

Maharashtra Budget Analysis 2024-25

The Deputy Chief Minister of Maharashtra, Mr. Ajit Pawar, presented the Budget for the state for the financial year 2024-25 on June 28, 2024.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Maharashtra for 2024-25 (at current prices) is projected to be Rs 42,67,771 crore, amounting to growth of 5.5% over 2023-24 revised estimates.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 6,12,293 crore, an increase of 2% over the revised estimates of 2023-24. In addition, debt of Rs 57,198 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 5,01,938 crore, an increase of 3% as compared to the revised estimate of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 0.5% of GSDP (Rs 20,051 crore), almost the same as the revised estimates for 2023-24. In 2023-24, the revenue deficit is expected to be Rs 3,409 crore higher than the budget estimate.
- **Fiscal deficit** for 2024-25 is targeted at 2.6% of GSDP (Rs 1,10,355 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 2.8% of GSDP, 17% higher than the budget estimate for 2023-24.

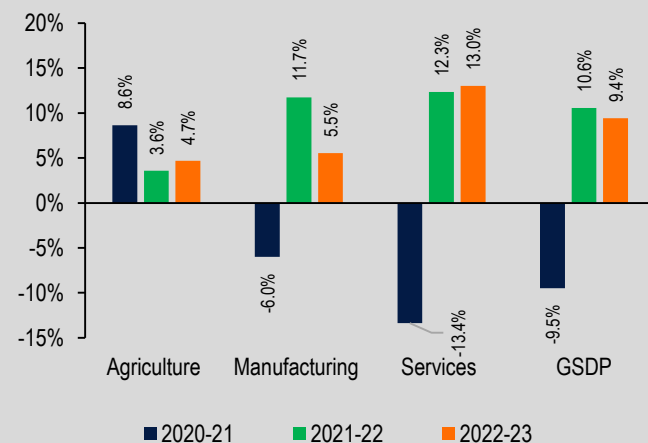
Policy Highlights

- **Women development:** Under Mukhya Mantri Mazhi Ladki Bahin Yojana the state government will provide Rs 1,500 per month to eligible women aged between 21 and 60 years. It will be implemented from July 2024 and is expected to cost Rs 46,000 crore every year. The state government will also reimburse 100% of tuition and examination fees for higher education to girls from other backward classes and economically weaker sections with annual family income up to eight lakh rupees per annum.
- **Cooking gas:** More than 52 lakh families will be provided with three free gas cylinders per year under the Mukhya Mantri Annapurna Yojana.
- **Agriculture:** Gaon Tethe Godam scheme will be implemented for storage of agricultural produce at the village level. The state government will also provide free electricity for agriculture pumps up to 7.5 horse power capacity under the Mukhya Mantri Baliraja Vij Savlat Yojana. It will cover 44 lakh farmers with a total subsidy expenditure of Rs 14,761 crore.

Maharashtra's Economy

- **GSDP:** In 2022-23, Maharashtra's GSDP (at constant prices) grew at 9.4%, compared to 10.6% in 2021-22. In comparison, national GDP is estimated to grow at 7% in 2022-23.
- **Sectors:** The agriculture sector grew by 5% in 2022-23. In comparison, it grew by 4% in 2021-22. Manufacturing sector grew by 6% in 2022-23. Services grew by 13% in 2022-23 as compared to 12% in 2021-22.
- **Per capita GSDP:** The per capita GSDP of Maharashtra in 2022-23 (at current prices) is estimated at Rs 2,89,404, which is an increase of 15% over 2021-22.

Figure 1: Growth in GSDP and sectors in Maharashtra at constant prices (2011-12)



Note: Agriculture includes mining and quarrying; Manufacturing includes construction and electricity. These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Sources: Maharashtra Economic Survey 2023-24; PRS.

Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 6,12,293 crore. This is an increase of 2% over the revised estimate of 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 5,01,938 crore and net borrowings of Rs 80,273 crore. Total receipts for 2024-25 (other than borrowings) are expected to register an increase of 3% over the revised estimate of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 0.5% of GSDP (Rs 20,051 crore), largely similar to the revised estimates for 2023-24. **Fiscal deficit** for 2024-25 is targeted at 2.6% of GSDP (Rs 1,10,355 crore), lower than the revised estimates for 2023-24 (2.8% of GSDP).

Table 1: Budget 2024-25 - Key figures (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Total Expenditure	5,18,717	6,02,008	6,56,495	9%	6,69,491	2%
(-) Repayment of debt	44,795	54,558	55,997	3%	57,198	2%
Net Expenditure (E)	4,73,922	5,47,450	6,00,498	10%	6,12,293	2%
Total Receipts	5,01,023	5,83,156	6,37,062	9%	6,39,408	0.4%
(-) Borrowings	94,702	1,31,207	1,48,520	13%	1,37,470	-7%
Net Receipts (R)	4,06,321	4,51,949	4,88,542	8%	5,01,938	3%
Fiscal Deficit (E-R)	67,602	95,501	1,11,956	17%	1,10,355	-1%
as % of GSDP	1.9%	2.5%	2.8%		2.6%	
Revenue Deficit	1,936	16,122	19,532	21%	20,051	3%
as % of GSDP	0.1%	0.4%	0.5%		0.5%	
Primary Deficit	25,913	44,853	63,378	41%	53,628	-15%
as % of GSDP	0.7%	1.2%	1.6%		1.3%	
GSDP	36,45,884	38,79,792	40,44,251	4%	42,67,771	5.5%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Maharashtra Budget 2024-25; PRS.

Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is proposed to be Rs 5,19,514 crore, an increase of 3% over the revised estimate of 2023-24. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2024-25 is proposed to be Rs 85,292 crore, nearly the same as the revised estimate of 2023-24. Capital outlay indicates the expenditure towards creation of assets.
- In 2024-25, loans and advances by the state are expected to be Rs 7,487 crore, lower than the revised estimates by 19%.

Table 2: Expenditure budget 2024-25 (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Revenue Expenditure	4,07,614	4,65,645	5,05,647	9%	5,19,514	3%
Capital Outlay	61,644	73,901	85,657	16%	85,292	0%
Loans given by the state	4,664	7,904	9,194	16%	7,487	-19%
Net Expenditure	4,73,922	5,47,450	6,00,498	10%	6,12,293	2%

Sources: Annual Financial Statement, Maharashtra Budget 2024-25; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2024-25, Maharashtra is estimated to spend Rs 2,75,615 crore on committed expenditure, which is 55% of its estimated revenue receipts. This comprises spending on salaries (32% of revenue receipts), pension (12%), and interest payments (11%). In 2023-24, expenditure towards pensions is estimated to be 16% lower than the budget estimate. In 2022-23, as per actuals, 52% of revenue receipts were spent towards committed expenditure.

Table 3: Committed Expenditure in 2024-25 (in Rs crore)

Committed Expenditure	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Salaries	1,24,325	1,44,771	1,42,718	-1%	1,59,071	11%
Pension	43,109	54,737	45,908	-16%	59,817	30%
Interest payment	41,689	50,648	48,578	-4%	56,727	17%
Total Committed Expenditure	2,09,123	2,50,156	2,37,204	-5%	2,75,615	16%

Sources: Annual Financial Statement, Maharashtra Budget 2024-25; PRS.

Sector-wise expenditure: The sectors listed below account for **60%** of the total expenditure on sectors by the state in 2024-25. A comparison of Maharashtra's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Maharashtra Budget 2024-25 (in Rs crore)

