

An explanatory note on Formats for Union Finances

In pursuance of terms of reference, the Commission has interalia been mandated to assess the resources of Central Government for the five years commencing from 1st April, 2010 on the basis of levels of taxation and non tax resources likely to be reached at the end of 2008-09. Keeping this in view Commission needs various type of data on Union Finances for making assessment of receipts and expenditure under Revenue and Capital Account etc. for its award period. 13th Finance Commission introduced 22 Performa's for collecting information on Union Finances from Central Government on different items.

Statement-1 Relates to summary position of Finances of Central Government. This information broadly consists of Revenue Receipts. Gross Tax Revenue of Union Government; Tax Revenue of UTs without legislature. Non tax revenue of Union Government and Non tax Revenue of UTs without legislature; Revenue Expenditure Plan & Non plan, Capital Receipts. Public debt, recovery of loans and advances. Contingency fund. Public account (Net), Capital Expenditure. On the basis of this information, the information on Revenue Surplus/deficit, Capital account surplus/deficit and gross fiscal deficit is required to be obtained. This will indicate the overall financial position of the Union Government.

Statement-2 Relates to Revenue Receipts, major head wise. Revenue Receipts consists of Tax Revenue (Gross), Non tax Revenue and grant in Aid and contributions which include external grant. This Statement shows the resource availability of the Union Government on the Revenue side. On the basis of this information, growth rates to obtain base year figures will be captured to arrive at the figure for the forecast period.

Statement-3 Relates to grants provided by Central Government to state Governments. This includes Non plan grants as recommended by the Finance Commissions and other grants (Discretionary grants provided by different Central Ministries to States), Grants for plan schemes as approved by Planning Commission for Annual Plans. On the basis of this Statement outgo of the Finance to States will be captured to know the impact on the Union Finances.

Statement-4 Relates to Revenue Expenditure major Head wise under (A) General Services, (B) Social Services, (C) Economic Services and (D) Grants in aid & contributions. On the basis of the information, the trend growth of expenditure on revenue side of the Union Budget will be used to arrive at the base year figures of Revenue Expenditure. Thereafter applying assumed growth rates the major head wise Revenue Expenditure figures for forecast period will be arrived at. This information is required for the period 2002-03 to 2006-07 (actuals) 2007-08 RE, 2008-09 BE, 2009-10 Estimates and forecast Period 2010-11 to 2014-15.

Statement-5 Relates to the information on capital value of assets on the similar line as sought under Capital Expenditure, major head wise. However this has to be categorized separately as under:-

Value of assets at the beginning of the financial year. Value of assets added during the financial year and total value of assets created till the end of the financial year. The information may be sought for 2002-03 to 2006-07 (actuals) 2007-08 (RE), 2008-09 (BE) and 2009-10 (Estimates). The objective of seeking this information is to know the stock of assets with the Union Government at the end of the financial year.

Statement-6 Relates to maintenance expenditure on capital assets This information consists of total maintenance Expenditure, out of which Expenditure on salary and wages separately. This information needs to be obtained for the year 2002-03 to 2006-07 (Actuals), 2007-08 RE, 2008-09 BE and 2009-10 Estimates The need of this information is to assess the growth in Expenditure for maintaining the capital assets, as well as the requirement of wage and salary component for maintaining the capital assets in the award period of TFC under various major heads together with the need of Expenditure for maintaining the capital assets in the forecast period of TFC.

Statement-7 Relates to maintenance expenditure on capital assets on plan schemes. This information consists of total maintenance expenditure, out of which expenditure on salary and wages separately. This information needs to be obtained for the year 2002-03 to 2006-07 (Actuals), 2007-08 RE, 2008-09 BE and 2009-10 Estimates The need of this information is to assess the growth in expenditure for maintaining the capital assets under plan schemes. As well as the requirement of wage and salary component for maintaining the capital assets under plan schemes in the award period of TFC under various major heads together with the

need of expenditure for maintaining the capital assets under plan schemes in the forecast period of TFC.

