

Chapter 8

BUDGETING: ANALYSIS OF ESTIMATES

The Annual Budget: Significance of Estimates

8.1 The budget presents three sets of figures: (a) actuals for the preceding year, (b) revised estimates for the current year, and (c) budget estimates for the forthcoming financial year. This chapter contains comments as regards the quality of fiscal marksmanship by comparing budget estimates with the corresponding actuals.

8.2 Several reasons account for the departures of budget estimates from their corresponding realisations. One, actuals may differ from the estimates because of unanticipated and random external events that affect growth of output and therefore tax bases. Secondly, methodological inadequacies may lead to underestimation or overestimation of expenditures or revenues. If there is an estimation error arising because of systemic influences affecting resources or expenditures, these will be reflected in persistent over or under estimation of the relevant budgetary magnitudes. Thirdly, it might be convenient at times to under project some critical numbers like the revenue and fiscal deficits and over project others, like tax or non-tax revenues.

8.3 Changes in revenues in the forthcoming year depend not only on changes that affect tax rates, exemptions, definitions, etc., but also on changes that occur in the tax bases and tax compliance, which may depend to some extent on exogenous factors. Expenditures, on the other hand, are budgeted on the basis of demands for grants that emanate from various ministries/departments. While some expenditures are committed and/or charged on the CFI, others are voted by Parliament. Efficient budgeting would require that, in both cases, the government anticipates external events and broad trends of the economy and presents estimates of resources and expenditures with a fair degree of certitude.

Estimating Revenue and Fiscal Deficits

The Union budget has persistently under estimated revenue and Fiscal Deficits.

8.4 Table 8.1, which presents the budget estimates and corresponding actuals for revenue and fiscal deficits in the Union budget for the period 1990-91 to 1999-00, indicates that the budget estimates were wide off the mark. Furthermore, the error was almost always unidirectional, viz. the budgets under projected the deficits. The extent of under-projection has often been

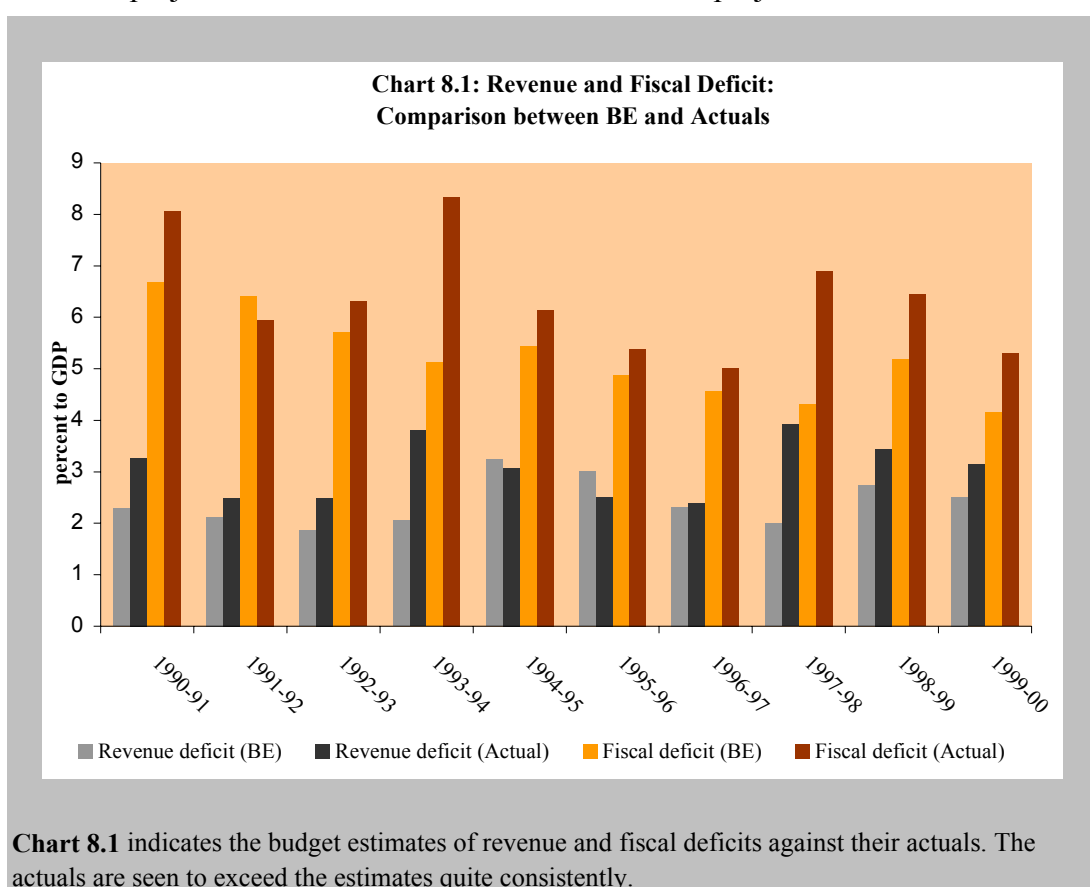


Chart 8.1 indicates the budget estimates of revenue and fiscal deficits against their actuals. The actuals are seen to exceed the estimates quite consistently.

