



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 financial year 2021-22

(As required under Section 7(1) 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 grew at 4.7 per cent for the second half (H2) (October-March) of 2021-22, as compared to 1.7 per cent in H2 of 2020-21 and 13.7 per cent in the first half (H1) (April-September) of 2021-22. Growth in gross value added (GVA) at constant basic prices for H2 of 2021-22 has been estimated at 4.3 per cent as against 3.9 per cent in H2 of 2020-21 and 12.8 per cent in H1 of 2021-22. Growth rates of real GDP in the third and fourth quarters of 2021-22 are estimated at 5.4 per cent and 4.1 per cent, respectively. Growth rates of real GVA are estimated at 4.7 per cent and 3.9 per cent respectively in the third and fourth quarters of 2021-22.

Private final consumption expenditure at constant prices grew at 4.6 per cent in H2 of 2021-22 as against a growth of 3.5 per cent in H2 of 2020-21 and 12.3 per cent in H1 of 2021-22. Growth in gross fixed capital formation (Fixed Investment) at constant prices has been estimated at 3.7 per cent in H2 of 2021-22 as against 4.8 per cent in H2 of 2020-21 and 33.1 percent in H1 of 2021-22. At the sectoral level, the growth rate of GVA during H2 of 2021-22 is estimated at 3.3 per cent for the agriculture and allied sectors, 0.8 per cent for the industry sector and 6.7 per cent for the services sector. Corresponding growth rates of these sectors were 3.5 per cent, 10 per cent and 0.6 per cent, respectively in H2 of 2020-21.

During H2 of 2021-22, Inflation based on Consumer Price Index (CPI) (Combined) was 5.7 per cent as compared to 5.6 per cent in H2 of 2020-21 and 5.3 per cent in H1 of 2021-22. Inflation based on the Wholesale Price Index (WPI) during H2 of 2021-22 was 14.1 per cent as compared to 3.5 per cent in H2 of 2020-21 and 11.8 per cent in H1 of 2021-22.

Merchandise exports during H2 of 2021-22 stood at US\$ 223.6 billion, which increased by 34.5 per cent over the level of US\$ 166.2 billion in H2 of 2020-21. During H2 of 2021-22, merchandise imports were US\$ 337.6 billion, registering a growth of 39.2 per cent, as against the level of US\$ 242.5 billion in H2 of 2020-21. Merchandise trade deficit for H2 of 2021-22 stood at US\$ 114 billion, as compared to US\$76.3 billion in H2 of 2020-21.

India's current account deficit (CAD) increased to US\$ 23.0 billion (2.7 per cent of GDP) in Q3:2021-22 from US\$ 9.9 billion (1.3 per cent of GDP) in Q2:2021-22 and US\$ 2.2 billion (0.3 per cent of GDP) in Q3:2020-21. The widening of CAD in Q3:2021-22 was mainly on account of a higher trade deficit.

Net Foreign Direct Investment flows stood at US\$ 17.9 billion during H2 of 2021-22 vis-à-vis US\$ 20.1 billion during H2 of 2020-21. Net portfolio investment stood at (-) US\$ 21.5 billion in H2 of 2021-22 vis-à-vis US\$ 28.5 billion in the corresponding period of 2020-21.

India's foreign exchange reserves increased to US\$ 617.6 billion at the end-March 2022 from a level of US\$ 579.3 billion at the end-March 2021. The average exchange rate was ₹75.1 per US\$ during H2 2021-22 as compared to ₹73.3 per US\$ in H2 2020-21.

2. Review of Trends in Receipts and Expenditure in FY 2021-22

The Fiscal deficit for FY 2021-22 was budgeted at ₹15,06,812 crore which was 6.8 per cent of GDP. In BE 2021-22, Gross Tax Revenue (GTR) was estimated at ₹22,17,059 crore which implied a tax-GDP ratio of 9.9 per cent and reflected a growth of 9.4 per cent over GTR of FY 2020-21 (₹20,27,104 crore). Total Expenditure was estimated at ₹34,83,236 crore (BE 2021-22) compared to actual expenditure of ₹35,09,836 crore in FY 2020-21.

The Fiscal Deficit target for FY 2021-22 was budgeted at 6.8 per cent of GDP, which was 2.4 percentage points lower than the actuals of FY 2020-21 (9.2 per cent of GDP). This target of fiscal deficit was revised upwards in RE 2021-22 to 6.9 per cent of GDP. A Statement of deviation explaining the reasons for the deviation and the path of return to annual prescribed targets, as per the provisions of Section 4(5) of the FRBM Act was included in the Medium Term Fiscal Policy cum Fiscal Policy Strategy Statement (MTFP cum FPSS) that was laid in Parliament along with Union Budget FY 2022-23.

In RE 2021-22, GTR was revised to ₹25,16,059 crore which worked out to be 10.8 per cent of GDP whereas Non-Tax revenue was estimated at ₹3,13,791 crore (1.4 per cent of GDP). Total Revenue Receipts, which includes Tax Revenue (Net to Centre) and NTR was revised to ₹20,78,936 crore. Total Expenditure was revised to ₹37,70,000 crore in RE 2021-22.

Fiscal Deficit in FY 2021-22 (Provisional) stood at ₹15,86,537 crore which was 6.7 per cent of GDP. Total Revenue Receipts (Provisional) was ₹21,68,426 crore at the end of FY 2021-22 against, ₹16,33,919 crore in FY 2020-21, and recorded a growth of 32.7 per cent over FY 2020-21. Tax Revenue (Net to Centre) at the end of FY 2021-22 was ₹18,20,382 crore while Non-Tax Revenue was ₹3,48,044 crore which, in percentage terms was 103.1 per cent and 110.9 per cent of RE 2021-22, respectively. Total Expenditure at the end of FY 2021-22 (provisional) was ₹37,94,171 crore slightly higher than the revised estimates of ₹37,70,000 crore for the year (Table 1).

