

# Meghalaya Budget Analysis 2025-26

The Chief Minister of Meghalaya, Mr. Conrad K. Sangma, presented the Budget for the state for the financial year 2025-26 on March 5, 2025.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Meghalaya for 2025-26 (at current prices) is projected to be Rs 66,645 crore, amounting to growth of 13% over 2024-25.
- **Expenditure (excluding debt repayment)** in 2025-26 is estimated to be Rs 27,598 crore, an increase of 8% from the revised estimates of 2024-25. In addition, debt of Rs 2,405 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2025-26 are estimated to be Rs 25,627 crore, an increase of 7% as compared to the revised estimate of 2024-25.
- **Revenue surplus** in 2025-26 is estimated to be 7.6% of GSDP (Rs 5,035 crore), as compared to a revenue surplus of 7.4% of GSDP (Rs 4,377 crore) at the revised estimate stage in 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 3% of GSDP (Rs 1,970 crore). In 2024-25, as per the revised estimates, fiscal deficit is expected to be 2.6% of GSDP, lower than the budgeted 3.8% of GSDP.

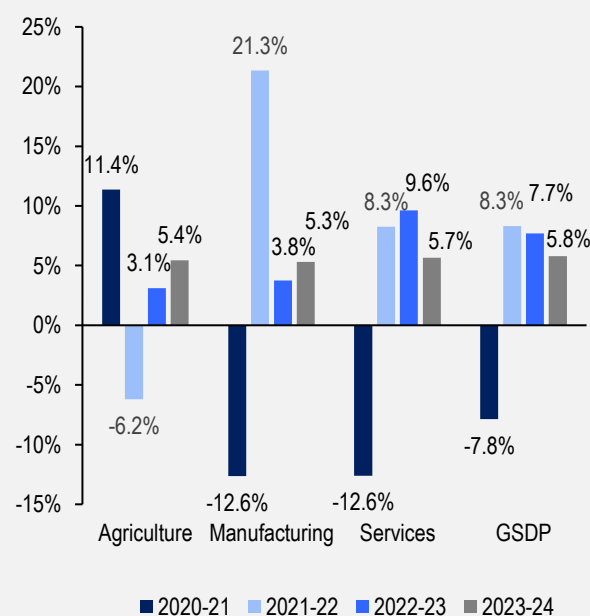
## Policy Highlights

- **Skills Development:** A comprehensive skilling initiative called the Chief Minister's Skills Mission will be implemented from 2025-26. This mission aims to skill one lakh youth for the local economy, 10,000 youth for the national economy, and 5,000 youth for the global economy over the next three years.
- **Scholarship Scheme:** A new flagship program, the Chief Minister's Scholarship Scheme, will be launched, benefiting 80,000 youth. A grant of Rs 6,000 per annum will be provided to all post matriculate students to help cover educational expenses.
- **New tourism project:** Government will initiate several new tourism projects in 2025-26, with a total investment of Rs 600 crore, including a Rain and Bamboo Interpretation Centre, Wari Chora Cultural Centre, and various luxury resorts and hospitality centres across multiple districts.

## Meghalaya's Economy

- **GSDP:** In 2023-24, Meghalaya'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 9.2% in 2023-24.
- **Sectors:** In 2023-24, services sector is estimated to grow by 5.7% (at constant prices), followed by agriculture (5.4%), and manufacturing (5.3%). In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 25%, 17%, and 58% of Meghalaya's economy, respectively (at current prices).
- **Per capita GSDP:** In 2023-24, Meghalaya's per capita GSDP (at current prices) is estimated to be Rs 1,56,326, an increase of 13% over 2022-23. In 2023-24, India's per capita GDP is estimated to be Rs 2,15,935, an increase of 11% over the previous year.

