

*Finances of the Central Government (April-September 2007) **

This article undertakes a review and an assessment of the finances of the Central Government during April-September 2007. The Union Budget 2007-08 committed to further strengthen the path of fiscal consolidation stipulated under the Fiscal Responsibility and Budget Management (FRBM) Rules, 2004 in 2007-08, with the continued strategy of revenue-led correction along with desired reallocation of expenditure. The Central Government finances during the first half of 2007-08 showed that all the key deficit indicators, viz., revenue deficit (RD), gross fiscal deficit (GFD) and Primary Deficit (PD), both in absolute terms as well as per cent of GDP, were lower than a year ago. However, due to greater front loading of expenditure vis-à-vis revenue receipts, the Central Government missed the envisaged half-yearly target for revenue and fiscal deficit stipulated under FRBM Rules, 2004.

Finances of the Central Government¹ during the first half of the current fiscal year (April-September 2007) indicate improvement in all the key deficit indicators, both in absolute terms as well as per cent of GDP, over the corresponding period of the preceding year. As per cent of budget estimates, while GFD and PD were lower than last year, RD was higher due to a combination of expenditure pressure and budgeted absolute reduction in the deficit. Despite some moderation, growth in revenue receipts was high supported by buoyant tax collections as well as higher non-tax revenue. Growth in revenue expenditure decelerated though there were expenditure pressures on account of

¹ The review in this article is based on the provisional data on Union Government Accounts for April-September 2007, received from the Controller General of Accounts, Ministry of Finance, Government of India. The analysis is based on net of transactions involved in the acquisition of RBI's stake in SBI by the Union Government i.e., capital expenditure of Rs.35,531 made by the Government of India on June 29, 2007 for acquisition of RBI stake in SBI and the one time transfer of surplus from the RBI of Rs.34,308 crore to the Union Government on August 09, 2007 (also see Annex-1).

* Prepared in the Division of Central Finances, Department of Economic Analysis and Policy.

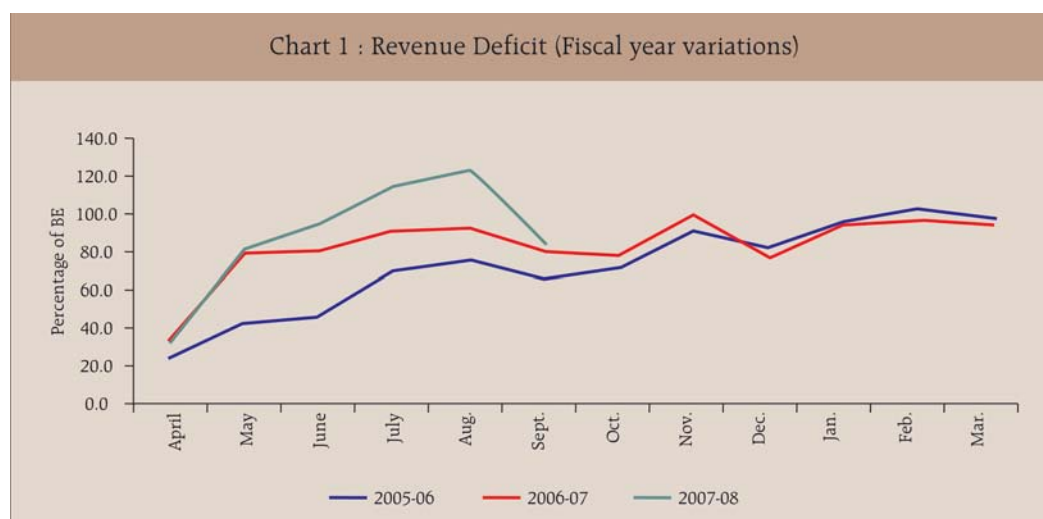
higher interest payments and expenditure on major subsidies and grants to States and Union Territories. Expenditure on rural development, health and family welfare, school education and literacy etc., in the first half of the financial year also contributed to higher revenue expenditure. Capital expenditure witnessed a positive growth as against decline in preceding year on account of higher loans and advances as well as non-defence capital outlay. Despite the continued revenue buoyancy of the Central Government, the envisaged half yearly Fiscal Responsibility and Budget Management targets for revenue and fiscal deficit stipulated under the FRBM Rules, 2004 could not be met due to greater front-loading of expenditure *vis-à-vis* revenue receipts.

Major Trends

A. Deficit Indicators

The Union Budget for 2007-08 continued the process of fiscal

consolidation as per the FRBM Rules, 2004 and the revenue deficit was budgeted to decline by 0.5 per cent of GDP to Rs.71,478 crore (1.5 per cent of GDP) in 2007-08. During the first half of 2007-08, the revenue deficit at Rs.61,124 crore formed 85.5 per cent of the budget estimates (BE) as against 81.8 per cent during April-September 2006 (Statement 1). The trends in RD as a per cent of BE during the first half of 2007-08, however, indicate that it was much higher than the corresponding period of previous two years and peaked in August (123.0 per cent of BE) primarily due to expenditure pressure emanating from interest payments, subsidies, grants to States/UTs and other economic services. By the end-September, however, RD came down close to the level of the preceding year (Chart 1). As per cent of GDP, during April-September 2007, revenue deficit at 1.3 per cent of GDP was lower than the corresponding period of the preceding year (1.7 per cent).



During 2007-08, GFD was budgeted to decline by 0.4 per cent of GDP (more than the minimum reduction of 0.3 per cent of GDP stipulated under the FRBM Rules, 2004) to Rs.1,50,948 crore (3.3 per cent of GDP). During the first half of 2007-08, GFD at Rs.79,977 crore was 53.0 per cent of the budget estimates, lower than 58.2 per cent a year ago. Up to the months of July and August, it, however, was higher due to increase in revenue deficit mentioned earlier (Statement 1 and Chart 2)². In absolute terms, GFD declined by 7.5 per cent as against an increase of 3.1 per cent during the corresponding half of the previous year. The decline in GFD was on account of pick up in revenue buoyancy since August 2007 combined with some moderation in expenditure. Consequently, GFD as per cent of GDP at 1.7 per cent during April-September 2007 was lower than that of 2.1 per cent during the corresponding period of the previous year.

Gross primary deficit during the first half of 2007-08 stood at Rs.7,157 crore as against the envisaged surplus of Rs. 8,047 crore in 2007-08 (BE). However, it showed a decline of 68.1 per cent from the corresponding period of the previous year (Statement 1 and Chart 3).

