

3

Financing the Plan

Financial Resources: Centre and States

INTRODUCTION

3.1. This chapter presents projections of the likely availability of total savings in the economy and also of public sector resources in the Eleventh Plan period given the target GDP growth rate of 9%. The overall picture in terms of resources for the economy as a whole suggests that given recent trends, it will be possible to mobilize the savings needed to finance the gross domestic investment needed for 9% growth. As far as public sector resources is concerned, the estimates show resource availability for the Eleventh Plan of Rs 3644718 crore at 2006–07 price for the Centre and States taken together. At comparable prices, this amounts to an increase of 120.5% over the Tenth Plan realization.

3.2. These projections imply that public sector resources for the Plan will increase from 9.46% of GDP in the Tenth Plan to 13.54% in the Eleventh Plan. Thus outcome depends critically on achievement of buoyancy in tax revenue, effective control over consumption expenditure and subsidies, and an improvement in the resource mobilizing capacity of Public Sector Undertakings (PSUs) both at the Central and State levels.

PUBLIC SECTOR RESOURCES IN THE TENTH PLAN

3.3. This section presents an overview of the resources of the Centre and States in the Tenth Plan period.

CENTRE'S RESOURCES

3.4. The GBS to the Tenth Plan was projected at Rs 706000 crore at 2001–02 price. This included Rs 300265 crore of Central assistance (CA) to the States and UTs. With

the Tenth Plan resources of Central Public Sector Units (CPSUs) projected at Rs 515556 crore, resources available for the Central Plan was fixed at Rs 921291 crore.

3.5. Table 3.1 shows the financing pattern of the Centre's Plan during the Tenth Plan. The realized GBS available for the Plan was 84.2% of the projected amount. Realized Central assistance to States and UTs at Rs 203117 crore was 67.6% of the projected level. As a percentage of GBS, this declined from 42.5% to 34.2%. This decline in the share of CA to States and UTs is partly a reflection of the disintermediation of the loan portion of CA following the Twelfth Finance Commission's (TFC) award in the middle of the Tenth Plan period, and partly also a result of the increasing resource transfers to States through CSS specially in health, education and rural development, which expanded well beyond what was originally projected. CPSUs achieved 71.5% of resources projected in the Plan.

3.6. The total resources available for the Central Plan, consisting of GBS for the Central Plan plus PSUs' resources, worked out to 82.5% of the projected level i.e. Rs 760327 crore at 2001–02 price.

3.7. The pattern of funding GBS in the Tenth Plan as actually realized reflects a significant deterioration of non-debt contribution compared with the Plan projections. The share of Balance from Current Revenues (BCR) in GBS was projected to be (–)0.9% but deteriorated sharply to (–)17.2%. The realized share of borrowings had to

TABLE 3.1
Projected vis-à-vis Realized Financing Pattern of the Plan Outlay of the Centre (including UTs)

(Rs crore at 2001–02 price)

Sources of Funding	Tenth Plan		
	Projection	Realization	% Realization
1 BCR	–6385 (–0.9)	–102280 (–17.2)	–1601.9
2 Borrowings including net MCR	685185 (97.1)	683962 (115.0)	99.8
3 Net Flow from Abroad	27200 (3.9)	12966 (2.2)	47.7
4 Gross Budgetary Support for the Plan (1+2+3)	706000 (100.0)	594649 (100.0)	84.2
5 Central assistance to States and UTs	300265 (42.5)	203117 (34.2)	67.6
6 GBS for Central Plan (4–5)	405735 (57.5)	391532 (65.8)	96.5
7 Resources of PSEs	515556	368796	71.5
8 Resources for Central Plan (6+7)	921291	760327	82.5

Note: Figures in parentheses are percentages of Gross Budgetary Support to Plan (S. No. 4).

Source: Planning Commission.

increase to 115% as against the projected share of 97.1% to bridge the BCR gap.

3.8. The deterioration in BCR during the Tenth Plan as compared to the projections reflects a relatively poor performance in the earlier years of the Plan. The BCR improved continuously, however, during each of the successive years of the Plan and turned positive in 2006–07. A robust economic growth and improved performance of the manufacturing sector helped to ensure that revenue receipts, particularly tax revenues, were buoyant throughout the Tenth Five Year Plan. Gross tax revenue of the Central Government recorded an average annual growth of 20.5%. Net of the share of the States, the tax revenues of the Centre grew at 21.4%. However, growth in non-tax revenue in the same period was moderate at 4.0%. The average annual growth of revenue receipts of the Central Government during the Tenth Plan was 16.7%.

3.9. Revenue receipts of the Centre increased by 1.1 percentage points of GDP from 9.4% in 2002–03 to 10.5% in 2006–07. Between 2002–03 and 2006–07, gross tax revenue as a proportion of GDP increased by about 2.7 percentage points, of which 0.6 percentage points was the increase in the share of the States. The gross tax GDP

ratio increased to 10.3% in 2005–06 and is expected to increase further to 11.5% in 2006–07. Tax revenues (net of States' shares) increased by about 2.1 percentage points from 6.4% in 2002–03 to 8.5% in 2006–07. However, non-tax revenue fell by about 0.9 percentage points from 2.9% of GDP in 2002–03 to 2.0% of GDP in 2006–07. The decline in non-tax revenue has been largely due to a steep decline in interest receipts by about one percentage point owing to debt swap, and debt consolidation and resetting of interest rates, and disintermediation in borrowings arising from the award of the TFC.

3.10. The Non-Plan Revenue Expenditure (NPRE) declined by about 1.86 percentage points from 10.87% of GDP in 2002–03 to 9.01% of GDP in 2006–07 (refer to Table 3.2). This was mainly because of a sharp decline in interest payments of about 1.17% of GDP. Subsidies actually reflected in the Central budget declined by about 0.49% of GDP between 2002–03 and 2006–07. However, this ignores the fact that there was substantial under-provisioning in the budget for fertilizer subsidy. It also does not account for the under-recovery by petroleum companies because of the inadequate adjustment in prices to compensate for oil price increases.

TABLE 3.2
Non-Plan Revenue Expenditure (NPRE)
and its Components

	(Rs crore)	
	2002–03 Actual	2006–07 Provisional
1 Interest	117804 (4.79)	149553 (3.62)
2 Pension	14496 (0.59)	21984 (0.53)
3 Salary*	18253 (0.74)	23232 (0.56)
4 Subsidies	43533 (1.77)	52935 (1.28)
5 Other NPRE	73058 (2.97)	123940 (3.00)
6 (Total) NPRE	267144 (10.87)	371644 (9.01)

Note: *2006–07 is BE. Figures in parentheses are percentages of GDP.

Source: Planning Commission.

3.11. During the Tenth Plan, expenditure on subsidies increased by 22.8% from Rs 43533 crore in 2002–03 to Rs 52935 crore in 2006–07. The main factor behind the increase was fertilizer subsidy, which more than doubled. While food subsidy remained stable and other subsidies increased by 29%, petroleum subsidies reflected in the budget declined in nominal terms. The apparent decline in petroleum subsidies, however, does not reflect the quasi-fiscal subsidization of oil prices through the issue of oil bonds. Subsidy rationalization, including targeting of the poor, has been an announced policy objective of the government for over a decade. However, success in this area has been rather limited.

3.12. Because of buoyant revenue receipts and some control over expenditure following the enactment of the fiscal responsibility legislation (see Box 3.1), the borrowings of the Central Government have been contained within the projected level in absolute terms. The percentage of interest payments to revenue receipts declined from 51% in 2002–03 to 34.5% in 2006–07 implying improved sustainability of the Centre's debt burden. The debt burden of the Centre has declined by almost 3.1 percentage points from 63.4% in 2002–03 to 60.3% of GDP as per 2006–07 BE.

3.13. The gross fiscal deficit of the Centre, as a percent of GDP, declined from 5.9% in 2002–03 to 4.1% in 2005–

TABLE 3.3
Gross Fiscal Deficit

Year	(as % of GDP)		
	Centre	States	Combined
2002–03	5.9	4.2	9.6
2003–04	4.5	4.5	8.5
2004–05	4.0	3.5	7.5
2005–06	4.1	2.5	6.7
2006–07 (RE)	3.7*	2.8	6.4
2007–08 (BE)	3.3	2.4	5.6
Tenth Plan (2002–07)	4.4	3.5	7.7

Note: *3.5 (2006–07 Provisional). BE stands for Budget Estimates.

Source: Macroeconomic and Monetary Developments Mid-Term Review 2007–08, 30 October 2007, RBI.

06 and further to 3.5% in 2006–07. The gross fiscal deficit of the States, as a percent of GDP, also declined from 4.2% in 2002–03 to 2.8% in 2006–07 revised estimates (RE). As a result, the combined fiscal deficit of the Centre and States came down from 9.6% in 2002–03 to 6.4% in 2006–07 (RE). The average fiscal deficit for the Tenth Plan, as a percent of GDP, was 4.4% for the Centre, 3.5% for the States and 7.7% for the Centre and States combined. The year-wise figures of fiscal deficit are provided in Table 3.3.

3.14. The net inflow from abroad on government account, which is deployed for funding externally aided projects, was projected to contribute 3.9% of GBS in the Tenth Plan. However, actual realization was less than half of the projected level, thereby reducing its realized share in Plan resources to 2.2% of GBS. The fall in net inflow from abroad is due to the repayment of costlier debt in the initial years of the Tenth Plan.

3.15. The IEBR of the CPSUs was projected to provide Rs 515556 crore but the actual realization was only Rs 368796 crore or 71.5% of the projected amount. As a result the realized share of IEBR in the Central Plan resources was only 48.5%, substantially lower than the projected share of 56%.

3.16. The investment by CPSUs is financed through budgetary support provided by the Central Government, which is a part of total plan outlay and GBS, and IEBR raised by CPSUs on their own. IEBR comprises of Internal Resources, and Extra-Budgetary Resources (EBR). Internal Resources comprise retained profits—net of dividend paid to government, depreciation provision, and

carried forward reserves and surpluses. EBR consist of receipts from the issue of bonds, debentures, ECB, suppliers' credit, deposit receipts, and term loans from financial institutions.

3.17. IEBR contributed 83% of the Plan outlay of CPSUs during the Tenth Plan. Of this, Internal Resources contributed 47% and Extra-Budgetary Resources, 36%. In the original projections, Internal Resources (IR) were to contribute 79% and EBR were to contribute only about 21%. However, over the Tenth Plan, realization of IR has been about half the projection. The shortfall in IR has

led to increased borrowings by the CPSUs. Consequently, EBR have exceeded the Tenth Plan target by about 51%.

