

**GOVERNMENT OF KERALA**

**AN ECONOMIC-CUM-PURPOSE CLASSIFICATION OF  
THE KERALA STATE GOVERNMENT BUDGETS  
1975-76 to 1980-81**

**DIRECTORATE OF ECONOMICS & STATISTICS**

**TRIVANDRUM**

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PREFACE

The 'Annual Financial statement' and the 'Demands for Grants' in the Government Budget are drawn up in accordance with the provisions of the constitution and the needs of Legislative Control. Even though these documents do contain all the details of Government transactions, perhaps it does not bring out clearly the economic significance of the budget, namely the Capital formation out of budgetary resources; savings of the Government, draft made by the Government on various resources of the economy and Government's contribution to the generation of State Income. Therefore for a realistic interpretation of the budget these details have to be sorted out, reclassified and regrouped into meaningful economic categories. Thus the Economic-Cum-purpose classification helps us to highlight the economic significance of the State budget.

The present study attempts to analyse the State Government budget for the years 1975-76 (Accounts) to 1980-81 (Budget estimates) on the basis of the methodology evolved by the Central Statistical Organisation.

This study was done by Sri K.P. Kesavan Nair, Research Officer, under the supervision of Smt. T. Saraswathy Amma, Deputy Director, State Income Division.

I hope this booklet will be found useful by administrators, research scholars and policy makers engaged in the study of the budgetary transactions of the State Government.

Trivandrum,  
23-10-1981.

Dr. P.A. NAIR  
Director

## Introduction

The present system of budgetary classification as obtaining in India (both at the Centre and in States) can be called object classification because it lends itself easily to the purpose of financial accountability to the parliament or to the Legislatures as the case may be. One of the most significant drawbacks of this conventional budgetary system is the formulation of the accountability criteria mostly in terms of the financial aspects of expenditure rather than on the economic or functional or performance criteria and the most exclusive use of object classification in budget management and accounting.

The 'Annual Financial Statement' and the 'Demands for grants' in the Government Budget are drawn up in accordance with the provision of the constitution and the needs of Legislative control. The 'Demands for grants' which set for the estimates of expenditure for the year under various heads of account. Each head of account is technically called a 'demand'. Each demand gives the gross expenditure and the recoveries from other governments or departments and by the various organisations administered by the Government under statutory authority. These recoveries are deducted for arriving at the net expenditures shown in the financial statement. The Financial Statement and the Demands for grants together present a complete picture of Government transactions. The basic objectives of financial administration boil down to three items, parliamentary control, administrative accountability and booking and auditing of transactions.

Though the budget is divided into revenue and capital accounts, many items of consumption expenditure are included in the capital account and vice versa. These documents do not give clearly the economic significance of various heads of revenue and expenditure. It rather becomes difficult to have a clear picture of extent of capital formation out of budgetary resources, savings of the state government and contribution of the state to the generation of State Income etc.

The system of national accounts presents an interlocking system of accounts for the transactions of the whole economy and Government accounts appear as one element of this whole system. The Government sector is, however, important enough by itself to justify the analysis of its transactions and hence it has to be sorted out, reclassified and regrouped into meaningful economic categories which are required for determining aggregates of national income and expenditure and for tracing their interrelationships with other major sectors of the economy. The presentation of the budget in above way is called 'Economic classification'.

The Economic classification of Government transactions basically follows the technique of social accounting and group together similar types of transactions of the Government after eliminating all internal transfers. The revenue account in the budget shows certain transfers to and from the capital account, which are mere accounting transactions or transfers. They have to be eliminated since they do not have any impact on the economy.

In many cases, revenue expenditures or capital outlays are reduced to the extent that they are met from transfers from funds. This deflates the expenditures and does not give the total expenditure or aggregate demand made by the Government on goods and services available for a correct appraisal of Government's demand for goods and services which could be related to available supplies, revenue and capital expenditure have to be increased by the amount met from these transfers from the State operated funds. For purpose of economic classification expenditures are shown gross of recoveries from all outside sectors except recoveries which are in the nature of sale of goods and services. These recoveries in turn are deducted from the purchase of goods and services of the Government. Such recoveries are mostly from the Government of India on account of elections, general administration police force supplied to Government of India, N.C.C. rehabilitation of displaced persons, other expenses shown as recoveries for the work done on behalf of government of India, sale of Jail manufactures, charges recoverable from Local bodies for the work done on their behalf, especially for public health purpose etc.

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

The system of classification adopted here is based on a series of distinctions useful for analysing their economic impact on the rest of the economy. Current transactions are distinguished from Capital transactions and under both, transactions in goods and services are separated from transfers.

The current transactions of Government administration are distinguished from the current operations of Departmental commercial undertakings as current expenditures of the former on wages and salaries and goods and services are final outlays but those of the latter are intermediate expenditures such as cost of raw materials, fuels etc. In other words, such expenditure represents expenses of production and not expenditure on final goods and services. Purely financial transactions are again separated from transactions in goods and services and transfers.

The Economic classification scheme presented here is based mostly on the uniform methodology from the Central Statistical Organisation in which the budgetary transactions of the State Government are presented in the following forms of six accounts.

- Account. 1. Transactions in goods and services and transfers:-  
Current Account of Government Administration.
- Account. 2. Transactions in goods and services and transfers:-  
Current Account of Departmental Commercial undertakings

- Account 3. Transactions in goods and services and transfers:-  
Capital Account of Government Administration and  
Departmental Commercial undertakings.
- Account 4. Changes in Financial assets:-  
Capital Account of Government Administration and De-  
partmental Commercial Undertakings
- Account 5. Changes in financial liabilities:-  
Capital Account of Government Administration and De-  
partmental Commercial Undertakings.
- Account 6. Cash and Capital Reconciliation Account of Government  
Administration and Departmental Commercial undertakings.

In brief, Accounts 1 to 3 deal with Government transactions in goods and services and transfers and Accounts 4 to 6 with financial transactions affecting the net claim of the State Government on the rest of economy. The description of Accounts, their coverage derivations, treatment of items and assumption underlying, these are explained in Chapter IV.

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CHAPTER - II

Economic Classification - Account I

State: Kerala

Transactions in goods and services and transfers: Current account of  
State Government administration

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(Rs. lakhs)

No.	Expenditure	1975-76 (Acc.)	76-77 (Acc.)	77-78 (Acc.)	78-79 (Acc.)	79-80 re- vised budget estimate	80-81 budget esti- mate
1	2	3	4	5	6	7	8
1.	Consumption Expen- diture	16433	17519	18295	19031	23064	25583
1.1.	Compensation of em- ployees	13525	14359	15058	16594	19308	21912
a)	Wages and salaries	12918	13686	14855	15822	18095	20649
b)	Pension	607	673	713	772	1213	1263
1.2.	Net purchase of goods and services	2908	3130	3227	2437	3756	3671
a)	Purchase of goods and services	4551	5189	5417	4851	6091	6058
b)	Less sale of goods and services	1643	2029	2190	2414	2335	2387
2.	Transfer payments	13292	14502	15468	18244	18460	20623
2.1.	Interest	2834	3159	3591	3797	3040	4237
2.2.	Grants	8566	9492	9463	11241	12129	13015
a)	To local bodies	202	181	105	178	413	472
b)	To co-operatives	13	15	9	34	37	46
c)	To Educational Insti- tutions	7663	8418	8670	9069	9971	10627
d)	To others	688	878	679	1960	1708	1370
2.3.	Subsidies	858	834	1115	1703	1514	1487
2.4.	Other current transfers	1034	1017	1299	1503	1777	1884
3.	Savings on current accounts	2510	3406	7262	11319	11238	9090
4.	Total	32235	35427	41025	48594	52762	55296

		Account 2. Transactions in goods & services & transfers: current account of departmental undertakings of state govt.					
1.	Wages and salaries (including pensions)	451	576	615	790	920	993
2.	Goods and services	810	706	582	736	771	842
3.	Repairs & maintenance	63	78	101	43	47	65
4.	Interest	178	199	223	259	306	306
5.	Provision for depreciation	1	1	1	1	1	1
6.	Retained profits of de- partmental commercial undertakings	..	..	..	..	..	..
7.	Profits transferred to current accounts of Govt. Administration	1644	1966	2392	2720	2882	2972
8.	Other current transfers	6	5	5	6	19	9
9.	Total	3158	3531	3924	4555	4946	5188

## Economic Classification Account I

State: Kerala

Transactions in goods and services and transfers: current account of  
State Government administration

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(Rs. lakhs)

No.	Revenue	75-76 (Acc.)	76-77 (Acc.)	77-78 (Acc.)	78-79 (Acc.)	79-80 revi- sed bud- get es- timate	80-81 bud- get esti- mate
1	10	11	12	13	14	15	16
5.	Tax Revenue	20652	22837	25826	29705	38242	40822
5.1.	Direct taxes	3897	5484	6902	4179	4288	5268
a)	State share of Central taxes	2278	2557	2048	2770	3416	3682
b)	States taxes	1019	927	1254	1409	1472	1586
5.2.	Indirect taxes	16755	19553	21424	25526	33954	35554
a)	States share of central taxes	4213	5116	5493	6345	11889	12313
b)	States taxes	12542	14237	15931	19181	21465	23241
6.	Income from property & entrepreneurship	4043	4931	6616	7599	8336	9245
6.1.	Profit transferred by departmental commercial undertakings	1655	2021	2396	2793	3051	3231
6.2.	Income on Investment	99	75	104	157	93	103
6.3.	Interest receipts from Kerala State Electricity Board	559	331	805	1053	450	702
6.4.	Interest receipt	563	632	753	837	987	950
6.5.	Other income from property	1162	1892	2553	2714	4255	4249
7.	Transfer from households	161	205	195	202	208	223
8.	Miscellaneous receipts	450	531	615	870	884	858
9.	Revenue grants, contribution, recoveries from rest of the economy	6929	6373	8273	10213	4592	4148
10.	Total	32235	35427	41025	48594	52762	55296

## \* Account 2. Contd.....

10.	Gross sales proceeds	3154	3528	3921	4552	4945	5187
a)	Forest	2192	2613	3178	3506	3692	3856
b)	Irrigation	249	358	203	544	636	714
c)	Water transport	52	55	61	67	71	75
d)	Government Engineering workshop	56	34	18	22	9	..
e)	Milk supply Scheme	171	26	3	3	4	5
f)	Printing presses	127	138	143	160	192	169
g)	Tourism	6	7	9	7	7	8
h)	Text book publication	301	291	301	243	234	340
11.	Interest on depreciation reserve fund	4	3	3	3	1	1
12.	Total	3168	3531	3924	4555	4946	5188

\* Transactions in goods and services and transfers: current account of departmental undertakings of State Government.



