Economy | Macro-Cap

Capex holds strong in 5MF27; disinvestment delivers

FY27'YTD Center (INR5.1t) + states capex (INR2.3t) = INR7.4t, up 15.6% YoY

- **Public capex remained the key fiscal growth lever in 5MFY27, with the Center continuing to lead the investment cycle, while states retained significant headroom to accelerate spending. Combined public capex by the Center and states reached INR7.4t in 5MFY27, up around 15.6% YoY, comprising INR5.1t of central capex (+18.2% YoY) and INR2.3t of state capex (+8.9% YoY). The continued expansion in public investment suggests that the government remains committed to supporting the investment cycle, even as the broader growth momentum is expected to moderate in 2HFY27.**
- **Central capex rose 18.2% YoY to INR5.1t, well ahead of 8.2% growth in revenue expenditure, led by defense (+36.7% YoY) and railways (+22.9% YoY). In contrast, roads capex moderated, with growth slowing to 2.1% YoY, while transfers to states remained strong at +59.5% in 5MFY27, supporting state-level investment. Spending on housing & urban affairs declined 20.5%. In terms of budget utilization, railways (54.4%), transfers to states (47.0%) and MoRTH (43.9%) are relatively well advanced, while defense (36.8%) and housing & urban affairs (23.6%) leave greater scope for acceleration. Overall, the Center has utilized 41.7% of its FY27BE capex allocation, with the current INR1t monthly run rate in line with the required run-rate as per budget.**
- **State capex also remained positive, although the pace was more moderate and uneven across states. Aggregate capex across 22 states increased 8.9% YoY to INR2.3t in 5MFY27, but only 20.7% of the FY27BE allocation has been utilized, leaving considerable headroom for acceleration in 2HFY27. Maharashtra (+45.5%), Kerala (+59.3%), Chhattisgarh (+46.8%), and Andhra Pradesh (+41.9%) recorded strong capex growth, while Karnataka (+11.0%) and Gujarat (+13.8%) posted more moderate increases. In contrast, capex declined in West Bengal (-38.6%) and Madhya Pradesh (-18.7%), highlighting the uneven nature of the state investment cycle.**
- **Disinvestment has emerged as an important positive for the fiscal outlook, with the FY27 target now appearing comfortably achievable. The Center has already mobilized around INR621.2b, equivalent to 77.7% of the INR800b FY27BE disinvestment and asset-monetisation target. This is a significant improvement from our earlier expectation of an INR500b (~10bp) shortfall in disinvestment receipts, as only around INR178.8b now remains to be raised to meet the full-year target. Importantly, stronger disinvestment proceeds should help contain the fiscal deficit and reduce the need for additional borrowing at the margin.**
- **Fiscal consolidation remains broadly intact despite the investment push, although fiscal vulnerability is concentrated in a few states. The Center's fiscal deficit stood at INR7.1t in 5MFY27, while the 22-state aggregate fiscal deficit was INR2.7t, down from INR3.7t in 5MFY26 and equivalent to around 20% of FY27BE. At the state level, Andhra Pradesh, Bihar, Himachal Pradesh, and Kerala warrant closer monitoring, with fiscal-deficit utilization achieved in 5MFY27 at 70%, 112%, 67%, and 54% of FY27BE, respectively.**

Outlook:

- **Growth outlook remains firm, but we expect some moderation in 2HFY27. We retain our FY27 real GDP growth forecast at 7.0–7.2%, supported by resilient domestic demand, investment activity, and continued public capex. Center and state capex reached INR7.4t in 5MFY27, up 15.6% YoY, comprising INR5.1t of central capex (+18.2% YoY) and INR2.3t of state capex (+8.9% YoY). However, tighter financial conditions, elevated inflation, and a less supportive global environment are likely to moderate growth momentum in 2HFY27.**
- **Fiscal policy should remain supportive of investment while staying broadly aligned with the consolidation path. We now expect the Center's fiscal deficit at around 4.5% of GDP in FY27, implying a slippage of 20bp from the 4.3% Budget target, lower than our earlier estimate of 30bp. The improvement is primarily driven by a more favorable outlook for disinvestment and asset-monetization receipts, with the FY27 target now appearing easily achievable. The Center has already mobilized around INR621.2b, equivalent to 77.7% of the INR800b FY27BE disinvestment and asset-monetization target. This is a significant improvement from our earlier expectation of an INR500b (~10bp) shortfall in disinvestment receipts, as only around INR178.8b now remains to be raised to meet the full-year target.**

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Inflation is likely to emerge as the key macro concern in 2HFY27. Elevated global commodity prices, particularly crude, alongside weather-related risks and the possibility of an El Niño impact on food supply, could push inflation higher. With our FY27 CPI inflation forecast at 5.2%, inflation is likely to remain meaningfully above the RBI's medium-term target, limiting the scope for monetary easing. A sustained rise in crude prices above USD100/bbl would further intensify domestic inflation pressures, while also worsening the trade and current-account balance. This could reinforce the case for tighter liquidity conditions and a more restrictive monetary-policy stance.**
- **We now expect the RBI to begin its tightening cycle with a 25bp rate hike in the Oct'26 policy. The policy backdrop has turned more hawkish, with global central banks also starting to hike rates amid renewed inflation and energy-price pressures. The RBI has already begun withdrawing surplus liquidity, including INR1t of OMO sales, alongside continued liquidity-management operations. With domestic growth remaining resilient and inflation risks building, we expect the RBI to gradually tighten policy. If crude remains above USD100/bbl for a sustained period, we see scope for a cumulative 75–100bp of rate hikes.**
- **Government bond yields are likely to remain elevated and volatile, with the 10-year G-sec yield for FY27 expected in the 7.0–7.25% range. The yield outlook reflects sharply higher global bond yields, elevated domestic inflation risks, a more hawkish RBI stance, and crude prices above USD100/bbl. On the domestic supply side, the government's 2HFY27 borrowing calendar entails INR7.86t of dated-securities issuance across 23 weekly auctions, with weekly borrowing of INR330–360b and a relatively high share of long-duration securities. Securities with maturities of 10 years and above account for ~72% of the 2HFY27 issuance, while 15-year and longer securities alone account for ~46%. However, the lower-than-budgeted full-year borrowing requirement, alongside stronger-than-expected disinvestment receipts, should provide some offset to the upward pressure from long-duration supply. Overall, we expect the 10-year G-sec yield to remain within the 7.0–7.25% range through 2HFY27, with risks skewed toward the upper end if crude remains above USD100/bbl.**

