



**Centre's fiscal deficit at 8% of FY25(I)BE in Apr-Jun, lower than 25% of BE in the corresponding period of FY24**

August 12, 2024





# RBI dividend, lower capex enabled lower fiscal deficit in Apr-Jun

- The centre's fiscal deficit amounted to Rs.1.4tn, accounting for 8% of FY25(I)BE, lower than 25% of BE in the corresponding period a year ago. Muted spending on the capital account ahead of general elections and higher-than-expected dividend transfer from the RBI, which was accounted for in May numbers, resulted in lower fiscal deficit during April-June. Nonetheless, the fiscal account slipped back into deficit in June from surplus in May.
- During April-June, total receipts were higher (27% of FY25(I)BE) than the corresponding period a year ago (22% of FY24BE). However, total expenditure was lower (20% of FY25(I)BE), compared to (23% of FY24BE) a year ago, and fell year-on-year during April-June, due to a decline in capital expenditure. Non-debt capital receipts were muted.
- Revenue expenditure, while slightly higher year-on-year during April-June, amounted to similar level as last year in terms of percent of budget estimates. Receipts were buoyed by tax collection, particularly direct tax collection, and the non-tax component due to RBI dividend. As a result, the revenue account remained in surplus on a year-to-date basis, even as it posted deficit in the month of June. The primary account, which excludes interest costs, remained in surplus, both on a year-to-date and monthly basis in June.

	(Rs. bn)			FYTD (Rs. bn)		FYTD - %YY		FY25(I)BE		FY24BE		FY24RE	
	Jun-24	%YY	%MM	Jun-24	Jun-23	Jun-24	Jun-23	Rs. bn	(% of BE)	Rs. bn	(% of BE)	Current run rate	Required run rate
<b>Revenue receipts</b>	2,589	47	(28)	8,297	5,886	41	4	30,013	28	26,323	22	2,766	2,413
Gross tax revenue	3,712	35	81	8,308	6,719	24	3	38,308	22	33,609	20	2,769	3,333
Net tax revenue	2,306	48	72	5,496	4,336	27	(14)	26,016	21	23,306	19	1,832	2,280
Direct taxes	2,417	63	155	4,756	3,351	42	(2)	21,988	22	18,233	18	1,585	1,915
Indirect taxes	1,292	2	18	3,543	3,359	5	9	16,225	22	15,292	22	1,181	1,409
Taxes on UT	3	(19)	(9)	9	9	(4)	37	94	9	84	11	3	9
Transfer to NDRF	8	(24)	16	17	17	(2)	(6)	94	18	88	19	6	9
Assignment to states	1,398	18	100	2,795	2,366	18	66	12,198	23	10,214	23	932	1,045
<b>Non-tax revenues</b>	283	39	(87)	2,800	1,550	81	149	3,997	70	3,017	51	933	133
<b>Non-debt capital receipts</b>	24	(68)	133	45	107	(58)	(62)	790	6	840	13	15	83
Recovery of loans	24	(31)	133	45	65	(30)	89	290	16	230	28	15	27
Disinvestment	0.0	(100)	(100)	0	42	(100)	(83)	500	0	610	7	0	56
<b>Total receipts</b>	2,614	42	(27)	8,342	5,993	39	1	30,803	27	27,125	22	2,781	2,496
<b>Total expenditure</b>	3,464	(18)	73	9,699	10,507	(7.7)	11	47,658	20	45,031	23	3,233	4,218
Revenue expenditure	3,090	(2)	99	7,889	7,722	2	(0)	36,547	22	35,001	22	2,630	3,184
Capital expenditure	374	(66)	(16)	1,811	2,785	(35)	59	11,111	16	10,010	28	604	1,033
<b>Fiscal deficit</b>	851	(65)	(153)	1,357	4,514	(70)	28	16,855	8	17,868	25	452	1,722
<b>Primary deficit</b>	(551)	(151)	(64)	(1,283)	2,077	(162)	68	4,951	(26)	7,068	29	(428)	693
<b>Revenue deficit</b>	501	(64)	(125)	(408)	1,836	(122)	(10)	6,534	(6)	8,699	21	(136)	771
FD/GDP (%)								5.1		5.9			



