Tax mop-up reins in fiscal deficit

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The fiscal deficit for FY22 was Rs 15.87 lakh crore against the revised target of Rs 15.91 lakh crore, lower by Rs 4,552 crore, data released by the Controller General of Accounts showed.

Data show tax and non-tax revenue have been higher last fiscal, while capital expenditure has been lower. Net tax receipts were over Rs 18.20-lakh crore against the revised estimate of over Rs 17.65-lakh crore.

Overall government expenditure was a little higher at Rs 37.94 lakh crore against

Rs 37.70-lakh crore in the revised estimate, capital expenditure was Rs 5.92 lakh crore, less than the revised estimate of over Rs 6.01-lakh crore.

Sunil Kumar Sinha, principal economist, India Ratings and Research said though excise duty collections pulled down the overall tax collection growth, other taxes namely corporate tax, income tax, customs and GST performed better.

Aditi Nayar, chief economist with ICRA, feels there are several risks to the fiscal deficit target of Rs 16.6-lakh crore for FY23, arising from the revenue loss to the Centre on account of the excise duty cut, lower-than-budgeted transfer of the RBI's surplus, and the need for additional spending on food, fertiliser and LPG subsidies.

8.4% core growth

The eight core sectors grew 8.4 per cent in April against 4.9 per cent (revised) in March, the commerce ministry said.

The output in six of the eight core sectors grew in April: coal, electricity, refinery products, fertilisers cement, and natural gas.

The production of coal rose 28.8 per cent on a year-on-year basis in April, while electricity generation rose 10.7 per cent.

Production of steel declined 0.7 per cent in April while that of crude oil fell 0.9 percent.

“Steady improvement in the electricity output is likely to be sustained amid increased demand from the industrial and commercial sector,” Rajani Sinha, chief economist, CareEdge, said.

“Production of fertilisers is likely to benefit from the recent announcement of doubling fertiliser subsidy in wake of global price surge,” he said.

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