*Union Budget 2011-12: An Assessment**

The Union Budget 2011-12 was presented against the backdrop of a broad-based economic recovery and increasing concerns about food inflation. The Government seeks to undertake measures to improve agricultural supply response and does not opt for a complete roll-back of indirect tax rates to the pre-crisis levels. While this may impact fiscal correction during 2011-12, the Government proposes to carry forward the fiscal consolidation in the following two years by setting out a roadmap for phased reductions in both fiscal and revenue deficits. Nonetheless, the deficit targets set out under the Medium-Term Fiscal Policy Strategy remain higher than those prescribed by the Thirteenth Finance Commission. The Budget has given due importance to the objectives of removing structural constraints, promoting infrastructure investment and strengthening the earlier policy initiatives towards inclusive growth. The market borrowings of the Central Government are budgeted to be marginally higher than in 2010-11, which augur well from the point of view of market liquidity conditions during the year, provided the underlying macroeconomic projections of the Budget hold good.

The Union Budget 2011-12 was presented to the Parliament on February 28, 2011 against the backdrop of a swift and broad-based economic recovery. The partial roll-back of fiscal stimulus measures in 2010-11 paved the way for fiscal consolidation. However, the structural concerns on inflation management continue to engage the attention of the Government and have to be addressed through a sustained improvement in agricultural supply. Taking into account the demand side pressures, the Budget underlines the need for a stronger fiscal consolidation, which would also help to create resource space for private investment. Against this backdrop, the Budget proposes to carry forward the fiscal consolidation process during 2011-12 and in the following two years. Nonetheless, the deficit targets set out under the Medium-Term Fiscal Policy Strategy remain higher than those recommended by the Thirteenth Finance Commission (FC) to be achieved by 2013-14. Recognising that fiscal consolidation is conducive to macroeconomic management, the Central Government intends to introduce an amendment to the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 during the course of 2011-12, which would lay down the fiscal roadmap for the next five years. This article makes an assessment of the Union Budget 2011-12. Section I sets out the macroeconomic framework of the Budget and the strategy being adopted to address emerging concerns on inflation. Section II focuses on an assessment of the envisaged progress towards fiscal correction and consolidation by the Central Government. The initiatives towards tax reforms as announced in the Union Budget are covered in Section III. Section IV sets out the major sectoral policy initiatives in the Budget, while Section V covers the impact of budget proposals on the financial markets. Section VI sets out the concluding observations.

I. Macroeconomic Framework

The macroeconomic framework underlying the Union Budget 2011-12 indicates favourable outlook in terms of real GDP growth (9 per cent), inflation scenario (5 per cent) and expected moderation in current account deficit. The budgetary initiatives in 2011-12 indicate further progress towards fiscal consolidation, while giving due importance to the objectives of removing structural constraints, promoting infrastructure investment and strengthening the earlier policy initiatives towards inclusive growth. There is also an emphasis on undertaking policy measures to address sector-specific constraints.

While the broad macroeconomic outlook for 2011-12 appears promising, the continuation of high food inflation emerges as an important area of concern for the Government. Notwithstanding progressive monetary tightening, prices of most food items continue to remain high, reflecting not only supply

* Prepared in the Fiscal Analysis Division of the Department of Economic and Policy Research. This article is based on the Union Budget 2011-12 presented to the Parliament on February 28, 2011. The article on Union Budget 2010-11 had appeared in May 2010 issue of the RBI Bulletin.

shortages but also bottlenecks in distribution and marketing systems. While the stronger fiscal consolidation process envisaged in the Union Budget for 2011-12 would help to combat inflationary pressures, the structural concerns on inflation management are proposed to be addressed through several schemes aimed at improving the agricultural supply response. Special budgetary allocations have been made to increase production of vegetables, palm oil, coarse cereals, animal-based protein products and fodder. In addition, policy measures have also been announced to improve storage/cold chain facilities and transport infrastructure for perishable agriculture products.

While the Budget has opted not to further roll back the indirect taxes to the higher levels prevailing before the crisis and retained the standard rates of central excise duty and service tax at 10 per cent, the tax rationalisation measures proposed in the Budget would have a differential impact on relative prices across sectors. For instance, the reduction in basic customs duty on raw materials (petcoke and gypsum) of cement industry could translate into lower input costs. However, some specific services, *e.g.*, services provided by air-conditioned restaurants, life insurance companies in the area of investment and some more legal services and domestic and international air travel could become expensive, following the imposition of service tax on these services in 2011-12.

While the supply-side measures may help to moderate the price rise, their impact in the short-run may be limited. Against the backdrop of persistent inflationary pressures in domestic markets and high international commodity prices, it would be a policy challenge to bring down the inflation to the projected rate of 5 per cent for 2011-12 from the current elevated levels.

Overall, the Budget for 2011-12 takes into account the short-run challenges and the medium-term objectives of sustaining a high growth trajectory, promoting inclusive development, bringing about an improvement in institutional and legal framework, and addressing issues relating to governance and public delivery systems. Accordingly, after factoring in medium-term inflation expectations, the Budget has projected nominal growth of GDP at market prices at 13.5 per cent for 2012-13 as well as for 2013-14.

II. Progress Towards Fiscal Correction and Consolidation

Centre reverts to fiscal consolidation path but key deficits likely to remain higher than the target of Thirteenth Finance Commission for 2013-14

The Government has re-emphasised its commitment to carry on the process of fiscal consolidation. The revised estimates (RE) for 2010-11 show that fiscal outcome is expected to improve, with the Centre recording lower than the budgeted level of revenue deficit on account of higher than anticipated revenues from 3G and broadband wireless access (BWA) spectrum auctions and sharp increase in tax collections. Notwithstanding a reduction in revenue deficit, fiscal deficit would increase marginally, in absolute terms, for 2010-11 reflecting the impact of lower receipts from disinvestments of public sector undertakings (PSUs) and utilisation of higher-than-expected non-debt receipts for financing of rural infrastructure, implementation of Right to Education Act and recapitalisation of public sector banks (Statement 1). Nonetheless, like revenue deficit, the Centre's fiscal deficit, as a ratio to GDP, would turn out to be lower than the budgeted level for 2010-11, reflecting higher than anticipated nominal growth in GDP (20.3 per cent as compared with 12.5 per cent in 2010-11BE) (Table 1). The fiscal correction in 2010-11 reflects the impact of more than anticipated one-off non-tax receipts and the upward revision in GDP. However, the sustainability of fiscal consolidation

Table 1: Select Fiscal Indicators

(Per cent of GDP)

Item	2010-11 (RE)	2011-12 (BE)	Rolling Targets 2012-13	Rolling Targets 2013-14
	1	2	3	4
Revenue Deficit	3.4 (4.0)	3.4	2.7	2.1
Effective Revenue Deficit#	*2.3 (3.5)*	*1.8*	*1.1*	*0.5*
Fiscal Deficit	5.1 (5.5)	4.6	4.1	3.5
Gross Tax Revenue	10.0 10.4	10.8	11.3	
Total Outstanding Liabilities@	45.3 44.2	43.1	41.5	

\# Excludes grants for creation of capital assets from the total revenue expenditure.

@ Adjusted to include internal debit at current exchange rate and excludes part of NSSF and total MSS liabilities.

Note: Figures in parentheses represent budget estimates.

process would depend primarily upon the effectiveness of Government's strategy in controlling the sizeable structural component of fiscal deficit (Chart 1). It is also important that the gains from the on-going recovery process are preserved for building counter-cyclical buffers that can be utilised for undertaking fiscal stimulus during economic downturns, as indicated in the Budget.

Revenue deficit in 2011-12 is budgeted to record an increase of 13.9 per cent as against a decline of 20.4 per cent in 2010-11. The revenue deficit-GDP ratio in 2011-12 is, however, expected to remain unchanged at its previous year's level of 3.4 per cent. Notwithstanding the robust tax buoyancy projected by the Central Government, the revenue receipts (RR) as a ratio to GDP (RR-GDP) are budgeted to decline in 2011-12, reflecting lower non-tax revenue receipts (*i.e.*, interest receipts, dividends and profits and other non-tax revenue receipts) in 2011-12. The Government has budgeted only a modest increase in revenue expenditure in 2011-12 (BE), while the ratio of revenue expenditure to GDP would decline (Table 2). Although the RD-GDP ratio is budgeted to remain unchanged, the Centre has envisaged a reduction in GFD-GDP ratio to 4.6 per cent in 2011-12 (BE). At this level, the GFD-GDP ratio in 2011-12 is lower than the Thirteenth FC's projected level but this improvement is on account of lower budgeted capital expenditure for the year.

