मनुष्यवती भूमिरर्थः

PUBLIC FINANCIAL PERFORMANCE INDEX

2023-2024

From the Director's Desk

Praveen Kumar
Director
AJNIFM

Last year, AJNIFM had brought out an index of public financial performance for the year 2021-22 for the first time, based on 23 parameters. It was a unique and comprehensive exercise - no other Institution in India has brought an index of public financial performance based on so many parameters that capture every aspect of public financial management by the Indian states. The index has now been updated for the year 2023-24. It is based on audited data from the finance accounts of the states for the last 10 years.

For the current year, we have appended a state-wise analysis based on certain fiscal parameters that will help identify the gaps in public financial management by individual states. The analysis captures in a nutshell the essence of public financial management by the individual states, seeking to provide insights into their management of resources, expenditure, deficits and debt. It also examines the sustainability of debt by each state.

The index is meant to serve as a useful tool for policy making to help the decision makers properly align their fiscal strategies to accelerate growth and improve welfare and governance. It will also be useful to researchers for researching into various aspects of state finances.

I hope the volume will be found useful by all stakeholders and will contribute to better fiscal governance in the states.

Preface

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The AJNIFM Index was prepared for the first time for the fiscal year 2021-22 covering all the 28 states of India. It was perhaps for the first time that such a comprehensive index using 23 fiscal parameters spread across 6 categories, viz. Resource, Expenditure, Deficit, Debt, Contingent liability and Overspending (Profligacy) was prepared by any Institution in India. The index used Finance Accounts data for the last 10 years, and all for each category a sub-index was prepared which were then combined to create a composite index of public financial performance according to whose score the states were then ranked. The methodology has by and large remained the same this year also. The index for 2023-24 has been prepared on the basis of 10 years' data (from 2014-15 to 2023-24) entirely from the Finance Accounts of the Individual states. For Assam, Goa and Manipur, Finance Accounts were not available for 2023-24 and for West Bengal, Finance Accounts were not available after 2020-21; hence, we have used the data for 2023-24 from their budget documents for the current fiscal (Actual: 2023-24).

Last year, Niti Aayog has brought up its Fiscal Health Index for the year 2022-23 for the major 18 states of India, leaving out the 8 north-eastern states, besides Uttarakhand and Himachal Pradesh. Their index used 9 parameters spread across 5 categories: Quality of Expenditure, Revenue Mobilisation, Fiscal Prudence, Debt Index and Debt Sustainability. All its parameters are included in our index, methodology for which has been explained in details in the report. The Fiscal Health Index of Niti Aayog has acknowledged the AJNIFM Index; we had also provided inputs for that index, which has also been acknowledged.

In addition to the Index, we have also prepared individual state-wise reports on fiscal performance based on nine fiscal indicators for the last six years - from 2018-19 to 2023-24. These crisp reports provide insights into the fiscal and developmental processes taking place in the states. One of these parameters in debt sustainability which has been analysed individually for each state. This may help the states to focus their attention and frame their own debt management strategies. As a whole, this Index is expected to contribute to better fiscal management leading to improvement in governance, which is the key to development. We hope the index will be useful to policy makers, academics and researchers and other stakeholders. Every suggestion for its improvement will be deeply appreciated.

In the preparation of this Index, I was supported by Research Associates at AJNIFM, Ms. Sonu Tewatia and Ms. Dibyani Sinha. Without their support and hard work, this index could not have been prepared. Needless to say, without the extensive support and encouragement of the Director, AJNIFM, this Index would not have seen the light of the day.

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PART-A

INTRODUCTION,
METHODOLOGY AND RESULTS

AJNIFM Index of Public Financial Management by Indian States for FY 2023-2024

Introduction

For the economic development and growth of the country and for its macroeconomic stability, public financial management by the Indian states have become no less important than public financial management by the Union, while it does not attract as much interest from either the media or the academia as the Union public finance does. The management of public finances by the states is increasingly becoming critical for the optimal allocation of economic resources for socio-economic welfare, especially in view of the current trends being seen in many states to indulge in populist measures without consideration of their economic sustainability. We therefore undertook this study at AJNIFM for a comprehensive examination of all aspects related to public financial management, covering state revenue, expenditure, deficits, and borrowing. The objective was to rank the states in a composite index that reflects upon the sustainability of their public finances, including overspending on unproductive expenditure, as well as the risk and vulnerability from liabilities and indebtedness.

Period of Study, Data Sources and Authors

The study covered a 10-year period from 2014–15 to 2023–24, the latest year for which audited Finance Accounts are available for most states. However, for Assam and Manipur, the analysis for FY 2023–24 was based on the respective State Annual Financial Statements, as the Finance Accounts were not yet available. With West Bengal, because of the unavailability of Finance Accounts for FY 2021–22 to 2023–24 (not yet presented to the Legislature), the study relied on the State Annual Financial Statements for those years. For Andhra Pradesh and Telangana, the study period spanned from 2015–16, when the undivided Andhra Pradesh was bifurcated to create two new states, to 2023–24.

Except for Assam, Manipur and West Bengal as stated above, for the other states, all receipts and expenditure data used in this study have been sourced from the audited Finance Accounts of each state for the above period. The data on the Gross State Domestic Product (GSDP) of the states have been sourced from the National Accounts Statistics of the Ministry of Statistics and Programme Implementation (MoSPI), Government of India.

The study was undertaken at AJNIFM between January 2025 to May 2025. Every single data entered was validated by in-built checks to ensure complete accuracy and correctness of the data.

The study team comprised of Dr. Govinda Bhattacharjee, Professor of Practice at AJNIFM, who is also a former Director General from the Comptroller & Auditor General of India, and two Research Associates at AJNIFM - Ms. Sonu Tewatia and Ms. Dibyani Sinha.

Framework of the Study and Methodology Used

Since all aspects of public financial management needed to be considered, the first task was to devise the relevant parameters that will capture the performance of the states in an objective way. 23 such parameters were devised which were then grouped under six categories as follows:

Sl. No.	Name of Index
1	Resource Management Index
2	Expenditure Management Index
3	Deficit Management Index
4	Debt Management Index
5	Contingent Liability Index
6	Profligacy Index

The complete list of these parameters with relevant explanations can be seen at **Annexure A**. By computing and averaging their values over the ten-year period using the usual following standard econometric procedures, a composite sub-index under each category was then prepared, which can be seen at **Annexure B**. The six sub-indexes were then combined into a single composite index and the final ranking among the states done accordingly, which can be seen at **Annexure C**. A graphical presentation of the results can be seen at **Annexure D**.

Since the same yardsticks cannot be applied to all the states in India because of their different needs and resource constraints, for the purpose of our ranking, all states were grouped into two categories: **(1) 18 major states** (called the General Category States) and **(2) 10 vulnerable states** (called the Special Category States) which include the eight north-eastern states, besides Himachal Pradesh and Uttarakhand. Ranking of the states was done separately for these two categories. Union Territories were excluded from the scope of the study.

Equal weightage was assigned to each individual parameters while computing the sub-indexes under each category. Equal weightage was also assigned to each of the six sub-indices in their final assimilated into the single final composite index of performance.

Study Results and Explanation

Considering all the factors, the top five high performing states among the general category include Odisha, Gujrat, Goa, Maharashtra and Karnataka, while the bottom five are Kerala, Telangana, Rajasthan, Andhra Pradesh and Punjab. The performance of the states is not uniform across all the six sub-categories. Thus, in resource management, while Telangana tops the list, in expenditure management, it is ranked 15th among the 18 general category states. The detailed ranking of the states among each category can be seen at Annexure B.

Among the special category states, the top performers are Arunachal Pradesh followed by Uttarakhand and Meghalaya, while the states at the bottom are Himachal Pradesh, Manipur and Sikkim. Here also, the performance of individual states varies across the sub-categories. Thus, while Uttarakhand tops the list in terms of resource management, it ranks 7th among the ten special category states in terms of expenditure management.

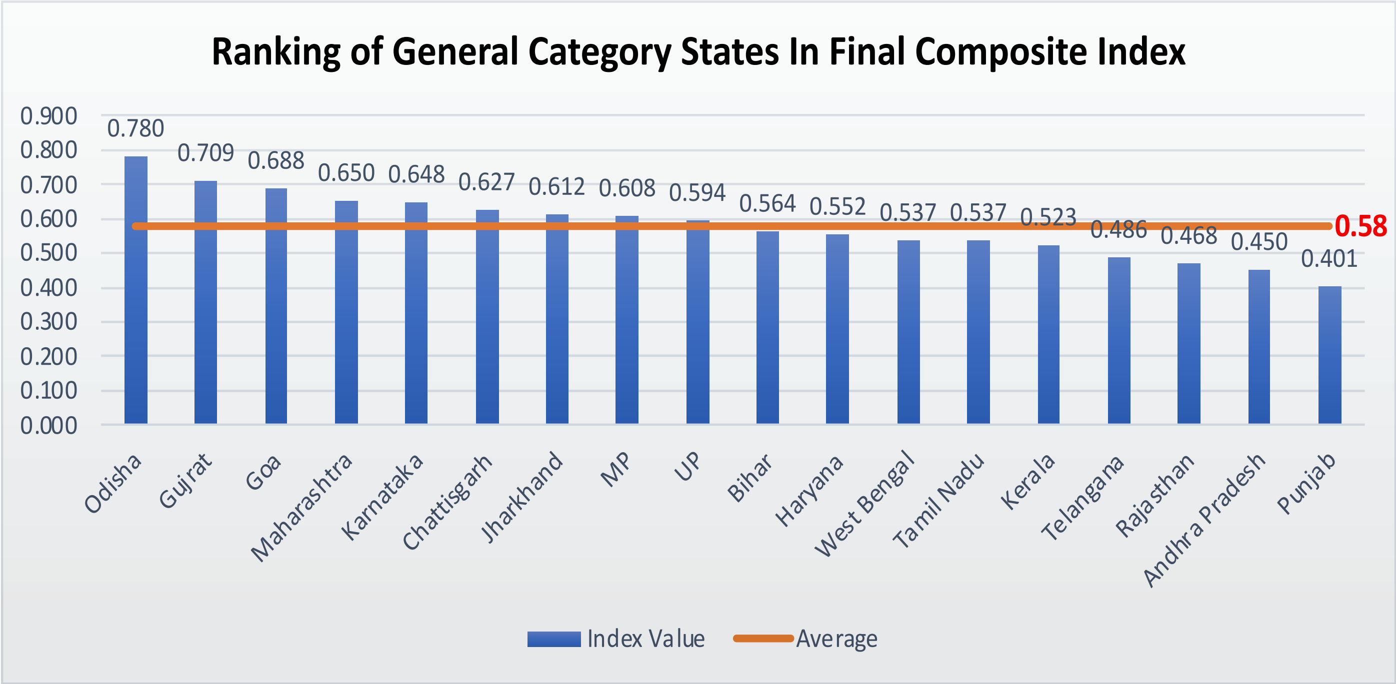
In the profligacy index which is meant to serve as a proxy for overspending and populist expenditure, the states which are facing the highest risks of unsustainability of their debt liabilities include Tamil Nadu, Rajasthan and Punjab, in that order, among the general category states. Among the special category states, the high-risk states are Sikkim, Mizoram and Himachal Pradesh, in that order.

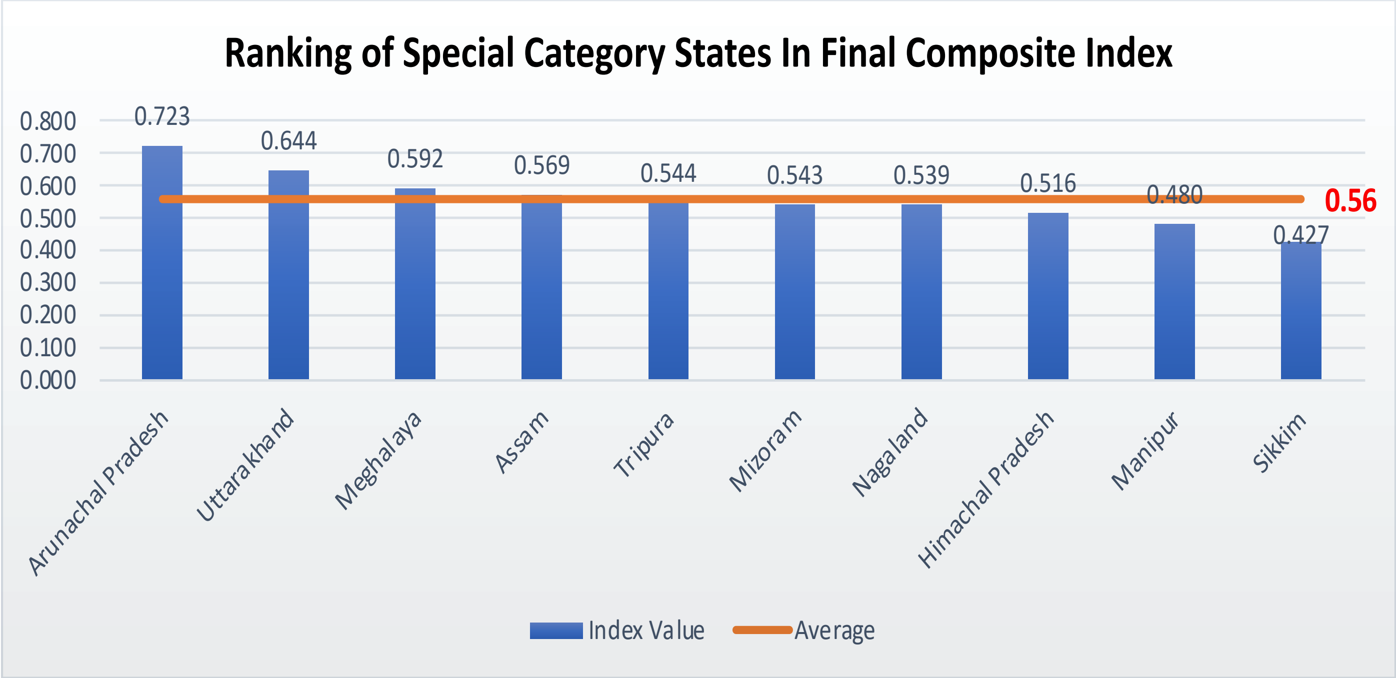
In respect of debt management, among the general category states, the best performer, with the least risk is Odisha, followed by Jharkhand and Chhattisgarh, while the worst performers are Haryana, West Bengal and Punjab, in that order. Among the special category states, the best and worst performers in respect of debt management are Arunachal Pradesh and Himachal Pradesh, respectively.

The final composite index and overall ranking of states that emerged from the study can be seen below:

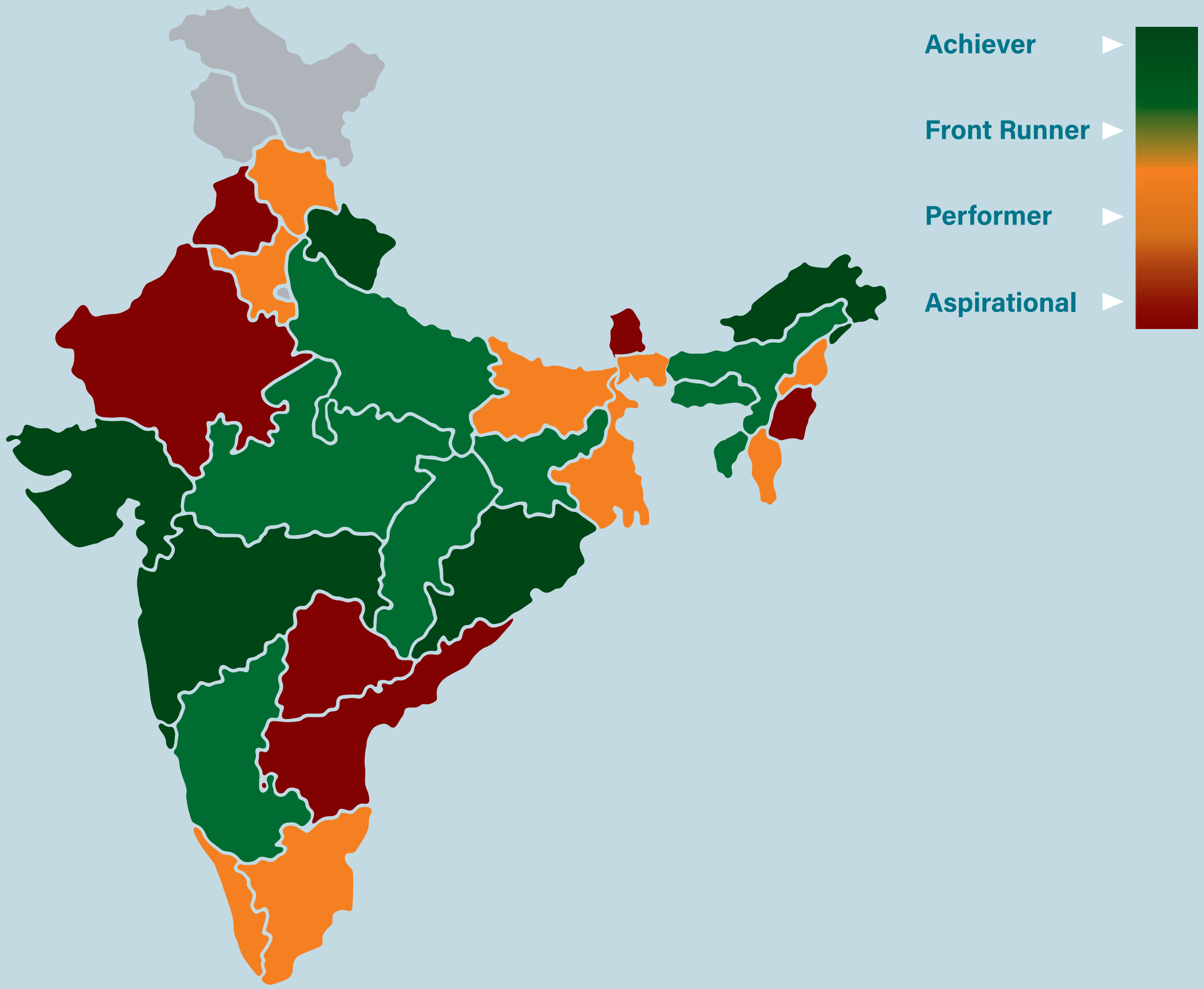
General category States			Special category States		
Ranking	**States**	**Index values**	**Ranking**	**States**	**Index values**
1	Odisha	0.780	1	Arunachal Pradesh	0.723
2	Gujrat	0.709	2	Uttarakhand	0.644
3	Goa	0.688	3	Meghalaya	0.592
4	Maharashtra	0.650	4	Assam	0.569
5	Karnataka	0.648	5	Tripura	0.544
6	Chattisgarh	0.627	6	Mizoram	0.543
7	Jharkhand	0.612	7	Nagaland	0.539
8	MP	0.608	8	Himachal Pradesh	0.516
9	UP	0.594	9	Manipur	0.480
10	Bihar	0.564	10	Sikkim	0.427
11	Haryana	0.552			
12	West Bengal	0.537			
13	Tamil Nadu	0.537			
14	Kerala	0.523			
15	Telangana	0.486			
16	Rajasthan	0.468			
17	Andhra Pradesh	0.450			
18	Punjab	0.401			

The results have been graphically represented below:





STATE-WISE COMPOSITE PUBLIC FINANCIAL PERFORMANCE HEAT MAP



SPECIAL CATEGORY STATES

Achiever	Front Runner	Performer	Aspirational
Arunachal Pradesh (1)	Meghalaya (3)	Mizoram (6)	Manipur (9)
Uttarakhand (2)	Assam (4)	Nagaland (7)	Sikkim (10)
	Tripura (5)	Himachal Pradesh (8)	

GENERAL CATEGORY STATES

Achiever	Front Runner	Performer	Aspirational
Odisha (1)	Karnataka (5)	Bihar (10)	Telangana (15)
Gujrat (2)	Chhattisgarh (6)	Haryana (11)	Rajasthan (16)
Goa (3)	Jharkhand (7)	West Bengal (12)	Andhra Pradesh (17)
Maharashtra (4)	MP (8)	Tamil Nadu (13)	Punjab (18)
	UP (9)	Kerala (14)	

ANNEXURE A: INDEX PARAMETERS AND EXPLANATIONS

Sl. No.	Name of Index	Parameters used	Explanation
1	Resource Management Index	(i) (i) Own Revenue/ Revenue Expenditure (ii) Own Revenue / Total Revenue (iii) Own Tax Revenue/ GSDP (iv) Buoyancy of State's Own Tax Receipts w.r.t. GSDP (only for the last year)	The first two parameters measure the adequacy of own tax and non-tax resources of the states, while the next two measure the potential for future growth of their own resources.
2	Expenditure Management Index	(i) (i) Development Expenditure/ Total Expenditure (ii) Expenditure on Education/ Total Expenditure (iii) Expenditure on Health / Total Expenditure (iv) Capital Outlay/ GSDP (v) Committed Expenditure/ Revenue expenditure	In respect of the first four parameters, both revenue and capital expenditure have been considered to measure the efficiency of allocation and the creation of capital assets. The last parameter measures the manoeuvrability and fiscal space available to the states to manage their revenue expenditure.
3	Deficit Management Index	(i) Gross Fiscal Deficit/ GSDP; (ii) Revenue Deficit/ GFD (iii) Primary Deficit/GSDP (iv) Capital Outlay/ Gross Fiscal Deficit	The first three are standard measures of the deficit, while the fourth measures how much of the deficit has been used to create capital assets to ensure future growth of the states.
4	Debt Management Index	(i) Total Outstanding Liability / GSDP (ii) Interest Payments/ Revenue Expenditure (iii) Growth in Outstanding Debt / Growth in Total Revenue Receipts (CAGR) (iv) Capital Outlay/ Capital Receipts	The first two parameters measure the debt burden and its impact while the third reflects upon the sustainability of debt. The fourth parameter measures the net borrowed find available to the states for the purpose of capital outlay.

ANNEXURE A: INDEX PARAMETERS AND EXPLANATIONS

5	Contingent Liability Index	(I) Growth of Outstanding Guarantees (CAGR)/ Growth of Revenue Receipts (CAGR) (II) Outstanding Guarantees/ GSDP (only for the last year)	Both the parameters measure the risk of contingent liabilities of the states.
6	Profligacy Index	(i) Subsidy /Revenue Expenditure (ii) CAGR of Subsidy/ CAGR of Revenue Expenditure (iii) Pension Payments/ Revenue Expenditure, scaled by the ratios of OPS to NPS as calculated in the report "Fiscal Cost of Reverting to the Old Pension Scheme by the Indian States – An Assessment" in the RBI Bulletin, September 2023, for those states that have either reverted back to the OPS or not implemented the NPS at all, in which case the average ratio calculated in the above report has been applied. (iv) CAGR of Pension/ CAGR of Revenue Expenditure	The first and second parameters measure the level of subsidy and its growth relative to growth in revenue expenditure respectively, which will reflect upon their future sustainability. The last two parameters reflect upon the pension liability of the states. Some states have already reverted to the old pension scheme while some have not yet implemented the new pension scheme. Their present expenditure may not fully reflect upon the indefinite future liability they will incur on this account, hence the need to scale up the ratios. NIFM is presently engaged in evaluating this aspect in a comprehensive manner; one it is completed, the ratios for scaling up will be modified accordingly.

Notes:

1. For all the above indexes, the parameters which carry equal weights have been averaged over a period of 10 years (2014-15 to 2023-24) based on Finance Accounts data.
2. These indexes are finally assimilated into a single final composite index of performance of the states by assigning equal weightage to each sub-index.

ANNEXURE B: INDEX VALUES AND STATE RANKINGS

I. Resource Management Index

General category States			Special category States		
Ranking	**States**	**Index values**	**Ranking**	**States**	**Index values**
1	Telangana	0.883	1	Uttarakhand	0.577
2	Goa	0.869	2	Himachal Pradesh	0.526
3	Maharashtra	0.858	3	Assam	0.440
4	Haryana	0.851	4	Meghalaya	0.414
5	Karnataka	0.834	5	Arunachal Pradesh	0.341
6	Gujrat	0.780	6	Sikkim	0.340
7	Tamil Nadu	0.773	7	Tripura	0.264
8	Punjab	0.732	8	Mizoram	0.187
9	Kerala	0.731	9	Nagaland	0.171
10	Chattisgarh	0.718	10	Manipur	0.036
11	MP	0.713	The higher the value of the index, the better the performance of the state in managing its revenue. States towards the bottom are the worst performers.		
12	Odisha	0.709			
13	UP	0.694			
14	Andhra Pradesh	0.659			
15	Rajasthan	0.636			
16	Jharkhand	0.564			
17	West Bengal	0.525			
18	Bihar	0.434			

ANNEXURE B: INDEX VALUES AND STATE RANKINGS

II. Expenditure Management Index

General category States			Special category States		
Ranking	States	Index values	Ranking	States	Index values
1	Chhattisgarh	0.673	1	Meghalaya	0.689
2	Bihar	0.665	2	Arunachal Pradesh	0.677
3	Odisha	0.648	3	Assam	0.554
4	MP	0.592	4	Sikkim	0.533
5	Gujrat	0.574	5	Tripura	0.465
6	Jharkhand	0.548	6	Mizoram	0.451
7	Karnataka	0.538	7	Uttarakhand	0.400
8	Goa	0.522	8	Himachal Pradesh	0.358
9	Rajasthan	0.482	9	Manipur	0.306
10	UP	0.452	10	Nagaland	0.195
11	Tamil Nadu	0.447	The higher the value of the index, the better the performance of the state in managing its expenditure and in the efficiency of allocation. States towards the bottom are the worst performers.		
12	Maharashtra	0.447			
13	West Bengal	0.380			
14	Haryana	0.336			
15	Telangana	0.279			
16	Kerala	0.273			
17	Andhra Pradesh	0.253			
18	Punjab	0.025			

ANNEXURE B: INDEX VALUES AND STATE RANKINGS

III. Deficit Management Index

General category States			Special category States		
Ranking	States	Index values	Ranking	States	Index values
1	Odisha	0.756	1	Nagaland	0.864
2	Gujrat	0.740	2	Arunachal Pradesh	0.853
3	Goa	0.646	3	Manipur	0.633
4	Maharashtra	0.628	4	Mizoram	0.610
5	Jharkhand	0.570	5	Uttarakhand	0.567
6	UP	0.519	6	Himachal Pradesh	0.427
7	Karnataka	0.493	7	Assam	0.400
8	Chattisgarh	0.473	8	Meghalaya	0.379
9	West Bengal	0.464	9	Sikkim	0.348
10	MP	0.405	10	Tripura	0.208
11	Bihar	0.400	The higher the value of the index, the better the performance of the state in managing its deficits and using it for creation of capital assets. States towards the bottom are the worst performers in deficit management.		
12	Tamil Nadu	0.333			
13	Kerala	0.320			
14	Telangana	0.303			
15	Haryana	0.284			
16	Andhra Pradesh	0.222			
17	Punjab	0.205			
18	Rajasthan	0.152			

IV. Debt Management Index

General category States			Special category States		
Ranking	States	Index values	Ranking	States	Index values
1	Odisha	0.915	1	Arunachal Pradesh	0.877
2	Jharkhand	0.665	2	Tripura	0.743
3	Chattisgarh	0.651	3	Assam	0.639
4	Maharashtra	0.650	4	Mizoram	0.580
5	Gujrat	0.612	5	Uttarakhand	0.556
6	Karnataka	0.602	6	Meghalaya	0.553
7	MP	0.596	7	Nagaland	0.506
8	Bihar	0.565	8	Manipur	0.499
9	Goa	0.542	9	Sikkim	0.479
10	UP	0.538	10	Himachal Pradesh	0.389
11	Telangana	0.451	The higher the value of the index, the better the performance of the state in managing its debt. States towards the bottom carry the highest risks of debt.		
12	Tamil Nadu	0.423			
13	Kerala	0.377			
14	Rajasthan	0.374			
15	Andhra Pradesh	0.367			
16	Haryana	0.362			
17	West Bengal	0.338			
18	Punjab	0.188			

ANNEXURE B: INDEX VALUES AND STATE RANKINGS

V. Contingent Liability Index

General category States			Special category States		
Ranking	States	Index values	Ranking	States	Index values
1	Gujrat	0.959	1	Uttarakhand	1.000
2	Odisha	0.840	2	Mizoram	0.913
3	Punjab	0.839	3	Himachal Pradesh	0.911
4	Goa	0.830	4	Tripura	0.790
5	Haryana	0.817	5	Nagaland	0.788
6	West Bengal	0.800	6	Arunachal Pradesh	0.760
7	Karnataka	0.715	7	Meghalaya	0.670
8	MP	0.691	8	Assam	0.667
9	Tamil Nadu	0.675	9	Manipur	0.606
10	Maharashtra	0.665	10	Sikkim	0.184
11	Jharkhand	0.659	The higher the value of the index, the lower the risk of contingent liabilities. In general, states are found not having much risk of contingent liabilities.		
12	Chattisgarh	0.644			
13	Rajasthan	0.628			
14	UP	0.617			
15	Kerala	0.576			
16	Bihar	0.573			
17	Andhra Pradesh	0.405			
18	Telangana	0.213			

ANNEXURE B: INDEX VALUES AND STATE RANKINGS

VI. Profligacy Index

General category States			Special category States		
Ranking	States	Index values	Ranking	States	Index values
1	Kerala	0.863	1	Meghalaya	0.849
2	Odisha	0.814	2	Arunachal Pradesh	0.828
3	Andhra Pradesh	0.793	3	Manipur	0.798
4	Telangana	0.789	4	Tripura	0.796
5	UP	0.744	5	Uttarakhand	0.764
6	Bihar	0.743	6	Assam	0.716
7	Goa	0.718	7	Nagaland	0.711
8	West Bengal	0.716	8	Sikkim	0.677
9	Karnataka	0.705	9	Mizoram	0.515
10	Jharkhand	0.665	10	Himachal Pradesh	0.484
11	Haryana	0.663			
12	Maharashtra	0.654			
13	MP	0.651			
14	Chattisgarh	0.600			
15	Gujrat	0.589			
16	Tamil Nadu	0.570			
17	Rajasthan	0.536			
18	Punjab	0.417			

The higher the value of the index, the less profligate the state. States towards the bottom are the most profligate.

ANNEXURE C: FINAL COMPOSITE INDEX AND OVERALL RANKING OF STATES

General category States			Special category States		
Ranking	States	Index values	Ranking	States	Index values
1	Odisha	0.780	1	Arunachal Pradesh	0.723
2	Gujrat	0.709	2	Uttarakhand	0.644
3	Goa	0.688	3	Meghalaya	0.592
4	Maharashtra	0.650	4	Assam	0.569
5	Karnataka	0.648	5	Tripura	0.544
6	Chattisgarh	0.627	6	Mizoram	0.543
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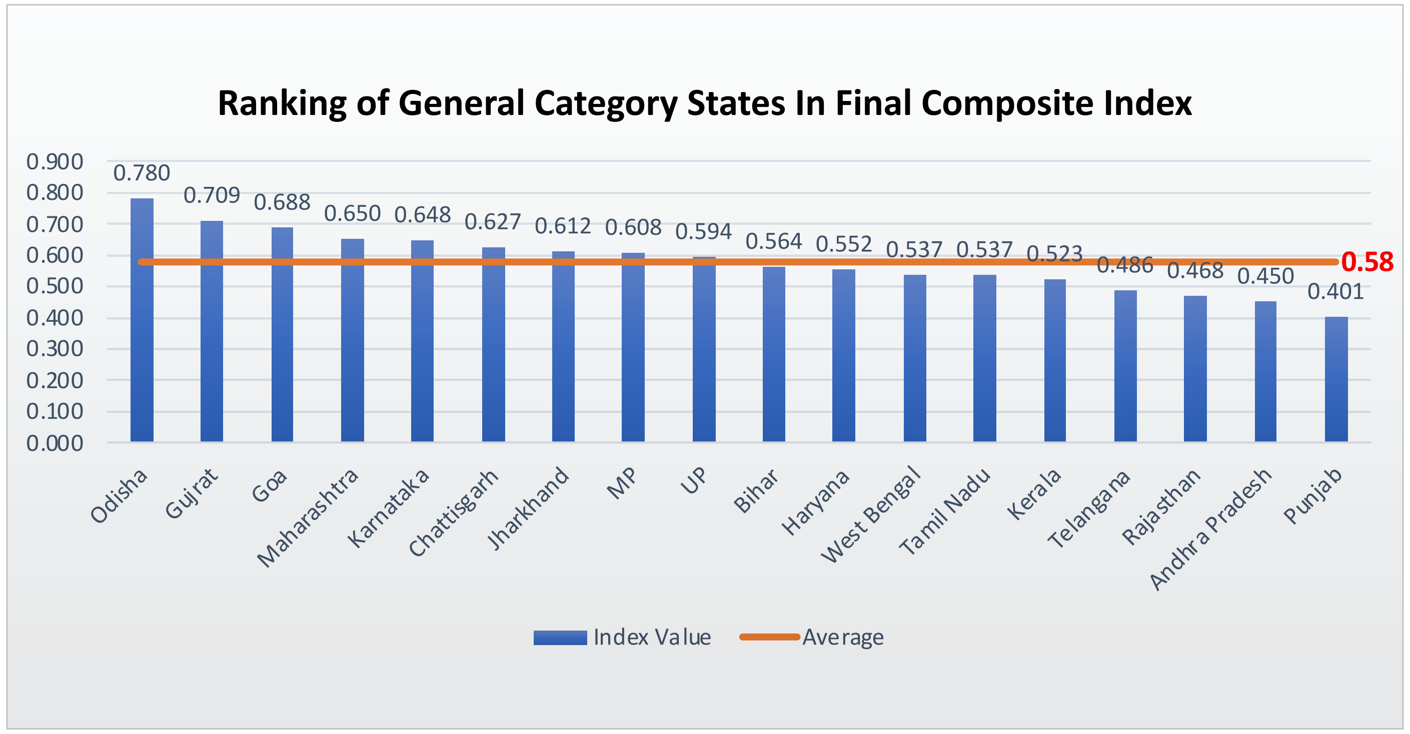
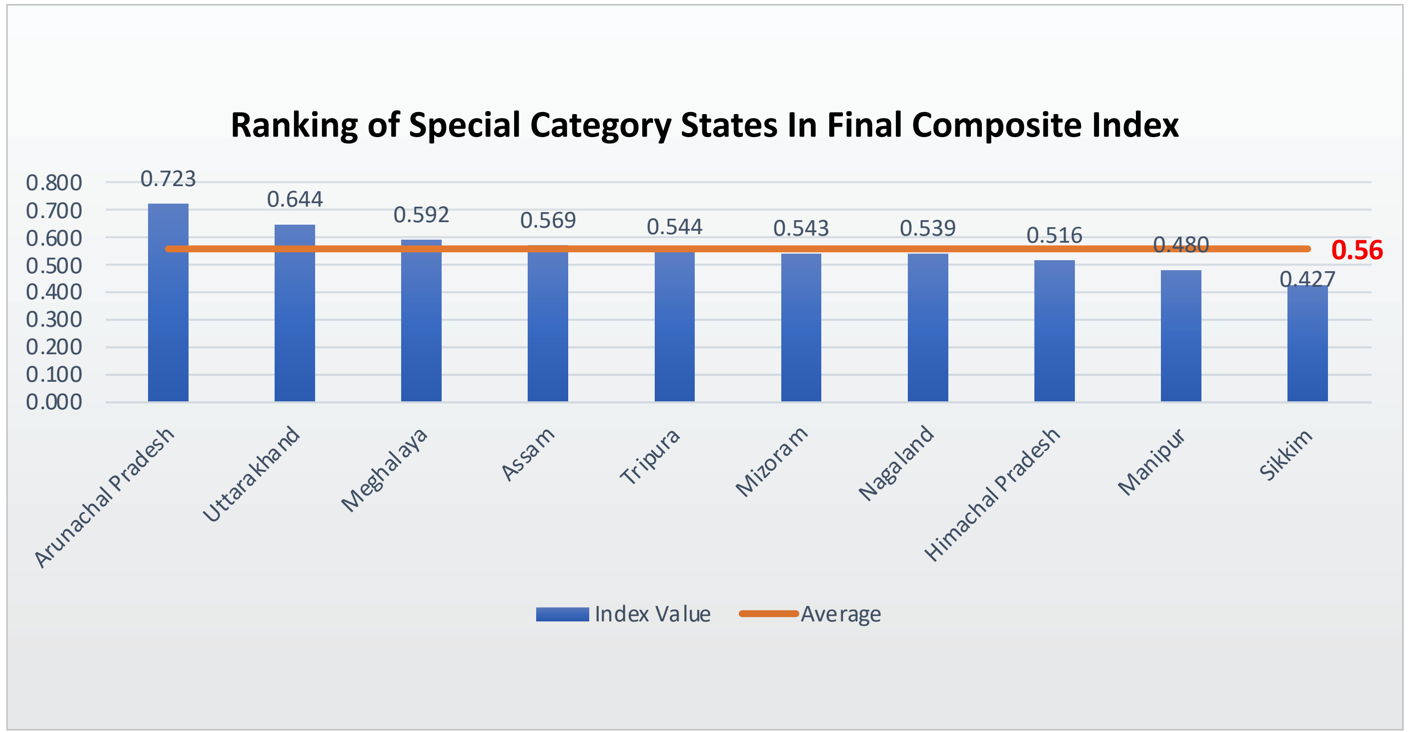
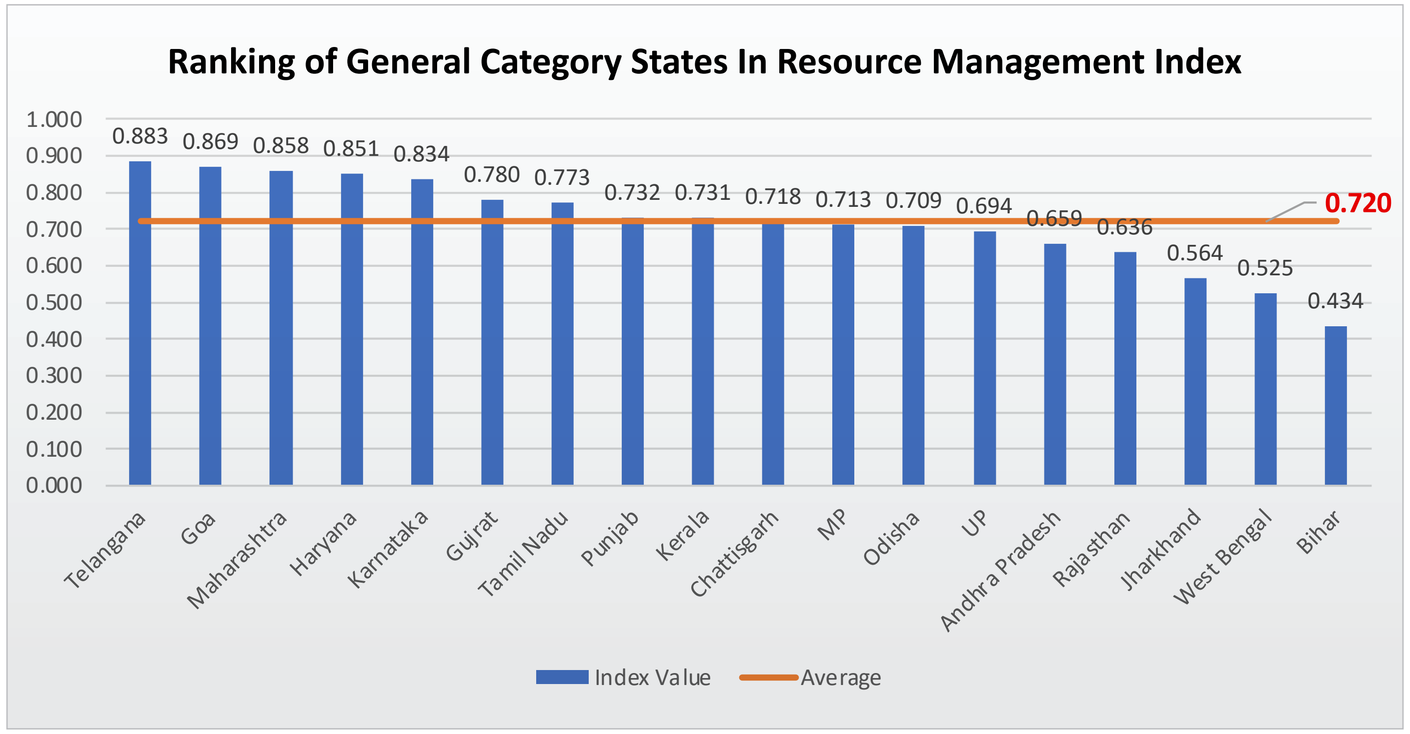
8	MP	0.608	8	Himachal Pradesh	0.516
9	UP	0.594	9	Manipur	0.480
10	Bihar	0.564	10	Sikkim	0.427
11	Haryana	0.552			
12	West Bengal	0.537			
13	Tamil Nadu	0.537			
14	Kerala	0.523			
15	Telangana	0.486			
16	Rajasthan	0.468			
17	Andhra Pradesh	0.450			
18	Punjab	0.401			

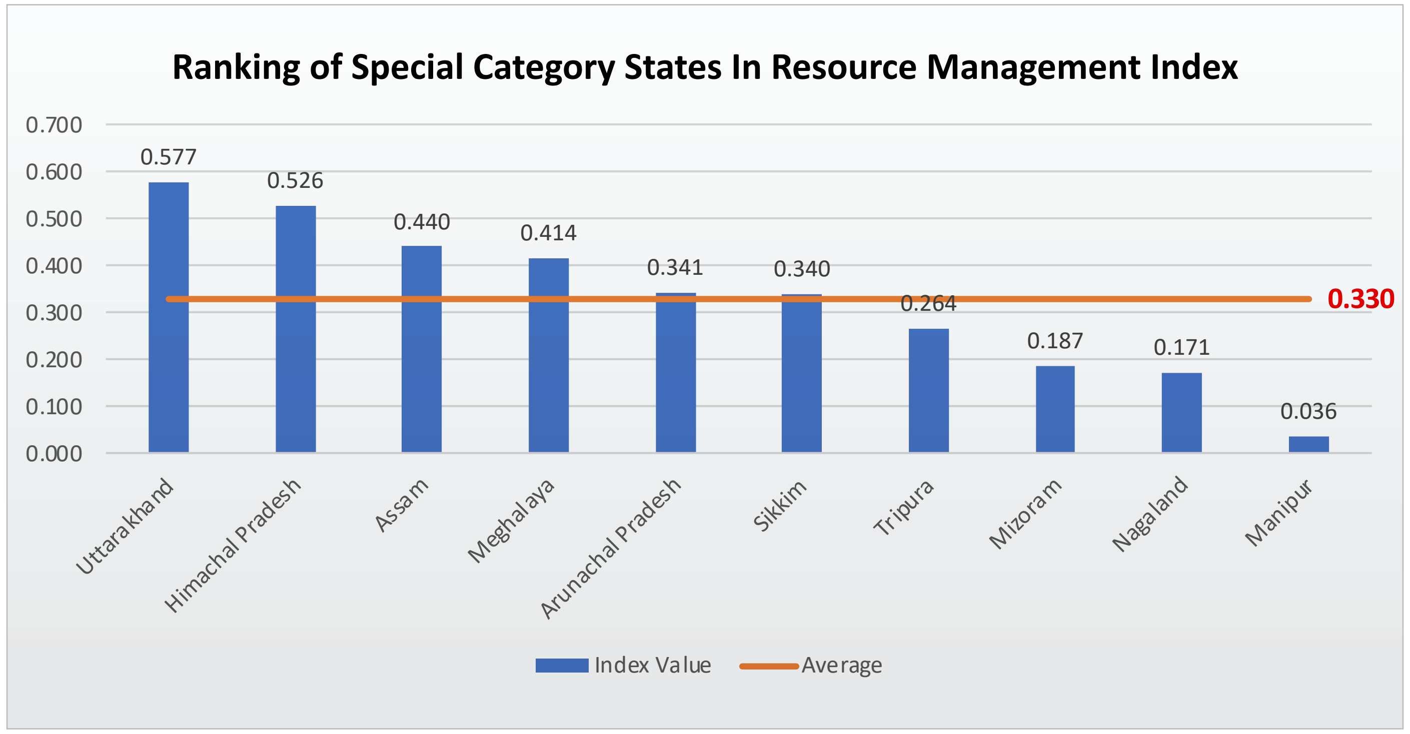
ANNEXURE C: FINAL COMPOSITE INDEX AND OVERALL RANKING OF STATES





ANNEXURE D: GRAPHS FOR INDEXES





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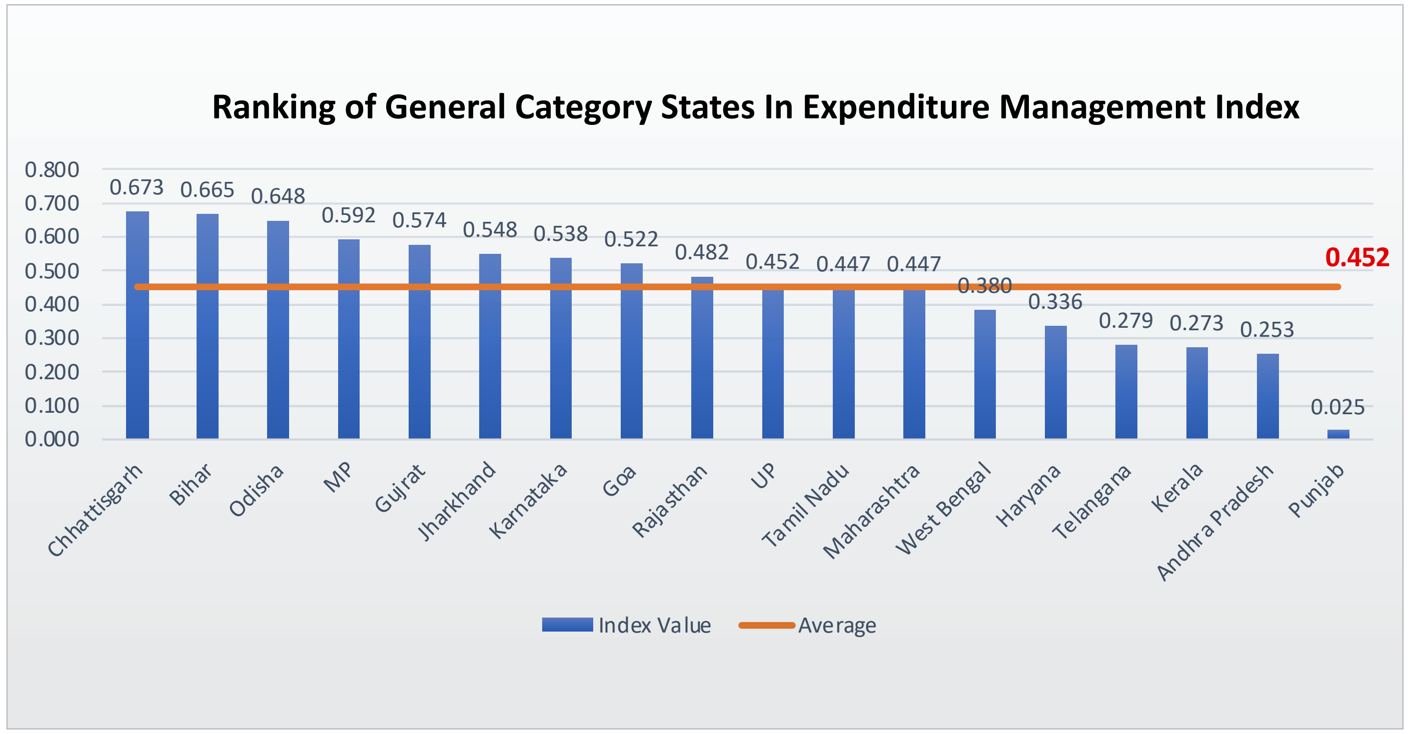