**Figure 1: Growth in Meghalaya'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 2025-26

- **Total expenditure (excluding debt repayment)** in 2025-26 is targeted at Rs 27,598 crore. This is an increase of 8% from the revised estimate of 2024-25. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 25,627 crore and net borrowings of Rs 2,383 crore. Total receipts for 2025-26 (other than borrowings) are expected to register an increase of 7% over the revised estimate of 2024-25.
- The state estimates a **revenue surplus** of 7.6% of GSDP (Rs 5,035 crore) in 2025-26, as compared to a revenue surplus of 7.4% of GSDP at the revised estimate stage of 2024-25. As per actual figures, Meghalaya's revenue surplus in 2023-24 was 2.6% of GSDP (Rs 1,394 crore). The significantly higher revenue surplus in 2024-25 and 2025-26 maybe an overestimate. Between 2015-16 and 2022-23, the state's revenue receipts were 18% lower than budgeted while its revenue expenditure was 14% lower than budgeted.
- **Fiscal deficit** for 2025-26 is targeted at 3% of GSDP (Rs 1,970 crore), higher than the revised estimates for 2024-25 (2.6% of GSDP). For 2025-26, states' fiscal deficit limit has been fixed at 3.5% of GSDP by the central government of which 0.5% of GSDP will be linked to certain reforms in the power sector.

**Table 1: Budget 2025-26 - Key figures (in Rs crore)**

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Total Expenditure	25,958	27,072	27,521	2%	30,003	9%
(-) Repayment of debt	4,804	1,498	1,947	30%	2,405	24%
<b>Net Expenditure (E)</b>	<b>21,154</b>	<b>25,574</b>	<b>25,574</b>	<b>0%</b>	<b>27,598</b>	<b>8%</b>
Total Receipts	25,516	27,072	27,087	0%	30,416	12%
(-) Borrowings	7,514	3,527	3,027	-14%	4,788	58%
<b>Net Receipts (R)</b>	<b>18,002</b>	<b>23,545</b>	<b>24,059</b>	<b>2%</b>	<b>25,627</b>	<b>7%</b>
<b>Fiscal Deficit (E-R)</b>	<b>3,152</b>	<b>2,029</b>	<b>1,514</b>	<b>-25%</b>	<b>1,970</b>	<b>30%</b>
as % of GSDP	5.9%	3.8%	2.6%		3.0%	
<b>Revenue Surplus</b>	<b>1,394</b>	<b>3,862</b>	<b>4,377</b>	<b>13%</b>	<b>5,035</b>	<b>15%</b>
as % of GSDP	2.6%	7.3%	7.4%		7.6%	
<b>Primary Deficit</b>	<b>3,152</b>	<b>2,029</b>	<b>1,514</b>	<b>-25%</b>	<b>1,970</b>	<b>30%</b>
as % of GSDP	5.9%	3.8%	2.6%		3.0%	
GSDP	53,057	52,974	59,228	12%	66,645	13%

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.

Sources: Annual Financial Statement, Meghalaya Budget Documents 2025-26; PRS.

## Expenditure in 2025-26

- **Revenue expenditure** for 2025-26 is proposed to be Rs 20,556 crore, an increase of 5% over the revised estimate of 2024-25. This includes the expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2025-26 is proposed to be Rs 6,995 crore, an increase of 19% from the revised estimate of 2024-25. Capital outlay indicates the expenditure towards creation of assets. Sectors that received the highest increase in capital outlay include: (i) water supply and sanitation (increase of Rs 386 crore), (ii) urban development (Rs 357 crore), and (iii) Education, Sports, Arts, and Culture (Rs 126 crore).
- In 2025-26, loans and advances given by the state are expected to be Rs 46 crore, 11% lower as compared to the revised estimate of 2024-25.

**Table 2: Expenditure budget 2025-26 (in Rs crore)**

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Revenue Expenditure	16,584	19,653	19,653	0%	20,556	5%
Capital Outlay	4,530	5,870	5,870	0%	6,995	19%
Loans given by the state	41	51	51	0%	46	-11%
<b>Net Expenditure</b>	<b>21,154</b>	<b>25,574</b>	<b>25,574</b>	<b>0%</b>	<b>27,598</b>	<b>8%</b>

Sources: Annual Financial Statement, Meghalaya Budget Documents 2025-26; 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 2025-26, Meghalaya is estimated to spend Rs 10,035 crore on committed expenditure, which is 39% of its estimated revenue receipts. This comprises spending on salaries (27% of revenue receipts), pension (7 %), and interest payments (5 %). In 2023-24, as per actual figures, 47% of revenue receipts were spent on committed expenditure.