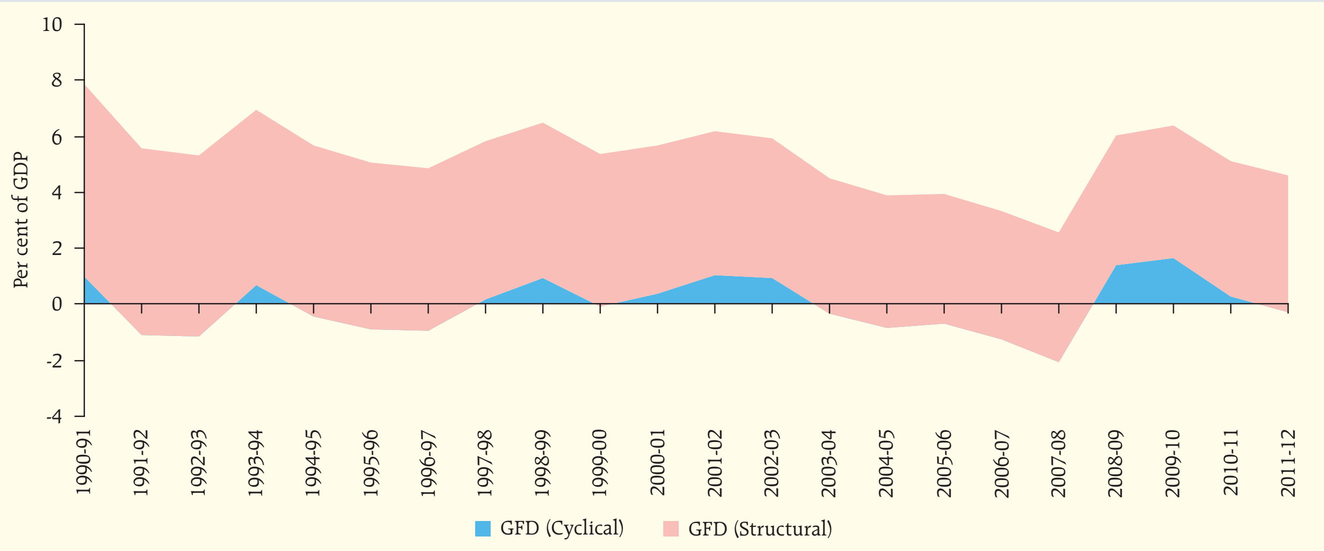
Table 2: Revenue Account: Central Government

(Per cent of GDP)

Item	2007-08	2008-09	2009-10	2010-11 (RE)	2011-12 (BE)
	1	2	3	4	5
Revenue Receipts	10.9	9.7	8.7	9.9	8.8
(i) Tax Revenue (Net)	8.8	7.9	7.0	7.2	7.4
(ii) Non-Tax Revenue	2.1	1.7	1.8	2.8	1.4
Revenue Expenditure	11.9	14.2	13.9	13.4	12.2
Revenue Deficit	1.1	4.5	5.2	3.4	3.4
Memo item:					
Effective Revenue Deficit	…	…	…	2.3	1.8

Moving forward, the Government envisages corrections in revenue and fiscal deficits under its rolling targets set out for 2012-13 and 2013-14. The rolling targets for 2013-14, however, remain higher than the roadmap prescribed by the Thirteenth FC attributed to lower non-debt capital receipts projected by the Central Government (Table 3).[1] In the context of higher than the prescribed path of revenue deficit, it is held that a significant portion of revenue expenditure is being used to provide grants to the States for creation of capital assets. Therefore, for the first time, the Budget has introduced a concept of 'effective revenue deficit' which excludes grants for creation of capital assets from the total revenue expenditure of the Central Government. Although the Central Government would not be able to achieve a revenue balance (*i.e.*, zero revenue deficit), as recommended by the Thirteenth FC, it intends to focus on reducing

Chart 1: Structural and Cyclical Components of Fiscal Deficit



[1] The Central Government projects non-debt capital receipts (disinvestment proceeds) at around 0.3 per cent of GDP as against the Thirteenth FC's projection of these receipts at 0.9 per cent of GDP.

Table 3: MTFP and Thirteenth FC Fiscal Roadmap: A Comparison

(Per cent of GDP)

Item	2010-11 (RE)	2011-12 (BE)	Rolling Targets	
			2012-13	2013-14
	1	2	3	4
RD (FC Path)	3.2	2.3	1.2	0.0
RD (MTFP)	3.4	3.4	2.7	2.1
GFD (FC Path)	5.7	4.8	4.2	3.0
GFD (MTFP)	5.1	4.6	4.1	3.5
Debt (FC Path)	53.9	52.5	50.5	47.5
Debt (MTFP)	45.3	44.2	43.1	41.5

MTFP: Medium-Term Fiscal Policy
FC: Finance Commission

'effective revenue deficit' in a gradual manner to 0.5 per cent of GDP by 2013-14. It may be noted that one of the guiding anchors of fiscal consolidation continues to be in terms of revenue deficit. Furthermore, in case adjustments are carried out on the revenue expenditure side as envisaged in the Budget, then similar adjustments may also be made on the revenue receipts side for one-off receipts, *e.g.*, non-tax receipts from telecom auctions as noted by the World Bank*.

Tax buoyancy continues

Buoyancy in tax revenues continues with the strengthening of growth momentum in the economy. Gross tax revenues in 2010-11(RE) surpassed the budgeted level, with all the major taxes, except corporation tax rebounding to their earlier levels (Statement 2). The Government seeks to restore tax buoyancy to the pre-crisis levels which is evident from the targeted rise in gross tax/GDP ratio to 10.4 per cent in 2011-12 from 10.0 per cent in 2010-11 (RE). The tax buoyancy, which had peaked during 2007-08 before a downward drift during the crisis years, is now gradually showing an improvement (Table 4). The tax-GDP ratio is projected to increase in 2011-12.

Non-tax revenues to be subdued

Reflecting the sharp rise in non-tax revenues on account of higher than expected receipts from 3G and BWA spectrum auctions, the revenue receipts exceeded the budgeted levels for 2010-11. In the absence of any such non-tax receipts in 2011-12 (BE), the budgeted non-tax revenue growth falls in line with its trend level. The disinvestment receipts are budgeted higher at

* World Bank (2010), India Economic Update, December.

Table 4: Tax Buoyancy*

(Per cent of GDP)

Item	2007-08	2008-09	2009-10	2010-11 RE	2011-12 BE
	1	2	3	4	5
Corporation Tax	2.1	0.9	0.8	1.0	1.5
Income Tax	2.4	0.1	0.6	0.6	1.1
Customs Duty	1.3	-0.3	-1.0	2.9	1.1
Union Excise Duty	0.3	-1.0	-0.3	1.6	1.4
Service Tax	2.3	1.6	-0.2	0.9	1.3
Gross Tax Revenue	1.6	0.2	0.2	1.3	1.3

* Calculated as ratios of tax receipts growth to nominal GDP growth.

₹40,000 crore in 2011-12. These proceeds would continue to be used for financing government expenditure in 2011-12 rather than being used for building up dedicated investment funds.

Some expenditure quality concerns still remain

Revenue expenditure growth in 2010-11(RE) remained higher than the budgeted growth for the year (Statement 1). Non-plan revenue expenditure turned out to be higher than the budgeted level in 2010-11. A sharp deceleration is budgeted in growth of revenue expenditure in 2011-12, particularly in non-plan component reflecting the impact of lower growth in salary and pensions and decline in expenditure on subsidies (Table 5).

The restraint on revenue expenditure growth is critical to ensure that the fiscal consolidation going forward is sustainable, and not excessively reliant on revenue augmentation. Moreover, it would create fiscal space for undertaking additional capital outlay, considered essential for infrastructure financing and to provide an enabling environment for sustained economic growth.

Budgeted lower non-plan expenditure is subject to upside risk in respect of subsidies

The Budget has envisaged a marginal decline in non-Plan expenditure in 2011-12. This is a positive development to the extent that this would arise on account of moderation in non-plan revenue expenditure in 2011-12, which is largely considered to be highly inflexible in the short run and non-developmental in nature (Chart 2A). Major factors that are expected to contribute to moderation in non-plan revenue expenditure in 2011-12 are lower growth in

Table 5: Major Items of Expenditure

(Amount in ₹ Crore)

Item	2009-10	2010-11 RE	2011-12 BE	Change (in per cent)	
				(4) over (3)	(5) over (4)
	1	2	3	4	5
Revenue Expenditure	9,11,809	10,53,677	10,97,162	15.6	4.1
Capital Expenditure	1,12,678	1,62,899	1,60,567	44.6	-1.4
***Of Which:* Capital outlay**	97,031	1,37,097	1,43,417	41.3	4.6
Total expenditure	10,24,487	12,16,576	1,257,729	18.7	3.4
Non-Plan					
1. Interest Payments	2,13,093	2,40,757	2,67,986	13.0	11.3
2. Grants to States	45,946	52,606	66,311	14.5	26.1
3. Interest Subsidies	2,687	5,223	6,869	94.4	31.5
4. Fertiliser Subsidy	61,264	54,976	49,998	-10.3	-9.1
5. Defence Services	1,41,781	1,51,582	1,64,415	6.9	8.5
Total Non-Plan Expenditure	**7,21,096**	**8,21,552**	**8,16,182**	**13.9**	**-0.7**
Plan					
1. Central Plan	2,18,901	2,98,612	3,35,521	36.4	12.4
2. Central Assistance for State and UTs	84,490	96,412	1,06,026	14.1	10.0
Total Plan Expenditure	**3,03,391**	**3,95,024**	**4,41,547**	**30.2**	**11.8**

salary and pensions and reduction in total expenditure on subsidies, attributable to decline in expenditure on fertilisers and petroleum products (Table 6). The budgeted subsidy expenditure, however, is subject to upward risks in the wake of likely introduction of National Food Security Bill which may have additional expenditure implications, when implemented. Although the Budget has assumed no major variation in international fertiliser and petroleum prices during 2011-12, the observed upward trend in international prices of crude oil and fertilisers, in case they persist, could pose an upside risk to expenditure on subsidies. Moving forward, assuming an annual growth of subsidies of 5 per cent over the medium-term, the Government has projected that expenditure on subsidies would decline to 1.3 per cent of GDP by 2013-14. However, the Government recognises that this would be subject to reworking with reforms in delivery mechanism.