Exhibit 1: Disinvestment receipts

Sr. No	Title	Name of CPSEs	% of GoI's Shares Disinvested	Method of Disinvestment	Receipts (INR b)	GoI's Shareholding Post Disinvestment
1	CBoI	Central Bank of India	8.1	OFS	22.7	81.2
2	CIL	Coal India Limited	2.0	OFS	55.4	61.1
3	NHPC LTD	NHPC Limited	6.0	OFS	43.6	61.4
4	NLC INDIA LTD	NLC India Limited	2.7	OFS	12.2	69.5
5	GIC	General Insurance Corporation of India	5.0	OFS	30.9	77.4
6	IRFC	Indian Railway Finance Corporation Limited	1.8	OFS	20.8	82.9
7	CSL	Cochin Shipyard Limited	4.6	OFS	17.1	63.3
8	IMPCL	Indian Medicines Pharmaceuticals Corporation	98.1	SD	1.2	0.0
9	Others (Remittance from SUUTI)	Others (Remittance from SUUTI)	0.0	OTHER	8.1	0.0
10	LIC	Life Insurance Corporation of India	6.5	OFS	315.1	90.0
11	HCL	Hindustan Copper Limited	6.0	OFS	30.4	60.1
Total					**557.6**	

Source: CEIC, DIPAM, MOFSL

Finances of the Central Government: Monthly | Aug'26

- The Center's fiscal position weakened in Aug'26, as a steep decline in receipts more than offset broadly stable expenditure. Total receipts declined 67.5% YoY to INR0.6t in Aug'26, compared with INR1.9t in Aug'25, while total expenditure was broadly unchanged at INR3.2t (-0.4% YoY). Consequently, the monthly fiscal deficit widened to INR2.6t in Aug'26 from INR1.3t in Aug'25. The revenue deficit increased to INR2.3t in Aug'26 from INR0.5t in Aug'25, while the primary deficit rose to INR1.7t in Aug'26 from INR0.5t in Aug'25.
- The sharp contraction in receipts was primarily driven by lower net tax revenue, reflecting the timing of tax refunds and adjustments. Gross tax revenue declined 14.8% YoY to INR2.1t in Aug'26 and fell 32.6% MoM from INR3.2t in Jul'26. Direct tax collections declined 32.7% YoY, with income tax and corporate tax falling 37.2% and 20.0%, respectively. Indirect taxes were relatively resilient, declining only 1.6% YoY, supported by GST (+2.9%) and customs (+1.5%), although excise duty declined 20.8% in Aug'26. Net tax revenue turned negative at -INR0.1t, highlighting the impact of tax refunds/adjustments during the month.
- Non-tax revenue also declined 14.1% YoY to INR0.3t, while non-debt capital receipts increased to INR0.4t in Aug'26. Despite the improvement in non-debt capital receipts, total receipts remained weak. The monthly data should, therefore, be interpreted with caution, given the significant volatility caused by the timing of tax collections and refunds.
- Expenditure remained broadly stable, although the composition was less capex-oriented in Aug'26. Total expenditure declined marginally by 0.4% YoY to INR3.2t, with revenue expenditure increasing 10.4% YoY to INR2.6t. Interest payments rose 7.6% YoY and subsidies declined 8.9%. In contrast, capital expenditure declined 29.9% YoY to INR0.6t and 46.3% MoM, following the strong INR1.1t spending in Jul'26. Loans disbursed were broadly unchanged.
- Aug'26 capex data point to a mixed investment trend across sectors. Capex growth remained strong in Telecom and Petroleum & Natural Gas (+133.3%), while Defence (+24.8%), Housing & Urban Affairs (+19.4%) and Transfers to States (+2.2%) also recorded positive growth. In contrast, spending declined in MoRTH (-76.8%), Power (-81.1%), Railways (-4.1%) and Space (-2.9%).
- The monthly fiscal deficit increased despite stable expenditure because of the sharp deterioration in receipts. The fiscal deficit of INR2.6t in Aug'26 was almost twice the INR1.3t recorded in Aug'25. The deterioration was, therefore, primarily receipt-led rather than expenditure-led.

