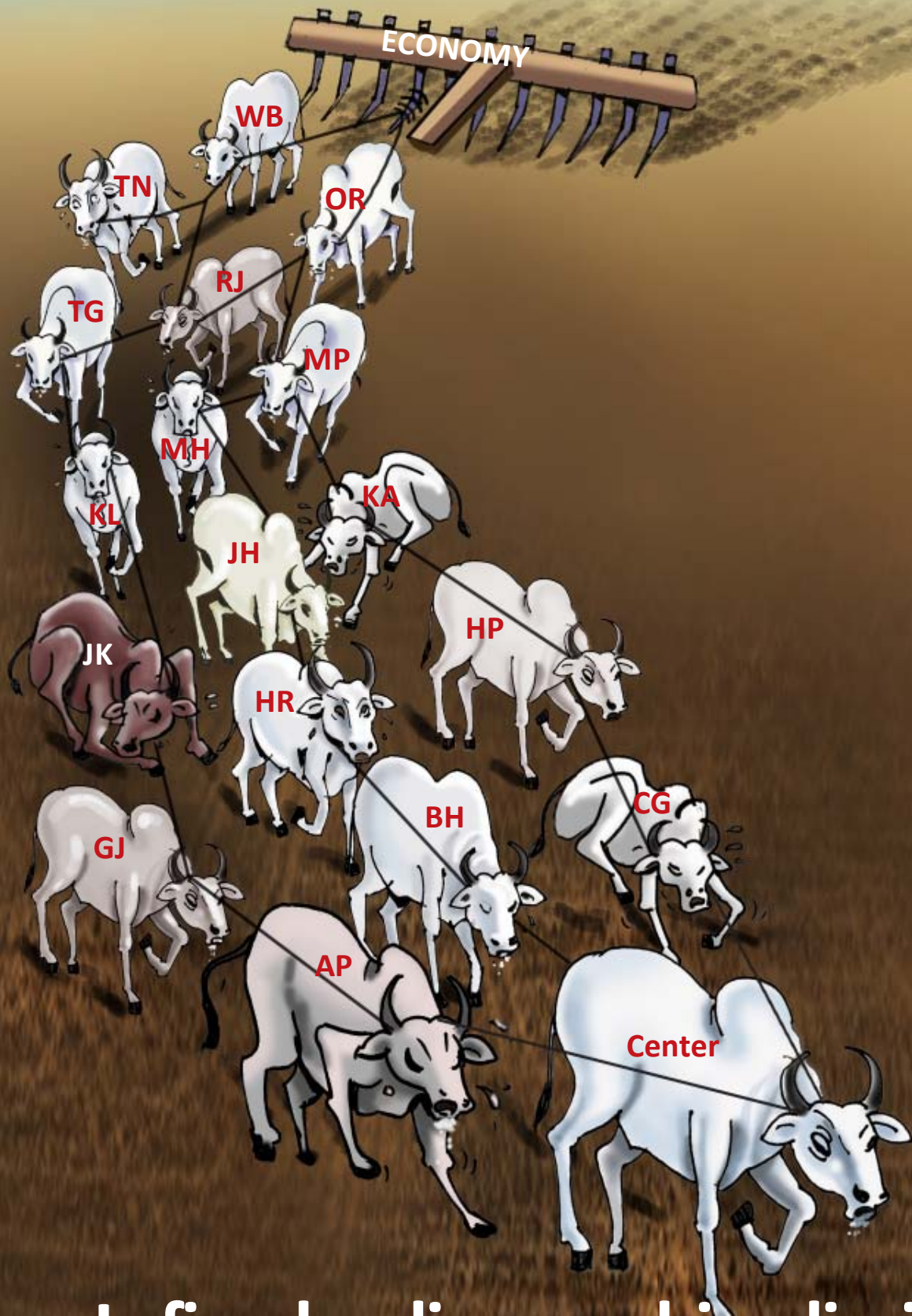


# Indian Economy



## Is fiscal policy reaching limits?

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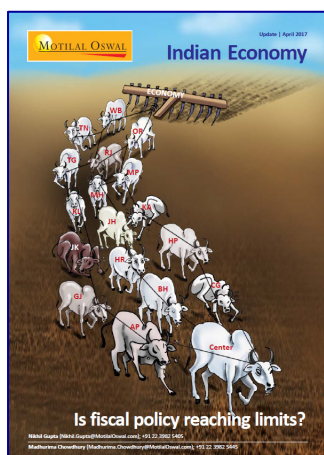
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# India Economy



## Is fiscal policy reaching limits?

From our combined study of central and state budgets, it appears so

Though every minute detail of the union budget is examined closely, state budgets do not receive their due share of attention. Together, state budgets constitute ~150% of the union budget and the states' market borrowings are expected to increase from less than 50% of the center's in FY16 to 75% in FY18. To better grasp fiscal policy implications, a detailed analysis of the combined budgets of both the center and the states is essential. Through this report, we also intend to address the lack of contemporary studies on state budgets.

Our key findings:

- Over the past few years, states' tax receipts have weakened sizably, increasing their reliance on the center. The combined tax-to-GDP ratio budgeted for 2017-18 is still meaningfully lower than the peak seen over a decade ago. Not surprisingly then, the states have budgeted 13-year lowest growth in their total spending, in line with the 12-year lowest growth budgeted by the center.
- Not only the center, but the states too are focused on investments. Consequently, the states have budgeted for 15-year lowest growth in consumption spending. As per the second advance estimates, government consumption spending is estimated to have grown 17% in FY17 and contributed one-fourth to real GDP growth of 7.1%.
- With flows from fiscal taps slowing and private investments remaining lackluster, it might be difficult for private consumption to offset the entire adverse effect. We would not be surprised if real GDP growth fails to pick up in FY18.



## Why should one read this report?

It is widely argued that the Union Budget receives unduly high attention, while state budgets do not receive their due share of attention. With government consumption spending accounting for ~10% of GDP and estimated to have contributed more than 20% to real GDP growth in FY17, the general government (center + states) is more relevant than the center alone.

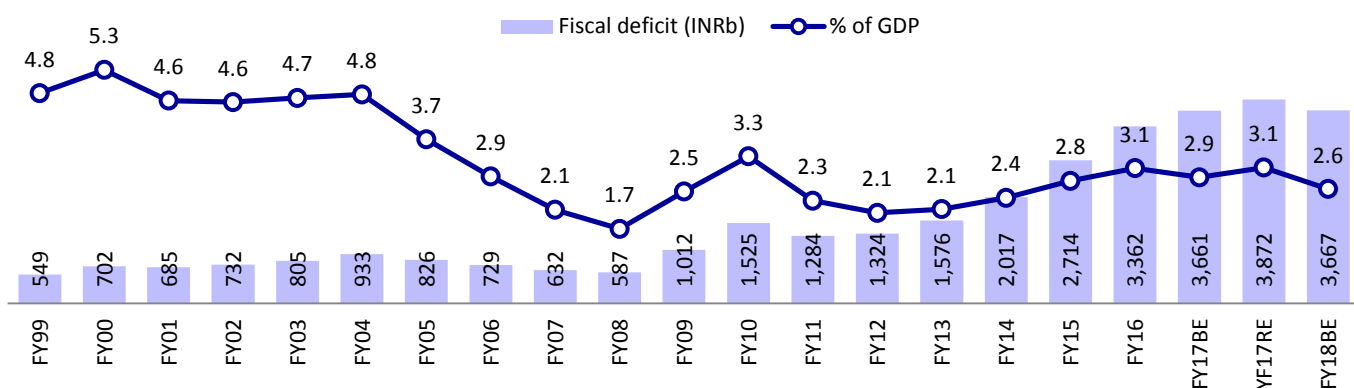
There are at least three reasons why states' budgets should be given at least as much importance as the center's. *Firstly*, states account for about three-fifth of the general government's total consumption (revenue spending excluding interest payments) and investment (capital spending). *Secondly*, while the center has kept its gross market borrowings broadly unchanged over the past six years, the states have almost trebled their borrowings. States' securities (also known as state development loans, SDLs) are expected to be more than 75% of the center's securities in FY18 (as against less than 50% just three years ago). *Finally*, with states getting about 40% of the taxes collected by the center (after the recommendation of the fourteenth finance commission), state budgets are more important than ever.

Apart from Reserve Bank of India (RBI), we are not aware of any other organization producing comprehensive data or research on states' budgets. The RBI reports too are generally released with a lag of 12-14 months (the recent RBI report due for

release will contain data on 2016-17 budget estimates, though 2017-18 budgets were presented by states last month). To fill this vacuum, we conducted this in-depth study, covering 17 major states that account for ~85% of the national GDP, ~90% of gross market borrowings by all states, ~85% of all states’ budgets. The 17 states covered are: Andhra Pradesh (AP), Bihar (BH), Chhattisgarh (CG), Gujarat (GJ), Haryana (HR), Himachal Pradesh (HP), Jammu & Kashmir (JK), Jharkhand (JH), Karnataka (KA), Kerala (KL), Madhya Pradesh (MP), Maharashtra (MH), Odisha (OR), Rajasthan (RJ), Tamil Nadu (TN), Telangana (TG), and West Bengal (WB). Although we have historical data for three other major states – Punjab (PB), Uttarakhand (UK) and Uttar Pradesh (UP), they are not included in our study because these states have not yet presented their 2017-18 budgets.

This report is divided into three sections. Section-I provides five themes for the financial markets after careful study of the combined budget for the general government<sup>1</sup>. In section-II, we analyze the combined budget of the center and the states. In the third and final section, we examine the pooled budgets of 17 states.

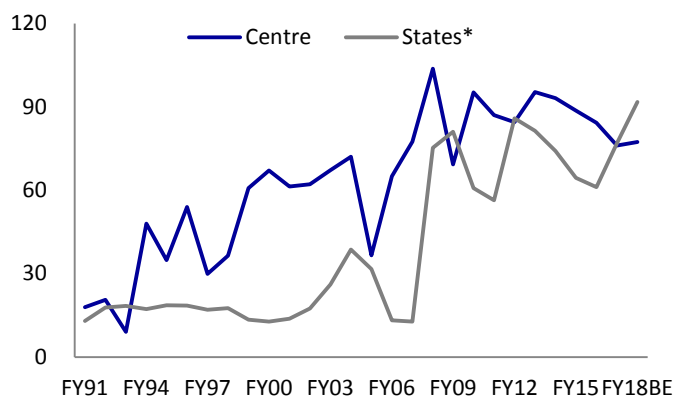
**Trends in states’\* fiscal deficit in the past two decades**



\* Combined data for 17 states

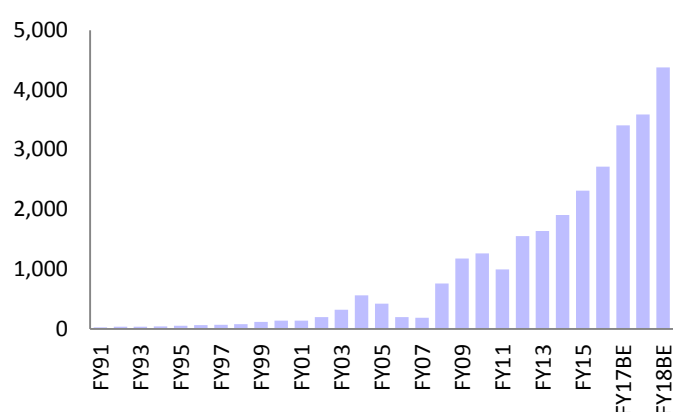
Source: State budget documents, CEIC, RBI, MOSL

**States have increased their reliance on market borrowings, while the center has reduced it (% of GFD)**



\* Aggregate data of 17 states

**All states have budgeted to borrow INR4.4t in FY18 – up 22% from FY17 (INRb)**



Source: Union/State budget documents, CEIC, RBI, CSO, MOSL

## Section-I: Five themes for the financial markets

Even with record-high fiscal borrowings, it would still be only 6% of GDP – the lowest in a decade, implying that the general government would absorb ~30% of non-government financial savings in FY18 – similar to the levels seen in the past two years

Total spending on the rural sector is budgeted to grow only 8.3% in FY18, lower than 37.3% growth in FY17 and average growth of 28% in the past three years

About 50% of total capex to be done by 17 states is in transport (primarily roads & bridges), irrigation & flood control, and energy sectors

### Theme #1: Why are record fiscal borrowings unlikely to crowd out private sector?

Although the center has kept its gross market borrowings broadly unchanged over the past six years, the states have trebled their market borrowings. Our analysis of the budgets for 16 states<sup>2</sup> (HP does not share data on market borrowings) reveals that gross borrowings by all states<sup>3</sup> could increase ~22% to INR4.4t this year. It implies that combined market borrowings by the center and the states would cross INR10t in FY18. However, even with record-high fiscal borrowings, it would still be only 6% of GDP – the lowest in a decade, implying that the general government would absorb ~30% of non-government financial savings in FY18 – similar to the levels seen in the past two years. Thus, although the supply of government papers would increase tremendously this year, unless private investments pick up substantially, higher government borrowings are unlikely to stress bond markets.

### Theme #2: Why aren't we gung-ho about rural sector?

One of the well-established facts is that government spending in India influences the rural sector. Our calculations suggest that a percentage point increase in consumption by the general government (center + 17 states) increases nominal rural wages by 1.14%. While the center spends ~8% of its budget (amounting to INR1.8t) on the rural sector, the states spend ~12% of their budget (amounting to INR2.8t) on the rural sector. The analysis of combined budgets shows that total spending on the rural sector is budgeted to grow only 8.3% in FY18, lower than 37.3% growth in FY17 and average growth of 28% in the past three years. Whether farm loan waivers – UP is the only major state to have announced a farm loan waiver so far – will be able to offset the slower growth in rural spending is something to watch out for.

### Theme #3: 7th pay commission awards deferred by several big states

As discussed in our [note](#) released last month, only two states – Rajasthan and MP – have provided for the 7<sup>th</sup> pay commission in FY18 budgets. While some states had already done so in their FY17 budgets, several big states are yet to implement the pay commission. Maharashtra alone accounts for over 15% of the total budget on salary & pensions (SP) by all states, followed by Tamil Nadu (9.5%) and West Bengal (7.9%). None of these large states have budgeted for the pay commission in FY18. Consequently, we do not expect state employees (on an aggregate basis) to witness any unusual growth in their salaries – normally associated with the revision in pay scales. Hence, there is unlikely to be any change in households' behavior.

### Theme #4: Government continues its thrust on capex

Due to the government's consistent focus on investment, the share of the general government in the economy's total investment has gone up from ~10% five years ago in FY13 to more than 15% in FY17 (based on our estimates). The combined data of the center and 17 states show that the general government has budgeted 14.2% growth in capex this year, higher than 9.4% last year and better than 12% average growth since the 1990s. Further, ~50% of total capex to be done by 17 states is in transport (primarily roads & bridges), irrigation & flood control, and energy sectors. This may help keep the roads sector in favor and help lead to improved irrigation facilities.

Since housing activities account for more than 60% of total cement demand, the governments' consistent push to housing sector may revive the cement sector

#### Theme #5: Can government provide support to cement sector?

Construction of residential and non-residential structures accounts for more than half of total investments in the economy. Over the past four years, while investment in construction activities has grown at a CAGR of less than 3%, total investments have grown by more than 4%. Since housing activities account for more than 60% of total cement demand, the governments' consistent push to housing sector may revive the cement sector. Although states (as per our sample of 17 states) budgeted 21.5% growth in the housing segment last year, the revised estimates posted a growth of ~72% in FY17. What's more, states have budgeted total spending of INR340b on housing in FY18, more than double the total amount (INR168b) spent just two years ago in FY16. Combining the enthusiasm among states with that of the center, we believe a spurt in housing activities may boost the cement sector.

#### Section-II: What do combined budgets for the general government tell us?

The general government has budgeted 13-year lowest growth of 7.3% in core revenue spending (excluding interest payments), while capex is budgeted to grow at 14% in FY18

- General government (center + 17 states) fiscal deficit is budgeted at 5.8% of GDP in FY18, the third lowest in almost the past three decades (5.4% in FY07 and 4.2% in FY08) and lower than 6.6% in FY17.
- Since states have increased their reliance on market borrowings tremendously, general government is budgeted to borrow more than INR10t in FY18. The states are likely to borrow as much as 75% of the center's gross borrowings.
- Interestingly, tax collections by the center and the states are moving in opposite directions. While the center has budgeted tax-to-GDP ratio of 11.3% in FY18 (the second best level since FY91), states' tax-to-GDP ratio is expected at 6.5% this year, close to the lowest level of 6.3% witnessed in FY00. Not surprisingly then, states' dependence on the center for funds has increased tremendously in the past few years.
- Finally, both the center and the states seem more focused on the investments front (capital account), rather than on consumption (revenue account). The general government has budgeted 13-year lowest growth of 7.3% in core revenue spending (excluding interest payments), while capex is budgeted to grow at 14% in FY18.

#### Section-III: What do pooled state budgets tell us?

With increased reliance on market borrowings to finance their fiscal deficit, states have budgeted to borrow INR4.4t in FY18. States are expected to finance more than 90% of their deficit by market borrowings

- After over-shooting the deficit target for the third consecutive year in FY17, states<sup>4</sup> have budgeted fiscal deficit at 2.6% of GDP for FY18 – the lowest in four years. Notably, states had over-achieved their deficit targets in the previous years.
- With increased reliance on market borrowings to finance their fiscal deficit, states<sup>5</sup> have budgeted to borrow INR4.4t in FY18. States are expected to finance more than 90% of their deficit by market borrowings.
- States' tax collection has worsened in the recent years; however, they have enjoyed higher devolution from the center, which is witnessing better tax collection. On aggregate basis, states have budgeted 14.2% growth in tax collection in FY18, only slightly better than 12.4% last year.
- As against more than 21% growth in revenue spending, states have budgeted 13-year lowest growth of 9.6% in FY18. Capital spending, however, is budgeted to grow 17%, higher than the long-term average of 15%.

# DISCUSSION POINT

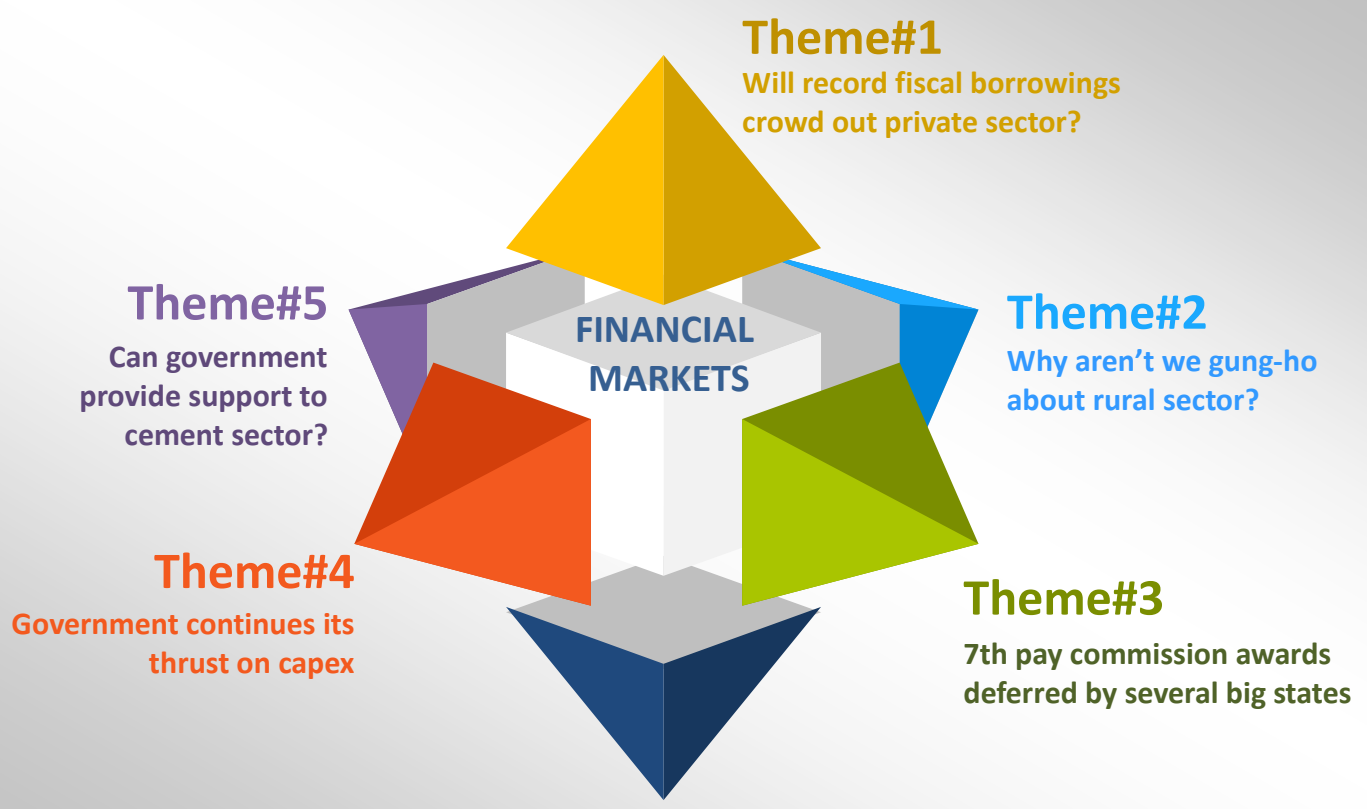
Section-I: Five themes for the financial markets

Section-II: What do combined budgets for the general government tell us?



Section-III: What do pooled state budgets tell us?

## SECTION I: FIVE THEMES FOR THE FINANCIAL MARKETS





# FIVE THEMES FOR THE FINANCIAL MARKETS

Will record fiscal borrowings crowd out private sector?

Theme#1



Record-high fiscal borrowings unlikely to stress debt market or crowd out private sector

Why aren't we gung-ho about rural sector?

Theme#2



States have budgeted rural spending to grow at 15-year lowest level of 7.2% in FY18

7th pay commission awards deferred by several big states

Theme#3



Only two states have implemented 7th Pay commission in FY18. Several major states have deferred it

Government continues its thrust on capex

Theme#4



Not only center but states are also focused on investment. Consumption spending takes back

Can government provide support to cement sector?

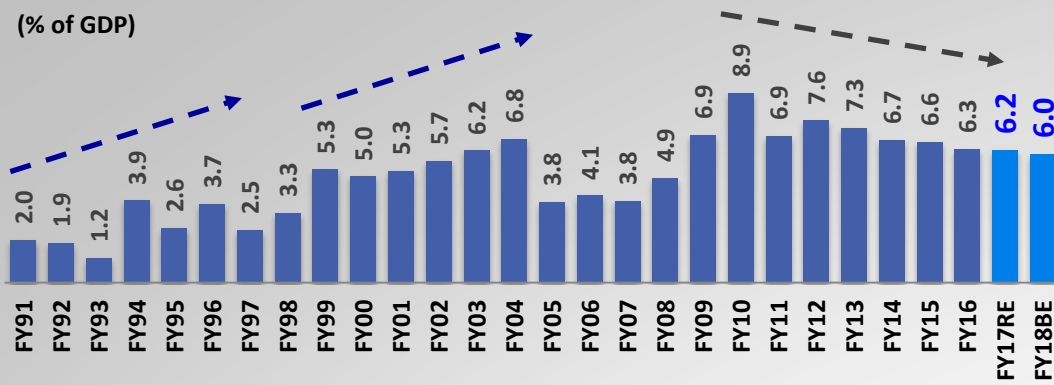
Theme#5



In line with several incentives provided by the center, states are spending on housing increasing strongly

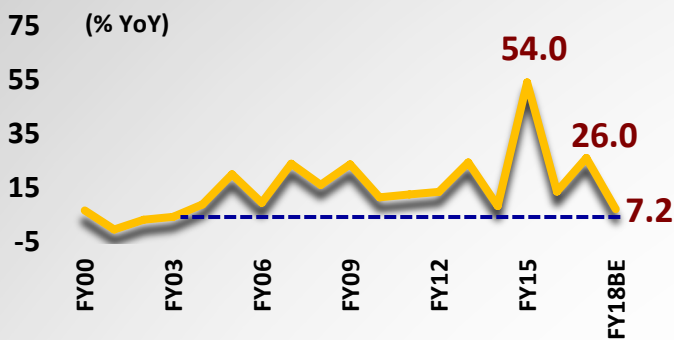


(% of GDP)

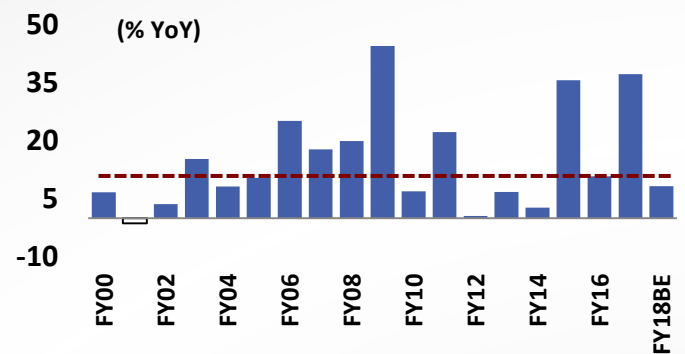


Although gross borrowings budgeted to cross INR10t, it would still be 6% of GDP – the lowest in a decade

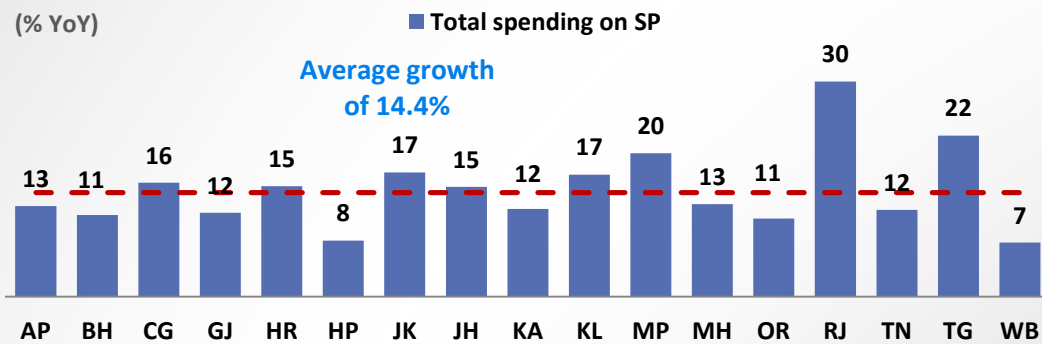
States have budgeted 14-year lowest growth in rural spending...



...which implies 4-year lowest growth by the general government

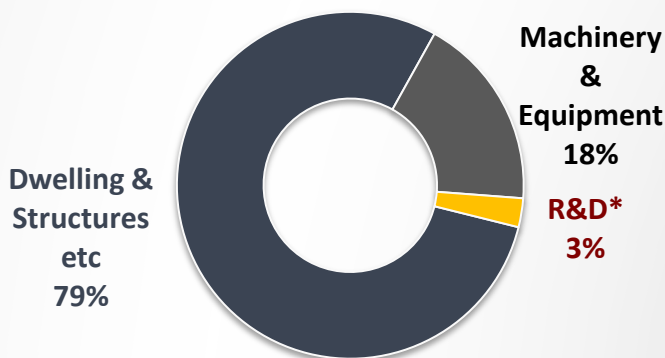


(% YoY)

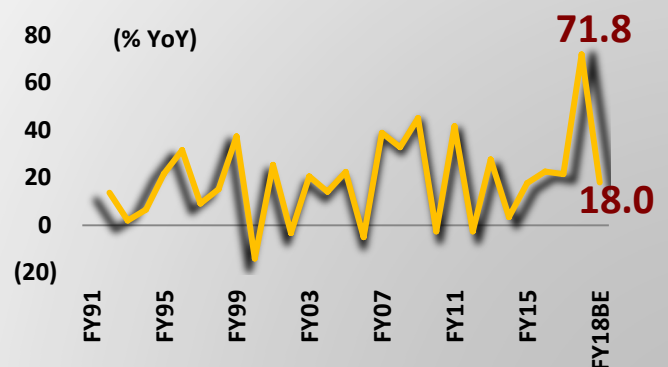


Only two out of 17 states have provided for the 7th pay commission in FY18. Most of the large states have either deferred it or yet to announce the decision

About four-fifth of government capex is in construction...

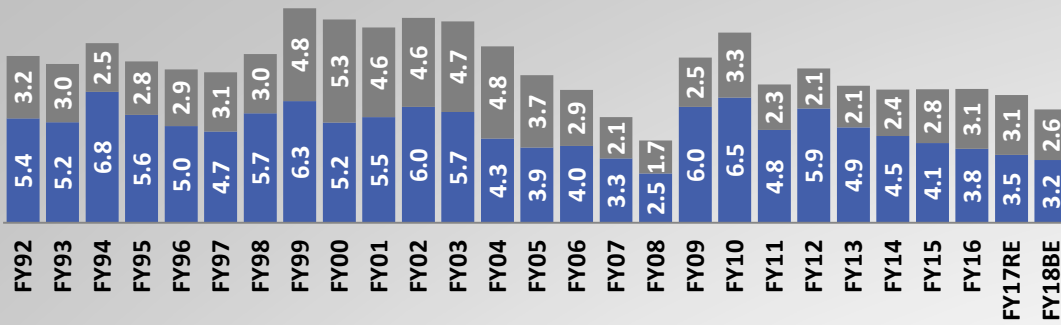


...and states have budgeted big plans for housing



(% of GDP)

■ Centre ■ States\*

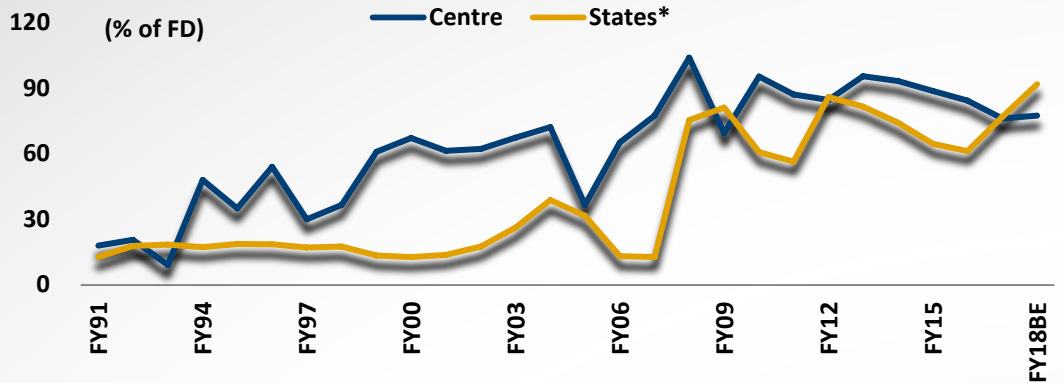


Combined fiscal deficit budgeted at 5.8% of GDP – the third lowest since 1990s

While the Centre has reduced its reliance on market borrowings to finance deficit, states have budgeted to borrow ~90% of their deficit in FY18

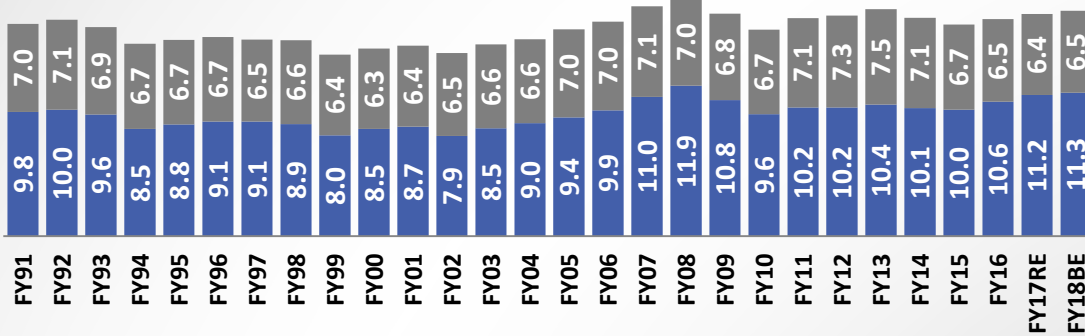
(% of FD)

— Centre — States\*



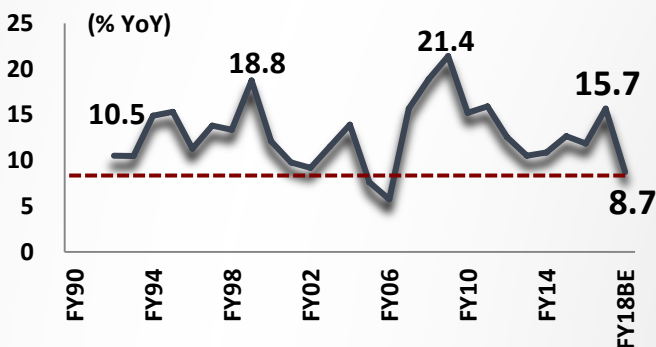
(% of GDP)

■ Centre ■ States\*

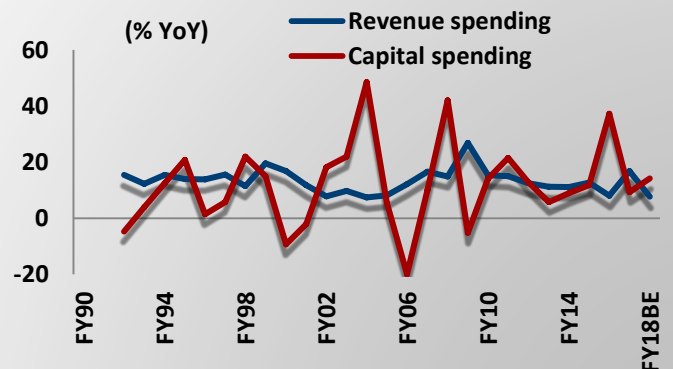


States' own tax-to-GDP ratio close to the worst-ever levels amid improving tax collection by the Centre...

...restricting the spending ability of the general government

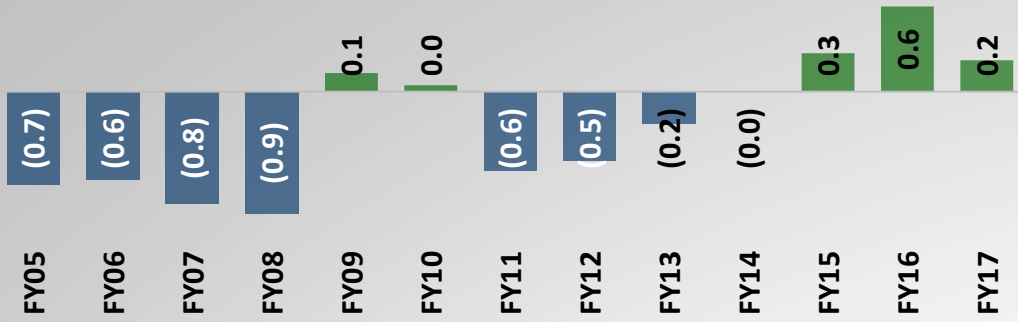


Government remains focused on investments



(% of GSDP)

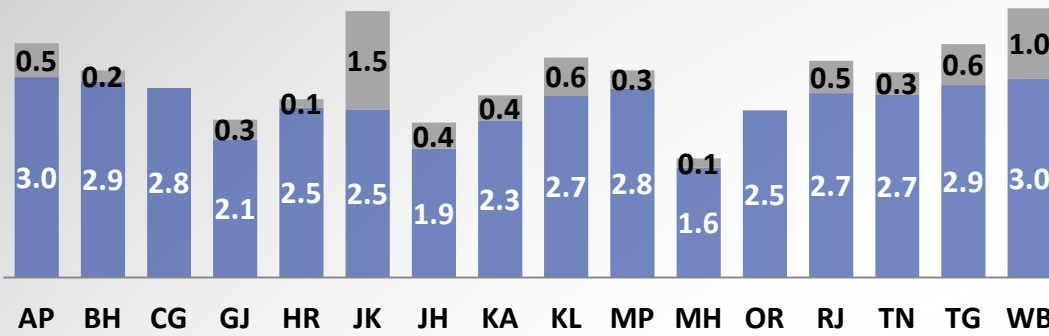
■ Under/Over achievement of GFD target



After missing deficit targets for three consecutive years, states have budgeted fiscal deficit of 2.6% of GDP for FY18

(% of GSDP)

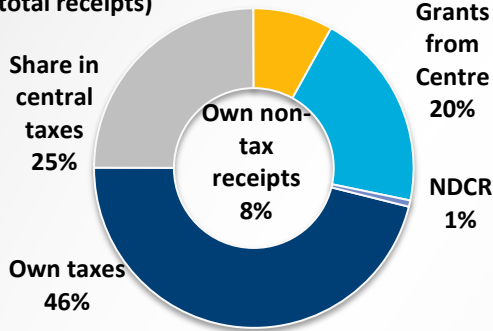
■ Net ■ Repayments



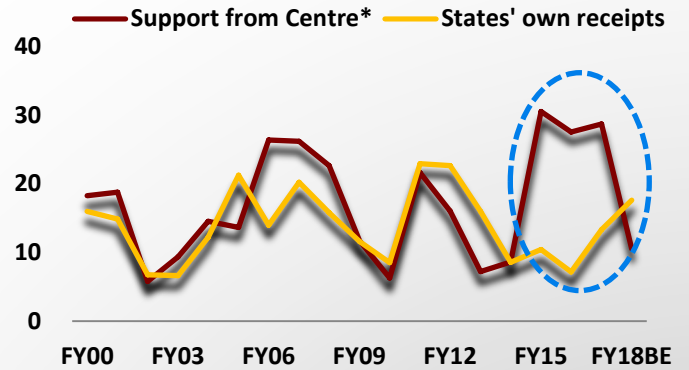
States have budgeted for gross borrowings to the tune of INR4.4Tn or 2.6% of GSDP

After fourteenth finance commission, the share of support from the Centre has increased markedly...

(% of total receipts)

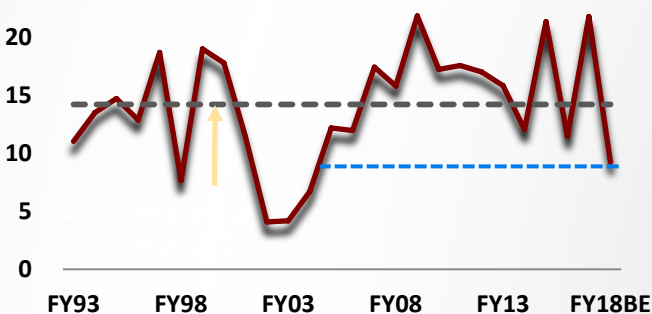


...but states' own receipts have failed to match the growth witnessed in the Centre's support (% YoY)

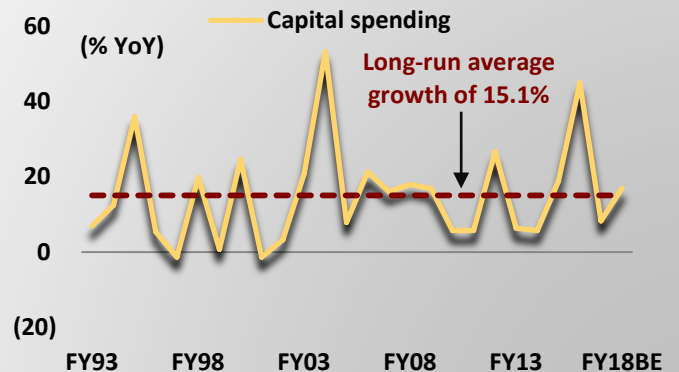


Consumption spending budgeted to grow at 14-year lowest level...