Sector	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	2024-25 Budgeted	% change from RE 23-24 to BE 24-25	Budget Provisions 2024-25
Education, Sports, Arts, and Culture	81,560	89,705	97,200	98,985	2%	Rs 11,117 crore has been allocated for general education.
Transport	37,775	35,077	41,041	42,415	3%	Rs 37,898 crore has been allocated for roads and bridges.
Agriculture and Allied Activities	34,079	32,077	42,016	35,859	-15%	Rs 12,354 crore has been allocated for crop husbandry.
Social Welfare and Nutrition	20,677	20,050	28,364	32,754	15%	Rs 15,268 crore has been allocated for social security and welfare.
Police	20,072	26,906	24,050	29,338	22%	Rs 28,391 crore has been allocated towards revenue expenditure for police.
Health and Family Welfare	20,387	25,015	30,630	27,748	-9%	Rs 13,660 crore has been allocated towards medical and public health.
Welfare of SC, ST, OBC, and Minorities	20,025	24,787	28,879	26,967	-7%	Rs 4,593 crore has been allocated towards the welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities.
Rural Development	16,708	25,308	25,424	23,782	-6%	Rs 6,474 crore has been allocated towards other rural development programmes.
Urban Development	18,349	20,761	31,082	22,759	-27%	Rs 16,505 crore has been allocated towards revenue expenditure under urban development.
Irrigation and Flood Control	13,431	19,958	18,907	21,428	13%	Rs 881 crore has been allocated towards capital outlay for minor irrigation.
% of total expenditure on all sectors	60%	59%	62%	60%		

Sources: Annual Financial Statement, Maharashtra Budget 2024-25; PRS.

Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 4,99,463 crore, an increase of 3% over the revised estimate of 2023-24. Of this, Rs 3,69,694 crore (74%) will be raised by the state through its **own resources**, and Rs 1,29,769 crore (26%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (15% of revenue receipts) and grants (11% of revenue receipts).
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 77,054 crore, an increase of 10% over the revised estimate of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 52,715 crore, a decrease of 19% from the revised estimates for 2023-24.
- **State's own tax revenue:** Maharashtra's total own tax revenue is estimated to be Rs 3,42,919 crore in 2024-25, an increase of 5% over the revised estimate of 2023-24. Own tax revenue as a percentage of GSDP is estimated at 8% in 2024-25, same as the revised estimates for 2023-24 (8.1%). As per the actual figures for 2022-23, own tax revenue as a percentage of GSDP was 7.6%.

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

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 2023-24 to RE 2023-24	2024-25 Budgeted	% change from RE 2023-24 to BE 2024-25
State's Own Tax	2,77,486	2,98,181	3,26,281	9%	3,42,919	5%
State's Own Non-Tax	16,776	24,170	24,620	2%	26,775	9%
Share in Central Taxes	60,002	64,525	69,771	8%	77,054	10%
Grants-in-aid from Centre	51,414	62,647	65,444	4%	52,715	-19%
Revenue Receipts	4,05,678	4,49,523	4,86,116	8%	4,99,463	3%
Non-debt Capital Receipts	643	2,427	2,427	0%	2,475	2%
Net Receipts	4,06,321	4,51,949	4,88,542	8.1%	5,01,938	3%

BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Maharashtra Budget 2024-25; PRS.

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (45% share). State GST revenue is estimated to increase by 8% over the revised estimates of 2023-24.
- Revenue from sales tax/VAT is estimated to be Rs 62,500 crore in 2024-25 while revenue from stamps duty and registration fees is estimated to be Rs 55,000 crore.

GSDP growth witnesses a decline

In 2024-25, Maharashtra has projected a GSDP growth of 5% (at current prices). This is accompanied by a 3% growth in revenue receipts and expenditure. The national GDP (nominal) is estimated to grow by 10.5%. In 2023-24, the state is estimated to grow by 11%.



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

Head	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
State GST	1,21,256	1,36,041	1,44,791	6%	1,55,756	8%
Sales Tax/ VAT	54,568	56,200	62,050	10%	62,500	1%
Stamps Duty and Registration Fees	45,286	45,000	51,500	14%	55,000	7%
State Excise	21,507	25,200	29,000	15%	30,500	5%
Taxes on Vehicles	11,740	12,500	15,000	20%	14,875	-1%
Taxes and Duties on Electricity	14,721	12,000	14,000	17%	14,180	1%
Land Revenue	2,431	4,500	2,500	-44%	3,000	20%

Sources: Annual Financial Statement, Revenue Budget, and Maharashtra Budget 2024-25; PRS.