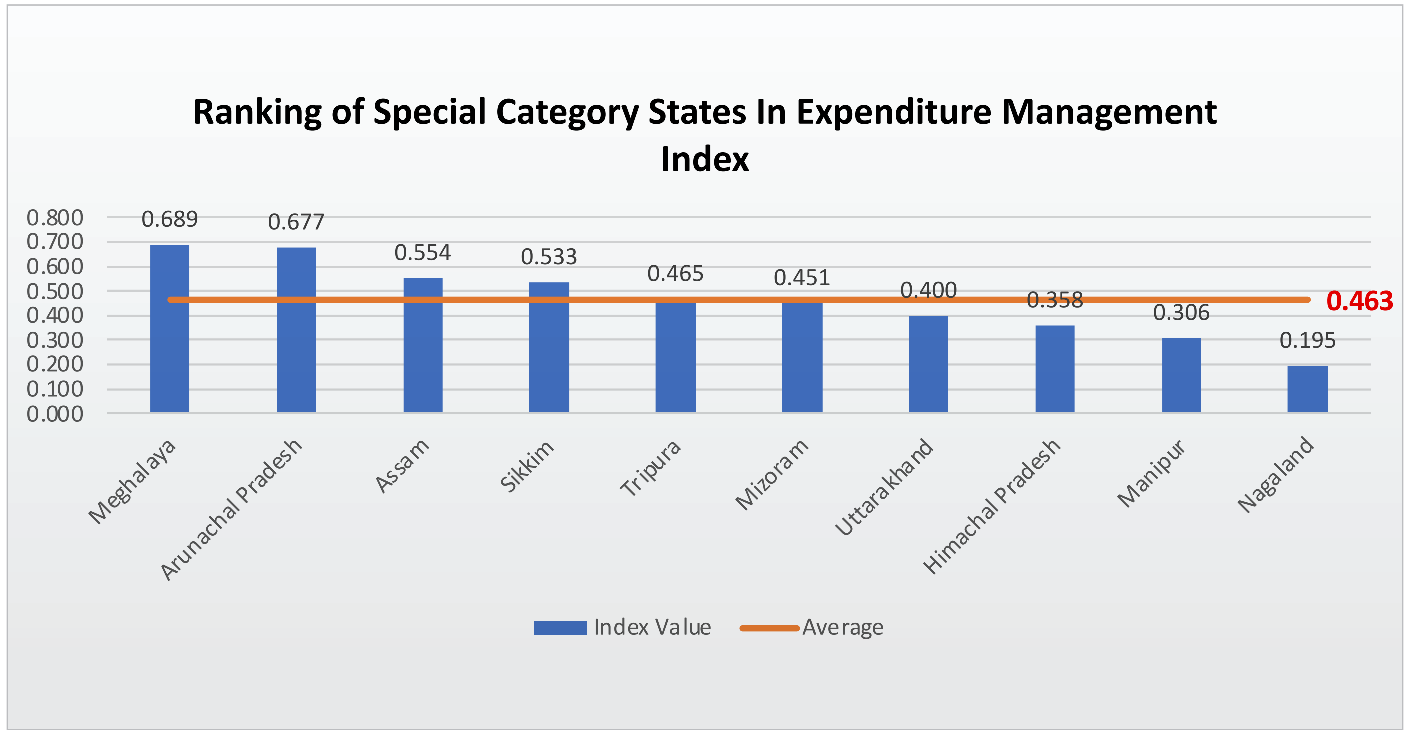

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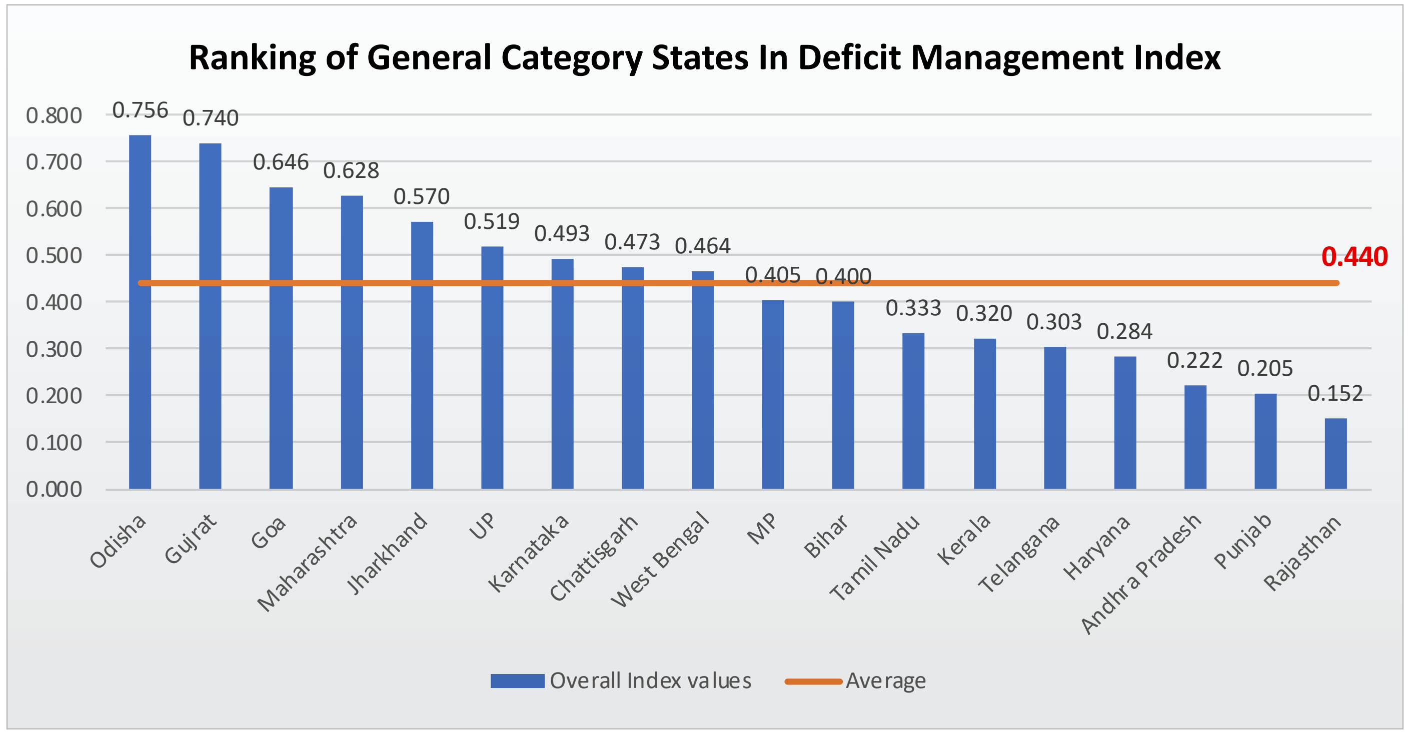

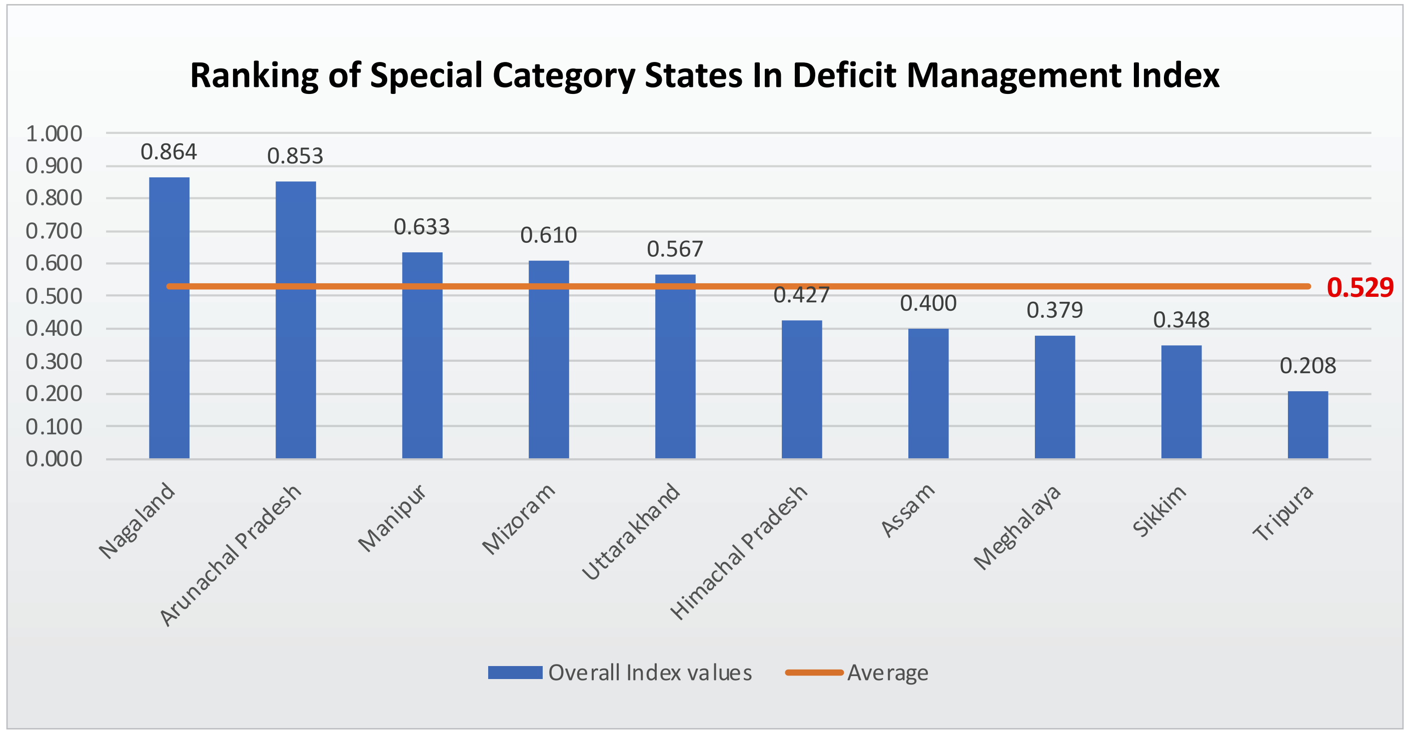

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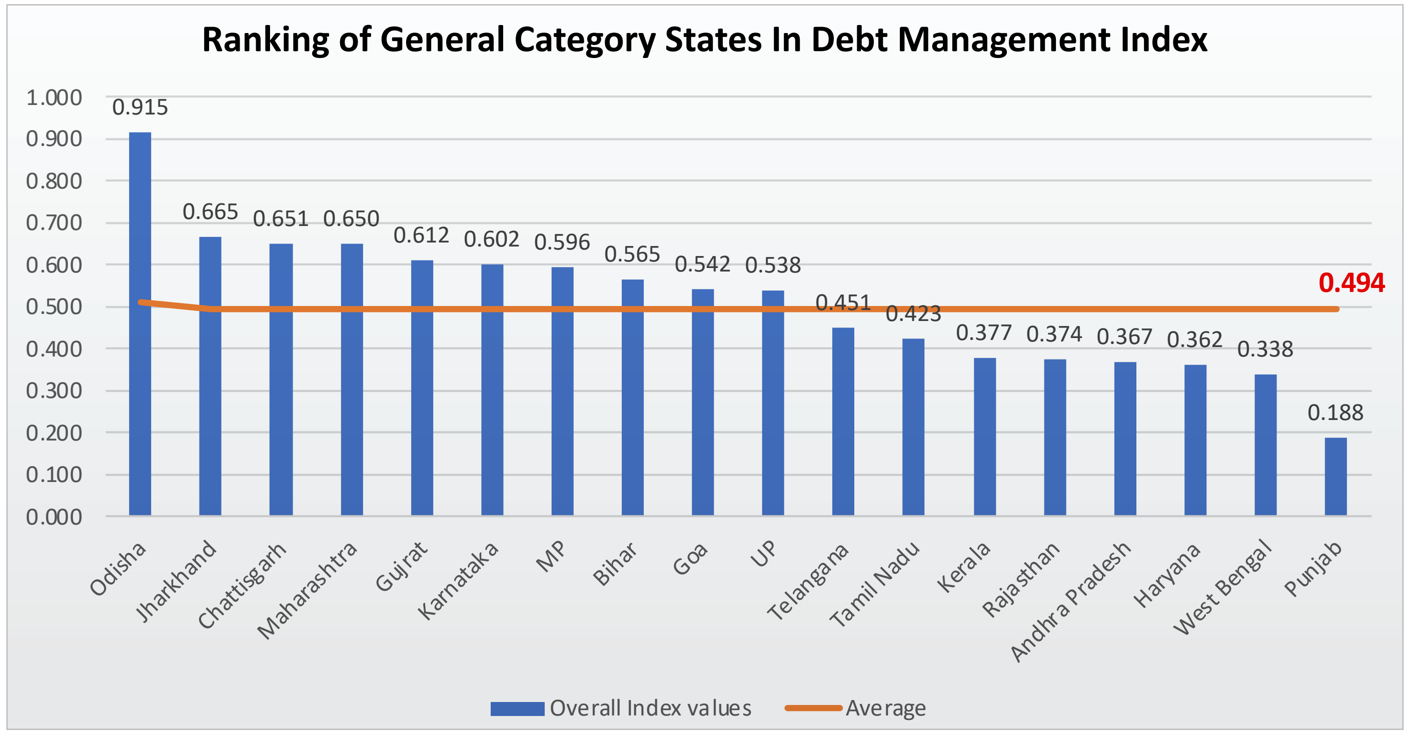

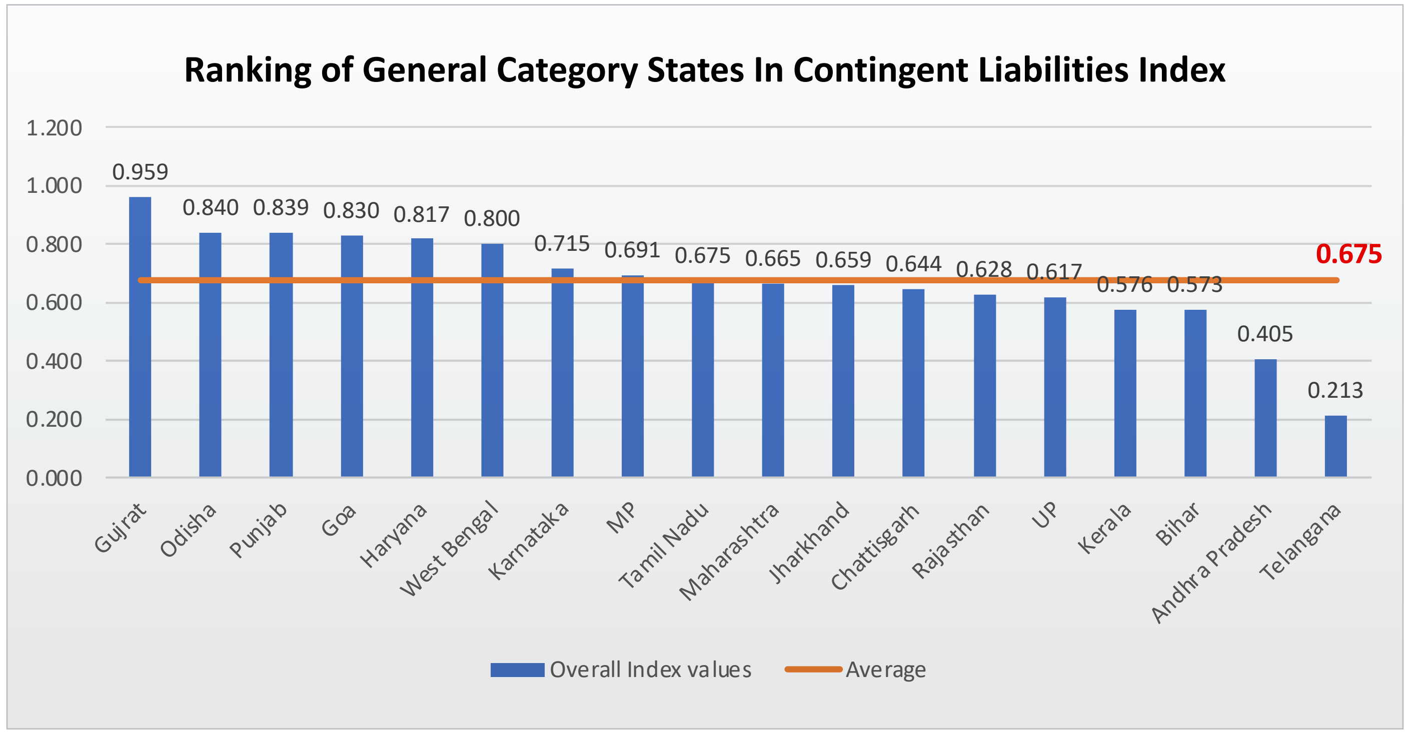

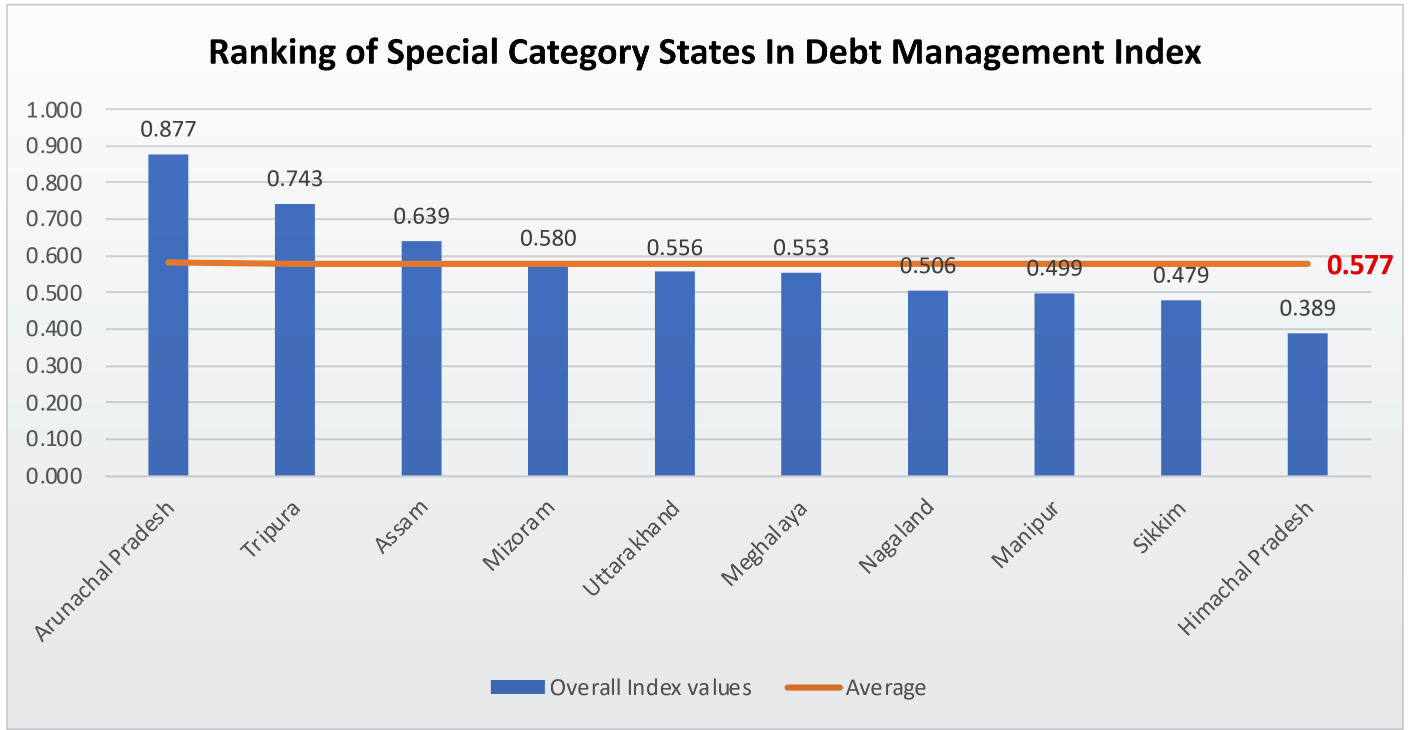

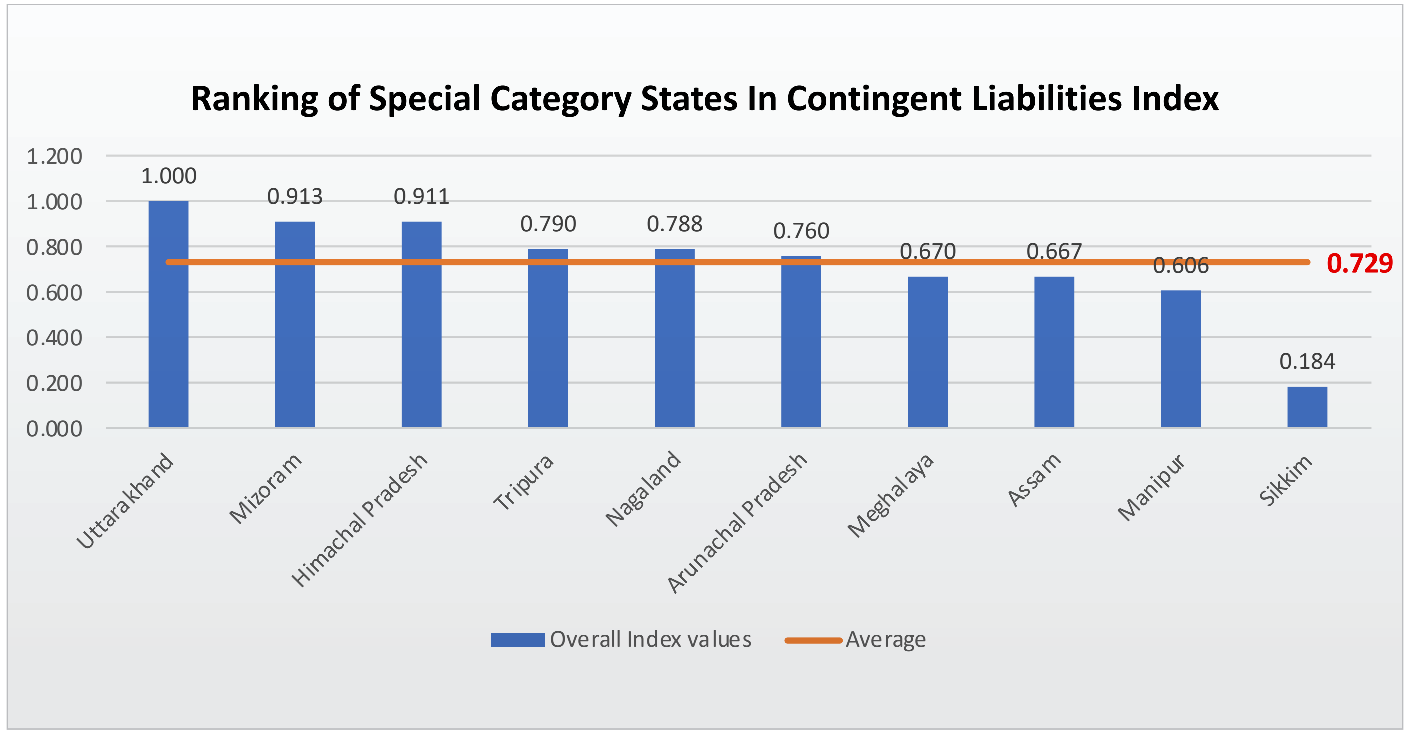

ANNEXURE D: GRAPHS FOR INDEXES

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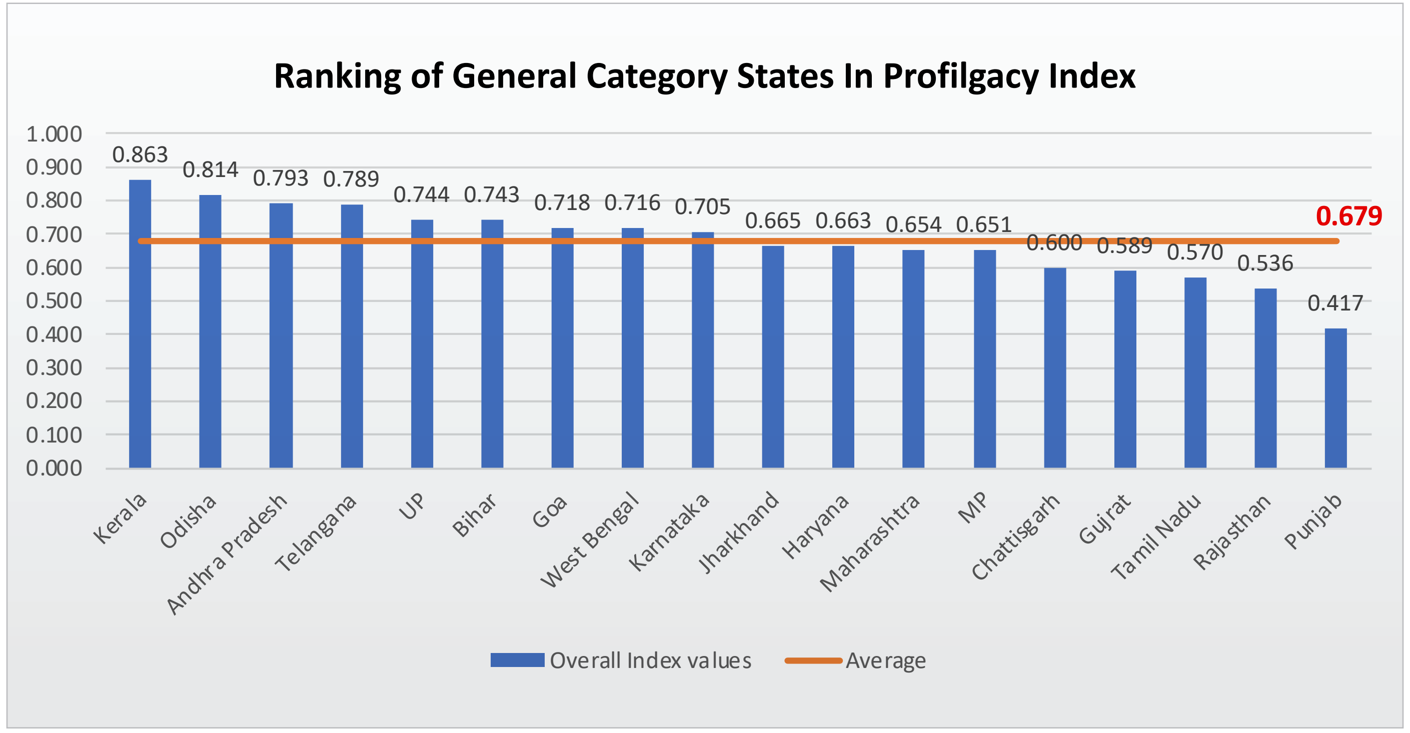
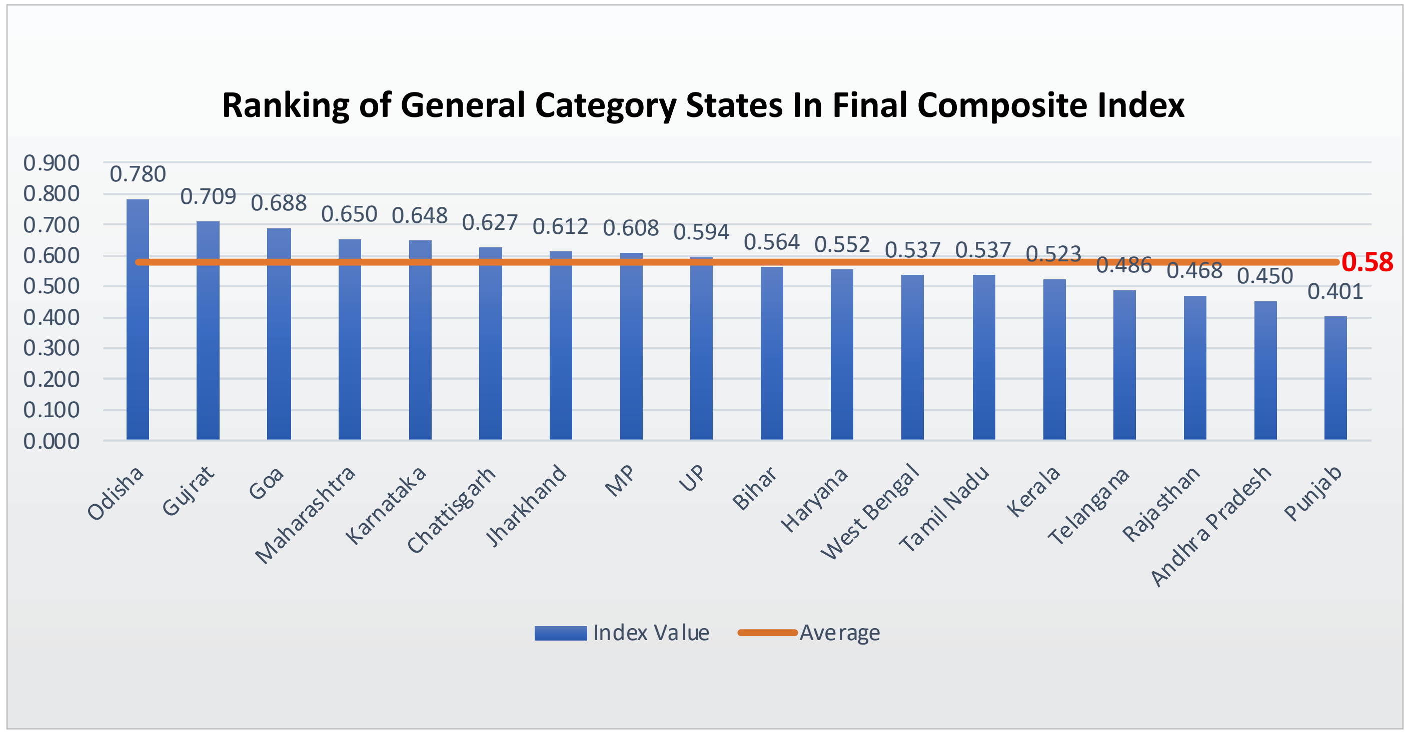
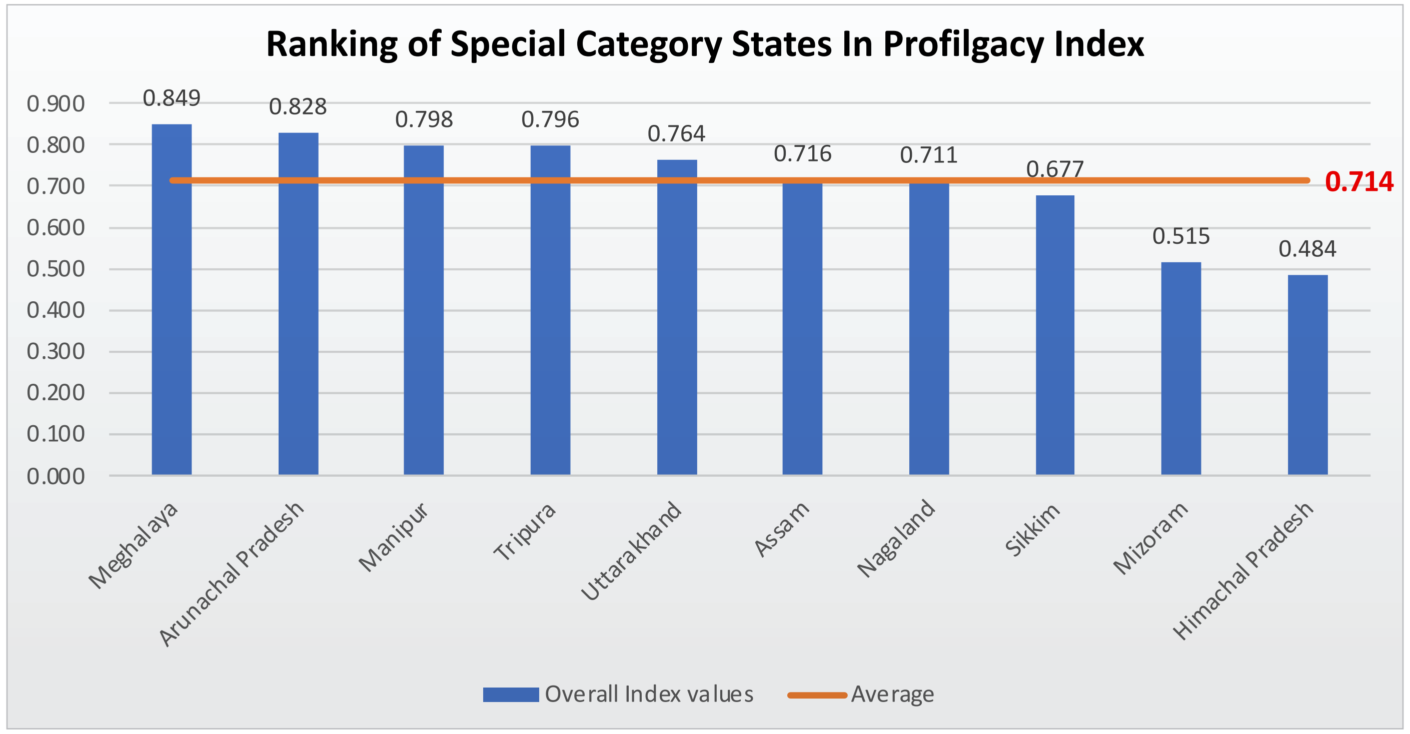
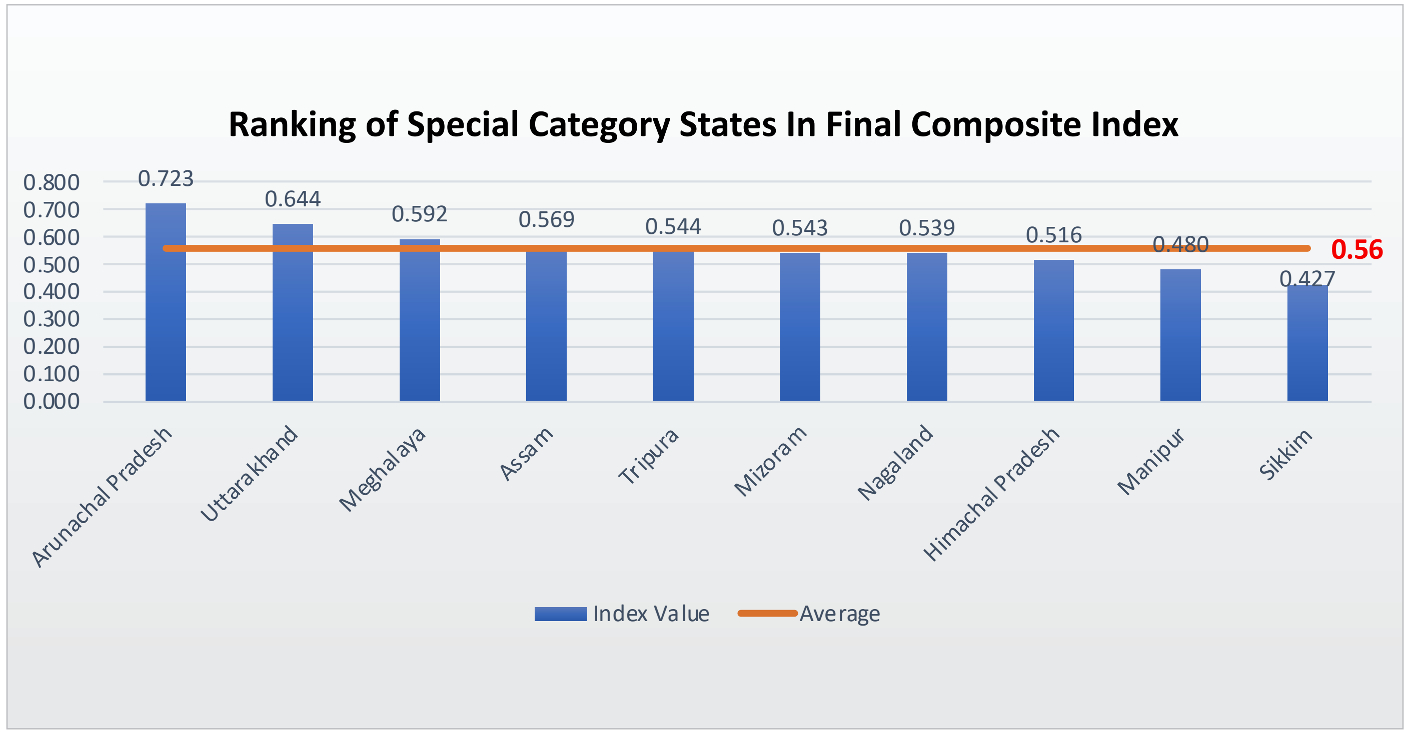








COMPARISON OF STATE RANKINGS IN THE INDEX BASED ON FY 2021-2022

1. General Category States

State	2021-22	2022-23	2023-24
Odisha	1	1	1
Maharashtra	2	2	4
Goa	3	3	3
Gujarat	4	4	2
Karnataka	5	6	5
Chhattisgarh	6	5	6
MP	7	9	8
UP	8	8	9
Telangana	9	15	15
Jharkhand	10	7	7
Bihar	11	10	10
Tamil Nadu	12	12	13
Haryana	13	14	11
Kerala	14	13	14
Rajasthan	15	16	16
West Bengal	16	11	12
Andhra Pradesh	17	17	17
Punjab	18	18	18

2. Special Category States

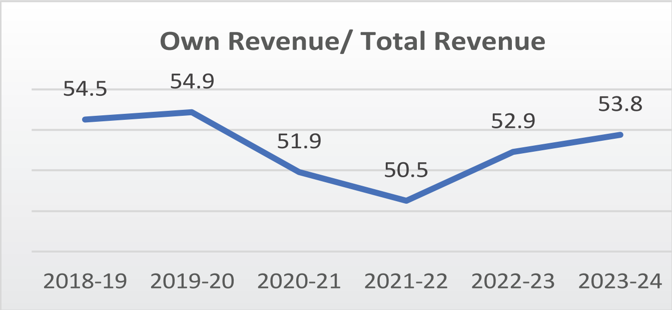
State	2021-22	2022-23	2023-24
Arunachal Pradesh	1	1	1
Assam	2	3	4
Uttarakhand	3	2	2
Tripura	4	9	5
Meghalaya	5	4	3
Sikkim	6	5	10
Manipur	7	6	9
Mizoram	8	8	6
Nagaland	9	7	7
Himachal Pradesh	10	10	8

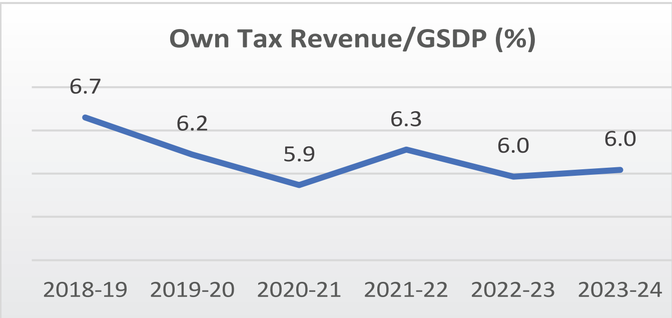
PART-B

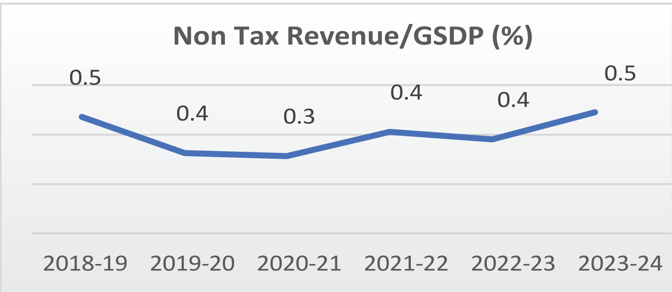
ANALYSIS OF INDIVIDUAL STATES

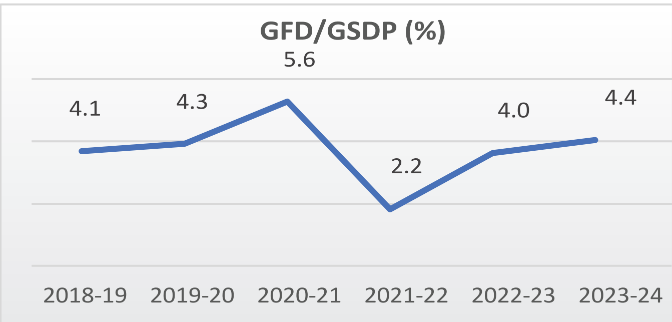
ANDHRA PRADESH

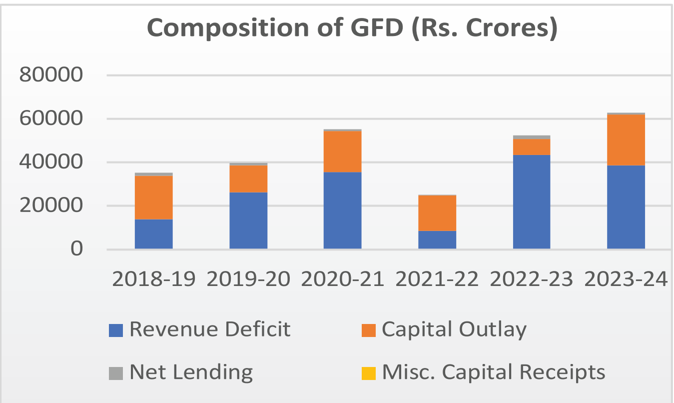
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 14,22,094 Crore	9%	Rs. 2,37,951	13%



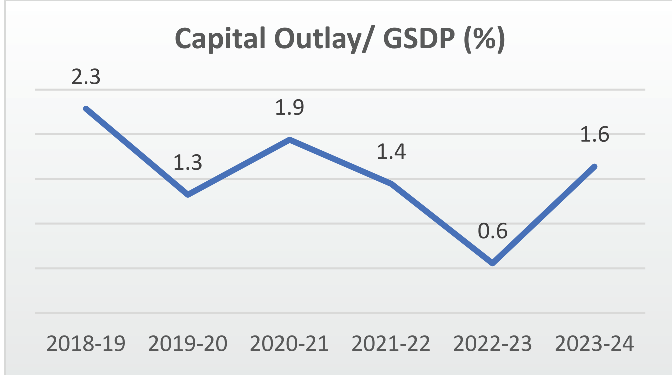


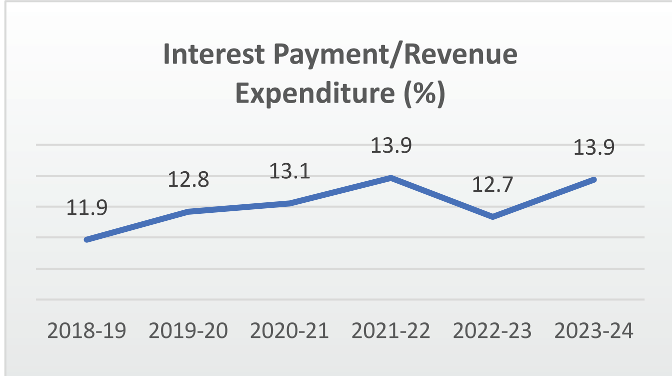


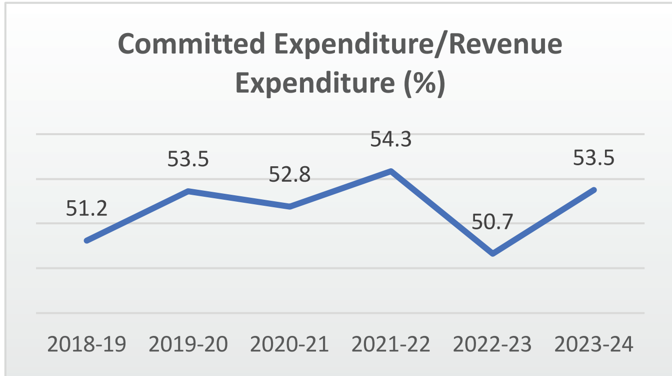


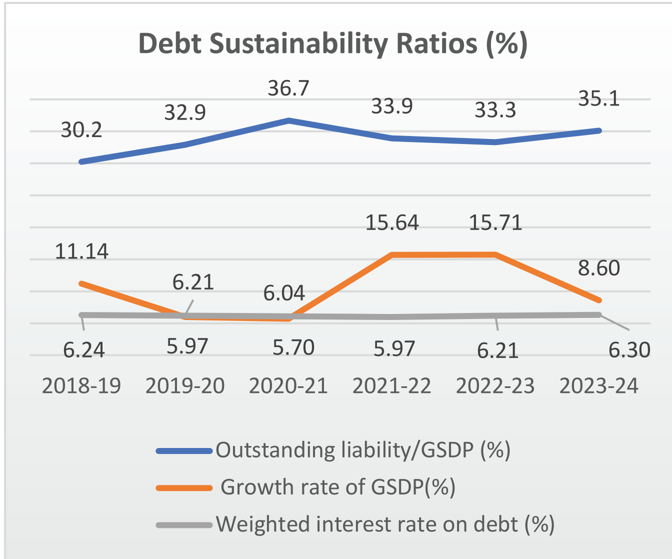


- Before Telangana was carved out of it in 2014, the composite state of Andhra Pradesh was a revenue surplus state. That situation changed abruptly after its two most prosperous districts – Hyderabad and Ranga Reddy – were ceded to Telangana. The resource base contracted immediately following this and the state almost overnight became a hugely revenue deficit state. This severely restricted the scope of its capital outlay for creating capital assets for future growth.
- Andhra Pradesh generates almost 53% its total revenues from its own resources. Between FY 2019 and FY 2024, its own revenues have increased at a CAGR of 8%. While the tax revenues increased at a CAGR of 8%, non-tax revenues increased at a CAGR of 11% over this period.
- In the post covid period, the state's own tax revenues are struggling to recover, with its own tax to GSDP ratio falling below 6% in FY 2021. Since then, the state's own tax revenues have grown at a CAGR of 14%. SGST grew at CAGR of 18%. while stamp and registration fees grew at CAGR of 19%. State excise had subdued growth (CAGR 11%), while Sales tax remained stagnant (CAGR 1%) since FY 2021.
- Non- tax revenues have decreased after FY 2019, partly due to decline in Interest Receipts and Dividend. 41% of the state's non-tax revenues in FY 2024 came from non-ferrous mining and metallurgical industries, while Road Transport contributed 20%. Dividends accounted for 18% of the non-tax receipts.
- The Gross Fiscal Deficit of Andhra Pradesh rose to 5.6% of GSDP during the COVID year 2021, but it witnessed a sharp decline thereafter, primarily due to a reduction in the revenue deficit. However, since FY 2023, the deficit ratio has once again exceeded the FRBMA ceiling of 4%.
- The revenue deficit worsened post-COVID, surging from Rs. 8,611 crores in FY 2022 to Rs. 43,487 crores in FY 2023. In FY 2024, it constituted 2.7% of GSDP, below its FRBM limit of 3%.





