



# ORISSA BUDGET

IN BRIEF 1985-86



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BUREAU OF STATISTICS & ECONOMICS, ORISSA  
BHUBANESWAR



GOVERNMENT OF ORISSA

# ORISSA BUDGET IN BRIEF 1985-86

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Public Finance Division  
Bureau of Statistics and Economics, Orissa, Bhubaneswar

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Sub. National Systems Unit,  
National Institute of Educational  
Planning and Administration  
17, Park Road, Mayapuri, New Delhi 110034  
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## P R E F A C E

“Orissa Budget in Brief” a regular publication of Bureau of Statistics and Economics is compiled and issued every year after the presentation of State Budget in the Assembly. The publication contains salient features of the State Budget in a concise form through statistical tables supported by analytical notes, graphs and charts for a particular year in comparison with those of the earlier nine years.

In order to make this publication more useful and to accommodate the growing requirements of readers and departments of Government, the classification of revenue receipts of the Government have been divided into (a) Tax and (b) Non-tax revenue, and the Tax revenue has further been subdivided into (i) Shared taxes (ii) State's own taxes and Non-tax revenue into (i) State's own Non-taxes (ii) Grants and contributions from the Central Government alongwith classification of expenditure into (a) Plan and (b) Non-plan heads. Special characteristics of this publication are the incorporation of some important features of the Central Government Budget, 1985-86 and recommendations of Eighth Finance Commission.

The compilation, scrutiny and analysis of large mass of budgetary data within a very short period was possible due to painstaking and sincere efforts of the staff and officers working in the Public Finance Division. The Bureau of Statistics and Economics, Orissa acknowledges with gratitude the co-operation of Finance Department for preparation of this publication and the Orissa Government Press, Cuttack for its early printing. Comments and constructive suggestions from readers are always welcome which will be taken into consideration in planning this publication in future.

B. DAS

*Director*

*Bureau of Statistics and Economics,*

*Orissa, Bhubaneswar*

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## INTRODUCTION

The Budget is the most important financial document of the Government which contains transactions of Government for three consecutive years. This is prepared every year and presented to the State Legislature under Article 202 (1) of the Constitution of India. It is called the financial statement of the Government. It contains Actuals for the preceding year, the Revised Estimates for the current year and the Budget Estimates for the ensuing year. The entire finance of the State Government is divided into three distinct categories, namely. —

- (i) Consolidated Fund of the State of Orissa
- (ii) Contingency Fund of the State of Orissa
- (iii) Public Account of the State of Orissa

The expenditure from the Consolidated Fund should either be charged or voted by the State Legislature. This fund has in turn three divisions— (1) The first division deals with the proceeds of taxation including the share of Union taxes obtained through the awards of Finance Commissions, duties, fees for services rendered, fines and penalties, receipts from non-tax revenue like Forest, Irrigation, Power, royalties, interest receipts, grants-in-aid and many other receipts classed as Revenue of the State. It also deals with all expenditure which includes the expenditure for collection of taxes and other receipts, interest payment and servicing of public debt, expenditure of social and developmental services and many other expenditure classed as the Revenue Expenditure of the State. This part (both revenue and expenditure) of the Consolidated Fund is called the "Revenue Account" of the State. Finally it presents the picture of the revenue surplus or deficit for the year. (2) The second division deals with expenditure met usually from borrowed funds with the object either of creating concrete assets of a material character or of reducing recurring liabilities. This is also called as Capital Outlay outside the Revenue Account. This includes capital investment on improvement of Public Health, Agricultural Improvement and Research, Industrial Development, Multipurpose River Schemes, Irrigation, Navigation, Embankment and Drainage Works, Electricity Schemes, Public Parks, Transport and Communication etc. (3) The

third division consists of loans raised by Government and loans and advances made by Government together with the repayment of loans and recoveries of the loans and advances paid. The former is called Public debt which includes permanent debt, floating debt, loans from the Central Government and other loans from different sources such as Reserve Bank of India, Life Insurance Corporation of India, National Co-operative Development Corporation, Khadi and Village Industries Commission etc. Loans and advances made by the State Government are paid to Local Funds such as Municipalities, Panchayati Raj Institutions, Grama Panchayats, Market Committees, District and other Local Fund Committees, Co-operative Institutions, Bank Cultivators, Statutory Corporations, Boards, Government Companies, Displaced persons, Backward Tribes, Orissa Loans Stipend Fund and Government Servants. These institutions and individuals borrow money from the Government and also repay it with interest or in some cases without interest.

Part II of the State Budget is the Contingency Fund of the State. The State Government maintains this fund under Article 267 (2) of the Constitution of India to meet unforeseen and emergent expenditure on schemes for which funds have not been voted by the Legislature till such time as the funds are voted.

Part III of the Budget is the Public Account of the State. Public money received by or on behalf of the State Government which cannot be credited to the Consolidated Fund are credited to this Fund. For payment out of the Public Account no demand is required to be presented to the Legislature. These payments are of the nature of banking transactions. This fund has two divisions, namely (a) Debt and Deposits and (b) Remittances. The first division comprises receipts and payments other than those falling under debt head pertaining to Part I in respect of which Government incurs a liability to repay the money received or has a claim to recover the amounts paid together with repayments of the former and recoveries of the later. Unfunded debt or State Provident Fund comes under this division.

Few reserve funds have been created for special purposes and deposits are made in those funds by appropriation from Revenue Account. These funds are Depreciation Reserve Funds of Government Commercial Undertaking, sinking funds for amortisation of loan, other reserve funds like Orissa Famine Relief Fund, Zamindari Abolition Fund, Local Funds and few other transactions such as Departmental and Permanent Advances, Suspense Account, etc. The second division includes merely adjusting heads under which appear remittances of cash between treasuries, transfers between different accounting circles and remittances between the State Government and Reserve Bank of India, State Government, Railways, Defence, Credits and debits taken to the adjusting heads in the division are eventually cleared by adjustment under final heads.

The combined effect of the transaction in the Consolidated Fund, the Contingency Fund and the Public Account presents the overall budgetary position and the surplus or deficit thereof.

The receipts and expenditure upto 1983-84 presented in the publication represent Actuals, but those for 1984-85 and 1985-86 are the Revised Estimate and Budget Estimate respectively. The figures utilised in this publication are net and have been arrived at after adjusting the refunds from revenue receipts and recoveries from expenditure. For the sake of convenience, following symbols have been used throughout this publication

\* for Revised Estimate

@ for Budget Estimate

## BUDGET IN BRIEF, 1985-86

1. The total revenue of Orissa in 1985-86 has been estimated at Rs. 1059.5 crores and the revenue expenditure at Rs. 1059.4 crores. The year is expected to close with a revenue surplus of Rs. 101 crores. The revenue receipts have increased from Rs. 819.7 crores in the Revised Estimate of 1984-85 to Rs. 1069.5 crores in the Budget Estimate of 1985-86. Thus there has been an increase of Rs. 249.8 crores which accounts for 30.5 per cent increase over the Revised Estimate.

2. Shared taxes have increased from Rs. 243.2 crores in 1984-85 to Rs. 312.0 crores in 1985-86 mainly due to increase in the share of Union excise duty. State's Own taxes have increased by Rs. 73.4 crores over the Revised Estimate of 1984-85. The receipt under sales tax in the Budget is estimated at Rs. 154.0 crores as against Rs. 127.0 crores in the Revised Estimate for 1984-85. Taxes and Duties on Electricity would provide an additional revenue of about Rs. 28.4 crores in 1985-86. As regards State's Own Non-tax revenue, the Budget is expected to generate an additional turn over of only Rs. 5.9 crores which is mainly due to revenue receipt from Forest. Thus the total tax revenue has been estimated at Rs. 616.5 crores in the Budget for 1985-86, which is an increase of about 30 per cent over the Revised Estimate of 1984-85. Non-tax revenue is expected to be Rs. 453.0 crores as compared to Rs. 345.4 crores in 1984-85.

3. The total resources transferred from the Central Government in the Revenue Account is estimated at Rs. 642.5 crores in the Budget for 1985-86 as against Rs. 472.0 crores in the Revised Estimate of 1984-85. Thus there has been an increase to the tune of 36.8 per cent under this item in 1985-86 over the Revised Estimate for 1984-85. The total resources both Shared taxes and Grants and contributions transferred from Central Government in the Revenue Account constitute 60 per cent of the total receipt under Revenue Account in 1985-86.

4. The total expenditure in the Revenue Account has been estimated at Rs. 1059.4 crores in the Budget of 1985-86 as against Rs. 947.4 crores in the

Revised Estimate of 1984-85. The excess of expenditure in the Budget to the extent of Rs. 112.0 crores over the Revised Estimate is due to excess of expenditure estimated to be incurred on interest payment and servicing of debt and Administrative services. 1985-86 being first year of the 7th Plan, a sum of Rs. 319.5 crores (Net) has been provided for Plan Schemes in the Revenue Account with the break up given below.

	Gross	Reco- veries	Net
(a) Schemes included in the State Plan.	192.4	(-)0.1	192.3
(b) Schemes included in the Central Plan.	72.4	(-)0.9	71.5
(c) Schemes included in the Centrally Sponsored Plan.	58.1	(-)2.4	55.7
<b>Total</b>	<b>322.9</b>	<b>(-)3.4</b>	<b>319.5</b>

5. During the Budget for 1985-86, the Capital receipts have been estimated at Rs. 1615.7 crores as against the disbursement of Rs. 1619.4 crores showing a deficit of Rs. 3.7 crores. A sum of Rs. 293.1 crores (Net) has been provided in the Capital Account for Plan Schemes and it is made up of the following items.

	Gross	Reco- veries	Net
(a) Schemes included in the State Plan.	294.7	(-)36.4	258.3
(b) Schemes included in the Central Plan.	24.3	(-)1.0	23.3
(c) Schemes included in the Centrally Sponsored Plan.	11.5	-	11.5
<b>Total</b>	<b>330.5</b>	<b>(-)37.4</b>	<b>293.1</b>

6. The expenditure from the Consolidated Fund on Revenue and Capital Account taken together during 1985-86 has been estimated at Rs. 1885.8



crores as against the receipts of Rs. 1840.0 crores, showing a cash deficit of Rs. 45.8 crores. The net transaction under Contingency Fund during 1985-86 is Rs. 6.9 crores. With the cash surplus in the Public Account to the extent of Rs. 45.2 crores, the net transaction of the year comes to Rs. 6.4 crores.

With the opening cash deficit of Rs. 84.5 crores the year is expected to close with a deficit cash balance of Rs. 78.1 crores. It is evident from the above figures that the Public Account has played a major role in reducing the total deficit cash balance for the year 1985-86.

## BUDGET IN BRIEF 1985-86

### (REVENUE RECEIPTS)

Table No. 1

(Rs. in crores)

<b>A—TAX REVENUE (a+b)</b>	616.5	<b>B—NON-TAX REVENUE (c+d)</b>	453.0
<b>(a) SHARED TAX</b>	312.0	<b>(c) STATE'S OWN NON-TAX</b>	122.5
(i) Union Excise Duties	235.7	(i) General Services	10.4
(ii) Taxes on Income other than Corporation Tax	56.3	(ii) Social and Community Services	11.3
(iii) Interstate Duty	Nil	(iii) Economic Services (Except Forest)	22.9
<b>(b) STATE'S OWN TAX</b>	304.5	(iv) Forest	60.0
(i) Taxes on Agricultural Income	Nil	(v) Interest, Dividends and Profits	17.9
(ii) Land Revenue	14.7	<b>(d) GRANTS AND CONTRIBUTIONS FROM CENTRAL GOVERNMENT</b>	330.5
(iii) Stamps and Registration fees	14.9	(i) Statutory	35.8
(iv) State Excise Duties	22.3	(ii) Others	294.7
(v) Taxes on Vehicles	26.5	<b>C—STATE'S OWN RESOURCES (b+e)</b>	427.0
(vi) Taxes and Duties on Electricity	60.6	<b>D—RESOURCES TRANSFERRED FROM CENTRAL GOVERNMENT (a+d)</b>	642.5
(vii) Taxes on Goods and Passengers	5.5		
(viii) Entertainment Tax	6.0	<b>E—TOTAL REVENUE RECEIPTS (C+D)</b>	1069.5
(ix) Sales Tax	154.0		

# BUDGET 1985-86

THE RUPEE  
COMES FROM



(FIGURES IN PERCENTAGE)

**BUDGET IN BRIEF 1985-86**

**(REVENUE EXPENDITURE)**

Table No. 2

(Rs. in crores)

Sl. No.	Items	Plan	Non-Plan	Total
(1)	(2)	(3)	(4)	(5)
<b>A.</b>	<b>GENERAL SERVICES</b>	15.5	346.6	362.1
(a)	Organs of State	..	8.7	8.7
(b)	Fiscal Services	7.3	29.9	37.2
(c)	Interest Payment and Servicing of Debt	Nil	134.2	134.2
(d)	Administrative Services	6.6	153.0	159.6
(e)	Pension and Miscellaneous General Services	1.6	20.8	22.4
<b>B.</b>	<b>SOCIAL AND COMMUNITY SERVICES</b>	153.3	265.6	418.9
(a)	Education, Art and Culture	36.0	169.6	205.6
(b)	Medical, Public Health, Sanitation, Water Supply and Family Welfare.	65.7	46.4	112.1
(c)	Social Security and Welfare	39.6	20.0	59.6
(d)	Relief on Account of Natural Calamities	..	13.1	13.1
(e)	Others (Secretariat Social and Community Services, Housing, Urban Development, Information and Publicity, Labour and Employment and Other Social and Community Services).	12.0	16.5	28.5
<b>C.</b>	<b>ECONOMIC SERVICES</b>	150.7	122.4	273.1
(a)	General Economic Services	9.6	18.9	28.5
(b)	Agriculture and Allied Services	126.7	59.8	186.5
(c)	Industry and Minerals	11.6	4.0	15.6
(d)	Water and Power Development	2.1	13.7	15.8
(e)	Transport and Communication	0.7	26.0	26.7
<b>D.</b>	<b>COMPENSATION AND ASSIGNMENT TO LOCAL BODIES AND PANCHAYATI RAJ INSTITUTIONS.</b>	..	5.3	5.3
<b>B.</b>	<b>TOTAL EXPENDITURE (A + B + C + D)</b>	319.5	739.9	1,059.4
<b>F.</b>	<b>SURPLUS (+) OR DEFICIT (-)</b>	..	..	(+)10.1

# BUDGET 1985-86

THE RUPEE  
GOES TO



(FIGURES IN PERCENTAGE)

BUDGET IN BRIEF, 1985-86

(CAPITAL RECEIPTS)

Table No. 3

(Rs. in crores)

Sl. No.	Items	Receipts	Sl. No.	Items	Receipts
(1)	(2)	(3)	(1)	(2)	(3)
A	CONSOLIDATED FUND	770.5	C	PUBLIC ACCOUNT	845.2
	(a) Public debt ( i+ii )	733.7		(a) State Provident Fund	62.0
	(i) Internal Debt of the State Government	517.2		(b) Reserve Fund	14.8
	(ii) Loans and Advances from Central Government.	216.5		(c) Deposits and Advances	184.3
	(b) Loans and Advances	36.8		(d) Suspense and Miscellaneous	168.2
B	CONTINGENCY FUND	Nil		(e) Remittances	415.9
			D	TOTAL CAPITAL RECEIPTS ( A+B+C )	1615.7

