

PUBLIC SECTOR**Coverage**

- 27.1 The public sector in the national accounts is composed of general government and public non-financial and financial corporations. The accounts of public sector portray the role of public authorities in supplying goods and services to the economy and the demands made on the resources for production by the public authorities. The accounts also delineate the means of financing production, consumption and capital formation used by the public sector. Based on guidelines given in the SNA, as well as keeping in view the organisational structure of the activities existing in the country, the public sector is classified into two groups—Government Sector and Non-Departmental Enterprises. The Government Sector is comprised of (i) Producers of government services, viz., administrative departments of government and (ii) Departmental enterprises like Railways, Communication and other departmental enterprises. Non departmental enterprises consist of Financial enterprises and Non-financial enterprises.

Government Sector

- 27.2 Government units may be described as unique kinds of legal entities established by political processes which have legislative, judicial or executive authority over other institutional units within a given area. Viewed as institutional units, the principal functions of government are to assume responsibility for the provision of goods and services to the community or to individual households and to finance their provision out of taxation or other incomes; to redistribute income and wealth by means of transfers; and to engage in non-market production. Within a single country there may be many separate government units when there are different levels of government – central, state or local government.

PART-A**Administrative Departments of the Government or Producers of Government Services**

- 27.3 Producers of government services i.e., administrative departments comprise government departments, offices and other bodies of central, state/union territories and local authorities, whose function is to organise for the community, but not normally to sell those common services which cannot be otherwise conveniently and economically provided. It is also expected to act as an administrative agency for the economic and social policy of the country. The activities covered under the administrative departments relate to organs of state dealing with fiscal services like collection of taxes and servicing of debt; general administrative services like police, jails, external affairs, supply and disposal, defence services, law and justice; social and community services like education, medical and housing; economic services like agriculture, industry, transport and construction. The activities of government in the operation of various funds such as famine relief fund, labour welfare fund, central road fund, development and welfare funds are also included. In the case of RBI, the activities of Issue Department is considered more akin to the administrative activities of the government and is therefore included in the producers of government services.
- 27.4 The public services of Quasi-government bodies/autonomous bodies such as All India Institute of Medical Sciences, Kendriya Vidyalayas, Indian Council of Agricultural Research, etc. and the activities of social security funds viz., Employees Provident Fund Organisations (EPFOs) are also considered under the category of Administrative Departments.

Departmental Enterprises

- 27.5 Departmental enterprises also referred to as Departmental Commercial Undertakings (DCUs) are unincorporated enterprises owned, controlled and run directly by public authorities. These enterprises normally do not hold or manage financial assets and liabilities apart from their working balances and business accounts payables and receivables. Unlike administrative departments, DCUs charge for the goods and services they provide on commercial basis. The criteria followed to distinguish enterprise activity from administration activity are: (i) use of commercial accounting methods to determine profit and loss and (ii) control of productive capital in the form of equipment such as machines, plants and stocks.

- 27.6 The following activities of the Government are treated as commercial enterprises based on the nature of their activities:

- Irrigation
- Forests
- Railways
- Transport
- Communication (Posts & Telegraphs only)
- Milk Supply
- Printing Presses
- Mints

- Currency & Coinage
- Security Presses
- Ordnance Factories
- Electricity

27.7 Over a period of time, the status of the enterprises is changing due to the increased role of private sector in the economy. The commercial activities of the Department of Telecommunication are undertaken by the Public sector Telecom Company, BSNL and are covered under NDCUs. Same is the case with Prasar Bharati Corporation.

Methodology and Sources of data

27.8 For various transactions of the producers of government services and DCUs, the budget documents consisting of annual financial statement and demands for grants of all the ministries/ departments of Central, State Governments as well as Local Authorities form the major source of data. However, the budget documents of all local authorities whether urban or rural are not available.

27.9 For the preparation of estimates, the base year data in respect of local bodies and the data directly collected & analysed by some of the State DESs along with the data on current and capital grants to local bodies available in the Central and State government budgets are made use of. For the rest of the states and union territories, data on both current and capital grants to the local authorities by the respective governments as available from the budget documents are utilised. The estimates relating to Quasi-government bodies have been prepared using the workforce estimates and the estimated value added per worker obtained from the annual reports of the research and scientific institutions. In the case of EPFO, annual accounts form the source.

27.10 Data available from the sources mentioned above are analysed so as to prepare a set of economic accounts to depict various transactions of the public sector. The economic analysis of data is based on generally accepted concepts, definitions and classifications developed in the field of national accounting for evaluating the potentiality and contribution of various sectors of the economy and their inter-relationships as recommended in the SNA.

27.11 The national accounts framework presents an inter-locking system of accounts for the transactions of the whole economy and public sector accounts appear as one element of the whole system. The accounts are designed to

obtain the kind of information on public sector transactions which are required for determining aggregates of national income and expenditure and for establishing their inter-relationship with other sectors of the economy. For the preparation of economic accounts of Administrative Departments and DCUs at current prices, the data contained in the budget documents are analysed in detail as discussed in the following paragraphs. The administrative departments and DCUs are classified into various industrial categories according to the nature of their economic activity. Estimates of the components of domestic product, capital formation, saving and final consumption expenditure of the Administrative Departments at current prices are prepared from the analysed data on various transactions tabulated in the economic accounts of the respective institutional/industrial categories.

27.12 The Annual Financial Statement and the Demands for Grants in a Government Budget are drawn up in accordance with the provisions laid down in the constitution and regulations for their legislative control. The expenditure in the government budget is generally classified department-wise in order to secure legislative control, administrative accountability, booking and auditing of any act of spending. Though the budget is divided into revenue and capital accounts, many items of consumption expenditure are included in the capital account and vice versa. Moreover, the expenditure relating to different kinds of transactions are scattered over many sub/minor heads of budgetary classification not necessarily keeping in view their economic characteristics. For these reasons from the details as furnished in the budget documents it is not readily possible to get a clear idea of expenditure incurred on capital formation, saving and Government's contribution to the generation of national/state income. Each transaction in the budget documents is, therefore, reclassified and regrouped into meaningful economic categories e.g. Wages & Salaries, Purchase of goods and Services, current transfers and subsidies, etc.

Classification of Government Transactions

27.13 The classification of government transactions basically follows the technique of social accounting. The revenue account in the budget, for example, shows certain transfers to and from the capital account, which are only accounting transactions or transfers. There is another category of transfers which are of inter-government in nature. These

have to be eliminated since they do not have any impact on the economy. In many cases, current or capital outlays are reduced to the extent that they are met from transfers from funds. This deflates the expenditure and does not give the total expenditure or aggregate demands made by the government on goods and services available. For a correct appraisal of government demand for goods and services which could be related to available supplies, current and capital expenditures have to be increased by the amount met from these transfers from the state operated funds.

- 27.14 Reference may also be made to a third type of adjustment made in the classification scheme. The demands for grants in the budget first show expenditure gross of all recoveries but subsequently recoveries are deducted and only the net figures are shown in the Financial Statement. For purposes of economic classification, expenditures are shown net of recoveries from all outside sectors except the recoveries on account of sale of goods and services which are deducted from the purchase of goods and services of the government. In the state government budgets, recoveries are mostly from the Government of India on account of elections, general administration, police force supplied to Government of India, National Cadet Corps (NCC), rehabilitation of displaced persons, other expenses shown as recoveries for the work done on behalf of Government of India, sale of jail manufactures, charges recoverable from local bodies for the work done on their behalf especially for public health purposes, etc.
- 27.15 It is only after reclassification and regrouping on the lines indicated above it is possible to analyse the economic impact of the

Government's budgetary transactions on the rest of the economy. The term "rest of the economy" refers to all the industries/sectors other than public administration and defence.

- 27.16 This system of classification is based on a series of distinctions useful for analysing their economic impact on the rest of the economy. Current transactions are distinguished from capital transactions and under both, transactions in goods and services are separated from transfers. The current transactions of Government Administrative Departments are distinguished from the current operations of DCUs, as current expenditure of the former on wages and salaries and goods and services are final outlays but those of the latter are intermediate expenditure such as cost of raw materials, fuels, etc. In other words, such expenditure represents expenses on production and not expenditure on final goods and services. Purely financial transactions are again separated from transactions in goods and services and transfers.
- 27.17 The economic classification, as described above, is done each year for all the public authorities like Central Government, State & Union Territory Governments and the Local Authorities. These are then merged together and a set of accounts are prepared. These accounts are the production account of producers of government services; production, income & outlay and capital finance accounts of Railways, Communication; production account of other departmental enterprises and the income & outlay and capital finance accounts of administrative departments including other departmental enterprises.

