Kerala Budget Analysis 2026-27

The Chief Minister of Kerala, Mr. V. D. Satheesan, presented the Budget for 2026-27 on June 19, 2026.

Budget Highlights

- The **Gross State Domestic Product** (GSDP) of Kerala for 2026-27 (at current prices) is projected to be Rs 16,29,073 crore, amounting to growth of 14% over 2025-26.
- **Expenditure (excluding debt repayment)** in 2026-27 is estimated to be Rs 2,27,567 crore, an increase of 18% over the revised estimate of 2025-26. In addition, debt of Rs 1,39,964 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2026-27 are estimated to be Rs 1,71,162 crore, an increase of 24% over the revised estimate of 2025-26.
- **Revenue deficit** in 2026-27 is estimated to be 2.2% of GSDP (Rs 35,355 crore), lower than the revised estimate for 2025-26 (2.6% of GSDP). In 2025-26, revenue deficit is estimated to be higher than budgeted (1.9% of GSDP).
- **Fiscal deficit** for 2026-27 is targeted at 3.5% of GSDP (Rs 56,405 crore). In 2025-26, as per the revised estimates, fiscal deficit is expected to be 3.8% of GSDP, higher than budgeted (3.2% of GSDP).

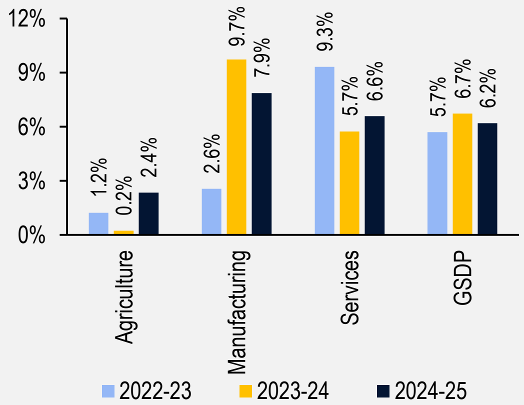
Policy Highlights

- **Health Insurance:** The Oommen Chandy Health Insurance Scheme will be implemented, which will provide coverage up to Rs 25 lakh for all families.
- **Maritime Sector:** A Maritime Policy will be formulated for the state. The Mission Samudra initiative will be launched, which will integrate transport networks (road, sea, rail, and inland waterways), manufacturing zones, and greenfield cities. Rs 400 crore has been allocated towards this initiative.
- **Taxation:** The road tax on electric vehicles will be reduced for vehicles costing up to Rs 20 lakh. Quarterly taxes will be reduced on all India tourist permit buses and a 50% tax concession will be provided to stage carriage buses. Sales tax on beverages with alcohol strength between 0.5% and 20% will be reduced.
- **Agriculture:** The minimum support price for rubber will be increased from Rs 200 per kg to Rs 250 per kg. Additionally, a price stabilisation fund for coir products will be implemented.
- **Support to MSMEs:** The Kerala MSME Growth Scheme will be launched. It will provide tax incentives, funding, institutional support, and specialised mentorship. Rs 100 crore has been allocated for this scheme.
- **Environment:** Kerala will be made a carbon neutral state by 2050. A 'zero tolerance' policy will be implemented to prevent air, water, land, and light pollution.

Kerala's Economy

- **GSDP:** In 2024-25, Kerala's GSDP (at constant prices) is estimated to grow by 6% over the previous year. In comparison, India's GDP is estimated to grow by 6.5% in 2024-25.
- **Sectors:** In 2024-25, agriculture, manufacturing, and services sectors are estimated to contribute 9%, 24%, and 67% of Kerala's economy, respectively (at current prices).
- **Per capita GSDP:** In 2024-25, Kerala's per capita GSDP (at current prices) is estimated to be Rs 3,46,437, an increase of 9.4% over 2023-24. In 2024-25, India's per capita GDP is estimated to increase to be Rs 2,34,859, an increase of 8.8% over the previous year.

Figure 1: Growth in Kerala'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: Economic Survey of Kerala 2024-25; PRS.

