

CHAPTER 23

PUBLIC SECTOR

Coverage

23.1 Public sector plays a vital and substantial role in growth and development of the national economy. The government have the control-financial and managerial- over a variety of economic activities. The objective of these activities being determined as a policy measure of the government-they differ widely in their cost structures and sources of finance and, therefore, their impact on the economy is significant. 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 the following groups:

- a. Producers of government services, viz., administrative departments of the government;
- b. Departmental enterprises viz., (i) Railways, (ii) Communication and (iii) Other departmental enterprises;
- c. Non-departmental enterprises viz., (i) Financial enterprises and (ii) Non-financial enterprises.

Administrative Departments of the Government

23.2 Producers of government services i.e., administrative departments comprise government departments, offices and other bodies of the 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.

Departmental Enterprises

23.3 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.

The following activities of the Government are classified as commercial enterprise activities:

- (i) Railways,
- (ii) Communication,
- (iii) Irrigation,
- (iv) Road & Water Transport,
- (v) Forests,
- (vi) Cinchona Plantation,
- (vii) Milk Supply,
- (viii) Printing Presses,
- (ix) Electricity,
- (x) Security Presses,
- (xi) Mints,
- (xii) Currency & Coinage,
- (xiii) Radio and Television Broadcasting,
- (xiv) Ordnance Factories,
- (xv) Civil Aviation and
- (xvi) Manufacturing.

Non-departmental Enterprises

23.4 Non-departmental enterprises also referred to as Non-departmental Commercial Undertakings (NDCUs) comprise of (i) government companies (in which not less than 51 per cent of the PUC is held by the central government or state government or partly by the central government and partly by one or more state governments) and subsidiaries of government companies; and (ii) statutory corporations set up under special enactments of Parliament or State Legislatures (such as Oil and Natural Gas Commission, Damodar Valley Corporation, FCI, IAAI, Road Transport Corporations, Warehousing Corporations, Electricity Boards, Nationalised Banks, LIC, etc.). The NDCUs differ from the DCUs in that they hold and manage the financial assets and liabilities as well as the tangible assets involved in their business. These enterprises have separate Boards of Directors and present profit and loss accounts and balance sheets as in the case of private corporate sector. These enterprises have been divided into two categories viz., (i) financial enterprises and (ii) non-financial enterprises. The financial enterprises comprise (i) the nationalised banks and the banking department of RBI, (ii) financial corporations, (iii) LIC, GIC and its subsidiaries and Employees State Insurance Corporation (ESIC). The non-financial enterprises consist of all other undertakings/ enterprises of central, state, union territory governments and local authorities under the industry groups 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.

Public Sector accounts

Sources of Data

23.5 For various transactions of the producers of government services and DCUs, the budget documents consisting of financial statement and demands for grants of all the ministries/ departments of the central, state governments as well as local authorities form the major source of data. However, the budget documents of all local authorities in urban and rural areas are not available. For preparation of the estimates published data in respect of major urban local bodies and the data directly collected analysed by some of the DESs alongwith the data on current and capital grants to local bodies available in the central and state government budgets are made use of. For rest of the states and union territories data on both current and capital grants, to the local authorities by the respective state governments available from the budget documents of state governments are utilised. In the case of non-departmental enterprises the annual reports giving the profit and loss accounts and balance sheets obtained from the individual undertakings form the basis. The coverage of these undertakings is more or less complete.

Economic Analysis of Data

23.6 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. These accounts are published every year in the NAS. A special publication entitled 'Transactions of Public Sector, 1960-61-1979-80 giving institution/industry-wise detailed accounts was brought out by the CSO in 1983. 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. 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 tracing their inter-relationship with other major sectors of the economy. For the preparation of economic accounts of administrative departments, DCUs and NDCUs at current prices the data contained in the budget documents and the annual reports of the NDCUs are analysed in detail as discussed in the following paras. The administrative departments, DCUs and NDCUs are classified into various industrial categories according to the nature of their economic activities. 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.

Administrative departments & departmental enterprises

23.7 The 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 of the Government, draft made by the Government on various resources of the economy and Government's contribution to the generation of national/state income. Each transaction in the budget documents is, therefore, sorted out, reclassified and regrouped into meaningful economic categories.

