FINANCES OF GOVERNMENT OF INDIA : 1999-2000 *

The Union Budget for 1999-2000, presented on February 27,1999, was formulated against the backdrop of a turbulent and unfavourable global economic environment prevailing during 1998-99. Despite the adverse economic environment, the domestic economy recovered to post a 5.8 per cent growth in real GDP, led mainly by 5.3 per cent growth in agriculture and allied activities. The volatility in the forex market has been curbed and the current account deficit is projected to come down to 1.4 per cent of GDP from 1.6 per cent in 1997-98. The inflation rate, after rising to a peak of 8.8 per cent in September, decelerated to below 5 per cent in January 1999. Notwithstanding these positive developments, the weak links in the economy have been deceleration in industrial growth, sluggishness in export performance and subdued conditions in the capital market. The fiscal deficits of both Centre and States are still high, posing challenges to the attempts at reducing interest rates, stimulating investment and growth, curbing inflationary pressure, releasing resources for infrastructure and other productive investment. Keeping these issues in view, the budget adopted a six-fold broad strategy to address these problems. These broad strategies are: i) a medium-term process of revenue and fiscal deficit reduction, along the lines indicated in the Ninth Plan, which will free more resources for productive investment and growth and contain inflation, ii) major reforms of indirect taxes to promote productivity and employment, iii) deepen and widen economic reforms in all major sectors and accelerate internal liberalisation to release the productive energies and creativity of farmers, manufacturers, traders and service providers, iv) safeguard the economy from external shocks, revive exports and stimulate the domestic engines for growth revival, v) strengthen the knowledge-based industries, and vi) revitalise and redirect public programmes for human development, encompassing food security, health care, education, employment and shelter with focus on empowering the poor and the weaker sections.

On the fiscal front, the budget strives to set in motion a medium term strategy for restoring the fiscal health of the economy. The fiscal restoration is aimed through significant reduction in revenue and fiscal deficits to 2.7 per cent and 4.0 per cent of GDP, respectively, during 1999-2000. At these rates of reduction, the revenue deficit is expected to be eliminated in 4 years and fiscal deficit would decline below 2.0 per cent of GDP. The revenue mobilisation efforts and expenditure strategies envisaged in the budget are directed towards these objectives. On

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the taxation front, the medium-term strategy will be to move towards a single rate and a full-fledged Value Added Tax (VAT) system and custom duty structure will be phased down to Asian levels in 5 years. In the sphere of expenditure, efforts would be to promote transparency, downsizing government and curb growth of contingent government liabilities. The Government proposes to constitute an Expenditure Reforms Commission to look into these areas.

This article is structured into four Sections. Section I highlights the major policy initiatives proposed in the budget. The revised estimates for fiscal 1998-99 are discussed in Section II. The budget estimates for 1999-2000 are outlined in Section III. The concluding observations are set out in Section IV.

Section I

Policy Initiatives

The budget has announced far reaching reform measures in all major sectors of the economy. These policy measures are intended to revitalise and redirect public programmes towards human development, restructure and rationalise taxes, invigorate capital markets and carry forward reforms in banking sector. The major policy announcements are summarised below.

1. Agriculture and Rural Development

The budget, while recognising the critical role of credit and irrigation in agricultural rural development, concentrates upon a multi-pronged programme. The major policy announcements in this regard include, *inter alia,* setting up of a National Watershed Development Fund, rationalising water rates, and provision of subsidy to registered Water Users Associations. The budget also accords active involvement of Gram Panchayats, Local Self Help Groups and NGOs in the agricultural and rural development programmes. In order to provide timely credit to farmers in a flexible and cost-effective way, the Kisan Credit Card Scheme launched by public sector banks will be extended to cover 20 lakh farmers during 1999-2000. For effective distribution and use of fertiliser, the budget has proposed incentive discount to farmers for lifting fertiliser from co-operative societies during lean months of April and May. For further strengthening of financing rural infrastructure projects, the Rural Infrastructure Development Fund (RIDF) fifth phase is proposed to be launched. The corpus of RIDF-V is raised to Rs.3,500 crore from Rs.3,000 crore under RIDF- IV. For recapitalisation of Regional Rural Banks, Rs.168 crore has been provided during 1999-2000. Bank lending for Food and Agro Processing industries will be treated as priority sector lending. In order to give a boost to rural industrialisation, 100 rural clusters are to be set up under the National Programme for Rural Industrialisation, targeting mainly to benefit rural artisans and unemployed youth.

2. Human Development and Social Sector

The National Human Development Initiative (NHDI) is another significant policy measure focusing upon providing access to basic human necessities such as, food, health care, education, employment and shelter to entire population within a decade. Accordingly, Targeted Public Distribution System (TPDS) will be suitably designed to ensure its proper coverage. A new scheme called "*Annapurna*" will be introduced to provide 10 kg. of foodgrains per month free of cost to indigent senior citizens. The Central Government alongwith State Governments will provide funds to Gram Panchayats to set up health care facilities. With a view to providing access to primary education, an Education Guarantee Scheme will be implemented at the national level which is expected to provide an elementary school in every habitation. The budget has provided Rs.1,031 crore for Nutritional Support to Primary Education. The programme, being implemented through local bodies such as Panchayats and Nagarpalikas, intends to give a boost to universalisation of Primary Education and also simultaneously improve the nutrition level of students in primary classes. The budget has allocated Rs. 750 crore for the District Primary Education Programme (DPEP). This programme has a marked gender focus and attempts to enhance effectiveness through inputs in teachers' training and decentralisation management. The programme presently covers 149 districts in 14 States. The budget has provided Rs.400 crore for Operation Black Board. This scheme aims at providing essential facilities in all primary schools in the country in a phased manner. The budget has also provided Rs.350 crore for non-formal education and Rs.219 crore for Teachers' Training Programmes.

With a view to enhancing the effectiveness of employment schemes in rural areas, *Jawahar Rozgar Yojana* would be modified as the *Gram Samridhi Yojana*, to ensure funds at the disposal of Gram Panchayats. Moreover, to ensure greater participation of Panchayats, several self-employment programmes would be merged into a single programme called *Swaran Jayanti Gram Swa-Rozgar Yojana*. To provide integrated provision of shelter, sanitation and drinking water, the budget proposes to launch a comprehensive *Samagra Awas Yojana* which would integrate the existing programmes including *Indira Awas Yojana* .

3. Housing Sector

To encourage flow of credit to housing sector, commercial banks are required to lend a minimum 3 per cent of their incremental deposits for housing purposes. Further, amendments are proposed in the National Housing Bank Act to simplify legal provisions for foreclosure and transfer of property. This would facilitate developing the primary and secondary market for housing mortgages. Additionally, to improve quality of urban municipal services, upon which urban housing depends, tax-free status would be accorded to municipal bonds.

4. Industry and Infrastructure

In the context of growing integration with world economy, the process of industrial restructuring is inevitable. The budget has announced some concrete measures in this direction. The Industries (Development and Regulation) Act will be reviewed and amended to shift focus to development from regulation. To give a boost to textile industry, *Technology Upgradation Fund Scheme* will become operational from April 1999 and provide interest incentive of 5 per cent on loans availed by textile units. The Government has decided to set up two High Level Committees to review the present drug policy so as to reduce price controls and identify required support to Indian pharmaceutical companies to undertake domestic R&D.

With a view to facilitating restructuring of SEBs, activities relating to transmission and distribution of power are to be undertaken by separate companies, which would be eligible for fiscal incentives as available to infrastructure units. Moreover, in order to increase attractiveness of venture capital schemes and induce high net worth investors to commit funds to high-tech sectors, the guidelines for registration of venture capital activities with Central Board of Direct Taxes and SEBI are harmonised to ensure uniformity in norms and registration.

To give fillip to industrialisation in North-Eastern region, a 10-year tax holiday for all industries set up in growth centres/specified regions is proposed. Furthermore, to bring about uniformity amongst sectors in availing tax exemptions, the maximum period of tax holiday has been extended to 15 years. Besides, entertainment industry is given similar facilities and tax benefit as available to export sector.

In the Small Scale sector, in order to improve the credit delivery system, the limit for composite loan scheme is raised to Rs.5 lakh. Aggregate annual turnover for SSIs availing 20 per cent working capital limit is enhanced from Rs.4 crore to Rs.5 crore. Furthermore, bank lending to non-banking finance companies or other financial intermediaries for purposes of on-lending to the tiny sector will be treated as priority sector lending.

5. Banking Sector

The budget has emphasised further strengthening of the banking and financial sector reforms. In the banking sector, for expeditious recovery of debt dues of banks, five more Debt Recovery Tribunals and four Debt Recovery Appellate Tribunals are proposed to be set up. Further, Public Sector Banks will be encouraged to set up Settlement Advisory Committees for the settlement of litigation relating to the small sector in a timely and speedy manner. To alleviate the problem of low recovery in the SSI sector as well as to provide a boost to flow of investment credit to SSI units, a new credit insurance scheme will be launched. As an incentive for banks to reach international standards of prudential norms relating to provisioning against doubtful and non-performing assets, the budget proposed to provide tax deduction up to 5 per cent of such aggregate 'doubtful debts' being maintained by banks.

6. Capital Market

The budget has announced concrete measures to make the capital market vibrant and also restore investors' confidence. These include *inter alia,* a substantial fiscal package to strengthen corporates, particularly UTI and mutual funds, and evolving co-ordination between SEBI and the Department of Company Affairs for taking stringent actions against unscrupulous promoters. In case of amalgamation of companies, the routing of proposals through BIFR is removed. This is being done so that the eligibility for tax concessions is only contingent of minimum of 75 per cent of fixed assets of amalgamating companies being absorbed in the amalgamated company. For de-mergers, the accumulated losses and unabsorbed depreciation can be carried forward from the de-merging company to the resultant company. Further, to eliminate inconvenience faced by small investors in paying tax and claiming refunds, tax on all income from UTI and other mutual funds is exempted. Similarly, the budget proposed a three year exemption for US-64 Scheme as well as for all open-ended schemes of UTI and mutual funds with more than 50 per cent in equity from dividend tax. However, income distributed by mutual funds where equity investment is less than 50 per cent will be subject to 10 per cent dividend tax to provide level playing field to other domestic companies.

7. External Sector

The budget has proposed several steps to strengthen the external payments situation, revitalise exports and encourage non-debt creating inflows. These measures, *inter alia,* include revamping existing scheme of export credit in foreign currency at internationally competitive rates, bringing about simplification of procedures, expansion in the list of automatic approvals for FIPB clearance within 30 days for important industrial and service firms and creation of Foreign Investment Implementation Authority (FIIA) to overcome slow implementation of FDI approvals. A set of initiatives have also been proposed to strengthen the participation of Non-Resident Indians (NRIs) in the development of the country. These are: automatic approval for investment up to 100 per cent by NRIs/OCBs extended for all items subject to certain stipulations, SEBI to work out modalities for opening trading terminals abroad to facilitate participation of NRIs in capital markets, and NRI investment in Indian mutual funds simplified to a post-facto reporting mechanism.

The budget has proposed a new Gold Deposit Scheme to mobilise idle gold held by households, charitable and religious institutions etc. Under the proposed scheme, selected banks will be permitted to accept gold deposits and issue interest bearing certificates or bonds which on maturity can be reclaimed in gold. The measures while providing regular income to holders of gold would reduce the dependence on imported gold. The scheme is eligible for income tax, wealth tax and capital gains tax exemptions. Furthermore, State Governments are to consider exempting movement of gold from *octroi,* sales tax, stamp duty and other similar levies.

8. Fiscal Policy Reforms

In the fiscal sector, the budget has emphasised the need for improving the expenditure management, public sector reforms and continuation of the tax reform process. The major policy measures announced are summarised below:

(a) Expenditure Management

The high growth of non-development expenditure is a major concern in the area of effective and efficient expenditure manangement. The budget has taken initiatives to curb the trend of expenditure by downsizing Government, reducing its role and administrative structure and initiating a system of *Zero Base budgeting*. As an institutional arrangement to carry forward this process, the Government has proposed to constitute an Expenditure Reforms Commission. Furthermore, to promote transparency and curb the growth of contingent Government liabilities, the budget proposed to constitute a *Guarantee Redemption Fund* with an initial corpus of Rs.50 crore. State Governments would also be encouraged to set up similar funds.

(b) Public Sector Reforms

The strategy towards public sector reforms would continue to be a judicious mix of strengthening strategic units and privatising non-strategic ones through disinvestment or strategic sales and rehabilitation of weak units. These include encouraging marginally profit making enterprises to reduce manpower and providing support to such enterprises in their rationalisation exercises in raising money from banks against Government guarantees and interest subsidies. Government would also encourage PSEs to issue bonds to workers opting for Voluntary Retirement Scheme (VRS). The budget has proposed to enhance revenue collection from disinvestment to meet the requirements of social and infrastructure sectors. During 1999-2000 Government proposes to raise Rs.10,000 crore through the disinvestment programme as against Rs.9,000 crore in 1998-99.

