

Jammu and Kashmir Budget Analysis 2026-27

The Chief Minister of Jammu and Kashmir, Mr. Omar Abdullah, presented the budget for the financial year 2026-27 on February 6, 2026. The figures for this analysis have primarily been taken from the Budget at a Glance document as the annual financial statement is not available online.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Jammu and Kashmir for 2026-27 (at current prices) is estimated to be Rs 3,15,822 crore, amounting to a growth of 9.5% over the revised estimates of 2025-26.
- **Expenditure (excluding debt repayment)** in 2026-27 is estimated to be Rs 1,05,958 crore, roughly same as the revised estimate for 2025-26 (Rs 1,05,235 crore). In addition, debt of Rs 7,809 crore will be repaid by the state in 2026-27.
- **Receipts (excluding borrowings)** for 2026-27 are estimated to be Rs 91,273 crore, roughly same as the revised estimate for 2025-26 (Rs 91,151 crore).
- **Revenue surplus** in 2026-27 is estimated to be 3% of GSDP (Rs 9,378 crore), higher than the revised estimate for 2025-26 (2.8% of GSDP).
- **Fiscal deficit** for 2026-27 is targeted at 4.6% of GSDP (Rs 14,685 crore). In 2025-26, as per the revised estimates, fiscal deficit is expected to be 4.9% of GSDP, higher than the budgeted (3% of GSDP).

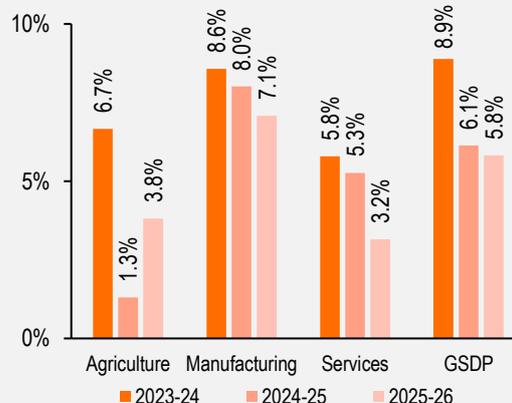
Policy Highlights

- **Crop insurance:** The Restructured Weather Based Insurance Scheme (RWBIS) will be implemented in Jammu and Kashmir for the following: (i) apple (traditional and high-density varieties), (ii) saffron (Kashmir Division), and (iii) mango, litchi, and saffron (Jammu Division). The total sum insured under the scheme will be Rs 6,595 crore.
- **Schemes for Antyodaya Anna Yojana (AAY) families:** Students belonging to AAY families will receive a full fee waiver in: (i) government schools (classes IX to XII), and (ii) government degree colleges. This will apply to those who are not covered under any other education scholarship scheme. Six free cylinders will be provided to all AAY families per year.
- **Upgradation of Anganwadi centres:** 1,000 Anganwadi centres will be upgraded to modern Bal Vidyalayas, at a cost of Rs 72,000 per centre.
- **Support to orphans:** Direct benefit transfer of Rs 4,000 per month will be provided to 6,000 orphans, to support education, nutrition, healthcare, and basic living needs.
- **Free transport for disabled persons:** All persons with disabilities will be granted free ridership on government-owned public transport.

Jammu and Kashmir's Economy

- **GSDP:** In 2025-26, Jammu and Kashmir's GSDP (at constant prices) is estimated to grow by 5.8% over the previous year. In comparison, India's GDP is estimated to grow by 7.4% in 2025-26 over the previous year.
- **Sectors:** In 2025-26, agriculture, manufacturing, and services sectors are estimated to contribute 20%, 19%, and 61% to Jammu and Kashmir's economy, respectively (at current prices).
- **Per capita GSDP:** In 2025-26, Jammu and Kashmir's per capita GSDP (at current prices) is estimated to be Rs 2,06,189. This is 8% higher than 2024-25. In 2025-26, India's per capita GDP is estimated to be Rs 2,51,393, an increase of 7% over the previous year.

Figure 1: Growth in Jammu and Kashmir's GSDP at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation. Sources: MoSPI; PRS.

