

Uttar Pradesh Budget Analysis 2026-27

The Finance Minister of Uttar Pradesh, Mr Suresh Kumar Khanna, presented the Budget for the state for the financial year 2026-27 on February 11, 2026.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Uttar Pradesh for 2026-27 (at current prices) is projected to be Rs 39.8 lakh crore, amounting to growth of 28% over the revised estimate for 2025-26. The Union Budget has assumed 10% growth for the country in 2026-27.
- **Expenditure (excluding debt repayment)** in 2026-27 is estimated to be Rs 8.51 lakh crore, an increase of 26% over the revised estimate for 2025-26. In addition, debt of Rs 61,795 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2026-27 are estimated to be Rs 7.32 lakh crore, an increase of 26% over the revised estimate for 2025-26.
- **Revenue surplus** in 2026-27 is estimated to be 1.6% of GSDP (Rs 64,458 crore), as compared to a revenue surplus of 2.4% of GSDP in 2025-26 (Rs 74,348 crore), as per revised estimates.
- **Fiscal deficit** for 2026-27 is targeted at 3% of GSDP (Rs 1.18 lakh crore). In 2025-26, as per the revised estimates, fiscal deficit is expected to be 3% of GSDP, same as the budgeted figure for 2025-26.

Policy Highlights

- **Technology:** The state government will launch missions for: (i) new and emerging technologies and (ii) Artificial Intelligence (AI). It will establish data centre clusters. A digital entrepreneurship programme will be launched.
- **MSMEs:** To promote MSMEs, a new scheme called Sardar Vallabh Bhai Patel Employment and Industrial Zone will be launched. Rs 575 crore has been allocated towards this scheme in 2026-27.
- **Skilling:** Capacity of existing skill development centres will be enhanced. New centres will be established including separate centres for women.
- **Urban Development:** A new scheme will be launched to develop infrastructure facilities under Meerut, Mathura-Vrindavan, and Kanpur Development Authorities. The scheme has been allocated Rs 750 crore.
- **Agriculture:** A programme to encourage agriculture marketing and exports will be launched.
- **Ease of doing business:** In the next phase, industries will be encouraged under the principle of ‘Jan Vishwas’. Requirements such as licencing and registration will be simplified.

Uttar Pradesh’s Economy

- **GSDP:** In 2024-25, Uttar Pradesh’s GSDP (at constant prices) is estimated to grow by 9% over the previous year. In comparison, India’s GDP is estimated to grow by 6.5% in 2024-25.
- **Sectors:** In 2024-25, agriculture, manufacturing, and services sectors are estimated to contribute 27%, 26%, and 47% of Uttar Pradesh’s economy, respectively (at current prices).
- **Per capita GSDP:** In 2024-25, Uttar Pradesh’s per capita GSDP (at current prices) is estimated to be Rs 1,24,366, an increase of 11.6% over 2023-24. In 2024-25, India’s per capita GDP is estimated to increase by 9% over 2023-24 to Rs 2,34,859.

Figure 1: Growth in Uttar Pradesh’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 8,50,901 crore. This is an increase of 26% from the revised estimate of 2025-26. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 7,32,420 crore and net borrowings of Rs 54,017 crore. Total receipts for 2026-27 (other than borrowings) are expected to register an increase of 26% over the revised estimate of 2025-26.
- The state estimates a **revenue surplus** of 1.6% of GSDP (Rs 64,458 crore) in 2026-27, lower than 2025-26 as per revised estimates (2.4% of GSDP).
- **Fiscal deficit** for 2026-27 is targeted at 3% of GSDP (Rs 1,18,481 crore), similar to the revised estimates for 2025-26 (3% of GSDP).

Financing of fiscal deficit

In 2024-25 and 2025-26, fiscal deficit has been financed through a combination of borrowings, receipts in public accounts such as provident funds, and cash balances. In 2026-27, the state has estimated a gap of Rs 55,060 crore even after accounting for all these receipts. This indicates that to meet the proposed expenditure, additional funding sources may be required.