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June 30, 2026

Budget Estimates for 2026-27

- **Total expenditure (excluding debt repayment)** in 2026-27 is targeted at Rs 2,27,567 crore. This is an increase of 18% over the revised estimate of 2025-26. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,71,162 crore and net borrowings of Rs 52,364 crore. Total receipts for 2026-27 (other than borrowings) are expected to register an increase of 24% over the revised estimate of 2025-26.
- The state estimates a **revenue deficit** of 2.2% of GSDP (Rs 35,355 crore) in 2026-27, lower than the revised estimate for 2025-26 (2.6% of GSDP). **Fiscal deficit** for 2026-27 is targeted at 3.5% of GSDP (Rs 56,405 crore), lower than the revised estimate for 2025-26 (3.8% of GSDP). In 2025-26, both revenue and fiscal deficit are estimated to be higher than budgeted. This is driven by a 10% shortfall in net receipts (excluding borrowings) compared to the initial budget estimate.

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

Items	2024-25 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	2,85,726	3,13,543	3,12,907	-0.2%	3,67,531	17%
(-) Repayment of debt	1,11,918	1,14,961	1,20,451	5%	1,39,964	16%
Net Expenditure (E)	**1,73,808**	**1,98,582**	**1,92,456**	**-3%**	**2,27,567**	**18%**
Total Receipts	2,79,504	3,09,353	3,08,866	-0.2%	3,63,490	18%
(-) Borrowings	1,53,944	1,55,809	1,70,360	9%	1,92,328	13%
*of which central capex loans**	2,716	2,750	-	-	-	-
Net Receipts (R)	**1,25,559**	**1,53,544**	**1,38,506**	**-10%**	**1,71,162**	**24%**
Fiscal Deficit (E-R)	**48,248**	**45,039**	**53,950**	**20%**	**56,405**	**5%**
as % of GSDP	3.9%	3.2%	3.8%		3.5%	
Revenue Deficit	**31,060**	**27,125**	**36,889**	**36%**	**35,355**	**-4%**
as % of GSDP	2.5%	1.9%	2.6%		2.2%	
Primary Deficit	**19,110**	**13,215**	**22,133**	**67%**	**22,029**	**-0.5%**
as % of GSDP	1.5%	0.9%	1.6%		1.4%	
GSDP	**12,48,533**	**14,27,145**	**14,27,145**	**0%**	**16,29,073**	**14%**

Note: BE is Budget Estimates; RE is Revised Estimates. *Central government has been providing 50-year interest-free loans to state governments for capital expenditure since 2020-21. These loans are excluded from the calculation of the state's borrowing ceiling. Figures for revised estimates for 2025-26 and budget estimates for 2026-27 are not available.
Sources: Annual Financial Statement, Kerala Budget Documents 2026-27; PRS.

Expenditure in 2026-27

- **Revenue expenditure** for 2026-27 is proposed to be Rs 2,05,002 crore, an increase of 18% over the revised estimate of 2025-26. This includes expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** (expenditure towards asset creation) for 2026-27 is proposed to be Rs 19,718 crore. This is 26% higher than the revised estimate of 2025-26, largely due to increased allocation in sectors such as rural development, and roads and bridges.

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

Items	2024-25 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	1,55,921	1,79,476	1,73,972	-3%	2,05,002	18%
Capital Outlay	15,082	16,938	15,670	-7%	19,718	26%
Loans given by the state	2,804	2,168	2,814	30%	2,848	1%
Net Expenditure	**1,73,808**	**1,98,582**	**1,92,456**	**-3%**	**2,27,567**	**18%**

Sources: Annual Financial Statement, Kerala 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, Kerala is estimated to spend Rs 1,22,376 crore on committed expenditure, which is 72% of its estimated revenue receipts. This comprises spending on salaries (31% of revenue receipts), pension (21%), and interest payments (20%). In 2024-25, as per actual figures, 78% of revenue receipts was spent on committed expenditure.

Increase in interest payments

In 2026-27, Kerala is estimated to spend 20% of revenue receipts on interest payments. In 2011-12, interest payment was 17% of revenue receipts, which increased to 23% of revenue receipts in 2024-25 (as per actual figures). During this period, while revenue receipts has grown at an annualised rate of 10%, interest payment saw an annualised increase of 12%.

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

Items	2024-25 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	39,872	44,114	43,854	-0.6%	52,561	20%
Pension	27,875	29,460	29,415	-0.2%	35,439	20%
Interest payment	29,138	31,824	31,816	-0.02%	34,376	8%
Total	**96,886**	**1,05,398**	**1,05,084**	**-0.3%**	**1,22,376**	**16%**

Sources: Annual Financial Statement, Kerala Budget Documents 2026-27; PRS.