Budget Estimates for 2026-27

- **Total expenditure (excluding debt repayment)** in 2026-27 is targeted at Rs 1,05,958 crore, roughly same as the revised estimate for 2025-26 (Rs 1,05,235 crore). This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 91,273 crore and net borrowings of Rs 12,264 crore. Total receipts for 2026-27 (excluding borrowings) are estimated to be roughly same as the revised estimate for 2025-26 (Rs 91,151 crore).
- The state estimates a **revenue surplus** of 3% of GSDP (Rs 9,378 crore) in 2026-27, as compared to a revenue surplus of 2.8% of GSDP in 2025-26 as per the revised estimates (Rs 7,991 crore).
- **Fiscal deficit** for 2026-27 is targeted at 4.6% of GSDP (Rs 14,685 crore), lower than the revised estimates for 2025-26 (4.9% of GSDP). In 2025-26, fiscal deficit is estimated to be higher than budgeted (3% of GSDP).

Table 1: Budget 2026-27 - Key figures (in Rs crore)

Items	2024-25 Pre-Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
Total Expenditure	92,191	1,12,310	1,11,376	-1%	1,13,767	2%
(-) Repayment of debt	6,761	5,669	6,141	8%	7,809	27%
Net Expenditure (E)	85,430	1,06,641	1,05,235	-1%	1,05,958	1%
Total Receipts**	92,262	1,12,310	1,09,231	-3%	1,11,346	2%
(-) Borrowings	17,537	14,265	18,080	27%	20,073	11%
of which central capex loans*	0	0	3,587	-	3,000	-16%
Net Receipts (R)	74,725	98,045	91,151	-7%	91,273	0.1%
Fiscal Deficit (E-R) *	10,705	8,596	14,084	64%	14,685	4%
as % of GSDP	4%	3%	4.9%		4.6%	
Revenue Surplus	3,929	18,279	7,991	-56%	9,378	17%
as % of GSDP	1.5%	6.3%	2.8%		3%	
Primary Deficit	-170	-2,922	2,412	-183%	2,402	-0.4%
as % of GSDP	-0.1%	-1%	0.8%		0.8%	
GSDP	2,62,358	2,88,422	2,88,422	0%	3,15,822	9.5%

Note: BE is Budget Estimates; RE is Revised Estimates. *Fiscal deficit may not match with the budget at a glance document, as the document treats SASCI loans (50-year interest-free loans for capital expenditure) as grants. Union Territories were not provided loans under this scheme until 2024-25. **Total receipts may not match with the budget at a glance document, as the document also includes receipts in the public account such as provident funds. The document has reported receipt and expenditure after excluding short-term advances and overdraft.

Sources: Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

Expenditure in 2026-27

- **Revenue expenditure** for 2026-27 is proposed to be Rs 80,640 crore, marginally lower than the revised estimate for 2025-26 (Rs 80,839 crore). This includes the expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2026-27 is proposed to be Rs 25,236 crore, an increase of 4% over the revised estimate for 2025-26. Capital outlay indicates the expenditure towards creation of assets.
- In 2025-26, capital outlay is estimated to be 10% lower than the budget estimate for the year.

Scheme for Special Assistance to States for Capital Investment

To facilitate higher capital outlay by states, the central government introduced the Scheme for Special Assistance to States for Capital Investment (SASCI) in 2020-21. Under this, the central government provides 50-year interest-free loans to states for capital expenditure. The scheme was modified to also provide loans to Union Territories with Legislature since 2025-26.

In 2025-26, the Jammu and Kashmir government has estimated a receipt of Rs 3,587 crore under this scheme. As per the Union Ministry of Finance, Rs 1,642 crore has been released till January 27, 2026 under this scheme to Jammu and Kashmir. In 2026-27, Rs 3,000 crore is estimated to be received as SASCI loans, 16% lower than the revised estimate for 2025-26.