Deficits, Debt, and FRBM Targets for 2024-25

The Maharashtra Fiscal Responsibility and Budgetary Management Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, 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 20,051 crore (or 0.5% of the GSDP) in 2024-25.

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 2024-25, the fiscal deficit is estimated to be 2.6% of GSDP. For 2024-25, the central government has permitted fiscal deficit of up to 3% of GSDP to states, and an additional 0.5% of GSDP will be available only upon carrying out certain power sector reforms.

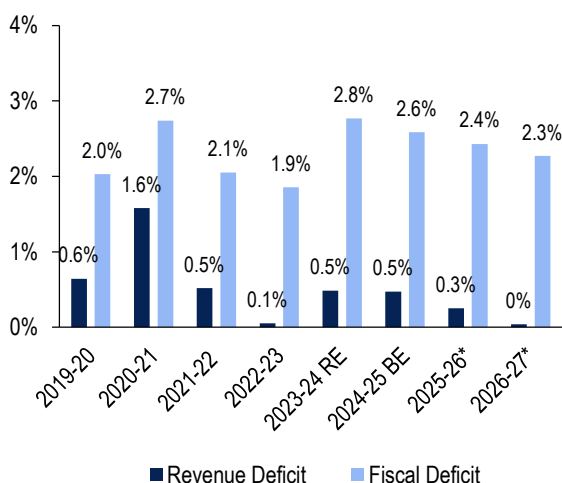
Increasing revenue deficit

Finance Commissions over the years have recommended that states eliminate their revenue deficit. Maharashtra's FRBM Act, 2005 also requires the elimination of revenue deficit. In 2024-25, Maharashtra has estimated a revenue deficit of Rs 20,051 crore (0.5% of GSDP). This is higher than the revenue deficit incurred in 2022-23, i.e., Rs 1,936 crore (0.1% of GSDP). This increase could be attributed to the introduction of new cash transfer schemes. Revenue deficit is also higher in 2024-25 on account of nominal GSDP growing at a slower pace (8%) than revenue receipts (11%) and revenue expenditure (13%) over 2022-23. Revenue deficit is estimated to be eliminated by 2026-27.

As per the revised estimates, in 2023-24, the fiscal deficit of the state is expected to be 2.8% of GSDP. This is higher than the budget estimate (2.5%). Fiscal deficit is projected to be lowered to 2.3% of GSDP by 2026-27.

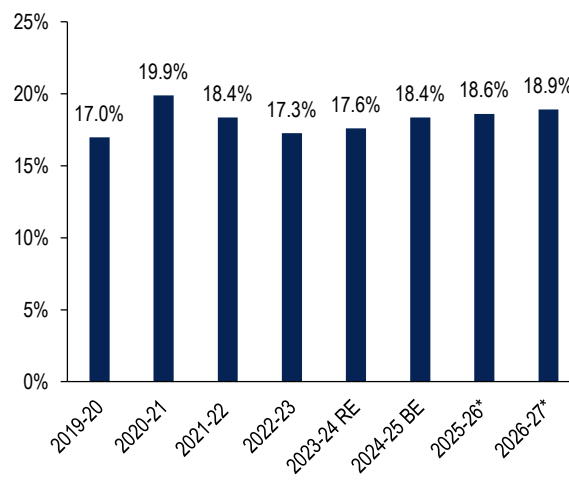
Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. At the end of 2024-25, the outstanding liabilities are estimated to be 18.4% of GSDP, higher than the revised estimate for 2023-24 (17.6% of GSDP). The outstanding liabilities increased in 2020-21 (19.9% of GSDP), and have moderated thereafter.

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



Note: *Figures for 2025-26 and 2026-27 are projections; RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy, Maharashtra Budget 2024-25; PRS.

Figure 3: Outstanding Liabilities (as % of GSDP)



Note: *Figures for 2025-26 and 2026-27 are projections; RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy, Maharashtra Budget 2024-25; PRS.