23.8 The classification of government transactions basically follows the technique of social accounting and group together similar types of transactions of the government after eliminating all internal transfers. The revenue account in the budget, for example, shows certain transfers to and from the capital account, which are mere 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. 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.

23.9 It is only after reclassification and regrouping on the lines indicated above that it will be 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.

23.10 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.

23.11 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.

Non-departmental enterprises

23.12 The annual accounts containing the profit and loss account and the balance sheet obtained from the individual enterprises are analysed for preparation of the economic accounts in respect of the non-departmental enterprises in various industry groups. The Production, Income & Outlay and Capital Finance Accounts of financial and non-financial sub-sectors of non-departmental enterprises are prepared by consolidating the accounts of individual enterprises within different industry groups.

23.13 The data contained in the profit and loss accounts which give details of income and expenditure incurred by the enterprises during the accounting year are appropriately classified under the two accounts, viz., production account and income and outlay account. The production account is strictly concerned with items of income and expenditure relating to the production activity of the enterprises during the year. Remaining items of income and expenditure in the profit and loss account are accounted for in the income and outlay account. The estimate of saving, which is defined as the excess of income over expenditure is obtained from the income and outlay account. The capital finance account is prepared from the data available in the balance sheet including the schedule of fixed assets. The transactions during the year are derived as the difference between the closing and the opening figures shown under various heads.

23.14 Some of the big enterprises present in the initial stages an account entitled 'expenditure during construction account'. This account gives details of expenditure on payment of salaries and wages, provident fund, purchase of materials etc., and allowances for depreciation during the period of setting up of the enterprise. The expenditures under this head are subsequently transferred to balance sheet and successively written off in the profit and loss account over a number of years and partly recorded as additions to fixed assets. On examination of the accounts of a number of such enterprises, it has been observed that in most cases the whole of the expenditure is added to fixed assets although there is a time lag between the incurring of such expenditure and its being changed as fixed assets in the accounts of the enterprises. Such expenditures are therefore assigned to fixed assets in the year in which incurred and this account is merged with production account of the enterprises. The various expenditures are included in inputs and the value of 'own account capital formation' is taken as the output.

23.15 As in case of other industries if the output of banks, insurance and similar financial institutions were taken equivalent only to the actual service charges which are not even sufficient to meet the current input expenses, their operating surplus, and perhaps even their value added would be negative. Imputed service charges as discussed in para 23.52 are, therefore, taken into account in addition to the charges actually paid by the customers.

Compilation of Accounts

Production account of producers of government services

Gross inputs

23.16 **Intermediate consumption:** This item includes all contingent expenditures 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. As per the recommendations of the UN, rent in such cases may be imputed. But this exercise could not be taken up so far.

23.17 **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.

23.18 **Pensions:** Conceptually, appropriation to the pension fund should actually be treated as wages and salaries and not the actual pension payments. However, no pension fund is being operated by the Govt. In the absence of any information on appropriation during the year, the actual pension payments are treated as wages and salaries.

23.19 **Consumption of fixed capital:** The estimates of CFC in the case of administrative departments has been discussed in chapter 22 on consumption of fixed capital.

Gross output

23.20 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 sales of goods and services. This item is carried forward to the income and outlay account as final consumption expenditure of the government.

Production account of departmental enterprises

23.21 In line with the recommendations of the UN 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.

23.22 The three accounts are prepared for these two activities on the lines as explained in the case of non-departmental non-financial enterprises. The definitions adopted have been discussed there in detail. Two points which deserve special mention are 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 the expected life of the 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.

23.23 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 gross output side includes the value of sales of goods and services and the imputed irrigation receipts. The 'Imputed irrigation receipts' are equal to the losses incurred on the irrigation systems and these are finally adjusted as subsidy in the Income and Outlay Account of the Administrative Departments including DCU's other than Railways and Communication.

Income & outlay account of Administrative Departments including DCUs other than Railways and Communication

23.24 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. The items included in this account are explained in subsequent paragraphs.

Disbursements

23.25 **Final consumption expenditure:** This is obtained from the production account of the producers of government services as the sum total of compensation of employees, net purchase of goods and services and CFC.

23.26 Interest on public debt: 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 are classified separately. These do not accrue to the public and are merely inter-departmental or inter-account transfers which ultimately get cancelled.

