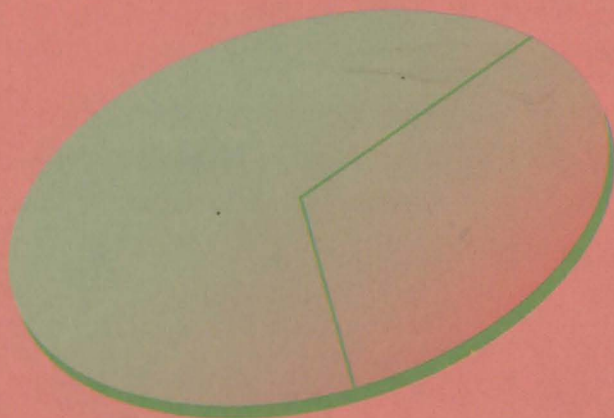


Central Budgetary Subsidies in India



D. K. Srivastava
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National Institute of Public Finance and Policy
New Delhi

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Preface

This study was undertaken by the National Institute of Public Finance and Policy in consultation with the Ministry of Finance.

The study team consists of D.K.Srivastava and H.K.Amarnath. Opinions and analyses here are those of the authors. The members of the Governing Body of the National Institute of Public Finance and Policy are in no way responsible for these.

May 2001.
New Delhi

Ashok K. Lahiri
Director

Foreword

The Discussion Paper on *Government Subsidies* brought out by the Ministry of Finance in May 1997 led to a countrywide discussion on subsidies in which academicians, parliamentarians, auditors and accountants, journalists, and public at large, participated at length. Among the various issues that caught the attention of the discussants in relation to the multi-faceted subject of subsidies in general, and the Discussion Paper in particular, were those that pertained to alternative definitions of subsidies, their classification into merit and non-merit categories, the methodology of estimating budgetary subsidies, and the implications of inefficiency costs that were embedded into the subsidy estimates. However, the seriousness and significance of the issues was acknowledged by all concerned.

In an analytical review, A. Vaidyanathan (*The Hindu*, September 1, 1997) observed: "These figures should dispel any doubt that a large and growing magnitude of the unrecovered cost of goods and services provided by the government is a major factor contributing to the deteriorating fiscal health of the governments at both levels". In a panel discussion organised by the PHD Chambers of Commerce and Industry (PHDCCI), it was reported (*Times of India*, July 4, 1997) that a consensus had emerged that government subsidies should be gradually phased out.

At the technical level, however, various methodological issues were discussed. In a commentary on the Discussion Paper, the *Economic and Political Weekly* (May 31, 1997) wrote that the paper failed to take cognizance of the significance of "dynamic externalities" in the entire range of social and economic services. The EPW write-up asserted that the "the incidence of subsidies is estimated to have gone up" because of "extraneous elements such as the average interest costs which have been arbitrarily pushed up by public policies". Other methodological issues related to estimation of depreciation rates. It was suggested that the capital expenditure on projects under construction should not include depreciation for the first few years as the assets had not yet begun to yield services.

A second dimension of the debate related to classification issues. Many people questioned whether a particular subsidy should be classified as "merit subsidy". Most cited the example of higher education. In the Discussion Paper, elementary education, however, had been counted on the side of merit subsidies. In this context as well A. Vaidyanathan (*The Hindu*, September 1, 1997) observed: "While in principle a society is free to decide this, its freedom is constrained by the availability of resources". Classification into merit and non-merit categories was bound to be disputed.

A.C. Tiwari (*Financial Express*, June 4, 1997) wrote: "The classification of services into 'merit' and 'non-merit' can be highly subjective and reaching a consensus will be difficult".

There was hardly any disagreement as to the fact that most subsidies were poorly targeted. Kirit S. Parikh (*Economic Times*, June 23, 1997) suggested "If we and our politicians really care for the poor, we would drastically trim all non-targeted subsidies ... and of course, spend twice as much on elementary education and make it compulsory". G.K. Nair (June 17, 1997) observed "The purpose of subsidising merit goods/services would be served only when the benefits reach the targets and enhance their ability to earn and produce more for the economy".

Although, the paper had provided a blueprint for recasting the subsidy regime, it stopped short of providing a concrete action plan. In the May 19-June 1, 1997 issue of *Business India*, N. Chandramohan (p. 53) wrote: "A white paper on subsidies reveals the extent of the subsidy problem, but tiptoes around any solution". There was also the complaint: "The problem it skirts around however is getting the government, any government, to bell the cat".

While this debate continued, the Parliamentary Committee attached to the Ministry of Finance met twice to discuss the issues that were raised in the Discussion Paper. The present study arose primarily out of the concerns expressed in the meetings of the Parliamentary Committee that in classifying subsidies into merit and non-merit categories, it may sometimes be necessary to go to sub-major or minor heads rather than dealing with expenditures only at the level of major budgetary heads. The study updates subsidy estimates with reference to the Union Government Finances for

1995-96 and 1996-97, whereas the earlier estimates pertained to 1994-95 only. It examines the issue of classifying subsidies into *merit* or *non-merit* services at a more disaggregated level. Furthermore, the issue of excess subsidisation with reference to certain exogenous norms pertaining to the desired degree of subsidisation for different categories of services is examined.

The working out of excess subsidisation requires magnitudes of elasticities of demand with respect to private and social demand curves, and elasticities of supply. A general equilibrium framework also needs to take into account inter-sectoral elasticities. As information on these is not readily available, some broad norms with respect to the recovery rates, keeping in view a broad judgement regarding relevant externalities, needs to be taken. The study works out the scope of additional recoveries by applying average desirable or normative recovery rates on three categories of services, namely, *Merit I*, *Merit II*, and *Non-Merit*. While in the *Non-Merit* case, recoveries should be near hundred percent, at least of the current or variable cost, for *Merit I* category, a high degree of subsidisation may be justified.

The study was undertaken at the instance of the Ministry of Finance, Government of India. However, the opinions expressed here are those of the authors only.

In the completion of the study, we had the opportunity of discussing various issues with a number of officials in the Department of Economic Affairs, Ministry of Finance, and colleagues at NIPFP who contributed with important materials and views. We would especially like to acknowledge the help received from Shankar N. Acharya, Tarun Das, and Arvind Kumar from the Department of Economic Affairs, Ministry of Finance. At the NIPFP, Amaresh Bagchi, Emeritus Professor, and A. Lahiri, Director, helped with valuable suggestions and constant encouragement. We consulted Tapas K. Sen from time to time in view of his expertise in the matter. Bhujanga C. Rao and T.S. Rangamannar provided relevant materials and useful suggestions. We gratefully acknowledge their help and take the responsibility for any errors that may yet remain undetected.

R. S. Tyagi provided adept secretarial support. The editorial and production team at NIPFP comprising Rita Wadhwa, Jagmohan Singh Rawat, and Jagan Mohini have transformed the manuscript in its present format.

I Subsidies: Concepts and Issues

Introduction

Apart from the unduly large volume of subsidies (at more than 14 percent of GDP), the subsidy regime in India was critiqued in the Discussion Paper (DP) on *Government Subsidies in India* (May, 1997), as being non-transparent, inefficiently administered, poorly targeted, and regressive, leading to misallocation and waste of resources, while keeping government budgets in persistent imbalance. While the states accounted for the bulk of these subsidies (more than 2/3rds), the remaining subsidies emanated from the central budget. Although more than two and a half years have elapsed since the publication of DP 1997, attempts at reducing unwarranted subsidies have been few and far between.

A successful reform of the subsidy regime calls for evolving a consensus among policymakers. One write-up, among several that commented upon the DP 1997, had appropriately concluded by quoting Prof. Sukhamoy Chakravarty: "Societies which have grown fast during the recent period have done so not because the sum total of problem solving effort has been vastly greater in any measurable sense (than ours), but because they could succeed in evolving a broad consensus on priorities".²

The present paper revisits the subsidy issue but focuses on the central budgetary subsidies. In the context of subsidies, the three pertinent questions, *viz.*, **what** to subsidise; **how** to subsidise; and **how much** to subsidise; are addressed here. Its main features are: (i) reclassification of subsidies within the *merit* and *non-merit* categories using information on expenditure heads upto sub-major and minor heads, where necessary; (ii) modification in the methodology³ of calculating depreciation costs;⁴ (iii) estimation of implicit and explicit central budgetary subsidies for 1995-96 and 1996-97; estimation of 'excess' subsidisation by grouping goods/services into three broad categories deserving high, intermediate, and low subsidisation; (iv) quantification of the scope of subsidy reduction under alternative assumptions; and (v) identification of the ways and means for subsidy reduction.

The main findings of the study are: subsidies explicit and implicit, emanating from the central budget are estimated at Rs. 43,000 crore in 1995-96, and Rs. 48,000 crore in 1996-97. This amounts to about 40 percent of centre's net revenue receipts. The recovery rates are as low as 8.36 percent of costs for social services and 16.58 percent for economic services. Of the total subsidies, nearly 60 percent are in the *non-merit* category deserving little subsidisation. The category where a high degree of subsidisation may be considered desirable account for only 4 to 6 percent of the total subsidies. Using a sensitivity analysis, making alternative assumptions about the average degree of subsidisation for different categories, it would appear that excess subsidisation is about 70 percent of total subsidies. Subsidies, can thus be cut down to nearly 30 percent of their present level while maintaining a desirable degree of subsidisation in the relevant categories.

The Case for Subsidies

To recapitulate, the issue of subsidy arises in the context of the provision of a service/good, where a user/beneficiary is identifiable, and the extent of his consumption, measurable. To the extent that the cost of providing a good, financed by the government budget, is not paid for by the user, it is paid for by the taxpayer. Such a subsidisation by the taxpayer may become justifiable when the benefit of the good/service is spread beyond the user or the direct beneficiary. Economists often refer to this phenomenon as positive externalities. For example, when an individual is educated, he may have benefited himself. But by his education, his neighbours, and the society at large would also benefit, if he turns out to be sociable and a law abiding citizen as a result of his education. In such circumstances, the market leads to a less than socially desirable level of consumption. This is because, individuals express their demand for a certain good taking into consideration their private benefits and their ability to pay. Their demand reflects benefits to themselves and not to the society as a whole. Since the benefits to the society are additional, the society may try to induce a higher level of demand through subsidies. Such extended benefits may relate both to consumption and production activities.

Budgetary subsidies arise when the government fails to recover the cost of providing the service from the users by such means as fees, tariffs, and user charges. Subsidies also arise when government procures a commodity from the sellers, and then sells it at prices that do not cover the procurement price and the cost of storage, handling, transmission, etc. Such is the case for food subsidies in India. Apart from being costly and cumbersome, widespread intervention by the government in the market impedes the ability of the market to respond to changing situations.

Although the issue of equity and efficiency has to be considered keeping in view the impact of the entire fiscal and regulatory system (taxes, subsidies, fiscal deficit, government expenditures, administered prices), subsidies in India have a significant impact on the equity and efficiency of the fiscal regime because of their size and spread. If excess subsidisation is financed through distortionary taxation, efficiency of the system is doubly compromised. An appropriate degree of subsidisation may lead to better alignment of market prices to the structure of social demands; but excessive subsidisation would distort their alignment leading to waste of scarce resources, and regressive outcomes. Achieving the right balance is, therefore, the key question in achieving the equity and efficiency objectives of fiscal intervention.

Considering the draft on account of subsidies on budgetary resources and also the effects of subsidies on the economy, there seems to be need for prescribing, even at the initial stage, a duration or time limit for the continuance of a subsidy. This may help in forewarning the consumers/beneficiaries so that they may look for suitable alternatives for their consumption profile.

Classifying Government Expenditures and Subsidies

Government expenditures in India are broadly classified into two categories: non-developmental and developmental. In the non-developmental category, expenditure heads like organs of state, fiscal and administrative services are included. These services are in the nature of public goods. They are not supplied by the market. Nor can they be charged to individuals according to the extent of their consumption. They

are appropriately paid for by taxation. The issue of subsidisation is not relevant in these cases.

Public goods are identified by the twin characteristics of rivalry (consumption by one user reduces the quantity available for another) and excludability (consumption by one can be distinguished from consumption by another). In modern economies, there are many goods/services that do not clearly fall into the exclusive categories of purely public or purely private goods. Both the characteristics of rivalry and excludability are matters of degree, and often there are some goods which can be seen as characterised by different degrees of 'publicness' and therefore fall in an intermediate category. One such category is that of 'club' goods which relate to goods that are non-rival for small groups but become rival when the group of users becomes large. Examples are swimming pools and roads.

Governments in India, both central and of states, however, actively participate in the provision of a range of private goods under the head of social and economic services. Budgetary subsidies arise when the budgetary cost of providing the good/service is more than the recovery made by the user/beneficiary of the service, the difference being financed by taxpayers. Clearly, some subsidies are less justified than others. How far can a service be subsidised through taxation is the critical issue.

The criterion of 'externality' determines whether the concerned service should also be subsidised and to what extent. In the earlier DP a classification of subsidies into merit and non-merit categories was proposed. Many goods fell into the non-merit side, and since budgetary subsidies have continued on these items for a long time, it has been difficult to reduce them. As part of the phasing out strategy, it may be desirable to have an intermediate category which can distinguish between such expenditure categories as elementary education and higher education. While both may require subsidisation, the degree of subsidisation may be much higher for elementary education. With more disaggregated information being used, subsidies and related service categories may be divided into three categories, viz. (i) *Merit 1*; (ii) *Merit 2* and (iii) *Non-Merit*. These broadly refer to categories of services with desired high,

intermediate and low (or zero) degrees of subsidisation. The distinction between them may be made on the basis of the extent of externality associated with the service. The exact degree of subsidisation may ultimately need to be determined, service by service. Determining the right degree of subsidisation depends on the elasticities of social and private demand, the extent of externalities, the associated cost (supply) functions, and the relative preferences (weights) given by the society to distributional objectives. Since quantifying the relevant parameters often proves to be difficult, the society has to exercise a collective judgement. The desired degree of subsidisation may be broadly indicated as: *Merit 1* (80 to 100 percent), *Merit 2* (50 to 70 percent), and *Non-Merit* (0 to 10 percent). Services proposed to be included in the three categories (details in annex 1), respectively, are indicated below:

Merit 1: Elementary education, primary health centres, prevention and control of diseases, and ecology and environment.

Merit 2: Education (other than elementary), family welfare, sanitation services, welfare of SC, ST and OBCs, social welfare and nutrition, food for those below poverty line (BPL), plant protection, social and farm forestry, rural development, major and medium irrigation (non-commercial), non-conventional sources of energy (other than atomic energy), and village and small industries.

Non-Merit: Irrigation (commercial), energy (power), coal and lignite, iron and steel industries, cement and non-metallic industries, petrochemical industries, chemical and pharmaceutical industries, dairy development, engineering industries, transport equipment industries, telecommunications and electronic industries, consumer industries, shipping, civil aviation, road transport, and postal services, food for those above poverty line.

Here, the *Merit 1* category is limited to only four items. The implied judgement is that these are the heads of expenditures, where government participation is a priority and externalities are large enough to place them in the category deserving highest subsidisation. It needs to be further emphasised that the items listed are only accounting heads, and it is the actual activity within those heads, which should be deserving of

subsidisation. In ecology and environment, for example, much of the task is to be attended to by market-based instruments other than subsidisation. The *Merit 2* category requires the judgement that although subsidisation may be provided for the time being, it need not be as high as 90 to 100 percent. Although the criterion on which this should be decided is the degree of associated externality, because of measurement difficulties, some broad judgement has to be exercised.

The decision to subsidise the provision of a private good by budgetary support can be considered in two stages. In the first instance, it should be decided whether government should participate in the provision of a private good/service at all. Apart from welfare related expenditures, the government is supposed to participate in developmental activities. However, not all developmental activities of the government need to be subsidised. In the second stage, these developmental activities may be divided into merit and non-merit categories so as to determine the appropriate extent of subsidisation.

There already exists a scheme of expenditure classification whereby government expenditures are divided into non-developmental and developmental categories. As indicated earlier, expenditure heads like organs of state, administrative, and fiscal services are classified under the non-development category. These goods and services are in the nature of public goods and do have a contribution to make in the development process. However, our main concern is with the government provision of private goods. These are all classified under development expenditures. The first task in launching a subsidy reform programme is to clearly delineate the sphere within which the governments should participate in the provision of private goods, either by directly producing them or supporting their production/supply through the private sector. This limit may be provided by considering only those goods/services which are truly developmental in character. The term developmental has been used with a variety of meanings by economists and can differ in scope depending on the context. In our present fiscal situation, within the developmental category may be included only activities which are characterised by strong vertical and horizontal linkages. The developmental effects of these should spread out to a wide range of sectors/individuals. Roads and railways are

examples of such activities. Some of these activities, characterised by lumpy initial investment and connectivity, may not be forthcoming from the private sector initiative. But even here the presence of government may be limited to that of an activity initiator, a nodal facilitator, or a regulator. Even while the government participates only in the provision of developmental goods/services, it does not automatically imply that all these activities should be subsidised. That requires further consideration of the associated degree of externality.

