



BORROWING SET TO RISE

TWENTY STATE BUDGETS – IN-DEPTH ANALYSIS

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FY26 STATE BUDGETS: BORROWING SET TO RISE

Key takeaways: States Budget for Consolidation in FY26BE

- ▶ The 20 States under our review (S-20) have announced a Budget for fiscal consolidation in FY26 on the back of lower revenue expenditure and somewhat higher revenue receipts. We see a downside risk to the fiscal deficit estimates
- ▶ FY25A fiscal deficit is likely to see downside as spending remains weak on capex. The rising cash surplus by States suggests H1FY26 borrowing may remain in the slow lane although H2FY26 may rise
- ▶ The FY26BE fiscal deficit is set at ~3.2% for FY26BE vs ~3.5% in FY25RE, which is likely to see downside of 20bp according to our estimates as spending in FY25TD remains below trend
- ▶ Our assessment of allocation to women-related cash transfer schemes suggest it is being pruned to make it more dynamic, and, as such, consumption impulse is likely to be lower than initially estimated
- ▶ Just as the Central government, capital expenditure growth in States is getting normalized. Overall capital outlay expenditure growth in FY26BE for S-20 Budget is set to moderate to 16.6% in FY26BE from 19.3% in FY25RE and an average of 23.0% in FY24 & FY25
- ▶ Sectoral-wise, there is a discernible shift away from capital expenditure towards transport sectors to water supply & sanitation and housing sectors

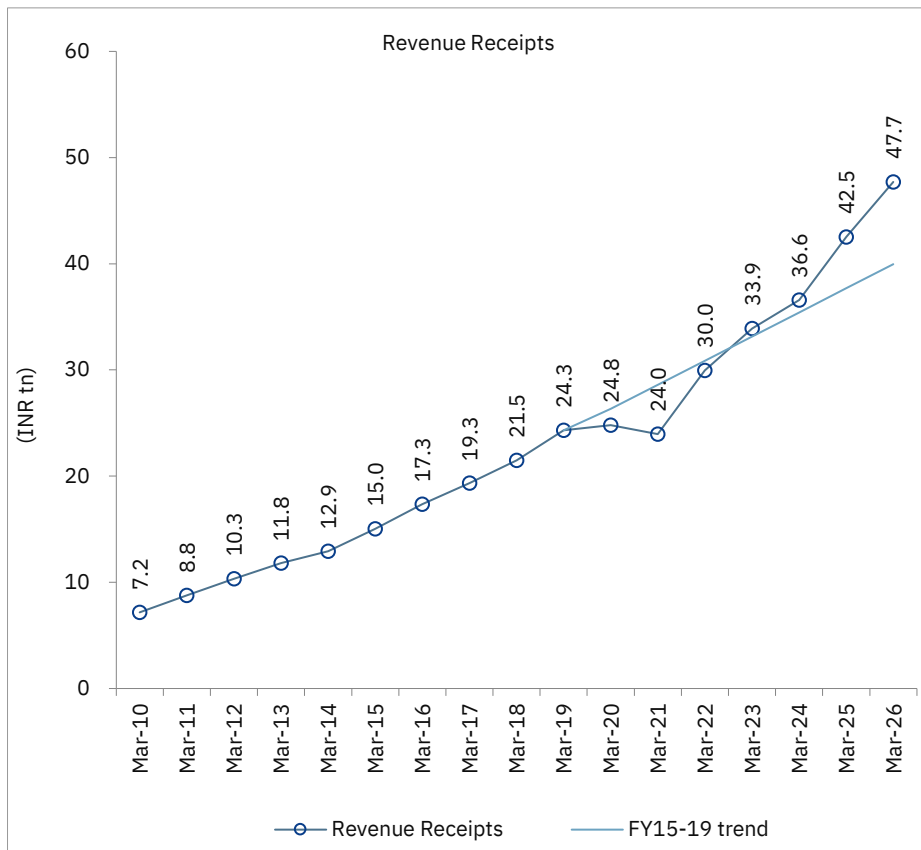
Key takeaways: Risks to State Borrowing Are On The Upside

- ▶ While States borrowings this year have been lower by INR 2.5tn in FY25, gross borrowings in the Budget for FY26BE is 15.6% higher than FY25A
- ▶ We see upside to gross borrowing estimates for FY26 with likely undershooting of revenue estimates. States have set revenue receipts at 13.5% of GDP in Budget vs 13.4% of GDP in FY25RE, led by higher SGST and tax devolution projections
- ▶ The global tariff war and likely collateral impact to India's economy would result in underachievement on the revenue front, both on own tax revenue and on devolution from Centre
- ▶ There is also likely to be downside on account of States estimates of GDP growth. S-20 States have projected nominal GDP growth of 11.7% YoY in FY26BE vs the Centre's 10.1% YoY in FY26BE
- ▶ The weakening global backdrop, led by tariff-related shock and shift in the domestic monetary policy cycle, suggests rates are heading lower eventually
- ▶ We see 10-year yield of ~6.79% (GS 2034) is headed lower to ~6.2% by March 2026E from ~6.47% as on 8 April 2025 (1530 hrs)

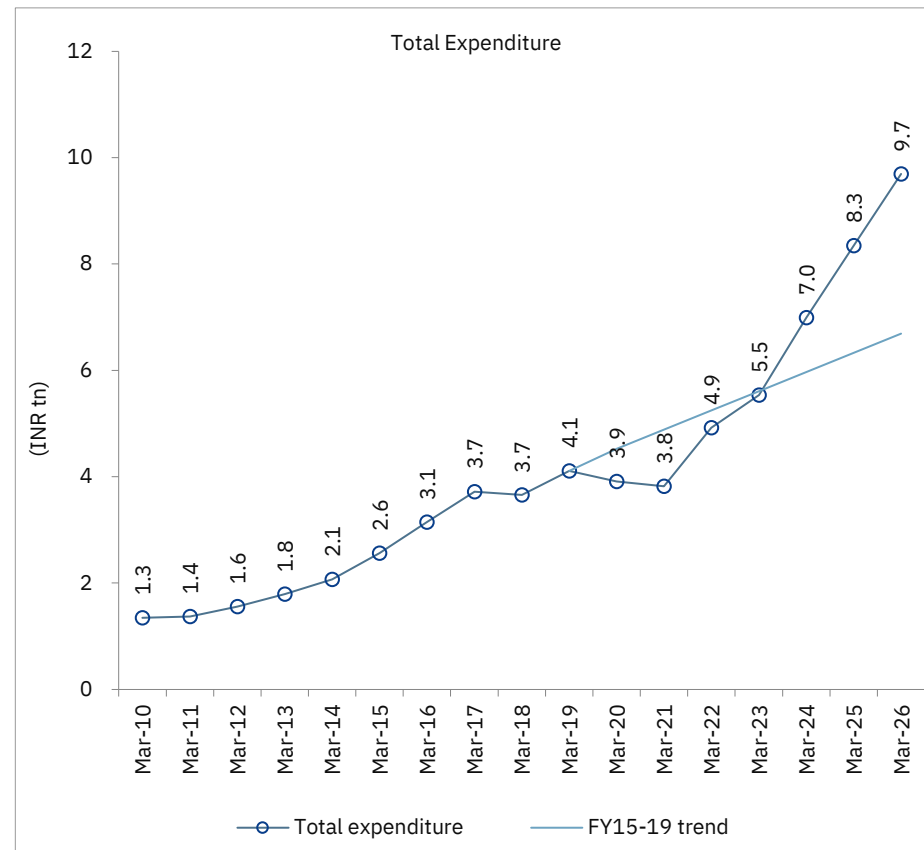
The Big Picture: States Spend Well Ahead of the Trend post Covid

States' revenue in FY26 is projected to be 15% higher than the FY15-19 trend...

...while spending is projected to be 45% higher



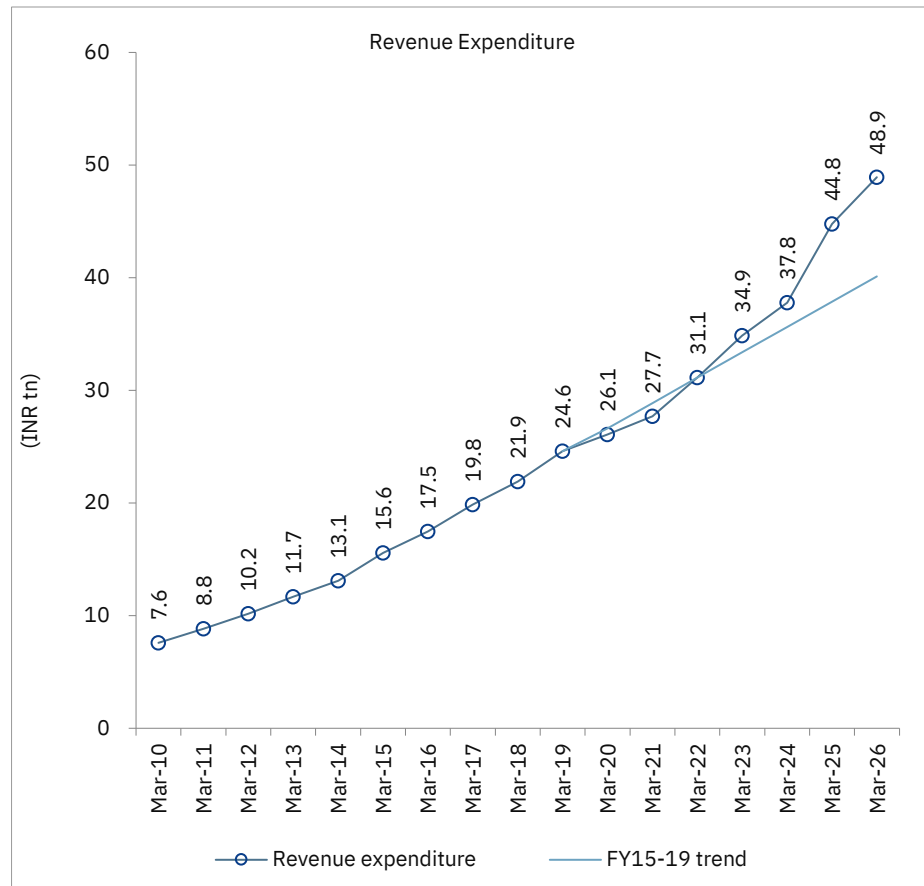
Note: Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research



Note: Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research

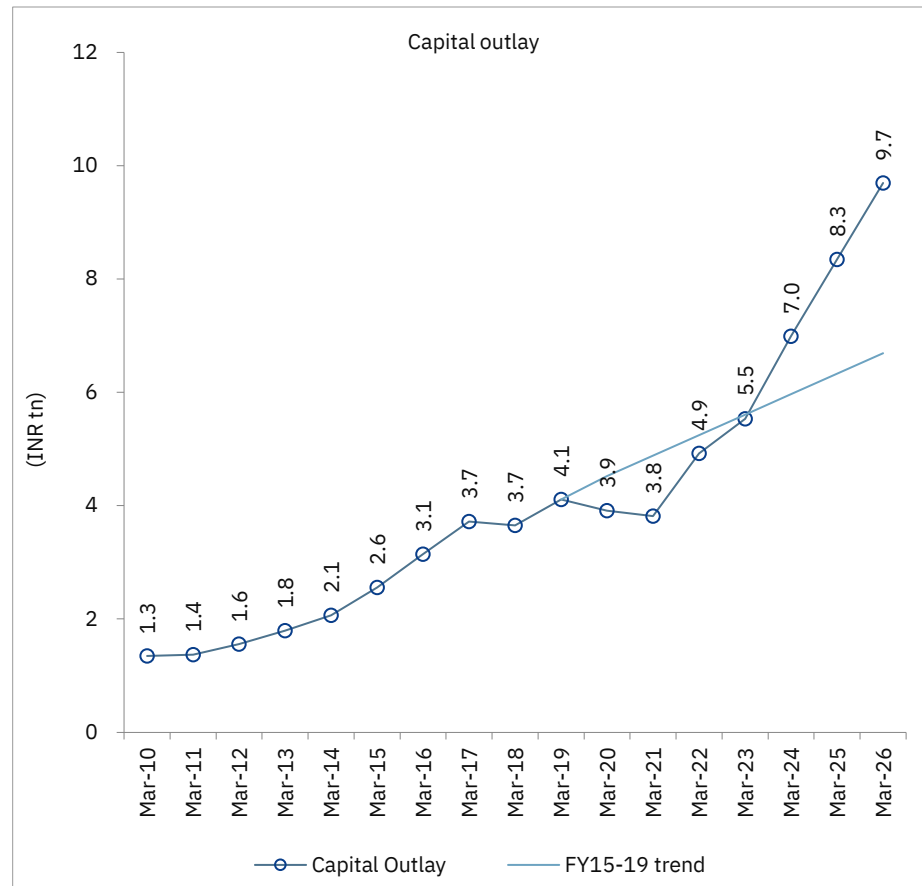
The Big Picture: Led mainly by surge in Capital outlay

Revenue spending continues to diverge from trend...