**Table 3: Committed Expenditure in 2025-26 (in Rs crore)**

Committed Expenditure	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Salaries	5,507	6,073	6,073	0%	6,836	13%
Pension	1,790	1,865	1,865	0%	1,852	-1%
Interest payment	1,138	1,236	1,236	0%	1,347	9%
<b>Total</b>	<b>8,435</b>	<b>9,173</b>	<b>9,173</b>	<b>0%</b>	<b>10,035</b>	<b>9%</b>

Sources: Annual Financial Statement, Meghalaya Budget Documents 2025-26; PRS.

**Sector-wise expenditure:** The sectors listed below account for **68%** of the total expenditure on sectors by the state in 2025-26. A comparison of Meghalaya's expenditure on key sectors with that by other states is shown in Annexure 1.

**Table 4: Sector-wise expenditure under Meghalaya Budget 2025-26 (in Rs crore)**

Sectors	2023-24 Actuals	2024-25 BE	2024-25 RE	2025-26 BE	% change from RE 24-25 to BE 25-26
Education, Sports, Arts, and Culture	3,257	3,846	3,806	4,096	8%
Roads and Bridges	1,624	1,877	1,877	2,333	24%
Health and Family Welfare	1,644	1,971	1,971	2,176	10%
Rural Development	2,618	2,001	2,001	1,901	-5%
Agriculture and Allied Activities	891	1,290	1,290	1,521	18%
Energy	1,212	1,539	1,539	1,510	-2%
Police	1,145	1,279	1,279	1,392	9%
Urban Development	674	932	932	1,371	47%
Water Supply and Sanitation	685	902	902	1,342	49%
<b>% of total expenditure on all sectors</b>	<b>73%</b>	<b>69%</b>	<b>69%</b>	<b>68%</b>	

Sources: Annual Financial Statement, Meghalaya Budget Documents 2025-26; PRS.

## Receipts in 2025-26

- **Total revenue receipts** for 2025-26 are estimated to be Rs 25,591 crore, an increase of 7% over the revised estimate of 2024-25. Of this, Rs 5,023 crore (20%) will be raised by the state through its **own resources**, and Rs 20,568 crore (80%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (43% of revenue receipts) and grants (38% of revenue receipts).
- **Devolution:** In 2025-26, the state's share in central taxes is estimated at Rs 10,910 crore, an increase of 11% over the revised estimate of 2024-25.
- **Grants from the centre** in 2025-26 are estimated at Rs 9,658 crore, an increase of 3% over the revised estimates for 2024-25.
- **State's own tax revenue:** Meghalaya's total own tax revenue is estimated to be Rs 4,226 crore in 2025-26, an increase of 5% over the revised estimate of 2024-25. Own tax revenue as a percentage of GSDP is estimated at 6.3% in 2025-26, lower than the revised estimates for 2024-25. As per the actual figures for 2023-24, own tax revenue as a percentage of GSDP was 6.1%.

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

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State's Own Tax	3,217	4,041	4,041	0%	4,226	5%
State's Own Non-Tax	523	747	747	0%	797	7%
Share in Central Taxes	8,663	9,356	9,870	6%	10,910	11%
Grants-in-aid from Centre	5,575	9,371	9,371	0%	9,658	3%
<b>Revenue Receipts</b>	<b>17,978</b>	<b>23,515</b>	<b>24,029</b>	<b>2%</b>	<b>25,591</b>	<b>7%</b>
Non-debt Capital Receipts	24	30	30	0%	36	20%
<b>Net Receipts</b>	<b>18,002</b>	<b>23,545</b>	<b>24,059</b>	<b>2.2%</b>	<b>25,627</b>	<b>7%</b>

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

Sources: Annual Financial Statement, Meghalaya Budget Documents 2025-26; PRS.

- In 2025-26, **State GST** is estimated to be the largest source of own tax revenue (50% share). State GST revenue is estimated to increase by 5% over the revised estimates of 2024-25.
- Revenue from Sales tax/ VAT in 2025-26 is expected to be 2% higher than the revised estimate stage of 2024-25.
- Revenue from state excise is estimated to be 3% higher in 2025-26 over the revised estimate of 2024-25.