large. For revenue deficit, but for two years in the mid nineties, the deficit was always under estimated and the extent of under estimation has been as high as 49.08 percent. For fiscal deficit, there was under projection in nine out of ten years, and the extent of error was highest at 38.67 percent in 1993-94, and only a little lower, at 37.44 percent, in 1997-98. For both revenue and fiscal deficits, in the last three years in the nineties, estimation errors were large ranging from 20 to 50 percent of the respective actuals.

8.5 Revenue and fiscal deficits are one of the key indicators of the fiscal health of an economy. A low level of revenue deficit is considered desirable. Reduction in fiscal deficit relative to the GDP is also considered desirable, especially if the debt position is not sustainable and the interest payments are high. Projecting improvements in revenue and fiscal deficits therefore signals a better management of government finances. The trend analysis over the last ten years suggests, however, that there might be a tendency to under project the likely level of these deficits; and to hold out, as it were, a rosier picture. Persistence of the errors in one direction further indicates that the government has not really brought about much improvement in the methodology of projections and have taken little lessons from the past errors. The following paragraphs present a study of the quality of estimation of individual components on the side of resources as also expenditures to further look at the sources of errors in determining the deficits.

Table 8.1: Budget Estimates *vis-à-vis* Actuals: Revenue and Fiscal Deficits

Rs in crore

Year	Revenue deficit				Fiscal deficit			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	13031	18561	5530	29.79	38004	45887	7883	17.18
1991-92	13854	16261	2407	14.80	41838	38836	-3002	-7.73
1992-93	13882	18574	4692	25.26	42674	47140	4466	9.47
1993-94	17629	32715	15086	46.11	43959	71677	27718	38.67
1994-95	32727	31029	-1698	-5.47	54915	62079	7164	11.54
1995-96	35541	29731	-5810	-19.54	57634	63689	6055	9.51
1996-97	31475	32654	1179	3.61	62266	68242	5976	8.76
1997-98	30265	59433	29168	49.08	65454	104621	39167	37.44
1998-99	48068	60567	12499	20.64	91025	113298	22273	19.66
1999-00	49147	61642	12495	20.27	81220	103749	22529	21.71

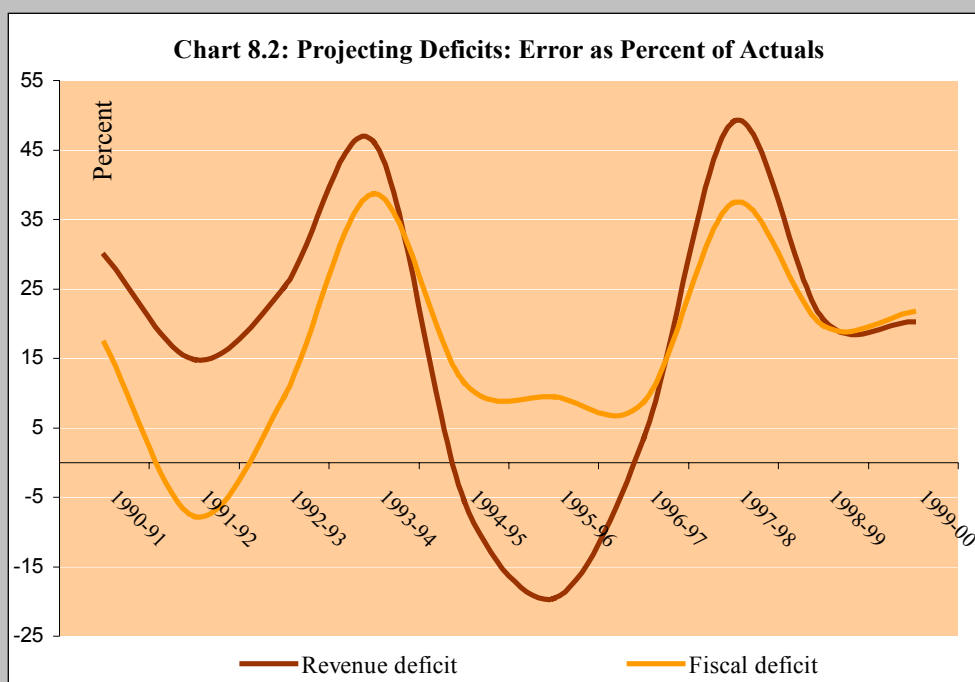


Chart 8.2 presents estimation error i.e., the excess of actual over the budget estimate as percent of actual. As long as the concerned line is above the horizontal axis, there is under estimation. Fiscal deficit is clearly above the horizontal axis.

