

Fiscal outcome 2003-04

2.30 The Union Budget for 2003-04 laid considerable emphasis on fiscal consolidation, one of the five priorities enunciated in the Budget speech. In the Budget, gross tax revenue was budgeted to increase by a modest 13.3 per cent over the revised estimates for 2002-03. The growth envisaged for Union excise duties and customs was even lower at 10.8 per cent and 8.5 per cent, respectively. Revenue expenditure was budgeted to grow by 7.2 per cent over RE 2002-03 to Rs.3,66,227 crore. Total expenditure was budgeted to grow at 8.6 per cent. Fiscal and revenue deficits were budgeted at 5.6 per cent and 4.1 per cent of GDP, respectively.

2.31 The office of the Controller General of Accounts (CGA) has recently released the provisional unaudited accounts for the year 2003-04. These accounts indicate that the fiscal outcome in 2003-04 is better than that envisaged in the budget estimates. As per the provisional accounts, gross tax revenue of the Centre exceeded the BE by Rs.2,911 crore. While collections under corporation tax exceeded the BE, collections under other taxes fell short of the BE. However, the increase in the corporate tax revenue by Rs.12,109 crore over the BE more than offset the shortfall in revenue from other taxes. Non-tax revenue also exceeded the BE by Rs. 6,302 crore, mainly on account of higher than budgeted dividends from public sector enterprises.

2.32 Capital receipts exceeded the BE by Rs.24,076 crore on account of prepayment

of high cost debt by States. This was reflected in the recovery of loans, which amounted to Rs.66,928 crore as compared with the budgeted amount of Rs.18,023 crore. A significant development in 2003-04 relates to lower than budgeted market borrowings. As compared with the BE of Rs.1,07,194 crore, net market borrowings as per provisional accounts were lower at Rs.88,860 crore.

2.33 Aggregate expenditure of the Central Government was higher than the BE by Rs.33,141 crore mainly on account of the higher expenditure under capital account. The pre-paid loans under the debt swap scheme were used by the Central Government to discharge its liabilities under the National Small Savings Fund (NSSF), thus increasing the non-plan capital expenditure. This explains the significant growth in capital expenditure as per the provisional accounts. Net of repayments to NSSF, total expenditure was lower than the BE. Revenue expenditure was lower than the BE by Rs.4,919 crore, mainly because of compression of non plan expenditure. Plan revenue expenditure exceeded the BE by Rs.1,694 crore.

2.34 Fiscal deficit turned out to be lower at 4.6 per cent of GDP than the BE of 5.6 per cent of GDP, mainly on account of higher than budgeted revenue receipts and lower than budgeted revenue expenditure. Revenue deficit was lower at 3.6 per cent of GDP compared with the budgeted level of 4.1 per cent of GDP (Table 2.8).

Table 2.8 : Central Government finances

	2002-03 Actuals	2003-04 Budget estimates	2003-04* (Provisional)	Col. 4 as % of 2003-04 (BE)	% Change 2003-04 (Prov) over 2002-03 (Col. 4/2)
1	2	3	4	5	6
	(Rs. crore)				
1. Revenue receipts (net to Centre)	231748	253935	263000	103.6	13.5
Gross tax revenue	216266	251527	254438	101.2	17.7
Tax (net to Centre)	159425	184169	186932	101.5	17.3
Non Tax	72323	69766	76068	109.0	5.2
2. Capital receipts	168648	184860	208936	113.0	23.9
of which:					
Recovery of loans	34191	18023	66928	371.3	95.7
Other Receipts	3151	13200	16048	121.6	409.3
Borrowings and other liabilities	131306	153637	125960	82.0	-4.1
3. Total receipts (1+2)	400396	438795	471936	107.6	17.9
4. Non-Plan expenditure (a)+(b)	288942	317821	349787	110.1	21.1
(a) Revenue account	268074	289384	282771	97.7	5.5
Of which:					
Interest payments & debt servicing	117804	123223	124261	100.8	5.5
Major subsidies	40416	48636	43569	89.6	7.8
Pensions	14496	15466	15744	101.8	8.6
(b) Capital account	20868	28437	67016	235.7	221.1
5. Plan expenditure (i)+(ii)	111455	120974	122149	101.0	9.6
(i) Revenue account	71554	76843	78537	102.2	9.8
(ii) Capital account	39901	44131	43612	98.8	9.3
6. Total expenditure (4)+(5)=(a)+(b)	400396	438795	471936	107.6	17.9
(a) Revenue expenditure	339628	366227	361308	98.7	6.4
(b) Capital expenditure	60769	72568	110628	152.4	82.0
7. Revenue deficit	107880	112292	98308	87.5	-8.9
8. Fiscal deficit	131306	153637	125960	82.0	-4.1
9. Primary deficit	13502	30414	1699	5.6	-87.4
* The ratios to GDP for 2003-04(BE) and provisional are based on CSO's Advance Estimates released in February 2004.					
Notes: 1. Actuals for 2002-2003 and 2003-04 (Prov.) include receipts from States on account of debt-swap scheme in the case of recoveries of loans.					
2. Actuals for 2002-03 and 2003-04 (Prov.) include repayment to National Small Savings Fund in respect of capital account.					
3. Actuals for 2002-03 are taken from the Interim Budget 2004-05.					
Source : Controller General of Accounts.					