# RBI dividend, direct taxes contributed to higher revenue receipts

- During April-June, revenue receipts amounted to Rs.8.3tn or 28% of FY25(I)BE, up from 22% of BE during April-June FY24. Revenue receipts rose on account of higher tax collections and particularly, non-tax revenues that were buoyed by the RBI dividend. Direct tax collections were boosted by corporate and income taxes, which stood at 17% and 25% of FY25(I)BE, respectively, up from 15% and 21% of BE during April-June FY24. Indirect tax collections were at around 22% of BE, similar to the trend during April-June FY24. While income taxes are growing close to the required run rate to match budget estimates, corporate and also indirect taxes need to gather pace.
- Devolution to states was 18% higher year-on-year in April-June but similar to last year's level at 23% of BE.
- Non-tax revenues at 70% of FY25(I)BE stood higher than collections in April-June FY24 at 51% of BE due to dividends that already surpassed BE. Other components of non-tax revenues, including interest receipts, were lower as proportion of BE than in the corresponding period of FY24.

	Rs. bn			FYTD (Rs. bn)		FYTD - %YY		FY25(I)BE		FY24BE		FY24BE	
	Jun-24	%YY	%MM	Jun-24	Jun-23	Jun-24	Jun-23	Rs. bn	(% of BE)	Rs. bn	(% of BE)	Current run rate	Required run rate
<b>Revenue receipts</b>	2,589	47	(28)	8,297	5,886	41	4	30,013	28	26,323	22	2,766	2,413
<b>Net tax revenue</b>	2,306	48	72	5,496	4,336	27	(14)	26,016	21	23,306	19	1,832	2,280
<b>Direct taxes</b>	2,417	63	155	4,756	3,351	42	(2)	21,988	22	18,233	18	1,585	1,915
Corporation tax	1,295	58	1,319	1,748	1,385	26	(14)	10,428	17	9,227	15	583	965
Income tax	1,070	66	32	2,873	1,917	50	11	11,560	25	9,006	21	958	965
Other taxes	52	205	22	135	48	179	(39)						
<b>Indirect taxes</b>	1,292	2	18	3,543	3,359	5	9	16,225	22	15,292	22	1,181	1,409
Customs duty	190	(14)	34	471	492	(4)	35	2,313	20	2,331	21	157	205
Excise duty	270	4	12	514	518	(1)	(15)	3,235	16	3,390	15	171	302
Service tax	0	(40)	390	(0)	3	(112)	61	1	(38)	5	65	(0)	0
<b>GST</b>	831	6	17	2,559	2,346	9	11	10,677	24	9,566	25	853	902
CGST	695	7	3	2,283	2,064	11	15	9,177	25	8,116	25	761	766
IGST	7	(56)	(109)	(102)	(67)							(34)	11
Compensation cess	129	9	10	378	349	8	11	1,500	25	1,450	24	126	125
Taxes on UT	3	(19)	(9)	9	9	(4)	37	94	9	84	11	3	9
<b>Gross tax revenue</b>	3,712	35	81	8,308	6,719	24	3	38,308	22	33,609	20	2,769	3,333
Transfer to NDRF	8	(24)	16	17	17	(2)	(6)	94	18	88	19	6	9
Assignment to states	1,398	18	100	2,795	2,366	18	66	12,198	23	10,214	23	932	1,045
<b>Non-tax revenues</b>	283	39	(87)	2,800	1,550	81	149	3,997	70	3,017	51	933	133
Interest receipts	38	(6)	(14)	117	95	23	89	331	35	248	38	39	24
Dividends and Profits	85	3	(96)	2,243	959	134	176	1,500	150	910	105	748	(83)
Non-Tax Revenue of U.T.s	2	(3)	(5)	7	12	(42)	91	29	23	23	50	2	2
External grant	0.1	(71)		0.2	1	(62)	(62)	10	2	21	3	0	1
Other Non-Tax Revenue	158	105	108	433	483	(10)	123	2,126	20	1,814	27	144	188



