FY21 BUDGET PREVIEW

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Investment revival a priority

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We believe reviving growth and investments will take centre stage in FY21 Budget. The government has been undertaking structural reforms to encourage investments. While government and foreign investments have increased, private sector NPA cycle has been holding back private investments. We believe private sector investments can be started with asset monetisation program which will give room to government to spend on infra assets and restrict fiscal deficit to 3.6% and 3.3% of GDP in FY20 and FY21.

FY20 fiscal deficit at 3.6%: Given the backdrop of a slowing economy and muted revenue growth along with reduction in corporate tax rate to boost investments, the Centre is expected to report fiscal deficit of 3.6% (BE: 3.3%). Out of the 0.3% expansion, 10bps is owing to lower nominal GDP growth. The remaining is on account of lower revenue collections. We believe this slippage can be managed by increase in inflows from short-term borrowing and National Small Savings Fund (NSSF).

Investment revival a priority: Investment demand is estimated to have increased at 1% in FY20 (10% in FY19). Even consumption has slowed down to 5.8% in FY20 (8.1% in FY19). Thus reviving investment takes a priority. The government has taken a number of steps to improve India's Ease of Doing Business rankings. Corporate tax rate is now globally competitive. The government has also laid out an infra pipeline which aims to double investments in the next five years. The resources to fund infra investments can come from asset monetisation. It will also boost private sector capex and credit off-take to takeover these assets. Real estate sector can be given a boost through tax incentive to buy a house.

FY21 fiscal deficit at 3.3% of GDP: We expect direct and indirect tax revenues to increase by 10.1% and 7% in FY21 respectively. Non-tax revenues should increase on account of AGR and 5G auction receipts from telecom sector. On the expenditure front, capital spending is likely to increase by 8.5%. Focus will be on roads and railways. EBR spending will also accelerate in-line with infra pipeline. On the revenue expenditure front, PM-KISAN will see higher allocation. This translates to fiscal deficit of Rs 7.4tn or 3.3% of GDP in FY21, implying gross and net borrowing of Rs 8.2tn (Rs 7.1tn in FY20) and Rs 5.1tn (Rs 4.7tn in FY20) respectively.

KEY HIGHLIGHTS

- Agriculture, infrastructure and asset monetisation to be key focus areas of FY21 Budget
- Fiscal deficit for FY20/FY21 estimated at 3.6%/3.3% of GDP
- Gross/net borrowings in FY21 estimated at Rs 8.2tn/Rs 5.1tn

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Growth to take centre stage

Investment-centric approach: A push for higher investments

Over the last few years, the government has focused on improving the investment climate in the country. This is visible through improvement in Ease of Doing Business (EoDB) rankings and acceleration of FDI investments in India. Notably, India was amongst the top 10 recipient of FDI in world in 2019 (source: UNCTAD).

Even government investments (including CPSEs) have been increasing over the last few years. General government investments have increased at an average pace of 12% over FY14-18. Centre has allocated most of its investments in the form of gross budgetary support to railways and roads. In addition, Railways, NHAI and oil companies have also been spending through off-budgetary resources. Even then, the private sector capex cycle has alluded.

This can be attributed to muted global demand and excess capacity in India and world. In order to align domestic tax rates to global levels to attract manufacturing investments, the government also reduced corporate tax rate for both fresh and existing corporate firms. This will also promote formalisation of the economy.

While the slowdown in economy and impact of reduction in corporate tax (31% of gross tax revenue) has led to divergence between budget estimates (BE) and actual collections this year, the base adjustment to the now lower rate will ensure that collections show gradual uptick next year. A better global environment will also help.

We believe the government will continue the focus on reviving investments. It has already laid out a pipeline to double infra investments over the next five years to Rs 102tn. We believe the best way to fund the infra capex is through asset monetisation. The Budget can create the enabling environment for infrastructure creation through Public Private Partnership route.

