



सत्यमेव जयते

NITI Aayog

FISCAL HEALTH INDEX

• 2026 •

For the Financial Year 2023-24



NITI Aayog
Government of India
Sansad Marg, New Delhi-110001, India

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For the Financial Year 2023-24

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Foreword

Sustainable State finances are central to India's macroeconomic stability, effective service delivery, and long-term growth. As States account for a substantial share of public expenditure and play a critical role in developmental outcomes, their fiscal health has direct implications for national economic resilience, particularly in an environment of elevated global debt and tighter financial conditions.

The *Second Edition of the Fiscal Health Index (FHI)* builds on the analytical framework of the inaugural release, strengthening its coverage, methodology, and policy relevance. The Index is intended not merely as a ranking exercise, but as a structured diagnostic tool to assess fiscal performance, identify vulnerabilities, and support evidence-based policymaking at the State level. A significant enhancement in this edition is the inclusion of the North-Eastern and Himalayan States, recognising the diversity of India's fiscal landscape and the distinct structural challenges faced by these regions. By adopting a differentiated yet comparable framework, the FHI enables fair benchmarking while generating context-specific insights to support fiscal strengthening across States.

As India progresses towards *Viksit Bharat@2047*, strengthening State finances will be essential to sustaining high-quality growth, reducing regional disparities, and creating fiscal space for priority investments. I would like to acknowledge the leadership of Shri B. V. R. Subrahmanyam in guiding this edition of the Fiscal Health Index. I also place on record my appreciation for the Economics & Finance-1 team for their analytical work and sustained efforts in bringing out this edition. I am confident that the Index will continue to inform policy discourse and contribute meaningfully to strengthening fiscal governance across States in India.

New Delhi
28th February, 2026


(Suman Bery)



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Foreword

India's fiscal framework continues to evolve in response to rising developmental aspirations, structural transformation, and a more uncertain global macroeconomic environment. Fiscal choices of States have implications for economic growth, social outcomes, and overall macroeconomic stability. State governments face the challenge of balancing near-term developmental priorities with long-term fiscal sustainability. While investments in infrastructure, welfare, and human capital are essential for inclusive growth, persistent deficits, rising debt, and high interest burdens can erode fiscal space and weaken future growth.

The Second Edition of the Fiscal Health Index (FHI) deepens the assessment of State-level fiscal performance in India by expanding coverage to the North-Eastern and Himalayan States and refining indicators to better capture fiscal sustainability. Recent years have witnessed significant shifts in State fiscal strategies, including greater emphasis on capital expenditure and social sector spending. At the same time, pressures from committed expenditure, debt servicing, and uneven revenue capacity persist across several States. The FHI highlights these divergences, distinguishing cyclical developments from structural trends, and thereby enables more differentiated and targeted policy responses.

I would like to commend Shri B.V.R. Subrahmanyam, for his support and guidance to the Economics & Finance team at NITI Aayog, under the leadership of Dr. Pravakar Sahoo, Senior Lead, for their dedication and efforts in producing this edition of the Fiscal Health Index. This work reflects our collective commitment to providing actionable insights that will help States strengthen their fiscal discipline and contribute to a prosperous and sustainable economic future for India.

New Delhi

February 2026

(Dr. Arvind Virmani)

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FOREWORD

The strength of State finances is increasingly central to India's macroeconomic stability and development trajectory. As States account for nearly two-thirds of public expenditure and a substantial share of public investment, their fiscal choices play a decisive role in shaping growth outcomes, social development, and the efficient delivery of public services.

2. As India advances towards the vision of *Viksit Bharat @2047* and the achievement of the Sustainable Development Goals, the importance of well-managed State finances has become even more pronounced. Rising development aspirations, evolving social priorities, and a more challenging global environment call for fiscal frameworks that support growth while maintaining long-term sustainability. Strengthening fiscal governance at the State level is thus essential to sustaining development momentum, reducing regional disparities, and ensuring that progress remains inclusive and future-ready.

3. India's fiscal landscape is characterised by considerable diversity across States in terms of economic structure, revenue capacity, expenditure priorities, and institutional constraints. While several States have made notable progress in improving expenditure quality and scaling up capital outlays, others continue to face structural pressures arising from rigid expenditure commitments, limited own-revenue mobilisation, and rising debt burdens. These divergences underscore the need for a systematic, comparable, and evidence-based assessment of State finances to inform policy choices and encourage sustainable fiscal practices. In this context, NITI Aayog presents the second edition of the Fiscal Health Index (FHI). Building on the framework of the first edition, this report expands both the analytical depth and the coverage of the Index. In addition to the 18 General Category States, this edition includes the 10 North-Eastern and Himalayan States, recognising their distinct fiscal structures.

4. I appreciate the dedicated efforts of the Economics & Finance Division in developing this report with analytical rigour and clarity. I believe it will serve as a useful reference for policymakers and stakeholders, supporting informed decision-making and contributing to the ongoing strengthening of fiscal governance across States.

Dated: 26th February, 2026


[Nidhi Chhibber]



एक कदम स्वच्छता की ओर



Dr Pravakar Sahoo
Senior Lead, E&F I
National Institution for Transforming India (NITI Aayog)
Government of India



Foreword

India's growth story over the coming decades will be shaped as much by the quality of its public institutions as by the pace of its economic expansion. Among these institutions, State governments occupy a uniquely important position. They are the principal agents of public investment, service delivery, and regional development, and their fiscal choices determine the resilience of the broader macroeconomic framework. Rising development needs coexist with expanding committed expenditure, growing debt service obligations, and increasing exposure to economic and fiscal shocks. In such a setting, conventional assessments that focus narrowly on deficits or debt levels provide only a partial understanding of fiscal strength. What matters equally is how States allocate resources, sustain revenue effort, and manage liabilities over time, while preserving the capacity to support growth and respond to future contingencies.

The Fiscal Health Index enables an informed assessment of both strengths and vulnerabilities across States. This edition of the Index is particularly significant as it extends the analytical framework to include the North-Eastern and Himalayan States. These States face distinct structural and geographic constraints that shape their fiscal outcomes.

A central message emerging from the analysis is that fiscal resilience is built through consistency rather than episodic adjustment. States that have demonstrated stronger performance over time tend to combine disciplined expenditure management with sustained revenue mobilisation and prudent debt practices.

I take this opportunity to acknowledge the continued guidance of Shri B.V.R. Subrahmanyam, former CEO of NITI Aayog, for his leadership, strategic guidance, and commitment to institutional excellence, which have been central to the successful completion of this report. I also commend the Economic & Finance-I team at NITI for upholding the highest standards of rigour and integrity.

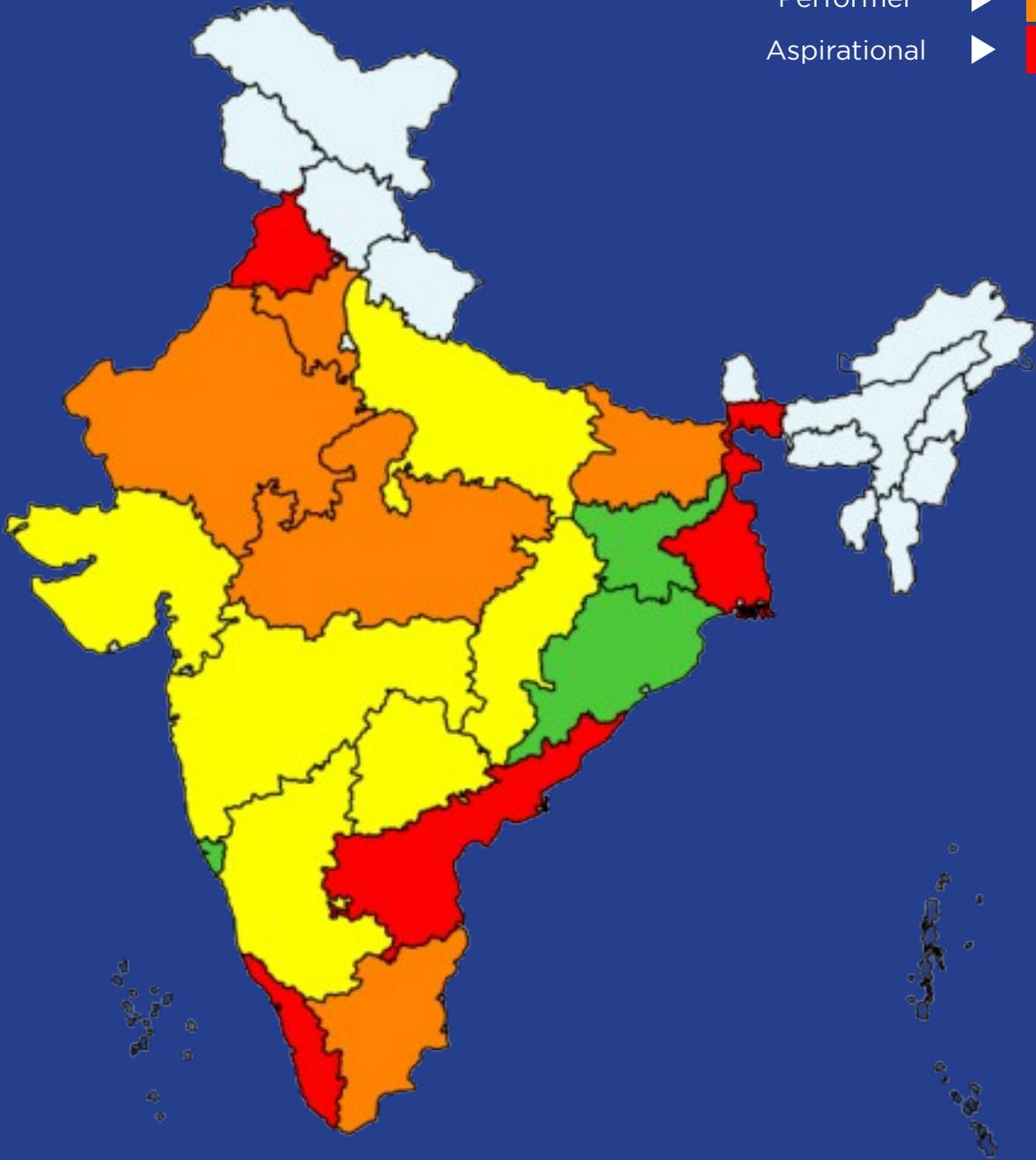
New Delhi
March' 2026

Pravakar Sahoo
Pravakar Sahoo

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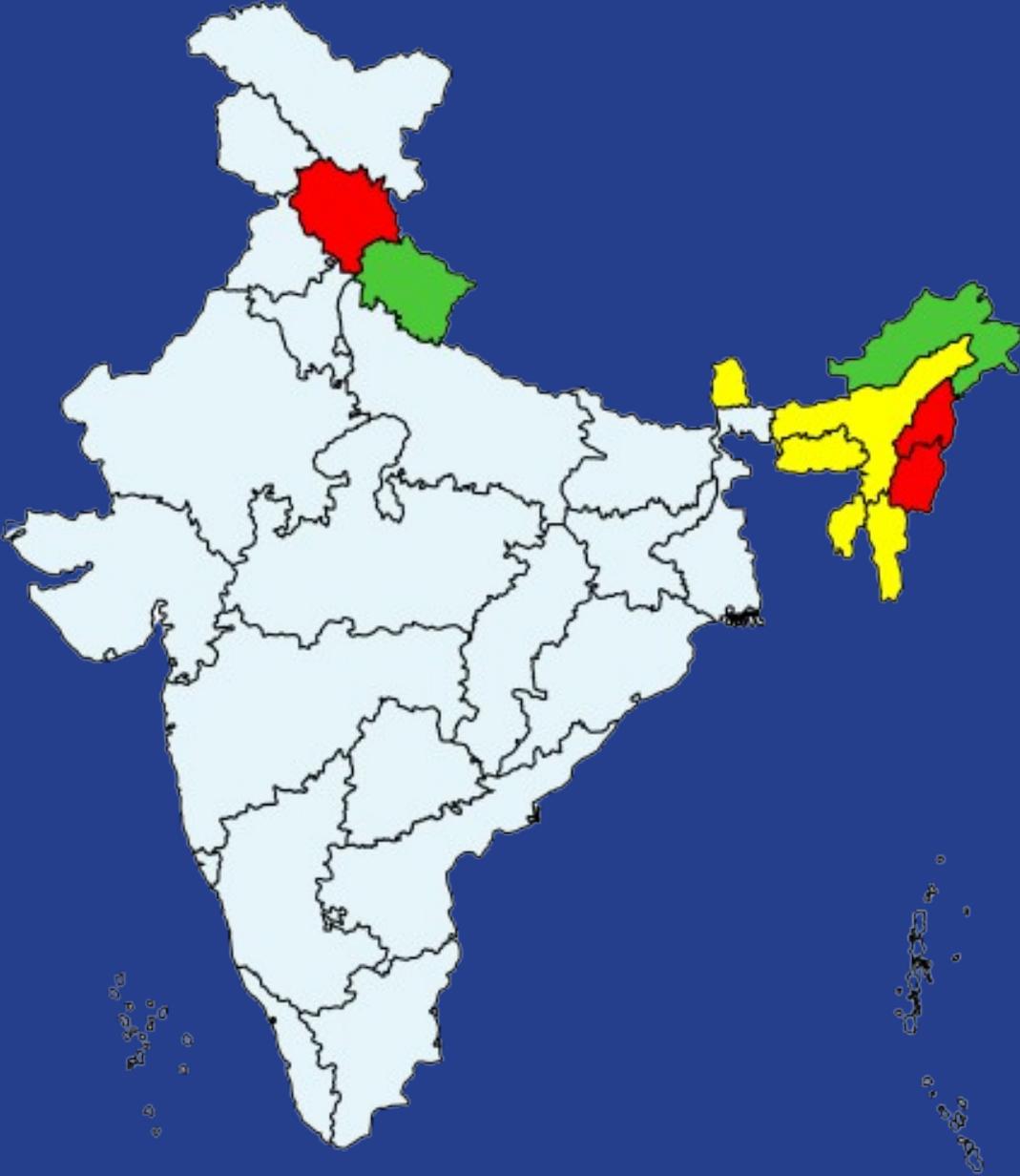
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State-wise Composite FHI Score Heatmap



State-wise Composite FHI Score Heatmap

- Achiever 
- Performer 
- Aspirational 



EXECUTIVE SUMMARY

Globally, public finances are under mounting pressure, with total global public debt reaching USD 102 trillion in 2024. Although developing countries hold less than one-third of this debt, they have been taking on new debt almost twice as fast as advanced economies since 2010. Debt service pressures are mounting, with half of developing countries now paying at least 6.5% of export earnings toward debt service, and 46 countries already spend more on interest than on either healthcare or education, affecting 3.4 billion people in 2024.¹ These trends highlight how rising debt can constrain policy choices and compress fiscal space. In India, where states now account for almost one-third of general government debt, the sustainability of national public finances is closely linked to the fiscal trajectory of states, making regular and systematic assessment of state finances essential for macroeconomic stability.

In this context, the Fiscal Health Index (FHI) of NITI Aayog serves as a comprehensive framework for assessing and comparing the fiscal performance of Indian states. The first release of the Index focused on 18 major states. Given the importance of state finances to India's economic resilience and sustainable growth, the FHI was conceptualised to evaluate fiscal soundness, guide reforms, and encourage evidence-based fiscal policymaking. Built on five key pillars of fiscal health, i.e., Quality of Expenditure, Revenue Mobilisation, Fiscal Prudence, Debt Index, and Debt Sustainability, the Index provided a structured and transparent framework using data from the Comptroller and Auditor General (CAG).

The second release of the FHI builds on the earlier framework while expanding both its coverage and analytical depth. This edition evaluates not only the 18 General Category States but also the 10 North-Eastern (NE) and Himalayan States², making the Index more inclusive and representative of India's fiscal diversity for 2023-24. The inclusion brings focus to fiscal patterns shaped by geographic remoteness, demographic characteristics, and higher service delivery costs. Meanwhile, the 18 major States continue to form the fiscal backbone of India's economic architecture.

The FHI continues to use the same five fiscal pillars and sub-indicators for 18 major states; however, the sub-indicators have been refined to capture the unique structural characteristics and fiscal portfolios of NE states, such as difficult terrain and sparse population density, limited own revenue capacity, and elevated committed expenditures, alongside their greater reliance on Union transfers. Moreover, to account for these differences, the Northeastern (NE) and Himalayan States have been ranked separately. This edition also retains the longitudinal perspective of the first edition, analysing fiscal trends from FY 2014-15 to FY 2023-24. The state analysis outlines each state's fiscal strengths, weaknesses, and overall profile, enabling more meaningful benchmarking and offering tailored insights to support improvements in their fiscal position.

¹ <https://unctad.org/publication/world-of-debt>

² Jammu & Kashmir is not included because of its present status as a UT.

Fiscal outcomes across the 18 major states vary, with some states seeing moderated FHI scores in 2023-24 compared to 2022-23. Odisha continues to lead due to controlled deficits and stable revenues. Jharkhand and Gujarat record a slight gain in ranks despite small score declines, supported by stable debt and revenue flows. Chhattisgarh, Tamil Nadu, and Rajasthan slip in rank as fiscal indicators weaken. Maharashtra and Telangana remain broadly stable, while Bihar, Madhya Pradesh show mixed results constrained by high committed expenditure. Punjab, Andhra Pradesh, West Bengal and Kerala face persistent fiscal stress due to rising debt, sustained deficits, and modest revenue growth.

The NE and Himalayan States show wide variation in fiscal performance. Arunachal Pradesh leads with strong expenditure quality and prudent debt management, while Uttarakhand benefits from high own-revenue mobilisation. Tripura performs well on debt sustainability, whereas Meghalaya, Assam, and others show mixed outcomes, shaped by varying strengths in expenditure quality, revenue capacity, and fiscal discipline. Himachal Pradesh and Manipur remain constrained by structural pressures, including high committed spending and weak revenue mobilisation.

States should prioritise strengthening their fiscal frameworks by improving revenue mobilisation, primarily through broadening GST bases and enhancing own-tax capacity, while curbing committed expenditure to restore fiscal flexibility. Rationalising subsidies, adopting standard expenditure heads, improving the quality and composition of capital spending, and adopting medium-term fiscal plans can help contain deficits and stabilise debt trajectories. States with persistent stress must undertake targeted consolidation measures, including tighter control of off-budget borrowings and better cash and debt management. Enhanced public financial management systems, greater transparency using CAG-verified data, and peer benchmarking through tools like the FHI can support evidence-based decision-making. Collectively, these steps will improve fiscal resilience, reduce regional disparities, and strengthen the foundations for long-term, sustainable growth.

The 2023-24 FHI highlights state-specific variations in a national context, combining methodological rigour with regional relevance. By offering narrative insights and long-term trend analysis, it sharpens the understanding of India's fiscal diversity. Importantly, it underscores that the fiscal health of all states is integral to macroeconomic stability and long-term resilience. Strengthening fiscal governance across this spectrum is essential to sustain high-quality growth, reduce regional disparities, and advance the vision of Viksit Bharat @2047.

Highlights: Major States

- Odisha remains the top performer, improving its score over the previous year, with Goa and Jharkhand also featuring among the top Achiever states. Gujarat and Maharashtra continue in the top five, while Haryana records a notable year-on-year improvement of three ranks. Bihar, Karnataka and Telangana show a mild recovery, whereas Punjab, West Bengal and Kerala remain at the bottom of the rankings.
- Overall, higher-ranked states display stronger fiscal discipline and resource mobilisation efforts, while lower ranked states exhibit higher non-developmental expenditure and less sustainable fiscal patterns.
- The Achiever group (Odisha, Goa and Jharkhand) is characterised by high own-tax shares (above 60%), relatively large capital outlay (around 4–5% of GSDP), low fiscal deficits (below 3% of GSDP), moderate debt levels (under 25% of GSDP) and contained interest burdens.
- Front-Runner states (Gujarat, Maharashtra, Chhattisgarh, Telangana, Uttar Pradesh and Karnataka) and Performer states (Madhya Pradesh, Haryana, Bihar, Tamil Nadu and Rajasthan) broadly maintain their positions with minor reshuffling, though their scores moderate slightly compared to the previous year.
- Aspirational states (West Bengal, Kerala, Andhra Pradesh and Punjab) face persistent revenue and fiscal deficits often breaching FRBM norms, elevated debt levels of roughly 35–45% of GSDP, committed expenditure accounting for about 50–60% of revenue receipts, large interest payments exceeding 15–20%, and relatively low developmental spending.
- Most states strengthened on Quality of Expenditure, with Jharkhand and Uttar Pradesh moving from Front Runner to Achiever, and Gujarat, Rajasthan, Andhra Pradesh improving from Performer to Front Runner. Majority of states, retained their earlier category.
- Goa and Odisha continue to record high State Own Revenue ratios, reflecting strong tax bases and greater fiscal autonomy. Jharkhand slipped from Front Runner to Performer, while most other states witnessed only marginal reshuffling within the same category.
- Bihar improved from Aspirational to Performer, signalling better deficit management. In contrast, Karnataka and Telangana moved from Front Runner to Performer, and Kerala and Tamil Nadu slipped further to the Aspirational group, highlighting emerging fiscal pressures.
- Odisha, Gujarat and Maharashtra maintain low debt levels and contain interest burdens, supporting fiscal sustainability. Conversely, Punjab, Kerala and West Bengal continue to face elevated debt and interest commitments, and several mid-tier states show rising leverage, though many remain within their existing category bands.

Highlights: NE/Himalayan States

- The North Eastern (NE) /Himalayan States have been ranked separately from the major states and classified into three groups i.e., Achievers (Arunachal Pradesh, Uttarakhand), Performers (Assam, Meghalaya, Mizoram, Sikkim, Tripura) and Aspirational (Himachal Pradesh, Manipur, Nagaland).
- Arunachal Pradesh ranks highest, followed by Uttarakhand and Tripura, reflecting stronger expenditure quality, revenue capacity and debt management, whereas Himachal Pradesh and Manipur remain at the bottom due to weak revenues and persistent fiscal stress.
- Meghalaya and Assam occupy upper middle positions with mixed indicator performance, while Mizoram, Nagaland and Sikkim display uneven performance across different fiscal metrics. Mizoram has low score under debt sustainability, Sikkim scores low on Fiscal Prudence and Nagaland has lower scores on Quality of Expenditure and Revenue Mobilisation.
- Arunachal Pradesh and Meghalaya improved through higher capital outlay and developmental spending exceeding two-thirds of total expenditure, whereas Tripura, Himachal Pradesh and Manipur face crowding-out from large salary and pension commitments.
- Uttarakhand and Himachal Pradesh exhibit relatively stronger own-revenue capacity, while Tripura, Nagaland and Manipur have weaker revenue mobilisation and central transfers form over 80% of revenue.
- Arunachal Pradesh maintains lower deficits and occasional surpluses through controlled revenue spending, but several states continue to run deficits around 4-5% of GSDP due to rigid expenditure structures.
- Assam, Tripura and Uttarakhand maintain moderate debt burdens, whereas Manipur and Himachal Pradesh carry high debt levels of roughly 40-50% of GSDP with rising servicing pressures.

Abbreviations

AE	Aggregate Expenditure
AJNIFM	Arun Jaitley National Institute of Financial Management
AP	Andhra Pradesh
AR	Arunachal Pradesh
AS	Assam
BFRBM	Bihar Fiscal Responsibility and Budget Management
BH	Bihar
CAG	Comptroller and Auditor General of India
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CH	Chhattisgarh
FD	Fiscal Deficit
FHI	Fiscal Health Index
FPI	Fiscal Performance Index
FRBM	Fiscal Responsibility and Budget Management
FSRI	Fiscal Self Reliance and Improvement Index
FY	Financial Year
GA	Goa
GCS	General Category States
GDP	Gross Domestic Product
GFD	Gross Fiscal Deficit
GFRBM	Goa Fiscal Responsibility and Budget Management
GJ	Gujarat
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
HP	Himachal Pradesh
HR	Haryana
IP	Interest Payments
IPRRI	Interest Payments to Revenue Receipts Index
JH	Jharkhand
KA	Karnataka
KFR	Kerala Fiscal Responsibility
KL	Kerala
MH	Maharashtra
ML	Meghalaya
MN	Manipur
MP	Madhya Pradesh
MTFPS	Medium Term Fiscal Policy Statement
MZ	Mizoram
NE	North Eastern
NL	Nagaland

NSE	National Stock Exchange
OD	Odisha
PB	Punjab
PSUs	Public Sector Undertakings
QoE	Quality of Expenditure
RBI	Reserve Bank of India
RD	Revenue Deficit
RJ	Rajasthan
RR	Revenue Receipts
SGST	State Goods and Services Tax
SK	Sikkim
SONTR	State Own Non-Tax Revenue
SOR	State Own Revenue
SSI	State of States Index
TN	Tamil Nadu
TR	Tripura
UK	Uttarakhand
UP	Uttar Pradesh
UPFRBM	Uttar Pradesh Fiscal Responsibility and Budget Management
VAT	Value-added Tax
WB	West Bengal

SECTION A

INTRODUCTION

A. INTRODUCTION

Balanced regional development is vital for India's economic stability and long-term growth, especially as the country advances toward the vision of Viksit Bharat@2047 and the realisation of the Sustainable Development Goals (SDGs). Each state plays a crucial role in India's macroeconomic stability and growth by managing public spending and mobilising revenue effectively. The FHI assesses states on expenditure quality, revenue mobilisation, fiscal prudence, debt index, and debt sustainability, offering a comprehensive view of their fiscal performance. By identifying gaps and highlighting best practices, the Index supports policymakers in strengthening fiscal governance, promoting sustainable development, and ensuring that progress across states is both inclusive and resilient.

Over the past decade, global public debt has risen sharply, driven by pandemic-era fiscal stimulus, climate spending, and geo-economic fragmentation, with persistently high fiscal deficits of about 5% of global GDP³ contributing to the upward trend in debt levels. According to the IMF's latest Fiscal Monitor, global public debt is on track to approach 100% of world GDP by the end of the decade, if current trends persist⁴. The Debt-to-GDP ratios now reflect renewed macroeconomic pressures, heightening concerns about long-term fiscal sustainability at a time when governments already face narrowing budgetary space. In the Indian context, state government debt now accounts for almost one-third of the overall general government debt. The recent trajectory of state debt, driven by rising subsidies, interest payments, and rising committed expenditure, has emerged as a key macro-fiscal risk.

The health of state finances has gained significant prominence, as fiscal well-being is essential for achieving long-term fiscal sustainability and overall economic growth. States account for two-thirds of public spending and one-third of total revenue. The Indian Constitution assigns states significant responsibilities in development and infrastructure, making their fiscal performance central to the nation's development and stability. Variations in fiscal performance between states and the centre affect national fiscal stability, highlighting the importance of maintaining sound fiscal operations at the state level. Monitoring the fiscal health of states is essential for ensuring financial stability, sustainable growth, and effective governance. It helps assess debt sustainability, fiscal deficits, and the efficient allocation of resources to key sectors such as healthcare, education, and infrastructure.

The composite index evaluates states on five indicators: quality of expenditure, revenue mobilisation, fiscal prudence, debt index and debt sustainability. The FHI provides a systematic approach for measuring state-level fiscal performance. By incorporating these dimensions, the FHI offers a comprehensive overview of state finances, providing insights into broader fiscal trends over time and enabling a better understanding of fiscal health across the country.

While the Index continues to use the same five fiscal pillars for all states, its indicators have been modified for NE and Himalayan States to reflect the distinct

³ <https://www.imf.org/en/Blogs/Articles/2025/09/17/global-debt-remains-above-235-of-world-gdp>

⁴ <https://www.imf.org/en/Blogs/Articles/2025/05/29/debt-is-higher-and-rising-faster-in-80-percent-of-global-economy>

structural characteristics. These states are geologically different with dispersed populations, limited own-revenue capacity, elevated committed expenditures, and greater reliance on Union transfers. To reflect these structural features, additional indicators have been included to capture cost-of-service delivery, the composition of committed spending, the pattern and volatility of devolution grants, and the revenue-generating capacity of these grants. These states are assessed through a separate ranking of the 10 NE/Himalayan states. This approach allows for fair benchmarking and provides clearer, context-specific insights and recommendations to support their fiscal strengthening.

The inclusion of the North-Eastern and Himalayan states is driven by both national importance and analytical necessity. Geographically, these states form India's natural frontiers, connecting the country with South/South-East Asia. They play a vital role in regional trade, border security, and strategic connectivity. Environmentally, they serve as India's ecological backbone, home to mountain ecosystems, rich biodiversity, and major river basins that sustain livelihoods and agriculture across the plains. Fiscal policies in these regions, from forest management to disaster mitigation, therefore carry implications that extend well beyond state boundaries. Socially and economically, these states are central to balanced regional development and national integration. Strengthening their fiscal capacity is essential to improving social infrastructure, expanding connectivity, and ensuring inclusive growth across diverse, often remote populations.

At the same time, the fiscal characteristics of these states differ markedly from those of the larger major States. Their own-tax revenue bases are limited, economic activity tends to be dispersed and informal, and the cost of public service delivery is higher due to challenging terrain and lower population density. The inclusion of the North-Eastern and Himalayan states enhances not only representation but also the national policy dialogue. Their fiscal performance has direct implications for India's strategic and developmental priorities, ranging from climate resilience and energy security to connectivity under the PM Gati Shakti framework and green growth. Strengthening fiscal management in these regions can accelerate the success of initiatives like the National Infrastructure Pipeline, the North East Special Infrastructure Development Scheme, and the Green Growth Mission. Moreover, the FHI helps policymakers design targeted interventions, enabling differentiated fiscal strategies that balance developmental needs with fiscal responsibility. Incorporating the North-Eastern and Himalayan states into the FHI also reflects India's commitment to inclusive and sustainable development. Fiscal stability in these regions reinforces national resilience across economic, environmental, and strategic dimensions. A strong fiscal foundation empowers these states to enhance governance, expand social infrastructure, and leverage central support effectively.

SECTION B

**STUDIES ON STATE
FINANCES:
A BRIEF REVIEW**

B. STUDIES ON STATE FINANCES - A BRIEF REVIEW

To evaluate the fiscal health of Indian states, several studies have been conducted. Below are some of the most recent and relevant studies on this topic.

A substantial body of existing literature, most notably the works of Mohanty & Mishra (2016), the CII (2019) discussion paper, and Dholakia (2005), has been discussed in detail in previous editions of the Fiscal Health Index (2025). Collectively, these studies establish the broad analytical consensus that assessing fiscal performance requires moving beyond conventional deficit indicators toward more comprehensive composite indices. By integrating dimensions such as revenue mobilisation, expenditure quality, debt sustainability, and overall fiscal prudence, these frameworks reveal the depth of inter-state fiscal disparities and the structural pressures shaping state finances. Their findings underscore the importance of multidimensional evaluation tools for systematically monitoring fiscal discipline and identifying areas requiring policy attention.

Building on this foundation, the recent analyses by Mundle & Gupta (2024), the Reserve Bank of India (2024), AJNIFM (2024), NSE (2020), and CareEdge Ratings (2023), which were also summarised in the previous edition of the Fiscal Health Index, reinforce and update these insights in the post-pandemic context. These studies point to buoyant but uneven revenue recovery, a renewed emphasis on capital outlays, and persisting concerns around rising debt levels and the quality of expenditure. They also highlight widening developmental differentials across states, reaffirming the need for a robust and harmonised framework to benchmark state performance, guide evidence-based policymaking, and support fiscal reforms. The latest index by AJNIFM for the year 2023-24 was released in 2025. They have provided a state-wise analysis based on certain fiscal parameters to help identify gaps in public financial management within individual states.

The CAG's State Finances 2022-23 (2025) report provides a comprehensive picture of the fiscal position of India's 28 States within the federal architecture, covering their revenue sources, expenditure composition, debt profile and adherence to fiscal responsibility norms over 10 years from 2013-14 to 2022-23. It details the relative weight of States' own tax and non-tax revenues vis-à-vis transfers from the Union through tax devolution, Finance Commission grants and centrally sponsored schemes, and analyses significant inter-state disparities in fiscal capacity. On the expenditure side, it tracks the division between revenue and capital outlays, the dominance of committed expenditure, and the sectoral distribution across social, economic and general services. The report further examines borrowing, public account liabilities, guarantees, and debt-to-GSDP ratios, and evaluates States' fiscal and revenue deficits against XV Finance Commission targets. Overall, it presents a comparative map of state fiscal space, dependence, spending composition, and debt sustainability.

Fiscal Performance of North Eastern States of India (2014), which examines the fiscal performance of eight North Eastern (NE) states and fourteen major Indian states over the period 1991–2010. Using secondary data from the Reserve Bank of India’s 2010 “Handbook of Statistics on State Government Finances”, the study constructs a composite North Eastern Fiscal Performance Index (NEFPI) following the approach outlined by Dholakia (2005). The index is the average of three component indices: the Deficit Indicator Index (DII), the Own Revenue Effort Index (OREI), and the Expenditure and Debt Servicing Index (EDSI), each constructed using normalised indicators based on the observed best and worst values across states during the post-reform period. State-wise scores were scaled between 0 (worst observed performance) and 100 (best observed performance), ensuring unidirectional comparability.

Existing studies on state-level fiscal health in India vary widely in scope and methodological orientation. Some focus on select macro-fiscal dimensions such as deficits, revenue effort, or debt accumulation. In contrast, others limit their analysis to a subset of states or combine fiscal indicators with broader socio-economic variables. The choice of indicators and analytical frameworks also differs considerably across studies, making comparisons over time or across analyses challenging. Much of this literature remains primarily descriptive or diagnostic, offering limited insights into long-term trends or state-specific fiscal dynamics.

This report addresses these gaps by adopting a structured, objective approach anchored in five core pillars of fiscal health: expenditure quality, revenue mobilisation, fiscal prudence, debt index, and debt sustainability. Unlike earlier studies, it undertakes a ten-year longitudinal analysis to trace fiscal trajectories, enabling a clear view of how states have evolved rather than focusing on a single-year snapshot. The report further deepens analysis by providing state-specific insights, using both narrative explanations and graphical representations to highlight each state’s performance patterns, underlying strengths, and emerging vulnerabilities.

To enhance comparability and policy relevance, the report also classifies and ranks Major States and NE and Himalayan States separately. This distinction is essential, as these groups differ significantly in their macroeconomic structures, administrative capacities, and fiscal environments. Finally, by integrating trend analysis, composite scoring, and granular state-level diagnostics, the report lays a credible foundation for a policy framework that can be tailored to each state’s unique needs and support their long-term fiscal strengthening and development.

SECTION C

**DEFINING
VARIABLES & DATA
INTERPRETATION**

C. DEFINING VARIABLES AND DATA INTERPRETATION

The data used to calculate the Fiscal Health Index (major variables & sub-components under each variable) is sourced from the Comptroller and Auditor General (CAG). A comprehensive overview of budgetary transactions for all states for the period 2023-24 is utilised for index calculation and subsequent analysis. Additionally, past analysis for different periods between 2014-15 and 2022-23 has been provided in the “Appendix” section of the report.

Five Major Sub-Indices are aggregated to form the Fiscal Health Index.

Table 1: Fiscal Parameters for the Sub-Indices for 18 Major states

MAJOR SUB- INDICES	MINOR SUB- INDICES
1. Quality of Expenditure	1.1 Total Developmental Expenditure/Total Expenditure
	1.2 Total Capital Outlay/ GSDP*
2. Revenue Mobilisation	2.1 State Own Revenue/ GSDP*
	2.2 State Own Revenue/ Total Expenditure
3. Fiscal Prudence	3.1 Gross Fiscal Deficit/ GSDP*
	3.2 Revenue Deficit/ GSDP*
4. Debt Index	4.1 Interest Payments/Revenue Receipts
	4.2 Outstanding Liabilities/ GSDP*
5. Debt Sustainability	5.1 Growth Rate of GSDP* - Growth Rate of Interest Payments

* GSDP at current prices for the year 2023-24

Table 2: Fiscal Parameters for the Sub-Indices for NE/Himalayan States⁵

MAJOR SUB- INDICES	MINOR SUB- INDICES
1. Quality of Expenditure	1.1 Total Developmental Expenditure/Total Expenditure
	1.2 Total Capital Outlay/ GSDP*
	1.3 Committed Expenditure/ Total Expenditure
2. Revenue Mobilisation	2.1 State Own Revenue/ GSDP*
	2.2 State Own Revenue/ Total Expenditure
	2.3 (Devolution + Grants)/ Revenue Receipts
3. Fiscal Prudence	3.1 Gross Fiscal Deficit/ GSDP*
	3.2 Revenue Deficit/ GSDP*

⁵ Committed Expenditure/ Total Expenditure, (Devolution + Grants)/ Revenue Receipts and Interest payment/ State Own Revenue are additional indicators that have been taken for NE/Himalayan states due to different fiscal and structural characteristics when compared to the major states.

MAJOR SUB- INDICES	MINOR SUB- INDICES
4. Debt Index	4.1 Interest Payments/Revenue Receipts
	4.2 Outstanding Liabilities/ GSDP*
	4.3 Interest payment/ State Own Revenue
5. Debt Sustainability	5.1 Growth Rate of GSDP* - Growth Rate of Interest Payments

* GSDP at current prices for the year 2023-24

Rationale for adding additional indicators for NE/Himalayan states: Himalayan states and major states show different fiscal patterns. Himalayan states tend to raise less of their own revenue and rely more on central support, while also spending a larger share of their budgets on development and capital projects. This pushes their overall debt levels higher than those of major states. Major states, in contrast, have stronger revenue bases, more moderate spending commitments, and generally maintain healthier debt positions. Overall, these fiscal metrics highlight how geography and structural constraints shape the fiscal space available to NE/ Himalayan states differently from that of the General Category/ Major States.

Table 3: Trend from 2014–2024 (general profile of Himalayan vs Major states)

Indicator	Himalayan States	Major States
Own Tax Revenue (% of GSDP)	~6-7%	~8%
Developmental Expenditure (% of GSDP)	~22-23%	~11-12%
Capital Outlay (% of GSDP)	Higher (~7-8%)	Moderate (~3%)
Debt-to-GSDP Ratio	30-40%+	Usually <30%
Dependence on Centre (% of RR)	60-90%	30-50%

Source: Author's Calculations

The detailed description of the five major sub-indices and their respective minor sub-indices is elaborated below.

1. Quality of Expenditure: Quality of Expenditure reflects how effectively a state deploys its resources, with emphasis on productive spending such as capital investment, health, education, and infrastructure relative to salaries, pensions, and interest payments. Higher-quality expenditure indicates better service delivery, stronger growth potential, and healthier long-term fiscal outcomes.

Developmental expenditure refers to government spending aimed at fostering long-term economic growth and improving infrastructure or social services, such as building schools or hospitals.

Non-developmental expenditure involves routine spending necessary to maintain current government functions and services, such as paying salaries and covering operational costs.

Committed Expenditure: Committed expenditure refers to the portion of a state’s budget that is pre-allocated to mandatory or non-discretionary obligations, such as salaries, pensions, interest payments, and statutory transfers.

These expenditures are mainly unavoidable and fixed in the short term, limiting the state's flexibility to allocate funds to new or discretionary developmental programs and investments.

- **Total Developmental Expenditure/Total Expenditure:** This ratio measures the proportion of a government's total spending that is allocated to developmental activities. This metric is useful for assessing the effectiveness and priorities of a government's budgetary policies.
- **Total Capital Outlay/Nominal GSDP:** This ratio measures how much of the state's economic resources are being directed towards capital projects, such as infrastructure, facilities, and other long-term investments. This assesses how effectively a state leverages its economic output to achieve long-term benefits.
- **Committed Expenditure/Total Expenditure:** This ratio indicates the proportion of a state's total spending that is pre-obligated toward non-discretionary items such as salaries, pensions, and interest payments. It reflects the degree of fiscal flexibility available to the state; higher ratios suggest limited room for developmental or capital spending, while lower ratios indicate greater capacity for policy-driven expenditure.

2. Revenue Mobilisation: Revenue Mobilisation captures a state's capacity to generate its own tax and non-tax revenues, measured through tax efficiency, buoyancy, base expansion, and collection practices. Strong revenue mobilisation reduces dependence on central transfers and borrowing, strengthening fiscal autonomy and stability.

- **State Own Revenue/ Nominal GSDP:** This ratio reflects the state's ability to generate revenue independently without relying heavily on central government transfers or grants. It provides insights into a state's financial sustainability and its capacity to fund its own developmental and operational needs.
- **State Own Revenue/ Total Expenditure:** This ratio indicates how much of the state's expenditures are covered by its own revenues, reflecting fiscal independence.
- **Devolution and Grants as percentage of Revenue Receipts⁶:** This ratio measures the extent to which a state's revenue depends on transfers from the central government, including tax devolution and grants-in-aid. It reflects the state's fiscal autonomy. Higher values indicate greater reliance on central transfers, while lower values suggest stronger internal revenue mobilisation and fiscal self-sufficiency.

3. Fiscal Prudence: Fiscal Prudence refers to the discipline with which a state manages its deficits, adheres to fiscal rules, and controls committed expenditures. States with higher prudence maintain sustainable fiscal deficits, avoid persistent revenue shortfalls, and adhere to FRBM norms, thereby ensuring balanced and responsible fiscal management.

⁶ Reflecting the higher reliance of NE and Himalayan States on central transfers, Appendix Table E1 provides the trend profile of such dependence over FY2014-15 to FY2023-24.

Fiscal Deficit: Fiscal Deficit occurs when a government’s spending surpasses its income. It shows the gap between total revenue and total expenditure. This difference is the amount needed to borrow.

Revenue Deficit: Revenue Deficit occurs when the government’s income receipts are insufficient to cover its expenditures, necessitating borrowing to fund its operations.

- **Gross Fiscal Deficit/ Nominal GSDP:** A higher ratio may signal potential concerns regarding the sustainability of the state’s debt levels, as it suggests that the state is borrowing (usually financed by public or foreign entities) significantly relative to its economic size.
- **Revenue Deficit/ Nominal GSDP:** A high ratio indicates that the state is not generating enough revenue to meet its expenditure and is relying on borrowing (financed by deficit financing) to finance its activities, and has potential risk to the state budget.

4. Debt Index: The Debt Index assesses the size, composition, and burden of a state’s outstanding liabilities, including market borrowings and other obligations. A favourable debt index reflects moderate debt levels, efficient debt composition, and manageable servicing costs relative to the state’s economic size.

- **Interest Payments/ Revenue Receipt:** The ratio of interest payments to Revenue Receipts (IP/RR) indicates the percentage of Revenue Receipts used for interest payment on account of outstanding debt. It indicates how much of the state’s interest payments are financed by Revenue Receipts and represents the state’s debt servicing position. A high IPRRI indicates that the state is spending a significant share of its revenue on debt service, which can signal impending financial stress.
- **Outstanding Liabilities/Nominal GSDP:** This ratio indicates how much of the Gross State Domestic Product (GSDP) is taken up by debt stock. It reflects the state’s debt burden. A high ratio indicates that the state is heavily indebted.
- **Interest payment/ State Own Revenue:** This ratio assesses the burden of interest obligations relative to the state’s internally generated revenues, such as taxes and non-tax receipts. It indicates the extent to which a state’s own fiscal capacity is constrained by debt servicing. Higher ratios suggest reduced fiscal space for developmental spending, while lower ratios reflect healthier debt management and stronger revenue capacity.

5. Debt Sustainability: Debt Sustainability evaluates a state’s long-term ability to service debt without creating fiscal stress, based on indicators such as interest payments relative to revenues, primary balance trends, and projected debt dynamics. Sustainable debt implies that growth and revenues are sufficient to meet obligations without constraining essential expenditure.

- **Growth Rate of GSDP – Growth Rate of Interest Payments:** A higher value suggests that the state’s economy is growing faster than its debt obligations, indicating fiscal sustainability and greater spending capacity. Conversely, a lower or negative value implies that interest payments are consuming a larger share of resources relative to economic growth, potentially constraining fiscal space.

SECTION D

METHODOLOGY

D. METHODOLOGY⁷

The FHI has been calculated for 18 major states and 10 North Eastern (NE)/Himalayan States for FY 2023-24 using data from the CAG. The study identified five major sub-indices for evaluation: Quality of Expenditure, Revenue Mobilisation, Fiscal Prudence, Debt Index, and Debt Sustainability. Further, minor sub-indices were developed under each major sub-index, based on specific fiscal metrics. The study differentiates between Improvement Indices, where higher values indicate better performance, and Deprivation Indices, where lower values signify better performance. The final rank was computed by taking the arithmetic mean of the major sub-indices, with each major sub-index calculated as the mean of its respective minor sub-indices. The detailed explanation of the variables has been provided in the preceding section. The steps taken are as follows:

- Determination of the type of sub-index:
 - **Improvement index:** The Improvement Index is a favourable index in which higher values of the variable are rewarded. The Improvement Index is constructed so that the higher the ratio for a state, the higher its index value.

$$\text{Improvement Index for a state } i = \frac{X_i - \text{Min}(X)}{\text{Target}(X) - \text{Min}(X)} * 100,$$

where X_i is the minor sub-index under each major sub-index.

The target value was set to the highest value (among all states in each year) observed over the past 10 years.

- **Deprivation Index:** Deprivation Index is a deteriorating index in which lower values of the variable are rewarded. The Deprivation Index is constructed in such a way that the lower the ratio for a state, the higher the index value assigned to it.

$$\text{Deprivation Index for a state } i = \frac{\text{Max}(X) - X_i}{\text{Max}(X) - \text{Target}(X)} * 100,$$

where X_i is the minor sub-index under each major sub-index.

The target value was set to the lowest value (of the minimum of all the states in each year) observed over the past 10 years.

- Computed major sub-indices by using the arithmetic mean of minor sub-indices.
- Computed the final index by using the arithmetic mean of major sub-indices

⁷ To maintain comparability, the 18 major states have been assessed using the same methodology adopted in the previous edition (FY2022-23)

Table 4: Classification of Sub-Indices under Improvement and Deprivation Categories

Improvement Index	Deprivation Index
Total Developmental Expenditure / Total Expenditure	Committed Expenditure / Total Expenditure (NE/Himalayan only)
Total Capital Outlay / GSDP	(Devolution + Grants) / Revenue Receipts (NE/Himalayan only)
State Own Revenue / GSDP	Interest Payments / State Own Revenue (NE/Himalayan only)
State Own Revenue / Total Expenditure	Gross Fiscal Deficit / GSDP
Growth Rate of GSDP - Growth Rate of Interest Payments	Revenue Deficit / GSDP
	Interest Payments / Revenue Receipts
	Outstanding Liabilities / GSDP

The FHI scores for 2023-24 are comparable with previous year. The target values taken for normalization are same over the two years for all indicators except for one, where there is marginal difference.

SECTION E

RESULTS

E.I. RESULTS: MAJOR STATES

E.I.1. Table 5: Final Ranking of States for 2023-24

States	FHI Score	Rank 2023-24	Quality of Expenditure	Revenue Mobilisation	Fiscal Prudence	Debt Index	Debt Sustainability
Odisha	73.1	1	71.2	80.3	58.7	95.8	59.5
Goa	54.7	2	49.5	80.4	45.0	56.8	41.9
Jharkhand	50.5	3	66.3	37.6	54.4	67.9	26.3
Gujarat	49.9	4	48.7	44.8	51.5	74.2	30.2
Maharashtra	45.0	5	36.9	52.7	35.2	76.0	24.3
Chhattisgarh	44.3	6	60.8	48.4	8.4	72.5	31.5
Telangana	44.3	7	57.1	60.8	30.0	53.5	20.0
Uttar Pradesh	41.9	8	50.9	28.1	38.8	60.2	31.7
Karnataka	41.7	9	46.8	43.2	33.1	61.4	24.1
Madhya Pradesh	37.8	10	60.8	32.0	35.1	58.9	2.2
Haryana	34.5	11	35.8	48.0	27.3	32.8	28.7
Bihar	30.9	12	58.3	2.9	27.4	48.0	17.8
Tamil Nadu	29.8	13	30.5	39.8	21.5	39.1	18.2
Rajasthan	27.6	14	43.7	29.4	11.3	32.1	21.5
Kerala	24.8	15	4.1	47.8	24.0	23.3	24.8
West Bengal	23.8	16	37.4	12.9	22.7	20.1	25.6
Andhra Pradesh	23.1	17	43.1	21.7	9.9	36.6	4.2
Punjab	12.4	18	8.1	29.8	5.9	2.1	15.9

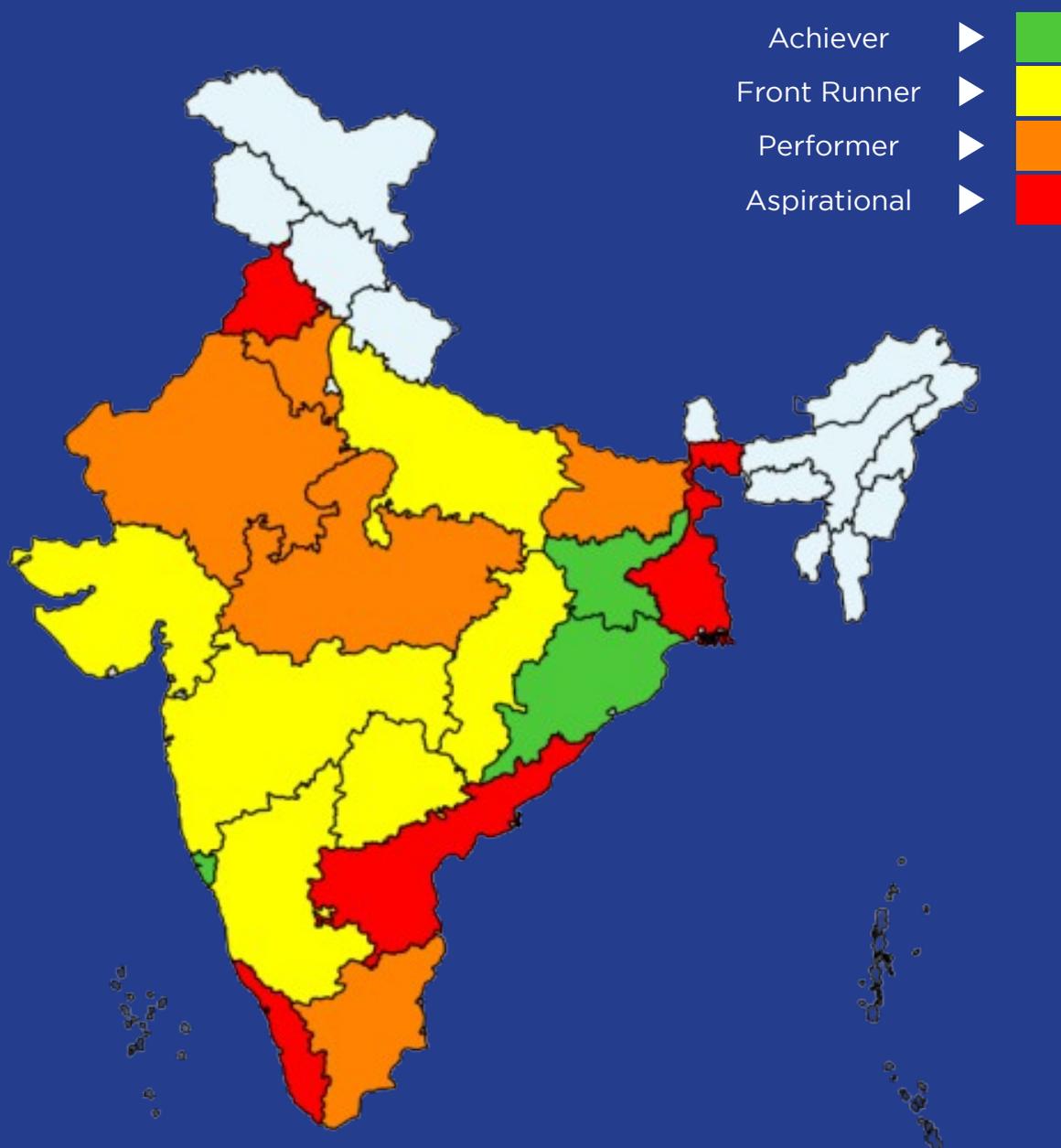
Source: Author's Calculations

Findings:

- Odisha remains the strongest performer with an overall score of 73.1, demonstrating fiscal robustness through prudent deficit control, high-quality expenditure, and strong revenue mobilisation. Its exemplary debt management practices and low default risk have translated into sustained fiscal stability and continued top rankings.
- Goa and Jharkhand follow with scores of 54.7 and 50.5. Goa's fiscal strength stems from high reliance on its own revenue and controlled debt levels, while Jharkhand's balanced expenditure profile and improving fiscal prudence reflect steady institutional progress in financial management.

- States such as Gujarat, Maharashtra and Telangana maintain moderate fiscal strength with stable own-revenue bases and prudent debt levels. Gujarat's high capital outlay and low refinancing risks underline long-term sustainability while Chhattisgarh's improved tax buoyancy and infrastructure investment point to fiscal maturity.
- Bihar and Madhya Pradesh exhibit mixed performance characterised by adequate developmental spending but constrained fiscal flexibility due to high committed expenditure and a low revenue base. Strengthening tax compliance and diversifying income streams are essential for improving their fiscal resilience. Rajasthan also shows mixed performance with relatively better performance in the Quality of Expenditure than other indices.
- Haryana and Tamil Nadu show weak performance in Quality of Expenditure due to low developmental spending. They, however, perform well in Revenue Mobilisation. Rationalising subsidies and reprioritising developmental spending are essential for improving their fiscal resilience.
- Punjab, Andhra Pradesh, West Bengal and Kerala remain fiscally stressed with low scores, reflecting persistent deficits, rising debt burdens, and limited revenue capacity. High expenditure rigidity, particularly in Punjab and Andhra Pradesh, and weak debt sustainability in these states highlight the need for targeted fiscal reforms, improved debt management, and better-quality spending to restore fiscal balance.

Major States: State-wise Composite FHI Score Heatmap



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

State-wise score for heatmap and rationale for categorisation is provided in the Appendix

E.I.2. Table 6: FHI Rank and Score performance in 2023-24 vs 2022-23

States	FHI Score 2023-24	Rank 2023-24	FHI Score 2022-23	Rank 2022-23	YoY Performance
Odisha	73.1	1	67.4	1	0 →
Goa	54.7	2	53.4	3	1 ↑
Jharkhand	50.5	3	51.3	4	1 ↑
Gujarat	49.9	4	50.3	5	1 ↑
Maharashtra	45.0	5	50.0	6	1 ↑
Chhattisgarh	44.3	6	54.9	2	4 ↓
Telangana	44.3	7	43.4	8	1 ↑
Uttar Pradesh	41.9	8	45.6	7	1 ↓
Karnataka	41.7	9	40.6	10	1 ↑
Madhya Pradesh	37.8	10	42.0	9	1 ↓
Haryana	34.5	11	27.4	14	3 ↑
Bihar	30.9	12	27.5	13	1 ↑
Tamil Nadu	29.8	13	29.2	11	2 ↓
Rajasthan	27.6	14	28.4	12	2 ↓
Kerala	24.8	15	25.3	15	0 →
West Bengal	23.8	16	21.7	16	0 →
Andhra Pradesh	23.1	17	20.8	17	0 →
Punjab	12.4	18	10.7	18	0 →

Source: Author's Calculations

- Over the previous year, the FHI for 2023-24 highlights distinct shifts in state-level fiscal positions, reflecting both consolidation and emerging pressures.
- Odisha has maintained its top rank, further strengthening its score to 73.1 from 67.4, supported by prudent fiscal management, high-quality expenditure, and a strong debt profile.
- Haryana showed improvement in rankings, driven by better revenue mobilisation and improved expenditure control, signalling gradual fiscal stabilisation. Gujarat and Maharashtra are among the top five performing states.
- Bihar’s marginal recovery reflects improved quality of expenditure and revenue surplus. In contrast, states like West Bengal and Punjab continue to struggle at the bottom, constrained by widening deficits, high debt burdens, and persistent expenditure rigidity.
- Overall, year-on-year movements indicate that while stronger states consolidated gains through fiscal discipline and diversification of revenue sources, weaker states remain weighed down by higher deficits and weaker revenue mobilisation.

