



सत्यमेव जयते

## **GOVERNMENT OF INDIA**

### **Statement on Half Yearly Review of the Trends in Receipts and Expenditure in relation to the Budget at the end of the first Half of the Financial Year 2022-23**

**and**

### **Statement explaining deviation in meeting the obligations of the Government under the Fiscal Responsibility and Budget Management Act, 2003**

(As required under Section 7(1) and Section 7(3)(b) of the  
Fiscal Responsibility and Budget Management Act, 2003)

**Ministry of Finance**

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## **1. Macro-economic Backdrop**

India's economic growth, measured by growth in Gross Domestic Product (GDP) at constant (2011-12) market prices has been estimated at 9.7 per cent for the first half (H1) (April-September) of FY 2022-23, as compared to 13.7 per cent in H1 of FY 2021-22 and 4.7 per cent in the second half (H2) (October-March) of FY 2021-22. Growth in gross value added (GVA) at constant basic prices for H1 of FY 2022-23 has been estimated at 9.0 per cent as against 12.8 per cent in H1 of FY 2021-22 and 4.3 per cent in H2 of FY 2021-22. Growth rates of real GDP in first and second quarter of FY 2022-23 are estimated at 13.5 per cent and 6.3 per cent, respectively. Growth rates of real GVA are estimated at 12.7 per cent and 5.6 per cent, respectively in the first and second quarter of FY 2022-23.

Private final consumption expenditure at constant prices witnessed high growth at 17.2 per cent in H1 of FY 2022-23 as against a growth of 12.3 per cent in H1 of FY 2021-22 and 4.6 per cent in H2 of FY 2021-22. Growth in gross fixed capital formation (fixed investment) at constant prices has been estimated at 15.0 per cent in H1 of FY 2022-23 as against 33.1 per cent in H1 of FY 2021-22 and 3.7 per cent in H2 of FY 2021-22. At the sectoral level, the growth rate of GVA during H1 of FY 2022-23 is estimated at 4.5 per cent for agriculture and allied sectors, 3.7 per cent for industry sector and 13.1 per cent for services sector. Corresponding growth rates of these sectors were 2.7 per cent, 23.1 per cent and 10.3 per cent, respectively in H1 of FY 2021-22.

During H1 of FY 2022-23, inflation based on Consumer Price Index (CPI) (Combined) was 7.2 per cent as compared to 5.3 per cent in H1 of FY 2021-22 and 5.7 per cent in H2 of FY 2021-22. Inflation based on Wholesale Price Index (WPI) during H1 of FY 2022-23 was 14.2 per cent as compared to 11.8 per cent during H1 of FY 2021-22 and 14.1 per cent in H2 of FY 2021-22.

Merchandise exports during H1 of FY 2022-23 stood at USD 233.6 billion, which increased by 17.8 per cent over the level of USD 198.2 billion during H1 of FY 2021-22. During H1 of FY 2022-23, merchandise imports were USD 380.1 billion, registering an increase of 38.5 per cent, as against the level of USD 274.5 billion in H1 of FY 2021-22. Merchandise trade deficit for H1 of FY 2022-23 stood at USD 146.6 billion, as compared to USD 76.2 billion in H1 of FY 2021-22.

During Q1 (April-June) of FY 2022-23, Current account balance recorded a deficit of USD 23.9 billion (2.8 per cent of GDP) as against USD 13.4 billion (1.5 per cent of GDP) in Q4 of FY 2021-22 and a surplus of USD 6.6 billion (0.9 per cent of GDP) a year ago [i.e., Q1 of FY 2021-22].

Net FII inflows were USD (-) 8.05 billion in H1 of FY 2022-23, as compared to USD 4.9 billion in H1 of FY 2021-22. Foreign Direct Investment (FDI) equity inflows stood at USD 26.9 billion during H1 of FY 2022-23 vis-à-vis USD 31.1 billion in H1 of FY 2021-22. Net portfolio flows stood at USD (-) 7.4 billion in H1 of FY 2022-23 vis-à-vis USD 5.4 billion in H1 of FY 2021-22.

India's foreign exchange reserves was USD 532.7 billion at end-September 2022 from a level of USD 638.6 billion at end-September 2021. The average exchange rate was ₹78.5 per USD during H1 of FY 2022-23 as compared to ₹73.9 per USD in H1 of FY 2021-22.

## 2. Review of Trends in Receipts and Expenditure in H1 of FY 2022-23

The Budget for FY 2022-23 envisioned as stronger commitment towards capital expenditure along with keeping fiscal consolidation in sight. The Government of India (GoI) adopted more calibrated fiscal path to strike a balance between growth and fiscal consolidation. Though the hovering global uncertainties mainly due to Russia-Ukraine war and tight monetary policy by major economies were the factors to watch, the stronger macro-economic fundamentals in FY 2021-22 provided an opportunity to focus on infrastructure building.

In BE 2022-23, total expenditure was estimated at about ₹39.45 lakh crore, of which, expenditure on revenue account and capital account were estimated at about ₹31.95 lakh crore and ₹7.50 lakh crore, respectively. However, the effective CAPEX comprising expenditure on capital account and GIA Capital was estimated to be ₹10.68 lakh crore. Gross Tax Revenue (GTR) was estimated at about ₹27.58 lakh crore with an implied tax-GDP ratio of 10.69 per cent. Total non-debt receipt of the Centre was estimated at about ₹22.84 lakh crore consisting of Tax Revenue (Net to Centre) of about ₹19.35 lakh crore, Non-Tax Revenue of about ₹2.70 lakh crore, disinvestment receipts of ₹0.65 lakh crore and receipts on account of recovery of loans of ₹0.14 lakh crore.

