

MAIN BUDGET

TABLE 1: BUDGET AT A GLANCE

(in Rs crore)

	Items	2008-09 (Actuals)	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)
A.	Revenue Receipts	14302	19462	19681	22849
B.	Revenue Expenditure	12047	14949	15325	17698
	Revenue Surplus (A-B)	2255	4513	4356	5151
C.	Capital Receipts	3455	3277	3204	3135
D.	Capital Expenditure	5710	7790	7560	8286
	Capital A/C Deficit(C-D)	2255	4513	4356	5151
E.	Total Expenditure	17757	22739	22885	25984
F.	Total Receipts	17757	22739	22885	25984
	Budget Deficit (E-F)	0	0	0	0
	Fiscal deficit	2748	2081	2090	1800
	Primary deficit/surplus	-1170	-352	-67	+451

Note:

All entries have been adjusted for transfers from and to Public Account.

Explanatory Notes:

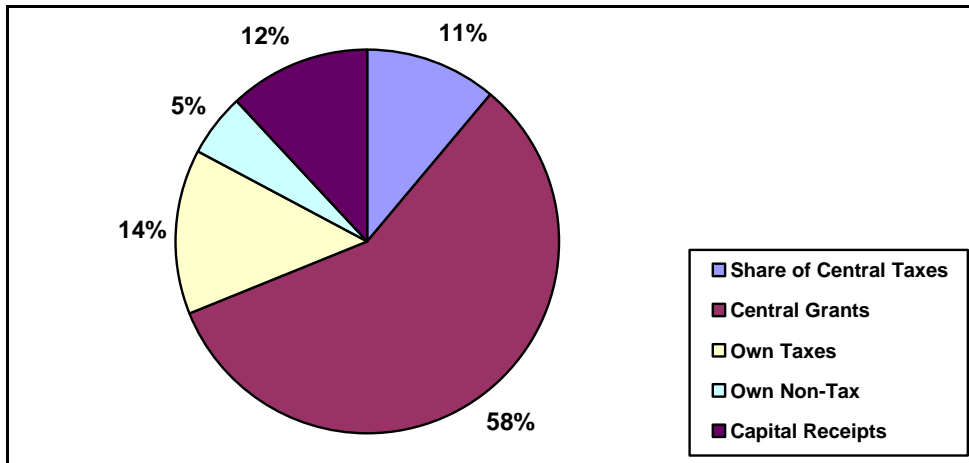
1. **Revenue Receipts** are all those receipts, which do not incur repayment liability. These include, in addition to the State's own revenues (Tax and Non-Tax), share in central taxes, grants from the Central Government for the financing of State Plans as well as non-plan grants. These also include interest and dividend on investments made by the Government.
2. **Revenue Expenditure** is that which covers the routine administrative expenditure of the State, such as wages and salaries, expenditure on maintenance and repairs and other overheads like payment of rent, taxes, user charges of services, insurance premia and interest. It also includes expenditure on goods for sale like in Stationery Depots, Govt. Presses, Agriculture Production Department, Health institutions and CA&PD.
3. **Capital Receipts** include loans raised by the State from the market, borrowings from RBI and other institutions, loans from the Centre, receipts from special securities issued to NSSF and the State's recovery of its own loans and proceeds from disinvestment of Government's stake in Public Sector Undertakings, all form part of Capital Receipts.
4. **Capital Expenditure** relate to the creation of assets. This corresponds to the State's own investment outlay on the acquisition of permanent assets like land, buildings, power projects, Irrigation and water supply schemes, establishment of Industrial Estates, all extensions and structural alteration of existing assets, construction of roads, railways, airports, plant / machinery, Inter-State Bus Terminals etc. etc. Disbursements, which are comprised of

repayment of State public debt and the loans and advances made by the State to the various entities, are also taken as Capex.

5. **Budget Deficit**, the conventional deficit, is the difference between total expenditure and total receipts and has to be zero in the absence of monetization, State Governments have no access to the monetization route and as such Budget Deficit in their case ought to be zero.
6. **Fiscal Deficit** is the difference between aggregate disbursements net of debt repayments AND recovery of loans and revenue receipts and non-debt capital receipts.
7. **Primary Deficit** is Fiscal Deficit net of 'Interest Payments and Debt Servicing' under Non-Plan.
8. **Revenue Deficit** is the difference between Revenue expenditure (Plan / Non-Plan) and Revenue Receipts (Tax / Non-Tax).
9. **Budget Surplus / Fiscal Surplus / Revenue Surplus / Primary Surplus** are the terms just opposite of such 'Deficit' terms.
10. **Balance from Current Revenues (BCR)** is the difference between Revenue Receipts and the sum total of all Plan grants and Non-Plan Revenue Expenditure.
11. **Aggregate Disbursements** include (i) Revenue Expenditure (ii) Capital Disbursements and (iii) Disbursements under Public Account.
12. **Aggregate Receipts** include (i) Revenue Receipts (ii) Capital Receipts and (iii) Receipts under Public Account.
13. **Miscellaneous Capital Receipts (MCR)** are treated as Non Debt Capital Receipts.
14. **Non-Plan Expenditure** consists of salary, interest payments, subsidies and grants. It can be divided into revenue spending and capital spending.
15. **Plan Expenditure** consists of revenue spending and capital spending in the plan. Under the former is included salary and maintenance expenditure. Latter includes expenditure on creation of capital assets.
16. **Central Plan** refers to the Central Government's budgetary support to the Plan and, the internal and extra budgetary resources raised by the Public Sector Undertakings.
17. **Subsidies** are financial aid provided by the Government to individuals or a group of individuals to become competitive. The grant of subsidies is also aimed at improving skills of those who benefit from the subsidies.
18. **Amortization** refers to liquidate (a debt) by repayment in installments is called Amortization.