BUDGET IN BRIEF, 1985-86

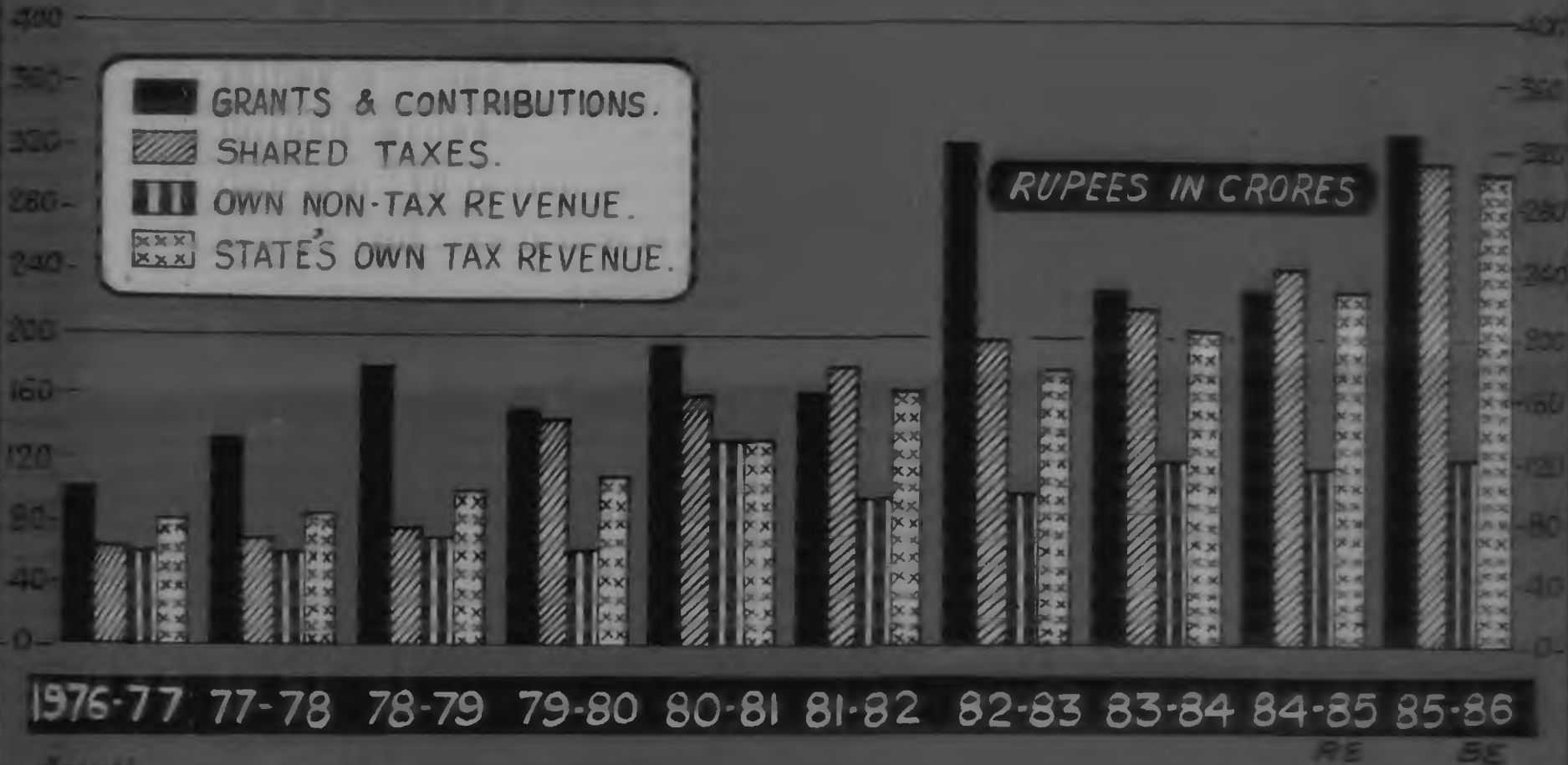
(CAPITAL DISBURSEMENT)

Table No. 4

(Rs. in crores)

Sl. No.	Items	Plan	Non-Plan	Total
(1)	(2)	(3)	(4)	(5)
A	CONSOLIDATED FUND	293.1	533.3	826.4
	(a) Public Debt ( i+ii )	Nil	501.1	501.1
	(i) Internal Debt of the State Government	Nil	433.1	433.1
	(ii) Loans and Advances from the Central Government	Nil	68.0	68.0
	(b) Loans and Advances	19.0	31.6	50.6
	(c) Capital Expenditure outside the Revenue Account	274.1	0.6	274.7
B	CONTINGENCY FUND	Nil	(- )7.0	(- )7.0
C	PUBLIC ACCOUNT	Nil	800.0	800.0
	(a) State Provident Fund	Nil	25.0	25.0
	(b) Reserve Fund	Nil	14.7	14.7
	(c) Deposits and Advances	Nil	175.8	175.8
	(d) Suspense and Miscellaneous	Nil	167.2	167.2
	(e) Remittances	Nil	417.3	417.3
D	TOTAL CAPITAL DISBURSEMENT ( A+B+C )	293.1	1326.3	1619.4
E	SURPLUS ( + ) OR DEFICIT ( - )			(- ) 3.7
F	OVERALL SURPLUS ( + ) OR DEFICIT ( - )			(+ ) 6.4

# Revenue Receipts



1976-77 77-78 78-79 79-80 80-81 81-82 82-83 83-84 84-85 85-86

Source

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## REVENUE RECEIPTS

1. The revenue receipt of the State is divided into two broad categories, such as Tax revenue and Non tax revenue. Tax revenue is further subdivided into (a) Shared taxes and (b) State's own tax. Non-tax revenue is divided into (a) State's Own Non tax and (b) Grants and Contributions from the Central Government.

2. Shared taxes which were contributing about 44.7 per cent to the total tax revenue during 1976-77 has been estimated to go up to 50.6 per cent in the Budget for 1985-86. The table below reveals that the shared taxes have kept an increasing trend during the period from 1976-77 to 1985-86. State's Own tax revenue also shows similar trend during last 10 years. The receipt under this head was Rs. 80.8 crores in 1976-77 and it has gone up to Rs. 304.5 crores during the Budget Estimate of 1985-86 as against Rs. 231.1 crores in the Revised Estimate for 1984-85. The total tax revenue including the shared taxes which was Rs. 146.0 crores in 1976-77 has been estimated at Rs. 616.5 crores in the Budget for 1985-86 as compared to Rs. 474.3 crores in the Revised Estimate for 1984-85.

3. Total Non-tax revenue during 1976-77 was Rs. 159.9 crores and it has been estimated at Rs. 453.0 crores during 1985-86. State's Own Non-tax which was Rs. 58.1 crores during the year 1976-77 has gone up to Rs. 122.5 crores during 1985-86 showing an increase of 110.8 per cent. It is revealed from the table that the contribution of State's Own Non-tax was highest

during 1980-81 and that of grants and contributions in 1985-86. The contributions of State's Own Non-tax and Grants and contributions to the total Non tax have been estimated at 27 per cent and 73 per cent respectively during 1985-86.

4. The total revenue receipt of the State has been estimated at Rs. 1069.5 crores during the Budget Estimate of 1985-86 as against Rs. 819.7 crores in the Revised Estimate of 1984-85. The increase of Rs. 249.8 crores of revenue is mainly due to increase in receipt under Grants and contributions from the Central Government, State's Own tax revenue and Shared taxes. The total revenue receipts of the State have increased by about three and a half times since the base year 1976-77. The percentage contribution of various components to the total revenue receipts estimated for 1985-86 as compared to the base year 1976-77 is as follows :-

	1976-77	1985-86
1. Shared Taxes	21.3	29.2
2. State's Own Tax Revenue	26.4	28.4
3. State's Own Non-Tax Revenue.	19.0	11.5
4. Grants and contributions from the Central Government	33.3	30.9
5. Total Revenue Receipt (Tax + Non-Tax)	100.0	100.0

As regards the *per capita* revenue receipt, it was Rs. 122.4 in 1976-77 and has been estimated to increase to Rs. 370.0 in the Budget Estimate for 1985-86.

## REVENUE RECEIPTS

Table No. 5.

(Rs. in crores)

Year	Tax Revenue			Non-Tax Revenue			Total Revenue Receipts	Index of Growth	Per capita Revenue Receipts
	Shared Taxes	State's Own-Tax Revenue	Total Tax	Own Non-Tax	Grants and Contribution	Total Non-Tax			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1976-77	65.2	80.8	146.0	58.1	101.8	159.9	305.9	100	122.4
1977-78	69.4	83.7	153.1	59.3	134.4	193.7	346.8	113	138.7
1978-79	75.7	98.4	174.1	70.5	178.5	249.0	423.1	138	169.2
1979-80	144.3	112.1	256.4	61.3	149.9	211.2	467.6	153	179.8
1980-81	160.0	132.6	292.6	133.5	195.2	328.7	621.3	203	239.0
1981-82	180.7	165.6	346.3	93.0	162.2	255.2	601.5	197	222.8
1982-83	197.2	178.7	375.9	99.3	326.3	425.7	801.6	262	296.9
1983-84	222.7	207.2	429.9	120.6	232.6	353.2	783.1	256	281.0
1984-85*	243.2	231.1	474.3	116.6	228.8	345.4	819.7	268	288.8
1985-86@	312.0	304.5	616.5	122.5	330.5	453.0	1069.5	350	370.0

## STATE'S OWN TAX REVENUE

1. The total own Tax Revenue of the State which was only Rs. 80.8 crores during 1976-77 has been estimated at Rs. 304.5 crores in 1985-86 as compared to Rs. 231.1 crores in the Revised Estimate for 1984-85. During all these years, the State's Own Tax has maintained an increasing trend. In terms of percentages, State's Own Tax Revenue has increased by 276.8 per cent over the base year of 1976-77. Similarly, the *per capita* State's Own Tax Revenue has gone up from Rs. 32.3 in 1976-77 to Rs. 105.3 in 1985-86. During the year 1985-86, Sales Tax and Taxes and Duties on Electricity together constitute about 70 per cent of the total State's Own Tax Revenue and the rest 30 per cent are expected to be contributed by the remaining seven State taxes during 1985-86 Budget Estimate.

2. As regards land revenue, the receipt under this head has gone upto Rs. 14.7 crores during 1985-86 from Rs. 11.3 crores in 1984-85. Stamps

and Registration Fees shows an increasing trend up to 1985-86 with a little deviation during 1984-85. A very similar trend is observed in case of State Excise Duty which was Rs. 6.7 crores in 1976-77 and has gone upto Rs. 22.3 crores in 1985-86, recording an increase of 232.8 per cent. Receipt under Taxes on Vehicles has been estimated at Rs. 26.5 crores in 1985-86 as against Rs. 16.6 crores in 1984-85. Taxes and Duties on Electricity which was contributing Rs. 8.0 crores in 1976-77 has been estimated at Rs. 60.6 crores in 1985-86. Taxes on Goods and Passengers and Entertainment Tax have been estimated at Rs. 5.5 crores and Rs. 6.0 crores respectively during 1985-86 as against Rs. 9.9 crores and Rs. 4.1 crores respectively in 1984-85. The receipts under Sales Tax is the highest of all State taxes during all these years. The estimated collection from Sales Tax in 1985-86 will constitute 50.6 per cent of the total State's Own Tax Revenue.

## STATE'S OWN TAX REVENUE

Table No. 6

(Rs in crores)

Year	Tax on Agricultural Income	Land** Revenue	Stamps and Registration Fees	State Excise Duties	Taxes on Vehicles	Taxes and Duties on Electricity	Taxes on Goods and Passengers
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1976-77	0.1	4.4	5.1	6.7	5.5	8.0	2.2
1977-78	0.1	4.8	5.6	7.0	6.2	8.5	2.5
1978-79	Neg.	5.5	6.6	7.2	7.1	11.9	2.8
1979-80	Neg.	4.7	7.2	7.8	8.3	12.6	2.8
1980-81	Neg.	7.1	7.8	9.2	9.7	16.9	2.3
1981-82	Neg.	11.1	9.3	11.0	12.1	22.9	1.3
1982-83	Neg.	10.0	10.8	13.1	13.8	23.3	1.7
1984-84	Neg.	15.1	12.5	15.5	14.9	27.5	3.7
1984-85*	..	11.3	11.7	18.3	16.6	32.2	9.9
1985-86@	..	14.7	14.9	22.3	26.5	60.6	5.5



( Rs. in crores )

Year	Entertainment Tax	Sales Tax				Total Own Tax Revenue	Per Capita State's Own Tax ( in Rs. )
		State's Sales Tax	Sales Tax on Motor Spirit	Central Sales Tax	Total		
(1)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1976-77	1.7	30.7	0.9	15.5	47.1	80.8	32.3
1977-78	1.9	27.8	2.4	16.9	47.1	83.7	33.5
1978-79	2.1	39.0	1.0	16.2	55.2	98.4	39.4
1979-80	2.8	46.4	1.1	19.5	65.9	112.1	43.1
1980-81	3.0	56.4	1.1	20.2	76.6	132.6	51.0
1981-82	3.6	68.2	1.1	26.1	94.3	165.6	61.3
1982-83	3.9	78.7	1.1	23.4	102.1	178.7	66.2
1983-84	4.0	89.5	1.1	24.5	114.0	207.2	74.4
1984-85*	4.1	96.0	1.1	31.0	127.0	231.1	81.4
1985-86@	6.0	114.4	1.1	39.6	154.0	304.5	105.3

\* Land Revenue includes rates and taxes on Mining Royalties and other receipts

## SHARED TAX

1. Shared taxes include Union Excise Duties, Taxes on Income other than Corporation Tax and Estate Duty. Receipt under Union Excise Duties was Rs. 40.5 crores in 1976-77 and has gone upto Rs. 255.7 crores in the Budget Estimate of 1985-86. The basic Union Excise Duties is estimated at Rs. 224.6 crores in 1985-86 as against Rs. 170.7 crores in the Revised Estimate of 1984-85. The maximum increase of Rs. 62.7 crores in basic Union Excise Duties is noticed in 1979-80, when the share of Orissa increased from Rs. 38.0 crores in 1978-79 to Rs. 100.7 crores in 1979-80 on the recommendation of the Seventh Finance Commission. Taxes on Income other than Corporation Tax which was Rs. 24.3 crores in 1976-77, has been estimated at Rs. 56.3 crores in 1985-86 as against Rs. 46.1 crores in the Revised Estimate of 1984-85. The contri-

butions of Union Excise Duties and Taxes on Income other than Corporation Tax are estimated at 81.96 per cent and 18.04 per cent respectively during the Budget year 1985-86. The total receipt under Shared Tax was Rs. 65.2 crores in 1976-77 and has been estimated at Rs. 312.0 crores in the Budget for 1985-86 as compared to Rs. 243.2 crores in Revised Estimate of 1984-85.

2. The total tax revenue has maintained an increasing trend during the period from 1976-77 to 1985-86 being highest during the Budget year 1985-86. Maximum growth in revenue has been also recorded in the Budget for 1985-86. The *per capita* tax revenue which was Rs. 58.4 in 1976-77 has been estimated at Rs. 213.3 in 1985-86 as against Rs. 167.1 in 1984-85 showing thereby a significant increase.

### SHARED TAXES AND TOTAL TAX REVENUE

Table No. 7

(Rs. in crores)

Year	Union Excise Duties			Taxes on Income other than Corporation Tax	Estate Duty	Shared Taxes (Total)	State's Own Taxes (Total)	Tax Revenue (Total)	Index of total Tax	Per capita Tax Revenue (in Rs.)
	Basic	Additional	Total							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1976-77	31.4	9.1	40.5	24.3	0.4	65.2	80.8	146.0	100	58.4
1977-78	33.0	10.8	43.8	25.2	0.4	69.4	83.7	153.1	105	61.2
1978-79	38.0	10.9	48.9	26.4	0.4	75.7	98.4	174.1	119	69.6
1979-80	100.7	11.2	111.9	32.3	0.1	144.3	112.1	256.4	176	98.6
1980-81	110.1	12.2	122.3	37.5	0.2	160.0	132.6	292.6	200	112.5
1981-82	127.9	15.1	143.0	38.0	(- ) 0.3	180.7	165.6	346.3	237	128.3
1982-83	141.5	13.3	154.8	42.3	0.1	197.2	178.7	375.9	257	139.2
1983-84	157.9	20.9	178.8	43.8	0.1	222.7	207.2	429.9	294	154.3
1984-85*	170.7	26.7	197.4	46.1	(- ) 0.3	243.2	231.1	474.3	325	167.1
1985-86**	224.6	31.1	255.7	56.3	..	312.0	304.5	616.5	422	213.3

## NON-TAX REVENUE

1. Non-tax revenue of the State consists of (i) Own Non-tax and (ii) Grants and contributions from the Central Government. Further Grants-in-aid from the Central Government is broadly subdivided into (i) Statutory and (ii) Others. Grant under Article 275 (i) of the Constitution recommended by the Finance Commission comes under the purview of Statutory Grants. Other Grants-in-aid includes grants for State Plan Schemes, Social Welfare Schemes, Irrigation, Navigation, Community Development Projects, National Extension Service, Local Development Works, Public Health, Family Welfare, Grants in lieu of Tax on Railway Passenger Fares, Assistance for Natural Calamities and Relief and Rehabilitation of Displaced persons etc. Statutory grant accounted for Rs. 61.0 crores in 1976-77 and maintained a rising trend upto Rs. 78.1 crores by 1978-79 and there after a continuous declining trend reaching Rs. 9.4 crores by the year 1983-84. In the Budget Estimate of 1985-86 Statutory grant is estimated to be Rs. 35.8 crores. Other grants was Rs. 40.8 crores during 1976-77 and has been estimated at Rs. 294.7 crores in 1985-86. The maximum increase was recorded in 1982-83 mainly due to more grants under Block grants and Relief on account of Natural Calamities. The total grants from the Central Government is estimated at Rs. 330.5 crores in the Budget for 1985-86 as against Rs. 223.8 crores in the preceding year, showing an increase of 44.4 per cent.

