

AN
ECONOMIC AND FUNCTIONAL
CLASSIFICATION
OF
THE GOA, DAMAN AND DIU
BUDGET
1979-80



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GOA-E

C O N T E N T S

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P R E F A C E

The present brochure of the economic-cum-functional classification of the Budget, eight in the series, is being presented with a view to providing a deeper insight into the role of State Government in the Territory's overall socio-economic development.

An analysis of the budget for 1979-80 reveals that the budgeted consumption expenditure has gone up by 9% when compared to 1978-79 and 25% when compared to 1977-78. The study also brings to light that the total expenditure on social and economic services which can broadly be termed the development expenditure is about Rs. 48 crore and accounts for 73% of the total budgeted expenditure.

The brochure was prepared by the State Income Division of this Directorate. Suggestions, if any, are welcome.

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PART I

ECONOMIC CLASSIFICATION

C H A P T E R - I

Set of Accounts

A Budget is an important financial document of Government which sets forth the various sources and amounts of revenue and items of expenditure. As a rule, every Budget presents detailed information on receipts and expenditure of the State Government for three consecutive years, with details of the actuals for the preceding year, revised estimates for the current year, and budget estimates for the ensuing year.

The two important Budget documents are 'Demands for Grants' and 'Annual Financial Statements' which are drawn in accordance with the provisions of the Constitution and the needs of legislative control. The former contains estimates of expenditure and is presented to the legislature for voting. The Annual Financial Statement shows receipts and expenditure under the prescribed heads of account.

Expenditure in a Government Budget is generally classified departmentwise in order to secure legislative control, administrative accountability and booking and auditing of any act of spending. Though a Budget is divided into revenue and capital accounts, many items of consumption expenditure are often included in the capital account and vice-versa. Moreover, the magnitudes shown in the Budget are too detailed and scattered and not necessarily based on distinctions and groupings required for a clear understanding of the economic impact of Government transactions. Therefore, they have to be regrouped and reclassified into meaningful economic categories to enable better understanding of the economic impact of Government transactions. The economic classification presented here is

based on the generally accepted concepts, definitions and classifications developed in the system of national accounting for analysis of various sectors of the economy and their inter-relationship.

The classification of Government transactions basically follows the techniques of social accounting. Similar types of transactions of the Government are grouped together 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 expenditures on 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's demand for goods and services which could be related to available supplies, revenue and capital expenditures 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 adjustment made in the classification scheme. The Demands for Grants in the Budget first show expenditure gross of all recoveries but subsequently recoveries are deducted and only the net is shown in the Annual Financial Statement. For the purpose of this study, expenditures are shown gross of recoveries from within and outside sectors.

It is only after reclassification and regrouping 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. For the purposes of this

study, the term "rest of the economy" refers to all entities other than the State Government and includes the Central Government, other State Government, local bodies, statutory public undertakings, private commercial and non-commercial corporations or companies and individuals.

The system of classification adopted here is based on a series of distinctions useful for analysing the 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 Government Administration are distinguished from the current operations of Departmental Commercial Undertakings, as current expenditures of the former on wages and salaries and goods and services are final outlays, but those of the latter are intermediate expenditures such as cost of raw materials, fuels etc. In other words, such expenditure represents expenses of production and not expenditure on final goods and services. Purely financial transactions are again separated from transaction in goods and services and transfers. Reclassified in this way, the flows into and out of the Government sector can be related to important categories of transactions influencing the behaviour of other sectors of the economy. Such a classification also permits a systematic trace of the influence of public transactions on the other parts of economy. The economic classification of the budget also enables us to determine Government's contribution to the generation of state income, capital formation out of budgetary resources, savings of the Government on various resources of the economy and so on.

The economic classification of the State Budget under review is presented in the form of six accounts as detailed below, each delineating a distinct aspect of the operations of the State Government.

- Account I : Transactions in Commodities and Services and Transfers: Current Account of Government Administration.
- Account II: Transactions in Commodities and Services and Transfers: Current Account of Departmental Commercial Undertakings.
- Account III: Transactions in Commodities and Services and Transfers: Capital Account of Government Administration and Departmental Commercial Undertakings.
- Account IV: Changes in Financial Assets: Capital Account of Government Administration and Departmental Commercial Undertakings.
- Account V: Changes in Financial Liabilities: **Capital** Account of Government Administration and Departmental Commercial Undertakings.
- Account VI: Cash and Capital Reconciliation Account of Government Administration and Departmental **Commercial Undertakings.**

Broadly speaking, Account I to III deal with Government transactions in goods and services and transfers, and Accounts IV to VI deal with financial transactions affecting the net claim of the Government on the "rest of the economy". Whereas the first and the third accounts present receipts and expenditure of State Government classified into economically significant magnitudes like consumption expenditure, transfer payments, capital formation, taxes on income, taxes on commodities and transactions, income from property etc. the second account confines itself in delineating the transactions of departmental commercial undertakings like electricity, forest, water transport etc. Further, the first account confines itself, into classifying current transactions, the third account spells out the capital transactions. Account IV classifies transactions leading to net increase in financial assets of the Government and provides their break-up into

investments in shares; loans for capital formation, other loans and repayment of loans. Account V gives the financial liabilities of the Government. Account VI is a reconciliation of the cash and capital account of Government Administration and Departmental Commercial Undertakings. This account sums up the net position in respect of Accounts III, IV and V showing the effect of all transactions of the State Government on its cash position.

The set of these six Accounts is presented as enclosure to this chapter. The nature of these Accounts, their coverage, derivation and treatment of the items included and assumptions underlying these, are explained in Chapter III. Chapter II analyses the main results of the economic classification of the Budget and Chapter IV presents a reconciliation of the figures given in the Annual Financial Statement and in the Economic classification.

SET OF ACCOUNTS

- Account I: Transactions in Commodities and Services and Transfers: Current Account of Government Administration.
- Account II: Transactions in Commodities and Services and Transfers: Current Account of Departmental Commercial Undertakings.
- Account III: Transactions in Commodities and Services and Transfers: Capital Account of Government Administration and Departmental Commercial Undertakings.
- Account IV: Changes in Financial Assets: Capital Account of Government Administration and Departmental Commercial Undertakings.
- Account V: Changes in Financial Liabilities: Capital Account of Government Administration and Departmental Commercial Undertakings.
- Account VI: Cash and Capital Reconciliation Account of Government Administration and Departmental Commercial Undertakings.

TRANSACTIONS IN COMMODITIES AND SERVICES AND

EXPENDITURE	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. CONSUMPTION EXPENDITURE :	1788.13	2043.18	2232.97
1.1 Compensation of Employees	1321.75	1488.94	1657.32
(a) Wages and salaries	1257.31	1421.85	1589.96
(b) Pension and other retirement benefits	64.44	67.09	67.36
1.2 Purchase of Commodities & Services	466.38	554.24	575.65
2. TRANSFER PAYMENTS	1151.35	1246.29	1178.63
2.1 Interest on loans from Government of India	471.59	537.59	508.56
2.2 Grants	647.53	670.08	617.96
2.2.1 To Local Bodies	40.40	53.44	43.48
2.2.2 To Educational Institutions	528.28	529.52	505.41
2.2.3 To Cooperative Institutions	1.67	1.54	2.38
2.2.4 To others	77.18	85.58	66.69
2.3 Subsidies	7.17	11.66	19.51
2.4 Stipends & Scholarships	17.44	17.88	21.80
2.5 Other current transfers	7.62	9.08	10.80
3. TOTAL EXPENDITURE (1+2)	2939.48	3289.47	3411.60
4. SAVING ON CURRENT ACCOUNT	79.61	(-) 148.20	(-) 47.69
5. TOTAL	3019.09	3141.27	3363.91

U N T - I

TRANSFERS CURRENT ACCOUNT OF GOVERNMENT ADMINISTRATION

(Rs. in lakhs.)