RESOURCES OF STATES AND UNION TERRITORIES (UTs)

3.18. The Tenth Plan resources of the States and UTs were projected at Rs 590948 crore at 2001–02 price. The realization at 2001–02 prices is placed at Rs 569233 crore or 96.3% of the projected level. The realized pattern of funding, however, shows a divergence from the projected levels (as shown in Table 3.4). BCR has deteriorated by about 67 percentage points over the projected

Box 3.1

FRBMA, 2003 and Fiscal Consolidation

The Fiscal Reforms and Budget Management Act (FRBMA) enacted in 2003, is an important institutional mechanism to ensure fiscal prudence and support for macro economic balance. According to the Rules framed under the Act, revenue deficit is to be eliminated by 31 March 2009, and fiscal deficit is to be reduced to no more than 3% of estimated GDP by March 2009. The process of fiscal consolidation under FRBMA has been continuous. It has yielded rich dividends in terms of creating fiscal space for increased spending on infrastructure and social sectors. The traditional annual budgeting has moved to a more meaningful medium-term fiscal planning framework. FRBMA provides the basic structure around which many fiscal measures have been implemented. Some of the important among these include: reducing peak rates of customs duties, rectifying anomalies like inverted duty structure, rationalizing excise duties, relying on voluntary tax compliance, introduction of State-level VAT, increasing productivity of expenditure through an outcome budget framework, and innovative financing mechanisms like creation of special purpose vehicles for infrastructure projects. The success in fiscal consolidation in the Tenth Plan has provided a good foundation to build the Eleventh Plan.

TABLE 3.4
Core Tenth Plan Resources of States and UTs

(Rs crore at 2001–02 price)			
Sources of Funding	Projection	Realization	% realization
1 Balance from Current Revenues	–15295 (–2.6)	–25514 (–4.5)	–166.8
2 Resources of PSEs	82684 (14.0)	95714 (16.8)	115.8
i) Internal resources	–7760 (–1.3)	9653 (1.7)	224.4
ii) Extra-Budgetary resources	90444	86061	95.2
3 Borrowings	264802 (44.8)	299022 (52.5)	112.9
4 State's Own Resources (1+2+3)	332191 (56.2)	369222 (64.9)	111.1
5 Central assistance	258757 (43.8)	200011 (35.1)	77.3
6 Aggregate Plan Resources (4+5)	590948	569233	96.3
7 GBS to Plan (6–2)	508264	473519	93.2
8 GBS as percentage of GDP	3.6	3.4	

Note: Figures in parentheses are percentages of Aggregate Plan Resources.

Source: Planning Commission.

level. However, with resources of the PSEs being 16% higher and borrowings 13% higher, the States' own resources have improved by 11 percentage points over the projected level.

3.19. Performance of the States can be analysed, broadly, in terms of three components, viz, the BCR reflecting non-debt resources, States' borrowings reflecting debt based funding, and Central assistance, which is now all grant.

3.20. The BCR of the States was expected to be (–)Rs 15295 crore but the actual situation has been much worse, with a negative BCR of Rs 25514 crore. The States' own tax revenues have increased due to improvements made possible through the introduction of value-added tax (VAT). The share of Central taxes devolved to the States has also improved owing to buoyant resources of the Centre. However, compression of non-Plan expenditure has not been as expected.

3.21. Against a projected contribution of 44.8% of the Plan resources, borrowings in the Tenth Plan reached 52.5%. The higher share of borrowings is partly due to the deterioration in BCR. Central assistance to States and UTs in the Tenth Plan was 77.3% of the projected level, and its contribution to Plan resources however, has been only 35% as against the projection of about 44%. This has been a consequence of disintermediation of Plan loans to States and UTs in the wake of recommendations of the TFC and increased resource transfers through CSS.

PUBLIC SECTOR RESOURCES IN THE ELEVENTH PLAN

CENTRE'S RESOURCES

3.22. There have been several important developments during the Tenth Plan that have implications for financing of the Eleventh Plan. FRBMA, 2003 is in force and the TFC award for 2005–10 is being implemented. Service tax has emerged as a very promising source of revenue. An announcement has also been made that efforts will be made to introduce a unified goods and service tax (GST) by 1 April 2010. The Sixth Central Pay Commission was constituted in October 2006 and is scheduled to submit its recommendations in 2008–09.

Effect of FRBMA

3.23. FRBMA, 2003 and the associated rules notified on 5 July 2004, enjoined the Central Government to reduce the fiscal deficit by no less than 0.3% of GDP every year and to bring it down to no more than 3% of GDP by 2008–09. The imposition of a ceiling on the fiscal deficit constrains the scope for enhancing GBS by resorting to more borrowings. While in the short to medium run this appears to constrain the government from making productive investments, it is necessary to take a more long-term view of the implications of FRBMA. Borrowings increase resource availability in the short run but they also increase the outstanding debt, and hence the interest burden of the Centre. This increases NPRE and hence reduces GBS in the future. High fiscal deficits also generate other undesirable consequences such as uncertainty about macro fundamentals which can affect investor confidence and make the climate unsuitable for private investment with adverse effects upon growth.

3.24. The projections assume that FRBMA will effectively constrain the fiscal deficit to the levels indicated, leading to a reduction in debt financing for funding of GBS for the Eleventh Plan. Accordingly, the Centre's net borrowings, which stood at 3.47% of GDP in 2006–07, are projected to decline to 3% in 2008–09 and remain at this level during the Eleventh Plan. Eleventh Plan projections on borrowings do not distinguish between external and domestic debt.

3.25. FRBMA not only prescribes the required reduction in fiscal deficit, but also a reduction in revenue deficit by no less than 0.5% of GDP every year and the elimination of such deficit by 2008–09. The imposition of a zero revenue deficit condition has an impact on total revenue expenditure given revenue receipts. This, in turn, has implications for the composition of Plan expenditure in terms of the revenue component of the Plan. The Centre's GBS deployment now involves a substantial component of revenue expenditure exceeding 80%, reflecting the large grants to States under the CSS which show up as revenue expenditure in the Centre's budget. The imposition of a revenue deficit ceiling, in addition to a fiscal deficit ceiling, makes it vitally important to control non-Plan expenditure to ensure that the total of Plan and NPRE does not exceed the permitted ceiling.

Effect of TFC

3.26. The Twelfth Finance Commission's recommendations have essentially two critical implications for Plan financing. First, the TFC award increased the devolution to the States and thus improved their financial position and hence their capacity to finance the Plan. This increased capacity must be kept in mind when determining the necessary Plan transfers from the Centre to the States in the form of Normal Central Assistance (NCA). Second, implementation of the TFC's award has also led to a problem of straightforward comparison of GBS in the pre- and post-TFC period. For example, in 2004–05, GBS for the fourth year of the Tenth Plan of Rs 132292 crore included Rs 24806 crore of State Plan loans intermediated by the Centre. A straightforward comparison with GBS of Rs 140638 crore in 2005–06 gives an increase of only 6.3%. However, a proper comparison, after deducting what would have been dis-intermediated in 2004–05 under the TFC award, shows an increase of 30.8% in 2005–06 over the previous year.

3.27. The TFC's recommendations cover the period up to 2009–10, which includes the first three years of the Eleventh Plan. The projections of resources for the Eleventh Plan have been made assuming that the same proportions of resource transfers as under the TFC award will continue in 2010–11 and 2011–12. The assumption may not prove valid, as it is not possible to anticipate the nature of the Thirteenth Finance Commission's recommendations. The only possible basis on which projection can be made is to assume continuation of the existing proportions.

Effect of Service Tax

3.28. The introduction of service tax has provided a promising source of revenue, but there are some caveats which have to be kept in mind before making projections for the Eleventh Plan. First, the scope for expanding the service tax net to more and more services gets narrower as the net is widened. The contribution of the expanding net will, therefore, reduce over time. Second, the preponderance of small service providers below the taxable limit of turnover constrains the scope of revenue mobilization beyond a certain level. Third, service tax was introduced under the residuary entry No. 97 in List I in the Seventh Schedule of the Constitution and, as such, is not subject to sharing with the States. There are already strong demands for a sharing of the tax base between the

Centre and the States, particularly in the context of phasing out of Central Sales Tax. Any sharing of the tax base with the States will diminish the Centre's available resources to finance the Plan. Fourth, with the declared goal of introducing a unified GST by 1 April 2010, there is considerable uncertainty about the rates, base, and mechanism for setting off (i.e. input tax credit), all of which have implications for future revenue collections.

3.29. Keeping in mind the implication of the FRBM and also the prospects for service tax, an assessment has been made of the likely GBS of the Centre, assuming that the growth rate of GDP will average 9% per annum in the Eleventh Plan, reaching 10% growth in the final year. The resource projection made by the Working Group on the Centre's resources yields a projection of GBS of the Centre which indicates that it will grow from 2.99% of GDP in 2006–07 to 5.38% of GDP in 2011–12. The average GBS for the Central Plan in the Eleventh Plan period stands at 3.97% of GDP as against 2.77% of GDP realized in the Tenth Plan.

3.30. The tax revenue (net of States' share) increases from 8.5% of GDP in 2006–07 to 10.26% of GDP in 2011–12, averaging 9.28% during the Eleventh Plan. Collection of direct tax is projected to exceed indirect tax collection, for the first time in history, from 2008–09 onwards. Corporate tax collection averages 63% of direct tax collection during the Eleventh Plan. It increases from 3.5% of GDP in 2006–07 to 5.31% of GDP in 2011–12 averaging 4.28% of GDP, that is, 1.66 percentage points increase over the average Tenth Plan realization. It may be mentioned that the projection regarding corporate taxes by the Working Group is based on the assumption of a corporate tax elasticity of 2.27. This is the weighted average of the estimated elasticity over the period 1995–96 to 2005–06 and the buoyancy estimated by the Task Force on the implementation of the FRBM Act, 2003.

3.31. Subsidies in the first year of the Eleventh Plan have been taken as per 2007–08 BE. As a proportion of GDP at current market prices, the projection assumes that the total subsidies will decline from 1.17% in 2007–08 BE to 0.93% in 2011–12. This, however, ignores the under recoveries on petroleum items because of the failure to fully pass on the effects of world oil prices and also underpayment on fertilizer subsidy. Inability to pass on

increases in global oil prices to the consumers would have a substantial impact on resources for the Plan if this situation is not addressed urgently.

3.32. Table 3.5 presents the resources of the Centre and its funding in the Eleventh Plan. The GBS available for the Plan is estimated at Rs 1421711 crore at 2006–07 price. Central assistance to the States' and UTs' Plan works out to be Rs 324851 crore. IEBR of CPSUs is estimated at Rs 1059711 crore. The total resources available for the Central Plan are projected at Rs 2156571 crore.

TABLE 3.5
Projection of the Eleventh Plan Resources of the Centre

		(Rs crore at 2006–07 price)
Sources of Funding		Projection
1	Balance from Current Revenues	653989 (46.0)
2	Borrowings including net MCR	767722 (54.0)
3	Gross Budgetary Support to Plan (1 + 2)	1421711 (100)
4	Central assistance to States & UTs	324851 (22.8)
5	Total GBS for Central Plan (3–4)	1096860 (77.2)
6	Resources of PSEs including borrowed resource	1059711 (74.5)
7	Total Resources for Central Plan (5+6)	2156571

Note: Figures in parentheses are percentages of GBS to Plan (S. No. 3).