(c) Tax Policy Measures

The budget aims at carrying forward the tax reforms with vital emphasis on rationalising the existing tax rate structure and at the same time giving incentives to various productive sectors. In the direct tax front, measures announced are intended to encourage savings and investment. Policy measures announced in respect of indirect taxes aim at reducing multiplicity of rates and ensuring convergence towards a central rate in excise duties and integration of the economy with rest of the world through phasing down of customs rates. The major tax proposals announced in the budget are given in BOX.

In the sphere of direct tax, the existing tax rates of personal income tax and corporation tax have been retained. However, an across-the-board surcharge of 10 per cent on corporate tax and all other categories of assessees has been imposed. The “One-by-Six” criteria introduced in the last budget for identifying potential tax assessees has been extended to 19 more cities having population of more than 5 lakh, from the present 35 cities. In order to encourage housing construction activities a comprehensive package of fiscal incentives has been proposed for the housing sector. The exemption of

BOX

MAJOR CHANGES IN TAX STRUCTURE

Direct Taxes

- Across–the-board surcharge of 10 per cent on corporate tax and all other categories of assessees. For individuals and HUF, surcharge will be applicable for those having total income of Rs.60,000 or more. The burden of surcharge will be 2 per cent in 20 per cent slab, 3 per cent in 30 per cent slab while 10 per cent slab remains unaffected.
- For senior citizens deduction for medical insurance premium raised to Rs.15,000, tax deduction for specific diseases raised to Rs.60,000, sum insured increased to Rs. 5 lakh and upper age coverage increased to 80 years.
- Expenditure towards hostel projects for working women made eligible for deduction under Section 35AC of the Income Tax Act.
- Pension/family pension received by gallantry award winners and their heirs exempted from income tax.
- For expanding the tax base, "One-by-Six" criteria introduced in last budget for identifying potential tax assessees extended to 19 more cities (presently 35) having population of more than 5 lakh.
- To restore shareholders confidence and invigorate capital markets, all income from UTI and other Mutual Funds received by investors fully exempted from income tax. Further, all open-ended equity-oriented schemes of UTI and mutual funds, with 50 per cent or more investment in equity exempted from dividend tax. Income distributed by mutual funds with equity investment of less than 50 per cent subject to 10 per cent dividend tax.
- Long-term capital gains tax for resident Indians on transfer of shares and securities reduced from 20 per cent to 10 per cent, in line with that for NRIs.
- Stock options and Sweat Equity offered by management to employees of 'sunrise' sectors, to be taxed as perquisite and later as capital gains at the time of sale of security.
- For buy-back of shares, shareholders to pay only capital gains tax and not dividend tax.
- To encourage housing construction activities, exemption of interest on loan for self-occupied property increased from Rs.30,000 to Rs.75,000; built-up areas for tax holiday under Section 81A increased from 1,000 sq.ft. to 1500 sq.ft.(in all locations except Mumbai and Delhi); income of housing finance companies to be taxed on actual basis and depreciation rate on new dwellings purchased by business sector for employees increased from 20 per cent to 40 per cent; commercial banks to lend upto 3 per cent of their incremental deposit for housing purpose.
- The maximum period for tax exemption to infrastructure/core sector extended to 15 years.
- To promote industrialisation in North-eastern region, 10-year tax holiday for all industries set up in growth centres/specified areas in the region.
- Entertainment industry given similar facilities and tax benefits as available to export of goods and merchandise under Section 80HHC.

Indirect Taxes

- In order to rationalise the rate-structure, reduce multiplicity of rates and ensure convergence towards a central rate, the existing 11 major *ad valorem* rates of excise duty are reduced to three, *viz*., central rate of 16 per cent, merit rate of 8 per cent and demerit rate of 24 per cent. The existing rates of 5, 10 and 12 per cent are merged into the existing 8 per cent.

BOX

MAJOR CHANGES IN TAX STRUCTURE *(Concld.)*

The existing rates of 13, 15 and 18 per cent are merged to a new rate of 16 per cent. A new rate of 24 per cent to substitute earlier rate of 25 per cent.

- Commodities which carry a rate of duty of 30 and 40 per cent would also be reduced to the basic rate of 24 per cent. However, they will attract a surcharge of 6 per cent and 16 per cent, respectively, so that total excise on these commodities would remain unchanged.
- Duty on machinery and capital goods sector rises from 13 per cent to 16 per cent, however, these are eligible for MODVAT credit.
- Cap of 95 per cent on MODVAT adjustment allowed to manufacturing units lifted and restored to 100 per cent.
- The special customs duty of 5 per cent (imposed in the budgets of 1996-97 and 1997-98) discontinued. Existing 7 major *ad valorem* rates of customs duty reduced to 5 basic rates, *viz.:* 5 per cent remains unchanged; 10 per cent substituted by 15 per cent; 20 and 25 per cent merged to 25 per cent; 30 and 35 per cent made 35 per cent; and 40 per cent remains unchanged.
- Significant reduction in duty rates on critical inputs of the Information Technology sector, such as ICs, micro assemblies, storage devices, CD-ROMs, telecom equipment and optical fibres.
- Uniform surcharge of 10 per cent on all commodities imposed, excluding crude oil and petroleum, certain GATT bound items, gold and silver and items attracting 40 per cent rate of basic duty. Due to this, effective import duty on petroleum products stands reduced, consistent with Government's policy of rationalising taxes on these products. Further, peak rate of protective customs duty reduced from 45 per cent to 40 per cent on account of this exclusion.
- Commodities enjoying zero custom duty would attract 5 per cent rate of duty. However, to mitigate impact of incidence, the items are exempted from the existing 4 per cent special additional duty.
- Import duty structure of project imports rationalised. Nominal basic customs duty of only 5 per cent on power generation, coal mining, refinery, telecom and fertilizer projects. Mega Power projects to be an exception.
- An additional duty of Re.1 per litre imposed on imported and domestic High Speed Diesel Oil (HSD). It is likely to yield an aggregate amount of Rs.4,591 crore as additional duty of excise and Rs.363 crore as countervailing duty on domestically produced and imported HSD over the year.
- For small scale sector, concessions for units manufacturing cosmetics, refrigeration and air-conditioning equipment. Doubling of duty-free exemption slab from Rs.15 lakh to Rs.30 lakh, turnover under eligibility criteria doubled from Rs.50 lakh to Rs.100 lakh and clearances eligibility limits increased from Rs.15 lakh to Rs.30 lakh.
- As measure of simplification of administrative procedures, SSI units permitted to pay tax on monthly basis with effect from June 1, 1999. SSI benefits extended to goods bearing brand name of other manufacturer if produced in rural areas, and SSI benefits extended to small-scale units producing cotton yarn.
- Postal tariff on printed and competition postcard, inland letter, book pattern and sample packets and parcels revised upwards, but no change in the tariff of postcards, money orders, book packet containing printed books and registered newspapers.

interest on loan for self-occupied property has been increased from Rs.30,000 to Rs.75,000. The budget has proposed to fully exempt from income tax, all income from UTI and other Mutual Funds received in the hands of the investors. It is also proposed to continue for three years the exemption for US-64 Scheme as also for all open ended equity oriented Schemes of UTI and mutual funds with more than 50 per cent investment in equity from dividend tax. The long-term capital gains tax for resident Indians on transfer of shares and securities is reduced from 20 per cent to 10 per cent in line with that for NRIs. Facilities and tax benefits available to the export of goods and merchandise under Section 80HHC are proposed to be given to the entertainment industry.

The budget has proposed several measures relating to Infrastructure and Industry sectors. The fiscal incentives by way of tax holiday under Section 80 IA of the Income Tax Act have been extended to cold chains for agricultural produce. In order to facilitate the restructuring and rehabilitation of State Electricity Boards, the activities of transmission and distribution of power, set up after April 1, 1999, will be treated to be eligible for fiscal incentives presently available to infrastructure activities. To give a fillip to industrialisation in North Eastern Region, the budget has announced a 10 year tax holiday for all industries set up in Growth Centres, Industrial Infrastructure Development Corporations and for other specified industries in this region.

The budget has recognised that multiple rates of indirect taxes are generally a major source of mis-classification, tax evasion and avoidance and cumbersome litigation. Keeping these issues in view, the budget proposes a comprehensive restructuring of both excise and custom duties. Accordingly, the existing 11 major *ad valorem* rates of excise duty are reduced to 3 rates. These are: central rate of 16 per cent, merit rate of 8 per cent and demerit rate of 24 per cent. Two slabs of surcharge of 6 per cent and 16 per cent are to be imposed over the rate of 24 per cent on commodities which carry a rate of duty of 30 per cent and 40 per cent. In the case of custom duties the existing 7 major *ad valorem* rates of customs duty have been reduced to 5 basic rates, *viz*., 5 per cent, 15 per cent, 25 per cent, 35 per cent and 40 per cent. An uniform surcharge of 10 per cent is to be imposed on all commodities excluding crude oil and petroleum products, items attracting 40 per cent rate of basic duty, certain GATT- bound items and gold & silver. An additional duty of Re.1 on imported and domestic High Speed Diesel Oil (HSD) is proposed to be imposed.[2] The cap of 95 per cent on MODVAT adjustment allowed to manufacturing units has been lifted and restored to 100 per cent. The special customs duty of 5 per cent imposed in the budget of 1998-99 has been discontinued. The import duty structure of project imports has been

2. Half of the amount collected under this duty of Re 1.00 per litre levied would be utilised by the Centre to support the activities in rural development and social sectors. The other portion of 50 paise per litre will be converted into a statutory cess and transferred to the Central Road Fund. 30 per cent of the Fund will be transferred to the State Governments for development and maintenance of the State Roads.

rationalised through a nominal basic customs duty of only 5 per cent on power generation, coal mining, refinery, telecom and fertiliser projects.

The budget has proposed revision of tariff for some postal services. The rate of printed post card is being raised from Rs.1.50 to Rs.2.00, of competition post card from Rs.3.00 to Rs.4.00, of inland letter from Rs.1.50 to Rs.2.00. These revisions are estimated to yield additional revenue of about Rs.145 crore in a full year and about Rs.121 crore during 1999-2000.

The proposals regarding direct taxes are estimated to yield a revenue of Rs.3,100 crore and those regarding indirect taxes are estimated to yield Rs.6,234 crore. The net revenue accrued to the Centre out of the additional revenue mobilisation is estimated at Rs.9,334 crore. The changes in the rate structure of excise and customs duties and proposed revision of postal tariff are set out in Annexure I.

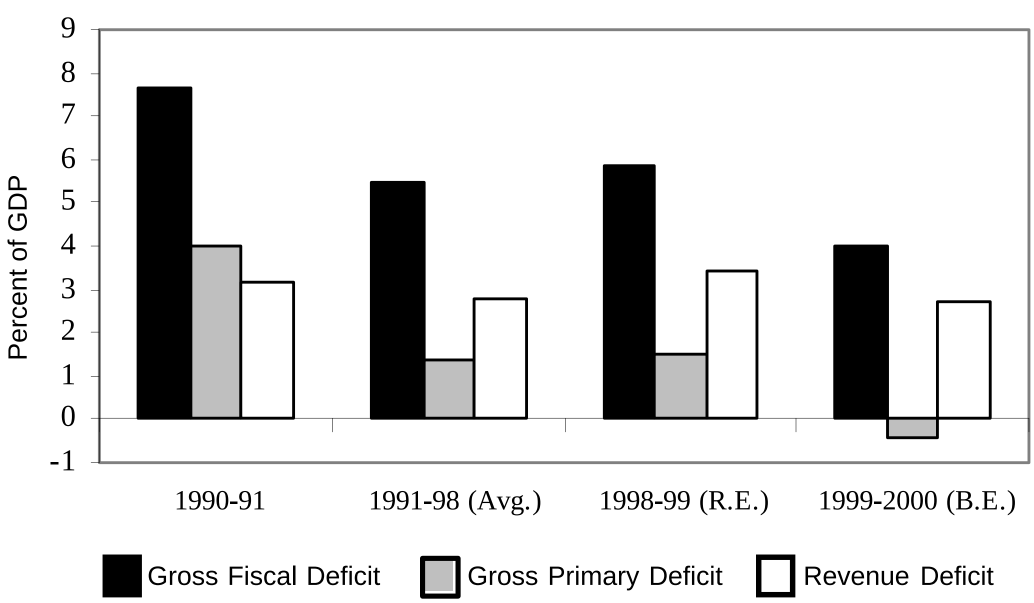
Section II

Revised Estimates: 1998-99

The process of fiscal consolidation suffered a setback during 1998-99 with a sharp rise in resource gap of the Centre (Table 1 and Graph 1). Gross Fiscal Deficit (GFD), which measures the overall resource gap or borrowing requirements, increased by Rs.12,712 crore (14.0 per cent) to Rs.1,03,737 crore (5.8 per cent of GDP with 1993-94 as base year)[3] in the revised estimates as against the budget estimates of Rs.91,025 crore (5.1 per

3. The ratios given are in relation to GDP with revised base (at 1993-94 prices) unless otherwise stated.

Graph 1 : Central Government's Deficit Indicators



cent of GDP). On the basis of 1980-81 base of GDP, the ratio of fiscal deficit to GDP for 1998-99(RE) works out to 6.5 per cent as against the ratio of 5.6 per cent envisaged in the budget estimates. Revenue deficit, which reflects the extent of Government dissavings, exceeded the budget estimates by Rs.12,406 crore to Rs.60,474 crore (3.4 per cent of GDP) from Rs.48,068 crore (2.7 per cent of GDP). The primary deficit placed at Rs.16,025 crore in the budget estimates shot up to Rs.26,489 crore in the revised estimates.

