

Puducherry Budget Analysis 2026-27

The Chief Minister of Puducherry, Mr. N. Rangasamy, presented the Budget for the financial year 2026-27 on August 24, 2026.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Puducherry for 2026-27 (at current prices) is projected to be Rs 61,460 crore, amounting to a growth of 10% over 2025-26.
- **Expenditure (excluding debt repayment)** in 2026-27 is estimated to be Rs 13,249 crore, an increase of 1% over the revised estimate for 2025-26. In addition, debt of Rs 1,050 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2026-27 are estimated to be Rs 11,965 crore, an increase of 2% over the revised estimate for 2025-26.
- **Revenue deficit** in 2026-27 is estimated to be 0.2% of GSDP (Rs 150 crore), lower than a revenue deficit of 0.5% of GSDP (Rs 291 crore) in 2025-26 as per revised estimates.
- **Fiscal deficit** for 2026-27 is targeted at 2.1% of GSDP (Rs 1,284 crore). In 2025-26, as per the revised estimates, fiscal deficit is expected to be 2.4% of GSDP.

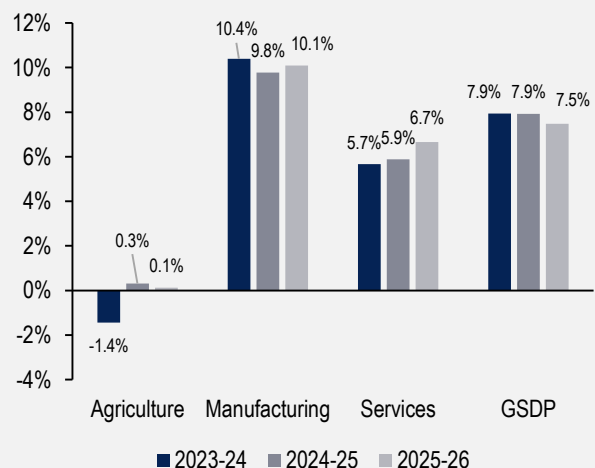
Policy Highlights

- **Local administration:** The Chief Minister's Local Administration Development Path Scheme will be introduced to improve roads, drainage, parks, public toilets, and other local infrastructure. A five-year plan covering 2,282 works at an estimated cost of Rs 1,131 crore has been prepared.
- **Agriculture:** Farmers in Karaikal will receive financial assistance of Rs 1,500 per hectare for summer crop cultivation.
- **Free bus for students:** Free bus transport will be provided to students studying in government and government-aided higher education institutions in the Puducherry region.
- **Energy:** A 50 MW battery energy storage system will be installed across 10 substations at an estimated cost of Rs 150 crore.
- **Police Force:** The Union Ministry of Home Affairs has approved the establishment of a second India Reserve Battalion in Puducherry, with central assistance of Rs 80 crore. The Battalion will have 1,007 new posts.

Puducherry's Economy

- **GSDP:** In 2025-26, Puducherry's GSDP (at constant 2011-12 prices) is estimated to grow by 7.5% over the previous year. In comparison, India's GDP is estimated to grow by 7.4% in 2025-26 (first advance estimate at constant 2011-12 prices).
- **Sectors:** In 2025-26, agriculture, manufacturing, and services sectors are estimated to contribute 6%, 40%, and 54% of Puducherry's economy, respectively (at current prices).
- **Per capita GSDP:** In 2025-26, Puducherry's per capita GSDP (at current prices) is estimated to be Rs 3,23,745 an increase of 6% over 2024-25. In 2025-26, India's per capita GDP is estimated to be Rs 2,51,393, an increase by 7% over 2024-25.

Figure 1: Growth in Puducherry'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 13,249 crore. This is an increase of 1% over the revised estimate for 2025-26. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 11,965 crore and net borrowings of Rs 1,285 crore. Total receipts for 2026-27 (other than borrowings) are expected to register an increase of 2% over the revised estimate for 2025-26.
- The state estimates a **revenue deficit** of 0.2% of GSDP (Rs 150 crore) in 2026-27, lower than a revenue deficit of 0.5% of GSDP in 2025-26 (Rs 291 crore). The revenue deficit in 2025-26 is estimated to be 131% higher than budgeted (Rs 126 crore).
- **Fiscal deficit** for 2026-27 is targeted at 2.1% of GSDP (Rs 1,284 crore), lower than the revised estimate for 2025-26 (2.4% of GSDP).

