

Q1 fiscal deficit narrows to 8-year low of Rs 2.7 lakh crore

Synopsis

The government's net tax receipts came in at Rs 4.12 lakh crore of 26.7% of budgeted estimates while total receipts stood at Rs 5.47 lakh crore or 27.7% of budgeted estimates, as per official data released on Friday. Net and gross tax collection in the corresponding quarter last year was Rs 1.35 lakh crore and Rs 1.5 lakh crore.



The Centre's fiscal deficit narrowed to an eight-year low of Rs 2.7 lakh crore, or 18.2% of the budgeted estimates, in the first quarter ended June, helped by a rebound in revenues and lower spending. The amount was less than half of the Rs 6.6 lakh-crore fiscal deficit in the first quarter of 2020-21, which had faced the brunt of the Covid-

19 disruptions.

"The sharp jump in tax and non-tax receipts and mild contraction in revenue expenditure, curtailed the Government of India's fiscal deficit," said Aditi Nayar, chief economist at rating agency [ICRA](#) NSE 1.00 %.

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Revenue Boost
Apr-Jun fiscal deficit at 18.2% of budgeted estimate

Revenues aid narrowing of fiscal deficit

Both tax & non-tax revenues see pick up

Spending remains flat in Q1

“While this was expected due to numbers being abysmal last year due to the lockdown, this time what is significant is that the lockdowns have not affected revenue for the government as sharply as last year,” said Madan Sabnavis, chief economist at [Care Ratings](#) [NSE 2.78%](#). “There has been a doubling of almost all tax collections: income, corporate, Goods and services tax, excise and customs.”

Transfer of Rs 99,122 crore as surplus by [RBI](#) is expected to provide a cushion to absorb net cash outgo of Rs 23,675 crore sought in first supplementary as well as additional spending on vaccine procurement, healthcare and free food programme.

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