The deterioration in the fiscal position in the revised estimates was the combined result of shortfall in revenue receipts and steady rise in expenditure. Revenue receipts suffered a major setback due to a substantial shortfall in indirect taxes collection, *viz*., customs duty (Rs.5,500 crore) and excise duty (Rs.2,247 crore) (Table 2). The short fall in customs revenue was on account of both lower volume and unit price of imports and the decline in excise duties was as a result of low industrial growth. The budget had originally estimated a growth of 17.8 per cent in tax revenue (net to Centre), while the actual collection, as per the revised estimates, is estimated to be lower by Rs.7,320 crore (6.3 per cent). The non-tax receipts in the revised estimates recorded a growth of Rs.2,991 crore (6.6 per cent) over the budget estimates. The aggregate expenditure in the revised estimates was higher by Rs.13,985 crore (5.2 per cent) than the budget estimates. The non-Plan expenditure increased by Rs.17,616 crore while there was a shortfall of Rs.3,631 crore under Plan expenditure. Capital receipts as per the revised estimates at Rs.1,24,247 crore are higher by Rs.18,314 crore (17.3 per cent) than the budget estimates. Market borrowings at Rs.64,911 crore are higher by Rs.16,585 crore (34.3 per cent) than the budget estimates of Rs.48,326 crore (Table 3). According to the revised estimates, the share of market borrowings in financing of GFD increased to 62.6 per cent from 53.1 per cent anticipated in the budget estimates.

The rise in gross fiscal deficit during 1998-99 to Rs.1,03,737 crore from the budget estimates of Rs.91,025 crore was mainly due to sharp rise in revenue deficit. The decomposition of GFD reveals that revenue deficit accounted for 58.3 per cent of the borrowed funds (GFD) as against 52.8 per cent envisaged in the budget and 52.2 per cent in 1997-98. On account of a large pre-emption of borrowed funds for meeting revenue deficit, the resources available for investment expenditures (capital outlay) declined from 25.6 per cent in the budget estimates to 18.8 per cent in the revised estimates. The sharp rise in non-Plan expenditure over the budget estimates was mainly on account of higher interest payments (Rs.2,248 crore), major subsidies (Rs.1,180 crore), pension payments (Rs.2,712 crore) and loans to States and UTs against small saving collections (Rs.9,588 crore).

The Central Plan outlay in the revised estimates at Rs.88,482 crore is lower by Rs.16,705 crore (15.9 per cent) than the budget estimates of

Rs.1,05,187 crore (Table 5). The reduction in budgetary support to Central Annual Plan was to the extent of Rs.4,201 crore (10.0 per cent) to Rs.38,263 crore. The cut back in Plan outlay was mainly due to substantial fall in the contribution of internal and extra budgetary resources of public enterprises (IEBR) by Rs.12,504 crore (19.9 per cent) from the budget estimates of Rs.62,723 crore.

Section III

Budget Estimates: 1999-2000

The Central budget for 1999-2000 accords high priority to the process of fiscal consolidation and carries forward the process of fiscal reforms. The emphasis has been given on reduction in revenue deficit and fiscal deficit through expenditure management and additional resource mobilisation. The fiscal deficit for the year 1999-2000 is placed at Rs.79,955 crore which is 4 per cent of the GDP as per new series (Base: 1993-94) as against 5.8 per cent in 1998-99 and 5.5 per cent, on an average, during 1991-92 to 1997-98. The amount of GFD for 1999-2000 is based on the new accounting system of loans given to States and UTs against small savings collections[4]. The revenue deficit is estimated at Rs.54,147 crore and the revenue deficit/GDP ratio is estimated to decline to 2.7 per cent as compared with that of 3.4 per cent in 1998-99. The primary balance is projected at a surplus of Rs.8,045 crore or 0.4 per cent of GDP as against a primary deficit of Rs.26,489 crore (1.5 per cent of GDP) during 1998-99 (Table 1).

Pattern of Receipts

Revenue receipts for 1999-2000 estimated at Rs.1,82,840 crore show a rise of Rs.25,175 crore (16.0 per cent) over the revised estimates for 1998-99. About 90.7 per cent of the incremental revenue receipts will be contributed by taxes (Rs.22,828 crore) and the remaining 9.3 per cent through increase in non-tax revenue (Rs.2,347 crore). Gross tax revenue is estimated at Rs.1,76,860 crore (including ARM measures) which would show an increase of Rs.28,160 crore (18.9 per cent) over the revised estimates of Rs.1,48,700 crore. The tax-GDP ratio for 1999-2000 at 8.8 per cent is higher than that of 8.4 per cent in 1998-99. The additional revenue mobilisation measures are estimated to yield a net revenue of Rs.9,334 crore. Major portion of ARM revenue is estimated to be obtained from Union excise duties (Rs.4,765 crore), followed by income tax (Rs.2,000 crore), customs duty (Rs.1,469

4. With effect from April 1,1999, a new system of transferring 75 per cent of the net small savings collections to States and UTs from Public Account is being introduced. Under the new system, the small savings collection would be credited to "National Small Savings Fund " (NSSF) in Public Account. Similarly, all withdrawals of small savings by the depositors would be made out of the accumulation in the Fund. The balance in the Fund will be invested in Central and State Government securities. The debt servicing of these Government securities will be an income of the Fund while the cost of the interest and cost of management of small savings will be an expenditure of the Fund. For 1999-2000, the investment in Central and State Government securities is budgeted at Rs. 8,000 crore and Rs.25,000 crore, respectively. The investment in Central Government securities would form the part of Government of India's internal debt.

crore) and corporation tax (Rs.1,100 crore). Net tax revenue at Rs.1,32,365 crore would record an increase of 20.8 per cent over the previous year. Non-tax receipts are estimated to increase by a lower rate of 4.9 per cent to Rs.50,475 crore as against an increase of almost 26.0 per cent during 1998-99. The expected lower growth in non-tax revenue is on account of a decline in external grants and other non-tax revenue, particularly from economic services. Non-tax receipts by way of interest receipts and dividends and profits are estimated to be higher by Rs.2,490 crore and Rs.1,946 crore, respectively. The net profits transferred to the Centre by the Reserve Bank are estimated at Rs.5,700 crore as compared to Rs.4,150 crore in 1998-99.

Capital receipts at Rs.1,01,042 crore are estimated to decline by Rs.23,205 crore (18.7 per cent) over the revised estimates of 1998-99 (Rs.1,24,247 crore). The substantial decline in capital receipts is the outcome of lower market borrowings and new accounting system for small savings. The receipts from disinvestment are estimated at Rs.10,000 crore as against Rs.9,000 crore in the revised estimates for 1998-99. Recovery of loans estimated at Rs.11,087 crore would be lower by 3.6 per cent than Rs.11,504 crore in the previous year. The non-debt capital receipts (disinvestment and recovery of loans) together are estimated to contribute about 21.0 per cent of the capital receipts while debt components would constitute 79 per cent. The net market borrowings (comprising normal, short-term, medium and long-term borrowings) budgeted at Rs.57,461 crore would be lower by Rs.7,450 crore (11.5 per cent) than Rs.64,911 crore in the revised estimates of 1998-99 (Table 3).

Pattern of Expenditure

The aggregate expenditure is budgeted to record a marginal increase of 0.7 per cent to Rs.2,83,882 crore during 1999-2000. The deceleration in the rate of growth of total expenditure is largely due to exclusion of Rs.25,000 crore representing the States/UTs share in small saving collections.[5] The higher growth in revenue expenditure results from an upsurge in non-Plan expenditure which, estimated at Rs.1,90,331 crore, would account for 80.3 per cent of the revenue expenditure. Among the major non-Plan revenue expenditure items, interest payments at Rs.88,000 crore, defence expenditure in revenure account at Rs.33,464 crore and major subsidies at Rs.22,440 crore taken together would account for 76 per cent of non-Plan revenue expenditure (Table 2). These three major items of non-Plan expenditure would absorb 78.7 per cent of revenue receipts. This ratio was 82.0 per cent in 1998-99. The interest payments alone would pre-empt 48 per cent of revenue receipts in 1999-2000 as against 49 per cent in 1998-99.

5. Under changed system of accounting with effect from April 1, 1999, a new system of transferring 75 per cent of net small savings collection to States and UTs from the Public Account is being introduced. Due to this change, the non-Plan expenditure of the Centre would be reduced to that extent. With the change, the non-Plan expenditure of the Centre during 1999-2000 is estimated to be lower by Rs.25,000 crore.

Besides the containment of the growth in overall expenditure, the budget also attempts to effect some qualitative improvement in expenditure, particularly, in the capital account. The capital outlay at Rs.24,400 crore is budgeted to increase by Rs.4,881 crore (25.0 per cent) over Rs.19,519 crore in 1998-99. Plan capital outlay is budgeted to increase by Rs.1,322 crore while non-Plan capital outlay by Rs.3,559 crore.

Central Plan Outlay

The Central Plan outlay for 1999-2000 has been budgeted at Rs.1,03,521 crore, showing a rise of Rs.15,039 crore (17.0 per cent) over the revised estimates of Rs.88,482 crore for 1998-99 (Table 5). On the financing side, budgetary support is estimated to contribute Rs.44,000 crore (42.5 per cent) and internal and extra budgetary resources (IEBR) of public sector enterprises are projected to contribute the balance of Rs.59,521 crore (57.5 per cent) during 1999-2000. During 1998-99, as per the revised estimates, budgetary support financed 43.2 per cent of the Plan outlay and IEBR 56.8 per cent. Significant increases are effected in the allocation to communication sector, science, technology and environment, agriculture and allied activities and social services. While Plan outlay on energy continues to gain the highest share at 26.4 percent in 1999-2000, the share of communications is budgeted to rise from 15.2 per cent to 16.2 per cent, and social services would increase from 16.1 per cent to 16.8 per cent. The share of transport would remain the same as in the previous year at 16.3 per cent, whereas the share of rural development would decline from 8.7 per cent to 7.6 per cent.

Transfer of Resources to State and Union Territory Governments

Gross transfer of resources from the Centre to the State and Union Territory (UT) Governments, comprising shareable tax revenue, grants and loans are budgeted at Rs.92,518 crore in 1999-2000, lower by Rs.10,753 crore (10.4 per cent) over the revised estimates of Rs. 1,03,271 crore in 1998-99 (Table 6). However, the decline in resources to be transferred to States is due to change in the accounting system, wherein the loans to States against small savings would be channelised through a 'National Small Savings Fund' (NSSF). The contribution of the NSSF in State Governments securities has been budgeted at Rs. 25,000 crore during 1999-2000. The States' share in Central taxes and duties is estimated to increase by Rs.5,332 crore (13.6 per cent) to Rs.44,495 crore during 1999-2000 from Rs.39,163 crore in 1998-99. Total grants to States and the Union Territories are budgeted to increase by Rs.5,944 crore (23.1 per cent), of which, non-Plan grants would show a much sharper increase by Rs.3,622 crore (79.2 per cent) while Plan grants would increase by Rs.2,322 crore (11.0 per cent). The Plan loans are budgeted to rise by Rs.1,747 crore to Rs.16,254 crore in 1999-2000. The net transfer of resources to State and Union Territory Governments after adjusting for recovery of loans and advances is estimated at Rs.83,807 crore (excluding the loans against small savings, transferred to NSSF) as compared with Rs.95,058 crore (including loans against small savings collections of Rs.23,788 crore) in 1998-99.

Section IV

Concluding Observations

The Central budget for 1999-2000 contains several bold and pragmatic policy initiatives towards further strengthening of fiscal correction and consolidation. The budget gives highest priority to a medium term process for revenue and fiscal deficit reduction which will free more resources for productive investments and growth and contain inflation. The deficit reduction strategy alongwith a package of other related policy initiatives is expected to send a right message about Government's determination in bringing about an improvement in Government finances. The revenue deficit for 1999-2000 estimated at Rs.54,147 crore is lower than that for 1998-99 (Rs.60,474 crore). The budgeted amount of revenue deficit for 1999-2000, however, is still high and as a result, a major portion of borrowings would be utilised for current expenditure. However, the Finance Minister's resolve to eliminate revenue deficit in the next four years is an important strategy aimed at fiscal consolidation. This apart, the policy to reduce the fiscal deficit in 1999-2000 to Rs.79,955 crore would be helpful in releasing more funds to other productive sectors of the economy. The lower level of borrowing of the Government would also reduce pressure on interest rates. For keeping the fiscal deficit low, the budget contains some new tax measures which are expected to generate an additional revenue of Rs.9,334 crore in 1999-2000. The medium-term strategy is likely to bring down the ratio of fiscal deficit to GDP to less than 2 per cent in the next four years.

