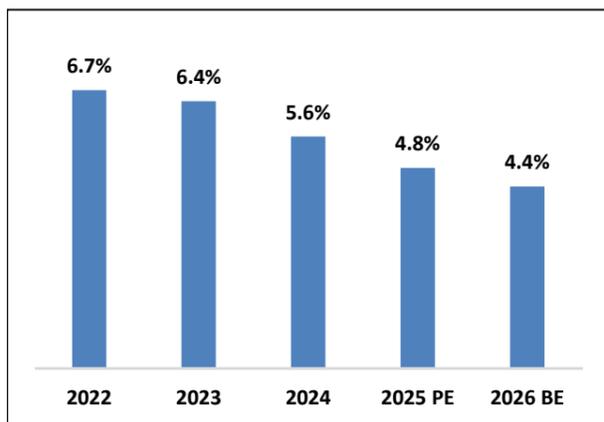
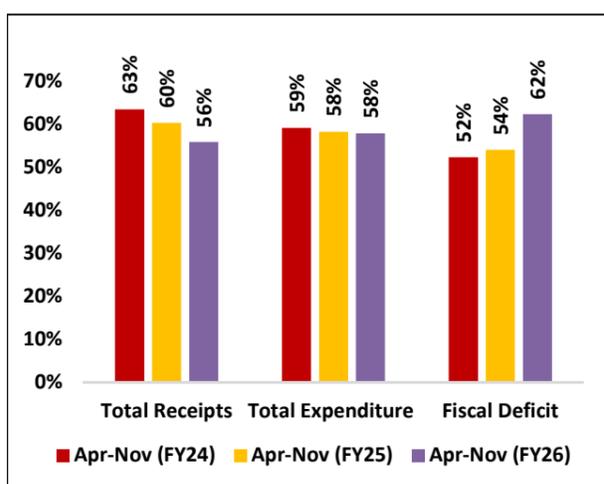


Fig.1. Trends in Fiscal Deficit:



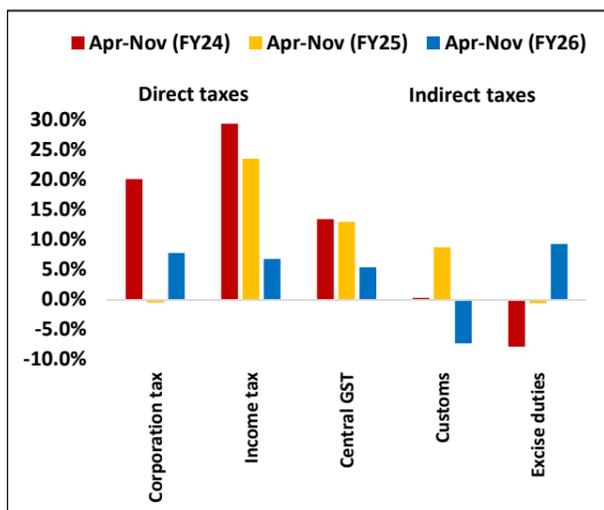
Source: Budget documents, CEIC & UBI Research

Fig.2. April-Nov FY26 Fiscal deficit at 62% of BE as growth in revenues lag behind expenditure growth; (% of revised / budgeted estimates)



Source: Budget documents, CEIC & UBI Research

Fig.3. Tax revenue growth continues to be sluggish when compared to previous year trends; (% , y/y)



Source: CEIC, CGA, Budget documents & UBI Research

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Fiscal data Nov'25: Pro-growth govt spending momentum even as tax revenues lag

India's fiscal position during April-November FY26 suggests that concerns around lagging tax revenues and adherence to FY26 budget targets have resurfaced. The fiscal deficit stood at Rs. 9.77 lakh crore, accounting for 62% of the Budget Estimate (BE), compared with Rs. 8.47 lakh crore (54% of RE) in the corresponding period last year—reflecting a 15.4% year-on-year increase. The higher deficit was primarily driven by front-loaded capital expenditure, which rose 28% year-on-year during the period. The widening of the deficit reflects an investment led fiscal strategy rather than consumption driven expansion, which improves the quality of fiscal adjustment and strengthens medium term growth prospects. Revenue expenditure, however, remained subdued, even as overall receipts recorded modest growth, aided by a higher-than-budgeted RBI dividend and robust non debt capital receipts.

