

## CHAPTER 2

### FINANCIAL RESOURCES

#### REVIEW OF FINANCING THE ANNUAL PLAN 2000-01 AND THE PROPOSED SCHEME OF FINANCING THE ANNUAL PLAN 2001-02

#### FINANCING OF CENTRE'S ANNUAL PLANS

1. The Central Government experienced setback in its financial position during the year 2000-01. The receipts from all the major direct and indirect taxes were considerably lower than the revised estimates. Overall, the net tax revenue decreased by 6.4 per cent compared to Revised Estimates. Non-tax revenue also had fallen short of the revised estimates by about 10 per cent. Similarly, the shortfalls in recovery of loans and receipts from disinvestments have been substantial. Thus, the total of realized Revenue Receipts and Non Debt Capital Receipts are lower by 8 per cent compared to the Revised Estimates. The Revised Estimates themselves were lower than the Budget Estimates. Therefore, the shortfall in aggregate Non Debt Receipts at the end of the financial year 2000-01 is 10 per cent of the Budget Estimates. In absolute terms, this amounts to Rs. 22000 crore. This deterioration in receipts that took place in 2000-01 becomes even more evident when compared with the shortfall of Rs. 10559 crore between the Budget Estimates and the actuals for 1999-2000. The table 2.1 below contains the details :

**TABLE 2.1 A**

#### Revenue Receipts and Non Debt Capital Receipts during 1999-2000

(Rs crore/ percent)

Sr. No.		BE	R.E	Actuals		
				Total	Percentage to RE	Percentage to BE
1	Revenue Receipts	182840	179504	181513	101.1	99.3
2.	Recovery of Loans	11087	12736	10131	79.5	91.4
3	Disinvestments	10000	2600	1724	66.3	17.2
	<b>Total</b>	<b>203927</b>	<b>194840</b>	<b>193368</b>	<b>99.2</b>	<b>94.8</b>

**TABLE 2.1 B**

#### Revenue Receipts and Non Debt Capital Receipts in 2000-01

(Rs crore/ percent)

Sr. No.		BE	R.E	Provisional		
				Total	Percentage to RE	Percentage to BE
1	Revenue Receipts	203673	206166	190988	92.6	93.8
2.	Recovery of Loans	13539	14885	12076	81.1	89.2
3	Disinvestments & Misc. Receipts	10000	2500	2177	87.1	21.8
	<b>Total</b>	<b>227212</b>	<b>223551</b>	<b>205241</b>	<b>91.8</b>	<b>90.3</b>

Due to the substantial shortfall in total Non Debt Receipts compared to Budget Estimates and the Government's concern to keep the fiscal deficit within desirable limit, reduction in Plan and Non Plan expenditure was inevitable. A brief account of such reduction in Government expenditure is given below.

2. The Central Government Budget for 2000-01 envisage total Government expenditure of Rs. 338487 crore consisting of Rs. 250387 crore of Non Plan expenditure and Plan expenditure of Rs. 88100 crore. The Revised Estimates in respect of both Plan and Non Plan expenditure were lower than the Budget Estimates to the extent of Rs. 1862 crore and Rs. 1102 crore respectively. Hence, the shortfalls expected both in the Plan and Non Plan expenditure at the time of Revised Estimates compared to the Budget Estimates was only moderate. But the eventual reduction in the expenditure according to the Provisional Estimates was quite substantial. Non Plan expenditure was lower by Rs. 13,142 crore and the Plan expenditure decreased by Rs 2,770 crore compared to the Revised Estimates. The comparison between Revised Estimates and Budget Estimates is on the perception that the Revised Estimates are an approximation to the actual. However, when the actual of either receipts or expenditure are substantially different from the Revised Estimates, the significance of Revised Estimates as approximation to the actual expenditure for an year is lost. Therefore, in such circumstances the comparison between the Budget/Annual Plan Estimates and the Actuals or the Provisional Estimates is only relevant for the purpose of analysis and evaluation. Hence, in the following analysis, the comparison is between the Budget Estimates and the Provisional Accounts. The summary of Central Government expenditure according to the Budget Estimates and the Provisional Accounts is given in Table 2.2:

**TABLE 2.2**

**Summary of Central Government Expenditure (2000-01)**

(Rs. Crore)

Sl. No.	Item	BE	RE	Provisional	Difference (RE-BE)	Difference (prov-RE)	Difference (prov-BE)
1	2	3	4	5	6	7	8
1	Total Expenditure	338487	335522	319610	-2964	-15912	-18877
2	Non-Plan Expenditure	250387	249284	236142	-1102	-13142	-14245
	@	73.97	74.30	73.88			
3	Plan Expenditure / Resources of which:	88100	86238	83468	-1862	-2770	-4632
	@	26.03	25.70	26.12			
3.1	Central Assistance for State & UT's Plans	36824.4	37969	38322	1145	353	1498
	#	41.80	44.03	45.91			
3.2	Budget support for Central Plan	51275.6	48269	45146	-3007	-3122	-6129
	#	58.20	55.97	54.09			

Note:@ Percentage to total expenditure

# Percentage to total Plan expenditure

3. The details in the table above would show that Plan expenditure (Gross Budgetary Support to the Annual Plan) is lower by Rs. 4,632 crore compared to the Budget Estimates. This is 5 per cent of the total Plan estimates. The corresponding shortfall in Non Plan expenditure is 5.7 per cent and in absolute term it was Rs.14,245 crore. Thus, the overall expenditure of the Central Government decreased by 5.6 per cent. The reduction in Plan expenditure (GBS) of the order of Rs. 4632 crore is reflected in larger reduction in Budget Support to the extent of Rs. 6129 crore for the Annual Plans of the Central Ministries/ Departments and in the increase in the Central Assistance to States U.Ts Plans by an amount Rs. 1498, say Rs. 1500 crore. The details of deterioration in the resources which resulted in expenditure compression both on Plan and Non Plan account is discussed below.

### THE CENTRE'S ANNUAL PLAN 2000-01 - REVIEW

4. The outlay of Rs. 117334 crore was approved for the Annual Plan of the Centre; consisting of Budget Support of Rs. 51276 crore and the estimated Internal and Extra Budgetary Resources (IEBR) of Rs. 66058 crore to be mobilized by the Central Public Sector Enterprises (CPSEs). Of the total Budget Support, an amount of Rs. 10,370 crore was allocated for financing the Plan investments of the CPSEs; while the Budget Support allocated exclusively for departmental Plan schemes and programmes was Rs. 40906 crore. Thus, the share of the CPSEs and the departmental schemes in the Gross Budget Support accounted for 20 per cent and 80 per cent respectively. With IEBR of Rs. 66058 crore and Budget Support of Rs. 10370 crore, the total Plan investment by the CPSEs was expected to be Rs. 76438 crore. In other words, 35 per cent of the Annual Plan outlay was earmarked for exclusively departmental schemes/ programmes and 65 per cent of the Plan outlay was to be incurred by the Central Public Sector Enterprises. The Table 2.3 below provides the summary of the Centre's Annual Plan Outlay and estimated Expenditure for 2000-01.

**TABLE 2.3**

**Centre's Plan Outlay 2000-01**

(Rs. Crore)

Sl. No.	Item	2000-01 BE*	2000-01 RE	Difference (RE-BE)
1	2	3	4	5
1	Budget support - Total of which	51276	48269	-3007
1a	Budget Support to CPSEs	10370	10493	123
2	IEBR of CPSEs	66058	60318	-5740
3	Plan Outlay/Investment of CPSEs (1a+2)	76428	70811	-5617
4	Central Plan Outlay (1+2)	117334	108587	-8747

Note: \*Approved Plan Outlay

5. As explained in para-4 above, the actual utilization of Budget Support in respect of departmental schemes and CPSEs during 2000-01 was Rs. 45146 crore against the Budget Estimates of Rs. 51276 crore accounting for 88 per cent of the Annual Plan estimates. The actual resource mobilization by the CPSEs in terms of IEBR for their Plan investment up to February, 2001 is reported to be Rs. 31752 crore whereas the Revised Estimates place the expected accruals at Rs. 60318 crore. It appears that the Revised Estimates of IEBR were also substantially overstated. Considering the monthly trends of mobilization of IEBR,

the accrual during the month of March, 2001 in respect of this item can be placed at Rs. 2700 crore (the difference between the accruals upto January, 2001 and February, 2001). Bunching/ a sudden upsurge of resources in the case of IEBR at the year end is less likely whereas rush of expenditure in respect of Budget Support during the last few months of the financial year is normal. Therefore, assuming that the IEBR accrual in the month of March was normal, the IEBR raised by the CPSEs during 2000-01 may be placed at Rs. 34460 crore or Rs. 34500 crore. This works out to only 52 per cent of the Budget Estimates. Overall, the Centre's Plan expenditure including Budget Support and the estimated IEBR, thus, works out to Rs. 79646 crore or 68 per cent of the Plan estimates.

6. The discussion of scheme of financing the Annual Plan 2000-01 as envisaged in the Budget and the actual scheme of financing implicit in the provisional accounts would bring out the areas where shortfalls in resources occurred in financing the Non Plan and Plan expenditure. The details are given in Table 2.4.

**TABLE 2.4**

**Provisional estimates vis-à-vis Revised and Provisional estimates of the Scheme Of Financing the Annual Plan 2000-01 of the Centre**

(Rs.crore)

Sl. No.	Resources	BE	RE	Provi-sional	Difference (RE-BE)	Difference (prov-RE)	Difference (prov-BE)
1	2	3	4	5	6	7	8
1	Balance from current Revenues (BCR)	-43233	-39278	-40909	3955	-1631	2324
2	Balance from Non Debt Capital Receipts	20058	13544	10008	-6514	-3536	-10048
3	Fiscal Deficit	111275	111972	114369	697	2397	3094
4	Resources for Gross Budget Support to the Plan (1+2+3)	88100	86238	83468	-1862	-2770	-4632
5	Assistance for State & UT's Plans	36824	37969	38322	1145	353	1498
6	Budget Support for Central Plan (4-5)	51276	48269	45146	-3007	-3123	-6130
7	IEBR of CPSEs	66058	60318	34500*	-5740	-25818	-31558
8	Plan Outlay of the Centre (6+7)	117334	108587	79646	-8747	-28941	-37688

\*Tentative Estimate

In theory, the Non Debt Receipts of the Government consisting of Revenue Receipts and Non Debt Capital Receipts are balanced against the Non Plan Revenue expenditure and Non Plan Capital expenditure. Thus, the surplus or shortfall in the Balance from Current

Revenues and in the Balance from Non Debt Capital Receipts shown in the scheme of financing the Plan indicates the fiscal strength of the Government.

### Balance from Current Revenues (BCR):

7. Balance from Current Revenues (BCR), in brief, reflects the quantum of surplus or shortfall in revenue receipts of the government in relation to non Plan revenue expenditure (including defence capital). Thus, a negative BCR implies that Government has to take recourse to borrowed capital to meet part of its consumption expenditure, which amounts to negative saving. For more than a decade, the BCR of the Central Government has been negative and that the situation has been worsening. The negative BCR which was around Rs. 31000 crore in 1999-2000 has deteriorated by more than Rs. 10000 crore to the level of Rs. (-) 41000 crore in 2000-01. The relevant details of Tax and Non-Tax Revenues and Non-Plan Revenue expenditure constituting the BCR have been presented in Table 2.5. Additional details are provided in Annexure 2.2.