Transactions in goods and services and transfers- Capital Account of  
State Government Administration and Departmental Commercial  
Undertakings

(Rs. lakhs)

Expenditure	75-76 (acc.)	76-77 (acc.)	77-78 (acc.)	78-79 (acc.)	79-80 revised budget esti- mate	80-81 budget esti- mate
1	2	3	4	5	6	7
1. Gross capital formation	4776	5605	7327	9346	12579	13442
A. Govt. Administration	4205	4782	6335	8067	11205	12100
1.1. Buildings and other constructions	3763	4708	6503	7391	10281	11131
(a) New outlay	3665	4598	6228	5698	8942	9694
(b) Renewals and replace- ments	98	110	275	1493	1339	1437
1.2. Machinery & equipments	246	70	367	515	549	592
(a) New Outlay	246	70	367	515	549	592
(b) Renewals & replacements	..	..	..	..	..	..
1.3. Net increase in stocks	197	(-)16	(-)485	161	375	377
B. Commercial undertakings	570	843	942	1279	1374	1342
1.4. Buildings and other constructions	450	712	863	1184	1239	1181
(a) New outlay	450	712	863	1030	1158	1099
(b) Renewals and replacements	..	..	..	154	81	82
1.5. Machinery & equipments	118	130	74	84	123	149
(a) New outlay	118	130	74	83	122	147
(b) Renewals & replacements	..	..	..	1	1	2
1.6. Net increase in stocks	2	1	5	11	12	12
2. Capital transfers	1272	1668	1855	1696	2227	2392
2.1. Capital grants to local bodies	100	99	189	132	279	395
2.2. Capital grants to others	1085	1498	1480	1400	1533	1675
2.3. Compensation to Land Owners Jagirdass etc.	87	71	186	164	365	322
3. Total	6048	7273	9182	11042	14806	15834

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Account 3.

Transactions in goods and services and transfers: Capital Account of  
State Government Administration and Departmental Commercial  
undertakings

State: Kerala  
(% in lakhs)

Revenue	75-76 (Acc.)	76-77 (Acc.)	77-78 (Acc.)	78-79 (Acc.)	79-80 revised budget esti- mate	80-81 budget esti- mate
8	9	10	11	12	13	14
4. Gross savings	2511	3407	7263	11320	11239	9091
4.1. Savings on current Account of Govt. Ad- ministration	2510	3406	7262	11319	11238	9090
4.2. Provision for Depreci- ation of Departmental commercial undertakings	1	1	1	1	1	1
4.3. Retained profits of De- partmental Commercial undertakings	..	..	..	..	..	..
5. Capital transfers	91	72	95	82	96	89
5.1. Estate duty	58	44	44	46	33	33
5.2. Capital grants contri- butions and recoveries from Union and other State Governments	53	28	51	26	63	56
6. Balance on all transactions in goods and services and transfers	3466	3794	1824	(-)360	3471	6654
7. Total	6048	7273	9182	11042	14206	15834



11 : Account 4.

Changes in financial assets: Capital account of state government administration and departmental commercial undertakings.

State: Kerala

(Rs. lakhs)

	75-76	76-77	77-78	78-79	79-80	75-76	76-77	77-78	78-79	79-80	75-76	76-77	77-78	78-79	79-80
	(Acc.)	(Acc.)	(Acc.)	(Acc.)	revi-	Incomings	(Acc.)	(Acc.)	(Acc.)	sed	(Acc.)	(Acc.)	(Acc.)	budget	budget
					budget	(Acc.)				est- imate				est- imate	est- imate
					est- imate					mate				mate	mate
1.	2	3	4	5	6	7	8	9	10	11	12	13	14		
Outgoings	75-76	76-77	77-78	78-79	79-80	75-76	76-77	77-78	78-79	79-80	75-76	76-77	77-78	78-79	80-81
	(Acc.)	(Acc.)	(Acc.)	(Acc.)	revi-	Incomings	(Acc.)	(Acc.)	(Acc.)	sed	(Acc.)	(Acc.)	(Acc.)	budget	budget
					budget	(Acc.)				est- imate				est- imate	est- imate
					est- imate					mate				mate	mate
					mate										
1. Investment in shares (net)	1065	1414	1499	1758	2778	2574	4. Repayment	1634	1462	1162	1020	1222	1211		
1.1. of Government concerns	757	972	1053	1359	1912	2010	of loans								
1.2. of other concerns	308	472	446	399	866	564	5. Balance: net								
2. Loans and advances	2454	2445	2616	4104	5164	3122	increase in								
2.1. for capital formation	1471	1236	1736	3317	4141	2075	Financial	1885	2427	2953	4842	6720	4485		
a) to co-operatives	314	342	597	332	484	368	Assets								
b) to Local Bodies	11	148	65	145	223	88									
c) to Kerala State Electricity Board	925	360	163	742	180	520									
d) to others	221	336	911	2098	3254	1039									
2.2. For current consumption	983	1209	880	787	1023	1047									
2) to co-operatives	257	300	164	194	299	270									
3) to local bodies	3	3	3	3	3	3									
4) to others	726	903	716	593	721	777									
2. Total	3519	3889	4115	5862	7942	5696	6. Total	3519	3889	4115	5862	7942	5696		

12  
Account 5.

Changes in financial liabilities: Capital account of State Government administration and department commercial undertakings

State: Kerala  
Rs. lakhs

Outgoings	75-76 (Acc.)	76-77 (Acc.)	77-78 (Acc.)	78-79 (Acc.)	79-80 revised budget esti- mate	80-81 budget esti- mate
1	2	3	4	5	6	7
1. Repayment of public debt	3739	3296	3552	3641	2354	2765
1.1. Permanent debt	65	425	396	375	527	541
1.2. Central Government loans	3564	2757	3033	3134	1671	2015
1.3. Other loans	110	114	123	132	156	209
2. Balance, net increase in financial liabilities	6326	6095	5408	8565	10721	8838
3. Total	10065	9391	8960	12206	13075	11603

Account 6.

Cash & Capital reconciliation account of State Government administration and department commercial undertakings

State: Kerala

Rs. lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Deficit on all transactions in commodities and services and transfers						
Balancing items of Account 3	3466	3794	1824	(-)360	3471	6654
2. Net increase in financial assets balancing item of Account 4	1885	2427	2953	4842	6720	4485
3. Increase in cash balance	975	..	631	4083	530	..
Total	6326	6221	5408	8565	10721	11139

: 13 :  
Account 5.

Changes in financial liabilities: capital account of State Government administration and department commercial undertakings

State: Kerala  
Rs. lakhs

Incomings	75-76 (Acc.)	76-77 (Acc.)	77-78 (Acc.)	78-79 (Acc.)	79-80 revised budget estimate	80-81 budget esti- mate
8	9	10	11	12	13	14
4. Public debt	7666	6737	5542	13055	10306	8740
4.1. Permanent debt	996	1111	1305	1605	1923	2223
4.2. Loans from Central Government	4851	4882	6940	10990	7673	5781
4.3. Other loans	139	263	239	400	710	736
4.4. Floating debt(net)	1680	481	(-)2992	..	..	..
5. Unfunded debt(net)	1151	1635	2429	5240	2300	2600
6. Inter State Settlements (net)	..	..	..	..	..	..
7. Cash balance investment account(net)	1	..	(-)287	(-)2744	(-)200	..
8. Other debt (including contingency fund)(net)	1247	1019	1276	(-)3345	(-)669	263
9. Total	10065	9391	8960	12206	13075	11603

Account.6.

Cash and capital reconciliation account of State Government administration and department commercial undertakings

State: Kerala  
Rs. lakhs

(8)	(9)	(10)	(11)	(12)	(13)	(14)
5. Net increase in financial Liabilities - balancing item of Account 5	6326	6095	5408	8565	10721	8833
6. Decrease in cash balance	..	126	..	..	..	2301
7. Total	6326	6221	5408	8565	10721	11139

CHAPTER - III

SOME SIGNIFICANT MAGNITUDES

The set of six accounts obtained from the analysis of Kerala State Government Budget for the years from 1975-76 to 1980-81 are presented in earlier chapters. Some of the major findings revealed from the six accounts are:-

- (a) State Government's total expenditure
- (b) State Government's final outlays
- (c) State Government's consumption expenditure
- (d) Capital formation out of budgetary resources of the State Government.
- (e) Savings of the State Government
- (f) The various measures of deficit in the State Government's budgetary transactions
- (g) State Government's contribution to the generation of State Income

(a) Total Expenditure

The total expenditure of state Government for the six years 1975-76 to 1980-81 exclusive of the operating expenses of departmental commercial undertakings and the allocation of the expenditure by major types are given in table - 1.

(b) Final outlays

This outlay represents the state Government's direct demand for goods and services, for consumption and for capital formation. Final outlays of the state Government for the six years and its corresponding percentages out of total expenditure are available in tables 1 and 1 (a)

(c) Transfer payment, Financial Investments and Loans (net)

Remaining portion of the Government's total expenditure save for final outlays comprises disbursement by way of transfer payments, financial investments and loans to the rest of the economy and which are intended to supplement either the current or capital receipt of other sectors.

(d) Consumption expenditure

The consumption expenditure which covers expenditure on wages and salaries and commodities and services of current use.

(e) Gross capital formation

State Governments' contribution to direct capital formation are 4776, 5605, 7327, 9346, 12579 and 13442 (lakhs) respectively for the six years from 1975-76 to 1980-81.

contd..../-





II. Net Capital formation

The net capital formation is derived by deducting from gross capital formation the provision for expenditure on renewals and replacements. The Net capital formation by type is furnished in Table 2.

Table : 2

## Net Capital formation by Government

(Rs.lakhs)

Sl. No.	Item	1975-76 (Acc.)	1976-77 (Acc.)	77-78 (Acc.)	78-79 (Acc.)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	Buildings and other construction (vide item 1.1 (a) and 1.4(a) of account III)	4115	5310	7091	6928	10100	10793
2.	Machinery and equipments (vide item 1.2 (a) and 1.5 (a) of Account III)	364	200	441	598	671	799
3.	Net increase in stocks (vide item 1.3 and 1.6 of account III)	199	(-)15	(-)480	172	387	389
4.	Net capital formation (1+2+3)	4678	5495	7052	7698	11158	11921
5.	Percentage of Net capital formation to total final expenditure	12.42	13.17	15.36	14.48	17.69	17.92

III. Financial Assistance for capital formation :-

In addition to the capital formation directly under taken, the State Government also provide assistance to the rest of the economy through grants, loans and investments in share capital for capital formation. The table 3 furnishes the amounts and percentages of financial assistance made by the state Government by means of grants, loans and investments.

Table 3

Financial Assistance for net capital formation  
(Rs.lkhs)

Sl. No.	Item	1975-76 (Accts)	76-77 (Accts)	77-78 (Acc)	78-79 (Acc)	79-80 (RBE)	80-81 (BE)
1.	Grants for Capital formation (item 2 in Account III)	1272	1668	1855	1696	2227	2392
2.	Loans for Capital formation (item 2.1 in Account IV)	1471	1236	1735	3317	4141	2075
3.	Investments (item 1 in Account IV)	1065	1444	1499	1758	2778	2574
4.	Total financial assistance for net capital formation (1+2+3)	3808	4348	5090	6771	9146	7041

IV. Net Capital formation out of the budgetary resources of the State Government.

Figures given in tables 2 and 3 together will give the overall capital formation both in the Government sector and in other sectors of economy with financial assistance of State Government. The details of the net capital formation by the State Government out of its budgetary resources are set out in table 4.

Table 4

Net capital formation out of the Budgetary resources of the State Government  
(Rs.lakhs)

Sl. No.	Item	1975-76 (Acc)	76-77 (Acc)	77-78 (acc)	78-79 (acc)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	Direct net capital formation by the Government (Percentage to total)	4678 (55.13)	5495 (55.83)	7052 (58.08)	7698 (53.20)	11158 (54.95)	11921 (62.87)
2.	Financial Assistance for capital formation to the rest of the Economy. (Percentage to total)	3808 (44.87)	4348 (44.17)	5090 (41.92)	6771 (46.80)	9146 (45.05)	7041 (37.13)
3.	Net capital formation out of the budgetary resources of the State Government (1+2)	8486 (100.00)	9843 (100.00)	12142 (100.00)	14469 (100.00)	20304 (100.00)	18962 (100.00)

V. Gross and Net Savings

Gross Savings by the State Government comprises Savings of Government Administration i.e. surplus of Government current receipts over Government current expenditure and depreciation provision of Government administration and departmental commercial undertakings. Net savings of Government are equal to gross savings less expenditure on renewals and replacements. Net savings of the State Government are shown in Table 5.

