Macro Insights

01st December 2025

Fiscal deficit stands at 52.6% of target as of October 2025 as against 46.5% a year ago

The government's fiscal deficit till October 2025 period came in at ₹8.25 lakh crore amounting to 52.6% of the Budgeted estimates (BE) vis-à-vis ₹7.50 lakh crore i.e. 46.5% of BE during the same period last year.

Highlights:

- Govt.'s total expenditure stood at ₹26.26 lakh crore reaching 51.8% of the BE during April-October 2025. This compares to ₹24.74 lakh crore recorded in the same period last year i.e. 51.3% of estimate.
- Capital expenditure amounting to ₹6.18 lakh crore during April-October 2025 reached 55.1% of the budgeted target compared to 42.0% during last year.
- Total receipts of ₹18.00 lakh crore accounted for 51.5% of the BE, down from 53.7% last year during the same period, due to lower achievement in net tax revenue (44.9%) compared to (50.5%) last year.

Government of India Accounts (April - October 2025) **(₹ Lakh Crore)**

	Budget Estimates 2025-2026	Actuals Apr'25-Oct'25	% of Actuals to Budget Estimates	
			Current	Corresponding Period Previous Year
Revenue Receipts	34.20	**17.63**	**51.6%**	54.5%
Net Tax Revenue	**28.37**	**12.74**	**44.9%**	**50.5%**
Non-Tax Revenue	5.83	4.89	**83.9%**	73.2%
Total Receipts	34.96	18.00	**51.5%**	53.7%
Revenue Expenditure	39.44	20.08	**50.9%**	54.1%
Of which Interest Payments	12.76	6.74	**52.8%**	51.3%
Capital Expenditure	**11.21**	**6.18**	**55.1%**	**42.0%**
Total Expenditure	50.65	26.26	**51.8%**	51.3%
Fiscal Deficit	**15.69**	**8.25**	**52.6%**	**46.5%**
Revenue Deficit	5.24	2.44	**46.7%**	52.2%
Primary Deficit	2.93	1.51	**51.8%**	34.3%

Source: CGA

Views and Outlook:

- By the end of October, revenue receipts had grown by 3.5% year-on-year, largely supported by dividend transfers from the Reserve Bank of India. The government's gross tax revenue increased at a modest pace of 4.0% year-on-year during April to October 2025, well below the 10.8% recorded in the same period of FY25. This slower growth was mainly due to changes in income tax slabs and an unfavourable base effect.

Insights on Tax Collection till October 2025 **(₹ Lakh Crore)**

Parameters	Apr'24-Oct'24	Apr'25-Oct'25	YoY%
Gross Tax Revenue	20.33	21.14	4.02%
Corporation Tax	4.88	5.13	5.18%
Income Tax	6.26	6.70	6.89%
Union Excise Duties	1.51	1.63	7.95%

Source: CGA

- From April to October 2025, GST collections among indirect taxes recorded a moderate growth rate of 9.0% compared to the previous year.
- On the expenditure side, capital expenditure saw a remarkable jump, climbing by approximately 32.4% year-on-year to ₹6.18 lakh crore, up from ₹4.67 lakh crore a year ago. This surge was primarily driven by a substantial 79.8% increase in loans disbursed. The momentum in capex continues to build, as it has steadily risen from around 1.6% of GDP in FY 2014-15 to 3.1% of GDP in the FY 2025-26 budget.
- Revenue expenditure was almost same when compared with the same period last year.

Top 10 Ministries by Expenditure till October 2025 **(₹ Lakh Crore)**

Ministry	Apr'24-Oct'24	Apr'25-Oct'25	YoY%
Finance	8.72	8.74	0.28%
Defence	3.49	4.12	17.95%
Railways	1.82	1.96	7.55%
Consumer Affairs, Food and Public Distribution	1.53	1.72	12.66%
Road Transport and Highways	1.48	1.86	25.91%
Home affairs	1.40	1.46	4.09%
Chemicals and Fertilisers	1.03	1.16	12.77%
Rural Development	0.94	0.84	-10.52%
Agriculture and Farmers Welfare	0.76	0.64	-15.99%
Health and Family Welfare	0.55	0.56	1.99%

Source: CGA

- In the 2025-26 Union Budget, the government set a fiscal deficit target of 4.4% of GDP for FY26, reaffirming its commitment to keeping the deficit below 4.5% as previously outlined. This target aligns with the established borrowing plans for the latter half of the year and reflects a prudent approach to fiscal management. Thus far, the government's strategy demonstrates a careful balance between spending and tightening policies, with economic growth supported by robust non-tax revenue and increased capital investment.
- However, the lower tax collections observed so far highlight the need for improved revenue generation in the remaining months. Considering the current economic environment, it seems likely that the government will be able to meet its fiscal deficit goal for FY26, provided it continues to prioritize revenue enhancement and maintain fiscal discipline.
- Additionally, leveraging advanced technology to enhance tax compliance, simplifying business processes to encourage investment, and promoting collaboration between the public and private sectors in infrastructure projects will be crucial for supporting sustained economic growth and fiscal discipline. The government must maintain careful fiscal oversight, closely track key economic indicators, and implement responsive policy actions to ensure continued progress toward meeting its fiscal deficit targets for FY26.

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