



Centre's fiscal deficit narrows during April-November FY24 but risks of fiscal slippage remain

3 January, 2024





Key takeaways

The centre's fiscal deficit was at 51% of FY24BE during April-November FY24, lower than the corresponding period in FY23. Net tax revenue grew at a higher pace, aided by lower tax devolution, and buoyant non-tax revenues, while revenue and capital expenditure grew at slower rates. However, there are weak spots. Non-debt capital receipts remained weak, dragged down by slower pace of disinvestment, while non-tax revenues were propped up by dividends and profits. The fiscal deficit is largely on track, as revenue expenditure is in check, and capital expenditure, while higher than the corresponding period a year ago, is growing at a relatively slower pace. There are risks that ahead of the polls, revenue expenditure could increase and the focus might shift away from capital expenditure. Without a corresponding increase in tax revenues or disinvestment proceeds to offset the likely increase in spending, there could be risks of fiscal slippage.

	Nov-23	Percent change		FYTD		FYTD - %YY		FY24BE		FY23 A		FY24BE	
		%YY	%MM	Nov-23	Nov-22	Nov-23	Nov-22	Rs. bn	(% of BE)	Rs. bn	(% of actual)	Current run rate	Required run rate
Revenue receipts	1,524	108	(11)	17,201	14,232	21	5	26,323	65	23,835	60	2,150	2,280
Gross tax revenue	2,075	21	(4)	20,420	17,807	15	15	33,609	61	30,538	58	2,553	3,297
Net tax revenue	1,338	149	(6)	14,358	12,248	17	8	23,306	62	20,974	58	1,795	2,237
Direct taxes	818	35	(21)	11,060	8,877	25	23	18,233	61	16,675	53	1,382	1,793
Indirect taxes	1,255	14	14	9,330	8,905	5	8	15,292	61	13,820	64	1,166	1,490
Taxes on UT	3	(51)	(78)	30	25	22	64	84	36	43	58	4	13
Transfer to NDRF	8	15	12	49	47	4	21	88	56	80	59	6	10
Assignment to states	730	(37)	0	6,014	5,511	9	37	10,214	59	9,484	58	752	1,050
Non-tax revenues	186	(5)	(36)	2,844	1,983	43	(11)	3,017	94	2,862	69	355	43
Non-debt capital receipts	25	(57)	(12)	255	415	(39)	100	840	30	722	57	32	146
Recovery of loans	16	(17)	(9)	166	131	27	15	230	72	262	50	21	16
Disinvestment	9	(78)	(18)	89	284	(69)	204	610	15	460	62	11	130
Total receipts	1,549	96	(11)	17,456	14,646	19	6	27,163	64	24,557	60	2,182	2,427
Total expenditure	2,578	(14)	(6)	26,522	24,428	9	18	45,031	59	41,888	58	3,315	4,627
Revenue expenditure	2,190	(16)	0	20,665	19,957	4	11	35,021	59	34,525	58	2,583	3,589
Capital expenditure	387	2	(31)	5,856	4,471	31	63	10,010	59	7,363	61	732	1,038
Fiscal deficit	1,029	(53)	1	9,066	9,782	(7)	41	17,868	51	17,331	56	1,133	2,201
FD/GDP (%)				3.0	3.6			5.9		6.4			

Source: Controller General of Accounts, Department of Expenditure, Ministry of Finance



Tax revenues need to grow at a faster pace to meet FY24BE

- Direct tax collections increased at a slightly faster pace during April-November FY24 compared to the corresponding period in FY23, while indirect tax collections grew at a slower pace. However, tax revenue needs to grow at a faster rate for the remainder of FY24 to meet budget estimates. **Lower tax devolution and sharper increase in non-tax revenues during April-November FY24 enabled higher net tax revenues. Within non-tax revenues, dividend receipts have already exceeded FY24BE. Interest receipts have also been buoyant.**

