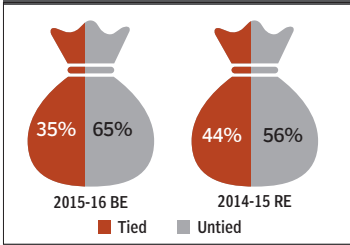
REVENUE RECEIPTS  
2015-16



**Source:** Collated from state budget documents.

**Note:** Some numbers have been rounded off.

### COMPOSITION OF UNION TRANSFERS TO RAJASTHAN



**Sources:** Collated from state budget documents.

**Note:** Untied grants include GIA from FC, NCA and tax devolution. Tied grants include grants for CSS and other grants such as Additional Central Assistance and Special Central Assistance. Some of the other grants may not be specifically for a particular scheme but their proportions would be very small. NCA has been collated from the Ministry of Finance (MOF) and thus constitutes actual funds released.

Government of India (GOI) cut the funding of CSS and other grants. The overall share of CSS and other grants in Union transfers dropped from 44 per cent in FY 2014-15 RE to 35 per cent in FY 2015-16.

### Transfers from the Union Government

Transfers from the Union Government accounted for 44 per cent of revenue receipts in FY 2015-16. Compared to FY 2014-15 RE, Union transfers increased by 12 per cent. However, compared to BE for that year, transfers fell by 3 per cent in FY 2015-16.

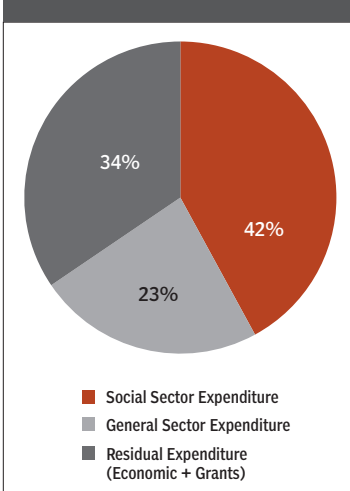
#### COMPOSITION AND CHANGE IN UNION TRANSFERS TO RAJASTHAN (IN RS CRORES)

	2014-15 BE	2014-15 RE	2015-16 BE	2015-16 BE over 2014-15 BE	2015-16 BE over 2014-15 RE
<b>Taxes</b>	22,756	19,817	28,925	6,169	9,108
<b>FC Grants</b>	3,427	3,934	2,898	-529	-1,036
<b>CSS and other scheme grants</b>	23,685	18,997	16,947	-6,738	-2,051
<b>Normal Central Assistance (NCA)</b>	664	664	0	-664	-664
<b>Total</b>	<b>50,531</b>	<b>43,413</b>	<b>48,770</b>	<b>-1,761</b>	<b>5,357</b>

**Source:** Collated from individual state budget documents. NCA collected from MOF and thus constitutes actual funds released.

**Note:** Numbers have been rounded off.

### EXPENDITURE 2015-16 BE



**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

## EXPENDITURE

### Overall Expenditure

Rajasthan's total budgeted expenditure including the supplementary budget grew by 8 per cent in FY 2015-16 over FY 2014-15 BE (12 per cent over RE). The total supplementary budget passed was for 2.4 per cent of the initial BE.

