FY24 fiscal deficit to be slightly below revised estimate

PRASANTA SAHU
New Delhi, May 9

THE CENTRE'S FISCAL deficit for 2023-24 may be slightly lower than the revised estimate (RE) of ₹17.3 trillion or 5.84% of GDP, aided by lower than budgeted revenue expenditure and higher revenue receipts than the RE, government officials said.

The government's capital expenditure target in FY24RE was met while revenue expenditure fell short of the target due to savings under some expenditure heads due to the just-in-time release concept adopted by the government.

Unlike in the past, funds aren't released from the Consolidated Fund of India unless actual expenditure arises or previous installments are fully spent, an official said.

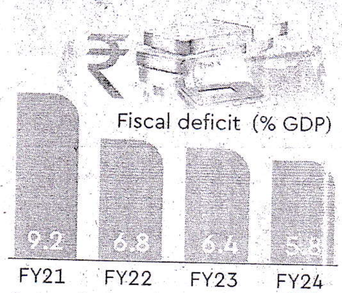
The Centre's finances were also helped by higher tax and non-tax receipts like dividends than factored in the RE, the official added.

"The fiscal deficit may turn out to be a little lower than RE, both in terms of absolute amount and in terms of percentage of GDP as well," another official said, adding that the exact number in terms of percentage will be known when the provisional GDP numbers for the year are released later this month.

In FY24RE, the government had enhanced the revenue expenditure outlay to ₹35.4 trillion for the year compared with ₹35 trillion in budget estimate (BE) while the outlay for capex was lowered to ₹9.5 trillion from ₹10 trillion in BE as some departments could not spend fully.

The Centre's direct tax collections (after refund) have exceeded the FY24RE by ₹13,000 crore to ₹19.58 trillion. On the non-tax revenues front, the Centre's dividend receipts from central public sector enterprises exceeded FY24 RE by ₹13,750 crore or by 27% to ₹63,749 crore as against the target of ₹50,000 crore.

AT A GLANCE



Source: Budget documents

Commenting on the current financial year, the first official said that the Centre's expenditure so far has been as per the plans envisioned in the interim budget.

The government's cash position at the beginning of the current financial year was comfortable. The official said the government might look at additional buying back of government securities if the cash situation warrants so. "We don't want cash to remain idle beyond a threshold, buyback is an option to reduce interest expenditure," the official added.

On Thursday, the Reserve Bank of India bought back government securities worth ₹10,512 crore, which was sharply lower than the notified amount of ₹40,000 crore.

The RBI is likely to announce its dividend for FY24 later this month, further boosting the Centre's cash position in FY25. IDFC First Bank estimates that the central bank could pay a dividend of ₹75,000-85,000 crore. RBI's surplus transfer to the Centre rose 188% on year to ₹87,416 crore in FY24 (for accounting year FY23).