E.I.3. Table 7: FHI Rank & Score performance⁸: Trends Across Periods (2014-15 to 2023-24)

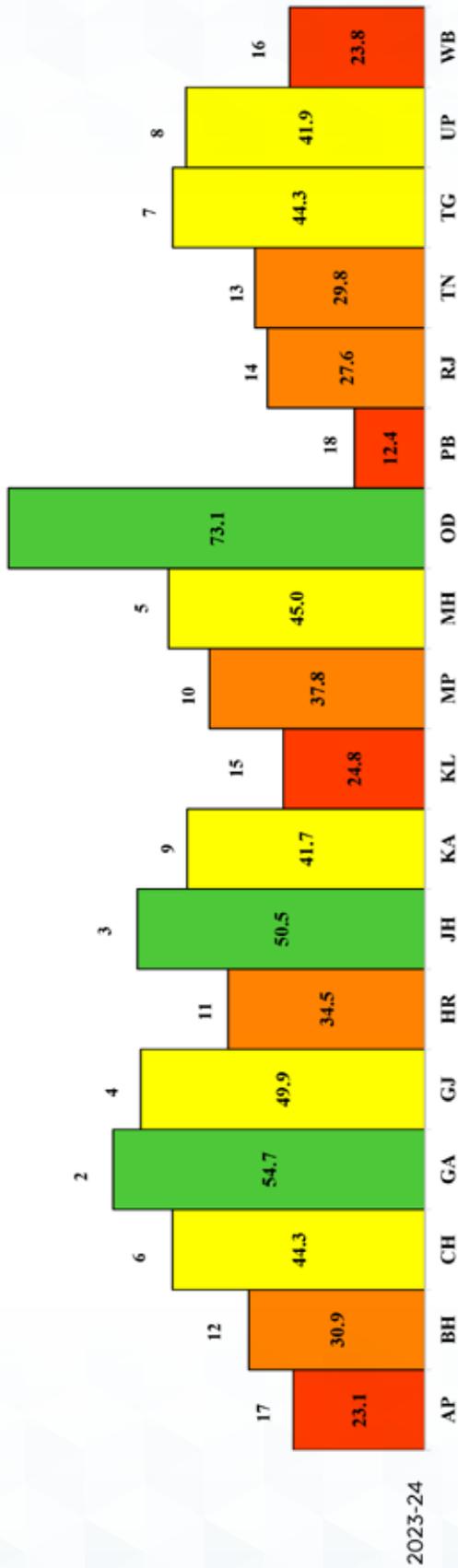
Period	2023-24		2020-21 to 2022-23		2017-18 to 2019-20		2014-15 to 2016-17	
	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank
Odisha	73.1	1	66.4	1	47.8	1	51.8	2
Goa	54.7	2	38.2	6	41.3	5	52.6	1
Jharkhand	50.5	3	41.6	3	37.1	9	36.8	13
Gujarat	49.9	4	39.7	5	40.4	6	46.1	6
Maharashtra	45.0	5	41.0	4	46.2	2	37.7	12
Chhattisgarh	44.3	6	44.5	2	36.5	10	49.2	4
Telangana	44.3	7	34.8	9	40.1	7	45.0	7
Uttar Pradesh	41.9	8	36.3	7	43.2	3	40.5	8
Karnataka	41.7	9	35.5	8	42.9	4	50.7	3
Madhya Pradesh	37.8	10	33.5	10	38.2	8	48.2	5
Haryana	34.5	11	22.6	13	28.4	13	31.9	14
Bihar	30.9	12	23.1	11	34.8	11	38.6	10
Tamil Nadu	29.8	13	23.0	12	31.5	12	40.5	9
Rajasthan	27.6	14	22.2	14	27.2	14	29.0	16
Kerala	24.8	15	17.4	16	23.0	16	30.8	15
West Bengal	23.8	16	15.5	17	22.4	17	22.0	17
Andhra Pradesh	23.1	17	20.7	15	26.5	15	37.9	11
Punjab	12.4	18	7.8	18	14.3	18	19.9	18

Fiscal performance across the 18 major states shows phases of improvement, stagnation, and stress over the decade. Odisha has emerged as a consistent performer, strengthening its position across all periods. In contrast, Punjab, West Bengal, and Kerala continue to face persistent structural challenges, marked by weak fiscal prudence and sustained debt pressures. Mid-ranking states such as Gujarat, Maharashtra, Jharkhand, and Chhattisgarh show mixed but stable performance.

Overall, the decadal trends indicate a gradual divergence: states with stronger revenue capacity and more disciplined expenditure management have continued to improve, while those facing structural revenue constraints and fiscal rigidities have experienced fiscal pressures. Enhancing fiscal discipline, boosting own-revenue mobilisation, and improving expenditure quality remain central to reducing medium-term fiscal risks.

⁸ The Average FHI score for 2014-15 to 2016-17, 2017-18 to 2019-20, and 2020-21 to 2022-23 has been calculated by taking the average of the values for minor sub-indices across all years within each period.

E.I.4 Graph 1: Comparative Ranking of States for 2023-24, Average for 2014-15 to 2016-17, 2017-18 to 2019-20 & 2020-21 to 2022-23

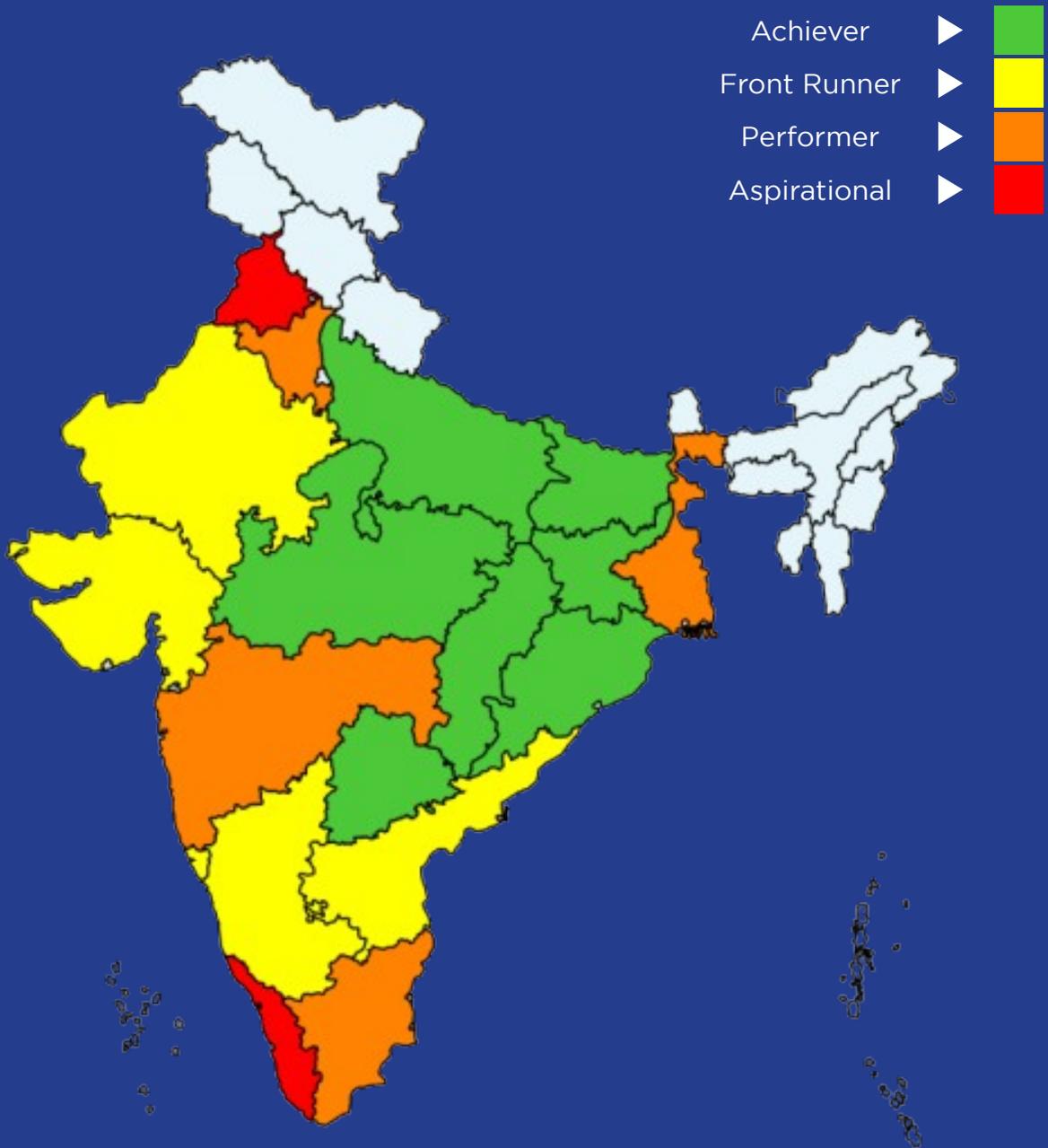


Avg for 2020-2023	20.7	23.1	44.5	38.2	39.7	22.6	41.6	35.5	17.4	33.5	41.0	66.4	7.8	22.2	23.0	34.8	36.3	15.5	Score
	15	11	2	6	5	13	3	8	16	10	4	1	18	14	12	9	7	17	Rank
Avg for 2017-2020	26.5	34.8	36.5	41.3	40.4	28.4	37.1	42.9	23.0	38.2	46.2	47.8	14.3	27.2	31.5	40.1	43.2	22.4	Score
	15	11	10	5	6	13	9	4	16	8	2	1	18	14	12	7	3	17	Rank
Avg for 2014-2017	37.9	38.6	49.2	52.6	46.1	31.9	36.8	50.7	30.8	48.2	37.7	51.8	19.9	29.0	40.5	45.0	40.5	22.0	Score
	11	10	4	1	6	14	13	3	15	5	12	2	18	16	9	7	8	17	Rank

Source: Author's calculation

Note: The Average FHI score for 2014-15 to 2016-17, 2017-18 to 2019-20, and 2020-21 to 2022-23 has been calculated by taking the average of the values for minor sub-indices across all years within each period, using the same methodology as stated above in the Methodology section.

State-wise Quality of Expenditure Score Heatmap



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

E.I.5 Table 8: Quality of Expenditure- Trend over last 10 years

States	2023-24	2022-23	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Odisha	71.2	52.0	51.5	62.4	67.1
Jharkhand	66.3	47.3	42.2	44.8	53.4
Madhya Pradesh	60.8	59.7	56.6	48.2	59.0
Chhattisgarh	60.8	55.1	50.4	45.6	62.6
Bihar	58.3	56.1	49.9	58.5	62.7
Telangana	57.1	36.9	39.4	42.0	55.3
Uttar Pradesh	50.9	45.8	39.4	35.9	55.5
Goa	49.5	45.5	41.3	38.5	43.5
Gujarat	48.7	40.0	36.4	37.0	42.9
Karnataka	46.8	47.4	47.6	52.3	52.0
Rajasthan	43.7	38.3	37.0	40.4	49.5
Andhra Pradesh	43.1	31.4	30.3	36.8	49.4
West Bengal	37.4	32.3	25.6	30.3	24.2
Maharashtra	36.9	37.1	30.9	31.4	31.1
Haryana	35.8	24.8	22.3	36.5	33.9
Tamil Nadu	30.5	32.0	32.6	25.1	33.6
Punjab	8.1	4.7	0.0	2.3	0.0
Kerala	4.1	4.2	8.0	11.1	9.1

Source: Author's Calculations

Trends and Structural Insights: Ten-year trend indicates, that the states that sustained a strong developmental focus and expanded capital investment have improved on Quality of Expenditure, whereas fiscally rigid or consumption-oriented states have experienced a persistent decline.

Between 2022-23 and 2023-24, Madhya Pradesh, Bihar, Chhattisgarh, and Odisha retained their 'Achiever' status, while Jharkhand, Telangana, and Uttar Pradesh moved into the Achiever category. Karnataka and Goa continued to remain in the 'Front Runner' group, and Gujarat, Rajasthan, and Andhra Pradesh advanced from the 'Performer' to the 'Front Runner' category. All other states maintained their previous classifications.

- **Achievers (Odisha, Jharkhand, Madhya Pradesh, Chhattisgarh, Bihar, Telangana, and Uttar Pradesh)**

Odisha's QoE score rose from 67 in 2014-15 to over 71 in 2023-24, anchored in its consistent increase in capital outlay to GSDP ratio (3-4%) and strong developmental expenditure share (around 77-80%). Similarly, Madhya Pradesh and Chhattisgarh improved their scores through a decisive rise in capital investment, particularly in infrastructure and irrigation, while keeping social expenditure growth aligned with revenue capacity. Jharkhand and Bihar reflect steady structural strengthening, both with capital outlay-to-GSDP ratios around 4-5%, higher than most major states, and improving expenditure quality despite modest fiscal space.

- **Front Runners (Goa, Gujarat, Karnataka, Rajasthan, and Andhra Pradesh)**

Their scores have remained broadly stable over time, averaging between 45–55, with developmental expenditure ratios near 70–73%. However, limited acceleration in capital outlay (mostly 1.5–3% of GSDP) has constrained further gains. Gujarat and Karnataka maintain fiscal discipline and sectoral diversification and show a slight year-on-year improvement in expenditure quality. Rajasthan and Andhra Pradesh improved marginally in recent years, aided by post-COVID capital push and welfare-linked spending, but continue to face revenue pressures that may have capped long-term quality enhancement.

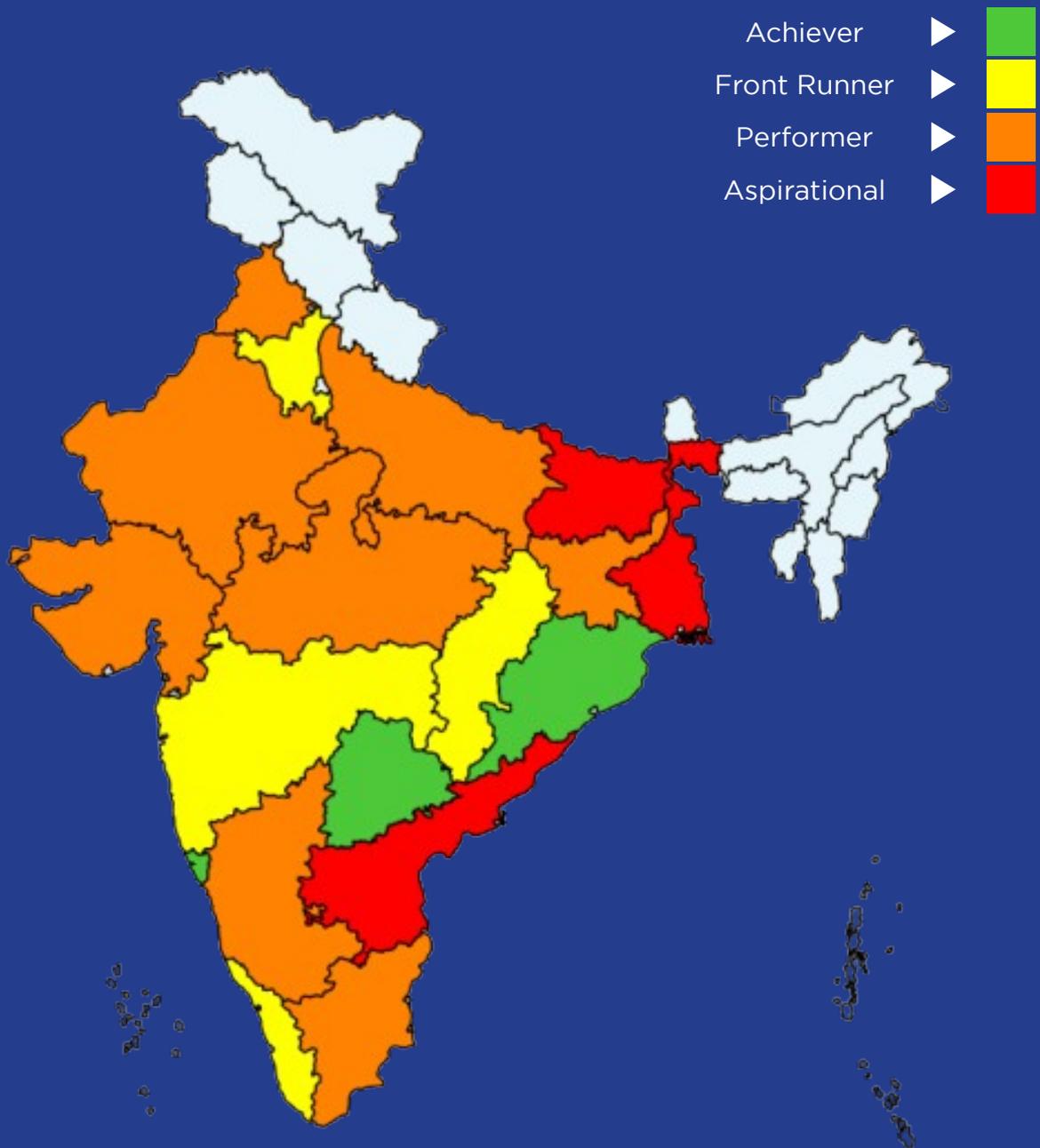
- **Performers (West Bengal, Maharashtra, Haryana, and Tamil Nadu)**

QoE scores have stagnated or marginally increased compared to the 2014–17 baseline. Despite moderate developmental expenditure ratios (65–70%), capital outlay remains below 2% of GSDP, restricting asset creation. For instance, Maharashtra's score has hovered between 30–37 over the decade and has improved in recent years, with committed expenditure declining and capital outlay increasing.

- **Aspirational (Punjab and Kerala)**

Their QoE scores have remained below 10, with a declining trend overall. Both states spend heavily on salaries, pensions, and interest payments, leading to very low capital outlay-to-GSDP ratios (<1%) and developmental shares below 60%. Consequently, their fiscal structures leave little room for productive expenditure or asset formation, reinforcing a cycle of weak fiscal sustainability.

State-wise Revenue Mobilisation Score Heatmap



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

E.I.6. Table 9: Revenue Mobilisation- Trend over last 10 years

States	2023-24	2022-23	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Goa	80.4	87.1	71.5	66.5	82.0
Odisha	80.3	69.9	74.7	36.7	36.6
Telangana	60.8	75.2	59.7	54.1	50.7
Maharashtra	52.7	59.1	52.4	59.6	50.8
Chhattisgarh	48.4	56.5	48.6	37.4	45.0
Haryana	48.0	47.8	41.7	40.9	42.3
Kerala	47.8	54.2	40.1	41.7	50.2
Gujarat	44.8	48.7	36.1	39.4	47.8
Karnataka	43.2	43.9	37.5	39.5	50.0
Tamil Nadu	39.8	41.2	34.5	43.2	49.9
Jharkhand	37.6	45.7	38.3	27.0	25.7
Madhya Pradesh	32.0	27.6	24.9	25.6	40.6
Punjab	29.8	28.1	25.6	35.5	46.9
Rajasthan	29.4	35.4	31.2	31.7	32.4
Uttar Pradesh	28.1	34.6	33.1	52.6	38.4
Andhra Pradesh	21.7	22.1	22.0	25.7	32.3
West Bengal	12.9	12.4	11.3	13.3	10.7
Bihar	2.9	5.3	4.4	1.9	6.8

Source: Author's Calculations

Trends and Structural Insights: The fiscal capacity of Indian states, reflected through Revenue Mobilisation, has evolved unevenly over the past decade. The ten-year trend reveals widening gaps: states that strengthened their internal revenue base and aligned spending with own-resource capacity have sustained strong scores, while others continue to face structural fiscal limitations. Between 2022-23 and 2023-24, Goa, Odisha, and Telangana retained their 'Achiever' status with some reshuffling among middle-ranked states.

- **Achievers (Goa, Odisha and Telangana)**

Goa's score has remained high throughout (82.0 in 2014-17, 87.1 in 2022-23, and 80.4 in 2023-24), anchored in its strong State Own Revenue to Expenditure ratio (63% in 2023-24) and a high SOR to GSDP ratio (12%). This reflects a structurally sound fiscal position supported by effective tax administration and tourism-linked revenues. Odisha's revenue strength has risen sharply from around 37 in 2014-17 to over 80 in 2023-24. The improvement is underpinned by a steady increase in sustained revenue-financing capacity, driven largely by buoyant mining receipts and enhanced compliance. These states exemplify fiscal resilience and self-reliance, with own revenues financing a major share of total expenditure.

- **Front Runners (Maharashtra, Chhattisgarh, Haryana, and Kerala)**

Maharashtra continues to perform strongly with a score of around 52.7 in 2023–24, maintaining one of the highest SOR to Expenditure ratios (62%). Haryana and Kerala have similarly sustained high ratios (61% and 57% respectively). Chhattisgarh maintains a solid position, reflecting the benefit of resource-linked revenues. These states display fiscal maturity and administrative efficiency but have reached a point of relative stability.

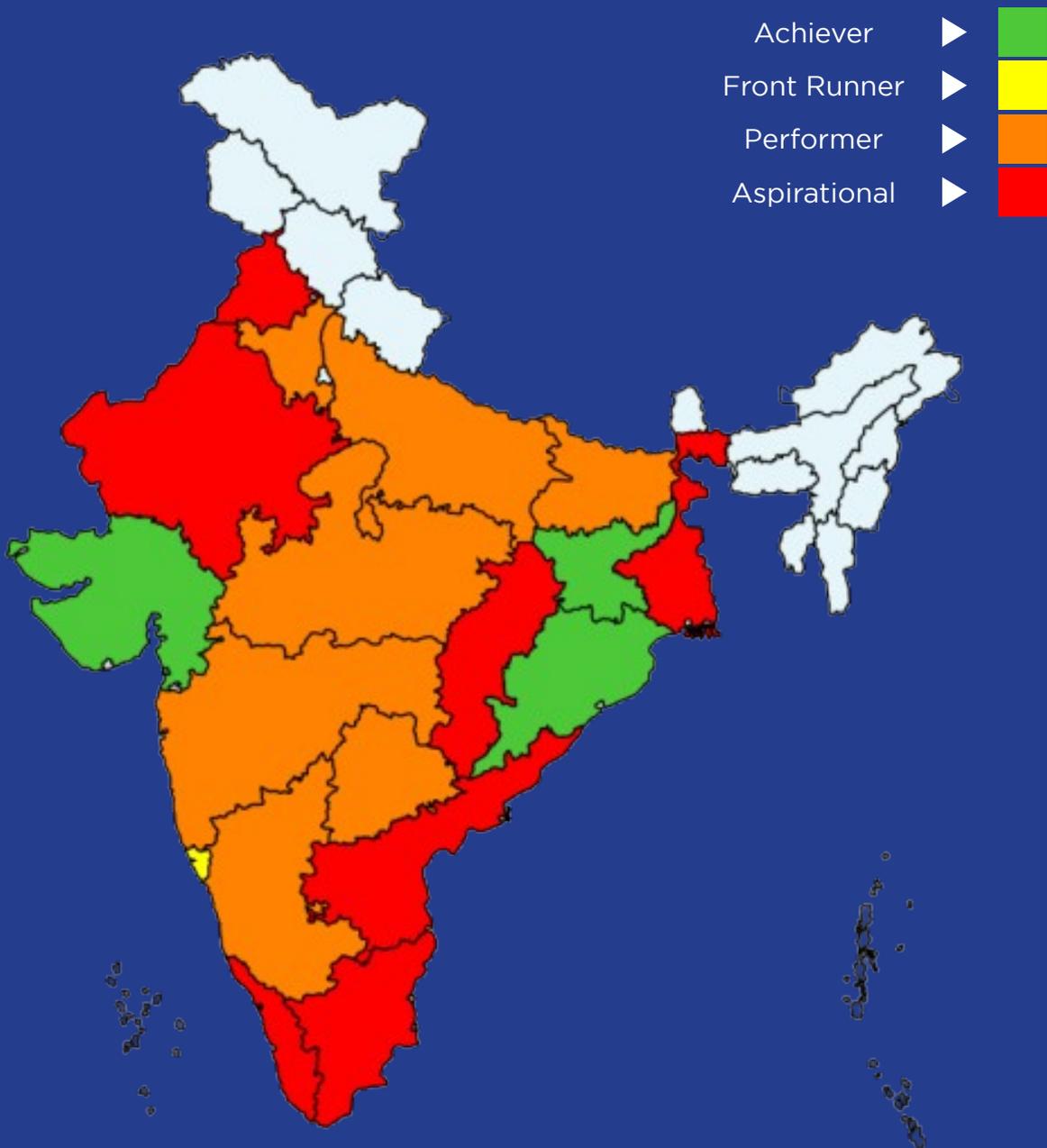
- **Performers (Gujarat, Karnataka, Tamil Nadu, Jharkhand, Madhya Pradesh, Punjab, Rajasthan and Uttar Pradesh)**

Karnataka and Tamil Nadu continue to maintain disciplined fiscal management, though their SOR to GSDP ratios have largely remained around 7%, suggesting limited buoyancy in tax expansion. Rajasthan and Punjab show weaker performance, constrained by high committed expenditure and slow revenue growth. Jharkhand's revenue position has strengthened in recent years, with the score rising to 37.6 in 2023–24 as compared to 2014–17, reflecting gains from mining-linked receipts and improved compliance mechanisms, but the overall score is lower compared to the previous year. Overall, these states demonstrate fiscal consolidation but require structural reforms to sustain and deepen their own-revenue generation.

- **Aspirational (Andhra Pradesh, West Bengal and Bihar)**

Bihar's score has fallen from 6.8 in 2014–17 to just 2.9 in 2023–24, reflecting a persistently low SOR to GSDP ratio and limited fiscal autonomy. Andhra Pradesh's score has also declined sharply from 32.3 to 21.7 over the same period, indicating rising expenditure pressures unaccompanied by matching revenue growth. West Bengal's performance has stagnated, with SOR to GSDP and SOR to Expenditure ratios remaining around 6% and 34–36%, respectively, indicating slow revenue growth and a heavy dependence on central transfers. These states continue to face structural constraints in tax administration and economic diversification, limiting their ability to build sustainable fiscal strength.

State-wise Fiscal Prudence Score Heatmap



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

E.I.7. Table 10: Fiscal Prudence- Trend over last 10 years

States	2023-24	2022-23	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Odisha	58.7	54.0	66.5	38.3	51.0
Jharkhand	54.4	62.4	44.8	29.3	30.4
Gujarat	51.5	52.7	40.8	35.5	40.7
Goa	45.0	59.4	32.3	29.6	41.2
Uttar Pradesh	38.8	44.7	38.5	50.3	34.9
Maharashtra	35.2	41.8	32.4	36.0	36.7
Madhya Pradesh	35.1	35.6	23.3	25.4	36.7
Karnataka	33.1	43.9	28.4	29.3	37.4
Telangana	30.0	40.8	21.6	22.5	29.4
Bihar	27.4	11.5	11.3	33.5	45.5
Haryana	27.3	26.1	14.8	11.4	9.1
Kerala	24.0	34.0	11.0	10.5	15.3
West Bengal	22.7	25.4	15.0	17.6	21.4
Tamil Nadu	21.5	25.8	11.4	15.3	29.0
Rajasthan	11.3	19.9	6.7	4.3	7.2
Andhra Pradesh	9.9	13.3	11.7	4.7	14.2
Chhattisgarh	7.4	56.0	38.3	18.2	40.1
Punjab	5.9	5.6	3.3	11.6	2.3

Trends and Structural Insights: The Fiscal Prudence pillar capturing states’ ability to manage deficits, align borrowing with productive use, and ensure adherence to fiscal responsibility norms, has shown pronounced divergence over the last decade. The 10-year trend reveals that while a few states have institutionalised fiscal discipline and have steadily improved their prudence scores by containing revenue deficits, others continue to face persistent imbalances driven by welfare pressures, weak revenue bases, and rising committed expenditure.

Between 2022–23 and 2023–24, Odisha, Jharkhand and Gujarat remained the only states sustaining top-tier Fiscal Prudence, while no new state moved into the highest prudence bracket.

• **Achievers (Odisha, Jharkhand, and Gujarat)**

Odisha’s score rose from an average of 51.0 in 2014–17 to 58.7 in 2023–24, underpinned by a decade-long record of revenue surpluses, GFD was maintained near 3% of GSDP, and debt remained below FRBM thresholds. Jharkhand’s stable revenue balance and low fiscal deficit (below 3.5% of GSDP) have sustained its top-tier ranking. Gujarat mirrors this trend, improving from 35.5 (2017–20) to 51.5 (2023–24) through strong revenue growth, tight deficit control, and declining interest burdens. These states demonstrate that disciplined fiscal management anchored in buoyant own revenues, efficient expenditure, and adherence to FRBM norms translates into durable fiscal resilience.

- **Front Runner (Goa)**

Goa represents a moderate but steady performer, maintaining fiscal deficit within 2–3% of GSDP and achieving consistent revenue surpluses through robust own-tax revenue (71% of total receipts). However, in recent years, fiscal prudence has softened slightly due to rising expenditure rigidity and slower revenue growth.

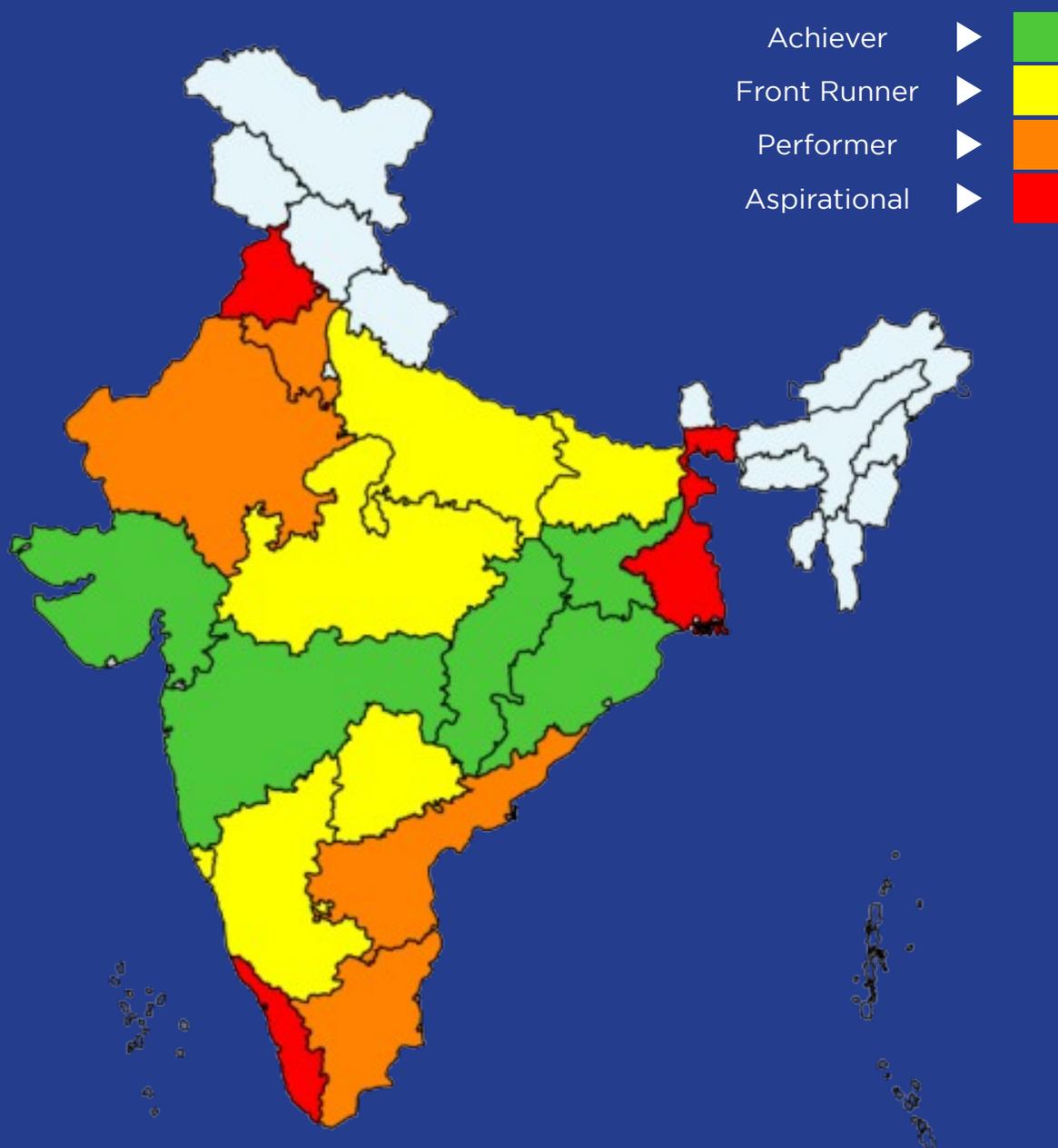
- **Performers (Uttar Pradesh, Maharashtra, Madhya Pradesh, Karnataka, Telangana, Bihar, and Haryana)**

Maharashtra's fiscal deficit, contained mainly within 3–3.5% of GSDP, reflects adherence to targets, yet growing subsidies and stagnant revenue surplus have capped its improvement. Madhya Pradesh and Telangana have improved their prudence scores since 2017–20, supported by better capital management and buoyant tax revenues. Karnataka and Uttar Pradesh, though not in the top bracket, display comparable trends of gradual consolidation, successfully reducing deficits post-pandemic, but constrained by rising welfare and committed spending. Bihar achieved a revenue surplus in 2023–24 after several deficit years, though its reliance on Union transfers and volatile deficits indicates structural fragility. Haryana posts deficits within statutory limits, but its rising subsidy bill (10% of revenue receipts) underscores expenditure pressure.

- **Aspirational (Kerala, West Bengal, Tamil Nadu, Rajasthan, Andhra Pradesh, Chhattisgarh, and Punjab)**

These states remain fiscally constrained with high and often widening deficits. Punjab and Kerala are at the bottom, with revenue deficits of 4–5% of GSDP and interest payments exceeding 20–25% of revenue receipts, reflecting unsustainable fiscal structures. Andhra Pradesh's fiscal deficit of 4.3% of GSDP and continuous revenue shortfall signal deviation from FRBM norms. Tamil Nadu, despite high GSDP growth, has not consolidated its deficit position due to extensive welfare spending and salary commitments. Chhattisgarh, though with improved performance in the Revenue Mobilisation and Quality of Expenditure, has seen a decline in the fiscal prudence score (from 56.0 in 2022–23 to 7.4 in 2023–24) owing to welfare-induced fiscal spending. The group shares a typical pattern of rising committed expenditure and limited corrective policy bandwidth, making fiscal consolidation challenging.

State-wise Debt Index Score Heatmap



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

E.I.8. Table 11: Debt Index- Trend over last 10 years

States	2023-24	2022-23	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Odisha	95.8	97.1	90.4	78.9	90.4
Maharashtra	76.0	75.1	71.1	73.9	42.1
Gujarat	74.2	68.0	62.2	65.7	69.6
Chhattisgarh	72.5	78.0	73.5	81.3	94.3
Jharkhand	67.9	65.4	59.2	61.5	70.5
Karnataka	61.4	61.1	61.3	78.0	86.5
Uttar Pradesh	60.2	58.6	54.3	55.7	57.5
Madhya Pradesh	58.9	59.7	59.0	70.2	75.7
Goa	56.8	49.7	45.1	55.9	60.7
Telangana	53.5	52.3	49.8	63.4	83.7
Bihar	48.0	45.8	45.8	55.8	59.6
Tamil Nadu	39.1	35.7	36.7	54.4	76.5
Andhra Pradesh	36.6	37.1	39.0	49.1	60.5
Haryana	32.8	24.1	23.8	40.3	62.4
Rajasthan	32.1	31.6	30.4	36.9	56.0
Kerala	23.3	22.7	21.8	36.3	54.5
West Bengal	20.1	18.1	16.7	23.2	27.5
Punjab	2.1	0.0	0.0	0.0	31.0

Source: Author's Calculations

Trends and Structural Insights: The Debt Index presents a clear long-term picture of debt sustainability across India's major states. The trend over the past decade demonstrates widening divergence: states that kept interest burdens below 10% and maintained liabilities within manageable ranges strengthened their scores, while those experiencing growing committed expenditure and revenue rigidity saw sustained deterioration.

Most of the states retained their status from the previous year. No state entered the top tier this year, and most of the reshuffling occurred within the bands, indicating that debt sustainability is increasingly challenging even for traditionally stronger states.

- **Achievers (Odisha, Maharashtra, Gujarat, Chhattisgarh and Jharkhand)**

Odisha continues to lead, with its Debt Index rising to 95.8 in 2023-24, reflecting one of the lowest interest burdens (about 6% of revenue receipts) and liabilities around just 18% of GSDP. Gujarat also maintains a strong profile, with liabilities falling from 19.5 to 14.3% of GSDP since 2019-20 and interest payments staying near 13-14%. Maharashtra's diversified revenues keep its interest burden at roughly 10%, while Chhattisgarh has reduced its interest-payment ratio from 7.8 to 6.6% over five years.

- **Front Runners (Karnataka, Uttar Pradesh, Madhya Pradesh, Goa, Telangana and Bihar)**

Uttar Pradesh has gradually reduced its debt ratio to around 29% in 2023–24, but its interest payments have remained elevated at about 11% for several years, indicating limited improvement relative to its 2015–17 baseline. Bihar’s liabilities have edged up from 36.6% in 2015–17 to 38.9% in 2023–24, with its interest-payment ratio rising toward 10%. Madhya Pradesh and Karnataka mirror this pattern: over the decade, both have seen interest burdens settle into the 12–13% range. Goa’s liabilities have risen steadily from 22.6% of GSDP in 2015–17 to 26.3% in 2022–23 and 29.3% in 2023–24, while its interest burden doubled from about 6% to over 10%. Telangana, too, has moved from a relatively moderate debt position earlier in the decade to rising liabilities and interest payouts post-COVID.

- **Performers (Tamil Nadu, Andhra Pradesh, Haryana, Rajasthan)**

Tamil Nadu has seen its liabilities remain above 30% of GSDP for much of the past decade, with interest payments climbing toward 14% of revenue receipts, reflecting steadily rising committed expenditure. Andhra Pradesh’s fiscal position has weakened sharply, with outstanding liabilities increasing by over 60% between 2019–20 and 2023–24 and fiscal deficits remaining well above FRBM thresholds. Haryana’s interest burden is at ~16% of revenue receipts, while Rajasthan has continued to accumulate liabilities through recurring high deficits.

- **Aspirational (Kerala, West Bengal, Punjab)**

Punjab’s liabilities have climbed steadily over the decade to exceed 48% of GSDP, while its interest burden remains above 20%, resulting in a very low Debt Index score in 2023–24. Kerala exhibits similar rigidity: its liabilities have persisted above 37% of GSDP for several years, and interest payments now absorb around 22% of revenue receipts. In both states, the long-standing dominance of salaries, pensions and welfare commitments has curtailed any meaningful correction in their debt trajectories. West Bengal faces the most severe interest-payment stress in this group, consistently spending more than 20% of its revenue receipts on servicing debt, a burden that has only worsened since the mid-2010s.

E.I.9. Composite FHI Score Relationship with Sub Indicators for 2023-24⁹

Graph G1 in appendix illustrates the relationship between the FHI score and the sub-indices under Quality of Expenditure (Total Developmental Expenditure/Total Expenditure, Capital Outlay/Nominal GSDP, and Committed Expenditure/Total Expenditure). High FHI scores in states such as Odisha, Jharkhand, and Gujarat are strongly supported by high levels of development and capital spending. Odisha's developmental expenditure share and consistent high capital outlay place it among the top performers, while Jharkhand's capital outlay-to-GSDP ratio remains above the national average.

Graph G2 in appendix shows the relationship between the FHI score and sub-indices under Revenue Mobilisation (State Own Revenue/Total Expenditure, State Own Revenue/Nominal GSDP, and Devolution & Grants/Total Receipts). Strong revenue mobilisation has also contributed to high FHI scores in Goa and Odisha. Goa's own resources accounted for nearly 71% of total revenue receipts. Odisha's buoyant GST and tax collections further strengthened its revenue base. In contrast, Bihar and Andhra Pradesh recorded lower own-revenue ratios and greater dependence on Union transfers, thereby lowering their Revenue Mobilisation index values.

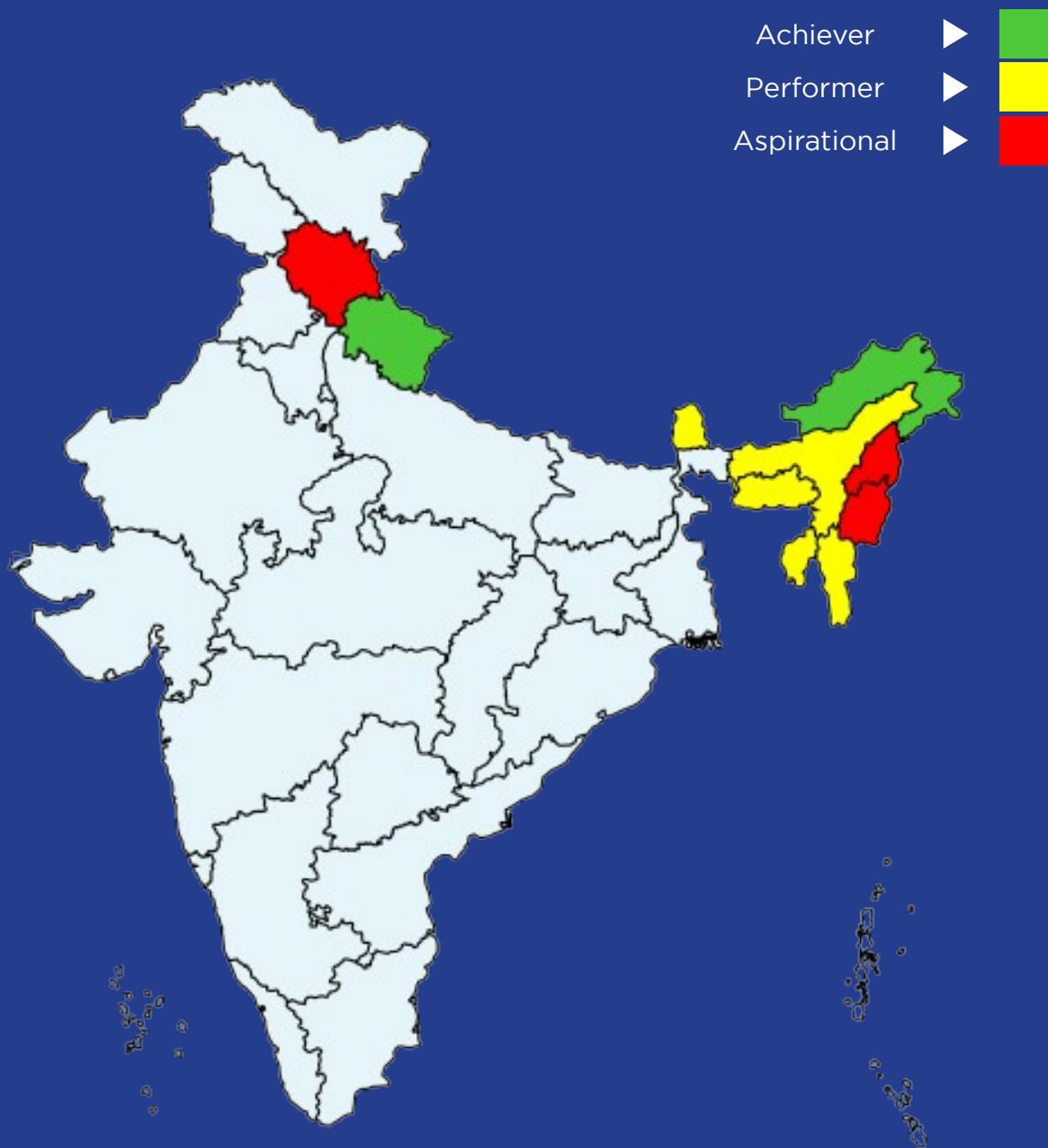
Graph G3 in appendix highlights the relationship between the FHI score and sub-indices under Fiscal Prudence (Gross Fiscal Deficit/Nominal GSDP and Revenue Deficit/Nominal GSDP). Odisha's high score, reflecting consistent revenue surpluses, has contributed to its top FHI score. Similarly, Gujarat and Jharkhand maintained low fiscal deficits relative to GSDP, supporting their fiscal consolidation path. Maharashtra also displayed sound fiscal prudence by containing deficits within FRBM limits while maintaining revenue growth. On the other hand, states such as Punjab, Andhra Pradesh, and Rajasthan continue to post high deficits, indicating persistent fiscal pressures and limited compliance with targets.

Graph G4 in appendix examines the relationship between the FHI score and sub-indices under the Debt Index (Interest Payments/Revenue Receipts and Outstanding Liabilities/Nominal GSDP). Gujarat and Maharashtra maintained prudent debt levels, with low interest payment ratios and stable debt-to-GSDP positions, reflecting sound fiscal management. Conversely, Punjab, Kerala, and West Bengal have high debt burdens and rising interest obligations, which have constrained their fiscal flexibility and contributed to low overall FHI scores. In some cases, the high FHI score is due to other sub-indices considered in this analysis.

Differences in overall FHI scores often reflect the combined influence of multiple sub-indices rather than the strength of any single indicator. For instance, although Maharashtra trails Madhya Pradesh on expenditure quality, its stronger revenue performance, lower fiscal deficits, and better debt management raise its overall score. Similarly, Jharkhand ranks above Haryana despite weaker revenue mobilisation because it performs better on expenditure quality and debt indicators. In another case, Maharashtra surpasses Uttar Pradesh even though UP scores higher on fiscal prudence, underscoring how broader strengths across the different pillars are shaping the final FHI outcome.

⁹ Refer Graph 2, Graph 3, Graph 4 and Graph 5 in the Appendix

NE/ Himalayan States: State-wise FHI Composite Score Heatmap



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

State-wise score for heatmap and rationale for categorisation, for the main index and the sub-indices, is provided in the Appendix

E.II RESULTS: NE/ HIMALAYAN STATES

E.II.1 Table 12: Final Ranking of States for 2023-24

States	FHI Score	Rank 2023-24	Quality of Expenditure	Revenue Mobilisation	Fiscal Prudence	Debt Index	Debt Sustainability
Arunachal Pradesh	59.5	1	97.6	40.6	59.0	62.0	38.3
Uttarakhand	52.5	2	28.2	83.3	26.6	66.5	58.1
Tripura	44.1	3	24.6	23.5	38.5	66.2	67.7
Meghalaya	41.5	4	66.6	38.2	12.8	57.8	31.9
Assam	39.1	5	30.9	58.3	16.4	69.2	20.4
Mizoram	33.4	6	28.9	37.8	29.9	69.1	1.4
Sikkim	32.5	7	27.3	44.8	10.8	56.5	23.3
Nagaland	27.1	8	15.8	20.8	21.7	41.7	35.3
Himachal Pradesh	22.0	9	13.2	64.2	3.0	24.9	4.6
Manipur	17.6	10	11.8	0.5	19.4	30.3	26.1

Source: Author's Calculations

Findings:

- Arunachal Pradesh ranks highest (59.5) with exceptionally high scores in Quality of Expenditure (97.6) and strong performance in Fiscal Prudence and Debt Index. While its Revenue Mobilisation remains moderate, particularly its dependence on devolution from the Centre, which accounts for 87% of revenue receipts, the state sustains its position with disciplined expenditure and a relatively sound debt profile.
- Uttarakhand, on the other hand, is supported primarily by very high Revenue Mobilisation (83.3) and strong scores in Debt Index and Debt Sustainability. The state's ability to raise its own revenue has helped it gain its position; however, capital outlay accounts for a small proportion of its nominal GSDP (3%) compared to the other NE states.
- Tripura (44.1) stands out for Debt Sustainability (67.7) and above-average Fiscal Prudence, while maintaining a strong Debt Index. Despite moderate revenue performance, debt management and fiscal discipline support its ranking.
- Meghalaya (41.5) and Assam (39.1) occupy middle positions with mixed performance. Meghalaya benefits from high Quality of Expenditure and a favourable Debt Index, while Assam performs well in Revenue Mobilisation and Debt Index, but is weighed down by weak Fiscal Prudence.

- Mizoram, Nagaland, and Sikkim also demonstrate a mixed performance. Mizoram performs well on Fiscal Prudence and Debt Index but struggles with Debt Sustainability. Sikkim has balanced scores. Nagaland's performance lags under Revenue Mobilisation and Quality of Expenditure, despite a reasonable debt position.
- Himachal Pradesh and Manipur rank at the bottom with weak performance across Fiscal Prudence and Revenue Mobilisation, respectively. Himachal Pradesh's low Quality of Expenditure (13.2) and near-zero prudence reflect structural fiscal stress driven by high committed expenditure and debt servicing pressures. Manipur's Revenue mobilisation further constrains fiscal space.
- Stronger performers have adopted medium-term fiscal frameworks, digitised treasury operations, and improved budget transparency. In weaker states, limited administrative capacity and fragmented public financial management systems lead to delayed accounts, weak monitoring, and ad hoc expenditure adjustments. This institutional gap explains much of the divergence in fiscal outcomes.

E.II.2. Table 13: FHI Rank & Score performance from 2014-15 to 2023-24¹⁰

Period	2023-24		2020-21 to 2022-23		2017-18 to 2019-20		2014-15 to 2016-17	
	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank
Arunachal Pradesh	59.5	1	43.4	1	37.6	2	42.3	1
Uttarakhand	52.5	2	35.7	2	28.9	5	33.6	5
Tripura	44.1	3	20.2	8	13.4	9	26.7	8
Meghalaya	41.5	4	28.0	4	28.9	6	34.0	4
Assam	39.1	5	30.6	3	38.2	1	39.8	2
Mizoram	33.4	6	24.0	6	34.5	3	31.0	6
Sikkim	32.5	7	25.7	5	29.8	4	37.5	3
Nagaland	27.1	8	11.7	10	10.6	10	11.6	10
Himachal Pradesh	22.0	9	21.8	7	24.6	7	29.0	7
Manipur	17.6	10	18.9	9	18.6	8	17.2	9

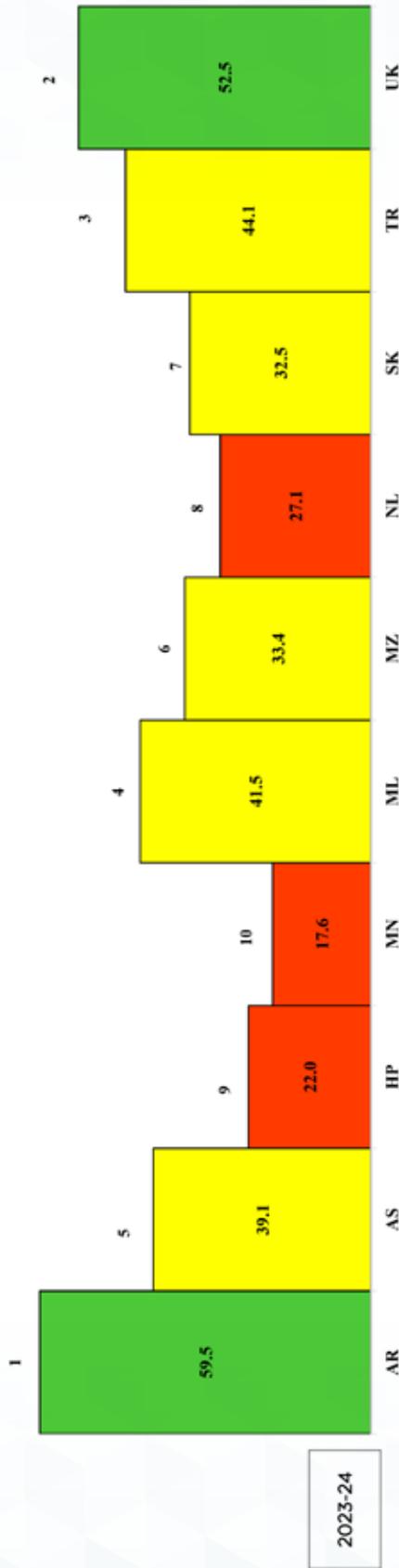
Source: Author's Calculations

Trends Across Periods (2014-15 to 2023-24)

Overall, 2023-24 reflects divergent fiscal trajectories across states. Arunachal Pradesh, Uttarakhand, and Tripura have emerged as fiscal achievers, effectively balancing revenue growth with sustainable debt management. In contrast, Himachal Pradesh, Manipur, and Nagaland continue to face fiscal stress due to structural rigidities and inefficient expenditure patterns. Strengthening fiscal prudence and improving expenditure quality remain essential to sustain progress and ensure long-term fiscal stability across lagging states.

¹⁰ The Average FHI score for 2014-15 to 2016-17, 2017-18 to 2019-20, and 2020-21 to 2022-23 has been calculated by taking the average of the values for minor sub-indices across all years within each period.