Higher Plan outlays budgeted for 2011-12

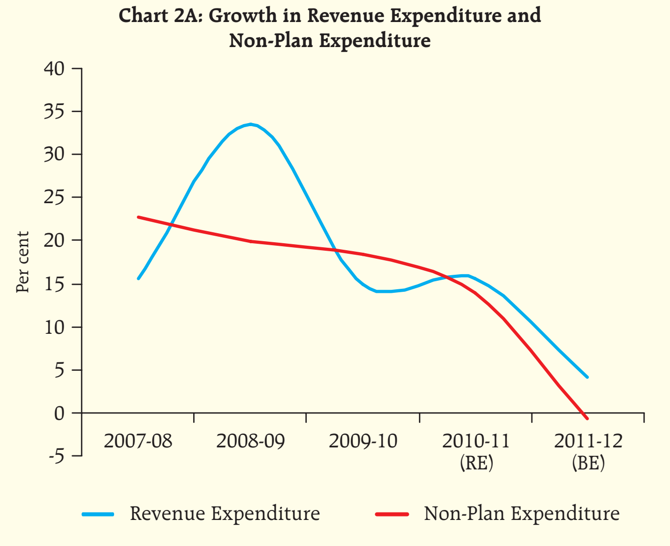
A notable feature is that the overall provision for plan expenditure would exceed the projected expenditure outlay in the Eleventh Five Year Plan in nominal terms for the first time. This increase in allocation calls for close monitoring of translation of these outlays into outcomes as emphasised in the Budget. During 2011-12, the central plan outlay is budgeted to increase by 18 per cent. There are also sharp increases in allocations particularly for energy, social development, communications and science, technology and environment (Statement 5).

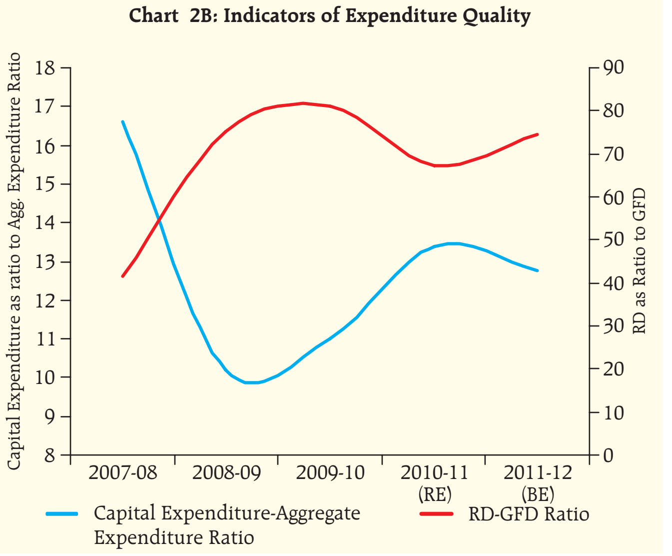
Table 6: Major Subsidies

(Amount in ₹ crore)

Item	2009-10		2010-11 RE		2011-12 BE	
	Amount	per cent to GDP	Amount	per cent to GDP	Amount	per cent to GDP
	1	2	3	4	5	6
Total Subsidies	**1,41,351**	**2.2**	**1,64,153**	**2.1**	**1,43,570**	**1.6**
of which:						
i. Food	58,443	0.9	60,600	0.8	60,573	0.7
ii. Fertiliser	61,264	0.9	54,976	0.7	49,998	0.6
iii. Petroleum	14,951	0.2	38,386	0.5	23,640	0.3
iv. Interest subsidy	2,687	0.0	5,223	0.1	6,869	0.1
v. Others	4,006	0.1	4,968	0.1	2,490	0.0

Chart 2: Indicators of Expenditure Quality





As regards the agriculture sector, the Government envisages a greater role of private sector and the budgetary announcements are directed more towards attracting private investment in agriculture and agro-processing activities. Banks are also expected to play an important role, which is evident from a sharp increase in the target of credit flow to farmers to ₹4,75,000 crore in 2011-12 from ₹3,75,000 crore in 2010-11. The budgetary announcement to enhance additional interest subvention to 3 per cent for crop loans to farmers who repay their loans on time would reduce the effective rate of interest for such farmers to 4 per cent per annum.

Declining capital expenditure is a cause of concern

The capital expenditure, which had recorded a robust growth in 2009-10 and 2010-11, is budgeted to decline marginally in 2011-12 (Statement 3). The share of capital expenditure in total expenditure is, therefore, budgeted to be lower at 12.8 per cent during 2011-12 compared to 13.4 per cent during 2010-11 (RE). The ratio of revenue deficit to gross fiscal deficit, which is an important benchmark for assessment of the quality of fiscal consolidation, is expected to remain significantly higher in 2011-12 (BE). This indicates that a larger portion of GFD would emanate from revenue deficit, reducing the availability of resources to undertake capital outlays (Chart 2B). The capital expenditure estimates may have to be viewed in consonance with the sharp upward revision in grants for creation of capital assets to 1.2 per cent of GDP in 2010-11 (RE) (from 0.5 per cent in 2010-11 BE), which are budgeted to increase further to 1.6 per cent of GDP in 2011-12. The extent to which these grants help to create capital assets would depend upon their actual utilisation by the States, which can then potentially offset the impact of compression in capital expenditure on asset creation.

Market Borrowings of Government budgeted to show a marginal increase

Gross market borrowings (dated securities and 364 day treasury bills) at ₹4,69,738 crore during 2011-12 are budgeted to show an increase of 3.9 per cent, while net market borrowings are estimated to increase by 5.3 per cent to ₹3,53,128 crore (Statement 4). Inclusive of all short-term borrowings, the net market borrowings at ₹3,58,000 crore represent a nominal increase of 3.6 per cent over 2010-11 (RE). Fiscal deficit would continue to be largely financed by market borrowings during 2011-12 (Table 7).

Budgeted decline in outstanding debt needs to be interpreted in tandem with definitional details

Notwithstanding growth in Central government debt at an average rate of around 11.6 per cent during

Table 7: Financing Pattern of Gross Fiscal Deficit

(₹ crore)

Item	2010-11 BE	2010-11 RE	2011-12 BE
	1	2	3
Gross Fiscal Deficit	3,81,408 (100.0)	4,00,998 (100.0)	4,12,817 (100.0)
Financed by Net Market Borrowings	3,45,010 (90.5)	3,35,512 (83.7)	3,53,128 (85.5)
Small Savings (net)	13,256 (3.5)	17,781 (4.4)	24,182 (5.9)
External Assistance	22,464 (5.9)	22,264 (5.6)	14,500 (3.5)
State Provident Fund	7,000 (1.8)	10,000 (2.5)	10,000 (2.4)
NSSF	2,593 (0.7)	-224 -(0.1)	94 (0.0)
Reserve Funds	-10,288 -(2.7)	7,283 (1.8)	-13,282 -(3.2)
Deposit and Advances	2,704 (0.7)	14,679 (3.7)	3,222 (0.8)
Postal Insurance and Life Annuity Funds	3,198 (0.8)	3,000 (0.7)	2,500 (0.6)
Drawdown of Cash Balances	0 (0.0)	-15,000 -(3.7)	20,000 (4.8)
Others	-4,529 -(1.2)	5,703 (1.4)	-1,527 -(0.4)

Note: Figures in parenthesis represent percentages to GFD.

2007-08 to 2010-11 (RE), the debt-GDP ratio came down below 50 per cent by 2010-11, reflecting higher growth in nominal GDP (Statement 8). The Union Budget seeks to adjust those liabilities (such as component of National Small Savings Fund (NSSF) invested in State government securities and total market stabilisation scheme liabilities) not used for financing fiscal deficit from the headline measure for assessing the 'true' extent of the Central Government's liability. After these adjustments and with external debt at current exchange rates, the debt-GDP ratio is estimated to decline from 45.3 per cent in 2010-11 to 44.2 per cent in 2011-12 and further to 41.5 per cent by 2013-14 (see Table 1). Based on such an adjusted measure, the debt-GDP ratio would be below the Thirteenth FC's prescribed ratio of 47.5 per cent for 2013-14.

Resource transfers from Centre to States to increase further

Pursuant to the increase in States' share in central taxes (tax devolution) to 32 per cent and a number of specific purpose grants (recommended by the Thirteenth FC), tax devolution and grant to States have increased by 33.0 per cent and 13.8 per cent, respectively, in 2010-11 (RE). In 2011-12, gross transfers to the States as a ratio to GDP are budgeted to be higher. While tax devolution from the Centre and grants-in-aid, together, is budgeted substantially higher, loans from Centre to the States would decline in 2011-12 over 2010-11 (RE). Higher transfers from Centre to the States would facilitate greater decentralisation of expenditure responsibility at the State level (Table 8 and Statement 6).

III. Tax reforms to continue

The Budget has provided more clarity on the issue of implementation of goods and services tax (GST) and Direct Taxes Code (DTC). In line with the budgetary announcement, the Constitutional Amendment Bill for GST was subsequently introduced in the Parliament on March 22, 2011. Other initiatives proposed in the Budget include, among others, the establishment of a strong IT infrastructure. A major step in this direction is the setting up of GST Network, which has already shown significant progress. In order to equip states with the IT infrastructure, the National Securities Depository Limited (NSDL) has been selected as a technology partner for incubating the National Information Utility that will establish and operate the IT backbone for GST. NSDL is expected to set up (by June 2011) a Pilot portal in collaboration with 11 States prior to its roll-out across the country. On the direct taxes front, the DTC is proposed to be introduced effective from April 1, 2012.