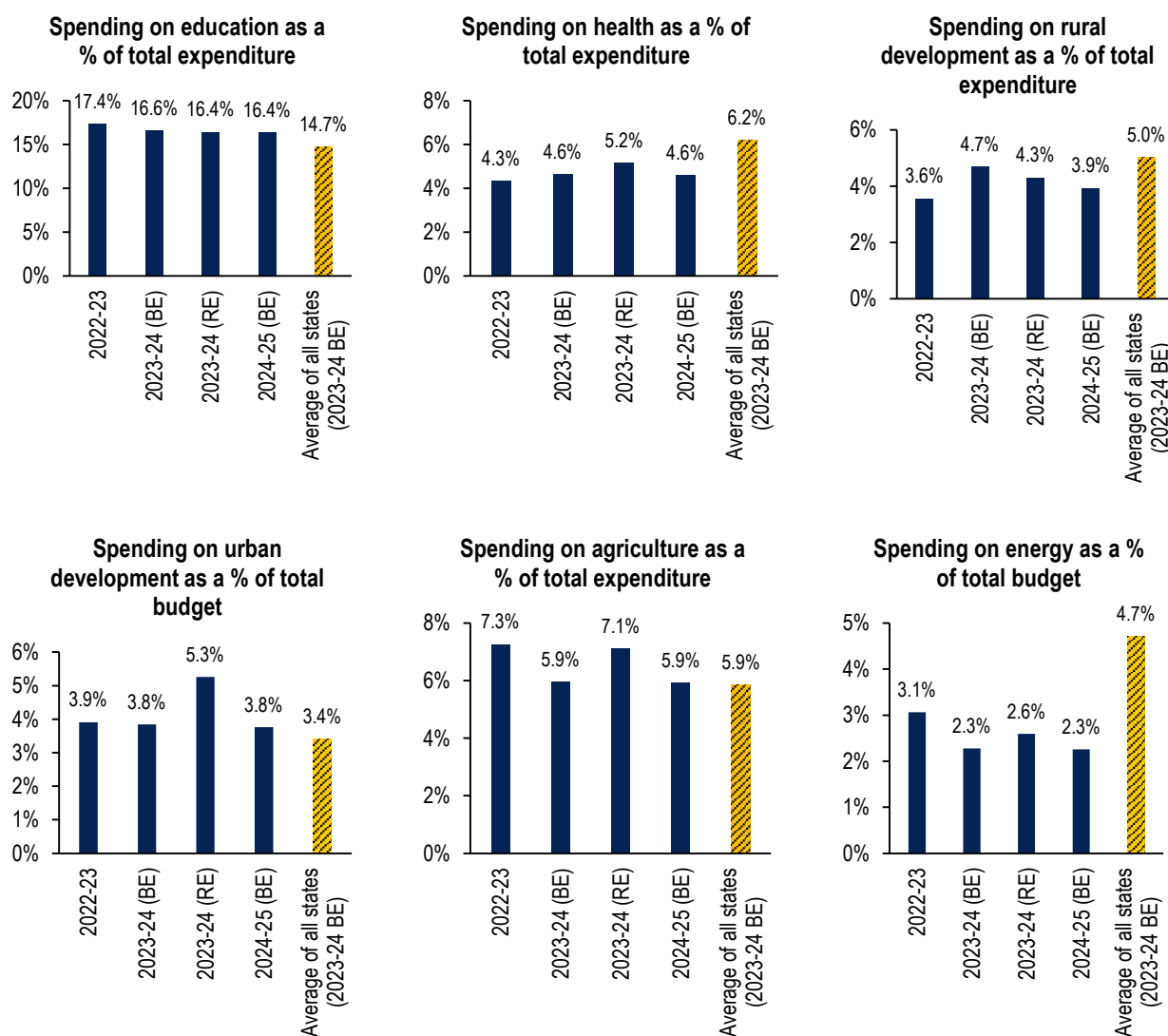
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2024, the state's outstanding guarantee is estimated to be Rs 77,924 crore, which is 1.9% of Maharashtra's GSDP. At the end of 2022-23, the state's outstanding guarantee was Rs 66,726 crore (1.8% of GSDP).

