सत्यमेव जयते

**GOVERNMENT OF INDIA**

# Statement on half yearly review of the trends in receipts and expenditure in relation to the budget at the end of the financial year 2025-26

# and

# Statement explaining deviation in meeting the obligations of the Government under the Fiscal Responsibility and Budget Management Act, 2003

(As required under Section 7(1) and Section 7(3)(b) of the Fiscal Responsibility and Budget Management Act, 2003)

**Ministry of Finance**

**CONTENTS**

## 1. Macro-Economic Backdrop

India's economic growth, measured by growth in Gross Domestic Product (GDP) at constant (2022-23) prices, has been estimated at 7.9 per cent for the second half (H2) (October-March) of FY 2025-26, as compared to 7.6 per cent in H1 (April-September) of FY 2025-26 and 7.2 per cent in the H2 of FY 2024-25. Growth in gross value added at constant basic prices for H2 of FY 2025-26 has been estimated at 7.9 per cent, compared with 7.8 per cent in H1 of FY 2025-26 and 7.5 per cent in H2 of FY 2024-25.

Inflation based on Consumer Price Index (CPI) (Combined) during H2 of FY 2025-26 was 1.8 per cent as compared to 4.7 per cent during the corresponding period of the previous year. Inflation based on the Wholesale Price Index (WPI) during H2 of FY 2025-26 was 1.0 per cent as compared to 1.8 per cent during the corresponding period of the previous year.

Merchandise exports at current prices stood at USD 222.2 billion in H2 of FY 2025-26, registering a marginal decline of 0.8 per cent from USD 224.0 billion in the corresponding period of the previous year. Merchandise imports increased by 10.0 per cent to USD 398.7 billion in H2 of FY 2025-26, compared with USD 362.3 billion in H2 of FY 2024-25. The merchandise trade deficit stood at USD 176.5 billion in H2 of FY 2025-26, compared with USD 138.3 billion in the corresponding period of the previous year.

India's current account deficit remained unchanged at 0.6 per cent of GDP (USD 25.2 billion) in FY 2025-26, compared with 0.6 per cent of GDP (USD 22.9 billion) in the previous year, primarily due to higher net invisibles receipts.

Foreign Direct Investment into India increased to USD 15.7 billion during H2 of FY 2025-26, compared with USD 13.6 billion in the corresponding period of the previous year. Net foreign portfolio outflows moderated to USD 13.7 billion in H2 of FY 2025-26 from USD 17.2 billion in H2 of FY 2024-25. Net foreign institutional investment outflows stood at USD 17.4 billion in H2 of FY 2025-26 vis-à-vis outflows of USD 13.6 billion in H2 of FY 2024-25.

India's foreign exchange reserves stood at USD 691.1 billion at the end of March 2026 as compared to USD 668.3 billion at the end of March 2025. The average exchange rate was ₹90.3 per

USD during H2 of FY 2025-26 as compared to ₹85.6 per USD in the corresponding period of the previous year.

## 2. Review of Trends in Receipts and Expenditure in FY 2025-26

Fiscal Deficit (FD) for FY 2025-26 was budgeted at 4.4 per cent of GDP, which worked out to ₹15.69 lakh crore. In BE 2025-26, Gross Tax Revenue (GTR) was estimated at ₹42.70 lakh crore which reflected a growth of 12.5 per cent over GTR of FY 2024-25 (₹37.96 lakh crore). Total expenditure was estimated at ₹50.65 lakh crore (BE 2025-26) compared to actual expenditure of ₹46.53 lakh crore in FY 2024-25 reflecting a growth of 8.9 per cent over previous year's actuals.

The target for Fiscal Deficit was 4.4 per cent of GDP as per Budget Estimates (BE) and Revised Estimates (RE) 2025-26. Fiscal Responsibility and Budget Management Act, 2003 stipulates that the Central Government shall limit Fiscal Deficit to 3% of GDP by March 31st, 2021. In this regard, a statement of deviation explaining the reasons for the deviation and the path of return to annual prescribed targets, as per the provisions of Section 4(5) of the FRBM Act 2003, was included in the Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement (MTFP cum FPSS) that was laid in Parliament along with the Union Budget 2026-27.