Table1: Key Fiscal Indicators, FY 2021-22

S. No.	Particulars	BE 2021-22	RE 2021-22	Prov. 2021-22	Actual 2020-21	FY 2021-22 Prov. as % of RE	FY 2020-21 (Actual) as % of RE	% growth in FY 2021- 22 (prov.) over FY 2020-21
		(₹ in crore)						
		1	2	3	4	5	6	7
1	Revenue Receipt(2+3)	17,88,424	20,78,936	21,68,426	16,33,920	104.3%	105.1%	32.7%
2	Tax Revenue (Net)	15,45,396	17,65,145	18,20,382	14,26,287	103.1%	106.1%	27.6%
3	Non- Tax Revenue	2,43,028	3,13,791	3,48,044	2,07,633	110.9%	98.6%	67.6%
4	Capital Receipt(5+8)	16,94,812	16,91,064	16,25,745	18,75,917	96.1%	99.0%	-13.3%
5	Non- Debt Capital Receipt(6+7)	1,88,000	99,975	39,208	57,626	39.2%	123.9%	-32.0%
6	Recovery of Loans	13,000	21,975	24,570	19,729	111.8%	136.1%	24.5%
7	Other Receipts	1,75,000	78,000	14,638	37,897	18.8%	118.4%	-61.4%
8	Borrowings and other liabilities	15,06,812	15,91,089	15,86,537	18,18,291	99.7%	98.4%	-12.7%
9	Total Receipts(1+4)	34,83,236	37,70,000	37,94,171	35,09,837	100.6%	101.7%	8.1%
10	Revenue Expenditure	29,29,000	31,67,289	32,01,373	30,83,519	101.1%	102.4%	3.8%
10 (i)	- of which Interest Payments	8,09,701	8,13,791	8,05,390	6,79,869	99.0%	98.1%	18.5%
10 (ii)	- of which Grants for creation of Capital Assets	2,19,112	2,37,685	2,42,646	2,30,865	102.1%	100.2%	5.1%
11	Capital Expenditure*	5,54,236	6,02,711	5,92,798	4,26,317	98.4%	97.2%	39.1%
12	Total Expenditure (10+11)	34,83,236	37,70,000	37,94,171	35,09,836	100.6%	101.7%	8.1%
13	Revenue Deficit (10-1)	11,40,576	10,88,352	10,32,947	14,49,599	94.9%	99.5%	-28.7%
14	Effective Revenue Deficit{13-10(ii)}	9,21,464	8,50,667	7,90,301	12,18,734	92.9%	99.4%	-35.2%
15	Fiscal Deficit {12-(1+5)}	15,06,812	15,91,089	15,86,537	18,18,290	99.7%	98.4%	-12.7%
16	Primary Deficit {15-10(i)}	6,97,111	7,77,298	7,81,147	11,38,421	100.5%	98.5%	-31.4%

Source: Controller General of Accounts and Budget Documents.

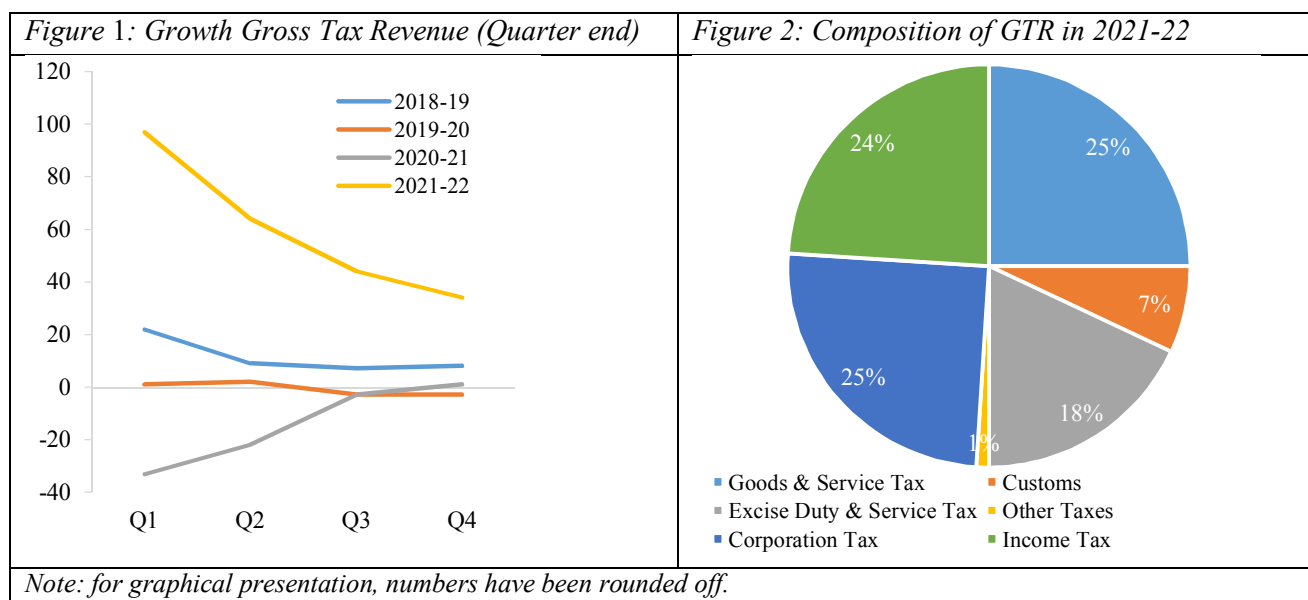
Notes: 1. The Figures are net as in Budget Documents, 2. Actuals for FY 2021-22 are provisional.

* RE 2021-22 for Capital Expenditure includes capital infusion/loans to AIAHL/AI for settlement of past guaranteed and sundry liabilities, not backed by assets amounting to ₹51,971 crore. Excluding this, capital expenditure in RE is estimated ₹5,50,740 crore. Similarly, the capital infusion/loan to AIAHL/AI is included in Capital Expenditure of Provisional Actuals of FY 2021-22 as provisional actuals of this expenditure is awaited.