Production Accounts

Producers of government services		Departmental enterprises (other than Railways and Communication)	
1. Intermediate consumption	5. Output of goods & services	1. Intermediate Consumption	6. Sale of goods and services
2. Compensation of employees 2.1 Wages & salaries 2.2 Pensions	5.1 Services produced for own use	2. Compensation of employees	7. Imputed subsidies
	5.2 Sale of goods & services	3. Operating surplus 3.1 Interest 3.2 Rent 3.3 Profits	
3. Consumption of fixed capital		4. Consumption of fixed capital	
4. Gross Input	6. Gross Output	5. Gross Input	8. Gross output

- 27.18 In line with the recommendations of SNA that larger departmental enterprises be segregated from the smaller ones, the Railways and Communication enterprises have been given the status of quasi-corporate enterprises and the enterprises other than these two have been included under the other departmental enterprises. In the case of Government Railways and Communication, the budget documents are analysed and the three sets of accounts namely, the production account, the income and outlay account and the capital finance account are prepared separately for the two activities. Transactions relating to the manufacturing and construction works associated with the two activities are also included in the accounts.
- 27.19 Two points which deserve special mention are consumption of fixed capital (CFC) and other domestic liabilities. The CFC is not the one which is provided for in the budgets but these have been estimated on the basis of expected life of capital stock. As for domestic liabilities, these have been arrived at as a balancing item in the capital finance account because of the absence of separate information in respect of Railways and Communication in the Central Government budget documents.
- 27.20 The gross input side of the Production Account of Other Departmental Enterprises includes the current expenditure on purchase of commodities and services for intermediate consumption, wages and salaries, interest, rent, CFC and profits. The negative profits of the undertakings which incur losses are treated as imputed subsidies and the negative profits become zeros. The gross output side includes the value of sales of goods and services and the imputed receipts which in the current series have been treated as imputed subsidies in the Income and Outlay Account of the Administrative Departments including DCU's other than Railways and Communication.
- Intermediate Consumption**
- 27.21 This item includes all contingent expenditure such as office supplies, rent, rates and taxes, fuel & light, printing, travel expenses, telephone & telegraph charges, and purchase of other commodities and services for current operations. Whole of the expenditure on current repairs and maintenance is included here. Also included are all payments/charges for services rendered for other agencies/ departments. Strictly speaking, rent paid is one of the factor payments and should be classified accordingly. But the same has not been done due to non-availability of data.
- Moreover, most of the government offices are housed in buildings owned by the government.
- Compensation of Employees**
- 27.22 **Wages & Salaries:** This item comprises the remuneration of general government employees such as pay of officers, pay of establishment and allowances and honorarium other than travelling and daily allowances. Contributions to provident fund by the government, if any, are included here. Besides payments in cash, there are some items of expenditure which are clearly in the nature of payments in kind. Items like cost of liveries and uniforms, rations supplied to police and defence personnel, etc., are treated as wages and salaries. Wages, Salaries & allowances are classified separately while analysing the budgets.
- 27.23 **Pension:** Conceptually, appropriation to the pension fund should actually be treated as wages and salaries and not the actual pension payments. No pension fund is being operated by the Government. As such, in the absence of any information on appropriation to the pension fund during the year, the actual pension payments are treated as wages and salaries. The pension payments include not only pension but also other benefits like leave encashment, gratuity, etc. While analysing the pension payment, the Pension has been subdivided into actual payment and benefit.
- Gross output**
- 27.24 Sales by the administrative departments to the households and the services produced for own use are included here. The estimate of services produced for own use is obtained as a balancing item in this account and thus it is equal to the sum of intermediate consumption, compensation of employees and CFC less sale of goods and services. This item is carried forward to the income and outlay account as final consumption expenditure of the government.
- Income and Outlay Account**
- 27.25 All departments, other than those which are commercial in nature, are considered as administrative for the purpose of economic classification. The current expenditure of administrative departments consists of the final outlays of government on current account which represent government's current consumption and current transfers. The final outlays include expenditure on purchases of goods and services, wages and salaries of employees and CFC. Besides final outlays, government makes transfer payments i.e., interest, grants, subsidies,

scholarships, etc., to the rest of the economy which are added indirectly to the disposable income of the community. To meet these current expenditures, government appropriates a part of the income of the community through a variety of taxes, miscellaneous fees, etc., accruing in the course of administration. In addition, investment income from property and entrepreneurship, current transfers amongst the central & state governments and between

the government and the rest of the economy/world in the form of revenue grants, contributions and recoveries and the current transactions relating to income and outlay accounts of other DCUs (i.e., other than Railways and Communication) are also included here. The excess of current receipts over current expenditure denotes the saving of the Government administration, available for capital formation.

Income and outlay account of Administrative Departments including Departmental Commercial Undertakings other than Railways and communications

Expenditure	Receipts
1. Final consumption expenditure	7. Income from entrepreneurship & property
	7.1 Profits
2. Interest on public debt	7.2 Income from property
	7.2.1 Interest receipts
3. Subsidies (including imputed subsidies)	7.2.2 Other property receipts
4. Current transfers	8. Direct taxes
4.1 To the rest of the world	8.1 Corporation taxes
4.2 To other sectors	8.2 Land revenue
	8.3 Other taxes
	9. Indirect taxes
	9.1 Customs
5. Net Saving	9.2 Excise
	9.3 Sales tax
	9.4 Stamps
	9.5 Other taxes and duties
	10. Miscellaneous receipts
6. Disbursements	11. Receipts

Final consumption expenditure

27.26 Final consumption expenditure of administrative departments is equivalent to the current expenditure on compensation of employees, purchase of goods and services net of sales and the CFC. The sources of data for all these items other than CFC are the budget documents and annual accounts of central and state governments, union territories and local authorities.

Interest on public debt

27.27 Interest comprises interest on public debt and other obligations (other than on commercial debt which is included in the Production Account of other DCUs). The interest paid to or received from within public authorities is classified separately. These do not accrue to the public debt and are merely inter-departmental or inter-account transfers which ultimately get cancelled.

Subsidies

27.28 Subsidies include all grants on current account which private industries, public corporations and government enterprises receive from the Government. These may take the form of direct payments to producers or differentials between the buying and selling prices of government trading organisations. Thus subsidies are transfers which add to the incomes of the producers from current productions. The grants may, for example, be based on the amount of value of commodities produced, exported or consumed, the labour or capital employed in production or the manner in which production is organised and carried on. Under certain circumstances subsidies include the grants made by government to DCUs or public corporations in the form of compensation for operating losses. This will be the case when the loss is clearly the consequence of the policy of the government to maintain prices at a level at which the proceeds of the public

industry will not cover the current cost of production. In order to determine whether this is the situation, it may be necessary to investigate the consideration behind the policy of determining the prices charged by the public industry. This treatment is given in the case of the irrigation industry upto the old series of NAS (base year 1993-94), where the operating losses were very high. However, in the new series (base year 1999-2000) of NAS, all losses in the Departmental Enterprises are being treated as 'Imputed Subsidies'.

Current transfers

- 27.29 Current transfers or grants paid fall under three main categories. Firstly, these can be to other public authorities like Central Government, State Government and local authorities, secondly to the rest of the world and thirdly to other sectors including the households like grants to aided schools, scholarships and stipends, welfare of the weaker sections of the society etc. In the case of a state budget, when considered in isolation, all these items will figure in the accounts. But when all the public authorities are merged, the first category, i.e., grants to other public authorities will get cancelled and only the grants to the rest of the world and the households would remain.

Inter-government accounting adjustment

- 27.30 Both conceptually as well as arithmetically, transactions between public authorities discussed above in the case of interest payments and transfer payments should cancel out at the time of consolidation of all public authorities. But in actual practice this does not happen. While it is difficult to identify the specific reasons for this, probably this is arising due to difference in the timings of entries relating to amount sanctioned and the amount received under appropriate account heads pertaining to such transactions. This amount is, therefore, shown separately.

Saving on current account

- 27.31 The balancing item on the current account of government administration represents the saving of this sector, that is, surplus of current receipts over current expenditure.

Profits

- 27.32 This flow records the income receivable by the Government from other DCUs. This is obtained from the Production Account of the other departmental enterprises.

Interest

- 27.33 Interest received can be classified into three broad categories, from the household, from the local bodies and from the DCUs. The interest received from other DCUs appears as a payment item in Production Account of other Departmental Enterprises. This item, therefore, is deducted from both interest received and interest paid so that there is no double counting. As in the case of current transfers, interest transactions within public authorities get cancelled.

Other property receipts

- 27.34 The items covered here are rents, royalties and dividends.

Direct taxes

- 27.35 Direct taxes include two components, viz., direct taxes on income and other direct taxes. Direct taxes on income cover levies by public authorities on income from employment, property, capital gains etc. Both households and enterprises may pay direct taxes on income. Other direct taxes include levies by public authorities at regular intervals on the financial assets or total net worth of enterprises, private non-profit institutions or households. Estate duties, though included under capital transfers as per SNA, have been treated as direct taxes in the NAS classification.

Indirect Taxes

- 27.36 Indirect taxes are defined as taxes assessed on producers that are chargeable to the cost of goods and services produced or sold. These include import and export duties, excise, sales, service, entertainment and turnover taxes, real estate and land taxes, levies on value added and the employment of labour, motor vehicles, driving test & licence, airport and passport fees when paid by producers.

Miscellaneous receipts

- 27.37 These receipts are in the nature of fees, fines and forfeitures which are paid by the households.

Capital finance account

- 27.38 This account is concerned with the total capital formation by government administration and DCUs other than Railways and Communication together with capital transfer payments which are mostly for assisting capital formation in the rest of the economy. The capital expenditure of government administration and the other DCUs are given separately whereas the sources of finance are common to both. Concepts of important items in this account are discussed in the following paragraphs.