E.II.3. Graph 2: Comparative Ranking of States for 2023-24, Average for 2014-15 to 2016-17, 2017-18 to 2019-20 & 2020-21 to 2022-23

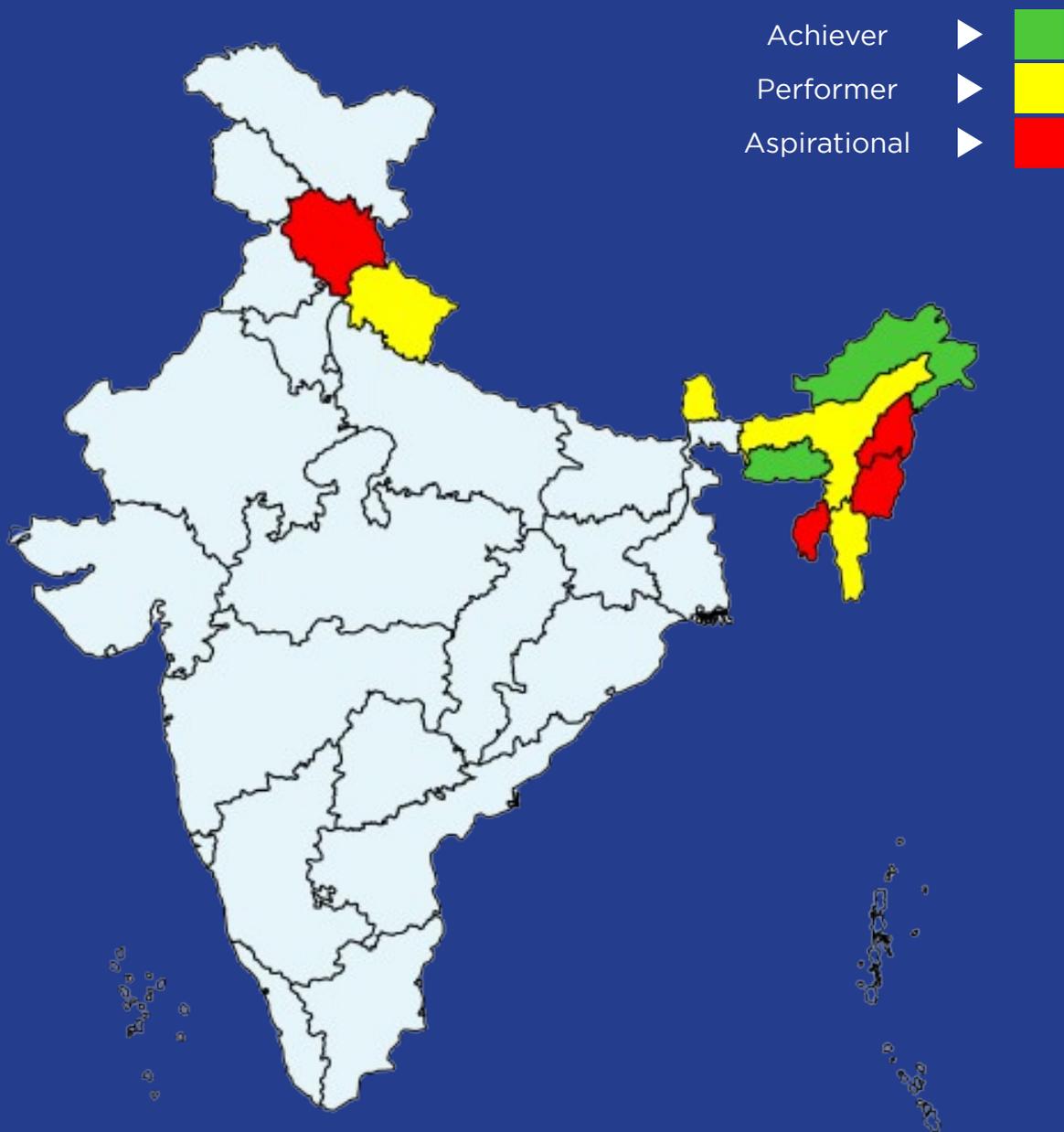


Avg for 2020-2023	43.4	30.6	21.8	18.9	28.0	24.0	11.7	25.7	20.2	35.7	Score
	1	3	7	9	4	6	10	5	8	2	Rank
Avg for 2017-2020	37.6	38.2	24.6	18.6	28.9	34.5	10.6	29.8	13.4	28.9	Score
	2	1	7	8	6	3	10	4	9	5	Rank
Avg for 2014-2017	42.3	39.8	29.0	17.2	34.0	31.0	11.6	37.5	26.7	33.6	Score
	1	2	7	9	4	6	10	3	8	5	Rank

Source: Author's Calculations

Note: The Average FHI score for 2014-15 to 2016-17, 2017-18 to 2019-20, and 2020-21 to 2022-23 has been calculated by taking the average of the values for minor sub-indices across all years within each period, using the same methodology as stated above in the Methodology section.

State-wise Quality of Expenditure Score Heatmap



Achiever

Arunachal Pradesh (1)

Meghalaya (2)

Performer

Assam (3)

Mizoram (4)

Uttarakhand (5)

Sikkim (6)

Aspirational

Tripura (7)

Nagaland (8)

Himachal Pradesh (9)

Manipur (10)

E.II.4. Table 14: Quality of Expenditure: Trend over 10 years

States	2023-24	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Arunachal Pradesh	97.6	81.2	71.9	58.3
Meghalaya	66.6	54.6	37.9	52.7
Assam	30.9	36.8	31.5	22.3
Mizoram	28.9	31.5	51.2	43.0
Uttarakhand	28.2	20.6	8.8	28.1
Sikkim	27.3	27.4	28.4	34.1
Tripura	24.6	16.5	3.5	44.9
Nagaland	15.8	6.7	8.6	5.3
Himachal Pradesh	13.2	24.7	19.5	23.5
Manipur	11.8	30.0	14.9	22.7

Trends and Structural Insights: The Quality of Expenditure (QoE) across states reveals distinct patterns in how resources are allocated to development and investment. Trends reflect varying progress in developmental spending, capital formation, and management of committed expenditure. Over the decade, Achievers have strengthened their spending composition, Performers are improving gradually, and Aspirational states still face fiscal constraints. Greater focus on developmental and capital expenditure, along with better control over committed spending, will be key to improving expenditure quality across all states.

- **Achievers (Arunachal Pradesh and Meghalaya)**

Arunachal Pradesh displays one of the greatest improvements in QoE in the region. Its score rose consistently over the decade, supported by high developmental spending and a marked rise in capital outlay. The state moved from a mid-range score in 2014-17 to 97.6 in 2023-24, reflecting a decisive shift toward investment-led expenditure. Meghalaya also strengthened its QoE, with scores rising from the low 50s a decade ago to 66.6 in 2023-24. Both states have benefited from maintaining developmental expenditure above two-thirds of total spending and ensuring that capital outlay remains an active part of their fiscal strategy. Their progress highlights the value of sustained prioritisation of growth-oriented spending.

- **Performers (Assam, Mizoram, Uttarakhand and Sikkim)**

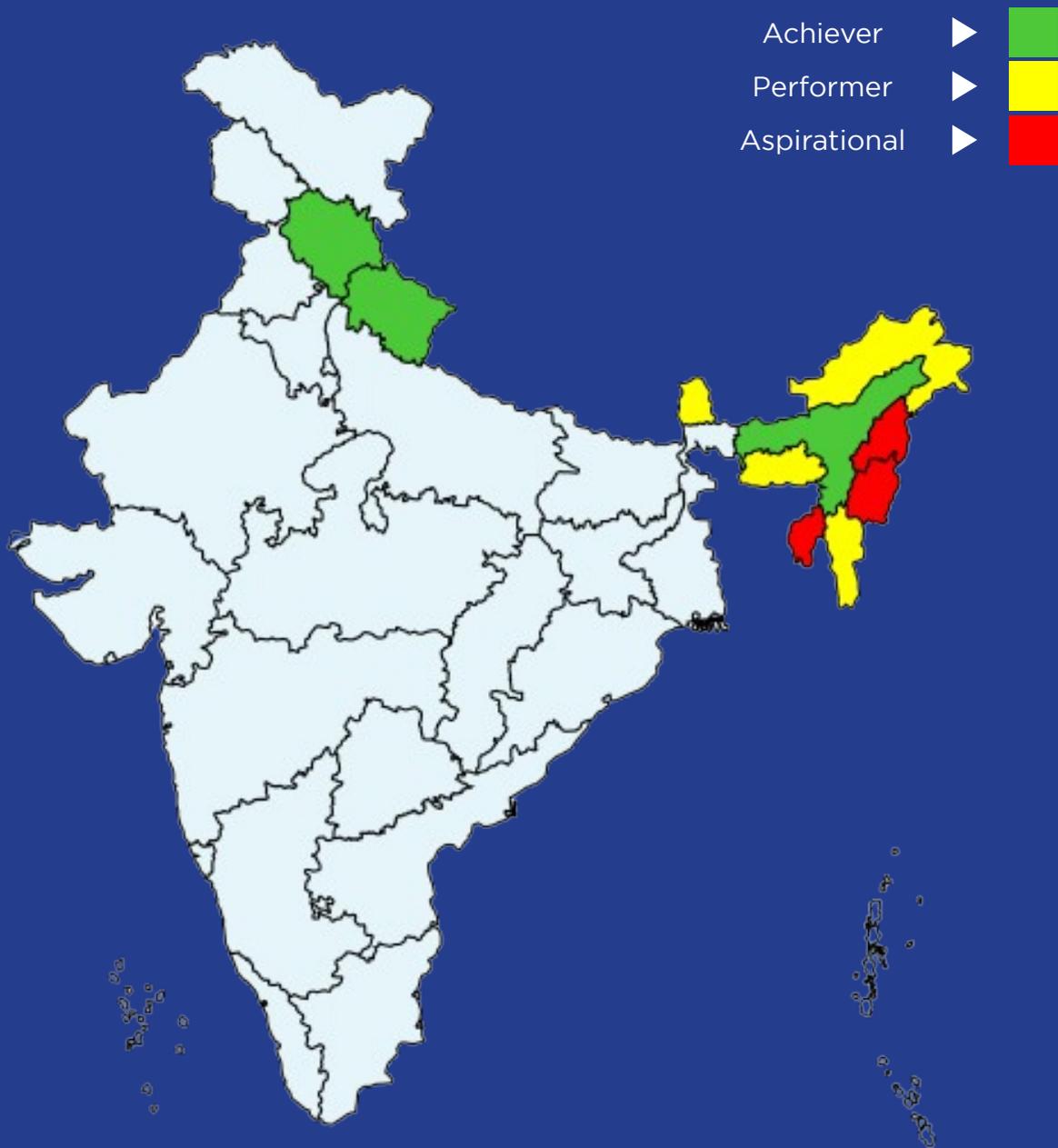
The Performer states show moderate progress, with improvements that are steady but not uniform. Assam has gradually increased its QoE, from the low 20s in 2014-17 to around 31 in 2023-24, supported by consistently high developmental spending, though capital outlay has remained modest. Mizoram, too, reflects a mixed trend i.e., stronger scores in earlier years and stabilisation more recently, as rising committed expenditure has limited further gains. Uttarakhand shows a recovery from its dip in 2017-20, improving again to 28.2 in 2023-24, though low capital intensity continues to cap its progress. Sikkim

has largely maintained stable QoE scores around the high-20s to low-30s range, reflecting a balanced but slow-moving expenditure structure. For these states, the next phase of improvement will depend on increasing capital spending and managing committed outlays more efficiently.

- **Aspirational (Tripura, Nagaland, Himachal Pradesh and Manipur)**

The Aspirational states continue to face structural expenditure challenges. Tripura's QoE has fluctuated sharply over the decade, falling in the late 2010s and recovering to 24.6 in 2023-24, but low capital formation remains a limiting factor. Nagaland shows persistent rigidity, with QoE remaining low due to high committed expenditure and constrained fiscal space. Himachal Pradesh, despite a strong social-sector focus, has seen its QoE decline to 13.2 in 2023-24, reflecting pressure from rising salaries, pensions and interest payments. Manipur's trajectory is also volatile with an improvement in the early 2020s that has not been sustained, with the QoE dropping back to 11.8 in 2023-24. Across these states, the combination of high committed spending and low capital outlays continues to restrict improvements in expenditure quality.

State-wise Revenue Mobilisation Score Heatmap



Achiever

Uttarakhand (1)

Himachal Pradesh (2)

Assam (3)

Performer

Sikkim (4)

Arunachal Pradesh (5)

Meghalaya (6)

Mizoram (7)

Aspirational

Tripura (8)

Nagaland (9)

Manipur (10)

E.II.5. Table 15: Revenue Mobilisation: Trend over the last 10 years

States	2023-24	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Uttarakhand	83.3	71.5	74.2	75.9
Himachal Pradesh	64.2	51.4	55.9	67.4
Assam	58.3	39.5	57.9	53.7
Sikkim	44.8	31.8	37.0	44.0
Arunachal Pradesh	40.6	23.6	12.5	13.8
Meghalaya	38.2	31.2	37.3	31.4
Mizoram	37.8	17.8	9.4	6.8
Tripura	23.5	11.3	15.6	16.1
Nagaland	20.8	1.0	0.1	0.8
Manipur	0.5	4.5	2.0	0.0

Trends and Structural Insights: Achievers have steadily strengthened their own-revenue effort, reflected in higher SOR/GSDP ratios, improved SOR/Total Expenditure shares, and declining dependence on transfers. Performers show gradual but inconsistent progress, with intermittent improvements that do not sustain across periods. Aspirational states continue to struggle with narrow revenue bases and rising dependence on grants, limiting their ability to finance development from internal resources. The decade-long trajectory highlights that enhancing tax administration, widening the revenue base, and reducing structural dependence on transfers will be critical to improving revenue mobilisation across all states.

- **Achievers (Uttarakhand, Himachal Pradesh, and Assam)**

Achievers exhibit sustained revenue strength over the decade. Uttarakhand maintained some of the highest scores throughout, supported by an SOR/TE ratio of 38% and SOR/GSDP above 7%. Himachal Pradesh strengthened again in 2023–24, increasing its score from around 51 in 2020–23 to nearly 64, reflecting stable own-revenue performance and moderate transfer dependence. Across these states, SOR/GSDP has remained robust at 6–8%, and SOR/Total Expenditure has consistently been above 30%, while transfer dependence is generally lower than in the rest of the region, and revenue systems remain structurally stronger, with some of the lowest transfer dependence in the region.

- **Performers (Sikkim, Arunachal Pradesh, Meghalaya, and Mizoram)**

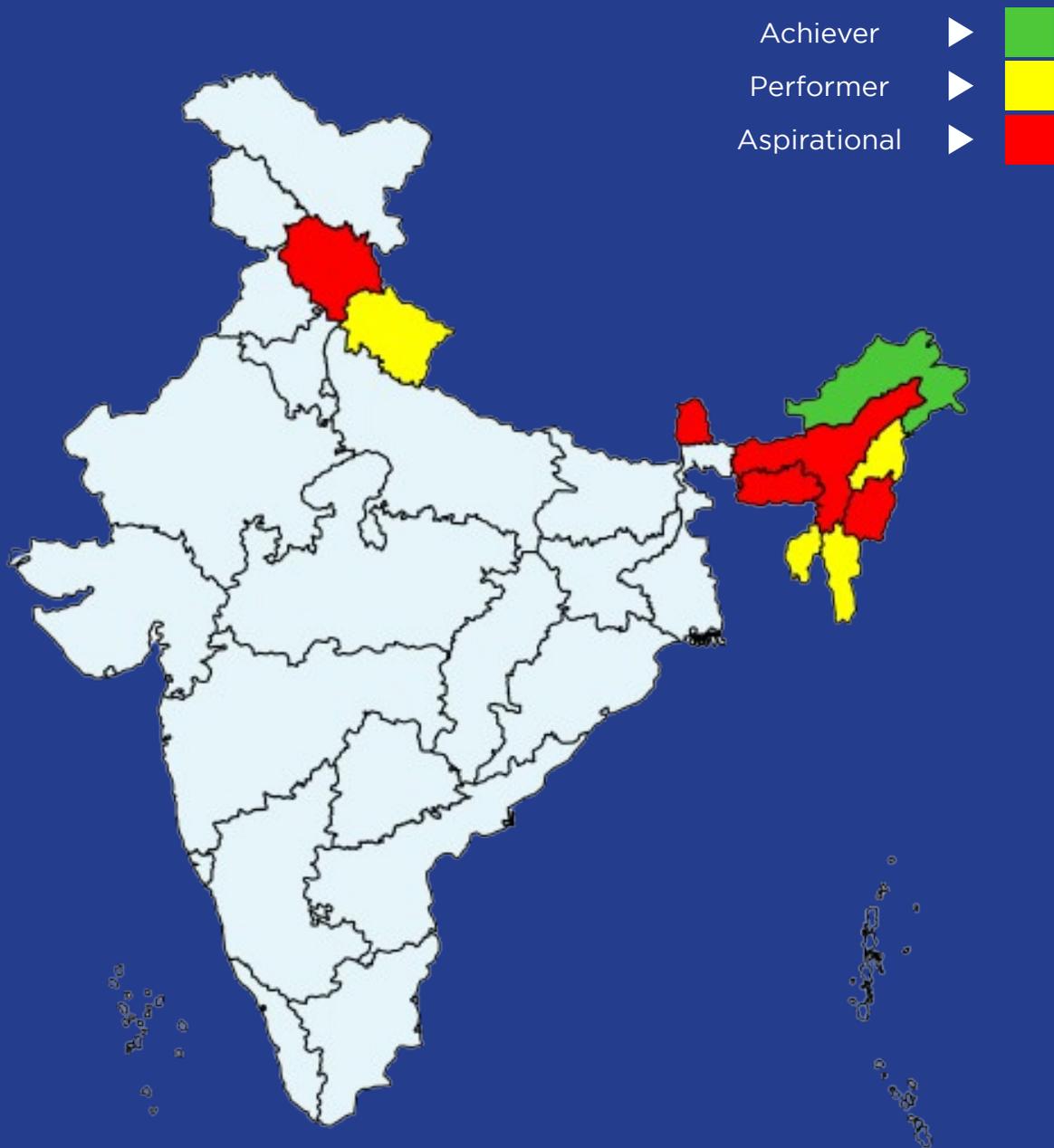
Performer states show moderate but uneven progress, with improvements often offset by structural revenue limitations. Sikkim’s performance remained largely stable over the decade, with only minor changes between periods, as SOR/GSDP hovered around 5–6%. Arunachal Pradesh saw a clear improvement in the recent period, raising its score from around 24 in 2020–23 to over 40 in 2023–24, driven by a rise in SOR/GSDP and a gradual increase in SOR/TE. Meghalaya recorded an increase from around 31.2 in 2020–23 to 38 in 2023–24, reflecting a surge in own-revenue receipts. Mizoram maintained its score, its transfer dependence remains

above 80%. Despite recent gains, these states continue to operate with modest SOR/GSDP (4–6%) and relatively high reliance on central transfers. Recent improvements, especially in Meghalaya and Mizoram, demonstrate progress, but the decade-long pattern shows limited and inconsistent revenue buoyancy.

- **Aspirational (Tripura, Nagaland, and Manipur)**

Aspirational states remain the most structurally constrained. Tripura improved in the latest period, with its score increasing from 11.3 in 2020–23 to 23.5 in 2023–24. Its SOR/GSDP remains roughly 3–4% and transfer dependence continues to exceed 80%. Nagaland increased its score slightly from about 1 in 2020–23 to just above 20 in 2023–24 but remains deeply dependent on transfers (close to 90% of total revenues). Manipur, in contrast, saw its already low performance weaken, with its score falling back to 0.05 in 2023–24 after a limited improvement in earlier years. Across these states, SOR/TE shares remain among the lowest in India (8–15%), and transfer dependence remains structurally high, leaving minimal space for internal revenue-led fiscal strengthening.

State-wise Fiscal Prudence Score Heatmap



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

E.II.6. Table 16: Fiscal Prudence: Trend over last 10 years

States	2023-24	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Arunachal Pradesh	59.0	56.0	36.4	55.5
Tripura	38.5	25.8	0.0	2.1
Mizoram	29.9	13.2	27.1	37.9
Uttarakhand	26.6	29.1	9.3	9.4
Nagaland	21.7	25.0	12.8	20.2
Manipur	19.4	17.3	23.9	19.3
Assam	16.4	6.6	13.7	23.5
Meghalaya	12.8	2.6	11.3	15.9
Sikkim	10.8	11.8	10.2	21.9
Himachal Pradesh	3.0	8.6	14.7	11.7

Trends and Structural Insights: Fiscal prudence across the North Eastern and Himalayan states shows clear divergence over the decade. Achiever states have gradually strengthened their fiscal discipline, reflected in lower gross fiscal deficits and sustained revenue surpluses across multiple periods. Performers display meaningful progress in recent years, especially post-pandemic, but remain hindered by earlier volatility and inconsistent deficit management. Aspirational states face higher deficits. Enhancing medium-term fiscal planning, reducing structural deficits, and maintaining revenue surpluses will be critical for states seeking to strengthen fiscal prudence going forward.

- **Achiever (Arunachal Pradesh)**

Arunachal Pradesh remains the sole Achiever, driven by sustained fiscal discipline. Its prudence score increased sharply, from 36.4 in 2017–20 to 56.0 in 2020–23, and further to 59.0 in 2023–24. This improvement aligns with consistently low gross fiscal deficits (hovering near 4% of GSDP) and continued revenue surpluses, which improved from a deficit position in 2017–20 to a surplus of 0.18% of GSDP in 2023–24. Relative to the region, it stands out for its ability to preserve surpluses and moderate spending growth even during pandemic years.

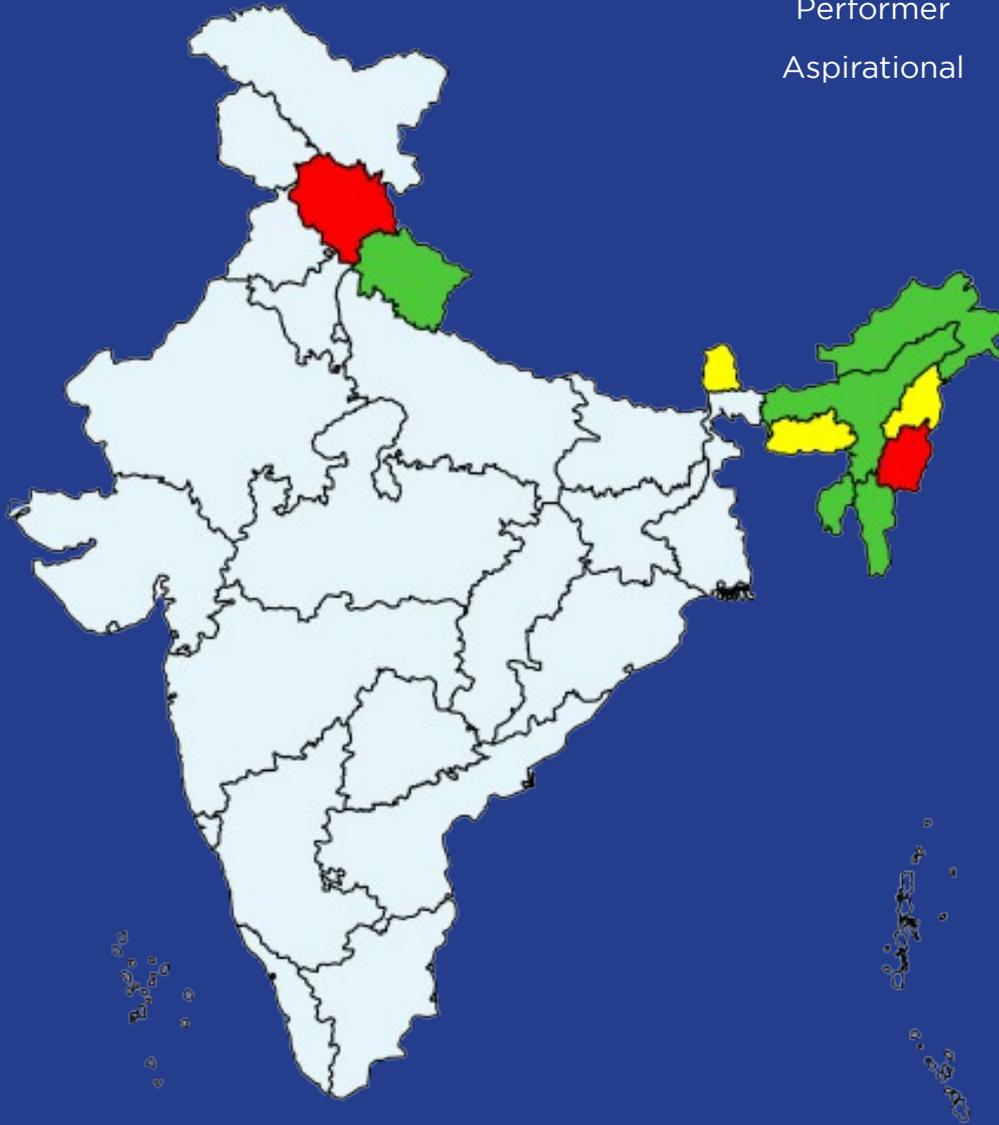
- **Performers (Tripura, Mizoram, Uttarakhand, and Nagaland)**

The Performer group shows notable improvement in the post-pandemic period, though performance remains uneven across states. Between 2017–20 and 2023–24, prudence scores for Tripura, Mizoram, Uttarakhand and Nagaland generally increased by 10–25 points, reflecting a clear tightening of fiscal management. Gross fiscal deficits in these states narrowed visibly, for example, several moved from 4–5% of GSDP in 2017–20 to around 2–3% in 2023–24. Revenue balances also improved: where most were in deficit during 2017–20, multiple states (particularly Tripura and Uttarakhand) transitioned to small surpluses by 2023–24. Despite this progress, these states still face volatility. Surpluses tend to emerge intermittently, and increases in prudence scores are often countered by periods of slippage driven by rising committed expenditure and uneven revenue growth.

- **Aspirational (Manipur, Assam, Meghalaya, Sikkim, and Himachal Pradesh)**

Their prudence scores either stagnated or improved only marginally over the decade. While some states saw a modest rise between 2020–23 and 2023–24, most gains were under 10 points, insufficient to offset earlier declines from 2017–20. Gross fiscal deficits often remained above 4–5% of GSDP, and revenue deficits widened in several states, where revenue balances deteriorated again in 2023–24. Across these states, expenditure rigidity, especially salaries, pensions, and interest payments, continues to limit fiscal maneuverability. Even when deficits narrowed temporarily (e.g., Sikkim or Meghalaya in select years), the improvements proved hard to sustain.

State-wise Debt Index Score Heatmap



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

E.II.7. Table 17: Debt Index: Trend over last 10 years

States	2023-24	Avg 2020-21 to 2022-23	Avg 2017-18 to 2019-20	Avg 2014-15 to 2016-17
Assam	69.2	66.9	86.5	88.7
Mizoram	69.1	57.7	64.0	43.7
Uttarakhand	66.5	47.4	46.2	54.9
Tripura	66.2	37.6	43.6	53.9
Arunachal Pradesh	62.0	54.5	62.0	69.7
Meghalaya	57.8	44.5	57.8	66.4
Sikkim	56.5	52.7	70.0	78.7
Nagaland	41.7	20.2	23.0	21.1
Manipur	30.3	36.8	41.6	33.1
Himachal Pradesh	24.9	15.3	26.7	31.7

Trends and Structural Insights: Debt sustainability has diverged significantly across states over the decade. Achievers show steady improvements through prudent borrowing, controlled interest burdens, and stronger revenue bases. Performers reflect partial gains but remain constrained by high interest payment commitments and uneven revenue growth. Aspirational states continue to face structural pressures, marked by high debt ratios and weak repayment capacity. Overall, stronger revenue mobilisation, disciplined borrowing, and improved debt management will remain essential to reducing long-term fiscal risks.

- **Achievers (Assam, Mizoram, Uttarakhand, Tripura, and Arunachal Pradesh)**

This group shows the strongest consolidation in the Debt Index. Assam (Debt Index 69.2 in 2023–24) now records outstanding liabilities of ~25.9% of GSDP (2023–24) and interest payments of about 8.9% of revenue receipts (2023–24); although liabilities and interest payments grew sharply between 2020–21 and 2023–24 (+67% and +57%), revenue growth and partial consolidation in servicing have kept its Debt Index high. Similarly, Tripura, Mizoram and Uttarakhand display either falling or stable debt-to-GSDP ratios (roughly mid-20s to mid-30s) and moderate interest burdens, which lifted their Debt Index scores over the decade.

- **Performers (Meghalaya, Sikkim, and Nagaland)**

Performers reflect mixed but generally stable debt management. Meghalaya's liabilities have stayed elevated (around 41–43% of GSDP), and interest payments, though contained at 3% of revenue, have edged up over time, causing its score to fall from 66.4 (2014–17) to 57.8 (2023–24). Sikkim, despite maintaining modest liabilities at ~31% of GSDP, faces persistent stress due to high interest-to-own-revenue ratios (over 30% across most years). This structural imbalance has pushed its score down reflecting worsening debt sustainability even with low absolute debt levels. Nagaland shows the most significant slippage within

the group. Its outstanding liabilities have risen from 44% to over 45.6% of GSDP, while interest payments consistently consume 6–7% of revenue and nearly 50% of its own revenue.

- **Aspirational (Manipur and Himachal Pradesh)**

Aspirational states show persistent and structural debt stress. Manipur faces high repayment burdens: interest payments consume 55–70% of its own revenue, and liabilities remain high at ~43–44% of GSDP. Its decade-long heatmap underscores this rigidity, scores remained in the lower 30s primarily due to temporary fiscal consolidation. Himachal Pradesh remains the weakest. Outstanding liabilities exceed 45–50% of GSDP, among the highest across all states. Interest payments have risen steadily, from 13.8% of revenue receipts in 2014–17 to over 14% in 2023–24, while interest relative to own revenue consistently exceeds 35–40%. Its score has fallen from 31.7 (reflecting the high-debt but high-capacity structure earlier) to 24.9 in 2023–24, signalling mounting unsustainability. Both states face entrenched constraints high committed expenditure, heavy welfare outlays, and limited own-revenue bases.

E.II.8. Composite FHI Score Relationship with Sub Indicators for 2023-24¹¹

Graph G5 in appendix illustrates the relationship between the FHI score and the sub-indices under Quality of Expenditure (Total Developmental Expenditure/Total Expenditure, Capital Outlay/Nominal GSDP, and Committed Expenditure/Total Expenditure). Arunachal Pradesh's high share of developmental expenditure has significantly contributed to its strong FHI score; the state allocated 68% of its Revenue Developmental Expenditure to social and economic services. Assam, Meghalaya, and Mizoram also maintained higher-than-average shares of developmental spending, supporting sectors such as health and education. In some cases, however, higher performance on expenditure quality does not translate into a higher FHI score. For example, Meghalaya records higher index values for Developmental Expenditure and Capital Outlay than Tripura, yet Tripura's overall FHI score is higher due to stronger performance in Debt Index and Debt Sustainability.

Graph G6 in appendix shows the relationship between the FHI score and sub-indices under Revenue Mobilisation (State Own Revenue/Total Expenditure, State Own Revenue/Nominal GSDP, and Devolution & Grants/Total Receipts). Assam and Himachal Pradesh benefit from high State Own Revenue/Total Expenditure ratios, contributing to higher FHI outcomes. Arunachal Pradesh, Himachal Pradesh, and Uttarakhand mobilise around 7-10% of total revenues from their own resources. At the same time, states such as Assam and Sikkim remain more dependent on devolution and grants, which account for about 24-29% of their total revenue. In some cases, higher revenue mobilisation does not imply a higher FHI score. Although Assam has a higher Revenue Mobilisation index value than Arunachal Pradesh, Arunachal Pradesh scores higher overall due to stronger Quality of Expenditure and Fiscal Prudence.

Graph G7 in appendix highlights the relationship between the FHI score and sub-indices under Fiscal Prudence (Gross Fiscal Deficit/Nominal GSDP and Revenue Deficit/Nominal GSDP). Arunachal Pradesh's high index value for Revenue Deficit/GSDP, reflecting a low revenue deficit, supports its strong FHI performance. In some cases, higher prudence metrics alone do not lead to a higher FHI score. For example, Mizoram has a higher Fiscal Prudence index than Assam, yet Assam's FHI score is higher, driven by better Quality of Expenditure and stronger performance under the Debt Index.

Graph G8 in appendix examines the relationship between the FHI score and sub-indices under the Debt Index (Interest Payments/Revenue Receipts and Outstanding Liabilities/Nominal GSDP). Uttarakhand's high Debt Index value reflects sustainable debt management and contributes to its strong FHI score. States experience varied debt dynamics, some face fluctuating debt levels, while others pursue fiscal consolidation but remain constrained by high social spending and revenue challenges. In some cases, a stronger Debt Index does not result in a higher FHI score. For example, Assam scores higher than Meghalaya on the Debt Index, but Meghalaya's overall FHI score is higher due to better performance under Quality of Expenditure.

¹¹ Refer Graph 7, Graph 8, Graph 9 and Graph 10 in the Appendix

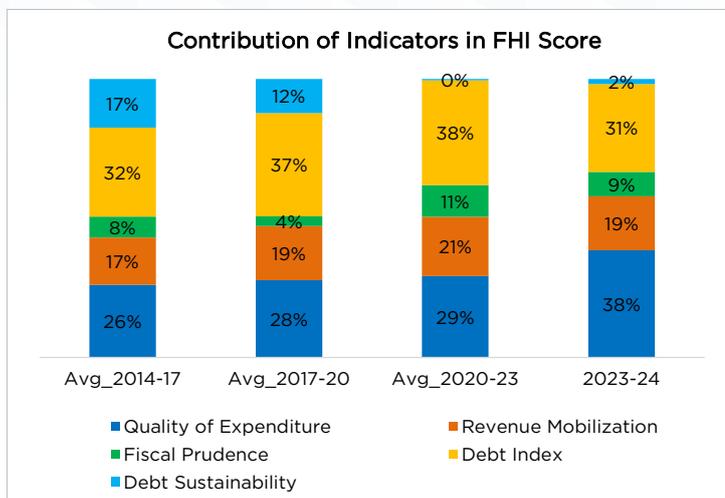
SECTION F.1

**STATE PROFILES:
18 MAJOR STATES**



ANDHRA PRADESH

Andhra Pradesh's fiscal position reflects a persistent imbalance between revenue generation and expenditure commitments, with limited progress toward fiscal consolidation despite sustained growth in developmental spending. The State's expenditure pattern underscores its strong emphasis on welfare and infrastructure, particularly in education, health, housing, irrigation, and energy. However, a large share of outlays continues to be absorbed by committed liabilities such as salaries, pensions, and interest payments, leaving relatively little fiscal room for discretionary and growth-enhancing investments. While own tax revenues have shown healthy momentum, aided by buoyant GST and commodity taxes, the narrow base of non-tax revenue and its dependence on mining-related receipts expose the State to cyclical and sectoral risks. Persistent revenue and fiscal deficits, coupled with rising liabilities and frequent deviations from FRBM targets, point to mounting fiscal stress. The pace of debt accumulation and high refinancing needs have also raised concerns about debt sustainability, particularly given that a growing portion of borrowings is being utilised for revenue expenditure rather than capital formation.



Quality of Expenditure

- The total developmental expenditure, comprising both revenue and capital components, increased significantly from ₹1.01 lakh crore in 2019–20 to ₹1.67 lakh crore in 2023–24, marking an overall rise of nearly 65% over the five years. This sustained growth underscores the government's continued emphasis on strengthening growth-oriented and welfare sectors.
- Capital expenditure during the last five years has remained within the range of 4 to 9% of the GSDP, indicating consistent efforts toward asset creation and infrastructure development. In 2023–24, Social Services accounted for the largest share of capital outlay at 52.4%, reflecting a focus on education, health, and housing, while Economic Services accounted for 44.6%, primarily driven by investments in the transport, irrigation, and energy sectors.
- Around 48.59% of the total revenue expenditure in 2023–24 was devoted to committed expenses such as salaries, interest payments, and pensions.

Revenue Mobilisation

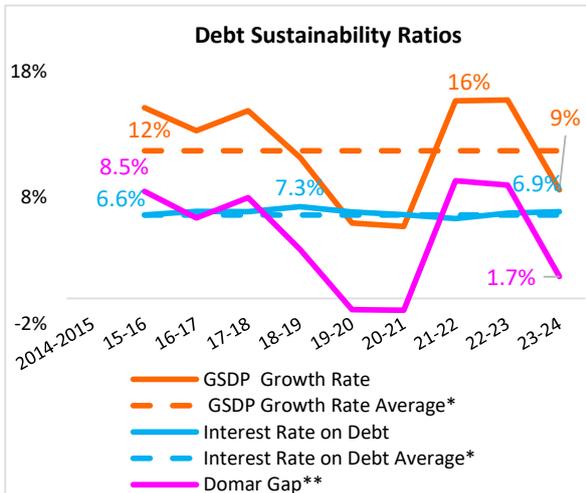
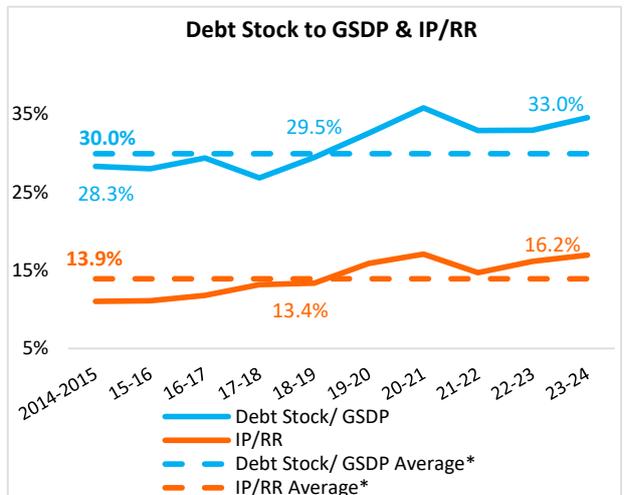
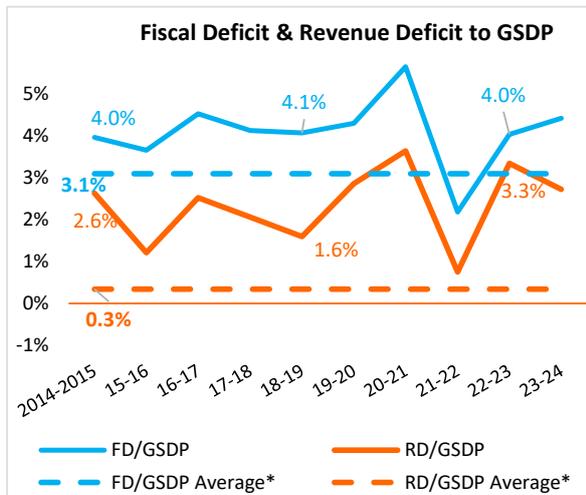
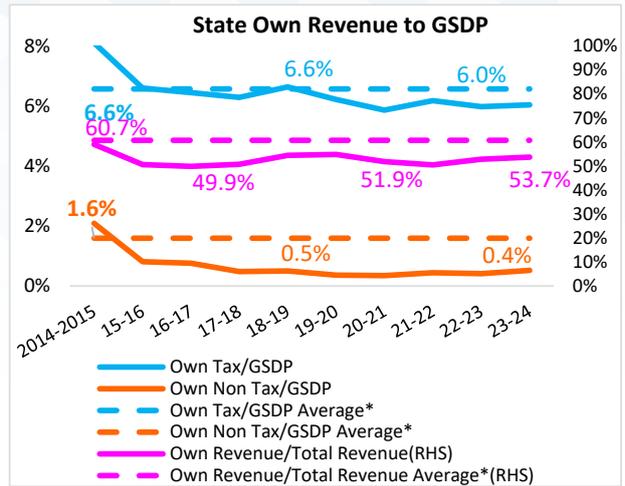
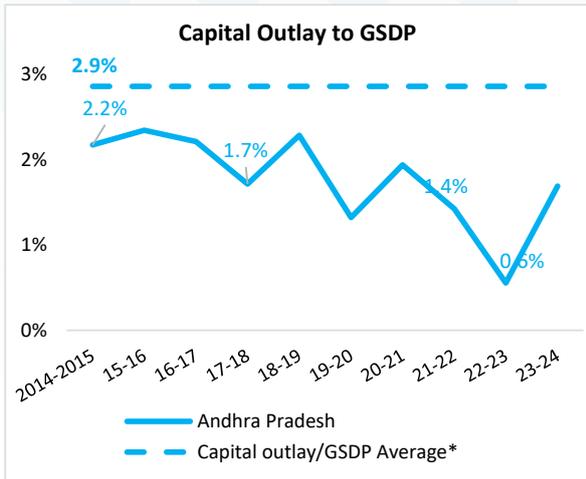
- The State's revenue receipts are primarily driven by its own tax revenue, which accounted for around 52% of the total revenue receipts in 2023-24. Within this, Taxes on Commodities and Services contributed the highest share at 35.5%, followed closely by the Goods and Services Tax (GST) with a 34.1 %share. The State's own revenue has shown a healthy upward trend, registering about 48% growth over the last five years.
- Non-tax revenue, on the other hand, constituted around 3 %of the total revenue receipts in 2023-24. Within this category, Non-Ferrous Mining and Metallurgical Industries emerged as the dominant contributor, accounting for 41.2 %of non-tax revenue.

Fiscal Prudence

- Despite the fiscal consolidation mandate under the FRBM framework, Andhra Pradesh recorded a revenue deficit of ₹38,683 crore in 2023-24, translating to 2.68% of GSDP, against the target of 3% revenue deficit cap.
- The fiscal deficit widened to ₹62,720 crore, breaching the prescribed ceiling of 4% of GSDP and reaching 4.35% of GSDP in 2023-24.

Debt Index & Debt Sustainability

- The total liabilities of the State Government increased by 61.1% 2019-20 to 2023-24, recording a growth of 51.01% during the last five years. The CAGR over the five years is approximately 12.7%.



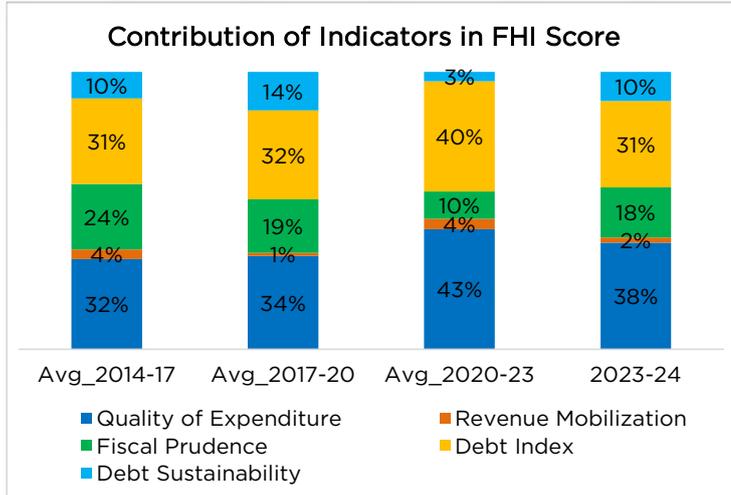
*Average of 18 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



BIHAR

Bihar’s fiscal position remains under pressure despite an improvement in headline indicators during 2023–24. The return to a revenue surplus and a reduction in fiscal deficit reflect short-term consolidation rather than structural strengthening, as the State continues to depend heavily on Union transfers, with its own revenue contributing less than one-third of total receipts. The narrow non-tax base and rising subsidy commitments, particularly to the energy sector, limit the State’s fiscal flexibility.



While capital expenditure has been maintained at a relatively high level, expenditure quality is weakened by the growing weight of committed and subsidy expenditure. Debt levels remain high, with outstanding liabilities expanding faster than the State’s economic growth over the medium term. Although the debt-to-GSDP ratio has marginally improved and remains within the FRBM ceiling, the volatility in primary deficit and persistent expenditure pressures indicate that Bihar’s fiscal stability requires a focused approach on better revenue mobilisation and expenditure management.

Quality of Expenditure

- In 2023–24, Capital Expenditure stood at ₹36,453.12 crore (15.90% of Aggregate Expenditure), above the GCS average, indicating a stronger focus on asset creation. The Capex as a percentage of GSDP ranged from 2.11% to 4.27% during the last five years.
- The share of Education in Aggregate Expenditure (19.07%) was higher than the national average of 14.36%, while Health expenditure (5.68%) remained marginally lower than the General Category States’ average of 5.71%.
- Subsidies constituted 8.40% of the State’s Total Revenue Receipts, 30.30% of the State’s Own Revenue and 1.90% of GSDP. About 81% of total subsidies in 2023-24 were directed to the Energy sector. Subsidy expenditure showed a rising trend during 2019–24, reaching its highest level in 2023-24.

Revenue Mobilisation

- Over the previous year, Revenue Receipts increased by 11.96%, marking an improvement over 2022–23. Major components of Revenue Receipts were Share of Union Taxes and Duties (58.76 %) and Grants-in-aid from Gol (13.51 %). State's Own Revenue constitutes 27.73% of the Revenue Receipts.
- The State's Share of Union Taxes, Own Tax Revenue, and Non-Tax Revenue grew by 18.95%, 9.87%, and 27.14%, respectively, in 2023-24, while Grants-in-aid from Gol declined by 9.99% over the previous year.
- Revenue Buoyancy with reference to GSDP increased to 0.83 in 2023-24. State's Own Revenue Buoyancy with reference to GSDP also increased considerably from 0.09 in 2019-20 to 0.78 in 2023-24.
- Despite overall buoyancy in receipts, narrow non-tax revenue base at only 2.72% of Revenue Receipts and 0.62% of GSDP and the heavy reliance on centrally devolved taxes necessitates diversification of own sources and improved compliance for sustained fiscal stability.

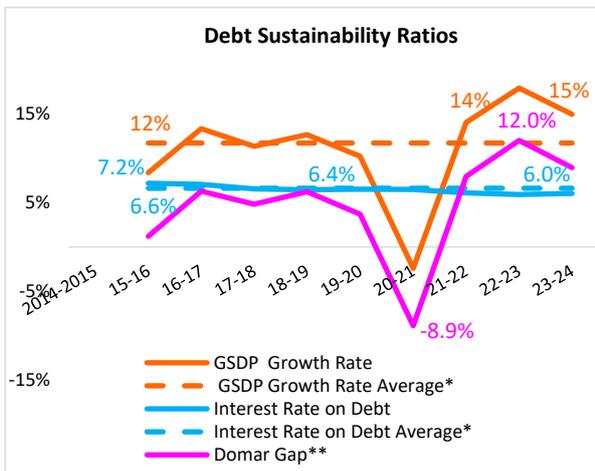
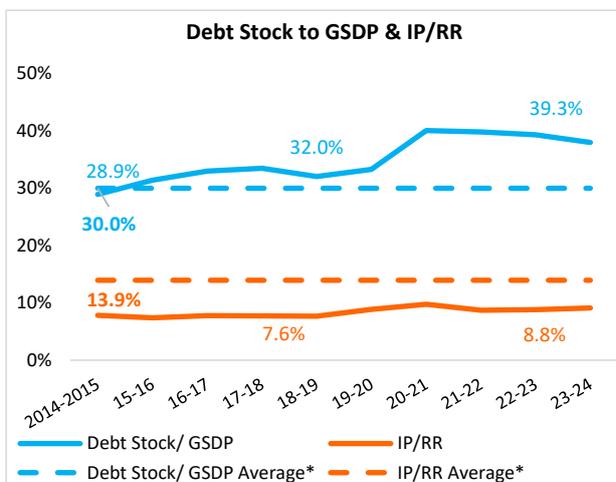
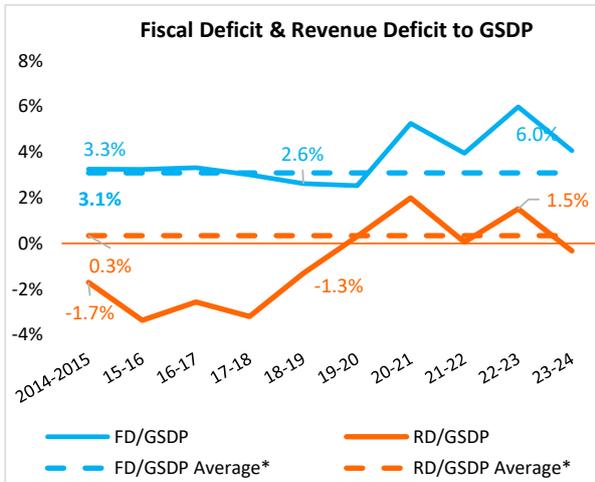
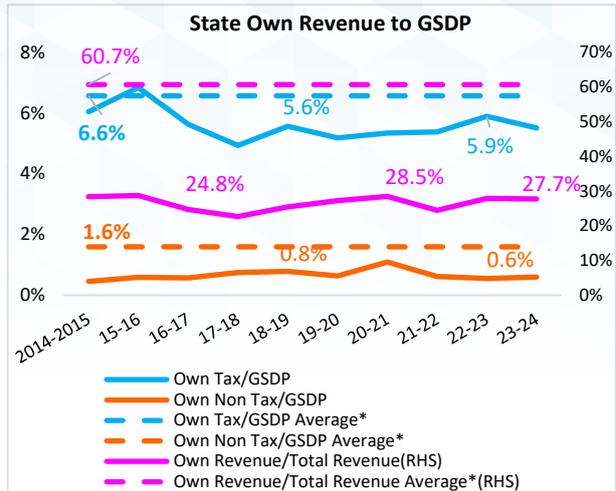
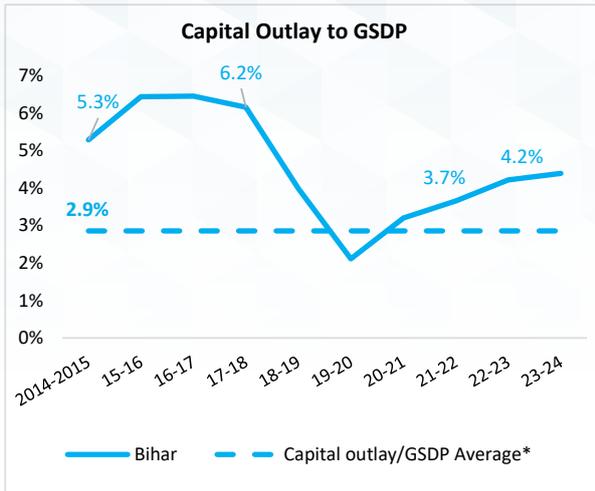
Fiscal Prudence

- Bihar achieved a revenue surplus of ₹2,833.06 crore in 2023–24, reversing the revenue deficits of the previous years, supported by stronger receipts and moderated expenditure growth.
- The Fiscal Deficit reduced y-o-y from ₹44,823.30 crore in 2022-23 to ₹35,659.88 crore in 2023-24.

Debt Index & Debt Sustainability

- Debt-to-GSDP stood at 38.94% in 2023–24, marginally below the FRBM ceiling of 40.40%. The major component of the overall liabilities was Internal Debt which constituted 70.99%, during the current year.
- The State's Outstanding Liabilities grew by 72.06% between 2019-20 and 2023-24, outpacing the GSDP growth of 46.85%, indicating a faster rise in debt relative to the State's economic expansion.
- The Domar gap was positive from 2021-22 to 2023-24, indicating debt sustainability in these years, while it was negative during 2019-21. The gap showed a rising trend till 2022-23, before dipping to 9.02 in 2023-24.
- Interest payments with respect to Revenue Receipts ranged between 8.70% to 9.74% during 2019-20 to 2023-24. During the current year they increased by 0.32 percentage points over the previous year.

FISCAL HEALTH INDEX



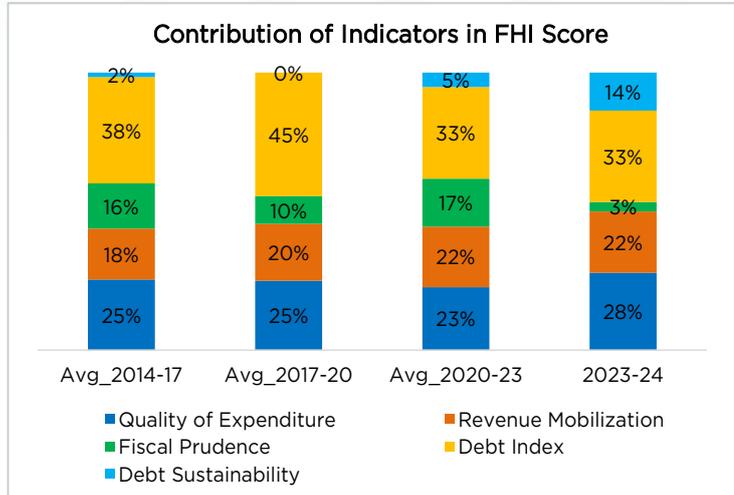
*Average of 18 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



CHHATTISGARH

Chhattisgarh’s fiscal health reflects a broadly stable yet evolving trajectory marked by improving revenue mobilisation and expanding developmental expenditure, though fiscal pressures have resurfaced in recent years. The State has demonstrated progress in augmenting its own revenue sources, with a growing share of collections coming from internal resources and rising tax buoyancy. This strengthening of own-revenue performance has been accompanied by prudent use of central transfers, enabling the State to maintain fiscal stability even amid economic fluctuations. However, expenditure composition reveals growing rigidity. A rising share of committed spending continues to limit fiscal flexibility, leaving less room for discretionary or growth-oriented expenditure. While capital spending has been relatively stable and supportive of infrastructure creation, the quality of expenditure has come under strain due to the expansion of welfare-oriented schemes. The fiscal deficit has remained elevated, driven by both increased social spending and higher borrowing, placing pressure on debt sustainability.



Quality of Expenditure

- Total expenditure of the State increased by 58.92% from 2019-20 to 2023-24. However, the total expenditure as a percentage of GSDP has a fluctuating trend, with a decrease from 2019-20 to 2021-22 and an increase from 2022-23 to 2023-24.
- Capital expenditure as a percentage of GSDP remained relatively stable, with a slight increase from 2022-23 (2.87%) to 2023-24 (3.05 %).
- The Revenue Expenditure rose from the previous year due to new and expanded schemes such as Krishak Unnati Yojana, Mahatari Vandan Yojana, Samagra Shiksha, PM Awas Yojana (Rural), and agricultural power subsidy, along with higher pension outlays.
- Committed Expenditure saw an increasing trend and has grown by 18.1% during the period 2019-20 to 2023-24.