Source: Planning Commission.

3.33. Table 3.6 compares the funding pattern in the Eleventh Plan with the Tenth Plan realization as percentages of GDP. The imposition of the fiscal deficit ceiling ensures that borrowings, including net miscellaneous capital receipts, decline from 5.03% of GDP to 2.86% in the Eleventh Plan.

STATES' RESOURCES

3.34. The FRBM legislations in the States prescribe that they should achieve a fiscal deficit of 3% of GDP by the end of 2008–09. Therefore, the gross fiscal deficit of all the States, which stood at 3.73% of GDP in 2006–07 has been projected to decline to 3% by 2008–09 and to remain at this level in the remaining years of the Eleventh Plan. This inevitably limits the scope for mobilizing borrowed resources and the States, therefore, have to look at improving revenue realization and controlling non-Plan expenditure.

3.35. The core aggregate Plan resources of the States and UTs have been projected to be Rs 1488147 crore at 2006–07 price (see Table 3.7). This comprises of Rs 1163296 crore of own resources (including borrowings) and Rs 324851 crore of Central assistance. UTs account for 3.8% of the combined aggregate Plan resources of the States and UTs.

3.36. As a proportion of GDP, aggregate Plan resources of the States and UTs are projected at 5.55% of GDP, registering an increase of 1.47 percentage points over the Tenth Plan realization (refer to Table 3.8). The BCR, which was negative in the Tenth Plan, is projected to improve to a large positive figure of Rs 385050 crore. This represents an improvement of 1.59 percentage points of GDP per

TABLE 3.6
Tenth Plan Realization and Eleventh Plan Projection of Resources of the Centre

		(as % of GDP)		
Sources of Funding		Tenth Plan Realization	Eleventh Plan Projections	Increases (+)/ Decreases (–)
1	Balance from Current Revenues	–0.84	2.31	3.15
2	Borrowings including net MCR	5.03	2.86	–2.17
3	Net Flow from Abroad	0.06	–	–
4	Gross Budgetary Support to Plan (1 to 3)	4.25	5.17	0.92
5	Central assistance to States & UTs	1.48*	1.20	–0.28
6	GBS for Central Plan (4–5)	2.77	3.97	1.20
7	Resources of PSEs	2.61	4.02	1.41
8	Resources for Central Plan (6+7)	5.38	7.99	2.61

Note: * If Plan loans intermediated to States and UTs are excluded, this reduces to 0.99% of GDP, which is the relevant figure for comparison.

Source: Planning Commission.

year over the Tenth Plan. However, projections of resources of PSEs and Central assistance to the States show a decline of 0.19 percentage points and 0.23 percentage points, respectively as compared with the Tenth Plan.

3.37. Mobilization of resources of such a magnitude for the Eleventh Plan is contingent upon significant improvement in the States' own resources, mainly through improved BCR. The States will have to step up efforts to

increase their own tax and non-tax revenue collections through better tax administration, plugging the scope for leakages and recovery of cost based user charges.

3.38. As shown in Table 3.8, the Central assistance being transferred to the States in the Eleventh Plan amounts to 1.2% of GDP as against 1.43% in the Tenth Plan. However, as noted in the footnote of Table 3.8, if the Tenth Plan figure is adjusted to remove loans intermediated through

TABLE 3.7
Eleventh Plan Resources of States and UTs

(Rs crore at 2006–07 price)

Sources of Funding	Projection		
	State	UTs	Total
1 Balance from Current Revenues	341202 (23.8)	43848 (77.2)	385050 (25.9)
2 Resources of PSEs	128824 (9.0)	–	128824 (8.7)
i) Internal resources	5692 (0.4)		5692 (0.4)
ii) Extra-Budgetary resources	123132 (8.6)		123132 (8.3)
3 Borrowings	636459 (44.5)	12964 (22.8)	649423 (43.6)
4 State's Own Resources (1 to 3)	1106485 (77.3)	56811 (100.0)	1163296 (78.2)
5 Central assistance	324851 (22.7)	–	324851 (21.8)
6 Aggregate Plan Resources	1431336 (100.0)	56811 (100.0)	1488147 (100.0)

Note: Figures in parentheses are percentages of aggregate Plan resources.

Source: Planning Commission.

TABLE 3.8
Core Tenth Plan Realization and Eleventh Plan Projection of Resources of States and UTs

(% of GDP)

Sources of Funding	Tenth Plan Realization	Eleventh Plan Projections	Increases (+)/ Decreases (-)
1 Balance from Current Revenues	-0.18	1.41	1.59
2 Resources of PSEs	0.69	0.49	-0.19
3 Borrowings	2.14	2.45	0.30
4 States' Own Resources (1 to 3)	2.65	4.35	1.70
5 Central assistance	1.43*	1.20	-0.23
6 Aggregate Plan Resources (4+5)	4.08	5.55	1.47

Note: *This is based on the figures reported by the States. Hence, it is slightly different from the figure of Central assistance to States and UTs in Table 3.5. If Plan loans intermediated to States and UTs are excluded, this reduces to 0.99% of GDP which is the relevant figure for comparison.

Source: Planning Commission.

the Centre, the Tenth Plan figure is lower at 0.99%. Besides, Central assistance is not the only means of Plan transfer. Large transfers take place through the CSS which have been greatly expanded in the Eleventh Plan. Accordingly, the States will receive larger transfer of Central resources to them.

OVERALL FINANCING PATTERN

3.39. Table 3.9 compares the structure of financing projected in the Eleventh Plan for the Centre and States, combined with that actually realized in the Tenth Plan. The most notable feature is that the Eleventh Plan projections show relatively modest dependence on borrowings amounting to 38.9% of the total Plan resources compared with 73.9% in the Tenth Plan realization. This outcome is the consequence of tighter fiscal discipline imposed by the fiscal responsibility framework, both at the Centre and the States, and an optimistic revenue outlook driven by the buoyancies in revenue collections during the last three years of the Tenth Plan reflecting the robust performance of the economy. This is reflected in the projected massive improvement in BCR which was negative in the Tenth Plan and is projected as a large positive figure for both the Centre and the States.

3.40. The financing plan outlined above will pose major challenges. As shown in Table 3.10, the total resources for the Central and State Plans taken together have to increase from an average of 9.46% of GDP in the Tenth Plan to an average of 13.54% of GDP in the Eleventh Plan. It may be noted that while the total size of the Plan is projected at 13.54% of GDP, the total public investment in the economy is projected to be lower at 8.6% (see Chapter 1). This difference reflects the fact that a great deal of Plan expenditure finances current expenditure on various items of public service delivery which are not counted as investment. The increase of 4.08% of GDP in total resources for the Plan has to be achieved while keeping borrowing within the FRBM requirement of reducing the fiscal deficit of the Centre and States to 3% on each account. Taking account of the resources mobilized by the public sector, the combined BCR of the Centre and the States has to increase by more than the projected increase in Plan resources.

3.41. The Centre's BCR, realized in the Tenth Plan, averaged (-)0.84% of GDP. It is projected to average 2.31% of GDP over the Eleventh Plan, that is, an improvement of 3.15 percentage points of GDP. Similarly, the BCR of

TABLE 3.9
Comparison of Tenth Plan Realization with Eleventh Plan Projection of Resources

Sources of Funding	(Rs crore at 2006–07 price)					
	Tenth Plan Realization			Eleventh Plan Projection		
	Centre	States & UTs	Total	Centre	States & UTs	Total
1 Balance from Current Revenues	-127166 (-13.4)	-31722 (-4.5)	-158888 (-9.6)	653989 (30.3)	385050 (25.9)	1039039 (28.5)
2 Borrowings including net MCR	850382 (89.9)	371779 (52.5)	1222161 (73.9)	767722 (35.6)	649423 (43.6)	1417145 (38.9)
3 Net Inflow from Abroad	16121 (1.7)	—	16121 (1.0)	—	—	—
4 Centre's GBS (1+2+3)	739337 (78.2)	—	739337 (44.7)	1421711 (65.9)	—	1421711 (39.0)
5 Resources of PSEs	458530 (48.5)	119003 (16.8)	577533 (34.9)	1059711 (49.1)	128824 (8.7)	1188535 (32.6)
6 State's Own Resources (1+2+5)	—	459060 (64.9)	459060 (27.8)	—	1163296 (78.2)	1163296 (31.9)
7 Central assistance to States & UTs	-252539 (-26.7)	248677 (35.1)	-3862 (-0.2)	-324851 (-15.1)	324851 (21.8)	—
8 Resources of the Public Sector Plan (1+2+3+5+7)	945328	707737	1653065	2156571	1488147	3644718

Note: Figures in parentheses are percentages of Resources of the Public Sector Plan.

Source: Planning Commission.

TABLE 3.10
Plan Resources as Per Cent of GDP

Aggregate Plan Resources	Tenth Plan	Eleventh Plan	Increase over Tenth Plan
Centre	5.38	7.99	2.61
States	4.08	5.55	1.47
Centre and States	9.46	13.54	4.08
Balance from Current Revenues			
Centre	-0.84	2.31	3.15
States	-0.18	1.41	1.59
Centre and States	-1.02	3.72	4.74

Source: Planning Commission.

the States is also expected to improve substantially from (-) 0.18% of GDP as realized in the Tenth Plan to 1.41% of GDP in the Eleventh Plan. As can be seen from Table 3.10, the projected improvement required in the combined BCR of the Centre and States taken together is therefore 4.74 percentage points of GDP. It must be emphasized that achievement of these BCR targets is a key element in the financing of the Plan.

3.42. Underlying the projected BCR is a projection that tax revenues (net to Centre) would grow from 8.5% of GDP in 2006–07 to 10.26% of GDP in 2011–12. NPRE is expected to decline from 9.01% of GDP in 2006–07 to 6.91% in 2011–12. Thus the projected improvement of 3.15% of GDP in BCR of the Centre is expected to come slightly more from contraction in NPRE than growth in taxes.

3.43. The assumption of strong growth in tax revenues of the Centre and the States built into the projections is not unreasonable. Tax revenues recorded in the recent past has shown high buoyancy facilitated by tax reforms and also significant improvements in the efficiency of tax administration. These efforts will continue in the Eleventh Plan period and should contribute to achieving the targeted tax-to-GDP ratios. However, the BCR projections are equally dependent upon the ability to moderate the growth in NPRE and this aspect of the projections deserves focused attention.