The lasting improvement in the finances of the Government could be achieved through improvement in tax-GDP ratio and efficient expenditure management. The measures proposed for rationalisation of indirect taxes, in both customs and excise duties, are steps to carry forward the process of fiscal reforms. The simplification and rationalisation and effective enforcement of direct and indirect taxes play an important role in stimulating the revenue buoyancy and improvement in tax-GDP ratio. Simultaneously with revenue stimulation measures, the budget has also accorded high priority for expenditure management. The proposed Expenditure Reforms Commission would help identify the areas of reducing role of Government and restructuring Government administration towards the basic objective of containing rising expenditure. Besides this, the introduction of *Zero Base Budgeting* would also eliminate unnecessary expenditures. The proposal to bring a discussion on second generation reforms in the current session of Parliament would also bring out new initiatives which would be helpful in accelerating the pace of economic growth.

The budget, while emphasising the role of fiscal consolidation in macroeconomic stability, accords equal priority to stimulate growth and contain inflation. Most of the measures announced in the budget would help boost investment climate in the country. The revival of primary capital market would enable the country to mobilise more resources for productive sectors. Measures for boosting exports and NRI investments would be helpful in bringing an improvement in Balance of Payments. The outflow of resources on account of subsidies continues to be very high. However, it is expected that the pre-budget measures for reduction in various subsidies would continue and reduce the burden of subsidies. During 1999-2000, interest payments or debt servicing will alone pre-empt 48 per cent of the revenue receipts. There is a need to formulate a medium-term strategy to bring down this ratio which would release more resources for development purposes and ensure the sustainability of public debt. Moderation of gross fiscal deficit is an important step to achieve better co-ordination in fiscal-monetary management.

ANNEXURE

CHANGES IN INDIRECT TAXES

A – CUSTOMS

Note : *Basic Customs Duty means the customs duty levied under the Customs Act 1962.*
Ch.No. means Chapter Number of the Customs Tariff Schedule.

Major Proposals about customs duties are the following :

I SPECIAL CUSTOMS DUTY ABOLISHED

- Special Customs Duty is being abolished with effect from 28th February, 1999.

II PEAK RATE OF CUSTOMS DUTY REDUCED

- Peak rate of customs duty has been reduced from 45% (Basic + Special) to 40% (Basic)

III CHANGES IN CUSTOMS DUTY RATE STRUCTURE :

- To generally reduce the existing 7 major *ad valorem* rates of basic customs duty to 5 rates, namely, 5%, 15%, 25%, 35% and 40%.

Existing Rate (*ad valorem*)	Proposed Rate (*ad valorem*)
5%	5%
10%	15%
20%	25%
25%	25%
30%	35%
35%	35%
40%	40%

- Present and proposed rates of basic customs duty on representative commodities are indicated below :

Ch. No.	Commodity	Present (Basic + Spl. Customs)	Proposed Basic
4	Skimmed milk powder	0%	0%
4	Dairy products other than Milk Powder	35%	35%
7	Pulses	0%	0%
7	Vegetables (fresh and dried)	15%	15%
9	Coffee and tea	15%	15%
9	Spices	35%	35%
10	Cereals	0%	0%
12	Oilseeds (other than for planting)	45%	40%
13	Vegetable saps and extracts (other than opium, liquorice, hops and pyrethrum)	15%	15%
13	Oleopine resin	15%	15%

Ch. No.	Commodity	Present (Basic + Spl. Customs)	Proposed Basic
15	Edible vegetable oils (not coconut)	15%	15%
15	Coconut oil	45%	40%
17	Refined sugar	20%	25%
18	Edible preparations for infants	15%	15%
18	Miscellaneous edible preparations (other than for infant use)	45%	40%
22	Beer, wine, vermouth	105%	100%
22	Whisky, rum, gin, vodka	245%	230%
24	Tobacco and manufactured tobacco substitutes	45%	40%
25	Non-metallic ores / minerals (Clay, limestone, etc.)	30%	25%
25	Dead Burnt Magnesite, Fused magnesia, etc.	45%	40%
26	Metallic ores	10%	5%
26	Copper concentrate	10%	5%
27	SKO (for PDS)	0%	0%
27	Naphtha	0%	5%
27	Kerosene consumed for manufacture of N-paraffin / LAB	0%	5%
27	Coking coal with ash content less than 12%	8%	5%
27	LNG	12%	5%
27	LPG	12%	10%
27	Coking coal with ash content above 12%	15%	15%
27	Coke	15%	15%
27	Non-coking coal	15%	15%
27	Crude petroleum	22%	20%
27	Motor Spirit	32%	30%
27	High Speed Diesel Oil	32%	30%
27	Aviation turbine fuel, Furnace Oil, Bitumen, wax, etc.	32%	30%
27	SKO for parallel marketing	32%	30%
27	Other petroleum products	32%	30%
28	Iodine	15%	15%
28	Inorganic chemicals (general rate)	35%	35%
28	Soda Ash	35%	35%
28	Caustic Soda	35%	35%
28	Titanium dioxide	45%	40%
29	Specified life-saving drugs and bulk drugs for their manufacture	0%	0%
29	Paraxylene	5%	5%
29	Building blocks/ Feed stocks (Ethylene, propylene, etc.)	15%	15%
29	DMT/PTA/MEG/ Caprolactum	30%	25%

Ch. No.	Commodity	Present (Basic + Spl. Customs)	Proposed Basic
29	Methanol/ Phenol	30%	25%
29	Organic chemicals (general rate)	35%	35%
29	Citric acid	45%	40%
31	NPK type fertliser	0%	0%
31	Urea, DAP etc when used as manure or for manufacture of complex fertilisers	0%	5%
32	Dyes, paints, pigments, etc.	35%	35%
32	Titanium dioxide based pigments	45%	40%
33	Cosmetics and toilet preparations	45%	40%
34	Soaps, detergents	45%	40%
37	Photographic goods	30%	25%
38	Biopesticides	10%	5%
38	Linear alkyl benzene	25%	25%
38	Catalysts	30%	25%
38	Misc. chemical products	35%	35%
39	Bulk polymers LDPE / HDPE, PVC, PP, PS	35%	35%
39	Engineering plastics / Polymers	35%	35%
39	Articles of plastics	35%	35%
40	Natural rubber	25%	25%
40	Tyres (other than of aircraft)	45%	40%
40	Other rubber products	45%	40%
43	Raw furskins and tanned / dressed furskins (other than of certain specified lambs)	15%	15%
44	Wood in the rough or roughly squared, Fuel wood, wood charcoal	0%	5%
44	Fibreboard / particle board of wood or other ligneous material	45%	40%
47	Wood pulp	10%	5%
47	Waste paper (actual user import)	5%	5%
48	Glazed Newsprint	0%	5%
48	Standard newsprint/ lightweight coated paper upto 70 gm/sqm for printing of magazines	5%	5%
48	Coated and uncoated printing and writing paper, paper board	35%	35%
48	Articles of Paper / Paper Board (heading nos. 48.12 to 48.23, except 4823.20)	45%	40%
49	Printed books, periodicals, newspapers, journals, etc.	0%	0%
51	Raw wool (other than carpet grade)	20%	15%
51	Raw wool (carpet grade)	10%	5%

Ch. No.	Commodity	Present (Basic + Spl. Customs)	Proposed Basic
52	Specified variety of cotton yarn	30%	25%
52	Specified variety of Cotton fabrics	45%	40%
54	Specified filament yarns	35%	35%
55	Specified man made fibres	35%	35%
55	Fabrics of manmade fibres	40%	40%
56	Wadding, Felt, Non-wovens, etc.	40%	40%
59	Coated textile fabrics and Tyre cord fabrics	40%	40%
61	Readymade garments	45%	40%
64	Footwear	45%	40%
69	Refractory bricks, tiles, crucibles, etc.	30%	25%
69	Ceramic products	45%	40%
70	Glass and glassware	45%	40%
71	Gold	Rs.400 per 10 gm.	Rs.400 per 10 gm.
71	Silver	Rs.500 per kg	Rs.500 per kg
72	Steel melting scrap	10%	5%
72	Ferro-nickel (actual user import for manufacturing steel)	10%	5%
72	Rerollable scrap	25%	25%
72	Iron or non-alloy steel ingots, certain specified billets, blooms, slabs ; ferro alloys (other than Ferro-nickel)	25%	25%
72	HR Coils of Stainless Steel or specified non-alloy steel	30%	25%
72	CR Coils	35%	35%
72	Bars and rods, wires, angles, shapes and sections etc. of iron and steel	35%	35%
73	Articles of iron and steel	35%	35%
74	Unwrought copper / copper alloy	35%	35%
74	Copper waste and scrap	35%	35%
74	Wrought copper and articles of copper	40%	35%
75	Nickel and articles thereof	15%	15%
76	Aluminium waste and scrap	15%	15%
76	Unwrought Aluminium	25%	25%
76	Articles of Aluminium	25%	25%
78	Lead and articles thereof	35%	35%
79	Zinc & articles thereof	35%	35%
80	Tin and articles thereof	25%	25%
81	All other base metals and articles (other than unwrought magnesium)	35%	35%
81	Unwrought Magnesium	32%	25%
83	Misc. articles of base metals	45%	40%
84	Engines and parts of aeroplanes, gliders, etc.	3%	3%
84	Specified textile machinery and parts	15%	15%
84	Ball or roller bearings of 60mm bore or less; parts	15% + Rs.150/kg	15% + Rs.150/kg

Ch. No.	Commodity	Present (Basic + Spl. Customs)	Proposed Basic
84	Ball or roller bearings of more than 60mm bore; parts	15% + Rs.80/kg	15% + Rs.80/kg
84	Computers & floppy diskettes	22%	20%
84	General machinery and parts	25%	25%
84	IC engines and parts	35%	35%
84	Typewriters and other office machines	45%	40%
84	Consumer durables, Air conditioning appliances	45%	40%
85	Data display tubes, colour	5%	5%
85	Parts of resistors/ semi conductors	15%	10%
85	Specified inputs for optical fibres and cables	15%	15%
85	Parts of telecom equipment, pagers and cellulars.	25%	20%
85	DC micro motors	25%	25%
85	FRP Rods	25%	25%
85	Glass bulbs/ shells / parts for CPT	25%	25%
85	Glass parts for CPT (excluding neck or reneck tubes)	30%	25%
85	Optical fibres	30%	25%
85	Parts of capacitors	35%	15%
85	CD mechanism	35%	25%
85	Colour picture tubes	35%	35%
85	Electro-mechanical domestic appliances	45%	40%
85	Batteries	45%	40%
85	Lamps, wires & cables	45%	40%
86	Railway locomotives	45%	40%
87	Motor vehicles and parts	45%	40%
88	Satellites and payloads	0%	0%
88	Aeroplanes, gliders and helicopters	3%	3%
89	Vessels and other floating structures for breaking up	10%	5%
90	Specified medical equipment and parts/ spares thereof	15%	15%
90	Other medical equipment	25%	25%
90	Instruments and parts (general rate)	25%	25%
90	Photographic and cinematographic cameras, projectors	45%	40%
90	Image projectors, Specified photographic equipments and photocopiers	45%	40%
91	Clocks, watches, etc.	45%	40%
92	Musical instruments	35%	35%
93	Arms and ammunitions	45%	40%
94	Furniture, bedding, etc.	45%	40%
95	Toys, games and sports requisites	30%	25%
96	Misc. manufactured goods	45%	40%
98	Captive power generation projects	22%	25%
98	Specified goods imported as baggage on transfer of residence	30%	25%

Ch. No.	Commodity	Present (Basic + Spl. Customs)	Proposed Basic
98	Postal imports	45%	40%
98	Baggage imports, other than transfer of residence – upto Rs.12000	0%	0%
98	Baggage imports, other than transfer of residence – above Rs.12000	50%	55%
98	Transfer of residence baggage	30%	25%

IV IMPOSITION OF SURCHARGE ON IMPORTS

- A surcharge at the rate of 10% of basic duty has been imposed across the board. However, following are the exceptions :
  - Gold and Silver
  - Crude petroleum and petroleum products
  - All 40% rated commodities
  - Certain GATT bound items
- The surcharge would come into force with effect from 28th February 1999.
- The surcharge would apply upto 31st March, 2000.

V CONTINUATION OF SPECIAL ADDITIONAL DUTY OF CUSTOMS

- The Special Additional Duty will continue @ 4%.

VI ADDITIONAL DUTY OF CUSTOMS ON HIGH SPEED DIESEL OIL

- An additional customs duty of Re 1 per litre imposed on High Speed Diesel Oil.
- This will come into force from 28th February, 1999.

