

## Macro Insights

31<sup>st</sup> December 2024

### Highlights:

### Fiscal deficit crossed the halfway mark to reach 52.5% of BE in the first eight months of FY25

The government’s fiscal deficit in April-November 2024 period came in at Rs. 8.47 lakh crore amounting to 52.5% of the budget estimates vis-à-vis 50.7% of BE reached during the same period last year.

- ☞ Total expenditure stood at Rs. 27.41 lakh crore reaching 56.9% of the BE during April-November 2024. This is lower than the expenditure in the same period last year (58.9%).
- ☞ Capital expenditure amounting to Rs. 5.14 lakh crore during April-November FY 2024-25 narrowed to 46.2% of the budgeted target-compared to last fiscal’s achievement of 58.5% during this period.
- ☞ On the income side, total receipts of Rs. 18.94 lakh crore stood at 59.1% of BE, lower than last year’s achievement (64.3%) during the same period.

### Government of India Accounts (April-November 2024)

	Budget Estimates 2024-2025 (Rs. Crore)	Actuals Apr'24-Nov'24 (Rs. Crore)	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	3129200	1870455	59.8%	65.3%
Net Tax Revenue	2583499	1443435	55.9%	61.6%
Non-Tax Revenue	545701	427020	78.3%	94.3%
Total Receipts	3207200	1894408	59.1%	64.3%
Revenue Expenditure	3709401	2227502	60.1%	59.0%
Capital Expenditure	1111111	658494	56.6%	56.3%
Total Expenditure	4820512	513500	46.2%	58.5%
Fiscal Deficit	1613312	2741002	56.9%	58.9%
Revenue Deficit	580201	846594	52.5%	50.7%
Primary Deficit	450372	357047	61.5%	39.8%

Source: CGA

**Views and Outlook:**

- ☞ Gross tax collections rose by 10 per cent (YoY) in November 2024, driven by a robust 61 per cent growth in income tax collections, followed by 27 per cent and 25 per cent growth (YoY) in Customs Duty and Central Goods & Services Tax, resp. Additionally, non-tax revenue stood at 78 per cent of budgeted estimates, supported by dividend receipts from RBI earlier this year.
- ☞ The net tax collection stood at Rs. 14.43 lakh crore or 56 per cent of budgeted estimates was lower than that (62 per cent) in the same period last year on account of release of double tranche of tax devolution released to the states in past two months.
- ☞ Capital expenditure has further dropped in November by 9 per cent on a month on month basis, amounting to Rs. 46,955 crore. In October, it stood at Rs. 51,579 crore. On a year to date basis, capex reached 46 per cent of BE, lower than 59 per cent recorded in last fiscal. The current growth momentum and anticipated rise in industrial activity as indicated by 4.3 per cent YoY growth in core sector output in November 2024 – highest in 4 months, may see an upturn in capex going forward.
- ☞ Revenue Expenditure (excl. interest payments) of the government increased to Rs. 15.69 lakh crore (7.6 per cent YoY), compared to Rs. 14.59 lakh crore in the same period last year.
- ☞ Total market borrowings by Gol stood at Rs. 3.25 lakh crore, i.e. 29 per cent of BE (compared to 66 per cent last year), while the government's total financing (external & internal) amounted to Rs. 8.47 lakh crore or 52 per cent of its annual target.
- ☞ 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 and it may even come slightly lower than that.

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