

**Analysis of the Growth and Structure of
Non-Developmental Expenditure of the
Centre, the States and Union Territories:
1950-51 To 1984-85.**

Dissertation submitted to the Jawaharlal Nehru University
in partial fulfilment of the requirements for
the award of the Degree of
MASTER OF PHILOSOPHY

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1986**

20 July 1986

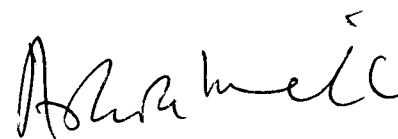
C E R T I F I C A T E

Certified that the dissertation entitled "ANALYSIS OF THE GROWTH AND STRUCTURE OF NON-DEVELOPMENTAL EXPENDITURE OF THE CENTRE, THE STATES AND UNION TERRITORIES: 1950-51 TO 1984-85" submitted by Mr. T. Ravi Kumar in partial fulfilment for the award of the Degree of MASTER OF PHILOSOPHY has not been previously submitted for any other degree of this or any other University. To the best of our knowledge this is a bonafide work.

We recommend this dissertation be placed before the examiners for evaluation.



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Supervisor



(PROFESSOR ASHOK MATHUR)
Chairman

A C K N O W L E D G E M E N T

I am deeply indebted to my supervisor, Professor A.K. Mathur, for the tolerance and understanding he showed throughout the period of my M.Phil. Without this understanding my work would not have been completed.

Secondly, I am extremely grateful for the encouragement and active support extended to me by my colleagues and friends. Special mention must be made of Sucharita Sen, S. Panigrahi, G.V.C. Naidu, T. Rabishankar and K.V. Divakaran. Mention must also be made of the help rendered by A.S. Feroz, Hemkhotang, S.P. Padhee and K. Subramanian. I am also thankful to Mr. Harish Kumar for his patient and correct work in typing out the manuscript.

Finally I would like to thank U.G.C. for providing me J.R.F. to carry out the research.

T. Ravikumar

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Chapter I

INTRODUCTION

Although economists had been paying some attention to the State for a long time it was primarily in relation to tax-problems and it was not before the 1950s that a new sustained interest developed in the field of public expenditure.

Economists have long recognised the employment and income effects of variations in the magnitude of public expenditure. It is only recently after the emergence of the newly independent countries in the late 1940s and 1950s that significant attention began to be paid not only to the volume of public expenditure but also to its composition. In the less developed countries (LDCs) the task of reorganising the structure of their economies and promoting faster growth has led to greater state intervention and programmes of higher and higher public expenditure since/come to be generally recognised that the State plays an indispensable role in providing various forms of social overhead capital and stimulating economic activity which contribute directly to economic growth and which, in the absence of state intervention might not have been provided at all.

In recent years there have appeared numerous studies analysing the growth of public expenditure¹. Two broad

1. Among others, Peacock A.T. and Wiseman, J., (1967) Growth of Public Expenditure in U.K., 1890-1955, London, George Allen and Unwin; J.E. Pluta, "Growth and Pattern of U.S. Government Expenditures; 1956-72", National Tax Journal, Vol. XXVII, March 1974, pp. 71-92; F.L. Pryor (1967) Public Expenditures in Communist and Capitalist Countries, New Haven, Yale

approaches are possible in studies of public expenditure. The positive approach deals with empirical questions about the behaviour of measurable variables. The corpus of a positive theory of public expenditure are analysis of the composition of public spending, the factors and determinants influencing the public expenditure, the time pattern of their growth². The second or the normative approach deals primarily with questions about the optimality of the public expenditure undertaken. This approach helps us in determining whether there have been optimal allocations of resources both in terms of magnitudes and in terms of allocation between various kinds of expenditure.

Recent and empirical research using time series data has amassed considerable evidence to suggest that not only the size of public sector (and consequently public spending) has increased with time in absolute terms but also relatively vis-a-vis other sectors³. Again, in the studies examining the determinants of public expenditure, two broad approaches can

University Press; Andre. C and Delorme, R. "The Long-run growth of Public Expenditure in France" Public Finance, Vol.XXXIII, No.1-2, 1978, pp.42-67; Mahar D.J. and Rezende F.A. "The Growth and Pattern of Public Expenditure in Brasil: 1920-1969" Public Finance Quarterly, Vol.3, No.4, Oct. 1975, pp. 380-399.

2. Pryor F.L., "Public Expenditures in Communist and Capitalist Countries", New Haven, 1967, Yale University Press.
3. Among others, Peacock A.T., and Wiseman J., Growth of Public Expenditure in U.K.:1890-1955, London, 1967, George Allen Unwin; Bird R.M., The Growth of Government Expenditure in Canada, Toronto, 1970, Canadian Tax Foundation; Reddy K.N.

be identified. One approach views demand influences as the primary determinant of rising public spending. This approach broadly suggests that rising government expenditure is in response to increasing demand for public goods and services. The second approach views the availability of resources to the government as the crucial factor influencing public expenditure.

The first approach lays stress on demand factors as explaining the growth of public expenditure. One important demand influence that has been singled out is that of demographic characteristics of society. For many LDCs - apart from the absolute size of the population - the geographical concentration of population, a change in the age structure, the rapidity of growth of population, all affect upwardly the magnitude of public expenditure⁴. High growth rates of population in favour of low age groups thus resulting in increased demands on the public sector, such areas as education. Growth of urbanisation also leads to increased demand for, among other things, public goods and services, such as transport, health facilities

et al, Central Government Expenditure: Growth, Structure and Impact (1950-51 to 1977-78), New Delhi, 1984, National Institute of Public Finance and Policy.

4. Giffman I.J. and Mahar D.J., "The Growth of Public Expenditures in Selected Developing Countries: Six Caribbean Countries, 1940-1965" Public Finance, Vol. 26, No.1, Jan. 1974, as referred in Diamond J, "Wagner's Law and the Developing Economies" The Developing Economies, Vol.XV No.1, March 1977, p.45.

and also educational facilities⁵. Musgrave suggests that due to increasing inter-dependence in the economy and society, externality has increased and with them the need for greater social control⁶. The increased requirements for administration and law and the provision and the maintenance of such services and institutions would be manifested by increased expenditure. Also in a society, if economic developments result in concentration of wealth and assets thus increasing existing inequalities in income the resulting social friction would call for increasing administrative (primarily security) forces resulting in an increase in public expenditure.

In contrast to explanations of growth in public spending which lay stress on demand influences, the second approach seeks an explanation in the availability of resources with the state. Lack of resources in the economy and the society and/or constraints on mobilisation of resources act as a limit to public sector expansion. Thus, by this approach, factors influencing the capability of state to raise resources, for example the tax structure of the economy, also become a relevant determinant of the level of public expenditure. A regressive

5. Diamond J, "Wagner's Law and the Developing Economies" The Developing Economies, Vol.XV, No.1, March 1977, p.45.

6. Mungrave, R.A., Fiscal System, New Haven, 1969, Yale University Press, p.79.

tax structure would act as a constraint on the availability of resources with the government and consequently would set a limit to increase in public spending.

Thus within the past empirical studies one may perceive a multitude of hypotheses which seek to "explain" long and short run public expenditure behaviour . In general, however, two major hypotheses have dominated the literature: Wagner's 'law' of expanding state activity and Peacock and Wiseman's 'Displacement effect'.

Adolph Wagner proposed a development thesis derived from the historical experience of continental Europe, principally Germany, at the early stages of industrialisation⁷. Wagner saw three primary factors which would cause state activity to grow proportionately faster than the other sectors of economy. As most generally interpreted it states that as per capita income rises government expenditure increases relative to aggregate output, i.e., there would result a rising expenditure - GNP ratio and/or ^{an} income elasticity coefficient in excess of unity. Wagner's three factors are as follows: (i) as the economy became more specialised and social and economic life became more disaggregated (as a consequence of increasing division of labour) the government's role in providing administration,

7. For a concise statement of Wagner's 'law' of expanding state activity, see Diamond J., "Wagner's 'law' and the Developing Countries", The Developing Economies, Vol.XV, No.1, March 1977, pp.37-57.

law and order would expand, (ii) he postulated an increase in the provision of "culture" and "welfare" expenditure. In effect he postulated that they would have an income elasticity of demand greater than unity, (iii) he saw that the increasing scale of technologically efficient production would result in the government having to provide certain economic services the provision of which would be infeasible by the private sector. Thus for Wagner, public spending was primarily demand determined, merely reflecting the underlying changes in the structure of and stages of economic development.

Peacock and Wiseman in their analysis of U.K.'s public expenditure observed that, over the period examined, the time profile of public expenditure was discontinuous and displayed "stepwise" feature. There were jumps separated by plateaus and the jumps could not be completely explained by changes in price levels, population changes or national output changes⁸. Peacock and Wiseman sought to explain ^{it} in terms of changes in "tax thresholds" which in turn permitted increased expenditures to take place. However, it is only during periods of social disturbances (wars, revolutions and depression) that the "tax thresholds" move upward. Peacock and Wiseman's notion of "tolerable levels of taxation" reflect both supply influences

8. Peacock A.T, and Wiseman J., Growth of Public Expenditure in U.K.:1890-1955, London, 1967, George Allen and Unwin.

(the ease with which the government can raise revenue) and demand influences (the demand for government services)⁹.

There is the implicit assumption that demand for public goods and services is always higher than the revenue raising possibilities. Peacock and Wiseman also argue that the process of economic development accompanied by such 'jumps' promote a 'concentration effect' i.e., a centralisation of the government sector. This effect is said to be response to demands for nation-wide uniformity for public service standards.¹⁰ Another postulation is that productivity gains from economic development occur more in private manufacturing sector than in the public sector and this is due more to institutional than technical barriers in the public sector. The pricing policy followed in public enterprises combined with (generally) monopoly of supply results in lesser pressure on public enterprises to innovate. All this leads to a faster growth of the public sector with consequent increases in public spending.

We have thus seen there are a multiplicity of possible explanations for the growing share of public expenditures in

9. Peacock, A.T. and Wiseman, J., "Approaches to the Analysis of Government Expenditure Growth" Public Finance Quarterly, Vol.7, No.1, Jan. 1979, p.15.

10. Peacock A.T. and Wiseman, J., The Growth of Public Expenditure in U.K.: 1890-1955 Princeton, 1961, Princeton University Press, pp. 29-30.

national income. On the one hand there are explanations which stress possibilities of raising revenues and in general, availability of resources in the state and on the other, explanations which concentrate on the consequences of industrialization, specialization, income changes and urbanization resulting in increased demands for higher public expenditure.

There have been various studies of public expenditures in India¹¹. Given the important role assigned to the State and public expenditure in India's economic development, it is important that all aspects of public expenditure are studied and analysed. The more important of these aspects are the growth and structure of growth. It is generally agreed that a more meaningful analysis can be obtained through disaggregated studies. A point of dispute, however, concerns the type of disaggregation to be used. In general the argument centres around the relative merits of functional (defence, social services, economic services etc.) versus economic (consumption, capital formation, transfers, subsidies etc.) grouping of expenditure. Each method of disaggregation is supposed to reveal something the other does not.

11. Among others, see Reddy K.N., "Growth of Government Expenditure and National Income in India: 1972-1966" Public Finance, Vol.1, 1970, pp.81-95; Chona J.M., "Expenditure of the Central Government: Some Issues" Economic and Political Weekly, 5 July 1980, pp.44-52. Gupta S.P., "Who Benefits from the Central Government's Expenditure" Economic and Political Weekly, Annual Number, February 1977, pp.267-286; Vakil C.N., "Public Expenditure: Need for Economy", Vera Anstey Memorial Lecture, No.19, 1978, pp.1-19.

In this work an attempt is made to analyse the growth and structure of non-developmental expenditures of the Centre, States and the Union Territories. The importance of such a study lies in the fact that till the mid-1970s non-developmental expenditures accounted for around half of total Central Government expenditures and even in 1984-85 constituted more than two-fifths of total expenditure. Nearly ^{45 per cent} of the total consolidated expenditure of the Centre, States and Union Territories was for non-developmental purposes upto 1973-74 and in 1984-85 the share of non-developmental expenditure was around 40 per cent. Its ratio to the community output (GNP at factor cost) was 10 percent upto 1978-79 and 13 per cent in 1984-85.

Before value judgements can be made as to the usefulness or otherwise of non-developmental expenditure, it is necessary to know fully the facts of ^{of} growth/non-developmental expenditures. There are several aspects to be studied, the most important of these is the growth, structure and time pattern non-developmental expenditure in both nominal and real terms. This study attempts to do precisely this. It also tries to identify the source of growth and causes for the change in composition of non-developmental expenditure at both the Centre and State level.

A separate analysis at the two levels is necessary

because in India there exist two major levels of administration - the centre and state governments. Each of these two levels of administration have their own assigned functions and heads of revenue. Also, the combined expenditure of the states and the union territories constitute a sizeable portion of total expenditure of the centre and states. Thus, a separate analysis of expenditure of both the aggregate and individual levels becomes necessary. We shall also attempt to study the growth and structure of consolidated non-developmental expenditure of centre, States and Union Territories.

Further we shall compare the non-developmental expenditure in six selected states - Tamil Nadu, Gujarat, Rajasthan, Karnataka, Madhya Pradesh, and Maharashtra. Two states have been, thus, selected each from the high income (Gujarat and Maharashtra), two from middle income (Tamil Nadu and Karnataka) and two from the low income category states (Madhya Pradesh and Rajasthan). The comparison will be done in both real and nominal terms.

The Chapter scheme of this work is laid out as per the above framework. In the next chapter we shall discuss the methodology of analysis and also the conceptual and statistical problems encountered during the study. In chapter III,

we shall analyse the growth and structure of non-developmental expenditure of the Central Government. In chapter IV and V, we shall do a similar analysis for States and Union Territories (combined) expenditure and/^{the}consolidated expenditure of Centre, States and Union Territories, respectively.

In chapter VI, we shall compare the growth and structure of non-developmental expenditure of the six selected states.

In the concluding chapter, we shall analyse the results obtained from the study.

Chapter II

METHODOLOGY: CONCEPTUAL AND STATISTICAL
PROBLEMS; SOURCES OF DATA

In this chapter some concepts and definitions used throughout this study are discussed. The sources of data and statistical problems encountered are also discussed.

In defining government expenditure many studies on public expenditure have made a clear distinction between provision of those goods and services by the government which arise out of a collective demand (example social, health and educational services) and those that are a part of ordinary productive activities of the community (example rail transport) although carried on or controlled by the government agencies. The definition adopted by Andre and Delorme is as follows: "the definition of public expenditure which we adopt is concerned with outlay appearing in public administration budgets which are financed through non-market mechanisms (taxation only). It excludes expenditures having their direct counterpart in disbursements by the purchaser a service - a typical example of which is the post office whose resources and expenditures appear in it and it also excludes the entire nationalised and market public sector".¹

The definition we have followed is the one used by

1. Andre C., and Delorme R., "The Long-run Growth of Public Expenditure in France", Public Finance, Vol. XXXIII, No. 1-2, 1978, p.42.

the Ministry of Finance, Government of India in the monograph they bring out annually². The figures used here will not tally in some respects with the figures in the Indian Economic Statistics monographs since some adjustments have been made. In arriving at the aggregate expenditure of the Centre 'self-balancing items' have been left out from the revenue accounts and from the capital account the items 'Transfer of Development Assistance from USA' has been left out.³ The procedure followed in the government accounts of the transactions relating to this item is as follows: "the surplus agricultural commodities received under these two programmes are treated as sold to the Government of India and payment was made in rupees to the U.S. Government by debit to the capital account head for State Trading. A part of the amount so paid is received back from the U.S. Government and credit is taken under revenue or public debt, according as the receipt is a grant or a loan. At the same time an equivalent amount is transferred to a deposit head 'Special Development Fund' by debit to the capital head 'transfer of Development Assistance from the U.S. Government' in the case of loans and the corresponding expenditure heads in the case of grants. In the case of other commodities the entire amount is treated as lent to the Government of India for which credit is taken under public debt. Simultaneously

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2. 'Indian Economic Statistics - Public Finance' published annually by the Economic Division, Deptt. of Economic Affairs, Ministry of Finance, Government of India.
 3. Expenditure on Railways and Posts and Telegraphs have also been excluded.

an equivalent amount is transferred to the special fund by debit to 'Transfer of Development Assistance from the U.S. Government'. Thus, under above procedure, this head is merely a balancing entry for which credit would be taken twice, once under public debt and then under deposit head. Thus this head of expenditure does not represent any genuine outlay⁴.

The 'grants-in-aid' have been included from the revenue account and loans and advances from the capital account though they do not represent final government spending. This is because they constitute a large proportion of total expenditure and though they might not represent direct spending they do constitute a significant charge on resources implying that so much less resources are available for developmental or non-developmental expenditure. In arriving at aggregate expenditure of States and Union Territories the item 'Transfer to Funds' has been excluded and for the consolidated expenditure figures for Centre, States and Union Territories, inter-governmental transfers like grants, loans to states have been eliminated.

What constitutes non-developmental expenditure? To answer this we would have to determine what is developmental expenditure. The term developmental expenditure has an

4. Gulati I.S., "Central Government's Capital Expenditure 1950-51 to 1960-61: Its Developmental Context" The Economic Weekly, Special Number, July 1961, pp. 1196-97.

obvious growth implication, directly through creation of assets or indirectly promoting growth. For example, expenditures on health and education may not result in physical capital formation (except for a small proportion of total expenditure under this head) but through improvements in the health and skill of workers might lead to increase in productivity and output. They can be regarded as investments in Human Resource Development. In the government accounts outlays under capital account are supposed to result in creation of assets - physical assets (as and when the government buys or creates physical assets) or financial, for example, investments in shares of commercial concerns or loans to state governments.⁵ However, not all capital outlays can be termed as developmental. Physical assets created for purposes which are not considered to promote growth are considered non-developmental; for example, capital outlays on defence. In this study we have included all expenditure on capital account ^{under} / heads of expenditure classified as non-developmental in the category of non-developmental expenditure.

In developing countries the distinction between economic and social policies or investment and consumption spending have become blurred. For example, health programmes are

5. Ibid

instances of social policy, but its impact on actual or potential growth of society may be extensive. Similarly, transfer payments in a society where poverty and mal-administration are prevalent may have considerable impact on standard of living. There is also a blurring of distinction between non-developmental and developmental expenditure. For instance, it could be argued that for a country a secure and stable environment created due to the presence of strong armed forces could promote economic growth by reducing uncertainties regarding the political stability of the country and thus stimulating economic activity. Similarly it could be argued that an efficient and well developed administration, law and order situation could provide conditions for faster economic growth. These questions, however, have been excluded from the scope of this work. We have followed in this study, the definitions adopted by the Ministry of Finance, Government of India regarding developmental and non-developmental expenditure.⁶

Another conceptual difficulty was with respect to what concept of national income should the expenditures be related to. For any analysis to be meaningful the expenditure have to be related to the output of the community. In this work the expenditures have been related to GNP at factor cost.

6. For details regarding the composition of non-developmental expenditure, please refer to Appendices A and B.

This choice could be criticised ^{on} /the grounds that it excludes indirect taxes while government purchases include indirect taxes. However, GNP estimates at market prices can be misleading since indirect taxes (less subsidies) generally fall much more heavily on personal consumption than on goods and services bought by the Government⁷. Moreover, a large proportion of the purchases made by the government are governed by prices different from those at which the rest of the economy makes purchases. The purchases of the government ^{of} are usually done through the Directorate General/Supplies and Disposals.

Elimination of Price Changes

" The growth of government expenditure at current prices does not reflect the growth of real expenditure since changes in the prices at which governmental inputs are purchased continuously influence the growth of government expenditure!"⁸ Hence the expenditures in normal items have to be reduced to real terms. The elimination of price changes gives rise to the problems of choice of the appropriate price index and index numbers. There has been no uniformity in the applications of deflators to convert current expenditure series into constant expenditure series. Generally studies have depended on available price indices rather than construct special indices for their purpose. In this study we have used one deflator

7. K.N. Reddy, J.V.M. Sarma and Narain Sinha (1984) Central Government Expenditure Growth, Structure and Impact, (1950-51 to 1977-78), NIPF, New Delhi, p.16

8. Ibid, p. 10.

and
 for both the aggregates/components; the implicit GNP deflator has been used for eliminating price changes. This has been preferred to the use of either a cost of living index or an index of wholesale prices. The choice of latter would have been misleading since "there is no reason to suppose that the composition of government purchases will be the same as that of the purchases of the community as a whole. Indeed, the great importance of some kinds of government expenditure (example, on public employment of particular types of labour) is enough to suggest that such a coincidence is unlikely"⁹.

While there are obvious drawbacks to use of a single existing index for deflating the aggregates as well as the components of Total Expenditure, the problems involved in constructing a special index were tremendous especially for the States and Union Territories expenditure. Hence it was decided to opt for the implicit GNP deflator to construct a time series at real prices.

Sources of Data

Several sources have been used of which the major ones are: (i) Indian Economic Statistics - Public Finance published annually by the Economic Division, Department of

9. Peacock A.T., and Wiseman J., (1967) op.cit., p. 8. As referred to in K.N. Reddy, J.V.M. Sarma and Narain Sinha (1984) Central Government Expenditure - Growth, Structure and Impact (1950-51 to 1977-78) National Institute of Public Finance and Policy, New Delhi.

Economic Affairs, Ministry of Finance, Government of India.

(ii) Annual budget papers of both Central and State governments published annually by the budget division, Ministry of Finance, Government of India and State Governments. (iii) Reports on Currency and Finance - Statistical Tables - published annually by Reserve Bank of India.

Statistical Problem

The most important problem related to comparability of figures over the time period since there were two reclassifications of government accounts (1961-62/1962-63 and 1973-74/1974-75). While some degree of comparability of data before and after the first reclassification could be attained for Central Government data, reasonable comparability could not be restored for consolidated Centre, State and Union Territories figures due to unavailability of data. Hence the analysis of consolidated States and Union Territories expenditures had to be restricted to a certain time period (1960-61 to 1984-85) while the analysis of the Centre, State and Union Territories consolidated expenditure had to be shortened even more, from 1965-66 to 1984-85.

The second classification of accounts was very extensive and involved a readjustment of existing Heads as introduction of new heads of expenditure. It was very difficult to achieve complete comparability between the old and

new classifications. While some measure of comparability could be restored for aggregate expenditure figures it proved impossible to restore full comparability for the major heads of expenditure for want of adequate details and unavailability of data. For obtaining comparability, it would have been necessary to define non-developmental expenditure very narrowly with the resultant narrowing of the scope of the study. It was instead decided to discontinue the old series in 1973-74 and a new time series started with analysis being done ^{separately} for the two periods. Thus while some measure of comparability was lost, a broader analysis was, instead, made possible.

A second major difficulty was that some of individual states (Uttar Pradesh and Madhya Pradesh) had their budget documents only in Hindi from the 1960s onwards. This created some problems as it became difficult to consult the budget documents in depth.

Chapter III

GROWTH AND STRUCTURE OF NON-DEVELOPMENTAL
EXPENDITURE OF CENTRE: 1950-51 TO 1984-85

An attempt is made in this Chapter to trace the growth of Central Government's non-developmental expenditure both in nominal and real terms and its distribution over the major heads of expenditure over the period 1950-51 to 1984-85. Analysis is made also in terms of expenditure ratios to GNP. The expenditure have also been related to GNP at factor cost to get a broad view of the relative importance of these expenditures of the Centre to GNP. We have also analysed the growth of non-developmental expenditure in per capita terms. This is necessary to eliminate the effects of population changes over time.

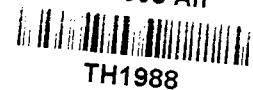
Section I

Growth of Non-Developmental Expenditure¹

The Central Government's outlay for non-developmental purposes increased over the period from Rs. 346 crores in 1950-51 to Rs. 18,129 crores in 1984-85 in nominal terms². This represents an increase of about 52 times over the period as compared to increases of about 82 times and 218 times of total Central Government and Developmental Expenditure respectively. The rate of growth of non-developmental expenditure

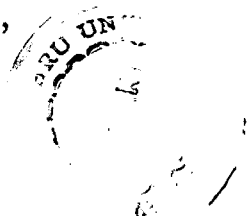
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1. All Expenditure figures, unless otherwise mentioned, relate to Central Government expenditure.
 2. Data pertaining to the analysis are given in Tables 3.1, A-3.1, 3.3.

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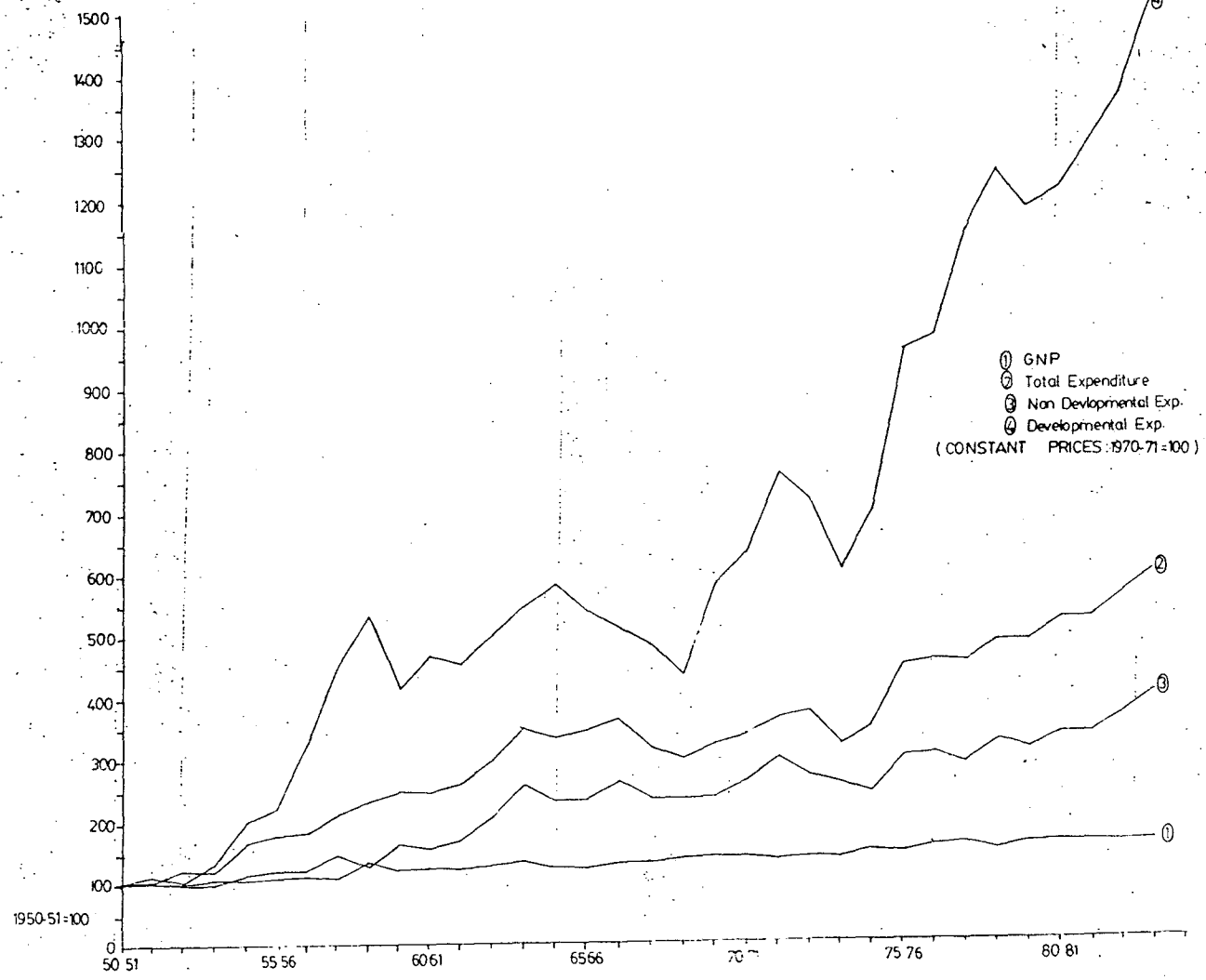


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COMPARISON OF INDICES OF GROWTH OF PER CAPITA G.N.P.,
 TOTAL, DEVELOPMENTAL & NON DEVELOPMENTAL EXPENDITURE OF
 THE CENTRE AT CONSTANT PRICES
 1950-51 to 1983-84



was, however, not uniform over the period. It grew at an average compound growth rate of 12 per cent over the whole period. Its growth was the slowest in the first decade (about 8 per cent) and highest in the 6th Five Year Plan period (18 per cent). In between it grew at about 14 per cent in the 1960s and 13 per cent in the 1970s.

In real terms, however, the increase in non-developmental expenditure is reduced to about 9 times over the period. The average annual compound growth rate over the period also gets reduced to 7 per cent over the period. Again the highest growth rate was seen in the 6th Plan period. Its growth rate in the other sub-periods show marked differences. The lowest growth rate (4 per cent) was recorded in the 70s (as opposed to the lowest growth rate which was in the 50s in nominal terms) which is quite lower than the average for the whole period. In nominal terms, however, this period witnessed a growth rate which was higher than the period average.

Growth with Effect of Population Change³Removed

In per capita terms non-developmental expenditure grew from Rs. 9.60 in 1950-51 to Rs. 245.30 in 1984-85 representing an increase of about 25 times. Thus with the

3. Data pertaining to the analysis are given in Tables 3.2, A-3.2, 3.3.

TABLE 3.1

DISTRIBUTION OF CENTRAL GOVERNMENT EXPENDITURE BETWEEN ITS COMPONENTS AND THEIR RATIOS TO GNP AT FACTOR COST : 1950-51 TO 1984-85

ALL FIGURES AT CONSTANT (1970-71 = 100) PRICES

| Year | Expenditure on (Rs. crores) | | | | Distribution of Total expendi. (Per cent) | | GNP at Factor cost Rs. (crores) | Expenditure as percentage of GNP | | |
|-------|-----------------------------|------|--------|--------------|---|------|---------------------------------|----------------------------------|----------|------|
| | Non-dev. | Dev. | Others | Total expen. | Non.dev. | Dev. | | Total exp. | Non.dev. | Dev. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 50-51 | 662 | 134 | 141 | 937 | 70.6 | 14.3 | 17469 | 5.4 | 3.8 | 0.76 |
| 51-52 | 671 | 145 | 147 | 962 | 69.7 | 15.0 | 17841 | 5.4 | 3.7 | 0.81 |
| 52-53 | 678 | 139 | 212 | 1177 | 57.7 | 11.8 | 18483 | 6.4 | 3.7 | 0.75 |
| 53-54 | 682 | 179 | 296 | | 58.9 | 15.5 | 19660 | 5.9 | 3.5 | 0.91 |
| 54-55 | 808 | 287 | 505 | 1600 | 50.5 | 17.9 | 20190 | 7.9 | 4.0 | 1.4 |
| 55-56 | 854 | 318 | 612 | 1783 | 47.9 | 17.8 | 20854 | 8.5 | 4.1 | 1.5 |
| 56-57 | 857 | 485 | 473 | 1815 | 47.2 | 26.7 | 21988 | 8.2 | 3.9 | 2.2 |
| 57-58 | 1054 | 684 | 589 | 2327 | 45.3 | 29.4 | 21593 | 10.8 | 4.9 | 3.2 |
| 58-59 | 972 | 820 | 673 | 2466 | 39.4 | 33.2 | 23413 | 10.5 | 4.1 | 3.5 |
| 59-60 | 1249 | 652 | 801 | 2703 | 46.2 | 24.1 | 23802 | 11.3 | 5.2 | 2.7 |
| 60-61 | 1212 | 753 | 808 | 2773 | 43.7 | 27.1 | 25424 | 10.9 | 4.8 | 3.0 |
| 61-62 | 1341 | 751 | 840 | 2932 | 45.7 | 25.6 | 26293 | 11.1 | 5.1 | 2.9 |
| 62-63 | 1677 | 841 | 9727 | 3491 | 48.0 | 24.1 | 26834 | 13.0 | 6.2 | 3.1 |
| 63-64 | 2154 | 937 | 1047 | 4138 | 52.0 | 22.6 | 28210 | 14.7 | 7.6 | 3.3 |
| 64-65 | 1994 | 1016 | 1078 | 4088 | 48.8 | 24.8 | 30399 | 13.4 | 6.5 | 3.3 |
| 65-66 | 2061 | 966 | 1267 | 4294 | 48.0 | 22.5 | 28791 | 14.9 | 7.1 | 3.3 |
| 66-67 | 2366 | 939 | 1332 | 4637 | 51.0 | 20.2 | 29081 | 15.9 | 8.1 | 3.2 |
| 67-68 | 2154 | 892 | 1109 | 4156 | 51.8 | 21.5 | 31590 | 13.2 | 6.8 | 2.3 |

contd.....

Table: 3.1 contd...

DISTRIBUTION OF CENTRAL GOVERNMENT EXPENDITURE BETWEEN ITS COMPONENTS AND
THEIR RATIOS TO GNP AT FACTOR COST : 1950-51 to 1984-85

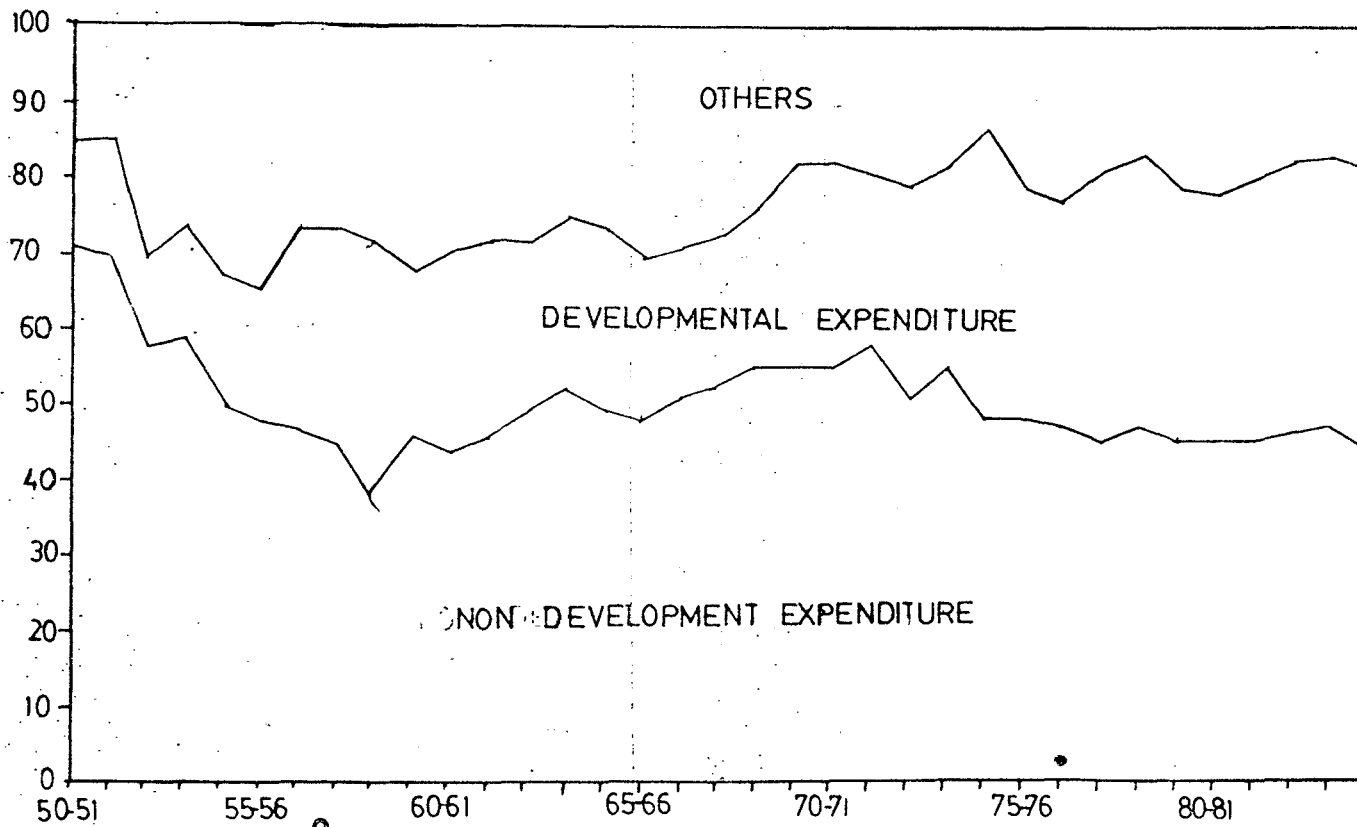
ALL FIGURES AT CONSTANT (1970-71 = 100) PRICES

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|-------|------|------|------|-------|------|------|-------|------|-----|-----|
| 68-69 | 222 | 831 | 978 | 4031 | 55.1 | 20.6 | 32460 | 12.4 | 6.8 | 2.6 |
| 69-70 | 2273 | 1116 | 743 | 4414 | 55.0 | 27.0 | 34518 | 12.8 | 6.6 | 3.2 |
| 70-71 | 2547 | 1265 | 788 | 4600 | 55.4 | 27.5 | 36452 | 12.6 | 7.0 | 3.5 |
| 71-72 | 3048 | 1550 | 637 | 5235 | 58.2 | 29.6 | 36999 | 14.1 | 8.2 | 4.2 |
| 72-73 | 2793 | 1509 | 1151 | 5453 | 51.2 | 27.7 | 36629 | 14.9 | 7.6 | 4.1 |
| 73-74 | 2626 | 1293 | 8604 | 4780 | 54.9 | 27.1 | 38486 | 12.4 | 6.8 | 3.4 |
| 74-75 | 2567 | 1530 | 1196 | 5294 | 48.5 | 28.9 | 38958 | 13.6 | 6.6 | 3.9 |
| 75-76 | 3322 | 2155 | 1409 | 6886 | 48.2 | 31.3 | 42799 | 16.1 | 8.2 | 5.0 |
| 76-77 | 3441 | 2209 | 1657 | 7307 | 47.1 | 30.2 | 43076 | 16.9 | 8.0 | 5.1 |
| 77-78 | 3361 | 2691 | 1431 | 7483 | 44.9 | 35.9 | 46826 | 16.0 | 7.2 | 5.7 |
| 78-79 | 3873 | 2985 | 1335 | 8193 | 47.3 | 36.4 | 49559 | 16.5 | 7.8 | 6.0 |
| 79-80 | 3754 | 2884 | 1749 | 8387 | 44.7 | 34.4 | 47233 | 17.7 | 7.9 | 6.1 |
| 80-81 | 4167 | 3035 | 1989 | 9191 | 45.3 | 33.0 | 50793 | 18.1 | 8.2 | 6.0 |
| 81-82 | 4238 | 3324 | 1815 | 9377 | 45.2 | 35.4 | 53467 | 17.5 | 7.9 | 6.2 |
| 82-83 | 4728 | 3704 | 1929 | 10361 | 45.6 | 35.8 | 54836 | 18.9 | 8.6 | 6.7 |
| 83-84 | 5264 | 4044 | 1835 | 11143 | 47.2 | 36.3 | 59043 | 18.9 | 8.9 | 6.8 |
| 84-85 | 5886 | 4979 | 2404 | 13269 | 44.3 | 37.5 | 61201 | 21.7 | 9.6 | 8.1 |

Source: 1. (Indian Economic Statistics - Public Finance) - Published Annually by Economic Division, Ministry of Finance
2. Budget documents of the Central Government - respective years.

Note: Figures for 1984-85 are revised estimate figures.

COMPOSITION OF EXPENDITURE OF THE CENTRE
1950-51 to 1984-85



effect of population changes removed the growth figure of non-developmental expenditure fell by half. The growth rate, compound, was 10.0 per cent for the period as a whole with the highest growth rates in the first half of the 40s and the lowest in the 50s. Since the pattern of growth rates for the absolute figures were somewhat similar one can conclude that there were no major differences in the growth of population in the various sub-periods.

In real terms and with effects of population changes removed non-developmental expenditure increased from Rs. 18.30 in 1950-51 to Rs. 79.60 in 1984-85. Total expenditure grew from Rs. 26.10 in 1950-51 to Rs. 179.50 in 1984-85 while the corresponding figures for developmental expenditure were Rs. 3.70 and Rs. 67.40 respectively. Thus while expenditure under developmental heads multiplied by about 18 times, non-developmental expenditure grew by about four times which was less than the growth of total expenditure (about 6 times). These unequal growths were reflected in the compound growth rates. While non-developmental expenditure showed the lowest rate (4.3 percent) of the three, developmental expenditure increased at a rate of 9 per cent and total expenditure at 5.8 per cent.

TABLE : 3.2

DISTRIBUTION OF PER CAPITA TOTAL EXPENDITURE AT
 CONSTANT(1970-71 = 100)PRICES BETWEEN COMPONENTS
 AND A COMPARISION OF THEIR INDICES OF GROWTH(1950-51
 TO 1983-84)

| YEAR | Per Capita Expenditure (Rupees) | | | | Indices of Growth of Per Capita (1950-51 = 100) | | | |
|---------|--------------------------------------|--------------------|---------------|--------|--|--------------------|---------------|--------|
| | Non- Devpl. | Devel- opmental | Total Exp. | G.N.P. | Non- Devpl. | Devel- opmental | Total Exp. | G.N.P. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1950-51 | 18.3 | 3.7 | 26.1 | 486.7 | 100 | 100 | 100 | 100 |
| 1951-52 | 18.4 | 4.0 | 26.3 | 488.8 | 101 | 108 | 101 | 100 |
| 1952-53 | 18.2 | 3.7 | 31.6 | 496.8 | 99 | 100 | 121 | 102 |
| 1953-54 | 17.9 | 4.7 | 30.5 | 518.8 | 98 | 127 | 117 | 107 |
| 1954-55 | 20.9 | 7.4 | 41.4 | 523.0 | 114 | 200 | 159 | 107 |
| 1955-56 | 21.7 | 8.1 | 45.4 | 530.6 | 118 | 219 | 174 | 109 |
| 1956-57 | 21.4 | 12.1 | 45.3 | 548.3 | 117 | 327 | 173 | 113 |
| 1957-58 | 25.8 | 16.7 | 56.9 | 527.9 | 141 | 451 | 218 | 108 |
| 1958-59 | 23.2 | 19.6 | 59.0 | 560.3 | 127 | 530 | 226 | 133 |
| 1959-60 | 29.3 | 15.3 | 63.4 | 558.7 | 160 | 413 | 243 | 115 |
| 1960-61 | 27.9 | 17.3 | 63.9 | 585.9 | 152 | 467 | 245 | 120 |
| 1961-62 | 30.2 | 16.9 | 66.0 | 592.1 | 165 | 457 | 253 | 122 |
| 1962-63 | 36.9 | 18.5 | 76.9 | 591.1 | 202 | 500 | 295 | 121 |
| 1963-64 | 46.5 | 20.2 | 89.2 | 607.8 | 254 | 546 | 342 | 125 |
| 1964-65 | 42.1 | 21.4 | 86.2 | 641.4 | 230 | 578 | 330 | 132 |
| 1965-66 | 42.4 | 19.9 | 88.5 | 593.6 | 232 | 538 | 339 | 122 |
| 1966-67 | 47.8 | 18.9 | 93.7 | 587.5 | 261 | 511 | 359 | 120 |
| 1967-68 | 42.6 | 17.6 | 82.1 | 624.4 | 233 | 476 | 314 | 128 |
| 1968-69 | 42.9 | 16.0 | 77.8 | 626.8 | 234 | 432 | 298 | 129 |
| 1969-70 | 42.9 | 21.1 | 83.4 | 652.5 | 234 | 570 | 319 | 134 |

TABLE : 3.2 (Contd...)

DISTRIBUTION OF PER CAPITA TOTAL EXPENDITURE AT
 CONSTANT (1970-71 - 100) PRICES BETWEEN COMPONENTS
 AND A COMPARISON OF THEIR INDICES OF GROWTH
 (1950-51 TO 1983-84)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---------|------|------|-------|-------|-----|------|-----|-----|
| 1970-71 | 47.1 | 23.4 | 85.0 | 673.8 | 257 | 632 | 326 | 138 |
| 1971-72 | 55.0 | 28.0 | 94.5 | 667.9 | 300 | 757 | 362 | 137 |
| 1972-73 | 49.2 | 26.6 | 96.2 | 646.0 | 269 | 719 | 368 | 133 |
| 1973-74 | 46.3 | 22.3 | 82.4 | 663.6 | 253 | 603 | 316 | 136 |
| 1974-75 | 43.3 | 25.8 | 89.3 | 656.9 | 237 | 697 | 342 | 135 |
| 1975-76 | 54.7 | 35.5 | 113.4 | 705.1 | 299 | 959 | 434 | 145 |
| 1976-77 | 55.5 | 35.6 | 117.9 | 694.0 | 303 | 962 | 452 | 142 |
| 1977-78 | 52.9 | 42.4 | 118 | 738.6 | 289 | 1145 | 452 | 152 |
| 1978-79 | 59.7 | 46.0 | 126.2 | 763.6 | 326 | 1243 | 483 | 157 |
| 1979-80 | 56.5 | 43.4 | 126.3 | 711.3 | 309 | 1173 | 483 | 146 |
| 1980-81 | 61.5 | 44.7 | 135.4 | 748.1 | 336 | 1208 | 519 | 154 |
| 1981-82 | 61.0 | 47.9 | 135.1 | 770.4 | 333 | 1294 | 518 | 158 |
| 1982-83 | 66.7 | 52.2 | 146.1 | 773.4 | 364 | 1411 | 560 | 159 |
| 1983-84 | 72.7 | 55.8 | 153.9 | 815.5 | 397 | 1508 | 590 | 167 |

Source : Same as table.3.1

NOTE : 1) For method of deflating see text.

Share in Total Expenditure and GNP⁴

The share of non-developmental expenditure in total Central Government expenditure decreased from about 71 per cent in 1950-51 to about 44 per cent in 1984-85. It must be noted, however, that this share remained near 70 per cent only for the first two years of the First Five Year Plan. By the beginning of the Second Five Year Plan, its share had dropped to around 48 per cent and this period saw the lowest share of non-developmental expenditure. From the end of this period till 1976-77 the share more or less remained between 47 to 55 per cent. In the Sixth Five Year Plan period its share has dropped to between 44 to 48 per cent.

The share of non-developmental expenditure in GNP however, increased over the period from 3.8 per cent to 9.6 per cent. Given the falling share of non-developmental expenditure in total expenditure, this implies a larger increase of total Central Government expenditure ratio to GNP over the period.