Fiscal slippage: FD at 3.6% of GDP in FY20 and 3.3% of GDP in FY21

With 3.1% increase in tax revenues and 48.8% increase in non-tax revenues, government's revenues are likely to increase by 10.9% in FY20. Capital receipts too will rise on the back of higher short-term borrowing. We expect government to maintain its internal debt borrowing at Rs 4.73tn.

For achieving the same we expect the government to increase its revenue and capital spend by 9.4% and 7.2% over FY19 (PA) respectively. The effective fiscal slippage is 0.3% out of which 0.1% is on account of lower nominal GDP growth of 7.5% in FY20 as against BE of 12%.

Going forward, we expect nominal GDP growth to improve to 9.5% in FY21. Corporate tax collections will also be a bit better as the impact of lower tax rate plays out in FY20. Indirect tax collections will also be higher with improvement in nominal GDP growth. Even global growth outlook is better at the margin. On non-tax front, asset monetisation, AGR revenues and 5G auctions will add to government revenues.

We believe the government will reduce its fiscal deficit to 3.3% of GDP in FY21 as against 3% envisaged in the NK Singh committee report. We expect fiscal deficit to be reduced to 3% of GDP in FY22.

FY20 outlook

Lower tax collections undermining Centre's revenue targets

In the FY20 Budget, centre had assumed 9.5% increase in gross tax revenues on the revised estimates. However, provisional estimates show that tax collections in FY19 were lower than revised estimates by ~Rs 1.7tn. Hence, the revenue growth required to meet FY20 budget estimates was 18.2%. In between, the government also reduced corporate tax rate by almost ~8% for existing corporates and by 18% for fresh manufacturing investments.

Sluggish economic environment has led to under-performance of income tax as well as indirect tax collections. At the current run-rate we expect centre's tax collections to rise by only 3.1% in FY20 to Rs 21.5tn from Rs 20.8tn in FY19 and as against budget estimate (BE) of Rs 24.6tn.

Gross tax collections for FY20 are likely to undershoot the government's target by ~Rs 3.1bn (1.5% of GDP). While direct tax collections are likely to be lower by 0.8% of GDP, indirect taxes are estimated to be lower by 0.7% of GDP. Centre's net tax collections are likely to be lower than BE by Rs 2.3tn.

Direct tax collections a drag

Direct tax collections are estimated to increase by 4.3% to Rs 11.7tn in FY20 compared with BE of Rs 13.4tn (+18.6%). Out of the gap of Rs 1.6tn between BE and actuals, as much as ~Rs 1tn can be explained by reduction in effective corporate tax rates. On 20 Sep 2019, government had announced reduction in corporate tax rates (inclusive of surcharge and cess) from 34.94% to 25.17% and to 17% for fresh manufacturing investments firms from 25% earlier. As a result corporate tax collections have dipped to (-) 0.9% in FYTD20 (Apr-Nov'19) versus 16.6% increase seen in FYTD19. Some of the dip can also be attributable to softer earnings growth. We expect corporate tax collection to increase by only 0.4% in FY20 versus BE of 15.4%.

The remaining gap is attributable to subdued income tax collections at ~Rs 5.1tn (+10%) versus BE of Rs 5.7tn (+23.3%). Between Apr-Nov'19, income tax collections have risen by 7% versus BE of 23.3%. Last quarter (Q4) of FY18 and FY17 saw a large jump in income tax collections on YoY basis (FY18: 25.4%; FY17: 23.4%). The same was not the case in FY19 when it went up by only 9.3%. We believe this year will be more akin to last year.

On an overall basis, we estimate shortfall in direct tax collections to be 0.8% of GDP.

Indirect tax revenues also muted

Led by underperformance of customs and union excise duty, indirect tax collection growth has remain subdued in FYTD20 so far at (-) 0.9% versus 0.1% increase in FYTD19. The above two themselves are likely to be lower by Rs 1.2tn as against BE. While GST collections seem to be stabilising, underperformance against BE continues. GST collections have increased by only 4.1% in FYTD20 to Rs 4tn versus Rs 3.8tn (+50.3%) in FYTD19. As against BE of Rs 6.6tn, we expect actual collections at Rs 6.2tn implying a shortfall of ~Rs 500bn in FY20 GST collections.

