

# Fiscal deficit at 11.8% of FY24 Budget target

## FISCAL MATH (Figures in ₹ trn)



	FY23 Apr-May	FY24 Apr-May	FY24 BE*	Change (in %)
Net tax revenue	3.08	2.78	23.3	-9.7
Non-tax revenue	0.49	1.35	3.01	175.5
Non-debt capital receipts	0.25	0.03	0.84	-88
Revenue expenditure	4.79	4.58	35.02	-4.4
Capital expenditure	1.07	1.68	10	57
Fiscal deficit	2.04	2.1	17.87	2.9

\*BE: Budget Estimate

Source: Controller General of Accounts

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New Delhi, 30 June

The central government's fiscal deficit narrowed to 11.8 per cent of the FY24 target of ₹17.87 trillion at the end of May, against 12.3 per cent during the same period a year ago, according to data released by the Controller General of Accounts (CGA) on Friday.

In absolute terms, the fiscal deficit rose marginally in the first two months of FY24 to ₹2.1 trillion, compared to the fiscal deficit of ₹2 trillion during the corresponding period of 2021-22 (FY22). The fiscal deficit is the difference between the government's expenditure and income.

The finance ministry has targeted to bring down the fiscal deficit to 5.9 per cent of GDP in FY24 from 6.4 per cent of GDP in the preceding year.

Capital expenditure during the first two months of FY24 touched 16.8 per cent of the ₹10

trillion target for FY24, which is nearly 57 per cent higher than a year ago period. Revenue expenditure in the same period of FY24 stood at 13.1 per cent of FY24 target, which is 3 per cent higher than the same period a year ago.

Aditi Nayar, chief economist at ICRA, said the release of a double tranche of tax devolution in June suggested that such releases may be relatively less back-ended in FY24, which could help to nudge faster capex by the states.

The Centre on Monday approved ₹56,415 crore to 16 states for capital investment under special assistance to states for capital investment 2023-24' scheme of ₹1.3 trillion for giving timely boost to capital spending by states in FY24.

The projects approved are across various sectors, including health, education, irrigation, water supply, power, roads, bridges, and railways. Funds for meeting the state

share of Jal Jeevan Mission and Pradhan Mantri Gram Sadak Yojana have been provided to the states under this scheme to enhance pace of the projects in these sectors.

According to the CGA data, the Centre's total expenditure of ₹6.26 trillion for April-May FY24 was 13.9 per cent of the target of ₹45.03 trillion.

Net tax revenue for the April-May FY24 period came in at ₹2.78 trillion, about 9.7 per cent lower than the corresponding period last year.

In the first two months of FY24, non-tax revenue rose by a whopping 175 per cent Year-on-Year (YoY) to ₹1.35 trillion.

"Higher than budgeted dividend surplus transfer of ₹874.2 billion from the RBI is likely to provide some cushion to meet any undershooting in other revenues streams including disinvestment or potential overshooting in expenses, relative to respective Budget estimates, such as MGNREGA," Nayar said.