Sector-wise expenditure: The sectors listed below account for **45%** of the total expenditure on sectors by the state in 2026-27. A comparison of Kerala's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Kerala Budget 2026-27 (in Rs crore)

Sector	2024-25 Actuals	2025-26 BE	2025-26 RE	2026-27 BE	% change from 2025-26 RE to 2026-27 BE	Budget Provisions (2026-27 BE)
Education, Sports, Arts, and Culture	23,713	26,398	25,425	30,525	20%	▪ Rs 9,755 crore has been allocated for primary schools (including government and non-government schools), and Rs 11,307 crore for secondary schools.
Social Welfare and Nutrition	15,456	16,054	16,306	19,605	20%	▪ Rs 14,500 crore has been allocated as assistance to Kerala Social Security Pension Limited. ▪ Rs 1,950 crore has been allocated towards the CM Sthree Suraksha Padhathi
Health and Family Welfare	10,544	10,874	10,799	12,078	12%	▪ Rs 3,772 crore has been allocated towards urban, and Rs 1,583 crore towards rural health services. ▪ National Health Mission has been allocated Rs 913 crore.
Rural Development	3,071	8,021	3,915	9,446	141%	▪ Rs 6,757 crore has been allocated towards the National Rural Employment Guarantee Scheme (NREGS).
Agriculture and Allied Activities	6,564	8,259	7,665	8,772	14%	▪ Rs 1,332 crore has been allocated for food procurement and Rs 687 crore for food subsidies. ▪ Rs 1,547 crore has been allocated for crop husbandry.
Transport	4,836	5,411	5,005	7,527	50%	▪ Rs 3,697 crore has been allocated as capital outlay on roads and bridges. ▪ The Priyadarshini scheme (free bus travel for women and transgenders) has been allocated Rs 600 crore.
Police	4,548	5,098	5,187	5,912	14%	▪ Rs 4,110 crore has been allocated towards district police.
Welfare of SC, ST, OBC, and Minorities	2,574	3,488	2,423	3,374	39%	▪ Rs 1,861 crore has been allocated towards the welfare of scheduled castes. ▪ Rs 934 crore has been allocated towards the welfare of scheduled tribes.
Urban Development	1,318	2,049	1,005	1,593	59%	▪ Rs 849 crore has been allocated as assistance to municipalities and municipal corporations.
Irrigation and Flood Control	1,025	1,296	1,091	1,351	24%	▪ Rs 486 crore has been allocated towards capital outlay on irrigation and flood control.
% of total expenditure on all sectors	**43%**	**44%**	**42%**	**45%**		

Sources: Annual Financial Statement, Kerala Budget Documents 2026-27; PRS.

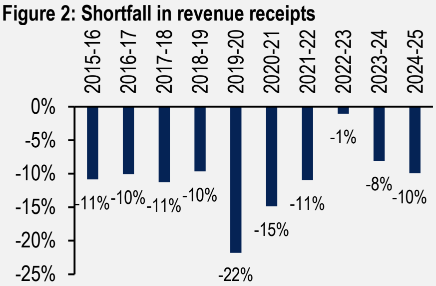
Receipts in 2026-27

- **Total revenue receipts** for 2026-27 are estimated to be Rs 1,69,646 crore, an increase of 24% over the revised estimate of 2025-26. Of this, Rs 1,20,358 crore (71%) will be raised by the state through its **own resources**, and Rs 49,288 crore (29%) will come **from the centre.** Resources from the centre will be in the form of state's share in central taxes (22% of revenue receipts) and grants (7%).
- **Devolution:** In 2026-27, the state's share in central taxes is estimated at Rs 37,355 crore, an increase of 36% over the revised estimate of 2025-26. This may be driven by an increase in Kerala's share in devolution as per the 16th Finance Commission's recommendations (see Page 7).
- **Grants from the centre** in 2026-27 are estimated to be Rs 11,933 crore, an increase of 66% over the revised estimate of 2025-26. This can be attributed to increased allocation of grants for centrally sponsored schemes, such as NREGS.
- **State's own tax revenue:** Kerala's total own tax revenue is estimated to be Rs 99,002 crore in 2026-27, an increase of 18% over the revised estimate of 2025-26. Own tax revenue as a percentage of GSDP is estimated at 6.1% in 2026-27, higher than the revised estimates for 2025-26 (5.9% of GSDP). As per actual figures for 2024-25, own tax revenue as a percentage of GSDP was 6.1%.

