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China's Third Booster

Rajesh Chadha

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Poverty

Is MNREGA Benefiting the Rural Poor?

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External

Financing the Indian Current Account Deficit

Bornali Bhandari and Chavi Meattle

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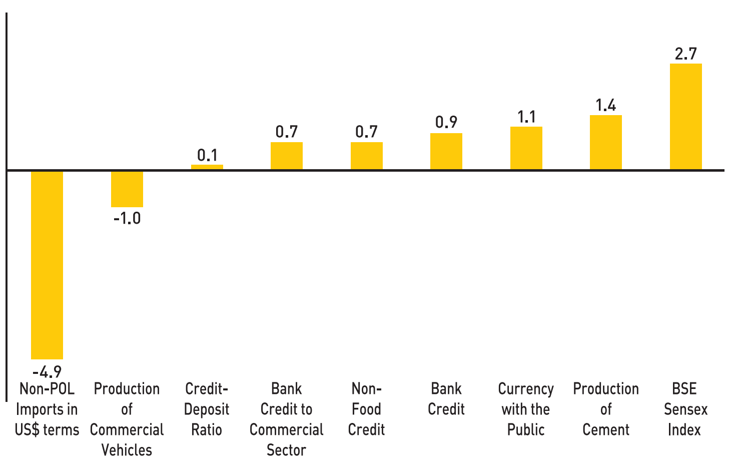
LEADING ECONOMIC INDICATORS: SEPTEMBER 2013

Green-offshoots in the near future



China's Third Booster

The Chinese economy is struggling with increase in wages, ageing population and deceleration in productivity.

CHINA POSTED IMPRESSIVE economic growth between 1990 and 2012. Its Gross Domestic Product (GDP) grew at an average rate of 10.6 per cent during this period. The average sectoral growth rates in this period for agriculture, industry and services were 4.2 per cent, 12.6 per cent and 11.1 per cent, respectively. However, growth slowed in 2011 and 2012 to 9.3 and 7.7 per cent, respectively. The economy is expected to grow by 7.6 per cent in 2013 and 7.3 per cent in 2014.

The Chinese economy is struggling with increase in wages, ageing population and deceleration in productivity. A major set of comprehensive reforms is required for China to avoid the so-called 'middle income trap' i.e. per capita gross income getting stuck in the range of US$1,026 to US$12,475 (World Bank definition). While investment is an important ingredient of growth, equally important is the issue of raising domestic consumption.

The Chinese leadership is aware of these issues and the fact that China must deepen its all-round reforms with specific focus on its economic system. The successful experiences of the past reforms are to built on to achieve decisive results in key areas by 2020.

The Third Plenum of the 18th Party Congress was held in November 2013. The Third Plenum has historically been considered as the party meeting to introduce major reforms. The major economic reforms of China began in 1978 after the Third Plenum of the 11th Party Congress. This led to the introduction of the 'Reform and Opening Up' policy to modernise China's agricultural and national defence industries. The Third Plenum of the 14th Party Congress was held in 1993, which introduced a socialist market economy that led the way for aggressive economic changes, including reforms in the banking sector, state-owned enterprises (SOEs) and income distribution.

A document titled, 'A Decision on Major Issues Concerning Comprehensive and Far-Reaching Reforms' was released on November 15, 2013. This was accompanied by a letter written by the President, Jinping Xi, which highlighted 11 key features of the plan and summed up the reforms effort.

