Economic Intelligence Cell
Anoop Varghese, Economist

Macro Insights

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Fiscal deficit stands at 18.2% of target as of June 2026 as against 17.9% a year ago

The government's fiscal deficit in June 2026 came in at ₹3.08 lakh crore amounting to 18.2% of the Budget Estimates (BE) vis-à-vis ₹2.81 lakh crore i.e. 17.9% of BE during the same period last year.

Highlights:

- Govt.'s total expenditure stood ₹13.57 lakh crore reaching 25.4% of the BE in June 2026. This compares to ₹12.22 lakh crore recorded in the same period last year i.e. 24.1% of estimate.
- Capital expenditure amounting to ₹3.40 lakh crore in June 2026 reached 27.8% of the BE, compared to 24.5% during last year.
- Total revenue receipts of ₹10.49 lakh crore accounted for 28.7% of the BE, up when compared with 26.9% during the same period last year.

Government of India Accounts (June 2026) **(₹ Lakh Crore)**

	Budget Estimates 2026-2027	Actuals upto June 2026	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	35.33	10.14	28.7%	26.7%
Net Tax Revenue	**28.67**	**6.37**	**22.2%**	**19.0%**
Non-Tax Revenue	6.66	3.78	56.7%	64.0%
Total Receipts	36.52	10.49	28.7%	26.9%
Revenue Expenditure	41.25	10.17	24.6%	24.0%
Of which Interest Payments	14.04	3.46	24.7%	30.2%
Capital Expenditure	**12.22**	**3.40**	**27.8%**	**24.5%**
Total Expenditure	53.47	13.57	25.4%	24.1%
Fiscal Deficit	**16.96**	**3.08**	**18.2%**	**17.9%**
Revenue Deficit	5.92	0.03	0.4%	6.4%
Primary Deficit	2.92	-0.39	-13.2%	-36.0%

Source: CGA

☞ For the month of June 2026, revenue receipts had grown by 11.04% year-on-year. The government's net tax revenue increased by 17.82% year-on-year in June 2026.

Insights on Tax Collection in June 2026 **(₹ Lakh Crore)**

Parameters	June'25 (3 M)	June'26 (3 M)	YoY%
Gross Tax Revenue	8.69	9.01	3.67%
Corporate Tax	1.73	2.07	19.73%
Income Tax	2.86	3.05	6.85%
Customs	0.42	0.58	36.14%
Net GST Revenue	5.04	5.40	7.15%

Source: CGA

Major Subsidies **(Amt in Rs. Cr)**

	June'25 (3 M)	June'26 (3 M)	YoY%
Food	42277	49864	17.95%
Nutrient Based Fertilizers	9499	11632	22.46%
Urea	31523	53034	68.24%
Petroleum	255	282	10.38%
Total Major Subsidies	83554	114812	37.41%

Source: CGA

Views & Outlook:

☞ Total revenue receipts reached ₹10.49 lakh crore (28.7% of BE) as of June 2026, supported by resilient economic momentum. A standout driver in this quarter is the direct tax collections: personal income tax collections reached ₹3.05 lakh crore (registering a steady 6.85% year-on-year growth over June 2025's ₹2.86 lakh crore), while corporate tax surged by 19.73% to ₹2.07 lakh crore.

- Simultaneously, customs duties witnessed a sharp expansion of 36.14% (touching ₹0.58 lakh crore), and Net GST revenue maintained a stable 7.15% trajectory at ₹5.40 lakh crore. Non-tax revenue also remains exceptionally strong at 56.7% of BE (₹3.78 lakh crore), heavily underpinned by the RBI's record-breaking surplus transfer of ₹2.87 lakh crore to the central government.
- The domestic growth outlook has been moderately revised, with the RBI maintaining a realistic stance on real GDP growth even as high-frequency indicators show sustained resilience. Geopolitical frictions in West Asia have kept global energy markets volatile, pushing the Indian crude basket higher and adding friction to input costs.
- Despite currency fluctuations and elevated energy prices, India's external buffers remain formidable, supported by steady foreign direct investment and robust foreign exchange reserves that insulate the domestic market from global crosscurrents.
- Although recent geopolitical situations have occasionally strained energy channels, ongoing diplomatic engagements and calibrated government support continue to shield sensitive sectors and moderate domestic inflationary pressures.
- With the Q1 fiscal deficit touching 18.2% of the full-year target, managing the spikes in fertilizer subsidies is vital to keep the capex expansion on track and hit the mandated 4.3% GDP consolidation glide path.
- With direct tax collections including steady personal income tax streams and robust corporate tax receipts performing well alongside strong non-tax inflows, the Union Budget's full-year fiscal deficit target of 4.3% of GDP remains achievable. Policymakers must tightly manage non-developmental revenue spending to shield front-loaded capital expenditure, sustaining a stable macroeconomic balance between growth-driving infrastructure investments and strict fiscal consolidation.

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For any feedback or valuable suggestions: *Reach us at eicsmead@pnb.bank.in*