An Examination of the Fiscal Assumptions of the Twelfth Five Year Plan

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The fiscal policy assumes centre stage in policy deliberations as the continuous fiscal imbalances and rising levels of public debt pose risks to the prospects for macroeconomic stability, and accelerating and sustaining growth. Appropriate and timely fiscal policy measures can promote growth by setting efficient and effective use of scarce resources and by creating the right incentive signals. The well designed fiscal strategy would help to move an economy like India towards a higher growth path without high inflation or intergenerational transfers of the burden of public debt. India's growth broke the shackles of 'Hindu Growth' trajectory through unleashing of her potential through the reform measures that were initiated in the early 1990s. The Ninth and Tenth Five Year Plans, 1997-2002 and 2002-2007 witnessed sustained growth rate in the Indian economy and it was thus recognized as an emerging super power. Not only the growth rates were higher, the other macroeconomic fundamentals like inflation rate, foreign exchange rate, inflow of FDI, current account deficit were quite favorable. Even the fiscal deficit was being brought under control in tune with the FRBM targets. In this context, the Eleventh Plan (2007-2012) was implemented with the goal 'towards achieving faster and inclusive growth'. However, the global the financial meltdown of 2008 shattered India's hopes of higher growth targets. Almost all the projections of the Eleventh Plan have not been met resulting in underachievement and lot of concerns before the Twelfth Plan beginning from April 2012.

The present paper seeks to review the performance of the Indian economy during the Eleventh Plan against the targets and pitch up those lags as the challenges for the successful implementation of the Twelfth Plan. The data is gathered from the publications of the Planning Commission and the RBI. The organization of the paper is as follows: the next section summarizes the growth experience of the Eleventh Plan and identifies the lags; the third explains the fiscal projections for the Twelfth Plan; the fourth discusses whether these projections of the 'Approach Paper' are feasible, given the current scenario; and the last summarizes the main arguments.

Macroeconomic Parameters of the Twelfth plan

The Approach Paper (AP) to the Twelfth Plan has been approved by the National Development Council and has been put up in the public domain for consultation and feedback. The motto of the Twelfth Plan is 'Towards faster, sustainable and more inclusive growth'. This seems to be in conformity with the objectives of fiscal policy, i.e., achieving growth, equity and stability. It is but natural that for achieving higher and more inclusive growth and sustaining it not only a higher level of investment is needed but it should be strictly prioritized. In this context what are the expectations for the Twelfth Plan? Table 1 provides the relevant information.

The Approach Paper contemplates two scenarios – first for a 9% growth rate and the second for a 9.5% growth rate. The projections are worked out for both the scenarios and presented in the table for analysis. However, the AP establishes the feasibility of a 9% growth rate and for the present paper the same is considered for the further deliberations.

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The planning commission has proposed to raise an amount of Rs. 91,60,248 cr ((Planning Commission, 2011b), p.23) for the Twelfth Plan as against Rs. 36.4 lakh crore (at 2006–07 prices, Planning Commission, 2011a, p.39). Thus the investment for the Twelfth Plan is proposed to be increased by more than 150% compared to the Eleventh Plan. However, it amounts to 13.3% of expected GDP in the Twelfth Plan as against 13.5 during the Eleventh Plan.

The moot question is how such a huge amount of money is going to be realized and what would be its impact in terms of growth, inflation and inclusiveness? As could be observed from the Figure 1 below, the investment rate (which equals gross domestic capital formation adjusted for errors and omissions as a percentage of GDP) is estimated to have increased to 36.4 per cent of GDP in the Eleventh Plan as compared to 31.8 per cent in the Tenth Plan. These high rates of investment (over 36.0 per cent of GDP) and private sector savings (34.0 per cent of GDP) constitute strong macro-economic fundamentals supporting high growth (Planning Commission, 2011b, p15).