Exhibit 2: Total receipts fell sharply in Aug'26

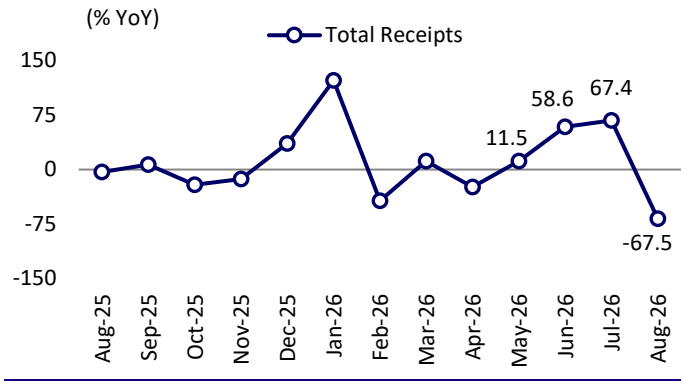
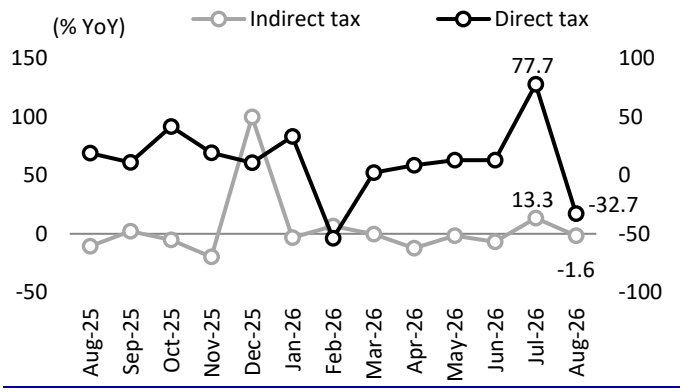


Exhibit 3: Direct taxes contracted 32.7% in Aug'26



Source: CGA, CEIC, MOFSL

Exhibit 4: Income tax collections contracted 37.2% in Aug'26, while corporate taxes declined 20.0%

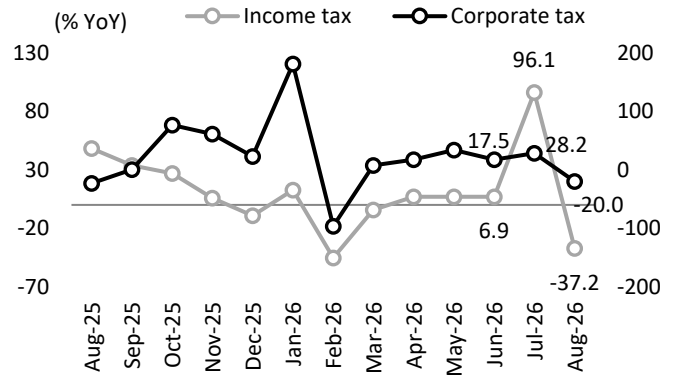


Exhibit 5: GST collections grew 3.2% YoY in Aug'26 vs 19.2% in Jul'26

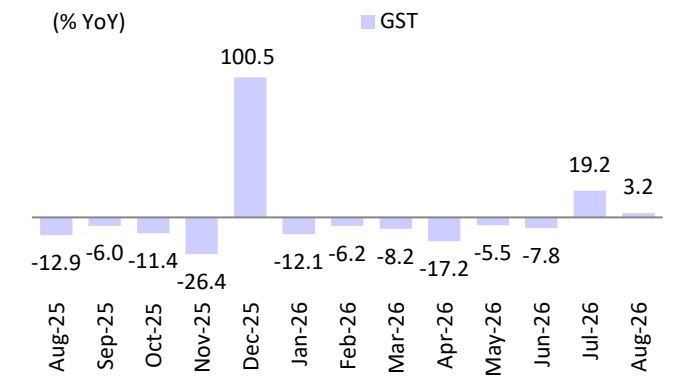


Exhibit 6: Excise collections contracted 20.8% in Aug'26

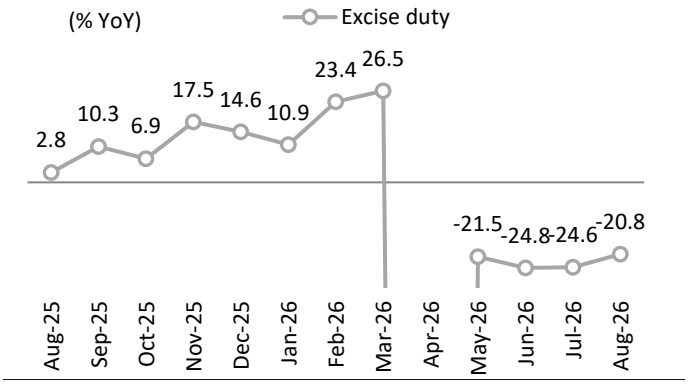


Exhibit 7: Customs duty collections grew 1.5% in Aug'26

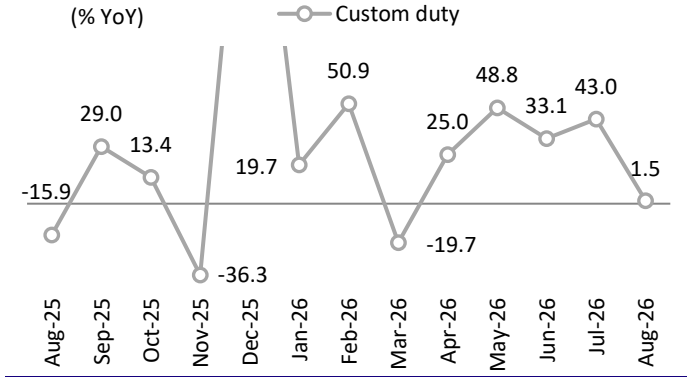


Exhibit 8: Total spending contracted 0.4% in Aug'26

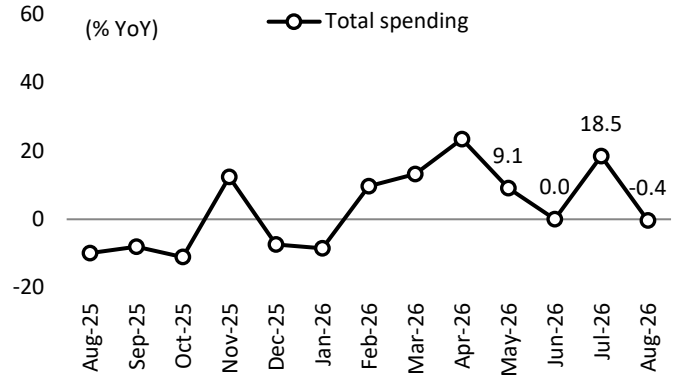


Exhibit 9: Capital spending contracted 29.9% YoY in Aug'26, while revex grew 10.4%