In RE 2025-26, GTR was revised to ₹40.78 lakh crore which worked out to be 11.4 per cent of GDP whereas Non-Tax revenue (NTR) was estimated at ₹6.68 lakh crore (1.9 per cent of GDP). Total Revenue Receipts, which includes Tax Revenue (Net to Centre) and NTR was revised to ₹33.42 lakh crore. Total expenditure was revised to ₹49.65 lakh crore in RE 2025-26.

Total Revenue Receipts (Provisional) were ₹33.02 lakh crore at the end of FY 2025-26, which was 98.8 per cent of RE. Tax Revenue (Net to Centre) at the end of FY 2025-26 was ₹26.23 lakh crore while Non-Tax Revenue was ₹6.79 lakh crore which, in percentage terms was 98.1 per cent and 101.7 per cent of RE 2025-26, respectively. Total Expenditure at the end of FY 2025-26 was ₹49.05 lakh crore against the revised estimates of ₹49.65 lakh crore for the year which was 98.8 per cent of RE.

As per provisional actuals, Fiscal Deficit in FY 2025-26 stood at ₹15.19 lakh crore, which was in line with RE 2025-26 target of 4.4 per cent of GDP.

**Table 1: Key Fiscal Indicators, FY 2025-26**

| S. No. | Particulars | BE 2025-26 | RE 2025-26 | Prov. 2025-26 | Actual 2024-25 | 2025-26 Prov. As % BE | 2025-26 Prov. As % RE | % Growth in FY 2025-26 (Prov.) over 2024-25 |
|---|---|---|---|---|---|---|---|---|
| | | (₹ in crore) | | | | | | |
| | | A | B | C | D | E | F | G |
| **1.** | **Revenue Receipts (2+3)** | **3420409** | **3342323** | **3302225** | **3036619** | **96.54%** | **98.80%** | **8.7%** |
| **2.** | Tax Revenue (Net) | 2837409 | 2674661 | 2623264 | 2500039 | 92.45% | 98.08% | 4.9% |
| **3.** | Non-Tax Revenue | 583000 | 667662 | 678961 | 536580 | 116.46% | 101.69% | 26.5% |
| **4.** | **Capital Receipts (5+8)** | **1644936** | **1622519** | **1602926** | **1616249** | **97.45%** | **98.79%** | **-0.8%** |
| **5.** | **Non-Debt Capital Receipts (6+7)** | **76000** | **64027** | **83757** | **41818** | **110.21%** | **130.82%** | **100.3%** |
| **6.** | Recovery of Loans | 29000 | 30190 | 24617 | 24616 | 84.89% | 81.54% | 0.0% |
| **7.** | Other Receipts | 47000 | 33837 | 59140 | 17202 | 125.83% | 174.78% | 243.8% |
| **8.** | Borrowings and other liabilities | 1568936 | 1558492 | 1519169 | 1574431 | 96.83% | 97.48% | -3.5% |
| **9.** | **Total Receipts (1+4)** | **5065345** | **4964842** | **4905151** | **4652867** | **96.84%** | **98.80%** | **5.4%** |
| **10.** | Revenue Expenditure | 3944255 | 3869087 | 3836032 | 3600914 | 97.26% | 99.15% | 6.5% |
| **10(i).** | -of which Interest Payments | 1276338 | 1274338 | 1242575 | 1115575 | 97.35% | 97.51% | 11.4% |
| **10(ii).** | -of which Grants for creation of Capital Assets | 427192 | 308151 | 264287 | 272656 | 61.87% | 85.77% | -3.1% |
| **11.** | Capital Expenditure | 1121090 | 1095755 | 1069119 | 1051953 | 95.36% | 97.57% | 1.6% |
| **12.** | **Total Expenditure (10+11)** | **5065345** | **4964842** | **4905151** | **4652867** | **96.84%** | **98.80%** | **5.4%** |
| **13.** | **Revenue Deficit (10-1)** | **523846** | **526764** | **533807** | **564296** | **101.90%** | **101.34%** | **-5.4%** |
| **14.** | **Effective Revenue Deficit {(13-10(ii)}** | **96654** | **218613** | **269520** | **291640** | **278.85%** | **123.29%** | **-7.6%** |
| **15.** | **Fiscal Deficit {12-(1+5)}** | **1568936** | **1558492** | **1519169** | **1574431** | **96.83%** | **97.48%** | **-3.5%** |
| **16.** | **Primary Deficit {(15-10(i)}** | **292598** | **284154** | **276594** | **458856** | **94.53%** | **97.34%** | **-39.7%** |

