

## Macro Insights

29<sup>th</sup> August 2025

### Fiscal deficit stands at 29.9% of BE in July 2025 against 17.2% a year ago

The government's fiscal deficit in July 2025 period came in at ₹4.68 lakh crore amounting to 29.9% of the Budgeted estimates (BE) vis-à-vis ₹2.77 lakh crore i.e. 17.2% of BE reached during the same period last year.

### Highlights:

- Govt.'s total expenditure stood at ₹15.64 lakh crore reaching 30.9% of the BE during April-July 2025. This is 390 bps higher than the expenditure (₹13.00 lakh crore) in the same period last year i.e. 27.0%.
- Capital expenditure amounting to ₹3.47 lakh crore during April-July 2025 reached to 30.9% of the budgeted target compared to 23.5% during April-July 2024.
- Total receipts of ₹10.95 lakh crore accounted for 31.3% of the BE, slightly down from 31.9% last year during the same period, due to both lower tax & non-tax revenue growths compared to the previous year.

### Government of India Accounts (April - July 2025)

	Budget Estimates 2025-2026 (₹ Lakh Crore)	Actuals Apr'25-Jul'25 (₹ Lakh Crore)	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	34.20	10.65	31.1%	Revenue Receipts
Net Tax Revenue	28.37	6.62	23.3%	Net Tax Revenue
Non-Tax Revenue	5.83	4.04	69.2%	Non-Tax Revenue
Total Receipts	34.96	10.95	31.3%	Total Receipts
Revenue Expenditure	39.44	12.17	30.8%	Revenue Expenditure
Of which Interest Payments	12.76	4.47	35.0%	Of which Interest Payments
Capital Expenditure	11.21	3.47	30.9%	Capital Expenditure
Total Expenditure	50.65	15.64	30.9%	Total Expenditure
Fiscal Deficit	15.69	4.68	29.9%	Fiscal Deficit
Revenue Deficit	5.24	1.51	28.9%	Revenue Deficit
Primary Deficit	2.93	0.22	7.4%	Primary Deficit

Source: CGA

**Views and Outlook:**

- ☞ According to the CGA, Govt's Gross tax revenue grew at a meagre pace of 0.8% YoY during Apr-Jul'25, much lower than 21.3% in the corresponding period of FY25, mainly due to a contraction in personal income tax (-9.9%) on account extension of deadline of filing taxes and unfavorable base effect, while it grew by 53.4% YoY in the same period last year. However, the corporate tax revenue has shown a steady growth of 7.6% YoY during Apr-Jul'25.
- ☞ Among indirect taxes, GST revenues registered robust growth of 10.7% during Apr-Jul'25. Union excise duties, after contracting for 2 consecutive years (Apr-Jul'22 & Apr-Jul'23) and growing at a meagre pace of 0.8% during Apr-Jul'24, posted a growth of 9.3% during Apr-Jul'25.
- ☞ On year-to-date basis, Capital expenditure surged impressively, rising by roughly 32.8% YoY to reach ₹3.47 lakh crore, up from ₹2.61 lakh crore a year earlier. This increase builds on consistent momentum, with capex rising steadily from about 1.6% of GDP in FY 2014-15 to 3.1% of GDP in the FY 2025-26 budget.
- ☞ Going ahead, the capex outlook remains firm with central public sector enterprises expected to sustain capital outlays of approximately ₹7.8 lakh crore in FY 2026, continuing infrastructure investments. The government is also launching targeted capex initiatives for next-generation PSUs in renewable energy, aerospace, critical minerals, electronics, and defense, highlighting a shift toward modernization and industrial self-reliance.
- ☞ Revenue Expenditure (excl. interest payments) of the government increased to ₹7.70 lakh crore (8.3 per cent YoY), compared to ₹7.11 lakh crore in the same period last year.
- ☞ In the Union Budget 2025-26, the government has budgeted its fiscal deficit target to 4.4% of GDP for FY26, and it aims to maintain fiscal prudence in line with its earlier commitment of bringing it down below 4.5% by FY26 end. Given the current economic scenario, it is anticipated that the government will achieve its revised fiscal deficit target for FY26.

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