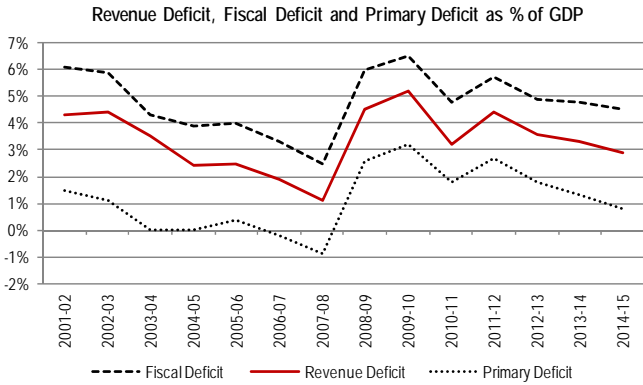


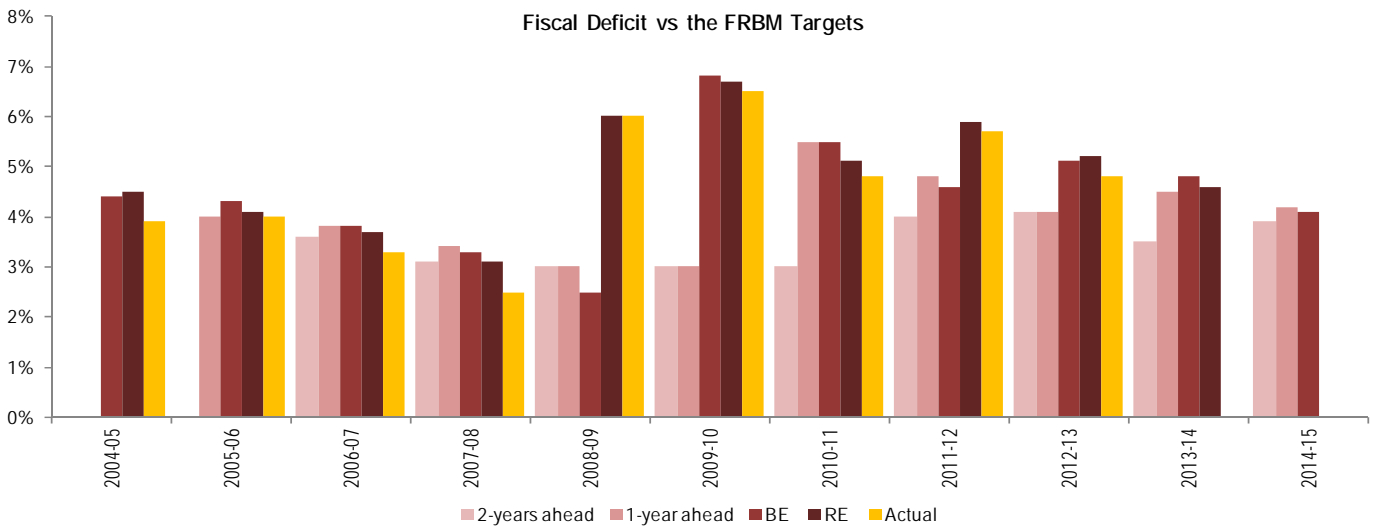
# Vital Stats: Union Budget 2014-15

The Minister of Finance, Mr. Arun Jaitley, presented the Union Budget 2014-15 to Parliament on July 10, 2014. In this context, we present some statistics related to budget expenditures, receipts and deficits.