Section II

Structure of Non-Developmental Expenditure

As mentioned earlier, because of the reclassification of government accounts in the early 70's full comparability

4. Data pertaining to the analysis are given in Table 3.1.

TABLE : 3.3

COMPARISON OF GROWTH RATES OF GNP, TOTAL EXPENDITURE
AND ITS COMPONENTS AT BOTH CURRENT & CONSTANT PRICES;
ABSOLUTE & PER CAPITA FIGURES

(SELECTED PERIODS)

(PERCENT)

| | | ITEM | 1950-51 to 1984-85 | 1950-51 to 1959-60 | 1960-61 to 1969-70 | 1970-71 to 1979-80 | 1980-81 to 1984-85 | |
|-----------------|----------------|----------------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------|
| CONSTANT PRICES | ABSOLUTE | a. GNP at Factor Cost | 9.3 | 4.0 | 10.2 | 11.3 | 13.4 | |
| | | b. Total Expenditure | 13.9 | 13.1 | 11.3 | 15.6 | 18.6 | |
| | | c. Non-Developmental Expenditure | 12.3 | 7.9 | 14.2 | 12.9 | 18.0 | |
| | | d. Developmental Expenditure | 17.2 | 19.9 | 11.2 | 18.5 | 22.5 | |
| | PER CAPITA | a. GNP at Factor Cost | 7.0 | 2.1 | 7.8 | 8.8 | 11.0 | |
| | | b. Total Expenditure | 11.5 | 11.0 | 8.9 | 13.0 | 16.2 | |
| | | c. Non-Developmental Expenditure | 10.0 | 5.9 | 11.7 | 10.3 | 15.5 | |
| | | d. Developmental Expenditure | 14.8 | 17.9 | 8.8 | 15.8 | 19.9 | |
| | CURRENT PRICES | ABSOLUTE | a. GNP at Factor Cost | 3.7 | 3.5 | 3.4 | 2.9 | 4.8 |
| | | | b. Total Expenditure | 8.1 | 12.5 | 5.3 | 6.9 | 9.6 |
| | | | c. Non-Developmental Expenditure | 6.6 | 7.3 | 7.2 | 4.4 | 9.0 |
| | | | d. Developmental Expenditure | 11.2 | 19.2 | 4.5 | 9.6 | 13.2 |
| PER CAPITA | | a. GNP at Factor Cost | 1.5 | 1.5 | 1.2 | 0.6 | 2.9 | |
| | | b. Total Expenditure | 5.8 | 10.4 | 3.0 | 4.5 | 7.3 | |
| | | c. Non-Developmental Expenditure | 4.3 | 5.4 | 4.9 | 2.0 | 5.7 | |
| | | d. Developmental Expenditure | 8.9 | 17.1 | 2.2 | 7.1 | 10.8 | |

SOURCE : Calculated from Table. A-3.1, A-3.2, 3.1, 3.2

NOTE : For Definitions of Aggregate see Text.

could not be obtained for the entire time period. Hence, two-time series had to be constructed separately for 1950-51 to 1973-74 and 1974-75 to 1984-85. To ensure full comparability, it would have been necessary to define non-developmental expenditure very narrowly with consequent loss of many major and minor details. Hence the alternative of constructing two separate time series was adopted.

Period I (1950-51 to 1973-74)⁵

Non-developmental expenditure has been disaggregated into seven major components or heads of expenditure - reference, Debt services, Pensions, Privy purses etc., Currency and Mint, Administrative services and 'Others'. This disaggregated study will enable us to examine the changing composition of the non-developmental expenditure and ^{the} relative importance of the various heads of expenditure.

Defence expenditure constituted the largest component of non-developmental expenditure accounting for nearly half of total non-developmental expenditure over the period. Its share in total Central Government expenditure, however, decreased from around 32 per cent in 1950-51 to 24 per cent in 1973-74 reflecting the faster growth of total expenditure over the period. In nominal terms, expenditure on defence

5. For data pertaining to the analysis, please refer to Tables 3.4, 3.6, A-3.5, A-3.11.

increased from Rs. 168 crores in 1950-51 to Rs. 1682 crores in 1973-74 reflecting an increase of around 9 times. In real terms, however, it increased by less than 300 per cent reflected in a growth rate of 6 per cent over the period. In per capita real terms it grew at an average of 4 per cent over the period. Its growth in real terms was not even throughout the period with a growth rate of nearly double in the 60s as compared to the 50s.

Interest payments formed the second largest constituent of non-developmental expenditure over the period - its share increased from 20 per cent in 1950-51 to 24 per cent in 1973-74. The share of interest payments in total expenditures, however, remained fairly steady over the period at around 13 per cent. In nominal terms outlay on debt services increased from Rs. 71 crores in 1950-51 to Rs. 882 crores in 1973-74 representing an increase of 11 times over the base year. In real terms, however, the increase works out to less than 4 times over the base year. In real terms it grew at a rate of 7 per cent over the period. Its growth, like that of defence expenditure was uneven with a higher growth rate of 10 per cent in the 50s as compared to a growth rate of 6 per cent in the 60s.

The third component was expenditure on 'Administrative Services' consisting of expenditure on General Administra-

TABLE : 3.4

DISTRIBUTION OF NON-DEVELOPMENTAL EXPENDITURE
AT CONSTANT (1970-71 = 100) PRICES OF THE
CENTRE BETWEEN 1950-51 to 1973-74.

(Rs. Crores)

| Y E A R | DEFENCE | | DEBT SERVICES | | TAX COLL. CHARGES | | PENSIONS, PRIVY, PURSE | | CURRENCY & MINT | | ADMNV. SERVICES | | OTHERS | |
|---------|-------------|------------------|---------------|------------------|-------------------|------------------|------------------------|------------------|-----------------|------------------|-----------------|------------------|-------------|------------------|
| | Out- lay | As% of NDE | Out- lay | As% of NDE | Out- lay | As% of NDE | Out- lay | As% of NDE | Out- lay | As% of NDE | Out- lay | As% of NDE | Out- lay | As% of NDE |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 1950-51 | 321 | 48 | 136 | 20 | 19 | 3 | 13 | 2 | 11 | 2 | 38 | 6 | 122 | 19 |
| 1951-52 | 340 | 51 | 141 | 21 | 22 | 3 | 17 | 2 | 6 | 1 | 43 | 6 | 101 | 16 |
| 1952-53 | 369 | 54 | 151 | 22 | 22 | 3 | 16 | 2 | 6 | 1 | 30 | 6 | 75 | 12 |
| 1953-54 | 387 | 57 | 164 | 24 | 22 | 3 | 18 | 3 | 6 | 1 | 47 | 7 | 39 | 5 |
| 1954-55 | 430 | 53 | 194 | 24 | 24 | 3 | 20 | 2 | 6 | 1 | 57 | 7 | 75 | 10 |
| 1955-56 | 408 | 48 | 206 | 24 | 26 | 3 | 19 | 2 | 26 | 3 | 60 | 7 | 109 | 13 |
| 1956-57 | 416 | 49 | 204 | 24 | 27 | 3 | 18 | 2 | 10 | 1 | 65 | 7 | 116 | 14 |
| 1957-58 | 539 | 51 | 237 | 22 | 33 | 3 | 17 | 2 | 13 | 1 | 71 | 7 | 143 | 14 |
| 1958-59 | 518 | 53 | 260 | 27 | 37 | 4 | 19 | 2 | 22 | 2 | 70 | 7 | 46 | 5 |
| 1959-60 | 486 | 39 | 319 | 25 | 40 | 3 | 18 | 1 | 191 | 15 | 78 | 6 | 117 | 11 |
| 1960-61 | 510 | 42 | 350 | 29 | 42 | 3 | 18 | 1 | 31 | 2 | 102 | 8 | 158 | 15 |
| 1961-62 | 556 | 41 | 380 | 28 | 37 | 3 | 18 | 1 | 34 | 2 | 112 | 8 | 204 | 17 |
| 1962-63 | 809 | 48 | 420 | 25 | 39 | 2 | 19 | 1 | 49 | 3 | 123 | 7 | 212 | 14 |
| 1963-64 | 1281 | 59 | 436 | 20 | 38 | 2 | 16 | 1 | 36 | 2 | 118 | 5 | 228 | 11 |
| 1964-65 | 1161 | 58 | 455 | 23 | 37 | 2 | 14 | 1 | 24 | 1 | 124 | 7 | 223 | 8 |
| 1965-66 | 1166 | 57 | 489 | 24 | 39 | 2 | 14 | 1 | 122 | 6 | 138 | 7 | 91 | 3 |
| 1966-67 | 1047 | 44 | 533 | 22 | 37 | 2 | 13 | 0.5 | 268 | 1 | 140 | 6 | 326 | 24 |
| 1967-68 | 1033 | 48 | 535 | 25 | 37 | 2 | 13 | 1 | 34 | 2 | 142 | 7 | 360 | 15 |
| 1968-69 | 1107 | 50 | 566 | 25 | 42 | 2 | 13 | 1 | 35 | 1 | 153 | 7 | 308 | 14 |
| 1969-70 | 1134 | 50 | 582 | 26 | 43 | 2 | 13 | 1 | 26 | 1 | 169 | 7 | 307 | 13 |
| 1970-71 | 1199 | 47 | 606 | 24 | 48 | 2 | 14 | 0.6 | 189 | 7 | 190 | 7 | 300 | 12 |
| 1971-72 | 1448 | 47 | 636 | 21 | 49 | 2 | 14 | 0.5 | 22 | 1 | 229 | 7 | 544 | 21 |
| 1972-73 | 1407 | 50 | 657 | 23 | 49 | 2 | 12 | 0.4 | 28 | 1 | 219 | 8 | 419 | 16 |
| 1973-74 | 1210 | 46 | 635 | 24 | 45 | 2 | 22 | 1 | 30 | 1 | 191 | 7 | 492 | 19 |

SOURCE : Same as table. 3.1

NOTE: 1. For the constituents of Major heads of Expenditure See text.
2. For methodology of Deflating See text.

tion, External Affairs, Police, Justice and Jails and Audit. Though its outlay grew from Rs. 20 crores in 1950-51 to Rs. 266 crores in 1973-74, in nominal terms, representing an increase over 12 times over 1950-51, its share in non-developmental expenditure remained fairly steady at 7 per cent over the period. Within Administrative Services the relative shares of different components changed over the period. The share of expenditure on police increased from one per cent of non-developmental expenditure in 1950-51 to around 4 per cent in 1973-74 while the share of expenditure on General Administration decreased.

Expenditure on tax collection, Currency and Mint and Pensions, Privy Purses etc., together accounted for between 4 to 7 per cent over the period. Tax collection charges (in real terms) grew at a rate of 4 per cent over the period while the corresponding figures for expenditure on "Currency and Mint" and "Pensions and Privy Purses etc." were 4 and 2 per cent respectively.

The category 'others' includes items like assistance for Natural Calamities, subsidy to FCI, expenditure on miscellaneous departments etc., (for full details see Appendix). Its share had fluctuated sharply but at the end of the period it had the same share as in the beginning of the period.

TABLE : 3.5

DISTRIBUTION OF NON-DEVELOPMENTAL EXPENDITURE AT CONSTANT
(1970-71 = 100) PRICES OF THE CENTRE BETWEEN MAJOR HEADS
OF EXPENDITURE

1974-75 to 1984-85

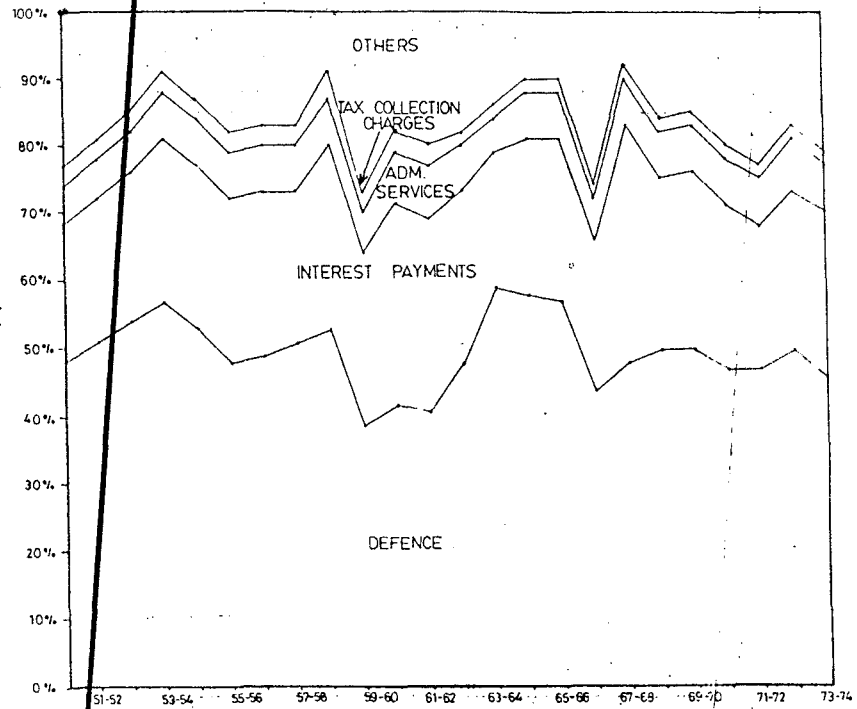
| Y E A R | DEFENCE | | INTEREST PAYMENTS | | ADMNIV. SERVICES | | ORGANS OF STATE | | FISCAL SERVICES | | SUBSIDY TO FCI | | OTHERS | |
|---------|---------|------------------------|-------------------|------------------------|------------------|------------------------|-----------------|------------------------|-----------------|------------------------|----------------|------------------------|--------|------------------------|
| | Out- | As % | Out- | As % | Out- | As % | Out- | As % | Out- | As % | Out- | As % | Out- | As % |
| | lay | Non- Devpl. Exp. | lay | Non- Devpl. Exp. | lay | Non- Devpl. Exp. | lay | Non- Devpl. Exp. | lay | Non- Devpl. Exp. | lay | Non- Devpl. Exp. | lay | Non- Devpl. Exp. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 1974-75 | 1305 | 51 | 619 | 24 | 201 | 8 | 37 | 1 | 83 | 3 | 182 | 7 | 139 | 5.4 |
| 1975-76 | 1594 | 48 | 792 | 24 | 251 | 8 | 48 | 1 | 269 | 8 | 162 | 5 | 206 | 6.2 |
| 1976-77 | 1545 | 45 | 829 | 24 | 241 | 7 | 48 | 1 | 235 | 7 | 236 | 9 | 236 | 6.9 |
| 1977-78 | 1528 | 45 | 883 | 26 | 244 | 7 | 39 | 1 | 179 | 5 | 278 | 8 | 208 | 6.2 |
| 1978-79 | 1633 | 42 | 1041 | 27 | 258 | 7 | 42 | 1 | 332 | 8 | 325 | 8 | 242 | 6.2 |
| 1979-80 | 1661 | 44 | 1094 | 29 | 239 | 6 | 52 | 1 | 136 | 4 | 297 | 8 | 273 | 6.3 |
| 1980-81 | 1723 | 41 | 1161 | 28 | 257 | 6 | 44 | 1 | 394 | 9 | 290 | 7 | 298 | 7.1 |
| 1981-82 | 1906 | 45 | 1309 | 31 | 274 | 6 | 44 | 1 | 129 | 3 | 287 | 7 | 289 | 6.8 |
| 1982-83 | 2047 | 43 | 1490 | 32 | 289 | 6 | 45 | 1 | 256 | 5 | 269 | 6 | 332 | 7.0 |
| 1983-84 | 2175 | 41 | 1653 | 31 | 268 | 5 | 44 | 1 | 467 | 9 | 288 | 5 | 352 | 6.7 |
| 1984-85 | 2330 | 40 | 1945 | 33 | 312 | 5 | 68 | 1 | 449 | 8 | 357 | 6 | 394 | 6.7 |

SOURCE : Same as table 3.1

NOTE : 1. For methodology of deflating see text.

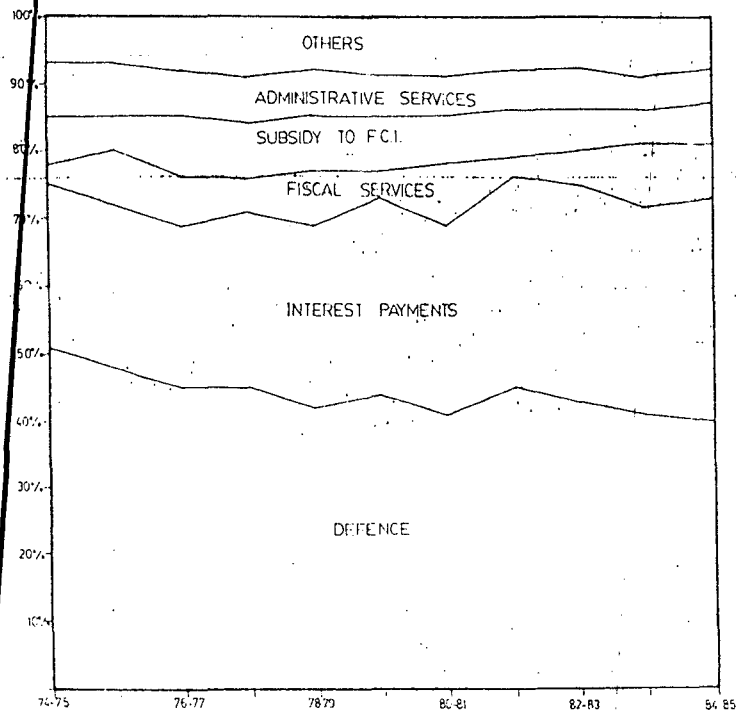
DISTRIBUTION OF NON DEVELOPMENTAL EXPENDITURE OF THE CENTRE OF THE MAJOR HEADS

1950-51 - 1973-74



DISTRIBUTION OF NON-DEVELOPMENTAL EXPENDITURE OF THE CENTRE BETWEEN MAJOR HEADS

1974-75 - 1984-85



Period II (1974-75 to 1984-85)⁶

As discussed earlier a separate time series for this period had to be constructed. The major components of non-developmental expenditure in this period were expenditure on Defence, Interest Payments, Administrative Services, Fiscal Services, Organs of State, subsidy to FCI, and Others.⁷ Details of the constituents of these major heads of expenditure can be had from the Appendix.

Defence expenditure continued to form the largest component of non-developmental expenditure of the Centre. Its share, however, came down from 51 per cent in 1974-75 to 40 per cent in 1984-85. As a percentage of total expenditure, its share came down from 24 per cent to 17 per cent over the period. However, in absolute terms (real figures) outlay on defence increased from Rs. 1305 crores to Rs. 2330 crores in 1984-85, a growth of over 75 per cent. The rate of growth was 6 per cent per annum over the period. In per capita real terms the growth rate was lower - 4 per cent-over the period.

Interest Payments increased in real terms from Rs. 619 crores to Rs. 1045 crores over the period, an increase of over two times. Its growth rate at 12 per cent was about double

6. For data pertaining to the analysis, please refer to Tables 3.5, 3.6, A-3.6, A-3.11.

7. Comparison of these major heads of Expenditure are given in Appendix.

Table 3.6

Comparison of compound growth rates of major heads of non-developmental expenditure of the Centre at both Current and Constant (1970-71 = 100) prices

| S.No. | Head of expenditure | Selected periods | | | | Percent | | | |
|-------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | Current prices | | | | Constant prices | | | |
| | | 50-51 to 73-74 | 50-51 to 59-60 | 60-61 to 69-70 | 70-71 to 73-74 | 50-51 to 73-74 | 50-51 to 59-60 | 60-61 to 69-70 | 70-71 to 73-74 |
| 1. | Non-developmental | 20 | 8 | 12 | 13 | 6 | 7 | 7 | 1 |
| 2. | Defence | 19 | 5 | 15 | 12 | 6 | 5 | 9 | 0.3 |
| 3. | Interest payments | 21 | 10 | 12 | 13 | 7 | 10 | 6 | 2 |
| 4. | Tax collection charge | 8.5 | 9 | 7 | 11 | 4 | 9 | 0.3 | (-)2 |
| 5. | Pensions etc. | 6.5 | 4 | 3 | 29 | 2 | 4 | (-)4 | 16 |
| 6. | Currency Mint | 9.0 | 37 | 4 | (-)39 | 4 | 37 | (-)2 | (-)46 |
| 7. | Admn. Services | 12 | 9 | 13 | 12 | 7 | 8 | 6 | 0.2 |

COMPARISON OF COMPOUND GROWTH RATES OF MAJOR HEADS OF
NON-DEVELOPMENTAL EXPENDITURE OF THE CENTRE AT CURRENT
AND CONSTANT (1970=100) PRICES

TABLE 3.6 (contd.)

Period II (1974-75 to 1984-85)
Percent

| S.No. | Head of expenditure | Current prices 1974-75 to 1984-85 | Constant prices 1974-75 to 1984-85 |
|-------|---------------------|---|--|
| 1. | Non-developmental | 16 | 9 |
| 2. | Defence | 13 | 6 |
| 3. | Interest payments | 20 | 12 |
| 4. | Admn. Services | 11 | 4 |
| 5. | Organs of State | 13 | 6 |
| 6. | Fiscal Services | 26 | 18 |
| 7. | Subsidy to FCI | | 7 |

Period 1950-51 to 1984-85
Percent

| S.No. | Head of expenditure | 1950-51 to 1984-85 | 1950-51 to 1959-60 | 1960-61 to 1969-70 | 1970-71 to 1979-80 | 1980-81 to 1984-85 |
|-------|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. | Defence (a) Current prices | 12 | 5 | 15 | 12 | 17 |
| | (b) Constant prices | 6 | 5 | 9 | 4 | 8 |
| 2. | Interest payments (a) Current prices | 14 | 10 | 12 | 15 | 23 |
| | (b) Constant prices | 8 | 10 | 6 | 7 | 14 |

Source: Calculated from tables 3.4, 3.5, A-3.4, A-3.5

TABLE : 3.7
DISTRIBUTION OF EXPENDITURE OF ADMINISTRATIVE
SERVICES, AT CONSTANT (1970-71 = 100) PRICES, OF THE
CENTRE BETWEEN MINOR HEADS:1950-51 TO 1973-74.

| Y E A R | GENERAL ADMN. | | | EXTERNAL AFFAIRS | | | P O L I C E | | | JUSTICE & J A I L | | | AUDIT | | |
|---------|---------------|------------------------------------|-----|------------------|-------------------------------------|-----|-------------|------------------------------------|------|----------------------|------------------------------------|-----|-------------|------------------------------------|-----|
| | Out- lay | Outlay as % Non-Dvpl Exp. | IOG | Out- lay | Outlay as % Non-Dvpl. Exp. | IOG | Out- lay | Outlay as % Non-Dvpl Exp. | IOG | Out- lay | Outlay as % Non-Dvpl Exp. | IOG | Out- lay | Outlay as % Non-Dvpl Exp. | IOG |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 1950-51 | 17 | 3 | 100 | 8 | 1 | 100 | 6 | 1 | 100 | 2 | N | 100 | 6 | 1 | 00 |
| 1951-52 | 19 | 3 | 112 | 8 | 1 | 100 | 8 | 1 | 133 | 2 | N | 100 | 8 | 1 | 133 |
| 1952-53 | 18 | 3 | 106 | 8 | 1 | 100 | 6 | 1 | 100 | N | N | N | 8 | 1 | 133 |
| 1953-54 | 22 | 3 | 129 | 10 | 1 | 125 | 6 | 1 | 100 | N | N | N | 10 | 1 | 167 |
| 1954-55 | 26 | 3 | 153 | 11 | 1 | 138 | 9 | 1 | 150 | N | N | N | 11 | 1 | 183 |
| 1955-56 | 20 | 3 | 118 | 9 | 1 | 113 | 6 | 1 | 100 | N | N | N | 8 | 1 | 133 |
| 1956-57 | 28 | 3 | 165 | 14 | 2 | 175 | 12 | 1 | 200 | N | N | N | 12 | 1 | 200 |
| 1957-58 | 30 | 3 | 176 | 13 | 1 | 163 | 15 | 1 | 250 | 2 | N | 100 | 12 | 1 | 200 |
| 1958-59 | 30 | 3 | 176 | 13 | 1 | 163 | 13 | 1 | 217 | 2 | N | 100 | 13 | 1 | 217 |
| 1959-60 | 29 | 2 | 171 | 16 | 1 | 200 | 16 | 1 | 267 | 2 | N | 100 | 15 | 1 | 250 |
| 1960-61 | 38 | 3 | 224 | 18 | 1 | 225 | 31 | 2 | 517 | 2 | N | 100 | 15 | 1 | 250 |
| 1961-62 | 34 | 2 | 200 | 21 | 2 | 263 | 41 | 3 | 683 | 2 | N | 100 | 16 | 1 | 267 |
| 1962-63 | 38 | 2 | 224 | 22 | 1 | 275 | 46 | 3 | 767 | 2 | N | 100 | 15 | 1 | 250 |
| 1963-64 | 35 | 2 | 206 | 22 | 1 | 275 | 46 | 2 | 767 | 2 | N | 100 | 16 | 1 | 267 |
| 1964-65 | 33 | 2 | 194 | 22 | 1 | 275 | 52 | 3 | 867 | 1 | N | 50 | 16 | 1 | 267 |
| 1965-66 | 36 | 2 | 212 | 21 | 1 | 263 | 65 | 3 | 108 | 1 | N | 50 | 17 | 1 | 283 |
| 1966-67 | 37 | 2 | 218 | 21 | 1 | 263 | 65 | 3 | 108 | 1 | N | 50 | 17 | 1 | 283 |
| 1967-68 | 37 | 2 | 217 | 14 | 1 | 175 | 73 | 3 | 122 | 1 | N | 50 | 17 | 1 | 283 |
| 1968-69 | 34 | 1 | 200 | 15 | 1 | 188 | 84 | 4 | 1400 | 1 | N | 50 | 19 | 1 | 317 |
| 1969-70 | 33 | 1 | 194 | 20 | 1 | 250 | 94 | 4 | 1566 | 1 | N | 50 | 21 | 1 | 350 |
| 1970-71 | 35 | 1 | 206 | 22 | 1 | 275 | 108 | 4 | 1800 | 1 | N | 50 | 24 | 1 | 400 |
| 1971-72 | 59 | 2 | 347 | 26 | 1 | 325 | 119 | 4 | 1983 | 2 | N | 100 | 26 | 1 | 433 |
| 1972-73 | 51 | 2 | 300 | 20 | 1 | 250 | 122 | 4 | 2033 | 2 | N | 100 | 26 | 1 | 433 |
| 1973-74 | 46 | 2 | 271 | 22 | 1 | 275 | 96 | 4 | 1600 | 1 | N | 50 | 27 | 1 | 450 |

SOURCE : Calculated from table. A-3.7

NOTE:1. For methodology of Deflating see Text.

2. N - Negligible. 3. All indices of growth have base 1950-51 = 100.

4. All outlay figures are in Rs. crores.

that of defence expenditure. . Its share in non-developmental expenditure increased sharply over the period from 24 per cent to 33 per cent and as a percentage of total expenditure its share increased from 11 per cent to 14 per cent in 1984-85. Thus the interest payments continued to occupy the second place during this period.

The share of expenditure on Administrative Services witnessed a decline over this period from 8 to 5 per cent despite a growth of over 55 percent over the period (in real terms) at a compound growth rate of two per cent. By 1984-85 it had been replaced as the third largest head of expenditure by 'Fiscal Services'.

Outlay on fiscal services increased from Rs. 83 crores in 1974-75 to Rs. 449 crores in 1984-85 (in real terms), i.e., a growth of nearly four and a half times. Its share in non-developmental expenditure increased from 3 per cent to 8 per cent over the period.

Subsidy to FCI was included in the 'Others' category in period I. Due to an increase in ^{its} magnitude, we have treated it separately in this period. In real terms subsidies to FCI increased from Rs. 182 crores to Rs. 357 crores in 1984-85 representing a growth of nearly 100 percent. Its share in non-developmental expenditure, however, showed a

TABLE : 3.8

DISTRIBUTION OF EXPENDITURE ON ADMINISTRATIVE
SERVICES AT CONSTANT (1970-71 = 100) PRICES
1974-75 TO 1984-85.

| Y E A R | P O L I C E | | | S T A T I O N A R Y & P R I N T I N G | | | E X T E R N A L A F F A I R S | | | 'O T H E R ' A D M V E . S E R V I C E S | | |
|---------|-------------|-----------------------|-----|--|-----------------------|-----|-------------------------------|-----------------------|-----|---|-----------------------|-----|
| | Outlay | As % Non Dvpl. Exp | IOG | Outlay | As % Non Dvpl. Exp | IOG | Outlay | As % Non Dvpl. Exp | IOG | Outlay | As % Non Dvpl. Exp | IOG |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1974-75 | 104 | 4 | 100 | 15 | 1 | 100 | 21 | 1 | 100 | 61 | 2 | 100 |
| 1975-76 | 139 | 4 | 127 | 9 | 1 | 58 | 32 | 1 | 144 | 72 | 2 | 112 |
| 1976-77 | 127 | 4 | 125 | 16 | N | 79 | 30 | 1 | 147 | 72 | 2 | 121 |
| 1977-78 | 132 | 4 | 134 | 15 | N | 108 | 32 | 1 | 162 | 66 | 2 | 114 |
| 1978-79 | 138 | 4 | 144 | 14 | N | 100 | 34 | 1 | 176 | 72 | 2 | 127 |
| 1979-80 | 129 | 3 | 154 | 16 | N | 138 | 29 | 1 | 171 | 66 | 2 | 134 |
| 1980-81 | 138 | 3 | 183 | 15 | N | 138 | 29 | 1 | 191 | 76 | 2 | 172 |
| 1971-82 | 147 | 3 | 212 | 18 | N | 179 | 32 | 1 | 229 | 78 | 2 | 192 |
| 1982-83 | 162 | 3 | 254 | 15 | N | 167 | 35 | 1 | 271 | 76 | 2 | 204 |
| 1983-84 | 169 | 3 | 290 | 9 | N | 104 | 34 | 1 | 288 | 57 | 1 | 166 |
| 1984-85 | 198 | 3 | 362 | 13 | N | 167 | 37 | 1 | 232 | 65 | 1 | 201 |

SOURCE : Same as table. 3.1

NOTE : 1. All indices of growth have base 1974-75=100
2. N-Negligible.

TABLE: 3.9

Comparison of Growth Rates (compound) of minor heads of expenditure of "Admn. Services"
"Organs of State" and "Fiscal Services": CENTRE

| S.No. | Head of expenditure | Selected periods | | | Percent |
|-------|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 1950-51 to 1973-74 | 1950-51 to 1954-60 | 1960-61 to 1969-70 | 1970-71 to 1973-74 |
| 1. | General Admn. (a) Current prices | 16 | 7 | 7 | 22 |
| | (b) Constant prices | 4 | 6 | (-)2 | 10 |
| 2. | External Affairs (a) Current prices | 17 | 9 | 8 | 14 |
| | (b) Constant prices | 4 | 8 | 1 | 0 |
| 3. | Police (a) Current prices | 34 | 13 | 26 | 7 |
| | (b) Constant prices | 13 | 12 | 13 | (-)4 |
| 4. | Justice & Jails (a) Current prices | - | - | - | - |
| | (b) Constant prices | (-)3 | 0 | (-)7 | 0 |
| 5. | Audit (a) Current prices | 12 | 12 | 11 | 16 |
| | (b) Constant prices | 7 | 11 | 4 | 4 |

TABLE: 3.9 (contd)

Period 1974-75 to 1984-85

| S.No. | Head of expenditure | Percent | | | |
|-------|--------------------------|--|--------------------------|---|--------------------------|
| | | Current prices 1974-75 to 1984-85 | 1980-81 to 1984-85 | Constant prices 1974-75 to 1984-85 | 1980-81 to 1984-85 |
| 1. | Police | 14 | 18 | 7 | 9 |
| 2. | External Affairs | 14 | 15 | 6 | 6 |
| 3. | 'Other' Admn. services | 7 | 4 | 1 | (-)4 |
| 4. | Admn. of Justice | 12 | 16 | 4 | 11 |
| 5. | Audit | 9 | 15 | 2 | 6 |
| 6. | 'Other' organs of State | 24 | 32 | 17 | 22 |
| 7. | Tax collection charges | 12 | 17 | 5 | 8 |
| 8. | Currency, coinage & mint | 13 | 31 | 6 | 20 |
| 9. | 'Other' fiscal services | - | 9 | 8* | 0.4 |

Source: Calculated from tables 3.7, 3.8, A-3.7, A-3.8, A-3.9, A-3.10

* Due to abnormally small figure in 1974-75, we have instead taken 1975-76 to 1984-85

marginal decrease from 7 to 6 per cent over the period. Its growth rate of 7 per cent was higher than that of expenditure on Defence and Organs of State.⁸

Summing up the results of this study, the following prominent features about the growth and structure of non-developmental expenditure of the Centre emerge.

Wagner's 'law' of expanding State activity seemed to hold, in both nominal and real terms, for the expenditure of the Centre. The ratio of expenditure to GNP nearly quadrupled over the period. Non-developmental expenditure also increased at a faster rate than GNP and its ratio to GNP more than doubled over the period. However, non-developmental expenditure showed a lower rate of growth than both Total and Developmental expenditure over the period.

The growth of non-developmental expenditure was not uniform over the period: while the fifties and sixties witnessed rates of growth of per capita non-developmental expenditure in real terms which were slightly above the growth rate for the period as a whole, the seventies witnessed a sharp fall in the growth rate. The 6th Five Year Plan period saw the highest rate of growth of non-developmental expenditure which was significantly higher than the growth rate

8. Details regarding the growth and composition of expenditure on Administrative Services; Organs of States and Fiscal Services can be seen from Tables 3.7, 3.8, 3.9, A-3.7, A-3.8, A-3.9, A-3.10.

for the whole period.

For the period as a whole, both Total and Developmental expenditure grew at a higher rate than non-developmental expenditure. This was true for all the sub-periods as well, except for the sixties when non-developmental expenditure grew at a higher rate than total expenditure. The rate of growth of Developmental expenditure for the period was more than double the growth rate of non-developmental expenditure.

Throughout the period, non-developmental expenditure accounted for a larger proportion of total expenditure than Developmental expenditure with its share fluctuating between 45 to 55 per cent. The first five year plan period saw the highest share of non-developmental expenditure in Total expenditure but by the end of the plan period, the share declined sharply to the levels mentioned.

Over three-fourth of all non-developmental expenditure have been accounted for by expenditure on Defence and Interest Payments throughout the period. Defence expenditure alone, till 1973-74, constituted nearly half of all non-developmental expenditure. The decade preceding 1984-85, however, saw its share falling to about two-fifths. Interest payments, on the other hand, accounted for a steadily increasing proportion of non-developmental expenditure and by the end of the period expendi-

ture under this head accounted for nearly one-third of non-developmental expenditure. In ^{the} first sub-period Interest payments and expenditure of Administrative Services experienced the fastest rates of growth followed by expenditure on Defence. The second sub-period saw expenditure on Fiscal Services grew at the fastest rate followed by Interest Payments.

Chapter IV

GROWTH AND STRUCTURE OF COMBINED NON-

DEVELOPMENTAL EXPENDITURE OF STATES

AND UNION TERRITORIES .1960-61 to

1984-84

For a comprehensive analysis of the growth of non-developmental expenditure, it is essential that these expenditure are analysed at both the Centre and State levels. This is necessary because State Governments' expenditure account for a sizeable portion of combined expenditure of Centre, States and Union Territories. While the ratio of Central Government's expenditure to GNP at factor cost in 1984-85 was about 22 per cent, the ratio of combined States and Union Territories' expenditure to GNP was about 17 per cent in 1984-85. In Section I of this chapter we trace the growth of non-developmental expenditure of the States and Union Territories while in Section II we study the changing composition of non-developmental expenditure over the time period.

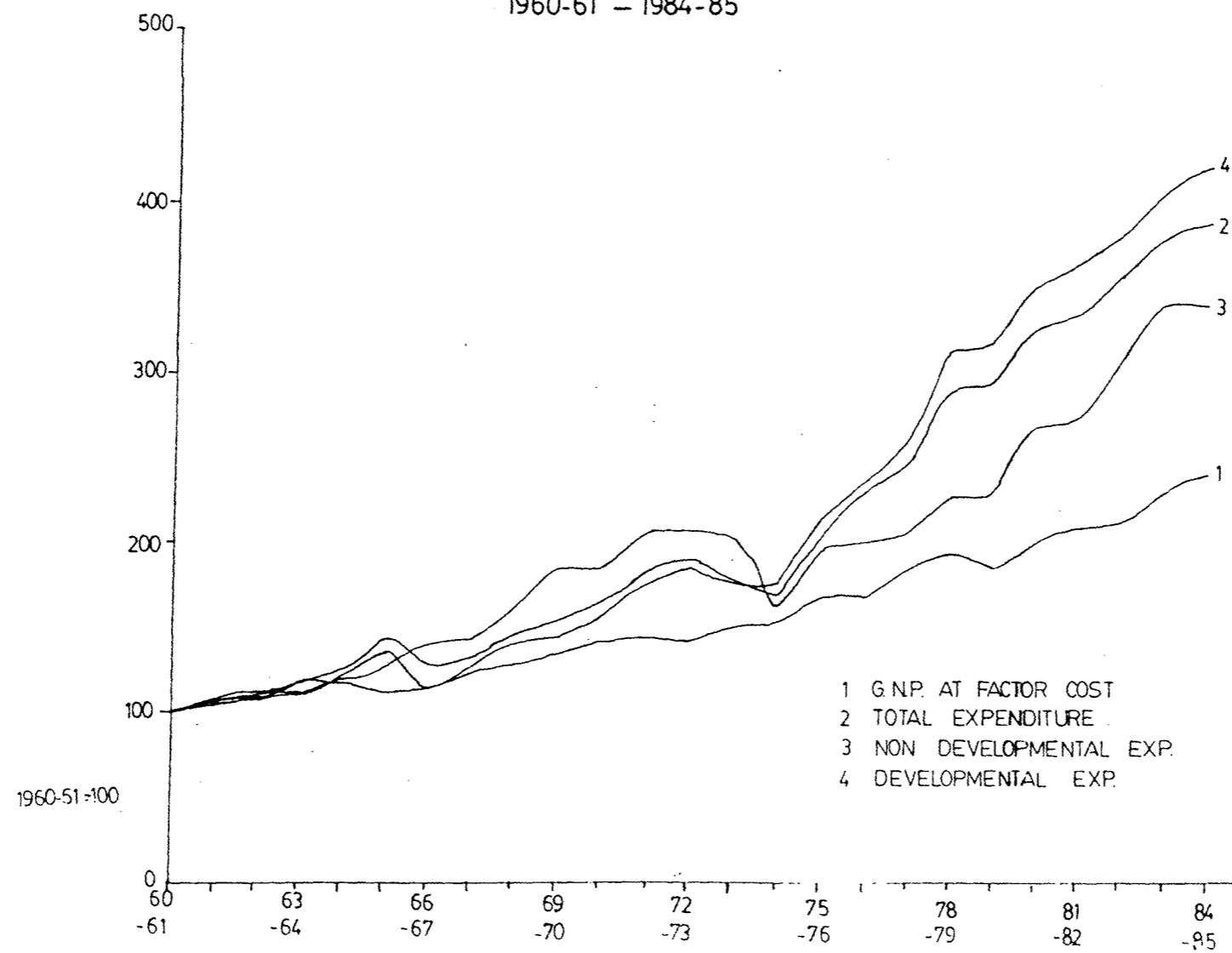
SECTION I

Growth of Non-developmental Expenditure of the States¹ 1960-61 to 1984-85:

Non-developmental expenditure of the states increased over the period from Rs. 456 crores in 1960-61 to Rs. 8623 crores in nominal terms². This represented an increase of about 18 times over the period as compared to increases of about 21 and 23 times

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1. Throughout this chapter, unless otherwise mentioned, expenditure would refer to combined expenditure of States and Union Territories.
 2. For data pertaining to the analysis please see Tables 4.1, 4.3, A-4.1, A-4.2, A-4.4.

COMPARISON OF INDICES OF GROWTH OF: GNP, TOTAL,
NON-DEVELOPMENTAL & DEVELOPMENTAL EXPENDITURE OF STATES
& UNION TERRITORIES AT CONSTANT PRICES
1960-61 - 1984-85



Distribution of total expenditure of States & Union Territories at Constant (1970-71= 100) prices between its Components and their ratio to G.N.P.
at Factor cost (1960-61 to 1984-85)

| Year | FINAL OUTLAYS ON Rs. Crores | | | Total Ex- pen- diture | Final Outlays as percentage of total expenditure (percent) | | | GNP in Crores | Final Outlays and Total expenditure as percent of GNP | | |
|---------|--------------------------------|------|--------|--------------------------------|--|------|------|---------------------|---|---------------|--------------|
| | Non. Dev. | Dev. | Others | | Non. Dev. | Dev. | Oth. | | Factor cost. | Total Exp. | Non. Dev. |
| 1960-61 | 828 | 1578 | 238 | 2644 | 31 | 60 | 9 | 25424 | 10 | 3 | 6 |
| 1961-62 | 870 | 1696 | 227 | 2793 | 31 | 61 | 8 | 26293 | 11 | 3 | 6 |
| 1962-63 | 906 | 1804 | 237 | 2947 | 31 | 61 | 8 | 26834 | 11 | 3 | 7 |
| 1963-64 | 983 | 1769 | 359 | 3111 | 32 | 57 | 11 | 28210 | 11 | 3 | 6 |
| 1964-65 | 971 | 1895 | 416 | 3282 | 30 | 58 | 12 | 30399 | 11 | 3 | 6 |
| 1965-66 | 1059 | 2153 | 561 | 3773 | 28 | 57 | 15 | 28791 | 13 | 4 | 7 |
| 1966-67 | 1143 | 1810 | 384 | 3336 | 34 | 54 | 12 | 29081 | 11 | 4 | 6 |
| 1967-68 | 1158 | 1983 | 335 | 3481 | 33 | 57 | 10 | 31590 | 11 | 4 | 6 |
| 1968-69 | 1331 | 2252 | 292 | 3875 | 34 | 58 | 8 | 32460 | 12 | 4 | 7 |
| 1969-70 | 1521 | 2303 | 264 | 4088 | 37 | 56 | 7 | 34518 | 12 | 4 | 7 |
| 1970-71 | 1518 | 2476 | 326 | 4320 | 35 | 57 | 8 | 36452 | 12 | 4 | 7 |
| 1971-72 | 1716 | 2787 | 371 | 4874 | 35 | 57 | 8 | 36999 | 13 | 5 | 8 |
| 1972-73 | 1725 | 2951 | 400 | 5076 | 34 | 58 | 8 | 36629 | 14 | 5 | 8 |
| 1973-74 | 1685 | 2819 | 266 | 470 | 35 | 59 | 6 | 38486 | 12 | 4 | 7 |
| 1974-75 | 1339 | 2780 | 327 | 4446 | 30 | 63 | 7 | 38958 | 11 | 3 | 7 |
| 1975-76 | 1623 | 3433 | 433 | 5492 | 30 | 63 | 7 | 42499 | 13 | 4 | 8 |
| 1976-77 | 1653 | 3808 | 612 | 6072 | 27 | 63 | 10 | 43076 | 14 | 4 | 9 |
| 1977-78 | 1709 | 4127 | 701 | 6537 | 26 | 63 | 11 | 46827 | 14 | 4 | 9 |
| 1978-79 | 1882 | 4952 | 851 | 7685 | 24 | 64 | 12 | 49559 | 16 | 4 | 10 |
| 1979-80 | 1881 | 5014 | 868 | 7763 | 26 | 65 | 9 | 47233 | 16 | 4 | 11 |
| 1980-81 | 2216 | 5528 | 865 | 8609 | 26 | 64 | 10 | 50793 | 17 | 4 | 11 |
| 1981-82 | 2242 | 5743 | 790 | 8915 | 26 | 65 | 4 | 53467 | 16 | 4 | 11 |
| 1982-83 | 2578 | 6028 | 819 | 4425 | 27 | 64 | 9 | 54836 | 17 | 5 | 11 |
| 1983-84 | 2809 | 6444 | 829 | 10082 | 28 | 64 | 8 | 59043 | 17 | 5 | 11 |
| 1984-85 | 2800 | 6655 | 765 | 10220 | 27 | 65 | 8 | 61201 | 17 | 5 | 11 |

SOURCE : 1/ Indian Economic Statistics, Public Finance, Ministry of Finance
2/ Economic survey- published by Ministry of Finance, Govt. of India.

NOTE : 1. GNP fig. from 1977-78 onwards are provisional & fig. for 1984-85 is quick estimate
2. For methodology used for deflating see text.

for States' total and developmental expenditure respectively. Non-developmental expenditure grew at an average compound rate of 13 per cent over the entire period. Its rate of growth was, however, not uniform over the period. While it grew at a rate higher than that of ^{the}entire period in the 60's (14 per cent) its growth rate was less than the period average in the seventies (11 per cent). The first half of the 80's saw the highest rate of growth of non-developmental expenditure among the different sub-periods.

In real terms, however, the increase in non-developmental expenditure got reduced drastically to less than two and a half times over the period. Similarly the average annual compound growth rate over the period also got reduced to 5 per cent. The highest growth rate was in the 60's (7 per cent) in real terms, while in nominal terms, the highest growth rate was seen in the first half of the eighties. The 70's witnessed a very low rate of growth of 2 per cent which was less than half the period average.

Growth with effect of population changes removed:³

In per capita terms non-developmental expenditure grew from Rs. 10.00 in 1960-61 to Rs. 117 in 1984-85. This represented an increase of around 11 times at a growth rate of 8 per cent

3. For data pertaining to the analysis please see Tables 4.2, 4.3, A-4.3, A-4.4.

Table No. 4.2

Distribution of per capita total expenditure of States of Union Territories at constant (1970-71 = 100) prices between its components and comparison of their indices of growth: 1960-61 to 1984-85.

| YEAR | PER CAPITA (Rupees) | | | | INDEX OF GROWTH OF PER CAPITA 1960-61=100 | | | |
|---------|------------------------|---------------|--------------|------|--|---------------|--------------|------|
| | GNP | Total Exp. | Non- Dev. | Dev. | GNP | Total Exp. | Non- Dev. | Dev. |
| 1960-61 | 586 | 56 | 18 | 38 | 100 | 100 | 100 | 100 |
| 61-62 | 591 | 62 | 20 | 37 | 101 | 111 | 111 | 97 |
| 62-63 | 590 | 65 | 20 | 39 | 101 | 116 | 111 | 103 |
| 63-64 | 607 | 67 | 20 | 38 | 104 | 120 | 111 | 100 |
| 64-65 | 641 | 69 | 14 | 40 | 109 | 123 | 78 | 105 |
| 65-66 | 594 | 78 | 22 | 45 | 101 | 139 | 122 | 118 |
| 66-67 | 588 | 67 | 23 | 37 | 100 | 120 | 128 | 97 |
| 67-68 | 624 | 68 | 22 | 39 | 106 | 121 | 122 | 103 |
| 68-69 | 627 | 75 | 26 | 44 | 107 | 134 | 144 | 116 |
| 69-70 | 652 | 77 | 29 | 43 | 111 | 137 | 161 | 113 |
| 70-71 | 674 | 80 | 28 | 46 | 115 | 143 | 139 | 121 |
| 71-72 | 668 | 88 | 31 | 50 | 114 | 157 | 172 | 132 |
| 72-73 | 646 | 89 | 31 | 52 | 110 | 159 | 172 | 137 |
| 73-74 | 663 | 82 | 29 | 49 | 113 | 146 | 161 | 129 |
| 74-75 | 657 | 75 | 22 | 47 | 112 | 134 | 122 | 124 |
| 75-76 | 705 | 90 | 26 | 57 | 120 | 161 | 144 | 150 |
| 76-77 | 695 | 98 | 27 | 62 | 119 | 175 | 150 | 163 |
| 77-78 | 739 | 103 | 27 | 65 | 126 | 184 | 150 | 171 |
| 78-79 | 764 | 118 | 29 | 76 | 130 | 211 | 161 | 200 |
| 79-80 | 711 | 117 | 28 | 76 | 121 | 209 | 156 | 200 |
| 80-81 | 748 | 127 | 33 | 81 | 128 | 227 | 183 | 213 |
| 81-82 | 770 | 126 | 32 | 83 | 131 | 225 | 178 | 218 |
| 82-83 | 773 | 133 | 36 | 85 | 132 | 237 | 200 | 224 |
| 83-84 | 816 | 139 | 39 | 89 | 139 | 248 | 127 | 234 |
| 84-85 | 828 | 138 | 38 | 90 | 141 | 246 | 211 | 237 |

SOURCE: Same as table. A-4.1

over the period. The pattern of its growth over the various sub-periods was similar to pattern in absolute terms with growth rates in the 60's and first half of ^{the} 80's being higher than the period average while the rate of growth in the 70's was lower than the period average.

