Current Fiscal Trends: 2001-02

Revenue Performance

2.32 The data available from the Controller General of Accounts for gross collections from major direct and indirect taxes for the first nine months (April-December, 2001) of the current year show an unsatisfactory performance. In case of direct taxes, collections from personal income tax and corporation tax at Rs.44,021 crore were lower by 1.2 per cent over the same period of last year. This compares with a robust increase of 30.8 per cent in the same period of the previous year. Collections from excise and custom duties at Rs.77,224 crore during April–December, 2001 posted a decline of 3.6 per cent compared with an increase of 4.9 per cent in April-December 2000. The unsatisfactory performance of tax collections during the current year have to be viewed in the backdrop of fiscal measures aimed at reducing the tax incidence through abolition of surcharges on direct taxes and customs in particular and also rate rationalisation and reduction in excise as well to stimulate growth. However, the tax stimulus has not yet translated into higher growth for industry which has a bearing on major sources of revenue in particular, viz, corporation tax, customs and excise.

2.33 The fiscal parameters for the nine months of the current fiscal year (April-December) reveal that as compared with the same period of 2000-01, there has been lower growth in revenue receipts and a higher growth in expenditure. Revenue Receipts (net to Centre) is the same at Rs.1,32,690 crore compared with Rs.1,32,691 crore in the same period of last year. Other receipts (mainly disinvestment receipts) were Rs.280 crore against budgeted target of Rs.12,000 crore. Borrowings and other liabilities at Rs.89,014 crore show an increase of 37.7 per cent compared with Rs.64,628 crore in the same period of last year. Total expenditure at Rs.2,33,718 crore increased by about 14 percent over the same period of the last year. However, because of the general slowdown in the economy and particularly in the industrial sector, tax revenue (net to Centre) declined by about 7 percent (Table 2.6).

Supplementary Demands for Grants

2.34 The first batch of supplementary demands for grants for the Central Government for 2001-02 includes thirty four grants. The approval of Parliament was sought for gross additional expenditure of Rs.3,709 crore. Of this, the proposals involving net cash outgo aggregate to Rs.1,414 crore while gross additional expenditure matched by savings of the concerned Departments or by enhanced receipts/recoveries aggregates to Rs.2,295 crore. The second batch of supplementary demands for grants for the Central Government for 2001-02 includes thirty one grants. The approval of Parliament was sought for gross additional expenditure of Rs.3,396 crore. The proposals involving net cash outgo aggregate to Rs.2,025 crore while gross additional expenditure matched by savings of the concerned Departments or by enhanced receipts/ recoveries total Rs.1,371 crore.

Expenditure Management

2.35 The Budget carried forward the process of bringing about changes in the composition of Central Government expenditure and effecting economy in non-plan expenditure. To this end the Budget envisaged revision in the user charges for services provided by Government and its agencies keeping in view the increased cost of these services; moderate revision in postal rates to contain the rising postal deficit; scrutiny of all requirements of recruitment to ensure that fresh recruitment is limited to 1 per cent of total civilian staff strength; raising standard licence fee on Government accommodation by 50 per cent for Group A, 25 per cent for Group B and 15 per cent for other categories of staff; suspension of facility of LTC to Central Government employees for 2 years for the remaining part of the 4 year block period; and use of information technology in Government activities with large public interface to be maximised to promote efficiency.

2.36 Among the measures to improve the quality of expenditure, the budget has stressed that all existing schemes would be subject to zero-based budgeting and only those that are

TABLE 2.6
Central Government Finances

	Budget Estimates 2001-02	April-December *		Col. 4 as % of BE 01-02	5 years moving average for the corresponding period (% to BE)	% Change over 2000-01 (Col. 4/3)
		2000-01	2001-02			
		(Rs. crore)				
1	2	3	4	5	6	7
1. **Revenue receipts**	**231745**	**132691**	**132690**	**57.3**	**63.4**	**0.0**
Tax revenue (net to Centre)	**163031**	**91605**	**84996**	**52.1**	**62.8**	**-7.2**
Non tax revenue	**68714**	**41086**	**47694**	**69.4**	**65.0**	**16.1**
2. **Capital receipts**	**143478**	**72130**	**101028**	**70.4**	**62.5**	**40.1**
of which:						
Recovery of loans	15164	7266	11734	77.4	58.4	61.5
Other receipts	12000	236	280	2.3	7.9	18.6
Of which: Disinvestment proceeds committed for redemption of public debt						
Borrowings and other liabilities	116314	64628	89014	76.5	67.6	37.7
3. **Total receipts (1+2)**	**375223**	**204821**	**233718**	**62.3**	**63.1**	**14.1**
4. **Non-plan expenditure (a)+(b)**	**275123**	**154064**	**171778**	**62.4**	**64.7**	**11.5**
(a) Revenue account	**250341**	**144440**	**161131**	**64.4**	**63.5**	**11.6**
of which:						
Interest payments	112300	63385	71974	64.1	58.6	13.6
Major subsidies	27845	15931	15969	57.3	—	0.2
Pensions	15059	8772	9358	62.1	—	6.7
(b) Capital account	**24782**	**9624**	**10647**	**43.0**	**69.8**	**10.6**
5. **Plan expenditure (i)+(ii)**	**95100**	**50757**	**61940**	**65.1**	**58.7**	**22.0**
(i) Revenue account	60225	29075	38118	63.3	57.1	31.1
(ii) Capital account	34875	21682	23822	68.3	61.0	9.9
(iii) Lump sum provision for additional Plan expenditure linked to disinvestment receipts	5000	—	—	—	—	—
6. **Total expenditure (4)+(5)=(a)+(b)**	**375223**	**204821**	**233718**	**62.3**	**63.1**	**14.1**
(a) Revenue expenditure	310566	173515	199249	64.2	62.2	14.8
(b) Capital expenditure	64657	31306	34469	53.3	66.1	10.1
7. **Revenue deficit**	**78821**	**40824**	**66559**	**84.4**	**56.3**	**63.0**
8. **Fiscal deficit**	**116314**	**64628**	**89014**	**76.5**	**67.7**	**37.7**
9. **Primary deficit**	**4014**	**1243**	**17040**	**424.5**	**—**	**—**

* Provisional and unaudited as reported by Controller General of Accounts, Department of Expenditure, Ministry of Finance.

demonstrably efficient and essential would be retained. Besides, Centrally sponsored schemes that can be transferred to States will be identified and resource flows will be linked to performance.