However, the moderation of the investment rate for the XII Plan may be observed as compared to the preceding plans. The prospects of a lower GDP growth obviously mean a lower capacity to raise funds and invest. However, the savings rate is quite robust and that constitutes a strong fundamental for an accelerated growth. When we look at the composition of investment, the public sector is not only contributing at a lower level, but its share in the overall investment has gone down overtime. On the other hand the private corporate sector has shown the dynamism and its contribution to total investment has increased appreciably.

How is this investment proposed to be financed? Saving is the major source which neither creates debt burden nor builds up inflation pressure. As Figure 2 shows, the savings rate in the country has also increased in the post reform period and the Twelfth Plan proposes to raise it to 36.2% of GDP. However, the moderation in the proposed increase in the savings should be noticed.

However, a matter of concern is the source of savings. As shown in the second panel of Figure, the public sector savings are very low (7% in the Eleventh Plan) and have increased rather slowly. 90% of savings are provided by the private sector and a lion's share by the household sector. The deterioration of finances of central and state governments is a serious issue and restoring the fiscal health is of urgent necessity. Of the public savings, the budgetary savings have turned negative and the ability of the public sector enterprises to contribute to the national savings is very limited. This reflects the ability of the governments to raise revenue and spend it effectively for attaining the targets contemplated.

Another source of non-debt creating source of funds is the current account balance derived out of the external transactions of the country. As Figure 3 shows, the current account deficit (CAD) has worsened over the plan periods. This is a direct consequence of the global financial crisis of 2008-09 as well as the ongoing crisis in the USA and Euro zone. The trade balance has deteriorated and stood at -5.0% of GDP during the Eleventh Plan. Thanks to the vibrant inflow of foreign direct investment (FDI) at 3.8% of GDP, the overall CAD stood at -2.4% of GDP. For the Twelfth Plan, it is projected that the FDI inflow would increase to 5% of GDP, which seems to be plausible provided further reforms in the sector are implemented immediately. Hence, the emerging investment pattern has been such that the government's own source has declined overtime and dependence of the private - household and corporate – and external savings has increased which is not a very good sign in terms of the fiscal parameters of an economy.

Another component of the macroeconomic parameter for a successful implementation of the plan is the

inflation rate. In the face of global inflation fuelled by the rise in food and crude oil prices, the Eleventh Plan faced a crisis like situation. However, the Twelfth Plan boldly assumes an inflation rate of about 5%, which does not seem to be plausible.

Thus, while the private savings and investment are robust the same cannot be said about the government saving and investment. A huge increment in investment can be better if it is financed out of own sources. However, the trends reveal that it is deteriorating overtime. The higher inflation rate may put additional pressure and constraints for mobilization of the required resources.

Financing of the Plan

Carrying the arguments of the previous section further, it is pertinent to consider how the plan is proposed to be financed. A detailed assessment of the size of the Central and State Plans will be possible only at the time of finalisation of the Twelfth Plan. A provisional assessment of resource availability for the Centre has been made by the Working Group on Centre's Resources. Table 2 provides the necessary information.

The projections in Table 2 envisage Gross Budgetary Support (GBS) for the Plan increasing from 4.92 per cent of GDP in 2011-12 to 5.75 per cent of GDP by the end of Twelfth Plan period. The increase in the GBS as a percentage of GDP over a five year period is only 0.83 per cent of GDP. According the Approach Paper, "there are several sectors where Plan allocations must increase as a percentage of GDP, notably health, education and infrastructure. Preliminary work shows that allocations for these sectors should ideally increase by around 1.5 percentage points of GDP". Given the limited increase projected in the Central GBS, this implies strict prioritization will have to be enforced, which implies resources for other sectors will expand more slowly than GDP.

