

December 30th news:

Bilateral:

Indo-Maldives Joint Exercise Ekuverin Concludes

The two-week long eighth edition of the Indo-Maldives joint military exercise, 'Ekuverin', came to an end at Belagavi, Karnataka. 'Ekuverin' means 'friends' in the Maldivian language. The bilateral annual exercise was a 14-day joint military training between the Indian Army and the Maldives National Defence Force (MNDF). The exercise has been held alternatively in India and Maldives since 2009.

Economy:

Fiscal deficit target missed

The government has breached its fiscal deficit target given in the Budget for 2017-18 in November itself. During the April-November period, the fiscal deficit was 112 per cent of its Rs 5.5 lakh crore target for current fiscal year. This is the highest deviation from the Budget Estimates (BE) for fiscal deficit in the first eight months of a financial year since 2008-09, the year of the global financial crisis.

This means that the government needs to have a fiscal surplus in the next four months combined if it has to meet its target, which observers said, is a difficult ask. The government's decision to go in for Rs 50,000 crore additional borrowing this year will add to the problem, they said.

During the April-November period, the revenue deficit also stood at 152 per cent of the Rs 3.2 lakh crore full-year target, compared with 98 per cent during the same period last year. This means that the quality of the fiscal deficit is also very poor since much of the money is not going into asset creation.

In 2008-09, the fiscal deficit in April-November was 132.4 per cent of the full year's target. That year, the deficit was targeted to be 2.5 per cent of gross domestic product (GDP), but crossed six per cent. The situation this year is not likely to turn out to be that grim.

Since then, the deficit had not crossed 100 per cent during the eight-month period until this year.

Official data released on 29th December showed that the fiscal deficit, the difference between government expenditure and revenue, for April-November 2017 was Rs 6.12 lakh crore, against a BE of Rs 5.46 lakh crore.

This was mainly due to lower goods and service tax collections, non-tax revenues such as spectrum and transfer of money by the RBI to the government and higher expenditure. Over the same period last year, the fiscal deficit was nearly 86 per cent of the BE.

Earlier this week, the Centre announced that it would borrow Rs 50,000 crore from the market over and above the BE of Rs 5.80 lakh crore for 2017-18, indicating a fiscal slippage this year. At the same time, the Centre reduced its borrowings through short-term treasury bills by Rs 61,203 crore. This has made the task of calculating the fiscal deficit difficult.

The additional market borrowing could take the fiscal deficit to 3.54 per cent of the GDP this year, the same as in 2016-17, against the target of reining it in at 3.2 per cent. If short-term treasury bills are extended beyond a year, it could further widen the deficit.

GST collections in November fell to just above Rs 80,000 crore, lower than Rs 83,346 crore in October and far below the target Rs 91,000 crore a month.

Data showed that the government's revenue receipts were Rs 8.04 lakh crore in the eight months to November, or 53.1 per cent of the BE of Rs 15.15 lakh crore. Total expenditure was Rs 14.78 lakh crore at the end of November, or 68.9 per cent of the BE. It was 65 per cent of the BE a year ago.

Combined tax revenues reached their peak this year in September at Rs 2.50 lakh crore. The monthly tax mop-up is declining since, with Rs 1.40 lakh crore in October and Rs 1.14 lakh crore in November.

Capital expenditure during April-November was 59.5 per cent of the BE compared to 57.7 per cent in the same period of the previous fiscal year. Capital spending increased in November to Rs 21,320 crore from Rs 16,406 crore in October. It was Rs 36,741 crore in September, the highest in this fiscal year.

Revenue expenditure, including interest payments, was 70.5 per cent of the BE during April-November. This compares with 66.1 per cent a year earlier.

The Centre is staring at a tax revenue shortfall of Rs 40,000-50,000 crore. A Rs 25,000-30,000 crore shortfall is expected in indirect tax revenue due to the GST, while receipts from non-tax revenues, including spectrum fees, transfer by the RBI and dividends from public sector enterprises and state-owned banks, and direct taxes could lead to a gap of Rs 20,000 crore between actual receipts and what was projected, even if expected higher proceeds from disinvestment are taken into account.

Environment

Environment Ministry launches Regional Project to Tackle Stubble Burning

The Environment Ministry approved the regional project on 'Climate Resilience Building among Farmers through Crop Residue Management' under National Adaptation Fund for Climate Change (NAFCC).

The project was approved at meeting of National Steering Committee on Climate Change (NSCCC) held in New Delhi under the chairmanship of Secretary, Environment Ministry.

The project aims to mitigate climate change impacts and enhance adaptive capacity and counter adverse environmental impacts arising from stubble burning.