**TABLE 2.5**

**Central Government's Revenue Receipts and  
Non Plan Revenue Expenditure during 2000-01**

(Rs. Crore)

Sl. No.	Item	BE	RE	Provisional	Difference RE-BE	Difference (prov-RE)	Difference (prov-BE)
1	2	3	4	5	6	7	8
I	<i>Revenue Reces Revenue Receipts</i>						
a.	Tax Revenues (Net)	146209	144403	135193	-1806	-9210	-11016
b.	Non-tax Revenue	57464	61763	55795	4299	-5968	-1669
	<b>Total - I (Revenue Receipts)</b>	203673	206166	190988	2493	-15178	-12685
II.	<i>Non-plan Revenue Expenditure</i>						
a.	Interest	101266	100667	97342	-599	-3325	-3924
b.	Defence	58587	54461	49306	-4126	-5155	-9281
c.	Subsidies	22800	26949	26480	4149	-469	3680
d.	Others	64252	63367	58768	-886	-4598	-5484
	<b>Total II (Revenue Expenditure-Non Plan)</b>	246906	245444	231897	-1462	-13547	-15009
III	<b>BCR (I-II)</b>	-43233	-39278	-40909	3955	-1631	2324

Apparently, the pre-actual (Provisional accounts) of BCR for the year appears to be an improvement over the Budget Estimates of Rs. (-) 43233 crore. The details would show that this reduction in negative BCR has been the result of lower non Plan expenditure and not due to increase in revenue receipts. In fact, the revenue receipts, according to provisional estimates, are substantially lower than the Budget Estimates. The shortfall in revenue receipts compared to the Budget Estimates is of the order of Rs. 12685 crore. The tax revenue decreased by Rs. 11016 crore and non tax revenue declined by Rs. 1670 crore

## Tax Revenue

8. A disturbing feature of the Centre's tax revenue receipts is unstable trend observed in the recent past as shown in Table 2.6 below :

**TABLE 2.6**  
**Gross Tax Revenue of the Centre – Growth/ Ratio**

	<b>GDP Growth Rate (Nominal)</b>	<b>Tax-GDP Ratio</b>	<b>Gross Tax Revenue Growth Rate</b>
1996-97	15.2	9.41	15.77
1997-98	11.3	9.14	8.12
1998-99	15.5	8.18	3.29
1999-2000	11.3	8.75	19.08
2000-01	12.2	8.58	10.00

The absence of stable growth rate in tax revenue, is especially clear from the experience of 1999-2000 and 2000-01. The shortfall in tax revenue receipts during 2000-01 may be attributed mainly to three factors. The Budget Estimates of Gross Tax Revenue for 2000-01 implied growth of around 13.8 per cent over the Revised Estimates for 1999-2000 which themselves reflected an increase of around 18 per cent over the actuals of 1998-99. Thus, the Budget Estimates for 2000-01 could be considered unsustainable. The expected growth in GDP also did not materialize; affecting the overall tax revenue. Imports during the year declined by 0.2 per cent; adversely affecting the realization from Customs. The rate of growth of value added in manufacturing is now (2000-01) estimated at 5.6 per cent, while for 1999-2000 it was 6.8 per cent, affecting the revenue realization from Central excise duty. Thus, the shortfall in receipts from Customs was to the extent of Rs. 5950 crore compared to the Budget Estimates. According to the provisional accounts, the shortfall in corporation tax was Rs. 4355 crore. The realization from Union Excise also was lower by Rs. 2900 crore. As a result, the gross tax revenue of the Centre is lower by Rs. 11900 crore, even after taking into account the improvement of Rs. 1200 crore from other taxes. An important aspect of Centre's tax structure is that individually the contribution of these four taxes is substantial to gross tax revenue. At present (2000-01) the share is about 19 per cent (Corporation Tax), 17 per cent (individual Income Tax), 25 per cent (Customs) and 36 per cent (Union Excise). Therefore, substantial shortfall in collection from any one of these taxes affects the overall tax collection. The unstable trend in Gross Tax revenue receipts over the years is partly explained by this fact also.

9. The reports on monthly collections from the major tax revenues include information on arrears of tax revenues. The position in this regard as on 31.3.2000 and 31.3.2001 is given below:

**TABLE 2.7**  
**Arrears of Tax Revenue**

	<b>As on 31.3.2000</b>	<b>As on 31.3.2001</b>
Central Excise	8610.46	8184.87
Customs Revenue	1034.33	1875.68
Income Tax	31422.25	35022.89

## **Non Tax Revenue**

10. The Interest Receipts from States and U.T Governments, Railways, Telecom, Central Public Sector Enterprises, Statutory Bodies, Cooperatives and Government Servants in respect of loans and advances lent by the Government is the major item under Non Tax Receipts. Next in terms of magnitude is the dividends receipts from RBI, Nationalised Banks, other financial institutions viz. LIC, GIC, IDBI etc; and the Public Sector Enterprises. These two sources constituted 82 per cent of total non-tax revenue of Rs. 53242 crore in 1999-2000. The receipts in terms of service charges from Government Departments and Organisations amounting to Rs. 7925 crore in that year was 15 per cent of the Non Tax Revenue.

11. The shortfall in Non Tax Revenue during 2000-01 was to the extent of about 12 per cent (Rs. 3,947 crore) of the Budget Estimates of Rs. 36,721 crore in respect of interest receipts. Service charges collection was lower by Rs. 148 crore. These shortfalls amounting to Rs. 4,095 crore was partly compensated by higher receipts of Rs. 2,341 crore from dividends and profits. The upward revision in the case of interest receipts at the time of Revised Estimates by more than Rs. 1,285 crore over the Budget Estimates and the actuals falling short by Rs. 3,947 crore compared to Budget Estimates indicate that the projections of Non Tax Revenue also need to be more realistic, especially where the receipts are in the nature of contractual obligations as in the case of interest receipts. The total revenue receipts according to provisional accounts is Rs. 1,90,988 crore, which amounts to shortfall of Rs. 12,685 crore compared to the Budget Estimates.

## **Non Plan Revenue Expenditure**

12. The Non Plan revenue expenditure according to Provisional accounts is Rs. 2,31,897 crore i.e., less by Rs. 15,000 crore compared to the Budget Estimates of Rs. 2,46,906 crore. Defence expenditure alone has been lower to the extent of Rs. 9,280 crore in respect of outlays on capital items. Interest payment was less by Rs. 3,900 crore and other non Plan expenditure was less by Rs. 5,480 crore mainly on account of lower pension payment (Rs. 2,600 crore) and Grants (by Rs. 2,300 crore). On the other hand, the increase in subsidy was Rs. 3,680 crore mainly on account of increase in inventory carrying cost and Antyodaya programme. The overall decrease in Non Plan Revenue expenditure contributed to an improvement of Rs. 2,324 crore in the Non Plan revenue gap compared to Budget Estimates.

13. The large downward variations between the Budget Estimates and Revised Estimates and between Revised Estimates and actuals in respect of Non-Plan expenditure clearly point to the considerable scope for incorporating more realistic estimates. When Non-Plan expenditure is placed at a very unsustainable higher level at the time of formulating the Budget, the scope for providing reasonable step up in the Gross Budget Support to the plan is pre-empted. This is an aspect for corrective course of action.

14. The negative balance from Current Revenues which was 18 per cent of the total Tax Revenue Receipts of the Centre in 1999-2000 has increased to 21 per cent in 2000-01. The overall revenue deficit which was Rs. 67,596 crore in 1999-2000 was 3.5 per cent of GDP. This has gone up to Rs. 81,707 crore in 2000-01, i.e., 3.7 per cent of the estimated GDP. This rising trend in revenue deficit clearly indicate the enormous resource mobilization efforts required to bridge the Non Plan revenue gap as well as to achieve the intended elimination of revenue deficit over a five year period. Synchronization of additional revenue resource mobilization and reduction in revenue deficit is desirable and necessary. Otherwise reduction of revenue deficit without corresponding ARM efforts would seriously affect Plan investment even without increase in Non Plan expenditure.

## BALANCE FROM NON DEBT CAPITAL RECEIPTS DURING 2000-01

15. The Gross Budget Support for the Plan arises from the balance of Revenue Receipts and Non Debt Capital Receipts over the Non Plan expenditure (capital and revenue) and the Gross Fiscal Deficit. While the Balance from Current Revenues (BCR) indicates the surplus or shortfall of revenue receipts over Non Plan Revenue expenditure, the balance from Non Debt Capital Receipts gives an account of the Non Plan Capital Expenditure and Non Debt Capital Receipts. The Budget/ Annual Plan Estimates and the corresponding Provisional Accounts of Non Debt Capital Receipts and Non Plan Expenditure are given in table 2.8 below:

**TABLE 2.8**

### Balance from Non Debt Capital Receipts during 2000-01

(Rs. crore)

Sr.No.		BE	Provisional
1	Recovery of Loans	13539	12076
2	Disinvestments	10000	1870
3	Other Capital Receipts	-	307
4	Total – Non Debt Capital Receipts	23539	14253
5.	<b>Non Plan Capital Expenditure: of which</b>	<b>3481</b>	<b>4245</b>
	a) Loans and Advances	1948	2752
	b) Non Plan Capital Outlay	1533	1493
	<b>Balance from Non Debt Capital Receipts (4– 5)</b>	<b>20058</b>	<b>10008</b>

16. There has been shortfalls in recovery of loans to the extent of Rs. 1463 crore compared to Budget Estimates. The realization through disinvestments has been only 19 per cent of the Budget Estimates resulting in overall decrease in Non Debt Capital Receipts to the extent of Rs. 9286 crore. On the other hand, there was increase of Rs. 764 crore in Non Plan Capital Expenditure. Loans and advances to State Governments, foreign Governments, public sector enterprises/ organizations and individuals increased by Rs. 804 crore but there was reduction of Rs. 40 crore in Non Plan Capital Outlay. Thus, the Balance from Non Debt Capital Receipts is lower by Rs. 10,050 crore compared to the Budget Estimates.

17. The sum of budgetary resources in terms of Balance from Current Revenues at Rs. (-) 40,909 crore and the balance from Non Debt Capital Receipts of Rs. 10,008 crore, according to the provisional accounts, would be a negative balance of Rs. 30,901 crore. Hence, the fiscal deficit of Rs. 114369 crore was required by the Government to provide Gross Budget Support of Rs. 83,468 crore towards the Centre's Annual Plan expenditure (Rs. 45,146 crore) and Central Assistance (Rs. 38,322 crore) to the States and U.Ts for their Plans. The financing (sources) of the fiscal deficit is discussed below.

## FISCAL DEFICIT

18. The details of market borrowings and other debt creating capital receipts constituting the fiscal deficit, as envisaged in the Budget Estimates and the corresponding details of actual (provisional accounts) fiscal deficit incurred by the Centre is given in table 2.9 below:



**TABLE 2.9****FINANCING OF FISCAL DEFICIT : 2000-01**

(Rs. in crore)

Sr.No.	Source of Fiscal Deficit	BE	Provisional
1.	Market borrowings (Medium, Long-term and Short-term loans)	76383	77708
2	External Loan	- 44	7417
3	Small Savings and Public Provident Fund	8000	6431
4	State Provident Funds	7500	5354
5	Special Deposits	9722	7353
6	Others (other deposits, suspense and remittances, ways and means advances, draw down of cash balance etc.)	9714	10106
	<b>Total</b>	<b>111275</b>	<b>114369</b>

The details would show that the increase in fiscal deficit at the end of the year is only marginal i.e., Rs. 3094 crore compared to the Budget Estimates. While recourse to drawings from Small Savings, Public Provident Fund, State Provident Fund and Special Deposits have been lower to the extent of Rs. 6084 crore, recourse to realizations from market borrowings and other deposits etc; has been higher to the extent of Rs. 9178 crore compared to Budget Estimates. External loan alone contributed to the extent of Rs. 7461 crore towards higher borrowings. In terms of repayment liability, larger external loan compared to internal borrowings, perhaps would amount to lower interest payment. Only a marginal increase in the fiscal deficit and the higher external borrowings can be said to be positive features of the year end (2000-01) fiscal deficit. On the other hand the Monetary deficit during 2000-01 is placed at Rs. 6705 crore whereas the corresponding amount for 1999-2000 was Rs. (-) 5588 crore.

**CENTRAL ASSISTANCE TO THE ANNUAL PLANS OF THE STATES AND U.Ts**

19. As mentioned in para 17 above, the Gross Budgetary Resources of the Central Government for financing the Annual Plan is allocated towards the Centre's Annual Plan and for Central Assistance to the Annual Plans of States and U.Ts. The details in this regard in respect of Budget Estimates, Revised Estimates and the Provisional Accounts for 2000-01 is given in the table 2.10.

**TABLE 2.10****Central Assistance to States' and U.Ts' Plans – 2000-01**

(Rs. crore)

Sr. No.	Budget Support	B.E	R.E	Provisional Accounts
1.	Gross Budget Support	88100	86238	83468
2	Budget Support for Central Plan	51276 (58.20%)	48269 (55.97%)	45146 (54.09%)
3	Central Assistance for States and U.Ts Plans	36824 (41.80%)	37969 (44.03%)	38322 (45.91%)

**Note:** Figures in brackets indicate percent to total

The proportion of Central Assistance to States and U.T Plans, according to Provisional Accounts, is 4.1 per cent higher than the Annual Plan/ Budget Estimates.

