

Capex grew 18% during April-Aug; fiscal deficit widened to 41% of BE

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Capital expenditure recorded over 18 per cent growth during the April-August period of the current fiscal, data from Controller General of Accounts (CGA) released on Wednesday showed. However, lower growth of tax collection pushed fiscal deficit over 41 per cent of the Budget Estimates (BE) during the period and experts see pressure on the gap between income and expenditure.

The deficit was at 38.1 per cent of BE of 2025-26 during the corresponding period of last year. In absolute terms, fiscal deficit, or the gap between the government's expenditure and revenue, was over ₹ 7 lakh crore during the five-month period. This is

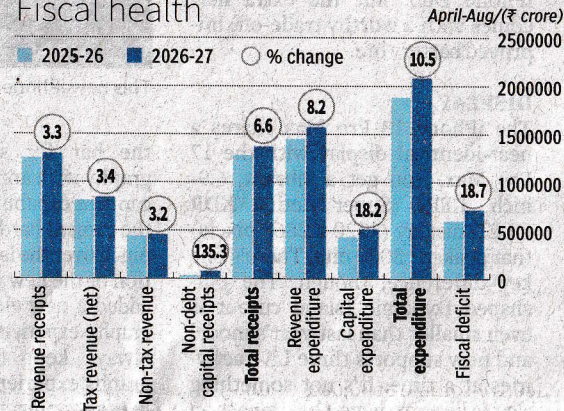
nearly 19 per cent higher than the corresponding period of the last fiscal.

TAX REVENUE UP

According to the CGA, the Centre's net tax revenue up to August 2026 was about ₹ 8.38 lakh crore, or 29.2 per cent of the corresponding BE of 2026-27 of total receipts. In the corresponding period of the previous fiscal year, the net tax revenue was at 28.6 per cent of that year's BE.

The data on monthly accounts showed that the total expenditure during the first five months was at about ₹20.78 lakh crore, or 38.9 per cent of BE. In the year-ago period, it was 37.1 per cent of BE. Experts see mixed trends in government fiscal. According to DK Srivastava, Chief Policy Advisor at EY India, based on fiscal data for five

Fiscal health



months of 2026-27 provided by the CGA, some fiscal pressures are becoming apparent. The government's gross tax revenues (GTR) in this period showed a y-o-y growth of only 6.5 per cent which translated to a growth of 3.4 per cent in net tax revenues after trans-

fers to the States. Direct taxes showed a fall in their monthly growth rates in August.

However, for the five-month period spanning April to August 2026, corporate income tax (CIT) and personal income tax (PIT) growth were still healthy at 15.4 per cent

and 12.3 per cent, respectively. But indirect taxes contracted by (-)2.7 per cent, pulled down mainly by a contraction of (-) 3.4 per cent in GST revenues and of (-)22.6 per cent in excise duties.

On the expenditure side, growth in capital expenditure, though lower than the growth of 29.9 per cent in the first four months, remained healthy at 18.2 per cent during April to August.

Madan Sabnavis, Chief Economist with Bank of Baroda, opined that given that the economy is expected to grow by a little over 7 per cent in real terms and above 11 per cent in nominal terms, the fiscal deficit ratio should largely be contained in the region of 4.5-4.6 per cent this year assuming some slippage in non-tax revenue due to the OMCs not generating profit.