

Fiscal outcome 2005-06 so far

2.38 The demands on resources from various quarters, including that arising from the implementation of the TFC award, have led to the pressing of the 'pause' button in respect of revenue deficit in the very second year of the operation of FRBMA. The Budget for 2005-06 had estimated a growth in gross tax revenue of 21.3 per cent with the gross tax to GDP ratio rising to 10.5 per cent from 9.8 per cent in 2004-05 (Prov.). This budgeted growth in gross tax revenue, in spite of a decline in customs revenues by 7.8 per cent, was composed of growth in: corporate income tax of 32.3 per cent; personal income tax of 37.1 per cent; excise revenues of 22.6 per cent; service tax revenues of 23.2 per cent. With total expenditure budgeted to grow at 3.2 per cent, fiscal and revenue deficits as proportions of GDP were estimated at 4.3 per cent and 2.7 per cent, respectively.

2.39 As per the data on Central Government finances published by the Controller General of Accounts, for the period April-December, 2005, gross tax revenue was placed at Rs.2,30,839 crore and total expenditure at Rs.3,32,499 crore. The actual growth recorded in the period April-Dec, 2005 in customs and service tax were above the rates assumed in the budget. The growth in

excise, corporate income tax and personal income tax were lower at 9 per cent, 22 per cent and 15 per cent respectively. However the overall growth in gross tax revenue at 18.8 per cent as against 21.3 per cent assumed in BE 2005-06 and 18.3 per cent recorded last year in the same period suggest a broadly similar outlook for the full financial year. Furthermore, gross tax revenue as proportion of BE is higher in April-Dec. 2005 over the corresponding period last year. Non-tax revenue at Rs.48,031 crore for the first nine months of this financial year recorded a modest growth of 1.7 per cent over the corresponding period of the previous year. Adjusted for debt swap, non-debt receipts in the first 9 months at Rs.2,24,165 crore is up 8.2 per cent from the corresponding period of the previous year. As a proportion of BE, revenue realisation in 2005-06 was lower in excise, personal income tax, corporate income tax and non-tax revenue. Similar comparisons for expenditure items indicate lower levels in major non-plan expenditure like interest payments, major subsidies and pensions (Table 2.8). In a welcome sign of improved expenditure management, 66 per cent of plan expenditure budgeted has been spent by December, 2005 indicating a growth of 16.5 per cent. Non-plan expenditure grew only by 6.7 per cent upto December, 2005.

Table 2.8 : Central Government finances

	Budget estimates 2005-06	April-December		Col. 4 as per cent of BE 2005-06	Percentage change over 2004-05 (Col. 4/3)
		2004-05	2005-06		
1	2	3	4	5	6
			(Rs. crore)		
1. Revenue receipts(net to Centre)	351200	188493	216746	61.7	15.0
Gross tax revenue	370025	194231	230839	62.4	18.8
Tax (net to Centre)	273466	141246	168715	61.7	19.4
Non tax	77734	47247	48031	61.8	1.7
2. Capital receipts	163144	138298	115753	71.0	-16.3
of which:					
Recovery of loans	12000	45153	7408	61.7	-83.6
Other receipts	0	2906	11	0.0	-99.6
Borrowings and other liabilities	151144	90239	108334	71.7	20.1
3. Total receipts (1+2)	514344	326791	332499	64.6	1.7
4. Non-plan expenditure (a)+(b)	370847	245567	237904	64.2	-3.1
(a) Revenue account	330530	198208	221552	67.0	11.8
of which:					
Interest payments	133945	79885	80972	60.5	1.4
Major subsidies	46098	32293	33230	72.1	2.9
Pensions	19542	12480	14621	74.8	17.2
(b) Capital account	40317	47359	16352	40.6	-65.5
5. Plan expenditure (i)+(ii)	143497	81224	94595	65.9	16.5
(i) Revenue account	115982	53254	74875	64.6	40.6
(ii) Capital account	27515	27970	19720	71.7	-29.5
6. Total expenditure (4)+(5)=(a)+(b)	514344	326791	332499	64.6	1.7
(a) Revenue expenditure	446512	251462	296427	66.4	17.9
(b) p3Capital expenditure	67832	75329	36072	53.2	-52.1
7. Revenue deficit	95312	62969	79681	83.6	26.5
8. Fiscal deficit	151144	90239	108334	71.7	20.1
9. Primary deficit	17199	10354	27362	159.1	164.3

Source : Controller General of Accounts.