The significance and the principles mentioned in this document are quoted verbatim as follows:

1. "Reform and opening-up has been a crucial choice that China has made regarding its destiny in modern times. But there can never be an end to the need for the emancipation of individual thought or for continuing reform and opening-up. China must deepen its all-round reform with a new starting point.
2. China must stick to the socialist market economy as the orientation of its reform, must promote social fairness and justice and must seek to advance the well-being of the people. The general purpose of deepening its all-round reform is to develop socialism with Chinese characteristics, to advance modernisation in the state governance system and governance capability. The basic economic system should evolve on the decisive role of the market in resource allocation. Political reform must evolve around the leadership of the Communist Party of China and advance the institutionalisation of socialist democracy. Cultural reform must evolve around the socialist core value system. Social reform must evolve around the protection and improvement of the people's livelihood and advance fairness and justice. The development of an eco-conscious civilisation must evolve around the building of a beautiful China. The reform of Party building must evolve on the effort to raise the level of governance to be scientific, democratic and according to the law.
3. The reform of the economic system is the focus of all the efforts to deepen the all-round reform.
4. The successful experience of the past reform and opening-up must be built upon. Decisive results are to be obtained in key areas in 2020".

The Document is spread over 60 points that are classified under 16 Sections. Section one provides the backdrop, and is followed by six sections on economic reforms. Sections eight to sixteen deal with reforms in politics, law, supervision of power, cultural system, social services, social governance, ecology, defence and the Party's leadership. The following paragraphs summarise the key economic reforms outlined in sections two to seven of the document.

China's socialist market economy is based on both public and non-public ownership of resources. The basic orientation of China's reform would be continuation of its socialist market economy that must promote social fairness, justice and well-being of the people. Markets would play a decisive role in resource allocation. However, both public and non-public ownership are key components of China's socialist market economy.

Couples would be allowed to have two children, if one of the parents is a single child. The property rights protection system reform would be completed. The government would protect property rights and actively develop a diversified ownership economy. Diversified ownership includes state capital, collective capital and private capital. Mixed ownership of state-owned and other enterprises would be encouraged. SOEs would be pushed to modernise through reforms in governance and management, investment accountability and market-oriented recruitment. The non-public economy would play an important role in fostering growth, promoting innovation, expanding employment and increasing tax revenues.

Efforts would be made to build an open, orderly and competitive market system. The system of regional protection, illegitimate favourable policies and monopolistic tendencies would be dismantled. The exit system would be made perfect. Prices would be determined by the market. Price reforms would be introduced in the markets for water, oil and natural gas, electricity, transportation and telecommunications. The government would set prices only for public utilities, public services and natural monopolies.

The financial market would be opened up. Qualified private capital would be allowed to set up financial institutions including small– and medium-sized banks. The market-based exchange rate formation mechanisms for the renminbi would be improved. Steps would be taken to accelerate interest rate liberalisation and capital account convertibility.

The government approval procedures for investors would be removed except in areas related to national security, ecological safety, important arrangements for manufacturing capacity, development of strategic resources and crucial public interests. The government should withdraw from business activities that can be regulated and modulated by market rules. The number and expenses of government employees would be strictly controlled.

The fiscal and taxation system is an important constituent of state governance. The interests of central and local governments must be balanced. Revenues would be shared such that a shortfall in local government should be filled by general transfer payments. Special transfer payments would be made more judiciously. Tax revenues should be raised by widening the base of direct taxation and improving indirect tax collections through value-added tax and increased taxation of energy-intensive and high-end consumer products.

The integrated development of China is hindered by the existing dual urban-rural structure. Steps must be taken so that farmers may also participate in China's modernisation. A new agricultural operation system based on a mix of family, collective, co-operative and enterprise operations would be pushed forward. Farmers will be given more property rights. They are encouraged to develop a shareholding system from which they can realise benefits. They also have the right of succession. Farmers should receive a fair share of the profits from land value appreciation.

Public resources would be allocated between urban and rural areas in a balanced manner. Migrant workers should get the same pay for the same job. Healthy urbanisation would put a major focus on peoples' welfare. The hukou (or household registration) system would be reformed to help farmers become urban residents. The controls on farmers settling in towns and small cities would be relaxed. However, the size of the population in megacities would be strictly controlled.

Efforts would be made to facilitate the entry of foreign companies in China and Chinese companies moving abroad. Investment treaty negotiations with other countries and regions will be expedited. Multilateral, bilateral and regional co-operation would be encouraged within the ambit of WTO discipline. Attention would be paid to issues of market access, customs supervision and inspection and quarantine management.