Revenue Mobilisation

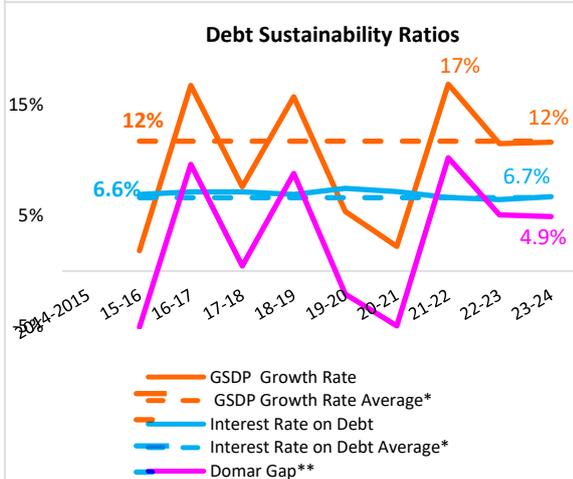
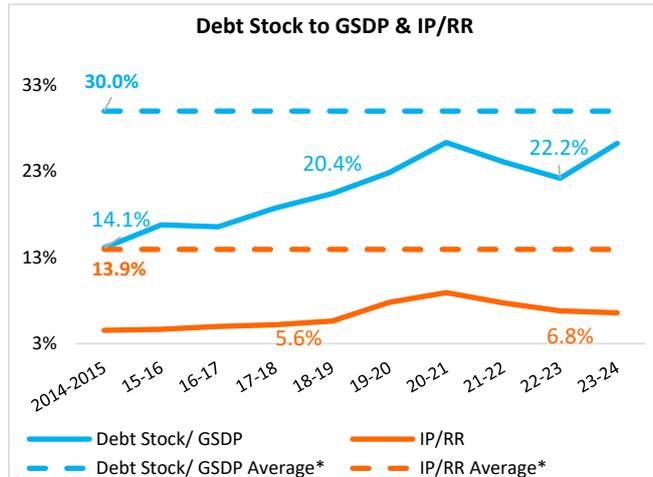
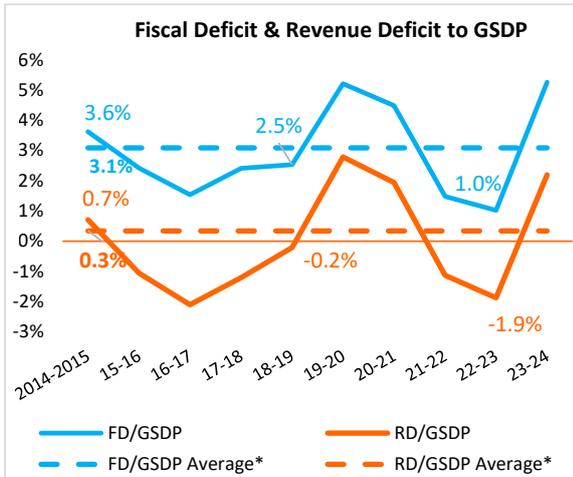
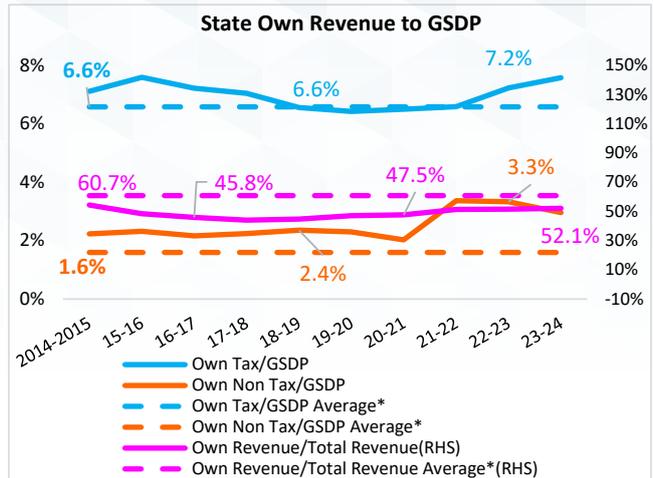
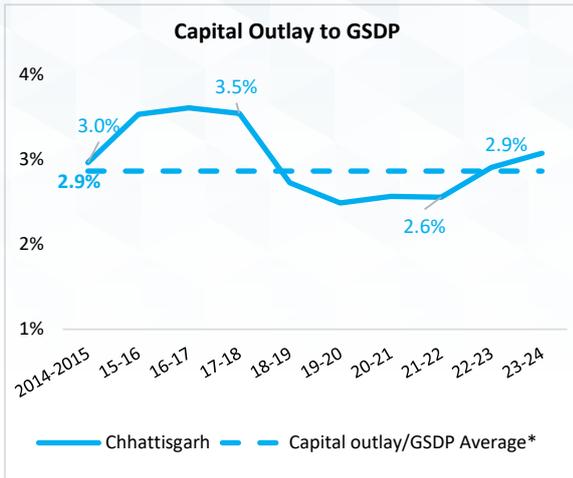
- Revenue receipts increased by 62.1% during 2019-20 to 2023-24. During 2023-24, Revenue receipts increased by 10.26% over the previous year, mainly due to an increase in receipts of Own Tax Revenue and the State's share in Union taxes and duties.
- During 2019-20, about 47% of the revenue receipts came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 53%. In the year 2023-24, about 52% of the revenue receipts came from the State's own resources.
- The own tax revenue buoyancy steadily increased from 0.60 in 2019-20 to 1.91 in 2023-24, which suggests that the growth of tax collection in the State has improved relative to its economic growth.

Fiscal Prudence

- The fiscal deficit of the State increased to 5.32% of GSDP in 2023-24 5.21% of GSDP in 2019-20.
- During 2023-24, the target for Revenue Surplus and fiscal deficit was set to 3.30% and 2.99% of the GSDP, respectively, as per the Medium-Term Fiscal Policy Statement presented along with Budget 2023-24. In 2023-24, revenue deficit was 2.22 %; fiscal deficit was 5.32% as against the limit of 2.99 %
- The ratio of Fiscal Deficit to GSDP was within the target prescribed under FRBM/ MTFPS during the years 2020-21 to 2022-23, however, during 2019-20 and 2023-24.

Debt Index & Debt Sustainability

- The debt-GSDP ratio of the State remained unstable. It is observed that, except for the years 2021-22 and 2022-23, the growth in overall liabilities/debt remained higher than the nominal growth.
- The percentage of Overall outstanding liabilities to GSDP during 2023-24 was 24.93 %, which exceeded the target prescribed in the MTFPS (23.81 %) by the State Government, but within the indicative debt as a percentage of GSDP projected (30.8 %) by the XV Finance Commission.
- Interest payments in 2023-24 increased by 36.78% over 2019-20 due to a rise in the public debt during 2019-24. As a percentage of revenue receipts, expenditure on interest payments decreased from 7.78% in 2019-20 to 6.57% in 2023-24.



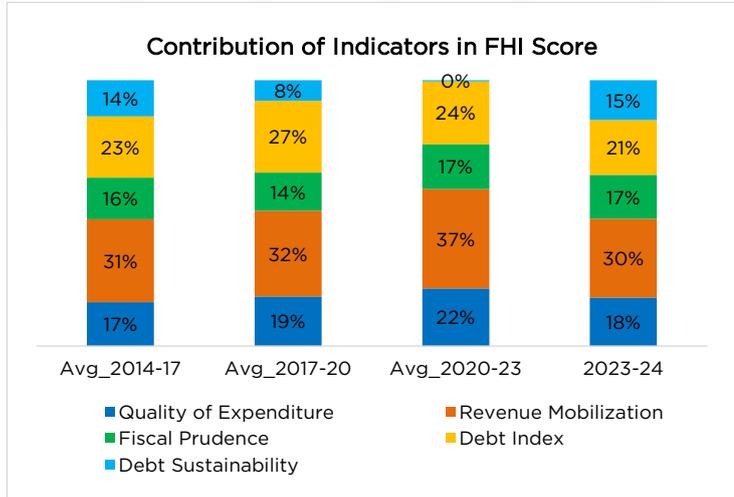
*Average of 18 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



GOA

Goa’s fiscal position reflects strong revenue mobilisation, with own resources contributing 71% of receipts and steady growth in tax revenues. However, revenue-to-GSDP ratios have declined, and a reduced revenue surplus alongside rising fiscal deficit signals limited fiscal space. Committed expenditure remains high, and a significant share of revenue expenditure continues to constrain developmental and capital priorities, though capital spending has shown some improvement. Debt sustainability shows strong improvement, with the debt-GSDP ratio declining after 2021 and interest payments remaining manageable, yet the ratio still exceeds statutory limits. Most borrowings are used for repayments rather than fresh investment, and off-budget liabilities are contained. Overall, Goa exhibits stable fiscal management with cautious optimism for capital formation, tempered by structural expenditure rigidity and ongoing quality-of-spend issues.



Quality of Expenditure

- Committed expenditure constituted 49-52% of revenue expenditure from 2019-24. Revenue expenditure made up 81-87% of total spend, limiting flexibility for developmental and capital projects. Capital expenditure increased significantly to ₹3,571 crore (17% of total in 2023-24), indicating some improvement in asset creation.
- The state had 115 incomplete projects with ₹484 crore locked, and the Roads, Bridges, and Buildings sector accounted for 78% of the blocked estimated cost. This highlights efficiency and quality issues, where funds are tied up without yielding intended outcomes. Subsidies ranged between 2-4% of revenue expenditure and reached ₹620 crore in 2023-24
- Outstanding utilisation certificates (₹3,028 crore), pending contingent bills (₹196 crore), and widespread delays in reconciliation undermine expenditure quality and financial control.

Revenue Mobilisation

- Revenue receipts grew at 5.7%, amounting to ₹18,272 crore, with the state’s own tax revenue up by 11.5% since last year. Own resources accounted for 71% of receipts, while central transfers accounted for the remaining 29%, reflecting resilience and relative self-sufficiency.

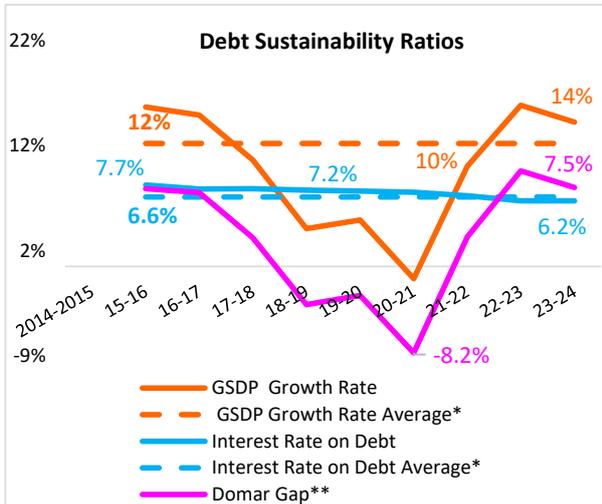
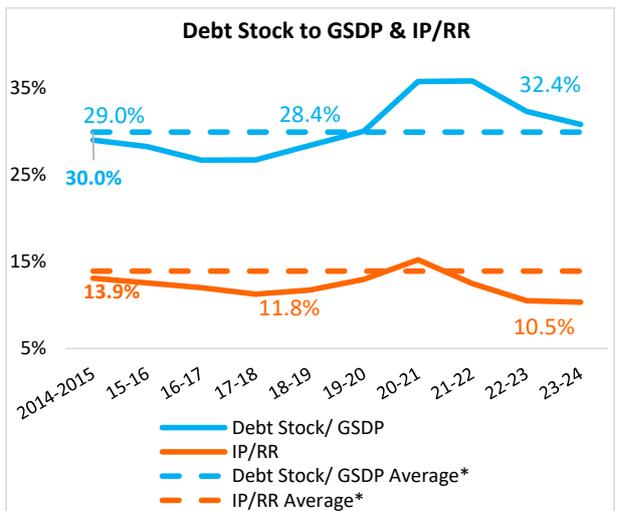
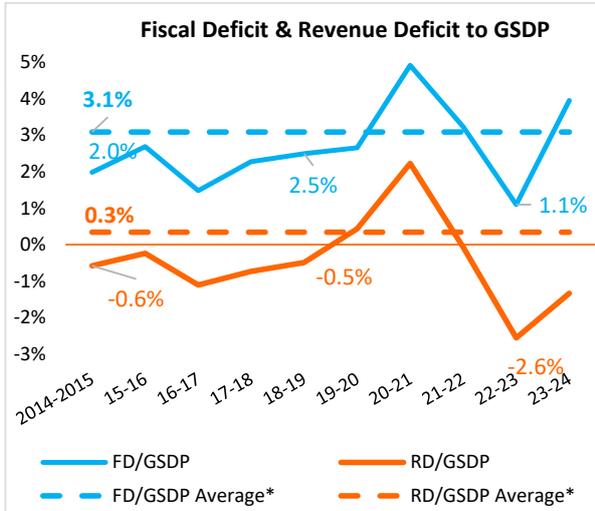
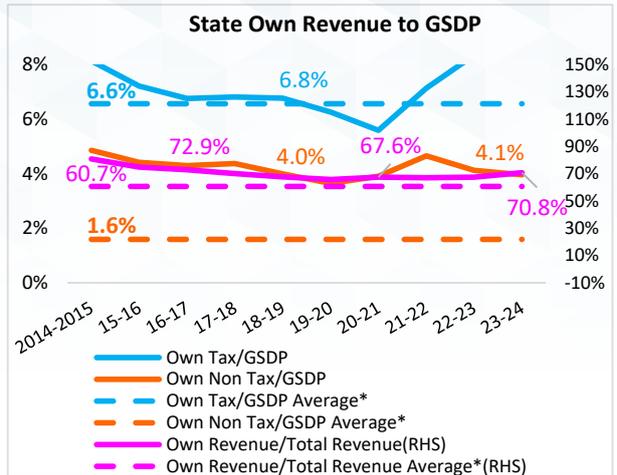
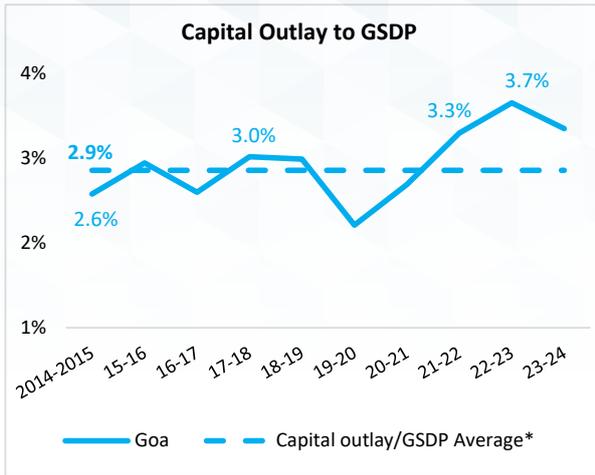
- The ratio of revenue receipts (and tax revenue) to GSDP declined (from 18.45% to 17.15%), signalling a need to widen the tax base and strengthen collection mechanisms as economic growth outpaced revenue growth in 2023-24.
- Revenue surplus decreased to ₹1,423 crore (from ₹2,400 crore), while fiscal deficit increased to ₹2,148 crore, mainly due to higher total expenditure outpacing moderate revenue growth.

Fiscal Prudence

- Fiscal deficit remained within FRBM target (2.02% of GSDP against 3% cap), and the state posted a revenue surplus in three of the last five years. However, the debt-GSDP ratio consistently exceeded Goa's statutory ceiling of 25%, reaching 29.3% in 2023-24.
- There was no excess expenditure in 2023-24, but past excesses (₹12,625 crore from 2008-23) remain unregularized. Large outstanding utilisation certificates and AC bills, along with insufficient reconciliation, signal gaps in fiscal control and outcome monitoring.

Debt Index & Debt Sustainability

- Between 2019 and 2024, the debt-to-GSDP ratio fluctuated between 29.27% and 34.63%. Over the same period, interest payments on total debt amounted to 10.33-15.23% of revenue receipts.
- Total outstanding debt reached ₹32,867 crore (29.3% of GSDP), down from a peak of 34.6% in 2020-21. The Goa Fiscal Responsibility and Budget Management Act mandate the state to bring the stock of outstanding debt down to 25% of GSDP by 2015-16 and to retain it at that level thereafter.
- Interest payments were 10.3% of revenue receipts. Of the ₹32,867 crore in debt, 71% was internal, 12% was central government loans, and 17% was public account liabilities. Repayments amounted to 89% of debt receipts in 2023-24, with most borrowings used to repay debt rather than for fresh capital formation.



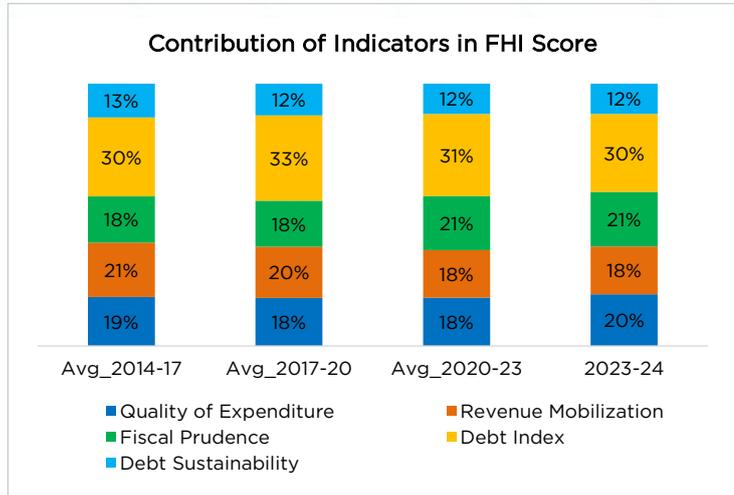
*Average of 18 major states for FY 2023-24

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GUJARAT

Gujarat’s fiscal performance in 2023–24 demonstrates prudent debt management and fiscal management. Development and social sector spending remain strong, with capital expenditure rising to 22.48% of total outlays, signalling a clear long-term growth orientation. Health and education expenditures outpace peer states, reflecting a focus on human development, though subsidies, particularly for agriculture and industry, consume a growing share of revenue expenditure. Revenue receipts grew faster than GSDP, driven by robust tax and non-tax collection, underscoring the State’s fiscal capacity, but persistent arrears highlight collection challenges. Fiscal prudence is evident in maintained revenue surpluses, low fiscal deficits, and controlled debt levels, with liabilities-to-GSDP ratios steadily declining. Debt sustainability is reinforced by a favourable maturity profile, low refinancing risk, and real GSDP growth exceeding interest costs, enabling the state to finance development while maintaining fiscal stability.



Quality of Expenditure

- Development expenditure formed 72.35% of the total, up from 70.02% in 2019-20. Within this, social sector spending also rose from 41.72%. Capital expenditure increased to 22.48%, from 15.28% in 2019-20. These ratios are all higher than those of other large states. In particular, the rise in capital expenditure from around 16% to 22.48% over 2019-24 signals a stronger long-term growth focus.
- Expenditure on health (6.89% of total) and education (14.91% of total) outpaced peer states in 2023–24, but remain almost similar to the 2019-20 proportions which are 6.13% and 14.73% respectively.
- Significant subsidies (up 8.9% over the previous year) now consume 14.8% of revenue expenditure, with heavy agricultural and industrial support. Subsidies as a proportion of revenue expenditure have also been on the rise since 2019-20, which stood at 13.07%.

Revenue Mobilisation

- Gujarat’s revenue receipts rose by 11.7% in 2023-24 over 2022-23, outpacing GSDP growth and exceeding budget estimates by 7.25%. Own resources (tax and non-tax revenue) made up 70.89% of revenue receipts, reflecting robust state capacity and have experienced a CAGR of 11% from 2019-20.

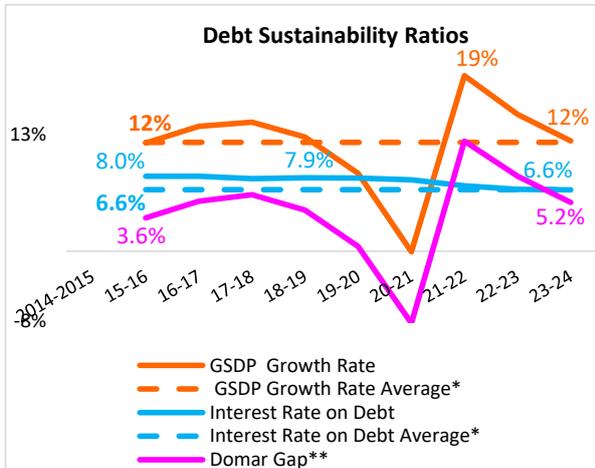
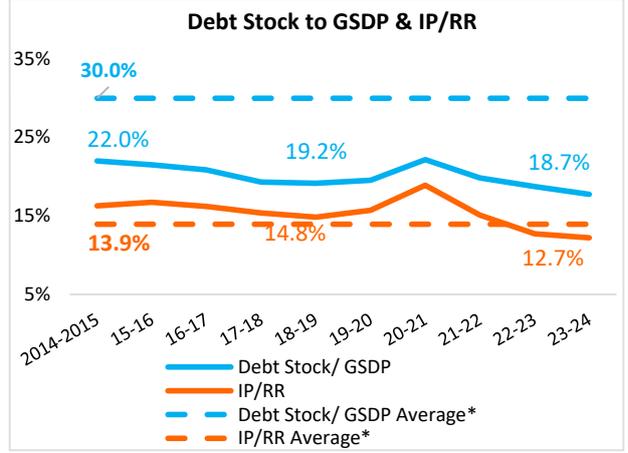
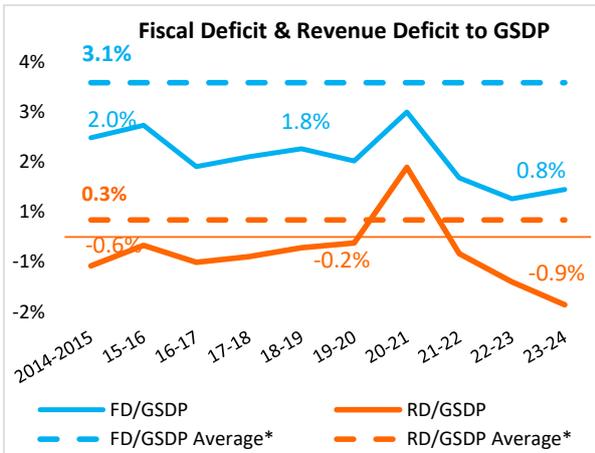
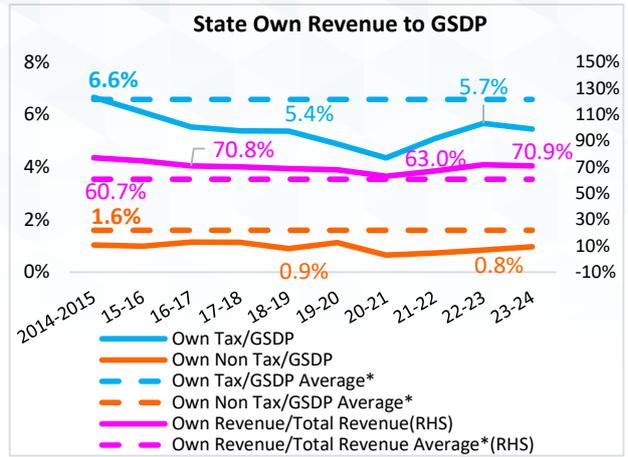
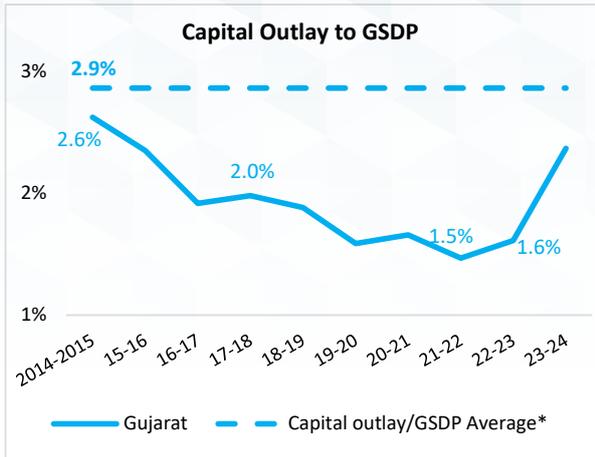
- Tax revenues driven by SGST, Sales Tax/VAT, and Stamp Duty, and non-tax revenue up by 28.6% over 2022-23, primarily due to enhanced interest, mining, and irrigation receipts. Non-tax revenues have also grown at a 6% CAGR since 2019-20.
- Own tax revenue as a percentage of GSDP has risen from 4.89% in 2019-20 to 5.45% in 2023-24. Similarly, even the own tax revenue as a percentage of revenue receipts has experienced an increase from 55.31% in 2019-20 to 60.25% indicating robust revenue management practices of the state.

Fiscal Prudence

- Over 2019-20 to 2023-24, Gujarat broadly outperformed revenue balance targets (moving from a small surplus to a rising surplus by 2023-24), kept fiscal deficit consistently better than the target path except in 2020-21, and reduced the debt-GSDP ratio below the target by 2023-24, indicating progressive consolidation across all three indicators.
- In 2023-24 Gujarat maintained its revenue surplus (1.36% of GSDP), fiscal deficit (0.95% of GSDP), and public debt (14.31% of GSDP, excluding special GST compensation loans) within the targets set in the Medium-Term Fiscal Policy Statement (MTFPS).

Debt Index & Debt Sustainability

- The public debt as a ratio of GSDP has steadily declined to 14.31% by 2023-24 from 19.51% in 2019-20, well within the prescribed limits of the Gujarat Fiscal Responsibility Act, 2005 of 27.10%, due to strong nominal growth and primary surpluses post-pandemic.
- Across 2019-20 to 2023-24, the State consistently remained well below the statutory ceiling on debt-GSDP ratio and kept outstanding guarantees far within the ₹20,000 crore cap in every year, meeting the targets throughout the period.
- The majority (over 50%) of the State's borrowings are due beyond five years, limiting refinancing risk.



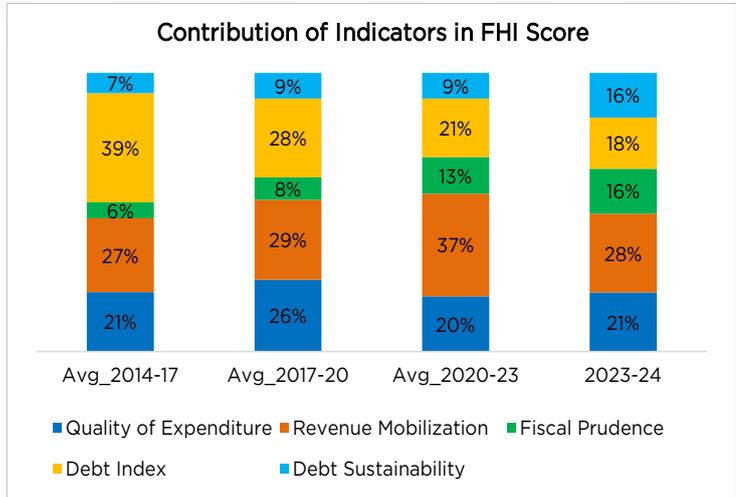
*Average of 18 major states for FY 2023-24

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HARYANA

Haryana’s fiscal position reflects a gradual consolidation path marked by improved compliance with fiscal targets but constrained expenditure flexibility. The State has benefited from steady growth in its own tax revenues, particularly commercial taxes, which has strengthened its fiscal autonomy and reduced dependence on central transfers. However, the predominance of committed and inflexible expenditure continues to limit the scope for developmental and capital



outlays, constraining the creation of new assets and expansion of services. Despite a moderation in deficits and adherence to the FRBM thresholds, the composition of spending dominated by salaries, pensions, interest, and power subsidies continues to crowd out productive expenditure. Although debt sustainability has improved over the years but the overall debt levels remain above the long-term targets.

Quality of Expenditure

- Committed and inflexible expenditure together accounted for 62% of revenue expenditure in 2023-24, reducing flexibility for development or capital projects.
- Revenue expenditure made up 82-93% of total expenditure from 2019-24, showing limited room for asset creation and service expansion. Revenue expenditure increased by 33.41% while Capital expenditure decreased by 9.88% during the period 2019-20 to 2023-24. The share of Loans and Advances was 1.26% in 2019-20 which increased to 3.04% in 2023-24.
- The combined expenditure on Social and Economic services, which represents development expenditure decreased from 67.47% in 2019-20 to 62.39 % in 2023-24.
- Borrowed funds were focused toward meeting current consumption and debt repayment, allowing only 18% of total borrowings to be used for capital creation.

Revenue Mobilisation

- Revenue receipts grew by 13.6% in 2023-24, with the state’s own tax revenue increasing 15.2% and total tax revenue up 15.7%, underpinned by buoyancy in commercial taxes.
- Own Tax revenue increased by 69.32% in 2023-24 over 2019-20 and the actual receipts under Non-Tax revenue increased by 9.50% during the same period.

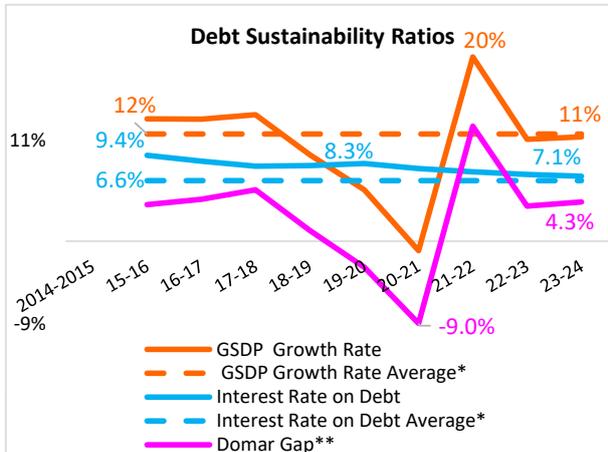
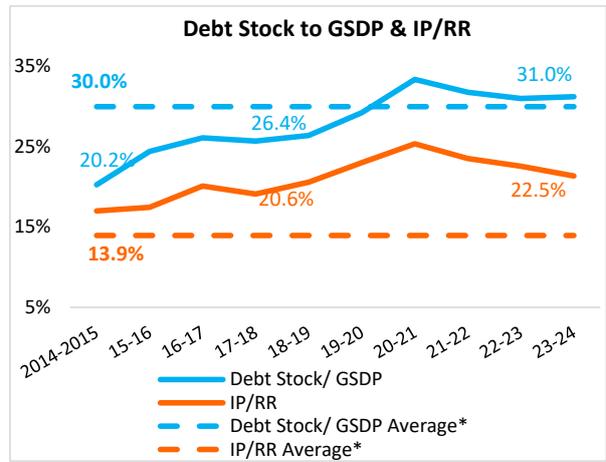
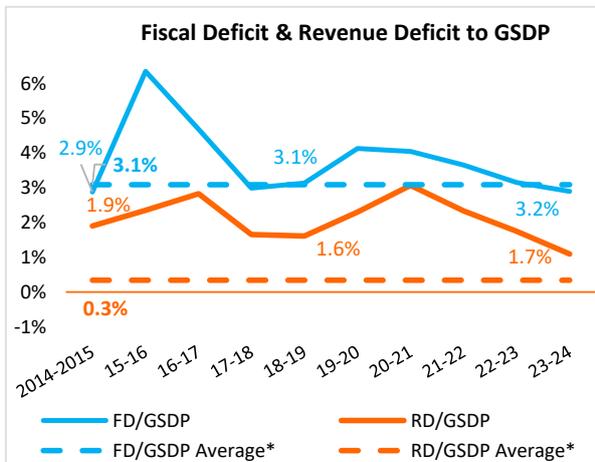
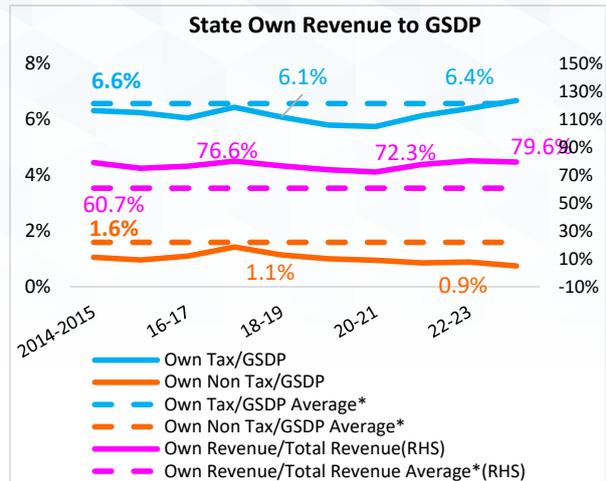
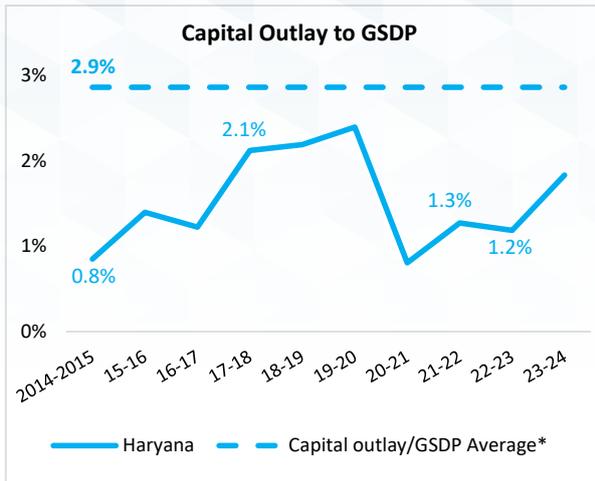
- The share of grants-in-aid in total revenue receipts fell from 15.5% in 2019-20 to 8.3% in 2023-24.

Fiscal Prudence

- Revenue deficit fell by about 31% to ₹11,881 crore, and fiscal deficit stayed within the FRBM Act target (2.87% of GSDP vs. target 2.96%).
- Subsidies rose to ₹10,718 crore (10.6% of revenue receipts) in 2023-24, with the power sector alone accounting for 74% of these payments.

Debt Index & Debt Sustainability

- The debt-to-GSDP ratio decreased from a peak of 32.7% (2020-21) to 29.8% (2023-24) due to improved rate spread and GSDP growth, though it remains above the FRBM target.
- Debt sustainability analysis indicates that a positive Domar gap (growth-interest differential) and improving primary balances have allowed stability, with annual debt growth averaging 12.2%.



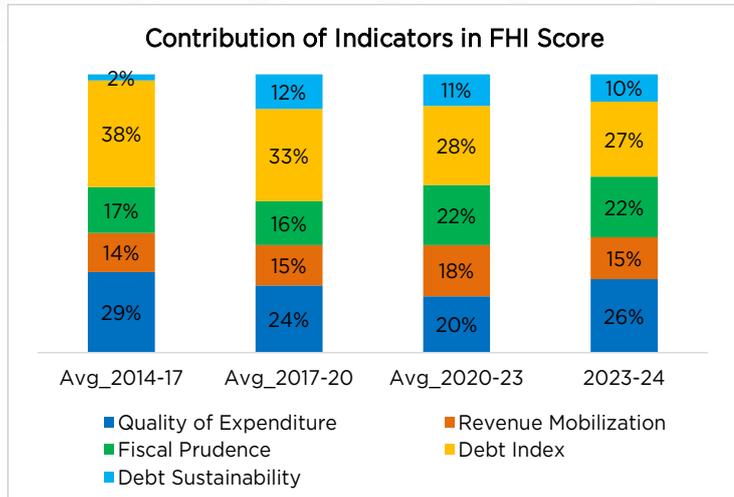
*Average of 18 major states for FY 2023-24

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JHARKHAND

Jharkhand’s fiscal landscape presents a picture of stability anchored in prudence, yet evolving toward a stronger developmental orientation. The State has managed to maintain fiscal discipline with sustained revenue surplus and contained deficits, supported by steady growth in own revenues and substantial transfers from the Central Government that continue to underpin its fiscal capacity. However, the moderation in revenue buoyancy suggests that receipts have not kept pace with economic expansion, underscoring the need for more responsive and diversified revenue streams. On the expenditure front, greater emphasis on capital formation and economic infrastructure has strengthened the quality of spending, though allocations to education, health, and social services remain modest, constraining improvements in human capital outcomes. At the same time, rising committed liabilities and subsidies have begun to narrow fiscal flexibility. A declining debt burden, together with a positive Domar gap and sustained primary surplus, reflects sound debt sustainability and favourable growth dynamics.



Quality of Expenditure

- The State’s capital expenditure increased by 46.76% in 2023-24, as compared to the previous year, largely driven by higher spending on Economic Services by 63.94% and Social Services by 26.68 %.
- Revenue expenditure increased by 14.99% in 2023-24, as compared to the previous year, with Social Services increasing by 3.87 %, and Economic Services by 41.80 %.
- The State’s expenditure on sectors such as education, health, and social services was lower than the average of General Category States. The ratio of expenditure on education and health to TE remained nearly the same as in 2018-19.
- During 2023-24, committed expenditure accounted for 41.06% of the revenue expenditure and 35.81% of revenue receipts, showing a decline from the previous year.
- Subsidies rose marginally in 2023-24, forming 5.5% of revenue receipts and 6.3% of revenue expenditure, driven mainly by higher outlays on power (₹2,300 crore) and civil supplies (₹1,689 crore).

Revenue Mobilisation

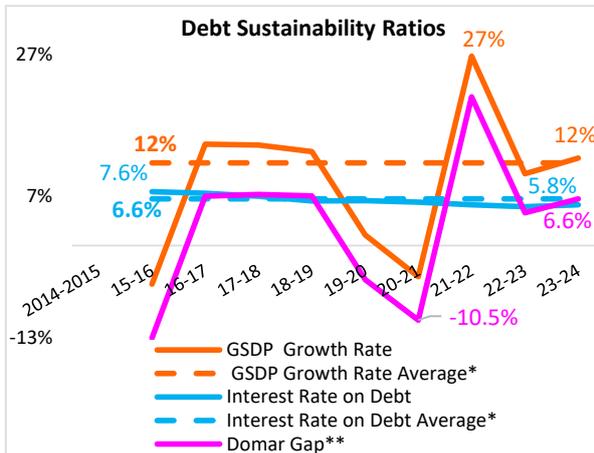
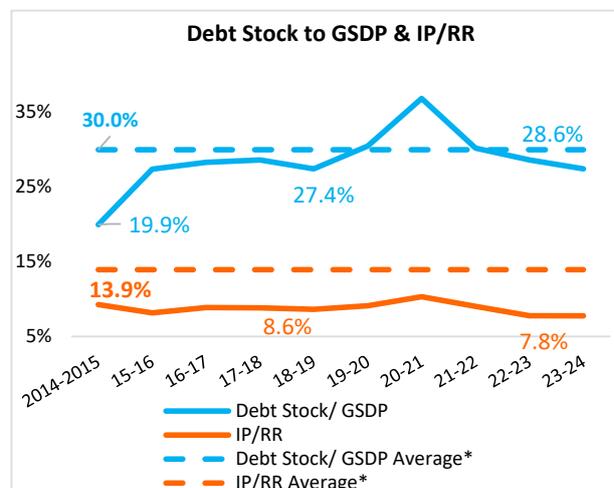
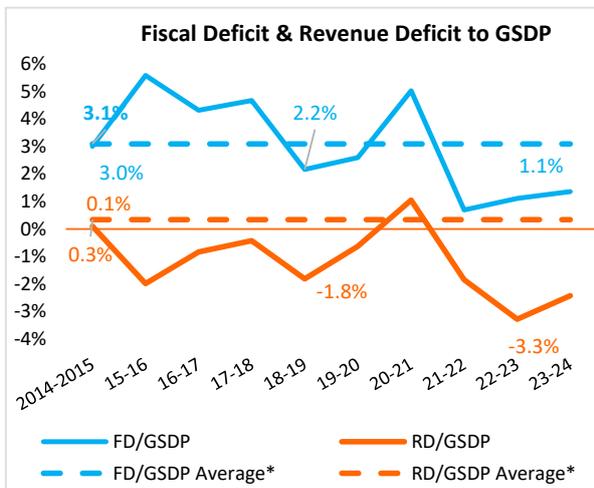
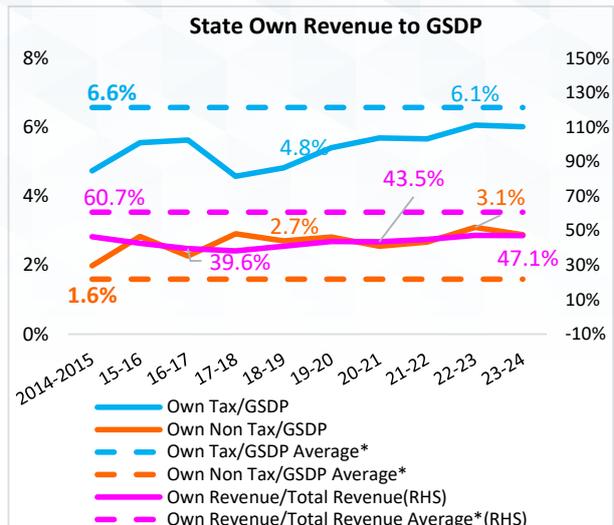
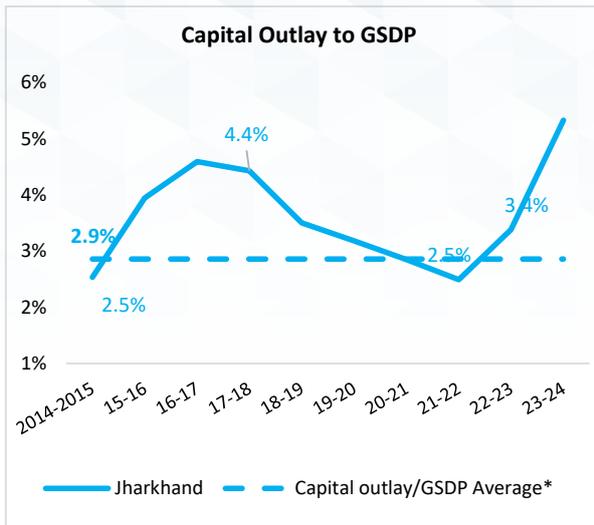
- The State's own revenues grew by 9.18% in 2023-24. Own tax revenues increased by 11% over the previous year, driven mainly by higher collections of Taxes on Sales, Trade, etc. (11%) and SGST (9%).
- The share of non-tax revenues in total revenue receipts ranged between 13.5% and 16% during 2019-20 to 2023-24. The main source, Non-ferrous Mining and Metallurgical Industries, increased by ₹ 561 crore in 2023-24 over the previous year.
- The ratio of transfers from the Central Government to non-debt receipts was highest during 2017-18 (62%) due to a fall in the collection of own revenue. During 2023-24, the ratio stood at 48.84 %. As a percentage of Revenue Receipts, Central tax transfers increased from 35% in 2019-20 to 42% in 2023-24.

Fiscal Prudence

- The State maintained its fiscal deficit within the defined targets during 2023-24. The State's fiscal deficit declined to ₹6,332 crore (1.37% of GSDP) in 2023-24 from ₹8,035 crore (2.59% of GSDP) in 2019-20
- The revenue surplus decreased from ₹13,564 crore in 2022-23 to ₹11,252 crore in 2023-24, a decline of 17.04%, resulting in a revenue surplus of 2.44% of GSDP in 2023-24.
- The State recorded a primary deficit during 2019-20 and 2020-21, but subsequently turned around to maintain a primary surplus for three consecutive years. Primary surplus of ₹ 3,682 crore in FY 2021-22, decreased to ₹ 507 crore in FY 2023-24.

Debt Index & Debt Sustainability

- The State's debt burden has been declining since 2021-22, reaching a five-year low of 27.68% in 2023-24 and remained within the FRBM Act targets. This fall in the liability-to-GSDP ratio is largely due to the consistent positive primary balance maintained over the past three years.
- Interest payments grew by 9.63% in 2023-24, compared to -0.76% in 2022-23. Interest payments as a percentage of revenue receipts remained nearly the same during 2023-24 (7.78%) compared to 2022-23 (7.77%).
- The Domar gap has been positive since 2021-22, with the gap remaining at 5.99% in 2023-24, showing that economic growth continued to outpace interest rates, thereby supporting debt sustainability.



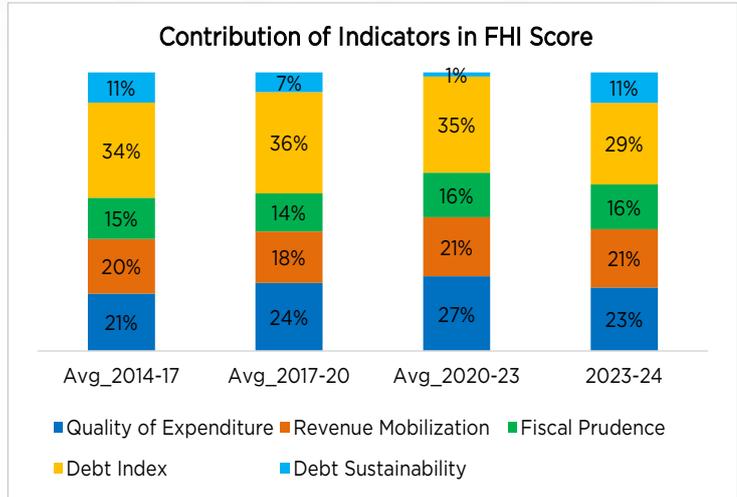
*Average of 18 major states for FY 2023-24

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KARNATAKA

Karnataka’s fiscal performance reflects a phase of adjustment marked by strong revenue potential but rising expenditure pressures. The State continues to maintain fiscal discipline within statutory limits, supported by resilient tax collections and a broad revenue base. However, revenue and own-revenue buoyancy have shown a declining trend since 2021-22, indicating that fiscal receipts are expanding at a slower pace than the economy. This underscores the need for tighter revenue



monitoring to prevent arrears and improve realisation efficiency. The return to a revenue deficit after several years of surplus reflects growing rigidity from committed expenditure and interest liabilities. While developmental spending remains significant, a relatively low share of expenditure on education and health limits social outcomes. Capital spending quality has improved; yet persistent project delays and cost overruns continue to weigh on expenditure efficiency. Debt indicators remain within prudent levels, though rising liabilities highlight the importance of maintaining fiscal balance through better expenditure management and sustainable revenue growth.

Quality of Expenditure

- In 2023-24, the State’s Capital Expenditure to Aggregate Expenditure (CE/AE) ratio was higher than that of General Category States (GCS), reflecting better quality of expenditure.
- Development Expenditure to Aggregate Expenditure (DE/AE) ratio was also higher. However, the share of Education and Health as a share of AE remained below the GCS average, indicating the need for greater priority in these sectors.
- Revenue Expenditure increased by 12.54% in 2023-24, as compared to previous year, with Social Services increasing by 15.69%, and Economic Services by 17.28%. Capital Expenditure declined by 9.12% with a sharp increase in General Services (79.90%).
- During 2019-20 to 2023-24, committed expenditure showed an increasing trend, rising from ₹1,32,414 crore to ₹1,79,445 crore, though its share in Revenue Expenditure fluctuated between 74% and 79%.

Revenue Mobilisation

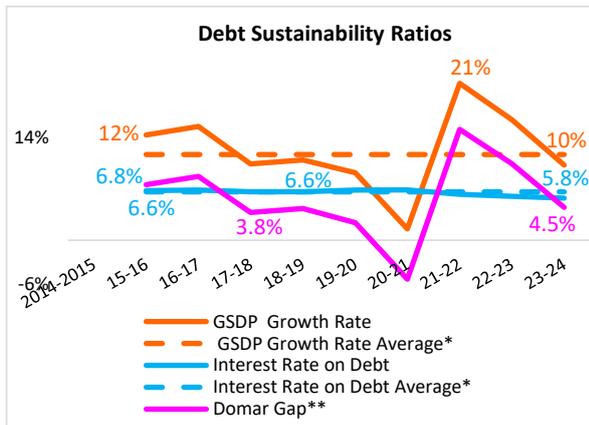
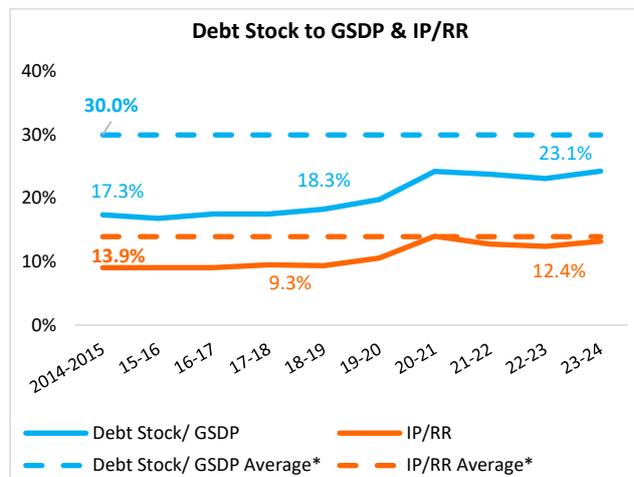
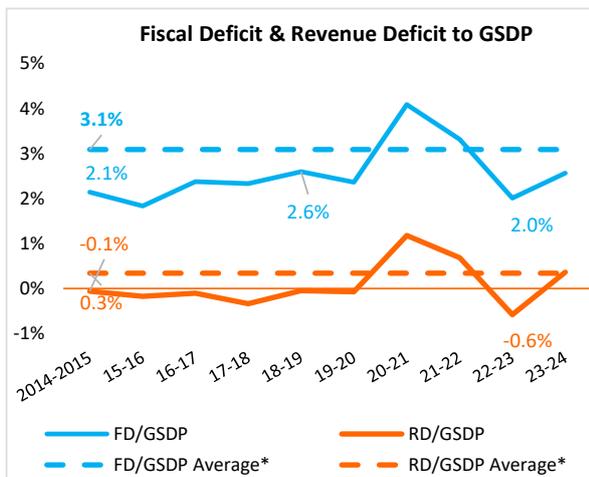
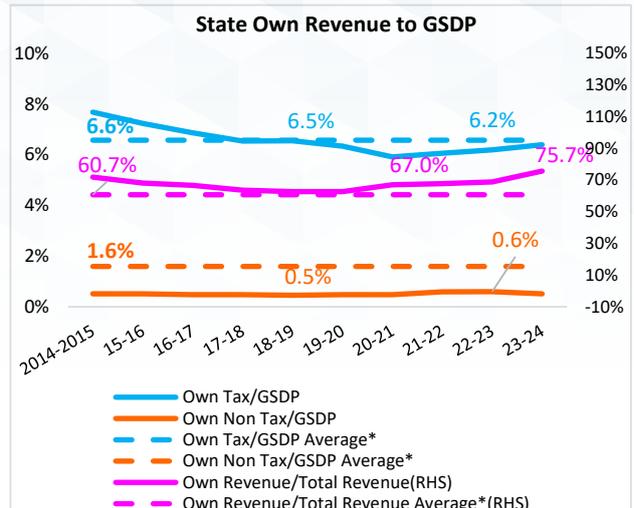
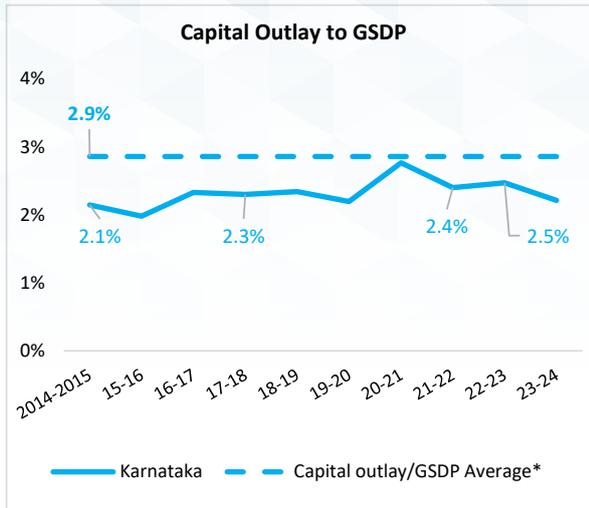
- In 2023-24, the State's own tax receipts grew by 13.78%, while its own non-tax receipts declined by 5.73% over 2022-23, mainly due to lower receipts under Other Administrative Services and related categories. The royalty under non-Ferrous Mining and Metallurgical industries, which had increased considerably during 2021-22, saw a decrease during 2022-23, but recorded an increase again in 2023-24.
- About 76% of the Revenue Receipts during 2023-24 came from the State's own resources, while Central tax transfers and Grants-in-aid together contributed 24%. This is indicative that Karnataka's fiscal position is largely influenced by its own resources.
- During 2023-24, the major contributors of Tax revenue were Goods and Services Tax (43 %), State Excise (21 %), Taxes on Sales, Trade etc. (13 %) and Stamps and Registration Fees (12 %).
- Revenue and own revenue buoyancy remained positive throughout, though both have shown a declining trend since 2021-22.

Fiscal Prudence

- The Fiscal Deficit-to-GSDP ratio, at 2.05% in the previous year, increased to 2.55% in 2023-24 due to the Revenue Deficit incurred by the State.
- The State maintained a Revenue Surplus since 2004-05, except in 2020-21 and 2021-22. But in 2023-24, the State again recorded a Revenue Deficit of ₹9,271 crore.

Debt Index & Debt Sustainability

- The Debt-to-GSDP ratio declined in 2021-22 and 2022-23 but increased in 2023-24, as outstanding liabilities grew faster than GSDP. The outstanding debt, including off-budget borrowings, stood at 23.49% of GSDP in 2023-24.
- Interest payments on overall liabilities showed a rising trend over 2019-2023. The ratio of interest payments to Revenue Receipts, increased to 13.66% in 2023-24, indicating a higher interest burden.



*Average of 18 major states for FY 2023-24

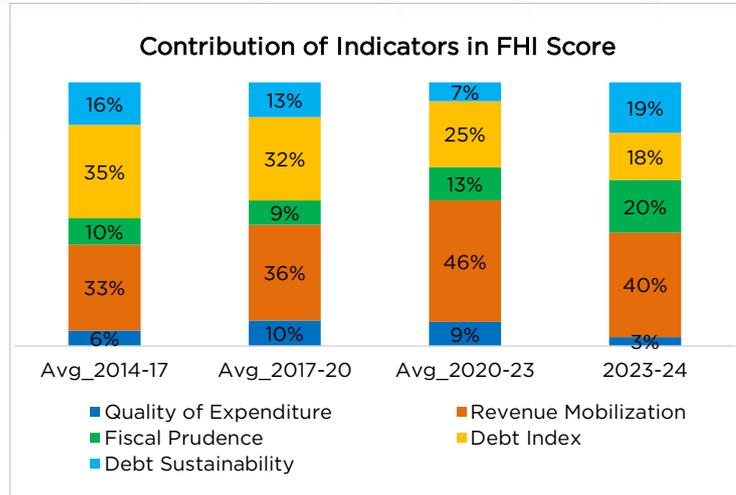
**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



KERALA

Kerala’s fiscal position reflects the challenge of balancing strong social and developmental commitments with limited fiscal flexibility. While the State has consistently maintained a focus on developmental and social spending, the efficiency and scale of capital investment remain relatively modest compared to other major states, limiting the growth of productive assets. A significant portion of revenue continues to be absorbed by committed liabilities

such as salaries, pensions, and interest payments, restricting flexibility for new initiatives. On the revenue side, Kerala has shown steady growth in its own-tax collections, particularly from GST and sales-related taxes, and non-tax revenues remain largely dependent on state lotteries. Despite these efforts, the State has struggled to achieve revenue surplus targets, and fiscal deficits have persisted, reflecting structural constraints in balancing expenditures with available resources. Total liabilities have grown steadily, and while recent trends show improved real growth relative to interest rates, the overall debt burden continues to constrain long-term fiscal manoeuvrability.



Quality of Expenditure

- The Capital expenditure incurred over the last five years ranged between 1.04% and 1.67% of the GSDP. Utilisation of budget for Capital expenditure ranged between 49.22% and 83.40% from 2019-20 to 2023-24 and it was 74.57% during 2023-24.
- The decline in Capital expenditure during 2023-24 has been under Economic Services (2.51 %), Social Services (2.79 %) and General Services (19.43 %) as compared to previous year. In 2019-20 and 2023-24, the percentage of Capital Expenditure to Total Expenditure for the State was much lower than that of the major states indicating a lower priority for Capital Expenditure by the State.
- The quantum of committed expenditure on salaries and wages, pension and interest payments constituted 55 to 68% of revenue expenditure during 2019-20 to 2023-24.