Hence, on an overall basis, indirect tax collections are likely to be Rs 1.5tn lower than BE (0.7% of GDP).

FIG 1 – POOR TAX COLLECTIONS KEY REASON BEHIND FISCAL SLIPPAGE

(Rs bn)	FY18 YTD	FY19 YTD	Chg (%)	FY20 YTD*	Chg (%)	FY20BE	Chg (%)**
Tax revenue (gross)	10,873	11,647	7.1	11,741	0.8	24,612	18.3
Direct taxes	4,650	5,417	16.5	5,565	2.7	13,350	18.6
Corporate Tax	2,498	2,913	16.6	2,886	(0.9)	7,660	15.4
Income Tax	2,152	2,504	16.4	2,679	7.0	5,690	23.3
Indirect taxes	6,223	6,230	0.1	6,176	(0.9)	11,262#	17.6#

Source: CEIC, Union Budget Documents, Bank of Baroda Research | Note: BE-Budget Estimates; RE-Revised Estimates; PA-Provisional Actuals | *Apr-Nov'19 | **FY20BE over FY19PA | #Includes taxes of UTs

FIG 2 – CESS AND IGST COLLECTIONS STRAINING HEADLINE TARGET

(Rs bn)	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	FYTD20	FY20BE
CGST	**468**	**346**	**354**	**241**	**685**	**381**	**371**	**437**	**3,284**	**5,260**
% change	46.0	22.9	14.4	(58.4)	90.2	27.7	(22.6)	(26.9)	10.5	15.0
IGST	**(6)**	**72**	**40**	**253**	**(461)**	**(37)**	**196**	**2**	**60**	**280**
% change	-	-	-	-	-	-	-	-	(72.8)	(3.3)
SGST*	**450**	**503**	**544**	**405**	**625**	**533**	**379**	**520**	**3,958**	**6,128**
% change	34.9	16.2	15.2	(40.3)	37.5	10.7	(32.4)	20.1	2.9	11
Cess	**89**	**77**	**80**	**82**	**68**	**71**	**87**	**71**	**626**	**1,093**
% change	4.4	7.1	0.1	2.8	(7.9)	(8.9)	(12.6)	(10.3)	0	15.0
Total GST	**1,003**	**999**	**1,021**	**982**	**919**	**954**	**1,035**	**1,032**	**7,945**	**12,761**
% change	6.7	4.5	5.8	4.5	(2.7)	(5.3)	6.0	8.9	3.5	7.4

Source: CEIC, PIB, Bank of Baroda Research | Note: BE-Budget Estimates | *Computed from PIB and CGA data

PSU/RBI dividends to the rescue again

In case of non-tax revenues, the government is likely to see an upward surprise. As against BE of Rs 3.1tn, government may receive non-tax revenue of Rs 3.7tn. This will be on account of higher dividend from PSUs and in particular, the RBI. As per the recommendation of Jalan committee, government has received Rs 1.76tn in dividend from RBI as against BE of Rs 1.06tn. Hence, in FYTD20 non-tax revenues are higher by 67.8%. An interim dividend by RBI may further give a boost to non-tax revenues.

FIG 3 – NON-TAX GOVERNMENT REVENUES TO OVERSHOOT BE

(Rs bn)	FY18	FY19PA	FY20BE	FY20E
Dividends & Profits	914	1,134	1,635	2,382
Others	1,013	1,328	1,497	1,281
Non-Tax Revenues	1,927	2,462	3,132	3,663

Source: Union Budget Documents, Bank of Baroda Research | Note: E-Bank of Baroda Estimates; BE-Budget Estimates; PA-Provisional Actuals

Lacklustre disinvestment receipts to pull capital receipts down

The government had budgeted for capital receipts of Rs 8.2tn in FY20. Out of this, net borrowing was budgeted at Rs 4.73 (~58%). Disinvestment receipts were pegged at Rs 1.05tn (~13%). Small saving schemes were expected to contribute Rs 1.3tn (~16%).