# Decline in expenditure due to fall in capex; revenue spending up

- The 8% year-on-year decline in total expenditure during April-June was driven by decline in capital expenditure. Capex spending fell 35%YY, amounting to 16% of FY25(I)BE compared to 28% of BE during the corresponding period a year ago. The decline was across major categories due to muted spending ahead of general elections.
- Revenue expenditure held up amid 2%YY increase during April-June that accounted for 22% of (I)BE for the full fiscal year, similar to the corresponding period in FY24. However, the trend is in contrast to what was seen during April-June FY24 when capital expenditure had increased around 60%YY and revenue spending was flat.
- Within revenue expenditure, interest payments and subsidies were on track with last year's levels, in terms of share in budget estimates. However, transfer to states and spending on rural development were comparatively muted, and in fact down year-on-year during April-June.

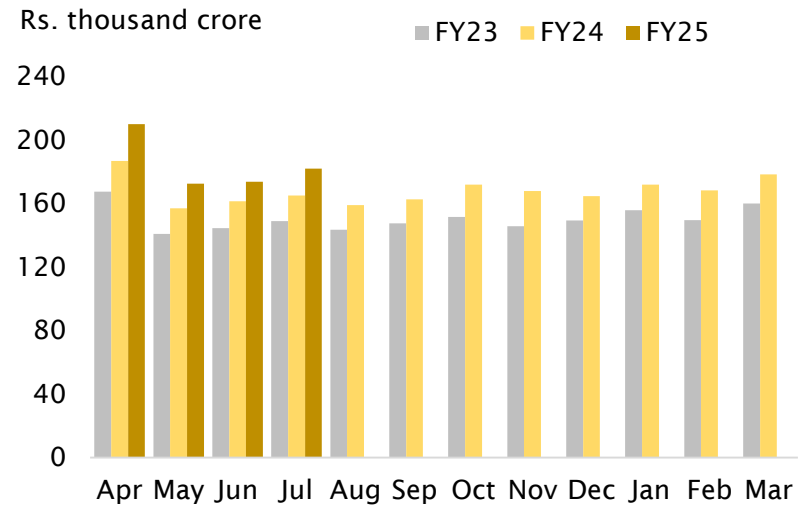
	(Rs. bn)	Percent change		FYTD (Rs. bn)		FYTD - %YY		FY25(I)BE		FY24BE		FY24BE	
	Jun-24	%YY	%MM	Jun-24	Jun-23	Jun-24	Jun-23	Rs. bn	(% of BE)	Rs. bn	(% of BE)	Current run rate	Required run rate
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Recovery of loans	24	(31)	133	45	65	(30)	89	290	16	230	28	15	27
Disinvestment	0			0	42			500		610	7	0	56
<b>Total receipts</b>	2,614	42	(27)	8,342	5,993	39	1	30,803	27	27,125	22	2,781	2,496
<b>Total expenditure</b>	3,464	(18)	73	9,699	10,507	(8)	11	47,658	20	45,031	23	3,233	4,218
<b>Revenue expenditure</b>	3,090	(2)	99	7,889	7,722	2	(0)	36,547	22	35,001	22	2,630	3,184
Interest payments	1,402	5	(3,249)	2,641	2,437	8	7	11,904	22	10,800	23	880	1,029
Subsidies	355	12	1	902	870	4	28	4,097	22	4,031	22	301	355
Transfer to states	74	25	115	186	351	(47)	13	1,324	14	1,655	21	62	126
Rural development	88	(56)	(48)	388	389	(0)	13	1,776	22	1,575	25	129	154
Others	1,171	(5)	12	3,772	3,675	3	(11)	17,446	22	16,941	22	1,257	1,519
<b>Capital expenditure</b>	374	(66)	(16)	1,811	2,785	(35)	59	11,111	16	10,010	28	604	1,033
Defence	67	(50)	21	144	193	(25)	(25)	1,822	8	1,714	11	48	186
Railways	172	(27)	(12)	667	787	(15)	70	2,520	26	2,400	33	222	206
Roads and highways	23	(95)	15	602	996	(40)	23	2,722	22	2,586	39	201	236
Loan to states for capex	102	(59)	40	184	300	(39)	1,114	1,300	14	1,300	23	61	124
Others	11	(84)	(89)	214	509	(58)	427	2,746	8	2,010	25	71	281
<b>Fiscal deficit</b>	851	(65)	(153)	1,357	4,514	(70)	28	16,855	8	17,868	25	452	1,722
<b>Primary deficit</b>	(551)	(151)	(64)	(1,283)	2,077	(162)	68	4,951	(26)	7,068	29	(428)	693
<b>Revenue deficit</b>	501	(64)	(125)	(408)	1,836	(122)	(10)	6,534	(6)	8,699	21	(136)	771
<b>FD/GDP (%)</b>								5.1		5.9			
<b>PD/GDP (%)</b>								1.5		2.4			
<b>RD/GDP (%)</b>								2.0		2.9			