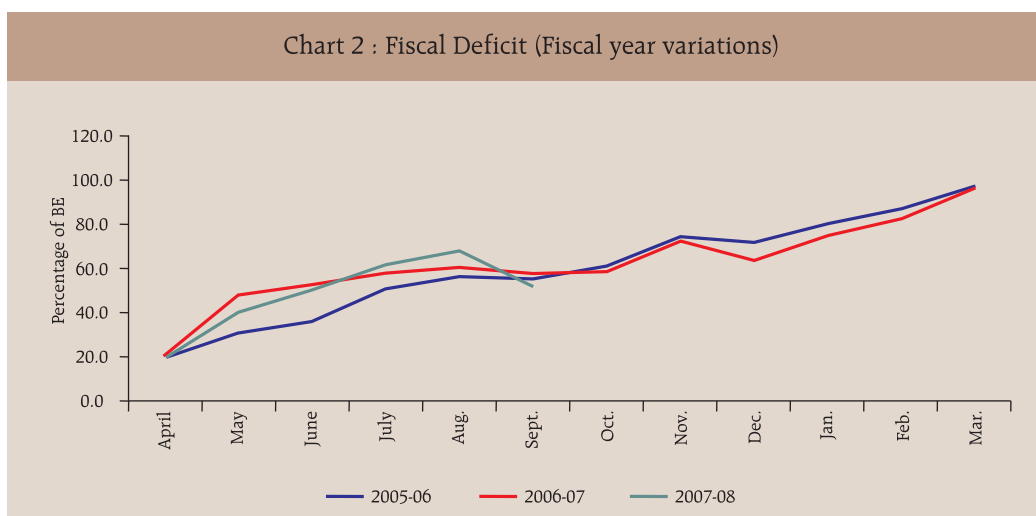
B. Revenue Position

During April-September 2007-08, revenue receipts at Rs.1,97,956 crore, registered an increase of 22.6 per cent, lower than 31.4 per cent recorded during April-September 2006. The moderation in revenue receipts growth was on account of deceleration in tax revenue, as non-tax revenue accelerated marginally (Statement 1). As per cent of BE, revenue receipts constituted 40.7 per cent as against 40.0 per cent in the first half of the previous year (Chart 4).

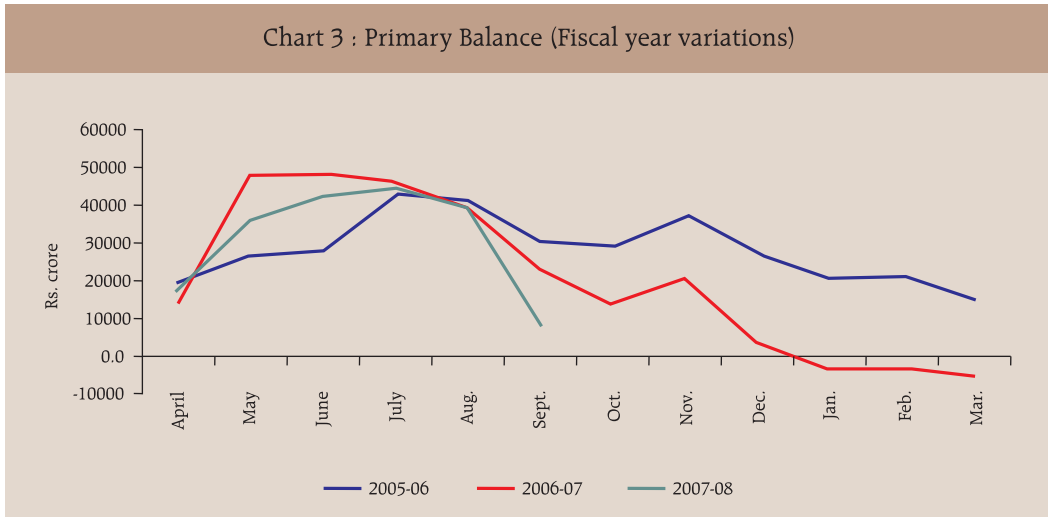
Tax Revenue

Growth of gross tax collection of the Centre during April-September 2007

Chart 2 : Fiscal Deficit (Fiscal year variations)



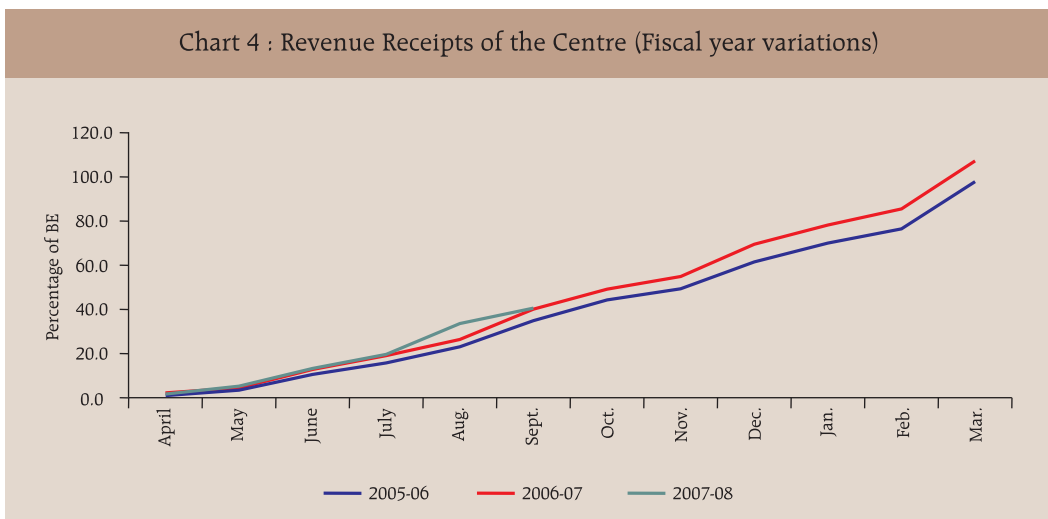
² It may be noted that GFD inclusive of SBI transactions increased substantially during June and July, 2007, as Government made capital expenditure of Rs. 35,531 crore in June 2007 for acquisition of RBI stake in SBI, which was largely neutralised only in August 2007 by the one time transfer of surplus of Rs. 34,308 crore by the RBI to the Union Government.



decelerated to 24.5 per cent from 30.5 per cent during the corresponding period of the previous year. As per cent of BE, at 40.8 per cent it was marginally higher than 40.6 per cent during April-September 2006. On the other hand, assignment of taxes to States/UTs increased by 27.0 per cent as against the increase of 19.4 per cent during corresponding period of previous year (Statement 2). Net tax revenue to the Centre after adjusting for the assignment to States/ UTs and surcharge for financing

National Calamity Contingency Fund (NCCF) showed a growth rate of 23.5 per cent during April-September 2007 compared to 35.1 per cent in the corresponding period of the previous year. It accounted for 39.7 per cent of BE, same as in April-September 2006 (Chart 5).

