Union Budget 2010-11: Review and Assessment*

The article makes an assessment of the Union Budget 2010-11. In the backdrop of firm recovery and inflation outlook, the desire to revert back to high growth trajectory witnessed during pre-crisis periods has necessitated to initiate the process of fiscal consolidation. In this regard, accepting the medium-term fiscal consolidation path recommended by the Thirteenth Finance Commission (ThFC), a calibrated exit of fiscal stimulus measures have been initiated in the Budget 2010-11. The Budget has partially rolled back indirect tax cuts extended during the previous two years of financial crisis, besides one off items such as 3G auction and disinvestment proceeds likely to play vital role in fiscal consolidation during 2010-11. Accordingly, all the key deficit indicators are slated to decline during 2010-11. Further, implementation of the Goods and Services Tax (GST) and Direct Tax Code (DTC) during 2011-12 would support fiscal consolidation in the medium term. The Medium Term Fiscal Policy Statement laying down the rolling targets for key deficit indicators has indicated that RD and GFD would be brought down to 2.7 per cent and 4.1 per cent, respectively, by 2012-13.

The Union Budget 2010-11 was presented in the backdrop of some signs of revival in the Indian economy having set in and the need to return to the path of fiscal consolidation in a calibrated manner. The Budget continued to emphasise on meeting three important medium-term challenges:

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(i) to quickly reverting back to higher growth path of 9 per cent and then find the means to cross the 'double digit growth barrier'; (ii) to harness economic growth to consolidate the recent gains in making development more inclusive; and (iii) to address the weaknesses in government systems, structures and institutions at different levels of governance. The Union Budget, *inter alia*, has also proposed to enhance the resource flow to agriculture and rural areas, increase financial inclusion, and strengthen the banking and financial regulatory system. There are also several proposals to reform the infrastructure, administration, governance, social security and transparency and public accountability.

In order to enable the fiscal consolidation, the budget has announced increase in disinvestment, reforms in fertilizer subsidy and pricing policy of petroleum and diesel, besides the direct (implementation of direct tax code) and indirect tax reforms (goods and services tax) from the beginning of fiscal year 2011-12.

With regard to financial sector, the proposals to strengthen financial stability include: recapitalization of public sector banks and Regional Rural Banks; setting up of an apex-level Financial Stability and Development Council; and setting up of a Financial Sector Legislative Reforms Commission. To increase financial inclusion, banking facilities would be extended to areas with low population through the business correspondent model, augmenting resources of Financial Inclusion Fund and Micro Finance Development and Equity Fund and additional banking licenses to private sector players.

The tax proposals have been guided by the principles of sound tax administration and the need to achieve some degree of fiscal consolidation without impairing the recovery process. While emphasising greater reliance on computerisation in tax administration, the proposals on the direct taxes include: broadening of tax slab on personal income; reduction in surcharge on domestic companies while raising the Minimum Alternative Tax (MAT) rate; enhancing the limit of investment linked tax deduction to hotels; enhancing of weighted deduction on expenditure incurred in-house R&D; and enhancing the turnover limit of presumptive taxation.

On the indirect taxes front, partial rollback of the central excise duties on non-petroleum products and basic duties on petroleum products has been announced. On the other hand, concessional custom duty, exemption of excise duty and service tax on a number of items such as select agricultural goods and related sectors, environment friendly products, monorail projects for urban transport, domestic manufacture of mobile phones, medical equipment have been announced. The services tax would be maintained at existing level but more number of services would be brought under its purview.

Against the above background, this article makes an assessment of the Union Budget 2010-11. Section I presents the major policy initiatives announced. The tax proposals announced in the Budget are discussed in Section II. Section III analyses the receipts and expenditure pattern, and other aspects of Central Government finances in the revised estimates for 2009-10 and budget estimates for 2010-11. Section IV provides an assessment of the Budget followed by concluding observations.

I: Major Policy Initiatives

The major policy announcements made in the Union Budget for 2010-11 are aimed at meeting the three important medium-term objectives of (i) quickly reverting back to the higher growth path, (ii) making development more inclusive, and (iii) improvement of governance at various institutional levels.

I.1 Agriculture

Emphasising the crucial role of agriculture sector for inclusive growth, enhancement of rural incomes and sustaining food security, the Government intends to follow a four-pronged strategy covering agricultural production, reduction in wastage of produce, credit support to farmers, and a thrust to the food processing sector for the development of agriculture. To enable this, the Government has proposed: (i) to extend the green revolution to eastern region States; (ii) to organise 60,000 "pulses and oil seed villages" in rain-fed areas during 2010-11 and provide an integrated intervention for water harvesting, watershed management and soil health, to enhance the productivity of the dry land farming areas; (iii) to address the wastage of grain procured for buffer stocks and public distribution system due to acute shortage of storage capacity in the Food Corporation of India by strengthening of supply chain network; (iv) to raise the target for agriculture credit flow to Rs.3,75,000 crore during 2010-11 from Rs. 3,25,000 crore in 2009-10; (v) to extend the period for repayment of the loan amount by farmers by six months from December 31, 2009 to June 30, 2010; (vi) to raise the subvention for those farmers who repay their short term loans as per schedule from one per cent to two per cent for 2010-11; and (vii) to provide a state-of-the-art infrastructure for the development of food processing sector.

I.2 Financial Sector Reforms

The Budget has placed a significant emphasis on ensuring financial stability, increasing financial inclusion and financial sector reforms. It has proposed to provide a sum of Rs. 16,500 crore to ensure that the public sector banks are able to attain a minimum 8 per cent Tier-I capital by March 31, 2011 and provide further capital to strengthen the regional rural banks (RRBs), so that they have adequate capital base to support increased lending. Several proposals have also been announced to strengthen financial stability. These include: setting up of an apex-level Financial Stability and Development Council and setting up of a Financial Sector Legislative Reforms Commission.

To increase financial inclusion, banking facilities would be extended to areas with low population through the business correspondent model and additional banking licenses will be issued to private sector players. Further, Financial Inclusion Fund and Financial Inclusion Technology Fund in National Bank for Agricultural and Rural Development (NABARD) would be augmented by Rs.100 crore each. The corpus of Micro Finance Development and Equity Fund would be doubled to Rs.400 crore in 2010-11.

I.3 Infrastructure

The Budget has allocated over 46 per cent of the total plan allocations for infrastructure sector giving thrust for upgrading infrastructure in both rural and urban areas. Substantial increase in the budgetary support for Railways has also been proposed for the modernization and expansion of existing network. To complement the dedicated freight corridor, the Delhi-Mumbai Industrial Corridor project has been taken up for integrated regional development.

I.4 Energy

The Budget has proposed to double the plan allocation for power sector from Rs. 2,230 crore during 2009-10 to Rs. 5,130 crore in 2010-11 exclusive of allocations for Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). It has also been proposed to introduce a competitive bidding process for allocating coal blocks for captive mining to ensure greater transparency and increased participation in production from these blocks. Further, it has been proposed to increase the plan outlay for the Ministry of New and Renewable Energy by 61 per cent from Rs. 620 crore in 2009-10 to Rs. 1,000 crore in 2010-11.

I.5 Inclusive Development

In order to strengthen the inclusive growth agenda, the Budget has proposed to place the draft Food Security Bill in the public domain very soon. Allocations with respect to education and health have been increased significantly. Financial inclusion being an important aspect of inclusive growth, it has been decided to provide appropriate Banking facilities to habitations having population in excess of 2000 by March, 2012 as recommended by the High Level Committee on the Lead Bank Scheme constituted by the RBI. It is also proposed to expand insurance and other services to the targeted beneficiaries.

I.6 Rural Development

As development of rural infrastructure remaining a high priority area for the Government, the allocation for National Rural Employment Guarantee Act (NREGA), Indira Awas Yojana (IAY) and Backward Region Grant Fund has been stepped up.

I.7 Micro, Small & Medium Enterprises

Micro, Small and Medium Enterprises (MSMEs) contribute 8 per cent of the country's GDP, 45 per cent of the manufactured output and 40 per cent of India's exports. They provide employment to about 6 crore persons through 2.6 crore enterprises. A High Level Council on Micro and Small Enterprises will monitor the implementation of the recommendations of the High level Task Force and the agenda for action. The Budget has proposed to raise the allocation for this sector from Rs.1,794 crore in 2009-10 to Rs.2,400 crore for the year 2010-11.

I.8 Environment and Climate Change

In order to mitigate the negative environment consequences and increased pollution level, the Budget has proposed several proactive steps which include establishment of a National Clean Energy Fund for funding research and innovative projects in clean energy technologies. One-time grant of Rs.200 crore will be provided to the Government of Tamil Nadu towards the cost of installation of a zero liquid discharge system at Tirupur to sustain the textile cluster located in that area. It has been proposed to provide a sum of Rs.200 crore as a "Special Golden Jubilee package" for Goa to preserve the natural resources of the State by restoring Goa's beaches which are prone to erosion, and increasing its green cover through sustainable forestry. The Budget has proposed to double the allocation for National Ganga River Basin Authority (NGRBA) in 2010-11 to Rs.500 crore for the Mission Ganga 2020.

I.9 National Social Security Fund for Unorganised Sector Workers

It has been proposed to set up a National Social Security Fund for unorganised sector workers with an initial allocation of Rs.1,000 crore. This fund will support schemes for weavers, toddy tappers, rickshaw pullers and *bidi* workers.

I.10 Skill Development

The Budget has proposed to launch an extensive skill development programme for the textile and garment sector. The resources of the private sector will also be harnessed by incentivising training through an outcome based approach.

I.11 Social Welfare

Substantial increase in plan allocation has been proposed for the programmes related to the groups covering the Scheduled Castes, Other Backward Classes, persons with disabilities, senior citizens and victims of alcoholism and substance abuse.

I.12 Strengthening Transparency & Public Accountability

The Budget proposes to set up a Financial Sector Legislative Reforms Commission to rewrite and clean up the financial sector laws to bring them in line with the requirements of the sector. Highlighting the importance of the Unique Identification Authority of India (UIDAI), it would provide an effective platform for financial inclusion and targeted subsidy payments.

I.13 Independent Evaluation Office

The Government had announced the setting up of an Independent Evaluation Office (IEO), headed by the Deputy Chairman, Planning Commission, to undertake impartial and objective assessments of the various public programmes and improve the effectiveness of the public interventions. IEO would evaluate the impact of flagship programmes and place the findings in the public domain.