*Source: Controller General of Accounts and Union Budget.*

*Notes:* 1. *The Figures are on net basis as in Union Budget;*

2. *Actuals for FY 2025-26 are unaudited and are subject to change; and*

3. *Individual items in the table may not sum up to the totals due to rounding off.*

### 2.1 Receipts

#### 2.1.1 Gross Tax Revenue

In BE 2025-26, GTR was estimated at ₹42.70 lakh crore. It was revised to ₹40.78 lakh crore in RE 2025-26. GTR for FY 2025-26 (Provisional) was ₹40.24 lakh crore, which works out to 98.7 per cent of RE. Overall, GTR registered a year-on-year growth of 6.0 per cent over FY 2024-25. The growth rate in Corresponding Period for Previous Year (COPPY) was 9.5 per cent.

#### 2.1.2 Revenue Receipts

Revenue receipts of the Centre comprise Tax Revenue (Net to Centre) and Non-Tax Revenue. In BE 2025-26, total revenue receipts were estimated at ₹34.20 lakh crore. This was revised to ₹33.42 lakh crore with ₹26.75 lakh crore from Tax Revenue (Net to Centre) and ₹6.68 lakh crore from Non-Tax Revenue at RE stage.

Revenue Receipts for FY 2025-26 (Provisional) were ₹33.02 lakh crore comprising Tax Revenue (Net to Centre) of ₹26.23 lakh crore and Non-Tax Revenue of ₹6.79 lakh crore. Revenue Receipts stood at 98.8 per cent of RE and showed the growth rate of 8.7 per cent over FY 2024-25, compared to 11.3 per cent in COPPY.

#### 2.1.3 Direct Taxes

The main components of Direct Tax receipts are Corporation tax and Taxes on Income. Direct Taxes were estimated to be ₹25.20 lakh crore in BE 2025-26, which was revised to ₹24.21 lakh crore in RE 2025-26. Direct Tax receipts for FY 2025-26 (Provisional) were ₹23.40 lakh crore which is 96.7 per cent of RE. This is a growth of 5.3 per cent over FY 2024-25, compared to 13.6 per cent in COPPY.

##### 2.1.3.1 Corporation Tax

Corporation Tax receipts in BE 2025-26 were estimated at ₹10.82 lakh crore. This was revised to ₹11.09 lakh crore in RE 2025-26. As per the provisional actuals, Corporation tax collection for FY 2025-26 was ₹10.99 lakh crore which is 99.1 per cent of RE. This shows a growth of 11.4 per cent over FY 2024-25 (₹9.87 lakh crore), compared to 8.3 per cent in COPPY.

##### 2.1.3.2 Taxes on Income

Taxes on Income is the other major sub-component of Direct Taxes. It comprises Taxes on Income other than Corporation Tax, Securities Transaction Tax and Other Receipts. In BE 2025-26, Taxes on Income were estimated to be ₹14.38 lakh crore (₹13.57 lakh crore from Taxes on Income other than Corporation Tax, ₹78,000 crore from Securities Transaction Tax (STT) and ₹3,000 crore from Other Receipts). This was revised to ₹13.12 lakh crore in RE 2025-26 (₹12.48 lakh crore from Taxes on Income other than Corporation Tax, ₹63,670 crore from STT and ₹330 crore from Other Receipts).

As per Provisionals for FY 2025-26, the receipts under this head were ₹12.41 lakh crore, which is 94.6 per cent of RE. This comprises ₹11.83 lakh crore from Taxes on Income other than Corporation Tax, ₹57,522 crore from STT and ₹10 crore from other receipts. The receipts of the Government under this head registered a growth of 0.5 per cent over actual receipts of FY 2024-25 (₹12.35 lakh crore) as compared to 18.2 per cent in COPPY.