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Maharashtra's expenditure in 2024-25 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 Maharashtra) as per their budget estimates of 2023-24.¹

- **Education:** Maharashtra has allocated 16.4% of its expenditure on education in 2024-25. This is higher than the average allocation for education by states in 2023-24 (14.7%).
- **Health:** Maharashtra has allocated 4.6% of its total expenditure towards health, which is lower than the average allocation for health by states (6.2%).
- **Rural development:** Maharashtra has allocated 3.9% of its expenditure on rural development. This is lower than the average allocation for rural development by states (5%).
- **Urban development:** Maharashtra has allocated 3.8% of its expenditure towards urban development. This is higher than the average allocation towards urban development by states (3.4%).
- **Agriculture:** Maharashtra has allocated 5.9% of its total expenditure towards agriculture, which is the same as the average expenditure on agriculture by states.
- **Energy:** Maharashtra has allocated 2.3% of its total expenditure towards energy, which is lower than the average allocation by states (4.7%).



Note: 2022-23, 2023-24 (BE), 2023-24 (RE), and 2024-25 (BE) figures are for Maharashtra
Sources: Annual Financial Statement, Maharashtra Budget 2024-25; various state budgets; PRS.

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

Annexure 2: Comparison of 2022-23 Budget Estimates and Actuals

The following tables compare the actuals of 2022-23 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Net Receipts (1+2)	4,05,806	4,06,321	0.1%
1. Revenue Receipts (a+b+c+d)	4,03,427	4,05,678	1%
a. Own Tax Revenue	2,56,526	2,77,486	8%
b. Own Non-Tax Revenue	27,128	16,776	-38%
c. Share in central taxes	51,588	60,002	16%
d. Grants-in-aid from the Centre	68,186	51,414	-25%
Of which GST compensation grants	9,725	0	0%
2. Non-Debt Capital Receipts	2,379	643	-73%
3. Borrowings	1,27,938	94,702	-26%
Of which GST compensation loan	0	0	0%
Net Expenditure (4+5+6)	4,95,405	4,73,922	-4%
4. Revenue Expenditure	4,27,780	4,07,614	-5%
5. Capital Outlay	65,210	61,644	-5%
6. Loans and Advances	2,414	4,664	93%
7. Debt Repayment	53,003	44,795	-15%
Revenue Deficit	24,353	1,936	-92%
Revenue Deficit (as % of GSDP)	0.7%	0.1%	
Fiscal Deficit	89,598	67,602	-25%
Fiscal Deficit (as % of GSDP)	2.5%	1.9%	

Source: Maharashtra Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue

Tax Source/Head	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Land Revenue	4,000	2,431	-39%
State Excise	22,000	21,507	-2%
State GST	1,19,900	1,21,256	1%
Sales Tax/ VAT	50,200	54,568	9%
Taxes on Vehicles	10,500	11,740	12%
Taxes and Duties on Electricity	11,444	14,721	29%
Stamps Duty and Registration Fees	32,000	45,286	42%

Source: Maharashtra Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Housing	11,898	4,097	-66%
Water Supply and Sanitation	13,785	5,344	-61%
Irrigation and Flood Control	18,727	13,431	-28%
Rural Development	22,844	16,708	-27%
Police	24,663	20,072	-19%
Welfare of SC, ST, OBC, and Minorities	22,984	20,025	-13%
Health and Family Welfare	22,536	20,387	-10%
Urban Development	18,347	18,349	0%
Education, Sports, Arts, and Culture	80,437	81,560	1%
Agriculture and Allied Activities	29,393	34,079	16%
Transport	30,913	37,775	22%
of which Roads and Bridges	27,902	36,053	29%
Social Welfare and Nutrition	16,617	20,677	24%
Energy	11,333	14,377	27%

Source: Maharashtra Budget Documents of various years; PRS.