VII WITHDRAWAL OF EXEMPTION

- A basic duty of 5% has been imposed on a number of commodities by withdrawing exemption or imposing a tariff.
- Items on which basic customs duty is being imposed at 5% for the first time have been exempted from Special Additional Duty of Customs.

VIII DEEPER CONCESSIONS TO IT SECTOR

- The basic customs duty on a number of items used in the IT sector has been reduced/ rationalised as follows :
  - Telecom transmission apparatus, telephonic or telegraphic switching apparatus, reduced from 30% to 25%.
  - All storage devices, rationalised at 5%.
  - All IC's and micro-assemblies and microprocessors for computers (other than motherboards), rationalised at 5%.
  - Parts of computers (other than PPCB's), reduced from 10% to 5%.
  - CD-ROMs, reduced from 10% to 5%.
  - Specified prepared media, reduced from 40% to 25%.
  - Diodes, transistors, other semi-conductor devices and specified electronic components, reduced from 20% to 15%.
  - Specified raw material and inputs for electronic industry,reduced from 10% to 5%.
  - Additional inputs for semiconductor devices, ceramics dielectric (multilayer) capacitors,

tantalum capacitors and other specified electronic components included for the concessional basic customs duty of 5%.

- Specified (75 no.) machinery for semi-conductor manufacture exempted from basic customs duty.

IX IMPOSITION OF ADDITIONAL DUTY OF CUSTOMS (CVD)

- Additional duty of Customs (CVD) has been imposed in a number of cases where it is exempted at present, including on specified items imported for the project imports. The rate structure for project imports will be as follows.

	PRESENT RATE		PROPOSED RATE	
	Basic + Special	**CVD**	**Basic**	**CVD**
■ Fertiliser Projects	0%	0%	5%	10%
■ Power generation projects	22%	0%	5%	16%
■ Power transmission projects (65 KV and above)	22%	10%	25%	16%
■ Coal mining projects	22%	0%	5%	16%
■ Specified equipment required for telecom projects	22%	0%	5%	16%
■ Iron and steel products, machinery and equipment for renovation or modernisation of a power generation plant (excl. captive power plant)	25%	0%	5%	16%
■ Specified equipment for setting up of new refineries	0%	10%	5%	10%
■ General Industrial projects	22%	13%	25%	16%

X POWER OF THE GOVERNMENT TO GRANT *AD-HOC* EXEMPTION

- The power of the Government to grant *ad-hoc* exemption from customs duty by issue of special orders restricted to :
  - Goods of strategic nature
  - Goods of secret nature
  - Goods for charitable purposes

XI EXEMPTION TO ONGC / OIL

- Specified capital goods / consumables imported by ONGC / OIL for petroleum operation has been exempted at par with imports under NELP lease agreement.

XII STEEL IMPORTED BY CAPITAL GOODS MANUFACTURER

- Basic customs duty on steel imported by manufacturer of certain types of capital goods reduced to 25%.

XIII ADVANCE RULING AUTHORITY

- Legal provisions made in the Finance Bill, 1999 for setting up of Advance Ruling Authority to pronounce ruling regarding classification and valuation in advance for the benefit of joint ventures with NRI's.

XIV FEES FOR FILING REVISION APPLICATION

- Fees for filing revision application raised from Rs.200 to Rs.1000 in those cases where the amount involved is more than Rs.1 lakh.

B - UNION EXCISE DUTIES

Note: *Ch.No.means Chapter Number of the Central Excise Tariff Schedule.*

Major proposals about Central Excise duties are the following:

I. CHANGES IN *AD VALOREM* DUTY RATE STRUCTURE :

- To reduce the existing 11 *ad valorem* rates of excise duty to three *ad valorem* rates, namely, 8%, 16% and 24%.

Existing Rate *(ad valorem)*	**Proposed Rate** *(ad valorem)*
5%	8%
8%	8%
10%	8%
12%	8%
13%	16%
15%	16%
18%	16%
25%	24%
30%	24%
32%	24%
40%	24%

- Special excise duty has been imposed on the following items by amending section 3 of the Central Excise Act,1994.

	Proposed Basic excise duty *(ad valorem)*	**Proposed Special excise duty** *(ad valorem)*
■ Cosmetics and toilet preparations	24%	6%
■ Polyester filament yarn	24%	6%
■ Tyres & tubes for cars and buses, etc	24%	6%
■ Air-conditioners and parts, etc.	24%	6%
■ Multi-utility vehicles (For 7-12 persons)	24%	6%
■ Motor Spirit	24%	8%
■ Soft drinks (Aerated waters) and concentrates	24%	16%
■ Motor cars	24%	16%
■ Pan Masala	24%	16%
■ Chewing tobacco and other tobacco products	24%	16%

- Excise duty on cold chain equipment and parts reduced to 8%. This will come into force from 1st April, 1999.
- Present and proposed rates of excise duty on representative commodities are indicated below :

Ch. No.	Commodities	Present	Proposed Rate	
			Basic	Spl Ex.
4	Condensed milk	13%	16%	
11	Malt	13%	16%	
13	Gum,resins,vegetable saps, & extracts	8%	8%	
15	Glycerol,waxes,linoxyn, soap stock	18%	16%	
16	Preparation of meat, fish etc.(branded)	8%	8%	
17	Sugar confectionery,sugar syrup	8%	8%	
17	Chewing gum	18%	16%	
18	Cocoa and cocoa preparations; Chocolates	18%	16%	
19	Biscuits made with power	8%	8%	
19	Cakes and pastry	8%	8%	
19	Pasta Products, Cornflakes, etc.	13%	16%	
19	Malt based food products	18%	16%	
20	Preparation of vegetables fruits & nuts (Jams, Jellies, Juices, etc.)	8%	8%	
21	Soups, Sauces, instant food mixes, etc.	8%	8%	
21	Roasted Chicory	8%	8%	
21	Ice cream	13%	16%	
21	Sharbat, Thandai, Miscellaneous edible preparations	18%	16%	
21	Supari	15%	16%	
21	Instant coffee	18%	16%	
21	Yeasts, Baking Powder	13%	16%	
21	Soft drink concentrate (For aerated waters)	40%	24%	16%
21	Pan Masala	40%	24%	16%
22	Fruit Pulp & Fruit based drinks	8%	8%	
22	Mineral water	18%	16%	
22	Denatured alcohol and vinegar	18%	16%	
22	Aerated soft drinks	40%	24%	16%
24	Chewing tobacco & Misc. tobacco products	40%	24%	16%
25	White Cement	25%	24%	
26	Ores, slag and ash	8%	8%	
27	Kerosene	10%	8%	
27	Furnace Oil – (Non Feed Stock use in fertilisers)	5%	8%	
27	LPG	10%	8%	
27	Naphtha – Non Fertiliser use	15%	16%	
27	Aviation Turbine Fuel	15%	16%	
27	High Speed Diesel Oil.	15%	16%	
27	Light diesel oil	15%	16%	
27	Furnace Oil – Non-Fertiliser use	15%	16%	

Ch. No.	Commodities	Present	Proposed Rate	
			Basic	Spl Ex.
27	LSHS - Non-Fertilser use	15%	16%	
27	Bitumen, Wax, etc.	15%	16%	
27	Benzol, Toluole, Xylole, Naphthalene, etc.	18%	16%	
27	Motor Spirit	32%	24%	8%
28	Medicinal Grade Oxygen	8%	8%	
28	Potassium Iodate	8%	8%	
28	Copper Sulphate	8%	8%	
28	Medicinal grade hydrogen peroxide	8%	8%	
28	Anesthetics	8%	8%	
28	Silicon in all forms	8%	8%	
28	Acids	18%	16%	
28	Caustic soda	18%	16%	
28	Soda Ash	18%	16%	
28	Inorganic chemicals	18%	16%	
29	Organic Chemicals	18%	16%	
30	Ayurvedic medicines (P & P)	8%	8%	
30	Generic Allopathic medicines	8%	8%	
30	Allopathic medicines (P & P) and other pharmaceutical goods	15%	16%	
32	Tanning extracts	8%	8%	
32	Synthetic Organic Dyes	18%	16%	
32	Paints and varnishes	18%	16%	
32	Printing ink, students colour, etc.	18%	16%	
33	Tooth powder, tooth paste	8%	8%	
33	Perfumed Hair-oil	18%	16%	
33	Sterile contact lens solution	25%	24%	
33	Cosmetics	30%	24%	6%
34	Laundry soap	8%	8%	
34	Toilet soap	18%	16%	
34	Detergent powder and cakes	18%	16%	
34	Lubricating preparations	15%	16%	
34	Waxes, polishes etc.	18%	16%	
35	Modified starches etc.	18%	16%	
36	Fire works	13%	16%	
36	Explosives	18%	16%	
37	Cinematographic films	18%	16%	
37	X-Ray Films	13%	16%	
37	Photographic plates, films, paper and chemicals	18%	16%	
38	Insecticides, pesticides, etc. (Formulations)	8%	8%	

Ch. No.	Commodities	Present	Proposed Rate	
			Basic	Spl Ex.
38	Industrial fatty acids, fatty alcohols	8%	8%	
38	Misc chemical products	18%	16%	
38	Phosphogypsum	13%	16%	
39	Articles of Plastics (without modvat)	5%	8%	
39	Cassette shell for audio cassettes	8%	8%	
39	PVC compound	18%	16%	
39	PVC corrugated roofing sheets	18%	16%	
39	Strips of plastics intended for manufacture of fabrics or for manufacture of sacks / bags, without modvat	13%	16%	
39	Polyethylene coated paper or paperboard, other than certain types	18%	16%	
39	Cellophane	18%	16%	
39	Engineering plastics (ABS, etc.)	18%	16%	
39	Insulated ware (Casseroles, etc.)	15%	16%	
39	Bulk polymers (PVC, LDPE, HDPE, PS, PP, etc.)	25%	24%	
40	Surgical gloves and medical examination gloves of rubber	8%	8%	
40	Tyres and tubes – for two wheelers and tractor rear tyres and their tubes	13%	16%	
40	Synthetic rubber	18%	16%	
40	Tread rubber (for small units, upto clearances of Rs 150 lakhs)	15%	16%	
40	Tread rubber, certain cellular rubber, conveyor or transmission belts or beltings	25%	24%	
40	Tyres - for buses, cars, etc.	30%	24%	6%
42	Articles of leather, travel goods	18%	16%	
44	Particle board / fibre board	8%	8%	
44	Plywood	18%	16%	
45	Cork and articles of cork	18%	16%	
47	Waste and scrap of paper /paper board	18%	16%	
48	Paper & paperboard (manufactured from pulp containing not less than 75% by weight of pulp made from materials other than bamboo, hard woods, soft woods, reeds or rags, upto 15000 M.T. clearances)	5%	8%	
48	Paper & paper board (manufactured from pulp containing not less than 75% by weight of pulp made from materials other than bamboo, hard woods, soft woods, reeds or rags, above 15000 M.T. clearances)	8%	8%	
48	Sanitary towels	8%	8%	
48	Paper cartons (other than of corrugated paper/ paper board)	13%	16%	
48	Paper/board made of wood pulp	18%	16%	
49	Transfers	18%	16%	

Ch. No.	Commodities	Present	Proposed Rate	
			Basic	Spl Ex.
51	Carded or combed wool	8%	8%	
51	Yarn of wool	8%	8%	
51	Shoddy yarn	8%	8%	
51	Woollen Fabrics	15%	16%	
52	Cotton Yarn not containing synthetic fibre	5%	8%	
52	Cotton Fabrics value not exceeding Rs 30 per sqm (for those not covered under the capacity based compounded levy scheme)	5%	8%	
52	Cotton Fabrics value exceeding Rs 30 per sqm (for those not covered under the capacity based compounded levy scheme)	12%	8%	
52	Cotton Yarn – blended with synthetic fibres	18%	16%	
53	Flax and ramie yarn	5%	8%	
53	Ramie fabrics	8%	8%	
54	Nylon filament yarn	25%	24%	
54	Polyester filament yarn	30%	24%	6%
54	Viscose filament yarn, Polypropylene filament yarn, etc.	18%	16%	
55	Fabrics of man made fibres (for those not covered under the capacity based compounded levy scheme)	12%	8%	
55	Man-made staple fibre including tow (PSF, VSF, ASF, etc.)	18%	16%	
55	Man-made spun yarn (Polyester/ Viscose/ Acrylic spun yarn)	18%	16%	
55	Synthetic sewing thread	15%	16%	
57	Carpets and textiles floor coverings	25%	24%	
58	Laces	8%	8%	
59	Tyre cord, laminated fabrics	18%	16%	
63	Other made up textile articles (Blankets, Bed linen, Bags & Sacks, etc.)	8%	8%	
64	Footwear and parts	15%	16%	
65	Headgear (Helmets)	13%	16%	
68	Articles of asbestos- cement	18%	16%	
68	Articles of stone, cement, plaster, etc.	18%	16%	
69	Ceramic products, other than glazed tiles	15%	16%	
69	Glazed tiles	25%	24%	
70	Household glassware	8%	8%	
70	Glassware, other than household glassware, produced by mouth blown process	8%	8%	
70	Glassware, other than household glassware, produced by semi-automatic process	13%	16%	
70	Glass and Glassware other than household glassware, produced by automatic process	18%	16%	