#### 2.1.4 Indirect Taxes

Indirect tax comprises Goods and Services Tax (GST), Customs, Union Excise Duties, and Service Tax. In BE 2025-26, these receipts were estimated at ₹17.40 lakh crore and revised to ₹16.46 lakh crore in RE 2025-26. Against this, the provisional actual receipts for FY 2025-26 were ₹16.77 lakh crore, which is 101.9 per cent of RE. This showed a growth of 7.1 per cent over the actuals for FY 2024-25 (₹15.66 lakh crore) as compared to 4.3 per cent in COPPY.

##### 2.1.4.1 Goods and Services Tax

Goods and Services Tax (GST) for the Central Government comprises Central Goods and Services Tax (CGST), Integrated Goods and Services Tax (IGST), Union Territory Goods and Services Tax (UTGST) and GST Compensation Cess. In BE 2025-26, GST collection from all four components was budgeted at ₹11.83 lakh crore which was revised to ₹10.51 lakh crore in RE 2025-26. The total collection under GST in FY 2025-26 (Provisional) was ₹10.72 lakh crore which is 102 per cent of RE. In FY 2025-26, GST collections have shown the growth of 3.9 per cent over FY 2024-25 (₹10.32 lakh crore) as compared to 7.2 per cent in COPPY.

##### 2.1.4.2 Customs

In BE 2025-26, the estimated tax receipts from Custom Duties were ₹2.40 lakh crore. This was revised to ₹2.58 lakh crore in RE 2025-26. The provisional actuals for Custom duty collection for FY 2025-26 stood at ₹2.64 lakh crore, which is 102.4 per cent of RE. This shows a year-on-year growth of 13.4 per cent over FY 2024-25 as compared to 0.04 per cent in COPPY.

##### 2.1.4.3 Union Excise Duties

In BE 2025-26, the estimated tax receipts from Union Excise Duties were ₹3.17 lakh crore. This was revised to ₹3.37 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at

₹3.42 lakh crore at 101.6 per cent of RE. This reflects a year-on-year growth of 13.9 per cent over actuals of FY 2024-25 (₹3.00 lakh crore), as against a contraction of 1.7 per cent in the COPPY.

### 2.1.5 Other Taxes and Duties

Apart from these major taxes, Gross Tax Revenue of the Union also comprises revenue from Other Taxes and Duties on Commodities & Services and taxes from Union Territories (excluding UTGST), which account for roughly 0.2 per cent of GTR. In BE 2025-26, revenue from these taxes was estimated at ₹9,778 crore which was revised to ₹10,433 crore at RE stage. The provisional actuals from these taxes and duties in the year is ₹7,330 crore, which is 70.3 per cent of RE. Compared to the actual receipts of FY 2024-25, the collection showed a contraction of 14.5 per cent as against a growth of 5.8 per cent in COPPY.

### 2.1.6 Non-Tax Revenue

Non-Tax Revenues of Centre mainly comprise interest receipts, dividends and profits from Reserve Bank of India, Public Sector Banks & Financial Institutions, Public Sector Undertakings, dividend from Public Sector Undertakings, receipts from services provided by Ministries/ Departments such as receipts from profit petroleum, roads and highways etc.

In BE 2025-26, the estimated receipts from Non-Tax Revenue were pegged at ₹5.83 lakh crore, which were revised to ₹6.68 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹6.79 lakh crore which is 101.7 per cent of RE. This shows a year-on-year growth of 26.5 per cent over FY 2024-25 as compared to 33.5 per cent in COPPY.

### 2.1.7 Non-Debt Capital Receipts (NDCR)

The main components of Non-Debt Capital Receipts (NDCR) are Miscellaneous Capital Receipts and Recoveries of Loans & Advances. In BE 2025-26, the estimated receipts under NDCR were pegged at ₹76,000 crore, comprising ₹47,000 crore from Miscellaneous Capital Receipts and ₹29,000 crore from the Recoveries of Loans & Advances. This was revised to ₹64,027 crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹83,757 crore (₹59,140 crore realised from Miscellaneous Capital Receipts and ₹24,617 crore from the Recoveries of Loans & Advances), which is 130.8 per cent of RE. This is a year-on-year growth of 100.3 per cent over FY 2024-25 (₹41,818 crore), as against a contraction of 30.0 per cent in the COPPY.