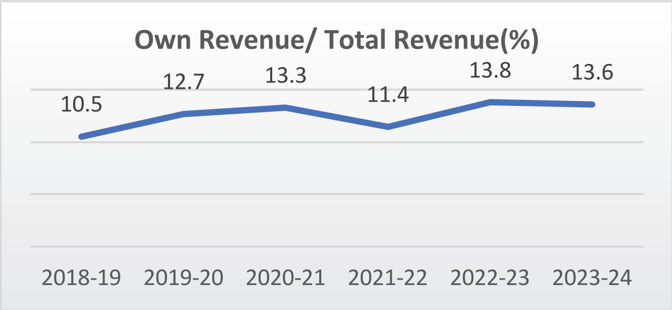


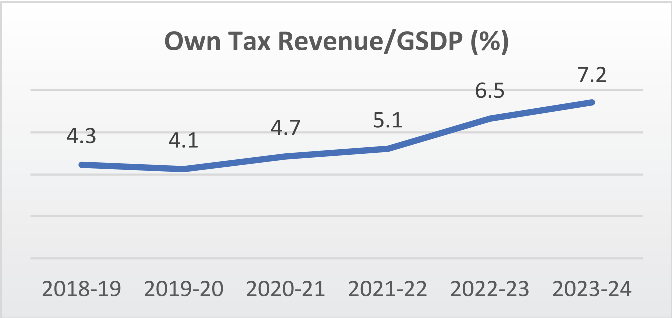


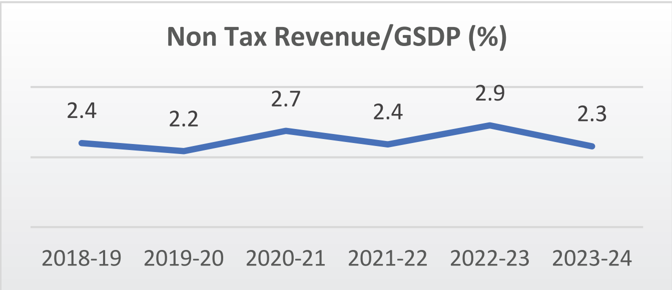
- Capital outlay, after sharp contraction in FY 2023, bounced back to a peak of 1.6% of GSDP in FY 2024.
- Save in FY 2022, ratio of interest payment to revenue expenditure has been growing continuously due to increasing debt level of the state. Revenue expenditure has increased at a CAGR of 12% since FY 2021, while interest payment has been growing at a higher CAGR of 14%.
- Committed expenditure of the state on salary, pension and interest payments consumed over 50% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension since FY 2021 are respectively 14%, 13% and 7%. Subsides have ballooned from Rs. 4,948 crores in FY 2021 to Rs. 19,430 crores in FY 2024 - about 70% of it being spent on power.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2020 and 2021, the GSDP growth had exceeded the weighted average rate of interest on outstanding liabilities, though the gap has narrowed in FY 2024. However, the primary deficit had surged to Rs. 35,147 crores in 2020-21, the Covid year, and then sharply declined – only to spike thereafter – and climbed to Rs. 33,237 crores, or 2.3% of GSDP in 2023-24. While the debt ratio declined from its peak of 36.7% in FY 2021 and seemed to be slowly stabilizing for the next two years, it has again spiked in FY 2024 to 35.1% of GSDP. The trend of rising primary trend indicates that the state has yet far from achieving debt sustainability. Further fiscal consolidation is essential to stabilize debt levels and ensure long-term fiscal stability.

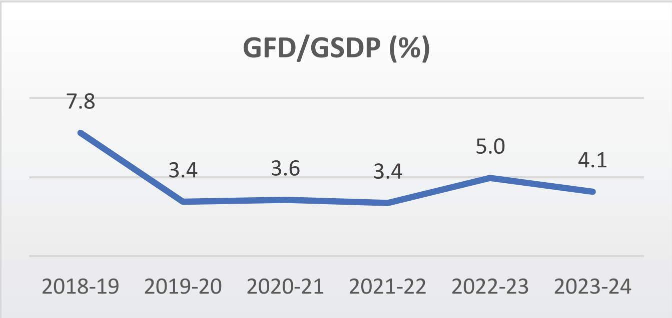
ARUNACHAL PRADESH

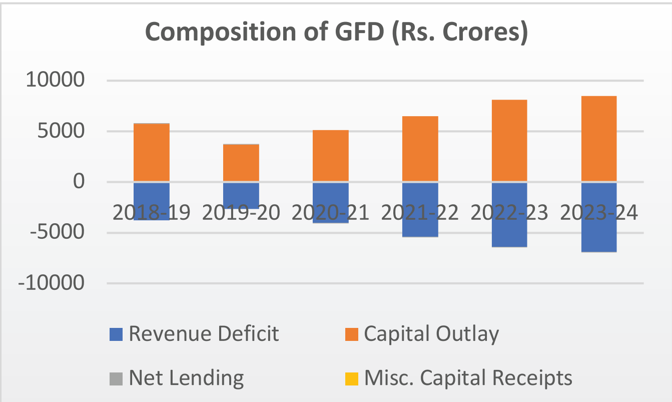
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 39,041 Crore	11%	Rs. 2,20,209	16%



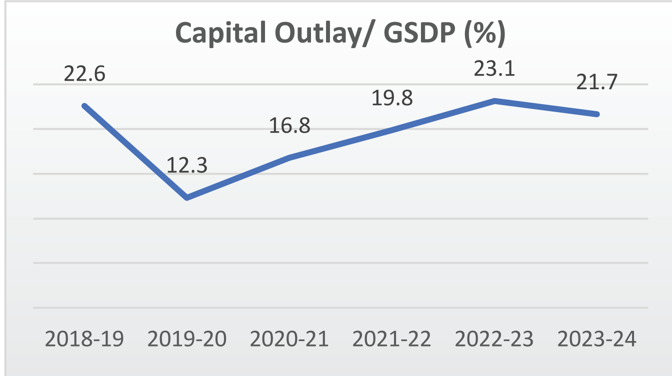


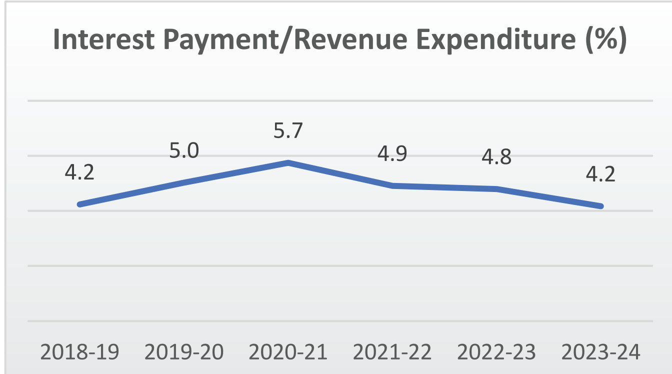


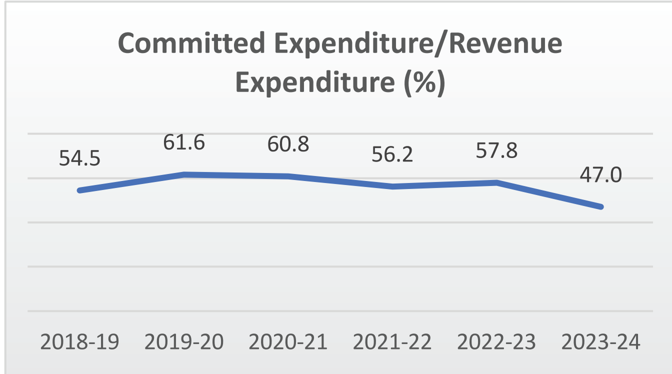


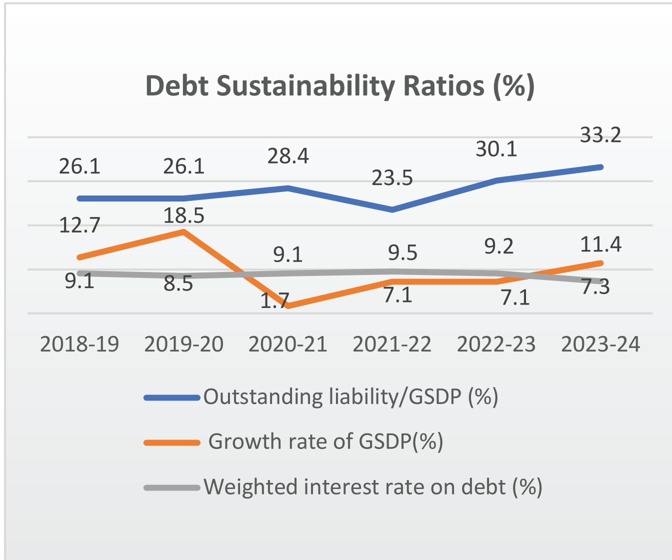


- The Government remains the single most important player in the state's economy, with the total government expenditure constituting almost two thirds of its GSDP. Private sector has been playing a relatively minor role so far in the state's economic development.
- As of FY 2024, Arunachal Pradesh's own revenues accounted for just 13.6% of its total revenue receipts, highlighting the state's significant dependence on central transfers. While there have been improvements in its own tax collections, the state still continues to rely heavily on devolution and grants from the Centre to meet its expenditure needs.
- Since FY 2020, Arunachal Pradesh has witnessed a steady increase in its own tax revenues, resulting in a steadily increasing tax-to-GSDP ratio. This growth has been primarily driven by robust collections from SGST (growing at CAGR of 24% since FY 2020), VAT on petroleum and alcohol (CAGR of 24%), and Taxes on Vehicles (CAGR of 19%). In contrast, State Excise revenues have grown at a moderate pace with 10% CAGR. In FY 2024, SGST and Sales Tax together accounted for 86% of the state's total own tax revenues.
- Major sources of non-tax revenues of the state are power, interest receipts and non-ferrous mining and metallurgical industries. There has been a decline in non-tax revenue from Rs. 1,018 crores in FY 2023 to Rs. 901 crores in FY 2024 mainly on account of power.
- Arunachal is a revenue surplus state and as the revenue surplus increased, its gross fiscal deficit of the state declined from the peak of 7.8% of GSDP in FY 2019. During the last two years, it has increased due to increasing capital outlay.
- Between FY 2019 and FY 2024, revenue expenditure increased from Rs. 12,429 crores (49% of GSDP) to Rs. 20,564 crores (53% of GSDP). Fiscal deficit of the State decreased to 4.1% of GSDP in FY 2024, as against 3% limit of its FRBMA.









- Capital Outlay of Arunachal Pradesh has been higher than many other states. Capital outlay as a ratio of GSDP declined in FY 2024 of GSDP due to more than proportionate increase in GSDP. Capital outlay has been concentrated mostly in roads and bridges, power projects, public works, urban development and water supply & sanitation.
- Interest payment as a percentage of revenue expenditure has been slowing after FY 2021 not because of a decline in debt level, but due to more than proportionate increase in revenue expenditure. While revenue expenditure has increased at a CAGR of 16% since FY 2021, interest payments have grown at a comparatively modest CAGR of 4% over the same period.
- Committed expenditure of the state on salary, pension and interest payments consumed 47% of its total revenue expenditure as of FY 2024, down from the peak of 62% in FY 2020. The CAGR of interest payments, salary and pension since FY 2020 are respectively 9%, 3%, 22%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. The high growth rate GSDP till FY 2020 was followed by a sharp decline in the Covid year and the subdued growth continued until FY 2024. During these years, the weighted interest rates on debt exceeded the GSDP growth rates, violating the first condition of debt sustainability. During this period, the primary deficit also nearly trebled, from Rs. 333 crores in FY 2021 to Rs. 901 crores in FY 2023, leading to an increase in the debt ratio. The trend of rising debt ratio continued in FY 2024, with primary deficit standing at Rs. 726 crores, which even the widened interest-growth rate differential was able to absorb. Further fiscal consolidation is necessary to stabilize debt levels and ensure long-term fiscal stability.

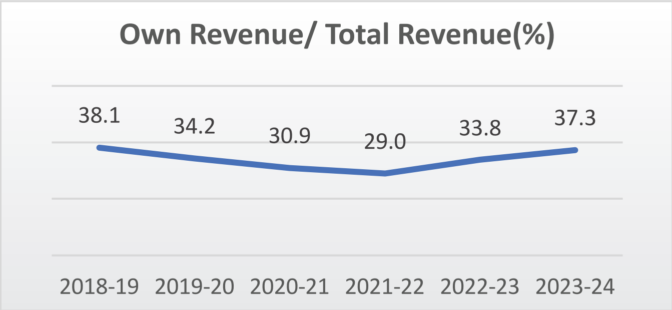
ASSAM

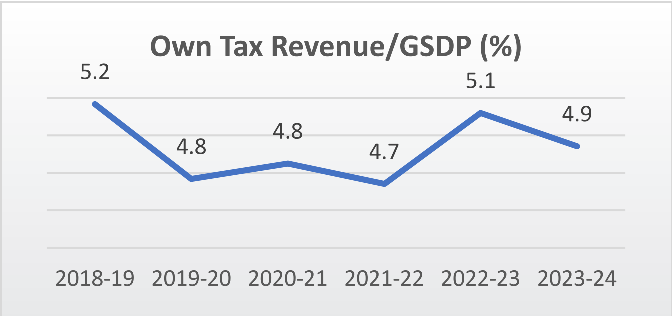
GSDP
Rs. 5,70,944 Crore

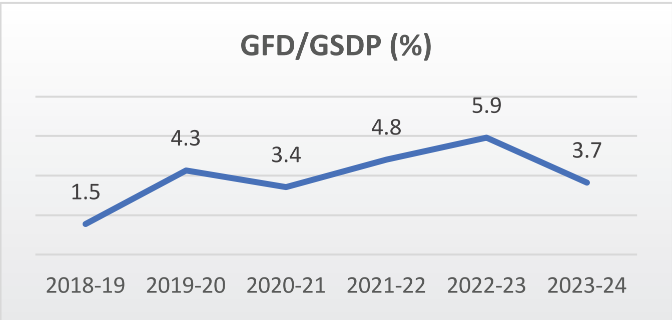
Growth Rate of GSDP
19%

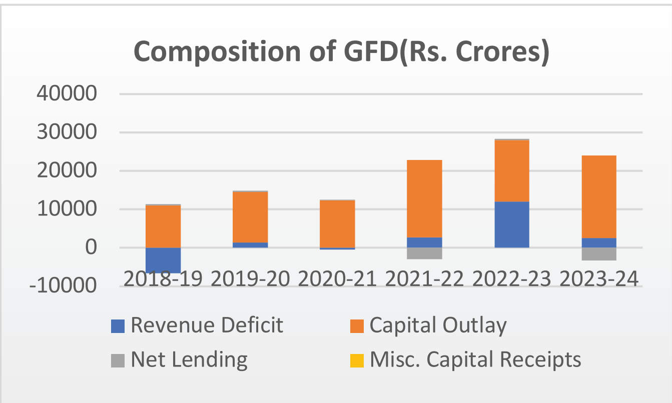
Per Capita Income
Rs. 1,39,783

Share of Total Expenditure spent on Education and Public Health
21%

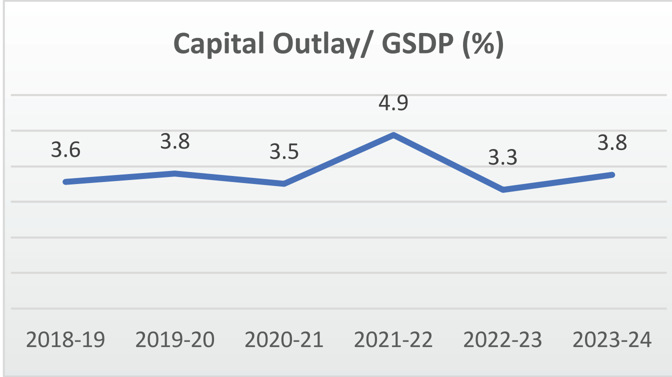


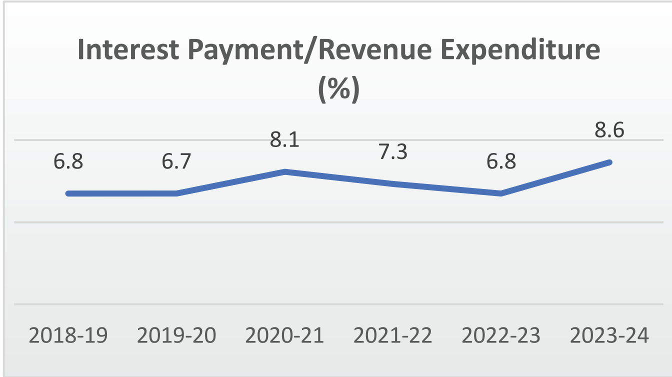


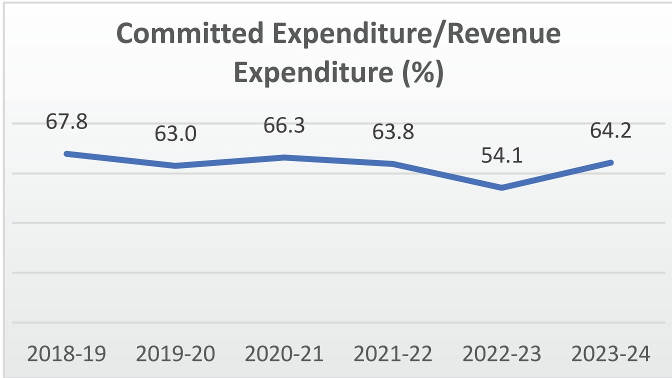


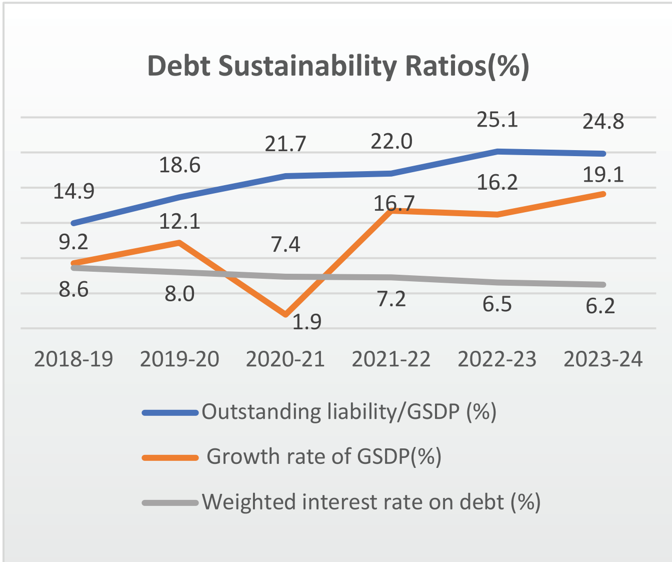


- Assam raised around 37% of its total revenue from its own resources, making the state highly dependent on Central transfers. Its own revenue has grown at a CAGR of only 7% during FY 2019 and 2024. The low rate of growth of own revenues was due to the non-tax revenue for which the CAGR was -6% during the above period, while the tax revenues grew at a CAGR of 12%.
- Between FY 2019 and 2024, Assam's Own tax to GSDP ratio fluctuated between 4.7% and 5.2%. During the above period, stamp duty and registration fees grew at CAGR 24%, followed by state excise and taxes on vehicles both of which grew at a CAGR of 17%. SGST was growing at a CAGR of 12% while sales tax on petroleum and alcohol grew at only 10% CAGR.
- The ratio of non-tax revenues of Assam declined from a high level of 2.7% in FY 2019 to a low of only 0.8% during Covid year 2021 before rising to 1% in FY 2024. The total non-tax revenues came down from Rs. 8,221 crores in FY 2019 to Rs. 2,899 crores in FY 2021 due to decline in royalty from petroleum, before rising to Rs. 5,903 crores in FY 2024. Royalty from petroleum constituted 65% of Assam's non tax revenue, followed by forestry (about 10% of total) in FY 2024.
- Assam's tax to GSDP ratio increased to a respectable 5.9% in FY 2023 before declining sharply to 3.7% in the next fiscal, due mainly to the faster expansion of GSDP (19% growth in FY 2024) than its own taxes which grew at only 15% in FY 2024.
- Assam had huge revenue surplus of Rs. 6,580 crores in FY 2019, which enabled it to expand its capital outlay by more than Rs. 3,300 crores in that year. In FY 2023, the revenue deficit soared to Rs. 12,072 crores but came down to Rs. 2,629 crores in FY 2024. However, its capital outlay has grown at a CAG of 14% since FY 2019 and stood almost at Rs. 21,444 crores in FY 2024, which was 16% of its total disbursements.





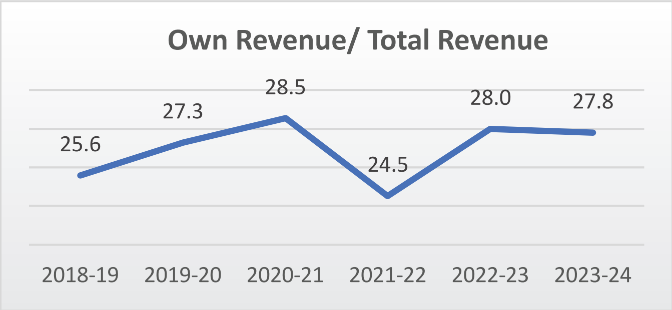


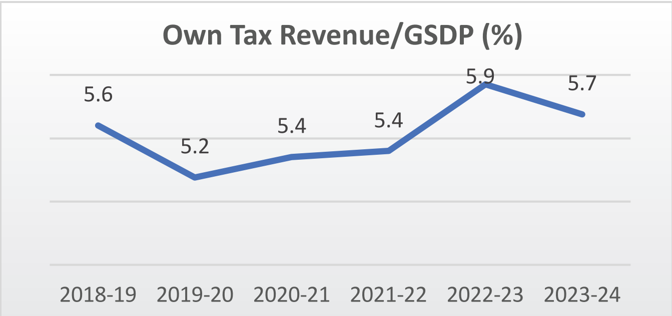


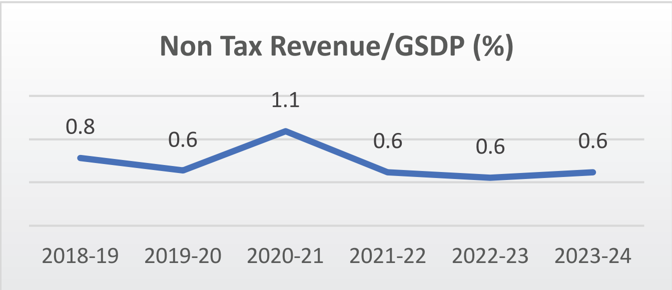
- Larger capital outlay has increased its level from only 3.6% of GSDP in FY 2019 to 4.9% in FY 2022, which ratio declined thereafter due to reduction of capital outlay by over Rs. 4,000 crores in 2023 mainly on power projects, which was increased next year by over Rs. 1,500 crores, which increased the ratio to 3.8%.
- Interest payment as a percentage of revenue expenditure increased sharply to 8.1% in FY 2021. After some slowing, it has started rising again and reached the peak of 8.6% in FY 2024. Revenue expenditure increased at a CAGR of 13% between FY 2021 and FY 2024, while outstanding liabilities grew at a CAGR of 23%, while interest payments grew at a CAGR of 16%.
- Committed expenditure of the state on salary, pension and interest payments consumed over 64% of total revenue expenditure as of FY 2024, up from 54% in FY 2023. The CAGR of interest payments, salary and pension since FY 2019 are respectively 16%, 5% and 17%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2021, the GSDP growth had exceeded the weighted average rate of interest on outstanding liabilities, which declined from 8.6% to 6.2% between FY 2019 and FY 2024. The interest growth rate differential also widened significantly over this period, but the primary deficit surged from Rs. 6,903 crores in FY 2021 to Rs. 21,530 crores in FY 2023, before moderating to Rs. 12,717 crores next year. Even the large interest-growth rate differential was not enough to absorb such high primary deficits and the debt ratio has increased a low level of 15% in FY 2019 to almost 25% in FY 2021.
- The trend of rising primary deficit indicates that the state is yet far from achieving debt sustainability. Further fiscal consolidation is essential to stabilize debt levels and ensure long-term fiscal stability to accelerate growth.

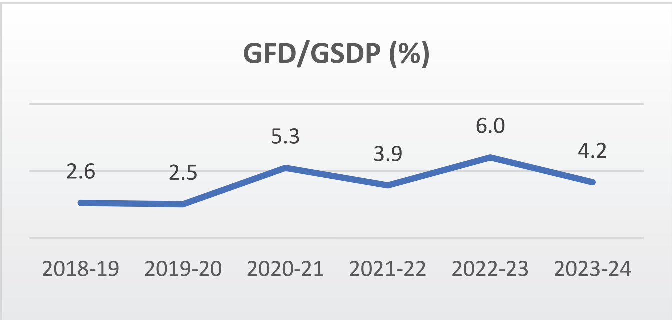
BIHAR

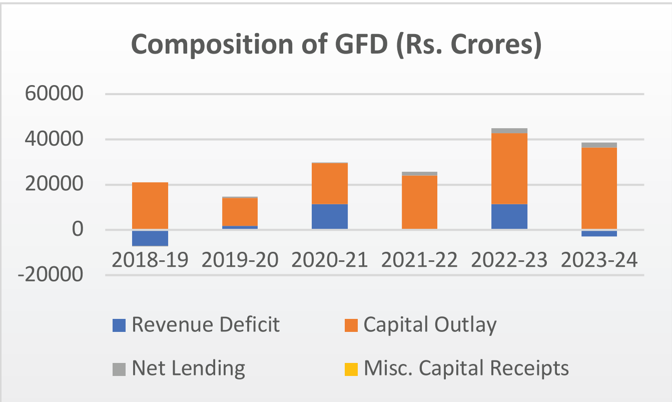
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 8,52,621 Crore	14%	Rs. 60,180	23%



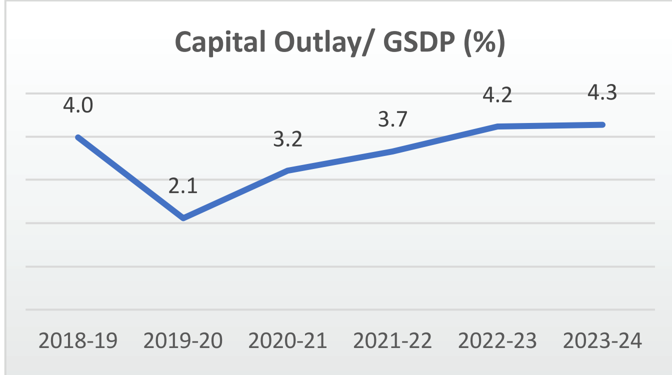


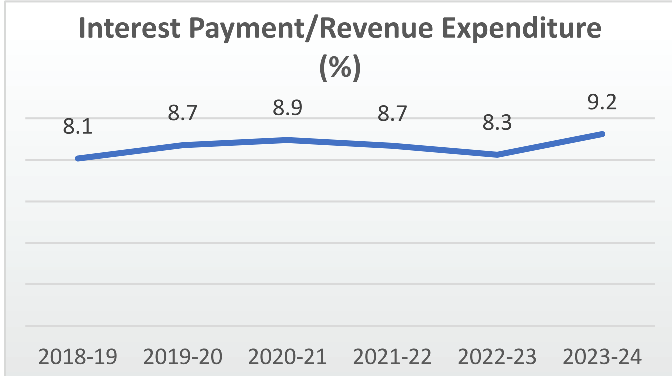


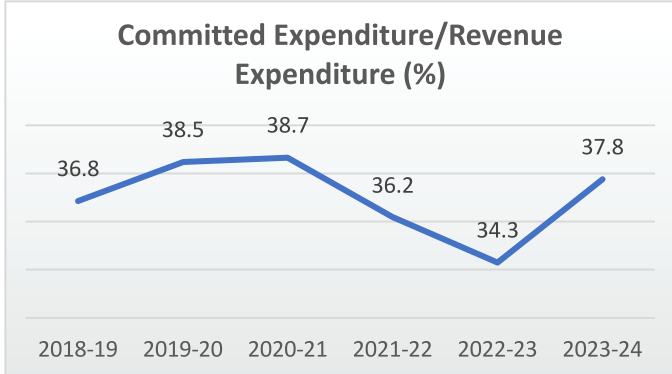


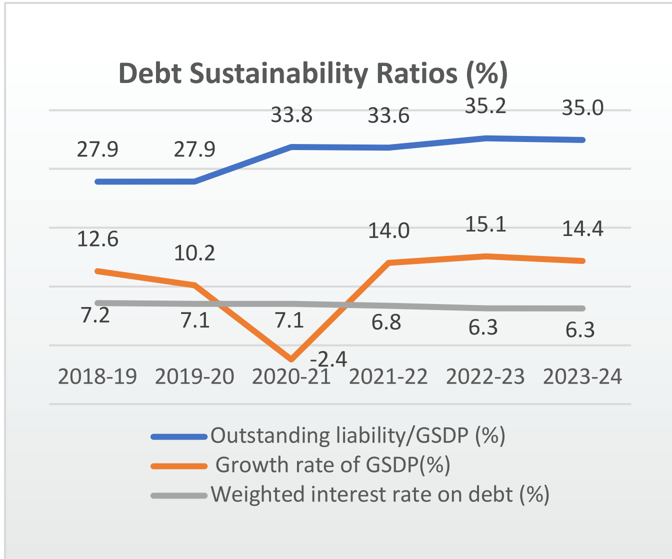


- Bihar's share of its own revenue in total revenue was increasing till FY 2021 but declined in the next year as the non-tax revenue from interest receipts declined from Rs. 3,242 crores to only Rs. 722 crores. The ratio remains at 28%, less than its peak of 28.5% recorded in FY 2021, highlighting the state's continued heavy reliance on central transfers.
- Bihar has not recovered from the loss of revenues from excise and sales tax on alcohol after prohibition was imposed in April 2016, when its tax to GSDP ratio dropped from 6.9% to only 5.6%. During the period 2018-2024, its own tax revenue has been growing at a modest CAGR of 10%. Among individual components, Duties on Electricity showed the highest growth with a CAGR of 26%, while SGST, Taxes on Vehicles, and Stamp Duty & Registration Fees recorded comparatively lower CAGRs of 13%, 10%, and 9% respectively.
- In FY 2024, nearly 60% of Bihar's non-tax revenue was derived from non-ferrous mining and metallurgical industries. The ratio increased abruptly in FY 2022 due to redemption of accrued interest from the Consolidated Sinking Fund (Rs. 2,600 crores) and receipts from dividends of Rs. 603 crores paid by a few state PSUs. However, the state's overall non-tax revenue has increased from Rs. 3,984 crores in FY 2022 to Rs. 5,257 crores in FY 2024.
- Bihar's fiscal deficit rose to 6% in FY 2023, way above the FRBMA limit of 4%. Despite a strong growth in the state's GSDP of almost 15% annually since FY 2022, the fiscal deficit has widened considerably due to the ballooning of revenue deficit.
- The state's revenue surplus of Rs. 6,897 crores in FY 2019 turned into deficit of Rs. 1,784 crores in the next year, which surged to Rs. 11,288 crores in FY 2023. In 2024, Bihar generated a small revenue surplus of Rs. 2,833 crores. However, to the state's credit, a larger part of its fiscal deficit was used to create capital assets. Its capital outlay increased from Rs. 12,304 crores in FY 2020 to Rs. 36,453 crores in FY 2024.





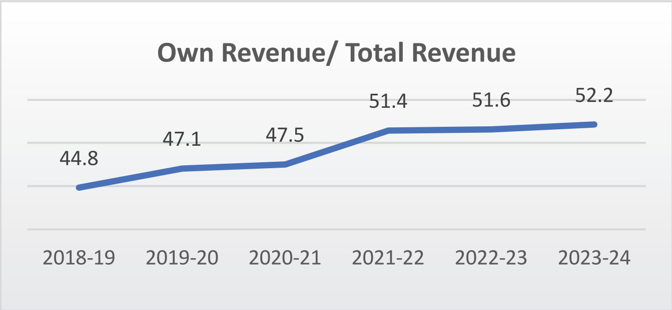


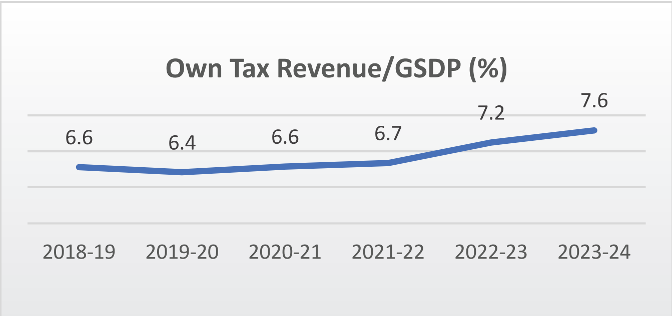


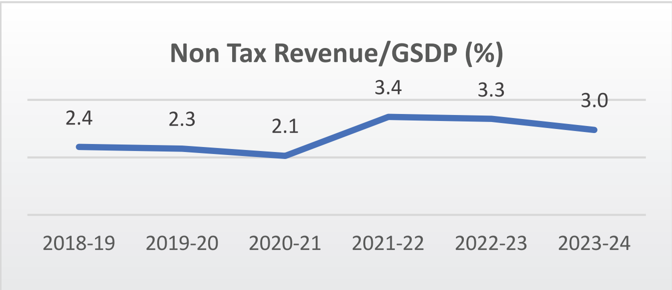
- Since FY 2020, investments saw substantial increases in public works and education, while there was a decline in water supply and sanitation. Among the economic services, capital outlay increased significantly in power, animal husbandry, and irrigation. Although capital outlay has been rising, it still accounts for only 14% of the state's total expenditure.
- Interest payments as a share of revenue expenditure showed a steady rise until FY 2021, followed by a slight decline in the immediate post-Covid period. However, since FY 2023, it has surged by 16%, outpacing the modest 4% increase in revenue expenditure. This disproportionate growth indicates the State's increasing liability which has grown by 14% in FY 2024.
- Committed expenditure of the state on salary, pension and interest payments consumed around 38% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension since FY 2021 are respectively 12%, 11%, 7%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2021, the GSDP growth rate consistently surpassed the weighted average interest rate on outstanding liabilities, thereby meeting the first condition for debt sustainability. However, the primary deficit rose significantly from Rs. 3,732 crores in FY 2020 to Rs. 18,054 crores in FY 2024, peaking at Rs. 29,640 crores in FY 2023. The interest-growth rate differential has not been sufficient to offset such persistently high primary deficits. As a result, the debt-to-GSDP ratio has risen from a manageable 28% in FY 2020 to nearly 35% in FY 2024. The continued strain from elevated primary deficits suggests that the State remains some distance away from achieving debt sustainability.

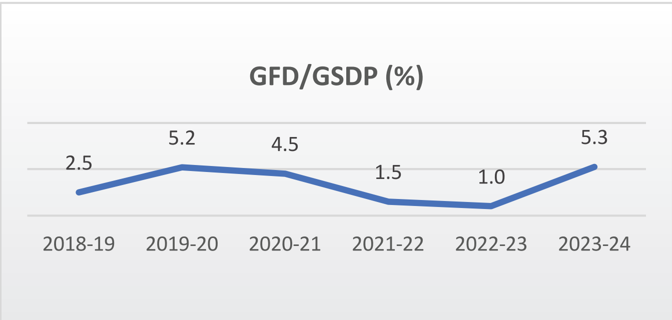
CHHATTISGARH

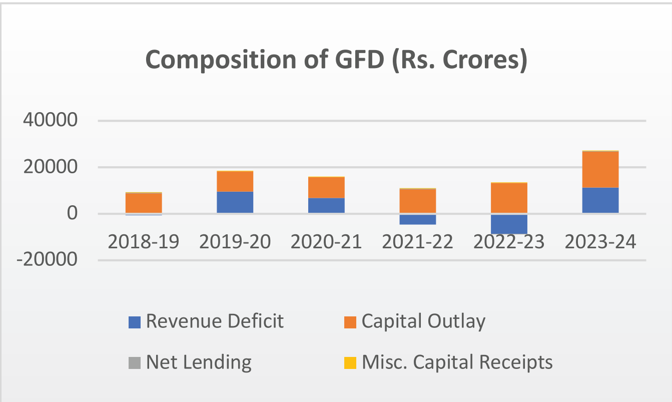
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 5,12,107 Crore	12%	Rs. 1,48,922	18%



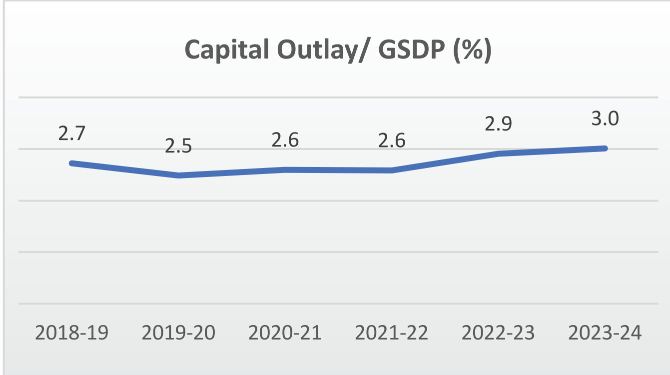


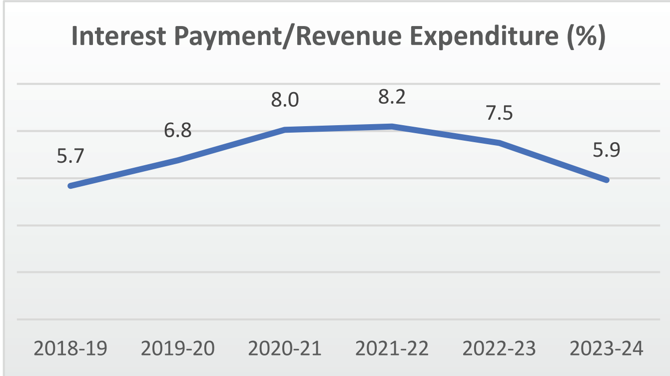


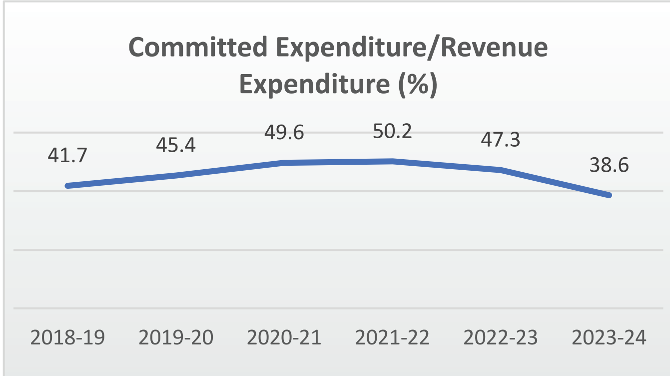


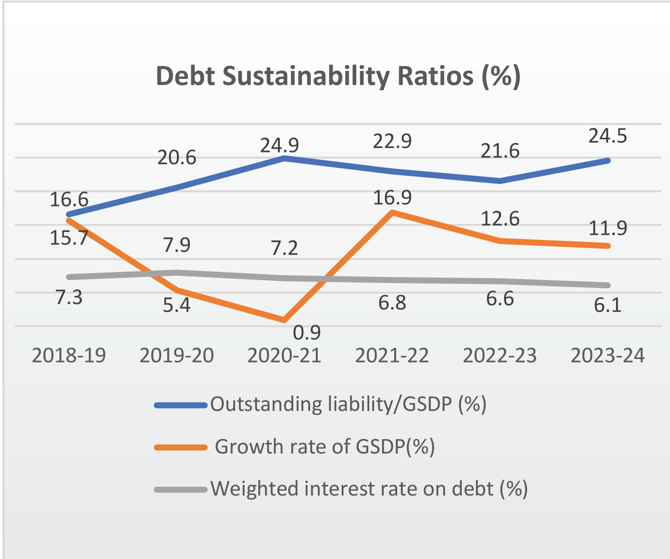


- In the post-Covid years, Chhattisgarh has been earning more than 50% of its revenues from its own sources. Its own revenues have increased at a CAGR of 13% between FY 2019 and 2024.
- Increase in tax revenues after FY 2020 is due to improvement in collections from SGST (at CAGR 15%), stamp duty and registration fees (11%), state excise (14%), electricity duty (26%), sales tax on petroleum and alcohol (13%), motor vehicles tax (13%) and goods and passenger duty (16%).
- Non- tax revenues have increased after FY 2021 due to auctioning of coal blocks and non-ferrous mining and metallurgical industries. 84% of the state's non-tax revenues in FY 2024 came from non-ferrous mining and metallurgical industries.
- The Gross Fiscal Deficit to GSDP ratio reached a peak of 5.3% in FY 2024, driven by the reversal of a revenue surplus of Rs. 8,592 crores in FY 2023 to a revenue deficit of Rs. 11,233 crores in FY 2024.
- Chhattisgarh's revenue balance fluctuated from a surplus of Rs 684 crore in FY 2019 to a deficit of Rs 11,233 crore in FY 2024, swinging from surplus to deficit and back. Its capital account, however, increased consistently from Rs 8,903 crore in FY 2019 to Rs 15,418 crore in FY 2024, growing at a CAGR of 12%. Capital outlay, however, constituted only 10% of the total expenditure in FY 2024. The Gross Fiscal Deficit surged from Rs. 8,292 crores in FY 2019 to Rs. 26,933 crores in FY 2024.





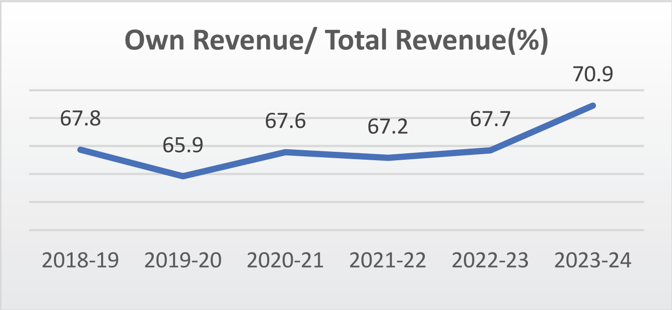


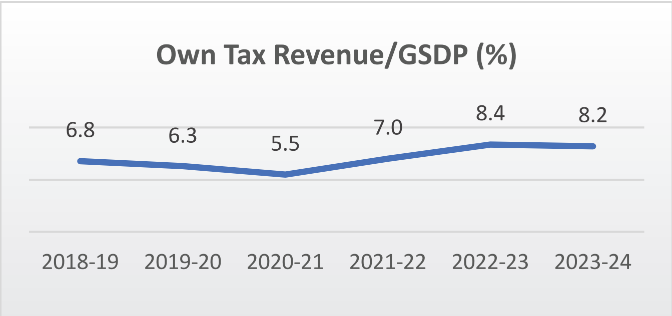


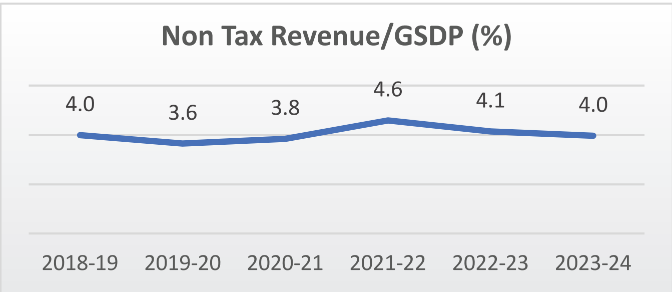
- Capital outlay has increased since FY 2020 due to increases in water supply and sanitation (at CAGR 70%), public works (43%), education (44%) and urban development (29%).
- Interest payment as a percentage of revenue expenditure has been slowing after FY 2021 not because of a decline in debt level, but due to increases in revenue expenditure. Revenue expenditure increased at a CAGR of 18% over the three fiscal years 2021 - 2024, while outstanding liabilities increased at 13% CAGR over this period. Interest payments increased at a CAGR of only 6% during this period.
- Committed expenditure of the state on salary, pension and interest payments has come down to almost 39% of its total revenue expenditure as of FY 2024 from a peak of 50% in FY 2022. The CAGR of interest payments, salary and pension and since FY 2019 are respectively 13%, 10%, 11%.
- Debt sustainability of the state was calculated on the basis of the Domar Model. Except for FY 2020 and 2021, the growth rate of its GSDP exceeded the average weighted interest rate on its debt, and the interest-growth rate differential was also decent. So, when in FY 2022, Chhattisgarh posted a modest primary surplus of Rs. 51 crores, reversing a significant primary deficit of Rs. 10,189 crores in the previous year, its debt ratio came down to almost 23% from 25% in the previous year. But the primary surplus turned into a huge deficit of Rs. 20,135 crores in FY 2024, and its debt ratio soared to nearly 25% again, its rendering its debt level increasingly unsustainable.
- The state must re-establish fiscal discipline to reduce its growing debt burden to create fiscal space for sustained capital investment and long-term growth.

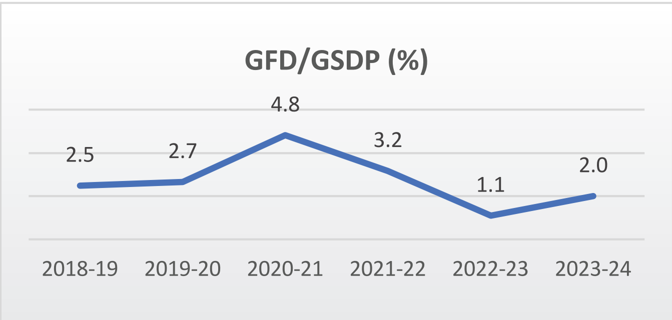
GOA

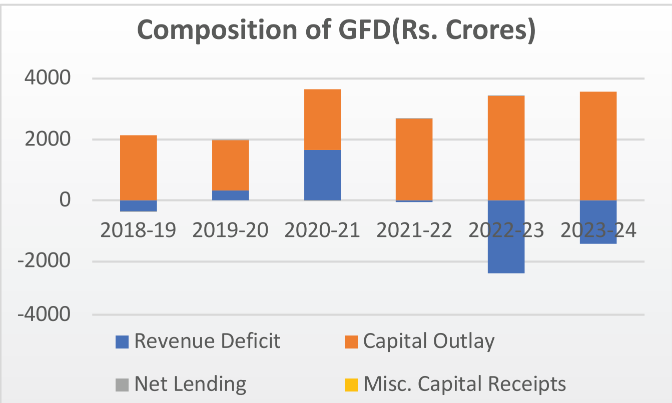
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 1,06,533 Crore	14%	Rs. 5,85,953	22%



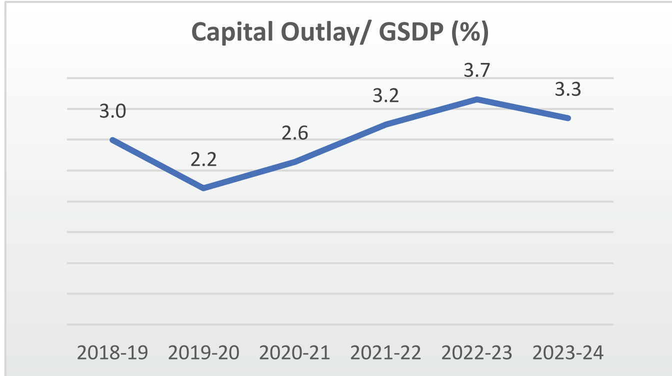


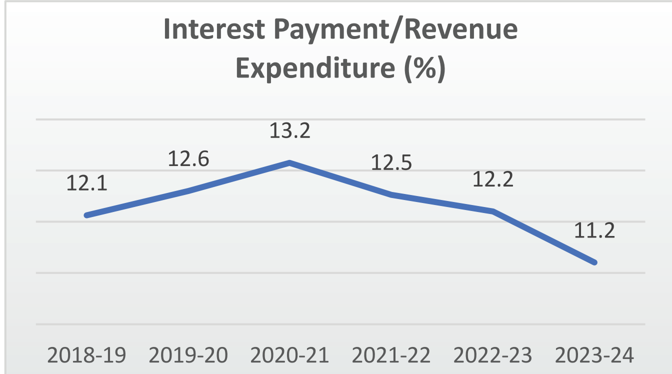


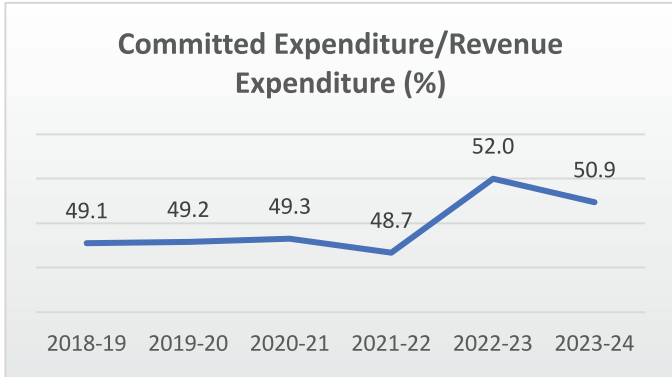


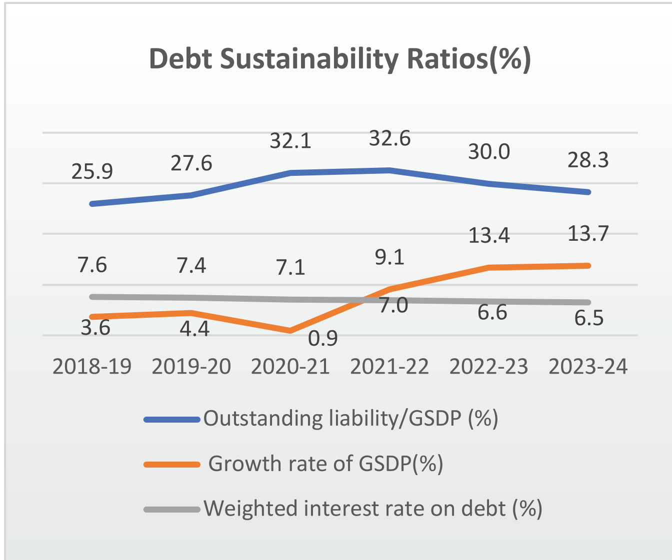


- Being the richest state in India, Goa boasts one of the highest ratios of own revenue to total revenue resources among the Indian states. As of FY 2024, Goa's own revenues account for nearly 71% of its total revenues, indicating a strong self-reliance.
- Goa has one of the highest tax to GSDP as well as non-tax to GSDP ratios in the country. Since the low of FY 2021, Goa's own tax revenues have grown at a CAGR of 28%, driven primarily by SGST (CAGR of 27%), Stamp and Registration Fees (CAGR 53%), Taxes on Vehicles (CAGR 30%), and VAT (CAGR 23%).
- Goa's non-tax revenue comprised one third of its total own revenue in FY 2024. Power remains the largest contributor to Goa's non-tax revenues, constituting over 58% of the total as of FY 2024. Ratio of its non-tax revenues to GSDP ratio declined due to a more than proportionate growth in GSDP which grew at a CAGR of 14% between FY 2022 and 2024, compared to 6% CAGR for non-tax revenues since FY 2022.
- Goa's Gross Fiscal Deficit rose to 4.8% of GSDP in the COVID year FY 2021 but declined sharply in subsequent years, largely due to the reversal of substantial revenue deficit into revenue surplus. However, in FY 2024, the deficit ratio increased again, driven by a reduction in the revenue surplus, though it was well within the FRBMA limit.
- Post-COVID, Goa recorded a modest revenue surplus of Rs. 59 crores in FY 2022, which rose sharply to Rs. 2,399 crores in FY 2023 before easing to Rs. 1,431 crores in FY 2024. Consequently, the state's fiscal deficit declined from 5% of GSDP in FY 2021 to only 2% in FY 2024, enabling an expansion in capital outlay from Rs. 1,997 crores to Rs. 3,567 crores over the same period.