Overestimation of receipts

In 2024-25, actual revenue receipts generated by Kerala was 10% less than budgeted. Shortfall in revenue receipts has been 10% or more in all years since 2015-16, except in 2022-23 and 2023-24. A shortfall in revenue implies that the government either needs to cut back expenditure or borrow more to meet expenditure targets. Since 2015-16, actual expenditure has been about 7% less than budgeted. Persistent overestimation and underspending can raise questions about the credibility of budget estimates.

Figure 2: Shortfall in revenue receipts



Source: Kerala budget documents of various years; PRS.

Table 5: Break-up of the state government's receipts (in Rs crore)

Items	2024-25 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	76,642	91,515	83,731	-9%	99,002	18%
State's Own Non-Tax	16,487	19,146	18,761	-2%	21,356	14%
Share in Central Taxes	24,772	28,617	27,382	-4%	37,355	36%
Grants-in-aid from Centre	6,960	13,075	7,209	-45%	11,933	66%
Revenue Receipts	**1,24,861**	**1,52,352**	**1,37,083**	**-10%**	**1,69,646**	**24%**
Non-debt Capital Receipts	698	1,192	1,423	19%	1,516	6%
Net Receipts	**1,25,559**	**1,53,544**	**1,38,506**	**-9.8%**	**1,71,162**	**24%**

Note: BE is Budget Estimates; RE is Revised Estimates.
Sources: Annual Financial Statement, Kerala Budget Documents 2026-27; PRS.

- In 2026-27, **State GST** is estimated to be the largest source of own tax revenue (40% share). State GST revenue is estimated to increase by 16% over the revised estimates of 2025-26. Sales tax/VAT is estimated to be the second largest source of own tax revenue in 2026-27 (36%).
- Taxes and duties on electricity is estimated to generate revenue of Rs 1,700 crore in 2026-27. The budget estimate for 2025-26 was Rs 1,100 crore, however, as per the revised estimate, the revenue from this source is estimated to be Rs 100 crore (91% lower).

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Head	2024-25 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	32,315	37,763	34,446	-9%	39,901	16%
Sales Tax/ VAT	27,694	33,591	30,719	-9%	36,051	17%
Taxes on Vehicles	6,635	7,397	7,829	6%	8,773	12%
Stamps Duty and Registration Fees	6,128	7,343	6,740	-8%	7,874	17%
State Excise	2,872	3,150	3,150	0%	3,852	22%
Taxes and Duties on Electricity	95	1,100	100	-91%	1,700	1600%
Land Revenue	609	843	470	-44%	516	10%

Sources: Annual Financial Statement, Revenue Budget, Kerala Budget Documents 2026-27; PRS.

Deficits, Debt, and FRBM Targets for 2026-27

The Kerala Fiscal Responsibility Act, 2003 provides annual targets to progressively reduce the outstanding debt, revenue deficit and fiscal deficit of the state government.

Revenue deficit: 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 deficit of Rs 35,355 crore in 2026-27 (2.2% of GSDP).

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 3.5% of GSDP. The 16th Finance Commission has recommended the annual fiscal deficit limit for states to be 3% of GSDP for the 2026-31 period. 50-year interest free loans for capital expenditure given by the central government will be excluded to arrive at the borrowing ceiling.

As per revised estimates, in 2025- 26, the fiscal deficit of the state is expected to be 3.8% of GSDP. This is higher than the budget estimate for the year (3.2% of GSDP).

Status Paper on Kerala's Fiscal Health

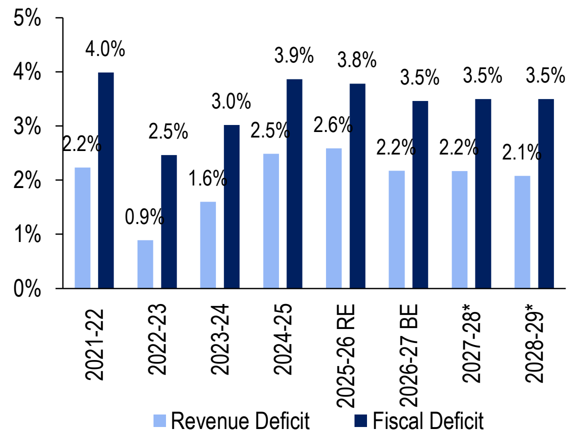
The Chief Minister of Kerala, Mr. V. D. Satheesan presented a status paper on Kerala's Fiscal Health to the Kerala Legislative Assembly in June 2026. The paper noted that the state's finances are under severe stress due to several structural factors. These include: (i) high committed expenditure (see Table 3), (ii) accumulation of off-budget borrowings through structures such as Kerala Infrastructure Investment Fund Board, and (ii) persistent losses of public sector undertakings (PSUs). It further noted that these issues have resulted in limited capital outlay (1.2% of GSDP in 2024-25) and limited space to finance development schemes.