Table 1: Financing of Fiscal Deficit (in Rs crore)

Particular	2024-25	2025-26 RE	2026-27 BE
Fiscal Deficit (A)	62,258	91,670	1,18,481
Opening Cash Balance (B)	154	20,241	-96
Net Borrowings (C)	35,048	61,833	54,017
Contingency Fund (D)	37	0	0
Public Accounts (E)	26,833	9,500	9,500
Closing Cash Balance (A- (B+C+D+E))	-186	-96	-55,060

Source: Annual Financial Statement, UP Budget Documents 2026-27; PRS.

Table 2: 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	6,03,148	8,08,736	7,16,231	-11%	9,12,696	27%
(-) Repayment of debt	29,945	51,403	41,476	-19%	61,795	49%
Net Expenditure (E)	5,73,203	7,57,333	6,74,755	-11%	8,50,901	26%
Total Receipts	5,75,939	7,79,243	6,86,394	-12%	8,48,233	24%
(-) Borrowings	64,994	1,13,310	1,03,310	-9%	1,15,813	12%
Net Receipts (R)	5,10,945	6,65,933	5,83,084	-12%	7,32,420	26%
Fiscal Deficit (E-R)	62,258	91,400	91,670	0%	1,18,481	29%
as % of GSDP	2.1%	3.0%	3.0%		3.0%	
Revenue Surplus	59,327	79,516	74,348	-6%	64,458	-13%
as % of GSDP	2.0%	2.6%	2.4%		1.6%	
Primary Deficit	10,716	27,304	31,312	15%	49,560	58%
as % of GSDP	0.4%	0.9%	1.0%		1.2%	
GSDP	29,78,224	30,77,500	31,00,914	1%	39,75,500	28%

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. Uttar Pradesh received Rs 17,224 crore in 2024-25 on this account.

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

Expenditure in 2026-27

- **Revenue expenditure** for 2026-27 is proposed to be Rs 6,64,471 crore, an increase of 31% over the revised estimate of 2025-26. Revenue expenditure includes payment towards salaries, pension, interest, grants, and subsidies. Increase in revenue expenditure in 2026-27 is driven by a higher expected expenditure on pension (43% increase), general education (26%), rural development (83%), grants-in-aid to local bodies and panchayati raj institutions (39%), and energy (38%).
- **Capital outlay** for 2026-27 is proposed to be Rs 1,77,744 crore, an increase of 11% over the revised estimate of 2025-26. Capital outlay indicates the expenditure towards creation of assets.

Underspending on capital outlay

Between 2021-22 and 2024-25, on average, Uttar Pradesh underspent its capital outlay budget by 28%.

Table 3: Capital outlay (in Rs crore)

Year	BE	Actual	% change from BE to Actuals
2021-22	1,13,768	71,443	-37%
2022-23	1,23,920	93,028	-25%
2023-24	1,47,492	1,10,555	-25%
2024-25	1,54,747	1,14,001	-26%

Source: Uttar Pradesh budget documents of respective years; PRS.

Table 4: 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	4,50,886	5,83,175	5,05,494	-13%	6,64,471	31%
Capital Outlay	1,14,001	1,65,243	1,59,781	-3%	1,77,744	11%
Loans given by the state	8,315	8,915	9,480	6%	8,686	-8%
Net Expenditure	5,73,203	7,57,333	6,74,755	-11%	8,50,901	26%

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

Committed expenditure: Committed expenditure of a state typically includes expenditure on 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, Uttar Pradesh is estimated to spend Rs 3,53,743 crore on committed expenditure, which is 49% of its estimated revenue receipts. This comprises spending on salaries (25.1% of revenue receipts), pension (14.0%), and interest payments (9.5%). In 2024-25, as per actual figures, 50% of revenue receipts were spent on committed expenditure.