## 2.2 Expenditure

In BE 2025-26, the total expenditure of the Union Government was ₹50.65 lakh crore which was revised to ₹49.65 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹49.05 lakh crore, thereby recording a growth of 5.4 per cent over FY 2024-25 (₹46.53 lakh crore) as compared to 4.7 per cent in COPPY. The provisional actuals for total expenditure as a percentage of RE stood at 98.8 per cent.

### 2.2.1 Revenue Expenditure

In BE 2025-26, the Revenue Expenditure of the Union Government was estimated at ₹39.44 lakh crore. This was revised to ₹38.69 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹38.36 lakh crore, at 99.1 per cent of RE. Revenue Expenditure accounted for 78.2 per cent of Total Expenditure in FY 2025-26 as compared to 77.4 per cent in FY 2024-25. In FY 2025-26, Revenue Expenditure registered a growth of 6.5 per cent over actuals of FY 2024-25 (₹36.01 lakh crore) compared to 3.1 per cent in COPPY. Out of this Revenue Expenditure, ₹2.64 lakh crore is on account of Grants-in-aid for creation of Capital Assets.

#### 2.2.1.1 Grants-in-Aid for Creation of Capital Assets

Grants-in-Aid for Creation of Capital Assets are defined as grants-in-aid provided by the Central Government to State/ UT Governments and Autonomous Bodies towards creation of capital assets.

In BE 2025-26, the provision for Grants-in-Aid for Creation of Capital Assets was ₹4.27 lakh crore which was revised to ₹3.08 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹2.64 lakh crore which is 85.8 per cent of RE. This shows a decline of 3.1 per cent over FY 2024-25 (₹2.73 lakh crore) as compared to a decline of 10.3 per cent in COPPY.

#### 2.2.1.2 Major items of Revenue Expenditure

The major items of Revenue Expenditure are Interest Payments, Defence Services, Grants in Aid to States/UTs, Major Subsidies and Pensions. In FY 2025-26, ₹27.90 lakh crore was spent on Interest payments, Defence Services, Pensions, Major Subsidies and Grants-in-Aids to States/UTs (Table-2). This was higher by ₹1.33 lakh crore compared to FY 2024-25.

**Table 2: Major Items of Revenue Expenditure (₹ in crore)**

| Item | 2024-25 | 2025-26 RE | 2025-26 (Provisional) | Provisional as % RE |
|---|---|---|---|---|
| Interest Payment | 11,15,575 | 12,74,338 | 12,42,575 | 97.5% |
| Defence Services | 2,90,965 | 3,49,770 | 3,49,018 | 99.8% |
| Grants in aid to States and UTs | 5,88,638 | 4,93,837 | 4,63,505 | 93.9% |
| Major Subsidies | 3,85,029 | 4,29,734 | 4,53,854 | 105.6% |
| Pensions | 2,73,772 | 2,86,641 | 2,80,968 | 98.0% |
| **Total** | **26,56,986** | **28,34,320** | **27,89,920** | **98.4%** |
| **As percentage of Revenue Expenditure** | **74%** | **73%** | **73%** | |

*Source: Union Budget and Controller General of Accounts*

### 2.2.1.2.1 Interest Payments

Interest Payments represent the expenditure incurred by the Union Government towards servicing its debt obligations. In BE 2025-26, Interest Payments were estimated at ₹12.76 lakh crore which was revised to ₹12.74 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹12.43 lakh crore, recording an increase of 11.4 per cent over FY 2024-25 as compared to increase of 4.9 per cent registered in COPPY.

### 2.2.1.2.2 Defence Services

In BE 2025-26, expenditure on Defence Services (Revenue) was estimated at ₹3.12 lakh crore. This was revised to ₹3.50 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹3.49 lakh crore, as against ₹2.91 lakh crore in FY 2024-25, thereby recording a growth of 20.0 per cent over FY 2024-25 compared to a 0.2 per cent increase in COPPY.

### 2.2.1.2.3 Grants-in-Aid to States and UTs

In BE 2025-26, Grants-in-Aid to States and UTs was estimated at ₹7.20 lakh crore, which was revised to ₹4.94 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹4.64 lakh crore, as against ₹5.89 lakh crore in FY 2024-25 (actuals), thereby showing a reduction of 21.3 per cent over FY 2024-25 compared to a 3.5 per cent reduction in COPPY.