## INTERNAL & EXTRA BUDGETARY RESOURCES (IEBR)

20. The shortfall experienced in budgetary resources (Gross Budget Support) at the end of the financial year (Rs. 4632 crore) is 9 per cent of the Budget Estimates. The resources to be raised by the CPSEs in terms of IEBR would also decline to the extent of 9 per cent if the Revised Estimates are compared with Budget Estimates. The past experience would show that the actuals of IEBR were substantially lower than the Revised Estimates. Therefore, the year end IEBR could be around 52 - 55 per cent of the Budget Estimates. The Revised Estimates as against the Budget Estimates of IEBR are discussed below with reference to the Annual Plans of CPSEs.

### Annual Plan 2000-01 of the CPSEs

21. At the end of the year 1999-2000 there were 240 Central Public Sector Enterprises of which 8 were under implementation/ construction. Out of the 232 Enterprises, in operation, 157 enterprises were manufacturing/ producing goods; 75 were rendering services. Of these 232 enterprises, only 95 were included in the Annual Plan 2000-01 (RE). Of these, 31 enterprises were rendering services in the respective sectors viz. telecommunication, transportation, trading and marketing, construction, consultancy, tourist services. Others were producing/ selling goods.

22. The summary of the pattern of financing of the Plans of Central PSEs for 2000-01 is given in Table 2.11. The details of financing of Plan investment by each CPSE are given in Annexure 2.3 'A' and 2.3 'B'.

**TABLE 2.11**

### Financing of Annual Plan 2000-01 Of the Central Public Sector Enterprises

(Rs. Crore)

Sl. No.	Source of finance	BE	RE	Difference RE-BE
1	2	3	4	5
<b>I.</b>	<b>Budget Support (i+ii)</b>	<b>10370</b>	<b>10493</b>	<b>123</b>
i.	Equity	8303	8033	-270
ii.	Loan	2067	2460	393
<b>II.</b>	<b>Internal Resources</b>	<b>39281</b>	<b>41200</b>	<b>1919</b>
<b>III.</b>	<b>Borrowings (i+ii+iii)</b>	<b>26777</b>	<b>19118</b>	<b>-7659</b>
i.	Bonds /Debentures	7769	8444	675
ii.	ECB/Suppliers' Credit	6222	4275	-1947
iii.	Others*	12785	6399	-6387
<b>IV.</b>	<b>Total Plan Outlay (I+II+III)</b>	<b>76428</b>	<b>70811</b>	<b>-5617</b>

Note: \*Public Deposits, Inter-Corporate Transfers etc.

23. The contents of the table above would show that the total Plan investment of Central Public Sector Enterprises (CPSEs) for 2000-01 was placed at Rs.76,428 crore in the Budget Estimates; to be financed through budgetary support of Rs.10,370 crore, internal resources of Rs.39,281 crore and domestic and external borrowings amounting to Rs.26,777 crore. The Plan outlay of CPSEs as per the revised estimates is Rs. 70,811 crore, which is Rs.5,617 crore lower than the budget estimates. The Revised Estimates indicate that (a) budget support would be marginally less compared to the Budget Estimates; (b) the internal resources and internal borrowings through bonds and debentures were expected to be higher; and (c) there would be substantial shortfall in respect of external commercial borrowings and other short term internal debt resources.

24. The Budget Support to Plan investment by CPSEs in Revised Estimates is marginally higher. The Revised Estimates of internal resources is 4.9 per cent higher than the Budget Estimates. This anticipated improvement would depend upon the actual internal resource generation by Indian Railways where the expected improvement is to the extent of Rs. 3700 crore, the enterprises in the Ministry/ Departments of Coals and Mines where higher levels of IR to the extent of Rs. 287 crore and Rs. 156 crore respectively over Budget Estimates are expected. Most of the other enterprises would be raising lower internal resources compared to the Budget Estimates.

25. While marginal improvement over the Budget Estimates is anticipated in respect of borrowings through bonds and debentures, substantial shortfalls are anticipated in respect of External commercial borrowings and internal short term borrowings compared to Budget Estimates. The latter reflect the difficulty of the enterprises to raise funds from the capital market abroad and the perception of the investors regarding the comparative return expected from these enterprises.

26. As in the previous years, the Central Public Sector Enterprises were permitted to raise resources through tax-free bonds. Within the targeted amount of Rs. 7769 crore (BE) to be raised through bonds and debentures, the CPSEs in the Power sector including Atomic Energy and Non-Conventional Energy, Road Transport, Railways, Urban Development sectors were allowed to raise resources through tax-free bonds to the extent of Rs. 500 crore. It is reported that the allocation has been availed to the full extent. The details are given in the Annexure No. 2.4.

27. To sum up, the actual mobilization of resources by the CPSEs and the Plan expenditure are likely to be very much lower than the Budget Estimates. The observation made in this regard in para 5 above is relevant. As in the case of assessment of budgetary resources, the estimates of IEBR particularly need to be more realistic. A focussed attention on the performance of enterprises coming under few sectors is required since the CPSEs under few Ministries account for the major share in the overall Plan investment of CPSEs as shown in table 2.12.

**TABLE 2.12****IEBR in the Annual Plan 2000-01 (RE) of CPSEs  
Per cent Share**

<b>Sr. No.</b>	<b>CPSE</b>	<b>IR</b>	<b>Bonds/ Debentures</b>	<b>ECB</b>	<b>Others</b>	<b>Total IEBR</b>
1	Communications	38.90	35.79		18.64	33.58
2	Petroleum & Natural Gas	19.78	7.00	23.95	47.22	21.20
3.	Railways	18.69				12.78
4	Power		20.54	48.41		9.35
5	Urban Affairs & Urban Employment		27.05			
6	Coal				11.26	
7	Steel & Mines					
8	Shipping			16.99		
	<b>Total</b>	<b>77.37</b>	<b>90.38</b>	<b>89.35</b>	<b>77.12</b>	<b>76.91</b>

**ANNUAL PLAN FOR 2001-02**

28. The Central Government's Budget for 2001-02 reflects the serious concern of the Government regarding the poor state of the fiscal health of both the Central and State Governments. At the time of the presentation of the Budget, the combined fiscal deficit of the Centre and the States was in the region of 10 per cent of GDP. Thus, the determination to contain the fiscal deficit continues to be a dominant factor in the formulation of budget proposals. However, the positive aspects of the economy showing both growth and resilience and the need to maintain reasonable step up in Budget Support for the Centre, State and U.T Plans were duly kept in view. The Budget Estimates of receipts and expenditure conforming to GDP growth, the developmental needs and the fiscal deficit of 4.7 per cent were based mainly on the Revised Estimates for 2000-01.

**SUMMARY OF GOVERNMENT EXPENDITURE**

29. The provision for Non Plan expenditure of the Centre for 2001-02 is stepped up by 10.4 per cent over the Revised Estimates for 2000-01 mainly to meet increase in interest payments and grants to State Governments. The Gross Budget Support for the Annual Plan is now an increase of 16 per cent over the Revised Estimates of 2000-01 including a a step up of 23.2 per cent for the Centre's Annual Plan and an increase of 7 per cent in Central Assistance to States and U.Ts Plans. However, compared to the Annual Plan/ Budget Estimates of 2000-01 the overall Gross Budget Support to the Annual Plan 2001-02 implies an increase of 13.6 per cent only. The corresponding growth in Central Assistance to States and U.Ts Plans and the Budget Support for the Central Plan would be 10.4 per cent and 16 per cent respectively. The summary of the Central Government expenditure is given in the table 2.13.

**TABLE 2.13****Summary of Central Government Expenditure –  
2000-01(RE) and 2001-02 (BE)**

(Rs. Crore)

Sl.No.	Item	2000-01 RE	2001-02 BE
1	2	3	4
1	Total Expenditure	335522	375223
2	Non-Plan Expenditure	249284	275123
	@	74.30	73.32
3	Plan Expenditure / Resources of which:	86238	100100
	@	25.70	26.68
3.1	Central Assistance for State & UT's Plans	37969	40644
	#	44.03	40.60
3.2	Budget support for Central Plan	48269	59456
	#	55.97	59.40

Note: @ Percentage to total expenditure  
# Percentage to total Plan expenditure

30. The Budget Estimates of Plan and Non Plan expenditure in total Government expenditure for 2001-02 imply only one per cent variation in each case; one per cent decrease in Non Plan expenditure and one per cent increase in Plan expenditure over the Revised Estimates for 2000-01. However, within Plan expenditure, Central Assistance to States and U.Ts Plans would be less by 4.6 per cent, while Budget Support for the Central Plan would be higher to that extent in the Annual Plan 2001-02 compared to Revised Estimates for 2000-01. But the composition of these different items of expenditure in terms of their share in the total Government expenditure is almost the same as provided for in the Budget for 2000-01.

**CENTRE'S ANNUAL PLAN 2001-02**

31. The Annual Plan outlay for 2001-02 was approved at Rs. 130181 crore, consisting of Gross Budget Support (GBS) of Rs. 59456 crore and Rs. 70725 crore of Internal and Extra Budgetary Resources of the Central Public Sector Enterprises. The allocation of Budget Support to the CPSEs alone was Rs. 10411 crore, leaving the balance of Rs. 49045 crore of GBS to the departmental schemes/ programmes of the Central Ministries. Thus, the provision for Budget Support to CPSEs is reduced to 17.5 per cent of the GBS in 2001-02 as against 21.7 per cent in the RE and 20.2 per cent in the BE for 2000-01. The anticipated Plan investment during 2001-02 would be 62 per cent of Centre's Plan Outlay compared to 65 per cent provided in the Revised Estimates and Budget Estimates for 2000-01. In other words, Plan investment including Budget Support by the CPSEs is lower in proportionate terms whereas Budget Support to departmental schemes has increased in Annual Plan 2001-02 of the Centre compared to the Revised Estimates for 2000-01. The relevant details are given in the table 2.14.

**TABLE 2.14****Centre's Annual Plan 2001-02**

(Rs. Crore)

Sl. No.	Item	2001-02 BE*	2000-01 RE	Increase (col3-4)
1	2	3	4	5
1	Budget support - Total of which	59456	48269	11187
1a	Budget Support to CPSEs	10411	10493.07	-82
2	IEBR of CPSEs	70725	60318	10407
3	Plan Outlay/Investment of CPSEs (1a + 2)	81137	70811	10326
4	Central Plan Outlay (1+2)	130181	108587	21595

Note: \* Approved Plan outlay

The estimates of resources for the Gross Budget Support and IEBR are discussed below:

**GROSS BUDGET SUPPORT TO CENTRE'S ANNUAL PLAN 2001-02**

32. The Budget for 2001-02 includes estimated Revenue Receipts (Net) of Rs. 231745 crore and Non Debt Capital receipts. of Rs 27164 crore. Non Plan Revenue Expenditure and Non Plan Capital Expenditure are estimated at Rs. 270555 crore and Rs. 4568 crore respectively. Thus, the Balance from Current Revenues is expected to be Rs. (-) 38810 crore and the balance from Non Debt Capital Receipts is estimated at Rs. 22596 crore. Taking into account the estimated fiscal deficit of Rs. 116314 crore, the Gross Budget Support to the Annual Plan 2001-02 is placed at Rs. 100100 crore. The scheme of financing the Gross Budget Support and Centre's Annual Plan is given in Annexure 2.1. The details of Balance from Current Revenues, Balance from Non Debt Capital Receipts and financing of Fiscal Deficit are discussed below.

**Balance from Current Revenues:**

33. It is expected that the Gross Tax Revenue of the Centre during 2001-02 would increase by 14.3 per cent. The increase in non tax revenue is expected to be 11.3 per cent over the Revised Estimate for 2000-01. In absolute terms, the overall revenue receipts according to the Budget for 2001-02 would be Rs. 231745 crore. As the Non Plan Revenue expenditure including defence capital is expected to be Rs. 270555 crore, the Balance from Current Revenues is estimated at Rs.(-) 38810 crore as explained below.

**Revenue Receipts – Tax and Non-Tax**

34. The Budget proposals for 2001-02 aim at an increase of Rs. 25579 crore over the Revised Estimates for 2000-01 in respect of Revenue Receipts. In absolute terms, the estimated revenue receipts of Rs. 231745 crore for the year 2001-02 represent 12.4 per cent growth over the Revised Estimates for 2000-01 and 21 per cent over the provisional accounts. The estimated growth over the provisional accounts is relevant and on that basis, the budget estimates of revenue receipts imply good amount of optimism.

