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Volume 3

State of States

A review of FY25 state budgets



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Volume 3

This publication analysis the finances of major states in India based on their budget documents and monthly accounts.

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Table of Contents

List of Figures ..... **iv**
List of Tables ..... **vi**
State Budget Analysis: Capex pace moderates in FY25BE **1**
Receipts: Reduced devolution/grants from the Centre weigh on receipts 9
Expenditure: Cautious spending amidst weak revenues 16
Deficit and borrowings: Aggregate fiscal deficit budgeted at 3.2% in FY25 27
Path ahead: Fiscal prudence key to strengthening state finances 34
Fiscal profile of five large states that contribute ~50% of national GDP 40

List of Figures

Figure 1: Key fiscal indicators for 21 states under study (%YoY) 5
Figure 2: GSDP growth rates across states (%) 6
Figure 3: Gross fiscal deficits of 21 states vs. Centre 6
Figure 4: State-wise fiscal deficit as % of GSDP for FY25BE 7
Figure 5: Movement in Total Receipts and components (%YoY change) 10
Figure 6: Annual trend of breakup of states' aggregate revenue receipts 11
Figure 7: Composition of State's Revenue Receipts 11
Figure 8: Annual trend of breakup of states' own tax revenue 12
Figure 9: Composition of States' own tax revenues 12
Figure 10: Growth in major components of States' own tax revenue (OTR) 13
Figure 11: Composition of Revenue Receipts (FY25BE, FY24RE and FY23, in %) 13
Figure 12: State-wise growth in Revenue Receipts for FY24RE and FY25BE 14
Figure 13: Comparison amongst States' OTR as a % share of Revenue Receipts 14
Figure 14: State-wise YoY growth in SGST collections for FY24RE and FY25BE 15
Figure 15: Annual expenditure growth trend 17
Figure 16: Share of revenue and capital expenditure in total expenditure 18
Figure 17: Composition of total expenditure in FY24RE and FY25BE 19
Figure 18: Annual trend of states' capex-to-revex ratio (%) 20
Figure 19: Sector-wise share of states' capital expenditure in Social Services 20
Figure 20: Sector-wise share of capital expenditure in Economic Services 21
Figure 21: State-wise capital expenditure growth in FY24RE and FY25BE 21
Figure 22: State-wise revenue expenditure growth in FY24RE and FY25BE 22
Figure 23: Growth of sub-components of revenue expenditure (% YoY) 22
Figure 24: Trend in committed expenditure* for 21 states 23
Figure 25: State-wise interest payment burden for FY25BE 23
Figure 26: State-wise share of pension payments in revenues for FY25BE 24
Figure 27: State-wise share of committed expenditure in revenues for FY25BE 24
Figure 28: Committed vs. capital expenditure across states 25
Figure 29: FY24 finances- Gap between revised and budget expenditure estimates 25
Figure 30: Revenue expenditure in FY24RE as a percentage of FY24BE 26
Figure 31: Capital expenditure in FY24RE as a percentage of FY24BE 26
Figure 32: Trend in fiscal deficit to GSDP for 21 states 28
Figure 33: Gross and net market borrowings of 21 states 29
Figure 34: Annual trend of gross and net market borrowings and SDL interest rates in the primary market 30
Figure 35: State-wise dependency on market borrowings to finance deficit 30

Figure 36: Trend in states outstanding liabilities (as a % of GSDP) 31
Figure 37: State-wise outstanding liabilities for FY24BE (% of GSDP) 31
Figure 38: Quarterly market borrowings: Actual vs. planned 32
Figure 39: State-wise Actual vs. planned market borrowings for FY24 32
Figure 40: Composition of states' outstanding liabilities 33
Figure 41: States' share in combined (Centre + states) government expenditure 34
Figure 42: Outstanding debt vs. fiscal deficit to GDP across 21 states for FY22 34
Figure 43: Outstanding guarantees across states 35
Figure 44: Deviation in aggregate fiscal deficit for 21 states under study 37
Figure 45: Deviation between revised and budgeted fiscal deficit across states for FY23 and FY24 38
Figure 46: Deviation in actual and budgeted fiscal deficit across states for FY22 and FY23 38
Figure 47: Deviation in actual and revised fiscal deficit across states for FY22 and FY23 38
Figure 48: Trend in average yield of SDLs issued by Gujarat and Punjab 39

List of Tables

Table 1: Demographic and economic snapshot of 21 states under study 4
Table 2: Consolidated finances of 21 states 5
Table 3: Key fiscal indicators for states 7
Table 4: Consolidated expenditure profile of 21 states 18
Table 5: Fiscal deficit across states (% of GSDP) 28
Table 6: Gross market borrowings across states 29
Table 7: Composition of outstanding liabilities of 21 states 32
Table 8: Annual growth of sources of fund to finance outstanding liabilities of 21 states 33
Table 9: Trend in outstanding guarantees as a % of GSDP for 21 states 36
Table 10: Deviation of provisional estimates with budget and revised estimates for FY24 37
Table 11: Budget snapshot for Maharashtra 40
Table 12: Budget snapshot for Tamil Nadu 41
Table 13: Budget snapshot for Karnataka 42
Table 14: Budget snapshot for Gujarat 43
Table 15: Budget snapshot for Uttar Pradesh 44

State Budget Analysis: Capex pace moderates in FY25BE

The analysis of FY25 budgets for 21 states, together representing over 95% of India's GDP (Rs 326 lakh crore in FY25BE), reveals important insights into their financial health. The average GDP growth for these states is projected at 11.2%, down from 11.8% in FY24RE, with significant inter-state variation (0.6% for MP to 22.1% for Mizoram), exceeding India's budgeted growth of 10.5%. Total receipts are expected to rise by a four-year low of 10.2% to Rs 43.4 lakh crore (+16.7% in FY24RE), with revenue receipts (99% of total receipts) rising by 10.6%. This growth is primarily driven by a strong, albeit sequentially lower, 15% rise in states' own revenues (tax and non-tax) to Rs 25.8 lakh crore, partly offset by lower devolution and grants from the Centre. Tax buoyancy for these states is expected to remain steady at 1.3x in FY25BE, surpassing the Centre's 1.0x.

After three years of strong growth, capital spending by states is expected to moderate in FY25, growing by a modest 6.5% to Rs 6.5 lakh crore, down from a strong 39.3% growth in FY24RE. The capital-to-revenue expenditure ratio, a measure of expenditure quality, is set at 20.7% for FY25BE, declining from 21.2% in FY24RE. Punjab has the lowest ratio at 6.2%, while Gujarat leads at 36.2%. Revenue expenditure is also budgeted to increase by a four-year low of 8.9% to Rs 44.2 lakh crore. Committed expenditure (interest payments and pensions), on the other hand, remains high, comprising about 24% of total revenue expenditure and consuming nearly a quarter of revenue receipts. Punjab, Kerala, Himachal Pradesh, and Tamil Nadu have allocated over 35% of their revenue receipts to committed expenditure in FY25.

The overall fiscal deficit of these 21 states is pegged at Rs 10 lakh crore or 3.2% of their GSDP in FY25BE vs. 3.5% in FY24RE, above the recommended 3.0% by the 15th Finance Commission. Eight of these 21 states have budgeted for a sub-3% fisc, led by Jharkhand (2%), Gujarat (2.5%) and Maharashtra (2.6%). Nearly 79% of this deficit is expected to be funded through market loans, with gross borrowings rising by 7% to Rs 10.8 lakh crore. States' reliance on market loans has dropped in the recent years, thanks to higher loans from the Centre. Outstanding liabilities to GDP ratio at 29% in FY22 for our sample states may rise to ~33% after accounting for contingent liabilities (states' guarantees to SPSEs). In our sample, UP accounts for over 19% of the overall contingent liabilities, followed by Telangana at 15% and Andhra Pradesh at 13%.

With states contributing only 30% of total tax revenues but accounting for over 60% of total general government expenditure, improving their financial positions has become increasingly critical. Our analysis highlights the need for a clear fiscal consolidation roadmap for fiscally strained states, a gradual reduction in contingent liabilities to enhance transparency, improved fiscal credibility, and risk-based pricing for State Development Loans (SDLs). These measures are essential for the long-term fiscal health of states, ensuring they are adequately equipped to address exigencies and emerging priorities in an ever-changing landscape.

- **States' fiscal deficit pegged at 3.2% in FY24BE:** In this report, we analyse FY25 budgets of 21[1] states, comprising 95% of India's GDP. Our analysis points to a slowdown in capital spending by states after three years of robust growth, weighed down by moderation in the growth momentum of revenue receipts. A slight miss in overall receipts, thanks to lower-than-budgeted non-tax revenues, coupled with higher-than-budgeted revenue expenditure, led to overall deficit for these 21 states surpassing the BE by 30bps to 3.5% of GSDP in FY24RE. For FY25, the fiscal deficit is estimated at 3.2% of GSDP, exceeding the 3% recommended by the 15th Finance Commission. This assumes a GDP growth of 11.2% (vs. 11.8% in FY24RE), higher than the 10.5% GDP growth assumed in the Centre's budget.

Overall fisc to GSDP for 21 states under study is budgeted at 3.2% in FY25 vs. 3.5% in FY24RE (3.2% in FY24BE).

Himachal Pradesh has budgeted for the highest deficit (4.7%), and Jharkhand has budgeted the lowest (2.0%)

- **Revenue receipts budgeted to grow at 10.6% in FY25:** Total receipts of our sample are budgeted to increase by 10.2% in FY25BE to Rs 43.4 lakh crore, moderating from 16.7% growth in FY24RE (last three-year average: +18.1%).

[1] 21 states: AP, AS, BR, CG, GJ, HR, HP, JH, KR, KL, ME, MP, MH, MZ, OD, PB, RJ, TN, TG, UP, WB

While revenue receipts, comprising over 99% of states' overall receipts, are expected to grow at a marginally higher 10.6%, non-debt capital receipts are budgeted to decline by 30%. The growth in revenue receipts is expected to come from robust expansion in states' own revenues, tax (+14.5%) and non-tax (+17.9%), together accounting for 59.4% of total receipts for these states in FY25. On the contrary, the overall transfer from the Centre in the form of tax devolution and grants-in-aid are budgeted to increase by a modest 4.5%. Within states' own tax revenue (SOTR), SGST collections are budgeted to grow by a robust 16.7% in FY25BE on top of a 21.3% increase in FY24RE (Last three-year average: +23.8%). Notably, the share of SGST in SOTR has risen from 30.9% in FY18 to 43.2% in FY24BE. Notably, tax buoyancy at 1.4x in FY24RE was marginally higher than budgeted and is expected to remain fairly steady at 1.3x in FY25BE. This is higher than the budgeted tax buoyancy of 1.0x for the Centre.

SGST—comprising ~43% of state' total own tax revenues—are budgeted to expand by 16.7%YoY in FY25 for 21 states.

- **Budget estimates point to a slowdown in states' capital spending:** The moderation in overall receipts has weighed on expenditure growth as well, with growth in both revenue and capital expenditure moderating to single digits in FY25BE. While revenue expenditure growth is pegged at 8.9% (vs. +17.2% in FY24RE), committed expenditure growth is budgeted to remain fairly steady 10.2%. Capital expenditure growth, on the other hand, is estimated at a marginally lower 6.5% in FY25, but off a strong 39.3% growth in the previous year (Last three years avg: 27.6%). The states' capital outlay—capital expenditure excluding loans & advances by state governments—is expected to grow at an even lower 4.7% vs. 45.4% growth in FY24RE. As such, capital-to-revenue expenditure ratio—a measure of expenditure quality—is expected to decline from a seven-year high of 21.2% in FY24RE to 20.7%, even as it is higher than an average of 18.8% for the previous 14 years. That said, there is a significant inter-state disparity, with large states such as Gujarat, Rajasthan and Tamil Nadu budgeting a capex growth between 24-30%, while other large states including Bihar, Madhya Pradesh and Maharashtra budgeting a contraction.

- **States' liabilities as share of GSDP steadily falling from post-pandemic highs:** Aggregate outstanding liabilities across states rose to a 15-year high of 31.1% of GSDP in FY21, translating into a steep 9.5 percentage points jump between FY15 and FY21, weighed down by farm loan waivers and debt takeover under the Uday Scheme. While Punjab (47.9% of GSDP in FY21), West Bengal (43%), Rajasthan (40.3%), Kerala (40.3%) and Bihar (36.9%) are the most indebted states, Delhi (1.2%), Maharashtra (20.9%), Gujarat (22.5%) and Karnataka (25.9%) are the least indebted ones. Outstanding liabilities of states are expected to have fallen to 28.7% in FY22RE and were budgeted at 29.5% in FY23BE.

- **Market loans to fund 79% of deficit in FY25:** The surge in states' liabilities between FY15 and FY21 is primarily attributed to a sharp rise in market borrowings by states during this period. In fact, states' share in general government borrowings (Centre + states) increased from 9% in FY07 to 47% in FY20. Further, nearly all (96%) of the states' aggregate fiscal deficit was funded by market borrowings in FY20. This channel, however, has been relatively less popular since, funding ~76% of the aggregate deficit in FY24RE only to rise marginally to 79% in FY25BE. Gross borrowings of these 21 states are pegged to rise by 7% to Rs 10.8 lakh crore, with net borrowings rising by a marginally lower 5.3% to Rs 7.9 lakh

crore, thanks to higher repayments. That said, there remains significant inter-state disparity. Total gross borrowings of these 21 states rose by a five-year CAGR (FY20-25BE) of 11.8%, with 11 states reporting a higher growth led by Madhya Pradesh, Kerala, Maharashtra, Rajasthan, Haryana, Karnataka and Tamil Nadu. These seven states account for nearly 66% of the absolute increase in aggregate gross market borrowings during this period.

- **Way ahead:** States contribute only 30% of total tax revenues of the Centre and states combined, but account for a 60% share in combined expenditure. It is, therefore, important to have a clear roadmap to fiscal consolidation at the state level, particularly for debt-ridden states like Punjab, Bihar and West Bengal. Some of these states have debt to GDP ratio north of 40% and spend a large amount of their revenue receipts on committed expenditure, hindering their ability to spend on developmental areas.

  Further, risk-based pricing of SDLs based on state-specific fiscal parameters, as opposed to near-uniform pricing prevalent currently, would nudge fiscally strained states to pursue fiscal consolidation. The outstanding liabilities of states do not include contingent liabilities, a large part of which pertains to state guarantees to SPSEs (State Public Sector Enterprises). At an aggregate level, contingent liabilities added up to 3.8% of GSDP in FY22. If the SPSEs fail to service their debt, these guarantees may get invoked, thereby adding to the state's fiscal burden. A gradual reduction in contingent liabilities is therefore imperative to bring about transparency in state finances and enhance overall fiscal health. Lastly, there has been a persistent gap between the budgeted and revised estimates as well as revised and actual figures for states, which should be addressed to enhance credibility and enable better assessment of the states' finances.

Sample set of study

State	Abbreviation	State	Abbreviation	State	Abbreviation
Andhra Pradesh	AP	Jharkhand	JH	Odisha	OD
Assam	AS	Karnataka	KA	Punjab	PB
Bihar	BR	Kerala	KL	Rajasthan	RJ
Chhattisgarh	CG	Madhya Pradesh	MP	Tamil Nadu	TN
Gujarat	GJ	Maharashtra	MH	Telangana	TG
Haryana	HR	Meghalaya	ML	Uttar Pradesh	UP
Himachal Pradesh	HP	Mizoram	MZ	West Bengal	WB

States/UTs not considered in our study: Delhi, Jammu & Kashmir, Arunachal Pradesh, Goa, Manipur, Nagaland, Sikkim, Tripura, Uttarakhand, Chandigarh, Puducherry, Ladakh, Lakshadweep, Andaman & Nicobar Islands, Dadra & Nagar Haveli and Daman & Diu

Table 1: Demographic and economic snapshot of 21 states under study

State	No. of districts [1]	Population (mn) [2]	Literacy rate [3]	Unemployment rate (FY24)	Nominal GSDP (FY24RE, Rs lakh cr)	Per capita GSDP (Rs) [4]	Inflation (FY24, Avg.)	Fiscal deficit to GSDP (FY25BE)	Outstanding Liabilities to GSDP (FY24BE)
Maharashtra	36	127.0	84.8	3.3	40.4	3,18,560	5.1	2.6	36.9
Tamil Nadu	38	77.0	82.9	3.5	27.2	3,53,604	5.4	3.4	44.3
Karnataka	31	67.9	77.2	2.7	25.7	3,77,889	5.8	3.0	44.2
Gujarat	33	71.1	82.4	1.1	24.6	3,46,358	5.7	2.5	24.0
Uttar Pradesh	75	237.1	73.0	3.0	23.6	99,605	5.8	3.5	47.6
West Bengal	23	99.4	80.5	2.6	17.0	1,71,184	4.5	3.6	35.7
Rajasthan	50	81.5	69.7	4.2	15.3	1,87,454	6.4	3.9	36.2
Madhya Pradesh	55	87.2	73.7	0.9	15.1	1,73,632	4.4	4.1	22.7
Telangana	33	38.2	72.8	4.8	14.6	3,83,426	6.4	3.0	13.9
Andhra Pradesh	26	53.3	66.4	4.1	14.4	2,70,295	5.5	3.5	33.5
Kerala	14	36.1	96.2	7.2	11.7	3,25,523	5.0	3.4	30.1
Haryana	22	30.3	80.4	3.4	11.0	3,61,993	6.6	2.8	38.3
Bihar	38	127.9	70.9	3.0	8.6	67,282	5.8	3.0	26.6
Odisha	30	46.4	77.3	3.1	8.3	1,79,303	6.6	3.5	39.5
Punjab	23	32.7	83.7	5.5	7.4	2,25,356	5.5	3.8	42.1
Assam	35	35.9	85.9	3.9	5.7	1,58,807	4.6	3.5	50.4
Chhattisgarh	33	30.4	77.3	2.5	5.1	1,66,520	3.4	3.8	37.0
Jharkhand	24	39.8	74.3	1.3	4.3	1,07,696	5.7	2.0	29.9
Himachal Pradesh	12	7.5	86.6	5.4	2.1	2,76,943	5.0	4.7	18.2
Meghalaya	12	3.4	75.5	6.2	0.5	1,39,602	4.1	3.8	28.7
Mizoram	11	1.2	91.6	2.3	0.4	3,19,967	4.4	2.8	18.6

Source: CEIC, CMIE States of India, MoSPI, Local Government Directory, NSSO (PLFS), RBI, State Budget Documents, NSE EPR.

Notes:

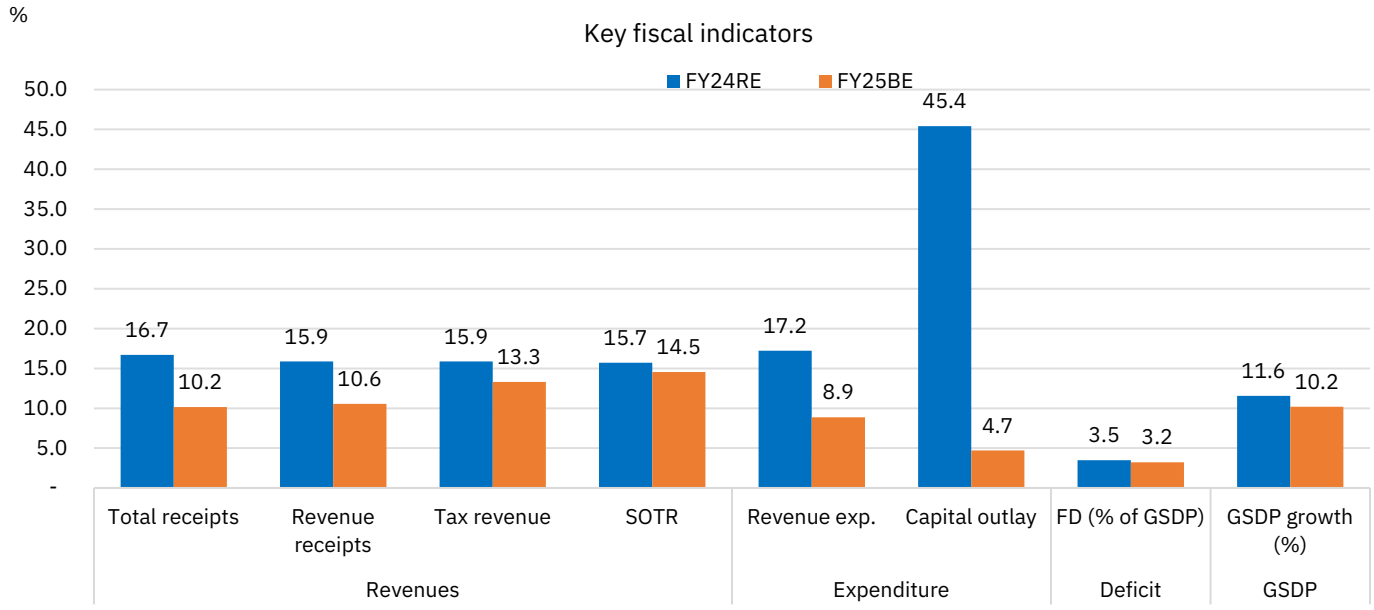
1. 2024 data is sourced from the Local Government Directory (lgdirectory.gov.in).
2. For GJ and MZ, 2024 estimates are carried forward from 2023 due to insufficient data.
3. Literacy rate estimates are based on the NSO 2022 survey.
4. UEM stands for Unemployment. It is based on data from PLFS.
5. Per capita GSDP is based on budgeted GSDP for FY24RE, and population estimate for 2024.

Table 2: Consolidated finances of 21 states

Fiscal indicators	Rs lakh crore					% YoY			
	FY22	FY23	FY24BE	FY24RE	FY25BE	FY23/ FY22	FY24BE/ FY23	FY24RE/ FY23	FY25BE/ FY24RE
Revenue Receipts	**29.8**	**33.7**	**39.6**	**39.0**	**43.1**	**13.1**	**17.6**	**15.9**	**10.6**
Tax Revenue	**22.2**	**25.6**	**29.7**	**29.6**	**33.6**	**15.0**	**16.1**	**15.9**	**13.3**
States' own tax revenue	13.9	16.7	20.0	19.3	22.1	19.8	20.4	15.7	14.5
SGST	5.6	6.7	8.5	8.2	9.5	20.6	26.1	21.3	16.7
Devolution/Share in Central Taxes	8.3	8.9	9.7	10.4	11.5	7.0	8.1	16.2	11.0
Non-Tax Revenue	**7.5**	**8.1**	**9.9**	**9.4**	**9.5**	**7.3**	**22.5**	**15.9**	**1.7**
States' own nontax revenue	2.3	2.6	3.3	3.1	3.7	13.9	24.1	19.9	17.9
Grants from Centre	5.2	5.5	6.6	6.2	5.8	4.4	21.7	13.9	-6.3
Non-debt Capital Receipts	**0.2**	**0.1**	**0.4**	**0.4**	**0.3**	**-60.0**	**395.6**	**341.8**	**-30.3**
Recovery of Loans and Advances	0.2	0.1	0.2	0.4	0.2	-57.7	125.6	345.6	-43.6
Net Receipts	**30.0**	**33.8**	**40.0**	**39.4**	**43.4**	**12.6**	**18.6**	**16.7**	**10.2**
Revenue Expenditure	**31.0**	**34.7**	**40.4**	**40.6**	**44.2**	**11.9**	**16.5**	**17.2**	**8.9**
Interest Payments	4.0	4.3	4.9	4.9	5.3	7.3	13.3	13.1	8.8
Pensions	3.9	4.3	4.9	4.7	5.3	11.3	12.5	9.2	11.7
Capital Expenditure	**5.3**	**6.2**	**8.6**	**8.6**	**9.2**	**17.0**	**39.8**	**39.3**	**6.5**
Capital Outlay	4.9	5.5	7.8	8.0	8.4	12.5	42.1	45.4	4.7
Loans & advances by state govt.	0.4	0.7	0.8	0.6	0.8	73.9	21.2	-9.6	29.6
Total Expenditure	**36.2**	**40.8**	**49.0**	**49.2**	**53.4**	**12.7**	**20.0**	**20.6**	**8.5**
Fiscal deficit	**-6.3**	**-7.1**	**-9.0**	**-9.9**	**-10.0**	**13.3**	**26.7**	**38.9**	**1.7**
Revenue deficit (% of GSDP)	0.5	0.4	0.3	0.6	0.4				
Primary deficit (% of GSDP)	1.0	1.1	1.4	1.7	1.5				
Fiscal Deficit (% of GSDP)	**2.8**	**2.8**	**3.2**	**3.5**	**3.2**				
15th Fin Comm Reco. (% of GSDP)	4.0	3.5	3.0	3.0	3.0				
GSDP growth (%)	**18.8**	**14.3**	**11.5**	**11.6**	**10.2**				

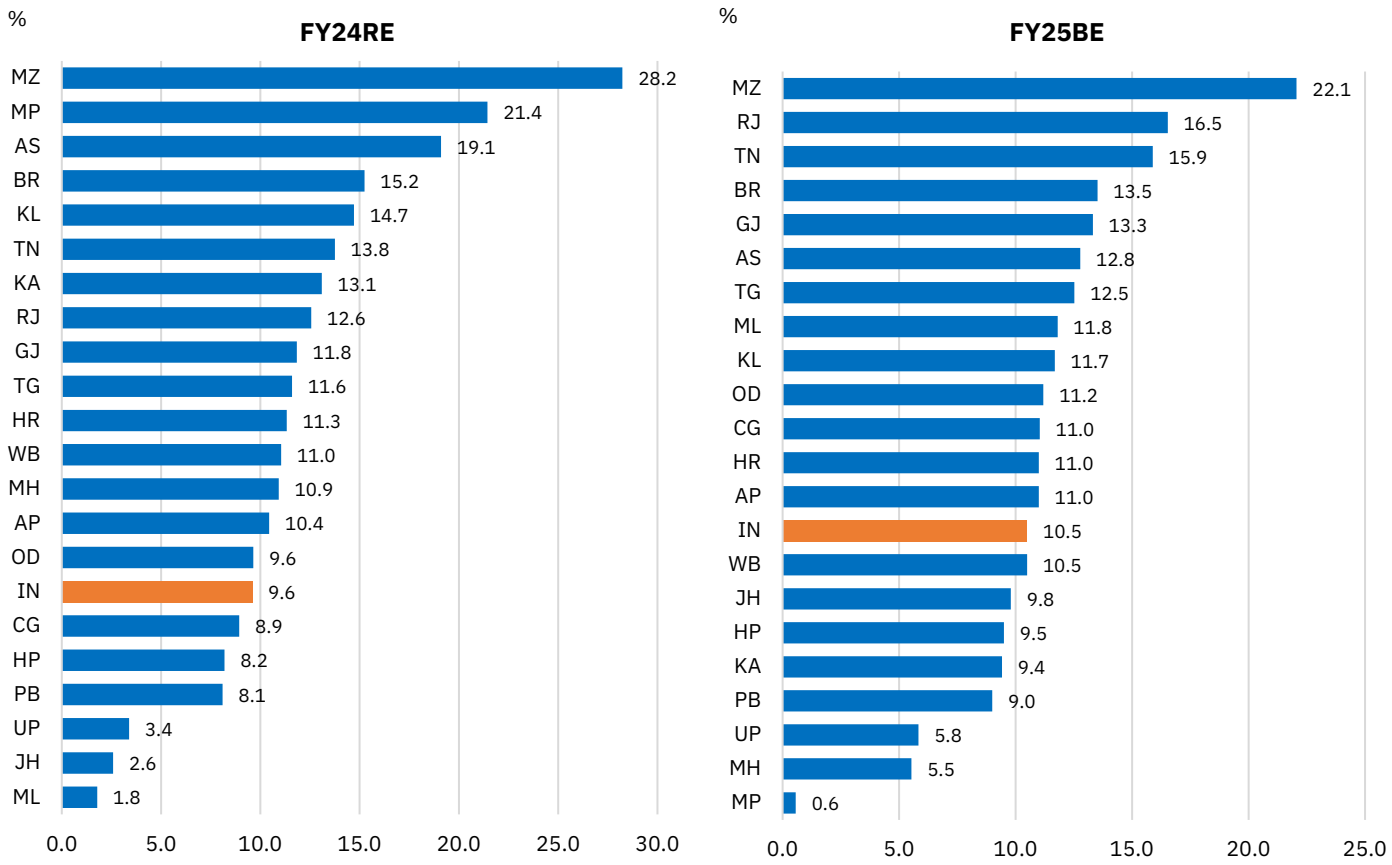
Source: RBI, CMIE States of India, State budget documents, NSE EPR. Note: GSDP growth for Andhra Pradesh assumed 11.0% for FY25.