(% YoY)



...while the focus on investment remains intact



## I. Five key themes for financial markets

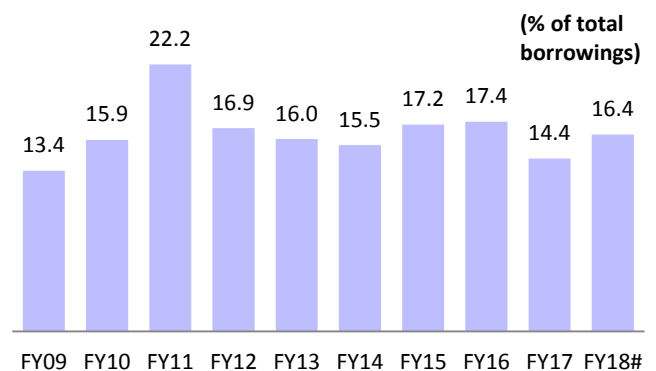
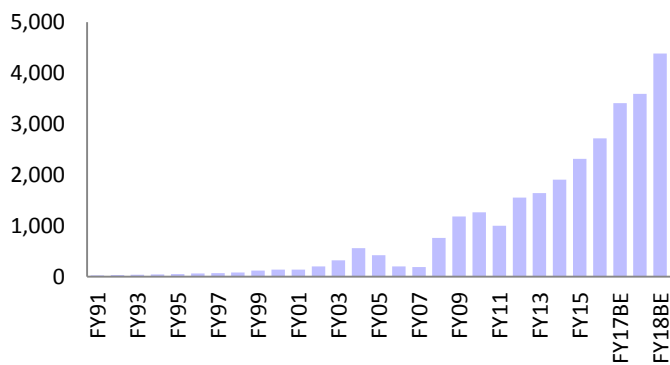
### Theme #1

### Will record fiscal borrowings crowd out private sector?

We estimate gross borrowings by states to increase 22% to INR4.4t

**States estimated to borrow INR4.4t in FY18...:** In FY17, our sample of states accounted for more than 90% of gross market borrowings by all states combined. Assuming a similar ratio is maintained in FY18, we estimate gross borrowings by states to increase 22% to INR4.4t (*Exhibit 1*). According to the indicative calendar of market borrowings by state governments released by the RBI early in April 2017, states are expected to borrow INR679b-777b in the first quarter. As per our estimates, this would be 15.3-17.5% of gross market borrowings budgeted by the state governments for the full year. A look at the past trends reveals that states tend to borrow about 17% of their gross borrowings in the first quarter (*Exhibit 2*).

**Exhibit 1: States estimated to borrow INR4.4t in FY18 (INRb)...** **Exhibit 2: ...of which ~17% is planned in the first quarter**

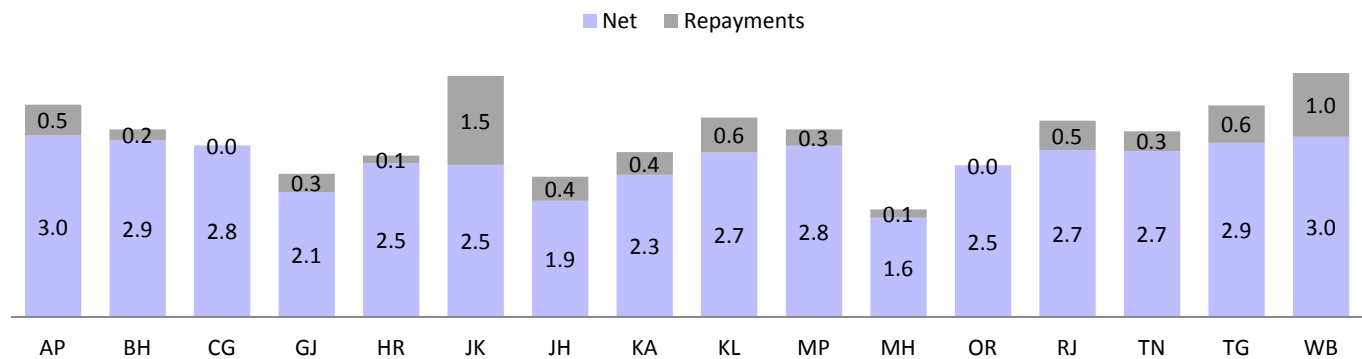


\* Assuming our sample of 16 states (excluding HP) account for 90% of borrowings by all states in FY18, same as in FY17

#Based on our estimate of full-year borrowings by all states  
Source: States budgets, RBI, CEIC, MoSL

A look at the 16 states (data on HP is not available) individually shows that Maharashtra has budgeted for the least (net) market borrowings (worth 1.6% of GSDP), while Andhra Pradesh (AP) and West Bengal (WB) have budgeted for 3% net borrowings each – the highest for FY18 (*Exhibit 3*).

**Exhibit 3: Budgeted net/gross borrowings by states for FY18 (% of GSDP)**

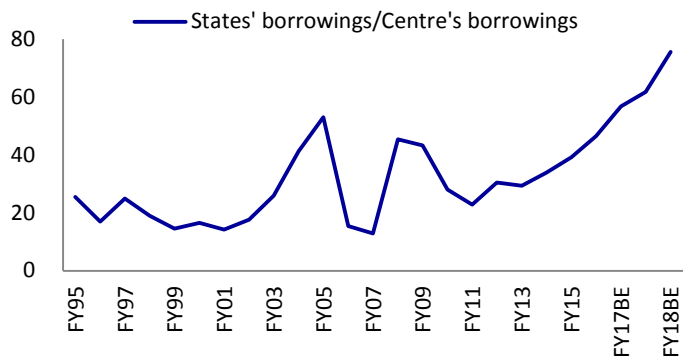


Source: State Budgets, RBI, CEIC, MoSL  
Gujarat does not reveal repayments data. We have assumed FY18 same as FY17

Although the center has kept its gross market borrowings broadly unchanged over the past six years, the states have trebled their market borrowings

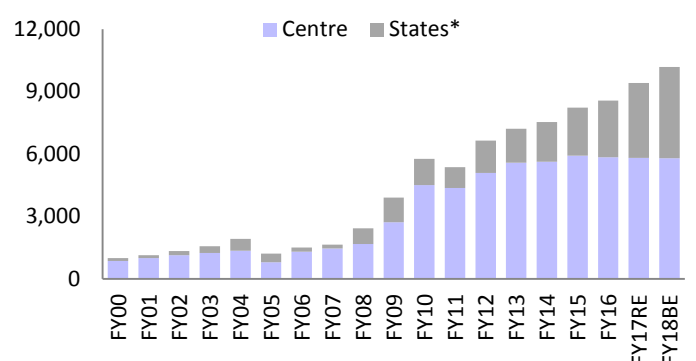
**...implying gross borrowings by general government to cross INR10t:** Although the center has kept its gross market borrowings broadly unchanged over the past six years, the states have trebled their market borrowings. For FY18, budgeted gross market borrowings by states would be almost three-fourth of the center's borrowings, significantly higher than 46.5% just two years ago in FY16 (*Exhibit 4*). We estimate that combined market borrowings by the center and states would cross INR10t in FY18, of which 43% would be borrowed by states (*Exhibit 5*).

**Exhibit 4: States' share in combined market borrowings has increased tremendously (%)**



\*For all states estimated from our sample

**Exhibit 5: General government gross borrowings budgeted to cross INR10t in FY18 (INR b)**

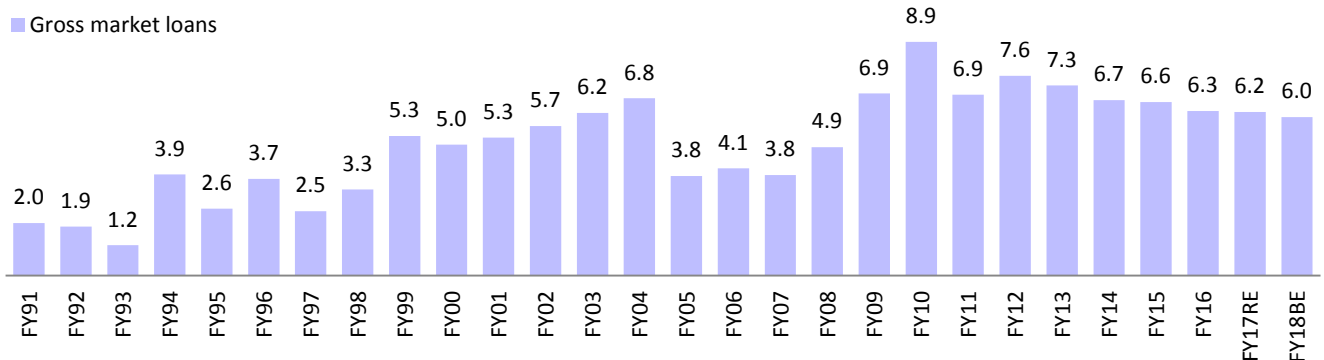


Source: Union/State Budgets, RBI, CEIC, MoSL

While the general government is budgeted to borrow a record-high INR10t in FY18, it would still be 6% of GDP – the lowest in a decade

Notably, while the general government is budgeted to borrow a record-high INR10t in FY18, it would still be 6% of GDP – the lowest in a decade (*Exhibit 6*). After falling to as low as 4% of GDP during the boom period of FY05 and FY07, market borrowings by the general government shot up to an all-time high of 8.9% of GDP in FY10. Since then, however, borrowings – although rising in absolute terms – have declined as a percentage of GDP. Actual borrowings (as per RBI data) by the general government were 6.2% of GDP in FY17 and are budgeted to fall to ~6% in FY18.

**Exhibit 6: Gross market borrowings by the general government (% of GDP)**



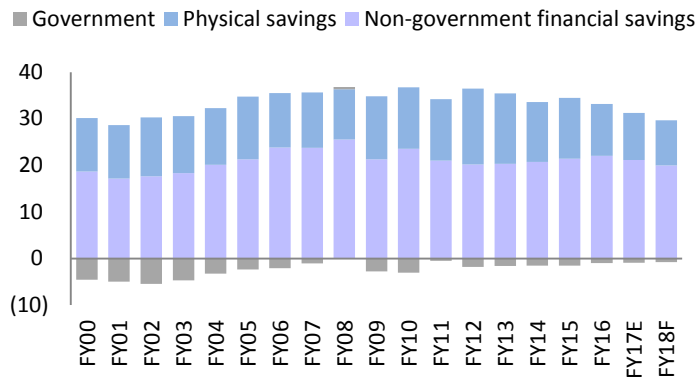
Source: Union/State Budgets, RBI, CEIC, MoSL

**Will fiscal borrowings crowd out private sector?:** It is generally assumed that higher market borrowings by the government tighten the debt market because the larger pool of loanable funds is diverted to fiscal policies, leaving a smaller pool for the private sector. This is true only if the private sector is buoyant enough to compete with the government in terms of borrowings. Presently, banks have abundant liquidity and the private sector is not strong enough to absorb those funds. Although

Record-high borrowings by the general government will absorb ~30% of non-government financial domestic savings, which does not look too high to emerge as a concern

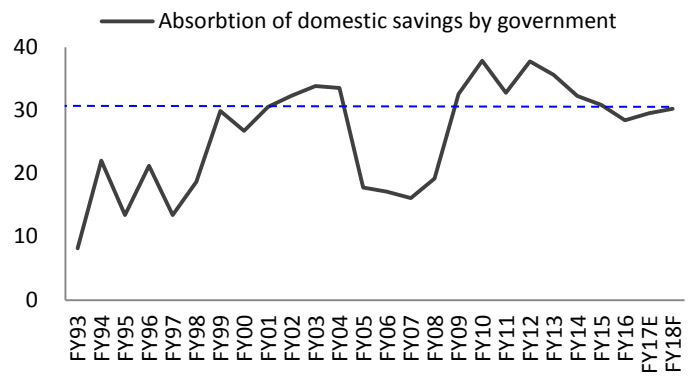
we expect gross domestic savings to fall from an estimated 30.4% of GDP in FY17 to 15-year lowest level of 28.8% in FY18 (*Exhibit 7*), record-high borrowings by the general government will absorb ~30% of non-government financial domestic savings, which does not look too high to emerge as a concern (*Exhibit 8*). Thus, unless private investment picks up substantially, higher government borrowings are unlikely to tighten bond markets.

**Exhibit 7: Domestic savings expected to be at 15-year lowest level in FY18 (% of GDP)...**



FY17 are our estimates and FY18 are our forecasts

**Exhibit 8: ...of which ~30% - not too high - is expected to be absorbed by general government this year (%)**



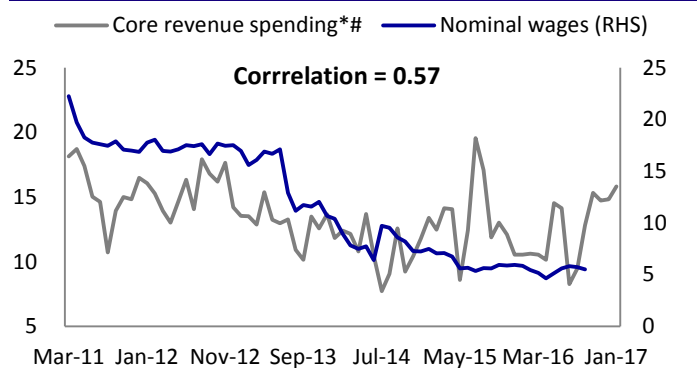
Source: Union/State Budgets, RBI, CEIC, MoSL

**Theme #2 Why aren't we gung-ho about rural sector?**

A percentage point increase in consumption by general government (center + 18 states) increases nominal rural wages by 1.14%

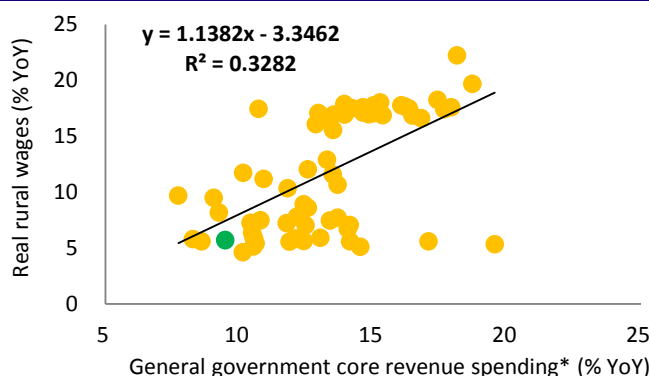
**Government spending important for the rural sector...:** It is a well-established fact that government spending in India influences the rural sector. We have combined data on core revenue spending (revenue spending excluding interest payments) of 17 state governments (accounting for ~85% of national GDP) and the center. We compare the growth in core revenue spending with rural wage growth. With a lag of five months, the pair-wise correlation between the two data series runs as high as 57% (*Exhibit 9*). Further, we find that the correlation coefficient between fiscal consumption spending and rural wages is as high as 1.14 (*Exhibit 10*). This implies that a percentage point increase in consumption by general government (center + 18 states) increases nominal rural wages by 1.14%. Moreover, almost 33% of total variation in rural wages is explained by government core revenue spending growth.

**Exhibit 9: Strong positive correlation# between general government spending and real rural wages (% YoY)**



# 12-month moving average with a 5-month lag  
Source: CGA, CAG, RBI, Labour Bureau, CEIC, MoSL

**Exhibit 10: Fiscal spending has huge impact on rural wages with decent R-square**

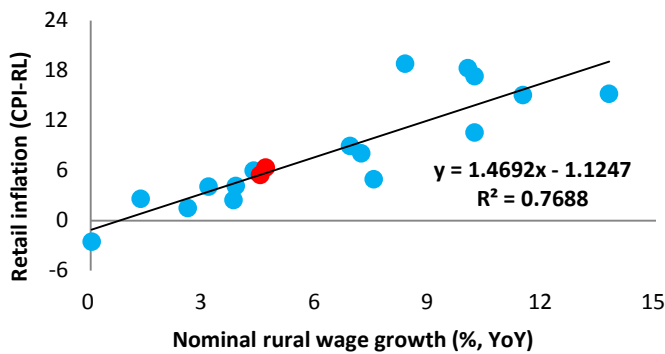


\* Combined revenue spending (excluding interest payments) of the center & 17 state governments

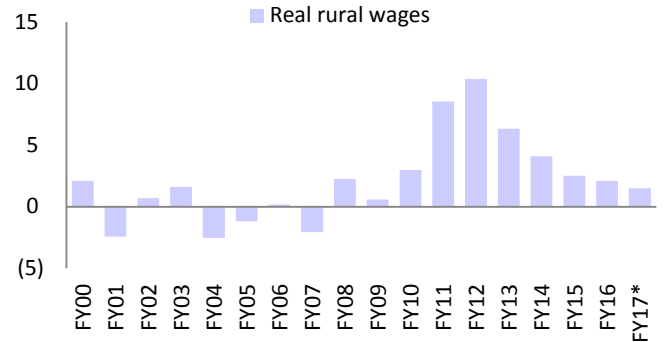
Not only is the correlation coefficient between the two variables as high as 1.47x, but the R-square is also very high at ~77%

**...which, in turn, is very important for inflation:** While government spending on consumption is highly important for rural wages, the latter, in turn, shares a very close relationship with inflationary pressures in the economy. *Exhibit 11* on the next page shows that rural wage growth and retail inflation (based on CPI-RL) are highly correlated. Not only is the correlation coefficient between the two variables as high as 1.47x, but the R-square is also very high at ~77%. A look at the recent trends in rural wages shows that while real wages have picked up in the second half of FY17, after no growth for four consecutive quarters, they continue to grow at a subdued pace (*Exhibit 12*).

**Exhibit 11: Rural wage growth shares strong relation with retail inflation (based on CPI for rural laborers - RL)**



**Exhibit 12: Real rural wages have picked up recently, but remain subdued (% YoY)**



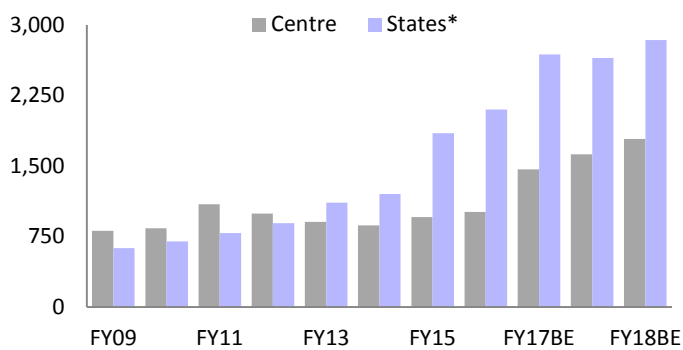
\*Up to February 2017 Source: Labour Bureau, RBI, CEIC, MOSL

**States to go slow on rural spending:** Our analysis of 17 major states that have presented their 2017-18 budgets, reveals that states spend ~12% of their total spending on the rural sector (including agriculture and rural development). The central government, in contrast, spends only ~8% of its total budget. In absolute terms, states have budgeted spending of INR2.8t for FY18 – more than 150% of the total rural spending by the central government (*Exhibit 13*). Thus, it becomes important to understand if the states are geared towards the rural sector.

The states have budgeted growth of only 7.2% in rural spending for FY18 – the lowest growth in 15 years

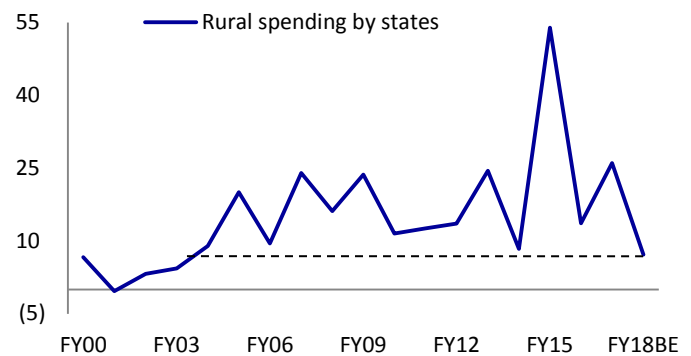
Notably, states’ spending on the rural sector has grown sharply in the past few years. While rural spending was close to 10% of total spending before FY14, the share increased to ~13% in the past couple of years. Nevertheless, the states have budgeted growth of only 7.2% in rural spending for FY18 – the lowest growth in 15 years (*Exhibit 14*). The long-run average growth in the past 15 years has been ~19%.

**Exhibit 13: States account for more than three-fifth of general government spending on rural sector (INR b)**



\*Combined data of 17 states

**Exhibit 14: Rural spending by states\* budgeted to grow at 15-year slowest pace in FY18 (% YoY)**



Source: State Budgets, RBI, CEIC, MOSL

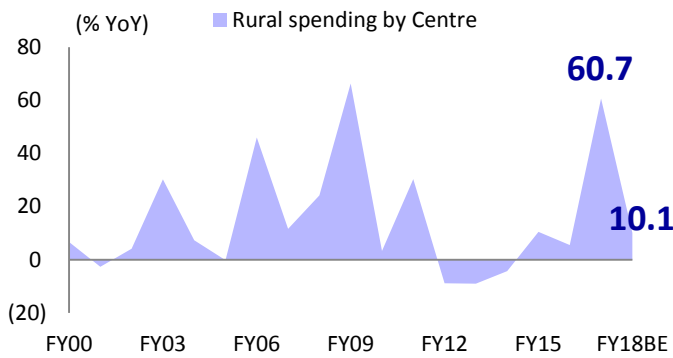
Further, the central government spent heavily on the rural sector (including agriculture, rural development and drinking water) last year, due to which it has also budgeted slower growth for FY18 (*Exhibit 15* on the next page). As against budgeted growth of ~45%, the center’s spending on rural sector grew by more than 60% last year. The government has budgeted growth of 10.1% for FY18.

Total spending on the rural sector is budgeted to grow only 8.3% in FY18, lower than 37.3% growth in FY17RE

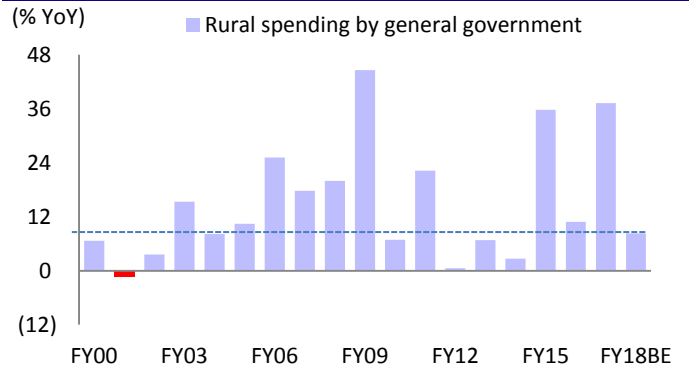
Combining the spending of the center and the states on the rural sector, we find that total spending on the rural sector is budgeted to grow only 8.3% in FY18 (*Exhibit 16*), lower than 37.3% growth in FY17RE (and average growth of 28% in the past three years).



**Exhibit 15: Rural spending by center in past two decades**



**Exhibit 16: Change in rural spending by general government**

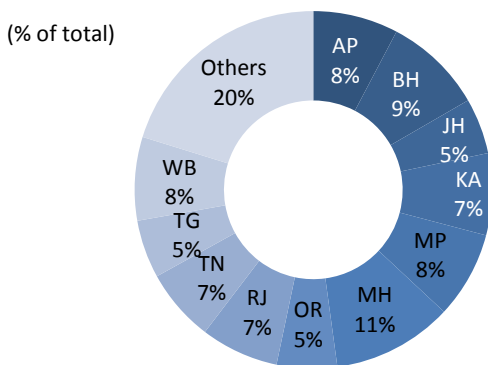


Source: Union/State Budgets, RBI, CEIC, MOSL

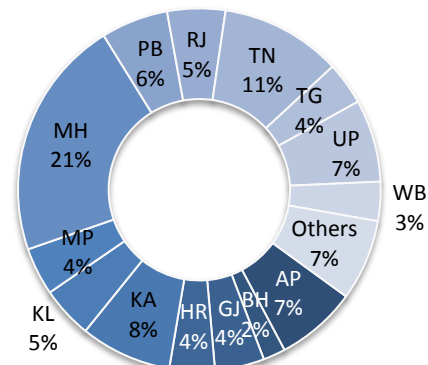
Maharashtra spends the most on the rural sector, accounting for ~11% of rural spending by 17 states, followed by Bihar (9%), MP (7.8%), AP (7.7%) and West Bengal (7.6%)

A look at 17 states shows that Maharashtra spends the most on the rural sector (*Exhibit 17*), accounting for ~11% of rural spending by 17 states, followed by Bihar (9%), MP (7.8%), AP (7.7%) and West Bengal (7.6%). It is also clear that rural spending is budgeted to grow slowly in FY18 (*Exhibit 19*), primarily because of decline in several major states (MP, TN and WB), while growth is budgeted to decelerate in almost all other states (barring HR and KL).

**Exhibit 17: Which states spend the most on rural sector? (% of total spending)**

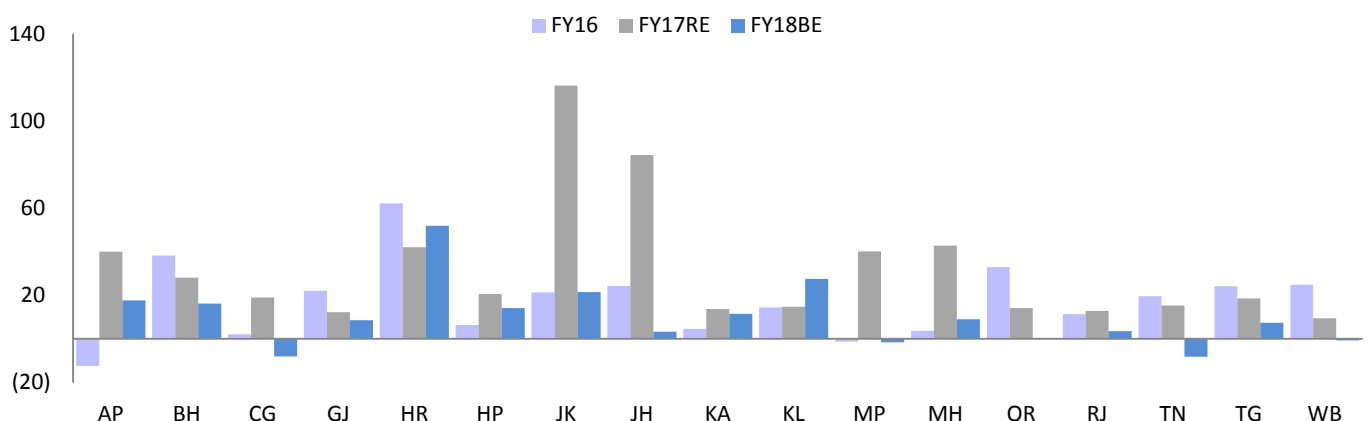


**Exhibit 18: Share of key states in banks' total agricultural outstanding loans as of March 2016**



Source: State Budgets, RBI, CEIC, MOSL

**Exhibit 19: Rural spending growth by 17 states (% YoY)**



Source: State Budgets, RBI, CEIC, MOSL

### Can farm loan waiver offset weak fiscal rural spending?

Though (general) government spending on the rural sector is budgeted to grow at the slowest pace in four years, which points to continuation of weak rural wage growth, can farm loan waivers help boost rural wages and thus, consumption? With Uttar Pradesh (UP) announcing a farm loan waiver (as was promised by the BJP government in recent state elections), several other states are also expected to follow suit. Notably, AP seems to be doing it on annual basis but in a small quantum. The government of AP allocated about INR35b in FY17 and another INR36b for FY18. Though Maharashtra, Karnataka and Tamil Nadu have presented their 2017-18 budgets, these states are expected to announce some sort of relief for farmers, especially if the monsoon turns out to be poor. New Chief Minister of Punjab has also voiced his support for such debt waiver. Together, these six states account for 60% of total agricultural loans provided by the Indian banking sector (*Exhibit 18* above). It remains to be seen if these states will implement such waivers for farmers because any such spending will have to be approved in their state parliament and appropriate adjustments have to be made in their deficit and borrowing programs.

Gross market borrowings by UP in FY17 were INR345b, less than the amount of farm loan waiver announced this year. Does it mean that UP will borrow about INR700b this year?

Further, the magnitude of such loan waivers will decide their impact on the national economy. While total outstanding agricultural bank loans were INR862b in UP, the new government has announced to waive off ~40% of total outstanding loans amounting to about INR364b. The new state government has announced to raise funds through bonds called 'Kisan Rahat Bonds'. What is difficult to comprehend is that gross market borrowings by UP in FY17 were INR345b, less than the amount of farm loan waiver announced this year. Does it mean that UP will borrow about INR700b this year? If so, our estimate of INR4.4t could turn out to be underestimated. We will keep a close eye on the 2017-18 budget - likely to be presented by the new government in June 2017.

Among other major states, only Maharashtra has the room to provide for a farm loan waiver. Finances of Tamil Nadu and Karnataka are already too stretched

On other states expected to follow suit, our study of state budgets make us believe that only Maharashtra has the room to provide for a farm loan waiver. The state has budgeted for the lowest fiscal deficit (only 1.5% of GSDP) among 17 states for FY18. However, finances of Tamil Nadu and Karnataka (that have budgeted fiscal deficit of 2.6% and 2.8% of GSDP, respectively for FY18) are already too stretched for them to waive off farm loans without significant support from the center. Of course, since the new Chief Minister in Punjab has explicitly shown his support for the loan waiver, it looks more certain.

Overall, the states' increasing reliance on the center for resources, faltering own tax receipts, hovering uncertainty due to demonetization and impending implementation of the goods & services tax (GST), and the need to implement the 7<sup>th</sup> pay commission in 1-2 years makes it difficult for the state governments to waive off farm loans. Not surprisingly then, the states are asking for the center's support. However, even the center is grappling with its own set of issues. Therefore, we find it difficult to believe that farm loan waivers will offset the 15-year lowest growth budgeted for the rural sector.

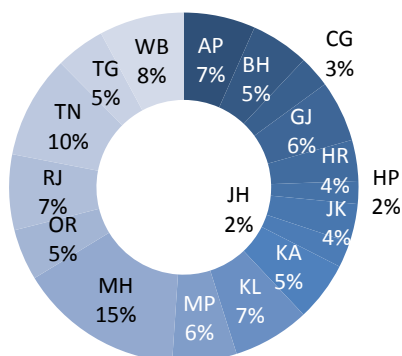
**Theme #3 7<sup>th</sup> pay commission awards deferred by several big states**

**Non-rural demand unlikely to see one-off gains in FY18:** After implementation of the seventh central pay commission last year, states were expected to follow and implement 7<sup>th</sup> pay commission awards for their employees. However, we find that that only two states – Rajasthan and MP – have provided for the 7<sup>th</sup> pay commission in FY18 budgets. While some states had already done so in FY17, many big states – Bihar, Karnataka, Maharashtra, Orissa, Tamil Nadu and West Bengal – are yet to implement the pay commission (*Exhibit 22* on the next page). We released a separate [note](#) on the subject last month.

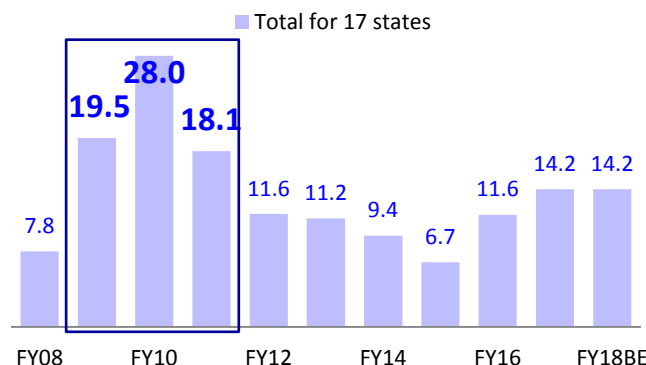
While TN has deferred it to next year (FY19), weak fiscal, amid the pressure to announce farm loan waiver, is unlikely to allow Maharashtra to implement 7<sup>th</sup> PC this year. Some states like Bihar and Orissa, however, may implement it over the course of the year

As *exhibit 20* shows, Maharashtra alone accounts for more than 15% of the total budget on salary & pensions (SP) by all states together, followed by Tamil Nadu (9.5%) and West Bengal (7.9%). Interestingly, none of these large states have implemented the 7<sup>th</sup> pay commission in FY18. Further, while TN has deferred it to next year (FY19), weak fiscal, amid the pressure to announce farm loan waiver, is unlikely to allow Maharashtra to implement 7<sup>th</sup> PC this year. Some states like Bihar and Orissa, however, may implement it over the course of the year.

**Exhibit 20: Share of different states in salary and pension (SP) expenditure in FY18 (% of total)**      **Exhibit 21: Annual change in salary & pension (SP) spending budgeted by 17 states (% YoY)**



As % of total of 17 states



Source: State Budgets, RBI, CEIC, MOSL

The budgeted growth in FY18 is 14.2% - same as in FY17. Notably, salaries bill grew at an average of 22% between FY09 and FY11 when states revised pay scales under the 6<sup>th</sup> pay commission

*Exhibit 21* provides budgeted growth in the salaries & pension (SP) bill for the 17 states covered in our analysis. The budgeted growth in FY18 is 14.2% - same as in FY17. Notably, salaries bill grew at an average of 22% between FY09 and FY11 when states revised pay scales under the 6<sup>th</sup> pay commission. Further, state-wise analysis (*Exhibit 22*) shows that only two states – MP and RJ – show unusually higher growth for FY18, primarily because these states provided for additional burden on account of the 7<sup>th</sup> pay commission. Although Karnataka would be going into election mode in late 2017 or early 2018, the state is unlikely to implement the 7<sup>th</sup> pay commission this year, primarily because of weak finances. Without building in 7<sup>th</sup> pay commission, Karnataka has budgeted fiscal deficit of 2.6% of GDP for FY18, higher than 2.2% posted last year. The state Chief Minister stated in his 2017-18 budget speech “...There is a demand by the Government employees for pay revision. In the meanwhile, Central Government has also revised pay for their employees. In this background, pay commission will be formed to examine the request of the Government employees...”.

Overall, we do not expect state employees (on an aggregate basis) to witness any unusual growth in their salaries – normally associated with the revision in pay scales – this year. Hence, there is unlikely to be any change in households' behavior (please refer to our earlier [report](#) on the 7<sup>th</sup> pay commission by states).

#### Exhibit 22: State-wise details of Pay Commission awards

States	Commentary	What do numbers say?#		
		FY14-FY16 (A)*	FY17RE	FY18BE
<b>States not due to announce pay revisions</b>				
Andhra Pradesh (AP)	Tenth Pay Commission implemented in 2014-15. Next is due after five years in 2019	...~	27.9	11.4
Telangana (TG)	Tenth Pay Commission implemented in 2014-15. Next is due after five years in 2019	...~	-1.4	18.6
<b>States which implemented Seventh Pay Commission in 2016-17</b>				
Chhattisgarh (CT)	Implemented in 2016-17 with effect from January 2016	7.9	24.9	13
Gujarat (GJ)	Implemented in 2016-17	5.8	9	9.4
Haryana (HR)	Implemented in 2016-17 with effect from January 2016	9.8	22.2	17.2
Himachal Pradesh (HP)	Implemented in 2016-17	3.8	36.7	2.6
Jharkhand (JH)	Implemented in 2016-17 with effect from January 2016	7.2	22.6	12.4
Kerala (KL)	Follows its own pay revisions time-table. Provisions for 10 <sup>th</sup> Pay Commission spread over two years	10.8	16.6	16.3
<b>States which made provisions for Seventh Pay Commission in 2017-18</b>				
Madhya Pradesh (MP)	Higher salaries to be paid in July 2017 with effect from January 2016	10.7	13.7	18.4
Rajasthan (RJ)	Panel formed last month. Sufficient provisions made in 2017-18 budget	9.7	13.5	39
<b>States yet to implement/provide for Seventh Pay Commission</b>				
Bihar (BH)	To be implemented once the Fitment Committee submits its report (due this month)	3.4	24.9	1.4
Jammu & Kashmir	To be implemented in April 2018	14.1	12.8	19.5
Odisha (OR)	Not yet implemented. Set up a Fitment Committee	16.9	10.6	6.9
Karnataka (KA)	Follows its own pay revisions time-table. Sixth Pay Commission Committee to be set up in 2017-18	9.3	8.8	14
Tamil Nadu (TN)	Committee set up to review recommendations of 7 <sup>th</sup> PC. Likely to be implemented in 2018-19	14.5	9.9	1.7
West Bengal (WB)	Follows its own pay revisions time-table. Sixth Pay Commission yet to be implemented	4.2	14.3	6.9
Maharashtra (MH)	Committee set up to study the 7 <sup>th</sup> Pay commission	8.8	10.7	15
<b>Total (17 states)</b>		<b>9.2</b>	<b>14.2</b>	<b>14.2</b>

Source: State Budgets, MOSL

# Change in 'salaries & wages' spending bill for states

\* Average of the three years up to FY16

~ Since AP was bifurcated in 2014. Data is not comparable

**Theme #4 Government continues its thrust on capex**

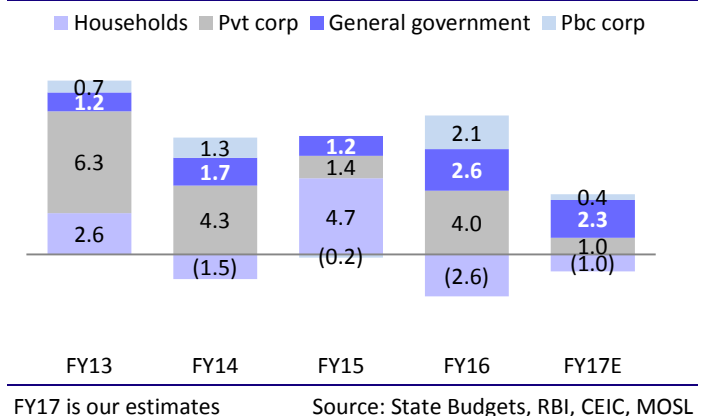
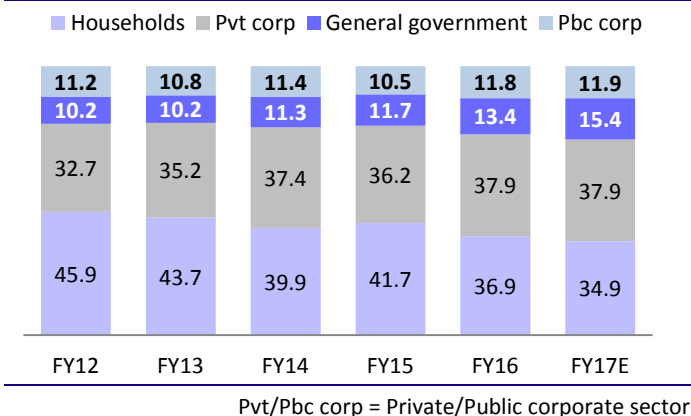
**Government’s share in total investments has increased by ~50% in five years...:** It is a well-known and appreciated fact that over the past few years, Indian governments (center and states) have focused on their capital spending (or investments). Not surprisingly then, the share of general government (GG) in the economy’s total investments has gone up from ~10% five years ago (in FY12) to more than 15% in FY17 (based on our estimates). On the other hand, the share of households appears to have fallen considerably in the past few years (*Exhibit 23*).

While the governments accounted for ~15% of total investments in the economy, they accounted for over 40% of the growth in total investments in FY16 and are estimated to have accounted for more than 85% in FY17

A look at the annual changes in fixed investments by different participants reveals that the government’s capex has increased at a CAGR of 15.6% in the past five years, more than double the growth of 6.4% witnessed in total fixed investments since FY12. The governments’ investments added 2.6 percentage points (pp) to the 6% growth in nominal investments in FY16 and are estimated to have contributed 2.3pp to the 2.7% growth in FY17 (*Exhibit 24*). In other words, while the governments accounted for ~15% of total investments in the economy, they accounted for over 40% of the growth in total investments in FY16 and are estimated to have accounted for more than 85% in FY17.