Out of this, the government is likely to see a large shortfall in disinvestments. Data upto Dec'19 shows disinvestment receipts of Rs 191bn. In addition to this, the government has raised additional resources of Rs 124bn by way of Bharat Bond-ETF. While disinvestment receipts will miss the target by a wide mark, short-term borrowings and higher inflows into small savings schemes may help.

FIG 4 – CAPITAL RECEIPTS TO FALL MARGINALLY SHORT OF TARGET

(Rs bn)	FY18	FY19PA	FY20BE	FY20E
Internal Debt Market Borrowing	4,507	4,227	4,731	4,731
Disinvestment	1,000	850	1,050	450
Others	1,560	2,409	2,455	2,705
Total capital receipts	**7,067**	**7,487**	**8,236**	**7,886**

Source: Union Budget Documents, Bank of Baroda Research | Note: E-Bank of Baroda Estimates; BE-Budget Estimates; PA-Provisional Actuals

Receipts shortfall at 1.3% of GDP

With non-tax revenues higher than BE and capital receipts just Rs 350bn short of BE, we estimate revenue shortfall of 1.3% of GDP compared with tax shortfall of 1.5% of GDP. In absolute terms it translates into a shortfall of Rs 2.6tn in total receipts as against FY20BE.

Expenditure growth to moderate in H2

During FYTD20, expenditure has increased by 12.8% led by 13% jump in revenue expenditure and 11.7% increase in capital expenditure. During this period, Centre's net revenue has increased by 7.9%. Hence, the spending has been financed by 12.7% increase in fiscal deficit.

For FY20, Centre's receipts are likely to increase by 9.1%. However, as against the FY20BE of Rs 27.9tn, receipts are likely to be Rs 25.2tn, a shortfall of Rs 2.6tn (1.3% of GDP). Hence, the government will have to bring down its current expenditure run-rate to keep fiscal deficit at the budgetary target. Given

the economic slowdown, we believe this will be difficult and government may look at expanding the deficit to 3.6% of GDP for revenue and capital expenditure to increase at 9.4% and 7.2% respectively in FY20.

Revenue expenditure holds steady in H1FY20

In FYTD20, the centre's revenue expenditure has increased by 13% led by Ministry of Agriculture (+68%), HRD (+45%), Ministry of Chemicals (+37%) and Ministry of Petroleum (+38%) for subsidy payments and Ministry of Finance (+15%) for debt funding. We are likely to see muted increase in spending in some of these Ministries in Q4 to restrict fiscal deficit from current level of Rs 8.07tn (FY20BE of Rs 7.04tn). We estimate revenue expenditure to increase by 9.4% in FY20 to Rs 22tn as against BE of Rs 24.5tn. This implies reduction in spend by some ministries.

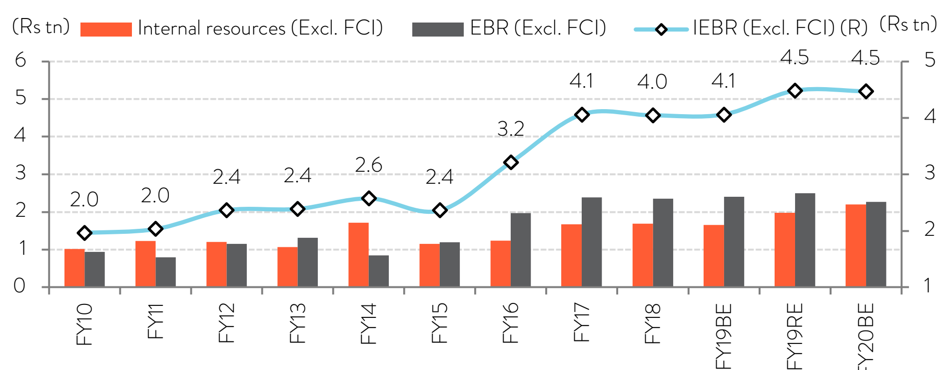
Infra spending driving Capex

During FYTD20, capital spending has increased by 11.7% led by Ministry of Housing and Urban Affairs (+13%), Ministry of Railways (+24%) and Ministry of Power (+14%). On the other hand, capital spending by Ministry of Road & Transport has fallen by (-) 3%. We expect capital spending by centre to increase by 7.2% to Rs 3.3tn. While this is lower than growth seen in FYTD20, given the muted tax collection, we believe further increase in capex this year is only possible if Centre expands its fiscal deficit beyond 3.6% of GDP from BE of 3.3%.