23.27 Subsidies: 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 where the operating losses are very high.

23.28 Current transfers: 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 remain.

23.29 Inter-government accounting adjustment: 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.

23.30 Saving on current account: 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.

Receipts

23.31 Profits: This flow records the income receivable by the Government from other DCUs. This is obtained from the Production Account of the other departmental enterprises.

23.32 **Interest:** 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.

23.33 **Other property receipts:** The items covered here are rents, royalties and dividends.

23.34 **Direct taxes:** 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 this classification.

23.35 **Indirect Taxes:** 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, 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.

23.36 **Miscellaneous receipts:** These receipts are in the nature of fees, fines and forfeitures which are paid by the households.

Capital finance account of Administrative Departments including other Departmental Enterprises

23.37 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 have been given separately whereas the sources of finance are common to both. Concepts of important items in this account are given discussed in the following paras.

Gross investment

23.38 **Change in stocks:** Change in stocks 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 stocks 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 is, taken as change in stocks. This has been the practice all along. But on a detailed analysis the change in stocks 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.

23.39 Gross fixed capital formation: 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 and other construction and machinery and equipment. 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.

23.40 Net purchase of second hand physical assets: 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.

23.41 Capital transfers, net: 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

23.42 Saving: The saving on current account is directly obtained from the Income and Outlay Account.

23.43 Net borrowings: Items like internal debt, small savings, provident fund etc., are included here.

23.44 Other liabilities: 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.

Production account of Non-departmental Enterprises

Gross input

23.45 Intermediate consumption: This covers the value of goods and services used by the enterprise in production including repairs and maintenance of the fixed assets, expenses on development and prospecting (small accounts only), as well as indirect outlays on financing capital formation such as flotation cost of loans, transfer costs involved in purchase or sale of

land, intangible assets and financial claims. Value of goods and services include expenses on raw materials, stores and spare parts, loose tools written off, power and fuel, water, packing materials, freight charges, handling and inspection charges, advertisement expenses, insurance premium, printing expenses, postage, telegraph and telephone expenses, auditors' fees, legal expenses, rates and taxes, bank charges and similar other charges.

23.46 Compensation of employees: It includes wages and salaries, allowances, bonus and gratuity etc., paid by enterprises either in cash or in kind. Also included are contributions by employers to employees' provident fund and other social security schemes like Workmen's Compensation and other staff welfare expenses.

23.47 Operating surplus: Operating surplus is estimated as gross output less the sum of intermediate consumption, compensation of employees, CFC and indirect taxes reduced by subsidies.

23.48 Consumption of fixed capital: This represents the replacement cost of fixed assets used during the year as a result of normal wear and tear, foreseen obsolescence and the normal rates of accidental damage. It is estimated on the basis of the value and expected life of fixed assets as discussed in Chapter 22 on consumption of fixed capital.

23.49 Indirect taxes: Excise duty, sales tax, cess and customs duty etc., are shown under this head.

23.50 Subsidies: 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 foodgrains on behalf of the government is also included under this head.

Gross output

23.51 Sales: value of sales of goods and services as appearing in the profit and loss accounts of the enterprises covers the sale of manufactured goods in the case of the manufacturing enterprises, sale of coal and other minerals in the case of mining enterprises, value of work done in the case of construction enterprises, traffic revenue in the case of transport enterprises, warehousing charges in respect of warehousing corporations and sale of electricity and meter rent in the case of electricity boards etc. For trading enterprises the sales comprise the total value of the turnover. Sales together with the value of **change in stocks of finished and semi-finished goods, works in progress and the value of own account fixed capital formation** is equal to gross output.