R E V E N U E	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
5	6	7	8
6. TAX REVENUE	1358.16	1386.76	1455.37
6.1 Taxes on commodities and services	1272.42	1308.18	1376.68
6.1.1 State Excise duties	216.11	216.53	217.00
6.1.2 Taxes on Vehicles	102.94	112.06	115.66
6.1.3 Sales tax	867.63	889.71	949.00
6.1.4 Other taxes and duties	85.74	89.88	95.02
6.2 Taxes on Property and transactions	85.74	78.58	78.60
6.2.1 Land Revenue	23.33	15.34	15.45
6.2.2 Stamps and Registration fees	62.41	63.24	63.24
7. ADMINISTRATIVE RECEIPTS	333.11	376.04	417.26
8. OTHER REVENUE RECEIPTS	96.21	123.06	121.82
8.1 Interest	82.28	97.55	96.31
8.2 Income on Investments	2.20	2.71	2.71
8.3 Miscellaneous	11.73	22.80	22.80
9. REVENUE GRANTS, CONTRIBUTIONS AND RECOVERIES FROM GOVT. OF INDIA	1117.64	1302.37	1290.27
10. PROFITS TRANSFERRED FROM DEPARTMENTAL COMMERCIAL UNDERTAKINGS (Item 7 of Account II)	113.97	(-) 46.96	79.19
11. TOTAL	3019.09	3141.27	3363.91

TRANSACTIONS IN COMMODITIES AND SERVICES AND TRANSFERS- CAPITAL ACCOUNT

D I S B U R S E M E N T S	1977-78 Actuals Estimates	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. GROSS CAPITAL FORMATION :	1566.72	1595.79	2148.68
A. GOVERNMENT ADMINISTRATION	1313.76	1411.83	1883.41
1.1 Building and other constructions	1051.88	1286.43	1728.57
a) New Outlay	1011.10	1252.20	1693.28
b) Renewals and Replacements	40.78	34.23	35.29
1.2 Machinery and equipment	168.90	200.41	219.75
a) New Outlay	158.33	189.99	207.57
b) Renewals and Replacements	10.57	10.42	12.18
1.3 Net increase in stock	92.98	(-) 75.01	(-) 72.91
a) Work stores	93.54	(-) 83.01	(-) 72.91
b) Stock of food etc.	(-) 0.56	8.60	8.00
B: COMMERCIAL UNDERTAKINGS	252.96	183.96	265.27
1.4 Building and other constructions	218.14	201.04	282.68
1.5 Machinery and equipment	22.94	47.84	27.64
1.6 Net increase in stock	11.88	(-) 64.92	(-) 45.05
2. CAPITAL TRANSFERS	9.82	27.47	11.15
2.1 Capital grants to local bodies	5.00	17.60	5.00
2.2 Capital grants to others	4.82	9.87	6.15
3 TOTAL	1576.54	1623.26	2159.83

U N T - III

OF GOVERNMENT ADMINISTRATION AND DEPARTMENTAL COMMERCIAL UNDERTAKINGS

(Rs. in lakhs)

R E C E I P T S	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
5	6	7	8
4. GROSS SAVINGS			
4.1 Savings on current account of Government Administration	(-) 79.61	(-) 148.20	(-) 47.69
5. CAPITAL TRANSFERS			
5.1 Estate duty	-	0.10	1.10
6. BALANCE : DEFICIT ON ALL TRANS- ACTIONS IN COMMODITIES AND SERVICES AND TRANSFERS	1796.93	1771.36	2207.42
7. TOTAL	1576.54	1623.26	2199.83

CHANGE IN FINANCIAL ASSETS

OUTGOINGS	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. INVESTMENT IN SHARES AND DEBENTURES	124.77	299.97	168.28
1.1 In Government Commercial undertakings	55.90	141.58	95.20
1.2 In other commercial concerns	68.87	158.39	73.08
2. LOANS AND ADVANCES	186.62	171.23	151.78
2.1 For capital formation	166.93	144.30	117.41
2.1.1 Loans for Housing	48.19	62.15	65.15
2.1.2 Loans for Urban Development	31.96	16.00	18.00
2.1.3 Loans and Advances under Community Development Programme	3.40	4.30	4.00
2.1.4 Loans to Co-operative Institutions and Banks	64.47	33.50	6.76
2.1.5 Loans for agriculture and allied activities	11.19	17.95	15.10
2.1.6 Loans to others	7.72	10.40	8.40
2.2 For current consumption	19.69	29.93	34.37
2.2.1 Loans for social security and welfare	2.44	2.01	1.36
2.2.2 Loans to Government servants	16.56	26.54	31.90
2.2.3 Loans to others	0.69	1.38	1.11
3. TOTAL	311.39	474.20	320.06

UNIT - IV

CAPITAL ACCOUNT OF GOVERNMENT ADMINISTRATION

(Rs. in lakhs)

I N C O M I N G S	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
5	6	7	8
4. REPAYMENT OF LOANS	109.48	83.80	61.79
5. 15.6 IRRECOVERABLE LOANS AND ADVANCES	0.03	0.07	0.24
6. BALANCE : NET INCREASE IN FINANCIAL ASSETS	201.88	390.33	258.03
7 TOTAL	311.39	474.20	320.06

A C C O

CHANGE IN FINANCIAL LIABILITIES - CAPITAL ACCOUNT OF GOVERNMENT

O U T G O I N G S	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. REPAYMENT OF PUBLIC DEBT:			
1.1 Loans from Central Government	470.61	562.74	663.61
2. BALANCE:	470.61	562.74	663.61
NET INCREASE IN FINANCIAL LIABILITIES	1733.13	2161.83	2465.94
3 TOTAL	2203.74	2724.57	3129.55

A C C O

CASH AND CAPITAL RECONCILIATION ACCOUNT OF GOVERNMENT ADMINISTRATION

O U T G O I N G S	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Deficit on all transactions in commodities and services and transfers - Balancing item of Account-III	1496.93	1771.36	2207.42
2. Net increase in Financial Assets - Balancing item of Account-IV	201.88	390.33	258.03
3. Increase in cash balance	-	-	-
4 TOTAL	1698.81	2161.69	2465.45

U N T - V

ADMINISTRATION AND DEPARTMENTAL COMMERCIAL UNDERTAKINGS

(Rs. in lakhs)			
I N C O M I N G S	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
5	6	7	8
4. PUBLIC DEBT			
4.1 Loans from the Central Government	2203.74	2724.57	3129.55
5. TOTAL	2203.74	2724.57	3129.55

U N T - VI

ADMINISTRATION AND DEPARTMENTAL COMMERCIAL UNDERTAKINGS

(Rs. in lakhs)			
I N C O M I N G S	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
5	6	7	8
5. Net increase in Financial liabilities - Balancing item of Account - V	1733.13	2161.83	2465.94
6. Decrease in cash balance	(-) 34.32	(-) 0.14	(-) 0.49
7. TOTAL	1698.81	2161.69	2465.45

C H A P T E R - II

SOME SALIENT FEATURES

1. Total expenditure :- The budget for 1979-80 estimates the total expenditure of the Government, excluding the operating expenses of Departmental commercial undertakings (Account II), to be Rs. 5329.46 lakhs. This is 10 percent higher than the revised estimates for 1978-79 and 24 percent more than the actuals for 1977-78.