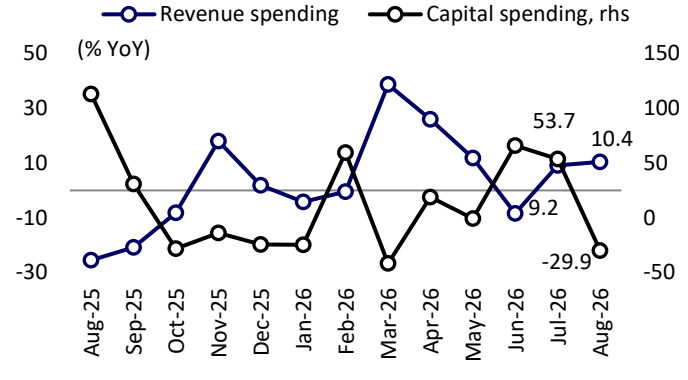


Exhibit 10: Interest payments grew 7.6%, while subsidies growth contracted 8.9% in Aug'26

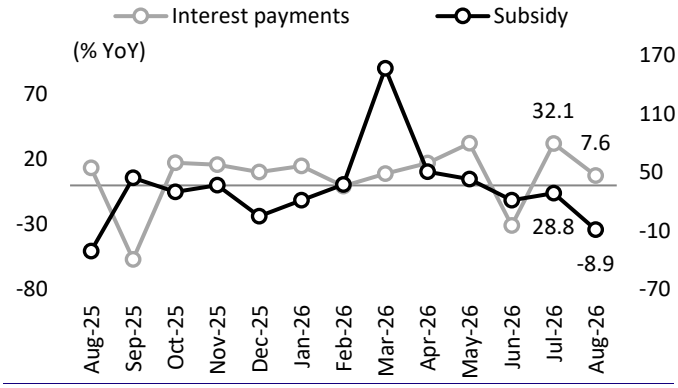
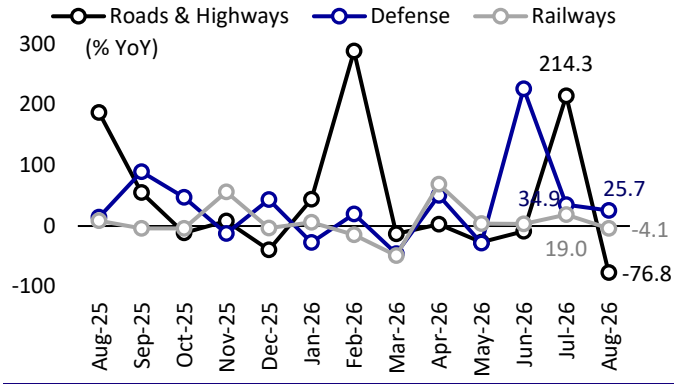


Exhibit 11: Roads capex fell sharply by 76.8% YoY in Aug'26; railways capex fell 4.1%; defense capex remained healthy



Source: CGA, CEIC, MOFSL

Exhibit 12: Fiscal details of the Central government for Aug'26 (Monthly)

	(INR t) Aug-26	(INR t) Aug-25	(INR t) Jul'26	(% YoY) Aug-26	(% MoM) Aug-26
Gross tax revenue	**2.1**	**2.5**	**3.2**	**-14.8**	**-32.6**
Direct Taxes	**0.8**	**1.2**	**1.7**	**-32.7**	**-53.7**
Corporate Tax	0.2	0.3	0.3	-20.0	-25.8
Income Tax	0.5	0.9	1.4	-37.2	-60.5
Indirect Taxes	**1.3**	**1.3**	**1.4**	**-1.6**	**-8.6**
Custom	0.2	0.2	0.3	1.5	-11.7
Excise Duty	0.2	0.3	0.2	-20.8	3.6
GST	0.8	0.8	0.9	2.9	-10.6
Net tax revenue	**-0.1**	**1.5**	**2.1**	**-104.5**	**-103.2**
Non Tax revenue	**0.3**	**0.4**	**0.5**	**-14.1**	**-30.5**
Non debt capital receipts	**0.4**	**0.0**	**0.0**	**1555.3**	**773.5**
Total Receipts	**0.6**	**1.9**	**2.6**	**-67.5**	**-76.3**
Total Expenditure	**3.2**	**3.2**	**4.0**	**-0.4**	**-21.9**
Revenue expenditure	**2.6**	**2.3**	**2.9**	**10.4**	**-12.8**
Interest Payments	0.9	0.8	0.8	7.6	10.1
Subsidies	0.3	0.4	0.4	-8.9	-13.4
Capital expenditure	**0.6**	**0.8**	**1.1**	**-29.9**	**-46.3**
Loans Disbursed	0.1	0.1	0.3	-1.0	-48.8
Fiscal Deficit	**2.6**	**1.3**	**1.5**		
Revenue deficit	**2.3**	**0.5**	**0.4**		
Primary deficit	**1.7**	**0.5**	**0.7**		

Source: CEIC, MOFSL

Center's finances (FYTD; Apr-Aug'26)