**Capital finance account of Administrative Departments
including other Departmental Enterprises**

Expenditure	Receipts
1. Change in stocks	6. Net Saving
1.1 Administrative departments	7. Consumption of fixed capital
1.2 Departmental enterprises	
2. Gross fixed capital formation	8. Capital transfers from the rest of the world
2.1 Administrative departments	
2.2 Departmental enterprises	9. Net borrowings
3. Net purchase of second hand physical assets including land	
3.1 Administrative departments	
3.2 Departmental enterprises	
4. Capital transfers	
4.1 To the rest of the world	10. Other liabilities
4.2 To other sectors	
5. Disbursements	11. Receipts

**Gross Investment
Change in Stocks**

27.39 Change in stock represents the value of the physical change in raw materials, work in progress (other than the work in progress in buildings which are included in fixed capital formation) and finished products which are held by commercial enterprises and in government stockpiles. The estimates of change in stock are compiled separately for administrative departments and the departmental enterprises. In the case of administrative departments, the stocks held are (i) in the nature of policy stocks like food, fertilizers etc., and (ii) work-stores under the civil works departments which consist of cement, bricks, steel etc. The purchases /additions less sales/withdrawals during the year, as given in the detailed Demands for Grants are, taken as change in stock. This has been the practice all along. But on a detailed analysis the change in stock particularly of the work-stores of the public authorities was found to be negative year after year. During discussion with the officers of the Public Works Departments, it emerged that this might be happening due to a lag in the corresponding entries relating to receipts and withdrawals as shown in the budget documents. Based on the information that sufficient work stores are maintained to meet the requirements for at least one month's work, the closing stocks have been estimated from the financial data by taking 1/10th of the Gross fixed capital formation

undertaken during that year. This, however, necessitates some adjustment in the 'other liabilities' appearing in the financing side of this account.

Gross Fixed Capital Formation

27.40 Gross fixed capital formation represents the gross value of goods which are added to the fixed domestic capital stock during a year. It comprises expenditure on the acquisition as well as own account production of fixed assets. The gross fixed capital formation is classified into buildings, roads, transport equipment, other machinery, software, cultivated assets, animal stock and other capital outlay. Each of them is classified further under new outlay and renewals and replacements. The former is the measure of net capital formation by the government which together with the latter gives gross fixed capital formation.

Net purchase of second hand physical assets

27.41 The major component here is purchase of land. Occasionally, purchase and sale of second-hand fixed assets are also shown in the budgets. These transactions are treated as net purchase of second-hand assets and classified separately.

Capital transfers, net

27.42 Capital transfers to/from the rest of the world include capital grants given to/received from foreign countries. Capital transfers to other

sectors cover grants to finance the construction of buildings, purchase of machinery and equipment and for the public works, water supply and sewage disposal schemes etc.

Finance of Gross Investment Saving

27.43 The saving of government sector (administrative Departments, departmental Enterprises and Quasi-bodies) is defined as the excess of current receipts over current expenditure. The saving on current account is directly obtained from the Income and Outlay Account.

Net borrowings

27.44 Items like internal debt, small savings, provident fund etc., are included here.

Other liabilities

27.45 All investments in the share capitals of statutory corporations, cooperative societies are classified as financial assets and are shown against other liabilities as a negative figure. Also included are the extra-budgetary receipts like loans from Government of India, inter-state debt settlements, contingency fund, deposits and advances, suspense, remittances and cash balances. Besides these, there are some funds maintained by the governments like Famine Relief Fund, Road Fund etc., which are also covered here.

Estimates at current prices

Gross Domestic Product

27.46 The GDP from government administrative departments comprises the compensation of employees and CFC only. In the case of DCUs, GDP at factor cost is obtained as the sum of compensation of employees and operating surplus gross of CFC. This is equivalent to gross output less inputs in the form of purchases of goods and services and indirect taxes less subsidies. The estimates relating to administrative departments and DCUs by various industry groups are obtained by analysing the budget documents and the annual accounts of the central and state governments, union territories and local authorities.

Final Consumption Expenditure of Administrative Departments

27.47 Final consumption expenditure of administrative departments is equivalent to the current expenditure on compensation of employees, purchase of goods and services net of sales and the CFC. The sources of data for all these items other than the CFC are the budget documents and annual accounts of central and state governments, union

territories and local authorities. The estimates of CFC as mentioned earlier are worked out separately and have been discussed in the chapter on capital formation and capital stock.

Gross Domestic Capital Formation

27.48 This is the sum of gross expenditure on fixed assets and change in stocks. Fixed assets include expenditures made on building, other construction, roads and bridges, plant and machinery, capital work in progress, expenditure during construction, transport equipment, machinery and other equipments and net purchase of second-hand physical assets. The coverage of these items is explained below:

27.49 **Buildings:** Under this, expenditure incurred during the year on factory or office buildings, or residential quarters constructed for the staff are included. It includes construction costs of the buildings together with cost of external and internal fixtures during the year. Movable equipments, which do not form an integral part of the building, are not included.

27.50 **Roads and bridges:** This covers expenditure on laying roads, railway lines, railway bridges and supporting structures.

27.51 **Other construction:** Expenditure incurred during the year on roads, sewers, drainage system, railway siding, gardens, water supply, electrical installations, telephone installations etc., is included here.

27.52 **Transport equipment:** This relates to the capital expenditure incurred during the year on motor cars, trucks, commercial vehicles, aircrafts, tractors, tramways, wagons and carts.

27.53 **Machinery & equipment:** This is self-explanatory. It also includes value of machinery received at site and/or under erection. Generally this item is inclusive of installation charges.

27.54 **Capital work in progress:** In most cases, the break-up of the type of work in progress is not given and all the unfinished works are shown together under this head.

27.55 **Expenditure during construction:** When the company is not in operation, it presents its accounts under the head "Expenditure during Construction Accounts". The amount is transferred to the Balance Sheet and is partly written off in the Profit and Loss Account and added to fixed assets over a period of time.

- 27.56 **Net purchase of second-hand physical assets:** This is self-explanatory. Expenditure by type of assets under this head is allocated to their relevant categories in the final estimates.
- Saving**
- 27.57 The saving of government administrative departments is obtained by deducting the current expenditures from the current receipts. The items of current expenditure include i) final consumption expenditure ii) interest on public debt iii) subsidies and iv) current transfers, while the items of receipts are i) income from entrepreneurship and property ii) direct taxes; iii) indirect taxes and iv) miscellaneous receipts.
- Estimates at constant prices**
- Gross Domestic Product**
- 27.58 The estimates of GDP for individual industrial categories at constant prices are prepared either by deflating the current price estimates with relevant price index numbers or by moving the base year estimates with the quantum indices of the volume of activities.
- 27.59 **Agriculture:** In the case of DCUs, the operation of government irrigation systems only are included in this sector for which the base year estimates are carried forward with the index of area irrigated
- 27.60 **Forestry & logging, fishing, mining & quarrying:** In the industry groups for DCUs, the estimates of GVA at current prices are deflated separately with the implicit price index of total GVA in the respective industries.
- 27.61 **Manufacturing:** The current price estimates are deflated by the price indices worked out from the data on sales of more important of the enterprises.
- 27.62 **Electricity, gas and water supply:** In the case of electricity the base year estimates of GDP are carried forward to other years with the help of quantum indices prepared from the data on quantity of energy sold by the public sector undertakings as available annually in Public Sector Electricity Supply-All India Statistics (CEA-Commercial Directorate of Ministry of Energy). For water supply, where the NDP consists of compensation of employees only, the current price estimates are deflated with the help of CPI of industrial workers. The estimates of CFC at constant prices are added to NDP at 1999-2000 prices, to arrive at GDP at constant prices.
- 27.63 **Construction** In the case of administrative departments and DCUs the current price estimates of NDP which comprise the compensation of employees only are deflated by the CPI of industrial workers to which the CFC at 1999-00 prices are added to arrive at the estimates of GDP.
- 27.64 **Trade, hotels and restaurants:** For DCUs in trade, the estimates of GDP at current prices are deflated by the implicit price index as worked out from the current and constant price estimates of GDP in the trade sector of NDCUs.
- 27.65 **Transport storage and communication, banking & insurance and public administration & defence:** The methodology for constant price estimates is discussed in the respective chapters.
- 27.66 **Other services:** Value added in public sector activities from other services comprises mainly compensation of employees. The current price estimates for this sector are deflated by the CPI of industrial workers.
- Final Consumption Expenditure of Administrative Departments**
- 27.67 Estimates of Government Final Consumption Expenditure at 1999-00 prices are prepared separately for compensation of employees, net purchase of commodities and services and CFC. As has been stated earlier the constant price estimates of compensation of employees are prepared by deflating the current price estimates by the CPI of industrial workers. Estimates of purchase of commodities and services net of sales are obtained by deflating current price estimates by the corresponding weighted price indices of items of expenditure. For commodities, Wholesale Price Indices are made use of. Price indices for services are the same as used for preparation of constant price estimates of value added/output of the respective Sectors/sub-sectors for the economy as a whole.
- 27.68 The price indices of different commodities and services are combined to obtain overall indices separately for Central and State Governments expenditure. The commodity composition of Central and State Government expenditure in the base year, which is determined from the detailed analysis of the budget documents, are used as weights. Direct data on pattern of expenditure are also obtained from different administrative departments/ministries. In the absence of detailed data on commodity composition of expenditure of local authorities, the corresponding index prepared for state government expenditure is used.