Reforming Subsidies: Some Critical Issues

a. Inefficiency and Costs: Inefficiency leads to a higher cost of production. This creates a wedge between subsidies that are actually received by the user of the service, and subsidies that are borne by the budget. The difference between the two only subsidises inefficiency. government's participation in providing services is attended by several types of inefficiencies. Apart from direct costs like those due to overstaffing, poor maintenance of assets, procedural delays, delays in taking critical decisions, there are systemic inefficiencies. Subsidy interventions by the government distort market prices and often lead to sub-optimal use of inputs in the economy, thereby raising overall costs in the system. As a result of these and other inefficiencies, the costs associated with the governmental provision of services tend to be high. Who should pay for the inefficiencies — the taxpayer or the user? As argued in DP 1997, the taxpayer should be asked to pay for public goods or partially for goods with extended benefits to the society. Since inefficiency is neither a public good nor a merit good, cost-escalation due to inefficiency cannot be pushed on to the taxpayer. Nor is there a case for passing it on to the user. The user is entitled to supply of service/good at the lowest possible cost. However, inefficiency costs have become integral to the public provisioning of goods in India. Since, in effect, when the user does not pay enough to cover either the legitimate costs or the inefficiency costs, it is the taxpayer who subsidises both types of costs. While, it makes no difference to the estimated volume of budgetary subsidies, it does imply that the first target in subsidy reduction should be to lower the inefficiency costs, for in that case, subsidies can be reduced without either reducing the level of the service or increasing the user

prices. The issue of inefficiency is equally relevant for the supply of public goods, i.e., organs of state, fiscal and administrative services, although these are not considered here.

b. Targeting Subsidies: Untargeted subsidies waste scarce resources. Properly targeted subsidies achieve the desired results with a limited draft on the budgetary resources. The beneficiary of a subsidy must ultimately be a person rather than a commodity or sector, although a subsidy, in contrast to a transfer, is administered through the market of a good or service. As such, even on first principles, the incidence of the benefit of a subsidy becomes difficult to control. The problem is further compounded, if they are administered through commodities that are inputs. Many subsidies in India, as highlighted in DP 1997, are administered through inputs like fertilisers, power, irrigation water, and diesel. Even when a final good like food is involved, the subsidy regime remains poorly targeted. The same is true of educational and medical subsidies. As a result, the distributional pattern of subsidies evinces a regressive pattern in many cases. Also, subsidies in agriculture, industries, and other sectors are distributed according to the pattern of consumption of the concerned products. Since, the pattern of consumption reflects the pattern of income, segments of population with a higher purchasing power are able to appropriate relatively larger benefits of subsidies. Subsidies imply provision of a good/service at a price lower than what would have prevailed without the subsidy intervention. Every price reduction has a substitution effect (increasing the demand for the good, the price of which has gone down, relative to others) and an income effect (increasing the demand for the concerned good as also that of others). It is because of the income effect, that the targeting of subsidies becomes absolutely essential. If the demand of a good is inelastic with respect to price/income, any income effect through subsidisation would lead to an increase in demand for goods other than the subsidised good.

c. Reversing the Dynamics of Subsidy Growth: From any given starting point, the degree and volume of subsidies have an inherent tendency to increase because of the different ways in which costs and receipts grow over time. Input costs, determined as a result of diffused and multiple market processes, increase in the normal course. User charges, on the

other hand, being more exposed to public scrutiny, and upward revisions in them being processed through public bodies and authorities (executive and legislature), tend to remain glued to old nominal levels. The gap between costs and receipts associated with publicly provided goods thus keeps widening. The recognition and reversal of this process is vital for keeping the subsidy volume in check.

d. Dealing with Harmful Subsidies: Excess subsidisation is not just an unwarranted fiscal cost. It can do significant damage. For example, over-subsidisation of fertilisers, leads to excessive use of fertilisers, pesticides and other agricultural inputs that have environmentally detrimental effects leading to erosion, compaction, and denitrification of top soil. Similarly, excess subsidisation of water causes drying up of rivers, declining water tables and soil erosion. Excess subsidisation of diesel compounds environmental pollution. `Perverse' subsidies are, in fact, recognised to be a harmful global phenomenon. Myers, *et.al.* (1997) have estimated that perverse subsidies constitute about 80 percent of the total subsidies on a global scale, thus constituting about 5.3 percent of the global economy, where the total volume of subsidies is estimated to be 6.8 percent of the global economy.

II Estimating Subsidies: Methodological Issues

This technical note explains the (i) overall methodology for estimating budget-based subsidies; (ii) the methodology for estimating depreciation costs; (iii) a procedure for decomposing the aggregate recovery rate; and (iv) a methodology for estimating the degree of oversubsidisation.

Estimation of Subsidies: Methodology

Subsidies are measured here as "unrecovered" costs of governmental provision of goods/services that are not classified as public goods. In particular, the goods/services under reference are those that are categorised as social services and economic services. The unrecovered costs are measured as the excess of aggregate costs over receipts from the concerned budgetary head.

The aggregate costs comprise three elements: (i) current costs (RX); (ii) annualised capital cost (opportunity cost of funds used for capital assets and imputed depreciation costs; and (iii) opportunity cost of funds invested in the form of equity or loan for the service (including those given to the PSE's).

In terms of symbols, these costs are:

$$C = RX + (i + d^*) K_o + iZ_o$$

where

RX = revenue expenditure

i = effective interest rate

d* = depreciation rate

K_o = aggregate capital expenditure at the beginning of the period

Z_o = sum of loans and equity investment at the beginning of the period

Receipts are:

$$R = RR + (I + D)$$

where

RR = revenue receipts

I = interest receipts

D = dividends

Subsidy is defined as: $S = C - R$

In the estimation exercises here, current costs are given by revenue expenditure on the given service (major or minor head), net of transfers to funds, as also net of transfer payments. Other parameters are effective interest rate and depreciation rate. The effective interest rate is the average interest rate on aggregate Central government borrowing in the concerned year. This is estimated to be 9.60 percent for 1995-96, and 10.23 percent for 1996-97. The depreciation rate is to be calculated with reference to the stock of capital at the beginning of the year. This stock of capital is the sum of nominal investments in previous years. Since these are additions of nominal figures, all at different prices, the calculation of depreciation rate has to take this into account. The methodology used for this purpose is explained below.

Methodology for Estimating Depreciation Costs

Let the life of a capital asset be T years. The rate of depreciation would be $\left(\frac{1}{T}\right)$ per year for the asset to be written off. For example, if T = 50 (years), $\frac{1}{T} = .02$.

Let the current year be T + 1. The past years under consideration are from 1 to T. Let nominal investments in these years be written as

$$I_1, I_2, \dots, I_T$$

Assuming an investment growth rate of z , we have

$$\begin{aligned}
 I_2 &= (1 + z) I_1 \\
 &\dots\dots\dots \\
 I_T &= (1 + z)^{T-1} I_1
 \end{aligned}$$

Thus,

$$I_1 = I_T / (1 + z)^{T-1}$$

Correspondingly,

$$\begin{aligned}
 I_1 &= I_T / (1 + z)^{T-1} \\
 I_2 &= I_T / (1 + z)^{T-2} \\
 &\dots\dots\dots \\
 I_{T-1} &= I_T / (1 + z) \\
 \\
 I_T &= I_T
 \end{aligned}$$

If the long-term rate of inflation is 'i', a nominal amount of 1 in year 1, is $(1 + i)^{T-1}$ in terms of the prices of the T_{th} year.

Then, the sum of I_1 , etc., in terms of the prices of the T_{th} year can be written as

$$\begin{aligned}
 &I_1 \left(\frac{1 + i}{1 + z} \right)^{T-1} + I_2 \left(\frac{1 + i}{1 + z} \right)^{T-2} + \dots + I_T \\
 &= I_T [w^{T-1} + w^{T-2} + \dots + 1]
 \end{aligned}$$

where

$$w = \left(\frac{1 + i}{1 + z} \right)$$

Let, $K_T = (I_T + I_{T-1} + \dots + I_1)$ indicate aggregate capital expenditure obtained by summing investments measured in the prices of the respective years in which they were made. We can write:

$$\begin{aligned}
K_T &= I_T + \frac{I_T}{(1+z)} + \dots + \frac{I_T}{(1+z)^{T-1}} \\
&= I_T \left[1 + \left(\frac{1}{1+z} \right) + \dots + \left(\frac{1}{1+z} \right)^{T-1} \right] \\
&= I_T [1 + x + \dots + (x)^{T-1}]
\end{aligned}$$

where

$$x = 1/(1+z)$$

or

$$I_T = K_T / (1 + x + \dots + x^{T-1})$$

Depreciation for one year in terms of the prices of year T is given by

$$\begin{aligned}
&= \left(\frac{1}{T} \right) I_T (1 + w + w^2 + \dots + w^{T-1}) \\
&= \left(\frac{1}{T} \right) K_T \frac{(1 + w + w^2 + \dots + w^{T-1})}{(1 + x + \dots + x^{T-1})}
\end{aligned}$$

Depreciation in terms of prices of year (T + 1), i.e., the current year, can be obtained by multiplying the above expression further by (1 + i). Thus, if K_T (i.e., outstanding accumulated capital stock in nominal terms) is to be used as the base, the depreciation rate on this should be

$$\left(\frac{1}{T} \right) \left(\frac{1 + w + w^2 + \dots + w^{T-1}}{1 + x + x^2 + \dots + x^{T-1}} \right) (1 + i)$$

We will refer to this expression as the adjusted depreciation rate (ADR). By simulating with alternative values of parameters (i, z) the following features regarding the impact of changes in the parameters on the depreciation rate can be derived.

- i. The higher the inflation rate, higher is the depreciation rate, for any given rate of growth of investment.
- ii. The higher the investment growth rate, lower is the depreciation rate for any given inflation rate.
- iii. When both investment growth and inflation rates are equal, the depreciation rate is just below their level upto a critical point (close to 5.63 percent) and the level of both rates increase above this, the depreciation rate is a little higher than the common inflation and investment growth rates. This excess increases as the rate of inflation (and the rate of investment growth) increases.

The parameters used for estimating the ADR are indicated below. For estimation of the long-term parameters, the sample used extends from 1950-51 to 1996-97.

- i. Average inflation rate: 7.98 percent per annum. This is calculated for the implicit price deflator of GDCF in the public sector;
- ii. Average growth rate for nominal investment: 12.35 percent per annum. This is calculated as compound growth rate with reference to gross capital formation by the central government; and
- iii. Average life of a capital asset: 50 years.

In deriving the base capital stock figure, only 1/3rd of investment in three previous years has been taken into account for the fact that all investment does not start giving service from the next year.

The estimated ADRs used for 1995-96, and 1996-97 are 5.24 and 5.25 percent per annum, respectively.

Analysis of Recovery Rates

The recovery rate (receipts/costs) may be decomposed in the following way:

The rate of recovery on directly provided services may be written as

$$r_1 = \frac{RR}{RX + d \cdot K_0} = \frac{RR}{C} \quad \text{where } C1 = RX + d \cdot K_0$$

The rate of return on investment in the form of equity and loans may be written as

$$r_2 = \frac{I + D}{i(Z_0)} = \frac{I + D}{C} \quad \text{where } C2 = iZ_0.$$

We have:

$$\text{Total cost} = C = C1 + C2 = (RX + d \cdot K_0) + iZ_0$$

$$\text{Total recovery} = RR + (I + D)$$

The aggregate recovery rate can be decomposed as:

$$\begin{aligned} r &= \frac{RR + (I + D)}{C} \\ &= \frac{RR}{C} + \frac{(I + D)}{C} \\ &= \frac{RR}{C1} \cdot \left(\frac{C1}{C}\right) + \frac{I + D}{C2} \cdot \left(\frac{C2}{C}\right) \end{aligned}$$

$$r = r_1 \cdot w_1 + r_2 \cdot w_2$$

Further, r_1 can be written as the product of the recovery rate of variable cost, and the share of variable cost in total cost.

$$r_1 = \left(\frac{RR}{RX} \right) \cdot (RX/C 1)$$

Hence, aggregate recovery rate may be written as

$$= \left[\begin{array}{l} \text{Rate of Recovery} \\ \text{of Current Cost} \end{array} \right] \times \left[\begin{array}{l} \text{Share of Current Cost in Total} \\ \text{Cost of Direct Services} \end{array} \right] \times \left[\begin{array}{l} \text{Share of Cost of Direct} \\ \text{Services in Total Cost} \end{array} \right]$$

$$= \left[\begin{array}{l} \text{Rate of Recovery on Loans} \\ \text{and Equity Investment} \end{array} \right] \times \left[\begin{array}{l} \text{Share of Annualised Cost of Loans and} \\ \text{Equity Investment in Total Costs} \end{array} \right]$$

In annex 6, a decomposition of sectoral recovery rates is given along these lines. The overwhelming importance of current costs in the provision of social services is quite apparent. Except for information and broadcasting and `others`, the share of current expenditure is usually in the range of 90 to 100 percent. In the case of several economic services also, it is quite high. The main sectors, where the share of capital costs is somewhat higher are energy and transport. In designing a strategy of subsidy reforms, it will be useful to set a target for recovering higher fraction of current costs, as a first step.

III Central Budgetary Subsidies: Measurement and Analysis

In this chapter, we first examine subsidies that are explicitly budgeted for in the central budgets. We subsequently move to a comprehensive estimation of subsidies that are measured as unrecovered budgetary costs in the public provision of social and economic goods/services.

Explicit Central Budgetary Subsidies

Food and fertiliser subsidies together occupy the centrestage in explicit subsidies provided for in the central budget, estimated at Rs. 23,838 crore in the 1999-2000 budget. Starting with modest amounts, both food and fertiliser subsidies have grown (table 1 and chart 1) at rates far higher than what would have been required to cover for inflation.

TABLE 1:
Explicit Subsidies in the Central Budget: Selected Growth Rates

Period	Food	Fertiliser	Total
1971-72 to 1990-00	16.67	--	18.53
1976-77 to 1990-00	--	20.87	--
1983-84 to 1999-00	14.87	14.75	--

Source (basic data): GOI, various issues (c).

Food subsidy for people above poverty line (APL) is counter-productive. As already argued, a subsidy induced reduction in relative food prices, generates an income effect for the APL beneficiaries. Given an inelastic demand for food, the income effect can only lead to higher demand for non-food items. Food subsidy must, therefore, be restricted to (BPL) beneficiaries. Even for a universal coverage of BPL households with subsidisation of 50-60 percent of economic cost, food subsidy (in 1999-2000) would have been in the range of Rs. 4300-5200 crore. If the economic cost can be reduced by cutting down the storage and other operational costs and other attendant losses of the Food Corporation of India (FCI), the bill can be reduced further (see end notes for details).

The economic case of providing fertiliser subsidies is weak. While it could be promoted and proposed for a short period, it cannot be allowed to become a permanent feature of the economy. Like other economic agents, farmers should also be exposed to market signals provided the agricultural sector is simultaneously freed from other controls and rigidities (movement of agricultural produce, exports, administered prices) supplemented by a mechanism to reduce volatility and risk in agricultural incomes (possibly through insurance). Further, the retention price mechanism of determining fertiliser subsidies subsidises production inefficiencies far more than it protects the farmers. It also leads to overuse and disproportionate use of fertilisers, thereby inducing long term damage to soil. Fertiliser subsidy needs to be phased out by reversing its growth phase into a decline phase. Countries like Indonesia, Pakistan, and Bangladesh have drastically and successfully reduced fertiliser subsidies in recent years.

Central Budgetary Subsidies: Comprehensive Estimates

In a comprehensive estimate of subsidies, covering both explicit and implicit subsidies, subsidies may be measured as the excess of costs of providing a service over the recoveries from that service. The costs associated with the provision of services can be divided into two components, *viz.*, current costs and capital costs. The latter is taken as the annualised cost of capital which is equivalent to the depreciation cost of capital assets and the interest cost of capital. The current cost is taken as the revenue expenditure on the service. This relates to the costs of purchasing goods and materials that go into the provision of the good and the payment of wages and salaries to people who are employed for providing these services.

As compared to the one adopted in DP 1997, the methodology of estimating depreciation costs has been modified (*see*, Technical Note). Also, one-third of capital investment in the three years preceding the year of estimate has been put aside as capital not yet yielding service in the current year.

a. Volume: In table 2, estimates of central budgetary subsidies covering both explicit and implicit subsidies for 1995-96 and 1996-97 have been provided. In 1996-97, subsidies amounted to Rs. 47,781 crore. This is nearly three times the explicit subsidies in 1996-97 (Rs. 16,125 crore), and eats up roughly 38 percent of the revenue receipts of the central government. While subsidies for social services amounted to Rs. 8,953 crore, those for the economic services, at Rs. 38,828 crore, constituted the core. Since subsidies are financed by tax and non-tax revenues, it is useful to relate them to the central revenue receipts net of revenue transfers to the states. It is indicated that nearly 37 to 38 percent of the revenue receipts of the central government are exhausted by the subsidies.

TABLE 2:
Comprehensive Estimates of Central Budgetary Subsidies

	Aggregate costs (Rs. crore)	Aggregate receipts (Rs. crore)	Subsidy (Rs. crore)	Subsidy as % of central revenue receipts
1995-96				
Social services	7671.4	605.2	7066.1	6.52
Economic services	41856.4	5981.5	3587.5	32.58
Total	49527.8	6586.7	42941.1	38.99
1996-97				
Social services	9770.3	817.1	8953.2	7.09
Economic services	46545.4	7717.8	38827.5	30.75
Total	56315.7	8534.9	47780.7	37.84

Source (basic data): CAG, 1995-96 and 1996-97.

b. Classification of Subsidies: The central budgetary subsidies are classified as three categories: *Merit 1*; *Merit 2*; and *Non-Merit*. About 63 percent of the total subsidies in 1995-96, and about 57 percent of the total subsidies in 1996-97 are estimated to be *Non-Merit*. The *Merit 1* category claims only 4.62 percent and 5.68 percent of the subsidies in these two years, respectively. The *Merit 2* category accounts for 32.46 percent of the total subsidies in 1995-96, and 37.28 percent of the total subsidies in 1996-97 (table 3).