3.44. There are several factors which could make it difficult to contain expenditures to the projected level. There are inevitable uncertainties associated with the impact of the

Sixth Pay Commission's recommendations. Equally, if not, more important is the upward pressure of subsidies, particularly on fertilizer and petroleum, and also on food. Petroleum subsidies have not so far been factored into the plan resources calculations since they have been financed by the issue of bonds not included in fiscal deficit accounting, and some portion being borne by the oil companies themselves. However, this practice cannot be sustained indefinitely. Reform of the subsidy regime has to be urgently taken up to keep the total subsidy, including the present off-budget subsidy, to within the ceiling of 0.93% of GDP in 2011–12 that the resources projections have built in.

ALLOCATION OF PUBLIC SECTOR RESOURCES: CENTRE AND STATES

3.45. The projection of the overall resources for the Eleventh Plan has been presented in the preceding section. This section focuses on the allocation of Public Sector Resources for the Eleventh Plan between the Centre and the States/UTs and the proposed sectoral distribution of the resources in keeping with the objective of achieving faster and more inclusive growth.

3.46. The projected assessment of resources of the public sector for the Eleventh Plan at Rs 3644718 crore at 2006–07 prices comprises of the Centre's share at Rs 2156571 crore and the States/UTs share at Rs 1488147 crore. The resources for the Central Plan includes the GBS component of Rs 1096860 crore and the IEER component of Rs 1059711 crore at 2006–07 prices. Resource allocation in the Central sector according to different Heads of Development is indicated in Annexure 3.1 and the ministry/department-wise details of budgetary support and IEER are indicated in Annexure 3.2.

3.47. The Eleventh Plan resources of the States and UTs are projected at Rs 1488147 crore at 2006–07 prices, out of which States' own resources are Rs 1163296 crore and the Central assistance to States and UTs is Rs 324851 crore at 2006–07 prices. Head of Development-wise allocation for the States/UTs is indicated in Annexure 3.1 with States/UTs-wise core plan details furnished in Annexure 3.3. These allocations would be finalized in consultation with the States. Table 3.11 indicates the resources and allocation of public sector resources for the Eleventh Plan.

TABLE 3.11
Public Sector Allocation for Eleventh Plan

(Rs crore at 2006–07 prices)

Centre		Allocation
Sources of Funding		
1	Budgetary Support	1096860
2	IEBR	1059711
3	Total Centre(1+2)	2156571
States and UTs		Allocation
Sources of Funding		
4	State Own Resources	1163296
5	Central assistance to State/UT Plan	324851
6	Total States & UTs (4+5)	1488147
Total Public Sector Outlay		Allocation
7	Grand Total (3+6)	3644718

Source: Planning Commission.

TABLE 3.12
GBS Allocation in Tenth and Eleventh Plans

(Rs crore at 2006–07 prices)

	Tenth Plan Realization		Eleventh Plan Projections		
	Amount	% share in Total GBS	Amount	% share in Total GBS	% increase over Tenth Plan
Central Sector	486798	73.6	1096860	77.2	125.3
Support to State Plan*	175021	26.4	324851	22.8	85.6
Total	661819	100	1421711	100	114.8

Note: *Grant component only.

Source: Planning Commission.

3.48. A comparison of the distribution of the total GBS in the Tenth and the Eleventh Plan has been shown in Table 3.12. In comparison to the Tenth Plan realization, there is an increase of 125% in the projected GBS for the Centre for the Eleventh Plan. Central assistance to State/UT Plans for State sector programmes is about 85.6% higher than the grant component realized during the Tenth Plan. The share of the projected grant component of the Central assistance to States/UTs plan in the total GBS for Eleventh Plan has decreased slightly from what has been realized in the Tenth Plan (from 26.4% to 22.8%) primarily because a much higher allocation has been made to the CSS. The allocation to CSS has increased from 1.40% of GDP for the Tenth Plan to 2.35% of GDP in the Eleventh Plan.

3.49. The projection of GBS allocation to different sectors, Ministries/Departments and the support to the State/UT Plan has been made in tune with the approach adopted for the Eleventh Plan for 'faster, more broad-based and inclusive growth'. The Eleventh Plan aims at putting the economy on a sustainable growth trajectory with a growth rate of 10% by the end of the Plan period by targeting robust growth in agriculture at 4% per year and by creating productive employment at a faster pace than before. The Eleventh Plan focuses on poverty reduction, ensuring access to basic physical infrastructure, health and education facilities to all while giving importance to bridging the regional/social/gender disparities and attending to the marginalized and the weaker social groups. Accordingly, a major structural shift

TABLE 3.13
Sectoral Allocation—Tenth Plan and Eleventh Plan

(Rs crore at 2006–07 prices)

S. No.	Sectors	Tenth Plan		Eleventh Plan	
		BE [#]	% to Total	Projected Allocation	% to Total
1	Education	62461	7.68	274228	19.29
2	Rural Development Land resources and Panchayati Raj	87041	10.70	190330	13.39
3	Health Family Welfare and Ayush	45771	5.62	123900	8.71
4	Agriculture and Irrigation	50639	6.22	121556	8.55
5	Social Justice	36381	4.47	90273	6.35
6	Physical Infrastructure	89021	10.94	128160	9.01
7	Scientific Departments	29823	3.66	66580	4.68
8	Energy	47266*	5.81	57409	4.04
	Total Priority Sector	448403	55.10	1052436	74.03
9	Others	365375	44.90	369275	25.97
	Total	813778	100.00	1421711	100.00

Note: [#]Tenth Plan BE represents the actual allocation during the five years and not the original Tenth Plan projections; *Includes APDRP grant component only.

across sectors has been proposed by allocating more resources to the priority areas identified for ensuring inclusiveness. A broad picture of the structural change in terms of sectoral allocation of resources has been shown in the Table 3.13.

3.50. About 74% of the total central allocation for the Eleventh Plan has been put aside for the priority sectors listed in Table 3.13, whereas, their share was only 55% in the Tenth Plan. It may be noted that the share of infrastructure and energy in the GBS allocation has fallen despite their being in the priority list. This is not a reflection of lack of priority but a reflection of a conscious policy to shift from public sector funding in these sectors to a strategy of increased IEPR and Public-Private Partnership.

3.51. As pointed out in Chapter 1, the objective of the Eleventh Plan is to increase investment in infrastructure (including irrigation) from 5% of GDP in 2006–07 to 9% by 2011–12.

3.52. The sector-wise thrust areas identified for Eleventh Plan are given in Box 3.2.

3.53. To mobilize resources for allocation to the priority sectors and to realize a sustainable growth of 10% by the end of the Plan period, there is a need to substantially

enhance the resources for infrastructure development, skill development and industrial growth, as well. This will contribute to raising the income levels through employment generation and will also provide impetus to the other programmes. In addition to the identified priority sectors, investment in the private sector including farming, MSMEs has a vital role in achieving regionally balanced and more inclusive growth and also the potential to generate off-farm employment. Steps are proposed to be taken to provide a comfortable and competitive environment for the MSMEs to grow and some structural and regulatory changes have also been proposed to attract private and foreign investors. Keeping in mind the socio-economic diversity in the country, decentralized planning complemented with greater transparency and accountability is desirable for the overall development of the country. Also, our development strategy should be well complemented by policies for environmental protection and sustainability.

3.54. The Eleventh Plan proposes to provide Rs 324851 crore at 2006–07 prices as CA to State/UT Plans. Table 3.14 indicates the details of sector-wise CA component of the resources of the States/UTs. Out of the total CA to States/UTs of Rs 324851 crore at 2006–07 prices, 37% (i.e., Rs 122852 crore) has been earmarked for the Gadgil Formula driven NCA, Special Plan Assistance (SPA) for Special Category States and Special Central

Box 3.2
Thrust Areas of the Eleventh Plan

Sectors	Thrust Areas
Education	Quality upgradation in Primary Education, Expansion of Secondary Education, major emphasis on upgradation of Higher Education including Technical Education, ICT throughout education system.
Health, Nutrition, Drinking Water, and Sanitation	Major upgradation of rural health infrastructure, Medical education, Nutritional support to children and pregnant and lactating women through ICDS, health insurance based urban health facilities, Health care for elderly, achieving sustainability, improvement in service levels and moving towards universal access to safe and clean drinking water.
Agriculture and Irrigation	Ensuring Food Security, Supporting State-specific agriculture strategy and programmes, Better seed production, Focused agricultural research, Extension, Development of modern markets.
Rural Development, Land Resources and Panchayati Raj	Universalization and improvement in programme delivery of NREGP, Integrated Watershed management including management of underground water level.
Social Justice and Empowerment	Special attention to the needs of SCs, STs and minorities and other excluded groups through pre and post-metric scholarship, Hostels for boys/girls, Income and employment generation opportunities, Multi-sectoral development programmes for minorities in minority concentration districts.
Physical Infrastructure	Emphasis on the public-private partnership in investment, Initiate policies to ensure time-bound creation of world-class infrastructure, especially in remote and inaccessible rural areas and NE, Hinterland connectivity through improved rail and road infrastructure.
Energy	Electrification of all villages and extending free household connections to all 2.3 crore BPL households through RGGVY, Nuclear power development.
Scientific Departments	Development of satellite launch capabilities to GSLV-Mk-III, Development of new energy systems, viz. advance heavy water reactor and nanotechnology.

TABLE 3.14
Projected Central Assistance to States/UTs for Eleventh Plan

(Rs crore at 2006-07 price)

Sectors	Programme	Allocation
State Development Plan	Normal Central assistance	94720
Special Category States	Special Plan Assistance	13238
	Central Pool for North East and Sikkim	3095
Agriculture	Rashtriya Krishi Vikas Yojana	22104
	Shifting Cultivation	212
SCA	Border Area Development Programme/Hill Area Development Programme/North Eastern Council	14894
Irrigation	Accelerated Irrigation Benefit Programme	41568
Power	Accelerated Power Development & Reform Programme	12820
Urban/Local Area Development	Jawaharlal Nehru Urban Renewal Mission	41490
	Brihan Mumbai Storm Water Drain Project, Mumbai	113
	MPs' Local Area Development Programme	6985
Balanced Regional Development	Backward Region Grant Fund	25711
Elderly and Weaker Section	National Social Assistance Programme	15691
Adolescent Girls	National Programme for Adolescent Girls	886
Roads and Bridges		7972
Externally Aided Projects	Various EAPs	14273
Disaster Management	Tsunami Rehabilitation Programme	2985
Sports	Commonwealth Games, 2010	2133
E-governance	National e-Governance Action Plan	2942
Total		324851

Assistance (SCA) for the Border Areas Development Programme (BADP)/Hill Area Development Programme (HADP)/North East Council (NEC), etc. The remaining 63% of Central assistance to the States is assigned to Additional Central Assistance (ACA) for various flagship programmes in accordance with the priority set for the Eleventh Plan, such as the AIBP, National Social Assistance Programme (NSAP), APDRP, BRGF, and JNNURM. A new programme, the RKVY, has been introduced to incentivize the States to accord a much higher priority to the agriculture sector in their investment planning by supplementing area specific agricultural strategies and programmes.