- **Key takeaway: The Center's FY27'YTD fiscal position remains healthy so far, supported by strong revenue mobilization, a favorable quality of spending, and robust disinvestment receipts.** Revenue mobilization has remained resilient, with gross tax revenue rising **14.3% YoY**, while non-debt capital receipts have increased sharply. **Capex growth of 18.2% YoY continues to outpace revenue expenditure growth of 8.2%**, indicating that spending remains tilted toward productive investment. **Meanwhile, 77.7% of the FY27BE disinvestment and asset-monetization target has already been achieved, improving visibility on meeting the full-year target.**
- **The Center's fiscal position remains manageable in 5MFY27, with the fiscal deficit at 42% of the FY27BE**. The fiscal deficit stood at INR7.1t in 5MFY27, compared with INR6.0t in 5MFY26. Total expenditure increased 10.5% YoY to INR20.8t, while total receipts rose 6.6% YoY to INR13.7t.
- **Revenue mobilization remains healthy, led by direct taxes**. Gross tax revenue increased 14.3% YoY to INR14.3t in 5MFY27, compared with 13.4% growth in 5MFY26. Direct tax collections increased 7.6% YoY in 5MFY27, with corporate tax and income tax rising 13.4% and 12.3%, respectively. Indirect taxes declined 2.0%, with customs revenue increasing 28.2% but excise duty and GST declining

22.6% and 3.6%, respectively. Net tax revenue increased 8.4% YoY to INR8.4t, while non-tax revenue rose 3.2% to INR4.5t in 5MFY27.

- **Non-debt capital receipts have also strengthened significantly, providing additional support to the fiscal position.** Non-debt capital receipts increased 135.3% YoY to INR0.8t in 5MFY27, compared with INR0.3t in 5MFY26. This reflects continued progress on disinvestment and other capital receipts. The government has already mobilized around INR621.2b through disinvestment and asset monetization (or 77.7% of the INR800b FY27BE target. With only around INR178.7b remaining, the target appears achievable, providing potential upside to the budgeted non-debt capital receipts.
- **Total expenditure growth moderated to 10.5% YoY in 5MFY27, although capex continues to grow faster than revenue expenditure**. Total expenditure increased to INR20.8t in 5MFY27, with capital expenditure rising 18.2% YoY to INR5.1t, compared with 8.2% growth in revenue expenditure. The Center has already utilized 47% of its FY27 capex budget, while the monthly capex run rate (of around INR1.0t) remains consistent with the pace required to meet the budgeted allocation.
- **The composition of capex remains supportive of infrastructure and strategic investment.** Central capex increased 18% YoY in FY27'YTD, led by defense (+37%), railways (+23%), and transfers to states (+59%). Railways have already utilized 54% of FY27BE, while telecom spending has reached 79%. MoRTH spending increased only 2%, while Housing & Urban Affairs declined 21%, suggesting that capex execution remains uneven across departments.
- **Revenue expenditure remains relatively contained, although subsidy spending has accelerated**. Revenue expenditure increased 8.2% YoY to INR15.7t in 5MFY27. Interest payments increased 5.1% YoY, while subsidy expenditure rose 24.4% YoY. The increase in subsidies is a monitorable for 2HFY27, although the overall moderation in revenue expenditure continues to support the quality of government spending.
- **The fiscal deficit stood at INR7.1t in 5MFY27, equivalent to ~42% of the FY27BE vs. 37.5% of FY26BE achieved in 5MFY26.** The revenue deficit stood at INR2.8t, while the primary deficit increased to INR2.0t in 5MFY27. The higher deficit utilization primarily reflects expenditure growing faster than receipts, rather than a deterioration in the underlying tax collection trend.
- Overall, the FYTD fiscal position remains manageable, with strong revenue mobilization and disinvestment providing a cushion against expenditure pressures. The key monitorables for 2HFY27 will be direct-tax collections, GST growth, capex execution, subsidy spending, and disinvestment receipts.

