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A Critique of Indian Public Finances

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Abstract

Public finances in India are at a turning point. Analysis of the past data, however, shows no improvement in any of the major fiscal indicators. Restructure of debt, reforms in power sector and implementation of other issues under MTFRP, GST hold promise for future. The main objective of this paper is to suggest restructuring of public finances of the Centre and state governments to provide macroeconomic stability, equitable growth in the country and improve efficiency of resources. The paper also suggests ways to augment revenue resources and contraction in expenditure. On the contrary, other fiscal indicators have shown significant deterioration. Thus the claims about fiscal adjustment are illusory. Fiscal consolidation in India perhaps needs more attention and commitment. The objective of the present study is to examine the background and to identify the major problem areas at state and central level. The another objective of the paper is to study the deficits of the government of India whether fiscal reforms taken by the government of India for resources mobilization led to reduction in deficits.

Keywords: Fiscal Crisis, Fiscal Deficit, Public finance, Fiscal Reforms, India

Introduction

Public finances in India are at a turning point. Analysis of the past data, however, shows no improvement in any of the major fiscal indicators. Restructure of debt, reforms in power sector and implementation of other issues under MTFRP hold promise for future. While the deterioration in fiscal turning points in the last decade can be related to some proximate causes like pay revision of employees or sluggish revenue growth because of a slowdown in the economy, the imbalances in the state budgets have their origin in factors that are structural in character [Anand, Bagchi and Sen 2001]. Like in most other reform areas, the story of fiscal correction in India has been that of a symbolic exercise. The attempt has been to take the course of least resistance in implementing reforms. The way the government has chosen the fiscal indicators as targets for correction and its various attempts at camouflaging and window-dressing the numbers on various fiscal indicators adequately demonstrates this proposition (M Govinda Rao, EPW, 2000).

Review of Literature

There are many studies on State level fiscal reforms in India and related topics. This section deals with the review if such studies. Rao, M. Govinda (1981) makes a modest attempt to study

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and to identify the determinant of tax revenue and non-plan revenue expenditure of the states towards making their medium term projections. The researcher has chosen the states of Karnataka, Kerela, Orissa and West-Bengal for the purpose in studying the time series determinant. In this study, both the political and economics determinants have been considered. The effects of various economic and political factors on the fiscal decisions of the four states are also quantified. While discussing the determinants of non-plan revenue expenditure the study summaries that in all the four states except Orissa, the growth expenditure on various services is of providing them. Only in Orissa the growth in non-plan revenue expenditure is due to increased quantity of public services. The results of the study confirm 'Down's Hypothesis' that fiscal decisions are essentially guided by the desire to maximize the length of their tenure by the parties in power and are not influenced by their ideological doctrines.

Howes, Stephen, Ashok, K. Lahiri and Nicholas (2000) in their article discusses about the states level reforms in India. They also enumerate the causes that lead to the spread of state level reforms in India. According to them India cannot succeed with reformed and revived state governments. Kurian, N.J. (1999) in his paper attempts to bring out the deteriorating trend in state finances in recent years. "Failure to contain wasteful expenditure and reluctance to raise additional resources" on the part of the states are the main problems afflicting most of the state finances. Tax wars among the states government to attract private investment in the wake of economic reforms as well as competitive populism and the pay revision of employees led to starvation of funds of states. Unless drastic measures are resorted to without delay finances of states will collapse. Chelliah, J. Raja, Rao, Kavita R. (2002) in their paper discusses about the rational ways of increasing the tax revenue of Central and state governments in India. According to them no serious effort has been made to modernize tax administration. The administration of all the states is manual based. A reform and modernization of the administration of the major taxes through computerization and strong deterrent action against tax evaders and corrupt taxmen are two important steps to be taken to increase revenues. Kurian, N.J. (2003) in his work pointed to some expend success has been achieved at the Centre but there has been steep deterioration in the finances of the states. Any decline in the Union government and the associated fall in devolution to the states will have further deletions effect on regional imbalances of the country.