Table 5: 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	1,36,709	1,79,111	1,51,969	-15%	1,82,921	20%
Pension	65,601	90,720	71,171	-22%	1,01,901	43%
Interest	51,542	64,096	60,358	-6%	68,921	14%
Committed Expenditure	2,53,852	3,33,927	2,83,498	-15%	3,53,743	25%

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

Sector-wise expenditure: The sectors listed below account for 60% of the total expenditure on sectors budgeted by the state in 2026-27. A comparison of Uttar Pradesh's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 6: Sector-wise expenditure under Uttar Pradesh 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	82,646	1,03,553	84,654	1,08,154	28%	<ul style="list-style-type: none"> Rs 55,792 crore has been allocated towards assistance to non-government primary schools. Rs 7,738 crore has been allocated towards primary education under Samagra Shiksha Abhiyan.
Energy	48,145	49,987	48,561	56,621	17%	<ul style="list-style-type: none"> Rs 21,500 crore has been allocated towards power subsidy.
Health and Family Welfare	32,147	49,036	42,962	53,326	24%	<ul style="list-style-type: none"> Rs 5,793 crore has been allocated towards urban health services (Allopathy), and Rs 6,818 crore towards rural health services (Allopathy).
Transport	42,062	50,919	48,909	50,391	3%	<ul style="list-style-type: none"> Rs 38,592 crore has been allocated towards capital outlay on roads and bridges.
Rural Development	27,495	36,063	30,877	49,044	59%	<ul style="list-style-type: none"> Rs 6,102 crore has been allocated towards Pradhan Mantri Awas Yojana-Rural. Rs 5,544 crore has been allocated towards MGNREGS and Rs 4,580 crore has been allocated towards Ajeevika Mission.
Social Welfare and Nutrition	30,349	36,897	36,580	42,263	16%	<ul style="list-style-type: none"> Rs 8,950 crore has been allocated towards old age/farmer pensions. Rs 3,500 crore has been allocated towards Nirashrit Mahila Pension Yojana.
Police	31,935	38,777	32,176	41,898	30%	<ul style="list-style-type: none"> Rs 27,200 crore has been allocated towards the district police.
Agriculture and Allied Activities	17,009	24,215	20,504	30,938	51%	<ul style="list-style-type: none"> Rs 2,400 crore has been allocated towards subsidy for power supply to private tubewells. Rs 638 crore has been allocated to the state scheme for conversion of diesel pumps to solar pumps.
Urban Development	17,977	25,946	22,397	27,532	23%	<ul style="list-style-type: none"> Rs 6,842 crore has been allocated towards the Pradhan Mantri Awas Yojana-Urban.
% of total expenditure on all sectors	65%	62%	62%	60%	-	

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

Receipts in 2026-27

- **Total revenue receipts** for 2026-27 are estimated to be Rs 7,28,928 crore, an increase of 26% over the revised estimate of 2025-26. Of this, Rs 3,61,245 crore (50%) will be raised by the state through its **own resources**, and Rs 3,67,683 crore (50%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (36.9% of revenue receipts) and grants (13.6% of revenue receipts).
- **State's own tax revenue:** Uttar Pradesh's total own tax revenue is estimated to be Rs 3,34,491 crore in 2026-27, an increase of 48% over the revised estimate of 2025-26. Own tax revenue as a percentage of GSDP is estimated at 8.4% in 2026-27, higher than the revised estimates for 2025-26 (7.3%). As per the actual figures for 2024-25, own tax revenue as a percentage of GSDP was 7.1%.
- **State's own non-tax revenue:** Uttar Pradesh's own non-tax revenue is estimated to nearly double, from Rs 13,664 crore as per revised estimate of 2025-26 to Rs 26,754 crore in 2026-27. This is mainly driven by increase in: (i) concession fee, rent, and royalty from mining, (ii) receipt for share capital of Uttar Pradesh Power Corporation for rural electrification, and (iii) interest income.
- **Devolution:** In 2026-27, the state's share in central taxes is estimated at Rs 2,68,911 crore, an increase of 8% over the revised estimate of 2025-26.
- **Grants from the centre** in 2026-27 are estimated at Rs 98,772 crore, an increase of 10% over the revised estimates for 2025-26. In 2026-27, grants from the Centre are expected to nearly double compared to 2024-25. This is mainly driven by an increase anticipated in grants for centrally sponsored schemes (CSS). Grants for CSS are estimated to be Rs 77,994 crore in 2026-27, and Rs 70,961 crore in 2025-26. In 2024-25, as per actuals, grants for CSS were Rs 31,955 crore.

