

# Punjab Budget Analysis 2026-27

The Finance Minister of Punjab, Mr. Harpal Singh Cheema, presented the Budget for Punjab for the financial year 2026-27 on March 8, 2026.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Punjab for 2026-27 (at current prices) is projected to be Rs 9,80,635 crore, amounting to growth of 10% over the previous year.
- **Expenditure (excluding debt repayment)** in 2026-27 is estimated to be Rs 1,66,711 crore, an increase of 7% over the revised estimate for 2025-26. In addition, debt (excluding short-term advances from RBI) of Rs 13,726 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2026-27 are estimated to be Rs 1,26,740 crore, an increase of 7% over the revised estimate for 2025-26.
- **Revenue deficit** in 2026-27 is estimated to be 2.2% of GSDP (Rs 21,955 crore), lower than the revised estimate for 2025-26 (3% of GSDP). In 2025-26, revenue deficit is expected to be higher than budgeted (2.7% of GSDP).
- **Fiscal deficit** for 2026-27 is targeted at 4.1% of GSDP (Rs 39,971 crore). In 2025-26, as per the revised estimates, fiscal deficit is expected to be 4.2% of GSDP, higher than budgeted (3.8% of GSDP).

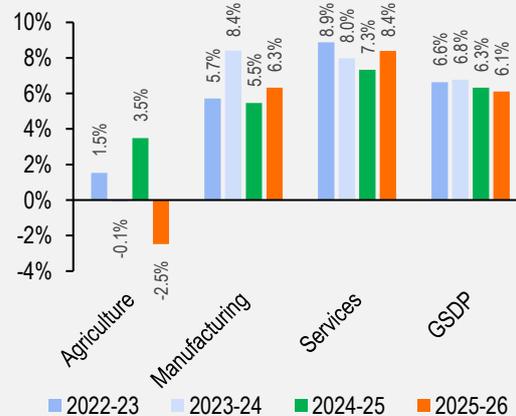
## Policy Highlights

- **Cash transfer scheme for women:** The state government will launch the Mukh Mantri Mawan Dhian Satikar Yojana. Under the scheme, the state will provide assistance of Rs 1,000 per month to women above 18 years of age. Assistance worth Rs 1,500 per month will be given to women from scheduled castes. This scheme has been allocated Rs 9,300 crore for 2026-27.
- **Education:** Sikhiya Kranti 2.0 will be launched by the state government. This initiative seeks to transform school education through measures such as strengthening foundational literacy and career counselling.
- **Ration kits:** The state government will launch Meri Rasoi Scheme. This scheme aims to strengthen food and nutrition security for vulnerable households by providing free quarterly ration kits. Rs 900 crore has been allocated for this scheme for 2026-27.
- **Horticulture:** The state government in partnership with Japan International Cooperation Agency will implement a programme to promote climate-resilient and high-value horticulture over the next 10 years. This programme aims to increase the acreage under fruits and vegetables by 300% by 2035.
- **Water supply and sanitation:** The state government will launch Nal Jal Mitra initiative. Under the initiative, one person in every Gram Panchayat will be trained for strengthening community level water service delivery.

## Punjab's Economy

- **GSDP:** In 2025-26, Punjab's GSDP (at constant prices) is estimated to grow by 6.1% over the previous year. In comparison, India's GDP is estimated to grow by 7.4% in 2025-26.
- In 2025-26, agriculture sector is estimated to register a negative growth of 2.5%.
- **Sectors:** In 2025-26, agriculture, manufacturing, and services sectors are estimated to contribute 23%, 29%, and 48% of Punjab's economy, respectively (at current prices).
- **Per capita income:** In 2025-26, Punjab's per capita income (at current prices) is estimated to be Rs 2,30,523, an increase of 6.4% over 2024-25. In 2025-26, India's per capita income is estimated to be Rs 2,19,575, an increase of 6.9% over 2024-25.