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	12,308	13,600	14,100	4%	14,300	1%
(-) Repayment of debt	942	999	1,001	0.2%	1,050	5%
Net Expenditure (E)	11,365	12,601	13,099	4%	13,249	1%
Total Receipts	12,347	13,600	14,100	4%	14,300	1%
(-) Borrowings	1,830	2,101	2,376	13%	2,335	-2%
<i>of which central capex loans*</i>	<i>0</i>	<i>0</i>	<i>274</i>	<i>-</i>	<i>186</i>	<i>-32%</i>
Net Receipts (R)	10,517	11,499	11,725	2%	11,965	2%
Fiscal Deficit (E-R)	848	1,102	1,374	25%	1,284	-7%
<i>as % of GSDP</i>	<i>1.6%</i>	<i>2.0%</i>	<i>2.4%</i>		<i>2.1%</i>	
Revenue Deficit	401	126	291	131%	150	-48%
<i>as % of GSDP</i>	<i>0.7%</i>	<i>0.2%</i>	<i>0.5%</i>		<i>0.2%</i>	
Primary Deficit	33	273	471	72%	384	-18%
<i>as % of GSDP</i>	<i>0.1%</i>	<i>0.5%</i>	<i>0.8%</i>		<i>0.6%</i>	
GSDP	54,379	55,957	56,086	0.2%	61,460	10%

Note: BE is Budget Estimates; RE is Revised Estimates. GSDP figures are back calculated using fiscal deficit for all the years in the table from Budget at a Glance statement. *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.

**(+/-) indicates a surplus and (-) indicates a deficit.

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

Expenditure in 2026-27

- **Revenue expenditure** for 2026-27 is proposed to be Rs 12,115 crore, an increase of 1% over the revised estimate for 2025-26. This includes expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2026-27 is proposed to be Rs 1,134 crore, an increase of 5% over the revised estimate for 2025-26. Capital outlay is the expenditure towards creation of assets such as roads and buildings.

Subsidies

As per the Economic Survey, Puducherry had budgeted Rs 709 crore for subsidies in 2025-26 (6% of revenue receipts). Civil supplies accounted for the largest share (47%), with an allocation of Rs 330 crore. This included: (i) Rs 252 crore for distribution of essential commodities, (ii) Rs 48 crore for distribution under the special component plan, and (iii) Rs 25 crore for LPG cylinder subsidies. Other major allocations included Rs 44 crore for agriculture and forest and Rs 26 crore for subsidies on power consumption charges. Adi Dravidar welfare and fisheries were allocated Rs 17 crore each.

Sources: Puducherry Economic Survey 2025-26; PRS.

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	10,918	11,625	12,016	3%	12,115	1%
Capital Outlay	447	976	1,083	11%	1,134	5%
Loans given by the state	0.1	0.5	0.1	-88%	0.1	-17%
Net Expenditure	11,365	12,601	13,099	4%	13,249	1%

Sources: Annual Financial Statement, Puducherry 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, Puducherry is estimated to spend Rs 1,620 crore on pension (14% of revenue receipts), and Rs 900 crore on interest payments (8% of revenue receipts).

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	-	-	-	-	-	-
Pension	1,432	1,550	1,580	2%	1,620	3%
Interest payment	816	829	903	9%	900	-0.3%

Note: Salary data is not available.

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

Sector-wise expenditure: The sectors listed below account for **69%** of the total expenditure on sectors by the state in 2026-27.

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

Sectors	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)
Energy	2,823	2,894	2,919	2,731	-6%	Rs 2,328 crore has been allocated for purchase of power.
Education, Sports, Arts, and Culture	1,191	1,426	1,456	1,491	2%	- Rs 460 crore and Rs 499 crore have been allocated toward primary and secondary education respectively. - Rs 197 crore has been allocated to university and higher education.
Social Welfare and Nutrition	1,084	997	1,108	1,279	15%	- Rs 564 crore has been allocated towards old age pensions - Financial assistance to women has been allocated Rs 151 crore.
Health and Family Welfare	957	1,086	1,080	1,115	3%	- Rs 396 crore has been allocated towards allopathic hospitals and dispensaries in urban areas. - Rs 227 crore has been allocated towards medical education, training, and research in allopathy.
Agriculture and Allied Activities	517	783	833	885	6%	- Rs 382 crore has been allocated towards food subsidies. - Rs 169 crore has been allocated towards fisheries.
Police	370	372	414	443	7%	- Rs 112 crore has been allocated towards district police, and Rs 99 crore towards the Indian Reserve Battalion. - Rs 53 crore has been allocated towards modernisation of the police force.
Urban Development	561	356	369	376	2%	- Rs 247 crore has been allocated as assistance to local bodies. - Rs 45 crore has been allocated towards grants for creation of capital assets.
Transport	226	352	422	360	-15%	- Rs 227 crore has been allocated towards capital outlay for road works. - Rs 47 crore has been allocated towards assistance to PSUs within the transport sector.
Welfare of SC, ST, OBC, and Minorities	214	231	236	248	5%	Rs 222 crore has been allocated to the Development Action Plan for Scheduled Castes.
Water Supply and Sanitation	188	228	224	205	-8%	- Rs 73 crore has been allocated towards sewerage and sanitation. - Rs 24 crore has been allocated towards urban water supply, and Rs 38 crore has been allocated towards rural water supply programmes.
% of total expenditure on all sectors	72%	69%	69%	69%		

