Tamil Nadu Budget Analysis 2026-27

The Finance Minister of Tamil Nadu, Dr. N. Marie Wilson, presented the Budget for the financial year 2026-27 on August 5, 2026.

Budget Highlights

- The **Gross State Domestic Product** (GSDP) of Tamil Nadu for 2026-27 (at current prices) is projected to be Rs 40,67,312 crore, amounting to a growth of 14% over 2025-26.
- **Expenditure (excluding debt repayment)** in 2026-27 is estimated to be Rs 4,72,585 crore, an increase of 9% over the revised estimate of 2025-26. In addition, debt of Rs 51,971 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2026-27 are estimated to be Rs 3,50,766 crore, an increase of 13% over the revised estimate for 2025-26.
- **Revenue deficit** in 2026-27 is estimated to be 1.4% of GSDP (Rs 55,775 crore), lower than a revenue deficit of 1.9% of GSDP (Rs 69,219 crore) in 2025-26 as per revised estimates.
- **Fiscal deficit** for 2026-27 is targeted at 3% of GSDP (Rs 1,21,819 crore). In 2025-26, as per the revised estimates, fiscal deficit is expected to be 3.5% of GSDP, higher than budgeted (2.9% of GSDP).

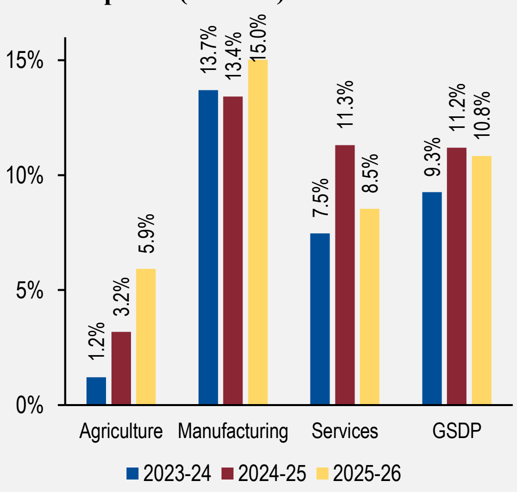
Policy Highlights

- **Gold schemes:** Eligible women will be given an eight-gram gold coin and a silk saree as a wedding gift under Annan's Seer Scheme. The scheme has been allocated Rs 812 crore. Further, under Thaaimaaman Thanga Mothiram Thittam, a gold ring of one gram will be given to newborns delivered in government hospitals. The scheme has been allocated Rs 560 crore.
- **Midday scheme:** The Chief Minister's breakfast scheme has been expanded to cover students from classes six to eight in government and government-aided schools. The outlay for the scheme is Rs 710 crore.
- **Education:** A scheme will be implemented for modernising government schools, with an estimated outlay of Rs 300 crore for 2026-27. Further, under the Vetri Laptop Scheme, college students will be provided with laptops. It has been allocated Rs 2,000 crore.
- **Agriculture:** Five goats or sheep will be provided for free to widows, deserted women, transgender persons, and persons with disabilities in rural areas. Rs 110 crore has been allocated to the scheme.
- **AI development:** The AI Industry Development Program will be implemented to curate specialised curriculum for higher education. It aims to skill five lakh youth by 2031. Further, an AI and innovation city 'Arivagam' will be developed to provide a collaborative and innovative ecosystem for AI companies and research institutions.

Tamil Nadu's Economy

- **GSDP:** In 2025-26, Tamil Nadu's GSDP (at constant prices) is estimated to grow by 11% over the previous year. In comparison, India's GDP is estimated to grow by 8% in 2025-26.
- **Sectors:** In 2025-26, agriculture, manufacturing, and services sectors are estimated to contribute 13%, 34%, and 54% of Tamil Nadu's economy, respectively (at current prices).
- **Per capita GSDP:** In 2025-26, Tamil Nadu's per capita GSDP (at current prices) is estimated to be Rs 4,55,650, an increase of 13% over 2024-25. In comparison, India's per capita GDP in 2025-26 is estimated to be Rs 2,43,803, an increase of 8% over the previous year.

