



# Central government fiscal deficit in Apr-Feb at 86.5% of FY24RE

April 4, 2024





# Central govt. gross fiscal deficit in Apr-Feb at 86.5% of FY24RE

- During April-February FY24, gross fiscal deficit of the central government was at around Rs. 15 trillion or 86.5% of revised estimates for FY24, compared to 82.8% in the corresponding period of previous fiscal year. However, this needs to be interpreted in context of downward revision to fiscal deficit for FY24 in the Union Interim Budget for FY25 compared to the initial budget estimates and FY23RE.
  - In February, tax devolution to states was higher compared to the previous month that also contributed to the increase in YTD fiscal deficit to 86.5% of FY24RE from 63.6% in January.
- Total receipts were at Rs. 22.46 trillion or 81.5% of revised budget estimates of the year, with net tax revenues at 79.6% of FY24RE, and non-debt capital receipts continuing to lag at 64.5% of FY24RE due to lower disinvestment receipts, despite a downward revision to the component in the Interim Budget.
- Total expenditure was at 83.4% of FY24RE, similar to the corresponding period of the previous fiscal year.

	(Rs. bn)			FYTD (Rs. bn)		FYTD - %YY		FY24RE		FY23RE	
	Feb-24	%YY	%MM	Feb-24	Feb-23	Feb-24	Feb-23	Rs. bn	(% of RE)	Rs. bn	(% of RE)
<b>Revenue receipts</b>	(81)	(113)	(105)	22,098	19,808	11.6	11	26,997	81.9	23,444	84.5
Gross tax revenue	1,837	(1)	(18)	28,899	25,473	13.4	12	34,372	84.1	30,431	83.7
Net tax revenue	(304)	(170)	(120)	18,495	17,322	6.8	17	23,239	79.6	20,867	83.0
Direct taxes	661	(9)	(35)	16,019	13,159	21.7	16	19,450	82.4	16,500	79.8
Indirect taxes	1,171	5	(4)	12,836	12,280	4.5	8	14,839	86.5	13,850	88.7
Taxes on UT	4	(5)	(20)	43	33	29.5	42	83	52.0	81	41.5
Transfer to NDRF	9	4	4	70	70	(0.8)	15	88	79.2	80	87.8
Assignment to states	2,132	52	192	10,334	8,081	27.9	3	11,045	93.6	9,484	85.2
Non-tax revenues	223	26	(13)	3,603	2,486	44.9	(20)	3,758	95.9	2,618	95.0
<b>Non-debt capital receipts</b>	19	13	(58)	361	589	(38.6)	62	560	64.5	835	70.5
Recovery of loans	18	6	(12)	235	202	16.1	(11)	260	90.3	235	86.1
Disinvestment	1.1		(96)	127	387	(67.3)	186	300	42.2	600	64.5
<b>Total receipts</b>	<b>(62)</b>	<b>(110)</b>	<b>(103)</b>	<b>22,459</b>	<b>20,397</b>	<b>10.1</b>	<b>12</b>	<b>27,557</b>	<b>81.5</b>	<b>24,279</b>	<b>84.0</b>
<b>Total expenditure</b>	<b>3,926</b>	<b>20</b>	<b>31</b>	<b>37,473</b>	<b>34,936</b>	<b>7.3</b>	<b>11</b>	<b>44,905</b>	<b>83.4</b>	<b>41,872</b>	<b>83.4</b>
Revenue expenditure	3,081	1	22	29,417	29,034	1.3	9	35,402	83.1	34,590	83.9
Capital expenditure	844	315	78	8,056	5,902	36.5	22	9,502	84.8	7,283	81.0
<b>Fiscal deficit</b>	<b>3,988</b>	<b>52</b>	<b>231</b>	<b>15,014</b>	<b>14,539</b>	<b>3.3</b>	<b>10</b>	<b>17,348</b>	<b>86.5</b>	<b>17,553</b>	<b>82.8</b>
Primary deficit	3,397	68	626	6,206	6,549	(5.2)	1.6	6,793	91.3	8,147	76.2
Revenue deficit	3,163	29	309	7,319	9,225	(20.7)	6.3	8,405	87.1	11,105	65.9
FD/GDP (%)								5.8		6.4	



# March gross tax revenues need to grow 8.1%YY to meet FY24RE

- During April-February FY24, gross tax revenue was at Rs. 28.9 trillion, amounting to 84.1% of FY24RE and will need to grow by 8.1%YY in March to meet the RE.
- Indirect tax collection is already at 86.5% of FY24RE, while direct tax collection stands at 82.4%.
- Non-tax revenues stand at 95.9% of FY24RE, with interest receipts, dividends and profits, and non-tax revenues of union territories already exceeding the revised budget estimates.