#### EXPENDITURE IN RAJASTHAN'S BUDGET (IN RS CRORES)

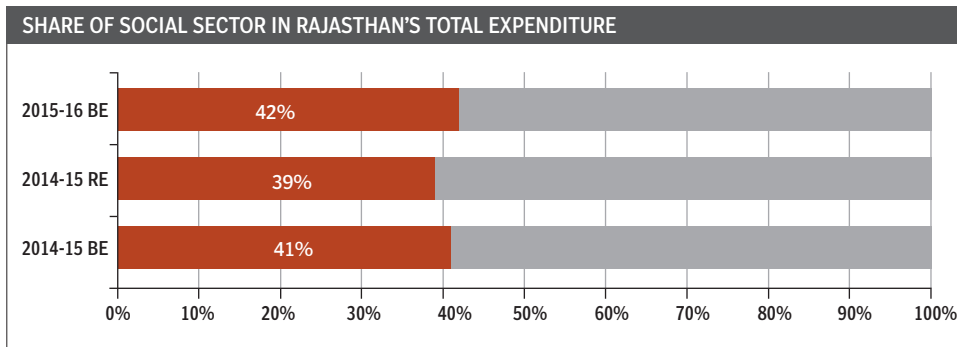
Type of expenditure	2014-15 BE	2014-15 RE	2015-16 BE
<b>Total expenditure</b>	1,26,470	1,21,161	1,36,095
<b>Revenue expenditure</b>	1,05,387	1,00,888	1,14,017
<b>Capital expenditure</b>	21,083	20,273	22,078
<b>Social sector expenditure</b>	51,518	47,191	57,238
<b>General sector expenditure</b>	27,655	29,230	31,920
<b>Residual expenditure (Economic + Grants)</b>	47,297	44,740	46,937
<b>Fiscal Deficit</b>	20,186	23,464	23,822

**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

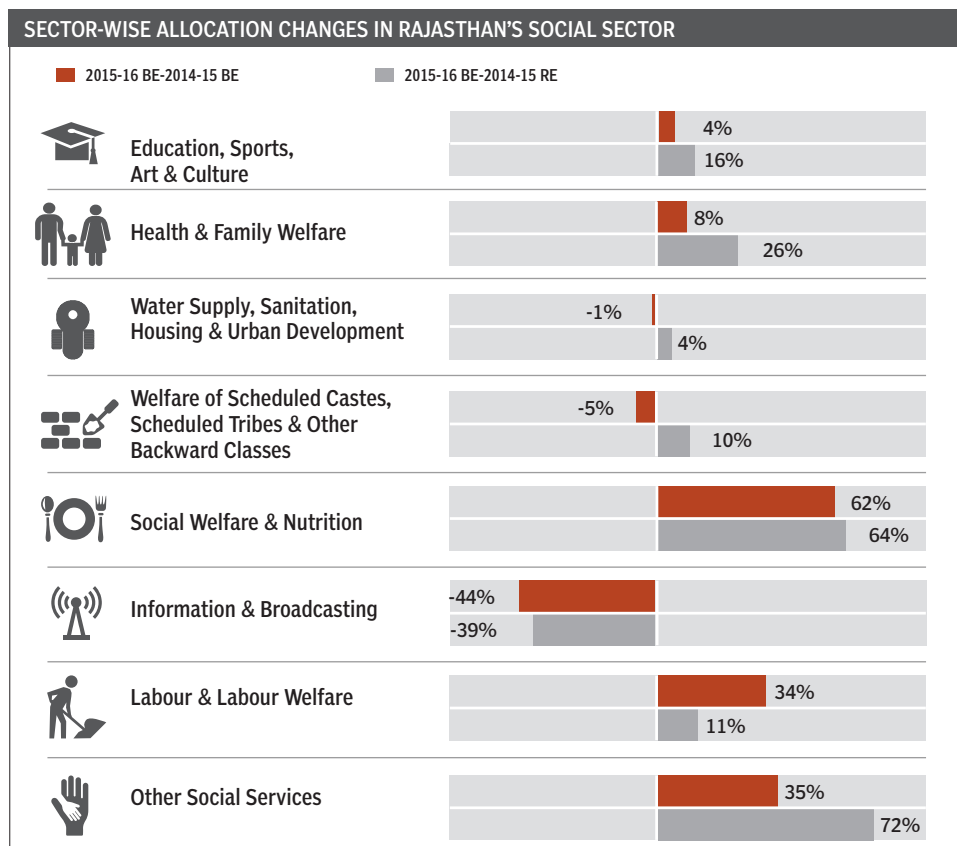
## Social Sector Expenditure

Social sector expenditure in the state increased by approximately ₹10,000 crores or 21 per cent over FY 2014-15 RE. However, the share of social sector expenditure as a proportion of total expenditure increased by a mere 3 per cent between FY 2014-15 RE and 2015-16 BE.