2. Receipts under Own Non-tax was Rs. 58.1 crores in 1976-77 and it has been estimated at

Rs. 122.5 crores in the Budget for 1985-86, showing an increase of about 110.8 per cent. The receipts under General Services and Economic Services (excluding Forest) in 1985-86 are more or less same with the receipts under these heads during 1976-77. The maximum increase in General Services to the extent of Rs. 63.6 crores was recorded in 1980-81, mainly due to loans from Central Government for non-productive purpose written off as per the recommendation of the Seventh Finance Commission. Interest, Dividends and Profits which accounted for Rs. 5.7 crores during 1976-77, has been estimated at Rs. 17.9 crores in the Budget for 1985-86. Out of the total Own Non-tax of Rs. 122.5 crores in 1985-86, Forest alone contributes about 49 per cent and the rest 51 per cent is contributed by other four Own Non-tax sources.

3. The total Non-tax revenue which was Rs. 159.9 crores in 1976-77 has reached Rs. 453.0 crores in the Budget Estimate of 1985-86 showing an increase of about 183.3 per cent. In the Budget for 1985-86, Grants and contributions from the Central Government and State's Own Non-Tax revenue are expected to contribute 73 per cent and 27 per cent respectively to the total Non-tax revenue. As regards *per capita* Non-tax revenue, it has been estimated to be Rs. 156.7 in the Budget for 1985-86 as compared to Rs. 64.0 in the base year of 1976-77.

The table overleaf presents the Non-Tax revenue of the State over a decade from 1976-77 to 1985-86.

**NON-TAX REVENUE**

Table No. 8

(Rs. in crores)

Year	Grants and Contributions from the Central Government				State's Own Non-Tax		
	Statutory	Others	Total	Index of Growth	General Services	Social and Community Services	Economic Services (except Forest)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1976-77	61.0	40.8	101.8	100	9.3	6.0	23.0
1977-78	71.3	62.9	134.4	132	4.9	9.6	20.9
1978-79	78.1	100.4	178.5	175	5.6	7.0	26.7
1979-80	41.6	108.3	149.9	147	7.3	7.6	13.4
1980-81	37.7	157.5	195.2	192	63.6	6.9	16.9
1981-82	29.0	133.2	162.2	159	8.1	11.2	19.9
1982-83	19.2	307.1	326.3	321	6.9	11.1	20.7
1983-84	9.4	223.2	232.6	228	9.2	12.9	21.7
1984-85*	.	228.8	228.8	225	8.8	10.7	19.8
1985-86@	35.8	294.7	330.5	325	10.4	11.3	22.9

Year	State's Own Non Tax				Total Non-Tax Revenue (Col. 4+Col. 11)	Per capita Non-Tax Revenue
	Forest	Interest, Dividends and Profits	Total Own Non-Tax	Index of Growth		
	(9)	(10)	(11)	(12)		
1976-77	14.1	5.7	58.1	100	159.9	64.0
1977-78	19.1	4.8	59.3	102	193.7	77.5
1978-79	26.6	4.6	70.5	121	249.0	99.6
1979-80	28.0	5.0	61.3	106	211.2	81.2
1980-81	37.3	8.8	133.5	230	328.7	126.5
1981-82	46.6	7.2	93.0	160	255.2	94.5
1982-83	47.3	13.4	99.4	171	425.7	157.7
1983-84	54.9	21.9	120.6	208	353.2	126.7
1984-85*	53.2	24.1	116.6	201	345.4	121.7
1985-86@	60.0	17.4	122.5	211	453.0	156.7

\* Excludes interest receipts from Departmental Commercial Undertakings

## EXPENDITURE UNDER REVENUE ACCOUNT

1. The entire expenditure of the State Government under Revenue Account has been divided into four broad divisions, such as :-

- (i) Expenditure on General Services.
- (ii) Expenditure on Social and Community Services.
- (iii) Expenditure on Economic Services.
- (iv) Expenditure on Miscellaneous Services.

Expenditure on General Services which was Rs. 93.2 crores in 1976-77 has been estimated at Rs. 362.1 crores during the Budget year 1985-86 as against Rs. 266.6 crores in the Revised Estimate of 1984-85. During the Budget for 1985-86, 44.0 per cent of the total expenditure on General Services are expected to be spent under Administrative Services, 37.1 per cent under Interest Payment and Servicing of debt, 10.3 per cent under Fiscal Services, 6.2 per cent on Pension and Miscellaneous Services and remaining 3.4 per cent on Organs of the State. Also in 1985-86, the expenditure on Interest payment and Servicing of debt, Administrative Services, Fiscal Services and Pensions & Miscellaneous Services have increased by 24.6 crores, 72.3 crores, 3.1 crores and 5.5 crores respectively over the expenditure made on these heads during the year 1984-85. Expenditure on Organs of the State is estimated to decline by Rs. 10.0 crores during 1985-86.

2. The expenditure under Social and Community Services has been estimated at Rs. 418.9 crores during 1985-86 as against Rs. 411.7 crores in 1984-85. The expenditure of Rs. 456.0 crores during 1982-83 was the highest over last ten years. This was mainly due to expenditure of Rs. 171.1 crores incurred on Relief work on account of unprecedented Natural Calamities during the said year. Expenditure on Education, Art and Culture, Medical, Public Health, Sanitation, Water Supply and Family Welfare, Social Security and Welfare and Other Social and Community Services have increased by Rs. 17.5 crores, Rs. 4.4 crores, Rs. 3.7 crores and Rs. 1.9 crores in the Budget for 1985-86 over the Revised Estimate of 1984-85. Expenditure on Relief on account of Natural Calamities is estimated to decline by Rs. 20.3 crores during 1985-86. Out of the total expenditure on Social and

Community Services during 1985-86, 49.1 per cent are expected to be spent on Education, Art and Culture, 26.8 per cent on Medical, Public Health, Sanitation and Water Supply, 14.2 per cent on Social Security and Welfare, only 3.1 per cent on Relief on account of Natural Calamities and the rest 6.8 per cent on 'Others'. Expenditure on Education, Art and Culture to the total expenditure on Social and Community Services has always remained in the range of 44.4 per cent to 54.7 per cent over the last ten years except during 1982-83 when it has been only 30.5 per cent.

3. The expenditure on Economic Services has increased from Rs. 70.2 crores in 1976-77 to Rs. 273.1 crores in 1985-86 (B.E.) showing an increase of about 289 per cent. The expenditure on this head has maintained a continuous rising trend till the year 1985-86. During 1985-86, 68.3 per cent of the total expenditure on Economic Services are estimated to go for Agriculture and Allied Services, 10.4 per cent for General Economic Services, 9.8 per cent for Transport and Communication, 5.8 per cent for Water and Power Development and remaining 5.7 per cent for Industry and Minerals. Here also Agriculture and Allied Services have always taken a major share on an average of 66.2 per cent during the decade ending 1985-86.

4. The total expenditure in the Revenue Account has been estimated at Rs. 1,059.4 crores in the Budget for 1985-86 as against Rs. 947.4 crores in the 1984-85 Revised Estimate. In 1976-77, the Plan expenditure was 16.5 per cent and the Non-Plan 83.5 per cent. During the Budget for 1985-86, the Plan expenditure has been estimated at Rs. 319.5 crores and the Non-Plan expenditure at Rs. 739.9 crores which accounts for 30.2 per cent and 69.8 per cent respectively. Total revenue expenditure suddenly rose to Rs. 824.6 crores in 1982-83 from Rs. 573.6 crores in 1981-82 mainly because of more revenue expenditure under Non-Plan Schemes in the State. As regards *per capita* revenue expenditure, it was Rs. 115.3 crores in 1976-77 and has been estimated to be Rs. 366.5 crores in 1985-86. During the decade beginning from 1976-77 it has shown an increase of 217.9 per cent in the *per capita* level mainly because of higher provision of expenditure made under all sectors of development.

## TOTAL REVENUE EXPENDITURE

### (A) EXPENDITURE ON GENERAL SERVICES

Table No 9

(Rs. in crores)

Year	Total Revenue Expenditure (A + B + C + D)			Index of Growth	Per capita Expendi- ture (in Rs)	(a) Organs of State (Total Non-Plan)	(b) Fiscal Services		(c) Interest payment and Servicing of Debt. (Total Non-Plan)	
	Plan	Non Plan	Total				Plan	Non-Plan		Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1976-77	47.5	240.8	288.3 (100.0)	100	115.3	4.4	1.1	11.6	12.7	38.9
1977-78	70.5	248.5	319.0 (100.0)	111	127.6	4.7	1.8	11.7	13.5	43.2
1978-79	98.2	279.8	378.0 (100.0)	131	151.2	3.5	2.3	12.5	14.8	45.9
1979-80	107.7	341.2	448.9 (100.0)	156	172.6	6.8	4.3	14.3	18.6	50.1
1980-81	142.0	398.5	540.5 (100.0)	187	207.9	7.1	4.6	15.2	19.8	50.4
1981-82	138.8	434.8	573.6 (100.0)	199	212.4	5.0	7.0	17.9	24.9	67.0
1982-83	170.5	654.1	824.6 (100.0)	286	305.4	5.9	6.7	21.1	27.8	79.7
1983-84	223.9	558.8	782.7 (100.0)	271	280.9	7.7	6.6	24.1	30.7	96.4
1984-85*	305.6	641.8	947.4 (100.0)	329	333.8	18.7	7.3	26.8	34.1	109.6
1985-86 <sup>(a)</sup>	319.5	739.9	1059.4 (100.0)	367	366.5	8.7	7.3	29.9	37.2	134.2

Table No. 9—Contd.

(Rs in crores)

Year	(d) Administrative Services			(e) Pension Miscellaneous & Services			(A) Total General Services (a+b+c+d+e)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(1)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
1976-77	0.6	32.6	33.2	0.4	3.6	4.0	2.1	91.1	93.2 (32.3)
1977-78	1.5	30.6	32.1	0.5	3.8	4.3	3.8	94.0	97.8 (30.7)
1978-79	0.6	34.1	34.7	(- )1.0	4.5	3.5	1.9	100.5	102.4 (27.1)
1979-80	0.6	40.4	41.0	0.3	5.8	6.1	5.2	117.4	122.6 (27.3)
1980-81	1.0	48.8	49.8	1.5	7.4	8.9	7.1	128.9	136.0 (25.1)
1981-82	1.1	61.7	62.8	(- )1.0	8.9	7.9	7.0	160.5	167.5 (29.2)
1982-83	0.7	68.8	69.5	0.5	11.3	11.8	7.9	186.8	194.7 (23.6)
1983-84	0.7	79.7	80.4	1.9	13.9	15.8	9.2	221.8	231.0 (29.5)
1984-85*	2.1	85.2	87.3	..	16.9	16.9	9.4	257.2	266.6 (28.1)
1985-86@	6.6	153.0	159.6	1.6	20.8	22.4	15.5	346.6	362.1 (34.2)

**(B) EXPENDITURE ON SOCIAL AND COMMUNITY SERVICES****Table No. 9 - Contd,****(Rs. in crores)**

Year	(a) Education, Art and Culture			(b) Medical, Public Health, Sanitation, Water Supply and Family Welfare			(c) Social Security and Welfare		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(1)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
1976-77	6.6	58.9	65.5	12.0	16.8	28.8	7.8	7.9	15.7
1977-78	9.6	62.7	72.3	13.9	16.2	30.1	10.5	8.2	18.7
1978-79	12.9	68.4	81.3	18.5	18.4	36.9	8.3	9.0	17.3
1979-80	6.3	81.2	87.5	19.4	25.8	45.2	8.4	11.5	19.9
1980-81	7.5	99.6	107.1	23.5	31.4	54.9	13.4	12.9	26.3
1981-82	9.4	106.3	115.7	28.8	34.8	63.6	19.7	13.5	33.2
1982-83	11.2	127.8	139.0	45.9	38.0	83.9	26.9	16.5	43.4
1983-84	14.1	141.8	155.9	55.4	42.7	98.1	28.9	16.8	45.7
1984-85	27.9	160.2	188.1	61.3	46.4	107.7	36.7	19.2	55.9
1985-86@	36.0	169.6	205.6	65.7	46.4	112.1	39.6	20.0	59.6



Table No. 9—Contd.

(Rs. in crores)

Year	(d) Relief on account of Natural Calamities			(e) Others**			(B) Total Social and Community Services (a+b+c+d+e)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(1)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
1976-77	0.1	3.6	3.7	0.5	8.0	8.5	27.1	95.1	122.2 (42.4)
1977-78	0.5	3.6	4.1	0.7	8.4	9.1	35.2	99.1	134.3 (42.1)
1978-79	0.4	3.6	4.0	0.7	8.3	9.0	40.8	107.7	148.5 (39.3)
1979-80		8.7	8.7	1.4	10.6	12.0	35.5	137.8	173.3 (38.6)
1980-81	..	10.6	10.6	30.0	12.3	42.3	74.5	166.7	241.2 (44.6)
1981-82	..	14.8	14.8	4.9	13.3	18.2	62.8	182.7	245.5 (42.8)
1982-83	..	171.1	171.1	3.6	15.0	18.6	87.6	368.4	456.0 (55.3)
1983-84	..	18.0	18.0	5.4	15.8	21.2	103.8	235.1	338.9 (43.3)
1984-85*	..	33.4	33.4	9.8	16.8	26.6	135.7	276.0	411.7 (43.5)
1985-86@	..	13.1	13.1	12.0	16.5	28.5	153.3	265.6	418.9 (39.5)

\*\* Others include Secretariat, Social & Community Services, Housing, Urban Development, Information & Publicity, Labour & Employment, Other Social & Community Services and Scientific Services & Research

(C) EXPENDITURE ON ECONOMIC SERVICES AND  
MISCELLANEOUS SERVICES

Table No. 9—Contd.

(Rs. in crores)

Year	(a) General Economic Services			(b) Agriculture and Allied Services			(c) Industry and Minerals		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(1)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)
1976-77	1.8	4.7	6.5	14.5	27.1	41.6	0.8	2.1	2.9
1977-78	1.9	4.4	6.3	26.9	28.1	55.0	1.1	2.0	3.1
1978-79	3.1	5.1	8.2	47.1	31.0	78.1	2.7	2.5	5.2
1979-80	6.5	7.3	13.8	48.9	43.4	92.3	2.9	2.2	5.1
1980-81	4.5	8.9	13.4	50.8	47.1	97.9	3.9	2.4	6.2
1981-82	4.9	10.3	15.2	57.7	45.3	103.0	4.8	2.7	7.5
1982-83	4.7	11.9	16.6	62.9	54.7	117.6	5.7	3.0	8.7
1983-84	5.6	12.7	18.3	94.1	56.0	150.1	8.7	3.4	12.1
1984-85*	9.8	17.3	27.1	130.0	57.4	187.4	14.4	3.9	18.3
1985-86@	9.6	18.9	28.5	126.7	59.8	186.5	11.6	4.0	15.6

Table No. 9--(Concl'd.)