Exhibit 13: Total receipts increased 6.6% in Apr-Aug'26…

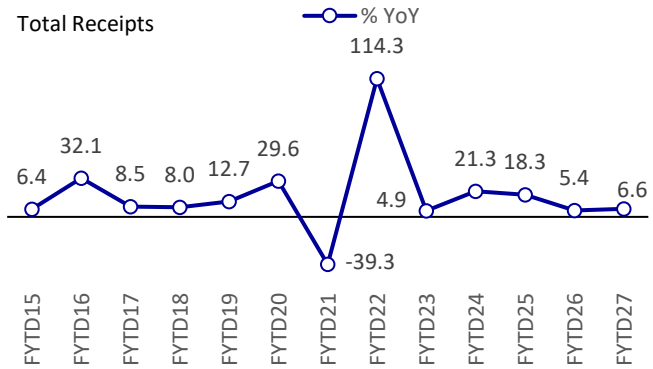


Exhibit 14: …reaching 38.3% of FY27BEs

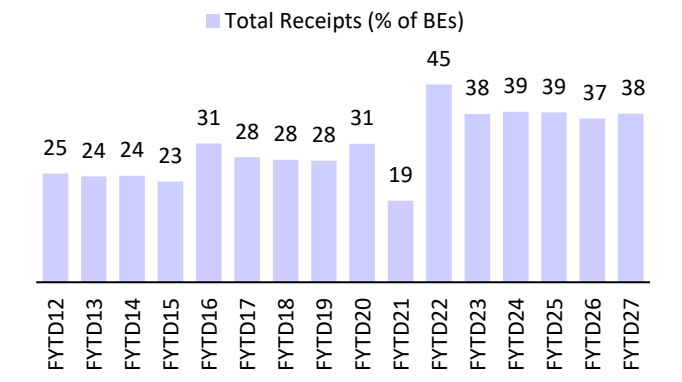


Exhibit 15: Total spending grew 10.5% YoY in Apr-Aug'26…

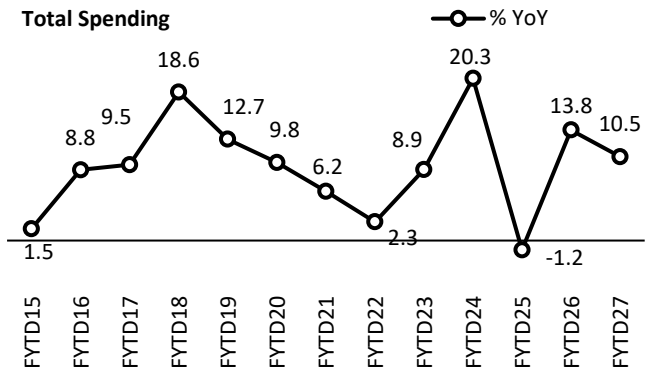


Exhibit 16: …reaching 38.9% of FY27BEs

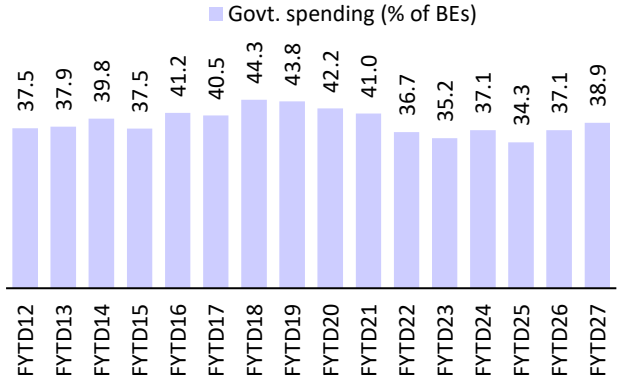


Exhibit 17: Capital spending grew 18.2% in Apr-Aug'26

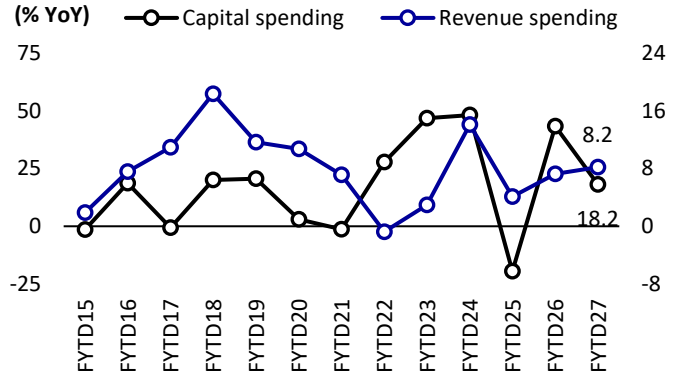


Exhibit 18: Revex stood at 38% of FY27BEs in Apr-Aug'26

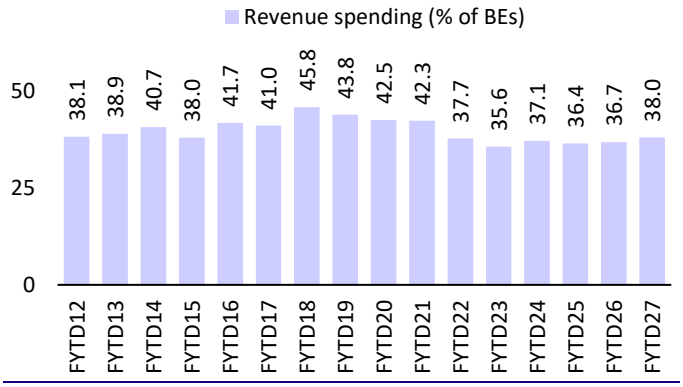


Exhibit 19: Capex stood at 41.7% of FY27BEs in Apr-Aug'26

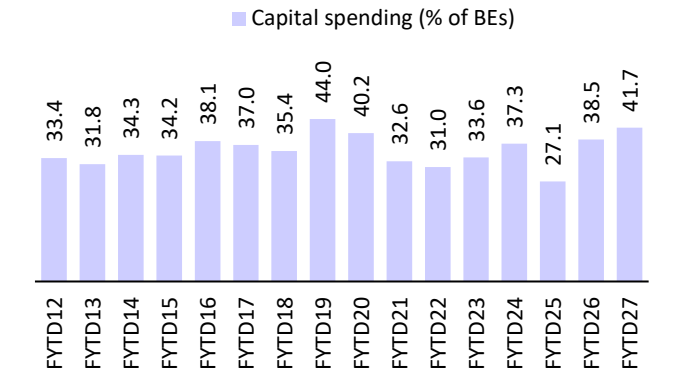


Exhibit 20: Breakup of the Center's capex in Apr-Aug'26 (%)