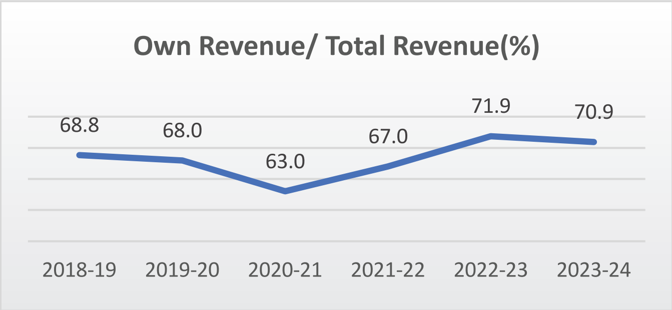


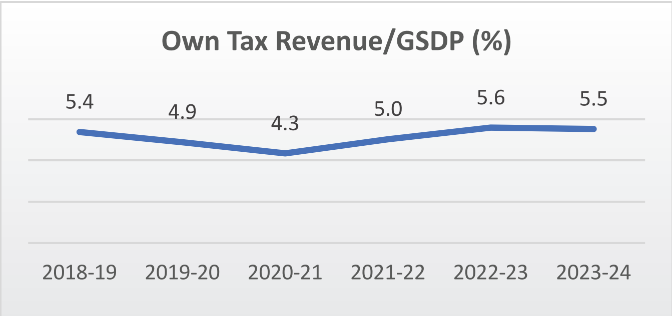


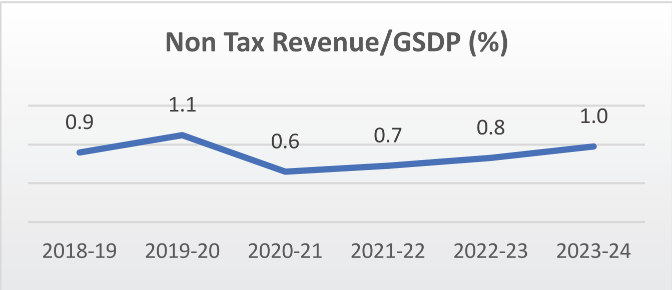
- Goa's capital outlay has shown a consistent upward trend since FY 2020. Significant growth has been recorded since then in key sectors such as Power Projects (CAGR 34%), Public Works (56%), Roads and Bridges (CAGR 37%), and Minor Irrigation (CAGR 18%).
- Despite large tax collections, Goa carries a huge debt burden resulting in higher interest outgo. Interest payment as a percentage of revenue expenditure has increased to 13.2%, after which is has been slowing down, not because of a decline in debt level, but due to more than proportionate increase in revenue expenditure. The outstanding debt liabilities of the state has increased since FY 2019 at CAGR 10%, as against the average growth rate of only 8% for its GSDP, and 9% for revenue expenditure. Interest payment has increased at a CAGR of 7% over this period.
- Committed expenditure of the state on salary, pension and interest payments consumed 51% of its total revenue expenditure in FY 2024. The CAGR of interest payments, salary and pension since FY 2019 are respectively 7%, 9% and 12%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Till FY 2021, Goa's GSDP growth remained below its weighted average interest rate on debt, and only after that it has reversed the trend, with the interest-growth rate differential increasing over time. However, the primary deficit had surged from Rs. 447 crores in FY 2019 to Rs. 2,057 crores in FY 2021, causing the debt ratio to increase to 32.1% of GSDP. As the GSDP growth rate picked up, Goa also generated primary surplus of Rs. 789 crores in FY 2023, when the debt ratio came down by 2.6%. Though the primary surplus was short-lived and became a deficit of Rs. 247 crores in FY 2024, the differential was wide enough to absorb this, leading to continued decline in the debt ratio.
- The growth rate of its GSDP is now picking up while the outstanding liabilities are growing at a slower rate. Thus, the state may be on its way to reduce its high debt level, a prerequisite for faster growth.

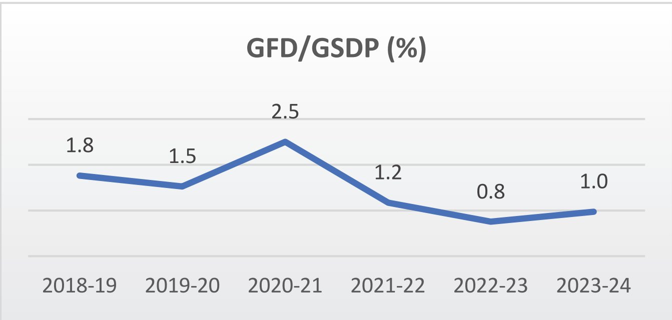
GUJARAT

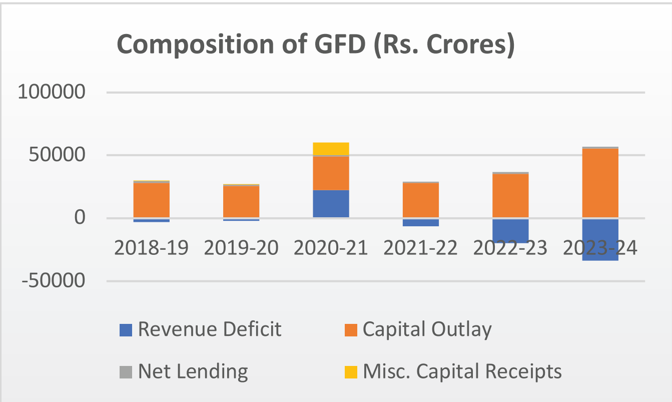
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 24,25,804 Crore	10%	Rs. 2,97,722	20%



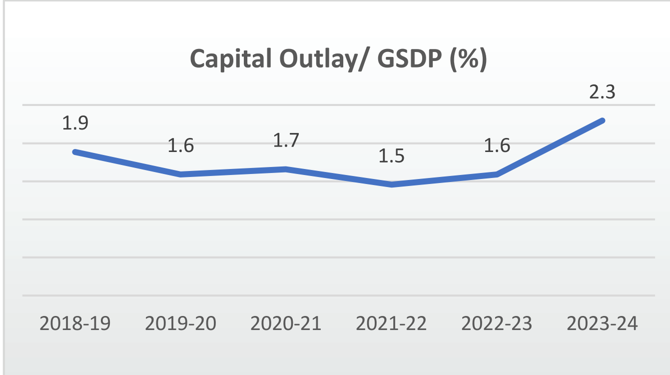


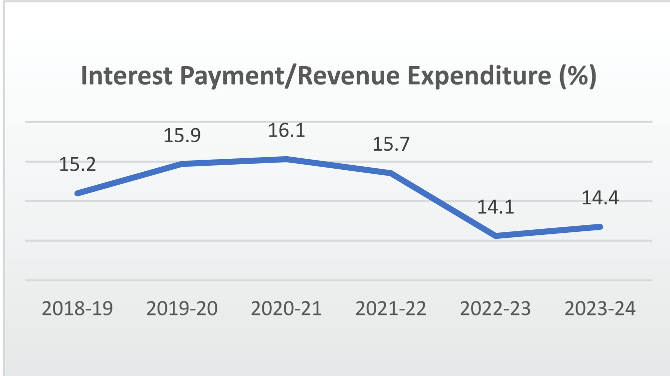


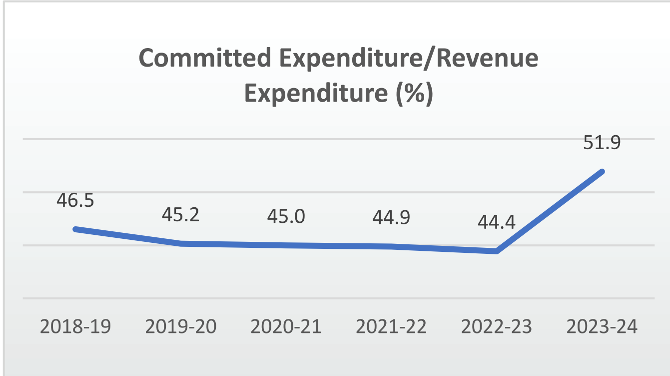


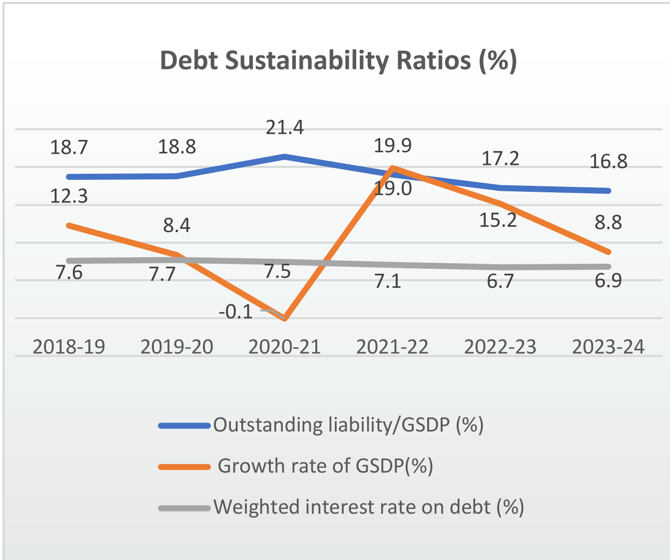


- Following the disruptive COVID years, Gujarat's own revenues as a percent of total have shown a consistent upward trend since FY 2021, peaking at nearly 72% in FY 2023 and maintaining around similar levels in FY 2024. This suggests very high fiscal self-reliance characteristic of an advanced state.
- After COVID (since FY 2021), Gujarat's own tax revenues have increased at a CAGR of 24% due to increases in taxes on goods and passengers (CAGR 33%), VAT on petroleum and alcohol (at CAGR 21%), Stamp and Registration fee (CAGR 28%), and SGST (CAGR 25%) and taxes on vehicles (CAGR 23%). Gujarat's own tax revenue resources constituted as much as 60% of its total revenue in FY 2024.
- About a 25% of Gujrat's non-tax revenues came from non-ferrous mining and metallurgical industries as of FY 2024. Other major sources of non-tax revenues are interest receipts, receipts from irrigation projects, non-conventional sources of energy and ports and light houses. The non-tax revenues have risen to Rs. 23,707 crores in FY 2024, from Rs. 10,492 crores in FY 2021.
- Gujarat has consistently maintained its gross fiscal deficit below the FRBMA threshold of 3% up to FY 2024. This fiscal discipline has been supported by steady GSDP growth, barring FY 2021 when the economy contracted a little due to the pandemic. The state's strong economic performance has enabled consistent FRBM compliance, reflecting sound fiscal management.
- Gujarat had revenue surpluses till Covid battered its finances. However, since FY 2022, it has been generating revenue surpluses again. The revenue surplus expanded from Rs. 6,409 crores in FY 2022 to Rs. 33,477 crores in FY 2023, which has enabled the state to more than double its capital outlay significantly from Rs. 26,780 crores in FY 2021 to Rs. 55,679 crores in FY 2024.









- Unlike most other states, Covid years in Gujrat did not witness a steep fall in Capital Outlay, though its level has remained rather low throughout close to 2% of its GSDP. Since FY 2022, capital outlay on Education has increased from only Rs. 606 crores to Rs. 3,495 crores in FY 2024, while major investments have also been made in medical and public health, flood control, power and transport.
- Interest payment as a percentage of revenue expenditure has seen a sharp fall after FY 2022 not because of a decline in debt level, but due to increases in revenue expenditure. Revenue expenditure increased by 26% since FY 2021, and constitutes almost 70% of its total expenditure as of FY 2024, while interest payments and outstanding liabilities have grown at CAGRs of only 4% and 6% respectively.
- Committed expenditure of the state on salary, pension and interest payments consumed around 52% of its total revenue expenditure as of FY 2024.The CAGR of interest payments, salary and pension since FY 2021 are respectively 4%, 23%, 9%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2021, the GSDP growth had exceeded the weighted average rate of interest on outstanding liabilities, satisfying the first criterion of debt sustainability. Since FY 2022 Gujarat has maintained a primary surplus, reversing a significant deficit of Rs. 16,235 crores in the previous year with a surplus of Rs. 2,496 crores. This grew to Rs. 8,508 crores in FY 2023 before moderating to Rs. 3,683 crores in FY 2024—still enough to keep its debt at a sustainable level. As a result, its debt ratio has come down from 21.4% in FY 2021 to 16.8% in FY 2024. The state is well on its way to reduce its debt stock, accelerate capital outlay and achieve faster growth.

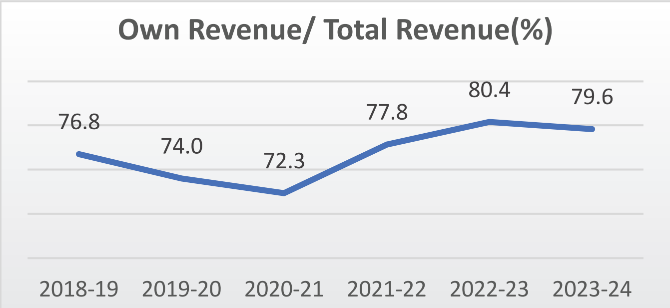
HARYANA

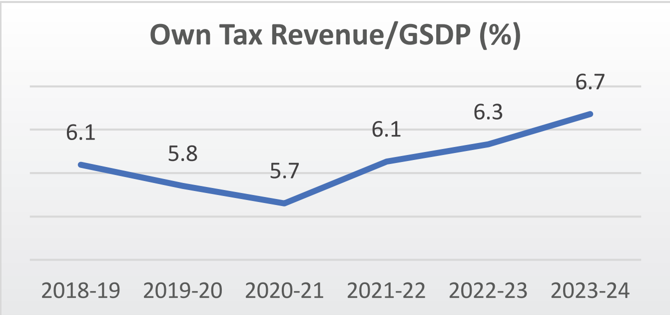
GSDP
Rs. 10,85,510 Crore

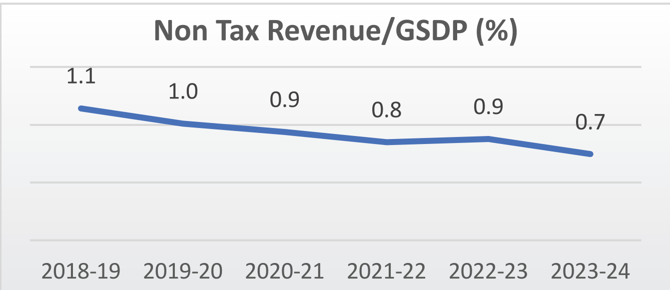
Growth Rate of GSDP
11%

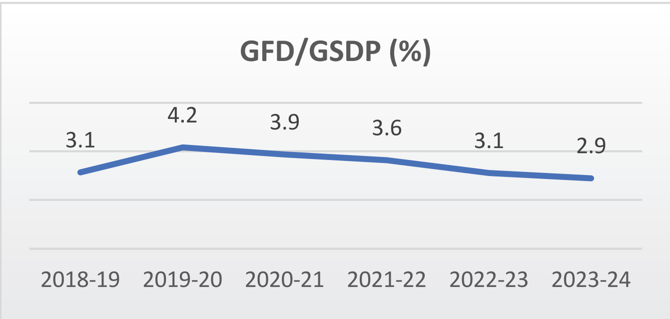
Per Capita Income
Rs. 3,19,363

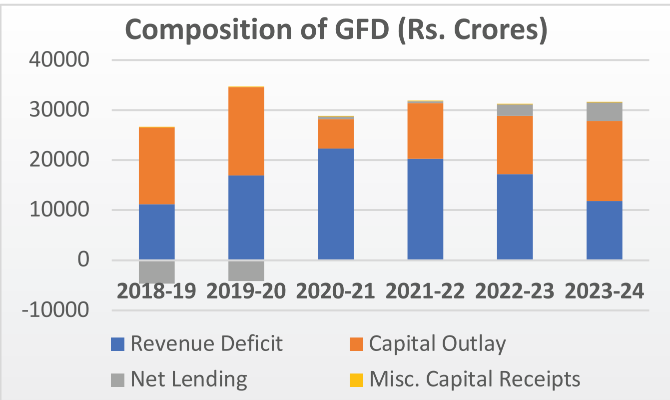
Share of Total Expenditure spent on Education and Public Health
13%



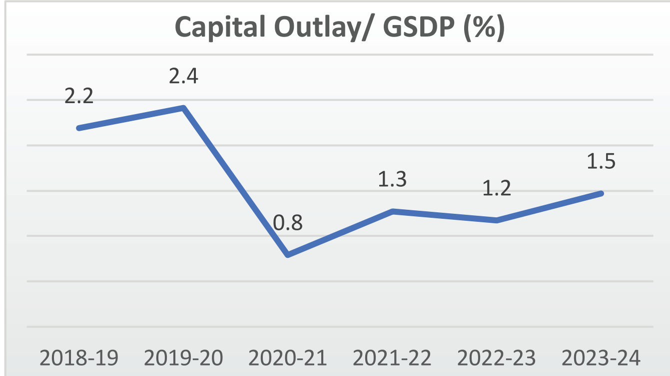


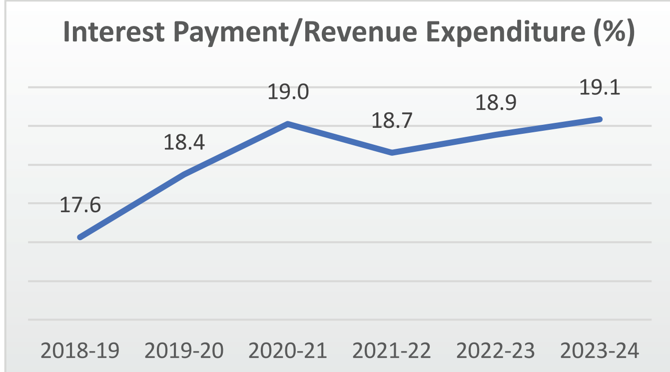


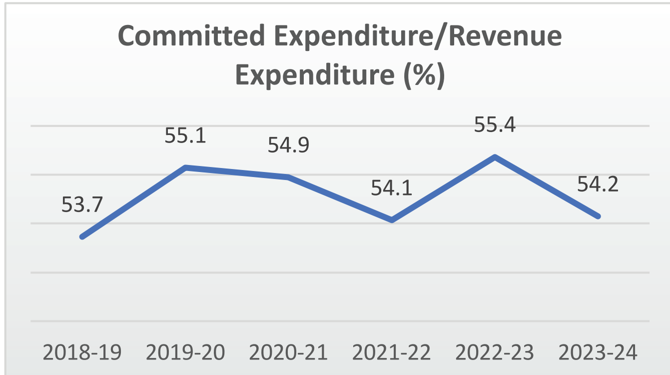


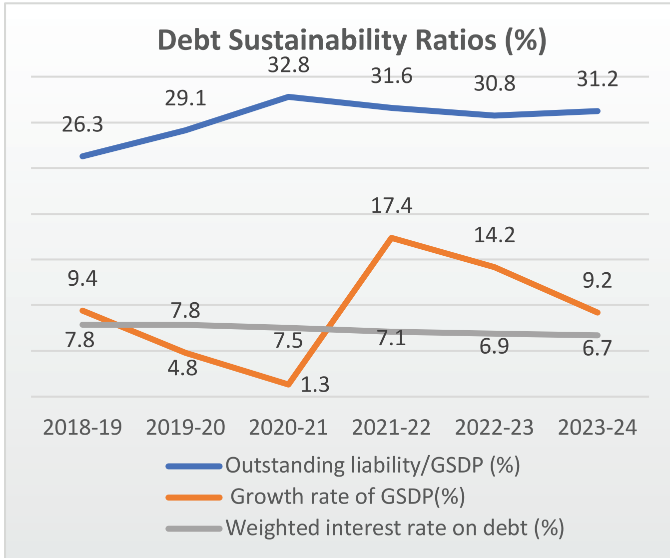


- Haryana generates over 80% of its total revenue from its own tax and non-tax resources, which ratio is among the highest in the country.
- Haryana's own tax revenue has been on an upward trajectory since FY 2021, driven by strong growth in key tax components—SGST collections rose at a CAGR of 23%, stamp duty and registration fees by 27%, state excise by 18%, and motor vehicles tax by 25%. This reflects a robust post-pandemic recovery and improved tax administration. Its own tax revenues have grown at a CAGR of 11% since FY 2019 and 20% since FY 2021.
- Haryana's non-tax revenue to GSDP ratio has been on a declining trend since FY 2019 and the non-tax receipts have been stagnating, growing at a negligible CAGR of only 0.3% during 2018-24. The non-tax revenues, in fact, fell from Rs. 8,742 crores in FY 2023 to Rs. 8,103 crores in FY 2024. Interest receipts accounted for one fifth of its non-tax receipts in FY 2024.
- Haryana's persistent high revenue deficit accounts for the bulk of its fiscal deficit and the high GFD to GSDP ratios till FY 2022. However, since FY 2021, the revenue deficit has been declining and stood at Rs. 11,881 crores in FY 2024, accounting for 38% of its gross fiscal deficit. The fiscal deficit was 2.9% of its GSDP, within the permissible limit of 3% under the FRBM Act.
- The high revenue deficit had constrained Haryana's capital outlay, leading to a one-third reduction from a peak of Rs. 17,666 crores in FY 2020 to just Rs. 11,665 crores in FY 2023. However, with a decline in the revenue deficit, capital outlay rebounded to Rs. 15,921 crores in FY 2024.









- Due to reduction in capital outlay, Haryana's capital outlay to GSDP ratio declined sharply from a pre-COVID peak of 2.4% to just 0.8% in FY 2021, and then increased to 1.5% in FY 2024. Its capital outlay constituted only 8% of its total expenditure in FY 2024.
- Interest payment as a percentage of revenue expenditure has been steadily increasing since FY 2019, save a marginal fall in FY 2022. The outstanding debt liabilities of the state has increased between FY 2019 and FY 2024 at CAGR 13%, as against the average growth rate of only 9% for its GSDP. The interest payment has increased at an average compound rate of 10% over this period, indicating the high indebtedness of the state.
- Committed expenditure of the state on salary, pension and interest payments consume over 54% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension are 10%, 6% and 11% respectively since FY 2019.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2020 and 2021, the GSDP growth had exceeded the weighted average rate of interest on outstanding liabilities, which declined from 7.8% and 6.7% between FY 2019 and FY 2024. However, the primary deficit had surged from Rs. 8,360 crores in FY 2019 to Rs. 13,416 crores in FY 2022 before declining to Rs. 9,836 crores in FY 2024. The interest-growth rate differential thus was inadequate to offset the high primary deficits, and as a result, the debt ratio has increased from 26% in FY 2019 to a peak 33% in FY 2021, and though its growth has slowed down since then, but is still high at 31% as of FY 2024.
- The state seems be some distance away from achieving debt sustainability. Further fiscal consolidation is essential to stabilize debt levels and ensure long-term fiscal stability and economic growth.

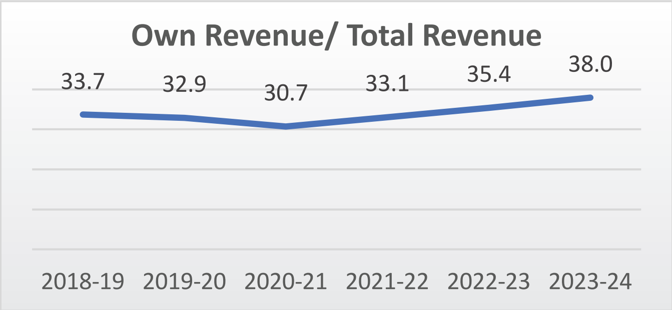
HIMACHAL PRADESH

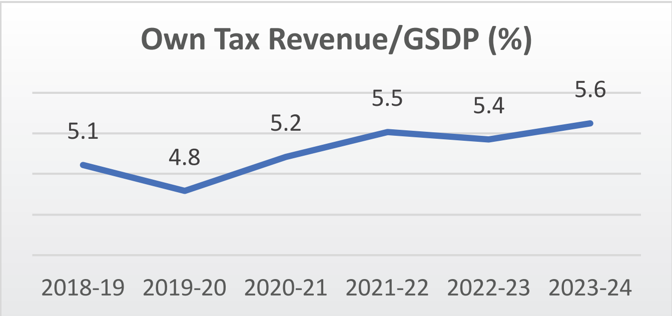
GSDP
Rs. 2,10,662 Crore

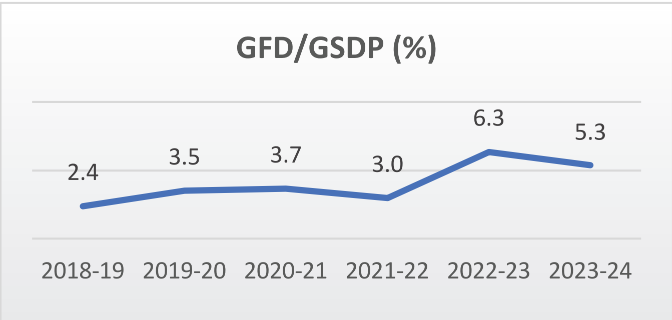
Growth Rate of GSDP
10%

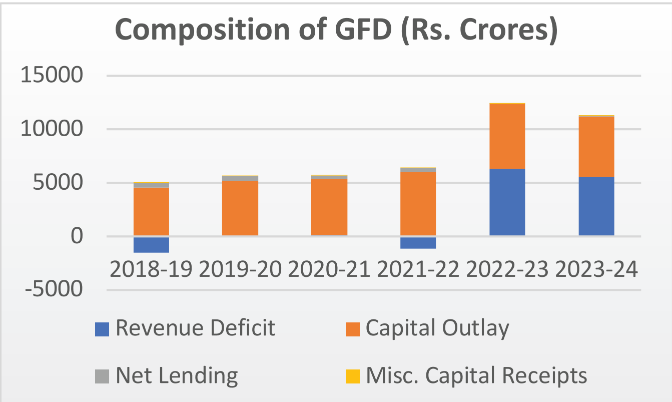
Per Capita Income
Rs. 2,34,782

Share of Total Expenditure spent on Education and Public Health
20%

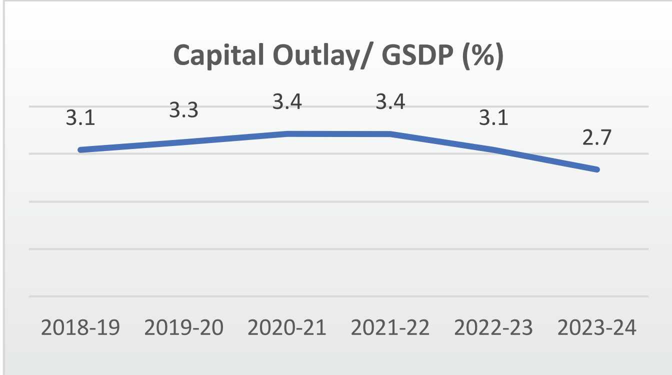


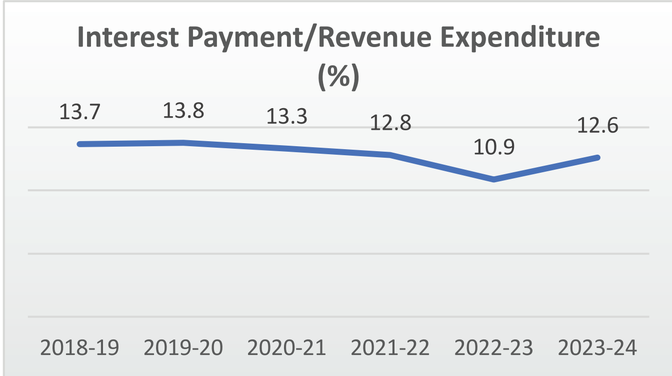


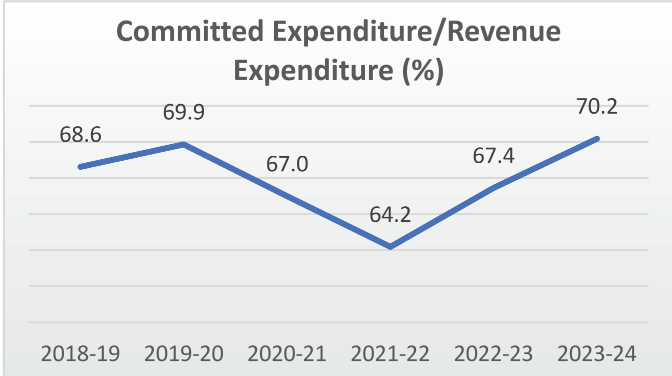


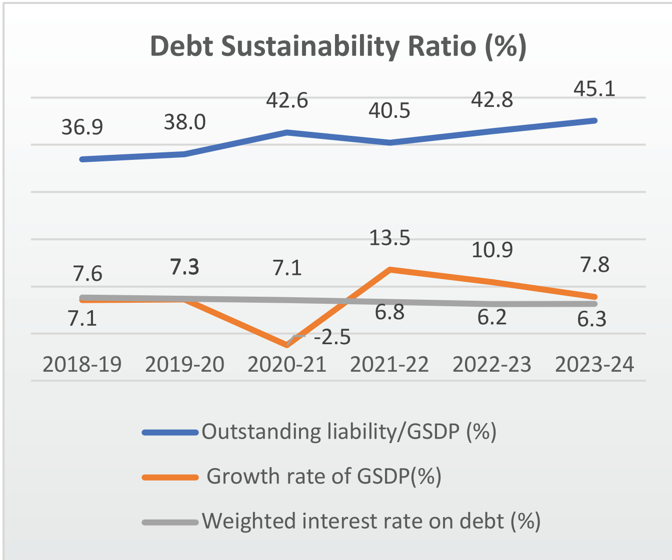


- Himachal Pradesh has around 38% of its total revenue from its own resources in FY 2024. The share of its own revenue in total revenue has been increasing steadily since FY 2021. Its own revenues have been growing at a CAGR of only 7% during 2018-24. While tax revenues have been growing at 9% annually, non-tax revenues have been stagnating at only 1% CAGR during this period.
- Himachal Pradesh's own tax revenues have increased at a CAGR of 12% since the low of FY 2020, its share in GSDP rising to 5.6% in FY 2024. Major increases came from SGST (at CAGR of 11%), Stamp Duty and Registration Fees (CAGR of 14%) and State excise (CAGR of 13%). Its tax to GSDP ratio has also increased due to slow expansion of GSDP (CAGR of 7% since FY 2020).
- The ratio of non-tax revenues to GSDP has fallen from 1.9% to only 1.5% over the period 2018-24. Significant declines were observed in Education and Roads & Bridges, with receipts dropping by 63% and 94%, respectively, in FY 2024. However, the Power sector registered a modest increase of 17% in FY 2024.
- Himachal Pradesh's Gross Fiscal Deficit (GFD) surged to 6.3% of GSDP in FY 2023, but saw a decline in the following year, largely driven by a reduction in the revenue deficit. It has amended its FRBMA, raising the limit of GFD to 6% of GSDP in FY 2023 and 3.5% in FY 2024, but breached the limits in both these years.
- Himachal Pradesh maintained a revenue surplus until FY 2020 before reversing to a marginal deficit of Rs. 97 crores in FY 2021. Ater recording a surplus of Rs. 1,115 crores in FY 2022, it has run into deficit again which soared to a peak of Rs. 6,336 crores in FY 2023 before moderating to Rs. 5,559 crores in FY 2024. This sharp rise in the revenue deficit led to the Gross Fiscal Deficit rising two-fold in FY 2023 to Rs. 12,380 crores, which declined to Rs. 11,266 crores in FY 2024. Hugh revenue deficit constrained the capital outlay which increased marginally from Rs. 4,584 crores to Rs. 5,630 crores over the period 2018-24.





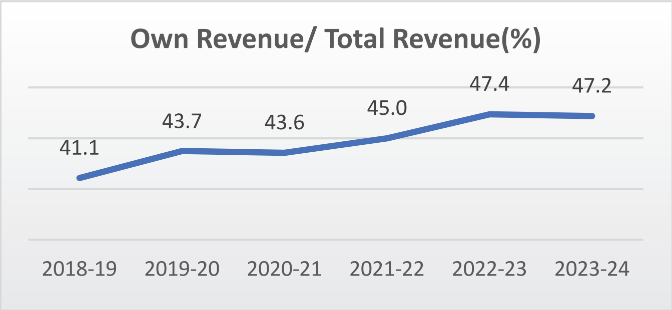


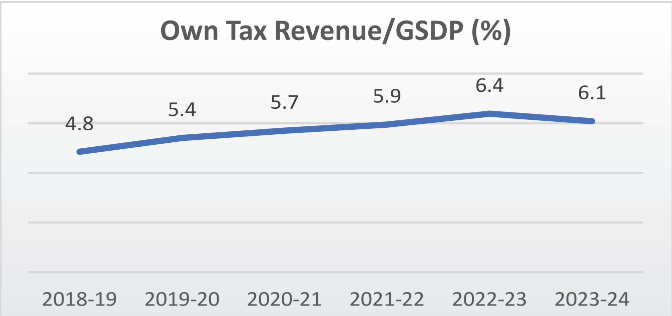


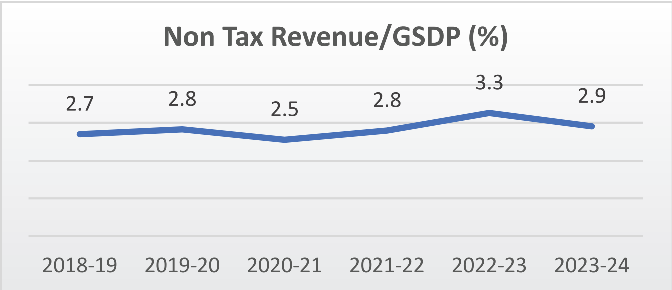
- Himachal Pradesh's capital outlay grew at a modest CAGR of just 4% during the period 2018-2024, and has declined at a CAGR of 3% since FY 2022. In FY 2024, capital outlay amounted to 50% of the state's Gross Fiscal Deficit (GFD). Unlike most other states, Himachal Pradesh did not experience a steep decline in capital outlay during the Covid years.
- Interest payment as a percentage of revenue expenditure has been falling since FY 2020 but saw an increase in FY 2024 due to the higher growth in outstanding liabilities than the growth in revenue expenditure. Outstanding liabilities grew a CAGR of 12% since FY 2019, while revenue expenditure has grown at a CAGR of 9%.
- Committed expenditure of the state on salary, pension and interest payments consumed around 70% of its total revenue expenditure as of FY 2024, up from a low of 64% in FY 2022 – one of the highest ratios in the country. The CAGR of interest payments, salary and pension since FY 2019 are respectively 7%, 7% and 15%. Their respective shares in revenue expenditure are 13%, 35% and 22% respectively, as of FY 2024.
- The debt sustainability of the state was evaluated using the Domar Model. In FY 2021, the negative GSDP growth fell below the weighted average interest rate of 7.1% on outstanding liabilities. Although GSDP growth rebounded to 13.5% in FY 2022, it subsequently moderated to almost 8% in FY 2024, while exceeding the weighted average interest rate, through the interest growth rate differential has been narrowing. However, the primary deficit widened by more than 10 times in FY 2023 to Rs. 7,551 crores and though it declined to Rs. 5,618 crores in FY 2024, the deficits were too large to be offset by the small interest-growth rate differential. The debt-to-GSDP ratio thus jumped to over 45% in FY 2024, making Himachal's ratio the highest in India after Punjab.
- The trend of high primary deficit and rising debt ratio indicates that the state is far from achieving debt sustainability and under high fiscal stress.

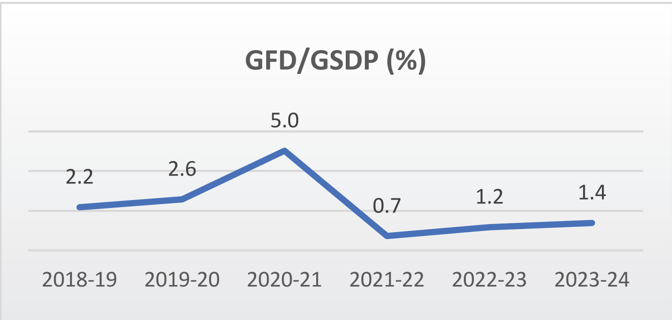
JHARKHAND

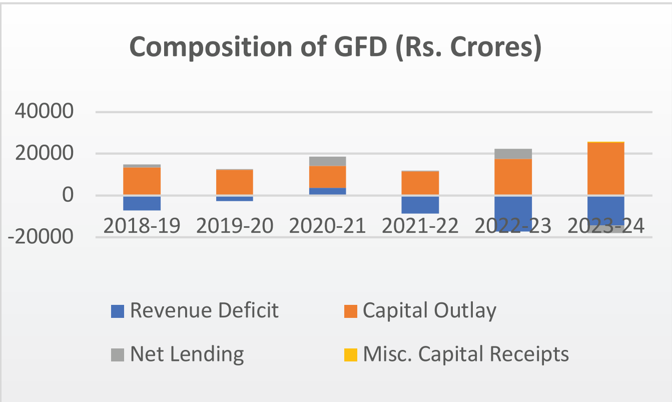
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 4,61,010 Crore	10%	Rs. 1,05,274	17%



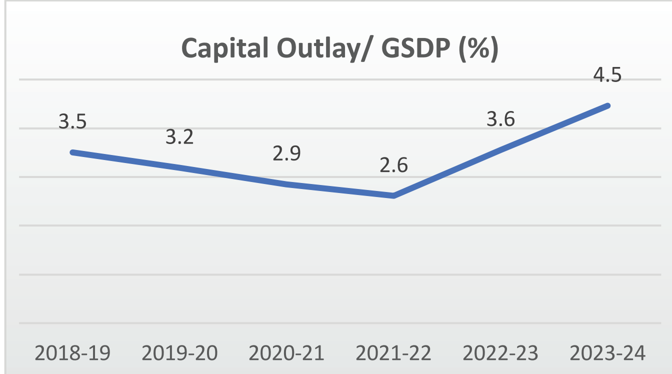


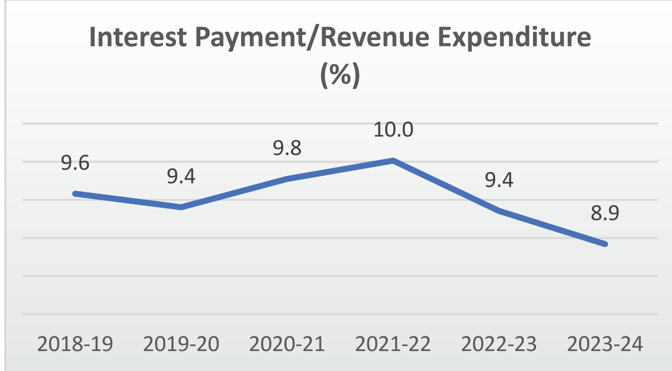


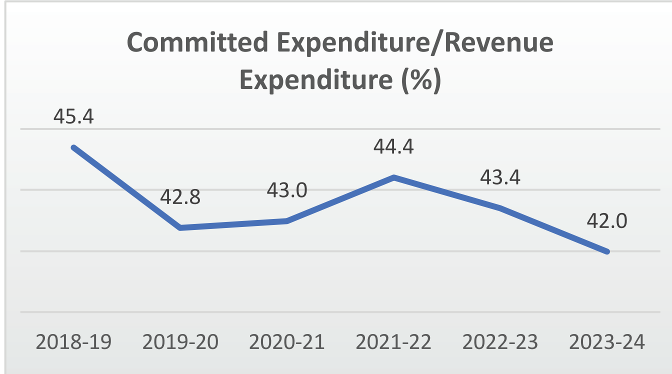


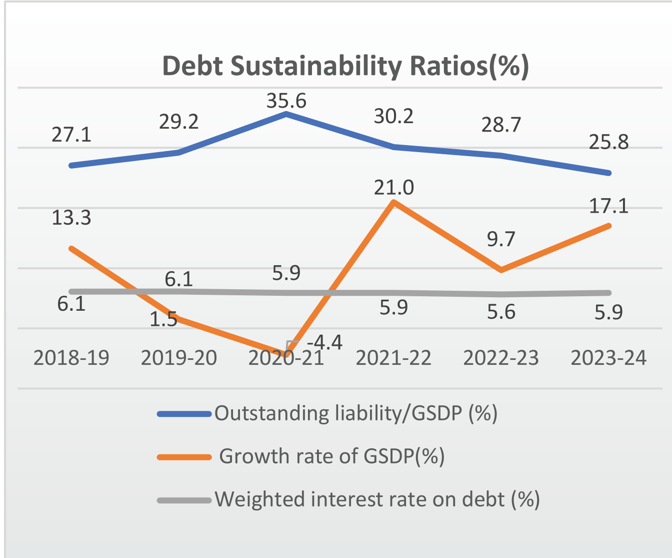


- Jharkhand now generates about 47% of its total revenue from its own sources, up from 41% in FY 2019. This upward trend signals growing fiscal independence and improved revenue mobilization capacity, through the state still remains dependent on central transfers.
- Since FY 2019, Jharkhand's own tax revenues have increased at a CAGR 14%. Increases came from Taxes and Duties on Electricity (CAGR 46%), land revenue (growing at CAGR of 34%), Stamp and Registration Fees (CAGR of 27%), State Excise (CAGR 17%) and Taxes on Sales, Trade (CAGR 15%). Its own tax revenue comprised 43% of its total tax revenues in FY 2024.
- Non-tax revenues contribute significantly to Jharkhand's total revenue receipts, and made up 32% of its total own revenues in FY 2024. Almost 80% of the non-tax revenue of Jharkhand majorly came from non-ferrous mining and metallurgical industries as of FY 2024. Mainly due to its growth at a CAGR of 12% during FY 2019 to FY 2024, Jharkhand's non-tax revenue has increased from Rs. 7,564 crores in FY 2021 to Rs. 13,425 crores in FY 2024.
- In FY 2021, Jharkhand's fiscal deficit reached the FRBMA limit of 5% for that year, but then sharply declined to 0.7% in FY 2022 and has remained within the prescribed limit of 3% since then.
- Barring the COVID-impacted slowdown in FY 2021, Jharkhand has consistently maintained a revenue surplus. With economic recovery, the surplus surged to Rs. 13,564 crores in FY 2023, well above the Rs. 1,804 crores recorded in FY 2018, and remained positive in FY 2024 despite a slight dip. Meanwhile, the fiscal deficit-to-GSDP ratio has significantly improved, falling from 5% in FY 2021 to just 1.4% in FY 2024. But the state was unable to utilise its available borrowing space to increase capital outlay.





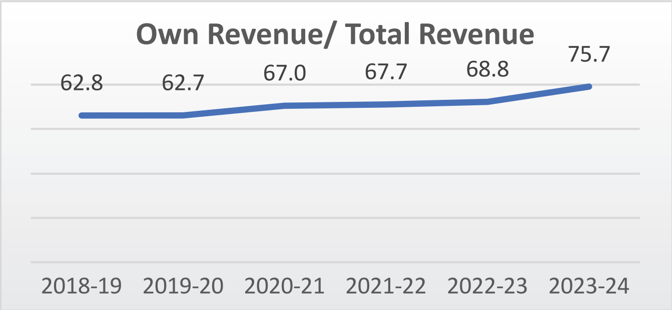


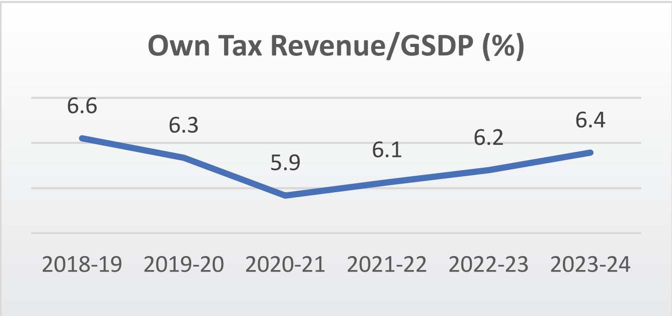


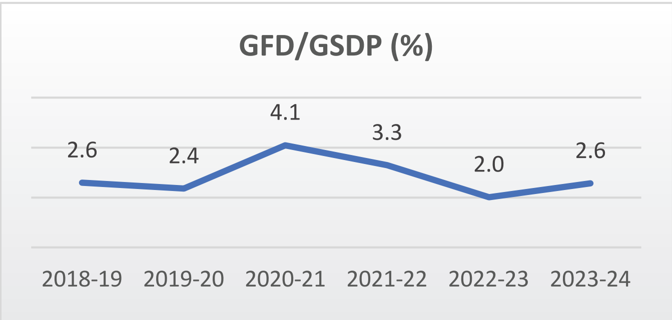
- Since FY 2018, the capital outlay had been plummeting, showing a turnaround only after FY 2022. By FY 2024, investments in water supply and sanitation surged to Rs. 3,467 crores from just Rs. 505 crores in FY 2022, while spending on roads and bridges rose from Rs. 3,143 crores to Rs. 5,207 crores. Significant increases were also seen in power projects and village and small industries. Notably, non-ferrous mining and metallurgical industries received Rs. 1,000 crores only in FY 2022, with almost no allocations in other years.
- Interest payment as a percentage of revenue expenditure increased peaking in FY 2022, but has been declining since FY 2022 as the revenue expenditure increased by 11%, faster than outstanding liabilities which grew only by 5% between FY 2022 and FY 2024.
- Committed expenditure of the state on salary, pension and interest payments consumed around 42% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension since FY 2022 are respectively 4%, 8% and 9%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2020 and FY 2021, the GSDP growth had exceeded the weighted average rate of interest on outstanding liabilities in other years, satisfying the first criterion of debt sustainability. On top of this, the state generated substantial primary surpluses for consecutive three years, Rs. 3,682 crores in FY 2022, Rs. 1,622 crores in FY 2023 and Rs. 508 crores in FY 2024, making the debt level of Jharkhand sustainable. As a result, its debt ratio has come down from a high level of 35.6% of GSDP in FY 2021 to 25.8% in FY 2024, which is still high.
- If the trend continues, the state may be able to reduce its debt stock, increase capital outlay further and achieve faster growth.

