

## Fiscal and Budgetary Developments in 1998-99

11. The gross fiscal deficit is defined as the difference between revenue receipts (net) plus non-debt capital receipts and the total expenditure including loans net of repayments. This is a measure, which captures the entire shortfall in the non-debt resources for financing the Central Government operations. The fiscal deficit as a proportion of GDP at current market prices for 1997-98 is now placed at 5.5 per cent and is still larger than the budgeted target of 4.2 per cent for 1997-98. The budget for 1998-99 targeted the fiscal deficit at 5.6 per cent of GDP which is now placed at 5.1 per cent based on the latest GDP estimates. The revenue deficit, which indicates the extent of borrowing required to finance current expenditure, was budgeted at Rs.48068 crore (2.7 per cent of GDP) compared with Rs.43686 crore (2.8 per cent of GDP) for 1997-98 (RE). The primary deficit, which is an indicator of current fiscal operations of the Central Government, was estimated at Rs.16025 crore (0.9 per cent of GDP) for 1998-99 compared with Rs.20645 crore (1.3 per cent of GDP) attained in 1997-98 (RE).

12. The fiscal adjustment envisaged in 1998-99 is sought through a combination of mobilisation of additional resources and containment of expenditure. Aggregate expenditure at Rs.267927 crore in 1998-99 (BE) is estimated to grow by 13.9 per cent compared with a growth of 17 per cent in 1997-98 (RE) and constitutes 15.1 per cent of GDP. The lower growth in aggregate expenditure is the result of compression in the growth of capital expenditure from 26.1 per cent in 1997-98 (RE) to an estimated 9.1 per cent in 1998-99. On the other hand, revenue expenditure is budgeted to increase by 15.3 per cent in 1998-99 (BE) compared with 14.6 per cent increase in 1997-98 (RE) (Table 2.2).

13. Total revenue receipts are budgeted at Rs.161994 crore in 1998-99 and are estimated to increase by 17 per cent compared with a growth of 9.7 per cent in 1997-98 (RE). Disaggregation of revenue receipts shows that tax revenue (net to centre) and non-tax revenue are budgeted to increase by 17.8 per cent and 14.7 per cent respectively.

14. Capital receipts are estimated to increase by 9.5 per cent to Rs.105933 crore in 1998-99 (BE) from Rs.96731 crore in 1997-98 (RE). Non

### BOX 2.1

#### Recent Trends in Salary and Pension Payments

- One of the factors which has strained the fiscal position of the Central Government has been the sharp escalation in its salary bill (pay and allowances) and pension payments. Consequent to the implementation of the recommendations of the Fifth Central Pay Commission, the salary bill and pension outgo of the Central Government civil ministries and departments including defence services (excluding Telecom, Post & Railways) escalated sharply by 33.6 per cent and 35 per cent respectively in 1997-98. The expenditure on salaries and that on pensions accounted for 12.5 per cent and 3.8 per cent respectively of the revenue expenditure in 1997-98. Salary bill and pension payments now absorb more than one-fifth of the total revenues receipts of the Central Government as is evident from the table below. Expenditure on salaries and pensions alone of the Central Government civil ministries and departments including defence services (excluding Telecom, Post & Railways) accounted for about 2 per cent of GDP in 1997-98. Salary and pension payments being in the nature of contractual obligations divert resources away from vital social and infrastructure sectors. Most public pensions including that prevailing in India is based on pay-as-you-go system meaning that pensions are paid out of current revenues and not from payments made by present recipients during their working lives. The pension obligations are likely to rise further as life expectancies improve and the ratio of pensioners to work force in Central Government increases in the coming years.
- The direct expenditure on salaries does not fully reflect the true cost of work force employed since there are large associated costs in consumption of goods and services by those employed in the government. The implementation of the Fifth Central Pay Commission recommendations at the Centre also provided a benchmark for pay revisions at State level. This has led to a substantial increase in their salary and pension outgo thereby adversely affecting the fiscal health.