Table 5Gross and net Savings

(Rs.lakhs)

Sl. No.	Item	1975-76 (Acc)	76-77 (acc.)	77-78 (acc)	78-79 (acc)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	Gross Savings	2511	3407	7263	11320	11239	9091
(a)	Gross savings on current account of Government Administration (item 3 of Account -I)	2510	3406	7262	11319	11238	9090
(b)	Depreciation provision (Item 3 in Account II)	1	1	1	1	1	1
2.	Expenditure on renewals and Replacements	98	110	275	1648	1421	1521
3.	Net savings by the State Government (1-2)	2413	3297	6988	9672	9818	7570



### VII. Current outgoings

The current outgoings are divided into two parts, namely  
(a) consumption expenditure (b) transfer payments

Table - 7

#### Current outgoings

(Rs.lakhs)

Sl. No.	Item	1975-76 (Acc.)	76-77 (acc.)	77-78 (acc.)	78-79 (acc.)	79-80 (RBE)	80-81 (BE)
1.	Consumption expenditure (item 1 in Account 1) (Percentage to total)	16433 (55.28)	17519 (54.71)	18295 (54.19)	19031 (51.06)	23064 (55.54)	25583 (55.37)
2.	Transfer payments (Item 2 in Account 1) (Percentage to total)	13292 (44.72)	14502 (45.29)	15468 (45.81)	18244 (48.94)	18460 (44.46)	20623 (44.63)
3.	Total 1 & 2	29725 (100.00)	32031 (100.00)	33763 (100.00)	37275 (100.00)	41524 (100.00)	46206 (100.00)

### VIII. Income deficit

The excess of net capital formation over net savings measures the income deficit of the State Government

Table 8

#### Income deficit of the State Government (Rs.lakhs)

Sl. No.	Item	1975-76 (acc.)	76-77 (acc.)	77-78 (acc.)	78-79 (acc.)	79-80 (RBE)	80-81 (BE)
1.	Net capital formation by the Government	4678	5495	7052	7698	11158	11921
2.	Net savings by the State Government	2413	3297	6988	9672	9818	7570
3.	Income deficit of the State Government (1 - 2)	2265	2198	64	1974	1340	4351

IX. Other deficit

The deficit on income account represents the gap which after adjustment, for capital transfers has to be filled up by Government's draft on savings within the state and outside. Another measure of deficit is provided by the sum of balancing items in Accounts 3 and 4. This deficit denotes total requirements of finance for state Government's operation and is shown in table 9.

Table No. 9

## Total financial requirements of the State Government

(Rs. 'Lakhs)

Sl. No.	Item	1975-76 (ACC.)	76-77 (acc)	77-78 (acc)	78-79 (acc)	79-80 (RBE)	80-81 (BE)
1.	Deficit on all transactions in commodities and services and transfers (Items 6 in account III)	3466	3794	1824	(-)360	3471	6654
2.	Net increase in Financial Assets (Item 5 in Account IV)	1855	2427	2953	4842	6720	4485
3.	Deficit indicating total requirements of finance (1+2)	5351	6221	4777	4482	10191	11139

## X. Source of finance

The Scheme of financing the deficit shown in the previous table is spelt out in details in the ensuing table. The deficit financing (item 2) mentioned in the table 10 gives only a rough idea on the expansionary impact of the budgetary transactions of the State Government on Money supply.

Table 10 (Rs.lakhs)

Sources of meeting the financial requirements indicated in table 9.

Sl. No.	Item	1975-76 (Acc.)	76-77 (acc.)	77-78 (acc.)	78-79 (acc.)	79-80 (RPE)	1980-81 (DE..)
1	2	3	4	5	6	7	8
1.	Net borrowings	4646	5614	8400	8565	10721	8838
	a) Permanent debt (Net)	931	686	909	1290	1396	1682
	b) Loans from the Central Government (Net)	1287	2125	3907	7856	6002	3766
	c) Other loans (Net)	29	149	166	268	554	527
	d) Inter-State settlements	..	..	..	..	..	..
	e) Unfunded Debt (Net)	1151	1635	2429	5240	2300	2600
	f) Cash Balance investment Account (Net)	1	..	(-)287	(-)2744	(-)200	..
	g) Other debt deposits and remittance	1247	1019	1276	(-)3345	669	263
2.	Deficit financing	705	607	(-)3623	(-)4083	(-)530	2301
	a) Increase in floating debt (net)	1680	481	(-)2992	..	..	..
	b) Withdrawal from cash balance	(-)975	126	(-)631	(-)4083	(-)530	2301
	Total (1 + 2)	5351	6221	4777	4482	10191	11139



### XI. Net profits of Departmental commercial undertakings

Net profits of departmental commercial undertakings (Account.2) as measured by the excess of gross receipts over operating expenses indicate the financial result of the working of these undertakings. This profit augments the current receipt of the Government. The method of derivation of this profit is elucidated in Table 11.

Table 11

Net profits of Departmental commercial undertakings  
(Rs.) lakhs

Sl. No.	Items	1975-76 (Acc.)	76-77 (acc.)	77-78 (acc.)	78-79 (acc.)	79-80 (BBE)	80-81 (BE)
1.	Gross receipts	3158	3531	3924	4555	4946	5188
2.	Operating expenses	1514	1565	1532	1835	2064	2216
3.	Net profits (1-2)	1644	1966	2392	2720	2882	2972

### XII. Contribution to Income generation

The budgetary operations of the State Government for the years are expected to generate directly incomes at the rate of 17236, 18946, 20809, 23243, 27279 and 30320 (lakhs) respectively. The budgetary contribution to income generation is furnished in table 12.

Table 12

Contribution to Income generation (Rs.lakhs)

Sl. No.	Item	1975-76 (Acc.)	76-77 (acc.)	77-78 (acc.)	78-79 (acc.)	79-80 (BBE)	1980-81 (BE)
1.	Wages and salaries *paid by Government Administration (vide 1.1 of Account 1)	13525	14359	15068	16594	19308	21912
2.	Net output of Departmental commercial undertakings	2307	2780	3286	3791	4131	4304
3.	Wages and salary component of Govt. outlays on construction (1/3 of the total expenditure on construction as shown in Account 3)	1404	1807	2455	2858	3840	4104
	Total (1+2+3)	17236	18946	20809	23243	27279	30320

\* Inclusive of pension payments

NB. The net output of departmental commercial undertakings is made up of compensation of employees and operating surplus which are furnished in table 12 (a)

Table 12 (a)

## Net output of Departmental commercial undertakings

(Rs.lakhs)

Sl. No.	Item	1975-76 (Acc.)	76-77 (acc.)	77-78 (acc.)	78-79 (acc.)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	Wages and salaries	451	576	615	790	920	993
2.	Wages and salaries component of expenditure on repairs maintenance (50%)	34	39	51	22	23	33
3.	Interest	178	199	228	259	306	306
4.	Profits	1644	1966	2392	2720	2882	2972
5.	Depreciation	1	1	1	1	1	1
6.	Operating surplus	1822	2165	2620	2979	3188	3278
7.	Gross value added	2308	2781	3287	3792	4132	4305
8.	Net value added	2307	2780	3286	3791	4131	4304

CHAPTER - IV

NOTES ON THE ACCOUNTS, THEIR DERIVATION AND RATIONALE

The frame-work of an economic classification scheme presented here is based on the delineation of Government transactions in a set of six accounts. The derivation and rationale of each of these accounts are briefly explained in the following pages:-

Account 1: Transactions in commodities and services and transfers : Current Account of Government Administration.

This account deals with the current revenue and expenditure of Government administrative departments. All departments other than those listed under Account II in this chapter are considered as administrative for the purpose of this classification. The current expenditure of administrative departments consists of the final outlays of Government on current account which represents Government's current consumption. The final outlays are made up of purchases of goods and services and wages and salaries payments. Besides final outlays, Government makes transfer payments i.e. interest, grants, subsidies, scholarships etc., to the rest of the economy, which are added indirectly to the disposable income of the community. To meet these current expenditure Government appropriates a part of the income of the community through a variety of taxes, miscellaneous fees, etc., occurring in the course of administration. In addition, Government has an investment income from property and entrepreneurship and also receives revenue grants, contributions and recoveries from the Union Government and the rest. The excess of current receipts over current expenditure denotes the savings of the Government administration available for domestic capital formation. Some of the items included in this Account are explained below:-

1.1. Wages and Salaries:- This item comprises the remuneration of general Government employees such as pay of officers, pay of establishment, allowances and honoraria, other than travelling and daily allowances. Wages and salaries also include the pensions actually paid to Government employees and contribution to provident funds.

1.2 Goods and Services:- This item includes all expenditure under contingency including pay and allowances of casual employees, office supplies, rent, fuel and light, expenditure on repairs and maintenance, printing, travel expenses, telephones and telegraph charges and other items for current operations less sale by Government of goods and services to enterprises and households. Whole of the expenditure on current repairs and maintenance is included here.

2. Transfer payments:- From the economic point of view, Government expenditures are of three types i.e., consumption expenditure, capital formation and transfers to the rest of the economy. In the economic classification scheme presented here, a distinction has been drawn between current transfers and capital transfers on the hypothesis that some transfers recorded in the capital account of the classification are intended to assist capital formation.

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Current transfer payments have been broken up into interest payments, grants to local bodies, co-operatives, educational institutions, others, subsidies and other current transfers to individuals which are considered to augment personal incomes of the recipients. Interest payments on public debt are some times deducted from the current receipts of Government but; these payments have been shown here as gross.

2.1. Interest:- Interest comprises interest on public debt and other obligations. Interest charges of departmental commercial undertakings are not included in this item, but shown under item 4 in Account II.

2.2. Grants:- Grants are classified according to the type of institutions to which they flow. Four classes of institutions i.e., local bodies, co-operatives, educational institutions and others. The last sub-item includes other unclassified grants and grants to non-profit making institutions.

2.3. Subsidies:- Subsidies may take the form of direct payments to producers or of differential between the buying and selling prices of Government trading organisations. The subsidies given by the Government to specific group of the population to enable them to get goods at prices lower than the current market prices are not included here but under grants to others. The subsidies represent the payment given for rebate on the sale of handlooms, loss on the sale of fertilizers, improved seeds, pesticides, agricultural implements, to co-operative societies for maintenance of managers, loss suffered by the co-operative societies and to make good the loss between economic rent and subsidised rent, etc.

2.4. Other current transfers:- This item comprises other current transfers to household such as pensions for distinguished and meritorious services, territorial and political pensions, old age-pensions, family allowances, scholarships, stipends, prizes, gratuitous relief to the famine stricken people, awards, privy purses of the ex-rulers and other miscellaneous compensations, contributions, etc., to private non-profit institutions not included above.

3. Savings on current account: The balancing item on the current account of Government administration represents the savings of this sector, that is, surplus of current receipts over current expenditure. For the nation as a whole total savings will equal to the sum of net domestic capital formation and the surplus of the nation on current account with the rest of the world.