IEBR a key source of investment

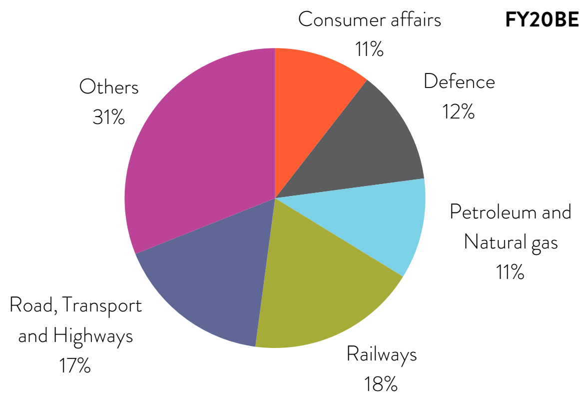
On account of a shortfall of Rs 2.6tn in total receipts anticipated in FY20, capex is likely to be funded by CPSEs. We expect CPSEs to undertake capital spend of Rs 4.5tn in FY20 (2.2% of GDP) same as last year. The sectors leading investments are Railways (0.5% of GDP), Petroleum (0.5% of GDP), Roads (0.4% of GDP) and Power (0.2% of GDP). Given capacity utilisation level of 69%, lowest in 11-years, and lukewarm investment outlook by private sector, we believe even next year too CPSEs will be drivers of capex in the country.

FIG 5 – IEBR TO DRIVE INVESTMENT DEMAND HIGHER



Source: CEIC, Union Budget Documents, Bank of Baroda Research

FIG 6 – INFRASTRUCTURE HAS THE HIGHEST SHARE IN OVERALL CAPITAL SPENDING OF THE GOVERNMENT



Source: CEIC, Union Budget Documents, Bank of Baroda Research

FIG 7 – BREAKDOWN OF CAPITAL SPENDING MINISTRY-WISE

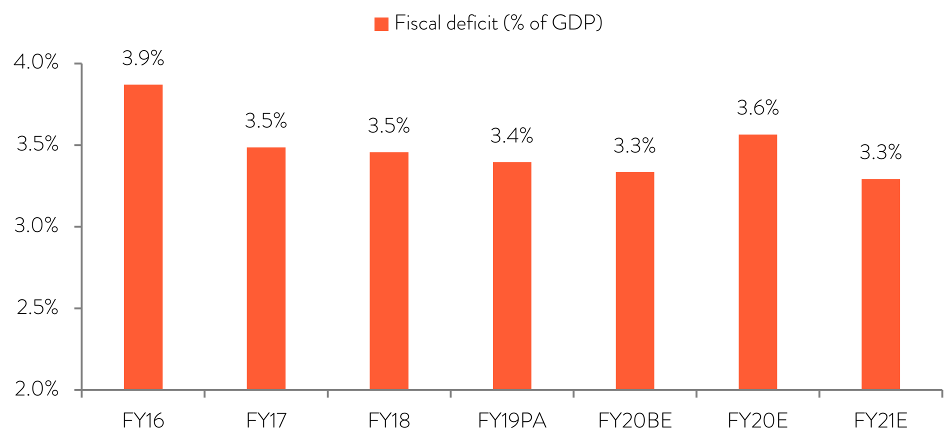
Ministries (Rs bn)	FY19RE		FY20BE	
	GBS	IEBR	GBS	IEBR
Consumer affairs	14	1643	14	905
Defence	985	0	1082	0
Petroleum and Natural gas	20	944	17	936
Railways	531	858	658	941
Road, Transport and Highways	686	620	721	750
Others	931	2,060	894	1,844
Total	**3,166**	**6,126**	**3,386**	**5,376**