2.1 Receipts

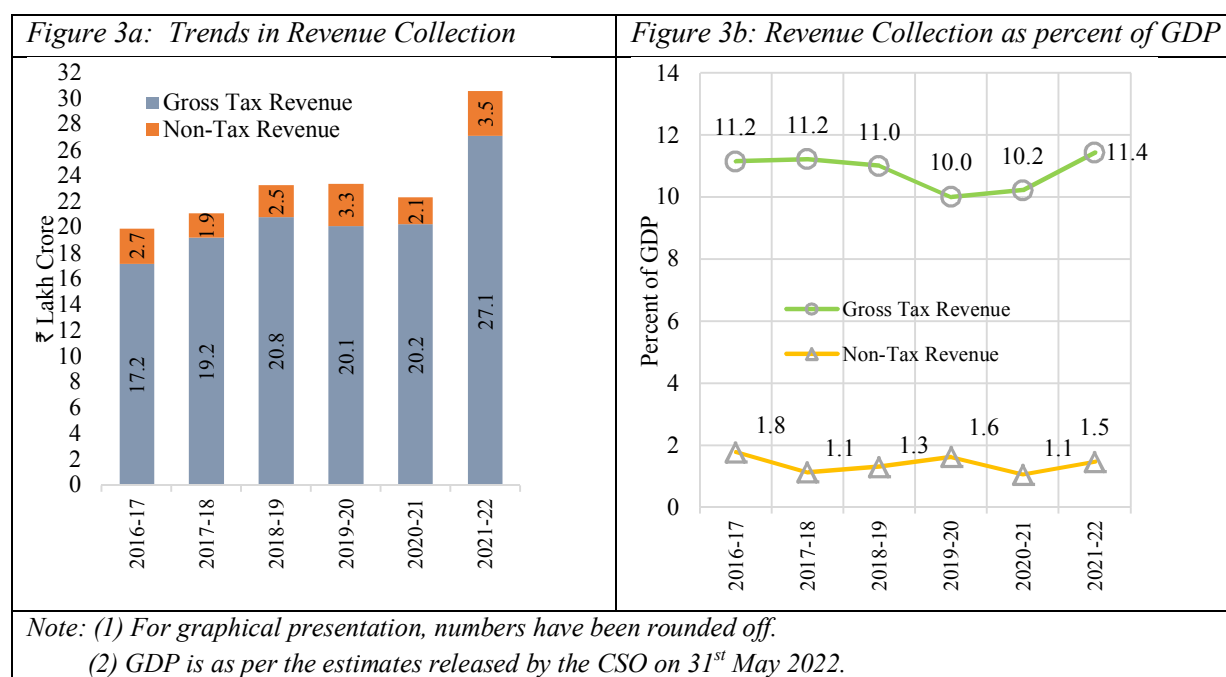
2.1.1 Gross Tax Revenue

In BE 2021-22, Gross Tax Revenue (GTR) was estimated at ₹22,17,059 crore which was revised at the time of RE to ₹25,16,059 crore. GTR Collections (Provisional) for FY 2021-22 were ₹27,08,291 crore which works out to 107.6 per cent of RE. Overall, GTR registered a year-on-year growth of 33.6 per cent in FY 2021-22. Figure-1 shows the year-on-year quarter-end growth in GTR for the last four financial years and Figure-2 depicts the composition of GTR in FY 2021-22.



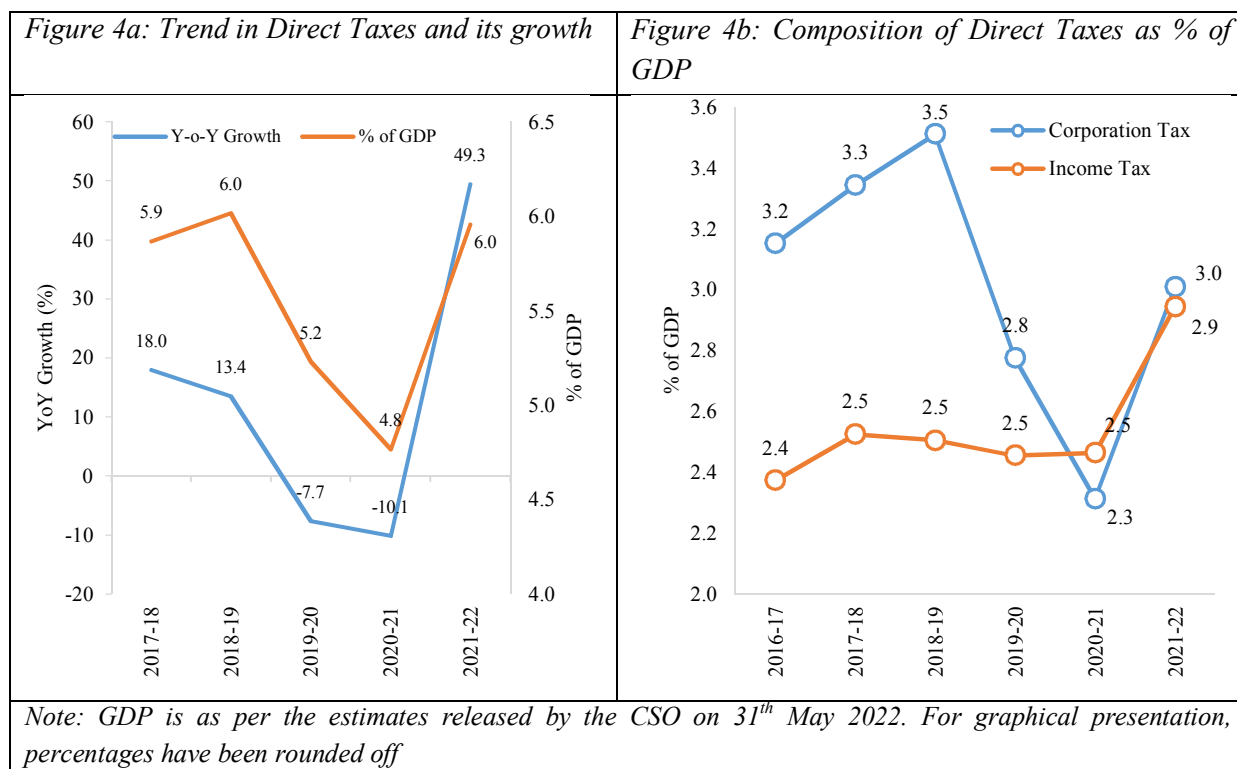
2.1.2 Revenue receipts

Revenue receipts of the Centre comprise Tax Revenue (Net to Centre) and Non-Tax Revenue. In BE 2021-22, total revenue receipts were estimated at ₹17,88,424 crore and the same was revised to ₹20,78,936 crore, with ₹17,65,145 crore and ₹3,13,791 crore from Tax Revenue (Net to Centre) and Non-Tax Revenue, respectively at RE stage. The Revenue Receipts for FY 2021-22 (Provisional) were ₹21,68,426 crore which was 104.3 per cent of RE. Figures 3a and 3b show the trend of Gross Tax Revenue and Non-Tax Revenue during the six previous years.



2.1.3 Direct Taxes

The main components of Direct Tax receipts are Corporation tax and Taxes on Income. Direct Taxes were estimated to be ₹11,08,418 crore in BE 2021-22, which was revised to ₹12,50,418 crore in RE 2021-22. Direct Tax receipts for FY 2021-22 (provisional) were ₹14,08,914 crore which is 112.7 per cent of RE. Figures 4a and 4b depict the trend and composition of direct tax.