Revenue Mobilisation

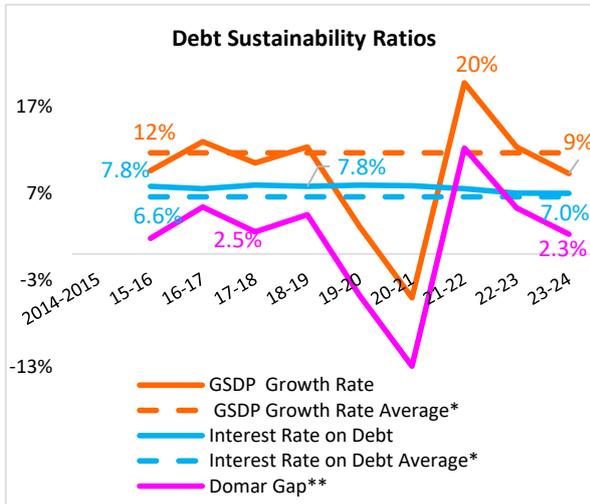
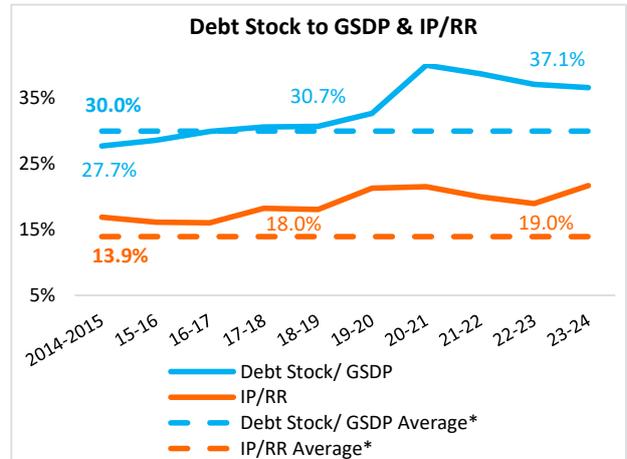
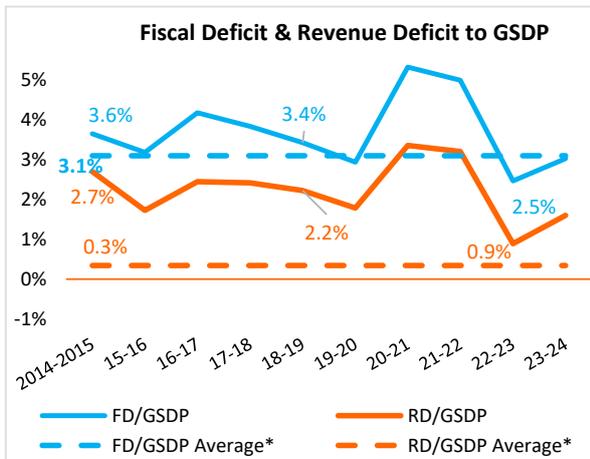
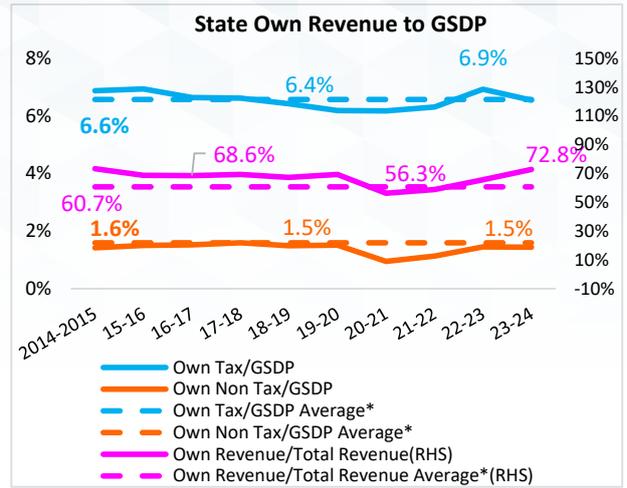
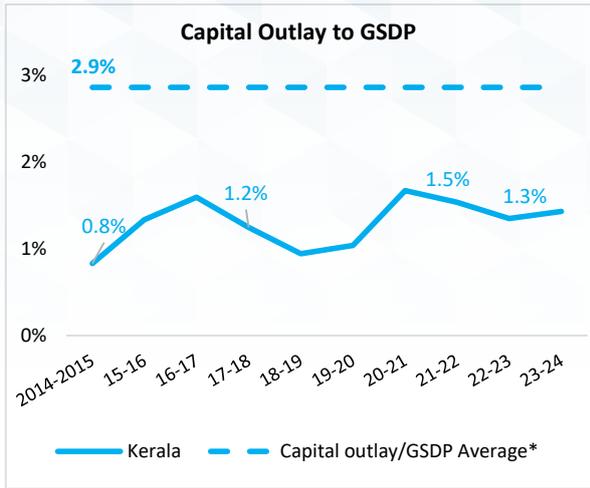
- State's own tax revenue increased by 47.70% from 2019-20 to 2023-24. As a percentage of Revenue Receipts, the State's own tax revenue was 59.71% during 2023-24. State Goods and Services Tax (SGST) was the single largest source of The State's own tax revenue (41 to 42 %), followed by Taxes on Sales, Trade etc. (37 to 39 %) during the period 2019-20 to 2023-24.
- The non-tax revenue increased by 33.3% during 2019-24 and by 8.12% during 2023-24 over the previous year. Receipts from State Lotteries is the major source of non- tax revenue and its share in non-tax revenue ranged between 66% and 81% of non-tax revenue during the period from 2019-20 to 2023-24.

Fiscal Prudence

- As per the KFR (Amendment) Act 2022, the Government had set an objective to achieve Revenue Surplus during 2019-20 to 2023-24. However, the State was on revenue deficit throughout the period 2019-20 to 2023-24. Revenue deficit as a percentage of GSDP also increased from 0.90% in 2022-23 to 1.58% in 2023-24.
- The fiscal deficit during 2023-24 increased to 2.99% of GSDP from 2.5 % in 2022-23.

Debt Index & Debt Sustainability

- The total liabilities of the State Government increased by 51.01% 2019-20 to 2023-24 recording a growth of 51.01% during the last five years.
- During the pre-Covid year of 2019-20, the Domar gap turned negative during COVID due to a collapse in real growth but reverted to a positive trend post-2021 as growth outpaced the effective interest rate, indicating improving debt sustainability.



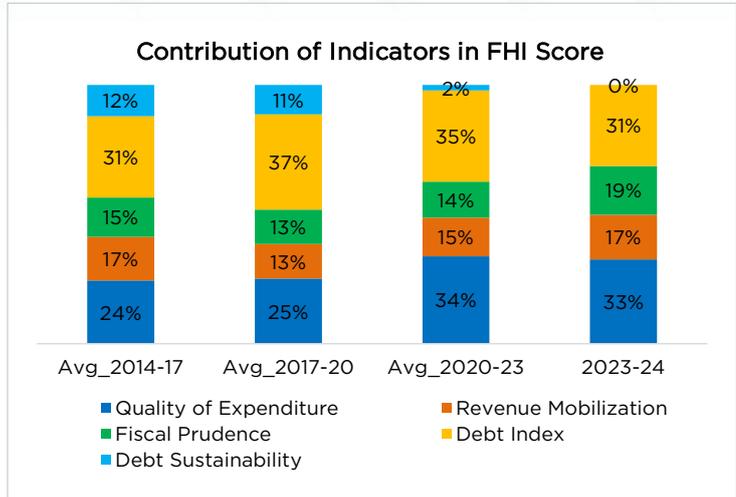
*Average of 18 major states for FY 2023-24

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MADHYA PRADESH

Madhya Pradesh’s fiscal position shows notable improvement in revenue performance and consolidation efforts, though underlying structural pressures persist. The State has maintained a revenue surplus since 2021-22, supported by stronger tax mobilisation and improved buoyancy in own revenues. Revenue receipts grew faster than GSDP in 2023-24, reflecting effective recovery in GST, excise, and trade taxes. However, revenue expenditure continues to outpace economic



expansion, driven by rising pension and interest liabilities, which have pushed committed expenditure to over 43% of total revenue spending. The State’s sustained focus on capital outlay, nearly doubling in five years signals a strong infrastructure push, though high debt repayments continue to constrain fiscal flexibility. Debt levels remain within statutory limits, but the rising debt-to-GSDP ratio and persistent primary deficit indicate limited progress in debt correction. While the fiscal deficit remains within FRBM targets, the increasing reliance on borrowing to repay debt and the growing interest burden highlight the need for durable expenditure rationalisation and more efficient debt management to ensure fiscal sustainability.

Quality of Expenditure

- In 2023-24, Revenue Expenditure as a percentage of GSDP increased by 0.21%, and its growth rate (10.83%) exceeded the GSDP growth rate (9.37%) over the previous year.
- Capital outlay almost doubled over five years to ₹56,539 crore, indicating a clear improvement in asset creation and infrastructure push, supported by higher allocations to roads and irrigation. Capital Outlay as a percentage of GSDP increased from 3.15% in 2019-20 to 4.15% in 2023-24.
- Allocation to all the sectors such as development, social services, economic services, education and health was higher in Madhya Pradesh during 2019-20 and 2023-24 as compared to the average allocation to these sectors by the General Category States.
- Committed Expenditure rose from ₹57,430 crore (38.2% of RE) in 2019-20 to ₹95,313 crore (43.0% of RE) in 2023-24, increasing by ₹9,370 crore (10.9%) over 2022-23 due to higher Pensions (+11.6%) and Interest Payments (+18.7%).

Revenue Mobilisation

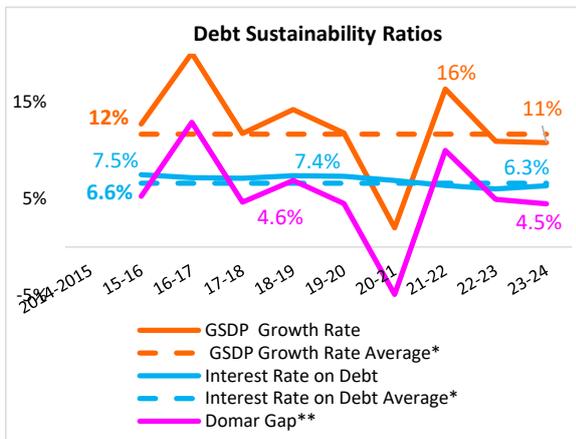
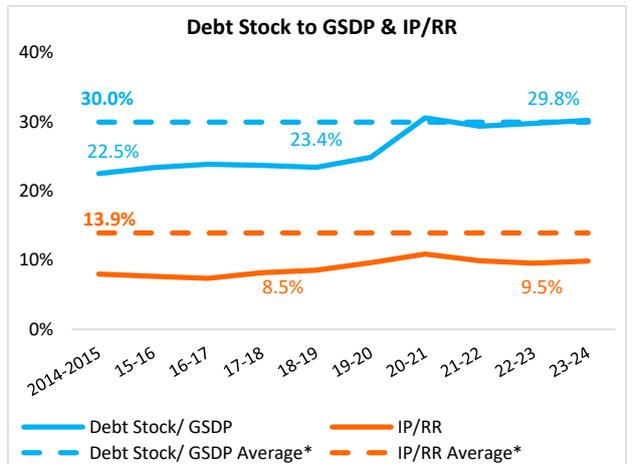
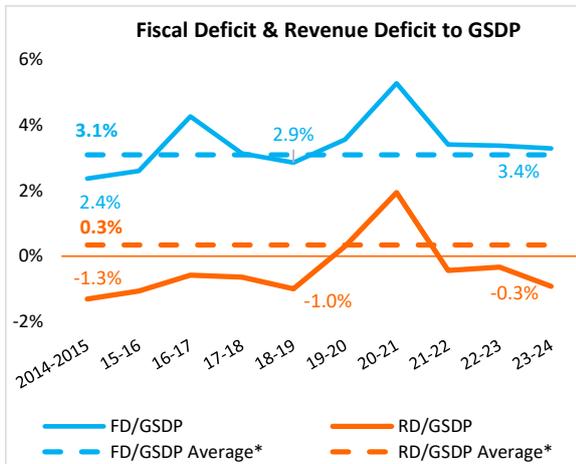
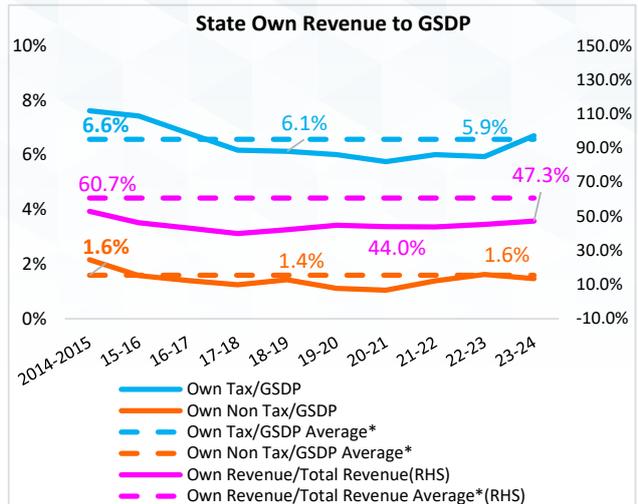
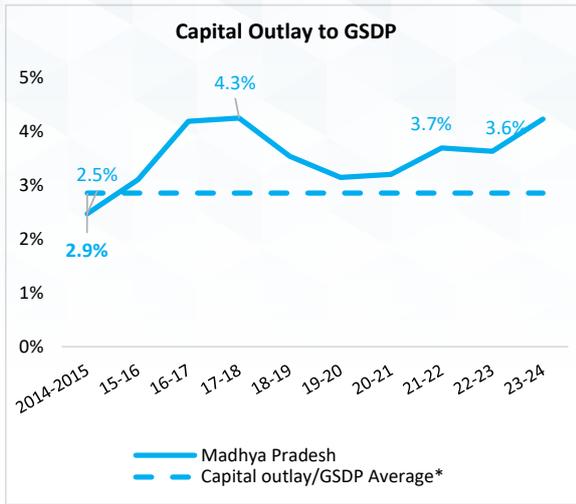
- Revenue Receipts grew by 58.5% between 2019-20 and 2023-24. In 2019-20, 71% of receipts came from State Tax Revenue and 29% from Non-Tax Revenue and Grants-in-Aid, while in 2023-24, the share of State Tax Revenue increased to 77% and Non-Tax Revenue and Grants-in-Aid together contributed 23%.
- Revenue buoyancy relative to GSDP increased from 0.69 in 2022-23 to 1.57 in 2023-24, while the State's own revenue buoyancy increased from 0.60 to 2.34, reflecting strong government efforts in revenue mobilisation.
- Own Tax Revenue of the State increased by 62.52% during 2019-24 with major contributions from State Goods and Services Tax (41.65%), Taxes on Sales, Trades, etc. (19.69%) and State Excise (14.91%).
- Non-Tax Revenue contributed 7-10% of total Revenue Receipts between 2019-20 and 2023-24, with fluctuations. In 2023-24, it rose marginally by ₹48 crore, mainly from Non-Ferrous Mining & Metallurgical Industries (46.0%), Education, Sports, Art & Culture (12.8%), Crop Husbandry (9.8%), and Interest Receipts (9.7%).

Fiscal Prudence

- The State had a revenue deficit in 2019-21 (₹2,801 crore in 2019-20 and ₹18,356 crore in 2020-21), but has been in revenue surplus since 2021-22. In 2023-24, the surplus reached ₹12,488 crore, rising to 0.92% of GSDP from 0.33% in the previous year.
- Primary Deficit, showing excess of primary expenditure over non-debt receipts, declined to ₹21,386 crore (1.57% of GSDP) in 2023-24 from ₹21,749 crore (1.74% of GSDP) in 2022-23.
- The State remained within the targets set by the 15th Finance Commission in 2023-24, with a Fiscal Deficit of ₹44,485 crore, representing 3.26% of GSDP and 15.95% of Total Expenditure.

Debt Index & Debt Sustainability

- Debt-to-GSDP ratio increased from 28.32% in 2022-23 to 29.17% in 2023-24, up 0.85%, and grew 4.32% over 2019-24, remaining within the MPFRBM Act ceiling.
- The ratio of Interest Payments to Revenue Receipts ranged between 9.54% and 10.87% during 2019-24. It remained stable from 2021-22 to 2023-24 and increased slightly from 9.54% in 2022-23 to 9.87% in 2023-24.
- The Domar gap remained positive during 2019-24, except in 2020-21, suggesting public debt would stabilise above zero. However, despite being positive from 2021-22 to 2023-24, the State ran a Primary Deficit and 33-37% of debt receipts were used for debt servicing, indicating growth alone is insufficient to manage debt sustainably.



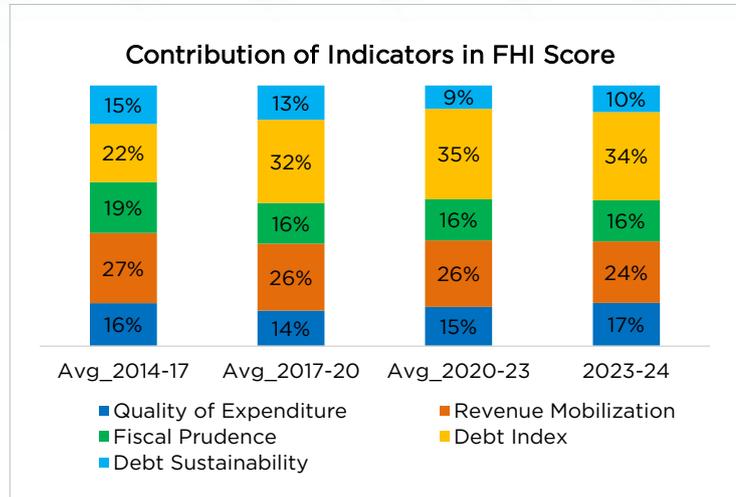
*Average of 18 major states for FY 2023-24

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MAHARASHTRA

Maharashtra’s fiscal position in 2023–24 reflects strength in revenue mobilisation and fiscal autonomy. The State’s dependence on its own resources underscores strong fiscal capacity, yet tax buoyancy has weakened, and revenue arrears continue to constrain collections. A gradual reduction in committed expenditure has created fiscal room for capital and developmental priorities and higher allocations to social and economic sectors. However, rising subsidies and recurring welfare commitments risk narrowing future flexibility. While fiscal and debt indicators remain within prudent limits, the growing primary deficit and large share of borrowings used for repayments limit fiscal space for new investments. Overall, Maharashtra shows stable but cautious fiscal health marked by controlled deficits and developmental orientation, yet emerging fiscal rigidity from rising welfare schemes and inflexible expenditure.



Quality of Expenditure

- Committed (salaries, pensions, interest) plus inflexible expenditure together constituted 62.4% of revenue expenditure, down from 72.3% five years ago, giving the State more space for capital and developmental spending.
- Subsidies surged to ₹48,053 crore (10.8% of revenue expenditure), up from 9.5% five years ago absorbing a rising share (23%) of non-committed outlays and weakening allocative efficiency^{12, 13}.
- Social sector expenditure grew to 39.7% of total expenditure, economic services to 26.2% indicating priority to development sectors, with capital outlay at 13.9% (₹72,573 crore)—showing clear improvement in priority for asset creation versus the past.

Revenue Mobilisation

- Over the previous year, revenue receipts rose by 6.14% to ₹4,30,596 crore and at a CAGR of 11.04% over last 5 years. The ratio to GSDP declined (from 11.13% to 10.65%) over the last year. Own tax revenue expanded 8.96%; non-tax revenue jumped by 24.3%.

12 The recent launch of large welfare schemes such as the Mukhyamantri Majhi Ladki Bahin Yojana (₹1,500 per month to women; annual cost about ₹46,000 crore) has added to recurring revenue expenditure

13 <https://www.ijfmr.com/papers/2025/4/51290.pdf>

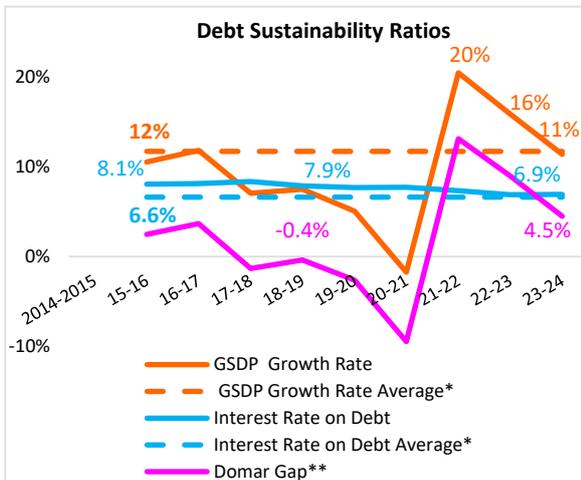
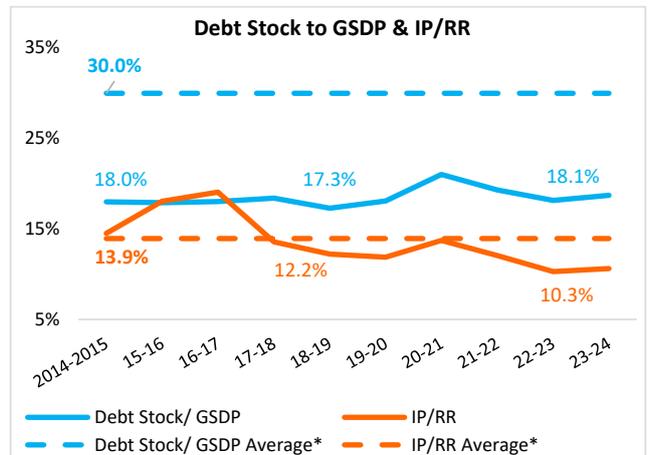
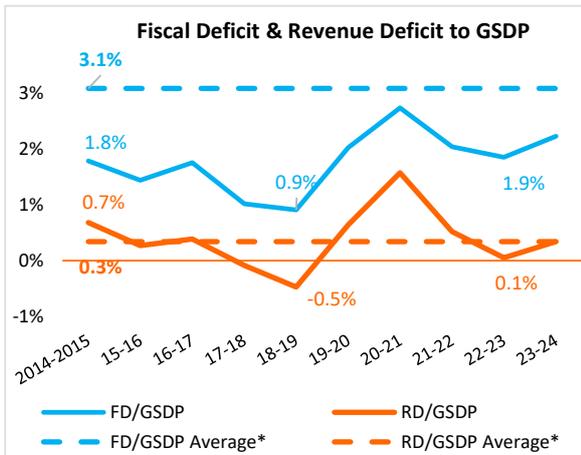
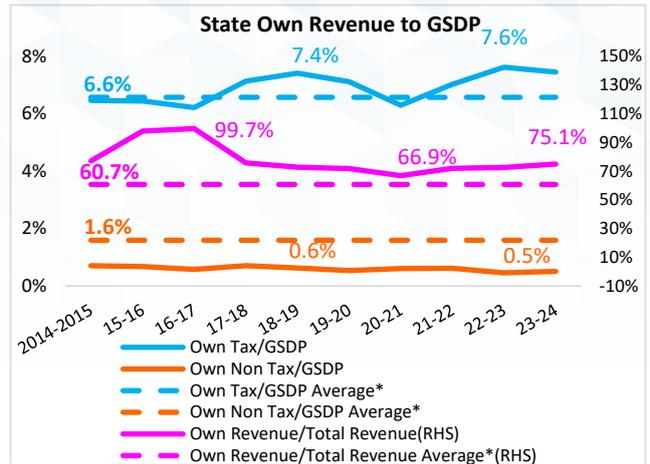
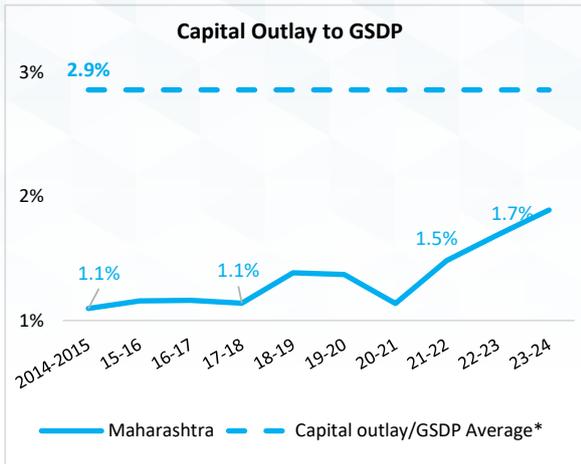
- State's own taxes and non-tax revenues together provide 75% of revenue, with the share of grants-in-aid falling to 8.3% (from 15.5% five years ago), showing reduced dependence on central transfers. Tax buoyancy (with respect to GSDP) decreased to 0.899, indicating moderate responsiveness.
- Arrears in revenue assessment remain substantial, with GST and VAT cases pending totalling ₹5,865 crore at year-end; revenue realisation faces bottlenecks, impacting fiscal consolidation.
- The return from public sector investments remains low, averaging only 0.03% during 2019-24 while borrowing cost was 6.4%, highlighting quality concerns.

Fiscal Prudence

- Fiscal deficit was contained at 2.24% (well within FRBM cap of 3%), but revenue deficit rose to ₹13,754 crore despite higher receipts, meaning the State failed to achieve a revenue surplus in any of the last five years.
- Subsidy volume continues to increase, and off-budget borrowings by PSUs (₹10,135 crore) and outstanding guarantees (₹85,897 crore) may add to contingent liabilities. Unfunded liabilities (pending pension/NPS, unadjusted grants) pose risks to long-term stability.
- The government overbudgeted as actual expenditure fell short of provision by nearly ₹1.44 lakh crore (about 20%), while unnecessary supplementary funding was sought. Savings and excesses continue to be flagged for regularisation and better forecasting.

Debt Index & Debt Sustainability

- Debt to GSDP rose slightly to 18.11% in 2023-24 (up from 17.42% previous year), still well below the 15th FC ceiling but showing gradual increase due to rising deficits. Most debt receipts continue to go toward repayments.
- Debt sustainability is supported by a favourable growth-interest differential (Domar gap) except for the COVID years; the primary deficit is rising, pointing to a higher reliance on borrowing for routine expenditure.
- Off-budget borrowings and outstanding guarantees (₹85,897 crore) require attention; contingent liabilities are sizable though no guarantees were invoked in 2023-24.
- The interest payment on overall debt as a percentage of GSDP decreased from 1.26% in 2019-20 to 1.13% in 2023-24, and as a percentage of revenue expenditure decreased from 11.18% to 10.27% in 2023-24, which indicates a sustainable debt trajectory.



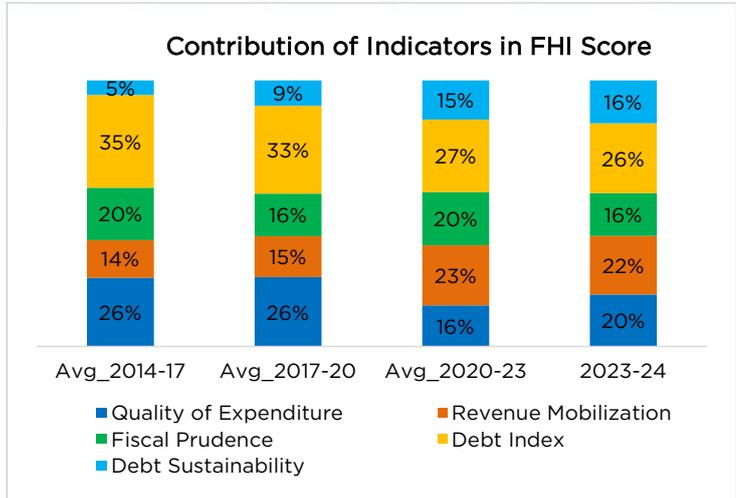
*Average of 18 major states for FY 2023-24

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ODISHA

Odisha’s fiscal position remains stable and prudent, marked by consistent compliance with FRBM norms and a healthy revenue surplus. The State’s finances demonstrate strong control over deficits and a declining debt burden, reflecting sound macro-fiscal management. Revenue performance has been robust, supported by buoyant own-source revenues, particularly from mining, excise, and GST, while non-tax revenue has surged, driven by mineral-based receipts and dividends from state



PSUs. Dependence on central transfers has moderated as the State’s fiscal capacity strengthens. Expenditure patterns show an increasing orientation toward infrastructure and economic services, complemented by steady growth in social sector spending, especially in health. However, the relatively low allocation to education compared to peer states signals the need for more balanced social investment. Committed expenditure has been contained at moderate levels, providing fiscal space for developmental priorities. A positive Domar gap, coupled with declining debt ratios and stable interest obligations, indicates that economic growth continues to outpace borrowing costs. Overall, Odisha presents a picture of a fiscally resilient state with growing self-reliance, improved debt sustainability, and expanding development orientation.

Quality of Expenditure

- Revenue Expenditure increased by 13.6% in 2023-24, driven by higher spending on Social Services (20.7%) and Economic Services (43.4%), even as outlays on General Services declined by 12.3%.
- Capital Expenditure rose sharply by 29.8% compared to previous year, with strong growth in Economic Services (38.2%) and Social Services (12.2%), indicating the State’s emphasis on infrastructure and sectoral development.
- In 2023-24, the State spent 13.2% of its total expenditure on education, below the Major States’ average of 14.4% while expenditure on health stood higher at 8.2% compared to 5.7% for these States.
- Committed expenditure on interest payments, salaries, and pensions accounted for 36% of revenue expenditure in 2023-24, growing at an average annual rate of 6.8% between FY 2019-20 and FY 2023-24.

Revenue Mobilisation

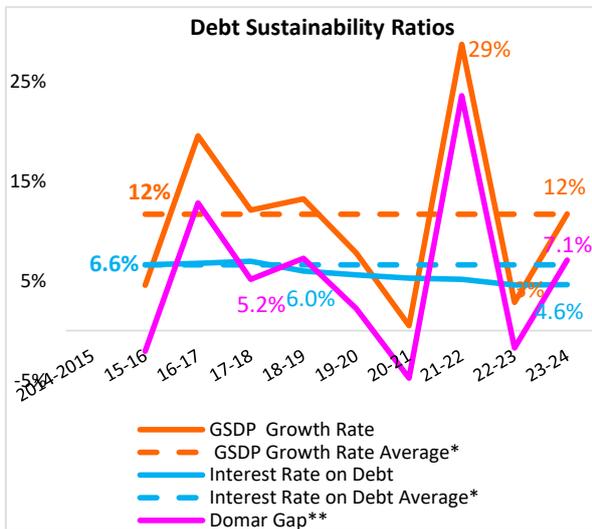
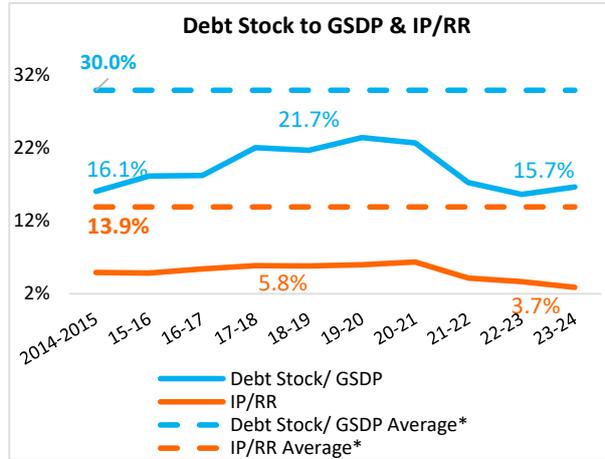
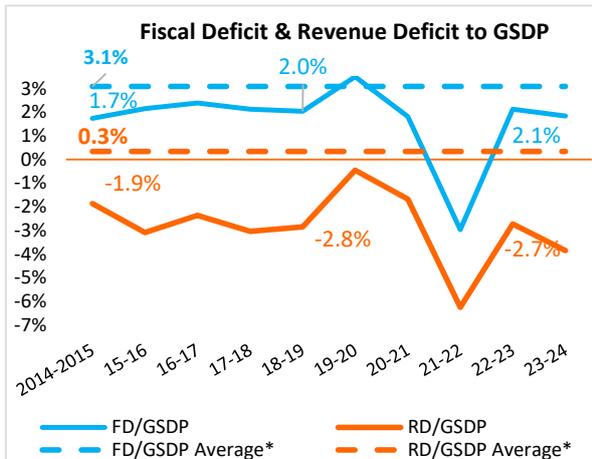
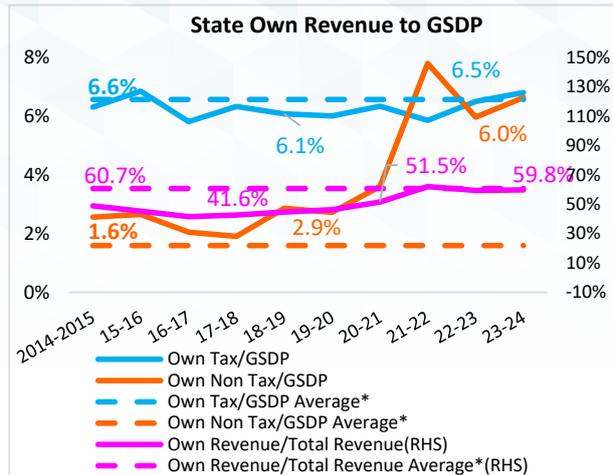
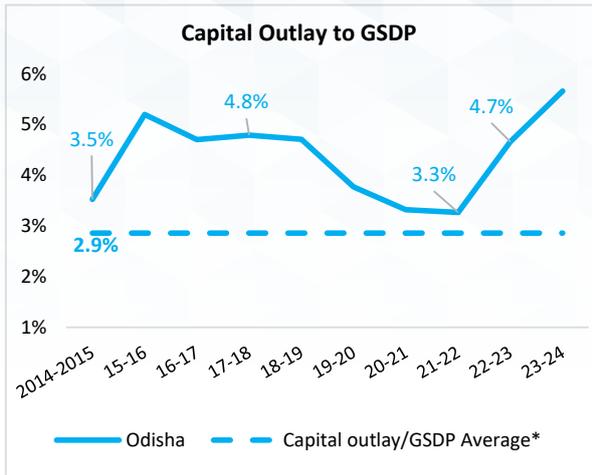
- State's own revenue buoyancy with regards to GSDP increased from 0.68% in 2019-20 to 1.65% in 2023-24, driven mainly by higher collections from SGST, State Excise, and Sales Taxes.
- Non-tax revenue increased sharply by 261.9% from ₹14,647 crore in 2019-20 to ₹53,011 crore in 2023-24, with a 24.1% increase over the previous year due to higher receipts from mining, coal, lignite, and state PSUs' dividends.

Fiscal Prudence

- Over the past five years (2019-20 to 2023-24), the State has consistently achieved all fiscal targets set under the Finance Commission and FRBM Act, maintaining a steady revenue surplus and prudent deficit levels.
- Fiscal deficit declined by 3.1% in 2023-24, remaining at 1.73% of GSDP, well within the FRBM target, mainly due to an increase in Revenue Surplus.
- Revenue surplus registered 58.11% increase over 2022-23, indicating stronger revenue growth.

Debt Index & Debt Sustainability

- Debt to GSDP ratio decreased from 23.46% in 2019-20 to 14.39% in 2023-24, indicating the growth of the economy is outpacing debt accumulation.
- Interest payments as a percentage of revenue receipts declined from 5.97% in 2019-20 to 2.88% in 2023-24 indicating a lower percentage of revenue is being consumed by interest obligations.
- During 2019-24, the Domar gap was mostly positive, reflecting that real economic growth outpaced the real interest burden.



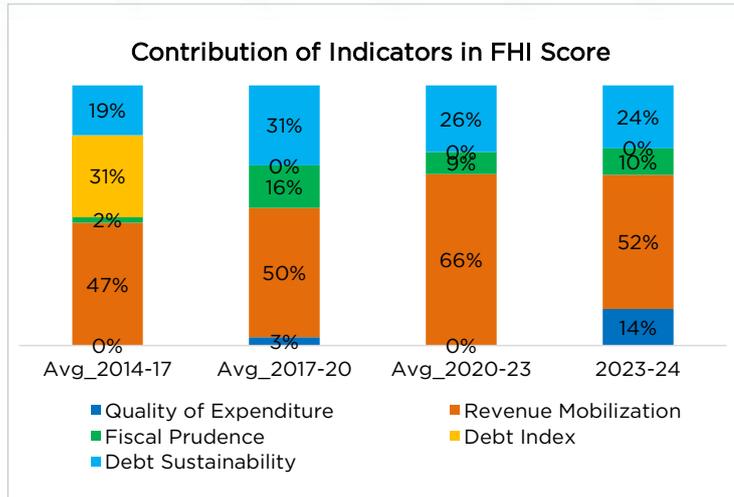
*Average of 18 major states for FY 2023-24

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PUNJAB

Punjab’s fiscal health reflects a state balancing developmental priorities with the challenges of high committed liabilities and structural fiscal pressures. The State has continued to invest significantly in economic and social sectors, focusing on infrastructure, agriculture, education, health, and welfare of vulnerable groups, underscoring its commitment to inclusive growth. However, a large share of revenue is absorbed by salaries, pensions, and interest payments, limiting flexibility for discretionary spending. While tax revenues, particularly GST collections, have strengthened over recent years, non-tax revenues and central grants have grown modestly, pointing to constrained revenue diversification. Persistent revenue and fiscal deficits, alongside elevated debt levels, indicate ongoing structural imbalances, making Punjab’s finances sensitive to external shocks and limiting the State’s room to finance new developmental initiatives.



Quality of Expenditure

- The total developmental expenditure increased from ₹0.51 lakh crore in 2019–20 to ₹0.61 lakh crore in 2023–24, marking an overall rise of nearly 19.6 % over the five-year period. Social and economic services comprised 27% and 21% respectively.
- The total capital expenditure shows higher spending in Economic Services (46%) and Social Services (45%). Major areas of investment include agriculture, rural development, irrigation, energy, transport, education, health, and welfare of vulnerable groups, reflecting the State’s focus on infrastructure development and human capital enhancement.
- The share of committed expenditure in revenue receipts remained high, averaging around 78% during 2019–24, indicating limited fiscal flexibility. Although it declined from 81% in 2019–20 to 74% in 2021–22, it rose again to 80% in 2023–24 due to increased spending on salaries, pensions, and interest payments.

Revenue Mobilisation

- Between 2019–20 and 2023–24, Punjab’s total revenue receipts rose by 44.8%, from ₹61,575 crore to ₹89,192 crore. Tax revenue surged by 67.8%, while non-tax revenue and grants-in-aid grew marginally by 8.7% and 2.8%, respectively.

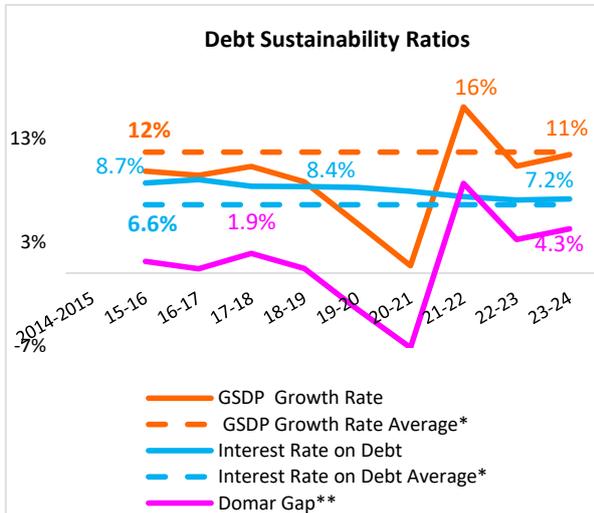
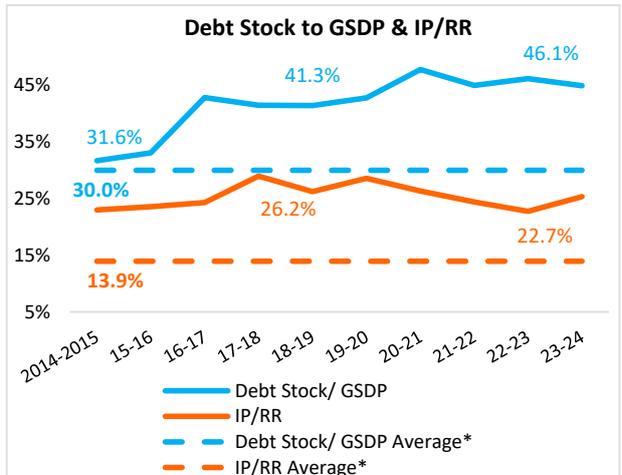
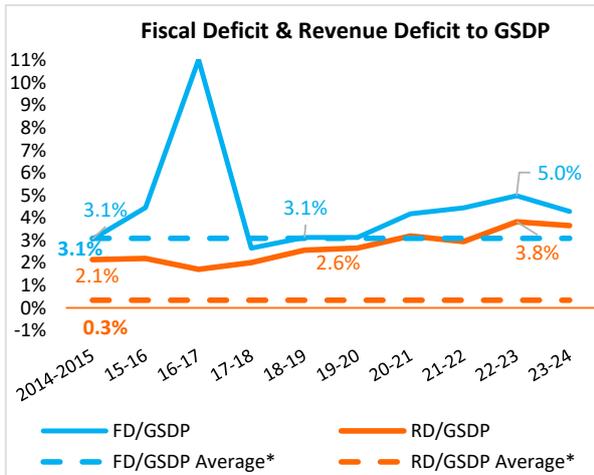
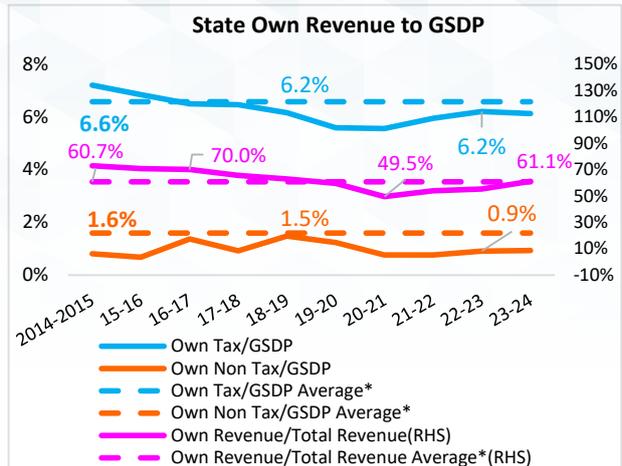
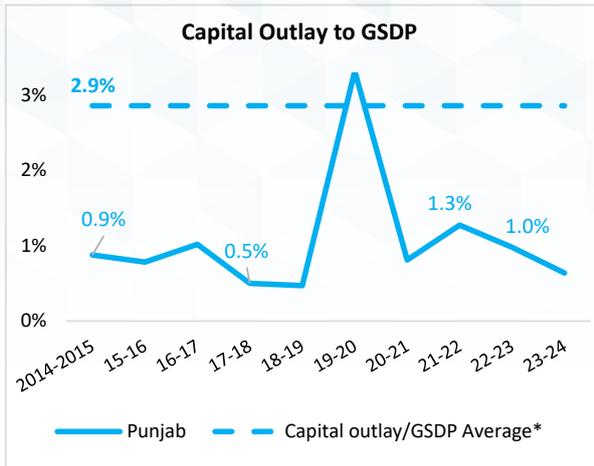
- Goods and Services Tax (GST) has consistently anchored tax revenue, growing by 63.4% over five years. In 2023-24, GST accounted for 40% of the State's tax revenue, while General Services contributed 64% of non-tax revenue. Grants-in-aid formed 16% of total revenue receipts, underscoring moderate central support amid rising own-source collections.

Fiscal Prudence

- Over the past five years, Punjab's fiscal trajectory has been marked by persistent revenue deficits and elevated fiscal deficits, reflecting structural imbalances in its public finances. Revenue deficit rose steadily from ₹5,307 crore in 2019-20 to ₹11,738 crore in 2022-23, breaching 1.6% of GSDP, before a projected correction to ₹8,295 crore (1.03%) in 2023-24. Fiscal deficit followed a similar pattern, peaking at ₹30,452 crore (4.18% of GSDP) in 2022-23, well above the normative 3% threshold under the PFRBM Act.

Debt Index & Debt Sustainability

- Total liabilities rose from ₹2.29 lakh crore in 2019-20 to ₹3.55 lakh crore in 2023-24—an increase of over ₹1.25 lakh crore (55% growth in five years). Despite GSDP growing steadily, liabilities as a percentage of GSDP remained elevated, hovering between 43% and 48%.



*Average of 18 major states for FY 2023-24

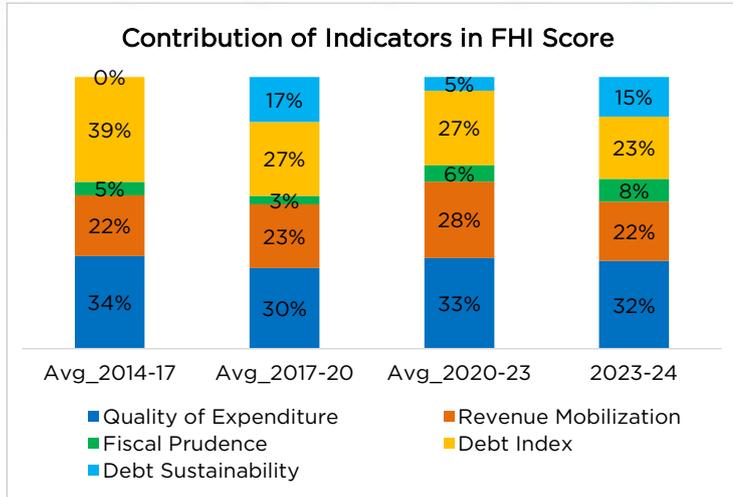
**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



RAJASTHAN

Rajasthan’s fiscal health remains under pressure, marked by rising deficits, high debt levels, and limited fiscal space for developmental spending. Despite a notable increase in total and capital expenditure particularly in economic and social sectors, the State’s expenditure quality remains constrained by the dominance of committed liabilities and low efficiency in capital creation. A significant portion of revenue receipts continues to be absorbed by

interest payments, salaries, and pensions, leaving little room for discretionary spending. On the revenue side, while own tax collections have shown steady growth, the pace has lagged behind other major states, and non-tax revenues have weakened due to falling petroleum royalties. With the Debt-to-GSDP ratio persistently above 35% and most borrowings being used for debt servicing rather than investment, Rajasthan faces structural fiscal rigidity. The recurring breach of FRBM targets and sustained revenue and primary deficits reflect a pattern of fiscal imbalance that constrains flexibility and heightens vulnerability to future shocks.



Quality of Expenditure

- The state’s total expenditure increased by 39.19% between 2019-20 and 2023-24. As a share of GSDP, it remained within 17.62%-19.63% during this period.
- Capital expenditure increased by 34.59%, driven by a sharp rise in Economic Services (56.55%) and an increase in Social Services (12.42%), while General Services declined by 24.98%, compared to previous year.
- Capital expenditure as a percentage of total expenditure was below the major states’ average in 2019-20, with the gap widening by 2023-24, while its allocation to Education and Health & Family Welfare remained above the average and increased over the same period.
- In 2023-24, committed expenditure was 62.34% of revenue receipts, lower than 66.71% in 2019-20 but higher than 59.37% in the previous year. This indicates that a significant portion of revenue receipts was spent on committed expenditure.

Revenue Mobilisation

- During the last five years Revenue Receipts grew at a CAGR of 9.75%, however, as a percentage of GSDP, they decreased from 14% in 2019-20 to 13.30% in 2023-24.
- The State's own tax revenue increased from ₹59,245 crore in 2019-20 to ₹94,086 crore in 2023-24, growing at a CAGR of 12.26%. The growth rate during 2023-24 was 7.72% over the previous year and was lower than the average of major States (10.58%).
- Major contributors in 2023-24 were SGST (40.41%), Sales/Trade Taxes (24.95%), and State Excise (14.06%).
- Non-Tax Revenue accounted for 9-11% of the State's total revenue receipts during 2019-20 to 2023-24. In 2023-24, they declined by 9.17% from the previous year, mainly due to a significant fall in petroleum-related receipts from royalties on crude oil.
- The State's own revenue buoyancy to GSDP turned negative during 2019-20 and 2020-21. The State's own revenue buoyancy to GSDP decreased significantly during 2023-24 in comparison to the previous year (1.13%) and remained at 0.36%.

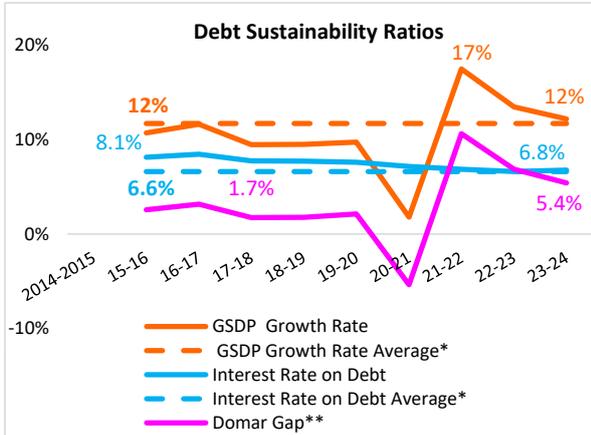
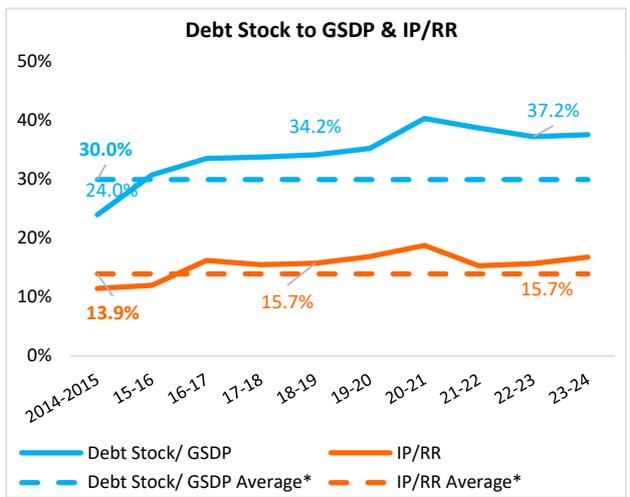
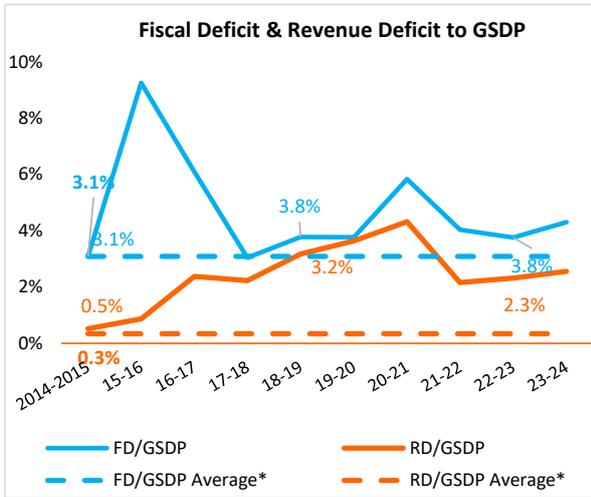
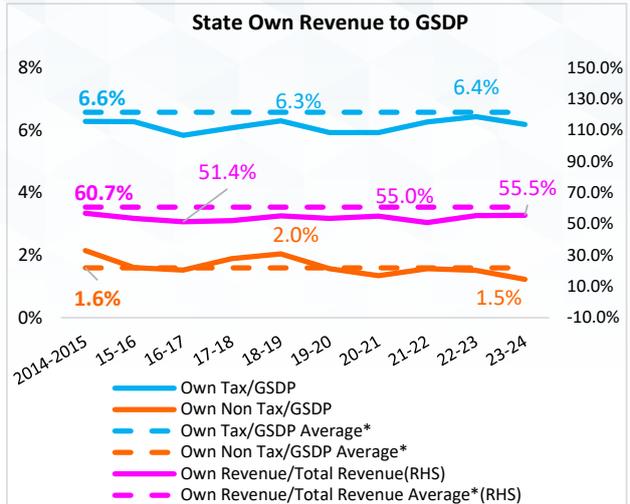
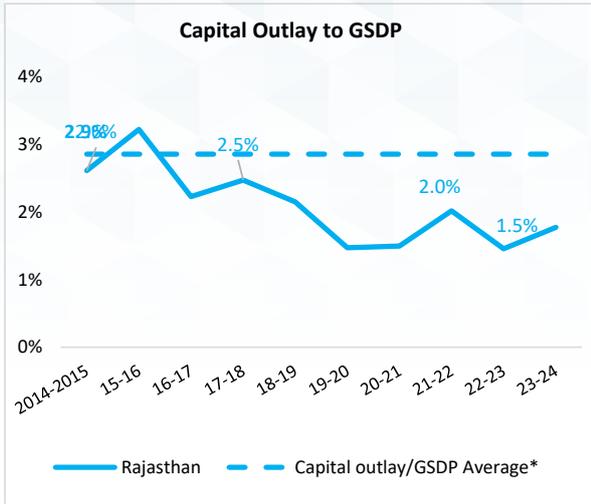
Fiscal Prudence

- For the eleventh consecutive year, the State failed to meet its FRBM Act targets, with the revenue deficit rising and the fiscal deficit increasing further in 2023-24 compared to 2022-23.
- Fiscal deficit of the State remained more than the targeted three% of GSDP during last five years. Revenue deficit increased by 23.7%, while fiscal deficit increased by 28.52% from 2022-23.

Debt Index & Debt Sustainability

- The Debt-to-GSDP ratio stayed above 35% over the last five years, with over 87% of borrowings used to repay existing debt and interest. This high ratio indicates a substantial debt burden, financial vulnerability, and limited fiscal flexibility.
- The ratio of Interest Payments to Total Revenue Receipts of the State was 16.79% for 2023-24, which was higher than the previous year (15.69%).
- Primary balances increased from ₹14,011 crore in 2019-20 to ₹31,452 crore in 2023-24 and remained negative in the last five years, indicating that debt is on an unsustainable path.
- Except in 2021-22 and 2022-23, overall debt grew faster than nominal GSDP, indicating that in 2019-20, 2020-21, and 2023-24, the State's debt burden worsened.

FISCAL HEALTH INDEX



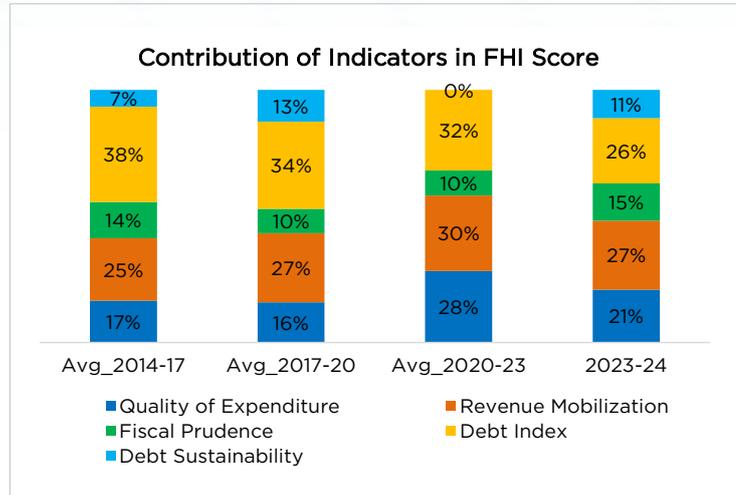
*Average of 18 major states for FY 2023-24

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TAMIL NADU

Tamil Nadu’s fiscal profile shows a continued focus on developmental expenditure, with Social and Economic Services forming the bulk of both revenue and capital outlays, while capital spending remains relatively modest and below planned targets. Revenue mobilisation strengthened through own tax collections, supported by non-tax revenues and grants, reflecting fiscal capacity. However, the state continues to face revenue and fiscal deficits, highlighting ongoing pressures on fiscal consolidation. High interest payments and growing liabilities constrain fiscal flexibility, even as debt relative to GSDP shows slight moderation. The state demonstrates strong developmental orientation and revenue generation, but persistent fiscal and debt pressures limit room for new investments and capital expansion.