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

Receipts in 2026-27

- **Total revenue receipts** for 2026-27 are estimated to be Rs 11,965 crore, an increase of 2% over the revised estimate for 2025-26. Of this, Rs 7,890 crore (66%) will be raised through **own resources**, and Rs 4,075 crore (34%) will come as **grants-in-aid from the centre**.
- **State's own tax revenue:** Puducherry's total own tax revenue is estimated to be Rs 4,972 crore in 2026-27, an increase of 5% over the revised estimate of 2025-26. Own tax revenue as a percentage of GSDP is estimated at 8% in 2026-27. As per actuals, own tax revenue was 7.6% of GSDP in 2024-25.

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	4,148	4,682	4,737	1%	4,972	5%
State's Own Non-Tax	2,701	2,959	3,008	2%	2,918	-3%
Grants from Centre	3,669	3,857	3,980	3%	4,075	2%
Revenue Receipts	10,517	11,499	11,725	2%	11,965	2%
Non-debt Capital Receipts	0.1	-	-	-	-	-
Net Receipts	10,517	11,499	11,725	2.0%	11,965	2%

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

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

- In 2026-27, **state excise** is estimated to be the largest source of own tax revenue (38% share). It is estimated to be Rs 40 crore higher than the revised estimate for 2025-26.
- State GST revenue in 2026-27 is estimated to be the same as the revised estimate for 2025-26. In 2025-26, state GST revenue is estimated to be marginally lower than budgeted.
- Revenue from stamp duty and registration in 2026-27 is expected to register an increase of 39% over the revised estimate for 2025-26.

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 Excise	1,543	1,800	1,860	3%	1,900	2%
State GST	1,498	1,550	1,530	-1%	1,530	0%
Sales Tax/ VAT	802	980	965	-2%	1,070	11%
Stamps Duty and Registration Fees	120	150	180	20%	250	39%
Taxes on Vehicles	183	200	200	0%	220	10%
Land Revenue	3	2	2	0%	2	0%

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

Deficits and Debt for 2026-27

Puducherry has not enacted a fiscal responsibility and budget management (FRBM) law unlike other states. These laws specify annual targets for reducing debt and deficit. As per CAG (2025), Puducherry has adopted following targets in accordance with the FRBM Act passed by Parliament for the central government: (i) eliminating revenue deficit, (ii) limiting fiscal deficit up to 3% of GSDP, and (iii) ensuring liabilities do not exceed 25% of GSDP.¹

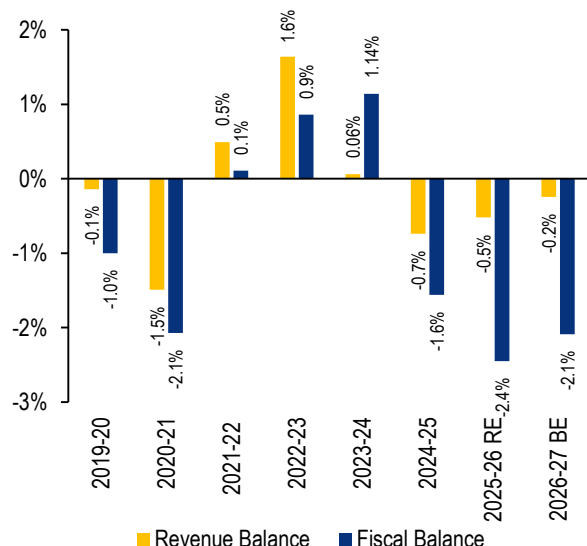
Revenue deficit: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue deficit of Rs 150 crore (0.2% of GSDP) in 2026-27.

Fiscal deficit: It is the excess of total expenditure over total receipts, excluding borrowings. This gap is financed through borrowings and other liabilities. In 2026-27, the fiscal deficit is estimated at 2.1% of GSDP. In 2024-25, as per actuals, the fiscal deficit was 1.6% of GSDP.