Expenditure trends: Capex-led expansion with revenue discipline

Total expenditure increased 6.7% year-on-year to Rs. 29.26 lakh crore (58% of BE) during Apr-Nov FY26, up from Rs. 27.41 lakh crore in the same period last year. November expenditure grew 12.4% year-on-year. With Rs. 21.4 lakh crore still to be spent to meet the budgeted expenditure of Rs. 50.65 lakh crore, spending momentum is expected to remain strong in the remaining months of the fiscal year.

- Revenue expenditure stood at Rs. 22.7 lakh crore, almost flat from last year's Rs.22.3 lakh crore, but jumped 18% year-on-year in November.
- Capital expenditure, while lower in the month of November, rose sharply on a year-to-date basis, increasing 28% year-on-year to Rs. 6.58 lakh crore, equivalent to 59% of the BE, compared with Rs. 5.14 lakh crore in Apr-Nov FY25.
- Share of capex in total expenditure stands at 22.5% for Apr-Nov FY26 period compared to 18.7% for the corresponding period last year.
- Subsidy expenditure increased marginally by 3% year-on-year to Rs. 2.88 lakh crore, driven largely by a 42% jump in petroleum subsidies.
- Overall, the composition of spending continues to tilt decisively toward productive public investment, reinforcing fiscal credibility and growth sustainability.

Receipts: Muted growth in tax revenue but strong non-tax revenues

Total receipts increased just 3% year-on-year to Rs. 19.5 lakh crore (56% of FY26 BE) during Apr-Nov FY26. However, receipts declined 13% year-on-year in November, broadly contributed by decline in all segments especially tax revenues in the month; net tax revenues declined 13.6%, weighing on overall receipts. Consequently, gross tax revenue achieved 55% of BE, down from 58.7% a year earlier.

- Income tax collections remained more or less flat in November at Rs. 0.79 lakh crore from Rs.0.74 lakh crore in Nov last year but lifting year-to-date growth to 6.8% (Rs. 7.48 lakh crore).
- Corporate tax collections improved 7.8% y/y to Rs. 5.51 lakh crore during Apr-Nov FY26, compared with Rs. 5.12 lakh crore during Apr-Nov FY25.
- GST collections increased 5.4% year-on-year to Rs. 6.4 lakh crore, achieving 54% of the BE target. November collections' growth was flat at 0.7% year-on-year suggesting volume led resilience is now starting to fade.
- Customs duties declined 7.3% year-on-year, though collections reached 59.5% of BE.
- Non-tax revenues rose 21% year-on-year to Rs. 5.16 lakh crore (89% of BE), primarily driven by a robust RBI dividend of Rs.2.6 lakh crore exceeding the budgeted target of Rs.2.1 lakh crore. While this provides a meaningful fiscal buffer, it also highlights the one-off nature of a portion of non-tax receipts, underscoring the need for sustained tax momentum.
- Non-debt capital receipts grew 62.5% to Rs. 0.39 lakh crore, compared with Rs. 0.24 lakh crore last year. With a BE of Rs. 0.76 lakh crore, the target appears achievable, supported by expected bank disinvestment proceeds.

Fiscal financing: Borrowings programme remains on track

- Market borrowings during Apr-Nov FY26 rose 68% year-on-year to Rs. 5.45 lakh crore, remaining aligned with the government's borrowing calendar.
- Small savings collections increased 26% year-on-year to Rs. 3.02 lakh crore exceeding expectations despite a reduced FY26 target, reflecting strong retail participation.
- Net public account inflows improved to Rs. 1.39 lakh crore, significantly above budgeted levels (Rs. 0.41 lakh crore), though this remains the most volatile financing component.
- The government's cash balance declined by Rs. 1.39 lakh crore in November, bringing it down to Rs. 0.82 lakh crore, with a cumulative build-up of only Rs. 3620 crore so far in FY26, which is likely to be drawn down in the coming months.

Overall assessment

- With the GST compensation cess largely phased out, states' own revenue performance and borrowing behaviour will play an increasingly important role in shaping consolidated govt finances. While central finances appear on track, sustained fiscal consolidation will depend on coordinated capex execution and revenue mobilization at both levels of govt. The fiscal strategy continues to rely on tax growth alongside sustained capital expenditure, despite income tax and GST rate cuts. Net tax revenue target achieved is 49% of the Budgeted target; with 51% of the budgeted target to be met in remaining four months of the financial year, the task poses some challenge to meet. The current fiscal stance remains broadly consistent with the medium term consolidation path, provided revenue buoyancy continues and expenditure quality is maintained.