## Fiscal deficit is targeted at 4.1% of Gross Domestic Product in 2014-15

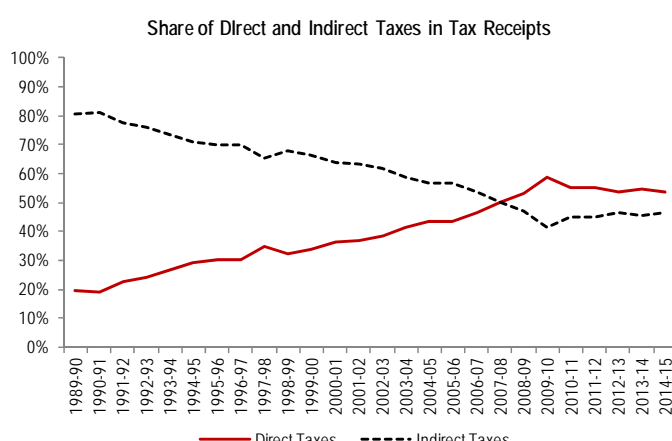
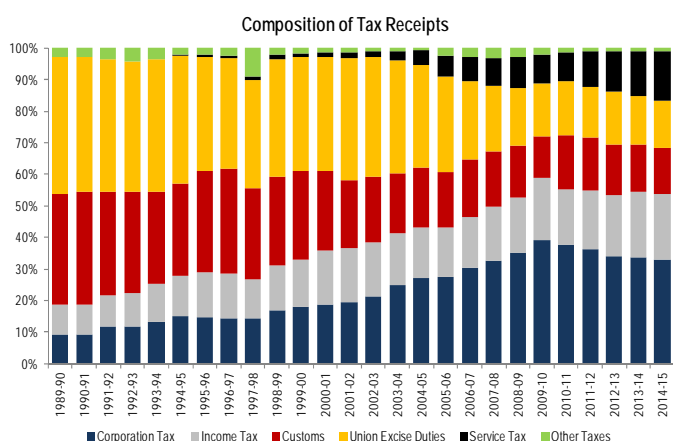


- After the passing of the Fiscal Responsibility and Budget Management Act, 2003, the process of fiscal consolidation saw the fiscal deficit lowered from 6.1% in 2001-02 to below 3% in 2007-08. However, the fiscal consolidation process was derailed during 2008-09 and 2009-10.
- 80% of government borrowings in 2003-04 were used to fund the revenue deficit. This figure declined to 41% by 2007-08. In the aftermath of the global economic crisis, this figure increased again and stood at 71% in 2013-14.



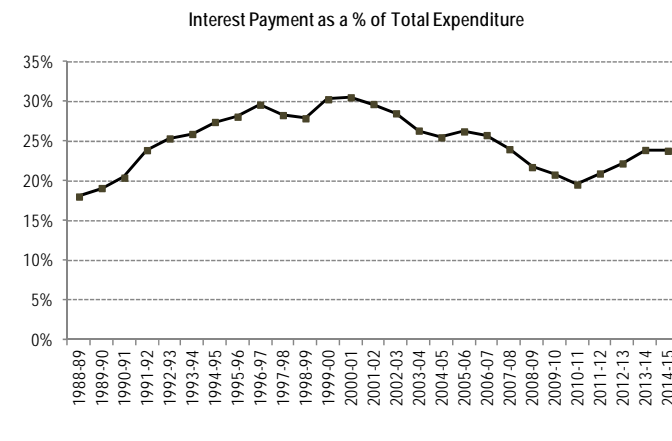
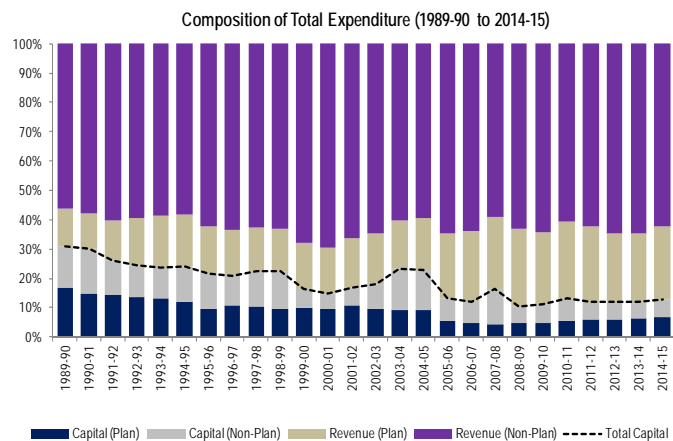
- The government gives three year rolling targets for fiscal deficit with every budget. The above figure shows the progression of these targets.
- As can be seen, the FRBM target for fiscal deficit, as provided in the rolling targets, has not been met by the government since 2008-09.
- In addition, there is an upward revision of the targets in subsequent budgets. That is, for most years, the Budget Estimate given at the beginning of the year is higher than the targets set a year earlier and two years earlier. The year 2007-08 and 2008-09 appear to be exceptions, but are not so if the Budget Estimate is adjusted for oil and fertiliser subsidies given in the form of bonds.
- The Budget 2014-15 targets the fiscal deficit at 4.1% of the Gross Domestic Product (GDP).