In 2026-27, Puducherry has estimated to receive Rs 186 crore as 50-year interest-free loan for capital expenditure from the central government. In case of states, the 16th Finance Commission has recommended that the fiscal deficit will be computed after excluding these loans.

Outstanding debt: Outstanding debt is the accumulation of total borrowings at the end of a financial year. They also include any liabilities on public accounts such as provident funds. As per Puducherry Economic Survey 2025-26, outstanding debt is estimated to be 21% of GSDP at the end of 2025-26.

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

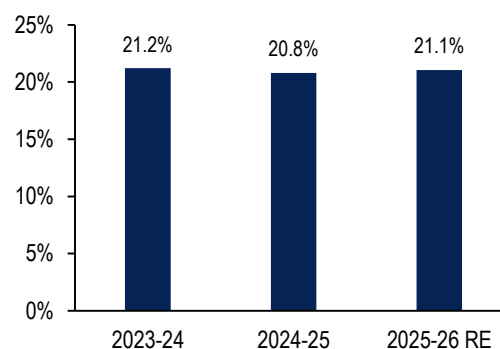


Note: RE is Revised Estimates; BE is Budget Estimates.

(+) indicates a surplus and (-) indicates a deficit.

Sources: Puducherry Budget Documents of various years; PRS.

Figure 3: Outstanding Debt (% of GSDP)



Note: RE is Revised Estimate.

Source: Puducherry Economic Survey 2025-26; PRS.

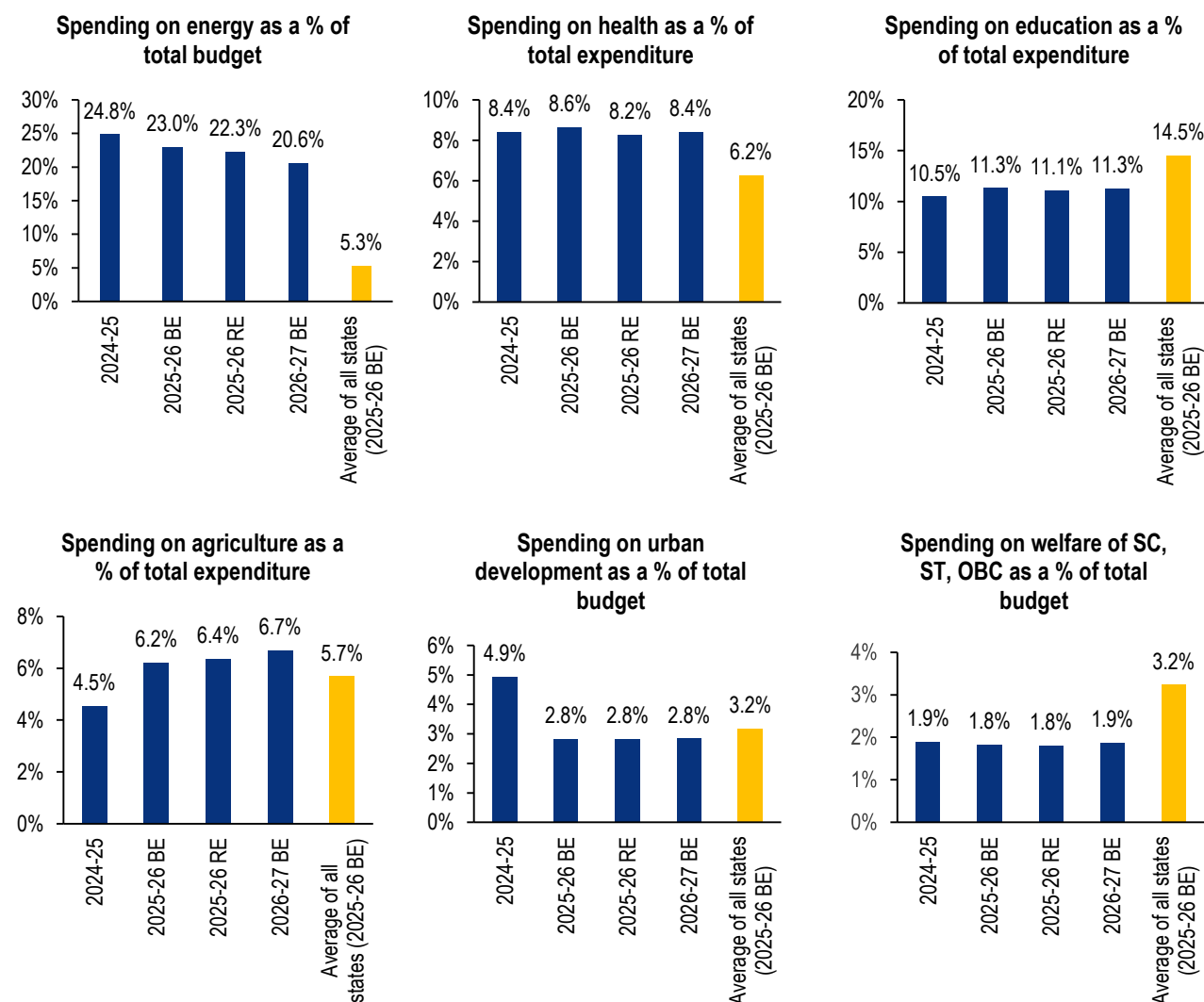
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¹ Report No. 1 of 2025, Report of CAG on Puducherry Finances for the Year 2023-24.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Puducherry'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 as per their budget estimates of 2025-26.²