Ch. No.	Commodities	Present	Proposed Rate	
			Basic	Spl Ex.
70	Glass Containers	18%	16%	
72	Iron & Steel – Primary products	15%	16%	
73	Pressure Cookers (of Iron & Steel)	8%	8%	
73	Articles of Iron & Steel	15%	16%	
74	Copper & articles thereof	15%	16%	
75	Nickel & articles thereof	15%	16%	
76	Pressure Cookers of Aluminium	8%	8%	
76	Aluminium & articles thereof	15%	16%	
78	Lead & articles thereof	15%	16%	
79	Zinc & articles thereof	15%	16%	
80	Tin & articles thereof	15%	16%	
81	Other base metals, cermets and articles thereof	15%	16%	
82	Tools, implements, razors and razor blade	15%	16%	
83	Electrical stampings & laminations	18%	16%	
83	Misc. base metal articles	15%	16%	
83	Safes and strong boxes	18%	16%	
84	Dairy & Milking machinery	8%	8%	
84	I.C. engines	13%	16%	
84	Parts of I.C. engines	13%	16%	
84	Refrigerators	18%	16%	
84	Machine tools	13%	16%	
84	Ball or roller bearings	13%	16%	
84	Non-electrical machinery	13%	16%	
84	Fork Lift trucks	15%	16%	
84	Parts of machinery	13%	16%	
84	Air conditioners and parts	30%	24%	6%
85	Motors and generators	13%	16%	
85	Parts of motors and generators	13%	16%	
85	Electrical transformers, static convertors	13%	16%	
85	Electric batteries and dry cells	18%	16%	
85	Colour TV Sets	18%	16%	
85	Electronic Components (capacitors, resistors , etc.)	18%	16%	
85	Insulated wires and cables	18%	16%	
85	Electrical Machinery	13%	16%	
85	Domestic / electrical appliances	18%	16%	
86	Railway wagons	15%	16%	
86	Railway locomotives	15%	16%	
86	Railway coaches / vans	15%	16%	

Ch. No.	Commodities	Present	Proposed Rate	
			Basic	Spl Ex.
87	Tractors (upto 1800 cc)	8%	8%	
87	Tractors (above 1800 cc)	13%	16%	
87	Ambulances	15%	16%	
87	Commercial vehicles (Buses, trucks, etc.)	15%	16%	
87	Mopeds	15%	16%	
87	Motor Vehicle Parts	15%	16%	
87	Taxis	25%	24%	
87	Cars for physically handicapped persons	25%	24%	
87	Scooters & Motor Cycles	25%	24%	
87	Motor cars & other motor vehicles	40%	24%	16%
87	Vehicles for 7-12 persons	30%	24%	6%
89	Floating structures (Boats, etc.)	15%	16%	
90	Medical equipment	8%	8%	
90	Meters,measuring & checking instruments	13%	16%	
90	Photographic cameras, etc.	18%	16%	
91	Clocks	8%	8%	
91	Watches (Assessable value upto Rs.600; now MRP upto Rs.850)	8%	8%	
91	Watches (Assessable value above Rs.600; now MRP above Rs.850)	13%	16%	
93	Arms and ammunitions	25%	24%	
94	Medical furniture	8%	8%	
94	Fittings for lamps and tubes	18%	16%	
94	Mattresses, articles of beddings	25%	24%	
95	Toys and games	13%	16%	
96	Zip Fastners	8%	8%	
96	Vacuum Flask	15%	16%	
96	Others (like type writer ribbons, etc.)	18%	16%	

II EXCISE DUTY RATES IN TEA

- Duty on packaged tea abolished. However, excise duty at Rs 2 per kilogram imposed on bulk tea.

III EXCISE DUTY RATES ON CIGARETTES

- Duty on mini cigarettes (non-filter cigarette not exceeding 60 mm in length) raised from Rs 100 to Rs 110 per thousand cigarettes.

IV EXCISE DUTY ON DYEING OF YARN

- Exemption from excise duty on processes of dyeing, printing, bleaching or mercerising of spun yarn (other than 100% woollen and cotton yarn) available to independent processors abolished and now they will attract the normal duty applicable to these yarns. However, for independent processors who do not want to avail a modvat credit, a specific rate of duty of Rs 5 per kg has been prescribed.

V RESTORATION OF 100% MODVAT AVAILMENT

- General restriction by 5% on full availability of MODVAT abolished.
- Restriction on full availability of MODVAT on petroleum products also abolished.

VI CHANGES IN SSI EXEMPTION SCHEME

- Benefit of exemption in duty on goods bearing brand name of another person to be allowed but only when goods are made by SSI units located in rural areas. Details of scheme to be notified shortly.
- The general SSI exemption scheme extended to cotton yarn not containing synthetic staple fibre (Effective from 1st April, 1999).
- The scheme of duty exemption for SSI units manufacturing cosmetics, toilet preparations and air conditioning / refrigeration equipment and there parts, etc. is being modified as follows (Effective from 1st April, 1999):

Clearance value	Present rate	Proposed rate
■ upto Rs.15 lakhs	Nil	Nil
■ Rs.15 - 30 lakhs	50% of Normal duty	Nil
■ Rs.30 - 50 lakhs	Normal duty	50% of normal duty
■ Beyond Rs 50 lakhs	Normal duty	Normal duty

- The eligibility limit for availing the exemption is being enhanced from Rs 50 lakhs to Rs 100 lakhs.

VII ADDITIONAL DUTY OF EXCISE ON HIGH SPEED DIESEL OIL

- An additional excise duty of Re 1 per litre imposed on High Speed Diesel Oil.
- This will come into force from 28th February, 1999.

VIII EXPERT COMMITTEE

- An Expert Committee to be set up to examine and advise upon exemptions in excise.

IX POWER OF THE GOVERNMENT TO GRANT AD-HOC EXEMPTION

- The power of the Government to grant *ad-hoc* exemption from excise duty by issue of special orders restricted to :
  - d Goods of strategic nature
  - d Goods of secret nature
  - k Goods for charitable purposes

X PROCEDURAL CHANGES IN PAYMENT OF EXCISE DUTY BY SSI UNITS

- SSI units will be allowed the facility to pay excise duty on monthly basis. This will be effective from 1st June, 1999.

XI MAJOR PROCEDURAL CHANGES FOR FACTORIES PAYING DUTY OF MORE THAN Rs. 5 CRORE IN A YEAR

- To dispense with the separate excise records for factories paying duty of more than Rs. 5 crore in a year and accept their own records for excise purposes. This will be effective from 1st June, 1999.

XII ADVANCE RULING AUTHORITY

- Legal provisions made in the Finance Bill, 1999 for setting up of Advance Ruling Authority to pronounce ruling regarding classification and valuation in advance for the benefit of joint venture with NRI's.

XIII INTEREST ON PROVISIONAL ASSESSEMENTS

- Enabling legal provision made for charging or paying of interest on duty demand or refund on finalisation of provisional assessment under Central Excise.

XIV LAPSING OF MODVAT CREDIT

- Section 37 of Central Excise Act proposed to be amended to enable Government to order lapsing of modvat credit in specific situations.
- Also, retrospective effect proposed to be given to wherever modvat credit was allowed to lapse in the past.

XV CHANGES IN SECTION 4-A OF EXCISE ACT

- Penal provisions have been provided in case of manufacturers clearing any goods subject to MRP based valuation when he does not declare or tampers with / alters the declared retail prices.
- MRP based assessment extended to 27 more items.

XVI FEES FOR FILING REVISION APPLICATION

- Fees for filing revision application raised from Rs 200 to Rs 1000 in those cases where the amount involved is more than Rs 1 lakh.

XVII GOODS DEVELOPED AND PATENTED BY RESEARCH INSTITUTIONS

- Goods developed and patented by National Laboratories, public funded research institutions, colleges and universities and manufactured by Indian companies are being extended exemption from excise duty for a period of three years.

XVIII SERVICE TAX

- Some procedural changes introduced.

ESIMATED REVENUE EFFECT

Proposals relating to changes in Customs duties are estimated to result in net gain of Rs.1,469 crore in a financial year. Proposals relating to changes in excise duties result in a net gain of Rs.4,765 crore in a financial year.

Memorandum showing the proposed revision of Postal Tariffs 1999 (Vide Clause No.136) of the Finance Bill, 1999

The maxima of the tariffs leviable for certain postal articles are prescribed by the First Schedule in the Indian Post Office Act, 1898. Within the maxima so prescribed in respect of such articles and in respect of other postal articles not included in the Schedule and other services, the Central Government have the power to fix the rates by notification in the Official Gazette by amending Indian Post Office Rules, 1933 (vide Section 7 of the Indian Post Office Act, 1898).

2. The proposals for revision of tariffs listed in the following table relating to postal articles at serial Nos. 1 to 5 require an amendment to the First Schedule of the Indian Post Office Act, 1898 and these have been included in the Finance Bill. These changes as also the revision of tariffs for other postal services would be made by amending Indian Post Office Rules, 1933.

Sl. No.	Postal Service	Item	Existing Tariff	Item	Proposed Tariff
1.	Printed Postcard	For a Printed Postcard	Rs.1.50	For a Printed Postcard	Rs.2/-
2.	Competition Post Card	For a Competition Post Card	Rs.3/-	For a Competition Post Card	Rs.4/-
3.	Letter Cards	For a Letter Card	Rs.1.50	For a Letter Card	Rs.2/-
4.	Book pattern and sample packet	For the first 50 grams or fraction thereof	Re.1/-	For the first 50 grams or fraction thereof	Rs.2/-
		For every additional 50 grams or fraction thereof in excess of 50 grams	Rs.2/-	For every additional 50 grams or fraction thereof in excess of 50 grams	Rs.3/-
5.	Parcels	For the first 500 grams or fraction thereof	Rs.10/-	For the first 500 grams or fraction thereof	Rs.12/-
		For every additional 500 grams or fraction thereof, in excess of 500 grams	Rs10/-	For every additional 500 grams or fraction thereof, in excess of 500 grams	Rs.15/-
6.	Registration	Fee for Registration	Rs.12/-	Fee for Registration	Rs.14/-
7.	Book packets containing periodicals	For the first 100 grams or fraction thereof	50p	For the first 100 grams or fraction thereof	Re.1/-
		For every additional 100 grams or fraction thereof in excess of 100 grams	50p	For every additional 100 grams or fraction thereof in excess of 100 grams	Rs.2/-
8.	Value Payable Post	For a value not exceeding Rs.10	Re.1/-	For a value not exceeding Rs.20	Rs.2/-
		For a value exceeding Rs.10 but not exceeding Rs. 20	Rs.2/-	For a value exceeding Rs.20 but not exceeding Rs.50	Rs.3/-
		For a value exceeding Rs.20	Rs.3/-	For a value exceeding Rs.50	Rs.5/-
9.	Indian Postal Order	For each IPO upto Rs.10	50p	For each IPO upto Rs.10	Re.1/-
		For each IPO upto Rs.20	Re.1/-	For each IPO upto Rs.20	Rs.2/-
		For each IPO upto Rs.30	Rs.1.50	For each IPO upto Rs.30	Rs. 3/-
		For each IPO upto Rs.40	Rs.2/-	For each IPO upto Rs.40	Rs.4/-
		For each IPO upto Rs.50	Rs. 2.50	For each IPO upto Rs.50	Rs. 5/-
		For each IPO upto Rs. 100	Rs. 5/-	For each IPO upto Rs. 100	Rs.10/-

TABLE 1 : BUDGET AT A GLANCE

(Rs. crore)