## Tax Revenue

35. The break up of gross tax revenue receipts placed at Rs. 226649 crore is shown in Table 2.15. In terms of realization from the major taxes viz. corporation tax, income tax, customs & union excise, the expected increase in realization is around 24 per cent, 28 per cent, 15 per cent and 20 per cent respectively over the provisional accounts for 2000-01. It appears that concerted efforts would be required in realizing the Budget Estimates of revenue collection during 2001-02, considering the fact the provisional estimates of receipts from these major taxes is only 10 per cent higher than the actuals for 1999-2000 and the gross tax revenues of all taxes in 2000-01 was only 9.7 per cent higher than the actuals for 1999-2000. Moreover, the tax collection in the financial year so far is not in tune with the Budget Estimates. In the first quarter of the current financial year, the gross tax collection has been lower by Rs. 4688 crore compared to the corresponding period of 2000-01. The net tax revenue of the Centre collected during this quarter up to June 2001 is 10 per cent of the Budget Estimates whereas in the last financial year it was 15 per cent of the Budget Estimates. Hence, the efforts involved in realizing the Budget Estimates of tax revenue would be really enormous during the rest of the financial year.

**TABLE 2.15**

### Tax Revenue during 2000-01

(Rs. Crore)

Sl. No.	Tax Measures	BE 2000-01	RE 2000-01	Provisional 2000-01	RE-BE 2000-01	Prov-RE 2000-01	Prov-BE 2000-01	BE 2001-02	Estimated Increase (col 9-4)
1	2	3	4	5	6	7	8	9	10
1	Corporation Tax	35040	38721	35685	3681	-3036	645	44200	5479
2	Personal Income Tax	30510	35271	31674	4761	-3597	1164	40600	5329
4	Customs	55000	49781	47623	-5219	-2158	-7377	54822	5041
5	Union Excise Duties	68000	70681	68350	2681	-2331	350	81720	11039
6	Others	4834	3867	5033	-967	1166	199	5307	1440
7	Gross Tax Revenue*	193384	198321	188365	4937	-9956	-5019	226649	28328
8	Share of States	52061	52418	51673	357	-745	-388	61618	9200
9	Net tax revenue	141323	144403	135193	3080	-9210	-6130	163031	18628

\*Rs1500 Crore transferred to National Calamity Contingency fund

## Non Tax Revenue

36. The non-tax receipt placed at Rs. 68714 crore including external grant of Rs. 697 crore implies an increase of 23 per cent over the provisional accounts for 2000-01 and 11.3 per cent over the Revised Estimates. Though Budget Estimates for 2001-02 may appear reasonable compared to Revised Estimates for 2000-01 of Non-tax revenue, the provisional accounts for 2000-01 indicate the difficulty in realizing the estimated non-tax revenue during 2001-02. Further, the Annual growth rate of non-tax revenue was only 4.79 per cent during 2000-01. As in the case of tax collections, the receipts from non-tax revenue in the financial year so far is not encouraging. The collections of non-tax revenue up to June, 2001 is lower to the extent of Rs. 3109 crore compared to the collection during the corresponding period of the financial year 2000-01. In terms of percentage to the Budget Estimates, the collections

during the first quarter of this year were 7 per cent of the BE compared to 14 per cent for last year. The shortfalls have occurred in respect of the main items of non-tax revenue viz., dividends and profits and interest receipts whereas, according to the Budget Estimates the estimated improvement over the year 2000-01 is expected. Hence, the efforts involved in sustaining the Budget Estimates of Non Tax Revenue is also enormous.

### Non-Plan Revenue Expenditure

37. The Budget Estimates for 2001-02 provides an increase of 10.3 per cent over the Revised Estimates of 2000-01 in respect of the non-plan revenue expenditure, which, *inter-alia*, includes defence capital and outlay on border roads. In absolute terms, this increase amounts to Rs. 25202 crore. The interest payments liability alone would be higher to the extent of Rs.11633 crore. Defence outlay is expected to decline by Rs. 2461 crore, while grants to States and other non-Plan expenditure is expected to increase by Rs.2394 crore and Rs.672 crore respectively. The level of subsidies has been pegged at Rs.29801 crore as compared to Rs.26949 crore reflecting an increase of Rs.2852 crore. Overall, there has been an annual growth of 14 - 20 per cent from 1995-96 to 1999- 2000 in the case of non-plan revenue expenditure. This growth has come down to 8 per cent during 2000-01. Going by the past trend, the increase in non-plan revenue expenditure anticipated during 2001-02 appears to be reasonable. However, the Balance from Current Revenues for 2001-02 estimated at Rs. (-) 38810 crore as compared to Rs. (-) 39278 crore in the RE for 2000-01 would mainly depend upon full realization of revenue receipts, discussed above. The details are given in Annexure 2.2.

### BALANCE FROM NON DEBT CAPITAL RECEIPTS DURING 2001-02

38. The Budget/ Annual Plan Estimates of 2001-02 and the corresponding Provisional Accounts for 2000-01 in respect of Non Debt Capital Receipts and Non Plan Capital Expenditure are given in table 2.16 below.

TABLE 2.16

#### Balance from Non Debt Capital Receipts during 2001-02 compared to 2000-01

(Rs. crore)

Sr. No.		Provisional accounts 2000-01	BE 2001-02
1	Recovery of Loans	12076	15164
2	Disinvestments	1870	12000
3	Other Capital Receipts	307	-
4	Total – Non Debt Capital Receipts	14253	27164
5.	<b>Non Plan Capital Expenditure: of which</b>	<b>4245</b>	<b>4568</b>
	a) Loans and Advances	2752	2533
	b) Non Plan Capital Outlay	1493	2035
	<b>Balance from Non Debt Capital Receipts (4– 5)</b>	<b>10008</b>	<b>22596</b>

The Budget Estimates of recovery of loans during 2001-02 implies an increase of Rs. 3000 crore in absolute terms and 25 per cent over the actuals for 2000-01. The past trend in



respect of recovery of loans does not support such an increase for 2001-02. The provisional accounts for 2000-01 is only 19 per cent higher than the actuals for 1999-2000. In fact, recovery of loans during 1999-2000 (Rs. 10131 crore) was lower than the actuals for 1998-99 (Rs. 10633 crore). The estimated accrual from disinvestments during 2001-02 is also optimistic considering the fact that during 2000-01 the realization was only Rs. 1870 crore. During the financial year, up to June 2001 there has been no accrual from disinvestments. However, the **Budget Support to the Plan to the extent of Rs. 5000 crore is linked to the estimated disinvestments receipts of Rs. 12000 crore. Any shortfall in disinvestments, therefore, would particularly affect the Gross Budget Support to the Plan.**

39. As regards the Non Plan Capital expenditure, the provision towards loans and advances does not deviate much from the past allocations and in fact it is Rs. 220 crore less than the provisional accounts for 2000-01. The increase in Non Plan Capital Outlay proposed for the current year is mainly on account of higher provision towards purchase of metals for coins, cost of construction of office buildings and residential accommodation. In short, the estimated Non Plan Capital Expenditure for 2001-02 is likely to materialize. But it would not be easy to realize the estimated Non Debt Capital Receipts during the year. The level of receipt from disinvestments would determine the level of shortfall or realization of balance from Non Debt Capital Receipts.

## FISCAL DEFICIT

40. The share of small savings, provident funds and other special deposits is comparatively higher in the estimates for 2001-02 since the expected receipts from external loans would be substantially lower by about Rs. 5600 crore. The details of fiscal deficit including market borrowings and other debt creating capital receipts proposed for financing the Government expenditure during 2001-02 are given in the table 2.17 below:

**TABLE 2.17**

**Financing of Fiscal Deficit : 2001-02**

(Rs. Crore)

Sr. No.	Source of Fiscal Deficit	Provisional 2000-01	BE 2001-02
1.	Market borrowings (Medium, Long-term and Short-term loans)	77708	77353
2	External Loan	7417	1865
3	Small Savings and Public Provident Fund	6431	9000
4	State Provident Funds	5354	9500
5	Special Deposits	7353	10252
6	Others (other deposits, suspense and remittances, ways and means advances, draw down of cash balance etc.)	10106	8344
	<b>Total</b>	<b>114369</b>	<b>116314</b>

The fiscal deficit proposed for 2001-02 is only Rs. 1945 crore higher than the provisional accounts for 2000-01. The estimated fiscal deficit for 2001-02 is 4.7 per cent of the estimated GDP as against 5.2 per cent for 2000-01. The fiscal deficit amounted to 35.78 per cent of total Central Government expenditure in 2000-01 and the corresponding estimate is 31 per cent

for 2001-02. However, containment of fiscal deficit within this limit is contingent on the full realization of Revenue Receipts and Non Debt Capital Receipts included in the Budget Estimates.

### Central Assistance to States and U.Ts Plans

41. The sum of Balance from Current Revenues, Balance from Non Debt Capital Receipts and Fiscal Deficit of the magnitude discussed above would result in aggregate resources of Rs. 100100 crore towards Gross Budgetary Support to the Annual Plan 2001-02. Of this, the Central Assistance to States and U.Ts Plan would be Rs. 40644 crore and the provision towards Budget Support for Centre Plan is placed at Rs. 59456 crore. The details are given in the table 2.18 below:

**TABLE 2.18**

**Gross Budget Support for the Annual Plans – 2000-01  
(Provisional) and 2001-02 (BE)**

(Rs. crore)

Sr. No.	Budget Support	Provisional Accounts 2000-01	BE 2001-02
1.	Gross Budget Support	83468	100100
2.	Budget Support for Central Plan	45146 (54.09%)	59456 (59.40%)
3.	Central Assistance for States and U.Ts Plans	38322 (45.91%)	40644 (40.60%)

**Note:** Figures in brackets indicate percent to total

42. The share of Central Assistance for States and U.Ts Plans in the Gross Budget Support in the Annual Plan 2001-02 would be 5.3 per cent less than the provisional accounts whereas the share of Budget Support to Central Plan is an improvement over the provisional accounts to that extent. However, there is no change in the respective shares of these items if the Budget proposals for the two years are compared.

### Resources for Plan investment by Central Public Sector Enterprises – Annual Plan/ Budget Estimates - 2001-02

43. The Centre's Annual Plan for 2001-02 envisages Plan investment of Rs.81137 crore by CPSEs. This accounts for 62 per cent of the Centre's Annual Plan for 2001-02 compared to Plan investment of Rs. 76428 crore by the enterprises accounting for 74 per cent in the Centre's Annual Plan for 2000-01. Thus, the share of Plan investment of CPSEs is coming down in Centre's Annual Plan. However, it is still above 60 per cent of the total Annual Plan outlay. Therefore, the shortfall in Plan investment by the CPSEs is likely to affect Centre's Plan expenditure substantially. Since, the Plan investment of CPSEs during the current year marks an increase of 14.5 per cent only in monetary terms compared to the Budget Estimates for 2000-01, close monitoring of the functioning of the CPSEs and all efforts to realize the estimated Plan investment are called for. The Budget Support to the CPSEs placed at Rs. 10411 crore for 2001-02 works out to 12.8 per cent of Plan investment by the enterprises. This is also marginally lower compared to the corresponding provision of 13.6 per cent included

in the Annual Plan 2000-01. Hence, the estimated Budget Support also needs to be ensured. The details of the proposed Plan investment by CPSEs during 2001-02 are given in table 2.19.

**TABLE 2.19**

**Financing of Plan Investment by Central Public Sector Enterprises - Annual Plan 2001-02**

(Rs. Crore)

Sl. No.	Source of finance	2000-01 RE	Percentage Share	2001-02 BE	Percentage Share
1	2	3	4	5	6
I.	<b>Budget Support (i+ii)</b>	10493	14.82	10411	12.83
i.	Equity	8033	11.34	8953	11.03
ii.	Loan	2460	3.47	1459	1.80
II.	<b>Internal Resources</b>	41200	58.18	41427	51.06
III.	<b>Borrowings</b>	19118	27.00	29298	36.11
i.	Bonds /Debentures	8444	11.92	15357	18.93
ii.	ECB/Suppliers' Credit	4275	6.04	5137	6.33
iii.	Others (Public Deposits, inter-corporate Transfers etc.)	6399	9.04	8805	10.85
<b>IV</b>	<b>Total Plan Outlay (I+II+III)</b>	<b>70811</b>	<b>100.00</b>	<b>81137</b>	<b>100</b>

44. The internal resources alone account for 51 per cent of the Plan investment of the CPSEs, while borrowings would be 36 per cent of the Plan outlay. Hence the capacity of the enterprises in realizing the estimated internal resources would eventually determine to a large extent the overall achievement of Plan investment. The table 2.20 below contains details regarding concentration of Plan investment by CPSEs in few of the Central Ministries/ Departments.

