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Union Budget 2022: Center expected to reduce fiscal deficit target for FY23

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New Delhi: Strong direct and indirect tax collections are expected to give the Center enough room to reduce its fiscal deficit target for FY13.

Accordingly, industry watchers have projected the fiscal deficit target for FY13 to be in the range of 5.8-6.4 per cent.

The deficit for FY22 is pegged at Rs 15.06 lakh crore.

“This year’s budget will be seen to pace fiscal consolidation. The balancing factor for higher spending will be next year’s disinvestment target, which is likely to be kept strong even as BPCL (and possibly even that the mega LIC IPO) may be pushed to the next financial year,” said Madhavi Arora, principal economist, Emkay Global.

“Revenue expenditure pressures may continue in FY13, as the year has a heavy election calendar in key states of Uttar Pradesh, Punjab and Gujarat, and there are early signs of slowing consumption led by rural areas.”

Recent data presented by the Controller General of Accounts (CGA) showed that the fiscal deficit – the difference between revenue and expenditure – stood at Rs 695,614 crore or 46.2 per cent of the budget estimate for the April-November 2021-22 period. (Happen).

“The Indian government’s fiscal deficit for FY13 is expected to be Rs 15.2 trillion or 5.8 per cent of GDP in FY12 at Rs 16.6 trillion or 7.1 per cent of GDP,” said Aditi Nair, chief economist, ICRA.

“We estimate the Gross Tax Revenue of the Government of India at Rs 27 trillion in FY2023, a year-on-year expansion of 9.3 per cent relative to our projected level for FY2022. Gross tax revenues for FY2023 are projected The growth is similar to our real GDP growth forecast of 9 per cent for that financial year, given the impact of the recent duty relief on indirect tax collections.”

“We anticipate that higher tax and non-tax revenue collections this fiscal are expected to more than offset the shortfall in disinvestment revenue, bringing the fiscal deficit to 6.6 per cent of GDP in FY22, the budget said. less than 20 bp. Sunil Kumar Sinha, Principal Economist, India Ratings and Research.

Also, another factor supporting the FY13 financial consolidation is a reasonable likelihood that the IPO process for LIC will be completed in the next financial year, leading to a substantial increase in disinvestment proceeds.

Suman said, “With respect to the fiscal projections for FY23, we believe that the focus will remain on growth stimulus and will include higher revenue and capital expenditure outlay. Therefore, we do not see any significant increase in the budgeted fiscal deficit for the next year. There doesn’t seem to be a shortage.” Choudhary, Chief Analytical Officer, Acuite Ratings & Research.

The key to meeting the fiscal deficit target not only in FY22 but also in the next few years will depend on the government’s ability to generate non-tax revenue, particularly from disinvestment and asset monetization.

According to M. Govinda Rao, Chief Economic Adviser, Brickwork Ratings: “With the proceeds from disinvestment, progress in asset monetization and continued bounce in tax revenue, we expect fiscal deficit to be targeted at 6.3 per cent to 6.5 per cent, FY23 within budget.”

“The Budget is expected to see a substantial increase in capital expenditure as well, while reaching the fiscal deficit target of 4.5 per cent by 2025-26 in line with the fiscal consolidation path the finance minister had said last year.”