With above estimates of receipts and expenditure, Fiscal Deficit was pegged at about ₹16.61 lakh crore in BE 2022-23, which was 6.4 per cent of the GDP. Fiscal deficit was planned to be financed by raising ₹11.59 lakh crore from market (G-sec + T-Bills) and remaining amount of ₹5.02 lakh crore from other sources such as NSSF, State Provident Fund, External debt etc.

GTR and Tax Revenue (Net to Centre) upto Sept., 2022 was ₹13.92 lakh crore (50.5 per cent of BE) and ₹10.12 lakh crore (52.3 per cent of BE), respectively as compared to ₹11.84 lakh crore (53.4 per cent of BE) and ₹9.21 lakh crore (59.6 per cent of BE) during April-Sept. FY 2021-22 [H1 of FY 2021-22].

In H1 of FY 2022-23, Tax Revenue (Net to Centre) at 52.3 per cent of BE was significantly higher than the last 5 years' moving average of 41.6 per cent of BE. Non-Tax Revenue (NTR) during H1 of FY 2022-23 at 58.4 per cent of BE 2022-23 (i.e. ₹1.58 lakh crore) was also substantially higher than the last five years' moving average of about 45.8 per cent of BE.

Revenue Receipts [Tax Revenue (Net to Centre) and NTR] of the Government in H1 of FY 2022-23 at about ₹11.70 lakh crore was 53.1 per cent of BE. This was significantly higher than the five years' moving average of 42.1 per cent of BE. In the H1 of FY 2022-23, Direct Taxes and Indirect Taxes recorded a growth of 23.2 per cent and 11.9 per cent, respectively over H1 of FY 2021-22.

Total Expenditure (Revenue Expenditure and Capital Expenditure) in H1 of FY 2022-23 at about ₹18.24 lakh crore was 46.2 per cent of BE. Revenue expenditure was about ₹14.81 lakh crore, and Capital Expenditure was about ₹3.43 lakh crore in H1 of FY 2022-23 which was 49.5 per cent higher than ₹2.29 lakh crore of H1 of FY 2021-22. The trend was in line with the Government's focus

on investing in infrastructure development with historic push to capital expenditure and rationalization of revenue expenditure.

With above position of receipts and expenditure, fiscal deficit in H1 of FY 2022-23 was about ₹6.20 lakh crore which was about 37.3 per cent of BE 2022-23 and significantly lower than 5 years' moving average of 85.8 per cent.

Trends in receipts and expenditure at the end of H1 of FY 2022-23 are summarized in Table – 1 below. The receipts and recoveries, wherever linked to expenditure have been netted out.

**Table 1: Key Fiscal Indicators in H1 of FY 2022-23**

(₹ in crore)

		BE 2022-23	Actuals		Percentage to BE		
			H1 of FY 2022-23	H1 of FY 2021-22	H1 of FY 2022-23	H1 of FY 2021-22	5 years' moving average
1.	Revenue Receipts	22,04,422	11,69,561	10,81,048	53.1%	60.4%	42.1%
2.	Tax Revenue (Net)	19,34,771	10,11,961	9,20,692	52.3%	59.6%	41.6%
3.	Non-Tax Revenue	2,69,651	1,57,600	1,60,356	58.4%	66.0%	45.8%
4.	Capital Receipts (5+6+7)	17,40,487	6,54,036	5,44,969	37.6%	32.2%	74.7%
	Non Debt Capital Receipts (5+6)	79,291	34,187	18,118	43.1%	9.6%	16.9%
5.	Recovery of Loans	14,291	9,597	9,003	67.2%	69.3%	61.8%
6.	Other Receipts	65,000	24,590	9,115	37.8%	5.2%	11.9%
7.	Borrowings and other liabilities	16,61,196	6,19,849	5,26,851	37.3%	35.0%	85.8%
8.	Total Receipts (1+4)	39,44,909	18,23,597	16,26,017	46.2%	46.7%	51.1%
9.	Revenue Expenditure <i>Of which</i>	31,94,663	14,80,708	13,96,666	46.3%	47.7%	51.7%
10.	Interest Payments	9,40,651	4,36,682	3,63,757	46.4%	44.9%	43.3%
11.	Grants for creation of Capital Assets	3,17,643	1,30,571	1,10,243	41.1%	50.3%	53.6%
12.	Capital Expenditure	7,50,246	3,42,889	2,29,351	45.7%	41.4%	47.7%
13.	Total Expenditure (9+12)	39,44,909	18,23,597	16,26,017	46.2%	46.7%	51.1%
14.	Revenue Deficit (9-1)	9,90,241	3,11,147	3,15,618	31.4%	27.7%	95.7%
15.	Effective Revenue Deficit (14-11)	6,72,598	1,80,576	2,05,375	26.8%	22.3%	137.4%
16.	Fiscal Deficit {13 – (1+5+6)}	16,61,196	6,19,849	5,26,851	37.3%	35.0%	85.8%
17.	Primary Deficit (16-10)	7,20,545	1,83,167	1,63,094	25.4%	23.4%	691.6%