Estimating Receipts

The government have persistently overestimated the receipts; 1999-2000 was a notable exception in recent years.

8.6 Table 8.2 shows the budget estimates and corresponding actuals of revenue receipts, non-debt capital receipts, recovery of loans and advances and receipt of public debt. In each case, the difference has also been shown as a percentage of the actual.

8.7 Revenue receipts were overestimated in seven out of ten years, the highest deviation between the budget estimates and the actuals was more than 9 percent of the actual. Except for 1994-95 and 1995-96, in all the other years, there was an overestimation of revenue receipts. This indicates that some systemic elements have been missed out in preparing the budget estimates. The year under review, 1999-00, however was an exception where the realisations turned out to be higher.

8.8 The tendency to overestimate receipts was however most pronounced in the case of non-debt capital receipts, which mainly come from disinvestments. In six out of nine years, actuals fell short of the budgeted amounts and the percentage variations are rather large.

8.9 A similar tendency of overestimation is noticeable in the case of recovery of loans and advances. In this instance, overestimation has become visible since 1993-94. In the case of receipts from public debt, in seven out of ten years, actuals have turned out to be lower than the budgeted amounts.

Table 8.2: Budget Estimates vis-à-vis Actuals: Revenue Receipts, Non-Debt Capital Receipts, Recovery of Loans and Advances, and Public Debt

Rs in crore

Year	Revenue receipts (net)				Non debt capital receipts			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	87769	84403	-3366	-3.99	0	0	0	
1991-92	100249	99830	-419	-0.42	2500	3038	538	17.71
1992-93	114518	114220	-298	-0.26	2500	1961	-539	-27.49
1993-94	130851	119602	-11249	-9.41	3500	-48	-3548	7391.67
1994-95	142922	146670	3748	2.56	4000	5607	1607	28.66
1995-96	160586	168571	7985	4.74	7000	1397	-5603	-401.07
1996-97	198254	193718	-4536	-2.34	5000	455	-4545	-998.90
1997-98	231076	218299	-12777	-5.85	4800	912	-3888	-426.32
1998-99	247315	239889	-7426	-3.10	5000	5874	874	14.88
1999-00	279672	281553	1881	0.67	10000	1724	-8276	-480.05

Year	Recovery of loans and advances				Receipt of Public Debt			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	5685	6769	1084	16.01	138921	105652	-33269	-31.49
1991-92	6778	7001	223	3.19	105672	90586	-15086	-16.65
1992-93	7608	7678	70	0.91	97536	103379	5843	5.65
1993-94	8073	7611	-462	-6.07	111500	169638	58138	34.27
1994-95	7831	6507	-1324	-20.35	207085	157607	-49478	-31.39
1995-96	7862	6999	-863	-12.33	221948	180966	-40982	-22.65
1996-97	8184	8696	512	5.89	233674	210042	-23632	-11.25
1997-98	9916	9596	-320	-3.33	262772	376665	113893	30.24
1998-99	11560	13189	1629	12.35	412547	395297	-17250	-4.36
1999-00	13337	12552	-785	-6.25	601649	560823	-40825	-7.28

Receipts from the Public Account have been generally underestimated.

8.10 For public account receipts, the tendency to overestimate receipts is reversed. Actuals have turned out to be higher than the budgeted magnitudes in all the ten years and the percentage variation relative to the actuals have always been

higher than 20 percent. This indicates that the government is falling back more and more on the public account for meeting its unanticipated shortfall in receipts.

Estimating Disbursements

Revenue expenditures have been generally underestimated, and capital expenditures, overestimated.

8.11 On the side of disbursements/expenditures, the budget estimates reflect the tendency of underestimation of revenue expenditures and disbursement of loans and advances. On the other hand, capital expenditure is overestimated and the repayment of debt is also generally overestimated.

8.12 Table 8.3 indicates that in the case of revenue expenditure, for nine out of ten years, the budget estimates have fallen short of the actuals. On the other hand, in six out of ten years, actual capital expenditure fell short of the budgeted amount. This indicates that capital expenditure has been used to partially bear the burden of adjustment when resources have fallen short of expectations.