Among the major taxes, corporation tax, income tax and custom duties registered impressive growth during the first half of 2007-08, though, barring for



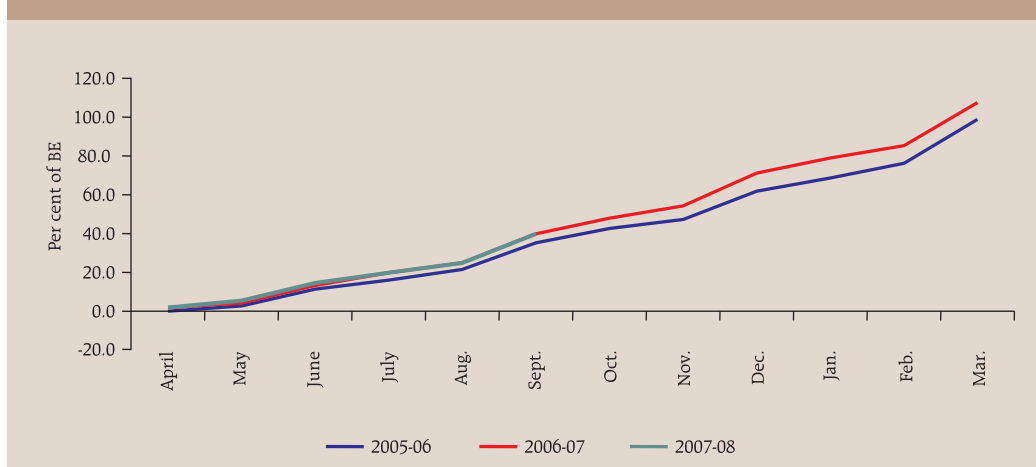
income tax, there were deceleration from the corresponding period of last year. Propelled by the growth of its major component viz., taxes on income other than corporation tax (35.3 per cent), income tax witnessed a growth of 38.2 per cent as compared with 29.1 per cent in the corresponding period of the previous year. All the other remaining components of income tax, with the exception of fringe benefit tax, experienced moderation in growth from a high level during the corresponding period of last year. Corporation tax showed growth of 38.6 per cent as compared with 49.2 per cent a year ago. All the indirect taxes recorded a much lower growth as compared with the corresponding period of last year. Among these indirect taxes, customs duties and service tax despite the deceleration, however, continued to show reasonably high growth rates of 15.9 per cent and 37.2 per cent, respectively, which were on top of growth rates of 32.7 per cent and 63.8 per cent in the corresponding period of the previous year. The Union excise

duties continued to show subdued growth of only 3.4 per cent, decelerating further from 7.4 per cent growth recorded during April-September 2006 (Statement 2). It may thus be noted that growth in all the indirect taxes during the first half of 2007-08 not only decelerated but also recorded growths lower than those envisaged for the full year, while all direct taxes, barring banking cash transaction tax, in contrast, recorded significantly higher growth rates.

Non-Tax Revenue

Non-tax revenue at Rs.37,456 crore accelerated to 19.2 per cent in April-September 2007 compared to 18.1 per cent in the corresponding period of previous year, mainly on account of higher interest receipts and dividends and profits. Dividends and profits at Rs.18,062 crore showed an increase of Rs.3,844 crore, interest receipts (Rs.8,318 crore) an increase of Rs.2,021 crore and 'other non-tax revenue' (Rs.10,720 crore) an increase of Rs.137 crore.

Chart 5 : Net Tax Revenue of the Centre (Fiscal year variations)



C. Non-Debt Capital Receipts

Non-debt capital receipts comprising recovery of loans and other receipts at Rs 4,428 crore recorded a growth of 8.6 per cent during April-September 2007 as against decline of 5.1 per cent during the corresponding period of 2006. As per cent of budget estimates, non-debt capital receipts were 140.5 per cent in April-September 2007 as compared with 34.4 per cent a year ago.

The Union Government in the Budget for 2007-08 announced that it would acquire the Reserve Bank's stake in SBI. Accordingly, during the year, Reserve Bank's entire equity holding in State Bank of India of 31,43,39,200 shares (Book value Rs.1,222.73 crore) was transferred to the Government of India at market rate, resulting in a profit of Rs.34,308.6 crore (Box 1).

D. Expenditure Pattern

As envisaged in BE, aggregate expenditure during April-September 2007, at Rs.2,82,361 crore, registered a lower growth of 12.1 per cent than 19.4 per cent

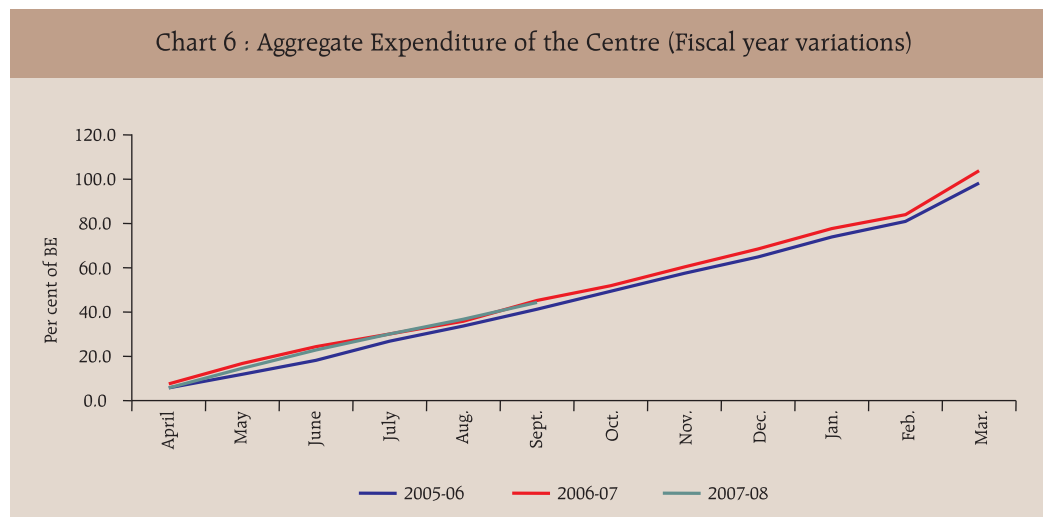
a year ago. As per cent of BE also, it was marginally lower at 44.1 per cent as against 44.7 per cent in April-September 2006 (Chart 6).