Gross Domestic Capital Formation

- 27.69 Estimates of GCF at 1999-00 prices in public sector are compiled separately for (i) GFCF and (ii) change in stocks. Estimates of GFCF at 1999-00 prices are prepared on the basis of PIM discussed in chapter on domestic capital formation. Estimates of change in stock at 1999-00 prices are worked out by deflating the current price estimates by the relevant price indices in various industry groups. In respect of agriculture, forestry, fishing, manufacturing, trade, hotels & restaurants, transport, storage, banking and finance, communication and other services indices of wholesale prices of all commodities are used. For mining the implicit price index as derived from the GVA estimates of mining, for construction the index of cost of general pucca construction (excluding labour) and for electricity Economic Adviser's index number of wholesale prices in respect of electricity are used to deflate the current price estimates.
- 27.70 The specimen formats of the Economic Accounts of Administrative Departments and the Enterprises are given in the tables in previous paragraphs and estimates of GDP, GDCF and saving in respect of public sector and final consumption expenditure of the Administrative Departments are given in the Appendix 27.2 to 27.4.
- Purpose Classification of the Expenditure of Administrative Departments**
- 27.71 The Government expenditure can be classified in accordance with (i) the economic character of the expenditure like current expenditure, capital formation, loans etc., and (ii) the purpose it is likely to serve, such as health, education, defence etc. The former is known as economic classification and the latter is termed as the purpose classification. The classification by purpose shows how expenditure for a particular purpose, say, health is divided between economic categories and it also shows how expenditure in a particular economic category, say capital formation, is allocated to different purposes or types of public services provided. Economic-cum-purpose classification, therefore, serves as a very good guide to the policy makers for planning expenditure in the best possible manner to attain social and economic objectives of development.
- 27.72 The purpose classification relates only to the expenditure of Administrative Departments comprising:
- i. all departments, offices, establishments and other bodies of the central government;
 - ii. all departments, offices, establishments and other bodies of the State Governments and Union Territories;
 - iii. district boards, municipal corporations, municipalities, town/notified area committees, village panchayats and other local authorities; and
 - iv. the legislature, judiciary, union and state public service commissions and all such bodies covered in the ordinary or extra ordinary budgets or extra budgetary funds of the Central, State, Union territory governments and the local authorities.
- 27.73 Bodies covered under items i. ii. and iv. indicated above, are included. Bodies covered under item iii. though should be covered, are not being included at present for want of appropriate data. Administrative expenditures of the various funds in the case of Central Government like Central Road Fund, Famine Relief Fund and the expenditure of the Issue Department of the RBI are taken into account. The classification thus covers the expenditures of the central, state and the union territory governments as given in their annual budgets (excluding the DCUs).
- 27.74 Financial investment of the government in commercial activities in terms of purchase of shares and debentures etc., are included. Similarly, grants and loans given to commercial organisations, non-government institutions or the individuals are also included. It may, however, be pointed out that the repayment of loans are excluded.
- 27.75 Inter-government transfers, by nature of transactions, get excluded. But because of the fact that local authorities are not included in this classification and transfer to local authorities remain. Similarly, the receipts of the government do not come into picture. However, some of the receipts like sales of goods and services produced in the government sector are taken into account in working out the expenditure on net purchases of goods and services by the general government.
- 27.76 The purpose classification is in conformity with the major categories recommended in the SNA 1993 which are:
- i. General Public Services;
 - ii. Defence;
 - iii. Education Affairs & Services;
 - iv. Health Affairs & Services;

- v. Social Security and Welfare Affairs and Services;
- vi. Housing and Community Amenity Affairs & Services;
- vii. Cultural Recreational, and Religious Affairs & Services;
- viii. Economic Affairs & Services;
- ix. Environmental Protection; and
- x. Other Services

non-adjustment of CFC in respect of the administrative departments.

Changes in economic classification

Identification of capital expenditure incurred under object head office expenditure

27.79 It has been observed that some capital expenditure is being incurred for procurement of machinery and equipments like furniture, photocopiers, computer hardware, software and other accessories under the object head, office expenditure. In consultation with some states as well as central government departments, it has been observed that this expenditure is around 25% of total office expenditure. Out of this, 10% is on machinery outlay, 2% is on software outlay and the remaining 13% is other capital outlay. Assuming such expenditure has gone up along with IT expansion over the years, the ratio for IT is considered to be 13, 15, 17 and 20 *per cent* in the years 1999-00 to 2002-03 respectively (However, it is expected that in future data on expenditures on IT will be available separately from the budget documents). In the old series, this expenditure was treated as purchase of commodities/services and thus formed part of consumption expenditure. Due to the proposed treatment of 'office expenditure' in the new series (to treat part of this as capital expenditure), there is fall in the estimated consumption expenditure with corresponding increase in the estimates of saving and Gross Fixed Capital Formation (GFCF). The upward revision of GFCF estimates has also resulted in an upward revision of estimates of consumption of fixed capital (CFC) and thus, the GVA of public administration and defence (which is sum of salaries and wages and CFC). However, there is no change in the estimates of NVA.

Adoption of detailed purpose classification

- 27.77 In the new series, a new purpose classification has been adopted as per recommendations of 1993 SNA and Government Finance Statistics (GFS), 2001. The new classification gives expenditure pattern in terms of 52 detailed descriptions as against 19 of earlier series, as indicated in *Appendix 27.1*
- 27.78 The two way classification by the economic as well as purpose categories termed as the economic-cum-purpose classification is presented each year in the NAS at current prices restricted to the main 20 categories of the purposes as some states could not provide economic classification of data with the above 52 categories as envisaged. It may be pointed here that the estimates of CFC worked out independently are added to the value of output of the producers of the government services arrived at on the basis of economic classification of the government expenditure. Such an adjustment for CFC could not be possible in the classification by purpose. The consumption expenditure estimates in this two way classification differ from those presented in the income and outlay account of the administrative departments including other departmental enterprises for two reasons. Firstly, as has already been stated, due to the non-inclusion of local authorities and secondly, due to the

List of purpose categories

1	General Public Services	
	1.1	General Administration, External affairs, Public Order & Safety
	1.1.1	Public Order & Safety
	1.1.2	Planning & Statistical Activities
	1.1.3	General Administration, External affairs, Public Order & Safety n.e.c.
	1.2	General Research
2	Defence	
3	Education Affairs and Services	
	3.1	Administration, Regulation and Research
	3.1.1	Primary Education Affairs
	3.1.2	Secondary Education Affairs
	3.1.3	Higher Secondary and University Education affairs
	3.1.4	Education Affairs n.e.c.
	3.2	Schools, Universities & Institutions including Subsidiary Services
3.2.1	Primary Education Services	

	3.2.2	Secondary Education Services
	3.2.3	Higher Secondary and University Education Services
	3.2.4	Educational Services n.e.c.
4	Health Affairs and Services	
	4.1	Administration, Regulation and Research
	4.1.1	Allopathic
	4.1.2	Homeopathic
	4.1.3	Ayurvedic
	4.1.4	Unani
	4.1.5	Other Medical Services
	4.2	Hospitals, clinics and Other Health Services
	4.2.1	Allopathic
	4.2.2	Homeopathic
	4.2.3	Ayurvedic
	4.2.4	Unani
	4.2.5	Other Medical Services
5	Social Security and Welfare Affairs and Services	
	5.1	Social Security Affairs and Services
	5.2	Welfare Affairs and Services
	5.3	Social Security and Welfare Affairs Services n.e.c.
6	Housing and Community Amenity Affairs and Services	
	6.1	Housing and Community Services
	6.2	Sanitary Affairs Services
	6.3	Housing and Community Amenity Affairs and Services n.e.c.
7	Cultural, Recreational and Religious Affairs and Services	
	7.1	Art and Cultural Affairs Services
	7.2	Recreational and Sporting Services
	7.3	Tourism Affairs and Services
	7.4	Cultural Recreational, Religious Affairs and Services n.e.c.
8	Economic affairs and services	
	8.1	General Administration, Regulation and Research
	8.2	Agriculture, Forestry, Fishing and Hunting
	8.3	Mining, Manufacturing and Construction
	8.4	Electricity, Gas, Steam and Other Sources of Energy
	8.4.1	Electricity, Gas and Steam
	8.4.2	Atomic energy
	8.4.3	Non-conventional Sources of Energy
	8.5	Drinking Water Supply
	8.6	Transport and Communication
	8.6.1	Road transport
	8.6.2	Water transport
	8.6.3	Air transport
	8.6.4	Transport and Communication n.e.c.
	8.7	Other Economic Services n.e.c.
9	Environmental Protection	
	9.1	Waste Management
	9.2	Waste Water Management
	9.3	Prevention and Control of Pollution
	9.4	Environmental Research & Education
	9.5	Environmental Protection n.e.c.
10	Other Services	
	10.1	Relief on Calamities
	10.2	Other Miscellaneous Services

Principles of classification

- 27.80 All the items of the expenditure are grouped under the appropriate categories regardless of their manner of presentation in the budget Items* which relate to more than one purpose class are first disintegrated in accordance with the details that are given in the budget, and then classified into appropriate purpose categories. In the absence of any details, either the major function of the expenditure is considered as the purpose or it is disintegrated into related purpose categories applying some suitable norms. [**For instance, expenditure on education might be shown in the budget under various heads like medical (medical college) industries (engineering college), community development (schools), etc. All these are segregated and put under the purpose category 'education'.*]
- 27.81 In the case of grants, loans and advances to private institutions or individuals, if the purpose of utilisation is not specifically mentioned, classification is done on the basis of the main functions of the institutions which are receiving the grants, loans and advances. In many cases neither the name of the organisations receiving the grants, loans and advances nor the purpose of utilisation is given. In such cases the classification is done on the basis of account heads under which these expenditures have been shown.
- 27.82 Facilities provided to employees like residential housing facility, free or subsidised medical aid etc., are classified by the nature of the facility and not by the functional character of the office providing facilities. Accordingly, loans and advances to employees for construction of houses, purchase of motor vehicles etc., are classified according to the type of the services likely to be obtained by the utilisation of the loans.
- 27.83 Pensions and other retirement benefits (including employees family pension schemes) are distributed to all the purpose categories in proportion to the amount of wages and salaries attributable to different categories. The welfare pensions like old age pensions, pensions to political sufferers or to freedom fighters etc., are, however, classified under the welfare services.
- Classification of some important items**
- 27.84 Expenditure on general administration is of two types viz.,
- (i) expenditure on administrative work relating to various purpose categories like education, health, defence, agriculture, industries etc.; and
- (ii) expenditure on general administration of the government as a whole like department of personnel, administrative reforms, home, external affairs, police, jails, justice, etc.
- 27.85 Both the types of administrative or secretariat expenditure are given in the budget. For our purposes, the expenditures related to type (ii) are shown under the general administration and those related to type (i) are shown in the related purpose categories. In case the expenditure on administration for some states is not available for each department separately, an attempt may be made to split the expenditure by purpose categories on the basis of the proportion obtained from the adjoining states.
- 27.86 Expenditure on education can be split into three groups:
- (i) General education provided in schools, colleges, universities, centres of higher research and learning and other institutions providing specialised trainings;
- (ii) In-service training or on the job training for the employees deputed by any organisation or office; and
- (iii) Apprenticeship or similar other training in specialised fields organised for persons with the object of fixing them in employment on the basis of the performance in the training.
- 27.87 In regard to purpose classification, category (i) above is classified as expenditure on education. The other two categories are classified into purpose categories in accordance with the character of the body organising the training.
- 27.88 The medical schools and colleges, engineering schools and colleges, mining schools, nursing schools etc., are grouped under the category education even though they are reported under other account heads viz., health, industry etc. The educational activities, forming integral part of other services, are however, grouped along with respective services. Thus, expenditures relating to police training schools are grouped under police, prisons reformatory schools with jails, training of IAS personnel are included in general government services. All types of scholarships to students whether paid by the Department of Education, Department of Social Welfare or any other body etc., are grouped under category 'Education'. Expenditures on cultural,