Figure 1: Growth in Tamil Nadu'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.

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Budget Estimates for 2026-27

- **Total expenditure (excluding debt repayment)** in 2026-27 is targeted at Rs 4,72,585 crore. This is an increase of 9% over the revised estimate for 2025-26. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 3,50,766 crore and net borrowings of Rs 1,21,474 crore. Total receipts for 2026-27 (other than borrowings) are expected to register an increase of 13% over the revised estimate for 2025-26.
- The state estimates a **revenue deficit** of 1.4% of GSDP (Rs 55,775 crore) in 2026-27, lower than a revenue deficit of 1.9% of GSDP in 2025-26 (Rs 69,219 crore). The revenue deficit in 2025-26 is estimated to be 66% higher than budgeted (Rs 41,635 crore).
- **Fiscal deficit** for 2026-27 is targeted at 3% of GSDP (Rs 1,21,819 crore), lower than the revised estimate for 2025-26 (3.5% 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	4,28,367	4,86,332	4,82,793	-1%	5,24,556	9%
(-) Repayment of debt	40,684	47,040	47,323	1%	51,971	10%
Net Expenditure (E)	**3,87,682**	**4,39,293**	**4,35,470**	**-1%**	**4,72,585**	**9%**
Total Receipts	4,31,891	4,84,369	4,79,423	-1%	5,24,211	9%
(-) Borrowings	1,45,203	1,52,040	1,67,959	10%	1,73,445	3%
*of which central capex loans**	7,346	5,786	7,000	21%	4,000	-43%
Net Receipts (R)	**2,86,688**	**3,32,330**	**3,11,463**	**-6%**	**3,50,766**	**13%**
Fiscal Deficit (E-R)	**1,00,994**	**1,06,963**	**1,24,007**	**16%**	**1,21,819**	**-2%**
as % of GSDP	3.2%	2.9%	3.5%		3.0%	
Revenue Deficit	**45,840**	**41,635**	**69,219**	**66%**	**55,775**	**-19%**
as % of GSDP	1.5%	1.1%	1.9%		1.4%	
Primary Deficit	**41,085**	**37,850**	**56,957**	**50%**	**45,362**	**-20%**
as % of GSDP	1.3%	1.0%	1.6%		1.1%	
GSDP	**31,15,998**	**36,56,757**	**35,67,818**	**-2%**	**40,67,312**	**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.
Sources: Annual Financial Statement and Budget Memorandum- Part I, Tamil Nadu Budget Documents 2026-27; PRS.

Expenditure in 2026-27

- **Revenue expenditure** for 2026-27 is proposed to be Rs 4,05,802 crore, an increase of 7% 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 56,985 crore, an increase of 11% over the revised estimate for 2025-26. Capital outlay is the expenditure towards creation of assets such as roads and buildings.
- **Loans and advances** for 2026-27 is proposed to be Rs 9,798 crore, an increase of 92% over the revised estimate for 2025-26. This is mainly due to increase in loans and advances for urban development, and power projects.

Increase in committed expenditure

Tamil Nadu's spending on committed expenditure is estimated to be 61% of revenue receipts in 2026-27. This implies that for every hundred rupees earned as revenue, Rs 61 is to be spent on salaries, pension and interest payments. In 2011-12, spending on committed expenditure by Tamil Nadu was 59% of the revenue receipts, which increased to 63% of the revenue receipts in 2024-25 (as per actual figures). This is higher than the average committed expenditure by states in 2025-26 (50% of revenue receipts).

The 16th Finance Commission noted that spending more on committed expenditure reduces fiscal space to spend on other development priorities such as capital expenditure. Further, a study commissioned by the 16th Finance Commission (2026) noted that since 2011-12, a portion of borrowings is being used to finance the revenue expenditure (such as salaries, pensions, interest payment, and subsidies). It noted that borrowings to finance revenue expenditure reduces the resources available for expenditure on asset creation.