**GRAPH-I
HOW A RUPEE COMES**

(2010-11)



**GRAPH - II
HOW A RUPEE GOES**

(2010-11)

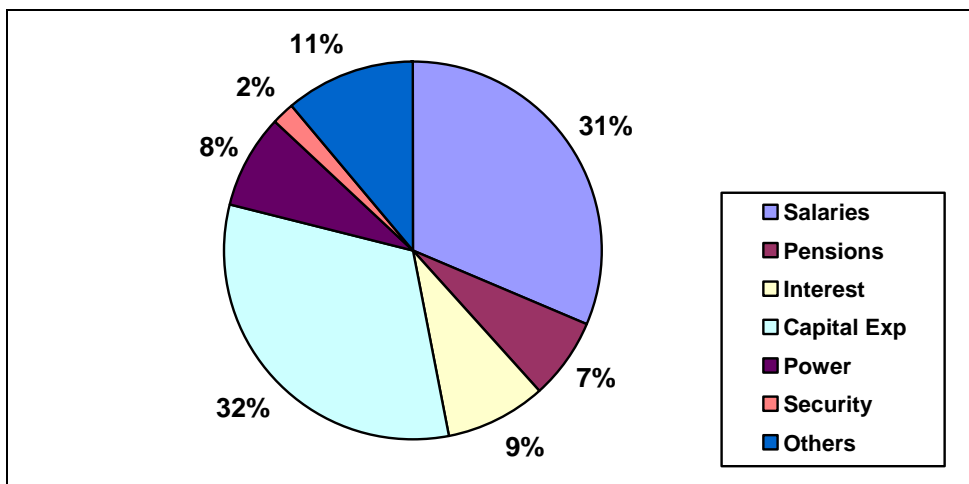


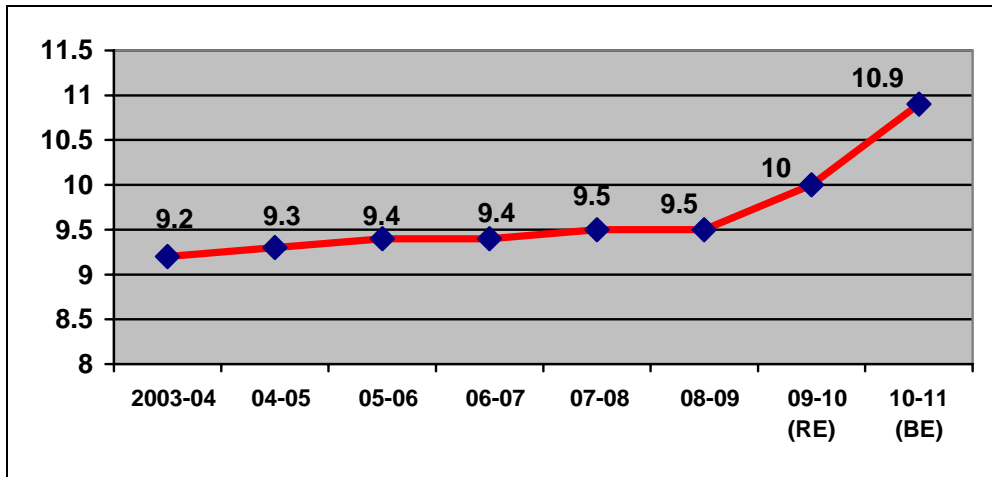
TABLE 2: BUDGET BASIC DETAILS

(in Rs crore)