TABLE 3:
Central Budgetary Subsidies: Category-Wise Aggregates

	(Rs. crore)			
Sectors	Merit 1	Merit 2	Non-Merit	Total
1995-96				
Social services	1839	2736	2491	7066
Economic services	147	11204	24524	35875
Total subsidised sectors	1986	13940	27015	42941
1996-97				
Social services	2493	3810	2650	8953
Economic services	221	14002	24605	38827
Total subsidised sectors	2714	17811	27255	47781
(Percent to Total)				
1995-96				
Social services	4.28	6.37	5.80	16.46
Economic services	0.34	26.09	57.11	83.54
Total subsidised sectors	4.62	32.46	62.91	100.00
1996-97				
Social services	5.22	7.97	5.55	18.74
Economic services	0.46	29.30	51.50	81.26
Total subsidised sectors	5.68	37.28	57.04	100.00

Source (basic data): As in table 2.

c. Excess Subsidisation: Utilising the proposed classification and the corresponding average recovery rates in the concerned categories, we can estimate excess subsidisation in relation to some benchmark values for desirable degree of subsidisation for the different categories of subsidies. Thus, considering 95 percent, 70 percent, and 10 percent, as the desirable 'average' degree of subsidisation in the three categories, it would appear that the aggregate excess subsidisation in the central budget amounted to Rs. 27,739 crore in 1995-96 and Rs. 28,941 crore in 1996-97. This translates into 68 percent of the total subsidy in 1995-96 and 65 percent in 1996-97 of the total subsidies in the two years, respectively. Results of a sensitivity analysis with alternative assumptions about category-wise desired average degree of subsidisation are given in annex 3.

d. Sectoral Shares: The relative shares of subsidies pertaining to different sectors are given in chart 2. While social services accounted for 18.74 percent of total subsidies, the economic services accounted for a massive 81.26 percent in 1996-97 (table 4). Within economic services,

sectors arranged in order of their share in the total subsidies, may be listed (percentage share in brackets) as follows: agriculture and allied services (26.66), science, technology, and environment (11.68), industry and minerals (24.34), energy (8.94), transport excluding railways (6.69), and postal services and satellite systems (2.46).

e. Structure of Costs: In table 5, the structure of costs is analysed in aggregate terms. On an average, in the case of social services, current costs account for nearly 88 percent of total costs; for education and health, the share of current costs is as high as 97 and 94 percent, respectively. These figures pertain to 1996-97, although the figures relating to 1995-96 are not much different. Among the economic services, the lowest share of current costs is 24.4 percent in the case of energy. In the case of agriculture and irrigation, current costs have a large share in total costs, amounting to 89 and 85 percent, respectively. The same is the case in postal services and the science, technology and environment group, where the share of current costs is higher than 90 percent.

TABLE 4:
Sector-Wise Subsidies: Recovery Rates and Relative Share in Total Subsidies

	1995-96		Recovery Rate	1996-97		
	Volume (Rs. Crore)	Share (Percent)		Volume (Rs. Crore)	Share (Percent)	Recovery Rate
Total subsidy	42941	100.00	13.30	47781	100.00	15.16
Social services	7066	16.46	7.89	8953	18.74	8.36
Economic services	35875	83.54	14.29	38827	81.26	16.58
Industry and minerals	10211	23.78	12.97	11629	24.34	18.85

Source (basic data): As in table 2.

TABLE 5:
Central Budgetary Services: Structure of Costs and Receipts

	1995-96		1996-97	
	Revenue Expenditure	Capital Costs (Annualised)	Revenue Expenditure	Capital Costs
	(percent)			
	As Percent of Aggregate Costs			
Social services	87.3	12.7	88.2	11.8
Economic services	66.3	33.7	65.9	34.1
	(percent)			
	1995-96		1996-97	
	Revenue Receipts	Interest and Dividends	Revenue Receipts	Interest and Dividends
	As Percent of Aggregate Receipts			
Social services	97.7	2.3	98.1	1.9
Economic services	47.9	52.1	40.6	59.4

Source (basic data): As in table 2.

f. Structure of Receipts: A distinction can be made between revenue receipts and interest and dividends. The former relates to services in which government departments/ministries participate directly, while the latter relates to government investment in the form of equity and loans. In the case of social services, as expected, the share of revenue receipts is very high because loans, etc., are given in a limited number of sectors in this group (table 5). In the case of economic services, the share of interest and dividends is more than 50 percent of total receipts both in 1995-96 and 1996-97. In fact, interest and dividends account for the bulk of receipts in energy and industry and minerals. The structure of receipts basically reflects the structure of nature of provisions of services, direct or through investment, and as such indicates the segment on which focus needs to be drawn in constructing a programme for improved recoveries.

g. Decomposition of Recovery Rates: The average sectoral recovery rates are also given in table 4. The recovery rate was 8.36 percent for social services and 16.58 percent for economic services in 1996-97. In 1996-97, the highest recovery rate is for information and broadcasting (49.64 percent). In the group of economic services, the range is between 2.53 (irrigation and flood control) to 50.85 (postal services and satellite system). The recovery rate in the case of energy is 37.63 percent of costs.

Since direct services can be distinguished from investment, the aggregate recovery rate can be decomposed into two parts: rate of recovery in direct services, and rate of recovery on loans and equity. In the latter category, recovery is of two kinds — dividend on equity and interest on loan. Their weighted averages would provide the aggregate recovery rate for the service. These decompositions are given for the broad heads of social and economic services in table 5, with further disaggregation in annex 6. In the case of direct services, only 9.30 percent of current costs are recovered for social services, and 10.22 percent of current costs, for economic services (1996–97). The rate of return on investment (equity and loans) by the government is as low as 12.99 percent of the average cost of borrowing those funds. In the case of economic services, 65.71 percent of the cost of borrowing is recovered.

h. Subsidising Education: Elementary education may be subsidised to an extent of 90–100 percent. Generalised subsidisation for secondary and higher education may be reduced to 50–70 percent on an average. Beyond that, individualised subsidisation for targeted beneficiaries may be desirable. Centre's contribution to university and higher education is made through grants by UGC and from funds administered by the Ministry of Human Resource Development. These funds are usually provided in the form of grants which are 'gap-filling' in nature. As already noted, current costs constitute a very large portion of total costs in the education sector. Whereas costs for providing education have steadily increased due to increased salaries of staff, and costs of equipment and maintenance, the fees, especially tuition fees, have remained stagnant for long periods. As a result, while in 1950s and 1960s, fees contributed about 20 percent of the total income of educational institutions, in the nineties, its contribution has gone down to less than 4 percent (*see*, annex 4). Since this sector is considerably short of funds, a reduction in budgetary support is not warranted. In fact, the budgetary support may need to be increased. However, if this is accompanied by a more than proportionate increase in non-government funding including tuition fees, the result would be a larger outlay for the sector with a reduced degree of subsidisation. Increase in fees would need to be accompanied by merit-cum-means scholarships and educational loans. In designing a scheme of revision of tuition fees, attention may be paid to (a) higher cost recoveries from foreign students;

(b) self-financing seats and courses; (c) linking degree of subsidisation to performance indicators; and (d) differentiated fee structure according to the demand for and costs of running different courses.

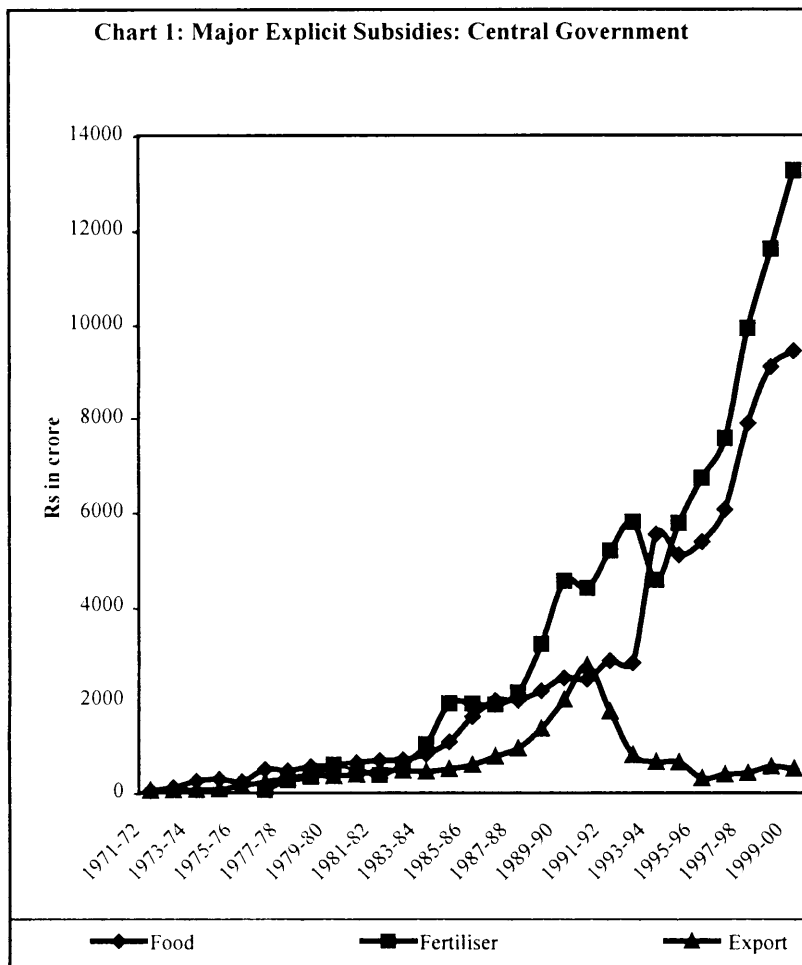
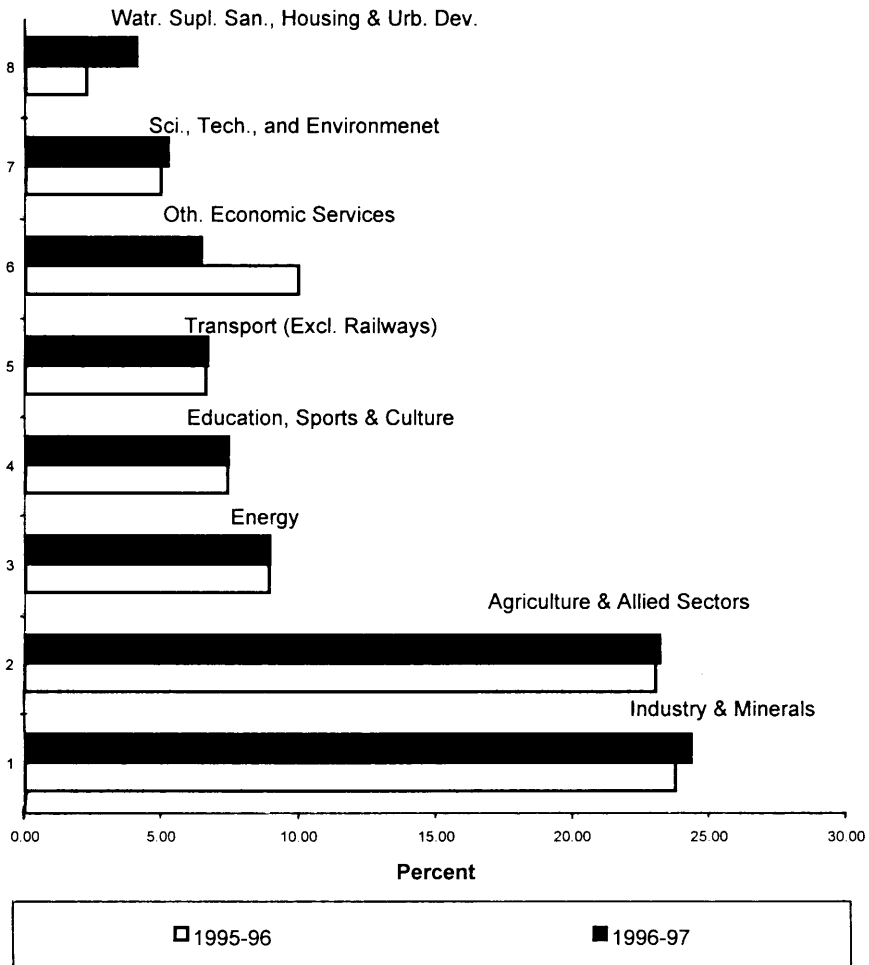


Chart 2: Major Sectoral Subsidies: Relative Shares



IV Reforming Central Subsidies

A comprehensive reform of the subsidy regime in India is urgently called for. Although, as DP had revealed, states are responsible for a major portion of budgetary subsidies, a lead must come from the central government in this direction. In this chapter, we consider a policy framework for reducing central budgetary subsidies.

Reducing Central Budgetary Subsidies: A Policy Framework

The earlier DP had outlined some general directions for subsidy reforms by asking for (i) reduction in the overall scale of subsidies; (ii) making subsidies as transparent as possible; (iii) using subsidies for well-defined objectives; (iv) focusing subsidies to final goods and services with a view to maximising their impact on the target population at minimum cost; (v) instituting systems for a periodic review of subsidies; and (vi) setting clear limits on the duration of any new subsidy schemes. Subsidy reduction can be approached through four directions, viz.: (i) reducing government participation in the provision of a service; (ii) improving targeting; (iii) increasing recoveries; and (iv) reducing inefficiency, and thereby reducing per unit cost.

Reducing Governmental Participation: Where subsidy reduction is to be based on a reduction of budgetary support, we need to identify sectors/services/goods where participation of the government is required to a lesser extent than the current levels. Many of the economic services would fall in this category.

Improving Targeting: By improving targeting, the volume of subsidies would automatically go down as unwarranted subsidies are withdrawn from the segment of population which does not merit subsidies.

Increasing Cost Recoveries: Cases where service levels are to be maintained (or increased), subsidy reduction needs to be approached basically from the side of revenues. Many social sector services and economic services where matters cannot be left to private initiative alone would fall in this category.

Reducing Inefficiencies: Overstaffing, wasteful use of inputs like electricity, water, petroleum in the government sector, costly delays in the completion of projects, are obvious avenues where costs can be reduced. As both the tax and subsidy regimes are reformed, costs will go down in the economy as a whole, as also in the government sector, owing to the removal of allocative distortions.

In order to work out a concrete plan for reducing the extent and degree of subsidisation, it would be useful to fix recovery targets in three phases: (i) short term (for the year 2000–01); (ii) medium term (in a period of five years); and (iii) long term (ten to fifteen years). The long term targets would need to be determined on the basis of desired or optimum degrees of subsidisation. The short term targets can be more modest, keeping in mind the relative priorities, and considerations and feasibility. Some of the ways and means of achieving these targets are listed below.

Operationalising the Strategy of Subsidy Reduction

- Each department/ministry/enterprise providing a chargeable service, should prepare an index (or indices) of per unit cost and per unit receipts;
 - Each unit should announce when the relevant user prices were revised last;
 - Each unit should prepare a plan for reducing staff strength, by putting in place: (i) an attractive VRS; (ii) limit on fresh recruitment; and (iii) a scheme for redeployment of staff;
 - Strategies of private provision of publicly provided private goods by sub contracting, unbundling of public sector activities, and privatisation should be explored;
 - Mechanism for automatic (or linked to an index of cost) upward revision of fees and user charges should be introduced; and
 - No new public enterprises should be set up.
-

Using the 1996-97 data, the potential for additional recoveries, has been worked out for the short term and medium term. In fixing the targets, a distinction has been made between provision of direct services

and investment. The targets have been determined at the disaggregated level of services (minor or sub-minor heads). Targets for direct services are lower than that for investment. In fixing the targets, a distinction has been made between the three categories of services. For *Merit 1* services, recovery target of 5 percent in the short run and 10 percent in the medium-term with respect to current cost has been set. For *Merit 2* services, a short-term target has been set for recovering 30 and 40 percent of current costs, respectively, for the social services, and economic services, and for the medium-term, targets of 50 and 70 percent respectively for the social and economic services, have been set. In certain cases (where recoveries are already higher than these targets), higher targets have been specified (details in endnote 5). For *Non-Merit* services, a short term target of recovering 70 percent of current costs in the short run, and 90 percent in the medium term for both services are provided. Examining the structure of the present recovery rates, in the case of selected services, somewhat higher targets have been set (endnote 5). For returns on investment covering both equity investment and loans, the following short and medium-term targets (as percentage of average cost of borrowing funds) have been set: *Merit 1* (40 and 60), *Merit 2* (50 and 70), and *Non-Merit* (60 and 90) percent. With reference to the 1996-97 figures, in the short-term, additional recoveries of about Rs. 15,000 crore can be achieved. In the medium-term this can be increased to nearly Rs. 27,000 crore. By applying the ratio of aggregate revenue expenditure to different subsidy aggregates in 1996-97 to the budgeted revenue expenditure in 1999-2000, we estimate that the additional revenue in terms of short term targets would be about Rs. 22,200 crore and, in the medium-term, about Rs. 40,600 crore for the current year (1999-2000).

TABLE 6:
Additional Annual Recoveries: Short and Medium-Term Targets

(Rs. crore)

	Additional Recoveries at 1996-97 Prices					
	Short Term			Medium Term		
	Direct Services	Invest-ment	Total	Direct Services	Invest-ment	Total
Social and Economic Services	13398.9	1633.3	15033.0	24310.2	2490.2	26801.3
Social Services	1827.3	58.4	1886.4	3108.1	79.3	3188.2
Education, Sports, Art and Culture	476.9	1.2	478.2	812.9	1.6	814.5
Health and Family Welfare	271.9	1.5	273.4	378.3	2.0	380.3
Housing and Urban Development	454.8	23.6	479.2	839.2	32.9	873.1
Information and Broadcasting	415.7	0.0	415.7	767.1	0.0	767.1
Other Social Services	208.0	32.1	240.1	310.5	42.7	353.3
Economic Services	11571.6	1575.0	13146.6	21202.1	2411.0	23613.1
Agriculture and Allied Activities	4331.1	110.3	4441.4	7726.2	227.6	7953.8
Rural Development	247.5	0.0	247.5	433.3	0.0	433.3
Irrigation and Flood Control	90.9	2.8	93.7	166.2	4.1	170.3
Energy	470.3	700.1	1170.4	303.7	1159.9	1463.6
Industry and Minerals	1725.2	504.6	2229.8	2485.4	783.9	3269.3
Transport (excluding Railways)	224.0	256.6	480.5	318.8	343.3	662.0
Postal Services and Satellite Systems	535.1	0.0	535.1	732.9	0.0	732.9

Source (basic data): As in table 2.

