

### **Central Government finances 2002-03**

2.4 The year 2002-03 witnessed one of the severest droughts in recent years resulting in a negative growth of 5.2 per cent in the agriculture sector and pulling down the overall real GDP growth to 4.0 per cent from the previous year's 5.8 per cent. However, the industrial sector recorded a higher growth of 6.4 per cent in 2002-03 compared with 3.4 per cent in the previous year, resulting in an improvement in tax collections. Gross tax revenue of the Centre recorded an increase of 15.6 per cent in 2002-03 as compared with a decline of 0.8 per cent in the previous year. Despite a higher growth, gross tax collections fell short of the budget estimate (BE) by Rs.19,534 crore. Non-tax revenues at Rs.72,323 crore exceeded the BE marginally by Rs.183 crore. Total revenue receipts (net to the Centre) were lower than

the BE by Rs.13,357 crore on account of shortfall in tax collections. Higher capital receipts on account of prepayment of high cost loans by States were used to redeem special Government of India securities issued to the National Small Savings Fund.

2.5 Total expenditure of the Government remained within the budget estimate. While revenue expenditure was marginally lower than the budget estimate by 0.3 per cent, capital expenditure fell short of the BE by 13 per cent. Non-plan expenditure was contained within the BE. Plan expenditure was lower than the BE by 1.8 per cent. Revenue deficit remained at the previous year's level of 4.4 per cent. Fiscal deficit at Rs.1,31,306 crore was lower than that of the previous year, both in absolute terms and in terms of per cent of GDP, mainly on account of lower than budgeted total expenditure (Table 2.2).