Items	1997-98 (Accounts)	1998-99 (Budget Estimates)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)	Variation: Col.4 over Col.3 Amount	Col.4 over Col.3 Per cent	Col.4 over Col.2 Amount	Col.4 over Col.2 Per cent	Col.5 over Col.4 Amount	Col.5 over Col.4 Per cent
1	2	3	4	5	6	7	8	9	10	11
1 Revenue Receipts (i+ii)	**133,901**	**161,994**	**157,665**	**182,840**	**– 4,329**	**– 2.7**	**23,764**	**17.7**	**25,175**	**16.0**
i) Tax Revenue (Net to Centre)	95,672	116,857	109,537	132,365	– 7,320	– 6.3	13,865	14.5	22,828	20.8
ii) Non-tax Revenue	38,229	45,137	48,128	50,475	2,991	6.6	9,899	25.9	2,347	4.9
of which :										
Interest Receipts	25,323	27,954	30,544	33,034	2,590	9.3	5,221	20.6	2,490	8.2
2 Capital Receipts @	**98,167**	**105,933**	**124,247**	**101,042**	**18,314**	**17.3**	**26,080**	**26.6**	**– 23,205**	**– 18.7**
of which :										
i) Market Borrowings	32,499	48,326*	64,911*	57,461*	16,585	34.3	32,412	99.7	**– 7,450**	**– 11.5**
ii) Recoveries of Loans	8,318	9,908	11,504	11,087	1,596	16.1	3,186	38.3	– 417	– 3.6
iii) Disinvestment of equity in PSUs	912	5,000	9,000	10,000	4,000	80.0	8,088	886.8	1,000	11.1
iv) Issue of Bonus shares	—	—	6	—	—	—	—	—	—	—
3 Total Receipts (1 + 2)	**232,068**	**267,927**	**281,912**	**283,882**	**13,985**	**5.2**	**49,844**	**21.5**	**1,970**	**0.7**
4 Revenue Expenditure (i + ii)	**180,350**	**210,062**	**218,139**	**236,987**	**8,077**	**3.8**	**37,789**	**21.0**	**18,848**	**8.6**
i) Non-Plan	145,176	166,301	176,691	190,331	10,390	6.2	31,515	21.7	13,640	7.7
ii) Plan	35,174	43,761	41,448	46,656	– 2,313	– 5.3	6,274	17.8	5,208	12.6
5 Capital Expenditure (i + ii)	**51,718**	**57,865**	**63,773**	**46,895 $**	**5,908**	**10.2**	**12,055**	**23.3**	**– 16,878**	**– 26.5**
i) Non-Plan	27,815	29,624	36,850	16,551 $	7,226	24.4	9,035	32.5	– 20,299	– 55.1
ii) Plan	23,903	28,241	26,923	30,344	– 1,318	– 4.7	3,020	12.6	3,421	12.7

TABLE 1 : BUDGET AT A GLANCE *(Concld.)*

(Rs. crore)

Items		1997-98 (Accounts)	1998-99 (Budget Estimates)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)	Variation					
						Col.4 over Col.3		Col.4 over Col.2		Col.5 over Col.4	
						Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10	11
6	**Total Non-Plan Expenditure (4i + 5i)**	**172,991**	**195,925**	**213,541**	**206,882 $**	**17,616**	**9.0**	**40,550**	**23.4**	**– 6,659**	**– 3.1**
	of which :										
	i) Interest Payments	65,637	75,000	77,248	88,000	2,248	3.0	11,611	17.7	10,752	13.9
	ii) Defence	35,278	41,200	41,200	45,693	—	—	5,922	16.8	4,493	10.9
	iii) Subsidies	19,487	22,025	24,683	23,838	2,658	12.1	5,196	26.7	– 845	– 3.4
7	**Total Plan Expenditure (4ii + 5ii)**	**59,077**	**72,002**	**68,371**	**77,000**	**– 3,631**	**– 5.0**	**9,294**	**15.7**	**8,629**	**12.6**
8	**Total Expenditure (6 + 7 = 4 + 5)**	**232,068**	**267,927**	**281,912**	**283,882 $**	**13,985**	**5.2**	**49,844**	**21.5**	**1,970**	**0.7**
9	**Revenue Deficit (4 – 1)**	**46,449**	**48,068**	**60,474**	**54,147**						
10	**Gross Fiscal Deficit [8 – (1 + 2ii + 2iii + 2iv)]**	**88,937**	**91,025**	**103,737**	**79,955**						
11	**Gross Primary Deficit (10 - 6i)**	**23,300**	**16,025**	**26,489**	**– 8,045**						
12	**Net Fiscal Deficit**	**63,062**	**66,344**	**70,988**	**68,547**						
13	**Net Primary Deficit**	**22,748**	**19,298**	**24,284**	**13,581**						
14	**Monetised Deficit #**	**12,914**	**—**	**16,750 $$**	**N.A.**						

@ : Capital Receipts are net of repayments.

* : Includes market loans, Zero Coupon Bonds, loans in conversion of maturing Treasury Bills, 364 day Treasury Bills, etc.

: As per RBI records.

(–) : Indicates surplus.

N.A. : Not available.

$: With effect from 1.4.1999, a new system of transferring 75% of the net small savings collections to States and UTs from the Public Account is being introduced. With this change, the non-Plan capital expenditure of the Centre during 1999-2000 is estimated to be lower by Rs.25,000 crore.

$$: Upto March 19, 1999.

Source : Budget documents of the Government of India, 1999-2000.

TABLE 2 : TRANSACTIONS ON REVENUE ACCOUNT

(Rs. crore)

	Items	1997-98 (Accounts)	1998-99 (Budget Estimates)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)	Variation					
						Col.4 over Col.3		Col.4 over Col.2		Col.5 over Col.4	
						Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10	11
I.	**Revenue Receipts (A+B)**	**133,901**	**161,994**	**157,665**	**182,840**	**– 4,329**	**– 2.7**	**23,764**	**17.7**	**25,175**	**16.0**
A	**Tax Revenue (Net to Centre) (1 to 7)**	**95,672**	**116,857**	**109,537**	**132,365**	**– 7,320**	**– 6.3**	**13,865**	**14.5**	**22,828**	**20.8**
	1 Corporation Tax	20,016	26,550	27,050	30,850	500	1.9	7,034	35.1	3,800	14.0
	2 Taxes on Income other than Corporation Tax (Net)	3,589	6,984	6,932	9,923	– 52	– 0.7	3,343	93.1	2,991	43.1
	3 Interest Tax	1,205	920	920	1,000	—	—	– 285	– 23.7	80	8.7
	4 Customs Duty	40,193	48,148	42,648	50,369	– 5,500	– 11.4	2,455	6.1	7,721	18.1
	5 Union Excise Duty (Net)	25,516	30,782	28,535	36,357	– 2,247	– 7.3	3,019	11.8	7,822	27.4
	6 Taxes of UTs (Net of assignments to local bodies)	313	284	306	312	22	7.7	– 7	– 2.2	6	2.0
	7 Other Taxes and Duties	4,840 #	3,189	3,146	3,554	– 43	– 1.3	– 1,694	– 35.0	408	13.0
B	**Non-Tax Revenue**	**38,229**	**45,137**	**48,128**	**50,475**	**2,991**	**6.6**	**9,899**	**25.9**	**2,347**	**4.9**
	of which :										
	1 Interest Receipts	25,323	27,954	30,544	33,034	2,590	9.3	5,221	20.6	2,490	8.2
	2 Dividends and Profits	5,181	7,373	7,537	9,483	164	2.2	2,356	45.5	1,946	25.8
	of which :										
	Profits from RBI *	2,500	4,200	4,150	5,700	– 50	– 1.2	1,650	66.0	1,550	37.3
	3 External Grants	1,018	1,054	813	715	– 241	– 22.9	– 205	– 20.1	– 98	– 12.1
	4 Non-tax Receipts of UTs	325	331	358	371	27	8.2	33	10.2	13	3.6
II.	**Revenue Expenditure (A+B)**	**180,350**	**210,062**	**218,139**	**236,987**	**8,077**	**3.8**	**37,789**	**21.0**	**18,848**	**8.6**
A	**Non-Plan Expenditure**	**145,176**	**166,301**	**176,691**	**190,331**	**10,390**	**6.2**	**31,515**	**21.7**	**13,640**	**7.7**
	of which :										
	1 Interest Payments	65,637	75,000	77,248	88,000	2,248	3.0	11,611	17.7	10,752	13.9
	2 Defence Revenue Expenditure	26,174	30,840	31,013	33,464	173	0.6	4,839	18.5	2,451	7.9
	3 Major Subsidies	18,238	19,883	21,063	22,440	1,180	5.9	2,825	15.5	1,377	6.5
	4 Non-Plan Grants to States and UTs	4,416	6,753	4,534	8,159	– 2,219	– 32.9	118	2.7	3,625	80.0
B	**Plan Expenditure (1+2)**	**35,174**	**43,761**	**41,448**	**46,656**	**– 2,313**	**– 5.3**	**6,274**	**17.8**	**5,208**	**12.6**
	1 Central Plan	22,780	30,115	26,910	30,980	– 3,205	– 10.6	4,130	18.1	4,070	15.1
	2 Central Assistance for State and UT Plans	12,394	13,646	14,538	15,676	892	6.5	2,144	17.3	1,138	7.8
III.	**Revenue Deficit (–)/Surplus(+) [I-II]**	**– 46,449**	**– 48,068**	**– 60,474**	**– 54,147**						

: Net taxes of the Centre after adjusting the States' share in VDIS of Rs 7,594 crore in 1997-98 (Accounts).

* : The surplus profits transferred by RBI to Government during 1998-99 and 1999-2000 are placed at Rs.5,977 crore and Rs.5,700 crore, respectively. However, the Revised Estimates for 1998-99 have been netted to Rs.4,150 crore taking into account the provision of Rs.1,827 crore to meet the exchange loss liability which the Government has taken over from RBI on account of Foreign Currency Non-Resident Accounts Scheme for deposits maturing since July 1,1993.

Source : Budget Documents of the Government of India, 1999-2000.

TABLE 3 : TRANSACTIONS ON CAPITAL ACCOUNT

(Rs. crore)

Items	1997-98 (Accounts)	1998-99 (Budget Estimates)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)	Variation					
					Col.4 over Col.3		Col.4 over Col.2		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
I. Capital Receipts @ (1 to 8)	**98,167**	**105,933**	**124,247**	**101,042**	**18,314**	**17.3**	**26,080**	**26.6**	**– 23,205**	**– 18.7**
1 Market Borrowings	32,499	48,326 *	64,911*	57,461 *	16,585	34.3	32,412	99.7	– 7,450	– 11.5
2 Small Savings, Public Provident Funds etc.	24,497	21,640	29,000	8,000 $	7,360	34.0	4,503	18.4	—	—
of which :										
Public Provident Funds	4,034	4,100	4,540	—	440	10.7	506	12.5	—	—
3 State Provident Funds	4,383	5,350	5,350	6,000	—	—	967	22.1	650	12.1
4 Special Deposits	4,480	9,495	9,238	10,460	– 257	– 2.7	4,758	106.2	1,222	13.2
5 Recovery of Loans and Advances	8,318	9,908	11,504	11,087	1,596	16.1	3,186	38.3	– 417	– 3.6
6 Disinvestment of equity holding in public sector enterprises	912	5,000	9,000	10,000	4,000	80.0	8,088	886.8	1,000	11.1
7 External Borrowings	1,091	2,337	910	845	– 1,427	– 61.1	– 181	– 16.6	– 65	– 7.1
8 Others #	21,987	3,877	– 5,666 +	– 2,811	– 9,549	– 246.3	– 27,659	– 125.8	2,861	– 50.4
II. Capital Expenditure (1+2)	**51,718**	**57,865**	**63,773**	**46,895 $**	**5,908**	**10.2**	**12,055**	**23.3**	**– 16,878**	**– 26.5**
1 Non-Plan Expenditure	27,815	29,624	36,850	16,551 $	7,226	24.4	9,035	32.5	– 20,299	– 55.1
of which :										
Defence Capital	9,104	10,360	10,187	12,230	– 173	– 1.7	1,083	11.9	2,043	20.1
2 Plan Expenditure (i+ii)	23,903	28,241	26,923	30,344	– 1,318	– 4.7	3,020	12.6	3,421	12.7
i) Central Plan	9,550	12,349	11,353	13,020	– 996	– 8.1	1,803	18.9	1,667	14.7
ii) Central Assistance for State and UT Plans	14,353	15,892	15,570	17,324	– 322	– 2.0	1,217	8.5	1,754	11.3
III. Capital Surplus(+)/Deficit(-) [I-II]	**+46,449**	**+48,068**	**+60,474**	**+54,147**						

@ : Capital Receipts are net of repayments.

* : Includes Market loans, Zero Coupon Bonds, loans in conversion of maturing Treasury Bills, 364 day Treasury Bills etc.

: Comprises Reserve Funds, Deposits and Advances, Relief Bonds, bonus shares etc.

+ : Includes draw-down of cash balances of Rs.3,233 crore.

$: With effect from April 1,1999, a new system of transferring 75 per cent of the net small savings collections to States and UTs from Public Account is being introduced. Under the new system, the small savings collections would be credited to "National Small Savings Fund" (NSSF) in Public Account. Similarly, all withdrawals of small savings by the depositors would be made out of the accumulation in the Fund. The balance in the Fund will be invested in Central and State Government securities. The debt servicing of these Government securities will be an income of the Fund while the cost of interest and cost of management of small savings will be an expenditure of the Fund. For 1999-2000, the investment in Central and State Government securities is budgeted at Rs.8,000 crore and Rs.25,000 crore, respectively. The investment in Central Government securities would form the part of Government of India's internal debt.

Source **:** Budget documents of Government of India, 1999-2000.