**Figure 1: Growth in Punjab'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: Punjab Economic Survey 2025-26; PRS.

## Budget Estimates for 2026-27

- **Total expenditure (excluding debt repayment)** in 2026-27 is targeted at Rs 1,66,711 crore. This is an increase of 7% over the revised estimate for 2025-26. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,26,740 crore and net borrowings of Rs 38,471 crore. Total receipts for 2026-27 (other than borrowings) are expected to register an increase of 7% over the revised estimate for 2025-26.
- The state estimates a **revenue deficit** of 2.2% of GSDP (Rs 21,955 crore) in 2026-27, lower than the revised estimate for 2025-26 (3% of GSDP). In 2025-26, revenue deficit is expected to be higher than budgeted.
- **Fiscal deficit** for 2026-27 is targeted at 4.1% of GSDP (Rs 39,971 crore), marginally lower than the revised estimates for 2025-26 (4.2% 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	2,12,461	2,36,081	2,53,601	7%	2,60,437	3%
(-) Repayment of debt	79,515	89,449	98,199	10%	93,726	-5%
of which WMA from RBI*	66,577	71,250	80,000	12%	80,000	0%
<b>Net Expenditure (E)</b>	<b>1,32,946</b>	<b>1,46,632</b>	<b>1,55,402</b>	<b>6%</b>	<b>1,66,711</b>	<b>7%</b>
Total Receipts	2,07,153	2,33,581	2,53,601	9%	2,58,937	2%
(-) Borrowings	1,13,918	1,21,150	1,35,435	12%	1,32,197	-2%
of which WMA from RBI*	69,689	71,250	80,000	12%	80,000	0%
central capex loans**	2,269	200	5,124	2462%	6,799	33%
<b>Net Receipts (R)</b>	<b>93,235</b>	<b>1,12,431</b>	<b>1,18,166</b>	<b>5%</b>	<b>1,26,740</b>	<b>7%</b>
<b>Fiscal Deficit (E-R)</b>	<b>39,711</b>	<b>34,201</b>	<b>37,237</b>	<b>9%</b>	<b>39,971</b>	<b>7%</b>
as % of GSDP	4.7%	3.8%	4.2%		4.1%	
<b>Revenue Deficit</b>	<b>32,570</b>	<b>23,957</b>	<b>27,007</b>	<b>13%</b>	<b>21,955</b>	<b>-19%</b>
as % of GSDP	3.9%	2.7%	3.0%		2.2%	
<b>Primary Deficit</b>	<b>15,090</b>	<b>9,206</b>	<b>9,557</b>	<b>4%</b>	<b>11,216</b>	<b>17%</b>
as % of GSDP	1.8%	1.0%	1.1%		1.1%	
GSDP	8,38,637	8,91,301	8,91,487	0%	9,80,635	10%

Note: BE is Budget Estimates; RE is Revised Estimates. \*Ways and Means Advances (WMA) are short-term advances from RBI. These are short-term borrowings that may be availed multiple times during the year, and are generally repaid within the year.

\*\*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, Receipt Budget Book, Demand for Grants Vol-I, Punjab Budget Documents 2026-27; PRS.

## Expenditure in 2026-27

- **Revenue expenditure** for 2026-27 is proposed to be Rs 1,48,146 crore, an increase of 3% over the revised estimate for 2025-26. This includes the expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2026-27 is proposed to be Rs 18,381 crore, an increase of 76% over the revised estimate for 2025-26. This is due to increased allocation to capital outlay towards sectors such as agriculture and allied activities, roads and bridges, and education. Capital outlay indicates the expenditure towards creation of assets.

