

Consolidated General Government

2.57 The macroeconomic impact of the state of public finances are best analysed through the construct 'Consolidated General Government'. With very limited data on local finances and the grant dependent nature of local bodies in India, the aggregation of State and Central Government finances after due process of adjustment for inter-Governmental transfers, are usually taken as the General Government finances. As a proportion of GDP, tax receipts of the General Government fell from 15.4 per cent in 1990-91 to 13.8 per cent

in 2001-02. Thereafter the proportion picked up to reach 15.8 per cent in 2004-05 (RE) and is budgeted at 16.4 per cent in 2005-06 (Table 2.11). With total expenditure at around 30 per cent of GDP, revenue and fiscal deficit remained intractably high. In the recent years, there has been a significant reduction in revenue and fiscal deficits (Table 2.12). This reduction was possible through the harmonized fiscal policies being followed by both Central and State Governments. Sustaining this harmony in fiscal balances is a critical requirement for reaping the growth dividend through macroeconomic linkages.

Table 2.12 : Combined receipts and disbursements of the Central and State Governments

	1990-91	2000-01	2001-02	2002-03	2003-04	2004-05 (RE)	2005-06 (BE)
(Rs. crore)							
I. Total receipts(A+B)	151746	594804	642817	707634	799162	876682	978565
A Revenue receipts (1+2)	105757	378817	400161	453850	518611	624054	701296
1. Tax receipts	87564	305374	313844	358224	413981	493974	578711
2. Non-tax receipts	18193	73443	86317	95626	104630	130080	122584
of which Interest receipts	5975	18050	17164	18217	19083	18853	15650
B. Capital receipts	45989	215987	242656	253784	280550	252628	277270
of which:							
a) Disinvestment proceeds	-	2125	3646	3151	16953	4091	-
b) Recovery of loans & advances	3233	10466	14514	12917	26318	13897	7639
II. Total disbursements(a+b+c)	163021	591258	644746	704905	796383	904473	979835
a) Revenue	129628	517618	559511	616840	678019	753521	821377
b) Capital	21805	55874	58826	65671	86673	124150	138944
c) Loans and advances	11588	17766	26409	22394	31691	26802	19514
III. Revenue deficit	23871	138801	159350	162990	159408	129467	120081
IV. Gross fiscal deficit	53580	199852	226425	234987	234501	262430	270901
(As per cent of GDP)							
I. Total receipts(A+B)	26.7	28.2	28.2	28.9	29.0	28.1	27.7
A .Revenue receipts (1+2)	18.6	18.0	17.5	18.5	18.8	20.0	19.9
1. Tax receipts	15.4	14.5	13.8	14.6	15.0	15.8	16.4
2. Non-tax receipts	3.2	3.5	3.8	3.9	3.8	4.2	3.5
of which Interest receipts	1.1	0.9	0.8	0.7	0.7	0.6	0.4
B. Capital receipts	8.2	10.2	10.6	10.4	10.2	8.1	7.9
of which:							
a) Disinvestment proceeds	-	0.1	0.2	0.1	0.6	0.1	-
b) Recovery of loans & advances	0.6	0.5	0.6	0.5	1.0	0.4	0.2
II. Total disbursements(a+b+c)	28.7	28.1	28.3	28.8	28.9	29.0	27.8
a) Revenue	22.8	24.6	24.5	25.2	24.6	24.1	23.3
b) Capital	3.8	2.7	2.6	2.7	3.1	4.0	3.9
c) Loans and advances	2.0	0.8	1.2	0.9	1.1	0.9	0.6
III. Revenue deficit	4.2	6.6	7.0	6.7	5.8	4.1	3.4
IV. Gross fiscal deficit	9.4	9.5	9.9	9.6	8.5	8.4	7.7
Note : 1. The ratios to GDP for 2005-06 (BE) are based on CSO's Advance Estimates. GDP at current market prices prior to 1999-2000 based on 1993-94 series and from 1999-2000 based on new 1999-2000 series.							
2. Total disbursement/receipts are net of repayments of the Central Government [inclusive of repayments to National Small Savings Fund (NSSF)] and State Governments.							
Source : Reserve Bank of India.							