### 2.2.1.2.4 Major Subsidies

Major Subsidies are subsidies provided on food, fertilisers and petroleum, which account for more than 95 per cent of the total subsidies provided by the Central Government. In BE 2025-26, expenditure on Major Subsidies was estimated at ₹3.83 lakh crore. This was revised to ₹4.30 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹4.54 lakh crore, as against

₹3.85 lakh crore in FY 2024-25. The expenditure on major subsidies recorded an increase of 17.9 per cent over FY 2024-25, compared to a decline of 6.6 per cent in COPPY.

#### 2.2.1.2.5 Pension

In BE 2025-26, expenditure on Pension was estimated at ₹2.77 lakh crore. This was revised to ₹2.87 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹2.81 lakh crore, as against ₹2.74 lakh crore in FY 2024-25. Thus, the expenditure on this item recorded an increase of 2.6 per cent over FY 2024-25 actuals, compared to that of 14.9 per cent in COPPY.

### 2.2.2 Capital Expenditure

In BE 2025-26, the capital expenditure of the Union Government was estimated at ₹11.21 lakh crore. Capital expenditure incurred in FY 2025-26 was ₹10.69 lakh crore which is 97.6 percent of Revised estimates (₹10.96 lakh crore). It indicates a growth of 1.6 per cent over FY 2024-25 actuals (₹10.52 lakh crore), as compared to 10.8 per cent in COPPY.

### 2.2.3 Effective Capital Expenditure

Effective Capital Expenditure of the Union Government includes Government of India’s capital expenditure and Grants-in-aid for creation of capital assets. Together, they constitute expenditure that enhance and upgrade productive capacity of the economy.

In BE 2025-26**,** the Effective Capital Expenditure of the Union Government was estimated at ₹15.48 lakh crore**.** This was revised to ₹14.04 lakh crore in RE 2025-26. The provisional actuals for FY 2025-26 stood at ₹13.33 lakh crore, (95.0 per cent of RE) recording a growth of 0.7 per cent over FY 2024-25 as compared to a growth of 5.7 per cent registered in the COPPY.

## 2.3 Deficit

### 2.3.1 Fiscal Deficit

In BE 2025-26, the Fiscal Deficit (FD) was estimated at 4.4 per cent of GDP**.** At RE stage, FD was maintained at 4.4 per cent. Against this target, the provisional actuals for FY 2025-26 were ₹15.19 lakh crore, i.e., 4.4 per cent of GDP as compared to 4.8 per cent in COPPY.

### 2.3.2 Revenue Deficit

In BE 2025-26, the Revenue Deficit (RD) was estimated at 1.5 per cent of GDP**.** At RE stage, Revenue Deficit was projected to be 1.5 per cent of GDP. Provisional Actuals for FY 2025-26 recorded a RD of ₹5.34 lakh crore, i.e., 1.5 per cent of GDP as compared to 1.7 per cent in COPPY.

### 2.3.3 Financing of deficit

Fiscal Deficit of ₹15.19 lakh crore (Provisional) in FY 2025-26 was financed by raising internal debt of ₹14.90 lakh crore, external debt of ₹26,430 crore and ₹3,944 crore of Public Account receipts. Details of financing in FY 2025-26 is indicated in Table 3.

**Table 3: Sources of financing Fiscal Deficit**

**(₹ in crore)**

| Item | 2025-26 (Prov.) | 2024-25 | 2023-24 | 2022-23 |
|---|---|---|---|---|
| **Fiscal Deficit** | **15,19,169** | **15,74,431** | **16,54,643** | **17,37,755** |
| Internal Debt | 14,89,887 | 13,48,341 | 16,94,935 | 16,10,883 |
| External Assistance | 26,430 | 47,271 | 55,121 | 37,124 |
| Public Account | 3,944 | 1,78,210 | (-)96,208 | 91,370 |
| Cash Balance | -1,092 | 608 | 794 | (-)1,622 |

*Source: Controller General of Accounts*

The Progressive Internal Debt of the Government (excluding WMA and Central securities against Small Savings) grew by ₹9.43 lakh crore from ₹127.65 lakh crore at the beginning of FY 2025-26 to ₹137.08 lakh crore at the end of the financial year. Fresh external loans of ₹1.13 lakh crore were contracted and past obligations to the tune of ₹65,511 crore were discharged during the year. The progressive External Debt at the end of the financial year was ₹6.79 lakh crore. Thus, External Debt grew by ₹47,526 crore over the course of the year.