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

Head	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State GST	1,723	1,995	1,995	0%	2,094	5%
Sales Tax/ VAT	837	1,156	1,156	0%	1,180	2%
State Excise	458	661	661	0%	682	3%
Taxes on Vehicles	145	163	163	0%	195	20%
Stamps Duty and Registration Fees	26	34	34	0%	41	20%
Land Revenue	5	7	7	0%	7	-4%
Taxes and Duties on Electricity	2	2	2	0%	3	5%

Sources: Annual Financial Statement, Revenue Budget, Meghalaya Budget Documents 2025-26; PRS.

## Deficits, Debt, and FRBM Targets for 2025-26

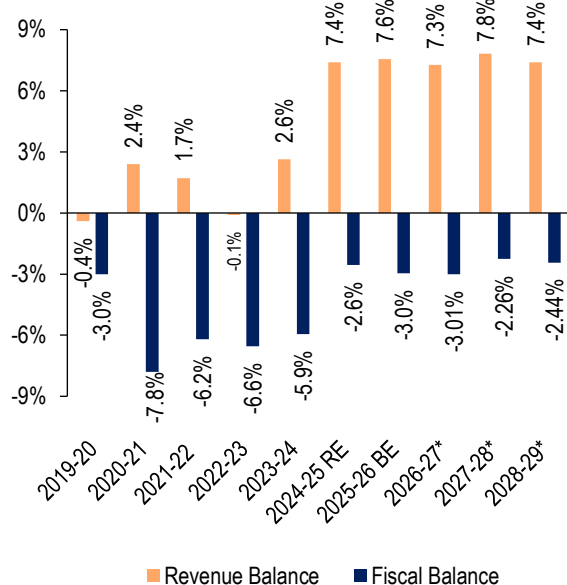
The Meghalaya Fiscal Responsibility and Budget Management Act, 2006 provides annual targets to progressively reduce the outstanding debt, revenue deficit, and fiscal deficit of the state government.

**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 5,035 crore (or 7.6% of the GSDP) in 2025-26.

**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 2025-26, the fiscal deficit is estimated to be 3% of GSDP. For 2025-26, the central government has permitted fiscal deficit of up to 3% of GSDP to states. Additional borrowing space up to 0.5% of GSDP will also be available for undertaking certain power sector reforms. As per the revised estimates, in 2024-25, the fiscal deficit of the state is expected to be 2.6% of GSDP. This is lower than the budget estimate of 3.8% of GSDP.

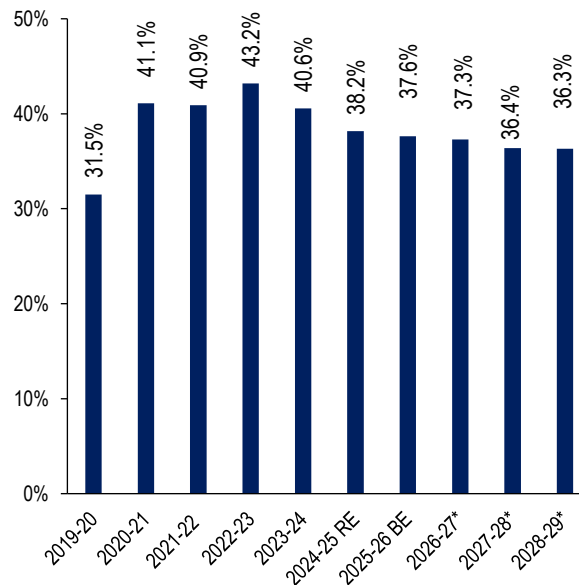
**Outstanding liabilities:** Outstanding liabilities is the accumulation of total borrowings at the end of a financial year. At the end of 2025-26, the outstanding debt is estimated to be 37.6% of GSDP, lower than the revised estimate for 2024-25 (38.2% of GSDP).

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



Note: \*Figures from 2026-27 onwards are projections. RE is Revised Estimates; BE is budget estimates. Negative figures indicate a deficit.  
Sources: Medium Term Fiscal Policy, Meghalaya Budget Documents 2025-26; PRS.

**Figure 3: Outstanding liabilities (as % of GSDP)**



Note: \*Figures from 2026-27 onwards are projections. BE is budget estimates.  
Sources: Medium Term Fiscal Policy, Meghalaya Budget Documents 2025-26; PRS.