Items	2008-09 (Actuals)	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)
Revenue Receipts (i+ii+iii+iv+v)	14302	19462	19681	22849
i. Own Tax Revenue	2683	3011	3075	3505
ii. Non-Tax Revenue	837	1219	1294	1307
iii. Share in Central Taxes	1827	1880	1880	2911
iv. Resources from Centre	8955	13252	13432	14976
v. ARM*	-	100	-	150
Revenue Expenditure	12047	14949	15325	17698
i. Plan	270	653	643	927
ii. Non-Plan	11734	14245	14631	16717
of which: Interest payments	1578	1729	2023	2251
iii. CSS	43	51	51	54
Capital Receipts	3455	3277	3204	3135
i. Provident Fund (Net)	458	918	857	550
ii. Borrowings and other liabilities	2752	1971	1971	2209
iii. Non-debt creating	245	388	376	376
Capital Expenditure	5710	7790	7560	8286
i. Plan	4106	6047	5770	6279
ii. Non-Plan	1017	994	1041	1211
of which : Repayments	703	808	738	959
iii. CSS	587	749	749	796
Total Expenditure	17757	22739	22885	25984
i. Plan Expenditure	4376	6700	6413	7206
ii. Non-Plan expenditure	12751	15239	15672	17928
iii. CSS	630	800	800	850
Total Receipts	17757	22739	22885	25984
i. Plan Revenue Receipts	5495	10096	10096	10027
ii. Non-Plan Revenue Receipts	8807	9366	9585	12822
iii. Capital Receipts	3455	3277	3204	3135
Non-Plan Revenue Gap	-2927	-4879	-5046	-3895
Revenue Surplus	2255	4513	4356	5151
Budget Deficit	0	0	0	0
Fiscal Deficit	2748	2081	2090	1800
Primary Deficit / Surplus	-1170	-352	-67	+451
Memo Items:				
Gross State Domestic Product	34805.19	38807.79 (assumed)	38297.58	42459.66
Own Revenues/SDP ratio (%)	15.4	16.0	16.3	11.7
Tax Revenues / SDP ratio (%)	10.1	11.2	11.4	18.5
Fiscal Deficit / SDP ratio (%)	7.9	5.4	5.5	4.2

* In Revised Estimates, ARM, if any, is subsumed under normal tax receipts as per budgetary practice.

GRAPH-III
ECONOMIC GROWTH
(GSDP at current prices)



GRAPH-IV
GROWTH IN OWN TAXES
OWN TAX + NON-TAX / GSDP RATIO

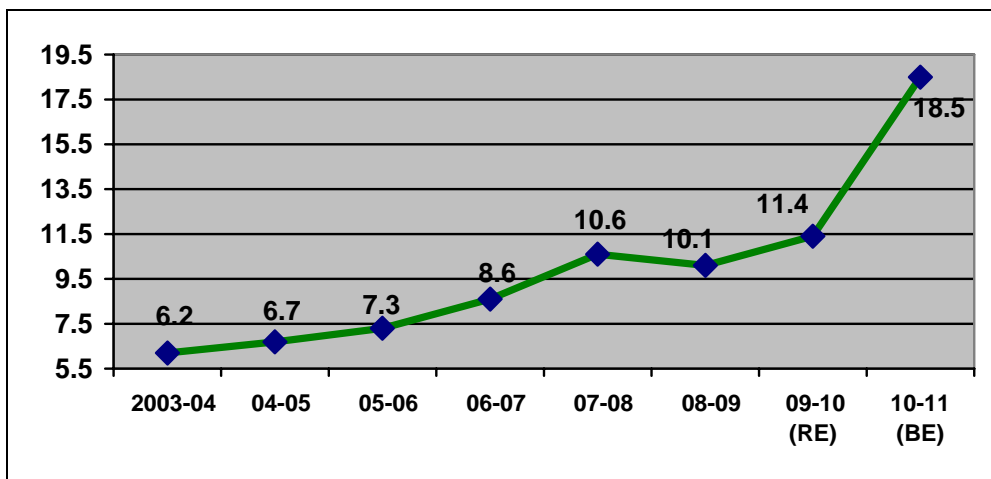


TABLE 3: REVENUE RECEIPTS

(in Rs crore)

Items	2008-09 (Actuals)	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)
Revenue Receipts (I+II)	14302	19462	19681	22849
I. Resources from centre	10782	15132	15312	17887
i. Share in Central Taxes	1827	1880	1880	2911
ii. Total Grants from Centre (a+b)	8955	13252	13432	14976
a. Non-Plan Grants, of which	3460	3156	3336	4949
i. Others	2610	2599	2627	4329
ii. SRE and Cost Sharing	850	557	709	620
iii. Fiscal Performance Grant	0	0	0	0
b. Plan Grants including CSS	5495	10096	10096	10027
II. State's Own Revenues (1+2)	3520	4330	4369	4962
1. State's Own Tax Revenues	2683	3111	3075	3655
a. Sales Tax	1836	2066	2130	2511
b. Excise Duty	239	260	270	280
c. Others	608	685	675	714
d. Addl. Resource Mobilization	0	100	0	150
2. Non-Tax Revenues, of which Interest Receipts	837 16	1219 21	1294 21	1307 21