5. Tax revenue:- Tax revenue is classified into direct and indirect taxes. Direct taxes include share of net proceeds assigned to States on income other than corporation tax, taxes of agricultural income, land revenue and urban land tax. Taxes on goods and services that are chargeable to business expense and taxes on the possession of use of goods and services by households are treated as indirect taxes. The main categories in the State Government are, therefore, share of net proceeds of Union excise duties, State excise duties, general sales tax, sales tax on motor spirit, taxes on vehicles, electricity duties, stamps registration fees, entertainment tax, other taxes and duties, cesson sugarcane, toll tax on roads and surcharges under procurement scheme on rice, wheat, pulses and sugar.

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

7. Transfers from households:- This flow includes certain payments made by households and private non-profit institutions to State Government for regulatory and social service charges provided mainly by Government agencies. Regulatory charges by Government agencies are in connection with their regulatory activities and for services for which there is no parallel in private sector. Such services are mostly provided by the Government since they depend on the use of compulsory powers. Examples of such charges paid mainly by households are those for birth, death and marriage registration fees, court-fees, fines and penalties, etc., which are given under different revenue heads of the State Government Budget. Social services charges for school fees and charges required under a general medical service payable to Government are also included in this category. Such charges are treated as transfers from households to general Government and do not appear in private consumption expenditure.

9. Revenue grants, contributions and Recoveries: Revenue grants, contributions and recoveries are current transfer receipts accruing from the Union Government, Central Institutions such as Indian Council of Agricultural Research, National Co-operative Development and Warehousing Corporations, various Committees and Boards, etc.

Account 2: Transactions in goods and services and transfers:  
Current Account of Departmental Commercial Undertakings.

The departmental commercial undertakings (Government trading enterprises in the U.N. reports) may briefly be defined as agencies producing goods and services that are not provided free of charge but sold at a price outside Government sector. The essential characteristics distinguishing these departments from Government administrative departments are that they charge for what they provide according to use and are thus able to meet most of their cost from their sale proceeds. Other related characteristics are as follows: (i) departmental commercial undertakings are subject to market forces, i.e., demand and supply; (ii) the activities of such undertakings are subordinate to legislative control and are owned, run and managed by the Government, (iii) the intention to make profit is not the essential characteristic and the activities of an undertaking may be carried on deliberately at a loss; (iv) commercial accounting methods have to be used to determine the profit and loss; (v) the operation of commercial undertakings usually involve the use of expensive capital equipment and the holding of stocks which may be subject to large fluctuations and the provision for depreciation may, therefore, be a significant element in the total cost of the operations, and (vi) to maintain their operations commercial undertakings must both give and receive commercial credit.

It is sometimes difficult in practice to decide whether a certain Government department should be treated as an enterprise or as a part of Government administration. This is because some charges made by Government departments, resemble sales by departmental commercial undertakings. In the State Government, there are some departments which may be treated as ancillary agencies. They may be defined as bodies which are separately organised to supply goods and services for the use of other departments of the Government but which do not directly provide services to the public. They may be sub-divided into agencies such as printing presses, public works department, industries which are not run on commercial basis, purchasing agencies organised for the purchase and distribution of office supplies and the departments providing professional services. They exist primarily to supply goods and services to Government agencies. They may also have some sales to outside agencies which are typically incidental to its function of serving the Government bodies. For purpose of this study all such departments have been taken under Account 1 of Government administration because goods and services of such departments are not sold on commercial basis. Likewise, some Government departments may also engage in lending. For example, an agriculture department may make loans to farmers which is also incidental to its main function of serving the Government and thus cannot be grouped with financial enterprises.

Independent statutory corporations and boards set up by the State Government are excluded from the purview of these commercial undertakings included in this Account. In this study, the following have been classified as departmental commercial undertakings:

1. Irrigation
2. Water Transport department
3. Forests
4. Milk supply schemes
5. Printing presses
6. Text book publication
7. Government Engineering workshop
8. Tourism

The expenditure side of the departmental commercial undertakings spells out the current expenditure into wages and salaries, goods and services, repairs and maintenance, interest, provision for depreciation and profits. Repairs and maintenance expenditure is shown separately because of the importance of such expenditure for the efficient working of commercial enterprises. This expenditure is further divided equally between wages and salaries and goods and services since the required details are not available in the Budget. On the revenue side, the gross sale proceeds are given department-wise. The interest receipts accruing to the depreciation reserve funds under different heads of departmental commercial undertakings are shown separately.

Account 3: Transaction in goods and services and transfers:  
Capital Account of Government Administration and  
Departmental Commercial Undertakings (Combined).

This Account is concerned with the total capital outlay representing physical asset formation by Government Administration and Departmental commercial undertakings together with its

capital transfer payments mostly for assisting capital formation in the rest of the economy. The capital expenditures of Government's Administration and Departmental Commercial Undertakings, have been given separately whereas the sources of finance are common to both.

The physical asset formation has been shown both in terms of gross as well as net aggregates. Net increase in stocks is classified into work stores. Capital transfers have also been classified into capital grants to local bodies, capital grants to others and compensation to landowners, etc.

The gross savings transferred from Accounts I and II and capital grants received by State Government constitute the sources of finance for all expenditures recorded in this Account. The deficit which is shown as a balancing item in Account III along with net increase in financial assets in Account IV gives the total requirements of finance of the State Government to be met out of borrowings or by adjustments in Government's cash balances.

Gross capital formation represents the gross value of the goods which are added to the domestic capital stock of the nation. It comprises both expenditure on the acquisition of fixed assets and the value of physical change in stocks. The gross fixed capital formation has been classified into buildings and other construction and machinery and equipment. Each of them are classified further under new outlay and renewals and replacements. The former is the measure of net capital formation by the Government which together with the latter gives gross fixed capital formation.

1.1. Buildings and other construction: Buildings included all expenditure on new construction and major alterations to residential and non-residential buildings including the value of the change in work in progress. Office furniture is excluded from this item and included in goods and services of Government Administration in Account I. Other construction includes mostly expenditure on construction of roads and bridges and works on power and irrigation projects, flood control, forest clearance, land reclamation, water supply and sanitation. As the construction work is mainly executed by contracts, the actual amounts spent on labour charges and on the purchase of material for buildings and construction works are not known. It is, therefore, necessary to allocate this outlay between wages and salaries and goods and services on an adhoc basis. Wages and salaries component of construction is taken at 33.3 percent of the total outlay of buildings and other constructions for estimation of income generated from the State Government's construction activity.

1.2. Machinery and Equipment: This item includes expenditure incurred on the purchase of various equipments such as buses, jeeps, trucks, tractors for road haulage, power generating machinery, agricultural machinery and implements, Office machinery and equipment, construction and other industrial machinery and equipment and instruments used by professional men. Under this head the expenditure shown against renewals, and replacements refers mainly to Departmental Commercial Undertakings. Value of the physical change in raw materials, work in progress (other than the work in progress in buildings which are included in fixed capital formation and finished products which are held by commercial enterprises and in government stockpiles. The net increase or decrease

in stocks needed for construction works and stocks of commercial enterprises is shown separately from changes in stocks of strategic materials like food, fertilizers, etc., held by administrative departments for policy purposes.

2. Capital transfers: Capital transfers cover grants given to finance the construction of buildings, purchase of machinery and equipment and public works such as roads, irrigation works, water supply and sewage systems, etc. Capital transfers are intended to assist capital formation in other sectors of the economy.

3. Receipts on capital account: Receipts available for capital formation consist of gross savings on current accounts brought over from Account I and II, estate duty and capital grants etc., from the Union and other State Government. Estate duty is included here on the assumption that it is paid out of capital. A minor part constituting sale of land and property has been adjusted against new outlay on buildings and other constructions or on other assets according to the type of assets sold. From an economic point of view, the sale of such assets is really an item of dissaving and in estimating total capital formation out of budgetary transactions this should be treated as deduction on capital expenditure.

Account 4: Changes in financial assets: Capital Account of Government Administration and Departmental Commercial Undertakings.

This Account which shows the net changes in financial assets of the Government is concerned with the transactions in financial investments in industrial and commercial concerns i.e. investment in shares and loans and advances granted to the rest of the economy. Loans for capital formation have been shown separately from loans for current consumption. Loans for capital formation indicate the extent to which the State Government promotes capital formation in the rest of the economy through financial assistance in comparison to the capital formation actually undertaken by the Government. The balancing item of this Account representing net financial investment, loans and advances of the State Government, adds to the deficit in Account III which gives the total requirement of finance of the Government to be met out of borrowings or by adjustments in Government's cash balances.

1. Investment in shares (Net): Investment in shares include investments in the share capital of Government Commercial undertakings.

2.1. Loans and Advances for capital formation: Loans for capital formation include loans given for the creation of capital assets like the construction of buildings, roads, bridges and irrigation facilities, industrial housing schemes, water supply and drainage schemes and loans for purchase of machinery and equipment, etc. Such loans have been shown separately for co-operatives, local bodies and others. Loans to others for capital formation are mostly for construction of houses, sinking of new wells, construction of tube-wells and purchase of pumping sets and implements.

2.2. Loans and Advances for current consumption: Loans and advances for current consumption include loans to agriculturists for purchase of seeds, fertilizers, etc. loans for repairs of houses, loans to students, advances to Government servants for the purchase of motor conveyance, etc.



4. Repayment of loans: No break-up is given in respect of repayment of loans granted for capital formation and for other purposes. Although the budgetary documents give details about these payments, these are not considered very important since it is assumed that repayments have been made from current income and not out of capital. So, these repayments are lumped together with repayments of other loans for current consumption.

5. Net increase in financial assets: The net increase in financial assets is the balancing item added to deficit on all transactions in goods and services and transfers (item 6 in Account 3). This gives the total financial requirements of the Government for fixed assets formation and for the accumulation of financial claims against the rest of the economy.

Account 5: Changes in financial liabilities: Capital Account of Government Administration and Departmental Commercial Undertakings.

This account records the borrowing operations of the State Government. In-comings represent the increase in financial liabilities and outgoings measure the reduction in liabilities. The balance, therefore, shows the net increase in financial liabilities resulting from increased expenditure for acquisition of financial assets. Permanent debt, loans from Central Government and other loans are shown gross, while floating debt, unfunded debt, cash balance investment account and other debts are shown net.

Account 6: Cash and Capital Reconciliation: Account of Government Administration and Departmental Commercial Undertakings.

This Account sums up the net position in respect of Accounts III, IV and V showing the effect of all transactions of the State Government on its cash position. As stated earlier Account III gives the net position in respect of all (real) transactions in goods and services and transfers while Accounts IV and V bring out the net position in respect of financial assets and financial liabilities, respectively.