23.52 Imputed value of service charges of the financial enterprises: In case of financial enterprises the value of sales is taken equivalent to the imputed value of services and other receipts. Imputed value of services in case of banks and similar financial institutions is equal to the interest and dividend received minus interest paid. Other receipts include commission, exchange, brokerage, commitment and underwriting charges, discount received and miscellaneous fees and sundry receipts. The premia charged by insurance institutions consist of payments for the service of insuring, risk of insuring in case of casualty insurance and also a substantial amount of saving allocable to the household sector in case of life insurance. In

ascertaining the gross value of services rendered by insurance institutions it is, therefore, necessary to separate out the charge for service of insuring from other components of premium. In case of casualty insurance including ESIC the service charge is equivalent to the difference between the premia received and claims paid. In the case of life insurance, the service charge is considered to be equivalent to the excess of receipts on account of premia, annuities less reinsurance over the payments on account of claims, surrenders, annuities less reinsurance and the net additions to the life fund in respect of net increase in accruing liabilities. These net additions to life fund represent the saving of the household sector. Incomes from investment and interest receipts less interest paid (if any) are also included while working out the total imputed value of service charges which accounts for the purely financial services rendered partly by the insurance enterprises.

Income and outlay account of non-departmental enterprises

Disbursements

23.53 **Property income:** This comprises interest, dividends, rents and royalties

23.54 **Interest:** It represents interest paid on borrowed capital. Interest paid to depositors in case of financial institutions other than insurance and allocation of profits to central Govt. and bonus to policy holders in case of LIC are also classified under this head.

23.55 **Dividend:** This consists of the dividends declared by the enterprises on its share capital.

23.56 **Rent and royalties:** This refers to the property income paid by enterprises in respect of rent on building and other structures. Quite often information on rent and buildings is not available separately in the accounts of enterprises and is mixed up with 'rates and taxes'. In such cases the entire amount is treated as rent assuming that the elements of rates and taxes are negligible. This item also includes payments made by the enterprises for royalties on account of mining rights etc.

23.57 **Direct taxes:** As separate data on the payments are not available, direct tax payments by the enterprises are assumed to be equal to the provision for such taxes made by them in their profit and loss account.

23.58 **Current transfers n.e.c.:** Items like donations, bad debts written off in case of banking and non-banking financial enterprises, claims, surrenders and annuities less reinsurance and net premium received in case of insurance enterprises are treated as current transfers.

23.59 **Saving:** It is the balancing item in the income and outlay account and represents the difference between the receipts and the disbursements. Gains and losses associated with transactions in fixed assets are not taken into account and are therefore excluded from the estimates of saving.

Receipts

23.60 **Operating surplus:** This is transferred from the production account.

23.61 Property income: As above **Capital finance account of non-departmental enterprises**

Gross investment

23.62 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. It may be noted that this is different from that mentioned above, which is obtained from the profit and loss account and is restricted to the change in stocks on finished and semi-finished goods and work in progress only.

23.63 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.

23.64 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

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

23.66 Consumption of fixed capital: This is transferred from the production account and is a source of finance for gross accumulation.

23.67 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.

23.68 Net borrowing: This is a balancing item in the upper and lower panel of the capital finance account.

Net acquisition of financial assets

23.69 Cash balance: This is cash balance with the enterprises.

23.70 Bank balance: This is self-explanatory.

23.71 Investment: Investments are in the form of government securities or in the form of shares of subsidiaries and others.

23.72 Loans and advances: These are loans to employees, advance income tax etc.

23.73 **Foreign assets:** This includes the bank deposits in foreign countries.

23.74 **Other domestic assets:** This includes sundry debtors, credit advance, security deposit on account of electricity etc.

Net incurrence of liabilities

23.75 **Paid up capital:** This is the share capital raised by the enterprises.

23.76 **Loans:** This is self-explanatory

23.77 **Foreign liabilities:** This includes loans received from foreign governments and institutions, international monetary institutions like IBRD etc. Also included are deferred payment to foreign countries.

23.78 **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.

Estimates at current prices

Gross Domestic Product

23.79 As discussed in paragraph 15.2 the GDP from government administrative departments comprises the compensation of employees and CFC only. In the case of DCUs and NDCUs, GDP at factor cost is obtained as the sum of compensation of employees and operating surplus gross of 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 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. The estimates in the case of NDCUs are obtained by analysing the annual accounts contained in their reports as discussed in the earlier paragraphs.

Final Consumption Expenditure of Administrative Departments

23.80 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. The estimates of CFC as mentioned earlier are worked out separately and have been discussed in Chapter 22.

Gross Domestic Capital Formation

23.81 This is the sum of gross expenditure on fixed assets and change in stocks. 'Change in stock' have already been discussed in paragraphs 23.38 and 23.51. Fixed assets include 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:

23.82 **Buildings:** This gives expenditure incurred during the year on factory or office buildings, or residential quarters constructed for the staff. 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.