Table 8: Gross and Net Transfers from Centre to States and UTs

(Amount in ₹ crore)

Item	2009-10	2010-11 (BE)	2010-11 (RE)	2011-12 (BE)
	1	2	3	4
1. States' Share in Central Taxes and Duties	1,64,832	2,08,997	2,19,303	2,63,458
2. Total Grants	1,42,964	1,56,900	1,62,748	1,92,628
3. Loans from Centre	7,907	7,252	10,498	9,105
4. Gross transfers (1 to 3)	3,15,703	3,73,149	3,92,549	4,65,191
5. Recovery of Loans and Advances	5,314	3,924	7,633	8,416
6. Net Transfers (4-5)	3,10,389	3,69,225	3,84,916	4,56,775
7. Gross Transfers / GDP	4.8	5.4	5.0	5.2
8. Net Transfers / GDP	4.7	5.3	4.9	5.1

Note: Ratio to GDP for 2010-11 (BE) is based on GDP estimate as implied in Union Budget 2010-11.

Source: Budget documents of Government of India, 2011-12.

IV. Major Policy Initiatives

Agricultural measures to address food inflationary pressures, enable self-sufficiency in critical crops and work towards long-term sustainability of agricultural development

Recognising persistent price increases in fruits and vegetables and protein-rich food items as key drivers of food inflation, the Government has announced specific policy measures aimed at removing production and distribution bottlenecks in these items in the short-term through enhanced allocations for various ongoing schemes. Over the medium-term, the Government intends to work towards bridging the emerging structural demand-supply mismatches in respect of food items, rich in animal protein and other nutrients, by promoting production of these items through National Mission for Protein Supplements (to be launched in 2011-12) and improving production and availability of fodder to promote milk production. The focus of policy initiatives is to improve supply response and enable self-sufficiency in pulses through increasing productivity and improving market linkages, promote oil palm plantation, establish efficient supply chains through vegetable cluster initiatives in urban centres, enhance rice productivity in Eastern India and promote higher production of *bajra, jowar, ragi* and other millets. In addition to building of retail capacity in fruits and vegetables through food parks, the policy announcements are directed towards encouraging private investments for augmenting storage capacity and cold storage projects for perishable food items. Over the long-term, the Government recognises the need to balance initiatives to maximise yields to meet growing food requirements with the imperatives of checking undue deterioration in soil health resulting from indiscriminate use of fertilisers and has accordingly emphasised the need to work towards promoting organic farming methods.

Policy initiatives in industry to promote competition, self-regulation and accountability to environment

In view of stagnating share of manufacturing in GDP, the Government intends to announce a National Manufacturing Policy which would bring down the compliance burden on the industry through self-regulation, make it globally competitive and work towards increasing the share of manufacturing to 25 per cent of GDP.

Infrastructure initiatives to increase fund availability and encourage adoption of PPPs

Recognising that infrastructure has been one of the major bottlenecks constraining the growth of the Indian economy, the Government has increased its allocation for this sector by 23.3 per cent over 2010-11, which accounts for 48.5 per cent of total plan expenditure. Furthermore, the Government has announced the issue of tax-free bonds by the Public Sector Undertakings involved in infrastructure development in railways, ports, housing and highways to raise ₹30,000 crore from the market during 2011-12. As was proposed in the Budget 2011-12, the FII limit for investment in long-term corporate bonds (with residual maturity of over five years) issued by the infrastructure sector has been raised to USD 25 billion to enhance availability of funds. Further, tax incentives have been extended to attract foreign funds for financing of infrastructure. The Government also intends to come up with a comprehensive policy for further developing PPP projects.

Initiatives on exports working towards improving process efficiencies and promoting mega clusters

The Government has been working towards improving efficiency of export processes by implementing suggestions of the Task Force on Transaction Cost and now intends to introduce a system of self-assessment of duty liabilities by importers and exporters. Furthermore, the Government intends to set up seven mega clusters in leather products during 2011-12 to increase exports and employment. The peak rate of customs duty has been held at its current level.

Inclusive development strategy to be carried forward by introducing Food Security Bill

The Government has been addressing its agenda for inclusive development in recent years through creation of legal entitlements for individual's right to work, information and education. With a view to ensure universal food security, the Government has proposed to introduce the National Food Security Bill in the Parliament during 2011-12. The allocation for various social sector schemes has been increased by 17 per cent during 2011-12, with their share at 36.4 per cent of total plan allocation.

Education and Skill Development initiatives to be continued

The Government has proposed to carry forward its implementation of free and compulsory education for children by revising existing operational norms and would also work towards implementing revised centrally sponsored scheme on vocationalisation of secondary education during 2011-12. Pre-matric scholarship scheme is proposed to be introduced for needy students belonging to scheduled castes and scheduled tribes.

A National Knowledge Network is proposed to be set up for linking 1,500 Institutes of Higher Learning and Research through an optical fibre backbone by March 2012. Furthermore, the Government has announced to provide grants to recognise excellence in universities and academic institutions. An additional allocation of ₹500 crore has been proposed for the National Skill Development Fund for imparting skill training.

Financial sector initiatives directed at legislative measures and for deepening and broadening of financial sector

The financial sector reform measures form an integral part of the Union Budget for 2011-12. The focus is primarily on legislative measures, for which a 'Financial Sector Legislative Reforms Commission' under Justice B. N. Srikrishna has been set up to rewrite and streamline the financial sector laws, rules and regulations. A number of legislative amendments were proposed to be tabled in Parliament in 2011-12, which include, among others, amendments in Banking Regulation Act (to facilitate entry of private banks), insurance laws and pension fund regulations. It may be noted that the Banking Laws (Amendment) Bill, 2011 has been tabled in the Parliament in March 2011.

To give boost to the housing sector, the existing scheme of interest subvention of 1 per cent on housing loans has been further liberalised and existing housing loan limit enhanced to ₹25 lakh for dwelling units under priority sector lending. The provision under 'Rural Housing Fund' has also been enhanced to ₹3,000 crore.

To support micro-finance initiatives, a dedicated fund for Micro-Finance Institutions (MFIs) is to be set up to enable these institutions maintain growth and achieve scale and efficiency in operations. The equity support to smaller MFIs would also be provided through creation of 'India Microfinance Equity Fund' of ₹100 crore with SIDBI. To empower women and promote their Self Help Groups (SHGs), a 'Women's SHG's Development Fund' would be set up with a corpus of ₹500 crore.

The Budget has also proposed to extend banking facilities to 20,000 unbanked villages under the *Swabhimaan scheme* during 2011-12.

The Government would raise its equity in NABARD by ₹3,000 crore in a phased manner to increase NABARD's paid-up capital to ₹5,000 crore.

V. Budget and Financial Markets

The Budget proposals have both direct as well as an indirect impact on the financial markets. As regards the direct impact, the proposal to liberalise portfolio equity investment through the SEBI-registered Mutual Funds would support the stock market if foreign investors show buying interest in Indian equity. As proposed in the Union Budget 2011-12, the FII limit for investment in long-term corporate bonds (with residual maturity of over five years) issued by the infrastructure sector has been enhanced to USD 25 billion which is likely to improve trading in the bond market in coming months. The debt investment by FIIs, however, still remains lower than the overall ceiling. In addition, the proposal to allow FIIs to invest in the unlisted companies with a lock-in period of three years may partly offset the impact of lower foreign direct investment. The creation of special vehicles in the form of notified infrastructure debt funds and exempting their income from tax as also lowering withholding tax rate on interest payment from 20 per cent to 5 per cent would also help to attract foreign funds with some easing effect on long-term bond yields.

Coming to the indirect impact, the commitment to the path of fiscal consolidation in a gradual manner would help to ease the pressure on long-term bond yields in the Government securities market, if inflationary expectations are contained. The proposal to set up a Financial Sector Legislative Reforms Commission as also other legislative proposals relating to financial sector reforms in 2011-12 have been viewed as positive developments by the financial markets.

VI. Conclusion

The Union Budget 2011-12 carries forward the fiscal consolidation process through a strategy of gradual exit from expansionary stance during 2008-09 and 2009-10. Recognising the higher than anticipated revenue receipts during 2010-11, the Budget for 2011-12 expects a moderation in revenue receipts growth and lower level of non-tax revenue receipts. Notwithstanding a sharp moderation in revenue expenditure growth, the revenue deficit to GDP ratio in 2011-12 is envisaged to remain at the previous year's level of 3.4 per cent. Given this, the lower estimate of fiscal deficit as a ratio of GDP at 4.6 per cent in 2011-12 is a reflection of the fiscal consolidation through compression in capital expenditure. The deficit indicators set under the MTFP strategy appear to be less ambitious as compared with the Thirteenth FC. The Government intends to amend the FRBM Act 2003 and set out a roadmap for fiscal consolidation process for the next five years. The fiscal consolidation in the medium-term would be contingent upon carrying forward the implementation of tax reforms and reduction in non-plan expenditure. Some of the policy initiatives, *viz.*, better targeting of subsidies, improving governance and ensuring better translation of outlays to outcomes are expected to improve the quality of fiscal consolidation in the medium-term.

In the short-term, the Government recognises the need to address the structural nature of inflationary pressures arising from high food prices and has announced various policy measures to improve the supply position of food items, showing persistent demand-supply imbalances. The envisaged fiscal consolidation process would also help to moderate the overall inflationary pressures and create a resource space for private investment.

The Union Budget 2011-12 also attaches importance to both physical and human capital formation from the point of view of achievement of high and sustainable growth.