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## CHAPTER - V

RECONCILIATION

Reconciliation of the figures of revenue and Expenditure given in the Budget (Financial Statement) and in the economic classification is furnished below

T A B L E - I

Reconciliation of figures in the Budget with the Economic Classification current Account - Revenue (Rs. lakhs)

Sl. No.	Item	1975-76 (acc)	76-77 (acc)	77-78 (acc)	78-79 (acc)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	Revenue as shown in the financial statement	35278	38618	44494	52215	56462	59129
2.	<u>LESS</u> Estate duty transferred to capital account	38	44	44	46	33	33
3.	Sale of land property	30	36	48	68	52	53
4.	Sale of commodities and services treated as deduction of consumption expenditure	1643	2029	2190	2414	2335	2387
5.	Grants of capital nature received from Govt. of India and transferred to capital Account	53	28	51	26	63	56
6.	Receipts from funds	72	53	66	86	117	127
7.	Interest on cash balance investment Accounts	25	23	23	109	35	42
8.	Sale proceeds of departmental commercial undertakings transferred to Account 2	3154	3528	3921	4552	4945	5187
9.	Interest receipts from departmental commercial undertakings	178	199	228	259	306	306

1	2	3	4	5	6	7	8
10.	<u>ADD.</u> Revenue grants, contribution and recoveries shown as revenue receipts	6929	6873	8273	10218	4592	4148
11.	Profits of departmental commercial undertakings	1655	2021	2396	2793	3051	3231
12.	Other miscellaneous adjustments	(-) 3391	(-) 2954	(-) 4098	(-) 5451	243	812
13.	Total adjustments	(-) 3043	(-) 3191	(-) 3469	(-) 3621	(-) 3700	(-) 3833
14.	Current revenue of Government Administration as shown in the economic classification of the budget	32235	35427	41025	48594	52762	55296

Table II

## Reconciliation of figures in the Budget with the Economic Classification current Account - Expenditure

(Rs. lakhs)

Sl. No.	Item	1975-76 (acc)	76-77 (acc)	77-78 (acc)	78-79 (acc)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	Revenue Expenditure as shown in the financial statement	35511	38948	41589	47914	52214	57524
2.	<u>LESS</u> - Appropriation for reduction of/ avoidance of debt	418	423	396	369	342	312
3.	Interest recoveries treated as receipts	178	199	228	259	306	306
4.	Interest on cash balance investment account	25	23	23	109	35	42
5.	Expenditure of capital nature in the revenue Account	2387	3138	3429	4293	5789	6367
6.	Irrecoverable temporary loans	..	..	..	..	..	..
7.	Net transfers to funds after adjustments for transfers from funds	288	342	529	483	313	248
8.	Current expenditure of Departmental Commercial undertakings	1514	1565	1532	1835	2064	2216
9.	<u>ADD</u> Revenue grants, contribution and recoveries shown as revenue receipts	6929	6873	8273	10218	4592	4148
10.	Miscellaneous adjustment	(-) 2119	(-) 1183	(-) 2136	(-) 2870	4257	5343
11.	Total adjustment	(-) 5786	(-) 6927	(-) 7826	(-) 10639	(-) 10690	(-) 11318
12.	Current expenditure of Govt. administration as shown in the Economic classification of the Budget	29725	32021	33763	37275	41524	46206

Table III

Reconciliation of figures in the Budget with the Economic classification Capital Account - expenditure (Rs. lakhs).

Sl. No.	Item	1975-76 (acc)	76-77 (acc)	77-78 (acc)	78-79 (acc)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	Capital expenditure not met from revenue as shown in the financial statement	4753	5679	7291	6713	11426	11700
2.	<u>LESS</u> , Financial Investment in Shares taken over to Account 4	1065	1444	1499	1758	2778	2574
3.	Expenditure of Revenue nature transferred to Account 1	..	..	..	..	..	..
4.	Expenditure of Revenue nature transferred to Account 2	..	..	..	..	..	..
5.	Sale of property and land brought down from Revenue receipt	30	36	48	68	52	53
6.	<u>ADD</u> , Capital expenditure brought out from revenue account (includes capital transfers from departmental commercial undertakings)	2387	3138	3429	4293	5789	6367
7.	Expenditure netted in the Budget for recovered	..	..	..	..	..	..
8.	Transfer from fund	72	53	66	86	117	127
9.	Total adjustment	69	117	57	1776	304	261
10.	Capital expenditure as shown in the Economic classification of the Budget	5048	7273	9182	11042	14806	15834

CHAPTER - VIPurpose classification of the expenditure of general governmentIntroduction

The Government expenditure can be classified in accordance with (i) the economic character of the expenditure like current expenditure, Capital formation, loans etc. and (ii) the purpose it is likely to serve, such as, health, education, defence etc. The former is known as economic classification and the latter is termed as the purpose classification. Some times these two schemes are combined to form economic - cum-purpose classification.

This type of classification shows how expenditure for a particular purpose, say health is divided between economic categories and it also shows, how expenditure in a particular economic category, say capital formation, is allocated to different purposes or types of public services provided. Economic-cum-purpose classification, therefore, serves as a very good guide to the policy makers for planning expenditure in the best possible manner to attain social and economic objectives of development.

It might be indicated that the purposes of the Government expenditures might be of two types (i) long term and (ii) short term. Long term expenditure might be aimed at tackling the problem of unemployment, economic development of the country and to bring about certain fundamental changes in the structure of the economy. The short term expenditures relate to immediate objectives of expenditure incurred in regard to health, defence, education, social welfare, economic services etc. The aim of the purpose classification attempted here, is to classify expenditure in accordance with the immediate or short term social needs of the country and it relates only to general Government expenditures of various administrative departments excluding departmental Commercial enterprises.

The present study is in conformity with the UN recommendations. UN has recommended classification in five major categories.

- i. General Government Services
- ii. Defence
- iii. Education
- iv. Health
- v. Social and Welfare Services
- vi. Housing and Community
- vii. Cultural recreational & religious
- viii. Economic services
- ix. Other Services

List of possible items under various purpose categories1. General Public Services:1.1. General administration, external affairs, public sector and safety includes:

(a) Organs of Government viz; expenditure on President, Governors including their staff, library, research and other

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facilities, District and sub-divisional establishments, parliament and state legislature including expenditure for Ministries (pay allowances, T.A. expenditure on elections).

(b) Financial affairs and fiscal administration

Viz: expenditure on Ministry of Finance ie. Department of Revenue, Department of Expenditure, cost of collection of taxes and revenue like Income Tax Department, Customs Department, Excise Department, Land Revenue, Department of Land Record Survey and settlements (but not consolidation on holdings) expenditures on Audit Department. This also includes gold control administration national savings schemes, state lotteries organisations etc.

(c) Offices serving the government as a whole when it is not possible to segregate viz. expenditure of Department of Personnel, Planning commission, Central Statistical organisation, State Statistics Bureaus. This also included expenditure on operation and maintenance of government buildings, control of general pool government quarters (but not construction of quarters) printing and stationery, expenditure pertaining to all departments, purchase and disposal office serving all the departments (ie. D.G.S. & D) publicity and publication departments serving whole of the Government (ie. D.A.V.P.) Publication Departments Division, Press information Bureau, Audio visual Scheme, central Motor vehicles pools.

(d) Organs to maintain internal order viz. expenditure on Ministry of Home Affairs, Police Department including Traffic, Police, Fire Protection. This includes expenditure on prisons, Jails, lockups, and other places of Intelligence department, district and sub-divisional establishments detention and correction reformatory schools, general grants to village panchayats purposes of which are not specified.

(e) Judicial system viz. expenditure on Ministry of Law, Law courts registration of legal titles to properties. This includes expenditure on general legal tribunals, transfer payments for legal aid to households and private non-profit institutions.

(f) Permanent and ad-hoc commissions on behalf of General Administration viz; expenditure on pay-commission, Inter State water disputes etc.

(g) Foreign policy viz. expenditure on Ministry of External Affairs and its offices abroad including libraries and attached cells units located in foreign countries.

(h) Aid to foreign countries and U.N. bodies viz. all expenditure on foreign economic aid and contribution in international bodies other than military alliances and organisations. This includes expenditure on broadcasting services and other means of information directed to foreign countries like overseas communication services, expenditure on libraries and other cultural activities conducted abroad, all grants and loans in kind and cash as economic aid to foreign countries including its controlling departments, expenditure on technical assistance to foreign countries etc.

## 1.2. General research includes:

(a) Institutions and organisation engaged in basic and general research and promotions of such research and in general scientific knowledge and endeavours. This covers expenditure of the department of science and technology, Department of electronics, Institution of Economic growth, anthropological and botanical and Zoological surveys (but not gardens) archaeological department. National Archives (but excluding archaeological gardens) Standing Commission for Scientific and technical terminology, preparation of encyclopedia, grants to American Studies and Research Centre, India International Centre, Ford and Rockefeller Foundation etc.

## 2. Defence: Defence services include:

(a) Administration and research in connection with activities carried on for defence purposes viz. expenditure of Ministry of Defence, Defence Science organisation, Defence production Units.

(b) Military and civil defence viz. all types of expenditures for armed forces, army, navy and airforce, their recruitment, equipment moving, feeding, clothing, medical aid, housing including quarters for their family members, military construction, inspection, transport and storage, expenditure on military schools, training of civil defence personnel, expenditure on Home Guards and border Security Force etc.

(c) Military aid to other countries ie. expenditure for providing military aid to other countries, military alliances, contribution to international military organisation or groups.

## 3. Education:

### 3.1. Administration, regulation and research includes:

(a) Administration of Ministries or central departments of education ie. expenditure of the Department of Education, Directorate of Education etc.

(b) General regulation and promotion of school system, institutions of higher learning and adult and other educational activities ie. expenditure on Board of Higher Secondary Education, University Grants commission.

(c) Research into objectives, organisation, administration and methodology of all types of education, ie. grants to National Council of Educational Research and Training, Commission to study educational system, expenditure on production of text books, collection of educational statistics etc.

### 3.2. Universities, schools and other educational facilities include:-

(a) Educational services ie. all types of expenditure for primary and secondary schools, colleges, universities, technical training institutes like medical colleges and schools (including attached hospitals) nursing colleges/schools, veterinary colleges/schools engineering colleges, art colleges/schools, music



colleges and schools etc. This includes all expenditure on education for backward classes, adult education, education for displaced persons, non-custodian type schools for deaf, dumb and blind. Items of expenditure like introduction of Hindi in Universities, development of Sanskrit education, Central Institute of fisheries education, Marine Engineering training school etc. are also included. Expenditure on custodian type schools for deaf, dumb and blind is however, excluded and grouped under welfare services (Class 5). Expenditures for development of any language like development of Sanskrit, development of Hindi etc. are also excluded and classified as cultural services (class 7).

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

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

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

#### 4. Health

4.1. Administration, regulation and research includes:

(a) Administration of Ministries and similar department for health i.e. expenditure of Department of health.

(b) Administration of national health schemes i.e. expenditure for medical insurance schemes, (c) regulation standardise expenditure for regulation or hospital, medical and dental clinics, doctors, dentists, nurses and midwives. This includes expenditure of Directorate of Health Services, expenditure for drug control, Central Drug control, Central Drug Laboratory etc.

(d) Medical, dental and health research i.e. expenditure on and grants to research institute like All India Institute of Medical Sciences, National Institute of Communicable Diseases, All India Institute of Physical Medicine and Rehabilitation, Institute of Public Health etc.

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

4.2. Hospital, clinics and other health services includes:

(a) Hospitals and dispensaries i.e. all expenditure on hospital dispensaries, health clinics including insane asylums and care of mentally defective persons. These include expenditure

on drugs supplied, provisions of appliances, cost of construction and maintenance of hospitals, dispensaries and their development.

(b) Medical and health schemes ie. expenditure on drugs and appliances of National Health Scheme or programmes for immunisation vaccination and other expenditure for eradication of epidemic diseases like Malaria Control Programme, Filaria Control programme etc.

(c) Loans and grants for medical or health purposes to private hospitals, clinics, health centres, other bodies and individual doctors.

#### 5. Social security and welfare services:

Social security and welfare services includes:

(a) Administration ie. expenditure of Department of Social Welfare, Department of Family Planning etc.

(b) Social security benefits ie. expenditure on unemployment benefits, old age pensions, accident injury and sickness compensation and other benefits to compensate loss in income. This includes expenditure on personal injuries, compensation insurance schemes, state insurance schemes, grants to Life Insurance Corporations etc.

(c) Public relief ie. expenditure on civil supply or rationing systems, subsidised food scheme etc.

(d) Child Welfare services ie. expenditure for child and mothers care, maternity benefits, child welfare clinics institutions/homes for child and mother like maternity homes, orphanage etc.