**TABLE 2.20**

**Annual Plan 2001-02 – BE  
IEBR / Per cent Share of CPSEs**

Sr. No.	CPSE	IR	Bonds/ Debentures	ECB	Others	Total IEBR
1	Communications	35.95	34.08			28.47
2	Petroleum & Natural Gas	26.48		19.43	58.85	24.24
3.	Railways	15.69				9.19
4	Power		25.22	59.39		11.65
5	Urban Affairs & Urban Employment		15.09			
6	Coal				15.24	
7	Steel & Mines				7.60	
8.	Shipping			12.44		
9.	Roads		23.44			
	<b>Total</b>	<b>78.12</b>	<b>97.83</b>	<b>91.26</b>	<b>81.69</b>	<b>73.55</b>

As pointed out in the discussion relating to Annual Plan 2000-01, focused attention on the realization of Plan investment of the enterprises in these Ministries/ Departments would be required in view of their share in the total investment.

## **ANNUAL PLAN : STATES**

### **ANNUAL PLAN 2000-01 : REVIEW**

45. The approved Core Plan outlay for the year 2000-01 of 25 States (Information available pertains to the period prior to the re-organisation of the States of UP, Bihar and MP. Item specific details of the newly constituted States of Chattisgarh, Jharkhand and Uttaranchal are not available for 2000-01) was pegged at Rs.84,476 crore<sup>1</sup> (Annex.2.6), Rs.174 crore less than approved Plan for 1999-2000. The aggregate resources for the Annual Plan 2000-01 of Rs.84,497 crore includes Rs.47,189 crore of States' Own Resources (SOR) and Rs.37,308 crore of Central Assistance. As against this, the latest estimate of the resources for the States' Annual Plan stood at Rs.74,066 crore indicating a shortfall of over 12 percent compared to the approved plan outlay. States' Own Resources fell short of the approved Annual Plan by over 17 percent while Central Assistance was lower by almost 6 percent in the latest estimate. The lower resource position of the States in the latest estimate is mainly on account of the deterioration in the Balance from Current Revenues (BCR) and contribution of State Level Public Enterprises (SLPEs).

### **Balance from Current Revenues (BCR)**

46. The approved scheme of financing of all the 25 States together, for their Annual Plan 2000-01 included BCR of Rs. (-)24,358 crore comprising of Rs.(-)3,606 crore for Special Category States and Rs.(-)20,751 crore for Non-Special Category States (Annex.2.8). The BCR of all States together provided for an ARM of Rs. 4,500 crore which excludes Rs. 461 crores of ARM committed by States Chief Ministers in the Deputy Chairman level meetings (Annex.2.6&2.9). The BCR of States deteriorated sharply from 1998-99 because of revenue outgo on account of pay revision and the failure of States to enhance revenue receipt. The enhanced Central devolution by way of shareable Central taxes and non-plan revenue deficit grant recommended by the Eleventh Finance Commission (EFC) has improved the BCR of the approved Annual Plan for 2000-01. However, in the latest estimate the BCR has slipped back to the pre-EFC level as States failed to realise the projected own tax and non-tax revenues. It is observed that in the latest estimate, of the 25 States, only two States i.e., Gujarat and Karnataka have been able to maintain positive BCR. It is evident from the BCR statement for the non-special category States (Annex.2.7) that the shortfall in the own revenue receipt and higher non-development expenditure in the latest estimate as compared to the Annual Plan projection are the major reasons for deterioration of BCR.

47. In the Ninth Plan, the BCR for all States was projected at Rs.(-)15,390 crore (at 1996-97 prices). At comparable prices, the States are likely to exceed the projected negative BCR for Ninth Plan by about six times within four years of the Plan period.

---

<sup>1</sup> Lower than the Aggregate Resources of Rs.84497 cr. because the Approved Plan outlay of Sikkim is lower than the aggregate resources for the Plan by Rs.21 crore. The surplus was to be utilised in 2000-01 for repayment of the outstanding debt of the State.

**TABLE- 2.21****Financing of Annual Plan 2000-01**

States	SOR		Central Assistance		Total	
	AP	LE	AP	LE	AP	LE
Special category States	-46.76	-785.74	7753.02	7732.82	7706.26	6947.08
Non-Special category States	47235.48	39667.86	29555.38	27451.07	76790.86	67118.93
Total	47188.72	38882.12	37308.40	35183.89	84497.12	74066.01

**Additional Resource Mobilisation (ARM)**

48. The total ARM of all States for the Annual Plan 2000-01 was estimated at Rs.10,425 crore of which ARM of non-special category States constitute Rs.10,175 crore (Annex.2.9). The total ARM includes budgetary ARM of Rs.4,500 crores, Rs.461 crore of ARM committed by Chief Ministers (Annex.2.6&2.9) which, in the latest estimate integrate with respective heads like BCR and contribution of SLPEs, and Rs.5,463 crore of ARM by SLPEs. The ARM realised by non-special category States, as per the latest estimate of resources was Rs.6,846 crores, while special category States could mobilised only Rs.111 crore (Annex.2.9). The ARM table at Annex.2.9 indicates that States realised 87 percent of budgetary ARM, 39 percent of ARM by SEBs and 83 percent of ARM by RTCs in the latest estimate of resources for the Annual Plan 2000-01. The inability of States to mobilise the ARM committed by them is a major reason for the short fall in their plan resources. The poor realisation of ARM proposed for SEB in the approved Plan is due to the difficulty faced by States in tariff revision and Power sector reform. However, it may be observed that since the ARM measures indicated are only fresh ARM, the actual resource mobilisation effect during the years will be much higher due to the cumulative effect of ARM measures.

**State Level Public Enterprises (SLPEs)**

49. The contribution of State Electricity Boards (SEBs) and State Transport Corporation (SRTC) together has been estimated at Rs.(-)5,646 crore for the Annual Plan 2000-01. This included a contribution of Rs.(-)5,417 crore (Annex.2.10) from State Electricity Boards and an amount of Rs.(-)229 crore (Annex.2.11) from State Road Transport Corporations. The combined contribution of these two main State Government Undertakings towards financing the Annual Plan further worsened in the latest estimate to Rs.(-)8,351 crore (Annex.2.10&2.11). The contribution of SEBs deteriorated by over 1.5 times the Annual Plan projection and the contribution of RTCs also worsened in the latest estimate. However, since there is a positive contribution to Plan from "Other SLPEs" (Rs.1118 crore in AP and Rs.855 crore at LE), the total contribution to the Plan from SLPEs improves to Rs.(-)4528 crore in AP and to Rs.(-)7496 crore at LE level. None of the SEBs of any State has made positive contribution to the resources of the States' Plan. The Table -2.22 below presents a comparable picture of the resources forecast vis-à-vis latest estimate of resource mobilisation for the Annual Plan 2000-01 under BCR, contribution of SLPEs and ARM committed by Chief Ministers.

**TABLE – 2.22****Estimates of BCR & SLPEs Contribution during  
Annual Plan 2000-01**

(Rs.crore)

S.No.	Item	Annual Plan	Latest Estimates
1	BCR	-24357.53	-34616.89
2	Contribution from SLPEs	-4528.40	-7495.88
3	ARM agreed by CM	461.31	0.00
	<b>Total</b>	<b>-28424.62</b>	<b>-42112.77</b>

**State Provident Funds**

50. State Government Employees provident funds has become an important component of financing Annual Plan, particularly from 1998-99 with the revision of pay scales and the impounding of arrears. The approved Annual Plan 2000-01 projected Rs.14,121 crore as accrual from state provident funds, lower than Rs.17,926 crore for 1999-2000(PA). The latest estimate of resources placed state provident funds at Rs.14,245 crore. The borrowings under this head and from small savings being not project-linked, they have become the most favourite sources of financing the plans by the States. At the same time large-scale borrowings from provident funds and small saving has the danger of raising the total liabilities of States to an unsustainable level.

**Small Savings**

51. Loans against net collections from Small Savings constitute an important component of States Own Resources. The projection for Annual Plan under this head was Rs.27,049 crore, which constitute 57 percent of States Own Resources and about 32 percent of the aggregate resource for the plan. As against this projection, the latest estimate of resources by the States indicated an amount of Rs.28,999 crore as the net loans against small savings (Annex.2.6). This accounted for three-fourths of States Own Resources and 39 percent of the aggregate resource in the latest estimate.

52. The Central Government had effected a cut in interest rates on small savings in January 2000 and raised the share of States from 75% to 80%. Along with the cut in the rate of interest on deposits, interest on loans from small savings has been reduced from 13.5% to 12.5%. The Union Budget 2001-02 announced further reduction in interest rates on small savings and provident funds by 1.5% as on March 2001 and promised to pass on the benefit of lower rates to States. This will reduce the borrowing costs to States from small savings by 100 to 150 basis points. In addition, interest on loan component of Central Assistance for States' plan was reduced by 50 basis points. Alignment of interest rates on GPF by States along with the reduced provident fund interest rates at the Centre will further reduce the interest burden of State Governments.

### **SLR-based Open Market Borrowings and Negotiated Loans**

53. The financing pattern for Annual Plan 2000-01 included Rs.10,815 crore (Annex.2.6) of Open Market Borrowing (SLR based). The latest estimate of resources indicated an increase to Rs.11,670 crore under market borrowing. Negotiated loans and other finances include loans from LIC, GIC, NABARD, REC, IDBI, HUDCO and other financial institutions. The Annual Plan 2000-01 projected Rs.15,042 crores under this head of which the amount realised as per the latest estimate was Rs.15,537 crores. Since loans under this head are meant for specific developmental projects like housing, rural roads, sanitation, drinking water supply etc., it reflected the funds available for the developmental works of the States.

### **Bonds/Debentures issued by State Level Public Enterprises (SLPEs)**

54. An amount of Rs.14,802 crore (Annex.2.6) was provided in the funding pattern of the Annual Plan 2000-01 of States under the head Bonds and Debentures to be raised by their corporations. The amount realised as per the latest estimate was Rs.15,879 crores. Since State Governments are providing guarantee to these instruments, the contingent liability of the States is fast rising. As these corporations are often unable to make profits to pay off interest and instalments, their debt service liability may ultimately fall upon the States. This may further exacerbate the stress on fiscal position of States.

### **Central Assistance**

55. The approved scheme of financing Annual Plan 2000-01 include Central Assistance for State Plan at Rs.37,308 crore (Annex.2.6), which consists of Rs.15,752 crore of Normal Central Assistance, Rs.11,085 crore of ACA for EAPs and Rs.10,472 crore under various Area Programmes and Special Plan Assistance. The latest estimate of resources indicated Central Assistance at Rs.35,184 crore. The budget estimates (2000-01) of the Centre provided an amount of Rs.35,743 crore (Annex.2.5) for States Plan including Rs.3,055 crores for Area Programmes. The Normal Central Assistance (NCA) budgeted at Rs.16,540 crores has been revised to Rs.15,736 crore while Central Assistance for EAPs was enhanced from Rs.6,000 crore to Rs.7,500 crore in the Revised Estimate.

56. Central Assistance for States' Plan other than NCA and ACA for EAPs are given under head 'Others'. These include PMGSY, PMGY, Slum Development, Roads & Bridges, AIBP, Special Plan Assistance and various other Area Programmes. Against Rs.10472 crore, (Annex.2.6) of Central Assistance approved under this head the latest estimate indicated Rs.9787 crore as the amount realised by States.

### **Additional Central Assistance for Externally Aided Projects (EAPs)**

57. The approved scheme of financing of the Annual Plan of States indicated Rs.11,085 crore (Annex.2.6) as Central Assistance for Externally Aided Projects. The Union Budget of 2000-01 on the other hand, provided Rs.6,000 crore for this purpose keeping in view the micro-scenario of external assistance which are already firmed up as well as those in the pipeline. The Revised Estimate for EAPs by the Centre indicates an enhancement of the budget provision to Rs.7,500 crore (Annex.2.5) while the latest estimate of resources by States shows a decline to Rs.10,138 crore as against the AP estimate of Rs.11,085 crore

(Annex2.6). While it is necessary for States to expedite better utilisation of funds under EAPs, so as to attract more funds under this head, it is also necessary to provide sufficient budgetary provision to meet the local cost of the projects.