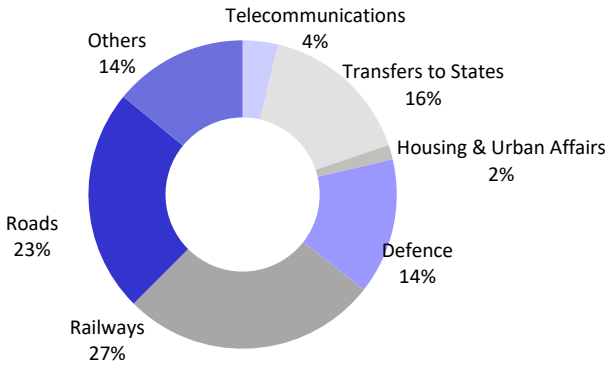


Exhibit 21: Railways, transfers to states, and defense capex remained buoyant

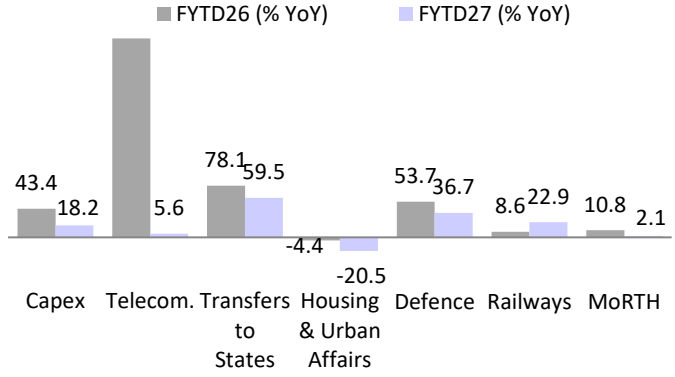
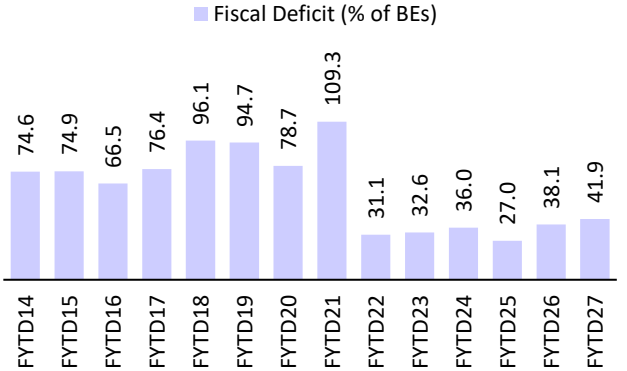


Exhibit 22: Fiscal deficit stood at 41.9% of BEs in Apr-Aug'26, vs. 38.1% in Apr-Aug'25



Note: Data is from Apr'26-Aug'26 for all years; Source: CGA, CEIC, MOFSL

Exhibit 23: Fiscal details of the Central government (FYTD basis)

	(INR t) 5MFY27	(INR t) 5MFY26	(INR t) 5MFY25	% YoY 5MFY27	% YoY 5MFY26	(INR t) FY27BE	(% of BE) FY27BE	FY2027 (INR t) Current run rate	FY2027 (INR t) Required run rate as per budget	FY2027 (INR t) Required run rate for remaining months
Gross tax revenue	**14.3**	**13.4**	**13.3**	**6.5**	**0.8**	**44.0**	**32.5**	**2.9**	**3.7**	**4.2**
Direct Taxes	**7.6**	**6.7**	**6.8**	**13.4**	**-1.0**	**27.0**	**28.2**	**1.5**	**2.2**	**2.8**
Corporate Tax	2.6	2.3	2.2	15.4	2.1	12.3	21.5	0.5	1.0	1.4
Income Tax	5.0	4.4	4.5	12.3	-2.5	14.7	33.8	1.0	1.2	1.4
Indirect Taxes	**6.4**	**6.5**	**6.3**	**-2.0**	**2.7**	**16.8**	**38.0**	**1.3**	**1.4**	**1.5**
Custom	1.1	0.8	0.9	28.2	-11.9	2.7	39.3	0.2	0.2	0.2
Excise Duty	0.9	1.1	1.0	-22.6	7.6	3.9	22.3	0.2	0.3	0.4
GST	4.4	4.5	4.3	-3.6	5.0	10.2	42.8	0.9	0.8	0.8
Net tax revenue	**8.4**	**8.1**	**8.7**	**3.4**	**-7.3**	**28.7**	**29.2**	**1.7**	**2.4**	**2.9**
Non Tax revenue	**4.5**	**4.4**	**3.3**	**3.2**	**31.7**	**6.7**	**68.2**	**0.9**	**0.6**	**0.3**
Non debt capital receipts	**0.8**	**0.3**	**0.1**	**135.3**	**260.6**	**1.2**	**63.5**	**0.2**	**0.1**	**0.1**
Total Receipts	**13.7**	**12.8**	**12.2**	**6.6**	**5.4**	**36.5**	**37.5**	**2.7**	**3.0**	**3.3**
Total Expenditure	**20.8**	**18.8**	**16.5**	**10.5**	**13.8**	**53.5**	**38.9**	**4.2**	**4.5**	**4.7**
Revenue expenditure	**15.7**	**14.5**	**13.5**	**8.2**	**7.2**	**41.3**	**38.0**	**3.1**	**3.4**	**3.7**
Interest Payments	5.1	5.3	4.0	-2.6	32.1	12.7	40.4	1.0	1.1	1.1
Subsidies	1.9	1.5	1.8	24.4	-15.8	4.7	39.8	0.4	0.4	0.4
Capital expenditure	**5.1**	**4.3**	**3.0**	**18.2**	**43.4**	**12.2**	**41.7**	**1.0**	**1.0**	**1.0**
Loans Disbursed	1.4	1.1	0.4	26.9	175.0	2.1	66.9	0.3	0.2	0.1
Fiscal Deficit	**7.1**	**6.0**	**4.4**	**18.7**	**37.5**	**17.0**	**41.9**	**1.4**	**1.4**	**1.4**
Revenue deficit	**2.8**	**2.0**	**1.4**	**38.8**	**38.8**	**5.9**	**46.5**	**0.6**	**0.5**	**0.5**
Primary deficit	**2.0**	**0.7**	**0.4**	**181.3**	**98.4**	**2.9**	**67.0**	**0.4**	**0.2**	**0.1**

Source: CEIC, MOFSL

Finances of 22 states (FYTD; Apr-Aug'26)