Table 8.3: Budget Estimates *vis-à-vis* Actuals: Revenue and Capital Disbursement, Disbursement of Loans and Advances and Repayment of Debt

<i>Rs in crore</i>								
Year	Revenue Expenditure				Capital Expenditure			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	100800	102964	2164	2.10	14165	13387	-778	-5.81
1991-92	114103	116091	1988	1.71	16947	13911	-3036	-21.82
1992-93	128399	132794	4395	3.31	20825	20586	-239	-1.16
1993-94	148480	152317	3837	2.52	19796	24650	4854	*19.69
1994-95	175649	177699	2050	1.15	20618	19266	-1352	-7.02
1995-96	196128	198302	2174	1.10	16122	17544	1422	8.11
1996-97	229729	226372	-3357	-1.48	15702	15704	2	0.01
1997-98	261341	277732	16391	5.90	19174	20225	1051	5.20
1998-99	295383	300456	5073	1.69	28168	25200	-2968	-11.78
1999-00	328819	343195	14376	4.19	30665	29023	-1642	-5.66
Year	Disbursement of loan and advances				Repayment of Debt			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	16492	20708	4216	20.36	119871	81661	-38210	-46.79
1991-92	20315	18703	-1612	-8.62	84149	66419	-17730	-26.69
1992-93	18076	17619	-457	-2.59	75040	71710	-3330	-4.64
1993-94	18106	21874	3768	17.23	90629	117951	27322	23.16
1994-95	19895	23898	4003	16.75	168638	133271	-35367	-26.54
1995-96	22356	24810	2454	9.89	184928	139246	-45682	-32.81
1996-97	28923	29035	112	0.39	201914	170448	-31466	-18.46
1997-98	31325	35471	4146	11.69	227229	331050	103821	**31.36
1998-99	36241	46594	10353	22.22	359080	322679	-36401	-11.28
1999-00	24745	27359	2614	9.55	360893	305088	-55805	-18.29

* Owing mainly to issue of special securities to nationalized banks, which increased from Rs 701.25 crore in 1992-93 to Rs 5722.77 in 1993-94.

** Owing mainly to deposits from oil companies in petroleum bonds, which they received from the Union government in repayment of their dues accumulated in oil pool deficit accounts.

**The CAG's Report on
Union Government Accounts 1999-2000**

8.13 Table 8.3 also indicates that disbursement of loans and advances has consistently been more than the budgeted amount since 1993-94. The difference has been maximum in 1998-99 amounting to 22.22 percent of the actual outcome.

8.14 Table 8.4 gives a consolidated view of the quality of budget estimates pertaining to the disbursements from the CFI. The tendency of overestimation of some components and underestimation of others, as noted above leads to an overall picture of overestimation of disbursement from the CFI. In seven years out of the ten years, there has been an overestimation of disbursements. This bias has become more pronounced since 1994-95, where with the exception of one year, there has always been overestimation of disbursement.

Table 8.4: Budget Estimates *vis-à-vis* Actuals: Total Disbursement of Consolidated Fund, Discharges of Liabilities of Public Account, Contingency Fund and Total Disbursement

Rs in crore

Year	Total Disbursement of Consolidated Fund				Discharges of liabilities of Public Account			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	251328	218721	-32607	-14.91	27489	41871	14382	34.35
1991-92	235514	215124	-20390	-9.48	32596	51824	19228	37.10
1992-93	242340	242709	369	0.15	37424	57895	20471	35.36
1993-94	277011	316792	39781	12.56	45959	68740	22781	33.14
1994-95	384800	354134	-30666	-8.66	55141	71157	16016	22.51
1995-96	419534	379902	-39632	-10.43	60192	89381	29189	32.66
1996-97	476268	441559	-34709	-7.86	59827	99134	39307	39.65
1997-98	539069	664478	125409	18.87	62124	109704	47580	43.37
1998-99	718872	694929	-23943	-3.45	77557	118876	41319	34.76
1999-00	745122	704665	-40457	-5.74	312119	367612	55493	15.10
Year	Contingency Fund				Total Disbursement			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	--	--	0	0.00	27817	260592	232775	89.33
1991-92			0	0.00	268110	266948	-1162	-0.44
1992-93			0	0.00	279764	300604	20840	6.93
1993-94			0	0.00	322970	385532	62562	16.23
1994-95			0	0.00	439941	425291	-14650	-3.44
1995-96			0	0.00	479726	469283	-10443	-2.23
1996-97			0	0.00	536095	540693	4598	0.85
1997-98			0	0.00	601193	774182	172989	22.34
1998-99		27	27	100.00	796429	813832	17403	2.14
1999-00			0	0.00	1057241	*1072278	15037	1.40

* Differs due to rounding

Budget estimates of discharge of public liabilities have fallen short of actuals in all the years during the nineties without exception.