Quality of Expenditure

Between 2019–20 and 2023–24, Developmental Revenue Expenditure grew steadily, led by Social Services and Economic Services, reflecting welfare priorities and post-pandemic recovery. General Services also increased consistently due to administrative spending. Developmental Capital Expenditure rose, with Economic Services holding the largest share. General Services continues to constitute the smallest share.

- Developmental Revenue Expenditure expanded steadily between 2019–20 and 2023–24, with a sharp rise in Social Services reflecting stronger commitment to welfare and human capital formation. Economic Services also increased markedly until 2022–23, indicating post-pandemic recovery efforts, though growth plateaued in 2023–24. General Services too recorded a steady increase, driven by administrative and governance-related expenditure.
- Developmental Capital expenditure has also risen steadily between 2019–20 and 2023–24, with economic Services consistently accounting for the largest share, though its proportion declined from 63.1% in 2019-20 to 51.0% in 2023-24. Social Services peaked in 2021-22 at 36.9% of total capital expenditure. General Services, in contrast, remained a small and relatively stable share (~2–3%).

- While capital outlay stands at ~2% of GSDP, the expenditure has fallen short of budgeted estimates for 2023-24.

Revenue Mobilisation

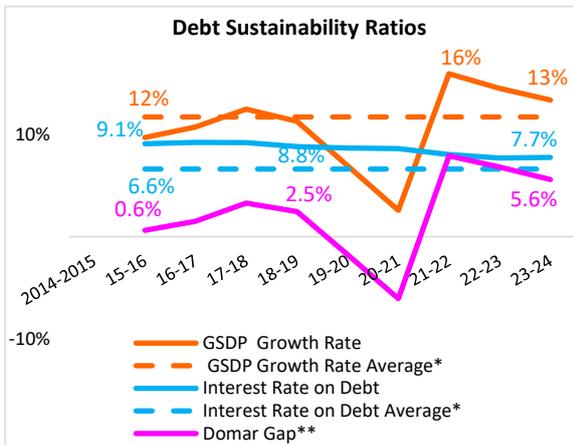
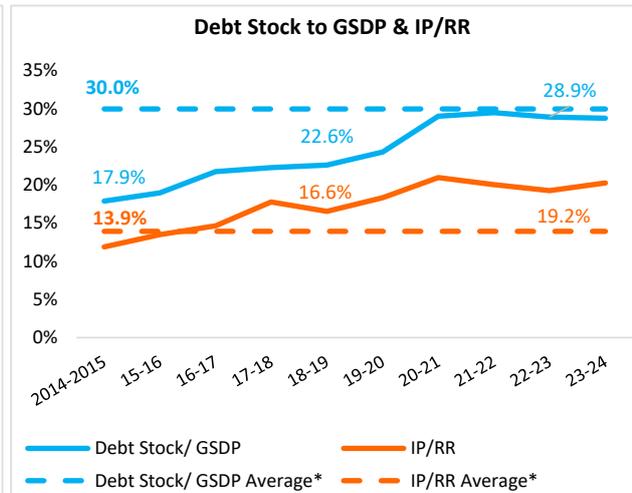
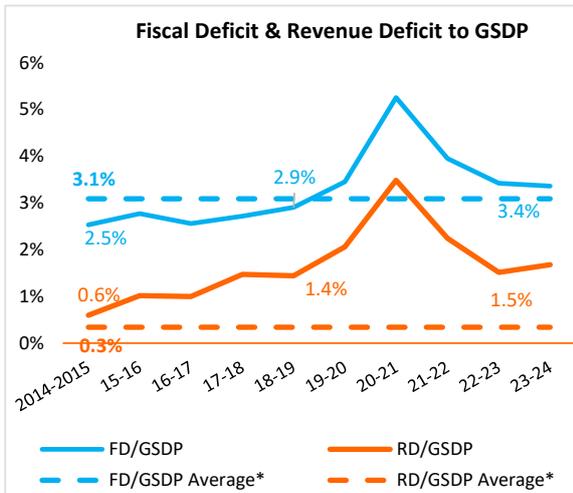
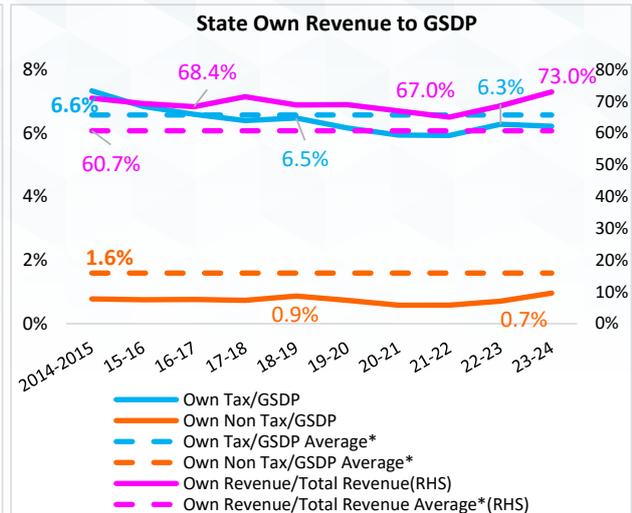
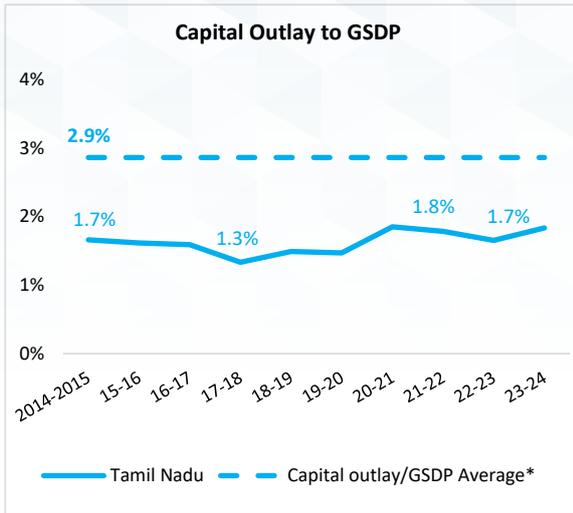
- The state's own tax revenue as a share of GSDP has risen over time from 5.82% in 2019-20 to 6.15% in 2023-24, with the state's share of union taxes increasing by ~75%, and the state's own tax revenue rising by 55.6%.
- Tax revenue constitutes the major source of revenue for the government accounting for ~81% of total receipts, with taxes of commodities and services other than GST constituting the largest share with ~33% for 2023-24.
- Under non-tax revenue, the state receives the largest share from interest receipts, dividends and profits. Grants-in-aid also contribute ~10% to the state's overall revenue receipts in 2023-24.

Fiscal Prudence

- As per the Tamil Nadu FRBM Act, 2003 and the Tamil Nadu Medium Term Fiscal Policy Strategy, the state is expected to eliminate revenue deficit by 2025-26. However, the revenue deficit for the current year has risen, recording a rate of 24.59% over the previous year. The state continues to record a revenue deficit since 2019-20.
- As per the Tamil Nadu FRBM Act, 2003, the state has set a target to achieve a fiscal deficit of 3% of GSDP by 31st March, 2025. In the current year, the state has experienced an increase in fiscal deficit from ₹81,886 crore to ₹90,430 crore which now constitutes 3.32% of GSDP. The ratio however has experienced a decline from 3.46% to 3.32% in the current year.

Debt Index & Debt Sustainability

- The targets set as per the Tamil Nadu FRBM Act is to maintain a ratio of total outstanding debt to GDP of 25.2% since 2015-16. In the current year this ratio stands at 25.86%. Total liabilities to GSDP, however, stand at 28.38% of GSDP in the current year, which is a decline over the previous year of 29.25%.
- Interest payments accounted for a significant portion of the state's committed expenditure for the year, representing 25.2% of the total, highlighting a high debt service cost.
- The state's outstanding liabilities registered an increase of 11.6% compared to the previous year, while public debt recorded a higher growth of 14.2%, reflecting continued borrowing to finance expenditures and manage fiscal requirements.



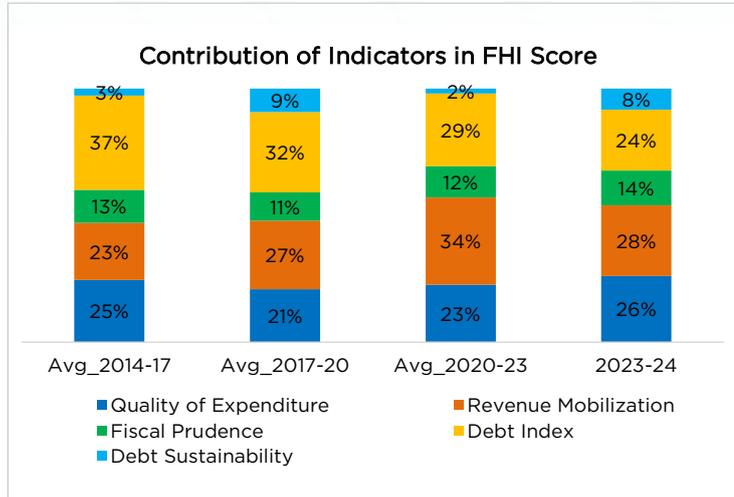
*Average of 18 major states for FY 2023-24

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TELANGANA

Telangana’s fiscal performance in 2023–24 reflects rising development expenditure indicated by increasing allocation on Social and Economic Services and a strong increase in capital outlays, indicating sustained emphasis on infrastructure creation and welfare. The state’s own tax revenues from the bulk of receipts and non-tax revenues expanding, though the share of central grants continues to decline. Under fiscal indicators the state maintains a small revenue surplus and a fiscal deficit broadly within statutory limits, despite an uptick in borrowing needs. Debt levels have risen steadily, marginally exceeding the prescribed FRBM ceiling. The gradual improvement in expenditure quality and adherence to fiscal discipline underscore a growth-supportive fiscal stance, albeit with emerging pressures from the need to improve its revenue mobilisation capacity.



Quality of Expenditure

- Between 2019–20 and 2023–24, Developmental Revenue Expenditure showed a shift in composition and scale. Social Services increased, maintaining a steady share of total revenue expenditure around 38–39%, signalling sustained investment in welfare and human capital. Economic Services recorded a sharper rise, more than doubling over the period, and increasing its share from roughly 22% to 35%, reflecting increased focus on infrastructure development and growth-oriented interventions.
- Developmental Capital Expenditure recorded a significant increase between 2019–20 and 2023–24, rising from ₹16,860 crore to ₹43,918 crore, a growth of over 160%, reflecting a strong push on asset creation.
- During 2019-20 to 2023-24, Economic Services dominated developmental capital expenditure, increasing from ₹14,449 crore to ₹33,937 crore, while Social Services rose from ₹1,765 crore to ₹9,116 crore, with General Services remaining a minimal component, reflecting limited administrative capital requirements.

Revenue Mobilisation

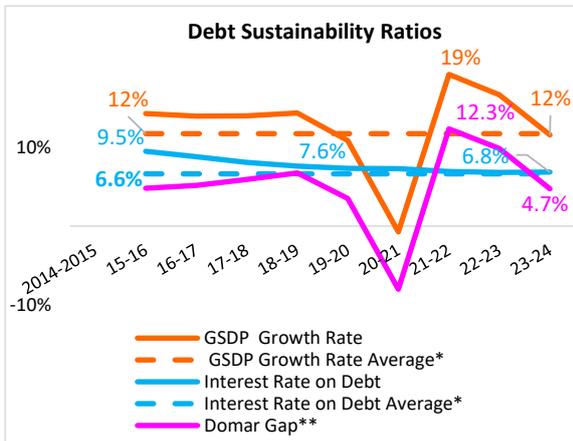
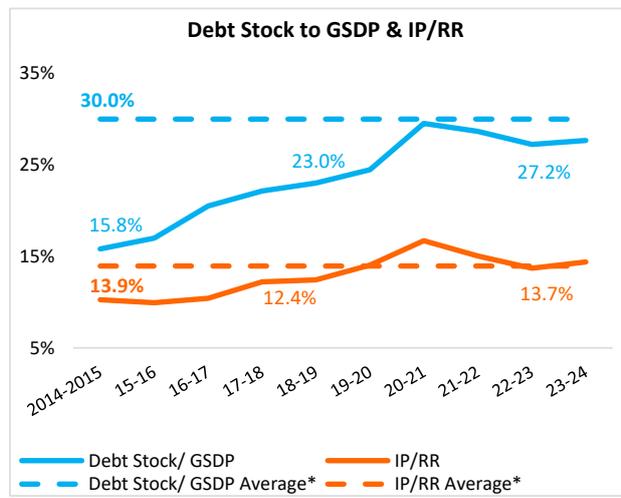
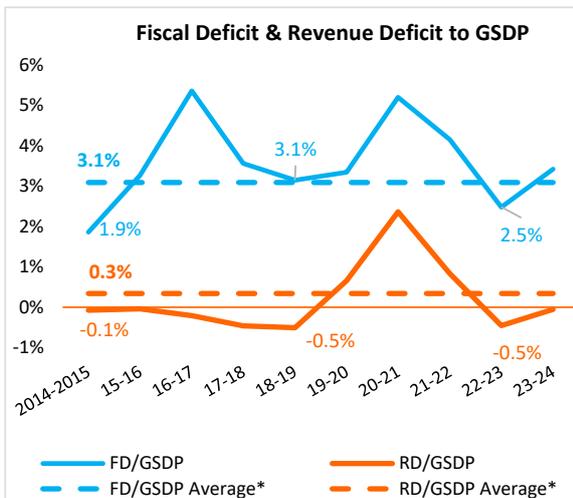
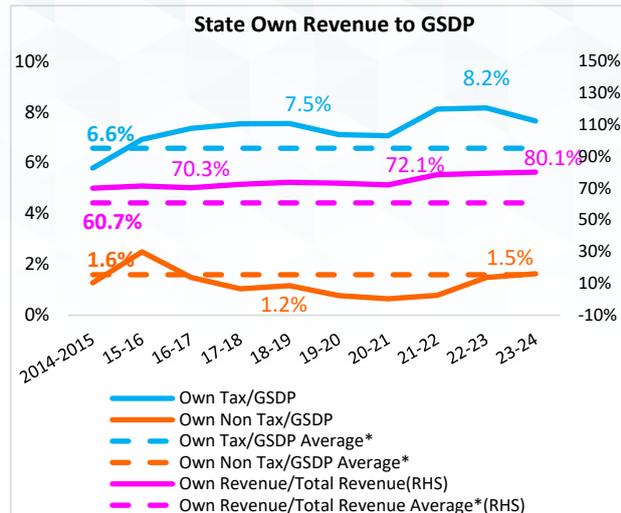
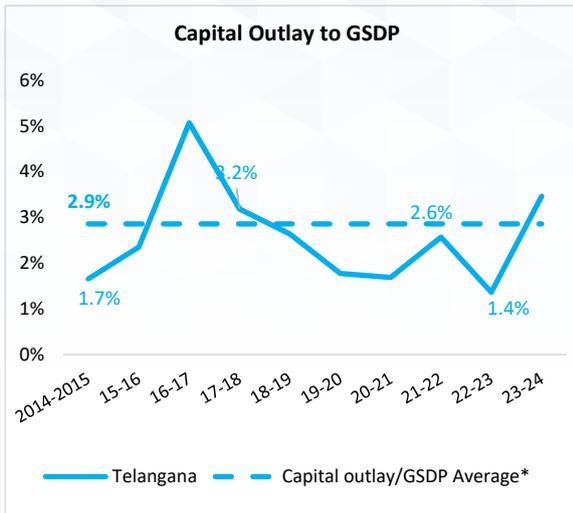
- Telangana's total revenue receipts increased steadily from ₹1,02,543 crore in 2019-20 to ₹1,69,293 crore in 2023-24, maintaining around 11-12% of GSDP, reflecting consistent revenue mobilisation; however, in the current year, there is a slight dip to 11.27%.
- The state's own tax revenue forms the bulk (~80%) of receipts up from 74% in the previous year. Taxes on Commodities & Services, GST, and income taxes account for the major components in the current year, indicating a diversified tax base. The state's non-tax revenues have experienced a stronger CAGR of 33% annually since 2019-20 whereas tax revenues have grown by 13.4%.
- Non-tax revenue, mainly from interest receipts, dividends, and profits, has grown steadily, contributing to overall revenue stability, while grants-in-aid from the Union account for a smaller share (~6%) and are on a declining trend.

Fiscal Prudence

- Under the Telangana Fiscal Responsibility and Budget Management Act, 2005, the Government of Telangana presented the Medium-Term Fiscal Policy and Strategy Statement alongside the 2023-24 State Budget, committing to maintaining a revenue surplus and keeping the fiscal deficit within a 3% limit.
- The state has recorded a revenue surplus of ₹779 crore and a Fiscal Deficit of ₹49,978 crore, which are 0.05% and 3.33% GSDP, respectively, for 2023-24.
- The revenue deficit stood at ₹6,254 crore in 2019-20 and turned into a revenue surplus of ₹5,943 crore in 2022-23. On the other hand, the fiscal deficit rose from 3.29% to 3.33% of GSDP.

Debt Index & Debt Sustainability

- As per the Telangana Fiscal Responsibility and Budget Management (FRBM/MTFP) Act, 2005, the outstanding debt and other liabilities were to remain below 33.10% of GSDP for 2023-24. However, the state recorded outstanding debt and other liabilities of ₹5,17,659 crore, equivalent to 34.47% of GSDP, slightly exceeding the prescribed limit.
- Telangana's outstanding liabilities have increased steadily over the past five years, rising from 24% of GSDP to 27% of GSDP, reflecting continued borrowing to finance development and fiscal requirements.
- Public debt forms the largest component of total liabilities, increasing from 20% of GSDP in 2019-20 to 23% of GSDP in 2023-24, while balances in the Public Account have remained relatively stable at around 4% of GSDP.
- The steady rise in total liabilities, despite a slight decline in the debt-to-GSDP ratio in 2023-24, indicates ongoing reliance on market borrowings, including ₹49,618 crore of market loans raised during the year, to meet expenditure needs.



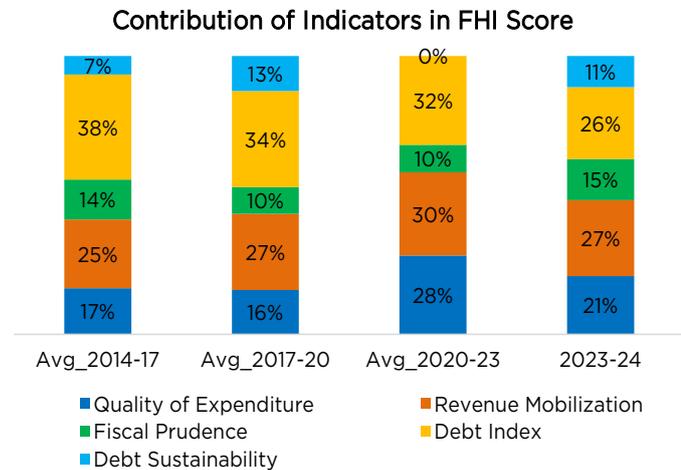
*Average of 18 major states for FY 2023-24

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UTTAR PRADESH

Uttar Pradesh’s fiscal position reflects a pattern of formal prudence coexisting with structural rigidity in expenditure and limited fiscal flexibility. The State has maintained compliance with FRBM limits, recording a revenue surplus and containing its fiscal deficit within statutory thresholds. However, expenditure rigidity continues to weigh on fiscal space, with over two-thirds of revenue outlay absorbed by committed and inflexible expenditure, constraining allocation to social and developmental sectors. Despite higher capital spending relative to other General Category States, efficiency concerns persist as a share of funds remains tied up in incomplete projects and low-return investments. Revenue mobilisation has strengthened through buoyant tax performance and higher central transfers, yet the weak non-tax base and heavy dependence on devolution restrict fiscal autonomy. While the debt-to-GSDP ratio remains within sustainable limits, growing extra-budget borrowings by State PSUs and rising contingent liabilities point to hidden fiscal risks. Overall, Uttar Pradesh’s fiscal stance balances macro-stability with underlying vulnerabilities that call for institutional reforms in transparency, expenditure prioritisation, and investment efficiency.



Quality of Expenditure

- The ratio of capital expenditure to total expenditure increased from 16.62% in the year 2019-20 to 20.16% in the year 2023-24 and was higher than the General Category States’ average in both periods.
- The ratio of expenditure on Education to the Total Expenditure decreased from 15.34% in the year 2019-20 to 13.16% in the year 2023-24 and was below GCS’s average during both years.
- The ratio of expenditure on Health and Family Welfare to total Expenditure decreased from 5.53% in the year 2019-20 to 5.27% in the year 2023-24 and was below GCS’s average during 2023-24.
- Committed expenditure (interest, salaries, pensions) constitutes 56% of total revenue expenditure in 2023-24, down from 62% in 2019-20, but together with inflexible expenditure, makes up 71%.

- Government returns on investments in PSUs remain extremely low (0.03%) versus average borrowing rates (over 7%), indicating inefficient asset deployment and persistent capital locked in loss-making or incomplete projects (over ₹4,444 crore blocked in incomplete capital works).

Revenue Mobilisation

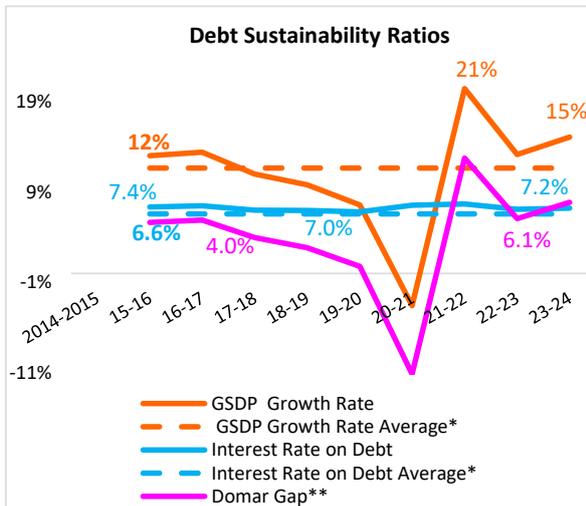
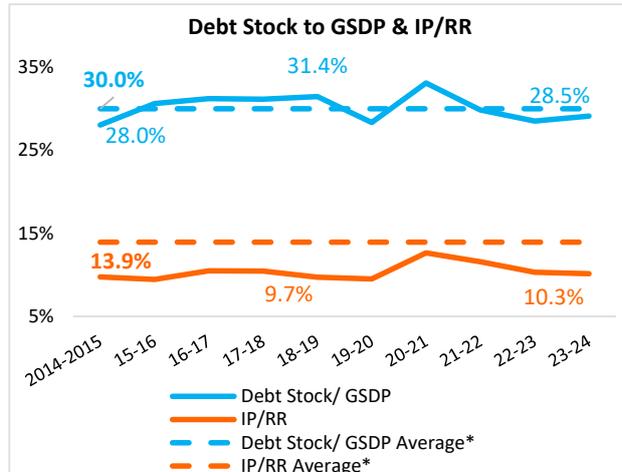
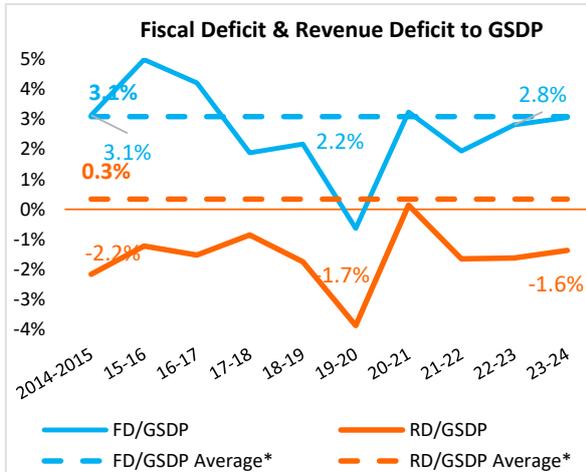
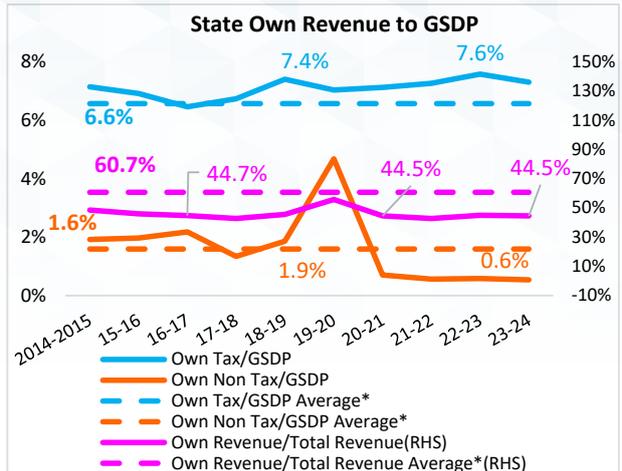
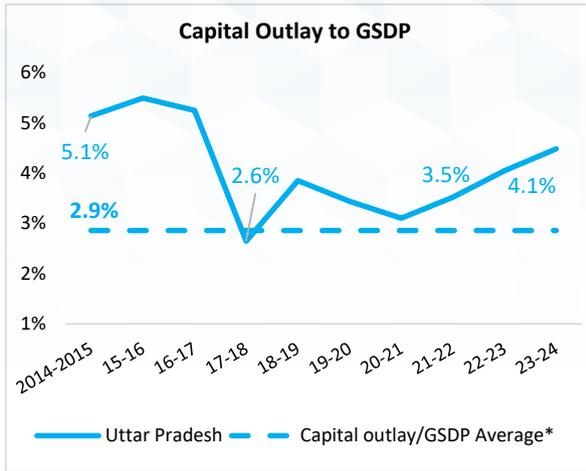
- Revenue Receipts grew by 11.64% in 2023-24, driven by higher Central GST (27.75%), Income Tax transfers (25.97%), and Own Tax Revenue (10.94%). They recorded a CAGR of 6.19% during 2019-2024.
- State's own tax revenue buoyancy ratio with respect to GSDP had a fluctuating trend during the period 2019-24. It was highest 1.19 in the year 2022-23 lowest 0.30 during the year 2019-20.
- State Own Tax Revenue rose by 11% in 2023-24, driven by higher receipts from State GST, State Excise, Stamp and Registration Fees, and Taxes on Vehicles. Over 2019-24, it increased by 57.24%.
- Central transfers (tax devolution and grants) now form 55% of revenue receipts. Non-tax revenue is low (₹14,249 crore) and fell markedly short of projections (down 40% from budget expectations).

Fiscal Prudence

- The state maintained the fiscal deficit at 3.17% of GSDP (below the UPFRBM ceiling of 3.39%), and the revenue surplus at ₹36,013 crore, comfortably above minimum compliance standards.
- Extra-budget borrowings by state PSUs reached ₹38,464 crore and are not fully reflected in reported debt, creating hidden fiscal risks.

Debt Index & Debt Sustainability

- Outstanding public liabilities amounted to 29.58% of GSDP, and increased by 15.94% over previous year.
- The percentage of interest payment on public debt to revenue receipts decreased from 12.64% during 2020-21 to 10.15% during 2023-24.
- Debt sustainability analysis shows that, except for 2020-21 when the pandemic caused a negative growth-interest differential, positive debt sustainability indicators have held up with the Domar gap (growth minus interest rate) adequate to absorb primary deficits, keeping the debt-to-GSDP ratio on a broadly declining or stable trend in recent years.



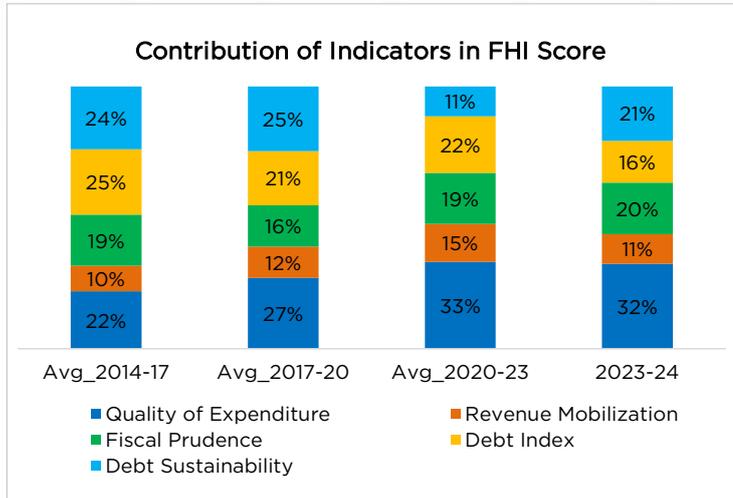
*Average of 18 major states for FY 2023-24

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WEST BENGAL

West Bengal’s¹⁴ fiscal position remains broadly stable, marked by a marginal increase in developmental expenditure and improved revenue performance. Developmental spending increased by about 15% between 2021-22 and 2023-24, with capital expenditure on social and economic services nearly doubling, reflecting a growing focus on infrastructure and social capital. However, revenue expenditure has grown modestly, suggesting limited flexibility for productive investments. The state’s own revenues have shown robust growth, 28% in two years, driven by strong tax and non-tax collections. Fiscal indicators remain within the FRBM limits, with deficits on a declining trajectory. Yet, high debt levels at around 38% of GSDP and rising interest payments, accounting for one-fifth of revenue receipts, continue to weigh on fiscal sustainability.



Quality of Expenditure

- Total Developmental expenditure under revenue and capital has risen from ₹1.5 lakh crore in 2021-22 to ₹1.71 lakh crore in 2023-24, which is a rise of nearly 15% in two years, reflecting sustained prioritisation of growth and welfare sectors.
- Capital expenditure on Social and Economic Services together doubled from ₹16,939 crore in 2021-22 to ₹29,171 crore. This indicates shift towards infrastructure, connectivity, and social capital formation.
- Revenue expenditure on Social and Economic Services, however, has remained almost stagnant from ₹1.3 lakh crore in 2021-22 to ₹1.4 lakh crore in 2023-24, growing by only 7% over the two-year period.

Revenue Mobilisation

- The state’s own revenue, comprising tax and non-tax, has grown strongly at 28% during the period from 2021-22 to 2023-24. Major sources of tax revenue for the government are SGST and sales tax.
- The state’s non-tax revenue has doubled over the same two-year period from 2021-22 to 2023-24, growing from ₹1,690 crore to ₹3,238 crore.

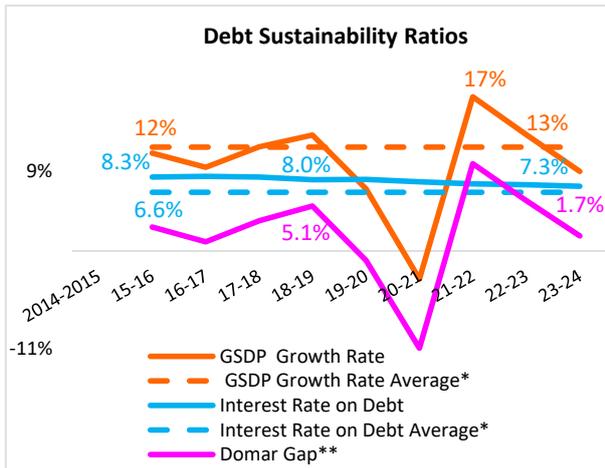
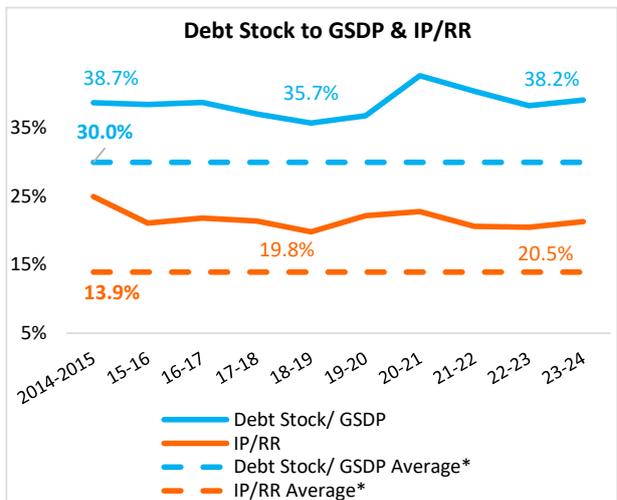
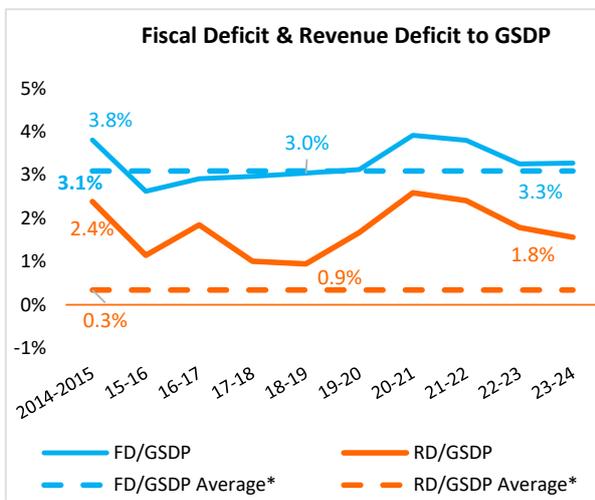
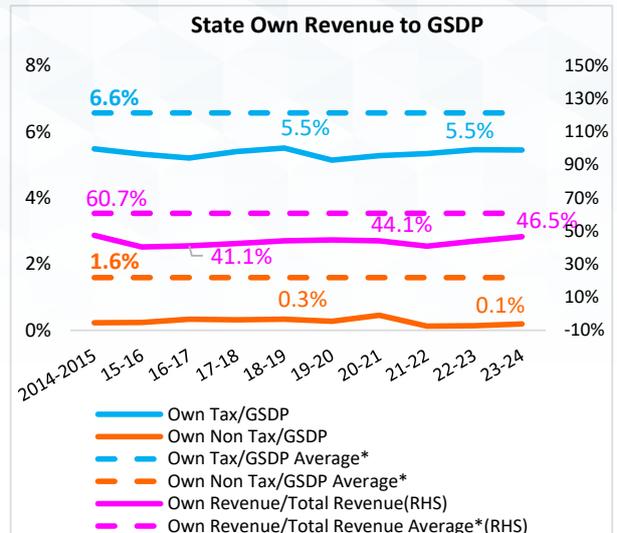
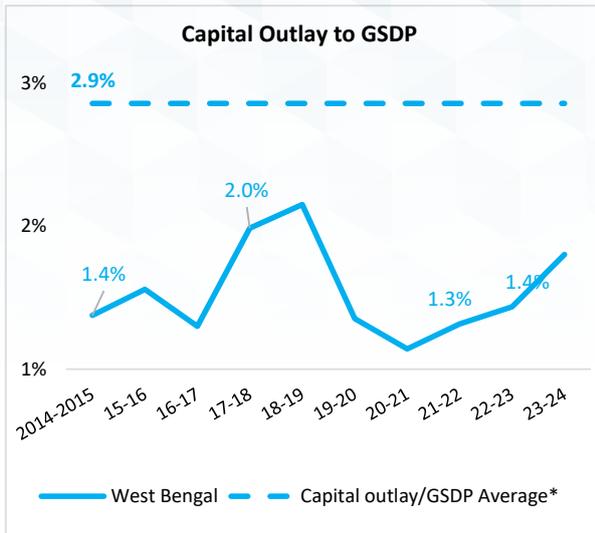
¹⁴ https://agwb.cag.gov.in/userfiles/files/agaewb/accounts/Budget_Review_2023_24.pdf

Fiscal Prudence

- As per the West Bengal FRBM Act 2010, the state has set a target of revenue surplus and fiscal deficit of up to 3% of GSDP by 2024-25, the values for the current year are 3.1% and 1.6% respectively.
- The revenue deficit, which had risen sharply post-COVID from 1.57% in 2019-20 to 2.27% in 2020-21, has since followed a declining trajectory and now stands at 1.6%.

Debt Index & Debt Sustainability

- As per the West Bengal FRBM Act, 2010, the state aims to maintain its debt stock at 34.3% of GSDP by FY 2024-25; however, it currently stands higher at 37.67% as per the 2023-24 budget estimates.
- Interest payments have grown by 7% since the previous year surging to ₹42,620 from ₹40,017 crore. These payments collectively account for 20% of revenue receipts.
- Outstanding liabilities for the period have risen by 10% from the previous year and now amount to ₹6.4 lakh crore.



*Average of 18 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.

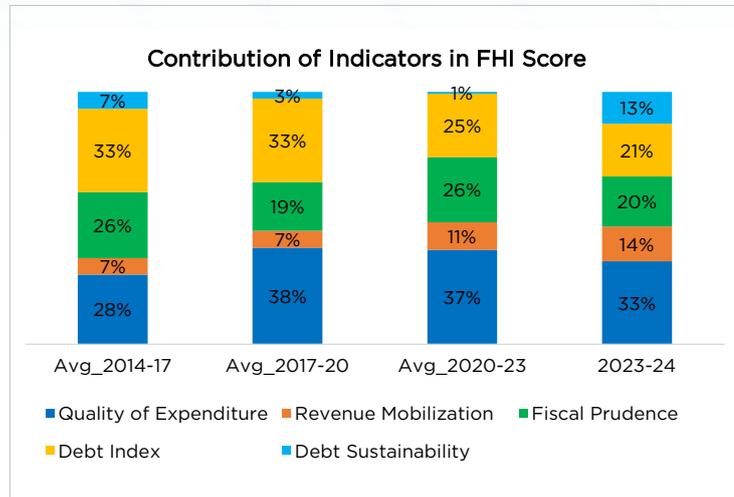
SECTION F.II

**STATE PROFILES:
10 NE/HIMALAYAN
STATES**



ARUNACHAL PRADESH

Arunachal Pradesh's fiscal position in 2023-24 reflects a development-oriented approach with strong emphasis on capital creation and social welfare. The State's total developmental expenditure nearly doubled since 2019-20, with capital outlay accounting for about 29% of total spending, one of the highest among North-Eastern states. This underscores the State's focus on asset creation through investments in agriculture, energy, and connectivity. Initiatives such as the *Chief Minister's Comprehensive State Rural Road Development Programme* and enhanced support to handloom, handicraft, and youth development under new policy frameworks illustrate this orientation. Meanwhile, revenue receipts remain predominantly driven by central transfers, though own-tax revenue has improved, led by stronger GST performance. A decline in committed expenditure has created fiscal space for developmental priorities, while the State continues to maintain a revenue surplus and a manageable debt profile despite liabilities rising to about 51% of GSDP.



Quality of Expenditure

- The state's Total Developmental Expenditure on Revenue and Capital account increased from ₹11,436 crore in 2019-20 to ₹21,455 crore in 2023-24.
- Capital Outlay accounted for nearly 29% of total expenditure indicating greater emphasis on asset creation.
- Within sectors, allocation of TE to Agriculture (7.3%) and Energy (8.4%) dominated development spending, while Education (10.9%) and Health (5.4%) remained below the average of all other states, (14.7%) and (6.2%) respectively.
- Committed expenditure decreased from about 39% of revenue receipts in 2022-23 to 28% in 2023-24.

Revenue Mobilisation

- The State's total revenue receipts for 2023-24 stood at ₹27,441 crore. Of this, ₹3,698 crore (13%) was raised by the state through its own resources, and ₹23,742 crore (87%) come from the centre.

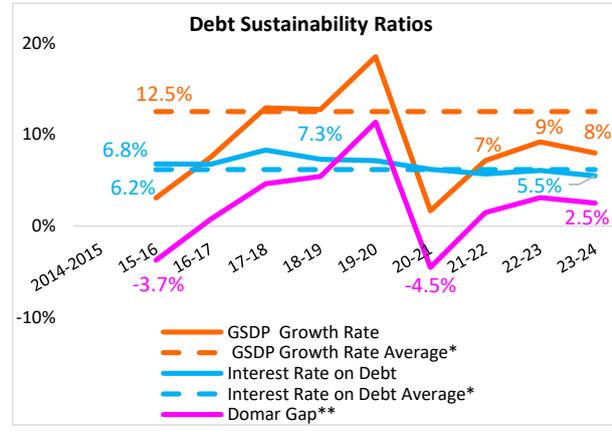
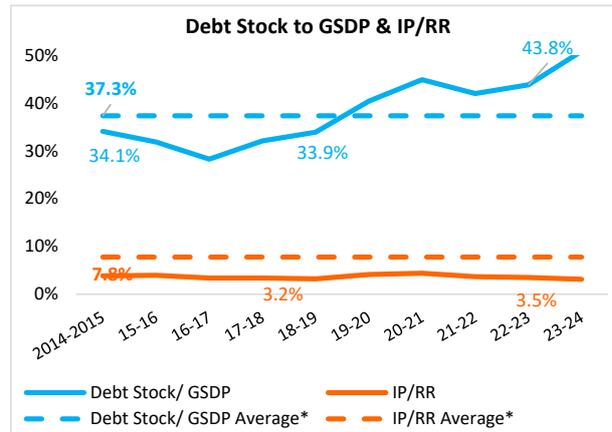
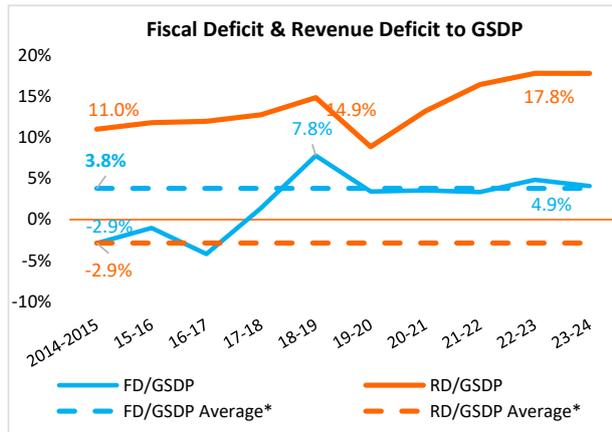
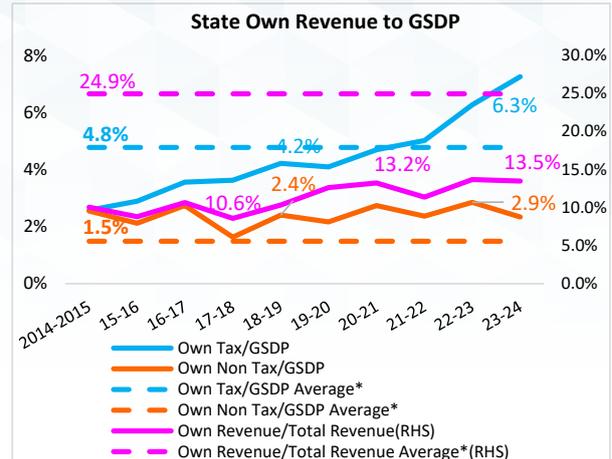
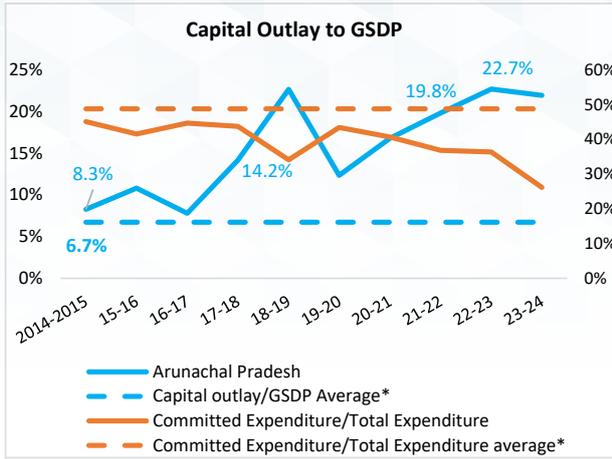
- Own-Tax Revenue grew at 14% led by higher contributions in State GST. State GST is estimated to be the largest source of own tax revenue with a share of 75%.
- Central transfers remain the anchor of fiscal stability; Share in Central Taxes has been on a rising trend since 2019-20, increasing from ₹8,988 crore to ₹19,845 crore in 2023-24, more than doubled over the same period.

Fiscal Prudence

- The State recorded a Revenue Surplus of ₹6,877 crore in 2023-24, highest in five years compared with ₹2,670 crore in 2019-20
- Fiscal deficit of the State has consistently remained between 3.5%-4% of GSDP since 2019-20, persistently breaching the FRBM limit of 3%.

Debt Index & Debt Sustainability

- Outstanding liabilities increased from ₹12,131 crore (40.4% of GSDP) in 2019-20 to about ₹19,610 crore (51%) in 2023-24, a growth of roughly 61%. The outstanding liabilities is showing a rising trend since 2021-22.
- The ratio of Interest Payments to Total Revenue Receipts of the State was 3% for 2023-24, lower than 4.13% in 2019-20.



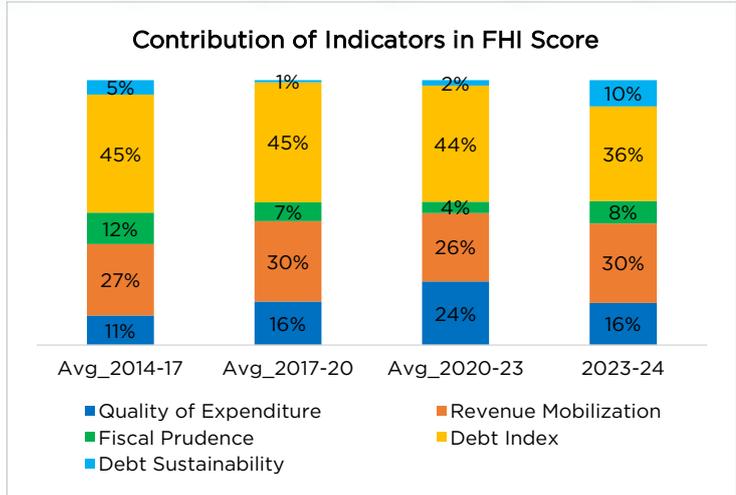
*Average of 10 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



ASSAM

Assam’s¹⁵ fiscal profile in 2023-24 highlights continued developmental focus supported by steady revenue growth and partial fiscal consolidation. Developmental expenditure rose by nearly 39% between 2020-21 and 2023-24, reflecting sustained investment in growth and welfare schemes. However, the predominance of revenue spending and a high share of committed expenditure, over 62% of revenue receipts, have constrained flexibility for fresh initiatives. Own revenue collections have improved markedly, driven by GST buoyancy and better tax compliance, while non-tax revenues have nearly doubled, indicating gradual diversification. Despite a temporary revenue deficit surge in 2022-23, fiscal indicators improved in 2023-24 with lower deficits and stable expenditure control, suggesting a return to a more balanced fiscal stance.



Quality of Expenditure

- The state’s developmental expenditure rose from ₹53,219 crore in 2020-21 to ₹74,166 crore in 2023-24, reflecting a 39.3% increase over four years.
- The composition of developmental expenditure has remained broadly stable since 2020-21, with about 75-78% directed toward revenue spending and the rest allocated to capital outlays. However, the revenue component fluctuated sharply peaking in 2022-23 and then declined on 2023-24. Committed expenditure continued to account for over 62% of revenue receipts during this period.
- Developmental spending accounted for nearly 64% of total expenditure in 2023-24, though down from over 69% in 2020-21.

Revenue Mobilisation

- Assam’s state own revenue increased from ₹20,033 crore in 2020-21 to ₹34,081 crore in 2023-24, reflecting a compound annual growth rate (CAGR) of roughly 14%. While this indicates improving revenue Mobilisation, the state continues to rely heavily on central transfers which account for 38.4% of revenue receipts in 2023-24.

¹⁵ https://finance.assam.gov.in/sites/default/files/swf_utility_folder/departments/agriculture_com_oid_2/menu/document/mtfp_2024-25.pdf

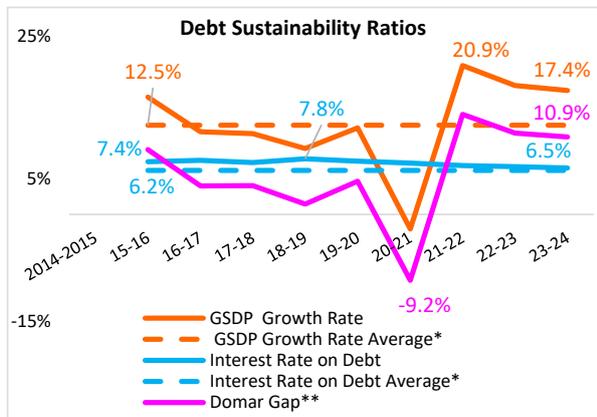
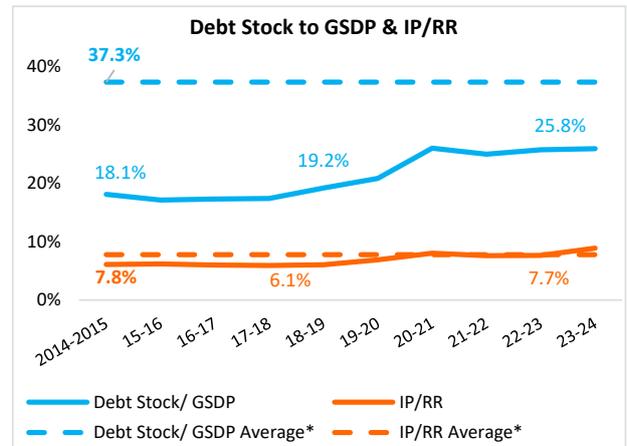
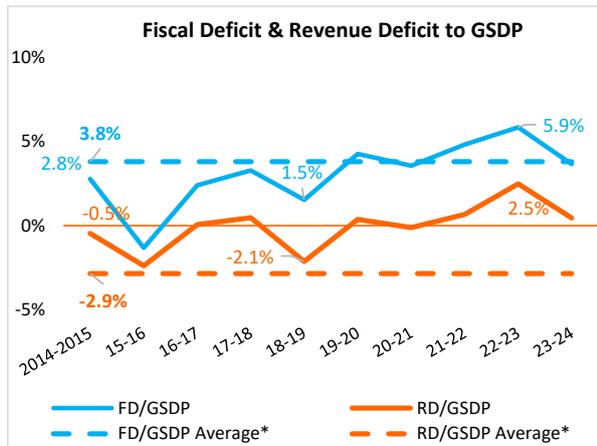
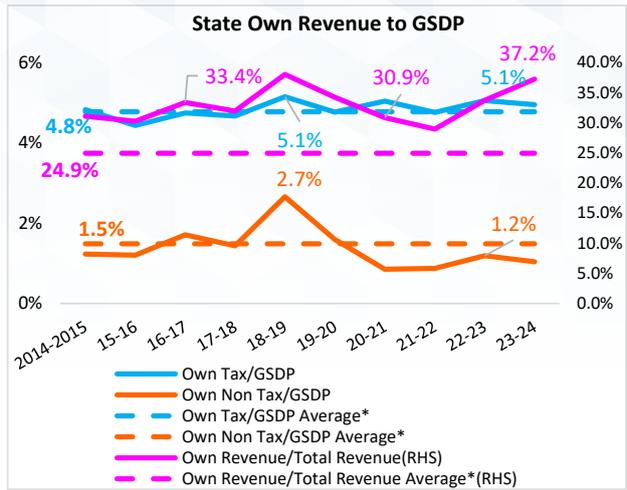
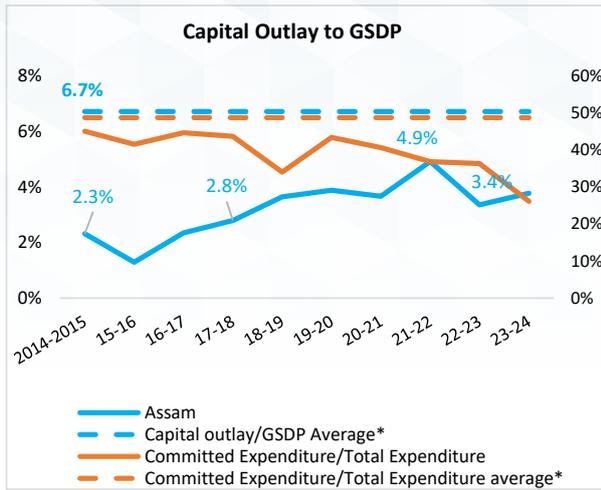
- Non-tax revenue nearly doubled from ₹2,900 crore in 2020–21 to ₹5,903 crore in 2023–24, showing some diversification, but it still represents only ~17% of total own revenue, limiting the state’s flexibility. The actual estimates for non-tax revenue have also fallen short of the budget estimates by ₹1108 crore.

Fiscal Prudence

- Revenue deficit surged sharply in 2022–23 to ₹12,072 crore before falling to ₹2,628 crore in 2023–24. The state had experienced a surplus of ₹382 crore in 2020–21. Gross fiscal deficit also peaked in 2022–23 and declined in the current year.
- Assam’s Gross Fiscal Deficit (GFD) as a share of GSDP rose sharply to 5.9% in 2022–23 from 3.6% in 2020–21 with a partial decline to 3.7% in 2023–24 indicating partial fiscal consolidation.
- Revenue Deficit (RD) relative to GSDP remained low overall, peaking at 2.5% in 2022–23 but falling to 0.5% in 2023–24.

Debt Index & Debt Sustainability

- Assam’s outstanding liabilities and interest payments grew by 67% and 57% respectively between 2020–21 and 2023–24, indicating sustained borrowing which has increased the state’s debt servicing obligations and constrained fiscal flexibility.
- Interest payments have continued to rise, with the ratio of interest payments to revenue receipts, which had declined from 8% in 2020–21 to 7.7% in 2022–23, surging back to around 8–9% in 2023–24.