Sources: Tamil Nadu State Government Finances, submitted by Madras School of Economics to the 16th FC; Report of the 16th FC, 2026; 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	3,28,669	3,73,204	3,78,917	2%	4,05,802	7%
Capital Outlay	47,108	57,231	51,443	-10%	56,985	11%
Loans given by the state	11,905	8,858	5,111	-42%	9,798	92%
Net Expenditure	**3,87,682**	**4,39,293**	**4,35,470**	**-1%**	**4,72,585**	**9%**

Sources: Annual Financial Statement, Tamil Nadu 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, Tamil Nadu is estimated to spend Rs 2,14,728 crore on committed expenditure items, which is 61% of its estimated revenue receipts. This comprises spending on salaries (26% of revenue receipts), interest payments (22%), and pension (13%). In 2024-25, committed expenditure amounted to 63% 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	78,387	91,726	85,008	-7%	91,032	7%
Pension	40,651	46,214	44,814	-3%	47,240	5%
Interest payment	59,909	69,114	67,050	-3%	76,456	14%
Total	**1,78,948**	**2,07,054**	**1,96,871**	**-5%**	**2,14,728**	**9%**

Sources: Annual Financial Statement and Medium-Term Fiscal Policy, Tamil Nadu Budget Documents 2026-27; PRS.

Sector-wise expenditure: The sectors listed below account for **54%** of the total expenditure on sectors by the state in 2026-27. A comparison of Tamil Nadu's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Tamil Nadu 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)
Education, Sports, Arts, and Culture	46,963	57,783	54,115	56,267	4%	▪ Rs 15,387 crore has been allocated towards primary schools, and Rs 20,585 crore towards secondary schools (these figures include both government and non-government schools).
Social Welfare and Nutrition	34,937	38,096	40,891	42,939	5%	▪ Rs 14,414 crore has been allocated towards Magalir Urimai Thogai (cash transfer to women).
Transport	22,262	27,971	26,103	29,169	12%	▪ Rs 19,378 crore has been allocated towards capital outlay on roads and bridges.
Agriculture and Allied Activities	23,203	23,964	21,499	29,129	35%	▪ Rs 7,338 crore has been allocated towards electricity subsidies for farmers using pump sets.
Rural Development	9,233	13,132	10,032	25,918	158%	▪ Rs 12,642 crore has been allocated towards VB – G RAM G scheme.
Health and Family Welfare	20,211	21,348	20,959	22,002	5%	▪ Rs 7,234 crore has been allocated to urban health services, and Rs 2,244 crore to rural health services.
Energy	25,009	20,354	29,730	15,176	-49%	▪ Rs 8,452 crore has been allocated towards power subsidy for domestic consumers. ▪ Rs 5,000 crore has been allocated towards loss funding to the Tamil Nadu Power Distribution Corporation Limited.
Police	10,901	12,714	11,898	13,323	12%	▪ Rs 7,789 crore has been allocated towards district police.
Irrigation and Flood Control	6,794	8,888	7,711	8,781	14%	▪ Rs 4,255 crore has been allocated towards capital outlay on irrigation and flood control.
Urban Development	6,339	7,936	7,141	8,216	15%	▪ Rs 3,140 crore has been allocated towards AMRUT 2.0, Rs 750 crore towards Kalaignar Nagarpura Mempattu Thittam, and Rs 200 crore towards Singara Chennai 2.0 scheme.
% of total expenditure on all sectors	**55%**	**54%**	**53%**	**54%**		

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

Receipts in 2026-27

- **Total revenue receipts** for 2026-27 are estimated to be Rs 3,50,027 crore, an increase of 13% over the revised estimate for 2025-26. Of this, Rs 2,54,575 crore (73%) will be raised through **own resources**, and Rs 95,452 crore (27%) will come **from the centre.** Resources from the centre will be in the form of share in central taxes (18% of revenue receipts) and grants (9% of revenue receipts).
- **Devolution:** In 2026-27, the state's share in central taxes is estimated at Rs 62,531 crore, an increase of 10% over the revised estimate for 2025-26.
- **Grants from the centre** in 2026-27 are estimated to be Rs 32,922 crore, an increase of 64% over the revised estimate for 2025-26. The increase is due to higher expected grants from centre for centrally sponsored schemes such as Sarva Shiksha Abhiyan and MGNREGA.