**Exhibit 23: Share of key participants in the economy’s total (nominal) investments... (% of total)**

**Exhibit 24: ...and how has this changed over the past five years for different players (% YoY)**

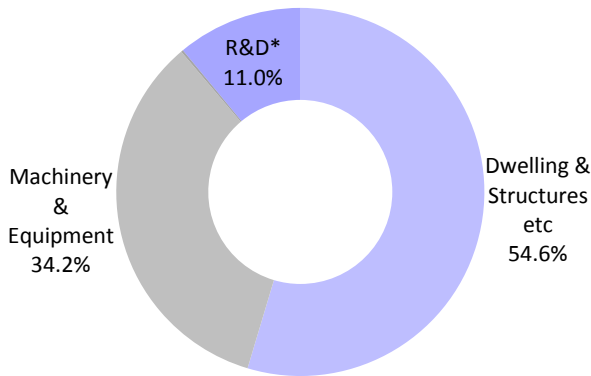


Source: State Budgets, RBI, CEIC, MOSL

Almost four-fifth of governments’ investments are in construction sector

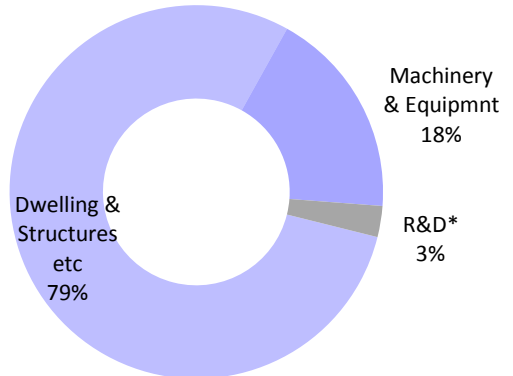
Further, on national basis, more than half of total fixed investments are done in the construction of dwellings & structures, while another one-third is invested in machinery & equipment (*Exhibit 25* on the next page). Nevertheless, the composition is very different for the general government. *Exhibit 26* shows that almost four-fifth of governments’ investments are in construction sector. Most of such investments, we believe, pertaining to non-residential constructions such as roads, bridges or irrigation works.

**Exhibit 25: More than half of total real fixed investments are in the construction sector... (% of total)**



\* Includes cultivated biological resources

**Exhibit 26: ...but about four-fifth of the government's investments are in construction (% of total)**

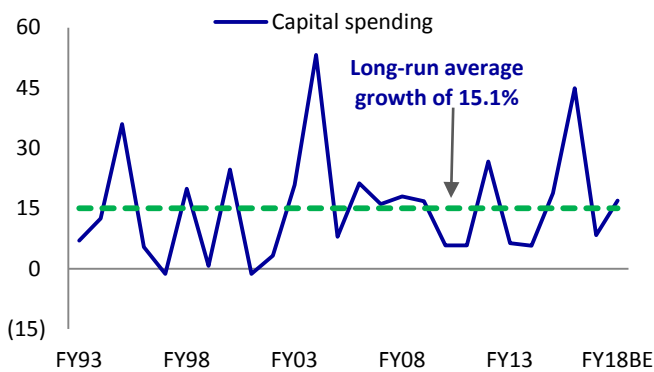


Source: State Budgets, RBI, CEIC, MOSL

The combined data, thus, show that general government has budgeted 14.2% growth in capex this year, higher than 9.4% seen last year

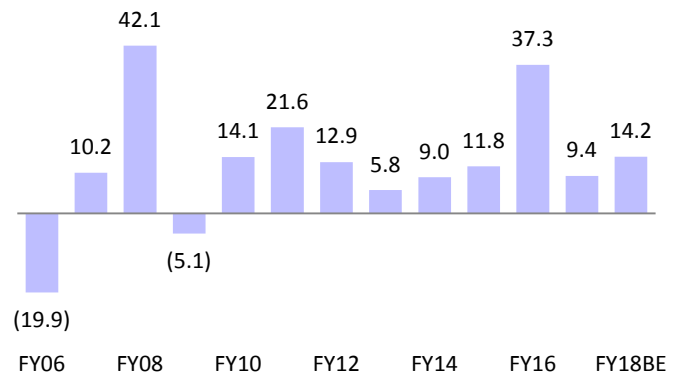
**...which is budgeted to continue in FY18 also:** Our analysis of 17 states shows that they have budgeted strong growth of 17% YoY for FY18 (*Exhibit 27*), much better than ~8% growth seen in FY17 (on the very high base of 45% in FY16). It means that states have allocated 17.4% of their total budget on investments. The center, on the other hand, has budgeted 10.7% growth in capex this year, accounting for 14.4% of total spending. The combined data (*Exhibit 27*), thus, show that general government has budgeted 14.2% growth in capex this year, higher than 9.4% seen last year.

**Exhibit 27: States# have budgeted strong 17% growth in capital spending for FY18 (% YoY)...**



#Combined data of 17 states

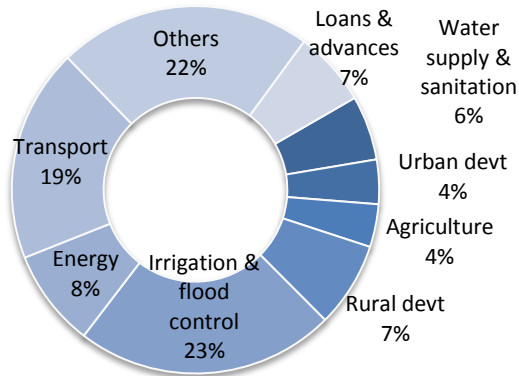
**Exhibit 28: ...implying ~14% growth by the general government (% YoY)**



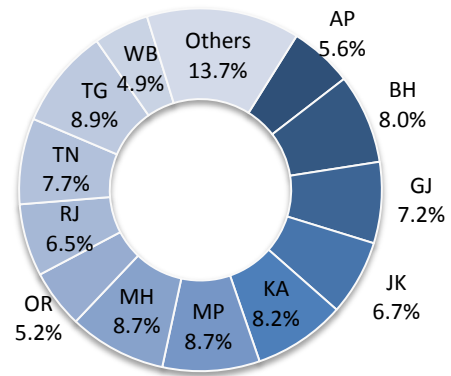
Source: State Budgets, RBI, CEIC, MOSL

A look at key areas where states have planned to invest shows that transport (primarily roads & bridges), irrigation & flood control and energy sectors account for ~50% of total capex to be done by 17 states (*Exhibit 29*). In fact, the 17% growth budgeted in states' capex is primarily driven by ~20% growth in transport and 25% growth in irrigation.

**Exhibit 29: Transport, irrigation and energy account for ~50% of total capex done by states**



**Exhibit 30: Telangana (TG) is the highest capex state in India, followed by MP and MH (% of total)**

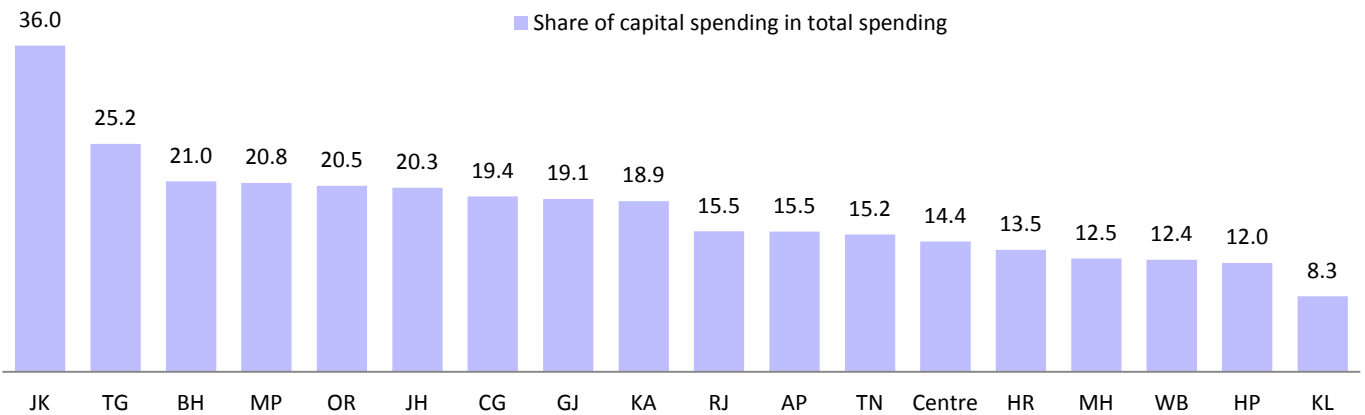


Source: State Budgets, RBI, CEIC, MOSL

**Telangana is the largest capex state in the economy – accounting for 8.9% of total capex by 17 states, Jammu & Kashmir (JK) has the highest share of capex in total spending at 36% for FY18**

Finally, a look at individual states discloses that while Telangana is the largest capex state in the economy – accounting for 8.9% of total capex by 17 states, Jammu & Kashmir (JK) has the highest share of capex in total spending at 36% for FY18 (*Exhibit 30-31*). Notably, while large states like Maharashtra (MH) and West Bengal (WB) account for 8.7% and 4.9%, respectively, of the total capex by 17 states, the quality of spending in these states is among the worst.

**Exhibit 31: Share of capex spending in total spending by different states in descending order (%)**



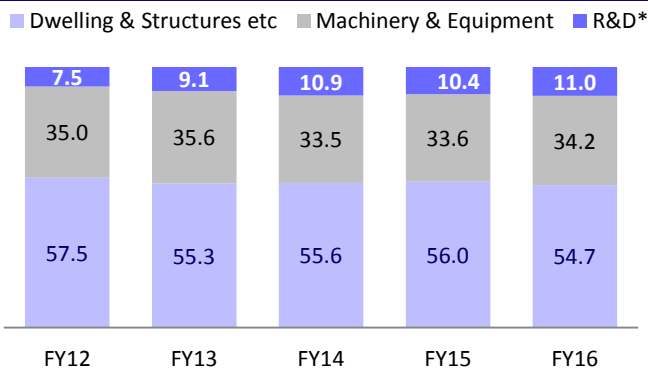
Source: State Budgets, RBI, CEIC, MOSL

## Theme #5 Can government provide support to cement sector?

Construction activities, which have grown at a CAGR of less than 3% in the past four years, while total investments have grown at above 4%

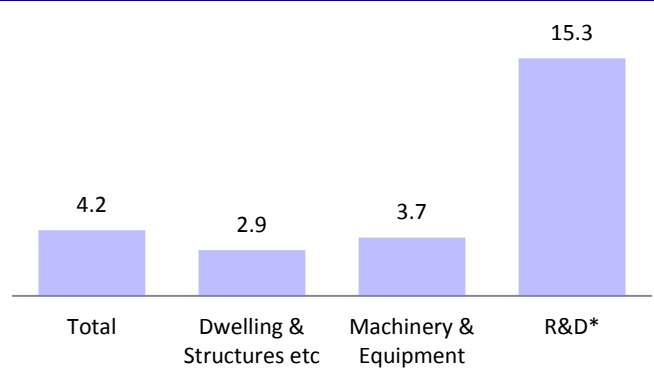
**Share of construction sector in total investments falling...:** As discussed above, (residential + non-residential) construction is the largest component, accounting for more than half of total investments in the economy. Nevertheless, the share of construction has fallen from ~58% in FY12 to less than 55% in FY16 – the recent available data (*Exhibit 32*). This is because of slow growth in construction activities, which have grown at a CAGR of less than 3% in the past four years, while total investments have grown at above 4% (*Exhibit 33*).

**Exhibit 32: More than half of total investments are in the construction of dwellings & other structures... (% of total)**



\* Includes cultivated biological resources

**Exhibit 33: ...which has under-performed badly in the past four years (% CAGR in FY13-FY16)**

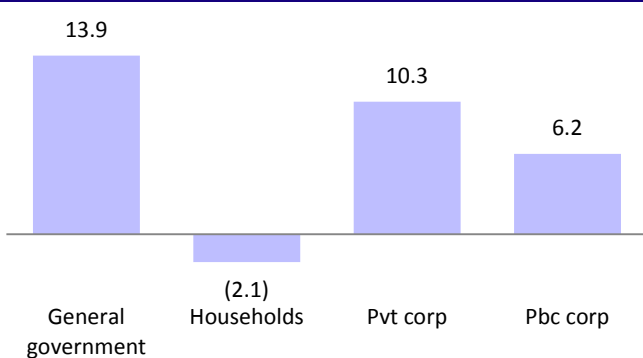


Source: State Budgets, RBI, CEIC, MoSL

Government spending on construction investments has grown at a CAGR of 14% in the past three years, due to which the share of general government has increased from ~13% five years ago to 19% in FY16

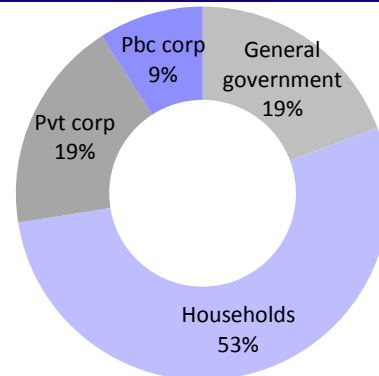
**...but the government is making best efforts to support it:** One of the key reasons for falling share of construction is weak household investments, which have declined at a CAGR of 2% in the past four years (*Exhibit 34*). Since households account for more than half of total construction investments in the economy (*Exhibit 35*), the adverse impact of weak households on construction, and thus, the cement sector, would have been more significant, had the government not supported construction activities. Government spending on construction investments has grown at a CAGR of 14% in the past three years, due to which the share of general government has increased from ~13% five years ago to 19% in FY16.

**Exhibit 34: Government has been supporting the construction sector in the past few years... (% CAGR in FY13-FY16)**



Pvt/Pbc corp = Private/Public corporate sector

**Exhibit 35: ...due to which its share has increased over the past five years (% of total)**



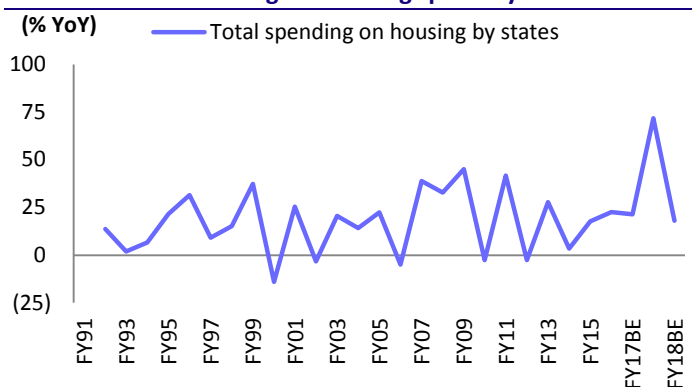
Source: State Budgets, RBI, CEIC, MOSL



States have budgeted total spending of INR340b on housing in FY18, more than double the total amount (INR168b) spent just two years ago in FY16

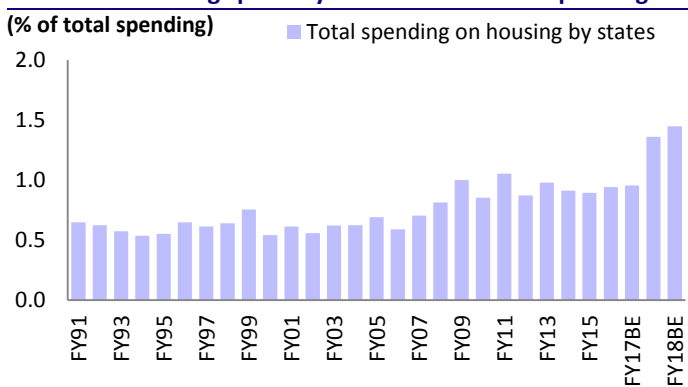
**States spending big time on housing sector...:** One of the key spending items that has witnessed huge spurt during the past couple of years is the housing segment. States have budgeted total spending of INR340b on housing in FY18, more than double the total amount (INR168b) spent just two years ago in FY16. Although states budgeted growth of 21.5% in the housing segment last year, the revised estimates show a growth of ~72% in FY17 (*Exhibit 36*). For FY18, states have budgeted another year of strong growth of 18%. As a percentage of total spending by states, housing spending increased from less than 1% in FY16 to 1.4% in FY17, and is budgeted to stay at 1.4% this year also (*Exhibit 37*).

**Exhibit 36: Annual change in housing spend by states#**



#Combined data of 17 states

**Exhibit 37: Housing spend by states as % of total spending**

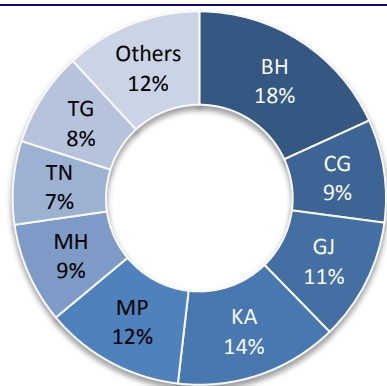


Source: State Budgets, RBI, CEIC, MOSL

**After almost tripling of housing spend last year, Bihar has budgeted growth of 12% this year, implying total spending of INR62b – higher than INR60b appropriated by the central government to the Ministry of Housing and Urban Poverty Alleviation**

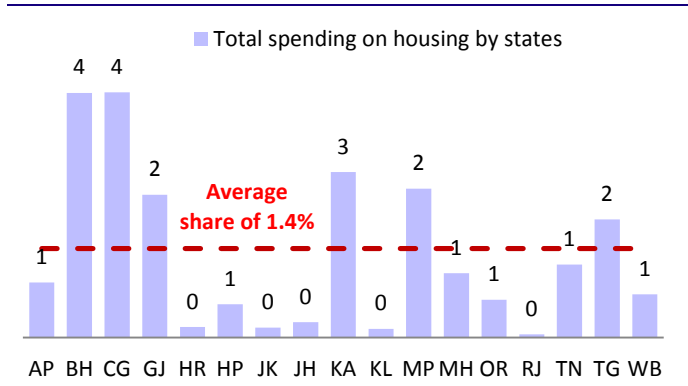
Bihar is the highest spender on housing, accounting for 18% of total spending by the 17 states on housing (*Exhibit 38*). Interestingly, after almost tripling of housing spend last year, Bihar has budgeted growth of 12% this year, implying total spending of INR62b – higher than INR60b appropriated by the central government to the Ministry of Housing and Urban Poverty Alleviation. Maharashtra, which used to be the second highest spender on housing, has budgeted decline of 15% for FY18. Chhattisgarh, a state with ~10% of Maharashtra’s GDP, has allocated higher amount than Maharashtra to housing in FY18. While spending on housing is 1.4% of total spending by all 17 states, the ratio is as high as 4% for Bihar and Chhattisgarh (*Exhibit 39*).

**Exhibit 38: Share of different states in total housing spending in FY18 (% of total)**



#Combined data of 17 states

**Exhibit 39: State-wise share of housing in their respective total spending (%)**



Source: State Budgets, RBI, CEIC, MOSL

**...incentivized by the center's schemes:** While the states have increased their spending on housing significantly, the center has also provided several incentives to the housing sector in the 2017-18 Union Budget. The allocation to Pradhan Mantri Awas Yojana (PMAY) (rural + urban) has been increased by a hefty 38% to INR290b in FY18 by the central government and affordable housing has been given infrastructure status. Some of the key incentives provided by the center are mentioned in *Exhibit 40*.

**Exhibit 40: Key incentives given by the center to the housing sector in 2017-18 Budget**

- ✓ Affordable housing given the infrastructure status
- ✓ Allocation to Pradhan Mantri Awas Yojana (PMAY) increased by 38% - up from INR209b in FY17RE (up from BE of INR201b) to INR290b in FY18
- ✓ Instead of build-up area of 30 and 60 sq m, the carpet area of 30 and 60 sq m will be applicable for affordable housing
- ✓ Real estate developers to get tax relief on unsold stocks as liability to pay capital gains will arise only in the year the project is completed
- ✓ Holding period for capital gains tax for immovable property reduced from 3 years to 2 years
- ✓ National Housing Bank to refinance INR200b loans

Source: Union Budget 2017-18, MOSL

While total spending growth has been budgeted to decelerate, housing remains one area where both the center and the states have budgeted higher growth in FY18 despite very high base in FY17

Overall, while total spending growth has been budgeted to decelerate, housing remains one area where both the center and the states have budgeted higher growth in FY18 despite very high base in FY17. This, we believe, could boost cement demand, ~60% of which comes from the housing sector.

## II. What do combined budgets tell us?

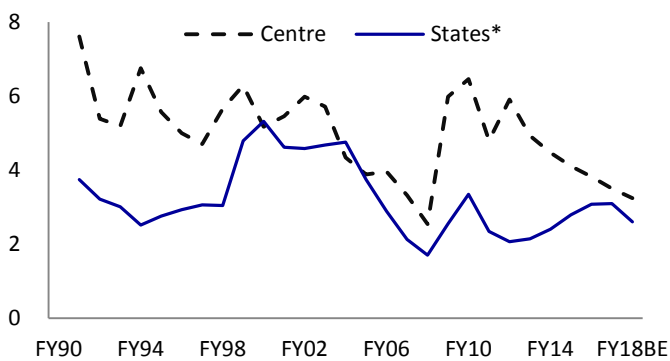
- General government (center + 17 states) fiscal deficit is budgeted at 5.8% of GDP in FY18, the third lowest in almost the past three decades (5.4% in FY07 and 4.2% in FY08) and lower than 6.6% in FY17.
- Since states have increased their reliance on market borrowings tremendously, the general government is budgeted to borrow more than INR10t in FY18. The states are likely to borrow as much as 75% of the center’s gross borrowings.
- Interestingly, tax collections by the center and the states are moving in opposite directions. While the center has budgeted tax-to-GDP at 11.3% in FY18 (the second best level since FY91), the states’ tax-to-GDP is expected at 6.5% (close to the lowest level of 6.3% witnessed in FY00). Not surprisingly then, the states’ dependence on the center for funds has increased tremendously in the past few years.
- Finally, both the center and the states seem more focused on the investments front (capital account) than on consumption (revenue account). The general government has budgeted 13-year lowest growth of 7.3% in core revenue spending (excluding interest payments), while capex is budgeted to grow at 14% in FY18.

The general government (center + states) has budgeted fiscal deficit of 5.8% of GDP for FY18 – the third lowest on record since the 1990s

### General government budgets 3<sup>rd</sup> lowest fiscal deficit in three decades in FY18...

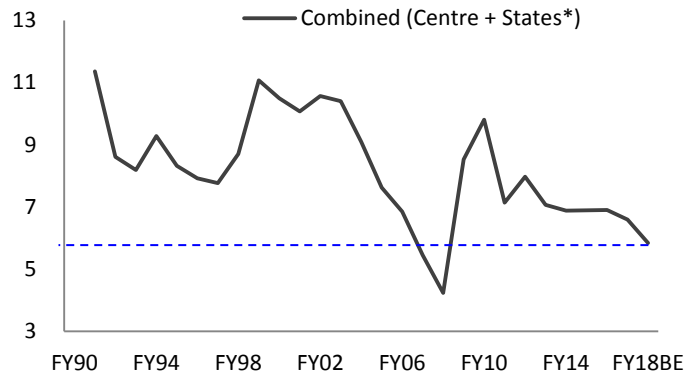
Although the central government has brought its fiscal deficit down from a record 6.5% of GDP in FY10 to 3.5% in FY17 and has budgeted an even lower 3.2% for FY18, state governments (based on our sample of 17 states) have witnessed worsening of their deficit from 2.1% of GSDP in FY13 to 3.1% each in FY16 and FY17 (*Exhibit 41*). Nevertheless, the states have also budgeted 4-year lowest deficit of 2.6% for FY18. It implies that the general government (center + states) has budgeted fiscal deficit of 5.8% of GDP for FY18 – the third lowest on record since the 1990s (following 5.4% in FY07 and 4.2% in FY08). It was as high as 6.9% in FY16 and 6.6% in FY17 (*Exhibit 42*). *Exhibit 43* on the next page shows fiscal deficit of the center and the states over the past three decades.

**Exhibit 41: Fiscal deficit of the center and states in the past three decades (% of GDP)**



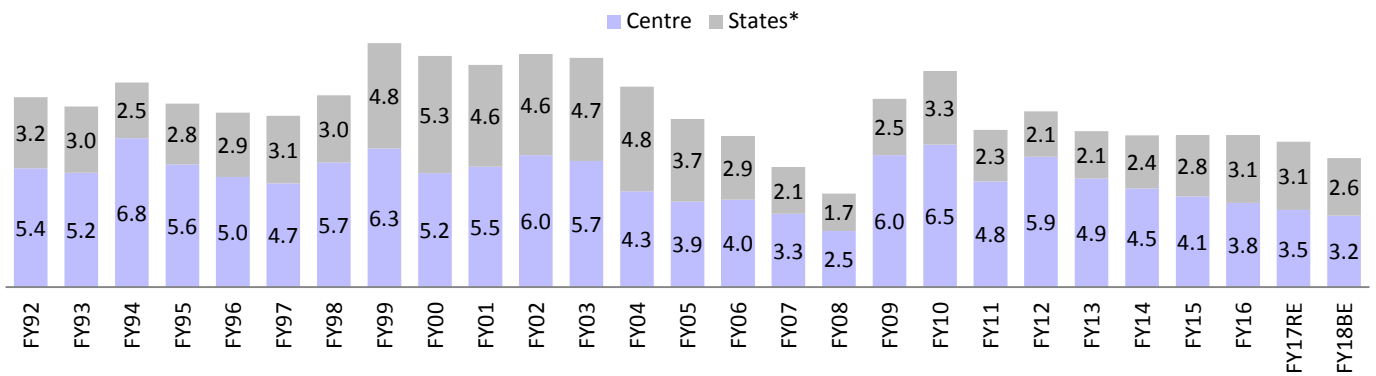
\* Aggregate data of 17 states

**Exhibit 42: Budgeted combined fiscal deficit for FY18 third-lowest since 1990s (% of GDP)**



Source: State budget documents, CSO, RBI, CEIC, MOSL

**Exhibit 43: Fiscal deficit of the general government budgeted at 5.8% in FY18 (% of GDP)**



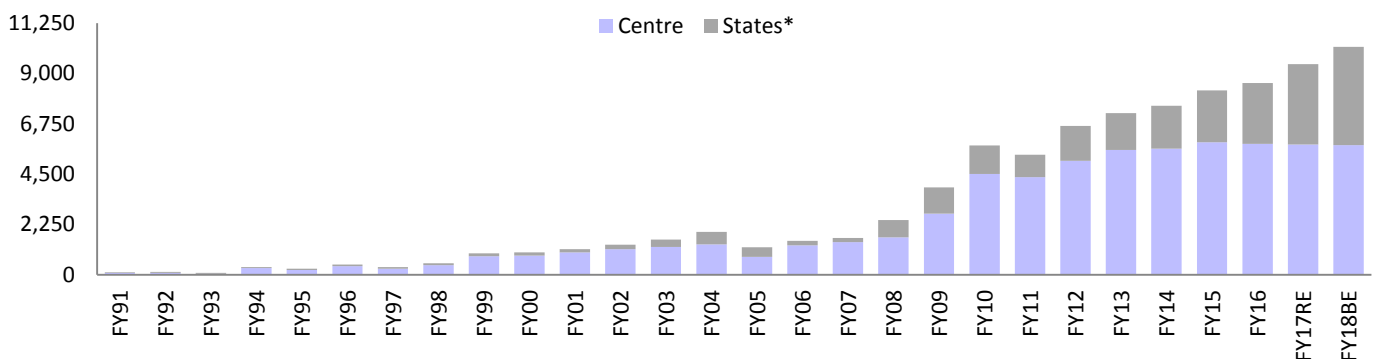
\* States' deficit is % of aggregate GSDP of 17 states

Source: Union/State Budgets, RBI, CSO, CEIC, MOSL

While the center has kept its gross market borrowings broadly unchanged for the past six years (since FY13), the states have almost trebled their borrowings during this period

**...but expect record-high market borrowings:** Notwithstanding lower budgeted deficit, gross market borrowings (by the general government) are budgeted at a record high of INR10.2t for FY18 (*Exhibit 44*). While the center has kept its gross market borrowings broadly unchanged for the past six years (since FY13), the states have almost trebled their borrowings during this period. Consequently, while the center has budgeted borrowings of INR5.8t for FY18 – as against INR5.6t in FY13 – the states have budgeted gross borrowings of INR4.4t (estimated for all states from our sample of 17 states, which accounted for 91% of total borrowings in FY17) as against INR1.6t in FY13.

**Exhibit 44: Gross market borrowings by the center and the states (INR b)**

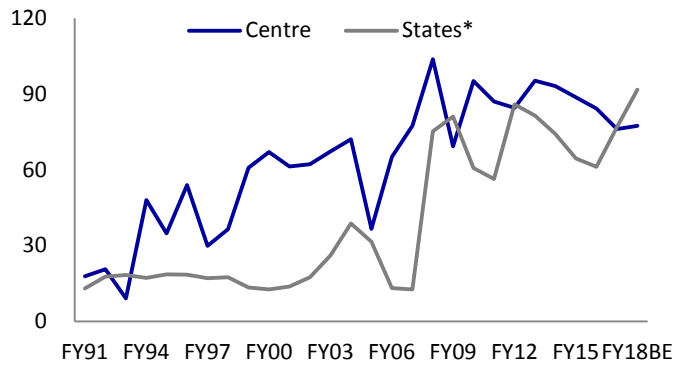


Source: Union/State Budgets, RBI, CSO, CEIC, MOSL

For FY18, while states have budgeted to finance more than 90% of their deficit by market loans, the center is planning to finance only ~77% of its deficit via market borrowings

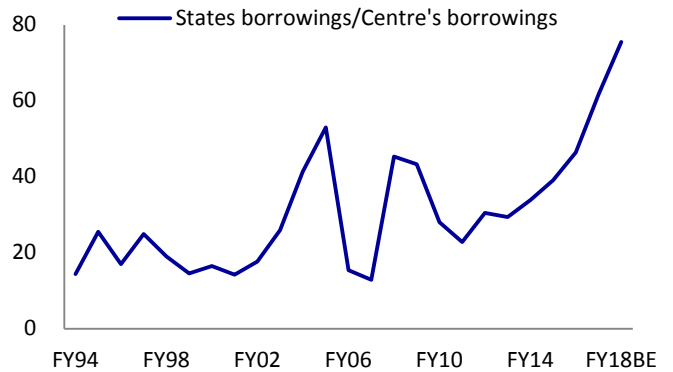
Notably, over the past few years, while the center has reduced its dependence on market loans to finance fiscal deficit, the states have increased their reliance on financial markets. For FY18, while states have budgeted to finance more than 90% of their deficit by market loans, the center is planning to finance only ~77% of its deficit via market borrowings (*Exhibit 45* on the next page). Not surprisingly then, the share of the states in gross market borrowings has been rising consistently, with the states expected to borrow at least 75% of gross borrowings budgeted by the center (*Exhibit 46*).

**Exhibit 45: States have increased their reliance on market borrowings, while the center has reduced it (% of GFD)**



\* Aggregate data of 17 states

**Exhibit 46: States have budgeted to borrow 75% of the center's borrowings in FY18 (%)**

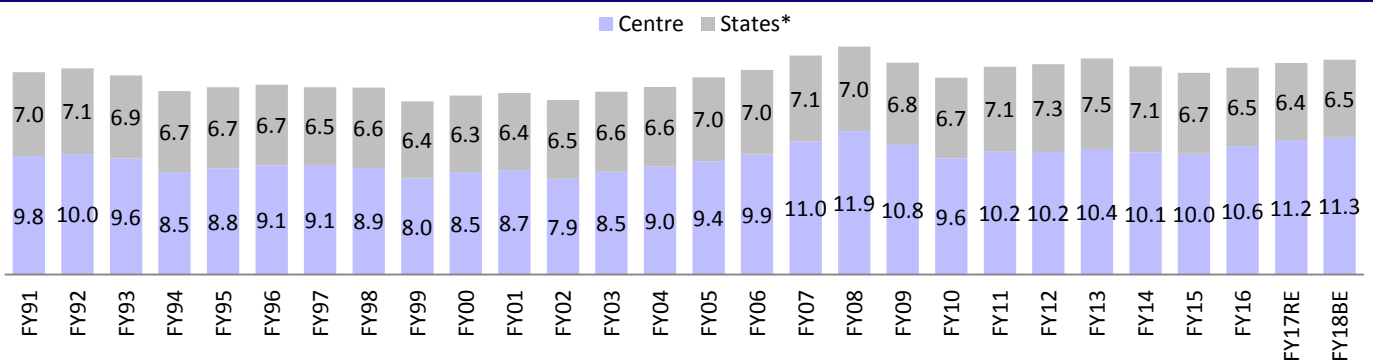


Source: Union/State budget documents, CEIC, RBI, CSO, MOSL

While tax collection (as % of GDP) is lower for both the center and the states than the all-time high, the recent slowdown in tax-to-GDP ratio can be attributed to worsening tax collection for the states rather than the center

**Tax-to-GDP ratio of states has worsened amid improving center's collection:** Lower tax receipts have always been a pain-point for the Indian economy. Total tax receipts in FY17 were only 17.6% of GDP, much lower than the peak of 18.9% in FY08. For FY18 also, the general government has budgeted only marginal improvement in tax-to-GDP ratio to 17.8%. Notably, while tax collection (as % of GDP) is lower for both the center and the states than the all-time high, the recent slowdown in tax-to-GDP ratio can be attributed to worsening tax collection for the states rather than the center (*Exhibit 47-48*). As against the all-time peak of tax collection of 7.5% of GDP in FY13, states have budgeted only 6.5% this year – marginally better than the all-time low of 6.3% witnessed in FY00. For the third consecutive year, the states' tax-to-GDP is expected to be stagnant at about 6.5% of GDP. On the contrary, the center's tax collection has improved from ~10% of GDP in FY15 to 11.3% in FY18 – only second to the all-time peak of 11.9% in FY08.

**Exhibit 47: Tax-to-GDP ratio of the center and the states (% of GDP)**

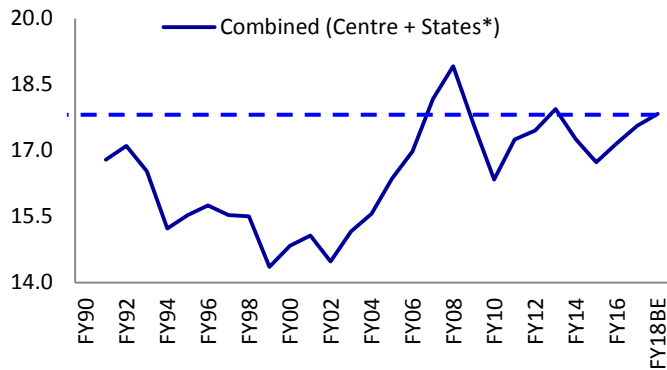


Source: Union/State budget documents, CEIC, RBI, CSO, MoSL

**About three-fourth of total receipts are collected in the form of taxes, while the remaining 22% is accounted by non-tax revenue receipts**

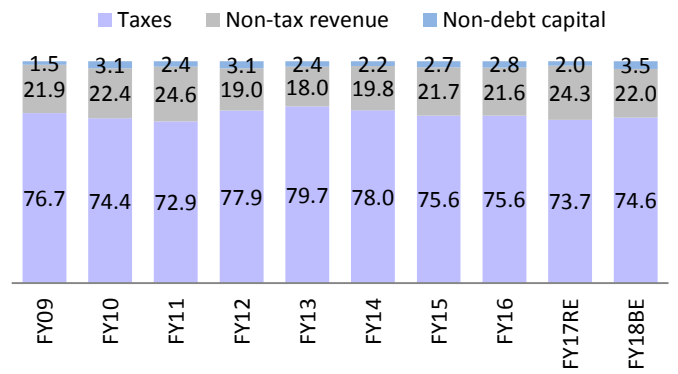
It is also important to note that while disinvestment is a big theme for the central government, only about 3% of total receipts by the general government are collected in the form of non-debt capital receipts (NDCR). About three-fourth of total receipts are collected in the form of taxes, while the remaining 22% is accounted by non-tax revenue receipts (*Exhibit 49*). The share of tax receipts was the highest at ~80% in FY13; however, the share of non-tax revenue receipts has increased since then (probably due to collection of record-high dividends and profits from PSUs by the government).

**Exhibit 48: Tax-to-GDP ratio of the general government is lower than peak witnessed in FY08 (% of GDP)**



\* Aggregate data of 17 states

**Exhibit 49: Only ~75% of total receipts are accounted by tax collections**



Source: Union/State budget documents, CEIC, RBI, MOSL

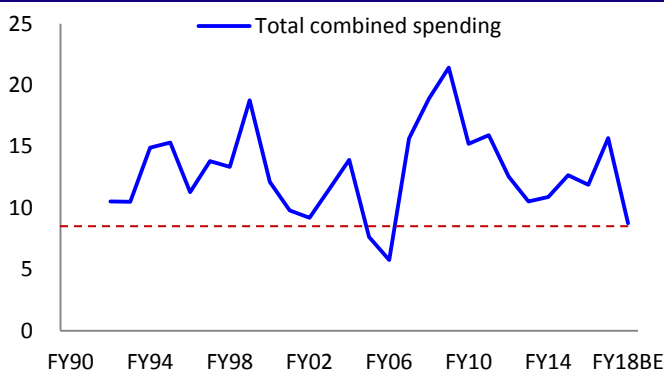
**Total spending of the general government is budgeted to grow only 7.8% in FY18 – the lowest since FY04 and less than half the 17% growth in FY17**

**General government budgets 13-year lowest growth in spending in FY18...:** Finally, as we had mentioned in our [Union Budget 2017-18 update](#), the center has budgeted 12-year lowest growth of 6.6% in its total spending. Importantly, the states have budgeted 10.8% growth in total spending in FY18 – down from ~19% in FY17 and the lowest in 13 years. Consequently, total spending of the general government is budgeted to grow only 7.8% in FY18 – the lowest since FY04 and less than half the 17% growth in FY17 (*Exhibit 50*).

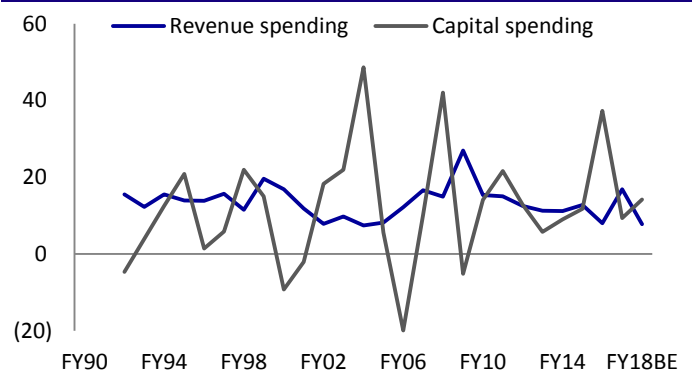
Revenue spending of the general government is budgeted to grow 7.8% in FY18 – the lowest growth since the 1990s (barring FY04, when it was 7.5%)

Further, break-up of total spending shows that both the center and the states have budgeted multi-year low growth in revenue spending, which accounts for ~84% of total spending. Consequently, revenue spending of the general government is budgeted to grow 7.8% in FY18 – the lowest growth since the 1990s (barring FY04, when it was 7.5%). Capital spending, on the other hand, is budgeted to grow strongly at 14%, higher than the long-term average of 12% (*Exhibit 51*).

**Exhibit 50: Total spending by general government budgeted to grow slowly in FY18 (% YoY)...**



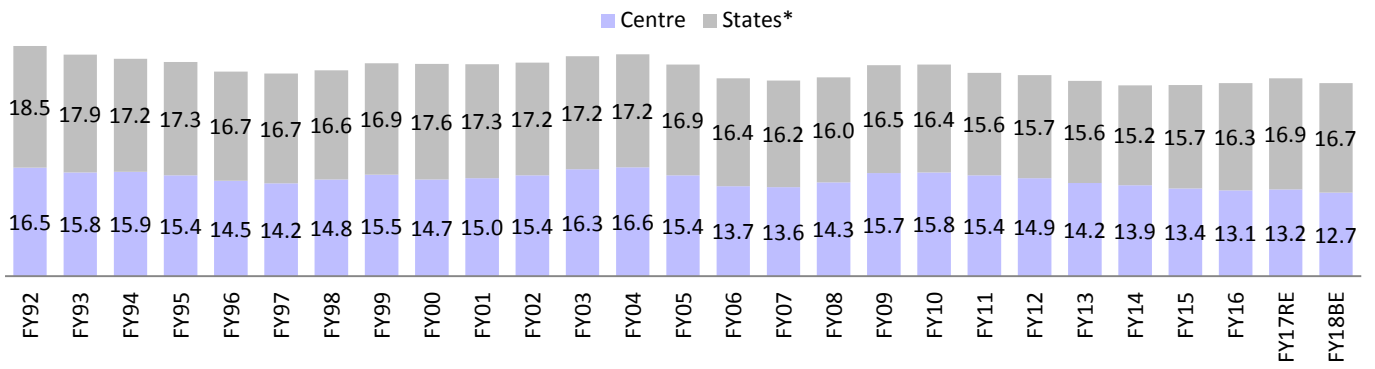
**Exhibit 51: ...primarily because of weak growth expected in revenue spending (% YoY)**



Source: Union/State budget documents, CEIC, RBI, MOSL

As a percentage of GDP, while the center has budgeted 43-year lowest level of total spending at 12.7% for FY18, the states' total spending is budgeted at 16.7% of GDP. Consequently, total spending of the general government is budgeted at 29.4% of GDP, lower than 30.2% last year (*Exhibit 52*).