### Power Subsidies

Punjab is estimated to spend Rs 15,550 crore on power subsidies in 2026-27 (12.3% of its budgeted revenue receipts). This comprises: (i) Rs 7,715 crore to agriculture (50%), (ii) Rs 5,771 crore to domestic consumers (37%), and (iii) Rs 2,064 crore to industries (13%). Between 2018-19 and 2025-26, power subsidies given by the state is estimated to grow at an annualised rate of 12%. The 16<sup>th</sup> Finance Commission (2025) observed that well targeted subsidies and transfers are potential tools to address inequity. It noted that in many states, subsidies are not well targeted. A study for the Commission noted that 75% of the households in the highest consumption expenditure bracket in Punjab, receive free electricity. This was the second highest among all the states analysed in the study.

Source: 16<sup>th</sup> Finance Commission Report Volume-I; 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	1,25,776	1,35,698	1,43,523	6%	1,48,146	3%
Capital Outlay	6,876	10,302	10,434	1%	18,381	76%
Loans given by the state	294	632	1,446	129%	184	-87%
<b>Net Expenditure</b>	<b>1,32,946</b>	<b>1,46,632</b>	<b>1,55,402</b>	<b>6%</b>	<b>1,66,711</b>	<b>7%</b>

Sources: Annual Financial Statement, Punjab 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, Punjab is estimated to spend Rs 90,335 crore on committed expenditure, which is 72% of its estimated revenue receipts. This comprises spending on salaries (31% of revenue receipts), pension (18%), and interest payments (23%). In 2024-25, as per actual figures, 85% of revenue receipts were spent on committed expenditure items.

**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	34,031	36,428	35,842	-2%	39,115	9%
Pension	20,212	20,750	22,222	7%	22,465	1%
Interest payment	24,621	24,995	27,679	11%	28,755	4%
<b>Total</b>	<b>78,863</b>	<b>82,174</b>	<b>85,743</b>	<b>4%</b>	<b>90,335</b>	<b>5%</b>

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

**Sector-wise expenditure:** The sectors listed below account for 55% of the total expenditure on sectors by the state in 2026-27. A comparison of Punjab's expenditure on key sectors with that by other states is shown in Annexure 1.

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

Sector	2024-25 Actuals	2025-26 Budgeted	2025-26 Revised	2026-27 Budgeted	% change from 2025- 26 RE to 2026-27 BE	Budget Provisions 2026-27 BE
Education, Sports, Arts, and Culture	16,571	19,110	19,076	21,503	13%	<ul style="list-style-type: none"> <li>Rs 3,500 crore has been allocated to Sikhya Kranti 2.0.</li> <li>Rs 1,435 crore has been allocated to Samagra Shiksha Abhiyan.</li> </ul>
Social Welfare and Nutrition	8,943	9,501	11,290	18,775	66%	<ul style="list-style-type: none"> <li>Rs 9,300 crore has been allocated to Mukh Mantri Mawan Dhian Satikar Yojana.</li> <li>Rs 6,132 crore has been allocated towards social assistance for old age persons, widows and destitute women, dependent children, and disabled persons.</li> </ul>
Agriculture and Allied Activities	12,676	14,407	15,870	15,281	-4%	<ul style="list-style-type: none"> <li>Rs 7,715 crore has been allocated to provide subsidised power to farmers in the state.</li> </ul>
Police	8,409	9,269	8,594	9,214	7%	<ul style="list-style-type: none"> <li>Rs 390 crore has been allocated to modernising police technologies and upgradation of infrastructure.</li> </ul>
Health and Family Welfare	5,430	6,660	6,682	7,787	17%	<ul style="list-style-type: none"> <li>Mukhya Mantri Sehat Yojana (universal health coverage) has been allocated Rs 2,000 crore.</li> </ul>
Energy	9,831	7,710	7,645	5,798	-24%	<ul style="list-style-type: none"> <li>Rs 5,771 crore has been allocated for free power to domestic consumers.</li> </ul>
Transport	1,902	2,392	2,844	5,153	81%	<ul style="list-style-type: none"> <li>Rs 4,399 crore has been allocated for capital outlay on roads and bridges.</li> </ul>
Urban Development	2,529	1,494	1,665	2,945	77%	<ul style="list-style-type: none"> <li>For AMRUT project, Rs 665 crore has been allocated.</li> <li>Rs 500 crore has been allocated towards Municipal Service Improvement Project and Rs 171 crore towards Swachh Bharat Mission - Urban.</li> </ul>
Irrigation and Flood Control	3,017	3,235	3,302	2,943	-11%	<ul style="list-style-type: none"> <li>Rs 1,718 crore has been allocated to capital outlay on irrigation and flood control.</li> </ul>
Rural Development	1,056	1,896	2,162	2,858	32%	<ul style="list-style-type: none"> <li>MGNREGA has been allocated Rs 615 crore.</li> <li>Pradhan Mantri Awas Yojana-Gramin has been allocated 800 crore.</li> </ul>
<b>% of total expenditure on all sectors</b>	<b>53%</b>	<b>52%</b>	<b>51%</b>	<b>55%</b>		

