Govt may ease Q4 spending limits

Move to help depts, ministries speed up capex; current norms cap Q4 spending at 33% of Budget

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The Centre may relax cash management guidelines for the last quarter (January–March) of FY25 to allow lagging departments and ministries to utilise their allocated capital expenditure (capex) for the financial year.

Currently, the guidelines stipulate ministries to not exceed 33 per cent of their Budget Estimates for the March quarter and 15 per cent of the last month of a financial year. Currently, the guidelines require ministries to limit their expenditures to no more than 33 per cent of their Budget estimates for the March quarter and 15 per cent for the last month of the financial year.

"We may not insist on departments to comply with cash management guidelines during Q4. But we also do not want a bunch up in the last quarter of the financial year. We have already allowed departments to rollover their expenditure allocations from Q1 to Q2 and from Q2 to Q3, in a bid to ensure spending across the year, especially when it comes to capex," a senior official said.

However, the official maintained that critical ministries have so far exceeded 50 per cent of their capex targets. For instance, the Ministry of Road Transport and Highways had spent 52 per cent of its total budgeted capex for FY25 by September, while the Ministry of Railways had completed 54 per cent of its total capex in the same period.

The Centre's capex, through which it builds physical infrastructure, reached ₹4.1 trillion or 37.3 per cent of the annual target in the first five months of FY25, against 49 per cent in the same period last year.

The government will need to spend ₹1.16 trillion per month in the second half of this financial year to meet the ₹11.1 trillion capex target for FY25.

The Asian Development Bank (ADB), in its biannual outlook released in September, flagged the government's "failure" to meet its capex target for FY25 as a potential downside risk.

The finance ministry had allowed ministries and departments to roll over their expenditure allocations from Q1 to Q2 and from Q2 to Q3 to ensure a consistent spending flow.

THE RECEIPTS

	BE FY25 (₹trn)	Actuals till Sep 2024 (₹trn)	% of BE FY25
Revenue receipts	31.29	16.22	**51.80**
Tax revenue (net)	25.83	12.65	**49.00**
Non-tax revenue	5.45	3.57	**65.50**
Total receipts	32.07	16.37	**51.00**
Capex	11.11	4.15	**37.30**
Total expenditure	48.21	21.11	**43.80**
Fiscal deficit	16.13	4.75	**29.40**

BE stands for Budget Estimates

Source: Controller General of Accounts

Payback time Covid loans

Anticipating enhanced gross borrowing in the next financial year due to the redemption of Covid-era loans, the finance ministry has taken steps, such as buybacks and switch auctions, to smoothen its fiscal management for FY26.

The government has done a buyback of ₹80,000 crore of dated securities and conducted switch auctions worth ₹1.3 trillion. A switch auction is a process where the government exchanges shorter-duration bonds for longer-duration papers or to move from higher to lower interest rate securities.

Supplementary demands to stay within Budgetary limit

The finance ministry has received requests for supplementary demands for grants from all ministries and expects that any additional cash outflow would remain within the total sanctions of the Union Budget for FY25. The ministry has reviewed 75 of the total 102 demands for grants for the next year's Budget, sources said. The first supplementary Budget for FY25 will be presented in the upcoming winter session of Parliament. Sources said there could be some reallocation of expenditure between revenue and capital. "Even if there is a cash outgo, it will be within the ceiling of the amount approved by Parliament in the Budget," the source said. **BS REPORTER**