China has thus pushed forward its Third Plenum (after 1978 and 1993) with the hope of becoming one of the super-economic powers of the world.

Prices would be determined by the market. Price reforms would be introduced in the markets for water, oil and natural gas, electricity, transportation and tele-communications.

Is MNREGA Benefitting the Rural Poor?

Interestingly, 18.5 per cent of households holding APL ration cards also benefited from MNREGA.

ENACTED IN 2005 and launched on February 2, 2006, the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) is aimed at providing at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Since then, several regional studies have evoked mixed reactions on the efficacy and targeting of this flagship programme. Recently, the National Council of Applied Economic Research (NCAER) conducted a study, 'National Survey of Household Income and Expenditure (NSHIE) 2011', in which information on social, demographic, education, economic and other aspects of households was collected. A multi-stage sample design was adopted to select a representative sample of one lakh households covering 292 districts spread over 32 states and union territories, so as to obtain reliable estimates of various parameters at the major states, major town categories and all-India levels. In this survey some parameters of MNREGA, such as ownership of job cards, number of days worked and wages received during 2010–11, were also collected.

According to the NSHIE survey, an estimated 5.74 crore households, which accounts for about 36 per cent of the rural households, were issued a job card during 2010–11. Of them, about 62 per cent, i.e., 3.6 crore households, were provided employment and a total of 192.7 crore person days of employment was generated. The average number of days of employment per household was 52 and the total wages earned by the households was estimated at ₹19,289 crore with an average wage rate of ₹103. In this regard, the official figures given by the Ministry of Rural Development (MoRD) are worth mentioning which report that during 2010–11, of the total 11.98 crore job cards issued to the households that demanded employment, only 5.5 crore households received work under MNREGA and a total of 257.2 crore person days was employed. Further, the total expenditure on wages was ₹25,687 crore and the average number of days of employment per household was 47 days.

Aligned with the objective of inclusive growth, this self-targeting scheme aims to ensure greater participation by the marginalised sections of society. The NSHIE data revealed that about 28 per cent of the households that worked under MNREGA belonged to scheduled castes (SCs), 18 per cent to scheduled tribes (STs), 40 per cent to other backward classes and 15 per cent came from the general category. According to the MoRD, during 2010–11, nearly 31 per cent of such employment went to SCs, 21 per cent went to STs and 48 per cent to other castes.

The distribution of households that worked under MNREGA by type of ration card divulges that 73 per cent are either below poverty line (BPL) (64%) or *Antyodaya* (9%) cardholder households. *Antyodaya* ration cards are issued to such families who have income of less than ₹250 per capita per month. Interestingly, 18.5 per cent of households holding above poverty line (APL) ration cards also benefited from MNREGA.

Casual wage labour households accounted for 57.2 per cent of the total MNREGA beneficiary

Table POV.1 : Income of MNREGA and Non-MNREGA Households by Quintile, 2010–11

Household Income Quintile	Average Annual Household Income (in ₹) MNREGA Household	Average Annual Household Income (in ₹) Non-MNREGA Household	Average Annual Household Income from MNREGA (in ₹)	Income from MNREGA as % of total Household Income	Average Days Worked per Household during 2010–11	Average Wage Rate (in ₹)
Q1 (Bottom)	37,088	36,286	4,284	11.6	44	96
Q2	55,945	55,812	5,759	10.3	56	103
Q3	72,431	72,936	5,430	7.5	53	103
Q4	99,851	100,706	5,808	5.8	53	109
Q5 (Top)	187,634	230,859	5,856	3.1	54	108

Source: NSHIE 2010–11.