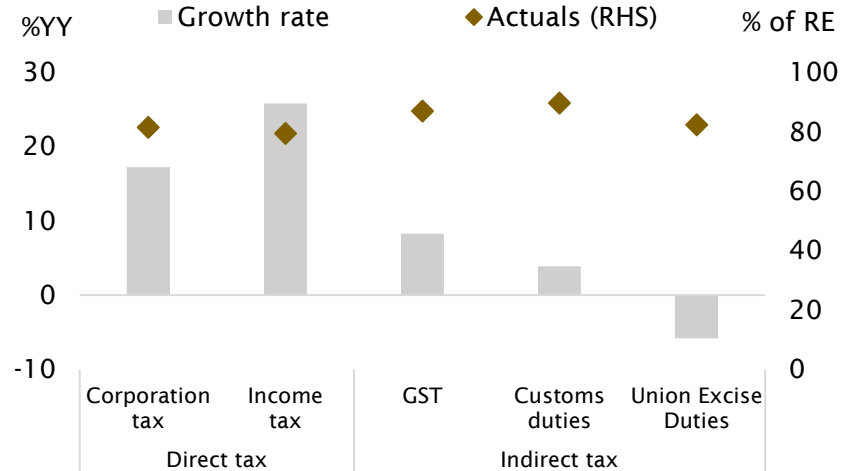
	Rs. bn			Percent change		FYTD (Rs. bn)		FYTD - %YY		FY24RE		FY23 RE	
	Feb-24	%YY	%MM	Feb-24	Feb-23	Feb-24	Feb-23	Rs. bn	(% of RE)	Rs. bn	(% of RE)		
<b>Revenue receipts</b>	(81)	(113)	(105)	22,098	19,808	11.6	11	26,997	81.9	23,444	84.5		
<b>Net tax revenue</b>	(304)	(170)	(120)	18,495	17,322	6.8	17	23,239	79.6	20,867	83.0		
<b>Direct taxes</b>	661	(9)	(35)	16,019	13,159	21.7	16	19,450	82.4	16,500	79.8		
Corporation tax	(29)	(122)	(108)	7,527	6,418	17.3	13	9,227	81.6	8,350	76.9		
Income tax	641	11	2	8,124	6,456	25.8	19	10,223	79.5	8,150	79.2		
Other taxes	49	114	8	368	285	29.1	4						
<b>Indirect taxes</b>	1,171	5	(4)	12,836	12,280	4.5	8	14,839	86.5	13,850	88.7		
Customs duty	213	37	26	1,964	1,890	3.9	14	2,187	89.8	2,100	90.0		
Excise duty	249	(4)	(6)	2,538	2,695	(5.8)	(19)	3,081	82.4	3,200	84.2		
Service tax	(0)	(102)	(103)	5	3	54.6	(56)	5	93.4	10	30.2		
<b>GST</b>	710	2	(10)	8,330	7,693	8.3	20	9,566	87.1	8,540	90.1		
CGST	711	18	(3)	7,475	6,574	13.7	25	8,116	92.1	7,240	90.8		
IGST	(127)	455	94	(433)	(38)								
Compensation cess	125	6	8	1,287	1,156	11.3	21	1,450	88.8	1,300	89.0		
Taxes on UT	4	(5)	(20)	43	33	29.5	42	83	52.0	81	41.5		
<b>Gross tax revenue</b>	1,837	(1)	(18)	28,899	25,473	13.4	12	34,372	84.1	30,431	83.7		
Transfer to NDRF	9	4	4	70	70	(0.8)	15	88	79.2	80	87.8		
Assignment to states	2,132	52	192	10,334	8,081	27.9	3	11,045	93.6	9,484	85.2		
<b>Non-tax revenues</b>	223	26	(13)	3,603	2,486	44.9	(20)	3,758	95.9	2,618	95.0		
Interest receipts	43	55	55	340	231	47.1	15	318	107.1	246	93.9		
Dividends and Profits	92	33	1,397	1,571	842	86.5	(43)	1,544	101.7	840	100.3		
Non-Tax Revenue of U.T.s	2	34	(39)	31	22	40.0	24	25	121.5	22	98.1		
External grant	0.0	(91)	(98)	7.3	9	(22.0)	(28)	14	50.6	26	36.3		
Other Non-Tax Revenue	85	9	(61)	1,654	1,381	19.7	(2)	1,856	89.1	1,483	93.1		