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

## Receipts in 2026-27

- **Total revenue receipts** for 2026-27 are estimated to be Rs 1,26,190 crore, an increase of 8% over the revised estimate for 2025-26. Of this, Rs 86,537 crore (69%) will be raised by the state through its **own resources**, and Rs 39,653 crore (31%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (24% of revenue receipts) and grants (7% of revenue receipts).
- **Devolution:** In 2026-27, the state's share in central taxes is estimated at Rs 30,464 crore, an increase of 21% over the revised estimate of 2025-26. This may be driven by an increase in Punjab's share in devolution as per the recommendations of the 16th Finance Commission (see Page 7 for more details).
- **Grants from the centre** in 2026-27 are estimated at Rs 9,189 crore, a decrease of 9% over the revised estimate for 2025-26.
- **State's own non-tax revenue:** Punjab's total own non-tax revenue is estimated to be Rs 15,687 crore in 2026-27, a decrease of 20% over the revised estimate of 2025-26. In 2025-26, own non-tax revenue is expected to be 60% higher than budgeted. This is owing to a revenue of Rs 8,300 crore estimated from sale of land and property at the revised estimate stage. No receipts were estimated under this at the budget stage. In 2026-27, revenue of Rs 3,800 crore has been budgeted under this head.

**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	53,794	63,250	61,700	-2%	70,851	15%
State's Own Non-Tax	6,277	12,211	19,517	60%	15,687	-20%
Share in Central Taxes	23,254	25,704	25,171	-2%	30,464	21%
Grants-in-aid from Centre	9,882	10,576	10,127	-4%	9,189	-9%
<b>Revenue Receipts</b>	<b>93,207</b>	<b>1,11,740</b>	<b>1,16,516</b>	<b>4%</b>	<b>1,26,190</b>	<b>8%</b>
Non-debt Capital Receipts	28	690	1650	139%	550	-67%
<b>Net Receipts</b>	<b>93,235</b>	<b>1,12,431</b>	<b>1,18,166</b>	<b>5.1%</b>	<b>1,26,740</b>	<b>7%</b>

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

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

- **State's own tax revenue:** Punjab's total own tax revenue is estimated to be Rs 70,851 crore in 2026-27, an increase of 15% over the revised estimate of 2025-26. Own tax revenue as a percentage of GSDP is estimated at 7.2% in 2026-27, higher than the revised estimate for 2025-26 (6.9%). As per the actual figures for 2024-25, own tax revenue as a percentage of GSDP was 6.4%.
- In 2026-27, **State GST** is estimated to be the largest source of own tax revenue (45% share). State GST revenue is estimated to increase by 19% over the revised estimate for 2025-26.
- Revenue from stamps duty and registration fees in 2026-27 is expected to increase by 29% over the revised estimate for 2025-26.