Table POV.2: Food and Non-food Expenditure by Quintile

Household Income Quintile	Average Annual Per Capita Food Expenditure		Average Annual Household Non-food Expenditure	
	MNREGA Household	Non-MNREGA Household	MNREGA Household	Non-MNREGA Household
Q1 (bottom)	6,225	6,765	13,312	12,506
Q2	6,456	6,827	17,230	18,225
Q3	7,094	7,240	22,932	23,622
Q4	7,711	7,940	29,626	32,191
Q5 (Top)	8,379	9,709	49,691	68,663

Source: NSHIE 2010–11.

households, followed by own account workers in agriculture with 30.4 per cent. The households were arranged in ascending order of income in rural areas and were grouped to represent quintiles. The analysis shows that the majority of MNREGA beneficiaries were from the bottom two income quintiles (bottom 26%; next to bottom 30%). However, 6.1 per cent of the households in the top income quintile also benefited from this scheme.

The income and expenditure data collected in this survey show that the average income of the bottom income quintile households enrolled in MNREGA was ₹37,088 as against ₹36,286 for households that did not receive any job under MNREGA (termed non-MNREGA households). This scheme, which was aimed at enhancing livelihood security by providing employment to the poor, generated additional income of about 12 per cent and 10 per cent of the total household income in the lower two quintiles, respectively (Table POV.1). It should be noted that households in the top income quintile reported earnings of about three per cent of their total income from MNREGA, although their share in total MNREGA benefited household was only six per cent. It may be noted that the participation of the non-poor in the MNREGA is not problematic. Further, the average annual household income from MNREGA increases with increase in the quintile group. This is probably due to the fact that households in the top quintile worked for more days and at a higher wage rate than households in the bottom quintile (Table POV.1).

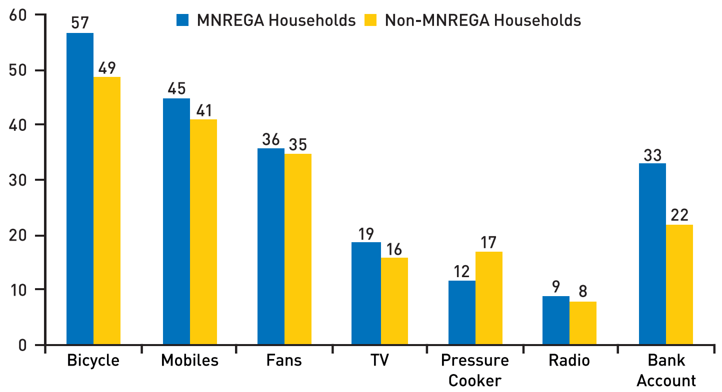
It is estimated that the average per capita expenditure on food by MNREGA households is lower across all income quintiles than in non-MNREGA households (Table POV.2).

In the case of non-food expenditure, households that benefited from MNREGA in the bottom quintile spend more than their non-MNREGA counterparts. The average annual non-food expenditure for MNREGA households was ₹13,312 as against ₹12,506 for non-MNREGA households. It is plausible that MNREGA households in the bottom quintile might be spending the additional income earned from MNREGA to create some basic household assets, such as bicycles, mobiles, fans, televisions, music systems/radios and pressure cooker. Interestingly, the bottom quintile MNREGA households owned a higher percentage of these assets than their non-MNREGA counterparts (Figure POV.1).

Further, in the bottom quintile, about 33 per cent of the MNREGA households have a bank account compared with non-MNREGA households (22%). The study also shows that close to 55 per cent of the job card holders had a bank account. This suggests that this scheme has contributed to the financial inclusion drive in rural India in recent times, which can largely be attributed to the Government of India's policy of making wage payments through banks/ post offices, which ensures transparency and financial inclusion.

Interestingly, the bottom quintile MNREGA households owned a higher percentage of these assets than their non-MNREGA counterparts.

Figure POV.1: Households Owning Basic Assets in the Bottom Quintile (%)



Source: NSHIE 2010–11.

The evidence suggests that MNREGA is targeting the rural poor effectively. Clearly, there is room for improvement. Further in-depth comparative analysis of MNREGA programme implementation across states and union territories is needed for understanding its multi-dimensional impact.