(Rs. in crores)

Year	(d) Water and Power Development			(e) Transport and Communication			(C) Total Economic Services (a + b + c + d + e)			(D) Compensation and assignments to Local Bodies and Panchayati Raj institutions (Total Non-Plan)
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
(1)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)
1976-77	1.0	9.6	10.6	0.2	8.4	8.6	18.3	51.9	70.2 (24.4)	2.7 (0.9)
1977-78	1.1	9.6	10.7	0.5	8.2	8.7	31.5	52.3	83.8 (26.2)	3.1 (1.0)
1978-79	1.2	19.2	20.4	1.4	10.5	11.9	55.5	68.3	123.8 (32.7)	3.3 (0.9)
1979-80	7.9	13.0	20.9	0.8	16.5	17.3	67.0	82.4	149.4 (33.3)	3.6 (0.8)
1980-81	1.1	14.5	15.6	0.2	26.4	26.6	60.5	99.2	149.7 (27.7)	3.6 (0.6)
1981-82	1.3	13.6	14.9	0.3	15.7	16.0	69.0	87.6	156.6 (27.3)	4.0 (0.7)
1982-83	1.4	7.4	8.8	0.3	17.8	18.1	75.0	94.8	169.8 (20.6)	4.1 (0.5)
1983-84	1.8	9.4	11.2	0.6	15.9	16.5	110.9	97.4	208.3 (26.6)	4.5 (0.6)
1984-85*	2.1	10.2	12.3	1.1	14.6	18.7	160.6	103.4	263.9 (27.9)	5.2 (0.5)
1985-86@	2.1	13.7	15.8	0.7	26.0	26.7	150.7	122.4	273.1 (25.8)	5.3 (0.5)

Figures given in the brackets under Cols. 4, 20, 38, 56 & 57 indicate percentage to Total Revenue Expenditure

# REVENUE EXPENDITURE



## CAPITAL RECEIPTS

1. The following table shows the Capital receipts of the Government of Orissa. Capital receipt has been grouped into three broad divisions, namely (a) Public Debt and Loans and Advances (b) Contingency Fund and (c) Public Account. Public Account includes State Provident Fund, Reserve Funds, Deposits and Advances, Suspense, Miscellaneous and Remittances.

2. The total Capital receipts during 1976-77 was Rs. 588.2 crores and it has increased to Rs. 1,615.7 crores in the Budget Estimate for 1985-86, showing an increase of about 175 per cent during the decade. Out of the provisions of Rs. 1,615.7 crores made in the 1985-86 Budget under the Capital

receipts, Public Account constitutes 52.3 per cent, Public Debt 45.4 per cent and the remaining 2.3 per cent, covered by Loans and Advances and Contingency Fund. Receipt under Contingency Fund during 1982-83 to the extent of Rs. 96.0 crores was the highest in the series ending 1985-86. Public Account which was Rs. 329.8 crores in 1976-77 has been estimated at Rs. 845.2 crores in 1985-86 as against Rs. 831.3 crores in the Revised Estimate of 1984-85. Public Account to the extent of Rs. 922.7 crores was the highest in the series during 1982-83. The decline in Public Account in 1984-85 and 1985-86 as compared to 1983-84 is due to fall in receipts under both the heads, viz., Deposits and Advances and State Provident Fund

## CAPITAL RECEIPTS

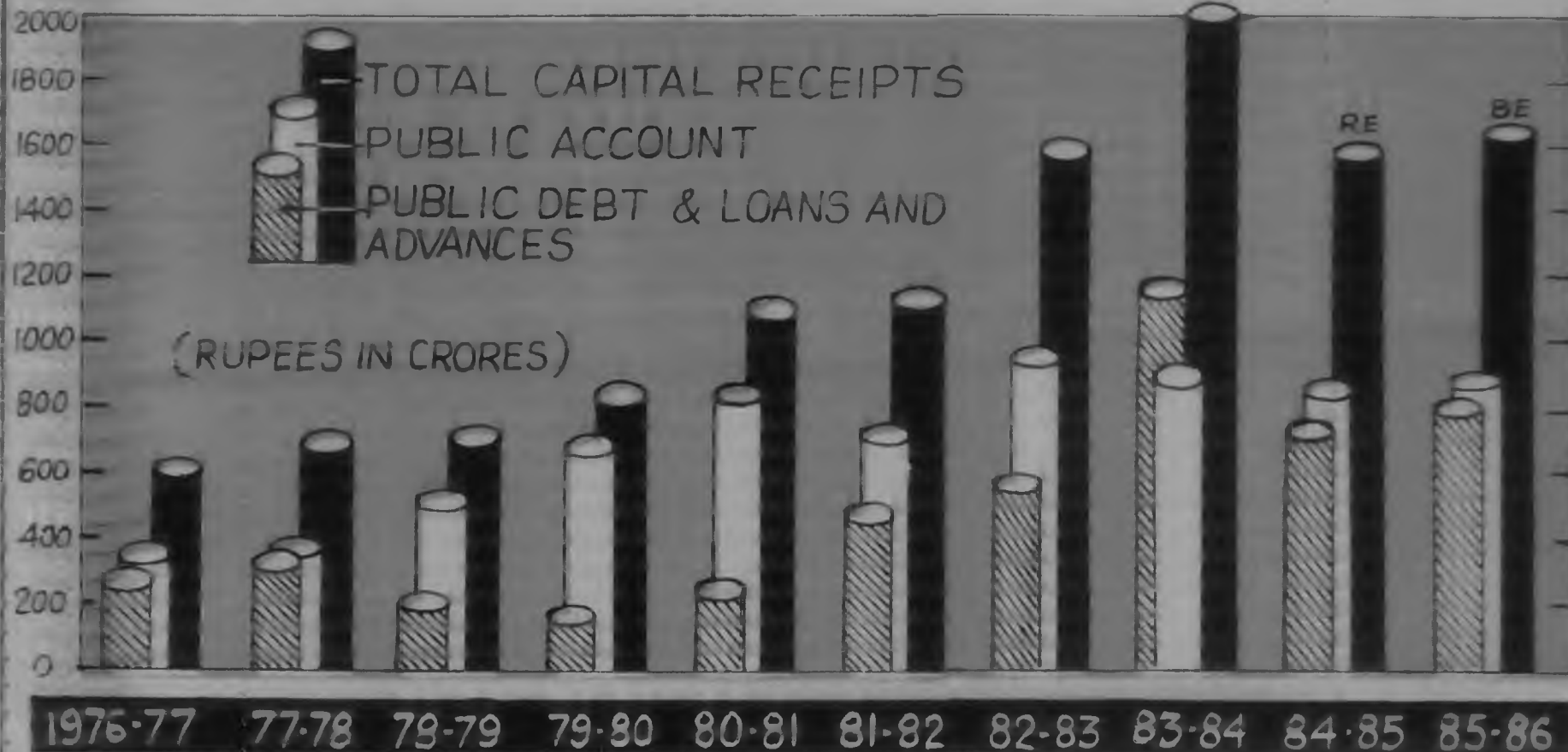
Table No. 10

(Rs. in crores)

Year	(i) Consolidated Fund				Loans and Advances	Consolidated Fund** (Total)	(ii) Contingency Fund
	Public Debt			Public Debt (Total)			
	Internal Debt of the State Government	Loans and Advances from the Central Government					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1976-77	191.0	54.8	245.8	11.9	563.6	0.7	
1977-78	227.6	71.8	299.4	11.8	658.0	4.2	
1978-79	81.9	100.9	182.8	13.2	619.1	4.1	
1979-80	16.5	118.4	134.9	9.9	612.4	7.7	
1980-81	65.4	138.1	203.5	15.3	840.2	13.2	
1981-82	283.5	123.3	406.8	25.4	1,033.7	0.8	
1982-83	350.7	180.5	531.2	23.8	1,356.6	96.0	
1983-84	883.9	214.4	1,098.3	34.4	1,919.9		
1984-85*	511.4	157.7	669.1	31.6	1,520.4	30.0	
1985-86@	517.2	216.4	733.7	36.8	1,840.0		

\*†Col. 6 has not been included under Col. 12

# RECEIPTS UNDER CAPITAL ACCOUNT



CAPITAL RECEIPTS

Table No. 10—Concl'd.

(Rs. in crores)

Year	(iii) Public Account					Total Capital receipts (Cols. 4 + 5 + 7 + 11)
	State Provident Fund	Reserve Fund	Deposits and Advances, Suspenses, Miscellaneous and Remittances	Public Account (Total)		
(1)	(8)	(9)	(10)	(11)	(12)	
1976-77	18.5	7.6	303.7	329.8	588.2	
1977-78	22.0	9.2	309.8	341.0	656.4	
1978-79	26.0	9.7	436.4	472.1	672.2	
1979-80	28.2	13.4	609.7	651.3	803.8	
1980-81	33.5	17.8	770.4	821.7	1,053.7	
1981-82	41.6	14.5	624.5	680.6	1,113.6	
1982-83	55.8	14.0	852.9	922.7	1,573.7	
1983-84	89.8	12.2	756.8	858.8	1,995.5	
1984-85*	62.0	10.8	758.5	831.3	1,562.0	
1985-86@	62.0	14.8	768.4	845.2	1,615.7	

CAPITAL EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

1. The following table shows the expenditure (not met from revenue) under three broad heads, such as (i) General Services, (ii) Social and Community Services and (iii) Economic Services. The total Capital expenditure outside the Revenue Account was Rs. 55.5 crores in 1976-77 and it has been estimated at Rs. 274.7 crores in the Budget Estimate of 1985-86. Within this decade, the increase of capital outlay outside the Revenue Account was about 395 per cent. In 1976-77, Economic Services took a lion share of 86.3 per cent of the total capital expenditure outside the Revenue Account and it has subsequently increased to 89.5 per cent in the Budget Estimate for 1985-86.

2. The Budget for the year 1985-86 has been estimated to increase by 7 per cent over the Revised

Estimate of 1984-85. Capital expenditure outside the Revenue Account maintains an increasing trend throughout the decade, except the years from 1981-82 to 1983-84. The increase in expenditure during 1985-86 is mainly under Economic Services such as Fisheries, Forest, Co-operation, Small and Village Industries, Mining and Metallurgical Industries and Ports and Shipping, etc.

3. The cumulative total of capital expenditure outside the Revenue Account has come to Rs. 2,172.4 crores in the State by the end of 1985-86 as against Rs. 6,03.7 crores during the year 1976-77, showing an increase of Rs. 1,568.7 crores during the decade ending 1985-86.

**CAPITAL EXPENDITURE OUTSIDE THE REVENUE ACCOUNT**

Table No. 11

( Rs. in crores )

Year	A—General Services			B—Social and Community Services		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1976-77	1.4	0.7	2.1	4.6	0.0	5.5
1977-78	1.1	0.3	1.4	6.4	0.1	6.5
1978-79	2.5	0.3	2.8	7.7	—	7.7
1979-80	2.6	0.1	2.7	9.1	0.2	9.3
1980-81	2.4	0.5	2.9	11.4	—	11.4
1981-82	1.7	0.5	2.2	8.9	0.7	9.6
1982-83	1.5	0.3	1.8	10.8	0.3	11.1
1983-84	2.3	3.8	6.1	12.2	1.2	13.4
1984-85*	4.5	1.0	5.5	15.9	0.2	16.1
1985-86@	6.8	0.3	7.1	21.7	0.1	21.8

Year	C—Economic Services			Total Expenditure (A+B+C)			Cumulative Total
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
(1)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1976-77	44.4	3.5	47.9	50.4	5.1	55.5	603.7
1977-78	69.1	1.4	70.5	76.6	1.8	78.4	682.1
1978-79	91.7	4.7	96.4	101.9	5.0	106.9	789.0
1979-80	121.2	(—)3.5	117.7	132.9	(—)3.2	129.7	918.7
1980-81	156.7	16.8	173.5	170.5	17.3	187.8	1106.5
1981-82	154.1	2.0	156.1	164.7	3.2	167.9	1274.4
1982-83	172.3	(—)2.8	169.5	184.6	(—)2.2	182.4	1456.8
1983-84	174.6	(—)9.6	165.0	189.1	(—)4.6	184.5	1641.3
1984-85*	234.7	0.1	234.8	255.1	1.3	256.4	1897.7
1985-86@	145.6	0.2	145.8	274.1	0.6	274.7	2172.4



## CAPITAL DISBURSEMENT

1. The total Capital disbursement was Rs. 608.2 crores during 1976-77 and it has been estimated at Rs. 1,619.4 crores in the Budget for 1985-86 as against Rs. 1517.7 crores (R. E.), recording an increase of about 166 per cent during the decade ending 1985-86.

2. Repayment of Public Debt is estimated at Rs. 501.1 crores during the Budget for 1985-86 as against Rs. 428.3 crores in the Revised Estimate.

Repayment under internal debt of the State Government has increased to the extent of Rs. 80.1 crores during 1985-86 (B. E) over 1984-85 (R. E.). The estimated disbursement under Public Account in the Budget for 1985-86 is Rs. 800.0 crores as against Rs. 314.8 crores in 1976-77 showing an increase of 154.1 per cent. The following table presents the Capital disbursements of the State over a decade ending 1985-86.

Table No. 12

### CAPITAL DISBURSEMENTS

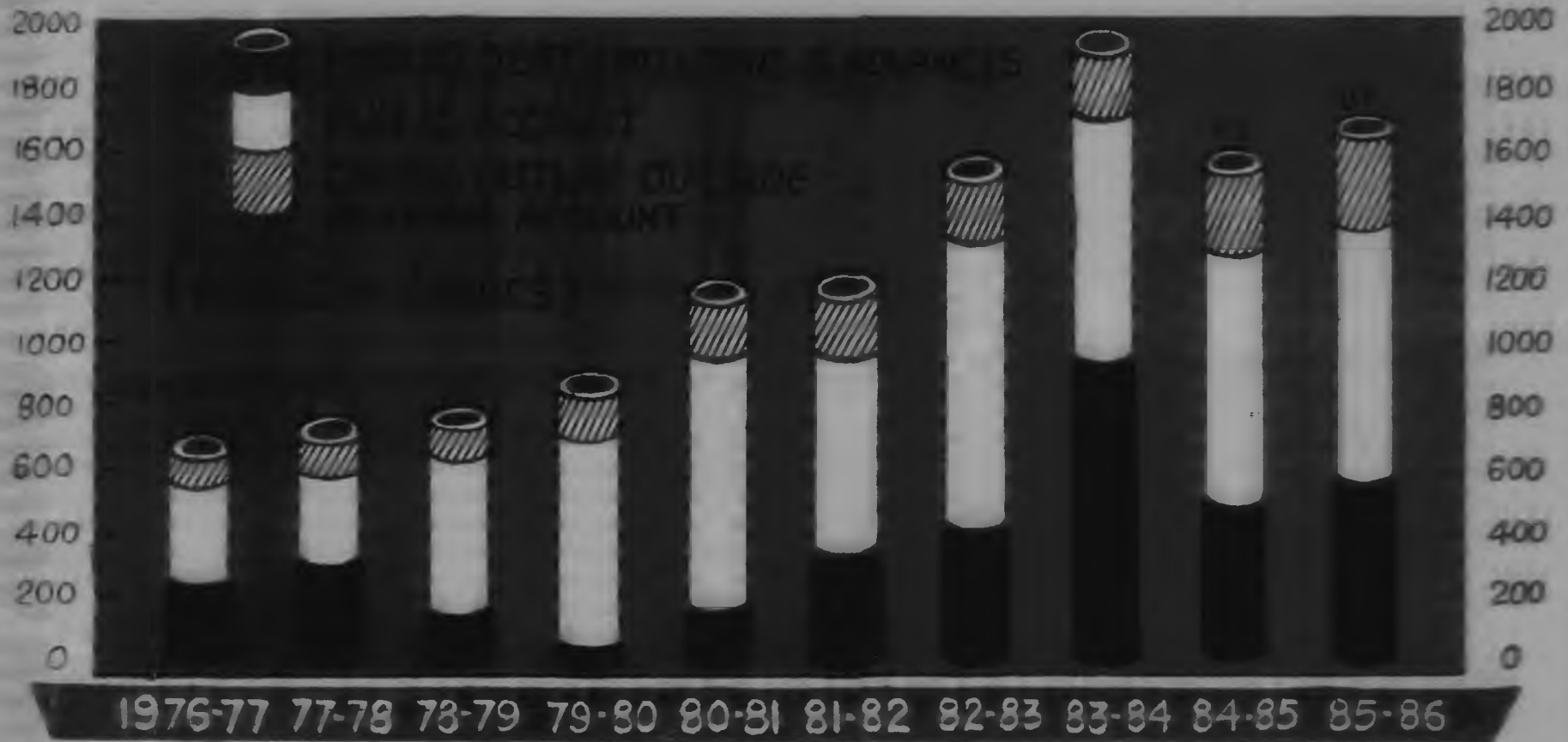
(Rs. in crores)