**Exhibit 52: States are budgeted to maintain high spending amid 43-year lowest spending by the center (% of GDP)**



Source: Government, MoSL:

As far as the details of governments’ spending are concerned, we have also discussed key details in the first section. In the third and final section, we will focus on the combined budgets for 17 states.

### III. What do pooled state budgets tell us?

- After over-shooting the deficit target for the third consecutive year in FY17, the states have budgeted fiscal deficit at 2.6% of GDP for FY18 – the lowest in four years. Notably, the states had over-achieved their deficit targets in the previous years.
- With increased reliance on market borrowings to finance their fiscal deficit, all states have budgeted to borrow INR4.4t in FY18. The states are expected to finance more than 90% of their deficit by market borrowings.
- States’ tax collection has worsened in recent years; however, they have enjoyed higher devolution from the center, which is witnessing better tax collection. On aggregate basis, the states have budgeted 14.2% growth in tax collection in FY18, only slightly better than 12.4% last year.
- As against ~22% growth in revenue spending, the states have budgeted 13-year lowest growth of 9.6% in FY18. Capital spending, however, is budgeted to grow 17%, higher than the long-term average of 15%.

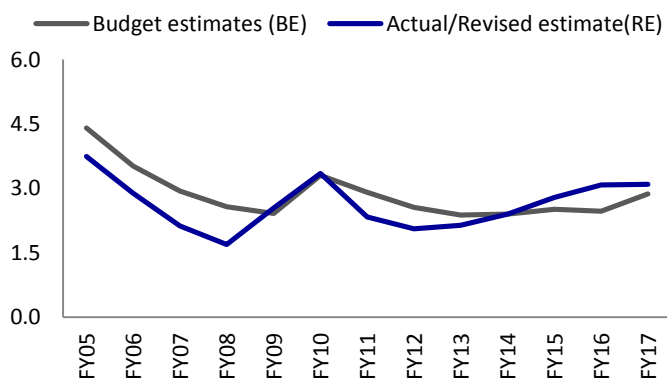
In stark contrast to over-achievement of GFD targets by states between FY05 and FY14, state governments missed their GFD target for the third consecutive year in FY17

#### III.1. How believable are the states’ budget estimates?

##### Gross fiscal deficit (GFD) target missed for the third consecutive year in FY17...

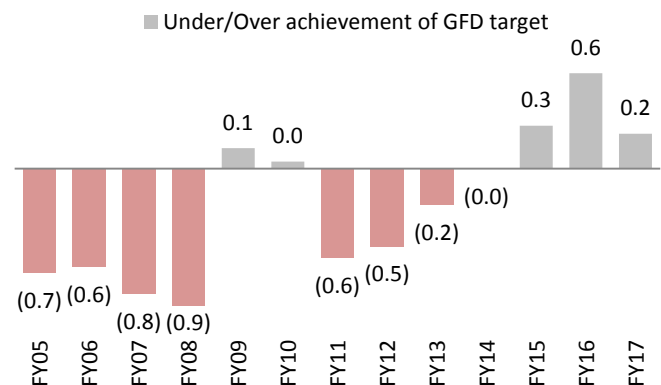
GFD of 17 states stood at 3.1% of GDP in FY17 (revised estimates, RE), higher than the budget estimate (BE) of 2.9% and similar to 3.1% in FY16 (as against FY16BE GFD of 2.5% of GDP). In stark contrast to over-achievement of GFD targets by states between FY05 and FY14, state governments missed their GFD target for the third consecutive year in FY17 (*Exhibit 53-54*). As against 2.1% of GSDP in FY12/FY13, GFD for states has increased consistently to 3.1% in FY16/FY17.

**Exhibit 53: Comparison of BE and actual/RE GFD of states\* in the past 13 years (% of GSDP)**



\* Aggregate data of 17 states

**Exhibit 54: States\* missed GFD target for 3<sup>rd</sup> consecutive year in FY17 (% of GSDP)**



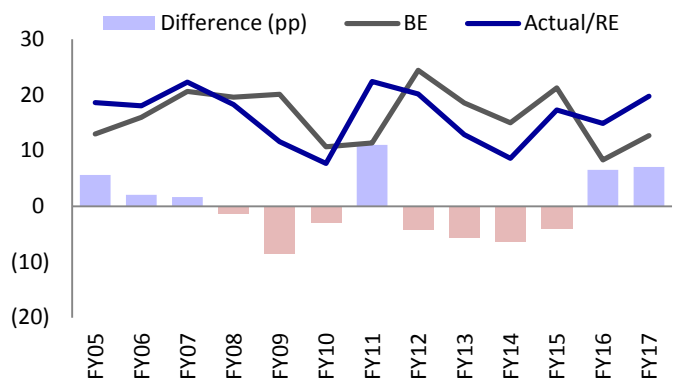
Source: State budget documents, CEIC, RBI, MOSL

Total receipts of states grew faster-than-budgeted in the past two years

**...primarily because of higher-than-budgeted spending:** Although states have missed their GFD targets in the past three years, it is important to note that they had achieved more total receipts than budgeted in FY16 and FY17. *Exhibit 55* on the next page shows that while the states had budgeted a growth of 8.4% in FY16 and 12.7% in FY17, actual growth was ~15% in FY16 and revised estimates show a growth of ~20% in FY17. In other words, total receipts of states grew faster-than-budgeted in the past two years.

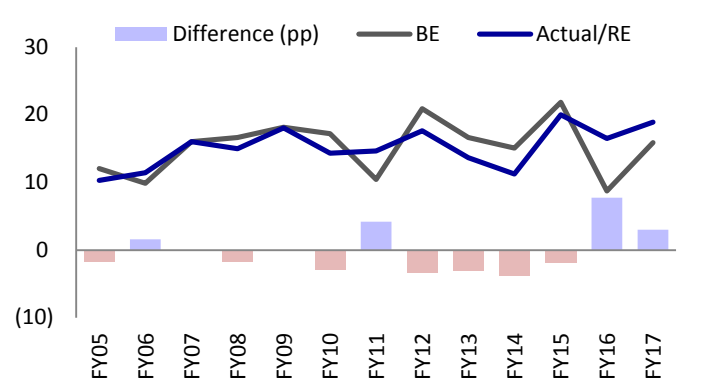


**Exhibit 55: States\* have collected more receipts than budgeted in the past two years (% YoY)...**



\* Aggregate data of 17 states

**Exhibit 56: ...but their spending has increased much faster, leading to higher-than-budgeted GFD (% YoY)**



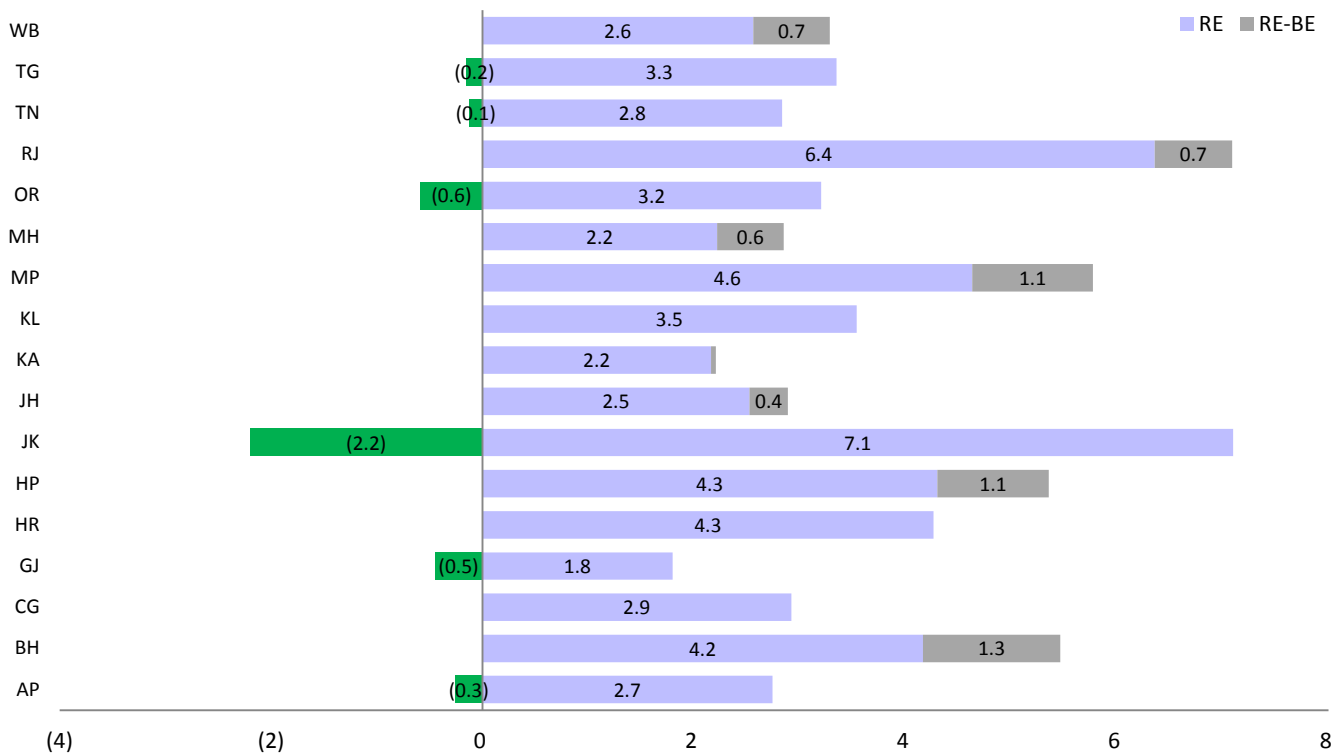
Source: State budget documents, CEIC, RBI, MoSL

Total spending of states grew faster-than-budgeted in the past two years and the overshoot was more than in receipts, which led to higher-than-budgeted GFD

This implies that states spent more than budgeted, which led to under-achievement of GFD targets (*Exhibit 56*). As against budgeted growth of 8.7% in FY16 and 15.9% in FY17, actual growth was 16.5% in FY16 and revised estimates show a growth of ~19% in FY17. In other words, total spending of states grew faster-than-budgeted in the past two years and the overshoot was more than in receipts, which led to higher-than-budgeted GFD.

A look at the 17 states considered in our study (*Exhibit 57*) reveals that while some large states witnessed significant overshooting of their GFD targets in FY17 (namely, BH, MP, MH, RJ and WB), it was offset by better-than-budgeted GFD in others (AP, GJ and OR).

**Exhibit 57: How did states do in FY17?**

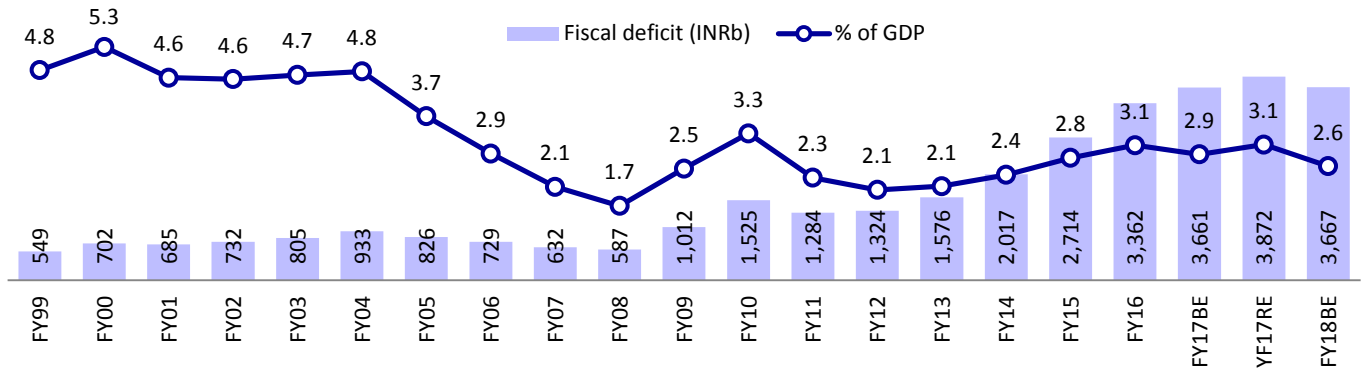


Grey (Green) indicates that GFD was higher (lower) than budgeted

Source: State budget documents, CEIC, MOSL

**GFD budgeted at 2.6% of GDP for FY18:** As far as FY18BE is concerned, states have budgeted an absolute decline in GFD from INR3.87t in FY17(RE) to INR3.67t in FY18 – implying GFD of 2.6% of GDP for FY18, the lowest in the past four years (*Exhibit 58*). If the states are able to meet FY18BE, this would be the first decline- in absolute terms - in GFD after six years (post-FY11).

**Exhibit 58: Trends in states’\* fiscal deficit in the past two decades**



Source: State budget documents, CEIC, RBI, MOSL

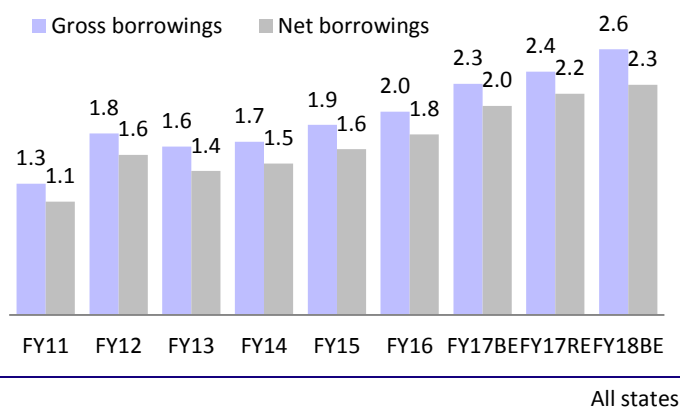
We estimate that gross borrowings of all states would increase 22% to INR4.38t in FY18 – up from 2.4% of GDP last year to 2.6% of GDP in FY18

Net market borrowings of all states would increase from a record 2.2% in FY17 to 2.3% this year

**Gross market borrowings set to increase to INR4.4t in FY18...:** Based on our study of 16 states (data on HP not available), gross borrowings are budgeted to increase 20% in FY18 from INR3.27t in FY17(RE) to INR3.94t this year. Actual data from RBI shows that all states borrowed INR3.6t from the market last year (FY17). It implies that our sample of 17 states account for ~90% of gross borrowings by all states. Using the same ratio, we estimate that gross borrowings of all states would be INR4.38t in FY18 – up 22% from FY17. In other words, gross borrowings would increase from 2.4% of GDP last year to 2.6% of GDP in FY18 (*Exhibit 59*).

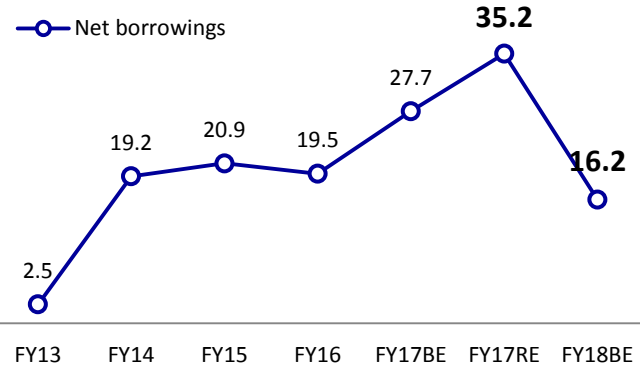
**...while net borrowings would be close to INR3.8t in FY18:** Further, we estimate that our sample of 16 states have budgeted to borrow INR3.42t on net basis (adjusting gross borrowings by repayments). It implies that gross borrowings by all states would increase from INR3.27t in FY17 to INR3.8t this year. As a percentage of GDP, it implies that net market borrowings of all states would increase from a record 2.2% in FY17 to 2.3% this year (*Exhibit 59*). It is also important to note that while state borrowings are budgeted to increase 16% in FY18, if true, it would be the lowest growth in the past six years (*Exhibit 60*).

**Exhibit 59: Gross and net borrowings by all states in India (% of GDP)**



All states

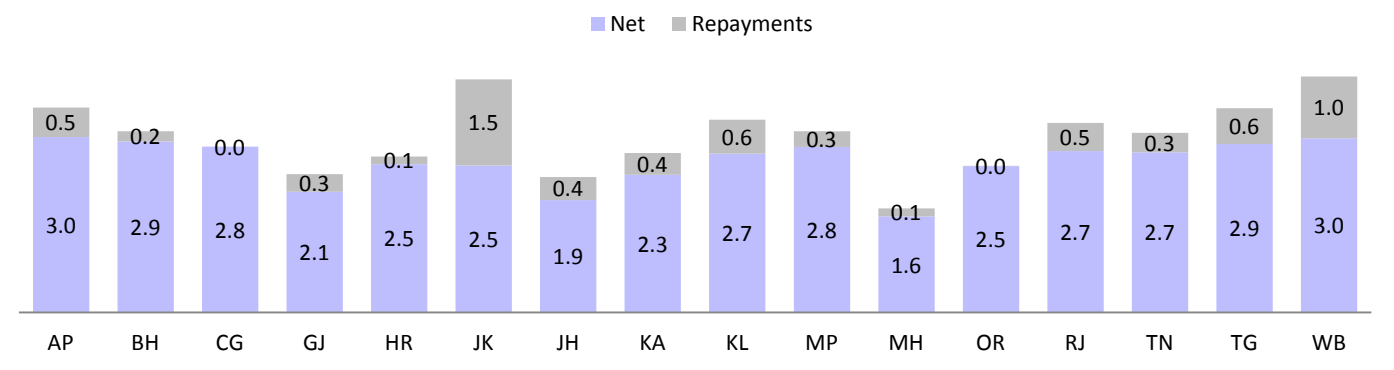
**Exhibit 60: States’ net borrowings budgeted to grow at the slowest pace in six years (% YoY)**



Source: State Budgets, RBI, CEIC, MOSL

A look at the 16 states individually shows that Maharashtra has budgeted for the least (net) market borrowings (worth 1.6% of GSDP), while Andhra Pradesh (AP) and West Bengal (WB) have budgeted for 3% net borrowings each – the highest for FY18.

**Exhibit 61: Budgeted net/gross borrowings by states for FY18 (% of GSDP)**



Data on Himachal Pradesh is not available

Source: State Budgets, RBI, CEIC, MoSL

Gujarat does not reveal repayments data, and thus we have assumed FY18 same as FY17

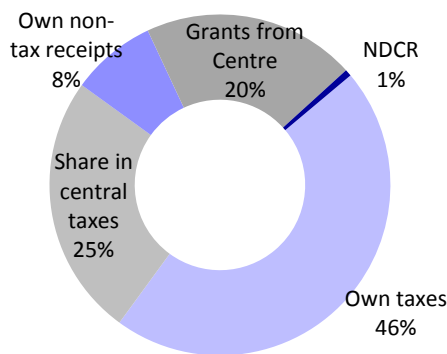
### III.2. A close look at states' receipts

**States' tax receipts in FY17 lowest in almost two decades...:** Unlike the center, states have four key components in their total revenue receipts – states' own taxes, their share in central taxes, states' own non-tax receipts, and grants from the center. Besides revenue receipts, states also have non-debt capital receipts (NDCR; recovery of loans & advances, etc), which account for ~1% of total receipts. We have ignored NDCR for simplicity in this analysis. *Exhibit 62* shows the break-up of states' total receipts into these five components. States' own tax collection is, by far, the biggest item in states' total receipts; however, support from the center (share in central taxes + grants from center) is also close to 45% of total receipts.

States' own tax receipts in FY17 were 6.4% of GDP – the worst in almost two decades. As per FY18BE, states have budgeted for it to improve marginally to 6.5% of GDP

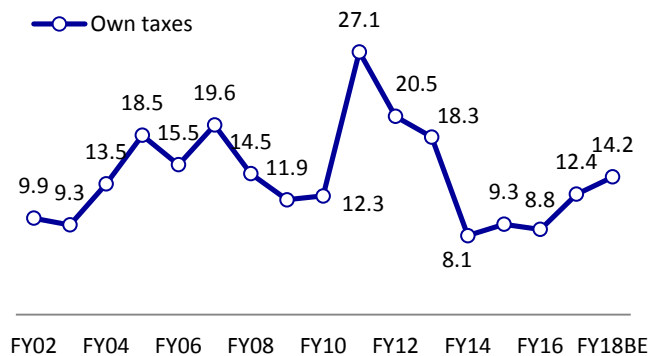
On an aggregate basis, 17 states have budgeted a growth of 14.2% in their own tax collection – the highest in five years but only slightly better than 12.4% growth witnessed in FY17 (*Exhibit 63*). Notably, states' own tax receipts in FY17 were 6.4% of GDP – the worst in almost two decades. As per FY18BE, states have budgeted for it to improve marginally to 6.5% of GDP (*Exhibit 64* on the next page).

**Exhibit 62: Almost 45% of total receipts of states\* is contributed by the center (FY17RE data, % of total receipts)**



\*Combined data of 17 states

**Exhibit 63: On aggregate basis, states don't seem to have budgeted an over-ambitious tax growth (% YoY)**

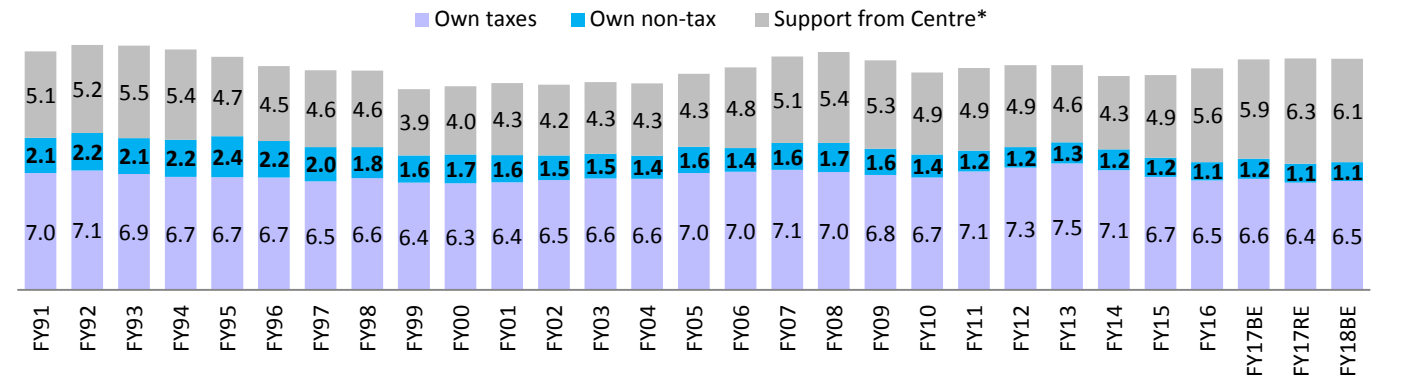


Source: State Budgets, RBI, CEIC, MOSL

While the 'support from center' was only 60% of states' own tax receipts three years ago in FY14, the former was almost equal to the latter in FY17

Further, it is also apparent from the exhibit that states are turning more and more dependent on the center for their receipts. While the 'support from center' was only 60% of states' own tax receipts three years ago in FY14, the former was almost equal to the latter in FY17. Obviously, after the recommendations of the fourteenth finance commission, states get a larger portion of the center's tax collection; however, the sharp rise in the share of the center's support in states' total receipts shows that the states' own receipts have not increased as much. As discussed above, this is reflected in the fact that states' own tax receipts (as a percentage of GDP) in FY17 were at the lowest level in almost two decades.

**Exhibit 64: States' total receipts in the past three decades (% of GDP)**

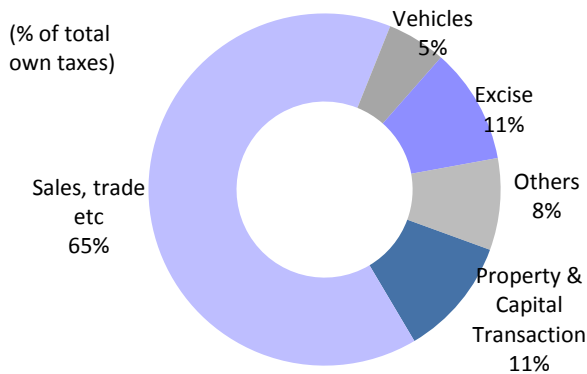


\* Combined data of 17 states

Source: State Budgets, RBI, CEIC, MoSL

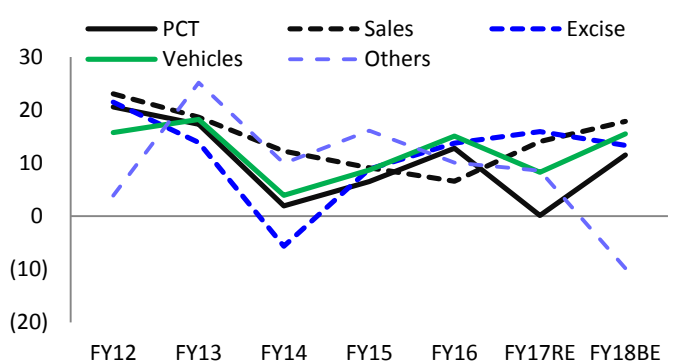
**...and states are not too over-optimistic for FY18:** As we mentioned above, states have budgeted a slightly higher growth of 14% in tax receipts for this year. *Exhibit 65* shows further break-up of states' tax receipts. The primary source of states' own taxes is the sales/trade tax, which accounts for about two-third of total own taxes. Excise taxes and PCT (property & capital transactions) account for another 11% each, taxes from vehicles account for ~5%, and the rest (~8%) is attributed to other taxes.

**Exhibit 65: Break-up of states' tax receipts in FY18 (%)**



\*Combined data of 17 states

**Exhibit 66: Annual change in key tax components (% YoY)**



Source: State Budgets, RBI, CEIC, MOSL

States have budgeted higher growth in almost all components barring 'excise duty collections' and 'others'

A look at the budgeted growth in various components of states' tax receipts shows that states have budgeted higher growth in almost all components barring 'excise duty collections' and 'others' (*Exhibit 66*). 'Sales tax', which account for almost two-third of total (own) taxes, is budgeted to grow at ~18% in FY18, up from 14% in FY17(RE). Similarly, vehicles' taxes are budgeted to rebound from ~8% to 15.5% in FY18 and tax collection from PCT is budgeted to grow 11.5%, on a base of no growth in FY17 (please see *Box 1* on the next page for a discussion on the impact of GST on PCT). In contrast, excise taxes are budgeted to grow slower at ~13% against 16% growth in FY17, while 'other' taxes are budgeted to decline ~10% as against ~9% growth in FY17.

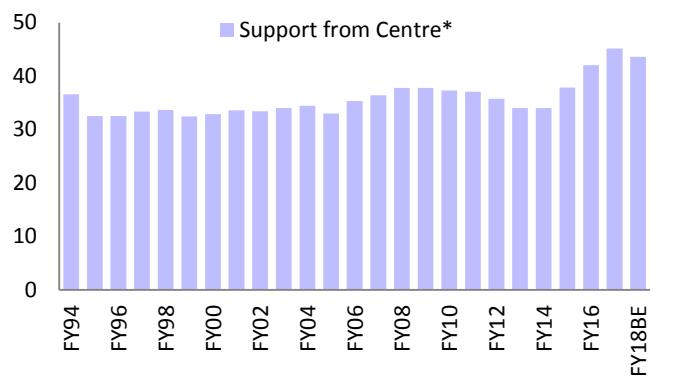
Further, states are becoming increasingly dependent on the Centre to collect resources to finance their spending. With the fourteenth finance commission, the Centre increased the share of devolution from 32% to 40% from FY16. Not surprisingly then, the share of the support from Centre (including share on central

taxes and grants from the Centre) has increased from ~37% in FY15 total receipts of states to ~45% (Exhibit 67).

What is concerning is that the growth in states' own receipts have lagged significantly and consistently the growth witnessed in support from the Centre

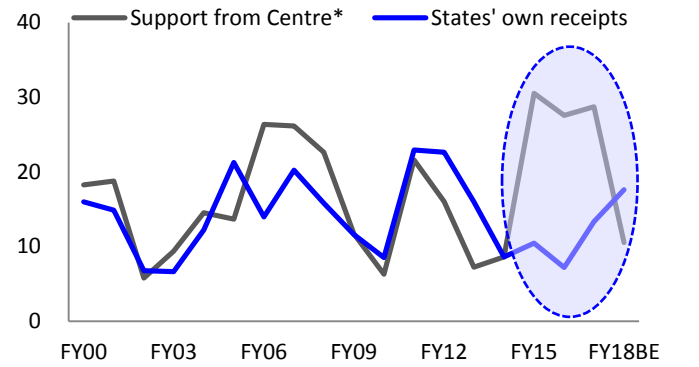
Nevertheless, what is concerning is that the growth in states' own receipts have lagged significantly and consistently the growth witnessed in support from the Centre (Exhibit 68). While Centre's support has increased by ~30% in the past three years, states' own resources grew by only 10% per annum between FY14 and FY17. In fact, this is the first time when these two components of states' receipts are showing such divergence. Overall, states have become increasingly more dependent on the Centre to collect resources to finance their spending. For FY18, states have budgeted higher growth of ~18% in their own resources, as against 10.5% growth in the support from Centre.

**Exhibit 67: Centre account for ~45% of total receipts (% of total receipts)**



\*Share in central taxes + grants from centre

**Exhibit 68: States relying increasingly on the Centre (% YoY)**



Source: State Budgets, RBI, CEIC, MOSL

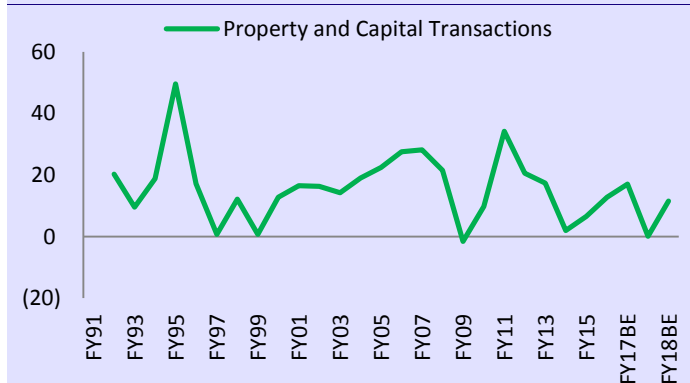
**Impact of demonetization and GST on states’ collection of stamps and registration fees**

As noted above, one of the areas where states have suffered in FY17 was the collection of stamps and registration fees. With the central government announcing demonetization last year, construction activities have been adversely hit, as was discussed in our monthly **economic activity index (EAI)**. As against the budgeted growth of 17% in FY17, taxes from PCT were almost flat last year (as per RE).

With Goods & services taxes (GST) being implemented this year, how will taxes from PCT be affected? Well, there are three key things to note here. *Firstly*, states have budgeted growth of 11.5% YoY in FY18 for PCT – on a base of 0.1% growth in FY17. This implies an average growth of sub-6% in FY17 and FY18, less than half the average growth (16.4%) witnessed during the 1990s (*Exhibit 69*).

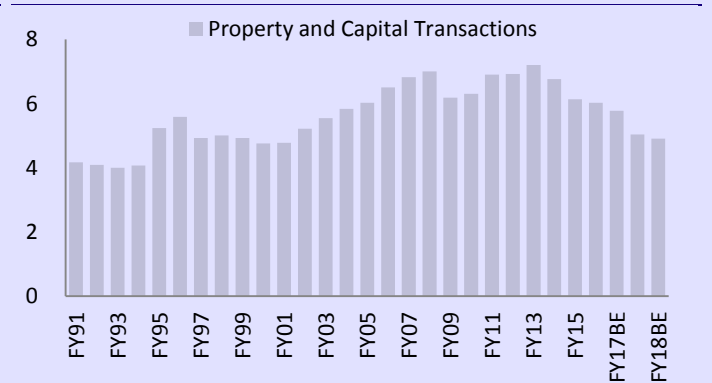
*Secondly*, assuming that construction activities remain severely under pressure and there is no growth for the second consecutive year in taxes collected from PCT, it is unlikely to put undue stress on states’ receipts since taxes from PCT accounts for less than 5% of total receipts. In case of no growth in FY18, the total adverse impact would be only INR100b or 0.5% of total receipts. Importantly, the share of PCT in total receipts had already fallen from its peak of ~7% of total receipts in FY13 to 6% in FY16, which is budgeted to remain unchanged at ~5% this year (*Exhibit 70*).

**Exhibit 69: Annual change in taxes collected form PCT over the past three decades (% YoY)**



\*Combined data of 17 states

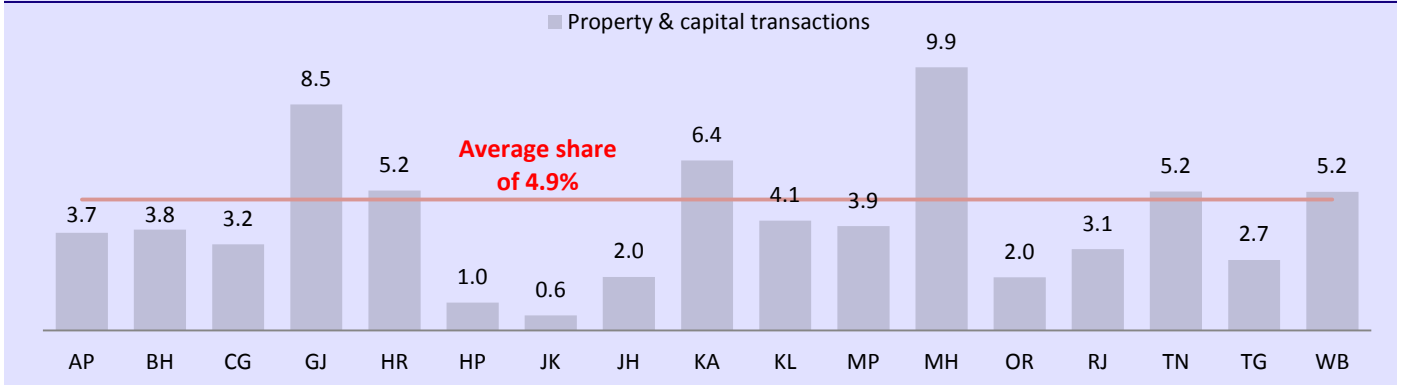
**Exhibit 70: Share of taxes collected form property & capital transactions has fallen (% of total receipts)**



Source: State Budgets, RBI, CEIC, MOSL

*Thirdly*, although taxes from PCT are not considerably high from an aggregate perspective, they account for a significant share for Maharashtra. *Exhibit 71* below looks at the share of PCT in total receipts for all 17 states considered in our study. While the average share for all 17 states is 4.9%, it is the highest at 10% for Maharashtra, followed by Gujarat (8.5%) and Karnataka (6.4%). Interestingly, all three states have budgeted much higher growth than the average (aggregate) growth in taxes from PCT for FY18. Gujarat has budgeted 27% growth in PCT taxes in FY18, while Karnataka and Maharashtra have budgeted a growth of ~16% and 12.6%, respectively.

**Exhibit 71: Share of property transactions in total receipts for states in FY18BE (% of total receipts)**



Source: State Budgets, RBI, CEIC, MOSL

In short, while demonetization hit construction activities severely in FY17, states believe that the impact will fade away in FY18. Accordingly, states have budgeted growth of 11.5% in taxes from PCT in FY18, as against no growth in FY17. Nevertheless, our analysis shows that even if taxes from PCT don't grow this year also, states, on an aggregate basis, would not be at any significant risk. However, few states such as Maharashtra and Gujarat may witness some adverse impact.

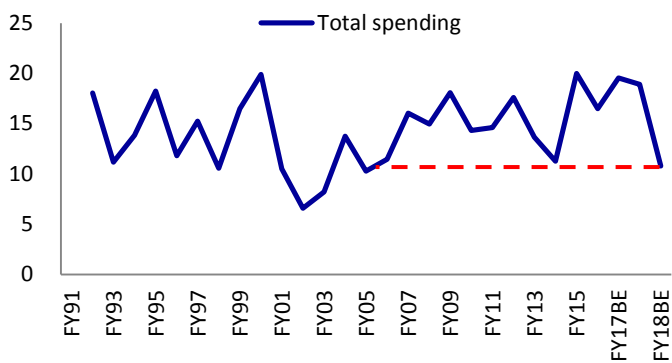


### III.3. A close look at states' spending

States have budgeted spending growth of 10.8% for FY18. This is the slowest spending growth in the past 15 years

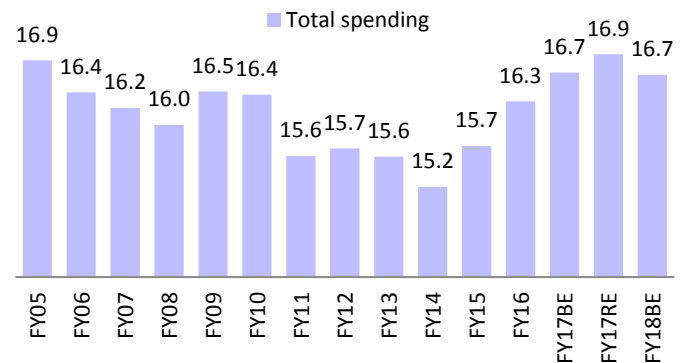
**States' expenditure budgeted to grow at slowest pace in 15 years...:** Against a growth of ~19% in FY17, states have budgeted spending growth of 10.8% for FY18. This is the slowest spending growth in the past 15 years (*Exhibit 72*). As a percentage of GDP, total spending was as low as 15.2% in FY14. However, since then, spending has perked up and is budgeted at 16.7% of GDP for FY18, only slightly lower than 16.9% in FY17 (*Exhibit 73*).

**Exhibit 72: States# have budgeted 15-year lowest growth in total spending for FY18 (% YoY)**



#Combined data of 17 states

**Exhibit 73: Total spending of 17 states remains close to 17% of GDP (% of GDP)**

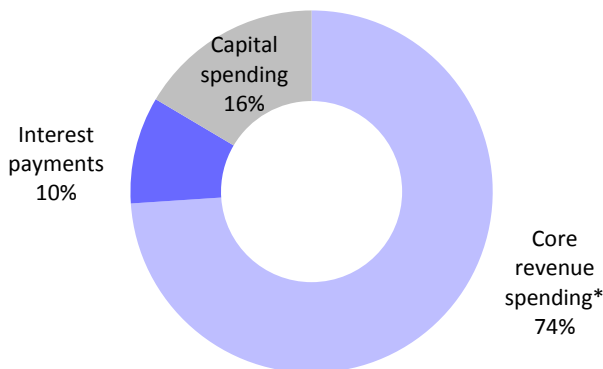


Source: State Budgets, RBI, CEIC, MOSL

Core revenue spending accounted for ~74% of total spending in FY17. Capital spending accounted for the remaining 16% of total spending

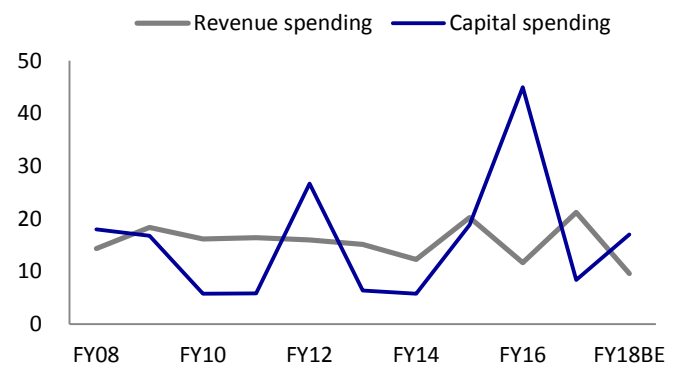
Of the states' total spending, almost 84% was revenue spending, within which about 10% was on account of interest payments. Thus, core revenue spending accounted for ~74% of total spending in FY17. Capital spending (including loans & advances) accounted for the remaining 16% of total spending (*Exhibit 74*). While revenue spending growth was higher last year, it is budgeted to grow slowly this year; capital spending is budgeted to grow faster in FY18 (*Exhibit 75*).