- **State finances remained supportive in 5MFY27, with strong revenue mobilization and contained revenue expenditure helping improve the overall fiscal position.** Total receipts increased 19.7% YoY to INR19.7t, while total expenditure rose 19.5% YoY to INR19.5t in 5MFY27. The combined fiscal deficit narrowed to INR2.7t in 5MFY27 from INR3.7t in 5MFY26.
- **Revenue mobilization remained strong.** Revenue receipts increased 17.0% YoY to INR17.0t in 5MFY27, compared with 15.1% growth in 5MFY26. Tax revenue rose 14.8% YoY, led by SGST (+4.9%), sales tax (+12.1%), state excise duties (+13.1%), and states' share of Union taxes (+4.5%). Non-tax revenue increased 23.9% YoY, further supporting the revenue position. Revenue receipts have already reached 32.7% of FY27BE, compared with 5.6% in 5MFY26.
- **The quality of expenditure remained favorable, although capex growth moderated.** Total expenditure increased 19.5% YoY, with revenue expenditure rising 17.2% and capex increasing 8.9% to INR2.3t in 5MFY27. Within revex, interest payments rose 2.2% YoY, pension expenditure increased 2.6% YoY, while subsidy expenditure declined 3.6% in 5MFY27. The relatively contained growth in subsidies and other committed expenditure helped limit pressure on revenue spending.
- **State capex has remained positive but execution is still moderate. Capex increased 8.9% YoY in 5MFY27, compared with 16.7% growth in 5MFY26, with only 20.7% of the FY27BE utilized so far.** The slower pace of capex execution suggests considerable scope for acceleration in 2HFY27, which could provide an additional boost to state-led infrastructure spending.
- **Capex performance across states remains divergent**. Kerala (+59.3%), Chhattisgarh (+46.8%), Maharashtra (+45.5%), Andhra Pradesh (+41.9%), and

Assam (+41.1%) recorded strong double-digit growth, while Karnataka (+11.0%) and Gujarat (+13.8%) posted more moderate increases. In contrast, capex declined in West Bengal (-38.6%), Jharkhand (-29.9%), Madhya Pradesh (-18.7%), and Haryana (-14.3%).

- **Fiscal deficit remains manageable:** The combined fiscal balance of the 22 states stood at a deficit of INR2.7t in 5MFY27, narrower than the INR3.7t deficit in 5MFY26. The deficit stood at 20.1% of the FY27BE, indicating that states have so far maintained a relatively prudent fiscal trajectory despite higher expenditure growth.
- **Overall, the state fiscal position remains supportive, with strong revenue mobilization helping preserve fiscal space. While capex growth has moderated from the strong pace seen in 5MFY26, the low utilization of the FY27BE capex allocation leaves room for a stronger pickup in infrastructure spending in 2HFY27. A recovery in state capex, alongside continued strength in revenue collections and restrained subsidy spending, would provide additional support to overall public investment and growth.**

Exhibit 24: Fiscal details of 22 states

	(% YoY)		(INR t)		(% YoY)		(INR t)	(% of BEs)
26 State Finances	**Aug-26**	**Aug-25**	**5MFY27**	**5MFY26**	**5MFY27**	**5MFY26**	**FY27BE**	**5MFY27**
Total Receipts	**16.0**	**-4.3**	**19.7**	**18.4**	**7.1**	**7.2**	**66.1**	**29.9**
Revenue Receipts	**24.9**	**19.2**	**17.0**	**15.1**	**13.0**	**5.6**	**52.1**	**32.7**
Tax Revenue	**25.6**	**29.1**	**14.8**	**12.9**	**14.8**	**7.9**	**40.7**	**36.3**
State Goods and Services Tax	8.7	24.6	4.9	4.2	15.2	3.9	13.1	37.4
Stamps and Registration Fees	11.8	1.6	1.2	1.1	15.5	8.3	3.4	36.4
Land Revenue	31.4	8.5	0.1	0.1	9.4	2.3	0.3	28.1
Sales Tax	10.9	8.7	1.9	1.7	12.1	3.7	5.1	36.7
State Excise Duties	10.9	4.7	1.3	1.1	13.1	8.8	3.6	36.4
State's Share of Union Taxes	51.1	55.6	4.5	4.0	14.5	14.0	12.6	35.9
Other Taxes and Duties	20.5	47.3	0.9	0.7	22.5	7.4	2.7	33.8
Non Tax Revenue	40.0	-7.5	1.4	1.1	23.9	4.7	4.8	28.4
Grant in Aid and Contribution	17.3	-34.9	0.9	1.1	-19.7	-15.0	6.8	12.6
Capital Receipts	**-90.5**	**-39.4**	**2.7**	**3.7**	**-26.3**	**25.2**	**13.8**	**19.8**
Recovery of Loans and Advances	1.1	58.0	0.0	0.1	-52.8	130.0	0.3	9.5
Other Receipts	-67.0	-49.2	0.0	0.0	-42.2	-13.9	0.2	0.1
Borrowings and Other Liabilities	-91.5	-39.6	2.7	3.6	-25.9	24.6	13.3	20.3
Total Expenditure	**6.7**	**2.4**	**19.5**	**18.6**	**5.3**	**9.1**	**65.5**	**29.8**
Revenue Expenditure	**6.2**	**1.4**	**17.2**	**16.4**	**4.7**	**8.4**	**54.2**	**31.8**
Interest Payments	29.5	-8.8	2.2	2.0	12.6	8.0	6.9	32.6
Salaries and Wages	-55.0	14.8	3.6	3.7	-3.5	7.9	10.5	34.2
Pension	-2.2	0.8	2.6	2.4	7.7	5.2	6.4	40.9
Subsidy	-39.4	11.0	1.5	1.5	-3.6	11.3	4.6	31.9
Capital Expenditure	**9.7**	**7.6**	**2.3**	**2.1**	**8.9**	**16.7**	**11.0**	**20.7**
Loans and Advances Disbursed	-8.3	40.6	0.3	0.3	-0.1	-11.8	1.3	20.1
Fiscal Balance			**-2.7**	**-3.7**			**-13.5**	**20.1**

Source: CEIC, MOFSL; Note: Excluding Arunachal Pradesh, Chandigarh, Assam, and Manipur

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