I.14 Symbol for Indian Rupee

During 2010-11, the Budget has proposed to formalise a symbol for the Indian Rupee, which reflects and captures the Indian ethos and culture. With this, Indian Rupee will join the select club of currencies such as the US Dollar, British Pound Sterling, Euro and Japanese Yen that have a clear distinguishing identity.

I.15 National Mission for Delivery of Justice and Legal Reforms

To provide timely delivery of justice to all, the Government has approved the setting up of the National Mission for Delivery of Justice and Legal Reforms. The Thirteenth Finance Commission has provided grants amounting to Rs.5,000 crore for the States to improve the delivery of justice, including strengthening of alternate dispute resolution mechanisms.

II. Tax Proposals

The tax proposals have been aimed at bringing about a sound tax administration, while keeping in view the need to resume the process of fiscal consolidation without impairing the recovery process and moving forward on the road to goods and services tax (GST). Greater reliance will continue to be placed on computerization in core areas of service delivery in the administration of direct taxes to reduce the physical interface between taxpayers and tax administration and speed up procedures and processes. To achieve the roll-out of GST by April 2011, the indirect tax administrations at the Centre and the States need to revamp their internal work processes based on the use of Information Technology. The proposals on direct taxes are estimated to result in a revenue loss of Rs. 26,000 crore during 2010-11, while that of indirect taxes are expected to have a net revenue gain of Rs.46,500 crore during 2010-11. The major tax proposals in the budget are as follows:

II.1 Direct Taxes

To provide further relief to payers of personal income tax, the tax slabs of personal income tax have been broadened as follows:

Table 1: Income Tax Rates

Tax Slab	Tax Rate
1	2
Income upto Rs.1.6 lakh	Nil
Income above Rs.1.6 lakh and upto Rs.5 lakh	10 per cent
Income above Rs.5 lakh and upto Rs.8 lakh	20 per cent
Income above Rs.8 lakh	30 per cent

A deduction of an additional amount of Rs.20,000 for investment in long-term infrastructure bonds as notified by the Central Government has been proposed to promote savings as well as to ensure their utilisation for the thrust area of infrastructure. Further, contributions to the Central Government Health Scheme will also get deduction under the Income-tax Act.

With regard to corporate tax, the current surcharge of 10.0 per cent on domestic companies has been reduced to 7.5 per cent. However, to further promote inter-se equity among corporate taxpayers, it has been proposed to increase the rate of Minimum Alternate Tax (MAT) from the current rate of 15.0 per cent to 18.0 per cent of book profits.

To encourage R&D across all sectors of the economy, it has been proposed to enhance the weighted deduction on expenditure incurred on in-house R&D from 150.0 per cent to 200.0 per cent. In case of National Laboratories, research associations, colleges, universities and other institutions, for scientific research the same has been increased to 175.0 per cent from 125.0 per cent. The Budget has also proposed to extend the benefit of investment linked deduction to new hotels of two-star category and above anywhere in India to give a boost to investment in the tourism sector.

It has been proposed to allow pending projects to be completed within a period of five years instead of four years for claiming a deduction on their profits providing one time interim relief to the housing and real estate sector which was impacted by the global recession. The relaxation in the norms for built-up area of shops and other commercial establishments in housing projects have also been proposed. The Budget has proposed to increase the interest charged on tax deducted but not deposited by the specified date from 12.0 per cent to 18.0 per cent per annum.

To reduce the compliance burden on small taxpayers, the turnover limit of businesses whose accounts are required to be audited has been raised to Rs. 60 lakh from Rs. 40 lakh in the case of businesses and to Rs.15 lakh from 10 lakh in the case of professions. Further, it has been proposed to enhance the limit of presumptive taxation to all small businesses with a turnover of up to Rs.60 lakh from up to Rs. 40 lakh.

II.2 Indirect Taxes

The Budget has proposed to partially roll back the rate reduction in Central Excise duties and enhance the standard rate on all non-petroleum products from 8.0 per cent to 10.0 per cent *ad valorem*. The *ad valorem* component of excise duty on large cars, multi-utility vehicles and sports-utility vehicles, which was reduced as part of the first stimulus package, is being increased by 2 percentage points to 22.0 per cent. It has also proposed to restore the basic duty of 5.0 per cent on crude petroleum, 7.5 per cent on diesel and petrol and 10.0 per cent on other refined products and enhance the Central Excise duty on petrol and diesel by Rs. 1 per litre each. Excise duty on all non-smoking tobacco such as scented tobacco, snuff, and chewing tobacco has been enhanced.

II.2 (a) Agriculture & Related Sectors

In order to support the initiatives announced for development of agricultural sector, several tax proposals have been made: (i) concessional import duty of 5.0 per cent for the setting up of mechanised handling systems and pallet racking systems in 'mandis' or warehouses for food grains and sugar as well as full exemption from service tax for the installation and commissioning of such equipment; (ii) concessional customs duty of 5.0 per cent with full exemption from service tax to the initial setting up and expansion of cold storage, cold room including farm pre-coolers for preservation or storage of agriculture and related sectors; (iii) full exemption from customs duty to refrigeration units required for the manufacture of refrigerated vans or trucks; (iv) concessional customs duty of 5.0 per cent to specified agricultural machinery not manufactured in India; (v) full exemption from excise duty to trailers and semi-trailers used in agriculture; (vi) to exempt the testing and certification of agricultural seeds from service tax; and (vii) to exempt the transportation by road of cereals and pulses from service tax in addition to the existing exemption on their transportation by rail.

II.2 (b) Environment

National Clean Energy Fund has been announced in the Budget and for building the corpus to levy a clean energy cess on coal produced in India at a nominal rate of Rs.50 per tonne has been propsoed. On other hand, several concessional measures have been announced, which include: (i) concessional customs duty of 5.0 per cent to machinery, instruments, equipment and appliances required for the initial setting up of photovoltaic and solar thermal power generating units. These would be exempted from central excise duty; (ii) ground source heat pumps used to tap geo-thermal energy would be exempt from basic customs duty and special additional duty; (iii) central Excise duty on LED lights is being reduced from 8.0 per cent to 4.0 per cent at par with Compact Fluorescent Lamps; and (iv) electric cars which were fully exempt from Central Excise duty would be subjected to a nominal duty of 4.0 per cent. However, it has been proposed to exempt some critical parts or sub-assemblies of such vehicles from basic customs duty and special additional duty subject to actual user condition, and these parts would also enjoy a concessional CVD of 4.0 per cent.

II.2 (c) Infrastructure

To strengthen the public transport system, it has been proposed to grant project import status to 'Monorail projects for urban transport' at a concessional basic duty of 5.0 per cent.

II. 2 (d) Medical Sector

It has been proposed to prescribe a uniform concessional basic duty of 5.0 per cent and CVD of 4.0 per cent with full exemption from special additional duty on all medical equipment.

II.2 (e) Infotainment

To enable multi-service operators of infotainment to invest in "Digital High End" equipment, it has been proposed to provide project import status at a concessional customs duty of 5.0 per cent with full exemption from special additional duty to the initial setting up of such projects.

II.2 (f) Precious Metals

The customs duty on gold and platinum has been raised from Rs. 200 per 10 grams to Rs. 300 per 10 grams and on silver raised from Rs. 1,000 per kg to Rs. 1,500 per kg. However, custom duty on Rhodium, a precious metal used for polishing jewellery, has been reduced from 10.0 per cent to 2.0 per cent.

II.2 (g) Other Proposals

Several other tax concession measures include: reduction in basic customs duty on long pepper from 70.0 per cent to 30.0 per cent; reduction in basic customs duty on asafoetida from 30.0 per cent to 20.0 per cent; reduction in central excise duty on replaceable kits for household type water filters other than those based on RO technology to 4.0 per cent; reduction in central excise duty on corrugated boxes and cartons from 8.0 per cent to 4.0 per cent; Reduction in central excise duty on latex rubber thread from 8.0 per cent to 4.0 per cent; and reduction in excise duty on goods covered under the Medicinal and Toilet Preparations Act from 16.0 per cent to 10.0 per cent.

II.2 (h) Service Tax

Though the Budget recognises the need to bridge the gap between contributions of service sector to GDP and to total tax collection, it has proposed to retain the rate of tax on services at 10.0 per cent in order to pave the way forward for GST. However, it has been proposed to bring certain services within the purview of the service tax net, details of which will be notified separately.

III. Pattern in Central Government Finances During Revised Estimates 2009-10 and Budget Estimates 2010-11

III.1 Receipts Pattern

Gross tax revenue in the revised estimates (RE) for 2009-10 fell short of the budget estimate (BE) by 1.2 per cent as collections of all major taxes, barring personal income tax, declined. Non-tax revenue also declined from the budgeted level by 20.0 per cent due to postponement of 3-G auction. Consequently, revenue receipts were 6.1 per cent lower than the budgeted level. However, non-debt capital receipts were 5.6 times higher of the budgeted level on account of additional disinvestments.

The Union Budget 2010-11 envisages the gross tax revenue to grow by 17.9 per cent, with all the major taxes, except personal income tax, expected to rebound with the partial roll back in indirect tax rates. The decline in personal income tax will be on account of revenue loss following the broadening of tax slabs announced in the Budget. Non-tax revenues (NTR) are budgeted to increase substantially by 32.0 per cent on account of 3G auction proceeds. Thus, revenue receipts during 2010-11 are budgeted to increase by 18.2 per cent over the 2009-10 RE. The Budget also envisages increase in non-debt capital receipts by 49.4 per cent mainly due to 54.1 per cent rise in disinvestment (Table 1 and Statement 1 and 2).

III.2 Expenditure Pattern

The aggregate expenditure in 2009-10 (RE) marginally overran the budgeted level by 0.1 per cent. However, plan expenditure fell short by 3.1 per cent while that of non-plan expenditure was higher by 1.5 per cent. The shortfall in plan expenditure took place on the central plan component. Furthermore, there was substantial shortfall of 6.8 per cent in capital expenditure, while that of revenue expenditure exceeded the budgeted level by 1.0 per cent.