In this discussion, only central budgetary subsidies were considered. Nearly 69 percent of the budgetary subsidies, however, emanate from the state budgets. Further, most of the state level subsidies are hidden subsidies. It is important, therefore, that state level subsidy reforms be constructed based on state-specific studies that identify and unearth the hidden subsidies, trace the history of fees, charges, and user prices, and construct a plan for reforming the subsidy regime. Such a series of studies, possibly categorised as *Merit 2*, may even be subsidised.

Annexures

Annex 1

Classification of Service Groups

Sectors	Major	Merit 1	Merit 2	Non-Merit
Education, Sports, Arts & Culture	General Education	Elementary Education	Secondary education University & higher education Adult education Language development General	
			Technical education Sports and youth welfare Art & culture	
Medical & Public Health and Family Welfare	Medical & Public Health	Primary health centres Prevention & control of diseases		Urban health services Rural health services Medical education, training & research
		<i>Family Welfare</i>		
	Water Supply & Sanitation	Rural water supply programmes		
			Sanitation Services	Urban water supply programmes
	Housing		Building planning & research Rural housing	Government residential build. Urban housing
				General/oth. than building planning & research
<i>Urban Development</i>				
Welfare of SC, ST & OBCs				<i>Information and Publicity Broadcasting</i>
		<i>Welfare of SC & STs</i>		Other social services
		<i>Social welfare and nutrition</i>		Labour & labour welfare
Agriculture & Allied Activities		Soil & water conservation		Crop husbandry Animal husbandry Dairy development
	Fishes		Extension & training	Mechanisation & improvement of fish crafts Inland fisheries Marine fisheries Processing, preservation & marketing Other expenditure
		Forestry & Wild life		Afforestation & ecology dev. Communication & building Social & farm forestry Environmental forestry & wild life
	Food storage & warehousing			Zoological parks
			Food (below poverty line)	Food (above poverty line)
				Procurement and Supply Food Processing Storage and Warehousing

Annex 1 (contd.)

Classification of Service Groups

Sectors	Major	Merit 1	Merit 2	Non-Merit
Agriculture & Allied Activities			Agr. Research & education Special progr. for rural dev. Land reforms Special area programmes North eastern areas prog. Other agricultural programmes Rural development Oth rural dev. Programmes MPs local area dev. scheme	Agr. Financial Institutions Plantations Cooperations
	Irrigation and flood Control	Major & Med Irrigation	Major irrigation non-commercial Medium irrigation non-commercial	Major irrigation commercial
			Command area development Flood control and drainage	Minor irrigation
Industry and Minerals			Village and small industries	Power Coal and lignite
	Oth. Outlays on Indus. & Minerals		Development of backward areas	Industry Other industries Non ferr. mining & metal ind. Industrial financial institutions Others
				Inland water transport Roads and bridges Light houses & light ships
Transport (excl. Railways)			Satellite systems Postal services	
Communications		Ecology and Environment	Atomic energy research Space research Oceanographic research Other scientific research	
Science Technology & Environment			Census surveys and statistics Meteorology	Foreign trade and export prom. Tourism Civil supplies Other general economic services
General Economic Services				

Annex 2 Explicit Subsidies in Central Budget

(Rs. crore)

Year	Food subsidy	Fertiliser subsidy	Assistance for export promotion and market development	Subsidy on railways	Interest subsidy*	Others	Total
1971-72	47	0	54	0	5	34	140
1972-73	117	0	62	0	12	14	205
1973-74	251	0	66	0	20	24	361
1974-75	295	0	80	0	30	14	419
1975-76	250	0	149	0	47	24	470
1976-77	506	60	241	0	66	74	947
1977-78	480	266	324	0	88	129	1287
1978-79	570	342	375	0	59	129	1475
1979-80	600	603	361	56	92	109	1821
1980-81	650	505	399	69	253	152	2028
1981-82	700	381	477	78	102	203	1941
1982-83	711	603	477	97	217	157	2262
1983-84	835	1042	463	93	118	198	2749
1984-85	1101	1928	518	100	135	256	4038
1985-86	1650	1924	603	128	271	220	4796
1986-87	2000	1898	785	144	229	395	5451
1987-88	2000	2164	962	174	393	287	5980
1988-89	2200	3201	1386	207	406	332	7732
1989-90	2476	4542	2014	233	881	328	10474
1990-91	2450	4389	2742	283	379	1915	12158
1991-92	2850	5185	1758	312	316	1832	12253
1992-93	2800	5796	818	353	113	2115	11995
1993-94	5537	4562	665	412	113	1393	12682
1994-95	5100	5769	658	420	76	909	12932
1995-96	5377	6735	318	388	34	520	13372
1996-97	6066	7578	397	468	1222	633	16364
1997-98	7900	9918	420	526	78	645	19487
1998-99	9100	11388	575	618	1436	1566	24683
1999-00	8560	13250	630	710	73	615	23838

Source: GOI, various issues(a); and GOI, various issues (c).

Notes: * Does not include subsidy to: (i) Shipping Development Fund Committee which was treated as grant in the economic classification in the absence of details available then (upto 1977-78), and (ii) States and Union Territories for Janata cloth in the handloom sector which is treated as grants to States in the economic classification.

Food subsidy includes subsidy on sugar for the years 1997-98 to 1999-00.

Annex 3

Estimates of Excess Subsidisation: Sensitivity Analysis

	<i>Merit 1</i>	<i>Merit 2</i>	<i>Non-Merit</i>	Total	Total as % of revenue received
	Rs. crore				percent
<i>Parameters</i>	<i>0.99</i>	<i>0.75</i>	<i>0.15</i>		
1995-96	20	3239	22024	25283	22.96
1996-97	27	4185	21940	26152	20.71
<i>Parameters</i>	<i>0.95</i>	<i>0.70</i>	<i>0.10</i>		
1995-96	99	3953	23688	27739	25.19
1996-97	135	5094	23712	28941	22.92
<i>Parameters</i>	<i>0.90</i>	<i>0.65</i>	<i>0.05</i>		
1995-96	198	4666	25351	30216	27.44
1996-97	271	6002	25483	31756	25.15
<i>Parameters</i>	<i>0.85</i>	<i>0.60</i>	<i>0.00</i>		
1995-96	298	5380	27015	32692	29.69
1996-97	407	6910	27255	34572	27.38

Annex 4

Source of Income of all Educational Institutions

Year	Govt. funds (centre and states)	Local bodies funds	University funds	Total funds (2+3+4)	Fee	Endow- ments and other sources	Contribution from non- government sources (4+6+7)	(percent)	
								Total	
1	2	3	4	5	6	7	8	9	
1950-51	57.06	10.93	-	67.99	20.39	11.62	32.01	100.00	
1960-61	67.97	6.53	-	74.50	17.14	8.35	25.49	100.00	
1970-71	75.65	4.34	1.36	81.35	12.81	5.85	20.02	100.00	
1980-81	81.70	4.71	1.37	87.78	8.20	4.03	13.60	100.00	
1983-84	81.51	5.61	1.61	88.73	7.50	3.78	12.89	100.00	
1984-85	79.98	5.40	2.08	87.46	6.47	6.07	14.62	100.00	
1985-86	80.29	5.23	2.15	87.67	6.27	6.06	14.48	100.00	
1986-87	81.36	5.12	3.35	89.83	6.17	4.00	13.52	100.00	
1987-88	85.92	6.49	0.01	92.42	4.25	3.33	7.59	100.00	
1988-89*	83.08	6.72	0.04	89.84	6.08	4.08	10.20	100.00	
1989-90**	83.51	9.89	0.01	93.41	3.55	3.04	6.60	100.00	
1990-91**	87.87	6.22	0.01	94.10	3.53	2.37	5.91	100.00	
1991-92**	86.35	7.08	0.01	93.44	3.82	2.74	6.57	100.00	

Source: Ministry of Human Resource Development.

Notes: * Excludes affiliated institutions of higher education

** School education only

Annex 5 Central Budgetary Services: Structure of Costs

Sectors	(percent)			
	1995-96		1996-97	
	Revenue Expenditure	Capital Costs (Annualised)	Revenue Expenditure	Capital Costs (Annualised)
Social services	87.3	12.7	88.2	11.8
Education, sports, art and culture	97.2	2.8	97.2	2.8
Health and family welfare	93.3	6.7	94.0	6.0
Water suppl., sani., hou. and urb. dev.	62.9	37.1	78.0	22.0
Information and Broadcasting	68.5	31.5	68.0	32.0
Total other social services	96.2	3.8	95.5	4.5
Economic Services	66.3	33.7	65.9	34.1
Total agriculture, rural development and allied sectors	88.6	11.4	88.7	11.3
Irrigation and flood control	84.8	15.2	85.4	14.6
Energy	23.1	76.9	24.4	75.6
Industry and minerals	52.1	47.9	55.4	44.6
Transport (excluding Railways)	38.0	62.0	38.4	61.6
Communications	93.8	6.2	93.5	6.5
Total science, technology, environment and other economic services	93.9	6.1	92.3	7.7
Surplus Sectors	76.3	23.7	69.3	30.7
Petroleum	0.0	100.0	0.0	100.0
Total railways	82.6	17.4	81.1	18.9
Communications	62.3	37.7	51.9	48.1

Annex 6 Central Budgetary Services: Structure of Receipts

Sectors	(percent)			
	1995-96		1996-97	
	Revenue Receipts	Interest and Dividends	Revenue Receipts	Interest and Dividends
Social services	97.7	2.3	98.1	1.9
Education, sports, art and culture	96.8	3.2	97.8	2.2
Health and family welfare	99.0	1.0	96.3	3.7
Water suppl., sani., hou. and urb. dev.	77.4	22.6	92.3	7.7
Information and broadcasting	100.0	0.0	98.7	1.3
Total other social services	100.0	0.0	100.0	0.0
Economic services	47.9	52.1	40.6	59.4
Total agriculture, rural development and allied sectors	44.0	56.0	43.3	56.7
Irrigation and flood control	72.1	27.9	77.7	22.3
Energy	27.4	72.6	25.9	74.1
Industry and minerals	19.7	80.3	14.7	85.3
Transport (excluding Railways)	76.3	23.7	63.6	36.4
Communications	100.0	0.0	100.0	0.0
Total science, technology, environment and other economic services	98.8	1.2	100.0	0.0
Surplus sectors	98.4	1.6	98.5	1.5
Petroleum	69.7	30.3	68.0	32.0
Total railways	100.0	0.0	100.0	0.0
Communications	99.8	0.2	100.0	0.0

End Notes

1. A. Vaidyanathan, *The Hindu*, 1997, September 1.

2. At least one positive result of DP 1997 has been an increase in the general awareness within public of the nature and magnitude of the subsidy problem. One write up (*The Sunday Times*, May 11, 1997) referred to the Indians as “We, the subsidised people”. Another author (*Business Today*, May 22-June 6, 1997) contended “No nine letters have aroused as much dread as these”. The recognition of the problem is perhaps best echoed in a recently published letter of a reader (*India Today*, March 8, 1999) “Subsidy is a sleeping pill given to people so that they can’t stand on their own feet”.

3. Some methodological difficulties (for example, see Dharam Vir, “Subsidies Unveiled,” *The Economic Times*, October 18, 1997) were raised in estimating the implicit subsidies. In particular, attention was drawn to (i) possible over-estimation of capital costs implicit in the assumption that capital expenditure incurred upto the end of the preceding year would start providing service from the beginning of the current year, and (ii) overstatement of costs as government expenditure are characterised by various inefficiencies and leakages.

4. This method takes into account the fact that capital stock at the beginning of the period, as available in the *Finance Accounts*, is the sum of nominal investments made in the previous years, and before applying a depreciation rate, capital stock in terms of prices of one common year is needed. A note, separately being provided by NIPFP, gives the technical details.

5. Higher or lower targets (as compared to the average figures in the text) have been set for specific services as detailed below.

Figures in brackets indicate short and medium-term targets, respectively:

Elementary education (1, 10); secondary education (20, 30); urban health services (30, 40); environmental forestry and wild life (40, 60); plantations (50, 90); cooperation (50, 90); roads (60, 100); inland water transport (60, 100); Delhi Milk Scheme (70, 100); light houses and light ships, thermal and nuclear power generation (100, 100); power house at Phoenix Bay and atomic energy industries.

Lower than average targets are provided owing to the nature of service. Higher than average targets are provided in cases where recoveries are already higher than the average targets.

6. The food subsidy for a universal coverage of the BPL population can be calculated by the following expression:

$$\begin{aligned} & \text{[number of poor households] X [degree of subsidisation] X} \\ & \text{[foodgrains supplied per household] X} \\ & \text{[{\{share of wheat in PDS consumption\}} X \{\text{economic cost of} \\ & \text{wheat}\} +} \\ & \text{\{\{share of rice in PDS consumption\}} X \{\text{economic cost of} \\ & \text{rice}\}] \end{aligned}$$

Using the poverty ratio of 1993-94 (36%) on the current estimated population of 100 crore and an average of 5.2 persons per family, the number of poor households may be estimated as 6.92 crore. As per the norms of the targeted PDS programme (TPDS) introduced in June 1997, the norm of the PDS supply per family per month for BPL population is 10 kg. of foodgrains. The division of this between wheat and rice, however, was not specified. Using the proportions of 0.42 and 0.58, which indicate the average off take of wheat and rice in the PDS programme during the period from 1991-92 to 1998-99, and using a subsidy rate of 50 percent of economic cost, the food subsidy for BPL population will be about Rs. 4282 crore. In this calculation, the economic costs of 1998-99 were increased by an inflation rate of 7 percent. If the subsidy rate is set at 60 percent, this figure would be revised upwards to Rs. 5138 crore.

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APPENDIX TABLES

Table A.1
Central Budgetary Subsidies: Education and Allied Activities (1995-96)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Education, Sports, Art and Culture	310354.3	8892.4	319246.7	456.0	15.0	471.0	318775.7	0.15
General Education	230709.7	1958.8	232668.4	298.0	15.0	313.0	232355.4	0.13
<i>Elementary Education</i>	75269.1	294.7	75563.8	17.7	2.2	19.9	75543.9	0.03
<i>Secondary Education</i>	63153.6	780.9	63934.5	53.2	5.9	59.1	63875.4	0.09
<i>University and Higher Education</i>	74040.0	407.3	74447.3	84.1	3.3	87.4	74359.9	0.12
<i>Adult Education</i>	12417.5	0.0	12417.5	0.0	0.0	0.0	12417.5	0.00
<i>Language Development</i>	2485.5	0.0	2485.5	0.0	0.0	0.0	2485.5	0.00
<i>General</i>	3343.9	475.9	3819.9	143.0	3.6	146.6	3673.3	3.84
Technical Education	49614.5	962.3	50576.9	68.0	0.0	68.0	50508.9	0.13
<i>Polytechnics</i>	3198.6	124.4	3323.0	0.0	0.0	0.0	3323.0	0.00
<i>Eng./Tech. Colleges and Institutes</i>	27823.9	535.5	28359.3	0.0	0.0	0.0	28359.3	0.00
Sports and Youth Services	9670.5	1865.3	11535.8	14.2	0.0	14.2	11521.6	0.12
<i>Physical Education</i>	7649.0	0.0	7649.0	12.4	0.0	12.4	7636.7	0.16
Art and Culture	20359.6	4106.0	24465.6	75.9	0.0	75.9	24389.7	0.31
<i>Fine Arts Education</i>	55.2	6.9	62.1	0.0	0.0	0.0	62.1	0.00
<i>Archives</i>	408.0	138.3	546.3	0.0	0.0	0.0	546.3	0.00
<i>Public Library</i>	1419.4	0.0	1419.4	0.1	0.0	0.1	1419.2	0.01
<i>Museums</i>	4926.2	3337.1	8263.3	0.0	0.0	0.0	8263.3	0.00
<i>Cert. of Cine. Films for Public Exhibition</i>	107.5	0.0	107.5	66.1	0.0	66.1	41.4	61.48

Source: Based on data from CAG, 1995-96.

Notes: 1. Sector totals and major head totals are given in bold, minor heads are given in italics. Others are sub-minor heads.
2. Sub-minor heads are gross figures, unadjusted for refunds/repayments. As such, in case there are no minor heads, sub-minor heads do not add to the major head totals.

Table A.2
Central Budgetary Subsidies: Medical, Public Health and Family Welfare (1995-96)

SECTORS	Revenue Expenditure		Costs		Receipts		Subsidy	Recovery Rate (Percent)
	(Rs. lakh)	(Rs. lakh)	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends		
Health and Family Welfare	87786.6	94101.0	6314.4	3400.9	33.7	3434.6	90666.4	3.65
Medical and Public Health	74353.9	80355.6	6001.7	2716.7	6.8	2723.5	77632.1	3.39
Urban Health Services	26728.6	29662.6	2934.0	1736.4	6.8	1743.2	27919.4	5.88
Urban Health Services - Allopathy	26205.2	0.0	0.0	0.0	0.0	0.0	26205.2	0.00
Urban Health Services - Other Medicines	523.4	0.0	0.0	0.0	0.0	0.0	523.4	0.00
Rural Health Services	748.9	1366.6	617.8	15.9	0.0	15.9	1350.8	1.16
Rural Health Services - Allopathy	735.0	0.0	0.0	0.0	0.0	0.0	735.0	0.00
Rural Health Services - Other Medicines	13.9	13.9	0.0	0.0	0.0	0.0	13.9	0.00
Med. Education, Training and Research	35299.4	678.3	678.3	0.6	0.0	0.6	35977.1	0.00
Homoeopathy	544.9	2.8	2.8	0.0	0.0	0.0	547.7	0.00
Allopathy	31700.6	675.6	675.6	0.6	0.0	0.6	32376.2	0.00
Public Health	11045.8	1551.9	1551.9	886.6	0.0	886.6	11771.1	7.04
Manufacture of Sera/Vaccine	302.3	0.0	0.0	818.4	0.0	818.4	-516.1	--
Public Health Laboratories	1808.6	-62.0	-62.0	0.6	0.0	0.6	1746.0	0.03
General	531.3	219.7	219.7	77.2	0.0	77.2	673.7	10.28
Family Welfare	13432.7	312.7	312.7	684.2	26.9	711.1	13034.4	5.17
Rural Family Welfare Service	182.0	5.5	5.5	632.4	0.0	632.4	-445.0	--

Source and Notes: As in table A.1.

