

Macro Insights

30th November 2024

Highlights:

Fiscal deficit amounts to 46.5% of BE in the first seven months of FY25.

The government's fiscal deficit in April-October 2024 period came in at Rs. 7.51 lakh crore- amounting to 46.5% of the budget estimates vis-à-vis 45.0% of BE reached during the same period last year.

- ☞ Total expenditure stood at Rs. 24.74 lakh crore reaching 51.3% of the BE during April-October 2024. This is lower than the expenditure in the same period last year (53.2%).
- ☞ Capital expenditure amounting to Rs. 4.67 lakh crore during April-October FY 2024-25 narrowed to 42.0% of the budgeted target- compared to last fiscal's achievement of 54.7% during this period.
- ☞ On the income side, total receipts of Rs. 17.23 lakh crore stood at 53.7% of BE, lower than last year's achievement (58.6%) during the same period.

Government of India Accounts (April-October 2024)

| | Budget Estimates 2024-2025 (Rs. Crore) | Actuals Apr'24-Oct'24 (Rs. Crore) | % of Actuals to Budget Estimates | |
|---------------------|--|-----------------------------------|----------------------------------|------------------------------------|
| | | | Current | Corresponding Period Previous Year |
| Revenue Receipts | 3129200 | 1704267 | 54.5% | 59.6% |
| Net Tax Revenue | 2583499 | 1304973 | 50.5% | 55.9% |
| Non-Tax Revenue | 545701 | 399294 | 73.2% | 88.1% |
| Total Receipts | 3207200 | 1723074 | 53.7% | 58.6% |
| Revenue Expenditure | 3709401 | 2007353 | 54.1% | 52.7% |
| Capital Expenditure | 1111111 | 466545 | 42.0% | 54.7% |
| Total Expenditure | 4820512 | 2473898 | 51.3% | 53.2% |
| Fiscal Deficit | 1613312 | 750824 | 46.5% | 45.0% |
| Revenue Deficit | 580201 | 303086 | 52.2% | 32.1% |
| Primary Deficit | 450372 | 154477 | 34.3% | 36.6% |

Source: CGA

Views and Outlook:

- ☞ Gross tax collections rose by 11 per cent on a y-o-y basis in October 2024, mainly driven by 20 per cent growth in income tax collections. Additionally, non-tax revenue stood at 73 per cent of budgeted estimates, driven by dividend receipts from RBI earlier in the year.
- ☞ The net tax collection at Rs.13.05 lakh crore or 50.5 per cent of budgeted estimates was lower than that in the same period last year on account of release of double tranche of tax devolution released to the states in the month of October.
- ☞ Capital expenditure dropped by almost 55 per cent on a month on month basis in October 2024, amounting to Rs. 51,579 crore. In September 2024, capex stood at Rs. 1,13,979 crore. On a year to date basis, capex reached 42 per cent of BE, lower than 54.7 per cent recorded in last fiscal. The current growth momentum and anticipated rise in industrial activity as indicated by 3.1 per cent y-o-y growth in core sector output in October 2024- the highest in 3 months, may see an upturn in capex going forward.
- ☞ Total subsidy bill of the government increased to Rs. 2.49 lakh crore, 65 per cent of BE, compared to Rs. 2.32 lakh crore in the same period last year.
- ☞ Total market borrowings by GoI stood at Rs. 3.68 lakh crore, i.e. 33 per cent of BE (compared to 68 per cent last year), while the government's total financing (external & internal) amounted to Rs. 7.51 lakh crore or 47 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 of 4.9 per cent.

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