During 2010-11, the Budget has envisaged moderating the growth of aggregate expenditure to 8.5 per cent by reducing the growth of non-plan expenditure to 4.1 per cent from 26.0 per cent in the previous year. Plan expenditure, however, would be stepped up by 18.4 per cent as compared with 14.5 per cent growth in the previous year. Most of the increase in plan expenditure would be in the central plan, while much of the

Table 2: Major Receipts

(Amount in Rs. Crore)

Item	2009-10 (BE)	2009-10 (RE)	2010-2011 (BE)	Variation (Per cent)	
				3 over 2	4 over 3
1	2	3	4	5	6
Revenue Receipts	6,14,497	5,77,294	6,82,212	-6.1	18.2
Tax Revenue (net)	4,74,218	4,65,103	5,34,094	-1.9	14.8
Non Tax Revenue	1,40,279	1,12,191	1,48,118	-20.0	32.0
Capital Receipts	4,06,341	4,44,253	4,26,537	9.3	-4.0
Non-debt Capital Receipts	5,345	30,212	45,129	465.2	49.4
Gross Tax Revenue	6,41,079	6,33,095	7,46,651	-1.2	17.9
Corporation Tax	2,56,725	2,55,076	3,01,331	-0.6	18.1
Income Tax	1,12,850	1,24,989	1,20,566	10.8	-3.5
Customs	98,000	84,477	1,15,000	-13.8	36.1
Union Excise Duties	1,06,477	1,02,000	1,32,000	-4.2	29.4
Service Tax	65,000	58,000	68,000	-10.8	17.2

Table 3: Major Items of Expenditure					
					(Amount in Rs. Crore)
Item	**2009-10 (BE)**	**2009-10 (RE)**	**2010-11 (BE)**	**Percentage Change**	
				(3) over (2)	**(4) over (3)**
1	2	3	4	5	6
Revenue Expenditure	8,97,232	9,06,355	9,58,724	1.0	5.8
Capital Expenditure	1,23,606	1,15,192	1,50,025	-6.8	30.2
Total expenditure	1,020,838	1,021,547	1,108,749	0.1	8.5
Non-Plan					
1. Interest Payments	2,25,511	2,19,500	2,48,664	-2.7	13.3
2. Grants to States	48,570	46,610	46,001	-4.0	-1.3
3. Interest Subsidies	2,601	2,719	4,416	4.5	62.4
4. Fertiliser Subsidy	49,980	52,980	49,981	6.0	-5.7
5. Defence Services	1,41,703	1,36,264	1,47,344	-3.8	8.1
Total Non-PlanExpenditure	**6,95,689**	**7,06,371**	**7,35,657**	**1.5**	**4.1**
Plan					
1. Central Plan	2,39,840	2,29,164	2,80,600	-4.5	22.4
2. Central Assistance for State and UT Plans	85,309	86,012	92,492	0.8	7.5
Total Plan Expenditure	**3,25,149**	**3,15,176**	**3,73,092**	**-3.1**	**18.4**

curtailment in the growth of non-plan expenditure would be achieved through cut in subsidies (Table 3).

All the components of subsidies, except interest subsidies, would show a decline. As a ratio to GDP, subsidies will decline to 1.7 per cent in 2010-11 from 2.1 per cent in 2009-10 (Table 4).

III. 3 Deficit Indicators

In view of the expenditure overrun and shortfall in revenue collections, the revised estimates for 2009-10 showed deterioration in all the key deficit indicators *viz.*, revenue deficit (RD), gross fiscal deficit (GFD) and primary deficit (PD) over their budgeted levels (Statement-3). However, due to

Table 4: Major Subsidies						
						(Amount in Rs. Crore)
Item	**2008-09**		**2009-10 RE**		**2010-11 BE**	
	Amount	**per cent to GDP**	**Amount**	**per cent to GDP**	**Amount**	**per cent to GDP**
1	2	3	4	5	6	7
Total Subsidies	**129708**	**2.3**	**131025**	**2.1**	**116224**	**1.7**
of which:						
i. Food	43,751	0.8	56,002	0.9	55,578	0.8
ii. Fertiliser	76,603	1.4	52,980	0.9	49,981	0.7
iii. Petroleum	2,852	0.1	14,954	0.2	3,108	0.0
iv. Interest subsidy	3,493	0.1	2,719	0.0	4,416	0.1
v. Other subsidies	3,009	0.1	4,370	0.1	3,141	0.0

upward revision in GDP in the revised estimates, GFD as a ratio to GDP was marginally lower from the budgeted level, but that of RD and PD were higher during 2009-10.

During 2010-11, with the partial exit of fiscal stimulus measures, all the key deficit indicators are budgeted to decline in absolute terms and as per cent of GDP. The improvement in deficit indicators will follow from a combination of improved indirect collections because of the partial rollback in tax rate cuts, higher non-tax revenue from 3-G auction proceeds and larger disinvestment proceeds, reinforced by the curtailment in the growth of non-plan expenditure. Thus, RD, GFD and PD are budgeted at 4.0 per cent, 5.5 per cent and 1.9 per cent in 2010-11, lower than 5.3 per cent, 6.7 per cent and 3.2 per cent, respectively, during 2009-10 (RE) (Chart 1 and Table 5).

III.4 Market Borrowings

With the envisaged lower level of GFD, the net market borrowings during 2010-11 are budgeted lower than the previous year. The net market borrowings will also be lower, as they have been budgeted to finance only 90.5 per cent of GFD during 2010-11 lower than 95.2 per cent during 2009-10 (RE). However, taking into account the repayments of market loans of Rs.1,12,133 crore and 364-day Treasury Bills of Rs.41,492 crore, the gross market borrowings are placed at Rs.4,98,635 crore in 2010-11, showing an increase of 1.3 per cent over the previous year.

Chart 1: Deficit Indicators of the Centre

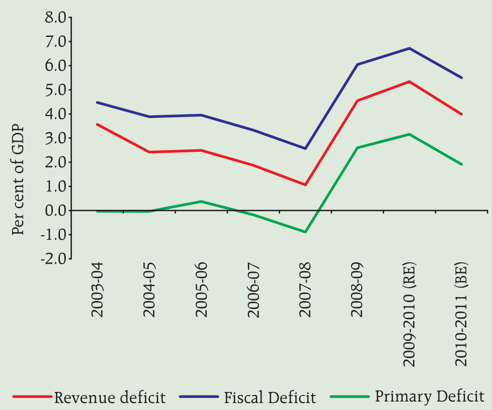

Table 5: Deficit Indicators

(Per cent to GDP)

Item	2009-10 (BE)	2009-10 (RE)	2010-11 (BE)	Variation (3-2)	Variation (4-3)
1	2	3	4	5	6
1. Revenue Deficit (3-2)	4.8	5.3	4.0	0.5	-1.3
2. Revenue Receipts	10.5	9.4	9.8	-1.1	0.4
3. Revenue Expenditure	15.3	14.7	13.8	-0.6	-0.9
of which					
i. Interest Payments	3.9	3.6	3.6	-0.3	0.0
4. Gross Fiscal Deficit {5-(2+6)}	6.8	6.7	5.5	-0.1	-1.2
5. Total Expenditure	17.4	16.6	16.0	-0.8	-0.6
6. Non-debt capital receipts	0.1	0.5	0.7	0.4	0.2
7. Capital Expenditure	2.1	1.9	2.2	-0.2	0.3
8. Gross Primary Deficit(4-3i)	3.0	3.2	1.9	0.2	-1.3

III.5 Devolution and Transfer of Resources to States and Union Territories

Reflecting higher devolution recommended by the Thirteenth Finance Commission (ThFC), the net resource transfer to State Governments and Union Territories will increase by 18.1 per cent in 2010-11 (Table 6).

IV. Assessment Of The Union Budget 2010-11

IV.1 Fiscal Correction and Consolidation

The Budget has proposed to bring down RD and GFD during 2010-11 to 4.0 per cent and 5.5 of GDP, respectively. The Medium Term Fiscal Policy Statement (MTFPS), laying down the fiscal consolidation path in terms of rolling targets, indicates that RD and GFD in 2012-13 will be brought down to 2.7 per cent and 4.1 per cent of GDP, respectively (Table 7).

Table 6: Resource Transfer to States and Union Territories

(Amount in Rs. Crore)

Item	2009-10 (RE)	2010-11 (BE)	Variation (Per cent)
1	2	3	4
States' Share of Taxes and Duties	1,64,832	2,08,997	26.8
Grants	1,42,582	1,56,649	9.9
Non-Plan	46,610	46,001	-1.3
Plan	95,972	1,10,648	15.3
Loans	7,913	7,252	-8.4
Non-Plan	88	89	1.1
Plan	7,825	7,163	-8.5
Recovery of Loan and Advances	2,816	3,924	39.3
Net Resource Transfers	3,12,511	3,68,974	18.1

The fiscal consolidation envisaged in the Budget, however, has relied significantly on one-off items of expenditures and receipts. Excluding one-off items such as arrears payments and farm debt waiver from the expenditure, and disinvestment and 3-G proceeds from the receipts, RD will show a correction of 0.5 per cent of GDP, lower than 1.3 percentage point corrections envisaged in the Budget. Similarly, GFD will show a correction of 0.3 percentage points, much lower than 1.2 percentage points correction envisaged in the Budget (Table 8). However, to bring down the level of RD and GFD to zero per cent and 3.0 per cent of GDP, respectively, by 2013-14, as recommended by the ThFC, without relying on these one-items will be a difficult task. Because, excluding these one-off items, the required reduction in RD in the next three years will be about 1.4 percentage points each, while that of GFD will be about 1.1 percentage points each.

The Budget seems to recognize the difficulty of reducing the size of RD given the projection of 2.7 per cent of GDP in 2012-13 in MTFPS. However, there are several items of expenditure which are classified as revenue expenditure though they are in the nature of creating durable assets such as the Rajiv Gandhi Grameen Vidyutikaran Yojana, the Jawaharlal Nehru National Urban Renewal Mission, the Pradhan Mantri Gram Sadak Yojana, the Accelerated Irrigation Benefit Programme. Recognising this issue, the Fiscal Policy Strategy Statement emphasises the need to re-classify Government of India expenditure in a more pragmatic way with focus on end outcome. However, it is important to note that reducing fiscal deficit through reduction in revenue deficit is the most desirable option,

Table 7: Rolling Targets under FRBM

(Per cent to GDP)

Item	Revised Estimates 2009-10	Budget Estimates 2010-11	Targets for 2011-12	Targets for 2012-13
1	2	3	4	5
Revenue Deficit	5.3	4.0	3.4	2.7
Gross Fiscal Deficit	6.7	5.5	4.8	4.1
Gross Tax Revenue	10.3	10.8	11.5	11.8
Total outstanding liabilities at end of the year	51.5	51.1	50.0	48.2

Notes: 1. "Total outstanding liabilities" include external public debt at current exchange rates.
2. For projections, constant exchange rates have been assumed. Targets for 2010-11 and 2011-12 will be revisited after the implementation of the 13th Finance Commission's recommendations from 2010-11.

which otherwise would necessitate curtailing capital expenditure howsoever defined. Ideally, the Golden Rule principle of government borrowings for investment purposes needs to be followed.

