

India's April-November fiscal deficit narrows to 46% of full-year target

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The centre's fiscal deficit at the end of November came at 46.2% of the FY22 budget estimate on the back of robust revenues, official data released Friday showed.

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In actual terms, the deficit stood at Rs 6.95 lakh crore at the end of November 2021 against the annual estimate of Rs 15.06 lakh crore, according to data released by the Controller General of Accounts (CGA).

For the current financial year, the government expects the deficit at 6.8% of GDP or Rs 15.06 lakh crore.

Experts said this was the lowest since FY98 in percentage terms of the full year's fiscal deficit. They were divided on the issue of the government meeting FY22 target.

Said M Govinda Rao, Chief Economic Adviser at Brickwork Ratings: " Even so achieving the disinvestment target set in the budget is unlikely as divestment in Bharat Petroleum Corporation may not be completed before March 31, 2022."

He said given the additional burden of supplementary demand for grants, the chances of the government missing its fiscal deficit target cannot be ruled out. "We expect the fiscal deficit to marginally breach the budgeted 6.8% of GDP and reach to 7% of the GDP in the current fiscal," Rao said.

Other experts concurred with the view "Although the fiscal deficit upto November 2021 stood at only 46% of the budget estimate (BE) for the full year, the fading hopes of the disinvestment target being met, portend a deficit of Rs. 16.5-17.0 trillion (16.5-17 lakh crore) in FY2022, overshooting the budgeted target," said Aditi Nayar, chief economist ICRA.

India Ratings, however, expects the government to beat the target.

"Despite weak disinvestment performance, India Ratings expects fiscal deficit in FY22 to be 6.6% of GDP," said D K Pant, Chief Economist, India Ratings & Research.

According to the data, the total receipts of the government at the end of November stood at Rs 13.78 lakh crore or 69.8% of the budget estimates (BE). The net tax revenue so far stood at 73.5 % cent of the BE of 2021-22. The central government's total expenditure at the end of November stood at Rs 20.74 lakh crore or 59.6% of BE.