### Short-term borrowings from RBI

RBI provides short-term advances (up to three months) to central and state governments through a mechanism known as Ways and Means Advances (WMA). These advances help manage mismatches between receipts and expenditure obligations. In addition, a state government may also avail overdraft facility from RBI. Between 2014-15 and 2023-24, the duration for which WMA or overdraft was availed by Punjab, mostly ranged between 221 and 344 days. CAG (2025) observed that such high number of days indicates near-continuous reliance on these short-term borrowings throughout the year. It observed that 12 states had not availed WMA in 2023-24. These include states such as Gujarat, Karnataka, Odisha, Tamil Nadu, Uttar Pradesh, and Bihar. In 2026-27, Punjab estimates aggregate borrowing through these mechanisms of Rs 80,000 crore over the year. This amount will also be repaid within the year since it is a short-term borrowing.

Source: State Finances 2023-24 Decadal Analysis, CAG; Receipt Book, Punjab Budget 2026-27; PRS.

**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	23,559	27,650	27,000	-2%	32,000	19%
State Excise	10,752	11,200	11,900	6%	12,800	8%
Stamps Duty and Registration Fees	5,781	7,000	7,000	0%	9,000	29%
Sales Tax/ VAT	6,883	8,200	7,750	-5%	8,200	6%
Taxes on vehicles	3,426	4,730	4,250	-10%	4,700	11%
Taxes and Duties on Electricity	3,093	3,745	3,300	-12%	3,516	7%
Land Revenue	108	230	110	-52%	170	54%

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

## Deficits and Debt in 2026-27

The Punjab Fiscal Responsibility and Budget Management Act, 2003 provides annual targets to progressively reduce the outstanding liabilities, 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 deficit of Rs 21,955 crore in 2026-27 (2.2% of GSDP).

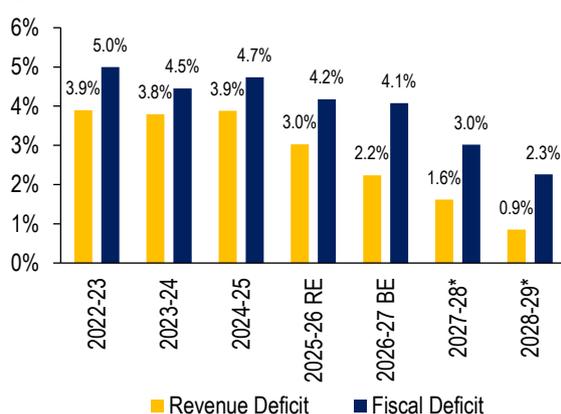
**Fiscal deficit:** It is the excess of total expenditure over total receipts. This gap is filled by borrowings and leads to an increase in total liabilities. In 2026-27, the fiscal deficit is estimated to be 4.1% of GSDP (Rs 39,971 crore). The 16<sup>th</sup> Finance Commission has recommended the annual 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 annual borrowing ceiling. In 2026-27, receipts from central capex loans are budgeted at Rs 6,799 crore (0.7% of GSDP).

As per the revised estimates, in 2025-26, fiscal deficit is expected to be 4.2% of GSDP. This is higher than the budget estimate (3.8% of GSDP). In 2025-26, central capex loans are estimated to be Rs 5,124 crore (0.6% of GSDP) as per the revised estimates, higher than the initial budget estimate (Rs 200 crore).

In 2024-25, as per actuals, fiscal deficit was 4.7% of GSDP, significantly higher than budgeted (3.8% of GSDP) (see Page 10).

**Outstanding liabilities:** Outstanding liabilities is the accumulation of total borrowings at the end of a financial year. It also includes any liabilities on public accounts such as provident funds. At the end of 2026-27, outstanding liabilities is estimated to be 45.1% of GSDP, slightly lower than the revised estimate for 2025-26 (45.2% of GSDP).

