

CONSOLIDATED GENERAL GOVERNMENT

3.64 The macroeconomic impact of the state of public finances are best analyzed 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, is usually taken as the General Government finances. As a proportion of GDP, tax receipts of the General Government has

consistently increased from 14.4 per cent in 2002-03 to reach 17.3 per cent in 2006-07 (RE) and is budgeted at 17.8 per cent in 2007-08. The total expenditure stood at 28.3 per cent in 2002-03 and has remained in the range of 26.8-28.5 per cent of GDP. There have been consistent reductions in the revenue and fiscal deficits as proportions to GDP since 2002-03 (Table 3.14). This reduction was possible through the harmonized fiscal policies being followed by both the Central and State Governments. Sustaining this harmony in fiscal balances is a critical requirement for reaping the growth dividend through macroeconomic linkages

Table 3.14 Combined receipts and disbursements of the Central and State Governments

	2002-03	2003-04	2004-05	2005-06	2006-07 (RE)	2007-08 (BE)
1	2	3	4	5	6	7
	(Rs. crore)					
I. Total receipts (A+B)	7,10,177	8,40,675	8,75,621	10,14,689	11,24,687	13,11,122
A Revenue receipts (1+2)	4,46,749	5,11,038	6,05,180	7,07,054	8,69,940	9,96,266
1 Tax receipts	3,52,899	4,08,097	4,85,375	5,76,596	7,18,788	8,34,094
2 Non-tax receipts of which	93,850	1,02,941	1,19,805	1,30,458	1,51,152	1,62,173
Interest receipts	17,060	17,987	16,500	18,735	17,301	18,805
B Capital receipts of which:	2,63,428	3,29,637	2,70,441	3,07,635	2,54,747	3,14,856
a) Disinvestment proceeds	3,151	16,953	4,424	1590 ^a	3582 ^a	51752 ^a
b) Recovery of loans & advances	12,709	26,062	14,441	11,651	11,359	5,592
II Total disbursements (a+b+c)	6,95,203	7,86,112	8,57,644	9,59,855	11,48,824	13,09,897
a) Revenue	6,11,809	6,72,702	7,22,675	8,06,366	9,58,942	10,55,770
b) Capital	64,757	85,821	1,12,241	1,32,585	1,70,106	2,33,920
c) Loans and advances	18,637	27,589	22,728	20,904	19,776	20,207
III. Revenue deficit	1,65,060	1,61,664	1,17,495	99,312	89,002	59,504
IV. Gross fiscal deficit	2,33,594	2,32,059	2,33,236	2,39,560	2,63,944	2,56,286
	(As per cent of GDP)					
I Total receipts (A+B)	28.9	30.5	27.8	28.3	27.1	27.9
A Revenue receipts (1+2)	18.2	18.6	19.2	19.7	21.0	21.2
1 Tax receipts	14.4	14.8	15.4	16.1	17.3	17.8
2 Non-tax receipts of which	3.8	3.7	3.8	3.6	3.6	3.5
Interest receipts	0.7	0.7	0.5	0.5	0.4	0.4
B Capital receipts of which:	10.7	12.0	8.6	8.6	6.1	6.7
a) Disinvestment proceeds	0.1	0.6	0.1	0.0	0.0	0.0
b) Recovery of loans & advances	0.5	0.9	0.5	0.3	0.3	0.1
II Total disbursements (a+b+c)	28.3	28.5	27.2	26.8	27.7	27.9
a) Revenue	24.9	24.4	22.9	22.5	23.1	22.5
b) Capital	2.6	3.1	3.6	3.7	4.1	5.0
c) Loans and advances	0.8	1.0	0.7	0.6	0.5	0.4
III. Revenue deficit	6.7	5.9	3.7	2.8	2.1	1.3
IV. Gross fiscal deficit	9.5	8.4	7.4	6.7	6.4	5.5

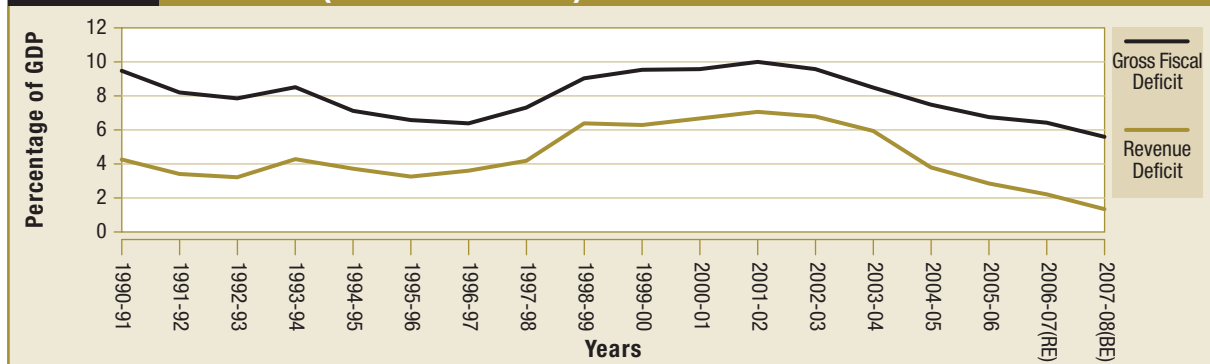
Source: Reserve Bank of India.

a Also includes sale of "land and property" and debt relief.

Note: 1. The ratios to GDP at current market prices are based on CSO's new 1999-2000 series.

2. Data pertaining to State Governments relates to budget of 28 State Governments and are provisional from 2006-07 onward.

3. The data do not cover Union Territories with Legislature, i.e. National Capital Region Territory of Delhi and Puducherry.

Figure 3.11 Combined (centre and states) revenue and fiscal deficit

and to attain the FRBM targets. Figure 3.11 gives the trend of combined revenue and fiscal deficits,

as percentage of GDP, for the Centre and States.