Financing the Indian Current Account Deficit

> **Further, both FDI and portfolio flows have financed the current account deficit almost equally – 28 per cent and 31 per cent, respectively, after 2010–11.**

THE CURRENT ACCOUNT deficit has fallen from 4.9 per cent of Gross Domestic Product (GDP) in 2013–14:Q1 to 1.3 per cent in 2013–14:Q2. It (current account as a per cent of GDP or CAGDP) averaged 4.3 per cent between 2010–11:Q1 and 2013–14:Q1. Research suggests that a CAGDP between 2.4 and 2.8 is sustainable for GDP growth rates between 6 to 8 per cent, respectively i.e. the nation is able to finance its current account gap on an ongoing basis by normal capital flows[1].

This article examines the type of capital flows that have financed the current account deficit in the volatile period after the global financial crisis starting from the financial year 2010–11:Q1 to the latest available data 2013–14:Q1. This question is important because short-term capital flows (as opposed to long-term capital flows such as Foreign Direct Investment or FDI) tend to be volatile and their sudden outflow would endanger the sustainability of the CAGDP. The 2013–14:Q2 has been left out of the analysis. There was considerable turbulence in this quarter due to the announcement that the Federal Reserve would be tapering off. It is marked by significant capital outflows along with a sharp fall of the current account deficit.

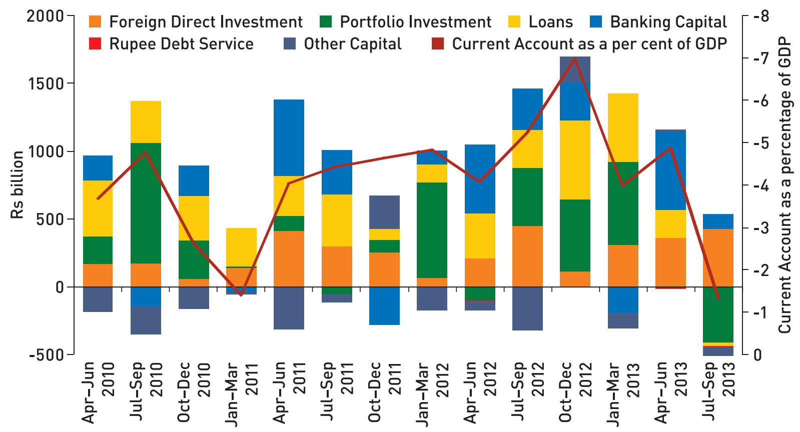
Overall, net capital flows as a percentage of GDP averaged around 4.4 per cent of GDP between 2010–11:Q1 and 2013–14:Q1, resulting in the rundown of foreign exchange reserves in this period. The capital account mainly consists of five items – foreign investment, loans, banking capital, rupee debt service and other capital. Foreign investment and banking capital are the biggest components that finance the current account (Figure E.1). On average, foreign investment financed 59 per cent of the current account deficit during the period of this study and banking capital formed 20 per cent (out of which, non-resident deposits formed 15%).

Foreign investment, in turn, consists of FDI and portfolio investment (PI). On average, FDI financed 28 per cent of India's current account deficit (CAD) during the period of this study. PI mainly consists of Foreign Institutional Investment flows into India that, in turn, come through two routes-equity or debt. On average, the PI has financed 31 per cent of the current account deficit during this period. The first two quarters of 2013–14 have only seen portfolio outflows, mainly because of debt outflows.

Non-resident deposits, which are counted under banking capital, financed, on average, 15 per cent of the current account deficit between 2010–11:Q1 and 2013–14:Q1.

Both, FDI and portfolio flows have financed the current account deficit almost equally – 28 per cent and 31 per cent, respectively, after 2010–11. However as the Asian Development Bank Outlook April 2013 mentions, it was debt flows that drove the portfolio inflows after the global financial crisis. This increases the burden of servicing debt in the future. Surprisingly, FDI has been resilient during 2013, going up in the three quarters of 2013 even when there was a reversal of PI. The short run looks tough but India seems to have survived for the time being.

