INDIAN ECONOMY 30 September 2026

# Fiscal Deficit Widens in FY27's First Five Months

India's fiscal deficit widened in the first five months of FY27 due to increased capital and subsidy spending.

Fiscal deficit is the difference between the government's total expenditure and its total receipts (excluding borrowings).

## KEY EXAM POINTS

- During April-August of **FY27**, India's **fiscal deficit** stood at ₹**7.10 trillion**, which is **41.9%** of the full-year budget estimate.
- This deficit percentage is higher than the **38.1%** recorded in the corresponding period of the previous year.
- The **Centre** has budgeted a **fiscal deficit** of ₹**16.96 trillion** for **FY27**.
- This budgeted **fiscal deficit** for **FY27** represents **4.3%** of the **GDP**.
- The widening of the deficit is primarily due to increased **capital spending** and outlays on major **subsidies** like **food** and **fertiliser**.
- The latest monthly accounts were released by the **Controller General of Accounts (CGA)**.

## DID YOU KNOW..!?

**Fiscal deficit** is the excess of total government expenditure over its total receipts (excluding borrowings) during a **financial year**.

The **Controller General of Accounts (CGA)** is the principal accounting adviser to the **Government of India**.

**CGA** is responsible for establishing and maintaining a technically sound management accounting system for the **Central Government**.

**Capital expenditure** creates assets or reduces liabilities, while **revenue expenditure** is for day-to-day government functioning.

The **Fiscal Responsibility and Budget Management (FRBM) Act** was enacted in **2003** to ensure fiscal discipline.

A high **fiscal deficit** can lead to increased **government borrowing**, potentially causing **inflation** and higher interest rates.

**Gross Domestic Product (GDP)** is the total monetary value of all finished goods and services produced within a **country's borders** in a specific time period.

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*India's fiscal deficit reached 41.9% of FY27 budget estimate by August.*

Syllabus Relevance: High

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