**Exhibit 74: Composition of total spending in FY17 (% of total spending)**



\*Excluding interest payments

**Exhibit 75: Annual change in revenue and capital spending (% YoY)**

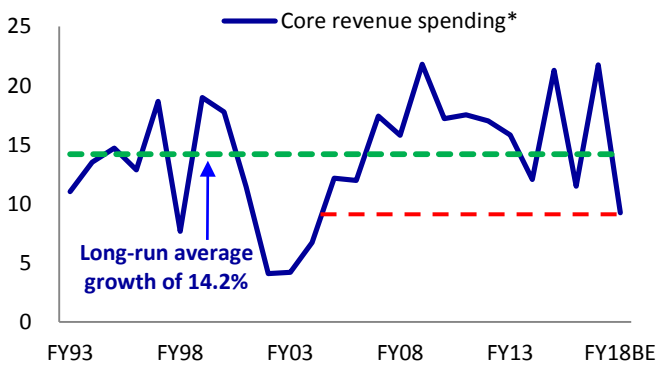


Source: State Budgets, RBI, CEIC, MOSL

Core revenue spending is budgeted to grow only 9.2% in FY18 – the lowest since FY04 and down from ~22% growth witnessed in FY17

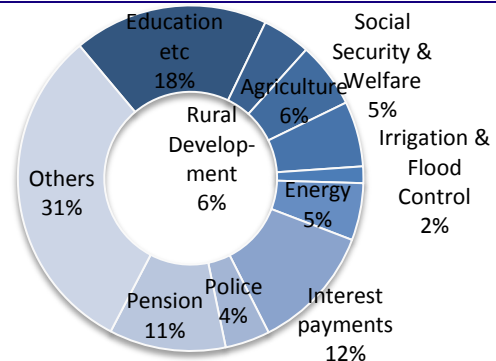
**Revenue spending budgeted to grow at 14-year slowest pace in FY18....:** Since core revenue spending (CRS) accounts for almost three-fourth of total spending by states, it is obvious that lower spending growth for FY18 is attributable to CRS. As per our sample of 17 states, CRS is budgeted to grow only 9.2% in FY18 – the lowest since FY04 and down from ~22% growth witnessed in FY17 (*Exhibit 76*). The long-run average growth in CRS is 14.2%. A look at the details of revenue spending shows that the education sector (including sports, arts & culture) gets the largest kitty of states' revenue spending (*Exhibit 77*), followed by pension spending. States' spending on the rural sector (agriculture & rural development) accounts for another 12%.

**Exhibit 76: States have budgeted 14-year lowest growth in revenue spending for FY18 (% YoY)**



\* Revenue spending excluding interest payments

**Exhibit 77: Key constituents of states' revenue spending (% of total) as per FY18BE**



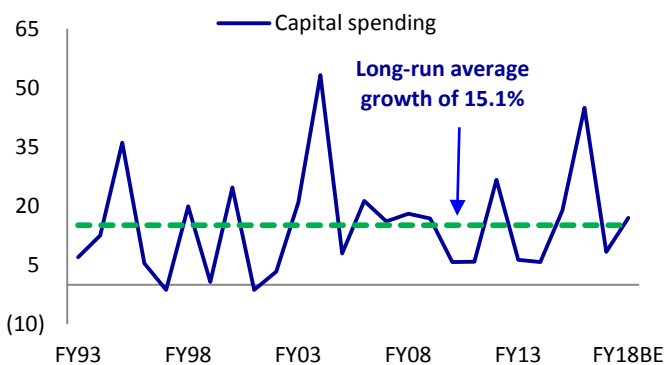
Source: State Budgets, RBI, CEIC, MOSL

**...while capital spending budgeted to grow strongly:** While states have budgeted 14-year lowest growth in CRS, capital spending (including loans & advances) is budgeted to grow 17% this year, almost double the growth witnessed last year and slightly better than the long-run average of 15% (*Exhibit 78*). Not surprisingly then, the share of capital spending in total spending is budgeted to increase from 16.5% in FY17 to 17.5% this year.

Details of capital spending show that the states spent the maximum on 'irrigation & flood control', followed by 'transport' and 'energy' (*Exhibit 79*). Almost a quarter of total capital spending (~24%) is done on 'irrigation & flood control', while another one-fifth is spent on transport segment.

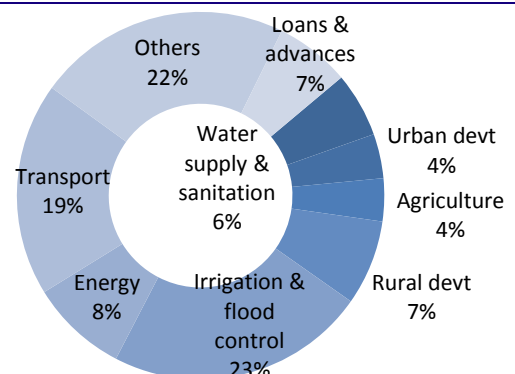
Details of capital spending show that the states spent the maximum on 'irrigation & flood control', followed by 'transport' and 'energy' (*Exhibit 79*). Almost a quarter of total capital spending (~24%) is done on 'irrigation & flood control', while another one-fifth is spent on transport segment.

**Exhibit 78: States have budgeted strong 17% growth in capital spending for FY18 (% YoY)**



#Combined data of 17 states

**Exhibit 79: Key constituents of states' capital spending (% of total) as per FY18BE**



Source: State Budgets, RBI, CEIC, MoSL

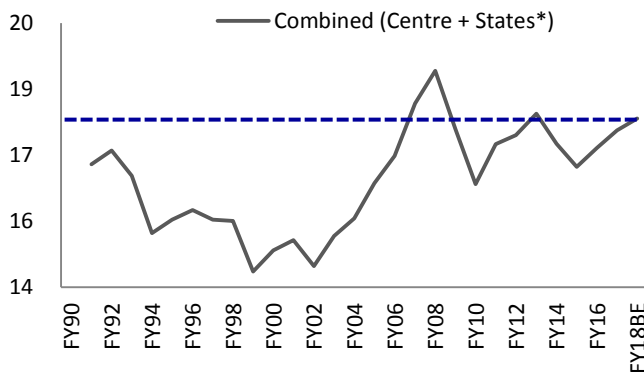
### Conclusion: With fiscal policy reaching limits, real GDP growth could ease

**General government witnessing resource constraint...** Our comprehensive study of state budgets and the union budget confirms that the government sector is finding it difficult to continue supporting economic growth. Although the center is making its best attempt to increase compliance and reduce tax evasion, the combined tax-to-GDP ratio is budgeted at 17.8% of GDP in FY18 – same as in FY12 and lower than its peak of ~19% in FY08 (*Exhibit 80*).

Further, in contrast to the popular belief that non-tax receipts (non-tax revenue receipts + non-debt capital receipts) are contributing to a larger share of total resources, the share of non-tax receipts in total receipts has actually declined over the past three decades for the general government (*Exhibit 81*).

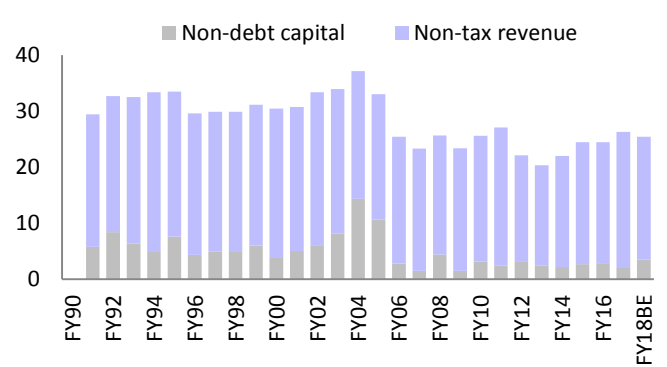
Combined tax-to-GDP ratio is budgeted at 17.8% of GDP in FY18 – same as in FY12 and lower than its peak of ~19% in FY08

**Exhibit 80: Center’s improved tax collection offset by states’ weaker tax receipts (% of GDP)**



\*Combined data of 17 states

**Exhibit 81: Share of non-tax receipts has fallen over the past three decades for the general government (% of total)**

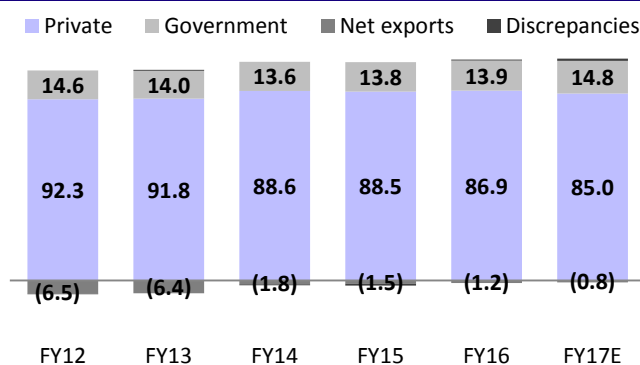


Source: State Budgets, RBI, CEIC, MoSL

Over the past three years (ironically when states have overshoot their deficit targets), government spending has increased at an average of 10.5%, almost double the average growth in the private sector’s spending

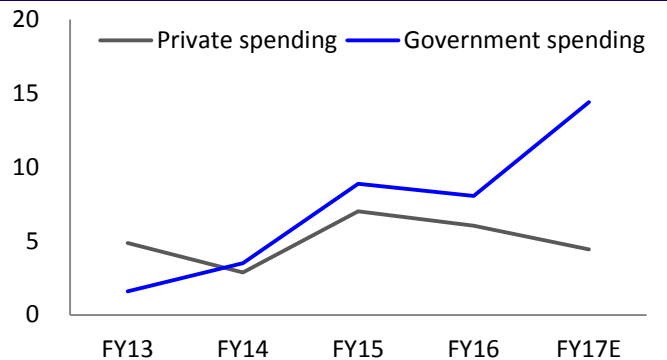
**...which may limit ability to support economic growth:** Such potential restrictions in the central and state governments’ ability to increase resources may limit their ability to support economic growth. Total government spending (consumption + investment) accounted for ~15% of GDP in FY17 (as per our estimates), rising consistently for three years from 13.6% in FY14 (*Exhibit 82*). On the other hand, private spending (consumption + investment) has fallen consistently from 92.3% in FY12 to 85% last year. Over the past three years (ironically when states have overshoot their deficit targets), government spending has increased at an average of 10.5%, almost double the average growth in the private sector’s spending (*Exhibit 83*).

**Exhibit 82: Share of different sectors in GDP over the past six years (%)**



Combined data for consumption and investment for private and government sector

**Exhibit 83: Annual change in private and government spending (% YoY)**



Source: RBI, CSO, CEIC, MoSL

After analyzing state budgets in conjunction with the union budget, we don't expect the government to repeat FY17's extraordinary performance in FY18

Not surprisingly then, the government sector is estimated to have contributed 2 percentage points (pp) to real GDP growth in FY17 (~29% of GDP growth), almost double the contribution of 1.1pp in the previous two years and almost five times the contribution of 0.4pp in FY13 and FY14. After analyzing state budgets in conjunction with the union budget, we don't expect the government to repeat FY17's extraordinary performance in FY18. We expect government spending to slow down to ~9% this year from ~14% last year. On the other hand, we believe that private spending growth may pick up from 4.4% in FY17 to 6.4% this year, primarily driven by a revival in private investments – to grow 4% against a decline of 1% in FY17. Further, we believe that net exports of goods & services have peaked last year and expect external trade to start deteriorating from FY18. This is in line with what we have seen in the past few months, when the pick-up in exports coincided by the revival in imports, due to which trade deficit has remained high.

**Expect 6.8% real GDP growth in FY18 with downward bias:** Going forward, there could be only two ways for the fiscal policy to move. Either the general government will witness better tax collection – due to better compliance on account of GST implementation or by making income tax department more active as has happened post demonetization – or it will have to start curbing spending. The former implies lower disposable income for the private sector, forcing them to rationalize their consumption and/or savings. As seen above, the share of private sector has already fallen significantly. In case the government finds it difficult to extract more taxes from the private sector, it will lead to lower ability of the government to support economic activity. In any case, as we have **explained** earlier, unless private sector witnesses a strong revival in income (which does not feature in our base-case scenario), the current level of 7% real GDP growth is unsustainable. Consequently, we expect real GDP growth to remain unchanged at 6.8% for FY18, with downward bias, much lower than the RBI's projection of 7.4%.

We expect real GDP growth to remain unchanged at 6.8% for FY18, with downward bias, much lower than the RBI's projection of 7.4%

<sup>1</sup> We use 'general government' synonymously as the combination of the center and our sample of 17 states, unless mentioned otherwise

<sup>2</sup> Data on HP is not available for market borrowings

<sup>3</sup> Our sample of 16 states – for which borrowings data is available - accounted for ~90% of gross market borrowings in FY17. Using the same ratio, we estimate gross borrowings for all states in FY18.

<sup>4</sup> Based on our sample of 17 states

<sup>5</sup> Our sample of 16 states – for which borrowings data is available - accounted for ~90% of gross market borrowings in FY17. Using the same ratio, we estimate gross borrowings for all states in FY18.



## Appendix

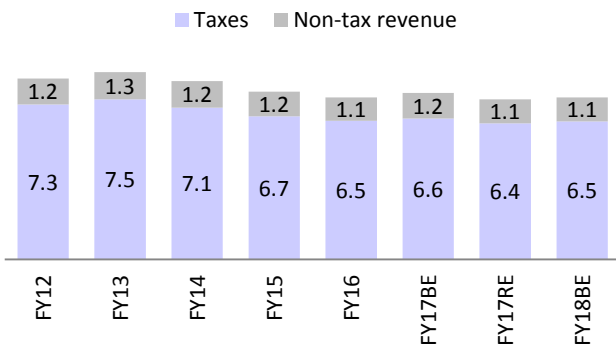
### All states (17)

- **Population:** ~911.1m (75.3% of India's population)
- **Nominal GSDP in 2017:** INR 125t (~91% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.6% of GSDP
- **Total liabilities** in 2017 at 22.4% of GSDP.

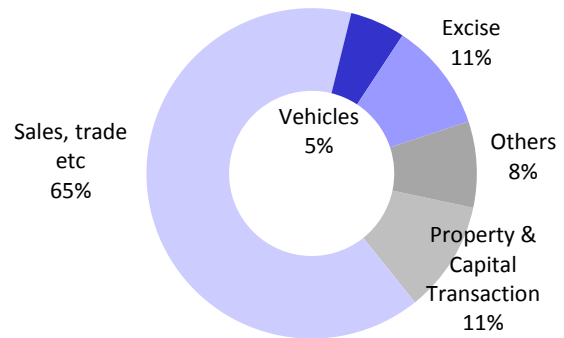
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>16,944.8</b>	<b>21,051.9</b>	<b>20,828.1</b>	<b>23,669.4</b>	<b>14.9</b>	<b>22.9</b>	<b>13.6</b>
Revenue receipts	16,862.8	20,893.1	20,717.9	23,205.5	15.7	22.9	12.0
Total taxes	10,707.1	12,564.7	12,313.6	13,931.4	19.7	15.0	13.1
States' own taxes	7,111.4	8,443.6	7,995.7	9,132.7	8.8	12.4	14.2
Share in central taxes	3,595.7	4,121.1	4,317.8	4,798.7	49.2	20.1	11.1
Non-tax revenue receipts: State	3,675.3	4,929.4	4,901.9	5,428.4	5.6	33.4	10.7
Grants from the Centre	2,480.5	3,399.0	3,502.4	3,845.7	5.4	41.2	9.8
Non-debt capital receipts	82.0	158.8	110.1	463.9	-49.7	34.4	321.3
<b>Total spending</b>	<b>17,826.1</b>	<b>21,314.2</b>	<b>21,197.5</b>	<b>23,490.3</b>	<b>16.5</b>	<b>18.9</b>	<b>10.8</b>
Revenue spending	14,601.8	17,615.7	17,703.0	19,401.8	11.6	21.2	9.6
Education, sports, art & culture	2,707.3	3,258.9	3,192.4	3,537.7	11.6	17.9	10.8
Agriculture & allied activities	890.3	1,073.1	1,117.4	1,190.7	2.1	25.5	6.6
Rural development	935.3	1,256.0	1,203.0	1,185.8	18.6	28.6	-1.4
Interest payments	1,726.5	2,021.5	2,026.8	2,277.7	12.9	17.4	12.4
Pensions	1,562.5	1,887.3	1,843.9	2,118.4	15.5	18.0	14.9
Capital spending	3,224.3	3,698.5	3,494.5	4,088.4	45.0	8.4	17.0
Water supply & sanitation	143.8	184.0	162.2	232.5	5.0	12.8	43.4
Rural development	183.2	211.4	193.0	306.7	57.9	5.4	58.9
Irrigation & flood control	601.7	799.8	749.4	934.7	28.5	24.5	24.7
Energy	265.0	344.4	320.0	350.9	33.9	20.7	9.7
Transport	562.1	676.1	637.7	767.8	26.5	13.4	20.4
<b>Fiscal deficit</b>	<b>3,361.8</b>	<b>3,661.3</b>	<b>3,871.9</b>	<b>3,666.5</b>	<b>23.9</b>	<b>15.2</b>	<b>-5.3</b>
% of GDP	3.1	2.9	3.1	2.6			
<b>Revenue deficit</b>	<b>-219.5</b>	<b>-121.6</b>	<b>-487.4</b>	<b>-42.0</b>	<b>-66.4</b>	<b>122.1</b>	<b>-91.4</b>
% of GDP	-0.2	-0.1	-0.4	0.0			
<b>Primary deficit</b>	<b>16,354.0</b>	<b>1,639.8</b>	<b>1,845.1</b>	<b>1,388.9</b>	<b>38.0</b>	<b>-88.7</b>	<b>-24.7</b>
% of GDP	1.5	1.3	1.5	1.0			
<b>Outstanding debt</b>	<b>23,913.0</b>	<b>27,673.6</b>	<b>27,894.8</b>	<b>31,533.6</b>	<b>17.1</b>	<b>16.7</b>	<b>13.0</b>
% of GDP	21.9	21.7	22.3	22.4			
<b>GSDP (at current prices)</b>	<b>109,169.5</b>	<b>127,566.1</b>	<b>125,064.0</b>	<b>140,838.0</b>	<b>12.2</b>	<b>14.6</b>	<b>12.6</b>

Source: States budgets

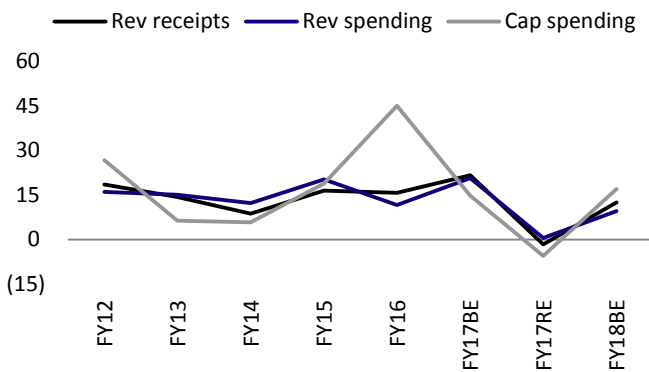
**Exhibit 84: Break-up of total revenue receipts (% of GDP)**



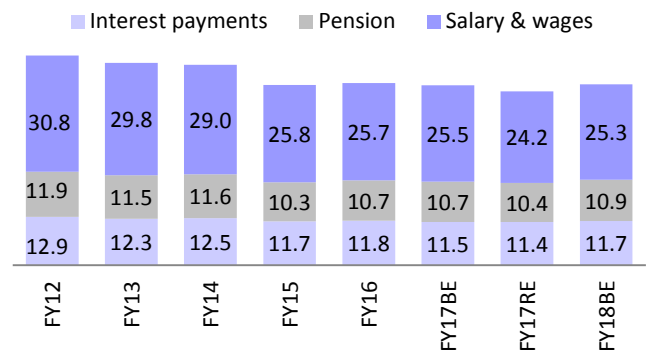
**Exhibit 85: Further details of tax receipts (% of total own taxes)**



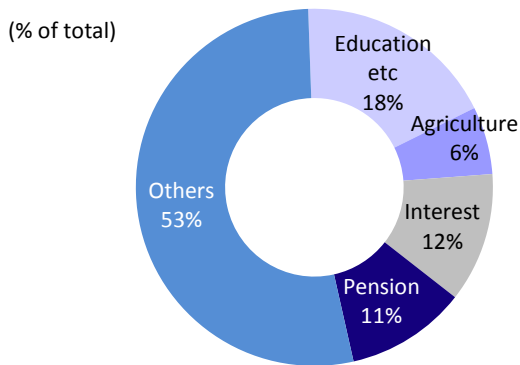
**Exhibit 86: Change in key budget items (% YoY)**



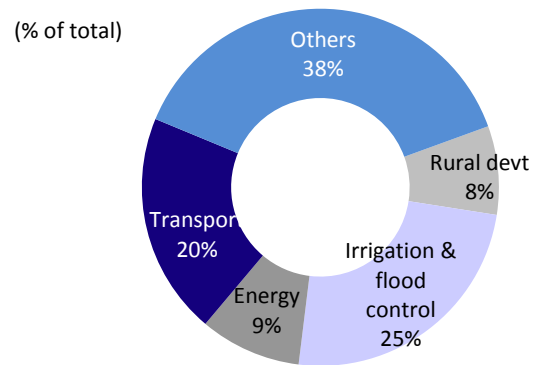
**Exhibit 87: Non-discretionary items in revenue spending (% of total spending)**



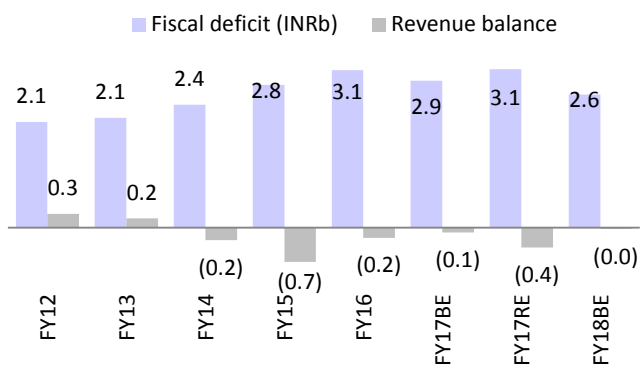
**Exhibit 88: Key details of revenue spending by department**



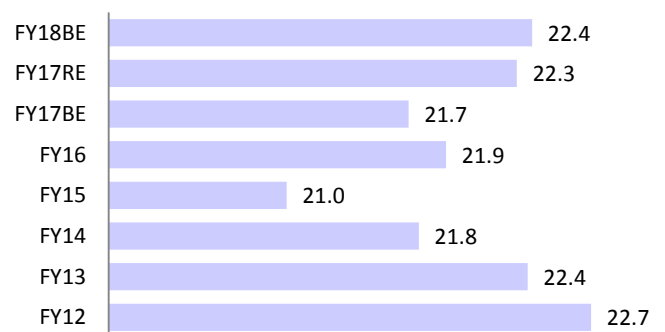
**Exhibit 89: Key details of capital spending by department**



**Exhibit 90: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 91: Debt to GDP ratio (% of GDP)**



Source: States budgets

Source: States budgets

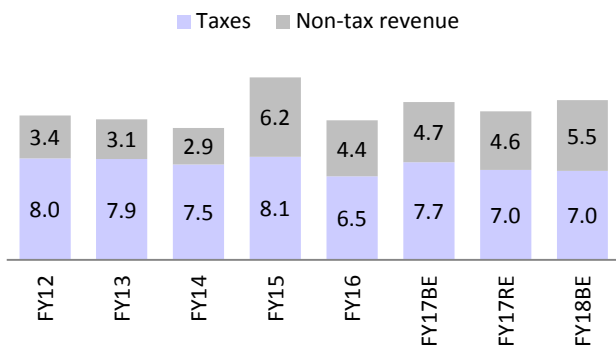
## Andhra Pradesh

- **Population:** 49.7mn (4% of India's population)
- **Nominal GSDP in 2017:** INR ~7tn (5% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.7% of GSDP
- **Total liabilities** in 2017 at 27.6% of GSDP

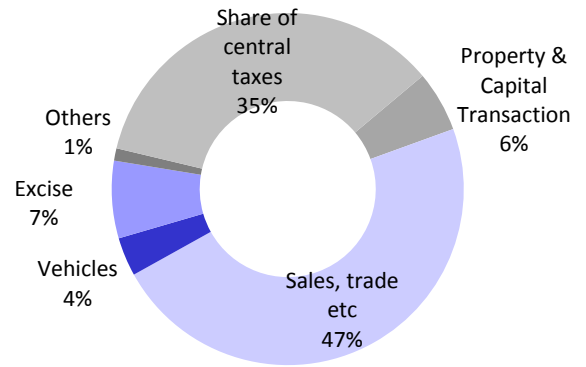
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>889.3</b>	<b>1,096.4</b>	<b>1,080.5</b>	<b>1,259.4</b>	<b>-2.2</b>	<b>21.5</b>	<b>16.6</b>
Revenue receipts	886.5	1,093.0	1,077.1	1,255.0	-2.2	21.5	16.5
Total taxes	618.0	769.6	755.5	828.6	6.7	22.2	9.7
States' own taxes	399.2	523.2	492.8	537.2	-6.3	23.4	9.0
Share in central taxes	218.8	246.4	262.6	291.4	43.0	20.0	10.9
Non-tax revenue receipts: State	49.2	55.0	45.0	50.9	-55.2	-8.5	13.2
Grants from the Centre	219.3	268.5	276.6	375.5	-55.2	26.2	35.7
Non-debt capital receipts	2.8	3.4	3.4	4.4	0.7	18.7	30.3
<b>Total spending</b>	<b>1,107.9</b>	<b>1,301.3</b>	<b>1,272.1</b>	<b>1,489.9</b>	<b>-12.8</b>	<b>14.8</b>	<b>17.1</b>
Revenue spending	959.5	1,141.7	1,123.1	1,259.1	-16.6	17.0	12.1
Education, sports, art & culture	166.0	204.2	197.4	213.6	50.4	18.9	8.2
Agriculture & allied activities	49.2	122.6	82.1	86.4	-46.7	66.8	5.2
Rural development	82.5	102.5	102.6	117.1	40.7	24.3	14.1
Interest payments	98.5	122.6	122.1	147.8	24.4	24.0	21.1
Pensions	112.5	161.4	120.6	139.1	83.3	7.2	15.4
Capital spending	148.5	159.7	149.0	230.8	22.3	0.4	54.9
Water supply & sanitation	0.6	4.6	4.3	5.4	-5.8	610.7	26.1
Rural development	0.0	0.0	0.0	12.1	0.0	0.0	
Irrigation & flood control	89.2	72.8	74.4	120.6	-47.8	-16.6	62.1
Energy	0.2	0.1	0.1	0.1	-46.1	-41.8	0.5
Transport	24.5	20.2	20.8	20.2	65.1	-15.1	-2.8
<b>Fiscal deficit</b>	<b>218.6</b>	<b>205.0</b>	<b>191.6</b>	<b>230.5</b>	<b>-39.5</b>	<b>-12.3</b>	<b>20.3</b>
% of GDP	3.6	3.0	2.7	3.0			
<b>Revenue deficit</b>	<b>-73.0</b>	<b>-48.7</b>	<b>-46.0</b>	<b>-4.2</b>	<b>-70.0</b>	<b>-37.0</b>	<b>-91.0</b>
% of GDP	-1.2	-0.7	-0.7	-0.1			
<b>Primary deficit</b>	<b>120.1</b>	<b>82.4</b>	<b>69.5</b>	<b>82.7</b>	<b>-57.5</b>	<b>-42.1</b>	<b>18.9</b>
% of GDP	2.0	1.2	1.0	1.1			
<b>Outstanding debt</b>	<b>1,738.5</b>	<b>1,905.1</b>	<b>1,929.8</b>	<b>2,160.3</b>	<b>16.9</b>	<b>11.0</b>	<b>11.9</b>
% of GDP	28.5	27.9	27.6	28.1			
<b>GSDP (at current prices)</b>	<b>6,100.1</b>	<b>6,833.3</b>	<b>6,992.2</b>	<b>7,687.8</b>	<b>15.9</b>	<b>14.6</b>	<b>9.9</b>

Source: State budgets

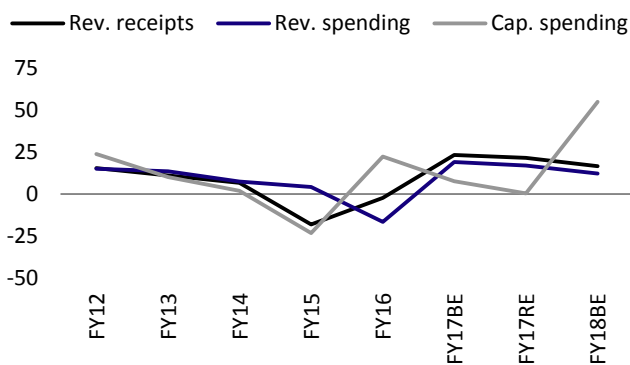
**Exhibit 92: Break-up of total revenue receipts (% of GDP)**



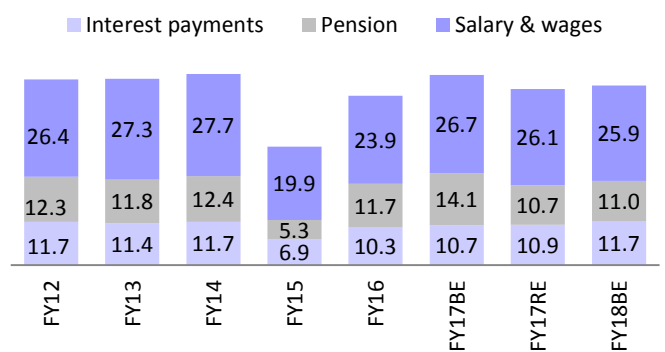
**Exhibit 93: Further details of tax receipts (% of total taxes)**



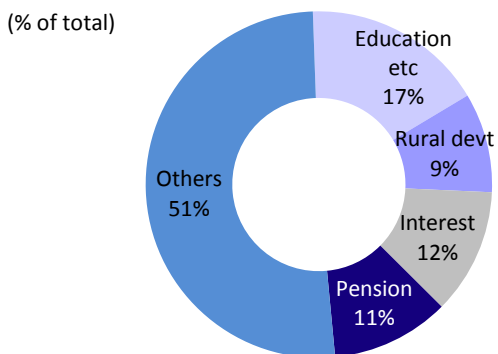
**Exhibit 94: Change in key budget items (% YoY)**



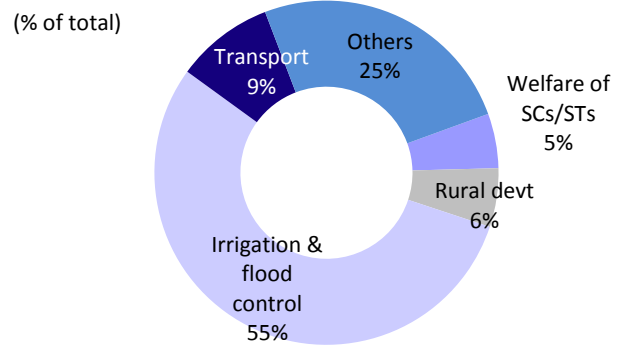
**Exhibit 95: Share of SPI in revenue spending (% of total spending)**



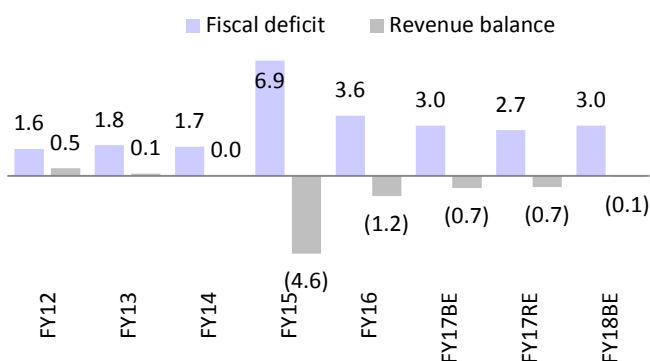
**Exhibit 96: Key details of revenue spending by department**



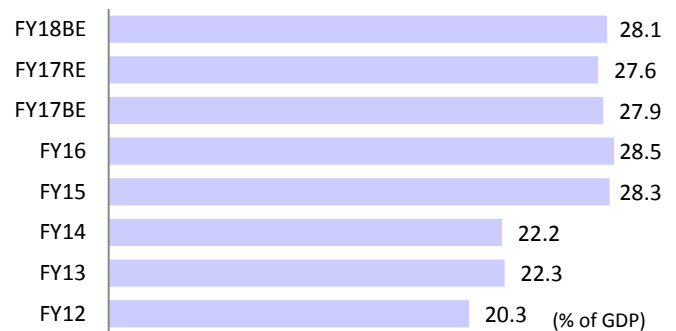
**Exhibit 97: Key details of capital spending by department**



**Exhibit 98: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 99: Debt to GDP ratio**



Source: State budgets

Source: State budgets



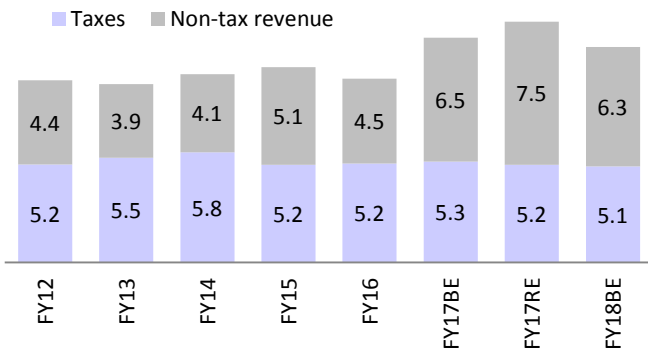
## Bihar

- **Population:** 99.0 mn (8% of India's population)
- **Nominal GSDP in 2017:** INR 5.4tn (4% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 4.2% of GSDP
- **Total liabilities** in 2017 at 19.6% of GSDP

	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>961.4</b>	<b>1,246.1</b>	<b>1,275.6</b>	<b>1,371.8</b>	<b>20.3</b>	<b>32.7</b>	<b>7.5</b>
Revenue receipts	961.2	1,245.9	1,275.4	1,371.6	22.6	32.7	7.5
Total taxes	743.7	880.9	867.8	973.3	28.9	16.7	12.2
States' own taxes	254.5	297.3	279.0	320.0	22.6	9.6	14.7
Share in central taxes	489.2	583.6	588.8	653.3	32.4	20.4	10.9
Non-tax revenue receipts: State	21.9	23.6	23.8	28.7	40.3	9.1	20.6
Grants from the Centre	195.7	341.4	383.8	369.6	40.3	96.1	-3.7
Non-debt capital receipts	0.2	0.2	0.2	0.2	2.2	2.0	-4.6
<b>Total spending</b>	<b>1,082.0</b>	<b>1,406.2</b>	<b>1,500.7</b>	<b>1,552.9</b>	<b>18.4</b>	<b>38.7</b>	<b>3.5</b>
Revenue spending	836.2	1,099.4	1,192.9	1,226.0	15.2	42.7	2.8
Education, sports, art & culture	186.1	217.7	227.9	247.0	14.4	22.5	8.4
Agriculture & allied activities	35.2	81.8	41.9	40.7	2.5	19.2	-3.0
Rural development	49.2	106.3	106.3	121.2	20.9	116.0	14.1
Interest payments	71.0	81.8	84.7	95.9	15.8	19.3	13.3
Pensions	118.5	162.9	162.9	198.8	4.5	37.4	22.1
Capital spending	245.9	306.8	307.7	326.9	30.9	25.2	6.2
Water supply & sanitation	7.7	13.3	11.8	18.1	-12.6	53.1	52.9
Rural development	80,126.4	62,444.4	67,444.4	89.0	0.0	0.0	
Irrigation & flood control	16.8	17.0	16.9	31.0	-13.0	0.6	82.8
Energy	27.9	85.8	75.2	54.8	-33.1	169.0	-27.0
Transport	44.2	56.7	56.7	55.3	5.2	28.3	-2.4
<b>Fiscal deficit</b>	<b>120.6</b>	<b>160.1</b>	<b>225.1</b>	<b>181.1</b>	<b>5.4</b>	<b>86.6</b>	<b>-19.5</b>
% of GDP	2.5	2.9	4.2	2.9			
<b>Revenue deficit</b>	<b>125.1</b>	<b>146.5</b>	<b>82.4</b>	<b>145.6</b>	<b>113.9</b>	<b>-34.1</b>	<b>76.6</b>
% of GDP	2.6	2.6	1.5	2.3			
<b>Primary deficit</b>	<b>49.6</b>	<b>78.4</b>	<b>140.4</b>	<b>85.2</b>	<b>-6.6</b>	<b>182.9</b>	<b>-39.3</b>
% of GDP	1.0	1.4	2.6	1.3			
<b>Outstanding debt</b>	<b>888.3</b>	<b>1,060.1</b>	<b>1,060.1</b>	<b>1,250.7</b>	<b>19.1</b>	<b>19.3</b>	<b>18.0</b>
% of GDP	18.2	19.0	19.6	19.8			
<b>GSDP (at current prices)</b>	<b>4,873.2</b>	<b>5,588.1</b>	<b>5,405.6</b>	<b>6,321.8</b>	<b>21.1</b>	<b>10.9</b>	<b>16.9</b>