Anand, Mukesh, Bagchi. Amaresh, Sen, K. Tapas (2002) in their article has discussed about the causes of fiscal indiscipline at the state level. Weaknesses of the system of inter-governmental fiscal relations have been cited as prime caused leading to fiscal indiscipline among states, which call for corrective measures. In a similar line Bagchi, Amaresh (2002) have observed even after a decade of correction the consolidated fiscal deficit (FD) of the government (Centre plus states) stood at about the same level at the close of decade as it is in the beginning10% of GDP. The crises in state finances have their origin in some deep-seated weakness of the fiscal system that call for structural reform. The weakness is in revenue system, budgeting system and system of inter government financial relations. If fiscal deficit is to bring down the weakness of the fiscal system noted above need to address frontally. The study conducted by Bhargava, P.K. (2002) discussed about the state level fiscal reforms. The state should play complementary and supplementary role and performance to the efforts of the Centre to play and improve the fiscal situation. It is high time that agriculture income tax should be included in the constitution to raise the revenue of the states. Chelliah, J. Raja, Rao, Kavita R. (2002) in their paper discusses about the rational ways of increasing the tax revenue of Central and state governments in India. According to them no serious effort has been made to modernize tax administration.

The administration of all the states is manual based. A reform and modernization of the administration of the major taxes through computerization and strong deterrent action against tax evaders and corrupt taxmen are two important steps to be taken to increase revenues Analysis shows that on a comparable basis fiscal deficit reduction has been marginal. On the contrary, other fiscal indicators have shown significant deterioration. Thus the claims about fiscal adjustment are illusory. Fiscal consolidation in India perhaps requires another crisis. (M Govinda Rao,2000). The Thirteenth Finance Commission has been constituted against the backdrop of strong fiscal correction and consolidation by most of the state governments. The vertical and horizontal imbalance among the different sub national governments may lead to uneven development of the economy, unless corrected by an efficient system of inter-governmental transfers. in the process of fiscal transfers, the Thirteenth FC may opt to include the efforts to increase non-tax revenue as a criterion for horizontal devolution and may consider giving due weight to the need to enhance social sector expenditure as a criterion for horizontal sharing. (Kumudini S Hajra, Rakhe P B, Dhirendra Gajbhiye, 2008)

Emergence of Fiscal Crisis in India

Over the years, the Centre has seen a burgeoning of non-plan expenditure in the face of inadequate buoyancy of revenues. They have responded by resorting to larger and larger volumes of borrowing to finance plan expenditure, which is shrinking as a percentage of GDP. This process has led to steady build-up of debt, which in turn has generated a rising interest burden. One of the crises that India faced in 1990-91 was the unsustainable imbalance between government revenues and expenditure. Revenue deficit have been financed by running up surpluses on the capital account of the budget. Such surpluses on capital account of the budget will prove harmful for the long run growth prospects of the economy. The steady deterioration in the revenue account caused enlargement of gross fiscal deficit.

Prior to 1991, budget deficits generally meant revenue deficits and the overall deficits. The term “Fiscal Deficit” entered the terminology of fiscal management of the country as a prominent line since 1991-92 budgets. The fiscal reform process in India initiated since 1991 has a strong under pinning in the goals of macroeconomic stabilization and growth. The attempt to regain control on macro-economic situation through fiscal adjustment has been a global phenomenon since the beginning of 1980’s as this period unfolded for many developing countries the events of internal and external debt, high rate of inflation and major declaration in growth performance. The global context in which India was placed and the expediency of the situation in 1991 was the two most immediate factors, which led to the introduction of comprehensive set of reform measures in the Indian economy. The process of fiscal adjustment launched in 1991 as part of structural adjustment programme placed strong emphasis on reducing fiscal deficit of the Centre. Budget deficit of the Central government became a matter of serious concern for Indian policy makers.