- **Energy:** Puducherry has allocated 21% of its expenditure towards energy in 2026-27. This is higher than the average allocation for energy by states in 2025-26 (5.3%). Power distribution is a departmental activity in Puducherry unlike other states where it is undertaken by state public sector enterprises.
- **Health:** Puducherry has allocated 8% of its expenditure towards health and family welfare in 2026-27. This is higher than the average allocation for health by states in 2025-26 (6.2%).
- **Education:** Puducherry has allocated 11% of its expenditure towards education in 2026-27. This is lower than the average allocation for education by states in 2025-26 (14.5%).
- **Agriculture:** Puducherry has allocated 6.7% of its expenditure towards agriculture and allied activities in 2026-27. This is higher than the average allocation for agriculture by states in 2025-26 (5.7%).
- **Urban Development:** Puducherry has allocated 2.8% of its expenditure towards urban development in 2026-27. This is lower than the average allocation for urban development by states in 2025-26 (3.2%).
- **Welfare for SC, ST, OBC:** Puducherry has allocated 1.9% of its expenditure towards welfare of SC, ST, and OBC in 2026-27. This is lower than the average allocation for welfare of SC, ST, and OBC by states in 2025-26 (3.2%).



² The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry.

Annexure 2: Comparison of 2024-25 Budget Estimates and Actuals

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

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

Particular	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Net Receipts (1+2)	10,634	10,517	-1%
1. Revenue Receipts (a+b+c+d)	10,634	10,517	-1%
a. Own Tax Revenue	4,218	4,148	-2%
b. Own Non-Tax Revenue	2,697	2,701	0.1%
d. Grants-in-aid from the Centre	3,719	3,669	-1%
2. Non-Debt Capital Receipts	0	0	-
3. Borrowings	2,066	1,830	-11%
Net Expenditure (4+5+6)	11,747	11,365	-3%
4. Revenue Expenditure	10,970	10,918	-0.5%
5. Capital Outlay	776	447	-42%
6. Loans and Advances	1	0	-90%
7. Debt Repayment	953	942	-1%
Revenue Balance	-336	-401	19%
Revenue Balance (as % of GSDP)	-0.6%	-0.01	
Fiscal Deficit	1,113	848	-24%
Fiscal Deficit (as % of GSDP)	1.97%	1.56%	

Note: Puducherry does not receive a share in central taxes as it is a Union Territory.

Source: Puducherry Budget Documents of various years; PRS.

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

Tax Source/Head	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Stamps Duty and Registration Fees	145	120	-17%
Sales Tax/ VAT	886	802	-9%
State Excise	1,600	1,543	-4%
State GST	1,414	1,498	6%
Taxes on Vehicles	171	183	7%
Land Revenue	2	3	27%

Source: Puducherry Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Rural Development	107	57	-47%
Irrigation and Flood Control	82	52	-37%
Agriculture and Allied Activities	627	517	-18%
Transport	267	226	-15%
<i>of which Roads and Bridges</i>	216	169	-22%
Water Supply and Sanitation	219	188	-14%
Health and Family Welfare	1,111	957	-14%
Education, Sports, Arts, and Culture	1,310	1,191	-9%
Welfare of SC, ST, OBC, and Minorities	232	214	-8%
Police	367	370	1%
Energy	2,794	2,823	1%
Housing	57	61	7%
Social Welfare and Nutrition	929	1,084	17%
Urban Development	445	561	26%

Source: Puducherry Budget Documents of various years; PRS.