Table 7: 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	2,12,243	2,95,000	2,26,181	-23%	3,34,491	48%
State's Own Non-Tax	16,785	24,604	13,664	-44%	26,754	96%
Share in Central Taxes	2,30,855	2,55,172	2,49,885	-2%	2,68,911	8%
Grants from Centre	50,330	87,915	90,112	2%	98,772	10%
Revenue Receipts	5,10,213	6,62,691	5,79,842	-13%	7,28,928	26%
Non-debt Capital Receipts	732	3,242	3,242	0%	3,492	8%
Net Receipts	5,10,945	6,65,933	5,83,084	-12.4%	7,32,420	26%

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

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

- 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 79% over the revised estimates of 2025-26. On average, Uttar Pradesh's state GST revenue has been 23% lower than budgeted between 2021-22 and 2024-25.
- Revenue from state excise is estimated to be 17% higher in 2026-27 over the revised estimate of 2025-26. Revenue from Sales tax/VAT in 2026-27 is expected to be 43% higher than the revised estimate for 2025-26.
- Revised estimates for own-tax revenue sources for 2025-26 are lower than budget estimates for the year.

Low revenue raised by local bodies

The rural and urban local bodies may be empowered to collect their own sources of revenue (OSR). However, the 16th Finance Commission noted these local bodies depend heavily on grants given by the central and state governments. In Uttar Pradesh, OSR of rural local bodies was 0.05% of agricultural GDP, significantly lower than states such as Kerala (2.38%) and Maharashtra (1.21%). Similarly, OSR of urban local bodies of Uttar Pradesh was 0.20% of non-agricultural GDP. This was also significantly lower than states such as Maharashtra (1.4%) and Gujarat (0.84%). The Commission noted that local bodies fail to tap into their own revenue streams due to lack of clear administrative provisions, capacity constraints, and weak enforcement mechanisms.

Source: Report of the 16th Finance Commission Volume-I; PRS.

Table 8: 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	82,872	1,30,425	83,692	-36%	1,49,956	79%
State Excise	52,575	63,000	60,728	-4%	71,278	17%
Sales Tax/VAT	32,098	45,300	33,684	-26%	48,115	43%
Stamps Duty and Registration Fees	30,198	38,150	32,332	-15%	43,802	35%
Taxes on Vehicles	11,044	14,000	12,360	-12%	15,808	28%
Taxes and Duties on Electricity	3,038	3,500	3,051	-13%	4,715	55%
Land Revenue	414	625	334	-47%	817	145%

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

Deficits and Debt in 2026-27

The Uttar Pradesh Fiscal Responsibility and Budget Management Act, 2004 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 reduce its liabilities. The budget estimates a revenue surplus of Rs 64,458 crore (1.6% of the 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 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 borrowing ceiling. As per the revised estimates, in 2025-26, the fiscal deficit of the state is expected to be 3% of GSDP. This is similar to the budget estimate of 3% of GSDP for the year.

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, the outstanding liabilities is estimated to be 23.1% of GSDP, lower than the revised estimate for 2025-26 (27.6% of GSDP).

Financial health of discoms

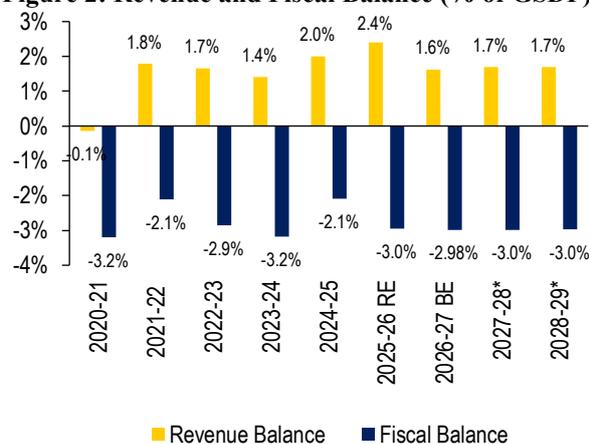
The 16th Finance Commission highlighted a strain on state finances arising from repeated bailouts and continued support to state-owned discoms. State-owned discoms in Uttar Pradesh have consistently incurred losses. As of March 2025, accumulated losses of discoms were about one lakh crore rupees. In 2024-25, discoms registered losses of Rs 10,796 crore, higher than 2023-24 (Rs 7,436 crore). Aggregate Technical and Commercial (AT&C) losses of discoms in Uttar Pradesh in 2024-25 was 19.6%, higher than the national average (15%).

