

Macro Insights

01st June 2026

Fiscal deficit stands at 21.4% of target as of April 2026 as against 11.9% a year ago

The government's fiscal deficit in April 2026 came in at ₹3.62 lakh crore amounting to 21.4% of the Budget Estimates (BE) vis-à-vis ₹1.86 lakh crore i.e. 11.9% of BE during the same period last year.

Highlights:

- Govt.'s total expenditure stood ₹5.75 lakh crore reaching 10.8% of the BE in April 2026. This compares to ₹4.66 lakh crore recorded in the same period last year i.e. 9.2% of estimate.
- Capital expenditure amounting to ₹1.90 lakh crore in April 2026 reached 15.5% of the revised target compared to 14.3% during last year.
- Total revenue receipts of ₹2.03 lakh crore accounted for 5.7% of the BE, marginally down from 7.5% last year during the same period.

Government of India Accounts (April 2026)

(₹ Lakh Crore)

	Budget Estimates 2026-2027	Actuals April 2026	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	35.33	2.03	5.7%	7.5%
Net Tax Revenue	28.67	1.78	6.2%	6.7%
Non-Tax Revenue	6.66	0.24	3.6%	11.5%
Total Receipts	36.52	2.13	5.8%	8.0%
Revenue Expenditure	41.25	3.85	9.3%	7.8%
Of which Interest Payments	14.04	1.10	7.8%	7.3%
Capital Expenditure	12.22	1.90	15.5%	14.3%
Total Expenditure	53.47	5.75	10.8%	9.2%
Fiscal Deficit	16.96	3.62	21.4%	11.9%
Revenue Deficit	5.92	1.82	30.8%	9.4%
Primary Deficit	2.92	2.53	86.6%	31.7%

Source: CGA

- For the month of April 2026, revenue receipts had de-grown by 21.0% year-on-year. The government's net tax revenue decreased by 5.9% year-on-year in April 2026.

Insights on Tax Collection in April 2026

(₹ Lakh Crore)

Parameters	Apr'25	Apr'26	YoY%
Gross Tax Revenue	2.71	2.66	-1.89%
Corporation Tax	0.21	0.25	17.39%
Income Tax	1.10	1.17	6.82%
Customs	0.14	0.17	25.05%
Gross GST Revenue	2.23	2.43	8.71%

Source: CGA

Views & Outlook:

- ☞ The fiscal deficit for April 2026 surged to ₹3.62 lakh crore, accounting for 21.4% of the full-year Budget Estimate (BE) compared to 11.9% in the previous year.
- ☞ This initial spike, however, does not signal a departure from long-term discipline. The Union Budget 2026-27 has formally lowered the fiscal deficit target for the full year to 4.3% of GDP, down from the 4.4% achieved in the provisional figures of FY26.
- ☞ The early deficit expansion is heavily driven by an aggressive acceleration on the expenditure side. This front-loaded spending strategy ensures that infrastructure and asset-creating projects are shielded from year-end constraints, acting as a direct catalyst to crowd-in private investments amid shifting global trade patterns.
- ☞ For the whole year, the revenue deficit is targeted at a controlled 1.5% of GDP. While structural reforms will support revenue collections, the government must carefully manage any escalation in food and fertilizer subsidies to prevent a squeeze in primary capital expenditure. If tax revenues hold close to their growth projection, the government is well-positioned to meet its 4.3% fiscal deficit target, maintaining a healthy balance between long-term growth creation and near-term fiscal consolidation.

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