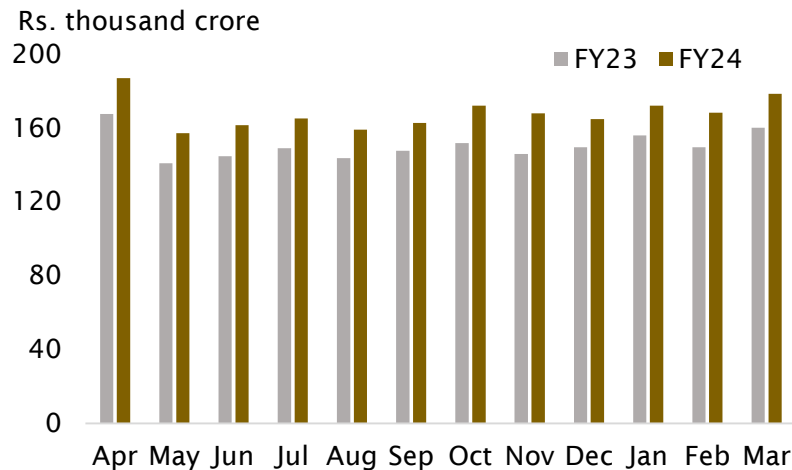
# Second highest ever monthly GST collection in March

- During April-February, direct tax collections grew by 21.7%YY, with corporate and income tax collections growing at 17.3% and 25.8%, respectively. Indirect tax collections were up 4.5%YY, with GST and customs revenues increasing by 8.3% and 3.9%, respectively. Excise duties fell 5.8%.
- Non-tax revenue collections (excluding interest payments) grew by 44.7%YY, mainly due to higher-than-budgeted surplus transfer from the RBI.
- GST revenue (centre plus states) in March was the second highest collection ever at Rs. 1.78 lakh crore, up 11.5%YY. For the entire FY24, gross GST collection was at Rs. 20.2 lakh crore, up 11.7%YY.

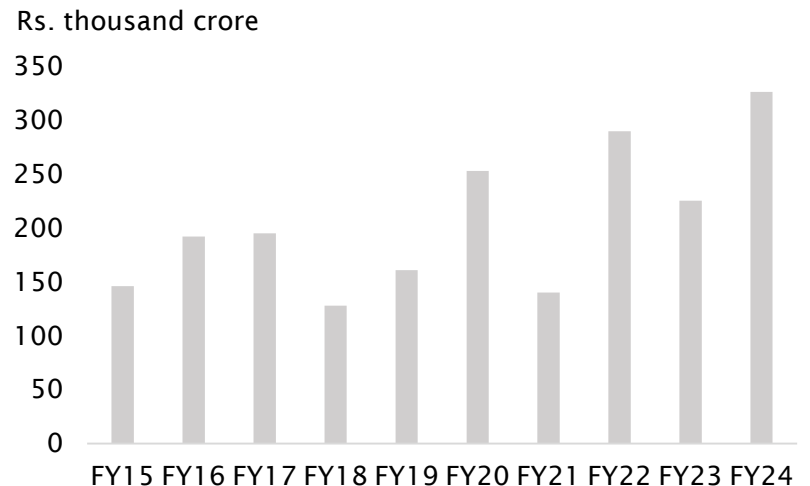
Tax revenue (Apr-Feb FY24)



Monthly GST revenue



Non-tax revenue (Apr-Feb)





# Loan to states for capex already above FY24RE

- During April-February FY24, capital expenditure was up 36.5%YY compared to the corresponding period in FY23, while revenue expenditure grew 1.3%.
- Loan to states for capital expenditure has already exceeded FY24RE, which was trimmed from Rs. 1.30 trillion earmarked in initial budget estimates.