TABLE 4 : INTEREST PAYMENTS BY THE CENTRAL GOVERNMENT

(Rs. crore)

	Items	1993-94 (Accounts)	1994-95 (Accounts)	1995-96 (Accounts)	1996-97 (Accounts)	1997-98 (Revised Estimates)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)
	1	2	3	4	5	6	7	8
I.	Interest Payments on Internal Debt	15,588	19,168	22,179	27,233	31,459	39,439	45,972
	of which :							
	i) On Market Loans	9,258	13,205	15,400	19,125	22,189	28,072	34,371
	ii) On 91/182/364 days Treasury Bills	6,188	5,520	6,047	7,003	1,982	6,270	6,469
II.	Interest on External debt	3,724	4,026	4,414	4,223	4,150	4,273	4,184
III.	Interest on Small Savings, Provident Funds etc.	10,288	12,392	13,309	16,855	20,432	21,441	26,189
IV.	Interest on Special Deposits of Non-Government Provident Funds etc.	6,648	7,921	9,222	10,246	8,615	9,100	10,200
V.	Interest on Reserve Funds	170	220	253	378	510	483	426
VI.	Interest on Other Obligations	323	333	668	543	534	2,512	1,029
	Total Interest Payments (I to VI)	**36,741**	**44,060**	**50,045**	**59,478**	**65,700**	**77,248**	**88,000**

***Source* :** Finance Accounts of the Government of India and Budget documents of the Government of India, 1999-2000.

TABLE 5 : CENTRAL PLAN OUTLAY BY HEADS OF DEVELOPMENT

(Rs. crore)

Items	1997-98 (Revised Estimates)	1998-99 (Budget Estimates)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)	Variation					
					Col.4 over Col.3		Col.4 over Col.2		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
1 Agriculture	2,756 (3.4)	3,864 (3.7)	2,777 (3.1)	3,736 (3.6)	– 1,087	– 28.1	21	0.8	959	34.5
2 Rural Development	6,949 (8.6)	8,182 (7.8)	7,736 (8.7)	7,843 (7.6)	– 446	– 5.5	787	11.3	107	1.4
3 Irrigation and Flood Control	268 (0.3)	374 (0.4)	345 (0.4)	348 (0.3)	– 29	– 7.8	77	28.7	3	0.9
4 Energy	21,129 (26.1)	30,082 (28.6)	23,979 (27.1)	27,381 (26.4)	– 6,103	– 20.3	2,850	13.5	3,402	14.2
of which :										
a) Power	7,423 (9.2)	10,905 (10.4)	8,822 (10.0)	11,231 (10.8)	– 2,083	– 19.1	1,399	18.8	2,409	27.3
b) Petroleum	10,915 (13.5)	14,733 (14.0)	11,938 (13.5)	11,785 (11.4)	– 2,795	– 19.0	1,023	9.4	– 153	– 1.3
5 Industry and Minerals	10,771 (13.3)	11,551 (11.0)	7,955 (9.0)	8,672 (8.4)	– 3,596	– 31.1	– 2,816	– 26.1	717	9.0
6 Transport	12,985 (16.0)	16,186 (15.4)	14,397 (16.3)	16,850 (16.3)	– 1,789	– 11.1	1,412	10.9	2,453	17.0
7 Communications	11,137 (13.7)	14,878 (14.1)	13,467 (15.2)	16,811 (16.2)	– 1,411	– 9.5	2,330	20.9	3,344	24.8
8 Science, Technology and Environment	1,965 (2.4)	2,766 (2.6)	2,389 (2.7)	2,988 (2.9)	– 377	– 13.6	424	21.6	599	25.1
9 Social Services *	12,115 (15.0)	16,010 (15.2)	14,240 (16.1)	17,365 (16.8)	– 1,770	– 11.1	2,125	17.5	3,125	21.9
10 Others	958 (1.2)	1,294 (1.2)	1,197 (1.4)	1,527 (1.5)	– 97	– 7.5	239	24.9	330	27.6
Total (1 to 10)	**81,033 (100.0)**	**105,187 (100.0)**	**88,482 (100.0)**	**103,521 (100.0)**	**– 16,705**	**– 15.9**	**7,449**	**9.2**	**15,039**	**17.0**
To be financed by :										
1 Budgetary Support	**33,629 (41.5)**	**42,464 (40.4)**	**38,263 (43.2)**	**44,000 (42.5)**	**– 4,201**	**– 9.9**	**4,634**	**13.8**	**5,737**	**15.0**
2 Internal and Extra Budgetary Resources (IEBR) of Public Sector Enterprises, etc.	**47,404 (58.5)**	**62,723 (59.6)**	**50,219 (56.8)**	**59,521 (57.5)**	**– 12,504**	**– 19.9**	**2,815**	**5.9**	**9,302**	**18.5**

Note : Figures in brackets represent percentage to total.

* : Provisions for Indira Awas Yojana and National Social Assistance Programme made under Social services sector are included in Rural Development Sector.

Source **:** Budget documents of the Government of India, 1999-2000.

TABLE 6 : RESOURCES TRANSFERRED TO STATES AND UNION TERRITORY GOVERNMENTS

(Rs. crore)

Items	1997-98 (Accounts)	1998-99 (Budget Estimates)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)	Variation					
					Col.4 over Col.3		Col.4 over Col.2		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
A. States' Share in Central Taxes and Duties (a+b+c)	**43,548**	**40,854**	**39,163**	**44,495**	**– 1,691**	**– 4.1**	**– 4,385**	**– 10.1**	**5,332**	**13.6**
a) Income Tax	13,508	14,696	14,873	16,987	177	1.2	1,365	10.1	2,114	14.2
b) Voluntary Disclosure of Income Scheme, 1997	7,594	– 750	– 375	—	375	– 50.0	– 7,969	– 104.9	375	—
c) Union Excise Duties	22,446	26,908	24,665	27,508	– 2,243	– 8.3	2,219	9.9	2,843	11.5
B. Total Grants (i+ii)	**30,452**	**28,223**	**25,704**	**31,648**	**– 2,519**	**– 8.9**	**– 4,748**	**– 15.6**	**5,944**	**23.1**
i) Plan	25,972	21,428	21,128	23,450	– 300	– 1.4	– 4,844	– 18.7	2,322	11.0
ii) Non-Plan @	4,480	6,795	4,576	8,198	– 2,219	– 32.7	96	2.1	3,622	79.2
C. Total Non-Plan Loans *	**15,817**	**14,293**	**23,897**	**121**$	**9,604**	**67.2**	**8,080**	**51.1**	**—**	**—**
of which :										
Loans against Small Savings, Collections etc.	15,055	14,200	23,788	$	9,588	67.5	8,733	58.0	—	—
D. Plan Loans (i+ii)	**14,644**	**14,824**	**14,507**	**16,254**	**– 317**	**– 2.1**	**– 137**	**– 0.9**	**1,747**	**12.0**
i) Assistance for State and Union T erritory Plans **	N.A.	14,623	14,325	16,046	– 298	– 2.0	—	—	1,721	12.0
ii) Assistance for Central and Centrally Sponsored Plan Schemes	N.A.	201	182	208	– 19	– 9.5	—	—	26	14.3
E. Gross Transfers (A to D)	**104,461**	**98,194**	**103,271**	**92,518**	**5,077**	**5.2**	**– 1,190**	**– 1.1**	**– 10,753**	**– 10.4**
F. Recovery of Loans & Advances *	**6,033**	**7,906**	**8,213**	**8,711**	**307**	**3.9**	**2,180**	**36.1**	**498**	**6.1**
G. Net Resources Transferred to State and Union Territory Governments (E-F)	**98,428**	**90,288**	**95,058**	**83,807**	**4,770**	**5.3**	**– 3,370**	**– 3.4**	**– 11,251**	**– 11.8**

@ : Inclusive of subsidies released through States.

***** : Net of recovery of short-term loans and advances.

****** : Excludes provisions for Union Territories without Legislature, Rural Electrification Corporation and North Eastern Council.

N.A. : Not available.

$: Please refer to the Footnote given in Table 3.

Source : Budget documents of the Government of India, 1999-2000.

TABLE 7 : KEY FISCAL INDICATORS

(Rs. crore)

Items	1992-93 (Accounts)	1993-94 (Accounts)	1994-95 (Accounts)	1995-96 (Accounts)	1996-97 (Accounts)	1997-98 (Accounts)	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)
1	2	3	4	5	6	7	8	9
1 Conventional Deficit/Drawing down of Cash Balances	12,312 (1.6)	10,960 (1.2)	961 (0.1)	9,807 (0.8)	13,184 (0.9)	– 910 (– 0.1)	3,234 (0.2)	.. (—)
2 Gross Fiscal Deficit	40,173 (5.2)	60,257 (6.9)	57,703 (5.6)	60,243 (4.9)	66,733 (4.7)	88,937 (5.7)	103,737 (5.8)	79,955+ (4.0)
3 Revenue Deficit	18,574 (2.4)	32,716 (3.7)	31,029 (3.0)	29,731 (2.4)	32,654 (2.3)	46,449 (3.0)	60,474 (3.4)	54,147 (2.7)
4 Monetised Deficit #	4,257 (0.6)	260 (..)	2,130 (0.2)	19,855 (1.6)	1,934 (0.1)	12,914 (0.8)	16,750* (1.1)	N. A. (—)
5 Gross Primary Deficit	9,098 (1.2)	23,516 (2.7)	13,643 (1.3)	10,198 (0.8)	7,255 (0.5)	23,300 (1.5)	26,489 (1.5)	– 8,045 (– 0.4)
6 Net Primary Deficit	11,644 (1.5)	24,331 (2.8)	12,050 (1.2)	10,806 (0.9)	9,022 (0.6)	22,748 (1.5)	24,284 (1.4)	13,581 (0.7)
7 Subsidies	11,995	12,682	12,932	13,372	16,125	19,487	24,684	23,837
of which :	(1.6)	(1.4)	(1.2)	(1.1)	(1.1)	(1.2)	(1.4)	(1.2)
i) Food	2,800 (0.4)	5,537 (0.6)	5,100 (0.5)	5,377 (0.4)	6,066 (0.4)	7,900 (0.5)	9,100 (0.5)	8,560 (0.4)
ii) Fertiliser	5,796 (0.8)	4,562 (0.5)	5,241 (0.5)	6,235 (0.5)	5,906 (0.4)	7,322 (0.5)	7,598 (0.4)	8,750 (0.4)
iii) Export	818 (0.1)	665 (0.1)	658 (0.1)	318 (..)	397 (..)	420 (..)	575 (..)	630 (..)
8 Defence Expenditure	17,582 (2.3)	21,845 (2.5)	23,245 (2.2)	26,856 (2.2)	29,505 (2.1)	35,278 (2.3)	41,200 (2.3)	45,694 (2.3)
9 Interest Payments	31,075 (4.0)	36,741 (4.2)	44,060 (4.2)	50,045 (4.1)	59,478 (4.2)	65,637 (4.2)	77,248 (4.3)	88,000 (4.4)
10 Total Non-Plan Expenditure	85,958 (11.2)	98,191 (11.2)	113,361 (10.9)	131,901 (10.8)	147,473 (10.5)	172,991 (11.1)	213,541 (12.0)	206,882$ (10.3)
11 Budgetary Support to Public Enterprises @	6,576 (0.9)	7,451 (0.8)	8,205 (0.8)	6,418 (0.5)	6,834 (0.5)	7,555 (0.5)	7,576 (0.4)	8,637 (0.4)
12 Direct Taxes (Net to Centre)	12,075	12,522	18,409	22,287	25,374	27,172	35,356	42,248
As per cent of total tax revenue	22.3	23.4	27.3	27.2	27.1	28.4	32.3	31.9
13 Indirect Taxes (Net to Centre)	41,969	40,927	49,045	59,652	68,327	68,500	74,181	90,117
As per cent of total tax revenue	77.7	76.6	72.7	72.8	72.9	71.6	67.7	68.1
14 Interest Receipts	12,487 (1.6)	15,078 (1.7)	15,797 (1.5)	18,419 (1.5)	22,106 (1.6)	25,323 (1.6)	30,544 (1.7)	33,034 (1.7)
15 Interest Payments as per cent of Revenue receipts	41.9	48.7	48.4	45.4	47.1	49.0	49.0	48.1
16 Revenue Deficit as per cent of Gross Fiscal Deficit	46.2	54.3	53.8	49.4	48.9	52.2	58.3	67.7
17 Monetised Deficit as per cent of Gross Fiscal Deficit	10.6	0.4	3.7	33.0	2.9	14.5	18.5	—

: According to Reserve Bank of India Records.

***** : Upto March 19, 1999.

@ : Figures relate to revised estimates for all years except 1999-2000.

\+ : The Fiscal Deficit excludes the transfer of share of net Small Savings Collections,which will be paid from the Public Account. On the same basis as earlier years, the fiscal deficit is Rs. 1,04,955 crore. Consequently, the Primary Deficit on the same basis is Rs. 16,955 crore.

$: Please refer to the Footnote given in Table 3.

. . : Negligible.

N. A. : Not available.

Note : Figures in brackets are per cent to GDP, based on new series (Base : 1993-94).

Source **:** Budget documents of the Government of India,1999-2000.