

Macro Insights

01st April 2026

Fiscal deficit stands at 80.4% of target as of February 2026 as against 85.8% a year ago

The government's fiscal deficit till February 2026 period came in at ₹12.53 lakh crore amounting to 80.4% of the Revised Estimates (RE) vis-à-vis ₹13.47 lakh crore i.e. 85.8% of RE during the same period last year.

Highlights:

- ☞ Govt.'s total expenditure stood 40.45 lakh crore reaching 81.5% of the RE during April-February 2026. This compares to ₹38.93 lakh crore recorded in the same period last year i.e. 82.5% of estimate.
- ☞ Capital expenditure amounting to ₹9.29 lakh crore during April-February 2026 reached 84.8% of the revised target compared to 79.7% during last year.
- ☞ Total revenue receipts of ₹27.92 lakh crore accounted for 82.0% of the RE, marginally up from 80.9% last year during the same period, due to better achievement in net tax revenue.

Government of India Accounts (April – February 2026) (₹ Lakh Crore)

	Revised Estimates 2025-2026	Actuals Apr'25-Feb'26	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	33.42	27.26	81.6%	81.2%
Net Tax Revenue	26.75	21.45	80.2%	78.8%
Non-Tax Revenue	6.68	5.81	87.0%	92.9%
Total Receipts	34.06	27.92	82.0%	80.9%
Revenue Expenditure	38.69	31.15	80.5%	83.3%
<i>Of which Interest Payments</i>	12.74	10.65	83.6%	83.7%
Capital Expenditure	10.96	9.29	84.8%	79.7%
Total Expenditure	49.65	40.45	81.5%	82.5%
Fiscal Deficit	15.58	12.53	80.4%	85.8%
Revenue Deficit	5.27	3.89	73.8%	93.8%
Primary Deficit	2.84	1.87	65.9%	91.3%

Source: CGA

- By the end of February 2026, revenue receipts had grown by 8.7% year-on-year. The government's net tax revenue increased at a pace of 6.4% year-on-year during April to February 2026, below the 9.0% growth recorded in the same period of FY25.

Insights on Tax Collection till February 2026
(₹ Lakh Crore)

Parameters	Apr'24- Feb'25	Apr'25- Feb'26	YoY%
Gross Tax Revenue	32.04	34.20	6.72%
Corporation Tax	7.67	8.63	12.44%
Income Tax	9.91	10.00	0.88%
Customs	2.05	2.41	18.00%
Union Excise Duties	2.50	2.79	11.32%

Source: CGA

- From April to February 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 remarkable jump, climbing by approximately 14.5% year-on-year to ₹9.29 lakh crore, up from ₹8.12 lakh crore a year ago.
- Revenue expenditure only showed marginal growth of 1.1% when compared with the same period last year.

Top 10 Ministries by Expenditure till February 2026
(₹ Lakh Crore)

Sl. No.	Ministry	Apr'24- Feb'25	Apr'25- Feb'26	YoY%
1	Finance	14.26	14.66	2.85%
2	Defence	5.63	6.40	13.68%
3	Road Transport and Highways	2.47	2.68	8.14%
4	Railways	2.51	2.64	5.04%
5	Home affairs	2.05	2.22	8.29%
6	Consumer Affairs, Food and Public Distribution	2.00	2.21	10.54%
7	Chemicals and Fertilizers	1.66	1.81	9.35%
8	Rural Development	1.35	1.13	-16.63%
9	Agriculture and Farmers Welfare	1.22	0.92	-24.21%
10	Education	0.85	0.92	8.56%

Source: CGA

Views and Outlook:

- ☞ In the Union Budget for 2026-27, the government has set the fiscal deficit target at 4.4% of GDP for FY26, with a slight reduction to 4.3% projected for FY2026-27. This approach aligns with its borrowing strategy and demonstrates a balanced fiscal stance, combining prudent spending with targeted economic incentives to stimulate growth, largely by boosting non-tax revenues and prioritizing capital investments.
- ☞ The ongoing conflict between the US and Iran poses a serious risk to India's fiscal deficit, largely due to the "scissors effect"—a combination of rising costs and declining revenues. As the world's third-largest oil importer, India is experiencing a sharp increase in its subsidy expenses for fertilizers and cooking gas, driven by crude oil prices soaring above \$100 per barrel. The closure of the Strait of Hormuz, which handles 40% of India's crude imports, further exacerbates the situation.
- ☞ To shield consumers from these price shocks, the government has kept retail petrol and diesel prices steady. This policy has forced state-run oil companies to absorb losses or prompted the government to reduce excise duties, directly impacting the treasury.
- ☞ Nevertheless, given the current macroeconomic environment, it is anticipated that the government will meet its FY26 deficit goal and continue a path of fiscal discipline. Looking ahead, leveraging advanced technology to improve tax compliance, simplifying processes to attract greater investment, and strengthening public-private partnerships in infrastructure will be key to sustaining economic growth and fiscal stability. Ongoing vigilance, regular monitoring of economic indicators, and timely policy adjustments will enable the government to stay on track with its fiscal deficit objectives.

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