

Fiscal deficit at 29.9% of BE in Apr-July FY26: CGA

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The Centre's fiscal deficit for the first four months of 2025-26 (FY26) expanded to 29.9 per cent of the budget estimates (BE) comparable to ₹4.7 trillion from ₹2.8 trillion or 17.2 per cent of BE for the April-July period of FY25, according to data released by the Controller General of Accounts (CGA) on Friday.

The net tax revenue stood at 23.3 per cent of BE in April-July of FY26, compared to 27.7 per cent in the corresponding period of FY25.

“Going forward, we expect the situation regarding net exports to continue to face challenges. As such, the Government of India (GoI) has to continue to provide fiscal support to overall growth, through an emphasis on capital expenditures, and activate efforts for improving its tax revenue performance,” said D K Srivastava, chief policy advisor, EY India.

Contraction in the personal income tax collections in July 2025 — due to an extension of the deadline to file income tax returns and an adverse base — pulled down the performance of gross tax revenues in the month, experts said. Net tax revenues in April-July FY26 contracted by 7.5 per cent, the CGA data showed. Non-tax revenues surged by 34 per cent year-on-year (Y-o-Y) due to the receipt of the higher-than-budgeted dividend from the Reserve Bank of India (RBI).

The capital expenditure for April-July FY26 stood at 30.9 per cent of the FY26BE, rising by 32.7 per cent compared to last year, according to the CGA data. Last year the capex was curtailed because of elections. In April-July FY26, it was ₹3.46 trillion while in April-July FY25, it was ₹2.61 trillion.