Outstanding debt of discoms is a contingent liability for the state government. Past interventions, including state takeover of liabilities under UDAY, had contributed to an increase in the state's debt and deficits. As of March 31, 2025, Uttar Pradesh government had guaranteed outstanding borrowings of its discoms worth Rs 94,213 crore (3.2% of GSDP).

State governments also provide subsidy to keep power affordable for consumers. Subsidy billed by discoms in Uttar Pradesh has risen at an annualised rate of 11% between 2018-19 and 2024-25, from Rs 10,070 crore to Rs 19,095 crore. In 2024-25, power subsidy accounted for 3.7% of the state's revenue receipts, up from 3.1% in 2018-19.

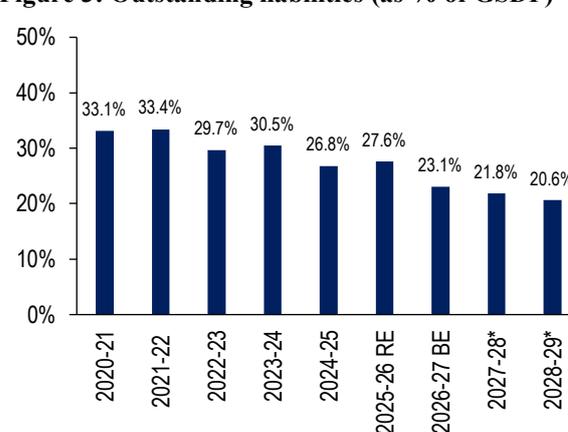
Source: Report of the 16th Finance Commission Volume-I; Report on Performance of Power Utilities (2020-21 to 2024-25); Power Finance Corporation; Annual Financial Statement, Uttar Pradesh Budget Documents (2026-27); PRS.

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



Note: *Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is Budget Estimates. (+) indicates a surplus and (-) indicates a deficit.
Sources: Medium Term Fiscal Policy, Uttar Pradesh Budget Documents 2026-27; PRS.

Figure 3: Outstanding liabilities (as % of GSDP)



Note: *Figures from 2027-28 onwards are projections. RE is Revised Estimates; BE is Budget Estimates.
Sources: Medium Term Fiscal Policy, Uttar Pradesh Budget Documents 2026-27; PRS.