### Direct taxes contribute 54% and indirect taxes 46% to the tax receipts of the central government



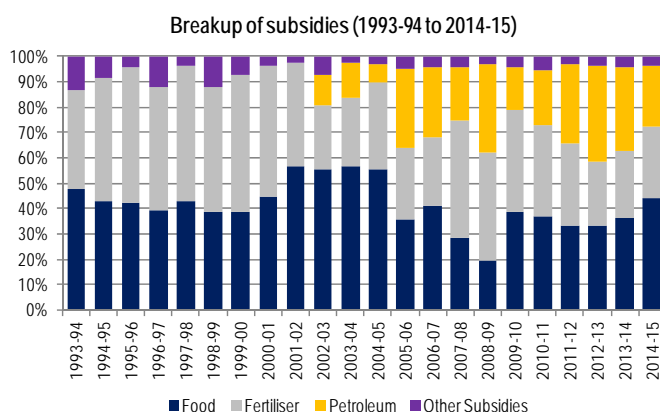
- More than 50% of the central government’s receipts come from the taxes it collects. The share of corporation tax in total tax receipts has increased from 9% in 1989-90 to 33% in 2014-15. The share of income tax over the same period has increased from 10% to 21%. However, the share of union excise duties has fallen from 43% to 15% and that of customs has fallen from 35% to 15%. Service tax contributes 16% to total tax revenues.
- In the last 25 years, the share of indirect taxes in total receipts has declined and that of direct taxes has increased. This has moderated in the last 5 years (from 2009-10 onwards), with direct taxes contributing 54% and indirect taxes contributing 46% to the total tax receipts of the central government in 2014-15.

### Capital Expenditure has been declining in overall expenditure of the government



- The share of capital expenditure in total expenditure has been declining. In the last 25 years, it has declined from 31% (in 1989-90) to 13% (in 2014-15). Since 2010-11, it has been in the range of 12% of total expenditure.
- Interest payment is a mandatory expenditure for the government that has to be paid. From 31% of total expenditure in 2000-01, interest payment has declined to 20% in 2010-11. It has increased again and accounts for 24% of total government expenditure in 2014-15.

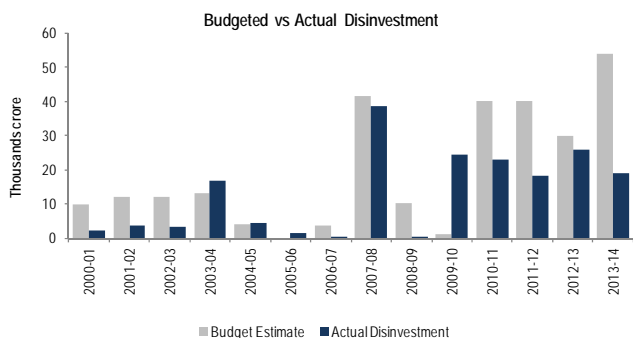
### Petroleum subsidy has increased from 12% in 2002-03 to 24% in 2014-15



Note: Subsidies have been adjusted for bonds.

- The total subsidy bill of the central government has increased from 8% in 1993-94 to 15% in 2014-15. Petroleum subsidy as a percentage of total subsidy has increased from 12% in 2002-03 to 24% in 2014-15. Food and fertiliser subsidies stood at 44% and 28% respectively in 2014-15. The subsidy figures here include the bonds issued to oil and fertiliser companies and FCI in lieu of cash.
- The year-on-year growth of subsidies has been higher than that of expenditure. On average, subsidies grew at 16% per year from 1993-94 to 2013-14, while expenditure grew at 13%. Subsidy in 2014-15 is targeted at Rs 2,60,658 crore.

### Disinvestment target has been missed 10 years of the last 14 years



- The central government has missed its disinvestment target almost every year, except in four years, from 2000-01 to 2013-14.
- The government has a disinvestment target of Rs 58,425 crore in 2014-15.

Sources: all data compiled from Union Budget documents; PRS.

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