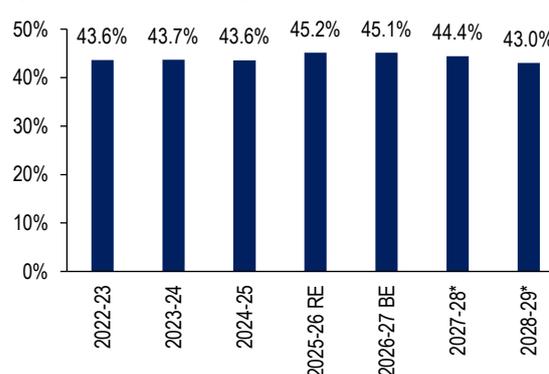
**Figure 2: Revenue and Fiscal Deficit (% of GSDP)**



Note: \*Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is Budget Estimates.

Sources: Medium Term Fiscal Policy, Punjab Budget Documents 2026-27; PRS.

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



Note: \*Figures from 2027-28 onwards are projections. Figures above exclude GST compensation loans, which are to be repaid by the central government. RE is Revised Estimates; BE is Budget Estimates.

Sources: Medium Term Fiscal Policy, Punjab Budget Documents 2026-27; PRS.

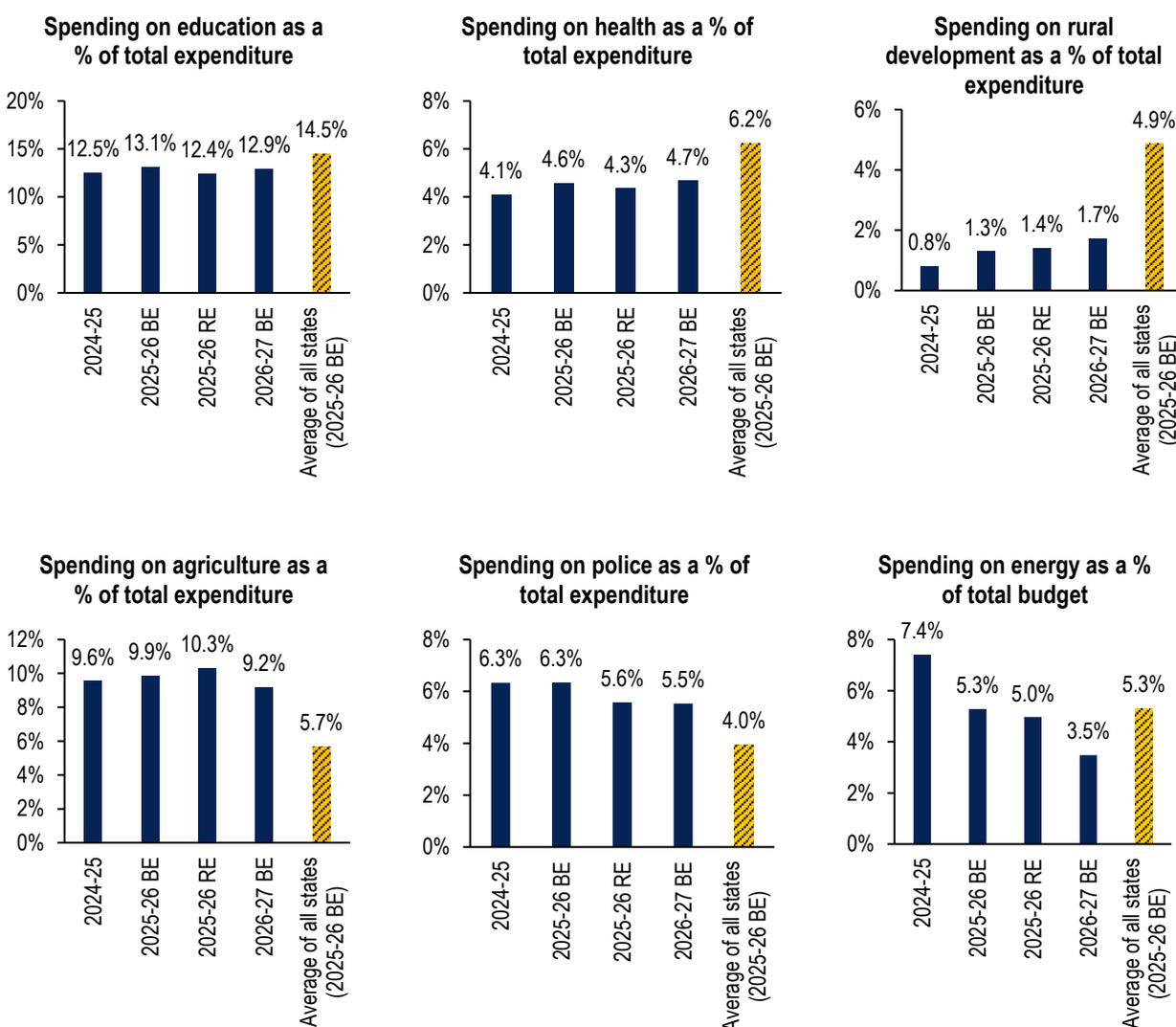
**Outstanding Government Guarantees:** Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2026, the state's outstanding guarantee is estimated to be Rs 23,654 crore, which is 2.7% of Punjab's GSDP.