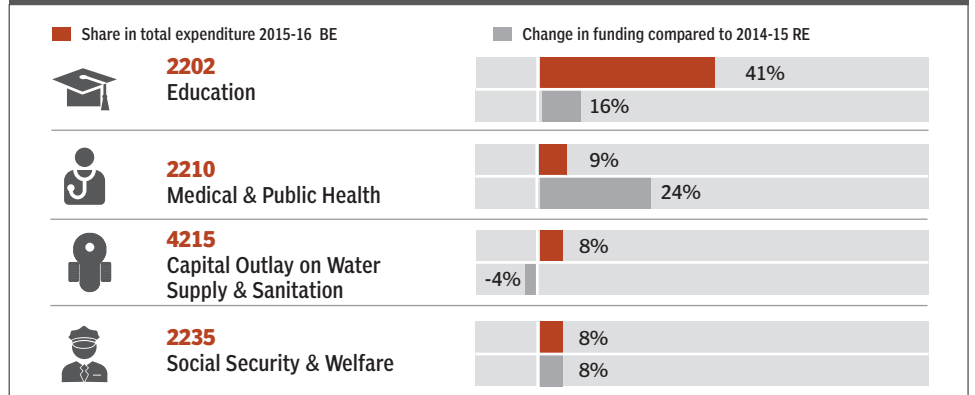
**Source:** Collated from individual state budget documents including supplementary expenditures passed.  
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries.

In Rajasthan, “Social Welfare and Nutrition” witnessed the highest increases, at over 60 per cent. Other heads that saw increases included “Health and Family Welfare”, which increased by 26 per cent compared with FY 2014-15 RE. Moreover, “Education, Sports, Art and Culture”, which constitutes over 40 per cent of the total social sector, also increased by 16 per cent (compared to the previous year’s RE).



**Source:** Collated from state budget documents.

## CHANGES IN THE FOUR BIGGEST COMPONENTS OF RAJASTHAN'S SOCIAL SECTOR



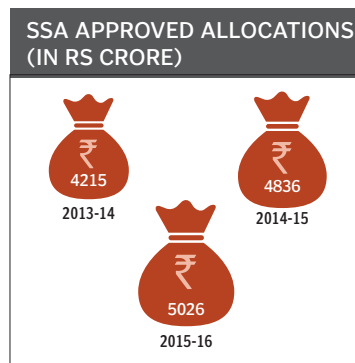
Source: Collated from state budget documents.

## CENTRALLY SPONSORED SCHEMES

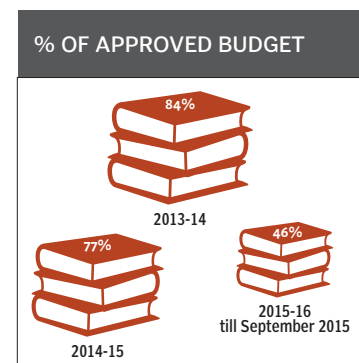
### Sarva Shiksha Abhiyan (SSA)

Approved allocations for Sarva Shiksha Abhiyan (SSA) (including state shares) increased by 4 per cent, from ₹ 4,836 crores in FY 2014-15 to ₹5,026 crores in FY 2015-16.

In FY 2014-15, 77 per cent of the total approved funds were released. By September 2015, halfway through the current financial year, 46 per cent of the approved funds had been released. This pace of release is similar to FY 2014-15 when 47 per cent of total funds had been released by September 2014. It thus appears that releases and expenditures may keep pace with the FY 2014-15 trend.

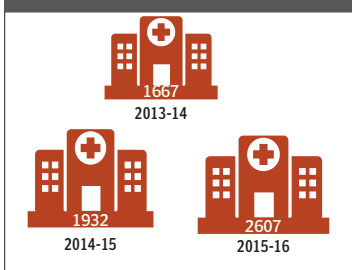


Source: RTI filed by Accountability Initiative and SSA portal.



Source: RTI filed by Accountability Initiative and SSA portal.

### NRHM APPROVED ALLOCATIONS (IN RS CRORE)



Source: NHM Website

### National Rural Health Mission (NRHM)

Approved funds for the National Rural Health Mission (NRHM) increased significantly from ₹1,932 in FY 2014-15 to ₹2,607 crore in FY 2015-16. In FY 2014-15 91 per cent of Union allocations had been released. In FY 2015-16, till September 86 per cent had been released. The corresponding figure for FY 2014-15 was 74 per cent. This indicates that releases were faster in FY 2015-16. However, expenditure in FY 2015-16 has been slow. By September 2015, only 13 per cent of the total approved budget had been spent.





