

Expectations on the ‘Fiscal Deficit’ before the Union Budget 2024 commences

During the presentation of the Union Budget 2023, experts predicted that *‘fiscal deficit’* targets would play a key role in debates and discussions going forward. However, the reality was entirely different. In 2024, the budget presentation occurs much earlier on Feb 1st making it an ‘interim’ one as India heads for the parliament elections between April-May. Fiscal deficit targets set by the Narendra Modi government over these years have usually gone lower from 6.71% (2021-2022), 6.4% (2022-23) and 5.9% (2023-24). The 15th Finance Commission has suggested lowering it even further to 4.5% until 2026. Economic Survey (2023) has estimated India’s 2024 GDP growth between 6.1%-7% keeping reference targets at 11% (nominal) and 6.5% (real) respectively. The government had budgeted for net market borrowing from dated securities, projected to be worth Rs 11.8 lakh crore, for a 5.9% fiscal deficit in FY 2024. Smaller funds were utilized for obtaining balance amounts. Gross market borrowings were up to an amount of Rs 15.4 lakh crore.

The Budget 2023 allowed the overall estimated revenue, excluding borrowing, to be Rs 27 lakh crore, while the total expenses were tied up to Rs 45 lakh crore. It was projected that tax receipts for FY 2023–2024 would total Rs 23.3 lakh crore. CAG reports showed that by November 2023, India’s budget deficit for FY 2023–24 stood at Rs 8.04 lakh crore (47% of projected rates). The government continued to maintain its stance of remaining behind the projected fiscal deficit rates despite having disinvested a lot of public enterprises. It can acquire only Rs 10,500 through disinvestment in various Central Public Sector Enterprises (CPSEs) by December 2023, compared to the planned Rs 51,000 crore in a full year. To foster economic growth, the government aims to reduce revenue expenditure in 2024 and add more focus to capital investments.

GLOSSARY

CAG - Comptroller and Auditor General of India