The reason for the limited scope to increase GBS is due to the projected movement in the four components that determine total availability of resources. Firstly, the net tax revenue for the Centre is expected to increase from 7.40 per cent of GDP in 2011-12 (BE) to 8.91 per cent of GDP in 2016-17, an increase of 1.51 percentage points. Secondly, the non-tax revenues are expected to fall from 1.40 per cent of GDP in 2011-12 to 0.88 per cent of GDP in 2016-17. This is because the Twelfth Plan does not see any prospects of large revenues as from 'spectrum auction' proceeds. Similarly, the contribution of Non-Debt Capital Receipts (mainly disinvestment proceeds) as a ratio of GDP is also expected to fall, partly because the scope for disinvestment is now limited if government equity cannot be diluted below 51.0 per cent. Lastly, the fiscal deficit is expected to be lowered from 4.6 per cent of GDP to 3.0 per cent of GDP in line with the Government's fiscal consolidation plan. The net effect of the above trends is aggregate resources for the Centre will actually fall from 14.01 per cent of GDP in 2011-12 (BE) to 13.11 per cent of GDP in 2016-17.

The Plan expects to receive more GBS despite a fall in the total availability of resources as % of GDP mainly by restricting the growth of non-plan expenditure. It is projected to fall as a percentage of GDP from 9.09 in 2011-12 to 7.36 per cent in 2016-17. Non-plan expenditure mainly consists of interest payments, defence expenditure, pay and allowances, pensions, subsidies and others. The projected decline in the non-plan expenditure is based on certain assumptions relating to each of the components that are mentioned in the Approach Paper (Planning Commission, 2011b).

The most vital assumption is with respect to the subsidies. Subsidies which account for 18.8 per cent of the total projected Non-Plan Expenditure during the Twelfth Plan, are expected to decline from an estimated 1.6 per cent of GDP in 2011-12 (BE) to 1.24 per cent of GDP in the final year. The ability to reduce subsidies is critical from the resource point of view, since in the past, subsidies have been rather high as a percentage of GDP. They increased from 2.27 per cent of GDP in 2006-07 to 4.04 per cent of GDP in 2008-09, partly because of non-adjustment of oil prices and clearing of part dues. Subsidies in 2011-12 (BE) are expected to be 1.6 per cent of GDP, but it is possible

that the BE estimate may exceed the target, if oil prices are not adjusted further. If the subsidy figures in 2011-12 do exceed the budget estimates, the projected reduction over the Twelfth Plan would be much sharper. However, what is crucial is the effective targeting of subsidies. The only alternative would be to raise additional tax resources so as to achieve a tax-GDP ratio higher than average 12.0 per cent of GDP, as implied in the above projections.

On the revenue side, the gross tax revenues of the Centre were 10.6 per cent of GDP in 1990-91, but declined for several years as custom duties and income tax rates were lowered. However, they rose again after 2001-02, reaching a peak of 11.9 per cent in 2007-08. The tax ratio declined thereafter, because of the tax reduction introduced as part of the stimulus reaching 9.5 per cent of GDP in 2009-10. However, the trend has reversed again, and the gross tax-GDP ratio at the Centre was 10.0 per cent in 2010-11, further projected to be 10.36 per cent of GDP in 2011-12. This positive trend is expected to continue over the Twelfth Plan period. The projections therefore, involve going above the previous peak of 11.9 per cent in 2007-08, albeit moderately so. If we want a larger Plan size, we could perhaps aim at a tax rate of 13.0 per cent of GDP. This could be achieved if critical tax-reforms in the pipeline become a reality in the coming years. The Goods and Services Tax, in particular, could also make the economy more competitive and help accelerate growth to the levels being targeted in the Twelfth Plan. However, this assumption related to the tax-GDP ratio is contingent upon the attainment of the projected increment in GDP.

Hence, if the aggregate public sector resources available to the Plan are going to be lower, then the privates sector needs to be encouraged and enabled to invest still a larger amount for achieving a faster and sustainable growth. In this context, increasing the investment in infrastructure is very crucial. Secondly, with envisaged reduction in the non-plan expenditure, the realized expenditure need to be strictly prioritized and targeted to ensure inclusive expenditure. These two aspects are fundamental to the expenditure planning.