23.83 **Roads and bridges:** Expenditure on laying of roads, railway lines, railway bridges and supporting structures.

23.84 **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.

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

23.86 **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.

23.87 **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.

23.88 **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.

23.89 **Net purchase of second-hand physical assets:** Is self-explanatory. Expenditure by type of assets under this head are allocated to their relevant categories in the final estimates.

Saving

23.90 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. 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

23.91 The estimates of GDP for individual industrial categories at 1980-81 prices are prepared either by deflating the current price estimates with the relevant price index numbers or by moving the base year estimates with the quantum indices of the volume of activities.

23.92 **Agriculture:** Under 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. 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.

23.93 **Forestry & logging, fishing, mining & quarrying:** In these industry groups for DCUs as well as NDCUs the estimates of GVA at current prices are deflated separately with the implicit price index of total GVA in the respective industries.

23.94 **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.

23.95 **Electricity, gas and water supply:** In the case of electricity the base year (1980-81) 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 1980-81 prices to arrive at GDP at constant prices.

23.96 **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 1980-81 prices are added to arrive at the estimates of GDP. For non-departmental construction enterprises, however, the overall implicit price index for construction sector is used to deflate the estimates of GDP at current prices.

23.97 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, STC, MMTC, Cotton Corporation of India and Indo-Burma Petroleum Corporation. 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.

23.98 Transport (rail, road, air, water, port trusts, ports and pilotage etc.), storage and communication, banking & insurance and public administration & defence: the methodology for constant price estimates is discussed in the respective chapters.

23.99 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

23.100 Estimates of Government Final Consumption Expenditure at 1980-81 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 using the CPI of industrial workers. Estimates of purchase of commodities and services net of sales are obtained by deflating current price figures by the corresponding weighted price indices of items of expenditure. For commodities, EA's Index Numbers of Wholesale Prices 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.

23.101 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

23.102 Estimates of GCF at 1980-81 prices in public sector are compiled separately for (i) GFCF and (ii) change in stocks. Estimates of GFCF at 1980-81 prices are prepared on the basis of PIM discussed in chapter on domestic capital formation. Estimates of change in stock at 1980-81 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 EA's index number of whole sale prices in respect of electricity are used to deflate the current price estimates.

23.103 Specimen formats of the Economic Accounts of Administrative Departments and the Enterprises are given as Appendices 23.1 to 23.6 and estimates of GDP, GDCF and saving in respect of public sector and final consumption expenditure of the Administrative departments for the year 1980-81 are given as Tables 23.1 to 23.4.

Purpose classification of the expenditure of administrative departments

23.104 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.

23.105 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;
- (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.

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 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).

23.106 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.

23.107 Inter-government transfers, by nature of transactions, get excluded. But because of the fact that local authorities are not included in this classification, 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.

23.108 The purpose classification is in conformity with the major categories recommended in the SNA which are

- (i) general public services,
- (ii) defence,
- (iii) education,
- (iv) health,
- (v) social security and welfare services,
- (vi) housing and other community amenities,
- (vii) cultural, recreational and religious services,
- (viii) economic services, and
- (ix) other purposes.

These major categories have been split into minor heads. In the present series some adjustments have been made in the minor categories. As against 30 minor heads recommended in the SNA the major categories mentioned above have been divided into 19 minor heads only. Atomic energy has been introduced here as a new minor head. It is not given in the classification recommended in the SNA. The list of major and minor purpose categories is as under:-

List of purpose categories

- 1. general public services
 - 1.1 general administration, external affairs, public order and safety.
 - 1.2 general research.
- 2. defence
- 3. education
 - 3.1 administration, regulation & research.
 - 3.2 schools, universities, and institutions including subsidiary services.
- 4. health
 - 4.1 administration, regulation & research.
 - 4.2 hospitals, clinics and individual health services.
- 5. social security and welfare services.
- 6. housing and other community amenities.
- 7. cultural, recreational and religious services.
- 8. economic 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 water.
 - 8.5 atomic energy.
 - 8.6 transport and communication.
 - 8.7 other economic services.
- 9. other purposes
 - 9.1 relief on calamities.
 - 9.2 expenditure n.e.c.