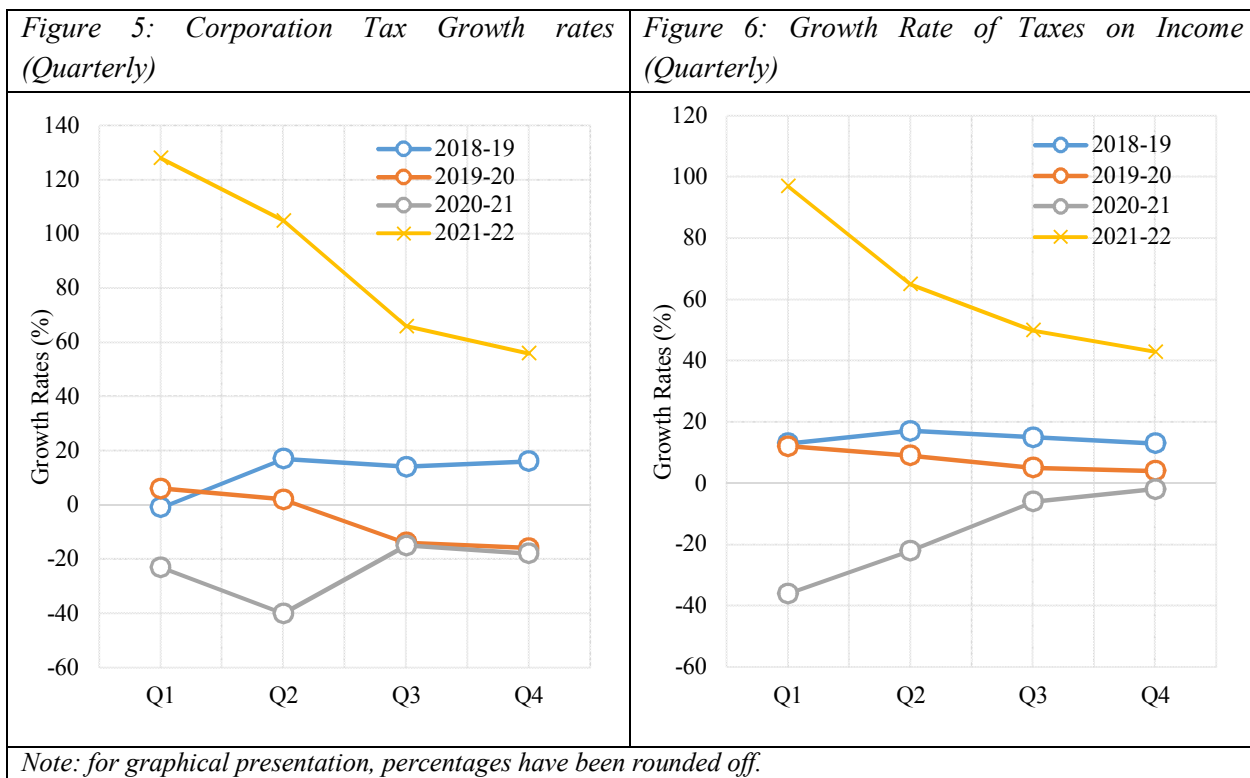


2.1.3.1 Corporation Tax

BE 2021-22 for Corporation tax was ₹5,47,000 crore which was revised to ₹6,35,000 crore in RE 2021-22. Corporation tax collection for FY 2021-22 (provisional) was ₹7,12,037 crore, which was 112.1 per cent of RE. The year-on-year growth in Corporation tax was 55.56 per cent in FY 2021-22. Figure - 5 plots the trend of year-on-year quarter end growth in receipts of corporation tax for the last four years.

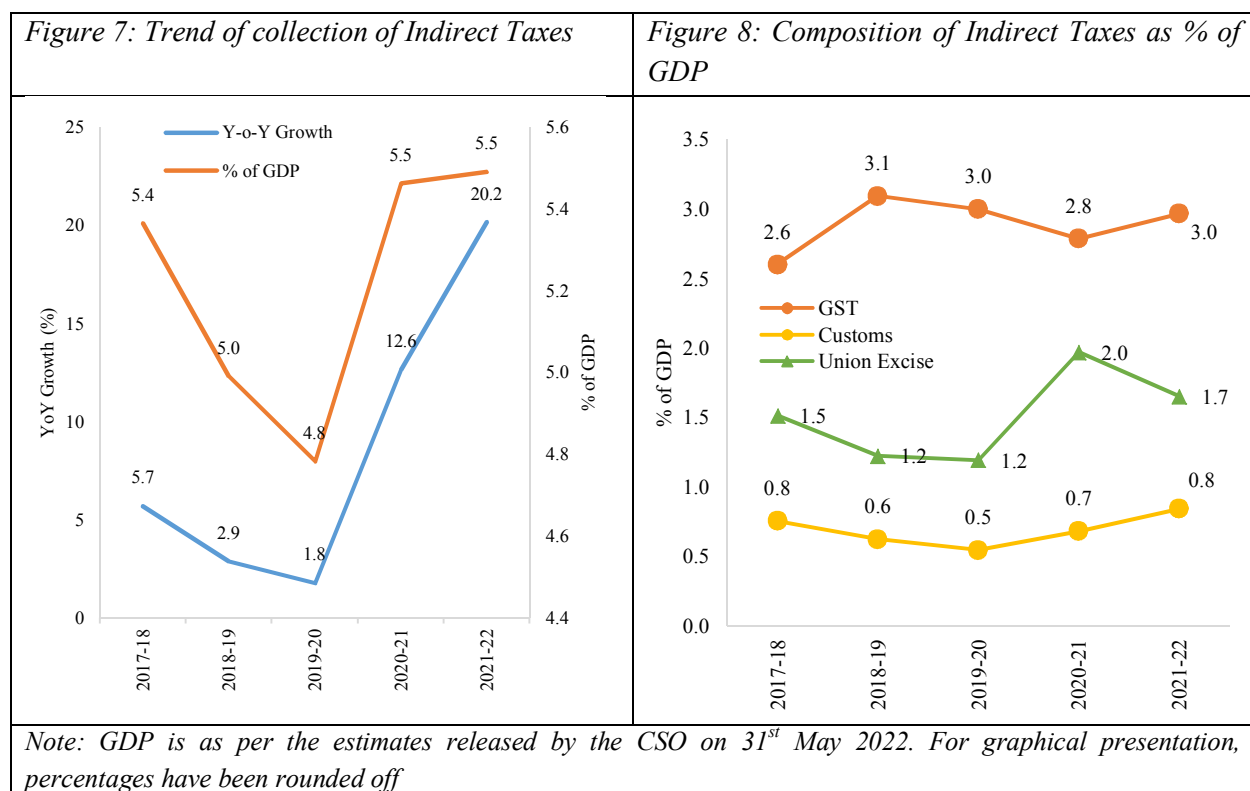
2.1.3.2 Taxes on Income

Taxes on Income is the other sub-component of Direct Taxes. Taxes on Income was estimated to be ₹5,61,000 crore (₹5,48,500 crore from Taxes on Income other than Corporation Tax and ₹12,500 crore from Securities Transaction Tax) for BE of FY 2021-22. This was revised to ₹6,15,000 crore (₹5,95,000 crore from Taxes on Income other than Corporation Tax and ₹20,000 crore from STT). Actual receipts under this component as per provisional estimates in FY 2021-22 were ₹6,96,601 crore (₹6,73,410 crore from Taxes on Income other than Corporation Tax and ₹23,191 crore from STT) which registered a growth of 42.9 per cent over receipts of FY 2020-21 (i.e. ₹4,87,144 crore). Taxes on Income was 113.3 per cent of RE. Figure-6 highlights the trend of year-on-year quarter end growth in receipts from taxes on income during the last four years.