3.55. The overall plan outlay of all the States and UTs is projected to increase from Rs 673132 crore in the Tenth Plan to Rs 1488147 crore in the Eleventh Plan (both at the same 2006–07 price levels), an increase of 21.1% on a comparable basis. The aggregate picture indicates that the States would be allocating more than proportionate increase to social services (40.1%), transport (38.7%) and agriculture and allied activities (37.8%). The States would also be actively pursuing PPP models for infrastructure development wherever possible. The aggregate picture, it must be noted, conceals wide inter-State variations in terms of Plan sizes relative to GSDP, per capita plan expenditure and percentage sectoral outlays.

ISSUES IN PLAN FINANCING

3.56. Several conceptual issues arise from the present structure of the Plan financing. Important among these are classification of expenditure—which has a bearing on the overall expenditure management, the Central Plan transfers mechanism, the treatment of investment of PSUs financed by IEBR under the Plan, and the role of SPVs/PPPs and other innovative methods of raising additional resources for investment.

CLASSIFICATION OF EXPENDITURE

3.57. There has been much debate about the utility or otherwise of the classification of expenditure into Plan and Non-Plan. It has been argued that this distinction is illogical and, what is more, even dysfunctional. The argument against continuing with this distinction is that the focus on new schemes/new projects/new extensions to currently running schemes, etc., which alone qualify for being included in the Plan, results in neglect of maintenance of the existing capacity and service levels.

Thus, while strenuous efforts are made by both the Centre and the states to achieve a large increase in Plan size, its impact is often negated by a running down of service delivery capacity already created. The problem arises from a framework that creates a distinction between Plan and non-Plan expenditure within each sector, motivated solely by the need to identify and highlight provision of incremental service.

3.58. Other perceptions that have developed around this distinction, namely, that Non-Plan expenditure is inherently wasteful and has to be minimized, that Non-Plan expenditure is different in kind from Plan expenditure, etc., are patently incorrect assessments that have nevertheless taken deep root in the process of government expenditure planning. This dichotomy also results in a fragmented view of resource allocations to various sectors. The problem has become particularly acute as government's emphasis has shifted to the social sectors where salary costs are high. Routine bans on recruitment for Non-Plan posts, ostensibly imposed to conserve expenditure, cause serious problem for service delivery in health, education, extension systems, etc. The case against the use of these categories, both on grounds of illogicality and dysfunctionality, is therefore indisputable.

3.59. At the same time, it is necessary to understand that this classification of expenditures has been used essentially as a convenient shortcut for the performance of functions that are inherent in public expenditure management. It is perhaps in the manner in which the Plan and Non-Plan distinction has been denuded of its substance over the years, rather than in any inherent conceptual inadequacy, that the causes of the present state of affairs need to be found.

3.60. The basic functions of government expenditure management, as applied to an annual budgeting process, are the following:

- (i) Assessing the amount of committed expenditure, that is, expenditure whose level cannot be altered during the Budget period by any decision that might be taken (though the areas where these expenditures can be applied may still be open to alteration, and, in any case, the levels of expenditures themselves would be capable of being altered over a longer time horizon);

- (ii) The amount of headroom available within the resource envelope after the committed expenditures are provided for;
- (iii) The sectors in which this 'discretionary' expenditure is to be applied; and
- (iv) The process of monitoring and evaluating the efficiency and effectiveness with which the expenditures are made.

3.61. These functions would have to be performed irrespective of whether we continue to have the two categories of Plan and Non-Plan expenditures or not. These two categories, which were initially designed to enable the fulfilment of the above functions, have now acquired connotations that lead to dysfunctionality. The solution, therefore, would be to do away with these categories and, instead, devise other mechanisms that will perform the requisite functions in a rational and effective manner. We need to draw up protocols that will specify who is to perform what part of the above functions and how the entire activity will be coordinated. In this effort, there would be a need to redefine organizational mandates. This activity will be taken up during the Eleventh Plan period.

3.62. The Revenue–Capital categorization of expenditure has acquired renewed significance in the post-FRBM scenario. The FRBM law has stipulated the elimination of revenue deficit in a context where more than three-fourths of Plan expenditure is revenue expenditure. Strict adherence to the FRBM stipulation would have a bearing on the ability of the Centre to formulate Plan schemes directed at national priorities and also at equalizing the availability and provision of services across States. In effect, we may be in a position where the total resources that can be mobilized within the fiscal deficit ceiling cannot be deployed into schemes which have a high revenue component.

3.63. The problem is further complicated by the fact that the categorization of expenditure into revenue and capital that has evolved over the years, does not appear to be strictly in conformity with the constitutional position on this issue. The Constitution distinguishes only between 'expenditure on revenue account' and 'other expenditure'. Over the years, 'expenditure on revenue account' has been construed to mean revenue expenditure. This could be an incorrect interpretation as expenditure met out of

revenues of the Government of India (GoI) has been interpreted earlier (as is clear from reports of Finance Commissions) as expenditure that is not self financing, that is, both revenue expenditure and those capital expenditures that are not self liquidating (in the sense of not providing financial returns to the government that could be used for servicing debt). In this view, the present category of Defence Capital Expenditure, for instance, would have to be treated as 'expenditure on revenue account' only. This is in keeping with the economic classification in the national accounts where Defence capital expenditure is treated as consumption and not as investment.

3.64. It is also relevant to note that capital expenditure as currently defined is not always and invariably tantamount to investment. For example, recapitalization of PSEs, though classified as capital expenditure, is not, in most cases, investment. In fact a loss-making PSU may receive injections of equity to fund losses, in which case what is conceptually a subsidy will be classified as a capital expenditure.

3.65. Some argue that the Revenue–Capital classification is also dysfunctional from an economic management perspective as it militates against the principle of sound and efficient management of the entire expenditure in an integrated manner. Over the years, essential maintenance expenditure has become a casualty of the revenue–capital distinction.

3.66. There are other inconsistencies also with our current system of classification. For example, fertilizer and food subsidies are not counted as Plan expenditure but subsidy to socially desirable insurance schemes, and several other subsidies are also included. Exclusion of large subsidy items from Plan expenditure has the effect of avoiding any resource prioritization in the matter of determining the appropriate balance between subsidy levels and other expenditure to promote common developmental objectives.

3.67. Against the above backdrop, it would be appropriate to set up a HLC that could look into the entire gamut of issues arising from the present classification of expenditure and suggest measures for efficient management of public expenditure.

CENTRAL PLAN TRANSFERS

3.68. The last two decades have seen a massive increase in both the number of CSS as well as funds available under individual schemes. These schemes provide CA for Plan expenditure in particular sectors which are normally in the domain of the States. However, unlike normal CA which is not tied to specific programmes, funds available under CSS are tied to schemes in particular sectors and are subject to centrally prescribed guidelines. The share of normal Central Plan assistance to the States has declined as a proportion to total Plan transfers. The role of CSS has often been discussed and a view frequently expressed is that CSS should be abolished and the funds flowing through these schemes should simply be transferred to the States directly, presumably as NCA. There are two arguments against this approach. First, there is merit in using Central resources to tackle the specific obstacles that would prevent the achievement of inclusive growth and this is best done by effectively earmarking resources to support State expenditure in particular areas such as rural development, health, education, agriculture and irrigation. Unless this is done, it will be difficult to give a special impetus to these critical areas. Second, the mechanism of CSS enables the Centre to address problems as they exist in different States without being constrained by the Gadgil Formula, which would otherwise guide the transfer of untied funds.

3.69. A large proportion of the fund transfers to the States under CSS are also being routed to State and district level bodies directly by the Central Government, bypassing the State Governments. This practice is motivated by a desire to avoid delays in administrative approvals and to prevent diversion of CSS funds by the States for supporting their ways and means position. Concerns about what this does to accountability mechanisms have been expressed. In view of the growing volume of such transfers, suitable mechanisms would have to be devised to ensure there is no dilution of accountability.

MONITORING OF PLAN EXPENDITURE

3.70. The existing system of accounting for Plan schemes, both for the Centre and the States, does not adequately support informed planning, budgeting, effective monitoring and decision making regarding these schemes. The current accounting system does not capture transaction-

oriented information. It also does not distinguish between transfers to States, final expenditure and advance payments against which accounts have to be rendered. The extant accounting framework is also not structured to generate State-wise and scheme-wise releases of funds by the Central Government to States and other recipients, and also the actual utilization for the intended purpose. Hence, there is a great need to design and implement a Plan scheme that would thoroughly reform this process. This Plan scheme would, inter-alia, modify the existing Code of Accounts so as to fully capture the entire range of Plan schemes operated by the GoI and the States. The Code of Accounts needs to be restructured to provide information relating to each implementing agency. While there have been stand-alone efforts by various Ministries and programmes, there is no consolidated financial information system based on the accounting structure. A comprehensive Decision Support System (DSS) and Management Information System (MIS) for effective monitoring of Plan schemes would need to be set up. This will work through a core accounting solution on a central data centre. The scheme will be implemented by the Controller General of Accounts (CGA). The details of the scheme would be finalized during the Eleventh Plan.

SCOPE OF THE PUBLIC SECTOR PLAN

3.71. The administrative machinery through which the public sector plan is implemented has been continuously changing over the years. The setting up of PRIs, the establishment of special purpose societies and agencies and companies that have been mandated to perform special functions, are all elements of the plan implementation machinery that did not exist earlier. At the same time, some organizations that were earlier part of the public sector may have moved out of the public sector due to privatization as in the case with a few enterprises—both in the Centre and in the States. The focus on public-private partnership also creates new categories where public sector resources are made available to projects owned and managed by the private sector. In this context, the definition of the organizational boundaries of the public sector plan assumes importance, both for reasons of analytical clarity as well as inter-temporal comparability. This was a specific issue on which the Working Groups that were set up for estimation of Central and State resources were specifically required to comment.

3.72. While the Centre has consistently followed the practice of including the investment plans of a large number of PSEs in the public sector plan, the States have not adopted any uniform policy in this regard. Even in the case of the Centre, the PSEs that are included in the Plan from year to year show minor variations. Even among those PSEs that are included in the Plan, the resources estimates do not capture the entire quantum of resources available, and a portion of the available resources is treated as being outside the Plan.

3.73. As far as the States are concerned, there is no uniform practice across all States. While requesting the States to estimate resources for the Eleventh Five Year Plan, they were advised that the public sector plan of the States would have to be defined as the sum total of investments made in a State by the State Government, taken as a composite economic entity. It was explained that this economic entity would be comprised of more than one legal entity, and would include, apart from the State Government itself, other legal entities such as the State PSEs, and all urban and rural local bodies. As far as the PSEs themselves are concerned, the guidelines provided that PSEs which are separate from the government only as legal entities (through share-holding or other form of capital being wholly or substantially held by the State Government) and which make materially significant investments (i.e., other than small investments that are only incidental to or supportive of routine activities) in a direct manner (i.e., who are not financial intermediaries whose activities consist of providing either loan or equity capital to other entities who in turn make investments) should be included in the scope of the public sector plan. Unfortunately, the States have not uniformly rationalized their definitions of the public sector plan on these principles. Consequently, the resources estimates have proceeded on the same basis as in earlier plans and, to that extent, comparability across States is not what it should be.