Year	(i) Consolidated Fund						Capital Expenditure Outside Revenue Account
	Public Debt			Loans and Advances			
	Internal Debt of State Government	Loans and Advances from Central Government	Public Debt (Total)	Plan	Non-Plan	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1976-77	177.6	20.6	198.2	28.1	11.4	39.5	55.5
1977-78	222.0	23.9	245.9	25.4	6.4	31.8	78.4
1978-79	77.5	25.8	103.3	24.1	10.6	34.7	106.9
1979-80	6.4	21.0	27.4	5.5	8.9	14.4	129.7
1980-81	29.1	89.3	118.4	18.7	23.9	42.6	187.8
1981-82	253.0	36.2	289.2	12.6	14.7	27.3	167.9
1982-83	322.8	49.1	371.9	9.5	21.1	30.6	182.4
1983-84	842.0	60.3	902.3	18.5	27.3	45.8	184.5
1984-85*	353.0	75.3	428.3	15.4	29.6	45.0	256.4
1985-86@	433.1	68.0	501.1	19.0	31.6	50.6	274.7

Year	(iii) Public Account							Total Capital Disbursements (Cols. 4 + 7 + 8 + 10 + 14)
	Consolidated Fund (Total) †	(ii) Contingency Fund	State Provident Fund	Reserve Fund	Deposits and Advances, Suspense, Miscellaneous and Remittance	Public Account (Total)		
							(9)	
(1)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
1976-77	581.5	0.2	8.8	13.1	292.9	314.8	608.2	
1977-78	675.1	1.0	10.1	12.5	284.2	306.8	670.9	
1978-79	622.9	3.7	12.6	12.3	450.7	475.6	724.2	
1979-80	624.4	7.1	15.7	23.7	614.1	653.5	832.1	
1980-81	899.3	10.8	19.7	19.0	737.4	777.0	1136.6	
1981-82	1057.9	6.9	23.7	7.6	619.8	651.1	1142.4	
1982-83	1499.5	105.4	28.9	13.4	868.4	910.7	1601.0	
1983-84	1825.4	(-)-20.2	34.8	23.5	697.6	755.9	1868.3	
1984-85*	1677.1	39.8	20.0	11.1	771.1	802.2	1571.7	
1985-86@	1885.8	(-)-7.0	25.0	14.7	760.3	800.0	1619.4	

† Col. 9 is not included under Col. 11

# CAPITAL ACCOUNT



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## OVERALL RECEIPTS AND DISBURSEMENTS

1. The following table presents the combined receipts and expenditure under both Revenue and Capital Account. During the decade from 1976-77 to 1985-86 (B. E.), the total revenue receipts of the State has increased from Rs. 305.9 crores to Rs. 1069.5 crores recording an increase of about 250 per cent. This increase is mainly due to various additional taxation measures implemented by the State Government, and devolutions of more resources under the recommendations of successive Finance Commissions. Similarly receipts under Capital Account which was Rs. 588.2 crores during 1976-77 has been estimated at Rs. 1615.7 crores during 1985-86. During the decade from 1976-77 to 1985-86 the total receipts (Revenue Account and Capital Account) have increased from Rs. 894.1 crores to Rs. 2685.2 crores showing an increase of about 200 per cent.

2. Expenditure under Revenue Account was Rs. 288.3 crores during 1976-77 and it is expected to go up to Rs. 1059.4 crores in the Budget Estimate of 1985-86. Similarly, the expenditure under Capital Account has gone up from Rs. 608.2 crores in 1976-77 to Rs. 1619.4 crores in 1985-86. During this decade, it is expected to record an

increase of 166 per cent. The total disbursement (under Revenue and Capital Account) have been estimated at Rs. 2678.8 crores during 1985-86 as against Rs. 2519.1 crores in 1984-85 (R. E.) and Rs. 896.5 crores in 1976-77 showing an increase of 6.3 per cent and 198.8 per cent respectively.

3. During the decade ending with 1985-86, the Revenue Budget discloses deficit only for 2 years and surplus for the rest 8 years. The highest deficit is of the order of Rs. 127.7 crores in 1984-85 (R. E.). Similarly, the Capital Budget discloses deficit for 9 years and surplus for one year only i.e. 1983-84 which is of the order Rs. 127.2 crores. The surplus of Rs. 80.8 crores and deficit of Rs. 82.9 crores during 1980-81 under Revenue Account and Capital Account respectively were the highest in the series. Revenue Account and Capital Account were estimated to show surplus of Rs. 10.1 crores and deficit of Rs. 3.7 crores respectively during 1985-86 Budget Estimate. The Budget, therefore, is expected to close with an overall surplus of Rs. 6.4 crores. The following table shows the overall receipts and disbursements both in Revenue Account and Capital Account for the decade ending 1985-86.

### OVERALL RECEIPTS AND DISBURSMENTS (REVENUE AND CAPITAL ACCOUNT)

Table No. 13

(Rs. in crores)

Year	Receipt			Disbursement			Surplus (+) or Deficit (-)		
	Revenue Account	Capital Account	Total	Revenue Account	Capital Account	Total	Revenue Account	Capital Account	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1976-77	305.9	588.2	894.1	288.3	608.2	896.5	(+)17.6	(-)20.0	(-)2.4
1977-78	346.8	656.4	1,003.2	319.0	670.9	989.9	(+)27.3	(-)14.5	(+)13.3
1978-79	423.1	672.2	1,095.3	378.0	724.2	1,102.2	(+)45.1	(-)52.0	(-)6.9
1979-80	467.6	803.8	1,271.4	448.9	832.1	1,281.0	(+)18.7	(-)28.3	(-)9.6
1980-81	621.3	1,053.7	1,675.0	540.5	1,136.6	1,677.1	(+)80.8	(-)82.9	(-)2.1
1981-82	601.5	1,113.6	1,715.1	573.6	1,142.4	1,716.0	(-)27.9	(-)28.8	(-)10.9
1982-83	801.6	1,573.7	2,375.3	824.6	1,601.0	2,425.6	(-)23.0	(-)27.3	(-)50.3
1983-84	783.1	1,995.5	2,778.6	782.7	1,668.3	2,651.0	(-)0.4	(+)127.2	(+)127.6
1984-85*	819.7	1,562.0	2,381.7	947.4	1,571.7	2,519.1	(-)127.7	(-)9.7	(-)137.4
1985-86@	1,069.5	1,615.7	2,685.2	1,059.4	1,619.4	2,678.8	(+)10.1	(-)3.7	(+)6.4

**OVERALL POSITION OF FUNDS AND CASH BALANCE**

1. The entire transactions of the State Government operate in three funds such as (i) Consolidated fund (ii) Contingency Fund and (iii) Public Account. The Consolidated Fund of the State has shown deficit for nine years and surplus for one year i.e. 1983-84 only. Contingency Fund has shown surplus for six years and deficit for four years. Excepting the years 1978-79 & 1979-80, Public Account discloses surplus for all the years. In 1985-86, Public Account has generated a surplus of Rs. 45.2 crores.

2. The year 1984-85 Revised Estimate which opened with an overall cash balance of (+) Rs. 52.9 crores is expected to close with an overall cash balance of (-) Rs. 84.5 crores as shown below :-

Opening balance on the	Rs in crores
Ist April 1984	(+ ) 52.9
Consolidated Fund	(- ) 156.7

Contingency Fund	(- ) 9.7
Public Account	( + ) 29.0
Estimated Closing balance on the	(- ) 84.5
31st March 1985.	

3. The Budget for the year 1985-86 which has been estimated to open with an overall balance of (-) Rs. 84.5 crores is expected to close with an overall cash balance of (-) Rs. 78.1 crores as shown below :-

Opening Balance for the	Rs. in crores
year 1985-86	(- ) 84.5
Consolidated Fund	(- ) 45.7
Contingency Fund	( + ) 6.9
Public Account	( + ) 45.2
Estimated Closing balance on the	(- ) 78.1
31st March 1986.	

**OVERALL POSITION OF FUNDS AND CASH BALANCE**

Table No. 14

( Rs. in crores )

Year	Consolidated Fund (i)	Contingency Fund (ii)	Public Account (iii)	Total (i+ii+iii)	Opening Balance	Closing Balance	Addition(+) or withdrawal (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1976-77	(-)17.9	(+)0.5	(+)15.0	(-)2.4	(-)16.0	(-)18.4	(-)2.4
1977-78	(-)17.1	(-)3.8	(+)34.2	(+)13.3	(-)18.4	(-)5.0	(+)13.4
1978-79	(-)3.8	(+)0.4	(-)2.5	(-)6.9	(-)5.0	(-)11.9	(-)6.9
1979-80	(-)12.1	(+)4.6	(-)2.2	(-)9.7	(-)11.9	(-)21.6	(-)9.7
1980-81	(-)59.2	(+)12.4	(+)44.8	(-)2.0	(-)21.6	(-)23.5	(-)2.0
1981-82	(-)24.2	(-)6.1	(+)29.4	(-)0.9	(-)23.5	(-)24.4	(-)0.9
1982-83	(-)142.9	(+)80.6	(+)12.0	(-)50.3	(-)24.4	(-)74.7	(-)50.3
1983-84	(+)94.4	(-)69.8	(+)103.0	(+)127.6	(-)74.7	(+)52.9	(+)127.6
1984-85 @	(-)156.7	(-)9.7	(+)29.0	(-)137.4	(+)52.9	(-)84.5	(-)137.4
1985-86 @	(-)45.7	(+)6.9	(+)45.2	(+)6.4	(-)84.5	(-)78.1	(+)6.4

## DEBT POSITION OF THE STATE

Public debt of the State Government includes (i) Permanent Debt, (ii) Floating Debt, (iii) Loans from the Central Government and (iv) Loans from Others. In the year 1976-77 total debt of the Government of Orissa was Rs. 739.5 crores, which is expected to go up to Rs. 2,003.3 crores in 1985-86 Budget Estimate, thus showing an increase of 171 per cent during the 10 years period ending 1985-86. Out of the total estimated outstanding debt of

Rs. 2,003.3 crores in 1985-86, an amount of Rs. 1,467.1 crores of loans are from the Central Government. This accounts for 73 per cent of the total debt of the State in the year 1985-86. As regards the *per capita* debt burden, an increasing trend is observed over all these years. In 1976-77 *per capita* debt burden was Rs. 295.8 which has increased to Rs. 693.0 in the Budget for 1985-86.

## DEBT POSITION OF THE STATE

Table No. 15

(Rs. in crores)

### Debt position of the State as on 31st March

Year	Permanent Debt	Floating Debt ***	Loans from the Central Government	Loans from Others	Total	Index of Growth	Per capita Debt Burden (in Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1976-77	108.8	11.5	594.1	25.9	739.5	100	295.8
1977-78	116.1	7.1	642.0	27.9	793.1	107	317.2
1978-79	123.1	..	717.1	32.5	872.7	118	349.1
1979-80	130.0	..	814.5	35.8	980.3	133	377.0
1980-81	138.3	24.0	863.5	39.9	1,065.7	144	409.9
1981-82	158.4	22.0	950.7	52.3	1,183.4	160	438.3
1982-83	182.5	44.4	1,082.1	58.1	1,367.1	185	506.3
1983-84	229.7	8.9	1,236.2	63.9	1,538.7	208	552.2
1984-85*	292.1	84.5	1,318.6	75.5	1,770.7	239	623.9
1985-86@	364.4	78.1	1,467.1	93.7	2,003.3	271	693.0

\*\*\* It does not include loans for which the State Government have given guarantee.

## STATE PLAN EXPENDITURE/OUTLAY

1. The Seventh Plan Outlay of the State is Rs. 2,700.0 crores as against agreed Sixth Plan Outlay of Rs. 1,500.0 crores. The percentage distribution among various sectors is given below :—

2. In the First Year of the Seventh Plan, i.e., 1985-86, an outlay of Rs. 486.2 crores has been made out of which 24.1 per cent will be spent for Irrigation and Flood Control, 23.8 per cent for Power, 6.8 per cent for Agriculture and Allied

Services, 7.7 per cent for Rural Development, 17.4 per cent for Social and Community Services, 8.4 per cent for Transport and Communication, 7.8 per cent for Industry and Minerals, 1.8 per cent for Co-operation and the rest 2.2 per cent for Scientific Services & Research, Economic Services and General Services. The table overleaf presents sectorwise State Plan Expenditure/Outlay since the beginning of the First Plan.

Serial No.	Development Sector	Percentage share	
		7th Plan	6th Plan
1	Agriculture and Allied Services	7.02	6.01
2	Rural Development	7.45	9.02
3	Co-operation	1.85	2.00
4	Irrigation and Flood Control	25.78	31.33
5	Power	29.26	27.33
6	Industry and Minerals	5.18	4.32
7	Transport and Communication	7.17	7.22
8	Scientific Services and Research	0.15	..
9	Social and Community Services	14.44	12.14
10	Economic Services	1.02	0.15
11	General Services	0.68	0.48
		100.00	100.00

## SECTORWISE STATE PLAN EXPENDITURE/OUTLAY

Table No. 16

(Rs in crores)

Plan/Period	Agriculture & Allied Services	Rural Develop- ment	Co-opera- tion	Water & Power Development		
				Irrigation & Flood Control	Power	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Expenditure</b>						
First Plan (1951-56) ..	5.1	***	0.2	..	4.8	4.8
Second Plan (1956-61) ..	17.9	***	1.0	27.7	12.0	39.7
Third Plan (1961-66) ..	40.0	***	2.4	29.2	51.7	80.9
Annual Plan (1966-67) ..	8.8	***	0.7	7.9	11.5	19.4
Annual Plan (1967-68)	8.1	***	0.7	6.9	11.2	18.1
Annual Plan (1968-69) ..	4.7	***	0.3	6.7	10.4	17.1
Fourth Plan (1969-74) ..	46.5	***	6.8	25.8	88.2	114.0
Fifth Plan (1974-78) (4 years) ..	67.5	***	9.9	76.5	183.4	239.9
Annual Plan (1978-79) ..	37.3	***	4.8	35.0	68.0	103.0
Annual Plan (1979-80) ..	45.0	***	5.5	39.7	58.1	97.8
Sixth Plan (1980-85)* ..	95.7	151.6	32.2	450.5	411.7	862.2
1st Year (1980-81) ..	19.2	12.3	6.5	79.0	71.3	150.3
2nd Year (1981-82) ..	17.6	24.6	5.0	80.6	84.8	165.4
3rd Year (1982-83) ..	18.0	28.4	9.2	89.2	79.9	169.1
4th Year (1983-84) ..	18.1	30.3	3.1	95.2	81.5	176.7
5th Year (1984-85)* ..	22.8	56.0	8.4	106.5	94.7	200.7
<b>Outlay</b>						
Seventh Plan (1985-90) ..	189.5	201.2	50.0	696.0	790.0	1,486.0
1st Year (1985-86) ..	33.2	37.5	9.0	117.2	115.5	232.7

**SECTORWISE STATE PLAN EXPENDITURE/OUTLAY**

**Table No. 16—Concl.**

(Rs. in crores)

Plan/Period	Industries & Minerals	Transport & Communication	Social & Community Services	Miscellaneous**	Total	Per capita expenditure/outlay (in Rs.)
(1)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Expenditure</b>						
First Plan (1951-56) ..	1.1	2.7	4.1	..	18.4	12.6
Second Plan (1956-61) ..	3.9	6.0	14.9	3.2	86.6	49.5
Third Plan (1961-66) ..	20.3	38.4	18.3	4.3	224.6	114.5
Annual Plan (1966-67) ..	4.9	7.6	5.1	0.6	47.1	23.5
Annual Plan (1967-68) ..	3.7	6.9	6.5	0.1	44.1	21.5
Annual Plan (1968-69) ..	3.3	2.9	5.3	0.1	33.7	16.0
Fourth Plan (1969-74) .	21.0	16.6	40.4	4.0	249.3	106.1
Fifth Plan (1974-78) .. (4 years).	13.2	28.6	71.1	3.4	453.6	178.5
Annual Plan (1978-79) ..	5.6	10.3	27.3	2.0	190.3	76.1
Annual Plan (1979-80) ..	7.4	13.4	24.0	1.9	195.0	75.0
Sixth Plan (1980-85)* ..	101.9	103.2	211.9	11.1	1,569.8	573.8
1st Year (1980-81) ..	12.4	14.8	30.9	1.5	248.0	94.0
2nd Year (1981-82) ..	13.8	18.8	34.0	1.5	280.7	104.5
3rd Year (1982-83) ..	17.3	17.4	39.5	1.5	300.4	109.8
4th Year (1983-84) ..	23.9	23.5	47.5	1.5	326.6	117.2
5th Year (1984-85) ..	32.4	28.7	60.0	5.1	414.1	145.9
<b>Outlay</b>						
Seventh Plan (1985-90) .	140.0	193.5	389.8	50.0	2,700.0	900.3
1st Year (1985-86) ..	37.8	40.8	84.4	10.8	486.2	168.2

\* Anticipated expenditure

\*\* Miscellaneous constitutes Economic Services, General Services and Scientific Services & Research

\*\*\* Expenditure on Rural Development is included under Col. (2), i.e., Agriculture & Allied Services which also include Minor Irrigation & Command Area Development not included under Col. (2) till the end of 1979-80.



