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Russia Says No Budget Crisis Despite Deficit Exceeding Annual Target

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Russia's Finance Ministry does not consider the country's widening budget deficit a crisis despite the shortfall surpassing 6 trillion rubles ($83.5 billion) in the first five months of the year, Deputy Finance Minister Irina Okladnikova said Wednesday.

"We do not believe we have a budget crisis," Okladnikova told lawmakers in the State Duma, according to Interfax. "The budget is being executed according to schedule."

Her comments come as Russia grapples with weaker oil and gas revenues and rising government spending, largely linked to its wartime economy. The growing deficit has fueled concerns about the sustainability of state finances after the government missed its budget targets by a wide margin last year.

According to Finance Ministry data, federal budget revenues totaled 14.781 trillion rubles ($205.5 billion) in January-May, while spending reached 20.791 trillion rubles ($289.0 billion), resulting in a deficit of 6.01 trillion rubles ($83.5 billion).

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The shortfall was roughly double the level recorded during the same period last year and already exceeds by 60% the government's deficit target for the entire year.

Oil and gas revenues fell 30% in the first five months of the year, while non-energy revenues rose 12%. As a result, total budget revenues were virtually unchanged from a year earlier, increasing just 0.3%, while expenditures jumped 17%.

Okladnikova said the higher deficit was largely the result of spending being disbursed more quickly than in previous years.

"Expenditures are moving a little faster, and that affects the deficit figures," she said.

She acknowledged that the deficit had increased more than expected but argued that the rise reflected growing expenditures that were unavoidable under current conditions.

"We see a somewhat larger increase in the deficit, but this is connected to the fact that regions are not returning certain funds and some expenditures are growing faster," Okladnikova said. "Naturally, under the current circumstances, those expenditures must grow. There is no point in denying that — it is a reality. Therefore, we do not see any risk in this."

Finance Minister Anton Siluanov warned last week that the budget deficit would again exceed the level planned by the government this year.

Russia's federal budget deficit reached 5.6 trillion rubles ($77.8 billion) in 2025, despite official plans to reduce it to 1.2 trillion rubles ($16.7 billion).

The deficit across Russia's broader budget system totaled 8 trillion rubles ($111.2 billion) last year, driven by record shortfalls in regional budgets of 1.5 trillion rubles ($20.9 billion) and a deficit of 1.2 trillion rubles ($16.7 billion) in the Social Fund.

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