The paper recommends encouraging private investment in the state and creating more employment opportunities. PSUs must be made more efficient. It also recommends allowing private sector and central public sector entry into the power sector. Local bodies should be encouraged to promote industry, and be evaluated based on the investment attracted and their ability to provide public services.

Source: Status Report on Kerala's Fiscal Health; Kerala Budget Documents 2026-27; PRS.

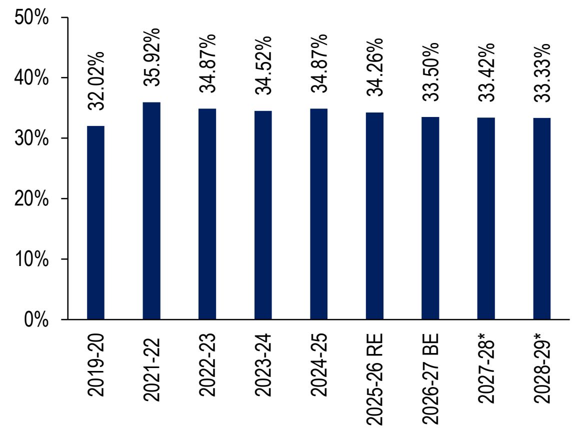
Outstanding Debt: Outstanding debt is the accumulation of total borrowings at the end of a financial year, including open market borrowings, institutional loans, central government loans. It also includes certain public account liabilities, such as provident funds. At the end of 2026-27, the outstanding debt is estimated to be roughly the same as the revised estimate for 2025-26 (34% of GSDP).

Figure 3: Revenue and Fiscal Deficits (% of GSDP)



Note: *Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy, Kerala Budget Documents 2026-27; PRS.

Figure 4: Outstanding Debt (as % of GSDP)



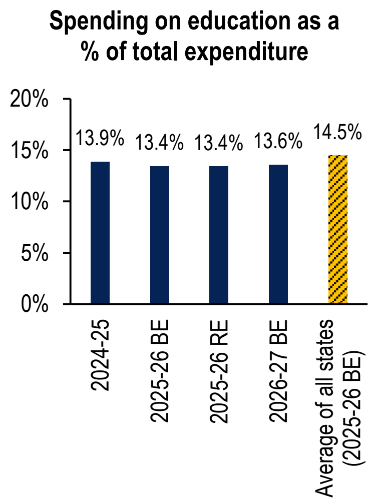
Note: *Figures from 2027-28 onwards are projections. BE is budget estimates.
Sources: Medium Term Fiscal Policy, Kerala Budget Documents 2026-27; PRS.

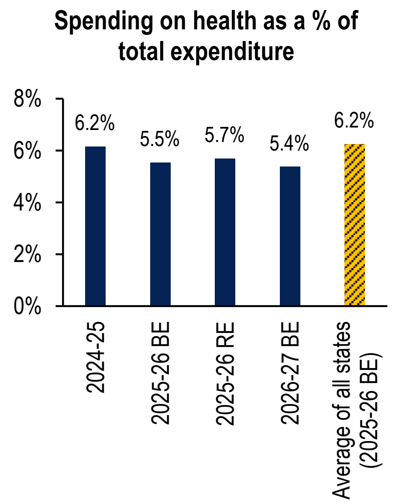
Outstanding Government Guarantees: Outstanding debt of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2025, the state's outstanding guarantee is estimated to be Rs 73,344 crore, which is 6% of Kerala's 2024-25 GSDP.