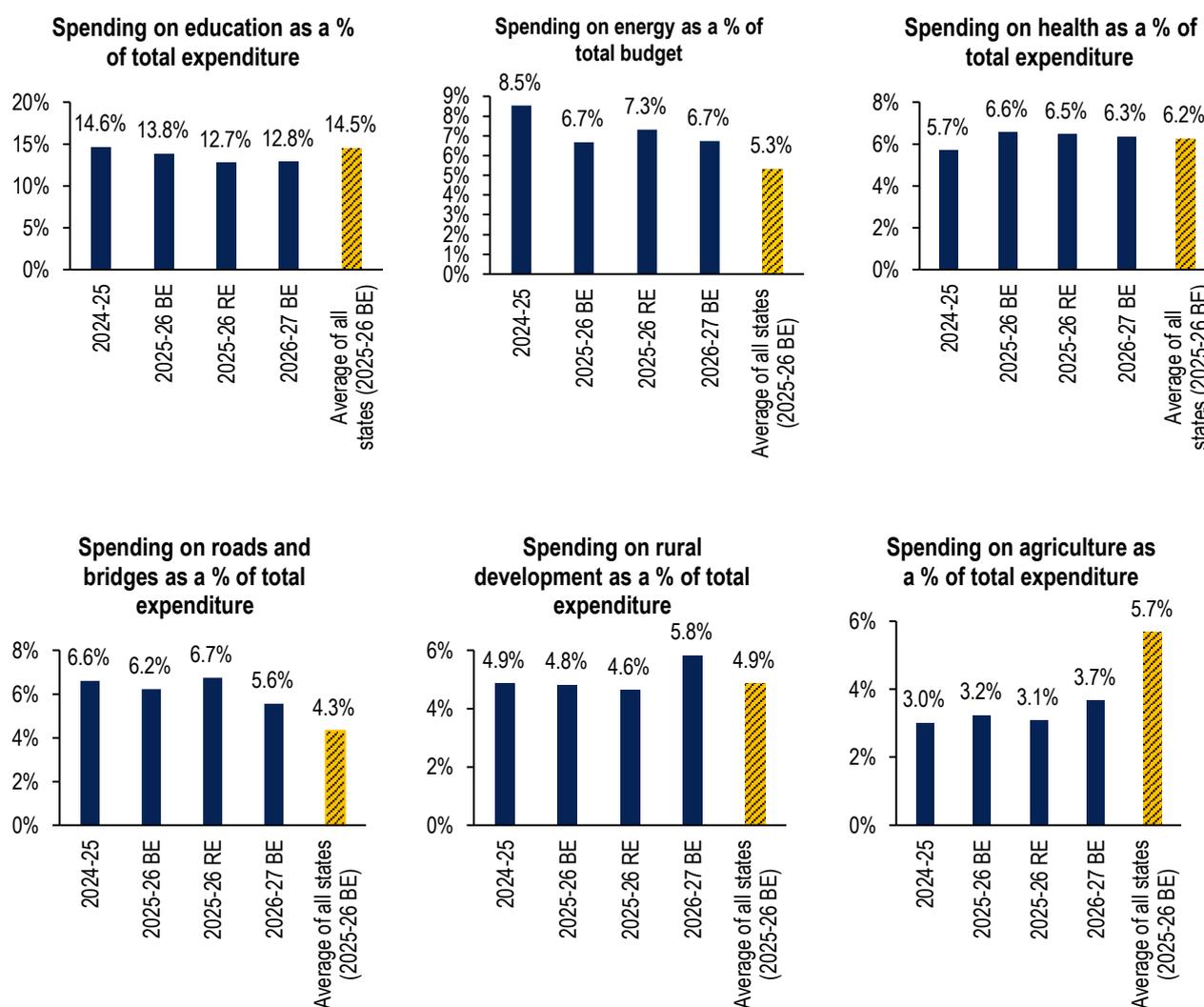
Outstanding Government Guarantees: Outstanding liabilities of states does not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises from financial institutions. As of March 31, 2025, the state's outstanding guarantee is estimated to be Rs 1,71,924 crore, which is 5.8% of Uttar Pradesh's GSDP.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Uttar Pradesh'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 Uttar Pradesh) as per their budget estimates of 2024-25.¹

- **Education:** Uttar Pradesh has allocated 12.8% of its expenditure on education in 2026-27. This is lower than the average allocation for education by states in 2025-26 (14.5%).
- **Energy:** Uttar Pradesh has allocated 6.7% of its expenditure on energy in 2026-27. This is higher than the average allocation for energy by states in 2025-26 (5.3%).
- **Health:** Uttar Pradesh has allocated 6.3% of its expenditure on health in 2026-27. This is marginally higher than the average allocation for health by states in 2025-26 (6.2%).
- **Roads and bridges:** Uttar Pradesh has allocated 5.6% of its expenditure on roads and bridges in 2026-27. This is higher than the average allocation for roads and bridges by states in 2025-26 (4.3%).
- **Rural development:** Uttar Pradesh has allocated 5.8% of its expenditure on rural development in 2026-27. This is higher than the average allocation for rural development by states in 2025-26 (4.9%).
- **Agriculture:** Uttar Pradesh has allocated 3.7% of its expenditure on agriculture in 2026-27. This is lower than the average allocation for agriculture by states in 2025-26 (5.7%).



