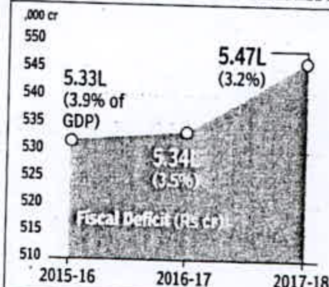
For 1st time, govt may beat divestment target

▶Continued from P 1

The pressure to present a populist Budget ahead of the 2019 general elections may also put pressure on the government's fiscal calculations. But there may be some comfort available in the revenues expected from disinvestment. For the first time, the government is likely to exceed the target of raising Rs 72,500 crore in the current financial year.

THE DEFICIT DILEMMA



SITUATION NOW:

Budget Estimate 2017-18: (₹Lakh Cr)	**5.47**
Actuals up to Oct 2017 (₹Lakh Cr)	**5.25**
% of actuals to budget estimate	**96.1**
Previous year	**79.3**

WHY THE SURGE: Front loading of expenditure due to early budget

Experts said the tight fiscal situation may prompt the government to squeeze expenditure but this seems to be unlikely as it is keen to push public spending to support growth. Officials have said that expenditure cut is not an option and they will review the fiscal situation in December. The government will present its last full Budget in early February.

The early presentation of the Budget has enabled the government to front-load spending. Data at the end of November showed the fiscal deficit reached 96.1% of the budgeted target for the the current fiscal.

Economist said the extra borrowing would put pressure on the government's fiscal math. "Although the sequential dip in GST collections in November 2017 stems from the cut in rates, it is nevertheless disheartening. Moreover, the extended timelines for filing GST returns imply that the govt would receive tax inflows for a large portion of indirect taxes for 11 months in FY-2018," said Aditi Nayar, principal economist at ratings agency ICRA. "Given the clouded outlook for revenues, sticking to the fiscal consolidation roadmap would entail compression of expenditure, which would dampen the expected economic growth recovery in Q4 FY2018," she said.

In the Union Budget for 2017-18, gross and net market borrowing were budgeted at Rs 5.8 lakh crore and Rs 4.23 lakh crore.