## STATE REPORT CARD 2016

# TAMIL NADU

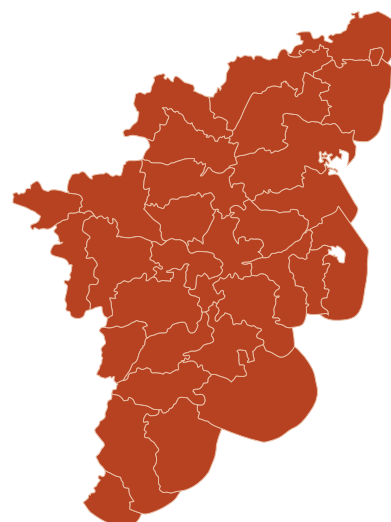
### SUMMARY

#### Revenue

Revenue receipts for the state of Tamil Nadu grew by 7 per cent between the FY 2014-15 Revised Estimates (RE) and the FY 2015-16 Budgeted Estimate (BE). Union Government transfers dropped by 3 per cent during the same period. Untied funds accounted for 63 per cent of total transfers received from the Government of India (GOI) in FY 2015-16 BE.

#### Expenditure

The State's total budgeted expenditure in FY 2015-16 grew by 9 per cent over FY 2014-15 RE. Social sector expenditure, however, dropped by 4 per cent in FY 2015-16. Expenditure under the head "Social Welfare and Nutrition" decreased 5 per cent compared to 2014-15 RE, whilst "Education Sports Art and Culture" increased by 6 per cent.



### RECEIPTS

#### Overall receipts

Revenue receipts in FY 2015-16 BE grew by 12 per cent over the previous year's BE (7 per cent over RE). Union tax revenues transferred to the state increased by 11 per cent over FY 2014-15 BE (26 per cent over RE).

REVENUE RECEIPTS (IN RS CRORE)			
	2014-15 BE	2014-15 RE	2015-16 BE
Share in Union taxes	19,014	16,824	21,150
Grants in Aid (GIA)	8,456	21,724	16,377
Own taxes	91,835	85,773	96,083
Own non-tax revenue	8,084	8,868	9,071
<b>Total</b>	<b>1,27,390</b>	<b>1,33,189</b>	<b>1,42,681</b>

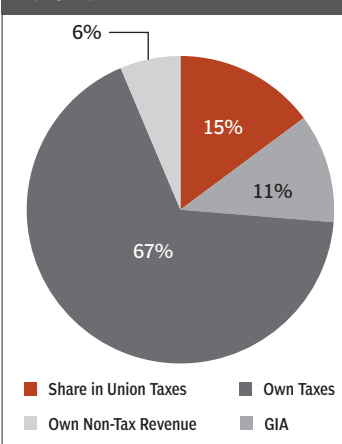
Source: Collated from state budget documents.

Note: GIA includes: Normal Central Assistance (NCA), Finance Commission (FC) Grants, Centrally Sponsored Schemes (CSS) and other grants from GOI. Figures have been rounded off.

#### Tied and untied funding

Tied funds are usually for specific purposes, such as grants under Centrally Sponsored Schemes (CSS). In contrast, states can decide how to spend untied funds which are transferred to them. In keeping with the 14th Finance Commission's (FFC) recommendations, the share of untied funds received from the Union Government increased significantly in FY 2015-16. To offset the increased untied funds, GOI reduced tied funding such as CSS and other grants. The

REVENUE RECEIPTS  
2015-16

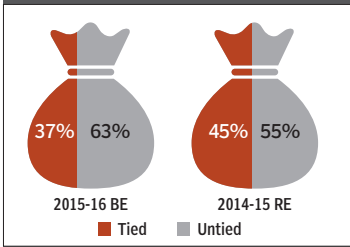


Source: Collated from state budget documents.

Note: Figures have been rounded off.