The precarious fiscal position of the Centre called for bold and decisive policy measures to reduce fiscal deficit of the Centre. Since 1991, Centre has carried out number of measures of tax reforms as part of the ongoing economic reforms. The overall impact of these reforms on the Central government finances has not been quite encouraging. The tax GDP ratio of the Centre, which reached a level of higher than 11percent in the late eighties, has come down below 10 percent in the recent years. But the Center’s effort to contain its deficit led to fiscal deficit to remain below 6 percent. Subsidies have been cut and monetized deficit has been virtually declined. With the deterioration of state finances, Centre became concerned over states and leads a helping hand to states in overcoming their fiscal deficit. In the recent years, the deterioration in state finances has become a problem of great concern as it has caused severe erosion in the budget support for development and led to large borrowings even to meet

current expenditure, mainly salaries to employees and interest payments. The scenario is not indeed bleak for the reform agenda at the state level without which the state finances could not improve nor would state governments be able to deliver basic services to the people. States are not even able to maintain existing public assets, yet alone creating new facilities and expanding infrastructure on the required scale.

The undesirable fiscal situation has continued to persist even after 10 years of fiscal adjustment despite attempts by the central government to reduce the substantial burden of fiscal adjustment on the states. The Centre is simply not in a position to bail out any state for it is borrowing heavily to meet the massive gaps in revenue expenditures which have resulted in reduced levels of capital standing. Like the Centre, the states borrow from the market as agreed beforehand with the Reserve Bank of India and with increasing borrowing and larger interest payments out go the fiscal position of the states can hardly improve without bold and drastic measures such as levy of user charges for all services like power, irrigation, transport water etc., widening of tax base, closing of all loss making enterprises, cut in non-merit subsidies, privatization of basic and infrastructure services, strong focus on human capital and downsizing of the administration. The consequent build-up of public debt and the interest burden of the debt, which is now the largest and fastest growing item of expenditure, further, fuelled the growth of revenue expenditure. These have led to a vicious spiral of growing deficits, rising debt, rising interest costs and further expansion of the deficit which some analysts have described as a debt trap.

Central Government Finances

The fiscal deficit and especially the revenue deficit of the centre continue to be a matter of serious concern. The fiscal situation has deteriorated especially since 1997-98. (This is primarily attributable to a decline in tax: GDP ratio and a further increase in non-interest revenue expenditure. The latter, coupled with the continuing rise in interest payments, has led to a significant decline in the capital expenditure to GDP ratio. This reduction in capital expenditure has occurred across the board including the social sectors as well as infrastructure. Decline in the tax to GDP ratio is also attributable to changes in the sectoral composition of the economy. The industrial sector remained relatively stagnant during the nineties, while agriculture remains largely untaxed, and its share in GDP has been shrinking. In contrast, the service sector has expanded rapidly, but taxes on services account for only a small fraction of revenue.

On the expenditure side, the sharp growth in current expenditure mostly consists of expenditure on committed interest payments, driven by the rapid growth in public debt, and substantial increases in the wage bill following implementation of the recommendations of the Sixth Pay Commission. Downward rigidities in defence expenditure and subsidies because of security concerns and political economic constraints have further aggravated the problem. The gross fiscal deficit of Central government was Rs 36325 crores (5.5% of GDP) in 1991-92 which increased to Rs 360243 in 1995-96 and then to Rs 118816 crores in 2000-01.It further increased to Rs 400996 crores in 2009-10.It further increased to 5339.04 in 2016-17. As far as revenue deficit is concerned it was Rs 16261 in 1991-92 which further increased to Rs 107879 in 2002-03 and then to Rs 282735 crores in 2009-10 which further increased to Rs3540.15 crores in 2016-17.Primary deficit also showed an increasing trend over the period (see Table 1).

Deficits are a comprehensive indicator of fiscal health of the government. Fiscal deficits (total receipts (except borrowings minus total expenditure expressed as proportion of GDP) for the state governments to indicate the stability in the finances of State GDP. It is the crucial factor computed which has been an increasing trend in the in the fiscal deficit. It is useful to begin recounting the crisis of centre finances by examining the trends in deficits of Central

government during the period 1990-91-2016-17. in Table 1 . Regarding the position of fiscal deficit of centre as percentage of GDP is concerned it was 5.5percent in 1991-92, which further went up to 6.47 % of GDP in 1999-99. After that due to certain fiscal measures taken by the government, it showed a declining trend and it declined to 3.99 percent in 2004-05 and then starting increasing 6.85 percent of GDP in 2009-10(B.E) (see Table 2).