- recreational and religious activities (including that for NCC, youth welfare and physical education) are classified under the 'Recreational services'. Expenditure in regard to physical training in the educational institutions, are however, grouped under education.
- 27.89 Hospital and dispensaries are grouped under category 'health' by the hospitals attached to medical colleges are considered as integral part of medical education and therefore they are grouped under 'education' rather than 'health'. Expenditure incurred on registration on health research and, therefore, classified under 'health. Family Planning activities are treated as those relating to welfare services and classified accordingly.
- 27.90 The expenditures relating to account heads 'Rural Development', 'Community Development', 'National Extension Services', etc. have been broken, to the extent possible, on the basis of information provided in the budgets. The overhead expenditures on the specific general expenditures relating to those account heads are classified under category housing and community amenities.
- 27.91 The expenditures on PWD are also split up and classified under different categories according to the nature of offices for which construction has been done. Thus, expenditure on construction of school buildings is classified under the category 'education', hospital buildings under 'health' and general government office building under 'general government services'. If an office building is constructed for a definite purpose, say for Defence Headquarters, University Grants Commission, National Museum, etc. then they are classified under relevant purpose category and not under general government services. Expenditure on residential quarters for employees (including their controlling office i.e. Estate Office) is classified under the category 'Housing and community amenities' irrespective of the fact that whether the accommodations are for school teachers or for hospital doctors. The overhead expenditure of establishment has been distributed to related purpose categories based on some norms.
- 27.92 Cooperation in general is classified under the category 'other economic services'. But expenditure for cooperative societies serving particular economic activity is classified under that category. All India Radio is classified as recreational and cultural service. However, the expenditure relating to the news division of All India Radio has been separated out and
- grouped under 'General government services'.
- 27.93 Expenditures incurred on publicity relates to various purposes like family planning, improved agricultural products, tourism, etc. Thus, the expenditures are put under various purpose categories according to the nature of the service. But expenditures incurred in regard to Press Information Bureau and Directorate of Advertisement and Visual Publicity, which serve all the departments of the government, are classified under 'general government services'.
- 27.94 Refugees' relief is a typical item and has been grouped under the category relief operation along with famine relief, flood relief, drought relief, etc. Expenditures under this head are also meant for some specific types of services such as medical, housing, education etc. Such expenditures are attributed to specific purposes for which they are spent. Those, which cannot be attributed to specific purposes, are classified under relief operation.

Quality and limitations of data base Administrative Departments and Departmental Enterprises

- 27.95 Although uniform structure has been prescribed for accounting of items in the central and state budget documents there are variations in presentation of details under various heads from state to state. Expenditure shown in the detailed demand does not always tally with that shown in the Annual Financial Statement. In such cases, the financial statement data are accepted and necessary adjustments are made accordingly. In a number of cases, inter account transfers do not agree and tender the reconciliation of entries difficult. Sometimes item-wise details of expenditure under 'plan schemes' are not available and the economic classification of total expenditure is worked out on the basis of information available from other sources. The subjectivity and the lack of disaggregated level details make the analysis much difficult. Even the coding structure introduced by CGA in the presentation of budgets is not followed by the governments in toto. Considerable deviations are observed among states at the ultimate level of disaggregation.

Local Authorities

- 27.96 At present only few states are supplying up-to-date data on local bodies but these estimates reach CSO only when the estimates for the reference year at all-India are already released by that time. In the absence of the current data, all India

estimates regarding local bodies are worked out by moving forward the bench mark estimates for 1999-00 prepared with the help of urban local Bodies data and the projected data from 1993-94 series. The collection of

data on rural local bodies could not materialise for various reasons. The trends in grants released to local bodies from other governments are also taken into consideration.

Appendix 27.1

Classification of Functions of Government (COFOG)

1993-94 Series		New Series(1999-2000)	
Code	Description	Code	Description
1	General Public Services	1	General Public Services
1.1	General Administration, External affairs, Public Order & Safety	1.1	General Administration, External affairs, Public Order & Safety
		1.1.1	Public Order & Safety
		1.1.2	Planning & Statistical Activities
		1.1.3	General Administration, External affairs, Public Order & Safety n.e.c.
1.2	General Research	1.2	General Research
2	Defence	2	Defence
3	Education	3	Education Affairs and Services
3.1	Administration, Regulation and Research	3.1	Administration, Regulation and Research
		3.1.1	Primary Education Affairs
		3.1.2	Secondary Education Affairs
		3.1.3	Higher Secondary and University Education affairs
		3.1.4	Education Affairs n.e.c.
3.2	Schools, Universities & Institutions including Subsidiary Services	3.2	Educational Services
		3.2.1	Primary Education Services
		3.2.2	Secondary Education Services
		3.2.3	Higher Secondary and University Education Services
		3.2.4	Educational Services n.e.c.
4	Health	4	Health Affairs and Services
4.1	Administration, Regulation and Research	4.1	Administration, Regulation and Research
		4.1.1	Allopathic
		4.1.2	Homeopathic
		4.1.3	Ayurvedic
		4.1.4	Unani
		4.1.5	Other Medical Administration
4.2	Hospitals, clinics and Other Health Services	4.2	Health Services
		4.2.1	Allopathic
		4.2.2	Homeopathic
		4.2.3	Ayurvedic
		4.2.4	Unani
		4.2.5	Other Medical Services
5	Social Security and Welfare Services	5	Social Security and Welfare Affairs and

1993-94 Series		New Series(1999-2000)	
Code	Description	Code	Description
			Services
5.1	Social Welfare services	5.1	Social Security Affairs and Services
5.2	Social Security Benefits	5.2	Welfare Affairs and Services
		5.3	Social Security and Welfare Affairs Services n.e.c.
6	Housing and Other Community Amenities	6	Housing and Community Amenity Affairs and Services
		6.1	Housing and Community Services
		6.2	Sanitary Affairs Services
		6.3	Housing and Community Amenity Affairs and Services n.e.c.
7	Cultural, Recreational and Religious services	7	Cultural, Recreational and Religious Affairs and Services
		7.1	Art and Cultural Affairs Services
		7.2	Recreational and Sporting Services
		7.3	Tourism Affairs and Services
		7.4	Cultural Recreational, Religious Affairs and Services n.e.c.
8	Economic Services	8	Economic affairs and services
8.1	General Administration, Regulation and Research	8.1	General Administration, Regulation and Research
8.2	Agriculture, Forestry, Fishing and Hunting	8.2	Agriculture, Forestry, Fishing and Hunting
8.3	Mining, Manufacturing and Construction	8.3	Mining, Manufacturing and Construction
8.4	Electricity, Gas, Steam and Water	8.4	Electricity, Gas, Steam and Other Sources of Energy
		8.4.1	Electricity, Gas and Steam
		8.4.2	Atomic energy
		8.4.3	Non-conventional Sources of Energy
8.5	Atomic Energy	8.5	Water Supply
8.6	Transport and Communication	8.6	Transport and Communication
		8.6.1	Road transport
		8.6.2	Water transport
		8.6.3	Air transport
		8.6.4	Transport and Communication n.e.c.
8.7	Other Economic Services	8.7	Other Economic Services n.e.c.
9	Other Services	9	Environmental Protection
9.1	Relief on Calamities	9.1	Waste Management
9.2	Other Miscellaneous Services	9.2	Waste Water Management
		9.3	Prevention and Control of Pollution
		9.4	Environmental Research & Education
		9.5	Environmental Protection n.e.c.
		10	Relief on Calamities
		10.1	Relief on Calamities
		10.2	Other miscellaneous services

Part-B**Non-Departmental Commercial Undertakings-Financial and Non-Financial Corporations**

- 27.97 Non departmental commercial undertakings (NDCU) comprise of Government companies in which not less than 51 per cent of the paid up capital (PUC) is held by the central government or state government or partly by central government and partly by one or more state governments and subsidiaries of government companies, Statutory corporations set up under special enactments of parliament or state legislatures, nationalized banks, Life Insurance Corporation of India(LIC), General Insurance Corporation (GIC), etc.
- 27.98 Non Departmental Commercial Undertakings (NDCU) hold and manage the financial/non-financial assets and liabilities. Assets may be tangible as well as intangible assets. These enterprises have separate boards of directors and present profit and loss accounts and balance sheets.
- 27.99 Non departmental commercial undertakings have been divided into two categories based on the type of activity performed by them:
- **Financial enterprises:** These are engaged in activities involving financial transactions. These include the nationalized banks and banking department of RBI, Financial corporations LIC, GIC and its subsidiaries and employees state insurance corporation (ESIC).
 - **Non-financial enterprises:** These include all other undertakings/ enterprises of central, state, union territory governments and local authorities under the industry groups of agriculture, forestry and logging, fishing, mining, manufacturing, electricity and gas, road, air and water transport including port trusts, storage and warehousing, trade, hotels & restaurants and other services.