**1. Introduction—**

Under Article 112 of the Constitution of India a statement of estimated receipts and expenditure of the Central Government is laid before the Parliament in respect of every financial year which begins from 1st April and ends in 31st March. The Budget 1985-86 was presented by Shri Vishwanath Pratap Singh, the Union Finance Minister in the Lok Sabha on the 16th March, 1985.

**2. Revised Estimates for 1984-85**

2.1. The budgetary support for the Central Plan is estimated to be higher at Rs. 11,751 crores as against the original outlay of Rs. 11,420 crores. The revised Central Plan outlay is estimated to be Rs. 17,495 crores as against the Budget Estimate of Rs. 17,351 crores. The provision for Self-employment Scheme for educated unemployed youth was increased by Rs. 124 crores and the National Bank for Agriculture and Rural Development was provided an additional amount of Rs. 152 crores against disbursements under external aid programmes. Additional provisions were also made for Visakhapatnam Steel Plant, mines, non conventional energy sources, atomic energy, electronics, food storage godowns and certain other items. The Revised Estimate of the Central Plan outlay in some areas, notably, petroleum, coal and fertilisers were, however, lower. The provision made in the Budget of Central assistance for State Plans has also been stepped up by Rs. 153 crores.

2.2. On the Non-Plan side, during 1984-85, nine instalments of additional dearness allowance including relief to pensioners were sanctioned to Central Government employees. These are estimated to cost about Rs. 715 crores in the Current year against the lump sum provision of Rs. 300 crores made in the Budget. *Ad hoc* bonus sanctioned to Government employees in the current year would cost Rs. 61 crores.

2.3. Food subsidy in the current year will increase from Rs. 850 crores to Rs. 1,100 crores. This is mainly due to increase in procurement price of paddy, lower realisation from sale of wheat and sharp increase in stocks of foodgrains. The subsidy on domestic fertilisers will go up from Rs. 930 crores to Rs. 1,200 crores. The subsidy on

imported fertilisers will increase from Rs. 150 crores to Rs. 632 crores owing to increase in the cost and volume of imports.

2.4. Assistance to State affected by floods and cyclones was stepped up by Rs. 130 crores. Consistent with larger small savings collections, the share payable to States was also increased by Rs. 440 crores. The provision for loans to States for purchase of agricultural inputs was stepped up by Rs. 60 crores. In addition, special medium term loan of Rs. 440 crores has also been provided to states which faced serious financial difficulties during the year. Further Defence expenditure in the current year is estimated at Rs. 7,175 crores against the Budget Estimate of Rs. 6,800 crores. Interest payments are expected to be Rs. 390 crores higher than the original estimate of Rs. 5,600 crores. The total non plan expenditure is estimated at Rs. 29,740 crores against the Budget Estimate of Rs. 26,066 crores.

2.5. Under Non-tax revenue, the dividend from Railway is likely to be less by Rs. 211 crores. The profit from sale of edible oil will also be less due to high international prices. Mainly due to additional budgetary support provided to certain public undertakings and improvements in the finances of some others, interest receipts from Public Sector Undertakings and others are, however, estimated to be Rs. 439 crores higher than the Budget Estimate.

2.6. Under capital receipts, small savings collections during the year are expected to reach to Rs. 3,300 crores against the Budget Estimate of Rs. 2,400 crores. Receipts from special deposits on non-Government provident funds are estimated to be higher by Rs. 73 crores and deposits by Public sector undertakings of their surplus funds by Rs. 200 crores. Corresponding to the increase in expenditure, receipts from special securities to International Monetary Fund will also go up by Rs. 149 crores. Taking in to account the additional recoveries from State Governments and other variations Capital receipts in the current year are estimated at Rs. 17,778 crores compared with the Budget Estimate of Rs. 16,757 crores.

2.7. Total receipts are thus estimated to go up from Rs. 40,763 crores to Rs. 42,110 crores. Total expenditure is estimated to go up from Rs. 42,536 crores

to Rs. 46095 crores. This will leave a budgetary deficit of Rs. 3985 crores as compared with Rs. 1,773 crores in the Budget Estimate.

### 3. Budget Estimates for 1985-86

3.1. Central assistance to State Plan in 1985-86 is being increased to about Rs. 6,000 crores as compared to Rs. 4,313 crores in 1984-85, which is an increase of 39 per cent as compared with an increase of 13 per cent provided last year. Plan outlays of the Union Territories have been fixed at Rs. 640 crores as against Rs. 558 crores in 1984-85. Out of Rs. 640 crores Central Budget will provide Rs. 578 crores and the rest will be met through additional resource mobilisation by Union Territories.

3.2. The Central Plan for 1985-86 has been fixed at Rs. 18,500 crores as compared with Rs. 17,251 crores in 1984-85. In order to augment the efforts of State Governments in accelerating investment in agriculture, in the Central Plan an outlay of Rs. 790 crores has been provided for the Department of Agricultural Research and Education. A provision of Rs. 165 crores has been made for the new fertiliser factories at Guna and Aonla which are to be set up based on Bombay High gas to be transported through the Hazira-Bijaipur-Jagadishpur pipeline.

3.3. A total provision of Rs. 932 crores has been made for Rural Development in the Central Plan. Projects worth more than Rs. 800 crores have been sanctioned for implementation under the Rural Landless Employment Guarantee Programme. This programme will have an outlay of Rs. 400 crores in 1985-86.

3.4. A total provision of Rs. 221 crores has been made for Education in the Central Sector. For Family Welfare Programmes, an outlay of Rs. 500 crores has been provided. For the Ministries of Science and Technology and Environment and Departments like Atomic Energy, Space, Ocean Development and Electronics an outlay of Rs. 1,068 crores is being provided. Rs. 1,102 crores has been provided for the department of Coal. For the year 1985-86, the department of Power has been provided an outlay of Rs. 2,090 crores as against Rs. 1,446 crores in 1984-85. The provision for the department of Petroleum has been fixed at Rs. 3,261 crores. The department of Forest will have an outlay of Rs. 64 crores including Rs. 26 crores for social forestry and creation of rural fuelwood

plantation. The outlay for the department of Environment is about Rs. 35 crores which includes Rs. 10 crores for initiating action on the project of Prevention of Pollution of the 'Ganga'.

3.5. The Central Plan provides for Rs. 207 crores for the various programmes benefiting the Scheduled Castes and Scheduled Tribes. Centre's Contribution to the Special Component Plan for Scheduled Castes has been stepped up to Rs. 165 crores. In order to rehabilitate the refugees from Shri Lanka, a provision of about Rs. 9 crores is being made. Outlay for 1985-86 has been fixed at Rs. 110 crores for information and broadcasting. The priorities outlined in Annual Plan for 1985-86 will further accelerate the implementation of the 20 point programme. The total amount allocated to the programme in the Central Plan is Rs. 4,900 crores for the next year as against Rs. 4,141 crores provided for the current year.

3.6. Grants to States covered by the Eighth Finance Commission recommendations will go up from Rs. 518 crores in the Budget Estimate for 1984-85 to Rs. 1,215 crores in the Budget Estimate for the next year. Defence expenditure for the next year is placed at Rs. 7,686 crores (excluding Defence Pensions). Interest payments are estimated at Rs. 7,075 crores taking into account the increase in the volume of borrowings and the cost of borrowing. A provision of Rs. 1,100 crores has been made for food subsidy, Rs. 1,200 crores for subsidy on domestic fertilisers and Rs. 601 crores for subsidy on imported fertilisers. Export promotion and market development has been allocated Rs. 530 crores. Consequent on the separation of Postal Services from the Telecommunications services, the deficit of Postal Services estimated at Rs. 187 crores will be borne by the civil estimates in the Budget of next year. Following larger small savings collections, loans to States against these collections are placed at Rs. 2,375 crores.

3.7. A lump sum of Rs. 300 crores has been provided in 1985-86 for payment of additional instalments of dearness allowance, pensionary relief, etc. to Central Government employees. Including these and other provisions total non-Plan expenditure in 1985-86 is estimated at Rs. 32,786 crores against Rs. 29,740 crores in Revised Estimates for the year 1984-85. It has been proposed, as a measure of relief to the Central Government employees retiring on or after 31st March, 1985 to

treat the entire dearness allowance sanctioned up to the average consumer Price Index level of 568 as pay for the purpose of retirement benefit. Further it has been proposed to remove the present ceiling of Rs. 1,500 per month on Pension and increase the ceiling of Death-cum Retirement Gratuity from Rs. 36,000 to Rs. 50,000.

3.8. On the Receipt side, the gross tax revenue at existing levels of taxation is estimated at Rs. 25,514 crores compared to Rs. 23,702 crores in 1984-85. The State's share of taxes is estimated at Rs. 6,592 crores against Rs. 5,777 crores in the current year. Out of this increase, Rs. 487 crores are due to stepping up of State's share of basic excise duties from 40 per cent to 45 per cent from next year as recommended by the Eighth Finance Commission. The dividend from Railways will be Rs. 303 crores higher than 1984-85. Receipts from market loans are placed at Rs. 5,100 crores against Rs. 4,100 crores in 1984-85. Small savings collections are estimated at Rs. 3,900 crores against Rs. 3,300 crores in 1984-85. External assistance net of repayment is estimated at Rs. 2,510 crores as compared with Rs. 2,146 crores in 1984-85. Taking into account these and other variations in the receipts, the total receipts in 1985-86 are estimated at Rs. 47,635 crores. These receipts take into account the effect of revision of Railway fares and freights. The total expenditure is placed at Rs. 51,295 crores. The overall budgetary gap at the existing rates of taxation will thus be Rs. 3,660 crores.

### IMPORTANT PROPOSALS FOR TAX RELIEF AND TAXATION IN THE BUDGET

It has been estimated that the effects of budget proposals will give an additional revenue to the tune of Rs. 311.00 crores and thus the budgetary gap in 1985-86 which has been estimated to be Rs. 3,660.00 crores will be reduced to Rs. 3,349.00 crores.

The following are some of the important proposals for tax relief and taxation in the Budget for 1985-86.

#### A. Direct Taxes:

(i) The exemption limit of personal income tax has been raised from Rs. 15,000.00 to Rs. 18,000.00. The new tax rate schedule prescribed will result in a reduction in tax at all levels of income. It is proposed in the Budget for 1985-86 to discontinue the

surcharge of income tax in the case of all categories of non-corporate tax payers. The maximum marginal rate of income tax on personal incomes will stand reduced from 61.875 per cent to 50 per cent.

(ii) The Compulsory Deposit Scheme will be abolished from 1985-86.

(iii) It is proposed to raise the exemption limit of wealth tax to Rs. 2,50,000.00 and to provide a nil rate slab in respect of net wealth upto Rs. 2,50,000.00. Under the new wealth tax rate structure, the maximum marginal rate will stand reduced from 5 per cent to 2 per cent.

(iv) The levy of estate duty in respect of estates passing on death occurring on or after 16th March 1985 shall be abolished.

(v) There will be discontinuance of the provisions relating to disallowance of 20 per cent of the expenditure in excess of Rs. 1,00,000.00 on advertisement, publicity and sales promotion, running and maintenance of air craft and Motor Cars and payment made to hotels.

#### B. Indirect Taxes

(vi) Auxiliary duty on crude petroleum will be raised from Rs. 100.00 per tonne to Rs. 300.00 per tonne. A basic customs duty of 10 per cent *ad valorem* will be imposed on crude petroleum.

(vii) With a view to bringing down capital costs it is proposed to reduce the present customs duty of 65 per cent applicable to project imports in general to 45 per cent *ad valorem* and to provide for a lower rate of 25 per cent to imports for power projects and total exemption of duty for equipment for Fertiliser projects. The concessional project imports rate of 45 per cent *ad valorem* is also extended to the public telephone exchange net work project.

(viii) It is proposed to totally exempt imported pulp and wood chips and make this concession available to all user industries. Customs duty on wood in certain specified forms is also proposed to be reduced from the existing level of 100 per cent to 10 per cent *ad valorem*.

(ix) To encourage alternative sources of energy it is proposed to exempt fully customs duty in respect of wind operated electricity generators and wind operated battery chargers. Also, customs duty

on exhaust gas analysers and smoke meters shall be reduced in order to help enforce anti-pollution norms.

(x) In order to encourage export promotion, it has been proposed to abolish export duties on twelve items which comprise iron ore, manganese ore, raw cotton, chromite ore and concentrate, cotton waste, animal feed, manganese dioxide, sillimanite, deoiled groundnut oil cake, raw wool, kyanite and bridge mica.

(xi) Customs duties on specified machinery used for leather processing, footwear and other leather goods manufacturing industries shall be reduced from the general level of 81.5 per cent to 35 per cent *ad valorem*. Rawhides and skins, crust leather and finished cattle leather shall be fully exempted from import duty.

(xii) Customs duty on raw wool shall be reduced from 50 per cent to 40 per cent *ad valorem*.

(xiii) There will be a total exemption of customs duty on certain advanced type of computers not manufactured in the country.

(xiv) There is the proposal to reduce the duty on certain important items of medical equipment such as Nuclear Magnetic Resonance Scanner, CAT Scanner and Linear Accelerator to 45 per cent *ad valorem*. Three specified intermediates used in the Manufacture of the anti-T. B. and anti-leprosy drug, Rifampicin are being totally exempted from import duty. It is also proposed to reduce the customs duty on eight other drug intermediates and on homoeopathic medicines.

(xv) In order to encourage domestic production of Zip fasteners and discourage their smuggling, it is proposed to fully exempt fasteners from excise duty.

(xvi) As per the recommendation of the Eighth Finance Commission, it is proposed to raise the rates of stamp duty on the instruments of bills of lading and letters of credit. The new rates of duties would be effective only from the 1st July 1985.

(xvii) The rate of excise duty in respect of item 68 of the excise tariff is being raised from the existing level of 10 per cent to 12 per cent. The excise duty on vegetable product which has been at a low level of 5 per cent for over 15 years is being raised to 10 per cent.

(xviii) The basic excise duty on cement is being raised from Rs. 205.00 per MT to Rs. 225.00 per MT for the common varieties of cement.

(xix) Four new items namely marble blocks slabs and tiles, travel goods and organic chemicals and pan masala are being introduced in the excise tariff.