**TABLE 4: REVENUE RECEIPTS AND EXPENDITURE:
COMPOSITION**

(in Rs crore)

	Items	2008-09 (Actuals)	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)
A.	Revenue Expenditure	12047	14949	15325	17698
	1. Plan Revenue Expenditure	313	704	694	981
	a. State Plan	270	653	643	927
	b. Centrally Sponsored Schemes	43	51	51	54
	2. Non-Plan Revenue Expenditure,	11734	14245	14631	16717
	of which : Interest payments	1578	1729	2023	2251
B.	Primary Non-Plan Revenue Expenditure, of which:	10156	12516	12608	14466
	i. Salaries	4553	6795	6505	8050
	ii. Migrant salaries	103	121	124	129
	iii. Pensions	1269	1412	1495	1800
	iv. Others	4231	4188	4484	4487
C.	Plan Revenue Receipts	5495	10096	10096	10027
D.	Non-Plan Revenue Receipts	8807	9366	9585	12822

TABLE 5: CAPITAL RECEIPTS

(in Rs crore)

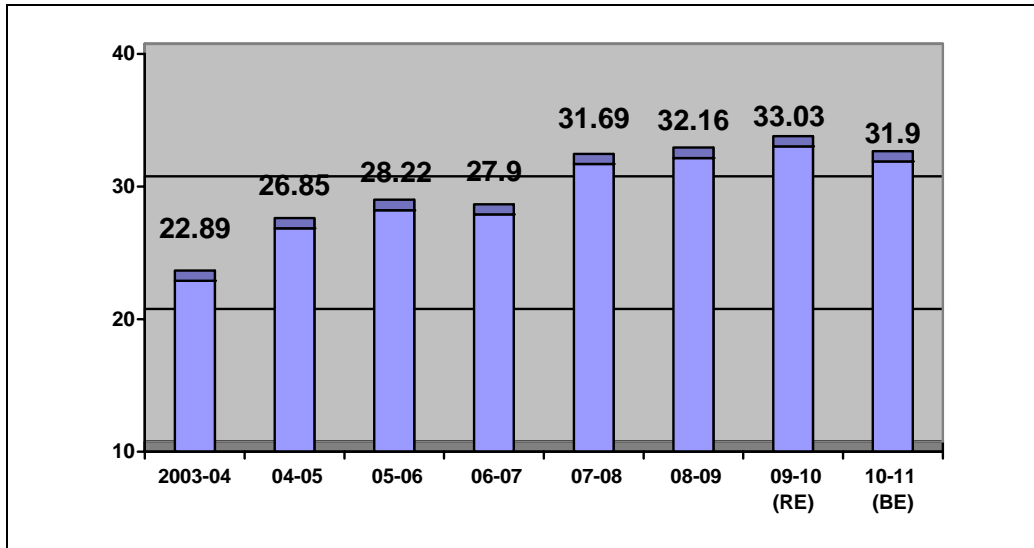
Items	2008-09 (Actuals)	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)
Capital Receipts	3455	3277	3204	3135
1. Plan loans	19	0	0	0
2. Negotiated loans	678	700	700	700
3. NSSF Loan	43	453	453	453
4. SLR Borrowings	1844	818	818	1056
5. Non-debt creating	265	388	376	376
6. Provident Fund (Net)	458	918	857	550
7. Others	148	0	0	0

TABLE 6: CAPITAL EXPENDITURE

(in Rs crore)

	Items	2008-09 (Actuals)	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)
	Capital Expenditure	5710	7790	7560	8286
A.	Plan Capital Expenditure	4106	6047	5770	6279
B.	Non-Plan Capital Expenditure	1017	994	1041	1211
	i. Repayment of debt	703	808	738	959
	ii. Others	314	186	303	252
C.	CSS	587	749	749	796
D.	Surplus/Deficit on Capital Account	-2255	-4513	-4356	-5151