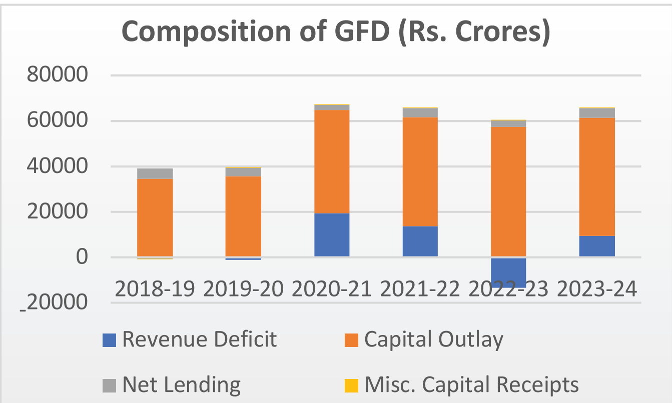
KARNATAKA

GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 25,57,241 Crore	10%	Rs. 3,39,813	15%

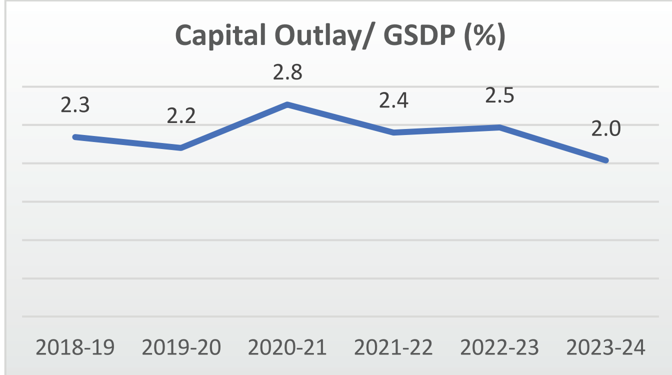


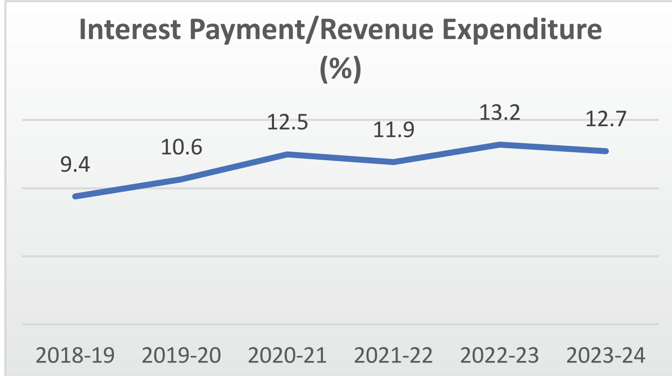


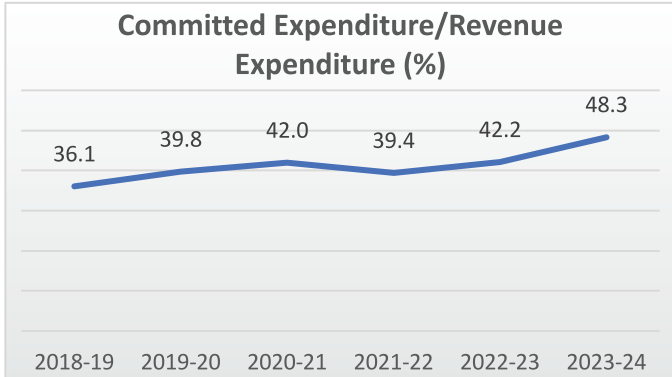


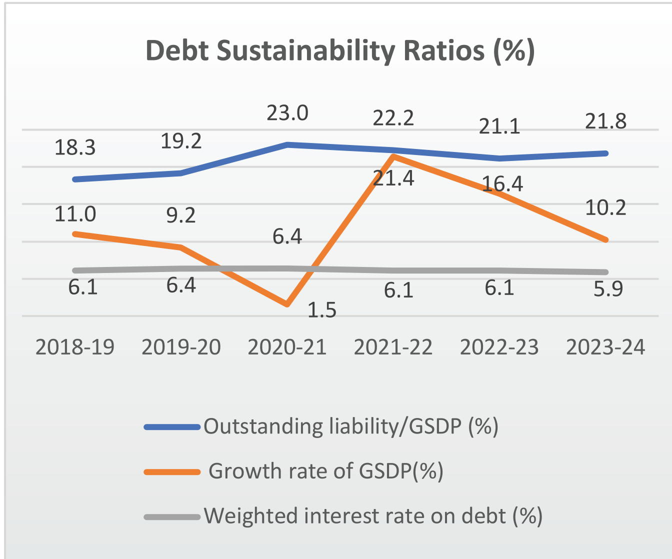


- Since FY 2019, Karnataka has consistently generated a significant portion of its total revenues from its own resources, averaging around 68%, and peaking at 76% in FY 2024, which ratio is among the highest in India
- The ratio of own tax to GSDP had dropped to 6% in the Covid year 2021, but has been rising steadily since then. Significant increases have been recorded since FY 2021 in respect of SGST (CAGR 24%), Stamp Duty and Registration Fees (CAGR 24%), Motor Vehicles Tax (CAGR 26%) and State Excise (CAGR 14%). Karnataka's own tax revenues have increased at a CAGR of 11% during the period 2018-2024.
- In FY 2024, 67% of Karnataka's non-tax revenue were collected from just two sources: non-ferrous mining and metallurgical industries (56%) and interest receipts (11%). However, non-tax revenues declined from Rs. 13,914 crores in FY 2023 to Rs. 13,117 crores in FY 2024, primarily due to reduced earnings from food storage and warehousing. Non-ferrous mining and metallurgical industries have grown at a CAGR of 19% over the period from FY 2019 to FY 2024.
- In FY 2021, Karnataka's gross fiscal deficit slightly exceeded 4% but remained within the amended FRBMA limit of 5%. It has since come down to well within the 3% threshold in FY 2024.
- Karnataka's revenue deficit, which peaked at Rs. 19,337 crores in FY 2021, turned into a surplus of Rs. 13,496 crores by FY 2023. However, this surplus reversed to a deficit of Rs. 9,272 crores in FY 2024, while the capital outlay was reduced from Rs. 57,348 crores in FY 2023 to Rs. 52,120 crores in FY 2024. Consequently, the fiscal deficit rose from 2% of GSDP in FY 2023 to 2.6% in FY 2024. Capital outlay has increased at a CAGR of 9% over the period 2018-2024, from Rs. 34,659 crores to Rs. 52,120 crores over this period.





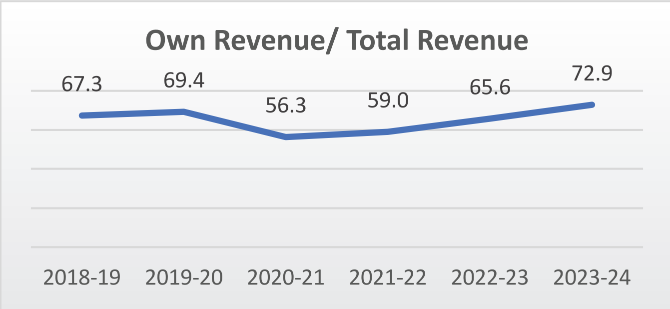


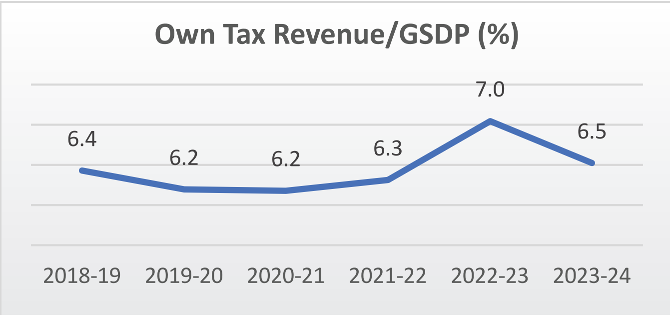


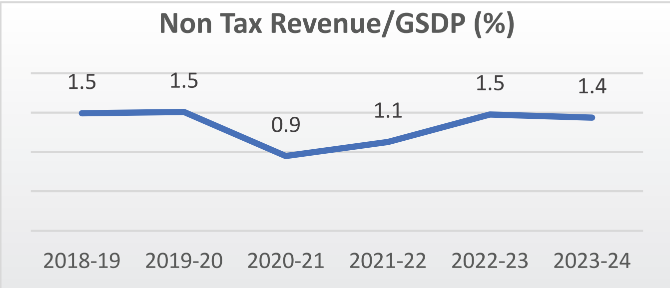
- Karnataka spends about 16% of its total disbursements on capital investments. While its capital outlay still remains below the peak level of 2.8% of GSDP reached in FY 2021, it has seen a strong post-COVID rebound in health and family welfare, education, urban development and medium irrigation. However, in FY 2024, it witnessed a decline in allocations for urban development, roads and bridges, and medium irrigation.
- Interest payments as a share of revenue expenditure rose from 9.4% to 12.7% between FY 2019 and 2024 when revenue expenditure increased at a CAGR of 8%, while outstanding liabilities increased at a CAGR of 16% and interest payment increased at a CAGR of 15%.
- Committed expenditure of the state on salary, pension and interest payments consumed around almost 48% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension since FY 2019 are respectively 15%, 16% and 10%.
- The debt sustainability of Karnataka was assessed using the Domar model. Except for the COVID-impacted year FY 2021, the state's GSDP growth rate consistently exceeded the weighted average interest rate on outstanding liabilities, which itself declined from 6.4% in FY 2020 to 5.9% in FY 2024—thus fulfilling the first condition for debt sustainability. Additionally, the primary deficit improved significantly, declining from Rs. 45,177 crores in FY 2021 to Rs. 18,155 crores in FY 2023, before rising again to Rs. 34,696 crores in FY 2024. Consequently, the debt-to-GSDP ratio declined from the peak of 23% inched up from 21.1% in FY 2023 to 21.8% in FY 2024, when the interest growth rate differential also narrowed substantially.
- While Karnataka largely meets the conditions for debt sustainability, the recent uptick in primary deficit and debt ratio indicates the need for continued fiscal prudence to maintain long-term stability.

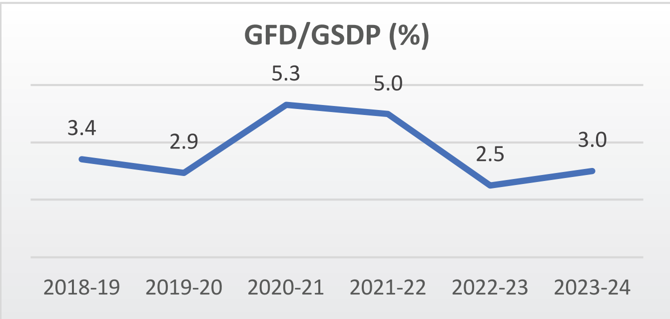
KERALA

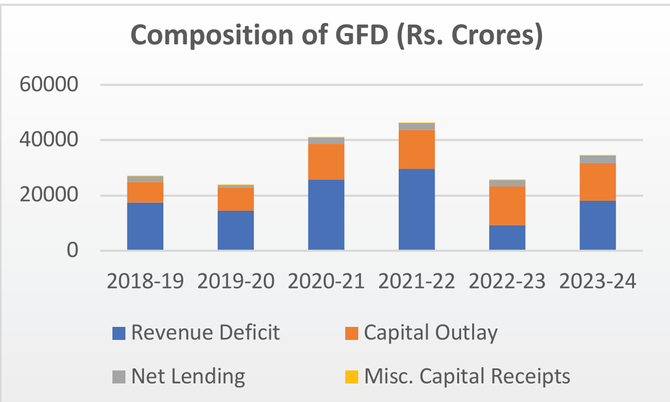
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 11,39,945 Crore	12%	Rs. 2,79,751	14%



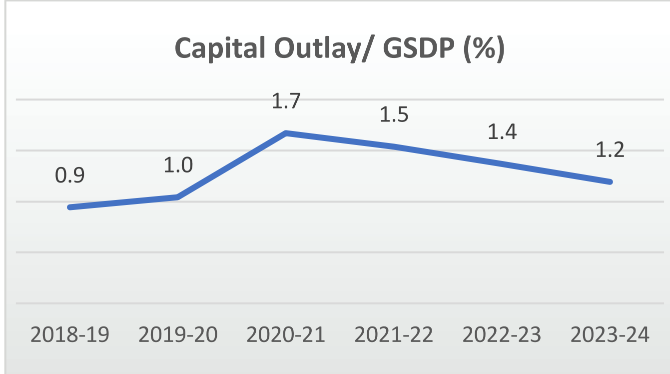


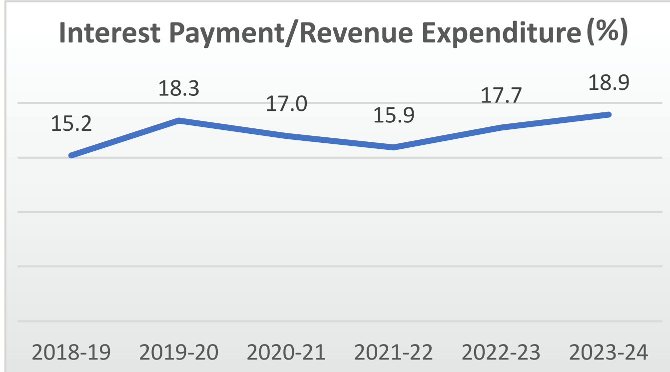


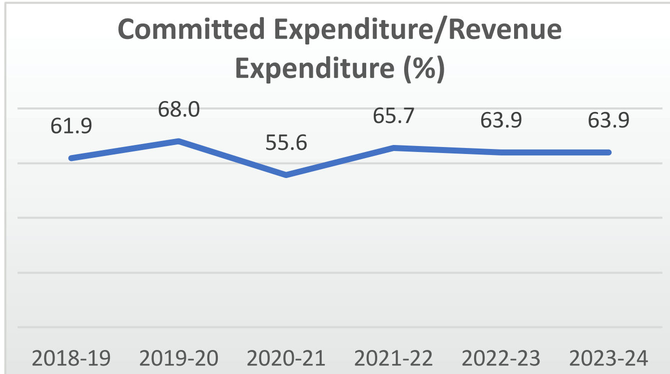


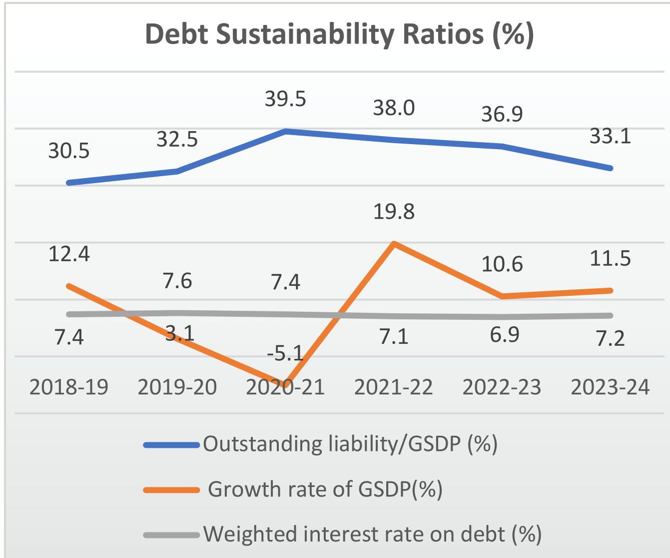


- Kerala raised 73% of its total revenue from its own resources in FY 2024. Its own revenues grew at a CAGR of 18% since FY 2021.
- Kerala's own tax to GSDP ratio is also among the highest in the country. Increases in tax revenues after FY 2020 came from SGST (at 11% CAGR), stamp duty and registration fees (CAGR 12%), and motor vehicles tax (CAGR 14%). In FY 2024, Kerala's GSDP grew by 12% whereas own tax revenues grew only by 3% resulting in the visible decline in that year. While collections from stamp duty and registration fees declined marginally, collections from all other major state taxes remained stagnant.
- The non-tax revenues of Kerala grew at a CAGR of only 7% over the period FY 2020 to FY 2024, and its ratio to GSDP fell below 1% in the Covid year 2021, after which it has been rising. But the only major increase in receipts was from State Lotteries which increased by over Rs. 7,000 crores since FY 2021. Lottery receipts constituted almost 80% of the state's non-tax revenue.
- Kerala's fiscal deficit to GSDP ratio increased to 5.3% in FY 2021, exceeding the FRBMA limit of 4.5%. In FY 2022 also, the ratio remained above the prescribed threshold of 3.5%. However, it witnessed a sharp decline to 2.5% in FY 2023, primarily due to a reduction in the revenue deficit and the ratio came within the FRBMA limit.
- Kerala has consistently run a revenue deficit, which peaked at Rs. 29,539 crores in FY 2022. It dropped significantly to Rs. 9,226 crores in the following year but rose again to Rs. 18,139 crores in FY 2024, leading to a reduction in capital outlay. The state's could reduce its fiscal deficit from 5.3% of GSDP in FY 2021 to 3% in FY 2024 only compromising on capital outlay which declined from Rs. 14,192 crores in FY 2022 to Rs. 13,584 crores in FY 2024.









- Until the COVID years, Kerala's capital outlay rose, increasing from Rs. 7,431 crores in FY 2019 to Rs. 12,890 crores in FY 2021. However, post-FY 2021, the pace of growth slowed considerably, with the capital outlay growing at a CAGR of just 2% up to FY 2024. Since FY 2022, capital outlay has been on a declining trajectory. Notably, Kerala's capital outlay as a percentage of GSDP remains among the lowest in the country.
- As a highly indebted state, Kerala allocates a substantial portion of its revenue expenditure to interest payments. Although the share of interest payments in revenue expenditure saw a slight decline from its peak of 18% in FY 2020, it has been rising again in recent years, reaching a new high of 19% in FY 2024.
- Committed expenditure of the state on salary, pension and interest payments consume over 64% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension and since FY 2021 are respectively 9%, 10% and 11%.
- Kerala's debt sustainability has been assessed using the Domar Model. Except for FY 2020 and FY 2021, the state's GSDP growth has outpaced its weighted average interest rate on outstanding liabilities and the interest growth rate differential has widened in FY 2024. However, the primary deficit saw a sharp rise from Rs. 4,623 crores in FY 2020 to Rs. 22,743 crores in FY 2022, before falling significantly to Rs. 377 crores in FY 2023 before rising again to Rs. 7,271 crores in FY 2024. Reducing the primary deficit coupled with widening of the interest-growth rate differential has enabled the state to bring down its debt ratio from a peak of 39.5% in FY 2021 to 33% in FY 2024, but Kerala's debt ratio still remains among the highest in the country.
- While recent improvements have helped moderate the debt burden, the renewed rise in the primary deficit poses a risk to long-term debt sustainability. To ensure a stable fiscal trajectory, Kerala will need to maintain fiscal discipline and keep primary deficits in check. As of now, the state remains vulnerable on this aspect.

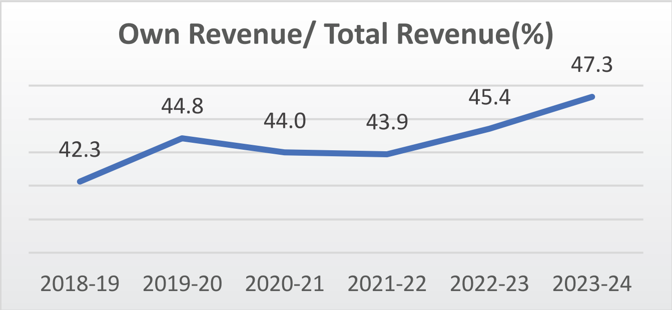
MADHYA PRADESH

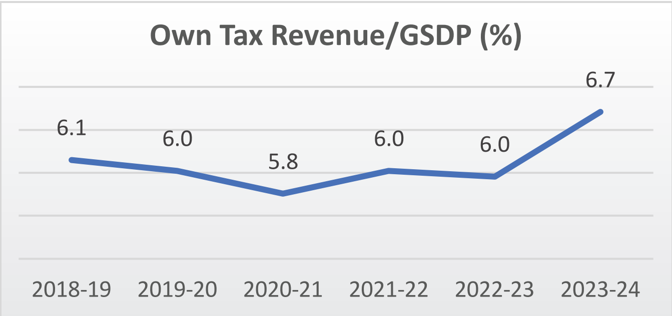
GSDP
Rs. 13,53,809 Crore

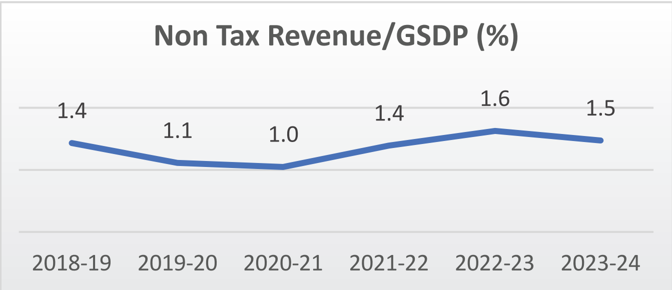
Growth Rate of GSDP
11%

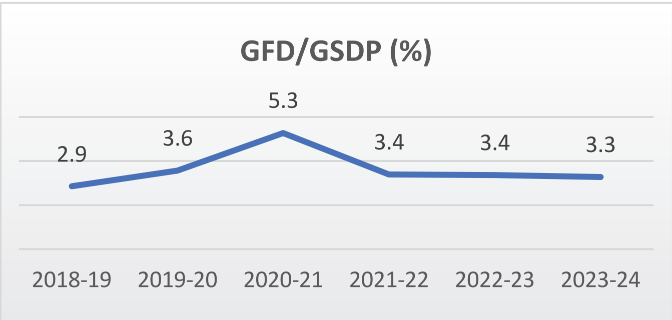
Per Capita Income
Rs. 1,39,713

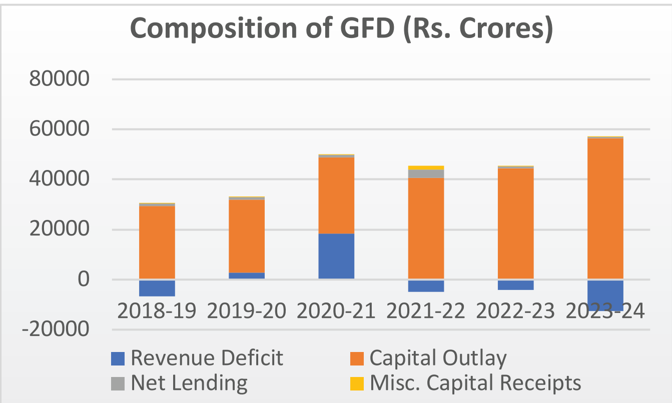
Share of Total Expenditure spent on Education and Public Health
19%



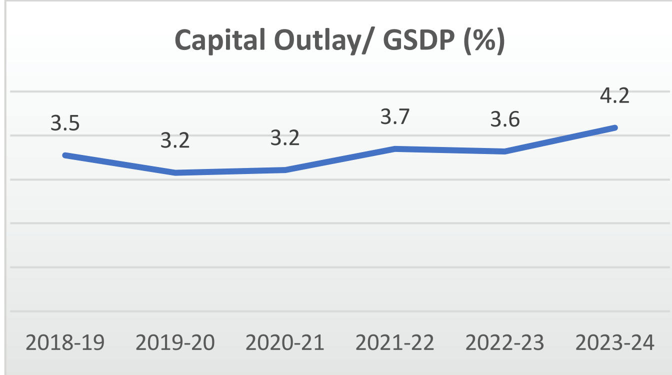


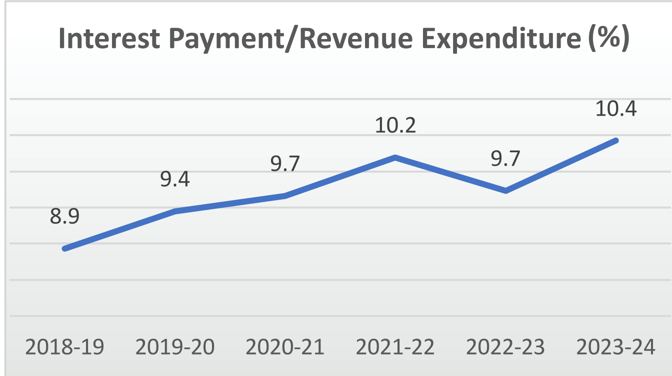


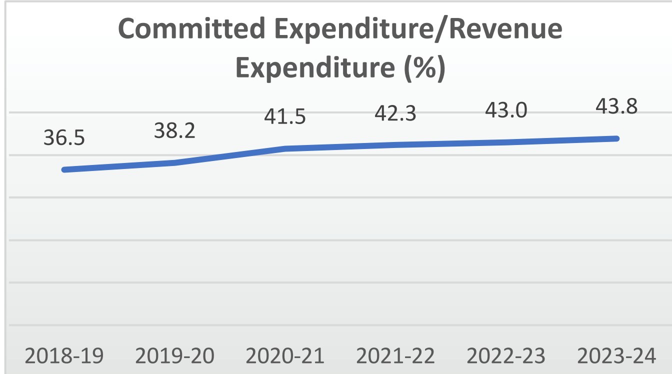


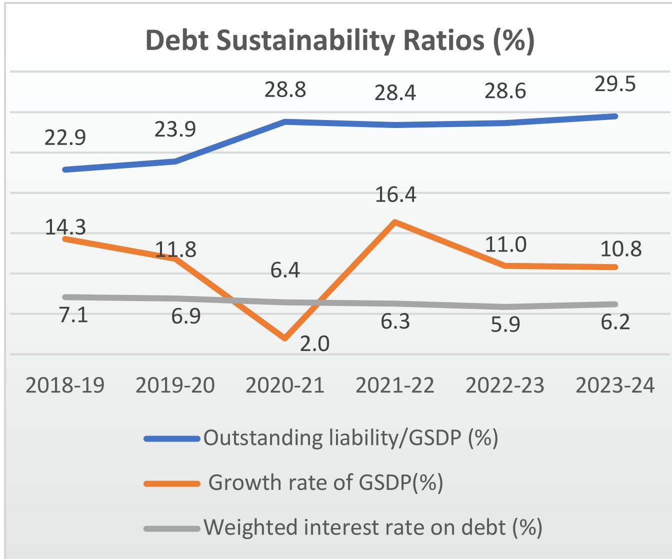


- The share of Madhya Pradesh's own revenues in total revenues has increased from 42% to 47% between FY 2019 and 2024, growing at a CAGR of 12% over this period. While tax revenues have increased at a CAGR of 12%, non-tax revenues grew at a CAGR of 11%.
- Tax to GSDP ratio of Madhya Pradesh also increased significantly over the period of FY 2019 to FY 2024, almost reaching 7% in FY 2024. Over this period, its own tax revenues have increased mainly from SGST (at CAGR of 15%), stamp duty and registration fees (CAGR 14%) and Sales Tax (CAGR 13%).
- The non-tax revenues of Madhya Pradesh declined to 1% of GSDP during the COVID year (FY 2021), but the ratio has recovered since then. Key contributors to this increase include interest receipts, non-ferrous mining and metallurgical industries, and crop husbandry. Between FY 2021 and FY 2023, interest receipts rose by Rs. 4,326 crores, mainly from state undertakings, though they declined in FY 2024 to Rs. 1,934 crores. Receipts from non-ferrous mining and metallurgical industries increased by Rs. 4,614 crores since FY 2021, primarily through concession fees, rents, and royalties.
- The fiscal deficit to GSDP ratio of Madhya Pradesh rose to 5.3% in FY 2021, breaching the FRBM Act limit of 5% for that year. Although the ratio has declined since then, it continues to exceed the prescribed threshold 3%.
- Except in FY 2020 and FY 2021, Madhya Pradesh had revenue surpluses throughout the period. In FY 2022, it earned almost Rs. 1,600 crores from disinvestment. In FY 2021, it had a revenue deficit of Rs. 18,356 crores, which turned into a surplus of Rs. 4,815 crores next year, and increased significantly to Rs. 12,488 crores in FY 2024. The consistent revenue surpluses have enabled the state to expand its capital outlay from Rs. 29,241 crores in FY 2020 to Rs. 56,535 crores in FY 2024.





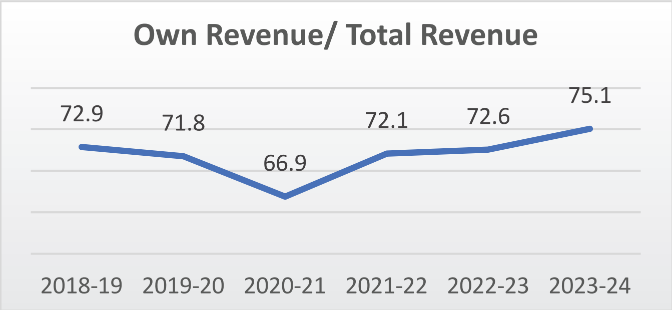


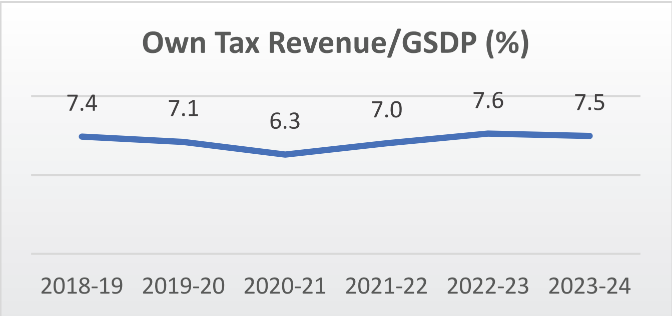


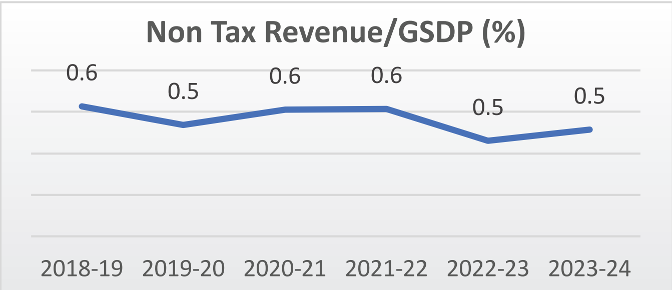
- Ratio of capital outlay to GSDP in Madhya Pradesh has reached its peak of 4.2% in FY 2024, rising from a low of 3.2% in Covid years. Since FY 2021, capital outlay has seen major increases in public health, education, water supply and sanitation, urban development and power projects.
- Interest payment as a percentage of revenue expenditure has increased to over 10% during the period 2018-2024. Since FY 2019, revenue expenditure grew at a CAGR of 9%, while the state's outstanding liabilities grew at a CAGR of 16%. Interest payments grew at 13%, while the GSDP grew at a CAGR of 10%.
- Committed expenditure of Madhya Pradesh on salary, pension and interest payments consumed around 44% of its total revenue expenditure as of FY 2024, up from 37% in FY 2019. Subsidies consumed another 9% in FY 2024, making only 47% of its revenue expenditure available for spending on the actual maintenance of assets. The CAGR of interest payments, salary and pension since FY 2019 are respectively 13%, 14% and 13%.
- Debt sustainability of Madhya Pradesh was assessed on the basis of the Domar Model. Except during the Covid year FY 2021, its GSDP growth remained well above the weighted interest rates on outstanding liabilities, which came down from 7% in FY 2019 to only 6.2% in FY 2024, satisfying the first criterion of debt sustainability. However, the primary deficit has remained elevated, even though it declined from the peak of almost Rs. 33,951 crores in FY 2021 to a low of Rs. 19,041 crores in FY 2022. It rose thereafter to Rs. 21,383 crores in FY 2024. As a result, while the debt-to-GSDP ratio initially declined from its peak of 28.8% in FY 2021, but has risen again to 29.5% in FY 2024, setting a new high. The interest burden also remains significantly high.
- This rising primary deficit indicates increased fiscal stress. Without reducing the primary deficit and improving expenditure management, debt sustainability may be affected, limiting the fiscal space for growth.

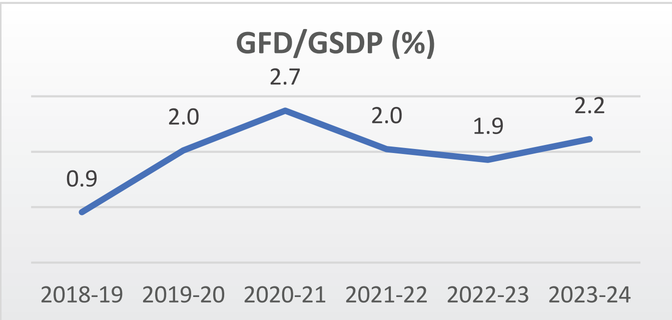
MAHARASHTRA

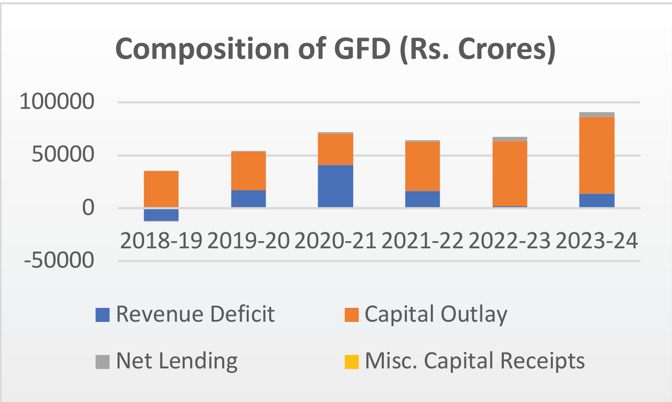
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 40,55,847 Crore	11%	Rs. 2,78,681	21%



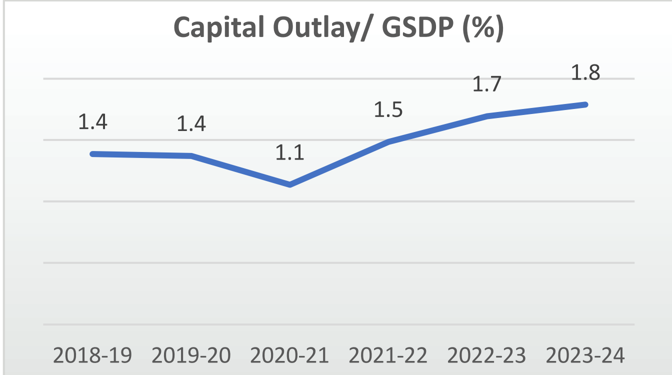


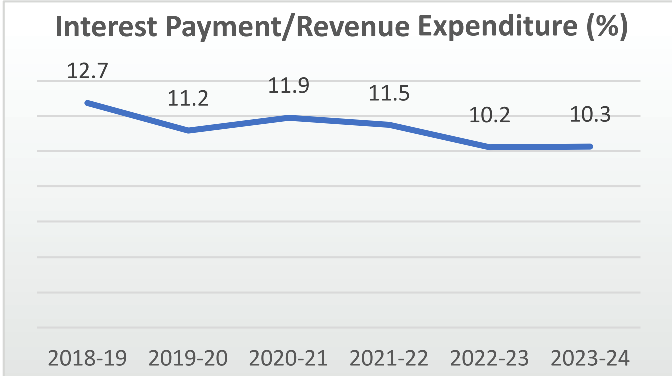


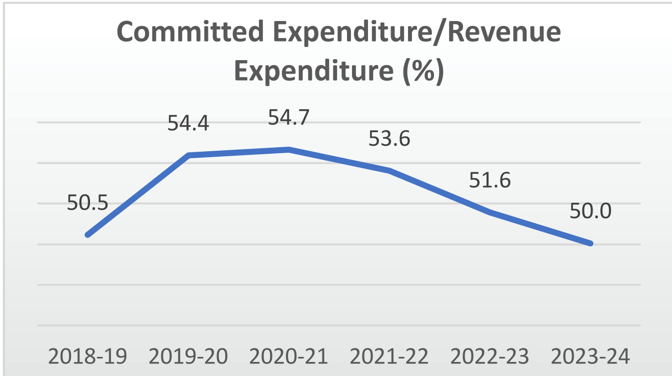


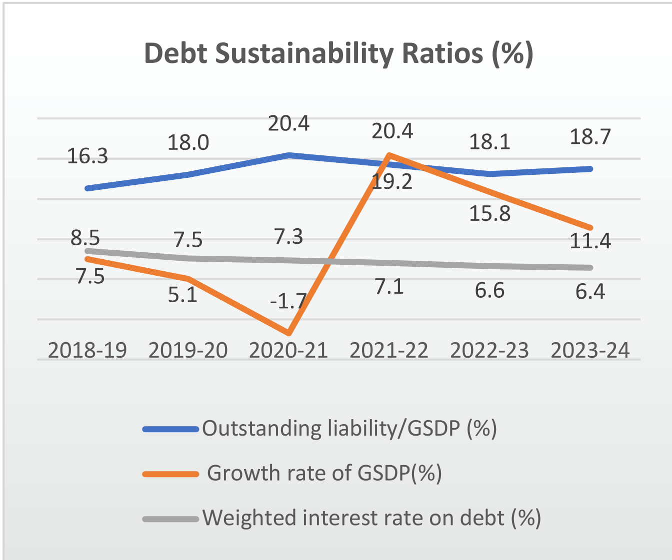


- Maharashtra's own revenue resources constituted as much as 75% of its total revenue in FY 2024, up from 67% during the Covid year 2021. Its own revenues have been growing at a CAGR of 10% since FY 2019. While its own tax revenues have grown at 10% CAGR, the CAGR of non-tax revenues have been only 6%.
- Own tax to GSDP ratio of Maharashtra at 7.5% is among the highest in the country. Since the Covid year FY 2021, Maharashtra's own tax revenues have increased due to increases in SGST (CAGR 27%), Stamp and Registration fee (CAGR 26%), taxes on vehicles (CAGR 25%), and VAT on petroleum and alcohol (at CAGR 17%).
- About a third of the total non-tax revenues of Maharashtra comes from non-ferrous mining and metallurgical industries. Other major sources of non-tax revenues are interest receipts, urban development, police and medical and public health. The growth of non-tax revenues has however remained subdued over the period, and much less than the growth of Maharashtra's GSDP (6% compared to 10% CAGR respectively during 2018-24).
- Maharashtra is well on way to fiscal consolidation. Its Gross Fiscal Deficit (GFD) as a percentage of GSDP has remained comfortably below the FRBM limit, despite rising to 2.7% in FY 2021.
- Maharashtra had surplus in its revenue account only in FY 2019, after which its deficit soared to Rs. 41,140 crore in FY 2021. However, the deficit came down to only Rs. 1,936 crores in FY 2023, after which it rose again to Rs. 13,754 crores in FY 2024. Save for a decline in FY 2021, its capital outlay has increased consistently, growing at a CAGR of 16% during 2018-24. It has increased from Rs. 35,049 crores in FY 2019 to Rs. 72,573 crores in FY 2024 and constituted 80% of its Gross Fiscal Deficit, or 13% of total disbursements in FY 2024.









- Since FY 2021, significant growth has been observed in creation of capital assets, with capital outlay rising at a CAGR of 61% in Education, 59% in Medical and Public Health, 45% in Housing, 71% in Urban Development, and over 100% in Social Welfare and Nutrition. However, the overall capital outlay remained rather modest at less than 2% of GSDP throughout.
- Interest payment as a percentage of revenue expenditure has seen a slowdown since FY 2019 both due to rising debt levels and increases in revenue expenditure. Revenue expenditure increased at a CAGR 11% over the fiscal years 2019-2024, while outstanding liabilities increased at a CAGR of 13% over this period, outpacing the CAGR of GSDP at 10%.
- Committed expenditure of the state on salary, pension and interest payments consumed around 50% of its total revenue expenditure as of FY 2024, down from the peak of 55% in FY 2021. The CAGR of interest payments, salary and pension since FY 2019 are respectively 6%, 11%, 16%.
- Maharashtra's debt sustainability was assessed using the Domar Model. Till FY 2021, the state's GSDP growth lagged behind the weighted average interest rate on outstanding liabilities which declined from 8.5% to 6.4% over the period 2018-24. Since FY 2021, the GSDP growth has exceeded the interest rate, though the interest growth rate differential has been narrowing since then. However, Maharashtra's debt ratio of 20% was moderate even during the Covid years. And though its primary deficit has more than doubled from Rs. 20,325 crores in FY 2020 to Rs. 44,908 crores in FY 2024, the interest growth rate differential was able to absorb the same. The debt ratio thus came down from the peak of 20.4% in FY 2021 to 18.1% in FY 2023. In FY 2024, it has increased to 18.7% due to high primary deficit in that year.
- The trend of rising primary deficit needs to be contained for keeping the state within the comfort zone so far as debt is concerned.

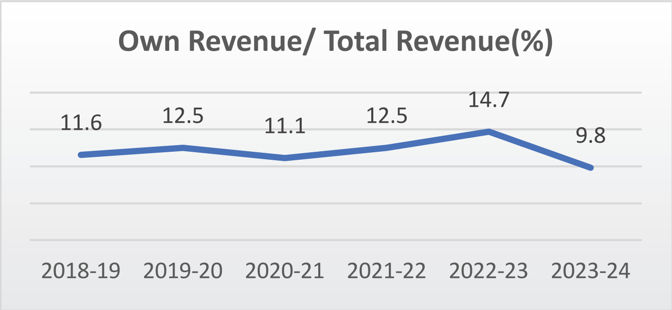
MANIPUR

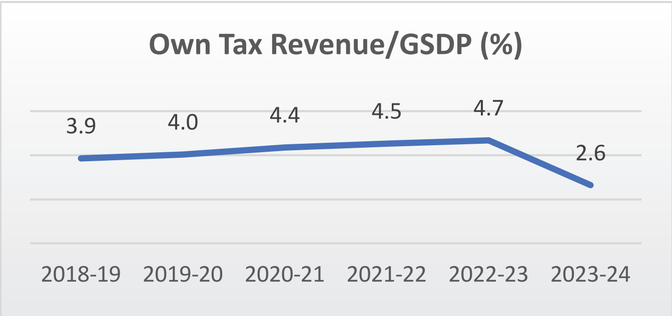
GSDP
Rs. 46,710 Crore

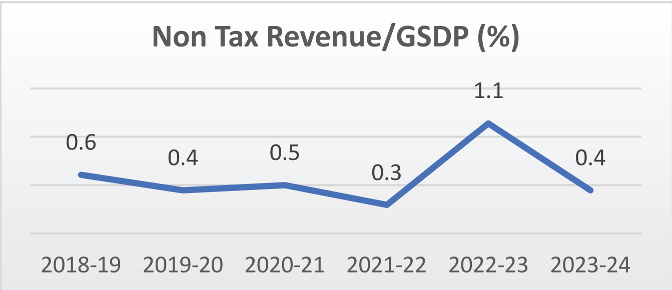
Growth Rate of GSDP
16%

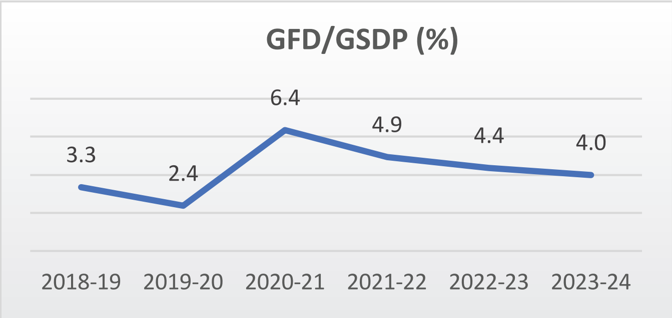
Per Capita Income
Rs. 1,28,925

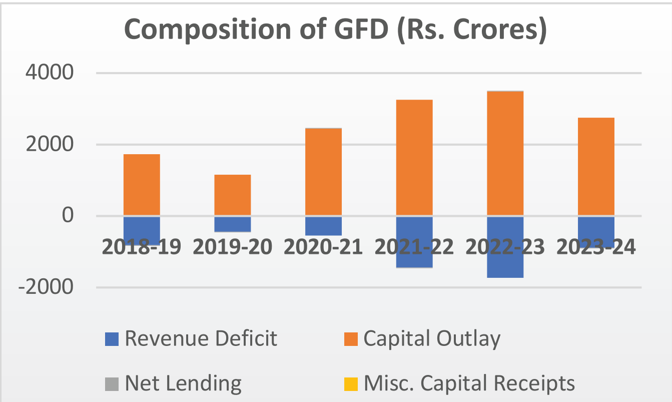
Share of Total Expenditure spent on Education and Public Health
14%



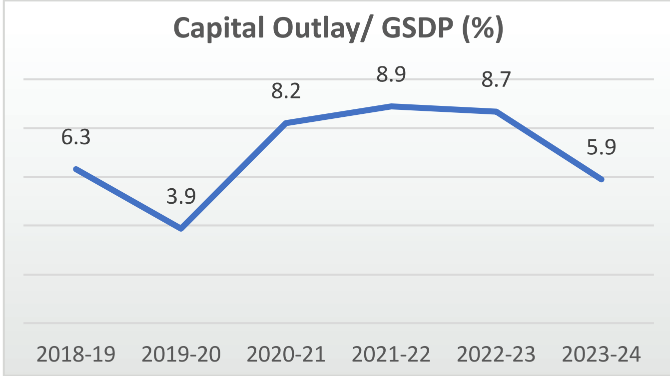


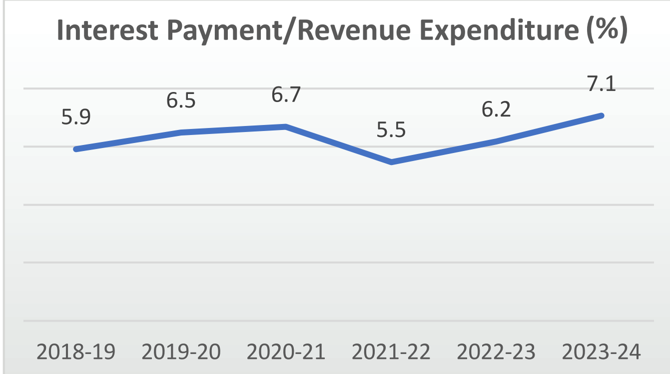


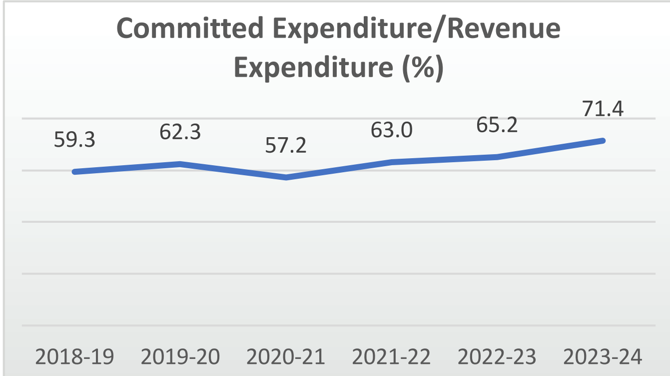


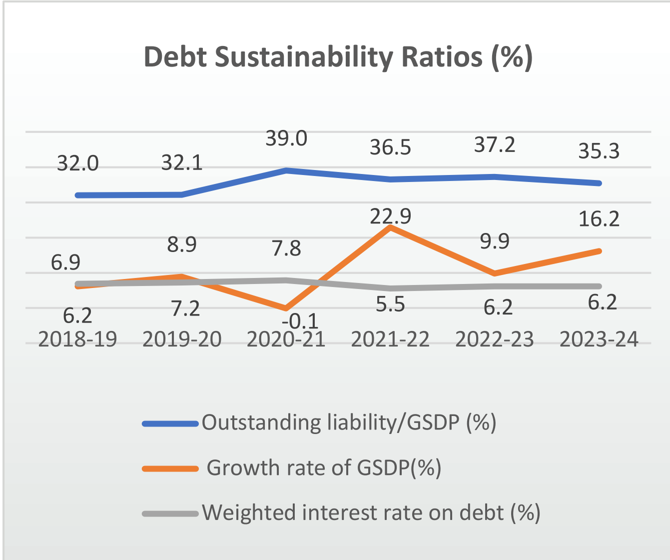


- In FY 2024, Manipur's own revenues comprised just 10% of its total revenue receipts, down from the peak of 15% recorded in the previous fiscal year, highlighting the state's continued heavy reliance on central transfers. Manipur has very little tax and non-tax revenues of its own (Rs. 1,233 crores and Rs. 209 crores respectively in FY 2024).
- Since FY 2020, Manipur's own tax revenues were on an upward trajectory, but witnessed a sharp decline in FY 2024 of almost one third compared to the previous year. This drop was primarily driven by significant reductions in key components- Collections from Sales Tax fell by 91% and SGST fell by 23%. This was caused by the political instability and widespread ethnic disturbances that singed the state during this year.
- In 2022-23, Manipur's non-tax revenue increased due to receipts from social security and welfare (Rs. 167 crores) and Education, sports, arts and Culture (Rs. 98 crores) as against the total receipt of less than 1 crore in the from these two sources in the previous year.
- The Gross Fiscal Deficit of Manipur exceeded the amended FRBMA limit of 5% of GSDP in FY 2021 and 4.5% the next year, but came within the targets thereafter, even though the targets were expanded to 5% for FY 2023 and FY 2024. Being starved of resources, there is always need for borrowing to meet the needs of expenditure, particularly on capital account.
- Manipur had a revenue surplus throughout which helped the state to increase capital outlay from Rs. 1,731 crores to Rs. 2,748 crores over the period 2018-24, while the revenue surplus increased from Rs, 813 crores in FY 2019 to a peak of Rs. 1,735 crores in FY 2023 before declining to Rs. 885 crores in FY 2024.