Figure E.1: Current Account as a per cent of GDP and Components of Capital Account, 2010–11:Q1 to 2013–14:Q2



Source: Reserve Bank of India.

1. Goyal, R. 2012. Sustainable level of India's Current Account Deficit. RBI Working Paper Series W P S (DEPR): 16 / 2012. www.rbi.org.in

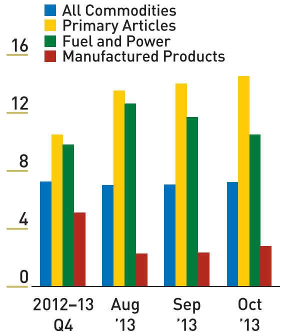
Select Economic Indicators

PERCENTAGE VARIATION (YOY)*

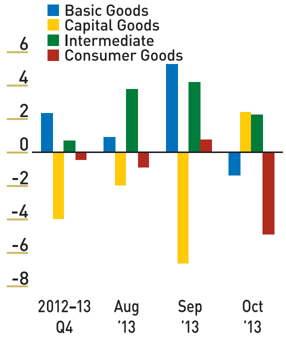
	2011–12	2012–13	2012–13 Q1	2012–13 Q2	2012–13 Q3	2012–13 Q4	2013 AUG	2013 SEP	2013 OCT
INDEX NUMBER OF WHOLESALE PRICES									
All Commodities	8.9	7.4	7.5	7.5	7.8	7.3	7.0	7.0	7.2
Primary Articles	9.8	9.8	9.9	10.2	9.4	10.5	13.6	14.0	14.6
Fuel, Power	14.0	10.3	11.9	10.6	10.8	9.8	12.7	11.7	10.5
Manufactured Products	7.3	5.4	5.3	5.5	6.3	5.1	2.3	2.4	2.8
Basic Goods	10.8	7.7	9.8	9.8	10.0	6.1	1.4	1.5	2.3
Capital Goods	2.9	2.8	2.5	3.0	2.8	2.8	2.8	2.8	3.0
Intermediate	10.9	6.7	6.1	5.4	6.8	6.8	10.1	9.6	8.8
Consumer Goods	8.0	6.3	6.0	5.9	7.0	6.4	2.5	2.3	2.7
Consumer Durables	10.1	6.1	8.4	8.3	5.8	5.0	0.8	0.8	1.5
Consumer Non-durables	7.3	6.4	5.2	5.1	7.4	6.9	3.0	2.8	3.1
CPI Industrial Workers	8.4	10.4	10.1	10.0	9.7	10.8	10.7	10.7	11.1
CPI Agricultural Labourers	8.2	10.0	7.9	8.1	9.5	11.3	13.2	12.8	12.6
INDUSTRY									
IIP General	2.9	1.1	-0.3	0.1	3.2	0.3	0.4	2.0	-1.6
IIP Mining	-2.0	-2.3	-1.5	-1.8	0.5	-3.4	-0.9	3.3	-3.2
IIP Electricity	8.2	4.0	6.4	5.8	3.8	4.7	7.2	12.9	1.3
IIP Manufacturing	3.0	1.3	-0.8	-0.3	3.5	0.4	-0.2	0.6	-1.8
IIP Basic Goods	5.5	2.5	3.3	3.0	3.4	2.4	0.9	5.3	-1.4
IIP Capital Goods	-4.0	-6.0	-20.1	-15.3	-4.4	-4.0	-2.0	-6.7	2.4
IIP Intermediate	-0.6	1.6	0.8	1.5	4.6	0.7	3.8	4.2	2.2
IIP Consumer Goods	4.4	2.4	3.9	2.9	5.7	-0.5	-0.9	0.7	-4.9
IIP Consumer Durables	2.6	2.0	8.0	6.4	5.3	-2.6	-8.3	-10.8	-12.1
IIP Consumer Non-durables	5.9	2.8	0.6	0.0	6.1	1.0	5.4	11.6	2.2
Coal Production	1.3	3.7	8.0	6.7	14.2	-0.6	5.5	13.3	-3.3
Electricity Generation	8.1	4.0	6.7	5.8	3.8	4.7	6.7	12.6	1.3
Steel	10.3	2.5	3.4	3.0	-0.3	4.3	4.3	6.6	3.5
Cement	6.7	8.4	12.5	9.3	9.8	6.7	5.5	7.3	-3.0
Crude Oil	1.0	-0.6	-0.6	-0.3	-0.9	0.5	-1.5	0.5	-0.8
