

# CONTENTS

	<i>Page No.</i>
<b>Foreword</b>	
<b>List of Abbreviations .....</b>	<b>vi</b>
<b>Chapter I: Overview .....</b>	<b>1</b>
<b>Chapter II: Fiscal Position of the State Governments.....</b>	<b>3</b>
1.    Introduction.....	3
2.    Key Fiscal Indicators .....	3
3.    Receipts.....	4
4.    Expenditure .....	9
5.    Actual Outcome in 2025-26 So far and Outlook.....	14
6.    Financing GFD and Market Borrowings by State Governments and UTs .....	16
7.    Outstanding Liabilities .....	20
8.    Conclusion.....	23
Annex II.1: States' Expenditure on Research and Development (R&D).....	24
<b>Chapter III: Demographic Transition in India – Implications for State Finances.....</b>	<b>29</b>
1.    Introduction .....	29
2.    Demographic Transition in India.....	29
3.    Demographic Profile of Indian States .....	31
4.    Fiscal Implications of Demographic Changes .....	34
5.    Policy Options.....	41
6.    Conclusion.....	48
Annex III.1: State-wise Policy Initiatives to Address Demographic Needs .....	49
<b>Chapter IV: The Way Forward.....</b>	<b>55</b>
<b>References .....</b>	<b>58</b>
<b>Explanatory Note on Data Sources and Methodology.....</b>	<b>60</b>

## LIST OF BOXES

II.1	Stamp Duty and Registration Fees: Revenue Efficiency across States .....	7
II.2	Evolution of States' Fiscal Priorities: Text Mining of Budget Speeches .....	11
III.1	Leveraging Demographic Dividend: Insights from East Asia.....	44
III.2	Demographic Criteria in Finance Commission Awards - An Evolving Framework .....	47

## LIST OF TABLES

II.1	Major Deficit Indicators - All States and Union Territories with Legislature.....	4
II.2	Aggregate Receipts of State Governments and UTs.....	5
II.3	Expenditure Pattern of State Governments and UTs.....	9
II.4	Changes in Gross Market Borrowings across Major States .....	17
II.5	Market Borrowings of State Governments.....	17
II.6	Maturity Profile of Outstanding State Government Securities .....	18
II.7	State Governments' Investments in Treasury Bills .....	19
II.8	Investment in CSF/GRF by State Governments and UTs .....	20
II.9	Outstanding Liabilities of State Governments and UTs .....	21
II.10	Composition of Outstanding Liabilities of State Governments and UTs .....	21
II.11	Guarantees Issued by State Governments .....	22
III.1	Total Fertility Rate and Life Expectancy of States/UTs .....	31
III.2	State-wise Share of Population Above 60 Years of Age .....	32
III.3	State-wise Share of Working Age Population 2026- 2036.....	33
III.4	Revenue Indicators for States .....	35
III.5	Revenue Indicators of States by Demography .....	35
III.6	Key Social Sector Expenditure Components .....	35
III.7	State-wise Old-Age Dependency Ratio .....	43

## LIST OF CHARTS

II.1	States' Gross Fiscal Deficit.....	4
II.2	States' GFD-GSDP Ratios in 2025-26 (BE) .....	5
II.3	Declining Components of Grants-in-Aid to States .....	6

	<i>Page No.</i>
II.4 States' Own Tax Revenues.....	6
II.5 Components of States' Revenue Expenditure .....	10
II.6 States' Social Sector Expenditure .....	10
II.7 Major Components of Capital Outlay.....	11
II.8 Indicators of States' Composition of Expenditure.....	13
II.9 Number of States Implementing Reforms under the Special Assistance Scheme during 2024-25 .....	14
II.10 Research and Development Expenditure - Component-wise .....	14
II.11 Revenue Receipts of States during April-November .....	15
II.12 Growth in States' Revenue and Capital Expenditure .....	15
II.13 States' Gross Market Borrowings .....	16
II.14 States' Gross Market Borrowings: H1 .....	17
II.15 Maturity Profile of Outstanding State Government Securities at end-March.....	18
II.16 Movement of SGS Yield and Spread.....	19
II.17 Indicators of States' Debt Sustainability .....	22
II.18 Gross Fiscal Deficit of States and 50-year Interest- Free Loans .....	22
III.1 Changing Demographic Patterns - India .....	30
III.2 Demographic Shifts - State-wise .....	33
III.3 States' Expenditure on Key Social Sector Components.....	36
III.4 Average Share of Social Sector Expenditure Components (Youthful States) .....	37
III.5 Quality of States' Expenditure Across Demographic Group .....	38
III.6 Average Share of Social Sector Expenditure Components (Intermediate States) .....	38
III.7 Average Share of Social Sector Expenditure Components (Ageing States) .....	39
III.8 Indicators of States' Debt Burden.....	41

