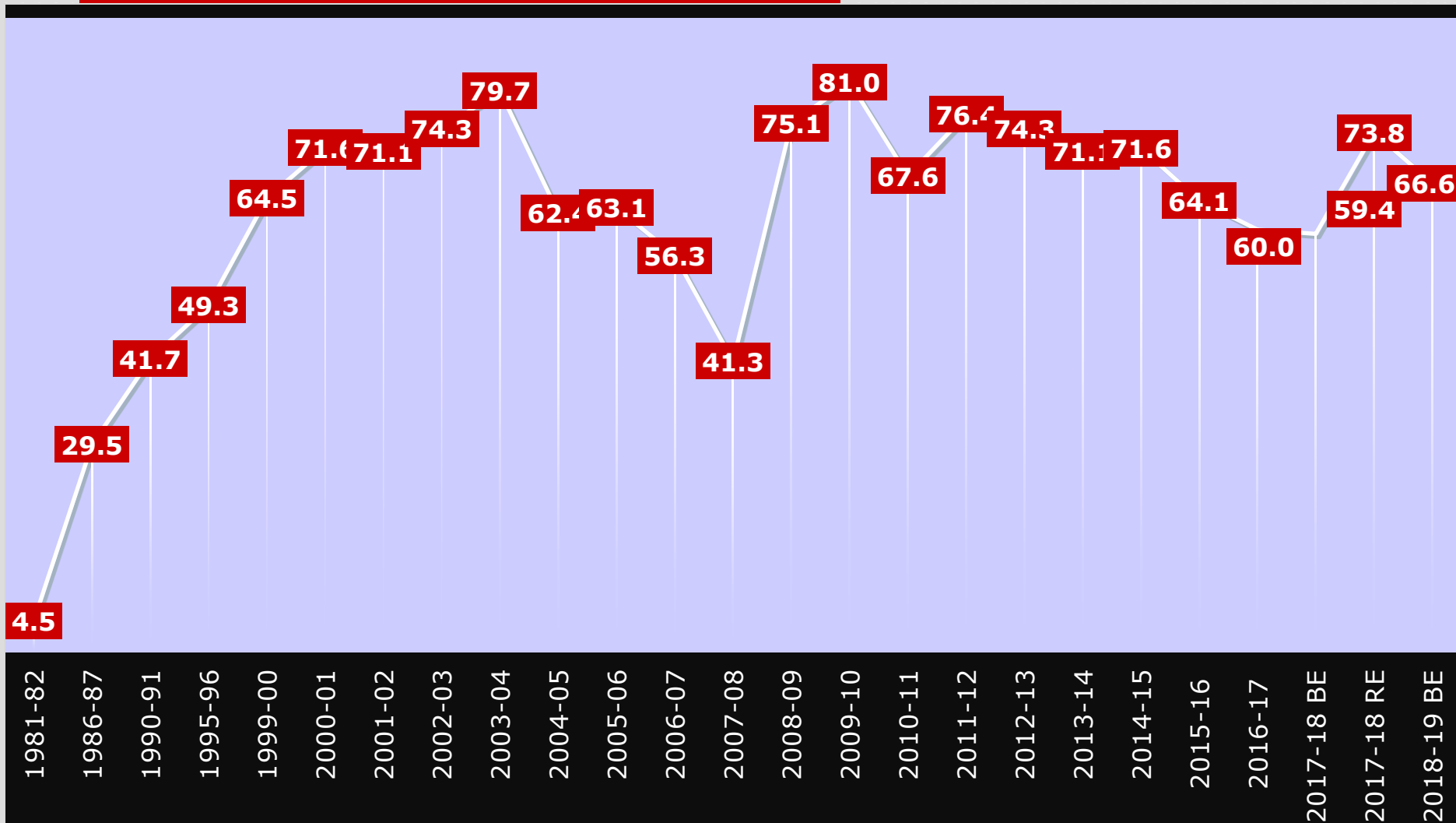


RD/FD ratio- Centre- *a long term structural problem*



Fiscal Stance

(% of GDP)	2016-17	2017-18 BE	2017-18 RE	2018-19 BE
Revenue Deficit	2.1	1.9	2.6	2.2
Fiscal Deficit	3.5	3.2	3.5	3.3
Revenue/Fiscal Deficit Ratio	60.0	59.4	73.8	66.6
Revenue Receipts (A+B) of which	9.0	8.99	8.97	9.22
i) Gross Tax Revenue	11.24	11.28	11.59	12.13
ii) States share	3.98	4.0	4.0	4.21
A. Net Tax revenue to centre (i-ii)	6.91	7.28	7.56	7.91
B. Non-Tax Revenue	1.83	1.71	1.41	1.31

What has driven the rise in Revenue Deficit?

Fiscal Item	BE 2017 (% of GDP)	RE 2017(% of GDP)	BE2018(% of GDP)
Revenue Receipts	8.99	8.97	9.22
Tax Revenue	7.28	7.56	7.91
Non-Tax Revenue	1.71	1.41	1.31
Non-Debt Capital Receipts	0.50	0.70	0.50
Total Expenditure	12.74	13.21	13.04
Revenue Expenditure	10.9	11.58	11.44
Capital Expenditure	1.84	1.63	1.60

Source: Author's calculations from Budget documents, 2018-19.

What has driven the rise in Revenue Deficit?

- Total expenditure is higher than projected by 0.47% of GDP.
 - Revenue expenditure is higher by 0.68% of GDP and capital expenditure lower by 0.21 % of GDP.
 - Tax revenues are in fact 0.28% of GDP higher than projected in 2017 budget.
 - There has been a precipitous fall in non-tax revenue, compared to projections, of 0.3% of GDP.
-

What has driven the rise in Revenue Expenditure?

Components	RE2017 over BE2017 (in Rs. Crores)
Revenue Expenditure (i+ii)	107,372(+)
(i) Central Expenditure of which,	40,747(+)
Establishment	31,528 (+)
Central Sector Schemes	5,267(-)
Other Central Expenditure	14,486 (+)
(ii) Transfers of which,	66,624 (+)
Central Sponsored Schemes	7,359 (+)
Finance Commission Transfers	1,611 (-)
Other Transfers	60,875 (+)

Source: Author's calculations from Budget documents, 2018-19.