Note: Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research

...and capital outlay as well after COVID-affected period

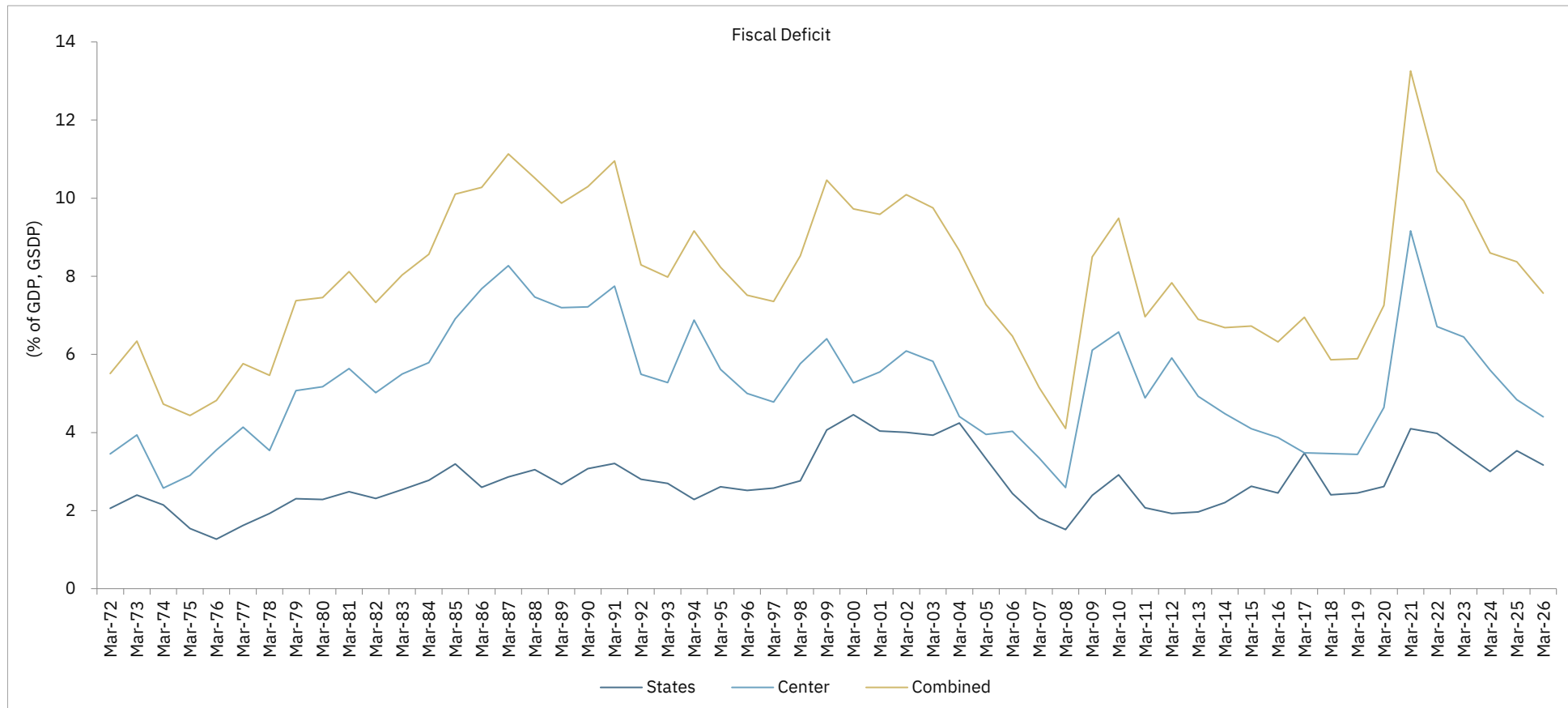


Note: Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research

THE BIG PICTURE: STATES CONTINUE TO BUDGET FOR CONSOLIDATION

Centre and States, Both Budget for Consolidation in FY26BE

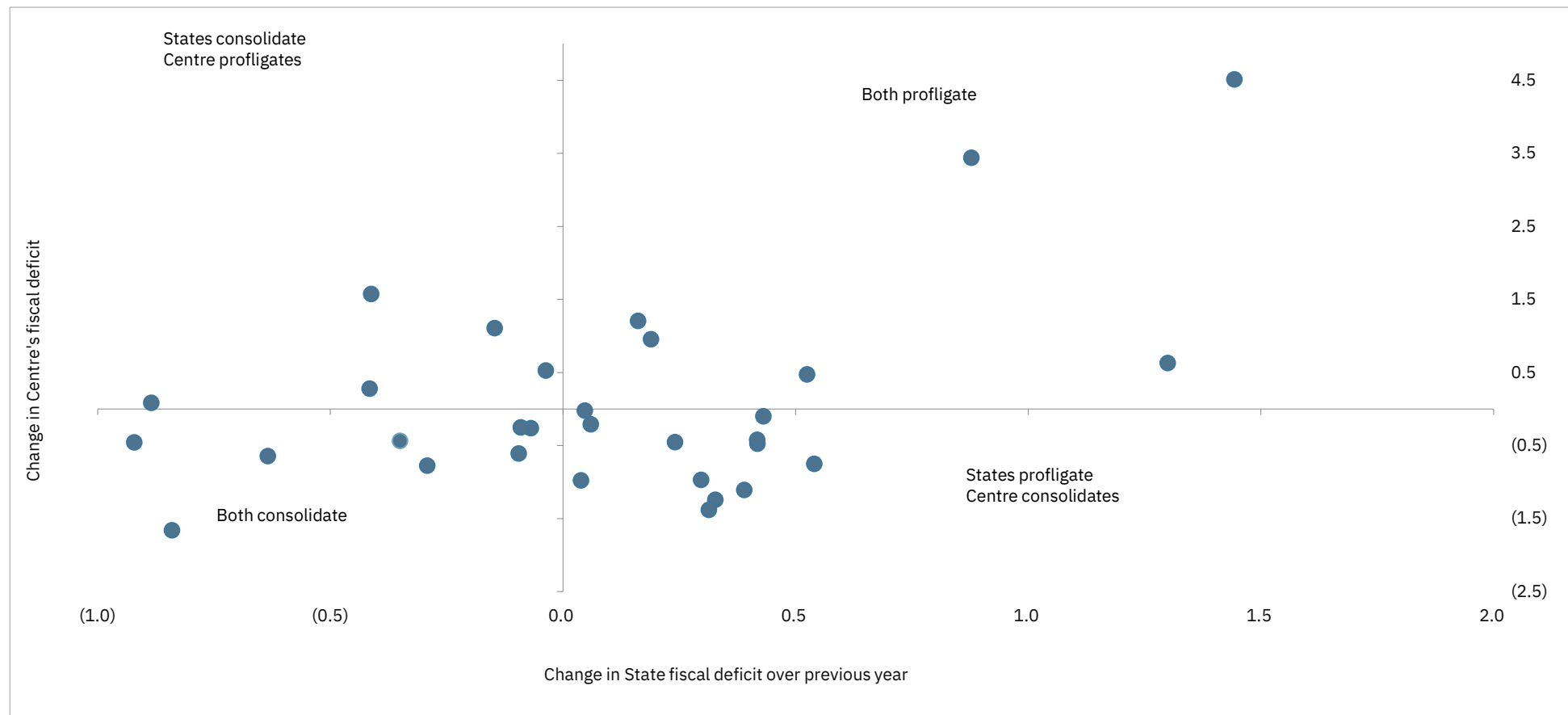
Centre is consolidating at a faster pace than States



Note: Fiscal deficit is for 20 Sates under our review; Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research

But over a long-term state's fiscal discipline appears to be reducing

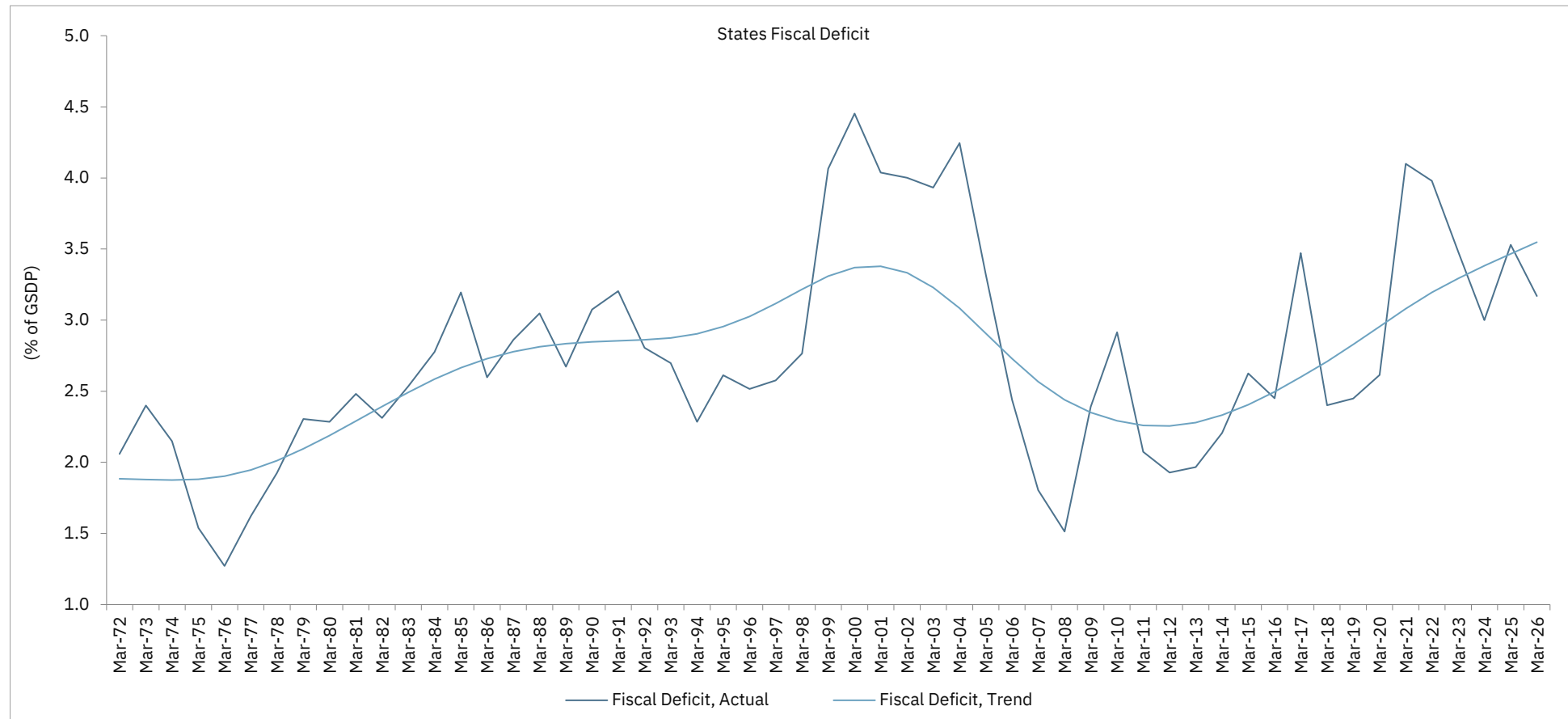
States profligate lately



Note: Blue: FY26BE, Green FY25RE; Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research

States Fiscal Deficit Trend Has Been On Up move Last 10 Years

States' long-run fiscal deficit rises



Note: Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research

FY25TD So Far Fiscal Deficit Trails FY25 Revised Estimates in Most States

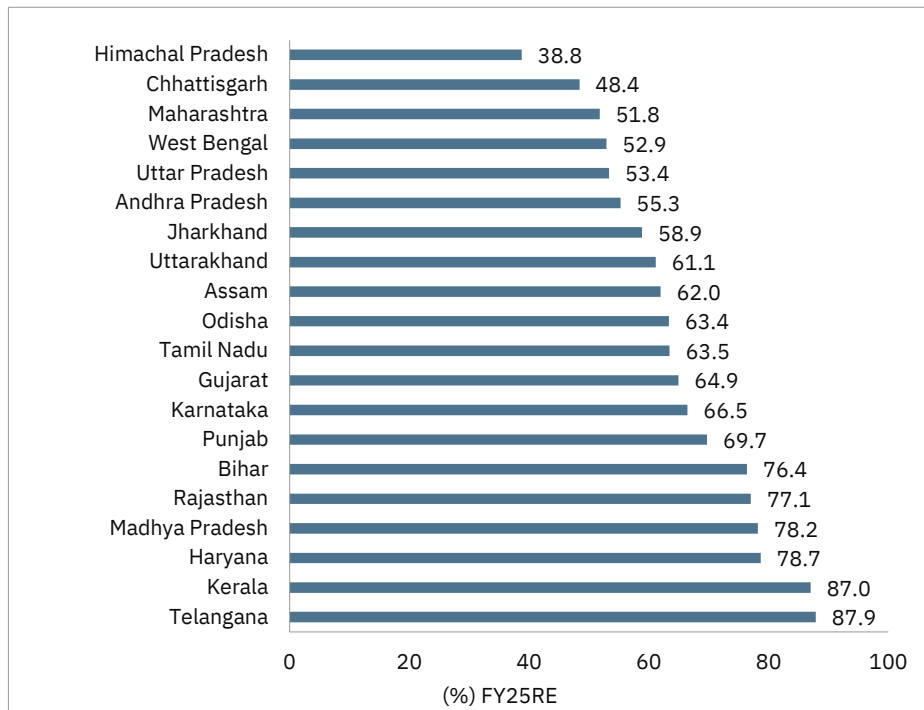
States may end up with much lower deficit in FY25A

States	FY24 (INR bn)	FY25 till date (INR bn)	FY25RE (INR bn)	FY25 till date % of RE
Andhra Pradesh	627.2	900.5	733.6	122.7
Assam	208.5	249.7	370.0	67.5
Bihar*	356.6	303.5	824.8	36.8
Chhattisgarh	269.3	99.5	293.5	33.9
Gujarat	235.0	223.5	505.7	44.2
Haryana	314.4	300.4	325.6	92.3
Himachal Pradesh**	112.7	81.3	154.1	52.7
Jharkhand**	63.3	11.5	114.8	10.1
Karnataka	655.2	412.2	829.4	49.7
Kerala	342.6	414.1	447.5	92.5
Madhya Pradesh	444.9	440.8	624.3	70.6
Maharashtra	905.6	246.8	1,328.7	18.6
Odisha	147.4	83.8	294.0	28.5
Punjab	331.2	324.6	367.5	88.3
Rajasthan	655.8	614.4	700.9	87.7
Tamil Nadu	904.3	846.1	1,017.0	83.2
Telangana**	499.8	585.9	467.6	125.3
Uttar Pradesh	807.2	169.1	948.0	17.8
Uttarakhand	77.5	48.3	95.3	50.7
West Bengal	539.9	453.5	730.2	62.1
Overall	8,183.9	6,809.0	10,847.1	62.8

Note: *Apr-Nov FY25, **Apr-Jan FY25. Source: State budget docs, CEIC, Elara Securities Research

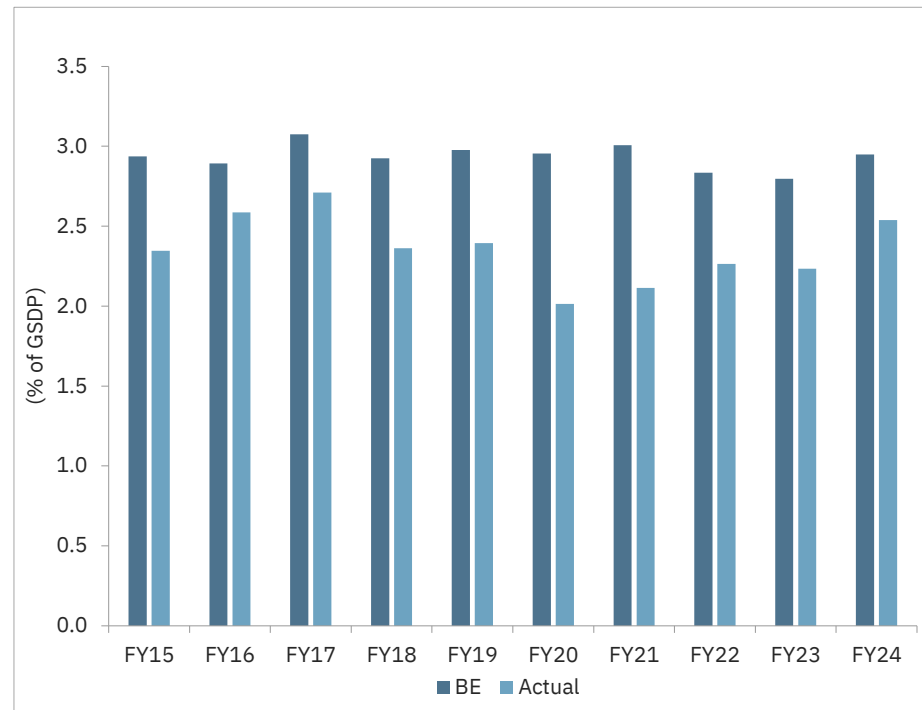
As Capital Outlay Remains Sluggish in Some Large States