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

The graphs below compare Punjab'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 Punjab) as per their budget estimates of 2025-26.<sup>1</sup>

- **Education:** Punjab has allocated 12.9% of its expenditure towards education in 2026-27. This is lower than the average allocation for education by states in 2025-26 (14.5%).
- **Health:** Punjab has allocated 4.7% of its expenditure towards health in 2026-27. This is lower than the average allocation for health by states in 2025-26 (6.2%).
- **Rural development:** Punjab has allocated 1.7% of its expenditure towards rural development in 2026-27. This is lower than the average allocation for rural development by states in 2025-26 (4.9%).
- **Agriculture:** Punjab has allocated 9.2% of its expenditure towards agriculture in 2026-27. This is higher than the average allocation for agriculture by states in 2025-26 (5.7%).
- **Police:** Punjab has allocated 5.5% of its expenditure towards police in 2026-27. This is higher than the average allocation for police by states in 2025-26 (4.0%).
- **Energy:** Punjab has allocated 3.5% of its expenditure towards energy in 2026-27. This is lower than the average allocation for energy by states in 2025-26 (5.3%).



Note: 2024-25, 2025-26 (BE), 2025-26 (RE), and 2026-27 (BE) figures are for Punjab.

Sources: Annual Financial Statement, Punjab Budget Documents 2026-27; various state budgets; PRS.

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

## Annexure 2: Recommendations of the 16<sup>th</sup> Finance Commission for 2026-31

The Report of the 16<sup>th</sup> 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 16<sup>th</sup> Commission (FC) has recommended the share of states in the divisible pool of central taxes at 41%. The share remains unchanged from the 15<sup>th</sup> Finance Commission award period (2020-26). 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 16<sup>th</sup> FC has proposed a revised criteria to determine the share of individual states. See [here](#) for a PRS summary of the 16<sup>th</sup> Finance Commission Report. Based on the recommendations of the 16<sup>th</sup> FC, Punjab will have a 2% share in the divisible pool of central taxes for the 2026-31 period.

The 16<sup>th</sup> 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. It has discontinued the following grants recommended by the 15<sup>th</sup> FC: (i) revenue deficit grants, (ii) sector-specific grants, and (iii) state-specific grants. Grants recommended for Punjab over the 2026-31 period include: (i) Rs 7,834 crore for urban local bodies, (ii) Rs 8,486 crore for rural local bodies, and (iii) Rs 2,477 crore as disaster management grants. In addition, Ludhiana and Amritsar will be eligible for a special infrastructure grant for development of wastewater management system (up to Rs 5,000 crore each). States will also receive a one-time grant for merger of peri-urban villages into adjoining larger urban local body with population of one lakh or above.