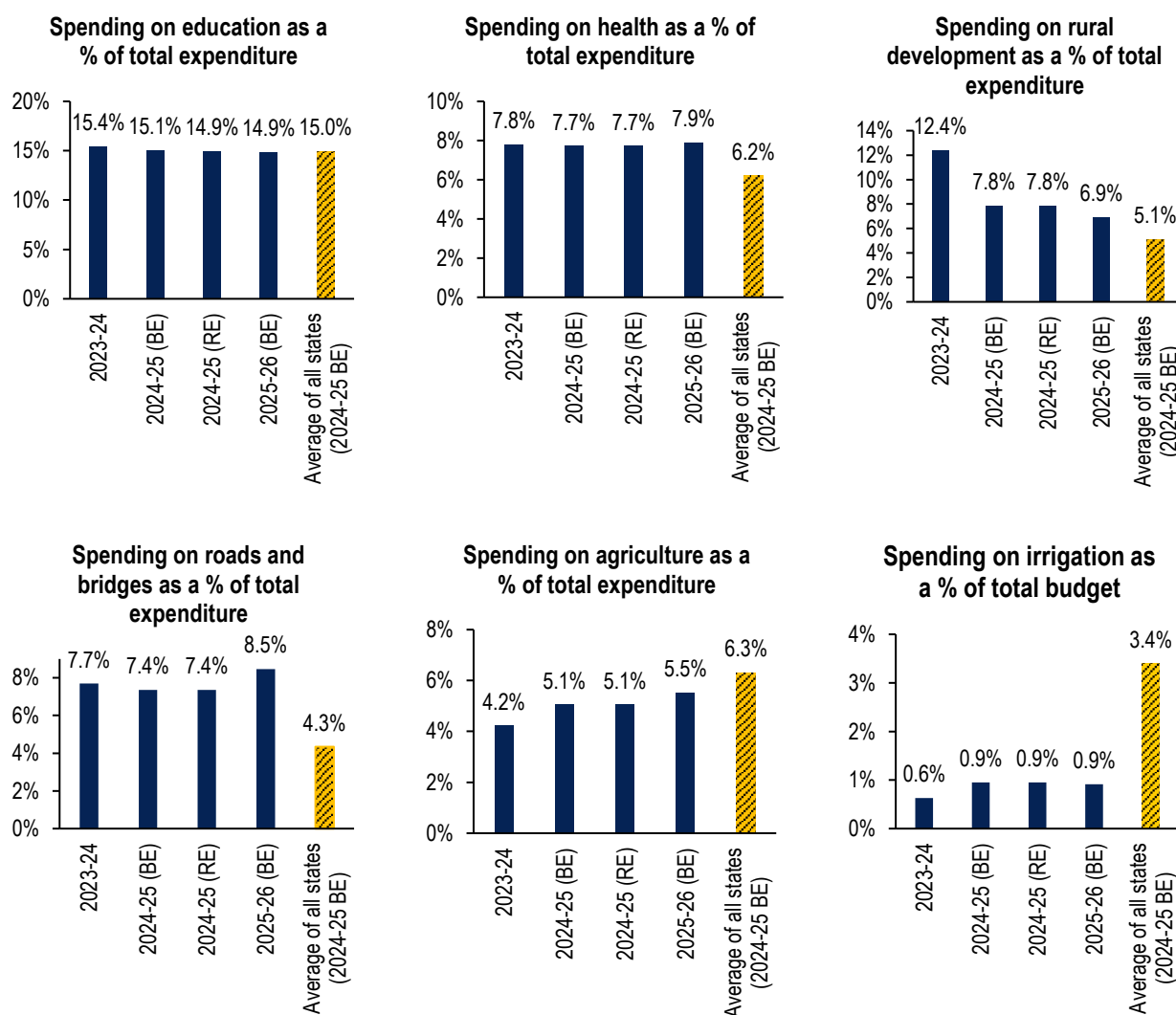
**Outstanding Government Guarantees:** Outstanding debt of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2024, the state's outstanding guarantee is estimated to be Rs 2,908 crore, which is 5.5% of Meghalaya's GSDP in 2023-24. A majority of these guarantees (Rs 2,891 crore) have been given to the power sector.