Tax Revenue Mobilisation

The state's own tax-to-GSDP ratio has ranged around 5.8-6.5% of GSDP since 2017-18. This ratio indicates a state's ability to generate taxes from economic activities. As per a study commissioned by the 16th Finance Commission, factors for stagnant revenue level include adjustment to new system of GST and closure of 1,500 liquor shops. In July 2026, the state government set up a Committee (Chair: Dr Montek Singh Ahluwalia) to recommend measures for revenue augmentation.

Sources: Tamil Nadu State Government Finances, submitted by Madras School of Economics to the 16th FC; Report of the 16th FC, 2026; PRS.

- **State's own tax revenue:** Tamil Nadu's total own tax revenue is estimated to be Rs 2,26,740 crore in 2026-27, an increase of 10% over the revised estimate of 2025-26. Own tax revenue as a percentage of GSDP is estimated at 5.6% in 2026-27. As per actuals, own tax revenue was 5.8% 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	1,80,225	2,20,895	2,06,540	-6%	2,26,740	10%
State's Own Non-Tax	33,603	28,819	26,265	-9%	27,835	6%
Share in Central Taxes	52,492	58,022	56,819	-2%	62,531	10%
Grants-in-aid from Centre	16,509	23,834	20,073	-16%	32,922	64%
Revenue Receipts	**2,82,829**	**3,31,569**	**3,09,698**	**-7%**	**3,50,027**	**13%**
Non-debt Capital Receipts	3,859	761	1,765	132%	739	-58%
Net Receipts	**2,86,688**	**3,32,330**	**3,11,463**	**-6.3%**	**3,50,766**	**13%**

Note: BE is Budget Estimates; RE is Revised Estimates.
Sources: Annual Financial Statement and Budget Memorandum- Part I, Tamil Nadu Budget Documents 2026-27; PRS.

- In 2026-27, **State GST** (SGST) is estimated to be the largest source of own tax revenue (38% share). SGST revenue in 2026-27 is estimated to be Rs 85,200 crore, an increase of 7% over the revised estimate for 2025-26.
- Revenue from state excise in 2026-27 is estimated to increase by 14% over the revised estimate for 2025-26.
- Revenue from stamp duty and registration fees in 2026-27 is expected to register an increase of 31% 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 GST	70,887	93,620	79,449	-15%	85,200	7%
Sales Tax/ VAT	62,337	70,310	68,675	-2%	70,976	3%
Stamps Duty and Registration Fees	21,878	26,110	26,874	3%	35,109	31%
Taxes on Vehicles	11,092	13,441	13,030	-3%	14,861	14%
State Excise	11,055	12,944	12,462	-4%	14,164	14%
Land Revenue	278	235	246	5%	265	8%
Taxes and Duties on Electricity	2,687	4,222	2,982	-29%	2,348	-21%

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

Deficits and Debt for 2026-27

The Tamil Nadu Fiscal Responsibility Act, 2003 provides annual targets to progressively reduce 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 55,775 crore (1.4% of GSDP) in 2026-27.

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% of GSDP. The 16th Finance Commission has recommended the fiscal deficit target 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. In 2026-27, central capex loan is estimated to be 0.1% of GSDP (Rs 4,000 crore).

As per the revised estimates, in 2025-26, the fiscal deficit of the state is expected to be 3.5% of GSDP, higher than the budget estimate (2.9% of GSDP). In 2025-26, central capex loan is estimated to be 0.2% of GSDP (Rs 7,000 crore) as per revised estimates.

State assistance provided to power sector

Tamil Nadu has four public sector enterprises in the power sector: TNPDCL, TNPGCL, TNGECL, and TANTRANSCO. These collectively reported an outstanding debt of Rs 2,47,130 crore as of March 31, 2026. This is 7% of GSDP. The cost of supplying power (ACS) is higher than the revenue realised by them (ARR). The Tamil Nadu White Paper (2026) noted that the ACS-ARR gap has narrowed (see Table 7). However, these PSUs continue to rely on the state government for loss funding. In 2025-26, the revenue gap would persist without loss funding.