#### Expenditure on Salaries and Pension of the Central Government

(Rs. crore)

	1995-96	1996-97	1997-98	1998-99 (BE)
(A) Salary Bill	14895 (18.1)	17013 (14.2)	22732 (33.6)	26484 (16.5)
(B) Pension	4300 (17.3)	5108 (18.8)	6896 (35.0)	7356 (6.7)
(C) Total (A+B)	19195 (17.9)	22121 (15.2)	29627 (33.9)	33840 (14.2)
<b>As per cent of Revenue Receipts (net to centre)</b>				
1. Salaries	13.5	13.5	16.4	16.3
2. Pension	3.9	4.0	5.0	4.5

Note : Figures within parenthesis indicate percentage change over the preceeding year.

**TABLE 2.2**  
**Receipts and Expenditure of the Central Government**

	1990-91	1994-95	1995-96	1996-97	1997-98 (R.E.)	1998-99 (B.E.)
	(Rs crore)					
<b>1. Revenue receipts (2+3)</b>	<b>54954</b>	<b>91083</b>	<b>110130</b>	<b>126279</b>	<b>138514</b>	<b>161994</b>
<b>2. Tax Revenue</b> (Net of States share)	<b>42978</b>	<b>67454</b>	<b>81939</b>	<b>93701</b>	<b>99158</b>	<b>116857</b>
<b>3. Non-Tax Revenue</b>	<b>11976</b>	<b>23629</b>	<b>28191</b>	<b>32578</b>	<b>39356</b>	<b>45137</b>
<b>4. Revenue Expenditure</b> of which	<b>73516</b>	<b>122112</b>	<b>139861</b>	<b>158934</b>	<b>182200</b>	<b>210062</b>
(a) Interest Payments	21498	44060	50045	59478	65700	75000
(b) Subsidies	12158	12932	13372	16125	19644	22025
(c) Defence Expenditure	10874	16426	18841	20997	26802	30840
<b>5. Revenue deficit</b>	<b>18562</b>	<b>31029</b>	<b>29731</b>	<b>32655</b>	<b>43686</b>	<b>48068</b>
<b>6. Capital Receipts</b> of which	<b>38997</b>	<b>68695</b>	<b>58338</b>	<b>61544</b>	<b>96731</b>	<b>105933</b>
(a) Recovery of loans	5712	6345	6505	7540	9479	9908
(b) Other receipts (mainly PSU disinvestment)		5607	1397	455	907	5000
(c) Borrowings and other liabilities	33285	56742	50436	53549	86345	91025
<b>7. Capital expenditure</b>	<b>31782</b>	<b>38627</b>	<b>38414</b>	<b>42073</b>	<b>53045</b>	<b>57865</b>
<b>8. Total expenditure</b> of which	<b>105298</b>	<b>160739</b>	<b>178275</b>	<b>201007</b>	<b>235245</b>	<b>267927</b>
(a) Plan expenditure	28365	47378	46374	53534	60630	72002
(b) Non-plan expenditure	76933	113361	131901	147473	174615	195925
<b>9. Fiscal Deficit</b>	<b>44632</b>	<b>57704</b>	<b>60243</b>	<b>66733</b>	<b>86345</b>	<b>91025</b>
<b>10. Primary Deficit</b>	<b>23134</b>	<b>13644</b>	<b>10198</b>	<b>7255</b>	<b>20645</b>	<b>16025</b>
10.1 Primary deficit Consumption	6358	3982	-147	-2363	6675	4195
10.2 Primary deficit Investment	16776	9662	10345	9618	13970	11830
	(As per cent of GDP)					
<b>1. Revenue receipts (2+3)</b>	<b>9.4</b>	<b>8.8</b>	<b>9.0</b>	<b>9.0</b>	<b>8.9</b>	<b>9.2</b>
<b>2. Tax Revenue</b> (Net of States share)	<b>7.4</b>	<b>6.5</b>	<b>6.7</b>	<b>6.6</b>	<b>6.3</b>	<b>6.6</b>
<b>3. Non-Tax Revenue</b>	<b>2.1</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>
<b>4. Revenue Expenditure</b> of which	<b>12.6</b>	<b>11.8</b>	<b>11.5</b>	<b>11.3</b>	<b>11.7</b>	<b>11.9</b>
(a) Interest payments	3.7	4.2	4.1	4.2	4.2	4.2
(b) Subsidies	2.1	1.2	1.1	1.1	1.3	1.2
(c) Defence expenditure	1.9	1.6	1.5	1.5	1.7	1.7
<b>5. Revenue deficit</b>	<b>3.2</b>	<b>3.0</b>	<b>2.4</b>	<b>2.3</b>	<b>2.8</b>	<b>2.7</b>
<b>6. Capital Receipts</b> of which	<b>6.7</b>	<b>6.6</b>	<b>4.8</b>	<b>4.4</b>	<b>6.2</b>	<b>6.0</b>
(a) Recovery of loans	1.0	0.6	0.5	0.5	0.6	0.6
(b) Other receipts (mainly PSU disinvestment)	0.0	0.5	0.1	0.0	0.1	0.3
(c) Borrowings and other liabilities	5.7	5.5	4.1	3.8	5.5	5.1
<b>7. Capital expenditure</b>	<b>5.5</b>	<b>3.7</b>	<b>3.2</b>	<b>3.0</b>	<b>3.4</b>	<b>3.3</b>
<b>8. Total expenditure</b> of which	<b>18.1</b>	<b>15.5</b>	<b>14.6</b>	<b>14.3</b>	<b>15.0</b>	<b>15.1</b>
(a) Plan expenditure	4.9	4.6	3.8	3.8	3.9	4.1
(b) Non-plan expenditure	13.2	10.9	10.8	10.5	11.2	11.1
<b>9. Fiscal Deficit</b>	<b>7.7</b>	<b>5.6</b>	<b>4.9</b>	<b>4.7</b>	<b>5.5</b>	<b>5.1</b>
<b>10. Primary Deficit</b>	<b>4.0</b>	<b>1.3</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>	<b>0.9</b>
10.1 Primary deficit Consumption	1.1	0.4	-0.0	-0.2	0.4	0.2
10.2 Primary deficit Investment	2.9	0.9	0.8	0.7	0.9	0.7
<b>Memorandum items</b>						
(a) Interest Receipts	8730	15797	18419	22106	25327	27954
(b) Dividend and Profit	564	1216	1748	2354	3362	3173

