

Central Government finances during Tenth Five Year Plan (2002-2007)

2.6 Robust economic growth and improved performance of the manufacturing sector helped to maintain the revenue receipts, particularly the tax revenues, buoyant throughout the Tenth Five Year Plan. Average annual growth of revenue receipts of the Central Government between 2002-03 and 2006-07 (BE) was 14.9 per cent. Though the corresponding growth in non-tax revenue was a moderate 2.6 per cent, improved growth of tax revenue (net to centre) at 19.6 per cent generated overall high growth of revenue receipt. Gross tax revenue of the Central Government recorded an average annual growth of 18.8 per cent, higher than the rate

of growth of GDP (at market prices), which averaged 12.5 per cent during this period. The gross tax-GDP ratio, which had stagnated at 8-10 per cent range, increased to 10.3 per cent in 2005-06 (prov.)¹ (Table 2.2) and is expected to improve further to 10.8 per cent in 2006-07 (BE). Revenue expenditure during the Tenth Plan recorded a moderate average annual growth of 10.2 per cent leading to a reduction in revenue deficit in rupee terms and also relative to GDP. Growth of plan expenditure at 11.4 per cent was higher compared to the growth in non-plan expenditure of 8.6 per cent during the Tenth Plan, because of a significant increase of 23.3 per cent in 2006-07 (BE) over 2005-06 (prov.).

¹ Provisional (unaudited) figures of fiscal aggregates of Union Government accounts have been used in place of revised estimates for 2005-06, wherever possible, in this chapter.