Crowding-in Private Investment

As was observed in section 2, the private sector (households and corporate) accounts for more than two-thirds of the investment in the economy. In order to raise it further and also ensure greater amount of funds, it is necessary to ensure that the financial system is able to provide the funds and confidence to the private sector to realize investment needed for 9.0 per cent GDP growth. For this, what is needed is a financial system capable of mobilising household savings and allocating them efficiently to meet the equity and debt needs of the fast expanding private corporate sector. This depends upon the efficiency of the financial system as a whole, which at present consists of a large number of financial institutions, such as banks, non-bank finance companies, mutual funds, insurance companies, pension funds, private equity firms, venture capital funds, angel investors, micro-finance institutions etc.

Special attention must be paid to the financing needs of private sector investment in infrastructure (Planning Commission, 2011b). Infrastructure investment (defined as electricity, roads and bridges, telecommunications, railways, irrigation, water supply and sanitation, ports, airports, storage and oil-gas pipelines) will need to increase from about 8.0 per cent of GDP in the base year (2011-12) of the Plan to about 10.0 per cent of GDP in 2016-17. The total investment in infrastructure would have to be over Rs. 45 lakh crore or $ 1 trillion during the Twelfth Plan period. Financing this level of investment will require larger outlays from the public sector, but this has to be coupled with a more than proportional rise in private investment. Private and PPP investments are estimated to have accounted for a little over 30.0 per cent of total investment in infrastructure in the Eleventh Plan. Their share may have to rise to 50.0 per cent in the Twelfth Plan.

Some important steps for the Twelfth Plan period could be (Planning Commission, 2011b):

(i) Pension and insurance reforms have been pending and need to be undertaken on a fast-track basis. Mutual funds, insurance and pension funds are not only efficient routes through which household savings can be mobilised for corporate investment, but also vehicles that provide financial security to a large section of the population, hitherto excluded from the benefits of modern financial services.

(ii) A large part of household savings are currently absorbed by the government to finance the fiscal deficit. As fiscal consolidation is undertaken and household savings remain high, more funds are likely to be available for corporate debt investment. The creation of a vibrant and liquid corporate bond market should be taken up on priority basis. Reform of the government securities market is also essential for the establishment of a Government Securities (G-Sec) yield curve for all maturities against which corporate bonds can be priced.

(iii) Since investment in infrastructure has to increase as a percentage of GDP and about 50.0 per cent of the investment is projected to be in the private sector, the institutional mechanisms for supporting such investment deserves strong support. The slated creation of infrastructure debt funds by the Finance Ministry will help infrastructure companies to refinance short term bank debt with long term debt thereby freeing banks to finance new corporate investment. This will not only help leverage private investment in infrastructure, through speedier financial closure of public private partnerships, but also crowd-in private investment to propel Indian economy to a high growth path.

(iv) The public sector banking system needs to achieve economies of scale through both capital infusion and consolidation. If government ownership of equity in public sector banks cannot be diluted below 51.0 per cent, there is no alternative to providing budgetary resources to build up the capital of the public sector banks.

(v) Financial inclusion still remains a matter of concern. Until now, the approach was to open more and more rural branches, which involves very high costs. Fortunately, mobile and information technology permits the use of the banking correspondents' model to improve financial access for ordinary households in under-served areas. This must be expedited in the Twelfth Plan.

In this way the private investment can be motivated and enhanced.

Feasibility of the Macroeconomic Assumptions

So far we have summarized the macroeconomic assumptions made for financing of the Twelfth Plan. But when one observes the performance of the Eleventh Plan, the current domestic and external economic parameters, one feels that these are all based on shaky ground. Let us briefly review these further and comment upon the Twelfth Plan's assumptions.

1. Fall out of the Eleventh Plan

What has been the experience of financing the Eleventh Plan and what are its lessons for the Twelfth Plan? That the Eleventh Plan did not succeed in keeping to its projections is clear from Table 3.

The Eleventh Plan had estimated the total resources available for financing the Plan at Rs 36.4 lakh crore (at 2006–07 prices) from the Centre and states together. This translated to a figure of 13.5 per cent of expected GDP over the five-year period. The Mid-Term Appraisal (MTA) of the Eleventh Plan estimates that in the first three years of the Plan, the total available financial resources for the Plan was Rs 17.9 lakh crore (at 2006–07 prices), amounting to 12.0 per cent of GDP. It means the balance 18.5 lakh crore investment would have been incurred in the last two years of the Plan. However, the overall resources available for the central Plan are going to be lower by 0.35 per cent of GDP than was anticipated.