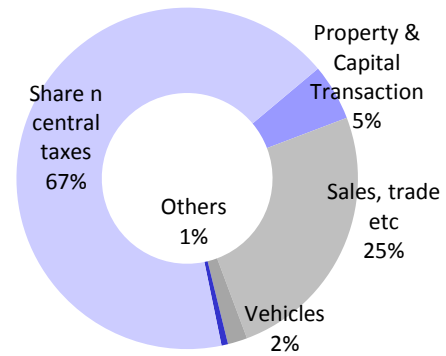
Source: State budgets

**Exhibit 100: Break-up of total revenue receipts (% of GDP)**



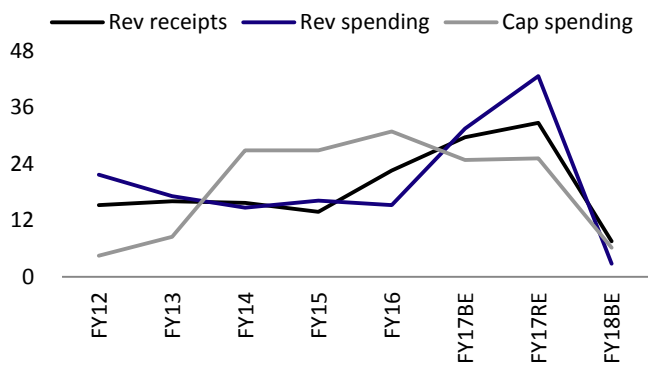
Source: State budgets

**Exhibit 101: Further details of tax receipts (% of total taxes)**



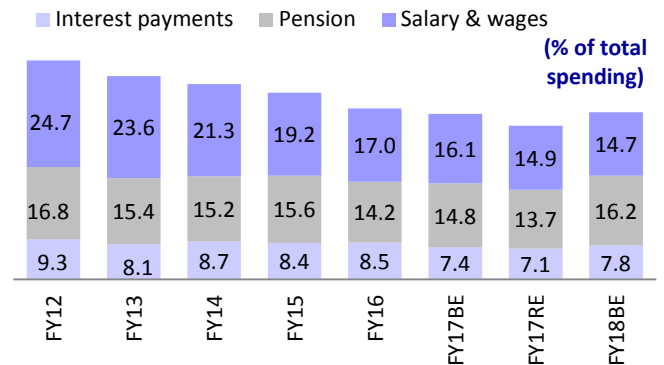
Source: State budgets

**Exhibit 102: Change in key budget items (% YoY)**



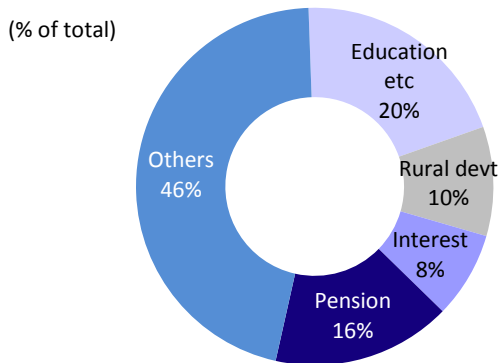
Source: State budgets

**Exhibit 103: Share of SPI in revenue spending**



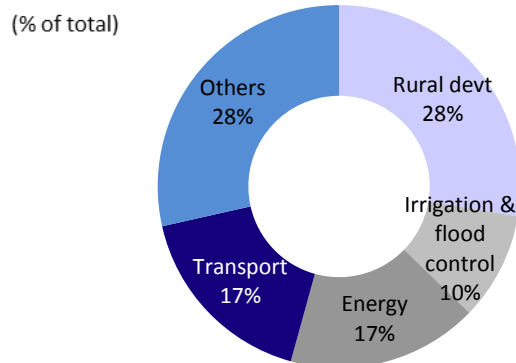
Source: State budgets

**Exhibit 104: Key details of revenue spending by department**



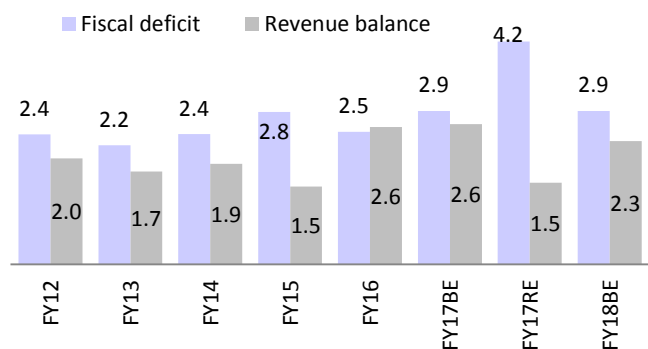
Source: State budgets

**Exhibit 105: Key details of capital spending by department**



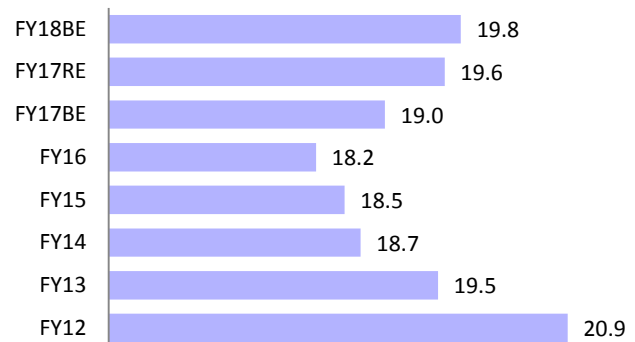
Source: State budgets

**Exhibit 106: Fiscal deficit and revenue balance (% of GDP)**



Source: State budgets

**Exhibit 107: Debt to GDP ratio (% of GDP)**



Source: State budgets

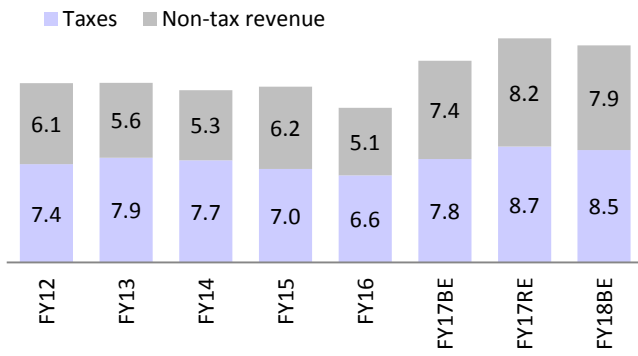
## Chhattisgarh

- **Population:** ~28m (2.3% of India's population)
- **Nominal GDP in 2017:** INR 2.6t (~1.9% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.9% of GSDP
- **Total liabilities** in 2017 at 17.3% of GSDP

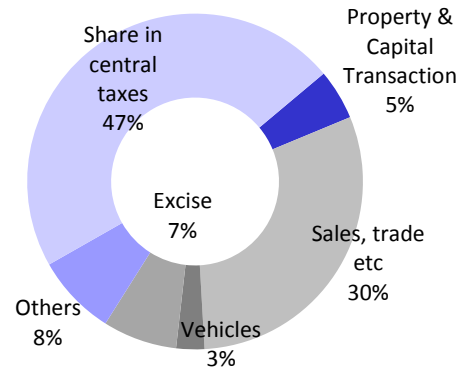
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>463.7</b>	<b>619.5</b>	<b>630.1</b>	<b>663.9</b>	<b>21.6</b>	<b>35.9</b>	<b>5.4</b>
Revenue receipts	460.7	614.3	627.9	660.9	21.4	36.3	5.3
Total taxes	327.9	406.1	415.4	442.9	36.2	26.7	6.6
States' own taxes	170.7	219.6	227.3	234.2	8.7	33.1	3.0
Share in central taxes	157.2	186.5	188.1	208.7	87.9	19.7	10.9
Non-tax revenue receipts: State	52.1	74.2	75.2	77.0	7.0	44.2	2.4
Grants from the Centre	80.6	133.9	137.2	141.0	7.0	70.2	2.8
Non-debt capital receipts	3.0	5.2	2.2	2.9	-10.3	-26.4	31.9
<b>Total spending</b>	<b>518.1</b>	<b>700.6</b>	<b>706.1</b>	<b>760.3</b>	<b>12.1</b>	<b>36.3</b>	<b>7.7</b>
Revenue spending	437.0	563.9	579.7	613.1	10.6	32.6	5.8
Education, sports, art & culture	93.3	133.1	140.9	137.6	0.7	51.1	-2.4
Agriculture & allied activities	83.2	25.9	84.9	89.3	7.7	2.0	5.1
Rural development	29.7	48.5	49.1	35.0	-17.3	65.6	-28.8
Interest payments	21.5	25.9	26.8	30.2	29.2	24.6	12.9
Pensions	35.2	51.8	41.8	52.1	8.3	18.9	24.6
Capital spending	81.1	136.7	126.5	147.2	20.9	56.0	16.4
Water supply & sanitation	1.4	3.7	3.7	4.8	355.7	159.8	29.7
Rural development	7,211.9	8,436.6	8,059.4	6.4	0.0	0.0	
Irrigation & flood control	17.4	23.4	22.1	25.7	-42.3	27.0	16.6
Energy	1.3	5.1	7.3	5.8	19.7	463.5	-20.6
Transport	30.7	57.2	46.1	62.5	18.5	50.0	35.7
<b>Fiscal deficit</b>	<b>54.4</b>	<b>81.1</b>	<b>76.1</b>	<b>96.5</b>	<b>-32.6</b>	<b>39.8</b>	<b>26.8</b>
% of GDP	2.1	2.9	2.9	3.5			
<b>Revenue deficit</b>	<b>23.7</b>	<b>50.4</b>	<b>48.2</b>	<b>47.8</b>	<b>-251.3</b>	<b>103.7</b>	<b>-0.8</b>
% of GDP	0.9	1.8	1.8	1.7			
<b>Primary deficit</b>	<b>32.9</b>	<b>55.2</b>	<b>49.3</b>	<b>66.2</b>	<b>-48.6</b>	<b>49.7</b>	<b>34.3</b>
% of GDP	1.3	2.0	1.9	2.4			
<b>Outstanding debt</b>	<b>377.7</b>	<b>435.2</b>	<b>450.3</b>	<b>510.5</b>	<b>21.1</b>	<b>19.2</b>	<b>13.4</b>
% of GDP	14.5	15.5	17.3	18.5			
<b>GSDP (at current prices)</b>	<b>2,604.7</b>	<b>2,816.6</b>	<b>2,605.7</b>	<b>2,764.0</b>	<b>16.8</b>	<b>0.0</b>	<b>6.1</b>

Source: State budgets

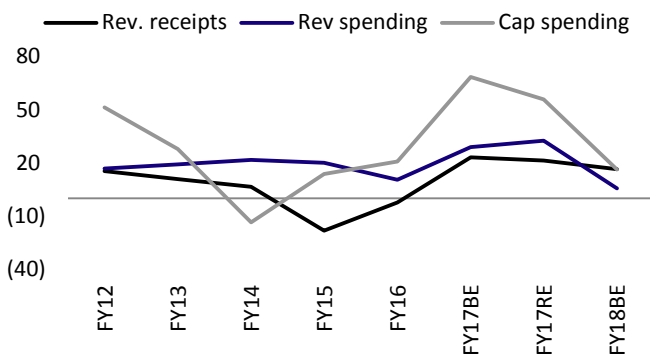
**Exhibit 108: Break-up of total revenue receipts (% of GDP)**



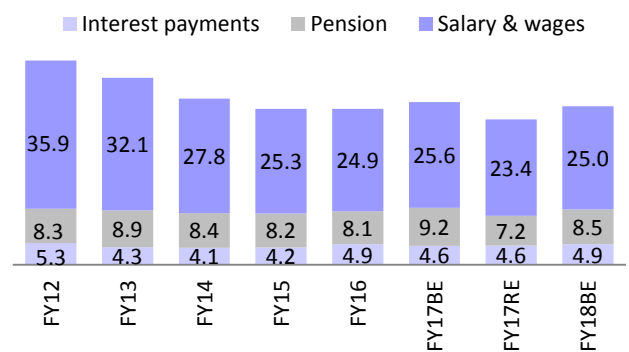
**Exhibit 109: Further details of tax receipts (% of total taxes)**



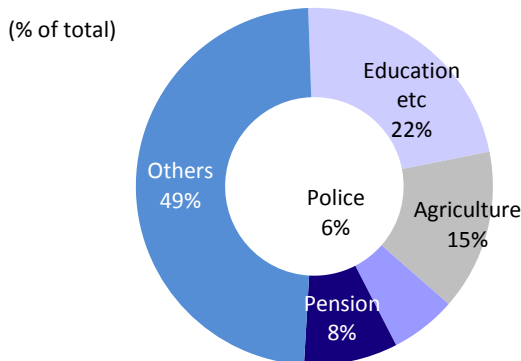
**Exhibit 110: Change in key budget items (% YoY)**



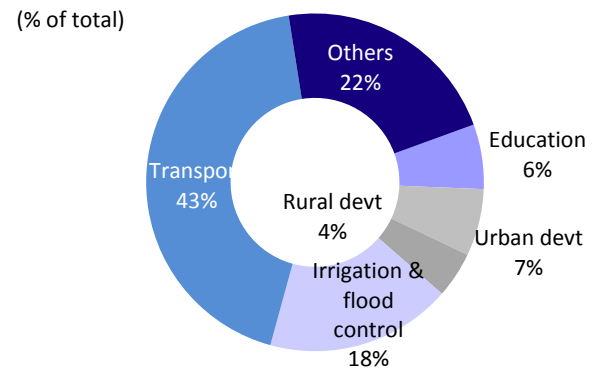
**Exhibit 111: Share of SPI in revenue spending (% of total spending)**



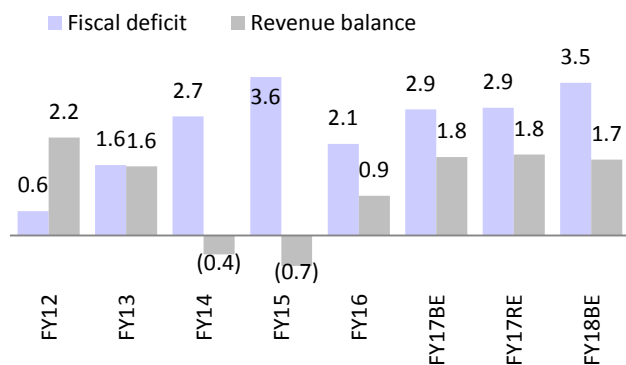
**Exhibit 112: Key details of revenue spending by department**



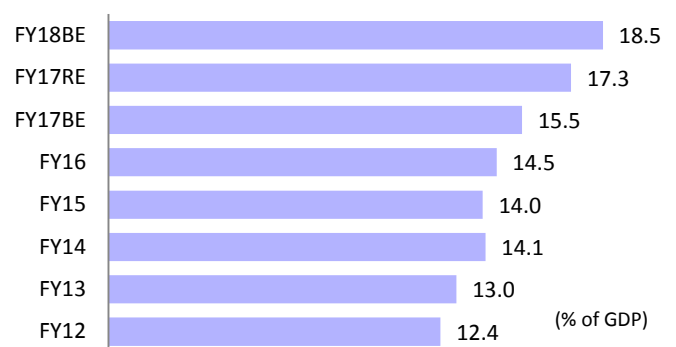
**Exhibit 113: Key details of capital spending by department**



**Exhibit 114: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 115: Debt to GDP ratio**



Source: State budgets

Source: State budgets

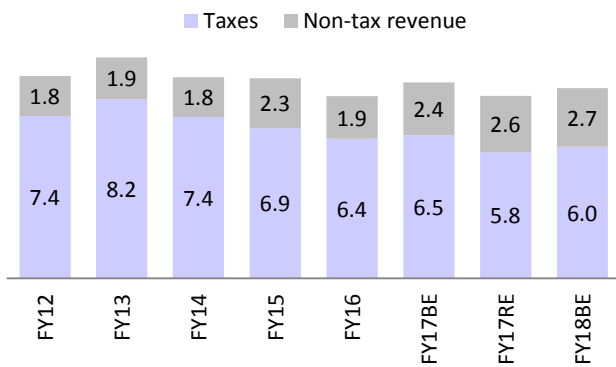
## Gujarat

- **Population:** ~62.7 mn (5.2% of India's population)
- **Nominal GDP in 2017:** INR 11.2tn (~8.2% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 1.8% of GSDP
- **Total liabilities** in 2017 at 17.5% of GSDP.

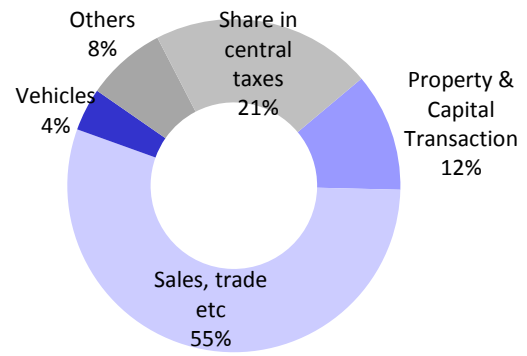
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>976.1</b>	<b>1,166.6</b>	<b>1,130.5</b>	<b>1,318.2</b>	<b>5.1</b>	<b>15.8</b>	<b>16.6</b>
Revenue receipts	974.8	1,163.7	1,125.2	1,315.2	6.0	15.4	16.9
Total taxes	783.4	898.9	835.9	974.5	9.4	6.7	16.6
States' own taxes	626.6	713.7	647.6	765.5	2.2	3.3	18.2
Share in central taxes	156.8	185.2	188.4	209.0	52.3	20.1	10.9
Non-tax revenue receipts: State	101.9	124.3	143.8	184.0	6.8	41.1	28.0
Grants from the Centre	89.5	140.5	145.5	156.7	6.8	62.6	7.7
Non-debt capital receipts	1.3	3.0	5.3	3.0	-17.1	319.3	-43.7
<b>Total spending</b>	<b>1,206.2</b>	<b>1,412.7</b>	<b>1,332.7</b>	<b>1,550.3</b>	<b>8.5</b>	<b>10.5</b>	<b>16.3</b>
Revenue spending	957.8	1,131.3	1,090.1	1,254.6	10.5	13.8	15.1
Education, sports, art & culture	179.8	192.0	187.1	202.7	9.5	4.1	8.3
Agriculture & allied activities	43.1	174.7	53.6	62.6	6.0	24.2	16.8
Rural development	33.7	44.2	36.6	33.5	65.1	8.8	-8.5
Interest payments	163.0	174.7	179.2	193.4	9.1	9.9	7.9
Pensions	99.6	108.0	116.0	134.8	8.5	16.4	16.2
Capital spending	248.4	281.4	242.6	295.8	1.4	-2.3	21.9
Water supply & sanitation	18.2	25.6	25.6	28.7	-16.7	40.6	12.3
Rural development	12,044.9	12,119.5	11,859.5	12.1	0.0	0.0	
Irrigation & flood control	81.4	82.4	80.7	94.0	14.2	-0.9	16.5
Energy	33.0	26.7	29.6	31.0	62.3	-10.1	4.7
Transport	27.4	36.0	29.6	40.7	-10.9	8.0	37.5
<b>Fiscal deficit</b>	<b>230.2</b>	<b>246.1</b>	<b>202.2</b>	<b>232.2</b>	<b>25.6</b>	<b>-12.1</b>	<b>14.8</b>
% of GDP	2.3	2.2	1.8	1.8			
<b>Revenue deficit</b>	<b>17.0</b>	<b>32.4</b>	<b>35.1</b>	<b>60.7</b>	<b>-68.0</b>	<b>106.1</b>	<b>72.7</b>
% of GDP	0.2	0.3	0.3	0.5			
<b>Primary deficit</b>	<b>67.1</b>	<b>71.4</b>	<b>23.1</b>	<b>38.8</b>	<b>99.0</b>	<b>-65.6</b>	<b>68.0</b>
% of GDP	0.7	0.7	0.2	0.3			
<b>Outstanding debt</b>	<b>1,807.4</b>	<b>2,029.8</b>	<b>1,968.1</b>	<b>2,146.9</b>	<b>10.6</b>	<b>8.9</b>	<b>9.1</b>
% of GDP	18.4	18.5	17.5	16.8			
<b>GSDP (at current prices)</b>	<b>9,849.7</b>	<b>10,943.0</b>	<b>11,256.5</b>	<b>12,755.9</b>	<b>10.0</b>	<b>14.3</b>	<b>13.3</b>

Source: State budgets

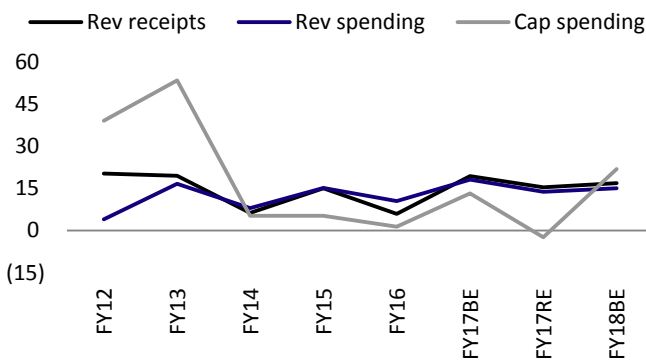
**Exhibit 116: Break-up of total revenue receipts (% of GDP)**



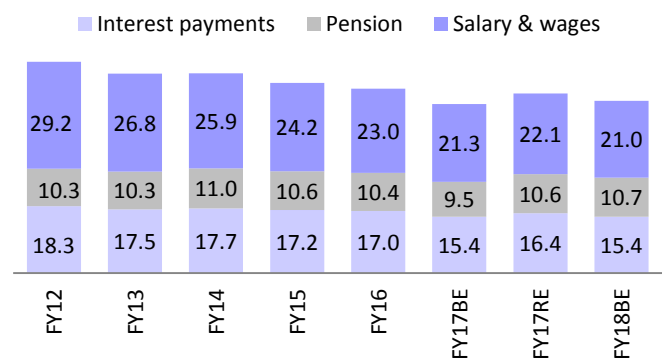
**Exhibit 117: Further details of tax receipts (% of total taxes)**



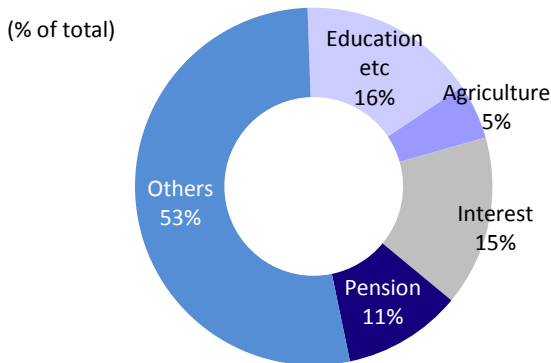
**Exhibit 118: Change in key budget items (% YoY)**



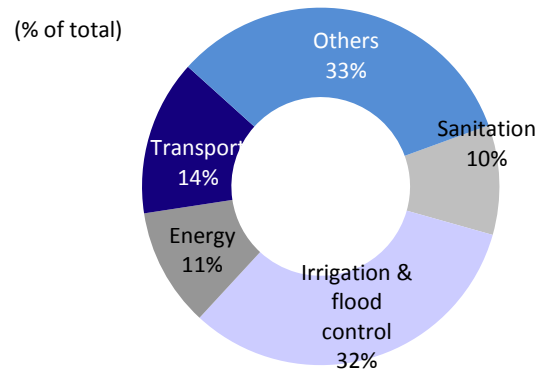
**Exhibit 119: Share of SPI in revenue spending (% of total spending)**



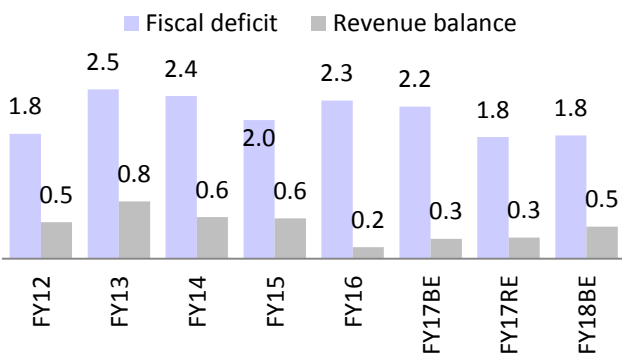
**Exhibit 120: Key details of revenue spending by department**



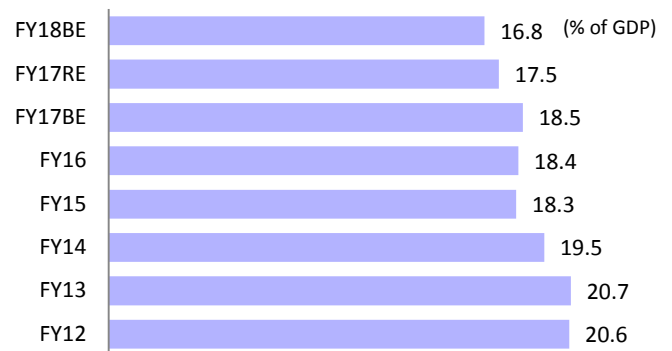
**Exhibit 121: Key details of capital spending by department**



**Exhibit 122: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 123: Debt to GDP ratio**



Source: State budgets

Source: State budgets

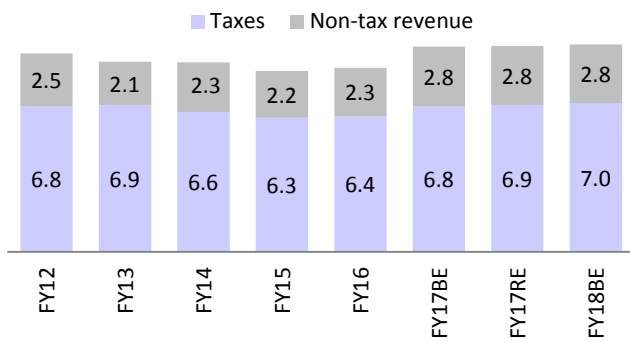
## Haryana

- **Population:** ~27.7m (2.3% of India's population)
- **Nominal GSDP in 2017:** INR 5.5tn (~4% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 4.3% of GSDP
- **Total liabilities** in 2017 at 22.8% of GSDP

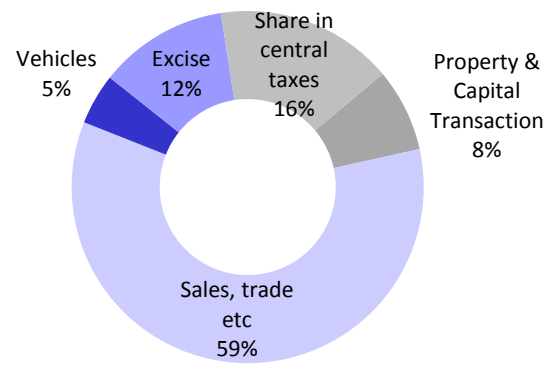
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>479.1</b>	<b>636.7</b>	<b>607.8</b>	<b>748.1</b>	<b>16.6</b>	<b>26.9</b>	<b>23.1</b>
Revenue receipts	475.6	629.6	603.3	688.1	16.6	26.9	14.1
Total taxes	364.3	463.9	450.9	517.1	16.8	23.8	14.7
States' own taxes	309.3	402.0	378.4	433.4	11.9	22.3	14.5
Share in central taxes	54.9	61.9	72.5	83.7	54.8	31.9	15.5
Non-tax revenue receipts: State	47.5	83.1	73.4	100.8	3.0	54.4	37.4
Grants from the Centre	63.8	82.6	79.0	70.2	3.0	23.9	-11.2
Non-debt capital receipts	3.6	7.1	4.6	60.0	27.5	27.5	1,213.9
<b>Total spending</b>	<b>793.9</b>	<b>887.8</b>	<b>841.3</b>	<b>923.8</b>	<b>47.9</b>	<b>6.0</b>	<b>9.8</b>
Revenue spending	592.4	752.4	725.5	799.4	20.6	22.5	10.2
Education, sports, art & culture	99.2	136.4	124.4	143.5	6.7	25.4	15.4
Agriculture & allied activities	23.0	104.9	32.0	37.7	14.1	39.3	18.0
Rural development	18.5	28.5	32.0	37.9	0.4	73.0	18.5
Interest payments	82.8	104.9	96.2	112.6	19.6	16.1	17.1
Pensions	54.1	56.4	60.1	66.0	17.6	11.0	9.8
Capital spending	201.6	135.5	115.8	124.5	342.2	-42.5	7.5
Water supply & sanitation	8.4	12.2	10.8	14.4	-13.0	29.8	33.1
Rural development	0.0	0.0	0.0	12.0	0.0	0.0	
Irrigation & flood control	8.8	7.3	6.1	8.3	125.5	-29.9	35.9
Energy	16.0	19.9	18.9	15.3	2,286.5	18.6	-19.5
Transport	20.1	30.0	17.9	22.0	32.6	-10.9	22.9
<b>Fiscal deficit</b>	<b>314.8</b>	<b>251.2</b>	<b>233.5</b>	<b>175.7</b>	<b>150.1</b>	<b>-25.8</b>	<b>-24.7</b>
% of GDP	6.5	4.3	4.3	2.8			
<b>Revenue deficit</b>	<b>-116.8</b>	<b>-122.8</b>	<b>-122.2</b>	<b>-111.2</b>	<b>40.4</b>	<b>4.6</b>	<b>-9.0</b>
% of GDP	-2.4	-2.1	-2.2	-1.8			
<b>Primary deficit</b>	<b>232.0</b>	<b>146.3</b>	<b>137.3</b>	<b>63.1</b>	<b>310.0</b>	<b>-40.8</b>	<b>-54.0</b>
% of GDP	4.8	2.5	2.5	1.0			
<b>Outstanding debt</b>	<b>1,017.1</b>	<b>1,408.3</b>	<b>1,249.4</b>	<b>1,418.5</b>	<b>23.6</b>	<b>22.8</b>	<b>13.5</b>
% of GDP	21.0	24.0	22.8	22.9			
<b>GSDP (at current prices)</b>	<b>4,851.8</b>	<b>5,877.2</b>	<b>5,474.0</b>	<b>6,185.6</b>	<b>10.9</b>	<b>12.8</b>	<b>13.0</b>

Source: State budgets

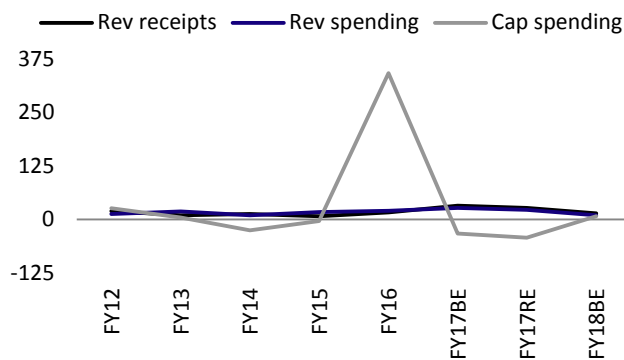
**Exhibit 124: Break-up of total revenue receipts (% of GDP)**



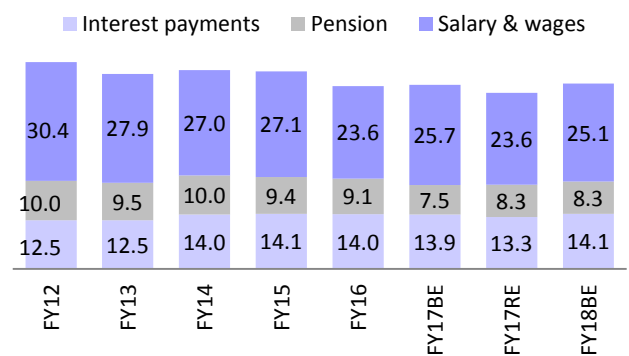
**Exhibit 125: Further details of tax receipts (% of total taxes)**



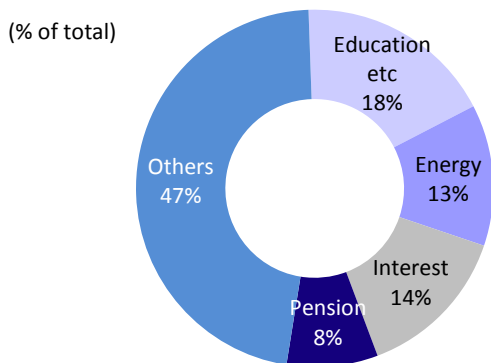
**Exhibit 126: Change in key budget items (% YoY)**



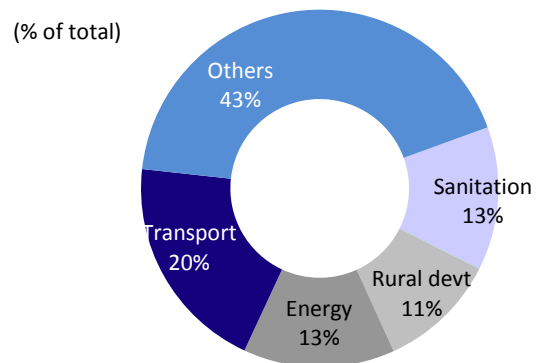
**Exhibit 127: Share of SPI in revenue spending (% of total spending)**



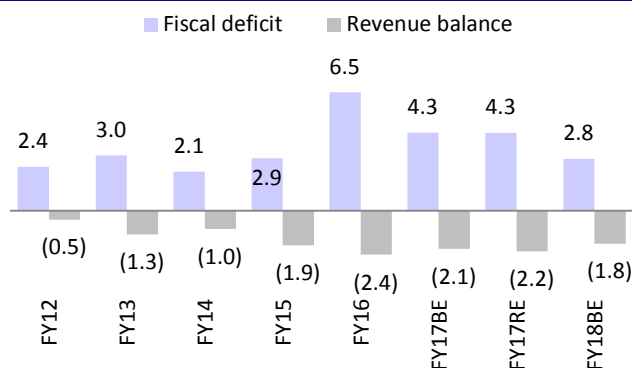
**Exhibit 128: Key details of revenue spending by department**



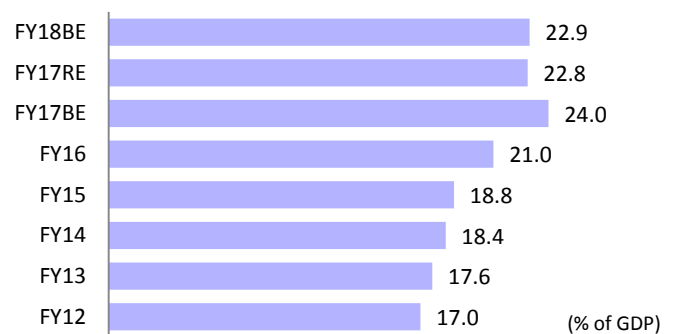
**Exhibit 129: Key details of capital spending by department**



**Exhibit 130: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 131: Debt to GDP ratio**



Source: State budgets

Source: State budgets



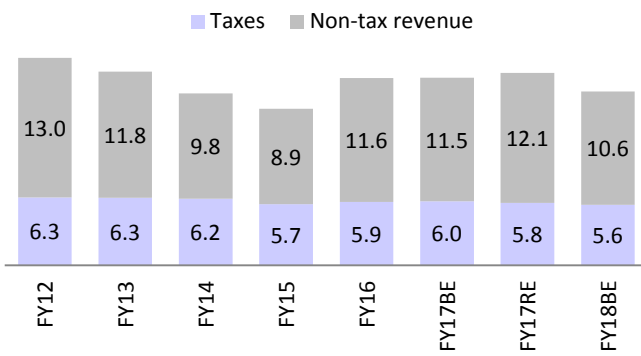
## Himachal Pradesh

- **Population:** ~6.8 mn (~0.6% of India's population)
- **Nominal GSDP in 2017:** INR 1.2t (~1% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 4.3% of GSDP
- **Total liabilities** in 2017 at 33.6% of GSDP

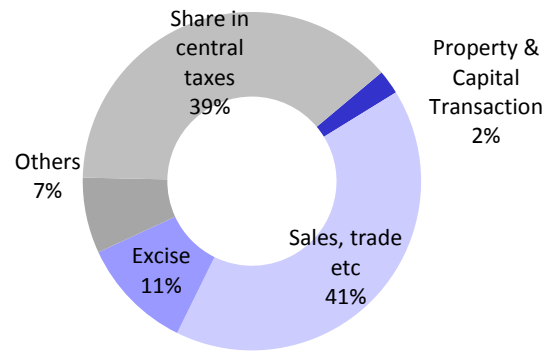
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>234.7</b>	<b>262.9</b>	<b>267.0</b>	<b>277.3</b>	<b>26.6</b>	<b>13.8</b>	<b>3.9</b>
Revenue receipts	234.4	262.7	266.8	277.1	31.4	13.8	3.9
Total taxes	103.1	118.0	115.5	127.6	20.1	12.1	10.5
States' own taxes	67.0	74.7	72.2	79.5	12.8	7.7	10.1
Share in central taxes	36.1	43.3	43.3	48.2	36.5	20.1	11.2
Non-tax revenue receipts: State	18.4	16.7	15.1	16.0	-11.7	-17.8	6.0
Grants from the Centre	113.0	128.0	136.2	133.5	-11.7	20.5	-2.0
Non-debt capital receipts	0.3	0.2	0.3	0.2	57.4	-2.3	-26.5
<b>Total spending</b>	<b>256.3</b>	<b>303.6</b>	<b>320.6</b>	<b>326.8</b>	<b>12.7</b>	<b>25.1</b>	<b>1.9</b>
Revenue spending	223.0	267.5	276.1	287.6	12.7	23.8	4.1
Education, sports, art & culture	41.3	59.9	58.3	62.0	-0.3	41.1	6.3
Agriculture & allied activities	15.5	19.8	18.4	20.4	1.8	18.6	10.5
Rural development	10.0	14.6	12.7	15.3	12.2	26.8	19.8
Interest payments	20.2	19.8	21.6	22.0	-29.1	7.1	1.7
Pensions	38.4	42.0	41.3	49.5	31.6	7.7	19.7
Capital spending	33.3	36.2	44.5	39.2	12.9	33.7	-11.8
Water supply & sanitation	3.2	4.1	4.3	3.5	10.0	36.4	-19.3
Rural development	46.0	14.9	34.9	0.0	0.0	0.0	
Irrigation & flood control	1.4	4.4	4.5	4.2	-52.8	216.1	-7.4
Energy	2.7	2.7	2.7	2.5	-14.0	1.9	-7.4
Transport	12.7	13.1	14.8	15.1	42.7	16.0	2.0
<b>Fiscal deficit</b>	<b>21.6</b>	<b>40.8</b>	<b>53.6</b>	<b>49.5</b>	<b>-48.5</b>	<b>147.6</b>	<b>-7.7</b>
% of GDP	1.9	3.0	4.3	3.5			
<b>Revenue deficit</b>	<b>11.4</b>	<b>-4.8</b>	<b>-9.3</b>	<b>-10.4</b>	<b>-158.5</b>	<b>-182.0</b>	<b>11.6</b>
% of GDP	1.0	-0.4	-0.7	-0.7			
<b>Primary deficit</b>	<b>1.4</b>	<b>21.0</b>	<b>31.9</b>	<b>27.4</b>	<b>-89.4</b>	<b>2,127.0</b>	<b>-14.1</b>
% of GDP	0.1	1.7	2.6	1.9			
<b>Outstanding debt</b>	<b>381.1</b>	<b>419.6</b>	<b>418.5</b>	<b>460.9</b>	<b>8.4</b>	<b>9.8</b>	<b>10.1</b>
% of GDP	33.5	33.4	33.6	32.6			
<b>GSDP (at current prices)</b>	<b>1,136.7</b>	<b>1,254.8</b>	<b>1,245.7</b>	<b>1,413.1</b>	<b>9.1</b>	<b>9.6</b>	<b>13.4</b>

Source: State budgets

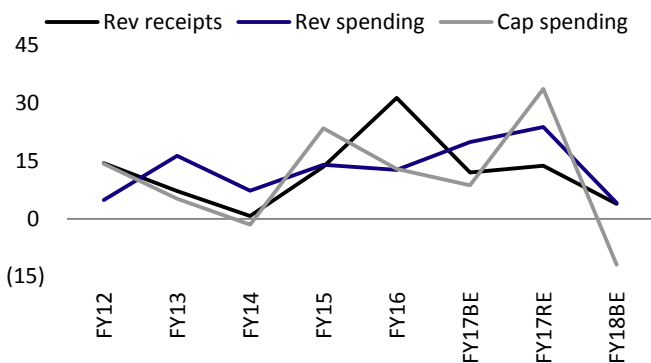
**Exhibit 132: Break-up of total revenue receipts (% of GDP)**



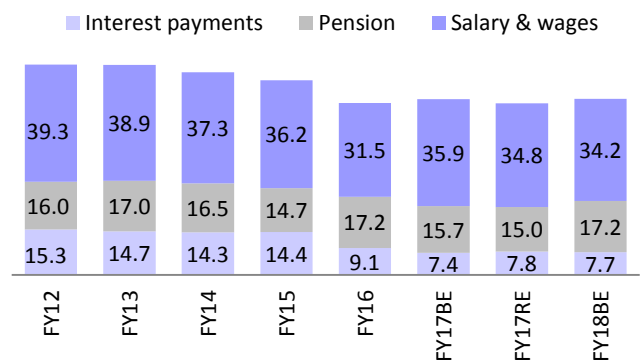
**Exhibit 133: Further details of tax receipts (% of total taxes)**



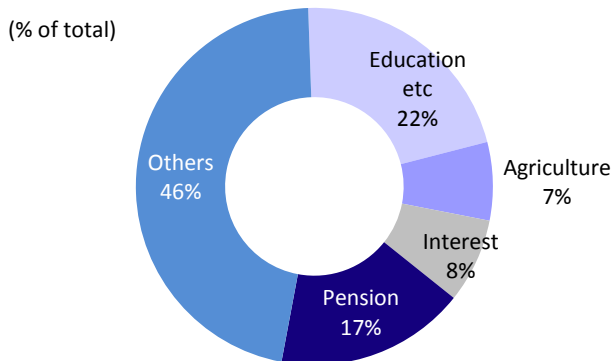
**Exhibit 134: Change in key budget items (% YoY)**



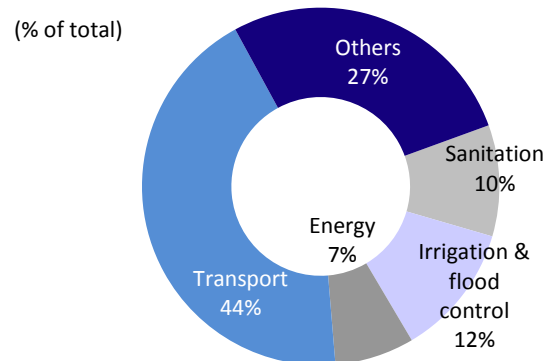
**Exhibit 135: Share of SPI in revenue spending (% of total spending)**