Plan Expenditure

Plan expenditure at Rs.86,758 crore increased by 26.0 per cent, much higher than 15.9 per cent a year ago. As per cent of the BE also, at 42.3 per cent, it was higher than 39.9 per cent in the preceding year (Statement 1 and Chart 7). The higher increase in Plan expenditure was due to expenditure towards road transport and highways, grants to States and Union Territories and rural development (Table 1).

Within total plan expenditure, the revenue component during the first half of 2007-08, at Rs.71,571 crore, recorded marginally lower growth, constituting 41.0 per cent of BE as against 40.2 per cent in the corresponding period of the previous year. The increase in plan revenue expenditure by Rs.13,814 crore was primarily on account of grants to States and Union Territories and other

Chart 6 : Aggregate Expenditure of the Centre (Fiscal year variations)



economic services. On the other hand, capital component at Rs. 15,187 crore increased by 36.5 per cent as against a decline of 16.3 per cent (Table 2 and Statement 2).

Non-Plan Expenditure

Non-Plan expenditure, at Rs.1,95,603 crore during April-September 2007, also registered a substantially lower growth of 6.8 per cent than 20.8 per cent in the corresponding period of the previous year (Chart 8). As per cent of budget estimates, it stood at 44.9 per cent during the period under review as against 46.8 per cent a year ago. The deceleration in non-plan expenditure came from decline in the revenue component under grants to States/UTs and non-plan capital expenditure (Statement 1).

All the other remaining major items of non-plan revenue expenditure, however, increased during the first six months of the current fiscal year as compared with the corresponding period of the previous year (Table 2). Interest payments and defence expenditure constituted 53.3 per cent of non-plan expenditure in April-September 2007-08

as compared with 52.5 per cent in corresponding period of the previous year (Chart 9). During the first half of 2007-08, increase in expenditure on major subsidies by Rs.6,093 crore was primarily due to increase in fertiliser subsidies, viz., on indigenous fertiliser (Rs.3,484 crore), imported fertiliser (Rs.1,878 crore) and decontrolled fertiliser (Rs.2,316 crore).

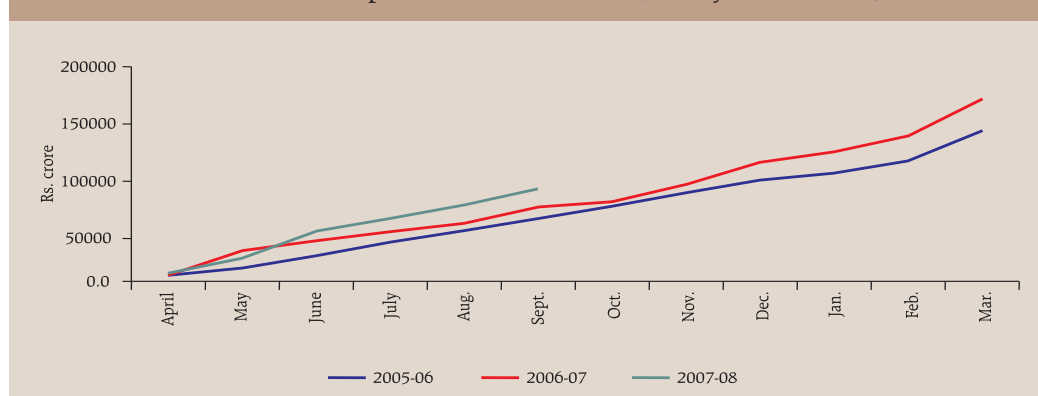
Capital Outlay

Capital outlay during the period under review, at Rs.18,278 crore, increased by 1.7 per cent as compared with a decline of 5.5 per cent in the preceding year. While the non-defence capital outlay was higher by 36.4 per cent, defence capital outlay declined by 34.9 per cent from its level in April-September 2006 (Table 2).

E. Financing of Gross Fiscal Deficit

The net outgo of funds from the autonomous sources of financing GFD such as national small savings fund and other capital receipts increased significantly from the corresponding half of the previous year. Consequently, market borrowings constituted 107.1 per cent of GFD of Rs. 81,200³ crore during

Chart 7 : Plan Expenditure of the Centre (Fiscal year variations)



³GFD includes the net impact of transactions involved in acquisition of RBI's stake in SBI by the Central Government of Rs. 1,223 crore.

Box 1: Acquisition of Reserve Bank of India Share Holding in State Bank of India by Government of India

The Committee on Banking Sector Reforms (Chairman: Shri M. Narasimham) had recommended that the Reserve Bank should not own the institutions it regulates due to conflict of interest. Consequently an internal Group was set up by the Reserve Bank in 2001 to finalise the modalities of transfer of its investment in State Bank of India, NABARD and NHB and the Group's Report was forwarded to the Government for necessary action. The Central Government had announced in the Union Budget 2007-08 their proposal for acquisition of Reserve Bank's stake in SBI and an amount of Rs.40,000 crore was provided in the Budget. An ordinance was promulgated on June 21, 2007 for certain amendments in SBI Act to enable transfer of shares from Reserve Bank to Government. The treatment of expenditure and receipts of SBI transaction in the budget are: expenditure amounting of Rs.40,000 crore was budgeted under the head 'investments in general financial and trading institutions'; on the receipts side, under 'other capital receipts' the RBI would make one time transfer of equal amount of proceeds (Rs.40,000 crore) on account of transfer of its stake in SBI to the Government of India. Since the capital expenditure ensuing from the above transactions was to be matched by an equivalent amount of non-debt capital receipts, the transaction was treated neutral to

gross fiscal deficit (GFD), revenue deficit (RD) and debt.