The revenue deficit was 2.48 percent of GDP in 1991-92 which increased to 3.82 percent in 1998-99 and then further increased to 4.40 percent of GDP in 2002-03 and still in 2009-10 it is 4.83 % of GDP. Primary deficit was 1.49 percent of GDP in 1991-92, decreased further to -0.03 percent of GDP in 2003-04 but further increased to 2.5 percent of GDP in 2008-09 and then to 3 percent in 2009-10 (B.E). To sum up, it may be mentioned that the Central Government have witnessed visible reduction in the deficits indicators in coming years due to strict measures taken by government but now due relax attitude and financial crisis it started increasing.

As the year 2008-09 progressed, the Indian economy was seriously impacted by the twin global shocks – unprecedented increase in the global commodity prices in the first half of the year and the ripple effects of the deepening of the global financial crisis in the second half. This led to conscious fiscal expansion, composed of both tax cuts and expenditure hikes. The slippage in the terminal year fiscal targets has also been accentuated by the Supplementary Demands for Grants on account of the farm loan waiver, implementation of the Sixth Pay Commission award and funding on the projects prioritized in the Eleventh Five Year Plan. There was a marked rise in liabilities also on account of issue of oil, fertilizer and food bonds even after greater accommodation of fertilizer subsidies as above the line expenditure in 2008-09.

From Table-1, we see that deficits are still there and improvement in fiscal balance in the recent years should be undertaken rapidly. The trend in major deficit indicators as set out in table 2 reveals significant improvement witnessed in recent years after recording progressive deterioration from the second half of the 1990s.As the impact of the crisis continued through 2009-10, the expansionary fiscal stance was continued in the Budget for 2009-10. Given the relative levels of shares of private final consumption expenditure and government consumption expenditure, such expansion could only be a short term measure and the Medium Term Fiscal Policy Statement presented along with the Budget for 2009- 10.The fiscal deficit target for 2018-19 at 3.3% of the gross domestic product (GDP) to accommodate higher demand for expenditure against the earlier target of 3%. However, the more worrying aspect is that the government’s revenue deficit shot up to 2.6% of GDP in 2017-18 from the budget estimate of 1.9% of GDP, showing signs of the deteriorating quality of fiscal consolidation. This is also due to Rs1.1 trillion increase in revenue expenditure during the year.

Finances of the States

The state governments collectively account for about half of the aggregate fiscal deficit in India. Table 3 and 4 shows the deficit of State Governments of India during the period 1990-1991 to 20016-17. Table 3 shows the deficits of states in Rs crore and Table 4 shows the deficits as percentage of GDP. The key indicators of deficits of state governments are gross fiscal deficit, primary deficit and revenue deficits. The gross fiscal deficit of state government was Rs 18900 crores (3.3% of GDP) in 1991-92 which increased to Rs 30,870 in 1995-96 and then to Rs 87,922 crores in 2000-01. It further increased to Rs 10,7774 crores in 2004-05 and then to Rs 199,510 in 2009-10. It further accelerated to Rs4495.2 crores in 2016-17.

When we see GFD as percentage of GDP it was 3.3% in 1991-92 which increased to high level of 4.7% in 1999-00 and then declined to 1.8% in 20006-07 but then further increased to 2.9% in 2009-10 and still is 3percent in 2016-17. The states’ fiscal deficit has risen from 3.2% of GDP to

4.7% between 1990-91 and 1999-2000. This increase in the fiscal deficit consists of a rise in revenue deficit of 2.8% in 1999-2000. Thus the tight resource position and crowding out of capital expenditure by increasing pressure of interest payments and salaries on the revenue account is transparent. The sharp rise in expenditure on social services in FY 1998 and 1999 is entirely due to a rise in the wage bill because of salary revisions and does not reflect any real increase in the provision of social services. The Gross Fiscal Deficit (GFD) of the States is primarily an outcome of bilateral negotiations between the States and the Centre on permissible net borrowing, i.e., the GFD is an exogenously determined instrument variable.