In real terms and with effects of population change removed non-developmental expenditure, increased from Rs. 18 in 1960-61 to Rs. 38 in 1984-85. Thus per capita non-developmental expenditure increased to twice its original figure over the period at a growth rate of 3 per cent. The pattern of growth was similar, over the various sub-periods, to the pattern of growth in real absolute terms. The 70's witnessed a very low rate of growth at 0.4 per cent, While the 60's and the first half of the 80's saw rates of growth higher than the period average. Total expenditure and developmental expenditure also more than doubled over the period with growth rates higher than that of non-developmental expenditure.

Share of non-developmental expenditure of the states in Total Expenditure and GNP:⁴

The ratio of non-developmental expenditure to GNP at factor cost increased over the period from 3 to 4 per cent.

4. For data pertaining to the analysis, please see Table 4.1.

DISTRIBUTION OF EXPENDITURE OF STATES AND UNION TERRITORIES
 BETWEEN NON-DEVELOPMENTAL EXPENDITURE AND DEVELOPMENTAL
 EXPENDITURE : 1961-62 to 1984-85.

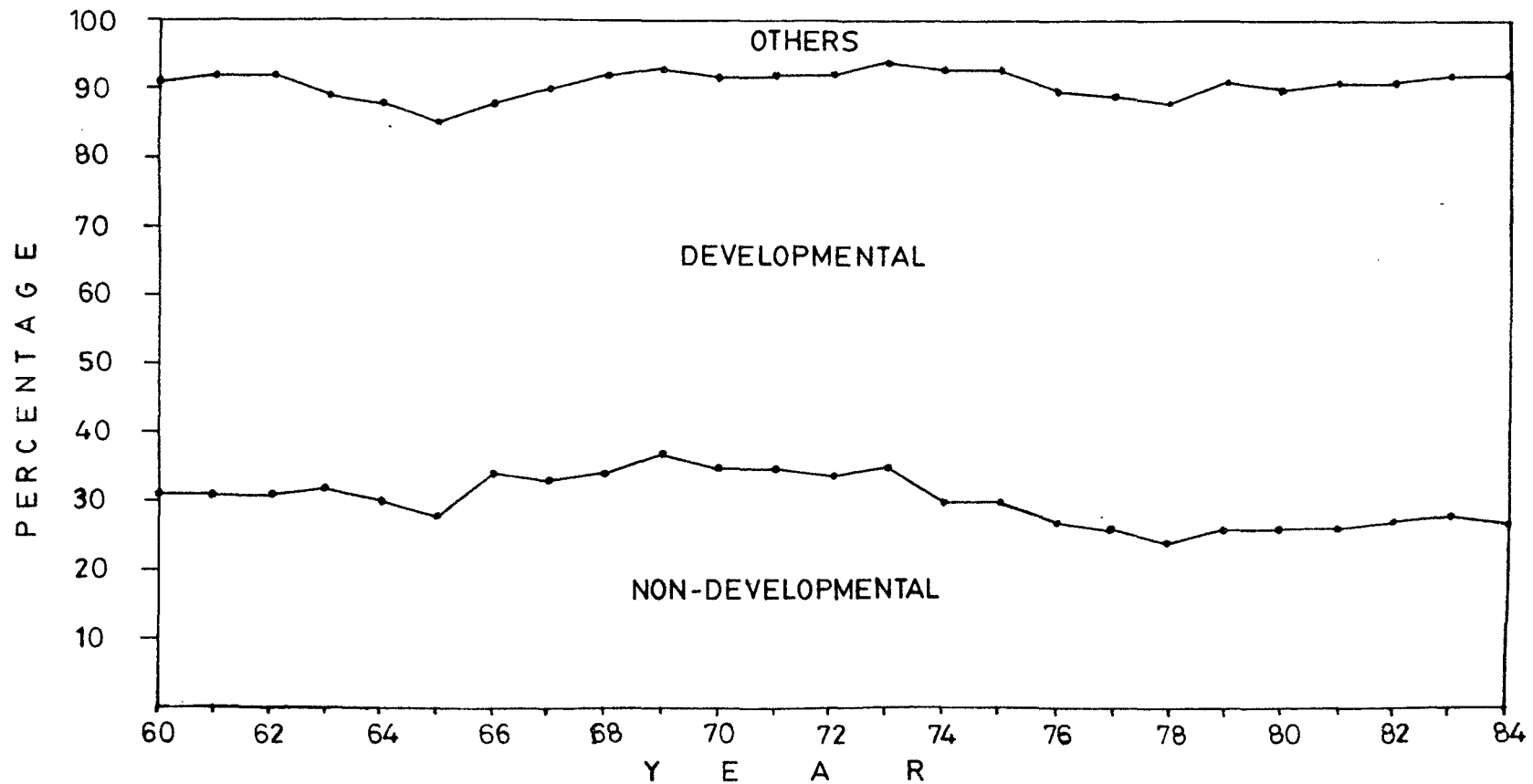


Table No. 4.3

Comparative growth rates (compound) of GNP at factor cost, total expenditure and its components, both total and per capita, at constant prices (1970-71 = 100)

| S.No. | Item | 1960-61 to 1984-85 | 1960-61 to 1969-70 | 1970-71 to 1979-80 | 1980-81 to 1984-85 |
|-------------------------------------|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1) | GNP at factor cost | 4 | 3 | 3 | 5 |
| 2) | Total expenditure of states and Union territories. | 6 | 5 | 7 | 4 |
| 3) | Non developmental expenditure | 5 | 7 | 2 | 6 |
| 4) | Developmental, expenditure | 6 | 4 | 8 | 5 |
| PER CAPITA COMPOUND GROWTH RATES | | | | | |
| 1) | GNP at factor cost | 1.4 | 1 | 6 | 3 |
| 2) | Total expenditure of States & Union Territories | 4 | 4 | 4 | 2 |
| 3) | Non- developmental expenditure | 3 | 5 | 0.4 | 4 |
| 4) | Developmental expenditure | 4 | 1 | 6 | 3 |

SOURCE : Calculated from table.4.1,4.2

For most of the period its share had fluctuated between 4 and 5 per cent. The Third Five Year Plan period saw the lowest ratio (3 per cent) and the end of the Plan period saw the ratio going upto 4 per cent and for the rest of the period its share remained between 4-5 per cent. The ratio of Total Expenditure and Developmental Expenditure to GNP increased steadily over the period from 10 and 6 per cent to 17 and 11 per cent respectively. The Sixth Five Year Plan saw a steady share of Developmental Expenditure in GNP at 11 per cent.

The share of Non-developmental expenditure in Total Expenditure declined over the period from 31 per cent in 1960-61 to 27 per cent in 1984-85, while the share of developmental expenditure increased from 60 per cent to 65 per cent over the same period. The lowest share of non-developmental expenditure was 24 per cent in 1978-79 while the highest was 37 per cent in 1969-70.

Section II

Structure of Non-Developmental Expenditure of the States:

As was the case in our analysis of Central Government expenditure, two time series had to be constructed separately to study the changing composition of Non-developmental expenditure. Because of a major and comprehensive reclassi-

fication of Government accounts, full comparability could not be established for the components over the period as a whole. Ensuring full comparability would have necessitated redefining non-developmental expenditure very narrowly with a consequent loss of many major and minor details. Hence we will study the changes in structure of non-developmental expenditure over two time period, i.e. 1960-61 to 1973-74 and 1974-75 to 1984-85.

Period I: 1960-61 to 1973-74⁵

For our study, non-developmental expenditure has been disaggregated into six major Heads of Expenditure - 'Interest on debt', 'Tax collection charges', 'Administrative services', 'Pensions etc.', 'Famine Relief' and 'other' non-developmental expenditure.⁶

Interest payments: At the end of the period interest payments constituted the largest component of non-developmental expenditure supplanting expenditure on Administrative Services. Its share almost doubled over the period from 19 per cent in 1960-61 to 36 per cent in 1973-74. Outlay on interest payments, in real terms, increased from Rs. 158 crores to Rs. 604 crores over the period - an increase of nearly 3 times. Its share in total expenditure more than doubled over the period from 6 per cent in 1960-61 to 13 per cent in 1973-74.

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5. For data pertaining to the analysis, please see Tables 4.4, A-4.7.
 6. Details regarding the composition of these heads of expenditure are given in appendix B.

Table:4.4

COMPARISON OF GROWTH RATES (COMPOUND) OF MAJOR HEADS OF EXPENDITURE

| Item | Selected periods | | | Percent | | |
|-----------------------------|------------------------------|---------|---------|-------------------------------|---------|---------|
| | C u r r e n t p r i c e s | | | C o n s t a n t P r i c e s | | |
| | 1960-61 | 1960-61 | 1970-71 | 1960-61 | 1961-62 | 1970-71 |
| | to | to | to | to | to | to |
| | 1973-74 | 1969-70 | 1973-74 | 1973-74 | 1969-70 | 1973-74 |
| Tax Collection charges | 12 | 8 | 17 | 4.2 | 1.4 | 4.7 |
| Administrative services | 10 | 10 | 12 | 12.9 | 3.6 | 0.2 |
| Pensions etc. 12 | 12 | 10 | 17 | 5.5 | 3.2 | 4.7 |
| Famine relief | 25 | 25 | 54 | 16.2 | 17.3 | 38 |
| Interest on debt | 19 | 23 | 13 | 10.9 | 15.4 | 1.4 |

| S.No. | Head of Expenditure | Current prices | Constant prices |
|-------|--|--------------------------|--------------------------|
| | | 1974-75 to 1984-85 | 1974-75 to 1984-85 |
| 1 | Interest payments | 15 | 7.9 |
| 2 | Organs of state | 15 | 8.1 |
| 3 | Administrative services | 13 | 6.3 |
| 4 | Relief on account of natural calamities | (-)0.8 | (-)6.9 |
| 5 | Pensions & other retirement benefits. | 23 | 15.5 |
| 6 | Social Security & Welfare (Non Plan) | 18 | 10.3 |
| 7 | Fiscal services | 11 | 4.3 |
| 8 | Compensation and assignment of local bodies | 16 | 9.4 |

Administrative Services: Expenditure on Administrative Services constituted the largest component of Non-developmental expenditure at the beginning of the period. It was, however, supplanted by interest payments in this position from 1966-67 onwards and remained the second largest component till the end of the period. Its share in non-developmental expenditure and total expenditure decreased from 37 per cent and 11 per cent to 26 and 9 per cent respectively over the period. In absolute figures, outlay on Administrative Services increased from Rs. 167 crores to ^{Rs.} 609 crores (nominal terms)-an increase of nearly two and a half times at a compound growth rate of 10 per cent. In real terms, however, the increase was from Rs. 303 crores in 1960-61 to Rs. 438 crores in 1973-74. Thus the increase in real terms worked out to around one and a half times - less than half of the increase in nominal terms.

Tax collection charges: Expenditure under this head increased, in real terms, from Rs. 91 crores in 1960-61 to Rs. 156 crores in 1973-74. This represented an increase of over one and a half times over the period. The share of tax collection charges in non-developmental expenditure declined marginally from 11 to 9 per cent over the period. While expenditure under this head constituted the third largest component of non-developmental expenditure at the beginning of the period, by 1973-74 it had been supplanted in this position by expenditure on famine relief.

Famine Relief: Expenditure under this head increased, in nominal terms, from Rs. 21 crores in 1960-61 to Rs. 372 crores in 1973-74 - an increase of over 16 times at a compound rate of growth of 25 per cent. In real terms, however, its growth came down to about 6 times over the base year. The share of expenditure on Famine relief in non-developmental expenditure tripled over the period from 5 per cent in 1960-61 to 16 per cent in 1973-74. Its share, however, showed wide fluctuations over the period.

Expenditure on Pensions etc.: The minor heads of expenditure under this head are listed in Appendix B. The share of expenditure under this head remained more or less steady, with minor fluctuations, between 3 to 4 per cent over the period. Expenditure in real terms under this head doubled from Rs. 36 crores in 1960-61 to Rs. 62 crores in 1973-74.

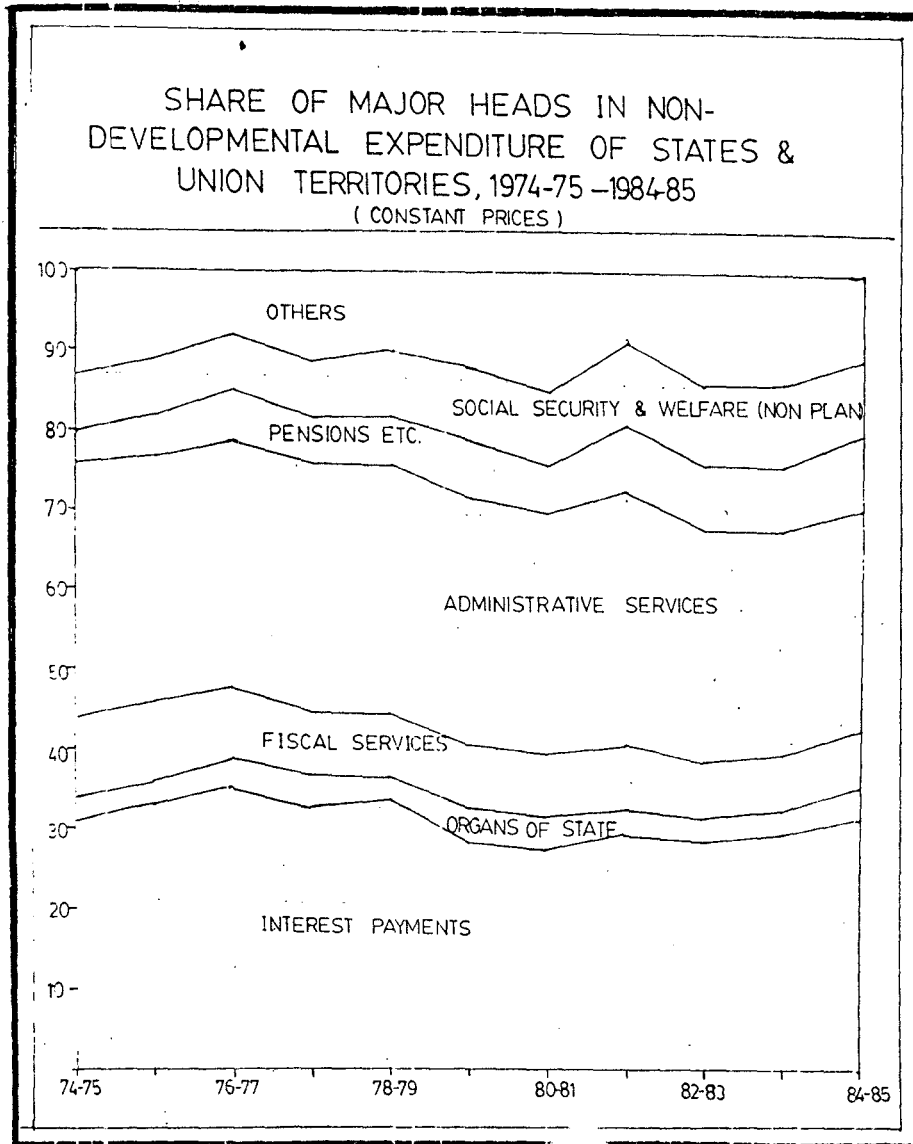
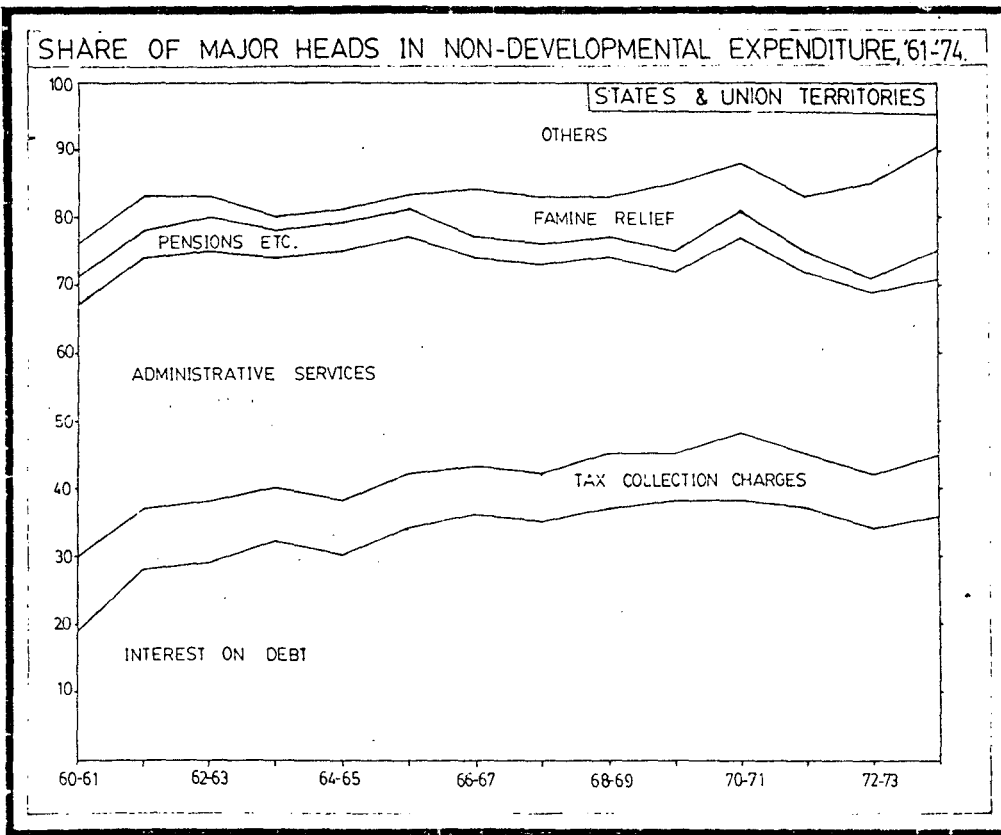
Other non-developmental expenditures: The items of expenditure under this head are listed in Appendix B. Expenditure under this head, in nominal terms, increased from Rs. 69 crores to Rs. 214 crores in 1973-74 - an increase of over 2 times. In real terms, the increase gets reduced to around 26 per cent over the period.

Changing Structure of Administrative Services:
1960-61 to 1973-74⁷

For this analysis of the changing composition of expenditure on Administrative Services, we have disaggregated this head into 3 components, viz. Expenditure on General Administration, Police and Administration of Justice and Jails.

Expenditure on General administration increased, in real terms, from Rs. 105 crores in 1960-61 to Rs. 141 crores in 1973-74 - an increase of about 34 per cent. Its share in non-developmental expenditure decreased from 13 per cent to 8 per cent over the period. Expenditure on Police increased by around 60 per cent, in real terms, over the period from Rs. 152 crores to Rs. 244 crores in 1973-74. The share of expenditure on police, however, came down from 18 per cent to 14 per cent of non-developmental expenditure over the period. Expenditure on Administration of Justice and Jails, increased, in real terms, from Rs. 45 crores to Rs. 53 crores. Its share, however, in non-developmental expenditure, over the same period, came down from 5 to 3 per cent. Thus expenditure on law and order constituted nearly 17 per cent of total non-developmental expenditure of the States in 1973-74.

7. For details pertaining to the analysis, please see Tables A-4.9, 4.7.



Period II: 1973-74 to 1984-85

As discussed earlier, a separate time series for this period had to be constructed. The major components of non-developmental expenditure of the States in this period were; Interest payments, expenditure on 'organs of State ', 'Fiscal services', 'Administrative Services', 'Relief on Account of Natural Calamities', 'Pensions and other retirement benefits', 'Compensation and assignments to local bodies', 'Social security and welfare', and 'other' non-developmental expenditures. A detailed list of the components of these major heads of expenditure is given in Appendix B.

Interest payments: Expenditure under this head constituted the single largest component of non-developmental for most of the period except in 1974-75, 1979-80 and 1980-81 when expenditure on Administrative Services was greater than expenditure under this head. Outlays under this head more than doubled over the period in real terms, increasing from Rs. 418 crores in 1974-75 to Rs. 897 crores in 1984-85. In nominal terms, expenditure under this head saw an increase of more than three times from Rs. 677 crores to Rs. 2764 crores in 1984-85 at a compound growth rate of 15 per cent.

8. For data pertaining to the analysis please see Tables 4.5, A-4.8.

Table. 4.5

DISTRIBUTION OF NONDEVELOPMENTAL EXPENDITURE AT CONSTANT (1970-71=100) PRICES
OF THE STATES AND UNION TERRITORIES BETWEEN MAJOR HEADS OF EXPENDITURE :

1974-75 to 1984-85

| Head of Exp. | | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 | 84-85 |
|---------------------------------|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Int. Pay. | Outlay | 418 | 536 | 603 | 571 | 650 | 540 | 630 | 677 | 744 | 830 | 897 |
| | I.O.G | 100 | 128 | 144 | 137 | 155 | 129 | 151 | 162 | 178 | 204 | 217 |
| | As % of Non. Dev. Exp. | 31 | 33 | 35 | 33 | 34 | 39 | 28 | 30 | 29 | 30 | 32 |
| Orgs. of State | Outlay | 46 | 55 | 65 | 75 | 63 | 85 | 83 | 73 | 83 | 94 | 100 |
| | I.O.G | 100 | 120 | 141 | 163 | 137 | 185 | 180 | 159 | 180 | 204 | 217 |
| | As % of Non. Dev. Exp. | 3 | 3 | 4 | 4 | 3 | 4 | 4 | 3 | 3 | 3 | 4 |
| Fiscal Services | Outlay | 131 | 162 | 150 | 142 | 154 | 160 | 166 | 170 | 184 | 210 | 200 |
| | I.O.G | 100 | 124 | 114 | 108 | 118 | 122 | 127 | 130 | 140 | 221 | 153 |
| | As % of Non. Dev. Exp. | 10 | 10 | 9 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |
| Admn. Services | Outlay | 425 | 501 | 519 | 532 | 584 | 586 | 656 | 707 | 754 | 785 | 786 |
| | I.O.G | 100 | 118 | 122 | 125 | 137 | 138 | 154 | 166 | 177 | 185 | 185 |
| | As % of Non. Dev. Exp. | 32 | 31 | 31 | 31 | 31 | 31 | 30 | 32 | 29 | 28 | 28 |
| Relief on A/C of Natural Cal | Outlay | 66 | 57 | 43 | 53 | 46 | 105 | 96 | 73 | 178 | 146 | 32 |
| | I.O.G | 100 | 86 | 65 | 80 | 70 | 159 | 145 | 111 | 270 | 221 | 48 |
| | As % of Non. Dev. Exp. | 5 | 4 | 3 | 33 | 2 | 6 | 4 | 3 | 7 | 5 | 1 |

Contd.

DISTRIBUTION OF NONDEVELOPMENTAL EXPENDITURE AT CONSTANT (1970-71=100) Prices
OF THE STATES AND UNION TERRITORIES BETWEEN MAJOR HEADS OF EXPENDITURE :

Table.4.5(Cont)

1974-75 to 1984-85

| Head of Exp. | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 | 84-85 | |
|----------------------------|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| Compensation Pensions Etc. | Outlay | 59 | 86 | 100 | 106 | 122 | 125 | 143 | 173 | 204 | 227 | 250 |
| | I.O.G | 100 | 146 | 169 | 182 | 207 | 212 | 242 | 293 | 346 | 393 | 424 |
| | As % of Non-Dev. Exp. | 4 | 5 | 6 | 6 | 6 | 7 | 6 | 8 | 8 | 8 | 9 |
| Compensation Etc. | Outlay | 44 | 48 | 74 | 75 | 81 | 83 | 87 | 94 | 100 | 106 | 108 |
| | I.O.G | 100 | 109 | 168 | 170 | 184 | 198 | 214 | 214 | 227 | 241 | 245 |
| | As % of Non-Dev. Exp. | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Social Security Etc. | Outlay | 96 | 113 | 115 | 127 | 142 | 164 | 194 | 229 | 252 | 296 | 257 |
| | I.O.G | 100 | 118 | 120 | 132 | 148 | 171 | 202 | 238 | 262 | 308 | 268 |
| | As % of Non-Dev. Exp. | 7 | 7 | 7 | 7 | 8 | 9 | 9 | 10 | 10 | 10 | 9 |
| Others | Outlay | 46 | 59 | 28 | 27 | 35 | 33 | 37 | 42 | 68 | 109 | 164 |
| | I.O.G | 100 | 128 | 61 | 59 | 76 | 72 | 80 | 91 | 148 | 237 | 357 |
| | As % of Non-Dev. Exp. | 3 | 4 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 4 | 6 |

SOURCE : Same as Table A-4.1

NOTE : 1. All indices of growth have base 1974-75=100.
2. I.O.G stands for Index of Growth.

Administrative Services: Expenditure on administrative services increased, in nominal terms, from Rs. 687 crores in 1974-75 to Rs. 2414 crores in 1984-85. This represents an increase of over two and a half times at a growth rate of 13 per cent over the period. In real terms, however, the increase gets reduced to about 85 percent, from Rs. 425 crores in 1974-75 to Rs. 786 crores in 1984-85. The share of administrative services in non-developmental expenditure decreased from 32 to 28 per cent over the period and in 1984-85, it constituted the second largest component of non-developmental expenditure. Its share in total expenditure of the States also decreased over the period from 10 to 8 per cent.

Fiscal services: Expenditure on Fiscal services, in real terms, increased from Rs. 131 crores in 1974-75 to Rs. 200 crores in 1984-85. This represented an increase of over 50 per cent over the period. In nominal terms, the increase was greater - nearly twice the expenditure in 1974-75. The share of 'Fiscal services' in non-developmental expenditure declined from 10 per cent to 7 per cent in 1984-85 and in 1984-85 it was the fifth largest component of non-developmental expenditure.

Social security and welfare (Non-Plan): The share of expenditure under this head increased from 7 per cent in 1974-75 to 9 per cent

in 1984-85. Expenditure under this head increased, in real terms, from Rs. 96 crores in 1974-75 to Rs. 257 crores in 1984-85 - an increase of more than one and a half times. In 1984-85 expenditure under this head along with expenditure on 'Pensions and other retirement benefits' formed the third largest component of non-developmental expenditure of the States.

Pensions and other retirement benefits: Expenditure under this head increased, in nominal terms, from Rs. 96 crores in 1974-75 to Rs. 771 crores in 1984-85. This represented an increase of over 7 times at a growth rate (compound) of 23 per cent over the period. In real terms, however, the increase was from Rs. 59 crores to Rs. 250 crores in 1984-85. The growth over the period thus gets reduced by nearly half to slightly above 3 times. Its share in non-developmental expenditure more than doubled over the period from 4 per cent to 9 per cent as did its share in total expenditure from 1 to 2 per cent. Expenditure under this head along with expenditure on Social security and welfare constituted the third largest component of non-developmental expenditure of the States in 1984-85.

Organs of State: Expenditure on organs of State increased, in real terms, from Rs. 46 crores in 1974-75 to Rs. 100 crores in 1984-85 - an increase of about 100 per cent over the period.

Its share in non-developmental expenditure of the States increased marginally from 3 to 4 per cent over the period.

Compensation and assignments to local bodies: The share of expenditure under this head remained steady at about 4 per cent of non-developmental expenditure over the period. Expenditure, in real terms, increased by over one and a half times over the period from Rs. 44 crores in 1974-75 to Rs. 108 crores in 1984-85.

Relief on account of natural calamities: The share of expenditure under this head in non-developmental expenditure fluctuated between 1 to 7 per cent over the period. Outlays, in real terms, also fluctuated over the period reaching a peak figure of Rs. 178 crores in 1982-83.

Expenditure on 'other' non-developmental heads increased, in real terms, from Rs. 46 crores in 1974-75 to Rs. 164 crores in 1984-85. This represented an increase of more than two and a half times. Their share in non-developmental expenditure fluctuated between 3 to 5 per cent over most of the period reaching a peak figure of 6 per cent in 1984-85 while their share in total expenditure remained between 1-2 per cent over the period.

TABLE : 4.6

DISTRIBUTION OF EXPENDITURE OF MAJOR HEAD 'ADMINISTRATIVE SERVICES',
THEIR SHARE IN TOTAL NON-DEVELOPMENTAL EXPENDITURE AND THEIR
GROWTH INDICES AT CONSTANT PRICES (1970-71 = 100).

| Year | Police | | Distt. Admn. | | Secretariat | | Other Adve. Services | |
|-------|-------------------|--------------------------|-------------------|--------------------------|-------------------|------------------------------|----------------------|------------------------------|
| | Outlay Rs. cr. | As % of Non- Devtl | Outlay Rs. cr. | As % of Non- Devtl | Outlay Rs. cr. | As % of Non-Devtl Exp. | Outlay Rs. crores | As % of Non-Devtl Exp. |
| 74-75 | 244 | 18 | 62 | 5 | 33 | 2 | 85 | 7 |
| 75-76 | 284 | 18 | 70 | 4 | 37 | 2 | 109 | 7 |
| 76-77 | 295 | 18 | 73 | 4 | 39 | 2 | 131 | 7 |
| 77-78 | 313 | 18 | 70 | 4 | 39 | 2 | 110 | 7 |
| 78-79 | 338 | 15 | 83 | 4 | 44 | 2 | 118 | 7 |
| 79-80 | 344 | 18 | 76 | 4 | 42 | 2 | 123 | 7 |
| 80-81 | 385 | 17 | 85 | 4 | 44 | 2 | 142 | 7 |
| 81-82 | 419 | 19 | 91 | 4 | 49 | 2 | 148 | 7 |
| 82-83 | 459 | 18 | 96 | 4 | 52 | 2 | 147 | 5 |
| 83-84 | 478 | 17 | 95 | 3 | 58 | 2 | 154 | 6 |
| 84-85 | 472 | 17 | 95 | 3 | 56 | 2 | 159 | 6 |

SOURCE : Same as table A-4.1

NOTE : For definition of aggregates see text.

CHANGES IN THE COMPOSITION OF EXPENDITURE ON
ADMINISTRATIVE SERVICES, FISCAL SERVICES AND
ORGANS OF STATE⁹

Administrative services: Expenditure on Police increased from Rs. 395 crores in 1974-75 to Rs. 1455 crores in 1984-85 in nominal terms. This represented an increase of over two and a half times over the period at a growth rate of 14 per cent. In real terms, expenditure on police grew from Rs. 244 crores in 1974-75 to Rs. 472 crores in 1984-85 - a near doubling of expenditure over the period. The share of expenditure on police in non-developmental expenditure declined marginally from 18 to 17 per cent over the period. Thus expenditure on police was the second largest single component, after the interest payments, of non-developmental expenditure of the States.

Expenditure on District Administration in real terms increased from Rs. 62 crores to Rs. 95 crores - an increase of about 50 per cent over the period. Its share in non-developmental expenditure declined from 5 per cent to 3 per cent in 1984-85. Expenditure on the Secretariat increased, in real terms, from Rs. 33 crores to Rs. 56 crores over the period - an increase of over 50 per cent. Its share in the non-developmental expenditure remained constant at 2 per cent over the period. Expenditure on 'other' administrative services increased from Rs. 85 crores,

9. For data pertaining to the analysis, please see tables 4.6, 4.7, A-4.10, A-4.11

Table:4.7

COMPARISON OF GROWTH RATES (COMPOUND) OF
MINOR HEADS OF EXPENDITURE.

SELECTED PERIOD

| S.No. | Head of Expenditure | 1960-61 to 1973-74 | 1960-61 to 1969-70 | 1970-71 to 1973-74 |
|-------|---------------------|--------------------------|--------------------------|--------------------------|
|-------|---------------------|--------------------------|--------------------------|--------------------------|

| <u>Current Prices</u> | | | | |
|-----------------------|------------------------|----|----|----|
| 1. | General Administration | 10 | 9 | 10 |
| 2. | Police | 11 | 12 | 13 |
| 3. | Justice and Jails | 8 | 8 | 11 |

| S.No. | Head of Expenditure | Current prices 1974-75 to 1984-85 |
|-------|---------------------|--|
|-------|---------------------|--|

| | | |
|----|-------------------------------|----|
| 1. | Police | 14 |
| 2. | District Administration | 11 |
| 3. | Secretariat | 13 |
| 4. | Other Administrative Services | 14 |
| 5. | Administration of Justice | 13 |
| 6. | Other Organs of State | 18 |
| 7. | Tax Collection charges | 7 |

Source: Calculated from Table 4.6, A-4.11

in real terms to Rs. 159 crores in 1984-85. There was a marginal fall of one per cent in the share of expenditure under this head, from 7 to 6 percent, over the period.

Organs of State: Expenditure on Administration of Justice increased, in real terms, from 31 crores in 1974-75 to Rs. 57 crores in 1984-85. Its share in Non-developmental expenditure, however, remained steady at 2 per cent over the period. Expenditure on 'other organs of state' nearly tripled over the period from Rs. 15 crores, in real terms, to Rs. 42 crores in 1984-85. Its share in non-developmental expenditure fluctuated between 1-2 per cent over the period.

Fiscal Services: Expenditure on tax collection, by far the largest component of Fiscal services, ^{increased} from Rs. 306 crores to Rs. 595 crores in 1984-85. In real terms, however, the increase was marginal - from Rs. 189 crores in 1974-75 to Rs. 193 crores in 1984-85. The share of tax collection charges in non-developmental expenditure nearly halved from 14 to 7 per cent over the period. Expenditure on 'other fiscal services' showed negative expenditure in two years. For the rest of the period its share in non-developmental expenditure remained negligible - ranging between 0.1 to 0.3 per cent over the period.

Our analysis has revealed many differences in the growth and structure of non-developmental expenditure of the Centre and the State and Union Territories. These differences are discussed in the concluding chapter. However, some of the results which emerged from our study are summarised below.

Non-developmental expenditure of the States and Union Territories, as a ratio to GNP at factor cost, increased over the period as did the ratios of total and developmental expenditure. The ratio of developmental expenditure to GNP, however, was more than double that of non-developmental expenditure for most of the period. Non-developmental expenditure, with the effect of both price and population changes removed, more than doubled. Both Total and Developmental expenditure, however, grew faster with a consequent decline in the share of non-developmental expenditure in total expenditure.

The growth of non-development expenditure was not uniform over the period. Its rate of growth was the highest in the sixties and lowest in the seventies. Both the sixties and the first half of the eighties saw a rate of growth of non-developmental expenditure higher than that of both total

and developmental expenditure. It was the extremely low growth rate in the seventies which resulted in the slower growth of non-developmental expenditure as compared to total and developmental expenditure for the period as a whole.

Throughout the period, non-developmental expenditure accounted for a lesser share of total expenditure than developmental expenditure. The share of non-developmental expenditure fluctuated between a quarter to about one-third of total expenditure. The period as a whole saw a decline in the share of non-developmental expenditure in total expenditure.

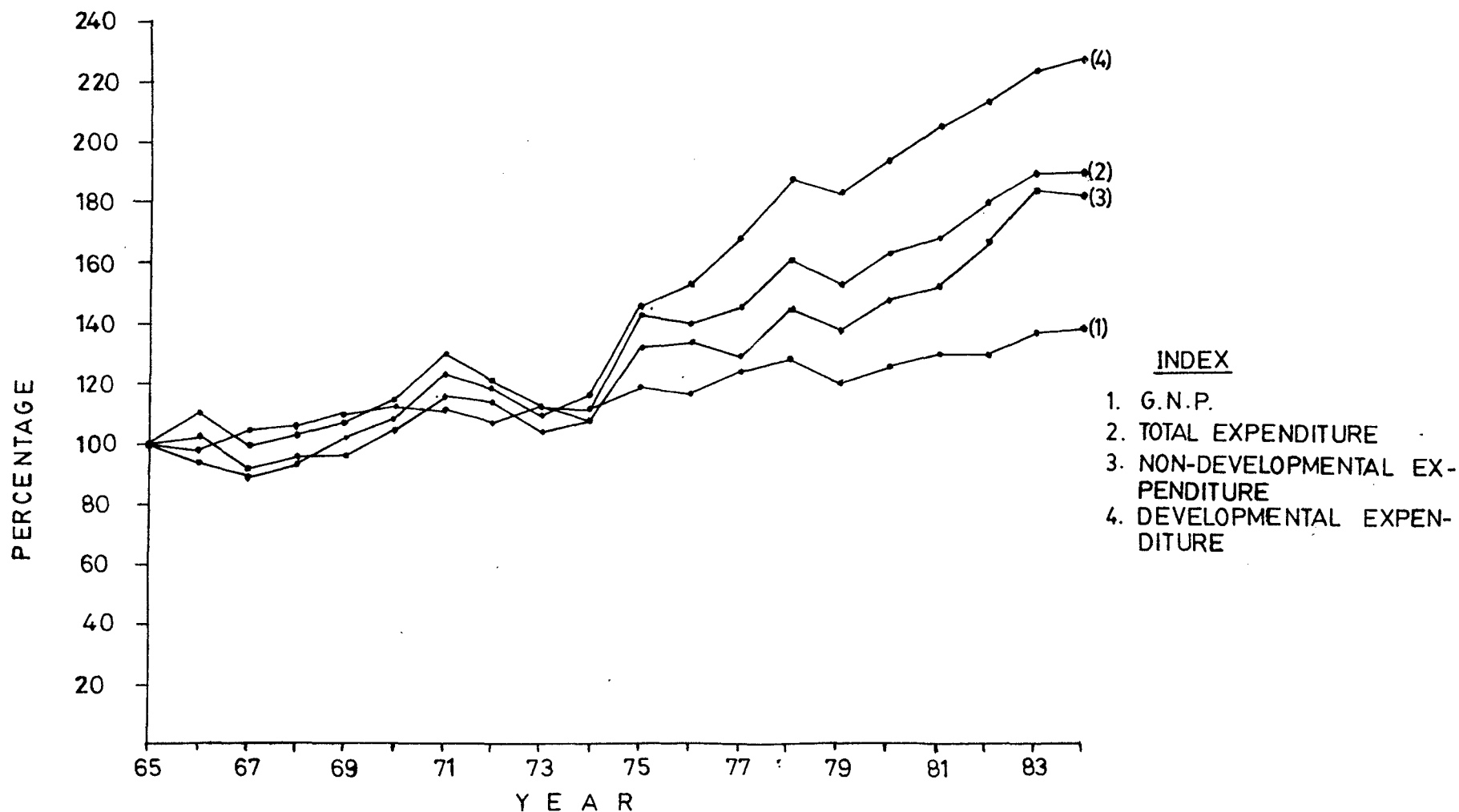
Interest Payments constituted the largest component of non-developmental expenditure for most of the period, excepting the first half of the 60's. Expenditure on Police, the largest component of Administrative Services in both the sub-periods, constituted the second largest single component over the period. In the first sub-period the highest rates of growth were experienced by expenditure on Famine Relief and Interest Payments while in the second sub-period the highest growth rates were those of expenditure on 'Pensions etc.' and Social Security and Welfare. The lowest growth rates were experienced by expenditure on Administrative Services in the first and expenditure on Fiscal Services in the second sub-periods.

Chapter V

GROWTH AND STRUCTURE OF CONSOLIDATED
NON-DEVELOPMENTAL EXPENDITURE OF CEN-
TRE, STATES & UNION TERRITORIES:
1965-66 to 1984-85

In this chapter the growth of consolidated non-developmental expenditure of the Centre, States and Union Territories is analyzed as also the changes in the composition of non-developmental expenditure. An analysis of combined expenditure is necessary to determine the growth of expenditure at both levels and its relation to community output. In the preceding two chapters, we had done separate analyses of the expenditure of the Centre and State and Union Territories respectively. A separate analysis was necessary because in India there exist two major levels of administration - the Central and State Governments. Each of these levels of administration have their own assigned heads of revenues and assigned functions and have financial and other economic links with each other. For example, the Centre gives loans to the State Governments as also grants-in-aid. These do not represent direct spending by the Central Government but we have included these in the total expenditure. Again some transfers to States, for example, grants to States for police, are included in both the Centre's and State's non-developmental expenditure. Thus, when we analyse the combined expenditure of the Centre, States and Union Territories, these inter-governmental transfers would have to be eliminated otherwise

COMPARISON OF INDICES OF GROWTH OF PER CAPITA
G.N.P., TOTAL, NON-DEVELOPMENTAL AND DEVELOPMENT
EXPENDITURE OF THE CENTRE, STATES AND
UNION TERRITORIES AT CONSTANT (1970-71=100)
PRICES: 1965-66 to 1984-85.



there would be a gross over-estimation of the magnitude of total non-developmental expenditure. In our analysis of the consolidated expenditure of the Centre, States and Union Territories, such inter-governmental transfers have been eliminated. These consolidated figures are thus far more representative of the total final spending than if we had just added the totals of Central Government and State Governments' expenditure.

Section I: Growth of consolidated non-developmental expenditure of the Centre, States and Union Territories¹: 1965-66 to 1984-85

Non-developmental expenditure, in nominal terms, increased from Rs. 2074 crores in 1965-66 to Rs. 23,178 crores in 1984-85². This represented an increase of over 10 times at an average rate of growth (compound) of 13.5 per cent over the period. Total expenditure and Developmental expenditure grew from Rs. 5131 crores and Rs. 2111 crores to Rs. 60,392 crores and Rs. 29,630 crores/ respectively. Thus while Developmental expenditure increased by more than 13 times, the growth of total expenditure was only marginally higher than that of non-developmental expenditure, with an increase

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1. Throughout this chapter, unless otherwise mentioned, all expenditures would refer to consolidated expenditure of Centre, States and Union Territories.
 2. For data pertaining to the analysis, please see Tables 5.1, 5.2, 5.3, A-5.1, A-5.2, A-5.3, A-5.4.

Table :5.1

DISTRIBUTION OF TOTAL EXPENDITURE OF CENTRE, STATES & UNION TERRITORIES IN CONSTANT
(1970-71 = 100) PRICES BETWEEN ITS COMPONENTS AND THEIR RATIOS TO GNP: 1965-66 to 1984-85

| Year | Expenditure on (Rs. crores) | | | Total | Distribution of Total expend. (Per cent) | | GNP at Factor Cost Rs. (crores) | Expenditure as percentage of GNP | | |
|-------|-----------------------------|------|--------|-------|--|------|--|-------------------------------------|----------|------|
| | Non.dev. | Dev. | Others | | Non.dev. | Dev. | | Total Exp | Non.dev. | Dev. |
| 65-66 | 2732 | 2781 | 1246 | 6760 | 40.4 | 41.1 | 28791 | 23.5 | 9.5 | 9.6 |
| 66-67 | 3066 | 2477 | 1060 | 6602 | 46.4 | 37.5 | 29081 | 22.7 | 10.5 | 8.5 |
| 67-68 | 2850 | 2608 | 1004 | 6422 | 44.1 | 40.4 | 31590 | 20.4 | 9.0 | 8.2 |
| 68-69 | 2993 | 2791 | 1119 | 6903 | 43.4 | 40.4 | 32460 | 21.3 | 9.2 | 8.6 |
| 69-70 | 3208 | 3087 | 860 | 7155 | 44.8 | 43.1 | 34518 | 20.7 | 9.3 | 8.9 |
| 70-71 | 3512 | 3397 | 1017 | 7926 | 44.3 | 42.8 | 36452 | 21.7 | 9.6 | 9.3 |
| 71-72 | 4024 | 3902 | 1098 | 9024 | 44.6 | 43.2 | 36999 | 24.3 | 10.9 | 10.5 |
| 72-73 | 3864 | 3903 | 1241 | 9008 | 42.9 | 43.3 | 36629 | 24.6 | 10.5 | 10.6 |
| 73-74 | 3634 | 3657 | 1115 | 8407 | 43.2 | 43.5 | 38486 | 23.0 | 9.4 | 10.0 |
| 74-75 | 3557 | 3958 | 1455 | 8970 | 39.6 | 44.1 | 38958 | 23.0 | 9.1 | 10.2 |
| 75-76 | 4504 | 5062 | 1901 | 11466 | 39.3 | 44.1 | 42799 | 26.8 | 10.5 | 11.8 |
| 76-77 | 4672 | 5451 | 2025 | 12148 | 38.4 | 44.9 | 43076 | 28.2 | 10.8 | 12.6 |
| 77-78 | 4560 | 6095 | 2140 | 12795 | 35.6 | 47.6 | 46826 | 27.3 | 9.7 | 13.0 |
| 78-79 | 5231 | 6905 | 2395 | 14532 | 36.0 | 47.5 | 49559 | 29.3 | 10.6 | 13.9 |
| 79-80 | 5205 | 6956 | 2032 | 14194 | 36.7 | 49.0 | 47233 | 30.1 | 11.0 | 14.7 |
| 80-81 | 5665 | 7563 | 2210 | 15438 | 36.7 | 49.0 | 50793 | 30.4 | 11.2 | 14.9 |
| 81-82 | 5927 | 8142 | 2168 | 16238 | 36.5 | 50.1 | 53467 | 30.4 | 11.1 | 15.2 |
| 82-83 | 6684 | 8668 | 2483 | 17835 | 37.5 | 48.6 | 54836 | 32.5 | 12.2 | 15.8 |
| 83-84 | 7466 | 9300 | 2415 | 19181 | 38.9 | 48.5 | 59043 | 32.5 | 12.6 | 15.7 |
| 84-85 | 7525 | 9620 | 2462 | 19608 | 38.4 | 49.1 | 61201 | 32.0 | 12.3 | 15.7 |

Source: "Indian Economic Statistics - Public Finance" Published annually by Economic Division/Ministry of Finance/
Government of India (various issues).

Note: 1. GNP figures are at factor cost and provisional from 1977-78 onwards & 1984-85 figures are quick esti.
2. For definition of Aggregates see text. 3. Expenditure figures of 1984-85 are revised estimates.