Accordingly, 31,43,39,200 shares which were held by the Reserve Bank were sold to the Government of India (GOI) on June 29, 2007 at the rate of Rs.1130.35 per share constituting the acquisition cost amounting to Rs.35,531 crore. Consequently, Government of India had made one time capital expenditure of Rs. 35,531 crore. The resultant increase in gross fiscal deficit of this transaction was largely neutralised in the month of August 2007 through one time transfer of surplus from the RBI of Rs. 34,308 crore to the Union Government, which is the cost of acquisition less the book value of shares i.e., Rs1,223 crore. As announced in the budget the surplus transfer on account of transfer of RBI stake in SBI to the GOI was included under 'other capital receipts', by the Controller General of Accounts (CGA) in its release of October 31, 2007 on summary information for the Central Government's Accounts for April-September 2007. Thereby the transactions are revenue deficit neutral and had a minimal impact on gross fiscal deficit to the extent of the book value of the shares (Rs.1,223 crore).

April-September, 2007, as against 69.8 per cent a year ago. Short term borrowing

met 14.3 per cent of GFD, as compared with 5.0 per cent in corresponding period

Table 1 : Major Items of Plan Expenditure by Ministry / Department

Ministry / Department (Deptt.)	BE 2007-08	April-September		Increase/ Decrease
		(Rupees crore)		
		2007	2006	
1	2	3	4	5
Deptt of Agriculture and Cooperation	5560	2605	2521	84
Plan Grants to States and UT Govts.	36808	20671	14827	5844
Deptt. Of Elementary Education and Literacy	22191	6875	6564	311
Deptt. Of Women and Child-Development	5793	2314	2270	44
Ministry of Power	5483	596	1296	-700
Deptt. Of Rural Development	27500	15834	12750	3084
Deptt. Of Road Transport and Highways	14066	7970	4222	3748

Table 2: Expenditure of the Centre

(Rupees crore)				
Item	April-September		Variation	
	2007	2006	Amount	Per cent
1	2	3	4	5
A. Revenue Expenditure	259080	230683	28397	12.3
Non-Plan Revenue Expenditure	187509	172926	14583	8.4
Interest Payments	72820	64003	8817	13.8
Major Subsidies	34954	28861	6093	21.1
Defence Revenue	25817	23354	2463	10.5
Pension	10685	9507	1178	12.4
Grants to States/UTs	16673	18289	-1616	-8.8
Plan Revenue Expenditure	71571	57757	13814	23.9
Social Services	13508	12759	749	5.9
Grants to States/UTs	29733	21850	7883	36.1
Other Economic Services	28255	23068	5187	22.5
B. Capital Expenditure	23281*	21261	2020	9.5
Loans & Advances	5003	3290	1713	52.1
Non-Defence Capital Outlay	12584*	9228	3356	36.4
Defence Capital Outlay	5694	8743	-3049	-34.9
C. Total Expenditure	282361*	251944	30417	12.1

*: Net of SBI transactions.

of the previous year. The remaining financing gap of 25.0 per cent of GFD was met through draw down of cash balances with the RBI (Table 3).

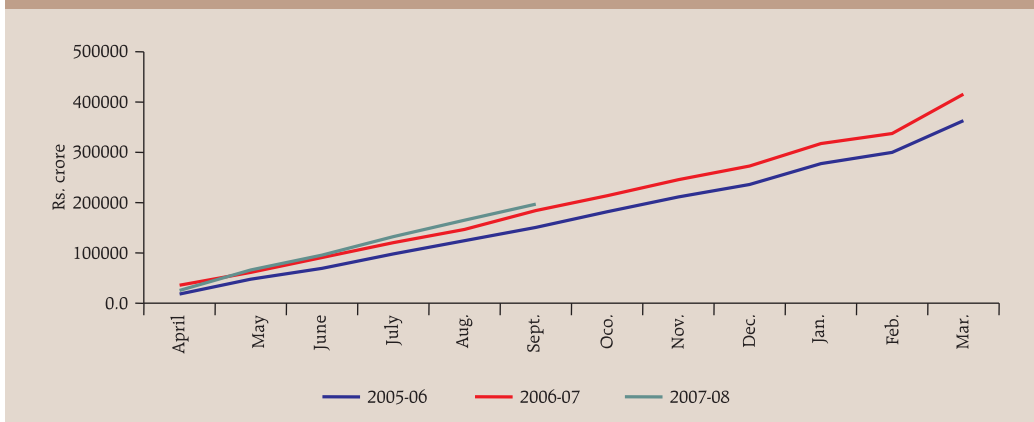
E. Cash Management⁴

The Central Government had maintained a surplus of Rs. 50,092 crore (investment of Rs. 20,000 crore and cash balance of Rs. 30,092 crore) at the beginning of the year largely as a result of investment of the State Governments' cash surplus of Rs. 39,217 crore in the 14-day Intermediate Treasury Bills (ITBs) of the Central Government. However, the Centre's cash balances eroded rapidly during April 2007, and turned into a deficit by April 27, 2007, reflecting a sharp reduction in the holding of Central Government Treasury Bills by the States on account of higher than anticipated spending and lower collections under the

⁴Mid-Year Review, Ministry of Finance, Government of India

National Small Savings Fund (NSSF), which persisted till June 17, 2007. With the transfer of RBI stake in SBI to the Central Government involving a cash outgo of Rs. 35,531 crore, Central Government cash balances again fell into a deficit mode from June 29, 2007 to August 8, 2007. Subsequently, following the transfer of RBI surplus on August 9, 2007, cash balance of Central Government returned to a surplus mode. With the fluctuating cash balances position, upto end-September, 2007, the Government availed WMA on 90 days and resorted to overdraft on three occasions, as against 39 days and none, respectively in the corresponding period of previous year. As on September 29, 2007, however, the Central Government had built up cash surplus of Rs. 31,814 crore (including investment of Rs. 20,000 crore) of which the State Governments'

Chart 8 : Non-Plan Expenditure of the Centre (Fiscal year variations)



cash surplus invested in 14-day ITBs being Rs. 34,734 crore.