(xx) Basic excise duty on printing and writing paper and craft paper of special varieties shall be raised by Rs. 200.00 per MT.

(xxi) The total duty on bi-bis has been proposed to raise from Rs. 3.74 to Rs. 4.00 per thousand, on Metal jacketed batteries from 15 per cent to 20 per cent.

(xxii) All soaps of value below Rs. 10,000.00 per MT. will be charged to concessional duty of 5 per cent and other higher priced soaps will be charged to 15 per cent *ad valorem*.

(xxiii) As a first step towards abolition of special excise duty, it has been proposed to exempt as many as 100 items from this levy merging the special excise duty with the basic duty. Only 32 items will now be subject to this levy.

(xxiv) A new one time levy is being introduced on television sets at uniform rate of Rs. 100.00 per set instead of the present licence fee of Rs. 50.00 payable every year till the T. V. set lasts.

(xxv) Regarding textiles, unprocessed cotton fabrics are being fully exempted and duty burden on cotton yarn is being increased generally by 25 per cent. It has been proposed to fully exempt shoddy woolen blankets. Excise duty on certain polyester wool blended fabrics is being reduced.

(xxvi) Computers shall be exempted completely from excise duty.

(xxvii) The basic excise duty on commercial vehicles, shall be raised from 10 per cent to 15 per cent *ad valorem* and on three axled vehicles from 7.5 per cent to 10 per cent *ad valorem*.

(xxviii) There is the proposal to fully exempt the accessories of cycles and leather board from excise duty.

(xxix) It has been proposed to increase the basic excise duty on aerated waters from a 25 paise to 30

paise per bottle of 200 ml. and on soda water from 5 paise to 10 paise per bottle of 200 ml

(xxx) In order to encourage the small scale sector the eligibility limit for concession has been raised from Rs. 25 lakhs to Rs. 75 lakhs.

The Union Finance Minister, replying to the debate on his 1985-86 Budget proposals announced the following concessions.

(i) Removal of extra excise duty on bidis

(ii) Exemption of agricultural equipments including power-operated ones from excise duty,

(iii) Exemption for poultry equipment.

(iv) Reduction of 7 paise in the proposed increase on prices of Diesel and Kerosene.

(v) The burden, however, has been shifted on Cigarettes at the rate of one paise each.

TABLE No. 1

## Tax and Non-tax Revenue and Capital Receipts of the Government of India

(Rs. in crores)

Sl. No.	Items	Accounts 1982-83	Accounts 1983-84	Budget 1984-85	Revised 1984-85	Budget 1985-86
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>A TAX REVENUE</b>						
1	Corporation Tax	2,184.51	2,492.73	2,568.00	2,824.00	2,804.00
2	Tax on income other than corporation tax.	1,569.72	1,699.14	1,746.00	1,810.00	1,964.00
3	Hotel receipts Tax	0.07	--	--	--	--
4	Other taxes on Income and Expenditure Interest Tax.	265.47	177.92	190.00	195.00	220.00
5	Estate Duty	20.38	26.46	20.00	22.50	22.50
6	Wealth Tax	90.37	93.31	97.00	100.00	104.00
7	Gift Tax	7.71	8.84	8.50	9.00	10.00
8	Land Revenue	0.38	0.26	0.34	0.32	0.32
9	Stamps and Registration	13.36	14.75	13.35	16.01	16.24
10	Customs	5,119.41	5,583.44	7,103.11	7,100.00	7,881.00
11	Union Excise Duties	8,058.50	10,221.75	10,966.29	11,167.48	11,992.75
12	State Excise Duties	74.54	85.56	93.63	99.87	109.87
13	Tax on Vehicles	7.77	9.39	12.30	12.38	12.62
14	Sales Tax	226.11	247.71	283.23	280.42	309.61
15	Taxes on goods and passengers	20.55	21.76	22.47	23.04	23.54
16	Taxes and Duties on Electricity	1.09	1.17	1.25	1.54	1.86
17	Other Taxes and Duties on Commodities and Services	35.73	37.84	39.81	40.03	41.56
18	<b>TOTAL - GROSS TAX REVENUE</b>	<b>17,695.67</b>	<b>20,722.03</b>	<b>23,165.28</b>	<b>23,701.59</b>	<b>25,513.87</b>

Sl. No.	Items	Accounts 1982-83	Accounts 19 3-84	Budget 1984-85	Revised 1984-85	Budget 1985-86
(1)	(2)	(3)	(4)	(5)	(6)	(7)
19	Less Transfer to State Government	4,639.32	5,245.60	5,649.82	5,776.92	6,692.30
20	A NET TAX REVENUE	13,056.35	15,476.43	17,515.46	17,924.67	18,921.57
	<b>B NON-TAX REVENUE</b>					
21	Fiscal Services	123.18	160.31	289.20	549.70	360.74
22	Interest Receipts	2,851.61	,668.28	3,693.50	3,986.38	4,657.42
23	Dividends and Profits	419.00	450.87	379.19	382.08	448.53
24	Others	1,641.16	1,736.69	2,127.78	2,088.75	2,384.56
25	<b>B. TOTAL—NON TAX REVENUE</b>	<b>5,034.95</b>	<b>5,016.15</b>	<b>6,489.67</b>	<b>7,006.91</b>	<b>7,851.25</b>
26	<b>TOTAL TAX+NON-TAX (A + B)</b>	<b>18,091.30</b>	<b>20,492.58</b>	<b>24,005.13</b>	<b>24,931.58</b>	<b>26,772.82</b>
	<b>CAPITAL RECEIPTS</b>					
27	Public Debt (Net)	5,244.09	5,508.30	5,973.41	5,917.34	7,324.07
28	Repayment of Loans and Advances	3,372.49	3,745.04	3,904.78	3,774.92	4,002.79
29	Other Items (Net)	3,866.47	6,607.73	6,878.72	8,085.56	9,535.75
30	<b>TOTAL —CAPITAL RECEIPTS</b>	<b>12,483.05</b>	<b>15,861.07</b>	<b>16,756.93</b>	<b>17,777.82</b>	<b>20,862.59</b>
	<b>TOTAL —RECEIPTS (REVENUE + CAPITAL)</b>	<b>30,574.35</b>	<b>36,353.65</b>	<b>40,762.06</b>	<b>42,709.40</b>	<b>47,635.41</b>

**TABLE II**  
**Revenue Expenditure of Government of India**

(Rs. in crores)

Sl. No.	Items	Accounts 1982-83	Accounts 1983-84	Budget 1984-85	Revised 1984-85	Budget 1985-86
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Education, Art and Culture and Scientific Services and Research	772.80	665.73	1,029.83	1,090.84	1,384.89
2	Medical, Family Welfare & Public Health ..	154.78	173.07	208.55	208.19	262.62
3	Labour and Employment ..	83.43	98.23	111.90	168.23	139.11
4	Broadcasting ..	84.13	97.14	103.73	111.94	126.16
5	Other Social and Community Services ..	224.58	217.17	222.78	240.82	457.73
6	Agriculture and Allied Services ..	1,219.75	1,382.20	1,549.76	1,815.21	1,801.12
7	Industries and Minerals ..	1,231.77	1,512.84	1,901.76	2,526.37	2,137.14
8	Foreign Trade and Export Promotion ..	514.36	560.15	620.82	580.26	622.81
9	Water and Power Development ..	271.17	400.32	428.80	394.79	503.68
10	Transport and Communication ..	359.65	388.33	439.68	411.82	510.51
11	Other Economic Services ..	131.39	133.39	153.34	159.12	126.29
12	Grants-in-aid to State and U.T. Governments for development expenses.	2,866.40	3,609.01	4,305.25	4,421.31	5,101.44
13	General Services ..	7.22	6.78	10.03	9.86	13.95
14	Audit ..	84.81	97.09	101.82	114.94	124.38
15	Collection of Taxes and Duties ..	173.59	201.24	227.54	249.19	264.00
16	Currency, Coinage and Mint. ..	64.64	68.35	79.03	105.98	160.36
17	Interest payments ..	3,937.61	4,795.46	5,600.00	5,990.00	7,075.00
18	Administrative services ..	759.58	801.15	1,167.59	995.40	1,358.74
19	Pensions and Other Retirement Benefits ..	97.22	119.24	140.14	154.80	683.57
20	Other Grants to State and Union Territories Governments.	768.10	793.32	741.79	943.42	1,530.86
21	Compensation and Assignment to local bodies	39.13	34.96	40.11	43.14	37.39
22	Technical and Economic co-operation with other councils.	79.31	90.64	101.39	100.88	89.04
23	Miscellaneous grants ..	..	..	..	..	..
24	Other General Services ..	538.48	777.43	980.74	1,027.76	1,216.08
25	Accounting, Transfers and write backs ..	..	..	..	..	..
26	Defence Expenditure (Net) ..	4,881.73	5,666.70	6,075.61	6,406.58	6,754.00
	<b>TOTAL REVENUE EXPENDITURE</b> ..	<b>19,345.63</b>	<b>22,890.24</b>	<b>26,341.99</b>	<b>28,300.85</b>	<b>32,717.60</b>



TABLE No. III

## Expenditure in Capital Account of the Government of India

(Rs. in crores)

Sl. No. (1)	Items (2)	Accounts 1982-83 (3)	Accounts 1983-84 (4)	Budget 1984-85 (5)	Revised 1984-85 (6)	Budget 1985-86 (7)
1	Scientific Services and Research	72.02	78.84	150.89	180.90	148.12
2	Medical, Public Health and Water Supply.	11.30	1.89	19.25	13.79	27.16
3	Housing and Urban Development.	64.13	71.91	84.63	79.66	91.51
4	Broadcasting	10.81	54.84	36.17	50.20	69.38
5	Social Security and Welfare	8.36	7.96	7.20	6.11	5.01
6	Other Items	22.53	21.87	24.11	23.39	31.35
7	General Economic Services	252.42	202.59	139.93	148.14	175.43
8	Agriculture and Allied Services	142.57	185.04	191.39	686.04	658.77
9	Industry and Minerals	1,750.35	2,297.67	2,183.94	2,822.83	2,097.02
10	Water and Power Development	631.64	712.58	893.92	853.52	1,678.55
11	Transport and Communications	253.07	334.26	402.48	373.41	445.43
12	Railways	602.74	572.30	760.00	755.57	700.00
13	Posts and Telegraphs	291.89	361.32	349.50	453.50	297.02
14	General Services	—	..	89.00	139.79	135.41
15	Defence Expenditure	526.57	642.47	724.39	768.42	932.00
16	Other Expenditure	218.07	730.50	247.43	406.97	543.44
17	Loans and Advances	9,769.17	9,004.53	9,889.31	10,631.58	10,542.03
18	Total Capital Expenditure	14,627.64	15,280.57	16,193.54	18,393.82	18,577.63
19	TOTAL—EXPENDITURE (BOTH REVENUE + CAPITAL)	33,973.27	38,170.81	42,535.53	46,694.67	51,295.29
20	Surplus(+) or Deficit(—)	(—)3,398.92	(—)1,817.16	(—)1,773.47	(—)3,985.27	(—)3,659.88
21	Overall Deficit	..	..	..	..	(+)311.00*
						(—)3,348.88

\* Effect of Budget Proposals

## SUMMARY OF RECOMMENDATIONS OF THE EIGHTH FINANCE COMMISSION

The Eighth Finance Commission was constituted in June, 1982 under Article 280 of the Constitution under the Chairmanship of Shri Y. V. Chavan. The other members of the Commission were Justice Shri Sabya Sachi Mukharjee (up to 28th April 1983), Justice Shri T. P. S. Chawla from 3rd June 1983, Dr. C. H. Hanumantha Rao, Shri G. C. Baveja and Shri A. R. Shirali. The final report was submitted to the President of India on 30th April 1984.

### Terms of reference —

Apart from the matters relating to the devolution of taxes and duties, grants-in-aid under Article 275 of the Constitution, financing of relief expenditure, debt relief and other related issues, the 8th Finance Commission was for the first time asked to examine the scope for raising revenue from the taxes and duties mentioned in Article 268 of the Constitution. The Commission was also asked to take account of the terminal benefits of Government employees in assessing the revenue requirements of States to meet their expenditure on administration.

The 8th Finance Commission was also asked to examine the existing practice in regard to determination and distribution of Central assistance for State Plans, adequate maintenance and upkeep of Capital assets and maintenance of Plan Schemes completed by the end of 1983-84 and the manner in which such expenditure could be met. The Commission was also asked to keep in mind the requirement of States particularly of those which are backward in general administration, for upgradation of standards in non-developmental sectors and services, the scope for better fiscal management and economy in expenditure and reasonable returns on investments in Irrigation and Power Projects, Transport undertakings and Industrial and Commercial undertakings.

In all cases where population was regarded as a factor for determining, the devolution of taxes and duties and grants-in-aid, the Commission was asked to adopt the population figures of 1971 Census.

### Recommendations of the Eighth Finance Commission

*Devolution of taxes and duties* — The Eighth Finance Commission has recommended the retention of the State's share in the divisible pool of Income Tax at 85 per cent. Concurring with the views of

the earlier Commissions, the Eighth Finance Commission felt that under the existing provisions of the Constitution, it was not permissible to merge the surcharge and Corporation tax with Income tax and to bring them into the fold of divisible pool.

Regarding the inter se allocation of Income-tax among the various States, the Commission felt that the criteria for allocation should be more progressive than the existing system which gives weightage only to two factors namely, population and contribution. It was also of the opinion that "there is nothing in the Constitution which bars the allocation of the Income-Tax on the same criteria as that of excise duties". Accordingly on weightage for factors like collection, population as well as the levels of development, the Commission recommended that 10 per cent of the State share of Income Tax may continue to be allocated on the basis of 'contribution', as measured by assessment and the balance of 90 per cent should be allocated between the States on the same principle as applicable for allocating a predominant part of State's share of the Union excise duties namely by giving a weightage of 25 per cent to population, 25 per cent to the inverse of *per capita* income multiplied by population and 50 per cent to the distance of *per capita* income of States from the highest *per capita* income of any State multiplied by population. The percentage share of each State as worked out by Commission as regards to taxes on income is given in the following tables.

TABLE No. IV

Name of the States	Percentage of the State share in the divisible pool	
	Including Sikkim	Excluding Sikkim
(1)	(2)	(3)
1. Andhra Pradesh	8.187	8.190
2. Assam	2.789	2.789
3. Bihar	12.080	12.085
4. Gujarat	4.409	4.410
5. Haryana	1.074	1.074
6. Himachal Pradesh	0.555	0.555
7. Jammu and Kashmir	0.838	0.838
8. Karnataka	4.979	4.981

Name of the States	Percentage of the State share in the divisible pool	
	Including Sikkim	Excluding Sikkim
(1)	(2)	(3)
9 Kerala	3.760	3.761
10. Madhya Pradesh	8.378	8.382
11. Maharashtra	8.392	8.396
12. Manipur	0.220	0.220
13. Meghalaya	0.184	0.184
14. Nagaland	0.088	0.088
15. Orissa	4.202	4.203
16. Punjab	1.744	1.744
17. Rajasthan	4.545	4.547
18. Sikkim	0.035	..
19. Tamilnadu	7.565	7.567
20. Tripura	0.269	0.269
21. Uttar Pradesh	17.907	17.914
22. West Bengal	7.800	7.803
Total	100.000	100.000
State's share in divisible pool	85.00	85.00

Under the permissive provision of Article 272 of the Constitution, the proceeds of Union excise duties which are levied and collected by the Centre are being shared with the States on the basis of recommendations made by the Finance Commissions. Such sharing which started on a modest scale with the award of the first Finance Commission was progressively enlarged with the award of successive Commissions. The 8th Finance Commission raised the State's share in the divisible pool from 40 per cent (as recommended by the 7th Finance Commission) to 45 per cent. The Commission recommended that 40 per cent of the net proceeds of the sharable excise duties, excluding that on electricity should be distributed among the States in the manner as detail below. Out of this 40 per cent, 25 per cent of the amount will be distributed on the basis of 1971 population of the State, another 25 per cent on the basis of the inverse of *per capita* income arrived at by weighting the 1971 population with the inverse of the average of *per capita* income for 3 years ending with 1978-79 and the remaining 50 per cent will be distributed on the basis of the distance of *per capita* income of States from the highest *per capita* income of any State multiplied by the population

The 8th Finance Commission also told that such arrangements may be necessary to help those States which have deficits on their revenue account and therefore the 8th Finance Commission has set apart 50 per cent of the net proceeds of the excise duty to be distributed on the basis of the proportion of deficit of each State to the total deficit of all States. The percentage shares of each State in the divisible pool of the Union excise duties for 40 per cent and for 5 per cent are separately worked out by the 8th Finance Commission which is presented below in two separate tables.