### COMPOSITION OF UNION TRANSFERS TO TAMIL NADU



**Source:** Collated from state budget documents.

**Note:** Untied grants include GIA from FC, NCA and tax devolution. Tied grants include grants for CSS and other grants such as Additional Central Assistance and Special Central Assistance. Some of the other grants may not be specifically for a particular scheme but their proportions would be very small. NCA has been collated from the Ministry of Finance (MOF) and thus constitutes actual funds released.

overall share of CSS and other grants in Union transfers dropped from 45 per cent in FY 2014-15 RE to 37 per cent in FY 2015-16.

### Transfers from the Union Government

Transfers from the Union Government accounted for 26 per cent of revenue receipts in FY 2015-16. Compared to FY 2014-15 RE, Union transfers decreased by 3 per cent in FY 2015-16. However, when compared with BE, the budget increased by 37 per cent over FY 2014-15. Detailed examination of budget documents showed that FY 2014-15 budget had significantly underestimated the grants from the Union Government for CSS. This is potentially because the state had not considered accounting changes which were made to the flow of CSS funding in FY 2014-15 BE.

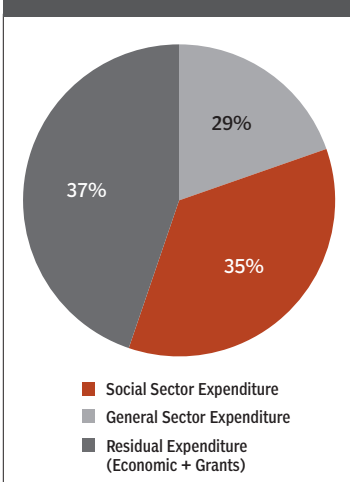
### COMPOSITION AND CHANGE IN UNION TRANSFERS TO TAMIL NADU (IN RS CRORE)

	2014-15 BE	2014-15 RE	2015-16 BE	2015-16 BE over 2014-15 BE	2015-16 BE over 2014-15 RE
<b>Taxes</b>	19,014	16,824	21,150	2,136	4,326
<b>FC Grants</b>	3,083	3,757	2,349	-735	-1,409
<b>CSS and other scheme grants</b>	4,713	17,307	14,028	9,315	-3,279
<b>Normal Central Assistance (NCA)</b>	660	660	0	-660	-660
<b>Total</b>	<b>27,470</b>	<b>38,548</b>	<b>37,527</b>	<b>10,056</b>	<b>-1,022</b>

**Source:** Collated from individual state budget documents. NCA collected from MOF and thus constitutes actual funds released.

**Note:** Figures have been rounded off.

### EXPENDITURE 2015-16



**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

## EXPENDITURE

### Overall expenditure

Tamil Nadu's total budgeted expenditure including supplementary budgets grew by 15 per cent in FY 2015-16 over FY 2014-15 BE (9 per cent over 2014-15 RE). The total supplementary budgets passed were minimal and accounted for only 0.6 per cent of the initial BE.

### EXPENDITURE IN TAMIL NADU'S BUDGET (IN RS CRORE)

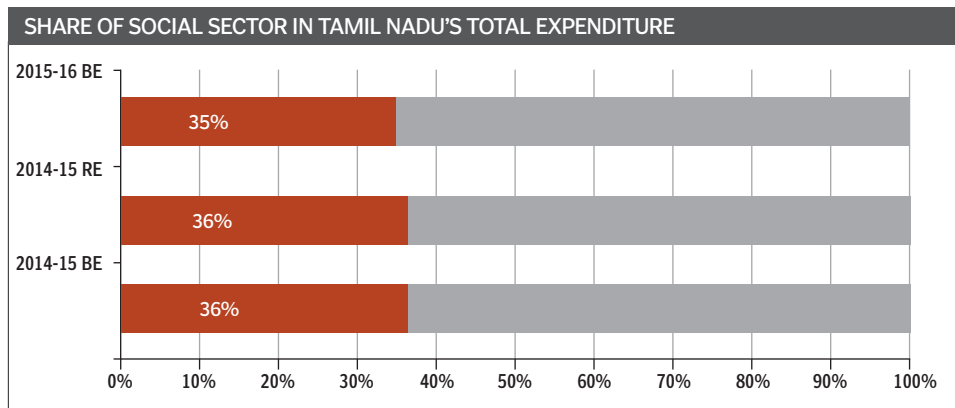
Type of expenditure	2014-15 BE	2014-15 RE	2015-16 BE
<b>Total expenditure</b>	1,53,308	1,60,873	1,75,823
<b>Revenue expenditure</b>	1,27,100	1,36,725	1,47,705
<b>Capital expenditure</b>	26,208	24,147	28,119
<b>Social sector expenditure</b>	54,843	58,399	60,868
<b>General sector expenditure</b>	45,159	45,626	50,903
<b>Residual expenditure (Economic + Grants)</b>	53,307	56,848	64,053
<b>Fiscal Deficit</b>	25,714	27,346	32,841