Figure 1: Key fiscal indicators for 21 states under study (%YoY)



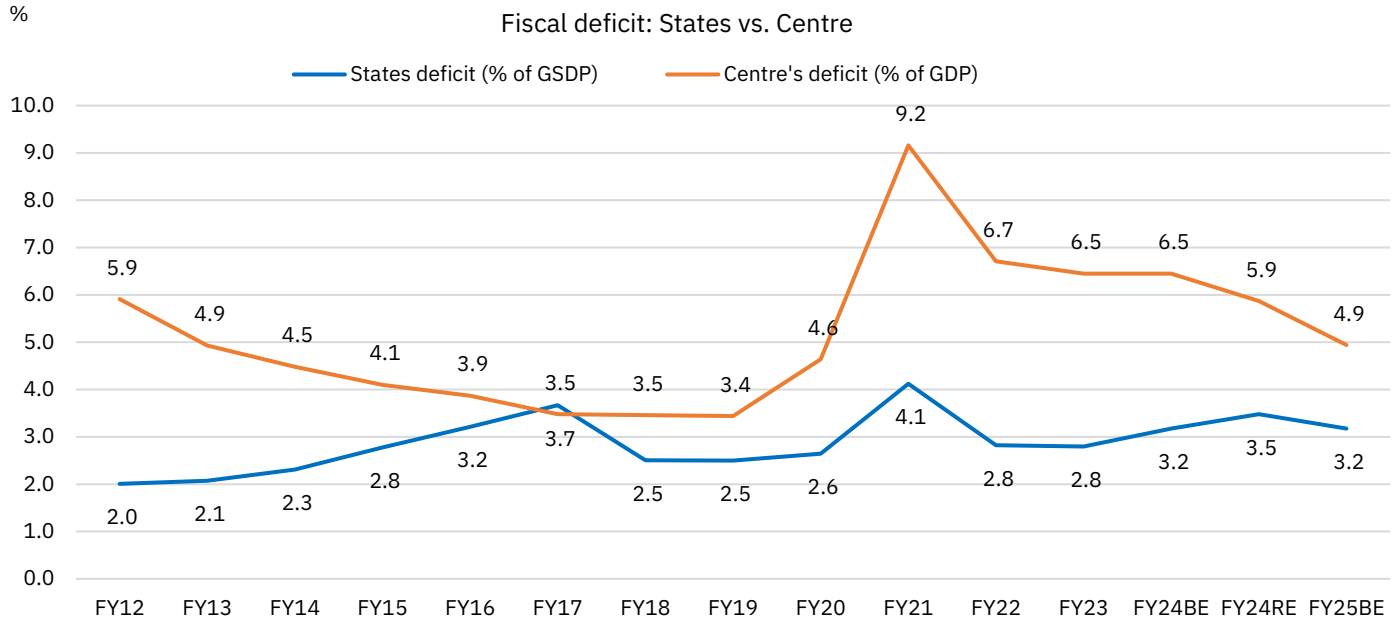
Source: RBI, CMIE States of India, State budget documents, NSE EPR. Note: GSDP growth for Andhra Pradesh assumed 11.0% for FY25.

Figure 2: GSDP growth rates across states (%)



Source: CMIE Economic Outlook, CMIE States of India, PRS, State budget documents, NSE EPR. Note: GSDP growth for Andhra Pradesh assumed at 11.0% for FY25.

Figure 3: Gross fiscal deficits of 21 states vs. Centre



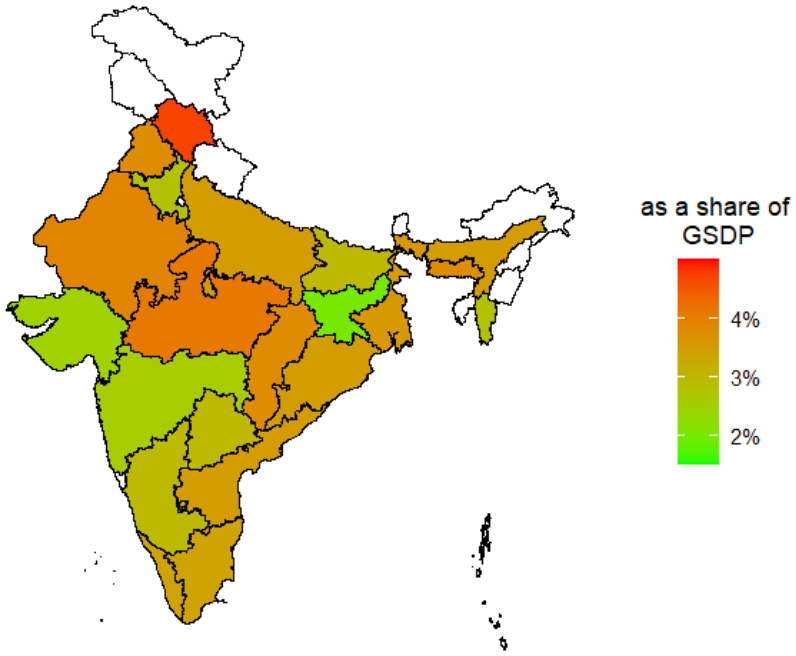
Source: CMIE Economic Outlook, CMIE States of India, PRS, State budget documents, NSE EPR.

Table 3: Key fiscal indicators for states

States	Revenue receipts		Non-debt Capital Receipts		Revenue expenditure		Capital expenditure		Fiscal deficit	
	FY25BE (Rs '00 crore)	% YoY	FY25BE (Rs '00 crore)	% YoY	FY25BE (Rs '00 crore)	% YoY	FY25BE (Rs '00 crore)	% YoY	FY25BE (% of GSDP)	Chg. over FY24RE (bps)
Uttar Pradesh	6,068	15.5	33.0	-0.4	5,327	17.1	1,640	4.9	3.5	-3
Maharashtra	4,995	2.7	24.8	2.0	5,195	2.7	928	-2.2	2.6	-18
Tamil Nadu	2,990	9.7	48.0	83.7	3,483	9.7	642	24.0	3.4	-1
Rajasthan	2,645	11.3	3.3	-2.9	2,902	8.4	446	26.1	3.9	-33
Madhya Pradesh	2,633	13.6	4.7	-96.5	2,616	13.2	647	-5.6	4.1	51
Karnataka	2,632	16.0	2.5	127.3	2,905	20.7	559	2.2	3.0	29
West Bengal	2,363	13.2	1.9	-61.5	2,682	13.2	365	15.7	3.6	14
Gujarat	2,297	6.4	2.9	8.3	2,198	11.5	795	29.6	2.5	76
Bihar	2,268	5.7	4.4	1.7	2,257	-9.7	307	-25.9	3.0	-591
Telangana	2,212	30.8	35.6	9,797.1	2,209	32.0	531	3.9	3.0	-38
Odisha	2,110	13.7	5.1	-53.9	1,836	12.6	603	24.5	3.5	50
Andhra Pradesh	2,054	4.4	0.1	-17.1	2,301	0.8	311	8.5	3.5	-69
Kerala	1,387	9.3	11.4	3.1	1,665	10.0	178	5.0	3.4	-5
Chhattisgarh	1,259	13.1	1.5	-25.0	1,248	-1.7	226	4.7	3.8	-352
Haryana	1,166	10.3	55.6	365.6	1,345	13.0	214	14.4	2.8	-3
Assam	1,119	-4.4	22.2	-33.8	1,101	-7.0	266	-15.8	3.5	-170
Jharkhand	1,108	16.4	1.0	-98.6	918	4.2	286	9.4	2.0	-71
Punjab	1,039	5.1	6.5	225.0	1,271	3.6	79	18.2	3.8	-32
Himachal Pradesh	422	4.2	0.3	1.8	467	1.6	63	-8.0	4.7	-118
Meghalaya	235	6.0	0.3	8.3	197	7.4	59	2.6	3.8	-7
Mizoram	124	-3.0	0.3	-0.0	118	-5.5	20	-8.8	2.8	-189
All states	**43,125**	**10.6**	**265.3**	**-30.3**	**44,242**	**8.9**	**9,164**	**6.5**	**3.2**	**-27**

Source: RBI, CMIE States of India, PRS, State budget documents, NSE EPR.

Figure 4: State-wise fiscal deficit as % of GSDP for FY25BE



Of the 21 states under study, Himachal Pradesh has budgeted the highest fiscal deficit to GSDP at 4.7% in FY25BE, followed by MP (4.1%) and Rajasthan (3.9%). Jharkhand (2%), Gujarat (2.5%) and Maharashtra (2.6%) have the lowest fiscal deficit to GSDP.

13 states have budgeted for a fiscal deficit to GSDP above the 3% recommended target set by the 15th Finance Commission.

Source: CAG, NSE EPR; Note: *Data for 21 states.

Receipts: Reduced devolution/grants from the Centre weigh on receipts

- **Revenue receipts growth expected to moderate in FY25BE:** The total receipts for FY25 of the 21 states under study are budgeted to increase by 10.2% over FY24RE to Rs 43.4 lakh crore, moderating from 16.7% growth in FY24RE, corroborating with lower growth in Nominal GDP. Revenue receipts, comprising of over 99% of states' aggregate receipts, are budgeted to increase by 10.6% in FY25BE to Rs 43.1 lakh crore, marking the slowest pace of growth in the last four years. A large part of this is attributed to reduced devolution and grants from the Centre, while states' own revenues—tax as well as non-tax—are budgeted to grow by a strong 15% in FY25. While states' own tax revenues are pegged to increase by 14.5% in FY25BE (vs. +15.7% in FY24RE), own non-tax revenues are expected to grow by a marginally higher 17.9% (vs. +19.9% in FY24RE). Non-debt capital receipts, that tend to be volatile, are budgeted to drop by 30.3% in FY25RE, albeit off a 342% growth in the previous year (FY24RE).

  Notably, tax buoyancy stood at 1.4x in FY24RE, marginally higher than budgeted (1.3x in FY24BE) and is expected to remain strong at 1.3x in FY25BE. This is not only higher than the average of 1.1x for the last 13 years (excluding the pandemic year) for these 21 states but also higher than 1.0x for the Centre, indicating an upward bias, particularly amid emerging risks to growth outlook, emanating from adverse global externalities.

- **Grants from the Centre pegged to contract in FY25BE:** The states have budgeted grants-in-aid from the Centre to drop by 6.3% in FY25BE as against a growth of 13.9% in FY24RE. Further, growth in devolution is also expected to moderate to 11% in FY25BE from 16.2% in the previous year (FY24RE), translating into a modest 4.5% growth in overall transfers from the Centre (devolution+ grants-in-aid) vs. 15.3% in FY24RE. For these 21 states, the share of the Centre's grants-in-aid in overall non-tax revenues, after rising to a high of 77% during the pandemic (FY21), has been declining since, and constitute around 61% of non-tax receipts in FY25BE. Any contraction in these grants is likely to put pressure on states with high dependency on the Centre. This is particularly true for eastern and northeastern states (Meghalaya, Mizoram, Himachal Pradesh, Assam) who have about 25% to 40% of their revenue receipts coming from the grants-in-aid from the Centre. These states, put together, are expected to see a 26% drop in grants from the Centre in FY25BE.

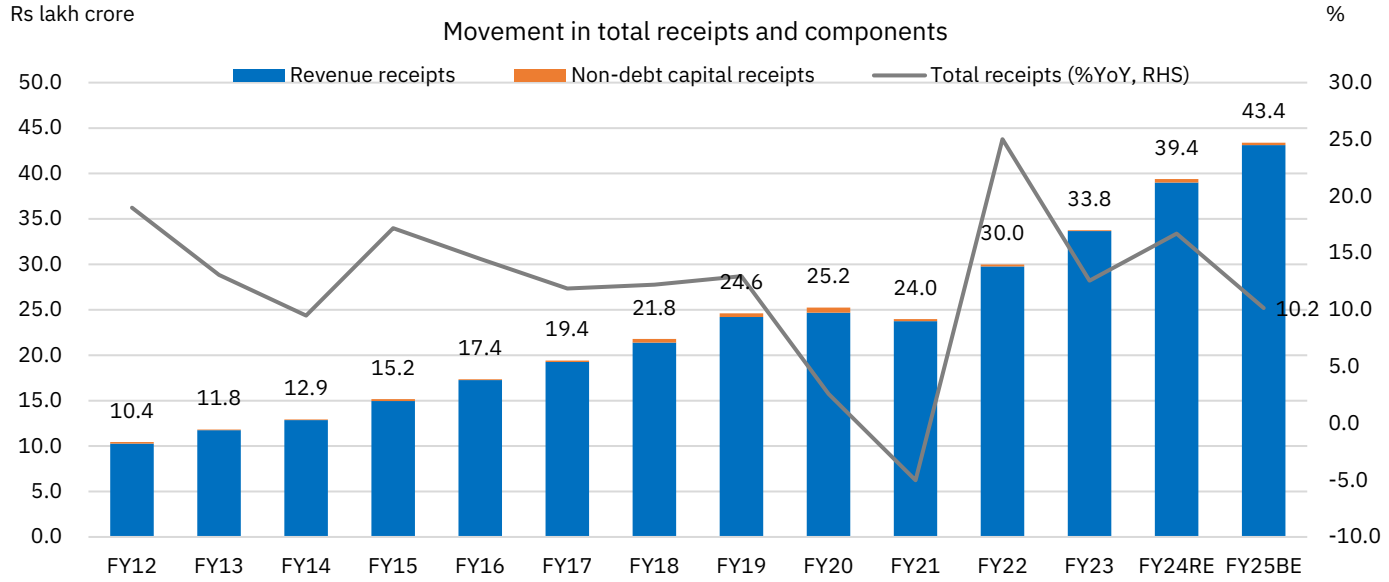
- **SGST collections are expected to remain robust:** The growth in SGST collections is budgeted to remain robust at 16.7% in FY25BE, following an average 23.8% growth in the previous three years (FY22, FY23, FY24RE). Rising SGST receipts have added meaningfully to states OTR, with the former's share in the OTR rising from 30.9% in FY18 to the highest share of 43.2% in FY25BE. This is primarily attributed to rationalisation of GST rates, increased contribution by individual states supported by measures against tax evaders led by state authorities, and government initiatives including broadening of taxable base through extension of e-invoicing system, among others. That said, barring UP, the GST collections are primarily coming from western and southern states, with the top five states (Maharashtra, Uttar Pradesh, Karnataka, Gujarat and Tamil Nadu) contributing nearly 53% to the overall GST collections. Meanwhile, states excise

duty and sales tax collections—accounting for ~34% of the OTR—is budgeted to grow at 14.1% and 10.1% respectively in FY25BE.

- **Inter-state disparity in terms of revenue receipts remains huge:** In FY25BE, while the Centre budgeted 14.7% growth in revenue receipts, most states have budgeted a lower growth except Telangana, Karnataka, Jharkhand and Uttar Pradesh. In fact, eastern and northern states including Himachal Pradesh, Meghalaya, Assam and Mizoram have budgeted either contraction or growth in low single digits in revenue receipts from FY24RE levels. Thus, the moderation in revenue receipts is a likelihood of moderating growth in FY25. That said, though India's Revenue to GDP is below most other emerging markets, states revenue collection performance has improved over the years. For FY25BE, the revenue receipts to GSDP ratio for our sample states improved from an average of 14.8% in the previous 12 years to 15.2% in FY25BE.

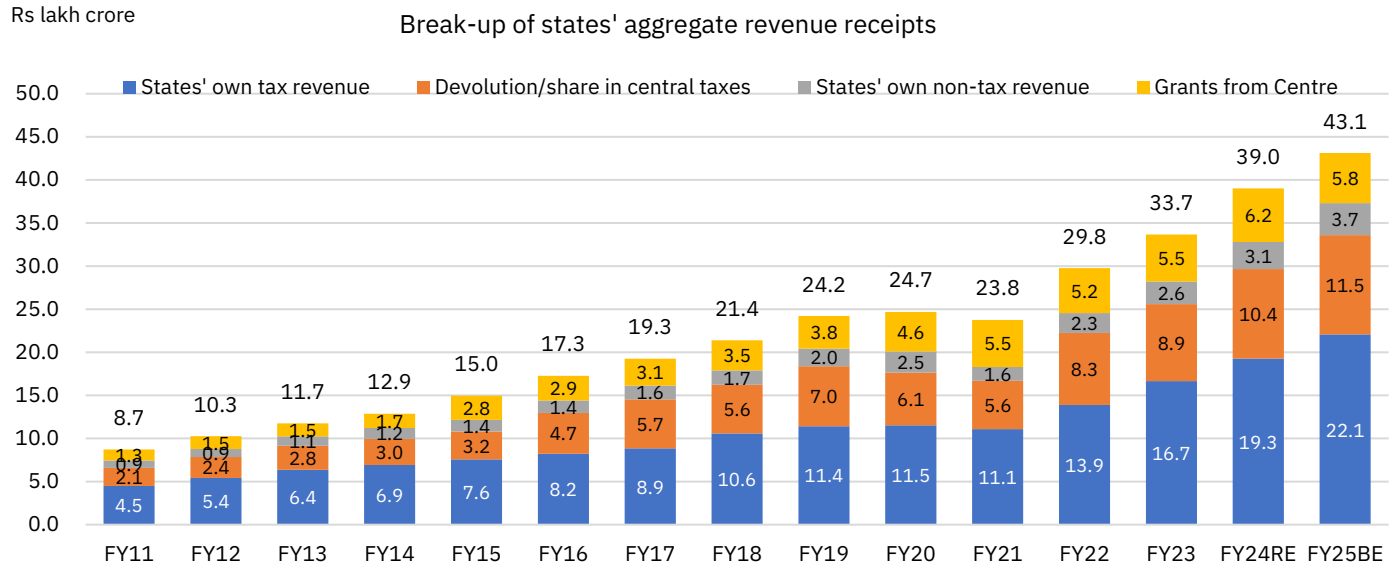
Figure 5: Movement in Total Receipts and components (%YoY change)

The total receipts for FY25 for 21 states under study are budgeted to increase by 10.2% over FY24RE to Rs 43.4 lakh crore, moderating from 16.7% in FY24RE. This is primarily on account of moderation in transfers from the Centre in the form of grants and tax devolution. States' own revenues, in fact, are pegged to grow by a strong 15% in FY25BE.



Source: RBI, CMIE States of India, State budget documents, NSE EPR.

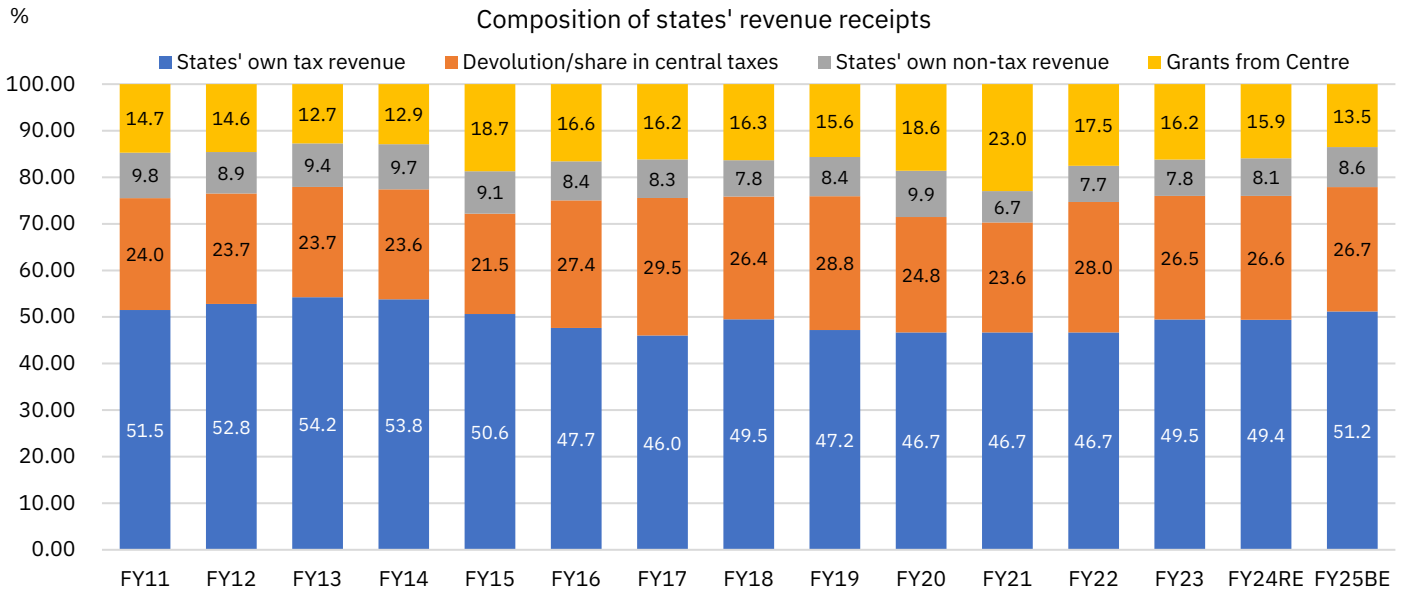
Figure 6: Annual trend of breakup of states' aggregate revenue receipts



Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 7: Composition of State's Revenue Receipts

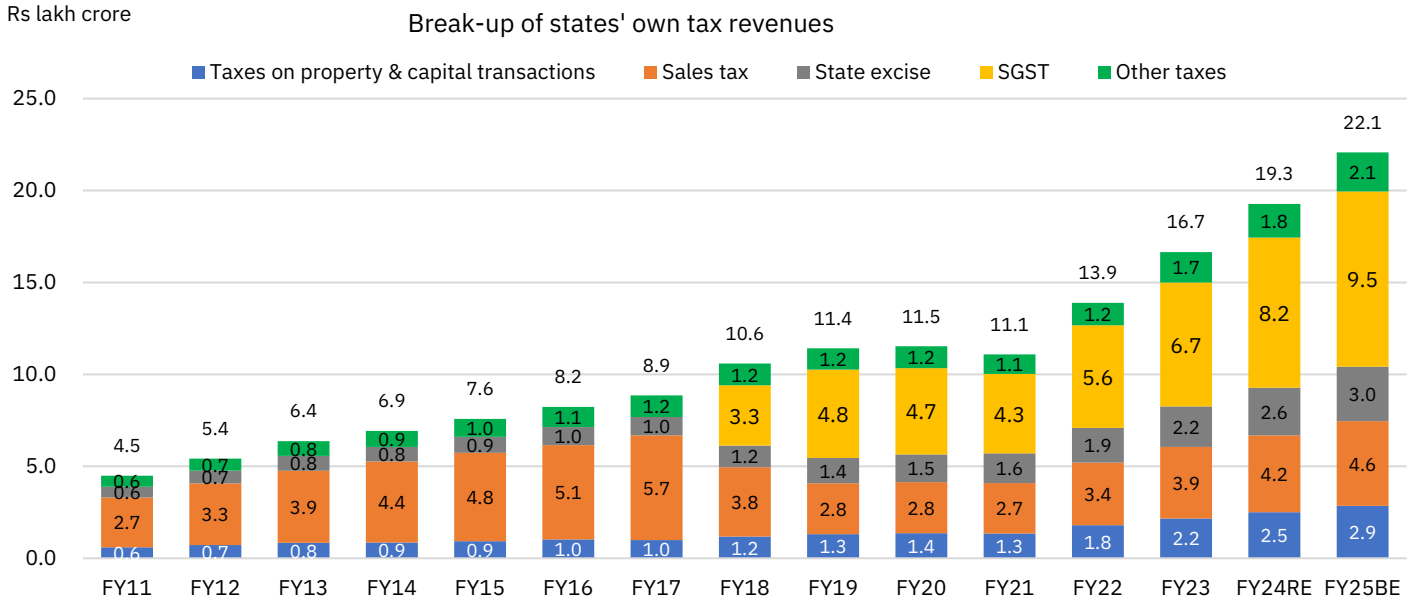
States' own tax revenue as a share of overall revenue receipts has been inching up steadily over the last four years and is pegged at an 11-year high of 51.2% in FY25BE. This, along with the states' own non-tax revenues, now accounts for nearly 60% of the states' revenue receipts.



Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 8: Annual trend of breakup of states' own tax revenue

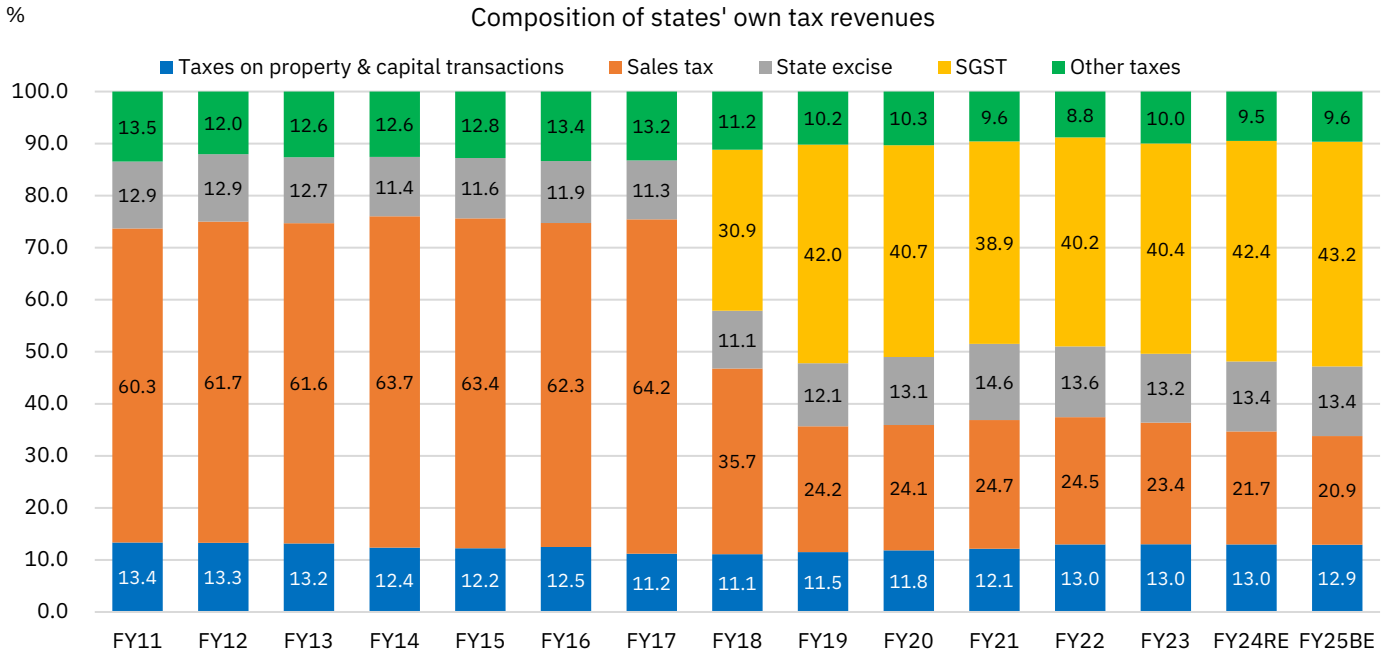
States' revenues from SGST collections have nearly doubled between FY19 and FY25BE, rising from Rs 4.8 lakh crore in FY19 to Rs 9.5trn in FY25BE (CAGR: 12.1%).



Source: RBI, CMIE States of India, State budget documents, NSE EPR. Note: The GST was launched on July 1st, 2017.

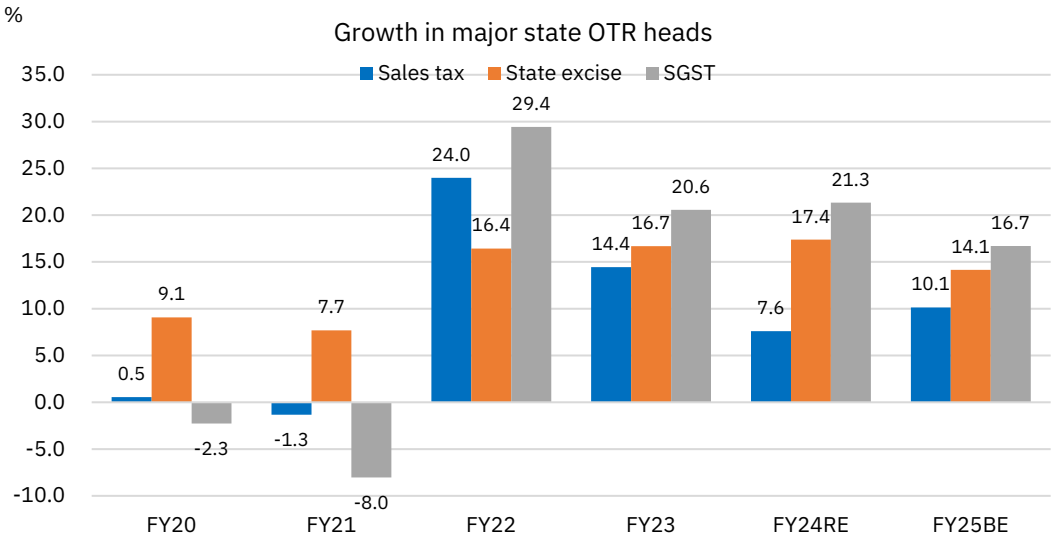
Figure 9: Composition of States' own tax revenues

Rising SGST collections have added meaningfully to states' OTR, with the former's share in OTR rising from 27% in FY18 to 42.3% in FY24BE.



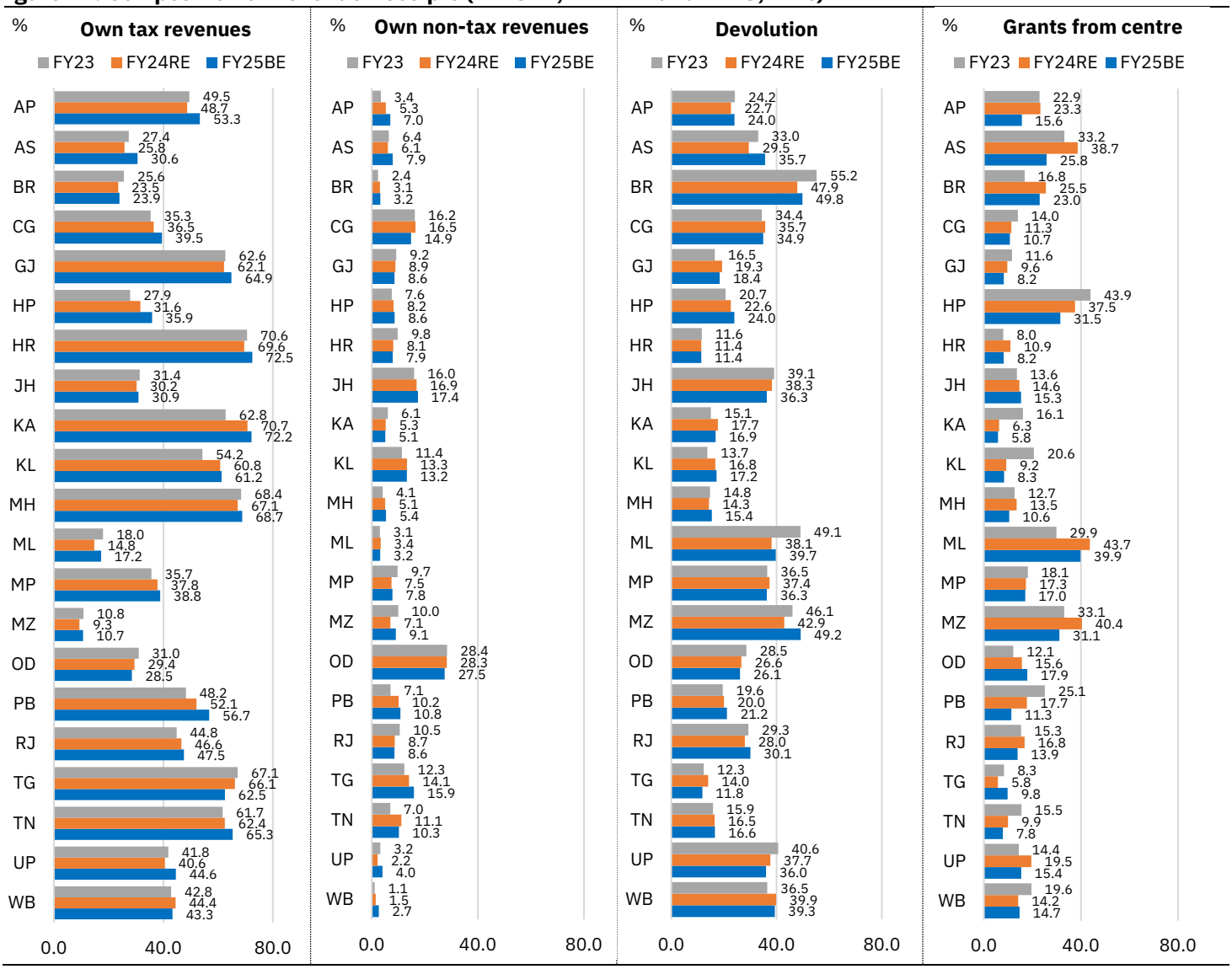
Source: RBI, CMIE States of India, State budget documents, NSE EPR. Note: The GST was introduced on July 1st, 2017.

Figure 10: Growth in major components of States' own tax revenue (OTR)



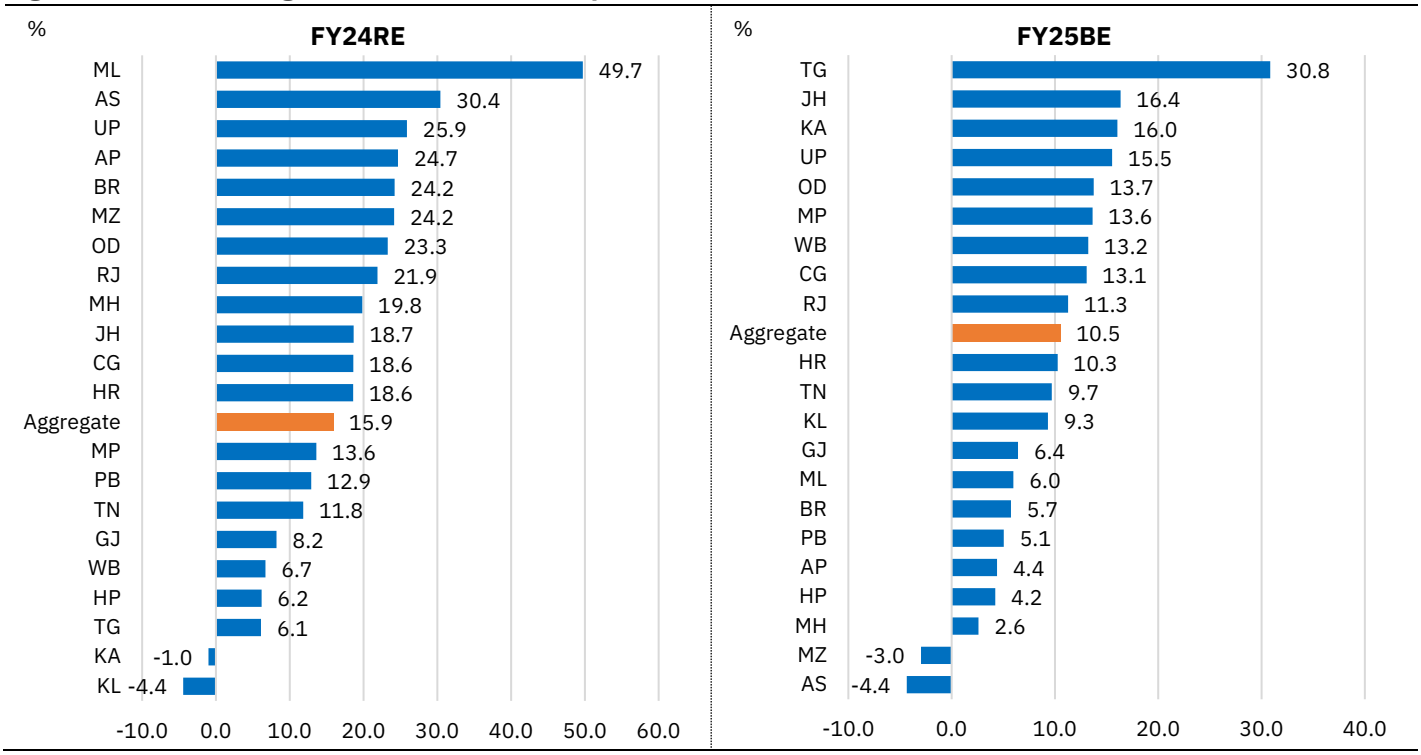
Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 11: Composition of Revenue Receipts (FY25BE, FY24RE and FY23, in %)



Source: RBI, CMIE States of India, State budget documents, NSE EPR.

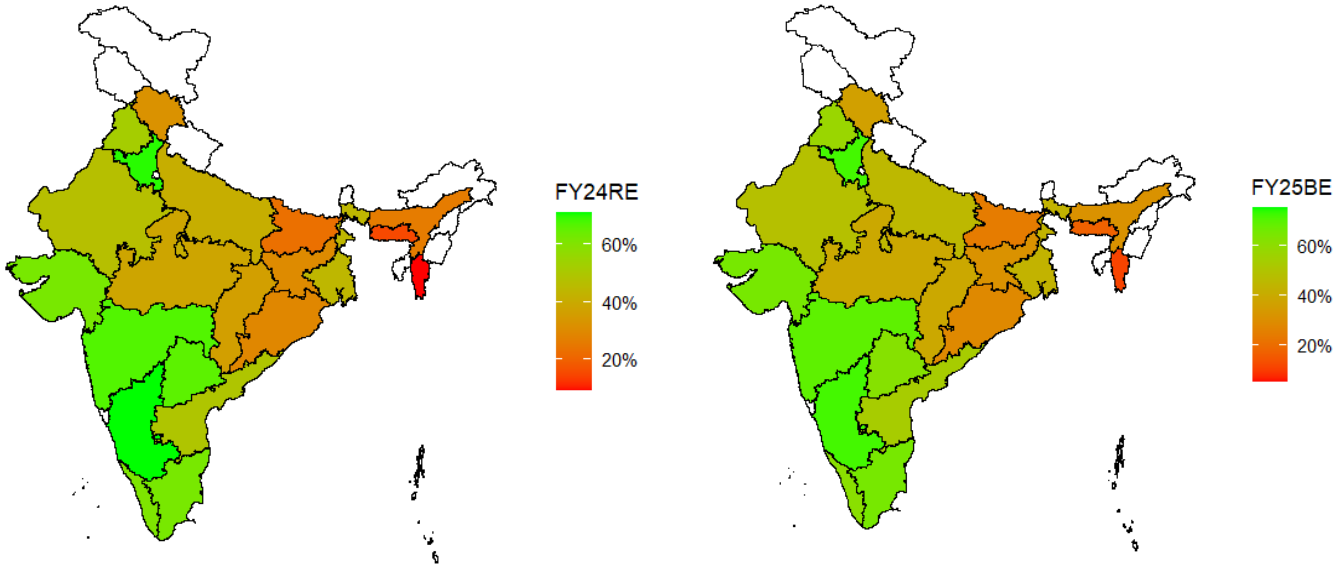
Figure 12: State-wise growth in Revenue Receipts for FY24RE and FY25BE



Source: RBI, CMIE States of India, State budget documents, NSE EPR. Note: Aggregate is calculation for 21 states under study.

Figure 13: Comparison amongst States' OTR as a % share of Revenue Receipts

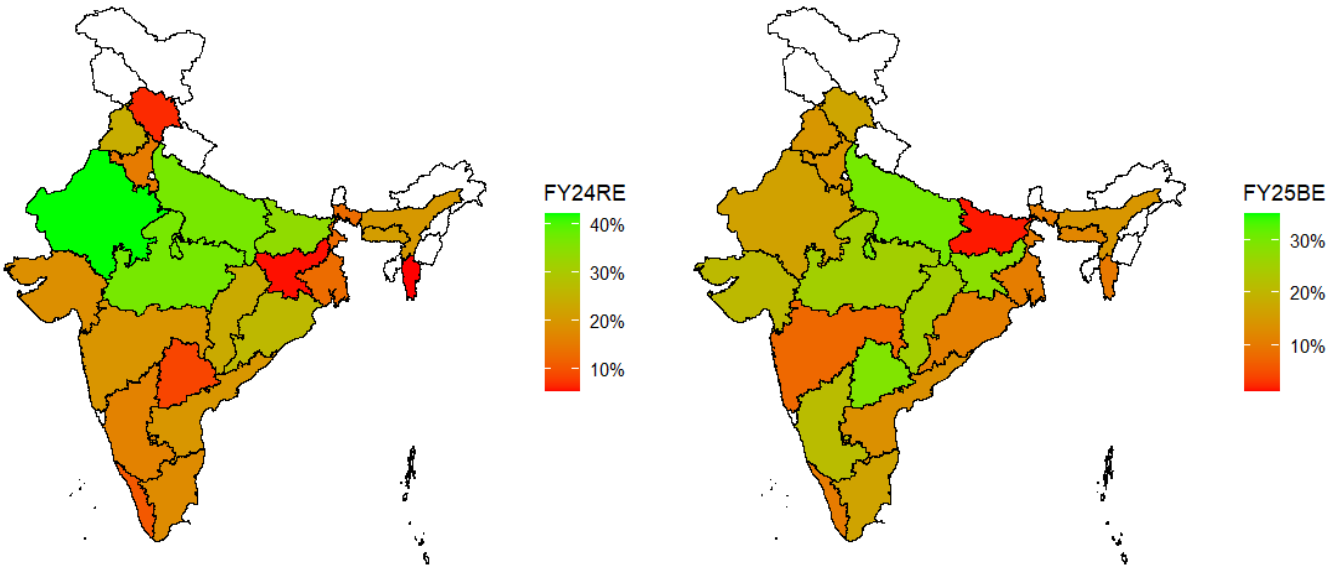
States differ vastly with respect to their revenue generation capacity. A proxy to measure this is the proportion of own taxes raised by states to total revenue receipts. Our analysis reveals that the Western and Southern states are generally more self-reliant, led by Haryana (72.5% in FY25BE), Karnataka (72.2%) and Maharashtra (68.7%).



Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 14: State-wise YoY growth in SGST collections for FY24RE and FY25BE

Historically, Western and Southern states have led the GST collections that are now witnessing a catch up from the Northern and Eastern states.



Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Expenditure: Cautious spending amidst weak revenues

- **Expenditure growth witnessed significant moderation in FY25BE:** The moderation in overall receipts, partly attributed to reduced transfer from the Centre, has weighed on expenditure growth as well, with the total expenditure for the 21 states under study budgeted to grow at 8.5%, substantially lower than 20.6% growth in FY24RE (average over FY22-FY24RE: 15.9%). This moderation is expected to be broad-based, with growth in both revenue and capital expenditure pegged to ease in FY25BE. Aggregate revenue expenditure growth for these 21 states is budgeted at 8.9% in FY25 vs. an average growth of 13.9% in the previous three years (+17.2% in FY24RE). After robust capital spending in the previous three years, capital expenditure growth is budgeted to fall to 6.5% in FY25, but off a strong 39.3% growth in the previous year (Last three years avg: 27.6%). The states' capital outlay—capital expenditure excluding loans & advances by state governments—is expected to grow at an even lower 4.7% vs. 45.4% growth in FY24RE. As such, capital to revenue expenditure—measure of expenditure quality—is expected to decline from a seven-year high of 21.2% in FY24RE to 20.7%, even as it is higher than an average of 18.8% for the previous 14 years.

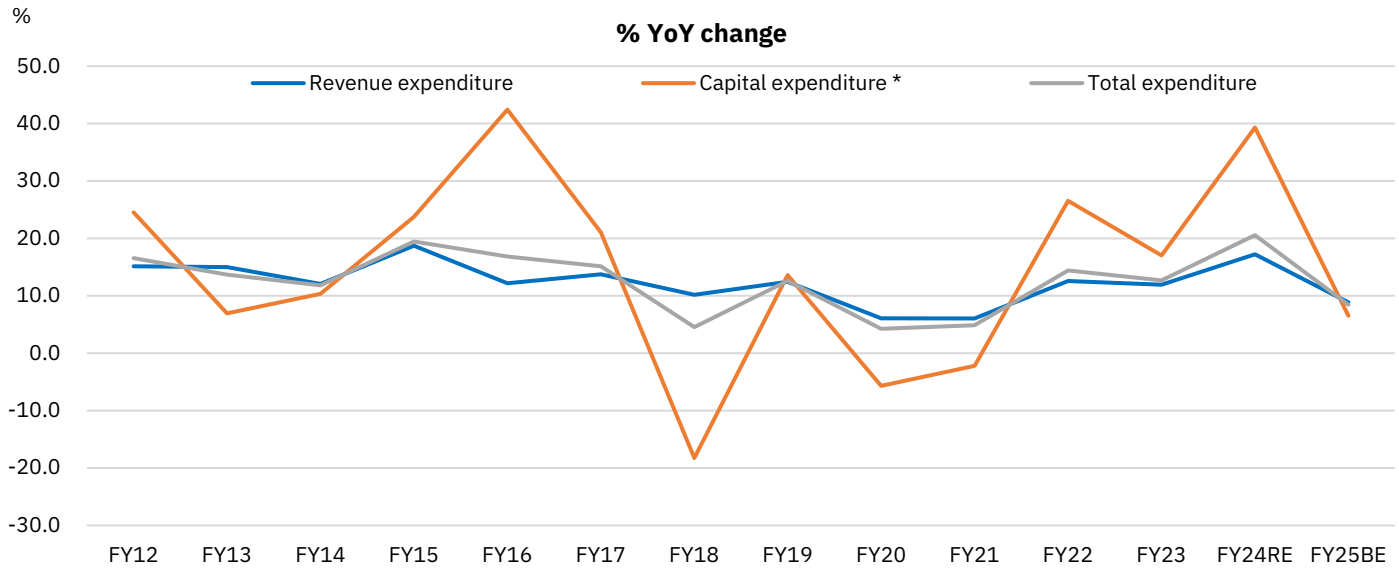
- **Committed expenditure remained steady:** Growth in revenue expenditure on health and education, constituting nearly 54% of the social services expenditure, remained reasonable at 11.1% and 12.3% vs. 24% and 10.6% in FY24RE respectively. While overall social services expenditure is budgeted to grow at 10.5%, growth in economic services has declined substantially to a marginal 3.5% from 19.7% in FY24RE. Committed expenditure (interest payments + pensions) growth, however, is budgeted at a fairly steady 10.2% in FY25, with its share in overall revenue expenditure rising marginally from 23.7% in FY24RE to 24% in FY25BE. Amid expectations of some easing of interest rates this year, share of interest expenses for 21 states under study in the overall revenue receipts is budgeted to drop marginally from 12.6% in FY24RE to a nine-year low of 12.4% in FY25E. For Punjab, Haryana, Tamil Nadu and Kerala, interest payments constitute over 20% of the revenue receipts, indicating relatively high interest servicing burden on these states. Rationalisation of revenue expenditure at the state level is crucial for optimal allocation towards capital expenditure.

- **Water supply & sanitation, irrigation and transport form over 50% of states' capital outlay:** Moderation in capex growth for states on an aggregate basis this year is primarily a consequence of reduced budgeted grants/devolution of taxes from the Centre, and states' efforts to bring down deficit levels, particularly fiscally strained states. Of the states' total capital outlay, transportation accounted for nearly 24%, followed by irrigation & flood control at 16% and water supply & sanitation at 10.7%, together comprising 50.6% of the aggregate budgeted capital outlay in FY25. This, however, is the lowest share in the last 15 years. In FY25BE, education saw a 10.5% increase in capital allocation over FY24RE, followed by water supply & sanitation that saw an increase of 9.6% and transport at 7.6%. Public health, after seeing robust spending over the last few years, averaging 36.4% in the last four years, is expected to see a meagre 0.7% increase in FY25BE over FY24RE, while spending on irrigation & flood control is pegged to decline by 4.8%, albeit off a 49% growth in FY24RE.

- **Divergence across states:** Even as overall capex growth remained robust in FY24RE and is expected to come off in FY25BE, we observe a significant inter-state diversity. As per the revised estimates for FY24, six out of the 21 states spent less than 90% of their budgeted target, with Punjab and Telangana spending just 59% and 77% of the budgeted targets respectively. Further, four states spent between 90 to 100% of their budgeted amounts last year, while 11 states spent more than the budgeted amount. These primarily include eastern and northeastern states (Assam, Mizoram, Meghalaya Himachal Pradesh, Odisha) and some large western states including Maharashtra and Madhya Pradesh. This divergence was much lower on the revenue expenditure side, with all states under study, barring Telangana, spending over 90% of their budgeted number in FY24, as per the revised estimates.

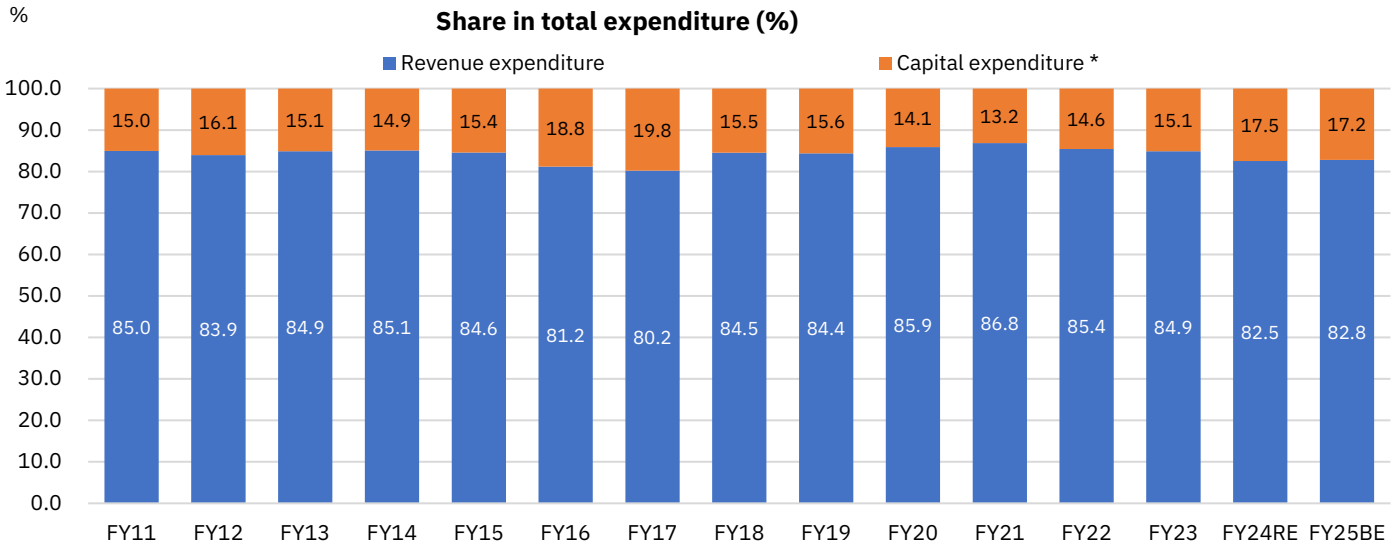
  In FY25, six out of 21 states under study have budgeted a contraction in capital expenditure, including Bihar, Madhya Pradesh, and Maharashtra among large states. Excluding these three states, accounting for ~20% of the aggregate capital expenditure of 21 states under study, capital expenditure growth is pegged at a decent 11.1%. Large states that have budgeted for strong capital expenditure growth in FY25 include Gujarat (+29.6%, CAGR over FY22-FY25RE: 39.6%), Rajasthan (+26.1%, CAGR: +21.6%), Odisha (+24.5%, CAGR: +35.2%) and Tamil Nadu (+24.0%, CAGR: 16.5%). This is partly because these states, barring Odisha, has a relatively lower dependence on the Centre for funds, with tax devolution and grants taking a 22-27% share of their total revenue receipts, much lower than 40% at the aggregate level. Excluding these four states, comprising ~23% of aggregate capex, aggregate capex is expected to increase by a mere 0.5%. Clearly, the inter-state divergence remains huge, with states having higher dependence on transfers from the Centre budgeting for a lower capex.