(e) Care of aged, disabled persons ie. expenditure and grants to institutions for care of aged and other helpless persons blind, dumb and deaf, women home etc.

(f) Family Welfare services ie. expenditure on family planning family guardians and widows allowances, applied nutrition programme.

(g) Other welfare services ie. expenditure for settlement of homeless persons and displace goldsmiths, expenditure on bhoddan Yagna, payment of pensions to freedom fighters, territorial and political pensions, unspecified and general expenditure on welfare of backward classes, Grants, loans etc. to institutions or organisations engaged in welfare activities like Red Cross Society and contribution for unspecified charitable purposes.

#### 6. Housing and Community Amenities:

Housing and Community amenities include:

(a) Administration, regulation of standards and promotion of activities and facilities in respect of housing, community development and sanitation, urban and rural renewals. This includes expenditure of Ministry of works and housing, Department of Community Development

(b) Housing and related slum clearance activities i.e. expenditure for provision, assistance or support of residential house building activities, cost of acquisition of land for housing or urban development, loans to individuals or organisation for construction of residential houses, expenditure of the departments engaged in mortgage and financing for residential buildings, the liabilities of which are solely to the government.

(c) Town and country planning i.e. all types of expenditure for planning and development of towns colonies etc. This includes loans/grants to town and country planning organisation, Delhi Development authority, Metropolitan Development Organisation, Expenditure for development of broader areas, expenditure of National Building organisation etc.

(d) Urban and rural renewal and municipal amenities i.e. all types of expenditure for collection and disposal of garbage, refuse, development and maintenance of sewerage and drainage system, street cleaning, smoke regulation etc.

(e) Community facilities i.e. expenditure on community development schemes (general and specific items) national extension schemes local development works etc.

#### 7. Cultural, Recreational and Religious Services:

Cultural, recreational and religious services include:

(a) Administration and Central departments concerning with culture, recreation and religion i.e. expenditure of Department of culture, Directorate of Physical Education and Sports, Department of Tourism, Ministry of Information and Broad casting.

(b) Cultural and literary activities i.e. expenditure including grants/loans for studies of civilisation, language, literature, libraries etc. This includes loans/grants for and to central Institute of Indian Languages, children books in religion languages, National Book Fair, expenditure for prizes for writers for best books, development of Sanskrit Language, development of Hindi Language and other state language (under development of Hindi following are excluded commission for scientific and Technical Terminology, preparation of Hindi Encyclopedia, translations of manuals and forms in Hindi, correction of Hindi Text books, opening of Hindi departments in colleges and Universities).

(c) Recreational organs i.e. expenditure on All India Radio (excluding news division) film production, film censor departments, T.V. programme, Songs and Drama Division; Organisation in film festival, grants/loans to organisation or institution engaged in research and production of film, drama like National School of Drama film production training centres, art exhibitions etc.

(d) Recreational places i.e. expenditure on maintenance and improvement of botanical and Zoological gardens (excluding botanical and Zoological surveys and research) development of tourism, maintenance and development of tourist places, museums, parks, playgrounds, beaches, swimming pools, expenditure for camps, hostel and other lodging places (excluding student hostels) uplift of youth welfare including NCC, physical education and sports.

(e) Memorials of great personalities i.e. grants to Gandhi Memorial committee, Dr. Zakir Hussain Memorial Committee, Ram Mohan Roy Centary Committee.

(f) Religious services i.e. grants for religious purposes including repairs and maintenance of ancient temples, contribution to religious institutions and for memorial of religious leaders like Guru Nanak Birth Anniversary, Dussehra Exhibitions.

### 8. Economic Services:

#### 8.1. General administration, regulation and research includes:

(a) Ministries and Central departments, concerned with the general administration of economic, commercial and labour affairs i.e. expenditure of Department of Labour and Employment, Department of Commerce, Department of Company Affairs, Department of Banking. This includes expenditure on man-power Directorate, commercial Intelligence and statistics, factory inspection (unspecified or general) and regulations of working conditions of labour (unspecified or general).

(b) General regulation and registration of business i.e. expenditure on wage board, price control board, regulation of markets shop's establishments, regulation and standardisation of weights and measures etc.

(c) Labour affairs of general character i.e. expenditure on employment exchange including training centres for unemployed persons with the object of fixing them with employment, expenditure of factory inspection (unspecified or general) and regulation of working conditions of labour (unspecified or general) expenditure for inspection of mines, inspection of steam boilers etc. expenditure on labour arbitration boards, labour tribunals etc.

(d) Research on technological engineering market, labour and similar other research not allocable to any specific kind of industry. Expenditure on market research, research on manpower employment unemployment survey etc. are included, General meteorological departments and centres including weather forecasting, expenditure in National Atlas organisation, survey of General of India etc.

#### 8.2. Agriculture, forestry, fishing and hunting includes:

(a) Administration, regulation and research i.e. expenditure on Ministry of Food and Agriculture I.C.A.R.

(b) Development of Agriculture i.e. expenditure on Agricultural farms, implementation of improved method of agricultural practices including its demonstration, exhibitions, publicity etc. distribution and control of seeds and fertilisers, storing facilities for agricultural produce, marketing of agricultural produce, expenditure on agricultural price support schemes, expenditure on grow more food scheme. This also conditions of agricultural labourer, development of includes expenditure on improvement of jute, cotton tea plantation, sericulture and other cash crops.

\* and map making services, i.e., expenditure on meteorological

(c) Development and use of soil ie. expenditure on soil conservation, irrigation and drainage of lands, reclamation of wastelands, land settlement etc. This also includes consolidation of holding, flood control measures, settlement of land disputes.

(d) Forest ie. expenditure on conservation of forest, forest works, reforestation, fruit storate.

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

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

(f) Fishing ie. expenditure for production of fish both inland and coastal, development of fisheries and research on it, mechanisation of fish catching station, construction and improvement of fish landing station, expenditure on for fish nurseries, fish preservation and cold storage for fish. This also includes improvement of working conditions of fishermen, contribution to fishermen cooperative societies.

(g) Wild life ie. expenditure for preparation and protection of wild animals, control of hunting licences, aid for research on nature and behaviour of wild animals and their development.

### 8.3. Mining, manufacture and construction includes:

(a) Administration, regulation and research ie. expenditure on Ministry of Industry, Ministry of Steel and Mines, Ministry of petroleum and Chemicals, expenditure on geological survey, commission for Oil and Natural gas, Indian standard Institute.

(b) Mining ie. expenditure for promotion, investment grants subsidies and other assistance for extraction of coal, petroleum natural gas and other mineral ores, expenditure for development of mines and working conditions of mines including labour welfare activities.

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

(d) Building and construction industries ie. expenditure for promotion, development of building materials etc.

### 8.4. Electricity, Gas, steam and power includes:

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

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

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

8.5. Atomic Energy includes:

(a) Administration and research ie. expenditure of Department of Atomic energy.

(b) Expenditure on Atomic Energy Commission, Atomic Energy Research and Nuclear schemes, space research programmes like Thumba Equatorial Rocket Launching Station. Grants and donations to scientific societies and institutes.

8.6. Transportation and communication includes:

(a) Administration, regulation and research ie. expenditure of Ministry of Shipping and Transport, Ministry of communication, Department of Civil Aviation.

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

(c) Waterways and other navigation ie. expenditure including assistance, loans etc. to commercial enterprises for promoting providing for and maintaining facilities for inland and coastal waterways, regulation and control of waterways. This includes expenditure for dredging of canals, rivers, lakes including construction and operation of light houses, buoys and other navigational aids, construction, maintenance and operation of docks, harbours and port facilities, expenditure for protection of such coast, river coast and canal banks. (Canals, harbours and ports which are operated by commercial enterprises are excluded).

(d) Air transport and other communications ie. expenditure as investment, grant, subsidies and other assistance for air transport, railways, post and telegraphs, telecommunication services. This includes expenditure on overseas communication services, rope-ways etc.

8.7. Other Economic services include:

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

(b) Trade activity ie. expenditure for promotion, regulation research and other outlays for trade, promotion activity like Ministry of foreign trade, export promotion Directorate, Trade Development Authority, Directorate of Commercial Publicity loss on government trading, Trade Commissioner etc.

(c) Cooperative activity ie. expenditure for promotion, regulation, research and other outlays, assistance loans etc. for cooperative activities of general character. This includes expenditure of offices for registration and control of cooperative societies, development of cooperative movement in the country. (Cooperative activity on specific field will be classified in the category according to the field of activity).

Multi purpose schemes - Expenditure on Ministry of Irrigation and power (when it is not possible to disintegrate them); multi purpose river project like valley D.V.C. irrigation, navigation embankment and drainage scheme.

#### 9. Other purposes:

##### 9.1. Relief operation includes:

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

(d) Refugee relief and rehabilitation ie. expenditure of the Department rehabilitation development of area for resettlement of refugees, feeding and other expenditures on refugees, management of camps, grants/loans to refugees for business etc.

##### 9.2. Other miscellaneous purposes include:

(a) Interest on general and unspecified debt, unspecified grants/loans etc.

(b) Other outlays, not elsewhere classified ie. expenditure for payment of privy purses, compensation on zamindari abolition commission on inter state water dispute grants to Bharat Sevak Samaj etc.

TABLE 1.

Purpose classification of the State Government budgetary expenditure  
(Rs. lakhs)

Sl. No.	Item	Y e a r s					
		75-76 (Acc.)	76-77 (Acc.)	77-78 (Acc.)	78-79 (Acc.)	79-80 (RBE)	80-81 (BE)
1	2	3	4	5	6	7	8
1.	General Govt. services	6326	7247	7028	7883	9572	9811
1.1.	General administration external affairs and public order and safety	6324	7244	7025	7612	9287	9570
1.2.	General research	2	3	3	271	285	241
2.	Defence	1	..	..	..	..	..
3.	Education	13261	14809	15380	16697	18833	21110
3.1.	General administration, regulation & research	973	1490	1174	1244	1401	1529
3.2.	Schools, universities and other educational facilities including subsidiary services	12288	13319	14206	15453	17432	19581
4.	Health	2158	2342	2339	2551	3195	3630
4.1.	General Administration regulation and re- search	162	180	197	201	244	264
4.2.	Hospital, clinic and individual health services	1996	2162	2142	2350	2951	3366
5.	Social security and Welfare services	1621	1761	1846	2815	3368	3596
6.	Housing and community Amenities	1641	1750	2442	3944	4455	4121
7.	Cultural, recreational and other regulation services	409	439	567	445	940	912
8.	Economic services	10192	10616	12675	14331	19232	18511
8.1.	General administration regulation and re- search	305	279	368	1043	861	929
8.2.	Agriculture, Forestry fishing and hunting	3871	4493	5688	6750	7503	8928
8.3.	Mining, manufacturing and construction	1258	1512	2249	2794	4095	2803
8.4.	Electricity, Gas steam and power	2356	1538	1483	37	1219	1359
8.5.	Atomic energy	43	..	..	1	6	6
8.6.	Transportation and communication	1781	2189	2264	3080	4358	3401
8.7.	Other economic services	578	605	623	626	1190	1085
9.	Other purpose	3473	3771	4594	4799	3733	5078
10.	Grand Total	39082	42735	46871	53465	63328	66769





CHAPTER VII

Economic-cum-purpose classification

In this chapter the Economic and purpose classification of Government Expenditure have been combined into a two way cross classification table by significant economic and purpose categories. The expenditure is split up into significant economic categories for each of the services horizontally and into different purpose categories vertically.