The ThFC has recommended that the debt of the Centre be capped at 45 per cent of the GDP by 2014-15, and RD be eliminated and GFD be reduced to 3.0 per cent of GDP by 2013-14. The Government has accepted these recommendations in principle and detailed proposals for amendment of the FRBM Act, as may be necessary, will be taken up separately. In this connection, the Budget indicated that an explicit reduction in domestic public debt-GDP ratio has been targeted for the first time, and announced that a status paper giving detailed analysis of the situation and a road map for curtailing the overall public debt will be brought out within six months. However, the targeted RD in the Budget is much higher than the ThFC recommended level of zero by 2013-14.

It is evident from the Budget that all the required adjustments in the next three to four years cannot be achieved through tax reforms envisaged under Direct Tax Code (DTC) and GST. In the MTFPS, the incremental gross tax revenue to GDP ratio after taking into account of these tax reform measures is estimated to be 0.7 percentage point during 2011-12 and 0.3 percentage points during 2012-13 only, while the minimum required corrections in revenue deficit will be much larger. Therefore, besides tax reforms, expenditure reforms in terms of prioritization and rationalization would be crucial.

Table 8: One-off Items in the Budget

Item	2009-10 (RE) Amount (Rs. Crore)	2009-10 (RE) % of GDP	2010-11 (BE) Amount (Rs. Crore)	2010-11 (BE) % of GDP
1	2	3	4	5
Debt Waiver (Revenue Expenditure)	15,000	0.24	12,000	0.17
Pay Arrears (Revenue Expenditure)	16,643	0.27	–	–
Disinvestment (Non-debt Capital Receipts)	25,958	0.42	40,000	0.58
3G Auction (Non-tax Revenue)	–	–	35,000	0.50
Revenue Deficit/GDP				
i) Budgeted		5.3		4.0
ii) Adjusted		4.8		4.3
Gross Fiscal Deficit/GDP				
i) Budget		6.7		5.5
ii) Adjusted		6.6		6.3

In regard to expenditure reforms, the Budget has envisaged to curtail the growth of non-plan expenditure primarily through cut in explicit subsidies, particularly petroleum and fertilizer subsidy, while no liabilities through issue of bonds will be created in lieu of these subsidies. However, the quantum of these two subsidies will depend upon the movement in international prices of these two commodities, until and unless the domestic prices are adjusted according to the movement in the international prices. If the international price of these commodities move up, there is the possibility that explicit subsidy will be enhanced from what is provided in the Budget.

On the revenue side, the Budget has projected a gross tax revenue growth of 17.9 per cent. Given the assumed nominal GDP growth of 12.5 per cent in the Budget, the gross tax revenue buoyancy will be 1.43, which is lower than the average buoyancy of 1.60 during the pre-crisis high growth phase of 2004 to 2008. However, a substantial revenue loss is expected from personal income tax, which the Budget expects to more than offset by partial roll back in indirect taxes, with growth of around 30 per cent. The achievement of the projected indirect tax collection would crucially hinge upon the growth of import and industrial growth.

IV.2 Government Borrowing Programme

During 2010-11, the budgeted gross market borrowings of dated securities of the Centre will be higher than the previous year, even though the net market borrowings will be lower due to larger repayments. If the States' net market borrowings remain at the level of previous year, the net supply of securities, excluding MSS unwinding and RBI support through OMO, at Rs.4,57,273 crore, however, will be higher by about 24.9 per cent over the previous year. The net supply of securities will increase further if the provision for MSS bonds of Rs 50,000 crore in the Budget will also be issued (Table 9).

IV.3 Impact on Inflation

The inflationary impact of the budget could be seen from both the supply and demand sides. On the supply side, the partial rollback of excise duty and custom duties rates would raise the prices of manufactured products. Reflecting the

Table 9: Borrowings of the Central and State Governments through Dated Securities

(Rs. Crore)

Sl.No	Items	2008-09	2009-10 (RE)	2010-11 (BE)
1	2	3	4	5
1.	Gross Market Borrowings of Centre	2,73,000	4,51,000	4,57,143
2.	Net Market Borrowings of Centre	2,28,972	3,98,411	3,45,010
3.	Receipt under MSS (net) (including MSS de-sequestering)	-38,773	-86,036	-2,737*
4.	RBI support through OMO	6,410	61,307	–
5.	Expected Net Market Borrowings of States	1,03,766	1,15,000	1,15,000
6.	Net Supply of dated security (2+3-4+5)	2,87,555	3,66,068	4,57,273

*: Does not include provision of Rs. 50,000 crore towards MSS.

impact of customs duty and excise tax, the prices of petrol and diesel have increased by Rs 2.67 (5.61 per cent) and Rs 2.58 (7.39 per cent), respectively, with effect from the midnight of February 26, 2010. The hike in petrol and diesel prices will increase the mineral oil price index and have a direct impact on the wholesale price index (WPI). Further, the raising of excise duty on all non-POL manufactured commodities will have a direct impact on WPI if it is passed-through to the consumers. In addition, these measures may have some cascading impact over the medium term. On the other hand, several tax concessions and subsidies provided to agriculture sector could reduce food prices and the general inflation.

On demand side, higher fund allocated for NREGA could boost rural demand. Income tax concessions could also increase household disposable income and private sector consumption.

IV.4 Financial Sector Reform: Proposals and Implication for RBI

IV.4(a) Financial Stability and Development Council (FSDC)

The conception of FSDC, as implicit in the Budget statement of the Finance Minister, is of a high level body, most possibly to be chaired by the Finance Minister. The Council will likely focus primarily on monitoring systemic risk arising on account of interconnectedness among various financial sector segments and will address issues related to inter-regulatory coordination. Currently, part of the above mandate falls within the remit of the High Level Coordination Committee on Financial Markets (HLCCFM). With the constitution of the FSDC, the role of the HLCCFM may have to be restructured as part of a two-tier framework.

IV.4 (b) Recapitalisation of PSBs

On the recapitalisation of public sector banks, it is viewed that the banks in India are well capitalised. The average Capital to Risk Assets Ratio (CRAR) of Indian Public sector banks under the Basel-II norms at 12.32 per cent as on March 31, 2009 is quite satisfactory. Tier I capital to Risk weighted assets is also at a healthy level of 7.6 per cent for the PSBs. Thus, the capital infusion by Government is not required due to any weaknesses in the system. However, it will ease the lack of headroom for raising regulatory capital instruments on account of constraints of minimum shareholding by the Government.

IV.4(c) Financial Sector Legislative Reforms Commission

The proposal to set up a Financial Sector Legislative Reforms Commission is expected to potentially synchronise the banking laws and bring about uniformity irrespective of ownership in banks. Primarily, it can be reasonably expected to write a common law for the banking sector, review the existing laws to bring about changes to keep in tune with the changing needs of the financial sector and also review the legislative amendments pending at various stages of enactment. However, the following issues require to be addressed with regard to the role and function of the Commission:

- It is important to reach broad policy agreement and shared commitment among various stakeholders, including the Government, all regulators and market participants about the direction and outcomes of the reform process, followed by legislative changes through a Commission.

- One of the critical issues requiring significant legislative changes, which first need to be taken on board at a policy level, which has also been recommended by both the Mistry Committee as well as the Raghuram Rajan Committee, pertains to the framework governing public sector banks.
- A common/uniform banking law covering public sector banks, private sector banks and RRBs will necessitate corporatization of public sector banks involving dilution of government control over management, ownership and oversight.
- There are other areas as well where no clear answers are available such as design of the regulatory architecture for the financial system, strengthening of resolution frameworks for failing financial institutions, feasibility of a bank holding company structure, constitution of financial sector appellate tribunal, etc. It will be imperative to have a clear policy direction in regard to these areas before appropriate legislative changes are contemplated.
- In case the Acts are to be rewritten by the Commission, the role of the sectoral regulator, the Ministry/Department, may require changes. The coordination mechanism between the Commission and the sectoral regulators needs to be clearly defined.

Concluding Observations

The Union Budget 2010-11 is unique in many respects. It has proposed to revert to the process of fiscal consolidation by setting lower deficit targets compared to the previous year. While exit strategy for fiscal policy is still intensely debated among the developed countries, the Union Budget has initiated the exit of fiscal stimulus by partially rolling over the indirect tax cuts. The Government has taken the important step of reducing the personal income tax slabs significantly, doling out Rs. 26,000 crore in the process. This seems to be a strategy to boost the domestic demand with a view to sustaining the recovery of the growth process. The Finance Minister has proposed wide ranging reforms in the areas of agriculture and infrastructure, which with the host of reforms proposed for the under privileged section of the society underscores the emphasis on a inclusive growth.

A critical assessment of the Budget reveals the following: fiscal consolidation has relied more on fortuitous one-off items than the recurring components; less emphasis has been placed on revenue imbalance though there is the need for expenditure re-classification; there could be upside risk on projected subsidy provision and thus on the targeted fiscal deficit indicators; the size of market borrowings could pressure on yield rate and crowd out private sector credit; and there are inflationary consequences from the rollback of indirect tax rates.

The measures announced on financial sector will have several implications on the Reserve Bank as follows: creating synergy between the Financial Stability and Development Council (FSDC) to be set up and the High Level Coordination Committee on Financial Markets (HLCCFM) in the Reserve Bank; preparation and issuing of eligibility criteria by the Reserve Bank on providing of additional banking licenses to private players; monitoring the position on extension of financial services to low population areas; and additional contribution by the Reserve Bank to Financial Inclusion Fund, Financial Inclusion Technology Fund and Micro Finance Development Equity Fund as per its share.