Total expenditure, and especially capital expenditure, are the variables which adjust to accommodate limits set by committed revenue expenditures, revenues, and the negotiated ceiling on the GFD. The finances of State Governments traditionally follow a pattern similar to that of the Centre, with a lag .As a proportion of GDP, revenue deficit of the States shot up from Rs 5651 crores in in 1991-92 to Rs 55316 crores in 2000-01 . The proportion declined to 2.2 per cent in each of the two years 2002-03 and of GDP in 2005-06. As a proportion of GDP, revenue deficit which was 0.9% of GDP in 1991-92 then increased to 2.5 per cent in1998-99 to 2.7 per cent in 2000-01, declined to 0.5 per cent in 2009-10 and currently to 0.1 percent in 2016-17. It may be noted that Primary Deficit of states was Rs 7956 crores in 1991-92 which increased to RS 13,675 crores in 1997-98 and then soared up to RS45,458 crores in 1999-00 and then declined to Rs 24376 crores in 2007-08. After 2008-09 it again started increasing. As percentage of GDP the primary deficit was 1.8% in 1991-92 which increased to 2.4% in 1999-00 and then declined to -0.5% percent in 2007-08. The recent estimate of primary deficit was 1.3% in 2016-17 (see Table 4).

The combined finances of the states, which had exhibited a somewhat intractable negative trait earlier, showed a dramatic turnaround in 2005-06 with the level of fiscal deficit ruling well below the target of 3.0 per cent of GDP mandated to be achieved three years later. Three important factors attributable to this included the award of the Twelfth Finance Commission in terms of grants and the incentive scheme of debt consolidation and waiver linked to fiscal consolidation under fiscal rules, revenue buoyancy of the Centre and the introduction of state-level VAT, which proved to be a very buoyant source for states.

Consolidated General Government

The full picture of public finances and their impact on the macro economy is best analysed through the levels of deficits in the consolidated General Government. From Table 5 we can see that the combined fiscal deficits of Central and state governments was 7 % of GDP in 1990-91 which increased to 10% of GDP in 2000-01.With reform measures and expenditure management it went down to 5.57% in 2008-9. The revenue deficit was 3.3% in 1991-92 which increased to 6.9 % in 2001-02. Reflecting the overall expansion to stimulate demand, fiscal and revenue deficit for 2009-10 (BE) is placed at 9.7 and 5.2 per cent of the GDP.

In the mid-2000s, when the Indian economy was growing at a rapid clip of 8 per cent , State government finances were well ahead of the Centre in terms of fiscal management. Many States even reported a revenue surplus. The combined fiscal deficit of the Centre as well as State governments was at 6 per cent. In 2008-09 and 2009-10, the general government fiscal deficit slipped to 8 per cent levels. The combined deficit of the Central and State governments crossed 7 per cent in 2015-16. In 2009 and 2010, the number hit the 8 per cent level. At the combined level, the general government deficit for FY16 was 7.1 per cent, higher than the tolerance level of 6 per cent. Main reason for this is a fall in States' own tax revenues and lower net transfers from the government did the damage for the States in 2015-16.

Conclusion

Since the attempt has been only to create an illusion of fiscal adjustment, fiscal consolidation has remained an elusive goal. Illusion of reforms has been created by placing emphasis on an inadequate measure of fiscal balance. Even in containing the fiscal deficit sufficient measures has not taken. Rather than achieving fiscal consolidation, the attempt in successive budgets has been to create the illusion of achieving fiscal correction rather than really achieving it. The government has been concealing deterioration in the fiscal balance by placing emphasis on the fiscal deficit rather than more meaningful summary measures, and frequently changing its definition and method of measurement. Analysis shows that on a comparable basis fiscal deficit reduction has been marginal. On the contrary, other fiscal indicators have shown significant deterioration. Thus the claims about fiscal adjustment are illusory.

The Centre is carefully treading the path of fiscal prudence but State finances are slipping. Most discussions in Public Finance of India revolve around the Centre's finances and its fiscal position, but how does the picture look when we take aggregate figure after combining the numbers of the Centre and all the States are considered? If we the combined picture it is not very good. Ever since the Fiscal Responsibility and Budget Management Act (FRBM) was introduced in India, state governments have largely been conservative spenders, limiting their spending far more effectively than the Union government. This trend seems to be reversing in recent years, with the aggregate fiscal deficit of states rising at a time when the aggregate fiscal deficit of the Union government has been declining.