2.1.4 Indirect Taxes

The budgeted estimate of indirect tax for FY 2021-22 was ₹11,08,641 crore, which was revised at the RE stage to ₹12,65,641 crore. The actual receipts (provisional) for FY 2021-22 were ₹12,99,378 crore which was 102.7 per cent of RE. Figure-7, 8 and 9 depict the trend of growth in Indirect tax year-on-year and as a percentage of GDP.



The main components of Indirect Tax receipts are Goods and Services Tax (GST), Customs and Union Excise Duties. GST has become the largest contributor to Indirect Taxes, ever since its implementation in FY 2017-18.



2.1.4.1 Goods and Services Tax

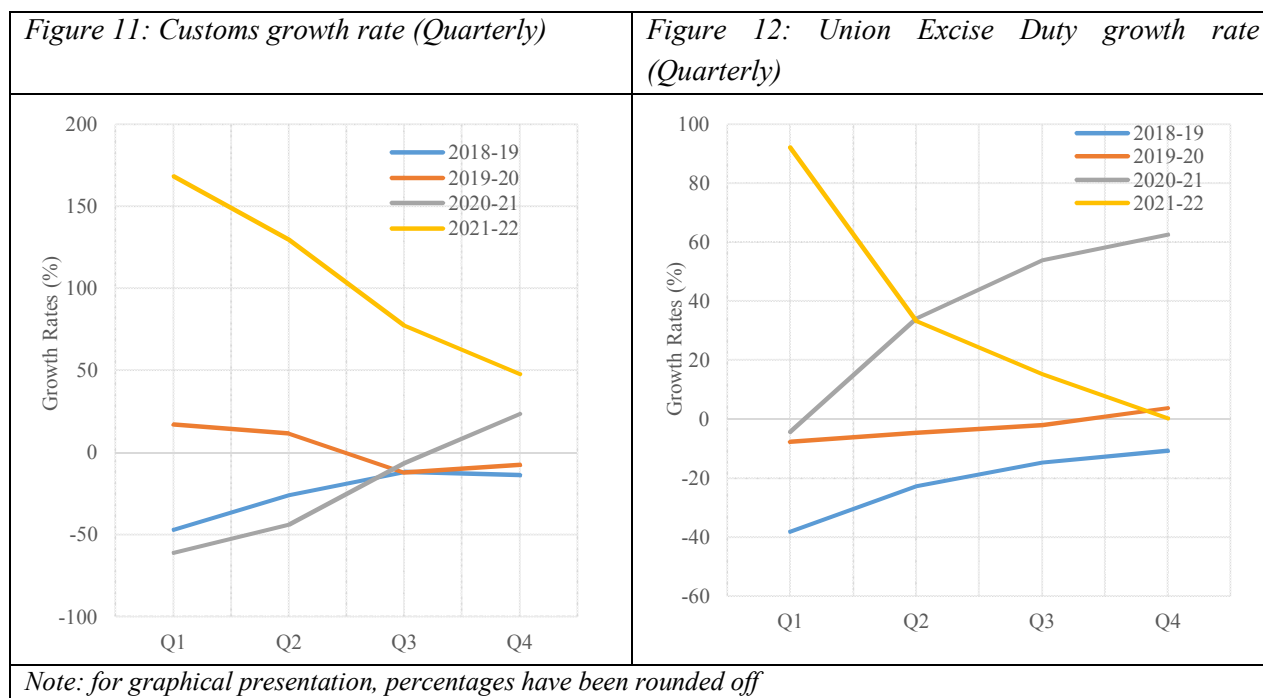
With a tag line of One Nation One Tax, the GST regime transformed indirect taxation in India. It brought a paradigm shift in the administration and execution of indirect taxation in the Service and Goods sector, with some exceptions. There are four types of taxation in GST regime, Central GST, State GST, IGST and UT GST. There is also a GST Compensation cess levied on some of the luxury and demerit goods and services. While computing GST for the Central Government (Gross), amounts under CGST, IGST, UTGST and GST Compensation cess have been considered. GST collection was budgeted at ₹6,33,327 crore for FY 2021-22 and revised upward to ₹6,78,327 crore at RE 2021-22. The total collection under GST in FY 2021-22 (Provisional) was ₹7,01,700 crore. It indicates the growth of 27.2 per cent over the GST receipt of ₹5,51,542 crore in FY 2020-21. Figure-10 presents the trend of year-on-year quarter end growth in receipts from GST during the last four years.

2.1.4.2 Customs

The Budget for FY 2021-22 estimated total tax revenue receipts on account of Customs at ₹1,36,000 crore. It was revised significantly upwards to ₹1,89,000 crore. The actual (provisional) receipt under Customs stood at ₹1,99,114 crore for FY 2021-22, recording a growth of 47.8 per cent over FY 2020-21. Figure-11 shows the trend of year-on-year quarter end growth in receipts from Customs during the last four years.

2.1.4.3 Union Excise Duty

Union Excise Duty has been one of the important contributors to Indirect taxes. Union Budget 2021-22 estimated Union Excise Duty collection at ₹3,35,000 crore, which was revised to ₹3,94,000 crore. Actual (provisional) tax receipts under Union Excise Duty were ₹3,90,807 crore for FY 2021-22. Figure-12 plots the trend of year-on-year quarter end growth in receipts from Union Excise Duty during the last four years.



2.1.5 Non-Tax Revenue

Non-Tax Revenues of Centre mainly comprises of interest and dividend receipts of the Government from Public Sector Banks, Public Sector Undertakings and Reserve Bank of India, receipts from services provided by Central Ministries and Departments such as the supply of Central Police Force to 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 2021-22 for Non-Tax Revenue was pegged at ₹2,43,028 crore. It was re-estimated at the RE stage to ₹3,13,791 crore and actual (provisional) receipts in NTR were ₹3,48,044 crore, registering a growth of 67.6 per cent over ₹2,07,633 crore in FY 2020-21.