Petroleum Refinery	3.1	15.8	23.5	25.2	21.2	7.3	4.9	32.1	15.8
MONEY & BANKING									
M3	15.8	13.5	14.3	14.5	13.7	12.6	11.7	12.5	5.9
Net Bank Credit to Central Government	21.8	18.5	22.1	21.1	20.3	16.2	12.2	12.1	13.3
RBI Credit to Central Government	69.6	33.5	49.0	47.9	45.7	20.6	21.8	26.8	22.6
Bank Credit to Commercial Sector	18.7	16.8	18.2	18.1	16.5	16.5	15.8	16.6	15.4
Bank Credit	18.7	16.6	18.1	17.9	16.3	16.5	17.1	17.9	16.6
Food Credit	33.0	36.6	57.0	44.9	35.0	30.3	5.7	7.1	-2.8
Non-food Credit	18.5	16.3	17.4	17.4	16.0	16.2	17.3	18.1	17.0
Bank Rate (%)	9.7	35.8	50.0	50.0	50.0	50.0	9.0	9.0	9.0
PLR (%)	8.1	1.0	11.3	6.0	-2.0	-2.4	10.1	10.1	10.1
Auc 91 dtb (%)	8.5	-3.3	6.9	0.5	-3.8	-6.4	8.1	8.2	8.2
EXTERNAL SECTOR									
Exports ($)	21.8	-1.8	-3.9	-8.5	0.7	3.2	13.3	10.3	13.1
Imports ($)	32.3	0.3	-5.0	-0.7	6.4	1.9	-1.4	-18.6	-14.5
Trade Balance ($ million)*	-183356	-190336	-42978	-48842	-55257	-45887	-10561	-6754	-10654
Foreign Currency Assets ($ million)*	260069	292647	256958	259958	262014	292647	247402	247924	254503
Exchange Rate (₹/$)	5.1	13.4	19.9	22.6	14.6	6.1	13.3	17.3	16.0
Exchange Rate (₹/Pound)	7.8	12.3	17.8	18.5	14.7	8.7	11.7	15.4	16.1
FISCAL (CENTRE)									
Total Receipt	-5.0	16.6	22.9	13.7	5.2	20.8	41.4	7.3	23.4
Revenue Receipt	-4.8	16.2	30.6	14.9	5.8	18.4	41.6	7.2	23.8
Tax Revenue	10.3	17.3	32.8	15.7	7.7	16.1	19.5	4.3	22.1
Non-tax Revenue	-43.9	10.8	16.3	10.8	-1.7	35.8	74.5	43.8	29.0
Total Expenditure	8.3	8.5	19.3	21.4	12.1	3.2	10.7	13.6	32.2
Plan Expenditure	9.6	0.2	2.5	5.8	23.9	-1.8	-1.8	-3.2	43.8
Non-plan Expenditure	7.7	12.5	27.3	29.0	7.2	5.2	15.2	26.0	28.1
Fiscal Deficit (₹ crore)	509731	489890	190460	146444	67795	85191	64042	7437	45798
Revenue Deficit (₹ crore)*	384722	363459	152712	110572	34753	65422	54449	-9550	30733
CAPITAL MARKETS									
BSE-SENSEX	-6.4	4.7	-9.8	-8.4	7.6	20.3	6.8	3.3	14.4
Market Capitalisation	-7.1	2.6	-11.0	-10.3	4.6	21.0	-1.3	-3.8	5.3
All India Net FII Investment (₹ crore)*	87083	168367	-494	44618	55877	68366	-15695	7380	2128

* Actuals where indicated.