Source: Union Budget Documents, Bank of Baroda Research | Note: BE-Budget Estimates; RE-Revised Estimates

Fiscal deficit pegged at 3.6% in FY20E

We expect fiscal deficit to increase to 3.6% of GDP in FY20 from BE of 3.3% (3.4% in FY19). A 10bps increase in fiscal deficit is on account of lower nominal GDP growth of 7.5% in FY20 versus BE of 12%. Additional 20bps slippage is estimated on account of the current economic slowdown so as to ensure positive capital spending by the centre. While fiscal deficit can be higher than 3.6% of GDP, this may envisage an increase in government borrowings. Our estimate of 3.6% can be met through NSSF and short-term borrowings.

FIG 8 – FISCAL DEFICIT TO BREACH TARGET IN FY20E



Source: Union Budget Documents, Bank of Baroda Research | Note: E-Bank of Baroda Estimates; PA-Provisional Actual; BE-Budget Estimate

FY21 outlook

Tax collections to rebound

We estimate a rebound in direct tax collection in FY21 to 10.1% compared with 4.3% increase estimated in FY20. Indirect tax collections are likely to increase by 7% in FY21 versus 1.7% increase to be seen in FY20. Overall receipts are expected to increase to Rs 27.8tn compared with Rs 25.2tn in FY20.

Direct taxes to see revival

In FY21, we estimate direct tax collections to increase to Rs 12.9tn (+10.1% over FY20E), led by both corporate (+9.5%) and income tax collections (+11%). On the corporate tax front, collections are likely to improve as base effect of new corporate tax rate has already played out in FY20. In addition, nominal GDP growth in FY21 is expected at 9.5% versus 7.5% in FY20. This should give a boost to direct tax collections.

Stabilization on the cards for indirect revenues

With the GST regime now settling in and tax brackets almost steady, we expect indirect tax collections to increase by 7% in FY21 from 1.7% in FY20. The jump will be driven by 10.2% jump in GST collections, led by CGST. Another contributing factor will be higher collections through customs as our domestic demand improves and imports increase.

AGR and spectrum auction to elevate non-tax revenues

We expect the government's non-tax revenues to increase by 21% in FY21 after 48.8% increase likely in FY20. While the increase in FY20 is on account of higher RBI dividend, next year's increase will be led by (1) AGR revenue; (2) 5G spectrum auctions and (3) dividends and profits from PSUs. Transfer of surplus funds from the RBI will return to normal in FY21.

Higher G-Sec issuances to boost capital receipts

Capital receipts in FY21 are estimated at Rs 8.5tn compared with Rs 7.9tn in FY20E. The increase will likely be led by higher gross and net issuances of government securities (internal borrowing) at Rs 8.2tn (Rs 7.1tn in FY20E) and Rs 5.1tn (Rs 4.7tn in FY20E) respectively.

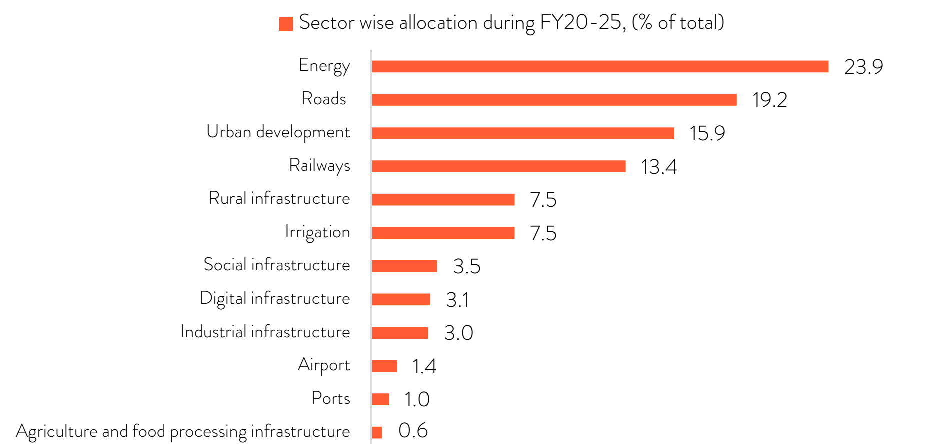
Investment and growth revival – key focus areas

