



Budget Balance - March 2013

Economic Research Division



Budget posted a deficit of 5.4 billion TL in March.

In March, budget expenditures increased by 10.3% compared to the same month of the previous year while revenues rose by 13.5%. Thus, central government budget posted a deficit of 5.4 billion TL and budget deficit contracted by 2.6% compared to the same month of previous year.

In the first quarter of the year, the budget deficit declined to 897 million TL from 6.4 billion TL in the same period of the previous year. Compared to the same period of 2012, primary surplus increased by 30.8% and reached 14.3 billion TL in January-March 2013.

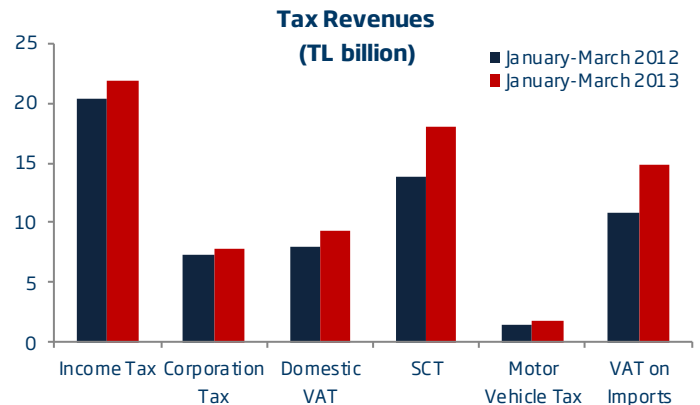
Favorable trend in tax revenues continued in March.

In March, tax revenues made the highest contribution to the budget revenues with an increase of 16.7% compared to the same month of the previous year. Analyzing the breakdown of tax revenues, Domestic VAT and Special Consumption Tax revenues increased by 26.8% and 8.8%, respectively. Thanks to the recovery in domestic demand conditions, revenues from VAT on Imports also increased by 37.9%.

During January-March, the total budget revenues increased to 94.1 billion TL and reached 25.4% of the year-end target. In the same period, revenues from the Special Consumption Tax and VAT on Imports increased by 29.6% and 36.1%, respectively.

Other revenues volume remained nearly unchanged in March on annual basis.

Other revenues volume was almost unchanged in March compared to the same month of previous year. Privatization revenues which made a significant contribution to the budget revenues in January with 4.2 billion TL, followed a weak trend in February and March. However, in January-March period privatization revenues recorded as 4.9 billion TL, staying significantly above the 534 million TL level during the same period of previous year.



Non-interest expenditures were realized as 25.2 billion TL in March.

In March, non-interest expenditures registered a limited increase by 5% compared to the same month of previous year and were realized as 25.2 billion TL. This was mainly stemmed from the 6% decline in current transfers which constitutes a substantial part of non-interest expenditures. Personnel expenditures, on the other hand, increased by 14%. Besides, interest expenditures increased by 48.5% compared to the same month of the previous year and reached 4.9 billion TL in March.

In January-March period, interest expenditures narrowed by 12.6% compared to the same period of the previous year while non-interest expenditures increased by 20.1%. During this period, current transfers increased by 17.5% compared to the same period of the previous year. The increase mainly stemmed from the rise in health, retirement and social aid expenditure costs as well as agricultural subsidies. In fact, in the first quarter of the year agricultural subsidies increased to 2.8 billion TL and reached 30.8% of the year-end target.

Expectations ...

Recovery in domestic demand conditions in the first quarter of the year also had a favorable impact on the budget revenues. The positive trend is expected to continue in the forthcoming period in line with the improvement in economic activity.

Central Government Budget

	March			January-March			(TL billion)	
	2012	2013	% Change	2012	2013	% Change	Budget Target ⁽¹⁾	Real./ Target (%)
Expenditures	27.3	30.2	10.3	83.8	95.0	13.3	404.0	23.5
Interest Expenditures	3.3	4.9	48.5	17.3	15.1	-12.6	53.0	28.6
Non-interest Expenditures	24.0	25.2	5.0	66.5	79.9	20.1	351.0	22.8
Revenues	21.8	24.8	13.5	77.4	94.1	21.6	370.1	25.4
Tax Revenues	18.3	21.3	16.7	64.5	77.4	20.0	317.9	24.3
Other Revenues	3.5	3.4	-2.6	12.9	16.8	29.7	52.1	32.2
Budget Balance	-5.5	-5.4	-2.6	-6.4	-0.9	-86.1	-34.0	2.6
Primary Balance	-2.2	-0.5	-79.2	10.9	14.3	30.8	19.0	74.8

Numbers may not add up to total due to rounding

Source: Ministry of Finance

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