**Source: Controller General of Accounts. The figures upto Sept., 2022 are unaudited and provisional.**

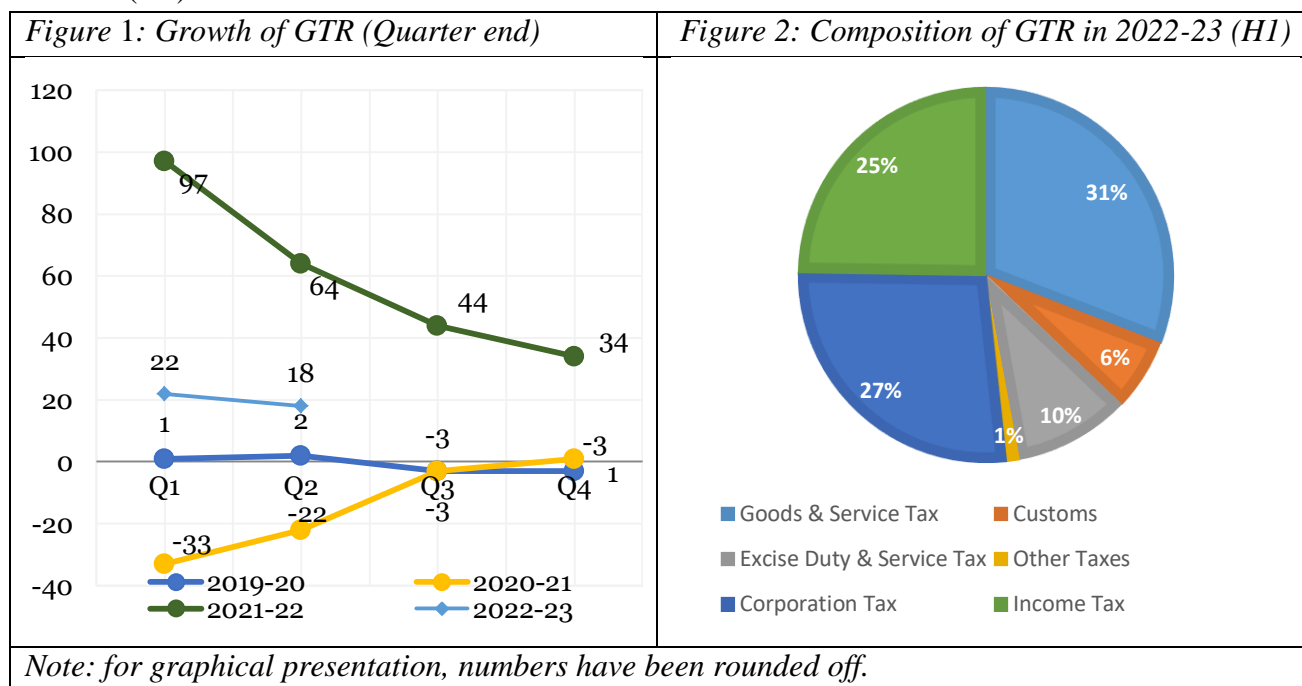
**Notes: The figures of Railways have been netted as in Budget Estimates.**

## 2.1 RECEIPTS

### 2.1.1 Gross Tax Revenues

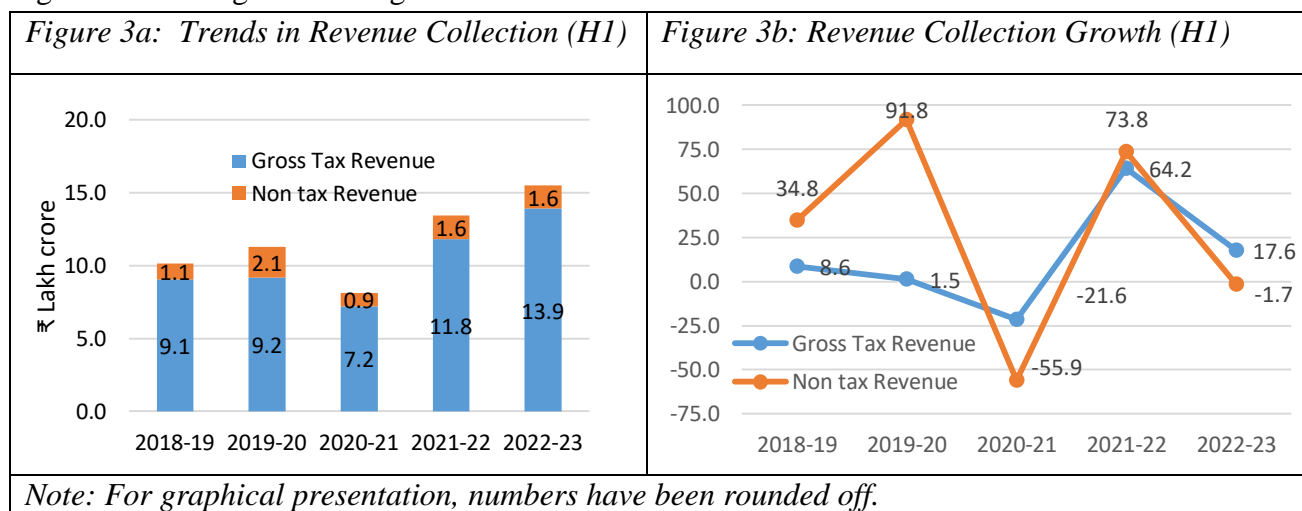
GTR at the end of September, 2022 was ₹13.92 lakh crore and recorded an increase of ₹2.08 lakh crore (17.6 per cent) over H1 of FY 2021-22 (₹11.84 lakh crore). The collection in H1 of FY 2022-23 was 50.5 per cent of BE 2022-23 of ₹27.58 lakh crore.

Figure-1 shows the growth of GTR (Quarter end) and Figure-2 shows its major components in first half (H1) of FY 2022-23.