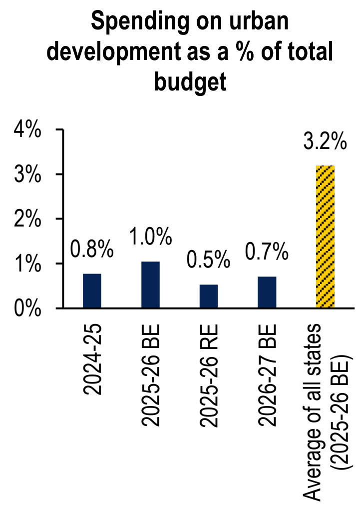
Annexure 1: Comparison of states' expenditure on key sectors

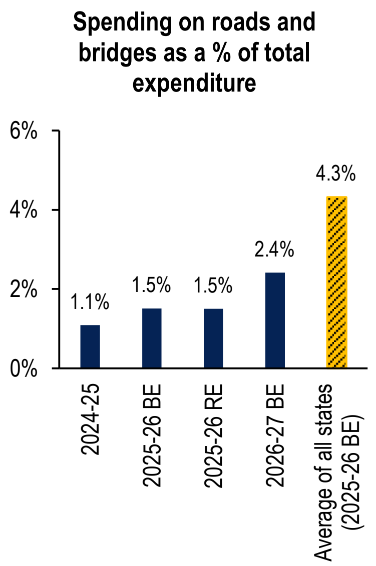
The graphs below compare Kerala's expenditure in 2026-27 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Kerala) as per their budget estimates of 2025-26.[1]

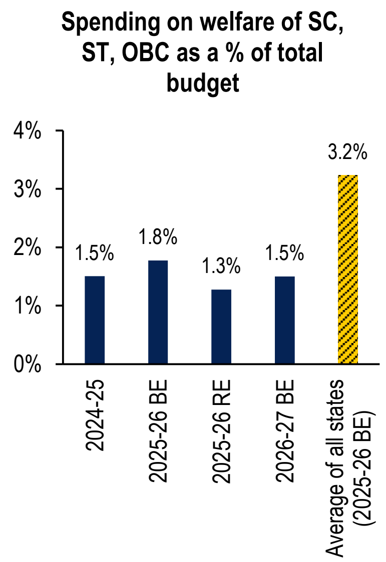
- **Education:** Kerala has allocated 13.6% of its expenditure on education in 2026-27. This is lower than the average allocation for education by states in 2025-26 (14.5%).
- **Health:** Kerala has allocated 5.4% of its expenditure on health in 2026-27. This is lower than the average allocation for health by states in 2025-26 (6.2%).
- **Urban development:** Kerala has allocated 0.7% of its expenditure towards urban development in 2026-27. This is lower than the average allocation by states in 2025-26 (3.2%).
- **Roads and bridges:** Kerala has allocated 2.4% of its expenditure on roads and bridges in 2026-27. This is lower than the average allocation for roads and bridges by states in 2025-26 (4.3%).
- **Welfare of SC, ST, OBC, and minorities:** Kerala has allocated 1.5% of its expenditure on welfare of SC, ST, OBC and minorities in 2026-27. This is lower than the average allocation by states in 2025-26 (3.2%).
- **Irrigation:** Kerala has allocated 0.6% of its expenditure on irrigation in 2026-27. This is lower than the average allocation towards irrigation by states in 2025-26 (3.4%).

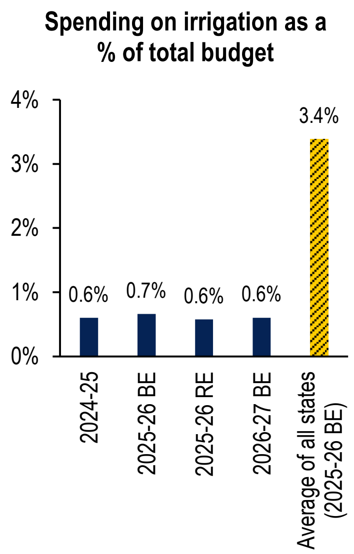












Note: 2024-25, 2025-26 (BE), 2025-26 (RE), and 2026-27 (BE) figures are for Kerala.
Sources: Annual Financial Statement, Kerala Budget Documents 2026-27; various state budgets; PRS.

[1] The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry.