Table A.3
Central Budgetary Subsidies: Water Supply, Sanitation, Housing and Urban Development (1995-96)

SECTORS	Costs		Receipts		Subsidy	Recovery Rate (Percent)		
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts			Interest and Dividends	Aggregate Receipts
Water Supply, Sanitation, Housing and Urban Development	63983.4	37659.1	101642.5	4600.0	1345.8	5945.9	95696.6	5.85
Water Supply and Sanitation	40231.3	2607.9	42839.2	47.2	0.0	47.2	42792.0	0.11
Water Supply	35951.3	2369.2	38320.5	46.8	0.0	46.8	38273.7	0.12
Urban Water Supply Programmes	3732.9	1029.8	4762.7	27.2	0.0	27.2	4735.4	0.57
Rural Water Supply Programmes	32355.4	604.8	32960.2	2.0	0.0	2.0	32958.2	0.01
Sewerage and Sanitation	4280.0	238.7	4518.7	0.4	0.0	0.4	4518.3	0.01
Housing	21563.0	29225.6	50788.6	4551.3	1345.8	5897.1	44891.5	11.61
Government Residential Buildings	16614.4	22305.3	38919.7	4499.4	0.0	4499.4	34420.3	11.56
General Pool Accommodation	13523.8	13119.9	26643.8	4489.8	0.0	4489.8	22153.9	16.85
Other Housing	3090.6	8389.2	11479.8	9.5	0.0	9.5	11470.3	0.08
Urban Housing	15.0	2494.2	2509.2	0.1	0.0	0.1	1597.5	36.33
Rural Housing	4501.5	8.1	4509.6	0.0	0.0	0.0	4509.6	0.00
General	432.0	4418.1	4850.2	51.7	434.3	486.1	4364.1	10.02
Building Planning and Research	302.7	0.7	303.4	0.0	0.0	0.0	303.4	0.00
Urban Development	2189.2	5825.5	8014.7	1.6	0.0	1.6	8013.2	0.02
State Capital Development	0.0	744.7	744.7	0.0	0.0	0.0	744.7	0.00
National Capital Region	65.0	4578.0	4643.0	0.5	0.0	0.5	4642.4	0.01
Assistance to Local Bodies, Corporation, Urban Development Authority, etc.	65.0	0.0	65.0	0.5	0.0	0.5	64.5	0.82
Integrated Dev. of Small and Medium Towns	0.0	77.9	77.9	0.0	0.0	0.0	77.9	0.00
Slum Area Improvement	0.0	6.4	6.4	0.0	0.0	0.0	6.4	0.00
Other Urban Development Schemes	252.2	418.6	670.8	1.0	0.0	1.0	669.7	0.16
General	1872.0	0.0	1872.0	0.0	0.0	0.0	1872.0	0.00

Source and Notes: As in table A.1.

Table A.5
Central Budgetary Subsidies: Other Social Services (1995-96)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Total Other Social Services	120151.8	4786.4	124938.2	142.2	0.0	142.2	124796.0	0.11
Welfare of SC, ST and OBCs	4309.2	4010.4	8319.7	0.0	0.0	0.0	8319.7	0.00
Welfare of SC	1166.6	100.7	1267.3	0.0	0.0	0.0	1267.3	0.00
Welfare of ST	1021.1	633.1	1654.2	0.0	0.0	0.0	1654.2	0.00
Welfare of Backward Classes	84.0	0.1	84.1	0.0	0.0	0.0	84.1	0.00
General	2037.5	3276.6	5314.1	0.0	0.0	0.0	5314.1	0.00
Labour and Labour Welfare	48867.3	0.0	48867.3	139.5	0.0	139.5	48727.8	0.29
Labour	45527.7	0.0	45527.7	117.7	0.0	117.7	45409.9	0.26
Employment Services	736.6	0.0	736.6	21.8	0.0	21.8	714.8	2.95
Training	2603.1	0.0	2603.1	0.0	0.0	0.0	2603.1	0.00
Social Welfare and Nutrition	66742.0	298.2	67040.2	0.0	0.0	0.0	67040.2	0.00
Social Security and Welfare	66064.8	255.1	66319.9	0.0	0.0	0.0	66319.9	0.00
Social Welfare	27963.5	255.1	28218.6	0.0	0.0	0.0	28218.6	0.00
National Social Assistance Programme	38101.4	0.0	38101.4	0.0	0.0	0.0	38101.4	0.00
Nutrition	677.2	43.1	720.3	0.0	0.0	0.0	720.3	0.00
Prod. Of Nutritious Food and Beverages	10.9	0.0	10.9	0.0	0.0	0.0	10.9	0.00
Dist. Of Nutritious Food and Beverages	187.7	0.0	187.7	0.0	0.0	0.0	187.7	0.00
General	478.5	43.1	521.6	0.0	0.0	0.0	521.6	0.00
Other Social Services	233.3	477.7	711.0	2.7	0.0	2.7	708.3	0.38

Source and Notes: As in table A.1.

Table A.6
Central Budgetary Subsidies: Agriculture, Rural Development and Allied Sectors (1995-96)

Sectors	Costs		Receipts		Subsidy	Recovery Rate (Percent)		
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts			Interest and Dividends	Aggregate Receipts
Total Agriculture, Rural Development and Allied Sectors	1033163.0	133395.5	1166558.5	17332.6	22085.9	39418.5	1127140.0	3.38
Agriculture and Allied Activities	914996.5	114160.7	1029157.2	17321.1	22085.9	39407.0	989750.2	3.83
Crop Husbandry	270048.9	46476.6	316525.5	969.0	9.3	978.3	315547.2	0.31
Foodgrain Crops	305.4	0.7	306.1	0.0	0.0	0.0	306.1	0.00
Seeds	1487.5	629.5	2117.0	0.1	1.8	1.9	2115.1	0.09
Agricultural Farms	157.8	733.8	891.5	8.0	7.5	15.5	876.0	1.74
Manures and Fertilizer	243780.4	80744.8	324525.2	57.3	0.0	57.3	324467.9	0.02
Plant Protection	1236.8	224.2	1461.0	739.8	0.0	739.8	721.2	50.63
Commercial Crops	418.2	82.6	500.8	21.1	0.0	21.1	479.7	4.22
Agricultural Engineering	269.4	292.0	561.4	6.3	0.0	6.3	555.1	1.13
Horticulture and Vegetable Crops	5826.9	1.7	5828.7	7.7	0.0	7.7	5821.0	0.13
Soil and Water Conservation	2102.3	116.5	2218.8	0.0	0.0	0.0	2218.8	0.00
Soil Conservation	228.0	77.2	305.2	0.0	0.0	0.0	305.2	0.00
Animal Husbandry	3234.3	573.9	3808.2	572.0	0.0	572.0	3236.2	15.02
Cattle and Buffalo Development	1059.8	425.4	1485.2	147.4	0.0	147.4	1337.8	9.92
Poultry Development	701.1	6.5	707.7	160.5	0.0	160.5	547.2	22.68
Sheep and Wool Development	321.1	0.0	321.1	47.3	0.0	47.3	273.8	14.74
Fodder and Feed Development	348.4	0.0	348.4	92.8	0.0	92.8	255.6	26.63
Dairy Development	15180.7	7469.6	22650.3	8957.7	3333.4	12291.1	10359.2	54.26
Dairy Development Projects	1702.1	1883.7	3585.7	6.7	0.0	6.7	3579.0	0.19
Delhi Milk Supply Scheme	13464.7	1794.4	15259.1	8936.3	0.0	8936.3	6322.9	58.56
Fisheries	3714.8	2255.3	5970.1	282.4	0.0	282.4	5687.7	4.73

Source and Notes: As in table A.1.

Table A.6
Central Budgetary Subsidies: Agriculture, Rural Development and Allied Sectors (1995-96) (Contd.)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Forestry and Wild Life	11905.5	846.2	12751.7	4400.7	35.8	4436.5	8315.2	34.79
<i>Forestry</i>	9968.0	825.9	10793.9	2990.8	35.8	3026.7	7767.3	28.04
Communication and Buildings	38.6	449.5	488.1	0.0	0.0	0.0	488.1	0.00
Forest Cons. Dev. & Regeneration	1691.2	263.1	1954.3	0.0	0.0	0.0	1954.3	0.00
Social and Farm Forestry	739.1	68.1	807.2	858.8	0.0	858.8	-51.6	--
<i>Environmental Forestry and Wild Life</i>	1492.6	20.3	1512.9	1409.9	0.0	1409.9	103.0	93.19
Zoological Park	201.9	0.5	202.4	72.4	0.0	72.4	130.0	35.76
<i>Afforestation & Ecology Development</i>	444.9	0.0	444.9	0.0	0.0	0.0	444.9	0.00
Plantations	8628.5	935.3	9563.7	0.0	394.1	394.1	9169.6	4.12
<i>Tea</i>	2602.9	415.1	3018.0	0.0	213.2	213.2	2804.8	7.06
<i>Coffee</i>	1222.9	285.8	1508.7	0.0	176.0	176.0	1332.6	11.67
<i>Rubber</i>	3643.7	232.5	3876.2	0.0	4.8	4.8	3871.4	0.12
<i>Spices</i>	1139.0	0.1	1139.1	0.0	0.1	0.1	1139.0	0.01
<i>Others</i>	20.0	1.8	21.8	0.0	0.0	0.0	21.8	0.17
Food Storage and Warehousing	542912.8	26857.4	569770.2	1351.2	411.7	1762.9	568007.3	0.31
<i>Food</i>	542447.0	20433.1	562880.1	1351.2	0.0	1351.2	561528.8	0.24
Procurement and Supply	1378.3	103865.0	105243.3	0.0	0.0	0.0	105243.3	0.00
Food Processing	1324.8	220.8	1545.6	0.0	0.0	0.0	1545.6	0.00
<i>Storage and Warehousing</i>	465.9	6424.3	6890.2	0.0	411.7	411.7	6478.5	5.97
Agricultural Research and Education	53492.5	51.9	53544.4	0.0	0.0	0.0	53544.4	0.00
<i>Crop Husbandry</i>	40640.0	51.9	40691.9	0.0	0.0	0.0	40691.9	0.00
<i>Soil and Water Conservation</i>	718.0	0.0	718.0	0.0	0.0	0.0	718.0	0.00
<i>Animal Husbandry</i>	4960.0	0.0	4960.0	0.0	0.0	0.0	4960.0	0.00
<i>Dairy Development</i>	1692.0	0.0	1692.0	0.0	0.0	0.0	1692.0	0.00
<i>Fisheries</i>	3599.0	0.0	3599.0	0.0	0.0	0.0	3599.0	0.00
<i>Forestry</i>	1351.0	0.0	1351.0	0.0	0.0	0.0	1351.0	0.00
<i>General</i>	532.5	0.0	532.5	0.0	0.0	0.0	532.5	0.00
Agricultural Financial Institutions	38.4	16962.9	17001.3	0.0	8299.2	8299.2	8702.1	48.81
Co-operation	2514.3	11209.4	13723.6	18.4	9602.4	9620.8	4102.9	70.10

Source and Notes: As in table A.1.

Table A.6
Central Budgetary Subsidies: Agriculture, Rural Development and Allied Sectors (1995-96) (Contd.)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Other Agricultural Programmes								
Marketing and Quality Control	1223.6	405.8	1629.4	769.7	0.0	769.7	859.7	47.24
Grading and Quality Control Facilities	1223.6	405.8	1629.4	769.7	0.0	769.7	859.7	47.24
	703.8	0.0	703.8	711.0	0.0	711.0	-7.2	--
Rural Development	39468.1	94.1	39562.2	11.5	0.0	11.5	39550.8	0.03
Special Prog. For Rural Development								
DPAP	26509.8	0.0	26509.8	0.0	0.0	0.0	26509.8	0.00
Desert Development Programme	11910.2	0.0	11910.2	0.0	0.0	0.0	11910.2	0.00
Integrated Rural Energy Plan. Prog.	10090.0	0.0	10090.0	0.0	0.0	0.0	10090.0	0.00
Waste Land Development	190.4	0.0	190.4	0.0	0.0	0.0	190.4	0.00
	4319.2	0.0	4319.2	0.0	0.0	0.0	4319.2	0.00
Land Reforms	30.5	0.0	30.5	0.0	0.0	0.0	30.5	0.00
Other Rural Development Programmes	12927.8	94.1	13022.0	11.5	0.0	11.5	13010.5	0.09
Panchayat Raj	1122.5	0.7	1123.2	0.0	0.0	0.0	1123.2	0.00
Community Development	28.7	-0.1	28.6	0.0	0.0	0.0	28.6	0.00
Special Areas Programmes	78698.4	19140.7	97839.1	0.1	0.0	0.1	97839.0	0.00
North Eastern Areas	2348.4	19140.7	21489.1	0.1	0.0	0.1	21489.0	0.00
MPs Local Area Development Scheme	76350.0	0.0	76350.0	0.0	0.0	0.0	76350.0	0.00

Source and Notes: As in table A.1.

Table A.7
Central Budgetary Subsidies: Irrigation and Flood Control (1995-96)

Sectors	Costs		Recepts		Subsidy	Recovery Rate (Percent)	(Rs. l akh)	
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts				Interest and Dividends
Irrigation and Flood Control	17320.1	3095.4	20415.5	346.5	133.8	480.2	19935.3	2.35
Major and Medium Irrigation	7426.9	1902.2	9329.1	295.3	0.0	295.3	9033.8	3.17
Major Irrigation - Commercial	0.0	5.6	5.6	0.0	0.0	0.0	5.6	0.00
Major Irrigation - Non-Commercial	0.0	179.6	179.6	0.0	0.0	0.0	179.6	0.00
Medium Irrigation - Non-Commercial	0.0	49.3	49.3	0.0	0.0	0.0	49.3	0.00
General	7426.9	1667.8	9094.6	295.3	0.0	295.3	8799.3	3.25
Minor Irrigation	5359.5	105.2	5464.7	51.2	0.0	51.2	5413.5	0.94
Surface Water	106.4	0.0	106.4	3.1	0.00	3.1	103.3	2.90
Ground Water	5075.5	64.1	5139.5	48.1	0.0	48.1	5091.4	0.94
General	177.6	41.1	218.8	0.0	0.0	0.0	218.8	0.00
Command Area Development	194.4	210.9	405.3	0.0	133.8	133.8	271.5	33.01
Flood Control and Drainage	4339.4	877.1	5216.5	0.0	0.0	0.0	5216.5	0.00
Flood Control	4119.2	85.4	4204.7	0.0	0.0	0.0	4204.7	0.00
Anti-Sea Erosion Projects	220.2	259.1	479.3	0.0	0.0	0.0	479.3	0.00
Drainage	0.0	532.6	532.6	0.0	0.0	0.0	532.6	0.00

Source and Notes: As in table A.1.

Table A.8
Central Budgetary Subsidies: Power (1995-96)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Energy	139637.5	464179.1	603816.5	60416.9	160079.7	220496.6	383320.0	36.52
Power	116886.5	313291.2	430177.8	60413.0	107209.6	167622.6	262555.2	38.97
Hydel Generation	66.5	53327.9	53394.4	0.0	10199.3	10199.3	43195.1	19.10
Direction and Administration	66.5	0.0	66.5	0.0	0.0	0.0	66.5	0.00
Thermal Power Generation	39459.7	122017.0	161476.7	35041.2	51516.1	86557.3	74919.4	53.60
Badarpur Thermal Power Station	39396.1	285.7	39681.8	35041.2	0.0	35041.2	4640.6	88.31
Nuclear Power Generation	50347.0	37055.9	87402.8	13910.9	3100.0	17010.9	70392.0	19.46
Rajasthan Atomic Power Station	3468.8	262.1	3730.9	13910.9	0.0	13910.9	-10180.0	--
Diesel/Gas Power Generation	3912.7	5759.9	9672.6	1071.8	0.0	1071.8	8600.8	11.08
Power House at Phonic Bay	233.8	46.8	280.6	0.0	0.0	0.0	280.6	0.00
Transmission and Distribution	9538.2	73514.0	83052.2	10200.0	8296.4	18496.4	64555.8	22.27
Trans. & Dist. Of Power at Chandigarh	8184.3	1413.1	9597.3	8120.9	0.0	8120.9	1476.4	84.62
Rural Electrification	2500.0	4363.4	6863.4	0.0	23037.0	23037.0	-16173.6	--
General	11062.4	17253.2	28315.7	189.2	11060.8	11249.9	17065.8	39.73
Coal and Lignite	10928.9	149861.9	160790.7	0.1	52820.1	52820.2	107970.6	32.85
Non-Conventional Sources of Energy	11822.1	1026.0	12848.0	3.8	50.0	53.8	12794.2	0.42
Bio-Energy	3903.1	0.0	3903.1	0.0	0.0	0.0	3903.1	0.00
Solar	3692.5	103.1	3795.6	2.4	5.0	7.5	3788.1	0.20
Wind	737.7	0.0	737.7	0.0	0.0	0.0	737.7	0.00
Others	3488.8	922.9	4411.7	1.4	45.0	46.3	4365.3	1.05

Source and Notes: As in table A.1.

