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Budget 2025: FM Sitharaman continues on fiscal consolidation path, cuts fiscal deficit target for FY26 to 4.4%

Finance Minister Nirmala Sitharaman pegged fiscal deficit target for FY26 at 4.4 per cent.

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Mayank Arora, Director, Nangia Andersen LLP, said, "Fiscal deficit target for FY 25-26 pegged at 4.4%. This proposes a smooth glide-slope for achieving FRBM targets by the FM and would help fiscal consolidation helping stabilize INR, control inflation and provide head-room to the [RBI](#) to reduce interest rates, ultimately sustaining growth."

The bonus dividend announced from the Reserve [Bank of India](#) of Rs 2.1 lakh crore, along with muted spending that helped keep the deficit in check despite lower-than-expected growth, can help the government meet FY25 target.

During her Budget speech, the finance minister said that the focus of the Union Budget is to accelerate growth, inclusive development and boosting middle class spending to enhance the spending power of the middle class.

Budget 2025 reshapes MSME landscape—higher investment and turnover limits unveiled

To support labour-intensive industries, she announced special schemes for footwear, leather, toys, and food products, alongside the launch of a National Manufacturing Mission (NMM). Mayank Arora, Director of Nangia Andersen LLP, lauded the move and said this will give an impetus to the country's Atmanirbhar Bharat/ mission and 'Make in India' plan, and will take it to the next level to achieve the target of increasing the manufacturing sector's share in GDP to 25%.