TABLE : 5.2

DISTRIBUTION OF PER CAPITA EXPENDITURE OF CENTRE, STATES
& UNION TERRITORIES BETWEEN COMPONENTS AND THEIR INDICES
OF GROWTH AT CONSTANT (1970-71 = 100) PRICES 1965-66 TO 1984-85.

| Year | PER CAPITA EXPENDITURES (Rs.) | | | GNP Per Capita (Rs.) | INDICES OF GROWTH OF PER CAPITA | | | 1965-66=100 |
|-------|-------------------------------|-------|-------|-------------------------------|---------------------------------|-------|-------|-------------------------------|
| | Non- Devtl | Devtl | Total | | Non-Devtl | Devtl | Total | 1965-66 GNP at Factor Cost |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 65-66 | 56 | 57 | 139 | 594 | 100 | 100 | 100 | 100 |
| 66-67 | 62 | 54 | 144 | 588 | 111 | 94 | 103 | 99 |
| 67-68 | 56 | 52 | 128 | 624 | 100 | 90 | 92 | 105 |
| 68-69 | 58 | 54 | 133 | 627 | 104 | 94 | 96 | 106 |
| 69-70 | 61 | 58 | 135 | 652 | 109 | 102 | 97 | 110 |
| 70-71 | 65 | 63 | 147 | 674 | 116 | 109 | 105 | 113 |
| 71-72 | 73 | 70 | 163 | 668 | 130 | 123 | 117 | 112 |
| 72-73 | 68 | 69 | 159 | 646 | 121 | 120 | 114 | 109 |
| 73-74 | 63 | 63 | 145 | 664 | 112 | 110 | 104 | 112 |
| 74-75 | 60 | 67 | 151 | 657 | 107 | 116 | 108 | 111 |
| 75-76 | 74 | 83 | 200 | 705 | 132 | 145 | 143 | 119 |
| 76-77 | 75 | 88 | 196 | 695 | 134 | 153 | 140 | 118 |
| 77-78 | 72 | 96 | 202 | 739 | 129 | 168 | 145 | 124 |
| 78-79 | 81 | 106 | 224 | 764 | 145 | 186 | 161 | 129 |
| 79-80 | 78 | 105 | 214 | 711 | 139 | 183 | 153 | 120 |
| 80-81 | 83 | 111 | 227 | 248 | 148 | 194 | 163 | 126 |
| 81-82 | 85 | 117 | 234 | 770 | 152 | 205 | 168 | 130 |
| 82-83 | 94 | 122 | 252 | 773 | 168 | 213 | 180 | 130 |
| 83-84 | 103 | 128 | 265 | 816 | 184 | 224 | 190 | 137 |
| 84-85 | 102 | 130 | 265 | 828 | 182 | 227 | 190 | 139 |

SOURCE : Same as Table A-5.1

of nearly eleven times. The average compound rates of growth of Total and Developmental expenditures were 13.8 percent and 14.9 per cent respectively.

In real terms, however, the growth of non-developmental expenditure was much lower with an increase from Rs. 2732 to Rs. 7525 crores. Thus while non-developmental expenditure nearly tripled in real terms, this increase was less than one-third in nominal terms. The rate of growth over the period was 5.5 per cent. The growth rate of non-developmental expenditure was not uniform over the period. While the period 1965-66 to 1973-74 saw a rate of growth of 3.6 per cent, the decade following this period saw a higher growth rate of 7.8 per cent.

Growth of per capita non-developmental expenditure

In per capita terms and at current prices, non-developmental expenditure increased from Rs. 43 in 1965-66 to Rs. 314 in 1984-85. This represents an increase of nearly six and a half times at an average compound growth rate of 11.0 over the period. In per capita real terms, expenditure for non-developmental purposes increased from Rs. 56 to Rs. 102. Thus there was a near doubling of non-developmental expenditure. The growth rate over the entire period was 3.2 per cent while the rates of growth in the two sub periods were not uniform. The decade ending in 1984-85 saw a rate of growth of 5.4 per cent

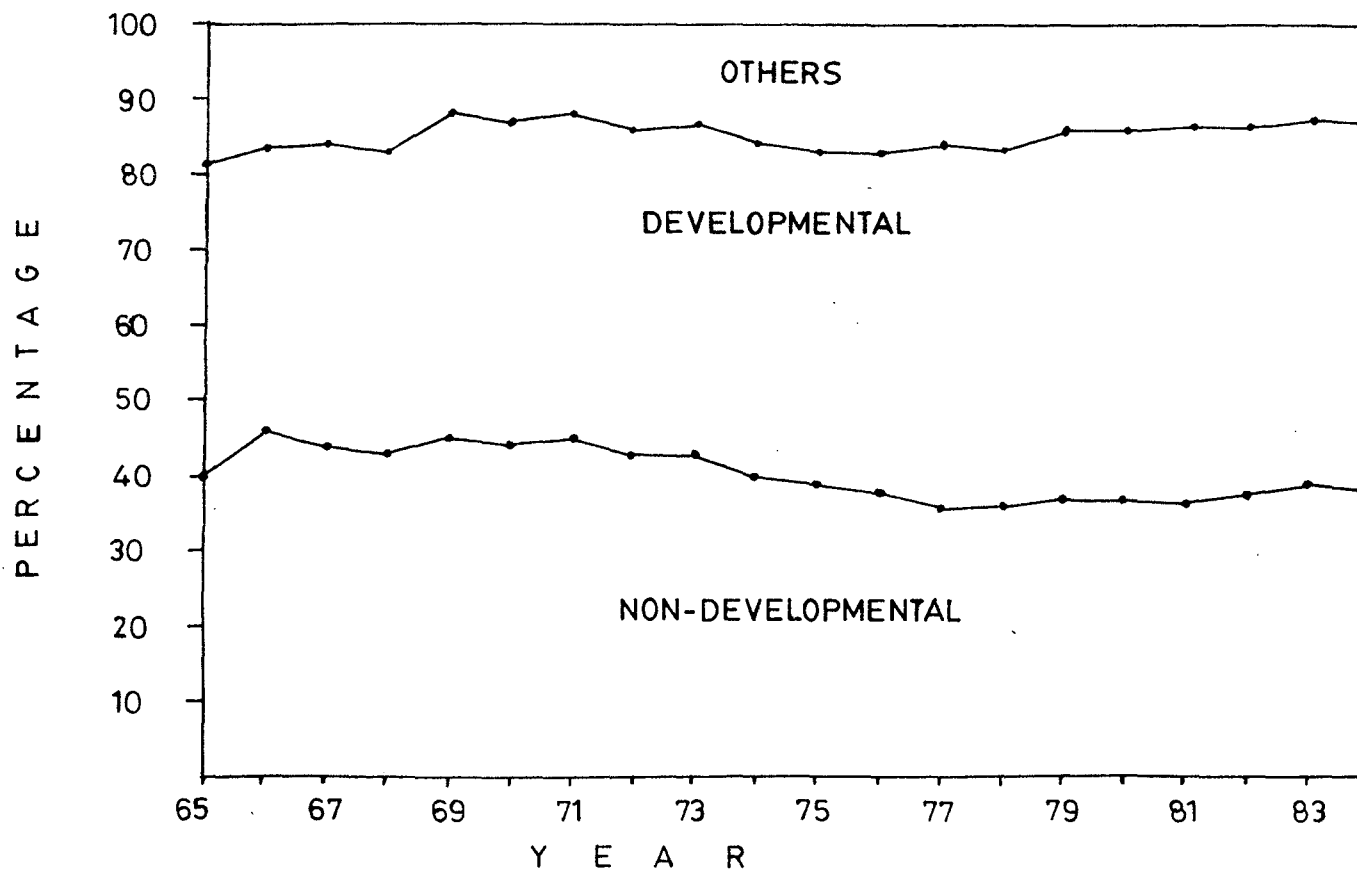
TABLE : 5.3

COMPARISON OF GROWTH RATES OF GNP, TOTAL
EXPENDITURE OF CENTRE, STATES & UNION
TERRITORIES AND ITS COMPONENTS AT CONSTANT
(1970-71 = 100) PRICES.

| S. No. | ITEM | SELECTED PERIODS | | PERCENT |
|--------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|
| | | 1965-66 to 1984-85 | 1965-66 to 1973-74 | 1974-75 to 1984-85 |
| 1. | GNP at Factor Cost | 4.0 | 3.7 | 4.6 |
| 2. | Total Expenditure | 5.8 | 2.8 | 8.1 |
| 3. | Non-Developmental Expenditure | 5.5 | 3.6 | 7.8 |
| 4. | Developmental Expenditure | 6.7 | 3.5 | 9.3 |
| PER CAPITA FIGURES | | | | |
| 1. | Per Capita GNP at Factor Cost | 1.8 | 1.4 | 2.3 |
| 2. | Per Capita Total Expenditure | 3.4 | 0.5 | 5.8 |
| 3. | Per Capita Non- Developmental Exp. | 3.2 | 1.5 | 5.4 |
| 4. | Per Capita Developmental Exp. | 4.4 | 1.2 | 6.9 |

SOURCE : Calculated from Table 5.1,5.2

COMPOSITION OF CONSOLIDATED EXPENDITURE OF
CENTRE, STATES AND UNION TERRITORIES :
1965-66 to 1984-85.



which was more than thrice the growth rate witnessed in the first 8 years following 1965-66.

Ratio of non-developmental expenditure to GNP and
its share in Total expenditure

The ratio of non-developmental expenditure to GNP at factor cost (percentage) increased over the period from 9.5 per cent to 12.3 per cent. The ratios of Total expenditure and Developmental expenditure to GNP also witnessed an increase over the same period. Their ratios increased from 23.5 per cent and 9.6 per cent to 32.0 per cent and 15.7 per cent^{respectively}. The ratio of non-developmental expenditure to GNP has been, except for some years, smaller than the ratio of developmental expenditure to GNP. In 1984-85, their ratios were 12.3 per cent and 15.7 per cent respectively.

The share of non-developmental expenditure in total expenditure has fluctuated over the period. The end of the period, however, saw a marginally smaller share of non-developmental expenditure than at the beginning. The share of non-developmental expenditure reached a peak figure in 1966-67 at 46.4 per cent and the lowest share in 1977-78 at 35.6 per cent. This share, however, increased slowly but steadily from 1977-78 till it reached a figure of 38.4 per cent in 1984-85. The share of Developmental expenditure, on the other hand increased more

or less steadily, from 41.1 per cent in 1965-66 to 49.1 per cent in 1984-85. This growth, as can be seen, was primarily at the expense of 'other' expenditure of the Centre, States and Union Territories.

Section II: Structure of Non-Developmental Expenditure

For the reasons already discussed in Chapter II, the changes in the composition of non-developmental expenditure are analysed over two periods: 1965-66 to 1973-74 and 1974-75 to 1984-85.

Period I : 1965-66 to 1973-74

To study the changing composition of non-developmental expenditure, it has been dis-aggregated into eight components or major heads of expenditure. These are as follows: Expenditure on Defence, Interest Payments, Tax Collection Charges, Expenditure on Administrative Services, Currency and Mint, Food subsidy, Famine Relief and Other non-developmental expenditure.

Defence: Defence being entirely the responsibility of the Centre, there would obviously be no change in its magnitude when we study the consolidated expenditure of the Centre, States and Union Territories. However, its share in total non-developmental expenditure would change. Expenditure on defence in real

TABLE : 5.4

DISTRIBUTION OF NON-DEVELOPMENTAL EXPENDITURE OF CENTRE, STATES & UNION TERRITORIES
AT CONSTANT (1970-71 = 100) PRICES BETWEEN THE MAJOR HEADS OF EXPENDITURE : 1965-66 TO 1984.

| Year | Defence | | Interest | | Tax Collection Charges | | Admve Services | | Currency and Mint | | Food Subsidy | | Famine Relief | | Others | |
|-------|----------------------|-----------------------|----------|-----------------------|------------------------|-----------------------|----------------|-----------------------|-------------------|-----------------------|--------------|-----------------------|---------------|-----------------------|--------|-----------------------|
| | Outlay Rs. crores | As % of Non- Devtl | Outlay | As % of Non- Devtl | Outlay | As % of Non- Devtl | Outlay | As % of Non- Devtl | Outlay | As % of Non- Devtl | Outlay | As % of Non- Devtl | Outlay | As % of Non- Devtl | Outlay | As % of Non- Devtl |
| 65-66 | 1166 | 43 | 556 | 20 | 130 | 5 | 490 | 18 | 122 | 4 | - | - | 22 | 1 | 320 | 12 |
| 66-67 | 1047 | 34 | 605 | 20 | 116 | 4 | 474 | 15 | 27 | 1 | 107 | 3 | 90 | 3 | 358 | 12 |
| 67-68 | 1033 | 36 | 609 | 21 | 120 | 4 | 494 | 17 | 33 | 1 | 111 | 4 | 85 | 3 | 367 | 13 |
| 68-69 | 1107 | 37 | 645 | 22 | 146 | 5 | 537 | 18 | 34 | 1 | 13 | 0.4 | 81 | 3 | 430 | 14 |
| 69-70 | 1134 | 35 | 674 | 21 | 146 | 4 | 580 | 18 | 26 | 1 | 32 | 1 | 160 | 5 | 458 | 14 |
| 70-71 | 1199 | 34 | 746 | 21 | 184 | 5 | 618 | 18 | 188 | 5 | 18 | 0.5 | 101 | 3 | 456 | 13 |
| 71-72 | 1447 | 36 | 789 | 20 | 194 | 5 | 692 | 17 | 23 | 0.6 | 47 | 1 | 133 | 3 | 698 | 17 |
| 72-73 | 1407 | 36 | 736 | 19 | 190 | 5 | 659 | 17 | 28 | 1 | 100 | 3 | 243 | 6 | 502 | 13 |
| 73-74 | 1209 | 33 | 723 | 20 | 203 | 6 | 627 | 17 | 30 | 1 | 181 | 5 | 268 | 7 | 395 | 11 |

SOURCE : Calculated from table A-5.5

terms, increased from Rs. 1166 crores in 1965-66 to Rs. 1209 crores in 1973-74.³ This represented a very marginal increase of 4 per cent at an average compound growth rate of 0.45 per cent over the period. In fact, per capita expenditure on defence, in real terms, showed a negative growth rate of - 2.0 per cent. The share of defence expenditure in total non-developmental expenditure decreased drastically by 10 per cent. Its share which was 43 per cent in 1965-66 came down to 33 per cent in 1973-74. However, throughout the period, it remained the largest single component of non-developmental expenditure.

Interest payments: Interest payments, throughout the period, formed the second largest component of non-developmental expenditure with a share steadily remaining between 19-21 per cent of non-developmental expenditure. Its outlay, in nominal terms, increased from Rs. 422 crores to Rs. 1005 crores - an increase of nearly one and a half times. The compound rate of growth in real terms was 3.3 per cent over the period which was less than one-third of the rate of growth in nominal terms. Per capita interest payments in real terms grew at a rate of 1 per cent.

3. For data pertaining to analysis, please see Tables 5.4, 5.6, A-5.5, A-5.7.

Administrative Services: Expenditure, in real terms, on administrative services increased from Rs. 490 crores in 1965-66 to Rs. 627 crores in 1973-74. This represented an increase of about 28 per cent at an average compound growth rate of 3.1 per cent. Expenditure on Administrative Services was the third largest component of non-developmental expenditure, with a share ranging between 18 to 17 per cent, except in 1966-67 when its share came down to 15 per cent. The last three years of the period saw a share of 17 per cent in non-developmental expenditure as compared to a higher share of 18 per cent in the preceding three years.

Famine Relief: The share of expenditure on Famine Relief in non-developmental expenditure grew steadily over the period. Expenditure, in real terms, increased from Rs. 22 crores to Rs. 268 crores in 1973-74. This represented an increase of over eleven times at the high growth rate of 36.7 per cent. This high rate of growth pushed up the share of expenditure on Famine Relief in non-developmental expenditure from 1 per cent to 7 per cent over the period.

Tax Collection Charges: Expenditure on tax collection increased in nominal terms from Rs. 99 crores in 1965-66 to Rs. 282 in 1973-74. This represented a near tripling of expenditure at an average growth rate of 14 per cent over the period. In real terms, the increase got reduced to about 56 per cent over the base year

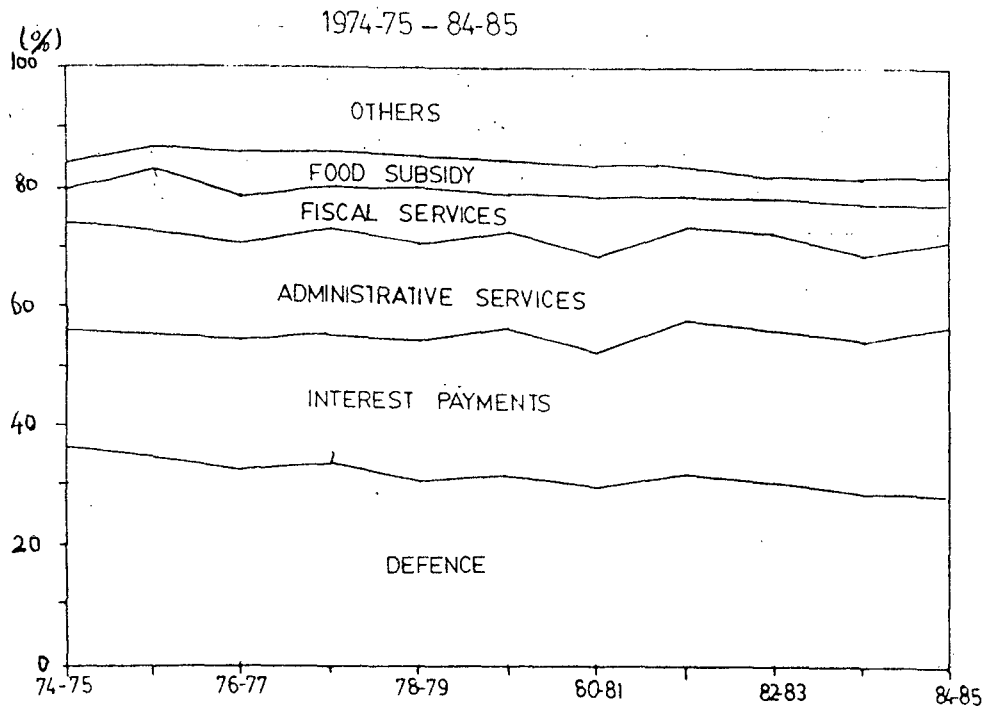
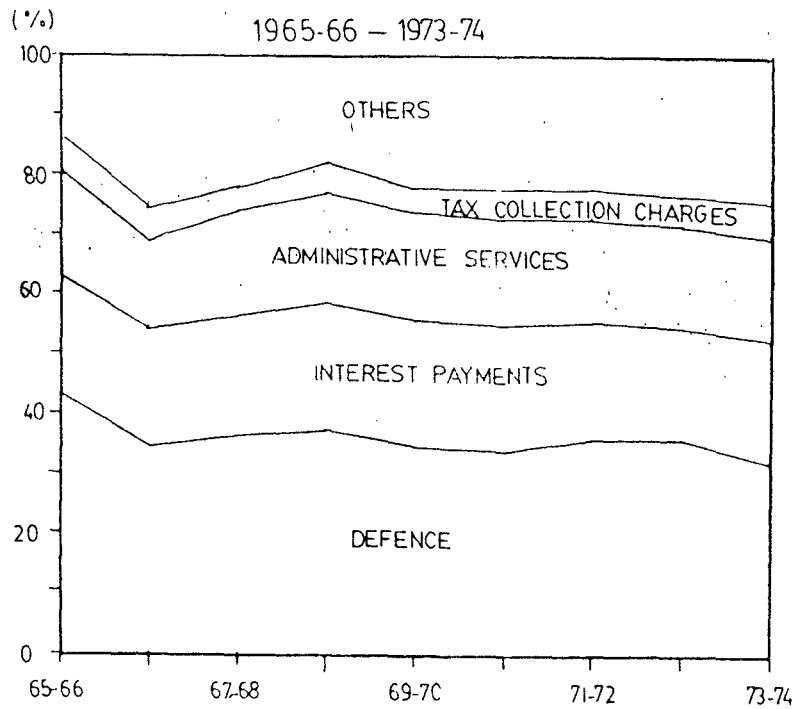
at a compound growth rate of 5.7 per cent. The share of Tax Collection Charges in non-developmental expenditure remained more or less steady between 4.5 per cent of non-developmental expenditure. In 1973-74, however, expenditure on tax collection accounted for 6 per cent of non-developmental expenditure.

Currency and Mint: Expenditure on Currency and Mint accounted for around 10 per cent of non-developmental expenditure for most of the period. However, its share in two years (1965-66 and 1970-71) were abnormally high, amounting to 4 and 5 per cent respectively. This was primarily due to payments to I.M.F., I.B.R.D., T.D.A. and A.D.B. and additional subscription to I.M.F. and purchase of shares of I.B.R.D.

Food Subsidy: Expenditure on Food subsidy fluctuated over the period with the largest amount of expenditure being Rs. 181 crores in 1973-74 and the smallest amount of expenditure of Rs. 13 crores in 1968-69. The share of expenditure on food subsidy, consequently, also fluctuated widely between 0.4 per cent and 5 per cent.

'Other' Non-developmental expenditure: 'Other' non-developmental expenditure, in real terms, increased from Rs. 320 crores in 1965-66 to Rs. 395 crores in 1973-74. This represented an increase of about 23 per cent over the period.

DISTRIBUTION OF NON DEVELOPMENTAL EXPENDITURE OF CENTRE, STATES & UNION TERRITORIES BETWEEN MAJOR HEADS OF EXPENDITURE



The share of expenditure under this head also fluctuated, like the share of expenditure on Food subsidy, within a range of 11 to 17 per cent. While its share was highest in 1971-72 when it accounted for about 17 per cent of non-developmental expenditure, the lowest share was in 1973-74 when its share was 11 per cent of non-developmental expenditure.

Composition of expenditure on Administrative Services⁴: Expenditure on Administrative Services have been disaggregated into three components: General Administration, Police and other administrative services.

Expenditure on General Administration, in nominal terms, increased from Rs. 118 crores in 1965-66 to Rs. 26.0 crores in 1973-74. This represented an increase of over 120 per cent over the period at a compound growth rate of 10 per cent. In real terms both the increase and the growth rate get reduced to 21 per cent and 2.4 per cent respectively. Expenditure on General Administration accounted for 5 per cent of non-developmental expenditure for most of the period except in 1965-66 when its share was higher (6 per cent). Expenditure on Police, in real terms, increased from Rs. 250 crores in 1965-66 to Rs. 338 in 1973-74. Expenditure under this head accounted for about 10 per cent of non-developmental expenditure for most of the period except in 1966-67 when it had a share of 8 per cent. Thus, expenditure on Police constituted the third largest single component

4. For data pertaining to the analysis, please see Tables 5.7, 5.9, A-5.8.

of non-developmental expenditure after expenditure on Defence and Interest Payments. Expenditure on 'other' Administrative Services accounted for a steady proportion of non-developmental expenditure over the period. Though expenditure under this head increased, in real terms, from Rs. 84 crores to Rs. 101 crores over the period, the share in non-developmental expenditure remained constant at 3 per cent.

Period II : 1974-75 to 1984-85

Total non-developmental expenditure has been disaggregated into eight components, namely, Expenditure on Defence, Interest Payments, Expenditure on Fiscal Services, Administrative Services, Organs of State, Food Subsidy, Social security and welfare, and 'other' non-developmental expenditure.⁵

Defence: Expenditure on Defence, in nominal terms, grew from Rs. 2113 crores in 1974-75 to Rs. 6800 crores in 1984-85.⁶ There was, thus a more than tripling of expenditure at an average rate of growth of 12 per cent over the period. In real terms, however, the increase was roughly over 70 per cent with a growth rate of 5.4 per cent. Per capita expenditure on Defence, in real terms, grew at a rate of 3 per cent over the

5. For details regarding the composition of these major heads of expenditure, please refer to Appendices A & B.

6. For data pertaining to analysis, please see Tables 5.5, 5.6, A-5.6, A-5.7.

Table.5.5

Distribution of Non-developmental expenditure at constant (1970-71 = 100) of the Centre, States and U.Ts between major heads of expenditure
1974-75 to 1984-85

| S.No. | Head of expenditure | 1974-75 | 1975-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 | 84-85 |
|-------|-------------------------|---------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1. | Defence | | | | | | | | | | | |
| | a) Outlay Rs. crores | 1306 | 1594 | 1546 | 1529 | 1633 | 1661 | 1724 | 1907 | 2047 | 2190 | 2208 |
| | b) As % of non-dev.exp. | 37 | 35 | 33 | 34 | 31 | 32 | 30 | 32 | 31 | 29 | 29 |
| | c) Index of growth | 100 | 122 | 118 | 117 | 125 | 127 | 132 | 146 | 157 | 168 | 169 |
| 2. | Interest payments | | | | | | | | | | | |
| | a) Outlay Rs. crores | 722 | 942 | 1055 | 1010 | 1247 | 1319 | 1318 | 1535 | 1755 | 1970 | 2125 |
| | b) As % of non-dev.exp. | 20 | 21 | 22 | 22 | 24 | 25 | 25 | 26 | 26 | 26 | 28 |
| | c) Index of growth | 100 | 130 | 146 | 140 | 173 | 183 | 182 | 213 | 243 | 273 | 294 |
| 3. | Fiscal services | | | | | | | | | | | |
| | a) Outlay Rs. crores | 214 | 431 | 386 | 322 | 486 | 296 | 560 | 300 | 440 | 686 | 555 |
| | b) As % of non-dev.exp. | 6 | 10 | 8 | 7 | 9 | 6 | 10 | 5 | 6 | 9 | 7 |
| | c) Index of growth | 100 | 201 | 180 | 150 | 227 | 138 | 262 | 140 | 206 | 320 | 259 |
| 4. | Admn. Services | | | | | | | | | | | |
| | a) Outlay Rs. crores | 622 | 748 | 758 | 775 | 839 | 825 | 909 | 979 | 1040 | 1074 | 1072 |
| | b) As % of non-dev exp. | 17 | 17 | 16 | 17 | 16 | 16 | 16 | 16 | 16 | 14 | 14 |
| | c) Index of growth | 100 | 120 | 122 | 124 | 135 | 133 | 146 | 157 | 167 | 173 | 172 |
| 5. | Organs of State | | | | | | | | | | | |
| | a) Outlay Rs. crores | 82 | 104 | 113 | 115 | 105 | 138 | 127 | 116 | 128 | 140 | 163 |
| | b) As % of non-dev exp. | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 |
| | c) Index of growth | 100 | 127 | 138 | 140 | 128 | 168 | 155 | 141 | 156 | 171 | 199 |

contd.....

Table.5.5 (Cont.)

contd.....

| S.No. | Head of expenditure | 1974-75 | 1975-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 | 84-85 |
|-------|---------------------------|---------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ----- | | | | | | | | | | | | |
| 6. | Food subsidy | | | | | | | | | | | |
| a) | Cutlay Rs. crores | 190 | 169 | 314 | 279 | 329 | 298 | 293 | 290 | 270 | 294 | 283 |
| b) | As % of non-dev exp. | 5 | 4 | 7 | 6 | 6 | 6 | 5 | 5 | 4 | 4 | 4 |
| c) | Index of growth | 100 | 89 | 165 | 147 | 173 | 157 | 154 | 153 | 142 | 155 | 149 |
| 7. | Social Security & Welfare | | | | | | | | | | | |
| a) | Cutlay Rs. crores | 122 | 139 | 139 | 149 | 166 | 189 | 218 | 254 | 293 | 326 | 280 |
| b) | As % of non-dev exp. | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| c) | Index of growth | 100 | 114 | 114 | 122 | 136 | 155 | 179 | 208 | 240 | 267 | 230 |
| 8. | 'Others' | | | | | | | | | | | |
| a) | Cutlay Rs. crores | 300 | 377 | 360 | 385 | 425 | 480 | 575 | 546 | 710 | 786 | 739 |
| b) | As % of non-dev exp. | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 11 | 11 | 11 |
| c) | Index of growth | 100 | 126 | 120 | 128 | 142 | 160 | 172 | 182 | 237 | 262 | 280 |
| ----- | | | | | | | | | | | | |

Sources: Calculated from table A-5.6

Note: (1) For methodology of deflating, see text.
(2) All Indices of growth have 1974-75 = 100 as base.
(3) For definition of aggregates, see text.

period. The share of Defence expenditure in non-developmental expenditure decreased steadily from 37 per cent in 1974-75 to 29 per cent in 1984-85. However, throughout the period, it remained the single largest component of consolidated non-developmental expenditure of Centre, States and Union Territories.

Interest Payments: Interest Payments, in real terms, increased from Rs. 722 crores in 1974-75 to Rs. 2125 crores in 1984-85. This represented a tripling of expenditure at a growth rate of 11.4 per cent over the period. The share of Interest Payments increased over the period from 20 to 28 per cent of non-developmental expenditure and throughout the period, it formed the second largest component of total non-developmental expenditure. Given the differences in rates of growth of Defence expenditure and Interest Payments, it can be predicted that by middle of the seventh plan period, Interest Payments would be constituting the largest component of non-developmental expenditure.

Administrative Services: Expenditure on Administrative Services increased over the period, in nominal terms, from Rs. 1007 crores to Rs. 3302 crores which represented an increase of nearly two and a quarter times the base year figure. The rate of growth of expenditure was 13 per cent per annum. In real terms, the

increase of expenditure was from Rs. 622 crores to Rs. 1072 crores which represented a growth of 72 per cent at a compound growth rate of 5.6 per cent. In per capita real terms, the rate of growth of expenditure at 3 per cent was expectedly far lower than the rate of growth in nominal terms. Expenditure on Administrative Services formed the third largest component of non-developmental expenditure, after expenditure on Defence and Interest Payments. Its share in non-developmental expenditure, however, decreased from 17 to 14 per cent over the period.

Fiscal Services: Expenditure on Fiscal Services fluctuated over the period with the highest expenditure (in real terms) of Rs. 686 crores in 1983-84 and the lowest expenditure of Rs. 214 crores in 1974-75. The share of expenditure on Fiscal Services in non-developmental expenditure, consequently, also fluctuated with its share ranging from 5 per cent in 1982-82 to 10 per cent in 1975-76 and again in 1980-81. Expenditure on Fiscal Services formed the fourth largest component of non-developmental expenditure, except for two years when expenditure on Food subsidy roughly equalled expenditure on Fiscal Services.

Food subsidy: Expenditure on Food subsidy also fluctuated over the period with the highest expenditure in 1976-77. Its share in non-developmental expenditure ranged between 4-6 per cent except in 1976-77 when it reached a figure of 7 per

COMPARISON OF GROWTH RATES (COMPOUND) OF
MAJOR HEADS OF NON-DEVELOPMENTAL
EXPENDITURE OF CENTRE, STATES AND UNION
TERRITORIES AT BOTH CURRENT & CONSTANT
(1970-71 = 100) PRICES

SELECTED PERIODS

| S. No. | ITEM | SELECTED PERIODS | |
|--------|-------------------------|---------------------------------|----------------------------------|
| | | Current Prices 1965-66 to | Constant Prices 1965-66 to |
| 1. | Tax Collection Charges | 14 | 5.7 |
| 2. | Administrative Services | 11 | 3.1 |
| 3. | Currency & mint | - 10 | -16.4 |
| 4. | Food Subsidy | - | 7.8 |
| 5. | Famine Relief | 47 | 36.7 |
| 6. | Others | 11 | 2.7 |
| 7. | Defence | 8 | 0.45 |
| 8. | Interest payments | 11 | 3.3 |

| S. No. | Item | SELECTED PERIODS | |
|--------|---------------------------|--|---|
| | | Current Prices 1974-75 to 1984-85 | Constant Prices 1974-75 to 1984-85 |
| 1. | Defence | 12 | 5.4 |
| 2. | Interest payments | 19 | 11.4 |
| 3. | Fiscal services | 17 | 9.9 |
| 4. | Administrative services | 13 | 5.6 |
| 5. | Organs of State | 14 | 7.1 |
| 6. | Food subsidy | 11 | 4.1 |
| 7. | Social security & welfare | 16 | 8.6 |
| 8. | Others | 18 | 10.8 |

SOURCE : Calculated from tables 5.4, 5.5, A-5.6

cent. However, the last three years of the period saw a consistent share of 4 per cent in non-developmental expenditure.

Organs of State: Expenditure, in real terms, under this head, nearly doubled over the period from Rs. 82 crores to Rs. 163 crores. Its share in non-developmental expenditure, however, remained steady at 3 per cent over the period except for 1979-80 when it fell to 2 per cent. The compound growth rate of expenditure on Organs of State, in nominal terms, was 14 per cent while the growth rate in real terms was 7.1 per cent.

Social Security and Welfare: Expenditure on Social Security and Welfare increased, in nominal terms, from Rs. 197 crores to Rs. 863 crores which represented a growth of nearly three and a half times at a growth rate of 16 per cent over the period. In real terms, however, the increase was less; from Rs. 122 crores in 1974-75 to Rs. 280 crores in 1984-85. This represented a lesser increase of about one and a half times at a compound growth rate of 8.6 per cent. The share of expenditure under this head in non-developmental expenditure was steady at 3 per cent in the mid and late seventies but increased to 4 per cent in 1979-80 and remained at this figure for the rest of the period.

'Other' non-developmental expenditure: It grew in real terms, from Rs. 300 crores to Rs. 839 crores in 1984-85 which represented a near tripling of expenditure over the period. 'Other' non-

TABLE : 5.7

DISTRIBUTION OF EXPENDITURE ON 'ADMINISTRATIVE SERVICES'
BETWEEN MINOR HEADS OF EXPENDITURE. CONSTANT PRICES
(1965-66 TO 1973-74)

| Year | GENERAL ADMINISTRATION | | | POLICE | | | 'OTHER' ADMN. SERVICES | | |
|-------|------------------------|------------------------------|-----------------------|-------------------|------------------------------|-----------------------|------------------------|------------------------------|--------------------------|
| | Outlay Rs. crores | As % of Non-Devtl Exp. | Index of growth | Outlay Rs. cr. | As % of Non-Devtl Exp. | Index of growth | Outlay Rs. cr. | As % of Non-Devtl Exp. | Index of of growth |
| 65-66 | 155 | 6 | 100 | 250 | 9 | 100 | 84 | 3 | 100 |
| 66-67 | 151 | 5 | 97 | 238 | 8 | 95 | 84 | 3 | 100 |
| 67-68 | 150 | 5 | 97 | 266 | 9 | 106 | 78 | 3 | 93 |
| 68-69 | 158 | 5 | 102 | 294 | 10 | 118 | 86 | 3 | 102 |
| 69-70 | 165 | 5 | 106 | 320 | 10 | 128 | 95 | 3 | 113 |
| 70-71 | 182 | 5 | 117 | 335 | 10 | 134 | 101 | 3 | 120 |
| 71-72 | 213 | 5 | 137 | 369 | 9 | 148 | 109 | 3 | 130 |
| 72-73 | 196 | 5 | 126 | 361 | 9 | 144 | 102 | 3 | 121 |
| 73-74 | 187 | 5 | 121 | 338 | 9 | 135 | 101 | 3 | 120 |

SOURCE :

1. Indian Economic Statistics - Public Finance (Various issues).
2. Budget Documents of the Central Government for the respective years.

TABLE : 5.8

DISTRIBUTION OF EXPENDITURE ON 'ADMINISTRATIVE SERVICES' BETWEEN
MINOR HEADS OF EXPENDITURE (CONSTANT PRICES).

(1974-75 TO 1984-85)

| Year | EXTERNAL AFFAIRS | | | POLICE | | | 'OTHER' ADMN. SERVICES | | |
|-------|----------------------|----------------------|--------------------|-------------------|----------------------|--------------------|------------------------|----------------------|--------------------|
| | Outlay Rs. crores | As % of Non-Devtl | Index of growth | Outlay Rs. cr. | As % of Non-Devtl | Index of growth | Outlay Rs. cr. | As % of Non-Devtl | Index of growth |
| 74-75 | 21 | 0.6 | 100 | 344 | 10 | 100 | 256 | 7 | 100 |
| 75-76 | 32 | 0.7 | 152 | 422 | 9 | 123 | 295 | 6 | 115 |
| 76-77 | 36 | 0.8 | 171 | 420 | 9 | 122 | 303 | 6 | 118 |
| 77-78 | 31 | 0.7 | 148 | 443 | 10 | 129 | 300 | 6 | 117 |
| 78-79 | 34 | 0.6 | 162 | 475 | 9 | 138 | 331 | 6 | 129 |
| 79-80 | 29 | 0.6 | 138 | 471 | 9 | 137 | 323 | 6 | 126 |
| 80-81 | 29 | 0.5 | 138 | 519 | 9 | 151 | 361 | 6 | 141 |
| 81-82 | 32 | 0.5 | 152 | 564 | 10 | 164 | 383 | 6 | 150 |
| 82-83 | 35 | 0.5 | 167 | 618 | 9 | 180 | 387 | 6 | 151 |
| 83-84 | 36 | 0.5 | 171 | 644 | 9 | 187 | 393 | 5 | 154 |
| 84-85 | 34 | 0.4 | 162 | 638 | 8 | 185 | 400 | 5 | 156 |

SOURCE : a. Indian Economic Statistics - Public Finance - Various issues.
b. Budget documents of Central Government for the respective years.

developmental expenditure constituted 8 per cent of non-developmental expenditure in 1974-75 but by the end of the period, its share had increased to 11 per cent of non-developmental expenditure.

Composition of Expenditure on 'Administrative Services'⁷

Administrative Services: Expenditure under this head has been disaggregated into expenditure on External Affairs, Expenditure on Police and expenditure on 'other' administrative services.

External affairs: Expenditure on External Affairs, in real terms, increased from Rs. 21 crores in 1974-75 to Rs. 34 crores in 1984-85. This represented an increase of 62 per cent. The share of expenditure on External Affairs remained under one per cent throughout the period.

Police: Expenditure on Police, in real terms, increased from Rs. 344 crores in 1974-75 to Rs. 638 crores in 1984-85. This represented a near doubling of expenditure at a compound growth rate of 6.4 per cent. Expenditure on Police accounted for between 9-10 per cent of non-developmental expenditure except for 1984-85 when its share decreased, albeit marginally, to 8 per cent. Thus expenditure on Police formed the third largest single component of non-developmental expenditure after expenditure on Defence

7. For data pertaining to the analysis, please see tables 5.8, 5.9, A-5.8.

COMPARISON OF GROWTH RATES (COMPOUND) OF MINOR
HEADS OF EXPENDITURE UNDER ADMINISTRATIVE SERVICES AND
FISCAL SERVICES : CONSTANT (1970-71 = 100) PRICES

| | | SELECTED PERIODS | | PERCENT |
|--------|---------------------------------|--------------------------|--------------------------|--------------------------|
| S. No. | Item | Current Prices | | Constant Prices |
| | | 1965-66 to 1973-74 | 1965-66 to 1973-74 | 1965-66 to 1973-74 |
| 1. | General Administration | 10 | | 2.4 |
| 2. | Police | 12 | | 3.8 |
| 3. | 'Other' Administrative Services | 10 | | 2.3 |
| 4. | Tax collection charges | 14 | | 5.7 |
| ----- | | | | |
| S. No. | Item | Current Prices | | Constant Prices |
| | | 1974-75 to 1984-85 | 1974-75 to 1984-85 | 1974-75 to 1984-85 |
| 1. | External Affairs | 12 | | 4.9 |
| 2. | Police | 13 | | 6.4 |
| 3. | 'Other' administrative services | 11 | | 4.6 |

Source: Calculated from Table 5.7, 5.8, A-5.8

and Interest Payments.

'Other' Administrative Services: Expenditure on 'other' Administrative Services, in real terms, increased from Rs. 256 crores to Rs. 400 crores in 1984-85 which represented an increase of 56 per cent over the period. Its share in non-developmental expenditure was steady between 5-6 per cent except in 1974-75 when it was 7 per cent and the last two years of the period, when it decreased to 5 per cent of non-developmental expenditure.

Some of the results of the study are summarized below:

Both non-developmental and developmental expenditure's ratio to GNP at factor cost increased over the period. The ratio of total Government expenditure at both Centre and State level to GNP amounted to almost 32 per cent in 1984-85. Non-developmental expenditure, with the effect of both price and population changes removed, almost doubled over the period. While the increase in total expenditure was marginally higher; the increase in developmental expenditure was much higher than the increase in non-developmental expenditure. This growth of non-developmental expenditure was not uniform over the period. The period till the end of the fourth five year plan saw a growth rate lower than the average growth rate for the

period as a whole whereas the rate of growth in the decade preceding 1984-85 was higher than the period average.

The share of non-developmental in total expenditure fluctuated between 35-45 per cent. Till 1971-72 it accounted for a larger share of total expenditure than developmental expenditure but the succeeding years saw its share declining to below two-fifth while the share of Developmental expenditure saw a steady rise. Thus for the major part of the period studied, non-developmental expenditure accounted for the second largest share of total expenditure.

Throughout the period, expenditure on Defence constituted the largest component of non-developmental expenditure followed by Interest payments. However, the decade preceding 1984-85 saw a higher growth rate of Interest payments than Defence expenditure and it can be predicted that Interest Payments would soon supplant Defence expenditure as the single largest component. Throughout the period, expenditure under these two heads accounted for between half to three-fifths of non-developmental expenditure. The third largest single component throughout the period was expenditure on Police.

Among the major heads of expenditure, expenditure on famine relief and tax collection experienced the highest

rates of growth in the first sub-period. In the second sub-period, the highest growth rates were experienced by interest payments and 'other' non-developmental expenditure while the lowest growth rate was that of expenditure on Food subsidy.

Chapter VI

A COMPARATIVE ANALYSIS OF GROWTH AND COMPOSITION
OF NON DEVELOPMENTAL EXPENDITURE OF SIX
INDIVIDUAL STATES: 1965-66 to 1984-85

In this Chapter the growth and structure of Non-developmental expenditure of six selected states are analysed. The states are Maharashtra, Gujarat, Tamilnadu, Karnataka, Rajasthan and Madhya Pradesh. Since two states each are from different income groups - Maharashtra and Gujarat are from high income, Tamilnadu and Karnataka from middle income and Rajasthan and Madhya Pradesh from low income groups, we can also study if there are any significant differences in growth and structure of non-developmental expenditure between states which are more highly developed and those which are less developed.

The period chosen for the study is 1965-66 to 1983-84. The years before 1965-66 were not included since due to reorganisation of states and their boundaries, it was difficult to establish comparability in the time series. Figures available for 1984-85 were budgetary estimates and were not included since there are, not infrequently, sharp differences between the estimates in the budget and the actual expenditures. In the time period chosen, there again came up the problem of comparability of figures since there was a comprehensive reclassification of Government accounts in the early seventies. While the aggregate expenditure figures are somewhat comparable over the whole period as are some of the major heads

of expenditure, for example, interest on debt ^{and} tax collection charges, strict comparability could not be established between the two periods for want of adequate details except at the cost of drastically narrowing the definition of non-developmental expenditure. It was thus decided to discontinue the time series from the year of the reclassification and construct new time series and analyse the structure of non-developmental expenditure in two periods.

The total expenditure figures used included expenditure on revenue account, expenditure on capital account and loans and advances but excludes inter-government settlements. A detailed list of the constituents of non-developmental expenditure is given in the appendix B.

The objectives of the study were the following:

- a. To compare the growth of non-developmental expenditure of the six states both in term of growth indices and growth rates over the time period.
- b. To compare the changes in the ratio of non-developmental expenditure to total expenditure.
- c. To compare the income elasticities of the non-developmental expenditure and major heads of non-developmental expenditure of the States.
- d. To compare the structure of non-developmental expenditure of the six states and to examine if any major differences exist.

Analysis for the last two objectives was done for the period 1973-74 to 1983-84. The deflators used for

eliminating price changes were the implicit State Domestic Product deflators. The merit and the demerits of using the implicit state domestic product deflators for deflating government expenditures and their different components have already been discussed in chapter II.

There were two primary sources of data. One: budget documents of the states for the respective years published by the budget division of the Ministry of Finance of the respective state governments and, two: Indian Economic Statistics - Public Finance, an annual publication of the economic division, Ministry of Finance, Government of India for the State Domestic product figures at both current and constant prices.