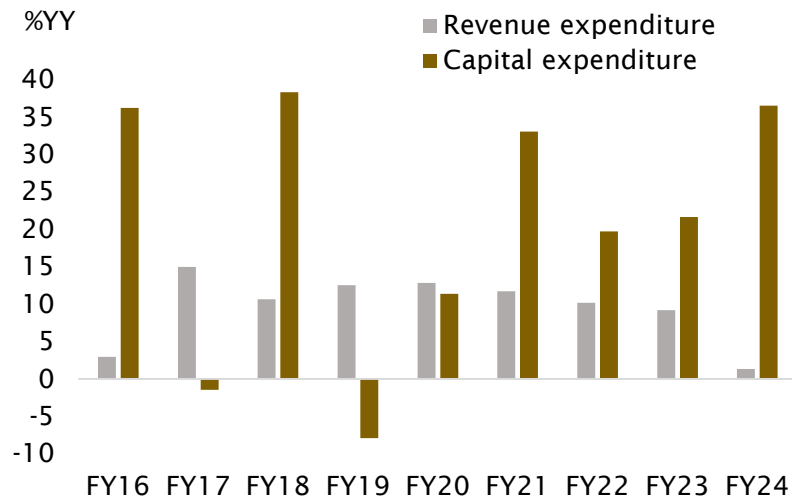
	(Rs. bn)			Percent change		FYTD (Rs. bn)		FYTD - %YY		FY24RE		FY23 RE	
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Recovery of loans	18	6	(12)	235	202	16.1	(11)	260	90.3	235	86.1		
Disinvestment	1		(96)	127	387	(67.3)	186	300	42.2	600	64.5		
<b>Total receipts</b>	(62)	(110)	(103)	22,459	20,397	10.1	12	27,557	81.5	24,279	84.0		
<b>Total expenditure</b>	3,926	20	31	37,473	34,936	7.3	11	44,905	83.4	41,872	83.4		
<b>Revenue expenditure</b>	3,081	1	21.81	29,417	29,034	1.3	9	35,402	83.1	34,590	83.9		
Interest payments	591	(2)	(20)	8,808	7,990	10.2	19	10,554	83.5	9,407	84.9		
Subsidies	454	(24)	17	3,610	4,595	(21.4)	20	4,405	81.9	5,621	81.8		
Transfer to states	694	412	411	1,322	1,412	(6.4)	(33)	1,404	94.1	1,733	81.5		
Rural development	672	206	1,021	1,236	1,399	(11.7)	8	1,711	72.2	1,811	77.2		
Others	671	(55)	(45)	14,441	13,638	5.9	8	17,328	83.3	16,018	85.1		
<b>Capital expenditure</b>	844	315	78	8,056	5,902	36.5	22	9,502	84.8	7,283	81.0		
Defence	458	596	470	1,261	1,040	21.3	(5)	1,678	75.2	1,580	65.8		
Railways	(426)	(438)	(362)	2,190	1,470	49.0	54	2,400	91.3	1,591	92.4		
Roads and highways	(239)	(47,826)	(318)	2,381	1,955	21.8	97	2,645	90.0	2,063	94.8		
Loan to states for capex	81	155	38	1,065	574	85.6	242	1,056	100.9	760	75.5		
Others	191	(1,008)	200	1,159	864	34.3	(48)	17,328	6.7	16,018	5.4		
<b>Fiscal deficit</b>	3,988	52	231	15,014	14,539	3.3	10	17,348	86.5	17,553	82.8		
<b>Primary deficit</b>	3,397	68	626	6,206	6,549	(5.2)	2	6,793	91.3	8,147	80.4		
<b>Revenue deficit</b>	3,163	29	309	7,319	9,225	(20.7)	6	8,405	87.1	11,105	83.1		
<b>FD/GDP (%)</b>								5.8		6.4			
<b>PD/GDP (%)</b>								2.3		3.0			
<b>RD/GDP (%)</b>								2.8		4.1			