Figure 15: Annual expenditure growth trend



Source: RBI, CMIE States of India, State budget documents, NSE EPR. *Capital expenditure = Capital outlay + Loans & advances by state governments.

Figure 16: Share of revenue and capital expenditure in total expenditure



Source: RBI, CMIE States of India, State budget documents, NSE EPR. * Capital expenditure = Capital outlay + Loans & advances by state governments.

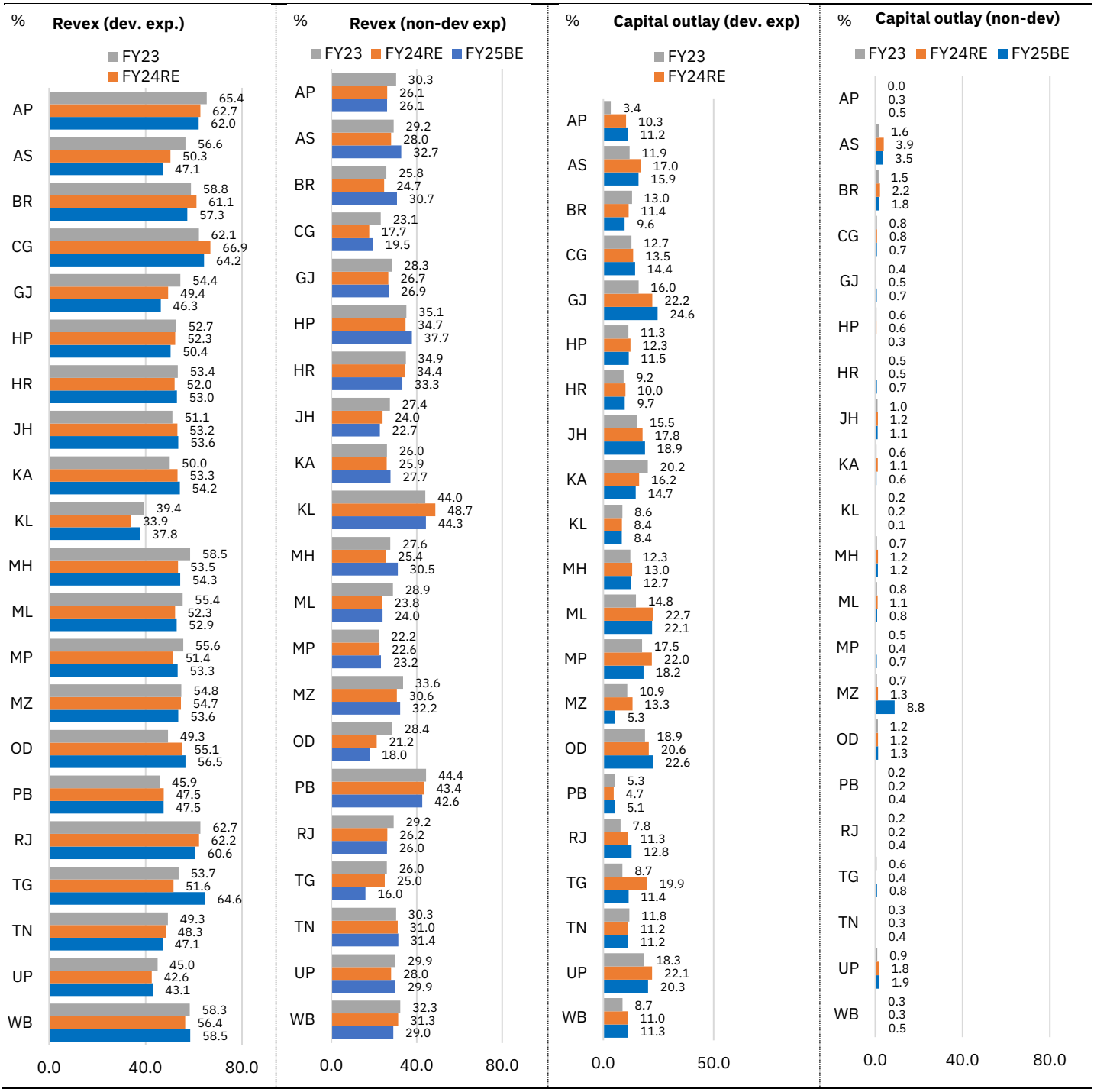
Table 4: Consolidated expenditure profile of 21 states

Indicators	In Rs lakh crore					YoY %				
	FY20	FY21	FY22	FY23RE	FY24BE	FY20	FY21	FY22	FY23RE	FY24BE
Revenue Expenditure (A)	**27.5**	**31.0**	**34.7**	**40.6**	**44.2**	**6.1**	**12.6**	**11.9**	**17.2**	**8.9**
Dev. Expenditure	17.1	19.1	21.9	25.8	28.2	6.2	12.0	14.7	17.6	9.3
Social Services	10.8	12.3	13.8	16.5	18.2	5.4	13.5	12.4	19.3	10.5
Education	4.7	5.3	6.0	6.6	7.4	-0.9	11.4	13.6	10.6	12.3
Public Health	1.4	1.7	1.7	2.1	2.3	14.7	23.5	-1.7	24.0	11.1
Economic Services	6.2	6.8	7.8	9.3	9.6	7.5	9.4	14.1	19.7	3.5
Non-Dev Expenditure	9.6	10.9	12.0	13.6	15.1	5.8	13.4	10.3	13.3	10.7
Interest payments	3.7	4.0	4.3	4.9	5.3	10.3	10.4	7.3	13.1	8.8
Pensions	3.4	3.9	4.3	4.7	5.3	6.3	13.0	11.3	9.2	11.7
Grants-in-aid & contributions	0.8	0.9	0.7	1.2	0.9	5.6	14.5	-25.8	73.0	-20.9
Capital Expenditure (B) *	**4.2**	**5.3**	**6.2**	**8.6**	**9.2**	**-2.2**	**26.6**	**17.0**	**39.3**	**6.5**
Capital Outlay	**3.8**	**4.9**	**5.5**	**8.0**	**8.4**	**-2.5**	**29.1**	**12.5**	**45.4**	**4.7**
Dev. Expenditure	3.6	4.7	5.2	7.5	7.8	6.2	12.0	14.7	17.6	9.3
Social Services	1.0	1.4	1.6	2.5	2.7	5.4	13.5	12.4	19.3	10.5
Education	0.1	0.2	0.2	0.4	0.4	-0.9	11.4	13.6	10.6	12.3
Public Health	0.2	0.2	0.3	0.4	0.4	14.7	23.5	-1.7	24.0	11.1
Water supply, sanitation	0.4	0.5	0.5	0.8	0.9	38.1	40.4	-8.1	74.7	9.6
Urban development	0.2	0.3	0.4	0.5	0.5	34.8	51.3	28.5	31.0	1.7
Economic Services	2.6	3.3	3.6	5.0	5.1	7.5	9.4	14.1	19.7	3.5
Rural Development	0.3	0.2	0.3	0.5	0.5	25.9	-5.7	36.7	51.8	2.6
Irrigation, Flood Control	0.8	0.9	0.9	1.4	1.3	-2.2	15.5	3.4	49.1	-4.8
Transport	1.1	1.4	1.5	1.9	2.0	1.5	25.2	12.8	21.2	7.6
Non-Dev Expenditure	0.2	0.2	0.3	0.5	0.5	5.8	13.4	10.3	13.3	10.7
Loans by the state govt.	0.4	0.4	0.7	0.6	0.8	1.2	1.5	73.9	-9.6	29.6
Total Expenditure (C = A + B)	**31.7**	**36.2**	**40.8**	**49.2**	**53.4**	**4.9**	**14.4**	**12.7**	**20.6**	**8.5**

Source: CMIE States of India, NSE EPR. * Capital Expenditure = Capital Outlay + Loans and advances by the state govt.

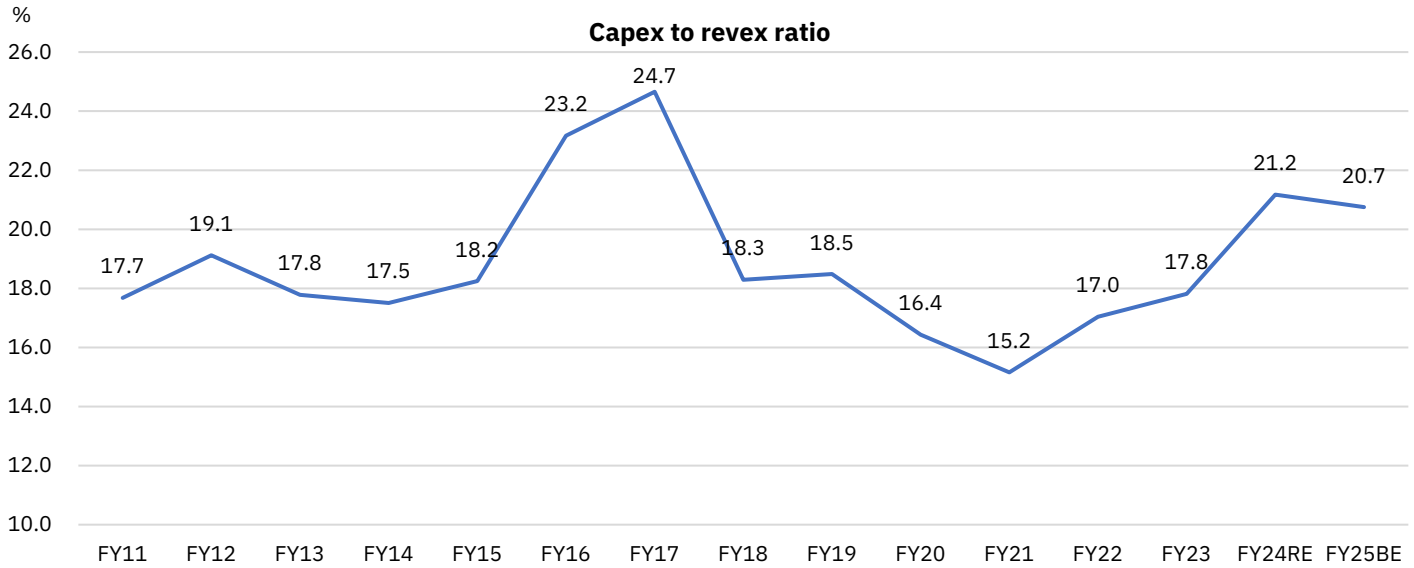
Figure 17: Composition of total expenditure in FY24RE and FY25BE

For FY25, among the major states, Gujarat, Odisha, Uttar Pradesh and Jharkhand were the leading states in terms of the share of capital outlay in total expenditure at 25.3%, 23.9%, 22.2% and 19.9% respectively. States that had the lowest share of capital outlay in total expenditure included Punjab (5.5%), Kerala (8.5%) and Haryana (10.4%).



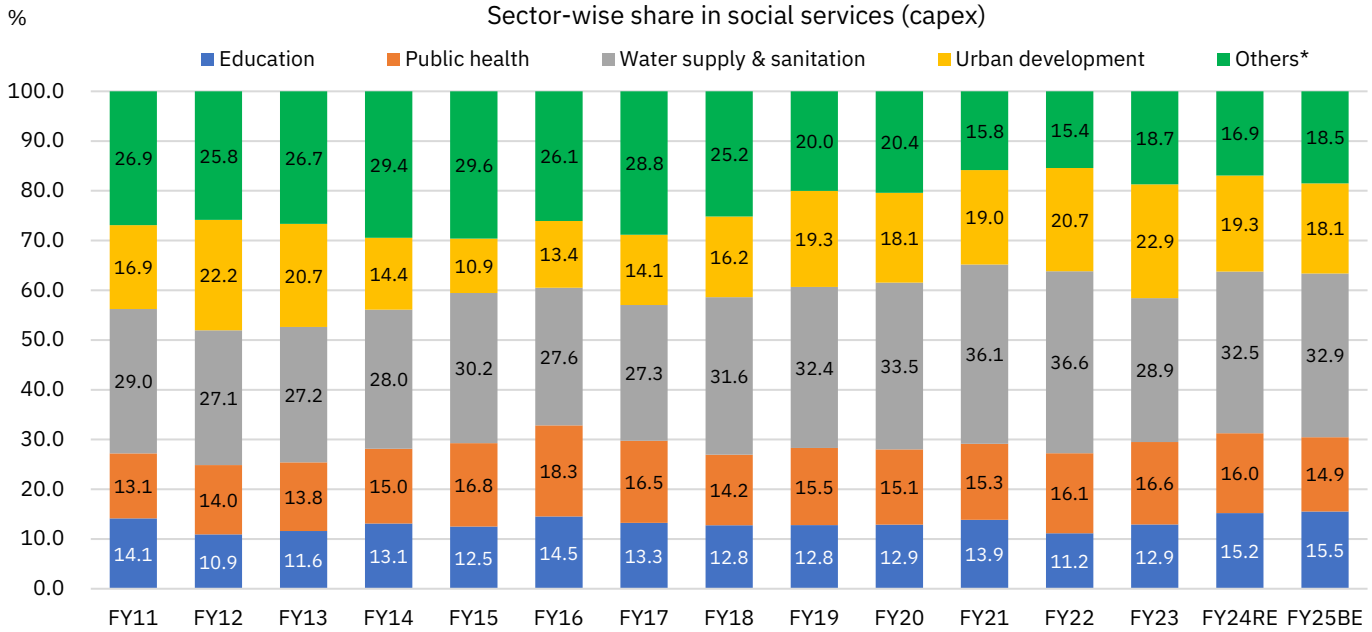
Source: RBI, CMIE States of India, State budget documents, NSE EPR.
Note: Total expenditure excludes debt repayment to Centre and states.

Figure 18: Annual trend of states' capex-to-revex ratio (%)



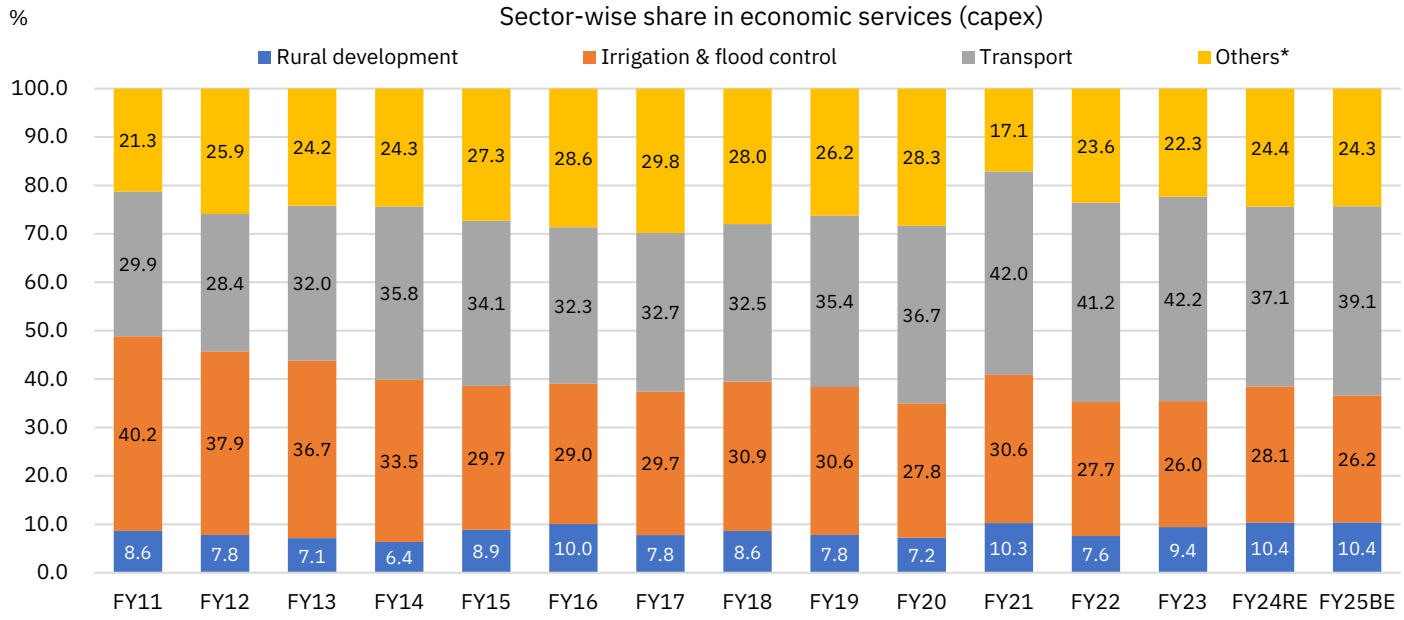
Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 19: Sector-wise share of states' capital expenditure in Social Services



Source: RBI, CMIE States of India, State budget documents, NSE EPR.
Note: * Others include family welfare, housing, welfare of SCs, STs & other backward classes, social security & welfare and others.

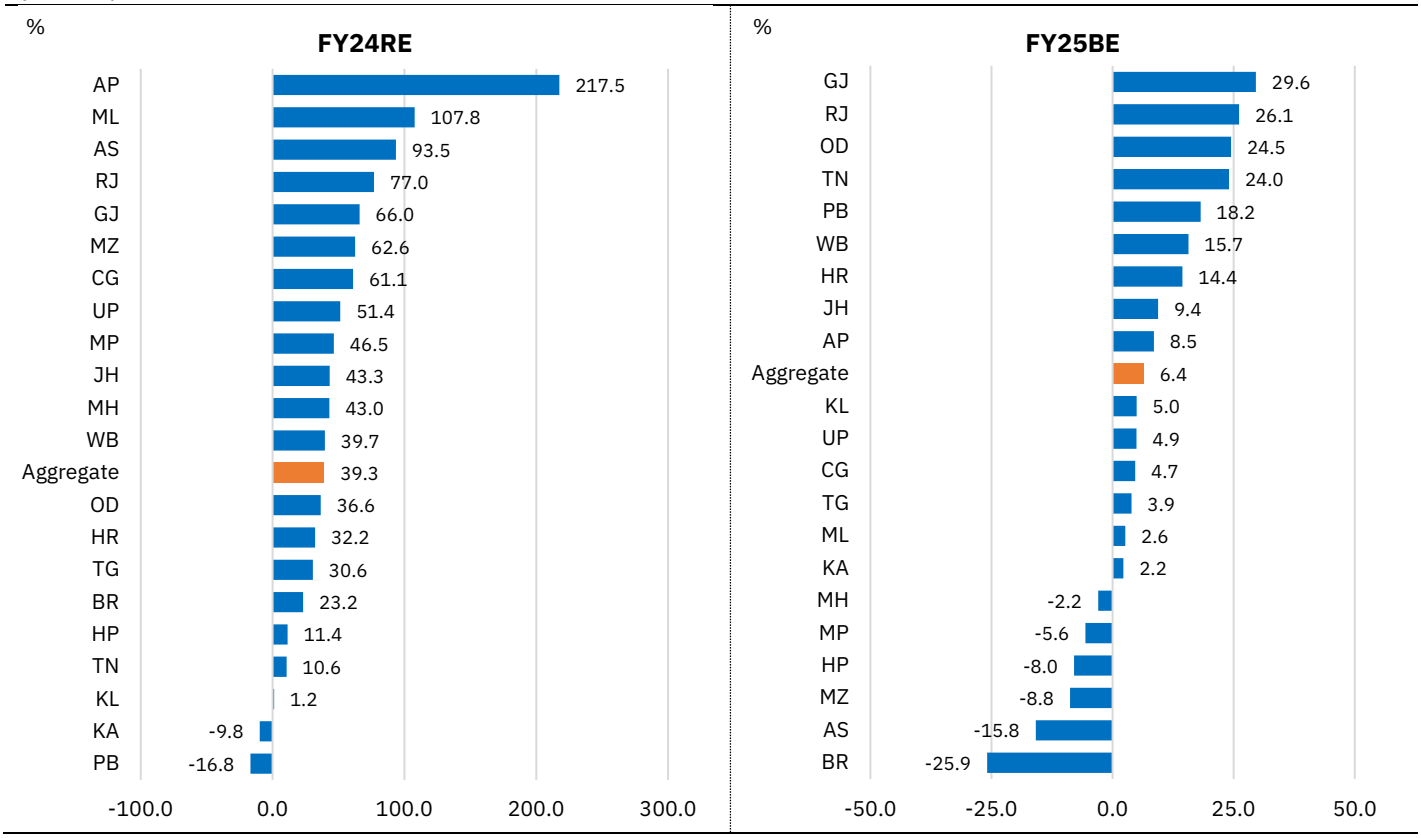
Figure 20: Sector-wise share of capital expenditure in Economic Services



Source: RBI, CMIE States of India, State budget documents, NSE EPR.
Note: * Others include agri & allied activities, special area programmes, energy, industry & minerals, communications, science, technology & environment, and general economic services

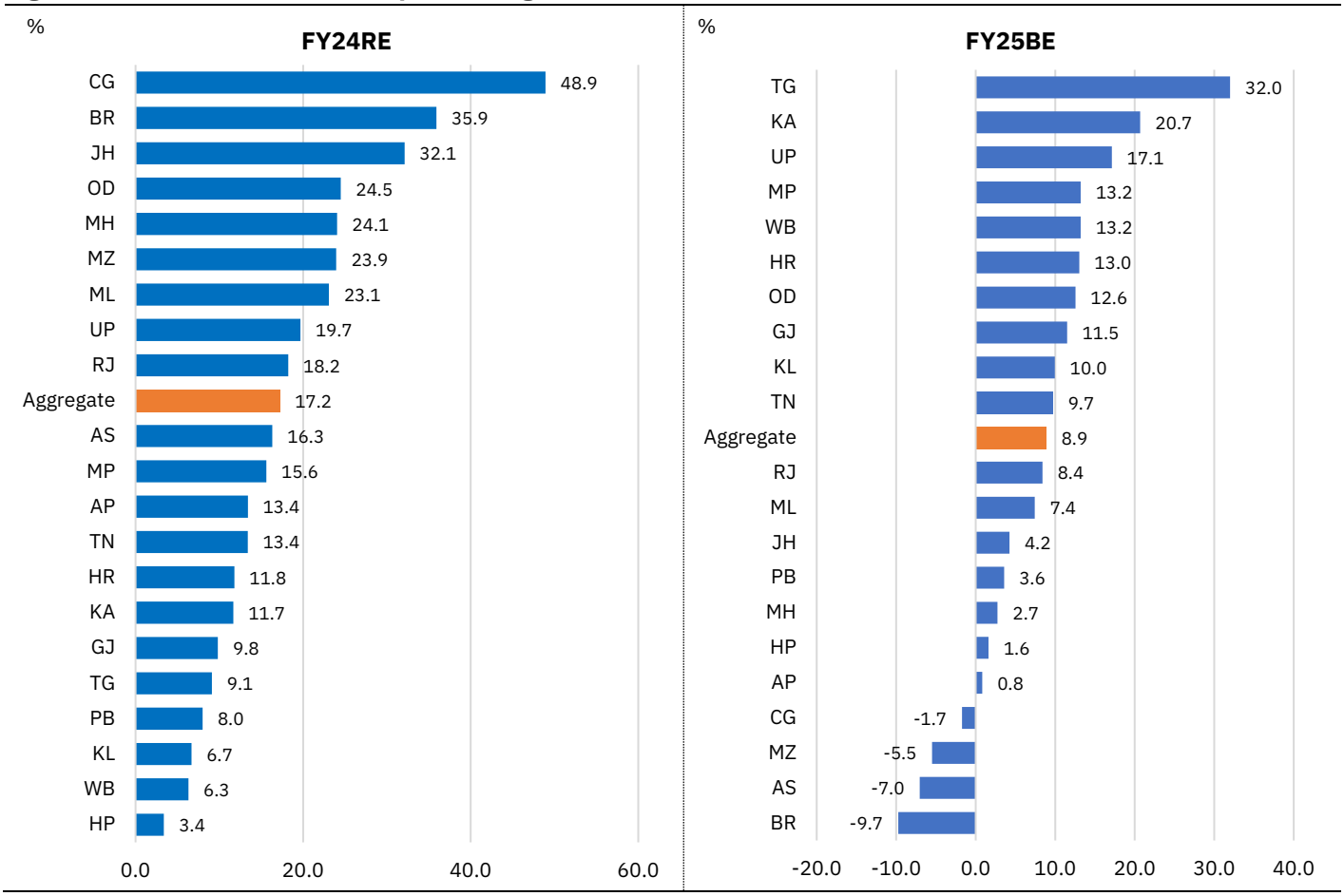
Figure 21: State-wise capital expenditure growth in FY24RE and FY25BE

For FY25, among the major states, Gujarat, Rajasthan, Odisha and Tamil Nadu, with a capex share of 26.6%, 13.3%, 24.7% and 15.6% in total expenditure, have budgeted the highest increase in capital expenditure. Large states like Bihar, Madhya Pradesh and Maharashtra, along with smaller states like Assam, Mizoram, and Himachal Pradesh expect capital expenditure to contract in FY25BE.