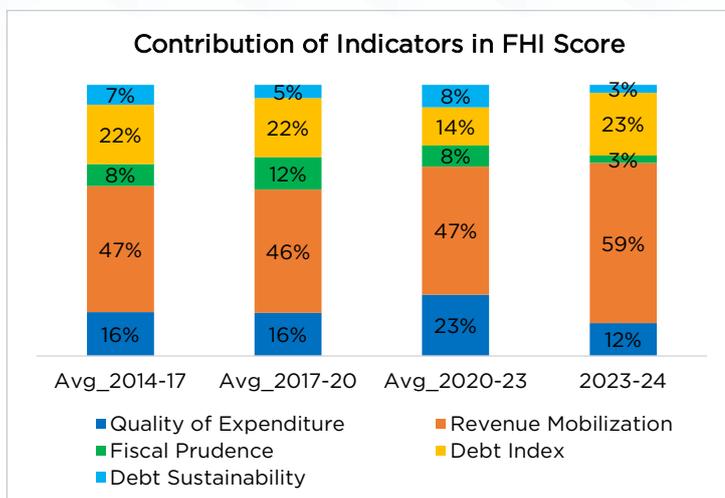
*Average of 10 major states for FY 2023-24

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HIMACHAL PRADESH

Himachal Pradesh's fiscal health reflects a mix of structural strengths and emerging pressures. While the State has historically maintained revenue surpluses, recent years have seen a shift towards revenue deficits, indicating that borrowings are increasingly being used to meet recurring obligations rather than development-oriented investments. A substantial portion of expenditure is dominated by committed liabilities, including pension obligations and interest payments, which constrains fiscal flexibility and limits discretionary spending for priority sectors. The composition of expenditure has shifted, with a rising share in general and social services and a relative decline in economic services, pointing to reduced allocation towards growth-promoting investments. On the revenue side, own-tax collections have shown moderate growth, supported by certain buoyant segments, but non-tax revenues have grown slowly, and declining grants-in-aid from the Centre have added pressure to the State's finances. Debt levels have risen steadily, and interest obligations are gradually absorbing a larger share of revenue receipts, further limiting room for capital formation.



Quality of Expenditure

- Various components of expenditure in total expenditure fluctuated during the period 2019-24. The share of General Services and Social Services in total expenditure increased from 34.48% and 36.59% in 2019-20 to 38.64% and 37.78% respectively in 2023-24, while that of Economic Services decreased from 27.64% to 23.36% during the same period.
- Revenue expenditure increased by 45.56% during 2019-24 and by 0.69% during 2023-24 over the previous year.
- Revenue expenditure rose mainly due to higher pension liabilities under the Old Pension Scheme, increased interest payments on market loans, and greater spending on disaster relief works.
- During the period 2019-24, committed expenditure constituted a dominant share ranging between 64 and 70% of Revenue expenditure.

Revenue Mobilisation

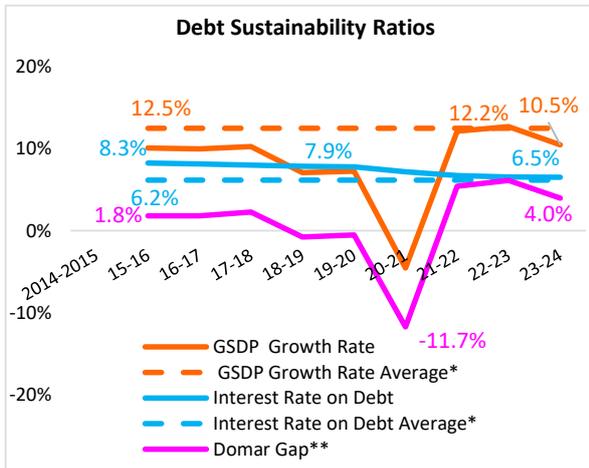
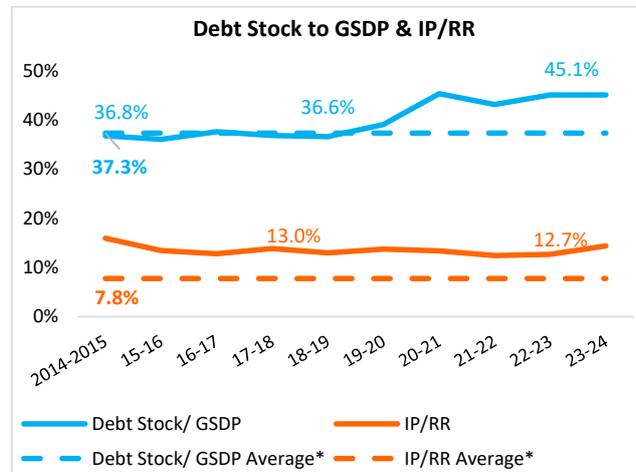
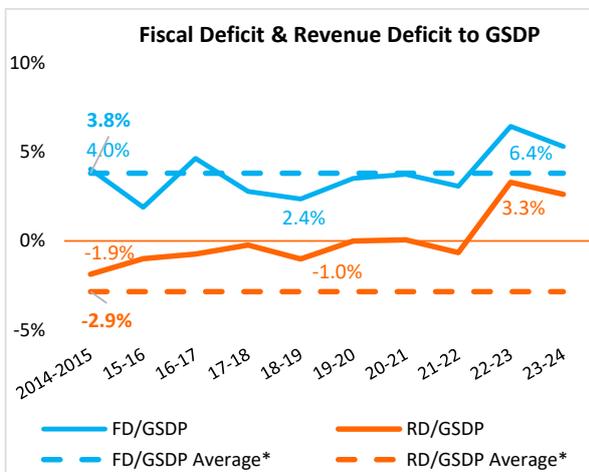
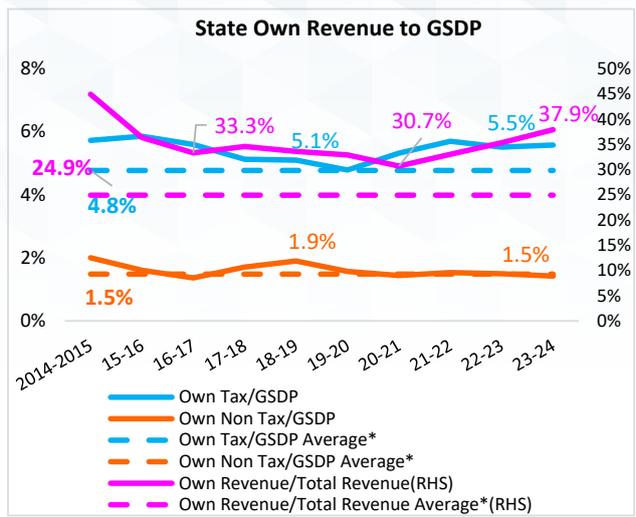
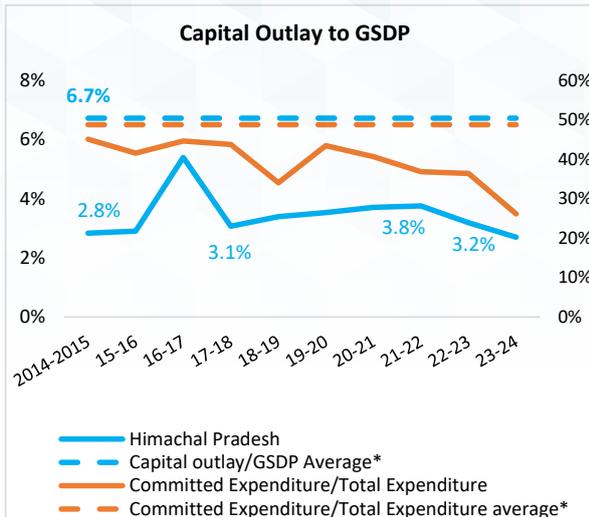
- Revenue receipts increased by 27.42% during 2019-20 to 2023-24. During the period of the last five years 2019-24, it increased at an annual average growth rate of 4.92%.
- Own Tax revenue and Non-Tax revenue increased by 11.70% and 5.03% respectively in 2023-24 as compared to 2022-23. The average growth rate of Own Tax revenue in last five years is 9.53%, while the average growth rate of Non-Tax revenue is only 2.08%.
- On the other hand, the Grants-in-aid is showing a decreasing trend in the last three years. It consistently decreased by 4.23% in 2021-22, 5.10% in 2022-23 and 10.71% in 2023-24 over the previous year.
- Revenue buoyancy with reference to GSDP remained below one, from 2021-22 to 2023-24. The own Tax revenue buoyancy remained above one in two years (i.e. 2021-22 and 2023-24) out of four years.

Fiscal Prudence

- After generating consistent Revenue Surplus since 2015-16, the State recorded a negative Revenue balance (Revenue Deficit) in 2020-21 and continued to have a Revenue Deficit of around 3% of its GSDP during 2022-2024, which shows that borrowings were largely used to finance the State's recurring expenditure and not for development-oriented spending.
- In the last two years the Revenue Deficit remained high at 3.30% (2022-23) and 2.68% (2023-24) of GSDP, while the Fiscal Deficit was 6.46% and 5.43% during the same period.

Debt Index & Debt Sustainability

- The total Outstanding Debt GSDP ratio of the Government has increased from 39.09% in 2019-20 to 43.98% in 2023-24.
- Interest payments as a percentage of Revenue receipts showing decreasing trend during 2019-22, whereas it showing an increasing trend over the last two years i.e. 2022-23 and



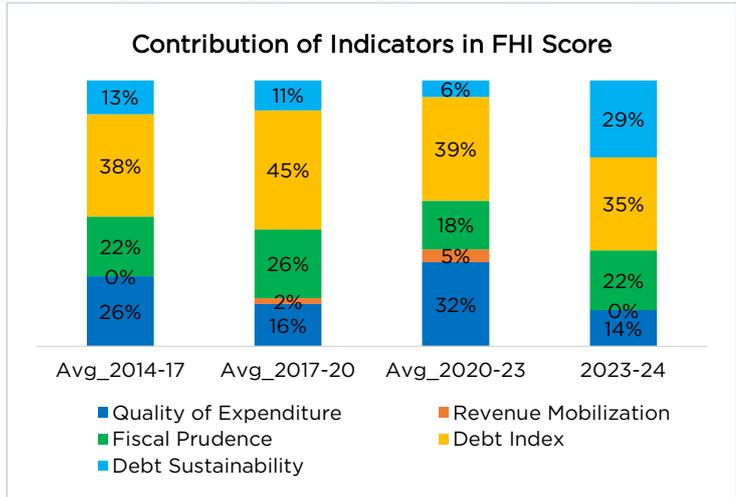
*Average of 10 major states for FY 2023-24

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MANIPUR

The state’s fiscal position reflects an increased focus on capital investment and developmental spending, though overall prioritisation of development relative to total expenditure has slightly declined. High committed expenditure limits flexibility for discretionary and growth-oriented spending. Revenue mobilisation has weakened, increasing reliance on central transfers, while fiscal and revenue deficits, along with rising debt and interest obligations, constrain the state’s fiscal space.



Quality of Expenditure

- Total developmental expenditure as a share of total expenditure declined slightly from 56% to 53% between 2019-20 to 2023-24, indicating a modest reduction in the prioritisation of developmental spending relative to overall expenditure.
- During the same period, total capital outlay relative to nominal GSDP increased from 4% to 6%, reflecting a rise in the state’s capital investment intensity, supported by a near doubling of capital developmental expenditure in absolute terms (₹1,109 crore to ₹2,607 crore).
- Committed expenditure as a proportion of total expenditure remained high at 55% for 2023-24, implying rising obligations which constrain flexibility in state finances.

Revenue Mobilisation

- State own revenue as a share of nominal GSDP declined from 4% to 3%, reflecting a decline in the state’s capacity to mobilise resources internally between 2019-20 to 2023-24.
- Devolution and grants as a share of revenue receipts stood at 90% for 2023-24, highlighting the state’s increased reliance on fiscal transfers to support expenditure needs.

Fiscal Prudence

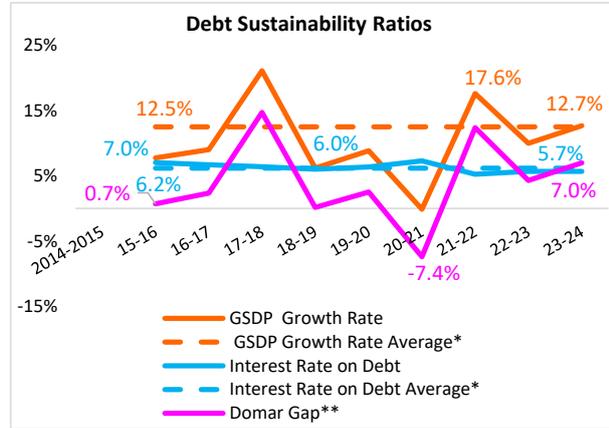
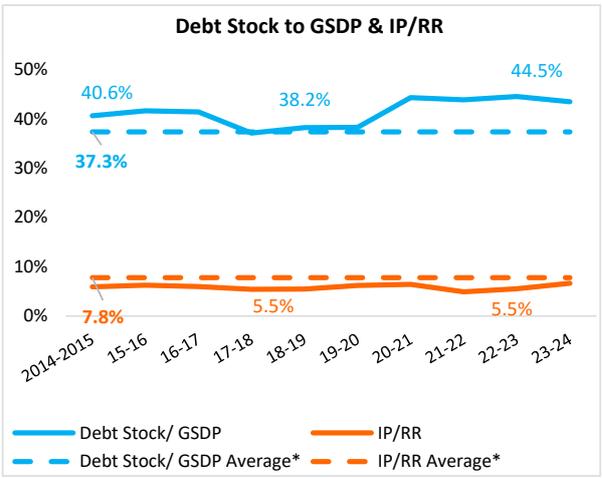
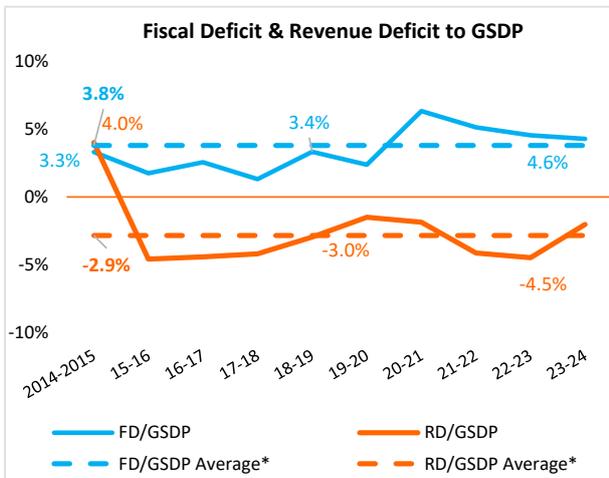
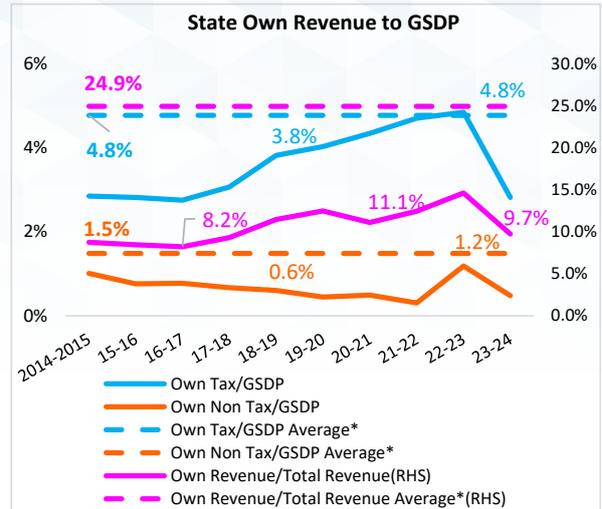
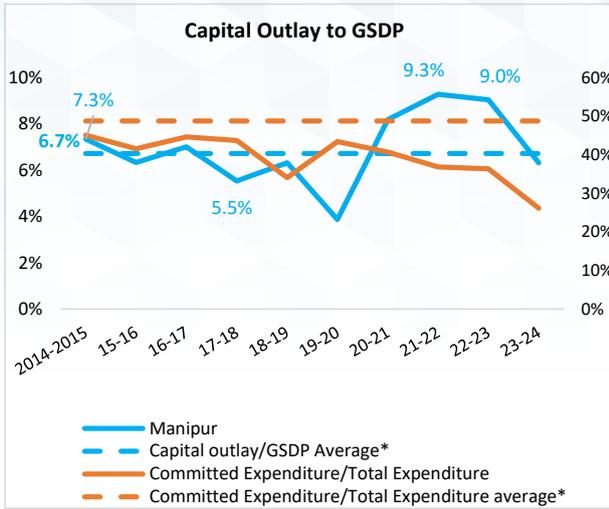
- Gross fiscal deficit as a share of nominal GSDP rose from 2% in 2019-20 to 4% in 2023-24 whereas revenue deficit shifted from a small deficit (1%) in 2019-20 to 2% in 2023-24.

- Despite the small improvement in revenue balance, persistent dependence on central transfers and high committed expenditure limits room for additional discretionary spending.

Debt Index & Debt Sustainability

- Outstanding liabilities as a share of nominal GSDP increased from 38% in 2019-20 to 43% in 2023-24 experiencing a CAGR of 13.4% during the five-year period.
- Interest payments as a share of revenue receipts rose from 6% to 7%, reflecting a rise in the debt servicing burden on the state's finances. Interest payments continue to grow at a CAGR of 8% since 2019-20.

FISCAL HEALTH INDEX



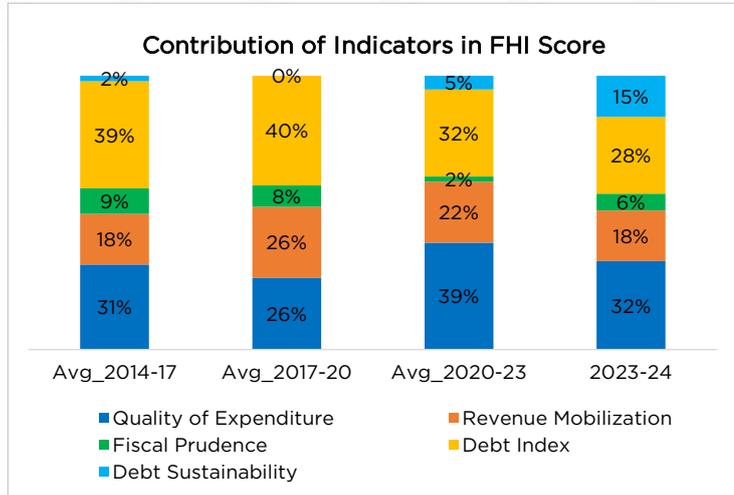
*Average of 10 major states for FY 2023-24

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MEGHALAYA

Meghalaya’s shows a positive increase in capital expenditure, indicating a strong focus on infrastructure and developmental projects, while revenue expenditure remains dominated by committed costs such as salaries, pensions, and interest payments. The state’s own tax revenue as a share of GSDP improved slightly, supported mainly by SGST, sales taxes, and excise, though non-tax revenues contributed a smaller and slightly declining share. Despite maintaining a revenue surplus, fiscal prudence is constrained, as the fiscal deficit and debt-to-GSDP ratio significantly exceed MFRBM targets. Interest payments, however, have declined as a proportion of revenue receipts, providing some relief.



Quality of Expenditure

- The Capital Expenditure in 2023-24 was higher by 64.60% over the previous year. However, as percentage of GSDP, capital outlay was 8.54%. Similarly, capital outlay of ₹4,529.54 crore exceeded budget estimates by 18.83% during the year.
- Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure on interest payments, salaries and pensions constituted 44-56% of revenue expenditure during 2019-20 (56%) and 2023-24 (44%). The Committed expenditure increased at a compound annual average rate of 7.86% from 2019-20 to 2023-24.
- Notable increase in Capital Expenditure indicates higher investment in infrastructure or other developmental projects. However, revenue expenditure remained significant, emphasising operational costs.

Revenue Mobilisation

- The share of state’s own tax revenue as percentage of GSDP increased to 6.06% in 2023-24 from 5.69% in 2022-23. During the five-year period from 2019-20 to 2023-24, the share hovered around 6%. The major contributors were SGST Taxes on Sales, Trades, etc. and State Excise. During 2023-24, the State’s Own Tax Revenue comprised 17.89% of total Revenue Receipts.

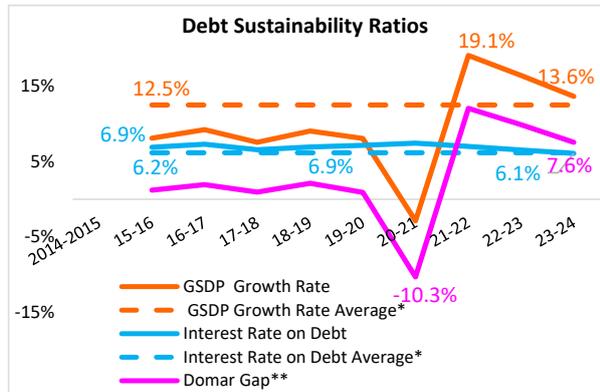
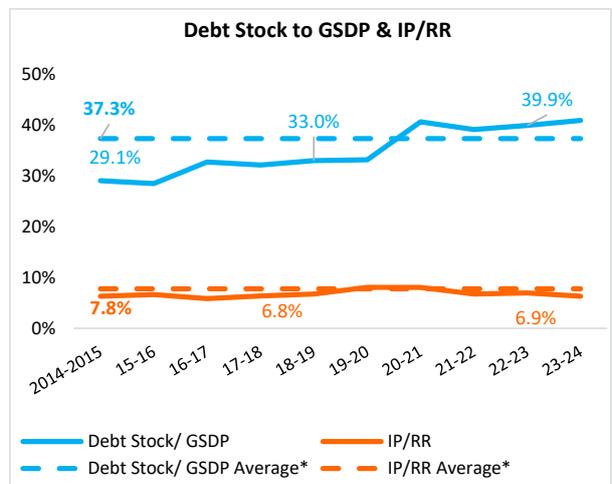
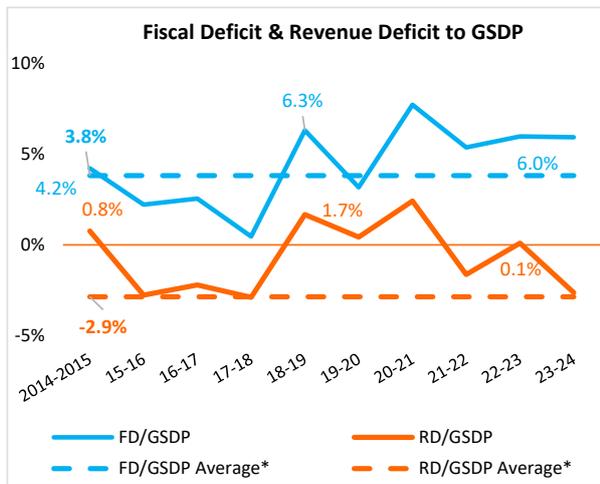
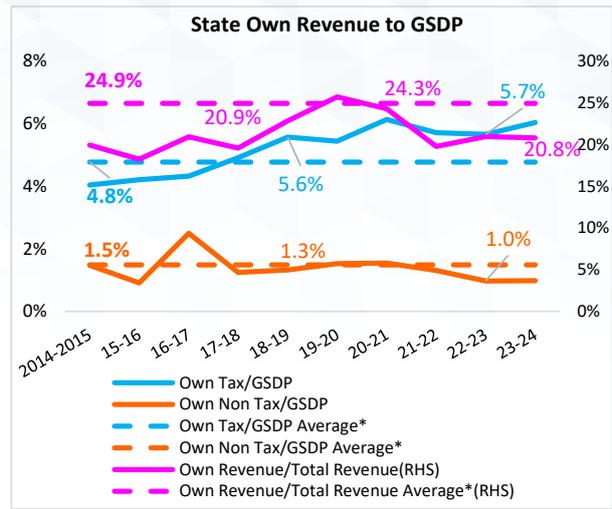
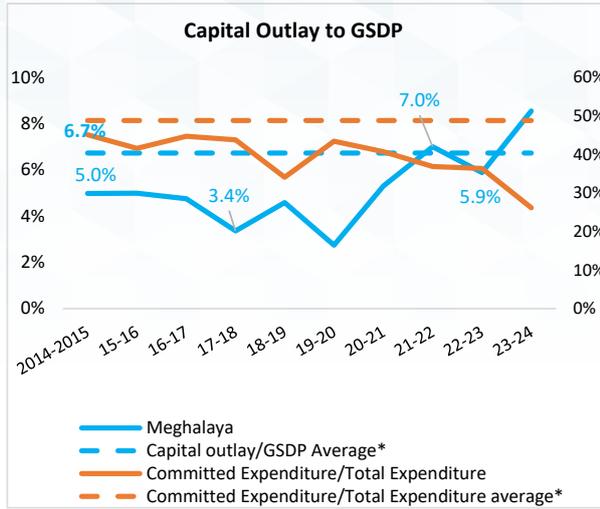
- During the year 2023-24, the Non-Tax Revenue contributed 2.91% to the Revenue Receipts. Under the Non-Tax Revenue, royalty and fees collected under Mining concessions was the highest contributor at 61.70% followed by receipts under Forestry and Wildlife at 20.81% Non-Tax Revenue decreased by 1.29% during 2019-20 and 2023-24.

Fiscal Prudence

- As regards to fiscal parameters in 2023-24, the State maintained revenue surplus as mandated by the MFRBM Act. The Fiscal Deficit as a percentage of GSDP reached 5.94%, and the outstanding-GSDP ratio was 40.56%, missing the targets under MFRBM Act at 3.50% and 28.00% respectively. Over the past five years, the State failed to meet the targets for revenue balance in three years and fiscal balance in four years.

Debt Index & Debt Sustainability

- The total Outstanding Debt GSDP ratio of the government has increased from 33.17% in 2019-20 to 40.56% in 2023-24.
- Interest payments as a percentage of revenue receipts showing decreasing trend during 2019-24, falling from 8.06% in 2019 to 6.33% in 2024.



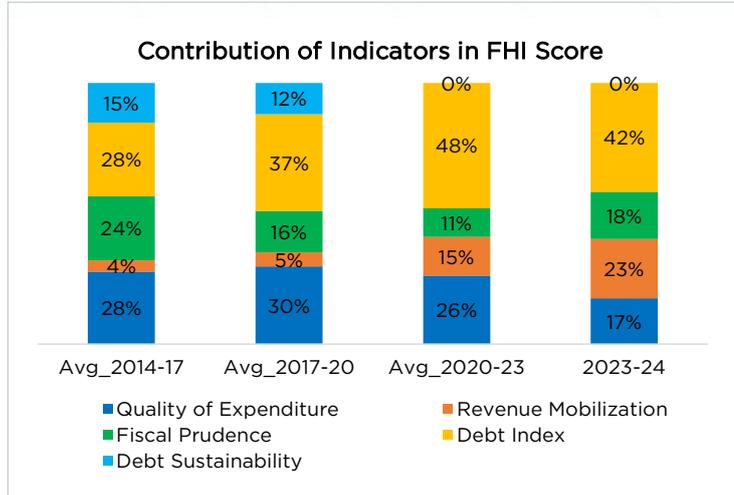
*Average of 10 major states for FY 2023-24

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MIZORAM

Mizoram’s fiscal stance has improved on certain indicators, with a contained fiscal deficit and a widening revenue surplus in 2023-24. However, the expenditure profile remains stringent with committed and inflexible spending together absorb about 70% of revenue expenditure, and subsidies are rising sharply from a low base. Capital outlay forms just a tenth of total spending, and a sizeable share of borrowings continues to service consumption rather than investment. On the revenue side, overall collections have risen, but own tax mobilisation remains structurally weak, among the lowest in the Northeast and public sector returns are negligible. While the outstanding debt-GSDP ratio has eased marginally, pressure is emerging through higher interest burdens over time.



Quality of Expenditure

- Committed expenditure (salaries, pensions, interest) constituted 65.77% of revenue expenditure in 2023-24, up from 62.59% in 2019-20, showing limited fiscal room.
- Inflexible expenditure declined from 9.18% to 4.22% of revenue expenditure over the same period, though it rose sharply by 47.5% in absolute terms in 2023-24.
- Taken together, committed and inflexible expenditure accounted for 69.98% of revenue expenditure in 2023-24, leaving little space for discretionary and developmental priorities.
- Subsidies, though modest, increased steeply to ₹142.61 crore (1.32% of revenue expenditure) in 2023-24, with a CAGR of 22.3% since 2019-20.
- Capital outlay was ₹1,253.78 crore (10.35% of total expenditure; 3.52% of GSDP), with only 64% of borrowings channelled to capital formation, the rest meeting consumption and repayments.

Revenue Mobilisation

- Revenue receipts increased by 11.01% over 2022-23 to ₹11,414.05 crore; CAGR was 3.40% over 2019-24 but declined as a ratio of GSDP from 33.50% in 2022-23 to 32.08% in 2023-24.

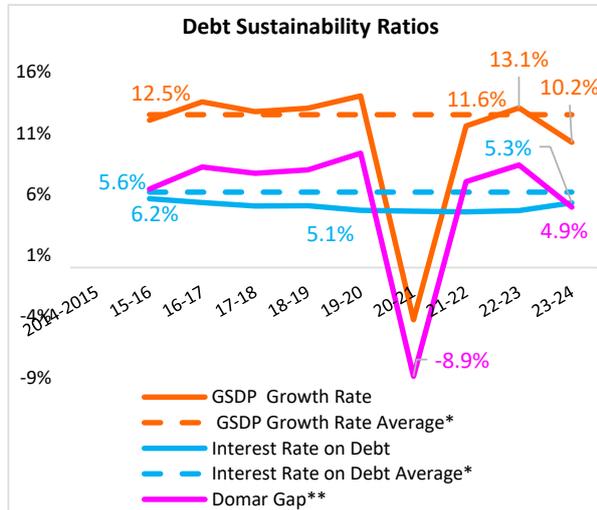
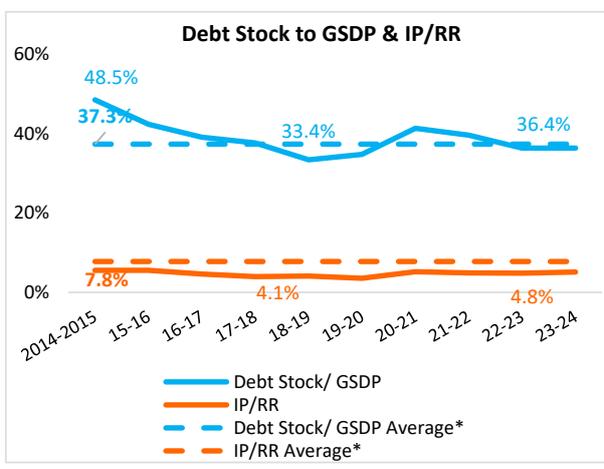
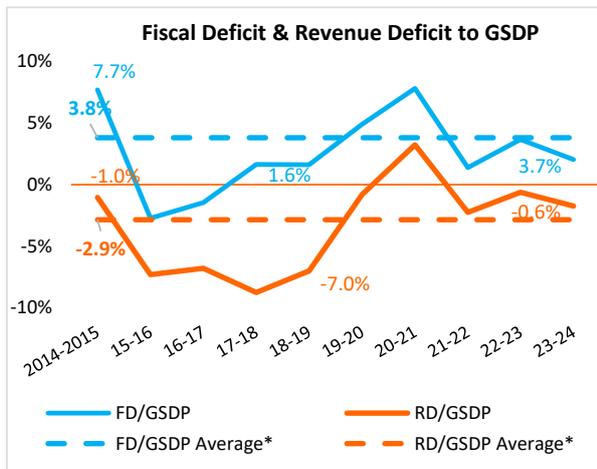
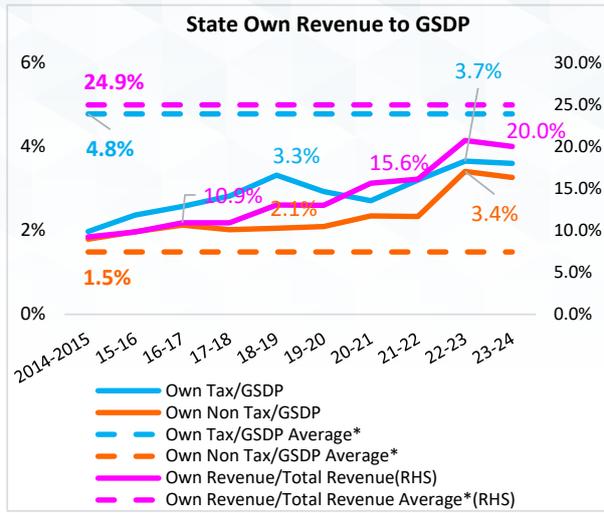
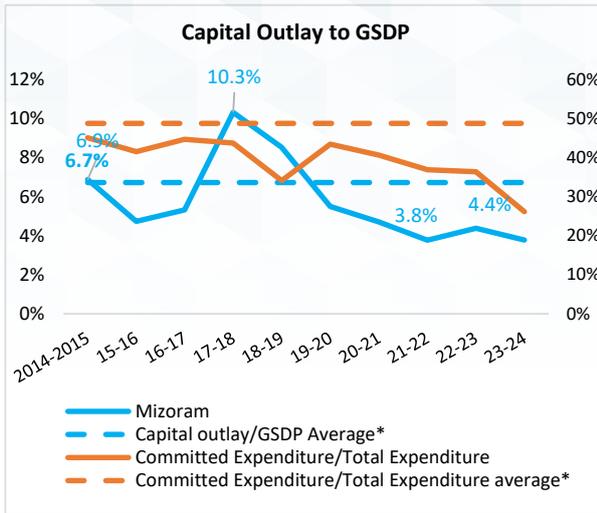
- Own tax revenue increased by 8.51% to ₹1,195.59 crore, but Mizoram remained among the weakest in the NE region, with OTR forming only 17.5% of total tax revenue in 2023-24 versus the regional average of 42.7%.
- Buoyancy of revenue receipts with respect to GSDP was 0.69, while own revenue receipts showed weak responsiveness at 0.44 for 2023-24.
- Public sector returns remain negligible; misclassification of expenditures and off-budget practices (e.g., guarantees invoked) distort true fiscal reporting.

Fiscal Prudence

- Revenue surplus widened to ₹577.09 crore (1.62% of GSDP), up from ₹189.89 crore in 2022-23 and fiscal deficit reduced sharply to ₹677.70 crore (1.90% of GSDP), within FRBM limit of 3.5%.
- Over the period 2019-20 to 2023-24, the fiscal deficit almost halved in both absolute and relative terms, falling from ₹1,224.29 crore (4.90% of GSDP) to ₹677.71 crore (1.90% of GSDP).
- In the past five years, the state government has met the state FRBM targets for fiscal and revenue deficit in four years whereas the outstanding liability target was first met only in this year which was capped at 37.84%

Debt Index & Debt Sustainability

- Outstanding liability as a proportion of GSDP moderately declined from 34.73% in 2019-20 to 33.96% in 2023-24. However, interest payments as a percentage of revenue receipts have risen from 3.55% in 2019-20 to 5.10% in 2023-24.
- Debt sustainability is currently supported by strong nominal GSDP growth (15.93% in 2023-24), though primary deficit persists.
- Most borrowings continue to be diverted to consumption/repayments instead of asset creation, limiting long-term growth impact.



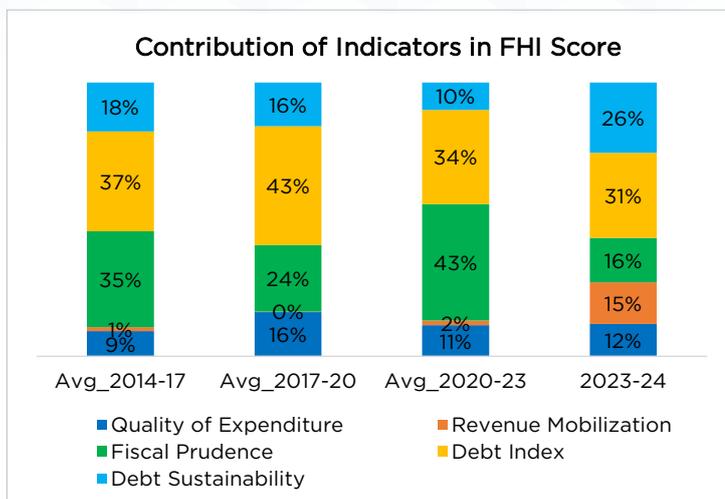
*Average of 10 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



NAGALAND

Nagaland's fiscal profile in 2023-24 reflects high overall expenditure, with capital spending on a rise, though allocations to health and education remain below regional averages. Committed and inflexible expenditures absorb over two-thirds of revenue, limiting fiscal space for discretionary and developmental priorities. Revenue mobilisation has grown steadily, driven by tax revenue and own resources, but dependence on Union transfers remains significant. The state maintained a revenue surplus though the fiscal deficit breached the FRBM cap in 2023-24. Debt-to-GSDP ratio exceeds FRBM projections, while interest payments have slightly declined as a share of revenue receipts. Overall, the state demonstrates controlled revenue performance and improving capital focus, but faces constraints from high committed expenditure, rising debt, and reliance on central transfers.



Quality of Expenditure

- Since 2019-20, Nagaland's expenditure has stayed high at about 43% of GSDP against the NE&H average of about 25%, its capital expenditure rose from 9.46% to 17.40% of total expenditure, while the shares of education (12.19% in 2019-20 and 12.52% in 2023-24) and health (5.20% in 2019-20 and 4.89% in 2023-24) remained below the regional average in both years.
- Committed expenditure (salaries, pensions, interest) plus inflexible spending stood at 67.3% of revenue receipts in 2023-24, leaving little room for discretionary development. Salaries and wages alone absorbed 41.5% of receipts.
- Developmental expenditure to GSDP for the state has moderately declined from 24.42% in 2019-20 to 24.34% in 2023-24.

Revenue Mobilisation

- Total revenue receipts rising from ₹11,423 crore to ₹16,155 crore (growth of 14.6% in 2023-24), driven by an increase in tax revenue from ₹4,225 crore to ₹8,025 crore and own tax revenue from ₹958 crore to ₹1,598 crore, while grants from Gol grew moderately to ₹7,452 crore; RR as a share of GSDP remained broadly stable around 38-42% over the period.

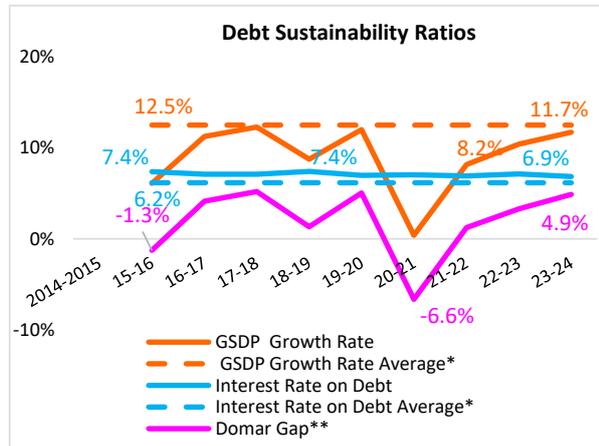
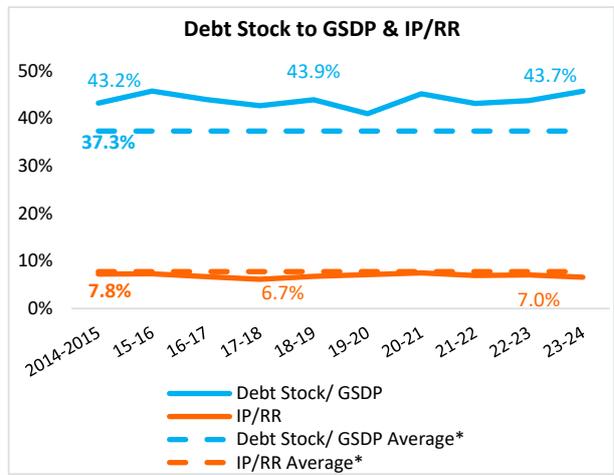
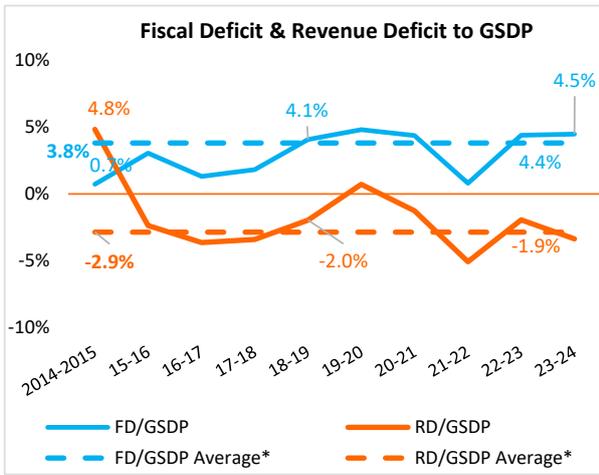
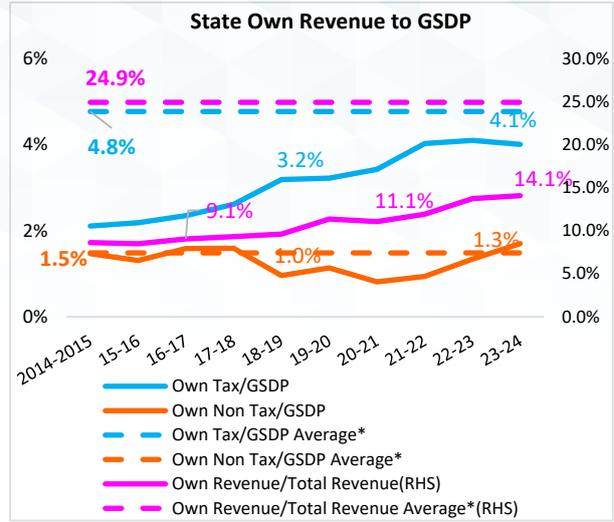
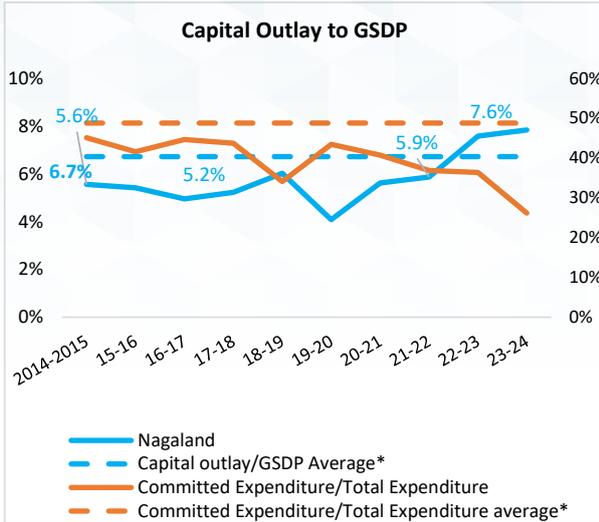
- Own resource mobilisation improved, with own tax and non-tax revenue rising from ₹1,298 crore in 2019-20 to ₹2,276 crore in 2023-24, growing at 17.3% in 2023-24, while dependence on grants from Gol persisted at roughly 46% of total revenue receipts.
- Despite growth in collections, revenue mobilisation faces challenges as own tax and non- tax revenues forms around ~14% of RR in 2023-24 indicating reliance on transfers from the Union.

Fiscal Prudence

- Nagaland recorded a revenue surplus of ₹1,335 crore (3.2% of GSDP) in 2023-24, maintaining its surplus status and well within the stipulated targets.
- The revenue balance as a share of GSDP fluctuated between -0.72% and 3.19% from 2019-20 to 2023-24, indicating periods of both surplus and deficit over the five-year span.
- The fiscal deficit remained within the prescribed share of GSDP in three of the five years between 2019-20 and 2023-24. Fiscal deficit widened to ₹1,784 crore breaching the FRBM cap of 3% in the current year.

Debt Index & Debt Sustainability

- The debt-to-GSDP ratio increased from 40.99% in 2019-20 to 43.42% in 2023-24, reflecting a rising debt burden relative to the state's economy.
- Outstanding liabilities has not remained within the projections of FRBM/MTFP targets of the state. The target for the current year was set at 40.60% and the state recorded the same at 43.42%. Since 2019-20, the state has only been able to achieve its target for 2022-23.
- Interest payments absorbed 6.6% of revenue receipts (₹1,068 crore). It has been on a declining trend since 2019-20 which stood at 7.12%.



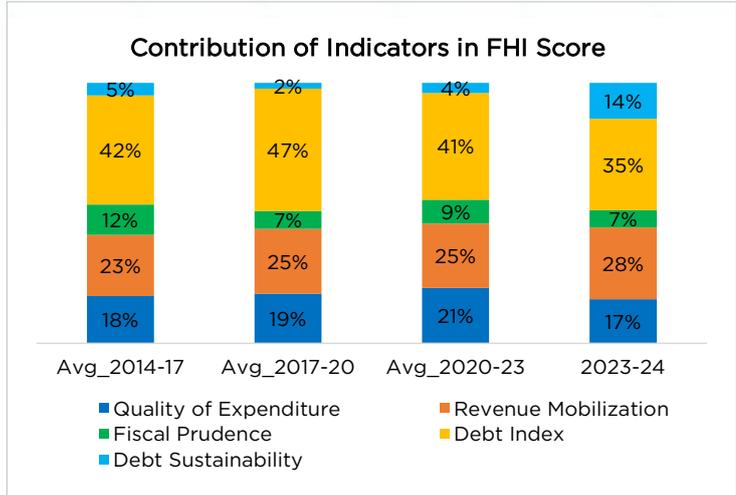
*Average of 10 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



SIKKIM

Sikkim’s fiscal position in 2023–24 reflects overall stability anchored in prudent expenditure management and consistent central support. The State continues to maintain a revenue surplus and a manageable debt profile, though fiscal consolidation has moderated with a widening fiscal deficit. Dependence on central transfers continues, while limited own-tax capacity constrains fiscal autonomy. Rising committed expenditure particularly on salaries, pensions, and interest continues to limit allocative flexibility despite efforts to prioritise capital and social sector outlays. While debt and liability indicators remain within manageable thresholds, growing guarantees to PSUs and higher borrowing for routine expenditure signal emerging pressures on fiscal sustainability. Overall, Sikkim demonstrates a fiscally disciplined yet structurally dependent profile, balancing stability with constrained flexibility for future developmental spending.



Quality of Expenditure

- In 2023-24, the State’s Revenue Expenditure increased by 7.7% over the previous year, with Social Services accounting for about 35% and Economic Services for around 24% of total revenue spending.
- Nearly 70% of Revenue Expenditure was devoted to committed obligations such as salaries, pensions, and interest payments.
- The growth in capital expenditure has not kept pace with the steady growth of GSDP since 2019-20 onwards.
- Capital Expenditure amounted recorded a 12% annual growth with Social Services accounting for 46% and Economic Services for 27% within capital spending.

Revenue Mobilisation

- Revenue receipts grew modestly by 3% (over the previous year) in FY 2023-24 to ₹8,351 crore, following much stronger gains of 14.5% and 26.3% in the preceding two years. Over the five-year period (2019-20 to 2023-24), the CAGR stands at roughly 14.4%, but the ratio to GSDP declined from 19.0% to 17.1%, indicating that while nominal collections rose, elasticity with respect to state income has moderated due to contraction in grants-in-aid and non-tax receipts in 2023-24.

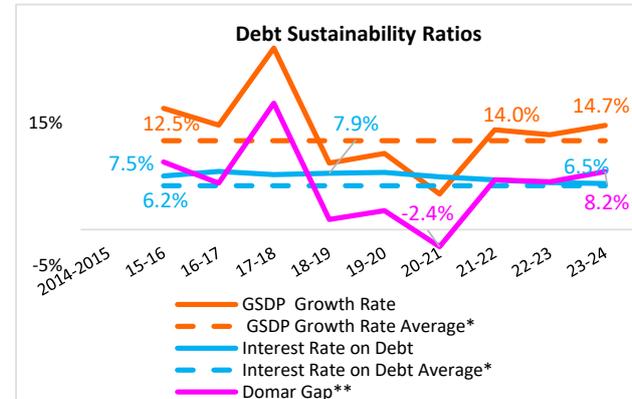
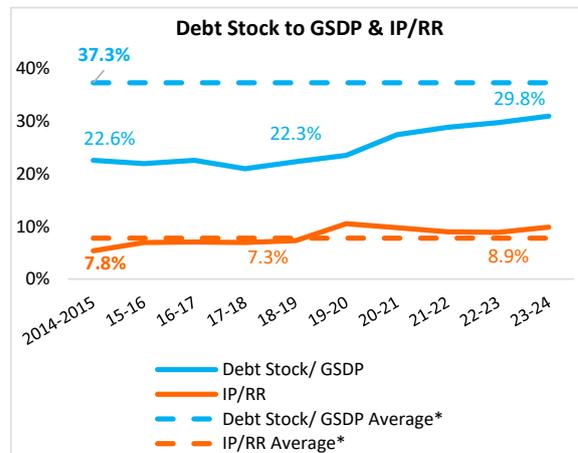
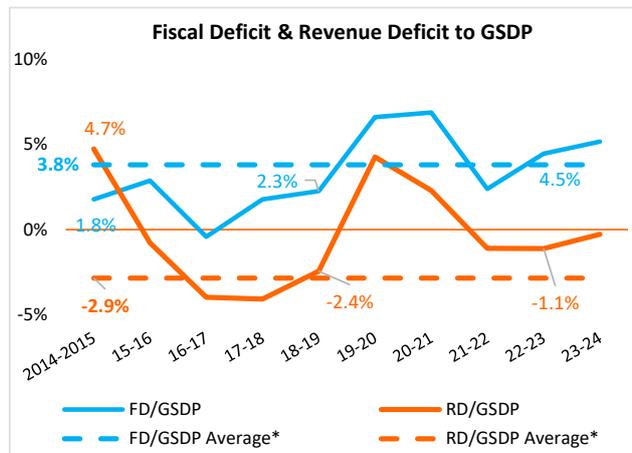
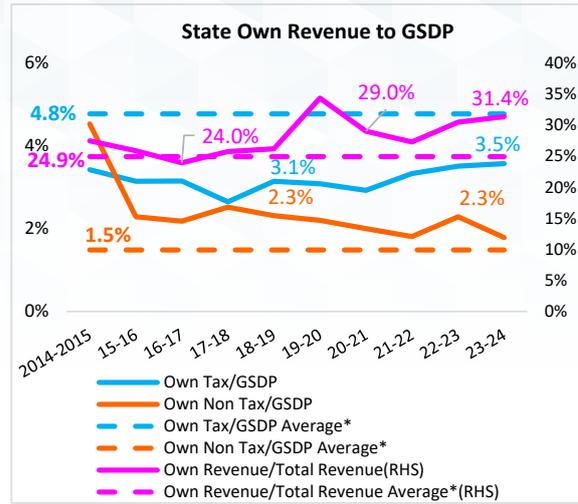
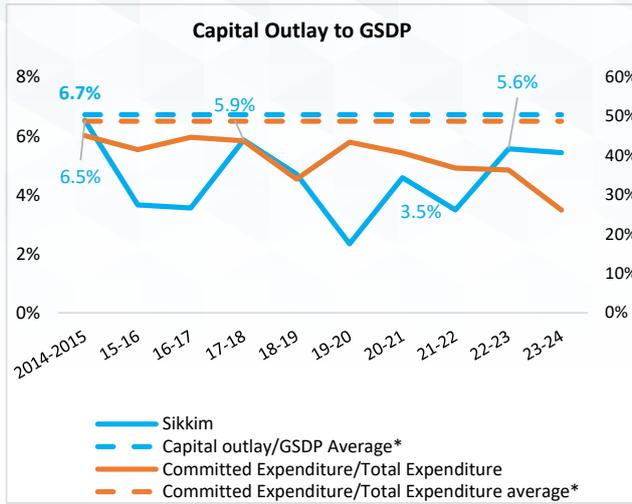
- Of the total revenue receipts, tax revenue accounted for about 72%, non-tax revenue 10%, and grants-in-aid 17%.
- Tax Revenue increased by 13% in 2023-24, driven by Taxes on Income and Expenditure, that contributed around 46% of total tax receipts, followed by GST at 38% and Taxes on Commodities and Services at 15%. Non-Tax Revenue declined by 10% compared to the previous year.
- The proportion of State's own tax collection in overall tax revenue has shown an increasing trend since 2019-20. The share of tax revenue increased to 54% as compared to 2019-20.

Fiscal Prudence

- The State continued to record a Revenue Surplus for a third consecutive year, though it declined from around 1.1% of GSDP in 2022-23 to 0.3% in 2023-24.
- The Fiscal Deficit increased from around 4.5% of GSDP in 2022-23 to 5.2% in 2023-24, marginally exceeding the 3% limit prescribed under the FRBM Act. The fiscal deficit constituted 23% of total expenditure.

Debt Index & Debt Sustainability

- Debt liabilities rose from 24% in 2019-20 to over 31% of GSDP in 2023-24 (₹15,168 crore), exceeding the 28% ceiling prescribed under the FRBM framework, indicating growing dependence on debt financing and limited headroom for additional borrowing.
- Outstanding guarantees, at ₹4,786 crore, exceeded the prescribed limit by about 65%, signalling elevated contingent liabilities and potential fiscal risks.
- In 2023-24, interest payments were ₹824 crore, about 1.68% of GSDP and ~10.0% of revenue expenditure. Interest payments remained stable, fluctuating around 9% to 11% of revenue receipts during 2019-20 to 2023-24.



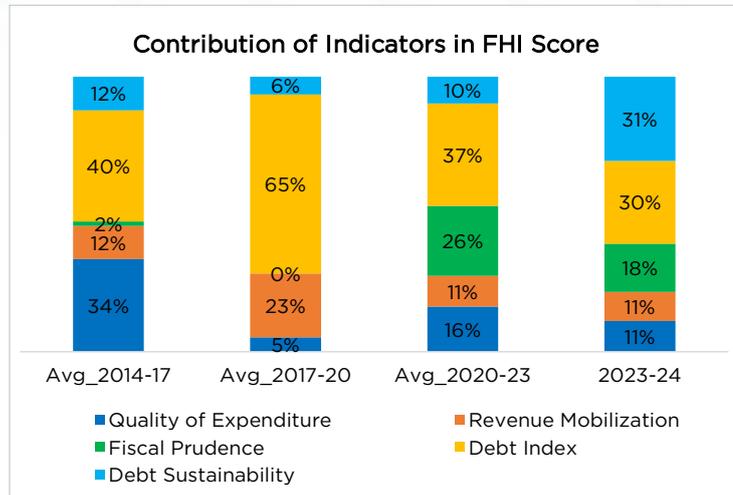
*Average of 10 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



TRIPURA

Tripura's fiscal stance is broadly stable and consolidated, but structurally constrained by a narrow own-revenue base and reliance on central transfers. The State delivered a revenue surplus and kept fiscal deficit well within FRBM limits in 2023-24, while capital outlays expanded largely for social and economic services supporting development priorities. Yet receipts remain concentrated: grants-in-aid and the State's share of Union taxes together form a large chunk of total receipts, while non-tax revenue is very limited. Committed payments (salaries, pensions, interest) still absorb a sizeable portion of revenue expenditure even as their share has moderated, which restricts discretionary spending. Fiscal indicators such as declining debt-to-GSDP and lower interest burden are positive, but liquidity and transparency issues such as large unspent sums parked in DDO bank accounts and thousands of pending utilisation certificates weaken expenditure credibility and could undermine the effectiveness of increased capital spending.