Data Sources and its Analysis

- 27.100 The annual accounts of each of the non departmental enterprises are analysed separately to prepare the national accounts of this sub sector. The annual accounts presented by these enterprises contain two parts viz. profit and loss account and balance sheet. The profit and loss account gives the details of income and expenditure incurred by the enterprise during the accounting year whereas the balance sheet provides the details of the economic position of the unit at a point of time in comparison to the previous year. To prepare the national accounts, the data from the annual accounts of the enterprise is analysed through specially designed worksheets. These worksheets are bridge tables for generating the three main accounts, namely, Production Account, Income & Outlay Account and Capital Finance Account as per 1968 SNA.

Production account

Item	Item
1. Intermediate Consumption	Output of goods & services
2. Compensation of employees	
3. Operating surplus	
4. Consumption of fixed capital	
5. Indirect taxes	
6. Less subsidies	
7. Gross Input	9. Gross output

- 27.101 The production account as shown above is concerned with items of income and expenditure relating to the production activity of the enterprise during the year. Details of the important entries of this account are discussed in the following paragraphs.
- Gross output**
- 27.102 Gross output is the value of sales together with the value of change in stocks of finished and semi finished goods, work in progress and the value of own account fixed capital formation.
- Intermediate consumption**
- 27.103 Intermediate consumption consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The goods or services may be either transformed or used up by the production process. Some inputs re-emerge after having been transformed and incorporated into the outputs, for example grain may be transformed into flour which in turn may be transformed into bread. Other inputs are completely consumed or used up, for example electricity and most

services. Intermediate consumption does not include expenditure by enterprises on valuables consisting of works of art, precious metals and stones, articles of jewellery etc. as valuables are assets acquired as stores of value; they are not used up in production and do not deteriorate physically over time. The intermediate consumption does not include costs incurred by the gradual using up of fixed assets owned by the enterprise. The decline in their value during the accounting period is recorded as consumption of fixed capital. However, intermediate consumption does include the rentals paid on the use of fixed assets, whether equipment or buildings (if available separately from land rent), that are leased from other institutional units and also fees, commissions, royalties, etc. payable under licensing arrangements.

Compensation of employees

- 27.104 Compensation of employees has two main components:
- Wages and salaries payable in cash or in kind; and
 - The value of the social contribution payable by employers. These may be actual social contributions payable by employers to social security schemes or to private funded social insurance schemes to secure social benefits for their employees; or imputed social contributions by employers providing unfunded social benefits.

Operating Surplus

- 27.105 Operating surplus is a measure of the surplus accruing from processes of production. It is estimated as gross output less the sum of intermediate consumption, compensation of employees, CFC and indirect taxes less subsidies.

Consumption of fixed capital

- 27.106 Consumption of fixed capital is a cost of production. It may be defined as decline, during the course of the accounting period, in the current value of the stock of fixed assets owned and used by a producer as a result of physical deterioration, normal obsolescence or normal accidental damage. It excludes the value of fixed assets destroyed by acts of war or exceptional events such as major natural disasters which occur very infrequently. In order to be consistent with the other entries in the same production account, consumption of fixed capital must be valued with reference to the same overall set of current prices as that used to value output and intermediate consumption. Consumption, of fixed capital should reflect underlying resource costs and relative demands at the time the production takes place. It should therefore be calculated

using the actual or estimated prices and rentals of fixed assets prevailing at that time and not at the times the goods were originally acquired. The historic costs of fixed assets, i.e. the prices originally paid for them, may become quite irrelevant for calculation of consumption of fixed capital if prices change sufficiently over time. Estimates of consumption of fixed capital are obtained as a by product of the perpetual inventory method (PIM) used for estimating capital stock and their changes over time. Consumption of fixed assets does not cover the depletion or degradation of non-produced assets such as land, mineral or other deposits or coal, or natural gas.

Indirect Taxes

- 27.107 These include both production & Product Taxes.

- 27.108 **Taxes on production:** At the level of an individual enterprise, taxes on production are recorded as being payable out of its value added. Similarly, in business accounting, taxes on production, except invoiced VAT, are usually regarded as costs of production that may be charged against sales or other receipts when calculating profits for tax or other purposes. Other taxes on production include Taxes on payroll or work force; Recurrent taxes on land, buildings or other structures; Business and professional licences; Taxes on the use of fixed assets or other activities; Stamp taxes; Taxes on pollution and Taxes on international transactions.

- 27.109 **Taxes on products:** A tax on a product is a tax that is payable per unit of some good or service. The tax may be a specific amount of money per unit of quantity of a good or service. A tax on a product usually becomes payable when it is produced, sold or imported, but it may also become payable in other circumstances, such as when a good is exported, leased, transferred, delivered or used for own consumption or own capital formation. Excise Duty, Sales taxes, VAT, Cess, Custom duties are shown in this head.

- 27.110 **Value Added Tax (VAT):** A value added type of tax is a tax on goods or services collected in stages by enterprises but which is ultimately charged in full to the final purchasers. It is described as a deductible tax because producers are not usually required to pay to the government the full amount of the tax they invoice to their customers, being permitted to deduct the amount of tax they have been invoiced on their own purchase of goods or services intended for intermediate consumption or

fixed capital formation. VAT is usually calculated on the price of the good or service including any other tax on the product. VAT is also payable on imports of goods or services in addition to any import duties or other taxes on the imports.

Subsidies

- 27.111 Subsidies are current unrequited payments that government unit, including non-resident government units, make to enterprises on the basis of the levels of their production activities or the quantities or values of the goods or services which they produce, sell or import. Subsidies are equivalent to negative taxes on production in so far as the impact on the operating surplus is in the opposite

direction to that of taxes on production. Subsidies do not include grants that governments may make to enterprises in order to finance their capital formation, or compensate them for damage to their capital assets, such grant being treated as capital transfers. Current grants received by the enterprises from the government to overcome losses like grants to the electricity boards and losses due to implementation of the new government policies by the nationalised banks etc. are treated as subsidies. The subsidy given to the FCI on account of distribution of the food grains on behalf of the government is also included under this head.

Income and Outlay Account

Item	Item
1. Property Income <ul style="list-style-type: none"> • Interest • Dividends • Rent and Royalties 	6. Operating Surplus
2. Direct Tax Payments	7. Property Income <ul style="list-style-type: none"> • Interest • Dividends • Rent and Royalties
3. Current Transfers not elsewhere classified	8. Current transfers not elsewhere classified
4. Saving	
5. Disbursement	9. Receipts

Property Income

- 27.112 Property incomes are received by the owners of financial assets and tangible non-produced assets, mainly land and sub-soil assets. Property income accrues when the owners of such assets put them at the disposal of other institutional units. As a result financial assets are created whose owners are entitled to receive property incomes in the form of interest, dividend etc. Owners of land and subsoil assets may put them at the disposal of other units by arranging contracts or leases under which the tenants or users of the assets agree to pay the owners property incomes in the form of rents and royalties.

the issue of shares is an alternative way of raising funds to borrowing.

Rents and Royalties

- 27.115 Rent is a form of property income which is treated as accruing continuously to the landowner throughout the period of the contract agreed between the landowner and the tenant. The rent recorded for a particular accounting period is therefore, equal to the value of the accumulated rent payable over that period of time, as distinct from the amount of the owners of the assets, whether private or government units, may grant leases to other institutional units permitting them to extract such deposits over a specified period of time in return for the payment of rents. These payments are often described as royalties, but they are essentially rents that accrue to owners of the assets in return for putting them at the disposal of other institutional units like mining rights for specified periods of time and are treated as such in the system. The rents may take the form of periodic payments of fixed amounts, irrespective of the rate of extraction or, more likely, they may be a fraction of the quantity or volume of the asset extracted.

Interest

- 27.113 Interest is a form of property income that is receivable by the owners of certain kinds of financial assets, namely: deposits; securities other than shares; loans and other accounts receivable. Interest may be defined as: Under the terms of financial instrument agreed between them (creditors and debtors) interest is the amount that the debtor becomes liable to pay to the creditor over a given period of time without reducing the amount of principal outstanding.

Dividend

- 27.114 Dividends are a form of property income to which shareholders become entitled as a result of placing funds at the disposal of corporations. Raising equity capital through

Transfers

- 27.116 A transfer is a transaction in which one institutional unit provides a good, service or asset to another unit without receiving from

latter any good, service or asset in return as counterpart. A cash transfer consists of the payments of currency or transferable deposit by one unit to another without any counterpart. A transfer in kind consists either of the transfer of ownership of a good or asset, other than cash, or the provision of a service, without any counterpart. Transfers may either be current or capital. A capital transfer is one in which the ownership of an asset is transferred or which obliges one or both parties to acquire or dispose of an asset. Other transfers are described as current. Three main types of current transfers are:

- Current taxes on income, wealth etc.
- Social contributions and benefits
- Other current transfers.