3.74. One of the new innovations that is likely to gain importance in the Eleventh Plan period is the concept of investment in infrastructure through PPPs, which is promoted through means such as Viability Gap Funding (VGF). In such a case, the extent to which the investment was eventually made should be reflected as part of the public sector is an issue on which there is lack of clarity. If the expenditure from the public sector is viewed as a

grant, then it is a revenue expenditure on the part of the government which finances investment in the private sector, the grant being a source of financing for the private investor.

3.75. The HLC referred to above (paragraph 3.67) would perhaps have to be entrusted the task of laying down clearly the definition of the public sector plan.

REVENUE DEFICIT CONSTRAINT

3.76. Under the FRBM Act, all the States as well as the Centre are committed to reducing the revenue deficit to zero by 2008–09. This would mean that there would be no net dis-saving on account of government administration. In fact, given the relationship between the revenue deficit and savings of the government, a zero revenue deficit would probably, in fact, result in a small positive saving from government administration. One of the problems with achieving a zero revenue deficit is that the Plan outlays of both the Centre and the States have, in recent years, had an increasing share of revenue expenditure. In the Central budget, in particular, the grant component of transfers to the States is revenue expenditure. As a result, the revenue expenditure component of the Centre's GBS for the Plan has risen to more than 80% in recent years. While the actuals of 2005–06 show that 79.5% of GBS was revenue expenditure, this increased to 83.7% in the revised estimates for 2006–07, and 85% in the budget estimates for 2007–08.

3.77. If the revenue deficit is to be reduced to zero from 2008–09 onwards, this would mean that the revenue expenditure component of GBS cannot exceed the BCR. In recent years, the Central Government has been achieving a positive BCR. However, going by the present projections, the BCR would reach only around 70% of GBS by the end of the Plan period if the gross fiscal deficit were to be taken at the ceiling of 3% of GDP. In other words, leaving the revenue expenditure share in GBS at the same levels at present would effectively mean that the total GBS would have to be reduced to a level below what would be permissible under a 3% gross fiscal deficit constraint.

3.78. The resources estimates now prepared make it very clear that the constraint of maintaining the revenue deficit at zero from 2008–09 onwards will have the inevitable consequence of very substantially limiting the overall GBS for the Plan. The overall pattern of revenue and capital

expenditure in the GBS is the result of the core strategy of the Plan which seeks to substantially improve the supply of social services in the relatively backward States through increased Central funding, while at the same time providing an incentive framework for physical infrastructure to be created under PPP models. Given this strategy, and the consequent high revenue expenditure to GBS percentage, one option would be to insist on the binding nature of only the GFD to GDP constraint while

accepting the inevitability of high revenue expenditure in view of the Plan strategy. The other option would be to try and identify components of what is booked as revenue expenditure in the accounts of the Central Government that lead to capital asset creation in the economy and to suitably reflect this asset creation in the accounting for the purposes of the FRBM Act. On a balance of advantage, it would appear that the former course would be preferable.

ANNEXURE 3.1

Sectoral Allocation for Public Sector's Resources—Tenth Plan (2002–07) Realizations and Eleventh Plan (2007–12) Projections

(Rs crore at 2006–07 prices)

	Centre									States and UTs			Centre, States, and UTs		
	Budgetary Support			IEBR			Total Outlay			Total Outlay					
	Tenth Plan Realization	Eleventh Plan Projection	% increase	Tenth Plan Realization	Eleventh Plan Projection	% increase	Tenth Plan Realization	Eleventh Plan Projection	% increase	Tenth Plan Realization	Eleventh Plan Projection	% increase	Tenth Plan Realization	Eleventh Plan Projection	% increase
Head of Development															
1. Agriculture and Allied Activities	26108	50924	95.0				26108	50924	95.0	34594	85458	147	60702	136381	124.7
2. Rural Development	79291	190330	140.0				79291	190330	140.0	58419	110739	89.6	137710	301069	118.6
3. Special Area Programmes										16423	26329	60.3	16423	26329	60.3
4. Irrigation & Flood Control	1716	6747	293.3				1716	6747	293.3	110699	203579	83.9	112415	210326	87.1
5. Energy	27262	36912	35.4	238957	591826	147.7	266220	628739	136.2	97415	225385	116.1	363635	854,123	134.9
6. Industry & Minerals	24146	54382	125.2	25108	67196	167.6	49254	121579	146.8	15401	32021	107.9	64655	153600	137.6
7. Transport	97711	120188	23.0	85405	266118	211.6	183116	386306	111.0	80818	186137	130.3	263934	572443	116.9
8. Communications	5312	16133	203.7	77109	79204	2.7	82422	95337	15.7	523	43	-91.8	82945	95380	15
9. Science, Technology & Environment	26667	75421	182.8		25		26667	75446	182.9	2006	12487	522.4	28673	87933	206.7
10. General Economic Services	9972	13920	39.6	456	891	95.3	10428	14811	42.0	19921	47712	139.5	30349	62523	106.0
11. Social Services	183725	524414	185.4	31494	54450	72.9	215219	578864	169.0	221310	523463	136.5	436529	1102327	152.5
12. General Services	4887	7489	53.2				4887	7489	53.2	15602	34794	123	20489	42283	106.4
Total	486798	1096860	125.3	458530	1059711	131.1	945328	2156571	128.1	673132#	1488147	121.1	1618460	3644718	125.2

Note: # Based on the sectoral outlay reported by the States. Totals may not tally due to rounding errors.

ANNEXURE 3.2

Budget Support, IEBR, and Outlay for Central Ministry/Department—Tenth Plan (2002–07) Realizations and Eleventh Plan (2007–12) Projections

(Rs crore at 2006–07 prices)

Ministry/Department	Budgetary Support			IEBR			Total Outlay		
	Tenth Plan	Eleventh Plan	% increase	Tenth Plan	Eleventh Plan	% increase	Tenth Plan	Eleventh Plan	% increase
	Realization	Projection		Realization	Projection		Realization	Projection	
1. Agriculture And Cooperation	16025	36549	128.07				16025	36549	128.07
2. Agricultural Research and Education	4956	11131	124.60				4956	11131	124.60
3. Animal Husbandry Dairying and Fisheries	2520	7121	182.58				2520	7121	182.58
4. Micro, Small, and Medium Enterprises	5786	10168	158.33	339.58	261.71	-22.93	6126	10430	141.16
(i) Agro And Rural Industries	3914	6631	69.43				3914	6631	69.43
(ii) Small-Scale Industries	1872	3537	88.90	340	262	-23	2212	3798	71.73
5. Atomic Energy	16435	20318	23.63	9093	28699	216	25528	49017	92.01
6. Chemicals and Petrochemicals	612	1733	183.32	58	303	421	670	2036	203.99
7. Fertilizers	714	1320	84.84	3210	16919	427	3924	18239	364.76
8. Civil Aviation	588	1680	185.93	9947	41880	321	10535	43560	313.49
9. Coal	1019	1326	30.07	15563	61826	297	16582	63152	280.84
10. Commerce	5062	8767	73.19	53			5115	8767	71.39
11. Industrial Policy and Promotion	1941	3698	90.47				1941	3698	90.47
12. Posts	3845	3536	-8.03				3845	3536	-8.03
13. Telecommunications	906	1549	70.98	76338	79204	4	77244	80753	4.54
14. Information Technology	1902	11048	480.77	771			2674	11048	313.23
15. Corporate Affairs	1	187					1	187	
16. Consumer Affairs	284	958	237.04				284	958	237.04
17. Food and Public Distribution	268	614	128.96	456	891	95	725	1505	107.75
18. Culture	1643	3116	89.63				1643	3116	89.63
19. Defence									
20. Development of North Eastern Region	169	447	164.91				169	447	164.91
21. Earth Sciences	1060	6193	484.45				1060	6193	484.45
22. Environment and Forests	5600	8841	57.86				5600	8841	57.86
23. External Affairs	3463	2201	-36.44				3463	2201	-36.44
24. Economic Affairs*	2893	3946	36.42				2893	3946	36.42
25. Expenditure	2	5	189.35				2	5	189.35
26. Food Processing Industries	531	3564	570.78				531	3564	570.78
27. Health and Family Welfare	38344	120375	213.93		504		38344	120879	215.24
28. AYUSH	1112	3526	217.13				1112	3526	217.13

(Annexure 3.2 contd.)

(Annexure 3.2 contd.)

(Rs crore at 2006–07 prices)

Ministry/Department	Budgetary Support			IEBR			Total Outlay		
	Tenth Plan Realization	Eleventh Plan Projection	% increase	Tenth Plan Realization	Eleventh Plan Projection	% increase	Tenth Plan Realization	Eleventh Plan Projection	% increase
29. Heavy Industry	1409	3619	156.82	2074	6373	207	3483	9992	186.88
30. Public Enterprises	101	48	-52.68				101	48	-52.68
31. Home Affairs	1438	6189	330.31				1438	6189	330.31
32. School Education and Literacy	50112	163506	226.28				50112	163506	226.28
33. Higher Education	13112	75102	472.76				13112	75102	472.76
34. Information and Broadcasting	1611	4809	198.50	1371	127	-91	2982	4936	65.51
35. Labour and Employment	904	2210	144.48				904	2210	144.48
36. Law and Justice	519	1300	150.35				519	1300	150.35
37. Mines	1118	1043	-6.70	2293	6387	179	3411	7430	117.83
38. Minority Affairs	120	6189					120	6189	5078.13
39. Non-Conventional Energy Sources	1808	3537	95.65	2367	6246	164	4175	9783	134.31
40. Panchayati Raj	136	775	471.57				136	775	471.57
41. Parliamentary Affairs									
42. Personnel, Public Grievances and Pensions	188	491	161.43				188	491	161.43
43. Petroleum and Natural Gas	370	174	-52.88	148532	244973	65	148902	245148	64.64
44. Planning **	207	22799	10919.26				207	22799	
45. Power	14444	26924	86.41	72495	278781	285	86938	305705	251.63
46. Railways	40119	40513	0.98	51431	150000	192	91551	190513	108.10
47. Revenue									
48. Rural Development	98432	172350	75.10				98432	172350	75.10
49. Land Resources	6224	17205	176.42				6224	17205	176.42
50. Drinking Water Supply	19893	41825	110.25				19893	41825	110.25
51. Science and Technology	4407	9750	121.23				4407	9750	121.23
52. Scientific and Industrial Research	3256	7957	144.36		25		3256	7982	145.12
53. Biotechnology	1795	5649	214.74				1795	5649	214.74
54. Shipping	1450	4465	207.86	8704	39409	353	10154	43874	332.09
55. Road Transport and Highways	40294	73530	82.48	15323	34829	127	55617	108359	94.83
56. Social Justice and Empowerment	7691	11532	49.95				7691	11532	49.95
57. Space	11945	27305	128.59				11945	27305	128.59
58. Statistics and Programme Implementation	314	530	68.59				314	530	68.59

(Annexure 3.2 contd.)