The allocation by major heads of expenditure, is given in table No. 1.

T A B L E - 1

TOTAL EXPENDITURE (Excluding Operating Expenses
of Departmental Commercial Undertakings)

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Final Outlays:	3354.35 (100.0)	3633.97 (100.0)	4381.65 (100.0)
1.1 Government Consumption Expenditure (item 1 in Account I) Percentage to total final outlays.	1783.13 (53.3)	2043.18 (56.1)	2232.97 (51.0)
1.2 Gross capital formation (Item 1 in Account III) Percentage to total final outlays	1566.72 (46.7)	1595.79 (43.9)	2148.68 (49.0)
2. Transfer payments to the rest of the economy.	1164.17	1273.76	1189.78
2.1 Current transfers (Item 2 in Account I) Percentage to total transfer payments	1151.35 (99.2)	1246.29 (97.8)	1178.63 (99.1)
2.2 Capital transfers (Item 2 in Account III) Percentage to total transfer payments	9.82 (0.3)	27.47 (2.2)	11.15 (0.9)
3. Net Financial Investments and loans to the rest of the economy (Item 6 in Account IV)	201.88	390.33	258.03
4. Total Expenditure	4717.90	5303.06	5329.46

T A B L E - 1(a)

PERCENTAGE DISTRIBUTION OF TOTAL EXPENDITURE

I. T E M	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Final Outlays	71.1	68.6	75.2
2. Transfer payments to the rest of the economy	24.6	24.0	20.4
3. Financial Investments and loans to the rest of the economy.	4.3	7.4	4.4
4. Total Expenditure	100.0	100.0	100.0

1.1 Final Outlays :- The outlay under this head, represents the State Government's direct demand for goods and services for consumption and capital formation. In a system of National Accounts, these final outlays get linked up with the consumption expenditure and capital formation in the rest of the economy. Out of the total expenditure of Rs. 5829.46 lakh, budgeted for the year 1979-80, a provision of Rs. 4331.65 lakh has been made for final outlays. In terms of percentage, it is as much as 75.2 percent of the total expenditure. Corresponding percentages for 1977-78 (Actuals) and 1978-79 (Revised Estimates) are 71.1 and 68.6 respectively.

1.2 Transfer payments, financial investments and loans:- The rest of the expenditure amounting to Rs. 1447.31 lakh (or 24.3 percent), represents disbursements by way of transfer payments, financial investments and loans to the rest of the economy and is intended to supplement either current or capital resources.

1.3 Consumption Expenditure :- The Government consumption expenditure (i.e. expenditure on wages and salaries and services for current use) budgeted for 1979-80 forms 51.0 percent

of the final outlays and 38.3 percent of the total expenditure. Compared to the revised estimates for 1978-79, the budget figures of consumption expenditure for 1979-80 shows an increase of Rs. 189.79 lakh and compared to the actuals for 1977-78, it shows an increase of Rs. 444.84 lakh. In relative terms the percentage rise was about 9 for the revised estimates of 1978-79.

1.4 Gross Capital Formation:- The Governments' contribution to direct capital formation (i.e. investment in building machinery and equipment and acquisition of stocks) is estimated at Rs. 2148.68 lakh in 1979-80. This represents 37 percents of the total expenditure. These are 34.6 percent and 37.1 percent more than those for the year 1978-79 and 1977-78 respectively.

2. Net capital formation by the Government:- Of the gross capital formation of Rs. 2148.68 lakh to be undertaken by the Government, net capital formation i.e. net addition to the stock of fixed assets and inventories works out to Rs. 2101.21 lakh for 1979-80 as against Rs. 1551.14 lakh for 1978-79. The components of net capital formation are shown in table given

T A B L E - 2

NET CAPITAL FORMATION BY GOVERNMENT

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Building and other constructions (item 1.1(a) and 1.4 in Account III)	1229.24	1453.24	1975.96
2. Machinery and equipment (item 1.2(a) and 1.5 in Account III)	181.27	237.83	255.21
3. Increase in Inventories (item 1.3 and 1.6 in Account III)	104.86	(-)139.93	(-)109.96
4. Net Capital formation (1+2+3)	1515.37	1551.14	2101.21
5. Percentage of Net Capital formation to total final outlays	45.2	42.6	43.0
6. Percentage of Net Capital formation to total expenditure	32.1	29.2	36.0

3. Financial Assistance for net capital formation : In addition to the capital formation directly undertaken, the Government also provides assistance to the rest of the economy through grants, loans and investments in share capital for capital formation. The table below indicates the amounts of financial assistance given by the Government in the form of grants, loans and investments for the year 1977-78, 1978-79 and 1979-80.

T A B L E - 3

FINANCIAL ASSISTANCE FOR NET CAPITAL FORMATION

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Grants for capital formation (item 2 in Account III)	9.82	27.47	11.15
Percentage to total	(3.2)	(5.8)	(3.7)
2. Loans for capital formation (item 2.1 in Account IV)	166.93	144.30	117.41
Percentage to total	(55.4)	(30.6)	(39.6)
3. Investment (item 1 in Account IV)	124.77	299.97	168.23
Percentage to total	(41.4)	(63.6)	(56.7)
4. Total financial assistance for net capital formation (1-2+3)	301.52 (100.0)	471.74 (100.0)	296.34 (100.0)

4. Net capital formation out of budgetary resources of the Govt.

In aggregate, the Government provides Rs. 2393.05 lakh for net capital formation out of the budgetary resources during 1979-80. This represents 41.1 percent of the total expenditure. The corresponding percentages for 1977-78 and 1978-79 are 33.1 and 33.5 respectively. Table No. 4 given below shows the net capital formation out of budgetary resources.

T A B L E - 4

NET CAPITAL FORMATION OUT OF THE BUDGETARY
RESOURCES OF THE GOVERNMENT

(Rs. in lakhs)			
I T E M	1977-73 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Net capital formation by the Government	1515.37	1551.14	2101.21
Percentage to total	(33.4)	(76.7)	(87.6)
2. Financial Assistance for net capital formation to the rest of economy	301.52	471.74	296.84
Percentage to total	(16.6)	(23.3)	(12.4)
3. Net capital formation out of the budgetary resources(1+2)	1816.89 (100.0)	2022.88 (100.0)	2398.05 (100.0)

5. Gross and net savings:- Gross savings by the Government comprise savings of Government administration (which are surplus of Government current receipts over Government current expenditure Account I). The net savings of the Government are equal to gross savings less expenditure on renewals and replacements. The gross and net savings are given in the table below.

T A B L E - 5

GROSS & NET SAVINGS

(Rs. in lakhs)			
I T E M	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Gross savings:			
1.1 Gross savings on current account of Government Administration (Item 4 in Account I)	79.61	(-)143.20	(-)47.69
2. Expenditure on Renewals and replacements (item 1.1(b), 1.2(b) in Account III)	51.35	44.65	47.47
3. Net savings by the Government (1-2)	28.26	(-)192.85	(-)95.16

6. Current Receipts:- In assessing the economic implications of Government expenditure it is necessary to examine the source from which they are financed. The current receipts of Government Administration for 1979-80 are budgeted Rs. 3363.91 lakh as against Rs. 3141.27 lakh for 1978-79 and Rs. 3019.09 lakh for 1977-78.