8.15 This tendency is however reversed in the case of discharge of public liabilities also shown in Table 8.5, where the budget estimates have fallen short of the actuals by a wide margin in all the ten years without exception. In eight of these ten years, the prediction error has been more than 30 percent of the relevant actuals.

Estimating tax and non-tax revenues

8.16 Table 8.5 indicates the direction of error in estimating tax and non-tax revenues. The pronounced bias is that of over-estimating revenues. In eight out of ten years, leaving two years in the mid-nineties (1994-95 and 1995-96), tax revenues were over-predicted. This was also the general direction of error in non-tax revenues up to 1997-98. In the last two years, non-tax revenues did better than expectations.

Table 8.5: Estimating Tax and Non-Tax Revenues

Year	*Tax Revenue				Non-Tax Revenue			
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	Actual minus BE	Difference as % of actual
	1990-91	59606	57575	-2031	-3.53	32227	30947	-1280
1991-92	68320	67361	-959	-1.42	36494	37573	1079	2.87
1992-93	75459	74639	-820	-1.10	44927	45641	714	1.56
1993-94	85408	75742	-9666	-12.76	52578	51627	-951	-1.84
1994-95	87136	92297	5161	5.59	63990	62932	-1058	-1.68
1995-96	103762	111224	7462	6.71	66558	68621	2063	3.01
1996-97	132145	128762	-3383	-2.63	79517	78472	-1045	-1.33
1997-98	153647	139220	-14427	-10.36	93119	92587	-532	-0.57
1998-99	155931	143797	-12134	-8.44	105329	110572	5243	4.74
1999-00	176774	171753	-5021	-2.92	119885	126323	6438	5.10

Source for BE: Annual Financial Statement.

* Includes share of income tax assigned to states.

Estimating Direct and Indirect Tax Revenues

Revenue from the indirect taxes have fallen short of budgeted amounts in most of the years during the nineties. The tendency to overestimate the revenues from the Union excise duties is especially pronounced.

8.17 Table 8.6 presents a comparison of the budget estimates and the corresponding actuals for major direct taxes. In the latter part of the nineties, the actuals fell consistently short of the budget estimates in the case of both corporation tax and income tax.