**Note:** 1. The figures may not add up to the total because of rounding approximations.  
2. Primary deficit consumption = Revenue Deficit-interest payments+interest receipts+dividend & profits.  
3. Primary deficit investment = Capital expenditure-interest receipts-Dividend & profit-recovery of loans-other receipts.  
4. Please see Note given in Table 2.1.

debt receipts, which include disinvestment proceeds (Rs.5000 crore), and recovery of loans (Rs.9908 crore) are estimated to account for about 14 per cent of the total capital receipts. For the year 1998-99, the limit for Ways and Means Advances (WMA) from the Reserve Bank of India to the Central Government has been set at Rs.11000 crore for the first half (April-September) and Rs.7000 crore for the second half (October-March).

15. Net market borrowings, budgeted at Rs.48326 crore in 1998-99, are estimated to finance 53.1 per cent of the gross fiscal deficit compared with 49.2 per cent in 1997-98(RE); other liabilities comprising small savings, provident funds, special deposits etc. are estimated to account for 44.3 per cent as against

46.7 per cent in 1997-98 (RE); and external loans are estimated to contribute 2.6 per cent of the total financing of the gross fiscal deficit in 1998-99 (BE) compared with 1.4 per cent in 1997-98 (RE).

16. In recent years, fiscal deficit of the Central Government got magnified on account of surge in small savings collections. This also contributed towards accumulation of long term liabilities of the State Governments as three fourths of the small savings are lent to the States on a much higher maturity. With liberalisation in the financial sector, interest rate determination is also increasingly being influenced by the market. However, the interest rates on small savings have remained unchanged since the last revision effected on September 2, 1993. This situation