Table 2.2 : Receipts and expenditure of the Central Government

	1990-91	2001-02	2002-03	2003-04	2004-05#	2005-06 (B.E.)	2005-06 (Prov.)@	2006-07 (B.E.)
	(Rs crore)							
1. Revenue receipts (a+b)	54,954	201,306	230,834	263,813	306,013	351,200	343,883	403,465
(a) Tax revenue (net of States' share)	42,978	133,532	158,544	186,982	224,798	273,466	269,992	327,205
(b) Non-tax revenue	11,976	67,774	72,290	76,831	81,215	77,734	73,891	76,260
2. Revenue expenditure	73,516	301,468	338,713	362,074	384,351	446,512	438,527	488,192
of which:								
(a) Interest payments	21,498	107,460	117,804	124,088	126,934	133,945	131,757	139,823
(b) Major subsidies	9,581	30,447	40,716	43,535	42,484	46,358	44,220	44,792
(c) Defence expenditure	10,874	38,059	40,709	43,203	43,862	48,625	48,297	51,542
3. Revenue deficit (2-1)	18,562	100,162	107,879	98,261	78,338	95,312	94,644	84,727
4. Capital receipts (a+b+c)	31,971	161,004	182,414	207,390	191,669	163,144	160,025	160,526
(a) Recovery of loans*	5,712	16,403	34,191	67,165	62,043	12,000	12,097	8,000
(b) Other receipts (mainly PSU disinvestment)	0	3,646	3,151	16,953	4,424	0	1,580	3,840
(c) Borrowings and other liabilities\$	26,259	140,955	145,072	123,272	125,202	151,144	146,348	148,686
5. Capital expenditure	24,756	60,842	74,535**	109,129**	113,331**	67,832	65,381	75,799
6. Total expenditure [2+5=6(a)+6(b)]	98,272	362,310	413,248	471,203	497,682	514,344	503,908	563,991
(a) Plan expenditure	28,365	101,194	111,470	122,280	132,276	143,497	140,138	172,728
(b) Non-plan expenditure	69,907	261,116	301,778	348,923	365,406	370,847	363,770	391,263
7. Fiscal deficit [6-1-4(a)-4(b)]	37,606	140,955	145,072	123,272	125,202	151,144	146,348	148,686
8. Primary deficit [7-2(a)=8(a)+8(b)]	16,108	33,495	27,268	-816	-1,732	17,199	14,591	8,863
(a) Primary deficit consumption	6,358	36,180	38,607	25,037	-298	304	1,670	-16,864
(b) Primary deficit investment	9,750	-2,685	-11,339	-25,853	-1,434	16,895	12,921	25,727
	(As per cent of GDP)							
1. Revenue receipts (a+b)	9.7	8.8	9.4	9.5	9.8	9.8	9.6	9.8
(a) Tax revenue (net of States' share)	7.6	5.9	6.4	6.8	7.2	7.7	7.6	8.0
(b) Non-tax revenue	2.1	3.0	2.9	2.8	2.6	2.2	2.1	1.9
2. Revenue expenditure	12.9	13.2	13.8	13.1	12.3	12.5	12.3	11.9
of which:								
(a) Interest payments	3.8	4.7	4.8	4.5	4.1	3.8	3.7	3.4
(b) Major subsidies	1.7	1.3	1.7	1.6	1.4	1.3	1.2	1.1
(c) Defence expenditure	1.9	1.7	1.7	1.6	1.4	1.4	1.4	1.3
3. Revenue deficit (2-1)	3.3	4.4	4.4	3.6	2.5	2.7	2.7	2.1
4. Capital receipts (a+b+c)	5.6	7.1	7.4	7.5	6.1	4.6	4.5	3.9
(a) Recovery of loans*	1.0	0.7	1.4	2.4	2.0	0.3	0.3	0.2
(b) Other receipts (mainly PSU disinvestment)	0.0	0.2	0.1	0.6	0.1	0.0	0.0	0.1
(c) Borrowings and other liabilities \$	4.6	6.2	5.9	4.5	4.0	4.2	4.1	3.6
5. Capital expenditure	4.4	2.7	3.0	3.9	3.6	1.9	1.8	1.8
6. Total expenditure [2+5=6(a)+6(b)]	17.3	15.9	16.8	17.0	15.9	14.4	14.1	13.8
(a) Plan expenditure	5.0	4.4	4.5	4.4	4.2	4.0	3.9	4.2
(b) Non-plan expenditure	12.3	11.4	12.3	12.6	11.7	10.4	10.2	9.5
7. Fiscal deficit [6-1-4(a)-4(b)]	6.6	6.2	5.9	4.5	4.0	4.2	4.1	3.6
8. Primary deficit [7-2(a)=8(a)+8(b)]	2.8	1.5	1.1	0.0	-0.1	0.5	0.4	0.2
(a) Primary deficit consumption	1.1	1.6	1.6	0.9	0.0	0.0	0.0	-0.4
(b) Primary deficit investment	1.7	-0.1	-0.5	-0.9	0.0	0.5	0.4	0.6
	(Rs. crore)							
Memorandum items								
(a) Interest receipts	8,730	35,538	37,622	38,538	32,364	25,500	20,564	19,263
(b) Dividend and profit	564	7,940	10,910	12,326	15,934	13,437	18,219	18,969
(c) Non-plan revenue expenditure	60,896	239,811	267,144	283,436	296,856	330,530	326,635	344,430

@ Provisional and unaudited as reported by Controller General of Accounts, Department of Expenditure, Ministry of Finance

Based on provisional Actuals for 2004-05.

* Includes receipts from States on account of Debt Swap Scheme for 2002-03, 2003-04, and 2004-05.

** Includes repayment to National Small Savings Fund.

\$ Does not include receipts in respect of Market Stabilization Scheme, which will remain in the cash balance of the Central Government and will not be used for expenditure.

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. The figures may not add up to the total because of rounding approximations.

3. Primary deficit consumption = Revenue deficit-interest payments+interest receipts+dividend & profits

4. Primary deficit investment = Capital expenditure-interest receipts -Dividend & profits-recovery of loans-other receipts.

5. Figures are exclusive of the transfer of States' share in the small savings collections.

Source : Budget documents.