Among the components of the plan finances, as against the Eleventh Plan estimate of the Centre's BCR at 2.3

per cent of GDP, the MTA projects it to be -0.17 per cent of GDP (Planning Commission, 2011a). Higher subsidy outgo, expenditures related to the Sixth Pay Commission and the large fiscal stimulus injected in the second half of 2008–09 in response to the global crisis are the reasons for such a worsening of the BCR. Thus, the availability of resources for financing the Plan flowing out of the BCR is going to be much less than what was originally envisaged. A similar situation obtains in the case of the states with the overall position going to be weaker than what was originally envisaged. Hence the non-debt funds available to the government have fallen sharply and the ability to persist with Plan expenditures has been restricted from the financing side. This is has resulted in higher borrowings. Borrowings of the Centre were projected at 2.9 per cent of GDP in the Eleventh Plan, but the actual is going to be about 5.2 per cent of GDP.

Though the resources for financing the Eleventh Plan available have come down due to a weaker BCR, the central assistance to the states has risen by a greater amount than what was originally projected. Resources from Public Sector Enterprises (Centre) including IEBR amounted to 72 per cent of the targeted amount during the first four years of the Eleventh Plan. Further, the borrowings of the Centre have far exceeded the originally projected value for the entire Plan period. In other words, the objective of funding a larger Plan size through the generation of non-borrowed resources is not materialized. This failure of the Eleventh Plan needs to be considered while projecting the financing of the Twelfth Plan. With the building up of inflationary pressure this argument assumes a lot of significance.

2. Current Domestic Economic Parameters

The Approach Paper admits that the global crisis of 2008-09, and its aftershocks, has created conditions whereby the Twelfth Plan will be launched in a less benign and a more uncertain macroeconomic environment than the Eleventh Plan (Planning Commission, 2011b). The subsequent two financial years have witnessed slowing down of growth and destabilization of a number of macro- parameters which make us to look with caution the assumptions underlying the economics of the Twelfth Plan. Here is a summary of the emerging prospects of Indian economy. According to ICRA (2011), the growth impulses and business sentiments have weakened in India in the recent months on account of a host of factors.

a. Slow Growth: Unlike the Eleventh Plan, the Twelfth Plan inherits a low growth trajectory. The low growth is due to a number of factors. The global economic crisis of 2008-09, the food and fuel inflation and short term rigidities are the major reasons for slowing down of the growth. These problems continue even today and along with the still more uncertain economic environment, the growth assumptions of the Twelfth Plan become hard to accept. Apart from these the Approach Paper has identifies availability of energy; growing evidence of problem with water availability; slower than required improvement in farm output and in the logistics of farm produce; difficulties relating to land acquisition for industry and infrastructure development; and lack of a credible and fair system for exploitation of mineral resources as the major constraints to growth. All these need to be catered to for bringing about the needed fast growth.

b. Higher Deficits and borrowings: Owing to the lower amount of revenue collection but higher and increasing expenditure due to the effects of fiscal stimuli, pay revision, farm loan waiver, NREGA and NPRE – food, fertilizer and oil subsidies; interest payment and other committed expenditures, the deficit of the government is rising. Even the FRBM targets have been put off temporarily. The budget deficit for the financial year 2011-12 is expected to worsen to 5.8% of GDP. The higher deficits have compelled the government to rely more and more on borrowings. This increases the future commitment and may be the tax liability which may further push up inflation.