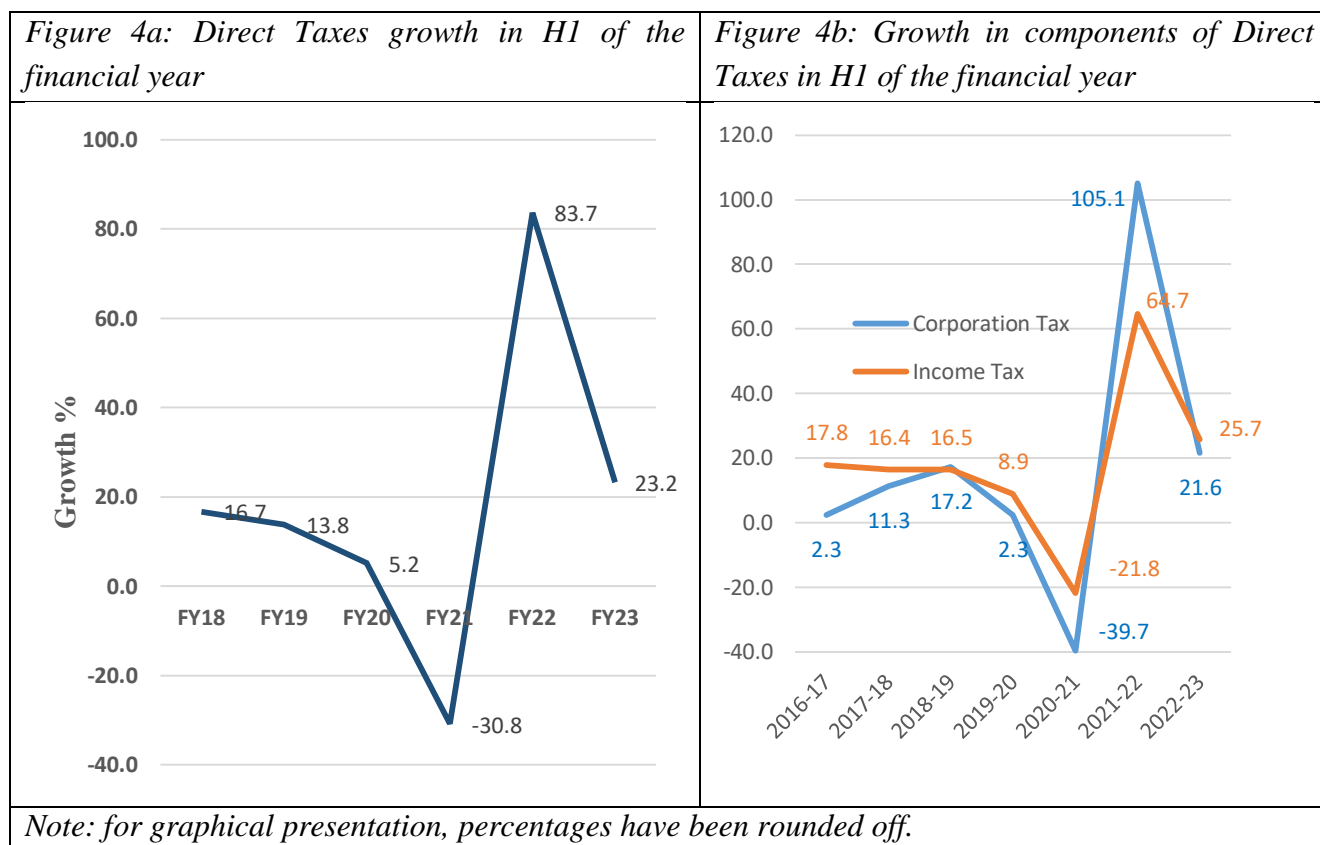
### 2.1.2 Revenue receipts

Revenue receipts of the Centre was estimated at ₹22.04 lakh crore in BE 2022-23 consisting of ₹19.35 lakh crore from Tax Revenue (Net to Centre) and ₹2.7 lakh crore from NTR. Revenue Receipts stood at ₹11.70 lakh crore at the end of H1 of FY 2022-23 which was 53.1 per cent of BE as compared to 60.4 per cent during H1 of FY 2021-22 and 42.1 per cent of 5 years' moving average of percentage of BE. Trends of GTR and Non-Tax Revenue (NTR) in H1 of previous years is shown in Figure 3a and its growth in Figure 3b:



### 2.1.3 Direct Taxes

The main components of Direct taxes are Corporation tax and Taxes on Income. Direct Taxes for FY 2022-23 was budgeted at ₹14.20 lakh crore. Total receipts from direct taxes in H1 of FY 2022-23 were ₹7.32 lakh crore indicating an increase of 23.2 per cent over receipts during H1 of FY 2021-22 (₹5.94 lakh crore) (Figure 4a and Figure 4b).