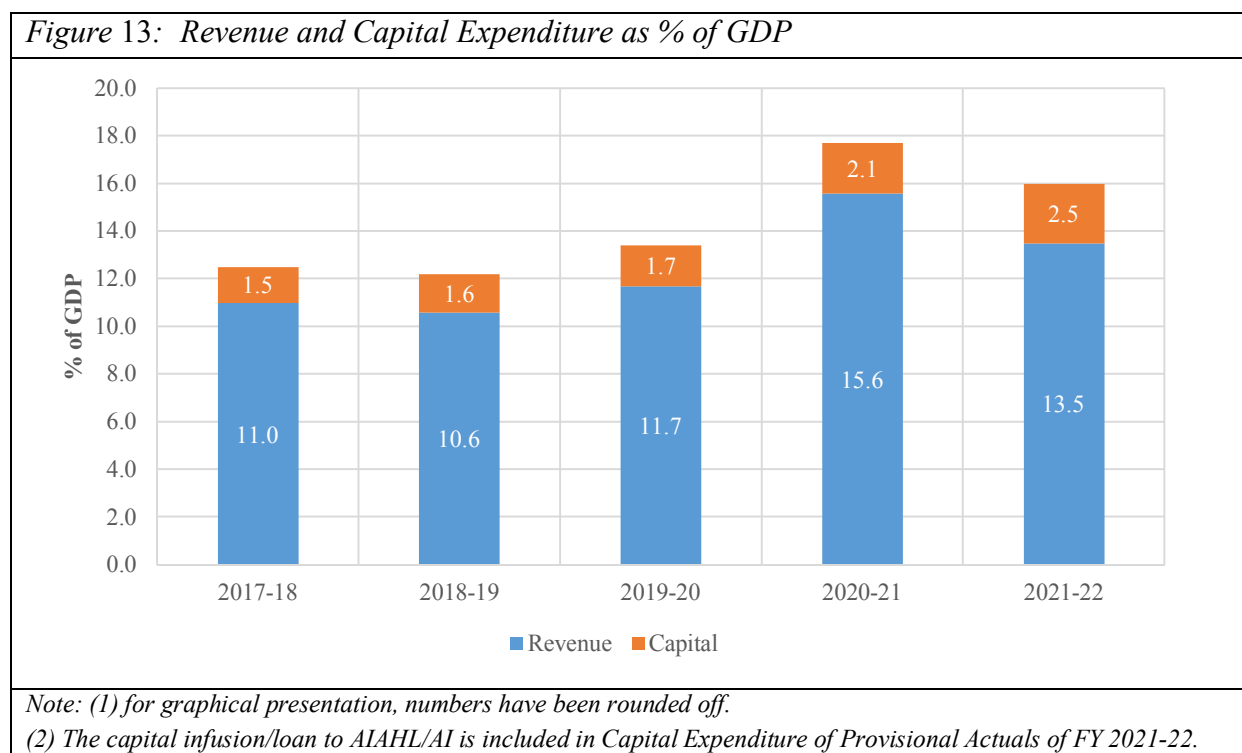
2.1.6 Non-Debt Capital Receipts (NDCR)

The main components of Non-debt capital receipts are disinvestment receipts and receipts from the recovery of loans and advances. Non-Debt Capital Receipts (NDCR) of the government were budgeted at ₹1,88,000 crore in FY 2021-22. Out of this, ₹1,75,000 crore were from disinvestment receipts and ₹13,000 crore from the recovery of loans and advances. In RE 2021-22, NDCR was revised southwards to ₹99,975 crore, mainly on account of a reduction of ₹97,000 crore in

Disinvestment Receipts. In comparison, the actual (provisional) receipts under NDCR stood at ₹39,208 crore of which ₹14,638 crore was realized from disinvestment receipts and ₹24,570 crore were from the recovery of loans and advances.

2.2 Expenditure

In BE 2021-22, the total expenditure of Union Government was estimated at ₹34,83,236 crore which was revised northwards to ₹37,70,000 crore in RE 2021-22. The Actual (provisional) expenditure in FY 2021-22 was ₹37,94,171 crore which is 100.6 per cent of RE, and recorded a growth of 8.1 percent over FY 2020-21. Total Expenditure (provisional) in FY 2021-22 was 16 per cent of GDP as compared to 17.7 per cent in FY 2020-21. Figure-13 depicts Capital Expenditure and Revenue Expenditure as a percentage of GDP.



At the time of presenting the BE 2021-22, the GoI had informed the Parliament in the Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement that fiscal projections for the year 2022-23 and 2023-24 is not feasible.

Similarly, at the time of presentation of Budget 2022-23, GoI informed the Parliament in the Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement that “While India’s economic foundations remain strong, it is vital for the Government to retain requisite fiscal flexibility to effectively respond to emerging contingencies till the pandemic-induced uncertainties ease. Hence, amendment to FRBM law is not being proposed and fiscal projections for the year FY 2023- 24 and FY 2024-25 are not being placed alongside this Statement.”

However, the Government has remained committed to fiscal consolidation by pursuing glide fiscal consolidation path and to prudent fiscal management by measures to improve ease of tax compliance and plugging of evasion, expenditure rationalisation for higher efficiencies in public spending along with discontinuance of extra budgetary borrowings and proactive fiscal disclosure, would be define the way forward on fiscal consolidation.

2.2.1 Revenue Expenditure

Revenue expenditure in BE 2021-22 was estimated at ₹29,29,000 crore which was revised to ₹31,67,289 crore in RE 2021-22. Against this, total revenue expenditure (provisional) in FY 2021-22 was ₹32,01,373 crore which was 101.1 per cent of RE 2021-22. Revenue expenditure accounted for 84.4 per cent of Total Expenditure in FY 2021-22 as compared to 87.9 per cent in FY 2020-21. Further, the Revenue Expenditure registered a growth of 3.8 per cent in FY 2021-22 over FY 2020-21. Out of ₹32,01,373 crore of Revenue Expenditure for FY 2021-22, ₹2,42,646 crore was on account of Grant-in-Aid for creation of capital assets against ₹2,30,865 crore in FY 2020-21.

In FY 2021-22, around ₹22,94,962 crore (71.7 per cent of total Revenue Expenditure) was spent on Interest payments, Defence Services, Pension, Major Subsidies and Grants-in-Aids to States/UTs Expenditure (Table 2). The revenue expenditure of the above-mentioned heads declined by ₹83,180 crore in FY 2021-22 as compared to FY 2020-21. The rationalization of revenue expenditure paved the way for more Capital Expenditure which *inter-alia* through multiplier effect boosts the economic growth (Figure 14).