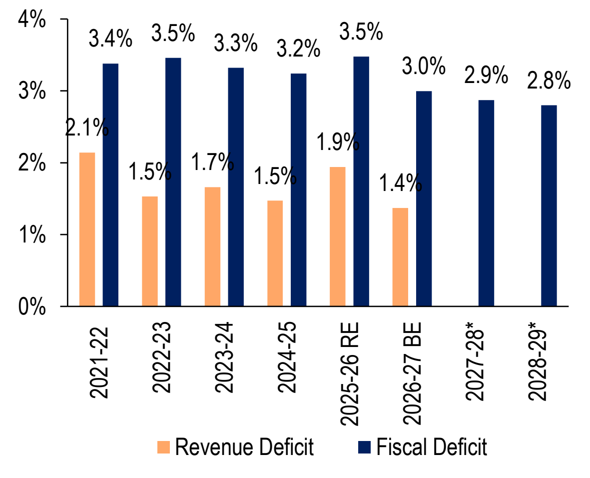
Table 7: State assistance to power sector PSUs (in Rs crore)

Year	Tariff subsidy	Funding of losses	ACS-ARR gap	ACS-ARR gap excluding loss funding
2021-22	8,932	7,123	1.58	2.4
2022-23	13,784	12,315	1.24	2.7
2023-24	15,066	17,117	0.48	2.3
2024-25	15,772	16,077	0.05	1.7
2025-26*	16,951	10,102	-0.04	1.6

Note: *Data for 2025-26 is provisional.
Sources: White Paper on the Fiscal Management of Tamil Nadu, Finance Department of Tamil Nadu, June 2026; PRS.

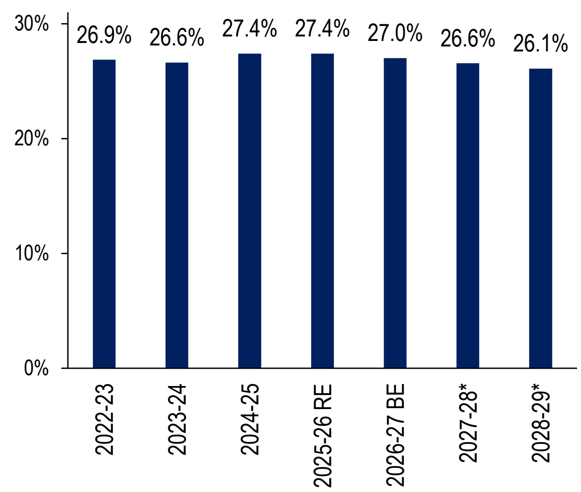
Outstanding liabilities: Outstanding liabilities are the accumulation of total borrowings at the end of a financial year. They also include any liabilities on public accounts such as provident funds. At the end of 2026-27, outstanding liabilities are estimated to be 27% of GSDP, lower than the revised estimate for 2025-26 (27.4%).

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



Note: *Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is Budget Estimates. Revenue deficit projections for 2027-28 and 2028-29 are not provided in state budget documents.
Sources: Medium Term Fiscal Policy, Tamil Nadu Budget Documents of various years; PRS.

Figure 3: Outstanding liabilities (% of GSDP)



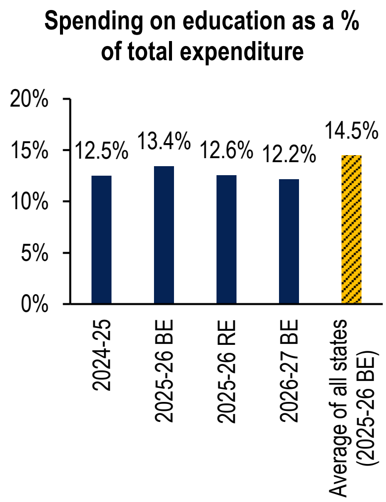
Note: *Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is Budget Estimates.
Sources: Medium Term Fiscal Policy, Tamil Nadu Budget Documents of various years; PRS.