#### 2.1.3.1 Corporation Tax

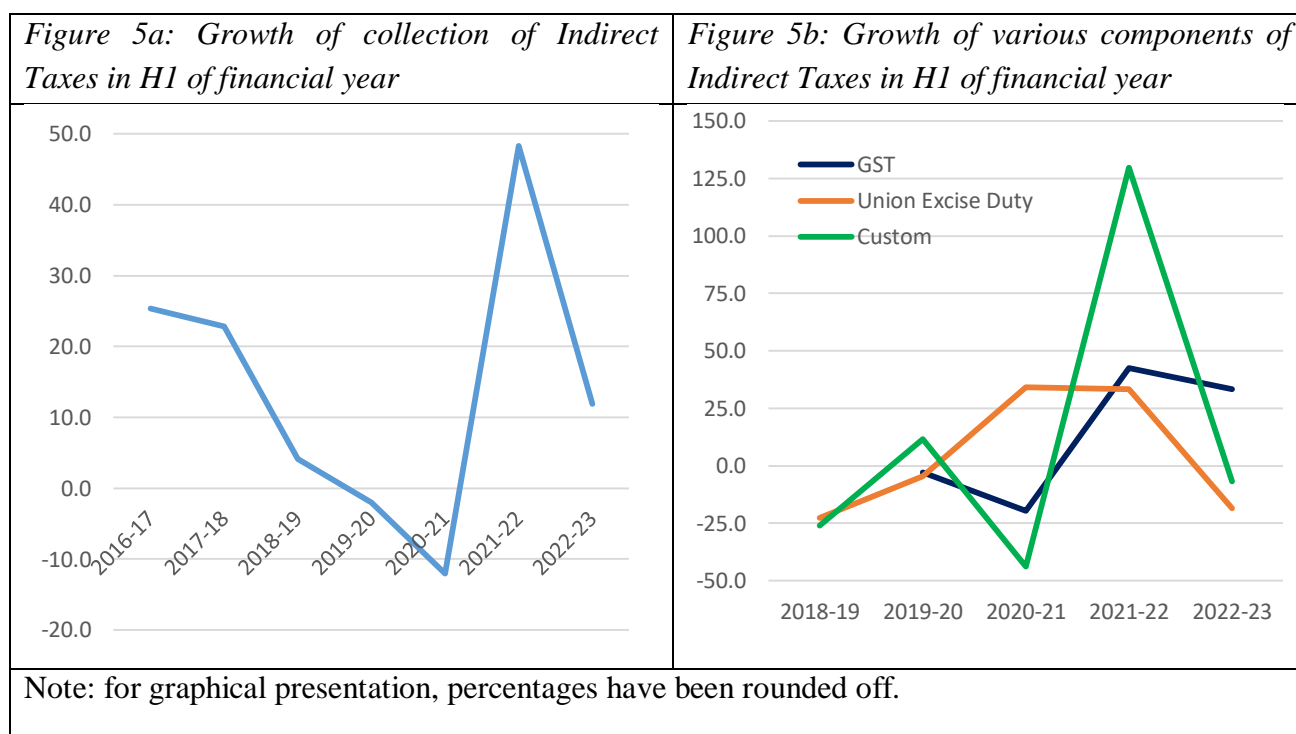
The Corporation Tax in BE 2022-23 was estimated at ₹7.20 lakh crore recording a growth of 1.12 per cent over provisional actuals of ₹7.12 lakh crore in FY 2021-22. In H1 of FY 2022-23, the actual receipts from Corporation tax were ₹3.75 lakh crore indicating an increase of 21.6 per cent over ₹3.09 lakh crore of H1 of FY 2021-22.

#### 2.1.3.2 Taxes on Income

Receipts from Taxes on Income include Taxes on Income other than Corporation Tax and Securities Transaction Tax. Total receipt under these components was estimated at ₹7.00 lakh crore (₹6.8 lakh crore in Taxes on Income other than Corporation Tax and ₹0.2 lakh crore in Securities Transaction Tax) in BE 2022-23. Actual receipt in H1 of FY 2022-23 were ₹3.56 lakh crore (₹3.45 lakh crore in Taxes on Income other than Corporation Tax and ₹0.12 lakh crore in Securities Transaction Tax) which was 50.9 per cent of BE 2022-23 and recorded a growth of about 25 per cent over H1 of FY 2021-22.

## 2.1.4 Indirect Taxes

Indirect taxes mainly include Goods and Services Tax, Union Excise Duties and Custom Duties. The indirect taxes in BE 2022-23 was estimated at ₹13.37 lakh crore. The receipt during H1 of FY 2022-23 was ₹6.60 lakh crore, which was about 11.9 per cent higher than the receipts of ₹5.90 lakh crore during H1 of FY 2021-22. The receipts in H1 of FY 2022-23 were 49.4 per cent of BE as compared to 53.2 per cent of BE in H1 of FY 2021-22 (Figure 5a and Figure 5b).



### 2.1.4.1 Goods and Services Tax

Goods and Services Tax (GST) includes Central GST, Integrated GST, UT GST and GST Compensation Cess. GST receipts stood at ₹4.30 lakh crore at the end of Sept, 2022 which was 54.9 per cent of BE 2022-23 (H1 of FY 2021-22 was 50.9 per cent of BE). Central GST (CGST) was the biggest component under Indirect taxes and was budgeted at ₹6.60 lakh crore in BE 2022-23 reflecting a growth of about 11.6 per cent over Provisional Actuals of ₹5.91 lakh crore in FY 2021-22. CGST receipts of ₹3.41 lakh crore in H1 of FY 2022-23 were 51.7 per cent of BE as compared to 50.2 per cent of BE in H1 of FY 2021-22. Integrated GST receipts stood at ₹0.25 lakh crore at the end of H1 of FY 2022-23.

Receipts from GST Compensation Cess were ₹0.62 lakh crore in H1 of FY 2022-23, which was about 51.6 per cent of BE 2022-23 of ₹1.20 lakh crore (H1 of FY 2021-22 was 49.1 per cent of BE). UT GST receipts of ₹1,375 crore in H1 of FY 2022-23 were 37.1 per cent of BE.