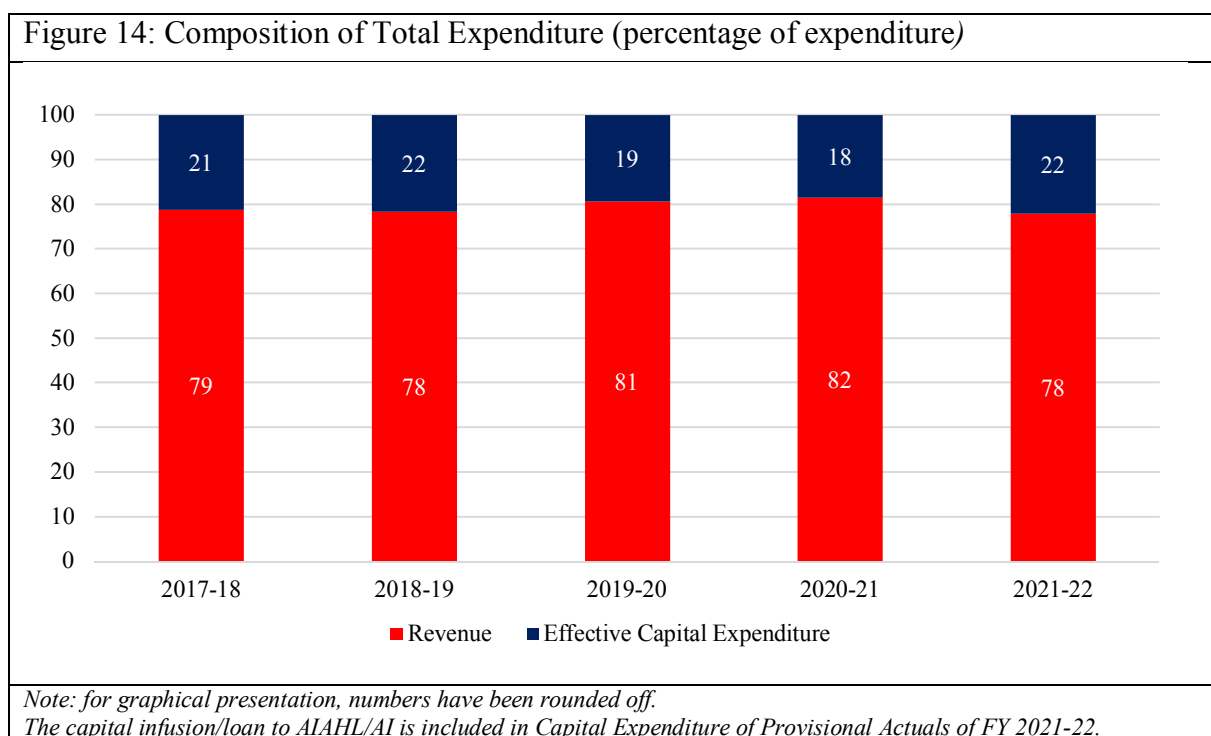


Table 2: Major Items of Revenue Expenditure

Items	Prov. Actuals FY 2021-22	FY 2020-21	Increase/ Decrease
Interest Payments	8,05,390	6,79,869	1,25,521
Defence Service	2,28,565	2,05,789	22,777
Grants in Aid to States & UTs	6,16,141	5,76,881	39,260
Major Subsidies	4,46,048	7,07,130	-2,61,083
Pension	1,98,818	2,08,473	-9,656
Total	22,94,962	23,78,142	-83,180

2.2.2 Capital Expenditure

Capital expenditure recorded a growth of 39.1 per cent and stood at ₹5,92,798 crore in FY 2021-22 which was 2.5 per cent of GDP as compared to 2.2 per cent of GDP in FY 2020-21. Budget 2022-23 introduced the concept of Effective Capital Expenditure (ECE) which is capital expenditure plus grant in aid for creation of capital assets. It is an attempt to appropriately measure the volume of capital expenditure and its multiplier impact on the economic growth.

Table 3: Composition of Revenue, Capital and Effective Capital Expenditure

	(₹ Crore)		
Items	2019-20	2020-21	2021-22
1. Revenue Expenditure	23,50,604	30,83,519	32,01,373
1.1 Grant in-aid for creation of capital assets	1,85,641	2,30,865	2,42,646
2. Capital Expenditure	3,35,726	4,26,317	5,92,798
3. Effective Capital Expenditure (2+ 1.1)	5,21,367	6,57,182	8,35,444
Total Expenditure (1+2)	26,86,330	35,09,836	37,94,171

Note: The capital infusion/loan to AIAHL/AI is included in Capital Expenditure of Provisional Actuals of FY 2021-22.