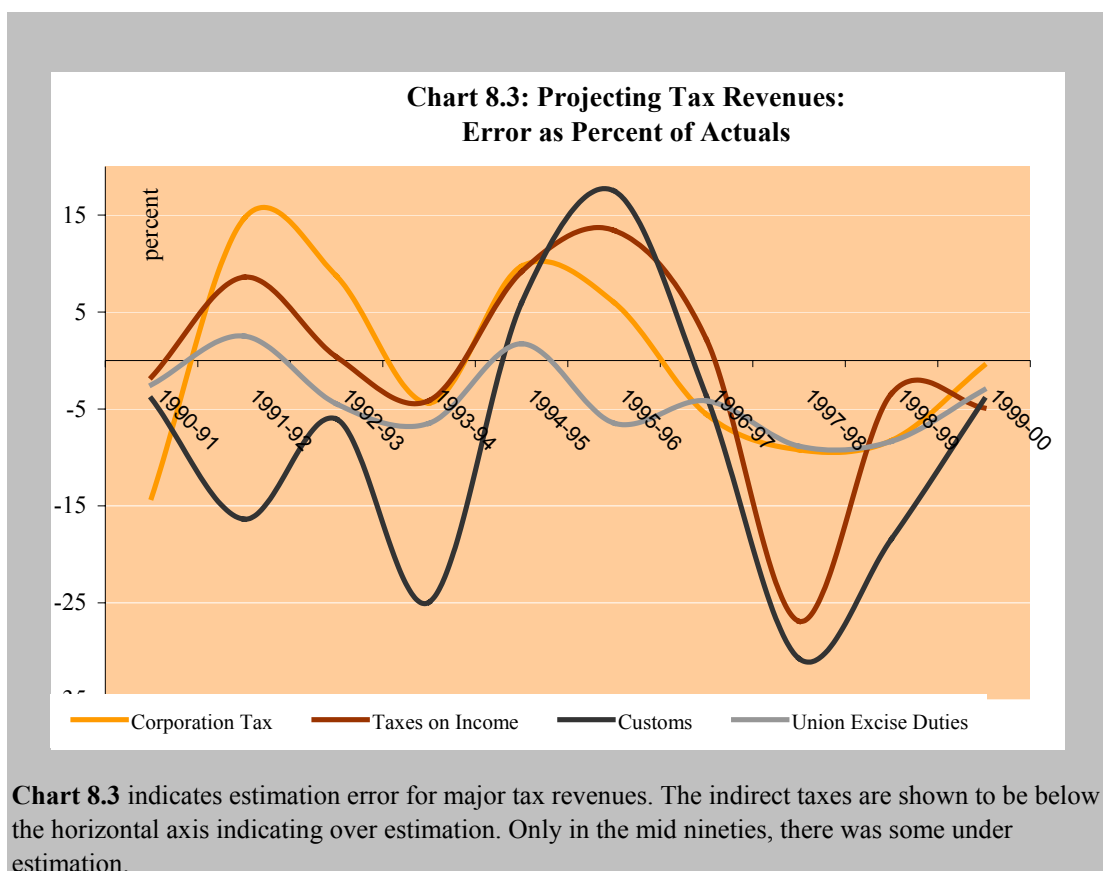


Chart 8.3 indicates estimation error for major tax revenues. The indirect taxes are shown to be below the horizontal axis indicating over estimation. Only in the mid nineties, there was some under estimation.

Table 8.6: Budget Estimates of Major Direct Taxes

Rs in crore

Year	Corporation Tax				Taxes on Income*			
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	Actual minus BE	Difference as % of actual
1990-91	6089	5335	-754	-14.13	5426	5335	-91	-1.71
1991-92	6704	7853	1149	14.63	6152	6731	579	8.60
1992-93	8125	8899	774	8.70	7870	7898	28	0.35
1993-94	10500	10060	-440	-4.37	9500	9123	-377	-4.13
1994-95	12480	13822	1342	9.71	10927	12029	1102	9.16
1995-96	15500	16487	987	5.99	13500	15592	2092	13.42
1996-97	19600	18567	-1033	-5.56	17843	18234	391	2.14
1997-98	21860	20016	-1844	-9.21	21700	17101	-4599	-26.89
1998-99	26550	24529	-2021	-8.24	20930	20240	-690	-3.41
1999-00	30850	30692	-158	-0.51	26910	25655	-1255	-4.89

8.18 Table 8.7 looks at the quality of budget estimates for major indirect taxes. Custom duties have been over projected throughout the nineties except for 1994-95 and 1995-96. The percentage variation has been as high as 31 percent in 1997-98. Clearly the impact of rate reduction in custom duties and the growth of imports were not properly estimated.

8.19 Revenues from Union excise duties have also been over projected in the budgets during the nineties. The only exceptions are 1991-92 and 1994-95. Since 1995-96, the Union excise duties have been over budgeted in all the years.

Table 8.7: Budget Estimates of Major Indirect Taxes

Rs in crore

Year	Customs				Union Excise Duties			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	21460	20644	-816	-3.95	25125	24514	-611	-2.49
1991-92	25899	22257	-3642	-16.36	27402	28110	708	2.52
1992-93	25212	23776	-1436	-6.04	32211	30832	-1379	-4.47
1993-94	27727	22193	-5534	-24.94	33751	31697	-2054	-6.48
1994-95	25200	26789	1589	5.93	36700	37347	647	1.73
1995-96	29500	35757	6257	17.50	42780	40187	-2593	-6.45
1996-97	44435	42851	-1584	-3.70	46883	45008	-1875	-4.17
1997-98	52550	40193	-12357	-30.74	52200	47962	-4238	-8.84
1998-99	48148	40668	-7480	-18.39	57690	53246	-4444	-8.35
1999-00	50369	48420	-1949	-4.03	63779	61902	-1877	-3.03

Source for BE: Annual Financial Statement.

Estimating Public Account Receipts and Disbursements

Receipts from small savings and provident funds have been consistently under-budgeted. Discharges from the public account etc. have also been under-budgeted.

8.20 Table 8.8 indicates the quality of budgeting regarding receipts from some of the important funds in the public account of India. The receipts from small savings and provident funds have been under budgeted through out the nineties except 1991-92. The error was just under 40 percent in 1997-98. In many other years also, it has been rather high. The under projection of drawal from deposits and advances has been even more pronounced with the percentage variation between budget estimates and actuals being more than 50 percent in several years.

Table 8.8: Budget Estimates *vis-à-vis* Actuals: Public Account Receipts

Rs in crore

Year	Small Savings, Provident Funds etc.				Reserve Funds			
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	Actual minus BE	Difference as % of actual
1990-91	28273	34907	6634	19.00	5356	5203	-153	-2.94
1991-92	32305	32100	-205	-0.64	5297	5907	610	10.33
1992-93	34227	35176	949	2.70	6811	7574	763	10.07
1993-94	43111	48107	4996	10.39	9491	9114	-377	-4.14
1994-95	50429	58645	8216	14.01	10283	11356	1073	9.45
1995-96	52538	58879	6341	10.77	10836	13907	3071	22.08
1996-97	59140	61647	2507	4.07	13205	14643	1438	9.82
1997-98	57030	93768	36738	39.18	13003	15820	2817	17.81
1998-99	77091	94407	17316	18.34	14717	14730	13	0.09
1999-00	119789	133580	13791	10.32	16717	17614	897	5.09

