

# Apr-Aug fiscal deficit at 32.6% of FY23 target

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The Centre's fiscal deficit for April-August FY23 came in at ₹5.4 trillion, or 32.6 per cent of the Budget Estimate (BE) of ₹16.6 trillion, official data showed on Friday.

This compares to a fiscal deficit of ₹4.68 trillion for the same period last year, which was 31.1 per cent of the FY23 target.

The Centre is targeting a fiscal deficit for the year at 6.4 per cent of nominal gross domestic product.

Net tax revenue for the April-August FY23 period came in at ₹7 trillion, some 8.5 per cent higher than the amount gathered for the same period last year. Non-tax revenue for the first five months of FY23 stood at ₹1.17 trillion, 21 per cent lower than April-August FY22, while non-debt capital receipt was ₹31,527 crore, more than double of last year.

"The fiscal situation is more of interest today due to the recent decision to extend the



## FISCAL MATH

All figures in ₹ trn	Apr-Aug FY22	Apr-Aug FY23	FY23 BE	% change
Net tax revenue	6.45	7.00	19.35	8.50
Non-tax revenue	1.48	1.17	2.69	-21.00
Non-debt capital receipts	0.15	0.31	0.79	107.00
Revenue expenditure	11.05	11.38	31.95	3.00
Capital expenditure	1.72	2.52	7.50	46.50
Fiscal deficit	4.68	5.41	16.60	15.60

Source: Controller General of Accounts

free food scheme for the poor. Revenue collections have been buoyant while there is uncertainty on the achievement of the disinvestment target. However, the government is confident that the borrowing programme will not be breached as set by the Budget," said Madan Sabnavis, chief economist, Bank of Baroda.

Sabnavis said the progress till August shows that the government's accounts are on course compared with last year.

Revenue expenditure for April-August was ₹11.38 trillion, 35.6 per cent of BE of ₹31.95 trillion and just 3 per cent higher than revenue

expenditure outlay for the same period last year. The Centre's healthy capital expenditure trend continued, with capex of ₹2.52 trillion nearly 47 per cent higher than the ₹1.72 trillion spent in April-August FY22.

Total expenditure of ₹13.9 trillion for April-August FY23 has reached 35.2 per cent of the Budget size of ₹39.4 trillion, compared with 36.7 per cent for April-August FY22. This slight expenditure compression was on the revenue expenditure side.

"While the YoY growth remains high, capital spending has averaged around ₹50,000

crore per month, lower than the required monthly average of ₹62,500 crore to meet the FY23 BE (₹7.5 trillion), with a slow pick-up in the disbursements under the interest free capex loan for state governments," said Aditi Nayar, chief economist, ICRA.

Nayar said tax devolution to states would need to be as high as ₹9.3 trillion this year, overshooting the Budget Estimates by more than ₹1 trillion and therefore, the amount left to be disbursed to the states in the remainder of the year is quite substantial, warranting a reassessment of the monthly releases in the next quarter.