**Source:** Collated from individual state budget documents including supplementary expenditures passed.

**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries. Total and capital expenditure excludes repayment of public debt. Numbers have been rounded off.

## Social Sector Expenditure

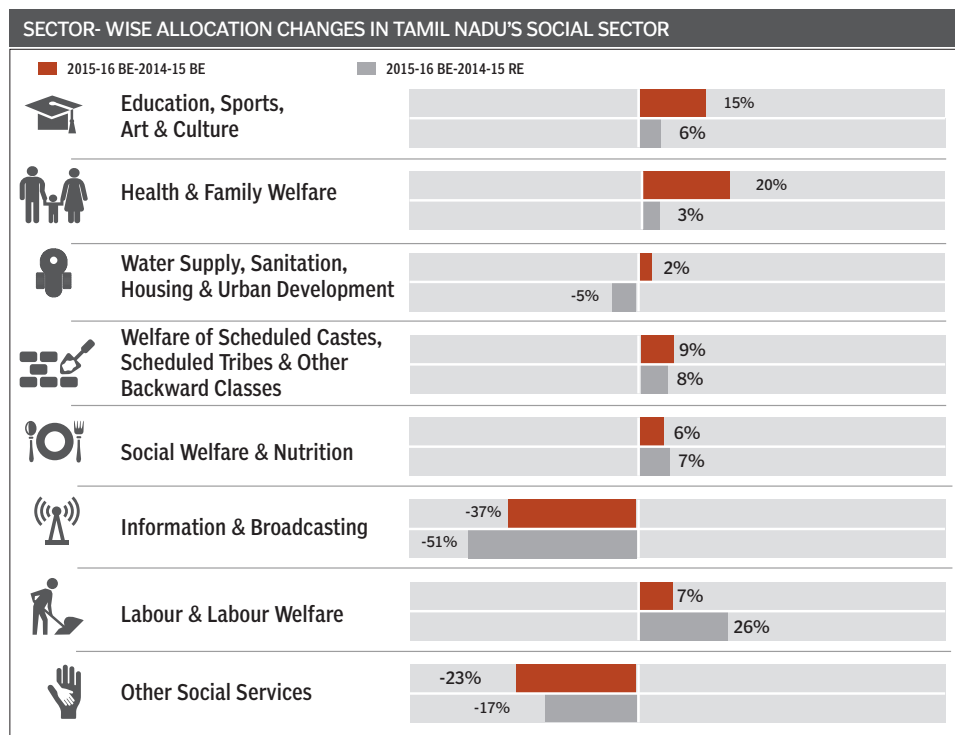
Social sector expenditure in the state increased by around ₹2,500 crores or 4 per cent over FY 2014-15 RE. However, the share of social sector expenditure as a proportion of total expenditure fell by 2 per cent between FY 2014-15 RE and FY 2015-16 BE.



