

Published Date:	Tuesday 5th February, 2019	Publication:	DNA [New Delhi]
Journalist:	PTI	Page No:	5
MAV/CCM:	156,280/39.07	Circulation:	90,000

Fitch sees fiscal deficit slipping to 3.6% in FY20

New Delhi: Fitch Solutions, the research arm of Fitch Group, projected the government's fiscal deficit to overshoot the budgeted target by 0.2% to 3.6% of GDP in 2019-20 fiscal.

It said that 2019-20 Budget appears to show a strong populist bent in the run up to the General election due by May 2019.

"We believe that expenditure growth will exceed the government's projections, giving our expectation for high election spending and the budget speech's repeated emphasis that 'if necessary,

FISCAL DEFICIT (% of GDP)



Source: Budget 2019-20

additional funds will be provided'. Additionally, the government's revenue growth projections also appear too

SUBDUED REVENUE

■ Fitch Solutions revised its forecast for the government fiscal deficit to come in at 3.6% of GDP in FY20, from 3% previously

■ Government plans to spend a total of Rs 27.8 lakh crore in fiscal 2019-20

optimistic given its sweeping tax rebates for the middle class and small business," Fitch Solutions

said.

Accordingly, Fitch Solutions revised its forecast for the central government fiscal deficit to come in at 3.6% of GDP in FY 2019-20, from 3% previously, which reflects our expectation for a wider fiscal deficit in FY 2019-20 versus FY2018-19.

"We believe that continued fiscal stimulus by the central government will see the government miss its goal of lowering its fiscal deficit to 3% of GDP by FY2020-21," it said in a note titled 'India's Populist FY2019-20 Budget To Delay Fiscal Consolida-

tion'.

The central government plans to spend a total of Rs 27.8 lakh crore in fiscal 2019-20, a 13.3% increase over the 2018-19 revised budget estimates.

"Although agriculture, rural development and transport infrastructure remain the largest expenditure areas, the budget focused heavily on agriculture, social welfare, education, and healthcare, likely aimed at appealing to members of scheduled castes and scheduled tribes," Fitch Solutions said. —PTI