### 2.4 Liabilities

The Government of India had a cumulative Public Debt of ₹183.43 lakh crore as on 31st March 2026. Total gross liabilities of the Union Government, as defined under FRBM Act, were ₹201.17 lakh crore as on 31st March 2026.

### 2.5 Cash Management

The Government began FY 2025-26 with cash balance of ₹2,624.40 crore and ended the financial year with a balance of ₹5,418 crore. There was an investment surplus of ₹78,442 crore at the beginning of FY 2025-26 which rose to ₹2.07 lakh crore at the end of the Financial Year.

**Statement of deviation prepared as per the provision of Section 7(3)(b) of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 explaining the reasons for not laying the Medium-term Expenditure Framework (MTEF) Statement, 2026.**

1. Section 7(3)(b) of the FRBM Act provides that –

*"Where owing to unforeseen circumstances, any deviation is made in meeting the obligation cast on the Central Government under this Act, the Minister-in-Charge of the Ministry of Finance shall make a statement in both Houses of Parliament explaining-*

I. *any deviation in meeting the obligations cast on the Central Government under this Act;*

II. *whether such deviation is substantial and relates to the actual or the potential budgetary outcomes; and*

III. *the remedial measures the Central Government proposes to take*."

2. As per Section 3 (1B) of the FRBM Act, 2003, MTEF Statement needs to be laid in the Parliament in the session immediately following the session of Parliament in which the Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement (MTFP cum FPSS) and the Macro-Economic Framework Statement (MEFS) are laid.

3. The Government while presenting the Union Budget for FY 2026-27 had informed Parliament through the Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement that rolling targets for the next two years could not be provided on account of global uncertainty in macroeconomic and geopolitical environment which continue to be a concern in fiscal policy management.

4. The Government has not deviated from its commitment towards fiscal prudence. The fiscal commitment of the Government continues beyond the timelines envisaged in the FRBM Act. The anchor for the fiscal strategy of the Government till end FY 2025-26 was laid down in para 141 of the Budget Speech for FY 2021-22. It was targeted that fiscal deficit would reach a level, "…below 4.5 percent of GDP by 2025-26 with a fairly steady decline over the period." As indicated at para 2.3.1 of this Statement, this target has been achieved. The achievement thereof is reflective of the Government's stance of balancing the development priorities without compromising fiscal prudence.

5. The Government has expanded the annual targeting framework to accommodate debt-GDP targets as well. Para 109 of the Budget Speech of 2025-26, mentioned that the Government shall endeavour, "… to keep the fiscal deficit each year such that the Central Government debt remains on a declining path as a percentage of the GDP." Charting out a path for debt to GDP ratio for the Government, the FRBM Statement presented along with the Budget 2025-26, indicated the rationale for moving towards a debt-targeting framework. Debt as a fiscal target is aligned with (i) global economic thinking and (ii) Government promoting fiscal transparency through proper disclosure of off-budget borrowings. A target for reaching 50±1 per cent of GDP[1] by end March 2031 was provided as well. Though the numerical target may have to be aligned with the new series of GDP with base-year 2022-23, released in February 2026, the commitment of the Government for a declining debt-to-GDP ratio remains firm.

[1] *GDP series with a new base-year of 2022-23 has since replaced the old series (base year:2011-12) based on which the numerical targets were set.*

6. MTEF Statement is prepared based on assumptions regarding the growth rate of the economy, buoyancy of various taxes, and trajectory of non-tax receipts of the Government etc. These variables are then used to estimate the overall resource position of the Government which in turn is used to make expenditure projections and rolling targets for the upcoming financial years. Since the presentation of the Budget 2026-27, the world has witnessed the West Asia crisis which continues to cause trade disruptions, thereby impacting macro-economic outcomes.

7. The Government will continue to balance the development priorities without compromising on fiscal prudence. A downward sloping debt trajectory shall continue to guide the fiscal policy in the medium term.

*****