**TABLE 2.3**  
**Outstanding Liabilities of the Central Government**

	At the end of :					
	1990-91	1994-95	1995-96	1996-97	1997-98 (RE)	1998-99 (BE)
1	2	3	4	5	6	7
(Rs. Crore)						
<b>1. Internal liabilities</b>	<b>283033</b>	<b>487682</b>	<b>554984</b>	<b>621438</b>	<b>718299</b>	<b>810911</b>
(a) Internal Debt	154004	266467	307869	344476	385694	437108
(i) Market borrowings	70565	131007	164094	184101	217626	265952
(ii) Others	83439	135460	143775	160375	168068	171156
(b) Other Internal liabilities	129029	221215	247115	276962	332605	373803
<b>2. External debt(outstanding)*</b>	<b>31525</b>	<b>50929</b>	<b>51249</b>	<b>54238</b>	<b>55242</b>	<b>57295</b>
<b>3. Total outstanding liabilities (1+2)</b>	<b>314558</b>	<b>538611</b>	<b>606233</b>	<b>675676</b>	<b>773541</b>	<b>868206</b>
4. Amount due from Pakistan on account of share of pre-partition debt	300	300	300	300	300	300
<b>5. Net liabilities (3-4)</b>	<b>314258</b>	<b>538311</b>	<b>605933</b>	<b>675376</b>	<b>773241</b>	<b>867906</b>
(As per cent of GDP)						
<b>1. Internal liabilities</b>	<b>48.6</b>	<b>47.0</b>	<b>45.6</b>	<b>44.1</b>	<b>45.9</b>	<b>45.8</b>
(a) Internal Debt	26.4	25.7	25.3	24.4	24.7	24.7
(i) Market borrowings	12.1	12.6	13.5	13.1	13.9	15.0
(ii) Others	14.3	13.1	11.8	11.4	10.7	9.7
(b) Other Internal liabilities	22.1	21.3	20.3	19.6	21.3	21.1
<b>2. External debt(outstanding)*</b>	<b>5.4</b>	<b>4.9</b>	<b>4.2</b>	<b>3.8</b>	<b>3.5</b>	<b>3.2</b>
<b>3. Total outstanding liabilities</b>	<b>54.0</b>	<b>51.9</b>	<b>49.8</b>	<b>47.9</b>	<b>49.5</b>	<b>49.1</b>
<b>Memorandum items</b>						
External Debt (Rs.crore)@	66320	142514	148398	149564	150765	n.a.
(as per cent of GDP)	11.4	13.7	12.2	10.6	9.6	n.a.
Total outstanding liabilities(adjusted)	349353	630196	703382	771002	869064	n.a.
(as per cent of GDP)	60.0	60.7	57.8	54.7	55.6	n.a.
Outstanding liabilities (Non-RBI)#						
(Rs.crore)	275298	525823	587546	642437	740499	n.a.
Outstanding liabilities (Non-RBI)						
(as per cent of GDP)	47.3	50.7	48.2	45.6	47.4	n.a.
* External debt figures represent borrowings by Central Government from external resources and are based upon historical rates of exchange.						
@ Converted at current year end exchange rates. For 1980-81, the rates prevailing at the end of March, 1981.						
For 1994-95, the rates prevailing at the end of March, 1995 and so on.						
# This includes marketable dated securities held by the RBI.						
Note : Please see Note given in Table 2.1.						

led to an incongruity between the high rates of interest offered on small savings instruments and the lower rates on bank deposits and other instruments offered by financial institutions. Besides, interest rates on small savings acted as a floor and imparted rigidity to the interest rate structure. Concomitantly, it entailed high levels of interest cost for servicing government debt at all levels both Centre and States. These factors necessitated a long overdue correction in the interest rates on small savings in line with the rates prevailing on similar instruments issued by the financial institutions and banks. The interest rates on a host of post office savings/income/time deposit schemes and related savings instruments were reduced by 0.5 to 1.5 percentage points with effect from 1.1.1999. However, the interest rates on National Savings Scheme 1992 (4 years) and Public Provident Fund Scheme (15 years) have remained unchanged. Consequently, the interest rate on loans sanctioned on or after January 1, 1999 out of net collections of small savings advanced to State Governments and Union Territory Governments was reduced from 14.5 per cent to 14 per cent per annum.

#### **Government Debt**

17. Aggregate internal liabilities of the Central Government are budgeted to increase to Rs.810911 crore in 1998-99 (BE) from Rs.718299 crore in 1997-98 (RE) (Table 2.3). This shows a moderation in the growth of internal liabilities from 15.6 per cent in 1997-98 (RE) to 12.9 per cent in 1998-99 (BE). Reflecting this trend, aggregate internal liabilities as a proportion of GDP are budgeted to decline to 45.8 per cent in 1998-99 (BE).

