

Macro Insights

01st June 2026

Fiscal deficit stands at 97.5% of RE in FY 2026 against 100.3% in FY 2025

The government's fiscal deficit for FY 2026 came in at ₹15.19 lakh crore amounting to 97.5% of the Revised Estimates (RE) vis-à-vis ₹15.74 lakh crore i.e. 100.3% of RE during the last Fiscal Year.

Highlights:

- ☞ Govt.'s total expenditure stood ₹49.05 lakh crore reaching 98.8% of the RE during FY 2026. This compares to ₹46.53 lakh crore recorded in the last fiscal year i.e. 98.7% of estimate.
- ☞ Total revenue receipts of ₹33.02 lakh crore accounted for 98.8% of the RE, marginally up from 98.3% of 2025 fiscal year, due to better achievement in net tax revenue.
- ☞ **Fiscal Deficit is 4.40 % of GDP. (Target 4.4%)**
- ☞ **Revenue Deficit is 1.55 % of GDP. (Target 1.5%)**
- ☞ **Effective Revenue Deficit is 0.78 % of GDP.**

Government of India Accounts (FY 2026)

(₹ Lakh Crore)

	FY2025	Revised Estimates 2025-2026	Provisional FY2026	% of Provisional to Budget Estimates	
				Current	Corresponding Period Previous Year
Revenue Receipts	30.37	33.42	33.02	98.8%	98.3%
Net Tax Revenue	25.00	26.75	26.23	98.1%	97.8%
Non-Tax Revenue	5.37	6.68	6.79	101.7%	101.1%
Total Receipts	30.78	34.06	33.86	99.4%	97.8%
Revenue Expenditure	36.01	38.69	38.36	99.1%	97.4%
<i>Of which Interest Payments</i>	11.16	12.74	12.43	97.5%	98.0%
Capital Expenditure	10.52	10.96	10.69	97.6%	103.3%
Total Expenditure	46.53	49.65	49.05	98.8%	98.7%
Fiscal Deficit	15.74	15.58	15.19	97.5%	100.3%
Revenue Deficit	5.64	5.27	5.34	101.3%	92.5%
Primary Deficit	4.59	2.84	2.77	97.3%	106.3%

Source: CGA

- For FY 2026, revenue receipts had grown by 8.8% year-on-year. The government’s net tax revenue increased at a pace of 7.4% year-on-year during FY 2026.

Insights on Tax Collection

(₹ Lakh Crore)

Parameters	Apr'24- Mar'25	Apr'25- Mar'26	YoY%
Gross Tax Revenue	37.96	40.24	6.00%
Corporation Tax	9.87	10.99	11.39%
Income Tax	11.83	11.83	0.04%
Customs	2.33	2.64	13.38%
Union Excise Duties	3.00	3.42	13.85%