Analysis of the growth of non-developmental expenditures of the high income group states.¹

MAHARASHTRA: Non-developmental expenditure in nominal terms grew by nearly 9 times over the period at an average compound growth rate of 12.9 per cent. This was less than the growth rate of total expenditure which was 14.4 per cent. Developmental expenditure grew by 16.1 per cent and loans and advances by 10.3 per cent. The growth of non-developmental expenditure was however not uniform over the whole period. In the period 1965-66 to 1972-73 it grew by 10.5 per cent, while it showed a higher

1. For data pertaining to the analysis please see Tables 6.1, 6.2, A-6.3, A-6.4.

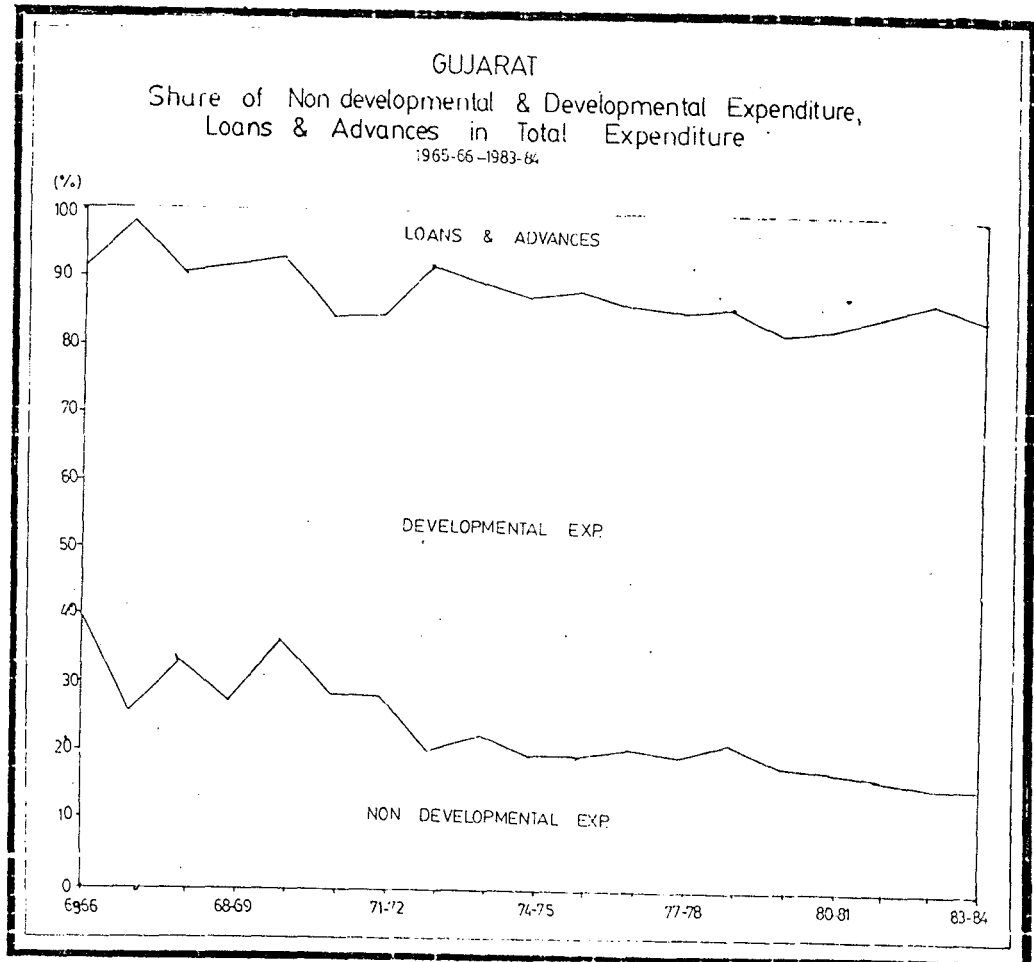
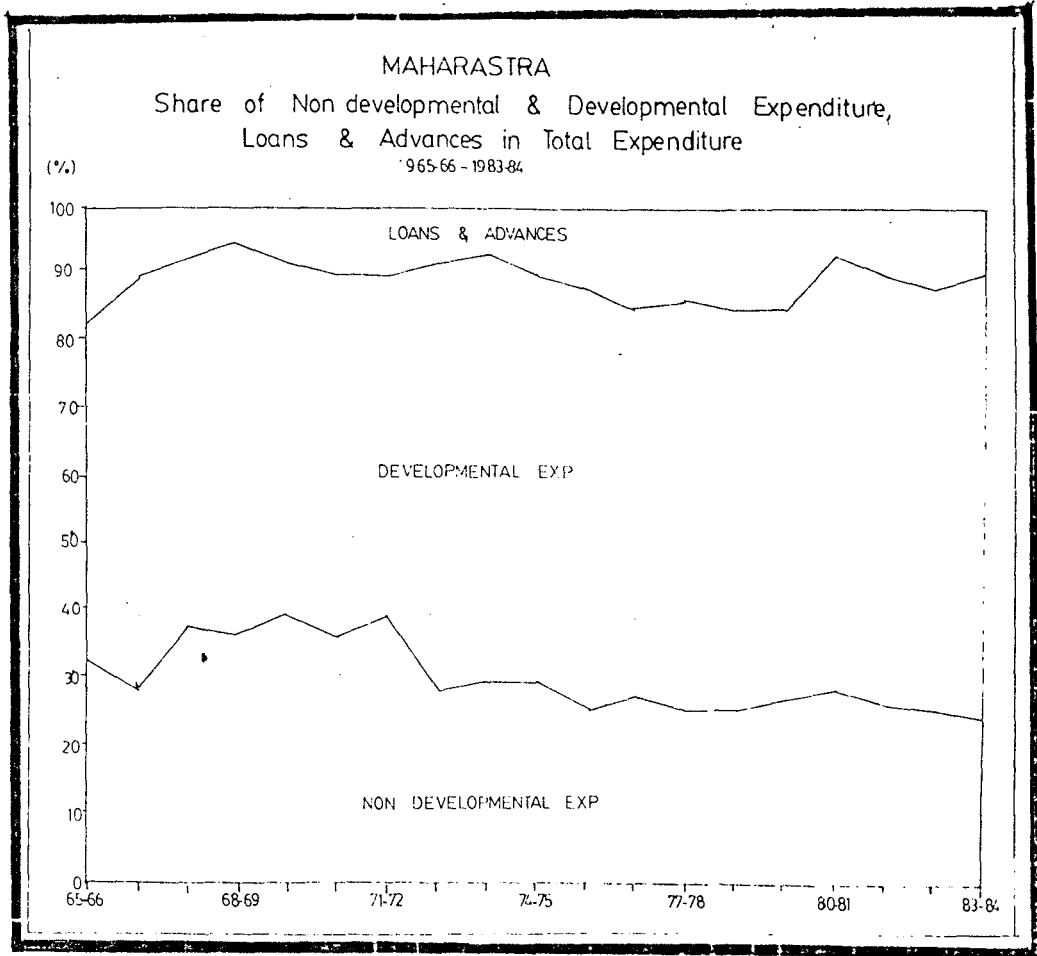
TABLE : 6.1

COMPARISON OF COMPOSITION OF TOTAL EXPENDITURE
AT CURRENT PRICES OF THE DIFFERENT STATES.

Selected Years
(Percent)

| S.NO. | STATE | HEAD OF EXPENDITURE | SHARE IN TOTAL EXPENDITURE (%) | | | | |
|-------|----------------|---------------------|----------------------------------|---------|---------|---------|---------|
| | | | 1965-66 | 1970-71 | 1975-76 | 1980-81 | 1983-84 |
| 1. | MAHARASHTRA | a.Non-Developmentl. | 32.8 | 37.0 | 26.4 | 29.8 | 25.0 |
| | | b.Developmental | 49.6 | 52.6 | 61.6 | 64.4 | 65.0 |
| | | c.Loans & Adv. | 17.7 | 10.3 | 12.6 | 10.8 | 9.1 |
| 2. | GUJARAT | a.Non-Devpl. | 41.0 | 29.7 | 20.3 | 18.3 | 15.9 |
| | | b.Developmental | 50.0 | 55.6 | 69.1 | 66.2 | 70.4 |
| | | c.Loans & Adv. | 8.5 | 14.7 | 10.6 | 15.5 | 13.9 |
| 3. | TAMIL NADU | a. Non-Devpl. | 28.0 | 28.0 | 23.0 | 18.0 | 17.0 |
| | | b.Developmental | 56.0 | 63.0 | 66.0 | 58.0 | 66.0 |
| | | c.Loans & Adv. | 16.0 | 9.0 | 11.0 | 24.0 | 16.0 |
| 4. | KARNATAKA | a.Non-Devpl. | 22.0 | 28.0 | 20.0 | 21.0 | 22.0 |
| | | b.Developmental | 64.0 | 67.0 | 67.0 | 68.0 | 68.0 |
| | | c.Loans & Adv. | 14.0 | 5.0 | 12.0 | 11.0 | 10.0 |
| 5. | RAJASTHAN | a.Non-Devpl. | 30.0 | 41.0 | 24.0 | 21.0 | 23.0 |
| | | b.Developmental | 49.0 | 50.0 | 69.0 | 68.0 | 70.0 |
| | | c.Loans & Adv. | 21.0 | 9.0 | 7.0 | 12.0 | 8.0 |
| 6. | MADHYA PRADESH | a.Non-Devpl. | 30.0 | 30.0 | 21.0 | 16.0 | 17.0 |
| | | b.Developmental | 53.0 | 62.0 | 63.0 | 69.0 | 71.0 |
| | | c.Loans & Adv. | 17.0 | 8.0 | 16.0 | 15.0 | 12.0 |

Source : Calculated from table-A-6.3



growth rate of 13.2 per cent for the next decade. For the same decade non-developmental expenditure at constant (1970-71 = 100) prices and with effect of population change removed grew at a rate of 2.9 per cent which is less than a quarter of the growth rate in nominal terms.

This lower growth of non-developmental expenditure relative to total expenditure over the period resulted in a falling share of non-developmental expenditure in total expenditure, the share declining from 32.8 percent in 1965-66 to 25 per cent in 1983-84. The period 1965-66 to 1970-71 saw a growth in the share to 37 per cent while the next three sub periods saw a continuous fall from this peak.

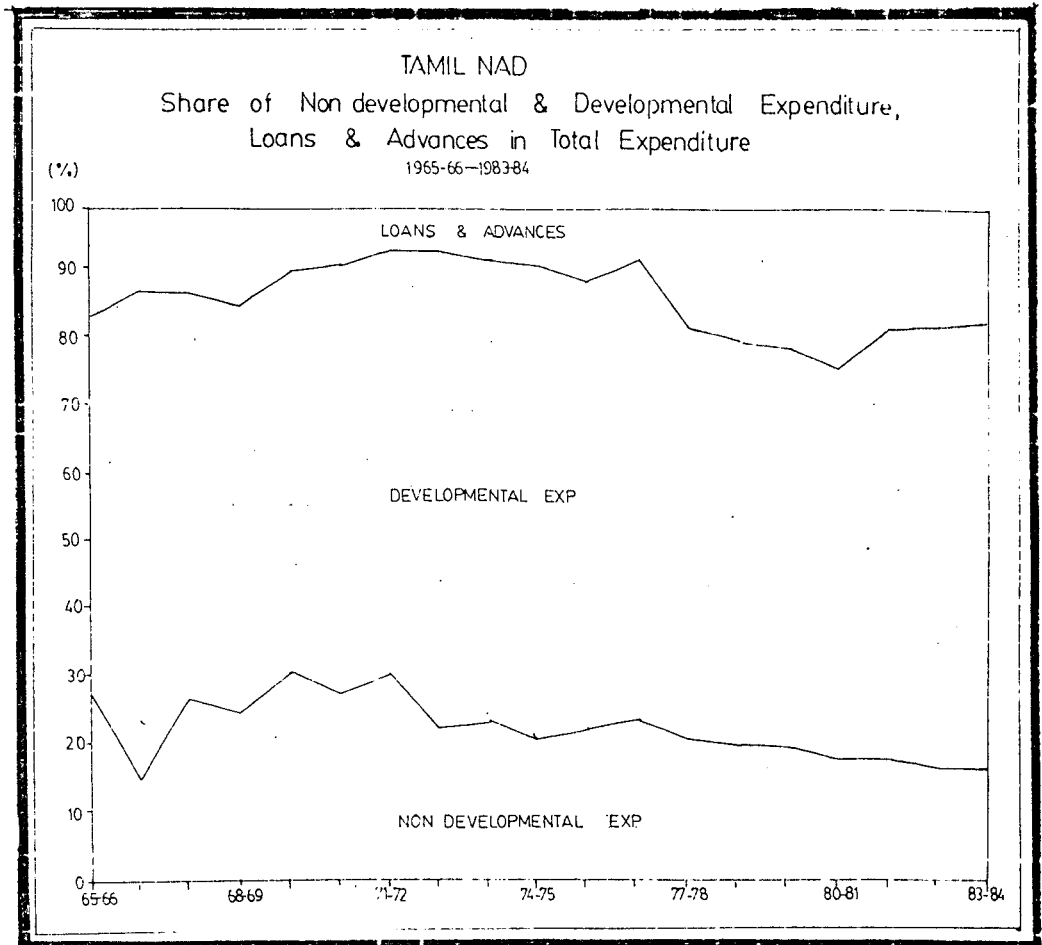
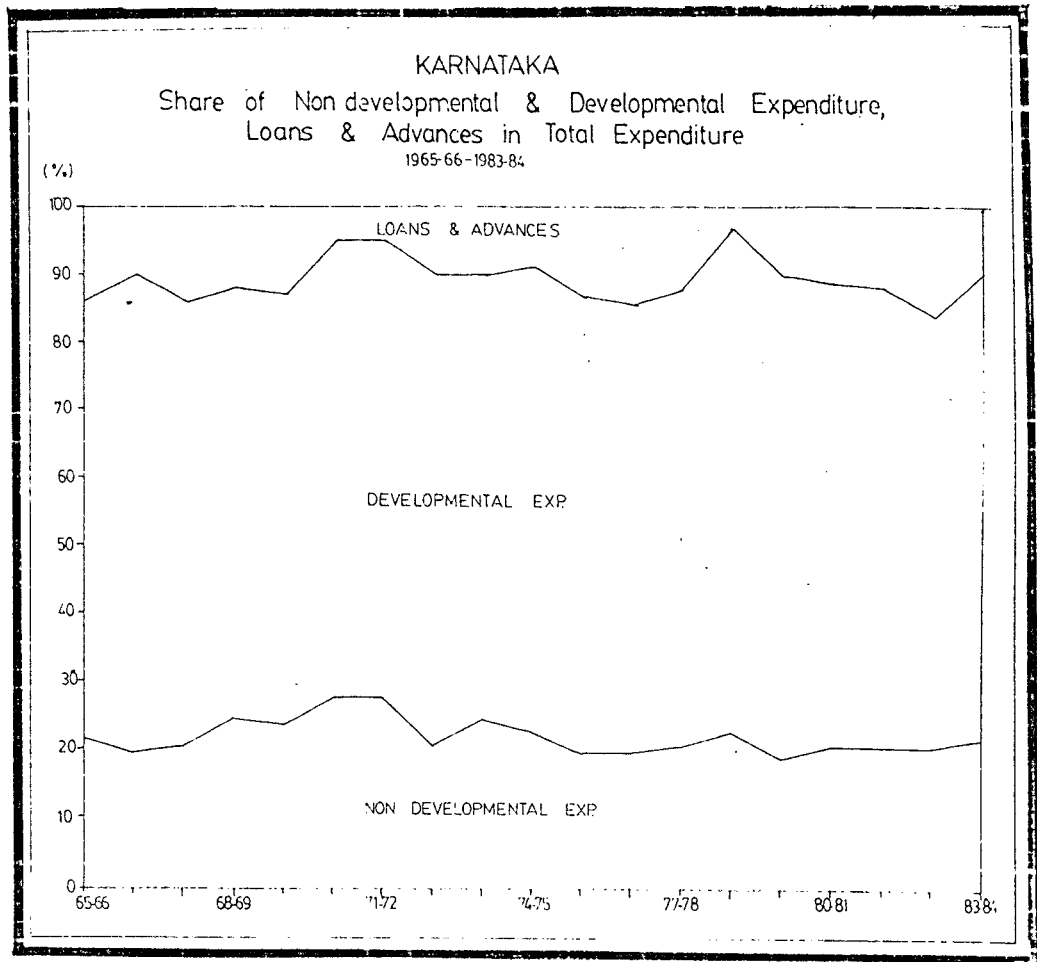
GUJARAT: Non-developmental expenditure over the period increased from Rs. 6254 lacs to Rs. 32,035 lacs, a growth of over four times at a growth rate of 9.5 per cent. Over the same period total and developmental expenditure had a rate of growth of 15.5 and 17.8 per cent respectively. The third component of total expenditure, loans and advances, showed the highest growth rate of 18.7 per cent exceeding even that of developmental expenditure. The growth of non-developmental expenditure showed sharp differences in the two sub-periods. It grew at a rate of 3.6 per cent upto

1972-73 and from this year growth rate increased by nearly four times to 12.1 per cent till the end of the period. This growth rate for the second period, however, gets reduced sharply when we remove the effect of price and population changes. The per capita growth rate at constant (1970-71 = 100) prices showed a sharp fall to 2.1 per cent over the period.

The higher growth rates of both developmental expenditure and loans and advances relative to total expenditure was at the cost of non-developmental expenditure, the remaining component. The share of non-developmental expenditure in total expenditure which was high at 41 per cent at the beginning of the period fell very sharply to 15.9 per cent in 1983-84, a fall of nearly 25 per cent.

THE MIDDLE INCOME GROUP STATES

TAMILNADU: This state is the most highly developed among the middle income category states. Non-developmental expenditure in Tamilnadu increased in nominal terms by nearly five times as compared to increase of about nine times and about tentimes for total and developmental expenditure respectively. The growth rate of non-developmental expenditure was 10.5 per cent (average) over the period which was, however, not uniform over the two sub-periods. There was a low growth rate of 7.8 per cent in the first period and a higher growth rate of 12.1 per cent in the second period. As usual, with



the removal of the effects of price and population changes, the growth rate of non-developmental expenditure got reduced sharply to 5 per cent for the second period. The second period saw a high growth rate of loans and advances (12.5 per cent) which was nearly twice the growth rate of total expenditure and developmental expenditure and nearly two and a half times that of non-developmental expenditure.

The share of non-developmental expenditure in total expenditure of the state of Tamilnadu decreased from 28 per cent in 1965-66 to 17 per cent in 1983-84, a decline of 11 per cent. Developmental expenditure increased its share from 56 to 66 per cent over the same period. The share of loan and advances fluctuated over the period but by the end of the period was the same as it was at the beginning of the period.

KARNATAKA: The period 1965-66 to 1983-84 witnessed almost similar growth rates of total non-developmental and developmental expenditures. Whereas both total expenditure and non-developmental expenditure increased by over nine times developmental expenditure increased by nearly ten times. Expenditure for non-developmental purposes grew at the rate of 13.7 per cent over the period with the second decade witnessing a marginally higher growth rate than the first period. This is again unlike the preceding three states all of whom experienced

TABLE:6.2

COMPARISON OF COMPOUND GROWTH RATES OF TOTAL
EXPENDITURE AND ITS COMPONENTS AT CURRENT &
PERCAPITA CONSTANT (1970-71 = 100) PRICES.

| S.N. | STATE | HEAD OF EXPENDITURE | Selected Periods | | (Percent) | |
|------|-------------|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | CURRENT PRICES | | P.C. CONST. PRICES | |
| | | | 1965-66 to 1983-84 | 1965-66 to 1972-73 | 1973-74 to 1983-84 | 1973-74 to 1983-84 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | MAHARASHTRA | a. Total Expenditure | 14.4 | 12.1 | 15.0 | 4.5 |
| | | b. Non-Developmental | 12.9 | 10.4 | 13.2 | 2.9 |
| | | c. Developmental | 16.1 | 16.2 | 15.3 | 4.7 |
| | | d. Loans & Advances | 10.3 | - 1.2 | 19.0 | 8.3 |
| 2. | GUJARAT | a. Total Expenditure | 15.5 | 14.2 | 16.3 | 6.1 |
| | | b. Non-Developmental | 9.5 | 3.6 | 12.1 | 2.1 |
| | | c. Developmental | 17.8 | 20.9 | 16.9 | 6.6 |
| | | d. Loans & Advances | 18.7 | 5.5 | 20.5 | 4.3 |
| 3. | TAMILNADU | a. Total Expenditure | 13.5 | 10.1 | 15.3 | 6.7 |
| | | b. Non-Developmental | 10.5 | 7.8 | 13.2 | 5.0 |
| | | c. Developmental | 14.6 | 12.8 | 14.6 | 6.2 |
| | | d. Loans & Advances | 13.6 | 1.7 | 22.2 | 12.5 |
| 4. | KARNATAKA | a. Total Expenditure | 13.7 | 13.1 | 15.2 | 4.7 |
| | | b. Non-Developmental | 13.7 | 11.9 | 13.6 | 3.2 |
| | | c. Developmental | 14.2 | 14.3 | 15.7 | 5.2 |
| | | d. Loans & Advances | 11.7 | 8.8 | 15.8 | 5.2 |
| 5. | RAJASTHAN | a. Total Expenditure | 13.8 | 10.0 | 15.0 | 4.7 |
| | | b. Non-Developmental | 11.9 | 11.7 | 13.5 | 3.1 |
| | | c. Developmental | 16.1 | 13.5 | 15.4 | 3.3 |
| | | d. Loans & Advances | 7.7 | - 6.5 | 16.9 | 6.4 |

TABLE: 6.2 (Contd...)

COMPARISON OF COMPOUND GROWTH RATES OF TOTAL EXPENDITURE AND ITS COMPONENTS AT CURRENT & PERCAPITA CONSTANT (1970-71 = 100) PRICES.

| | | Selected Periods | | | | (Percent) | |
|----|----------------|----------------------|------|------|------|-----------|--|
| 1. | 2 | 3 | 4 | 5 | 6 | 7 | |
| 6. | MADHYA PRADESH | a. Total Expenditure | 14.0 | 9.2 | 17.5 | 7.9 | |
| | | b. Non-Developmental | 10.6 | 5.6 | 14.1 | 4.8 | |
| | | c. Developmental | 15.8 | 13.0 | 17.8 | 8.3 | |
| | | d. Loans & Advances | 11.6 | 0.3 | 22.5 | 13.0 | |

SOURCE : Same as table A-6.3

NOTE: 1. For the state of Tamil Nadu the period in Col.7 are for 1974-75 to 1983-84.

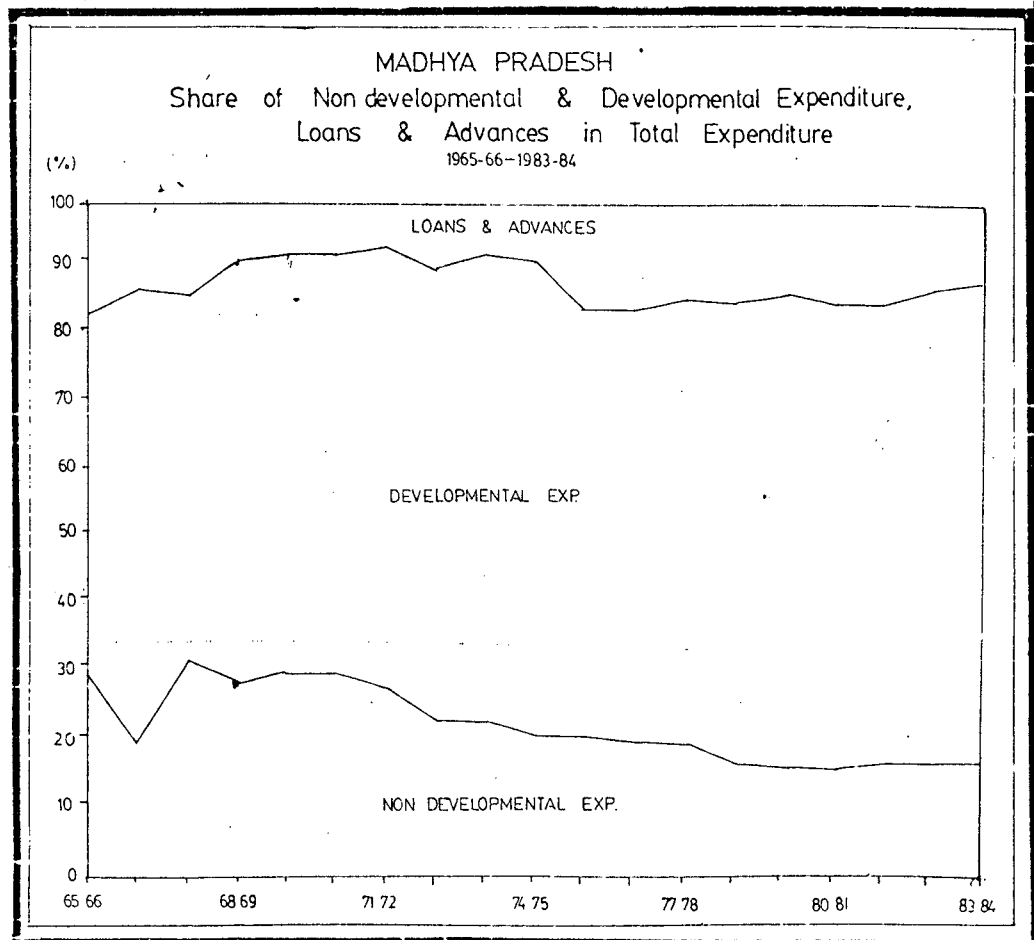
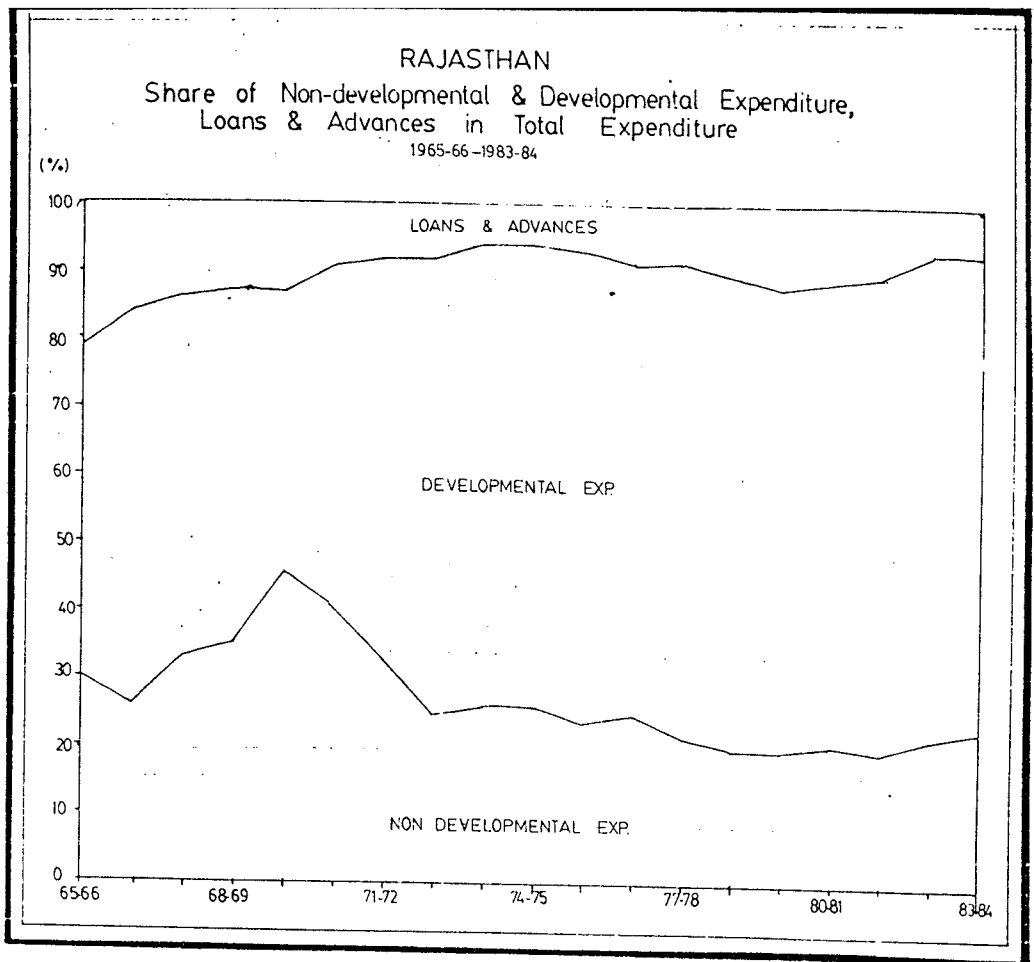
significantly higher growth rates in the second sub-period as compared to the first sub-period.

The share of non-developmental expenditure in total expenditure remained constant over the period at 22 per cent while the share of developmental expenditure showed a marginal increase of 4 per cent with the corresponding fall of 4 per cent in share of loans and advances in total expenditure.

THE LOW INCOME GROUP STATES

RAJASTHAN: Non-developmental expenditure increased from Rs 4375 lacs in 1965-66 to Rs. 33440 lacs in 1983-84 - an increase of over six and a half times at a growth rate of 4.9 per cent over the whole period. This was lower than the rate of growth of both total expenditure (13.8 per cent) and developmental expenditure (16.1 per cent) but higher than the growth rate of loans and advances which was 7.7 per cent over the period. The growth of non-developmental expenditure was almost uniform over the two sub-periods.

The share of non-developmental expenditure over the period decreased from 30 to 23 per cent as also the share of loans and advances from 21 to 8 per cent. Developmental expenditure, however, rapidly increased its share over the period by about 21 per cent.



MADHYA PRADESH: Non-developmental expenditure over the period increased by over five times at a growth rate of 10.6 per cent as compared to an increase of over nine times for total expenditure at a growth rate of 14 per cent. The growth however was not uniform over the whole period. The years 1965-66 to 1972-73 witnessed a relatively slow growth rate of 5.6 per cent while the second period witnessed a rapid increase in the rate of growth to 14.1 per cent. In per capita terms and at constant prices the growth rate gets reduced to 4.8 per cent for the second period. The share of non-developmental expenditure decreased over the period from 30 to 17 per cent, as also did the share of loans and advances.

ESTIMATION OF INCOME ELASTICITIES:

Income elasticity of Government expenditure is defined as the percentage by which Government expenditure grows if national income increases by one per cent. Since our analysis is for states we have taken state domestic Products as the income variable. Income elasticity can be estimated for aggregate expenditure as well as for particular categories of expenditure.

The expenditure figures for aggregate and particular categories pertain to per capita expenditure at constant (1970-71 = 100) prices for the period 1973-74 to 1983-84. The categories for which income elasticities have been esti-

mated are non-developmental (aggregate), interest payments, fiscal services, administrative services, organs of state and pension and other retirement benefits.

The method for estimating coefficient of income elasticities is as follows:

We have made use of a simple linear regression model in which we have taken the various categories of expenditures as dependent variable (Y) and the per capita state domestic product as the independent variable (X). The regression coefficients are estimated by using the least square method.

The postulated functional relationship is

$$Y = a + b X + e$$

For each categories of expenditure the estimated function from the relationship is

$$Y_i = \hat{a} + \hat{b}X_i + e$$

The estimated function is

$$\hat{Y}_i = \hat{a} + \hat{b}X_i$$

The coefficient \hat{b} is the derivative of \hat{Y} with respect to X.

i.e. $\hat{b} = \frac{d\hat{y}}{dx}$ and shows the rate of change in Y as X changes by a very small amount. It should be clear that if the estimated function is linear, the coefficient \hat{b} is not the income

elasticity but a component of the elasticity.

TABLE :6.3

COMPARISON OF THE CO-EFFICIENTS OF INCOME ELASTICITIES OF
THE SIX STATES FOR VARIOUS CATEGORIES OF EXPENDITURE (PER
CAPITA AND CONSTANT (1970-71 = 100) PRICES).

(1973-74 to 1983-84)

| Sl. No. | Head of Expenditure | MAHARASHTRA | | GUJARAT | | TAMILNADU | | KARNATAKA | | RAJASTHAN | | M. | P. |
|---------|-------------------------------|-------------|------|---------|-------|-----------|--------|-----------|------|-----------|-------|-------|-------|
| | | Ye | r | Ye | r | Ye | r | Ye | r | Ye | r | Ye | r |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1. | Interest payments | 0.17 | 0.45 | 0.89* | 2.056 | 0.44 | -1.002 | 0.36 | 0.87 | 0.3 | 0.355 | 0.58* | 1.50 |
| 2. | Fiscal Services | 0.88* | 2.57 | 0.64* | 2.572 | -0.12 | -1.72 | -0.14 | - | 0.54* | 2.022 | 0.24 | 1.746 |
| 3. | Administrative Services | 0.78* | 1.78 | 0.78* | 6.222 | 0.62* | 0.596 | 0.07 | - | 0.35 | 0.669 | 0.69* | 1.334 |
| 4. | Organs of States | 0.72* | - | 0.44 | - | 0.53 | 0.647 | - | - | 0.04 | - | 0.74* | - |
| 5. | Pensions etc. | 0.78* | 4.99 | 0.87* | 3.440 | 0.55* | 1.243 | 0.07 | - | 0.50 | 2.373 | 0.65* | 4.486 |
| 6. | Non-developmental Expenditure | 0.74* | 1.73 | 0.81* | 0.886 | 0.65* | 0.804 | 0.16 | 0.68 | 0.46 | 0.645 | 0.68* | 1.312 |

NOTE : 1. For Methodology see text.

2. * indicates significant at 5 per cent.

3. For Tamil Nadu, the period is 1974-75 to 1983-84.



Table No.6.4

COMPARISON OF RATES OF GROWTH OF PERCAPITA SDP OF STATES
AND PERCAPITA TOTAL EXPENDITURE AT CONSTANT (1970-71 = 100)
PRICES : 1973-74 TO 1983-84

| S No | State | Percapita S.D.P | Percapita Total Expend. |
|------|----------------|--------------------|----------------------------|
| 1 | Maharashtra | 3.09 | 4.5 |
| 2 | Gujarat | 2.426 | 6.09 |
| 3 | Tamil Nadu | 2.484 | 6.7 |
| 4 | Karnataka | -0.0006 | 4.74 |
| 5 | Rajasthan | 0.89 | 4.76 |
| 6 | Madhya Pradesh | 1.79 | 7.98 |

SOURCE : 'Indian economic Statistics-Public Finance' and budget
papers

NOTE : For Tamil Nadu the period is 1974-75 to 1983-84.

Elasticity co-efficient can be determined by the following method: from an estimated function we obtain the average elasticity:

$\eta_e = \hat{b} \cdot \frac{\bar{X}}{\bar{Y}} = \hat{b} \cdot \frac{\bar{X}}{\bar{Y}}$, where η_e is the income elasticity co-efficient.²

The estimated income elasticity co-efficients and the co-efficients of co-relation have been given in Table 6.3. For four States the co-relation coefficients of non-developmental expenditure and Per Capita State Domestic Product were significant. The States are Maharashtra, Gujarat, Tamilnadu and Madhya Pradesh. The elasticity co-efficients of non-developmental expenditure which were obtained were as follows: Maharashtra - 1.73, Gujarat - 0.886, Tamil Nadu - 0.884, Karnataka - 0.68, Rajasthan - 0.645 and Madhya Pradesh - 1.312. For some of the other categories of expenditure, the results were as follows: co-relation between Per Capita SDP and expenditure on Fiscal Services was found significant in 3 states (Maharashtra, Gujarat and Rajasthan). While co-relation between Per Capital SDP and expenditure on Administrative Services was found significant in 4 states (Maharashtra, Gujarat, Tamil Nadu and Madhya Pradesh), co-relation between Per Capita SDP and Interest Payments was found significant in only two States (Gujarat and Madhya Pradesh).³

2. See Koutsoyannis A (1973) "Theory of Econometrics" 2nd ed. Mac Milan.

3. Please see Table 6.3.

TABLE :6.5

PERCENTAGE
COMPARISON OF THE/COMPOSITION OF NON-
DEVELOPMENTAL EXPENDITURE OF THE SIX STATES.

(1973-74 to 1983-84)

(Percent)

| Sl. No. | Stt. | Head of Exp. | 73-74 | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 |
|---------|-------------|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1. | Maharashtra | a. Interest | 44 | 36 | 34 | 30 | 32 | 34 | 26 | 24 | 30 | 30 | 32 |
| | | b. Fiscal Serv. | 22 | 24 | 27 | 32 | 32 | 28 | 32 | 32 | 30 | 30 | 29 |
| | | c. Admn. Service | 28 | 33 | 30 | 30 | 26 | 30 | 33 | 33 | 31 | 30 | 30 |
| | | d. Organs of St. | 2.0 | 3 | 3 | 3 | 4 | 3 | 3 | 3 | 2 | 2 | 3 |
| | | e. Pensions etc. | 3.0 | 3 | 3 | NA | 3 | 4 | 4 | 5 | 5 | 6 | 6 |
| | | f. Others | 1.0 | 2 | 3 | 5 | 2 | 3 | 2 | 5 | 2 | 2 | -ve |
| 2. | Gujarat | a. Interest | 24.1 | 25.4 | 32.5 | 26.1 | 26.3 | 25.8 | 21.9 | 28.6 | 32.3 | 34.4 | 36.6 |
| | | b. Fiscal Serv. | 18.6 | 23.1 | 20.9 | 23.6 | 26.4 | 29.5 | 27.9 | NA | NA | NA | NA |
| | | c. Admn. Service | 36.0 | 39.1 | 35.7 | 38.1 | 35.0 | 33.4 | 36.7 | 40.6 | 46.2 | 40.5 | 38.5 |
| | | d. Organs of St. | 2.8 | 3.7 | 4.2 | 4.4 | 3.4 | 2.9 | 4.7 | 3.9 | 3.3 | 3.3 | 4.2 |
| | | e. Pensions etc. | 3.9 | 5.2 | 6.7 | 7.8 | 8.4 | 7.8 | 7.9 | 8.7 | 10.7 | 13.1 | 11.3 |
| | | f. Others | 14.6 | 3.6 | 0.0 | 0.1 | 0.4 | 0.5 | 1.0 | NA | NA | NA | NA |
| 3. | T. Nadu | a. Interest | -- | 24 | 37 | 37 | 36 | 30 | 34 | 38 | 35 | 35 | 34 |
| | | b. Fiscal Serv. | -- | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 8 | 14 |
| | | c. Admn. Service | -- | 44 | 40 | 49 | 38 | 42 | 40 | 40 | 42 | 39 | 34 |
| | | d. Organs. of St. | -- | 4 | 4 | 4 | 4 | 4 | 5 | 4 | 4 | 4 | 4 |
| | | e. Pensions etc. | -- | 9 | 9 | 10 | 10 | 11 | 11 | 9 | 10 | 12 | 12 |
| | | f. Others | -- | 11 | 2 | 2 | 4 | 5 | 2 | 2 | 2 | 2 | 1 |
| 4. | Karnataka | a. Interest | 27 | 28 | 27 | 30 | 30 | 28 | 25 | 24 | 26 | 23 | 24 |
| | | b. Fiscal Serv. | 8 | 11 | 10 | 12 | 11 | 10 | 10 | 10 | 9 | 9 | 8 |
| | | c. Admn. Service | 23 | 27 | 30 | 32 | 37 | 26 | 28 | 24 | 28 | 26 | 21 |
| | | d. Organs. of St. | 3 | 5 | 5 | 6 | 6 | 5 | 5 | 4 | 4 | 5 | 4 |
| | | e. Pensions etc. | 7 | 10 | 15 | 18 | 16 | 17 | 18 | 17 | 21 | 21 | 23 |
| | | f. Others | 31. | 19 | 16 | 12 | 11 | 15 | 13 | 21 | 12 | 8 | 20 |

PERCENTAGE
COMPARISON OF THE/COMPOSITION OF NON-
DEVELOPMENTAL EXPENDITURE OF THE SIX STATES.

TABLE :: 6.5 (cont)

| | | (1973-74 to 1983-84) | | | | | | | (Percent) | | | | |
|----|----------------|----------------------|----|-----|-----|------|-----|------|-----------|-----|-----|-----|-----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 5. | Rajasthan | a. Interest | 52 | 47 | 45 | 48 | 43 | 43 | 42 | 40 | 46 | 40 | 38 |
| | | b. Fiscal Serv. | 9 | 11 | 11 | 10 | 11 | 11 | 10 | 10 | 11 | 11 | 10 |
| | | c. Admn. Service | 27 | 33 | 34 | 30 | 32 | 32 | 34 | 33 | 29 | 33 | 34 |
| | | d. Organs of St. | 2 | 3 | 3 | 4 | 4 | 3 | 5 | 5 | 3 | 3 | 3 |
| | | e. Pensions etc. | 5 | 5 | 6 | 7 | 9 | 11 | 9 | 12 | 11 | 11 | 12 |
| | | f. Others | 5 | 0.6 | 0.7 | 0.6 | 0.5 | 0.05 | 0.5 | 0.9 | 0.8 | 2 | 2 |
| 6. | Madhya Pradesh | a. Interest | 34 | 32 | 34 | 30 | 32 | 38 | 37 | 34 | 37 | 36 | 34 |
| | | b. Fiscal Serv. | 11 | 15 | 14 | 27 | 22 | 14 | 13 | 13 | 12 | 15 | 15 |
| | | c. Admn. Service | 44 | 42 | 39 | 34 | 35 | 37 | 39 | 41 | 39 | 38 | 38 |
| | | d. Organs of St. | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| | | e. Pensions etc. | 4 | 5 | 5 | 6 | 6 | 7 | 7 | 6 | 7 | 7 | 8 |
| | | f. Others | 2 | 2 | 4 | -0.4 | 0.7 | 0.7 | 0.8 | 1 | 0.6 | 0.6 | 1.0 |

SOURCE : SAME AS TABLE A-6-3

NOTE : 1. Figures for Tamil Nadu upto 1974-75 were as per the old classification.

2 . N.A.- NOT AVAILABLE

STRUCTURE OF NON-DEVELOPMENTAL EXPENDITURE OF THE SIX STATES⁴
(1973-74 to 1983-84)

MAHARASHTRA: In 1983-84 interest payments constituted the largest component of non-developmental expenditure (32 percent) followed by administrative services (29 per cent) and fiscal services (29 per cent). The differences between their shares were, however, much more sharper in the beginning of the period, with respective shares of 44, 28 and 22 per cent. While there had been a sharp decline in share of interest payments, there had been an increase in the share of fiscal services while the share of administrative services showed a marginal increase.

Expenditure on interest payments and administrative services accounted for 62 percent of total non-developmental expenditure in 1983-84, While they together had accounted for 72 per cent in 1973-74. If we include fiscal services the share of these three heads of expenditure together account for 91 per cent of non-developmental expenditure.

GUJARAT: Unlike Maharashtra, in Gujarat expenditure on administrative services constituted the largest single component of non-developmental expenditure followed by interest payments. The third largest component, as in the case of Maharashtra, was expenditure on fiscal services. The share of all the three heads of expenditure have shown an increase over the period.

4. For data pertaining to the analysis, please see Tables 6.5, 6.6, A-6.5.

TAMILNADU: While expenditure on administrative services constituted the single largest head of expenditure in 1974-75 its share showed a decreasing trend over the period till 1983-84 when it had the same share as interest payments. The two heads of expenditure together accounted for nearly 68 per cent in 1983-84. While the share of expenditure on the third major component, fiscal services, remained fairly steady over the period, it showed a steep increase from 8 to 14 per cent in the terminal year. Expenditure on these components together accounted for 82 per cent of non-developmental expenditure in 1983-84. Expenditure on pensions and other retirement benefits also accounted for a large share of non-developmental expenditure with a figure of around 10 per cent over the period.

KARNATAKA: Interest payments constituted the single largest component of non-developmental expenditure both at the beginning and the end of the period. In between, however, expenditure on administrative services sometimes showed a higher share for some years. These two components together accounted for 50 per cent of non-developmental expenditure in 1973-74 and 45 per cent of non-developmental expenditure in 1983-84. For Karnataka, expenditure on pension and retirement benefits witnessed a rapid increase with its share increasing from 7 per cent to 23 per cent in 1983-84.

TABLE : 6.6

COMPARISON OF GROWTH RATES (COMPOUND) OF THE MAJOR HEADS
OF EXPENDITURE AT BOTH CURRENT AND PER CAPTIA CONSTANT PRICES

(1973 - 74 to 1983 - 84)

(Percent)

| S. No. | State | Head of Expenditure | Current Prices | Per Captia Constant Prices |
|--------|-------------|----------------------------|----------------|----------------------------|
| 1 | 2 | 3 | 4 | 5 |
| 1. | MAHARASHTRA | a. Interest payments | 9.6 | - 0.3 |
| | | b. Fiscal Services | 16.8 | 6.1 |
| | | c. Administrative Services | 14.0 | 3.6 |
| | | d. Organs of State | 15.0 | 5.2 |
| | | e. Pensions etc. | 22.7 | 10.9 |
| | | f. Others | N.C | N.C |
| 2. | GUJARAT | a. Interest payments | 16.8 | 6.6 |
| | | b. Fiscal services | N.A | N.A |
| | | c. Administrative Services | 12.8 | 3.0 |
| | | d. Organs of State | 16.7 | 6.4 |
| | | e. Pensions etc. | 23.3 | 13.3 |
| | | f. Others | N.A. | N.A. |
| 3. | TAMIL NADU | a. Interest-payments | 17.6 | 9.1 |
| | | b. Fiscal services | 20.0 | 9.4 |
| | | c. Administrative services | 10.0 | 1.7 |
| | | d. Organs of State | 12.8 | 4.6 |
| | | e. Pensions etc. | 17.9 | 7.4 |
| | | f. Others | -10.1 | -16.4 |

TABLE :6.6 (Contd...)

COMPARISON OF GROWTH RATES (COMPOUND) OF THE MAJOR HEADS
OF EXPENDITURE AT BOTH CURRENT AND PER CAPITA CONSTANT PRICES

| | | (1973-74 to 1983-84) | | (Percent) |
|----|----------------|----------------------------|------|-----------|
| 1 | 2 | 3 | 4 | 5 |
| 4, | KARNATAKA | a. Interest payments | 12.2 | 1.8 |
| | | b. Fiscal Services | 13.0 | 2.7 |
| | | c. Administrative Services | 12.9 | 2.5 |
| | | d. Organs of State | 15.5 | 6.5 |
| | | e. Pensions etc. | 27.7 | 16.4 |
| | | f. Others | 8.4 | - 1.5 |
| 5, | RAJASTHAN | a. Interest payments | 9.9 | 0.08 |
| | | b. Fiscal Services | 15.1 | 4.8 |
| | | c. Administrative Services | 16.3 | 6.0 |
| | | d. Organs of State | 17.8 | 7.2 |
| | | e. Pensions etc. | 24.0 | 12.8 |
| | | f. Others | 4.2 | - 5.8 |
| 6, | MADHYA PRADESH | a. Interest payments | 14.1 | 5.2 |
| | | b. Fiscal Services | 17.2 | 5.7 |
| | | c. Administrative Services | 12.6 | 4.5 |
| | | d. Organs of State | 13.1 | 4.1 |
| | | e. Pensions etc. | 20.9 | 11.6 |
| | | f. Others | 5.7 | - 3.9 |

Source : Calculated

NOTE: 1, For Tamil Nadu the period is 1974-75 to 1983-84 since upto 1973-74 the old classification has been used.

2. N.A.-NOT AVAILABLE

While the three together accounted for 79 per cent of non-developmental expenditure in 1973-74, their combined share increased to nearly 90 per cent of non-developmental expenditure in 1983-84.

RAJASTHAN: Interest payments have remained the largest single component of non-developmental expenditure over the period followed by administrative services. These two together accounted for nearly 79 per cent of non-developmental expenditure in 1973-74 but their combined share came down to 72 per cent in 1983-84. The share of the expenditure on fiscal services had remained fairly steady over the period at around 10 per cent while pensions and other retirement benefits' share in non-developmental expenditure grew steadily from 5 to 12 per cent in 1983-84.

MADHYA PRADESH: Expenditure on administrative services remained the largest single component of non-developmental expenditure though its share came down by 6 per cent, over the period from 44 to 38 per cent. Interest payments constituted the second largest component with a share of between 34 to 37 per cent over the period. These two together accounted for 78 per cent of non-developmental expenditure in 1973-74 but in 1983-84 their combined share had come down to 72 per cent. This was primarily due to the decline in share of administrative services. The share of fiscal services in non-developmental expenditure increased from 11 to 15 per cent over the period and the three components together accounted for nearly 90 per cent of non-developmental expenditure in 1983-84.

Summing up the results of our analysis, it can be concluded that no significant differences in the growth of non-developmental expenditure of more and less developed States can be discerned. Similarly, though wide differences in the composition of non-developmental expenditure of States existed, no clear pattern emerged which would enable us to conclude that significant differences existed in the composition of non-developmental expenditure of States in different groups on the basis of their level of development.

As noted earlier, co-efficients of co-relation of non-developmental expenditure and Per Capita SDP were found to be significant for four States, namely, Maharashtra, Gujarat, Tamil Nadu and Madhya Pradesh. Of these, the first two are from the High Income category, while Tamil Nadu was the most highly developed state (in terms of Per Capita SDP) among the Middle Income category. However, since Madhya Pradesh is a backward state, nothing could be concluded about the relationship of Per Capita SDP and Non-developmental expenditure. However, a regrouping of States according to the rates of growth of Per Capita SDP revealed that all the above four States exhibited, over the period, relatively higher rates of growth of Per Capita SDP than the remaining two states.