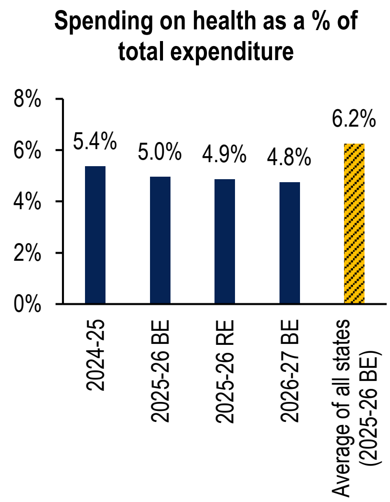
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2026, the state's outstanding guarantee is estimated to be Rs 1,79,782 crore, which is 5% of Tamil Nadu's GSDP.

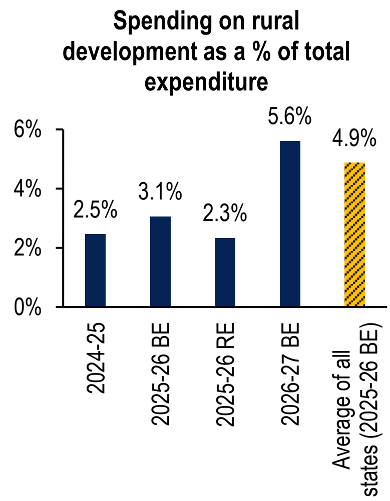
Annexure 1: Comparison of states' expenditure on key sectors

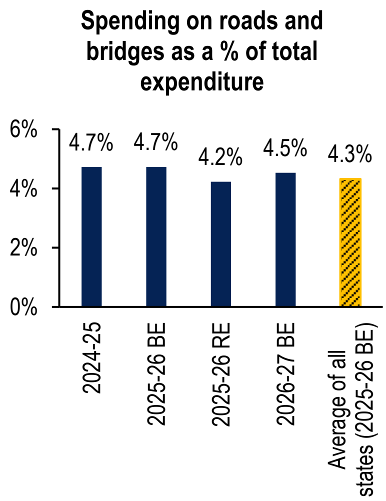
The graphs below compare Tamil Nadu's expenditure in 2026-27 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Tamil Nadu) as per their budget estimates of 2025-26.[1]

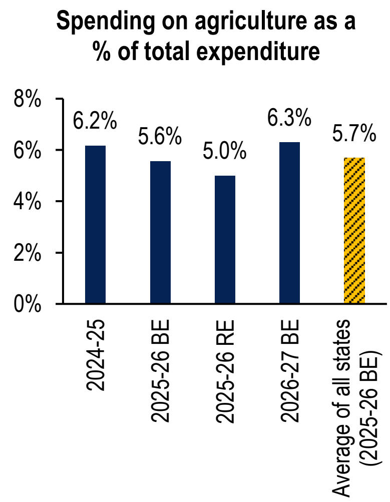
- **Education:** Tamil Nadu has allocated 12.2% of its expenditure towards education in 2026-27. This is lower than the average allocation for education by states in 2025-26 (14.5%).
- **Health:** Tamil Nadu has allocated 4.8% of its expenditure towards health in 2026-27. This is lower than the average allocation for health by states in 2025-26 (6.2%).
- **Rural development:** Tamil Nadu has allocated 5.6% of its expenditure towards rural development in 2026-27. This is higher than the average allocation for rural development by states in 2025-26 (4.9%).
- **Roads and Bridges:** Tamil Nadu has allocated 4.5% of its expenditure towards roads and bridges in 2026-27. This is higher than the average allocation for this sector by states in 2025-26 (4.3%).
- **Agriculture:** Tamil Nadu has allocated 6.3% of its expenditure towards agriculture in 2026-27. This is higher than the average allocation for agriculture by states in 2025-26 (5.7%).
- **Energy:** Tamil Nadu has allocated 3.3% of its expenditure towards energy in 2026-27. This is lower than the average allocation for energy by states in 2025-26 (5.3%).