Statement 1: Budget at a Glance

(Rs. crore)

Item	2008-09 (Actuals)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)
1	2	3	4	5
1. Revenue Receipts (i+ii)	**5,40,259**	**6,14,497**	**5,77,294**	**6,82,212**
i) Tax Revenue (Net to Centre)	4,43,319	4,74,218	4,65,103	5,34,094
ii) Non-tax Revenue	96,940	1,40,279	1,12,191	1,48,118
of which:				
Interest Receipts	20,717	19,174	19,212	19,252
2. Capital Receipts	**3,43,697**	**4,06,341**	**4,44,253**	**4,26,537**
of which:				
i) Market Borrowings	2,46,975	3,97,957	3,94,229	3,45,010
ii) Recoveries of Loans	6,139	4,225	4,254	5,129
iii) Disinvestment of equity in PSUs	566	1,120	25,958	40,000
3. Total Receipts (1+2)	**8,83,956**	**10,20,838**	**10,21,547**	**11,08,749**
4. Revenue Expenditure (i + ii)	**7,93,798**	**8,97,232**	**9,06,355**	**9,58,724**
i) Non-Plan	5,59,024	6,18,834	6,41,944	6,43,599
ii) Plan	2,34,774	2,78,398	2,64,411	3,15,125
5. Capital Expenditure (i + ii)	**90,158**	**1,23,606**	**1,15,192**	**1,50,025**
i) Non-Plan	49,697	76,855	64,427	92,058
ii) Plan	40,461	46,751	50,765	57,967
6. Total Non-Plan Expenditure (4i + 5i)	**6,08,721**	**6,95,689**	**7,06,371**	**7,35,657**
of which:				
i) Interest Payments	1,92,204	2,25,511	2,19,500	2,48,664
ii) Defence	1,14,223	1,41,703	1,36,264	1,47,344
iii) Subsidies	1,29,708	1,11,276	1,31,025	1,16,224
7. Total Plan Expenditure (4ii + 5ii)	**2,75,235**	**3,25,149**	**3,15,176**	**3,73,092**
8. Total Expenditure (6+7=4+5)	**8,83,956**	**10,20,838**	**10,21,547**	**11,08,749**
9. Revenue Deficit (4-1)	**2,53,539** **(4.5)**	**2,82,735** **(4.8)**	**3,29,061** **(5.3)**	**2,76,512** **(4.0)**
10. Gross Fiscal Deficit (8-(1+2ii+2iii))	**3,36,992** **(6.0)**	**4,00,996** **(6.8)**	**4,14,041** **(6.7)**	**3,81,408** **(5.5)**
11. Gross Primary Deficit (10-6i)	**1,44,788** **(2.6)**	**1,75,485** **(3.0)**	**1,94,541** **(3.2)**	**1,32,744** **(1.9)**

-- High Grwoth Value

Note : 1. Capital Receipts are net of repayments.
2. Market borrowings include dated securities and 364 day Treasury Bills.

Source : Budget documents of Government of India, 2010-11.

Statement 1: Budget at a Glance *(Concld.)*

(Rs. crore)

Item	Variations					
	Col.4 over Col. 3		Col.4 over Col. 2		Col.5 over Col. 4	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	6	7	8	9	10	11
1. Revenue Receipts (i+ii)	**-37,203**	**-6.1**	**37,035**	**6.9**	**1,04,918**	**18.2**
i) Tax Revenue (Net to Centre)	-9,115	-1.9	21,784	4.9	68,991	14.8
ii) Non-tax Revenue	-28,088	-20.0	15,251	15.7	35,927	32.0
of which:						
Interest Receipts	38	0.2	-1,505	-7.3	40	0.2
2. Capital Receipts	**37,912**	**9.3**	**1,00,556**	**29.3**	**-17,716**	**-4.0**
of which:						
i) Market Borrowings	-3,728	-0.9	1,47,254	59.6	-49,219	-12.5
ii) Recoveries of Loans	29	0.7	-1,885	-30.7	875	20.6
iii) Disinvestment of equity in PSUs	24,838	–	25,392	–	14,042	54.1
3. Total Receipts (1+2)	**709**	**0.1**	**1,37,591**	**15.6**	**87,202**	**8.5**
4. Revenue Expenditure (i + ii)	**9,123**	**1.0**	**1,12,557**	**14.2**	**52,369**	**5.8**
i) Non-Plan	23,110	3.7	82,920	14.8	1,655	0.3
ii) Plan	-13,987	-5.0	29,637	12.6	50,714	19.2
5. Capital Expenditure (i + ii)	**-8,414**	**-6.8**	**25,034**	**27.8**	**34,833**	**30.2**
i) Non-Plan	-12,428	-16.2	14,730	29.6	27,631	42.9
ii) Plan	4,014	8.6	10,304	25.5	7,202	14.2
6. Total Non-Plan Expenditure (4i + 5i)	**10,682**	**1.5**	**97,650**	**16.0**	**29,286**	**4.1**
of which:						
i) Interest Payments	-6,011	-2.7	27,296	14.2	29,164	13.3
ii) Defence	-5,439	-3.8	22,041	19.3	11,080	8.1
iii) Subsidies	19,749	17.7	1,317	1.0	-14,801	-11.3
7. Total Plan Expenditure (4ii + 5ii)	**-9,973**	**-3.1**	**39,941**	**14.5**	**57,916**	**18.4**
8. Total Expenditure (6+7=4+5)	**709**	**0.1**	**1,37,591**	**15.6**	**87,202**	**8.5**
9. Revenue Deficit (4-1)	**46,326**	**16.4** **-210.4**	**75,522**	**29.8**	**-52,549**	**-16.0**
10. Gross Fiscal Deficit (8-(1+2ii+2iii))	**13,045**	**3.3** **-198.5**	**77,049**	**22.9**	**-32,633**	**-7.9**
11. Gross Primary Deficit (10-6i)	**19,056**	**10.9**	**49,753**	**34.4**	**-61,797**	**-31.8**

Statement 2: Transactions on Revenue Account

(Rs. crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)
1	2	3	4	5
I. Revenue Receipts (A+B)	**5,40,259**	**6,14,497**	**5,77,294**	**6,82,212**
A. Tax Revenue(Net to Centre)(a-b-c)	**4,43,319**	**4,74,218**	**4,65,103**	**5,34,094**
a) Gross Tax Revenue	**6,05,298**	**6,41,079**	**6,33,095**	**7,46,651**
of which :	**(10.9)**	**(10.4)**	**(10.3)**	**(10.8)**
1. Corporation Tax	2,13,395	2,56,725	2,55,076	3,01,331
2. Personal IncomeTax	1,06,046	1,06,800	1,24,989	1,20,566
3. Customs Duty	99,879	98,000	84,477	1,15,000
4. Union Excise Duty	1,08,613	1,06,477	1,02,000	1,32,000
5. Service Tax	60,941	65,000	58,000	68,000
6. Securities Transaction Tax	5,405	6,000	6,350	7,500
7. Banking Cash Transaction Tax	585	50	82	0
8. Taxes of UTs (Net of Assignments to Local Bodies)	1,488	1,602	1,610	1,651
9. Fringe Benefit Tax	7,977	0	0	0
10. Other Taxes and Duties	969	425	511	603
b) States' Share	**1,60,179**	**1,64,361**	**1,64,832**	**2,08,997**
c) Surcharge transferred to NCCF#	**1,800**	**2,500**	**3,160**	**3,560**
B. Non-Tax Revenue	**96,940**	**1,40,279**	**1,12,191**	**1,48,118**
of which :				
1. Interest Receipts	20,717	19,174	19,212	19,252
2. Dividends and Profits	38,607	49,750	51,983	51,309
3. External Grants	2,794	2,136	3,078	2,060
4. Non-tax Receipts of UTs	797	754	1,073	925
5. Other Non-Tax Revenue	34,025	68,465	36,845	74,572
II. Revenue Expenditure (A+B)	**7,93,798**	**8,97,232**	**9,06,355**	**9,58,724**
A. Non-Plan Expenditure	**5,59,024**	**6,18,834**	**6,41,944**	**6,43,599**
of which :				
1. Interest Payments	1,92,204	2,25,511	2,19,500	2,48,664
2. Defence Revenue Expenditure	73,305	86,879	88,440	87,344
3. Subsidies	1,29,708	1,11,276	1,31,025	1,16,224
4. Non-Plan Grants to States and UTs	38,161	48,570	46,610	46,001
B. Plan Expenditure (1+2)	**2,34,774**	**2,78,398**	**2,64,411**	**3,15,125**
1. Central Plan	1,66,500	2,00,290	1,87,838	2,30,881
2. Central Assistance for State and UT Plans	68,274	78,108	76,573	84,244
III. Revenue Deficit (-)/Surplus(+) [I-II]	**-2,53,539**	**-2,82,735**	**-3,29,061**	**-2,76,512**

: NCCF: National Calamity Contingency Fund.

Note : Figures in parentheses are Gross Tax Revenue as percentage of GDP.

Source : Budget Documents of the Government of India, 2010-11.

Statement 2: Transactions on Revenue Account *(Concld.)*

(Rs. crore)