Going forward, state finances are expected to deteriorate further. There are two main reasons for the worsening of the fiscal deficit. One of them is the implementation of the Seventh Pay Commission recommendations and second is the 'UDAY' (Ujwal DISCOM Assurance Yojana) effect. With a workforce of 12 million, as against 8 million of the Central government employees the seventh Pay Commission recommendations are expected to have a major effect on state finances of India. According to the RBI, the Seventh Pay Commission would have an impact of 0.9 per cent of GDP on the revenue and fiscal deficit of general government (over a period of 3-4 years).

The sharp deterioration in state finances over the past couple of years is partly because of the restructuring of state-run power utilities under the Ujwal Discom Assurance Yojana (UDAY). The rising concerns over the growing deficits of states are reflected in the widening spread between state development loans (SDLs) and Central government bonds. As state governments' market borrowings have risen much faster than Centre's borrowings in recent years. Secondly, the power revival package known as UDAY (Ujwal DISCOM Assurance Yojana) where States will take over 75 per cent of outstanding debt of their power distribution companies in a staggered manner is set to increase interest payments, worsening the revenue deficit figures for States. Major reforms were undertaken over the past year. GST is one of the most significant fiscal reforms of independent India. The Transformation of Goods and Services Tax (GST) was launched at the stroke of midnight on July 1, 2017. On the other hand, while higher devolution of taxes for state government recommended by fourteen finance commission from 32 per cent to 42 per cent led to higher revenue transfers from the Centre. The coming years will tell the impact of these reforms on Center and state finances. The health of public finances in India will in great measure depend upon the fiscal rectitude of state governments

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Table 1: Key Deficit Indicators of the Central Government (Rupees Crore)

Year	Gross fiscal deficit	Gross primary deficit	Revenue deficit
1991-92	36325	9729	16261
1992-93	40173	9098	18574
1993-94	60257	23516	32716
1994-95	57703	13644	31029
1995-96	60243	10198	29731
1996-97	66733	7255	32654
1997-98	88937	23300	46449
1998-99	113349	35466	66976
1999-00	104716	14467	67596
2000-01	118816	19502	85234
2001-02	140955	33495	100162
2002-03	145072	27268	107879
2003-04	123273	-815	98261
2004-05	125794	-1140	78338

2005-06	146435	13805	92299
2006-07	142573	-7699	80222
2007-08	126912	-44118	52569
2008-09	326515	133821	241273
2009-10	400996	175485	282735
2010-11	13735.91	1395.69	2522.52
2011-12	5159.90	2428.40	3943.48
2012-13	490.190	1770.20	3642.82
2013-14	5028.58	1286.04	3570.48
2014-15	5108.17	1083.04	3656.11
2015-16	5350.90	924.99	3415.09
2016-17	5339.04	412.34	3540.15

Source: Budget documents of the State Governments

Table 2: Key Deficit Indicators of Central Government (As Percentage to GDP)

Year	Gross Fiscal Deficit	Gross Primary Deficit	Revenue Deficit
1991-92	5.55	1.49	2.48
1992-93	5.34	1.21	2.47
1993-94	6.96	2.72	3.78
1994-95	5.68	1.34	3.05
1995-96	5.05	0.86	2.49
1996-97	4.84	0.53	2.37
1997-98	5.82	1.53	3.04
1998-99	6.47	2.03	3.82
1999-00	5.36	0.74	3.46
2000-01	5.65	0.93	4.05
2001-02	6.19	1.47	4.40
2002-03	5.91	1.11	4.40
2003-04	4.48	-0.03	3.57
2004-05	3.99	-0.04	2.49
2005-06	4.08	0.38	2.57
2006-07	3.45	-0.19	1.94
2007-08	2.69	-0.93	1.11
2008-09	6.14	2.51	4.53
2009-10	6.85	3.00	4.83

Source: Budget documents of the State Governments

Table 3: Measures of Deficit of State Governments of India (1990-1991 to 2016-17)

