



STATE FINANCES: A STUDY OF BUDGETS OF 2017-18 AND 2018-19¹

The Reserve Bank of India (RBI) has recently released the report entitled “State Finances: A Study of Budgets of 2017-18 and 2018-19”, an annual publication that provides information, analysis and an assessment of the finances of state governments.

The detailed study is available at

<https://www.rbi.org.in/Scripts/AnnualPublications.aspx?head=State%20Finances%20:%20A%20Study%20of%20Budgets>.

While the 2017 issue covered state budgets for 2016-17, this issue eliminates the lag in data availability by covering developments right up to budget estimates for 2018-19 against the backdrop of actual outcomes for 2015-16, 2016-17 and revised estimates of 2017-18.

Highlights of the report are:

- States’ consolidated gross fiscal deficit (GFD) overshoot the budget estimates in 2017-18 due to shortfalls in own tax revenues and higher revenue expenditure.
- For 2018-19, states have budgeted for a correction, mainly emanating from a modest revenue surplus.
- Visible fiscal pressures are emerging for several states on the expenditure side, particularly under the committed heads and other state-specific schemes like agricultural debt waivers.
- In 2018-19, states’ revenue capacity is likely to be augmented with the stabilisation of GST and the consequent expansion of tax base and efficacy. With the implementation of the E-way bill for inter-state movement of goods from April 2018, states could also strive for generating more revenues by locking in efficiency in tax administration.
- Better fiscal marksmanship and efficiency of expenditures appear essential in providing robustness to state finances if revenue receipts end up again in shortfall relative to budgeted levels.

This publication has been prepared in the Fiscal Analysis Division (FAD) of the Department of Economic and Policy Research.

The current issue, along with past issues of the report, is available on the website (www.rbi.org.in).

Comments on this publication may be sent to The Director, Fiscal Analysis Division, Department of Economic and Policy Research, Reserve Bank of India, Shahid Bhagat Singh Road, Mumbai - 400001. Comments can also be forwarded via e-mail at deprfad@rbi.org.in.

CABINET APPROVES SIGNING OF MEMORANDUM OF UNDERSTANDING AMONGST BRICS NATIONS ON THE REGIONAL AVIATION PARTNERSHIP²

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the signing of Memorandum of Understanding (MoU) amongst BRICS Nations on the Regional Aviation Partnership Cooperation viz. Brazil, Russia, India, China and South Africa.

¹ Available at: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=44478

² Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1539070>

Salient features:

The objective is that BRICS countries would benefit from the establishing of an institutional framework to cooperate in the field of civil aviation. Among the areas of cooperation, following areas have been identified :

- Public Policies and best practices in regional services;
- Regional Airports;
- Airport infrastructure management and air navigation services;
- Technical cooperation between regulatory agencies;
- Innovation;
- Environment Sustainability; including deliberation of global initiatives;
- Qualification and Training;
- Other fields as mutually determined

Impact:

The MoU signifies an important landmark in the civil aviation relations between India and other BRICS Member States and has the potential to spur greater trade, investment, tourism and cultural exchanges amongst the BRICS Nations.

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