Statement-8 Relates to the position of total Capital Receipts under Major Head 4000 of the Central Government with sub-major heads 01-Civil, 02-Telecommunications, 03-Disinvestment of Government's Equity Holdings and 04-Premium received on Disinvestment of Government's Equity Holdings. This information is required for the period 2002-03 to 2006-07 (actuals) 2007-08 RE, 2008-09 BE, 2009-10 Estimates and forecast Period 2010-11 to 2014-15. The objective of obtaining this Information is to assess the requirement of resources on Capital side for the award period of TFC keeping in view the past trend in this regard.

Statement-9 Relates to position of public debt of Central Government. Capital Receipts consists of (A) Public debt (Internal & External) (B) Recoveries of Loans and advances from State Govts, UTs, Foreign Govt. UTs without legislature and other Loans and advances. (C) Other non-debt Capital Receipts of which Disinvestment Commercial Undertakings etc. Information relating to Public Account may also be sought separately under State Provident Fund and Special deposits of Non Government PF, LIC etc. for the years 2002-03 to 2006-07 (Actuals), 2007-08 RE, 2008-09 BE, 209-10 Estimates and forecast 2010-11 to 2014-15. The objective of obtaining this Information is to assess the requirement of resources on Capital side for the award period of TFC keeping in view the past trend in this regard.

Statement-10 Relates to Capital Expenditure which includes plan, non-plan and total. Major Head wise under (A) General Services (4046 to 4076) (B) Social Services (4202 to 4250) (C) Economic Services (4401-5475) may be obtained for 2002-03 to 2006-07 actuals, 2007-08 RE, 2008-09 BE, 2009-10 (Estimates) and forecast 2010-11 to 2014-15. The need of this information is to assess the requirement of expenditure under Plan and Non-Plan on Capital side for award period of TFC keeping in view the past trend in the expenditure.

Statement-11 Relates to total number of Central Govt. employees and Expenditure incurred thereon. This information may be sought for the year 2002-03 (as on 31.3.2003) to 2008-09 year wise. Total number of employees under Plan, Non-plan and expenditure incurred thereon separately for pay (Including special pay, DP, NPA etc.) and allowances (HRA, CCA, Deputation allowance, DA etc.), may also be sought. This information may be sought under various Services for year 2002-03 to 2008-09. The objective of this Information is to capture

the employment strength in the Union and its impact on Union Finances on account of the salary and wages being paid to its employees under Plan and Non-plan under General Services, Social Services and Economic Services.

Statement-12 Relates to Subsidies. Information on (A) Major Subsidies i.e Food, Indigenous (Urea) Fertilizer, Imported (Urea) Fertilizer, sale of decontrolled Fertilizer with concession to farmers, petroleum. (B) Other subsidies i.e. Import/Export of sugar/Edible oils etc., Interest subsidies. Subsidy to Railways for Dividend relief, subsidy to PDS kerosene and LPG & Other Subsidies may be needed for 2002-03 to 2006-07 (Actuals) 2007-08 RE, 2008-09 BE, 2009-10 (Estimates) and forecast 2010-11 to 2014-15.

This Information is required to be obtained from the Ministry/Department of the Union i.e Railway, Agriculture, Food, Rural, Developments, HRD, Petroleum etc. to assess requirements of subsidies and growth in expenditure on this account and its impact on Union Finances. Another objective is to see whether what type of subsidy needs to be retained or abolished.

Statement-13 Relates to Outstanding Loans and advance by the Central Govt. provided to State Govts under State Plan schemes, Central Plan schemes, CSS, Loans against small savings and U.T Govts; Foreign Governments, Government corporations & Non Government institutions, Local Funds, Cultivators etc, and Govts, Servants, This Information for at the end of the year 2002-03 to 2008-09 year wise separately may be sought.

The need of this information is to know the total outstanding loans receivable by the Union Government and its impact on union finances with reference to GDP ratio. Moreover to contain the Fiscal Deficit of Union, a further view can be taken on the basis of this Information.