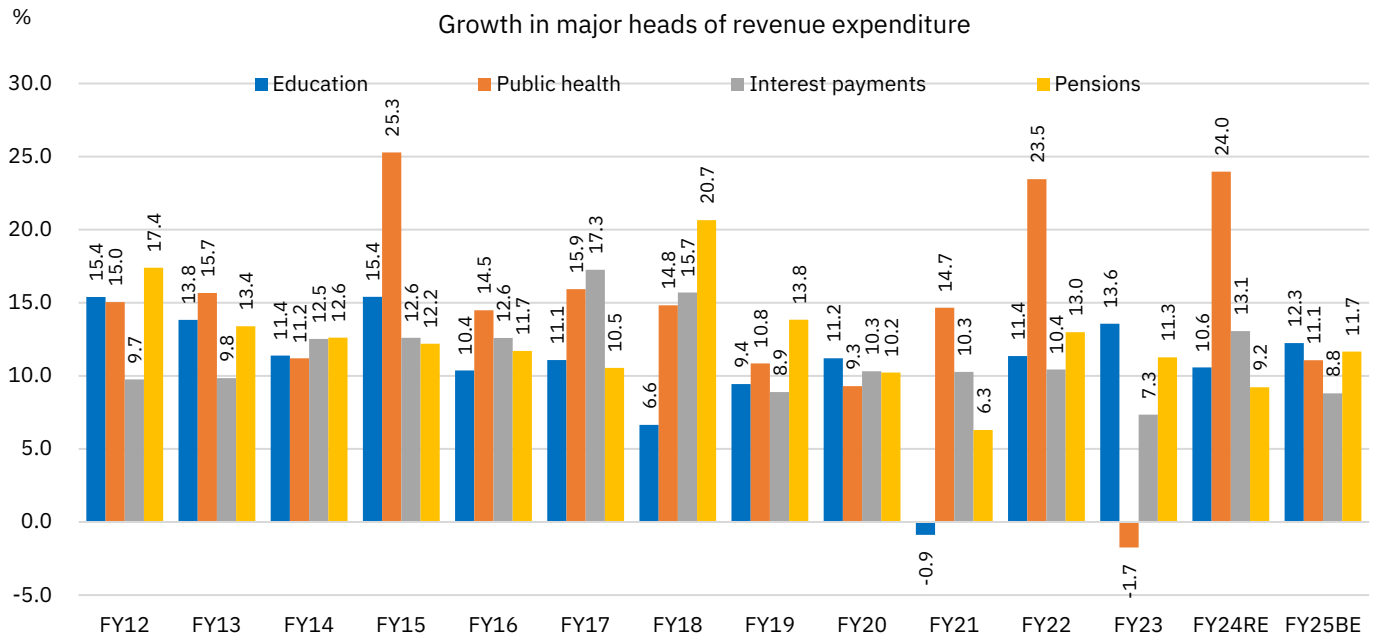
Source: RBI, CMIE States of India, State budget documents, NSE EPR.
Note: Capital expenditure = Capital Outlay + Loans and advances by state governments.

Figure 22: State-wise revenue expenditure growth in FY24RE and FY25BE



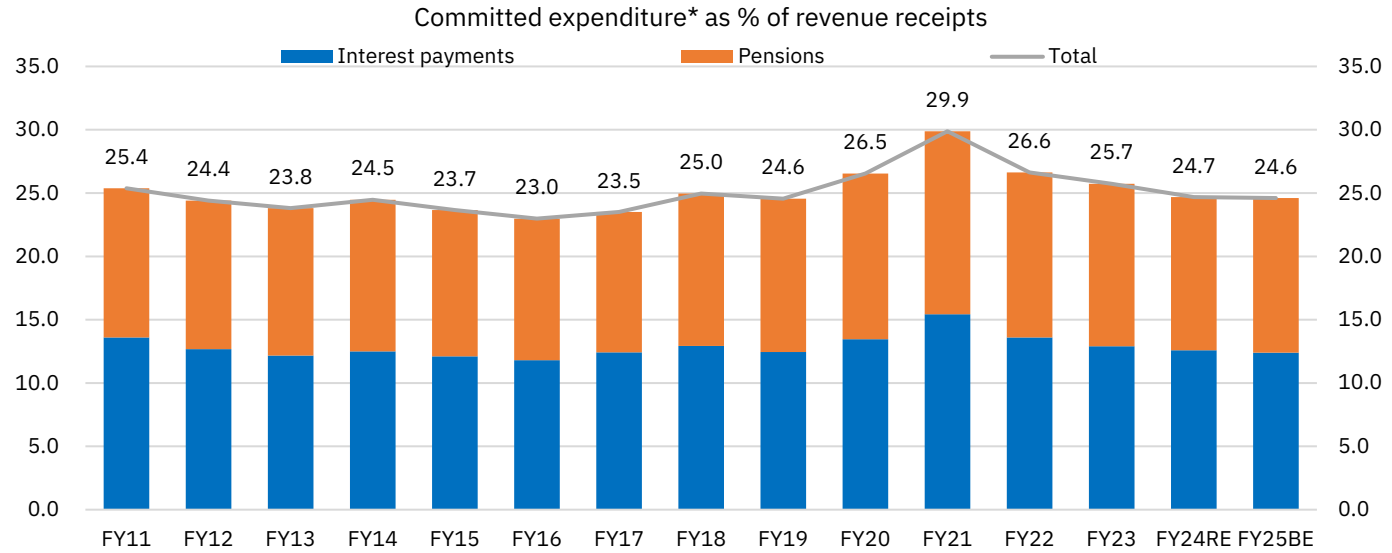
Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 23: Growth of sub-components of revenue expenditure (% YoY)



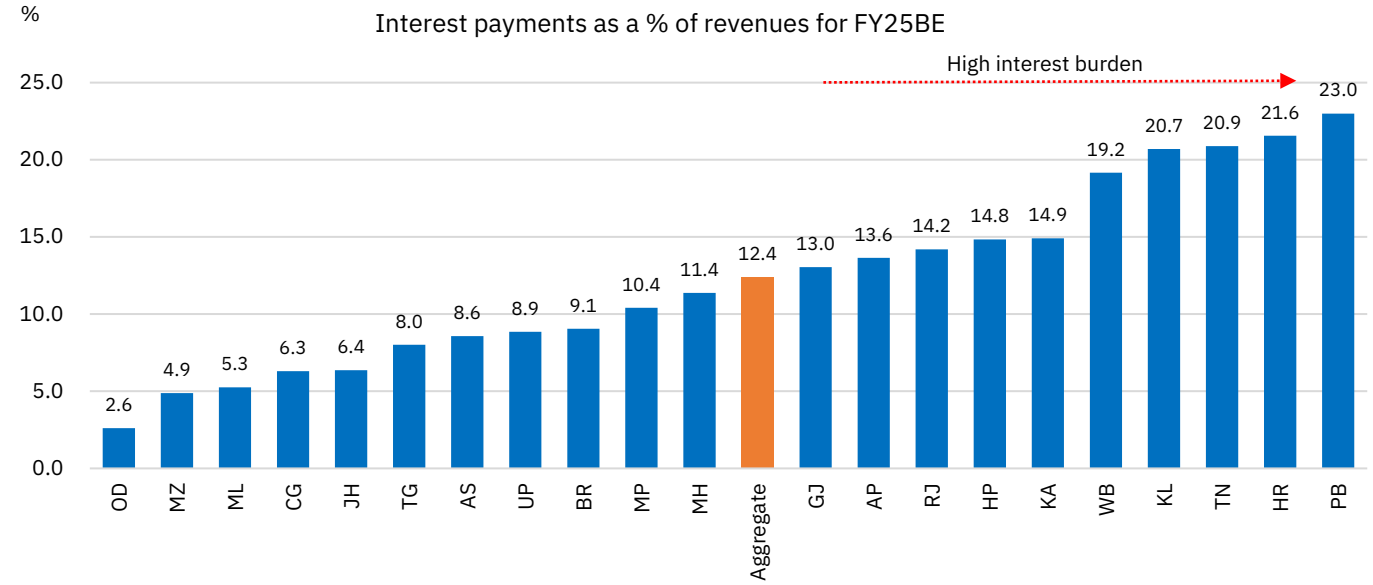
Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 24: Trend in committed expenditure* for 21 states



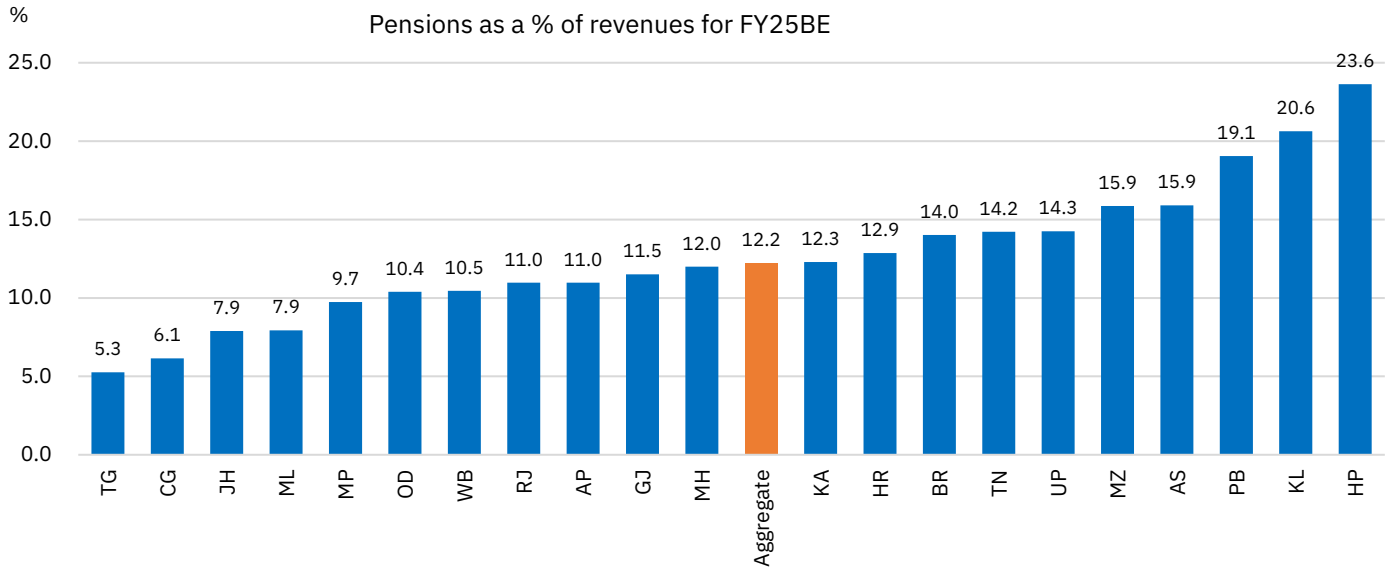
Source: RBI, CMIE States of India, State budget documents, NSE EPR.
Note: *Committee expenditure includes interest payment and pension for 21 states.

Figure 25: State-wise interest payment burden for FY25BE



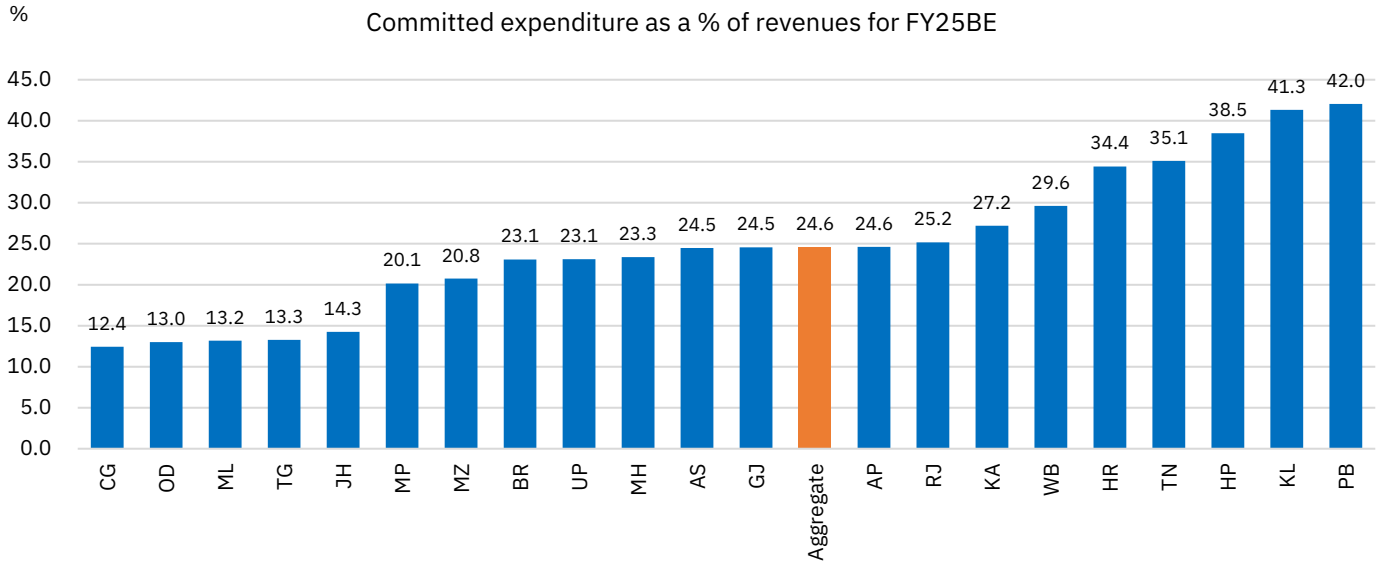
Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 26: State-wise share of pension payments in revenues for FY25BE



Source: RBI, CMIE States of India, State budget documents, NSE EPR.

Figure 27: State-wise share of committed expenditure in revenues for FY25BE

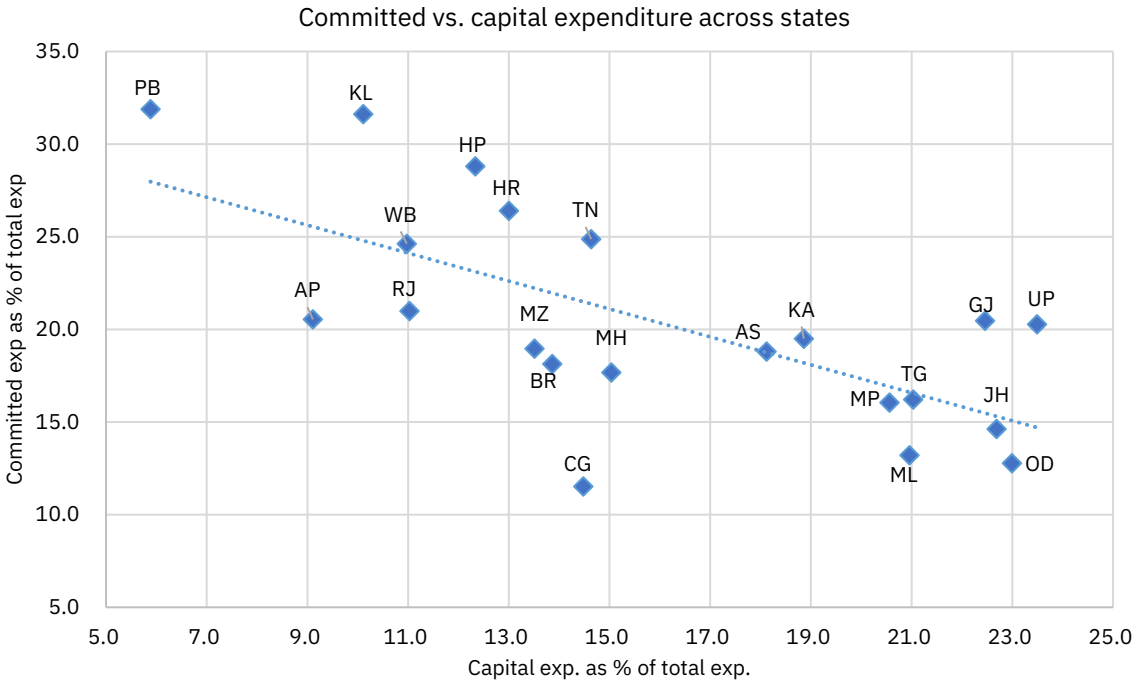


Source: RBI, CMIE States of India, State budget documents, NSE EPR.
Note: *Committee expenditure includes interest payment and pension for 21 states.

Figure 28: Committed vs. capital expenditure across states

Based on average of FY23, FY24RE, and FY25BE

Quality of expenditure across states varies widely with states like Punjab, Kerela and West Bengal having high share of committed expenditure owing to high interest burden leaving little space for capital expenditure. While Odisha and smaller states like Jharkhand and Mizoram have pushed their capital spending in the last three years.

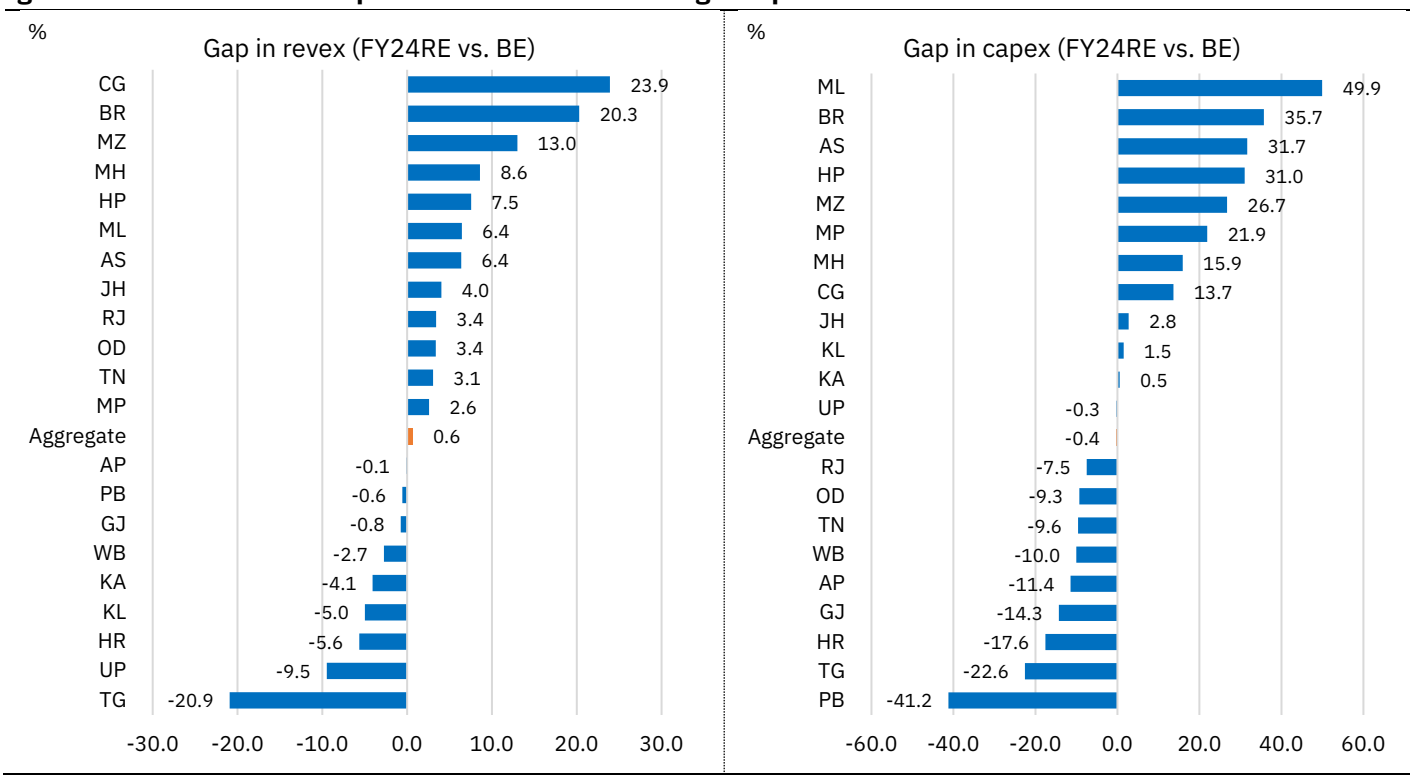


Source: CMIE States of India, NSE EPR.

Note: * Committee expenditure includes interest payment and pension for 21 states.

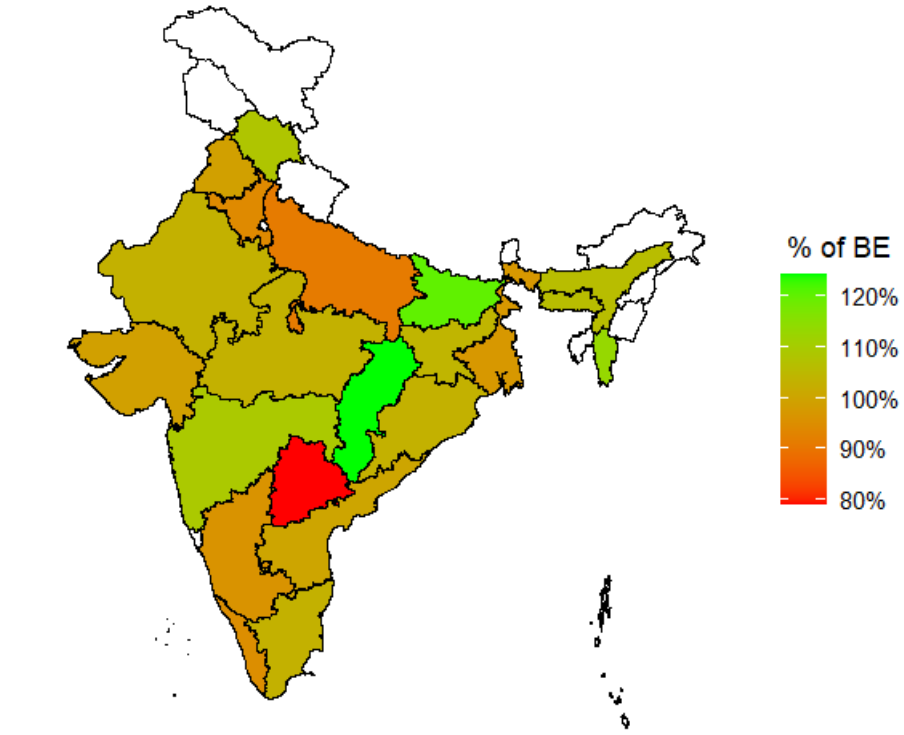
** Average figures for FY23, FY24RE and FY25BE have been considered for the chart.

Figure 29: FY24 finances- Gap between revised and budget expenditure estimates



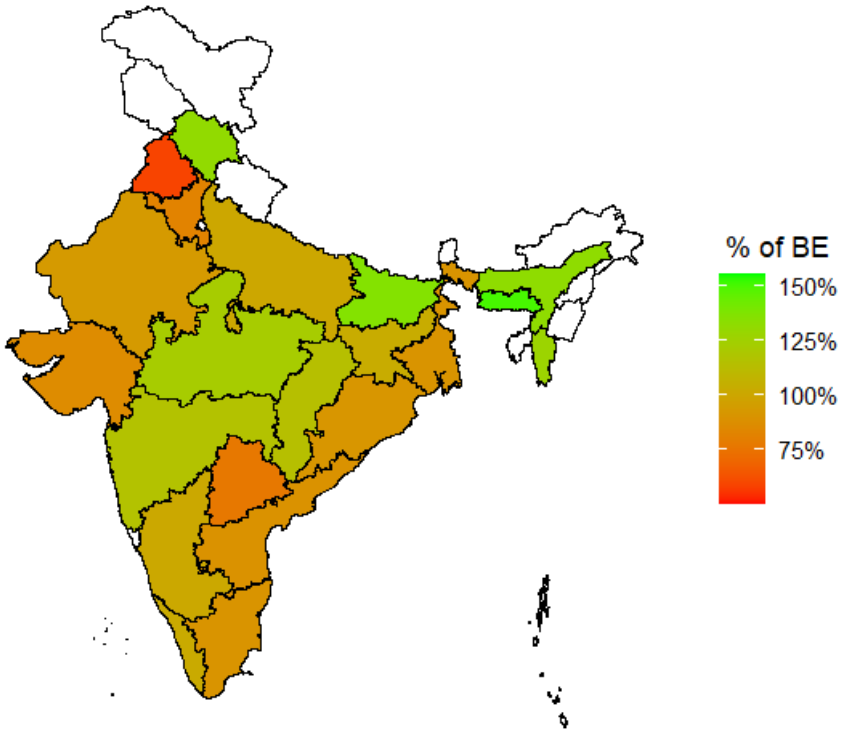
Source: CMIE States of India, NSE EPR.

Figure 30: Revenue expenditure in FY24RE as a percentage of FY24BE



Source: CMIE States of India, NSE EPR.

Figure 31: Capital expenditure in FY24RE as a percentage of FY24BE



Source: CMIE States of India, NSE EPR.

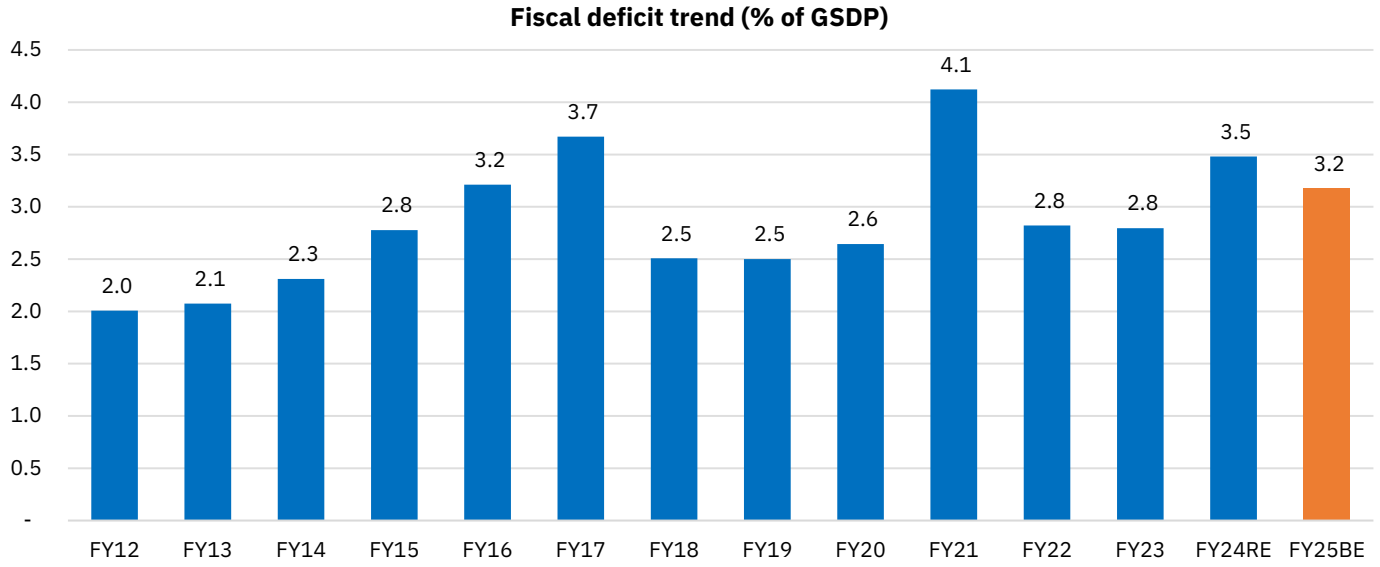
Deficit and borrowings: Aggregate fiscal deficit budgeted at 3.2% in FY25

- **Aggregate states' deficit budgeted at 3.2% of GSDP in FY25:** Moving on the path of fiscal consolidation, the aggregate fiscal deficit to GSDP ratio of 21 states under study is budgeted to decline from 3.5% of GSDP in FY24RE (vs. 3.2% in FY24BE) to 3.2% of GSDP in FY25BE. This is higher than the recommended value of 3% by the 15th Finance Commission. State-wise, Himachal Pradesh has budgeted the highest fiscal deficit at 4.7% of GSDP in FY25, even as it has moderated from 5.9% of GSDP in FY24RE (4.6% in FY24BE), while Jharkhand has budgeted the lowest fisc to GSDP ratio of 2% of GSDP, down from 2.7% in FY24RE (2.8% in FY24BE). Eight out of 21 states under study have budgeted for a fiscal deficit to GSDP that is lower than the ratio for all states under study (3.2%). Notably, 16 states have budgeted for a lower deficit to GSDP in FY25BE as compared to FY24RE. Of these, Bihar (-5.9pp) and Chhattisgarh (-3.5pp) have seen a significant decline while the highest increase is observed in Gujarat (+76bps to 2.5%). 12 states have observed a worsening in the FY24RE GFD to GSDP ratio than its corresponding budget estimate led by Bihar and Chhattisgarh. States like Gujarat, Maharashtra and Jharkhand have consistently seen a lower fiscal deficit to GSDP ratio during the last three years. Jharkhand has seen a notable improvement in the fiscal deficit to GSDP from an avg. of 3.9% during FY15-FY19 and 5% in FY21 to 2% in FY25BE.