We believe the FY21 Budget will be focused on reviving the economy through infrastructure investments. The government has already laid out infra pipeline of Rs 102tn to be executed over the next five years. This requires judicious mix of investments by centre, states and private sector. Thus focus will be on ensuring pick-up in investments under PPP route. In addition to this, the government will look at asset monetisation to increase its cash flows to invest in infrastructure creation. We expect a number of enabling legislations to incentivise private sector participation in the economy to revive growth such as clearing past disputes.

Focus on infrastructure investment

Government recently announced Rs 102tn infrastructure investment plan to boost infrastructure development in the country. The proposed plan will be implemented through the creation of a National Infrastructure Pipeline (NIP) and is spread over 5-years i.e., FY20-25. This will be implemented through a PPP model, with the Centre and State governments expected to finance 39% each and the private sector to contribute the rest 22%. The major thrust areas are: energy (23.9%), roads (19.2%), urban development (15.9%) and railways (13.4%).

FIG 9 – ENERGY AND ROADS TO REMAIN FOCUS AREAS FOR NIP



Source: PIB, Bank of Baroda Research

As such we expect these areas to remain in focus in the upcoming Budget. With respect to the funding for these projects, government is likely to rely on both budgetary and off-budgetary sources for funds. We expect capex expenditure to increase to Rs 3.5tn in FY21.

Asset monetisation to drive disinvestment receipts

Along with funding for the government's ambitious NIP, a slowing domestic economy calls for further fiscal stimulus. However, while tax collections have remained muted, disinvestment receipts too have fallen behind government's budget estimate. We expect government's disinvestment receipts to increase to Rs 1tn in FY21 from Rs 450bn in FY20. This will be met by asset monetisation of CPSEs, land and buildings.

In Feb'19, the government approved procedure and mechanism for asset monetisation of CPSEs and PSUs/other government organisations and immovable enemy properties. Under the new asset monetisation plan, non-core assets and loss making subsidiaries of even large profit making PSEs may be monetised. The assets include office space, apartments, factories, land, power transmission assets, airports in tier-2 and tier-3 cities etc. Certain CPSEs such as Bharat Sanchar Nigam Ltd (BSNL) have submitted details of 14 properties worth Rs 202bn to the Department of Investment and Public Asset Management (DIPAM) for monetisation.

Boost to Realty

Real Estate sector may see some boost to ensure that rising inventories are cleared for fresh investments to start. The government may announce incentive for buying houses in the Budget.

Keeping in line with objective to support credit flow in the economy, particularly through NBFCs, as was done in FY20 Budget, through partial credit guarantee scheme, FM may provide additional liquidity support to NBFC and HFCs. As of now, the guarantee scheme will continue up to June 30, 2020 and cover bonds up to Rs 1tn.

Sabka Vishwas

The Legacy Dispute Resolution Scheme, 2019 (SVLDRS) is a tax amnesty scheme which was introduced in the previous budget with the objective to focus on GST by clearing all the litigations and pending cases with respect to the previous tax regime (Central Excise, Service Tax and others) as on June 30, 2019. It has been in operation since September 1, 2019. The scheme also provides an opportunity for voluntary disclosure to non-compliant tax payers.

Through, this scheme the payee will receive immunity from persecution, interest as well as the penalty will also be waived off. There will also be lower tax liability. One of the benefit of the scheme include, providing a relief of 70% from duty demand if its amounts to Rs 5mn or less for cases pending in appeal or adjudication. Notably, relief of 50% will be given if demand is more than Rs 5mn.

In addition, in case of arrears, relief of 60% is provided of the confirmed duty amount if the same is Rs 5mn or less and 40% in other cases. The proceedings under the scheme will be completely automated and the settlement dues cannot be availed as input tax credit later.