23.109 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. It may be pointed out here that the estimates of CFC worked out independently are added to the value of output of the producers of 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 non-adjustment of CFC in respect of the administrative departments.

Quality and limitations of Data base

Administrative Departments and Departmental Enterprises

23.110 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 do 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 render the reconciliation of entries difficult. Sometimes itemwise 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.

Local Authorities

23.111 In pursuance of the recommendations of the Fourth Conference of Central and State Statistical Organisations held at Lucknow in September 1979 a high level Working Group was set up to examine the status of local authorities statistics in India. The working group recommended in 1981 that the DESs should be responsible for collection and compilation of statistics in respect of urban and rural local authorities. Although 17 states have initiated collection of data on local authorities, only in respect of 4 states viz., Uttar Pradesh, Haryana, Himachal Pradesh and Punjab up-to-date data are available. For the remaining states there is considerable time-lag in data collection. The estimates in respect of local authorities for which the current data are not available are prepared on the basis of data on grants to local authorities under different account heads in the state budgets. Thus, information available for local authorities is not adequate for economic classification of various items.

Non-departmental Enterprises

23.112 One of the major limitations of estimates is the non-response in 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 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.

APPENDIX 23.1: Production account of producers of government services

Item	Item
1. Intermediate consumption	5. Output of goods & services
5.1 Services produced for own use	
2. Compensation of employees	5.2 Sale of goods & services
2.1 Wages & salaries	
2.2 Pensions	
3. Depreciation	
4. Gross Input	6. Gross Output

APPENDIX 23.2: Income and outlay account of Administrative Departments including Departmental Enterprises other than Railways and Communication

Item	Item
1. Final consumption expenditure	8. Income from entrepreneurship & property
	8.1 Profits
2. Interest on public debt	8.2 Income from property
	8.2.1 Interest receipts
3. Subsidies/receipts	8.2.2 Other property
4. Current transfers	9. Direct taxes
4.1 To the rest of the world	9.1 Corporation taxes
4.2 To other sectors	9.2 Land revenue
	9.3 Other taxes
5. Inter government accounting adjustment	10. Indirect taxes
	10.1 Customs
6. Saving	10.2 Excise
	10.3 Sales tax
	10.4 Stamps
	10.5 Other taxes and duties
	11. Miscellaneous receipts
7. Disbursements	12. Receipts

APPENDIX 23.3: Capital finance account of Administrative Departments including Departmental Enterprises other than Railways and communication

Item	Item
1. Change in stocks	6. Saving
1.1 Administrative departments	
1.2 Departmental enterprises	7. Consumption of fixed capital
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
	9.1 At home
3. Net purchase of second hand physical assets including land	9.2 Abroad
3.1 Administrative departments	10. Other liabilities
3.2 Departmental enterprises	
4. Capital transfers	
4.1 To the rest of the world	
4.2 To other sectors	
5. Disbursements	11. Receipts

APPENDIX 23.4 : Production account of enterprises

Item	Item
1. Intermediate Consumption	8. Sale of goods and services
2. Compensation of employees	9. Change in stocks
3. Operating surplus	10. Own account fixed capital formation
4. Consumption of fixed capital	
5. Indirect taxes	
6. Less subsidies	
7. Gross Input	11. Gross output

APPENDIX 23.5: Income and outlay account of enterprises

Item	Item
1. Property income	6. Operating surplus
1.1 Rent and royalties	
1.2 Interest	7. Property income
1.3 Dividends	7.1 Rent and royalties
	7.2 Interest
2. Direct tax payments	7.3 Dividends
3. Current transfers n.e.c.	8. Current transfers n.e.c
4. Saving	
5. Disbursements	9. Receipts

APPENDIX 23.6: Capital finance account of enterprises

Item	Item
1. Change in stocks	5. saving
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	
10. Cash balance	17. Paid up capital
11. Bank balance	18. Loans from
12. Investment in shares and securities	18.1 Government
	18.2 Financial institutions
13. Loans and advances	18.3 Non-financial institutions
	18.4 Others
14. Foreign assets	19. Foreign liabilities
15. Other domestic assets	20. Other domestic liabilities
16. Net Acquisition of Financial Assets	21. Net Incurrence of Liabilities