Some States have not spent 50% of capex budget



Note: Mar-25 RE, Mar-26 BE; Source: RBI, CMIE, State Budgets, Elara Securities Research

States tend to overbudget capital expenditure but spend less

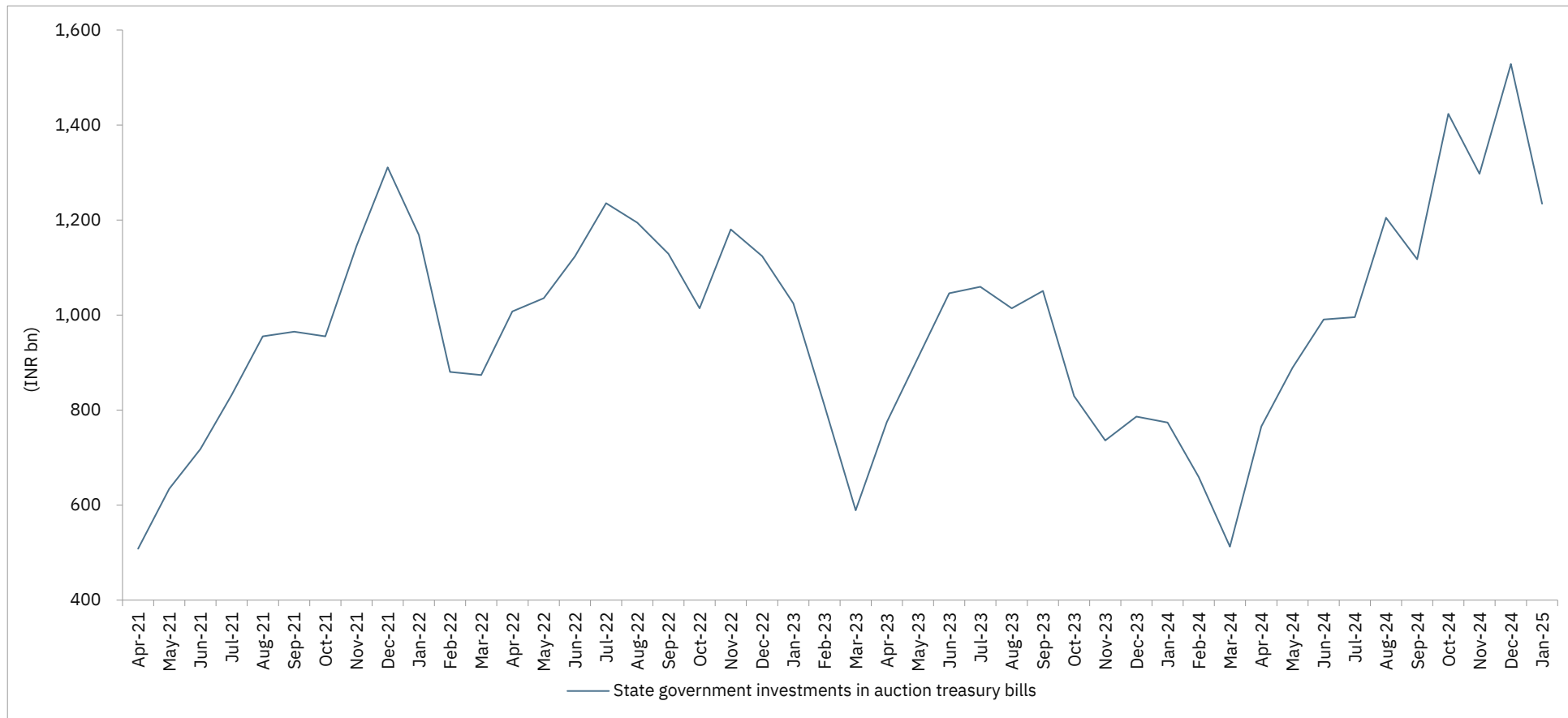


Source: CEIC, State budget documents, Elara Securities Research

- ▶ We expect States to undershoot FY25RE capital expenditure by 20bp
- ▶ Our historical analysis of capital outlay for States since FY15 shows actual spend on capital outlay ends up undershooting Budget estimates by an average of 57bp

Even as States' Cash Surplus Rises

Soaring cash surpluses suggest eventual lower deficit print



Source: RBI, Elara Securities Research

THE BIG PICTURE: HIGHER REVENUE PROJECTIONS A KEY RISK

Deficit Projected to Ease As Revenue Expenditure Growth Is Likely to Slow...

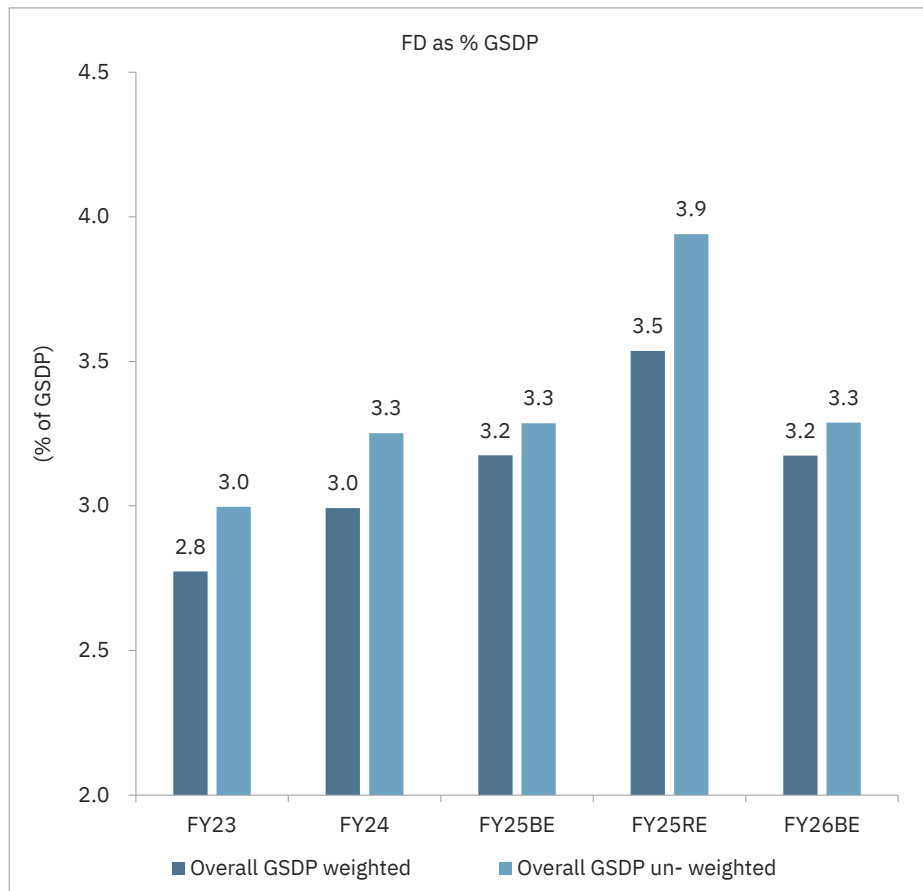
Overview of States finances

Components	% GSDP				% YoY		
	FY24	FY25BE	FY25RE	FY26BE	FY24	FY25RE	FY26BE
Total revenue receipts	12.8	13.8	13.4	13.5	7.9	16.2	12.2
(a) Own tax revenue	6.5	7.1	6.7	6.8	9.3	14.4	14.2
SGST revenue	2.8	3.0	2.9	3.0	16.0	16.8	15.3
(b) Own non-tax revenues	1.1	1.2	1.1	1.2	14.1	15.4	17.3
(c) Tax devolution	3.7	3.7	3.8	3.8	19.2	13.9	10.4
(d) Grants in aid	1.5	1.9	1.8	1.7	(18.5)	30.1	6.4
Capital receipts	5.0	5.0	5.4	4.9	31.3	21.3	0.9
Revenue expenditure	13.2	14.1	14.1	13.8	8.4	18.5	9.3
Interest cost	1.7	1.7	1.7	1.7	10.7	11.0	11.4
Capital expenditure	4.4	4.6	4.5	4.5	20.6	15.0	12.4
Capital outlay	2.5	2.7	2.6	2.7	26.3	19.4	16.1
Total expenditure	16.7	18.7	18.6	18.4	11.3	17.5	10.0
Fiscal deficit to GSDP %	2.98	3.17	3.52	3.17			
Revenue deficit to GSDP %	0.7	0.9	1.1	1.0			
GSDP % YoY					12.1	11.2	11.7

Note: Includes data for Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal; Bihar have Vote on Account Budget; Source: Budget documents for respective states, Elara Securities Research

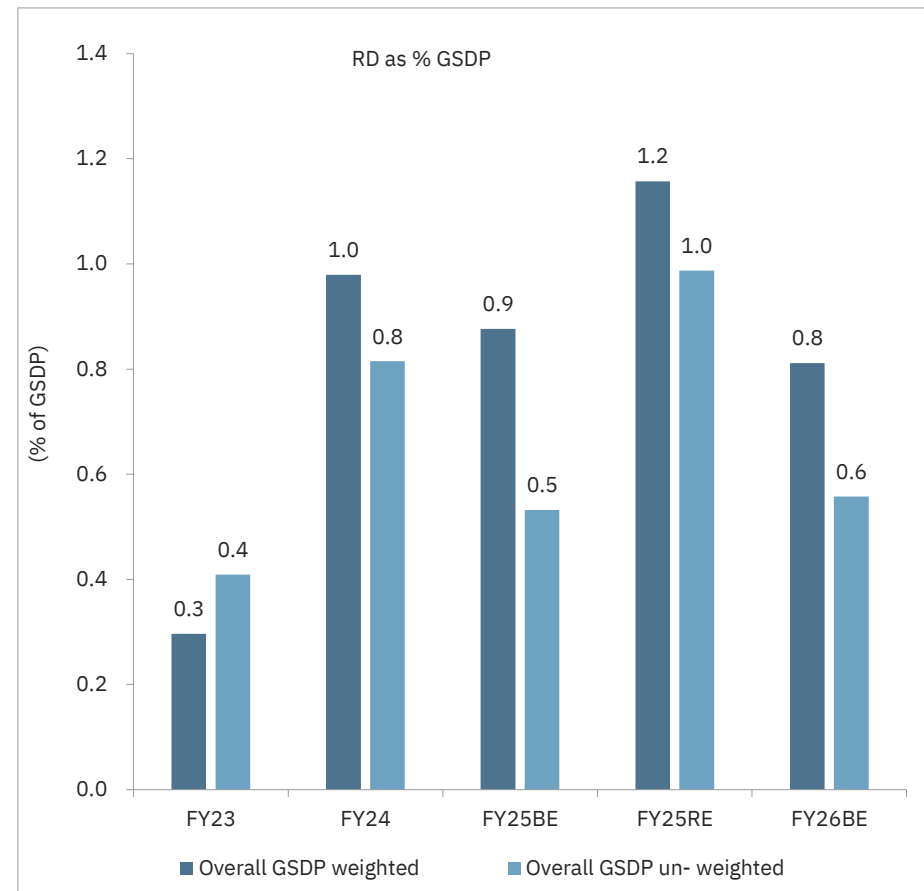
...Aiding Lower Revenue Deficit Amid Healthy Receipts

Smaller States have higher deficit



Source: State Budget documents, Union Budget, Elara Securities Research

Revenue deficit projections look optimistic



Source: State Budget documents, Union Budget, Elara Securities Research

AP, RJ, MP Budget for Higher Fiscal Deficit Than The Rest in FY26BE

State-wise fiscal deficit trends

States (as % GSDP for each state)	Pre-Covid avg.	Covid avg.	FY23	FY24	FY25BE	FY25RE	FY256BE
Andhra Pradesh	4.1	3.8	4.0	4.4	4.2	4.6	4.4
Assam	2.9	3.7	5.8	3.7	3.5	5.7	3.7
Bihar	2.3	4.3	6.0	4.2	3.0	8.4	3.0
Chhattisgarh	3.9	3.0	1.0	5.3	3.5	5.2	3.6
Gujarat	1.6	1.8	0.8	1.0	1.9	1.9	2.0
Haryana	2.9	2.9	3.2	2.9	2.8	2.7	2.7
Himachal Pradesh	2.9	3.5	6.5	5.4	4.7	6.6	4.0
Jharkhand	2.4	2.5	1.2	1.4	2.0	2.3	2.0
Karnataka	2.5	3.8	2.1	2.6	2.9	2.9	2.9
Kerala	3.1	4.3	2.4	3.0	3.4	3.5	3.2
Madhya Pradesh	3.1	4.4	3.1	3.3	4.1	4.2	4.7
Maharashtra	1.4	2.4	1.9	2.2	2.6	2.9	2.8
Odisha	2.8	0.2	2.0	1.7	3.5	3.1	3.2
Punjab	3.1	4.5	5.0	4.4	3.8	4.5	3.8
Rajasthan	3.7	4.9	3.7	4.3	3.9	4.1	4.3
Tamil Nadu	3.0	4.2	3.5	3.3	3.3	3.3	3.0
Telangana	3.2	4.6	2.5	3.4	3.0	2.9	3.0
Uttar Pradesh	3.2	2.7	2.9	3.2	3.5	3.4	3.0
Uttarakhand	0.8	2.2	(0.8)	2.2	2.4	2.5	2.9
West Bengal	3.0	3.6	3.3	3.3	3.8	4.0	3.6

Source: Budget documents for respective States, Elara Securities Research

- ▶ Assam, Bihar, Punjab and Chhattisgarh are likely to see a rise in fiscal deficit in FY25RE
- ▶ In FY26BE too, Rajasthan, Madhya Pradesh and Andhra Pradesh are likely to continue to see elevated fiscal deficit

JH, MP, OD, UK Increase Focus on Capex

	F25RE		FY26BE	
	FD as % GSDP	RD as % GSDP	FD as % GSDP	RD as % GSDP
Andhra Pradesh	4.6	3.0	4.4	1.8
Assam	5.8	0.8	3.7	0.0
Bihar	8.5	0.0	3.0	(0.8)
Chhattisgarh	5.2	1.3	3.6	(0.4)
Gujarat	1.9	1.3	2.0	(0.4)
Haryana	2.7	1.5	2.7	1.5
Himachal Pradesh	6.6	2.8	4.1	2.5
Jharkhand	2.3	(2.3)	2.0	(2.6)
Karnataka	2.9	0.9	3.0	0.6
Kerala	3.5	2.3	3.2	1.9
Madhya Pradesh	4.2	(0.1)	4.7	0.0
Maharashtra	2.9	0.6	2.8	0.9
Odisha	3.1	(2.9)	3.2	(3.0)
Punjab	4.5	3.5	3.8	2.7
Rajasthan	4.1	1.9	4.3	1.6
Tamil Nadu	3.3	1.5	3.0	1.2
Telangana	2.9	(0.0)	3.0	0.0
Uttar Pradesh	3.5	2.1	3.0	2.6
Uttarakhand	2.5	(0.8)	2.9	(0.6)
West Bengal	4.0	2.4	3.6	1.7