c. Inflationary Pressure: The emergence of inflationary pressure in the closing years of the Eleventh Plan has drawn attention to the possibility of a growth-inflation trade-off, raising concern whether aiming for a higher rate of growth at this stage may further fuel inflation. The inflation is due to: supply side constraints, infrastructural bottlenecks, hike in the crude oil prices, food inflation and tight monetary policy. While the fiscal is pushing expansionary policy, the inflationary pressure necessitates contractionary policy, thus the trade-off. This issue is best addressed by distinguishing between short term and medium term policy. There is no doubt that an effort to expand demand to push growth beyond the level consistent with the supply potential will lead to inflation. This is because production capacity of the economy is fixed in the short run, and domestic supply bottlenecks will ensure that an increase in production to meet higher demand can only be achieved at higher prices. The short term problem is further exacerbated by globally high prices of oil and other commodities. In these circumstances, there can be a trade-off between inflation control and growth in the sense that monetary and fiscal policy aimed at containing inflation by compressing domestic demand, to stay within the limit of constrained supply, can reduce domestic output in several sectors and therefore, reduce growth in the current year.

The situation is quite different in the medium term where adoption of a higher growth target for the Plan is meant to trigger action to tackle the supply-side bottlenecks. To the extent that a higher growth target leads to measures that relax supply side constraints, it will increase the supply potential of the economy, which can only moderate inflationary pressures given a level of aggregate demand.

d. Uncertain External Environment: The global economic environment is getting uncertain day by day. The global meltdown of 2008-09 affected India through the channels of exports, imports, financial flows – investment and remittances, and investor confidence. There is no significant recovery in the West and a number of countries of Europe are almost disintegrating economically. The recent depreciation of the rupee value against dollar also merits attention because of its effect on the BOP. Unless the external environment improves the hope of a 9% growth rate may be hard to realize.

Apart from the above, in the domestic front the regulatory issues related to environmental clearances and land acquisition have dented business confidence and a marked slowdown in announcements of fresh projects and capacity enhancement has taken place. Considerable monetary tightening to combat the sustained high inflation has resulted in a substantial hardening of interest rates. This has dampened consumer demand and affected the viability of infrastructure and other projects. Although fiscal policy remains expansionary, higher outgo towards items such as subsidies (particularly towards fuel) and salaries (reflecting enhanced rates of dearness allowance), limit the fiscal space available for boosting infrastructure spending to support investment growth. While the execution of ongoing projects and healthy order books may support growth in the current year, investment growth is likely to moderate substantially in the next financial year, unless policy issues are addressed and there is a substantial pick up in the pace of implementation of big ticket economic reforms. The services sector is expected to continue to support economic growth in the ongoing fiscal year, although the pace of growth may ease somewhat over the course of the current fiscal year, in line with the moderate outlook for industrial growth. By and large, the pace of growth is likely to be moderate given the high base effect. Hence, there is a low growth – low revenue mobilization – increasing expenditure – higher borrowings – inflationary build up – tight monetary policy syndrome which has become rather difficult to analyse and monitor.

The emerging fiscal scenario needs to be evaluated in the background of the above exigencies because the

subdued growth prospects are expected to further worsen the fiscal woes of the nation.

Conclusion

The following reproduction of the Approach Paper's sentiment summarizes all the arguments advance above (Planning Commission, 2011b). Despite the slowdown in growth in the current year, GDP growth target of 9.0 per cent for the Twelfth Plan is feasible from a macro-economic perspective. However, while growth at that pace is feasible, it cannot be said to be a forgone outcome. There are several imponderables, including considerable short-term uncertainties in the global economy, and also formidable supply constraints in energy and some other sectors on the domestic front. While there are possible downsides to this scenario, we should aim at an average 9.0 per cent GDP growth for the Twelfth Five Year Plan at this stage. We should however, build in some flexibility in our planning so that at the time of Mid-term Appraisal of the Twelfth Five Year Plan, we could consider raising the target rate of growth, if the global environment improves, and policy reforms, which could raise the growth potential of our economy, become a reality by that time.