Out of the current receipts of Rs. 3363.91 lakh in 1979-80, 43.3 percent constitutes tax receipts, 16.0 percent is administrative and other revenue receipts, 38.4 percent is Revenue grants and contributions from Government of India and 2.3 percent represents profits transferred from departmental commercial undertakings. The current receipts of the Government under different economically significant heads are given below:-

T A B L E - 6
CURRENT RECEIPTS

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Tax receipts (item 6 in Account I)	1358.16	1336.76	1455.37
Percentage to total	(45.0)	(44.1)	(43.3)
2. Administrative and other revenue receipts (item 7 and 8 in Account I)	429.32	499.10	539.08
percentage to total	(14.2)	(15.9)	(16.0)
3. Revenue grants and contributions from Government of India	1117.64	1302.37	1290.27
Percentage to total	(37.0)	(41.5)	(38.4)
4. Profits transferred from Departmental commercial undertakings	113.97	(-)46.96	79.19
Percentage to total	(3.3)	(-)(1.5)	(2.3)
5. TOTAL	3019.09	3141.27	3363.91

7. Current Outgoings:- The current outgoings are divided into two parts, namely (a) consumption expenditure and (b) transfer payments.

The current outgoings of the Government during 1979-80 is expected to be Rs. 3411.60 lakh which is 3.7 percent higher than the revised estimates of 1978-79. The consumption expenditure is expected to increase by 24.9 percent in 1979-80 as compared to actuals of 1977-78. The amount of transfer payments is expected to be less by 67.66 lakh as compared to the revised estimates of 1978-79. Table No. 7 presented below gives the details of the current outgoings of the state Government.

T A B L E - 7
CURRENT OUTGOINGS

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Consumption expenditure (item 1 of Account I)	1738.13	2043.18	2232.97
Percentage to total	(60.3)	(62.1)	(65.5)
2. Transfer payments (item 2 of Account I)	1151.35	1246.29	1173.63
Percentage to total	(39.2)	(37.9)	(34.5)
3. TOTAL (1+2)	2939.48	3289.47	3411.60

8. Income deficit:- The income deficit of the Government indicates the excess of the net capital formation over net savings of the Government (The net capital formation has been worked out in table 4 and the net savings in table 5). The deficit shown here is a measure of gap to be filled in by the Governments drafts on savings within and savings outside. The income deficit of the Government during three years is shown in the following table :-

T A B L E - 8
INCOME DEFICIT

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Net capital formation by the Govt.	1515.37	1551.14	2101.21
2. Net savings by the Govt.	23.26	(-)192.85	(-)95.16
3. Income deficit of the State	1487.11	1743.99	2196.37

9. Other deficit:- Another measure of deficit is provided by the sum of the balancing items as detailed below.

a) Deficit on all transactions of commodities and services of the Government (balancing item in Account III).

b) Net increase in financial assets (balancing item in Account IV)

The deficit shows the total requirements of finance for the State Government operations.

T A B L E - 9

OTHER DEFICIT

(Rs. in lakhs)			
I T E M	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Deficit on all transactions in commodities and services and transfers (item 6 in Account III)	1496.93	1771.36	2207.42
2. Net increase in Financial Assets (items 6 in Account IV)	201.88	390.33	258.03
3. Deficit denoting total requirements of finance (1+2)	1698.81	2161.69	2465.45

10. Source of Finance:- The scheme of financing the deficit shown in table 9 is indicated in the table given below:

T A B L E - 10

SOURCE OF FINANCE

(Rs. in lakhs)			
I T E M	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Loans from the Central Government (Net)	470.61	562.74	663.61
2. Withdrawal from cash balance	(-)34.32	(-)0.14	(-)0.49
3. TOTAL	436.29	562.60	663.12

11. Net profits of departmental commercial undertakings:- Net profits of departmental commercial undertakings (Account II) as measured by the excess of gross receipts over operating expenses,

present the financial results of the working of these undertakings. These profits are transferred to Government Administration and added to its revenue. The derivation of net profit/loss for the year under review, is shown in table No. 11.

T A B L E - 11
NET PROFITS OF DEPARTMENTAL COMMERCIAL
UNDERTAKINGS

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Gross receipts (item 9 of Account II)	553.93	662.65	864.80
2. Operating expenses	439.96	709.61	785.61
3. Net increase (1-2)	113.97	(-)46.96	79.19

12. Contribution to State Income generations:- The budgetary operations of the Government during the year 1979-80 are expected to generate a total income of Rs. 2621.33 lakh. The break-up of the income generations by the Government is shown in table No. 12.

T A B L E - 12
CONTRIBUTION OF INCOME GENERATION

I T E M	(Rs. in lakhs)		
	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. Wages and salaries paid by Government administration (item 1.1(a) of Account I)	1257.31	1421.85	1589.96
2. Net output of Departmental Commercial undertakings	353.57	220.07	372.72
2.1 Wages and salaries (including wages and salaries component of repairs and maintenance)	180.65	197.95	219.45
2.2 Interest	53.95	69.03	74.03
2.3 Profits (operating surplus) of Departmental commercial undertakings	113.97	(-)46.96	79.19
3. Wages and salaries component of Government outlays on construction (estimated at 33.33% of the total expenditure on construction as shown in Account III)	409.75	434.41	658.65
4. TOTAL (1+2+3)	2021.63	2126.33	2621.33

C H A P T E R - III

NOTES ON THE ACCOUNTS

The economic classification of Government transactions has been presented in a set of six Accounts in Chapter I. The derivation and rationale of each of these accounts are briefly explained below:-

Account I : Transactions in Commodities and Services and Transfers : Current Account of Government Administration.

This account sets out the current receipts and expenditure of Government Administrative Departments. All Departments other than those listed under Account II in this chapter, are considered as administrative, that is, non-commercial, for the purposes of this classification. The current expenditure of administrative departments consists of (i) final outlays of Government on current account which represent Government's current consumption and (ii) transfer payments of Government through which Government adds indirectly to the disposable incomes of the rest of the economy. The final outlays are composed of compensation of employees (wages and salaries payments including pensions) and purchase of commodities and services. The transfer payments made by the Government to the rest of the economy consist of interest, grants, subsidies and scholarships, etc. To meet this current expenditure the 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 entrepreneurship and also receives revenue grants, contributions and recoveries from the Union Government (i.e. from Government of India). The excess of current receipts over current expenditure denotes the savings of the Government administration, available for the domestic capital formation. Some of the items included in this Accounts are explained below:

Item 1.1(a) Wages and Salaries: This item comprises the remuneration of Government employees such as pay of officers, pay of establishment, allowances and honoraria. The travelling allowances, daily allowances and salaries component of repairs and maintenance are excluded. Contribution to provident fund are included here. Pensions and retirement benefits actually paid to Government employees are shown separately under item 1.1(b).

Item 1.2 Commodities and Services: This item includes expenditure incurred on stationary and miscellaneous items, telephone charges, postage, electricity charges, water charges, office supplies, rent and other items for current operations. It also includes travelling and daily allowances. Whole of the expenditure on current repairs and maintenance is included here.

