The Moscow Times
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INDEPENDENT NEWS FROM RUSSIA

Russian Wage Arrears Nearly Double as Regional Budgets and Businesses Come Under Strain

May 28, 2026



Vasily Kuzmichenok / Moskva News Agency

Russia's overdue wage debt nearly doubled in April from a year earlier and surged almost sixfold since the start of 2025, official statistics showed, in another sign of mounting financial strain on businesses and regional budgets as the economy slows.

Russia's total unpaid wage arrears reached 2.879 billion rubles ($40.6 million) as of April, up 35% from the previous month and 94.3% year-on-year, according to data published by the state statistics service Rosstat.

The number of workers affected by delayed wage payments climbed to 19,000 at the start of May, doubling in a month and increasing 2.6-fold from a year earlier.

The figures point to growing financial stress across parts of the Russian economy after more than two years of wartime spending, sanctions pressure and high borrowing costs weighed on

corporate profitability and regional finances.

While the overall level of wage arrears remains modest compared with previous Russian economic crises, economists said the rapid pace of growth was a worrying sign.

“This is a clear signal of worsening financial conditions for companies,” Higher School of Economics professor Yevgeny Kogan said.

Businesses accounted for most of the unpaid wages, with companies citing a “lack of own funds” behind 2.092 billion rubles ($29.5 million) in overdue payments, Rosstat said. More than 85% of all wage debt was concentrated in the electricity and gas supply sector, construction and non-resource manufacturing industries.

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Around one-third of the overdue wages date back to last year, while 10.7% have remained unpaid for more than two years, the statistics showed.

Rosstat data also indicated growing problems with budget-funded payments. Wage arrears linked to delays in receiving budget funds jumped 62-fold in April and more than 3,600-fold from a year earlier to 787.6 million rubles ($11.1 million).

Nearly all of those delays — 699.1 million rubles ($9.9 million) — were tied to local government budgets, suggesting acute fiscal stress in some Russian regions.

Regional governments are coming under increasing pressure after posting a combined budget deficit of 1.5 trillion rubles ($21.2 billion) last year, the largest on record.

Analysts at rating agency Expert RA warned that slower economic growth, weaker tax revenues and rising debt burdens could further undermine regional finances this year.

“Slower revenue growth amid an economic slowdown will lead to a higher aggregate deficit and increased debt pressure, which will negatively affect the financial health of regional budgets,” the agency said in a report.

Russia’s corporate sector has also shown signs of deterioration. Rosstat data showed business profits fell by 33% at the start of 2026 compared with a year earlier, one of the steepest declines in modern Russian history. Profits in manufacturing dropped 45%, while mining profits fell 32% and the agricultural sector posted a 38.5% decline.

Expert RA analysts said sanctions pressure, a strong ruble and higher taxes were continuing to squeeze regional businesses.

The exiled outlet Meduza reported that state media had been advised to “ignore as much as possible” Rosstat’s latest wage debt figures.

State-run news agencies TASS and RIA Novosti did not prominently report the data. Several pro-Kremlin outlets, including Komsomolskaya Pravda, Kommersant and Ura.ru, briefly

published reports on the sharp rise in wage arrears before later removing them from their websites.

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