Year	Gross Fiscal Deficit	Gross Primary Deficit	Revenue Deficit
1991-92	18,900	7,956	5,651
1992-93	20,892	7,681	5,114
1993-94	20,364	4,564	3,872
1994-95	27,308	7,895	6,706

1995-96	30,870	9,031	8,620
1996-97	36,561	11,175	16,878
1997-98	43,474	13,675	17,492
1998-99	73,295	37,854	44,462
1999-00	90,098	45,458	54,549
2000-01	87,922	36,937	55,316
2001-02	94,261	32,665	60,398
2002-03	99,727	30,699	57,179
2003-04	120,631	40,235	63,407
2004-05	107,774	21,353	39,158
2005-06	90,084	6,060	7,013
2006-07	77,509	-15,672	-24,857
2007-08	75,455	-24,376	-42,943
2008-09	146,349	40,128	-10,701
2009-10	199.510	760.1	322.95
2010-11	1614.6	366.4	-30.5
2011-12	1683.19	315.4	-239.6
2012-13	2478.5	450.0	-203.2
2013-14	3271.9	789.5	105.6
2014-15	3333,3	1367.8	457
2015-16	49336	1141.8	-537.2
2016-17	4495.2	1952.8	-208.5

Source: Budget documents of the State Governments

Table 4: Key Deficit Indicators of The State Government (As Percentage to GDP), 2000-01-2016-17

Year	Gross Fiscal Deficit	Gross Primary Deficit	Revenue Deficit
1990-91	3.3	1.8	0.9
1991-92	2.9	1.2	0.9
1992-93	2.8	1	0.7
1993-94	2.4	0.6	0.4
1994-95	2.7	0.8	0.6
1995-96	2.6	0.8	0.7
1996-97	2.7	0.9	1.2
1997-98	2.9	0.9	1.1
1998-99	4.3	2.2	2.5
1999-00	4.7	2.4	2.8
2000-01	4.1	0.2	2.7
2001-02	4.2	1.5	2.6
2002-03	4.1	1.3	2.2
2003-04	4.4	1.5	2.3
2004-05	3.3	0.7	1.2
2005-06	2.4	0.2	0.2
2006-07	1.8	-0.8	-0.8
2007-08	1.5	-0.5	-0.9
2008-09	2.0	0.1	-0.5

2009-10	2.9	1.2	0.5
2010-11	2.1	0.5	-
2011-12	1.9	0.4	-0.3
2012-13	2.0	0.5	-0.2
2013-14	2.2	0.7	0.1
2014-15	2.6	1.1	0.4
2015-16	3.6	0.8	-0.4
2016-17	3.0	1.3	-0.1

Source: Budget documents of the State Governments

Table 5: Combined Deficits of Central And State Governments (Rs Billion)

Year	Gross fiscal deficit	Gross primary deficit	Revenue deficit
1991-92	458.5	148.58	219.12
1992-93	524.04	159.36	236.88
1993-94	709.52	279.38	365.29
1994-95	716.39	193.13	371.85
1995-96	776.71	185.98	379.32
1996-97	872.44	171.56	487.68
1997-98	1107.43	324.66	627.82
1998-99	1570.53	639.56	1106.18
1999-00	1848.26	743.75	1213.93
2000-01	1998.52	750.35	1388.03
2001-02	2264.25	840.39	1593.5
2002-03	2349.87	759.27	1629.9
2003-04	2345.01	569.28	1594.08
2004-05	2347.21	424.09	1147.61
2005-06	2395.6	355.83	993.12
2006-07	2191.28	-117.03	553.66
2007-08	1991.1	-596.75	96.26
2008-09	4671.35	1836.81	2408.65
2009-10	6046.68	2900.98	3700.15
2010-11	5340.32	1854.71	2492
2011-12	6849.66	2849.63	3703.88
2012-13	6843.95	2300.9	3439.6
2013-14	7497.11	2154.8	3676.11
2014-15	8365.63	2520.2	4112.24
2015-16	10245.93	3724.39	3726.96
2016-17	9799.45	2407.71	3331.67

Source: Budget documents of the Government of India and the State Governments