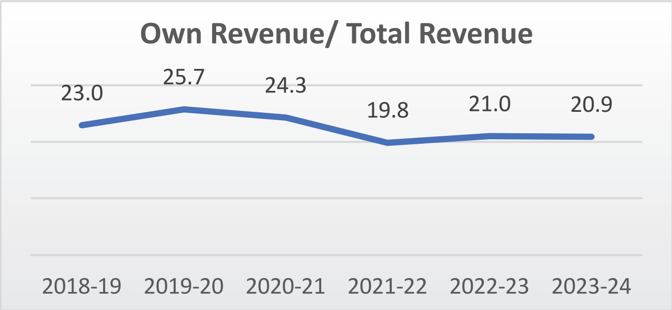


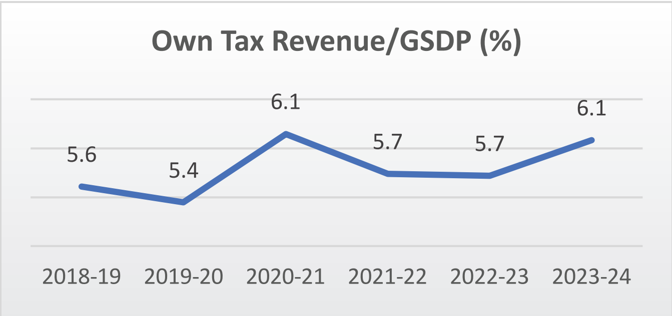


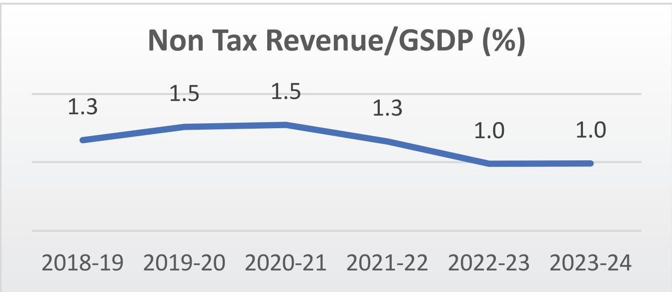
- Capital outlay saw a sharp decline after FY 2023, primarily due to significant reductions in expenditure on Health and Family Welfare (by 96%), Welfare Schemes for Backward Classes (by 83%), Major Irrigation (by 48%), and Urban Development (by 42%). Major investment areas in the state include roads and bridges, urban development, water supply and sanitation special area development programmes and welfare of SCs/STs.
- Interest payment as a percentage of revenue expenditure has increased from about 6% to over 7% during 2018-2024. The outstanding liabilities has increased at a CAGR of 13%, outpacing the GSDP growth at a CAGR of 11%, while revenue expenditure increased at a CAGR of 7%.
- Committed expenditure of the State on salary, pension and interest payments consumed over 71% of its total revenue expenditure as of FY 2023. The CAGR of interest payments, salaries, and pensions since FY 2019 has been 11% each.
- Debt sustainability of the state was assessed using the Domar Model. With the exception of FY 2021, the GSDP growth rate consistently exceeded the weighted average interest rate on outstanding liabilities—but the gap was rather narrow except in Fy 2022 and 2024. However, the state's primary deficit rose sharply from Rs. 46 crores in FY 2020 to Rs. 1,112 crores in FY 2022, before moderating a little to Rs. 886 crores in FY 2024. While the debt-to-GSDP ratio improved from 39% in FY 2021 to 35.3% in FY 2024, the persistently elevated primary deficit underscores the need for continued fiscal consolidation to ensure long-term debt sustainability.

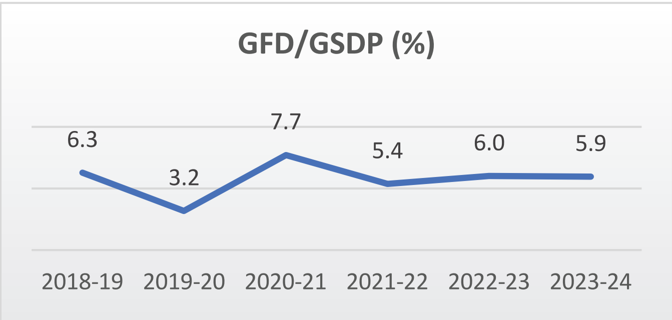
MEGHALAYA

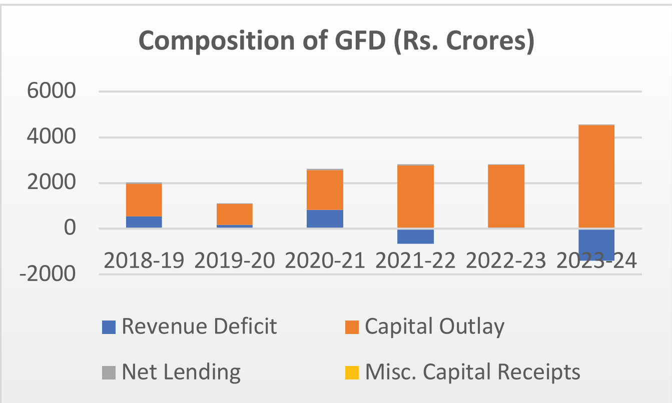
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 53,057 Crore	14%	Rs. 1,36,948	19%



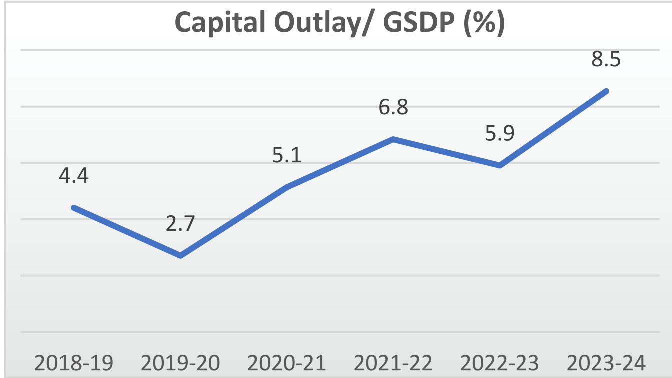


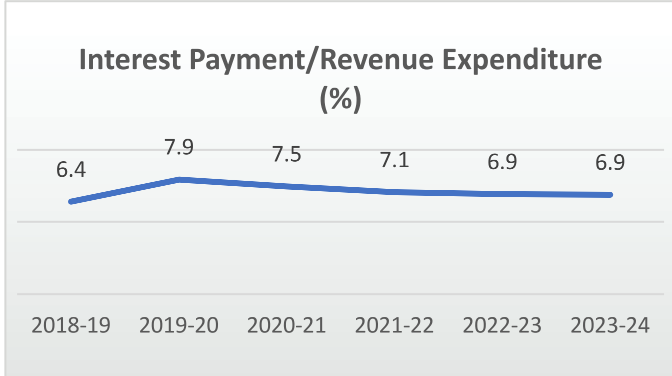


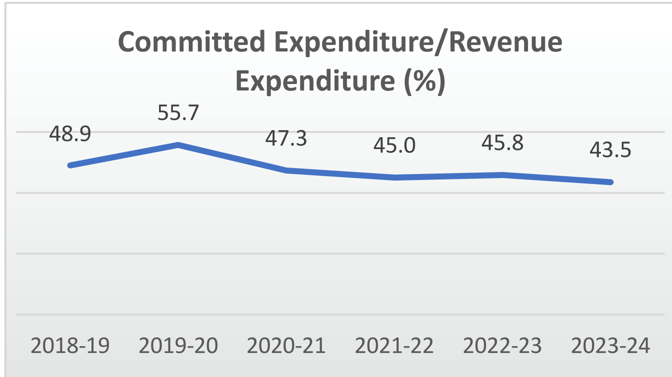


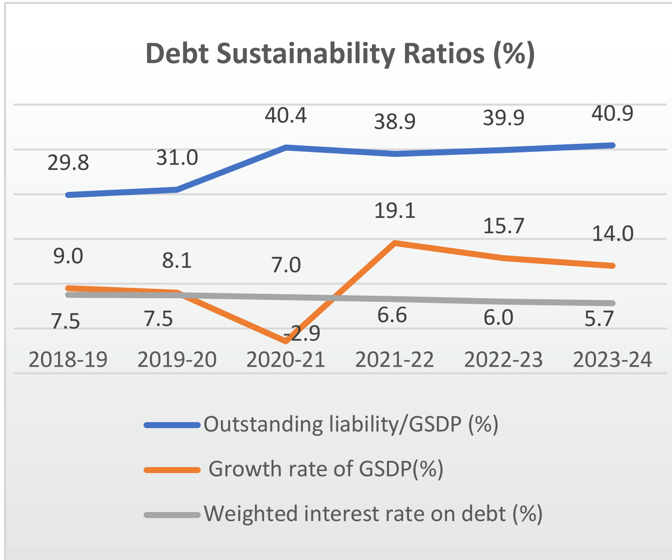


- Although Meghalaya's Own revenues have grown at a CAGR of 11% since FY 2019, the state's own revenue accounted for only 21% of its total revenue in FY 2024, highlighting its continued dependence on central transfers.
- Since the low of FY 2020, Meghalaya's own tax revenues have increased due to increases in SGST (at CAGR of 17%) and state excise (at CAGR of 13%), while the CAGR of Stamp Duty and Registration Fees was only 7%. Its total own tax revenue comprises only 18% of its total revenues for FY 2024.
- Almost the entire non-tax revenues of Meghalaya come from forestry and non-ferrous mining and metallurgical industries, mainly coal. Due to NGT/Supreme Court imposed restrictions on both these in the past, its non-tax revenue has fallen from Rs. 685 crores in FY 2017 to Rs. 456 crores in FY 2023 but has seen a marginal increase to Rs. 523 crores in FY 2024.
- The Gross Fiscal Deficit of Meghalaya has consistently breached the FRBM Act limits, peaking at 7.7% in FY 2021 as against FRBMA target of 5% in that year. Although it has marginally declined since then, it still remains way above the prescribed threshold of 3.5% in FY 2024.
- The main reason for such high levels of fiscal deficit is increasing investment on capital assets which grew at a CAGR of 26% between FY 2019 and 2024, while its revenue account was reasonably managed. The revenue deficit of Rs. 537 crores in FY 2019 became a surplus of Rs. 654 crores in FY 2022 after peaking during the Covid year 2021 at Rs. 815 crores. The revenue balance in FY 2023 was a small negative of only Rs. 44 crores which again reversed into a huge surplus of Rs. 1,394 crores in FY 2024. This enabled the state to increase its capital outlay so substantially.









- In FY 2020, Meghalaya's capital outlay had slumped to Rs. 940 crores capital outlay but more than trebled from to Rs. 4,529 crores in FY 2024. Notable increases include the education sector, where capital outlay grew from nil in FY 2020 to Rs. 193 crores in FY 2024, and the power sector, which witnessed an almost twofold increase in FY 2024.
- Interest payments as a percentage of revenue expenditure have been declining since FY 2020 not due to a reduction in debt levels, but because of a sharp increase in revenue expenditure. While revenue expenditure grew at a CAGR of 15% during this period, outstanding liabilities increased at a higher CAGR of 19%. Interest payments grew at a CAGR of only 11% since FY 2020.
- Committed expenditure of the state on salary, pension and interest payments consumed over 44% of its total revenue expenditure as of FY 2024, down from the peak of 56% in FY 2020. The CAGR of interest payments, salary and pension since FY 2020 are respectively 11%, 6%, 12%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2021, the GSDP growth had exceeded the weighted average rate of interest on outstanding liabilities, satisfying the first criterion of debt sustainability. However, the primary deficit had surged from Rs. 345 crores in FY 2020 to Rs. 1,745 crores in FY 2021 to Rs. 2,014 crores in FY 2024. The interest-growth rate differential has not been enough to absorb the rising primary deficits. As a result, the debt ratio has been increased 29% in FY 2019 to as much as 41% in FY 2024, which ratio is among the highest in India.
- The trend of rising primary deficit indicates that the state is yet far from achieving debt sustainability. Further fiscal consolidation is essential to stabilize debt levels and ensure long-term fiscal stability.

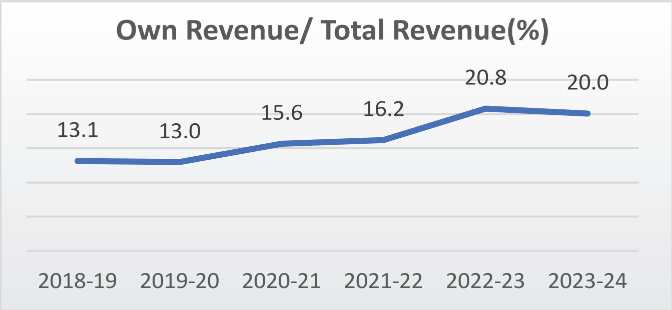
MIZORAM

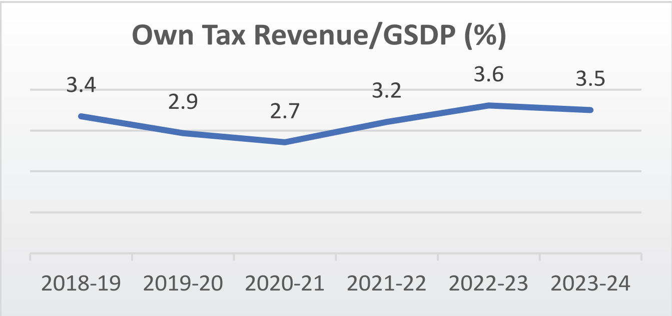
GSDP
Rs. 34,289 Crore

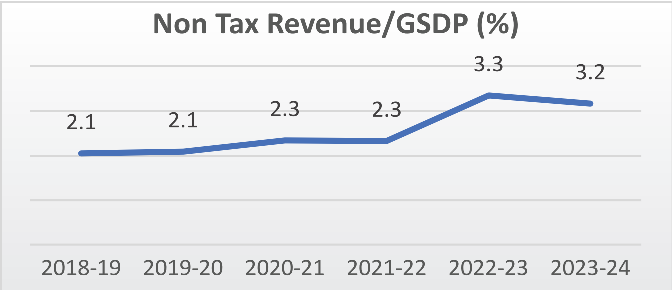
Growth Rate of GSDP
12%

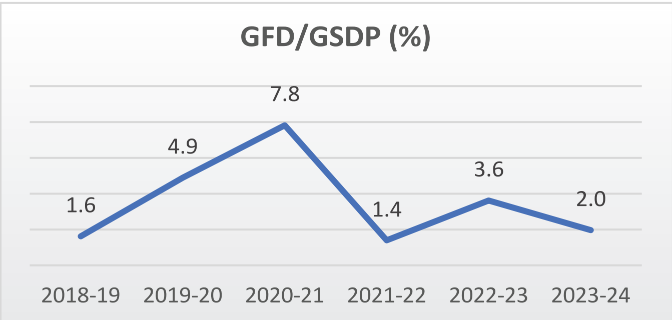
Per Capita Income
Rs. 2,35,823

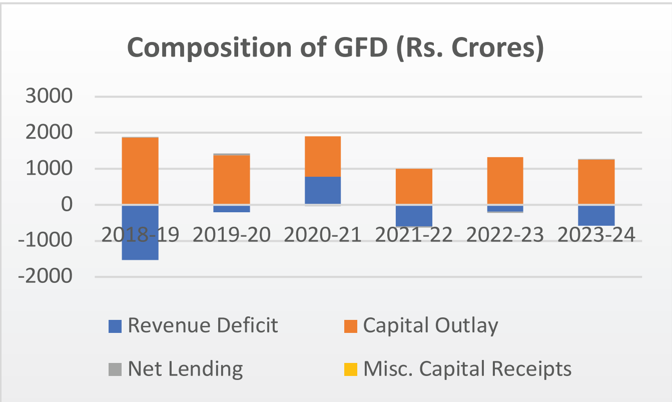
Share of Total Expenditure spent on Education and Public Health
14%



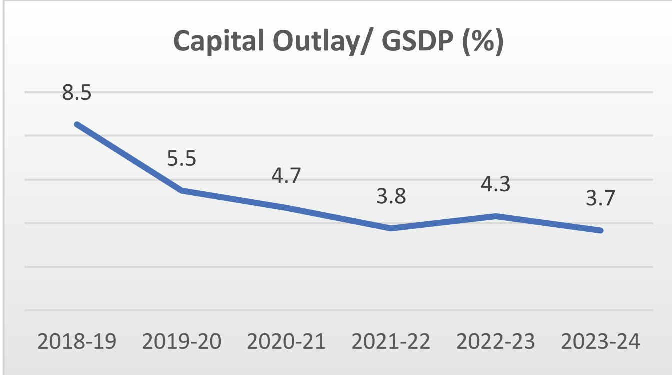


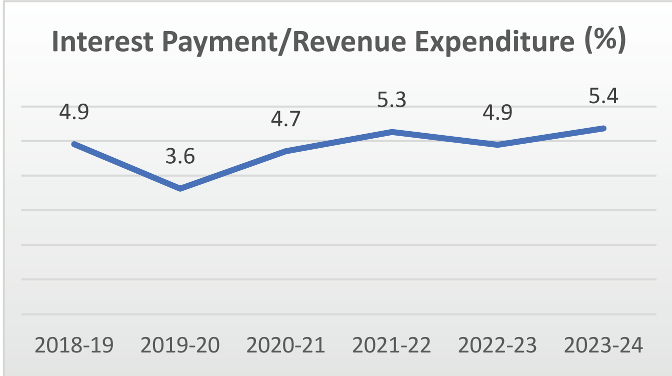


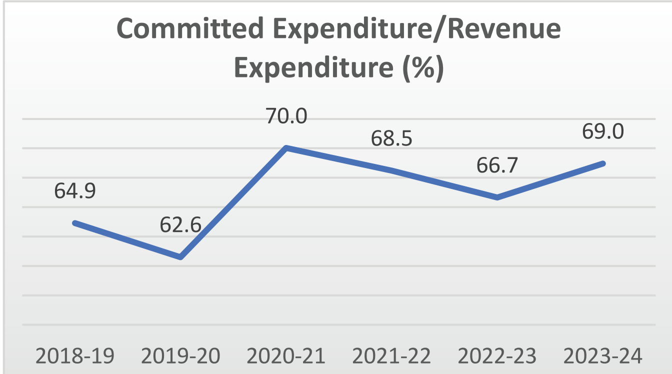


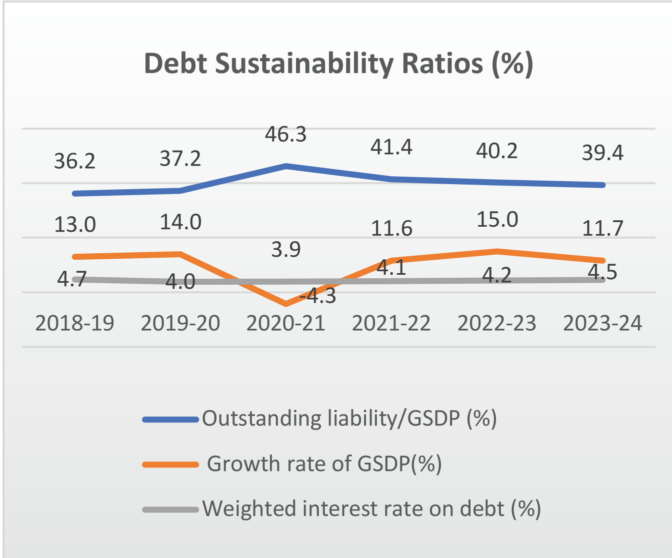


- Although Mizoram's own revenues have grown at a robust CAGR of 14% since 2018, the state's own revenue accounted for only 20% of its total revenue in FY 2024, highlighting its continued dependence on central transfers.
- Mizoram's Own Tax to GSDP ratio has remained around 3.5% throughout save the Covid years. Since FY 2021, key components of its own tax revenue have shown strong growth- SGST at a CAGR of 28%, Stamp and Registration Fees at 53%, Taxes on Vehicles at 17%, and State Excise at 39%.
- As of FY 2024, over 50% of Mizoram's non-tax revenue was contributed by the power sector. However, despite being the largest source, power receipts declined by 22% between FY 2023 and FY 2024. Overall, Mizoram's non-tax revenue has shown growth, increasing from Rs. 562 crores in FY 2021 to Rs 1,085 crores in FY 2024, reflecting a CAGR of 25%.
- Mizoram's Gross Fiscal Deficit (GFD) surged to 7.8% of GSDP in the Covid year FY 2021, but saw a sharp decline in subsequent years from 8% during FY 2021 to 2% in FY 2024, largely driven by a revenue surplus. In the post-COVID period, the GFD has generally remained comfortably below the FRBM threshold of 3% of GSDP, with the exception of FY 2023, when it marginally exceeded the limit.
- Except for the Covid year 2021, Mizoram maintained a revenue surplus throughout. As the economy recovered, Mizoram started generating revenue surpluses again, which declined from Rs. 1,534 crores in FY 2019 to only Rs. 577 crores in FY 2024. The capital outlay of the state which was Rs. 1,868 crores in FY 2019, also came down to Rs. 1,254 crores in FY 2024. Fiscal deficit of the state came down as a result, but given that there was still some borrowing space available, the state could have increased its capital outlay.









- Since FY 2018, the capital outlay had been plummeting, reversing the trend only after FY 2022 but dipped again in FY 2024. Notably, investments in medical and public health rose from Rs. 81 crores in FY 2022 to Rs. 134 crores in FY 2023, before falling to Rs. 84 crores in FY 2024. Outlay on power projects almost halved from Rs. 110 crores to Rs. 65 crores between FY 2019 and FY 2024.
- Interest payment as a percentage of revenue expenditure has increased to 5.4% in FY 2024 from a low of 3.6% in FY 2020. Revenue expenditure has increased at a CAGR of 8% since FY 2021, while interest payment has been growing at a higher CAGR of 13% indicating higher liability of the state.
- Committed expenditure of the state on salary, pension and interest payments consumed 69% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension since FY 2021 are respectively 14%, 10% and 22%.
- The debt sustainability of Mizoram was assessed using the Domar Model. In FY 2021, GSDP growth fell sharply to -4.3%, below the weighted average interest rate of 3.9% on outstanding liabilities. However, growth rebounded after FY 2021 and the growth rate remained above the interest rate, though the gap has narrowed in 2024. Mizoram recorded a high primary deficit of Rs. 1,468 crores in FY 2021, followed by a modest surplus of Rs. 78 crores in the next year. The deficit widened again to Rs. 614 crores in FY 2023 but was significantly reduced to Rs. 96 crores in FY 2024. Its debt ratio has thus come down from a high level of 46% of GSDP in FY 2021 to above 39% in FY 2024, which is still very high for a small state like Mizoram, and it is way above the limit of 33.1% suggested by the 15th Finance Commission.

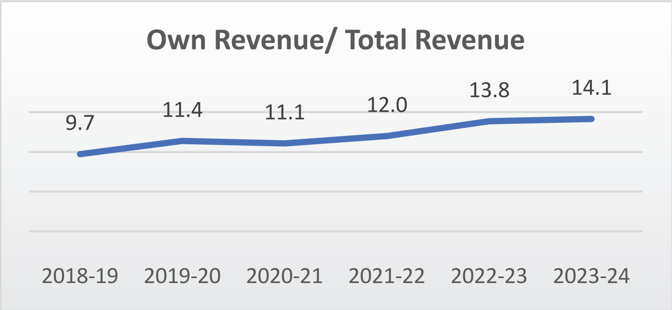
NAGALAND

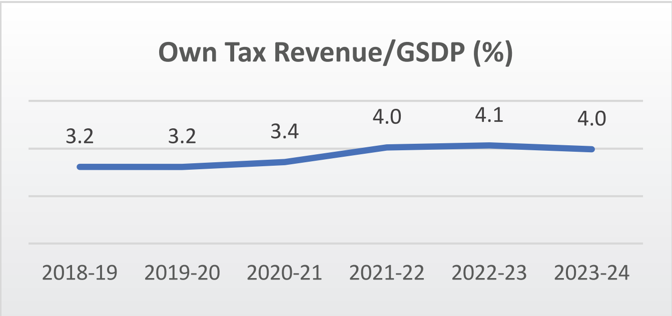
GSDP
Rs. 40,414 Crore

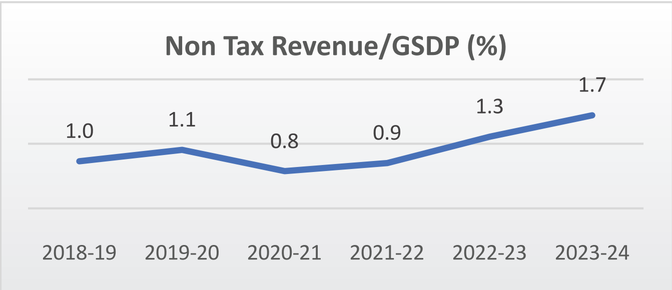
Growth Rate of GSDP
13%

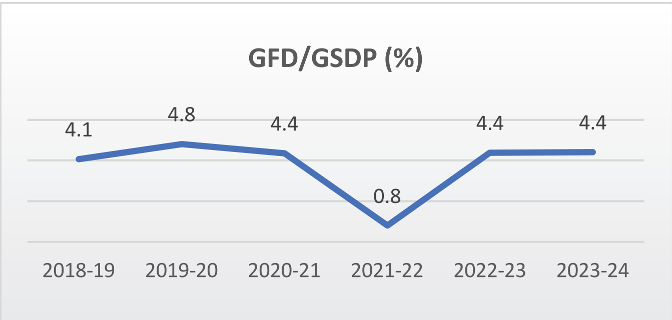
Per Capita Income
Rs. 1,58,730

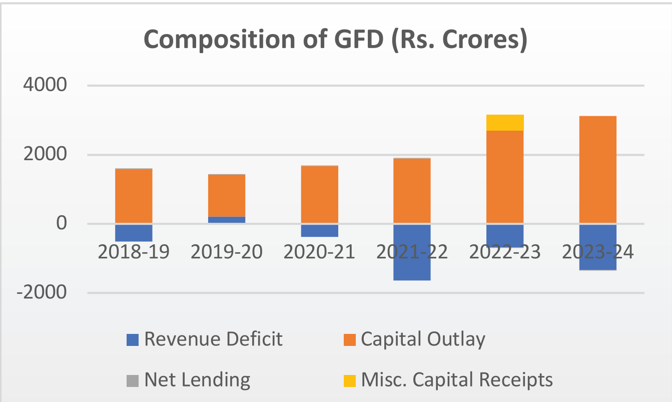
Share of Total Expenditure spent on Education and Public Health
16%



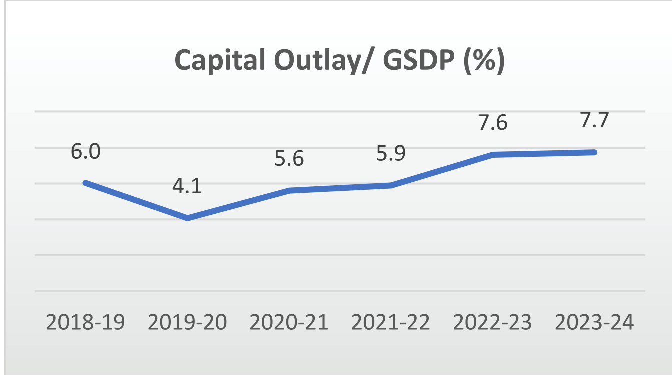


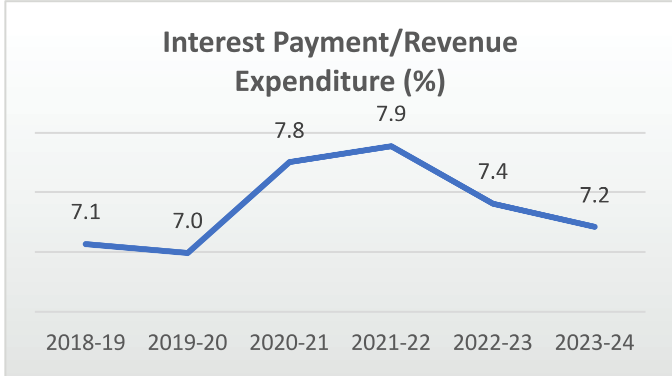


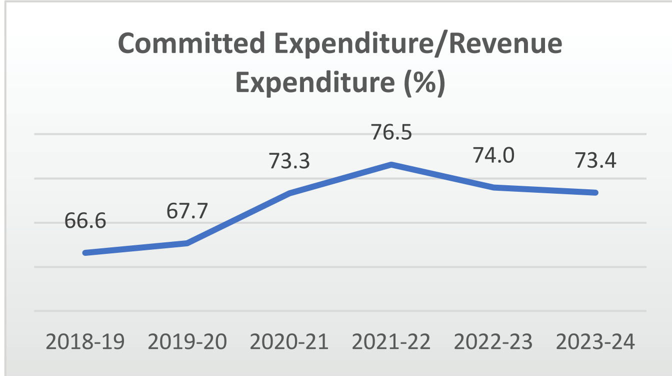


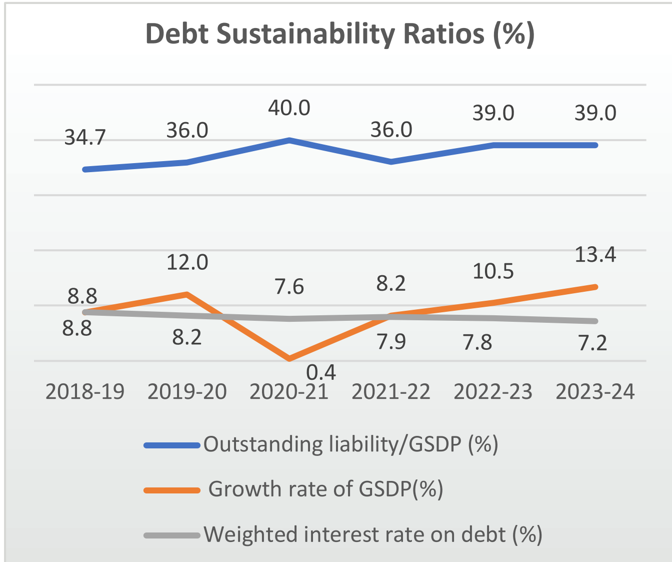


- Nagaland's own revenues have grown at a robust CAGR of 16% since 2019. However, the state's own revenue accounted for only 14% of its total revenue in FY 2024, highlighting its continued heavy dependence on central transfers. Its own tax revenue increased at a CAGR of 13%, while non-tax revenues increased at a CAGR of 22% since FY 2019.
- The state's own tax to GSDP ratio has seen an improvement over the period 2018-24, rising to 4% of GSDP in FY 2024. SGST has grown at a CAGR of 18% and Stamp and Registration Fees increased at a CAGR of 11% overall since FY 2019, while the growth of its own taxes accelerated after FY 2021.
- As of FY 2024, over 80% of Nagaland's non-tax revenue was contributed by the Power and the Police Departments. Overall, non-tax revenue witnessed robust growth, rising from Rs. 242 crores in FY 2021 to Rs. 678 crores in FY 2024, reflecting a compound annual growth rate (CAGR) of 41% during this period. This surge was primarily driven increase in Police receipts from only Rs. 2 crores to Rs. 251 crores between 2018-24.
- Nagaland's fiscal deficit to GSDP ratio remained above 4% except in FY 2022, when it recorded a sharp decline to 0.8%, aided by a large revenue surplus due to higher central transfers. The amended FRBMA of Nagaland fixed fiscal deficit targets at 5%, 4% and 3.5% for FY 2021, 2022 and 2023 respectively and 3% thereafter. The state has breached the limits both in FY 2023 and 2024.
- Except for FY 2020, Nagaland has consistently generated revenue surpluses. With the post-Covid economic recovery, the state increased the revenue surplus to Rs. 1,634 crores in FY 2022, up from Rs. 375 crores in FY 2021. The revenue surpluses enabled the state to increase the capital outlay from Rs. 1,594 crores in FY 2019 to Rs. 3,122 crores in FY 2024, growing 14% CAGR, and accounting for 15% of the total state expenditure in FY 2024.





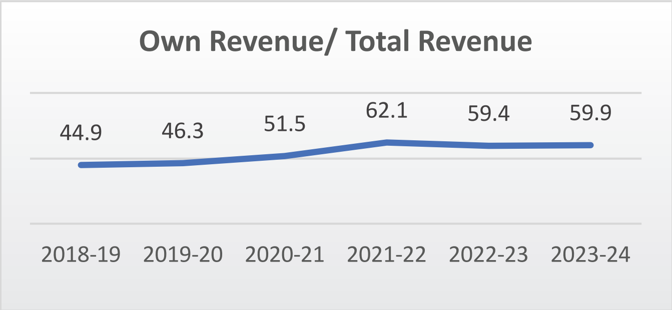


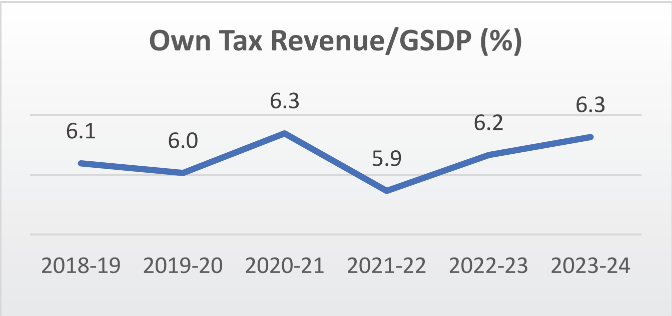


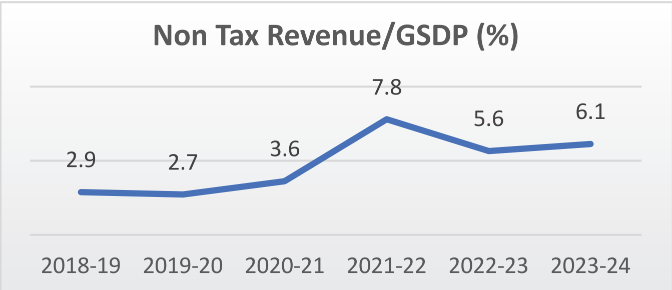
- Nagaland's capital outlay has grown at a CAGR of 27% since FY 2020. Notably, capital investments witnessed significant growth in key sectors such as urban development grew at a CAGR of 31%, Public works at 41%, Roads and Bridges at 35% since FY 2020. These trends indicate a strategic push towards improving urban infrastructure and enhancing road connectivity across the state.
- Interest payment as a percentage of revenue expenditure rose to a peak of 7.9% in FY 2022 before coming down to 7.2% in FY 2024. Interest payment increased at a CAGR of 7% since FY 2019, while Revenue expenditure grew at a CAGR of 6%. Outstanding liabilities grew at 11% CAGR since FY 2019.
- Committed expenditure of the state on salary, pension and interest payments consumed around 73% of its total revenue expenditure as of FY 2024, up from 67% in FY 2019. The CAGR of interest payments, salary and pension since FY 2019 are respectively 7%, 6% and 15%.
- The debt sustainability of Nagaland was assessed using the Domar Model. In FY 2021, GSDP growth fell to 0.4%, much below the weighted average interest rate of 7.6% on outstanding liabilities. However, growth rebounded in subsequent years and the grow rate remained above the interest rate, with the interest growth rate differential widening in recent years. The primary account generated a surplus of Rs. 672 crores in FY 2023, easing the pressure on debt and bringing the debt ratio from 40% to 36% in that year, but it has been rising again due to high primary deficits. The debt ratio of 39% as in FY 2024 for a small resource starved state like Nagaland makes it highly vulnerable.
- The persistence of high primary deficits indicates that the state is still far from achieving debt sustainability.

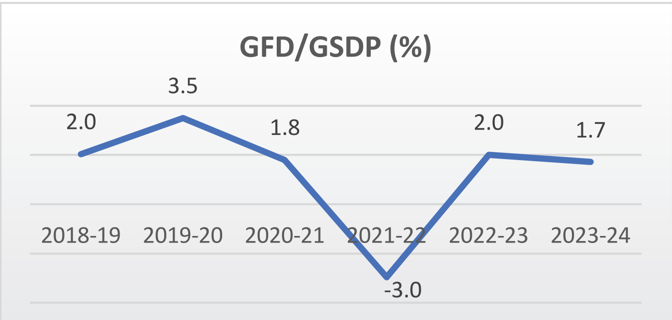
ODISHA

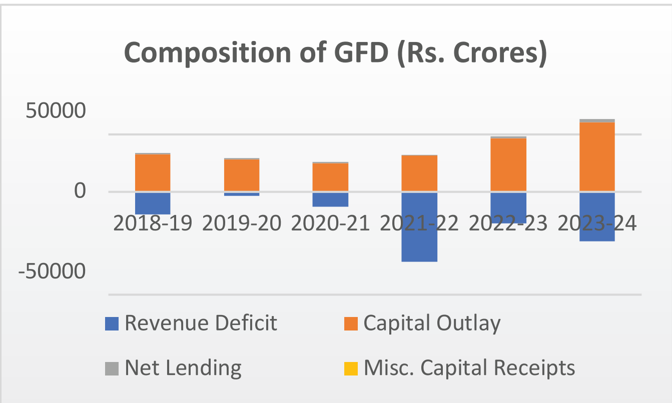
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 8,62,658 Crore	14%	Rs. 1,65,068	21%



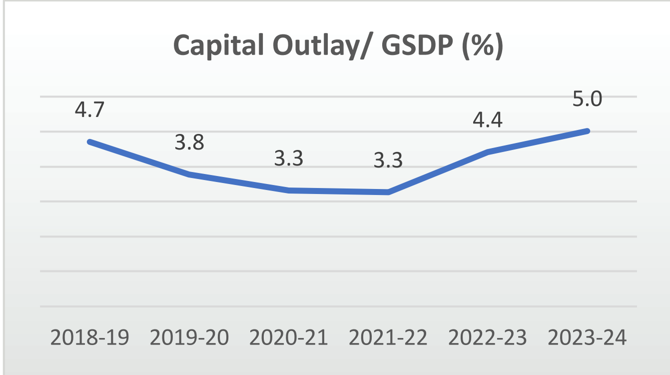


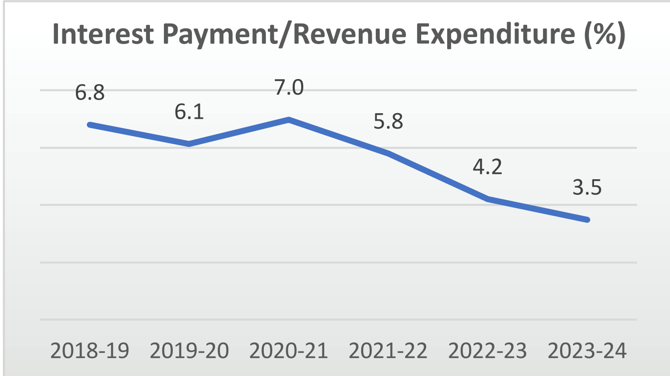


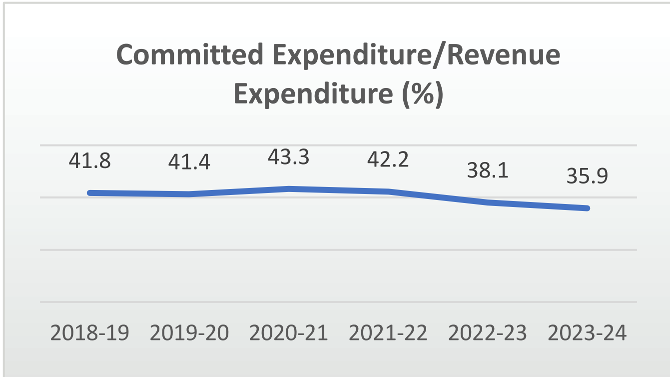


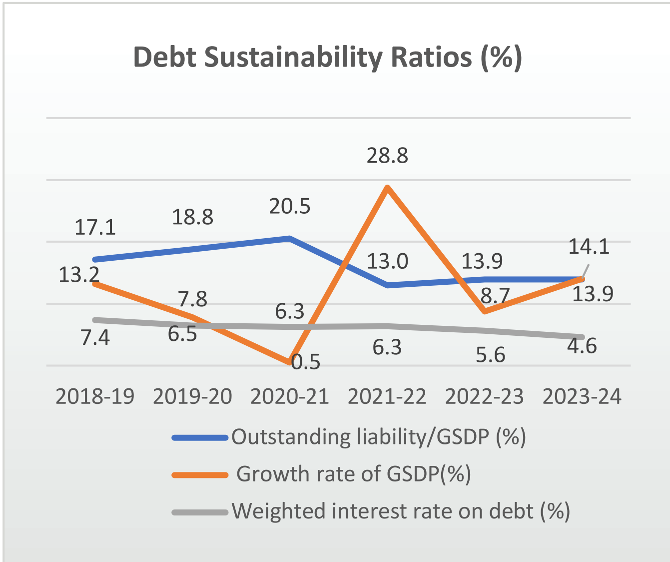


- In the post-Covid years, Odisha has been earning about 60% of its revenues from its own resources. Between FY 2019 and 2024, its own revenues have grown at a CAGR of 19%. While its own tax revenues have grown at a CAGR of 12%, the non-tax revenues have grown at an impressive CAGR of 30%.
- Odisha's own tax to GSDP ratio has practically remained the same over these years. Increases in tax revenues after FY 2020 is due to improvement in collections from SGST (at CAGR 16%), stamp duty and registration fees (10%), state excise (13%), electricity duty (12%), sales tax on petroleum and alcohol (14%).
- Odisha's non-tax revenues jumped more than threefold after auctioning of mines in FY 2022 and consequent increase in receipts from non-ferrous mining and metallurgical industries, raising the non-tax revenue to GSDP ratio to almost 8%. It declined to 6% in FY 2024 due to reduction in interest receipts. Non-ferrous mining and metallurgical industries contributed 85% of the state's total non-tax revenue in FY 2024, down from 88% in the previous year.
- Unlike most other states, Odisha witnessed improvement in its fiscal position between FY 2020 and FY 2022, when there was a fiscal surplus of Rs. 20,627 crores, equivalent to 3% of GSDP on account of high non-tax receipts in that year. Though the surplus was short lived, Odisha's gross fiscal deficit hasn't gone beyond 2% since then.
- Odisha has consistently maintained surplus in its revenue account which surged to Rs. 43,472 crores in FY 2022. While it moderated to Rs. 30,761 crores in FY 2024, the sustained surplus has provided the state with ample fiscal space to significantly increase its capital outlay, which nearly doubled from Rs. 22,725 crores in FY 2022 to Rs. 43,273 crores in FY 2024, accounting for 21% of its total disbursements.









- Since FY 2022, Odisha has significantly scaled up its capital outlay, driven by substantial increases in key developmental sectors. Public Works saw a robust growth at a CAGR of 55%, while expenditure on the welfare of SC, ST, and OBC communities increased at a CAGR of 42%. Additionally, urban development spending more than doubled, and investments in overall irrigation projects rose by over 50%.
- Interest payments as a percentage of revenue expenditure in Odisha have sharply declined from a peak of 7% after FY 2021, primarily due to a reduction in outstanding liabilities. While revenue expenditure increased at a CAGR of 16% since FY 2021, outstanding liabilities increased at a CAGR of only 3%. Interest payments decreased by a CAGR of 8% over the same period.
- As of FY 2024, Odisha's committed expenditure has declined to about 36% of total revenue expenditure, down from its peak of 43% in FY 2021. This reduction is largely attributed to decline in interest payments. Interest payments, salary and pension expenditures grew at respective CAGRs of -2%, 8% and 14%, since FY 2019.
- Debt sustainability of the state was calculated on the basis of the Domar Model. Except for FY 2021—when the weighted average interest rate on outstanding liabilities exceeded the GSDP growth rate — the state's GSDP growth rates have outpaced its interest rates. In FY 2022, the interest growth rate differential zooned beyond 22% and the primary deficit of Rs. 3,142 crores in FY 2021 reversed into a substantial primary surplus of Rs. 26,970 crores in FY 2022, bringing down the debt ratio to only 13% of GSDP. The differential between growth and interest narrowed to only 3% in the next year before widening to around 10% in FY 2024, while the primary account generated deficit of around Rs. 10,000 crores in the next two years, but the interest-growth rate differential debt ratio absorbed most of it, with the debt ratio rising only marginally to 14% in FY 2024, which is highly sustainable.
- Odisha remains among the states that have well managed their public finances.

