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Russia's Budget Deficit Grows to 1.3% of GDP in January-February

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The Moscow International Business Center (Moscow City). **Vasily Kuzmichenok / Moskva News Agency**

Russia's budget deficit for the first two months of 2025 reached 2.7 trillion rubles ($31.6 billion), driven by a 30.6% year-on-year increase in spending and more modest revenue growth, Finance Ministry data published Tuesday showed.

Revenues rose 6.3% to 5.34 trillion rubles, while expenditures surged to 8.45 trillion rubles in January and February.

Russia's Finance Ministry attributed the sharp rise in spending to early contract payments, which accelerated in January before slowing down last month.

"However, no significant changes in the quarterly dynamics of expenditure execution are expected this year," the ministry said, according to the Interfax news agency.

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Russia has projected a full-year budget deficit of 1.17 trillion rubles (0.5% of GDP) for 2025, down from 3.49 trillion rubles (1.7% of GDP) in 2024, as it anticipates higher tax revenues and reduced social spending.

The deficit for January and February 2025 amounts to 1.3% of GDP — more than double the 0.6% recorded in the same period last year.

Russia's government has earmarked a record 13.5 trillion rubles from its 41.47 trillion-ruble budget for national defense in 2025. Analysts have warned that increased federal spending could fuel higher-than-expected inflation.

Meanwhile, the Finance Ministry cautioned that declining oil prices could put additional pressure on the deficit.

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