**Table 2.2 : Receipts and expenditure of the Central Government**

	1990-91	1999-00	2000-01	2001-02	2002-03	2003-04 (B.E.)	2003-04* (Prov.)
(Rs crore)							
<b>1. Revenue receipts (a+b) (net)</b>	<b>54954</b>	<b>181482</b>	<b>192605</b>	<b>201306</b>	<b>231748</b>	<b>253935</b>	<b>263000</b>
(a) Tax revenue (Net of States' share)	42978	128271	136658	133532	159425	184169	186932
(b) Non-tax revenue	11976	53211	55947	67774	72323	69766	76068
<b>2. Revenue expenditure</b>	<b>73516</b>	<b>249078</b>	<b>277838</b>	<b>301468</b>	<b>339627</b>	<b>366227</b>	<b>361308</b>
of which:							
(a) Interest payments	21498	90249	99314	107460	117804	123223	124261
(b) Major subsidies	9581	22678	25860	30094	40416	48636	43569
(c) Defence expenditure	10874	35216	37238	38059	40709	44347	42597
<b>3. Revenue deficit (2-1)</b>	<b>18562</b>	<b>67596</b>	<b>85233</b>	<b>100162</b>	<b>107879</b>	<b>112292</b>	<b>98308</b>
<b>4. Capital receipts</b>	<b>31971</b>	<b>115707</b>	<b>134184</b>	<b>162500</b>	<b>168648</b>	<b>184860</b>	<b>208936</b>
of which:							
(a) Recovery of loans	5712	10131	12046	16403	34191	18023	66928
(b) Other receipts (mainly PSU disinvestment)	0	1724	2125	3646	3151	13200	16048
(c) Borrowings and other liabilities	26259	103852	120013	142451	131306	153637	125960
<b>5. Capital expenditure</b>	<b>24756</b>	<b>48975</b>	<b>47754</b>	<b>60842</b>	<b>60769</b>	<b>72568</b>	<b>110628</b>
<b>6. Total expenditure [2+5=6(a)+6(b)]</b>	<b>98272</b>	<b>298053</b>	<b>325592</b>	<b>362310</b>	<b>400396</b>	<b>438795</b>	<b>471936</b>
of which:							
(a) Plan expenditure	28365	76182	82669	101194	111454	120974	122149
(b) Non-plan expenditure	69907	221871	242923	261116	288942	317821	349787
<b>7. Fiscal deficit [6-1-4(a)-4(b)]</b>	<b>37606</b>	<b>104716</b>	<b>118816</b>	<b>140955</b>	<b>131306</b>	<b>153637</b>	<b>125960</b>
<b>8. Primary deficit [7-2(a)=8(a)+8(b)]</b>	<b>16108</b>	<b>14467</b>	<b>19502</b>	<b>33495</b>	<b>13502</b>	<b>30414</b>	<b>1699</b>
(a) Primary deficit consumption	6358	16316	22955	36180	37341	35365	—
(b) Primary deficit investment	9750	-1849	-3453	-2685	-23839	-4951	—
(As per cent of GDP)							
<b>1. Revenue receipts (a+b) (net)</b>	<b>9.7</b>	<b>9.4</b>	<b>9.2</b>	<b>8.8</b>	<b>9.4</b>	<b>9.2</b>	<b>9.5</b>
(a) Tax revenue (Net of States share)	7.6	6.6	6.5	5.9	6.5	6.7	6.8
(b) Non-tax revenue	2.1	2.7	2.7	3.0	2.9	2.5	2.8
<b>2. Revenue expenditure</b>	<b>12.9</b>	<b>12.9</b>	<b>13.3</b>	<b>13.2</b>	<b>13.8</b>	<b>13.3</b>	<b>13.1</b>
of which:							
(a) Interest payments	3.8	4.7	4.8	4.7	4.8	4.5	4.5
(b) Major subsidies	1.7	1.2	1.2	1.3	1.6	1.8	1.6
(c) Defence expenditure	1.9	1.8	1.8	1.7	1.6	1.6	1.5
<b>3. Revenue deficit (2-1)</b>	<b>3.3</b>	<b>3.5</b>	<b>4.1</b>	<b>4.4</b>	<b>4.4</b>	<b>4.1</b>	<b>3.6</b>
<b>4. Capital receipts</b>	<b>5.6</b>	<b>6.0</b>	<b>6.4</b>	<b>7.1</b>	<b>6.8</b>	<b>6.7</b>	<b>7.6</b>
of which:							
(a) Recovery of loans	1.0	0.5	0.6	0.7	1.4	0.7	2.4
(b) Other receipts (mainly PSU disinvestment)	0.0	0.1	0.1	0.2	0.1	0.5	0.6
(c) Borrowings and other liabilities	4.6	5.4	5.7	6.2	5.3	5.6	4.6
<b>5. Capital expenditure</b>	<b>4.4</b>	<b>2.5</b>	<b>2.3</b>	<b>2.7</b>	<b>2.5</b>	<b>2.6</b>	<b>4.0</b>
<b>6. Total expenditure [2+5=6(a)+6(b)]</b>	<b>17.3</b>	<b>15.4</b>	<b>15.6</b>	<b>15.9</b>	<b>16.2</b>	<b>15.9</b>	<b>17.1</b>
of which:							
(a) Plan expenditure	5.0	3.9	4.0	4.4	4.5	4.4	4.4
(b) Non-plan expenditure	12.3	11.5	11.6	11.4	11.7	11.5	12.7
<b>7. Fiscal deficit [6-1-4(a)-4(b)]</b>	<b>6.6</b>	<b>5.4</b>	<b>5.7</b>	<b>6.2</b>	<b>5.3</b>	<b>5.6</b>	<b>4.6</b>
<b>8. Primary deficit [7-2(a)=8(a)+8(b)]</b>	<b>2.8</b>	<b>0.7</b>	<b>0.9</b>	<b>1.5</b>	<b>0.5</b>	<b>1.1</b>	<b>0.1</b>
(a) Primary deficit consumption	1.1	0.8	1.1	1.6	1.5	1.3	—
(b) Primary deficit investment	1.7	-0.1	-0.2	-0.1	-1.0	-0.2	—
(Rs. Crore)							
<i>Memorandum items</i>							
(a) Interest receipts	8730	33895	32811	35538	37602	39160	37128
(b) Dividend and profit	564	5074	4225	7940	9664	7136	n.a.
(c) Non-plan revenue expenditure	60896	202278	226762	239954	268074	289384	282771
* Figures for 2003-04(Prov.) based on Controller General of Accounts (unaudited).							
# The ratios to GDP for 2003-04 (BE) and (Prov.) are based on CSO's Advance Estimates released in February, 2004.							
Note: 1. The figures may not add up to the total because of rounding approximations.							
2. Primary deficit consumption =Revenue deficit-interest payments+interest receipts+dividend & profits							
3. Primary deficit investment =Capital expenditure-interest receipts -Dividend & profits-recovery of loans-other receipts.							
4. Figures are exclusive of the transfer of States' share in small savings collections.							
5. Actuals for 2002-03 and RE for 2003-04 are taken from the Interim Budget 2004-05.							
<b>Source: Budget Documents</b>							