- **States' gross borrowing budgeted to grow by 7%:** The gross market borrowings of 21 states are budgeted to grow by 7% to Rs 10.8 lakh crore in FY25BE while the growth in net market borrowings has been pegged to be lower at 5.3%. There has been a sizeable jump in the growth of gross market borrowings in FY24RE of 36%, reflecting an increase in the aggregate gross fiscal deficit for the 21 states. Some of the large states like Karnataka and Madhya Pradesh are projected to see a sizeable jump of 25.7% and 27.4% to Rs 96,800 crore and Rs 64,600 crore respectively while Maharashtra has estimated a decline to Rs 1.08 lakh crore. The gross market borrowings as a percentage of gross fiscal deficit (GMB/GFD), which had moderated in recent years to 102% in FY24RE, is projected to see a reversal, increasing to 108.6% in FY25BE. For this indicator, Bihar (157.7%), Haryana (147.2%) and Meghalaya (137.3%) have the highest quantum while Odisha (48.7%), Gujarat (82.8%) and Mizoram (85.7%) have the lowest.

- **Overall state liabilities share in GDP remains above pre-COVID levels:** The overall state liabilities (as a % of GSDP) has been broadly flat at 27.6% in FY24 after scaling a peak of 31% in FY21. Out of the 21 states, Odisha (13.9%), Gujarat (18.2%) and Maharashtra (18.6%) have the lowest budgeted share of outstanding liabilities to GSDP while Punjab (47.6%), Himachal Pradesh (44.2%), Meghalaya (42.1%), West Bengal (38.3%) and Bihar (37%) have the highest. Since the peak observed in FY21, Odisha (-12.2pp), Uttar Pradesh (-7.9pp) and Jharkhand (-6.7pp) have seen a remarkable improvement in the outstanding liabilities as a share of GSDP. Interestingly, the progress in the fall in the aggregate share continues to be gradual and it remains notably higher than the pre-COVID level of 25.3% in FY19. In absolute terms, the aggregate outstanding liabilities continue to increase in double-digits, barring FY12 and FY23, broadly led by higher state development loans, which account for two-thirds of the outstanding liabilities (vs. 32% in FY11).

Figure 32: Trend in fiscal deficit to GSDP for 21 states



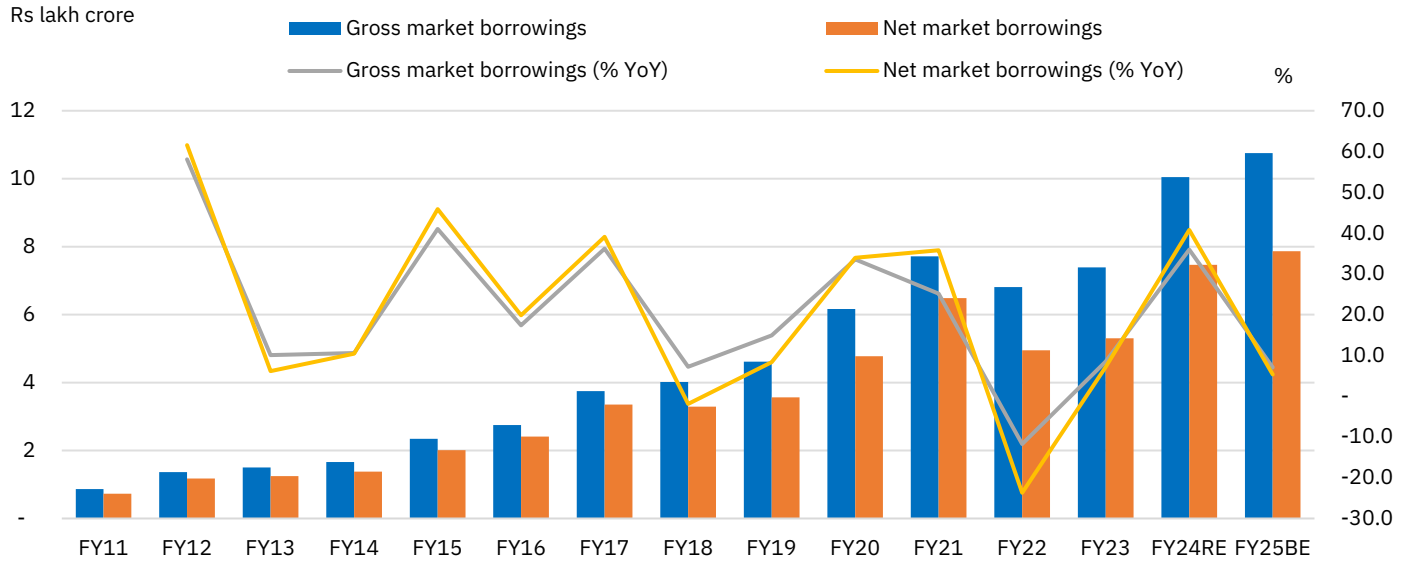
Source: CMIE States of India, PRS, State budget documents, NSE EPR

Table 5: Fiscal deficit across states (% of GSDP)

State	FY12-FY19	FY20	FY21	FY22	FY23	FY24RE	FY25BE
Andhra Pradesh	4.3	4.3	5.6	2.2	4.0	4.2	3.5
Assam	1.6	4.3	3.3	4.4	5.9	5.2	3.5
Bihar	2.9	2.1	5.3	3.9	6.0	8.9	3.0
Chhattisgarh	2.1	5.2	4.5	1.5	1.0	7.3	3.8
Gujarat	1.9	1.5	2.5	1.2	0.8	1.7	2.5
Haryana	3.4	4.1	3.9	3.7	3.2	2.8	2.8
Himachal Pradesh	3.2	3.5	3.8	3.0	6.5	5.9	4.7
Jharkhand	3.0	2.6	5.0	0.7	1.1	2.7	2.0
Karnataka	2.2	2.4	4.1	3.3	2.1	2.7	3.0
Kerala	3.6	2.9	5.3	5.0	2.5	3.4	3.4
Madhya Pradesh	2.7	3.6	5.3	3.4	3.3	3.6	4.1
Maharashtra	1.4	2.0	2.7	2.0	1.9	2.8	2.6
Meghalaya	3.1	3.2	7.7	5.4	6.0	3.9	3.8
Punjab	3.0	3.1	4.2	4.4	5.0	4.1	3.8
Odisha	1.5	3.5	1.8	-3.0	2.0	3.0	3.5
Rajasthan	4.3	3.8	5.8	4.0	3.8	4.3	3.9
Tamil Nadu	3.8	3.5	5.3	3.9	3.4	3.5	3.4
Telangana	2.7	3.3	5.2	4.1	2.5	3.4	3.0
Uttar Pradesh	2.1	-0.7	3.3	2.0	2.8	3.5	3.5
West Bengal	3.0	3.1	3.9	3.8	3.3	3.5	3.6
Mizoram	3.2	4.9	7.8	1.4	3.6	4.7	2.8
All States	**2.9**	**2.6**	**4.1**	**2.8**	**2.8**	**3.5**	**3.2**

Source: CMIE States of India, PRS, State budget documents, NSE EPR.

Figure 33: Gross and net market borrowings of 21 states



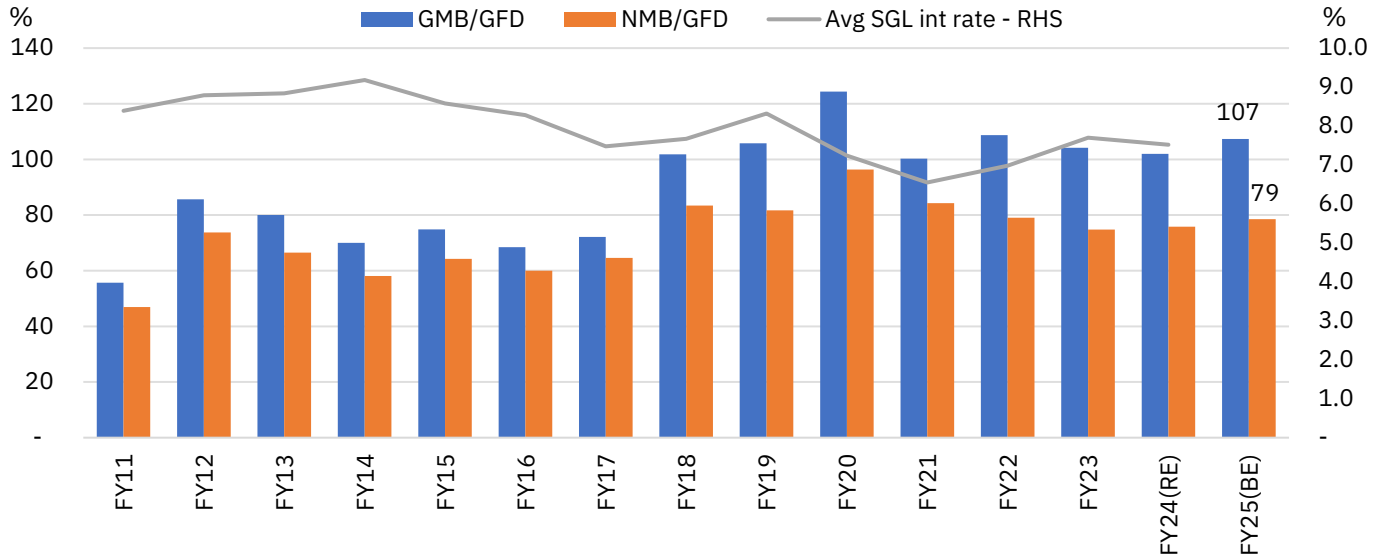
Source: CMIE States of India, PRS, State budget documents, NSE EPR.

Table 6: Gross market borrowings across states

States	Total (Rs '000 crore)						YoY%				
	FY20	FY21	FY22	FY23	FY24(RE)	FY25(BE)	FY21/ FY20	FY22/ FY21	FY23/ FY22	FY24/ FY23	FY25/ FY24
Andhra Pradesh	48.8	50.9	46.4	57.5	69.0	71.0	4.2	-8.7	23.8	20.0	2.9
Assam	12.9	15.0	12.8	17.1	20.0	20.1	16.5	-15.1	34.1	17.0	0.5
Bihar	25.6	27.3	28.5	36.8	47.6	45.9	6.7	4.5	29.0	29.4	-3.6
Chhattisgarh	11.7	13.0	4.0	2.0	32.0	22.6	11.3	-69.2	-50.0	1,500.0	-29.5
Gujarat	38.9	44.8	31.1	43.0	51.0	57.5	15.1	-30.7	38.5	18.6	12.7
Haryana	24.7	30.0	30.5	45.2	47.5	49.5	21.6	1.7	48.1	5.2	4.2
Himachal Pradesh	6.6	6.0	4.0	14.0	11.7	9.8	-8.8	-33.3	250.0	-16.4	-16.3
Jharkhand	7.5	9.4	5.0	4.0	9.5	9.9	25.3	-46.8	-20.0	137.5	3.7
Karnataka	48.5	69.0	59.0	36.0	77.1	96.8	42.3	-14.5	-39.0	114.1	25.7
Kerala	18.1	28.6	27.0	30.8	45.6	48.3	58.1	-5.5	14.2	48.0	5.8
Madhya Pradesh	22.4	45.6	22.0	40.2	50.7	64.6	103.7	-51.7	82.5	26.2	27.4
Maharashtra	48.5	69.0	68.7	72.0	110.0	108.0	42.3	-0.4	4.7	52.8	-1.8
Meghalaya	1.3	1.8	1.6	1.8	1.4	2.8	32.2	-9.5	9.0	-22.2	104.3
Odisha	7.5	3.0	-	-	2.3	15.8	-60.0	-100.0	NA	NA	586.1
Punjab	27.4	33.0	25.8	45.5	42.3	38.3	20.6	-21.8	76.3	-7.1	-9.3
Rajasthan	39.1	57.4	51.1	46.1	71.4	78.5	46.7	-10.8	-10.0	54.9	10.1
Tamil Nadu	62.4	88.0	87.0	87.0	116.7	121.9	40.9	-1.1	0.0	34.1	4.5
Telangana	37.1	43.8	45.7	40.2	49.6	57.1	18.0	4.4	-12.2	23.6	15.1
Uttar Pradesh	69.7	75.5	62.5	55.6	75.2	76.2	8.3	-17.2	-11.0	35.1	1.3
West Bengal	57.0	59.7	67.4	63.0	73.0	79.7	4.7	12.9	-6.5	15.9	9.2
Mizoram	0.9	0.9	0.7	1.3	1.2	1.2	4.9	-20.9	76.1	-8.8	-2.5

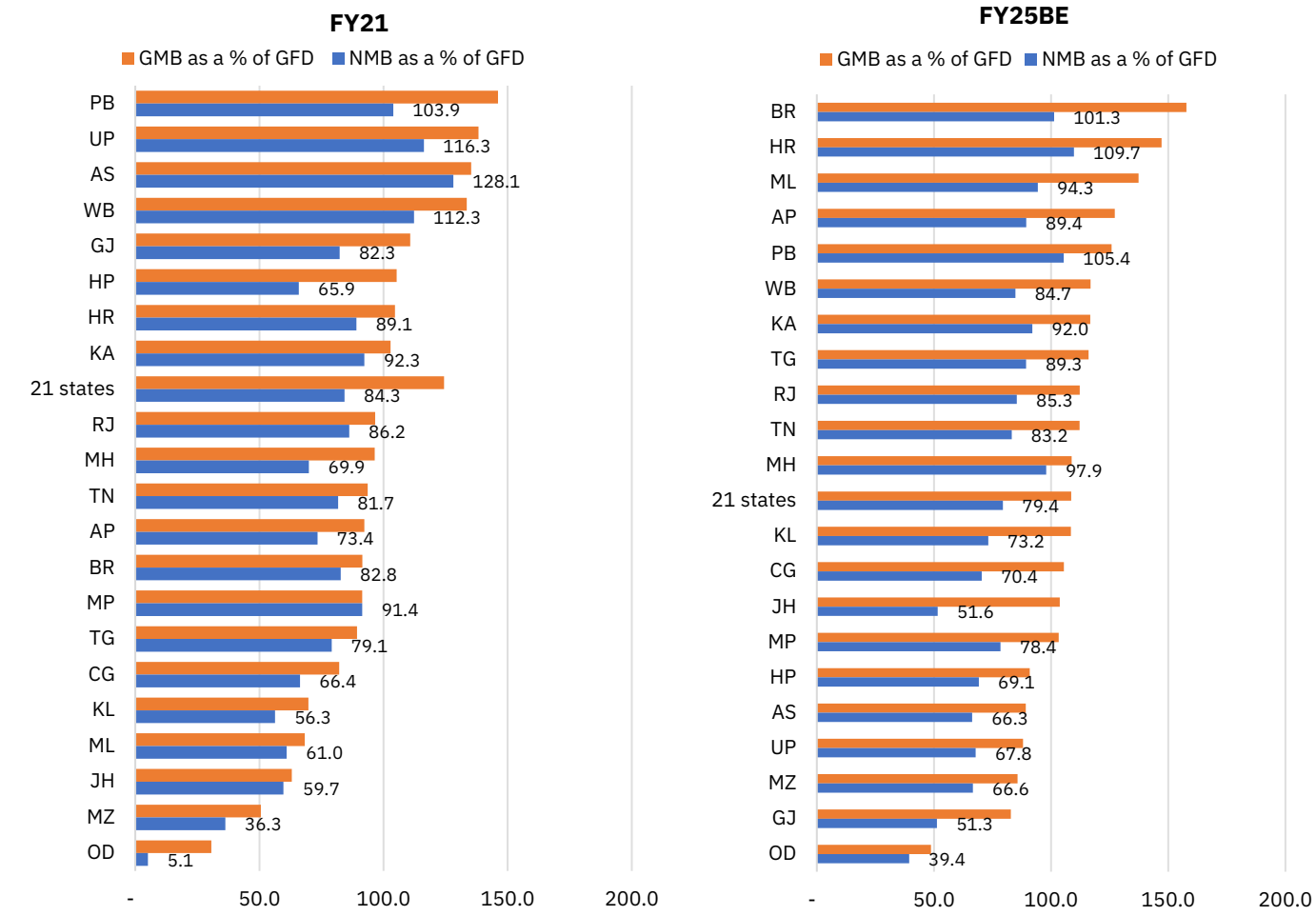
Source: CMIE States of India, PRS, State budget documents, NSE EPR.

Figure 34: Annual trend of gross and net market borrowings and SDL interest rates in the primary market



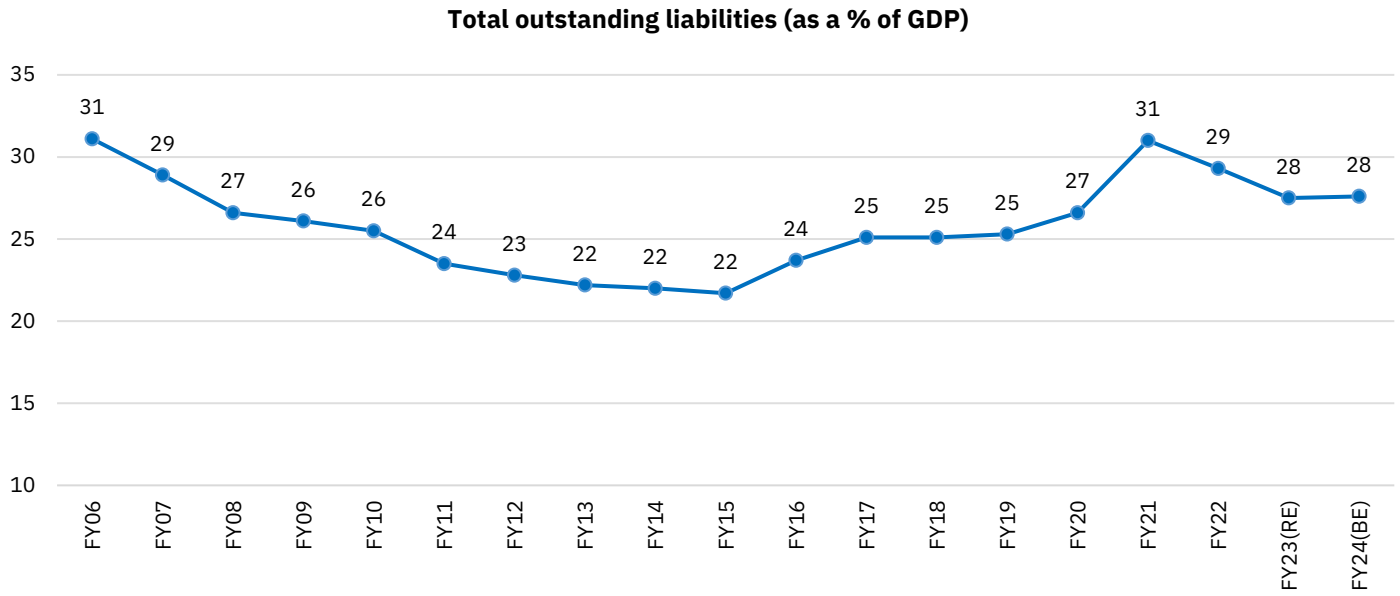
Source: CMIE States of India, RBI DBIE, NSE EPR. Note: GMB: Gross market borrowings, NMB: Net market borrowings, GFD: Gross fiscal deficit.

Figure 35: State-wise dependency on market borrowings to finance deficit



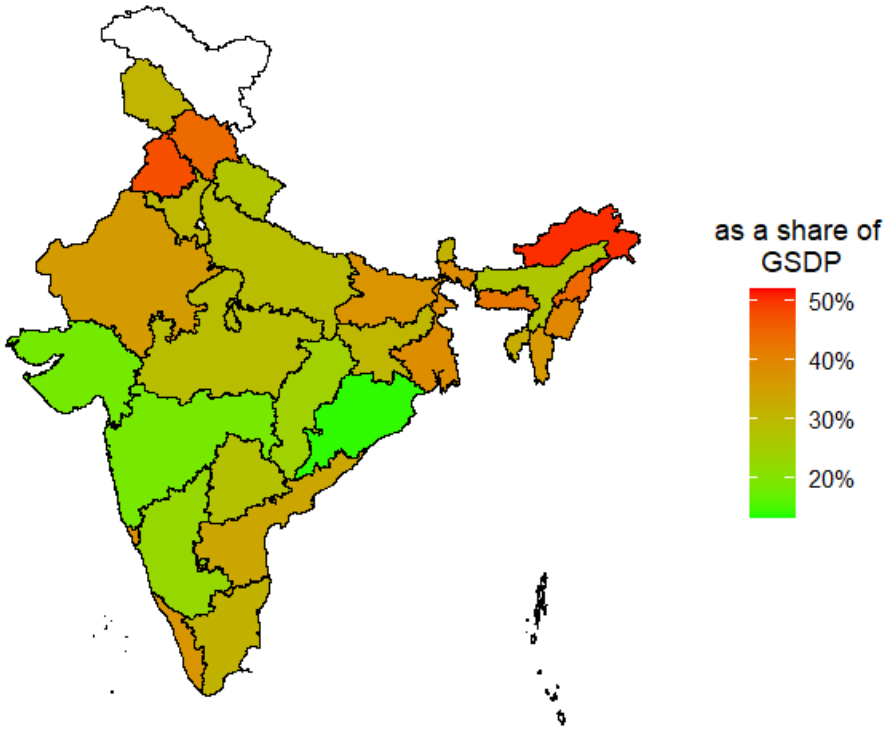
Source: CMIE States of India, NSE EPR

Figure 36: Trend in states outstanding liabilities (as a % of GSDP)



Source: RBI State Finance Report, NSE EPR; Note: Outstanding liabilities include market borrowings, loans from banks and other institutions, loans and advances from central government, provident funds, reserve funds, deposits and advances, and contingency funds.

Figure 37: State-wise outstanding liabilities for FY24BE (% of GSDP)

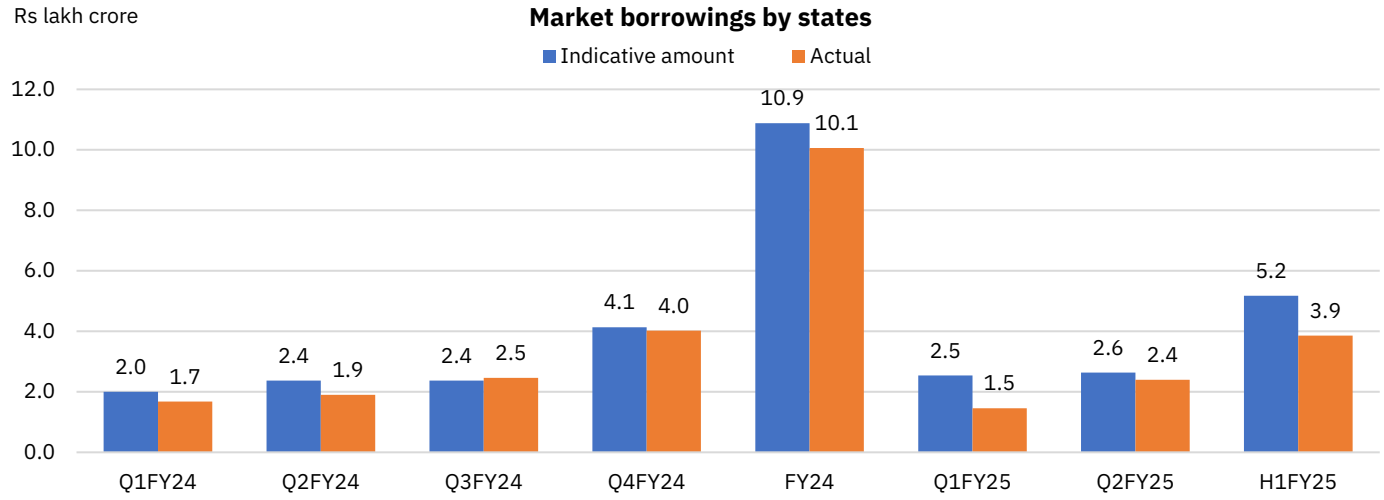


Source: CMIE States of India, NSE EPR.

The outstanding liabilities as a share of GSDP, which had peaked in FY21 at ~31%, has moderated and remained broadly flat at 28% in FY2(RE) and FY24 (BE). It continues to remain above the pre-COVID level.

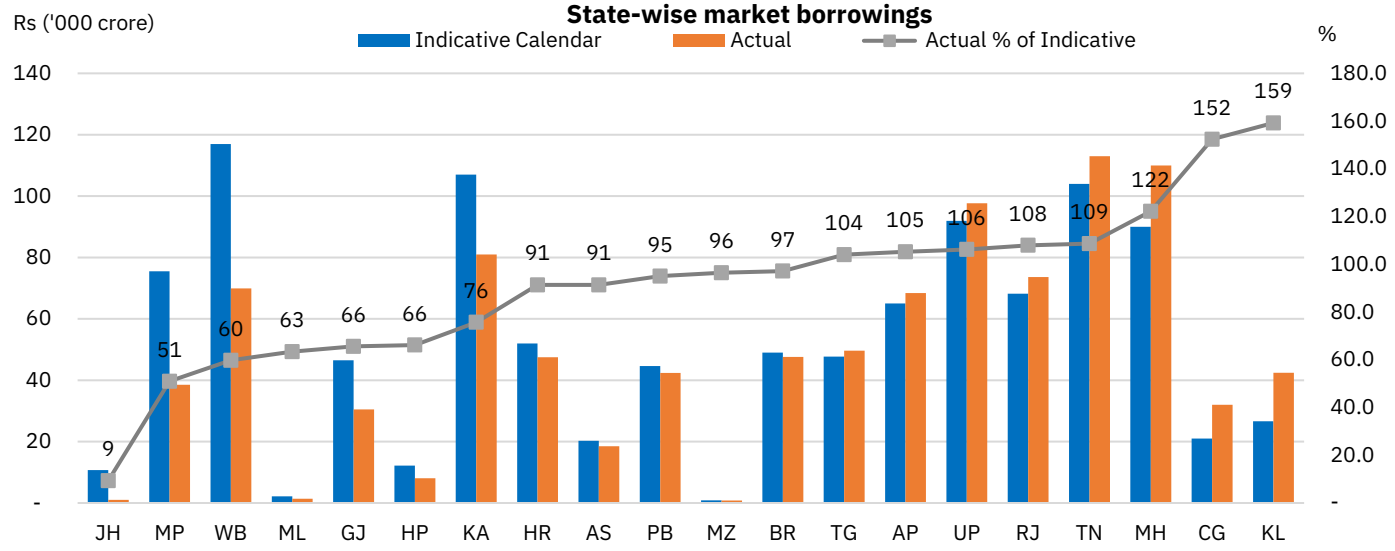
Liabilities also varied greatly among states. Of the 21 states, Odisha (13.9%), Gujarat (18.6%) and Maharashtra (18.6%) have the lowest budgeted value of outstanding liabilities to GSDP ratio while Punjab (47.6%), Himachal Pradesh (44.2%) and Meghalaya (42.1%) have the highest.