The reform measures announced in the Budget for deepening and broadening of financial sector clearly underline the significance of legislative measures to strengthen the reform momentum. The major legislative reforms include amendments in Banking Regulation Act (to facilitate entry of private banks), insurance laws, pension fund regulations, the Recovery of Debts due to Banks and Financial Institutions (RDBFI) Act and Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act. In addition, the budgetary proposals relating to micro-finance institutions, inclusive growth, recapitalisation of public sector banks and RRBs are steps in the right direction.

The overall thrust of the Union Budget 2011-12, against the backdrop of macroeconomic environment and inflationary concerns and the medium-term growth and social priorities of the Government appears to be balanced, though the achievement of fiscal consolidation targets for 2011-12 could be challenging.

Statement 1: Budget at a Glance

(₹ Crore)

Items	2009-10 (Accounts)	2010-11 (Budget Estimates)	2010-11 (Revised Estimates)	2011-12 (Budget Estimates)
	1	2	3	4
1. Revenue Receipts (i+ii)	**5,72,811**	**6,82,212**	**7,83,833**	**7,89,892**
i) Tax Revenue (Net to Centre)	4,56,536	5,34,094	5,63,685	6,64,457
ii) Non-tax Revenue	1,16,275	1,48,118	2,20,148	1,25,435
of which:				
Interest Receipts	21,756	19,252	19,728	19,578
2. Capital Receipts	**4,51,676**	**4,26,537**	**4,32,743**	**4,67,837**
of which:				
i) Market Borrowings (Net)	3,94,371	3,45,010	3,35,512	3,53,128
ii) Recoveries of Loans	8,613	5,129	9,001	15,020
iii) Disinvestment of equity in PSUs	24,581	40,000	22,744	40,000
3. Total Receipts (1+2)	**10,24,487**	**11,08,749**	**12,16,576**	**12,57,729**
4. Revenue Expenditure (i + ii)	**9,11,809**	**9,58,724**	**10,53,677**	**10,97,162**
i) Non-Plan	6,57,925	6,43,599	7,26,749	7,33,558
ii) Plan	2,53,884	3,15,125	3,26,928	3,63,604
5. Capital Expenditure (i + ii)	**1,12,678**	**1,50,025**	**1,62,899**	**1,60,567**
i) Non-Plan	63,171	92,058	94,803	82,624
ii) Plan	49,507	57,967	68,096	77,943
6. Total Non-Plan Expenditure (4i + 5i)	**7,21,096**	**7,35,657**	**8,21,552**	**8,16,182**
of which:				
i) Interest Payments	2,13,093	2,48,664	2,40,757	2,67,986
ii) Defence	1,41,781	1,47,344	1,51,582	1,64,415
iii) Subsidies	1,41,351	1,16,224	1,64,153	1,43,570
7. Total Plan Expenditure (4ii + 5ii)	**3,03,391**	**3,73,092**	**3,95,024**	**4,41,547**
8. Total Expenditure (6+7=4+5)	**10,24,487**	**11,08,749**	**12,16,576**	**12,57,729**
9. Revenue Deficit (4-1)	**3,38,998**	**2,76,512**	**2,69,844**	**3,07,270**
	(5.2)	**(4.0)**	**(3.4)**	**(3.4)**
10. Gross Fiscal Deficit	**4,18,482**	**3,81,408**	**4,00,998**	**4,12,817**
(8-(1+2ii+2iii))	**(6.4)**	**(5.5)**	**(5.1)**	**(4.6)**
11. Gross Primary Deficit (10-6i)	**2,05,389**	**1,32,744**	**1,60,241**	**1,44,831**
	(3.1)	**(1.9)**	**(2.0)**	**(1.6)**

Notes: 1) Capital Receipts are net of repayments.
2) Market borrowings include dated securities and 364-day Treasury Bills.
3) Figures in the parentheses indicate percentage of GDP.

Source: Budget documents of Government of India, 2011-12.

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

(₹ Crore)

	Variation					
	Col. 3 over Col. 2		Col. 3 over Col. 1		Col. 4 over Col. 3	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
	5	6	7	8	9	10
1. Revenue Receipts (i+ii)	**1,01,621**	**14.9**	**2,11,022**	**36.8**	**6,059**	**0.8**
i) Tax Revenue (Net to Centre)	29,591	5.5	1,07,149	23.5	1,00,772	17.9
ii) Non-tax Revenue	72,030	48.6	1,03,873	89.3	-94,713	-43.0
of which:						
Interest Receipts	476	2.5	-2,028	-9.3	-150	-0.8
2. Capital Receipts	**6,206**	**1.5**	**-18,933**	**-4.2**	**35,094**	**8.1**
of which:						
i) Market Borrowings (Net)	-9,498	-2.8	-58,859	-14.9	17,616	5.3
ii) Recoveries of Loans	3,872	75.5	388	4.5	6,019	66.9
iii) Disinvestment of equity in PSUs	-17,256	-43.1	-1,837	-7.5	17,256	75.9
3. Total Receipts (1+2)	**1,07,827**	**9.7**	**1,92,089**	**18.7**	**41,153**	**3.4**
4. Revenue Expenditure (i + ii)	**94,953**	**9.9**	**1,41,868**	**15.6**	**43,485**	**4.1**
i) Non-Plan	83,150	12.9	68,824	10.5	6,809	0.9
ii) Plan	11,803	3.7	73,044	28.8	36,676	11.2
5. Capital Expenditure (i + ii)	**12,874**	**8.6**	**50,221**	**44.6**	**-2,332**	**-1.4**
i) Non-Plan	2,745	3.0	31,632	50.1	-12,179	-12.8
ii) Plan	10,129	17.5	18,589	37.5	9,847	14.5
6. Total Non-Plan Expenditure (4i + 5i)	**85,895**	**11.7**	**1,00,456**	**13.9**	**-5,370**	**-0.7**
of which:						
i) Interest Payments	-7,907	-3.2	27,664	13.0	27,229	11.3
ii) Defence	4,238	2.9	9,801	6.9	12,833	8.5
iii) Subsidies	47,929	41.2	22,802	16.1	-20,583	-12.5
7. Total Plan Expenditure (4ii + 5ii)	**21,932**	**5.9**	**91,633**	**30.2**	**46,523**	**11.8**
8. Total Expenditure (6+7=4+5)	**1,07,827**	**9.7**	**1,92,089**	**18.7**	**41,153**	**3.4**
9. Revenue Deficit (4-1)	**-6,668**	**-2.4**	**-69,154**	**-20.4**	**37,426**	**13.9**
10. Gross Fiscal Deficit (8-(1+2ii+2iii))	**19,590**	**5.1**	**-17,484**	**-4.2**	**11,819**	**2.9**
11. Gross Primary Deficit (10-6i)	**27,497**	**20.7**	**-45,148**	**-22.0**	**-15,410**	**-9.6**

Statement 2: Transactions on Revenue Account

(₹ Crore)

Items	2009-10 (Accounts)	2010-11 (Budget Estimates)	2010-11 (Revised Estimates)	2011-12 (Budget Estimates)
	1	2	3	4
I. Revenue Receipts (A+B)	**5,72,811**	**6,82,212**	**7,83,833**	**7,89,892**
A. Tax Revenue (Net to Centre)(a-b-c)	**4,56,536**	**5,34,094**	**5,63,685**	**6,64,457**
a) Gross Tax Revenue	**6,24,528**	**7,46,651**	**7,86,888**	**9,32,440**
of which:	**(9.5)**	**(10.8)**	**(10.0)**	**(10.4)**
1 Corporation Tax	2,44,725	3,01,331	2,96,377	3,59,990
2 Personal Income Tax	1,22,370	1,20,566	1,41,566	1,64,526
3 Customs Duty	83,324	1,15,000	1,31,800	1,51,700
4 Union Excise Duty	1,02,991	1,32,000	1,37,263	1,63,550
5 Service Tax	58,422	68,000	69,400	82,000
6 Securities Transaction Tax	7,394	7,500	7,500	7,500
7 Banking Cash Transaction Tax	247	–	–	–
8 Taxes of UTs (Net of Assignments to Local Bodies)	1,614	1,651	1,910	1,973
9 Fringe Benefit Tax	2,360	–	–	–
10 Other Taxes and Duties	1,081	603	1,072	1,201
b) States' Share	**1,64,832**	**2,08,997**	**2,19,303**	**2,63,458**
c) Surcharge transferred to NCCF#	**3,160**	**3,560**	**3,900**	**4,525**
B. Non-Tax Revenue	**1,16,275**	**1,48,118**	**2,20,148**	**1,25,435**
of which:				
1 Interest Receipts	21,756	19,252	19,728	19,578
2 Dividends and Profits	50,248	51,309	48,727	42,624
3 External Grants	3,141	2,060	2,756	2,173
4 Non-tax Receipts of UTs	1,218	925	1,143	1169
5 Other Non-Tax Revenue	39,912	74,572	1,47,794	59,891
II. Revenue Expenditure (A+B)	**9,11,809**	**9,58,724**	**10,53,677**	**10,97,162**
A. Non-Plan Expenditure	**6,57,925**	**6,43,599**	**7,26,749**	**7,33,558**
of which:				
1 Interest Payments	2,13,093	2,48,664	2,40,757	2,67,986
2 Defence Revenue Expenditure	90,669	87,344	90,749	95,216
3 Subsidies	1,41,351	1,16,224	1,64,153	1,43,570
4 Non-Plan Grants to States and UTs	45,946	46,001	52,606	66,311
B. Plan Expenditure (1+2)	**2,53,884**	**3,15,125**	**3,26,928**	**3,63,604**
1 Central Plan	1,78,802	2,30,881	2,42,034	2,68,287
2 Central Assistance for State and UT Plans	75,082	84,244	84,894	95,317
III. Revenue Deficit (-)/Surplus(+) [I-II]	**-3,38,998**	**-2,76,512**	**-2,69,844**	**-3,07,270**

#: NCCF: National Calamity Contingency Fund.

