

## Macro Insights

31<sup>st</sup> July 2024

### Fiscal deficit sharply narrows to 8% of BE in the first quarter of FY25.

The government's fiscal deficit in Q1 FY25 (April-June 2024 period) came in at Rs. 1.36 lakh crore- amounting to 8% of the budget estimates vis-à-vis 25.30% of BE reached during the same period last year.

### Highlights:

- ☞ Capital expenditure was robust at 16.30% of the budgeted target at Rs. 11.11 lakh crore during April-June FY 2024-25 although lower than the last fiscal's achievement of 27.80% owing to the general elections.
- ☞ On the income side, total receipts were higher at Rs. 8.34 lakh crore- reaching 27.1% of budget estimates compared to 22.1% by this time in the last fiscal being aided by robust tax collections. Net tax revenue came in at 21.1% of the budgeted target- higher than 18.6% during the same time last year.
- ☞ Revenue expenditure at 21.6% of the BE during April-June 2024 was largely at par with the expenditure last year.

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

	Budget Estimates 2024-2025 (Rs. Crore)	Actuals Apr'24-Jun'24 (Rs. Crore)	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	3001275	829677	27.60%	22.40%
<b>Net Tax Revenue</b>	<b>2601574</b>	<b>549633</b>	<b>21.10%</b>	<b>18.60%</b>
Non-Tax Revenue	399701	280044	70.10%	51.40%
Total Receipts	3080275	834197	27.10%	22.10%
Revenue Expenditure	3654657	788858	21.60%	22.00%
<b>Capital Expenditure</b>	<b>1111111</b>	<b>181051</b>	<b>16.30%</b>	<b>27.80%</b>
Total Expenditure	4765768	969909	20.40%	23.30%
<b>Fiscal Deficit</b>	<b>1685494</b>	<b>135712</b>	<b>8.10%</b>	<b>25.30%</b>
Revenue Deficit	653383	-40819	-6.20%	21.10%
Primary Deficit	495054	-128340	-25.90%	29.40%

Source: CGA

**Views and Outlook:**

- ☞ India recorded a revenue surplus of Rs. 40,819 crore while the primary account was also in surplus at Rs. 1.28 lakh crore up till June 2024.
- ☞ Food subsidy bill came in higher this year reaching 30% of the annual budgeted spend compared to 21% during the same period last year. Other subsidies including petroleum, fertilizer and urea were substantially reduced this year. These amounted to 3%, 18% and 17% of the budgeted target this year till June 2024, while last year, these had reached 17%, 36%, and 22%, respectively.
- ☞ The Government has lowered its fiscal deficit target for FY25 from 5.1% to 4.9% of gross domestic product and with the kind of momentum generated in the form of higher tax collections the fiscal deficit is likely to align with the government's target.

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