Figure 38: Quarterly market borrowings: Actual vs. planned



Source: DBIE RBI, NSE EPR; Planned market borrowing is the amount released by the RBI in the indicative calendar every quarter.

Figure 39: State-wise Actual vs. planned market borrowings for FY24



Source: DBIE RBI, NSE EPR; Note: The planned market borrowings for each state for FY24 is calculated by aggregating quarterly amount released in the indicative calendar by the RBI

Table 7: Composition of outstanding liabilities of 21 states

Rs lakh crore	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23(RE)	FY24(BE)
1. Total internal debt	18.0	22.2	26.9	30.0	33.1	37.7	43.8	48.3	53.0	59.9
1.1 SDLs	12.2	14.6	17.9	21.2	24.6	29.3	35.8	40.8	46.1	53.0
1.2 NSSF	4.9	5.2	4.9	4.6	4.2	3.9	3.6	3.3	3.0	2.7
1.3 Loans from banks & other Fis	0.9	1.3	1.9	2.0	2.2	2.4	2.5	2.5	2.5	2.6
1.3.1 Loans from NABARD	0.6	0.8	0.9	1.1	1.3	1.4	1.5	1.7	1.9	2.1
1.3.2 Loans from Others	0.2	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.3	0.2
2. Loans from Centre	1.4	1.4	1.5	1.5	1.6	1.5	2.9	4.5	5.5	6.6
3. Provident Fund	2.9	3.2	3.7	4.0	4.4	4.7	5.1	5.5	5.8	6.2
4. Reserve Fund	1.0	1.3	1.2	1.7	1.9	1.9	2.0	2.2	2.1	2.1
5. Deposits & Advances	2.3	2.5	3.2	3.8	4.5	5.0	5.2	5.3	5.3	5.1
6. Contingency Fund	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total outstanding liabilities	**25.7**	**30.7**	**36.5**	**41.0**	**45.6**	**51.0**	**59.0**	**65.9**	**72.0**	**80.0**

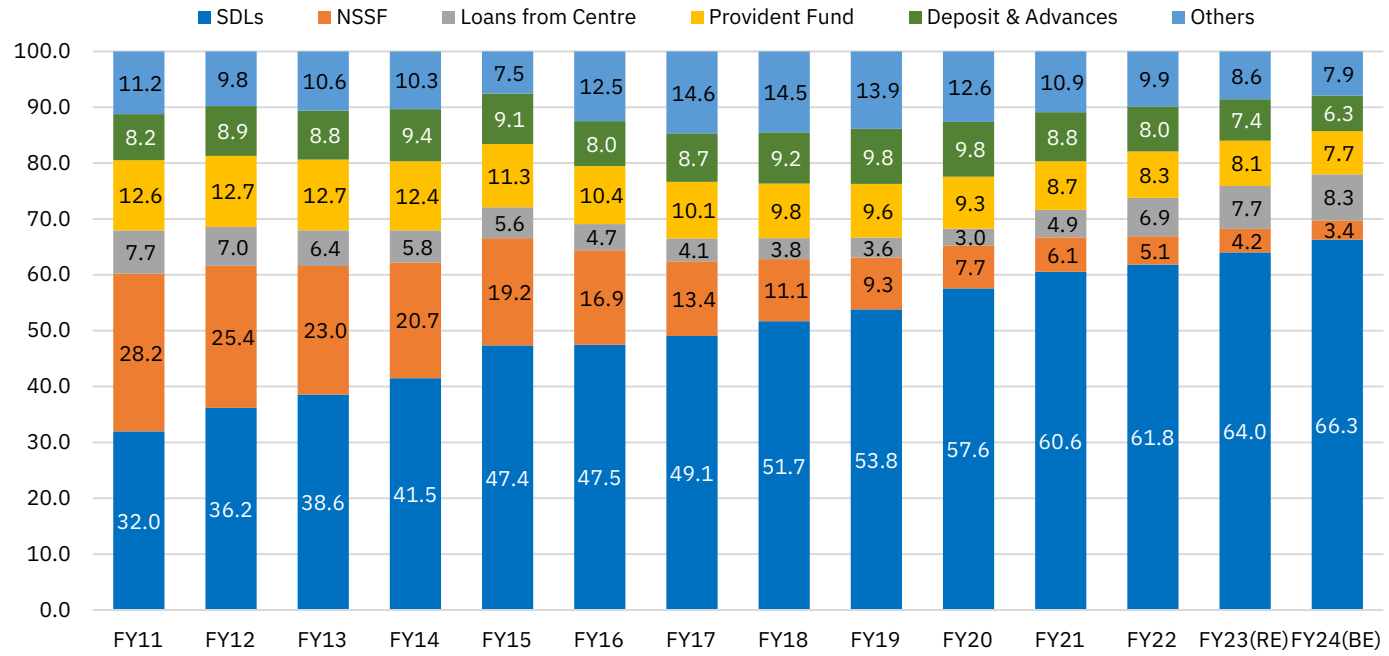
Source: CMIE States of India, NSE EPR.

Table 8: Annual growth of sources of fund to finance outstanding liabilities of 21 states

% YoY	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23(RE)	FY24(BE)
1. Total internal debt	**23.2**	**20.9**	**11.4**	**10.6**	**13.9**	**16.1**	**10.3**	**9.8**	**12.9**
1.1 SDLs	19.6	22.6	18.4	16.0	19.4	21.9	14.0	13.0	15.1
1.2 NSSF	5.0	-6.0	-6.5	-7.1	-7.3	-7.6	-8.0	-9.0	-9.7
1.3 Loans from banks and other Fis	52.9	44.3	6.8	9.3	11.0	2.4	0.5	-1.4	6.4
1.3.1 Loans from NABARD	42.1	18.8	14.1	18.3	10.7	10.1	8.1	12.8	15.2
1.3.2 Loans from Others	96.5	31.7	0.6	2.2	4.8	-2.3	-17.3	-41.1	-36.4
2. Loans from Centre	0.8	3.7	3.1	6.3	-6.5	90.7	55.4	21.9	19.6
3. Provident Fund	9.6	15.9	8.2	9.7	8.0	8.2	7.1	6.2	6.2
4. Reserve Fund	37.9	-11.5	43.4	14.7	-1.5	3.0	12.8	-3.2	0.2
5. Deposits & Advances	5.7	28.4	18.4	19.8	11.3	3.8	2.0	1.0	-5.1
6. Contingency Fund	-29.8	2.8	-0.1	64.1	-16.2	-7.1	48.7	2.5	0.0
Total outstanding liabilities	**19.3**	**18.8**	**12.4**	**11.4**	**11.7**	**15.9**	**11.6**	**9.2**	**11.1**

Source: CMIE States of India, NSE EPR

Figure 40: Composition of states' outstanding liabilities

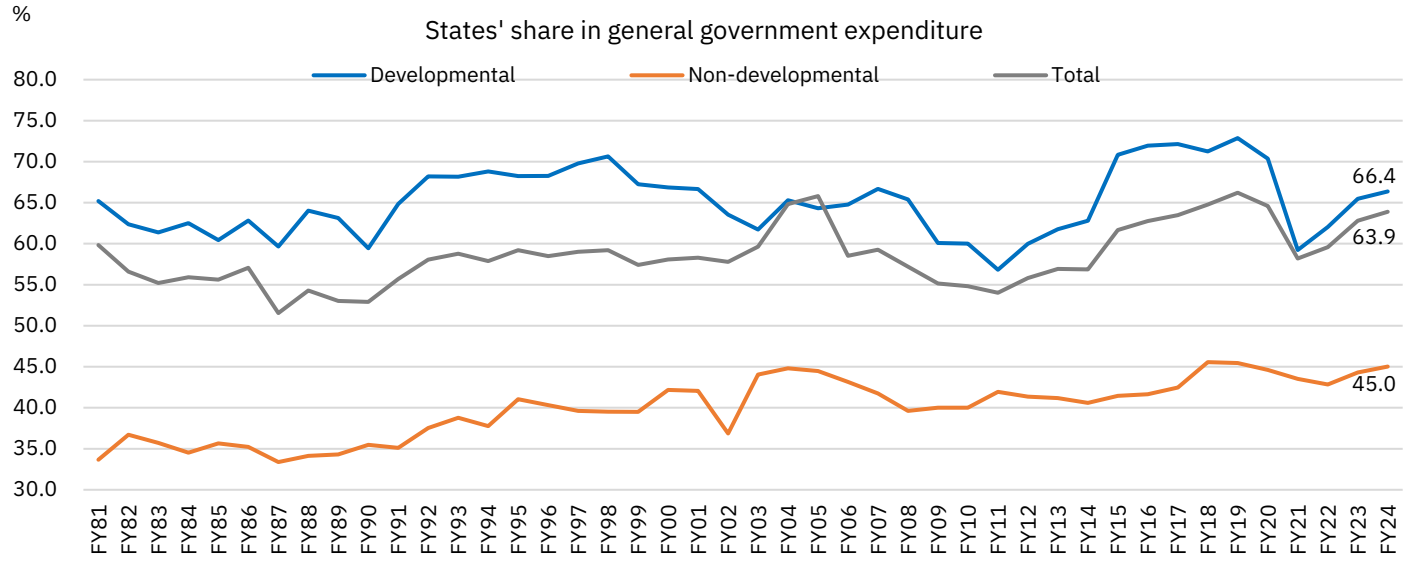


Source: CMIE States of India, NSE EPR.

Path ahead: Fiscal prudence key to strengthening state finances

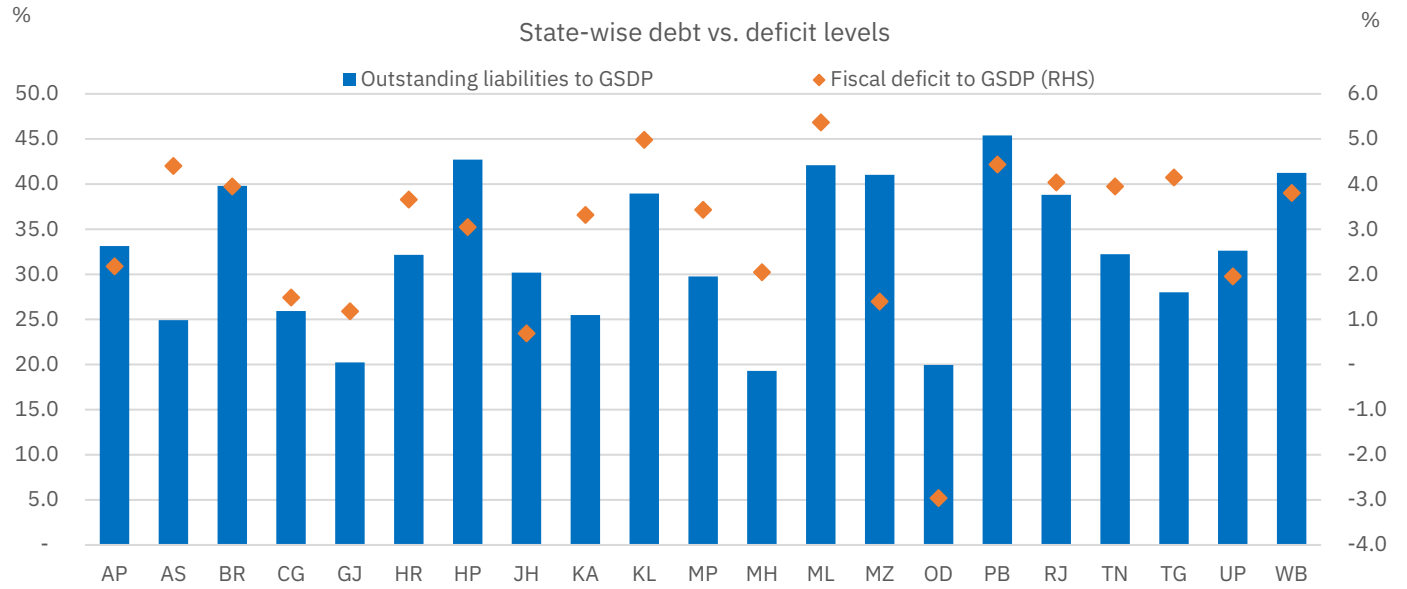
- **Fiscal consolidation roadmap:** After a brief post-pandemic drop, states' share in the general government (Centre + states) expenditure has been steadily rising since 2011. States now account for ~64% of the combined expenditure, with their share in development expenditure being higher at ~68%. This, in turn, highlights the importance of and need for improvement in the financial positions of states. It is, therefore, imperative to have a clear roadmap to fiscal austerity at the state level, particularly for heavily indebted states like Punjab and Kerala. Some of these states have debt to GDP ratio north of 40% and spend a large amount of their revenue receipts on committed expenditure, which in turn reduces their ability to spend on developmental areas.

Figure 41: States' share in combined (Centre + states) government expenditure



Source: RBI DBIE, NSE EPR.

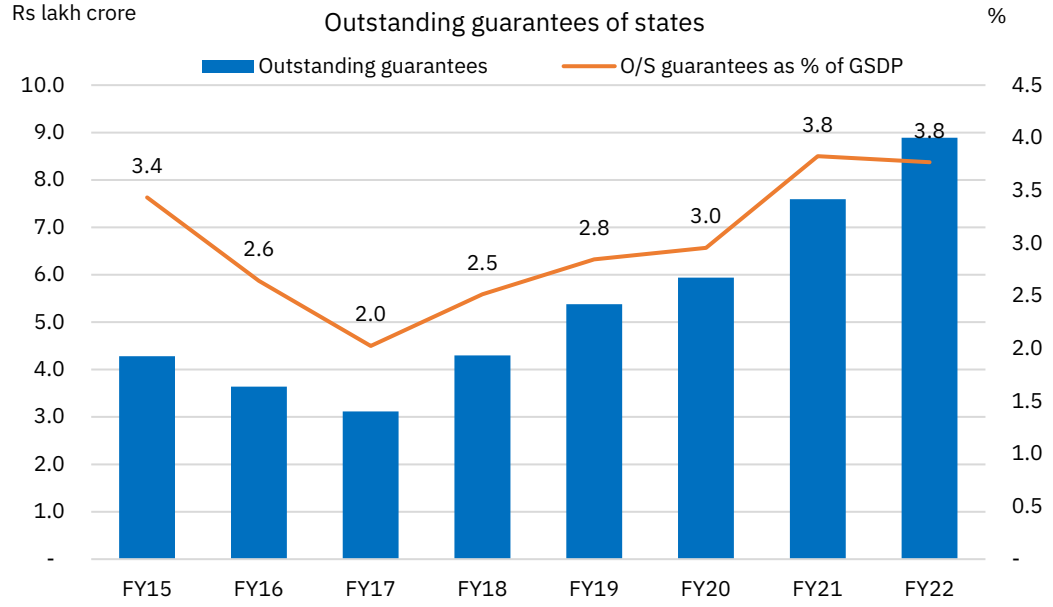
Figure 42: Outstanding debt vs. fiscal deficit to GDP across 21 states for FY22



Source: CMIE States of India, NSE EPR.

- **A gradual reduction in contingent liabilities:** The outstanding liabilities of states do not include contingent liabilities, a large part of which pertains to state guarantees to SPSEs (State Public Sector Enterprises) to facilitate the availability of funds for big investments. At an aggregate level, contingent liabilities remained broadly steady at an elevated level of 3.8% of GSDP in FY22. If the SPSEs fail to service their debt, these guarantees may get invoked, thereby adding to the state's fiscal burden. As such, if these guarantees are accounted for in fiscal calculations, the aggregate fiscal deficit for these 21 states would surge to 6.5% in FY22 and total debt would rise to 32.9% of GSDP from the FY22 level of 29.1%. This poses significant risks to state governments, particularly to those with high contingent liabilities including Telangana (12.0% of GSDP), Andhra Pradesh (10.2%), Uttar Pradesh (8.7%) and Rajasthan (8.0%). Some of these states already have high debt levels, with Rajasthan, Uttar Pradesh and Andhra Pradesh having outstanding liabilities to GDP ratio north of 30%. A gradual reduction in contingent liabilities is therefore imperative to bring about transparency in state finances and enhance overall fiscal health.

Figure 43: Outstanding guarantees across states



Source: CMIE States of India, NSE EPR.

Table 9: Trend in outstanding guarantees as a % of GSDP for 21 states

States	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Andhra Pradesh	2.0	1.2	1.4	4.6	6.2	8.4	11.1	10.2
Assam	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1
Bihar	0.6	1.3	1.1	1.1	1.0	0.9	2.8	3.8
Chhattisgarh	1.0	0.9	1.5	1.4	3.3	5.4	5.6	4.8
Gujarat	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.2
Haryana	7.0	3.4	1.5	2.2	2.6	2.8	3.2	2.8
Himachal Pradesh	4.1	3.3	3.6	3.1	1.2	1.2	1.4	1.1
Jharkhand	0.1	0.1	0.1	0.1	0.5	NA	0.7	1.1
Karnataka	1.2	1.3	1.3	1.4	1.6	1.7	2.0	1.7
Kerala	2.2	2.2	2.6	2.5	3.4	3.4	4.7	4.8
Madhya Pradesh	4.2	5.1	5.1	4.2	3.7	NA	3.9	3.4
Maharashtra	0.4	0.4	0.3	1.1	1.0	1.5	1.6	1.6
Meghalaya	5.1	4.1	3.6	2.8	3.6	3.2	9.1	7.6
Mizoram	0.7	0.7	0.7	0.5	0.3	0.0	0.4	0.3
Odisha	0.5	0.4	0.6	0.4	0.8	0.7	1.3	0.9
Punjab	18.8	14.5	4.8	4.5	0.9	4.1	NA	NA
Rajasthan	15.4	7.9	6.7	7.4	7.7	8.1	8.1	8.0
Tamil Nadu	5.0	4.4	2.2	2.4	2.7	2.7	3.7	4.4
Telangana	3.6	4.6	4.6	5.3	9.0	9.4	11.1	12.0
Uttar Pradesh	7.0	5.1	4.3	6.3	6.9	6.7	9.4	8.7
West Bengal	1.3	1.1	0.9	0.9	0.6	NA	0.7	1.3

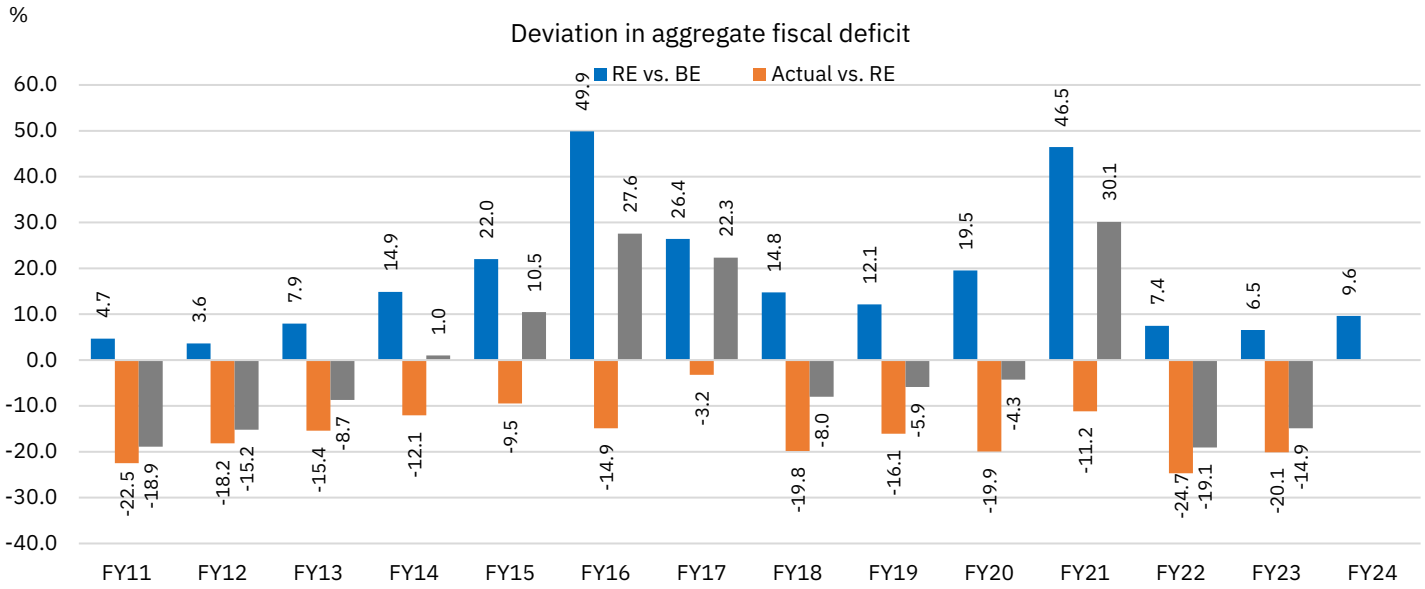
Source: CMIE States of India, NSE EPR.

- **Enhanced credibility of revised estimates on which budgets are formed:** There has been a persistent gap between the budgeted and revised estimates as well as revised and actual figures for states. For instance, states like Assam, Bihar and Mizoram have consistently revised their fiscal deficit upwards against the budgeted estimates. As a share of GSDP, Bihar, Assam and Mizoram have reported average deviation of about 1.5pp, 2.0pp and 8.3pp between their respective revised and budget estimates over the last 10 years (FY15-24). Further, the actual numbers, which should be closer to revised figures, have in fact always been lower during this period, and by an average of ~70% since FY15.

  Provisional numbers for FY24 based on monthly accounts for the 21 states under study point to a 15% lower aggregate fiscal deficit as compared to revised estimates, and nearly 7% lower than the budgeted fiscal deficit. While aggregate receipts are nearly 7.5% lower than the revised estimate, total expenditure undershot the revised estimate by a marginally higher 9%. This resulted in fiscal deficit to GSDP ratio of these 21 states as per the monthly accounts falling to 3.0% from 3.5% in FY24RE and 3.2% in FY24BE.

  These significant deviations between budgeted, revised, and actual figures lower the credibility of state finances, and should be addressed to make assessment easier.

Figure 44: Deviation in aggregate fiscal deficit for 21 states under study



Source: CMIE States of India, NSE EPR.

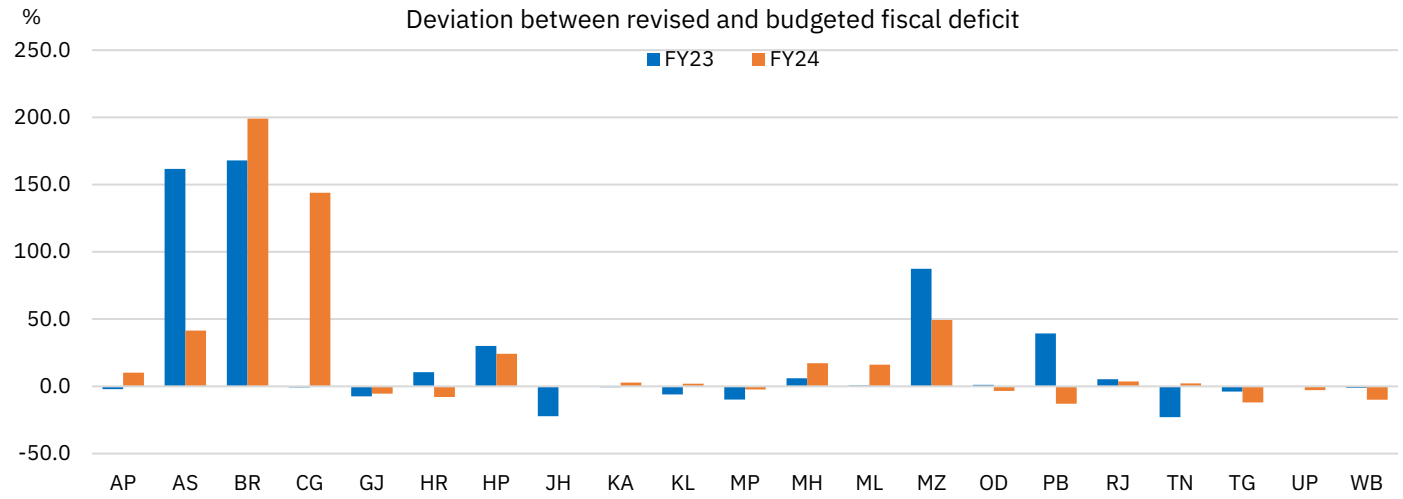
FY24 provisional estimates point to a much lower fiscal deficit to GSDP ratio than RE:

Table 10: Deviation of provisional estimates with budget and revised estimates for FY24

Indicators	FY24BE	FY24RE	FY24PE	FY24RE/ FY24BE	FY24PE/ FY24BE	FY24PE/ FY24RE
Revenue receipts	**39.6**	**39.0**	**36.3**	**-1.5**	**-8.4**	**-7.0**
Tax revenue	29.7	29.6	29.0	-0.2	-2.2	-2.0
Non-tax revenue	9.9	9.4	7.2	-5.4	-26.8	-22.6
Non-debt capital receipts	**0.4**	**0.4**	**0.2**	**-10.8**	**-63.0**	**-58.5**
Total receipts	**40.0**	**39.4**	**36.4**	**-1.6**	**-8.9**	**-7.5**
Revenue expenditure	**40.4**	**40.6**	**37.4**	**0.6**	**-7.3**	**-7.9**
Interest payments	4.9	4.9	4.7	-0.2	-4.7	-4.6
Capital expenditure	**8.6**	**8.6**	**7.4**	**-0.4**	**-14.2**	**-13.9**
Capital outlay	7.8	8.0	6.9	2.3	-11.3	-13.3
Total expenditure	**49.0**	**49.2**	**44.8**	**0.5**	**-8.6**	**-9.0**
Revenue deficit	-0.8	-1.6	-1.1	109.0	44.0	-31.1
Primary deficit	-4.1	-4.9	-3.7	21.5	-9.5	-25.5
Fiscal deficit	**-9.0**	**-9.9**	**-8.4**	**9.6**	**-6.9**	**-15.0**
Revenue deficit (% of GSDP)	0.3	0.6	0.4	30bps	12bps	-18bps
Primary deficit (% of GSDP)	1.4	1.7	1.3	31bps	-14bps	-44bps
Fiscal deficit (% of GSDP)	**3.2**	**3.5**	**3.0**	**31bps**	**-22bps**	**-52bps**

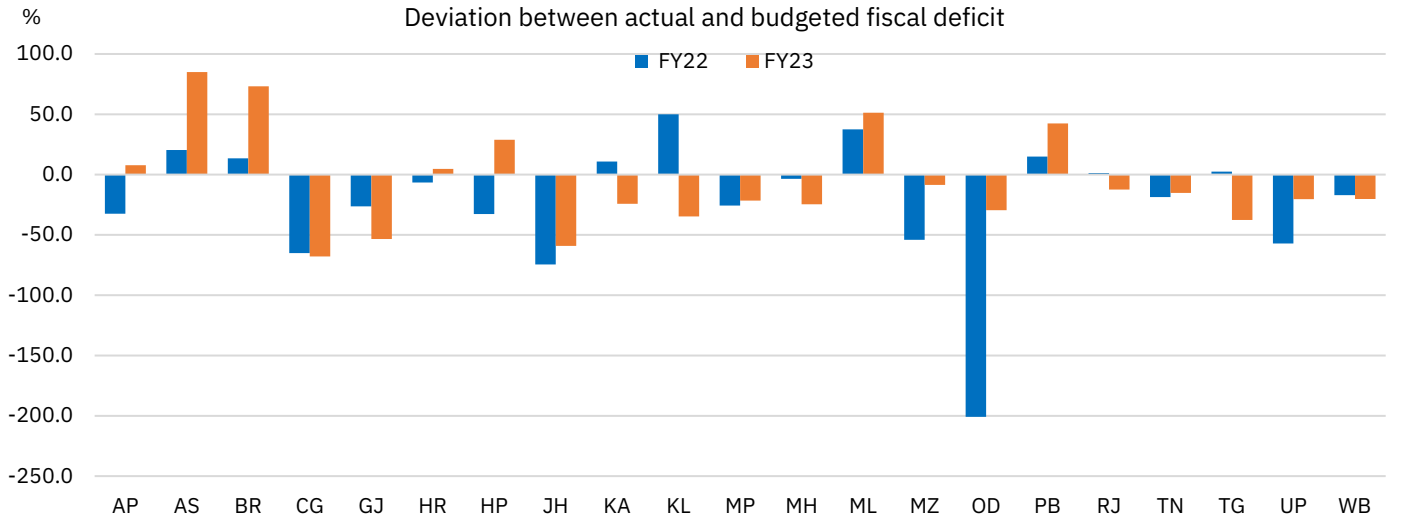
Source: CMIE States of India, NSE EPR.