Table A.9
Central Budgetary Subsidies: Industry and Minerals (1995-96)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Industry and Minerals	611680.3	561635.2	1173315.5	29947.9	122289.6	152237.5	1021078.1	12.97
Village and Small Industries	61490.8	16127.0	77617.8	1187.1	6928.2	8115.3	69502.5	10.46
Industrial Estates	0.0	84.8	84.8	0.0	0.0	0.0	84.8	0.00
Small Scale Industries	5425.4	1767.1	7192.6	276.7	53.7	330.4	6862.2	4.59
Handloom Industries	2941.0	400.7	3341.6	16.7	0.0	16.7	3324.9	0.50
Handicraft Industries	5573.1	533.6	6106.7	109.9	0.0	109.9	5996.7	1.80
Khadi and Village Industries	0.0	10840.1	10840.1	0.0	6538.8	6538.8	4301.2	60.32
Coir Industries	891.7	3.7	895.4	0.0	3.9	3.9	891.6	0.43
Sericulture Industries	0.0	10.9	10.9	590.9	7.2	598.0	-587.2	--
Composite Vill. & Small Ind. & Coops.	0.0	11.1	11.1	0.0	0.0	0.0	11.1	0.00
Other Village Industries	0.0	2073.5	2073.5	0.0	0.0	0.0	2073.5	0.00
Industries	507886.2	439287.9	947174.1	16513.1	63019.2	79532.3	867641.8	8.40
<i>Iron and Steel Industries</i>	6.6	162809.0	162815.6	56.8	17961.8	18018.5	144797.1	11.07
<i>Cement & Non-Metallic Mineral Indus.</i>	575.7	6630.4	7206.1	758.5	817.1	1575.6	5630.5	21.86
<i>Cement</i>	-6.4	0.0	-6.4	460.8	0.0	460.8	-467.2	--
<i>Fertiliser Industries</i>	430738.9	65211.5	495950.3	0.5	8704.9	8705.3	487245.0	1.76
<i>Petrochemical Industries</i>	2440.0	2459.3	4899.3	0.0	4360.8	4360.8	538.5	89.01
<i>Chemical and Pharmaceutical Indus.</i>	8977.4	12971.5	21948.8	0.0	1453.5	1453.5	20495.4	6.62
<i>Engineering Industries</i>	4807.6	48384.9	53192.5	19.0	6699.5	6718.5	46474.0	12.63
<i>Telecommunication & Electronic Indus.</i>	12208.1	10508.8	22716.9	1.0	1333.8	1334.8	21382.1	5.88
<i>Consumer Industries</i>	8605.8	59477.4	68083.2	101.5	14710.1	14811.6	53271.6	21.76
<i>Atomic Energy Industries</i>	21725.3	70835.2	92560.6	15528.6	6977.9	22506.5	70054.1	24.32
<i>General</i>	17800.9	0.0	17800.9	47.4	0.0	47.4	17753.5	0.27

Source and Notes: As in table A.1.

Table A.9
Central Budgetary Subsidies: Industry and Minerals (1995-96) (Contd.)

Sectors	Costs		Capital Costs' (Annualised)	Aggregate Costs	Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Revenue			Interest and Dividends	Revenue Receipts	Aggregate Receipts		
Non-Ferrous Mining & Metallic Industries									
Geo. Survey of India and Reg. of Mines	16347.3	16347.3	45577.9	61925.2	429.2	7579.8	8009.0	53916.2	12.93
Other Mining and Metallic Industries	0.0	0.0	4201.5	4201.5	197.3	7579.8	7777.1	49946.7	13.47
					232.0	0.0	232.0	3969.5	5.52
Other Industries									
Opium and Alkaloid Industries	7864.8	7864.8	7882.1	15746.9	11818.4	28.0	11846.4	3900.5	75.23
Ghazipur Opium Factory	2441.2	2441.2	29.4	2470.6	11818.4	0.0	11818.4	-3879.3	--
Neemuch Opium Factory	3341.5	3341.5	36.9	3378.4	3655.9	0.0	3655.9	-1185.3	--
Ghazipur Alkaloid Works	763.5	763.5	6.3	769.8	5696.3	0.0	5696.3	-2317.9	--
Neemuch Alkaloid Works	1288.9	1288.9	61.7	1350.6	1121.4	0.0	1121.4	-351.6	--
Other Industries	0.0	0.0	7747.9	7747.9	1344.8	0.0	1344.8	5.7	99.58
					0.0	28.0	28.0	7719.9	0.36
Other Outlays on Industries and Minerals									
Industrial Financial Institutions	18091.2	18091.2	52760.2	70851.4	0.0	44734.3	44734.3	26117.1	63.14
Development of Backward Areas	8296.6	8296.6	51534.0	59830.6	0.0	44729.8	44729.8	15100.8	74.76
Others	9794.6	9794.6	0.0	9794.6	0.0	0.0	0.0	9794.6	0.0
	0.0	0.0	1226.2	1226.2	0.0	4.5	4.5	1221.7	0.37

Source and Notes: As in table A.1.

Table A.10
Central Budgetary Subsidies: Transport (1995-96)

Sectors	Costs		Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts and Dividends		
Transport (excluding Railways)	118271.4	192888.5	311159.8	20069.3	26303.9	8.45
Ports and Light Houses	20828.0	21814.6	42642.6	7423.7	7423.7	17.41
Major Ports	11070.7	16644.9	27715.5	563.2	27152.3	2.03
Minor Ports	2892.0	3175.4	6067.4	187.3	5880.2	3.09
Light Houses and Light Ships	6685.1	1619.2	8304.3	6673.3	1631.0	80.36
General	180.2	375.2	555.4	0.0	0.0	0.00
Shipping	9991.4	23824.9	33816.4	2310.1	8446.7	24.98
Overseas Shipping	2688.0	2490.6	5178.6	854.4	854.4	16.50
Coastal Shipping	7212.4	11737.9	18970.3	1455.6	7205.8	37.98
General	91.1	9576.4	9667.4	0.0	386.4	4.00
Civil Aviation	6888.5	10931.5	17820.0	355.6	453.6	2.55
Air Services	121.4	10620.5	10741.9	91.0	189.0	1.76
General	6767.1	311.0	7078.1	264.6	6813.5	3.74
Roads and Bridges	34629.2	115147.3	149776.4	5874.4	5874.4	3.92
National Highways	28781.0	81055.4	109836.4	5398.1	5398.1	4.91
Strategic and Border Roads	4146.8	30228.2	34375.0	0.0	0.0	0.00
State Highways	0.0	700.2	700.2	0.0	0.0	0.00
District and Other Roads	786.8	1717.1	2503.9	0.0	0.0	0.00
Roads of Inter-State or Eco. Importance	7.0	0.0	7.0	0.0	0.0	0.00
General	907.6	1446.4	2354.0	476.3	1877.7	20.23
Road Transport	4652.0	12636.7	17288.6	3424.9	13863.7	19.81
Inland Water Transport	1158.7	2116.2	3274.9	680.6	680.6	20.78
Other Transport Services	40123.6	6417.3	46540.9	0.0	0.0	0.00
River Training Works	1211.4	1250.7	2462.1	0.0	0.0	0.00
Farakka Project	1211.4	838.9	2050.3	0.0	0.0	0.00
Others	38912.3	5166.6	44078.8	0.0	0.0	0.00

Source and Notes: As in table A.1.

Table A.11
Central Budgetary Subsidies: Communications (1995-96)

Sectors	Costs			Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends		
Communications	210033.5	13846.5	223879.9	115042.1	0.0	108837.8	51.39
Postal Services	180982.7	9521.6	190504.3	115042.1	0.0	75462.2	60.39
General Administration	14965.0	814.7	15779.6	596.8	0.0	15182.9	3.78
Operation	105373.1	6462.3	111835.4	0.0	0.0	111835.4	0.00
Agency Services	8040.8	0.0	8040.8	18229.4	0.0	-10188.6	--
Accounts and Audit	5139.6	0.0	5139.6	0.0	0.0	5139.6	0.00
Engineering	3002.5	-124.8	2877.6	0.0	0.0	2877.6	0.00
Amenities to Staff	1790.1	2379.8	4169.9	0.0	0.0	4169.9	0.00
Pension	31153.9	0.0	31153.9	0.0	0.0	31153.9	0.00
Stationary and Printing	10185.0	0.0	10185.0	94208.2	0.0	-84023.3	--
Other Expenses	1332.8	-10.3	1322.5	2007.7	0.0	-685.2	--
Satellite Systems	29050.7	4324.9	33375.6	0.0	0.0	33375.6	0.00

Source and Notes: As in table A.1.

Table A.12
Central Budgetary Subsidies: Science, Technology and Other Economic Services (1995-96)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Total Science, Technology, Environment and Other Economic Services	644708.6	41791.2	686499.8	43657.2	517.1	44174.3	642325.5	6.43
Science, Technology and Environment	187773.0	29131.3	216904.2	3508.2	6.7	3514.9	213389.4	1.62
Atomic Energy Research	37232.9	11551.2	48784.1	1587.2	0.0	1587.2	47196.9	3.25
Space Research	51221.7	13999.2	65220.9	0.0	0.0	0.0	65220.9	0.00
Oceanographic Research	4965.6	772.0	5737.7	0.0	0.0	0.0	5737.7	0.00
Other Scientific Research	81867.2	2808.8	84676.1	1921.0	6.7	1927.7	82748.4	2.28
Survey of India	8791.5	979.4	9770.9	538.1	6.7	544.7	9226.2	5.57
Others	73075.7	1829.4	74905.1	1382.9	0.0	1382.9	73522.2	1.85
Economy and Environment	12485.5	0.0	12485.5	0.0	0.0	0.0	12485.5	0.00
Survey (Botanical)	915.6	0.0	915.6	0.0	0.0	0.0	915.6	0.00
Survey (Zoological)	838.5	0.0	838.5	0.0	0.0	0.0	838.5	0.00
Envi., Res. and Ecological Regeneration	2671.6	0.0	2671.6	0.0	0.0	0.0	2671.6	0.00
Prevention and Control of Pollution	6276.0	0.0	6276.0	0.0	0.0	0.0	6276.0	0.00
Others	1783.6	0.0	1783.6	0.0	0.0	0.0	1783.6	0.00
General Economic Services	456935.7	12659.9	469595.6	40149.0	510.5	40659.5	428936.1	8.66
Tourism	10912.4	3403.1	14315.5	105.1	510.5	615.6	13699.9	4.30
Tourist Infrastructure	512.4	3264.5	3776.9	31.2	510.5	541.7	3235.2	14.34
Tourist Transport Services	152.5	121.6	274.1	13.5	0.0	13.5	260.6	4.93
General	10400.0	138.6	10538.6	73.9	0.0	73.9	10464.6	0.70
Foreign Trade and Export Promotion	43234.7	3583.6	46818.3	11068.3	0.0	11068.3	35749.9	23.64
Census Surveys and Statistics	11059.6	0.0	11059.6	0.0	0.0	0.0	11059.6	0.00
Census	4596.1	0.0	4596.1	0.0	0.0	0.0	4596.1	0.00
Survey and Statistics	6463.5	0.0	6463.5	0.0	0.0	0.0	6463.5	0.00
Metecology	6655.9	2987.0	9642.9	0.0	0.0	0.0	9642.9	0.00
Civil Supplies	10510.4	0.0	10510.4	1.4	0.0	1.4	10509.0	0.01
Other General Economic Services	374562.5	2686.4	377248.9	28974.1	0.0	28974.1	348274.8	7.68

Source and Notes: As in table A.1.

Table A.13
Central Budgetary Subsidies: Surplus Sectors (1995-96)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Surplus Sectors	2096311.6	650470.4	2746782.1	3477109.1	57021.2	3534130.3	-787348.3	--
Petroleum	0.0	38532.2	38532.2	126285.5	54845.5	181130.9	-142598.7	--
Indian Railways	1663218.4	349749.7	2012968.2	2242577.0	0.0	2242577.0	-229608.8	--
Indian Railways - Policy Formulation	13266.4	0.0	13266.4	0.0	0.0	0.0	13266.4	0.00
Indian Railways - Commercial Lines	1632471.2	34286.1	1974757.3	2238146.1	0.0	2238146.1	-263388.8	--
Indian Railways - Strategic Lines	14802.1	7463.6	22265.8	4430.8	0.0	4430.8	17834.9	19.90
Indian Railways - Open Lines	2678.7	0.0	2678.7	0.0	0.0	0.0	2678.7	0.00
Commercial Lines (Revenue Works)	1.2	0.0	1.2	0.0	0.0	0.0	1.2	0.00
Strategic Lines Revenue Works	2677.5	0.0	2677.5	0.0	0.0	0.0	2677.5	0.00
Communications	433093.2	262188.5	695281.7	1108246.7	2175.7	1110422.4	-415140.7	--
Telecommunications Services	428939.1	260045.9	688985.1	972025.1	2175.7	974200.8	-285215.8	--
General Administration	35743.4	0.0	35743.4	0.0	0.0	0.0	35743.4	0.00
Operation	60818.6	440657.5	501476.1	972025.1	2175.7	974200.8	-472724.7	--
Stores and Factories	-16462.7	0.0	-16462.7	0.0	0.0	0.0	-16462.7	0.00
Research and Development	555.4	0.0	555.4	0.0	0.0	0.0	555.4	0.00
Engineering	109698.9	0.0	109698.9	0.0	0.0	0.0	109698.9	0.00
Audit and Account	2546.3	0.0	2546.3	0.0	0.0	0.0	2546.3	0.00
Amenities to Staff	1872.6	0.0	1872.6	0.0	0.0	0.0	1872.6	0.00
Pension	19944.1	0.0	19944.1	0.0	0.0	0.0	19944.1	0.00
Stationary and Printing	1382.0	0.0	1382.0	0.0	0.0	0.0	1382.0	0.00
Other Expenses	212840.7	-180611.5	32229.1	0.0	0.0	0.0	32229.1	0.00
Other Communication Services	4154.1	2142.5	6296.6	136221.6	0.0	136221.6	-129925.0	--

Source and Notes: As in table A.1.

Table A.14
Central Budgetary Subsidies: Education and Allied Activities (1996-97)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Education, Sports, Art and Culture	346816.6	9988.2	356804.7	1006.5	22.5	1029.0	355775.8	0.29
General Education	264345.8	2424.8	266770.6	177.1	22.5	199.6	266570.9	0.07
Elementary Education	108753.0	419.8	109172.8	13.5	0.0	13.5	109159.2	0.01
Secondary Education	67614.7	899.4	68514.0	36.1	0.0	36.1	68477.9	0.05
University and Higher Education	74997.9	496.3	75494.3	76.1	0.0	76.1	75418.2	0.10
Adult Education	7015.9	0.0	7015.9	0.0	0.0	0.0	7015.9	0.00
Language Development	2679.4	0.0	2679.4	0.0	0.0	0.0	2679.4	0.00
General	3284.9	609.3	3894.2	51.4	22.5	73.9	3820.3	1.90
Technical Education	52405.1	1072.9	53478.0	79.0	0.0	79.0	53399.0	0.15
Sports and Youth Services	10220.1	2055.9	12276.0	11.6	0.0	11.6	12264.4	0.09
Physical Education	6671.1	1.9	6673.0	11.3	0.0	11.3	6661.7	0.17
Youth Services	1497.4	298.6	1796.0	0.0	0.0	0.0	1796.0	0.00
Other Expenditure	2051.6	1755.4	3807.0	0.3	0.0	0.3	3806.7	0.01
Art and Culture	19845.6	4434.5	24280.1	738.7	0.0	738.7	23541.4	3.04
Archives	4506.2	3639.7	8145.9	3.6	0.0	3.6	8142.3	0.04
Public Library	1452.5	0.0	1452.5	12.0	0.0	12.0	1440.5	0.83
Cert. of Cinema Films for Public Exhibition	118.1	0.0	118.1	34.2	0.0	34.2	84.0	28.93

Source and Notes: As in table A.1.

Table A.15
Central Budgetary Subsidies; Medical, Public Health and Family Welfare (1996-97)

Sectors	Costs			Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends		
Health and Family Welfare	110126.1	7032.7	117158.8	2602.7	98.9	114457.1	2.31
Medical and Public Health	86512.9	6716.2	93229.1	1541.5	0.1	91687.5	1.65
<i>Urban Health Services</i>	29693.8	3371.7	33065.6	382.3	0.0	32683.3	1.16
<i>Urban Health Services - Allopathy</i>	29227.7	3371.0	32598.7	382.3	0.0	32216.4	1.17
Central Government Health Scheme	13569.6	1377.6	14947.2	0.0	0.0	14947.2	0.00
Hospitals and Dispensaries	13902.0	1876.0	15778.0	0.0	0.0	15778.0	0.00
<i>Urban Health Services - Other Medicines</i>	466.1	0.8	466.9	0.0	0.0	466.9	0.00
<i>Rural Health Services</i>	901.1	644.2	1545.3	90.4	0.0	1454.9	5.85
<i>Rural Health Services - Allopathy</i>	885.7	644.2	1529.9	90.4	0.0	1439.5	5.91
Primary Health Centre	283.7	30.9	314.7	0.0	0.0	314.7	0.00
<i>Rural Health Services - Other Medicines</i>	15.4	0.0	15.4	0.0	0.0	15.4	0.00
<i>Med. Education Training and Research</i>	40813.2	896.3	41709.3	0.2	0.0	41709.3	0.00
Homoeopathy	577.0	2.9	579.8	0.0	0.0	579.8	0.00
<i>Public Health</i>	14545.2	1490.1	16035.3	1027.7	0.1	15007.5	6.41
Prevention and Control of Diseases	6588.3	1231.7	7820.0	0.0	0.0	7820.0	0.00
Manufacture of Sera/Vaccine	318.4	0.0	318.4	929.4	0.0	-611.0	219.90
Public Health Laboratories	2013.4	-64.6	1948.7	1.0	0.0	1947.7	0.05
<i>General</i>	559.7	313.8	873.5	41.0	0.0	832.5	4.69
Family Welfare	23613.2	316.5	23929.7	1061.2	98.9	1160.0	4.85
Family Welfare Service	187.3	5.7	193.0	0.0	0.0	193.0	0.00

Source and Notes: As in table A.1.

