Apr-Sep fiscal deficit at 29% of FY25 target

Rising tax revenues and RBI dividend boost receipts

CAPEX CHALLENGES LOOM

	Budget estimates FY25 (₹trn)	Actuals till Sep 2024 (₹trn)	% of BE FY25	% of BE FY24*
Revenue receipts	31.29	16.22	51.80	53.10
Total receipts	32.07	16.36	51.00	52.20
Capital expenditure	11.11	4.14	37.30	49.00
Total expenditure	48.20	21.11	43.80	47.10
Fiscal deficit	16.13	4.74	29.40	39.30

*in H1FY24; Source: Controller General of Accounts

RUCHIKA CHITRAVANSHI
New Delhi, 30 October

The Centre's fiscal deficit in the first half of this financial year (H1FY25) stood at ₹4.7 trillion, or 29.4 per cent of the FY25 Budget Estimate (BE), according to data from the Controller General of Accounts (CGA). This was less than the 39.3 per cent of BE for the same period last year.

The government for 2024-25 has set a fiscal deficit target of 4.9 per cent of the gross domestic product.

The improvement in H1FY25 vis à vis H1FY24 is largely due to the Reserve Bank of India's (RBI's) dividend payment earlier in the year and a year-on-year (Y-o-Y) contraction in capital expenditure.

Gross tax collections grew by 12 per cent in September 2024, with income tax collections up 25 per cent Y-o-Y. Total receipts was at 51 per cent of FY25's BE, close to last year's level of 52 per cent.

Capital expenditure — spending on physical infrastructure — stood at 37 per cent of BE of ₹11.1 trillion for April-September FY25, compared to 49 per cent during the same period last year.

The government would need to spend ₹1.16 trillion per month in the second half of FY25. "This requires a considerable expansion of 52 per cent compared to the second half of last year, which appears challenging. We expect the capex target of ₹11.1 trillion for FY25 to fall short by at least ₹0.5 trillion," said Aditi Nayar, chief economist, ICRA.

> **Economists note that after a slowdown in the first quarter, capex spiked in July but lost momentum in subsequent 2 mths**

Economists noted that after a slowdown in the first quarter, due in part to parliamentary elections, capital expenditure spiked in July but lost momentum in the subsequent two months. Net tax revenue in the H1 FY25 reached 49 per cent of BE, mirroring the level in the same period last year.

"We believe income tax collections could surpass the FY25 Revised BE of ₹11.5 trillion unless large refunds are released in the latter part of the financial year. Corporation tax inflows, however, may meet or fall slightly below target. Overall, a shortfall in capital expenditure is expected to provide some buffer against shortfalls in disinvestment and tax revenue," Nayar added.