Saving

27.117 Saving is the balancing item of the Income and Outlay Account. It represents the difference between the current receipts and

current expenditure in an accounting year. Gains and losses associated with the transactions in fixed assets are not taken in to account and therefore excluded from the estimates of saving.

Capital Finance Account

27.118 The structure of Capital Finance Account for NDCUs is indicated in the following Table. This account is prepared by analysing the Balance sheets of the NDCUs. The balance sheet contains accounts that are concerned with the values of the assets owned by institutional units or sectors and their liabilities at particular points in time and with the evaluation of those values over time. Balance sheets measure the values of stocks of assets or liabilities and are typically compiled at the beginning and end of the accounting period. The major entries of this account are described in the succeeding paragraphs.

Capital Finance Account

item	item
1. Change in stocks	5. saving, net
2. Gross fixed capital formation	6. Consumption of fixed capital
3. Purchase of land (net)	7. Capital transfers, net
4. Gross investment	8. Finance of gross investments
9. Net lending (8-4) or (16-21)	
10. Cash balance	17. Paid up capital
11. Bank Balance	18. Loans from
12. Investment in shares and securities	18.1 Government
13. Loans and advances	18.2 Financial Institutions
14. Foreign assets	18.3 Non- Financial Institutions
	18.4 Others
15. Other domestic assets	19. Foreign liabilities
	20. Other domestic liabilities
16. Net Acquisition of Financial Assets	21. Net Incurrence of Liabilities

Gross investment

27.119 **Change in stocks:** The data on change in stocks is derived from the balance sheet and is equivalent to change in stocks of finished and semi-finished goods, works in progress, raw materials, fuels, packing material, tools and other consumable durables.

27.120 **Gross domestic fixed capital formation:** This item comprises of expenditure during the year on residential & non-residential buildings, other constructions, machinery and equipment, transport equipment, capital work in progress and expenditure during construction. Data on gross fixed assets by type as at the end of the current and preceding financial years are

available in the schedule of fixed assets attached to the balance sheets of the enterprises. Gross fixed capital formation is estimated by type from these schedules.

27.121 **Purchase of Land:** Land being a non-reproducible asset is shown separately from the gross fixed capital formation and consists of purchase/acquisition of land excluding structures and other construction works situated on it.

Finance of gross investment

27.122 **Saving:** This item is transferred from the income and outlay account and serves as a source of finance for gross accumulation.

- 27.123 **Consumption of fixed capital:** This is transferred from the production account and is a source of finance for gross accumulation.
- 27.124 **Capital transfers:** These are transfers of non-recurrent nature from the government, primarily meant for financing capital formation or other similar long term expenditure like grants given by the government for workers colony.
- 27.125 **Net borrowing:** This is a balancing item in the upper and lower panel of the capital finance account.
- Net acquisition of financial assets**
- 27.126 **Cash balance:** This is cash balance with the NDCUs.
- 27.127 **Bank balance:** This is self explanatory.
- 27.128 **Investment:** Investments are in the form of government securities or in the form of shares of subsidiaries and others.
- 27.129 **Loans and advances:** These are loans to employees, advance income tax etc.
- 27.130 **Foreign assets:** These include the bank deposits in foreign countries.
- 27.131 **Other domestic assets:** These include sundry debtors, credit advance, security deposit on account of electricity etc.
- Net incurrence of liabilities**
- 27.132 **Paid up capital:** This is the share capital raised by the enterprises.
- 27.133 **Loans:** This is self explanatory.
- 27.134 **Foreign liabilities:** This includes loans received from foreign governments and institutions, international monetary institutions like IBRD etc. Also included is deferred payment to foreign countries.
- 27.135 **Other domestic liabilities:** This item include grants held in government account, sundry creditors, proposed and unclaimed dividends, other current liabilities, and all provisions made such as provision for taxation and for bad and doubtful debts, advances from customers, security deposits from contractors, life fund, outstanding claims, other reserves and all other liabilities n.e.c. such as interest due to depositors but not paid during the year, sundry creditors etc.
- 27.136 The GDP at factor cost is obtained as the sum of compensation of employees, operating surplus and CFC. This is also equivalent to gross output less inputs in the form of purchases of goods and services and indirect taxes less subsidies. The estimates in the case of NDCUs are obtained by analysing the annual accounts contained in their reports.
- Gross Capital Formation**
- 27.137 It is measured by the total value of the gross fixed capital formation, changes in inventories and acquisitions less disposals of valuables.
- Gross fixed capital formation**
- 27.138 It is measured by the total value of a producer's acquisitions less disposals of fixed assets during the accounting period plus certain additions to the value of non-produced assets realized by the productive activity of institutional units. Fixed assets are tangible or intangible assets produced as output from processes of production that are themselves used repeatedly or continuously in other processes of production for more than one year. The following items are covered:
- 27.139 **Dwellings and other buildings & structures**
Gross fixed capital formation in buildings, including dwellings and other structures by producers consists of the value of their acquisitions of new and existing buildings & other structures less the value of their disposals of their existing buildings and structures. All dwellings, including houseboats, mobile homes and caravans used as principal residences of households and any associated structures such as garages are fixed assets. Construction of new historic monuments is also included in gross fixed capital formation.
- 27.140 **Machinery and equipment:** It consists of the value of acquisitions of new and existing machinery and equipment less the value of disposals of existing machinery and equipment. It covers transport equipment; office equipment, furniture etc. Machinery and equipment such as vehicles, furniture, kitchen equipment, computers, communication equipment etc. that are acquired by households for purposes of final consumption, are not fixed capital formation.
- 27.141 **Cultivated assets:** These consist of livestock or trees that are used repeatedly or continuously over period of time of more than one year to produce other goods and service. Thus livestock like breeding stock, dairy cattle, and sheep reared for wool and drought animals are fixed assets. However, animals

Estimates at current prices
Gross Domestic Product

raised for slaughter, including poultry are not fixed assets. Similarly trees (including shrubs) that are cultivated in plantations for the products they yield year after year – such as fruit trees, vines, rubber trees, palm trees etc. are fixed assets, but trees grown for timber that yield a finished product once only when they are ultimately felled are not fixed assets.

27.142 **Mineral exploration:** Mineral exploration is undertaken to discover new deposits of minerals or fuels that may be exploited commercially. Such exploration may be undertaken on own account by enterprises engaged in mining or the extraction of fuels. Alternatively, specialised enterprises may carry out exploration either for their purposes or for fees. The information obtained from exploration influences the production activities of those who obtain it over a number of years. The expenditures incurred on exploration within a given accounting period, whether undertaken on own account or not, are therefore treated as expenditures on the acquisition of an intangible fixed asset and included in the enterprise's gross fixed capital formation. It also includes the costs incurred to make it possible to carry out tests like the cost of aerial or other surveys, transportation cost etc. the value of the resulting asset is not measured by the value of new deposits discovered by exploration but by the value of resources allocated to exploration during the accounting period.

27.143 **Computer software:** Computer software that an enterprise expects to use in production for more than one year is treated as an intangible fixed asset. Acquisitions of such software are therefore treated as gross fixed capital formation. It also includes the purchase or development of large databases that the enterprise expects to use in production over a period of time more than one year.

27.144 **Entertainment, literary or artistic originals:** These consist of the original films, sound recordings, manuscripts, tapes, models etc. on which drama performances, radio and television programming, musical performances, sporting events etc. are recorded or embodied. The acquisition of an original constitutes gross fixed capital formation. The original is often retained by its producer, but it may also be sold after it has been produced in order to be exploited by another unit. When it is sold the gross fixed capital formation is measured by the price paid by the purchaser to acquire the asset. If it is not sold, its valuation may be difficult because it depends on the future benefits

that the owner expects to derive. These benefits may be very difficult to estimate in advance. In the absence of other information it may be necessary to value the originals by its costs of production, as in the case of many other kinds of output produced for own gross fixed capital formation.

Change in stock

27.145 It represents the value of the physical change in raw materials, work in progress (other than the work in progress in buildings which are included in fixed capital formation) and finished products, which are held by commercial enterprises.

Saving

27.146 The net saving of government companies and statutory corporations including the RBI and LIC, are estimated using the results of the analysis of the annual accounts of these companies and corporations. The net saving is obtained as an aggregate of net transfers to balance sheet and net transfers to reserve. Income/ expenditure relating to previous year and capital gains/losses are excluded. The net saving of the Banking Department of RBI is estimated as the sum of the annual changes in i) National Agricultural Credit (Long term Operations) Fund; ii) National Agricultural Credit (stabilisation) Fund and iii) National Industrial Credit (Long Term Operations) Fund. In the case of LIC, only the saving arising out of the surpluses other than those added to life fund and transferred to the government is considered.

Estimates at constant prices

Gross Domestic Product

27.147 The estimates of GDP for individual industrial categories at constant prices are prepared either by deflating the current price estimates with relevant price index numbers or by moving the base year estimates with the quantum indices of the volume of activities.

27.148 **Agriculture:** In the case of NDCUs the implicit price indices in respect of the total domestic product in agriculture is used for deflating the current prices estimates.

27.149 **Forestry & logging, fishing, mining & quarrying:** The estimates of GVA at current prices are deflated separately with the implicit price index of total GVA in the respective industries.

