

Centre's fiscal deficit touches 46.2 pc of annual target till November-end

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The central government's fiscal deficit at the end of November worked out to 46.2 per cent of the annual budget target for 2021-22 because of an improvement in the revenue collection, according to official data .

The deficit figures in the current financial year till November appear much better than the previous financial year when it had soared to 135.1 per cent of the estimates mainly .

In actual terms, the deficit stood at Rs 6.96 lakh crore at the end of November against the annual estimate of Rs 15.06 lakh crore.

The government expects the deficit at 6.8 per cent of GDP or Rs 15.06 lakh crore for the current fiscal.

Aditi Nayar, chief economist, Icra said "the fading hopes of the disinvestment target being met, portend a deficit of Rs 16.5-17.0 lakh crore in 2021-22, overshooting the budgeted target."

"Achieving the selloff target set in the budget is unlikely as divestment in BPCL may not be completed before March 31, 2022. 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 per cent of GDP and reach to 7 per cent of the GDP in the current fiscal year," M. Govinda Rao, chief economic adviser at Brickwork Ratings, said.

Output of eight core sectors rose 3.1 per cent in November against a contraction of 1.1 per cent in the same month last year. Barring crude oil and cement, all other sectors recorded positive growth in November. In October, the core sector had grown 8.4 per cent.

According to data, coal production rose 8.2 per cent, natural gas 23.7 per cent, refinery products 4.3 per cent, fertilisers 2.5 per cent, steel 0.8 per cent, and electricity by 1.5 per cent in November.

"Core sector growth deflated to a lower than expected 3.1 per cent in November 2021 from the revised 8.4 per cent in October 2021, adding further evidence that the momentum slackened after the festive season amidst supply disruptions in parts of Southern India related to heavy rainfall," Nayar said.

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