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## ECONOMIC-CUM-PURPOSE CLASSIFICATION OF GOVERNMENT BUDGET (ACCOUNTS)

State: Kerala

Year: 1975-76

Rs. lakhs

Sl. No.	Economic classification/ functional classification	current Expenditure								Total current expen- diture	
		3	4	5	6	7	8	Transfers to local bodies for current operations	Transfers to income account of house- hold		
1	2										
1.	General public services	4528	1	..	246	..	..	..	..	5175	
1.1.	General administration ex- ternal affairs public sector	4526	1	..	246	..	..	..	..	5173	
1.2.	General research	2	..	..	..	..	..	..	..	2	
2.	Defence	..	..	..	..	..	..	..	..	..	
3.	Education	5079	..	..	7777	..	..	..	..	12856	
3.1.	Administration, regulation and research	355	..	..	353	..	..	..	..	708	
3.2.	Universities schools and other education facilities	4724	..	..	7424	..	..	..	..	12148	
4.	Health	2032	..	..	46	..	..	..	..	2078	
4.1.	Administration, regulation and research	130	..	..	23	..	..	..	..	153	
4.2.	Hospital, clinical and other health services	1502	..	..	23	..	..	..	..	1525	
5.	Social security and welfare services	763	..	..	1107	..	..	..	..	1870	

1	2	3	4	5	6	7	8
6.	Housing and community amenities	619	69	..	21	154	803
7.	Cultural recreational and religious services	194	..	..	116	48	358
8.	Economic services	2809	..	858	81	..	3748
8.1.	General administration regulation and research	278	..	..	5	..	283
8.2.	Agriculture, forestry, fishing and hunting	1105	..	250	10	..	1365
8.3.	Mining, manufacturing and construction	175	..	150	57	..	382
8.4.	Electricity, gas, steam and power	74	..	446	..	..	520
8.5.	Atomic energy	..	..	..	..	..	..
8.6.	Transportation and communication	1070	..	4	..	..	1074
8.7.	Other economic services	107	..	8	9	..	124
9.	Other purposes	9	2824	..	4	..	2837
	Total	16433	2834	858	338	202	29725

(Contd...S to 19)

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Capital Expenditure

Sl. No.	Gross fixed capital formation				Capital Expenditure				Total expenditure	Unallo cable total	
	Buildings & other construction	Machinery & equipment	Net increase in stocks	Investment in shares	to local bodies	Loans and advances to other domestic sect-ors	to other domestic sect-ors	Grand total			
	9	10	11	12	13	14	15	16	17	18	19
1.	2	34	..	..	..	887	..	241	1164	(- )13	6326
1.1	2	34	..	..	..	887	..	241	1164	(- )13	6324
1.2.	..	..	..	..	..	..	..	..	..	..	..?
2.	1	..	..	..	..	..	..	..	..	..	..1
3.	147	116	..	..	..	7	..	135	405	..	13261
3.1.	77	53	..	..	..	..	..	135	265	..	978
3.2.	70	63	..	..	..	7	..	..	140	..	12233
4.	36	22	..	1	..	6	..	15	80	..	2158
4.1.	..	6	..	..	..	3	..	..	9	..	162
4.2.	36	16	..	1	..	3	..	15	71	..	1996
5.	87	(-)401	..	24	..	27	..	13	(-)245	(-)4	1621

Contd.....

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	1	9	10	11	12	13	14	15	16	17	18	19
6.	388	24	186	2	85	37	11	105	838	..	1641	
7.	14	..	..	12	..	7	..	18	51	..	409	
8.	3033	451	11	1026	15	38	..	1911	6485	(-)	41	10192
8.1.	..	5	..	10	..	..	..	7	22	..	305	
8.2.	1632	372	11	102	15	3	..	417	2552	(-)	46	3871
8.3.	7	4	..	596	..	12	..	252	871	5	1258	
8.4.	905	6	..	..	..	..	..	925	1836	..	2356	
8.5.	43	..	..	..	..	..	..	..	43	..	43	
8.6.	446	64	..	185	..	12	..	..	707	..	1781	
8.7.	..	..	..	133	..	11	..	310	454	..	578	
9.	55	..	..	..	..	163	..	..	218	418	3473	
T.	3763	246	197	1065	100	1172	11	2443	8997	360	39082	

## Economic-cum-purpose classification of Government Budget (Accounts) (Rs. lakhs)

Kerala

Year: 1976-77

Current Expenditure

Economic classification/ functional classification	Current Expenditure						
	1	2	3	4	5	6	7
		current ex- penditure on goods & ser- vices	Interest on General debt	Subsi- dies	Transfers to income account of household	Transfers to local bodies for current operations	Total current expenditure
1. General public services	5381		2	..	250	1	5634
1.1. General administration, external affairs public sector and safety	5378		2	..	250	1	5631
1.2. General research	3		..	..	..	..	3
2. Defence	..		..	..	..	..	..
3. Education	5656		..	..	8540	..	14196
3.1. Administration, regula- tion and research	372		..	..	615	..	987
3.2. Universities schools & other educational faci- lities	5284		..	..	7925	..	13209
4. Health	2217		..	..	49	..	2266
4.1. Administration, regula- tion and research	151		..	..	24	..	175
4.2. Hospital clinical and other health services	2066		..	..	25	..	2091

Contd.....

	1	2	3	4	5	6	7
5. Social security and welfare services		623	..	..	1251	..	1874
6. Housing and community amenities		607	..	..	42	134	783
7. Cultural recreational & religious services		219	..	..	144	46	409
8. Economics services		2814	..	834	51	..	3699
8.1. General administration regulation and research		240	..	..	6	..	246
8.2. Agricultural forestry, fishing and hunting		954	..	337	14	..	1305
8.3. Mining manufacturing and construction		206	..	152	21	..	379
8.4. Electricity, gas steam and power		122	..	326	..	..	448
8.5. Atomic energy		..	..	..	..	..	..
8.6. Transportation and communication		1181	..	2	1	..	1184
8.7. Other economic services		111	..	17	9	..	137
8. Other purposes		2	3157	..	1	..	3160
Grand Total		17519	3159	834	10328	181	32021



Capital expenditure

Gross fixed capital formation

Loans and advances to

Capital transfer

Building & other construction activities  
 Machinery & equipment  
 Net increase in stocks  
 Investment in shares (net)  
 to local bodies  
 to other domestic sectors  
 other domestic sectors  
 total capital expenditure  
 Un-allo cable total

	8	9	10	11	12	13	14	15	16	17	18
181	132	58	..	..	..	1320	..	233	1613	..	7247
..	58	..	..	..	..	1320	..	233	1613	..	7244
..	..	..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..	..	..
181	132	58	24	24	..	7	..	269	613	..	14809
..	58	..	24	24	..	..	..	269	503	..	1490
20	73	..	..	..	..	7	..	..	110	..	13319
33	23	..	1	1	..	9	..	10	76	..	2342
..	5	..	..	..	..	..	..	..	5	..	180
33	18	..	1	1	..	9	..	10	71	..	2162
52	(-)287	..	33	33	..	25	26	43	(-)108	(-)5	1761
574	22	(-)10	13	13	86	44	128	110	967	..	1750
5	1	..	9	9	..	1	..	21	37	(-)7	439

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	8	9	10	11	12	13	14	15	16	17	18
8.	3755	121	(-)6	1364	13	81	..	1605	6983	(-)16	10616
8.1.	..	7	..	9	..	..	..	17	33	..	279
8.2.	2359	28	(-)6	191	13	58	..	545	3188	..	4493
8.3.	5	2	..	681	..	16	..	429	1133	..	1512
8.4.	708	22	..	..	..	..	..	360	1090	..	1533
8.5.	..	..	..	..	..	..	..	..	..	..	..
8.6.	683	61	..	266	..	1	..	10	1021	(-)16	2189
8.7.	..	1	..	217	..	6	..	244	468	..	605
8.	106	..	..	..	..	82	..	..	188	423	3771
Total	4708	70	(-)16	1444	99	1569	154	2291	10319	395	49735

ECONOMIC CUM PURPOSE CLASSIFICATION OF EXPENDITURE OF  
ADMINISTRATIVE DEPARTMENTS

1977-78 (Actual)

Kerala State

(Rs. lakhs)

Economic Classification/  
Functional classification

Current Expenditure

Current Expenditure on goods & Services Interest on general debt Sub-transfers to local bodies Transfers to income acc-ount of house hold for current operation Total current expenditure

	1	2	3	4	5	6	7
1. General Public services		5545	.1	..	284	1	5831
1.1. General administration, external affairs, public sector and safety		5542	1	..	284	1	5828
1.2. General research		3	..	..	..	..	3
2. Defence		..	..	..	..	..	..
3. Education		5967	..	..	8777	..	14744
3.1. Administration regulation and research		368	..	..	317	..	685
3.2. Universities schools and other educational facilities		5599	..	..	8460	..	14059
4. Health		2234	..	..	41	..	2275
4.1. Administration, regulation and research		177	..	..	18	..	195
4.2. Hospital, clinical and other health services		2057	..	..	23	..	2080
5. Social security and welfare services		677	..	2	1237	..	1916
6. Housing and community amenities		708	..	..	71	102	881

	1	2	3	4	5	6	7
7. Cultural recreational and religions services	214	214	..	46	182	..	442
8. Economic services	2948	2948	22	1067	44	2	4083
8.1 General administration, regulation and research	339	339	..	..	2	..	341
8.2 Hospital, clinical and other health services	1024	1024	..	237	18	..	1279
8.3 Mining, Manufacturing and construction	158	158	..	308	19	..	485
8.4 Electricity, gass, steam and power	109	109	22	500	..	2	633
8.5 Atomic energy	..	..	..	..	..	..	..
8.6 Transportation and communication	1197	1197	..	1	..	..	1198
8.7 Other economic services	121	121	..	21	5	..	147
9. Other purposes	2	2	3568	..	21	..	3591
Grand Total	18295	18295	3591	1115	10657	105	33763

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Capital Expenditure

Gross fixed capital formation

Building & other construction  
Machinery & equipment

Capital transferred

Loans advances

Net increase in stocks in shares  
Investment in shares  
Local bodies  
Other domestic sectors  
Local bodies  
Other domestic sectors  
Total Un-Grand all-ocable

	8	9	10	11	12	13	14	15	16	17	18
1.	4	22	..	..	..	982	..	3	1011	186	7028
1.1	4	22	..	..	..	982	..	3	1011	186	7025
1.2	..	..	..	..	..	..	..	..	..	..	3
2	..	..	..	..	..	..	..	..	..	..	..
3	263	187	..	..	..	6	..	180	636	..	15380
3.1	221	88	..	..	..	..	..	180	499	..	1174
3.2	42	99	..	..	..	6	..	..	147	..	14206
4	53	8	..	1	..	..	..	2	64	..	2339
4.1	1	1	..	..	..	..	..	..	2	..	197
4.2	52	7	..	..	..	..	..	..	..	..	..
5	11	12	(-)237	13	..	..	..	2	62	..	2142
6	677	17	(-)157	29	131	69	..	41	(-)65	(-)5	1846
7	7	1	..	87	..	116	65	5	1561	..	2442
					..	4	..	33	132	(-)7	567