Annexure 2: Recommendations of the 16th Finance Commission for 2026-31

The Report of the 16th Finance Commission (Chair: Dr. Arvind Panagariya) was tabled in Parliament on February 1, 2026. The recommendations will apply for the five-year period between 2026-27 and 2030-31. The 16th Commission (FC) has recommended the share of states in the divisible pool of central taxes at 41%. Divisible pool is arrived at after excluding cost of collection and cesses and surcharges from the gross tax revenue collected by the central government. The share remains unchanged from the 15th FC award period (2021-26). The 16th FC has proposed revised criteria to determine the share of individual states. Based on the recommendations of the 16th FC, Kerala will have a 2.38% share in the divisible pool of central taxes during the 2026-31 period.

The 16th FC has recommended grants worth Rs 9.47 lakh crore over the five-year period. These comprise grants for: (i) urban and rural local bodies, and (ii) disaster management. The 16th FC has discontinued the following grants recommended by the 15th FC: (i) revenue deficit grants, (ii) sector-specific grants, and (iii) state-specific grants. Grants recommended for Kerala over the 2026-31 period include: (i) Rs 16,683 crore for urban local bodies, (ii) Rs 3,308 crore for rural local bodies, and (iii) Rs 1,935 crore as disaster management grants. See here for a PRS summary of the 16th Finance Commission Report. See Table 7 and Table 8 for state-wise share.

Table 7: Individual share of states in the taxes devolved by the centre (out of 100)

State	14th FC (2015-2020)	15th FC (2021-26)	16th FC (2026-31)
Andhra Pradesh	4.31	4.05	4.22
Arunachal Pradesh	1.37	1.76	1.35
Assam	3.31	3.13	3.26
Bihar	9.67	10.06	9.95
Chhattisgarh	3.08	3.41	3.30
Goa	0.38	0.39	0.37
Gujarat	3.08	3.48	3.76
Haryana	1.08	1.09	1.36
Himachal Pradesh	0.71	0.83	0.91
Jammu and Kashmir	1.85	-	-
Jharkhand	3.14	3.31	3.36
Karnataka	4.71	3.65	4.13
Kerala	**2.5**	**1.93**	**2.38**
Madhya Pradesh	7.55	7.85	7.35
Maharashtra	5.52	6.32	6.44
Manipur	0.62	0.72	0.63
Meghalaya	0.64	0.77	0.63
Mizoram	0.46	0.5	0.56
Nagaland	0.5	0.57	0.48
Odisha	4.64	4.53	4.42
Punjab	1.58	1.81	2.00
Rajasthan	5.5	6.03	5.93
Sikkim	0.37	0.39	0.34
Tamil Nadu	4.02	4.08	4.10
Telangana	2.44	2.1	2.17
Tripura	0.64	0.71	0.64
Uttar Pradesh	17.96	17.94	17.62
Uttarakhand	1.05	1.12	1.14
West Bengal	7.32	7.52	7.22

Table 8: State-wise details of grants-in-aid for 2026-31 (in Rs crore)

State	Rural Local Body Grants	Urban Local Body Grants	Disaster Management Grants
Andhra Pradesh	16,627	12,158	6,125
Arunachal Pradesh	1,698	233	616
Assam	14,580	3,249	5,243
Bihar	51,923	9,169	13,615
Chhattisgarh	11,664	4,990	2,481
Goa	174	726	112
Gujarat	18,802	23,764	8,459
Haryana	8,270	7,834	2,922
Himachal Pradesh	3,744	435	2,682
Jharkhand	14,231	6,093	2,806
Karnataka	18,889	18,483	6,419
Kerala	**3,308**	**16,683**	**1,935**
Madhya Pradesh	32,033	16,016	11,697
Maharashtra	32,817	46,803	29,619
Manipur	1,262	609	259
Meghalaya	1,479	377	437
Mizoram	567	377	284
Nagaland	697	667	408
Odisha	18,715	5,078	8,900
Punjab	8,486	7,834	2,477
Rajasthan	31,467	12,680	9,211
Sikkim	218	203	455
Tamil Nadu	16,930	25,069	8,486
Telangana	9,968	11,548	2,774
Tripura	1,176	1,016	356
Uttar Pradesh	83,261	33,543	15,321
Uttarakhand	4,047	2,497	4,954
West Bengal	28,203	22,023	6,869

Sources: Reports of the 14th, 15th, and 16th Finance Commission Reports; PRS.