G. Progress in Achieving the FRBM Targets for the first Half of 2006-07

With the continued buoyancy of revenue receipts, the half yearly non-debt receipts as a per cent of BE stood at 44.8 per cent, exceeding the FRBM target of no less than 40 per cent. However, due to expenditure pressure emanating from revenue account, the half yearly revenue deficit (85.5 per cent) and fiscal deficit

(53.8 per cent) were higher than the stipulated FRBM targets of not more than 45 per cent of BE (Table 4). Higher expenditure on fertiliser subsidies, interest payments as a result of higher borrowing under market stabilisation scheme and front loading of expenditure in respect of departments like rural development, department of road transport and highways were the prime reason for the considerable slippage in revenue deficit.

Chart 9: Month - wise Major Components of Non-Plan Revenue Expenditure

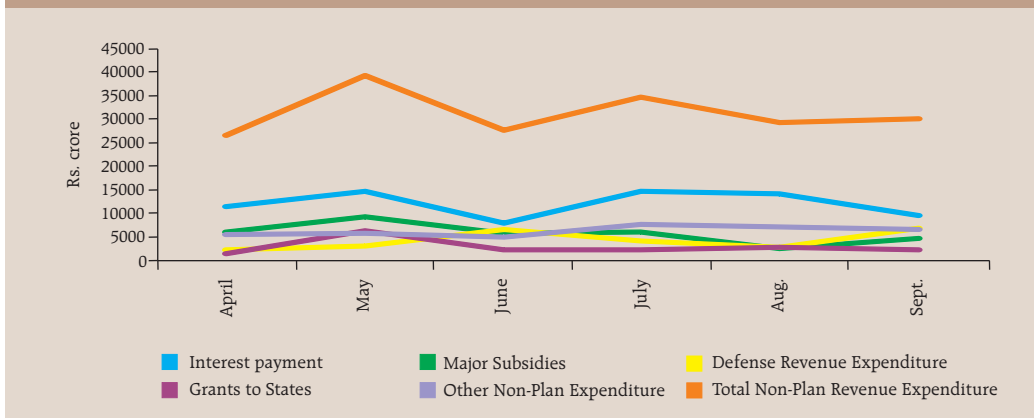


Table 3: Sources of Financing GFD: April-September, 2007-08 and 2006-07

	(Rupees crore)			
	2007-08		2006-07	
	Amount	Share (%)	Amount	Share (%)
1 Gross Fiscal Deficit*	81,200	100.0	86,461	100.0
2 Market Borrowings (dated securities and 364-day T-Bills)	86,960	107.1	60,328	69.8
3 Short-Term Borrowings (91 and 182-day T-Bills)	11,583	14.3	4,337	5.0
4 14-day Intermediate T-Bills	-4,422	-5.4	4,700	5.4
5 State Provident Funds	191	0.2	471	0.5
6 National Small Saving Fund (Net)	-13,891	-17.1	2,381	2.8
7 Special Deposits	865	1.1	-228	-0.3
8 Securities against Small Savings	-545	-0.7	-394	-0.5
9 Deposit Scheme for Retiring Employees	-254	-0.3	-220	-0.3
10 External Assistance	2,478	3.1	2,433	2.8
11 Others	-22,025	-27.1	-11,820	-13.7
<i>Of which:</i>				
i. Suspense and Remittances	-5,551	-6.8	-7,703	-8.9
ii. Other Capital Receipts	-16,475	-20.3	-4,115	-4.8
<i>Of which:</i>				
(a) Compensation and other Bonds	-4,662	-5.7	-4,123	-4.8
(b) Advances	-1,759	-2.2	-895	-1.0
(c) Marketable Securities issued in Conversion of Special Securities	-5,000	-6.2	-3,471	-4.0
(d) Special Securities issued to Nationalised Banks	-12,101	-14.9	-97.0	-0.1
12 Disinvestment of Surplus Cash	0.0	0.0	0.0	0.0
13 Drawdown of Cash Balances	20,260	25.0	24,473	28.3
14 Ways and Means Advances and Over draft	0.0	0.0	0.0	0.0

*Gross Fiscal Deficit in this table includes Rs.35,531 crore, acquisition cost of RBI's stake in State Bank of India (SBI) and neutralised to the extent of transfer from RBI with regard to the transaction.

Concluding Observations and Broad Assessment

Finances of the Central Government during the first half of the current fiscal year (April-September 2007) indicate the continuation of the fiscal consolidation process stipulated under the FRBM Rules, 2004. During the first half of 2007-08 all the key deficit indicators, viz., revenue deficit (RD), gross fiscal deficit (GFD) and Primary Deficit (PD), both in absolute terms as well as per cent of GDP, were lower than a year ago. Revenue deficit as per cent of budget estimates, however, was somewhat higher than last year due to a combination of expenditure pressure along with the envisaged absolute reduction in the deficit. Growth in tax revenue decelerated somewhat from the previous year, but remained buoyant and higher than the envisaged growth for the

full year primarily on account of direct taxes, viz., corporation tax and income tax. Indirect taxes, particularly, the custom duties and excise duties displayed subdued growths; much lower than those envisaged in the budget 2007-08. There was expenditure pressure due to the higher increase in plan expenditure over the comparable period of the preceding year on account of grants to States and Union Territories, other economic services and non-defence capital outlay. Though total non-plan expenditure decelerated, interest payments and major subsidies continued to exert pressure.

With regard to market borrowings, the Central Government, up to end-September, 2007, raised gross and net market borrowings of Rs.1,15,036 crore and Rs. 69,737 crore, respectively. As per cent of budget estimates, gross and net

market borrowing work out to 61.3 per cent and 62.9 per cent as compared with 59.3 per cent, and 50.1 per cent, respectively, a year ago.

During the year 2007-08 so far (up to January 4, 2008), the Central Government has raised gross and net market borrowings of Rs. 1,62,310 crore and Rs. 95,257 crore, respectively. As per cent of budget estimates, gross and net market borrowings constitute 86.4 per cent and 86.0 per cent as compared with 81.1 per cent and 76.5 per cent, respectively, a year ago.

It is thus apparent that in the second half of the fiscal year, Government will require taking more active recourse to expenditure management and further improve the revenue performance in order to meet the various deficit targets, in particular revenue deficit, set for 2007-08. In the 'Mid-Year Review', the Government has expressed its optimism to meet the FRBM targets for the full year, despite expenditure pressure. It states that 'the outlook for receipts in the subsequent part of the year looks more optimistic than anticipated at the time of budget estimates. Slippage from half-yearly targets were also due to various cash management initiatives being introduced to avoid bunching of expenditure in the second half-of the year. Thus, by the end of the year, and

notwithstanding the deviations witnessed in the first half of the year, the Government is confident of successfully navigating through the FRBM road map and ensuring compliance of the end-of-the-year fiscal targets on the strength of determined pursuit of various fiscal consolidation measures in conjunction with growth dividends'.