**Source:** Collated from individual state budget documents including supplementary expenditures passed.

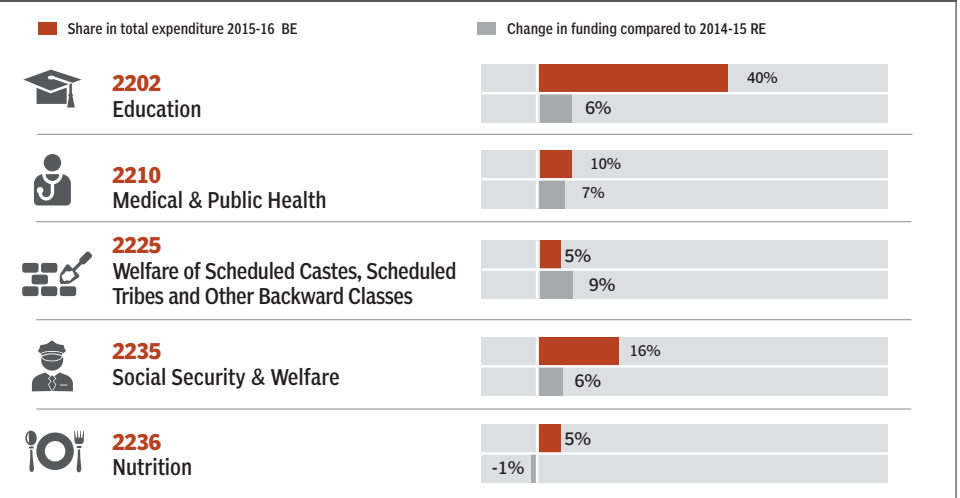
**Note:** Social sector has been defined as per the Comptroller and Auditor General of India and does not include expenditure on rural development and warehousing. Only expenditures from the Consolidated Fund have been accounted, net of recoveries.

The “Labour and Labour Welfare” budget head saw a significant increase of 26 per cent in allocations compared to FY 2014-15 RE. However, “Urban Development” fell by 9 per cent.



**Source:** Collated from state budget documents.

### CHANGES IN THE FIVE BIGGEST COMPONENTS OF TAMIL NADU'S SOCIAL SECTOR



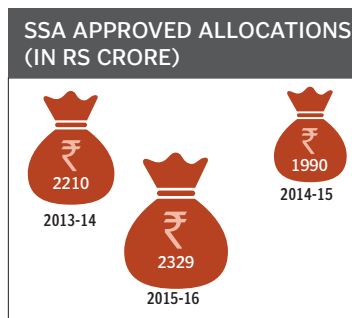
Source: Collated from state budget documents.

## CENTRALLY SPONSORED SCHEMES

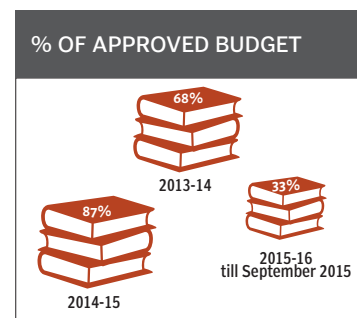
### Sarva Shiksha Abhiyan (SSA)

Approved allocations for Sarva Shiksha Abhiyan (SSA) (including state shares) increased from ₹1,990 crore in FY 2014-15 to ₹2,329 crore in FY 2015-16.

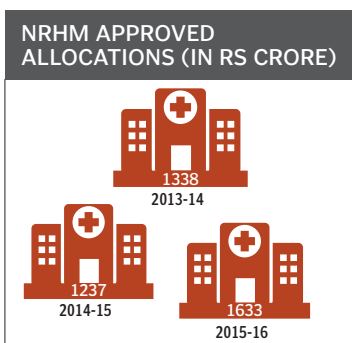
However, the actual release of funds has been slow. In FY 2014-15, 87 per cent of the total allocation was released to the SSA implementing society. Up to September 2015, halfway through the current financial year, 33 per cent of the total approved funds had been released. In contrast, in 2014-15 in the same time period, around 43 per cent of approved funds had been released. This suggests that the overall fund availability and expenditure under SSA in the state



Source: RTI filed by Accountability Initiative and SSA portal.



Source: RTI filed by Accountability Initiative and SSA portal.



Source: NHM Website

### National Rural Health Mission (NRHM)

Approved funds for the National Rural Health Mission (NRHM) increased from ₹1,237 crore in FY 2014-15 to ₹1,633 crore in FY 2015-16. In FY 2014-15 GOI had released over 100 per cent of its total share. In FY 2015-16, till September, 52 per cent of total GOI allocations have been released. The corresponding figure for FY 2014-15 for the same time period was 90 per cent. This indicates that releases were slower in FY 2015-16. Expenditure in FY 2015-16 has also been slow. Only 16 per cent of the approved funds had been spent by September 2015.