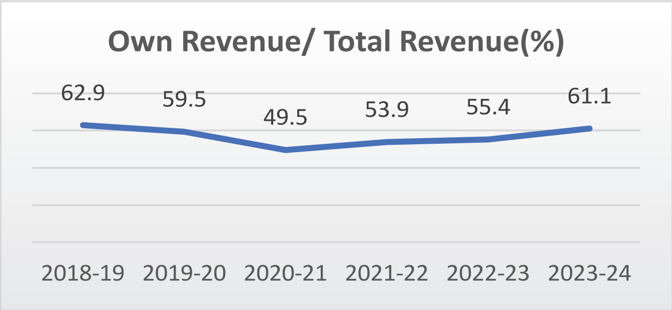
PUNJAB

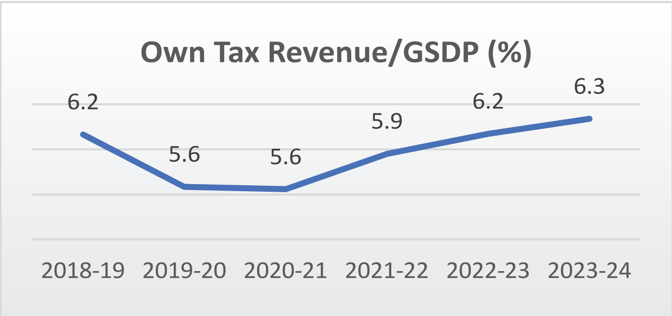
GSDP
Rs. 7,45,820 Crore

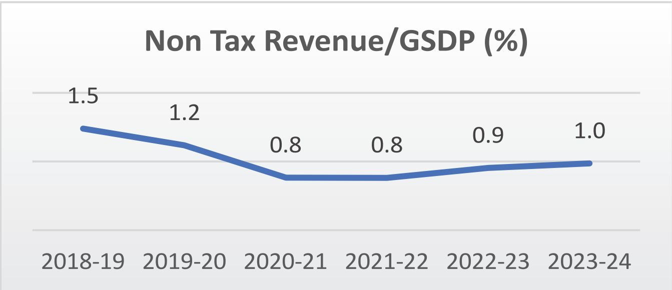
Growth Rate of GSDP
9%

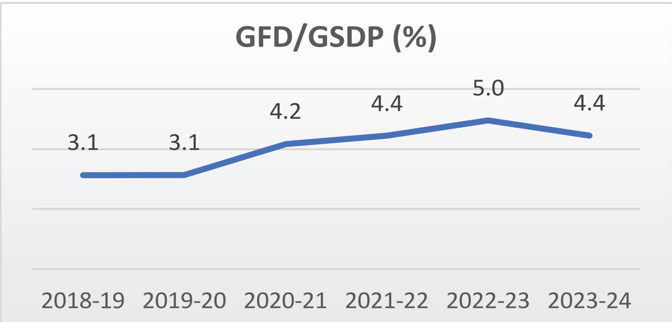
Per Capita Income
Rs. 1,95,031

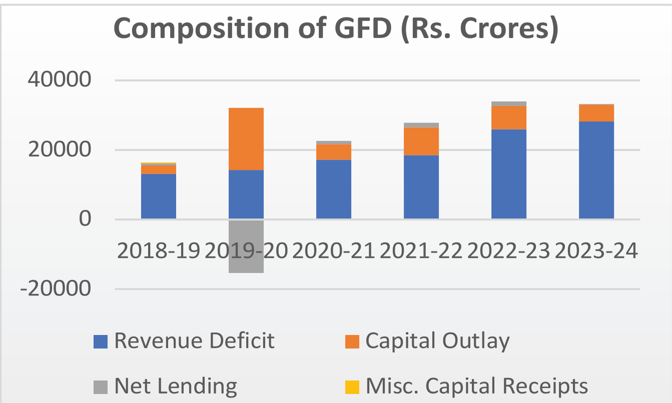
Share of Total Expenditure spent on Education and Public Health
11%



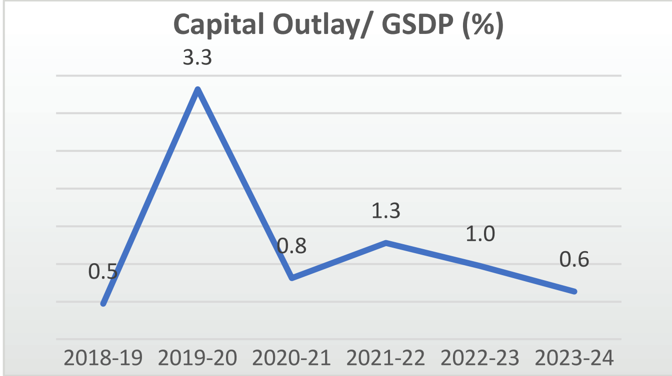


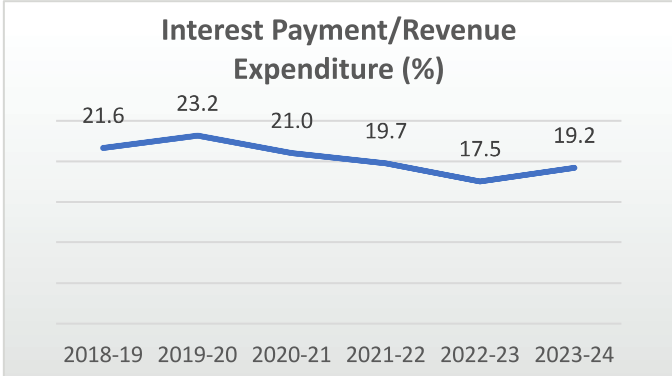


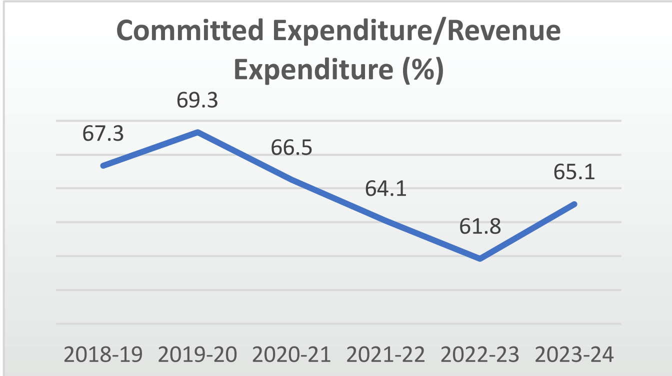


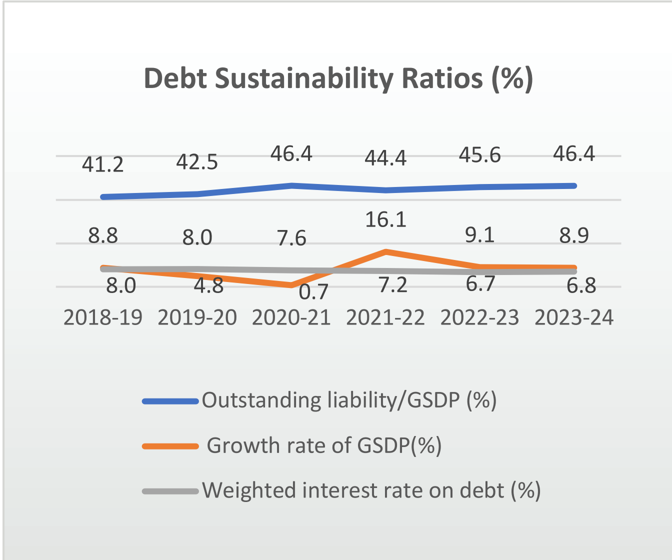


- Punjab now raises 61% of its total revenue from its own resources, compared to 79% in FY 2013. However, since FY 2021, its own revenues have been increasing at a CAGR of 17%, CAGR of 16% for tax revenues and CAGR of 20% for non-tax revenues.
- In FY 2021, Punjab's own tax revenues had actually declined by almost Rs. 1,600 crores compared to FY 2019, plunging its own tax to GSDP ratio to only 5.6%. Most of the decline came from SGST (Rs. 932 crores) and Taxes on Vehicles (Rs. 522 crores). Tax revenues started increasing since then, and most of the increases came from SGST (CAGR 21% since FY 2021), Stamp duty and registration fees (CAGR 21%), Motor Vehicles tax (CAGR 26%), and state excise (CAGR 14%). In FY 2024, Punjab collected 61% of its total revenue from its own resources.
- Punjab's non-tax revenues declined from 1.5% of GSDP in FY 2019 to only 0.8% in 2021 and 2022, due to steep decline in interest receipts from Rs. 2,106 crores in FY 2020 to only Rs 144 crore and Rs. 181 crores in the next two years. The ratio of non-tax revenue to GSDP increased to 1% in FY 2024 due to heavy receipts from Misc. General Services -Other Receipts.
- Punjab is a fiscally stressed state with fiscal deficit reaching 5% of GSDP in FY 2023. Though it has come down by a little in FY 2024, it is still higher than the limit.
- The rise on fiscal deficit is due to uncontrolled increase in revenue deficit which soared from Rs. 17,296 crores in FY 2021 to Rs. 28,215 crores in FY 2024, forcing the state to lower its capital outlay by almost 75%, from Rs. 17,828 crores to only Rs. 4,743 crores during 2021-2024. The fiscal deficit of Punjab more than doubled from Rs. 16,059 crores to Rs. 33,115 crores between FY 2019 and 2024. One reason was increasing expenditure on subsidies, the subsidy expenditure increased at a CAGR of 24% between FY 2021 and FY 2024, from Rs. 9,748 crores to Rs. 18,770 crores.





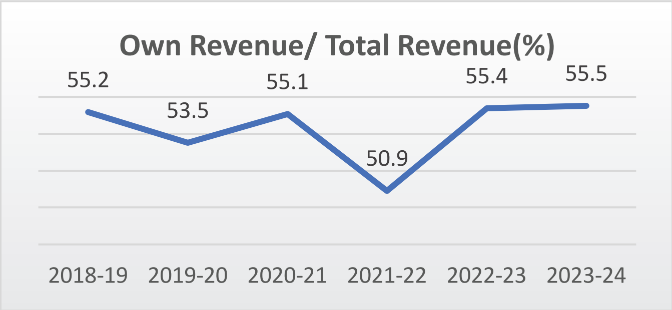


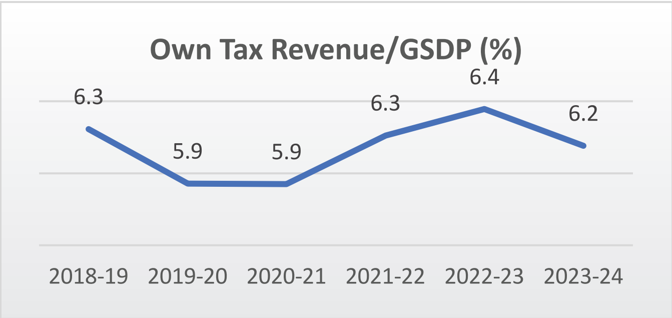


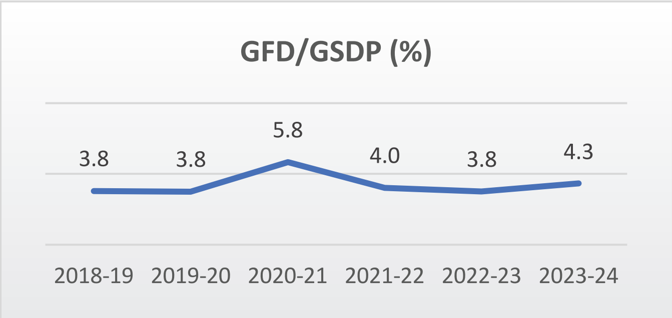
- Punjab's capital outlay declined from a peak of 3.3% of GSDP in FY 2020 to only 0.6% in FY 2024. The decline was most pronounced in power projects (from Rs. 15,628 crores to nil). In FY 2020, Punjab invested that amount in the share capital of Punjab State Power Corporation Limited.
- Punjab is the state with the highest debt ratio in India. Interest payment as a percentage of revenue expenditure has, however, been falling since FY 2020 because of faster increases in revenue expenditure. Since FY 2020, revenue expenditure of Punjab has increased at a CAGR of 12%, while the state's outstanding liabilities increased only by 11%, and interest payments by 6%. While the state's outstanding liabilities grew at a CAGR of 10% during 2018-24, its GSDP increased at a CAGR of only 8% over this period.
- Committed expenditure of the state on salary, pension and interest payments consumed 65% of its total revenue expenditure as of FY 2024, down from the peak of 72% in FY 2018. The CAGR of interest payments, salary and pension since FY 2019 are 7%, 7%, 15% respectively. Punjab is one of the states that reverted to the old pension scheme.
- Debt sustainability of the state was assessed on the basis of the Domar Model. In FY 2020 and 2021, the GSDP growth had plummeted far below the weighted average rate of interest on outstanding liabilities which declined from 8% to 6.8% between FY 2019 and 2024. Even during the other years except FY 2022, the interest growth rate differential was too narrow to absorb the worsening primary balance which reversed from a surplus of Rs. 741 crores in FY 2020 to a huge deficit of Rs. 14,025 crores in FY 2023, before moderating a little to Rs. 10,563 crores in FY 2024, making Punjab's debt level highly unsustainable. Its debt ratio of 46.4% as of FY 2024 is the highest among all Indian states.
- With such a high debt level, the state remains extremely vulnerable to economic shocks and ranks among the worst fiscally stressed states of India.

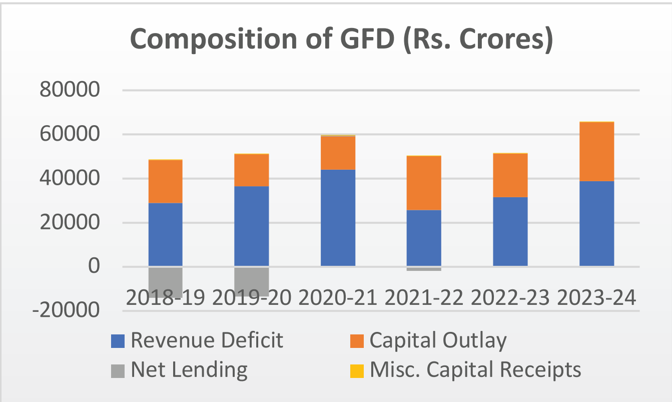
RAJASTHAN

GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 15,21,510 Crore	12%	Rs. 1,66,647	17%

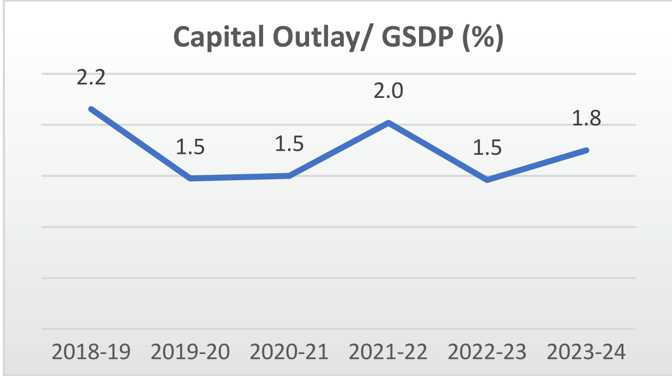


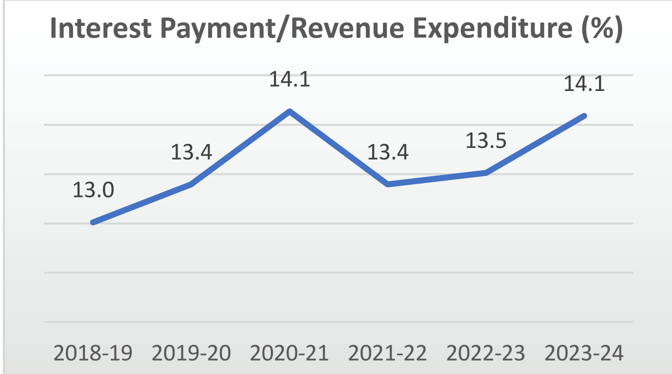


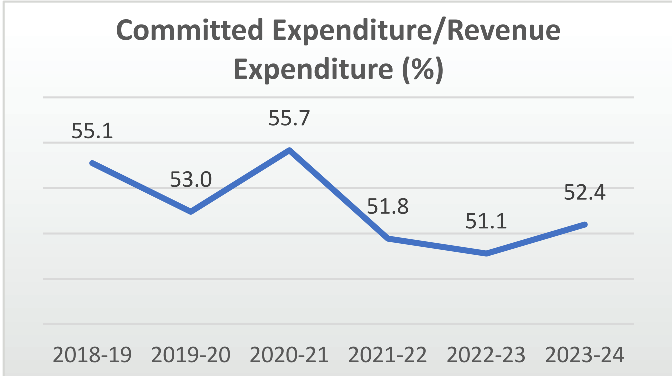


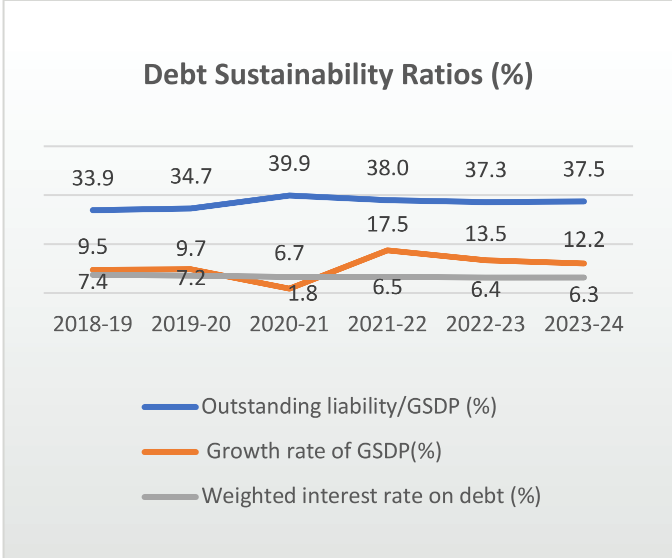


- From the earlier peak of 55% in FY 2021, Rajasthan's share of own revenues in total revenues dropped to 51% in the next fiscal. The ratio has since recovered and exceeded the previous peak in FY 2024. Over the period 2018-20, Rajasthan's own revenues grew at a CAGR of 8%. Its non-tax revenues practically remained stagnant during this period.
- Rajasthan's own tax to GSDP ratio declined from 6.3% in FY 2019 to a low of 5.9% during the Covid years 2020 and 2021, but has since recovered. After peaking at 6.4% in FY 2023, it declined marginally to 6.2% in FY 2024. Between FY 2021 and 2024, the state's own tax revenues grew at a modest CAGR of 16%. Among the major taxes, SGST grew at a CAGR of 22%, stamp duty and registration fees at 20% CAGR, taxes on vehicles at 15% and sales tax on petroleum products and alcohol as well as state excise at 10%.
- In FY 2024, 40% of Rajasthan's non-tax revenue was derived from non-ferrous mining and metallurgical industries; another 18% came from the royalty on petroleum. These two have been the major contributors accounting for nearly 60% to Rajasthan's non-tax receipts. The ratio of non-tax receipts to GSDP has declined from 2% in FY 2019 to only 1.2% in FY 2024 while the state's overall non-tax revenue has decreased from Rs. 20,564 crores in FY 2023 to Rs. 18,680 crores in FY 2024, which was at the same level in FY 2019, registering nil CAGR over 2018-24. The decline mainly came from Unclaimed Deposits under Misc. General Services.
- Rajasthan's fiscal deficit to GSDP ratio rose to 5.8% in FY 2021, way above FRBMA limit of 3.5% for FY 2021 to 2024. The ratio has since declined due to lower revenue deficits but still above the FRBMA limit.
- Between 2018-19 and 2023-24, Rajasthan's revenue expenditure increased at a CAGR of 8%. The state has been running revenue deficits since FY 2019, which peaked at Rs. 44,001 crores in FY 2021. High revenue deficit constrained its capital outlay which grew at a CAGR of only 6% since FY 2019, and constituting only 6% of the state's total expenditure in FY 2024.





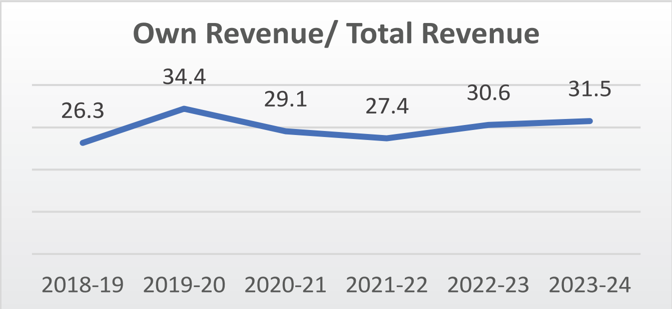


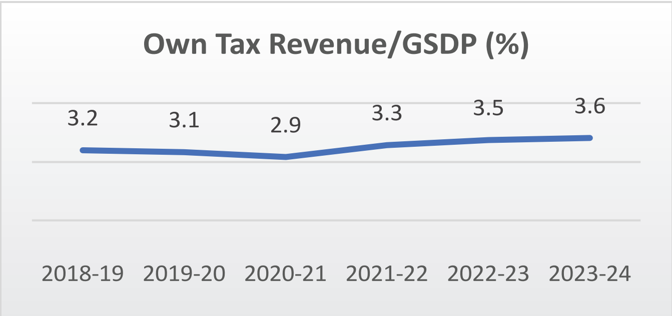


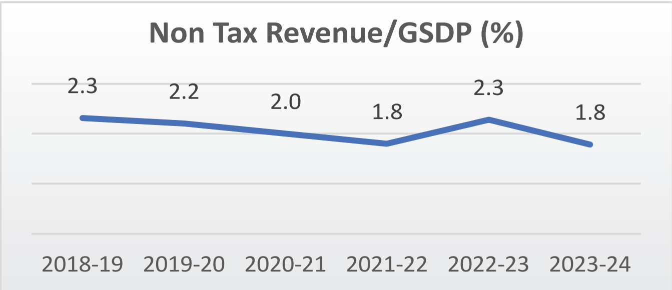
- Capital outlay in Rajasthan rose from Rs. 19,638 crores in FY 2019 to Rs. 26,646 crores in FY 2024. Since FY 2023, there has been a notable rise in investments in water supply and sanitation, roads and bridges, and education, while spending on medical and public health, as well as on power projects declined. Within economic services, capital outlay grew significantly in major irrigation, forestry, and wildlife.
- Interest payments, as a share of revenue expenditure, showed a steady rise until FY 2021, followed by a slight decline in the immediate post-Covid period after which it rose again to the pre-Covid level. Between FY 2019 and 2024, interest payments grew at a CAGR of 9%, outpacing the modest 8% increase in revenue expenditure, while outstanding liabilities grew at a CAGR of 13%, outpacing the 11% CAGR of the state's GSDP.
- Committed expenditure of the state on salary, pension and interest payments consumed around 52% of its total revenue expenditure as of FY 2024, down from the peak of 56% in FY 2021. The CAGR of interest payments, salary and pension since FY 2019 are respectively 9%, 6%, 6%.
- The debt sustainability of Rajasthan was evaluated using the Domar Model. With the exception of FY 2021, the state's GSDP growth rate consistently exceeded the weighted average interest rate on outstanding liabilities. However, the interest growth rate differential has been narrowing in the recent years while the primary deficit has increased from Rs. 20,138 crores in FY 2021 to Rs. 31,451 crores in FY 2024, which could just be absorbed by the interest growth rate differential. Consequently, the debt-to-GSDP ratio which came down from the peak of nearly 40% in FY 2021 to 38% in the next year, has remained more or less at that level, declining only marginally to 37.5% in FY 2024.
- The rising primary deficit needs to be contained through prudent fiscal management to ensure long-term debt sustainability and higher growth of the state.

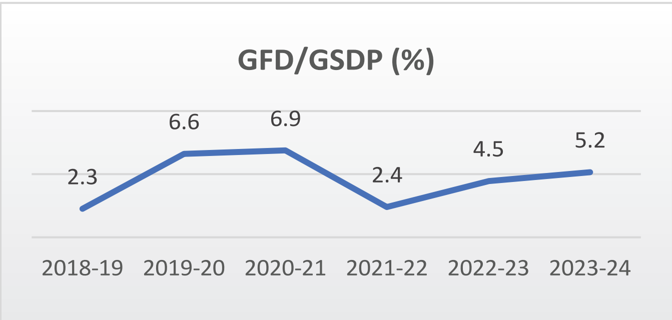
SIKKIM

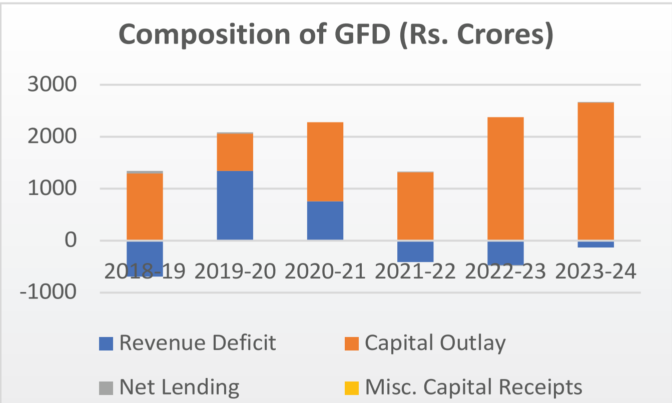
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 48,937 Crore	15%	Rs. 5,87,743	23%



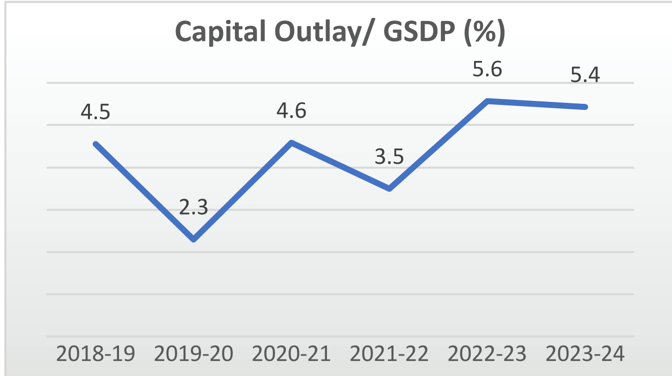


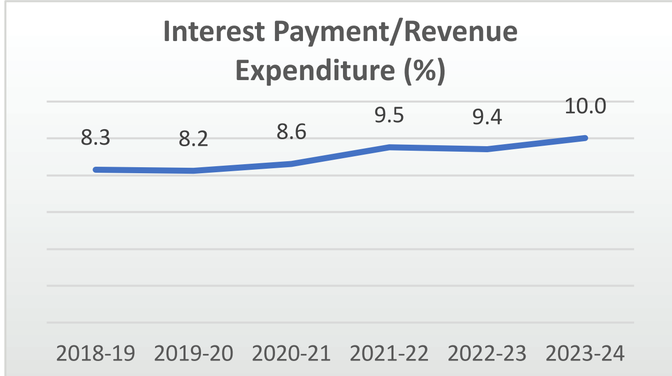


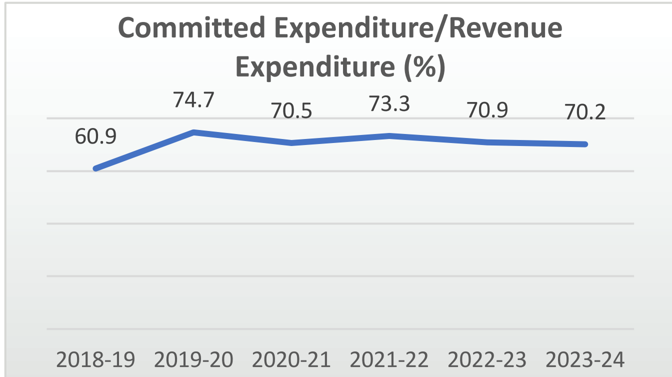


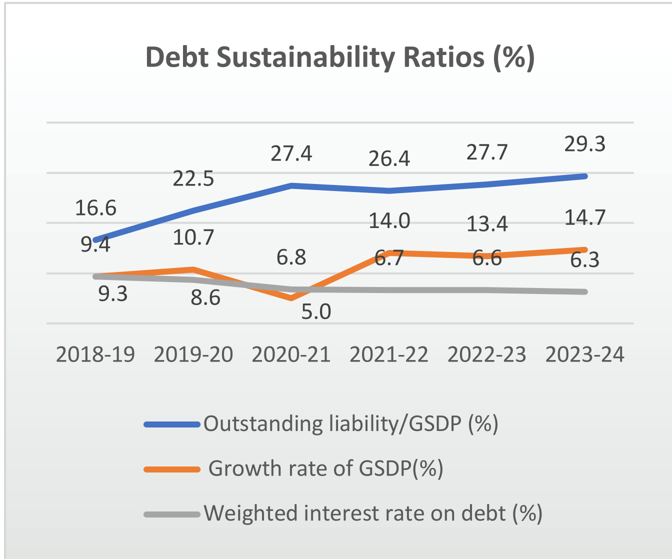


- Sikkim being a north eastern state does not have many viable sources of revenue, yet it has increased the share of its own revenues in total revenue receipts from 26.3% in FY 2019 to 31.5% in FY 2024, which is among the highest ratios among the special category states.
- Since the Covid Year 2021 when its own tax to GSDP ratio plunged to only 2.9%, Sikkim's own tax revenues have increased at a CAGR of 22%. Major increases came from SGST (at CAGR of 27%), Stamp Duty and Registration Fees (43%) and State Excise (CAGR of 28%), while VAT on petroleum and alcohol grew at a subdued CAGR of 7%. Sikkim has one of the lowest Tax to GSDP ratios in the country, despite being among the highest per capita income states of India.
- Non-tax revenues of Sikkim have grown at only 6% CAGR during the period 2018-2024. Almost half of its non-tax revenue came from power in FY 2024.
- Sikkim's GFD rose to almost 7% of GSDP during the Covid times, and then came down to 2.4% in FY 2022. It has been rising since then and was 5.2% of GSDP in FY 2024 as against the FRBMA target of 3% due to increased capital outlay.
- Like most states, Sikkim also had deficits in its revenue account during the Covid years 2020-2021. Since then, it has been generating revenue surpluses, enabling it to increase its capital outlay. The capital outlay increased from Rs. 1,291 crores in FY 2019 to Rs. 2,661 crores in FY 2024, after having plunged to only Rs. 721 crores in FY 2020.





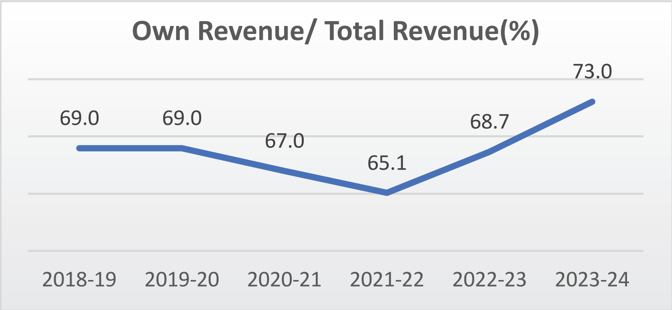


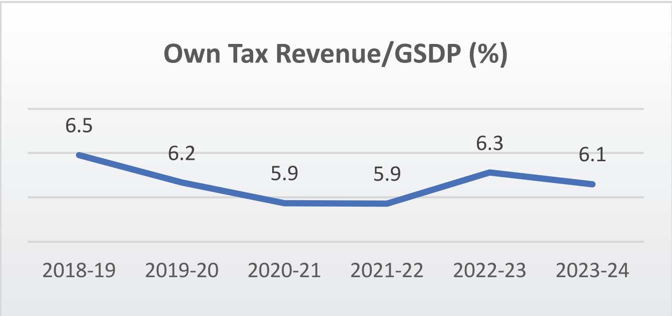


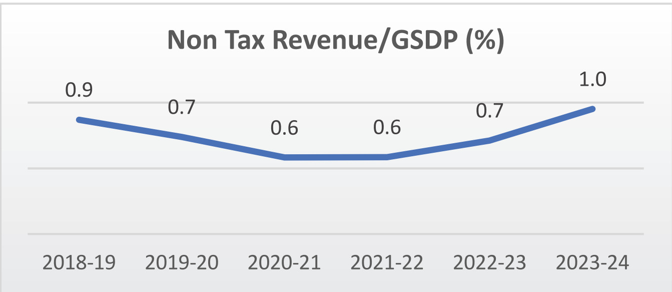
- Capital outlay of Sikkim was declining even before the Covid years, but Sikkim has been able to increase its capital outlay almost to the high level of 5.8% seen in FY 2018. Major investment areas in Sikkim are public works, roads and bridges, water supply and sanitation, housing, urban development and power projects.
- Higher fiscal deficit and increasing liability have led to increase in the ratio of Interest payment to revenue expenditure to 10% in FY 2024. Outstanding liabilities grew a CAGR of 25% since FY 2019, way above the CAGR of 11% at which GSDP has grown since then. Interest payments have grown at a CAGR of 14% while the revenue expenditure has grown at 9% during 2018-2024.
- Committed expenditure of the state on salary, pension and interest payments consumed over 70% of its total revenue expenditure as of FY 2024, down from the peak of 75% in FY 2020 one of the highest ratios in the country. The CAGR of interest payments, salary and pension since FY 2018 are respectively 14%, 13% and 12%, higher than most states.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except in the Covid year 2021, the GSDP growth had remained above the weighted average rate of interest on outstanding liabilities, which fell from 9.3% in FY 2019 to 6.3% in FY 2024. Though the interest growth rate differential remained rather small till FY 2021, it has widened after that, when the primary deficit was Rs. 1,725 crores. The primary deficit reduced to Rs. 269 crores in FY 2022, but more than trebled in the next year, to Rs. 1,185 crores in FY 2023. It increased further to Rs. 1,706 crores in FY 2024, or, 3.5% of GSDP. As such the debt ratio increased steeply to 29.3% in FY 2024.
- It seems that the state is as yet far from attaining sustainability of its debt level without which it will be difficult to generate the fiscal space necessary to accelerate growth.

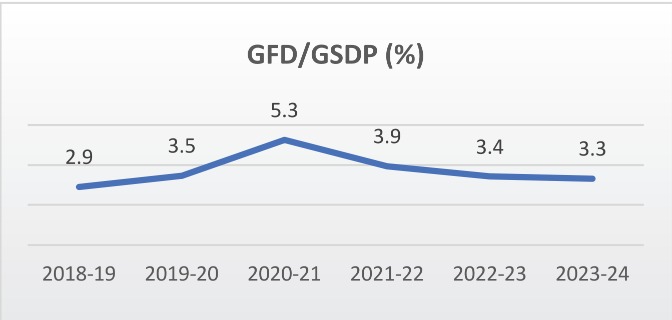
TAMIL NADU

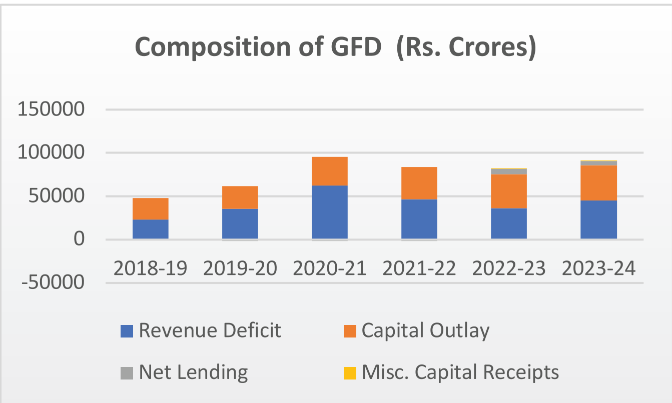
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 27,21,571 Crore	14%	Rs. 3,15,220	16%



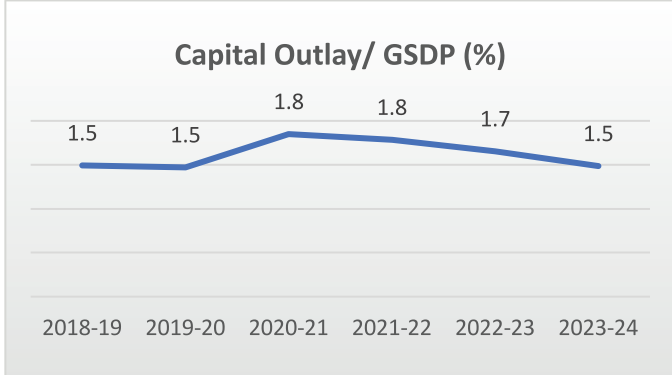


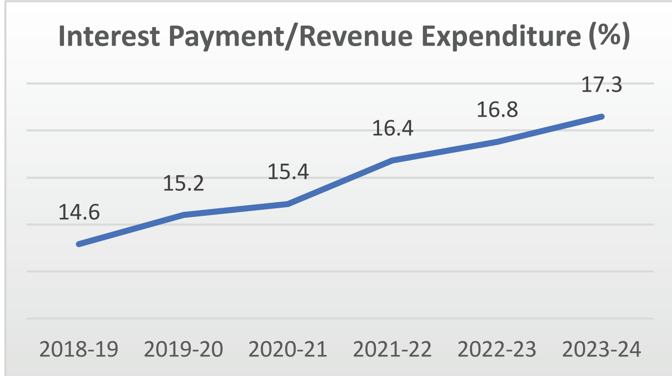


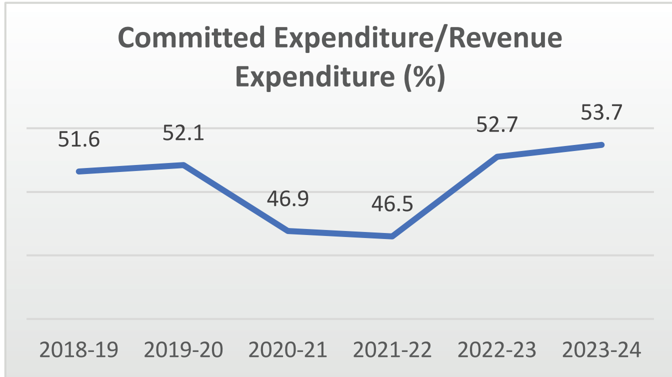


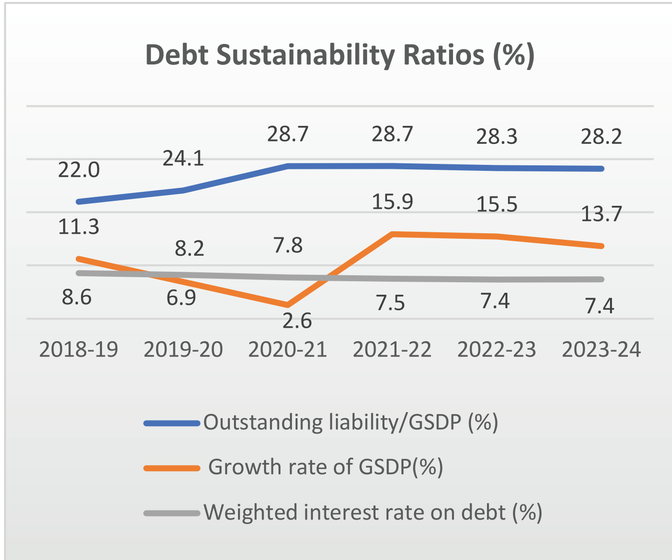


- Being one of rich states, Tamil Nadu raised 73% of its total revenue from its own resources, which is among the highest such percentages in India. After the disruptive Covid years, the share has been increasing continuously.
- The Covid years saw the state's tax: GSDP ratio decline, which has not yet reached the pre-Covid high of 6.5%. Since FY 2021, SGST and Stamp Duty and Registration Fees have increased at CAGR exceeding 17%, while state excise and VAT grew at a CAGR exceeding 11%. Tamil Nadu's own tax revenues have been growing at 10% CAGR over the period 2018-2024, while its non-tax revenues grew at a CAGR of 13% over this period.
- Non-tax revenues of Tamil Nadu showed the same pattern seen in the tax revenues. Interest receipts is the most important source of its non-tax revenues, and constituted 38% of the total as of FY 2024. Other major sources are education, urban development and non-ferrous mining and metallurgical industries each of which constituted 6% of the total non-tax revenues in FY 2024 while medical and public health comprised 10% of the total.
- Tamil Nadu's GFD to GSDP ratio rose to the peak of 5.3% in FY 2021 as the GSDP growth plummeted to 3% in that year from 7% in the previous year. The ratio then came down to 3.3% in FY 2024, which is above its FRBMA limit of 3%.
- Throughout the period 2018-2024, Tamil Nadu remained a revenue deficit state. The revenue deficit almost doubled over the period 2018-2024, increasing from Rs. 23,459 crores to Rs. 45,121 crores, while the capital outlay increased from Rs 24,311 crore to Rs. 40,500 crores over this period. The gross fiscal deficit of Tamil Nadu climbed from Rs. 47,335 crores to over Rs. 90,430 crores during this period.





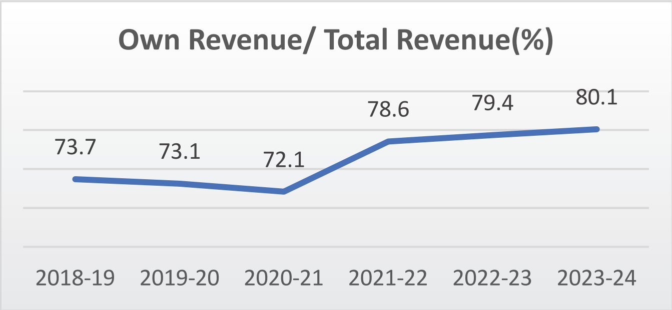


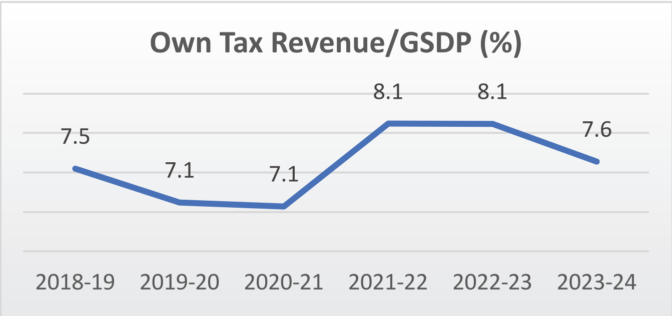


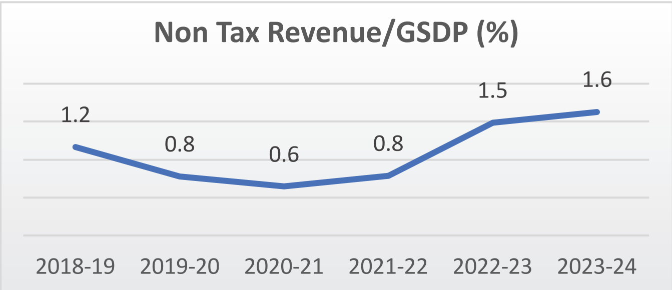
- In FY 2021, Tamil Nadu increased its capital outlay by over Rs. 7000 crores, investing mainly in public health, road transport and major irrigation infrastructure. Growth in capital outlay has slowed down since then.
- Tamil Nadu is among the states with the highest debt burden in India, and due to its high fiscal deficits, the ratio of its Interest payment to revenue expenditure has been increasing continuously since FY 2019. Between FY 2019 and 2024, its revenue expenditure increased at 9% CAGR, while the state's outstanding liabilities grew at a CAGR of 16%. Interest payment grew 13% CAGR over this period.
- Committed expenditure of the state on salary, pension and interest payments consumed around 54% of its total revenue expenditure as of FY 2024, up from of 46.5% in FY 2022. The CAGR of interest payments, salary and pension since FY 2019 are respectively 13%, 12% and 5%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Save for FY 2020 and 2021, the GSDP growth has exceeded the weighted interest rate which has come done from 8.6% to 7.4% over the period 2018-24. The interest-growth rate differential became larger after FY 2021, but the gap is narrowing now. Its large fiscal deficit meant large primary deficit too, which declined from the peak of Rs. 57,486 crores in FY 2021, to Rs. 36,864 crores in FY 2024, but was still at an unsustainable level. As a result, the debt ratio has been decreasing rather too slowly.
- The growth rate of outstanding liability (13.3% in FY 2024) is now almost matching the growth rate of GSDP (13.7%) now, making its debt level unsustainable. If the trend of rising high fiscal and primary deficits continues, it will impact Tamil Nadu's economic growth.

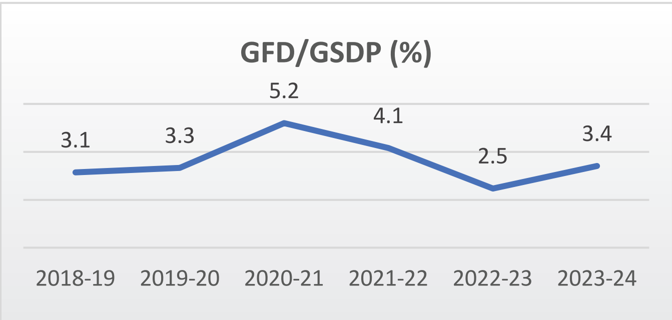
TELANGANA

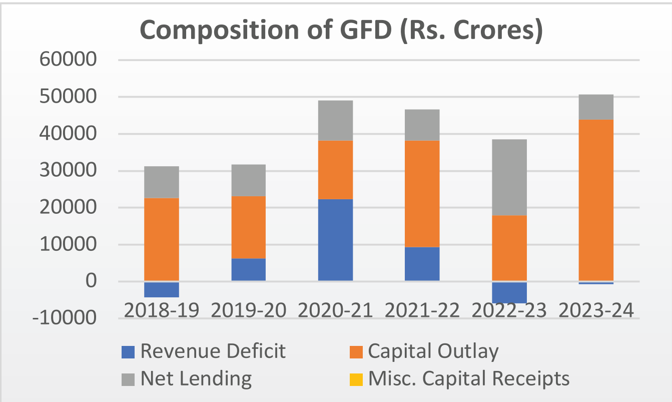
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 14,64,378 Crore	11%	Rs. 3,46,457	9%



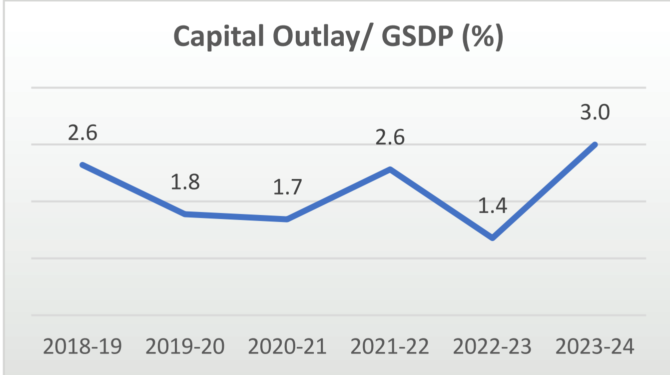


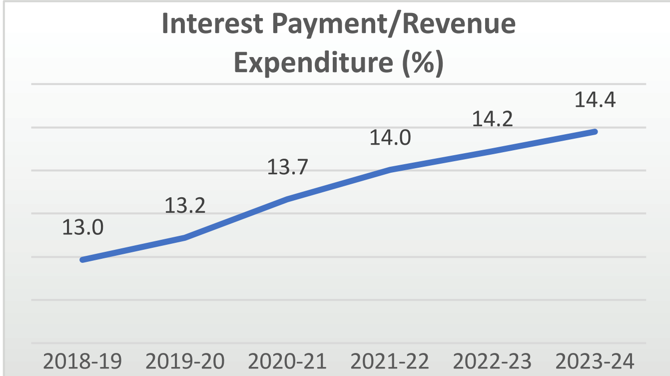


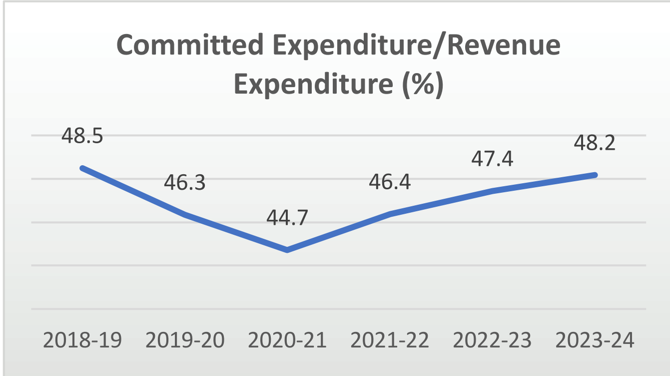


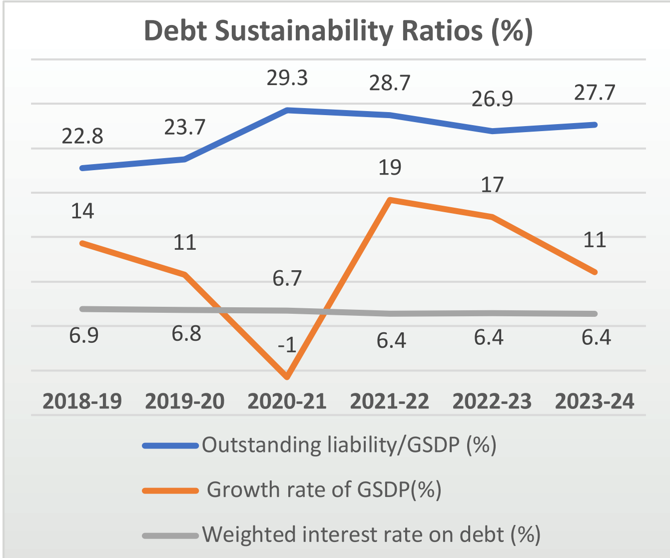


- After creation of the state, Telangana has proved to be among the states which raise bulk of their revenues from their own resources. In FY 2024, it raised 80% of its total receipts from its own resources, up from 74% in FY 2019.
- Telangana's own tax to GSDP ratio has always been among the highest in India, which had exceeded 8% in FY 2022 and 2023. In FY 2024, it has reduced to 7.6% due to the major taxes either registering low growth like SGST (8% growth over FY 2023) or remaining stagnant like Stamp Duty & Registration Fees (0.5% growth over FY 2023) or VAT (1% growth).
- While the state's tax revenues have grown at a CAGR of 12% over 2018-2024, its non-tax revenues grew at an impressive CAGR of 19% over this period, and since the Covid-affected FY 2021, non- tax revenues have grown at a CAGR of 57%. Major contributors to the non-tax revenues were Sale of land and properties under Miscellaneous General Services which contributed 31% of total non-tax receipts in FY 2024, apart from Non-Ferrous Mining and Metallurgical Industries which contributed 23% of the total.
- The Gross Fiscal Deficit of Telangana rose to 5.2% of GSDP during the COVID year 2021, but declined thereafter to 2.5% in FY 2023, primarily due to improvement in the revenue balance – in FY 2022, there was a revenue surplus of Rs. 5,943 crores, compared to a deficit of Rs. 9,335 crores in the previous year. The ratio increased to 3.4% in FY 2024 as against the target of 3% due to the revenue surplus getting reduced to only Rs. 779 crores.
- In FY 2024, capital outlay constated 88% of the Gross Fiscal Deficit of Telangana. However, capital outlay has not increased consistently over the years, declining from Rs. 22,641 crores in FY 2019 to Rs. 15,922 crores in FY 2021, then increasing to Rs. 28,874 crores in the next year, to decline again to Rs. 17,880 crores in FY 2023, before finally reaching Rs. 43,918 crores in FY 2024. Net lending also contributed significantly to the GFD.