(Annexure 3.2 contd.)

(Rs crore at 2006–07 prices)

Ministry/Department	Budgetary Support			IEBR			Total Outlay		
	Tenth Plan	Eleventh Plan	% increase	Tenth Plan	Eleventh Plan	% increase	Tenth Plan	Eleventh Plan	% increase
	Realization	Projection		Realization	Projection		Realization	Projection	
59. Steel	113	192	69.84	7979	8254	3	8092	8447	4.39
60. Textiles	4909	12378	152.13	8			4918	12378	151.70
61. Tourism	2849	4558	59.96				2849	4558	59.96
62. Tribal Affairs	1481	3633	145.22				1481	3633	145.22
63. Urban Development	12805	11001	-14.09	5066	13599	168	17871	24600	37.65
64. Urban Employment and Poverty Alleviation	2850	3260	14.37	25057	40220	61	27907	43480	55.80
65. Water Resources	2435	2870	17.88				2435	2870	17.88
66. Women and Child Development	16307	48420	196.92				16307	48420	196.92
67. Youth Affairs And Sports	1949	5305	172.26				1949	5305	172.26
68. Grand Total	486798	1096860	125.32	458530	1059711	131	945328	2156571	128.13

Note: Totals may not tally due to rounding errors. * The allocation also includes funds for Central Road Fund. ** Includes allocation for Energy (R&D) and Skill Development Mission.

ANNEXURE 3.3
Proposed Sectoral Allocations for States and Union Territories in the Eleventh Plan

(Rs crore at 2006–07 price)

S. No.	Major Heads of Development	Andhra Pradesh	%-age to total	Arunachal Pradesh	%-age to total	Assam	%-age to total	Bihar	%-age to total	Chhattisgarh	%-age to total	Goa	%-age to total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
I.	Agriculture and Allied Activities	7377.69	5.01	752.00	9.52	517.94	2.16	1697.71	2.80	1482.96	2.76	211.76	2.50
II.	Rural Development	14520.28	9.85	258.22	3.27	1878.69	7.84	7848.78	12.95	3234.57	6.02	234.98	2.77
III.	Special Area Programmes	3552.61	2.41	423.38	5.36	97.41	0.41	646.43	1.07	198.80	0.37	23.10	0.27
IV.	Irrigation and Flood Control	34292.18	23.27	516.95	6.54	2862.96	11.95	7876.15	12.99	5550.35	10.33	579.74	6.83
V.	Energy	22582.35	15.32	1280.19	16.20	2601.67	10.86	4717.84	7.78	13991.40	26.04	830.08	9.78
VI.	Industry and Minerals	5233.51	3.55	195.49	2.47	360.08	1.50	1982.43	3.27	924.16	1.72	117.73	1.39
VII.	Transport	12629.76	8.57	1589.50	20.12	3173.47	13.25	14726.26	24.29	6007.06	11.18	716.84	8.45
VIII.	Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX.	Science and Technology	35.41	0.02	44.94	0.57	213.74	0.89	311.32	0.51	2772.49	5.16	315.33	3.72
X.	General Economic Services	2544.80	1.73	442.88	5.61	575.66	2.40	2797.37	4.61	1015.51	1.89	181.19	2.14
XI.	Social Services	43111.28	29.25	2237.91	28.32	11152.75	46.56	17480.06	28.83	18316.70	34.09	3977.70	46.88
	Education	6061.14	4.11	1131.59	14.32	3306.90	13.81	5385.65	8.88	4217.84	7.85	1568.60	18.49
	Medical and Public Health	4206.26	2.85	287.62	3.64	848.06	3.54	872.54	1.44	1665.64	3.10	254.69	3.00
	Water Supply and Sanitation	5778.65	3.92	278.63	3.53	426.25	1.78	1587.39	2.62	5625.58	10.47	883.74	10.42
	Housing	5895.80	4.00	189.36	2.40	5.86	0.02	1429.28	2.36	182.68	0.34	94.68	1.12
	Urban Development	5332.86	3.62	230.99	2.92	5948.67	24.83	3666.88	6.05	4411.27	8.21	437.99	5.16
	Others Social Services	15836.57	10.74	119.72	1.52	617.01	2.58	4538.32	7.49	650.14	1.21	738.00	8.70
XII.	General Services	1515.12	1.03	159.54	2.02	519.65	2.17	546.66	0.90	236.41	0.44	1296.55	15.28
	Grand Total	147395.00	100.00	7901.00	100.00	23954.00	100.00	60631.00	100.00	53730.43	100.00	8485.00	100.00

(Annexure 3.3 contd.)

(Annexure 3.3 contd.)

S. No.	Major Heads of Development	Gujarat	%-age to total	Haryana	%-age to total	Himachal Pradesh	%-age to total	Jammu & Kashmir	%-age to total	Jharkhand	%-age to total	Karnataka
1	2	15	16	17	18	19	20	21	22	23	24	25
I.	Agriculture and Allied Activities	5639.37	5.27	1636.27	4.90	1470.08	10.67	1818.21	7.04	2517.75	6.26	4317.30
II.	Rural Development	3154.80	2.95	1536.29	4.60	355.62	2.58	615.61	2.38	5500.57	13.67	4822.5
III.	Special Area Programmes	83.61	0.08	173.54	0.52	20.47	0.15	1419.76	5.50	1855.78	4.61	683.35
IV.	Irrigation and Flood Control	29196.49	27.31	3975.82	11.91	1220.62	8.86	735.02	2.85	3379.37	8.40	26033.78
V.	Energy	3767.21	3.52	3901.64	11.69	1122.14	8.14	8196.95	31.73	5634.62	14.00	12876.51
VI.	Industry and Minerals	3203.92	3.00	410.08	1.23	177.68	1.29	550.88	2.13	871.34	2.17	1259.31
VII.	Transport	9368.75	8.76	4625.88	13.86	2142.28	15.55	2660.81	10.30	4712.74	11.71	12599.10
VIII.	Communications	0.00	0.00	0.00	0.00	0.05	0.00	42.34	0.16	0.00	0.00	0.00
IX.	Science and Technology	793.82	0.74	27.08	0.08	2.92	0.02	23.70	0.09	911.55	2.27	1370.23
X.	General Economic Services	2057.60	1.92	1136.00	3.40	798.59	5.80	2740.98	10.61	647.65	1.61	2461.42
XI.	Social Services	49586.47	46.38	15610.80	46.78	6060.29	43.99	6501.40	25.17	13261.34	32.96	33977.03
	Education	*		3113.30	9.33	1679.87	12.19	2160.37	8.36	4468.63	11.10	5842.5
	Medical and Public Health	*		676.31	2.03	1445.19	10.49	1353.15	5.24	1809.37	4.50	1963.01
	Water Supply and Sanitation	*		4879.76	14.62	1443.93	10.48	1406.28	5.44	1225.51	3.05	5328.05
	Housing	*		406.75	1.22	553.76	4.02	9.90	0.04	17.51	0.04	3931.04
	Urban Development	*		817.66	2.45	127.54	0.93	788.39	3.05	1721.55	4.28	9510.28
	Others Social Services	*		5717.02	17.13	810.00	5.88	783.31	3.03	4018.77	9.99	7402.11
XII.	General Services	65.97	0.06	340.59	1.02	407.25	2.96	528.32	2.05	947.30	2.35	1263.46
Grand Total		106918.00	100.00	33374.00	100.00	13778.00	100.00	25834.00	100.00	40240.00	100.00	101664.00

(Annexure 3.3 contd.)

(Annexure 3.3 contd.)

S. No.	Major Heads of Development	%-age to total	Kerala	%-age to total	Madhya Pradesh	%-age to total	Maharashtra	%-age to total	Manipur	%-age to total	Meghalaya	%-age to total
1	2	26	27	28	29	30	31	32	33	34	35	36
I.	Agriculture and Allied Activities	4.25	2418.65	5.77	3751.24	5.33	10203.04	8.00	439.23	5.39	735.22	8.00
II.	Rural Development	4.74	1926.64	4.59	10739.26	15.27	13391.49	10.50	271.14	3.33	802.30	8.73
III.	Special Area Programmes	0.67	344.88	0.82	887.60	1.26	765.23	0.60	231.43	2.84	189.09	2.06
IV.	Irrigation and Flood Control	25.61	2343.41	5.59	14934.79	21.24	26782.98	21.00	772.38	9.47	219.72	2.39
V.	Energy	12.67	5547.94	13.23	9416.25	13.39	19130.70	15.00	1498.71	18.38	1084.88	11.81
VI.	Industry and Minerals	1.24	1180.84	2.82	591.12	0.84	1913.07	1.50	656.14	8.05	290.50	3.16
VII.	Transport	12.39	2524.56	6.02	8006.72	11.38	8927.66	7.00	403.16	4.94	1623.62	17.68
VIII.	Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX.	Science and Technology	1.35	1094.17	2.61	161.05	0.23	127.54	0.10	127.63	1.57	245.07	2.67
X.	General Economic Services	2.42	2197.05	5.24	1564.95	2.23	5101.52	4.00	157.98	1.94	253.00	2.75
XI.	Social Services	33.42	10056.12	23.98	20159.98	28.67	38261.40	30.00	3273.20	40.14	3481.74	37.91
	Education	5.75	687.38	1.64	8684.21	12.35	7652.28	6.00	748.44	9.18	1336.29	14.55
	Medical and Public Health	1.93	423.74	1.01	1318.37	1.87	2550.76	2.00	103.05	1.26	633.81	6.90
	Water Supply and Sanitation	5.24	1202.52	2.87	1558.92	2.22	14870.93	11.66	1135.14	13.92	580.99	6.33
	Housing	3.87	367.29	0.88	6.49	0.01	1836.55	1.44	309.20	3.79	121.48	1.32
	Urban Development	9.35	204.92	0.49	4606.36	6.55	5917.76	4.64	237.63	2.91	321.66	3.50
	Others Social Services	7.28	7170.26	17.10	3985.64	5.67	5433.12	4.26	739.74	9.07	487.51	5.31
XII.	General Services	1.24	12305.74	29.34	116.04	0.16	2933.37	2.30	322.98	3.96	259.86	2.83
	Grand Total	100.00	41940.00	100.00	70329.00	100.00	127538.00	100.00	8154.00	100.00	9185.00	100.00

(Annexure 3.3 contd.)

(Annexure 3.3 contd.)