Quality of Expenditure

- Revenue expenditure registered the growth of 37% during 2019-20 to 2023-24, induced the Government with higher flexibility in development.
- Under Revenue Expenditure, General Services registered a growth of 8.0%, Economic Services of 1.6%, while Social Services registered a marginal decline of 1.5% over the previous year.
- Capital Expenditure grew by 35% in 2023-24 compared to previous year, driven by higher outlays on Social Services and Economic Services, which together accounted for nearly 90% of total capital expenditure.
- Committed Expenditure increased by 19% from 2019-20 to 2023-24, however, its share in Revenue Expenditure declined from 68% to 59% during the same period.
- Unspent funds (₹550.14 crore remained parked in DDO bank accounts (as of 31-Mar-2024)) and pending Utilization Certificates (2,867 UCs amounting to ₹960.87 crore), weaken expenditure credibility and timeliness of financial reporting.

Revenue Mobilisation

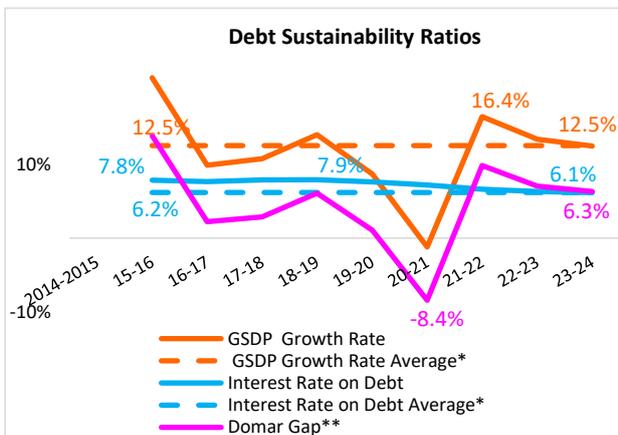
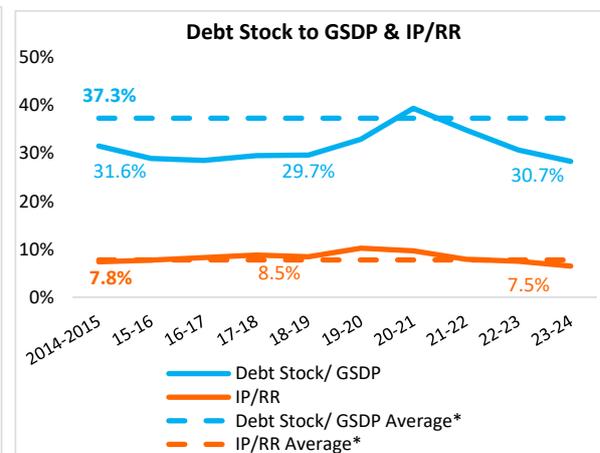
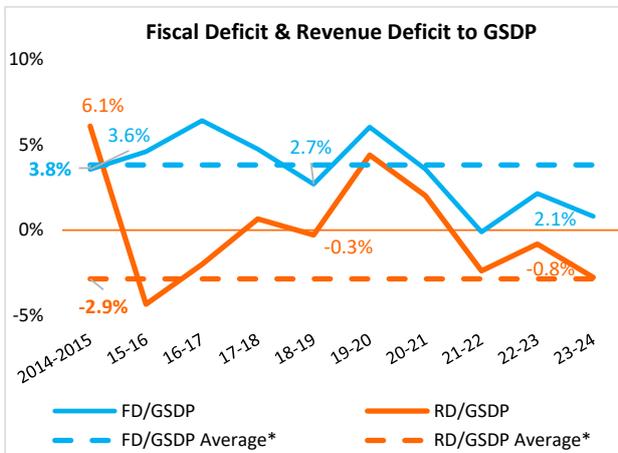
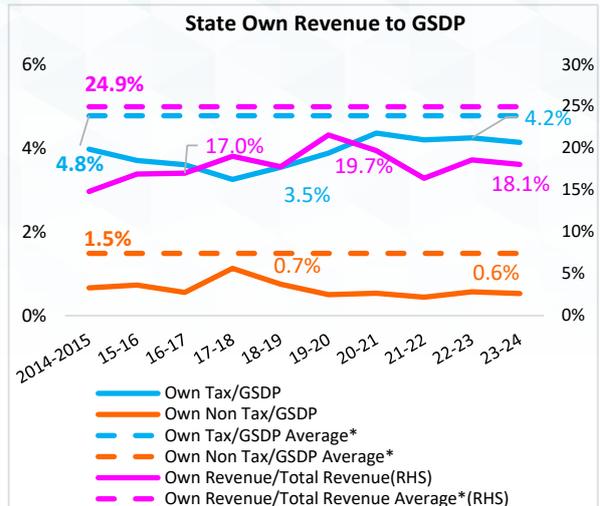
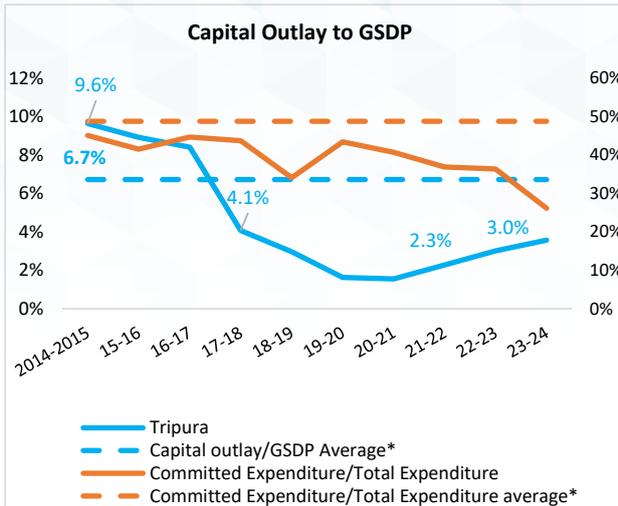
- In 2023-24, the State's Revenue Receipts stood at ₹20,538 crore, registering a growth of 12% over 2022-23. Of the total revenue receipts, tax revenue accounted for about 55%, non-tax revenue 2%, and grants-in-aid 43%.
- The total tax revenue (including share of Union Taxes) increased by 9.57%, the non-tax revenue increased by 4.73% and the grants-in-aid increased by 7.94% as compared to previous year.
- Within tax revenues, Taxes on Income and Expenditure (46%) contributed the largest share, followed by Goods and Services Tax (GST) at 36%.
- The proportion of State's own tax collection in overall tax revenue was 29% and share of Union taxes was 71% during the year 2023-24.

Fiscal Prudence

- The Fiscal Deficit narrowed to ₹638 crore in 2023-24 (0.8% of GSDP) from ₹1,513 crore in 2022-23 (2.14% of GSDP), remaining well within the FRBM limit of 3%.
- The Revenue Account has remained in surplus over the past three years, reflecting with surplus increasing from ₹570 crore in 2022-23 to ₹2,196 crore in 2023-24.

Debt Index & Debt Sustainability

- Total liabilities increased from ₹17,846 crore in 2019-20 to ₹22,507 crore in 2023-24. However, as a percentage of GSDP, they decreased steadily from 32% in 2019-20 to 27% in 2023-24.
- Interest payments constituted 6% of revenue receipts in 2023-24, reflecting an improvement compared to the 8-10% range observed between 2019-20 and 2022-23.



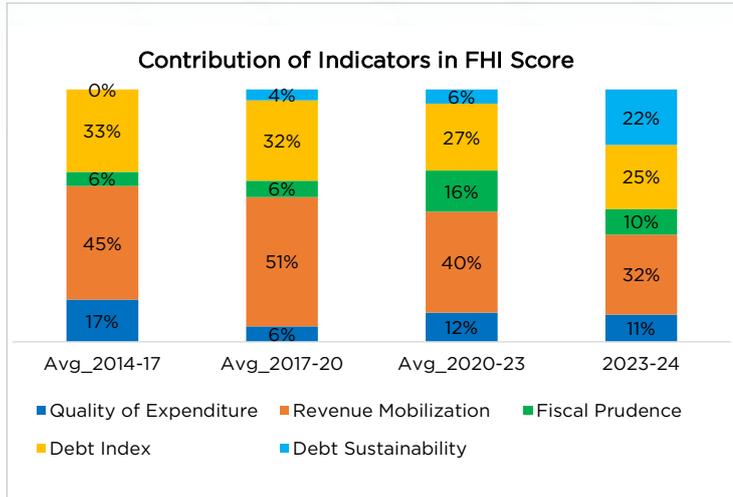
*Average of 10 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.



UTTARAKHAND

Uttarakhand’s fiscal position remains broadly stable, though signs of emerging strain are visible. Revenue receipts have grown more slowly than expenditure, leading to a narrowing revenue surplus. The State continues to rely on central transfers, as its own non-tax revenue base remains relatively limited. Rising committed expenditure on salaries, pensions, and interest payments continues to constrain fiscal flexibility, leaving less room for developmental spending. While capital expenditure rose sharply in 2023–24, its impact has been moderated by delays in project execution and underutilisation of funds. Revenue mobilisation remains concentrated in GST and taxes on income, with modest growth in non-tax revenue. The State’s debt burden, though moderate compared to peers, has increased in absolute terms, and the widening fiscal deficit in 2023–24 marks a reversal after earlier consolidation. Overall, Uttarakhand’s fiscal outlook underscores the need to strengthen revenue diversification and expenditure efficiency to preserve its record of fiscal discipline.



Quality of Expenditure

- In 2023-24, the State’s Revenue Expenditure increased by 8% in 2023-24 as compared to previous year, with Social Services rising by 8.2% and Economic Services by 11.9%. Education and Health accounted for over 28% of total Revenue Expenditure.
- Between 2019-20 and 2023-24, Committed Expenditure increased from ₹21,760 crore to ₹27,558 crore (an increase of 26.65%), though its share in Revenue Expenditure declined from 66% to 58% during the same period.
- Capital Expenditure grew sharply by 34% during the year compared to 2022-23, driven by higher outlays on Social Services and Economic Services, which together accounted for nearly 78% of total capital expenditure.

Revenue Mobilisation

- In 2023-24, the State’s Revenue Receipts increased by 3.1% in 2023-24 over the previous year, led by strong tax performance. Own Tax Revenue grew by 12.5%, while Non-Tax Revenue rose marginally by 1.2% and Grants-in-Aid declined by 15.7%.

- The major contributors of Tax revenue were Goods and Services Tax contributing 38%, Taxes on Income and Expenditure (26%), and Taxes on Commodities and Services (29%).
- Non-Tax Revenue has been on an increasing trend since 2019 due to higher collections from General and Economic Services, with an exception in 2021-22.

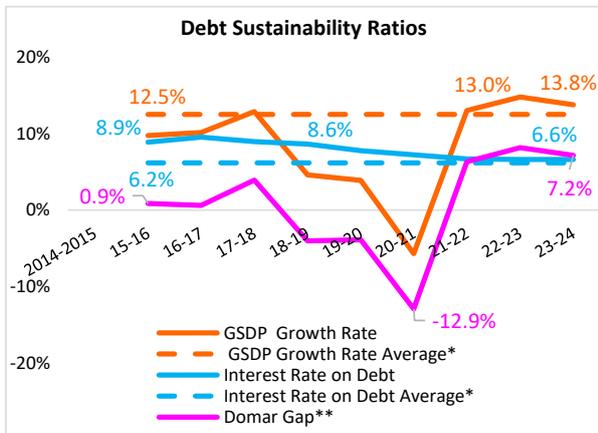
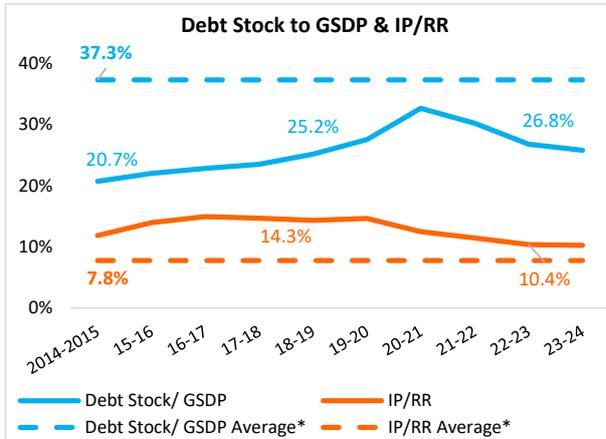
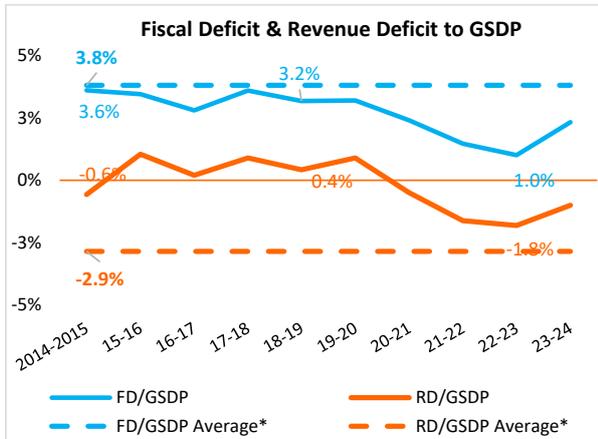
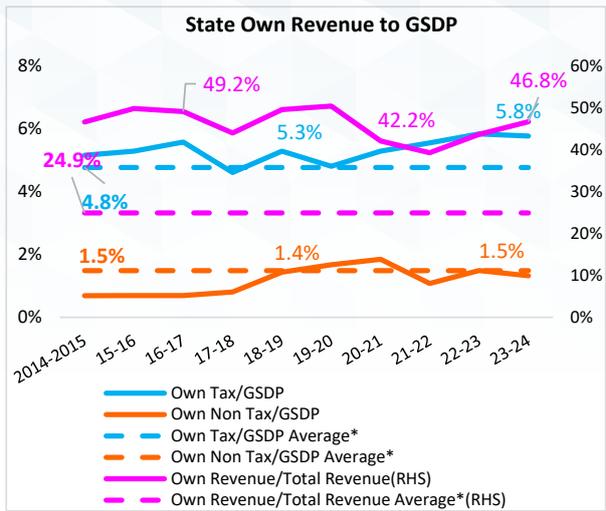
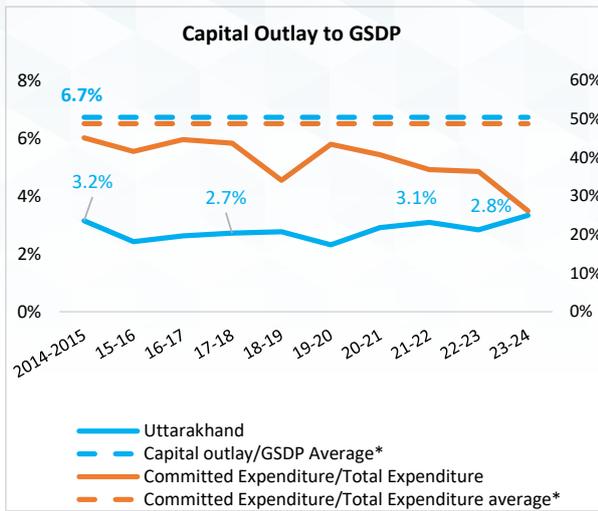
Fiscal Prudence

- The State recorded a Revenue Surplus for the fourth consecutive year, at ₹3,341 crore in 2023-24 (0.97% of GSDP) against ₹5,310 crore in 2022-23.
- Fiscal Deficit widened from ₹2,949 crore (0.97% of GSDP) in 2022-23 to ₹7,749 crore (2.24% of GSDP) in 2023-24, though remaining well within the FRBM limit of 3%. During 2019-20 to 2023-24, Fiscal Deficit declined as a share of GSDP from 3.2% to 2.2%.

Debt Index & Debt Sustainability

- Outstanding debt increased from ₹65,982 crore in 2019-20 to ₹80,266 crore in 2023-24, though its ratio to GSDP declined from 27.6% to 23.2%.
- Interest payments increased from ₹4,504 crore in 2019-20 to ₹5,192 crore in 2023-24, while their ratio to Revenue Receipts declined from 15% to 10%, reflecting an improved debt servicing profile.
- Borrowed funds during 2023-24 were largely directed to productive capital creation, with Capital Outlay forming 38% of total borrowings.

FISCAL HEALTH INDEX



*Average of 10 major states for FY 2023-24

**The Domar gap is the difference between the nominal growth rate of GSDP (or GDP) and the average interest rate or cost of borrowing of the government.

SECTION G

APPENDIX

Table A1. Importance of Central Transfers for NE and Himalayan States

States	201 4-15	201 5-16	201 6-17	201 7-18	201 8-19	201 9-20	2020-21	2021 -22	2022-23	Trendline
Arunachal Pradesh	90%	91 %	89%	91 %	90%	87%	87%	89%	86%	
Assam	69%	70%	67%	68%	62%	66%	69%	71 %	66%	
Himachal Pradesh	55%	64%	67%	65%	66%	67%	69%	67%	65%	
Manipur	91 %	92%	92%	91 %	89%	87%	89%	88%	85%	
Meghalaya	80%	82%	79%	80%	77%	74%	76%	80%	79%	
Mizoram	91 %	90%	89%	89%	87%	87%	84%	84%	79%	
Nagaland	91 %	92%	91 %	91 %	90%	89%	89%	88%	86%	
Sikkim	73%	74%	76%	74%	74%	66%	71 %	73%	69%	
Tripura	85%	83%	83%	81 %	82%	78%	80%	84%	81 %	
Uttarakhand	53%	50%	51 %	56%	50%	50%	58%	61 %	56%	

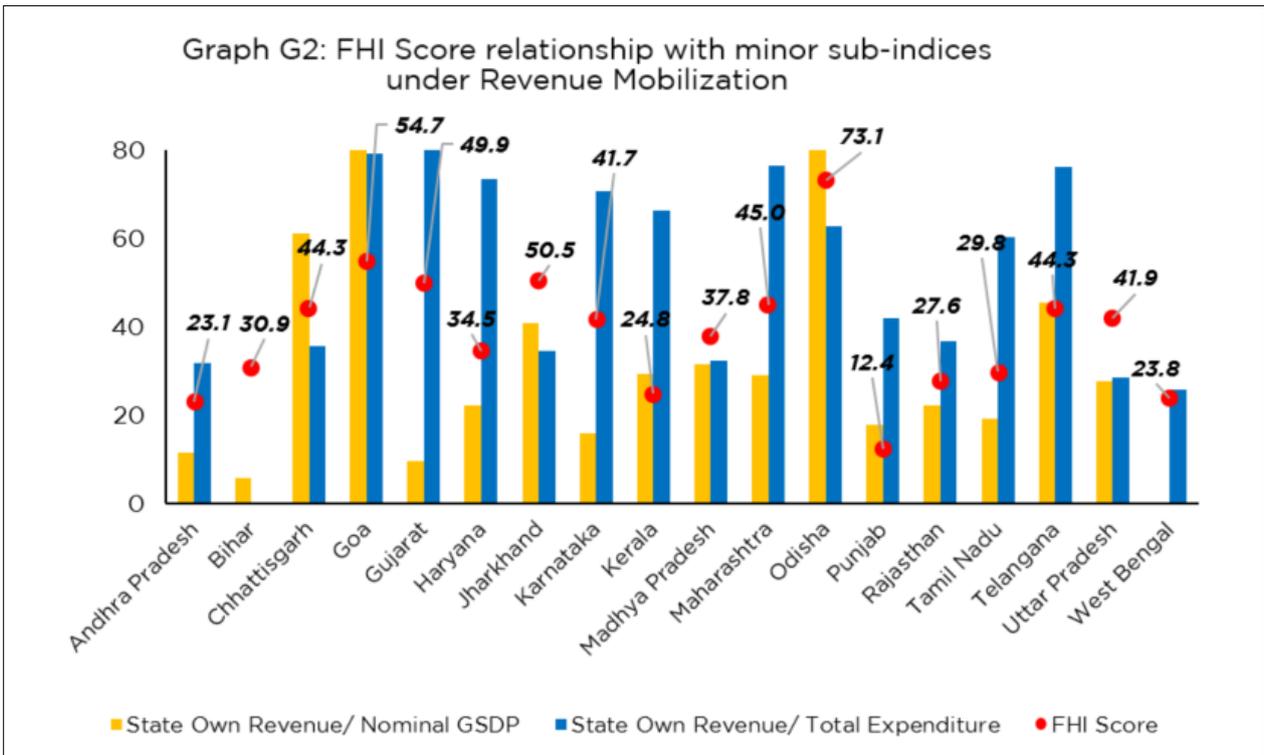
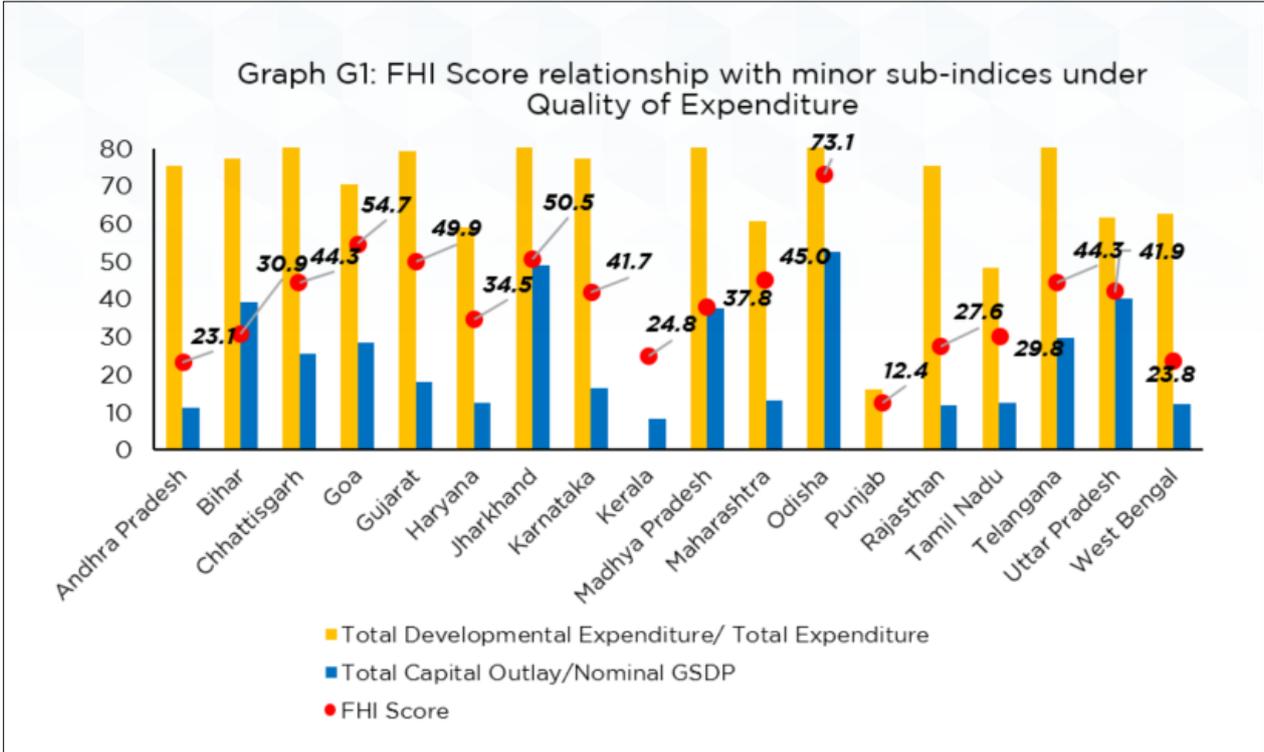
The fiscal landscape of India's North-Eastern and Himalayan states is characterised by a strong reliance on central transfers, which remain their primary revenue source. The composition of this support has evolved since the 14th Finance Commission (2015-16), which raised the states' share of the divisible tax pool from 32% to 42%. While dependence on central transfers remains high, the grants-to-devolution ratio has declined. For centrally sponsored schemes (CSS), these states traditionally followed a 90:10 Centre-State funding pattern, reflecting their developmental constraints; however, in recent years, some schemes have moved to a 60:40 ratio, though most core CSS still retain the 90:10 split.

This trend is evident from the table, which shows that central transfers continue to account for 80-90% of revenue receipts in states such as Arunachal Pradesh, Mizoram, Manipur, and Nagaland, while relatively better-off states like Assam, Sikkim, Himachal Pradesh, and Uttarakhand show lower dependence (60-70%). A slight decline in these shares over time reflects greater tax devolution, grant rationalisation, and efforts toward fiscal self-reliance.

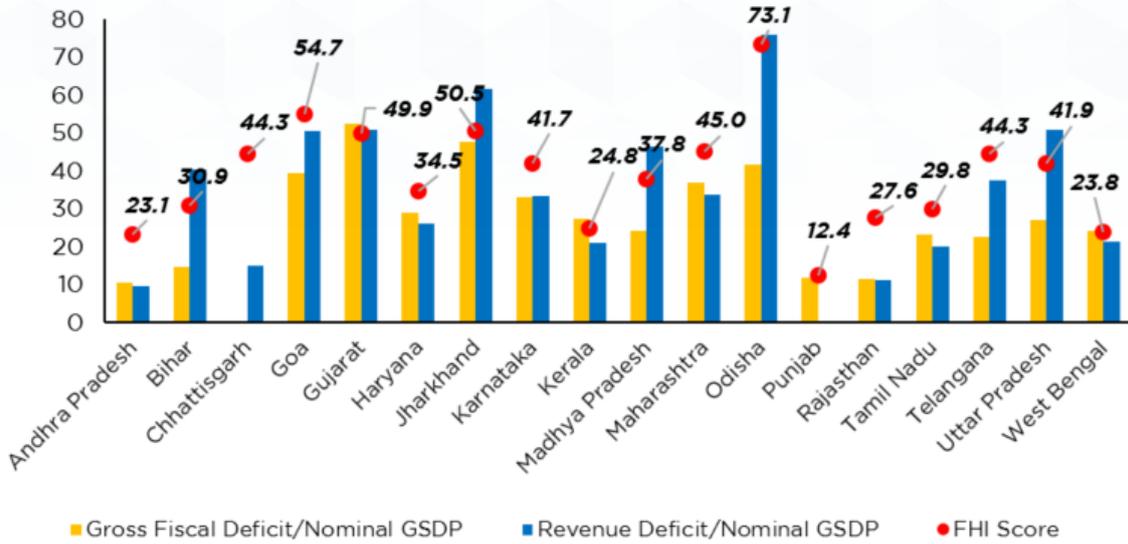
**Table A2. Major States: FHI Rank and Score performance from 2014-15 to 2023-24
(3-year average VS 2023-24)**

Period	2023-24		2020-21 to 2022-23		2017-18 to 2019-20		2014-15 to 2016-17	
States	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank
Odisha	73.1	1	66.4	1	47.8	1	51.8	2
Goa	54.7	2	38.2	6	41.3	5	52.6	1
Jharkhand	50.5	3	41.6	3	37.1	9	36.8	13
Gujarat	49.9	4	39.7	5	40.4	6	46.1	6
Maharashtra	45.0	5	41.0	4	46.2	2	37.7	12
Chhattisgarh	44.3	6	44.5	2	36.5	10	49.2	4
Telangana	44.3	7	34.8	9	40.1	7	45.0	7
Uttar Pradesh	41.9	8	36.3	7	43.2	3	40.5	8
Karnataka	41.7	9	35.5	8	42.9	4	50.7	3
Madhya Pradesh	37.8	10	33.5	10	38.2	8	48.2	5
Haryana	34.5	11	22.6	13	28.4	13	31.9	14
Bihar	30.9	12	23.1	11	34.8	11	38.6	10
Tamil Nadu	29.8	13	23.0	12	31.5	12	40.5	9
Rajasthan	27.6	14	22.2	14	27.2	14	29.0	16
Kerala	24.8	15	17.4	16	23.0	16	30.8	15
West Bengal	23.8	16	15.5	17	22.4	17	22.0	17
Andhra Pradesh	23.1	17	20.7	15	26.5	15	37.9	11
Punjab	12.4	18	7.8	18	14.3	18	19.9	18

Composite FHI Score Relationship with Sub Indicators for 2023-24



Graph G3: FHI Score relationship with minor sub-indices under Fiscal Prudence



Graph G4: FHI Score relationship with minor sub-indices under Debt Index

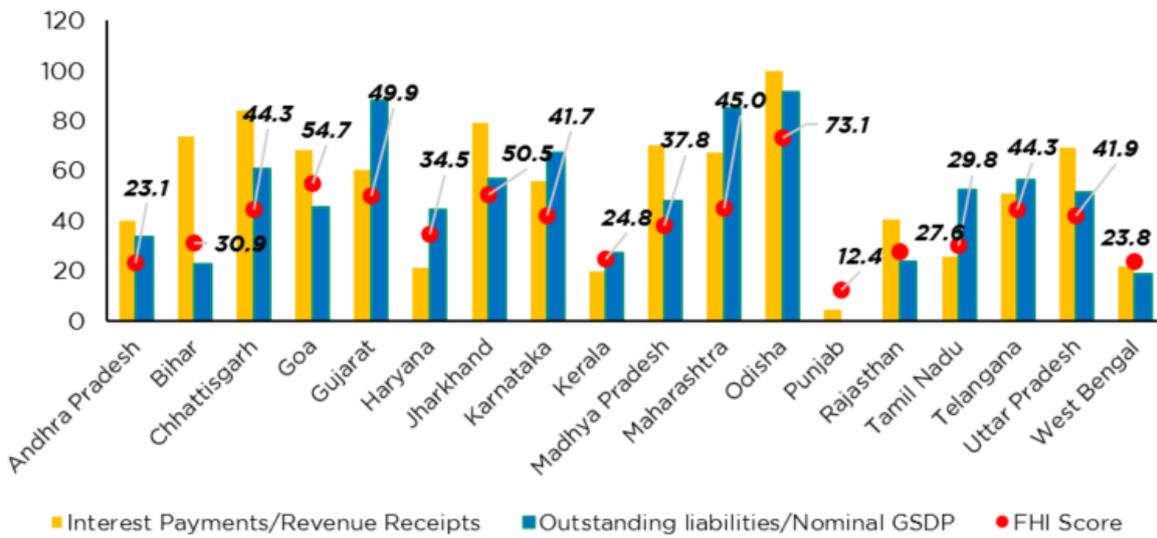


Table A3. FHI composite Score based Categorisation: Major States

FHI Score			
States	Rank	Score	Category
Odisha	1	73.1	Achiever
Goa	2	54.7	Achiever
Jharkhand	3	50.5	Achiever
Gujarat	4	49.9	Front Runner
Maharashtra	5	45.0	Front Runner
Chhattisgarh	6	44.3	Front Runner
Telangana	7	44.3	Front Runner
Uttar Pradesh	8	41.9	Front Runner
Karnataka	9	41.7	Front Runner
Madhya Pradesh	10	37.8	Performer
Haryana	11	34.5	Performer
Bihar	12	30.9	Performer
Tamil Nadu	13	29.8	Performer
Rajasthan	14	27.6	Performer
Kerala	15	24.8	Aspirational
West Bengal	16	23.8	Aspirational
Andhra Pradesh	17	23.1	Aspirational
Punjab	18	12.4	Aspirational

States have been classified on the basis of the FHI score as per below categories. FHI scores have been rounded off to the nearest number for the below classification.

Above 50	Achiever
Greater than 40 & less than equal to 50	Front Runner
Greater than 25 & less than equal to 40	Performer
Less than equal to 25	Aspirational

Table A4. Quality of Expenditure Score based Categorisation: Major States

Quality of Expenditure			
States	Rank	Score	Category
Odisha	1	71.2	Achiever
Jharkhand	2	66.3	Achiever
Madhya Pradesh	3	60.8	Achiever
Chhattisgarh	4	60.8	Achiever
Bihar	5	58.3	Achiever
Telangana	6	57.1	Achiever
Uttar Pradesh	7	50.9	Achiever
Goa	8	49.5	Front Runner
Gujarat	9	48.7	Front Runner
Karnataka	10	46.8	Front Runner
Rajasthan	11	43.7	Front Runner
Andhra Pradesh	12	43.1	Front Runner
West Bengal	13	37.4	Performer
Maharashtra	14	36.9	Performer
Haryana	15	35.8	Performer
Tamil Nadu	16	30.5	Performer
Punjab	17	8.1	Aspirational
Kerala	18	4.1	Aspirational

States have been classified on the basis of the Quality of Expenditure score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 50	Achiever
Greater than 40 & less than equal to 50	Front Runner
Greater than 20 & less than equal to 40	Performer
Less than equal to 20	Aspirational

Table A5. Revenue Mobilisation Score based Categorisation: Major States

Revenue Mobilisation			
States	Rank	Score	Category
Goa	1	80.4	Achiever
Odisha	2	80.3	Achiever
Telangana	3	60.8	Achiever
Maharashtra	4	52.7	Front Runner
Chhattisgarh	5	48.4	Front Runner
Haryana	6	48.0	Front Runner
Kerala	7	47.8	Front Runner
Gujarat	8	44.8	Performer
Karnataka	9	43.2	Performer
Tamil Nadu	10	39.8	Performer
Jharkhand	11	37.6	Performer
Madhya Pradesh	12	32.0	Performer
Punjab	13	29.8	Performer
Rajasthan	14	29.4	Performer
Uttar Pradesh	15	28.1	Performer
Andhra Pradesh	16	21.7	Aspirational
West Bengal	17	12.9	Aspirational
Bihar	18	2.9	Aspirational

States have been classified on the basis of the Revenue Mobilisation score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 60	Achiever
Greater than 45 & less than equal to 60	Front Runner
Greater than 25 & less than equal to 45	Performer
Less than equal to 25	Aspirational

Table A6. Fiscal Prudence Score based Categorisation: Major States

Fiscal Prudence			
States	Rank	Score	Category
Odisha	1	58.7	Achiever
Jharkhand	2	54.4	Achiever
Gujarat	3	51.5	Achiever
Goa	4	45.0	Front Runner
Uttar Pradesh	5	38.8	Performer
Maharashtra	6	35.2	Performer
Madhya Pradesh	7	35.1	Performer
Karnataka	8	33.1	Performer
Telangana	9	30.0	Performer
Bihar	10	27.4	Performer
Haryana	11	27.3	Performer
Kerala	12	24.0	Aspirational
West Bengal	13	22.7	Aspirational
Tamil Nadu	14	21.5	Aspirational
Rajasthan	15	11.3	Aspirational
Andhra Pradesh	16	9.9	Aspirational
Chhattisgarh	17	8.4	Aspirational
Punjab	18	5.9	Aspirational

States have been classified on the basis of the Fiscal Prudence score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 50	Achiever
Greater than 40 & less than equal to 50	Front Runner
Greater than 25 & less than equal to 40	Performer
Less than equal to 25	Aspirational

Table A7. Debt Index Score based Categorisation: Major States

Debt Index			
States	Rank	Score	Category
Odisha	1	95.8	Achiever
Maharashtra	2	76.0	Achiever
Gujarat	3	74.2	Achiever
Chhattisgarh	4	72.5	Achiever
Jharkhand	5	67.9	Achiever
Karnataka	6	61.4	Front Runner
Uttar Pradesh	7	60.2	Front Runner
Madhya Pradesh	8	58.9	Front Runner
Goa	9	56.8	Front Runner
Telangana	10	53.5	Front Runner
Bihar	11	48.0	Front Runner
Tamil Nadu	12	39.1	Performer
Andhra Pradesh	13	36.6	Performer
Haryana	14	32.8	Performer
Rajasthan	15	32.1	Performer
Kerala	16	23.3	Aspirational
West Bengal	17	20.1	Aspirational
Punjab	18	2.1	Aspirational

States have been classified on the basis of the Debt Index score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 65	Achiever
Greater than 45 & less than equal to 65	Front Runner
Greater than 25 & less than equal to 45	Performer
Less than equal to 25	Aspirational

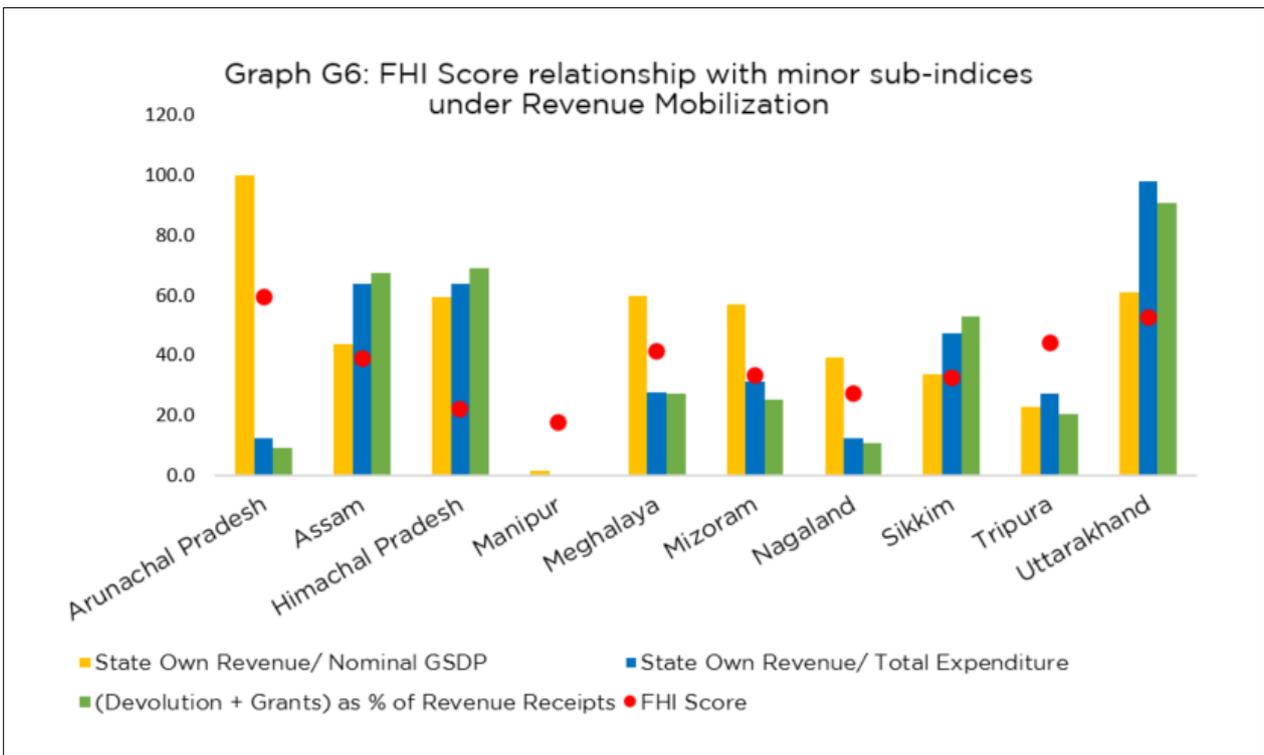
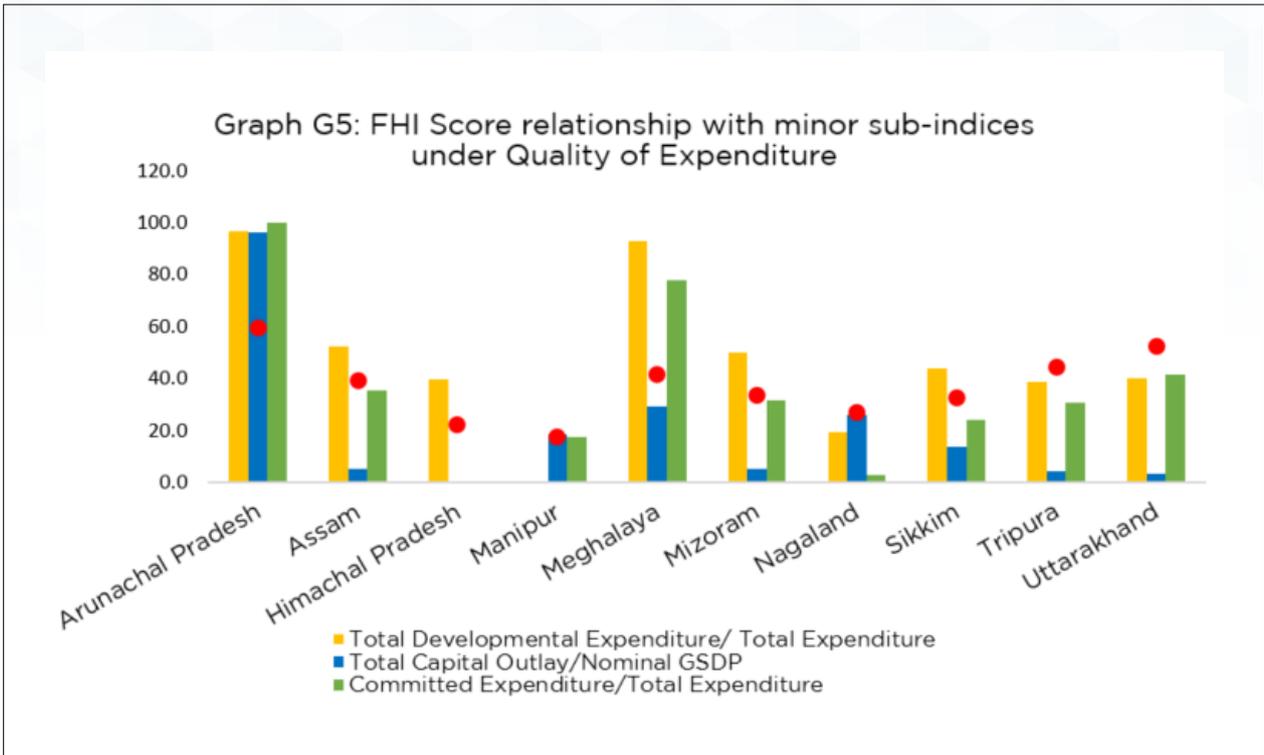
Table A8. Major States: FHI Rank performance from 2014-15 to 2023-24

States	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	Avg 2014-15 to 2016-17	Avg 2017-18 to 2019-20	Avg 2020-21 to 2022-2023
Odisha	1	1	1	1	2	2	2	3	2	2	2	1	1
Goa	2	3	9	7	7	9	1	1	1	1	1	5	6
Jharkhand	3	4	3	9	9	5	10	10	13	11	13	9	3
Gujarat	4	5	5	6	5	6	4	7	5	7	6	6	5
Maharashtra	5	6	4	3	3	1	6	12	12	12	12	2	4
Chhattisgarh	6	2	2	2	12	3	7	2	6	9	4	10	2
Telangana	7	8	8	10	8	7	8	5	9	4	7	7	9
Uttar Pradesh	8	7	7	5	1	10	9	11	8	8	8	3	7
Karnataka	9	10	6	4	4	4	3	4	3	6	3	4	8
Madhya Pradesh	10	9	10	8	6	8	12	6	4	5	5	8	10
Haryana	11	14	12	15	14	14	11	15	14	15	14	13	13
Bihar	12	13	14	12	11	11	5	9	11	14	10	11	11
Tamil Nadu	13	11	15	11	10	12	14	8	10	10	9	12	12
Rajasthan	14	12	13	14	13	16	13	17	15	13	16	14	14
Kerala	15	15	17	16	16	17	15	13	16	16	15	16	16
West Bengal	16	16	16	17	17	15	17	16	18	18	17	17	17
Andhra Pradesh	17	17	11	13	15	13	16	14	7	3	11	15	15
Punjab	18	18	18	18	18	18	18	18	17	17	18	18	18

**Table A9. NE/Himalayan States: FHI Rank and Score performance from 2014-15 to 2023-24
(3 year average VS 2023-24)**

Period	2023-24		2020-21 to 2022-23		2017-18 to 2019-20		2014-15 to 2016-17	
	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank	FHI Score	Rank
Arunachal Pradesh	59.5	1	43.4	1	37.6	2	42.3	1
Uttarakhand	52.5	2	35.7	2	28.9	5	33.6	5
Tripura	44.1	3	20.2	8	13.4	9	26.7	8
Meghalaya	41.5	4	28.0	4	28.9	6	34.0	4
Assam	39.1	5	30.6	3	38.2	1	39.8	2
Mizoram	33.4	6	24.0	6	34.5	3	31.0	6
Sikkim	32.5	7	25.7	5	29.8	4	37.5	3
Nagaland	27.1	8	11.7	10	10.6	10	11.6	10
Himachal Pradesh	22.0	9	21.8	7	24.6	7	29.0	7
Manipur	17.6	10	18.9	9	18.6	8	17.2	9

Composite FHI Score Relationship with Sub Indicators for 2023-24



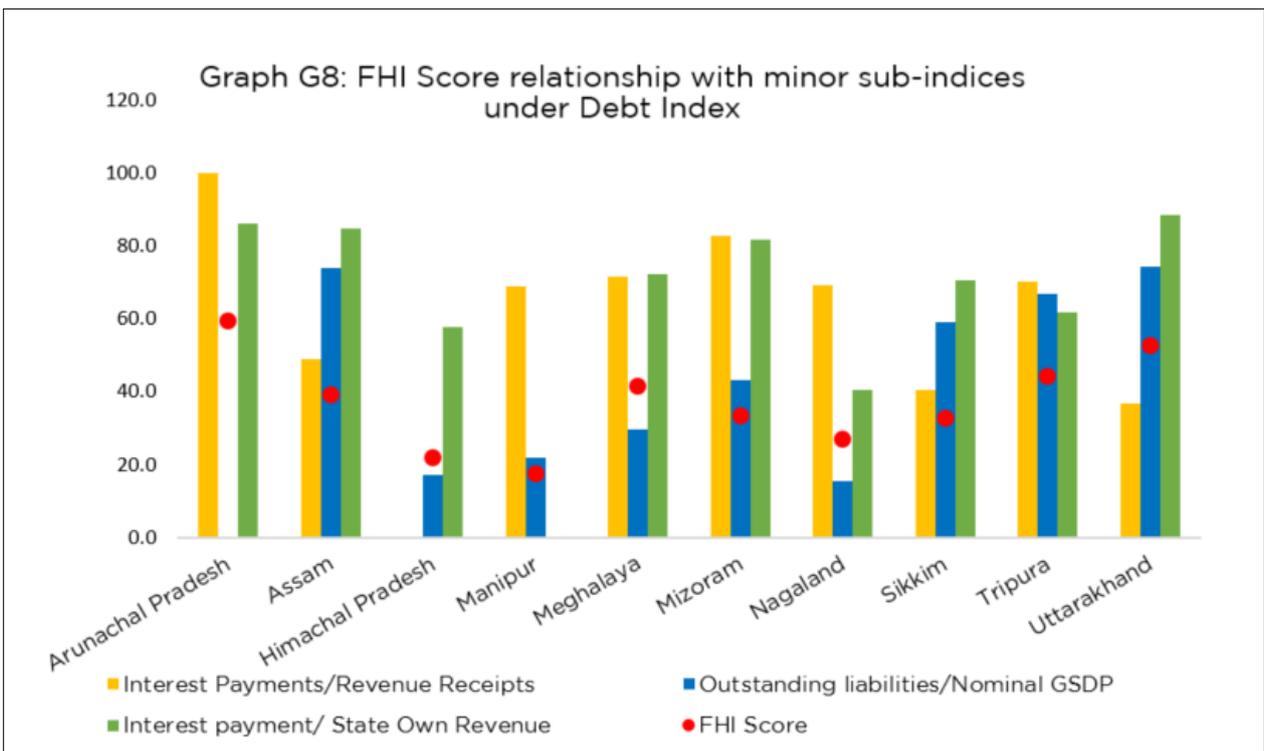
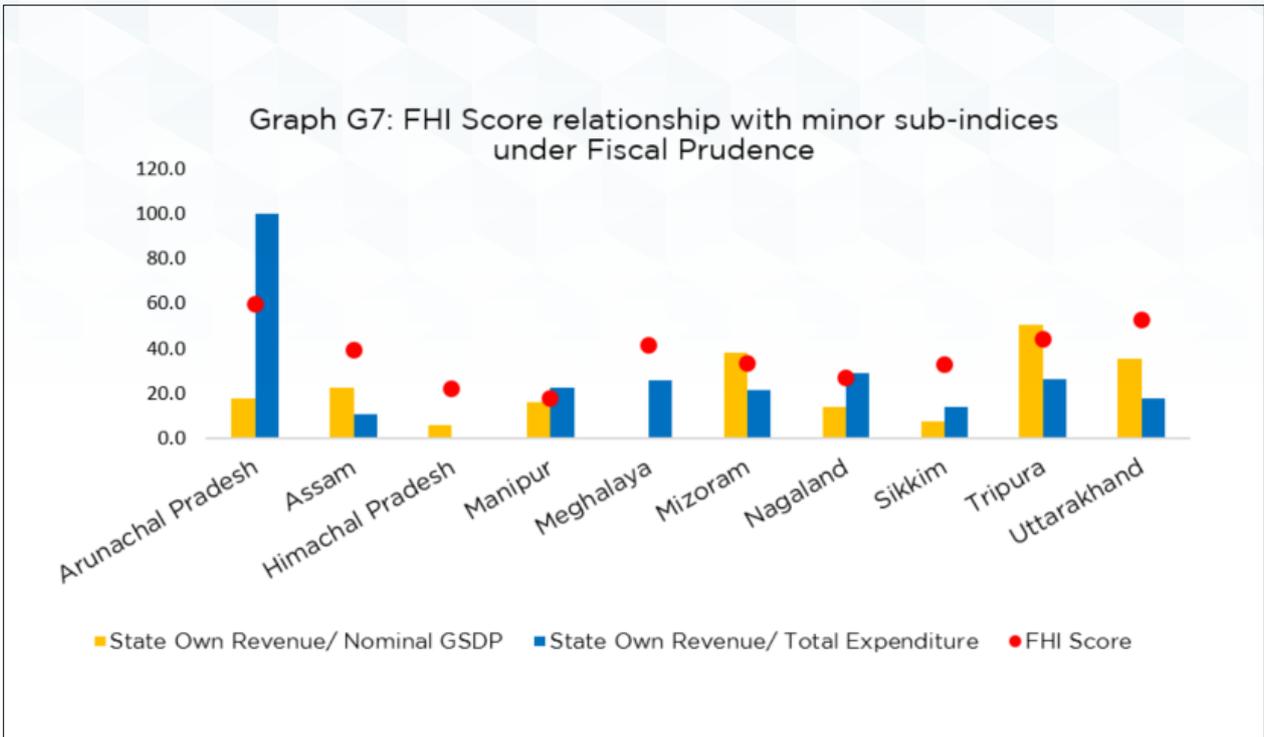


Table A10. FHI Score based Categorisation: NE/Himalayan States

FHI Score			
States	Score	Rank	Category
Arunachal Pradesh	1	59.3	Achiever
Uttarakhand	2	52.4	Achiever
Tripura	3	43.9	Performer
Meghalaya	4	41.2	Performer
Assam	5	38.8	Performer
Mizoram	6	33.1	Performer
Sikkim	7	32.2	Performer
Nagaland	8	26.8	Aspirational
Himachal Pradesh	9	21.7	Aspirational
Manipur	10	17.3	Aspirational

States have been classified on the basis of the FHI score as per below categories. FHI scores have been rounded off to the nearest number for the below classification.

Above 50	Achiever
Greater than 30 & less than equal to 50	Performer
Less than equal to 30	Aspirational

Table A11. Quality of Expenditure Score based Categorisation: NE/Himalayan States

Quality of Expenditure			
States	Rank	Score	Category
Arunachal Pradesh	1	97.6	Achiever
Meghalaya	2	66.6	Achiever
Assam	3	30.9	Performer
Mizoram	4	28.9	Performer
Uttarakhand	5	28.2	Performer
Sikkim	6	27.3	Performer
Tripura	7	24.6	Aspirational
Nagaland	8	15.8	Aspirational
Himachal Pradesh	9	13.2	Aspirational
Manipur	10	11.8	Aspirational

States have been classified on the basis of the Quality of Expenditure score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 50	Achiever
Greater than 25 & less than equal to 50	Performer
Less than equal to 25	Aspirational

Table A12. Revenue Mobilisation Score based Categorisation: NE/Himalayan States

Revenue Mobilisation			
States	Rank	Score	Category
Uttarakhand	1	83.3	Achiever
Himachal Pradesh	2	64.2	Achiever
Assam	3	58.3	Achiever
Sikkim	4	44.8	Performer
Arunachal Pradesh	5	40.6	Performer
Meghalaya	6	38.2	Performer
Mizoram	7	37.8	Performer
Tripura	8	23.5	Aspirational
Nagaland	9	20.8	Aspirational
Manipur	10	0.5	Aspirational

States have been classified on the basis of the Revenue Mobilisation score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 50	Achiever
Greater than 25 & less than equal to 50	Performer
Less than equal to 25	Aspirational

Table A13. Fiscal Prudence Score based Categorisation: NE/Himalayan States

Fiscal Prudence			
States	Rank	Score	Category
Arunachal Pradesh	1	59.0	Achiever
Tripura	2	38.5	Performer
Mizoram	3	29.9	Performer
Uttarakhand	4	26.6	Performer
Nagaland	5	21.7	Performer
Manipur	6	19.4	Aspirational
Assam	7	16.4	Aspirational
Meghalaya	8	12.8	Aspirational
Sikkim	9	10.8	Aspirational
Himachal Pradesh	10	3.0	Aspirational

States have been classified on the basis of the Fiscal Prudence score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 50	Achiever
Greater than 20 & less than equal to 50	Performer
Less than equal to 20	Aspirational

Table A14. Debt Index Score based Categorisation: NE/Himalayan States

Debt Index			
States	Rank	Score	Category
Assam	1	69.2	Achiever
Mizoram	2	69.1	Achiever
Uttarakhand	3	66.5	Achiever
Tripura	4	66.2	Achiever
Arunachal Pradesh	5	62.0	Achiever
Meghalaya	6	57.8	Performer
Sikkim	7	56.5	Performer
Nagaland	8	41.7	Performer
Manipur	9	30.3	Aspirational
Himachal Pradesh	10	24.9	Aspirational

States have been classified on the basis of the Fiscal Prudence score as per below categories.

The scores have been rounded off to the nearest number for the below classification.

Above 60	Achiever
Greater than 40 & less than equal to 60	Performer
Less than equal to 40	Aspirational

Table A16. NE/Himalayan States: Rank Performance from 2014-15 to 2023-24

States	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	Avg 2014-15 to 2016-17	Avg 2017-18 to 2019-20	Avg 2020-21 to 2022-23
Arunachal Pradesh	1	1	1	1	3	1	4	1	4	1	1	2	1
Uttarakhand	2	2	3	2	4	7	7	7	7	3	5	5	2
Tripura	3	6	8	8	10	9	10	8	3	7	8	9	8
Meghalaya	4	5	4	5	5	6	5	4	6	8	4	6	4
Assam	5	3	5	3	2	2	3	3	1	4	2	1	3
Mizoram	6	4	7	7	1	3	2	2	8	5	6	3	6
Sikkim	7	7	9	4	7	4	1	5	2	2	3	4	5
Nagaland	8	10	10	9	8	10	9	10	10	10	10	10	10
Himachal Pradesh	9	8	6	6	6	5	8	6	5	6	7	7	7
Manipur	10	9	2	10	9	8	6	9	9	9	9	8	9

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