

Macro Insights

2nd November 2024

Highlights:

Fiscal deficit amounts to 29.4% of BE in the first six months of FY25.

The government's fiscal deficit in April-September 2024 period came in at Rs. 4.75 lakh crore- amounting to 29.4% of the budget estimates vis-à-vis 39.3% of BE reached during the same period last year.

- ☞ Total expenditure stood at Rs. 21.11 lakh crore reaching 43.8% of the BE during April-September 2024. This lower than the expenditure in the same period last year (47.10%).
- ☞ Capital expenditure amounting to Rs. 4.15 lakh crore during April-September FY 2024-25 stood at 37.3% of the budgeted target- lower than last fiscal's achievement of 49.0%.
- ☞ On the income side, total receipts at Rs. 16.37 lakh crore were almost at par with last year - reaching 51.0% of budget estimates. Net tax revenue at Rs. 12.65 lakh crore also helped in keeping the fiscal deficit contained.

Government of India Accounts (April-September 2024)

| | Budget Estimates 2024-2025 (Rs. Crore) | Actuals Apr'24-Sep'24 (Rs. Crore) | % of Actuals to Budget Estimates | |
|---------------------|--|-----------------------------------|----------------------------------|------------------------------------|
| | | | Current | Corresponding Period Previous Year |
| Revenue Receipts | 3129200 | 1622373 | 51.8% | 53.1% |
| Net Tax Revenue | 2583499 | 1265159 | 49.0% | 49.8% |
| Non-Tax Revenue | 545701 | 357214 | 65.5% | 78.5% |
| Total Receipts | 3207200 | 1636974 | 51.0% | 52.2% |
| Revenue Expenditure | 3709401 | 1696528 | 45.7% | 46.5% |
| Capital Expenditure | 1111111 | 515010 | 44.3% | 44.8% |
| Total Expenditure | 4820512 | 414966 | 37.3% | 49.0% |
| Fiscal Deficit | 1613312 | 2111494 | 43.8% | 47.1% |
| Revenue Deficit | 580201 | 474520 | 29.4% | 39.3% |
| Primary Deficit | 450372 | 74155 | 12.8% | 26.6% |

Source: CGA

Views and Outlook:

- ☞ Gross tax collections rose by 12 per cent on a y-o-y basis in September 2024, mainly driven by 25 per cent growth in income tax collections. Additionally, non-tax revenue recorded a 51 per cent y-o-y growth driven by dividend receipts from RBI earlier in the year. Together, they have enabled total revenue receipts to reach 52 per cent of the budgeted target in FY25, close to last year's level of 53 per cent.
- ☞ After dropping by more than half on a month-on-month basis in August 2024, capital expenditure picked up in September, amounting to Rs. 1,13,979 crore. In August 2024, capex stood at Rs. 39,727 crore. On a year to date basis, capex reached 37.3 per cent of BE, lower than 49 per cent recorded in last fiscal. The current growth momentum and anticipated rise in industrial activity as indicated by positive growth in five out of eight core sector industries may see an upturn in capex going forward.
- ☞ Total subsidy bill of the government was almost at par with last year- coming in at Rs. 2.15 lakh crore which is 56 per cent of BE- vis-à-vis 55 per cent during the same period last year.
- ☞ The government is containing its market borrowings and the large dividend received from the RBI is also expected to keep the fiscal deficit in check. Total market borrowings came in at 29 per cent of BE (compared to 39 per cent last year), while the government's total financing (external & internal) amounted to just 29 per cent of its annual target (vis-à-vis 39 per cent last year). The government had lowered its fiscal deficit target for FY25 from 5.1 per cent to 4.9 per cent of gross domestic product. Going forward, in light of the current scenario, it is expected that the government is likely to meet its revised fiscal deficit target of 4.9 per cent comfortably.

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