Source: Budget documents for respective States, Elara Securities Research

Odisha Remains the Most Fiscally Disciplined Among Big States

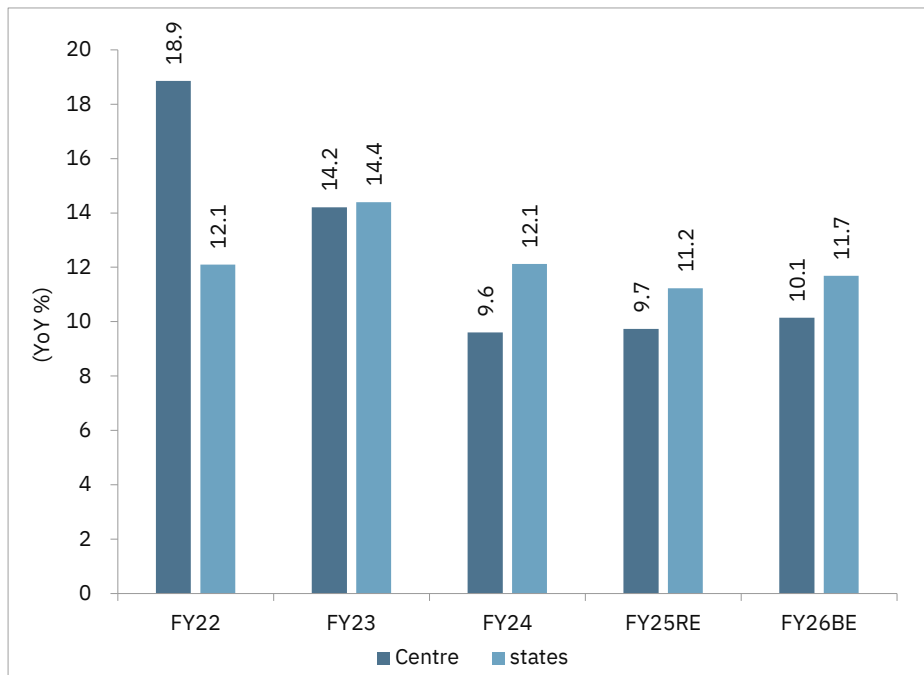
State-wise revenue deficit trends (deficit [+], surplus [-])

States (as % GDP for each state)	Pre-covid average	Covid average	FY23	FY24	FY25BE	FY25RE	FY26BE
Andhra Pradesh	3.16	3.19	3.30	2.72	2.12	3.01	1.82
Assam	(1.11)	(0.08)	2.45	0.46	(0.29)	0.83	0.00
Bihar	(0.97)	1.53	1.50	(0.33)	(0.11)	0.00	(0.80)
Chhattisgarh	1.80	0.42	(1.85)	2.19	(0.19)	1.27	(0.44)
Gujarat	(0.21)	0.62	(1.85)	2.19	(0.19)	1.27	(0.44)
Haryana	2.62	4.11	1.75	1.09	1.47	1.53	0.00
Himachal Pradesh	(0.64)	(0.42)	3.30	2.68	1.99	2.79	2.54
Jharkhand	(1.70)	(0.83)	(3.44)	(2.43)	(4.04)	(2.34)	(2.61)
Karnataka	(0.08)	1.40	(0.62)	0.36	0.96	0.91	0.63
Kerala	2.87	5.08	0.88	1.58	2.12	2.29	1.90
Madhya Pradesh	(0.54)	1.20	(0.31)	(0.92)	(0.11)	(0.07)	(0.04)
Maharashtra	0.13	1.48	0.05	0.34	0.47	0.59	0.93
Odisha	(2.12)	(6.41)	(2.57)	(3.57)	(2.96)	(2.94)	(2.98)
Punjab	3.38	4.25	3.87	3.79	2.89	3.54	2.69
Rajasthan	4.94	5.01	2.31	2.56	1.45	1.87	1.56
Tamil Nadu	2.42	4.21	1.53	1.66	1.56	1.49	1.17
Telangana	0.15	2.49	(0.46)	(0.05)	(0.02)	(0.02)	(0.02)
Uttar Pradesh	(4.28)	(1.35)	(1.65)	1.41	2.97	2.14	2.58
Uttarakhand	0.83	(1.49)	(1.80)	(1.00)	(1.20)	(0.75)	(0.60)
West Bengal	2.00	4.13	1.78	1.56	1.76	2.38	1.74

Source: Budget documents for respective States, Elara Securities Research

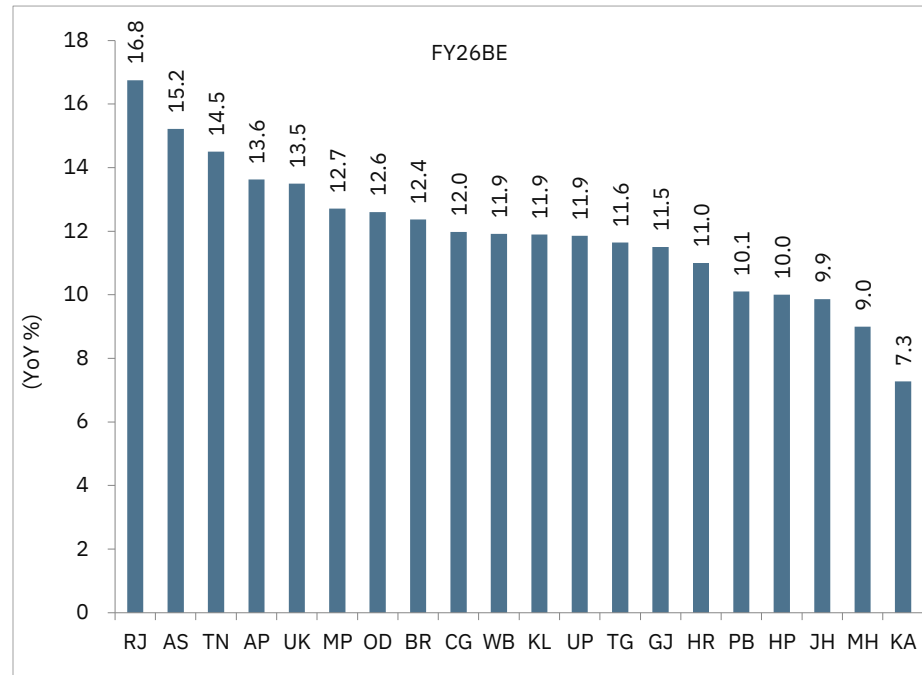
Budgets Show States GDP Growth Estimated to Be Higher Than Centre

States project growth higher than the Centre's



Source: State budget documents, Elara Securities Research

Rajasthan grossly overestimates FY26BE growth



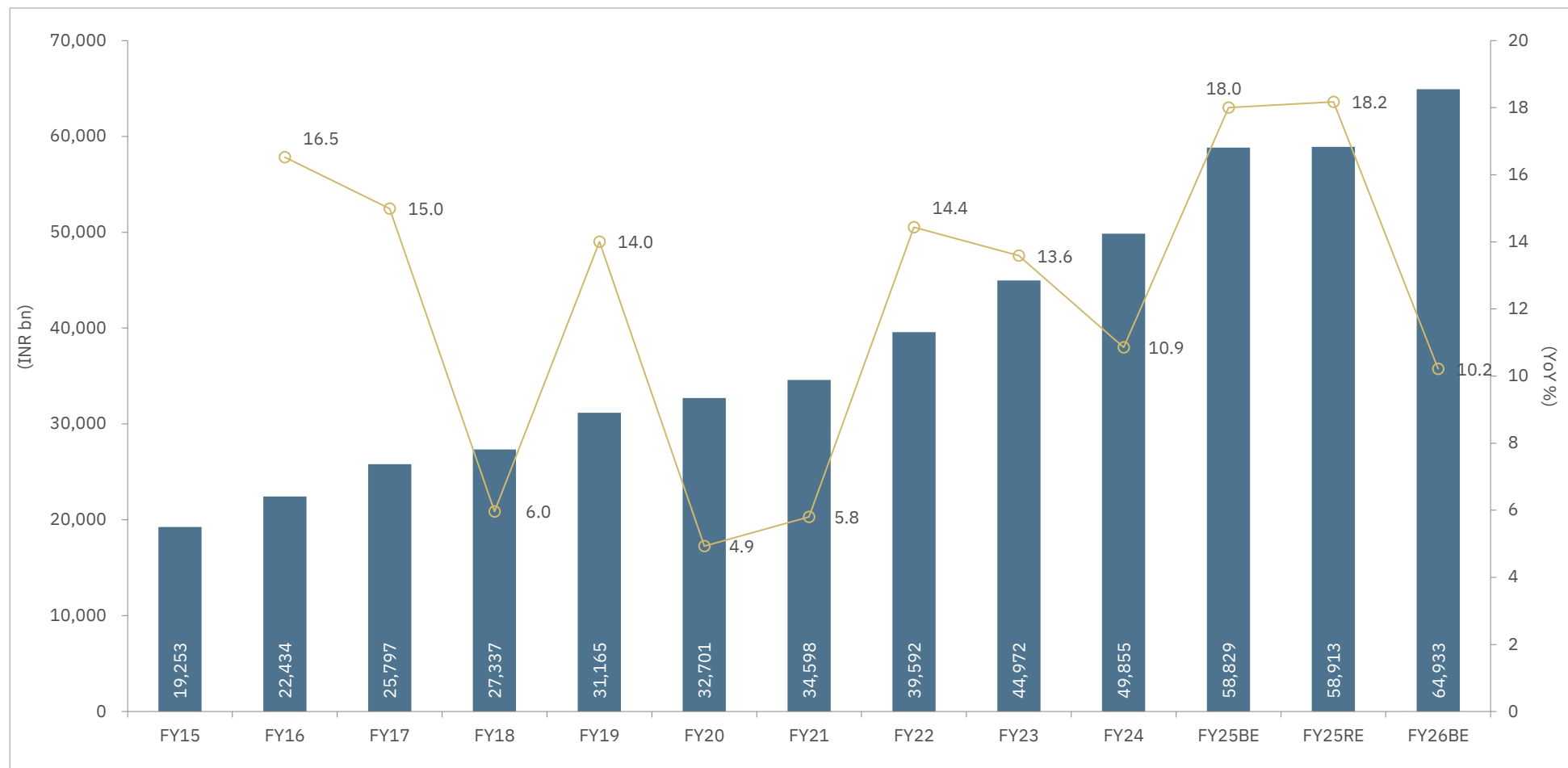
Source: State budget documents, Elara Securities Research

- ▶ Karnataka and Maharashtra project 7.3% and 9.0% nominal GDP growth in FY26BE, the lowest among all States
- ▶ Tamil Nadu, Odisha and Andhra Pradesh estimate nominal GDP growth of 14.5%, 12.4% and 13.6%, respectively, in FY26BE
- ▶ Rajasthan seems to be an outlier with ~17% growth estimate

Note: AP-Andhra Pradesh, AS-Assam, BR-Bihar, CG-Chhattisgarh, GJ-Gujarat, HR-Haryana, HP-Himachal Pradesh, JH-Jharkhand, KA-Karnataka, KL-Kerala, MP-Madhya Pradesh, MH-Maharashtra, OD-Odisha, PB-Punjab, RJ-Rajasthan, TN-Tamil Nadu, TG-Telangana, UK-Uttarakhand, UP-Uttar Pradesh, WB-West Bengal; Source: Budget documents for respective states, Elara Securities Research

STATES EXPENDITURE: MODERATING REVENUE SPENDS & NORMALIZED CAPITAL OUTLAY

States Budget For Reduction in Total Spending Growth



Source: Budget documents for respective states, Elara Securities Research

As A Percentage of GSDP The Spending Moderation Is Lower

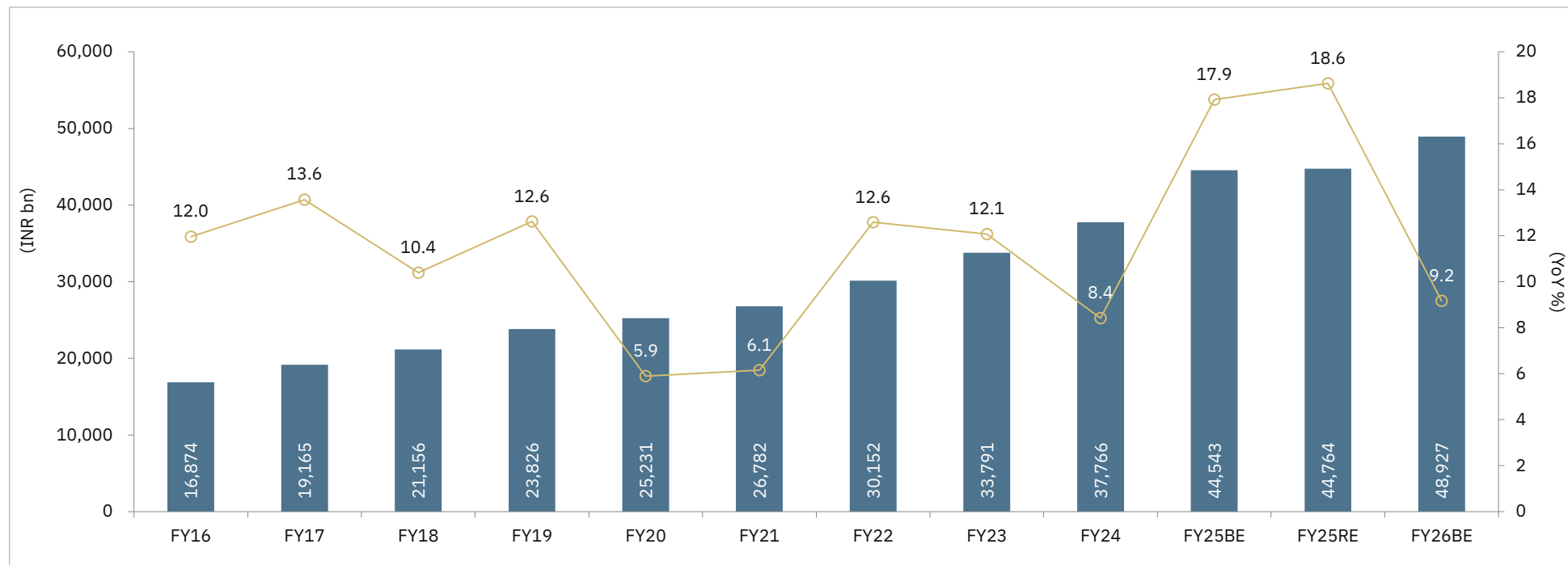
Significant divergence seen among states with respect to expenditure