Table A.16
Central Budgetary Subsidies: Water Supply, Sanitation, Housing and Urban Development (1996-97)

Sectors	Costs		Receipts		Subsidy	Recovery Rate (Percent)	
	Revenue Expenditure	Capital Costs (Annualised)	Revenue Receipts	Interest and Dividends			Aggregate Receipts
Water Supply, Sanitation, Housing and Urban Development	156532.2	44256.1	200788.3	434.3	5634.3	195154.0	2.81
Water Supply and Sanitation	34710.1	3238.4	37948.5	0.0	34.6	37913.9	0.09
Water Supply	3356.1	2926.1	36282.2	0.0	34.6	36247.6	0.10
Urban Water Supply Programmes	3053.0	1176.2	4229.2	0.0	2.4	4226.8	0.06
Rural Water Supply Programmes	28915.5	720.7	29636.2	0.0	19.2	29617.0	0.06
Sewerage and Sanitation	1354.0	312.3	1666.3	0.0	0.0	1666.3	0.00
Sanitation Service	1258.7	121.1	1379.8	0.0	0.0	1379.8	0.00
Housing	115224.8	34433.3	149658.1	434.3	5598.2	144059.9	3.74
Government Residential Buildings	18322.8	26951.5	45274.3	0.0	5105.5	40168.9	11.28
General Pool Accommodation	13806.3	14519.1	28325.4	0.0	5098.7	23226.7	18.00
Other Housing	4516.5	7275.7	11792.2	0.0	6.7	11785.5	0.06
Urban Housing	80.0	2662.3	2742.3	0.0	1.1	2741.2	0.04
Rural Housing	96094.6	8.2	96102.8	0.0	0.7	96102.1	0.00
General	727.5	4811.2	5538.7	434.3	56.6	5047.7	8.86
Building Planning and Research	616.3	3.9	620.2	0.0	0.0	620.2	0.00
Urban Development	6597.3	6584.4	13181.7	0.0	1.5	13180.2	0.01
State Capital Development	0.0	477.1	477.1	0.0	0.0	477.1	0.00
National Capital Region	70.0	5392.9	5462.9	0.0	0.0	5462.9	0.00
Integrated Dev. of Small & Medium Towns	0.0	83.0	83.0	0.0	0.0	83.0	0.00
Slum Area Improvement	0.0	10.3	10.3	0.0	0.0	10.3	0.00
Other Urban Development Schemes	1136.6	621.1	1757.7	0.0	1.5	1756.2	0.09
General	5390.7	0.0	5390.7	0.0	0.0	5390.7	0.00

Source and Notes: As in table A.1.

Table A.17
Central Budgetary Subsidies: Information and Broadcasting (1996-97)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Information and Broadcasting	98804.1	46443.9	145248.0	71124.4	973.2	72097.6	73150.4	49.64
Information and Publicity	14249.0	995.1	15244.1	2370.4	973.2	3343.6	11900.5	21.93
<i>Films</i>	4777.8	559.3	5337.1	177.2	902.9	1080.1	4257.0	20.24
Production of Films	1917.3	0.0	1917.3	172.2	0.0	172.2	1745.1	8.98
<i>Others</i>	9471.2	435.8	9907.0	2193.2	70.3	2263.5	7643.5	22.85
Advertising and Visual Publicity	3559.0	0.0	3559.0	347.7	0.0	347.7	3211.3	9.77
Publication	716.5	0.0	716.5	172.8	0.0	172.8	543.7	24.12
Employment News	1006.0	0.0	1006.0	1605.1	0.0	1605.1	-599.1	159.55
Broadcasting	84555.1	45448.8	130003.9	68754.0	0.0	68754.0	61249.9	52.89
<i>Sound Broadcasting</i>	36170.4	19481.1	55651.5	8717.6	0.0	8717.6	46933.9	15.66
Commercial Services	2220.0	0.0	2220.0	8331.8	0.0	8331.8	-6111.8	375.30
<i>Television</i>	48384.8	25967.6	74352.4	60036.4	0.0	60036.4	14316.0	80.75
Commercial Services	7722.4	0.0	7722.4	58824.9	0.0	58824.9	-51102.5	761.75

Source and Notes: As in table A.1.

Table A.18
Central Budgetary Subsidies: Other Social Services (1996-97)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Other Social Services	149945.6	7083.8	157029.4	242.4	0.0	242.4	156786.9	0.15
Welfare of SC, ST and OBCs	13223.2	6209.1	19432.2	0.0	0.0	0.0	19432.2	0.00
Welfare of SC	10138.1	105.5	10243.5	0.0	0.0	0.0	10243.5	0.00
Housing	0.5	44.0	44.5	0.0	0.0	0.0	44.5	0.00
Welfare of ST	1088.1	827.3	1915.4	0.0	0.0	0.0	1915.4	0.00
Welfare of Backward Classes	86.8	0.1	86.9	0.0	0.0	0.0	86.9	0.00
General	1910.2	5276.2	7186.4	0.0	0.0	0.0	7186.4	0.00
Labour and Employment	53869.0	0.0	53869.0	239.6	0.0	239.6	53629.3	0.44
Labour	50344.1	0.0	50344.1	239.6	0.0	239.6	50104.5	0.48
Employment Services	869.7	0.0	869.7	0.0	0.0	0.0	869.7	0.00
Training	2655.1	0.0	2655.1	0.0	0.0	0.0	2655.1	0.00
Social Welfare and Nutrition	82680.5	323.7	83004.2	0.0	0.0	0.0	83004.2	0.00
Social Security and Welfare	82010.1	278.8	82288.9	0.0	0.0	0.0	82288.9	0.00
Social Welfare	26854.5	278.8	27133.3	0.0	0.0	0.0	27133.3	0.00
National Social Assistance Programme	55155.6	0.0	55155.6	0.0	0.0	0.0	55155.6	0.00
Nutrition	670.4	45.0	715.3	0.0	0.0	0.0	715.3	0.00
Produc. of Nutritious Beverages	10.0	0.0	10.0	0.0	0.0	0.0	10.0	0.00
Distri. of Nutritious Beverages	195.6	0.0	195.6	0.0	0.0	0.0	195.6	0.00
General	464.9	45.0	509.8	0.0	0.0	0.0	509.8	0.00
Other Social Services	173.0	551.0	723.9	2.8	0.0	2.8	721.1	0.39

Source and Notes: As in table A.1.

Table A.19
Central Budgetary Subsidies: Agriculture, Rural Development and Allied Sectors (1996-97)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Agriculture, Rural Dev. & Allied Sectors	1168535.6	149503.9	1318039.5	19119.2	25037.1	44156.3	1273883.2	3.35
Agriculture and Allied Activities	1026530.5	125979.5	1152510.0	19110.3	24749.3	43859.6	1108650.4	3.81
Crop Husbandry	298999.6	48547.1	347546.7	1471.2	0.0	1471.2	346075.5	0.42
Seeds	2684.8	647.5	3332.3	0.4	0.0	0.4	3331.9	0.01
Agricultural Farms	162.5	765.0	927.4	4.8	0.0	4.8	922.6	0.52
Manures and Fertilisers	283983.1	84221.0	368204.0	70.6	0.0	70.6	368133.4	0.02
Plant Protection	1519.1	267.2	1786.4	1235.8	0.0	1235.8	550.5	69.18
Commercial Crops	352.1	87.9	440.0	19.9	0.0	19.9	420.1	4.52
Agricultural Engineering	323.9	334.4	658.3	0.0	0.0	0.0	658.3	0.00
Horticulture and Vegetable Crops	3655.0	15.7	3670.8	7.2	0.0	7.2	3663.6	0.20
Soil and Water Conservation	2170.5	126.5	2297.0	0.0	0.0	0.0	2297.0	0.00
Soil Conservation	222.3	79.9	302.2	0.0	0.0	0.0	302.2	0.00
Animal Husbandry	5278.3	634.6	5912.9	595.3	0.0	595.3	5317.7	10.07
Cattle and Buffalo Development	1267.5	461.2	1728.6	163.2	0.0	163.2	1565.5	9.44
Poultry Development	776.5	6.8	783.3	186.2	0.0	186.2	597.1	23.77
Sheep and Wool Development	256.9	0.0	256.9	42.7	0.0	42.7	214.2	16.62
Piggery Development	4.6	0.0	4.6	0.0	0.0	0.0	4.6	0.00
Fodder and Feed Development	361.3	0.0	361.3	51.3	0.0	51.3	310.0	14.21
Dairy Development	16398.9	9229.6	25628.5	9300.4	3621.4	12921.9	12706.6	50.42
Dairy Development Projects	2136.1	2006.1	4142.2	0.0	0.0	0.0	4142.2	0.00
Delhi Milk Supply Scheme	14258.5	1884.4	16142.9	9281.4	0.0	9281.4	8661.4	57.50

Source and Notes: As in table A.1.

Table A.19
Central Budgetary Subsidies: Agriculture, Rural Development and Allied Sectors (1996-97) (Contd.)

Sectors	Costs			Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends		
Fisheries	3162.4	2479.3	5641.7	264.1	0.0	5377.6	4.68
Inland Fisheries	16.8	27.0	43.8	0.0	0.0	43.8	0.00
Marine Fisheries	2146.9	857.9	3004.8	173.4	0.0	2831.4	5.77
Processing, Preservation and Marketing	18.6	34.4	53.0	0.0	0.0	53.0	0.00
Extension and Training	490.8	38.3	529.1	0.0	0.0	529.1	0.00
Mech. and Improvement of Fish Crafts	107.6	3.0	110.6	0.0	0.0	110.6	0.00
Forestry and Wild Life	12911.6	956.6	13868.1	6162.4	0.0	7705.7	44.44
Forestry	10102.1	931.4	11033.5	3386.9	0.0	7646.6	30.70
Communication and Buildings	45.1	511.2	556.3	0.0	0.0	556.3	0.00
Forest Cons. Development and Regeneration	1762.7	299.3	2062.0	0.0	0.0	2062.0	0.00
Social and Farm Forestry	851.3	73.7	925.0	2788.2	0.0	2788.2	0.00
Environmental Forestry and Wild Life	1616.2	25.2	1641.4	2775.5	0.0	2775.5	0.00
Zoological Park	246.4	0.5	246.9	87.9	0.0	159.0	35.59
Afforestation and Ecology Development	1193.3	0.0	1193.3	0.0	0.0	1193.3	0.00
Plantations	9223.1	1058.1	10281.2	98.5	916.1	9266.5	9.87
Tea	2644.3	532.9	3177.2	0.0	332.4	2844.8	10.46
Coffee	1617.0	280.8	1897.8	0.0	583.7	1314.1	30.76
Rubber	3789.8	242.4	4032.2	0.0	0.0	4032.2	0.00
Spices	1122.0	0.0	1122.0	0.0	0.0	1122.0	0.00
Others	50.0	1.9	51.9	98.5	0.0	-46.7	0.00
Food Storage and Warehousing	617257.9	28668.4	645926.3	346.3	748.5	644831.5	0.17
Food	616714.9	21635.1	638350.0	346.3	0.0	638033.7	0.05
Food Subsidy	606599.9	0.0	606599.9	0.0	0.0	606599.9	0.00
Storage and Warehousing	543.0	7033.3	7576.3	0.0	748.5	748.5	9.88

Source and Notes: As in table A.1.

Table A.19
Central Budgetary Subsidies: Agriculture, Rural Development and Allied Sectors (1996-97) (Contd.)

Sectors	Costs			Receipts			Subsidy	Rate Recovery (Percent)
	Revenue Expenditure	Capital Costs' (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Agricultural Research and Education	56511.7	54.1	56565.8	0.0	0.0	0.0	56565.8	0.00
<i>Crop Husbandry</i>	43649.0	54.1	43703.1	0.0	0.0	0.0	43703.1	0.00
<i>Soil and Water Conservation</i>	638.0	0.0	638.0	0.0	0.0	0.0	638.0	0.00
<i>Animal Husbandry</i>	5048.0	0.0	5048.0	0.0	0.0	0.0	5048.0	0.00
<i>Dairy Development</i>	1769.0	0.0	1769.0	0.0	0.0	0.0	1769.0	0.00
<i>Fisheries</i>	3663.0	0.0	3663.0	0.0	0.0	0.0	3663.0	0.00
<i>Forestry</i>	1395.0	0.0	1395.0	0.0	0.0	0.0	1395.0	0.00
<i>General</i>	349.7	0.0	349.7	0.0	0.0	0.0	349.7	0.00
Agricultural Financial Institutions	375.7	20395.5	20771.2	0.0	8964.5	8964.5	11806.6	43.16
<i>Co-operation</i>	2755.8	13406.5	16162.3	22.1	10498.7	10520.8	5641.5	65.09
<i>Other Agricultural Programmes</i>	1485.1	423.3	1908.4	849.9	0.0	849.9	1058.4	44.54
<i>Marketing and Quality Control</i>	1485.1	423.3	1908.4	849.9	0.0	849.9	1058.4	44.54
<i>Grading and Quality Control Facilities</i>	732.7	0.0	732.7	758.8	0.0	758.8	-26.1	
Rural Development	61906.2	128.5	62034.7	8.9	0.0	8.9	62025.7	0.01
<i>Spl. Programme for Rural Development</i>	22541.4	0.0	22541.4	0.0	0.0	0.0	22541.4	0.00
<i>DPAP</i>	11000.2	0.0	11000.2	0.0	0.0	0.0	11000.2	0.00
<i>Desert Development Programme</i>	6536.3	0.0	6536.3	0.0	0.0	0.0	6536.3	0.00
<i>Integrated Rural Energy Plang. Programme</i>	75.4	0.0	75.4	0.0	0.0	0.0	75.4	0.00
<i>Waste Land Development</i>	4929.5	0.0	4929.5	0.0	0.0	0.0	4929.5	0.00
Land Reforms	18.0	0.0	18.0	0.0	0.0	0.0	18.0	0.00
<i>Other Rural Development Programmes</i>	39346.8	128.5	39475.3	8.9	0.0	8.9	39466.3	0.02
<i>Community Development</i>	25.3	0.0	25.2	0.0	0.0	0.0	25.2	0.00
Special Areas Programmes	80099.0	23395.9	103494.9	0.0	287.8	287.8	103207.0	0.28
<i>North Eastern Areas</i>	2461.5	23395.9	25857.3	0.0	287.8	287.8	25569.5	1.11
<i>MPs Local Area Development Scheme</i>	77637.5	0.0	77637.5	0.0	0.0	0.0	77637.5	0.00

Source and Notes: As in table A.1.

Table A.20
Central Budgetary Subsidies: Irrigation and Flood Control (1996-97)

Sectors	Costs			Revenue Receipts	Interest and Dividends	Aggregate Receipts	Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs					
Irrigation and Flood Control	20379.7	3475.4	23855.1	468.7	134.2	602.9	23252.3	2.53
Major and Medium Irrigation	7289.2	2048.3	9337.4	389.2	0.0	389.2	8948.2	4.17
Major Irrigation Commercial	0.0	5.8	5.8	0.0	0.0	0.0	5.8	0.00
Major Irrigation Non-Commercial	0.0	187.3	187.3	0.0	0.0	0.0	187.3	0.00
Medium Irrigation Non-Commercial	0.0	59.9	59.9	0.0	0.0	0.0	59.9	0.00
General	7289.2	1795.3	9084.4	389.2	0.0	389.2	8695.2	4.28
Minor Irrigation	6804.2	170.9	6975.2	79.5	0.0	79.5	6895.7	1.14
Surface Water	64.1	1.9	65.9	3.0	0.0	3.0	62.9	4.57
Ground Water	6528.4	126.2	6654.6	76.5	0.0	76.5	6578.1	1.15
General	211.8	42.9	254.7	0.0	0.0	0.0	254.7	0.00
Command Area Development	240.3	224.1	464.5	0.0	134.2	134.2	330.3	28.89
Flood Control and Drainage	6046.0	1032.1	7078.1	0.0	0.0	0.0	7078.1	0.00
Flood Control	5848.0	169.5	6017.4	0.0	0.0	0.0	6017.4	0.00
Anti-Sea Erosion Projects	198.0	307.3	505.3	0.0	0.0	0.0	505.3	0.00
Drainage	0.0	555.4	555.4	0.0	0.0	0.0	555.4	0.00

Source and Notes: As in table A.1.

Table A.21
Central Budgetary Subsidies: Power (1996-97)

Sectors	Costs			Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends		
Energy	167198.8	518095.8	685294.7	66735.5	191162.6	427396.6	37.63
Power	142139.4	358417.2	500556.6	66526.3	154915.9	221442.2	44.24
Hydel Generation	62.8	63779.2	63842.0	0.0	15005.7	48836.3	23.50
Thermal Power Generation	49299.6	131663.9	180963.5	45163.1	75852.4	59948.0	66.87
Badarpur Thermal Control Board	49221.2	297.9	49519.1	45163.1	0.0	4356.0	91.20
Nuclear Power Generation	65522.5	42017.1	107539.7	7502.5	5550.0	94487.1	12.14
Rajasthan Atomic Power Station	0.0	273.3	273.3	0.0	0.0	273.3	0.00
Diesel/Gas Power Generation	4091.2	8279.4	12370.6	1372.4	0.0	1372.4	11.09
Power House at Phoneix Bay	168.4	48.8	217.2	1207.2	0.0	1207.2	-990.1
Supply of Electricity in Lakshadweep	1021.8	0.0	1021.8	165.2	0.0	165.2	856.6
Transmission and Distribution	11144.8	82642.3	93787.1	12368.9	11916.7	24285.6	69501.5
Transm. & Distr. of Power at Chandigarh	0.0	1616.7	1616.7	9429.8	0.0	9429.8	-7813.1
Rural Electrification	2500.0	7382.0	9882.0	0.0	25787.2	25787.2	-15905.2
General	9518.5	22653.2	32171.7	119.4	20803.8	20923.2	65.04
Coal and Lignite	12245.7	157824.1	170069.8	0.2	35525.9	35526.1	20.89
Non-Conventional Sources of Energy	12813.8	1854.5	14668.3	209.0	720.9	929.9	6.34
Bio-Energy	4488.2	772.1	5260.3	0.0	720.9	770.9	13.70
Solar	2619.7	120.0	2739.7	5.2	0.0	5.2	0.19
Wind	3467.4	0.0	3467.4	0.0	0.0	0.0	0.00
Others	2238.5	962.4	3200.8	203.8	0.0	203.8	2997.0

Source and Notes: As in table A.1.