Note: Figures in the parentheses are gross tax revenue as percentage of GDP.

Source: Budget Documents of the Government of India, 2011-12.

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

(₹ Crore)

	Variation					
	Col. 3 over Col. 2		Col. 3 over Col. 1		Col. 4 over Col. 3	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
	5	6	7	8	9	10
I. Revenue Receipts (A+B)	**1,01,621**	**14.9**	**2,11,022**	**36.8**	**6,059**	**0.8**
A. Tax Revenue (Net to Centre)(a-b-c)	**29,591**	**5.5**	**1,07,149**	**23.5**	**1,00,772**	**17.9**
a) Gross Tax Revenue	**40,237**	**5.4**	**1,62,360**	**26.0**	**1,45,552**	**18.5**
of which:						
1 Corporation Tax	-4,954	-1.6	51,652	21.1	63,613	21.5
2 Personal Income Tax	21,000	17.4	19,196	15.7	22,960	16.2
3 Customs Duty	16,800	14.6	48,476	58.2	19,900	15.1
4 Union Excise Duty	5,263	4.0	34,272	33.3	26,287	19.2
5 Service Tax	1,400	2.1	10,978	18.8	12,600	18.2
6 Securities Transaction Tax	–	–	106	1.4	–	–
7 Banking Cash Transaction Tax	–	–	-247	-100.0	–	–
8 Taxes of UTs (Net of Assignments to Local Bodies)	259	15.7	296	18.3	63	3.3
9 Fringe Benefit Tax	–	–	-2,360	-100.0	–	–
10 Other Taxes and Duties	469	77.8	-9	-0.8	129	12.0
b) States' Share	**10,306**	**4.9**	**54,471**	**33.0**	**44,155**	**20.1**
c) Surcharge transferred to NCCF#	**340**	**9.6**	**740**	**23.4**	**625**	**16.0**
B. Non-Tax Revenue	**72,030**	**48.6**	**1,03,873**	**89.3**	**-94,713**	**-43.0**
of which:						
1 Interest Receipts	476	2.5	-2,028	-9.3	-150	-0.8
2 Dividends and Profits	-2,582	-5.0	-1,521	-3.0	-6,103	-12.5
3 External Grants	696	33.8	-385	-12.3	-583	-21.2
4 Non-tax Receipts of UTs	218	23.6	-75	-6.2	26	2.3
5 Other Non-Tax Revenue	73,222	98.2	1,07,882	270.3	-87,903	-59.5
II. Revenue Expenditure (A+B)	**94,953**	**9.9**	**1,41,868**	**15.6**	**43,485**	**4.1**
A. Non-Plan Expenditure	**83,150**	**12.9**	**68,824**	**10.5**	**6,809**	**0.9**
of which:						
1 Interest Payments	-7,907	-3.2	27,664	13.0	27,229	11.3
2 Defence Revenue Expenditure	3,405	3.9	80	0.1	4,467	4.9
3 Subsidies	47,929	41.2	22,802	16.1	-20,583	-12.5
4 Non-Plan Grants to States and UTs	6,605	14.4	6,660	14.5	13,705	26.1
B. Plan Expenditure (1+2)	**11,803**	**3.7**	**73,044**	**28.8**	**36,676**	**11.2**
1 Central Plan	11,153	4.8	63,232	35.4	26,253	10.8
2 Central Assistance for State and UT Plans	650	0.8	9,812	13.1	10,423	12.3
III. Revenue Deficit (-)/Surplus(+) [I-II]	**6,668**	**-2.4**	**69,154**	**-20.4**	**-37,426**	**13.9**

Statement 3: Transactions on Capital Account

(₹ Crore)

Items	2009-10 (Accounts)	2010-11 (Budget Estimates)	2010-11 (Revised Estimates)	2011-12 (Budget Estimates)
	1	2	3	4
I. Capital Receipts (1 to 10)	**4,51,676**	**4,26,537**	**4,32,743**	**4,67,837**
1. Market Borrowings (Net)	3,94,371	3,45,010	3,35,512	3,53,128
2. Securities against Small Savings	13,256	13,256	17,781	24,182
3. State Provident Funds	16,056	7,000	10,000	10,000
4. Special Deposits	–	–	–	–
5. Reserve Funds and Deposits	-8,381	-7,584	21,962	-10,060
6. NSSF	11,472	2,593	-224	94
7. Recovery of Loans and Advances	8,613	5,129	9,001	15,020
8. Disinvestment of Equity Holding in Public Sector Enterprises	24,581	40,000	22,744	40,000
9. External Borrowings	11,038	22,464	22,264	14,500
10. Others	-19,330	-1,331	-6,297	20,973
II. Capital Expenditure (1+2)	**1,12,678**	**1,50,025**	**1,62,899**	**1,60,567**
1. Non-Plan Expenditure	63,171	92,058	94,803	82,624
of which:				
Defence Capital	51,112	60,000	60,833	69,199
2. Plan Expenditure (i+ii)	49,507	57,967	68,096	77,943
i) Central Plan	40,099	49,719	56,578	67,234
ii) Central Assistance for State and UT Plans	9,408	8,248	11,518	10,709
III. Capital Surplus(+)/Deficit(-) [I-II]	**+3,38,998**	**+2,76,512**	**+2,69,844**	**+3,07,270**

- 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, 2011-12.

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

(₹ Crore)

	Variation					
	Col. 3 over Col. 2		Col. 3 over Col. 1		Col. 4 over Col. 3	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
	5	6	7	8	9	10
I. Capital Receipts (1 to 10)	**6,206**	**1.5**	**-18,933**	**-4.2**	**35,094**	**8.1**
1. Market Borrowings (Net)	-9,498	-2.8	-58,859	-14.9	17,616	5.3
2. Securities against Small Savings	4,525	34.1	4,525	34.1	6,401	36.0
3. State Provident Funds	3,000	42.9	-6,056	-37.7	–	–
4. Special Deposits	–	–	–	–	–	–
5. Reserve Funds and Deposits	29,546	-389.6	30,343	-362.0	-32,022	-145.8
6. NSSF	-2,817	-108.6	-11,696	-102.0	318	-142.0
7. Recovery of Loans and Advances	3,872	75.5	388	4.5	6,019	66.9
8. Disinvestment of Equity Holding in Public Sector Enterprise	-17,256	-43.1	-1,837	-7.5	17,256	75.9
9. External Borrowings	-200	-0.9	11,226	101.7	-7,764	-34.9
10. Others	-4,966	373.1	13,033	-67.4	27,270	-433.1
II. Capital Expenditure (1+2)	**12,874**	**8.6**	**50,221**	**44.6**	**-2,332**	**-1.4**
1. Non Plan Expenditure	2,745	3.0	31,632	50.1	-12,179	-12.8
of which:						
Defence Capital	833	1.4	9,721	19.0	8,366	13.8
2. Plan Expenditure (i+ii)	10,129	17.5	18,589	37.5	9,847	14.5
i) Central Plan	6,859	13.8	16,479	41.1	10,656	18.8
ii) Central Assistance for State and UT Plans	3,270	39.6	2,110	22.4	-809	-7.0
III. Capital Surplus(+)/Deficit(-) [I-II]	**-6,668**	**-2.4**	**-69,154**	**-20.4**	**37,426**	**13.9**

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

(₹ crore)

Year	Internal Finance				External Finance	Total Finance/ Gross Fiscal Deficit (4+5)
	Market Borrowings #	Other Borrowings @	Drawdown of Cash Balances *	Total (1+2+3)		
	1	2	3	4	5	6
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 &	61,562	-1,461	1,11,041	14,753	**1,25,794**
	(40.5)	(48.9)	-(1.2)	(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 &	14,168	-27,171	1,17,597	9,315	**1,26,912**
	(102.9)	(11.2)	-(21.4)	(92.7)	(7.3)	**(100.0)**
2008-09	2,46,975 &	35,168	43,834	3,25,977	11,015	**3,36,992**
	(73.3)	(10.4)	(13.0)	(96.7)	(3.3)	**(100.0)**
2009-10	3,94,371 &	14,460	-1,387	4,07,444	11,038	**4,18,482**
	(94.2)	(3.5)	-(0.3)	(97.4)	(2.6)	**(100.0)**
2010-11 (RE)	3,35,512 &	58,222	-15,000	3,78,734	22,264	**4,00,998**
	(83.7)	(14.5)	-(3.7)	(94.4)	(5.6)	**(100.0)**
2011-12 (BE)	3,53,128 &	25,189	20,000	3,98,317	1,4,500	**4,12,817**
	(85.5)	(6.1)	(4.8)	(96.5)	(3.5)	**(100.0)**

RE: Revised Estimates. BE: Budget Estimates.

\# Includes dated securities and 364-day Treasury Bills.

