

## UNION GOVERNMENT FINANCES AND ACCOUNTS : 2001-2002

### HIGHLIGHTS

This Report discusses the finances of the Union Government in the year 2001-2002 and contains an analysis of the Appropriation Accounts of the same year. 2001-2002 also marks the end of the IX Five Year Plan (1997-2002). The Report, therefore, discusses the finances of the Union Government and trends in major fiscal indicators over three Plan periods *i.e.* from the VII Five Year Plan (1985-1990) to the end of the IX Five Year Plan.

- The year 2001-2002 ended with a deficit in the Consolidated Fund of India (CFI) amounting to Rs.40869 crore and a surplus in the Public Account amounting to Rs.42364 crore.
- The revenue deficit in 2001-2002 was Rs.110303 crore while the fiscal deficit amounted to Rs.155833 crore. The fiscal deficit amounted to 6.80 *per cent* of Gross Domestic Product (GDP) while the revenue deficit constituted 4.81 *per cent* of GDP.
- The total receipts of the Union Government in 2001-02 amounted to Rs.1037,629 crore. The Government's own receipts were Rs.342,500 crore constituting 35 *per cent* of total receipts. The balance came from borrowings and Public Accounts Receipts.
- While overall resources over the three Plan periods registered an increase, the performance of various resource components was uneven and fluctuated over different periods. During the IX Plan (1997-2002), the rate of growth of resource accrual decelerated to 7.02 *per cent* with wide annual fluctuations.
- The Tax-GDP ratio was around 8.70 *per cent* during the IX Plan period which is lower than the ratios registered in some non-OECD Asian countries. During the IX Plan, the overall tax buoyancy was less than one. The higher buoyancy in direct taxes was not able to off-set the deceleration in buoyancy of indirect taxes.
- Total non-tax revenue in 2001-02 amounted to Rs.131,061 crore. There was a sharp increase in the relative share of dividends and profits in the year while non-tax revenue from telecommunications ceased with the corporatisation of the sector. Non-tax revenue constituted around 5.7 *per cent* of GDP in 2001-02.
- The total expenditure of the Union Government in 2001-02 amounted to Rs.445,491 crore . While the long-term trend growth rate of total expenditure was 12.95 *per cent* during the three Plan periods, the average annual growth during the IX Plan period decelerated to 8.86 *per cent*.

- Capital Expenditure in 2001-02 was Rs.31295 crore while Revenue Expenditure was Rs.375582 crore. The average annual growth rate of Capital Expenditure during the IX Plan was 9.22 *per cent* while that of Revenue Expenditure was 10.40 *per cent*.
- Over the period 1985-2002, Plan Expenditure grew at an average annual rate of 10.19 *per cent*, while Non-plan Expenditure grew at the rate of 13.88 *per cent*. However, the IX Plan witnessed an acceleration in the growth of Plan Expenditure with an average annual rate of 13.49 *per cent* which exceeded the average annual growth rate of Non-plan Expenditure.
- Expenditure on Social Services amounted to Rs.16284 crore in 2001-02 while expenditure on Economic Services amounted to Rs.141354 crore. Within Social Services, expenditure on water supply sanitation and urban development recorded the highest trend growth rate during 1987-2002. Within Economic Services, expenditure on rural development and poverty alleviation programmes registered the highest trend growth rates during 1987-2002.
- The debt-GDP ratio in 2001-02 stood at 48.58 per cent. External debt accounted for 8.72 *per cent* while internal debt constituted 39.85 per cent of GDP. Debt redemption accounted for 91.72 *per cent* of debt receipts during the current year, signifying that debt sustainability continues to be a cause for concern.