Year	Deposits and Advances				Suspense and Miscellaneous		Remittances	
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	BE	Actual
1990-91	12812	22558	9746	43.20	--	1010	--	513
1991-92	15308	27021	11713	43.35	--	1248	--	247
1992-93	10565	28807	18242	63.32	--	766	--	503
1993-94	16444	30455	14011	46.01	--	1581	--	495
1994-95	17391	34125	16734	49.04	--	3190	--	355
1995-96	18956	38375	19419	50.60	--	1447	--	357
1996-97	18637	45981	27344	59.47	--	3771	--	1284
1997-98	22595	51427	28832	56.06	--	7358	--	1247
1998-99	28199	45054	16855	37.41	--	5038	--	588
1999-00	16078	57825	41747	72.20	--	5315	--	401

8.21 The budgetary estimation of disbursement/expenditure is examined next in Table 8.9. The discharge of liability on the public account were underprojected in the budget estimates. The pattern of disbursement largely is determined by maturity periods of the various instruments. These should be estimated with a fair degree of accuracy. In addition, similar errors should not be repeated year after year. The tendency to underestimate is visible in all the major public account funds. In the case of deposits and advances, small savings, and provident funds, the margin of error as percentage of the actuals, is quite high. The highest difference, in the case of small savings and the provident funds is a little more than 27 percent, and that in deposits and advances, a little more than 62 percent.

Table 8.9: Budget Estimates vis-à-vis Actuals: Disbursements from Public Account

Rs in crore

Year	Small savings, provident funds, etc.				Reserve fund			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	12325	14858	2533	17.05	4968	4686	-282	-6.02
1991-92	14256	17707	3451	19.49	4990	5363	373	6.96
1992-93	16499	19873	3374	16.98	6592	7263	671	9.24
1993-94	21718	24553	2835	11.55	9307	8834	-473	-5.35
1994-95	28503	26776	-1727	-6.45	9968	9842	-126	-1.28
1995-96	32238	37662	5424	14.40	10321	13211	2890	21.88
1996-97	32722	36001	3279	9.11	11460	12597	1137	9.03
1997-98	29834	40942	11108	27.13	12548	15409	2861	18.57
1998-99	39446	53012	13566	25.59	14064	17006	2942	17.30
1999-00	275130	294627	19497	6.62	17364	17434	70	0.40

Year	Deposits and Advances				Suspense and Miscellaneous		Remittances	
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	BE	Actual
1990-91	10196	20714	10518	50.78	--	1336	--	277
1991-92	13350	26267	12917	49.18	--	1744	--	744
1992-93	14333	28571	14238	49.83	--	999	--	1190
1993-94	14934	30056	15122	50.31	--	3905	--	1393
1994-95	16945	31380	14435	46.00	- 275	1686	--	1473
1995-96	18089	34552	16463	47.65	- 456	3268	--	689
1996-97	16392	44036	27644	62.78	- 747	3974	--	2516
1997-98	20993	47509	26516	55.81	- 1251	5219	--	624
1998-99	25298	43424	18126	41.74	- 1251	4749	--	685
1999-00	20601	52015	31414	60.39	- 976	2038	--	1498

Estimating Expenditures Revenue Account: Main Categories

Generally, expenditures on economic services have turned out to be under-estimates.

8.22 Table 8.10 examines the budget estimates of expenditures revenue account of general, social and economic services, and grants-in-aid against their corresponding actuals. Generally, it is expected that expenditures that have been provided for in the budget should not be exceeded in actual

practice. If the actuals are larger than the budgeted estimates, it may indicate occurrence of some unanticipated event for which supplementary demands might have been raised. If a persistent excess of actuals over the budgeted magnitudes is observed, it would signify methodological flaws or the intention to understate expenditures so that revenue and fiscal deficits may look lower at the time of the presentation of the budget than what these are likely to be. On the other hand, if actual expenditures fall short of the budgeted amount, it would indicate failures of a different kind. In particular, departments/ ministries may be unable to spend because of lack of proper sequencing of expenditures, which may all be concentrated in the month of March, or other inadequacies.