Figure 45: Deviation between revised and budgeted fiscal deficit across states for FY23 and FY24



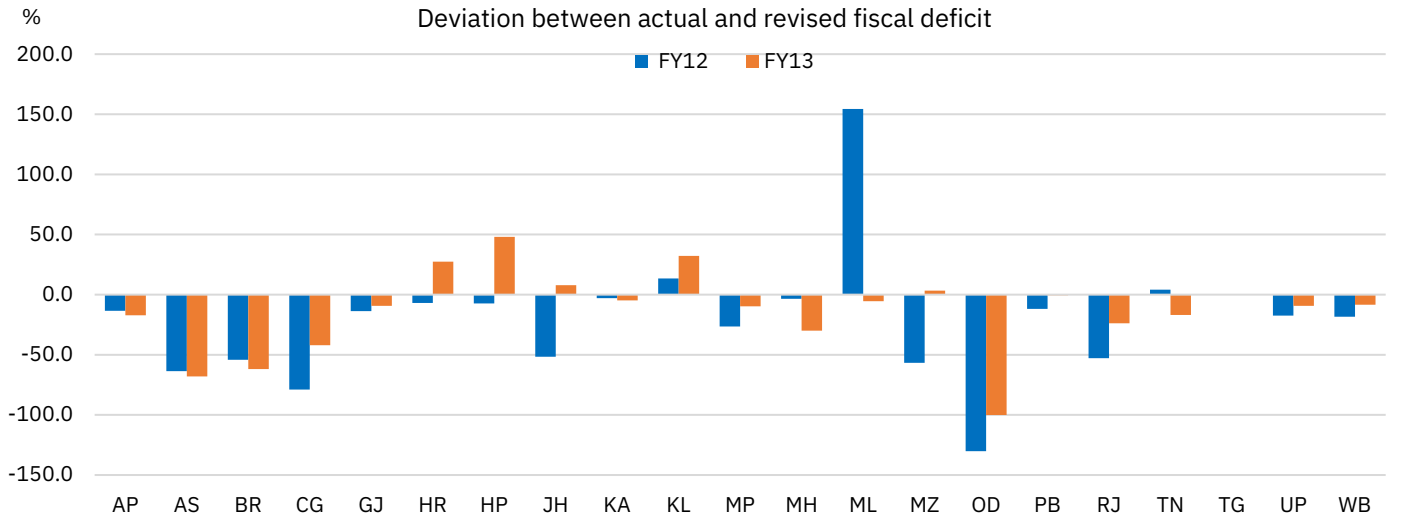
Source: CMIE States of India, NSE EPR.

Figure 46: Deviation in actual and budgeted fiscal deficit across states for FY22 and FY23



Source: CMIE States of India, NSE EPR.

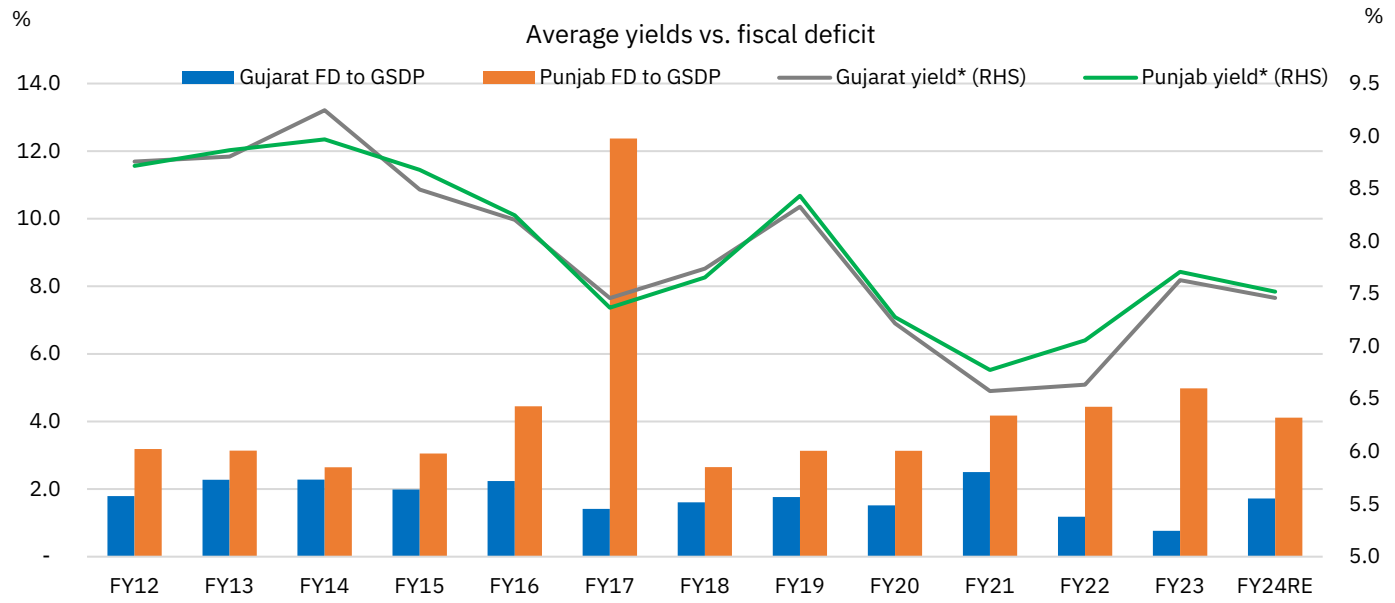
Figure 47: Deviation in actual and revised fiscal deficit across states for FY22 and FY23



Source: CMIE States of India, NSE EPR.

- **Risk-based pricing of SDLs:** As the report highlights, there exists a wide inter-state disparity in terms of their fiscal and financial positions. Some states like Punjab, Himachal Pradesh, and West Bengal have outstanding liabilities to GSDP ratio north of 40%, and fiscal deficit to GDP ratio of more than 3%, while states like Maharashtra, Gujarat and Odisha have much lower fiscal deficit and debt levels. Irrespective of this deviation, there is a high disconnect between market prices of bonds issued by states and their economic fundamentals. In other words, all big states borrow from markets at similar interest rates. For instance, the average yield of SDLs issued by Gujarat as well as Punjab was around 7.5% in FY24, despite a significant difference in their fiscal positions and indebtedness. While Punjab had a debt to GSDP and fiscal deficit to GSDP ratios of 45% and 4.4% of GSDP in FY22, Gujarat had these ratios much lower at 20.2% and 1.2% respectively. Over the last 15 years, the average spread between SDLs of Gujarat and Punjab has been mere 5bps. In fact, in five out of the last 15 years, the average yield of SDLs issued by Punjab has been lower than that of Gujarat. Risk-based pricing of SDLs based on state-specific fiscal parameters, as opposed to near-uniform pricing prevalent currently, would nudge fiscally strained states to pursue fiscal consolidation.

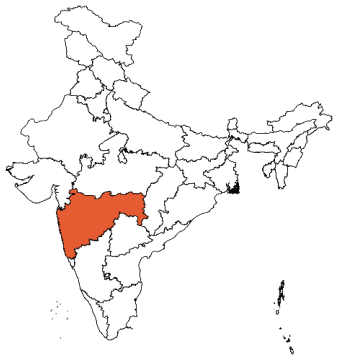
Figure 48: Trend in average yield of SDLs issued by Gujarat and Punjab



Source: RBI DBIE, NSE EPR. *avg. yields for the corresponding fiscal year, # fiscal deficit for FY24 is the revised estimates

Fiscal profile of five large states that contribute ~50% of national GDP

MAHARASHTRA



Key highlights:

- GSDP growth at 5.5% in FY25BE vs. 10.9% in FY24RE
- Fiscal deficit (% of GSDP) is budgeted at 2.6% in FY25BE (vs. 2.8% in FY24RE)
- **Decline in capital outlay:** The budgeted capital outlay for FY25BE at Rs 85,657 crore is marginally lower than the revised estimate for FY24.
- **Several welfare schemes announced:** Several schemes announced in the Budget are targeted towards women development (via cash transfer), farmers and rural development (via free gas cylinders)

Maharashtra's revenue receipts are budgeted to grow at a tepid pace of 2.7% in FY25BE over a robust growth of 19.8% in FY24RE, thanks to broad-based moderation across key revenue heads. Within SOR, SGST receipts are budgeted to increase by 7.6% vs. 19.4% in FY24RE. Grants from the Centre are projected to contract by 19.5%. Revenue expenditure is pegged to be broadly stable, even as growth in committed expenditure (interest payments and pensions) is budgeted at a strong 23.3%.

Table 11: Budget snapshot for Maharashtra

Indicators	(in Rs '00 crore)			%YoY		
	FY23	FY24RE	FY25BE	FY23	FY24RE	FY25BE
Revenue Receipts	**4,057**	**4,861**	**4,995**	**21.7**	**19.8**	**2.7**
Tax Revenue	3,375	3,961	4,200	22.6	17.4	6.0
States' own tax revenue	2,776	3,264	3,430	25.6	17.6	5.1
Property Tax	477	540	580	23.4	13.2	7.4
Sales Tax	546	621	625	18.8	13.7	0.7
States' excise duties	215	290	305	24.9	34.8	5.2
SGST	1,213	1,448	1,558	24.6	19.4	7.6
Devolution/Share in Central Taxes	599	697	769	10.3	16.3	10.4
Non-Tax Revenue	682	901	788	17.4	32.1	-12.5
States' own nontax revenue	168	246	268	-13.1	46.8	8.8
Grants from Centre	514	654	527	32.6	27.3	-19.5
Non-debt Capital Receipts	6	24	25	-45.5	277.6	2.0
Recovery of Loans and Advances	6	24	25	-45.5	277.6	2.0
Net Receipts	**4,063**	**4,885**	**5,019**	**21.5**	**20.2**	**2.7**
Revenue Expenditure (A)	**4,076**	**5,056**	**5,195**	**16.6**	**24.1**	**2.7**
Interest payments	417	486	567	3.8	16.5	16.8
Pension	431	459	598	11.9	6.5	30.3
Capital Outlay (B)	**616**	**857**	**853**	**32.1**	**39.0**	**-0.4**
Loans and advances (C)	47	92	75	91.5	97.1	-18.6
Total expenditure (D = A+B+C)	**4,739**	**6,005**	**6,123**	**18.8**	**26.7**	**2.0**
Fiscal Deficit	**676**	**1,120**	**1,104**	**5.1**	**65.6**	**-1.4**
Fiscal Deficit (%GSDP)	**1.9**	**2.8**	**2.6**			
Revenue Deficit (%GSDP)	0.1	0.5	0.5			
GSDP	**36,459**	**40,443**	**42,678**	**16.0**	**10.9**	**5.5**

Source: CMIE States of India, State budget documents, PRS, NSE EPR.

TAMIL NADU



Key highlights:

- GSDP growth at 15.9% in FY25BE vs. 13.8% in FY24RE
- Fiscal deficit estimated at 3.4% of GSDP in FY25BE vs. 3.5% last year.
- **Focus on capital outlay:** This is budgeted to grow by 12.1% in FY25BE (vs. 7.6% in FY24RE) with an emphasis on roads, rural development and housing.

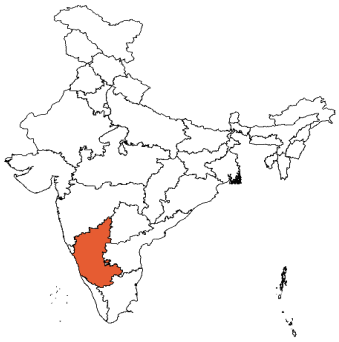
Tamil Nadu's revenue receipts continue to remain buoyant with notable growth in SOTR (14.7%) led by SGST (16.5%) state excise (12.4%) and sales tax (12.5%) while the grants from the Centre are projected to decline by 13.5% in FY25BE over a 28.5% contraction last year. Revenue expenditure growth is budgeted to moderate to 9.7% in FY25BE (vs. 13.4% last year) as development expenditure growth is pegged at 8.8% as against growth of 12.8% for non-development expenditure. Loans and advances are pegged at Rs 16,534 crore in FY25BE, more than double that of FY23.

Table 12: Budget snapshot for Tamil Nadu

Indicators	(in Rs '00 crore)			%YoY		
	FY23	FY24RE	FY25BE	FY23	FY24RE	FY25BE
Revenue Receipts	**2,437**	**2,726**	**2,990**	**17.5**	**11.8**	**9.7**
Tax Revenue	1,890	2,152	2,449	17.9	13.9	13.8
States' own tax revenue	1,503	1,702	1,953	22.3	13.3	14.7
Property Tax	178	202	238	22.5	13.4	17.5
Sales Tax	591	619	696	21.5	4.6	12.5
States' excise duties	104	109	122	26.5	4.6	12.4
GST	538	633	738	18.9	17.7	16.5
Devolution/Share in Central Taxes	387	450	497	3.2	16.3	10.4
Non-Tax Revenue	548	574	541	16.2	4.7	-5.7
States' own nontax revenue	171	304	307	40.8	78.1	1.1
Grants from Centre	377	270	234	7.7	-28.5	-13.5
Non-debt Capital Receipts	11	26	48	-79.1	133.5	83.7
Recovery of Loans and Advances	11	26	48	-79.9	142.3	83.8
Net Receipts	**2,449**	**2,752**	**3,038**	**15.0**	**12.4**	**10.4**
Revenue Expenditure (A)	**2,800**	**3,175**	**3,483**	**10.2**	**13.4**	**9.7**
Interest payments	469	547	625	12.9	16.5	14.2
Pension	322	375	425	22.6	16.7	13.2
Capital Outlay (B)	**395**	**425**	**477**	**6.8**	**7.6**	**12.1**
Loans and advances (C)	73	92	165	99.4	27.2	79.0
Total expenditure (D = A+B+C)	**3,268**	**3,693**	**4,125**	**10.9**	**13.0**	**11.7**
Fiscal Deficit	**819**	**941**	**1,087**	**0.1**	**14.9**	**15.6**
Fiscal Deficit (%GSDP)	**3.4**	**3.5**	**3.4**			
Revenue Deficit (%GSDP)	1.5	1.6	1.6			
GSDP	**23,934**	**27,225**	**31,551**	**15.5**	**13.8**	**15.9**

Source: CMIE States of India, State budget documents, PRS, NSE EPR.

KARNATAKA



Key highlights:

- GSDP growth at 9.4% for FY25BE vs. 13.1% in FY24RE.
- The fiscal deficit budgeted at 3.0% of GSDP in FY25BE vs. 2.7% last year.
- **Capital outlay to see a tepid growth:** Capital outlay of ~Rs 53,000 crore in FY25BE is lower than FY23 and is only +3.3% higher than FY24RE.
- **Moved to revenue deficit:** After registering a revenue surplus (0.6% of GSDP) in FY23, the state is estimated to move into revenue deficit of 0.5% in FY24RE, further worsening to 1% in FY25BE.

Karnataka's revenue receipts are budgeted to see a sizeable jump of 16% in FY25BE after registering a decline of 1% in FY24RE led by a broad-based expansion across key revenue heads. SGST collections, (33% share of RR) are projected to grow by 21.2% in FY25 over the 16.2% growth in FY24RE. Revenue expenditure is budgeted to increase by 20.7% led by a mix of higher growth in developmental (19.4%) and non-developmental (25.2%) expenditure — particularly, pensions (28.8%) and interest payments (28.5%).

Table 13: Budget snapshot for Karnataka

Indicators	(in Rs '00 crore)			%YoY		
	FY23	FY24RE	FY25BE	FY23	FY24RE	FY25BE
Revenue Receipts	**2,291**	**2,268**	**2,632**	**17.0**	**-1.0**	**16.0**
Tax Revenue	1,783	2,006	2,344	15.8	12.5	16.8
States' own tax revenue	1,438	1,604	1,900	19.1	11.6	18.5
Property Tax	181	201	264	27.4	11.1	31.1
Sales Tax	191	205	221	-1.0	7.4	8.0
States' excise duties	299	345	385	13.4	15.3	11.7
GST	614	714	865	23.0	16.2	21.2
Devolution/Share in Central Taxes	345	402	444	3.8	16.4	10.4
Non-Tax Revenue	508	262	288	21.7	-48.4	9.9
States' own nontax revenue	139	120	135	18.1	-13.8	12.5
Grants from Centre	369	142	153	23.0	-61.5	7.8
Non-debt Capital Receipts	5	1	3	261.9	-77.1	127.3
Recovery of Loans and Advances	5	1	2	277.5	-81.7	142.9
Net Receipts	**2,296**	**2,269**	**2,634**	**17.2**	**-1.2**	**16.1**
Revenue Expenditure (A)	**2,156**	**2,407**	**2,905**	**2.9**	**11.7**	**20.7**
Interest payments	284	305	392	13.8	7.4	28.5
Pension	240	251	324	16.2	4.6	28.8
Capital Outlay (B)	**573**	**512**	**529**	**19.8**	**-10.7**	**3.3**
Loans and advances (C)	33	34	30	-22.8	5.6	-13.4
Total expenditure (D = A+B+C)	**2,762**	**2,954**	**3,464**	**5.6**	**7.0**	**17.3**
Fiscal Deficit	**466**	**685**	**830**	**-28.9**	**46.9**	**21.1**
Fiscal Deficit (%GSDP)	**2.1**	**2.7**	**3.0**			
Revenue Deficit (%GSDP)	-0.6	0.5	1.0			
GSDP	**22,700**	**25,673**	**28,091**	**14.8**	**13.1**	**9.4**

Source: CMIE States of India, State budget documents, PRS, NSE EPR.

GUJARAT



- GSDP growth at 13.3% in FY25BE vs. 11.8% in FY24RE
- Fiscal deficit estimated at 2.5% of GSDP in FY25BE vs. 1.7% in FY24RE.
- **Focus on capital outlay:** It accounts for 16.4% of the total expenditure and is budgeted to grow by 28.9% in FY25BE over 65.3% last year.
- **Sustained revenue surplus:** Barring FY21, the state continues to record revenue surplus, while it is estimated to moderate to 0.4% of GSDP in FY25BE.
- **Several welfare schemes:** Targeted towards the welfare of women and children, the government plans to provide financial assistance via various schemes

Gujarat's revenue receipts are budgeted to be subdued at 6.4% in FY25BE as gains in SGST (20.7%) and sales tax (6.6%) are partly offset by a decline in Grants from the Centre (-9.7%) and property tax (-1.1%). Capital outlay is projected to grow mainly due to higher allocation towards irrigation, education, medical health and transport. Allocation on non-developmental expenditure is budgeted to grow by 16.9% vs. relatively lower growth of 8.6% in developmental expenditure.

Table 14: Budget snapshot for Gujarat

Indicators	(in Rs '00 crore)			%YoY		
	FY23	FY24RE	FY25BE	FY23	FY24RE	FY25BE
Revenue Receipts	**1,994**	**2,158**	**2,297**	**19.5**	**8.2**	**6.4**
Tax Revenue	1,578	1,757	1,912	22.6	11.3	8.8
States' own tax revenue	1,249	1,341	1,490	27.8	7.4	11.1
Property Tax	192	222	219	41.8	15.8	-1.1
Sales Tax	370	318	339	27.3	-14.0	6.6
States' excise duties	2	2	2	21.2	-4.1	-13.9
GST	522	618	746	19.9	18.5	20.7
Devolution/Share in Central Taxes	330	416	422	6.0	26.2	1.4
Non-Tax Revenue	416	401	385	9.2	-3.6	-4.0
States' own nontax revenue	184	193	197	31.5	4.5	2.1
Grants from Centre	231	208	188	-3.7	-10.0	-9.7
Non-debt Capital Receipts	3	3	3	63.6	6.2	8.3
Recovery of Loans and Advances	3	3	3	63.6	6.2	8.3
Net Receipts	**1,997**	**2,161**	**2,299**	**19.6**	**8.2**	**6.4**
Revenue Expenditure (A)	**1,795**	**1,972**	**2,198**	**11.9**	**9.8**	**11.5**
Interest payments	254	278	300	0.7	9.6	7.8
Pension	224	252	264	11.3	12.2	4.9
Capital Outlay (B)	**355**	**587**	**757**	**25.9**	**65.3**	**28.9**
Loans and advances (C)	15	27	38	36.9	82.3	43.8
Total expenditure (D = A+B+C)	**2,165**	**2,585**	**2,994**	**14.1**	**19.4**	**15.8**
Fiscal Deficit	**168**	**425**	**694**	**-25.8**	**152.2**	**63.4**
Fiscal Deficit (%GSDP)	**0.8**	**1.7**	**2.5**			
Revenue Deficit (%GSDP)	-0.9	-0.8	-0.4			
GSDP	**22,034**	**24,643**	**27,925**	**14.7**	**11.8**	**13.3**

Source: CMIE States of India, State budget documents, PRS, NSE EPR.

UTTAR PRADESH



Key highlights:

- GSDP growth at 5.8% in FY25BE vs. 3.4% in FY24RE
- Fiscal deficit estimated at 3.5% of GSDP in FY25BE, same as last year.
- **Sustained revenue surplus:** Barring FY21, the state continues to record revenue surplus, estimated at ~3% of GSDP in both FY24RE and FY25BE
- **Moderation in capital outlay:** After registering a strong growth in FY24RE, capital outlay growth is projected to moderate, while focus remaining on water & sanitation and transport.

UP's revenue receipts are estimated to remain buoyant with a growth of 15.5% in FY25BE on top of 25.9% growth in FY24RE, primarily led by SOTR — particularly SGST (30.2%), property tax (21.4%) and sales tax (18.1%). Grants from the Centre, after doubling to Rs 1 lakh crore in FY24RE, are budgeted to decline by ~9% in FY25. Revenue expenditure growth is pegged at a robust 17.1% in FY25BE, while capex growth is budgeted at a subdued 5.9%. Revenue spending on education (62.4% growth), medical and public health (35.3%) and pensions (22.2%) is estimated to be buoyant.

Table 15: Budget snapshot for Uttar Pradesh

Indicators	(in Rs '00 crore)			%YoY		
	FY23	FY24RE	FY25BE	FY23	FY24RE	FY25BE
Revenue Receipts	**4,172**	**5,252**	**6,068**	**12.5**	**25.9**	**15.5**
Tax Revenue	3,438	4,109	4,889	11.7	19.5	19.0
States' own tax revenue	1,744	2,131	2,704	18.3	22.2	26.9
Property Tax	251	301	365	24.1	19.7	21.4
Sales Tax	320	362	427	18.2	13.1	18.1
States' excise duties	413	500	583	13.6	21.2	16.6
GST	641	878	1,142	17.5	36.8	30.2
Devolution/Share in Central Taxes	1,695	1,978	2,185	5.7	16.7	10.4
Non-Tax Revenue	734	1,144	1,179	16.0	55.8	3.1
States' own nontax revenue	135	118	244	18.0	-12.8	107.8
Grants from Centre	599	1,026	935	15.6	71.2	-8.9
Non-debt Capital Receipts	13	33	33	42.4	147.7	-0.4
Recovery of Loans and Advances	13	33	33	42.4	147.7	-0.4
Net Receipts	**4,186**	**5,285**	**6,101**	**12.5**	**26.3**	**15.4**
Revenue Expenditure (A)	**3,800**	**4,548**	**5,327**	**12.6**	**19.7**	**17.1**
Interest payments	430	493	537	0.3	14.7	8.9
Pension	587	708	865	16.3	20.6	22.2
Capital Outlay (B)	**930**	**1,462**	**1,547**	**30.2**	**57.1**	**5.9**
Loans and advances (C)	102	101	92	532.8	-1.1	-8.6
Total expenditure (D = A+B+C)	**4,832**	**6,110**	**6,966**	**17.7**	**26.5**	**14.0**
Fiscal Deficit	**646**	**825**	**865**	**67.1**	**27.7**	**4.9**
Fiscal Deficit (%GSDP)	**2.8**	**3.5**	**3.5**			
Revenue Deficit (%GSDP)	-1.6	-3.0	-3.0			
GSDP	**22,841**	**23,615**	**24,991**	**15.3**	**3.4**	**5.8**

Source: CMIE States of India, State budget documents, PRS, NSE EPR.

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