Statement-14 Relates to liabilities of the Central Govt. as on 31st March for Actual 2002-07, RE 2008, BE 2009, Estimates 2010 and forecast 2011 to 2015 year wise under (A) Public Debt (Internal Debt & External Debt) (B) Other liabilities (National small savings fund, State P.F) other Accounts i.e special deposits of Non Governmental P.F. etc. and Reserve Funds & Deposits bearing inertest and non bearing interest.

This Information is needed for assessing the overall debt burden on the government at the end of the year of the award period of TFC, keeping in view the past liabilities of the Union Govt.

Statement-15 Relates to Public Account of the Central Govt. receipts and disbursements. The Public Account consists of (A) NSSF (B) State PF and other accounts (C) Reserve Fund (D) Deposits and advances (E) Suspense & Miscellaneous (F) Remittances. The information for 2002-03 to 2006-07 Actual, 2007-08 (RE), 2008-09 (BE) 2009-10 (Estimates) separately under receipts and disbursement may be needed.

In order to finance the Fiscal deficit of the Union Govt. the Union Govt needs to use the externally borrowed funds, internal debt and partly taking the amounts from Public Account. Therefore, the information is captured through this Statement; Moreover availability of resources through the various Funds created by the Union can be assessed through Public Account.

Statement-16 This relates to the information on FRBMA enacted by the Union Government, keeping in view the recommendations of 12th Finance Commission relating to Debt consolidation and Relief facility as well as fiscal consolidation in case of Union and States both. The objective of this statement is to assess the outcomes against the rolling targets assigned for Union Govt. to wipe out the Revenue Deficit and reduce the fiscal deficit at 3% of GDP by 2008-09 and to improve the fiscal situation of Union Govt.

Statement-17 This statement relates to the information on Gross Budgetary Support by Union Govt. keeping in view the Para 6(ii) of the ToR of the 13th Finance Commission. The objective of this statement is to capture the information of the projected gross budgetary support to central and state plan, expenditure on civil administration, defence, internal and border security, debt-servicing and other committed expenditure and liabilities on GBS under Plan and Non plan.

Statement-18 This relates to seek the consolidated information on Central Plan Schemes and Centrally Sponsored Schemes executed by the Central Ministries scheme-wise to assess the overall impact on the Union Finance and review the viability of the schemes executed by them.

Statement-19 & 20 Relates to information on Debt Consolidation and Relief Facility (DCRF) as recommended by the 12th Finance Commission. According to Para 5 of the ToR, the Commission is required to review the state of finances of the Union and states, keeping in view the operation of DCRF introduced by Union Govt. Outcomes under this recommendation is required to be kept in view on the basis of this information.

Statement-21 This relates to information on man-made calamities other than natural calamities covered under The Disaster Management Act 2005 (No.53 of 2005) Under para 8 of ToR Commission interalia may review the present arrangements under Calamity Relief Fund (CRF) & National Calamity Contingency Fund (NCCF) and the funds envisaged in the Disaster Management Act for making appropriate recommendations thereon. Man-made calamity is one of the factors in the Act. Hence the expenditure being incurred by the Union in this regard may be needed by the Commission for taking a view.

The CRF currently covers ten calamities viz., cyclone, draught, earthquake, fire, floods, landslides, hailstorms, avalanches, cloud bursts and pest attaches. However, the definition of disaster, as contained in the Disaster Management Act (2005), is much wider. What would be the likely impact of expansion of the scope on the requirement of funds.

Statement-22 This relates to the information on natural calamities to be sought from nodal Ministries, Commission vide Para 8 of ToR interalia is required to review the arrangements under NCCF/CRF recommended by the 12th FC. To have the detailed information on natural calamities such as requirement of expenditure by the states and assessment made by the Central Teams, the requisite information needs to be captured through this statement from MHA, M/o Agriculture and MOF as these are the nodal Ministries dealing natural calamities matter.