Item	Variations					
	Col.4 over Col. 3		Col.4 over Col. 2		Col.5 over Col. 4	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	6	7	8	9	10	11
I. Revenue Receipts (A+B)	**-37,203**	**-6.1**	**37,035**	**6.9**	**1,04,918**	**18.2**
A. Tax Revenue(Net to Centre)(a-b-c)	**-9,115**	**-1.9**	**21,784**	**4.9**	**68,991**	**14.8**
a) Gross Tax Revenue	**-7,984**	**-1.2**	**27,797**	**4.6**	**1,13,556**	**17.9**
of which :						
1. Corporation Tax	-1,649	-0.6	41,681	19.5	46,255	18.1
2. Personal IncomeTax	18,189	17.0	18,943	17.9	-4,423	-3.5
3. Customs Duty	-13,523	-13.8	-15,402	-15.4	30,523	36.1
4. Union Excise Duty	-4,477	-4.2	-6,613	-6.1	30,000	29.4
5. Service Tax	-7,000	-10.8	-2,941	-4.8	10,000	17.2
6. Securities Transaction Tax	350	5.8	945	17.5	1,150	18.1
7. Banking Cash Transaction Tax	32	64.0	-503	-86.0	-82	-100.0
8. Taxes of UTs (Net of Assignments to Local Bodies)	8	0.5	122	8.2	41	2.5
9. Fringe Benefit Tax	0	–	-7,977	-100.0	0	–
10. Other Taxes and Duties	86	20.2	-458	-47.3	92	18.0
b) States' Share	**471**	**0.3**	**4,653**	**2.9**	**44,165**	**26.8**
c) Surcharge transferred to NCCF#	**660**	**26.4**	**1,360**	**75.6**	**400**	**12.7**
B. Non-Tax Revenue	**-28,088**	**-20.0**	**15,251**	**15.7**	**35,927**	**32.0**
of which :						
1. Interest Receipts	38	0.2	-1,505	-7.3	40	0.2
2. Dividends and Profits	2,233	4.5	13,376	34.6	-674	-1.3
3. External Grants	942	44.1	284	10.2	-1,018	-33.1
4. Non-tax Receipts of UTs	319	42.3	276	34.6	-148	-13.8
5. Other Non-Tax Revenue	-31,620	-46.2	2,820	8.3	37,727	102.4
II. Revenue Expenditure (A+B)	**9,123**	**1.0**	**1,12,557**	**14.2**	**52,369**	**5.8**
A. Non-Plan Expenditure	**23,110**	**3.7**	**82,920**	**14.8**	**1,655**	**0.3**
of which :						
1. Interest Payments	-6,011	-2.7	27,296	14.2	29,164	13.3
2. Defence Revenue Expenditure	1,561	1.8	15,135	20.6	-1,096	-1.2
3. Subsidies	19,749	17.7	1,317	1.0	-14,801	-11.3
4. Non-Plan Grants to States and UTs	-1,960	-4.0	8,449	22.1	-609	-1.3
B. Plan Expenditure (1+2)	**-13,987**	**-5.0**	**29,637**	**12.6**	**50,714**	**19.2**
1. Central Plan	-12,452	-6.2	21,338	12.8	43,043	22.9
2. Central Assistance for State and UT Plans	-1,535	-2.0	8,299	12.2	7,671	10.0
III. Revenue Deficit (-)/Surplus(+) [I-II]	**-46,326**	**16.4**	**-75,522**	**29.8**	**52,549**	**-16.0**

Statement 3: Transactions on Capital Account

(Rs. crore)

Item	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)
1	2	3	4	5
I. Capital Receipts (1 to 10)	**3,43,697**	**4,06,341**	**4,44,253**	**4,26,537**
1. Market Borrowings	2,46,975	3,97,957	3,94,229	3,45,010
2. Securities against Small Savings	-1,302	13,256	13,256	13,256
3. State Provident Funds	8,041	5,000	8,500	7,000
4. Special Deposits	0	0	0	0
5. Reserve Funds and Deposits	-13,455	598	8,762	-7,584
6. NSSF	-4,065	-103	3,194	2,593
7. Recovery of Loans and Advances	6,139	4,225	4,254	5,129
8. Disinvestment of Equity Holding in Public Sector Enterprises	566	1,120	25,958	40,000
9. External Borrowings	11,015	16,047	16,535	22,464
10. Others	89,783	-31,759	-30,435	-1,331
II. Capital Expenditure (1+2)	**90,158**	**1,23,606**	**1,15,192**	**1,50,025**
1. Non Plan Expenditure	49,697	76,855	64,427	92,508
of which:				
Defence Capital	40,918	54,824	47,824	60,000
2. Plan Expenditure (i+ii)	40,461	46,751	50,765	57,967
i) Central Plan	31,660	39,550	41,326	49,719
ii) Central Assistance for State and UT Plans	8,801	7,201	9,439	8,248
III. Capital Surplus(+)/Deficit(-) [I-II]	**+2,53,539**	**+2,82,735**	**+3,29,061**	**+2,76,512**

— : High Growth Value.

– : Not available.

Note : 1) Capital Receipts are net of repayments.

2) Market borrowings include dated securities and 364-day Treasury Bills.

Source: Budget documents of Government of India,2010-11.

Statement 3: Transactions on Capital Account *(Concld.)*

(Rs. crore)

Item	Variations					
	Col.4 over Col. 3		Col.4 over Col. 2		Col.5 over Col. 4	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	6	7	8	9	10	11
I. Capital Receipts (1 to 10)	**37,912**	**9.3**	**1,00,556**	**29.3**	**-17,716**	**-4.0**
1. Market Borrowings	-3,728	-0.9	1,47,254	59.6	-49,219	-12.5
2. Securities against Small Savings	0	–	14,558	-1,118.1	0	–
3. State Provident Funds	3,500	70.0	459	5.7	-1,500	-17.6
4. Special Deposits	0	–	0	–	0	–
5. Reserve Funds and Deposits	8,164	–	22,217	-165.1	-16,346	-186.6
6. NSSF	3,297	–	7,259	-178.6	-601	-18.8
7. Recovery of Loans and Advances	29	0.7	-1,885	-30.7	875	20.6
8. Disinvestment of Equity Holding in Public Sector Enterprises	24,838	–	25,392	4,486.2	14,042	54.1
9. External Borrowings	488	3.0	5,520	50.1	5,929	35.9
10. Others	1,324	-4.2	-1,20,218	-133.9	29,104	-95.6
II. Capital Expenditure (1+2)	**-8,414**	**-6.8**	**25,034**	**27.8**	**34,833**	**30.2**
1. Non Plan Expenditure	-12,428	-16.2	14,730	29.6	28,081	43.6
of which:						
Defence Capital	-7,000	-12.8	6,906	16.9	12,176	25.5
2. Plan Expenditure (i+ii)	4,014	8.6	10,304	25.5	7,202	14.2
i) Central Plan	1,776	4.5	9,666	30.5	8,393	20.3
ii) Central Assistance for State and UT Plans	2,238	31.1	638	7.2	-1,191	-12.6
III. Capital Surplus(+)/Deficit(-) [I-II]	**46,326**	**16.4**	**75,522**	**29.8**	**-52,549**	**-16.0**

Statement 4: Financing of Gross Fiscal Deficit of the Central Government

(Rs. crore)

Year	Internal Finance				External Finance	Total Finance/ Gross Fiscal Deficit (5+6)
	Market Borrowings #	Other Borrowings @	Draw Down of Cash Balances *	Total (2+3+4)		
1	2	3	4	5	6	7
1990-91	8,001	22,103	11,347	41,451	3,181	**44,632**
	(17.9)	(49.5)	(25.4)	(92.9)	(7.1)	**(100.0)**
1991-92	7,510	16,539	6,855	30,904	5,421	**36,325**
	(20.7)	(45.5)	(18.9)	(85.1)	(14.9)	**(100.0)**
1992-93	3,676	18,866	12,312	34,854	5,319	**40,173**
	(9.2)	(47.0)	(30.6)	(86.8)	(13.2)	**(100.0)**
1993-94	28,928	15,295	10,960	55,183	5,074	**60,257**
	(48.0)	(25.4)	(18.2)	(91.6)	(8.4)	**(100.0)**
1994-95	20,326	32,834	961	54,121	3,582	**57,703**
	(35.2)	(56.9)	(1.7)	(93.8)	(6.2)	**(100.0)**
1995-96	34,001	16,117	9,807	59,925	318	**60,243**
	(56.4)	(26.8)	(16.3)	(99.5)	(0.5)	**(100.0)**
1996-97	19,093	31,469	13,184	63,746	2,987	**66,733**
	(28.6)	(47.2)	(19.8)	(95.5)	(4.5)	**(100.0)**
1997-98	32,499	56,257	-910	87,846	1,091	**88,937**
	(36.5)	(63.3)	-(1.0)	(98.8)	(1.2)	**(100.0)**
1998-99	68,988	42,650	-209	1,11,429	1,920	**1,13,349**
	(60.9)	(37.6)	-(0.2)	(98.3)	(1.7)	**(100.0)**
1999-2000	62,076	40,597	864	1,03,537	1,180	**1,04,717**
	(59.3)	(38.8)	(0.8)	(98.9)	(1.1)	**(100.0)**
2000-01	73,431	39,077	-1,197	1,11,311	7,505	**1,18,816**
	(61.8)	(32.9)	-(1.0)	(93.7)	(6.3)	**(100.0)**
2001-02	90,812	46,038	-1,496	1,35,354	5,601	**1,40,955**
	(64.4)	(32.7)	-(1.1)	(96.0)	(4.0)	**(100.0)**
2002-03	1,04,126	50,997	1,883	1,57,006	-11,934	**1,45,072**
	(71.8)	(35.2)	(1.3)	(108.2)	-(8.2)	**(100.0)**
2003-04	88,870	51,833	-3,942	1,36,761	-13,488	**1,23,273**
	(72.1)	(42.0)	-(3.2)	(110.9)	-(10.9)	**(100.0)**
2004-05	50,940 &	68,231	-8,130	1,11,041	14,753	**1,25,794**
	(40.5)	(54.2)	-(6.5)	(88.3)	(11.7)	**(100.0)**
2005-06	1,06,241 &	53,610	-20,888	1,38,963	7,472	**1,46,435**
	(72.6)	(36.6)	-(14.3)	(94.9)	(5.1)	**(100.0)**
2006-07	1,14,801 &	14,782	4,518	1,34,101	8,472	**1,42,573**
	(80.5)	(10.4)	(3.2)	(94.1)	(5.9)	**(100.0)**
2007-08	1,30,600 &	-39,597	26,594	1,17,597	9,315	**1,26,912**
	(102.9)	-(31.2)	(21.0)	(92.7)	(7.3)	**(100.0)**
2008-09	2,46,975 &	26,406	52,596	3,25,977	11,015	**3,36,992**
	(73.3)	(7.8)	(15.6)	(96.7)	(3.3)	**(100.0)**
2009-10 (RE)	3,94,229 &	8,858	-5,581	3,97,506	16,535	**4,14,041**
	(95.2)	(2.1)	-(1.3)	(96.0)	(4.0)	**(100.0)**
2010-11 (BE)	3,45,010 &	13,934	0	3,58,944	22,464	**3,81,408**
	(90.5)	(3.7)	(0.0)	(94.1)	(5.9)	**(100.0)**

RE : Revised Estimates. BE : Budget Estimates.

: Includes dated securities and 364-days Treasury Bills.

@ : Other borrowings includes small savings, state provident funds, special deposits, reserve funds, etc. For the years 1999-2000 to 2001-02, small savings and public provident fund are represented by National Small Savings Fund (NSSF)'s investment in Central Government special securities and hence form part of Centre's internal debt.

* : Prior to 1997-98, represents variations in 91-day Treasury Bills issued net of changes in cash balances with the Reserve Bank.

& : Exclusive of amount raised under Market Stabilisation Scheme.

Note : Figures in parentheses represent percentages to total finance (gross fiscal deficit).

Source : Central Government Budget Documents.