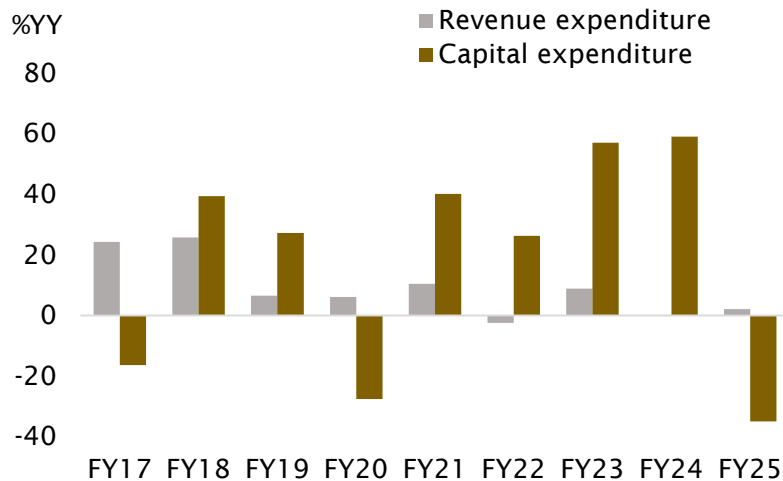
# Mildly lower spending quality due to capex pause during elections

- During April-June, capital expenditure fell year-on-year due to pause in government spending ahead of general elections. However, revenue expenditure increased, so that **there was a mild weakening in the quality of expenditure relative to the corresponding period in FY24**. This is expected to correct as capex spending picks up in the remainder of the fiscal year. Also, during April-June, the revenue account was in surplus, as receipts exceeded expenditure.
- GST revenue remained buoyant in July, with gross collections amounting to Rs.1.82 lakh crore, higher than Rs.1.74 lakh crore in June and up 10.3%YY. Revenue from domestic transactions amounted to Rs.1.34 lakh crore, up 8.9%YY, while from imports, amounted to Rs.0.48 lakh crore, up 14.2%YY.

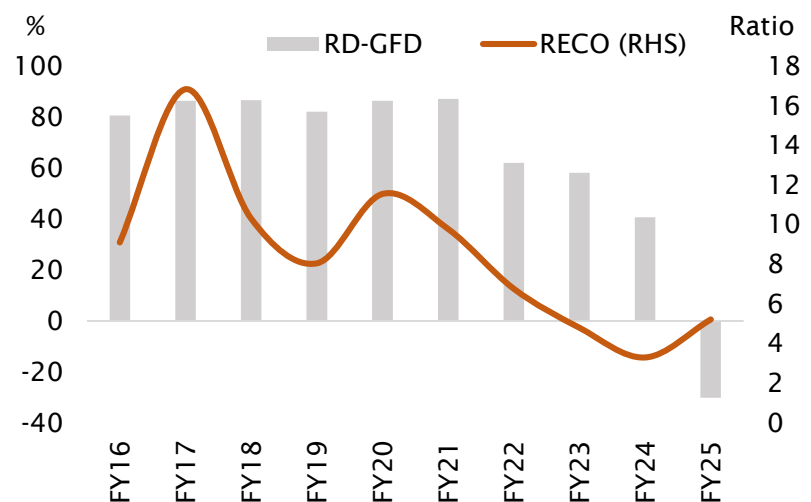
Gross GST collection



Expenditure (April-June)



Quality of expenditure (April-June)







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