

UNION GOVERNMENT FINANCES AND ACCOUNTS: 2003-04

HIGHLIGHTS

This Report discusses the finances of the Union Government and trends in the major fiscal indicators over two Plans *i.e.*, VIII (1992-1997) and IX (1997-2002) and the two most recent years. It also contains an analysis of the Appropriation Accounts for 2003-04.

- The year 2003-04 ended with a surplus of Rs. 26,592 crore in the Consolidated Fund of India. There was a deficit of Rs. 22,650 crore in Public Account.
- The revenue deficit in 2003-04 was Rs. 100986 crore while the fiscal deficit amounted to Rs. 80937 crore. The revenue deficit constituted 3.64 *per cent* of Gross Domestic Product while the fiscal deficit amounted to 2.92 *per cent* of GDP.
- The resources of the Union Government in 2003-04 amounted to Rs. 1402736 crore. The non-debt receipts constituted around 30 *per cent* of the total receipts. The balance came from borrowings and Public Account receipts.
- Total non-tax revenue in 2003-04 amounted to Rs. 150518 crore, which constituted 44 *per cent* of the net revenue of the Union Government. This ratio had a moderate positive annual shift rate of 0.62 *per cent* in its relative share during 1985-2004, though there was a deceleration in its relative share in recent years.
- The total disbursement of the Union Government increased from an average of Rs. 433716 crore during the VIII Plan (1992-1997) to Rs. 1395329 crore in 2003-04. The average annual trend of growth of disbursement during 1985-2004 at 11.79 *per cent* was; however, lower than the rate of growth of GDP, which in the same period averaged 14.14 *per cent*.
- Revenue expenditure continued to be the dominant component of the total expenditure and its share increased from an average of 78.88 *per cent* during the VIII Plan to 86.83 *per cent* in 2003-04. Relative share of the capital expenditure and loans and advances declined from an average of 21.12 *per cent* during VIII Plan to 13.17 *per cent* in 2003-04.
- The share of plan expenditure in total expenditure remained nearly stagnant during 1985-2004. As against a long-term average of 23.02 *per cent* of total expenditure during 1985-2004, its share only moderately improved to 24.13 *per cent* in 2003-04.

- The overall expenditure of the Union Government on social services increased from an average of Rs. 6903 crore during the VIII Plan (1992-1997) to Rs. 24,593 crore in 2003-04. The long-term trend rate of growth in expenditure on social services was 15.17 *per cent* (1987-2004).
- Aggregate fiscal liabilities-GDP ratio peaked during 1991-92 when it reached 65.43 *per cent* of GDP. This ratio decelerated to an average of 60.72 *per cent* during the VIII plan (1992-1997) and further to an average of 59.08 *per cent* during the IX Plan (1997-2002). In the recent two years, while the ratio of fiscal liabilities to GDP increased to 62.69 *per cent* in 2002-03, it decelerated in the current year to 59.87 *per cent*, close to the long- term trend levels
- The ratio of fiscal liabilities to revenue, non-debt and uncommitted receipts had a positive shift rate during 1985-2004. The trend rate of growth of fiscal liabilities exceeded the rate of growth of these above parameters. Average ratio of fiscal liabilities to non-debt receipts increased from 446 *per cent* during the VIII Plan (1992-97) to 453 in 2002-03. It, however, declined to 390 *per cent* in 2003-04.