Table 9: Taxes devolved to states as per Union Budget 2026-27 (in Rs crore)

State	2024-25 Actuals	2025-26 Revised	2026-27 Budget
Andhra Pradesh	51,564	56,374	64,362
Arunachal Pradesh	22,386	24,475	20,665
Assam	39,855	43,572	49,725
Bihar	1,28,151	1,40,105	1,51,832
Chhattisgarh	43,409	47,459	50,427
Goa	4,918	5,377	5,571
Gujarat	44,314	48,448	57,311
Haryana	13,926	15,225	20,772
Himachal Pradesh	10,575	11,562	13,950
Jharkhand	42,135	46,066	51,236
Karnataka	46,467	50,802	63,050
Kerala	**24,527**	**26,815**	**36,355**
Madhya Pradesh	1,00,019	1,09,348	1,12,134
Maharashtra	80,486	87,994	98,306
Manipur	9,123	9,974	9,554
Meghalaya	9,773	10,684	9,631
Mizoram	6,371	6,965	8,608
Nagaland	7,250	7,926	7,341
Odisha	57,692	63,074	67,460
Punjab	23,023	25,171	30,464
Rajasthan	76,779	83,940	90,446
Sikkim	4,944	5,405	5,113
Tamil Nadu	51,971	56,819	62,531
Telangana	26,782	29,280	33,181
Tripura	9,021	9,862	9,783
Uttar Pradesh	2,28,565	2,49,885	2,68,911
Uttarakhand	14,245	15,573	17,415
West Bengal	95,852	1,04,793	1,10,119
Total	**12,74,121**	**13,92,971**	**15,26,255**

Note: Actuals for 2024-25 and Revised Estimates for 2025-26 have been reported in the Union Budget after adjusting for excess or less devolution in previous years.
Sources: Union Budget Documents 2026-27; PRS.

Annexure 3: Comparison of 2024-25 Budget Estimates and Actuals

The following tables compare the actuals of 2024-25 with budget estimates for that year.

Table 10: Overview of Receipts and Expenditure (in Rs crore)

Particular	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Net Receipts (1+2)	**1,39,798**	**1,25,559**	**-10%**
1. Revenue Receipts (a+b+c+d)	1,38,655	1,24,861	-10%
a. Own Tax Revenue	84,884	76,642	-10%
b. Own Non-Tax Revenue	18,356	16,487	-10%
c. Share in central taxes	23,882	24,772	4%
d. Grants-in-aid from the Centre	11,533	6,960	-40%
2. Non-Debt Capital Receipts	1,143	698	-39%
3. Borrowings	1,07,047	1,53,944	44%
Of which central capex loans	100	2,716	2616%
Net Expenditure (4+5+6)	**1,84,327**	**1,73,808**	**-6%**
4. Revenue Expenditure	1,66,501	1,55,921	-6%
5. Capital Outlay	15,663	15,082	-4%
6. Loans and Advances	2,163	2,804	30%
7. Debt Repayment	71,058	1,11,918	58%
Revenue Deficit	**27,846**	**31,060**	**-212%**
Revenue Deficit (as % of GSDP)	2.1%	2.5%	
Fiscal Deficit	**44,529**	**48,248**	**8%**
Fiscal Deficit (as % of GSDP)			

Source: Kerala Budget Documents of various years; PRS.

Table 11: Key Components of State's Own Tax Revenue

Tax Source/Head	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Taxes and Duties on Electricity	1,100	95	-91%
Land Revenue	842	609	-28%
State GST	35,875	32,315	-10%
Sales Tax/ VAT	30,267	27,694	-9%
Stamps Duty and Registration Fees	6,662	6,128	-8%
State Excise	3,107	2,872	-8%
Taxes on Vehicles	6,704	6,635	-1%

Source: Kerala Budget Documents of various years; PRS.

Table 12: Allocation towards Key Sectors

Sector	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Rural Development	7,365	3,071	-58%
Urban Development	1,720	1,318	-23%
Housing	127	99	-22%
Welfare of SC, ST, OBC, and Minorities	3,284	2,574	-22%
Irrigation and Flood Control	1,242	1,025	-17%
Agriculture and Allied Activities	7,742	6,564	-15%
Transport	5,287	4,836	-9%
of which Roads and Bridges	*4,364*	*1,862*	*-57%*
Police	4,714	4,548	-4%
Education, Sports, Arts, and Culture	24,256	23,713	-2%
Health and Family Welfare	10,087	10,544	5%
Social Welfare and Nutrition	13,473	15,456	15%
Water Supply and Sanitation	1,311	1,784	36%
Energy	100	550	450%

Source: Kerala Budget Documents of various years; PRS.