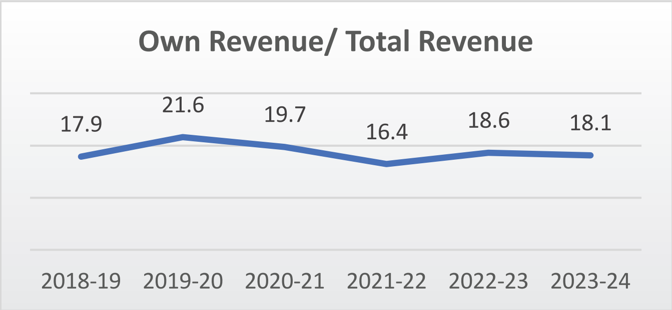


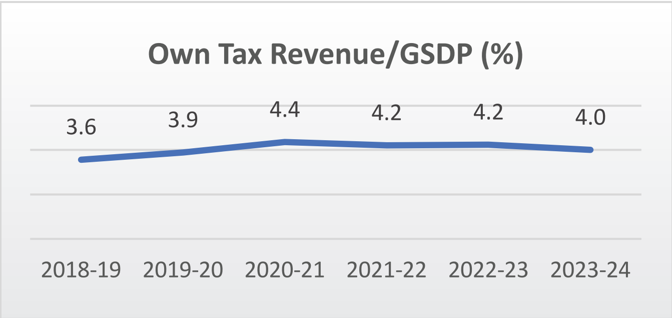


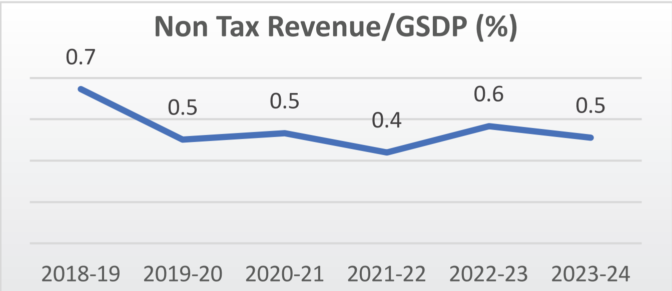
- The increase and decrease of Capital outlay as explained earlier led to its ratio to GDSP also fluctuate. Capital outlay, after sharp contraction in FY 2023, it has bounced back to a peak of 3% of GSDP in FY 2024, when it accounted for 13% of the total expenditure of the state.
- The ratio of interest payment to revenue expenditure has been growing continuously due to increasing debt level of the state. Revenue expenditure has increased at a CAGR of 12% since FY 2019, while interest payment has been growing at a higher CAGR of 14%. Outstanding liabilities of the state has grown at a CAGR of 16% over this period, outpacing the CAGR of GSDP at 11%.
- Committed expenditure of the state on salary, pension and interest payments consumed over 48% of its total revenue expenditure as of FY 2024. The CAGR of interest payments, salary and pension since FY 2019 are respectively 14%, 12% and 8%.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2021, the GSDP growth had always exceeded the weighted average rate of interest on outstanding liabilities. The interest growth rate differential was wide enough to absorb substantial primary deficit, though the gap has narrowed in FY 2024. However, the primary deficit had surged from Rs. 14,357 crores in FY 2019 to Rs. 32,189 crores in FY 2021. It declined in the next two years, first to Rs. 27,469 crores in FY 2022, and then to Rs. 10,735 crores in FY 2023, resulting in decline in the debt ratio from the peak of 29.3% in FY 2021 to 26.9% in FY 2023. But the primary deficit surged again to Rs. 25,616 crores in FY 2024, and the debt ratio rose to 27.7% as a result, which was within the target of 33.1%, as per the MTFP statement.
- The trend of rising primary trend indicates that the state has yet some distance from achieving debt sustainability and further fiscal consolidation is essential to stabilize the debt.

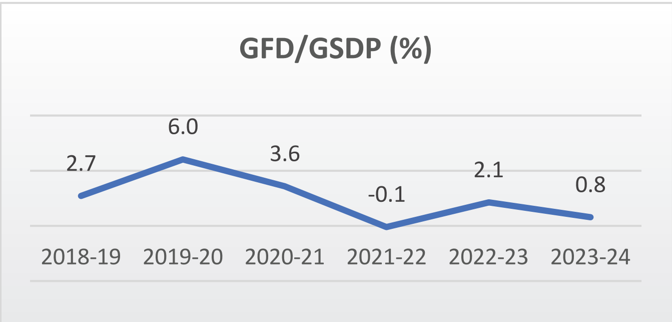
TRIPURA

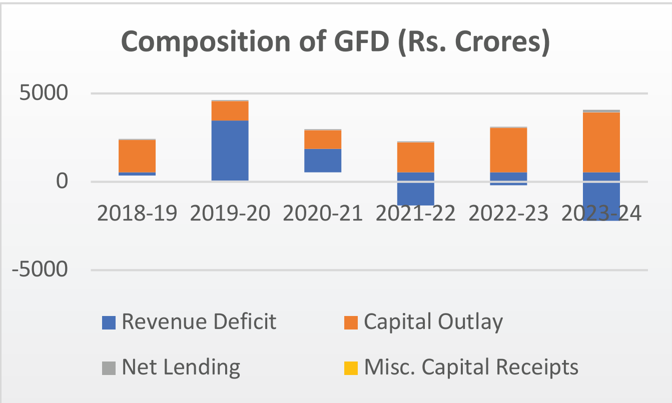
GSDP	Growth Rate of GSDP	Per Capita Income	Share of Total Expenditure spent on Education and Public Health
Rs. 82,205 Crore	16%	Rs. 1,76,943	18%



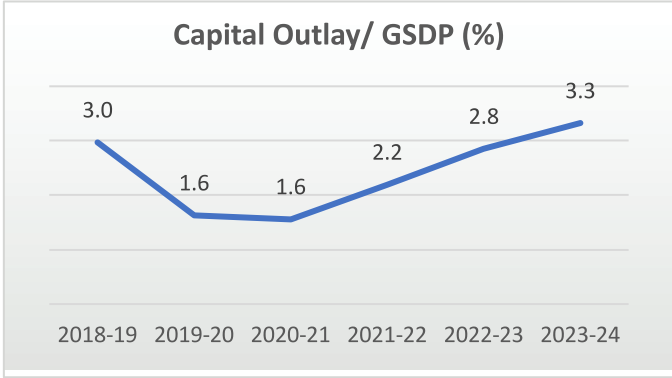


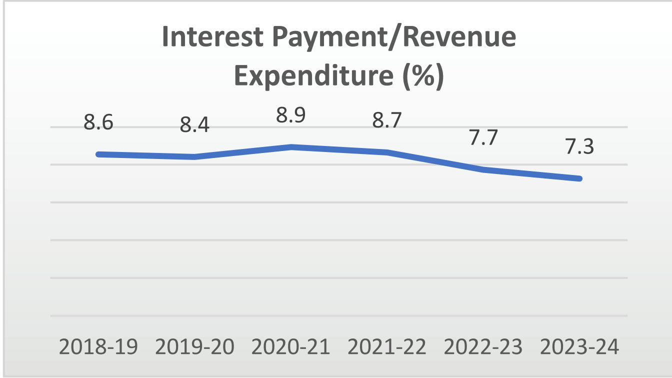


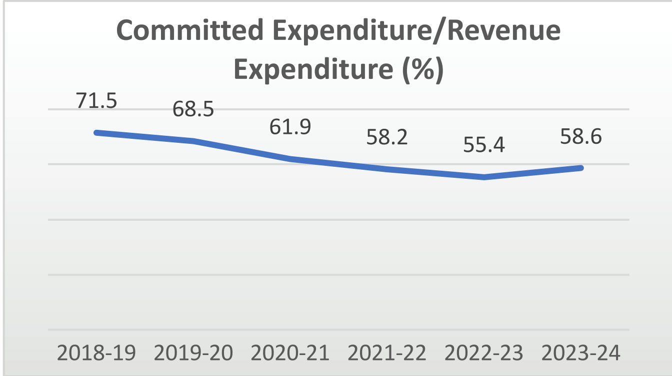


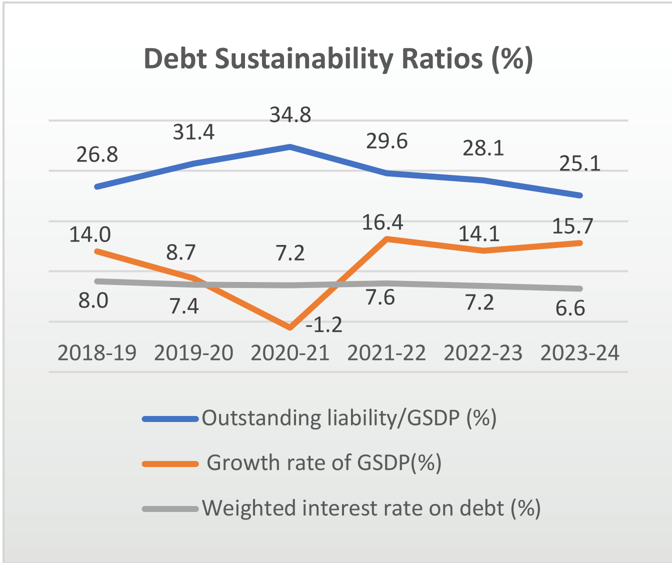


- Being one of the north-eastern states of India without much revenue resources, Tripura raises barely one fifth of its total revenue from its own resources, making the state heavily dependent on central transfers. Covid had its impact on it, reducing the share of its own resources further which is now slowly recovering.
- Unlike most other states, Tripura's own tax revenues did not show any steep decline in the Covid year 2021, but the increase in the tax to GSDP ratio was due to the contraction of the GSDP by 1% during that year. Since FY 2019, Tripura's own tax revenues have increased mainly due to increases in SGST (at CAGR 10%), state excise (CAGR 14%) and Stamp duty and registration fees (CAGR 18%). Its total own tax revenue increased at a CAGR of 13% during this period.
- Almost three quarters of the non-tax revenue of Tripura comes from village industries (37%) and police (35%), as of FY 2024. The fall in non-tax revenues after FY 2019 is due to steep decline in interest receipts.
- Tripura's GFD shot up to 6% of its GSDP in FY 2020, after which declined to 3.6% of GSDP in FY 2021 (below the FRBMA limit of 5% for that year) due to shrinkage of both revenue deficit and capital outlay. In FY 2022, Tripura could generate a small fiscal surplus of 0.1% of GSDP, as its revenue deficit reversed to become surplus. Its GFD to GSDP ratio has been rising and falling in tandem with its revenue balance.
- Tripura had huge revenue deficits during the Covid years 2020 and 2021, but since then it has been generating substantial revenue surpluses (Rs. 1,489 crores in FY 2022, Rs. 570 crores in FY 2023 and Rs 2,197 in FY 2024). The surpluses have enabled the state to expand its capital investments significantly, from a low of Rs. 832 crores in FY 2021 to Rs. 2,734 crores in FY 2024.









- Due to generation of revenue surpluses, the state has been able to increase its capital investments since FY 2021. Public works, urban development, forestry and roads and bridges and power have seen substantial increases in investments, while water supply and sanitation has seen decline in capital outlay after FY 2021.
- Interest payment as a percentage of revenue expenditure has been slowing after FY 2021. The outstanding liabilities of the states has been growing at a much lower rate (4% CAGR since FY 2021) than revenue expenditure (8% CAGR since FY 2021). Interest payments have grown at a CAGR of only 1% since FY 2021.
- Share of committed expenditure of the state on salary, pension and interest payments in revenue expenditure has declined from 72% in FY 2020 to 59% in FY 2024. The CAGR of interest payments, salary and pension since FY 2021 are 1%, 6% and 10% respectively.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Except for FY 2021, the GSDP growth had exceeded the weighted average rate of interest on outstanding liabilities, which declined from 8% to 6.6% over the period 2018-2024. satisfying the first criterion of debt sustainability. The primary deficit of Rs. 624 crores in FY 2021 (Covid year) reversed into surplus of Rs. 1,465 crores in FY 2022 and in FY 2023, there was a modest primary deficit of only Rs. 139 crores, which again became a surplus of Rs. 697 crores in FY 2024. The interest-growth rate differential was wide enough to absorb small primary deficit as in FY 2023, and the debt ratio has declined steeply from a high level of almost 35% in FY 2021 to only 25% as of FY 2024.
- The consistent trends of falling debt ratio and declining level of committed expenditure in revenue expenditure indicate that the state is well on its well on fiscal consolidation and better fiscal management, creating the conditions for acceleration in its growth.

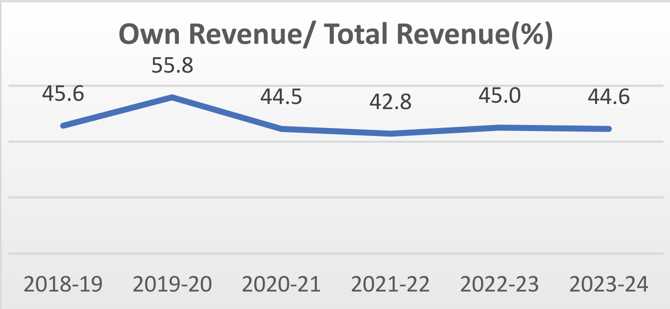
UTTAR PRADESH

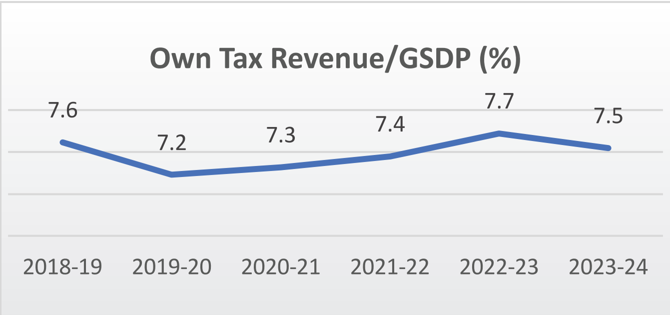
GSDP
Rs. 25,62,792 Crore

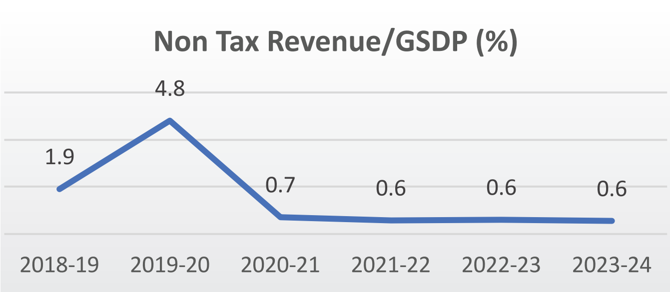
Growth Rate of GSDP
13%

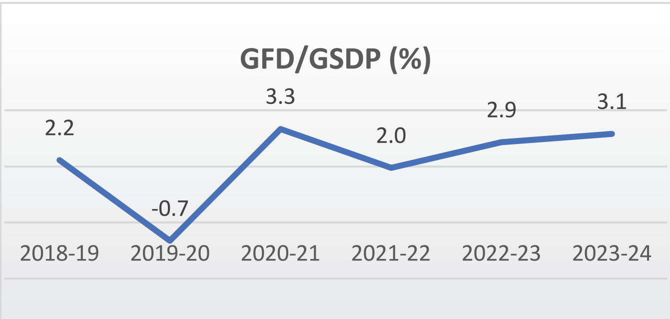
Per Capita Income
Rs. 93,422

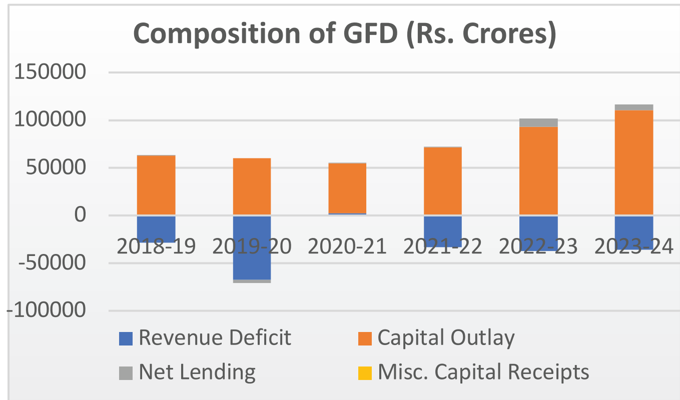
Share of Total Expenditure spent on Education and Public Health
18%



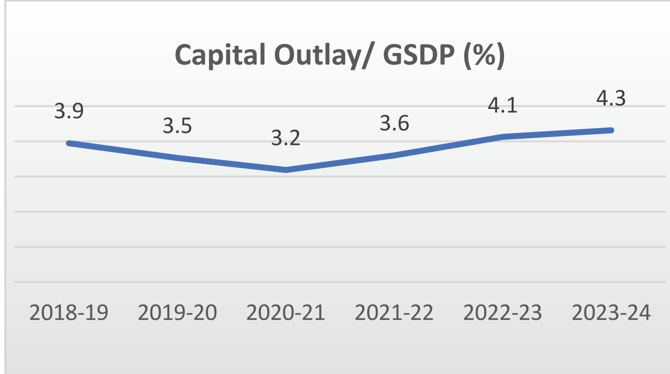


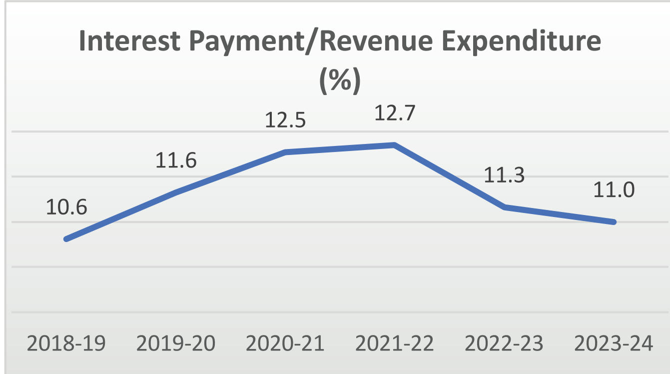


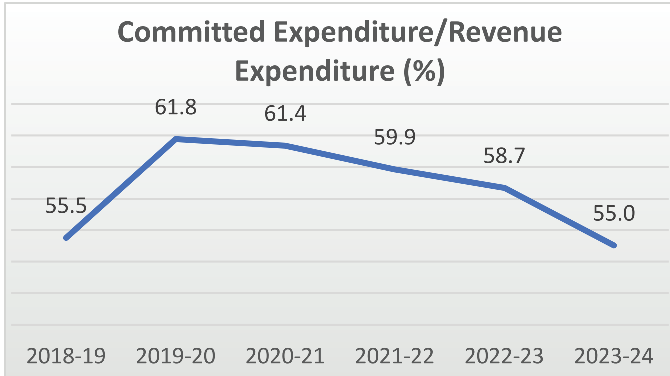


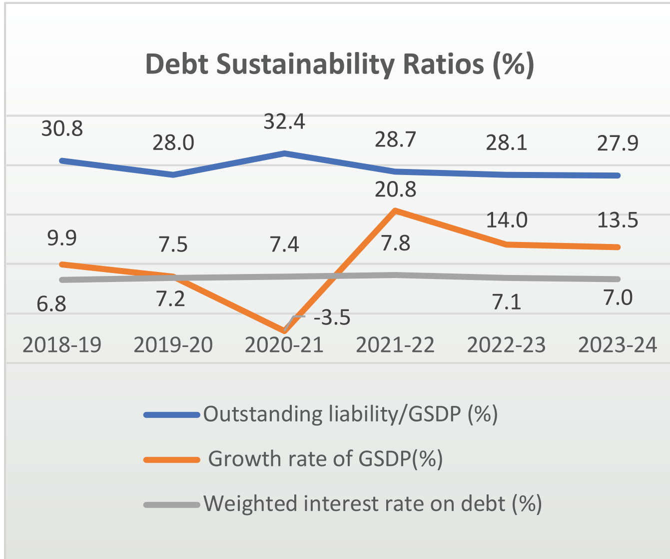


- Uttar Pradesh now raises around 45% of its total revenue from its own resources. The ratio of its own revenue to total revenue fell from the peak of almost 55.8% in FY 2020 to 44.5% in FY 2021 due to steep decline in non-tax revenues from Rs. 81,705 crores in FY 2020 to Rs. 11,846 crores in FY 2021.
- Since FY 2020, Uttar Pradesh has consistently increased its tax to GSDP ratio, which is now among the highest in India. Its own tax revenues from all major taxes, viz. SGST, VAT from petroleum and alcohol, stamp duty and registration fees have increased at CAGR exceeding 10% each since FY 2020, raising the share of its own taxes in total revenues from 34% in FY 2020 to 42% in FY 2024.
- In FY 2020, the Uttar Pradesh government has closed the Sinking Fund for amortization of loans and the entire balance of Rs. 71,180 crores was shown as non-tax revenue of the state, resulting in huge revenue surplus of Rs. 67,560 crores and fiscal surplus of Rs. 11,083 crores of the State during that year. The transaction was actually in the nature of book adjustment without any actual cash transfer.
- Save for FY 2020, the gross fiscal deficit of Uttar Pradesh has always been below its FRBMA limit of 3% till FY 2023. In FY 2023-24, it has marginally exceeded that limit.
- Uttar Pradesh had revenue surpluses throughout the period 2018-2024, save FY 2021 when it has a small revenue deficit of Rs. 2,367 crores. The consistent revenue surpluses have enabled the state to expand its capital outlay from Rs. 62,463 crores in FY 2019 to Rs. 1,10,555 crores in FY 2024, making Uttar Pradesh one the fastest growing states in India today.









- Like most states, the Covid years in Uttar Pradesh saw a fall in capital outlay, though it has since picked up and exceeded the pre-Covid peak. Since FY 2021, capital outlay has seen significant increases in public health, education, water supply and sanitation, food storage and warehousing, civil aviation and roads and bridges.
- Interest payment as a percentage of revenue expenditure increased till FY 2022, but has fallen since then. Since FY 2022, revenue expenditure grew at a CAGR of 13% while the state's outstanding liabilities grew at a CAGR of 12%.
- Committed expenditure of the state on salary, pension and interest payments consumed around 55% of its total revenue expenditure as of FY 2024, down from the peak of 62% in FY 2020. The CAGR of interest payments, salary and pension since FY 2020 are 8%, 6% and 6% respectively.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Save for FY 2021, when the GSDP growth had plummeted to -3.5% while the weighted interest rate on outstanding liabilities was 7.4%, in all other years, the GSDP growth exceeded the interest rate on debt, satisfying the first criterion of debt sustainability. In FY 2020, there was a primary surplus of Rs. 45,896 crores which turned into deficit of Rs. 17,193 crores in the next year. After a surplus of Rs. 4,189 crores in FY 2022, the primary deficit has ballooned to Rs. 33,445 crores in FY 2024. But the interest-growth rate differential was still enough to absorb these deficit, and as a result, Uttar Pradesh's debt ratio has declined marginally. To make the debt sustainable, the state urgently needs to control its primary deficit.

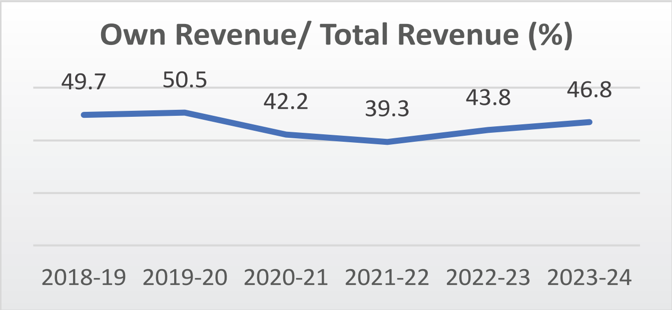
UTTARAKHAND

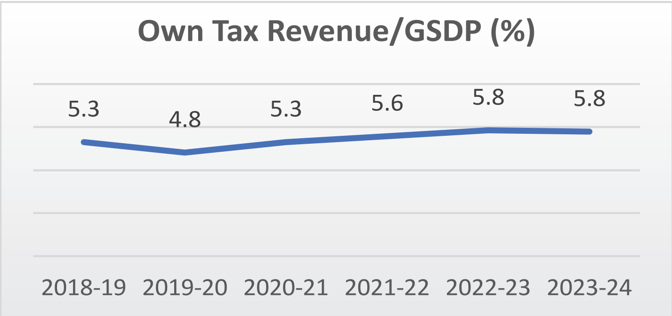
GSDP
Rs. 3,32,998 Crore

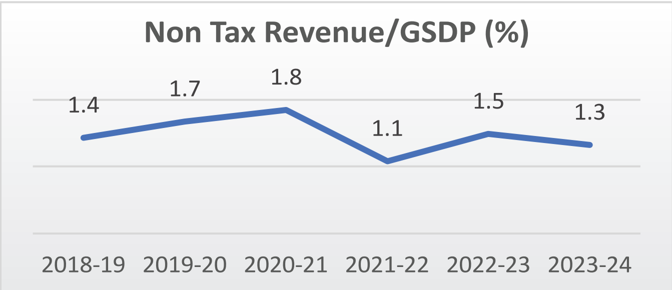
Growth Rate of GSDP
14%

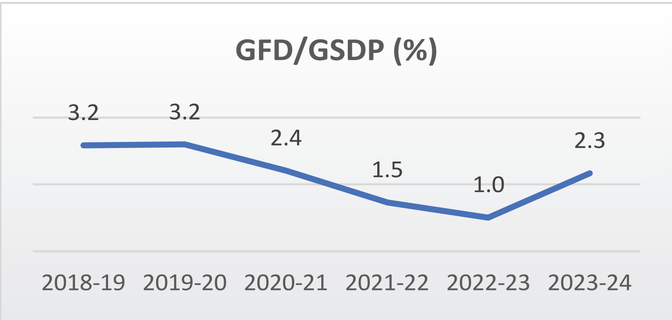
Per Capita Income
Rs. 2,46,178

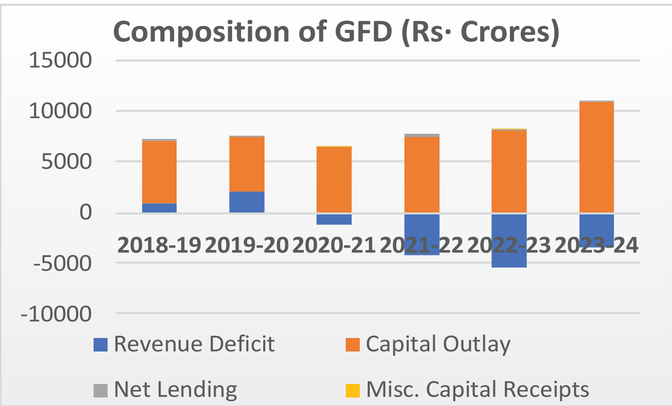
Share of Total Expenditure spent on Education and Public Health
18%



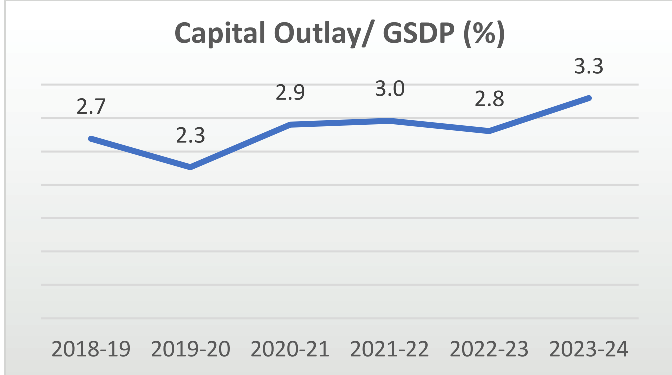


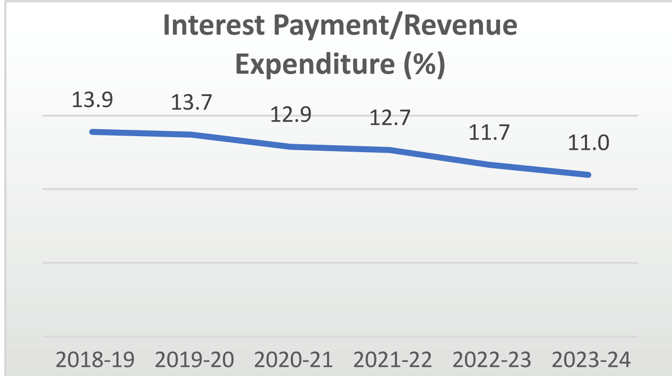


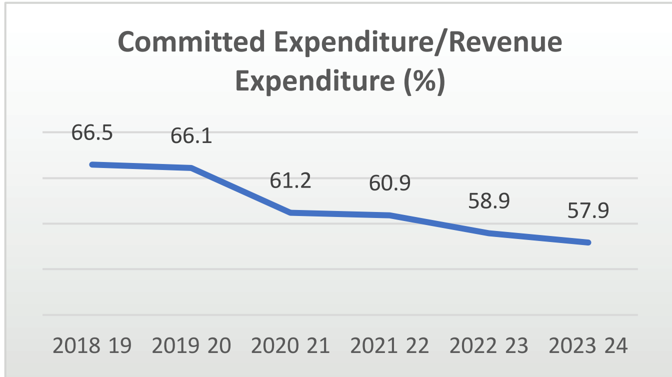


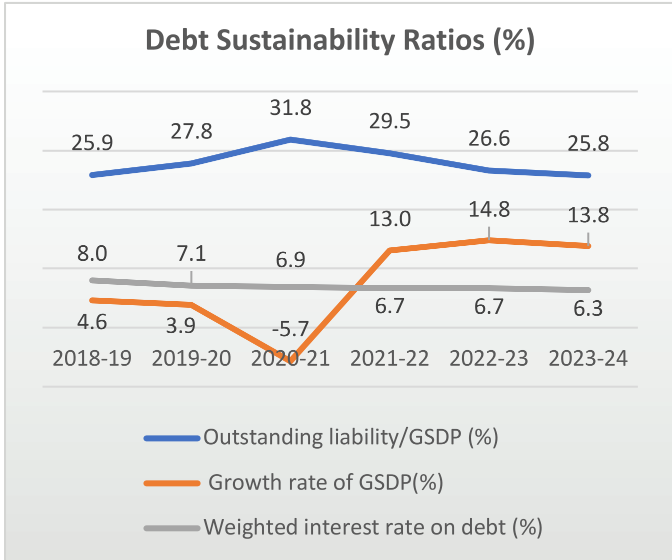


- Uttarakhand has raised over half of its total revenue from its own resources in FY 2020 before Covid intervened. The share of its own revenue in total revenue has been increasing steadily since FY 2022.
- Uttarakhand's own tax revenues have increased at a CAGR of 14% since FY 2020, when its share in the GSDP had fallen to 4.8%. Major increases came from SGST (at CAGR of 14%), VAT from petroleum and alcohol (CAGR 9%), Stamp Duty and Registration Fees (CAGR of 23%) and State excise (CAGR of 10%). Its tax to GSDP ratio has also increased due to slow expansion of GSDP (CAGR of 9% since FY 2020).
- Growth of non-tax revenues of Uttarakhand also remained subdued with a CAGR of only 6% over 2018-2024. The most important contribution came from "Contribution and Recoveries towards Pension and Other Retirement Benefits" which accounted for 38% of the total receipts (39% in FY 2023). The other important contributors are interest receipts, forestry and non-ferrous mining and metallurgical industries.
- Uttarakhand's is well on way to fiscal consolidation. The ratio of its GFD to GSDP has been well below the FRBM limit of 3%, even though it has increased to 2.3% in FY 2024. This was because of its revenue surpluses.
- Uttarakhand had revenue deficits till FY 2020. However, in the Covid year 2021, it generated a small revenue surplus of Rs. 1,113 crores which increased to Rs. 5,310 crores in FY 2023 before declining to Rs. 3,341 crores in FY 2024. The revenue surplus has enabled the state to generate surplus in its primary account in FY 2022 and FY 2023, reducing the fiscal deficit from Rs. 7,657 crores in FY 2020 to only Rs. 2,949 crores in FY 2023. However, in FY 2024, the primary account turned negative with a deficit of Rs. 2,556 crores.









- Revenue surplus also enabled to the state to increase its capital outlay. The capital outlay of the state has increased at a CAGR of 12% during the period 2018-2024, and at a CAGR of 19% since FY 2021. Capital outlay in FY 2024 was 142% of its GFD. As a result of increasing capital outlay, its share in GSDP has grown to 3.3% in FY 2024. Unlike most other states, Covid years in Uttarakhand did not witness a steep fall in capital outlay.
- Interest payment as a percentage of revenue expenditure has been falling gradually due to the slower growth in outstanding liabilities as well as higher growth in revenue expenditure. Outstanding liabilities grew a CAGR of 7.6% since FY 2018, while revenue expenditure has grown at a CAGR of 8%.
- Committed expenditure of the state on salary, pension and interest payments consumed around 58% of its total revenue expenditure as of FY 2024, down from the peak of 66.5% in FY 2019. The CAGR of interest payments, salary and pension since FY 2019 are respectively 3%, 5% and 7%. Their respective shares in revenue expenditure are 11%, 31% and 16% respectively, as of FY 2024.
- Debt sustainability of the state was assessed on the basis of the Domar Model. Between FY 2019 and 2021, the GSDP growth had plummeted far below the weighted average rate of interest on outstanding liabilities, which also fell from 8% to 6.9%. The GSDP growth picked up after FY 2021 to 13% and 14.8% in the next two years, far above the weighted interest rates till FY 2024. On top of this, the primary surplus expanded in FY 2022 and FY 2023, making the debt ratio drop from the peak of nearly 32% to almost 26% in FY 2024. The continuously falling debt ratio since FY 2021 indicates sustainability of its debt level. The state seems to be well on its way to accelerate capital outlay to achieve faster growth.

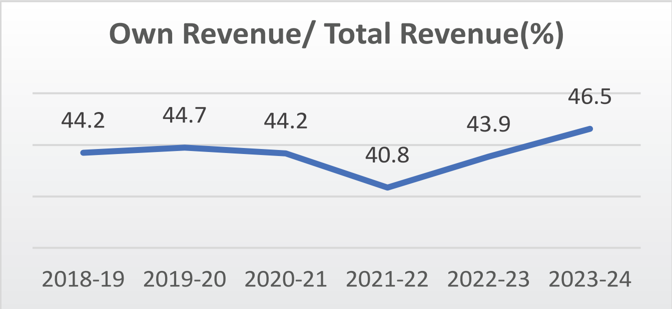
WEST BENGAL

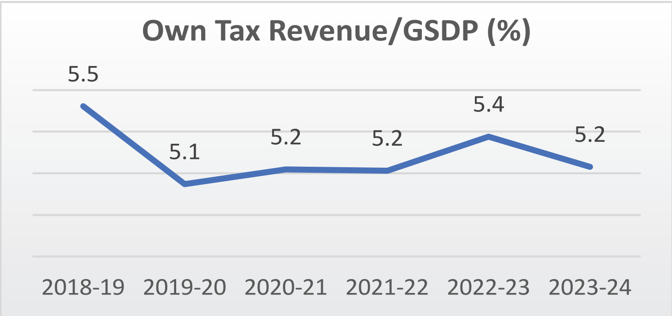
GSDP
Rs. 16,51,374 Crore

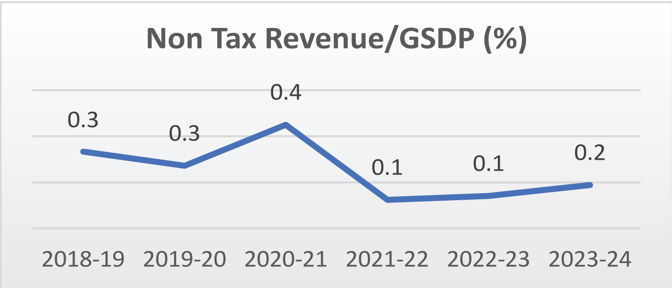
Growth Rate of GSDP
9%

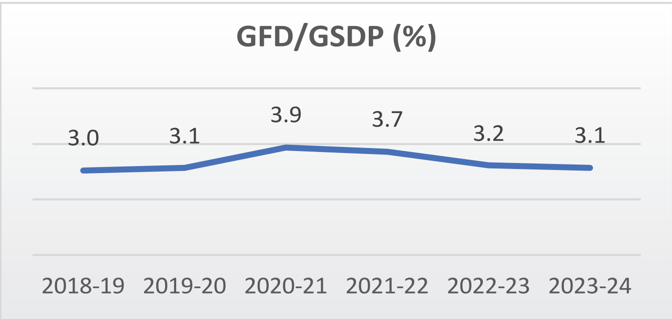
Per Capita Income
Rs. 1,49,515

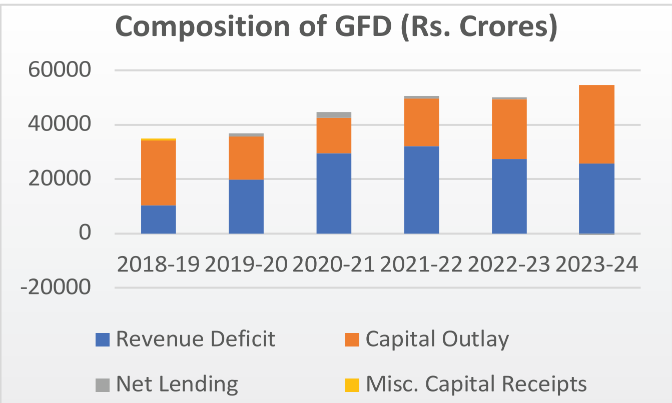
Share of Total Expenditure spent on Education and Public Health
20%



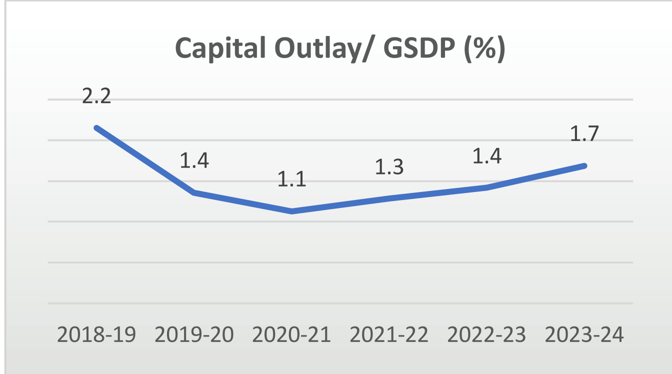


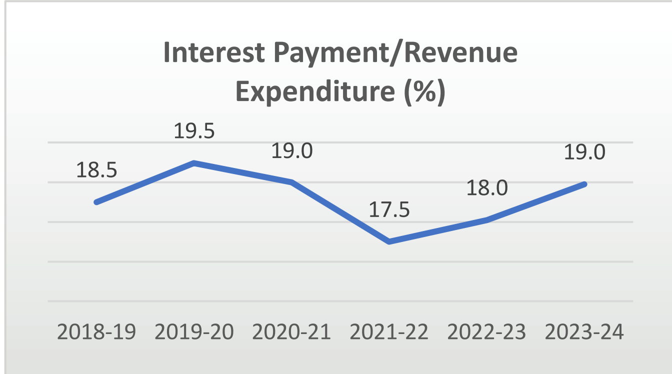


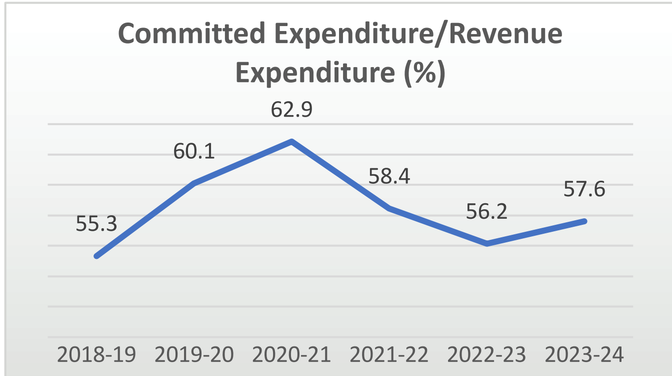


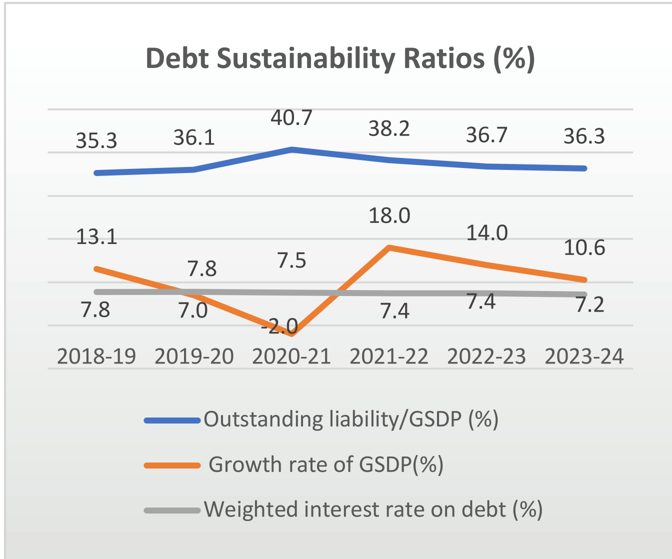


- Share of West Bengal's own revenue in its total revenue receipts has not shown any significant variations during the period 2018-2024. In 2021-22, the non-tax revenues from interest receipts had declined sharply, causing the share to drop sharply in that year.
- The state's own tax to GSDP ratio has also remained above 5% throughout the period, with no significant improvement. Its own tax revenues have been grown at a CAGR of only 8% over this period. Major taxes – SGST and Sales Tax both grew at a CAGR of 9%, while State Excise grew at 11% CAGR. The CAGR of Stamp Duty & Registration Fees was only 3%.
- The state's non-tax revenues contributed only 1.6% of its total revenue receipts, down from 2.5% in FY 2019. The spike and subsequent dip in FY 2021 and the following year was mainly on account of interest receipts, which increased from Rs. 403 crores in FY 2020 to Rs. 2,826 crores in the Covid year 2021 due to withdrawal of Rs. 2,498 crores from the Consolidated Sinking Fund. The interest receipts declined to the normal level of Rs. 464 crores in FY 2022.
- The Gross Fiscal Deficit of West Bengal remained just above the FRBMA limit of 3% of its GSDP in FY 2024. During Covid times, the ratio as the growth of GSDP plunged and then became negative (- 0.2% in FY 2021).
- Revenue Deficit rose sharply during the Covid years, but remained elevated even after that. It accounted for 31% of the GFD in FY 2019, rising to 66% in FY 2021. In FY 2024, it accounted for 48% of its GSDP. West Bengal has always remained a revenue deficit state. The state's capital outlay has also not improved significantly over the period 2018-2024. It increased from Rs. 23,717 crores in FY 2019 to Rs. 28,964 crores in FY 2024, while declining to only Rs. 13,034 crores in the Covid Year 2020-21.









- The ratio of capital outlay to GSDP improved from 1.1% of GSDP in FY 2021 to 1.7% in FY 2024. In 2023-24, major investment areas were agriculture which accounted for 22% of total capital outlay and transport which absorbed 21% of total outlay. Power and flood control accounted for 8% and 9% of total capital outlay.
- Due to the high debt level, interest payment as a percentage of revenue expenditure has been rising continuously since FY 2022. While interest payments have been growing at a CAGR of 8% since FY 2022, revenue expenditure has been rising at only 4% CAGR since then.
- Committed expenditure on interest payments, salary and pension together accounted for nearly 58% of total revenue expenditure of the state, down from a peak of nearly 63% in FY 2021. The CAGRs of interest payments, salary and pension since 2018-19 are respectively 8%, 9% and 9%.
- Debt sustainability of the state has been assessed on the basis of the Domar Model. As the growth of GSDP plunged during the Covid years, the weighted interest rates on its debt exceeded the GSDP growth rate, violating the first condition of debt sustainability. Simultaneously, the primary deficit also ballooned, and the debt ratio soared above 40% of GSDP. The primary deficit rose from Rs. 4,574 crores in FY 2019 to Rs. 13,757 crores in FY 2022, before declining to Rs. 11,173 crores in FY 2024, when the debt ratio came down to 36.3%. West Bengal remains one of the most indebted states in India. Though the debt ratio has declined marginally over the last two years, the interest growth rate differential has also narrowed down in FY 2024, while the primary deficit remains high. Further fiscal consolidation is essential and urgent to stabilize debt levels and accelerate growth.

Notes