### 2.1.4.2 Union Excise Duty and Customs Duty

Other significant contributors under Indirect taxes were Union Excise Duties and Customs which were estimated at ₹3.35 lakh crore and ₹2.13 lakh crore, respectively in BE 2022-23. The actual receipts in H1 from these components of indirect taxes were ₹1.40 lakh crore (41.8 per cent of



BE) and ₹0.86 lakh crore (40.5 per cent of BE), respectively. There was 18.5 per cent adverse growth in the Union Excise Duties in H1 of FY 2022-23 as compared to H1 of FY 2021-22. Receipts under Customs registered an adverse growth of 6.9 per cent in H1 of FY 2022-23 over H1 of FY 2021-22. The decline in Union Excise Duty and Customs Duty collection was mainly on account of cut in tax/duty on Petroleum and other POL products.

### 2.1.5 Non-Tax Revenue (NTR)

NTR of the Government of India mainly comprises of interest, dividend from Public Sector Undertakings, receipts from services provided by Central Ministries and Departments like deployment of Central Police Forces for various agencies, issue of passport and visa, registration of companies, patent and license fees, royalty from off-shore oil fields, various receipts from telecom sector etc.

The Budget Estimate of NTR was ₹2.70 lakh crore in FY 2022-23 which was 22.5 per cent lower than Provisional Actuals of ₹3.48 lakh crore in FY 2021-22. In H1 of FY 2022-23, NTR Receipts stood at ₹1.58 lakh crore in comparison to ₹1.60 lakh crore in H1 of FY 2021-22 and recorded a decrease of about 1.7 per cent. As percentage of BE, collection under NTR in H1 stood at 58.4 per cent of BE in FY 2022-23 which was significantly higher than its five years' moving average of 45.8 per cent of BE.

### 2.1.6 Non-debt Capital Receipts (NDCR)

Non-debt capital receipts mainly include Disinvestment receipts and receipts from Recovery of Loans. NDCR of the government was budgeted at ₹0.79 lakh crore comprising of ₹0.65 lakh crore from Disinvestments receipts and ₹0.14 lakh crore from Recovery of Loans and Advances. Total NDCR receipts in H1 of FY 2022-23 were ₹0.34 lakh crore as compared to ₹0.18 lakh crore realized in H1 of FY 2021-22. The NDCR in H1 of FY 2022-23 was 43.1 per cent of BE as compared to five years' moving average of 16.9 per cent of BE in H1 of the financial year.

**Table 2: Trends of Receipts in H1 for the last five Financial Years.**

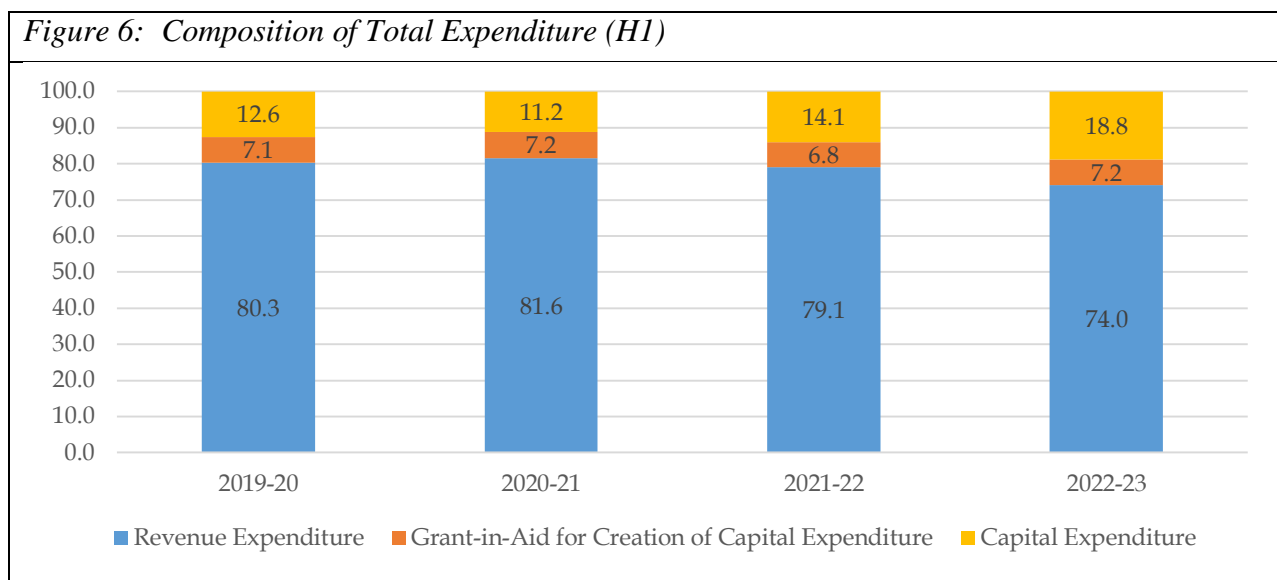
(₹ in Crore)