GRAPH-V
CAPITAL EXPENDITURE AS % OF TOTAL EXPENDITURE



GRAPH-VI
SIP (Sal. + Int. + Pen.) V/S CAPEX: Persisting Structural Problem

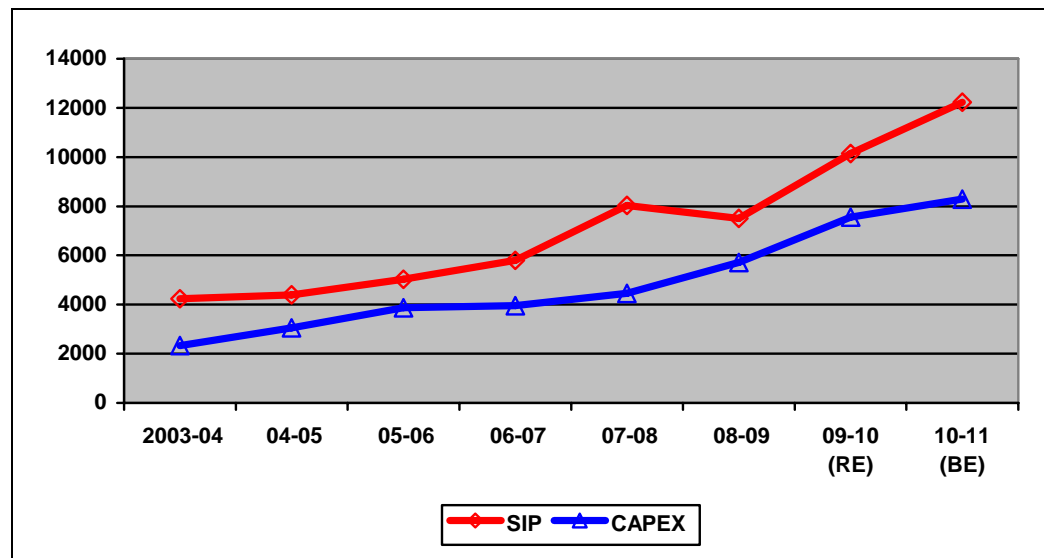
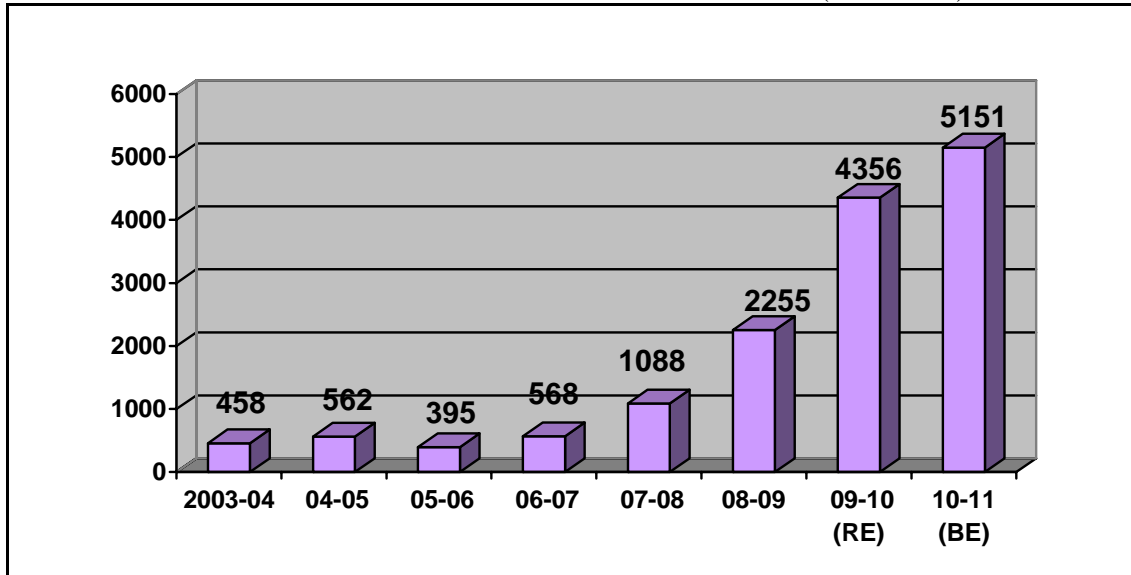


TABLE 7: OVERALL FISCAL BALANCING

(in Rs crore)					
S.No.	Items	2008-09 (Actuals)	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)
1	Plan Revenue Receipts	5495	10096	10096	10027
2	Plan Revenue Expenditure including CSS	313	704	694	981
3	Surplus on Plan Account	5182	9392	9402	9046
4	Non-Plan Revenue Gap	-2927	-4879	-5046	-3895
5	Rev Surplus Available for Capital Expenditure	2255	4513	4356	5151
6	Plan Capital Expenditure	4693	6796	6519	7075
7	Non-Plan Capital Expenditure	1017	994	1041	1211
8	Total Capital Expenditure	5710	7790	7560	8286
9	Borrowing Requirement (8-5)	3455	3277	3204	3135
10	Gross Capital Receipts	3455	3277	3204	3135
11	Non-Plan Revenue Gap	2927	4879	5046	3895
12	Total Plan Expenditure	5006	7500	7213	8056
13	Total Non-Plan Capital Expnd.	1017	994	1041	1211
14	Total Resource Requirement (11+12+13)	8950	13373	13300	13162
15	Total Resource Availability	8950	13373	13300	13162

GRAPH-VII
OVERALL REVENUE BALANCE:
 (Revenue surplus available for Capex)

(in Rs. crore)



GRAPH-VIII
NON PLAN REVENUE BALANCE

(in Rs. crore)