### Plan Funding of Union Territories (UTs)

58. Plans of the Union Territories without legislatures are fully funded through Central Assistance. The plan outlay of UTs with legislatures (i.e., Delhi and Pondicherry) for 2000-01 was fixed at Rs.3,612 crore, comprising of Rs.3,300 crore for NCT of Delhi and Rs.312 crores for Pondicherry. BCR, ARM and loans against Small Savings form a major portion of the Own Resources of the UTs of NCT of Delhi and Pondicherry. Total Central Assistance as per the approved scheme of financing the Annual Plan 2000-01 of these two UTs has been estimated at Rs.561 crore.

### Special Category States (SCS)

59. Funding pattern of all Special Category States (Seven N.E States, Himachal Pradesh, Sikkim and Jammu & Kashmir) was formulated on the same pattern as that of non-Special Category States (i.e., inclusive of a negative States Own Resources). The approved Annual Plan outlay for these States for the year 2000-01 was estimated at Rs.7,685 crores (Table-2.21 to be read with foot note at page 57 out of which Central Assistance accounted for about 101 percent. The latest estimate of resource place aggregate resource at Rs.6,947 crore, about 10 percent lower as compared to Annual Plan estimate. As a result of significant deterioration in SOR, Central Assistance in the latest estimate accounted for about 111 percent of aggregate resource for the annual plan.

### Progress of Ninth Five Year Plan

60. The approved Ninth Five Year Plan 1997-2002 for all the States projected aggregate resource of Rs.3,54,664 crores. This includes States Own Resource of Rs.1,85,889 crores and Central Assistance of Rs.1,68,775 crores. The likely realisation during the first four years (1997 to 2001) of the Ninth Plan at constant prices works out to Rs.2,15,877 crores, which is just about 61 percent of the projection. While the realisation of SOR is Rs.1,12,022 crores, the an amount of Rs.1,03,855 crores has been realised under Central Assistance.

**TABLE – 2.23**

#### Realisation During the First Four Years of The Ninth Plan

S. No.	Item	Ninth Plan Projections (Rs. Crore)	Realisatrion 1997-2001 (Rs. Crore)	Percentage Realisation as against Ninth Plan Projection
		(At 1996-97 Prices)		
1	States' Own Funds	3814.19	-116908.59	-3065.10
2	Borrowings of States	182075.10	228930.45	125.73
3	Central Assistance	168775.00	103854.67	61.53
	<b>Aggregate Resources</b>	<b>354664.29</b>	<b>215876.52</b>	<b>60.87</b>



61. In the above table (Table-2.23) the aggregate resources for the plan is presented in terms of States' Own Funds (SOF) which includes non-borrowed components of SOR, States' Own Borrowings and Central Assistance. The non-borrowed components of plan financing in SOR are Balance from Current Revenues (BCR), Contribution of SLPEs, Miscellaneous Capital Receipts (MCR-net) and positive Opening/Closing Balance, if any. It is quite evident that as compared to the Ninth Plan projection, there has been substantial deterioration of the SOF of States. On the other hand, States have already exceeded the projected borrowings within four years of the Ninth Five Year Plan. The low realisation of the projected Central Assistance is mainly explained by the low absorption of Central Assistance for EAPs.

### **Areas of Concern**

62. The major areas of concern in financing the plan are (a) continuous existence of a wide gap between resource projection committed for funding the Plan and the actual realisation; (b) the growing revenue deficit and deterioration in the BCR of States; (c) deterioration in the functioning of State Level Public Enterprises; (d) increasing dependence on loans against small savings for plan finance and (e) slow implementation of Externally Aided Projects (EAPs) resulting in low absorption and failure to attract more external assistance. Additional Resources Mobilisation (ARM) through budgetary measures has mostly fallen short of the commitment at AP level resulting in deterioration in the BCR at LE stage. Most of the States are financing their Plan through borrowing which has resulted in increasing burden of debt services which has reached an alarming proportion. It is necessary for States to raise their own resources through innovative tax and non-tax measures. The States are expected to increase the mobilisation of their own resources through tax reform measures, rationalisation of power tariff, transport fares, water rates, improvement in the functioning of SLPEs and curtailing wasteful public expenditure particularly of the non-plan non-development expenditure. While it is imperative that borrowing has to be resorted to funding of capital investment, State Governments should take utmost care in making prudential investment decisions so that the capital so created earns enough returns to service the debt. Last but not the least, States should ensure expeditious implementation of EAPs and make efforts to attract more external funding which are forthcoming with the advent of economic liberalisation.

## Annexure 2.1

## Financing of the Plan Outlay of the Centre (2000-01, 2001-02)

(Rs.crore)

Sl. No.	Resources	2000-01			2001-02
		BE	RE	Prov	BE
	1	2	3	4	5
1	Balance from current Revenues (BCR)	-43234	-39277	-40909	-38810
2	Balance from Non-debt Capital Receipts	20058	13544	10008	22596
3	Fiscal Deficit	111275	111972	114369	116314
<b>4</b>	<b>Resources For Gross Budget Support to the Plan</b>	<b>88100</b>	<b>86238</b>	<b>83468</b>	<b>100100</b>
5	Assistance for State & UT's Plans	36824	-37969	-38322	-40644
6	Budget Support for Central Plan	51276	48269	45146	59456
7	IEBR of CPSEs	66058	60318	34500*	70725
<b>8</b>	<b>Plan Outlay of the Centre</b>	<b>117334</b>	<b>108587</b>	<b>79646</b>	<b>130181</b>

\* Other resources of CPSEs include Intercorporate Borrowings, Commercial Certificates and Certificates of Deposits

## Annexure 2.2

**Balance From Current Revenues (BCR of the Centre (including Uts)  
(2000-01 & 2001-02)**

(Rs. Crore)

Sl. No.	Items	2000-01 BE	2000-01 RE	2000-01 Prov	2001-02 BE
	1	2	3	4	5
<b>I</b>	<b>Revenue Receipts</b>				
1	Tax Revenues (Gross) *	200288	198321	188365	226649
2	Less: States' share in Central Taxes	54079	52418	51673	61618
	Less Transfer to National Calamity Contingency Fund		1500	1500	2000
3	Tax Revenues (net)(1-2)	146209	144403	135192	163031
4	Non-Tax Revenues**	57464	61763	55795	68714
	<b>Total I - Revenue Receipts (3+4)</b>	<b>203673</b>	<b>206166</b>	<b>190987</b>	<b>231745</b>
<b>II.</b>	<b>Non-Plan Revenue Expenditure</b>				
1	Interest Payments	101266	100667	97342	112300
2	Defence	58587	54461	49306	62000
3	Subsidies	22800	26949	26480	29801
4	Grants to States and UTs.	17676	16144	14759	18538
5	Grants to Foreign Governments	421	404	0	474
6	Border Roads	212	233	233	255
7	Other Non-Plan Revenue expenditure	45944	46585	43776	47187
	<b>Total II - Non-Plan Revenue expenditure</b>	<b>246907</b>	<b>245443</b>	<b>231896</b>	<b>270555</b>
<b>III</b>	<b>BCR (I- II)</b>	<b>-43234</b>	<b>-39277</b>	<b>-40909</b>	<b>-38810</b>

\* Including ARM and net of assignment of Union Territories' taxes to local bodies

\*\* Excludes receipts of the Departmental Commercial Undertakings which have been netted out on the expenditure side

## Annexure 2.3A

## Resources of Central Public Sector Enterprises for Plan Investment

(Rs. Crore)

Sl. No	Major Entreprises	Budget Estimates - 2000-01								
		Budget Support			Internal Re-source	Other Resources			Total (7 to 9)	Total Plan (5+6+10)
		Equity	Loan	Total (3+4)		Bonds/ Debentures	ECB/ Suppliers credit	Others		
1	2	3	4	5	6	7	8	9	10	11
1	Coal India Ltd.	0	87	87	889	0	1379	435	1814	2790
2	Neyveli Lignite Corpn.Ltd.	0	360	360	275	0	333	200	533	1168
3	Singareni Collieries Co Ltd	55	9	65	199	0	0	64	64	328
4	MTNL	0	0	0	2155	0	0	0	0	2155
5	Videsh Sanchar Nigam Ltd.	0	0	0	1163	0	0	0	0	1163
6	Telecommunication	0	0	0	13848	2152	0	0	2152	16000
7	Air India	0	0	0	332	100	0	244	344	675
8	Indian Airlines	0	0	0	460	0	90	0	90	550
9	IFFCO	0	0	0	250	0	0	0	0	250
10	KRIBHCO	0	0	0	700	0	0	0	0	700
11	National Fertilizers Ltd.	0	0	0	26	0	0	0	0	26
12	IPCL	0	0	0	187	0	0	0	0	187
13	GAIL	0	0	0	268	200	218	300	718	986
14	ONGC	0	0	0	5207	0	0	0	0	5207
15	Indian Oil Corpn.	0	0	0	432	0	740	3328	4068	4500
16	NTPC	0	117	117	778	500	645	500	1645	2539
17	Nuclear Power Corpn.	671	163	834	104	334	0	0	334	1272
18	Power Grid Corpn.	5	103	108	740	650	1277	0	1927	2775
19	SAIL	0	0	0	0	0	0	0	0	0
20	Indian Railways	3291	0	3291	4041	0	0	3668	3668	11000
21	Shipping Corp.of India	0	0	0	113	0	454	0	454	567
	<b>Sub-Total (1 to 21)</b>	4022	840	4862	32168	3936	5136	8738	17810	54840
22	<b>Other Entreprises</b>	4280	1227	5508	7114	3833	1086	4047	8967	21588
	<b>Grand Total</b>	8303	2067	10370	39281	7769	6222	12785	26777	76428

Note:\* - Internal Resources(IR) do not include "carry forward surpluses" and limited to the portion of IR used for financing of the Plan outlay

## Annexure 2.3B

## Resources of Central Public Sector Enterprises for Plan Investment

(Rs. Crore)

Sl. No.	Major Entreprises	Revised Estimates - 2000-01								
		Budget Support			Internal Re-source	Other Resources				
		Equity	Loan	Total (3+4)		Bonds/ Debentures	ECB/ Suppliers credit	Others	Total (7 to 9)	Total IEBR
1	2	3	4	5	6	7	8	9	10	11
1	Coal India Ltd.	0	92	92	1269	0	0	406	406	1675
2	Neyveli Lignite Corpn.Ltd.	0	290	290	291	0	283	200	483	774
3	Singareni Collieries Co Ltd	61	3	65	55	0	0	115	115	170
4	MTNL	0	0	0	1645	0	0	0	0	1645
5	Videsh Sanchar Nigam Ltd.	0	0	0	1972	0	0	0	0	1972
6	Telecommunication&			0	12350	2994	0	1176	4170	16520
7	Air India	0	0	0	700	0	0	0	0	700
8	Indian Airlines	0	0	0	589	0	0	0	0	589
9	IFFCO	0	0	0	42	0	0	96	96	138
10	KRIBHCO	0	0	0	134	0	0	56	56	190
11	National Fertilizers Ltd.	0	0	0	32	0	0	112	112	144
12	IPCL	0	0	0	170	0	0	0	0	170
13	GAIL	0	0	0	498	0	177	475	652	1150
14	ONGC	0	0	0	4818	0	0	0	0	4818
15	Indian Oil Corpn.	0	0	0	2118	0	700	1311	2011	4129
16	NTPC	0	117	117	748	900	702	0	1602	2350
17	Nuclear Power Corpn.	586	163	749	78	316	0	0	316	394
18	Power Grid Corpn.	5	70	75	680	597	809	0	1406	2086
19	SAIL	0	0	0	0	398	0	102	500	500
20	Indian Railways	3291	249	3540	7709	0	0	0	0	7709
21	Shipping Corp.of India	5	5	9	180	0	454	0	454	634
	<b>Sub-Total (1 to 21)</b>	<b>3948</b>	<b>989</b>	<b>4937</b>	<b>36078</b>	<b>5204</b>	<b>3126</b>	<b>4048</b>	<b>12379</b>	<b>53393</b>
22	<b>Other Entreprises</b>	<b>4085</b>	<b>1472</b>	<b>5556</b>	<b>5123</b>	<b>3240</b>	<b>1149</b>	<b>2350</b>	<b>6739</b>	<b>17418</b>
	<b>Grand Total</b>	<b>8033</b>	<b>2460</b>	<b>10493</b>	<b>41200</b>	<b>8444</b>	<b>4275</b>	<b>6399</b>	<b>19118</b>	<b>60318</b>