18. External liabilities at the book value (i.e. at the historical exchange rates) increased from Rs.55242 crore in 1997-98(RE) to Rs.57295 crore in 1998-99(BE). The repayment burden of the debt stock is better reflected by revaluing the debt stock at the current exchange rates at the end of the relevant fiscal year. When this is done, external liabilities as a proportion of GDP turn out to be much higher than that at historical rates (Table 2.3).

#### **Interest Payments**

19. Rising level of fiscal deficit coupled with the changing pattern of its financing in favour of market borrowings has led to higher interest outgo. Interest payments at Rs. 75000 crore are budgeted to absorb 46.3 per cent of the revenue

receipts in 1998-99 as against 47.4 per cent in 1997-98(RE). As a proportion of GDP, interest payments are budgeted at 4.2 per cent in 1998-99 the same as in 1997-98(RE) (Table 2.2).

#### **Subsidies**

20. Aggregate subsidies provided in the Central Government budget are estimated at Rs.22025 crore in 1998-99 compared with Rs. 19644 crore in 1997-98(RE). This shows a marked deceleration in the growth rate of aggregate subsidies from 21.8 per cent in 1997-98 (RE) to 12.1 per cent in 1998-99 (BE). These subsidies are estimated to absorb 13.6 per cent of the revenue receipts in 1998-99 (BE) as against 14.2 per cent in 1997-98 (RE), and constitute 1.2 per cent of GDP in 1998-99 (BE) (Table 2.2).

#### **Savings and Capital Formation**

21. As per the economic and functional classification of the union budget the total expenditure of the Central Government in 1998-99 (BE) is budgeted to increase to Rs.279154 crore from Rs.243755 crore in 1997-98 (RE) (Table 2.4). This reveals moderation in the growth of total Central Government expenditure from 15.4 per cent in 1997-98 (RE) to 14.5 per cent in 1998-99(BE). As a proportion of GDP, total Central Government expenditure constituted 15.8 per cent in 1998-99 (BE) compared with 15.6 per cent in 1997-98 (RE).

22. Gross dis-savings of the Central Government which shrank to Rs.9406 crore in 1996-97 jumped to Rs.20735 crore in 1997-98 (RE) and is budgeted to fall to Rs.20046 crore in 1998-99. Consequently gross dis-savings of the Central Government as a proportion of GDP are budgeted to improve to 1.1 per cent in 1998-99 from 1.3 per cent in 1997-98 (RE).

23. Growth in gross capital formation (GCF) out of budgetary resources (physical plus financial investment of centre) decelerated significantly from 18.4 per cent in 1997-98 (RE) to 11.7 per cent in 1998-99 (BE). GCF as a percentage of GDP is estimated at 4.6 per cent both in 1997-98(RE) and 1998-99 (BE). Gross capital formation in physical assets is estimated to grow by 26.4 per cent in 1998-99 (BE) compared to a growth of 8.6 per cent in financial assets during 1997-98 (RE).

#### **Central Plan Outlay**

24. The central plan outlay is budgeted to go up by 29.8 per cent from Rs.81033 crore in 1997-98(RE) to Rs.105187 crore in 1998-99

