

Central Government finances 2001-02

2.4 Overall real Gross Domestic Product (GDP) growth for 2001-02, which was estimated at 5.4 percent by the Central Statistical Organisation (CSO) at the time of budget formulation improved to 5.6 percent as per the quick estimates. However, industrial growth remained subdued, which severely constrained the process of fiscal consolidation in 2001-02. Net revenue receipts of the Centre at Rs.2,02,881 crore fell short of the budget estimate by Rs.28,864 crore mainly on account of shortfall in tax revenue. Net tax revenue of the Centre was 2.5 percent below the level in the previous year. The shortfall in revenue from income tax and corporation tax was over 19 percent, as compared with the budget estimate. Revenue from excise fell short of the budget estimate by 11 percent.

2.5 There was some decline in the total expenditure of the Central Government as a proportion of GDP in 2001-02. Plan expenditure witnessed an increase in the capital account mainly as a result of step up in the levels of investment in different sectors. Non-plan expenditure remained lower than budget estimate by Rs.16,298 crore. Capital expenditure recorded an increase of 26.9 percent in the year 2001-02 over the previous year, while revenue expenditure recorded a modest increase of 7.4 percent in the same period.

2.6 The decline in revenue receipts led to higher borrowings, which grew by 14.6 percent in 2001-02 as compared with growth of 13.5 percent in 2000-01. As a result, the fiscal deficit which was budgeted to remain at 4.7 percent of GDP (5.1 percent based on revised GDP estimates) could not be contained and went up to 5.9 percent of GDP.