

# Fiscal Deficit until February Eases to 80.4% of FY26 Target

Net tax revenue up, revenue spending growth subdued

## Our Bureau

**New Delhi:** The central government's fiscal deficit in the first 11 months of this financial year touched 80.4% of the annual target, compared with 85.8% a year before, as net tax revenue improved in recent months while revenue spending growth remained subdued, official data released on Monday showed.

In absolute terms, the fiscal deficit between April and February stood at ₹12.53 lakh crore, against ₹13.47 lakh crore a year ago. The government has pegged the FY26 deficit at ₹15.58 lakh crore.

The moderation, said experts, will enable the government to rein in its FY26 fiscal deficit target in absolute terms.

"Despite slower nominal GDP growth, fiscal deficit has been contained due to muted revenue expenditure growth this FY (even as capex rose over 14%)," said India Ratings chief economist DK Pant. "The quality of deficit is expected to improve," he added.

The data showed that the net tax revenue until February this fiscal rose 6% from a year before to Rs 21.45 lakh crore.

Non-tax revenue rose 17.8% until February to Rs 5.81 lakh crore, while total receipts rose 9.6% to Rs 27.92 lakh crore.

Meanwhile, the government has kept a lid on its revenue expenditure, which inched up just 1% until February to Rs 31.15 lakh crore. However, capital spending rose 14.5% in the first 11 months of the fiscal to Rs 9.29 lakh crore, pushing up total expenditure by 3.9% to Rs 40.44 lakh crore.

ICRA chief economist Aditi Nayar expected fiscal deficit to print at 4.5% of GDP in FY26, higher than the revised estimate of 4.4%, due to a recent downward revision in the nominal GDP number under the new series.