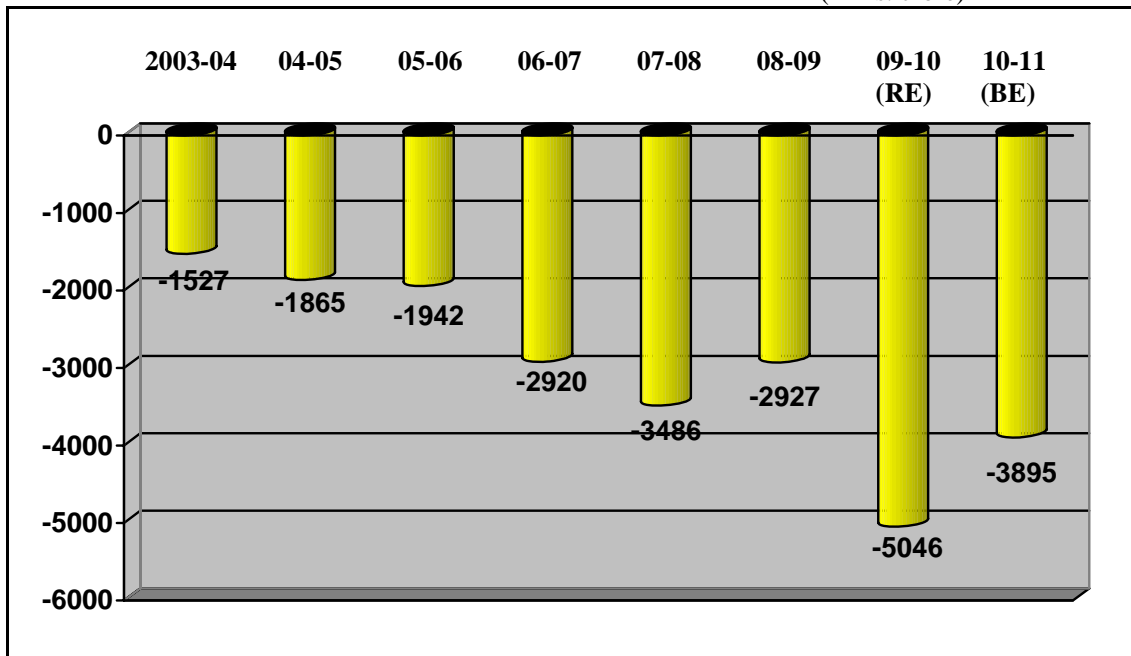


TABLE 9: PLAN ALLOCATION 2010-11: EXPENDITURE BY SERVICES/SECTORS

(in Rs. crore)

Sector	Outlay 2009-10	Prop. Outlay 2010-11			%age Hike
		Revenue	Capital	Total	
AGRI & ALLIED ACTIVITIES	197.30	16.86	236.17	253.03	28.25
RURAL DEVELOPMENT	70.60	11.02	117.25	128.27	81.69
SPECIAL AREA PROGRAMMES	384.41	28.41	331.75	360.16	-6.31
IRRIGATION & FLOOD CONTROL	464.33	0.75	391.57	392.32	-15.51
ENERGY	684.86	0.00	579.85	579.85	-15.33
INDUSTRY & MINERALS	91.12	2.42	111.96	114.38	-25.53
TRANSPORT	923.99	0.48	840.51	840.99	-8.98
COMMUNICATION	10.57	1.78	14.19	15.97	51.09
SCIENCE, TECHN. & ENVRMN	5.32	0.00	6.26	6.26	17.67
GENERAL ECONOMIC SERVICES	473.44	47.08	541.11	588.19	24.24
SOCIAL SERVICES	1556.06	817.76	1442.58	2260.34	45.26
GENERAL SERVICES	638.00	0.52	459.72	460.24	-27.86
Total	5500.00	927.08	5072.92	6000.00	9.09

TABLE 10: PM's RECONSTRUCTION PLAN : 2010-11

(in Rs. crore)

Scheme	Outlay
Transmission & Distribution	504.13
Ramban Dhamkund-Sawalkote Road	43.00
Mughal Road	268.68
Counter part fund-ADB:II	118.00
14 New Degree Colleges	0.60
Establishment of 10 more Colleges Phase-II	49.00
9 New Women ITI's	3.21
Establishment of 5 more ITI's Phase-II	22.50
TRT (5242) for Kashmiri migrants	97.17
Land acquisition for PMGSY Roads	100.00
Total	1206.29

TABLE 11: OFF TREASURY TRANSACTIONS

(in Rs. crore)