Source: CGA

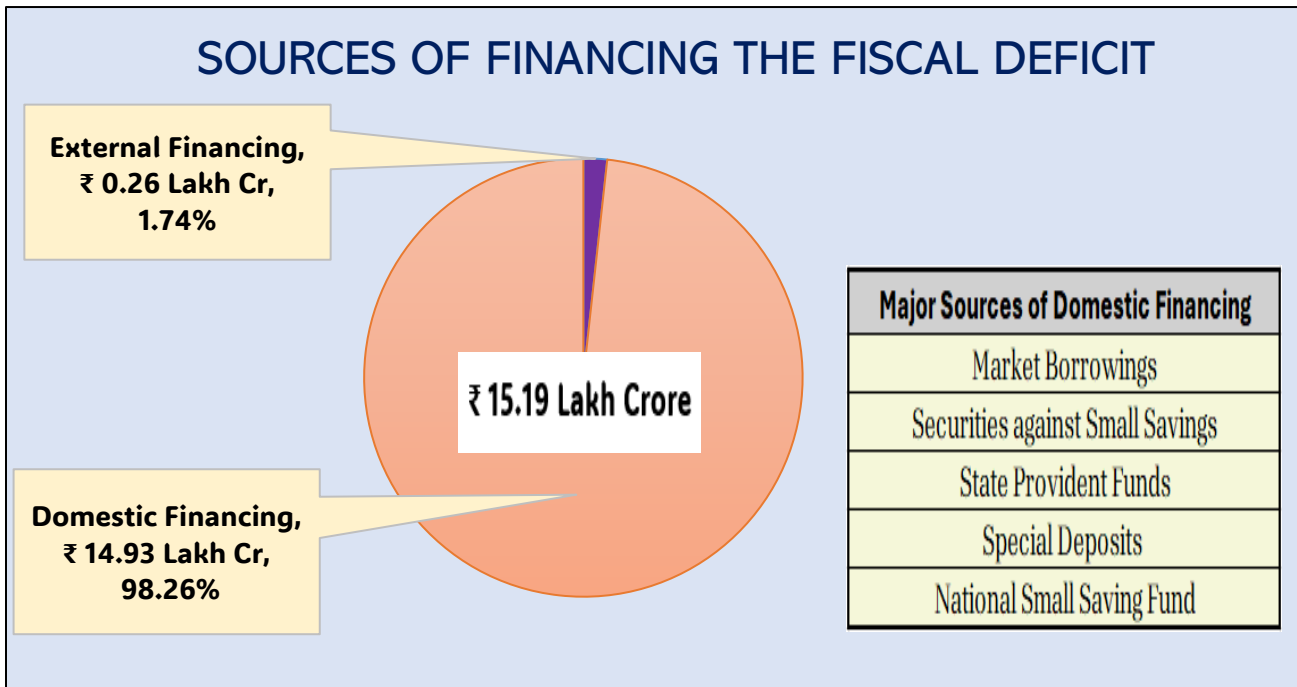
- For FY 2026, GST collections among indirect taxes recorded a growth rate of 8.3% compared to the previous year.
- On the expenditure side, capital expenditure saw a marginal jump, climbing by approximately 1.6% year-on-year to ₹10.69 lakh crore, up from ₹10.52 lakh crore a year ago.
- Revenue expenditure showed growth of 6.5% when compared with the same period last year.

Top 10 Ministries by Expenditure

(₹ Lakh Crore)

Sl. No.	Ministry	Apr'24- Mar'25	Apr'25- Mar'26	YoY%
1	Finance	17.74	19.00	7.07%
2	Defence	6.36	7.31	15.04%
3	Road Transport and Highways	2.99	3.06	2.10%
4	Railways	2.55	2.55	0.08%
5	Home affairs	2.25	2.44	8.42%
6	Consumer Affairs, Food and Public Distribution	2.15	2.38	10.58%
7	Chemicals and Fertilizers	1.86	2.18	16.91%
8	Rural Development	1.79	1.85	3.05%
9	Agriculture and Farmers Welfare	1.40	1.33	-4.88%
10	Education	1.11	1.17	5.64%

Source: CGA



Source: CGA

Major Subsidies

(Amt in Rs. Cr)

	FY2025	FY2026	YoY%
Food	1,99,867	2,28,090	14.12%
Nutrient Based Fertilizers	52,810	75,000	42.02%
Urea	1,20,880	1,36,380	12.82%
Petroleum	14,479	14,385	-0.65%
Total Major Subsidies	3,88,036	4,53,854	16.96%

Source: CGA

Views:

- ☞ The provisional fiscal deficit for FY26 closing at 4.40% of GDP and hitting 97.5% of the Revised Estimates reflects fiscal discipline. Restraining the deficit below the target of ₹15.58 lakh crore demonstrates the government's successful commitment to a sustainable consolidation path without compromising overall expenditure quality.
- ☞ Total revenue receipts grew by a healthy 8.8% year-on-year, primarily anchored by an 11.39% surge in Corporation Tax and indirect tax momentum via GST (up 8.3%).

- ☞ While revenue receipts improved, the quality of revenue expenditure remains under pressure due to a sharp 16.96% spike in major subsidies. The steep increase in Nutrient Based Fertilizers (42.02%) and Food subsidies (14.12%) pushed the final Revenue Deficit slightly over its revised targets to 101.3%, signaling that welfare commitments continue to consume a sizeable portion of the fiscal framework.
- ☞ Capital expenditure reached ₹10.69 lakh crore, but its year-on-year growth slowed down to just 1.6%. While core structural sectors like Defence (up 15.04%) and Road Transport (up 2.10%) maintained momentum, the broader moderation in Capex growth indicates a shift toward consolidation, leaving space for private capital expenditure to create a multiplier effect across the economy.
- ☞ Looking forward, the structural health of the fiscal balance sheet remains robust, supported by strong non-tax revenues hitting 101.7% of estimates. However, maintaining this consolidation trajectory in the coming quarters will require striking a fine balance between managing sticky revenue expenditures, especially subsidies, interest payments and reviving the momentum of asset-creating capital outlays.

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