Fig 4. Fiscal deficit in Apr-Nov FY26 at 62% of BE versus 54% in corresponding period in FY25

Fiscal Numbers (Rs Lakh Cr)								
Parameter	Nov'24	Apr-Nov (FY25)	Nov'25	Apr-Nov (FY26)	Nov'25 (% YoY)	Apr-Nov (FY26) (% YoY)	FY26 (BE)	% of Actuals to FY26 BE
Revenue Receipts	1.66	18.70	1.47	19.10	-11.6%	2.1%	34.20	56%
Net Tax Revenue	1.38	14.43	1.20	13.94	-13.6%	-3.4%	28.37	49%
Non Tax Revenue	0.28	4.27	0.27	5.16	-1.6%	20.9%	5.83	89%
Non Debt capital receipts	0.05	0.24	0.02	0.39	-64.4%	62.5%	0.76	51%
Total Receipts	1.71	18.94	1.49	19.49	-13.2%	2.9%	34.96	56%
Revenue expenditure	2.20	22.28	2.60	22.68	18.0%	1.8%	39.44	57%
Capex	0.47	5.14	0.40	6.58	-13.8%	28.2%	11.21	59%
Total Expenditure	2.67	27.41	3.00	29.26	12.4%	6.7%	50.65	58%
Fiscal Deficit / Surplus	-0.96	-8.47	-1.52	-9.77	58.2%	15.4%	-15.69	62%

Fig. 5. Market borrowings continue to be the biggest contributor to finance the fiscal deficit followed by securities against small savings (Rs. lakh crore)

Parameter	Apr-Nov (FY23)	Apr-Nov (FY24)	Apr-Nov (FY25)	Apr-Nov (FY26)
External Financing	0.15	0.10	0.17	0.00
Domestic Financing	9.63	8.96	8.30	9.77
Market borrowings	8.80	8.12	3.25	5.45
Securities against small savings	2.46	3.18	2.40	3.02
State provident funds	-0.05	-0.04	-0.05	-0.08
Special deposits	-0.19	-0.09	-0.13	-0.03
Public account	0.11	0.94	1.10	1.39
Cash Balance drawdown	-1.55	-2.71	1.68	-1.42
Cash Balance	0.05	0.05	0.04	0.04
Ways & means advances	0.00	-0.49	0.00	0.00
Total Financing	9.78	9.07	8.47	9.77

Fig. 6. Tax Revenue growth in Apr-Nov'FY26 period stays muted (Rs. lakh crore)

Tax components	Apr-Nov (FY23)	Apr-Nov (FY24)	YoY growth %	Nov'24	Apr-Nov (FY25)	YoY growth %	Nov'25	Nov'25 (% YoY)	Apr-Nov (FY26)	YoY growth %	(FY26) BE	% of Actuals to (FY26) BE
Direct												
Corporation tax	4.28	5.14	20.1%	0.24	5.12	-0.5%	0.38	61.2%	5.51	7.8%	10.8	51.0%
Income tax	4.39	5.67	29.4%	0.74	7.01	23.5%	0.79	5.8%	7.48	6.8%	14.4	52.0%
Indirect												
Central GST	4.71	5.35	13.4%	0.82	6.04	12.9%	0.83	0.7%	6.36	5.4%	11.8	54.0%
Customs	1.41	1.42	0.3%	0.22	1.54	8.7%	0.14	-36.3%	1.43	-7.3%	2.4	59.5%
Excise duties	1.91	1.76	-7.9%	0.24	1.75	-0.6%	0.28	17.5%	1.91	9.3%	3.2	60.3%
Others	1.10	1.08	-1.9%	0.02	1.15	7.2%	-0.20	1082.2%	0.66	-42.8%	0.15	433.5%
Gross Tax Revenue	17.81	20.42	14.7%	2.28	22.61	10.7%	2.22	-2.8%	23.36	3.3%	42.7	54.7%

Fig. 7. Revex ex interest and subsidies require a high growth rate to meet fiscal target

Rs lakh crore	FY26 (BE)	Apr-Nov' FY26	Gap from Budget	Growth needed in Dec-Mar' FY26 to meet BE target (% y/y)
Total exp	50.65	29.26	21.39	11.7%
Capex	11.21	6.58	4.63	-14.0%
Interest payments	12.76	6.74	6.03	31.6%
Subsidies	3.83	2.47	1.37	25.7%
Revex ex interest & subsidies	39.44	20.08	19.36	40.7%

Source: CGA, Budget documents, CEIC, UBI Research

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