Macro Insights

Fiscal deficit stands at 62.3% of target in November 2025 as against 52.5% a year ago

The government's fiscal deficit in November 2025 period came in at ₹9.77 lakh crore amounting to 62.3% of the Budgeted estimates (BE) vis-à-vis ₹8.47 lakh crore i.e. 52.5% of BE during the same period last year.

Highlights:

- Govt.'s total expenditure stood at ₹29.26 lakh crore reaching 57.8% of the BE during April-November 2025. This compares to ₹27.41 lakh crore recorded in the same period last year i.e. 56.9% of estimate.
- Capital expenditure amounting to ₹6.58 lakh crore during April-November 2025 reached 58.7% of the budgeted target compared to 46.2% during last fiscal.
- Total receipts of ₹19.49 lakh crore accounted for 55.7% of the BE, down from 59.1% last year during the same period, due to lower achievement in net tax revenue compared to last year (49.1% vs 55.9%).

Government of India Accounts (April - November 2025)

	Budget Estimates 2025-2026 (₹ Lakh Crore)	Actuals Apr'25-Nov'25 (₹ Lakh Crore)	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	34.2	19.10	**55.9%**	**59.8%**
Net Tax Revenue	**28.37**	**13.94**	**49.1%**	**55.9%**
Non-Tax Revenue	5.83	5.16	**88.6%**	78.3%
Total Receipts	34.96	19.49	**55.7%**	59.1%
Revenue Expenditure	39.44	22.68	**57.5%**	60.1%
Of which Interest Payments	12.76	7.46	**58.4%**	56.6%
Capital Expenditure	**11.21**	**6.58**	**58.7%**	**46.2%**
Total Expenditure	50.65	29.26	**57.8%**	56.9%
Fiscal Deficit	**15.69**	**9.77**	**62.3%**	**52.5%**
Revenue Deficit	5.24	3.57	**68.2%**	61.5%
Primary Deficit	2.93	2.31	**78.9%**	41.8%

Source: CGA

Views and Outlook:

- By the end of November, revenue receipts had grown by 2.1% year-on-year, largely supported by dividend transfers from the Reserve Bank of India. The government's gross tax revenue increased at a modest pace of 3.3% year-on-year during April to November 2025, well below the 10.7% recorded in the same period of FY25. This slower growth was mainly due to changes in income tax slabs and an unfavourable base effect.
- Personal Income tax rose by 6.8% YoY during 8M in FY26, compared to 23.5% during the same period last year, trailing the budgeted target of 15%. Collections were 55.0% of BE, lower than 60.9% in the previous year.

Insights on Tax Collection till November 2025

(₹ Lakh Crore)

Parameters	Apr'24-Nov'24	Apr'25-Nov'25	YoY%
Gross Tax Revenue	22.61	23.36	3.34%
Corporation Tax	5.12	5.51	7.79%
Income Tax	7.01	7.48	6.78%
Union Excise Duties	1.75	1.91	9.25%

Source: CGA

- From April to November 2025, GST collections recorded a moderate growth rate of 7.4% compared to the previous year.
- On the expenditure side, capital expenditure saw a remarkable jump, climbing by approximately 28.2% year-on-year to ₹6.58 lakh crore, up from ₹5.14 lakh crore a year ago. This surge was primarily driven by a substantial 45.4% increase in loans disbursed. The momentum in capex continues to build, as it has steadily risen from around 1.6% of GDP in FY 2014-15 to 3.1% of GDP in the FY 2025-26 budget.
- Revenue expenditure saw tepid growth of 1.8% YoY during 8M of FY26. The government's interest expenditure grew by 13.3% YoY, accounting for 33% of revenue expenditure.

Top 5 Ministries by Expenditure till November 2025

(₹ Lakh Crore)

Ministry	Apr'24-Nov'24	Apr'25-Nov'25	YoY%
Finance	9.75	9.86	1.07%
Defence	3.98	4.55	14.17%
Railways	1.96	2.15	9.83%
Road Transport and Highways	1.50	1.89	25.71%
Consumer Affairs Food and Public Distribution	1.64	1.86	13.74%

Source: CGA

- In the Union Budget for FY 2025-26, the government set a fiscal deficit target of 4.4% of GDP for FY26, reaffirming its earlier commitment to keeping the deficit below 4.5%. Market borrowings stood at ₹5.45 lakh cr., 47% of the BE during the first 8 months of the current fiscal. The strategy so far reflects a careful balance between expenditure and consolidation, with growth supported by strong non-tax revenues and higher capital investment.
- At the same time, subdued tax collections point to the need for stronger revenue mobilization in the remaining months. Given current economic conditions, the fiscal deficit target for FY26 appears achievable, provided the government sustains its focus on revenue enhancement and fiscal discipline.
- Looking ahead, measures such as deploying advanced technology to improve tax compliance, streamlining business processes to attract investment, and fostering public-private collaboration in infrastructure development will be critical to sustaining growth while maintaining fiscal prudence. Continued vigilance, close monitoring of key indicators, and timely policy responses will ensure steady progress toward meeting the fiscal deficit objectives for FY26.

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