

## INTRODUCTORY NOTES

This volume serves as an explanatory memorandum to the Budget of the Central Government in so far as the expenditure provisions are concerned. It is divided into three parts, viz, Part I- General, Part II - Non-Plan Expenditure and Part III - Plan Outlay. The Statements and Annexes which form part of this volume are self-explanatory and have been referred to in the write-up at appropriate places. The expenditure provisions included in the various Statements are net of recoveries and receipts in the case of Departmental Commercial Undertakings, so as not to inflate the figures of expenditure and receipts. Similarly, short-term loans and advances given to the States and recovered during the same year have also been netted.

2. The estimates of expenditure in this document exclude detailed analysis of transactions of Ministry of Railways. The Annual Financial Statement presented separately under Article 112 of the Constitution, however, incorporates the expenditure of all the Central Government Ministries/ Departments including that of the Ministry of Railways.

3. The Demands for Grants presented separately under Article 113 of the Constitution seek the approval of Parliament for "gross" amounts of expenditure without taking into account "recoveries" taken in reduction of expenditure in the accounts. Amounts of these recoveries are also shown in the respective Demands for Grants. The expenditure under each major head of account is shown in the Annual Financial Statement net of these recoveries. A further netting of some non-debt receipts is done in this document, as explained above, to facilitate proper appreciation of various items of expenditure. Annex 1 to this document shows expenditure under each major head of account after such adjustments. Annex 2 reconciles the totals of Annex 1 and the expenditure totals in the Annual Financial Statement, as well as in the Demands for Grants.

4. The Plan estimates of 2016-17 has to be seen in the context of the revised funding pattern on the recommendations of the Sub-group of Chief Ministers on Rationalisation of Centrally Sponsored schemes. As per the decision of Government, the existing funding pattern of schemes defined as 'core of the core' have been retained. A list of these schemes is attached at Annexure A.

5. The funding pattern of 'core' schemes, which also form part of the National Development agenda, will be shared 60:40 between the Centre and the States (90:10 for the 8 North Eastern States and 3 Himalayan states). A list of these schemes is attached at Annexure B.

6. In case a scheme/sub-scheme in the above list has a Central Funding pattern of less than 60:40, the existing funding pattern will continue. The other optional schemes as listed in Annexure B will be optional for the State Governments and their fund sharing pattern will be 50:50 between the Centre and the States (80:20 for the 8 North Eastern States and 3 Himalayan States).

7. With a view to give further boost to public investment in Infrastructure, it has been decided to mobilise additional resources to the extent of ₹31,300 crore through issuance of Bonds through the Public Sector Enterprises under selected Ministries. The details of the finances so raised are given in Annexure C.

8. For effective outcome based monitoring of implementation of the programmes and schemes and to ensure optimum utilisation of resources, an exercise to rationalise Plan and Non-Plan schemes of all Ministries and Departments had been undertaken. The existing programmes and schemes have been re-organised into outcome based Umbrella programmes and schemes to avoid thin spread of resources. The rationalized set of schemes will further pave way for merging of schemes/ sub schemes reflected in the respective Detailed Demands for Grants of the Ministries/ Departments, for a more compact framework. This will help the Ministries/ Departments gain more flexibility in execution of the schemes.

9. With a view to bring out a more holistic picture of budgetary allocation and for effective review of the execution of the budget, some Demands for Grants of separate administrative units in one Ministry have been merged together/ subsumed into the Demand for Grant of the main Ministry/Department. Accordingly, the number of Demands for Grants, with the approval of Estimates Committee, has been reduced from 109 to 98 in Budget 2016-17.

10. The following new statements have been added in this document in BE (2016-17).

(i) Assistance given to Autonomous/Grantee Bodies.

(ii) Statement showing position of major reserve funds operated in the Public Account.