

Centre's Q1 capex at 24.5% of FY26 BE

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The government's capital expenditure (capex) in the first quarter of 2025-26 (Q1FY26) reached ₹2.75 trillion or 24.5 per cent of the Budget Estimates (BE), higher than the subdued utilisation of 16.3 per cent in Q1FY25 due to the model code of conduct, showed data released by the Controller General of Accounts (CGA) on Thursday.

The net tax revenue of ₹5.4 trillion stood at 19 per cent of the BE in Q1FY26 compared to 21.3 per cent in Q1FY25, registering a contraction of 2 per cent year-on-year (Y-o-Y).

The capex for Q1FY26, however, was lower than 27 per cent of BE in pre-election Q1FY24, the CGA data showed. Capex grew by 52 per cent Y-o-Y in Q1FY26 but was 1 per cent lower than Q1FY24 utilisation.

Finance Minister Nirmala Sitharaman recently said that the government had kept pace

on capex, which is one of the primary drivers of sustained economic growth. She added that India's private sector investment had not kept pace with the growing public expenditure.

The loans disbursed to states also showed an increase in Q1FY26 at 31 per cent of BE compared to 15.6 per cent in Q1FY25, indicating the thrust being given to capex by the Centre through states.

"Tepid direct tax collections in June 2025 pulled down the performance of gross tax revenues in the month, although this was driven by an adverse base,

even as devolution to states maintained at a robust pace," said Aditi Nayar, chief economist, Icra. She added that the healthy growth in the capex number is likely to have supported investment demand, auguring well for the gross domestic product (GDP) growth print for the quarter.



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