Chapter VII

CONCLUSION

In Chapter 1, we discussed very briefly some of the factors which influenced the magnitude and composition of public expenditure i.e. what may be termed its determinants. These determinants through their effect of social demand for public goods and services affect public spending. One determinant which is not demand oriented is the total availability of financial resources which the state at any point of time is able to raise for spending. Thus the sources of finance (both on revenue and capital account) would indirectly exert some influence on the magnitude of public expenditure; as for example, the taxable capacity of the society, the political will of the State to tax people, the capacity of the State to raise loans both internally and from the rest of the world.

The determinants of Public Expenditure need not affect both the components of public expenditure as we studied (i.e. non-developmental and developmental) equally. Some of them could affect non-developmental expenditures more and some of them could result in higher growth of developmental expenditure. For example - a rapid rise in urbanisation could lead to an increased demand for education and health services (which are classified as developmental by the Ministry of Finance) while a political event outside -

say a change of a regime in a neighbouring country, resulting in a threat to the country's sovereignty, could lead to an increase in demand for defence expenditures (non-developmental expenditure). There could be determinants which would affect both components - for example - the need to develop an isolated region would result in both higher developmental and non-developmental outlays (say for strengthening administrative services in the region). A complete analytical study of public expenditure should include an analysis of the determinants also and their influencing capability on the expenditures. However, the scope of this work is limited to examining the changes in the magnitude and composition of public non-developmental expenditures.

For all the three aggregates of total public expenditures we analysed, Wagner's Law of expanding state activity' seems to be confirmed at both current and constant prices. Both the components of total expenditure (developmental and non-developmental) have contributed to a growth rate of total expenditure higher than the growth rate of GNP.

In our study the growth of developmental expenditure has been the highest with the highest growth rate followed by growth of total expenditure and then non-developmental expenditure. This is also true when effects of both price and population changes are eliminated.

The magnitude of non-developmental expenditure of the Centre has been greater than that of the States and Union Territories throughout and in 1984-85, non-developmental expenditure of the Centre was more than double that of States and Union Territories. This was also reflected in their ratios to GNP. The growth of non-developmental expenditure has also been greater in the case of the Centre in terms of both indices of growth and average compound rates of growth.

There existed differences in the pattern of growth of non-developmental expenditure as well. While non-developmental expenditure of both Centre and States and Union Territories experienced their lowest growth rates in the seventies, the highest rate of growth was experienced by non-developmental expenditure of States and Union Territories in the sixties while for non-developmental expenditure of the Centre, the first half of eighties witnessed the highest growth rate.

While the share of non-developmental expenditure in total expenditure of both the Centre and States and Union Territories have declined over the period, for the Centre non-developmental expenditure has throughout formed the largest component of total expenditure while for the States

and Union Territories non-developmental expenditure formed the second largest component with developmental expenditure accounting for the largest proportion of total expenditure. While the share of non-developmental expenditure never increased beyond two-fifths of total expenditure for the Centre, the share has never declined to less than two-fifths of total expenditure except for one year and that too by a marginal amount. This larger share of non-developmental expenditure in total expenditure of the Centre was primarily due to expenditure on Defence with Defence being the concern solely of the Centre.

While almost all the non-developmental expenditure of the States and Union Territories was under the Revenue Account with non-developmental expenditure Under capital account accounting for less than 5 per cent of total non-developmental expenditure throughout the period except for one year, for the Centre a higher proportion of non-developmental expenditure was accounted for by expenditure under the Capital Account. However, more than four-fifths of non-developmental expenditure under the Revenue account. Thus, the distribution of non-developmental expenditure between the Revenue and Capital accounts had been heavily weighted in favour of Revenue account. This was to be expected given the underlying definition of the two accounts in the Budget. Again, while for the States

expenditure for Developmental purposes accounted for a larger share of expenditure in both Revenue and Capital accounts, for the Centre, non-developmental expenditure accounted for, by far, the larger proportion of expenditure under Revenue account while Developmental expenditure constituted the largest component of expenditure under the Capital account.

Defence expenditure and Interest payments formed the largest and second largest head of non-developmental expenditure of the Centre. Over three-fourths of all non-developmental expenditure of the Centre was accounted for by expenditure under these two heads. While expenditure on defence grew at a slower rate (relative to growth of non-developmental expenditure), expenditure on Interest Payments grew at a rate faster than that of non-developmental expenditure. For the States & Union Territories, Interest payments constituted the largest head of non-developmental expenditure for most of the period studied followed by expenditure on police (the largest component of expenditure on Administrative Services). For the consolidated non-developmental expenditure of the Centre, States and Union Territories, expenditure on Defence constituted the largest component, closely followed by Interest payments and by expenditure on Police.

Some of the factors determining the magnitude and composition of non-developmental expenditure have already been discussed. There are numerous determinants, both economic and political, of defence expenditure. F.L. Pryor in his analysis of Public Expenditure of Communist and Capitalist Nations has postulated and tested for some of them.¹ Some of the determinants of Defence expenditure of India are, among others, perception of threat to the sovereignty of the nation from other countries, expenditure on defence of a neighbouring country, the nature of the armed forces (volunteer or conscript), the degree of modernisation, state of development of indigenous arms production.² Given the high degree of use of armed forces for internal policing, another determinant could be the growing social friction within the community.

Interest payments arise because of debt incurred by the Government in the past. These could be with the public, the banking system, foreign governments or international organisations and agencies. The primary reason

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1. Pryor, F.L. (1968) - Public expenditure in Communist and Capitalist countries, New Haven; Yale Univ. Press.
 2. Bansal, P. (1985) - 'India's Defence expenditure in perspective' Southern Economist, Dec. 15, pp. 23-24; Lakshmi, Y. (1986) 'Defence and development; an empirical study of India' Strategic Analyst 9(11), Feb. pp. 1139-51; Rao, R.R. (1978) - 'Indian Armed Forces Spending' Vikrant 8, 4, Jan., pp.7-13.

why a Government incurs debt is the inability or unwillingness to raise resources using other fiscal instruments. The need to borrow from outside could be for the above reason and/or to finance imports while there is a scarcity of foreign exchange reserves. This scarcity could be again due to the inability to produce competitive export goods (or constraints on ability of the rest of the world to absorb imports) and inability or unwillingness to restrict imports into the country.

A comprehensive study of non-developmental expenditure should include the analysis and testing of determinants. There is a need in India for such an analysis because of the role assigned to the State in economic development. Any economy in non-developmental expenditure that could be made without affecting adversely the provision of public goods and services contributing to economic development and higher standards of living and a better life for the mass of the population would be welcome step. This would require a normative analysis of non-developmental expenditure and an implementation of the results in policy.

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Appendix

APPENDIX ACOMPOSITION OF NON-DEVELOPMENTAL EXPENDITURE OF CENTREDetails Regarding Major Heads of Non-Developmental ExpenditurePERIOD I

1. Defence (net)
2. Debt Services
3. Tax Collection and Charges
4. Pensions, Privy purses, etc. includes territorial and political pensions, privy purses and allowances and superannuation allowances and pensions.
5. Currency and Mint
6. Administrative services includes expenditure on general administration, external affairs, police, justice and jails and audit.
7. 'Others' - includes - subsidies and aids to foreign countries, service charges etc. paid to IMF, assistance for natural calamities, grants to Union Territories (Non-Plan), writeback on trading loss on foodgrains, subsidy to FCI from 1960-61 onwards, 'miscellaneous' departments including supplies and disposals, expenditure on displaced persons, other miscellaneous contributions and assignments, extra-ordinary charges, non-developmental non-statutory grants to states and Union

Territories other than for police, loans written off, contributions to international organisations, relief to Bangla Desh (1971-72), grants to states for Bangla Desh refugees in 1971-72, 1972-73.

PERIOD II

1. Defence (net)
2. Interest payments - includes
 - Interest on market loans,
 - Discount on TBS
 - Interest of external debt,
 - Interest on savings deposits and saving, certificates and mgnt. of small savings,
 - Interest on state provident fund,
 - Interest on reserve funds and
 - Other interest payments.
3. Administrative Services - includes expenditure on
 - Public service commission,
 - Secretariat - general services,
 - District administration,
 - Treasury and accounts administration,
 - Grants for police modernisation and police and grants to states for police,
 - Jails,
 - Supplies and disposals,
 - Stationary and printing,
 - Fire protection and control,
 - External affairs,
 - Other administrative services and
 - Secretariat expenses - social and community services and economic services
4. Fiscal services - includes expenditure on
 - Collection of taxes and other revenues,
 - Currency, coinage and mint (excluding the cost of one rupee note forms),
 - Other fiscal services including interest on compulsory deposits, charges under extended arrangement with IMF.

5. Organs of State - includes expenditure on
Parliament,
President/Vice-President/Administrators of Union
Territories,
Council of Ministers,
Elections,
Audit and
Administration of justice.
6. Subsidy to FCI
7. Other non-developmental expenditure includes
Pensions and other retirement benefits,
Technical and Economic cooperation with other countries,
Compensation and assignments to local bodies,
Loss/subsidy on vegetable oils,
Subsidy on controlled cloth,
Grants to States for natural calamities,
Grants to Union Territories (non-plan),
Social Security and welfare,
Lumpsum provision for D.A.,
Non-plan expenditure on information and publicity,
Pensions to freedom fighters,
Non-developmental non-statutory grants to States
other than for police and natural calamities,
Border Roads, recoveries on account of capi-
talised value of sterling pensions and
Other miscellaneous non-developmental expenditure.

APPENDIX BCOMPOSITION OF NON-DEVELOPMENTAL EXPENDITURE OF STATES
AND UNION TERRITORIES

Details regarding major heads of non-developmental expenditure

PERIOD I

1. Interest on debt - includes appropriation for reduction or avoidance of debt.
2. Tax collection charges
3. Administrative Services - includes General Administration, Police, Administration of Justice & Jails.
4. Pensions etc. - includes Territorial and Political Pensions, Privy Purses and allowances, Superannuation allowances and Pensions.
5. Famine Relief
6. 'Others' - includes expenditure on Stationary and Printing, Share in taxes and contribution to local bodies, Compensation to Zamindars, Food subsidy, Commuted value of pensions, payments to retrenched personnel, appropriation to contingency fund, non-developmental grants to Panchayats and local bodies, pre-partition payments, civil defence, national emergency and miscellaneous departments (non-developmental) and other miscellaneous non-developmental expenditures.

PERIOD II

1. Interest Payments - includes appropriation for reduction or avoidance of debt.
2. Organs of State- includes administration of justice, elections and other organs of state.
3. Fiscal Services - includes tax collection charges and other fiscal services.
4. Administrative Services - includes Police, Stationary and Printing, Jails, District Administration, Secretariat and other administrative services.
5. Relief on account of Natural Calamities (Non-Plan)
6. Pensions and other retirement benefits
7. Compensation and assignments to local bodies and Panchayati Raj institutions
8. Social Security and Welfare (Non-Plan)
9. 'Others' - includes food subsidy, lump sum provision for additional D.A., expenditure on miscellaneous General Services and other General Economic Services (non-plan), compensation to land holders, Capital expenditure on stationary and printing and other administrative services.

NOTE: From beginning of 1984, appropriation to contingency fund which had hitherto been included as non-developmental expenditure was dropped and corresponding adjustment made in 'Miscellaneous Capital Receipts' as this transaction is notional in character.

STATISTICAL APPENDIX

Table: A-1

IMPLICIT G N P DEFLATOR (1970-71=100) AND POPULATION OF INDIA

| Year | Deflator | Population | Year | Deflator | Population |
|---------|----------|------------|---------|----------|------------|
| 1950-51 | 52.3 | 35.8940 | 1968-69 | 93.3 | 51.7959 |
| 1951-52 | 53.2 | 36.5007 | 1969-70 | 97.1 | 52.9023 |
| 1952-53 | 50.4 | 37.1984 | 1970-71 | 100.00 | 54.1 |
| 1953-54 | 50.7 | 37.8974 | 1971-72 | 105.4 | 55.3989 |
| 1954-55 | 45.3 | 38.6019 | 1972-73 | 117.4 | 56.7036 |
| 1955-56 | 46.6 | 39.3007 | 1973-74 | 139.00 | 57.9961 |
| 1956-57 | 50.9 | 40.1028 | 1974-75 | 161.8 | 59.303 |
| 1957-58 | 51.9 | 40.9040 | 1975-76 | 155.1 | 60.6993 |
| 1958-59 | 53.9 | 41.7889 | 1976-77 | 165.8 | 61.9881 |
| 1959-60 | 53.9 | 42.6000 | 1977-78 | 172.3 | 63.4029 |
| 1960-61 | 55.1 | 43.3965 | 1978-79 | 175.6 | 64.8995 |
| 1961-62 | 56.3 | 44.4032 | 1979-80 | 202.0 | 66.3998 |
| 1962-63 | 58.6 | 45.3983 | 1980-81 | 224.3 | 67.8999 |
| 1963-64 | 63.7 | 46.4098 | 1981-82 | 244.0 | 69.4023 |
| 1964-65 | 69.4 | 42.3974 | 1982-83 | 264.2 | 70.9001 |
| 1965-66 | 75.9 | 48.5021 | 1983-84 | 290.0 | 72.3990 |
| 1966-67 | 86.8 | 49.4977 | 1984-85 | 308.0 | 73.9001 |
| 1967-68 | 93.7 | 50.5959 | | | |

SOURCE : Economic Survey 1985-86 - Published annually by Ministry of Finance, Government of India.

TABLE : A-31

DISTRIBUTION OF CENTRAL GOVERNMENT EXPENDITURE AT CURRENT PRICES
BETWEEN NON-DEVELOPMENTAL AND DEVELOPMENTAL EXPENDITURE AND A
COMPARISON OF THEIR INDICES OF GROWTH : 1950-51 TO 1984-85.

| Year | HEADS OF EXP. (Rs.Crores) | | | | INDICES OF GROWTH (1950-51=100) | | | |
|---------|---------------------------|-------|--------|------------|---------------------------------|------------|-----------|-------|
| | Non-Devtl | Devtl | Others | Total Exp. | GNP | Total Exp. | Non-Devt- | Devtl |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1950-51 | 346 | 70 | 74 | 490 | 100 | 100 | 100 | 100 |
| 51-52 | 357 | 77 | 78 | 512 | 104 | 104 | 103 | 110 |
| 52-53 | 342 | 70 | 107 | 593 | 102 | 121 | 99 | 100 |
| 53-54 | 346 | 91 | 150 | 587 | 109 | 120 | 100 | 130 |
| 54-55 | 366 | 130 | 229 | 725 | 100 | 148 | 106 | 186 |
| 55-56 | 398 | 148 | 285 | 831 | 106 | 170 | 115 | 211 |
| 56-57 | 436 | 247 | 241 | 924 | 122 | 189 | 126 | 353 |
| 57-58 | 547 | 355 | 306 | 1208 | 123 | 247 | 158 | 507 |
| 58-59 | 524 | 442 | 363 | 1329 | 138 | 271 | 151 | 631 |
| 59-60 | 686 | 358 | 440 | 1484 | 143 | 303 | 198 | 511 |
| 60-61 | 668 | 415 | 445 | 1528 | 153 | 312 | 193 | 593 |
| 61-62 | 755 | 423 | 473 | 1651 | 162 | 337 | 218 | 604 |
| 62-63 | 983 | 493 | 570 | 2046 | 172 | 418 | 284 | 704 |
| 63-64 | 1372 | 597 | 667 | 2636 | 197 | 538 | 397 | 853 |
| 64-65 | 1384 | 705 | 748 | 2837 | 231 | 579 | 400 | 1007 |
| 65-66 | 1564 | 733 | 962 | 3259 | 239 | 665 | 452 | 1047 |
| 66-67 | 2054 | 815 | 1156 | 4025 | 276 | 821 | 594 | 1164 |
| 67-68 | 2018 | 836 | 1040 | 3894 | 324 | 795 | 583 | 1194 |
| 68-69 | 2074 | 775 | 912 | 3761 | 332 | 768 | 599 | 1107 |
| 69-70 | 2207 | 1084 | 722 | 4031 | 367 | 819 | 638 | 1549 |
| 71-71 | 2547 | 1265 | 788 | 4600 | 399 | 939 | 736 | 1807 |
| 71-72 | 3213 | 1634 | 671 | 5518 | 427 | 1126 | 929 | 2334 |
| 72-73 | 3279 | 1772 | 1351 | 6402 | 471 | 1306 | 948 | 2531 |
| 73-74 | 3650 | 1798 | 1196 | 6644 | 586 | 1356 | 1055 | 2569 |
| 74-75 | 4154 | 2476 | 1936 | 8566 | 690 | 1748 | 1201 | 3537 |

DISTRIBUTION OF CENTRAL GOVERNMENT EXPENDITURE AT CURRENT PRICES
 BETWEEN NON-DEVELOPMENTAL AND DEVELOPMENTAL EXPENDITURE AND A
 COMPARISON OF THEIR INDICES OF GROWTH : 1950-51 TO 1984-85.

TABLE : A-3.1 CONTD.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|-------|-------|-------|------|-------|------|------|------|-------|
| 75-76 | 5152 | 3343 | 2185 | 10680 | 727 | 2180 | 1489 | 4776 |
| 76-77 | 5705 | 3663 | 2747 | 12115 | 782 | 2472 | 1649 | 5233 |
| 77-78 | 5792 | 4636 | 2466 | 12894 | 883 | 2631 | 1674 | 6623 |
| 78-79 | 6802 | 5241 | 2344 | 14387 | 953 | 2936 | 1966 | 7487 |
| 79-80 | 7583 | 5826 | 3533 | 16942 | 1044 | 3457 | 2192 | 8324 |
| 80-81 | 9347 | 6807 | 4462 | 20616 | 1247 | 4207 | 2701 | 9724 |
| 81-82 | 10340 | 8110 | 4429 | 22897 | 1428 | 4669 | 2988 | 11586 |
| 82-83 | 12492 | 9787 | 5096 | 27375 | 1586 | 5587 | 3410 | 13981 |
| 83-84 | 15266 | 11728 | 5321 | 32315 | 1874 | 6595 | 4412 | 16754 |
| 84-85 | 18129 | 15336 | 7405 | 40870 | 2063 | 8341 | 5239 | 21908 |

SOURCE : 1- 'Indian Economic Statistics - Public Finance' - Published by Economic Division, Ministry of Finance

2- Budget documents of the Central Government - Respective years

NOTE : 1- For definitions of aggregates see text.

2- Figures for 1984-85 are revised estimate figures.

TABLE : A-3.2

DISTRIBUTION OF PER CAPITA TOTAL EXPENDITURE AT CURRENT PRICES BETWEEN COMPONENTS AND A COMPARISON OF THEIR INDICES OF GROWTH : 1950-51 to 1984-85.

| YEAR | Per Capita Expenditure (Rupees) | | | | Indices of Growth of Per Capita (1950-51=100) | | | |
|---------|------------------------------------|-------------------|---------------|--------|--|-------------------|---------------|--------|
| | Non- Devpl. | Devel- opmntl. | Total Exp. | G.N.P. | Non- Devpl. | Devel- opmntl. | Total Exp. | G.N.P. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1950-51 | 9.6 | 1.90 | 13.6 | 255 | 100 | 100 | 100 | 100 |
| 1951-52 | 9.8 | 2.10 | 14.0 | 260 | 101 | 110 | 103 | 102 |
| 1952-53 | 9.2 | 1.9 | 15.9 | 250 | 95 | 100 | 117 | 98 |
| 1953-54 | 9.1 | 2.4 | 15.5 | 263 | 95 | 126 | 114 | 103 |
| 1954-55 | 9.5 | 3.4 | 18.8 | 237 | 98 | 179 | 138 | 93 |
| 1955-56 | 10.1 | 3.8 | 21.1 | 247 | 105 | 200 | 155 | 97 |
| 1956-57 | 10.9 | 6.2 | 23.0 | 279 | 113 | 326 | 169 | 109 |
| 1957-58 | 13.4 | 8.7 | 29.5 | 274 | 139 | 458 | 217 | 107 |
| 1958-59 | 12.5 | 10.6 | 31.8 | 302 | 130 | 558 | 234 | 118 |
| 1959-60 | 16.1 | 8.4 | 34.8 | 307 | 167 | 442 | 25.6 | 120 |
| 1960-61 | 15.4 | 9.6 | 35.2 | 323 | 159 | 505 | 259 | 127 |
| 1961-62 | 17.0 | 9.5 | 37.2 | 333 | 176 | 500 | 273 | 131 |
| 1962-63 | 21.6 | 10.8 | 45.1 | 346 | 225 | 568 | 332 | 136 |
| 1963-64 | 29.6 | 12.9 | 56.8 | 387 | 307 | 679 | 418 | 152 |
| 1964-65 | 29.6 | 14.9 | 59.8 | 445 | 303 | 784 | 440 | 174 |
| 1965-66 | 32.2 | 15.1 | 67.2 | 451 | 335 | 795 | 494 | 177 |
| 1966-67 | 41.5 | 16.5 | 81.3 | 510 | 430 | 868 | 598 | 200 |
| 1967-68 | 39.9 | 16.5 | 76.9 | 585 | 414 | 868 | 565 | 230 |
| 1968-69 | 40.0 | 14.9 | 72.6 | 585 | 415 | 784 | 534 | 230 |
| 1969-70 | 41.7 | 20.5 | 75.8 | 634 | 433 | 1079 | 557 | 247 |

TABLE : A-3.2 (Contd....)

DISTRIBUTION OF PER CAPITA TOTAL EXPENDITURE AT CURRENT
PRICES BETWEEN COMPONENTS AND A COMPARISON OF THEIR
INDICES OF GROWTH : 1950-51 to 1984-85.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---------|-------|-------|-------|------|------|-------|------|------|
| 1970-71 | 47.1 | 23.4 | 85.0 | 674 | 488 | 1231 | 625 | 264 |
| 1971-72 | 58.0 | 29.5 | 99.6 | 704 | 602 | 1553 | 732 | 276 |
| 1972-73 | 57.8 | 31.25 | 112.9 | 758 | 600 | 1645 | 830 | 297 |
| 1973-74 | 64.4 | 31.0 | 114.5 | 922 | 668 | 163 | 842 | 362 |
| 1974-75 | 70.0 | 41.7 | 144.4 | 1063 | 726 | 2195 | 1062 | 417 |
| 1975-76 | 84.9 | 55.1 | 175.9 | 1093 | 875 | 2900 | 1293 | 429 |
| 1976-77 | 92.0 | 59.1 | 195.4 | 1152 | 955 | 3110 | 1437 | 452 |
| 1977-78 | 91.3 | 73.1 | 203.4 | 1273 | 948 | 3847 | 1495 | 499 |
| 1978-79 | 104.8 | 80.7 | 221.7 | 1341 | 1087 | 4247 | 1630 | 526 |
| 1979-80 | 114.2 | 87.7 | 255 | 1437 | 1185 | 4616 | 1875 | 564 |
| 1980-81 | 137.7 | 100.2 | 303.6 | 1678 | 1428 | 5274 | 2232 | 658 |
| 1981-82 | 149.0 | 116.8 | 329.6 | 1880 | 1545 | 6147 | 2423 | 737 |
| 1982-83 | 176.2 | 138.0 | 386 | 2043 | 1828 | 7263 | 2838 | 801 |
| 1983-84 | 210.9 | 162.0 | 446 | 2365 | 2181 | 8526 | 3279 | 927 |
| 1984-85 | 245.3 | 207 | 553 | 2550 | 2544 | 10895 | 4066 | 1000 |

Source : Same as table. A-3.1

TABLE : A-3.3

SHARE OF NON-DEVELOPMENTAL EXPENDITURE IN TOTAL
EXPENDITURE UNDER REVENUE AND CAPITAL ACCOUNTS.

| YEAR | R E V E N U E A C C O U N T | | | | | C A P I T A L A C C O U N T | | | | |
|---------|-----------------------------|-----------------------|------------------------|---------------|------------------------|-----------------------------|-----------------------|------------------------|---------------|-------------------------|
| | Total Exp. | Non- Devp. Exp. | Col.3 as % Col.2 | Devp. Exp. | Col.5 as % Col.2 | Total Exp. | Non- Devp. Exp. | Col.8 as % Col.7 | Devp. Exp. | Col.10 as % Col.7 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1950-51 | 392 | 331 | 84 | 45 | 11 | 98 | 15 | 15.3 | 25 | 25 |
| 1951-52 | 422 | 354 | 84 | 50 | 12 | 90 | 3 | 3.3 | 27 | 30 |
| 1952-53 | 418 | 343 | 82 | 52 | 12 | 102 | - 1 | - .98 | 18 | 18 |
| 1953-54 | 434 | 343 | 79 | 65 | 15 | 153 | 3 | 1.3 | 26 | 17 |
| 1954-55 | 454 | 353 | 78 | 70 | 15 | 271 | 13 | 1.84 | 60 | 22 |
| 1955-56 | 498 | 376 | 75 | 86 | 17 | 333 | 22 | 2.1 | 62 | 19 |
| 1956-57 | 544 | 405 | 74 | 111 | 20 | 380 | 31 | 2.1 | 136 | 36 |
| 1957-58 | 725 | 520 | 72 | 159 | 22 | 483 | 27 | 1.0 | 196 | 41 |
| 1958-59 | 782 | 527 | 67 | 209 | 27 | 547 | - 3 | N | 233 | 43 |
| 1959-60 | 861 | 559 | 65 | 250 | 29 | 623 | 127 | 3.2 | 108 | 17 |
| 1960-61 | 929 | 615 | 66 | 240 | 26 | 599 | 53 | 1.5 | 25 | 4 |
| 1961-62 | 1038 | 700 | 67 | 266 | 26 | 613 | 55 | 1.4 | 157 | 26 |
| 1962-63 | 1273 | 893 | 70 | 305 | 24 | 773 | 90 | 1.5 | 188 | 24 |
| 1963-64 | 1607 | 1216 | 76 | 317 | 20 | 1029 | 156 | 1.4 | 280 | 27 |
| 1964-65 | 1732 | 1263 | 73 | 393 | 23 | 1105 | 121 | .99 | 312 | 28 |
| 1965-66 | 1879 | 1332 | 71 | 471 | 25 | 1380 | 232 | 1.2 | 262 | 19 |
| 1966-67 | 2346 | 1684 | 72 | 505 | 22 | 1673 | 370 | 1.3 | 310 | 18 |
| 1967-68 | 2567 | 1841 | 72 | 558 | 22 | 1327 | 177 | 0.97 | 270 | 20 |
| 1968-69 | 2694 | 1918 | 71 | 619 | 23 | 1067 | 156 | 1.4 | 156 | 15 |
| 1969-70 | 2920 | 2031 | 70 | 720 | 25 | 1093 | 176 | 1.4 | 364 | 33 |

TABLE : A-3.3 (Contd....)

SHARE OF NON-DEVELOPMENTAL EXPENDITURE IN TOTAL
EXPENDITURE UNDER REVENUE AND CAPITAL ACCOUNTS.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---------|-------|-------|----|-------|----|-------|------|------|------|----|
| 1970-71 | 3151 | 2179 | 69 | 814 | 26 | 1449 | 368 | 1.7 | 451 | 31 |
| 1971-72 | 4090 | 2929 | 72 | 1001 | 20 | 1428 | 285 | 1.4 | 633 | 44 |
| 1972-73 | 4524 | 3102 | 69 | 1260 | 28 | 1878 | 177 | 0.47 | 512 | 27 |
| 1973-74 | 4793 | 3399 | 71 | 1246 | 26 | 1851 | 251 | 0.75 | 552 | 30 |
| 1974-75 | 5774 | 3935 | 68 | 1341 | 23 | 2792 | 219 | 0.28 | 1135 | 41 |
| 1975-76 | 7094 | 4687 | 66 | 1888 | 27 | 3303 | 465 | 0.42 | 1455 | 44 |
| 1976-77 | 8250 | 5402 | 65 | 2331 | 28 | 3869 | 303 | 8 | 1332 | 34 |
| 1977-78 | 9079 | 5530 | 61 | 2950 | 32 | 3815 | 262 | 7 | 1686 | 44 |
| 1978-79 | 9328 | 6287 | 67 | 3726 | 40 | 5059 | 515 | 10 | 1515 | 30 |
| 1979-80 | 11736 | 7293 | 62 | 4169 | 36 | 5176 | 290 | 6 | 1657 | 32 |
| 1980-81 | 13258 | 8424 | 64 | 4499 | 34 | 7358 | 923 | 13 | 2308 | 31 |
| 1981-82 | 15431 | 9847 | 64 | 5230 | 34 | 7448 | 493 | 7 | 2880 | 39 |
| 1982-83 | 18759 | 11767 | 63 | 6549 | 35 | 8616 | 725 | 8 | 3288 | 38 |
| 1983-84 | 22113 | 13895 | 63 | 7757 | 35 | 10202 | 1371 | 13 | 3971 | 39 |
| 1984-85 | 27460 | 16841 | 61 | 10071 | 37 | 13410 | 1288 | 10 | 5265 | 39 |

Source : Same as table. A-3.1

- NOTE : 1. All outlay figures are in Rupees crores.
2. Figures for 1984-85 are Revised Estimate figures.

PERCENTAGE DISTRIBUTION OF NON-DEVELOPMENTAL
EXPENDITURE AT CURRENT PRICES BETWEEN REVENUE
ACCOUNT EXPENDITURE AND CAPITAL ACCOUNT
EXPENDITURE (1950-51 TO 1984-85)

| Year | Total Non- Devtl Exp. Rs. crores | Revenue Account | | Capital Account | |
|---------|--|--------------------------|--------------------------|--------------------------|-------------------------|
| | | Non-Devtl. Rs. crores | Col. 3 as % of Col. 2 | Non-Devtl. Rs. crores | Col.5 as % of Col. 2 |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1950-51 | 346 | 331 | 96 | 15 | 4 |
| 51-52 | 357 | 354 | 99 | 3 | 1 |
| 52-53 | 342 | 343 | 100 | (-) 1 | N |
| 53-54 | 346 | 343 | 99 | 3 | 1 |
| 54-55 | 366 | 353 | 96 | 13 | 4 |
| 55-56 | 398 | 376 | 94 | 22 | 6 |
| 56-57 | 436 | 405 | 93 | 31 | 7 |
| 57-58 | 547 | 520 | 95 | 27 | 5 |
| 58-59 | 524 | 527 | 101 | (-) 3 | (-) 1 |
| 59-60 | 686 | 559 | 81 | 127 | 19 |
| 60-61 | 668 | 615 | 92 | 53 | 8 |
| 61-62 | 755 | 700 | 93 | 55 | 7 |
| 62-63 | 983 | 893 | 91 | 90 | 9 |
| 63-64 | 1372 | 1216 | 89 | 156 | 11 |
| 64-65 | 1384 | 1263 | 91 | 121 | 9 |
| 65-66 | 1564 | 1332 | 85 | 232 | 15 |
| 66-67 | 2054 | 1684 | 82 | 370 | 18 |
| 67-68 | 2018 | 1841 | 91 | 177 | 9 |
| 68-69 | 2074 | 1918 | 92 | 156 | 8 |
| 69-70 | 2207 | 2031 | 92 | 176 | 8 |
| 70-71 | 2547 | 2179 | 85 | 368 | 15 |
| 71-72 | 3213 | 2928 | 91 | 285 | 9 |
| 72-73 | 3279 | 3102 | 95 | 177 | 5 |
| 73-74 | 3650 | 3399 | 93 | 251 | 7 |
| 74-75 | 4154 | 3935 | 95 | 219 | 5 |
| 75-76 | 5152 | 4687 | 91 | 465 | 9 |
| 76-77 | 5705 | 5402 | 95 | 303 | 5 |
| 77-78 | 5792 | 5530 | 95 | 262 | 4 |
| 78-79 | 6802 | 6287 | 92 | 515 | 8 |
| 79-80 | 7583 | 7293 | 96 | 290 | 4 |
| 80-81 | 9347 | 8424 | 90 | 923 | 10 |
| 81-82 | 10340 | 9847 | 95 | 493 | 5 |
| 82-83 | 12492 | 11767 | 94 | 725 | 6 |
| 83-84 | 15266 | 13895 | 91 | 1371 | 9 |
| 84-85 | 18129 | 16841 | 93 | 1288 | 7 |

SOURCE : Indian Economic Statistics - Public Finance, published by Economic Division, Ministry of Finance, Govt. of India (Various issues).

Note : N stands for Negligible
Figures for 1984-85 are Revised Estimates.

TABLE ! A-3.5(a)

DISTRIBUTION OF NON-DEVELOPMENTAL EXPENDITURE OF THE CENTRE AT CURRENT PRICES BETWEEN THE MAJOR HEADS OF EXPENDITURE AND A COMPARISON OF THEIR INDICES OF GROWTH : 1950-51 to 1973-74.

(Rupees Crores
1950-51 = 100)

| Y E A R | DEFENCE | | DEBT SERVICES | | TAX COLL. CHARGES | | PENSIONS, PRIVY PURSE | | CURRENCY & MINT | | ADMNV. SERVICES | | OTHERS | |
|---------|---------|------|---------------|------|-------------------|-----|-----------------------|-----|-----------------|------|-----------------|------|---------|------|
| | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 1950-51 | 168 | 100 | 71 | 100 | 10 | 100 | 7 | 100 | 6 | 100 | 20 | 100 | 64 | 100 |
| 1951-52 | 181 | 108 | 75 | 106 | 12 | 120 | 9 | 129 | 3 | 50 | 23 | 150 | 54 | 84 |
| 1952-53 | 186 | 111 | 76 | 107 | 11 | 110 | 8 | 114 | 3 | 50 | 20 | 100 | 38 | 59 |
| 1953-54 | 196 | 117 | 83 | 117 | 11 | 110 | 9 | 129 | 3 | 50 | 24 | 120 | 20 | 31 |
| 1954-55 | 195 | 116 | 88 | 124 | 11 | 110 | 9 | 129 | 3 | 50 | 26 | 130 | 34 | 53 |
| 1955-56 | 190 | 113 | 96 | 135 | 12 | 120 | 9 | 129 | 12 | 200 | 28 | 140 | 51 | 80 |
| 1956-57 | 212 | 126 | 104 | 146 | 14 | 140 | 9 | 129 | 5 | 83 | 33 | 165 | 59 | 92 |
| 1957-58 | 280 | 167 | 123 | 173 | 17 | 170 | 9 | 129 | 7 | 117 | 37 | 185 | 74 | 116 |
| 1958-59 | 279 | 166 | 140 | 197 | 20 | 200 | 10 | 143 | 12 | 200 | 38 | 190 | 25 | 39 |
| 1959-60 | 267 | 159 | 175 | 246 | 22 | 270 | 10 | 143 | 105 | 1750 | 43 | 215 | 64 | 100 |
| 1960-61 | 281 | 167 | 193 | 272 | 23 | 230 | 10 | 143 | 17 | 283 | 56 | 280 | 87 | 136 |
| 1961-62 | 313 | 186 | 214 | 301 | 21 | 210 | 10 | 143 | 19 | 317 | 63 | 315 | 115 | 180 |
| 1962-63 | 474 | 282 | 246 | 346 | 23 | 230 | 11 | 157 | 29 | 483 | 72 | 300 | 124 | 194 |
| 1963-64 | 816 | 486 | 278 | 391 | 24 | 240 | 10 | 143 | 23 | 383 | 75 | 375 | 145 | 226 |
| 1964-65 | 806 | 479 | 316 | 445 | 26 | 260 | 10 | 143 | 17 | 283 | 86 | 430 | 155 | 242 |
| 1965-66 | 885 | 527 | 371 | 522 | 30 | 300 | 11 | 157 | 93 | 1550 | 105 | 525 | 69 | 108 |
| 1966-67 | 909 | 541 | 463 | 652 | 32 | 320 | 11 | 157 | 233 | 3883 | 122 | 610 | 283 | 442 |
| 1967-68 | 968 | 576 | 501 | 706 | 35 | 350 | 12 | 171 | 32 | 533 | 133 | 665 | 337 | 526 |
| 1968-69 | 1033 | 615 | 528 | 749 | 39 | 390 | 12 | 171 | 33 | 550 | 143 | 715 | 287 | 448 |
| 1969-70 | 1101 | 655 | 565 | 715 | 42 | 420 | 13 | 186 | 25 | 417 | 164 | 820 | 298 | 466 |
| 1970-71 | 1199 | 714 | 606 | 853 | 48 | 480 | 14 | 200 | 189 | 3150 | 190 | 950 | 300 | 469 |
| 1971-72 | 1526 | 908 | 670 | 944 | 52 | 520 | 15 | 214 | 23 | 383 | 242 | 1210 | 573 | 895 |
| 1972-73 | 1652 | 983 | 772 | 1087 | 57 | 570 | 14 | 200 | 33 | 550 | 258 | 1290 | 492 | 769 |
| 1973-74 | 1682 | 1001 | 882 | 1242 | 65 | 600 | 30 | 429 | 42 | 700 | 266 | 1330 | 684 | 1069 |

Index
of
Growth.

Source : 1. Budget Documents of the respective years of GOI-published by Budget Divn., Ministry of Finance, GOI. 2. Indian Economic Statistics-Public Finance as used actually by Economic Division, Ministry of Finance, Government of India.

NOTE" 1. For the constituents of the Major Heads of Expenditure see Text.

TABLE : A-3.5(b)

COMPARISON OF THE INDICES OF GROWTH OF THE MAJOR
HEADS OF NON-DEVELOPMENTAL EXPENDITURE AT CONSTANT
(1970-71=100) PRICES AND THEIR SHARE IN TOTAL EXP.

(1950-51 to 1973-74)

| Y E A R | DEFENCE | | DEBT SERVICES | | TAX COLLN. CHARGES | | PENSIONS, PRIVY, PURSE | | CURRENCY & MINT | | ADVE. SERVICES | | OTHERS | | TOTAL NON-DEVPTL. EXP. |
|---------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|------------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|------------------------|
| | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 1950-51 | 32 | 100 | 14 | 100 | 2 | 100 | 1 | 100 | 1 | 100 | 4 | 100 | 12 | 100 | 66 |
| 1951-52 | 33 | 106 | 14 | 103 | 2 | 116 | 2 | 131 | 1 | 55 | 4 | 113 | 10 | 83 | 66 |
| 1952-53 | 35 | 115 | 14 | 111 | 2 | 116 | 1 | 123 | 1 | 55 | 4 | 105 | 7 | 61 | 64 |
| 1953-54 | 32 | 120 | 14 | 120 | 2 | 116 | 1 | 138 | 0.5 | 55 | 4 | 124 | 3 | 32 | 57 |
| 1954-55 | 25 | 134 | 11 | 142 | 1 | 126 | 1 | 154 | 0.4 | 55 | 3 | 150 | 4 | 61 | 48 |
| 1955-56 | 21 | 127 | 11 | 151 | 1 | 137 | 1 | 146 | 1 | 236 | 3 | 158 | 6 | 89 | 44 |
| 1956-57 | 20 | 130 | 10 | 150 | 1 | 142 | 1 | 138 | 0.5 | 91 | 3 | 171 | 6 | 95 | 42 |
| 1957-58 | 20 | 168 | 9 | 174 | 1 | 173 | 1 | 131 | 1 | 118 | 3 | 187 | 5 | 117 | 40 |
| 1958-59 | 17 | 161 | 9 | 191 | 1 | 195 | 1 | 146 | 1 | 200 | 3 | 184 | 2 | 37 | 36 |
| 1959-60 | 34 | 151 | 11 | 234 | 1 | 210 | 1 | 138 | 7 | 1736 | 3 | 205 | 4 | 96 | 44 |
| 1960-61 | 17 | 159 | 12 | 257 | 1 | 221 | 2 | 138 | 1 | 281 | 3 | 268 | 5 | 129 | 41 |
| 1961-62 | 17 | 173 | 12 | 279 | 1 | 195 | 1 | 138 | 1 | 309 | 3 | 295 | 6 | 167 | 42 |
| 1962-63 | 21 | 252 | 11 | 309 | 1 | 205 | 0.5 | 146 | 1 | 445 | 3 | 324 | 5 | 174 | 43 |
| 1963-64 | 28 | 399 | 9 | 321 | 1 | 200 | 0.3 | 123 | 1 | 327 | 3 | 311 | 5 | 187 | 47 |
| 1964-65 | 26 | 362 | 10 | 334 | 1 | 195 | 0.3 | 108 | 1 | 218 | 3 | 326 | 5 | 183 | 44 |
| 1965-66 | 25 | 363 | 10 | 359 | 1 | 205 | 0.3 | 108 | 3 | 1109 | 3 | 363 | 2 | 74 | 44 |
| 1966-67 | 22 | 326 | 11 | 392 | 1 | 195 | 0.3 | 100 | 5 | 2436 | 3 | 368 | 7 | 267 | 49 |
| 1967-68 | 24 | 321 | 12 | 393 | 1 | 195 | 0.3 | 100 | 1 | 309 | 3 | 374 | 8 | 295 | 50 |
| 1968-69 | 26 | 345 | 13 | 416 | 1 | 221 | 0.3 | 100 | 1 | 318 | 4 | 403 | 7 | 252 | 53 |
| 1969-70 | 27 | 353 | 14 | 429 | 1 | 226 | 0.3 | 100 | 1 | 236 | 4 | 445 | 7 | 251 | 53 |
| 1970-71 | 25 | 373 | 13 | 445 | 1 | 252 | 0.3 | 108 | 4 | 1718 | 4 | 500 | 6 | 246 | 54 |
| 1971-72 | 27 | 451 | 12 | 467 | 1 | 258 | 0.3 | 108 | 0.4 | 200 | 4 | 603 | 10 | 446 | 56 |
| 1972-73 | 25 | 438 | 12 | 482 | 1 | 258 | 0.2 | 92 | 0.5 | 254 | 4 | 576 | 7 | 343 | 49 |
| 1973-74 | 24 | 377 | 13 | 467 | 1 | 237 | 0.4 | 169 | 1 | 272 | 4 | 503 | 10 | 403 | 53 |

SOURCE : Calculated from Table 3.4

NOTE : 1. All Indices of growth have 1950-51 = 100 as the base.

TABLE : A-3.6 (a)

DISTRIBUTION OF NON-DEVELOPMENTAL EXPENDITURES AT CURRENT PRICES BETWEEN MAJOR HEADS OF EXPENDITURE : 1974-75 to 1984-85.

| Y E A R | DEFENCE | | INTEREST PAYMENTS | | ADMINSV. SERVICES | | ORGANS OF STATE | | FISCAL SERVICES | | SUBSIDY TO FCI | | OTHERS | |
|---------|---------|-----|-------------------|-----|-------------------|-----|-----------------|-----|-----------------|------|----------------|-----|---------|-----|
| | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG | Out-lay | IOG |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 1974-75 | 2112 | 100 | 1001 | 100 | 326 | 100 | 60 | 100 | 134 | 100 | 295 | 100 | 225 | 100 |
| 1975-76 | 2472 | 117 | 1228 | 123 | 389 | 119 | 75 | 125 | 417 | 311 | 250 | 85 | 20 | 142 |
| 1976-77 | 2562 | 121 | 1374 | 137 | 400 | 123 | 80 | 133 | 390 | 291 | 506 | 172 | 392 | 174 |
| 1977-78 | 2634 | 125 | 1521 | 152 | 421 | 129 | 68 | 113 | 309 | 230 | 480 | 163 | 358 | 159 |
| 1978-79 | 2868 | 136 | 1829 | 189 | 453 | 139 | 74 | 123 | 583 | 435 | 570 | 193 | 425 | 189 |
| 1979-80 | 3356 | 159 | 2210 | 221 | 484 | 148 | 106 | 177 | 275 | 205 | 600 | 203 | 552 | 245 |
| 1980-81 | 3866 | 183 | 2064 | 260 | 577 | 177 | 98 | 163 | 883 | 659 | 650 | 220 | 668 | 297 |
| 1981-82 | 4652 | 220 | 3195 | 319 | 669 | 205 | 107 | 178 | 316 | 236 | 700 | 237 | 702 | 312 |
| 1982-83 | 5409 | 256 | 3938 | 393 | 763 | 234 | 118 | 197 | 676 | 504 | 710 | 241 | 818 | 364 |
| 1983-84 | 6309 | 299 | 4795 | 479 | 777 | 238 | 129 | 215 | 1354 | 1010 | 835 | 283 | 1020 | 453 |
| 1984-85 | 7175 | 340 | 5990 | 599 | 963 | 295 | 210 | 350 | 1383 | 1032 | 1100 | 373 | 1215 | 540 |

SOURCE : Same as table. A-3.1

NOTE : 1. Figures for 1984-85 are Revised Estimates.

2. For definitions of Major Heads of Expenditure see Text.

3. Indices of growth have base 1974-75=100.

4. All outlay figures are in Rs crores.

TABLE : A-3.6(b)

MAJOR HEADS OF NON-DEVELOPMENTAL EXPENDITURES AS %AGE OF
TOTAL EXPENDITURE OF THE CENTRAL GOVT. AND A COMPARISION OF
THEIR GROWTH INDICES AT CONSTANT PRICES (1970-71 = 100)
(1974-75 to 1984-85)

| Y E A R | DEFENCE | | INTEREST PAYMENTS | | ADMNIV. SERVICES | | ORGANS OF STATE | | FISCAL SERVICES | | SUBSIDY TO FCI | | OTHERS | |
|---------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
| | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth | As % of Total Exp. | Index of Growth |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 1974-75 | 24 | 100 | 11 | 100 | 4 | 100 | 0.7 | 100 | 2 | 100 | 3.3 | 100 | 2.5 | 100 |
| 1975-76 | 22 | 122 | 11 | 128 | 4 | 125 | 0.7 | 129 | 4 | 324 | 2.3 | 89 | 2.9 | 148 |
| 1976-77 | 21 | 118 | 11 | 134 | 3 | 120 | 0.6 | 129 | 3 | 283 | 4.1 | 130 | 3.2 | 170 |
| 1977-78 | 20 | 117 | 11 | 143 | 3 | 121 | 0.5 | 105 | 2 | 216 | 3.6 | 153 | 2.7 | 150 |
| 1978-79 | 12 | 125 | 12 | 168 | 3 | 128 | 0.5 | 113 | 4 | 400 | 3.8 | 178 | 2.9 | 174 |
| 1979-80 | 19 | 127 | 13 | 177 | 3 | 119 | 0.6 | 140 | 2 | 164 | 3.4 | 163 | 3.2 | 196 |
| 1980-81 | 18 | 132 | 12 | 187 | 3 | 129 | 0.4 | 119 | 4 | 474 | 3.0 | 159 | 3.1 | 214 |
| 1981-82 | 20 | 146 | 13 | 211 | 3 | 136 | 0.4 | 119 | 1 | 155 | 2.9 | 158 | 2.9 | 208 |
| 1982-83 | 19 | 157 | 14 | 241 | 3 | 144 | 0.4 | 121 | 2 | 308 | 2.5 | 148 | 3.1 | 239 |
| 1983-84 | 19 | 166 | 14 | 267 | 3 | 133 | 0.4 | 119 | 4 | 562 | 2.5 | 158 | 3.1 | 253 |
| 1984-85 | 17 | 178 | 14 | 314 | 2 | 155 | 0.5 | 184 | 3 | 541 | 2.6 | 196 | 2.9 | 283 |

SOURCE : Same as table A-3-1

NOTE : 1. For methodology of deflating see text.
2. All Indices growth have base 1974-75 = 100.