Source: Unstarred Question No. 445, Lok Sabha, Ministry of Finance, February 2, 2026; Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

Table 2: Expenditure budget 2026-27 (in Rs crore)

Items	2024-25 Pre-Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
Revenue Expenditure	70,472	79,703	80,839	1%	80,640	-0.2%
Capital Outlay	14,943	26,909	24,308	-10%	25,236	4%
Loans given by the state	15	29	88	202%	82	-6%
Net Expenditure	85,430	1,06,641	1,05,235	-1%	1,05,958	1%

Sources: Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pension, and interest. A larger proportion of the budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities, such as capital outlay. In 2026-27, Jammu and Kashmir is estimated to spend Rs 52,743 crore on committed expenditure, which is 59% of its estimated revenue receipts. This comprises spending on salaries (27% of revenue receipts), pension (18%), and interest payments (14%). In 2024-25, as per the pre-actual figures, 66% of revenue receipts were spent on committed expenditure items.

Table 3: Committed Expenditure in 2026-27 (in Rs crore)

Head	2024-25 Pre-Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
Salaries	23,100	23,894	24,938	4%	24,683	-1%
Pension	14,805	15,300	16,011	5%	15,777	-1%
Interest payment	10,875	11,518	11,672	1%	12,283	5%
Total	48,780	50,712	52,621	4%	52,743	0%

Sources: Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

Receipts in 2026-27

- **Total revenue receipts** for 2026-27 are estimated to be Rs 90,018 crore, an increase of 1% over the revised estimate of 2025-26. Of this, Rs 31,800 crore (35%) will be raised by the state through its **own resources**, and Rs 58,218 crore (65%) will be in the form of grants-in-aid from the Centre. Grants from the Centre in 2026-27 are estimated to increase by 4% over the revised estimate for 2025-26.
- **State's own tax revenue:** Jammu and Kashmir's total own tax revenue is estimated to be Rs 20,700 crore in 2026-27, an increase of 1% over the revised estimate of 2025-26. Own tax revenue as a percentage of GSDP is estimated at 6.6% in 2026-27, lower than the revised estimate for 2025-26 (7.1%). As per the pre-actual figures for 2024-25, own tax revenue as a percentage of GSDP was 5%.

Table 4: Break-up of the state government's receipts (in Rs crore)

Items	2024-25 Pre-Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
State's Own Tax	14,249	21,550	20,590	-4%	20,700	1%
State's Own Non-Tax	6,872	10,355	12,104	17%	11,100	-8%
Grants from Centre	53,280	58,624	56,136	-4%	58,218	4%
Revenue Receipts	74,401	97,982*	88,830	-9%	90,018	1%
Non-debt Capital Receipts	324	63	2,321	3584%	1,255	-46%
Net Receipts	74,725	98,045	91,151	-7%	91,273	0.1%

Note: BE is Budget Estimates; RE is Revised Estimates. *Includes Rs 7,453 crore budgeted from additional resource mobilisation.

Sources: Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

- In 2026-27, **State GST** is estimated to be the largest source of own tax revenue (63% share). Revenue from state GST is estimated to increase by 13% over the revised estimates of 2025-26.
- Revenue from Sales Tax/ VAT in 2026-27 is expected to be 16% lower than the revised estimate for 2025-26.
- In 2026-27, revenue from stamps duty and registration fees is estimated to register a decrease of 42% from the revised estimate for 2025-26. In 2025-26, revenue from this source is expected to be 111% higher than budgeted (Rs 1,900 crore against a budget estimate of Rs 900 crore).

Revenue receipts and expenditure on power

Jammu and Kashmir registers a significant portion of its non-tax revenue from power. Revenue expenditure by the state includes spending on power purchase. In other states, these transactions are outside the state budget and on the accounts of state-owned power distribution companies. In 2026-27, Jammu and Kashmir's non-tax revenue from power is budgeted at Rs 7,100 crore. This accounts for 64% of the own non-tax revenue, and 8% of the revenue receipts. On the expenditure side, spending on power purchase is estimated to be Rs 9,300 crore in 2026-27, which is 12% of the total revenue expenditure (Rs 80,640 crore).