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

Sources: Annual Financial Statement, Uttar Pradesh 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%. The share remains unchanged from the 15th 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 16th FC has proposed a revised criteria to determine the share of individual states. See [here](#) for a PRS summary of the 16th Finance Commission Report. Based on the recommendations of the 16th FC, Uttar Pradesh will have a 17.62% share in the divisible pool of central taxes for the 2026-31 period.

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. It 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 Uttar Pradesh over the 2026-31 period include: (i) Rs 33,543 crore for urban local bodies, (ii) Rs 83,261 crore for rural local bodies, and (iii) Rs 15,321 crore as disaster management grants. In addition, Lucknow and Kanpur 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 9: Individual share of states in the taxes devolved by the centre (out of 100)

State	14 th FC (2015-2020)	15 th FC (2021-26)	16 th 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
Punjab	1.58	1.81	2.00
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

Sources: Reports of the 14th, 15th, and 16th Finance Commission; PRS.

Table 10: 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: Report of the 16th Finance Commission; PRS.

Table 11: 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 12: Overview of Receipts and Expenditure (in Rs crore)

Particular	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Net Receipts (1+2)	6,10,101	5,10,945	-16%
1. Revenue Receipts (a+b+c+d)	6,06,802	5,10,213	-16%
a. Own Tax Revenue	2,70,086	2,12,243	-21%
b. Own Non-Tax Revenue	24,435	16,785	-31%
c. Share in central taxes	2,18,817	2,30,855	6%
d. Grants-in-aid from the Centre	93,465	50,330	-46%
2. Non-Debt Capital Receipts	3,299	732	-78%
3. Borrowings	1,11,233	64,994	-42%
Net Expenditure (4+5+6)	6,96,632	5,73,203	-18%
4. Revenue Expenditure	5,32,655	4,50,886	-15%
5. Capital Outlay	1,54,747	1,14,001	-26%
6. Loans and Advances	9,229	8,315	-10%
7. Debt Repayment	39,806	29,945	-25%
Revenue Surplus	74,147	59,327	-20%
Revenue Surplus (as % of GSDP)	2.97%	1.99%	
Fiscal Deficit	86,531	62,258	-28%
Fiscal Deficit (as % of GSDP)	3.46%	2.09%	
GSDP	24,99,076	29,78,224	19%

Source: Uttar Pradesh Budget Documents of various years; PRS.

Table 13: Key Components of State's Own Tax Revenue (in Rs crore)

Head	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Land Revenue	863	414	-52%
Taxes and Duties on Electricity	5,777	3,038	-47%
State GST	1,14,249	82,872	-27%
Sales Tax/ VAT	42,733	32,098	-25%
Stamps Duty and Registration Fees	35,652	30,198	-15%
Taxes on Vehicles	12,505	11,044	-12%
State Excise	58,308	52,575	-10%

Source: Uttar Pradesh Budget Documents of various years; PRS.

Table 14: Allocation towards Key Sectors (in Rs crore)

Sector	2024-25 BE	2024-25 Actuals	% change from BE to Actuals
Housing	7,400	2,582	-65%
Water Supply and Sanitation	28,054	18,703	-33%
Irrigation and Flood Control	22,843	15,525	-32%
Health and Family Welfare	42,774	32,147	-25%
Urban Development	23,744	17,977	-24%
Rural Development	35,993	27,495	-24%
Welfare of SC, ST, OBC, and Minorities	6,424	4,958	-23%
Agriculture and Allied Activities	21,533	17,009	-21%
Education, Sports, Arts, and Culture	1,00,335	82,646	-18%
Police	37,398	31,935	-15%
Social Welfare and Nutrition	34,747	30,349	-13%
Transport	44,600	42,062	-6%
<i>of which Roads and Bridges</i>	<i>40,686</i>	<i>37,347</i>	<i>-8%</i>
Energy	45,832	48,145	5%

Source: Uttar Pradesh Budget Documents of various years; PRS.