**TABLE 2.4**  
**Total Expenditure and Capital Formation by the Central Government and its Financing**

	1990-91	1994-95	1995-96	1996-97	1997-98 (RE)	1998-99 (BE)
1	2	3	4	5	6	7
	(Rs.Crore)					
<b>I. Total expenditure</b>	<b>104973</b>	<b>166998</b>	<b>185233</b>	<b>211260</b>	<b>243755</b>	<b>279154</b>
<b>II. Gross capital formation out of budgetary resources of Central Government</b>	<b>35058</b>	<b>54200</b>	<b>55276</b>	<b>60950</b>	<b>72176</b>	<b>80635</b>
(i) Gross capital formation by the Central Government	8602	14328	16685	17946	19489	24629
(ii) Financial assistance for capital formation in the rest of the economy	26456	39872	38591	43004	52687	56006
<b>III. Gross saving of the Central Government</b>	<b>-10502</b>	<b>-13882</b>	<b>-9835</b>	<b>-9406</b>	<b>-20735</b>	<b>-20046</b>
<b>IV. Gap (II-III)</b>	<b>45560</b>	<b>68082</b>	<b>65111</b>	<b>70356</b>	<b>92911</b>	<b>100681</b>
Financed by						
(a) Draft on other sectors of domestic economy	41794	63463	63655	66178	90540	97290
(i) Domestic capital receipts	30447	62502	53848	52994	88216	97290
(ii) Budgetary deficit/draw down of cash balance	11347	961	9807	13184	2324	0
(b) Draft on foreign savings	3766	4619	1456	4178	2371	3391
	(As per cent of GDP)					
<b>I. Total expenditure</b>	<b>18.0</b>	<b>16.1</b>	<b>15.2</b>	<b>15.0</b>	<b>15.6</b>	<b>15.8</b>
<b>II. Gross capital formation out of budgetary resources of Central Government</b>	<b>6.0</b>	<b>5.2</b>	<b>4.5</b>	<b>4.3</b>	<b>4.6</b>	<b>4.6</b>
(i) Gross capital formation by the Central Government	1.5	1.4	1.4	1.3	1.2	1.4
(ii) Financial assistance for capital formation in the rest of the economy	4.5	3.8	3.2	3.1	3.4	3.2
<b>III. Gross saving of the Central Government</b>	<b>-1.8</b>	<b>-1.3</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-1.3</b>	<b>-1.1</b>
<b>IV. Gap (II-III)</b>	<b>7.8</b>	<b>6.6</b>	<b>5.3</b>	<b>5.0</b>	<b>5.9</b>	<b>5.7</b>
Financed by						
(a) Draft on other sectors of domestic economy	7.2	6.1	5.2	4.7	5.8	5.5
(i) Domestic capital receipts	5.2	6.0	4.4	3.8	5.6	5.5
(ii) Budgetary deficit/draw down of cash balance	1.9	0.1	0.8	0.9	0.1	0.0
(b) Draft on foreign savings	0.6	0.4	0.1	0.3	0.2	0.2
<b>II. Gross capital formation out of budgetary resources of Central Government</b>	<b>6.2</b>	<b>20.3</b>	<b>2.0</b>	<b>10.3</b>	<b>18.4</b>	<b>11.7</b>
	(Increase over previous year)					

Notes : (i) Gross capital formation in this table includes loans given for Capital formation on a gross basis. Consequently domestic capital receipts include loan repayments to the Central Government.  
(ii) Because of the revision in the series of GDP ,the ratios given here may differ from those given in the earlier issues of Economic Survey.  
(iii) Total expenditure as per Economic and Functional classification.  
Note : Please see Note given in Table 2.1.

(BE). Concomitantly, central plan outlay as a percentage of GDP is estimated to rise from 5.2 per cent in 1997-98 (RE) to 5.9 in 1998-99(BE).

25. The budgetary support at Rs.42464 crore and contribution of internal and extra budgetary resources at Rs.62723 crore are estimated to account for 40.4 per cent and 59.6 per cent respectively towards the financing of the central plan during 1998-99. Sectoral allocation of central plan outlay for 1998-99 reveals that about 58

per cent of the total central plan outlay would be devoted to infrastructure comprising of energy, transport and communication. The share of agriculture, rural development and irrigation is estimated at around 12 per cent and that of social services at about 15 per cent respectively in the total central plan outlay.

26. The net transfer of resources to States and UTs after adjusting for recovery of loans and advances is estimated at Rs.90288 crore in