TABLE 23.1 : Domestic product from public sector by type of economic activity and by type of institution, 1980-81

(Rs. crore)

Industry	GDP	CFC	NDP
(1)	(2)	(3)	(4)
1. Agriculture, forestry & fishing	1357	364	993
1.1 Agriculture	922	333	589
1.1.1 Departmental enterprises	838	322	516
1.1.2 Non-departmental enterprises	84	11	73
1.2 Forestry & logging	435	31	404
1.2.1 Departmental enterprises	424	30	394
1.2.2 Non-departmental enterprises	11	1	10
1.3 Fishing	0	0	0
1.3.1 Departmental enterprises	0	0	0
1.3.2 Non-departmental enterprises	0	0	0
2. Mining & quarrying	1715	350	1365
2.1 Departmental enterprises	0	0	0
2.2 Non-departmental enterprises	1715	350	1365
3. Manufacturing	2823	1029	1794
3.1 Departmental enterprises	9	137	-128
3.2 Non-departmental enterprises	2814	892	1922
4. Electricity, gas & water supply	1878	1120	758
4.1 Administrative departments	144	84	60
4.2 Departmental enterprises	87	155	-68
4.3 Non-departmental enterprises	1647	881	766
5. Construction	993	70	923
5.1 Administrative departments	372	40	332
5.2 Departmental enterprises	494	0	494
5.3 Non-departmental enterprises	127	30	97
6. Trade, hotels & restaurants	824	28	796
6.1 Trade	782	19	763
6.1.1 Departmental enterprises	0	0	0
6.1.2 Non-departmental enterprises	782	19	763
6.2 Hotels & restaurants	42	9	33
6.2.1 Departmental enterprises	15	0	15
6.2.2 Non-departmental enterprises	27	9	18

Continued..

TABLE 23.1 : Domestic product from public sector by type of economic activity and by type of institution, 1980-81

(Rs. crore)			
Industry	GDP	CFC	NDP
(1)	(2)	(3)	(4)
7. Transport, storage & communication	3104	1252	1852
7.1 Railways	1123	565	558
7.2 Transport by other means	1150	495	655
7.2.1 Departmental enterprises	94	61	33
7.2.2 Non-departmental enterprises	1056	434	622
7.3 Storage	33	7	26
7.3.1 Departmental enterprises	0	0	0
7.3.2 Non-departmental enterprises	33	7	26
7.4 Communication	798	185	613
7.4.1 Departmental enterprises	798	185	613
7.4.2 Non-departmental enterprises	0	0	0
8. Financing, insurance, real estate & business services	2931	71	2860
8.1 Banking & insurance	2892	33	2859
8.1.1 Departmental enterprises	26	0	26
8.1.2 Non-departmental enterprises	2866	33	2833
8.2 Real estate & business services	39	38	1
8.2.1 Administrative departments	39	38	1
8.2.2 Departmental enterprises	0	0	0
8.2.3 Non-departmental enterprises	0	0	0
9. Community, social & personal services	8546	611	7935
9.1 Public administration & defence	5794	487	5307
9.2 Other services	2752	124	2628
9.2.1 Administrative departments	2671	115	2556
9.2.2 Departmental enterprises	21	6	15
9.2.3 Non-departmental enterprises	60	3	57
10. Total	24171	4895	19276
10.1 Administrative departments	9020	764	8256
10.2 Departmental enterprises	3929	1461	2468
10.3 Non-departmental enterprises	11222	2670	8552

TABLE 23.2: Domestic capital formation in public sector by industry of use and by type of institution, 1980-81

(Rs. crore)