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Table 1
Achievements in the Previous Plans and Projection for the Twelfth Plan

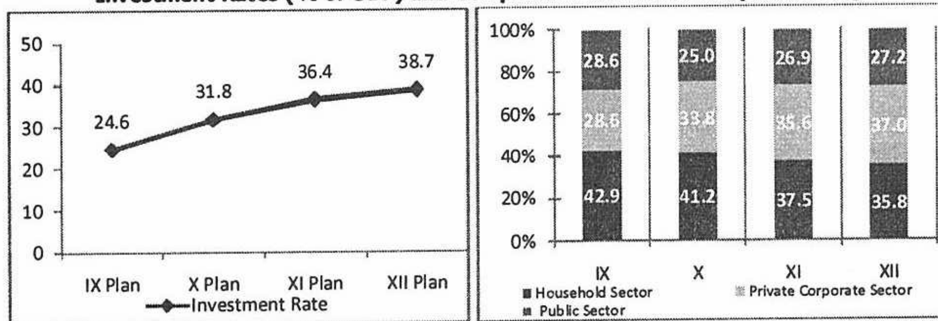
(% of GDP)

Sl.No.	Parameter	IX Plan	X Plan	XI Plan	XII Plan	
1	Assumed Growth Rates (% p.a.)				9.0	9.5
2	Investment Rate (GCF)	24.6	31.8	36.4	38.7	41.4
3	Fixed Investment	23.2	28.4	30.9	33.5	35.5
3.1	Household Sector	9.9	11.7	11.6	12.0	12.0
3.2	Private Corporate Sector	6.6	9.6	11.0	12.4	13.5
3.3	Public Sector	6.6	7.1	8.3	9.1	10.0
4	Savings Rate	23.7	31.7	34.0	36.2	38.9
4.1	Household Sector	20.5	23.2	23.2	24.0	24.5
4.2	Private Corporate Sector	4.0	6.4	8.2	8.5	9.2
4.3	Public Savings	-0.8	2.0	2.5	3.7	5.2
4.3.1	Government Administration	-4.9	-2.6	-1.3	-0.5	0.8
4.3.2	Public Enterprises	4.0	4.6	3.8	4.0	4.5
5	Current Account Balance	-0.6	0.0	-2.4	-2.5	-2.5
5.1	Trade Balance	-2.6	-2.5	-5.0	-4.5	-4.5
5.2	Capital Account Balance	2.1	3.5	3.8	5.0	5.0
6	WPI Inflation Rate	4.9	5.0	6.0	4.5-5.0	5.0 - 5.5

Source: (Planning Commission, 2011b)

Figure 1

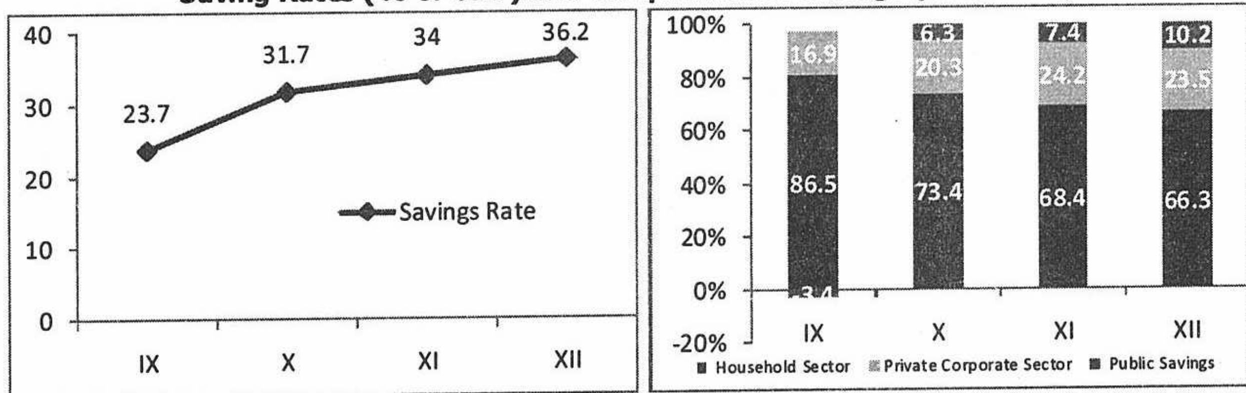
Investment Rates (% of GDP) and Composition of investment (% to total)