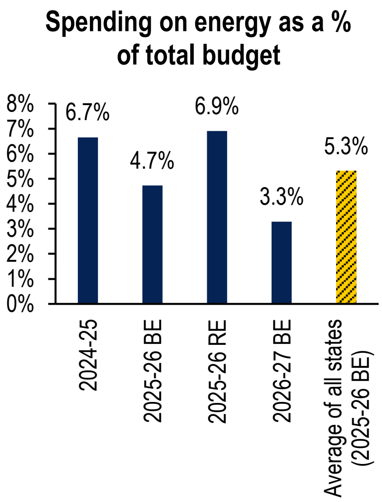












Note: 2024-25, 2025-26 (BE), 2025-26 (RE), and 2026-27 (BE) figures are for Tamil Nadu.
Sources: Annual Financial Statement, Tamil Nadu Budget Documents 2026-27; various state budgets; PRS.

[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, Tamil Nadu will have a 4.10% share in the divisible pool of central taxes during the 2026-31 period, a marginal increase compared to the 15th FC period (4.08%).

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 Tamil Nadu over the 2026-31 period include: (i) Rs 25,069 crore for urban local bodies, (ii) Rs 16,930 crore for rural local bodies, and (iii) Rs 8,486 crore as disaster management grants.

See here for the 16th Finance Commission Report summary. See Table 8 and Table 9 for state-wise share.

Table 8: 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 9: 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
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 10: 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 11: Overview of Receipts and Expenditure (in Rs crore)

Particular	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Net Receipts (1+2)	**3,03,814**	**2,86,688**	**-6%**
1. Revenue Receipts (a+b+c+d)	2,99,010	2,82,829	-5%
a. Own Tax Revenue	1,95,173	1,80,225	-8%
b. Own Non-Tax Revenue	30,728	33,603	9%
c. Share in central taxes	49,755	52,492	6%
d. Grants-in-aid from the Centre	23,354	16,509	-29%
2. Non-Debt Capital Receipts	4,804	3,859	-20%
3. Borrowings	1,45,497	1,45,203	0%
Of which central capex loans	5,032	7,346	46%
Net Expenditure (4+5+6)	**4,12,504**	**3,87,682**	**-6%**
4. Revenue Expenditure	3,48,289	3,28,669	-6%
5. Capital Outlay	47,681	47,108	-1%
6. Loans and Advances	16,534	11,905	-28%
7. Debt Repayment	41,178	40,684	-1%
Revenue Deficit	**49,279**	**45,840**	**-7%**
Revenue Deficit (as % of GSDP)	1.6%	1.5%	
Fiscal Deficit	**1,08,690**	**1,00,994**	**-7%**
Fiscal Deficit (as % of GSDP)	3.4%	3.2%	

Source: Tamil Nadu Budget Documents of various years; PRS.

Table 12: Key Components of State's Own Tax Revenue

Head	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Taxes and Duties on Electricity	4,231	2,687	-36%
Land Revenue	370	278	-25%
Sales Tax/ VAT	69,588	62,337	-10%
State Excise	12,247	11,055	-10%
Stamps Duty and Registration Fees	23,370	21,878	-6%
State GST	73,788	70,887	-4%
Taxes on Vehicles	11,560	11,092	-4%

Source: Tamil Nadu Budget Documents of various years; PRS.

Table 13: Allocation towards Key Sectors

Sector	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Rural Development	12,043	9,233	-23%
Housing	4,449	3,470	-22%
Education, Sports, Arts, and Culture	54,327	46,963	-14%
Irrigation and Flood Control	7,763	6,794	-12%
Police	11,965	10,901	-9%
Transport	23,828	22,262	-7%
of which Roads and Bridges	*19,412*	*17,731*	*-9%*
Agriculture and Allied Activities	24,232	23,203	-4%
Welfare of SC, ST, OBC, and Minorities	5,365	5,426	1%
Social Welfare and Nutrition	34,548	34,937	1%
Health and Family Welfare	19,730	20,211	2%
Urban Development	6,025	6,339	5%
Water Supply and Sanitation	6,993	7,389	6%
Energy	21,606	25,009	16%

Source: Tamil Nadu Budget Documents of various years; PRS.