Sr.No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1	<b>Gross Tax Revenue (2+3)</b>	<b>9,05,799</b>	<b>9,19,470</b>	<b>7,20,896</b>	<b>11,83,808</b>	<b>13,91,806</b>
2	Direct Taxes	4,44,557	4,67,462	3,23,276	5,93,933	7,31,805
3	Indirect Taxes	4,61,242	4,52,008	3,97,620	5,89,875	6,60,001
4	<b>Revenue Receipts of the Centre (5+6)</b>	<b>6,91,752</b>	<b>8,16,467</b>	<b>5,50,782</b>	<b>10,81,048</b>	<b>11,69,561</b>
5	Tax Revenue (Net)	5,82,783	6,07,429	4,58,508	9,20,692	10,11,961
6	Non-Tax Revenue	1,08,969	2,09,038	92,274	1,60,356	1,57,600
7	<b>Non Debt Capital Receipts (8+9)</b>	<b>17,731</b>	<b>20,598</b>	<b>14,635</b>	<b>18,118</b>	<b>34,187</b>
8	Recovery of Loans	7,786	8,239	8,854	9,003	9,597
9	Other Receipts	9,945	12,359	5,781	9,115	24,590
10	<b>Total Non-debt Receipts (4+7)</b>	<b>7,09,483</b>	<b>8,37,065</b>	<b>5,65,417</b>	<b>10,99,166</b>	<b>12,03,748</b>
11	<b>Borrowings and other liabilities</b>	<b>5,94,732</b>	<b>6,51,554</b>	<b>9,13,993</b>	<b>5,26,851</b>	<b>6,19,849</b>
12	<b>Total Receipts (10+11)</b>	<b>13,04,215</b>	<b>14,88,619</b>	<b>14,79,410</b>	<b>16,26,017</b>	<b>18,23,597</b>

Source: O/o Controller General of Accounts

## 2.2 EXPENDITURE

Total expenditure in BE 2022-23 was estimated at ₹39.45 lakh crore. The actual expenditure in H1 of FY 2022-23 was ₹18.24 lakh crore which was 46.2 per cent of BE. Total expenditure during H1 of FY 2021-22 was ₹16.26 lakh crore (46.7 per cent of BE) while five years' moving average for expenditure in H1 as percentage of BE was 51.1 per cent. Figure 6 depicts the composition of Revenue and Capital expenditure along with Grant-in-Aid for creation of Capital Assets (GIA Capital) in total expenditure during H1 of the financial years.



### 2.2.1 Revenue Expenditure

In BE 2022-23, expenditure on Revenue Account was budgeted at ₹31.95 lakh crore. Against this, revenue expenditure incurred in H1 of FY 2022-23 was ₹14.81 lakh crore which was 46.3 per cent of BE as compared to 47.7 per cent in H1 of FY 2021-22 (₹13.97 lakh crore) and five years' moving average of 51.7 per cent of BE. Out of total revenue expenditure in H1 of FY 2022-23, ₹1.31 lakh crore was on account of GIA Capital.

Interest payments, Defence Services (revenue), Pension, Major Subsidies and Grants-in-Aid to States/UTs form a significant portion of Revenue Expenditure. In BE 2022-23, total amount under these components was estimated at ₹23.16 lakh crore (72.5 per cent of Total Revenue Expenditure). Expenditure against some of these components is tabulated in Table - 3 below.

**Table 3: Major Items of Revenue Expenditure**

(₹ in crore)

S.No.	Item of Expenditure	BE 2022-23	Actuals Upto Sep, 2022	Actuals Upto Sep, 2021	Change	Per cent change
1.	Interest Payments (Net)	9,40,651	4,36,682	3,63,757	72,925	20.0 %
2.	Defence Services (revenue)	2,33,001	1,29,733	1,23,265	6,468	5.2 %
3.	Major Subsidies	3,17,866	1,98,879	1,80,959	17,920	9.9 %
4.	Pension	2,07,132	1,12,208	98,584	13,624	13.8 %

### **2.2.2 Capital Expenditure**

The Government's commitment to boost economic growth by investing in infrastructure development has been reflected in substantial increase in capital outlay by about 35.4 per cent to ₹7.5 lakh crore in BE 2022-23 as compared to ₹5.54 lakh crore of BE 2021-22. Capital Expenditure of ₹3.43 lakh crore (45.7 per cent of BE) in H1 of FY 2022-23 was 49.5 per cent higher than H1 of FY 2021-22 (₹2.29 lakh crore).

### **2.2.3 Effective Capital Expenditure**

Effective Capital Expenditure is total capital outlay of the Government directed towards building of capital assets and related expenditure. It is sum of Capital Expenditure and GIA Capital. Towards enhancement of economic growth and development by investing in infrastructure development there has been a significant increase in Effective Capital Outlay by about 28 per cent to ₹10.68 lakh crore in BE 2022-23 as compared to the Provisional Actuals of FY 2021-22 (₹8.35 lakh crore). Effective Capital Expenditure of ₹4.73 lakh crore (44.36 per cent of BE) in H1 of FY 2022-23 was 39.42 per cent higher than H1 of FY 2021-22 (₹3.40 lakh crore).

## **2.3 DEFICIT**

### **2.3.1 Fiscal Deficit**

Fiscal deficit (FD) was estimated at ₹16.61 Lakh crore which was 6.4 per cent of projected GDP (₹258 lakh crore). The Fiscal Deficit of ₹6.20 lakh crore in H1 of FY 2022-23 was about 37.3 per cent of BE which was slightly higher than H1 of FY 2021-22 (35 per cent of BE), but significantly lower than the five years' moving average of 85.8 per cent of BE.

### **2.3.2 Revenue Deficit**

Revenue Deficit (RD) for FY 2022-23 was budgeted as ₹9.90 lakh crore (3.8 per cent of GDP). At the end of H1 of FY 2022-23, RD stood at ₹3.11 lakh crore, which was 31.4 per cent of BE, compared to 27.7 per cent of BE in H1 of FY 2021-22.