Source: Table 1

Figure 2

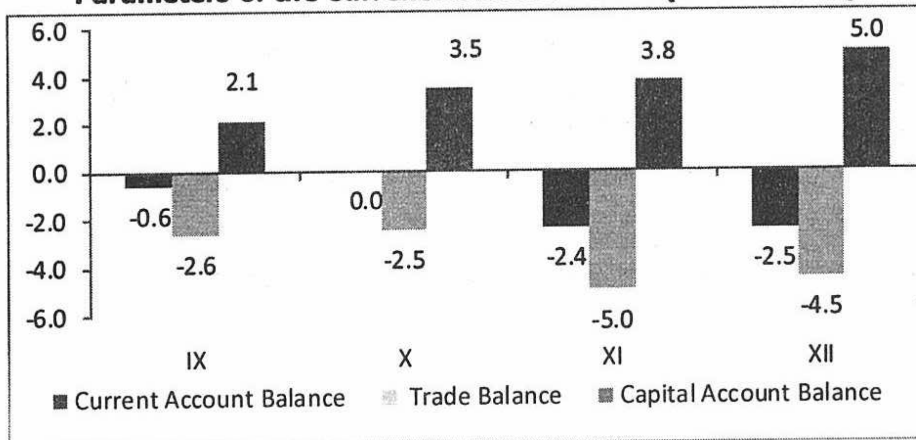
Saving Rates (% of GDP) and Composition of Savings (% to total)



Source: Table 1

Figure 3

Parameters of the Current Accounts Deficit (as % of GDP)



Source: Table 1

Table 2
Projection of Centre's Resources for the Twelfth Plan (as % of GDP)

Sl No	Description	2011-12 (BE)	2012-13	2013-14	2014-15	2015-16	2016-17	Average 2012-17
1	Tax Revenue Net to Centre	7.40	8.14	8.53	8.72	8.83	8.91	8.68
2	Non-Tax Revenue	1.40	1.10	1.09	1.09	0.98	0.88	1.01
3	Non-Debt Capital Receipts	0.60	0.54	0.46	0.41	0.36	0.32	0.41
4	Fiscal Deficit	4.60	4.10	3.50	3.00	3.00	3.00	3.25
5	Aggregate Resources (1+2+3+4)	14.00	13.88	13.59	13.21	13.18	13.11	13.34
6	Non-Plan Expenditure	9.09	8.96	8.63	8.23	7.83	7.36	8.09
7	Gross Budgetary Support for Plan	4.92	4.92	4.95	4.98	5.35	5.75	5.25
7a	Central Assistance to States/UTs	1.18	1.18	1.19	1.20	1.25	1.30	1.23
7b	Central Plan	3.74	3.74	3.76	3.78	4.10	4.45	4.02
8	IEBR	2.86	2.86	2.85	2.84	2.84	2.83	2.84
9	Plan Resources for the Centre	6.60	6.59	6.61	6.63	6.94	7.28	6.86

Source: (Planning Commission, 2011b)

Table 3
Pattern of Financing of Eleventh Plan (as % of GDP)

Sources of Funding	Eleventh Plan Projection (2007–12)	MTA Projection 2007–12 (Average)	Difference
1 Balance from current revenues (BCR)	2.31	–0.17	–2.48
2 Borrowings incl. net Miscellaneous Capital Receipts (MCR)	2.86	5.22	2.36
(a) Borrowings	—	5.10	5.10
(b) MCR (net)	—	0.11	0.11
3 Gross Budgetary Support to Plan (1+2)	5.17	5.04	–0.13
4 Central assistance to states and UTs	1.20	1.33	0.13
5 Gross Budgetary Support for Central Plan (3–4)	3.97	3.71	–0.26
6 Resources of public sector enterprises	4.02	3.93	–0.09
7 Resources for Central Plan (5+6)	7.99	7.64	–0.35

Source: (Planning Commission, 2011a)

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