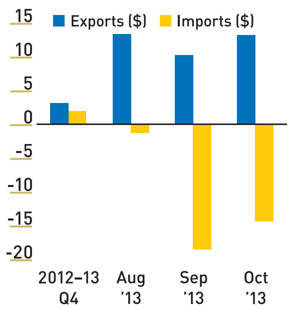
WPI (% yoy)



IIP (% yoy)



External Trade (% yoy)



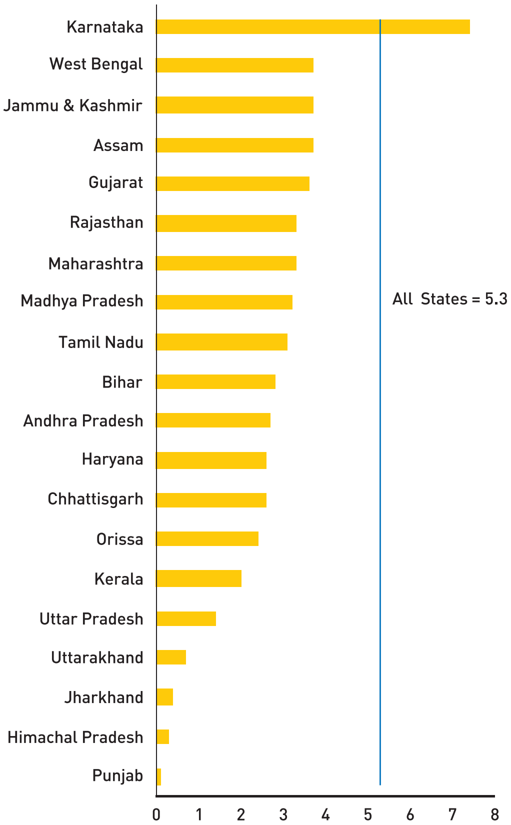
- **Headline inflation surged to 7.2 per cent during October 2013 on a yoy basis. The yoy WPI primary goods and manufactured goods increased while fuel and power moderated.**
- **IIP capital goods improved on a yoy basis in October 2013. The yoy growth in IIP basic goods and consumer goods declined while the growth of intermediate goods slowed down.**
- **The yoy exports growth improved to 13.1 per cent while imports dropped sharply by 14.5 per cent in October 2013.**

State-wise Gross Fiscal Deficit as % of Gross State Domestic Product (GSDP)

STATE	AVERAGE 2004–05 TO 2007–08	2011–12 (RE)	2012–13 (BE)
Andhra Pradesh	2.7	0.1	-0.3
Assam	3.7	-19.7	-23.1
Bihar	2.8	-0.1	-0.6
Chhattisgarh	2.6	-0.3	-2.7
Gujarat	3.6	0.3	0.2
Haryana	2.6	-0.3	-0.5
Himachal Pradesh	0.3	-0.3	-1.1
Jammu & Kashmir	3.7	-0.8	-0.6
Jharkhand	0.4	0.8	0.7
Karnataka	7.4	-0.5	-3.3
Kerala	2	-0.7	-0.2
Madhya Pradesh	3.2	1.7	0.9
Maharashtra	3.3	-2.6	-1.9
Orissa	2.4	0.2	0
Punjab	0.1	-1.4	-0.9
Rajasthan	3.3	2.2	1.1
Tamil Nadu	3.1	-0.1	-0.2
Uttar Pradesh	1.4	-0.1	-0.3
Uttarakhand	0.7	-7	-5.7
West Bengal	3.7	-1.3	-0.8
All States	5.3	-0.3	-0.4

Note: All state as per cent of GDP; Negative (-) sign indicate surplus.
Source: RBI, State Finances: A Study of Budgets of 2012–13.

Gross Fiscal Deficit as % of GSDP, Average 2004–05 to 2007–08



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