Item 2. Transfer payments: From the economic point of view Government expenditure can be classified into three main categories viz. (i) consumption expenditure, (ii) capital formation and (iii) transfers to the rest of the economy. In the economic classification presented here, a distinction has been drawn between current transfers and capital transfers on the hypothesis that some transfers recorded in the capital account of the classification are intended to assist capital formation. Current transfer payments have been further subdivided into (1) interest payments, (2) grants to Local Bodies, Educational Institutions, Cooperatives and others (3) subsidies, (4) stipends and scholarships and (5) other current transfers to individuals which are expected to augment personal income of the recipients.

Item 2.1 Interest: Interest comprises of only interest on loans from the Government of India. It excludes interest payments on commercial debt which is shown under item 4 in Account II, against interest payments.

Item 2.2 Grants: Grants are classified according to type of institutions to which they flow. These have been classified into four classes viz, 1) local bodies, 2) educational institutions 3) cooperatives, and 4) others. 'Others' include other unclassified grants and grants to non-profit making institutions.

Item 2.3 Subsidies: This represents the payment to cooperative societies.

Item 2.4 Stipends and Scholarships: This includes monetary aid given to students and stipends to trainees of technical and other institutions.

Item 3. total expenditure: This item is the total of items (1) & (2), mentioned above.

Item 4. Savings on current account: This is the balancing item on current account of Government administration which represents the saving of this sector i.e. surplus of current receipts over current expenditure.

Item 6. Tax Revenue: Tax Revenue is classified into taxes on commodities and services and taxes on property and capital transactions. The former includes state excise duty, taxes on vehicles, sales tax and other taxes and duties. The latter includes land revenue, stamp duties and registration fees.

Item 7. Administrative Receipts: It includes receipts under:- Administration of Justice, Jails, Police, Education, Medical Public Health, Sanitation and Water Supply, Housing, Agriculture, Animal Husbandry, Co-operation, Industries, Mines and Minerals, Irrigation, Navigation, Embankment and Drainage, Public Works, Ports, Lighthouses and Shipping, Roads and Bridges and Tourism.

Item 8. Other Revenue Receipts : It comprises Interest and Income on investment (dividends from commercial and other undertakings) and miscellaneous Receipts viz. Contributions and recoveries towards pensions and other retirement benefits, stationery and printing etc.,

Item 9. Revenue Grants, contributions and recoveries from Government of India: This item is the Grants-in-aid received from Government of India.

Account II : Transactions in Commodities and Services and Transfers ; Current Account of Departmental Commercial Undertakings.

The Departmental Commercial Undertakings may briefly be defined as agencies producing goods and services that are not provided free of charge. The essential characteristic distinguishing these departments from Government administrative departments are that they charge for what they provide according to use and are thus able to meet most of their costs from their sale proceeds. Other related characteristics are as follows: (i) departmental commercial undertakings are subject to market forces, i.e. demand and supply; (ii) the activities of such undertakings are subject 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 an undertaking may be carried on deliberately at a loss; (iv) commercial accounting methods are generally used to determine profit or loss.

In this study, the following have been classified as Departmental Commercial Undertakings.

1. Inland Water Transport Schemes
2. Forest
3. Milk Supply Scheme and
4. Electricity

The expenditure side of the Departmental Commercial Undertakings spells out the current expenditure into wages and salaries, goods and services, repairs and maintenance, interest, pension and retirement benefits and profits which are transferred to Government Administration. Repairs and maintenance expenditure is shown separately.

Receipts on Milk Supply Scheme are not shown under Revenue, but are adjusted against expenditure on that scheme which is included under 'Expenditure' in Account II.

Account III: Transactions in Commodities and Services and Transfers ; Capital Account of Government Administration and Departmental Commercial Undertakings.

This account is concerned with the total capital outlay representing physical asset formation by Government Administration and Departmental Commercial Undertakings, and the transfer payments for assisting capital formation in the rest of the economy.

The physical asset formation has been shown both in terms of gross as well as net aggregates. Net increase in stock is classified into work stores and stocks of food.

Capital transfers have also been classified into Capital Grants to Local Bodies and Capital grants to others.

The Gross savings transferred from Account I and capital transfers constitute the sources of finance for all expenditure recorded in this Account. The Deficit is shown as the balancing item.

Gross capital formation represents the gross value of the goods which are added to the domestic capital stock. It comprises both expenditure on the acquisition of fixed assets and value of physical change in stocks. The gross fixed capital formation has been classified into buildings and other constructions and machinery and equipment.

Each of them is classified further under new outlay and renewals and replacements. The former is the measure of net capital formation by the Government which together with the latter gives gross fixed capital formation.

Item 1.1 & 1.4 Building and other constructions: Buildings include all expenditure on new constructions and major alterations to residential and non-residential buildings including the value of the change in work in progress. Office furniture is excluded from this item and included in goods and services of Government Administration in Account I. Other constructions include mostly expenditure on construction of roads and bridges and works on power and irrigation projects, land reclamation, water supply and sanitation.

Item 1.2 & 1.5 Machinery and Equipment: This item includes expenditure incurred on the purchase of various equipments such as buses, jeeps, trucks, tractors, power generating machinery, agricultural machinery and implements, office machinery and equipment, construction and other industrial machinery and equipment and instruments used by professional men.

Item 1.3 & 1.6 Net increase in Stock: Changes in stocks represent the value of the physical change in raw materials, work in progress (other than works in progress in buildings which are included in fixed capital formation) and finished products which are held by commercial enterprises and in Government stock piles. The net increase or decrease in stock, needed for construction works and stocks of food is shown separately.

Item 2: Capital transfers: Capital transfers cover grants given to finance construction of buildings, purchase of machinery and equipment and public works such as roads, irrigation works, water supply and sewerage system etc. Capital

transfers are intended to assist capital formation in other sectors of the economy.

Item 4 & 5 : Receipts on Capital Account : Receipts available for capital formation consist of gross savings on current account brought over from Account I and Estate duty. Estate duty is included here on the assumption that it is paid out of capital.

Account IV : Charges in Financial Assets : Capital Account of Government Administration and Departmental Commercial Undertakings.

This account is concerned with transactions in financial investments in industrial and commercial concerns i.e. investment in shares and loans and advances granted to the rest of the economy. Investments are classified into two categories viz. in Government concerns and in other concerns. Loans and advances are divided into those for capital formation and current consumption. Both are further sub-divided according to the type of borrower to whom advances and loans are made. Loans and advances for capital formation include those which are given for the creation of capital assets. Housing loans and house building advances to Government employees are also taken here. This spells out the extent of capital formation promoted in the rest of the economy in comparison to the capital formation actually undertaken by the Government. Loans for capital formation together with investment and grants for capital formation from Account III represent the financial assistance provided by the Government to the rest of the economy for capital formation. No break up is given in respect of repayment of loans granted for capital formation and for other purposes since it is assumed that repayments have been made from current income and not out of capital. The balancing item of this account represents the net increase in financial assets of the Government. This balancing item

CHAPTER - IV.
R E C O N C I L I A T I O N

T A B L E - 1

CURRENT ACCOUNT - REVENUE

(Rs. in lakhs)

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
I Revenue as shown in the Annual Financial Statements	3459.05	3850.98	4149.62
<u>Less</u>			
1. Estate duty (transferred to Account III)	-	0.10	0.10
2. Sale Proceeds of Departmental Commercial Undertakings	553.93	662.65	864.80
<u>ADD</u>			
1. Profits of Departmental Commercial Undertakings	113.97	(-) 46.96	79.19
II Total Adjustments	439.96	709.71	785.71
III Errors due to Rounding			
IV Total as shown in the Economic Classification	3019.09	3141.27	3363.91

added to deficit on all transactions in commodities and services and transfers as indicated in Account III, gives the total financial requirements of the Government for fixed asset formation and for the accumulation of financial claims against the rest of the economy.