27.150 **Manufacturing:** The current price estimates are deflated by the price indices worked out from the data on sales of more important of the enterprises such as-Bharat Earth Movers Ltd., Bharat Heavy Electricals Ltd., Heavy

- Engineering Corporation Ltd., Hindustan Antibiotics Ltd., Hindustan Telephone Industries, Hindustan Teleprinters Ltd., Hindustan Steel Ltd., Visveswareya Iron & Steel Ltd., Indian Oil Corporation Ltd., Madras Refineries Ltd., Cochin Refineries Ltd., Indian Petrochemicals Corporation Ltd., Fertiliser & Chemicals (Travancore) Ltd., Fertiliser Corporation of India Ltd. and Rashtriya Chemicals & Fertilisers Ltd.
- 27.151 **Electricity, gas and water supply:** In the case of electricity the base year estimates of GDP are carried forward to other years with the help of quantum indices prepared from the data on quantity of energy sold by the public sector undertakings as available annually in Public Sector Electricity Supply-All India Statistics (CEA-Commercial Directorate of Ministry of Energy). For water supply, where the NDP consists of compensation of employees only, the current price estimates are deflated with the help of CPI of industrial workers. The estimates of CFC at constant prices are added to NDP at 1999-2000 prices to arrive at GDP at constant prices.
- 27.152 **Construction:** The overall implicit price index for construction sector is used to deflate the estimates of GDP at current prices.
- 27.153 **Trade, hotels and restaurants:** The base year estimates of GDP in respect of NDCUs are moved forward using the indicators of volume of goods handled in FCI. For DCUs in trade and NDCUs in hotels and restaurants the estimates of GDP at current prices are deflated by the implicit price index as worked
- out from the current and constant price estimates of GDP in the trade sector of NDCUs.
- 27.154 **Transport storage and communication:** The methodology for constant price estimates is discussed in the chapter 17.
- 27.155 **Banking & Insurance:** The methodology for constant price estimates is discussed in the chapter 18.
- 27.156 **Other services:** Value added in public sector activities from other services comprises mainly compensation of employees. The current price estimates for this sector are deflated by the CPI of industrial workers.
- Quality and limitations of data base**
- 27.157 One of the major limitations of estimates is the non-response in the case of some enterprises. Time-lag in finalisation of the annual accounts by some of the enterprises is another constraint. The estimates of gross product in respect of responding units are blown up with the ratio of the total PUC of all units to that of the responding units. The estimates of GCF and gross saving are worked out on the basis of trend analysis of the related components. The enterprise itself is taken as a statistical unit. In the case where the enterprise is engaged in more than one economic activity, the industry-wise estimates of domestic product and capital formation are prepared on the basis of the activity which forms the major source of value added.

**Domestic Product from Public Sector by type of Economic Activity
and by type of Institution, 1999-2000**

(Rs. Crore)

S. No.	Industry	GDP	NDP
1	agriculture, forestry & fishing	14092	9523
1.1	agriculture	11090	7159
1.1.1	departmental enterprises	10731	6946
1.1.2	non-departmental enterprises	359	213
1.2	forestry & logging	2981	2347
1.2.1	departmental enterprises	2741	2137
1.2.2	non-departmental enterprises	240	210
1.3	fishing	21	17
1.3.1	non-departmental enterprises	21	17
2	mining & quarrying	34191	25962
2.1	non-departmental enterprises	34191	25962
3	manufacturing	37476	27489
3.1	departmental enterprises	10209	8998
3.2	non-departmental enterprises	27267	18491
4	electricity, gas & water supply	48662	30305
4.1	administrative departments	3741	2110
4.2	departmental enterprises	3311	2176
4.3	non-departmental enterprises	41610	26019
5	construction	16381	15933
5.1	administrative departments	10608	10415
5.2	departmental enterprises	4755	4755
5.3	non-departmental enterprises	1018	763
6	trade, hotels & restaurants	5766	5536
6.1	trade	5474	5297
6.1.1	departmental enterprises	223	222
6.1.2	non-departmental enterprises	5251	5075
6.2	hotels & restaurants	292	239
6.2.1	non-departmental enterprises	292	239
7	transport, storage & communication	59806	44345
7.1	railways	21122	14627
7.1.1	departmental enterprises	21080	14690
7.1.2	non-departmental enterprises	42	-63
7.2	transport by other means	14618	11310
7.2.1	departmental enterprises	1569	1159
7.2.2	non-departmental enterprises	13049	10151
7.3	storage	474	415
7.3.1	non-departmental enterprises	474	415
7.4	communication	23592	17993
7.4.1	departmental enterprises	18691	13931
7.4.2	non-departmental enterprises	4901	4062
8	financing, insurance, real estate & business services	61228	59772
8.1	banking & insurance	60698	59761
8.1.1	Admn. Department (E. P. F. O.)	188	188
8.1.2	departmental enterprises	820	820
8.1.3	non-departmental enterprises	59690	58753
8.2	real estate & business services	530	11
8.2.1	administrative departments	530	11
9	community, social & personal services	179404	161987
9.1	public admn., defence & quasi govt bodies	122384	107036
9.1.1	public administration & defence	111740	98326
9.1.2	quasi government bodies	10644	8710
9.2	other services	57020	54951
9.2.1	administrative departments	54907	53221
9.2.2	departmental enterprises	1050	719
9.2.3	non-departmental enterprises	1063	1011
10	total	457006	380852
10.1	administrative departments	181714	164271
10.2	departmental enterprises	75180	56553
10.3	non-departmental enterprises	189468	151318
10.4	quasi government bodies	10644	8710

**Capital Formation in Public Sector by type of Economic Activity
and by type of Institution, 1999-2000**

(Rs. Crore)

GFCF	Change in stocks	GCF	INDUSTRY	NFCF	Change in stocks	NCF
8681	-11	8670	1	4112	-11	4101
7754	-38	7716	1.1	3823	-38	3785
6586	-42	6544	1.1.1	2801	-42	2759
1168	4	1172	1.1.2	1022	4	1026
929	27	956	1.2	295	27	322
859	5	864	1.2.1	255	5	260
70	22	92	1.2.2	40	22	62
-2	0	-2	1.3	-6	0	-6
-2	0	-2	1.3.1	-6	0	-6
9176	-588	8588	2	947	-588	359
9176	-588	8588	2.1	947	-588	359
10448	6579	17027	3	461	6579	7040
1420	-64	1356	3.1	209	-64	145
9028	6643	15671	3.2	252	6643	6895
31126	275	31401	4	12769	275	13044
3947	36	3983	4.1	2316	36	2352
1235	6	1241	4.2	100	6	106
25944	233	26177	4.3	10353	233	10586
1176	320	1496	5	728	320	1048
155	209	364	5.1	-38	209	171
0	0	0	5.2	0	0	0
1021	111	1132	5.3	766	111	877
364	6873	7237	6	134	6873	7007
317	6883	7200	6.1	140	6883	7023
6	0	6	6.1.1	5	0	5
311	6883	7194	6.1.2	135	6883	7018
47	-10	37	6.2	-6	-10	-16
47	-10	37	6.2.1	-6	-10	-16
22984	201	23185	7	7523	201	7724
5121	186	5307	7.1	-1374	186	-1188
4953	192	5145	7.1.1	-1437	192	-1245
168	-6	162	7.1.2	63	-6	57
3800	-106	3694	7.2	492	-106	386
470	2	472	7.2.1	60	2	62
3330	-108	3222	7.2.2	432	-108	324
134	115	249	7.3	75	115	190
134	115	249	7.3.1	75	115	190
13929	6	13935	7.4	8330	6	8336
12588	44	12632	7.4.1	7828	44	7872
1341	-38	1303	7.4.2	502	-38	464
6341	3	6344	8	4885	3	4888
4187	3	4190	8.1	3250	3	3253
1	0	1	8.1.1	1	0	1
4186	3	4189	8.1.2	3249	3	3252
2154	0	2154	8.2	1635	0	1635
2154	0	2154	8.2.1	1635	0	1635
38990	1672	40662	9	21573	1672	23245
34415	1408	35823	9.1	19067	1408	20475
30846	1408	32254	9.1.1	17432	1408	18840
3569	0	3569	9.1.2	1635	0	1635
4575	264	4839	9.2	2506	264	2770
4121	46	4167	9.2.1	2435	46	2481
371	-16	355	9.2.2	40	-16	24
83	234	317	9.2.3	31	234	265
129286	15324	144610	10	53132	15324	68456
41223	1699	42922	10.1	23780	1699	25479
28489	127	28616	10.2	9862	127	9989
56005	13498	69503	10.3	17855	13498	31353
3569	0	3569	10.4	1635	0	1635

Gross and Net Saving in Public Sector by type of Institution, 1999-2000

(Rs. Crore)

Item	1999-00
1 gross domestic saving	-15494
1.1 administrative departments	-102221
1.2 departmental enterprises	25540
1.3 non-departmental enterprises	58473
1.4 quasi government bodies	2714
2 consumption of fixed capital	76154
2.1 administrative departments	17443
2.2 departmental enterprises	18627
2.3 non-departmental enterprises	38150
2.4 quasi government bodies	1934
3 net domestic saving	-91648
3.1 administrative departments	-119664
3.2 departmental enterprises	6913
3.3 non-departmental enterprises	20323
3.4 quasi government bodies	780

**Final Consumption Expenditure of Administrative Departments
by Type of Authority, 1999-2000**

(Rs. Crore)

Item	1999-00
1 compensation of employees	157287
1.1 central government #	43304
1.2 state government @	93532
1.3 local authorities	20451
2 net purchase of commodities and services	63835
2.1 central government #	45543
2.2 state government @	11917
2.3 local authorities	6375
3 total (1 + 2)	221122
3.1 central government #	88847
3.2 state government @	105449
3.3 local authorities	26826
4 consumption of fixed capital **	17443
5 quasi government bodies	14179
6 total final consumption expenditure	252744

Includes Union Territories

* Excludes wage component of new construction.

@ Including National Capital Territory of Delhi & Pondicherry

** No provision is made in the Budget Documents for CFC; these are estimated through the Perpetual Inventory Method