

Macro Insights

28th February 2025

Fiscal deficit widens to 74.5% of RE in April-January 2025 from 63.6% a year ago

The government's fiscal deficit in April-January 2025 period came in at ₹11.70 lakh crore amounting to 74.5% of the revised estimates (RE) vis-à-vis 63.6% of RE reached during the same period last year.

Highlights:

- ☞ Total expenditure stood at ₹35.70 lakh crore reaching 75.7% of the RE during April-January 2025. This is 100 bps higher than the expenditure in the same period last year (74.7%).
- ☞ Capital expenditure amounting to ₹7.57 lakh crore during April-January 2025 reached to 74.4% of the revised target compared to 75.9% during April-January 2024.
- ☞ Total receipts of ₹24.0 lakh crore accounted for 76.3% of the RE, down from 81.7% last year during the same period, due to both lower tax & non-tax revenue growths compared to the previous year.

Government of India Accounts (April-January 2025)

	Revised Estimates 2024-2025 (₹Crore)	Actuals Apr'24-Jan'25 (₹Crore)	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	3087960	2371188	76.8%	82.2%
Net Tax Revenue	2556960	1903558	74.4%	80.9%
Non-Tax Revenue	531000	467630	88.1%	90.0%
Total Receipts	3146960	2400412	76.3%	81.7%
Revenue Expenditure	3698058	2812595	76.1%	74.4%
Interest Payments	1137940	875461	76.9%	77.9%
Capital Expenditure	1018429	757359	74.4%	75.9%
Total Expenditure	4716487	3569954	75.7%	74.7%
Fiscal Deficit	1569527	1169542	74.5%	63.6%
Revenue Deficit	610098	441407	72.4%	49.4%
Primary Deficit	431587	294081	68.1%	41.3%

Source: CGA

Views and Outlook:

- ☞ Gross tax collections rose by 4.6 per cent (YoY) in January 2025, driven by a double digit growth of 19.7 per cent growth in income tax collections, followed by 18.6 per cent and 7.6 per cent growth (YoY) in Customs Duty and Central Goods & Services Tax, respectively. While, Non-tax revenue stood at 88.1 per cent of revised estimates.
- ☞ Net tax collection reached ₹19.04 lakh crore, making up 74.4 per cent of revised estimates. This is lower than 80.9 per cent from the same period last year, due to the higher tax devolution to the states (increased to ₹10.74 lakh crore from ₹8.20 lakh crore YoY).
- ☞ On year to date basis, Capital expenditure reached 74.4 per cent of RE vis-a-vis 75.9 per cent recorded in last fiscal. In January 2025, capex has increased by 51.4 per cent on YoY basis, amounting to ₹72,220 crore. The robust capex trend is expected to continue in February and March to meet the revised estimate.
- ☞ Moreover, the growth momentum with GDP rebounding to 6.2% in Q3 FY25 from 5.6% in Q2 (revised), and a 4.6% YoY increase in core sector output in January 2025, will support the trend.
- ☞ Revenue Expenditure (excl. interest payments) of the government increased to ₹28.13 lakh crore (6.8 per cent YoY), compared to ₹26.34 lakh crore in the same period last year.
- ☞ In the Union Budget, the government has revised its fiscal deficit target to 4.8% of GDP (4.9% earlier) for FY25 and it aims to maintain fiscal prudence in FY26 with a fiscal deficit target of 4.4%, in line with its earlier commitment of bringing it down below 4.5% by FY26.
- ☞ Given the current economic scenario, it is anticipated that the government will achieve its revised fiscal deficit target for FY25.

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