TABLE No. V  
State share in the Union excise duties  
(40 per cent of the divisible pool)

Name of the State	Percentage on recommendation of the 8th Finance Commission 1984-85 to 1988-89
(1)	(2)
1. Andhra Pradesh	8.587
2. Assam	2.977
3. Bihar	13.202
4. Gujarat	3.506
5. Haryana	1.017
6. Himachal Pradesh	0.589
7. Jammu and Kashmir	0.856
8. Karnataka	5.077
9. Kerala	3.800
10. Madhya Pradesh	8.852
11. Maharashtra	6.216
12. Manipur	0.233
13. Meghalaya	0.194
14. Nagaland	0.096
15. Orissa	4.592
16. Punjab	1.317
17. Rajasthan	4.695
18. Sikkim	0.039
19. Tamil Nadu	7.317
20. Tripura	0.292
21. Uttar Pradesh	19.097
22. West Bengal	7.449
Total	100.000
States share in the divisible pool	40.00

TABLE No. VI

The share of deficit States in 5 per cent of the net proceeds of sharable excise duties

(Percentages)

Name of the State (1)	1984-85 (2)	1985-86 (3)	1986-87 (4)	1987-88 (5)	1988-89 (6)
1. Assam ..	12.728	12.578	12.713	13.418	12.023
2. Himachal Pradesh ..	10.340	11.528	12.914	14.098	16.475
3. Jammu and Kashmir ..	15.457	16.661	17.818	18.560	20.254
4. Manipur ..	6.969	7.742	8.722	9.545	11.217
5. Meghalaya ..	5.575	6.180	6.944	7.570	8.863
6. Nagaland ..	8.837	9.944	11.240	12.371	14.482
7. Orissa ..	9.214	8.154	5.457	3.109	0.598
8. Rajasthan ..	1.940	..	..	..	..
9. Sikkim ..	1.659	1.836	2.051	2.232	2.593
10. Tripura ..	8.200	9.104	10.207	11.162	12.956
11. West Bengal ..	19.081	16.273	11.934	7.935	0.539
<b>Total ..</b>	<b>100.000</b>	<b>100.000</b>	<b>100.000</b>	<b>100.000</b>	<b>100.000</b>

**The additional duties of excise in lieu of Sales Tax :**

The additional duties of excise in lieu of Sales Tax are levied and collected by the Central Government on Sugar, Mill made Textiles and Tobacco and the entire net proceeds, other than the proceeds attributable to Union territories are distributed among the States. The Commission felt that the proper principle for allocation of the net proceeds of the additional excise duties on the above mentioned commodities would be the "Consumption" of these commodities in each State. But in absence of reliable estimates the State-wise consumption of these commodities the Commission used the State Domestic Product (S. D. P.) on the assumption that

the consumption of Sugar, Textiles and Tobacco would tend to increase with the rise in State Income. The significant weightage was also given to population as an independent factor. Accordingly the 8th Finance Commission recommended that equal weight should be given to State Domestic Product and population for distributing the shares of the States in the additional duties of excise levied on Sugar, Mill made Textiles and Tobacco. The 8th Finance Commission also held that there was no necessity for setting apart any guaranteed amount as all the States would be getting a larger amount than the guaranteed one under any kind of principle of distribution.

TABLE No. VII

The States share in additional excise duties recommended by the 8th Finance Commission

Name of the States	Percentage as recommended by the 8th Finance Commission (1984-85 to 1988-89)
(1)	(2)
1. Andhra Pradesh	7.504
2. Assam	2.566
3. Bihar	8.627
4. Gujarat	5.941
5. Haryana	2.488
6. Himachal Pradesh	0.663
7. Jammu and Kashmir	0.853
8. Karnataka	5.561
9. Kerala	3.963
10. Madhya Pradesh	6.942
11. Maharashtra	11.461
12. Manipur	0.178
13. Meghalaya	0.183
14. Nagaland	0.098
15. Orissa	3.653
16. Punjab	3.675
17. Rajasthan	4.827
18. Sikkim	0.039
19. Tamil Nadu	7.549
20. Tripura	0.287
21. Uttar Pradesh	14.318
22. West Bengal	8.624
Total	100.000

**Estate Duty —**

According to Article 269 of the Constitution the estate duty on property other than agricultural land is levied and collected by the Government of India and the net proceeds, after keeping aside the share attributable to union territories are assigned to the States and distributed on such principles as formulated by the Parliament by law. The 8th Finance Commission has recommended that the net proceeds of estate duty in respect of property other than agricultural property should be distributed among the States in proportion to the

gross value of the property (both movable and immovable) located in each State and brought into assessment. The 8th Finance Commission did not determine the percentage shares of individual States and left it to the Government to distribute every year the net proceeds of estate duty keeping in view the recommendations of the Commission. Grants in lieu of Tax on Railway Passenger fares—

The tax on railway passengers is one among the taxes which are levied and collected by the Government of India but assigned to the States under Article 269 of the Constitution. The percentage of shares of each State have been worked out by the 8th Finance Commission and are given in Table No. VIII.

TABLE No. VIII

Name of the States	Percentage of shares recommended by the 8th Finance Commission. (1984-85 to 1988-89)
(1)	(2)
1. Andhra Pradesh	7.68
2. Assam	2.03
3. Bihar	9.51
4. Gujarat	6.67
5. Haryana	1.84
6. Himachal Pradesh	0.14
7. Jammu and Kashmir	0.95
8. Karnataka	3.43
9. Kerala	3.18
10. Madhya Pradesh	5.85
11. Maharashtra	15.70
12. Manipur	0.02
13. Meghalaya	0.05
14. Nagaland	0.16
15. Orissa	1.58
16. Punjab	3.88
17. Rajasthan	4.87
18. Sikkim	0.01
19. Tamil Nadu	6.61
20. Tripura	0.04
21. Uttar Pradesh	17.85
22. West Bengal	7.95
Total	100.09

**Grants-in-aid—**

The 8th Finance Commission have re-assessed the revenue position of each individual State and found that 11 States will be left with non-plan revenue gap of Rs. 1,513.12 crores during 1984-1989 even after devolution of Taxes. To cover

this gap, the Commission recommended the Grants-in-aid to the tune of Rs. 1,690.93 crores under Article 273 (1) of the Constitution for the 5 years period after allowing 5 per cent annual increase in the grants. The amount of grants-in-Aid to be paid each year under Article 273 (1) of the Constitution to meet the revenue gap is given in the Table No. IX.

**TABLE No. IX**

**Grant-in-aid to State for revenue gap**

(Rs. in crores)

States	Total (1984-89)	1984-85	1985-86	1986-87	1987-88	1988-89
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Assam	215.48	66.81	55.15	43.31	35.60	14.61
2. Himachal Pradesh	206.24	54.29	50.53	43.99	37.40	20.01
3. Jammu & Kashmir	288.73	81.13	73.05	60.70	49.25	24.60
4. Manipur	139.20	36.59	33.96	29.70	25.32	13.63
5. Meghalaya	110.85	29.26	27.10	23.64	20.09	10.76
6. Nagaland	170.72	46.40	43.60	38.29	32.83	17.60
7. Orissa	111.70	48.37	35.76	18.60	8.24	0.73
8. Rajasthan	10.19	10.19				
9. Sikkim	32.81	8.71	8.04	6.99	5.92	3.15
10. Tripura	163.10	43.04	39.92	34.78	29.62	15.74
11. West Bengal	233.91	100.17	71.37	40.65	21.06	0.66
<b>TOTAL</b>	<b>1690.93</b>	<b>524.96</b>	<b>38.50</b>	<b>340.65</b>	<b>261.31</b>	<b>121.49</b>

The 8th Finance Commission has recommended indicating the States and their shares of grants-in-aid separately grants-in-aid to cover the revenue gaps as recommended by the 8th Finance Commission. The Table No. X is given below

TABLE No. X

Grants to cover increases in Revenue gaps on account of additional provision for Dearness allowance  
( Rs. in crores )

States	Total (1984-89)	1984-85	1985-86	1986-87	1987-88	1988-89
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Assam	58.85	11.77	11.77	11.77	11.77	11.77
2. Himachal Pradesh	16.80	3.36	3.36	3.36	3.36	3.36
3. Jammu & Kashmir	40.45	8.09	8.09	8.09	8.09	8.09
4. Manipur	7.75	1.55	1.55	1.55	1.55	1.55
5. Meghalaya	8.30	1.66	1.66	1.66	1.66	1.66
6. Nagaland	11.80	2.36	2.36	2.36	2.36	2.36
7. Orissa	95.90	19.18	19.18	19.18	19.18	19.18
8. Rajasthan	32.44	24.06	8.38			
9. Sikkim	3.35	0.67	0.67	0.67	0.67	0.67
10. Tripura	23.95	4.79	4.79	4.79	4.79	4.79
11. West Bengal	209.70	41.94	41.94	41.94	41.94	41.94
<b>TOTAL</b>	<b>509.29</b>	<b>119.43</b>	<b>103.75</b>	<b>95.37</b>	<b>95.37</b>	<b>94.37</b>

The 8th Finance Commission have also recommended to give grants-in-aid to 16 selected States for upgradation of standard of administration in the nine selected sectors, namely, Police, Education, Jail Administration, Tribal Administra-

tion, Health, Judicial Administration, District and Revenue Administration, Training and Treasury & Accounts Administration. The recommendations are given below in the Table No. XI.

**TABLE No. XI**  
**Grants-in-aid for upgradation of services**

(Rs. in crores)

States	Total (1984-89)	1984-85	1985-86	1986-87	1987-88	1988-89
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 Andhra Pradesh	80.49	13.09	28.50	16.74	16.72	5.44
2 Assam	58.35	9.49	20.66	12.14	12.12	3.94
3 Bihar	130.27	21.18	46.13	27.10	27.06	8.80
4 Himachal Pradesh	15.76	2.56	5.38	3.28	3.27	1.07
5 Jammu & Kashmir	46.07	7.49	16.31	9.58	9.57	3.12
6 Kerala	16.81	2.73	5.95	3.50	3.49	1.14
7 Madhya Pradesh	147.69	24.01	52.30	30.72	30.68	9.98
8 Manipur	20.30	3.30	7.19	4.22	4.22	1.37
9 Meghalaya	18.20	2.96	6.44	3.79	3.78	1.33
10 Nagaland	10.81	1.76	3.83	2.25	2.24	0.73
11 Orissa	74.84	12.17	26.50	15.57	15.54	5.06
12 Rajasthan	43.48	7.07	15.40	9.04	9.03	2.94
13 Sikkim	3.14	0.51	1.11	0.66	0.65	0.21
14 Tripura	13.79	2.24	4.88	2.87	2.87	0.93
15 Uttar Pradesh	108.18	17.59	38.31	22.50	22.47	7.31
16 West Bengal	126.37	20.55	44.75	26.28	26.25	8.54
<b>Total</b>	<b>914.55</b>	<b>148.70</b>	<b>323.84</b>	<b>190.24</b>	<b>189.96</b>	<b>61.81</b>



The 8th Finance Commission in addition to upgradation programmes have also considered for the special problems of some of the States recommended for appropriate grants to meet the special problems of their own or of national importance confronting the concerned State

Government. While recommending the grants-in-aid to meet the special problems the Commission did not take into consideration the availability of the revenue surplus before or after devolution. The Table No. XII gives the details of this recommendations.

**TABLE No. XII**  
**Grants-in-aid for Special problems**

(Rs in crores)

States	Total (1984-89)	1984-85	1985-86	1986-87	1987-88	1988-89
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 Assam	5.00	1.04	1.00	1.00	1.00	1.00
2 Himachal Pradesh	0.50	0.10	0.10	0.10	0.10	0.10
3 Jammu & Kashmir	2.48	0.49	0.50	0.50	0.50	0.49
4 Madhya Pradesh	10.00	2.00	2.00	2.00	2.00	2.00
5 Manipur	2.00	0.40	0.40	0.40	0.40	0.40
6 Meghalaya	1.00	0.20	0.20	0.20	0.20	0.20
7 Punjab	20.00	4.00	4.00	4.00	4.00	4.00
8 Rajasthan	10.00	2.00	2.00	2.00	2.00	2.00
9 Sikkim	1.00	0.20	0.20	0.20	0.20	0.20
10 Tripura	0.80	0.16	0.16	0.16	0.16	0.16
<b>Total</b>	<b>52.78</b>	<b>10.55</b>	<b>10.56</b>	<b>10.56</b>	<b>10.56</b>	<b>10.55</b>

The 8th Finance Commission in toto have recommended an aggregate amount of Rs. 3,769.43 crores to be paid to the States during 1984-85 to 1988-89 as grants-in aid under Article 275 of the Constitution. This includes the Centre's contribution to marginal money for natural calamities, but does not include the amount of grants-in-aid to be paid in respect of net

additional interest liabilities, additional burden on account of committed expenditure on plan schemes, the additional expenditure that may arise in the Hilly States in the event of the use of Central Police Force and the arrears of wealth tax on agricultural property. The State-wise details of aggregate grants-in aid is given in Table No. XIII.

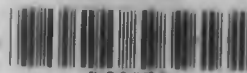
TABLE No. XIII  
Grants in aid under Article 275

(Rs. in crores)

Sl. No.	States	Total (1984-89)	1984-85	1985-86	1986-87	1987-88	1988-89
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Andhra Pradesh	141.74	23.34	40.75	28.99	28.97	17.69
2	Assam	355.81	92.70	92.21	71.85	64.11	34.94
3	Bihar	214.65	38.06	63.01	43.98	43.93	25.67
4	Gujarat	71.87	14.37	14.37	14.37	14.38	14.38
5	Haryana	11.25	2.25	2.25	2.25	2.25	2.25
6	Himachal Pradesh	243.68	61.19	60.47	61.61	45.00	25.41
7	Jammu & Kashmir	381.48	97.95	98.70	79.62	68.16	37.05
8	Karnataka	15.00	3.00	3.00	3.00	3.00	3.00
9	Kerala	29.31	5.23	8.45	6.00	3.99	3.64
10	Madhya Pradesh	69.17	28.39	56.68	35.10	35.05	14.35
11	Maharashtra	18.12	3.62	3.62	3.62	3.63	3.63
12	Manipur	169.87	41.96	43.22	35.99	31.62	17.08
13	Meghalaya	138.98	34.20	35.52	29.42	25.86	13.98
14	Nagaland	201.95	50.64	49.91	43.02	37.56	20.82
15	Orissa	348.06	92.85	94.57	66.47	56.08	38.09
16	Punjab	35.00	7.00	7.00	7.00	7.00	7.00
17	Rajasthan	137.99	51.70	34.16	19.42	19.40	13.31
18	Sikkim	40.93	10.21	10.14	8.65	7.57	4.36
19	Tamil Nadu	21.87	4.38	4.38	4.37	4.37	4.37
20	Tripura	203.51	50.60	50.12	42.97	37.82	22.00
21	Uttar Pradesh	181.43	33.84	54.56	38.75	38.72	23.56
22	West Bengal	629.36	174.54	169.94	120.75	101.12	63.01
	<b>TOTAL</b>	<b>3,769.43</b>	<b>924.02</b>	<b>997.03</b>	<b>757.21</b>	<b>681.59</b>	<b>409.59</b>

G.P.—M.P. II (D.B.S.E.) 2—1,000—21.1.1986

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Sub. National Systems Unit,  
National Institute of Educational  
Planning and Administration  
17-B, Sector 17, DDA Marg, New Delhi-110016  
DOE, No. 3070  
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