

CHAPTER XIII

PUBLIC ADMINISTRATION AND DEFENCE

Coverage

13.1. Public administration and defence covers services rendered by the administrative department of the general government i.e. central and State governments, union territories, municipal corporations, municipalities, housing boards, improvement trusts, zila parishads/district and local boards and panchayati raj institutions. These services relate to the organs of state, collection of taxes, other fiscal services, interest payments and servicing of debt, defence services, administrative service⁶¹ (such as external affairs, police, jails, supplies and disposals, pensions) social and community services (viz. social security, welfare and relief on account of natural calamities) and economic services (e.g. agriculture, animal husbandry, industries and community development). The management of expenditure of various funds like those of central road fund, famine relief fund, labour welfare fund and the activities of the issue department of the Reserve Bank of India are also included. However, economic services like irrigation are included under respective industry groups. Thus irrigation system comes under "agriculture", construction activity undertaken by government under "construction" industry, education and medical and health services in "other services" industry group. The departmental commercial enterprises of government such as railways, posts and telegraphs, overseas communication service, forests, road transport, multi-purpose projects, navigation and drainage projects, power projects, distilleries, commercial broadcasting, milk supply schemes, manufacturing industries etc., as also the defence manufacturing establishments, government printing presses and port trusts are included in the appropriate industry groups.

13.2. By definition value added by public administration and defence comprises only compensation of employese (wages and salaries and pension payments). Wages and salaries in their turn cover pay, allowances (other than travel-

ling and daily allowances), honorarium of officers and staff, ration to defence and police personnel and uniforms of defence personnel. Pay and allowances of President, State Governors and Ministers are also included, while salaries and allowances of Members of Parliament and State Legislators are not included. Pension covers the actual amount of pension paid as also the commuted value of pension.

Methodology and Source Material

13.3.1. The sources of the data for estimation are the budget documents and annual accounts of central government, State governments, union territories and local authorities and the information available in the finance accounts, appropriation accounts and reports of the Comptroller and Auditor General of India. The estimates of net value added i.e. compensation of employees are obtained by analysing the budget documents and annual accounts. The data in respect of local bodies are available in budget documents/annual reports of municipal corporations, housing boards and improvement trusts. In case of municipalities and other local bodies, the data are not available. In such cases, the estimates are prepared by utilising the information on grants to various local bodies under different account heads available in State budget.

13.3.2. Budget documents contain data on receipts and disbursements for three consecutive years i.e., the budget estimates for the next year, the revised estimates for the current year and the actuals for the previous year. The estimates of compensation of employees for the current year are prepared using the revised estimates which are subsequently revised when information on actuals is published. The compensation of employees for the Issue Department of the Reserve Bank of India is obtained by allocating the total establishment expenditure of the Issue and Banking

⁶¹ Some administrative departments are excluded and are classified under relevant industries. These are public work housing, education, art and culture, medical services, family welfare, public health, sanitation, water supply, port and pilotage light houses and light ships and civil aviation.

Departments available in the profit and loss accounts of the RBI⁵².

13.4. Allowance for consumption of fixed capital is not estimated in the case of public administration and defence due to practical difficulties. As such, estimates of gross value added and net value added are taken to be the same.

Estimates at constant prices

13.5. The estimates of value added at constant prices are obtained from current price estimates after adjusting the same for the additional expenditure due to revisions in the pay scales, dearness allowance and other allowances (as compared to the base year) which are due to increase in the cost of living. Annual data on additional financial liability due to these revisions are obtained from the budget documents and also directly from government departments, wherever necessary.

Reliability, Objectivity and Current Status of Data

13.6. The budget documents are the main source of information on the activities of government administrative departments. These details generally give the necessary information for the preparation of the estimates of value added. Although the overall structure of the budget as prescribed is uniformly followed by the central and State governments, there are some variations in the presentation of details from State to State. Often more detailed information is available in the 'budget estimates' or 'revised estimates' than in the 'accounts'. In such cases, the actual expenditure on various items presented in the 'accounts' is allocated on the basis of the information available in the 'budget' or 'revised estimates' of the relevant year. In the case of local bodies, there is a considerable time lag in the availability of statewise consolidated accounts for most of the States. The consolidated accounts of panchayati raj institutions are also available for some States only.

⁵² Separate profit and loss accounts for the Issue and Banking departments are not available. The allocation is done on the basis of data obtained from the RBI directly.