Total expenditure to rise 10.4%

Overall, we expect the government's total expenditure to rise by 10.4% in FY21 compared with 9.1% increase in FY20E. Allocation toward capital investments is projected to rise to 8.5% from 7.2% in FY20E, while revenue spending is estimated to rise to 10.7% from 9.4% in FY20E.

Fiscal deficit to be cut to 3.3% of GDP in FY21E

In our view, with revived buoyancy in direct and indirect taxes, and limited room for expanding market borrowing, centre will aim to bring down the fiscal deficit from 3.6% in FY20E to 3.3% in FY21E. While the current fiscal year has seen a positive fiscal impulse from both the central and state government, the focus will move towards asset monetisation for financing infrastructure investments in FY21.

FIG 10 – FISCAL ESTIMATES

(Rs bn)	FY18	FY19PA	FY20BE	FY20E	FY21E	% Increase	
						FY20E	FY21E
Tax Revenue							
Corporation Tax	5,712	6,636	7,660	6,660	7,293	0.4	9.5
Taxes on Income	4,308	4,617	5,690	5,078	5,637	10.0	11.0
Indirect Taxes	9,123	9,550	11,192	9,710	10,394	1.7	7.0
Total - Tax Revenue	**19,189**	**20,826**	**24,612**	**21,480**	**23,359**	**3.1**	**8.7**
Less: State's Share	6,730	7,615	8,091	7,776	8,456	2.1	8.7
Centre's Tax Revenue	12,425	13,170	16,496	13,679	14,878	3.9	8.8
Total Non-Tax Revenue	**1,927**	**2,462**	**3,132**	**3,663**	**4,432**	**48.8**	**21.0**
Centre's Revenue (net)	**14,352**	**15,632**	**19,628**	**17,342**	**19,310**	**10.9**	**11.3**
Capital Receipts							
Internal Debt Market Borrowing	4,507	4,227	4,731	4,731	5,050	11.9	6.7
Disinvestment	1,000	850	1,050	450	1,000	(47.1)	122.2
Others	1,560	2,409	2,455	2,705	2,485	12.3	-8.1
Total Capital Receipts	**7,067**	**7,487**	**8,236**	**7,886**	**8,535**	**5.3**	**8.2**
Draw-down of Cash Balances	41	-	511	-	-	-	-
Total Receipts	**21,420**	**23,119**	**27,863**	**25,228**	**27,845**	**9.1**	**10.4**
Expenditure							
Interest Payments	5,290	5,827	6,605	6,497	7,211	11.5	11.0
Defence Expenditure	2,766	2,854	3,053	2,946	3,049	3.2	3.5
Subsidies	1,912	2,176	3,017	2,458	2,827	13.0	15.0
Transfer to States	1,075	1,185	1,554	1,303	1,421	10.0	9.0
Rural Development	1,350	1,401	1,408	1,429	1,500	2.0	5.0
Transport	1,104	1,405	1,574	1,293	1,568	(8.0)	21.3
Home Affairs	875	967	1,039	987	1,026	2.0	4.0
Education	802	803	949	820	844	2.0	3.0
Agriculture	526	579	1,515	1,097	1,536	89.3	40.0
Others	5,720	5,921	7,149	6,399	6,863	8.1	7.3
Total Expenditure	**21,419**	**23,119**	**27,864**	**25,228**	**27,845**	**9.1**	**10.4**
Revenue	18,788	20,085	24,478	21,976	24,316	9.4	10.7
Capital	2,631	3,034	3,386	3,253	3,529	7.2	8.5
Revenue Deficit	4,436	4,453	4,850	4,633	5,006	-	-
Fiscal Deficit	**5,911**	**6,458**	**7,038**	**7,288**	**7,370**	**-**	**-**
% of GDP	**3.5%**	**3.4%**	**3.3%**	**3.6%**	**3.3%**	**-**	**-**

Source: Union Budget Documents, CEIC, Bank of Baroda Research; E-Bank of Baroda Estimates; BE-Budget Estimates; PA-Provisional Actuals

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