Account V : Changes in Financial Liabilities : Capital Account of Government Administration and Departmental Commercial Undertakings.

This Account records the borrowing operations of the State Government. Incomings represent the increase in financial liabilities and outgoings measure the reduction in liabilities. The balance, therefore, shows the net increase in financial liabilities resulting from increased expenditure for acquisition of financial assets.

Account VI : Cash and Capital Reconciliation Account of Government Administration and Departmental Commercial Undertakings.

This is the reconciliation account which sums up net position in respect of Account III, IV & V and shows the effect of all transactions of the State Government on its cash position.

As stated earlier, Account III gives the net position in respect of all (real transactions in goods and services and all transfers while Account IV and V bring out the net position in respect of financial assets and financial liabilities respectively.

T A B L E - 2
CURRENT ACCOUNT - EXPENDITURE

(Rs. in lakhs)

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
I. Revenue Expenditure as shown in the Annual Financial Statements	3321.12	3850.98	4149.62
<u>Less</u>			
1. Expenditure of capital nature transferred to Account III	112.73	102.03	163.34
2. Working expenses of Departmental Commercial undertakings	351.86	615.80	698.75
3. Irrecoverable loans written off (vide 4.11 in Account IV)	0.03	0.07	0.24
<u>ADD</u>			
1. Expenditure of consumption nature transferred from capital account.	82.97	156.38	124.32
2. Recoveries (after adjustments for transfers from funds)	-	-	-
II Total Adjustments	(-)381.65	(-)561.52	(-)738.01
III Errors due to rounding of the actual figure	0.01	0.01	(-) 0.01
IV Total as shown in the Economic Classification	2939.48	3289.47	3411.60

T A B L E - 3
CAPITAL ACCOUNT

(Rs. in lakhs)

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
I Capital expenditure not met from revenue as shown in the Annual Financial Statements	1759.64	2071.40	2375.95
<u>LESS</u>			
1. Financial investment in Govt. and other commercial concerns (transferred to Accounts IV)	124.77	299.97	168.28
2. Expenditure of consumption nature transferred to Account I	82.97	156.38	124.32
3. Expenditure of consumption nature transferred to Account II	88.10	93.80	86.86
4. Transfer to funds (after adjustments for transfer from funds)	-	-	-
<u>ADD</u>			
1. Expenditure of capital nature transferred from Account I	112.73	102.03	163.34
II Total Adjustments	(-)183.11	(-)448.12	(-)216.12
III Errors due to rounding	0.01	(-)0.02	-
IV Total as shown in the Economic Classification	1576.54	1623.26	2159.83

T A B L E - 4

ACCOUNT IV OF THE ECONOMIC CLASSIFICATION
(DISBURSMENTS)

(Rs. in lakhs)

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
I Disbursements under Q loans and advances in the Annual Financial Statements	186.62	174.23	151.78
<u>ADD</u>			
1. Financial investments transferred to Account IV	124.77	299.97	168.28
II Disbursements as shown in the Economic Classi- fication	311.39	474.20	320.06

T A B L E - 5

ACCOUNT IV OF THE ECONOMIC CLASSIFICATION
(RECEIPTS)

(Rs. in lakhs)

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
I Receipts under Q loans and advances in the Annual Financial Statements	109.48	83.80	61.79
<u>LESS</u>			
1. Irrecoverable loans and advances	0.03	0.07	0.24
II Total adjustments	109.45	83.73	61.55
III Errors due to rounding	-	-	-
IV Receipts as shown in the Economic Classification	109.45	83.73	61.55

T. A B L E - 6

ACCOUNT V OF THE ECONOMIC CLASSIFICATION
CHANGES IN FINANCIAL LIABILITIES
(DISBURSEMENTS)

(Rs. in lakhs)

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
I Disbursements as shown under debt head in the Annual Financial Statements	657.23	736.97	815.39
<u>LESS</u>			
1. Disbursements under Q loans and advances transferred to Account IV	186.62	174.23	151.78
II Disbursements shown in the Economic Classification	470.61	562.74	663.61

T A B L E - 7.

ACCOUNT V OF THE ECONOMIC CLASSIFICATION
(RECEIPTS)

(Rs. in lakhs)

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
I . Receipts shown under debt head in the Annual Financial Statement	2313.22	2808.37	3191.34
<u>LESS</u>			
1. Receipts shown under Q loans and advances transferred to Account IV	109.48	83.80	61.79
II Receipts shown in the Economic Classification	2203.74	2724.57	3129.55

C H A P T E R V

T A B L E - 5.1
ECONOMIC CLASSIFICATION OF GOVERNMENT BUDGETARY EXPENDITURE

(Rs. in lakhs)				
Sl No.	Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4	5
1.	CONSUMPTION EXPENDITURE	1788.15	2043.18	2232.97
1.1	Compensation of employees	1321.75	1488.94	1657.32
	a) Wages and salaries	1257.31	1421.85	1589.96
	b) Pension	64.44	67.09	67.36
1.2	Net purchase of goods and services	466.38	554.24	575.65
2.	TRANSFER PAYMENTS	1151.35	1246.29	1178.63
2.1	Interest	471.59	537.59	508.56
	a) Interest on loans from Govt. of India	471.59	537.59	508.56
2.2	Grants	647.53	670.08	617.96
	a) To local bodies	40.40	53.44	43.48
	b) To co-operatives	1.67	1.54	2.38
	c) To educational institutions	528.28	529.52	505.41
	d) To others	77.18	85.58	66.69
2.3	Subsidies	7.17	11.66	19.51
2.4	Stipends and scholarships	17.44	17.88	21.80
2.5	Other current transfers	7.62	9.08	10.80
	TOTAL CURRENT EXPENDITURE (1 + 2)	2939.48	3289.47	3411.60
3.	GROSS CAPITAL FORMATION	1566.72	1595.79	2148.68
	a) Building and other constructions	1270.02	1487.47	2011.25
	b) Machinery & equipment	191.84	248.25	247.39
	c) Net increase in stocks	104.86	(-)139.93	(-)189.96
4.	CAPITAL TRANSFERS	9.82	27.47	11.15
	a) Capital grants to local bodies	5.00	17.60	5.00
	b) Capital grants to others	4.82	9.87	6.15
5.	INVESTMENTS IN SHARES	124.77	299.97	168.28
	a) Of Govt. concerns	55.90	141.58	95.20
	b) Of other concerns	68.87	158.39	73.08
6.	LOANS AND ADVANCES	186.62	174.23	151.78
	a) For capital formation	166.93	144.30	117.41
	b) For current consumption	19.69	29.93	34.37
7.	REPAYMENT OF PUBLIC DEBT	470.61	562.74	663.61
	TOTAL CAPITAL EXPENDITURE (3+4+5+6)	2358.54	2660.20	3143.51
	GRAND TOTAL	5298.02	5949.67	6555.10