Department	Closing balance ending 3/2009	Likely recpts. 2009-10	Likely exp. 2009-10	Likely recpts. 2010-11	Likely exp. 2010-11
Education	30.50	588.01	589.13	809.61	809.61
Forest	27.29	13.90	24.26	60.86	59.56
Rural Development	93.98	258.11	343.19	545.56	545.56
Housing & UD	21.81	27.50	40.00	54.03	54.03
Public Works	6.32	501.70	508.02	1500.00	1470.00
Industries & Commerce	8.48	35.46	40.50	27.28	28.02
Health & ME	122.39	76.98	199.37	135.00	135.00
General Administration	1.26	3.36	3.36	3.00	3.00
Agriculture Production	1.01	17.00	17.00	30.00	30.00
Ladakh Affairs	23.87	71.34	46.69	81.67	91.34
Social Welfare	8.75	22.35	20.95	24.04	23.31
Tourism	8.54	53.86	53.86	73.37	73.37
Total	354.20	1669.57	1886.33	3344.42	3322.80

BUDGET 2010-11
(Highlights)

- Estimates of Total Receipts (TR) – Rs. 25984 crore as against Rs. 22885 crore in 2009-10.
- Estimates of Total Expenditure (TE) also at Rs. 25984 crore as against Rs. 22885 crore in 2009-10.
- Highest ever Share in Central Taxes – Rs. 2911 crore under 13th Finance Commission Award as against Rs. 1880 crore in 2009-10.
- Central Grants also at a high of Rs. 3940 crore as against Rs. 2385 crore in 2009-10. However, the flow will be tapering with terminal year (2014-15) flow of Rs. 2096 crore.
- Revenue Receipts (RR) contribute Rs. 22849 crore, Capital Receipts Rs. 3135 crore.
- Revenue Expenditure (RE) including Security Related Expenditure (SRE) – Rs. 17698 crore, Capital Expenditure (CAPEX) – Rs. 8286 crore.
- Non Plan Revenue Expenditure (NPRE) consumes Rs. 16717 crore of which Rs. 2251 crore for interest payment.
- Non Plan Capital Expenditure (NPCE) of the order of Rs. 1211 crore of which Rs. 959 crore comprise loans repayment.
- Annual Plan 2010-11 size Rs. 7206 crore of which Rs. 1206 crore under Prime Minister's Reconstruction Plan (PMRP).
- Plan Revenue Expenditure (PRE) estimates at Rs. 927 crore. Plan Capital Expenditure (PCE) Rs. 6279 crore and Rs. 850 crore under CSS.
- Off-treasury developmental expenditure Rs. 3323 crore.
- Non-Plan salaries burden at Rs. 8179 crore including Rs. 725 crore for DA installments.
- Pension bill soars to Rs. 1800 crore as against Rs. 1495 crore in 2009-10.
- Rs. 8 crore for migrants' group mediclaim insurance.
- Rs. 15 crore set apart for 10% Employer's share under New Pension System introduced from January, 2010.
- Starting with fiscal 2007-08, an amount of Rs. 4 crore is being provided every year for settling outstanding of JAKFED towards JCCB crystallized at Rs. 80 crore.

- Besides Rs. 128 crore for maintenance under non-plan, Rs. 20 crore under Plan also for Flood Protection and R&B Sector.
- Rs. 7.62 crore for strengthening of Regional Rural Banks.
- Rs. 75 crore in Plan for implementation of Sher-e-Kashmir Employment & Welfare Programme for Youths.
- For bringing greater transparency and accountability in implementation of development programme, 150 projects worth Rs. 744 crore assigned to NABCONS and M/S Mckenzy.
- Rs. 60 crore for meeting cost of VRS/GHS in PSUs.
- Provision of Rs. 2051 crore for purchase of power from CPSUs and J&K SPDC.
- For Media, revision of Advertisement rates done after 2006. Rates enhanced by 40%. Budgetary provisions also increased by Rs. 150 lakh under REs 2009-10 and further by Rs. 245 lakhs in 2010-11.
- Completion of all ongoing Health and Educational institutions and making these fully operational by end 2010-11 a major thrust area under Plan.
- Rs. 30 crore for improving HT/LT network through CD route. Another Rs. 20 crore for creation of transformer bank.
- Rs. 35 crore envisaged for enhancing share capital of State Financial Corporation for its revival. Initial Rs. 5 crore provisioned in 2010-11.
- Rs. 20 crore for reactivation of worn out and procurement of new water supply pumps.
- Rs. 2 crore for strengthening the Planning mechanism.
- Plan outlay for Rural Development raised by 82%. Roads Sector gets 51% hike. Social Services receive 45% enhancement. Agriculture Sector outlay hiked by 28%.

STATE BUDGET: VARIOUS COMPONENTS

The State Budget comprises of three parts:

1. Consolidated Fund
2. Public Account
3. Contingency Fund

The Consolidated Fund is the source for all the “usual” budgetary transactions whether of capital, revenue or loan nature. State Tax and Non-Tax revenues are entered into the Consolidated Fund and any expenditure which are to be met from the Consolidated Fund must be voted by the State Legislature. Expenditures of ‘Charged’ nature are also met out of the Consolidated Fund.

