

## Macro Insights

1<sup>st</sup> June 2024

### Highlights:

**Fiscal deficit improves to 5.6% of GDP in FY24- lower than the targeted 5.8%.**

The government's fiscal deficit for the FY 2023-24 was arrested at Rs. 16.5 lakh crore- amounting to 95.3% of the budget estimates for the year. In comparison, last fiscal the deficit had reached 99% of the budgeted target.

- ☞ Capital expenditure during the fiscal was robust and reached the budgeted target. Capex amounted to almost Rs. 9.5 lakh crore during FY 2023-24, i.e. 99.9% of the revised estimates. However, last fiscal, government capex had slightly exceeded the budgetary allocation (101.6%).
- ☞ Robust tax collections led to the government achieving its net tax revenue target for the full fiscal-which came in at Rs. 23.3 lakh crore.
- ☞ The government was able to cap its total subsidy outgo at Rs. 4.1 lakh crore- at par with the revised estimates for the fiscal year.

### Government of India Accounts (April-March 2024)

	Budget Estimates 2023-2024 (Rs. Crore)	Actuals April'23-March'24 (Rs. Crore)	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	2699713	2728412	101.1%	101.5%
<b>Net Tax Revenue</b>	<b>2323918</b>	<b>2326524</b>	<b>100.1%</b>	<b>100.5%</b>
Non-Tax Revenue	375795	401888	106.9%	109.0%
Total Receipts	2755713	2788872	101.2%	101.0%
Revenue Expenditure	3540931	3494036	98.7%	99.8%
<b>Capital Expenditure</b>	<b>949555</b>	<b>948506</b>	<b>99.9%</b>	<b>101.6%</b>
Total Expenditure	4490486	4442542	98.9%	100.1%
<b>Fiscal Deficit</b>	<b>1734773</b>	<b>1653670</b>	<b>95.3%</b>	<b>99.0%</b>
Revenue Deficit	841218	765624	91.0%	96.3%
Primary Deficit	679346	589799	86.8%	99.3%

Source: CGA

**Views and Outlook:**

- ☞ The Government has been able to limit its fiscal deficit to 5.6% of gross domestic product during FY24 as against an estimate of 5.8% of GDP.
- ☞ Further, the primary deficit (fiscal deficit excluding interest payments) has shown an improvement. Primary deficit in FY 23-24 amounted to 86.8% of the budgeted allocation vis-à-vis 99.3% last fiscal. A shrinking primary deficit indicates progress toward fiscal health as it implies lower interest payments on previous year government borrowings.
- ☞ For FY23-24, the government's external financing of the fiscal deficit, however, came in at 222% of the budgeted target. This was 155% in the last fiscal. Total external financing amounted to Rs. 55,121 crore (vis-à-vis revised estimates of Rs. 24,832 crore). Domestic financing was at 83% of the budgeted allocation. Total financing, however, was capped at 95% of the budgeted spend for FY23-24.
- ☞ Going forward, FY25 fiscal deficit is expected to be even lower at around 5.1% of GDP. The lowering is likely on account of the Rs. 2.1 lakh crore surplus transfer by the RBI. A lower fiscal deficit is also positive for investor sentiments and is likely to attract more foreign funds into the country.

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