TABLE : A-3.7

DISTRIBUTION OF EXPENDITURE ON ADMINISTRATIVE
SERVICES AT CURRENT PRICES OF THE CENTRE BETWEEN MINOR
HEADS : 1950-51 TO 1973-74.

| Y E A R | GENERAL ADMN . | | EXTERNAL AFFAIRS | | POLICE | | JUSTICE & JAILS | | AUDIT | |
|---------|-------------------|-----|---------------------|-----|-------------|------|--------------------|-----|-------------|------|
| | Out- lay | IOG | Out- lay | IOG | Out- lay | IOG | Out- lay | IOG | Out- lay | IOG |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1950-51 | 9 | 100 | 4 | 100 | 3 | 100 | 1 | 100 | 3 | 100 |
| 1951-52 | 10 | 111 | 4 | 100 | 4 | 133 | 1 | 100 | 4 | 133 |
| 1952-53 | 9 | 100 | 4 | 100 | 3 | 100 | N | N | 4 | 133 |
| 1953-54 | 11 | 122 | 5 | 125 | 3 | 100 | N | N | 5 | 167 |
| 1954-55 | 12 | 133 | 5 | 125 | 4 | 133 | N | N | 5 | 167 |
| 1955-56 | 13 | 144 | 6 | 150 | 4 | 133 | N | N | 5 | 167 |
| 1956-57 | 14 | 155 | 7 | 175 | 6 | 200 | N | N | 6 | 200 |
| 1957-58 | 15 | 166 | 7 | 175 | 8 | 267 | 1 | 100 | 6 | 200 |
| 1958-59 | 16 | 177 | 7 | 175 | 7 | 233 | 1 | 100 | 7 | 233 |
| 1959-60 | 16 | 177 | 9 | 225 | 9 | 300 | 1 | 100 | 8 | 267 |
| 1960-61 | 21 | 222 | 10 | 250 | 17 | 567 | 1 | 100 | 8 | 267 |
| 1961-62 | 19 | 211 | 12 | 300 | 23 | 767 | 1 | 100 | 9 | 300 |
| 1962-63 | 22 | 244 | 13 | 325 | 27 | 900 | 1 | 100 | 9 | 300 |
| 1963-64 | 22 | 244 | 14 | 350 | 29 | 967 | 1 | 100 | 10 | 333 |
| 1964-65 | 23 | 255 | 15 | 375 | 36 | 1200 | 1 | 100 | 11 | 367 |
| 1965-66 | 27 | 300 | 16 | 400 | 49 | 1630 | 1 | 100 | 13 | 433 |
| 1966-67 | 32 | 356 | 18 | 450 | 56 | 1867 | 1 | 100 | 15 | 500 |
| 1967-68 | 35 | 389 | 13 | 325 | 68 | 2267 | 1 | 100 | 16 | 533 |
| 1968-69 | 32 | 356 | 14 | 350 | 78 | 2600 | 1 | 100 | 18 | 600 |
| 1969-70 | 32 | 356 | 19 | 475 | 91 | 3033 | 1 | 100 | 20 | 667 |
| 1970-71 | 35 | 389 | 22 | 550 | 108 | 3600 | 1 | 100 | 24 | 800 |
| 1971-72 | 62 | 689 | 27 | 675 | 125 | 4167 | 2 | 200 | 27 | 900 |
| 1972-73 | 60 | 667 | 24 | 600 | 143 | 4767 | 2 | 200 | 30 | 1000 |
| 1973-74 | 64 | 711 | 30 | 750 | 134 | 4467 | 2 | 200 | 37 | 1233 |

SOURCE : Same as table. A-3.1

NOTE: 1. Figures of Outlays in Rs. Crores.
2. All Indices of growth have base 1950-51 = 100.
3.N - Negligible.

TABLE : A-3.8

DISTRIBUTION OF EXPENDITURE ON ADMINISTRATIVE
SERVICES AND THEIR INDICES OF GROWTH AT CURRENT PRICES : 1974-75 TO 1984-85.

| Y E A R | P O L I C E | | STATIONARY & PRINTING | | EXTERNAL AFFAIRS | | 'OTHER' ADMVE. SERVICES | |
|---------|-------------|-----------------------|--------------------------|-----------------------|---------------------|-----------------------|----------------------------|-----------------------|
| | Outlay | Index of Growth | Outlay | Index of Growth | Outlay | Index of Growth | Outlay | Index of Growth |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1974-75 | 169 | 100 | 24 | 100 | 34 | 100 | 99 | 100 |
| 1975-76 | 215 | 127 | 14 | 58 | 49 | 144 | 111 | 112 |
| 1976-77 | 211 | 125 | 19 | 79 | 50 | 147 | 120 | 121 |
| 1977-78 | 227 | 134 | 26 | 108 | 55 | 162 | 113 | 114 |
| 1978-79 | 243 | 144 | 24 | 100 | 60 | 176 | 126 | 127 |
| 1979-80 | 260 | 154 | 33 | 138 | 58 | 171 | 133 | 134 |
| 1980-81 | 309 | 183 | 33 | 138 | 65 | 191 | 170 | 172 |
| 1981-82 | 358 | 212 | 43 | 179 | 78 | 229 | 190 | 192 |
| 1982-83 | 429 | 254 | 40 | 167 | 92 | 270 | 202 | 204 |
| 1983-84 | 490 | 290 | 25 | 104 | 98 | 288 | 164 | 166 |
| 1984-85 | 611 | 362 | 40 | 167 | 113 | 332 | 199 | 201 |

SOURCE : Same as table.A-3.

NOTE : 1 Outlay figures are in crores.
2. Indices of growth have base 1974-75=100.

TABLE : A-3.9

DISTRIBUTION OF EXPENDITURE ON 'FISCAL SERVICES' BETWEEN
 MINOR HEADS AT BOTH CURRENT & CONSTANT (1970-71 = 100)
 PRICES: 1974-75 to 1984-85.

| Y E A R | TAX COLLECTION CHARGES | | CURRENCY COINAGE AND MINT | | OTHER FISCAL SERVICES | |
|--------------------|------------------------|-------------------------|---------------------------|-------------------------|-----------------------|-------------------------|
| | Out-lay | As % of Non-Devpl. Exp. | Out-lay | As % of Non-Devpl. Exp. | Out-lay | As % of Non-Devpl. Exp. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1974-75 | 85 | 2 | 46 | 1 | 3 | N |
| 1975-76 | 112 | 2 | 72 | 1 | 233 | 5 |
| 1976-77 | 119 | 2 | 91 | 2 | 80 | 3 |
| 1977-78 | 119 | 2 | 59 | 1 | 131 | 2 |
| 1978-79 | 129 | 2 | 47 | 1 | 407 | 5 |
| 1979-80 | 122 | 2 | 42 | 1 | 111 | 1 |
| 1980-81 | 142 | 2 | 53 | 1 | 688 | 6 |
| 1981-82 | 158 | 2 | 59 | 1 | 99 | N |
| 1982-83 | 188 | 2 | 65 | 0.5 | 423 | 2.5 |
| 1983-84 | 215 | 1 | 76 | 0.5 | 1063 | 7.5 |
| 1984-85 | 265 | 1 | 155 | 1 | 963 | 6 |
| AT CONSTANT PRICES | | | | | | |
| 1974-75 | 53 | 100 | 28 | 100 | 2 | 100 |
| 1975-76 | 72 | 132 | 46 | 157 | 150 | 7766 |
| 1976-77 | 72 | 140 | 55 | 198 | 48 | 2667 |
| 1977-78 | 69 | 140 | 34 | 128 | 76 | 4367 |
| 1978-79 | 73 | 152 | 27 | 102 | 231 | 13567 |
| 1979-80 | 60 | 144 | 21 | 91 | 55 | 3700 |
| 1980-81 | 63 | 167 | 24 | 115 | 307 | 22933 |
| 1981-82 | 65 | 186 | 24 | 128 | 41 | 3300 |
| 1982-83 | 71 | 221 | 25 | 141 | 160 | 14100 |
| 1983-84 | 74 | 253 | 26 | 165 | 367 | 35433 |
| 1984-85 | 86 | 312 | 50 | 337 | 313 | 32100 |

SOURCE : Same as table. A-3.1

TABLE : A-3.10
 DISTRIBUTION OF EXPENDITURE ON 'ORGANS OF STATE' BETWEEN
 MINOR HEADS AT BOTH CONSTANT & CURRENT (1970-71 = 100) PRICES.
 (1974-75 to 1984-85)

| Y E A R | ADMINISTRATION OF JUSTICE | | AUDIT | | OTHER ORGANS OF STATE | |
|--------------------|------------------------------|----------------------------|--------|----------------------------|--------------------------|----------------------------|
| | Outlay | As % of Non-Devpl. Exp. | Outlay | As % of Non-Devpl. Exp. | Outlay | As % of Non-Devpl. Exp. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1974-75 | 3 | N | 47 | 1 | 10 | N |
| 1975-76 | 3 | N | 54 | 1 | 18 | N |
| 1976-77 | 3 | N | 52 | 1 | 25 | N |
| 1977-78 | 4 | N | 49 | 0.8 | 15 | 0.2 |
| 1978-79 | 4 | N | 53 | 0.8 | 17 | 0.2 |
| 1979-80 | 4 | N | 57 | 0.8 | 45 | 0.2 |
| 1980-81 | 5 | N | 64 | 0.7 | 29 | 0.3 |
| 1981-82 | 6 | N | 72 | 0.7 | 29 | 0.3 |
| 1982-83 | 7 | N | 85 | 0.7 | 16 | 0.3 |
| 1983-84 | 8 | N | 97 | 0.6 | 24 | 0.4 |
| 1984-85 | 9 | N | 112 | 0.6 | 89 | 0.4 |
| AT CONSTANT PRICES | | | | | | |
| 1974-75 | 2 | 100 | 29 | 100 | 6 | 100 |
| 1975-76 | 2 | 100 | 35 | 115 | 12 | 180 |
| 1976-77 | 2 | 100 | 31 | 111 | 15 | 250 |
| 1977-78 | 2 | 133 | 28 | 104 | 9 | 150 |
| 1978-79 | 2 | 133 | 30 | 113 | 10 | 170 |
| 1979-80 | 2 | 133 | 28 | 121 | 22 | 450 |
| 1980-81 | 2 | 167 | 29 | 136 | 13 | 290 |
| 1981-82 | 2 | 200 | 30 | 153 | 12 | 290 |
| 1982-83 | 3 | 233 | 32 | 181 | 6 | 160 |
| 1983-84 | 3 | 267 | 33 | 206 | 8 | 240 |
| 1984-85 | 3 | 300 | 36 | 238 | 29 | 890 |

SOURCE : Same as table. A-3.1

Note: 1. For the second sub-table, cols. 3,5,7 are indices of growth. 2. Outlay figures are in Rs. crores. 3. N - Negligible.

TABLE : A-3.11

COMPARISON OF COMPOUND GROWTH RATES OF PER CAPITA
 MAJOR HEADS OF NON-DEVELOPMENTAL EXPENDITURE OF
 THE CENTRE AT CONSTANT (1970-71= 100) PRICES

| S.NO. | HEAD OF EXPENDITURE | Selected Periods | | | | (Percent) |
|-------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 1950-51 to 1973-74 | 1950-51 to 1959-60 | 1960-61 to 1969-70 | 1970-71 to 1973-74 | |
| 1 | 2 | 3 | 4 | 5 | 6 | |
| 1. | Non-Developmental | | 5 | 5 | | |
| 2. | Defence | 4 | 3 | 7 | -2 | |
| 3. | Interest payments | 5 | 8 | 4 | -.1 | |
| 4. | Tax Collection charges | 2 | 6 | - 2 | - 5 | |
| 5. | Administrative services | 5 | 6 | 3 | - 2 | |
| ----- | | | | | | |
| S.NO. | HEAD OF EXPENDITURE | 1974-75 to 1984-85 | | | | |
| 1. | Non-Developmental | | | - | | |
| 2. | Defence | | | 4 | | |
| 3. | Interest payments | | | 10 | | |
| 4. | Administrative Services | | | 2 | | |
| 5. | Organs of State | | | - | | |
| 6. | Fiscal services | | | - | | |
| 7. | Subsidy to FCI | | | - | | |
| ----- | | | | | | |
| S.NO. | HEAD OF EXPENDITURE | 1950-51 to 1984-85 | 1950-51 to 1959-60 | 1960-61 to 1969-70 | 1970-71 to 1979-80 | 1980-81 to 1984-85 |
| 1. | Defence | 4 | 3 | 7 | 1 | 6 |
| 2. | Interest payments | 6 | 8 | 4 | 4 | 11 |

Distribution of combined states and union territories expenditure at current prices between non-developmental & developmental expenditure : 1960-61 to 1984-85.

| YEAR | NON-DEVELOPMENTAL | DEVELOPMENTAL | OTHERS | TOTAL EXP. OF STATES & UNION TERRITORIES |
|---------|-------------------|---------------|--------|--|
| 1960-61 | 456 | 870 | 131 | 1457 |
| 1961-62 | 490 | 955 | 128 | 1573 |
| 1962-63 | 531 | 1057 | 139 | 1727 |
| 1963-64 | 626 | 1127 | 229 | 1982 |
| 1964-65 | 674 | 1315 | 289 | 2278 |
| 1965-66 | 804 | 1634 | 426 | 2864 |
| 1966-67 | 992 | 1571 | 333 | 2896 |
| 1967-68 | 1085 | 1863 | 314 | 3262 |
| 1968-69 | 1242 | 2101 | 272 | 3615 |
| 1969-70 | 1477 | 2236 | 256 | 3969 |
| 1970-71 | 1518 | 2476 | 326 | 4320 |
| 1971-72 | 1809 | 2937 | 391 | 5137 |
| 1972-73 | 2025 | 3464 | 470 | 5959 |
| 1973-74 | 2342 | 3918 | 370 | 6630 |
| 1974-75 | 2166 | 4498 | 529 | 7193 |
| 1975-76 | 2518 | 5325 | 671 | 8514 |
| 1976-77 | 2741 | 6313 | 1014 | 10068 |
| 1977-78 | 2945 | 7111 | 1207 | 11263 |
| 1978-79 | 3305 | 8695 | 1494 | 13494 |
| 1979-80 | 3799 | 10129 | 1753 | 15681 |
| 1980-81 | 4971 | 12399 | 1940 | 19310 |
| 1981-82 | 5470 | 14013 | 1927 | 21410 |
| 1982-83 | 6811 | 15925 | 2165 | 24901 |
| 1983-84 | 8147 | 18688 | 2403 | 29238 |
| 1984-85 | 8623 | 20497 | 2357 | 31477 |

SOURCE : "Indian Economic Statistics - Public Finance" - Published Annually by Economic division, Ministry of Finance Govt. of India

NOTE : For definition of aggregates See text. Fig. for 84-85 are revised estimates.

Comparison of Indices of growth of GNP, Total expenditure and its components of its states and Union Territories : 1960-61 to 1984-85 (1960-61 = 100)

| YEAR | CURRENT PRICES | | | | CONSTANT PRICES | | | |
|---------|--------------------|------------|-----------------|-----------|--------------------|------------|-----------------|-----------|
| | GNP at Factor cost | Total Exp. | Non - Dev. Exp. | Dev. Exp. | GNP at factor cost | Total exp. | Non - Dev. Exp. | Dev. Exp. |
| 1960-61 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1961-62 | 106 | 108 | 107 | 110 | 103 | 106 | 105 | 107 |
| 1962-63 | 112 | 119 | 116 | 121 | 106 | 111 | 109 | 114 |
| 1963-64 | 128 | 136 | 137 | 130 | 111 | 118 | 119 | 112 |
| 1964-65 | 151 | 156 | 148 | 157 | 120 | 124 | 117 | 120 |
| 1965-66 | 156 | 197 | 176 | 188 | 113 | 143 | 128 | 136 |
| 1966-67 | 180 | 199 | 217 | 181 | 114 | 126 | 138 | 115 |
| 1967-68 | 212 | 224 | 238 | 214 | 124 | 132 | 140 | 126 |
| 1968-69 | 216 | 248 | 272 | 241 | 128 | 147 | 161 | 143 |
| 1969-70 | 239 | 272 | 324 | 257 | 136 | 155 | 184 | 146 |
| 1970-71 | 260 | 296 | 323 | 285 | 143 | 163 | 183 | 157 |
| 1971-72 | 278 | 353 | 397 | 338 | 146 | 184 | 207 | 177 |
| 1972-73 | 307 | 409 | 444 | 398 | 144 | 192 | 208 | 187 |
| 1973-74 | 382 | 455 | 514 | 450 | 151 | 180 | 203 | 179 |
| 1974-75 | 450 | 494 | 475 | 517 | 153 | 168 | 162 | 176 |
| 1975-76 | 474 | 584 | 552 | 612 | 169 | 208 | 196 | 217 |
| 1976-77 | 519 | 691* | 601 | 726 | 169 | 230 | 200 | 241 |
| 1977-78 | 576 | 770 | 646 | 817 | 184 | 247 | 206 | 262 |
| 1978-79 | 622 | 926 | 724 | 999 | 195 | 291 | 227 | 314 |
| 1979-80 | 682 | 1076 | 833 | 1164 | 186 | 294 | 227 | 318 |
| 1980-81 | 814 | 1325 | 1090 | 1418 | 200 | 326 | 268 | 350 |
| 1981-82 | 932 | 1469 | 1200 | 1161 | 210 | 332 | 271 | 364 |
| 1982-83 | 1035 | 1709 | 1494 | 1830 | 216 | 356 | 311 | 382 |
| 1983-84 | 1223 | 2007 | 1787 | 2148 | 232 | 381 | 339 | 408 |
| 1984-85 | 1346 | 2160 | 1891 | 2356 | 241 | 381 | 330 | 421 |

SOURCE : Calculated from the table. A-4.1

Table No. A-4.3

Distribution of per capita total expenditure of States and Union Territories at current prices between its components and comparison of their indices of growth, 1960-61 to 1984-85.

| YEAR | PER CAPITA RUPEES | | | | INDICES OF GROWTH OF PER CAPTA | | | |
|---------|-------------------|------------|---------------|-----------|--------------------------------|------------|-----------|------|
| | GNP | Total Exp. | Non.Dev. Exp. | Dev. Exp. | GNP | Total Exp. | Non. Dev. | Dev. |
| 1960-61 | 323 | 33 | 10 | 21 | 100 | 100 | 100 | 100 |
| 1961-62 | 333 | 35 | 11 | 21 | 103 | 106 | 110 | 100 |
| 1962-63 | 346 | 38 | 12 | 23 | 107 | 115 | 120 | 110 |
| 1963-64 | 387 | 43 | 13 | 24 | 120 | 130 | 130 | 114 |
| 1964-65 | 445 | 48 | 14 | 28 | 138 | 145 | 140 | 133 |
| 1965-66 | 451 | 59 | 17 | 34 | 140 | 179 | 170 | 162 |
| 1966-67 | 510 | 58 | 20 | 32 | 158 | 176 | 200 | 152 |
| 1967-68 | 585 | 64 | 21 | 37 | 181 | 194 | 210 | 176 |
| 1968-69 | 585 | 70 | 24 | 41 | 181 | 212 | 240 | 195 |
| 1969-70 | 634 | 75 | 28 | 42 | 196 | 227 | 280 | 200 |
| 1970-71 | 674 | 80 | 28 | 46 | 209 | 242 | 280 | 219 |
| 1971-72 | 704 | 93 | 33 | 53 | 218 | 282 | 330 | 252 |
| 1972-73 | 758 | 105 | 36 | 61 | 235 | 318 | 360 | 290 |
| 1973-74 | 922 | 114 | 40 | 68 | 285 | 345 | 400 | 324 |
| 1974-75 | 1063 | 121 | 36 | 76 | 329 | 367 | 360 | 362 |
| 1975-76 | 1093 | 140 | 41 | 88 | 338 | 424 | 410 | 419 |
| 1976-77 | 1152 | 162 | 44 | 102 | 357 | 491 | 440 | 486 |
| 1977-78 | 1273 | 178 | 46 | 112 | 394 | 539 | 460 | 533 |
| 1978-79 | 1341 | 208 | 51 | 134 | 415 | 630 | 510 | 638 |
| 1979-80 | 1437 | 236 | 57 | 153 | 445 | 715 | 570 | 729 |
| 1980-81 | 1678 | 284 | 73 | 182 | 579 | 861 | 730 | 867 |
| 1981-82 | 1880 | 308 | 79 | 202 | 582 | 933 | 790 | 962 |
| 1982-83 | 2043 | 351 | 96 | 225 | 632 | 1064 | 960 | 1071 |
| 1983-84 | 2365 | 404 | 113 | 258 | 732 | 1224 | 1130 | 1229 |
| 1984-85 | 2550 | 426 | 117 | 277 | 789 | 1291 | 1170 | 1319 |

SOURCE : Same as table A-4.1

Table No.A-4.4

Comparative growth rates (compound) of GNP at factor cost, total expenditure and its components, both total and per capita, at constant prices (1970-71 = 100)

| S.No. | I t e m | 1960-61 to 1984-85 | 1960-61 to 1969-70 | 1970-71 to 1979-80 | 1980-81 to 1984-85 |
|-------|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1) | GNP at factor cost | 12 | 10 | 11 | 13 |
| 2) | Total expenditure of States & Union Territories | 14 | 12 | 15 | 13 |
| 3) | Non - developmental expenditures | 13 | 14 | 11 | 15 |
| 4) | Developmental expenditure | 14 | 11 | 17 | 13 |

| | PER CAPITA | COMPOUND | GROWTH | RATES | |
|----|--|----------|--------|-------|----|
| 1) | GNP at factor cost | 10 | 7 | 9 | 11 |
| 2) | Total expenditure of States & Union Territories | 11 | 10 | 13 | 11 |
| 3) | Non - Developmental expenditure | 11 | 12 | 8 | 12 |
| 4) | Developmental expenditure | 11 | 8 | 14 | 11 |

SOURCE : Calculated from table s. 4.1,A-4.1

Table No. A-4.5

Percentage distribution of non-developmental expenditure at current prices between Revenue account and capital account expenditure (1960-61 to 1984-85)

Rs. Crores

| YEAR | Total non-developmental exp. | Revenue Account | | Capital Account | |
|---------|------------------------------|-----------------|-----------------------------|-----------------|---------------|
| | | Non.Dev. exp. | As % of total non-dev. exp. | Non Dev. exp. | As % of Col.2 |
| 1960-61 | 456 | 439 | 96 | 17 | 4 |
| 61-62 | 490 | 471 | 96 | 19 | 4 |
| 62-63 | 531 | 513 | 97 | 18 | 3 |
| 63-64 | 620 | 598 | 96 | 28 | 4 |
| 64-65 | 674 | 661 | 98 | 13 | 2 |
| 65-66 | 804 | 797 | 99 | 7 | 9 |
| 66-67 | 992 | 977 | 98 | 15 | 2 |
| 67-68 | 1085 | 1073 | 99 | 12 | 1 |
| 68-69 | 1292 | 1213 | 98 | 29 | 2 |
| 69-70 | 1477 | 1451 | 98 | 26 | 2 |
| 70-71 | 1518 | 1527 | 100 | (-) 19 | - |
| 71-72 | 1809 | 1828 | 101 | (-) 19 | - |
| 72-73 | 2025 | 2637 | 101 | (-) 12 | - |
| 73-74 | 2342 | 2352 | 100 | (-) 10 | - |
| 74-75 | 2166 | 2156 | 99 | 10 | - |
| 75-76 | 2518 | 2519 | 100 | (-) 1 | - |
| 76-77 | 2741 | 2739 | 100 | 2 | - |
| 77-78 | 2945 | 2946 | 100 | (-) 1 | - |
| 78-79 | 3302 | 3303 | 100 | (-) 1 | - |
| 79-80 | 3799 | 3802 | 100 | (-) 3 | - |
| 80-81 | 4971 | 4969 | 100 | 2 | - |
| 81-82 | 5470 | 5464 | 100 | 6 | 0.1 |
| 82-83 | 6811 | 6808 | 99.9 | 3 | 0.1 |
| 83-84 | 8147 | 8131 | 99.8 | 16 | 0.2 |
| 84-85 | 8623 | 8594 | 99.6 | 29 | 0.3 |

SOURCE : Same as table. A-4.1

Distribution of States and Union Territories total expenditure at constant prices between Revenue account and capital account growth sub division into Components of each with their share in total expenditure

| | REVENUE ACCOUNT | | | | | | CAPITAL ACCOUNT | | | |
|---------|-----------------|------|------------------------------|-------------|------|------|-------------------------|-----------------------------|-------------|----|
| | OUT LAYS | | Total Exp. Rs. Crores. | OUTLAYS AS: | | | OUTLAY Rs. Crores | Total Exp. Rs. Crores | OUT LAYS AS | |
| | Rs. Crores | | | Percentage | | % of | | | | |
| | Non.Dev. | Dev. | Total Exp. | Non Dev. | Dev. | | Non Dev. | Dev. | | |
| 1960-61 | 797 | 1027 | 1824 | 44 | 56 | 31 | 552 | 820 | 4 | 67 |
| 61-62 | 836 | 1153 | 1989 | 42 | 58 | 33 | 544 | 805 | 4 | 68 |
| 62-63 | 875 | 1220 | 2096 | 42 | 58 | 31 | 584 | 852 | 4 | 68 |
| 63-64 | 939 | 1226 | 2165 | 43 | 56 | 44 | 543 | 947 | 5 | 57 |
| 64-65 | 952 | 1307 | 2259 | 42 | 58 | 18 | 588 | 1023 | 2 | 57 |
| 65-66 | 1050 | 1429 | 2479 | 42 | 58 | 9 | 723 | 1294 | 7 | 56 |
| 66-67 | 1126 | 1388 | 2514 | 45 | 55 | 17 | 422 | 823 | 2 | 51 |
| 67-68 | 1145 | 1449 | 2594 | 44 | 56 | 13 | 539 | 887 | 1 | 61 |
| 68-69 | 1300 | 1653 | 2953 | 44 | 56 | 31 | 599 | 922 | 3 | 65 |
| 69-70 | 1494 | 1769 | 3264 | 46 | 54 | 27 | 533 | 824 | 3 | 65 |
| 70-71 | 1527 | 1887 | 3414 | 45 | 55 | -9 | 589 | 906 | - | 65 |
| 71-72 | 1734 | 2118 | 3852 | 45 | 55 | -18 | 669 | 1022 | - | 66 |
| 72-73 | 1735 | 2210 | 3945 | 44 | 56 | -10 | 740 | 1130 | - | 65 |
| 73-74 | 1692 | 2104 | 3796 | 44 | 55 | -7 | 714 | 973 | - | 73 |
| 74-75 | 1332 | 2081 | 3414 | 39 | 61 | 6 | 698 | 1032 | 6 | 68 |
| 75-76 | 1624 | 2526 | 4151 | 39 | 61 | -64 | 906 | 1338 | - | 68 |
| 76-77 | 1652 | 2794 | 4446 | 37 | 63 | 1.2 | 1013 | 1626 | 0.7 | 62 |
| 77-78 | 1710 | 3028 | 4741 | 36 | 64 | -.58 | 1099 | 1799 | - | 61 |
| 78-79 | 1881 | 3621 | 5502 | 34 | 66 | -.57 | 1331 | 2183 | - | 61 |
| 79-80 | 1882 | 3664 | 5546 | 34 | 66 | -1 | 1350 | 2217 | - | 61 |
| 80-81 | 2215 | 4052 | 6267 | 35 | 65 | .89 | 1449 | 2342 | .01 | 62 |
| 81-82 | 2239 | 4241 | 6480 | 34 | 65 | 2 | 1502 | 2295 | .1 | 65 |
| 82-83 | 2577 | 4581 | 7158 | 36 | 64 | 1 | 1448 | 2267 | .05 | 64 |
| 83-84 | 2804 | 4942 | 7746 | 36 | 64 | 6 | 1502 | 2336 | .2 | 64 |
| 84-85 | 2709 | 5149 | 7940 | 35 | 65 | 9 | 1506 | 2280 | .4 | 66 |

SOURCE : Same as table A-4.1

Distribution of non-developmental expenditure at current prices of States & Union Territories between major heads of expenditure : 1960-61 to 1973-74

| Year | Interest on Debt. | | Tax Col. Charges | | Admve. Services | | Pensions | | Famine Relief | | Others | |
|-------|-------------------|-----|------------------|-----|-----------------|-----|----------|-----|---------------|------|--------|-----|
| | O | IOG | O | IOG | O | IOG | O | IOG | O | IOG | O | IOG |
| 60-61 | 87 | 100 | 50 | 100 | 167 | 100 | 20 | 100 | 21 | 100 | 69 | 100 |
| 61-62 | 135 | 155 | 46 | 92 | 183 | 110 | 22 | 110 | 23 | 110 | 80 | 116 |
| 62-63 | 152 | 175 | 46 | 92 | 199 | 119 | 27 | 135 | 16 | 76 | 91 | 132 |
| 63-64 | 198 | 228 | 52 | 104 | 213 | 127 | 28 | 140 | 16 | 76 | 118 | 171 |
| 64-65 | 208 | 239 | 56 | 112 | 248 | 148 | 29 | 145 | 16 | 76 | 117 | 170 |
| 65-66 | 270 | 310 | 69 | 138 | 284 | 170 | 30 | 150 | 17 | 80 | 134 | 194 |
| 66-67 | 358 | 411 | 69 | 138 | 308 | 189 | 33 | 165 | 73 | 348 | 146 | 212 |
| 67-68 | 379 | 436 | 78 | 256 | 338 | 202 | 37 | 185 | 80 | 380 | 173 | 251 |
| 68-69 | 458 | 526 | 97 | 194 | 364 | 218 | 42 | 210 | 76 | 362 | 204 | 296 |
| 69-70 | 555 | 638 | 100 | 200 | 404 | 242 | 47 | 235 | 155 | 738 | 216 | 313 |
| 70-71 | 580 | 667 | 136 | 272 | 435 | 260 | 54 | 270 | 101 | 480 | 212 | 307 |
| 71-72 | 668 | 768 | 153 | 306 | 492 | 295 | 63 | 315 | 140 | 667 | 292 | 423 |
| 72-73 | 697 | 801 | 165 | 330 | 527 | 316 | 70 | 330 | 285 | 1357 | 281 | 407 |
| 73-74 | 840 | 965 | 217 | 434 | 609 | 365 | 86 | 430 | 372 | 1771 | 214 | 317 |

SOURCE : Same as table. A-4.1

- NOTE : 1) For definitions of aggregate see text .
 2) All Indices of growth have base 1960-61 = 100
 3) O = Out lay, IOG = Index of growth.

Distribution of non-development expenditure at constant (1970-71=100) Prices between the major heads of expenditure and a comparison of the Indices of growth 1950-61 to 1973-74

Table No. A.4.7.1

| Year | Interest on Debt | | | Tax collection charges | | | | Administrative services | | | | Pensions etc. | | | | Famine Relief | | | | Others | | |
|-------|------------------|-----------------|--------------------|------------------------|---------|-----------------|--------------------|-------------------------|---------|-----------------|--------------------|---------------|---------|-----------------|--------------------|---------------|---------|-----------------|--------------------|--------|---------|-----|
| | Out-lay | % of total exp. | % of non-dev. exp. | IOG | Out-lay | % of total exp. | % of non-dev. exp. | IOG | Out-lay | % of total exp. | % of non-dev. exp. | IOG | Out-lay | % of total exp. | % of non-dev. exp. | IOG | Out-lay | % of total exp. | % of non-dev. exp. | IOG | Out-lay | IOG |
| 60-61 | 158 | 6 | 19 | 100 | 91 | 3 | 11 | 100 | 303 | 11 | 37 | 100 | 36 | 1 | 4 | 100 | 39 | 1 | 5 | 100 | 125 | 100 |
| 61-62 | 240 | 8 | 28 | 152 | 82 | 3 | 9 | 90 | 325 | 12 | 37 | 107 | 39 | 1 | 4 | 108 | 41 | 1 | 5 | 108 | 142 | 114 |
| 62-63 | 259 | 9 | 29 | 164 | 78 | 3 | 9 | 86 | 340 | 12 | 37 | 112 | 46 | 2 | 5 | 128 | 27 | 1 | 3 | 71 | 153 | 124 |
| 63-64 | 311 | 10 | 32 | 197 | 82 | 3 | 8 | 90 | 334 | 11 | 34 | 110 | 44 | 1 | 4 | 122 | 25 | 1 | 2 | 66 | 185 | 148 |
| 64-65 | 300 | 9 | 30 | 190 | 81 | 2 | 8 | 89 | 359 | 11 | 37 | 118 | 42 | 1 | 4 | 111 | 23 | 1 | 2 | 61 | 169 | 135 |
| 65-66 | 356 | 9 | 34 | 225 | 91 | 2 | 8 | 100 | 374 | 10 | 35 | 123 | 40 | 1 | 4 | 106 | 22 | 0.5 | 2 | 58 | 177 | 142 |
| 66-67 | 412 | 12 | 36 | 261 | 79 | 2 | 7 | 87 | 355 | 11 | 31 | 117 | 38 | 1 | 3 | 108 | 24 | 2 | 7 | 221 | 168 | 134 |
| 67-68 | 404 | 12 | 35 | 256 | 83 | 2 | 7 | 91 | 361 | 10 | 31 | 119 | 39 | 1 | 3 | 119 | 25 | 2 | 7 | 224 | 185 | 148 |
| 68-69 | 490 | 13 | 37 | 310 | 104 | 3 | 8 | 114 | 390 | 10 | 29 | 129 | 43 | 1 | 3 | 133 | 81 | 2 | 6 | 213 | 219 | 175 |
| 69-70 | 572 | 14 | 38 | 362 | 103 | 2 | 7 | 113 | 416 | 10 | 27 | 137 | 48 | 1 | 3 | 150 | 160 | 4 | 10 | 221 | 222 | 178 |
| 70-71 | 580 | 13 | 38 | 367 | 136 | 3 | 9 | 149 | 435 | 10 | 29 | 144 | 54 | 1 | 4 | 167 | 101 | 2 | 7 | 266 | 212 | 170 |
| 71-72 | 634 | 13 | 37 | 401 | 145 | 3 | 8 | 159 | 467 | 10 | 27 | 154 | 60 | 1 | 3 | 167 | 137 | 3 | 8 | 361 | 192 | 154 |
| 72-73 | 594 | 12 | 34 | 376 | 141 | 3 | 8 | 155 | 449 | 9 | 26 | 148 | 60 | 1 | 3 | 172 | 243 | 5 | 14 | 639 | 239 | 191 |
| 73-74 | 604 | 13 | 36 | 382 | 156 | 3 | 9 | 171 | 438 | 9 | 26 | 145 | 62 | 1 | 4 | 172 | 268 | 6 | 16 | 705 | 158 | 126 |

SOURCE : Same as table A.4.1

NOTE : IOG = Index of Growth

DISTRIBUTION OF NON DEVELOPMENTAL EXPENDITURE AT CURRENT
PRICES OF THE STATE AND UNION TERRITORIES BETWEEN MAJOR
HANDS OF EXPENDITURE 1974-75 to 1984-85.

| | 1974-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 | 84-85 |
|--|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Interest payments | | | | | | | | | | | |
| Outlay | 677 | 832 | 957 | 983 | 1141 | 1090 | 1413 | 1652 | 1966 | 2408 | 2764 |
| Index of growth | 100 | 123 | 141 | 145 | 168 | 161 | 209 | 244 | 290 | 356 | 408 |
| Organs of State | | | | | | | | | | | |
| Outlay | 74 | 86 | 107 | 130 | 111 | 172 | 186 | 177 | 220 | 273 | 307 |
| Index of growth | 100 | 116 | 144 | 176 | 150 | 232 | 251 | 239 | 297 | 369 | 415 |
| Fiscal Services | | | | | | | | | | | |
| Out lay | 212 | 251 | 249 | 245 | 270 | 324 | 373 | 416 | 487 | 608 | 616 |
| Index of growth | 100 | 118 | 117 | 116 | 127 | 153 | 176 | 196 | 230 | 287 | 291 |
| Administrative Service. | | | | | | | | | | | |
| Outlay | 687 | 777 | 861 | 917 | 1025 | 1183 | 1471 | 1725 | 1993 | 2277 | 2414 |
| Index of growthh | 100 | 113 | 125 | 133 | 149 | 172 | 214 | 251 | 290 | 331 | 351 |
| Relief on A/c of National Calamities. | | | | | | | | | | | |
| Outlay | 106 | 89 | 72 | 91 | 80 | 213 | 216 | 179 | 471 | 424 | 98 |
| Index of growth | 100 | 84 | 68 | 86 | 75 | 201 | 204 | 169 | 444 | 400 | 92 |

contd...

Table: A-4.8
(Cont.)

| | 1974-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 | 84-85 |
|--|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Pensions etc. | | | | | | | | | | | |
| Outlay | 96 | 134 | 165 | 183 | 214 | 252 | 321 | 423 | 538 | 658 | 771 |
| Index of growth | 100 | 140 | 172 | 191 | 223 | 262 | 334 | 441 | 560 | 685 | 803 |
| Compensation and assignments etc. | | | | | | | | | | | |
| Outlay | 72 | 74 | 123 | 130 | 143 | 167 | 195 | 229 | 265 | 307 | 339 |
| Index of growth | 100 | 103 | 171 | 180 | 197 | 232 | 271 | 318 | 368 | 426 | 464 |
| Social Security & Welfare | | | | | | | | | | | |
| Outlay | 156 | 176 | 190 | 218 | 249 | 332 | 435 | 558 | 687 | 857 | 792 |
| Index of growth | 100 | 109 | 122 | 140 | 160 | 213 | 279 | 358 | 440 | 549 | 508 |
| Others | | | | | | | | | | | |
| Outlay | 75 | 92 | 50 | 47 | 61 | 67 | 84 | 102 | 179 | 317 | 504 |
| Index of growth | 100 | 123 | 67 | 63 | 81 | 90 | 112 | 136 | 239 | 423 | 672 |

Source : Same as table A-4.1

Note: 1: Outlay in Rs. crores

" 2. For definition of aggregates see Text.

TABLE : A-4.9

DISTRIBUTION OF EXPENDITURE ON ADMINISTRATIVE SERVICES
BETWEEN MINOR HEADS AT BOTH CURRENT & CONSTANT
(1970-71 = 100) PRICES AND A COMPARISON OF THEIR INDICES
OF GROWTH, 1960-61 TO 1973-74.

CURRENT PRICES

| Year | General Administration | | Police | | Justice and Jails | |
|-------|------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | Outlay Rs. crores | Index of growth | Outlay Rs. cr. | Index of growth | Outlay Rs. cr. | Index of growth |
| 60-61 | 58 | 100 | 84 | 100 | 25 | 100 |
| 61-62 | 67 | 116 | 91 | 108 | 26 | 104 |
| 62-63 | 72 | 124 | 100 | 119 | 27 | 108 |
| 63-64 | 73 | 126 | 112 | 133 | 28 | 112 |
| 64-65 | 83 | 143 | 133 | 158 | 32 | 128 |
| 65-66 | 91 | 157 | 158 | 188 | 35 | 140 |
| 66-67 | 103 | 178 | 168 | 200 | 38 | 152 |
| 67-68 | 106 | 183 | 188 | 224 | 43 | 172 |
| 68-69 | 115 | 198 | 202 | 240 | 47 | 188 |
| 69-70 | 128 | 220 | 225 | 268 | 52 | 208 |
| 70-71 | 148 | 255 | 233 | 277 | 54 | 216 |
| 71-72 | 162 | 279 | 271 | 323 | 54 | 236 |
| 72-73 | 170 | 293 | 293 | 349 | 64 | 256 |
| 73-74 | 196 | 338 | 339 | 404 | 73 | 292 |

CONSTANT PRICES

| Year | General Administration | | Police | | Justice & Jails | |
|-------|------------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | Outlay Rs. crores | As % of Non-Devtl | Outlay Rs. cr. | As % of Non-Devtl | Outlay Rs. cr. | As % of Non-Devtl |
| 60-61 | 105 | 13 | 152 | 18 | 45 | 5 |
| 61-62 | 119 | 14 | 162 | 18 | 46 | 5 |
| 62-63 | 123 | 14 | 171 | 19 | 46 | 5 |
| 63-64 | 115 | 12 | 176 | 18 | 44 | 4 |
| 64-65 | 120 | 12 | 192 | 20 | 46 | 5 |
| 65-66 | 120 | 11 | 208 | 20 | 46 | 4 |
| 66-67 | 119 | 10 | 194 | 17 | 44 | 4 |
| 67-68 | 113 | 10 | 201 | 17 | 46 | 4 |
| 68-69 | 123 | 9 | 216 | 16 | 50 | 4 |
| 69-70 | 132 | 9 | 232 | 15 | 54 | 4 |
| 70-71 | 148 | 10 | 233 | 15 | 54 | 4 |
| 71-72 | 154 | 9 | 257 | 15 | 56 | 3 |
| 72-73 | 145 | 8 | 250 | 14 | 55 | 3 |
| 73-74 | 141 | 8 | 244 | 14 | 53 | 3 |

SOURCE : Same as table A-4.1

NOTE : 1. For definition of aggregates see text.

TABLE A-4.10

DISTRIBUTION OF EXPENDITURE OF MAJOR HEAD 'ADMINISTRATIVE SERVICES':
CURRENT PRICES

| Year | <u>POLICE</u> Outlay Rs. crores | <u>DISTRICT ADMN.</u> Outlay Rs. crores | <u>SECRETARIAT</u> Outlay Rs. crores | <u>OTHER ADVE. SERVICES</u> Outlay Rs. crores |
|-------|---------------------------------------|---|--|---|
| 74-75 | 395 | 101 | 53 | 138 |
| 75-76 | 441 | 109 | 58 | 169 |
| 76-77 | 489 | 121 | 64 | 217 |
| 77-78 | 540 | 121 | 67 | 189 |
| 78-79 | 545 | 146 | 77 | 207 |
| 79-80 | 696 | 154 | 85 | 248 |
| 80-81 | 864 | 190 | 99 | 318 |
| 81-82 | 1023 | 222 | 119 | 361 |
| 82-83 | 1213 | 253 | 138 | 389 |
| 83-84 | 1387 | 276 | 167 | 447 |
| 84-85 | 1455 | 294 | 174 | 491 |

SOURCE : Same as table A 4.1

NOTE : 1. For definition of aggregates see text.

Table: A-4.11

DISTRIBUTION OF EXPENDITURE ON ORGANS
OF STATE & FISCAL SERVICES AT BOTH CURRENT
AND CONSTANT (1970-71 = 100) PRICES
1974-75 to 1984-85

| | O R G A N S O F S T A T E | | | | | | F I S C A L S E R V I C E S | | | | | |
|---------|---------------------------|--------------------|---------|-----------------------|--------------------|---------|-----------------------------|--------------------|---------|------------------------|--------------------|-----|
| | Admñ. of Justice | | | Other organs of State | | | Tax Collection charges | | | Other fiscal services. | | |
| | Constant Prices | | | Constant Prices | | | Constant Prices | | | Constant Prices | | |
| Out-lay | Out-lay | % of Non Dev. Exp. | Out-lay | Out-lay | % of non dev. Exp. | Out-lay | Out-lay | % of non dev. exp. | Out-lay | Out-lay | % of non dev. exp. | |
| 74-75 | 50 | 31 | 2 | 24 | 15 | 1 | 306 | 189 | 14 | -88 | -54 | -4 |
| 75-76 | 55 | 35 | 2 | 31 | 20 | 1 | 249 | 160 | 10 | 2 | 1 | 1 |
| 76-77 | 63 | 38 | 2 | 44 | 27 | 2 | 296 | 178 | 11 | -47 | -28 | - |
| 77-78 | 68 | 40 | 2 | 62 | 36 | 2 | 241 | 139 | 8 | 4 | 2 | 0.1 |
| 78-79 | 78 | 44 | 2 | 33 | 19 | 1 | 265 | 151 | 8 | 5 | 3 | 0.2 |
| 79-80 | 87 | 43 | 2 | 85 | 42 | 2 | 314 | 156 | 8 | 16 | 8 | 0.3 |
| 80-81 | 103 | 46 | 2 | 83 | 37 | 2 | 262 | 117 | 5 | 11 | 5 | 0.2 |
| 81-82 | 120 | 49 | 2 | 57 | 23 | 1 | 404 | 166 | 7 | 12 | 5 | 0.2 |
| 82-83 | 142 | 54 | 2 | 78 | 29 | 1 | 476 | 180 | 7 | 11 | 4 | 0.2 |
| 83-84 | 167 | 57 | 2 | 106 | 36 | 1 | 592 | 204 | 7 | 16 | 6 | 0.2 |
| 84-85 | 176 | 57 | 2 | 131 | 42 | 2 | 595 | 193 | 7 | 21 | 7 | 0.2 |

Source: Same as table A-4.1

Note : For definition of aggregates see text.

TABLE : A-5.1

DISTRIBUTION OF EXPENDITURE OF CENTRE, STATES &
UNION TERRITORIES AT CURRENT PRICES BETWEEN
NON-DEVELOPMENTAL & DEVELOPMENTAL EXPENDITURE
: 1965-66 to 1984-85

(Rs. crores)

| Year | Heads of Expenditure | | | Total Expenditure |
|---------|----------------------|-------|--------|----------------------|
| | Non Dev. | Deve. | Others | |
| 1965-66 | 2074 | 2111 | 946 | 5131 |
| 66-67 | 2661 | 2150 | 920 | 5731 |
| 67-68 | 2670 | 2444 | 941 | 6055 |
| 68-69 | 2793 | 2604 | 1044 | 6441 |
| 69-70 | 3115 | 2998 | 835 | 6948 |
| 70-71 | 3512 | 3397 | 1017 | 7926 |
| 71-72 | 4241 | 4113 | 1157 | 9511 |
| 72-73 | 4536 | 4582 | 1457 | 10575 |
| 73-74 | 5052 | 5084 | 1550 | 11686 |
| 74-75 | 5756 | 6404 | 2354 | 14514 |
| 75-76 | 6985 | 7851 | 2948 | 17784 |
| 76-77 | 7746 | 9038 | 3358 | 20142 |
| 77-78 | 7857 | 10502 | 3687 | 22046 |
| 78-79 | 9186 | 12126 | 4205 | 25518 |
| 79-80 | 10515 | 14052 | 4105 | 28673 |
| 80-81 | 12707 | 16964 | 4956 | 34627 |
| 81-82 | 14463 | 19866 | 5291 | 39620 |
| 82-83 | 17659 | 22900 | 6561 | 47120 |
| 83-84 | 21650 | 26971 | 7004 | 55625 |
| 84-85 | 23178 | 29630 | 7584 | 60932 |

Source: ^c Indian Economic Statistics - Public Finance ^d - published annually by Economic Division, Ministry of Finance, Government of India (various issues).

