

FinMin admits fiscal slippage in first half

The finance ministry has been asserting that the Centre's fiscal deficit will be contained at 4.8 per cent of gross domestic product (GDP) in 2013-14, as pegged in the year's Budget Estimate (BE). However, its own report admits to fiscal slippages in the first half of the financial year.

"The fiscal outcome for April-September of FY14 indicates fiscal slippage in terms of key deficit indicators as a percentage of BE vis-a-vis their position during the same period of the previous financial year, due to lower tax collections as well as a rise in expenditure," the ministry said in its latest report on public debt management.

The fiscal deficit touched 76 per cent of the entire year's BE in the first half of 2013-14.

The report says gross tax collections during the period showed growth of 7.8 per cent against the budgeted growth of 19.1 per cent. At 37.1 per cent of BE, it was lower than the 39.4 per cent of a year before.

Collections from corporation tax, projected to grow at 16.9 per cent, were Rs 153,728 crore, growth of 7.5 per cent over the Rs 142,965 crore in the same period of last year. Personal income tax collections at Rs 97,773 crore showed a growth rate of 18.4 per cent against the 20.2 per cent projected in the BE for FY14.

Among the major indirect taxes, collections from customs duties showed a moderate growth of 5.7 per cent during April-September (BE estimate was 13.6 per cent). Growth in excise duties was negative at 8.2 per cent (BE, 14.9 per cent). Service tax collections increased by 16.3 per cent during the period, against 35.8 per cent in the BE.

Total expenditure during April-September at 48.6 per cent of BE was higher than the 46.5 per cent during the corresponding period of the previous year.

As a result of lower tax collections and increased expenditure, the revenue deficit and fiscal deficit during April-September, at 84.8 per cent and 76 per cent of the BE, were higher than the 75.1 per cent and 65.6 per cent, respectively, of the corresponding period a year before.

However, Finance Minister P Chidambaram has been maintaining that the fiscal deficit will be contained at 4.8 per cent of GDP for 2013-14, as estimated in the Budget. Some independent analysts have disputed this.

The National Council of Applied Economic Research puts it at 5.1 per cent of GDP.

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