T A B L E - 5.2

ECONOMIC CLASSIFICATION OF GOVERNMENT BUDGETARY
EXPENDITURE

(PERCENTAGE DISTRIBUTION)

Sl. No.	Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4	5
1.	CONSUMPTION EXPENDITURE	33.75	34.34	34.06
1.1	Compensation of employees	24.95	25.02	25.28
	a) Wages and salaries	23.73	23.90	24.25
	b) Pension	1.22	1.12	1.03
1.2	Net purchase of goods and services	8.80	9.32	8.78
2.	TRANSFER PAYMENTS	21.73	20.95	17.98
2.1	Interest	8.90	9.04	7.76
	a) Interest on loans from Govt. of India	8.90	9.04	7.76
2.2	Grants	12.22	11.26	9.43
	a) To local bodies	0.76	0.90	0.66
	b) To co-operatives	0.03	0.02	0.04
	c) To educational institutions	9.97	8.90	7.71
	d) To others	1.46	1.44	1.02
2.3	Subsidies	0.13	0.20	0.30
2.4	Stipends and scholarships	0.34	0.30	0.33
2.5	Other current transfer	0.14	0.15	0.16
	TOTAL CURRENT EXPENDITURE (1+2)	55.48	55.29	52.04
3.	GROSS CAPITAL FORMATION	29.57	26.82	32.78
	a) Building & other construction	23.97	25.00	30.68
	b) Machinery & equipment	3.62	4.17	3.77
	c) Net increase in stocks	1.98	(-) 2.35	(-) 1.67
4.	CAPITAL TRANSFERS	0.19	0.46	0.17
	a) Capital grants to local bodies	0.10	0.29	0.08
	b) Capital grants to others	0.09	0.17	0.09
5.	INVESTMENTS IN SHARES	2.36	5.04	2.57
	a) Of Govt. concerns	1.06	2.38	1.45
	b) Of other concerns	1.30	2.66	1.12
6.	LOANS AND ADVANCES	3.52	2.93	2.32
	a) For capital formation	3.15	2.43	1.79
	b) For current consumption	0.37	0.50	0.53
7.	REPAYMENT OF PUBLIC DEBT	8.88	9.46	10.12
	TOTAL CAPITAL EXPENDITURE (3+4+5+6+7)	44.52	44.71	47.96

PART II

FUNCTIONAL CLASSIFICATION

CHAPTER - VII

FUNCTIONAL CLASSIFICATION OF THE BUDGET

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

The functional classification takes into consideration the expenditure of administrative departments only and excludes current expenditure on goods and services of Departmental Commercial Undertakings. This is so, mainly because the Departmental Commercial Undertakings 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 as in the case of other Departments of Government.

It may also be noted that the functional classification is not applied to receipts except to those which may be considered as offsets to expenditure on goods and services included in this type of classification, such as proceeds from sales, specific grants received by State Government from the Central Government and by local bodies from the State Government for financing health or education services, etc. All other receipts including proceeds from taxes or loans are considered as contributions to a general consolidated fund from which expenditure of all kinds is financed.

All items of expenditure have been grouped under different broad functional categories regardless of their sequence in the Budget. Thus, any expenditure on education regardless of where it is shown in the Budget has been placed under the head, 'Education' in the functional classification. Exception to this rule are the educational activities which form an integral part of other services provided by the Government, for example, the police training schools which are treated as part of police service. Expenditure under some of the budget heads like Community Development and National Extension Services, Miscellaneous Social and Developmental Organisations, Public Works, Loans, etc. are broken up and transferred to the appropriate functional heads. The establishment charges of public works are divided prorata among the concerned functional heads. These are the types of major rearrangements involved in the functional reclassification of the State Government Budget.

For purposes of functional classification, the different expenditure heads are grouped under four broad categories as follows :

- (i) General Services.
- (ii) Social and Community Services.
- (iii) Economic Services and
- (iv) Other Services.

C H A P T E R - V I

T A B L E - 1

DETAILED FUNCTIONAL CLASSIFICATION OF THE GOA, DAMAN AND DIU GOVERNMENT
BUDGETARY EXPENDITURE

(Rs. in lakhs)

Item	Actuals 1977-78	Revised Estimates 1978-79	Budget Estimates 1979-80
1	2	3	4
1. GENERAL SERVICES	443.33	471.97	500.99
2. SOCIAL AND COMMUNITY SERVICES	2041.28	2354.32	2602.76
2.1 Education	1186.92	1267.77	1334.12
2.2 Medical, Public Health & Family Planning	580.33	757.95	898.84
2.3 Social Security and Welfare Services	21.88	26.87	37.19
2.4 Housing and Community Amenities	231.38	274.33	310.12
2.5 Other Social and Community Services	20.77	27.40	22.49
3. ECONOMIC SERVICES	1835.43	1973.53	2209.99
3.1 Agriculture and Allied Activities	854.70	1031.97	1189.16
3.2 Mining, Manufacturing and Construction	139.04	206.73	188.59
3.3 Electricity Schemes	238.72	127.87	219.05
3.4 Transport and Communication	217.14	308.37	329.34
3.5 Other Economic Services	385.83	298.59	283.85
4. OTHER PURPOSES	977.98	1149.85	1241.36
TOTAL	5298.02	5949.67	6555.10

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T A B L E - 2

FUNCTIONAL CLASSIFICATION OF THE BUDGETARY EXPENDITURE -
PERCENTAGE DISTRIBUTION

Item	1977-78 Actuals	1978-79 Revised Estimates	1979-80 Budget Estimates
1	2	3	4
1. GENERAL SERVICES	8.4	7.9	7.7
2. SOCIAL AND COMMUNITY SERVICES	38.5	39.6	39.7
2.1 Education	22.4	21.3	20.4
2.2 Medical, Public Health and Family Planning	11.0	12.7	13.7
2.3 Social, Security and Welfare Services	0.4	0.5	0.6
2.4 Housing and Community Amenities	4.3	4.6	4.7
2.5 Other Social and Community Services	0.4	0.5	0.3
3. ECONOMIC SERVICES	34.6	33.2	33.7
3.1 Agriculture and Allied Activities	16.1	17.3	18.1
3.2 Mining, Manufacturing and Construction	2.6	3.5	2.9
3.3 Electricity Schemes	4.5	2.2	3.4
3.4 Transport and Communication	4.1	5.2	5.0
3.5 Other Economic Services	7.3	5.0	4.3
4. OTHER PURPOSES	18.5	19.3	18.9
TOTAL	100.0	100.0	100.0

PART-III

ECONOMIC

CUM

FUNCTIONAL CLASSIFICATION

C H A P T E R - V I I

ECONOMIC-CUM-FUNCTIONAL CLASSIFICATION

In this section the economic and functional classifications have been combined into a two-way cross-classification by significant economic and functional categories. This type of classification, shows how expenditure for a particular purpose, say health is divided between different economic heads such as current expenditure on goods and services, capital formation and other types of transfers and loans. It also shows how expenditure in particular economic category say capital formation is divided according to different purposes or types of services provided by the Government. This type of cross classification of the Government budgetary expenditure is of vital importance in drawing up a programme of projected expenditure covering a period of years. It also gives an idea of the progress of actual expenditure.