**TABLE 2.5**  
**Central Government Finances**

	Budget Estimates 1998-99	April—December*		Col. 4 as percentage Of BE 1998-99	% Change Col. 4 / 3
		1997-98	1998-99		
1	2	3	4	5	6
	(Rs. crore)				
<b>1. Revenue Receipts</b>	<b>161994</b>	<b>95225</b>	<b>99691</b>	<b>61.5</b>	<b>4.7</b>
<b>(a) Tax (net to Centre)</b>	<b>116857</b>	<b>70230</b>	<b>71004</b>	<b>60.8</b>	<b>1.1</b>
<i>of which:</i>					
(i) CIT	26550	13819	16751	63.1	21.2
(ii) PIT	6984	2503	3899	55.8	55.8
(iii) Customs	48148	29203	29329	60.9	0.4
(iv) Excise	30782	16195	17740	57.6	9.5
<b>(b) Non Tax</b>	<b>45137</b>	<b>24995</b>	<b>28687</b>	<b>63.6</b>	<b>14.8</b>
<b>2. Capital Receipts</b>	<b>105933</b>	<b>47177</b>	<b>79710</b>	<b>75.2</b>	<b>69.0</b>
<i>of which:</i>					
(i) Recovery of loans	9908	4809	6055	61.1	25.9
(ii) Other receipts	5000	906	221	4.4	-75.6
(iii) Borrowings and other liabilities	91025	41463	73434	80.7	77.1
<b>3. Total Receipts (1+2)</b>	<b>267927</b>	<b>142403</b>	<b>179401</b>	<b>67.0</b>	<b>26.0</b>
<b>4. Non-Plan Expenditure (a)+(b)</b>	<b>195925</b>	<b>106519</b>	<b>136856</b>	<b>69.9</b>	<b>28.5</b>
<b>(a) Revenue A/C</b>	<b>166301</b>	<b>87816</b>	<b>109720</b>	<b>66.0</b>	<b>24.9</b>
<i>of which:</i>					
(i) Interest payments	75000	36141	44677	59.6	23.6
(ii) Major subsidies	19883	12494	16232	81.6	29.9
(iii) Pensions	7342	3986	7431	101.2	86.4
<b>(b) Capital A/C</b>	<b>29624</b>	<b>18703</b>	<b>27136</b>	<b>91.6</b>	<b>45.1</b>
<b>5. Plan Expenditure (i)+(ii)</b>	<b>72002</b>	<b>35884</b>	<b>42545</b>	<b>59.1</b>	<b>18.6</b>
(i) Revenue A/C	43761	20793	26379	60.3	26.9
(ii) Capital A/C	28241	15091	16166	57.2	7.1
<b>6. Total Expenditure (4)+(5)</b>	<b>267927</b>	<b>142403</b>	<b>179401</b>	<b>67.0</b>	<b>26.0</b>
(i) Revenue expenditure	210062	108609	136099	64.8	25.3
(ii) Capital expenditure	57865	33794	43302	74.8	28.1
<b>7. Revenue Deficit</b>	<b>48068</b>	<b>13384</b>	<b>36408</b>	<b>75.7</b>	<b>172.0</b>
<b>8. Fiscal Deficit</b>	<b>91025</b>	<b>41463</b>	<b>73434</b>	<b>80.7</b>	<b>77.1</b>
<b>9. Primary Deficit</b>	<b>16025</b>	<b>5322</b>	<b>28757</b>	<b>179.5</b>	<b>440.3</b>

\* Provisional (unaudited)

1998-99 (BE) and shows an increase of 1.2 per cent over the revised estimates of Rs.89207 crore for 1997-98. These transfers mainly comprise shareable tax revenue, grants and loans. Amongst these the States' share of central taxes and duties is budgeted to decline by 6.2 per cent to Rs.40854 crore in 1998-99 from Rs.43562 crore in 1997-98. This decline is attributed to the fact that during 1997-98, besides the normal sharing of taxes, an additional sum of Rs. 7594 crore was assigned to States' from the total collection of Rs.10050 crore under VDIS.

#### **Trends in Fiscal Parameters in 1998-99**

27. Table 2.5 provides a snap shot of major fiscal parameters pertaining to the Central

Government finances during the first nine months of 1998-99 and 1997-98. As is evident from this table the fiscal deficit in April-December, 1998 worsened on account of a higher growth in total expenditure at 26 per cent compared with a growth of only 4.7 per cent in total revenue receipts. Thus, the fiscal deficit at Rs. 73434 crore was higher by 77.1 in April-December, 1998 over that in April-December, 1997, and accounted for 80.7 per cent of the budgeted fiscal deficit for 1998-99. With continuing shortfalls in collections of indirect taxes due to sluggish growth in industrial production and imports, it is unlikely that the year end fiscal deficit would be contained within the budgeted amount.