@ Other borrowings include 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

(₹ crore)

Items	2010-11 (Budget Estimates)	2010-11 (Revised Estimates)	2011-12 (Budget Estimates)	Variation			
				Col. 2 over Col. 1		Col. 3 over Col. 2	
				Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7
1. Agriculture	12,308 (2.3)	14,362 (2.9)	14,744 (2.5)	2,054	16.7	382	2.7
2. Rural Development*	55,190 (10.5)	55,438 (11.0)	55,288 (9.3)	248	0.4	-150	-0.3
3. Irrigation and Flood Control	526 (0.1)	413 (0.1)	565 (0.1)	-113	-21.5	152	36.8
4. Energy *of which:*	1,46,579 (27.9)	1,26,225 (25.1)	1,55,495 (26.2)	-20,354	-13.9	29,270	23.2
a) Power	66,097 (12.6)	50,236 (10.0)	72,754 (12.3)	-15,861	-24.0	22,518	44.8
b) Petroleum	66,807 (12.7)	66,558 (13.3)	73,216 (12.4)	-249	-0.4	6,658	10.0
5. Industry and Minerals	39,019 (7.4)	38,852 (7.7)	45,214 (7.6)	-167	-0.4	6,362	16.4
6. Transport**	1,01,997 (19.4)	98,727 (19.7)	1,16,861 (19.7)	-3,270	-3.2	18,134	18.4
7. Communications	18,529 (3.5)	12,169 (2.4)	20,256 (3.4)	-6,360	-34.3	8,087	66.5
8. Science, Technology and Environment	13,677 (2.6)	12,652 (2.5)	16,186 (2.7)	-1,025	-7.5	3,534	27.9
9. Social Services#	1,27,570 (24.3)	1,27,157 (25.3)	1,44,816 (24.4)	-413	-0.3	17,659	13.9
10. Others	9,089 (1.7)	16,255 (3.2)	23,032 (3.9)	7,166	78.8	6,777	41.7
Total (1 to 10)	**5,24,484 (100.0)**	**5,02,250 (100.0)**	**5,92,457 (100.0)**	**-22,234**	**-4.2**	**90,207**	**18.0**
To be financed by:							
1. Budgetary Support	2,80,600 (53.5)	2,98,612 (59.5)	3,35,521 (56.6)	18,012	6.4	36,909	12.4
2. Internal and Extra-budgetary Resources (IEBR) of Public Enterprises, etc.	2,43,884 (46.5)	2,03,638 (40.5)	2,56,936 (43.4)	-40,246	-16.5	53,298	26.2

* Net of recovery of short-term loans and advances.

Source: Budget documents of Government of India, 2011-12.

Statement 6: Resources Transferred to States and Union Territory Governments

(₹ crore)

Items	2009-10 (Actuals)	2010-11 (Budget Estimates)	2010-11 (Revised Estimates)	2011-12 (Budget Estimates)	Variation					
					Col. 3 over Col. 2		Col. 3 over Col. 1		Col. 4 over Col. 3	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10
A. States' Share in Central Taxes and Duties	**1,64,832**	**2,08,997**	**2,19,303**	**2,63,458**	**10,306**	**4.9**	**54,471**	**33.0**	**44,155**	**20.1**
B. Total Grants (i+ii)	**1,42,964**	**1,56,900**	**1,62,748**	**1,92,628**	**5,848**	**3.7**	**19,784**	**13.8**	**29,880**	**18.4**
i) Plan	97,018	1,10,899	1,10,142	1,26,317	-757	-0.7	13,124	13.5	16,175	14.7
ii) Non-Plan	45,946	46,001	52,606	66,311	6,605	14.4	6,660	14.5	13,705	26.1
C. Total Non-Plan Loans	**83**	**89**	**85**	**85**	**-4**	**-4.5**	**2**	**2.4**	**0**	-
D. Plan Loans (i+ii)	**7,824**	**7,163**	**10,413**	**9,020**	**3,250**	**45.4**	**2,589**	**33.1**	**-1,393**	**-13.4**
i) Central Assistance for States & Union Territory Plans	7,824	7,163	10,413	9,000	3,250	45.4	2,589	33.1	-1,413	-13.6
ii) Assistance for Central & Centrally Sponsored Plan Schemes	0	0	0	20	0	-	0	-	20	-
E. Gross Transfers (A to D)	**3,15,703**	**3,73,149**	**3,92,549**	**4,65,191**	**19,400**	**5.2**	**76,846**	**24.3**	**72,642**	**18.5**
F. Recovery of Loans & Advances	**5,314**	**3,924**	**7,633**	**8,416**	**3,709**	**94.5**	**2,319**	**43.6**	**783**	**10.3**
G. Net Resources transferred to States & UT Governments (E-F)	**3,10,389**	**3,69,225**	**3,84,916**	**4,56,775**	**15,691**	**4.2**	**74,527**	**24.0**	**71,859**	**18.7**

Source: Budget documents of Government of India, 2011-12.

Statement 7: Interest payments by the Central Government

(₹ crore)

Item	1990-91 (Accounts)	2001-2002 (Accounts)	2002-2003 (Accounts)	2003-2004 (Accounts)	2004-05 (Accounts)	2005-06 (Accounts)
	1	2	3	4	5	6
I. Interest Payments on Internal Debt	**9,814**	**66,035**	**75,176**	**82,620**	**86,380**	**85,533**
of which:						
i) On Market Loans*	6,366	55,024	62,559	68,765	69,852	66,500
ii) On Treasury Bills**	3,392	6,453	6,151	3,542	2,165	3,990
iii) On Marketable securities issued in conversion of special securities	–	2,399	3,067	6,263	7,753	7,066
II. Interest on External debt	**1,834**	**4,285**	**4,252**	**3,139**	**2,808**	**3,173**
III. Interest on Small Savings Deposits, Certificates and PPF @	**4,128**	**22,471**	**23,379**	**20,503**	**18,950**	**18,029**
IV. Interest on State Provident Funds	**885**	**3,794**	**3,913**	**3,733**	**4,425**	**4,950**
V. Interest on Special Deposits of Non-Government Provident Funds, etc.	**3,876**	**14,259**	**13,625**	**13,161**	**12,892**	**12,874**
VI. Interest on Reserve Funds	**112**	**129**	**229**	**352**	**541**	**717**
VII. Interest on Other Obligations	**325**	**567**	**1,214**	**1,400**	**1,592**	**1,345**
VIII. Others #	**524**	**2,633**	**3,099**	**7,286**	**3,370**	**3,411**
Total Interest Payments (I to VIII)	**21,498**	**1,14,173**	**1,24,887**	**1,32,194**	**1,30,958**	**1,30,032**

.. Not available/applicable.
* 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 represents interest on Central Government Special securities issued to the NSSF.

Source: Budget documents of the Government of India.

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

(₹ crore)

Item	2006-07 (Accounts)	2007-08 (Accounts)	2008-09 (Accounts)	2009-10 (Accounts)	2010-11 (Revised Estimates)	2011-12 (Budget Estimates)
	1	2	3	4	5	6
I. Interest Payments on Internal Debt	**1,07,294**	**1,46,801**	**1,64,164**	**1,53,000**	**1,78,989**	**2,02,542**
of which:						
i) On Market Loans*	84,146	96,215	1,10,393	1,34,176	1,55,163	1,75,290
ii) On Treasury Bills**	5,740	7,701	11,010	9,594	13,344	16,396
iii) On Marketable securities issued in conversion of special securities	5,715	6,198	5,533	5,286	4,856	4,856
II. Interest on External debt	**3,867**	**3,928**	**4,195**	**3,629**	**3,151**	**3,572**
III. Interest on Small Savings Deposits, Certificates and PPF @	**18,106**	**17,301**	**17,058**	**16,897**	**18,250**	**20,190**
IV. Interest on State Provident Funds	**5,044**	**5,190**	**5,776**	**6,649**	**7,161**	**7,950**
V. Interest on Special Deposits of Non-Government Provident Funds etc.	**12,448**	**12,235**	**11,093**	**9,544**	**9,355**	**9,078**
VI. Interest on Reserve Funds	**883**	**1,225**	**1,225**	**614**	**173**	**121**
VII. Interest on Other Obligations	**2,451**	**5,750**	**8,846**	**15,164**	**15,662**	**15,697**
VIII. Others #	**179**	**-21,400**	**-20,153**	**7,596**	**8,016**	**8,836**
Total Interest Payments (I to VIII)	**1,50,272**	**1,71,030**	**1,92,204**	**2,13,093**	**2,40,757**	**2,67,986**

Statement 8: Outstanding Liabilities of Central Government

(₹ crore)