Statement 5: Central Plan Outlay by Heads of Development

(Rs. crore)

Item	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Variation			
				Col. 3 over Col. 2		Col. 4 over Col. 3	
				Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8
1. Agriculture	10,629 (2.4)	10,123 (2.4)	12,308 (2.3)	-506	-4.8	2,185	21.6
2 . Rural Development*	51,769 (11.6)	51,560 (12.1)	55,190 (10.5)	-209	-0.4	3,630	7.0
3 . Irrigation and Flood Control	439 (0.1)	404 (0.1)	526 (0.1)	-35	-8.0	122	30.2
4. Energy *of which* :	1,15,574 (25.8)	1,09,685 (25.8)	1,46,579 (27.9)	-5,889	-5.1	36,894	33.6
a) Power	56,956 (12.7)	49,094 (11.5)	66,097 (12.6)	-7,862	-13.8	17,003	34.6
b) Petroleum	53,043 (11.8)	54,780 (12.9)	66,807 (12.7)	1,737	3.3	12,027	22.0
5 . Industry and Minerals	35,740 (8.0)	30,694 (7.2)	39,019 (7.4)	-5,046	-14.1	8,325	27.1
6 . Transport **	94,306 (21.1)	88,948 (20.9)	1,01,997 (19.4)	-5,358	-5.7	13,049	14.7
7 . Communications	16,731 (3.7)	16,099 (3.8)	18,529 (3.5)	-632	-3.8	2,430	15.1
8 . Science, Technology and Environment	11,207 (2.5)	9,908 (2.3)	13,677 (2.6)	-1,299	-11.6	3,769	38.0
9 . Social Services #	1,03,856 (23.2)	1,01,370 (23.8)	1,27,570 (24.3)	-2,486	-2.4	26,200	25.8
10 . Others	7,670 (1.7)	6,799 (1.6)	9,089 (1.7)	-871	-11.4	2,290	33.7
Total (1 to 10)	**4,47,921 (100.0)**	**4,25,590 (100.0)**	**5,24,484 (100.0)**	**-22,331**	**-5.0**	**98,894**	**23.2**
To be financed by :							
1 . Budgetary Support	2,39,840 (53.5)	2,29,163 (53.8)	2,80,600 (53.5)	-10,677	-4.5	51,437	22.4
2. Internal and Extra Budgetary Resources (IEBR) of Public Social Enterprises, *etc.*	2,08,081 (46.5)	1,96,427 (46.2)	2,43,884 (46.5)	-11,654	-5.6	47,457	24.2

* : Includes provision for rural housing but excludes provision for rural roads.
** : Includes provision for rural roads.
\# : Excludes provision for rural housing.
Note : Figures in parentheses represent percentages to total.
Source : Budget documents of Government of India, 2010-11.

Statement 6: Resources Transferred to States and Union Territory Governments

(Rs. crore)

Item	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)	Variation			
				Col. 3 over Col. 2		Col. 4 over Col. 3	
				Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8
A. State's Share in Central Taxes and Duties	**1,64,361**	**1,64,832**	**2,08,997**	**471**	**0.3**	**44,165**	**26.8**
B. Total Grants (i+ii)	**1,46,337**	**1,42,582**	**1,56,649**	**-3,755**	**-2.6**	**14,067**	**9.9**
i) Plan	97,767	95,972	1,10,648	-1,795	-1.8	14,676	15.3
ii) Non-Plan	48,570	46,610	46,001	-1,960	-4.0	-609	-1.3
C. Total Non-Plan Loans *	**89**	**88**	**89**	**-1**	**-1.1**	**1**	**1.1**
D. Plan Loans (i+ii)	**5,625**	**7,825**	**7,163**	**2,200**	**39.1**	**-662**	**-8.5**
i) Central Assistance for States & Union Territory Plans	5,625	7,825	7,163	2,200	39.1	-662	-8.5
ii) Assistance for Central & Centrally Sponsored Plan Schemes	0	0	0	0	–	0	–
E. Gross Transfers (A to D)	**3,16,412**	**3,15,327**	**3,72,898**	**-1,085**	**-0.3**	**57,571**	**18.3**
F. Recovery of Loans & Advances	**2,661**	**2,816**	**3,924**	**155**	**5.8**	**1,108**	**39.3**
G. Net Resources transferred to States & UT Governments (E-F)	**3,13,751**	**3,12,511**	**3,68,974**	**-1,240**	**-0.4**	**56,463**	**18.1**

* : Net of recovery of short-term loans and advances.
Source: Budget documents of Government of India, 2010-11.

Statement 7: Interest Payments by the Central Government

(Rs. crore)

Item	1990-91 (Accounts)	2000-2001 (Accounts)	2001-2002 (Accounts)	2002-2003 (Accounts)	2003-2004 (Accounts)	2004-05 (Accounts)
1	2	3	4	5	6	7
I. Interest Payments on Internal Debt	**9,814**	**57,605**	**66,035**	**75,176**	**82,620**	**86,380**
of which :						
i) On Market Loans*	6,366	46,214	55,024	62,559	68,765	69,852
ii) On Treasury Bills**	3,392	6,395	6,453	6,151	3,542	2,165
iii) On Marketable securities issued in conversion of special securities	–	2,399	2,399	3,067	6,263	7,753
II. Interest on External debt	**1,834**	**4,413**	**4,285**	**4,252**	**3,139**	**2,808**
III. Interest on Small Savings Deposits, Certificates and PPF @	**4,128**	**21,477**	**22,471**	**23,379**	**20,503**	**18,950**
IV. Interest on State Provident Funds	**885**	**3,879**	**3,794**	**3,913**	**3,733**	**4,425**
V. Interest on Special Deposits of Non-Government Provident Funds etc.	**3,876**	**12,575**	**14,259**	**13,625**	**13,161**	**12,892**
VI. Interest on Reserve Funds	**112**	**161**	**129**	**229**	**352**	**541**
VII. Interest on Other Obligations	**325**	**854**	**567**	**1,214**	**1,400**	**1,592**
VIII. Others #	**524**	**2,260**	**2,633**	**3,099**	**7,286**	**654**
Total Interest Payments (I to VIII)	**21,498**	**1,03,224**	**1,14,173**	**1,24,887**	**1,32,194**	**1,30,958**

* : Represents dated securities.

** : Also includes special securities issued to RBI in conversion of Treasury Bills.

@ : Since 1999-2000, these payments form part of internal debt.

\# : Includes *inter alia*, interest on insurance and pension funds, bonus on field deposits and interest on other deposits and accounts.

Note : 1. The data are taken from Finance Accounts and Expenditure Budget volume 2 and the aggregate figures for interest payments may not tally for some years with the data produced elsewhere.

2. Since 1999-2000, interest on small savings represent interest on Central Government Special securities issued to the NSSF.

Source : Finance Accounts and Budget documents of the Government of India.

Statement 7: Interest Payments by the Central Government *(Concld.)*

(Rs. crore)

Item	2005-06 (Accounts)	2006-07 (Accounts)	2007-08 (Accounts)	2008-09 (Revised Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)
1	8	9	10	11	12	13
I. Interest Payments on Internal Debt	**85,533**	**1,07,294**	**1,46,801**	**1,37,454**	**1,59,099**	**1,87,683**
of which :						
i) On Market Loans*	66,500	84,146	96,215	99,821	1,36,199	1,64,837
ii) On Treasury Bills**	3,990	5,740	7,701	11,245	9,694	13,049
iii) On Marketable securities issued in conversion of special securities	7,066	5,715	6,198	5,533	5,286	4,856
II. Interest on External debt	**3,173**	**3,867**	**3,928**	**4,159**	**3,686**	**3,746**
III. Interest on Small Savings Deposits, Certificates and PPF @	**18,029**	**18,106**	**17,301**	**17,311**	**17,017**	**16,976**
IV. Interest on State Provident Funds	**4,950**	**5,044**	**5,190**	**6,057**	**6,383**	**6,626**
V. Interest on Special Deposits of Non-Government Provident Funds etc.	**12,874**	**12,448**	**12,235**	**11,188**	**11,232**	**10,683**
VI. Interest on Reserve Funds	**717**	**883**	**1,225**	**1,249**	**726**	**405**
VII. Interest on Other Obligations	**1,345**	**2,451**	**5,750**	**8,867**	**15,168**	**15,660**
VIII. Others #	**3,411**	**179**	**-21,400**	**6,409**	**6,189**	**6,885**
Total Interest Payments (I to VIII)	**1,30,032**	**1,50,272**	**1,71,030**	**1,92,694**	**2,19,500**	**2,48,664**

Statement 8: Outstanding Liabilities of Central Government

(Rs. crore)