Industry	GDCF	CFC	NDCF
(1)	(2)	(3)	(4)
1. Agriculture, forestry & fishing	1937	364	1573
1.1 Agriculture	1835	333	1502
1.1.1 Departmental enterprises	1779	322	1457
1.1.2 Non-departmental enterprises	56	11	45
1.2 Forestry & logging	102	31	71
1.2.1 Departmental enterprises	93	30	63
1.2.2 Non-departmental enterprises	9	1	8
1.3 Fishing	0	0	0
1.3.1 Departmental enterprises	0	0	0
1.3.2 Non-departmental enterprises	0	0	0
2. Mining & quarrying	1166	350	816
2.1 Departmental enterprises	0	0	0
2.2 Non-departmental enterprises	1166	350	816
3. Manufacturing	3136	1029	2107
3.1 Departmental enterprises	149	137	12
3.2 Non-departmental enterprises	2987	892	2095
4. Electricity, gas & water supply	2957	1120	1837
4.1 Administrative departments	307	84	223
4.2 Departmental enterprises	260	155	105
4.3 Non-departmental enterprises	2390	881	1509
5. Construction	257	70	187
5.1 Administrative departments	15	40	-25
5.2 Departmental enterprises	0	0	0
5.3 Non-departmental enterprises	242	30	212
6. Trade, hotels & restaurants	-291	28	-319
6.1 Trade	-308	19	-327
6.1.1 Departmental enterprises	0	0	0
6.1.2 Non-departmental enterprises	-308	19	-327
6.2 Hotels & restaurants	17	9	8
6.2.1 Departmental enterprises	1	0	1
6.2.2 Non-departmental enterprises	16	9	7

TABLE 23.2: Domestic capital formation 1n public sector by industry of use and by type of institution, 1980-81

(Rs. crore)

Industry	GDCF	CFC	NDCF
(1)	(2)	(3)	(4)
7. Transport, storage & communication	1910	1252	658
7.1 Railways	856	565	291
7.2 Transport by other means	695	495	200
7.2.1 Departmental enterprises	74	61	13
7.2.2 Non-departmental enterprises	621	434	187
7.3 Storage	18	7	11
7.3.1 Departmental enterprises	0	0	0
7.3.2 Non-departmental enterprises	18	7	11
7.4 Communication	341	185	156
7.4.1 Departmental enterprises	341	185	156
7.4.2 Non-departmental enterprises	0	0	0
8. Financing, insurance, real estate & business services	281	71	210
8.1 Banking & insurance	111	33	78
8.1.1 Departmental enterprises	0	0	0
8.1.2 Non-departmental enterprises	111	33	78
8.2 Real estate & business services	170	38	132
8.2.1 Administrative departments	170	38	132
8.2.2 Departmental enterprises	0	0	0
8.2.3 Non-departmental enterprises	0	0	0
9. Community, social & personal services	2647	611	2036
9.1 Public administration & defence	2277	487	1790
9.2 Other services	370	124	246
9.2.1 Administrative departments	332	115	217
9.2.2 Departmental enterprises	12	6	6
9.2.3 Non-departmental enterprises	26	3	23
10. Total	14000	4895	9105
10.1 Administrative departments	3101	764	2337
10.2 Departmental enterprises	3565	1461	2104
10.3 Non-departmental enterprises	7334	2670	4664

TABLE 23.3: Gross and net saving by type of institution for 1980-81

Item	(Rs. crore)
(1)	(2)
1. Gross domestic saving	4654
1.1 Administrative departments	2559
1.2 Departmental enterprises	245
1.3 Non-departmental enterprises	1850
2. Consumption of fixed capital	4895
2.1 Administrative departments	764
2.2 Departmental enterprises	1461
2.3 Non-departmental enterprises	2670
3. Net domestic saving	-241
3.1 Administrative departments	1795
3.2 Departmental enterprises	-1216
3.3 Non-departmental enterprises	-820

TABLE 23.4: Final consumption expenditure of Administrative Departments by type of authority, 1980-81

Item	(Rs. crore)
(1)	(2)
1. Compensation of employees *	8037
1.1 Central government @	2399
1.2 State government	4358
1.3 Local authorities	1280
2. Net purchase of commodities and services	4283
2.1 Central government	2190
2.2 State government	1671
2.3 Local authorities	422
3. Total (item 1+ item 2)	12320
3.1 Central government	4589
3.2 State government	6029
3.3 Local authorities	1702
4. Consumption of fixed capital **	764
5. Total consumption expenditure	13084

@ - Includes union territories

* - Excludes wage component of new construction

** - No provision is made in the Budget documents for consumption of fixed assets of the Central/State governments & local authorities. This has been worked out from the estimated value of capital stock and the expected age of various types of assets at the aggregate level as discussed in chapter 22.