2.3 Deficit

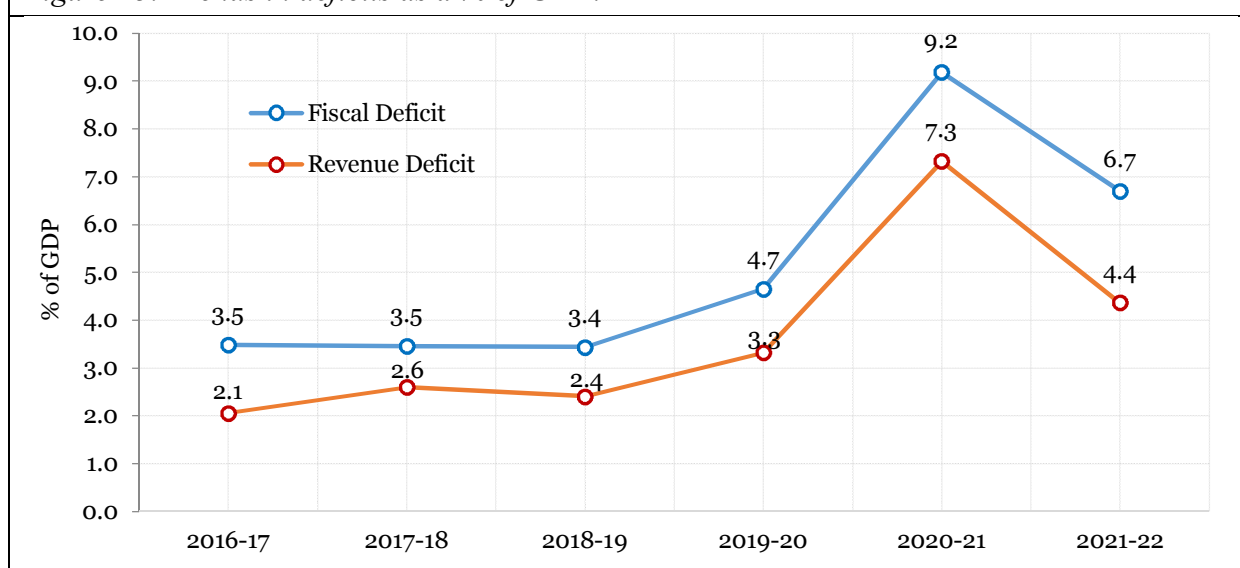
2.3.1 Fiscal Deficit

Fiscal Deficit (FD) was estimated at ₹15,06,812 crore (6.8 per cent of GDP) in BE 2021-22 and was revised to ₹15,91,089 crore (6.9 per cent of GDP) at RE stage. Against the revised target, the actual (provisional) fiscal deficit for FY 2021-22 was ₹15,86,537 crore, which works out to be 6.7 per cent of GDP. Figure-15 shows the trend in deficits as a percentage of GDP.

2.3.2 Revenue Deficit

Revenue Deficit (RD) for FY 2021-22 was budgeted at ₹11,40,576 crore (5.1 per cent of GDP) and was revised to ₹10,88,352 crore (4.7 per cent of GDP) at RE stage. At the end of FY 2021-22, RD (provisional) was ₹10,32,947 crore (4.4 per cent of GDP).

Figure 15: Trends in deficits as a % of GDP.



Note: GDP figures used are as per the estimates released by the CSO on 31st May, 2022

2.3.3 Financing of deficit

Fiscal Deficit of ₹15,86,537 crore was financed by raising internal debt of ₹13,89,531 crore, external assistance including the revolving fund of ₹36,408 crore and ₹1,62,223 crore of Public Account receipts (Table – 4).

Table 4: Sources of financing fiscal deficit

(₹ in crore)

	2021-22 (Provisional)	2020-21	2019-20	2018-19	2017-18
Fiscal Deficit	15,86,537	18,18,291	9,34,191	6,49,418	5,91,062
Sources of Financing:					
Internal Debt (Net) excluding MSS	13,89,531	17,51,073	8,69,221	5,53,373	5,79,022
External Assistance including Revolving Fund	36,408	70,180	8,682	5,504	7,922
Public Account	1,62,223	4,228	51,317	91,862	27
Cash Balance	(-),1,625	(-),7,190	4,970	(-),1,321	4,091

The Progressive Internal Debt (gross) of the Government (excluding WMA and Central securities against Small Savings) increased by ₹10,01,532 crore from ₹85,76,891 crore at the beginning of the year to ₹95,78,423 crore at the end of the year. External Debt (including Revolving Fund), on the other hand, grew by ₹50,481 crore. Fresh external loans of ₹86,665 crore were contracted and past obligations to the tune of ₹36,184 crore were discharged. External debt at the end of the year was ₹4,39,355 crore.

2.4 Liabilities

The GoI had a cumulative Public Debt of ₹1,19,01,698 crore, at the end of 31st March 2022. Total Cumulative Government liabilities (including that of Public Account) as on 31st March 2022 were ₹1,28,14,407 crore. The total outstanding liability of the Government increased by ₹17,63,880 crore from ₹1,10,50,527 crore at the beginning of the financial year to ₹1,28,14,407 crore at the end of the FY 2021-22.

2.5 Cash Management

The Government began the FY 2021-22 with an investment surplus of ₹2,32,572 crore and a cash balance of ₹5,000 crore. The Government ended the financial year FY 2021-22 with a cash balance of ₹5,000 crore and an investment surplus of ₹35,352 crore.

2.6 Small Savings Fund

Compared to FY 2020-21 there has been a decrease of ₹1,16,500 crore in net accretions under NSSF. The details of accretion under this fund are as under:

Table 5: Balance Sheet of NSSF at a Glance

(₹ in crore)

	FY 2021-22 (Prov.)	2020-21
Opening balance (as on 1st April)	1,35,128	16,518
(a) Small Savings	2,40,410	2,15,821
(b) Public Provident Fund	91,685	89,743
(c) Investment in Securities		
(i) State Securities	(-)24,576	(-)24,932
(ii) Central Securities	5,51,268	4,83,733
(iii) Other Instruments	(-)40,066	(-)2,40,910
(d) Income and Expenditure of NSSF	38,031	30,937
(e) Net accretion (a+b+d-c)	(-)1,16,500	1,18,610
Closing balance (As on 31st March)	18,628	1,35,128

3. Conclusion

At the commencement of FY 2021-22, the Government had outlined a path for the fiscal consolidation through measures aimed at improving ease of tax compliance, plugging of evasion, expenditure rationalization, etc. The GoI has adhered to the proposed plan which is evident from the trends in major fiscal indicators at the end of FY 2021-22.

The Fiscal Deficit in FY 2021-22 (Provisional) stood at 6.7 per cent of GDP which indicates a fiscal consolidation of 2.5 percentage points as compared to Fiscal Deficit of 9.2 percent in FY 2020-21. Further, the fiscal consolidation was also well aligned with better quality of expenditure as the Revenue Deficit declined by 2.9 percentage points from 7.3 percent in 2020-21 to 4.4 percent in FY 2021-22 (provisional).

The fiscal consolidation achieved in the FY 2021-22 was based on a two-pronged strategy of buoyant revenue collection and rationalizing the expenditure. The Gross Tax Revenue stood at 11.4 percent of GDP in FY 2021-22 as compared to 10.2 and 10.0 percent of GDP in FY 2020-21 and FY 2019-20, respectively. On other hand, total Expenditure in FY 2021-22 (provisional) was contained at 16 per cent of GDP as compared to 17.7 per cent in FY 2020-21. In the process of the rationalization of the total expenditure, Government also ensured improvements in the quality of expenditure to boost economic growth through enhancement in effective capital expenditure as proportion to total expenditure from 18.7 percent in FY 2020-21 to 22.0 percent in FY 2021-22 (Provisional).

The Government, faced with the task of implementing counter-cyclical policies while walking the fiscal tight rope has focused on maintaining the quality of expenditure. Continuous increase in CAPEX year-on-year, indicative of long-term development priorities of the Government. Facilitation to the States through ₹1,00,000 crore interest free loan in FY 2022-23 (BE), may give much needed push to investments and development.

Better than expected revenue receipts on account of constructive reforms in Income Tax and maturing GST regime along with significant increase in capital expenditure paves the way towards more robust and counter-cyclical economic recovery and sustainable economic growth.