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

State	14 <sup>th</sup> FC (2015-2020)	15 <sup>th</sup> FC (2021-26)	16 <sup>th</sup> 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	2.50	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	0.50	0.56
Nagaland	0.50	0.57	0.48
Odisha	4.64	4.53	4.42
<b>Punjab</b>	<b>1.58</b>	<b>1.81</b>	<b>2.00</b>
Rajasthan	5.50	6.03	5.93
Sikkim	0.37	0.39	0.34
Tamil Nadu	4.02	4.08	4.10
Telangana	2.44	2.10	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 Bodies	Urban Local Bodies	Disaster Management
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
<b>Punjab</b>	<b>8,486</b>	<b>7,834</b>	<b>2,477</b>
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 14<sup>th</sup>, 15<sup>th</sup>, and 16<sup>th</sup> Finance Commission; 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 Budgeted
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
<b>Punjab</b>	<b>23,023</b>	<b>25,171</b>	<b>30,464</b>
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
<b>Total</b>	<b>12,74,121</b>	<b>13,92,971</b>	<b>15,26,255</b>

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
<b>Net Receipts (1+2)</b>	<b>1,04,586</b>	<b>93,235</b>	<b>-11%</b>
1. Revenue Receipts (a+b+c+d)	1,03,936	93,207	-10%
a. Own Tax Revenue	58,900	53,794	-9%
b. Own Non-Tax Revenue	11,246	6,277	-44%
c. Share in central taxes	22,041	23,254	6%
d. Grants-in-aid from the Centre	11,748	9,882	-16%
2. Non-Debt Capital Receipts	650	28	-96%
3. Borrowings	98,831	1,13,918	15%
Of which central capex loans	1,900	2,269	19%
<b>Net Expenditure (4+5+6)</b>	<b>1,35,051</b>	<b>1,32,946</b>	<b>-2%</b>
4. Revenue Expenditure	1,27,134	1,25,776	-1%
5. Capital Outlay	7,445	6,876	-8%
6. Loans and Advances	472	294	-38%
7. Debt Repayment	69,867	79,515	14%
<b>Revenue Deficit</b>	<b>23,198</b>	<b>32,570</b>	<b>40%</b>
Revenue Deficit (as % of GSDP)	2.89%	3.88%	-
<b>Fiscal Deficit</b>	<b>30,465</b>	<b>39,711</b>	<b>30%</b>
Fiscal Deficit (as % of GSDP)	3.80%	4.74%	-

Source: Punjab Budget Documents of various years; PRS.

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

Head	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Land Revenue	230	108	-53%
Taxes on Vehicles	4,350	3,426	-21%
Sales Tax/ VAT	8,550	6,883	-19%
Taxes and Duties on Electricity	3,500	3,093	-12%
State GST	25,750	23,559	-9%
Stamps Duty and Registration Fees	5,750	5,781	1%
State Excise	10,350	10,752	4%

Source: Punjab Budget Documents of various years; PRS.

**Table 12: Allocation towards Key Sectors**

Sector	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Housing	1,501	291	-81%
Welfare of SC, ST, OBC, and Minorities	1,505	864	-43%
Transport	2,340	1,902	-19%
of which Roads and Bridges	1,865	1,574	-16%
Health and Family Welfare	6,171	5,430	-12%
Water Supply and Sanitation	1,549	1,378	-11%
Agriculture and Allied Activities	13,660	12,676	-7%
Education, Sports, Arts, and Culture	17,330	16,571	-4%
Rural Development	1,086	1,056	-3%
Social Welfare and Nutrition	9,004	8,943	-1%
Police	8,453	8,409	-1%
Energy	7,934	9,831	24%
Irrigation and Flood Control	2,107	3,017	43%
Urban Development	1,344	2,529	88%

Source: Punjab Budget Documents of various years; PRS.