States	As % GSDP			
	FY24	FY25BE	FY25RE	FY26BE
Andhra Pradesh	16.4	16.5	15.5	16.3
Assam	20.3	21.3	23.5	19.7
Bihar	29.5	28.5	35.8	28.9
Chhattisgarh	30.6	27.9	28.4	27.7
Gujarat	11.3	11.8	11.7	12.3
Haryana	15.3	15.6	14.9	15.2
Himachal Pradesh	26	25.1	27.2	22.3
Jharkhand	23.4	27.4	25.8	26.1
Karnataka	12	12.2	12	12.5
Kerala	14	14.1	14.1	14
Madhya Pradesh	22	23.1	23.6	23.7
Maharashtra	13.9	15.7	16.1	15.3
Odisha	23.9	28.6	27.9	27.1
Punjab	18.7	18.4	19	18.5
Rajasthan	28.3	27.8	29.3	27
Tamil Nadu	15	14.4	14.1	13.6
Telangana	14.6	16.6	15.4	15.8
Uttar Pradesh	22.4	29.5	24.6	26.3
Uttarakhand	23.5	22.6	23.2	23.6
West Bengal	16.8	18.5	18.3	18.4
Total (S-20)	17.6	18.7	18.6	18.4

Source: CEIC, CMIE, State budget documents, Elara Securities Research

States Budget for Moderating Revenue Expenditure

Revenue expenditure growth is likely to moderate in FY26BE



Source: State budget documents, Elara Securities Research

- ▶ Overall revenue expenditure growth in FY26BE for S-20 Budget to ease to ~9.2% in FY26BE from 18.6% in FY25RE
- ▶ The rate of expenditure is normalizing in FY26BE after elevated spend in FY25 in an election-heavy year

Some States Pull Back on Expansion of Transfer Schemes To Women

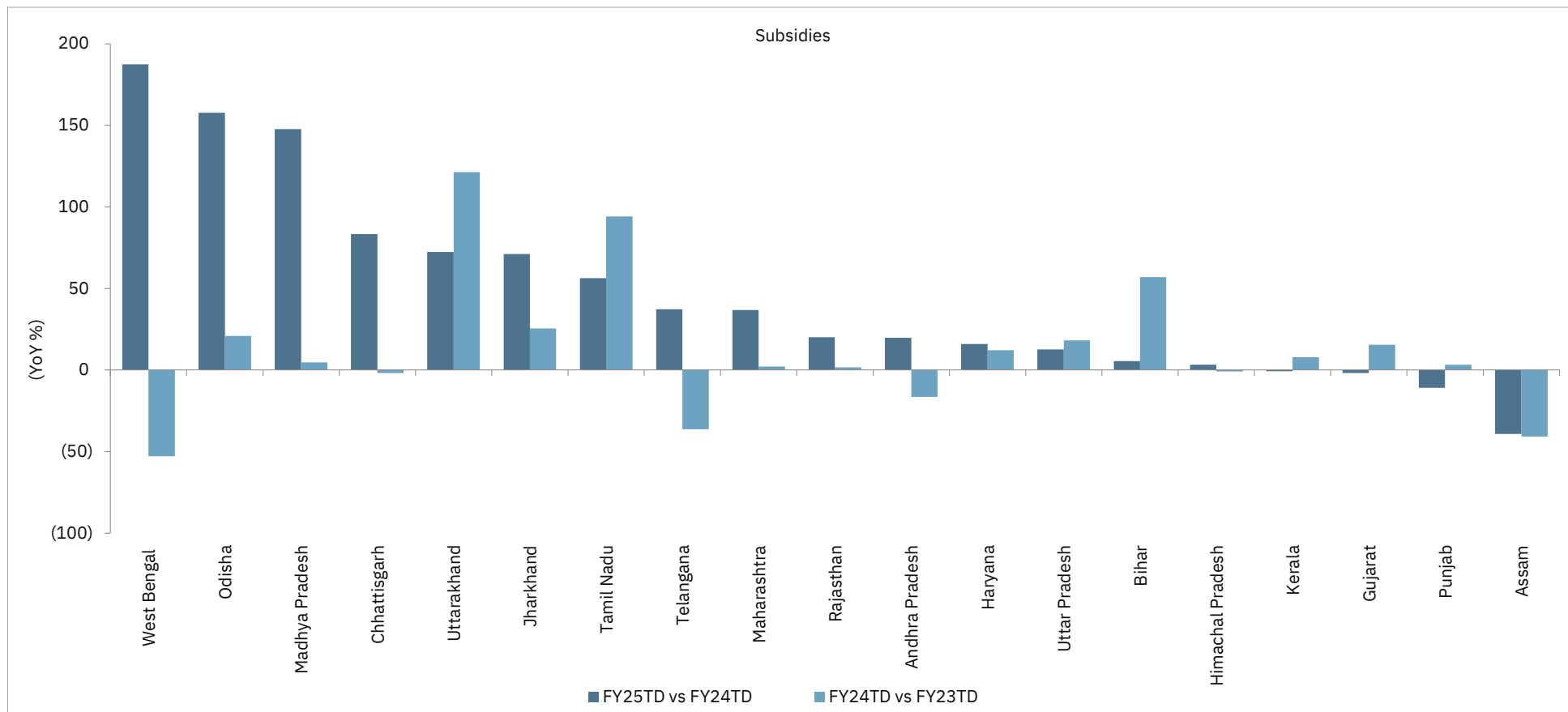
Cash handouts to women have yet to grow materially

State	Scheme	FY25BE (INR bn)	FY26BE (INR bn)
Madhya Pradesh	Ladli Behna Yojana	189	187
Maharashtra	Majhi Ladki Bahin Yojana	460	364
Karnataka	Gruha Lakshmi Yojana	286	286
West Bengal	Lakshmi Bhandar Scheme	120	120
Jharkhand	Mukhyamantri Maiya Samman Yojana	-	133
Odisha	Subhadra Yojana	110	101
Haryana	Lado Lakshmi Yojana	200	50
Telangana	Mahalakshmi Scheme Telangana	31	50
Tamil Nadu	Kalaighar Magalir Urimai Thittam (KMUT)	137	138
Chhattisgarh	Mahtari Vandan Yojana	30	30
Assam	Orunodoi Scheme	38	50
Himachal Pradesh	Indira Gandhi Pyari Behna Sukh Samman Nidhi Yojana	23	23
Delhi	Mahila Samridhi Yojana		51
Total		1,624	1,583
States GSDP (Of above states)		188,434	217,103
Cash handouts to women as % states GDP		1	0.7

Source: State budget documents, Elara Securities Research

With Lower Spending on Subsidy Bill In Key States So Far This Fiscal

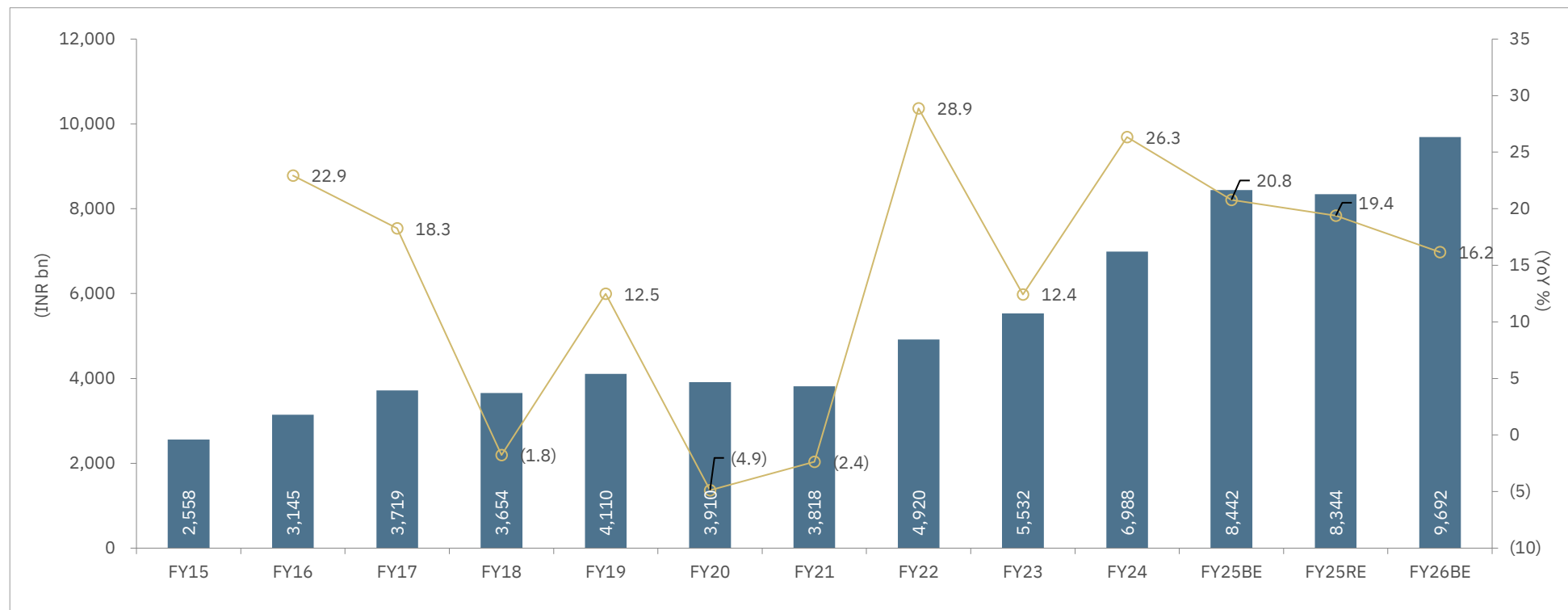
At the consolidated level for S-20, subsidy payout rises by 37.5% FY25 YTD vs 4.8% in FY24 YTD



Source: CEIC, Elara Securities Research

...And Normalization in Capital Expenditure

Capital outlay growth is set to normalize in FY26BE



Source: State Budget documents, Elara Securities Research

Overall capital outlay expenditure growth in FY26BE for S-20 Budget to ease to 16.6% in FY26BE from 19.3% in FY25RE and an average of 23% in FY24 & FY25

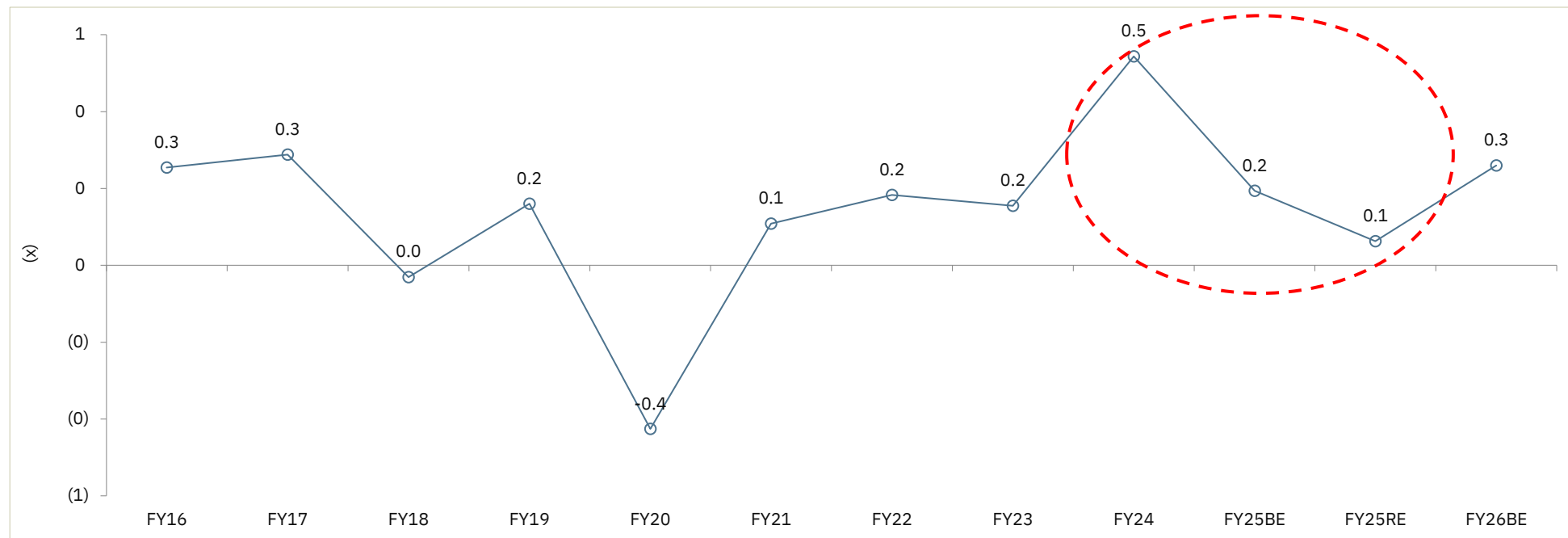
With Use Of 50-year Interest Free Capex Loans from Centre Plateauing

States	INR bn					YoY%	
	FY21	FY22	FY23	FY24	FY25*	FY24/23	FY25/24
Andhra Pradesh	6.9	5.0	61.1	40.9	69.7	(33.0)	70.3
Arunachal Pradesh	2.3	3.7	15.6	23.6	6.1	51.1	(74.4)
Assam	4.5	6.0	43.0	58.0	62.0	35.0	6.8
Bihar	8.4	12.5	84.6	88.1	115.2	4.2	30.7
Chhattisgarh	2.9	4.2	29.4	33.7	57.7	14.4	71.4
Goa	1.0	1.1	5.7	7.0	11.9	21.4	70.5
Gujarat	2.9	4.3	40.5	42.5	48.5	5.2	14.0
Haryana	0.9	1.4	12.7	17.0	8.1	34.3	(52.6)
Himachal Pradesh	5.3	8.0	6.5	15.2	10.5	132.9	(30.7)
Jharkhand	2.8	2.5	29.6	45.8	12.3	54.5	(73.1)
Karnataka	3.1	4.5	34.0	38.8	48.0	14.1	23.6
Kerala	0.8	2.4	19.0	0.0	12.7	-	-
Madhya Pradesh	13.2	15.1	73.6	126.4	101.7	71.7	(19.5)
Maharashtra	5.1	7.7	67.4	53.8	64.0	(20.3)	19.1
Manipur	3.2	2.1	4.7	5.4	5.7	16.2	4.7
Meghalaya	2.0	2.8	10.5	12.9	16.7	23.3	29.1
Mizoram	2.0	3.0	3.0	7.4	6.3	149.8	(15.2)
Nagaland	2.0	3.0	5.0	9.7	4.6	93.0	(52.5)
Odisha	4.7	5.2	0.8	35.3	68.2	4,609.5	93.1
Punjab	3.0	2.2	8.0	0.0	12.4	-	-
Rajasthan	10.0	6.9	56.0	85.1	68.8	52.1	(19.2)
Sikkim	2.0	3.0	5.5	8.0	11.3	44.7	41.7
Tamil Nadu	0.0	5.1	40.1	53.3	49.6	32.8	(6.9)
Telangana	3.6	2.1	25.0	19.5	13.7	(22.1)	(29.8)
Tripura	3.0	1.2	3.5	6.6	8.1	89.5	22.6
Uttar Pradesh	9.8	14.8	79.4	192.2	108.0	142.0	(43.8)
Uttarakhand	6.8	2.6	11.2	19.1	9.0	70.1	(53.0)
West Bengal	6.3	9.3	36.6	50.2	97.3	37.2	94.0
Total	118.0	142.0	812.0	1,096.0	1,108.0	34.9	1.1

