

Consolidated General Government

2.41 The combined fiscal position of the Centre and States reveals the magnitude of the problem of fiscal consolidation. The combined fiscal deficit of the Centre and States, after showing some improvement in the mid-nineties has started deteriorating again. The combined fiscal deficit in 2001-02(RE) was 10.0 percent of GDP as compared with 9.4 percent of GDP in 1990-

91. The situation would be more alarming if the contingent liabilities and deficits of State enterprises are taken into account. The combined fiscal deficit is budgetted at Rs.2,26,830 crore (9.3 percent of GDP) in 2002-03 (Table 2.11).

2.42 The deterioration in the fiscal situation is the outcome of growing deficits on the revenue account. The revenue deficit

Table 2.11 : Combined receipts and disbursements of the Central and State Governments

	1990-91	1997-98	1998-99	1999-2000	2000-01	2001-02 (RE)	2002-03# (BE)
(Rs. crore)							
I. Total receipts(A+B)	152398	394492	459746	542616	597963	670991	736636
A. Revenue receipts (1+2)	105757	270810	287686	343741	378836	425765	490763
1. Tax receipts	87564	217313	233069	274974	305631	330831	388014
2. Non-tax receipts	18193	53497	54617	68767	73205	94934	102729
of which:							
Interest receipts	24995	15239	16175	18202	17604	19243	23802
B. Capital receipts	46641	123682	172060	198875	219127	245226	245873
of which:							
a) Disinvestment proceeds	—	912	6379	1724	2125	5000	12000
b) Recovery of loans & advances	4336	7796	7115	5905	10466	12708	7727
II. Total disbursements(a+b+c)	163673	392389	463265	545813	595617	678129	741815
a) Revenue	129628	333592	399237	465135	517637	578038	634363
b) Capital	22177	42455	46014	59166	60213	78799	88869
c) Loans and advances	11868	16342	18014	21512	17767	21292	18583
III. Revenue deficit	23871	62782	111551	121394	138803	152273	143600
IV. Gross fiscal deficit	53580	110743	157053	184826	199853	228716	226830
(As percent of GDP)							
I. Total receipts(A+B)	26.8	25.9	26.4	28.0	28.4	29.2	30.1
A. Revenue receipts (1+2)	18.6	17.8	16.5	17.7	18.0	18.5	20.0
1. Tax receipts	15.4	14.3	13.4	14.2	14.5	14.4	15.8
2. Non-tax receipts	3.2	3.5	3.1	3.6	3.5	4.1	4.2
of which:							
Interest receipts	4.4	1.0	0.9	0.9	0.8	0.8	1.0
B. Capital receipts	8.2	8.1	9.9	10.3	10.4	10.7	10.0
of which:							
a) Disinvestment proceeds	0.0	0.1	0.4	0.1	0.1	0.2	0.5
b) Recovery of loans & advances	0.8	0.5	0.4	0.3	0.5	0.6	0.3
II. Total disbursements(a+b+c)	28.8	25.8	26.6	28.2	28.3	29.5	30.3
a) Revenue	22.8	21.9	22.9	24.0	24.6	25.2	25.9
b) Capital	3.9	2.8	2.6	3.1	2.9	3.4	3.6
c) Loans and advances	2.1	1.1	1.0	1.1	0.8	0.9	0.8
III. Revenue deficit	4.2	4.1	6.4	6.3	6.6	6.6	5.9
IV. Gross fiscal deficit	9.4	7.3	9.0	9.5	9.5	10.0	9.3
# The ratios to GDP at current market prices for 2002-03 (BE) are based on CSO's Advance Estimates released in February, 2003.							
Source : Reserve Bank of India.							

increased from 4.2 percent of GDP in 1990-91 to 6.6 percent in 2001-02(RE). Fiscal deficits driven more by deficit on the revenue account than by capital expenditure have implications for the growth of the economy. Revenue deficit is sought to be brought down to 5.9 percent of GDP in the budget estimates of 2002-03.

2.43 The main reason for the growing deficits on the revenue account is the near stagnation in the growth of revenue and rigidities in controlling expenditure on the

revenue account, the bulk of which consists of wages and salaries and interest payments. The quality of expenditure has worsened over the years. The share of capital expenditure in total expenditure had come down from 13.5 percent in 1990-91 to 10.1 percent in 2000-01. The share has improved to 11.6 percent in 2001-02 (RE) mainly on account of the step up in the capital expenditure to revive the economy from industrial slowdown. The share is budgeted to improve to 12.0 percent in 2002-03.