Economic Intelligence Cell
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Macro Insights

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Fiscal deficit stands at 54.5% of target as of December 2025 as against 56.7% a year ago

The government's fiscal deficit till December 2025 period came in at ₹8.56 lakh crore amounting to 54.5% of the Budgeted estimates (BE) vis-à-vis ₹9.14 lakh crore i.e. 56.7% of BE during the same period last year.

Highlights:

- Govt.'s total expenditure stood at ₹33.81 lakh crore reaching 66.7% of the BE during April-December 2025. This compares to ₹32.32 lakh crore recorded in the same period last year i.e. 67.0% of estimate.
- Capital expenditure amounting to ₹7.88 lakh crore during April-December 2025 reached 70.3% of the budgeted target compared to 61.7% during last year.
- Total receipts of ₹25.25 lakh crore accounted for 72.2% of the BE, marginally down from 72.3% last year during the same period, due to lower achievement in net tax revenue (68.3%) compared to (71.3%) last year.

Government of India Accounts (April - December 2025) (₹ Lakh Crore)

	Budget Estimates 2025-2026	Actuals Apr'25-Dec25	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	34.20	**24.79**	**72.5%**	34.20
Net Tax Revenue	**28.37**	**19.39**	**68.3%**	**28.37**
Non-Tax Revenue	5.83	5.40	**92.6%**	5.83
Total Receipts	34.96	25.25	**72.2%**	34.96
Revenue Expenditure	39.44	25.93	**65.7%**	39.44
Of which Interest Payments	12.76	9.11	**71.4%**	12.76
Capital Expenditure	**11.21**	**7.88**	**70.3%**	**11.21**
Total Expenditure	50.65	33.81	**66.7%**	50.65
Fiscal Deficit	**15.69**	**8.56**	**54.5%**	**15.69**
Revenue Deficit	5.24	1.14	**21.8%**	5.24
Primary Deficit	2.93	-0.55	**-18.9%**	2.93

Source: CGA

Views and Outlook:

- By the end of December, revenue receipts had grown by 8.2% year-on-year, largely supported by dividend transfers from the Reserve Bank of India. The government's net tax revenue increased at a modest pace of 5.2% year-on-year during April to December 2025, well below the 6.5% recorded in the same period of FY25. This slower growth was mainly due to changes in income tax slabs and an unfavorable base effect.

Insights on Tax Collection till December 2025 **(₹ Lakh Crore)**

Parameters	Apr'24-Dec'24	Apr'25-Dec'25	YoY%
Gross Tax Revenue	27.50	29.84	8.50%
Corporation Tax	7.41	8.33	12.40%
Income Tax	8.38	8.73	4.16%
Union Excise Duties	2.00	2.19	9.91%

Source: CGA

- From April to December 2025, GST collections among indirect taxes recorded a moderate growth rate of 8.6% compared to the previous year.
- On the expenditure side, capital expenditure saw a remarkable jump, climbing by approximately 15.0% year-on-year to ₹7.88 lakh crore, up from ₹6.85 lakh crore a year ago. This surge was primarily driven by a substantial 21.2% increase in loans disbursed.
- Revenue expenditure only showed marginal growth of 1.8% when compared with the same period last year.

Top 10 Ministries by Expenditure till December 2025 **(₹ Lakh Crore)**

Ministry	Apr'24- Dec 24	Apr'25- Dec'25	YoY%
Finance	11.77	12.04	2.36%
Defence	4.53	5.24	15.79%
Road Transport and Highways	2.39	2.44	2.32%
Railways	2.17	2.34	8.05%
Consumer Affairs, Food and Public Distribution	1.77	1.90	7.79%
Home affairs	1.76	1.83	4.04%
Chemicals and Fertilizers	1.36	1.50	10.35%
Rural Development	1.14	0.97	-14.92%
Agriculture and Farmers Welfare	0.844	0.835	-1.00%
Communication	0.57	0.69	21.48%

Source: CGA

- The Economic Survey for 2025-26, which was recently presented in Parliament, indicates that the government is on course to achieve the fiscal deficit target of 4.4% of GDP for the ongoing financial year, as per prevailing trends.
- In the Union Budget for 2026-27, the government retained the fiscal deficit target at 4.4% of GDP for FY26, while projecting a slightly lower budget estimate of 4.3% for FY2026-27. This approach aligns with the borrowing plans for the final quarter of the year and reflects a prudent stance toward fiscal management. Thus far, the government has adopted a balanced strategy, combining expenditure restraint with measures to stimulate the economy, resulting in growth supported by robust non-tax revenues and increased capital investments.
- However, slower tax collections in recent months underscore the necessity for improved revenue generation in the last quarter. Despite this challenge, given the current economic scenario, it is expected that the government will meet its fiscal deficit target for FY26 and continue to maintain fiscal discipline.
- Looking ahead, leveraging advanced technology to enhance tax compliance, simplifying procedures to attract more investments, and promoting public-private partnerships in infrastructure will be crucial for sustained economic growth and fiscal health. Continued vigilance, regular assessment of key economic indicators, and timely policy adjustments will help ensure the government remains on track to meet its fiscal deficit objectives.

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