It may be emphasised that meeting the deficit targets for 2007-08 would crucially hinge upon the continuance of observed buoyancy of revenue receipts in the first half of the year into the second half. This would necessitate strengthening the revenue flow from indirect taxes viz., customs and excise duties, which have been showing a decelerating trend and have so far recorded a much lower growth than envisaged in the budget. Fiscal outcome, at the same time, would also depend on the expenditure management through reallocation along the desired sectors. In the second half, the Central Government will need to sustain the momentum of enhancing capital outlay within the overall trend of curtailing growth in total expenditure. The concerted efforts towards fiscal consolidation need to be carried forward by the Government without affecting the growth momentum of the economy.

Table 4: Half Yearly FRBM Targets

Item		Actuals (as per cent of BE)		
		2007	2006	2005
		(April-September)		
Non-Debt Receipts	Not less than 40 per cent of BE	44.8	39.9	35.0
Fiscal Deficit	Not more than 45 per cent of BE	53.8	58.2	55.5
Revenue Deficit	Not more than 45 per cent of BE	85.5	81.8	68.3

Source: Mid-Year Review, Ministry of Finance, Government of India.

Annex-1

Financial Position of the Central Government during April-September, 2007

A comparative position of fiscal indicators being affected by the transactions relating to the acquisition of Reserve Bank of India's stake in State Bank of India by the Government of India are provided in the Table below.

Table: Financial position of the Central Government during April-September 2007

Items	Including cost of acquisition of RBI's share in SBI/ transfer of RBI's profit to the Government of India	Excluding cost of acquisition of RBI's share in SBI ⁵ / transfer of RBI's profit to the Government of India
Capital Receipts	Capital receipts at Rs.1,19,936 crore is 32.5 per cent higher than the corresponding period of previous year. This constitutes 61.8 per cent of the budget estimates as against 56.4 per cent in the corresponding period of the preceding year.	Capital receipts at Rs.85,628 crore is 5.4 per cent lower than the corresponding period of previous year. This constitutes 55.6 per cent of the budget estimates.
Total receipts	Total receipts at Rs.3,17,892 crore is 26.2 per cent higher than the corresponding period of previous year. This constitutes 46.7 per cent of the budget estimate as against 44.7 per cent in the corresponding period of the preceding year.	Total receipts at Rs.2,83,584 crore is 12.6 per cent higher than the corresponding period of preceding year constituting 44.3 per cent of the budget estimates.
Non-plan capital expenditure	Non-plan capital expenditure at Rs.43,625 crore is 330.3 per cent higher than that in the corresponding period of the previous year. This 47.5 per cent of the budget estimate as against 21.6 per cent in the corresponding period of last year.	Non-plan capital expenditure at Rs.8,094 crore is 20.2 per cent lower than that in the corresponding period of the previous year constituting 15.6 per cent of the budget estimates.
Capital expenditure	Capital expenditure at Rs.58,812 crore is 176.6 per cent higher than the corresponding period of last year. This is 48.0 per cent of the budget estimate as against 28.0 per cent in the corresponding period of previous year.	Capital expenditure at Rs.23,281 crore is 9.5 per cent higher than the corresponding period of preceding year constituting 28.2 per cent of the budget estimates.
Total expenditure	Total expenditure at Rs.3,17,892 crore is 26.2 per cent higher than the corresponding period of last year. This is 46.7 per cent of the budget estimate as against 44.7 per cent in the corresponding period of previous year.	Total expenditure at Rs.2,82,361 crore is 12.1 per cent higher than the corresponding period of preceding year constituting 44.1 per cent of the budget estimates.
Gross fiscal deficit	Gross fiscal deficit at Rs.81,200 crore is 6.1 per cent lower than the corresponding period of the previous year. GFD constituted 53.8 per cent of the budget estimate as against 58.2 per cent in the corresponding period of preceding year.	Gross fiscal deficit at Rs.79,977 crore is 7.5 per cent lower than the corresponding period of the previous year constituting 53.0 per cent of the budget estimates.
Gross primary deficit	Gross primary deficit at Rs.8,380 crore is 62.7 per cent lower than the corresponding period of the	Gross primary deficit at Rs.7,157 crore is 68.1 per cent lower than the corresponding period of the previous year.

⁵As SBI transaction took place in 2007, fiscal indicators for previous year are not affected.

ARTICLE

Finances
of the Central
Government
(April-September
2007)

Statement 1: Budgetary Position of the Central Government (Contd.)

(Rupees Crore)

Item	Actuals (April-September)		Budget Estimates (Financial Year)	
	2007-08	2006-07	2007-08	2006-07
1	2	3	4	5
1. Revenue Receipts	197,956	161,406	486,422	403,465
2. Tax Revenue (Net)	160,500	129,986	403,872	327,205
3. Non-Tax Revenue	37,456	31,420	82,550	76,260
<i>of which :</i>				
(i) Interest Receipts	8,318	6,297	19,308	19,263
4. Capital Receipts	119,936	90,538	194,099	160,526
Non Debt Capital Receipts	38,736	4,077	43,151	11,840
<i>of which :</i>	(4,428)		(3,151)	
5. Recovery of Loans	2,030	4,077	1,500	8,000
6. Other Receipts	36,706	0	41,651	3,840
	(2,398)		(1,651)	
7. Borrowings	81,200	86,461	150,948	148,686
8. Total Receipts (1+4)	317,892	251,944	680,521	563,991
	(283,584)		(640,521)	
9. Non-Plan Expenditure	231,134	183,065	475,421	391,263
	(195,603)		(435,421)	
10. On Revenue Account	187,509	172,926	383,546	344,430
<i>of which :</i>				
(i) Interest Payments	72,820	64,003	158,995	139,823
11. On Capital Account	43,625	10,139	91,875	46,833
	(8,094)		(51,875)	
12. Plan Expenditure	86,758	68,879	205,100	172,728
13. On Revenue Account	71,571	57,757	174,354	143,762
14. On Capital Account	15,187	11,122	30,746	28,966
15. Total Expenditure (9+12)	317,892	251,944	680,521	563,991
	(282,361)		(640,521)	
16. Revenue Expenditure (10+13)	259,080	230,683	557,900	488,192
17. Capital Expenditure (11+14)	58,812	21,261	122,621	75,799
<i>of which :</i>	(23,281)		(82,621)	
(i). Loans and Advances	5,003	3,290	7,498	8,861
18. Revenue Deficit (16-1)	61,124	69,277	71,478	84,727
19. Fiscal Deficit {15-(1+5+6)}	81,200	86,461	150,948	148,686
	(79,977)			
20. Gross Primary Deficit {19-10(i)}	8,380	22,458	-8,047	8,863
	(7,157)			

Note : Figures in parentheses are net of SBI transactions.