The Consolidated Fund itself comprises of two parts:

- a) the revenue account ; and
- b) the capital account.

The revenue account comprises expenditures covering the routine administration of the State, such as wages, salaries, maintenance and repairs, telephone expenses, day to day office running expenses and other overheads. Expenditures relating to the creation of assets - and this includes most (but not all) of Plan expenditure - are in the Capital account.

Revenue receipts are all those incomes which do not incur repayment liability. These include, in addition to the State’s own revenues, grants from the Central Government for the financing of State Plans, as well as non-plan grants.

Capital receipts include internal debt, loans from the Center and the State’s recovery of its own loans advanced to State Corporations, Co-operative Societies, etc., and are entered in the capital account. On the outlay side of the capital account, there are expenditures corresponding to the State’s own investment outlay and disbursements, which are comprised of repayment of State public debt and the loans and advances made by the State to the various entities. Thus, both the capital and debt portions of the Consolidated Fund are under the Capital budget.

The Public Account includes those funds which do not rightly belong to the State but which the State holds in trust for other entities. This would include such items as deposits from Municipal Corporations, pension fund accumulations of the employees’ provident fund, and reserve and depreciation funds. It could rightly be characterized as the fund for which the State acts as “banker”.

The Contingency Fund, as its name implies, is a fund for emergency use. It does not, in fact, contain any “real” money, but is an accounting figure that is included in the Budget to cover generally the decretal amounts and other unforeseen emergent expenditures. Expenditure from the Contingency Fund can be made with Cabinet consensus alone and hence have the advantage that the budgetary procedure - involving legislative approval - is circumvented; albeit the seal of Legislature

subsequently to the expenditure thus incurred is a must. The monetary ceiling of Contingency Fund in most states is raised every few years through the budgetary process.

STATE REVENUE RECEIPTS:

State revenue receipts are, as stated earlier, those receipts for which the State has no re-payment liability and which are used to finance items of revenue expenditure. They consist of State tax revenues, non-tax revenues and grants from the Central Government.

Revenue sharing is a built-in feature of the Indian fiscal scene. The Indian Constitution assigns to the State and Central Governments specific expenditure responsibilities - Irrigation, Power, and Agriculture, among others, are the sectors of State responsibility, while Defence, Posts and Telegraphs, Railways etc. fall in the Center's domain.

Similarly, a breakdown has been made in the case of tax revenues, where many taxes, in the interests of efficiency and uniformity, are assigned to the Central Government and they are States enjoined from tapping these sources.

Share in Central Taxes represents the automatic revenue sharing, known as devolution, which all States receive. The States receive percent of the net tax revenues of the Centre. The proportion, in which these taxes are to be shared between the Centre and the States and amongst the States, is determined by the Finance Commission, a statutory body.

State Expenditures:

Expenditures are classified under two headings:

- a) revenue expenditures ; and
- b) capital expenditures.

Broadly speaking, the terms 'revenue expenditures' and 'current expenditures' are used interchangeably just as the terms 'capital expenditures' and 'investment'. The correlation, however, is not exact. There is some investment expenditures on revenue account (basically capital expenditures), which are required for carrying out general administration of the State, such as housing for civil servants. Likewise, current expenditures shown up on the capital account. Formally, the difference between revenue and capital expenditure is determined on the basis of whether the expenditures are financed from revenue or capital receipts.

Plan expenditures may be either revenue or capital expenditures, since the expenditures of a non-capital nature are financed through Plan during the Plan period (they become Non-Plan committed expenditures at the termination of the Plan); but they are always "developmental".

Revenue Budget:

Revenue spending (revenue expenditure) takes place from this budget. Salaries of government employees and military staff, perks for ministers, office furniture, grants to local bodies, subsidies, interest to be paid on loans taken, and pensions are all accounted for here and referred to as revenue spending. Any expenditure for the normal running of the Government, which does not lead to the creation of assets, is called revenue spending. This spending must be financed from revenue receipts, i.e. revenue that the Government earns. The Government earns revenue in the form of taxes (corporate, income), duties (excise, custom etc.), receipts, fee and interest and dividends (if the Government makes investments).

Capital Budget:

Capital spending (capital expenditure) refers to the money spent on creating assets (roads, highways, and dams), buying land or building, purchasing machinery and equipment. Loans from the Centre to various institutions or Government-run companies are clubbed here, too. Also included are any investments made by the Government in shares or other such instruments. This spending is financed from capital receipts, the money that the Government gets from loans. The loans can be from the public (market loans), from the Reserve Bank of India (the country's Central Bank) or from financial institutions.

Finance Bill:

Finance Bill consists the Government's proposals for the imposition of new taxes, modification of the existing tax structure or continuance of the existing tax structure beyond the period approved by the parliament.