

UNION GOVERNMENT FINANCES AND ACCOUNTS: 2005-06

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 four years of X Plan (2002-06). It also contains an analysis of the Appropriation Accounts for 2005-06.

- The year 2005-06 ended with a deficit of Rs. 18,224 crore in the Consolidated Fund of India and surplus of Rs. 3,514 crore in the Public Account of India.
- The revenue deficit in 2005-06 was Rs. 109,697 crore while the fiscal deficit amounted to Rs. 1,64,927 crore. The revenue deficit constituted 3.11 *per cent* of the Gross Domestic Product (GDP) while the fiscal deficit was 4.67 *per cent* of GDP.
- The resources of the Union Government in 2005-06 amounted to Rs. 2292,037 crore. The non-debt receipts constituted around 24 *per cent* of the total receipts. The balance came from borrowings and Public Account receipts.
- Tax revenue during 2005-06, after assigning States' and UTs' share, was Rs.271,766 crore, registering an increase of over 20 *per cent* over the previous year. Tax revenue was buoyant as a result of higher collection from corporation and service tax, which grew by 22.49 and 62.36 *per cent* respectively over the previous year. Total non-tax revenue in 2005-06 amounted to Rs. 159,174 crore, which constituted 37 *per cent* of the net revenue of the Union Government.
- The total disbursement of the Union Government increased from an average of Rs. 433,716 crore during the VIII Plan (1992-1997) to Rs. 2226,099 crore in 2005-06. The average annual trend of growth of disbursement during 1985-2006 at 12.34 *per cent* was, however, lower than the rate of growth of GDP, which in the same period averaged 13.72 *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 88.74 *per cent* in 2005-06. Relative share of the capital expenditure and loans and advances declined from an average of 21.12 *per cent* during VIII Plan to 11.26 *per cent* in 2005-06.

- While the long-term average of share of plan expenditure in total expenditure was 23.14 *per cent* during 1985-2006, its share moderately declined to 23.08 *per cent* in 2005-06.
- 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. 31,115 crore in 2004-05 and to Rs. 39,160 crore in 2005-06. The long-term trend rate of growth in expenditure on social services was 15.48 *per cent* (1987-2006).
- 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 59.08 *per cent* during the IX Plan (1997-2002). In the recent four years, while this ratio increased to 62.69 *per cent* in 2002-03, it decelerated to 58.71 *per cent* in 2004-05 and to 55.75 *per cent* in 2005-06.
- The ratio of fiscal liabilities to revenue and non-debt receipts had a positive shift rate during 1985-2006. Average ratio of fiscal liabilities to non-debt receipts increased from 446 *per cent* during the VIII Plan (1992-97) to 453 *per cent* in 2002-03. It, however, declined to 443 *per cent* in 2005-06.
- The total suspense balances under various minor heads have increased from Rs. 3299.09 crore (Debit) at the end of March 2002 to Rs. 8560.40 crore (Debit) as on 31 March 2006.