S. No.	Major Heads of Development	Mizoram	%-age to total	Nagaland	%-age to total	Orissa	%-age to total	Punjab	%-age to total	Rajasthan	%-age to total	Sikkim	%-age to total
1	2	37	38	39	40	41	42	43	44	45	46	47	48
I.	Agriculture and Allied Activities	469.58	8.49	494.95	8.28	708.20	2.20	302.76	1.05	1330.46	1.85	276.01	5.85
II.	Rural Development	197.70	3.57	311.81	5.22	1864.71	5.79	2544.37	8.80	4244.11	5.92	510.30	10.81
III.	Special Area Programmes	57.12	1.03	578.93	9.68	4888.23	15.17	0.00	0.00	817.55	1.14	104.70	2.22
IV.	Irrigation and Flood Control	199.06	3.60	151.23	2.53	6518.18	20.23	1404.76	4.86	7655.29	10.67	84.76	1.80
V.	Energy	691.41	12.49	646.94	10.82	3431.93	10.65	8075.08	27.92	26441.82	36.86	511.54	10.84
VI.	Industry and Minerals	196.86	3.56	375.70	6.28	132.66	0.41	363.28	1.26	1005.02	1.40	233.90	4.9
VII.	Transport	886.58	16.02	821.90	13.75	3033.34	9.41	4290.29	14.83	4831.93	6.74	546.84	11.59
VIII.	Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX.	Science and Technology	88.13	1.59	55.39	0.93	1176.94	3.65	8.48	0.03	31.14	0.04	147.60	3.13
X.	General Economic Services	345.91	6.25	341.06	5.71	1670.47	5.18	2080.37	7.19	754.00	1.05	158.78	3.36
XI.	Social Services	2305.82	41.67	1854.19	31.02	8473.99	26.30	9469.55	32.74	20031.68	27.93	1882.32	39.88
	Education	755.94	13.66	505.03	8.45	2426.52	7.53	1898.92	6.57	3654.31	5.09	799.29	16.93
	Medical and Public Health	495.92	8.96	252.64	4.23	515.55	1.60	406.21	1.40	1549.10	2.16	368.95	7.82
	Water Supply and Sanitation	480.18	8.68	260.05	4.35	1726.24	5.36	2129.89	7.36	5331.95	7.43	255.27	5.41
	Housing	318.64	5.76	302.66	5.06	305.54	0.95	349.14	1.21	847.09	1.18	141.20	2.99
	Urban Development	131.73	2.38	396.43	6.63	579.53	1.80	417.30	1.44	5274.33	7.35	122.05	2.59
	Others Social Services	123.41	2.23	137.37	2.30	2920.61	9.06	4268.10	14.76	3374.90	4.70	195.55	4.14
XII.	General Services	95.82	1.73	345.90	5.79	326.34	1.01	384.05	1.33	4588.99	6.40	263.24	5.58
	Grand Total	5534.00	100.00	5978.00	100.00	32225.00	100.00	28923.00	100.00	71732.00	100.00	4720.00	100.00

(Annexure 3.3 contd.)

(Annexure 3.3 contd.)

S. No.	Major Heads of Development	Tamil Nadu	%-age to total	Tripura	%-age to total	Uttar Pradesh	%-age to total	Uttara-khand	%-age to total	West Bengal	%-age to total	Total (States)	%-age to total
1	2	49	50	51	52	53	54	55	56	57	58	59	60
I.	Agriculture and Allied Activities	7831.57	9.18	694.35	7.84	19146.37	10.57	4564.47	10.67	1122.01	1.76	83927.15	5.94
II.	Rural Development	10241.28	12.00	906.40	10.24	7658.00	4.23	2483.90	5.80	7289.65	11.43	109344.00	7.74
III.	Special Area Programmes	0.0	0.0	497.22	5.62	4534.39	2.50	61.12	0.14	3193.28	5.01	26329.03	1.86
IV.	Irrigation and Flood Control	3313.36	3.88	520.78	5.88	16338.22	9.02	2661.10	6.22	2626.76	4.12	202746.20	14.36
V.	Energy	10743.30	12.59	636.44	7.19	26371.03	14.56	4966.05	11.60	17630.11	27.64	218326.74	15.46
VI.	Industry and Minerals	3715.98	4.35	278.62	3.15	2347.10	1.30	324.25	0.76	1920.67	3.01	30812.34	2.18
VII.	Transport	11646.95	13.65	1024.39	11.57	27328.64	15.09	8376.33	19.57	4601.60	7.21	163826.95	11.60
VIII.	Communications	0.0	0.0	0.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.76	0.00
IX.	Science and Technology	146.59	0.17	43.74	0.49	303.93	0.17	590.13	1.38	592.91	0.93	11762.96	0.83
X.	General Economic Services	284.15	0.33	255.46	2.89	11798.77	6.52	1567.35	3.66	310.26	0.49	46240.73	3.27
XI.	Social Services	36732.06	43.04	3827.30	43.24	64820.85	35.79	16547.89	38.67	23780.29	37.29	486232.14	34.43
	Education	3649.61	4.28	1068.39	12.07	18850.83	10.41	4323.85	10.10	5955.41	9.34	101933.15	7.22
	Medical and Public Health	2730.00	3.20	638.28	7.21	13194.05	7.29	2189.01	5.11	3532.80	5.54	46284.08	3.28
	Water Supply & Sanitation	7555.35	8.85	482.39	5.45	5367.34	2.96	2582.72	6.03	2013.62	3.16	76397.29	5.41
	Housing	2045.24	2.40	490.63	5.54	2824.06	1.56	417.34	0.98	698.09	1.09	24097.25	1.71
	Urban Development	6110.63	7.16	239.56	2.71	10913.17	6.03	3502.72	8.18	6331.72	9.93	78301.58	5.55
	Others Social Services	14641.22	17.16	908.04	10.26	13671.40	7.55	3532.25	8.25	5248.66	8.23	108068.75	7.65
XII.	General Services	688.78	0.81	166.93	1.89	446.70	0.25	655.41	1.53	711.45	1.12	32438.42	2.30
	Grand Total	85344.00	100.00	8852.00	100.00	181094.00	100.00	42798.00	100.00	63779.00	100.00	1412029.43	100.00

(Annexure 3.3 contd.)

(Annexure 3.3 contd.)

S. No.	Major Heads of Development	Andaman & Nicobar Islands	%-age to total	Chandigarh	%-age to total	Dadra & Nagar Haveli	%-age to total	Daman & Diu	%-age to total	Delhi	%-age to total
1	2	61	62	63	64	65	66	67	68	69	70
I.	Agriculture and Allied Activities	107.50	2.62	4.34	0.20	29.61	2.28	21.63	2.40	163.79	0.30
II.	Rural Development	221.63	5.41	19.24	0.90	35.36	2.72	15.59	1.73	712.69	1.30
III.	Special Area Programmes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV.	Irrigation and Flood Control	52.94	1.29	3.19	0.15	52.41	4.03	27.89	3.10	333.67	0.61
V.	Energy	183.96	4.49	305.19	14.31	235.14	18.09	138.07	15.34	5488.68	10.02
VI.	Industry and Minerals	27.40	0.67	4.14	0.19	45.37	3.49	35.07	3.90	547.99	1.00
VII.	Transport	1843.63	44.97	189.61	8.89	136.81	10.52	179.71	19.97	18572.89	33.89
VIII.	Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX.	Science and Technology	93.43	2.28	151.10	7.09	117.59	9.05	12.32	1.37	81.89	0.15
X.	General Economic Services	73.21	1.79	15.82	0.74	70.96	5.46	61.51	6.83	173.53	0.32
XI.	Social Services	1237.39	30.18	1418.24	66.52	527.22	40.56	370.59	41.18	27434.52	50.06
	Education	351.65	8.58	282.09	13.23	180.55	13.89	108.59	12.07	4464.55	8.15
	Medical and Public Health	161.25	3.93	472.97	22.18	165.03	12.69	82.93	9.21	5309.43	9.69
	Water Supply and Sanitation	237.78	5.80	55.97	2.63	72.66	5.59	53.55	5.95	9125.89	16.65
	Housing	185.33	4.52	53.49	2.51	17.86	1.37	35.51	3.95	729.44	1.33
	Urban Development	139.06	3.39	484.12	22.71	69.35	5.33	50.96	5.66	5879.34	10.73
	Others Social Services	162.30	3.96	69.59	3.26	21.77	1.67	39.05	4.34	1925.89	3.51
XII.	General Services	258.92	6.32	21.12	0.99	49.52	3.81	37.61	4.18	1289.48	2.35
	Grand Total	4100.00	100.00	2132.00	100.00	1300.00	100.00	900.00	100.00	54799.15	100.00

(Annexure 3.3 contd.)

(Annexure 3.3 contd.)

S. No.	Major Heads of Development	Lakshadweep	%-age to total	Puducherry	%-age to total	Total (UTs)	%-age to total	Total (States & UTs)	%-age to total
1	2	71	72	73	74	75	76	77	78
I.	Agriculture and Allied Activities	185.30	8.82	1018.20	9.44	1530.37	2.01	85457.53	5.74
II.	Rural Development	12.25	0.58	378.25	3.51	1395.02	1.83	110739.02	7.44
III.	Special Area Programmes	0.00	0.00	0.00	0.00	0.00	0.00	26329.03	1.77
IV.	Irrigation and Flood Control	47.55	2.26	314.98	2.92	832.63	1.09	203578.84	13.68
V.	Energy	165.30	7.87	541.58	5.02	7057.94	9.27	225384.68	15.15
VI.	Industry and Minerals	9.12	0.43	539.35	5.00	1208.45	1.59	32020.79	2.15
VII.	Transport	564.91	26.90	822.51	7.63	22310.08	29.31	186137.03	12.51
VIII.	Communications	0.15	0.01	0.00	0.00	0.15	0.00	42.91	0.00
IX.	Science and Technology	81.85	3.90	186.25	1.73	724.43	0.95	12487.39	0.84
X.	General Economic Services	638.43	30.40	438.17	4.06	1471.63	1.93	47712.35	3.21
XI.	Social Services	297.12	14.15	5946.89	55.13	37231.97	48.91	523463.11	35.18
	Education	60.97	2.90	1348.27	12.50	6796.67	8.93	108729.83	7.31
	Medical and Public Health	34.53	1.64	1386.85	12.86	7613.01	10.00	53897.09	3.62
	Water Supply and Sanitation	37.26	1.77	466.33	4.32	10049.44	13.20	86446.74	5.81
	Housing	61.42	2.92	827.18	7.67	1910.23	2.51	26007.48	1.75
	Urban Development	23.51	1.12	582.17	5.40	7228.51	9.50	85530.10	5.75
	Others Social Services	79.42	3.78	1336.09	12.39	3634.10	4.77	162852.88	10.94
XII.	General Services	98.02	4.67	600.82	5.57	2355.49	3.09	34793.91	2.34
	Grand Total	2100.00	100.00	10787.00	100.00	76118.15	100.00	1488147.48	100.00