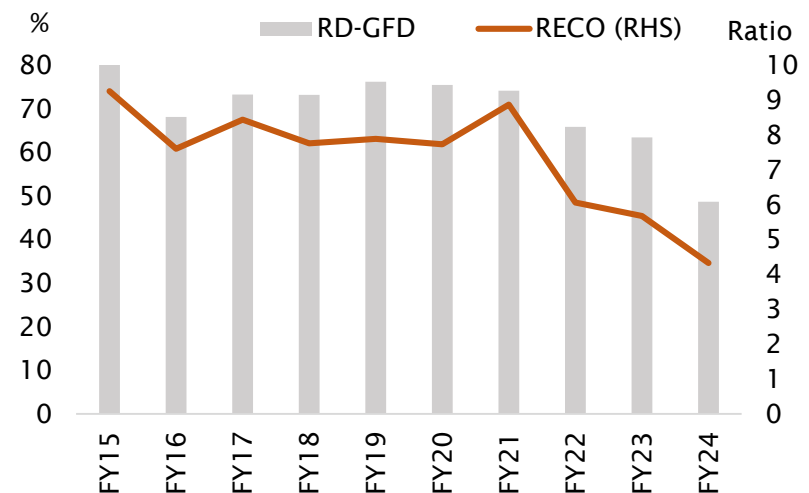
# Quality of central govt. expenditure continued to improve in Feb

- In addition to higher growth in capital expenditure for the third straight year, revenue expenditure continued to remain contained, along with an increase in capital outlay leading to an improvement in the quality of expenditure of the central government.
- Capital outlay (i.e., capital expenditure excluding loans and advances) recorded an increase of 32.8%YY during April-February FY24, up from 16.7% in the corresponding period of FY23.
- RBI's analysis of state government accounts shows similar improvement in the quality of expenditure at the state level.

Expenditure growth (Apr-Feb)



Quality of expenditure (Apr-Feb)



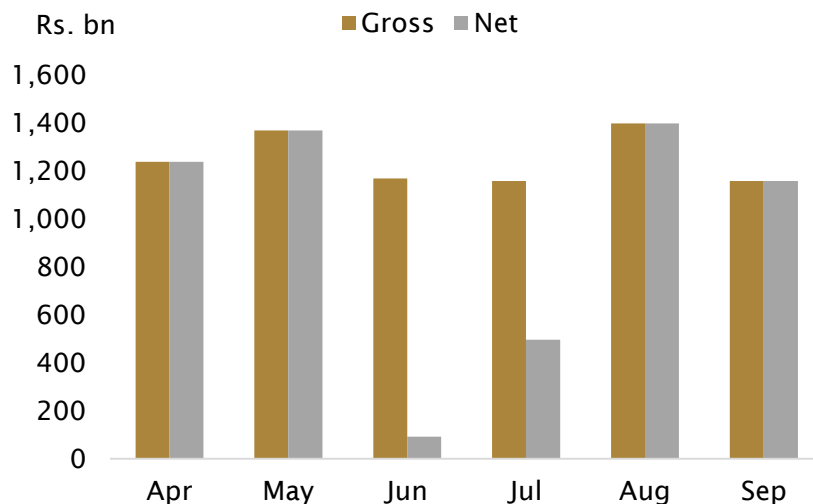




# G-sec borrowing in H1-FY25 to be 15.5% lower than H1-FY24

- The g-sec borrowing calendar suggests that of Rs.14.13tn borrowing projected for FY25 in the Union Interim Budget, the central government will borrow Rs.7.50tn in H1-FY25, through dated securities. This will include Rs.120bn issuance of Sovereign Green Bonds (SGBs) in the months of May and August, and a new dated security of 15-year tenor.
- Net borrowing will amount to Rs.5.76tn, with the highest issuance in August and lowest in June.
- The share of borrowing in H1-FY25 at 53.1% of full year borrowing plan is lower than the typical pattern, which tends to be higher in the first half of the fiscal year (57.6% in FY24, 59.0% in FY23). The share of borrowing remains skewed towards the long end (37.3% share) and the belly of the yield curve (34.4% share).
- Not just the share but overall gross borrowing is 15.5% lower compared to H1-FY24, which could bode well ahead of the election season and at a time when higher inflows are expected due to bond index inclusion.

G-sec borrowing in H1-FY25



Percent share of issuance bucket

	H1-FY24	H1-FY24	H1-FY25
3Y-5Y	18.0	17.6	14.4
7Y-10Y	30.8	32.1	34.4
15Y	17.6	15.3	13.9
30Y-50Y	33.7	35.1	37.3



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