Note:\* - Internal Resources(IR) do not include "carry forward surpluses" and limited to the portion of IR used for financing of the Plan outlay. & Includes newly created BSNL

## Annexure 2.3C

## Resources of Central Public Sector Enterprises for Plan Investment

(Rs. Crore)

Sl. No.	Major Entreprises	Budget Estimates - 2000-01									
		Budget Support			Internal Re-source	Other Resources				Total (6 to 9)	Total Plan (5+6+10)
		Equity	Loan	Total (3+4)		Bonds/ Debentures	ECB/ Suppliers credit	Oth-ers	Total (7 to 9)		
1	2	3	4	5	6	7	8	9	10	11	12
1	Coal India Ltd.	0	46	46	1212	0	0	1052	1052	2264	2310
2	Neyveli Lignite Corpn.Ltd.	0	283	283	225	100	181	200	481	706	989
3	Singareni Collieries Co Ltd	0	0	0	265	0	0	90	90	355	355
4	MTNL	0	0	0	1600	0	0	0	0	1600	1600
5	Videsh Sanchar Nigam Ltd.	0	0	0	1815	0	0	0	0	1815	1815
6	Telecommunication	0	0	0	11341	5233	0	0	5233	16574	16574
7	Air India	0	0	0	435	0	10	0	10	445	445
8	Indian Airlines	0	0	0	460	0	0	0	0	460	460
9	IFFCO	0	0	0	162	0	0	50	50	212	212
10	KRIBHCO	0	0	0	77	0	0	323	323	400	400
11	National Fertilizers Ltd.	0	0	0	30	0	0	130	130	160	160
12	IPCL	0	0	0	86	64	0	0	64	150	150
13	GAIL	0	0	0	842	0	58	250	308	1150	1150
14	ONGC	0	0	0	6077	0	0	0	0	6077	6077
15	Indian Oil Corpn.	0	0	0	2579	0	940	2481	3421	6000	6000
16	NTPC	0	0	0	933	1450	623	0	2073	3006	3006
17	Nuclear Power Corpn.	782	242	1024	80	69	0	0	69	149	1173
18	Power Grid Corpn.	0	0	0	196	1300	1373	0	2673	2869	2869
19	SAIL	0	0	0	0	0	0	500	500	500	500
20	Indian Railways	3540	0	3540	6500	0	0	0	0	6500	10040
21	Shipping Corp.of India	5	5	10	243	0	593	0	593	836	846
	<b>Sub-Total (1 to 21)</b>	<b>4327</b>	<b>576</b>	<b>4903</b>	<b>35158</b>	<b>8216</b>	<b>3778</b>	<b>5076</b>	<b>17070</b>	<b>17070</b>	<b>57131</b>
22	<b>Other Entreprises</b>	<b>4626</b>	<b>883</b>	<b>5508</b>	<b>6269</b>	<b>7141</b>	<b>1359</b>	<b>3729</b>	<b>12229</b>	<b>12229</b>	<b>24006</b>
	<b>Grand Total</b>	<b>8953</b>	<b>1459</b>	<b>10411</b>	<b>41427</b>	<b>15357</b>	<b>5137</b>	<b>8805</b>	<b>29299</b>	<b>70725</b>	<b>81137</b>

Note:\* - Internal Resources(IR) do not include "carry forward surpluses" and limited to the portion of IR used for financing of the Plan outlay& Telecommunications includes newly created BSNL.

## Annexure 2.4

**Allocation of Tax-Free Bonds To  
Central Ministries/CPSEs/ Financial Institutions**

Sl. No.	Parent Ministry/ Organisation	Central Public Sector Enterprise	1998-99 BE	1998-99 Actual	1999-2000 BE	1999-2000 Actual	2000-01 BE	2000-01 Provisional
1	Atomic Energy	NPC	125	125	100	100	60	60
2	DNES	IREDA	90	90	50	50	50	50
3	Power	@	350	350	200	200	150	150
4	Railways	IRFC	200	257	200	200	70	70
5	Railways	KRC	160	160	100	100	70	70
6	URBAN DEV	HUDCO	165	165	150	150	100	100
7	URBAN DEV	NCRB	60	0	0	0	0	0
8	RBI	NABARD	50	0	0	0	0	0
9	RBI	NHB	200	200	150	150	100	100
		NHAI	0	0	0	0	0	0
	<b>Total</b>		<b>1400</b>	<b>1347</b>	<b>950</b>	<b>950</b>	<b>600</b>	<b>600</b>

@ Allocation among CPSEs done by M/o Power

Note: Allocation of Rs.500 cr of Tax Free Bonds (excluding allocation to NHB), for 2000-01, would be part of the estimated receipt of Rs15357 cr to be raised through issue of bonds/debentures by CPSEs for financing the plan investment

## Annexure 2.5

**Central Assistance For State and Union Territory Plans,  
2000-01 and 2001-02**

(Rs.Crore)

Sl. No.	Item	2000-01		2001-02
		Budget Estimate	Revised Estimate	Budget Estimate
1	2	3	4	5
<b>A.</b>	<b>CENTRAL ASSISTANCE FOR STATES</b>			
	<b>I. State Plans</b>			
1	Normal Central Assistance (NCA) *	16540.00	15735.70	18609.00
2	Slum Development @	365.81	320.55	386.00
3	Acc. Irrigation Benefit Programme (AIBP)	1712.00	1712.00	2000.00
4	Addl. Central Assistance for EAPs	6000.00	7500.00	6500.00
5	Special Plan Assistance	500.00	300.00	700.00
6	Addl. Central Assistance for Other Projects @	120.00	0.00	120.00
7	Assistance from Central pool of Resources for NE & Sikkim		235.00	0.00
8	Pradhan Manti's Gram Sadak Yojana (PMGSY)'@	2500.00	2500.00	2500.00
9	Pradhan Manti's Gramodaya Yojana (PMGY) @	2500.00	2350.00	2800.00
10	Acc. Power Development Programme (APDP)	1000.00	1000.00	1500.00
11	Roads & Bridges	990.00	990.00	962.00
	<b>Sub Total - I</b>	<b>32227.81</b>	<b>32643.25</b>	<b>36077.00</b>
	<b>II. Area Programmes</b>			
1	Hill Areas & Western Ghat Area (HADP&WGDP)	400.00	694.00	160.00
2	Tribal Sub-Plan (TSP)	400.00	400.00	500.00
3	North Eastern Council (NEC)	450.00	415.00	450.00
4	Border Area Dev. Programmes (BADP)	210.00	210.00	240.00
5	Control of Shifting Cultivation	15.00	15.00	15.00
6	MPs Local Area Dev. Scheme (MPLADS)	1580.00	1830.00	1580.00
	<b>Sub - Total - II</b>	<b>3055.00</b>	<b>3564.00</b>	<b>2945.00</b>
	<b>III. R.E.C</b>	<b>460.00</b>	<b>460.00</b>	<b>460.00</b>
	<b>TOTAL - A ( I to III )</b>	<b>35742.81</b>	<b>36667.25</b>	<b>39482.00</b>
<b>B.</b>	<b>CENTRAL ASSISTANCE FOR UT PLANS</b>	<b>1081.59</b>	<b>1302.15</b>	<b>1162.00</b>
1	UT with Legislatures	483.96	555.83	498.00
2	UT without Legislatures	597.63	746.32	664.00
<b>C.</b>	<b>GRAND TOTAL ( A+B )</b>	<b>36824.40</b>	<b>37969.40</b>	<b>40644.00</b>

@The provision is for both States and Union Territories

\* Includes loans for rural electrification under Minimum Needs Programme (MNP).



## Annexure 2.6

## Financing Pattern of the States' Plan Outlay For 1999-2000 and 2000-01

(Rs.Crore)

Sl. No.	Items	1999-2000		2000-01	
		Annual Plan	Pre-Actuals	Annual Plan	Latest Estimates
1	2	3	4	5	6
<b>A.</b>	<b>States' Resources</b>				
	1. Balance from Current Revenues (BCR)	-30359.03	-38550.36	-24357.53	-34616.89
	2. Contribution of State Level Public Enterprises (SLPES)	-2647.65	-8478.32	-4528.40	-7495.88
	3. State Provident Funds	17379.32	17925.64	14121.19	14245.18
	4. Misc. Capital Receipts (Net) (MCR)	-6888.76	-1126.49	-10904.51	-10705.99
	5. Special Grants under Finance Commission	3067.68	2057.71	3483.58	3386.35
	6. Loan against Small Savings	25698.75	25639.60	27048.70	28999.47
	7. Market Borrowings (Net) (SLR based)	10966.03	11790.58	10815.14	11669.90
	8. Negotiated Loans and Other Finances	12177.33	11720.82	15042.25	15537.36
	9. Bonds/Debentures by State Level Public Enterprises	12480.55	13759.47	14801.77	15878.50
	10. ARM agreed by C.M.	3570.21	125.00	461.31	0.00
	11. Adjustment of Opening Balance	1073.00	2346.78	1205.22	1984.12
	<b>Total A</b>	<b>46517.43</b>	<b>37210.43</b>	<b>47188.72</b>	<b>38882.12</b>
<b>B.</b>	<b>Central Assistance</b>				
	12. Normal (Formula based) Central Assistance (NCA)	15,573.64	16624.99	15751.76	15258.70
	13. Addl. Central Assistance for EAPs	12,860.74	6389.17	11084.69	10138.02
	14 Others *	9,698.38	7174.61	10471.95	9787.17
	<b>Total B</b>	<b>38,132.76</b>	<b>30,188.77</b>	<b>37,308.40</b>	<b>35,183.89</b>
<b>C.</b>	<b>Aggregate Plan Resources (A+B)</b>	<b>84,650.19</b>	<b>67399.20</b>	<b>84497.12</b>	<b>74066.01</b>

\*Includes PMGY, Slum Development, AIBP, Area Programmes, etc

## Annexure 2.7

**Balance from Current Revenues of the Non-Special Category  
States (NSCS) for 1999-2000 and 2000-01**

(Rs.crore)

Sl. No.	Items	1999-2000		2000-01	
		A.P	PA	AP	LE
1	2	3	4	5	6
<b>I.</b>	<b>Revenue Receipts at Current Rates</b>				
	1. Share of Central Taxes	39139.69	35741.65	44190.02	43391.12
	2. States' Own Tax Revenues	102819.99	99051.96	121449.49	114355.16
	3. Non - Tax Revenue	14824.92	14533.74	15026.33	12378.41
	4. Grants (Non-Plan) from the Centre	2892.72	5028.34	6370.16	8070.13
	5. Transfer from Funds	293.81	347.87	352.91	458.45
	<b>Total - I</b>	<b>159971.13</b>	<b>154703.56</b>	<b>187388.91</b>	<b>178653.27</b>
<b>II.</b>	<b>Non-Plan Revenue Expenditure</b>				
	1. Interest Payments	40720.04	40722.23	48937.84	48432.03
	2. Appropriation for reduction / avoidance of Debt	935.41	1000.78	1266.38	1308.39
	3. Other Non-development Expenditure	46977.74	52399.52	54470.91	56723.44
	4. Non-Plan Development Expenditure	85386.90	91732.60	95681.98	95244.42
	5. Transfer to Funds	1914.75	1442.19	2140.48	2221.06
	6. Revision of Pay, DA etc.	9352.03	0.00	5643.24	5168.27
	<b>Total - II</b>	<b>185286.86</b>	<b>187297.32</b>	<b>208140.83</b>	<b>209097.61</b>
<b>III.</b>	<b>Balance from Current Revenues ( I-II )</b>	<b>-25315.73</b>	<b>-32593.76</b>	<b>-20751.92</b>	<b>-30444.34</b>

**Statewise Balance From Current Revenues (BCR)  
for 1999-2000 and 2000-01**

(Rs.Crore)