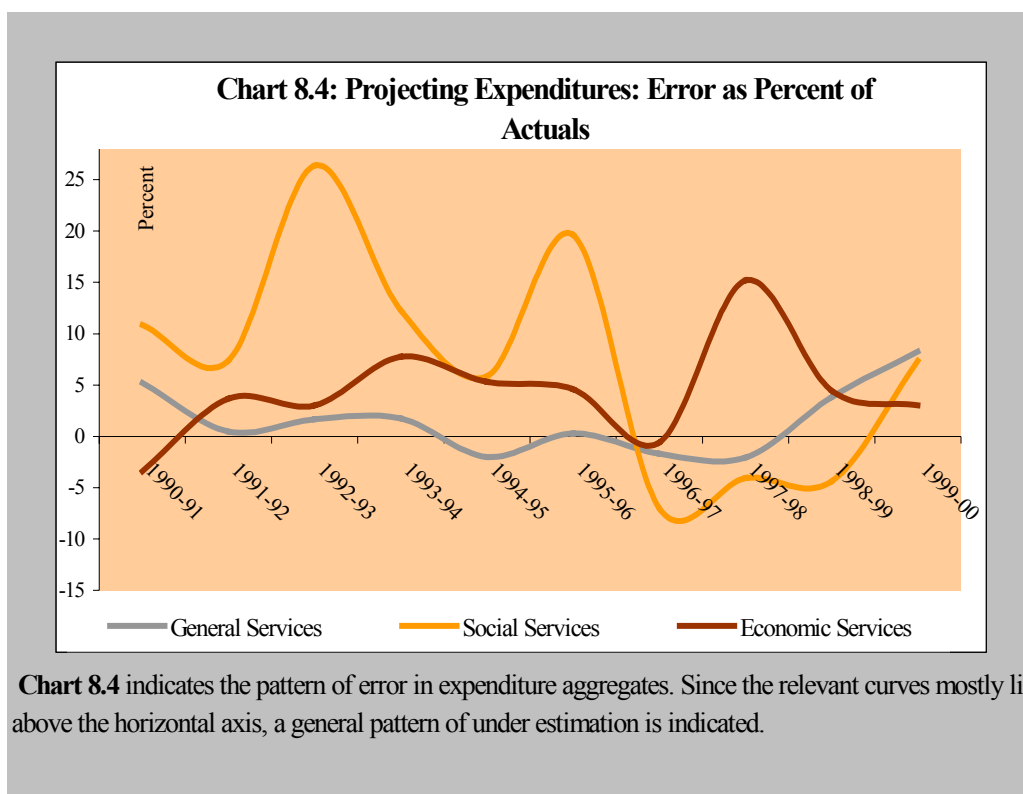


Table 8.10: Budget Estimates *vis-à-vis* Actuals: General, Social and Economic Services, and Grant-in-aid

Rs in crore

Year	General Services				Social Services			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	38940	41082	2142	5.21	3311	3715	404	10.87
1991-92	46980	47203	223	0.47	3740	4038	298	7.38
1992-93	54313	55234	921	1.67	3691	4524	833	18.41
1993-94	63090	64217	1127	1.75	4471	5096	625	12.26
1994-95	75232	73744	-1488	-2.02	5039	5353	314	5.87
1995-96	84660	84913	253	0.30	5906	7348	1442	19.62
1996-97	99481	97827	-1654	-1.69	9979	9325	-654	-7.01
1997-98	116710	114380	-2330	-2.04	12104	11633	-471	-4.05
1998-99	130368	135557	5189	3.83	14768	14147	-621	-4.39
1999-00	149742	163262	13520	8.28	15416	16638	1222	7.34

Year	Economic Services				Grant-in-aid			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	35413	34250	-1163	-3.40	21808	23920	2112	8.83
1991-92	35355	36710	1355	3.69	26591	28140	1549	5.50
1992-93	39220	40446	1226	3.03	29619	32590	2971	9.12
1993-94	43694	47368	3674	7.76	35415	35637	222	0.62
1994-95	58545	61836	3291	5.32	36220	36766	546	1.49
1995-96	63163	66202	3039	4.59	41701	39840	-1861	-4.67
1996-97	74303	73857	-446	-0.60	45170	45362	192	0.42
1997-98	83471	98451	14980	15.22	48216	53267	5051	9.48
1998-99	95245	99687	4442	4.46	53912	51066	-2846	-5.57
1999-00	102679	105877	3198	3.02	59745	57417	-2328	-4.05

8.23 In the case of general services, the errors show a mixed pattern. For seven out of the ten years, from 1990-91 to 1999-00, actual expenditures exceeded the budgeted amount. The maximum departure was in 1999-00 amounting to 8.28 percent of the actual. This could have been due to supplementary demands following the Kargil War.

8.24 In the case of social services, for three years running from 1996-97 to 1998-99, actuals fell short of the budgeted amounts indicating that social service expenditure might have been cut in the wake of shortfall in revenues and the need to contain the fiscal deficit. The general pattern for economic services is that of actuals exceeding the budgeted amounts and the same is true of grants-in-aid. The overall pattern in the case of expenditures therefore is that of underestimation of the budgeted amounts.