Note: * data till 31 January 2025: State budget documents, Elara Securities Research

Incremental Capital Outlay and Revenue Receipts on a Declining Path

Incremental capital outlay and revenue receipts – States

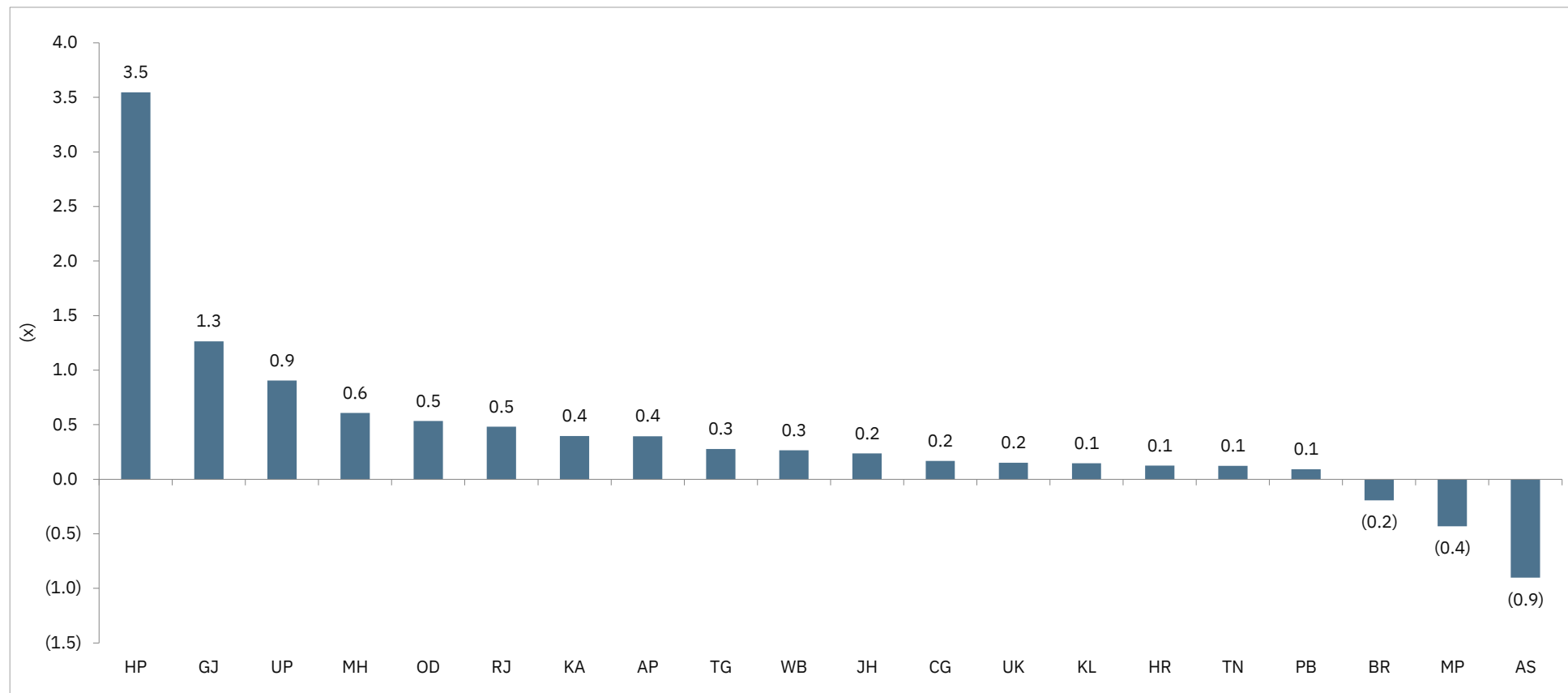


Source: State budget docs, Elara Securities Research

- ▶ States are likely to allocate a higher share of incremental revenue to capital outlay in FY26BE vs FY25RE
- ▶ The share of incremental capital capital outlay in revenue at 0.1 for FY25RE is likely to undershoot, given monthly spending of the States to date

States Are Not Uniform in Utilization of Revenue Receipts for Capex

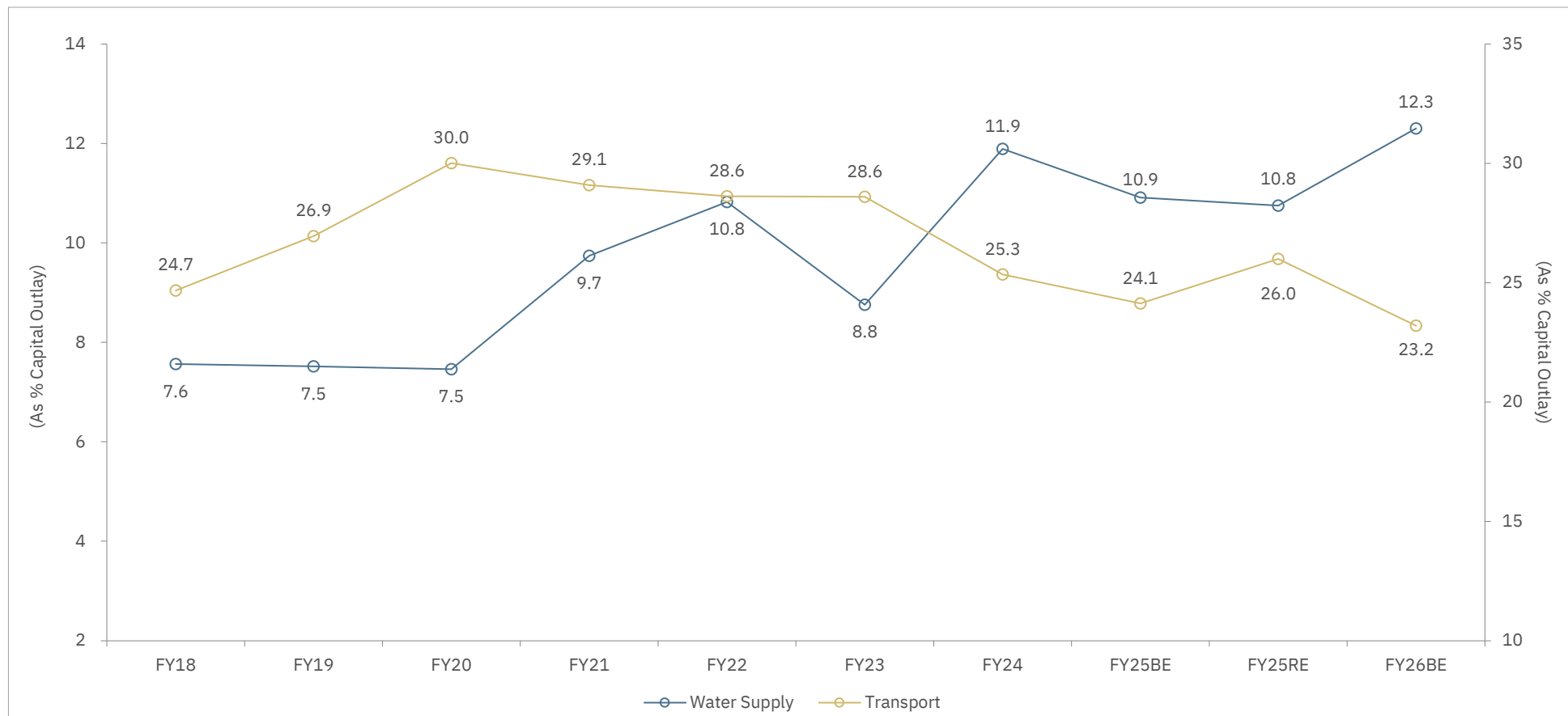
Incremental capital outlay-to-revenue receipts ratio in FY26BE – Maharashtra lags, Gujarat leads



Note: AP-Andhra Pradesh, AS-Assam, BR-Bihar, CG-Chhattisgarh, GJ-Gujarat, HR-Haryana, HP-Himachal Pradesh, JH-Jharkhand, KA-Karnataka, KL-Kerala, MP-Madhya Pradesh, MH-Maharashtra, OD-Odisha, PB-Punjab, RJ-Rajasthan, TN-Tamil Nadu, TG-Telangana, UK-Uttarakhand, UP-Uttar Pradesh, WB-West Bengal; Source: Budget documents for respective states, Elara Securities Research

Sector-wise Breakdown Shows Discernible Shift in Capex Spending Priorities

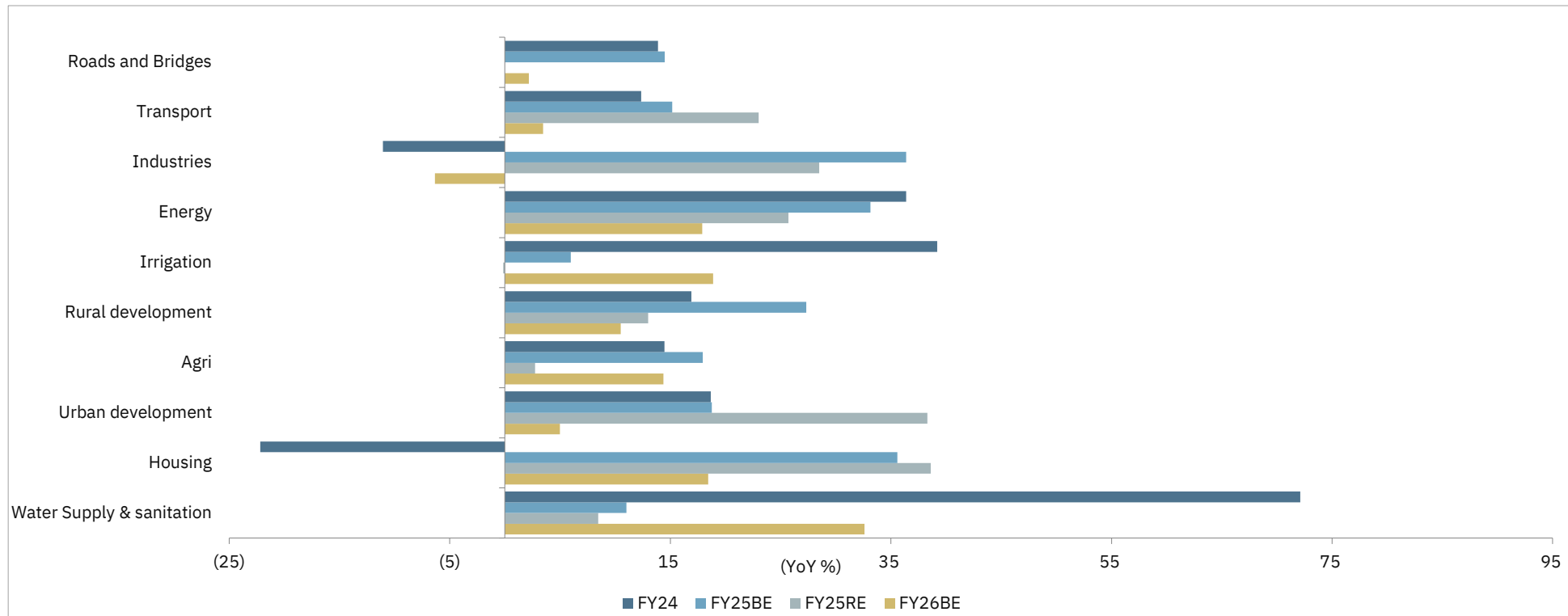
Share of transport in spending moderating whereas water supply & sanitation rising



Source: Budget documents for respective states, Elara Securities Research

As Growth in the Transport Sector Spend Set to Moderate in FY26BE

Sector-wise outlay – capital outlay for transport is likely to moderate in FY26BE

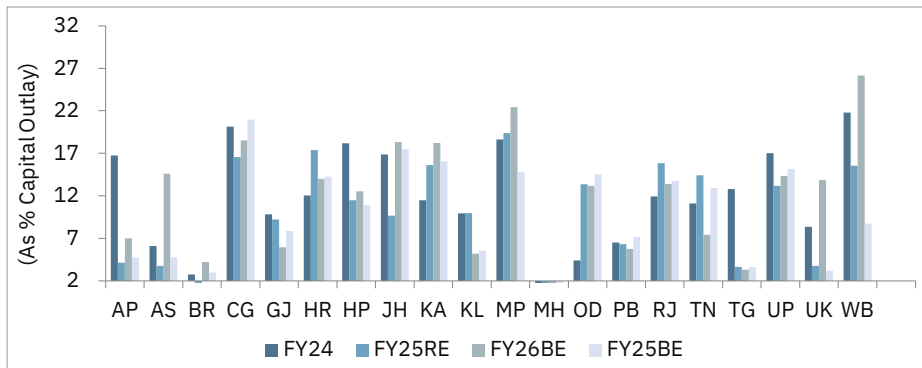


Source: Budget documents for respective states, Elara Securities Research

- ▶ Across-the-board moderation in spending in key sectors is seen in FY26BE, especially in infra sectors, such as transport
- ▶ After ~38% growth in urban development in FY25RE, spending may see normalized growth in FY26BE

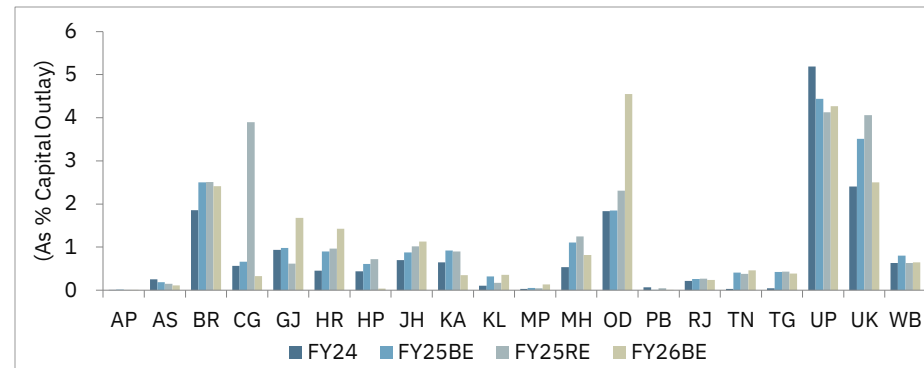
Water Sector and Housing Become Priority Spend For States