#### **LIST OF APPENDIX TABLES FOR STATES' BUDGETS 2025-26**

1. Major Deficit Indicators of State Governments .....	65
2. Devolution and Transfer of Resources from the Centre .....	66
3. Development and Non-Development Expenditure: Aggregate.....	69
4. Development Expenditure - Major Heads.....	70

	<i>Page No.</i>
5. Non-Development Expenditure - Major Heads.....	71
6. Development and Non-Development Expenditure .....	72
7. Composition of Social Sector Expenditure .....	73
8. Decomposition of Gross Fiscal Deficit.....	75
9. Financing of Gross Fiscal Deficit.....	76
10. Financing of Gross Fiscal Deficit - As per cent of Total .....	77
11. Composition of Outstanding Liabilities of State Governments and UTs .....	78
12. Composition of Outstanding Liabilities of State Governments and UTs - As per cent of Total .....	79
13. State Government Market Borrowings .....	80

## **LIST OF STATEMENTS AND APPENDICES FOR STATES' BUDGETS 2025-26**

### **LIST OF STATEMENTS**

1. Major Fiscal Indicators.....	85
2. Revenue Deficit/Surplus.....	87
3. Gross Fiscal Deficit/Surplus .....	88
4. Decomposition of Gross Fiscal Deficit.....	89
5. Financing of Gross Fiscal Deficit – 2023-24 (Accounts).....	90
6. Financing of Gross Fiscal Deficit – As per cent of Total – 2023-24 (Accounts) .....	91
7. Financing of Gross Fiscal Deficit – 2024-25 (Revised Estimates).....	92
8. Financing of Gross Fiscal Deficit – As per cent of Total – 2024-25 (Revised Estimates) .....	93
9. Financing of Gross Fiscal Deficit – 2025-26 (Budget Estimates) .....	94
10. Financing of Gross Fiscal Deficit – As per cent of Total 2025-26 (Budget Estimates)....	95
11. Development Expenditure .....	96
12. Non-Development Expenditure .....	97
13. Interest Payments.....	98
14. Tax Revenue.....	99
15. Non-Tax Revenue.....	100
16. Loans from the Centre.....	101

	<i>Page No.</i>
17. Devolution and Transfer of Resources from the Centre .....	102
18. Composition of Outstanding Liabilities .....	103
19. Total Outstanding Liabilities of State Governments.....	106
20. Total Outstanding Liabilities - As per cent of GSDP .....	107
21. Market Borrowings of State Governments.....	108
22. State Government Market Loans.....	109
23. Maturity Profile of Outstanding State Government Securities .....	157
24. Maturity Profile of Outstanding State Government Securities - As Per cent of Total.....	158
25. Investment Outstanding in Treasury Bills .....	159
26. Expenditure on Education - As per cent of Aggregate Expenditure .....	160
27. Expenditure on Medical and Public Health and Family Welfare - As per cent of Aggregate Expenditure .....	161
28. Outstanding Guarantees of State Governments .....	162
29. Expenditure on Wages and Salaries .....	163
30. Expenditure on Operations and Maintenance .....	164
31. Social Sector Expenditure .....	165
32. Social Sector Expenditure as per cent of Total Disbursement.....	166
33. Revenue Receipts of State Governments and UTs.....	167
34. Revenue Expenditure of State Governments and UTs.....	168
35. Development Expenditure: Select Indicators.....	169
36. Subsidies.....	170
37. States' Expenditure on Medical and Public Health, Family Welfare and Water Supply and Sanitation.....	171

## **APPENDICES**

I. Revenue Receipts of States and Union Territories with Legislature.....	175
II. Revenue Expenditure of States and Union Territories with Legislature.....	209
III. Capital Receipts of States and Union Territories with Legislature .....	243
IV. Capital Expenditure of States and Union Territories with Legislature.....	261
<b>NOTE TO APPENDICES .....</b>	<b>311</b>