### **2.3.3 Financing Deficit**

The fiscal deficit of ₹6.20 lakh crore in H1 of FY 2022-23 on Consolidated Fund of India and Investment of Surplus Cash of ₹2.04 lakh crore was financed by surplus of Public Account of ₹0.42 lakh crore, raising Internal Debt of ₹7.65 lakh crore, External Debt of ₹0.12 lakh crore and cash draw down of ₹0.05 lakh crore. Details are indicated in Table - 4 below.

**Table 4: Sources of financing fiscal deficit**

	<i>(₹ crore)</i>	
	<b>April-Sept, 2022</b>	<b>April-Sept, 2021</b>
Fiscal Deficit	6,19,849	5,26,851
<b>Sources of Financing</b>		
1. Internal Debt	7,65,323	7,07,199
(a) Market Loans & Short Term Borrowings	7,39,898	5,62,339
(b) Treasury Bills (14 days )	(-)97,992	(-)84,140
(c) Compensation and Other Bonds	3,180	7,342
(d) WMA	0	0
(e) Cash Management Bill	0	0
(f) Sovereign Gold Bond Scheme 2015	2,865	8,297
(g)Securities against Small Savings	1,17,784	2,14,729
(h)Others	(-)412	(-)1,368
2. External Assistance including Revolving fund	12,111	3,914
3. Cash Draw Down Decrease(+)/Increase(-)	4,900	4,989
4. Investment of Surplus Cash(-)/redemption(+)	(-)2,04,761	(-)1,80,922
5. Borrowings(-)/Surplus(+) on Public Account*	42,276	(-)8,329
<i>*Includes Suspense &amp; Remittances</i>		
<i>Source: Controller General of Accounts</i>		

### 3 Assessment vis-à-vis mid-year benchmarks (Rule 7 of FRBM Rules, 2004)

There was no deviation against any of the three mid-year benchmarks prescribed under the FRBM Rules during the H1 of FY 2022-23. The table 5 below presents the H1 picture of last 5 years including current financial year.

**Table 5: Mid-year benchmarks**

Parameters	Mid-year (H1) benchmarks prescribed under FRBM Rules	April-Sept. (H1) of FY (per cent of BE)				
		2018-19	2019-20	2020-21	2021-22	2022-23
Total non-debt receipts	Not less than 40 per cent of BE	39%	40.2%	25.2%	55.6%	52.7%
Fiscal deficit	Not more than 70 per cent of BE	95.3%	92.6%	114.8%	35.0%	37.3%
Revenue deficit	Not more than 70 per cent of BE	108.0%	99.8%	125.2%	27.7%	31.4%

### 4 Statement of deviation prepared as per the provision of Section 7(3)(b) of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 explaining the reasons for not laying the Medium-term Expenditure Framework (MTEF) Statement, 2022.

*Section 7(3)(b) of the Act provides that -*

*“Where, owing to unforeseen circumstances, any deviation is made in meeting the obligations cast on the Central Government under this Act, the Minister-in-charge of the Ministry of Finance shall make a statement in both Houses of Parliament explaining— any deviation in meeting the obligations cast on the Central Government under this Act; whether such deviation is substantial and relates to the actual or the potential budgetary outcomes; and the remedial measures the Central Government proposes to take.”*

As per Section 3 (1B) of the FRBM Act, 2003, the MTEF Statement needs to be laid in the Parliament in the session immediately following the session of Parliament in which the Medium Term Fiscal Policy Statement, the Fiscal Policy Strategy Statement and the Macro-Economic Framework Statement are laid.

The MTEF Statement 2022 could not be laid in the Parliament due to the following reasons:

- i. During preparation of the MTEF Statement, assumptions have to be made regarding the Growth Rate of the economy and Tax and Non-Tax receipts of the Government to come up with meaningful expenditure projections. Three continuous CoViD-19 waves, ongoing Russia Ukraine conflict and global economic uncertainties have affected almost all macroeconomic indicators, making synchronization between the Budget and Medium-Term Goals difficult.
- ii. The expenditure of Union government in the medium term is determined by various macroeconomic and social factors and one of such factors is the GDP growth. The Government expenditure needs to be calibrated in a fashion to drive more inclusive and rapid growth which was very much factored in BE of FY 2022-23. However, effective management of the exogenous shocks and global uncertainties requires the additional flexibilities in terms of expenditure management and fiscal consolidation keeping the Government's intent to reach the Fiscal Deficit of 4.5 percent of GDP by FY 2025-26 as announced in the Budget 2021-22 through a glide path.
- iii. Since, the MTEF Statement requires rolling targets for expenditure lines for the next two financial years, the normative increase will be based on the anticipated expenditure of the current financial year. In the current financial year, the expenditures to stabilise the economic growth and also catering the needs of marginally weaker sections of the country amid the external economic shocks have pushed the expenditure upward. Therefore, any projections amidst global turbulence, having consequence on all major economies, may bring risk of considerable gap between projected numbers and actuals therein.

## **5 Conclusion:**

The budget 2022-23 was presented in the backdrop of recovery from unprecedented Covid-19 crisis and clues of global uncertainties on account of war in the Ukraine. The fiscal policy led by favourable macroeconomic fundamentals ensured higher pace of capital expenditure compared to last year to push for rapid infrastructure development, considering multiplier effect of capital expenditure on overall economy.

The current global economy is navigating through incredibly rough waters attributed to global uncertainties, unfolding of conflict in Ukraine, reaction of financial and commodity markets to the changing scenarios and tight monetary policy, etc. However, despite hurdles, the Indian economy has performed reasonably well as compared to other major economies and shown its resilience amidst the global slowdown and global uncertainties. The Government of India remains committed towards strong macroeconomic fundamentals and financial stability.

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