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	8	9	10	11	12	13	14	15	16	17	18
9.	5247	120	(-)91	1342	57	124	..	1766	8567	25	12675
8.1	..	10	..	..	..	..	..	17	27	..	368
8.2	3657	69	(-)91	186	57	21	..	480	4381	28	5638
8.3	49	..	..	751	..	97	..	867	1764	..	2249
8.4	675	12	..	..	..	..	..	163	850	..	1483
8.5	..	..	..	..	..	..	..	..	..	..	..
8.6	866	29	..	164	..	..	..	10	1069	(-)3	2264
8.7	..	..	..	241	..	6	..	229	476	..	623
9	241	..	..	..	1	365	..	..	607	396	4594
T.	6503	367	(-)485	1499	189	1666	65	2551	12513	595	45371

## Economic cum purpose classification of expenditure of Administrative

Department

State: Kerala (Rs.lakhs)

Year: 1978-79 (Accounts)

Economic/Functional classification	Current Expenditure						
	2	3	4	5	6	7	Total
	Expendi- ture on Goods & services	Interest on General Department	Subsid- ies	Transfers to house- hold	Transfers to local bodies		
1							
1. General Public Services	5379	4	..	294	1	6678	
1.1. General Administration external Affairs Public sector and safety	5222	4	..	291	1	6518	
1.2 General Research	157	..	..	3	..	160	
2. Defence	..	..	..	..	..	..	..
3. Education	6833	..	..	9230	..	16063	
3.1. Administration, regulation and research	352	..	..	1440	..	792	
3.2. Universities schools and other educational facilities	6481	..	..	8790	..	15271	
4. Health	2326	..	..	74	..	2400	
4.1 Administration, regulation and research	168	..	..	30	..	198	
4.2 Hospital clinics and other health services	2158	..	..	44	..	2202	
5. Social security and welfare services	809	..	139	1574	..	2522	
6. Housing and community amenities	776	4	3	110	173	1066	
7. Cultural, recreational and religious services	17	..	..	192	46	255	

Capital Expenditure

	Gross fixed capital formation		Change in stocks (net)	Capital transfer to			Loans & advances		Total	Un- cable	Grand Total
	Building and other constructions	Machinery and equipment		Local bodies	to other domestic sectors	Local bodies	Other domestic sector				
	8	9	10	11	12	13	14	15	16	17	18
1	26	167	..	..	..	1010	..	2	1205	..	7883
1.1	..	82	..	..	..	1010	..	2	1094	..	7612
1.2	26	85	..	..	..	..	..	..	111	..	271
2	..	..	..	..	..	..	..	..	..	..	1557
3	371	121	..	..	..	7	..	135	634	..	15697
3.1	309	5	..	..	..	3	..	135	452	..	1244
3.2	62	116	..	..	..	4	..	..	182	..	15453
4	72	71	..	2	..	..	..	6	151	..	2551
4.1	1	..	..	..	..	..	..	2	..	..	201
4.2	71	71	..	2	..	..	..	4	148	..	2350
5	58	16	(-)140	81	..	53	..	80	..	145	2815
6	1143	11	244	15	128	300	145	892	2278	..	3944
7	3	..	..	103	..	2	..	89	197	(-7)	445

contd...../-



## Economic-cum-purpose classification of expenditure of Administrative Departments

Year : 1978-79 (Accounts)

State: Kerala

Rs.lakhs

	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
1																			
8. Economic Services	1885	19	1531	7291	(-)	42	4152	5427	129	57	1557	43	192	..	2755	10121	88	14331	
8.1. General Administration regulation and research	373	..	..	630	..	1003	1	19	..	..	..	..	..	..	20	40	..	1043	
8.2. Agricultural, Forestry fishing and hunting	1014	..	654	60	..	1728	4095	49	57	196	4	167	..	390	4958	64	6750		
8.3 Mining, manufacturing and construction	192	..	359	12	..	563	54	17	..	788	..	16	..	1351	2226	5	2794		
8.4 Electricity, gas and steam and power	(-)	183	19	537	..	(-)	42	331	(-)	1052	16	..	..	..	712	(-)	294	..	37
8.5 Atomic energy	..	..	..	..	..	..	1	..	..	..	..	..	..	..	1	..	..	1	
8.6 Transportation and communication	348	..	3	..	..	351	2328	28	..	323	..	..	..	65	2744	(-)	15	3080	
8.7 Other economic services	141	..	8	27	..	176	..	..	..	250	..	9	..	187	446	4	626		
9. Other purposes	6	3770	..	363	..	4139	291	..	..	..	..	..	..	..	291	369	4799		
Grand Total	19031	3797	1703	12566	178	37275	7391	515	161	1758	132	1564	145	3959	15625	565	53465		

**Economic-cum-Purpose classification of expenditure of Government  
Administrative Departments**

(Rs.lakhs)

State - Kerala 1979-80 (RBE)

**Current Expenditure.**

Economic/Functional Classification	Current Expenditure.							Total
	2	3	4	5	6	7		
	Current expenditure on goods & services	Interest on general dept	Subsidies	Transfers to house hold	Transfers to local bodies			
1. General Public Services	7581	1	..	391	1		7974	
1.1. General Administration external affairs, public sector and safety	7427	1	..	383	1		7812	
1.2. General Research	154	..	..	8	..		162	
2. Defence	..	..	..	..	..		..	
3. Education	7937	..	..	10228	..		18165	
3.1. Administration, regulation and research	516	..	..	506	..		1022	
3.2. Universities schools and other educational facilities	7421	..	..	9722	..		17143	
4. Health	2919	..	..	84	..		3003	
4.1. Administration regulation and research	203	..	..	38	..		241	
4.2. Hospital, clinical & other health services	2716	..	..	46	..		2762	
5. Social security and welfare services	1176	..	50	1822	..		3048	
6. Housing and community amenities	906	13	114	118	189		1340	
7. Cultural recreational & & research services	287	..	..	243	210		740	

## Capital Expenditure.

Gross fixed capital formation	Capital transfer										Loans and advances				
	8	9	10	11	12	13	14	15	16	17	18	15	16	17	18
Building & other construction	Machinery and equipment	Change in stock	Interstment in shares (net)	Transfers to local bodies	Transfers to other domestic sectors	Local bodies	Other domestic sectors	Total expenditure	Un-allocated	Grand total					
1.	69	151	..	..	..	1377	..	1	1598	..	..	..	..	..	9572
1.1	..	97	..	..	..	1377	..	1	1475	..	..	..	..	..	9237
1.2	69	54	..	..	..	..	..	..	123	..	..	..	..	..	285
2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
3	312	137	..	..	..	87	..	132	668	..	..	..	..	..	18833
3.1	218	5	..	..	..	24	..	132	379	..	..	..	..	..	1401
3.2	94	132	..	..	..	63	..	..	289	..	..	..	..	..	17432
4	139	43	..	1	..	9	..	..	192	..	..	..	..	..	3195
4.1	..	3	..	..	..	..	..	..	3	..	..	..	..	..	244
4.2	139	40	..	1	..	9	..	..	189	..	..	..	..	..	2851
5	116	15	..	52	..	54	3	87	327	(-)	7	..	..	..	3368
6	1292	22	360	32	276	173	221	739	3115	..	..	..	..	..	4455
7	20	..	..	105	..	7	..	76	208	(-)	8	..	..	..	940

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
3. Economic services	2256	29	1349	516	13	4163	8033	181	15	2588	3	241	2	3903	1496	103	19232	
8.1. General Administration regulation and research.	415	..	..	..	419	..	834	1	18	..	..	..	..	..	8	27	..	861
8.2. Agricultural, forestry, fishing and hunting	1286	..	737	50	1	2074	4340	77	15	133	3	176	..	..	586	5330	99	7503
8.3. Mining, Manufacturing and construction	275	..	445	17	..	737	41	21	..	1450	..	33	2	1802	3349	9	4095	
8.4. Electricity, gas, steam and power	146	29	25	..	12	-80	1098	21	..	..	..	..	..	..	180	1299	..	1219
8.5. Atomic energy	..	..	..	..	..	..	6	..	..	..	..	..	..	..	..	6	..	6
8.6. Transportation & communication	275	..	4	1	..	280	2547	44	..	516	..	..	..	..	985	4092	(-)	14
8.7. Other economic services	151	..	138	29	..	318	..	..	..	489	..	32	..	..	342	863	9	1190
9. Other purposes	2	2997	1	91	..	3091	300	..	..	..	..	..	..	..	300	342	3733	..
Grand Total	23064	3040	1514	13493	413	41524	10281	549	375	2778	279	1948	226	4938	21374	430	63328	..

Economic - Cum purpose classification of Expenditure of Administrative Department

Year 1 -81

Economic/Functional Classification	Current Expenditure							Total
	Expenditure on goods and services	Interest on general debt	Subsidies	Transfer to households	Transfer to local bodies			
1	2	3	4	5	6	7		
1. General Public Services	7832	1	..	421	1	8255		
1.1. General Administration external affairs public sector and safety	7721	1	..	413	1	8136		
1.2. General Research	111	..	..	8	..	119		
2. Defence	..	..	..	..	..	..		
3. Education	5504	..	..	10877	..	20381		
3.1 Administration Regulation and research	588	..	..	548	..	1136		
3.2 Universities schools and other educational facilities	8916	..	..	10329	..	19245		
4. Health	3281	..	..	82	..	3363		
4.1 Administration regulation and research	224	..	..	33	..	257		
4.2 Hospital clinic and other health services	3057	..	..	49	..	3106		
5. Social security and welfare services	1281	..	75	1986	..	3342		
6. Housing and community amenities	971	15	2	53	264	1305		
7. Cultural, recreational and religious services	279	..	..	237	210	726		

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	2	3	4	5	6	7
8. Economic services	2422	30	1406	660	(-3)	4515
8.1 General Administration regulation and research	457	..	..	428	..	885
8.2. Agriculture, Forestry fishing and hunting	1386	..	855	170	1	2412
8.3. Mining, Manufacturing and construction	289	..	460	33	..	782
8.4 Electricity, Gas, Steam and power	(-)168	30	25	..	(-)4	(-)117
8.5 Atomic energy	..	..	..	..	..	..
8.6 Transportation and Communication	287	..	4	1	..	292
8.7 Other economic services	171	..	62	28	..	261
9: Other purposes	13	4191	4	111	..	4319
10: Grand total	25583	4237	1487	14427	472	46206

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	9	10	11	12	13	14	15	16	17	18
1	106	141	..	..	1308	..	..1	1566	..	9811
1.1	..	125	..	..	1308	..	..1	1434	..	9570
1.2	106	16	..	..	..	..	..	122	..	241
2	..	..	..	..	..	..	..	..	..	..
3	352	154	..	..	875	..	..136	729	..	21110
3.1	247	10	..	..	..	..	..136	393	..	1529
3.2	105	144	..	..	87	..	..	356	..	19581
4	203	62	..	..	1	..	..	267	..	3630
4.1	..	7	..	..	..	..	..	7	..	264
4.2	203	53	..	..	..	..	..1	260	..	3366
5	146	17	3	..	41	..	..14	261	(-)	3595
6	1097	19	360	381	172	87	679	2816	(-)	4121
7	33	..	..	..	6	..	..56	194	(-)	912
8	8855	199	14	14	299	1	2148	13918	78	18511
8.1	15	29	..	..	..	..	..	44	..	929
8.2	5405	..	13	14	240	..	..515	6445	71	8928
8.3	1	12	..	..	51	1	..23	208	15	2803
8.4	928	28	..	..	..	..	..20	1476	..	1339
8.5	6	..	..	..	..	..	..	..	..	6
8.6	3470	45	1	..	..	..	..106	3124	(-)	3461
8.7	..	..	..	..	8	..	..364	815	9	1065
9	339	..	..	..	83	..	..	447	312	5078

11131 592 377 2574 395 1997 88 3034 20188 375 66769

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