Sl. No.	States	1999-2000		2000-01	
		Annual Plan	Pre-Actuals	Annual Plan	Latest Estimate
<b>A.</b>	<b>Special Category</b>				
	1. Arunachal Pradesh	-84.89	-127.63	-90.90	-134.20
	2. Assam	-832.28	-1263.67	-916.76	-1062.78
	3. Himachal Pradesh	-925.76	-1047.08	-890.23	-890.23
	4. Jammu & Kashmir	-1325.29	-1744.10	-264.67	-635.10
	5. Manipur	-317.42	-549.87	-261.44	-221.47
	6. Meghalaya	-224.78	-170.01	-60.78	-93.94
	7. Mizoram	-374.10	-82.80	-178.50	-180.12
	8. Nagaland	-257.62	-271.43	-366.49	-366.49
	9. Sikkim	-187.73	-169.53	-21.99	-36.99
	10. Tripura	-513.43	-530.48	-553.85	-551.23
	<b>Total - A</b>	<b>-5043.30</b>	<b>-5956.60</b>	<b>-3605.61</b>	<b>-4172.55</b>
<b>B.</b>	<b>Non-Special Category</b>				
	1. Andhra Pradesh	-298.93	-268.18	-1409.73	-1115.56
	2. Bihar	-4038.49	-3044.42	-1514.99	-3094.44
	3. Goa	-146.99	-124.82	-156.33	-113.11
	4. Gujarat	1079.29	-1500.72	1030.93	71.73
	5. Haryana	119.03	-711.58	-556.17	-333.73
	6. Karnataka	50.61	26.80	362.48	196.56
	7. Kerala	-1660.00	-1672.46	-652.76	-1108.09
	8. Madhya Pradesh	-499.69	-1296.24	-694.23	-793.25
	9. Maharashtra	-1795.39	-1009.30	-559.27	-3818.23
	10. Orissa	-1384.59	-1286.67	-1392.41	-1365.31
	11. Punjab	-1385.97	-2336.78	-1712.66	-2382.09
	12. Rajasthan	-2003.46	-3132.80	-1203.19	-2413.79
	13. Tamil Nadu	-1015.13	-2397.56	-1763.81	-2260.83
	14. Uttar Pradesh	-5532.93	-5436.67	-5148.70	-5578.15
	15. West Bengal	-6803.09	-8402.36	-5381.08	-6336.05
	<b>Total - B</b>	<b>-25315.73</b>	<b>-32593.76</b>	<b>-20751.92</b>	<b>-30444.34</b>
<b>C.</b>	<b>GRAND TOTAL (A+B)</b>	<b>-30359.03</b>	<b>-38550.36</b>	<b>-24357.53</b>	<b>-34616.89</b>

## Annexure 2.9

## ADDITIONAL RESOURCE MOBILISATION (ARM) DURING 2000-01

(Rs.crore)

Sl. No.	States	2000-01							
		Budgetary		SEB's		RTC's		TOTAL	
		A.P	L.E	A.P	L.E	A.P	L.E	A.P	L.E
1	2	3	4	5	6	7	8	9	10
<b>I.</b>	<b>Non-Special Category</b>								
1.	Andhra Pradesh	2714.87	2514.87	1266.69	1205.46	758.40	753.30	4739.96	4473.63
2.	Bihar	604.26	332.04	0.00	0.00	0.00	0.00	604.26	332.04
3.	Goa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Gujarat	528.45	312.00	801.0	0.00	120.90	0.00	1450.35	312.00
5.	Haryana	180.00	140.00	0.00	0.00	0.00	0.00	180.00	140.00
6.	Karnataka	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Kerala	108.10	108.10	600.0	249.84	0.00	0.00	708.10	357.94
8.	Madhya Pradesh	330.84	155.31	0.00	0.00	0.00	0.00	330.84	155.31
9.	Maharashtra	331.64	539.64	1200.0	0.00	235.90	160.00	1767.54	699.64
10.	Orissa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.	Punjab	0.00	0.00	375.04	244.00	18.60	31.97	393.64	275.97
12.	Rajasthan	0.00	99.50	0.00	0.00	0.00	0.00	0.00	99.50
13.	Tamil Nadu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14.	Uttar Pradesh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15.	West Bengal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Sub Total-I</b>	<b>4798.16</b>	<b>4201.46</b>	<b>4242.73</b>	<b>1699.30</b>	<b>1133.80</b>	<b>945.27</b>	<b>10174.69</b>	<b>6846.03</b>
<b>II.</b>	<b>Sub Total-II (Special Category)</b>	<b>163.35</b>	<b>111.41</b>	<b>86.76</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>250.11</b>	<b>111.41</b>
<b>III.</b>	<b>Grant Total (I+II)</b>	<b>4961.51</b>	<b>4312.87</b>	<b>4329.49</b>	<b>1699.30</b>	<b>1133.80</b>	<b>945.27</b>	<b>10424.80</b>	<b>6957.44</b>

Note: ARM agreed to at Dy. Chairman - CM level discussions is included in Budgetary ARM as no details were made available about its bifurcation.

## Annexure 2.10

## Contribution of State Electricity Boards (SEBs) During 2000-01

(Rs. Crore)

Sl. No.	States	2000-01					
		Annual Plan			Latest Estimates		
		At 1999-2000 rates	ARM	Total at current rates	At 1999-2000 rates	ARM	Total at current rates
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	-3106.36	1266.69	-1839.67	-2290.40	1205.46	-1084.94
2.	Arunachal Pradesh*						
3.	Assam	-357.17	86.76	-270.41	-58.65	0.00	-58.65
4.	Bihar	-609.00	0.00	-609.00	-484.00	0.00	-484.00
5.	Goa	0.00	0.00	0.00	0.00	0.00	0.00
6.	Gujarat	-1166.00	801.0	-365.00	-1485.00	0.00	-1485.00
7.	Haryana	-51.60	0.00	-51.60	-51.60	0.00	-51.60
8.	Himachal Pradesh	0.00	0.00	0.00	0.00	0.00	0.00
9.	Jammu & Kashmir	-574.33	0.00	-574.33	-889.41	0.00	-889.41
10.	Karnataka	-30.00	0.00	-30.00	-30.00	0.00	-30.00
11.	Kerala	-146.00	600.0	454.00	-831.80	249.84	-581.96
12.	Madhya Pradesh	0.00	0.00	0.00	0.00	0.00	0.00
13.	Maharashtra	-986.84	1200.0	213.16	-1557.38	0.00	-1557.38
14.	Manipur*						
15.	Meghalaya	0.00	0.00	0.00	0.00	0.00	0.00
16.	Mizoram*						
17.	Nagaland*						
18.	Orissa	-30.63	0.00	-30.63	-9.84	0.00	-9.84
19.	Punjab	-601.04	375.04	-226.00	-244.00	244.00	0.00
20.	Rajasthan	-982.32	0.00	-982.32	-32.76	0.00	-32.76
21.	Sikkim*						
22.	Tamil Nadu	-1321.52	0.00	-1321.52	-1163.12	0.00	-1163.12
23.	Tripura*						
24.	Uttar Pradesh	216.13	0.00	216.13	-550.60	0.00	-550.60
25.	West Bengal	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>-9746.68</b>	<b>4329.49</b>	<b>-5417.19</b>	<b>-9678.56</b>	<b>1699.30</b>	<b>-7979.26</b>

\*: Departmental Undertakings.

## Annexure 2.11

## Contribution of State Road Transport Corporations (RTCs) During 2000-01

(Rs. Crore)

Sl. No.	States	2000-01					
		Annual Plan			Latest Estimates		
		At 1999-2000 rates	ARM	Total at current rates	At 1999-2000 rates	ARM	Total at current rates
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	-600.00	758.40	158.40	-797.50	753.30	-44.20
2.	Arunachal Pradesh*						
3.	Assam	-20.12	0.00	-20.12	-7.50	0.00	-7.50
4.	Bihar	-10.00	0.00	-10.00	-6.00	0.00	-6.00
5.	Goa	-3.00	0.00	-3.00	-3.00	0.00	-3.00
6.	Gujarat	-81.43	120.90	39.47	39.47	0.00	39.47
7.	Haryana	0.00	0.00	0.00	0.00	0.00	0.00
8.	Himachal Pradesh	0.00	0.00	0.00	0.00	0.00	0.00
9.	Jammu & Kashmir	-32.61	0.00	-32.61	-34.94	0.00	-34.94
10.	Karnataka	56.42	0.00	56.42	33.99	0.00	33.99
11.	Kerala	-44.41	0.00	-44.41	-68.98	0.00	-68.98
12.	Madhya Pradesh	0.00	0.00	0.00	0.00	0.00	0.00
13.	Maharashtra	-177.49	235.9	58.41	-182.01	160.00	-22.01
14.	Manipur	-2.11	0.00	-2.11	-2.43	0.00	-2.43
15.	Meghalaya	0.00	0.00	0.00	0.00	0.00	0.00
16.	Mizoram*						
17.	Nagaland*						
18.	Orissa	-10.59	0.00	-10.59	-10.59	0.00	-10.59
19.	Punjab	-18.60	18.60	0.00	-31.97	31.97	0.00
20.	Rajasthan	-67.50	0.00	-67.50	-55.50	0.00	-55.50
21.	Sikkim*						
22.	Tamil Nadu	-100.89	0.00	-100.89	-177.77	0.00	-177.77
23.	Tripura	-8.04	0.00	-8.04	-8.50	0.00	-8.50
24.	Uttar Pradesh	-70.48	0.00	-70.48	22.51	0.00	22.51
25.	West Bengal	-172.32	0.00	-172.32	-26.62	0.00	-26.62
	<b>Total</b>	<b>-1363.17</b>	<b>1133.80</b>	<b>-229.37</b>	<b>-1317.34</b>	<b>945.27</b>	<b>-372.07</b>

\*: Departmental Undertakings.

## Annexure 2.12

## Overall Financing Pattern of the Centre, States and UTs for 2000-01

(Rs. Crore)

Sl. No.	ITEMS	2000-01							
		Annual Plan Estimates				Revised Estimates			
		Centre	States	UT s	Total	Centre	States	UTs	Total
1	2	3	4	5	6	7	8	9	10
a)	Balance from Current Revenues (Incl.ARM)	-43234	-23,896	2,427	-64704	-39277	-34,617	2,688	-71206
b)	Internal Resources of PSEs	39281	-4,528	-476	34277	41200	-7,496	-1,041	32664
c)	Issue of Bonds/Debentures, ECBs and other short term borrowings of PSEs	26777	14,802	0	41579	19119	15,879	0	34997
d)	Market Loans (Long and Medium-term Borrowings of the government)	76339	10,815	0	87154	76522	11,670	0	88192
f)	Small Savings	8000	27,049	1,014	36063	7950	28,999	1,084	38033
g)	Provident Funds	7500	14,121	0	21621	8500	14,245	0	22745
h)	Other Capital Receipts	19436				19000			
i)	Term Loans from Financial Institutions/Corporations	0	15,042	2	15044	0	15,537	0	15537
j)	Miscellaneous Capital								
	Receipts net/Balance from non-debt capital receipts	20058	-10,905	85	9239	13544	-10,706	-75	2763
	Opening Balance and Other Resources		1,205	0	1205		1,984	415	2400
<b>I</b>	<b>Aggregate Resources</b>	<b>154,157</b>	<b>43,705</b>	<b>3,051</b>	<b>200913</b>	<b>146,558</b>	<b>35,496</b>	<b>3,071</b>	<b>185125</b>
	Of which:Net Inflow From Abroad	6907	0	0	6907	5575	0	0	5575
<b>II</b>	<b>Central Assistance to States and UTs*</b>	<b>-36824</b>	<b>37,308</b>	<b>561</b>	<b>1045 **</b>	<b>-37969</b>	<b>35,184</b>	<b>542</b>	<b>-2243**</b>
<b>III</b>	<b>Plan Grants to States under Art. 275</b>	<b>0</b>	<b>3,484</b>	<b>0</b>	<b>3484</b>	<b>0</b>	<b>3,386</b>	<b>0</b>	<b>3386</b>
<b>IV</b>	<b>Resources for the Plan ( I to III)</b>	<b>117,333</b>	<b>84,497</b>	<b>3,612</b>	<b>205,442</b>	<b>108,589</b>	<b>74,066</b>	<b>3,613</b>	<b>186,268</b>

\* Central Assistance to States & UTs Plan as per Plan estimates & may not be same as Centre budget provision.

\*\* Denotes difference between Central Assistance to State & UTs as provided in the Central Budget & as estimated in the scheme of financing of States & UTs plan