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## Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Meghalaya's expenditure in 2025-26 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 Meghalaya) as per their budget estimates of 2024-25.<sup>1</sup>

- **Education:** Meghalaya has allocated 14.9% of its expenditure on education in 2025-26. This is largely similar to the average allocation for education by states in 2024-25 (15%).
- **Health:** Meghalaya has allocated 7.9% of its expenditure on health in 2025-26. This is higher than the average allocation for health by states in 2024-25 (6.2%).
- **Rural development:** Meghalaya has allocated 6.9% of its expenditure on rural development in 2025-26. This is higher than the average allocation for rural development by states in 2024-25 (5.1%).
- **Roads and bridges:** Meghalaya has allocated 8.5% of its expenditure on roads and bridges in 2025-26. This is almost twice than the average allocation for roads and bridges by states in 2024-25 (4.3%).
- **Agriculture:** Meghalaya has allocated 5.5% of its expenditure on agriculture in 2025-26. This is lower than the average allocation for agriculture by states in 2024-25 (6.3%).
- **Irrigation:** Meghalaya has allocated 0.9% of its expenditure on irrigation in 2025-26. This is lower than the average allocation for irrigation by states in 2024-25 (3.4%).



Note: 2023-24, 2024-25 (BE), 2024-25 (RE), and 2025-26 (BE) figures are for xx.

Sources: Annual Financial Statement, Meghalaya Budget Documents 2025-26; various state budgets; PRS.

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

## Annexure 2: Comparison of 2023-24 Budget Estimates and Actuals

The following tables compare the actuals of 2023-24 with budget estimates for that year.

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

Particular	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
<b>Net Receipts (1+2)</b>	<b>19,442</b>	<b>18,002</b>	<b>-7%</b>
1. Revenue Receipts (a+b+c+d)	19,414	17,978	-7%
a. Own Tax Revenue	3,205	3,217	0%
b. Own Non-Tax Revenue	743	523	-30%
c. Share in central taxes	7,835	8,663	11%
d. Grants-in-aid from the Centre	7,633	5,575	-27%
2. Non-Debt Capital Receipts	28	24	-13%
3. Borrowings	2,339	7,514	221%
<b>Net Expenditure (4+5+6)</b>	<b>21,034</b>	<b>21,154</b>	<b>1%</b>
4. Revenue Expenditure	17,186	16,584	-4%
5. Capital Outlay	3,812	4,530	19%
6. Loans and Advances	37	41	12%
7. Debt Repayment	988	4,804	386%
<b>Revenue Balance</b>	<b>2,228</b>	<b>1,394</b>	<b>-37%</b>
Revenue Balance (as % of GSDP)	4.8%	2.6%	
<b>Fiscal Deficit</b>	<b>1,592</b>	<b>3,152</b>	<b>98%</b>
Fiscal Deficit (as % of GSDP)	3.42%	5.9%	

Source: Meghalaya Budget Documents of various years; PRS.

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

Tax Source/Head	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Land Revenue	6	5	-19%
Stamps Duty and Registration Fees	32	26	-19%
Taxes on Vehicles	150	145	-4%
State GST	1,785	1,723	-3%
Sales Tax/ VAT	792	837	6%
State Excise	413	458	11%
Taxes and Duties on Electricity	1.95	2	19%

Source: Meghalaya Budget Documents of various years; PRS.

**Table 9: Allocation towards Key Sectors**

Sector	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Welfare of SC, ST, OBC, and Minorities	145	0	-100%
Irrigation and Flood Control	229	133	-42%
Social Welfare and Nutrition	832	611	-27%
Agriculture and Allied Activities	1,196	891	-25%
Health and Family Welfare	1,805	1,644	-9%
Police	1,207	1,145	-5%
Education, Sports, Arts, and Culture	3,109	3,257	5%
Water Supply and Sanitation	640	685	7%
Transport	1,501	1,637	9%
<i>of which Roads and Bridges</i>	<i>1,483</i>	<i>1,624</i>	<i>9%</i>
Housing	141	179	27%
Urban Development	487	674	38%
Rural Development	1,593	2,618	64%
Energy	704	1,212	72%

Source: Meghalaya Budget Documents of various years; PRS.