Note: 1. For definition of Aggregates see text.
2. Figures for 1984-85 are revised estimates.

TABLE : A-5.2

COMPARISON OF INDICES OF GROWTH OF TOTAL EXPENDITURE
AND ITS COMPONENTS OF THE CENTRE, STATES & UNION TERRITORIES :
1965-66 to 1984-85 1965-66 = 100

| Year | CURRENT PRICES | | | | CONSTANT PRICES | | | |
|-------|--------------------------|---------------|-----------------------|--------------|--------------------------|---------------|----------------------|--------------|
| | GNP at Factor Cost | Total Exp. | Non- Devtl Exp. | Devtl Exp | GNP at Factor Cost | Total Exp. | Non- Devtl Exp | Devtl Exp |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 65-66 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 66-67 | 115 | 117 | 128 | 102 | 101 | 96 | 112 | 89 |
| 67-68 | 135 | 118 | 129 | 116 | 110 | 96 | 104 | 94 |
| 68-69 | 138 | 125 | 135 | 123 | 113 | 102 | 110 | 100 |
| 69-70 | 153 | 135 | 150 | 142 | 120 | 106 | 117 | 111 |
| 70-71 | 167 | 154 | 169 | 161 | 127 | 117 | 129 | 122 |
| 71-72 | 178 | 185 | 204 | 195 | 128 | 133 | 147 | 140 |
| 72-73 | 197 | 206 | 219 | 217 | 127 | 133 | 141 | 140 |
| 73-74 | 245 | 228 | 244 | 241 | 137 | 124 | 133 | 131 |
| 74-75 | 288 | 283 | 277 | 303 | 135 | 133 | 130 | 142 |
| 75-76 | 304 | 346 | 337 | 312 | 149 | 170 | 165 | 182 |
| 76-77 | 327 | 392 | 373 | 428 | 150 | 180 | 171 | 196 |
| 77-78 | 369 | 430 | 379 | 497 | 163 | 189 | 167 | 219 |
| 78-79 | 398 | 497 | 443 | 574 | 172 | 215 | 191 | 248 |
| 79-80 | 437 | 559 | 501 | 666 | 164 | 210 | 191 | 250 |
| 80-81 | 521 | 675 | 613 | 804 | 176 | 228 | 207 | 272 |
| 81-82 | 597 | 772 | 697 | 941 | 186 | 240 | 217 | 293 |
| 82-83 | 662 | 918 | 851 | 1085 | 190 | 264 | 245 | 312 |
| 83-84 | 783 | 1084 | 1044 | 1278 | 205 | 284 | 273 | 334 |
| 84-85 | 862 | 1177 | 1118 | 1404 | 212 | 290 | 275 | 346 |

Source: Indian Economic Statistics - Public Finance - published annually by
Economic Division, Ministry of Finance, Government of India (various issues)

Note: 1. Expenditure figures for 1984-85 are revised estimates.

TABLE : A-5.3

DISTRIBUTION OF PER CAPITA EXPENDITURE OF CENTRE, STATES &
UNION TERRITORIES AT CURRENT PRICES BETWEEN ITS COMPONENTS
& COMPARISON OF THE INDICES OF GROWTH : 1965-66 to 1984-85
1965-66 = 100

| Year | Per Capita GNP Rs. | Per Capita Expenditure | | | Per Capita GNP Rs. | Indices of Growth | | |
|-------|--------------------------|------------------------|------------------|--------------|--------------------------|----------------------------|--------------------------------|----------------------------|
| | | Total Rs. | Non-Devtl Rs. | Devtl Rs. | | Per Capita Total Rs. | Per Capita Non-Devtl Rs. | Per Capita Devtl Rs. |
| 65-66 | 451 | 106 | 43 | 44 | 100 | 100 | 100 | 100 |
| 66-67 | 510 | 125 | 54 | 47 | 113 | 118 | 126 | 107 |
| 67-68 | 585 | 120 | 53 | 48 | 130 | 113 | 123 | 111 |
| 68-69 | 585 | 124 | 54 | 50 | 130 | 117 | 126 | 116 |
| 69-70 | 634 | 131 | 59 | 57 | 140 | 124 | 137 | 130 |
| 70-71 | 674 | 147 | 65 | 63 | 149 | 138 | 151 | 144 |
| 71-72 | 704 | 172 | 76 | 74 | 156 | 162 | 177 | 170 |
| 72-73 | 758 | 187 | 80 | 81 | 168 | 176 | 186 | 186 |
| 73-74 | 922 | 202 | 87 | 88 | 204 | 190 | 202 | 201 |
| 74-75 | 1063 | 245 | 97 | 108 | 236 | 231 | 226 | 248 |
| 75-76 | 1093 | 293 | 115 | 129 | 242 | 278 | 267 | 297 |
| 76-77 | 1152 | 325 | 125 | 146 | 255 | 307 | 291 | 335 |
| 77-78 | 1273 | 348 | 124 | 166 | 282 | 329 | 288 | 381 |
| 78-79 | 1341 | 393 | 142 | 187 | 297 | 372 | 330 | 429 |
| 79-80 | 1437 | 432 | 158 | 212 | 319 | 408 | 367 | 486 |
| 80-81 | 1678 | 510 | 187 | 250 | 372 | 482 | 435 | 574 |
| 81-82 | 1880 | 571 | 208 | 286 | 417 | 540 | 484 | 658 |
| 82-83 | 2043 | 665 | 249 | 323 | 453 | 628 | 579 | 742 |
| 83-84 | 2365 | 768 | 299 | 373 | 524 | 726 | 695 | 856 |
| 84-85 | 2550 | 817 | 314 | 401 | 565 | 772 | 730 | 922 |

SOURCE : Same as Table A-5.1

TABLE : A-5.4

COMPARISON OF GROWTH RATES (COMPOUND) OF
GNP & TOTAL EXPENDITURE OF CENTRE, STATES
& UNION TERRITORIES AND ITS COMPONENTS AT
CURRENT PRICES

| | | SELECTED PERIODS | | PERCENT |
|--------|--|------------------|---------------|---------------|
| S N | ITEM | 1965-66 | 1965-66 | 1974-75 |
| | | to 1984-85 | to 1973-74 | to 1984-85 |
| 1. | Per Capita GNP at factor cost | 9.5 | 9.3 | 9.1 |
| 2. | PER CAPITA Per Capita total Expenditure | 11.4 | 8.4 | 12.8 |
| 3. | Per Capita Non-Develop- mental Expenditure | 11.0 | 9.2 | 12.5 |
| 4. | PER CAPITA Per Capita Developmental Exp. | 12.4 | 9.1 | 14.0 |
| <hr/> | | | | |
| 5. | GNP at Factor Cost | 12.0 | 11.8 | 11.6 |
| 6. | Total Expenditure | 13.8 | 10.8 | 15.3 |
| 7. | TOTALS Total Non-Developmental Expenditure | 13.5 | 11.8 | 14.9 |
| 8. | Total Developmental Expenditure | 14.9 | 11.6 | 16.5 |

SOURCE : Calculated from Table A-5.1, A5.3

Table.A-5.5.a

COMPOSITION OF NON-DEVELOPMENTAL EXPENDITURE OF CENTRAL STATES & UNION TERRITORIES
BY MAJOR HEADS OF EXPENDITURE AT CURRENT PRICES AND COMPARISON OF INDICES OF
GROWTH: 1965-66 to 1973-74

| Year | Defence | | Inter- est pay- ments | | Tax collection charges | | Adve. services | | Currency & Mint. | | Food Subsidy | | Famine Relief | | Others | |
|---------|---------|-------------------------|-----------------------------|-------------------------|------------------------------|-------------------------|-------------------|-------------------------|------------------------|-------------------------|-----------------|-------------------------|------------------|-------------------------|--------|-------------------------|
| | Outlay | Index of gr- owth | Outlay | Index of gr- owth | Outlay | Index of gr- owth | Outlay | Index of gr- owth | Outlay | Index of gr- owth | Outlay | Index of gr- owth | Outlay | Index of gr- owth | Outlay | Index of gr- owth |
| 1965-66 | 885 | 100 | 422 | 100 | 99 | 100 | 372 | 100 | 93 | 100 | 96 | - | 17 | 100 | 243 | 100 |
| 1966-67 | 909 | 103 | 525 | 124 | 101 | 102 | 411 | 110 | 23.4 | 25 | 93 | 100 | 78 | 457 | 311 | 128 |
| 1967-68 | 968 | 109 | 571 | 135 | 113 | 114 | 463 | 124 | 31 | 33 | 104 | 112 | 80 | 471 | 344 | 142 |
| 1968-69 | 1033 | 117 | 602 | 143 | 136 | 137 | 501 | 135 | 32 | 34 | 12 | 13 | 76 | 447 | 401 | 165 |
| 1969-70 | 1101 | 124 | 654 | 155 | 142 | 143 | 563 | 151 | 25 | 27 | 31 | 33 | 155 | 912 | 445 | 183 |
| 1970-71 | 1199 | 135 | 776 | 184 | 184 | 186 | 618 | 166 | 188 | 202 | 18 | 19 | 101 | 594 | 456 | 188 |
| 1971-72 | 1525 | 172 | 832 | 197 | 20 | 207 | 725 | 195 | 24 | 26 | 50 | 54 | 140 | 824 | 736 | 303 |
| 1972-73 | 1652 | 187 | 864 | 205 | 223 | 225 | 774 | 208 | 33 | 35 | 117 | 126 | 285 | 168 | 589 | 242 |
| 1973-74 | 1681 | 190 | 1005 | 238 | 282 | 285 | 871 | 234 | 42 | 45 | 251 | 270 | 372 | 219 | 549 | 226 |

Source: Same as table. A-5.1

Note: (1) For definition of major expenditure see text.

Table.A-5.5.b

COMPARISON OF INDICES OF GROWTH OF MAJOR HEADS OF NON-DEVELOPMENTAL EXPENDITURE
OF CENTRE, STATES AND UNION TERRITORIES (CONSTANT PRICES)

| Year | 1965-66=100 | | | | | | | |
|-------|----------------------------------|---|--|--|---|--|---|---------------------------------|
| | Defence Index of growth | Interest Payments Index of growth | Tax Collection charges Index of growth | Admve. services Index of growth | Current and Mint. Index of growth | Food subsidy Index of growth | Famine relief Index of growth | Others Index of growth |
| 65-66 | 100 | 100 | 100 | 100 | 100 | - | 100 | 100 |
| 66-67 | 90 | 109 | 89 | 97 | 22 | 100 | 409 | 112 |
| 67-68 | 88 | 110 | 92 | 101 | 27 | 104 | 386 | 115 |
| 68-69 | 95 | 116 | 112 | 110 | 28 | 12 | 368 | 134 |
| 69-70 | 97 | 121 | 112 | 118 | 21 | 30 | 727 | 143 |
| 70-71 | 103 | 134 | 142 | 126 | 154 | 17 | 459 | 142 |
| 71-72 | 124 | 142 | 149 | 141 | 19 | 44 | 604 | 218 |
| 72-73 | 121 | 132 | 146 | 134 | 23 | 93 | 1104 | 157 |
| 73-74 | 104 | 130 | 156 | 128 | 24 | 169 | 1218 | 123 |

SOURCE: Calculated from table A-5.5

Table.A-5.6

DISTRIBUTION OF NON-DEVELOPMENTAL EXPENDITURE ^{AT} CURRENT PRICES BETWEEN MAJOR HEADS
OF EXPENDITURE - 1974-75 to 1984-85.

| Year | Defence | | Interest Payment | | Fiscal services | | Adve. services | | Organs of State | | Food Subsidy | | Social benefit & welfare | | Others | |
|-------|---------|-----------------|------------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|--------------|-----------------|--------------------------|-----------------|--------|-----------------|
| | Outlay | Index of growth | Outlay | Index of growth | Outlay | Index of growth | Outlay | Index of growth | Outlay | Index of growth | Outlay | Index of growth | Outlay | Index of growth | Outlay | Index of growth |
| 74-75 | 2113 | 100 | 1168 | 100 | 346 | 100 | 1007 | 100 | 133 | 100 | 307 | 100 | 197 | 100 | 485 | 100 |
| 75-76 | 2472 | 117 | 1461 | 125 | 668 | 193 | 1161 | 115 | 161 | 121 | 262 | 85 | 215 | 109 | 585 | 121 |
| 76-77 | 2563 | 121 | 1749 | 150 | 640 | 185 | 1257 | 125 | 188 | 141 | 521 | 170 | 231 | 120 | 597 | 123 |
| 77-78 | 2634 | 125 | 1741 | 149 | 554 | 160 | 1336 | 133 | 198 | 149 | 481 | 157 | 257 | 130 | 663 | 137 |
| 78-79 | 2868 | 136 | 2190 | 187 | 853 | 247 | 1474 | 146 | 185 | 139 | 578 | 188 | 291 | 148 | 747 | 154 |
| 79-80 | 3356 | 159 | 2665 | 228 | 599 | 173 | 1666 | 165 | 278 | 209 | 601 | 196 | 387 | 196 | 969 | 200 |
| 80-81 | 3867 | 183 | 2957 | 253 | 1256 | 363 | 2039 | 202 | 285 | 214 | 658 | 214 | 490 | 249 | 1155 | 238 |
| 81-82 | 4652 | 220 | 3745 | 321 | 732 | 212 | 2389 | 237 | 284 | 213 | 709 | 231 | 619 | 314 | 1333 | 275 |
| 82-83 | 5408 | 256 | 4637 | 397 | 1163 | 336 | 2749 | 273 | 338 | 254 | 714 | 233 | 775 | 393 | 1875 | 387 |
| 83-84 | 6350 | 301 | 5712 | 489 | 1988 | 575 | 3116 | 309 | 406 | 305 | 854 | 278 | 944 | 479 | 2280 | 470 |
| 84-85 | 6800 | 322 | 6544 | 560 | 1709 | 494 | 3302 | 328 | 503 | 378 | 812 | 264 | 863 | 438 | 2585 | 533 |

Source: Same as table A-5.1

Note: (1) For definition of aggregates see text.

(2) Outlay figures are Rs. crores.

(3) All Indices of growth have base 1974-75 = 100

TABLE : A-5.7

COMPARISON OF COMPOUND GROWTH RATES
OF PER CAPITA EXPENDITURES OF CENTRE,
STATES, UNION TERRITORIES at CONSTANT
(1970-71 = 100) PRICES

| ITEM | 1965-66 to 1973-74 | 1974-75 to 1984-85 | 1965-66 to |
|----------------------------|--------------------------|--------------------------|---------------|
| 1. Defence | (-) 2 | 3 | 1 |
| 2. Interest Payments | 1 | 9 | 5 |
| 3. Administrative Services | 1 | 3 | 2 |
| 4. Police | 2 | 4 | 3 |
| 5. Tax Collection Charges | 3 | 2 | 2 |

SOURCE : Calculated from tables 5.5, 5.6, A-5.6

DISTRIBUTION OF EXPENDITURE OF MAJOR HEAD "ADMINISTRATIVE SERVICES" AND THEIR SHARE IN TOTAL NON-DEVELOPMENTAL EXPENDITURE OF CENTRE, STATES & UNION TERRITORIES (CURRENT PRICES).

1965-66 TO 1973-74

Rs. crores & Percent

| Year | General Admn. | | Police | | Other Admn. Services ^(a) | |
|-------|----------------------|--|----------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Amount Rs. crores | As % of total Non- Devtl Exp. (%) | Amount Rs. crores | As % of Non- Devtl Exp.(%) | Amount Rs. crores | As % of Non-Devtl Exp. (%) |
| 65-66 | 118 | 6 | 190 | 9 | 64 | 3 |
| 66-67 | 131 | 5 | 207 | 8 | 73 | 3 |
| 67-68 | 141 | 5 | 249 | 9 | 73 | 3 |
| 68-69 | 147 | 5 | 274 | 10 | 80 | 3 |
| 69-70 | 160 | 5 | 311 | 10 | 92 | 3 |
| 70-71 | 182 | 5 | 335 | 10 | 101 | 3 |
| 71-72 | 225 | 5 | 389 | 9 | 115 | 3 |
| 72-73 | 230 | 5 | 424 | 9 | 120 | 3 |
| 73-74 | 260 | 5 | 470 | 9 | 141 | 3 |

1974-75 TO 1984-85

| Year | External Affairs | | Police | | 'Other' Admn. Services ^(b) | |
|-------|----------------------|-----------------------------------|----------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| | Amount Rs. crores | As % of Non- Devtl Exp. (%) | Amount Rs. crores | As % of Non Devtl Exp. (%) | Amount Rs. crores | As % of Non-devtl Exp. (%) |
| 74-75 | 34 | 0.6 | 557 | 10 | 415 | 7 |
| 75-76 | 49 | 0.7 | 654 | 9 | 458 | 6 |
| 76-77 | 60 | 0.8 | 696 | 9 | 502 | 6 |
| 77-78 | 54 | 0.7 | 764 | 10 | 517 | 6 |
| 78-79 | 60 | 0.6 | 834 | 9 | 581 | 6 |
| 79-80 | 58 | 0.6 | 952 | 9 | 653 | 6 |
| 80-81 | 65 | 0.5 | 1164 | 9 | 810 | 6 |
| 81-82 | 78 | 0.5 | 1376 | 10 | 935 | 6 |
| 82-83 | 92 | 0.5 | 1634 | 9 | 1022 | 6 |
| 83-84 | 106 | 0.5 | 1869 | 9 | 1140 | 5 |
| 84-85 | 104 | 0.4 | 1966 | 8 | 1232 | 5 |

SOURCE : Same as in table A-5.1

NOTE : For definition of aggregates see text.

TABLE : A-5.8.b

DISTRIBUTION OF EXPENDITURE ON MAJOR HEAD
'ADMINISTRATIVE SERVICES' OF CENTRE, STATES
& UNION TERRITORIES, AT CURRENT PRICES
1965-66 TO 1973-74.

| Year | General Administration | | Police | | Other Admn. services | |
|-------|------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
| | Outlay Rs. crores | Index of growth | Outlay Rs. crores | Index of growth | Outlay Rs. crores | Index of growth |
| 65-66 | 118 | 100 | 190 | 100 | 64 | 100 |
| 66-67 | 131 | 111 | 207 | 109 | 73 | 114 |
| 67-68 | 141 | 119 | 249 | 131 | 73 | 114 |
| 68-69 | 147 | 125 | 274 | 144 | 80 | 125 |
| 69-70 | 160 | 136 | 311 | 164 | 92 | 144 |
| 70-71 | 182 | 154 | 335 | 176 | 101 | 158 |
| 71-72 | 225 | 191 | 389 | 205 | 115 | 180 |
| 72-73 | 230 | 195 | 424 | 223 | 120 | 187 |
| 73-74 | 260 | 220 | 470 | 247 | 141 | 220 |

1974-75 to 1984-85

| Year | External Affairs | | Police | | 'Other' Admn. services | |
|-------|----------------------|----------------------|-------------------|----------------------|------------------------|----------------------|
| | Outlay Rs. crore. | Indices of growth | Outlay Rs. cr. | Indices of growth | Outlay Rs. cr. | Indices of growth |
| 74-75 | 34 | 100 | 557 | 100 | 415 | 100 |
| 75-76 | 49 | 144 | 654 | 117 | 458 | 110 |
| 76-77 | 60 | 176 | 696 | 125 | 502 | 121 |
| 77-78 | 54 | 159 | 764 | 137 | 517 | 125 |
| 78-79 | 60 | 176 | 834 | 150 | 581 | 140 |
| 79-80 | 58 | 171 | 952 | 171 | 653 | 157 |
| 80-81 | 65 | 191 | 1164 | 209 | 810 | 195 |
| 81-82 | 78 | 229 | 1376 | 247 | 935 | 225 |
| 82-83 | 92 | 270 | 1634 | 293 | 1022 | 246 |
| 83-84 | 106 | 312 | 1869 | 336 | 1140 | 275 |
| 84-85 | 104 | 306 | 1966 | 353 | 1232 | 297 |

SOURCE : Same as table A-5.1

NOTE : 1. For definition of aggregates see text.

2. Indices of growth have base 1965-66=100, 1974-75=100

TABLE: A-6.1

Comparison of SDP at current and constant (1970-71 = 100)
prices of the Six States: 1972-73 to 1983-84

| | | Rupees | | | | | | | | | | | |
|----------------|---------------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| S.No. | State | 1972-73 | 73-74 | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 |
| 1. Maharashtra | | | | | | | | | | | | | |
| a) | SDP current prices | 4359 | 5750 | 7348 | 7661 | 8542 | 9549 | 10561 | 12198 | 14049 | 15528 | 16975 | 19975 |
| b) | SDP constant prices | 3770 | 4223 | 4612 | 4850 | 5155 | 5535 | 5873 | 5896 | 8074 | 6292 | 6594 | 7043 |
| c) | Implicit Deflator | 116 | 136 | 159 | 158 | 116 | 173 | 180 | 203 | 231 | 247 | 257 | 284 |
| 2. Gujarat | | | | | | | | | | | | | |
| a) | SDP current prices | 2109 | 3169 | 3018 | 3693 | 4260 | 4720 | 4824 | 5436 | 6369 | 7720 | 8360 | 10119 |
| b) | SDP constant prices | 1800 | 2202 | 1898 | 2439 | 2596 | 2746 | 2830 | 2780 | 2894 | 3282 | 3249 | 3566 |
| c) | Implicit Deflator | 117 | 144 | 159 | 151 | 164 | 172 | 170 | 196 | 220 | 235 | 258 | 284 |
| 3. Tamil Nadu | | | | | | | | | | | | | |
| a) | SDP current prices | 2839 | 3432 | 3639 | 3727 | 4304 | 4709 | 5188 | 6022 | 6089 | 7515 | 7799 | 9152 |
| b) | SDP constant prices | 2499 | 2609 | 2266 | 2679 | 2763 | 3044 | 3247 | 3299 | 3031 | 3249 | 3026 | 3235 |
| c) | Implicit Deflator | 114 | 132 | 161 | 139 | 156 | 155 | 160 | 183 | 201 | 231 | 258 | 281 |
| 4. Karnataka | | | | | | | | | | | | | |
| a) | SDP current prices | 2152 | 3002 | 3390 | 3225 | 3272 | 3770 | 3866 | 4321 | 4777 | 6195 | 6489 | 7746 |
| b) | SDP constant prices | 1899 | 2218 | 2190 | 2252 | 2067 | 2413 | 2459 | 2415 | 2304 | 2703 | 2692 | 2829 |
| c) | Implicit Deflator | 113 | 135 | 155 | 143 | 158 | 156 | 157 | 179 | 207 | 229 | 247 | 274 |

contd.....

TABLE:A-6.1 (cont)

contd.....

| | | Rupees | | | | | | | | | | | |
|-------|------------------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| S.No. | State | 1972-73 | 73-74 | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 |
| ----- | | | | | | | | | | | | | |
| 5. | Rajasthan | | | | | | | | | | | | |
| | a) SDP current prices | 1601 | 2295 | 2409 | 2489 | 2677 | 3196 | 3429 | 3225 | 3989 | 4964 | 5631 | 6919 |
| | b) SDP constant prices | 1338 | 1482 | 1411 | 1623 | 1696 | 1893 | 1945 | 1672 | 1798 | 1988 | 2113 | 2341 |
| | c) Implicit Deflator | 120 | 155 | 171 | 153 | 158 | 169 | 176 | 193 | 222 | 249 | 266 | 296 |
| 6. | Madhya Pradesh | | | | | | | | | | | | |
| | a) SDP current prices | 2489 | 3246 | 3788 | 3597 | 3674 | 4480 | 4397 | 4420 | 6061 | 6543 | 7296 | 8950 |
| | b) SDP constant prices | 2049 | 2112 | 2116 | 2288 | 2114 | 2449 | 2373 | 1982 | 2528 | 2787 | 2787 | 3132 |
| | c) Implicit Deflaotr | 121 | 154 | 179 | 157 | 174 | 183 | 185 | 223 | 240 | 240 | 262 | 286 |

Source: 'Indian Economic Statistics - Public Finance' - various issues.

TABLE:A-6.2

Comparison of per capita SDP at both Current and
Constant prices: 1972-73 to 1983-84

| S.No. | State | Rupees | | | | | | | | | | | |
|----------------|------------------------------|-------------|-------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| | | 1972 -73 | 73-74 | 74- 75 | 75- 76 | 76- 77 | 77- 78 | 78- 79 | 79- 80 | 80- 81 | 81- 82 | 82- 83 | 83 84 |
| 1. Maharashtra | | | | | | | | | | | | | |
| a) | Per capita SDP current pric. | 842 | 1086 | 1358 | 1385 | 1511 | 1652 | 1188 | 2021 | 2277 | 2246 | 2625 | 3032 |
| b) | Per capita SDP cons. prices | 728 | 788 | 852 | 877 | 912 | 958 | 994 | 993 | 984 | 991 | 1017 | 1069 |
| c) | Population (lakhs) | 517. | 529. | 731. | 154. | 565. | 578. | 590. | 603. | 616. | 631. | 648. | 658. |
| | | 857 | 966 | 814 | 138 | 321 | 027 | 845 | 563 | 996 | 914 | 378 | 84 |
| 2. Gujarat | | | | | | | | | | | | | |
| a) | Per capita SDP curr. prices | 761 | 1116 | 1037 | 1239 | 1397 | 1508 | 1508 | 1658 | 896 | 1238 | 1268 | 1796 |
| b) | Per capita SDP cons. prices | 650 | 775 | 652 | 818 | 851 | 877 | 884 | 848 | 861 | 952 | 920 | 185 |
| c) | Population (lakhs) | 277. | 283. | 291. | 298. | 304. | 312. | 319. | 327. | 335. | 344. | 353. | 361. |
| | | 135 | 961 | 032 | 063 | 939 | 997 | 893 | 865 | 917 | 951 | 04 | 91 |
| 3. Tamil Nadu | | | | | | | | | | | | | |
| a) | Per capita SDP curr. prices | 672 | 798 | 833 | 839 | 954 | 1027 | 1114 | 1274 | 1269 | 1541 | 1578 | 1827 |
| b) | Per capita SDP cons. prices | 591 | 607 | 518 | 603 | 612 | 661 | 697 | 698 | 632 | 666 | 612 | 646 |
| c) | Population (lakhs) | 422. | 430. | 436. | 444. | 451. | 458. | 465. | 472. | 479. | 487. | 494. | 500. |
| | | 47 | 075 | 855 | 219 | 153 | 512 | 709 | 684 | 827 | 670 | 23 | 93 |
| 4. Karnataka | | | | | | | | | | | | | |
| a) | Per capita SDP curr. prices | 712 | 973 | 1077 | 1005 | 999 | 1129 | 1136 | 1246 | 1352 | 1644 | 1679 | 1957 |
| b) | Per capita SDP cons. prices | 629 | 719 | 696 | 702 | 631 | 723 | 723 | 696 | 652 | 717 | 697 | 715 |
| c) | Population (lakhs) | 302. | 308. | 314. | 320. | 327. | 333. | 340. | 346. | 358. | 376. | 386. | 395. |
| | | 247 | 53 | 763 | 896 | 527 | 924 | 317 | 789 | 329 | 825 | 481 | 81 |

contd.....

TABLE:A-6.2 (cont)

contd.....

| S.No. | State | Rupees | | | | | | | | | | | |
|-------------------|-----------------------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | 1972-73 | 73-74 | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 |
| 5. Rajasthan | | | | | | | | | | | | | |
| a) | Per capita SDP curr. prices | 597 | 833 | 851 | 857 | 899 | 1047 | 1098 | 1011 | 1227 | 1429 | 1575 | 1881 |
| b) | Per capita SDP cons. prices | 499 | 583 | 498 | 559 | 570 | 608 | 623 | 524 | 553 | 572 | 591 | 631 |
| c) | Population (lakhs) | 268. | 275. | 283. | 290. | 297. | 305. | 312. | 318. | 325. | 347. | 357. | 367. |
| | | 174 | 510 | 078 | 432 | 775 | 253 | 295 | 991 | 102 | 376 | 524 | 836 |
| 6. Madhya Pradesh | | | | | | | | | | | | | |
| a) | Per capita SDP curr. prices | 578 | 737 | 841 | 781 | 780 | 930 | 892 | 877 | 1177 | 1240 | 1357 | 1636 |
| b) | Per capita SDP cons. prices | 476 | 479 | 470 | 497 | 449 | 508 | 482 | 393 | 491 | 519 | 519 | 572 |
| c) | Population (lakhs) | 430. | 440. | 450. | 460. | 471. | 481. | 492. | 503. | 514. | 527. | 536. | 547. |
| | | 662 | 434 | 416 | 563 | 026 | 72 | 937 | 991 | 953 | 36 | 994 | 552 |

Source: 'Indian Economic Statistics-Public Finance'- various issues.

TABLE: A-6.3

COMPARISON OF THE TOTAL EXPENDITURE (AT CURRENT PRICES)
AND ITS COMPONENTS OF THE SIX STATES. 1965-66 to 1983-84

Rs. Lakhs

| YEAR | MAHARASHTRA | | | | GUJARAT | | | | TAMIL NADU | | | |
|---------|---------------|---------------|--------|-----------------|---------------|---------------|--------|-----------------|---------------|---------------|--------|-----------------|
| | TOTAL EXP. | NON- DEVP. | DEVPL. | LOANS & ADV. | TOTAL EXP. | NON- DEVP. | DEVPL. | LOANS & ADV. | TOTAL EXP. | NON- DEVP. | DEVPL. | LOANS & ADV. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1965-66 | 35859 | 11759 | 17776 | 6334 | 14906 | 6254 | 67384 | 1268 | 25594 | 7213 | 14247 | 4134 |
| 1966-67 | 38993 | 11204 | 23751 | 4038 | 16254 | 4161 | 11762 | 331 | 28618 | 4184 | 20547 | 3887 |
| 1967-78 | 42327 | 15995 | 23053 | 3279 | 19470 | 6625 | 11134 | 1711 | 30223 | 8290 | 4094 | 3839 |
| 1968-79 | 426246 | 17019 | 26897 | 2330 | 22530 | 6257 | 14491 | 1782 | 35725 | 8971 | 21616 | 5138 |
| 1969-70 | 52399 | 21163 | 27024 | 4212 | 26396 | 9704 | 14908 | 1784 | 36054 | 11337 | 21181 | 3463 |
| 1970-71 | 59913 | 22193 | 31525 | 6195 | 31972 | 9481 | 17780 | 4711 | 37167 | 10353 | 23351 | 3963 |
| 1971-72 | 6797 | 27082 | 34104 | 6791 | 29534 | 8693 | 18164 | 2677 | 46134 | 14416 | 28514 | 3206 |
| 1972-73 | 79893 | 23502 | 50785 | 5605 | 37881 | 8011 | 28029 | 1841 | 49038 | 11163 | 34142 | 3793 |
| 1973-74 | 99831 | 30147 | 63235 | 6449 | 44388 | 10246 | 29823 | 4319 | 55373 | 13139 | 37506 | 4728 |
| 1974-75 | 96820 | 28187 | 57877 | 9756 | 48472 | 9832 | 31393 | 7247 | 69487 | 14359 | 48432 | 6696 |
| 1975-76 | 128094 | 33642 | 78935 | 15372 | 56056 | 11388 | 38709 | 5919 | 70403 | 15934 | 46654 | 7815 |
| 1976-77 | 139308 | 39499 | 80363 | 10446 | 66232 | 13792 | 43795 | 8645 | 75954 | 18150 | 51581 | 6253 |
| 1977-78 | 155917 | 40437 | 93146 | 22334 | 74960 | 15046 | 49208 | 10706 | 91998 | 19888 | 54776 | 17334 |
| 1978-89 | 195651 | 51251 | 115659 | 28735 | 84065 | 18223 | 54725 | 11117 | 101047 | 20326 | 60861 | 19860 |
| 1979-80 | 221472 | 51882 | 136688 | 32903 | 108804 | 20411 | 70101 | 18292 | 11690 | 23161 | 68548 | 25251 |
| 1980-81 | 254013 | 63096 | 163465 | 27452 | 130925 | 23937 | 86053 | 20335 | 162194 | 29545 | 94185 | 38469 |
| 1981-82 | 292478 | 183108 | 29542 | 29542 | 146763 | 25275 | 102157 | 19331 | 185047 | 32617 | 117725 | 34705 |
| 1982-83 | 34443 | 90987 | 214879 | 38577 | 179362 | 28979 | 129748 | 20638 | 211061 | 36052 | 136630 | 38379 |
| 1983-84 | 403263 | 104679 | 261783 | 36806 | 206694 | 32035 | 142197 | 27962 | 250198 | 43804 | 165527 | 40867 |

Source : 'Annual Financial Statement' and other Budget papers of the respective State Governments for the respective years.

NOTE : 1. Figures for 1983-84 are Revised estimates.
2. For definitions of aggregates see text.

TABLE:A-6.3 (CONT)

COMPARISON OF THE TOTAL EXPENDITURE (AT CURRENT PRICES)
AND ITS COMPONENTS OF THE SIX STATES; 1965-66 to 1983-84 (Contd....)

Rs. Lakhs

| YEAR | KARNATAKA | | | | RAJASTHAN | | | | MADHYA PRADESH | | | |
|---------|---------------|---------------|--------|-----------------|---------------|---------------|--------|-----------------|----------------|---------------|--------|-----------------|
| | TOTAL EXP. | NON- DEVP. | DEVPL. | LOANS & ADV. | TOTAL EXP. | NON- DEVP. | DEVPL. | LOANS & ADV. | TOTAL EXP. | NON- DEVP. | DEVPL. | LOANS & ADV. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1965-66 | 18424 | 4087 | 11820 | 2517 | 14413 | 4375 | 7044 | 2994 | 20628 | 6141 | 10876 | 3611 |
| 1966-67 | 21157 | 4203 | 14766 | 2188 | 17764 | 4628 | 10313 | 2823 | 19708 | 3971 | 13264 | 2473 |
| 1967-68 | 22833 | 4788 | 14823 | 3211 | 17510 | 5767 | 9216 | 2527 | 23239 | 7494 | 12568 | 3177 |
| 1968-69 | 30787 | 7612 | 19511 | 3664 | 21287 | 7556 | 11049 | 2682 | 21344 | 6151 | 13252 | 1941 |
| 1969-70 | 31134 | 7611 | 19640 | 3883 | 27952 | 12791 | 11834 | 3327 | 23661 | 7160 | 14739 | 1762 |
| 1970-71 | 32252 | 8925 | 21564 | 1763 | 27397 | 11664 | 13607 | 2626 | 25482 | 7668 | 15864 | 1950 |
| 1971-72 | 33489 | 9331 | 22464 | 1694 | 25539 | 8494 | 15040 | 2000 | 30107 | 8392 | 19594 | 2121 |
| 1972-73 | 43755 | 8993 | 30219 | 4543 | 39183 | 7897 | 21574 | 2512 | 38227 | 8989 | 25560 | 3678 |
| 1973-74 | 45538 | 11511 | 29737 | 4290 | 36521 | 9445 | 24656 | 2420 | 43281 | 10109 | 29776 | 3396 |
| 1974-75 | 46638 | 10631 | 31747 | 4254 | 38818 | 10026 | 26500 | 2292 | 51679 | 10692 | 36194 | 9793 |
| 1975-76 | 60233 | 12334 | 40587 | 7312 | 46477 | 11250 | 31875 | 3352 | 60695 | 12974 | 38265 | 9456 |
| 1976-77 | 66197 | 13467 | 43817 | 8913 | 53940 | 13278 | 36104 | 4458 | 74901 | 14912 | 48281 | 11708 |
| 1977-78 | 72190 | 15050 | 48536 | 8604 | 61243 | 13461 | 42799 | 4983 | 83056 | 16877 | 55211 | 10968 |
| 1978-79 | 80387 | 18355 | 59268 | 2764 | 74487 | 14775 | 51789 | 7923 | 95154 | 16275 | 75086 | 13793 |
| 1979-80 | 101589 | 18950 | 71695 | 10944 | 87496 | 17485 | 59827 | 10184 | 117793 | 18913 | 81910 | 16970 |
| 1980-81 | 119975 | 25504 | 81454 | 13317 | 98270 | 20168 | 66455 | 11647 | 150417 | 23369 | 104222 | 22826 |
| 1981-82 | 134130 | 27523 | 89748 | 16859 | 119775 | 24522 | 83964 | 11289 | 160995 | 28143 | 109938 | 22914 |
| 1982-83 | 163587 | 34413 | 102315 | 26866 | 131535 | 28527 | 93769 | 9239 | 185180 | 31978 | 129316 | 23886 |
| 1983-84 | 187895 | 41063 | 128235 | 18597 | 148155 | 33440 | 103208 | 11504 | 216593 | 37813 | 152840 | 25940 |

Source : 'Annual Financial Statement' and other Budget papers of the respective State Governments for the respective years.

NOTE : 1. Figures for 1983-84 are Revised Estimate.
2. For definitions of aggregates see text.

TABLE :A-6.4

COMPARISON OF INDICES OF GROWTH OF PER CAPITA TOTAL EXP.
AND COMPONENTS AT CONSTANT (1970-71 = 100) PRICES

| S. NO. | STATE | HEAD OF EXPENDITURE | (1973-74 to 1983-84) | | | | | | | | | | |
|-----------|------------|------------------------|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | 73-74 | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | | | Base: 1973-74 = 100 | | | | | | | | | | |
| 1. | MAHARASTRA | a. Total Exp. | 100 | 60 | 104 | 107 | 112 | 133 | 130 | 129 | 135 | 149 | 155 |
| | | b. Non-Devpl. | 100 | 59 | 90 | 100 | 96 | 115 | 101 | 106 | 121 | 130 | 133 |
| | | c. Developmental | 100 | 56 | 101 | 97 | 106 | 124 | 127 | 131 | 133 | 112 | 159 |
| | | d. Loans & Adv. | 100 | 93 | 94 | 233 | 251 | 303 | 301 | 588 | 211 | 260 | 221 |
| 2. | GUJARAT | a. Total Exp. | 100 | 96 | 114 | 121 | 128 | 142 | 155 | 163 | 166 | 181 | 181 |
| | | b. Non-Devpl. | 100 | 84 | 101 | 110 | 111 | 133 | 127 | 129 | 124 | 127 | 124 |
| | | c. Developmental | 100 | 93 | 118 | 120 | 125 | 138 | 150 | 161 | 173 | 195 | 190 |
| | | d. Loans & Adv. | 100 | 147 | 124 | 163 | 188 | 192 | 269 | 259 | 225 | 214 | 152 |
| 3. | TAMILNADU | a. Total Exp. | | 100 | 115 | 109 | 130 | 137 | 136 | 170 | 166 | 167 | 180 |
| | | b. Non-Devpl. | | 100 | 130 | 130 | 140 | 135 | 135 | 155 | 145 | 140 | 155 |
| | | c. Developmental | | 100 | 112 | 107 | 113 | 119 | 116 | 143 | 153 | 157 | 172 |
| | | d. Loans & Adv. | | 100 | 120 | 900 | 240 | 270 | 290 | 400 | 310 | 300 | 290 |
| 4. | KARNATAKA | a. Total Exp. | 100 | 88 | 120 | 117 | 127 | 138 | 150 | 151 | 143 | 161 | 159 |
| | | b. Non-Devpl. | 100 | 79 | 97 | 94 | 104 | 124 | 110 | 126 | 116 | 134 | 137 |
| | | c. Developmental | 100 | 91 | 124 | 119 | 131 | 155 | 162 | 156 | 146 | 154 | 166 |
| | | d. Loans & Adv. | 100 | 84 | 154 | 167 | 160 | 50 | 171 | 177 | 189 | 280 | 166 |
| 5. | RAJASTHAN | a. Total Exp. | 100 | 114 | 122 | 134 | 139 | 158 | 166 | 159 | 162 | 162 | 159 |
| | | b. Non-Devpl. | 100 | 94 | 114 | 128 | 118 | 122 | 128 | 126 | 128 | 136 | 136 |
| | | c. Developmental | 100 | 80 | 105 | 112 | 121 | 137 | 142 | 134 | 142 | 143 | 138 |
| | | d. Loans & Adv. | 100 | 82 | 132 | 170 | 170 | 253 | 289 | 282 | 228 | 170 | 186 |

TABLE A-6.4 (Contd...)

COMPARISON OF INDICES OF GROWTH OF PER CAPITA TOTAL EXP.
AND COMPONENTS AT CONSTANT (1970-71 = 100) PRICES

| | | | (1973-74 to 1983-84) | | | | | Base = 1973-74 = 100 | | | | | |
|----|---------|------------------|----------------------|-----|-----|-----|-----|----------------------|-----|-----|-----|-----|-----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 6. | MADHYA | a. Total Exp. | 100 | 100 | 131 | 142 | 147 | 162 | 164 | 191 | 198 | 206 | 216 |
| | PRADESH | b. Non-Devp. | 100 | 87 | 120 | 120 | 127 | 120 | 113 | 127 | 147 | 147 | 160 |
| | | c. Developmental | 100 | 100 | 120 | 132 | 143 | 161 | 166 | 202 | 198 | 209 | 223 |
| | | d. Loans & Adv. | 100 | 80 | 87 | 93 | 80 | 100 | 100 | 120 | 120 | 113 | 113 |

Source " Expenditure figures have been obtained from the Budget Documents of the different years of the respective state Governments.

NOTE: 1. For Methods of deflating see text.

TABLE A-6.5

COMPARISON OF INDICES OF GROWTH OF THE MAJOR HEADS OF
EXPENDITURES PER CAPITA AND AT CONSTANT (1970-71 = 100) PRICES.

(1973-74 to 1983-84)

(1973-74 = 100)

| Sl. No. | Headsof Expenditures | 73-74 | 74-75 | 75-76 | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 | 81-82 | 82-83 | 83-84 | |
|---------|----------------------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1. | Maharashtra | a. Interest | 100 | 48 | 70 | 69 | 71 | 89 | 59 | 59 | 83 | 89 | 97 |
| | | b. Fiscal Service | 100 | 66 | 112 | 147 | 143 | 149 | 149 | 156 | 166 | 186 | 181 |
| | | c. Admn. Service | 100 | 69 | 96 | 105 | 88 | 120 | 117 | 124 | 131 | 136 | 143 |
| | | d. Organs of State | 100 | 67 | 122 | 133 | 178 | 144 | 167 | 156 | 122 | 133 | 167 |
| | | e. Pensions etc. | 100 | 63 | 100 | N.A | 118 | 136 | 145 | 200 | 255 | 291 | 282 |
| | | f. Others | 100 | 100 | 220 | 460 | 180 | 240 | 180 | 40 | 220 | 240 | -ve |
| 2. | Gujarat | a. Interest | 100 | 90 | 136 | 120 | 123 | 143 | 116 | 155 | 168 | 183 | 190 |
| | | b. Fiscal Service | 100 | 104 | 112 | 138 | 157 | 210 | 189 | 121 | N.A | N.A | N.A |
| | | c. Admn. Service | 100 | 92 | 100 | 116 | 109 | 120 | 129 | 146 | 160 | 143 | 134 |
| | | d. Organs of State | 100 | 114 | 157 | 171 | 129 | 143 | 214 | 186 | 143 | 144 | 186 |
| | | e. Pensions etc. | 100 | 110 | 170 | 210 | 270 | 260 | 250 | 280 | 330 | 410 | 350 |
| | | f. Others | 100 | 22 | 0 | 0 | 0.03 | 0.06 | 0.08 | 0.06 | -- | -- | -- |
| 3. | T. Nadu | a. Interest | | 100 | 200 | 200 | 200 | 160 | 180 | 240 | 200 | 200 | 220 |
| | | b. Fiscal Service | | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 225 |
| | | c. Admn. Service | | 100 | 111 | 111 | 111 | 122 | 122 | 133 | 133 | 122 | 117 |
| | | d. Organs of State | | 100 | 125 | 125 | 125 | 125 | 125 | 125 | 137 | 137 | 150 |
| | | e. Pensions etc. | | 100 | 100 | 150 | 150 | 150 | 150 | 150 | 145 | 170 | 190 |
| | | f. Others | | 100 | 20 | 30 | 50 | 50 | 20 | 20 | 30 | 30 | 20 |
| 4. | Karnataka | a. Interest | 100 | 81 | 97 | 95 | 116 | 126 | 101 | 113 | 109 | 112 | 120 |
| | | b. Fiscal Service | 100 | 104 | 122 | 126 | 135 | 157 | 135 | 152 | 122 | 143 | 130 |
| | | c. Admn. Service | 100 | 92 | 116 | 119 | 122 | 141 | 136 | 130 | 143 | 152 | 129 |
| | | d. Organs of State | 100 | 111 | 144 | 156 | 178 | 178 | 189 | 167 | 159 | 189 | 189 |
| | | e. Pensions etc. | 100 | 116 | 211 | 226 | 242 | 300 | 284 | 311 | 347 | 400 | 458 |
| | | f. Others | 100 | 48 | 48 | 34 | 37 | 58 | 47 | 84 | 43 | 73 | 86 |

TABLE : A-6.5 (Contd...)

COMPARISON OF INDICES OF GROWTH OF THE MAJOR HEADS OF
EXPENDITURES PER CAPITA AND AT CONSTANT (1970-71 = 100) PRICES.

(1973-74 to 1983-84)

(1973-74 = 100)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|----|----------------|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 5. | Rajasthan | a. Interest | 100 | 84 | 100 | 117 | 97 | 99 | 103 | 96 | 113 | 104 | 101 |
| | | b. Fiscal Service | 100 | 115 | 140 | 145 | 150 | 155 | 140 | 140 | 150 | 165 | 160 |
| | | c. Admn. Service | 100 | 115 | 144 | 145 | 142 | 145 | 163 | 156 | 141 | 169 | 180 |
| | | d. Organs of State | 100 | 120 | 160 | 240 | 240 | 180 | 280 | 260 | 160 | 200 | 200 |
| | | e. Pensions etc. | 100 | 100 | 136 | 173 | 209 | 254 | 236 | 300 | 273 | 300 | 336 |
| | | f. Others | 100 | 009 | 18 | 18 | 9 | 9 | 12 | 27 | 18 | 54 | 54 |
| 6. | Madhya Pradesh | a. Interest | 100 | 80 | 120 | 120 | 120 | 140 | 120 | 140 | 164 | 164 | 166 |
| | | b. Fiscal Service | 100 | 100 | 100 | 250 | 200 | 100 | 100 | 100 | 150 | 165 | 175 |
| | | c. Admn. Service | 100 | 100 | 116 | 100 | 116 | 116 | 116 | 133 | 145 | 143 | 155 |
| | | d. Organs of State | 100 | 83 | 133 | 117 | 133 | 117 | 100 | 133 | 133 | 133 | 150 |
| | | e. Pensions etc. | 100 | 100 | 166 | 166 | 166 | 166 | 166 | 166 | 250 | 267 | 300 |
| | | f. Others | 100 | 67 | 233 | 200 | 33 | 33 | 33 | 67 | 33 | 33 | 67 |

Source : Same as table. A-6.3