Year (End March)	Internal Debt	*Of which:* Market Loans	Small Savings, Deposits & Provident Funds	Other Accounts+	Reserve Fund and Deposits++	Total Domestic Liabilities (2+4+5+6)	External Liabilities*	Total Liabilities (7+8)
1	2	3	4	5	6	7	8	9
1990-91	1,54,004	70,520	61,771	45,336	21,922	2,83,033	31,525	3,14,558
	(27.0)	(12.4)	(10.8)	(8.0)	(3.8)	(49.7)	(5.5)	(55.2)
1991-92	1,72,750	78,023	69,682	51,818	23,464	3,17,714	36,948	3,54,662
	(26.4)	(11.9)	(10.6)	(7.9)	(3.6)	(48.5)	(5.6)	(54.2)
1992-93	1,99,100	81,693	77,005	59,797	23,753	3,59,655	42,269	4,01,924
	(26.5)	(10.9)	(10.2)	(7.9)	(3.2)	(47.8)	(5.6)	(53.4)
1993-94	2,45,712	1,10,611	87,877	72,477	24,556	4,30,622	47,345	4,77,967
	(28.4)	(12.8)	(10.1)	(8.4)	(2.8)	(49.7)	(5.5)	(55.2)
1994-95	2,66,467	1,30,908	1,06,435	85,787	28,993	4,87,682	50,929	5,38,611
	(26.2)	(12.9)	(10.5)	(8.4)	(2.9)	(48.0)	(5.0)	(53.0)
1995-96	3,07,869	1,63,986	1,21,425	92,010	33,680	5,54,984	51,249	6,06,233
	(25.8)	(13.8)	(10.2)	(7.7)	(2.8)	(46.6)	(4.3)	(50.9)
1996-97	3,44,476	1,84,100	1,38,955	1,00,088	37,919	6,21,437	54,239	6,75,676
	(25.0)	(13.4)	(10.1)	(7.3)	(2.8)	(45.1)	(3.9)	(49.0)
1997-98	3,88,998	2,16,598	1,67,780	1,24,087	42,097	7,22,962	55,332	7,78,294
	(25.5)	(14.2)	(11.0)	(8.1)	(2.8)	(47.3)	(3.6)	(51.0)
1998-99	4,59,696	2,85,585	2,06,458	1,26,802	41,595	8,34,552	57,254	8,91,806
	(26.3)	(16.3)	(11.8)	(7.2)	(2.4)	(47.7)	(3.3)	(50.9)
1999-2000	7,14,254 #	3,55,862	66,406 #	1,34,425	47,508	9,62,592	58,437	10,21,029
	(36.6)	(18.2)	(3.4)	(6.9)	(2.4)	(49.3)	(3.0)	(52.3)
2000-01	8,03,698	4,28,793	96,344	1,44,020	58,535	11,02,597	65,945	11,68,542
	(38.2)	(20.4)	(4.6)	(6.9)	(2.8)	(52.4)	(3.1)	(55.6)
2001-02	9,13,061	5,16,517	1,44,511	1,64,157	73,133	12,94,862	71,546	13,66,408
	(40.1)	(22.7)	(6.3)	(7.2)	(3.2)	(56.8)	(3.1)	(60.0)
2002-03	10,20,689	6,19,105	2,26,400	1,72,374	80,126	14,99,589	59,612	15,59,201
	(41.6)	(25.2)	(9.2)	(7.0)	(3.3)	(61.1)	(2.4)	(63.5)
2003-04	11,41,706	7,07,965	2,88,378	1,68,094	92,376	16,90,554	46,124	17,36,678
	(41.4)	(25.7)	(10.5)	(6.1)	(3.4)	(61.4)	(1.7)	(63.0)
2004-05	12,75,971 &	7,58,995	3,90,477	1,74,107	92,989	19,33,544	60,878	19,94,422
	(39.4)	(23.4)	(12.1)	(5.4)	(2.9)	(59.7)	(1.9)	(61.6)
2005-06	13,89,758 &	8,62,370	4,79,761	1,86,921	1,09,462	21,65,902	94,243	22,60,145
	(37.5)	(23.3)	(12.9)	(5.0)	(3.0)	(58.4)	(2.5)	(61.0)
2006-07	15,44,975 &	9,72,801	5,39,450	2,20,160	1,31,295	24,35,880	1,02,716	25,38,596
	(36.1)	(22.7)	(12.6)	(5.1)	(3.1)	(56.9)	(2.4)	(59.3)
2007-08	18,08,359 &	10,92,468	5,53,620	2,36,373	1,27,043	27,25,395	1,12,031	28,37,426
	(36.5)	(22.1)	(11.2)	(4.8)	(2.6)	(55.1)	(2.3)	(57.3)
2008-09	20,28,549 &	13,26,094	5,53,518	3,25,383	1,28,682	30,36,132	1,23,046	31,59,178
	(36.4)	(23.8)	(9.9)	(5.8)	(2.3)	(54.5)	(2.2)	(56.7)
2009-10 (RE)	23,37,682 &	17,34,505	5,65,212	3,35,988	1,37,443	33,76,325	1,39,581	35,15,906
	(37.9)	(28.1)	(9.2)	(5.5)	(2.2)	(54.8)	(2.3)	(57.0)
2010-11 (BE)	27,36,754 &	20,79,535	5,74,804	3,41,136	1,29,859	37,82,553	1,62,045	39,44,598
	(39.5)	(30.0)	(8.3)	(4.9)	(1.9)	(54.5)	(2.3)	(56.9)

RE : Revised Estimates. BE : Budget Estimates.

\+ : Include mainly Postal Insurance and Life Annuity Fund, borrowings under Compulsory Deposits and Income-Tax Annuity Deposits, Special Deposits of non-Government Provident Funds.

++ : Include Depreciation Reserve Fund of Railways ,Dept. of Posts and Dept. of Telecommunications, Deposits of Local Funds, Departmental and Judicial Deposits, Civil Deposits, etc.

* : At historical exchange-rate.

\# : The sharp increase in internal debt and corresponding decline in small savings and provident funds in 1999-2000 is due to conversion of other liabilities(small savings, deposits and public provident funds) amounting to Rs. 1,80,273 crore into Central Government securities. Since 1999-2000, Small Savings represent liabilities under National Small Savings fund(NSSF) excluding NSSF investment in the Central Government's Special Securities.

& : Include amount raised under Market Stabilisation Scheme.

Note : Figures in parentheses are percentages to GDP.

Source : Budget Documents of the Government of India.

Statement 9: Key Fiscal Indicators

(Rs. crore)

Item	2001-2002 (Accounts)	2002-03 (Accounts)	2003-04 (Accounts)	2004-05 (Accounts)	2005-06 (Accounts)	2006-07 (Accounts)
1	2	3	4	5	6	7
1. Gross Fiscal Deficit	1,40,955	1,45,072	1,23,273	1,25,794	1,46,435	1,42,573
	(6.2)	(5.9)	(4.5)	(3.9)	(4.0)	(3.3)
2. Revenue Deficit	1,00,162	1,07,879	98,261	78,338	92,300	80,222
	(4.4)	(4.4)	(3.6)	(2.4)	(2.5)	(1.9)
3. Net RBI Credit to Centre	-5,150	-28,399	-76,065	-60,177	28,417	-3,024
	-(0.2)	-(1.2)	-(2.8)	-(1.9)	(0.8)	-(0.1)
4. Gross Primary Deficit	33,495	27,268	-815	-1,140	13,805	-7,699
	(1.5)	(1.1)	(0.0)	(0.0)	(0.4)	-(0.2)
5. Subsidies	31,210	43,533	44,323	45,957	47,522	57,125
of which :	(1.4)	(1.8)	(1.6)	(1.4)	(1.3)	(1.3)
i) Food	17,499	24,176	25,181	25,798	23,077	24,014
	(0.8)	(1.0)	(0.9)	(0.8)	(0.6)	(0.6)
ii) Fertiliser	12,595	11,015	11,847	15,879	18,460	26,222
	(0.6)	(0.4)	(0.4)	(0.5)	(0.5)	(0.6)
iii) Petroleum	..	5,225	6,351	2,956	2,683	2,699
		(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
6. Defence Expenditure	54,266	55,662	60,066	75,856	80,549	85,510
	(2.4)	(2.3)	(2.2)	(2.3)	(2.2)	(2.0)
7. Interest Payments	1,07,460	1,17,804	1,24,088	1,26,934	1,32,630	1,50,272
	(4.7)	(4.8)	(4.5)	(3.9)	(3.6)	(3.5)
8. Total Non-Plan Expenditure	2,61,116	3,01,778	3,48,923	3,65,960	3,65,100	4,13,527
	(11.5)	(12.3)	(12.7)	(11.3)	(9.9)	(9.7)
9. Budgetary Support to Public Enterprises *	13,488	15,232	15,982	17,005	17,362	20,635
	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)
10. Interest Receipts	35,538	37,622	38,538	32,387	22,032	22,524
	(1.6)	(1.5)	(1.4)	(1.0)	(0.6)	(0.5)
11. Interest Payments as per cent of revenue receipts	53.4	51.0	47.0	41.5	38.2	34.6
12. Revenue Deficit as per cent of Gross Fiscal Deficit	71.1	74.4	79.7	62.3	63.0	56.3
13. Net RBI Credit to Centre as per cent of Gross Fiscal Deficit	-3.7	-19.6	-61.7	-47.8	19.4	-2.1

.. : Not available / applicable.

* : Figures relate to revised estimates for years prior to 2008-09.

Note : Figures in parentheses are percentages to GDP.

Source : Budget documents of the Government of India.

Statement 9: Key Fiscal Indicators *(Concld.)*

(Rs. crore)

Items	2007-08 (Accounts)	2008-09 (Accounts)	2009-10 (Budget Estimates)	2009-10 (Revised Estimates)	2010-11 (Budget Estimates)
1	8	9	10	11	12
1. Gross Fiscal Deficit	1,26,912	3,36,992	4,00,996	4,14,041	3,81,408
	(2.6)	(6.0)	(6.5)	(6.7)	(5.5)
2. Revenue Deficit	52,569	2,53,539	2,82,735	3,29,061	2,76,512
	(1.1)	(4.5)	(4.6)	(5.3)	(4.0)
3. Net RBI Credit to Centre	-1,16,772	61,580	..	..	..
	-(2.4)	(1.1)	..	..	..
4. Gross Primary Deficit	-44,118	1,44,788	1,75,485	1,94,541	1,32,744
	-(0.9)	(2.6)	(2.8)	(3.2)	(1.9)
5. Subsidies	70,926	1,29,708	1,11,276	1,31,025	1,16,224
of which :	(1.4)	(2.3)	(1.8)	(2.1)	(1.7)
i) Food	31,328	43,751	52,490	56,002	55,578
	(0.6)	(0.8)	(0.9)	(0.9)	(0.8)
ii) Fertiliser	32,490	76,603	49,980	52,980	49,981
	(0.7)	(1.4)	(0.8)	(0.9)	(0.7)
iii) Petroleum	2,820	2,852	3,109	14,954	3,108
	(0.1)	(0.1)	(0.1)	(0.2)	(0.0)
6. Defence Expenditure	91,681	1,14,223	1,41,703	1,36,264	1,47,344
	(1.9)	(2.0)	(2.3)	(2.2)	(2.1)
7. Interest Payments	1,71,030	1,92,204	2,25,511	2,19,500	2,48,664
	(3.5)	(3.4)	(3.7)	(3.6)	(3.6)
8. Total Non-Plan Expenditure	5,07,589	6,08,721	6,95,689	7,06,371	7,35,657
	(10.3)	(10.9)	(11.3)	(11.5)	(10.6)
9. Budgetary Support to Public Enterprises *	19,636	23,553	28,575	31,858	34,750
	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)
10. Interest Receipts	21,060	20,717	19,174	19,212	19,252
	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)
11. Interest Payments as per cent of revenue receipts	31.6	35.6	36.7	38.0	36.4
12. Revenue Deficit as per cent of Gross Fiscal Deficit	41.4	75.2	70.5	79.5	72.5
13. Net RBI Credit to Centre as per cent of Gross Fiscal Deficit	-92.0	18.3	–	–	–