Water Supply: Madhya Pradesh allocates huge spend in FY26BE



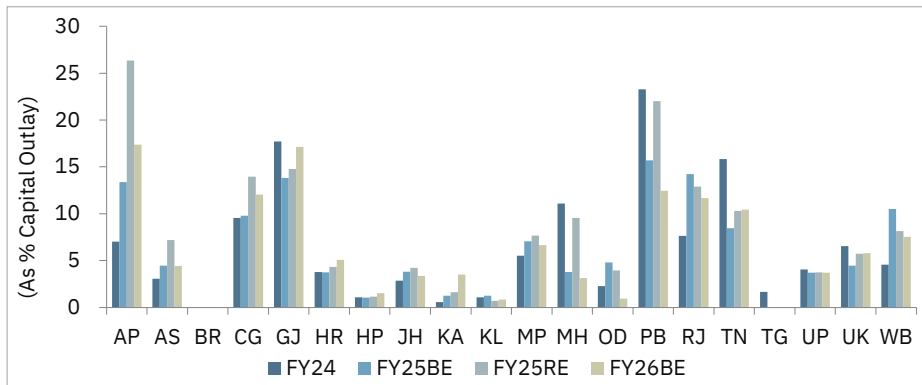
Note: All estimates are a percentage of capital expenditure of all States
 Source: Budget documents for respective states, Elara Securities Research

Housing: Odisha sees a sharp jump in FY26BE



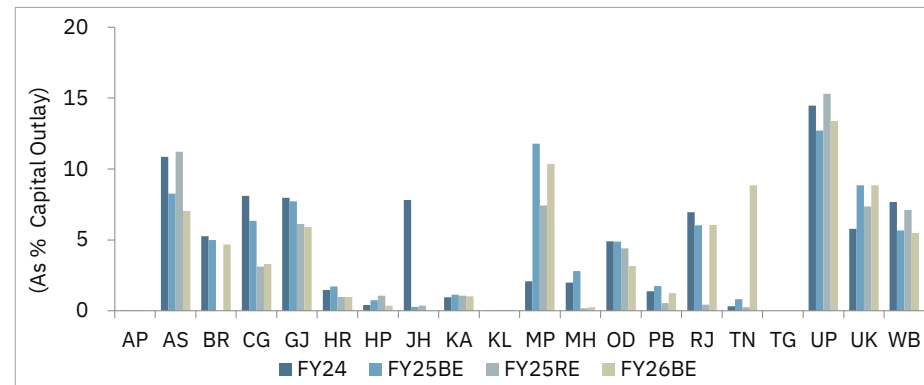
Note: All estimates are a percentage of capital expenditure of all States
 Source: Budget documents for respective states, Elara Securities Research

Urban development: Andhra Pradesh spend neck-to-neck with Gujarat



Note: All estimates are a percentage of capital expenditure of all States
 Source: Budget documents for respective states, Elara Securities Research

Energy: Uttar Pradesh leads

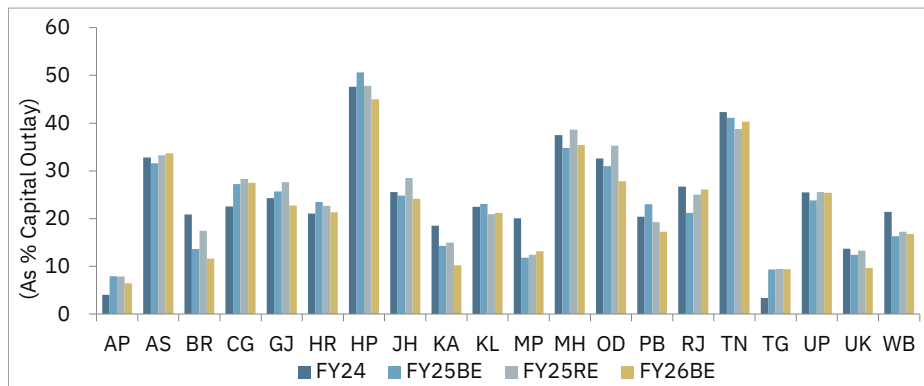


Note: All estimates are a percentage of capital expenditure of all States
 Source: Budget documents for respective states, Elara Securities Research

Note: AP-Andhra Pradesh, AS-Assam, BR-Bihar, CG-Chhattisgarh, GJ-Gujarat, HR-Haryana, HP-Himachal Pradesh, JH-Jharkhand, KA-Karnataka, KL-Kerala, MP-Madhya Pradesh, MH-Maharashtra, OD-Odisha, PJ- Punjab, RJ-Rajasthan, TN-Tamil Nadu, TG-Telangana, UK-Uttarakhand, UP-Uttar Pradesh, WB-West Bengal

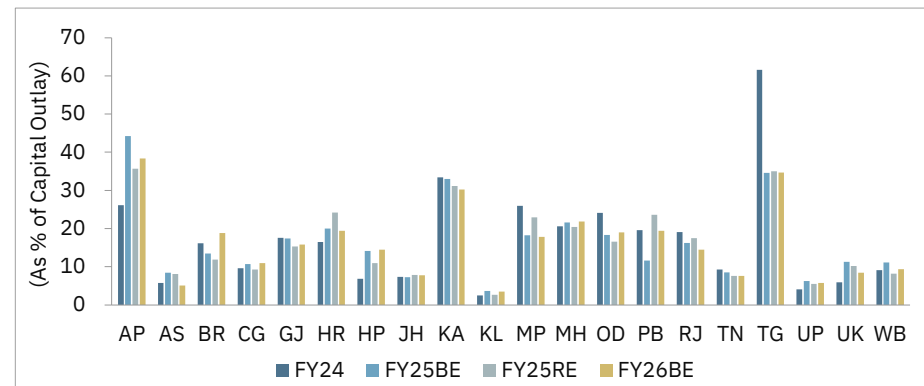
Andhra Pradesh Leads Spending on Irrigation

Transport: Tamil Nadu continues to increase



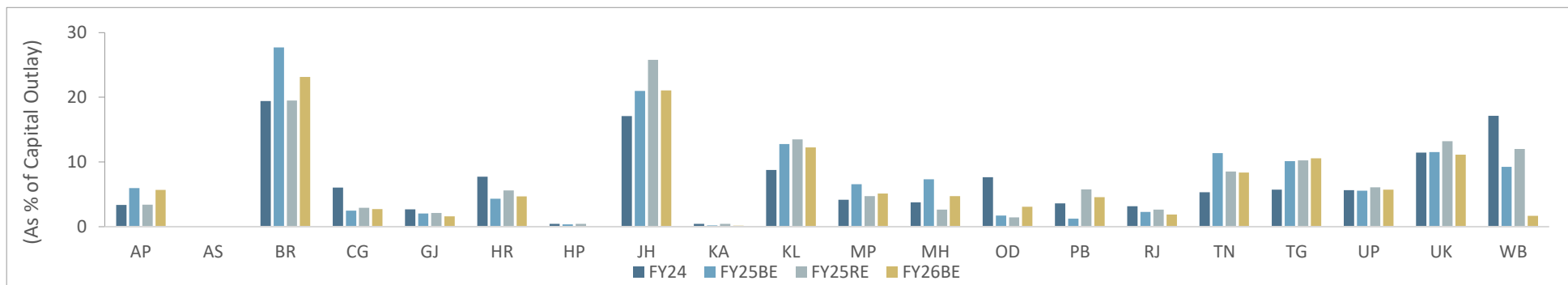
Note: All estimates are a percentage of capital expenditure of all States
 Source: Budget documents for respective states, Elara Securities Research

Irrigation: Andhra Pradesh still the highest spender



Note: All estimates are a percentage of capital expenditure of all States
 Source: Budget documents for respective states, Elara Securities Research

Bihar raises spend on rural development



Note: All estimates are a percentage of capital expenditure of all States; Source: Budget documents for respective states, Elara Securities Research

Note: AP-Andhra Pradesh, AS-Assam, BR-Bihar, CG-Chhattisgarh, GJ-Gujarat, HP-Himachal Pradesh, JH-Jharkhand, KA-Karnataka, KL-Kerala, MP-Madhya Pradesh, MH-Maharashtra, OD-Odisha, PB- Punjab, RJ-Rajasthan, TN-Tamil Nadu, TG-Telangana, UK-Uttarakhand, UP-Uttar Pradesh, WB-West Bengal

STATES REVENUE POSITION CONTINUES TO IMPROVE

Tax Revenue Data Shows Emergence of New Growth Centers in India

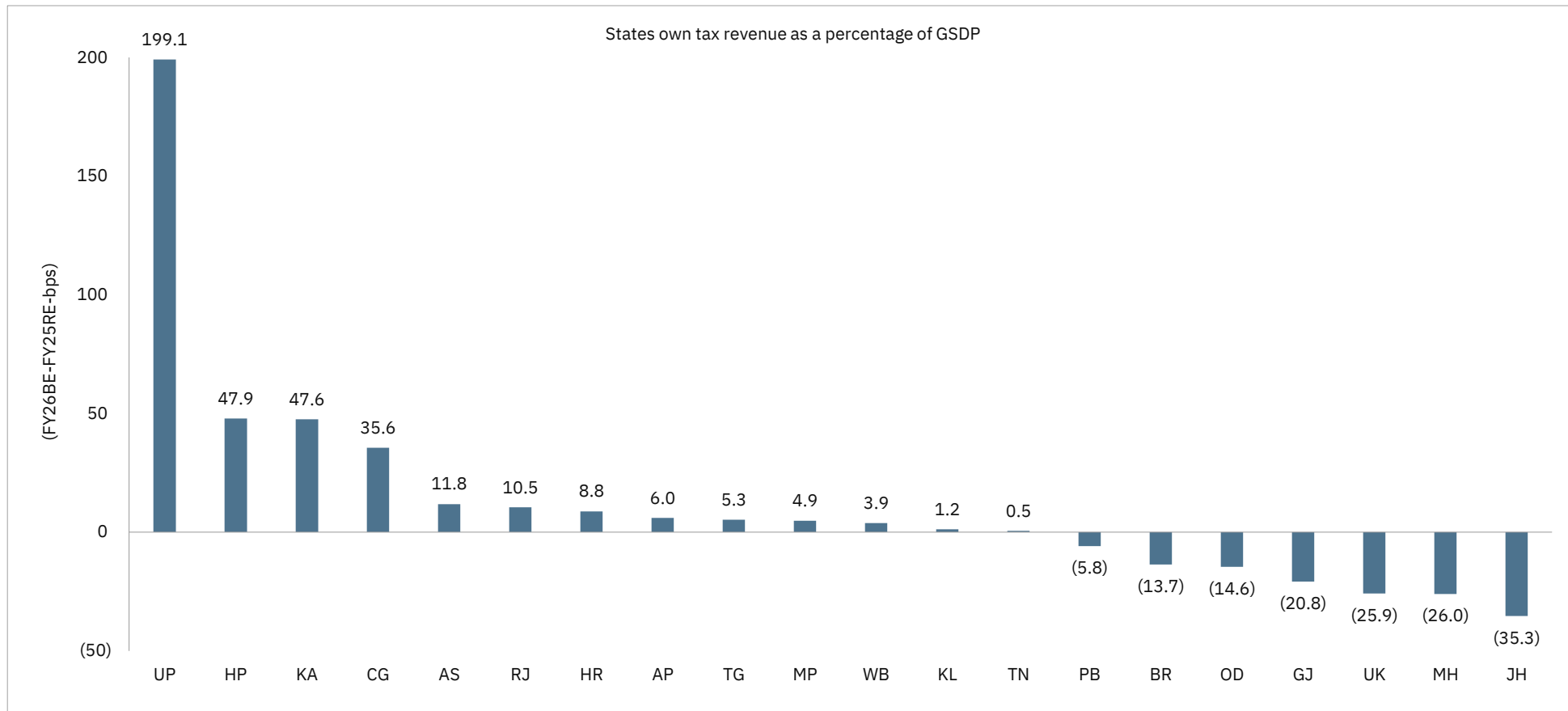
Own tax revenue of GSDP

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25RE	FY26BE
Andhra Pradesh	6.7	6.2	6.0	5.9	5.9	6.0	5.9	6.0
Assam	5.2	4.8	4.8	4.8	4.9	4.9	6.0	6.1
Bihar	5.6	5.2	5.2	5.2	5.9	5.7	5.6	5.4
Chhattisgarh	6.6	6.4	6.6	6.7	7.1	7.6	8.1	8.5
Gujarat	5.4	4.9	4.3	5.0	5.6	5.5	5.5	5.3
Haryana	6.1	5.8	5.7	6.1	6.4	6.7	6.8	6.8
Himachal Pradesh	5.1	4.8	5.2	5.6	5.5	5.7	5.8	6.3
Jharkhand	4.8	5.4	5.6	6.2	6.4	6.1	6.7	6.3
Karnataka	6.6	6.4	6.0	7.0	7.5	6.4	6.3	6.8
Kerala	6.4	6.2	6.2	6.4	6.9	6.5	6.4	6.4
Madhya Pradesh	6.2	6.0	5.7	5.7	5.5	6.7	6.4	6.4
Maharashtra	7.4	7.1	6.3	7.1	7.9	7.5	8.1	7.8
Odisha	6.1	6.0	6.4	6.2	6.2	6.3	6.3	6.2
Punjab	6.2	5.6	5.7	6.4	6.3	6.3	7.2	7.1
Rajasthan	6.3	5.9	5.9	6.1	6.4	6.2	7.1	7.2
Tamil Nadu	6.5	6.2	5.9	5.6	6.4	6.1	6.2	6.2
Telangana	7.5	7.1	7.1	8.0	8.2	7.6	8.0	8.1
Uttar Pradesh	7.6	7.2	7.3	7.9	7.7	7.6	7.6	9.6
Uttarakhand	5.3	4.8	5.0	5.3	5.8	5.8	5.9	5.6
West Bengal	5.5	5.1	5.2	5.2	5.5	5.4	5.5	5.5

Source: State Budget Documents, Elara Securities Research

Seven States May See a Fall in Own Tax Revenue in FY26BE vs FY25RE...