Source : Controller General of Accounts, Ministry of Finance, Government of India.

Statement 1 : Budgetary Position of the Central Government (Concl.)

Item	April-September			
	Percentage to Budget Estimates		Growth Rate (per cent)	
	2007-08	2006-07	2007-08	2006-07
1	6	7	8	9
1. Revenue Receipts	40.7	40.0	22.6	31.4
2. Tax Revenue (Net)	39.7	39.7	23.5	35.1
3. Non-Tax Revenue	45.4	41.2	19.2	18.1
<i>of which :</i>				
(i) Interest Receipts	43.1	32.7	32.1	-32.8
4. Capital Receipts	61.8	56.4	32.5	2.7
	(55.6)		(-5.4)	
Non Debt Capital Receipts	89.8	34.4	850.1	-5.1
<i>of which :</i>				
(i) Interest Payments	(140.5)		(8.6)	
5. Recovery of Loans	135.3	51.0	-50.2	-4.8
6. Other Receipts	88.1	-	-	-100.0
	(145.2)		-	
7. Borrowings	53.8	58.2	-6.1	3.1
8. Total Receipts (1+4)	46.7	44.7	26.2	19.4
	(44.3)		(12.6)	
9. Non-Plan Expenditure	48.6	46.8	26.3	20.8
	(44.9)		(6.8)	
10. On Revenue Account	48.9	50.2	8.4	21.9
<i>of which :</i>				
(i) Interest Payments	45.8	45.8	13.8	18.7
11. On Capital Account	47.5	21.6	330.3	3.9
	(15.6)		(-20.2)	
12. Plan Expenditure	42.3	39.9	26.0	15.9
13. On Revenue Account	41.0	40.2	23.9	25.2
14. On Capital Account	49.4	38.4	36.5	-16.3
15. Total Expenditure (9+12)	46.7	44.7	26.2	19.4
	(44.1)		(12.1)	
16. Revenue Expenditure (10+13)	46.4	47.3	12.3	22.7
17. Capital Expenditure (11+14)	48.0	28.0	176.6	-7.7
<i>of which :</i>				
(i). Loans and Advances	(28.2)		(9.5)	
	66.7	37.1	52.1	-18.4
18. Revenue Deficit (16-1)	85.5	81.8	-11.8	6.4
19. Fiscal Deficit {15-(1+5+6)}	53.8	58.2	-6.1	3.1
	(53.0)		(-7.5)	
20. Gross Primary Deficit {19-10(i)}	-104.1	253.4	-62.7	-24.9
	(-88.9)		(-68.1)	

Note : Figures in parentheses are net of SBI transactions.

Source : Controller General of Accounts, Ministry of Finance, Government of India.

ARTICLE

Finances
of the Central
Government
(April-September
2007)

Statement 2 : Tax Collection of the Central Government during April September-2007 (Contd.)

(Rupees Crore)

Item	Actuals (April-September)		Budget Estimates (Financial Year)	
	2007-08	2006-07	2007-08	2006-07
1	2	3	4	5
A. Gross Tax Revenue (1 to 6)	2,23,491	179,478	548,122	442,153
1. Corporation Tax	70,176	50,624	168,401	1,33,010
2. Income Tax	41,057	29,717	98,774	77,409
(a) Taxes on Income other than Corporation Tax	35,445	26,198	86,829	73,409
(b) Securities Transaction Tax	3,099	2,132	4,500	3,500
(c) Banking Cash Transaction Tax	276	234	645	500
(d) Fringe Benefit Tax	2,237	1,153	6,800	0
3. Customs Duties	48,098	41,517	98,770	77,066
4. Union Excise Duties	44,889	43,396	1,30,220	1,19,000
5. Service Tax	18,342	13,368	50,200	34,500
6. Other Taxes	929	856	1,757	1,168
B. Surcharge for Financing NCCF	1,140	809	1,800	1,500
C. Balance Gross Tax Revenue	2,22,351	1,78,669	5,46,322	4,40,653
D. Assignment to States/UTs	61,851	48,683	1,42,450	1,13,448
E. Net Tax Revenue	1,60,500	1,29,986	4,03,872	3,27,205

NCCF : National Calamity Contingency Fund.

UTs : Union Territories.

Source : Controller General of Accounts, Ministry of Finance, Government of India.

Statement 2 : Tax Collection of the Central Government during April-September-2007 (Concl'd.)

Item	April-September			
	Percentage to Budget Estimates		Growth Rate (per cent)	
	2007-08	2006-07	2007-08	2006-07
1	6	7	8	9
A. Gross Tax Revenue (1 to 6)	40.8	40.6	24.5	30.5
1. Corporation Tax	41.7	38.1	38.6	49.2
2. Income Tax	41.6	38.4	38.2	29.1
(a) Taxes on Income other than Corporation Tax	40.8	35.7	35.3	24.3
(b) Securities Transaction Tax	68.9	60.9	45.4	106.8
(c) Banking Cash Transaction Tax	42.8	46.8	17.9	162.9
(d) Fringe Benefit Tax	32.9	-	94.0	40.3
3. Customs Duties	48.7	53.9	15.9	32.7
4. Union Excise Duties	34.5	36.5	3.4	7.4
5. Service Tax	36.5	38.7	37.2	63.8
6. Other Taxes	52.9	73.3	8.5	15.7
B. Surcharge for Financing NCCF	63.3	53.9	40.9	57.4
C. Balance Gross Tax Revenue	40.7	40.5	24.4	30.4
D. Assignment to States/UTs	43.4	42.9	27.0	19.4
E. Net Tax Revenue	39.7	39.7	23.5	35.1

NCCF : National Calamity Contingency Fund.

UTs : Union Territories.

Source : Controller General of Accounts, Ministry of Finance, Government of India.