

## Consolidated General Government

2.63 The macroeconomic impact of the state of public finances are best analysed through the construct of '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 16.6 per cent in 2005-06 (RE) and is budgeted at 16.8 per cent in 2006-07. With total expenditure declining from 30.9 per cent in 2003-04 to 27.6 per cent in 2006-07 (BE), there have been reductions in the revenue and fiscal deficits as proportions to GDP (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	2001-02	2002-03	2003-04	2004-05	2005-06 (RE)	2006-07 (BE)
<b>(Rs. crore)</b>							
I. Total receipts(A+B)	152,245	651,039	726,435	860,090	947,930	1,027,547	1,137,245
A. Revenue receipts (1+2)	105,757	400,162	452,969	518,546	615,643	732,848	835,469
1. Tax receipts	87,564	313,844	357,342	413,981	492,481	591,641	688,103
2. Non-tax receipts	18,193	86,318	95,627	104,565	123,162	141,207	147,366
<i>of which</i>							
Interest receipts	5,975	17,164	17,781	18,856	11,063	9,041	7,529
B. Capital receipts	46,488	250,877	273,466	341,544	332,287	294,699	301,776
<i>of which:</i>							
a) Disinvestment proceeds	-	3,646	3,151	16,953	4,424	2,356	4,840
b) Recovery of loans & advances	3,233	14,514	12,916	26,318	14,969	11,265	6,137
II. Total disbursements(a+b+c)	163,520	652,967	726,706	855,071	929,243	1,036,936	1,131,515
a) Revenue	129,628	559,511	615,960	677,953	730,403	841,952	921,982
b) Capital	22,304	67,048	88,353	145,427	172,793	169,597	190,110
c) Loans and advances	11,588	26,408	22,393	31,691	26,047	25,387	19,423
III. Revenue deficit	23,871	159,350	162,990	159,500	114,760	109,105	86,513
IV. Gross fiscal deficit	53,580	226,425	234,987	234,502	234,719	263,195	257,088
<b>(As per cent of GDP)</b>							
I. Total receipts(A+B)	26.8	28.5	29.6	31.1	30.3	28.8	27.7
A. Revenue receipts (1+2)	18.6	17.5	18.4	18.8	19.7	20.5	20.4
1. Tax receipts	15.4	13.8	14.5	15.0	15.8	16.6	16.8
2. Non-tax receipts	3.2	3.8	3.9	3.8	3.9	4.0	3.6
<i>of which</i>							
Interest receipts	1.1	0.8	0.7	0.7	0.4	0.3	0.2
B. Capital receipts	8.2	11.0	11.1	12.4	10.6	8.3	7.4
<i>of which:</i>							
a) Disinvestment proceeds	0.0	0.2	0.1	0.6	0.1	0.1	0.1
b) Recovery of loans & advances	0.6	0.6	0.5	1.0	0.5	0.3	0.1
II. Total disbursements(a+b+c)	28.8	28.6	29.6	30.9	29.7	29.1	27.6
a) Revenue	22.8	24.5	25.1	24.5	23.4	23.6	22.5
b) Capital	3.9	2.9	3.6	5.3	5.5	4.8	4.6
c) Loans and advances	2.0	1.2	0.9	1.1	0.8	0.7	0.5
III. Revenue deficit	4.2	7.0	6.6	5.8	3.7	3.1	2.1
IV. Gross fiscal deficit	9.4	9.9	9.6	8.5	7.5	7.4	6.3

**Note:** 1. The ratios to GDP for 2006-07 (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. State Government for 2004-05(Accounts), 2005-06(RE) and 2006-07(BE) pertain to Budget of 29 State Governments of which four are Vote-on-Accounts. All data for these years are, therefore, provisional.

Source : Reserve Bank of India.