Source: Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

Table 5: Major sources of state's own-tax revenue (in Rs crore)

Head	2024-25 Pre-Actuals	2025-26 Budgeted	2025-26 Revised	% change from 2025-26 BE to 2025-26 RE	2026-27 Budgeted	% change from 2025-26 RE to 2026-27 BE
State GST	8,586	14,000	11,500	-18%	13,000	13%
Sales Tax/ VAT	1,689	1,995	2,500	25%	2,100	-16%
Stamps Duty and Registration Fees	688	900	1,900	111%	1,100	-42%
State Excise	2,272	2,990	2,990	0%	3,000	3.3%

Sources: Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

Deficits and Debt in 2026-27

The Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006 provides annual targets to progressively reduce the outstanding debt, revenue deficit and fiscal deficit of the state government.

- Revenue balance:** It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue surplus of Rs 9,378 crore (or 3% of the GSDP) in 2026-27.
- Fiscal deficit:** It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2026-27, the fiscal deficit is estimated to be 4.6% of GSDP. If 50-year interest-free loans of Rs 3,000 crore were treated as grants, fiscal deficit in 2026-27 would be 3.7% of GSDP.
- Outstanding liabilities:** Outstanding liabilities is the accumulation of total borrowings at the end of a financial year. It also includes liabilities on public accounts such as provident funds. At the end of 2024-25, the outstanding liabilities is estimated to be 48% of GSDP, lower than 2023-24 (51% of GSDP).

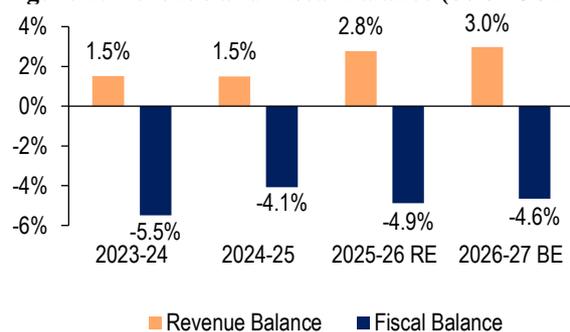
Off-budget borrowings

Off budget borrowings are borrowings which are not directly made by the government, but where the principal and/or interest are serviced from the government budget. The 16th FC recommended discontinuing the practice of off-budget borrowings for states and bringing all such borrowings onto their budgets. It also recommended expanding the definition of fiscal deficit and debt to uniformly include all off-budget borrowings.

Jammu and Kashmir's outstanding off-budget borrowings at the end of March 2025 are Rs 23,133 crore (8.8% of GSDP). This includes borrowings for two public sector entities: (i) JKPDD/JKPCL, and (ii) JKIDFC. Total outstanding debt of the state was estimated at 48% of GSDP at the end of 2024-25. Including off-budget borrowings, the outstanding debt will increase to 56.8% of GSDP.

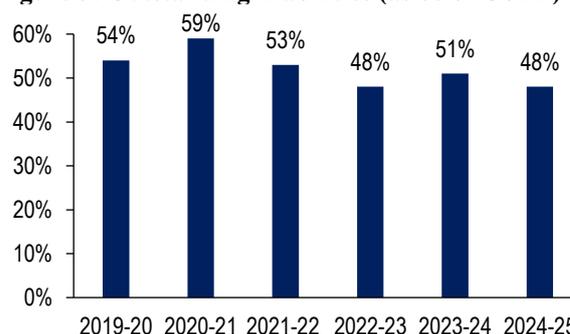
Source: FRBM Statements, Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; Report of the 16th Finance Commission Volume-I; PRS.

Figure 2: Revenue and Fiscal Balance (% of GSDP)



Note: RE is Revised Estimates; BE is budget estimates. (+) indicates a surplus and (-) indicates a deficit.
Sources: Medium Term Fiscal Policy, Jammu and Kashmir Budget Documents 2026-27; PRS.

Figure 3: Outstanding Liabilities (as % of GSDP)



Sources: Budget at a Glance, Jammu and Kashmir Budget Documents 2026-27; PRS.

Outstanding Government Guarantees: Outstanding debt of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 2025, the state's outstanding guarantee is estimated to be Rs 23,690 crore, which is 9% of Jammu and Kashmir's GSDP.

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