Table I presents the economic-cum-functional classification of the Union Territory of Goa, Daman and Diu budgetary expenditure. The expenditure is split up into significant categories for each of the services horizontally and into different functional categories vertically. From this two way classification, it is very easy to see the nature of expenditure on each group of services. For instance, it can be seen, how much is spent on goods and services, grants or on gross capital formation for promoting education, health, etc. Thus, the cross-classification, shows the total expenditure, as broken down into consumption, gross capital formation, current and capital transfers and financial investments and loans and advances and as related to their broad administrative, social and economic purposes.

FUNCTIONAL CLASSIFICATION OF GOVERNMENT BUDGETARY EXPENDITURE 1973-74
(BUDGET ESTIMATES)

(Rs. in lakhs)

Item	Consump- tion ex- penditure	Transfer payments	Total cur- rent account	Gross capi- tal for- nation	Capi- tal trans- fer	Invest- ments	Loans & advances	Repay- ment of pub- lic debt	Total capi- tal account (5+6+7+ 8+9)	Grand Total (1+10)
1	2	3	4	5	6	7	8	9	10	11
1. GENERAL SERVICES	483.90	0.25	484.15	16.84	-	-	-	-	16.84	500.99
2. SOCIAL & COMMUNITY SERVICES	1250.79	613.01	1863.80	604.19	11.15	-	123.62	-	738.96	2602.76
2.1 Education	590.45	545.50	1135.95	191.86	3.20	-	3.11	-	198.17	1334.12
2.2 Medical, Public Health & Family Welfare	540.77	3.31	544.08	354.76	-	-	-	-	354.76	898.84
2.3 Social, Security & Welfare Services	26.80	8.70	35.50	0.23	-	-	1.46	-	1.69	37.19
2.4 Housing & Community Services	73.34	55.49	128.83	54.29	7.95	-	119.05	-	181.29	310.12
2.5 Other Social & Community Services	19.43	0.01	19.44	3.05	-	-	-	-	3.05	22.49
3. ECONOMIC SERVICES	443.51	56.33	499.84	1513.71	-	168.28	28.16	-	1710.15	2209.95
3.1 Agriculture and Allied Services	275.66	15.26	290.92	883.14	-	-	15.10	-	898.24	1189.16
3.2 Mining, Manufacturing and Construction	35.13	20.80	55.93	7.16	-	120.20	5.30	-	132.66	188.59
3.3 Electricity Schemes	-	-	-	219.05	-	-	-	-	219.05	219.05
3.4 Transport and Communication	56.49	0.01	66.50	262.84	-	-	-	-	262.84	329.34
3.5 Other Economic Services	66.23	20.26	86.49	141.52	-	48.08	7.76	-	197.36	283.85
4. OTHER PURPOSES	54.77	509.04	563.81	13.94	-	-	-	663.61	677.55	1241.36
TOTAL	2252.97	1178.63	3411.60	2148.68	11.15	168.28	151.78	663.61	3143.50	6555.10

ECONOMIC-CUM-FUNCTIONAL CLASSIFICATION OF GOVERNMENT BUDGETARY EXPENDITURE 1978-79
(REVISED ESTIMATES)

(Rs. in lakhs)

Item	Consumption expenditure	Transfer Payments	Total current account	Gross capital formation	Capital transfer	Investments	Loans & advances	Repayment of public debt	Total capital account (5+6+7+8+9)	Grand Total (4+10)
1	2	3	4	5	6	7	8	9	10	11
GENERAL SERVICES	450.66	0.23	450.89	21.08	-	-	-	-	21.08	471.97
SOCIAL & COMMUNITY SERVICES	1108.16	626.67	1734.83	477.54	27.47	-	114.48	-	619.49	2354.32
2.1 Education	511.33	563.60	1074.93	182.94	6.52	-	3.38	-	192.84	1267.77
2.2 Medical, Public Health and Family Welfare	495.52	0.77	496.29	261.66	-	-	-	-	261.66	757.95
2.3 Social, Security and Welfare Services	18.98	5.48	24.46	0.30	-	-	2.11	-	2.41	26.87
2.4 Housing & Community Amenities	60.53	54.96	115.49	28.90	20.95	-	108.99	-	158.84	274.33
2.5 Other Social & Community Services	21.80	1.86	23.66	3.74	-	-	-	-	3.74	27.40
ECONOMIC SERVICES	441.58	81.55	523.13	1090.68	-	299.97	59.75	-	1450.40	1973.53
3.1 Agriculture and Allied Activities	296.96	43.29	340.25	673.77	-	-	17.95	-	691.72	1031.97
3.2 Mining, Manufacturing and Construction	20.56	10.22	30.78	4.32	-	163.33	8.30	-	175.95	206.73
3.3 Electricity Schemes	-	-	-	127.87	-	-	-	-	127.87	127.87
3.4 Transport and Communication	63.83	14.06	77.89	230.48	-	-	-	-	230.48	308.37
3.5 Other Economic Services	60.23	13.98	74.21	54.24	-	136.64	33.50	-	224.38	298.59
OTHER PURPOSES	42.78	537.84	580.62	6.49	-	-	-	562.74	569.23	1149.85
TOTAL	2043.18	1246.29	3289.47	1595.79	27.47	299.97	174.23	562.74	2660.20	5949.67

MIC-CUM-FUNCTIONAL CLASSIFICATION OF GOVERNMENT BUDGETARY EXPENDITURE 1977-78
(ACTUALS)

(Rs. in lakhs)

Item	Consump- tion Ex- penditure	Transfer Payments	Total Cur- rent Account	Gross Capi- tal For- mation	Capital Transfer	Invest- ments	Loans & Ad- vances	Repay- ment of Public Debt	Total Capi- tal Acc- ount (5+6+7+ 8+9)	Grand Total (4+10)
1	2	3	4	5	6	7	8	9	10	11
1. GENERAL SERVICES	434.16	0.28	434.44	8.89	-	-	-	-	8.89	443.33
2. SOCIAL AND COMMUNITY SERVICES	986.28	608.23	1594.51	332.58	9.82	-	104.37	-	446.77	2041.28
2.1 Education	461.67	558.99	1020.66	163.74	0.83	-	1.69	-	166.26	1186.92
2.2 Medical, Public Health & Family Welfare	443.05	0.76	443.81	136.52	-	-	-	-	136.52	580.33
2.3 Social Security and Welfare Services	12.73	6.52	19.25	0.06	-	-	2.57	-	2.63	21.88
2.4 Housing & Community Amenities	51.60	40.90	92.50	29.78	8.99	-	100.11	-	138.88	231.38
2.5 Other Social and Community Services	17.23	1.06	18.29	2.48	-	-	-	-	2.48	20.77
3. ECONOMIC SERVICES	333.06	70.84	403.90	1224.51	-	124.77	82.25	-	1431.53	1835.43
3.1 Agriculture & Allied Activities	216.45	17.16	233.61	609.90	-	-	11.19	-	621.09	854.70
3.2 Mining, Manufacturing and Construction	14.53	45.64	60.17	3.13	-	69.15	6.59	-	78.87	139.04
3.3 Electricity Schemes	-	-	-	238.72	-	-	-	-	238.72	238.72
3.4 Transport & Communication	49.58	-	49.58	167.56	-	-	-	-	167.56	217.14
3.5 Other Economic Services	52.50	8.04	60.54	205.20	-	55.62	64.47	-	325.29	385.83
4. OTHER PURPOSES	34.63	472.00	506.63	0.74	-	-	-	470.61	471.35	977.98
TOTAL	1788.13	1151.35	2939.48	1566.72	9.82	124.77	186.62	470.61	2358.54	5298.00