

Fiscal Deficit at 67% of RE at Jan End



NEW DELHI The central government had a fiscal deficit of ₹12.34 lakh crore at the end of January, 67% of the revised estimate of ₹18.5 lakh crore for FY21. The government had revised the fiscal deficit for the year to 9.5% of GDP in FY21 from 3.5% in the budget following twin blow of lower revenues due to the Covid-19 pandemic and higher spending to support the economy and provide relief to vulnerable people. The original fiscal deficit target was ₹7.96 lakh crore. The government has budgeted a fiscal deficit of ₹15 lakh crore, or 6.8% of GDP for FY22. "This means there is scope to spend more in the next two months or alternatively cut back on the same to improve the fiscal deficit," said Madan Sabnavis, chief economist at CARE Ratings. Gross tax revenue was almost back to last year's levels at Rs 15.15 lakh crore by the end of January, showing a deficit of just 1% over last year's levels for the same period on the back of sharp improvements in excise duties. —Our Bureau