Own tax revenue of GSDP



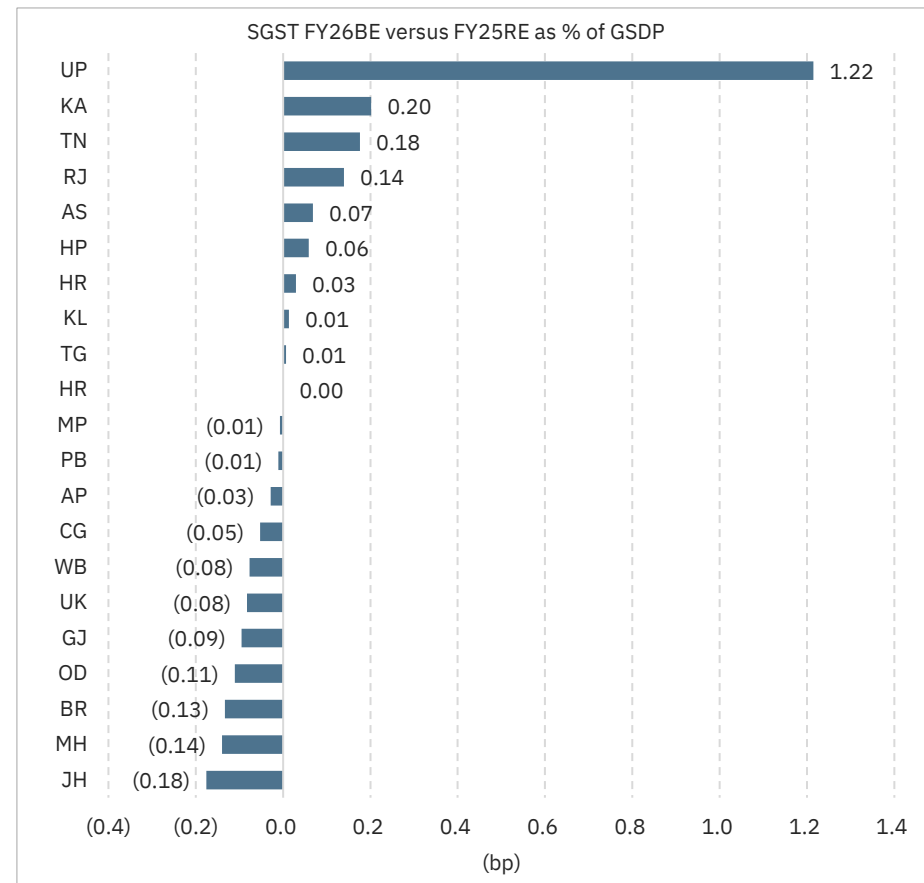
Note: AP-Andhra Pradesh, AS-Assam, BR-Bihar, CG-Chhattisgarh, GJ-Gujarat, HR-Haryana, HP-Himachal Pradesh, JH-Jharkhand, KA-Karnataka, KL-Kerala, MP-Madhya Pradesh, MH-Maharashtra, OD-Odisha, PB-Punjab, RJ-Rajasthan, TN-Tamil Nadu, TG-Telangana, UK-Uttarakhand, UP-Uttar Pradesh, WB-West Bengal; Source: Budget documents for respective states, Elara Securities Research

...Led Primarily by SGST Revenue Moderation

Steady SGST, as a percentage of GSDP

States	FY24	FY25BE	FY25RE	FY26BE
Andhra Pradesh	2.2	2.3	2.3	2.2
Assam	2.6	3.0	3.1	3.1
Bihar	3.2	3.2	3.2	3.1
Chhattisgarh	2.7	3.1	3.0	2.9
Gujarat	2.4	2.7	2.8	2.7
Haryana	3.1	3.1	3.1	3.1
Himachal Pradesh	2.6	2.9	2.6	2.6
Jharkhand	2.7	3.3	3.0	2.8
Karnataka	2.8	3.0	2.8	3.0
Kerala	2.7	2.7	2.6	2.6
Madhya Pradesh	2.8	2.6	2.5	2.5
Maharashtra	3.5	3.6	3.7	3.6
Odisha	2.8	2.8	2.7	2.6
Punjab	2.8	3.2	3.1	3.1
Rajasthan	2.5	3.1	3.1	3.2
Tamil Nadu	2.3	2.3	2.4	2.6
Telangana	2.7	3.1	2.8	2.8
Uttar Pradesh	2.9	4.6	3.0	4.2
Uttarakhand	2.5	2.6	2.7	2.6
West Bengal	2.5	2.6	2.5	2.4

Jharkhand a laggard in SGST gains

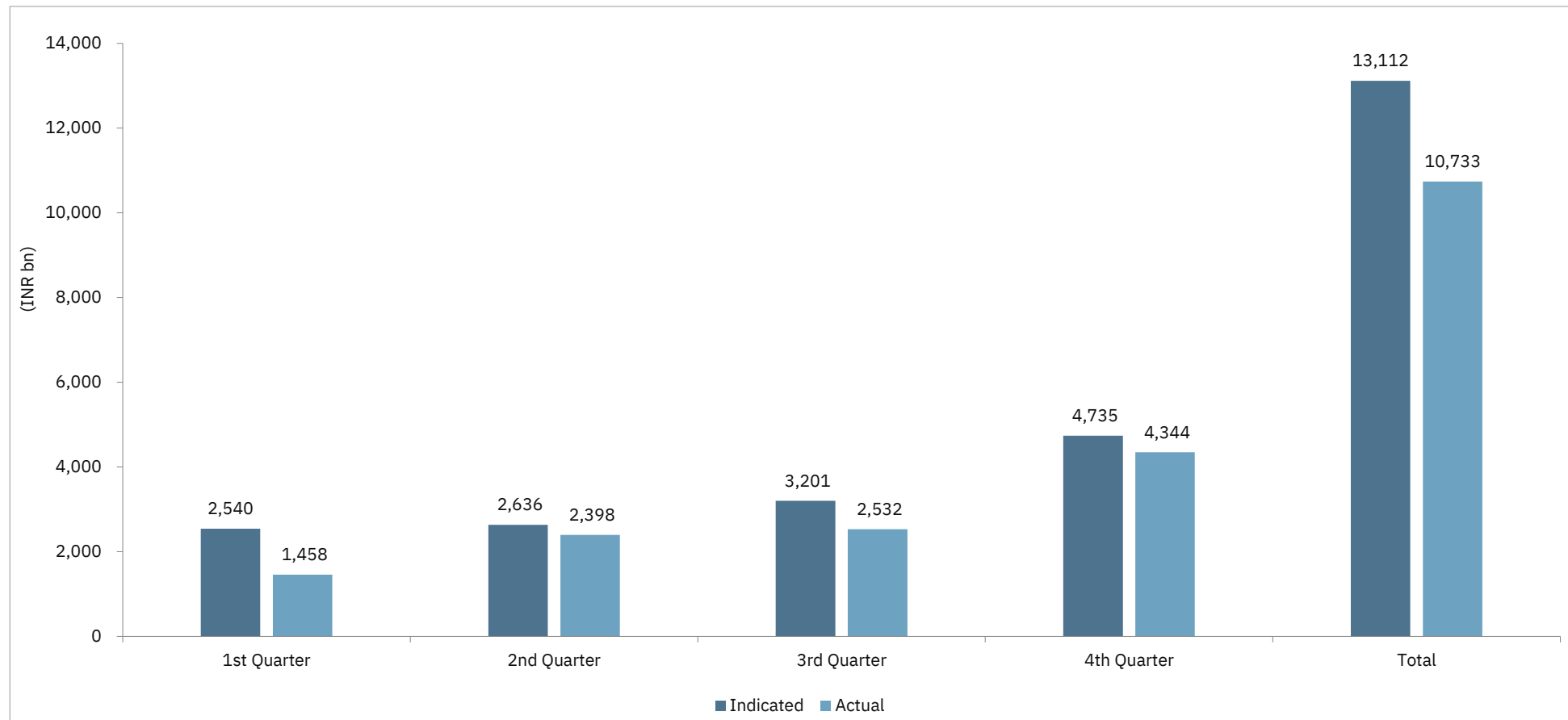


Note: AP-Andhra Pradesh, AS-Assam, BR-Bihar, CG-Chhattisgarh, GJ-Gujarat, HR-Haryana, HP-Himachal Pradesh, JH-Jharkhand, KA-Karnataka, KL-Kerala, MP-Madhya Pradesh, MH-Maharashtra, OD-Odisha, PB-Punjab, RJ-Rajasthan, TN-Tamil Nadu, TG-Telangana, UK-Uttarakhand, UP-Uttar Pradesh, WB-West Bengal; Source: Budget documents for respective states, Elara Securities Research

CONSOLIDATED MARKET BORROWING TO RISE

State Gross Borrowings lower by INR 2.3tn in FY25

States catch up with borrowing plans in Q4FY25



Source: State budget documents, RBI, Elara Securities Research

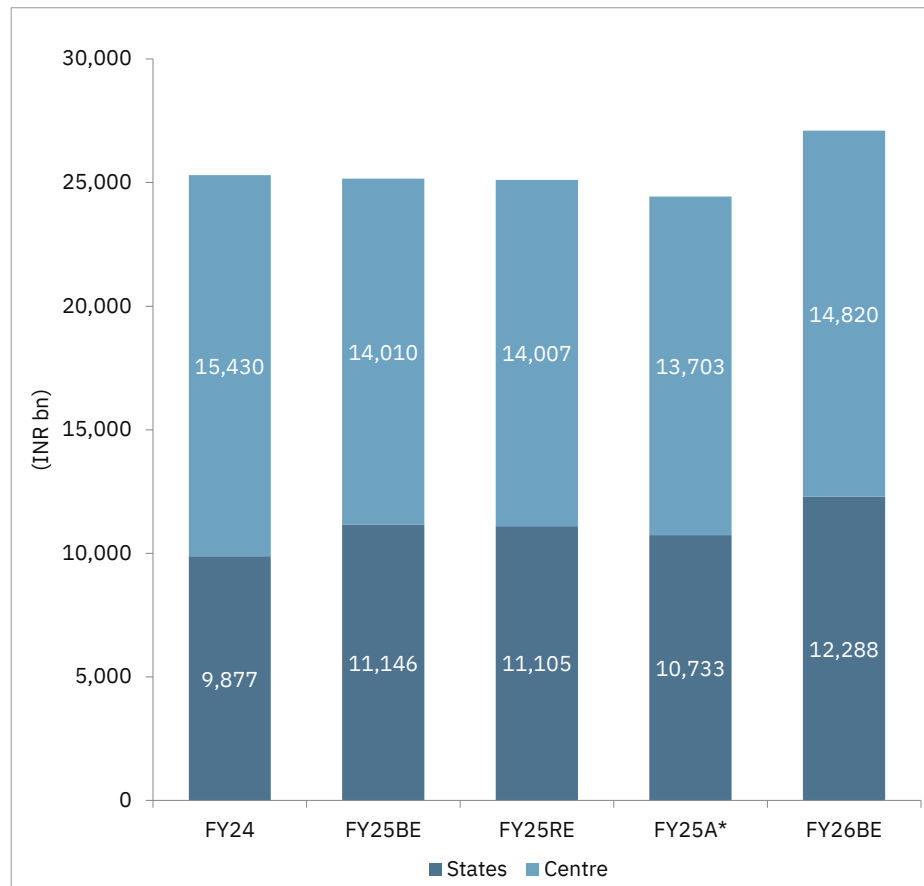
States Gross Market Borrowing in FY26BE 16.6% higher than in FY25A

(INR bn)	FY24	FY25BE	FY25RE	FY25 Indicative	FY25A	FY26BE	FY25/24A (YoY%)	FY26BE/25A (YoY%)
Andhra Pradesh	684	710	786	600	782	805	14.3	3
Assam	185	201	201	203	190	225	2.7	18
Bihar	476	459	465	475	475	518	(0.1)	9
Chhattisgarh	320	226	283	195	245	281	(23.4)	15
Gujarat	305	575	560	555	382	660	25.2	73
Haryana	475	495	495	515	495	525	4.2	6
Himachal Pradesh	81	98	97	106	74	101	(8.8)	37
Jharkhand	10	99	117	129	35	108	250.0	209
Karnataka	810	968	900	1,280	920	1,050	13.6	14
Kerala	424	483	505	392	537	518	26.5	(3)
Madhya Pradesh	385	646	607	740	634	762	64.7	20
Maharashtra	1,100	1,080	1,252	2,010	1,230	1,250	11.8	2
Odisha	-	158	58	140	208	175	1,662,300.0	(16)
Punjab	424	383	427	373	408	481	(3.7)	18
Rajasthan	736	785	773	680	752	930	2.1	24
Tamil Nadu	1,130	1,219	1,240	1,270	1,240	1,365	9.8	10
Telangana	496	571	569	694	562	645	13.3	15
Uttar Pradesh	977	762	762	930	440	772	(54.9)	75
Uttarakhand	63	100	107	120	104	160	65.1	54
West Bengal	699	797	800	1,375	705	820	0.8	16
Total (S-20)	9,780	10,815	11,004	12,782	10,418	12,149	6.5	17

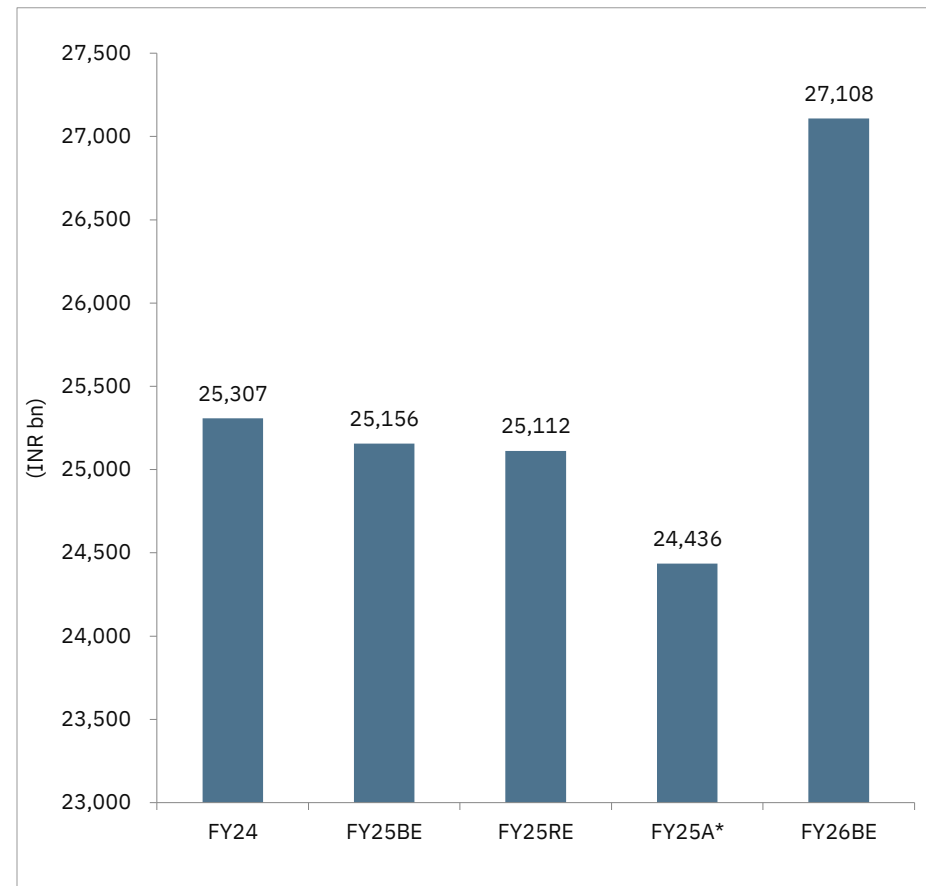
Note: * FY25A actual borrowing includes the RBI data until 28 March, 2025; Bihar FY25RE is the actual amount which state has borrowed till date, Source: States Budget Documents, Elara Securities Research

Consolidated Bond Supply Set to Rise in FY26E

Centre and States with contrasting borrowing trends



Consolidated borrowing is set to rise owing to States



Source: CEIC, CMIE, State budget documents, Elara Securities Research

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