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Net tax revenue	1,338	149	(6)	14,358	12,248	17	8	23,306	62	20,974	58	1,795	2,237
Direct taxes	818	35	(21)	11,060	8,877	25	23	18,233	61	16,675	53	1,382	1,793
Corporation tax	324	84	6	5,144	4,282	20	21	9,227	56	8,258	52	643	1,021
Income tax	462	13	(34)	5,674	4,386	29	27	9,006	63	8,082	54	709	833
Other taxes	32	51	(15)	242	208	16	5			334	62		
Indirect taxes	1,255	14	14	9,330	8,905	5	8	15,292	61	13,820	64	1,166	1,490
Customs duty	174	(6)	(5)	1,418	1,414	0	12	2,331	61	2,134	66	177	228
Excise duty	260	1	2	1,762	1,913	(8)	(21)	3,390	52	3,190	60	220	407
Service tax	(0)	(129)	(12)	4	4	(3)	(19)	5	79	4	95	0.5	0.3
GST	822	25	24	6,147	5,574	10	23	9,566	64	8,492	66	768	855
CGST	661	14	(6)	5,347	4,714	13	30	8,116	66	7,186	66	668	692
IGST	43	(267)	(127)	(128)	35	(462)	(84)			48	74		
Compensation cess	118	14	(1)	928	825	13	24	1,450	64	1,259	66	116	130
Taxes on UT	3	(51)	(78)	30	25	22	64	84	36	43	58	4	13
Gross tax revenue	2,075	21	(4)	20,420	17,807	15	15	33,609	61	30,538	58	2,553	3,297
Transfer to NDRF	8	15	12	49	47	4	21	88	56	80	59	6	10
Assignment to states	730	(37)	0	6,014	5,511	9	37	10,214	59	9,484	58	752	1,050
Non-tax revenues	186	(5)	(36)	2,844	1,983	43	(11)	3,017	94	2,862	69	355	43
Interest receipts	40	60	78	235	166	41	19	248	95	279	60	29	3
Dividends and Profits	66	(35)	70	1,311	683	92	(47)	910	144	999	68	164	(100)
Non-Tax Revenue of U.T.s	3	22	3	23	17	38	29	23	99	22	76	2.9	0
External grant	0.3	(88)	200	1.6	9	(82)	170	21	8	19	48	0.20	5
Other Non-Tax Revenue	78	19	(66)	1,273	1,109	15	39	1,814	70	1,543	72	159	135

Source: Controller General of Accounts, Department of Expenditure, Ministry of Finance



Roads, railways holding up capex; disinvestment remains weak

- Capital receipts fell during April-November FY24 compared to the corresponding period in FY23 due to **weakness in disinvestment receipts**, while recovery of loans remained on track. Revenue expenditure was in check, growing 4% compared to 11% during April-November FY23. Despite increasing 31%YY-FYTD, capital expenditure grew at half the pace during the corresponding period in FY23. Meeting BE could be a challenge in case of a shift in focus away from capital expenditure ahead of the polls this year. **Loans to states for capex are still at half of BE, while spending on roads and railways continue to drive capex.**

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Non-debt capital receipts	25	(57)	(12)	255	415	(39)	100	840	30	722	57	32	146
Recovery of loans	16	(17)	(9)	166	131	27	15	230	72	262	50	21	16
Disinvestment	9	(78)	(18)	89	284	(69)	204	610	15	460	62	11	130
Total receipts	1,549	96	(11)	17,456	14,646	19	6	27,163	64	24,557	60	2,182	2,427
Total expenditure	2,578	(14)	(6)	26,522	24,428	9	18	45,031	59	41,888	58	3,315	4,627
Revenue expenditure	2,190	(16)	0.03	20,665	19,957	4	11	35,021	59	34,525	58	2,583	3,589
Interest payments	629	(2)	3	6,080	5,452	12	18	10,800	56	9,284	59	760	1,180
Subsidies	111	(82)	(56)	2,428	3,011	(19)	31	3,747	65	5,310	57	303	330
Transfer to states	100	15	41	898	980	(8)	(40)	1,873	48	1,807	54	112	244
Rural development	46	(46)	(29)	869	952	(9)	(1)	1,575	55	1,768	54	109	177
Others	1,305	11	9	10,391	9,562	9	13	17,027	61	16,356	58	1,299	1,659
Capital expenditure	387	2	(31)	5,856	4,471	31	63	10,010	59	7,363	61	732	1,038
Defence	161	75	119	908	784	16	2	1,714	53	1,509	52	114	201
Railways	129	1	(9)	1,696	1,151	47	77	2,400	71	1,593	72	212	176
Roads and highways	30	(7)	(80)	1,746	1,494	17	102	2,586	68	2,060	73	218	210
Loan to states for capex	13	(86)	(77)	668	432	55	439	1,300	51	927	47	84	158
Others	55	45	(61)	838	611	37	23	2,010	42	1,275	48	105	293
Fiscal deficit	1,029	(53)	1	9,066	9,782	(7)	41	17,868	51	17,331	56	1,133	2,201
Primary deficit	400	(74)	(3)	2,986	4,330	(31)	85	7,068	42	8,047	54	373	1,021
Revenue deficit	666	(64)	38	3,464	5,725	(39)	29	8,699	40	10,690	54	433	1,309
Nominal GDP				3,01,751	2,72,407			3,01,751		2,72,407			
FD/GDP (%)				3.0	3.6			5.9		6.4			
PD/GDP (%)				1.0	1.6			2.3		3.0			
RD/GDP (%)				1.1	2.1			2.9		3.9			

Source: Controller General of Accounts, Department of Expenditure, Ministry of Finance



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