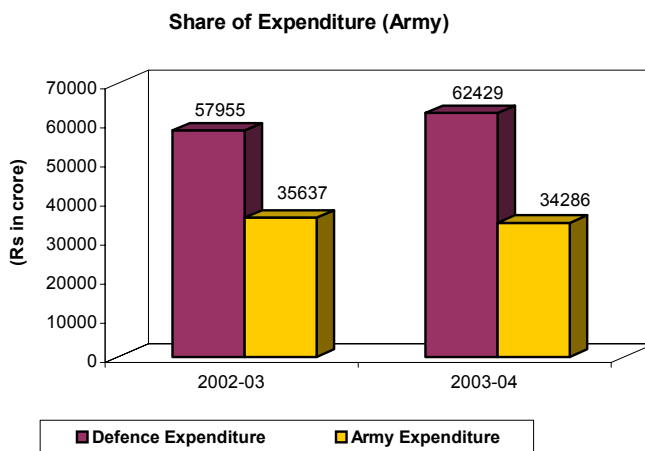


CHAPTER I : FINANCIAL ASPECTS

1. Financial Aspects

- 1.1** The total revenue and capital expenditure on Defence Services during 2003-04 was Rs 62429 crore, which was 7.72 per cent higher than the expenditure of 2002-03. The share of the Army in the total expenditure on Defence Services in 2003-04 was Rs 34286 crore, including that on capital acquisitions. This was 3.79 per cent less than the expenditure during the preceding year.



- 1.2** Expenditure on the Army during 2003-04 under broad categories is analysed in the following table:

(Rupees in crore)

	Expenditure during 2003-04	Expenditure during 2002-03	Percentage in relation to total expenditure of 2003-04
Pay and Allowances	13017.05	12733.97	37.97
Stores	9796.93	9466.48	28.57
Works	2546.13	2240.43	7.43
Other Expenses	3752.83	5905.49	10.94
Capital Acquisition	5173.30	5290.57	15.09
Total	34286.24	35636.94	100.00

- 1.3** The summarised position of appropriation and expenditure during 2003-04 in respect of the Army is reflected in the table below:

(Rupees in crore)

	Final Grant/ Appropriation	Actual Expenditure	Total unspent provision(-)/Excess(+)
REVENUE			
Voted	29640.65	29102.25	(-) 538.40
Charged	11.97	10.69	(-) 1.28
CAPITAL			
Voted	5089.06	5170.49	(+) 81.43
Charged	3.35	2.81	(-) 0.54
Total	34745.03	34286.24	(-) 458.79

The overall unspent provision of the Army constituted 1.32 *per cent* of the final grant/appropriation. An overall amount of Rs 5430.40 crore remained unutilised in the grants of Defence Services.

The total capital expenditure on Defence Services for the year 2003-04 was Rs 16862.61 crore. The Army accounted for 30.68 *per cent* of this expenditure.

1.4 An analysis of the Appropriation Accounts, Defence Services has been included in the Report of the Comptroller and Auditor General of India for the year ended March 2004: Union Government – Accounts of the Union Government (Report No.1 of 2005).