Table A.22
Central Budgetary Subsidies: Industry and Minerals (1996-97)

Sectors	Costs		Receipts		Subsidy	Recovery Rate (Percent)		
	Revenue Expenditure	Capital Costs (Annualised)	Aggregate Costs	Revenue Receipts			Interest and Dividends	Aggregate Receipts
Industry and Minerals	793940.5	639066.4	1433006.9	39734.2	230394.3	270128.5	1162878.4	18.85
Village and Small Industries	60923.4	17866.3	78789.8	1107.5	6638.1	7745.5	71044.2	9.83
Small Scale Industries	5834.3	2073.1	7907.4	480.1	12.7	492.8	7414.6	6.23
Handloom Industries	3190.0	449.1	3639.1	18.0	0.1	18.1	3621.0	0.50
Handicraft Industries	4594.0	579.3	5173.3	92.8	0.0	92.8	5080.5	1.79
Khadi and Village Industries	27998.6	12007.6	40006.1	0.0	6334.9	6334.9	33671.3	15.83
Sericulture Industries	8281.9	13.5	8295.4	312.2	0.0	312.2	7983.2	3.76
Industries	686017.7	509747.1	1195764.7	21699.2	169175.4	190874.5	1004890.2	15.96
Iron and Steel Industries	6168.5	192819.9	198988.4	64.1	31950.4	32014.5	166973.9	16.09
Cement and Non-Metallic Industries	608.4	7052.8	7661.2	507.5	400.0	907.5	6753.7	11.85
Cement	-0.6	0.0	-0.6	507.5	0.0	507.5	-508.1	5.22
Others	609.0	7052.8	7661.8	0.0	400.0	400.0	7261.8	1.54
Fertiliser Industries	475175.0	74825.9	550000.9	0.1	8451.1	8451.2	541549.7	235.64
Petrochemical Industries	700.0	2373.6	3073.6	0.0	7242.7	7242.7	-4169.0	7.72
Chemical and Pharmaceutical Industries	1552.6	13998.6	15551.2	0.0	1200.0	1200.0	14351.2	59.41
Engineering Industries	114476.3	53852.7	168329.0	0.0	100008.6	100008.6	68320.4	0.00
Transport Equipment Industries	59584.0	0.0	59584.0	0.0	0.0	0.0	59584.0	0.00
Other Engineering Industries	54492.6	10217.3	64709.9	0.0	0.0	0.0	64709.9	0.00
Telecommunication and Electronic Industries	10348.4	11212.5	21560.9	0.0	4285.9	4285.9	17275.0	19.88
Consumer Industries	32489.7	72984.6	105474.3	258.3	15560.7	15819.0	89655.3	19.79
Atomic Energy Industries	24995.6	80626.4	105622.0	20827.6	76.0	20903.6	84718.4	88.51
Nuclear Fuel Complex	16313.4	4270.7	20584.1	18218.9	0.0	18218.9	2365.2	0.21
General	19503.2	0.0	19503.2	41.6	0.0	41.6	19461.6	8.41
Non-Ferrous Mining and Metallic Industries	19645.2	48172.5	67817.7	796.8	4909.7	5706.5	62111.2	2.74
Geological Survey of India	17243.9	0.0	17243.9	472.5	0.0	472.5	16771.5	10.35
Regulation and Development of Mines	2401.3	48172.5	50573.8	324.3	4909.7	5234.0	45339.8	

Source and Notes: As in table A.1.

Table A.22
Central Budgetary Subsidies: Industry and Minerals (1996-97) (Contd.)

Sectors	Costs			Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends		
Other Industries	8808.1	8386.9	17195.1	16130.8	28.0	16158.8	93.97
<i>Opium and Alkaloid Industries</i>	8808.1	149.0	8957.2	16130.8	0.0	16130.8	-7173.7
Ghazipur Opium Factory	2141.6	33.5	2175.1	4618.4	0.0	4618.4	-2443.3
Neemuch Opium Factory	3576.5	42.6	3619.1	7952.9	0.0	7952.9	-4333.8
Ghazipur Alkaloid Works	939.2	6.9	946.1	727.8	0.0	727.8	218.4
Neemuch Alkaloid Works	2112.8	66.0	2178.8	2831.8	0.0	2831.8	-653.0
<i>Other Industries</i>	0.0	8237.9	8237.9	0.0	28.0	28.0	8209.9
Other Outlays on Industries and Minerals	18546.1	54893.5	73439.7	0.0	49643.2	49643.2	67.60
<i>Industrial Financial Institutions</i>	8102.7	53569.5	61672.2	0.0	49638.5	49638.5	80.49
<i>Development of Backward Areas</i>	10443.4	0.0	10443.4	0.0	0.0	0.0	0.00
<i>Others</i>	0.0	1324.1	1324.1	0.0	4.6	4.6	1319.4

Source and Notes: As in table A.1.

Table A.23
Central Budgetary Subsidies: Transport (1996-97)

Sectors	Revenue Expenditure		Capital Costs (Annualised)		Aggregate Costs		Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs	Capital Costs	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts			
Transport (excluding Railways)	135218.1	216910.3	352128.4	20526.4	11749.3	32275.7	319852.7	9.17		
Ports and Light Houses	14439.8	23088.6	37528.4	7055.0	0.0	7055.0	30473.4	18.80		
Major Ports	5159.6	17309.9	22469.5	595.4	0.0	595.4	21874.0	2.65		
Minor Ports	3103.2	3595.3	6698.5	321.5	0.0	321.5	6376.9	4.80		
Light Houses and Light Ships	6153.1	1766.0	7919.0	6138.0	0.0	6138.0	1781.0	77.51		
General	24.0	417.4	441.4	0.0	0.0	0.0	441.4	0.00		
Shipping	12197.1	24601.0	36798.1	2578.3	5443.7	8021.9	28776.2	21.80		
Overseas Shipping	3179.2	2599.6	5778.7	1167.0	0.0	1167.0	4611.7	20.19		
Coastal Shipping	8901.8	11426.4	20328.1	1411.3	340.3	1751.5	18576.6	8.62		
General	116.2	10575.0	10691.2	0.0	5103.4	5103.4	5587.8	47.73		
Civil Aviation	7401.5	11754.7	19156.2	165.4	6305.6	6471.0	12685.2	33.78		
Air Services	486.0	11399.5	11885.5	107.2	6305.6	6412.8	5472.7	53.95		
General	6915.5	355.2	7270.7	58.3	0.0	58.3	7212.4	0.80		
Roads and Bridges	44545.7	134015.6	178561.4	6017.9	0.0	6017.9	172543.4	3.37		
National Highways	37486.2	95369.3	132855.5	6017.9	0.0	6017.9	126837.6	4.53		
Strategic and Border Roads	4254.6	34101.8	38356.4	0.0	0.0	0.0	38356.4	0.00		
State Highways	3.3	838.4	841.7	0.0	0.0	0.0	841.7	0.00		
District and Other Roads	1466.2	2146.4	3612.6	0.0	0.0	0.0	3612.6	0.00		
Roads of Inter-State/Eco. Importance	0.5	0.0	0.5	0.0	0.0	0.0	0.5	0.00		
General	1334.9	1559.7	2894.7	0.0	0.0	0.0	2894.7	0.00		
Road Transport	6665.9	14164.0	20829.9	3889.3	0.0	3889.3	16940.5	18.67		
Inland Water Transport	1715.1	2373.1	4088.2	820.5	0.0	820.5	3267.7	20.07		
Other Transport Services	48253.1	6913.3	55166.3	0.0	0.0	0.0	55166.3	0.00		
River Training Works	1282.8	3222.4	4505.2	0.0	0.0	0.0	4505.2	0.00		
Others	46970.3	3690.8	50661.1	0.0	0.0	0.0	50661.1	0.00		

Source and Notes: As in table A.1.

Table A.24
Central Budgetary Subsidies: Postal Services and Satellite Systems (1996-97)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Postal Services and Satellite Systems	223314.7	15550.3	238865.0	121462.4	0.0	121462.4	117402.6	50.85
Postal Services	191787.6	10921.1	202708.7	121462.4	0.0	121462.4	81246.3	59.92
General Administration	16552.0	895.6	17447.6	2685.6	0.0	2685.6	14762.0	15.39
Operation	99853.6	7596.6	107450.2	0.0	0.0	0.0	107450.2	0.00
Agency Services	9404.3	0.0	9404.3	20216.2	0.0	20216.2	-10811.9	0.00
Accounts and Audit	5677.3	0.0	5677.3	0.0	0.0	0.0	5677.3	0.00
Engineering	3444.1	-176.7	3267.4	0.0	0.0	0.0	3267.4	0.00
Amenities to Staff	2330.1	2631.3	4961.4	0.0	0.0	0.0	4961.4	0.00
Pension	38438.7	0.0	38438.7	0.0	0.0	0.0	38438.7	0.00
Stationary and Printing	14719.3	0.0	14719.3	95537.5	0.0	95537.5	-80818.2	0.00
Other Expenses	1368.2	-25.8	1342.5	3023.1	0.0	3023.1	-1680.6	0.00
Satellite Systems	31527.1	4629.2	36156.3	0.0	0.0	0.0	36156.3	0.00

Source and Notes: As in table A.1.

Table A.25
Central Budgetary Subsidies: Science, Technology, Environment and Other Economic Services (1996-97)

Sectors	Costs		Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts		
Science, Technology, Environment and Other Economic Services	556756.0	46589.8	603345.8	45262.6	558081.9	7.50
Science, Technology and Environment	219372.0	33892.7	253264.6	3476.2	249788.5	1.37
Atomic Energy Research	39480.4	13687.9	53168.3	1674.0	51494.3	3.15
Space Research	64114.4	16124.4	80238.8	0.0	80238.8	0.00
Oceanographic Research	5648.6	921.9	6570.5	0.0	6570.5	0.00
Other Scientific Research	90341.5	3158.5	93500.0	1802.1	91697.9	1.93
Survey of India	9991.4	1254.4	11245.7	535.8	10710.0	4.76
Others	80350.1	1904.1	82254.2	1266.4	80987.9	1.54
Ecology and Environment	19787.0	0.0	19787.0	0.0	19787.0	0.00
Survey (Botanical)	1002.6	0.0	1002.6	0.0	1002.6	0.00
Survey (Zoological)	896.8	0.0	896.8	0.0	896.8	0.00
Environment Res. and Ecology Regeneration	2950.8	0.0	2950.8	0.0	2950.8	0.00
Prevention and Control of Pollution	11225.4	0.0	11225.4	0.0	11225.4	0.00
Others	3711.4	0.0	3711.4	0.0	3711.4	0.00
General Economic Services	337384.1	12697.1	350081.2	41786.5	308293.4	11.94
Tourism	9277.4	4021.6	13299.1	962.0	963.3	7.24
Tourist Infrastructure	519.1	3813.4	4332.5	851.1	3481.4	19.65
Tourist Transport Services	73.6	173.0	246.6	0.6	246.0	0.25
General	8758.3	208.2	8966.5	110.9	8854.3	1.25

Source and Notes: As in table A.1.

Table A.25
Central Budgetary Subsidies: Science, Technology, Environment and Other Economic Services (1996-97) (Contd.)

Sectors	Costs			Receipts		Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends		
Foreign Trade and Export Promotion	56705.8	4557.3	61263.0	19023.2	0.0	42239.9	31.05
<i>Kandla Free Trade Zone</i>	0.0	306.5	306.5	186.3	0.0	186.3	60.78
<i>Santacruz</i>	0.0	308.6	308.6	539.8	0.0	539.8	0.00
<i>Falita EPZ</i>	0.0	297.2	297.2	0.0	0.0	297.2	0.00
<i>Madras EPZ</i>	0.0	433.6	433.6	307.5	0.0	307.5	70.92
<i>Cochin EPZ</i>	0.0	469.3	469.3	149.5	0.0	149.5	31.85
<i>NOIDA EPZ</i>	0.0	613.3	613.3	161.8	0.0	161.8	26.39
<i>NEW EPZ</i>	0.0	918.4	918.4	4.6	0.0	4.6	0.50
<i>General</i>	56705.8	1210.4	57916.1	17673.7	0.0	17673.7	30.52
Census Surveys and Statistics	12542.3	0.0	12542.3	0.0	0.0	12542.3	0.00
<i>Census</i>	5192.7	0.0	5192.7	0.0	0.0	5192.7	0.00
<i>Survey and Statistics</i>	7349.6	0.0	7349.6	0.0	0.0	7349.6	0.00
Meteorology	7232.3	3514.1	10746.4	603.0	0.0	603.0	5.61
<i>Civil Supplies</i>	5443.8	0.0	5443.8	20.9	0.0	20.9	0.38
Other General Economic Services	246182.5	604.1	246786.6	21177.4	0.0	21177.4	8.58

Source and Notes: As in table A.1.

Table A.26
Central Budgetary Subsidies: Surplus Sectors (1996-97)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Surplus Sectors	2248972.4	996566.7	3245539.1	3979968.7	61142.3	4041111.0	-795571.9	
Petroleum	0.0	47962.2	47962.2	129840.2	61142.3	190982.5	-143020.3	
Total Railways	1636787.1	380917.6	2017704.7	2480131.1	0.0	2480131.1	-462426.4	
Indian Railways - Policy Formulation	15408.3	0.0	15408.3	0.0	0.0	0.0	15408.3	0.00
Indian Railways - Commercial Lines	1603799.3	373134.0	1976933.2	809097.0	0.0	809097.0	1167836.2	40.93
Indian Railways - Strategic Lines	14781.3	7783.7	22564.9	1671034.2	0.0	1671034.2	-1648469.2	
Indian Railways - Open Lines	2798.3	0.0	2798.3	0.0	0.0	0.0	2798.3	0.00
Commercial Lines (Revenue Works)	2788.0	0.0	2788.0	0.0	0.0	0.0	2788.0	0.00
Strategic Lines (Revenue Works)	10.3	0.0	10.3	0.0	0.0	0.0	10.3	0.00
Telecommunications	612185.3	567686.9	1179872.2	1369997.3	0.0	1369997.3	-190125.1	
Telecommunication Services	608880.9	565493.8	1174374.7	1237451.1	0.0	1237451.1	-63076.3	
General Administration	41939.5	2079.6	44019.2	0.0	0.0	0.0	44019.2	0.00
Operation	68560.7	563865.2	632425.9	1237448.2	0.0	1237448.2	-605022.3	
Telephones	47985.9	501632.5	549618.5	1222854.0	0.0	1222854.0	-673235.5	
Telegraphs	20574.8	62233.7	82807.5	14594.2	0.0	14594.2	68213.2	17.62
Stores and Factories	-10536.7	6987.5	-3549.2	0.0	0.0	0.0	-3549.2	0.00
Research and Development	606.7	0.0	606.7	2.9	0.0	2.9	603.8	0.47
Engineering	130654.6	4691.1	135345.7	0.0	0.0	0.0	135345.7	0.00
Audit and Account	2903.7	0.0	2903.7	0.0	0.0	0.0	2903.7	0.00
Amenities to Staff	2266.2	7772.6	10038.7	0.0	0.0	0.0	10038.7	0.00
Pension	25177.4	0.0	25177.4	0.0	0.0	0.0	25177.4	0.00
Stationary and Printing	1765.0	0.0	1765.0	0.0	0.0	0.0	1765.0	0.00
Other Expenses	345543.8	-19902.2	325641.6	0.0	0.0	0.0	325641.6	0.00
Other Communication Services	3304.4	2193.1	5497.5	132546.3	0.0	132546.3	-127048.8	

Source and Notes: As in table A.1.

Table A.4
Central Budgetary Subsidies: Information & Broadcasting (1995-96)

Sectors	Costs			Receipts			Subsidy	Recovery Rate (Percent)
	Revenue Expenditure	Capital Costs ¹ (Annualised)	Aggregate Costs	Revenue Receipts	Interest and Dividends	Aggregate Receipts		
Information and Broadcasting	87134.9	40071.9	127206.8	50527.2	0.0	50527.2	76679.7	39.72
Information and Publicity	12699.7	742.6	13442.3	2704.6	0.0	2704.6	10737.7	20.12
<i>Films</i>	3654.6	367.2	4015.8	686.1	0.0	686.1	3329.7	17.09
Production of Films	1720.1	0.0	1720.1	641.7	0.0	641.7	1078.4	37.31
<i>Others</i>	9045.1	387.4	9426.5	2018.4	0.0	2018.4	7408.1	21.41
Advertising and Visual Publicity	3099.4	0.0	3099.4	348.4	0.0	348.4	2751.0	11.24
Employment News	1077.7	0.0	1077.7	1421.9	0.0	1421.9	-344.2	--
Broadcasting	74435.2	39329.3	113764.5	47822.6	0.0	47822.6	65942.0	42.04
<i>Sound Broadcasting</i>	32224.3	17582.8	49807.1	9203.7	0.0	9203.7	40603.5	18.48
Commercial Services	1957.0	0.0	1957.0	7280.5	0.0	7280.5	-5323.5	--
<i>Television</i>	42210.9	21746.5	63957.4	38618.9	0.0	38618.9	25338.5	60.38
Commercial Services	6438.4	0.0	6438.4	35472.8	0.0	35472.8	-29034.4	--

Source and Notes: As in table A.1.

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