Year (End-March)	Internal Debt	*Of which:* Market Loans	Small Savings, & Provident Funds	Other Accounts +	Reserve Fund and Deposits ++	Total Domestic Liabilities (1+3+4+5)	External Liabilities*	Total Liabilities (6+7)
	1	2	3	4	5	6	7	8
1990-91	154,004	70,520	61,771	45,336	21,922	283,033	31,525	314,558
	(27.0)	(12.4)	(10.8)	(8.0)	(3.8)	(49.7)	(5.5)	(55.2)
1991-92	172,750	78,023	69,682	51,818	23,464	317,714	36,948	354,662
	(26.4)	(11.9)	(10.6)	(7.9)	(3.6)	(48.5)	(5.6)	(54.2)
1992-93	199,100	81,693	77,005	59,797	23,753	359,655	42,269	401,924
	(26.5)	(10.9)	(10.2)	(7.9)	(3.2)	(47.8)	(5.6)	(53.4)
1993-94	245,712	110,611	87,877	72,477	24,556	430,622	47,345	477,967
	(28.4)	(12.8)	(10.1)	(8.4)	(2.8)	(49.7)	(5.5)	(55.2)
1994-95	266,467	130,908	106,435	85,787	28,993	487,682	50,929	538,611
	(26.2)	(12.9)	(10.5)	(8.4)	(2.9)	(48.0)	(5.0)	(53.0)
1995-96	307,869	163,986	121,425	92,010	33,680	554,984	51,249	606,233
	(25.8)	(13.8)	(10.2)	(7.7)	(2.8)	(46.6)	(4.3)	(50.9)
1996-97	344,476	184,100	138,955	100,088	37,919	621,437	54,239	675,676
	(25.0)	(13.4)	(10.1)	(7.3)	(2.8)	(45.1)	(3.9)	(49.0)
1997-98	388,998	216,598	167,780	124,087	42,097	722,962	55,332	778,294
	(25.5)	(14.2)	(11.0)	(8.1)	(2.8)	(47.3)	(3.6)	(51.0)
1998-99	459,696	285,585	206,458	126,802	41,595	834,552	57,254	891,806
	(26.3)	(16.3)	(11.8)	(7.2)	(2.4)	(47.7)	(3.3)	(50.9)
1999-2000	714,254 #	355,862	66,406 #	134,425	47,508	962,592	58,437	1,021,029
	(36.6)	(18.2)	(3.4)	(6.9)	(2.4)	(49.3)	(3.0)	(52.3)
2000-01	803,698	428,793	96,344	144,020	58,535	1,102,597	65,945	1,168,542
	(38.2)	(20.4)	(4.6)	(6.9)	(2.8)	(52.4)	(3.1)	(55.6)
2001-02	913,061	516,517	144,511	164,157	73,133	1,294,862	71,546	1,366,408
	(40.1)	(22.7)	(6.3)	(7.2)	(3.2)	(56.8)	(3.1)	(60.0)
2002-03	1,020,689	619,105	226,400	172,374	80,126	1,499,589	59,612	1,559,201
	(41.6)	(25.2)	(9.2)	(7.0)	(3.3)	(61.1)	(2.4)	(63.5)
2003-04	1,141,706	707,965	288,378	168,094	92,376	1,690,554	46,124	1,736,678
	(41.4)	(25.7)	(10.5)	(6.1)	(3.4)	(61.4)	(1.7)	(63.0)
2004-05	1,275,971 &	758,995	390,477	174,107	92,989	1,933,544	60,878	1,994,422
	(39.4)	(23.4)	(12.0)	(5.4)	(2.9)	(59.6)	(1.9)	(61.5)
2005-06	1,389,758 &	862,370	479,761	186,921	109,462	2,165,902	94,243	2,260,145
	(37.6)	(23.4)	(13.0)	(5.1)	(3.0)	(58.7)	(2.6)	(61.2)
2006-07	1,544,975 &	972,801	539,450	220,160	131,295	2,435,880	102,716	2,538,596
	(36.0)	(22.7)	(12.6)	(5.1)	(3.1)	(56.7)	(2.4)	(59.1)
2007-08	1,808,359 &	1,092,468	553,620	236,373	127,043	2,725,395	112,031	2,837,426
	(36.3)	(21.9)	(11.1)	(4.7)	(2.5)	(54.7)	(2.2)	(56.9)
2008-09	2,028,549 &	1,326,094	553,518	325,383	128,682	3,036,132	123,046	3,159,178
	(36.3)	(23.8)	(9.9)	(5.8)	(2.3)	(54.4)	(2.2)	(56.6)
2009-10	2,349,148 &	1,746,623	581,033	334,128	119,453	3,383,762	134,083	3,517,845
	(35.9)	(26.7)	(8.9)	(5.1)	(1.8)	(51.7)	(2.0)	(53.7)
2010-11 (RE)	2,703,844 &	2,082,036	590,809	338,690	141,415	3,774,758	156,347	3,931,105
	(34.3)	(26.4)	(7.5)	(4.3)	(1.8)	(47.9)	(2.0)	(49.9)
2011-12 (BE)	3,110,618 &	2,425,036	600,903	338,966	131,355	4,181,842	170,847	4,352,689
	(34.6)	(27.0)	(6.7)	(3.8)	(1.5)	(46.6)	(1.9)	(48.5)

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 ₹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

(₹ crore)

Items	2002-03 (Accounts)	2003-04 (Accounts)	2004-05 (Accounts)	2005-06 (Accounts)	2006-07 (Accounts)	2007-08 (Accounts)
	1	2	3	4	5	6
1. Gross Fiscal Deficit	1,45,072	1,23,273	1,25,794	1,46,435	1,42,573	1,26,912
	(5.9)	(4.5)	(3.9)	(4.0)	(3.3)	(2.5)
2. Revenue Deficit	1,07,879	98,261	78,338	92,300	80,222	52,569
	(4.4)	(3.6)	(2.4)	(2.5)	(1.9)	(1.1)
3. Net RBI Credit to Centre	-28,399	-76,065	-60,177	5,160	-3,027	-1,16,772
	-(1.2)	-(2.8)	-(1.9)	(0.1)	-(0.1)	-(2.3)
4. Gross Primary Deficit	27,268	-815	-1,140	13,805	-7,699	-44,118
	(1.1)	(0.0)	(0.0)	(0.4)	-(0.2)	-(0.9)
5. Subsidies	43,533	44,323	45,957	47,522	57,125	70,926
of which:	(1.8)	(1.6)	(1.4)	(1.3)	(1.3)	(1.4)
i) Food	24,176	25,181	25,798	23,077	24,014	31,328
	(1.0)	(0.9)	(0.8)	(0.6)	(0.6)	(0.6)
ii) Fertiliser	11,015	11,847	15,879	18,460	26,222	32,490
	(0.4)	(0.4)	(0.5)	(0.5)	(0.6)	(0.7)
iii) Petroleum	5,225	6,351	2,956	2,683	2,699	2,820
	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
6. Defence Expenditure	55,662	60,066	75,856	80,549	85,510	91,681
	(2.3)	(2.2)	(2.3)	(2.2)	(2.0)	(1.8)
7. Interest Payments	1,17,804	1,24,088	1,26,934	1,32,630	1,50,272	1,71,030
	(4.8)	(4.5)	(3.9)	(3.6)	(3.5)	(3.4)
8. Total Non-Plan Expenditure	3,01,778	3,48,923	3,65,960	3,65,100	4,13,527	5,07,589
	(12.3)	(12.7)	(11.3)	(9.9)	(9.6)	(10.2)
9. Budgetary Support to Public Enterprises *	15,232	15,982	17,005	17,362	20,635	19,636
	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)	(0.4)
10. Interest Receipts	37,622	38,538	32,387	22,032	22,524	21,060
	(1.5)	(1.4)	(1.0)	(0.6)	(0.5)	(0.4)
11. Interest Payments as per cent of revenue receipts	51.0	47.0	41.5	38.2	34.6	31.6
12. Revenue Deficit as per cent of Gross Fiscal Deficit	74.4	79.7	62.3	63.0	56.3	41.4
13. Net RBI Credit to Centre as per cent of Gross Fiscal Deficit	-19.6	-61.7	-47.8	3.5	-2.1	-92.0

.. Not available / applicable.

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

Note: Figures in parentheses are per cent to GDP. Ratio to GDP for 2010-11 (BE) is based on GDP estimate as implied in Union Budget 2010-11.

Source: Budget documents of the Government of India.

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

(₹ crore)

Items	2008-09 (Accounts)	2009-10 (Accounts)	2010-11 (Budget Estimates)	2010-11 (Revised Estimates)	2011-12 (Budget Estimates)
	7	8	9	10	11
1. Gross Fiscal Deficit	3,36,992	4,18,482	3,81,408	4,00,998	4,12,817
	(6.0)	(6.4)	(5.5)	(5.1)	(4.6)
2. Revenue Deficit	2,53,539	3,38,998	2,76,512	2,69,844	3,07,270
	(4.5)	(5.2)	(4.0)	(3.4)	(3.4)
3. Net RBI Credit to Centre	1,76,397	1,49,820	..	..	..
	(3.2)	(2.3)	..	..	..
4. Gross Primary Deficit	1,44,788	2,05,389	1,32,744	1,60,241	1,44,831
	(2.6)	(3.1)	(1.9)	(2.0)	(1.6)
5. Subsidies	1,29,708	1,41,351	1,16,224	1,64,153	1,43,570
of which:	(2.3)	(2.2)	(1.7)	(2.1)	(1.6)
i) Food	43,751	58,443	55,578	60,600	60,573
	(0.8)	(0.9)	(0.8)	(0.8)	(0.7)
ii) Fertiliser	76,603	61,264	49,981	54,976	49,998
	(1.4)	(0.9)	(0.7)	(0.7)	(0.6)
iii) Petroleum	2,852	14,951	3,108	38,386	23,640
	(0.1)	(0.2)	(0.0)	(0.5)	(0.3)
6. Defence Expenditure	1,14,223	1,41,781	1,47,344	1,51,582	1,64,415
	(2.0)	(2.2)	(2.1)	(1.9)	(1.8)
7. Interest Payments	1,92,204	2,13,093	2,48,664	2,40,757	2,67,986
	(3.4)	(3.3)	(3.6)	(3.1)	(3.0)
8. Total Non-Plan Expenditure	6,08,721	7,21,096	7,35,657	8,21,552	8,16,182
	(10.9)	(11.0)	(10.6)	(10.4)	(9.1)
9. Budgetary Support to Public	23,553	32,320	34,750	37,776	40,125
Enterprises*	(0.4)	(0.5)	(0.5)	(0.5)	(0.4)
10. Interest Receipts	20,717	21,756	19,252	19,728	19,578
	(0.4)	(0.3)	(0.3)	(0.3)	(0.2)
11. Interest Payments as per cent of revenue receipts	35.6	37.2	36.4	30.7	33.9
12. Revenue Deficit as per cent of Gross Fiscal Deficit	75.2	81.0	72.5	67.3	74.4
13. Net RBI Credit to Centre as per cent of Gross Fiscal Deficit	52.3	35.8	..	..	..