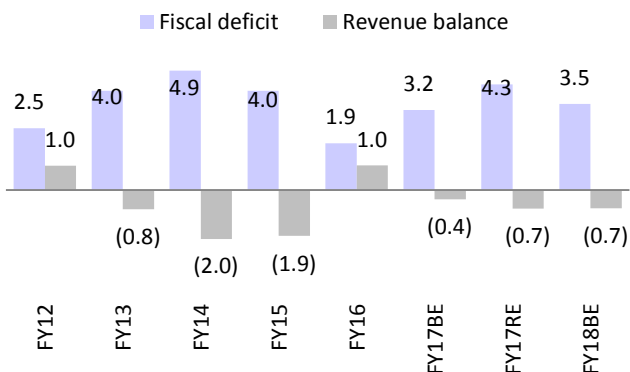
**Exhibit 136: Key details of revenue spending by department**



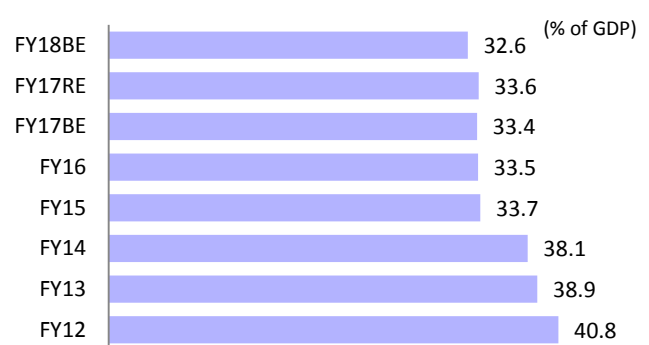
**Exhibit 137: Key details of capital spending by department**



**Exhibit 138: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 139: Debt to GDP ratio**



Source: State budgets

Source: State budgets

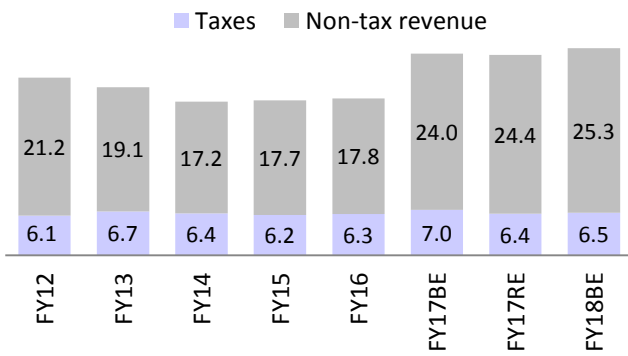
## Jammu & Kashmir

- **Population:** ~12.6m (~1% of India's population)
- **Nominal GSDP in 2017:** INR 1.3t (~1% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 5.8% of GSDP
- **Total liabilities** in 2017 at 49.3% of GSDP

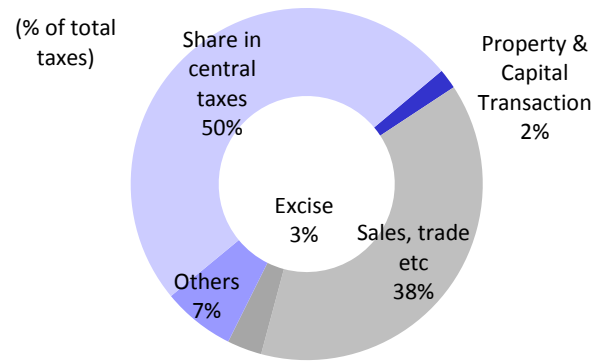
	INR bn				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>372.1</b>	<b>504.6</b>	<b>501.8</b>	<b>633.7</b>	<b>21.5</b>	<b>34.9</b>	<b>26.3</b>
Revenue receipts	357.8	504.6	501.7	580.7	23.6	40.2	15.7
Total taxes	151.4	187.2	179.4	196.4	40.0	18.5	9.5
States' own taxes	73.3	92.2	84.4	99.3	15.7	15.2	17.6
Share in central taxes	78.1	95.0	95.0	97.1	74.5	21.6	2.2
Non-tax revenue receipts: State	39.1	40.2	52.2	53.1	97.8	33.5	1.6
Grants from the Centre	167.3	277.2	270.1	331.2	97.8	61.5	22.6
Non-debt capital receipts	14.3	0.0	0.0	53.0	3.6	-99.7	117,516.9
<b>Total spending</b>	<b>439.3</b>	<b>627.6</b>	<b>595.6</b>	<b>763.3</b>	<b>27.1</b>	<b>35.6</b>	<b>28.1</b>
Revenue spending	364.2	449.7	425.7	488.2	24.2	16.9	14.7
Education, sports, art & culture	63.2	72.6	72.3	75.5	116.0	14.4	4.5
Agriculture & allied activities	19.0	47.2	21.3	23.5	38.7	12.1	10.4
Rural development	3.8	4.6	4.0	4.7	24.8	6.8	17.3
Interest payments	37.2	47.2	47.7	51.6	5.3	28.2	8.1
Pensions	37.8	46.0	46.0	50.0	2.6	21.7	8.7
Capital spending	75.1	177.8	169.9	275.1	43.6	126.4	61.9
Water supply & sanitation	0.0	6.4	4.3	4.4	0.0		1.5
Rural development	0.0	19,153.8	18,423.8	23.9	0.0	0.0	
Irrigation & flood control	0.0	8.8	5.5	13.8	50.7		150.7
Energy	0.0	28.8	13.8	62.5	0.0		351.6
Transport	0.0	10.5	10.4	12.5	0.0	0.0	20.4
<b>Fiscal deficit</b>	<b>67.2</b>	<b>122.9</b>	<b>93.8</b>	<b>129.5</b>	<b>70.3</b>	<b>39.7</b>	<b>38.0</b>
% of GDP	5.8	9.3	7.1	8.5			
<b>Revenue deficit</b>	<b>-6.4</b>	<b>54.8</b>	<b>76.1</b>	<b>92.5</b>	<b>63.7</b>	<b>-1,288.5</b>	<b>21.6</b>
% of GDP	-0.6	4.1	5.8	6.1			
<b>Primary deficit</b>	<b>30.0</b>	<b>75.7</b>	<b>46.1</b>	<b>78.0</b>	<b>632.5</b>	<b>54.0</b>	<b>69.0</b>
% of GDP	2.6	5.7	3.5	5.1			
<b>Outstanding debt</b>	<b>531.7</b>	<b>651.1</b>	<b>651.8</b>	<b>718.6</b>	<b>10.1</b>	<b>22.6</b>	<b>10.2</b>
% of GDP	45.8	49.3	49.3	47.3			
<b>GSDP (at current prices)</b>	<b>1,161.0</b>	<b>1,322.1</b>	<b>1,322.1</b>	<b>1,519.2</b>	<b>13.1</b>	<b>13.9</b>	<b>14.9</b>

Source: State budgets

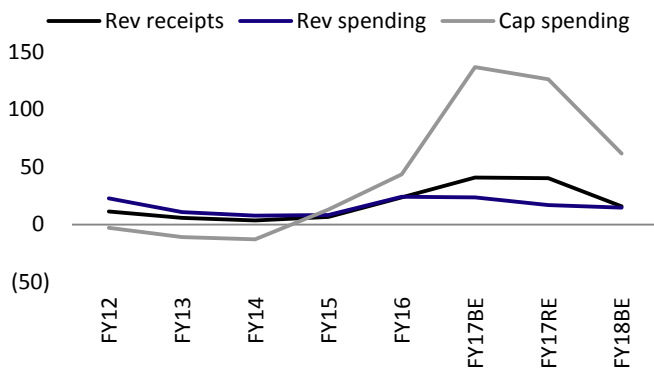
**Exhibit 140: Break-up of total revenue receipts (% of GDP)**



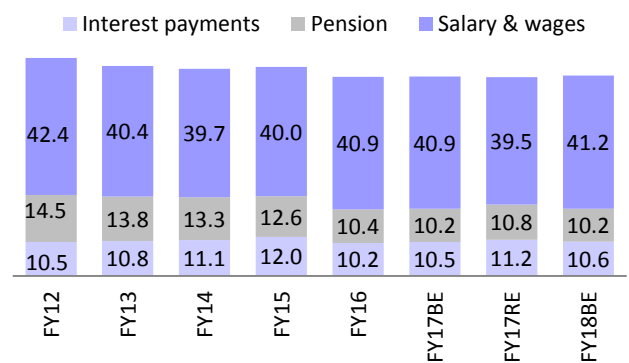
**Exhibit 141: Further details of tax receipts**



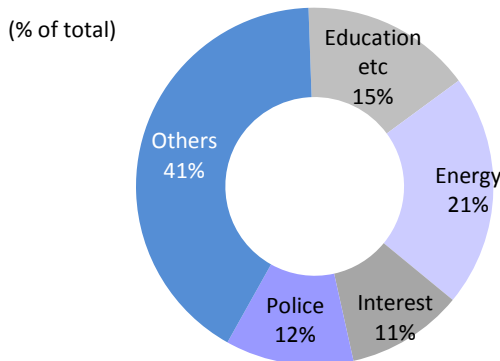
**Exhibit 142: Change in key budget items (% YoY)**



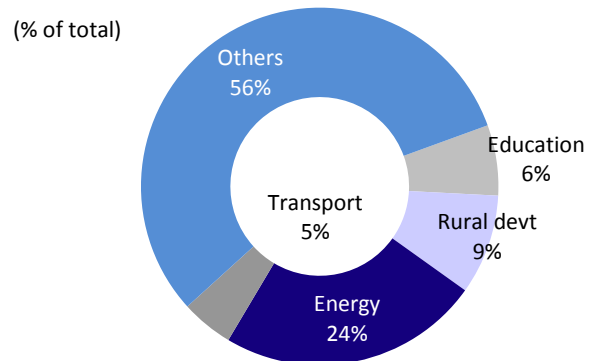
**Exhibit 143: Share of SPI in revenue spending (% of total spending)**



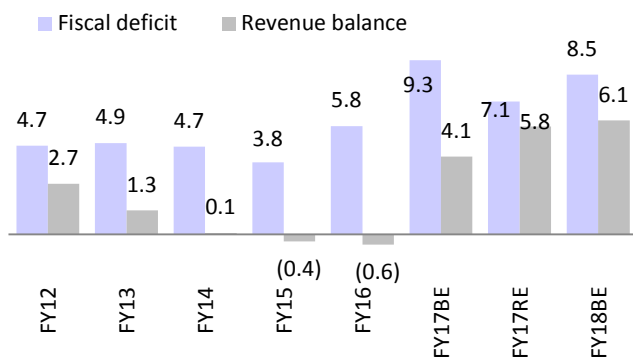
**Exhibit 144: Key details of revenue spending by department**



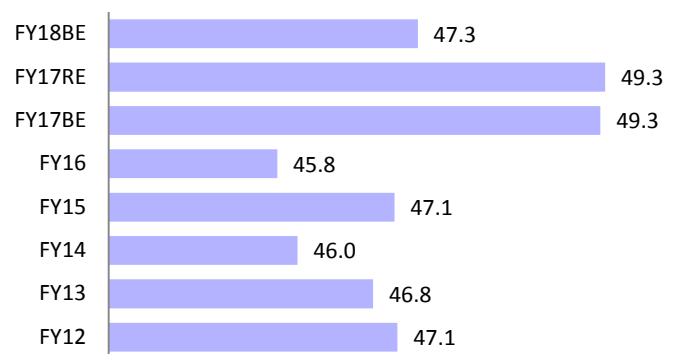
**Exhibit 145: Key details of capital spending by department**



**Exhibit 146: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 147: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets

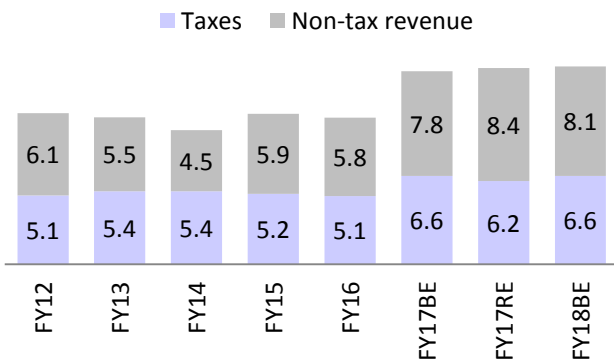
## Jharkhand

- **Population:** ~32 mn (2.6% of India's population)
- **Nominal GSDP in 2017:** INR 2.7t (~2% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.5% of GSDP
- **Total liabilities** in 2017 at 25.2% of GSDP

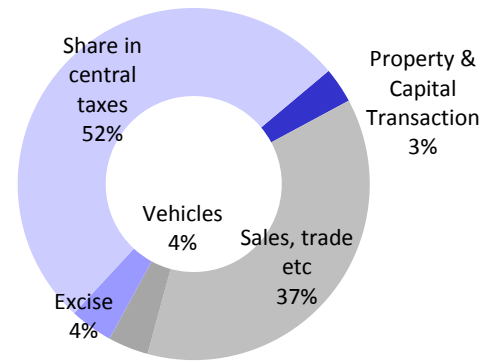
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>406.7</b>	<b>558.0</b>	<b>577.0</b>	<b>656.7</b>	<b>28.7</b>	<b>41.9</b>	<b>13.8</b>
Revenue receipts	406.4	557.6	576.5	656.1	28.7	41.9	13.8
Total taxes	274.5	355.3	349.9	409.3	38.4	27.5	17.0
States' own taxes	114.8	170.5	167.5	199.0	10.9	45.9	18.8
Share in central taxes	159.7	184.8	182.4	210.3	68.3	14.2	15.3
Non-tax revenue receipts: State	58.5	84.3	98.0	112.6	35.0	67.5	14.9
Grants from the Centre	73.4	118.0	128.6	134.1	35.0	75.3	4.3
Non-debt capital receipts	0.3	0.5	0.5	0.7	-0.7	49.0	42.6
<b>Total spending</b>	<b>521.9</b>	<b>614.4</b>	<b>645.3</b>	<b>726.2</b>	<b>36.8</b>	<b>23.6</b>	<b>12.5</b>
Revenue spending	365.5	487.6	517.8	578.6	15.0	41.7	11.7
Education, sports, art & culture	65.4	94.9	90.8	103.6	13.9	38.8	14.1
Agriculture & allied activities	14.7	41.8	26.6	30.6	35.3	80.4	14.9
Rural development	41.7	70.0	84.2	84.8	19.2	101.8	0.8
Interest payments	33.2	41.8	41.9	44.7	13.3	26.3	6.5
Pensions	39.9	47.9	47.9	57.9	15.2	20.0	20.9
Capital spending	156.4	126.7	127.5	147.6	145.6	-18.5	15.8
Water supply & sanitation	1.9	2.8	2.6	3.9	38.7	36.0	47.1
Rural development	17,515.4	17,524.9	20,958.2	20.7	0.0	0.0	
Irrigation & flood control	11.6	18.3	15.9	20.6	53.1	37.8	29.5
Energy	0.0	0.0	0.0	0.0			
Transport	34.8	41.1	41.4	51.3	41.3	19.1	23.9
<b>Fiscal deficit</b>	<b>115.2</b>	<b>56.3</b>	<b>68.3</b>	<b>69.5</b>	<b>75.5</b>	<b>-40.7</b>	<b>1.7</b>
% of GDP	5.1	2.2	2.5	2.3			
<b>Revenue deficit</b>	<b>40.9</b>	<b>69.9</b>	<b>58.7</b>	<b>77.5</b>	<b>-1,873.7</b>	<b>43.6</b>	<b>32.0</b>
% of GDP	1.8	2.7	2.2	2.6			
<b>Primary deficit</b>	<b>82.0</b>	<b>14.5</b>	<b>26.4</b>	<b>24.8</b>	<b>125.6</b>	<b>-67.8</b>	<b>-6.0</b>
% of GDP	3.6	0.6	1.0	0.8			
<b>Outstanding debt</b>	<b>565.3</b>	<b>627.9</b>	<b>680.6</b>	<b>782.0</b>	<b>29.7</b>	<b>20.4</b>	<b>14.9</b>
% of GDP	25.0	24.1	25.2	25.8			
<b>GSDP (at current prices)</b>	<b>2,264.0</b>	<b>2,601.9</b>	<b>2,705.2</b>	<b>3,034.5</b>	<b>14.6</b>	<b>19.5</b>	<b>12.2</b>

Source: State budgets

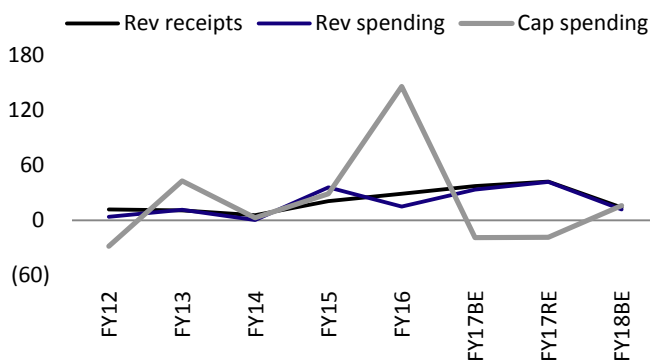
**Exhibit 148: Break-up of total revenue receipts (% of GDP)**



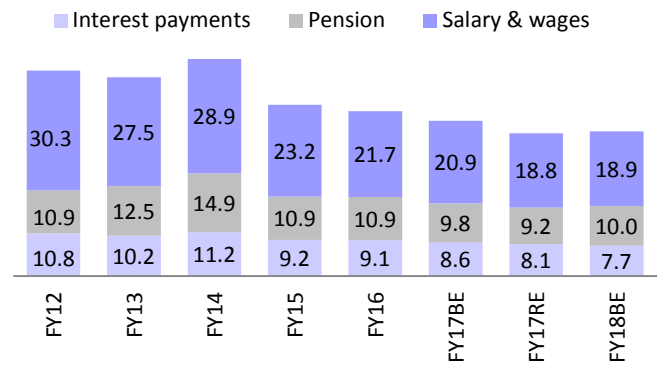
**Exhibit 149: Further details of tax receipts (% of total taxes)**



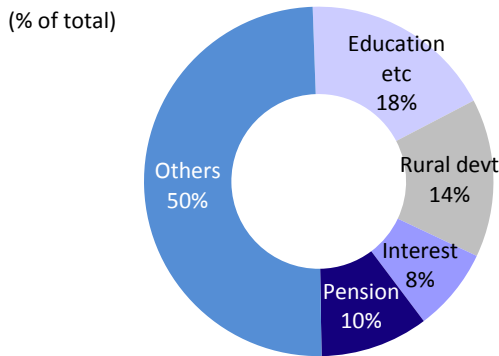
**Exhibit 150: Change in key budget items (% YoY)**



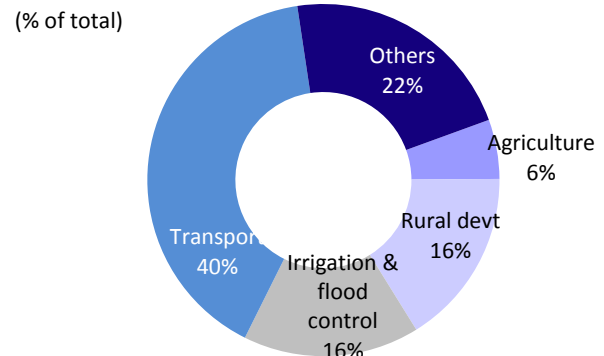
**Exhibit 151: Share of SPI in revenue spending (% of total spending)**



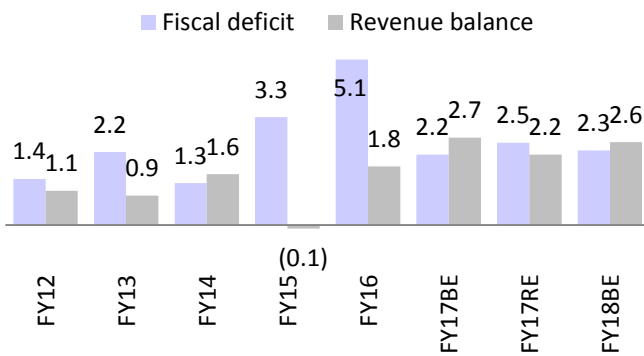
**Exhibit 152: Key details of revenue spending by department**



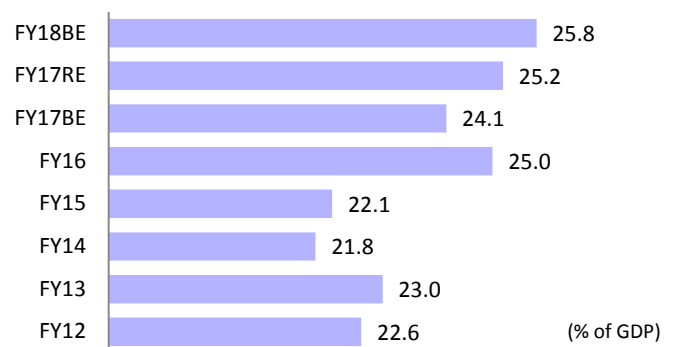
**Exhibit 153: Key details of capital spending by department**



**Exhibit 154: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 155: Debt to GDP ratio**



Source: State budgets

Source: State budgets

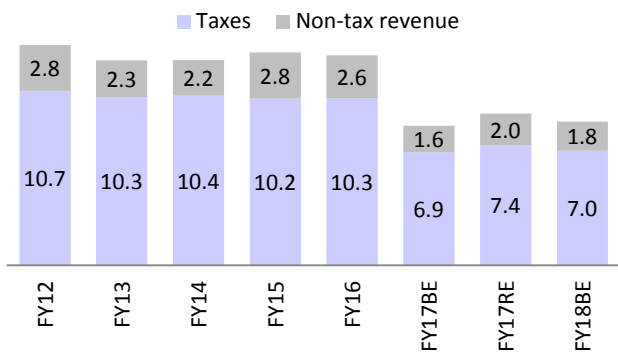
## Karnataka

- **Population:** ~64.1m (5.3% of India's population)
- **Nominal GSDP in 2017:** INR 11.2t (~8.1% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.2% of GSDP
- **Total liabilities** in 2017 at 18.0% of GSDP.

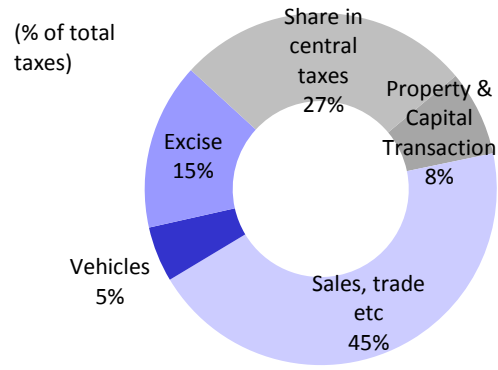
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>1,192.3</b>	<b>1,309.2</b>	<b>1,330.7</b>	<b>1,450.3</b>	<b>14.4</b>	<b>11.6</b>	<b>9.0</b>
Revenue receipts	1,188.2	1,307.6	1,328.7	1,448.9	14.1	11.8	9.0
Total taxes	995.3	1,108.4	1,109.7	1,218.6	17.3	11.5	9.8
States' own taxes	755.5	838.6	822.1	899.6	7.7	8.8	9.4
Share in central taxes	239.8	269.8	287.6	319.1	63.7	19.9	10.9
Non-tax revenue receipts: State	53.6	62.2	71.0	69.4	14.2	32.6	-2.2
Grants from the Centre	139.3	136.9	148.0	160.8	14.2	6.2	8.7
Non-debt capital receipts	4.1	1.6	2.0	1.4	-4.7	-51.2	-32.8
<b>Total spending</b>	<b>1,384.0</b>	<b>1,565.8</b>	<b>1,572.2</b>	<b>1,783.9</b>	<b>11.8</b>	<b>13.6</b>	<b>13.5</b>
Revenue spending	1,170.3	1,302.4	1,318.0	1,447.6	12.9	12.6	9.8
Education, sports, art & culture	187.2	198.7	205.8	194.3	3.7	9.9	-5.6
Agriculture & allied activities	111.5	126.7	121.6	142.0	5.5	9.1	16.8
Rural development	52.2	62.7	63.1	64.2	4.7	20.9	1.7
Interest payments	107.5	126.7	122.9	141.6	14.3	14.4	15.2
Pensions	112.5	121.2	121.2	131.8	11.2	7.8	8.7
Capital spending	213.7	263.4	254.2	336.3	5.8	18.9	32.3
Water supply & sanitation	4.2	4.9	4.5	6.3	-65.2	4.7	42.5
Rural development	66.3	618.7	618.7	1.5	0.0	0.0	
Irrigation & flood control	69.6	97.4	89.8	124.3	-8.8	29.2	38.4
Energy	0.5	0.6	0.6	8.3	-80.4	24.3	1,247.3
Transport	54.0	56.6	59.4	64.5	4.9	10.0	8.5
<b>Fiscal deficit</b>	<b>191.7</b>	<b>256.6</b>	<b>241.5</b>	<b>333.6</b>	<b>-2.1</b>	<b>26.0</b>	<b>38.1</b>
% of GDP	2.6	2.1	2.2	2.6			
<b>Revenue deficit</b>	<b>17.9</b>	<b>5.2</b>	<b>10.6</b>	<b>1.4</b>	<b>238.9</b>	<b>-40.6</b>	<b>-87.2</b>
% of GDP	0.2	0.0	0.1	0.0			
<b>Primary deficit</b>	<b>84.2</b>	<b>129.9</b>	<b>118.6</b>	<b>192.0</b>	<b>-17.2</b>	<b>40.8</b>	<b>61.9</b>
% of GDP	1.1	1.1	1.1	1.5			
<b>Outstanding debt</b>	<b>1,756.2</b>	<b>1,983.5</b>	<b>2,010.8</b>	<b>2,292.1</b>	<b>10.8</b>	<b>14.5</b>	<b>14.0</b>
% of GDP	23.9	16.4	18.0	17.9			
<b>GSDP (at current prices)</b>	<b>7,359.8</b>	<b>12,110.8</b>	<b>11,173.3</b>	<b>12,804.7</b>	<b>7.4</b>	<b>51.8</b>	<b>14.6</b>

Source: State budgets

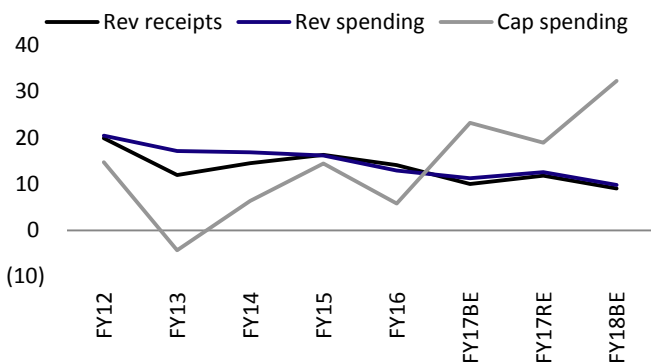
**Exhibit 156: Break-up of total revenue receipts (% of GDP)**



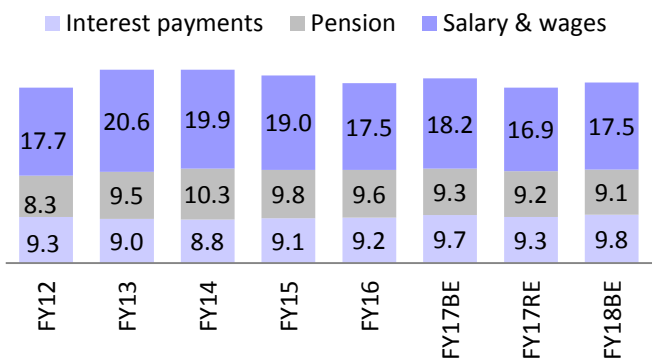
**Exhibit 157: Further details of tax receipts**



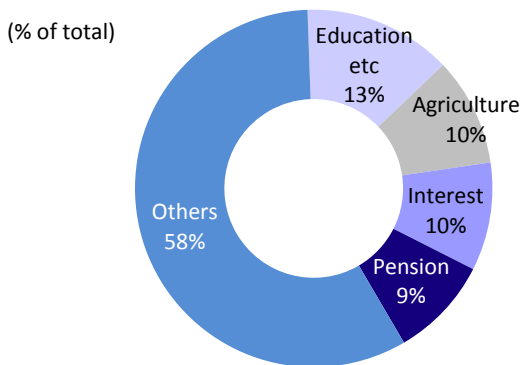
**Exhibit 158: Change in key budget items (% YoY)**



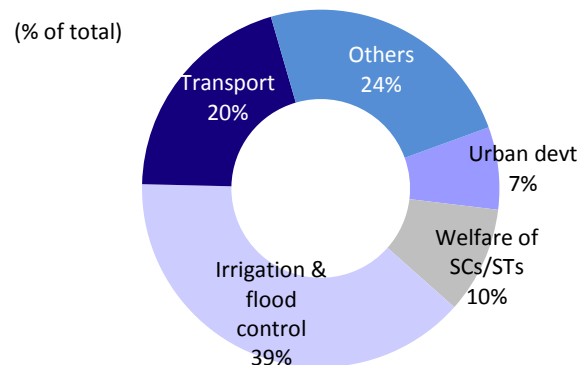
**Exhibit 159: Share of SPI in revenue spending (% of total spending)**



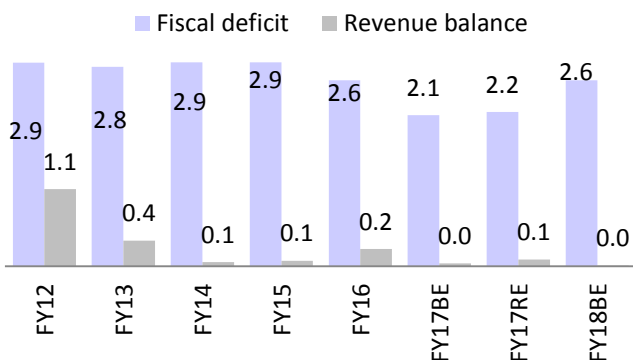
**Exhibit 160: Key details of revenue spending by department**



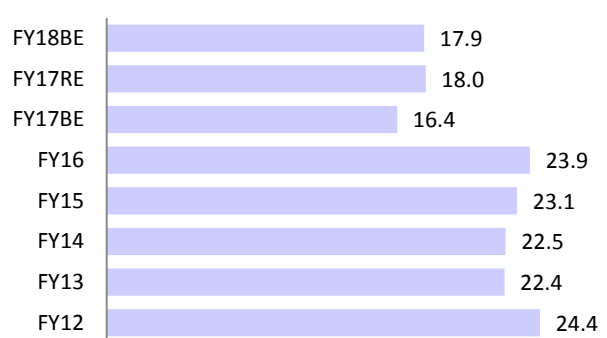
**Exhibit 161: Key details of capital spending by department**



**Exhibit 162: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 163: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets



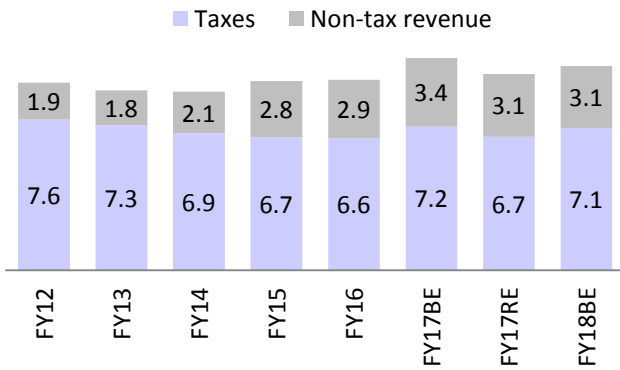
## Kerala

- **Population:** ~35 mn (2.9% of India's population)
- **Nominal GDP in 2017:** INR 6.6tn (~4.8% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 3.5% of GSDP
- **Total liabilities** in 2017 at 27.3% of GSDP

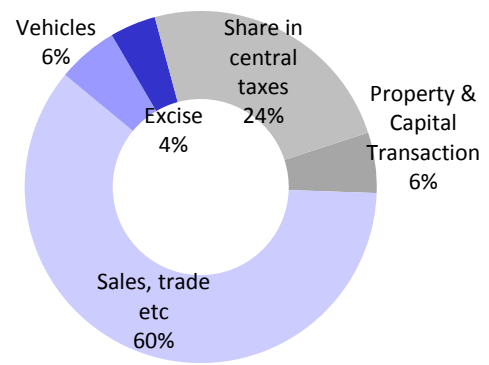
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>692.1</b>	<b>848.6</b>	<b>808.4</b>	<b>938.5</b>	<b>19.1</b>	<b>16.8</b>	<b>16.1</b>
Revenue receipts	690.3	846.2	806.2	935.8	19.1	16.8	16.1
Total taxes	516.9	619.0	597.7	703.0	19.8	15.6	17.6
States' own taxes	390.0	476.1	445.5	534.1	10.7	14.2	19.9
Share in central taxes	126.9	142.8	152.3	168.9	60.1	20.0	10.9
Non-tax revenue receipts: State	84.3	113.6	100.6	120.4	15.7	19.4	19.7
Grants from the Centre	89.2	113.6	107.9	112.4	15.7	20.9	4.2
Non-debt capital receipts	1.8	2.4	2.2	2.6	18.8	19.7	20.6
<b>Total spending</b>	<b>870.3</b>	<b>1,080.0</b>	<b>1,043.0</b>	<b>1,196.0</b>	<b>13.4</b>	<b>19.8</b>	<b>14.7</b>
Revenue spending	786.9	976.8	945.6	1,096.3	9.7	20.2	15.9
Education, sports, art & culture	141.2	168.0	163.1	197.0	10.4	15.5	20.7
Agriculture & allied activities	48.0	126.3	58.3	63.3	11.0	21.5	8.5
Rural development	25.2	35.8	27.5	44.7	9.4	8.9	62.5
Interest payments	111.1	126.3	123.9	136.3	13.7	11.5	10.1
Pensions	130.6	155.0	154.0	181.7	16.1	17.9	18.0
Capital spending	83.4	103.1	97.4	99.7	66.9	16.8	2.4
Water supply & sanitation	0.8	5.6	3.3	5.1	6.8	315.6	53.0
Rural development	4,375.8	5,365.0	3,845.0	5.5	0.0	0.0	
Irrigation & flood control	5.3	5.7	8.5	7.6	-14.5	62.2	-10.5
Energy	0.1	0.1	0.2	0.0	917.3	76.4	-87.1
Transport	33.3	26.2	29.2	25.8	74.7	-12.4	-11.4
<b>Fiscal deficit</b>	<b>178.2</b>	<b>231.4</b>	<b>234.6</b>	<b>257.6</b>	<b>-4.4</b>	<b>31.7</b>	<b>9.8</b>
% of GDP	3.0	3.5	3.5	3.4			
<b>Revenue deficit</b>	<b>-96.6</b>	<b>-130.7</b>	<b>-139.4</b>	<b>-160.4</b>	<b>-30.0</b>	<b>44.3</b>	<b>15.1</b>
% of GDP	-1.6	-2.0	-2.1	-2.1			
<b>Primary deficit</b>	<b>67.1</b>	<b>105.1</b>	<b>110.7</b>	<b>121.2</b>	<b>-24.4</b>	<b>65.1</b>	<b>9.5</b>
% of GDP	1.1	1.6	1.7	1.6			
<b>Outstanding debt</b>	<b>1,573.7</b>	<b>1,749.9</b>	<b>1,809.2</b>	<b>2,070.3</b>	<b>16.2</b>	<b>15.0</b>	<b>14.4</b>
% of GDP	26.7	26.5	27.3	27.7			
<b>GSDP (at current prices)</b>	<b>5,883.4</b>	<b>6,593.1</b>	<b>6,633.6</b>	<b>7,479.5</b>	<b>11.9</b>	<b>12.8</b>	<b>12.8</b>

Source: State budgets

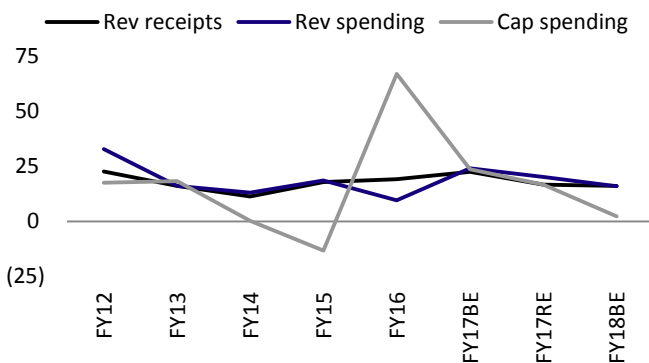
**Exhibit 164: Break-up of total revenue receipts (% of GDP)**



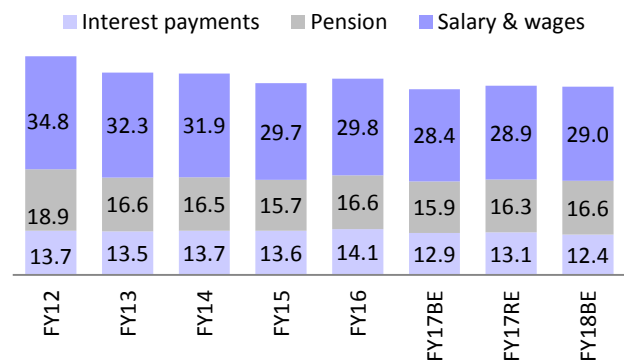
**Exhibit 165: Further details of tax receipts (% of total taxes)**



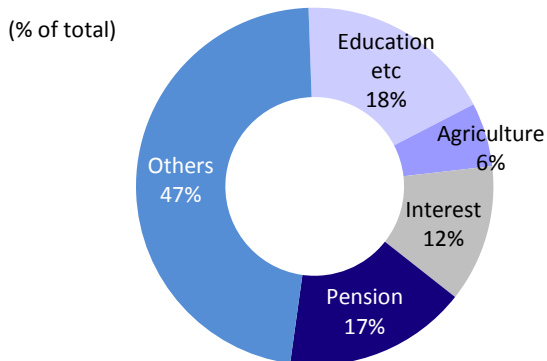
**Exhibit 166: Change in key budget items (% YoY)**



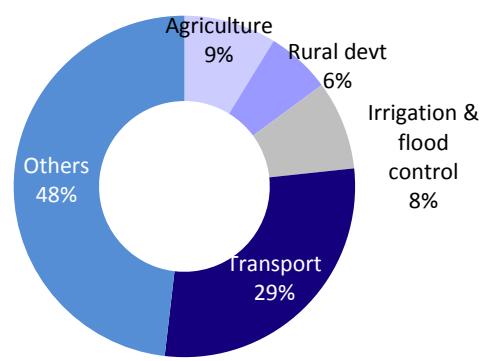
**Exhibit 167: Share of SPI in revenue spending (% of total spending)**



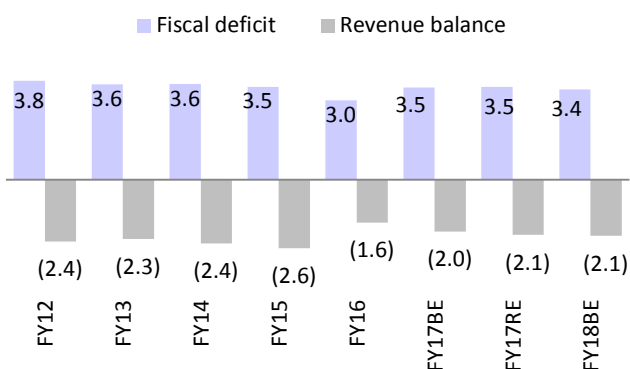
**Exhibit 168: Key details of revenue spending by department**



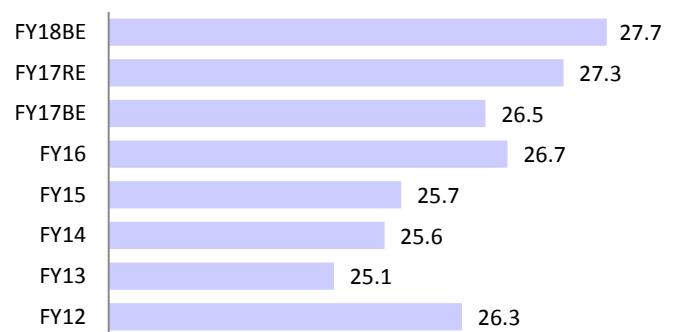
**Exhibit 169: Key details of capital spending by department**



**Exhibit 170: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 171: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets

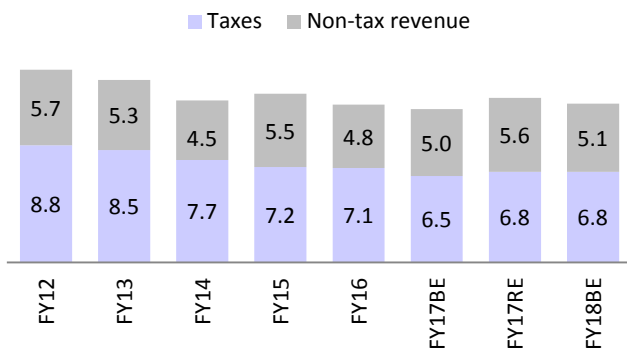
## Madhya Pradesh

- **Population:** ~73.3m (6.0% of India's population)
- **Nominal GSDP in 2017:** INR 6.5t (~4.7% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 4.6% of GSDP
- **Total liabilities** in 2017 at 24.6% of GSDP

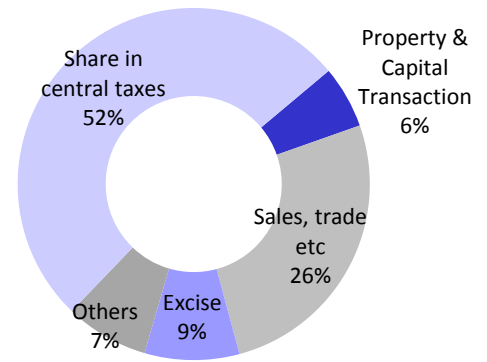
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>1,057.0</b>	<b>1,338.0</b>	<b>1,267.3</b>	<b>1,442.7</b>	<b>10.8</b>	<b>19.9</b>	<b>13.8</b>
Revenue receipts	1,055.1	1,260.9	1,260.5	1,391.2	19.0	19.5	10.4
Total taxes	786.1	901.8	902.0	1,014.0	29.6	14.7	12.4
States' own taxes	402.4	465.0	441.4	503.0	10.0	9.7	14.0
Share in central taxes	383.7	436.8	460.6	511.1	59.2	20.0	10.9
Non-tax revenue receipts: State	85.7	114.8	104.1	116.8	-17.4	21.5	12.2
Grants from the Centre	183.3	244.4	254.4	260.3	-17.4	38.8	2.3
Non-debt capital receipts	1.9	77.0	6.8	51.5	4.2	256.7	657.0
<b>Total spending</b>	<b>1,197.6</b>	<b>1,587.1</b>	<b>1,566.3</b>	<b>1,699.5</b>	<b>11.8</b>	<b>30.8</b>	<b>8.5</b>
Revenue spending	997.7	1,225.9	1,245.2	1,345.2	21.1	24.8	8.0
Education, sports, art & culture	170.5	266.9	230.1	251.8	5.1	34.9	9.4
Agriculture & allied activities	74.8	102.3	106.5	111.7	-9.8	42.5	4.9
Rural development	61.1	87.7	84.9	81.8	-7.7	38.9	-3.6
Interest payments	80.9	102.3	99.4	115.4	14.4	22.8	16.1
Pensions	78.2	104.3	100.1	123.7	14.4	28.1	23.5
Capital spending	199.9	361.3	321.1	354.4	-19.1	60.6	10.3
Water supply & sanitation	9.2	17.5	13.0	17.5	-3.3	42.1	34.4
Rural development	24,187.0	26,511.0	27,273.0	24.6	0.0	0.0	-99.9
Irrigation & flood control	63.7	74.8	82.9	94.0	8.5	30.0	13.5
Energy	5.5	88.9	43.3	56.8	-39.6	686.8	31.2
Transport	33.8	43.4	48.0	55.6	17.5	42.1	15.8
<b>Fiscal deficit</b>	<b>140.6</b>	<b>249.1</b>	<b>299.0</b>	<b>256.9</b>	<b>20.7</b>	<b>112.6</b>	<b>-14.1</b>
% of GDP	2.5	3.5	4.6	3.5			
<b>Revenue deficit</b>	<b>57.4</b>	<b>35.1</b>	<b>15.3</b>	<b>46.0</b>	<b>-8.4</b>	<b>-73.3</b>	<b>199.6</b>
% of GDP	1.0	0.5	0.2	0.6			
<b>Primary deficit</b>	<b>59.7</b>	<b>146.8</b>	<b>199.6</b>	<b>141.5</b>	<b>30.4</b>	<b>234.3</b>	<b>-29.1</b>
% of GDP	0.0	0.0	0.0	0.0			
<b>Outstanding debt</b>	<b>1,317.6</b>	<b>1,546.7</b>	<b>1,590.3</b>	<b>1,833.8</b>	<b>38.7</b>	<b>20.7</b>	<b>15.3</b>
% of GDP	23.3	21.7	24.6	24.9			
<b>GSDP (at current prices)</b>	<b>5,650.5</b>	<b>7,136.8</b>	<b>6,456.0</b>	<b>7,352.5</b>	<b>11.2</b>	<b>14.3</b>	<b>13.9</b>

Source: State budgets

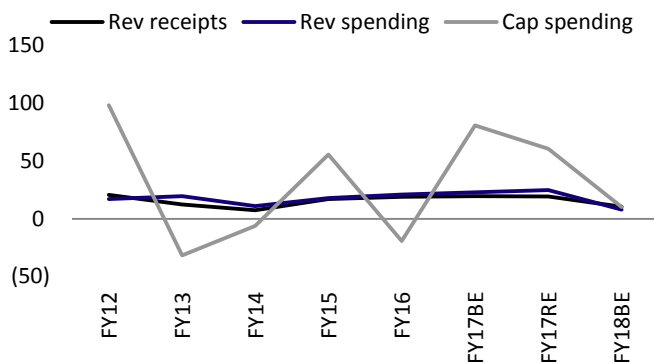
**Exhibit 172: Break-up of total revenue receipts (% of GDP)**



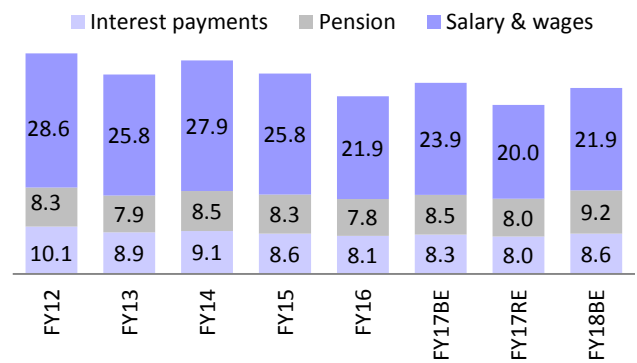
**Exhibit 173: Further details of tax receipts (% of total taxes)**



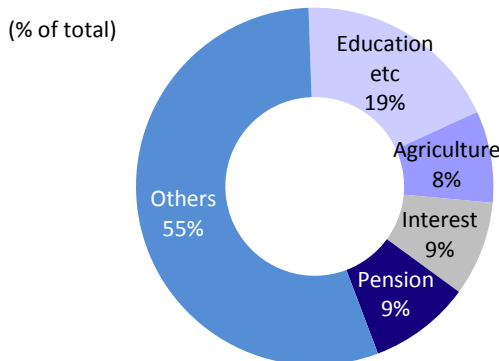
**Exhibit 174: Change in key budget items (% YoY)**



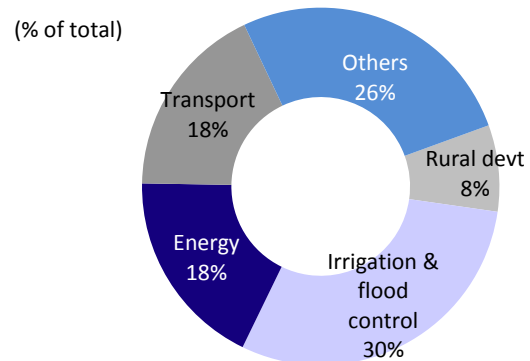
**Exhibit 175: Share of SPI in revenue spending (% of total spending)**



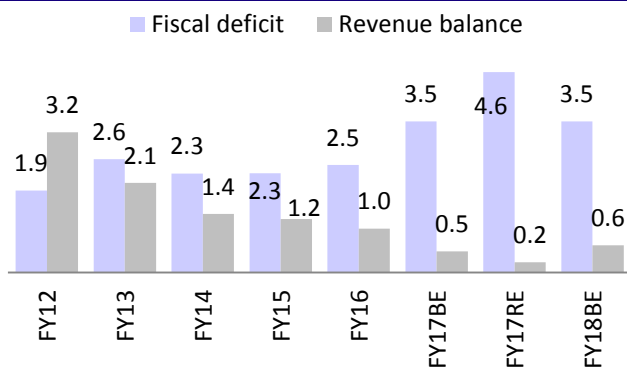
**Exhibit 176: Key details of revenue spending by department**



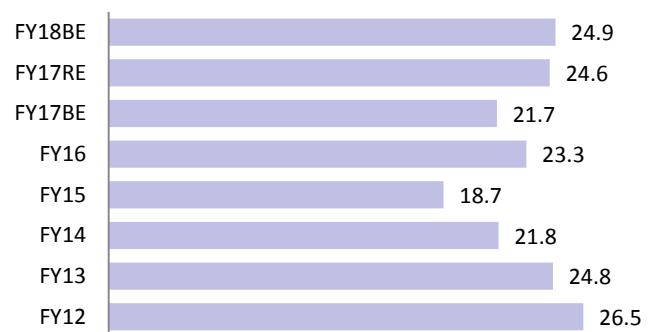
**Exhibit 177: Key details of capital spending by department**



**Exhibit 178: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 179: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets

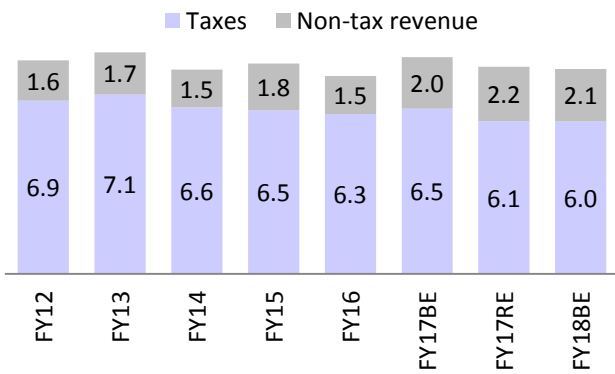
## Maharashtra

- **Population:** ~114.2m (9.4% of India's population)
- **Nominal GDP in 2017:** INR 22.7t (~16.5% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.2% of GSDP
- **Total liabilities** in 2017 at 16.4% of GSDP

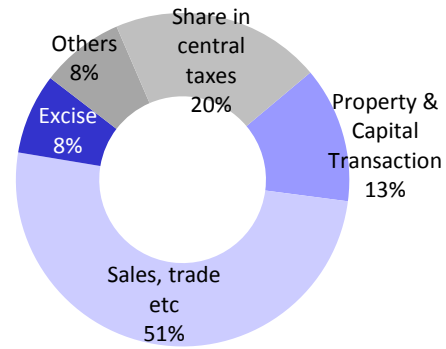
	INR bn				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>1,859.2</b>	<b>2,219.6</b>	<b>2,211.3</b>	<b>2,449.6</b>	<b>11.7</b>	<b>18.9</b>	<b>10.8</b>
Revenue receipts	1,850.4	2,208.1	2,200.1	2,437.4	11.9	18.9	10.8
Total taxes	1,547.1	1,758.5	1,709.5	1,908.4	16.6	10.5	11.6
States' own taxes	1,266.3	1,442.2	1,372.3	1,534.4	10.0	8.4	11.8
Share in central taxes	280.9	316.3	337.2	374.1	59.5	20.0	10.9
Non-tax revenue receipts: State	134.2	200.0	166.2	201.6	6.7	23.8	21.3
Grants from the Centre	169.0	249.6	324.5	327.4	6.7	92.0	0.9
Non-debt capital receipts	8.8	11.5	11.2	12.3	-16.1	26.8	9.7
<b>Total spending</b>	<b>2,142.8</b>	<b>2,569.9</b>	<b>2,714.5</b>	<b>2,837.5</b>	<b>8.1</b>	<b>26.7</b>	<b>4.5</b>
Revenue spending	1,903.7	2,244.6	2,343.9	2,482.5	7.2	23.1	5.9
Education, sports, art & culture	428.7	487.1	480.7	555.3	8.0	12.1	15.5
Agriculture & allied activities	96.6	282.2	125.8	119.9	12.8	30.2	-4.7
Rural development	56.1	121.3	86.5	102.8	-9.1	54.2	18.8
Interest payments	257.7	282.2	288.3	310.3	7.5	11.9	7.6
Pensions	153.4	190.7	190.7	198.1	7.6	24.3	3.9
Capital spending	239.1	325.4	370.6	355.0	15.7	55.0	-4.2
Water supply & sanitation	4.6	0.2	0.2	0.4	188.0	-95.1	58.9
Rural development	14.6	43.9	17.7	34.7	0.0	0.0	
Irrigation & flood control	80.6	84.5	84.5	85.9	-21.0	4.9	1.6
Energy	13.8	12.0	11.9	12.9	2.7	-14.0	9.0
Transport	47.3	50.8	55.0	89.9	27.7	16.4	63.4
<b>Fiscal deficit</b>	<b>283.6</b>	<b>350.3</b>	<b>503.2</b>	<b>387.9</b>	<b>-10.8</b>	<b>77.4</b>	<b>-22.9</b>
% of GDP	1.4	1.6	2.2	1.5			
<b>Revenue deficit</b>	<b>-53.4</b>	<b>-36.4</b>	<b>-143.8</b>	<b>-45.1</b>	<b>-56.0</b>	<b>169.4</b>	<b>-68.6</b>
% of GDP	-0.3	-0.2	-0.6	-0.2			
<b>Primary deficit</b>	<b>25.9</b>	<b>68.1</b>	<b>214.9</b>	<b>77.6</b>	<b>-67.0</b>	<b>729.2</b>	<b>-63.9</b>
% of GDP	0.1	0.3	0.9	0.3			
<b>Outstanding debt</b>	<b>3,242.0</b>	<b>3,562.1</b>	<b>3,710.5</b>	<b>4,130.4</b>	<b>10.2</b>	<b>14.4</b>	<b>11.3</b>
% of GDP	16.2	16.2	16.4	16.3			
<b>GSDP (at current prices)</b>	<b>20,012.2</b>	<b>22,032.3</b>	<b>22,677.9</b>	<b>25,399.2</b>	<b>12.8</b>	<b>13.3</b>	<b>12.0</b>

Source: State budgets

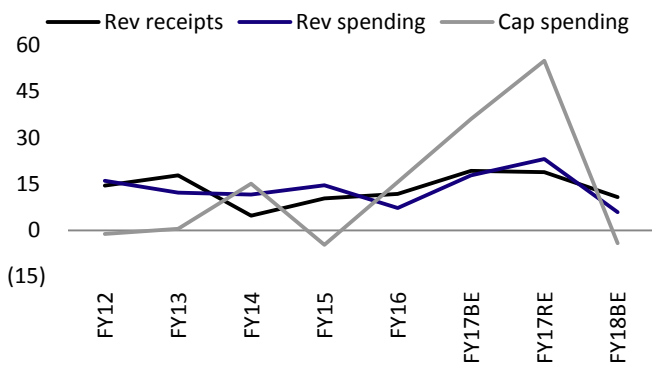
**Exhibit 180: Break-up of total revenue receipts (% of GDP)**



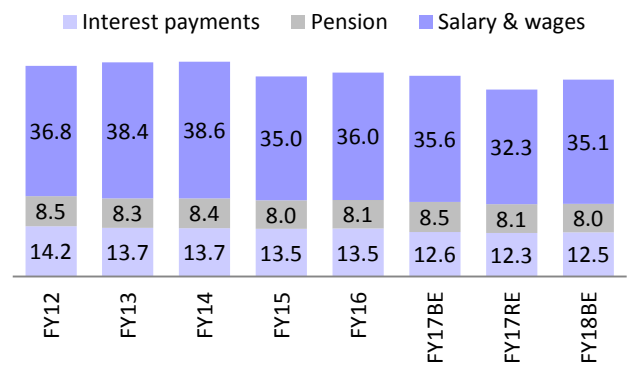
**Exhibit 181: Further details of tax receipts (% of total taxes)**



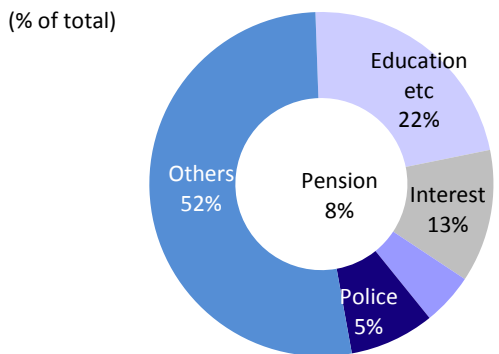
**Exhibit 182: Change in key budget items (% YoY)**



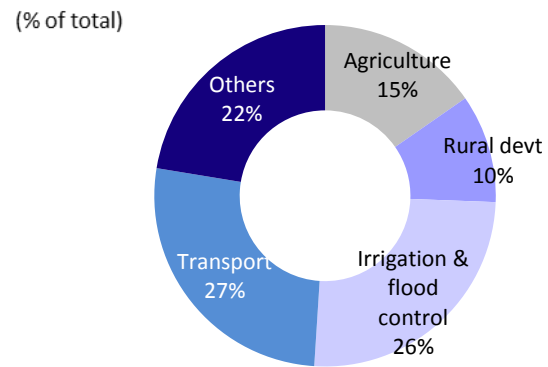
**Exhibit 183: Share of SPI in revenue spending (% of total spending)**



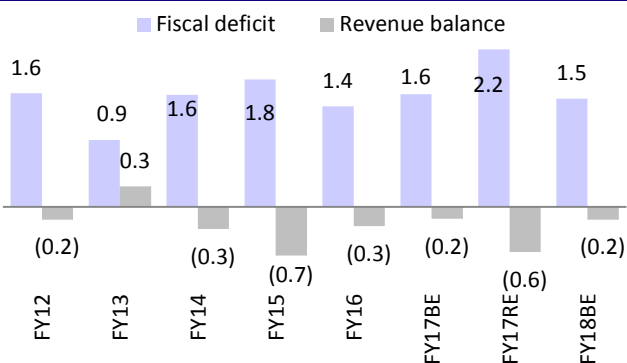
**Exhibit 184: Key details of revenue spending by department**



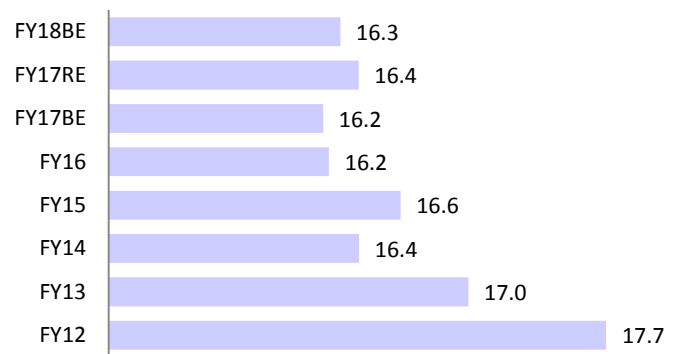
**Exhibit 185: Key details of capital spending by department**



**Exhibit 186: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 187: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets

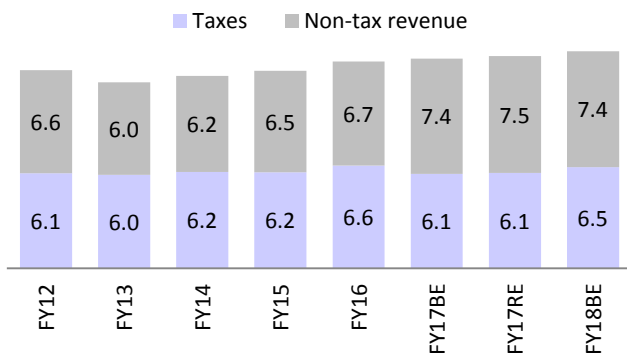
## Odisha

- **Population:** ~43.7 mn (3.6% of India's population)
- **Nominal GSDP in 2017:** INR 3.8t (~2.8% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 3.2% of GSDP
- **Total liabilities** in 2017 at 16.5% of GSDP

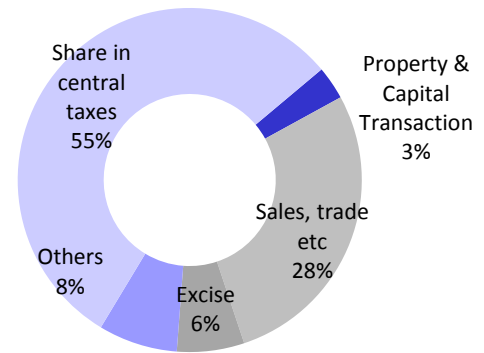
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>691.7</b>	<b>783.1</b>	<b>801.7</b>	<b>890.6</b>	<b>21.2</b>	<b>15.9</b>	<b>11.1</b>
Revenue receipts	689.4	781.3	799.8	889.3	21.0	16.0	11.2
Total taxes	461.0	497.7	515.2	582.2	28.0	11.8	13.0
States' own taxes	225.3	232.0	232.0	268.0	13.6	3.0	15.5
Share in central taxes	235.7	265.7	283.2	314.2	45.7	20.1	10.9
Non-tax revenue receipts: State	87.1	98.2	88.2	95.0	7.9	1.3	7.7
Grants from the Centre	141.3	185.4	196.4	212.1	7.9	39.0	8.0
Non-debt capital receipts	2.3	1.9	1.9	1.3	9.4	-19.0	-29.8
<b>Total spending</b>	<b>762.3</b>	<b>928.4</b>	<b>923.1</b>	<b>1,035.0</b>	<b>21.8</b>	<b>21.1</b>	<b>12.1</b>
Revenue spending	588.1	744.4	727.4	822.4	15.0	23.7	13.1
Education, sports, art & culture	110.6	135.1	130.0	157.1	12.6	17.6	20.8
Agriculture & allied activities	58.0	46.5	69.6	70.6	3.4	20.0	1.5
Rural development	74.0	81.4	82.8	82.1	66.4	11.8	-0.8
Interest payments	33.4	46.5	46.5	50.0	19.0	39.1	7.5
Pensions	63.5	95.0	95.0	113.2	-1.1	49.6	19.2
Capital spending	174.3	184.0	195.7	212.6	52.4	12.3	8.6
Water supply & sanitation	6.8	8.1	10.3	14.9	26.6	52.4	44.3
Rural development	0.0	0.0	0.0	0.0	0.0	0.0	
Irrigation & flood control	41.7	52.7	57.0	70.5	21.4	36.6	23.6
Energy	14.0	14.2	18.6	13.9	134.5	33.0	-25.1
Transport	75.5	60.4	65.2	66.6	65.7	-13.7	2.2
<b>Fiscal deficit</b>	<b>70.6</b>	<b>145.3</b>	<b>121.4</b>	<b>144.3</b>	<b>28.9</b>	<b>71.9</b>	<b>18.9</b>
% of GDP	2.1	3.8	3.2	3.5			
<b>Revenue deficit</b>	<b>101.4</b>	<b>36.8</b>	<b>72.4</b>	<b>66.9</b>	<b>72.9</b>	<b>-28.5</b>	<b>-7.6</b>
% of GDP	3.0	1.0	1.9	1.6			
<b>Primary deficit</b>	<b>37.2</b>	<b>98.8</b>	<b>74.9</b>	<b>94.3</b>	<b>39.4</b>	<b>101.3</b>	<b>26.0</b>
% of GDP	1.1	2.6	2.0	2.3			
<b>Outstanding debt</b>	<b>520.2</b>	<b>649.9</b>	<b>623.6</b>	<b>767.4</b>	<b>20.2</b>	<b>19.9</b>	<b>23.1</b>
% of GDP	15.2	17.0	16.5	18.6			
<b>GSDP (at current prices)</b>	<b>3,418.9</b>	<b>3,832.3</b>	<b>3,789.9</b>	<b>4,124.8</b>	<b>6.2</b>	<b>10.9</b>	<b>8.8</b>

Source: State budgets

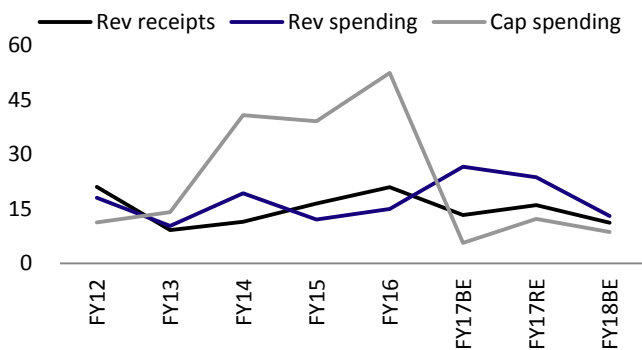
**Exhibit 188: Break-up of total revenue receipts (% of GDP)**



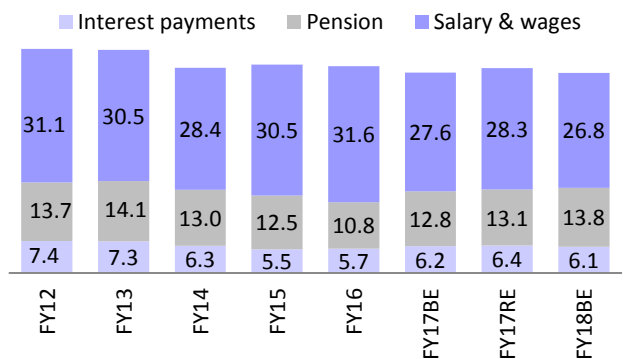
**Exhibit 189: Further details of tax receipts (% of total taxes)**



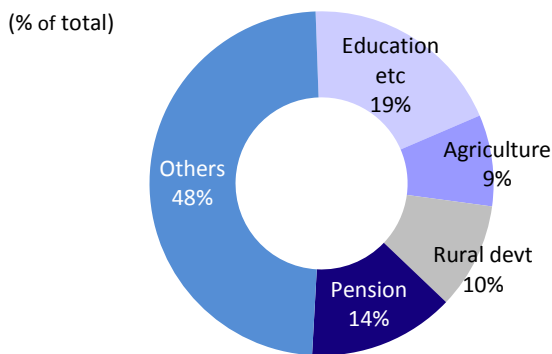
**Exhibit 190: Change in key budget items (% YoY)**



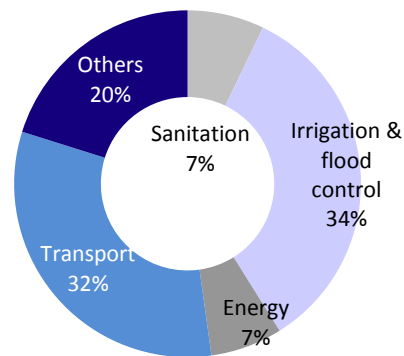
**Exhibit 191: Share of SPI in revenue spending (% of total spending)**



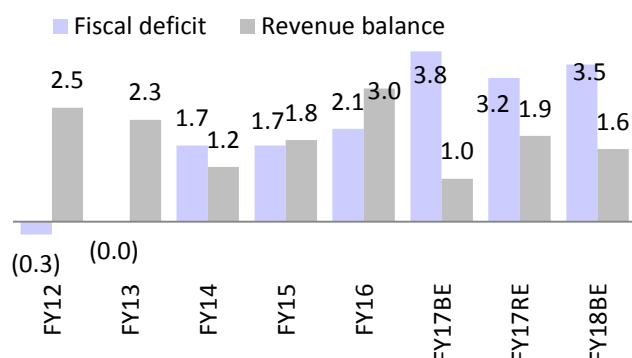
**Exhibit 192: Key details of revenue spending by department**



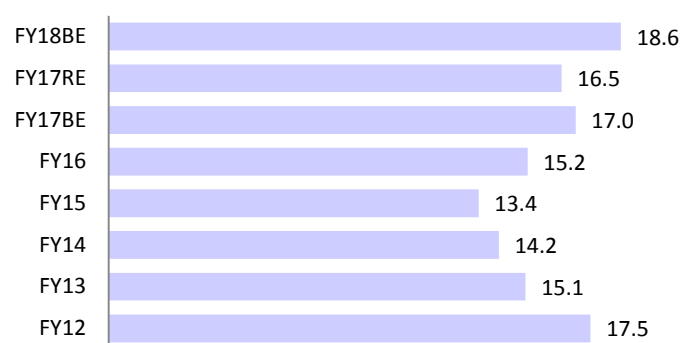
**Exhibit 193: Key details of capital spending by department**



**Exhibit 194: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 195: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets



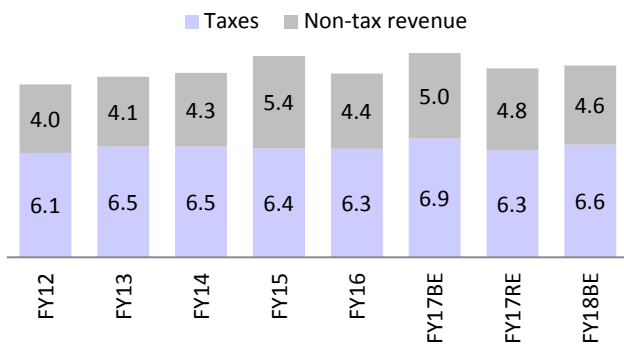
## Rajasthan

- **Population:** ~68.9 mn (5.7% of India's population)
- **Nominal GDP in 2017:** INR 7.5tn (~5.4% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 6.4% of GSDP
- **Total liabilities** in 2017 at 33.8% of GSDP

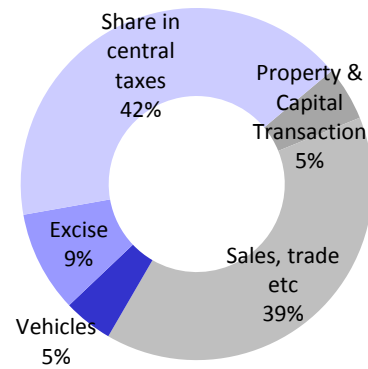
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>1,017.6</b>	<b>1,233.9</b>	<b>1,181.9</b>	<b>1,453.2</b>	<b>10.2</b>	<b>16.2</b>	<b>23.0</b>
Revenue receipts	1,002.9	1,232.5	1,164.3	1,301.6	9.8	16.1	11.8
Total taxes	706.3	847.8	805.4	918.0	20.8	14.0	14.0
States' own taxes	427.1	533.0	469.9	545.7	10.4	10.0	16.1
Share in central taxes	279.2	314.8	335.6	372.3	40.9	20.2	10.9
Non-tax revenue receipts: State	109.3	140.8	124.7	144.9	-17.4	14.1	16.2
Grants from the Centre	187.3	243.9	234.2	238.7	-17.4	25.0	1.9
Non-debt capital receipts	14.7	1.4	17.6	151.6	-4.5	19.9	759.8
<b>Total spending</b>	<b>1,648.3</b>	<b>1,665.4</b>	<b>1,658.4</b>	<b>1,700.7</b>	<b>48.0</b>	<b>0.6</b>	<b>2.6</b>
Revenue spending	1,062.4	1,320.5	1,342.7	1,436.9	12.4	26.4	7.0
Education, sports, art & culture	211.0	252.2	255.6	268.1	9.0	21.2	4.9
Agriculture & allied activities	40.2	175.3	55.5	56.9	0.8	38.0	2.6
Rural development	122.0	142.6	127.4	133.1	17.2	4.5	4.4
Interest payments	120.1	175.3	177.3	196.3	14.8	47.7	10.7
Pensions	108.6	124.9	126.9	141.7	12.8	16.8	11.7
Capital spending	585.9	344.9	315.8	263.8	248.7	-46.1	-16.4
Water supply & sanitation	43.8	54.4	46.3	56.1	-2.6	5.7	21.2
Rural development	5.0	5.6	5.5	5.7	0.0	0.0	
Irrigation & flood control	13.1	21.7	20.3	25.3	199.3	55.2	24.9
Energy	94.3	42.5	43.2	52.4	122.3	-54.2	21.2
Transport	30.3	45.6	26.0	48.8	8.9	-14.4	87.9
<b>Fiscal deficit</b>	<b>630.7</b>	<b>431.5</b>	<b>476.5</b>	<b>247.5</b>	<b>232.0</b>	<b>-24.4</b>	<b>-48.1</b>
% of GDP	9.4	5.6	6.4	3.0			
<b>Revenue deficit</b>	<b>-59.5</b>	<b>-88.0</b>	<b>-178.4</b>	<b>-135.3</b>	<b>85.2</b>	<b>199.6</b>	<b>-24.2</b>
% of GDP	-0.9	-1.1	-2.4	-1.6			
<b>Primary deficit</b>	<b>510.6</b>	<b>256.2</b>	<b>299.2</b>	<b>51.3</b>	<b>498.2</b>	<b>-41.4</b>	<b>-82.9</b>
% of GDP	7.6	3.3	4.0	0.6			
<b>Outstanding debt</b>	<b>2,093.9</b>	<b>2,543.8</b>	<b>2,533.1</b>	<b>2,781.4</b>	<b>41.9</b>	<b>21.0</b>	<b>9.8</b>
% of GDP	31.1	33.2	33.8	33.6			
<b>GSDP (at current prices)</b>	<b>6,727.1</b>	<b>7,671.4</b>	<b>7,496.9</b>	<b>8,276.5</b>	<b>10.9</b>	<b>11.4</b>	<b>10.4</b>

Source: State budgets

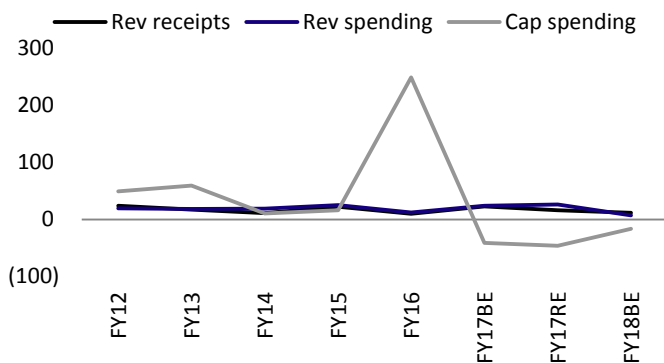
**Exhibit 196: Break-up of total revenue receipts (% of GDP)**



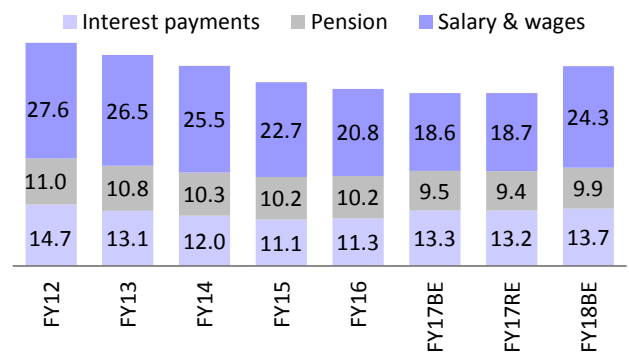
**Exhibit 197: Further details of tax receipts (% of total taxes)**



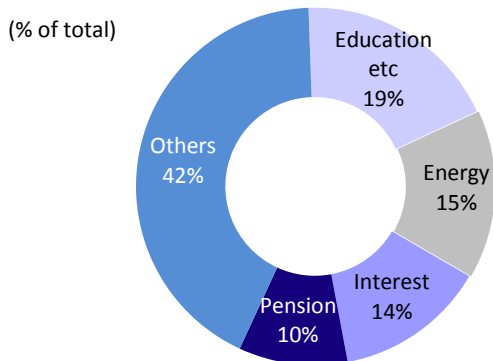
**Exhibit 198: Change in key budget items (% YoY)**



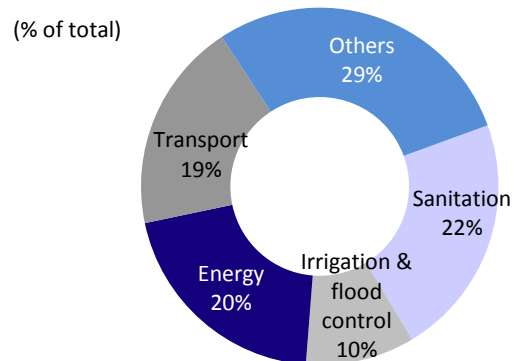
**Exhibit 199: Share of SPI in revenue spending (% of total spending)**



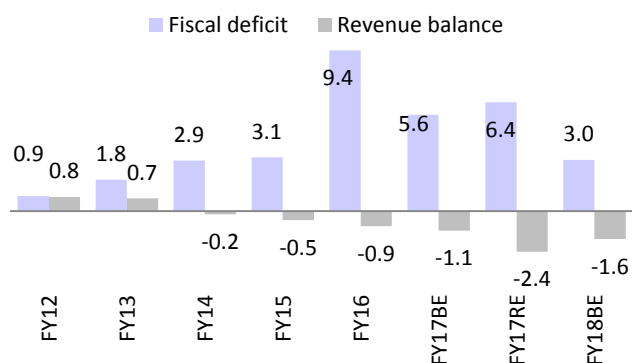
**Exhibit 200: Key details of revenue spending by department**



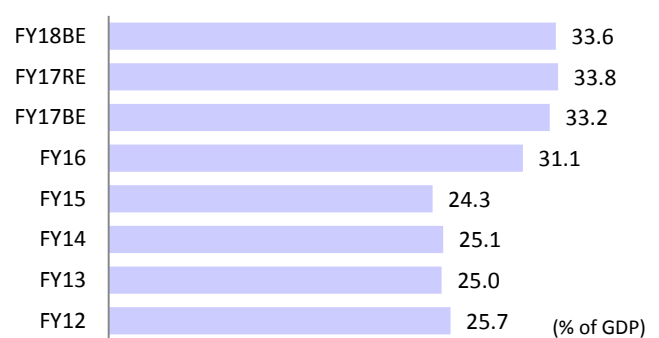
**Exhibit 201: Key details of capital spending by department**



**Exhibit 202: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 203: Debt to GDP ratio**



Source: State budgets

Source: State budgets

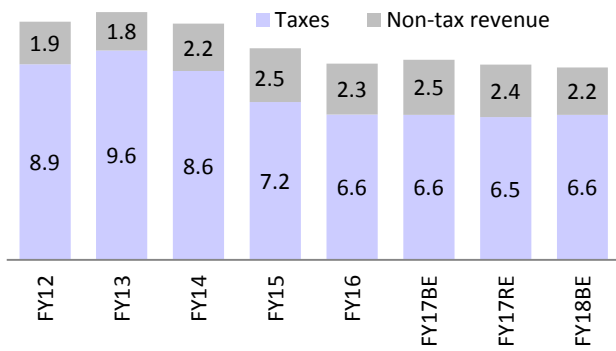
## Tamil Nadu

- **Population:** ~67.9 mn (5.6% of India's population)
- **Nominal GDP in 2017:** INR 13.4tn (~9.7% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.8% of GSDP
- **Total liabilities** in 2017 at 20.3% of GSDP

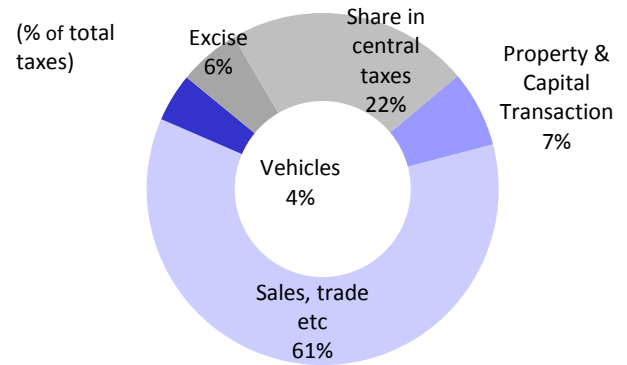
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>1,296.9</b>	<b>1,491.6</b>	<b>1,481.5</b>	<b>1,646.5</b>	<b>4.8</b>	<b>14.2</b>	<b>11.1</b>
Revenue receipts	1,290.1	1,481.8	1,438.0	1,593.6	5.4	11.5	10.8
Total taxes	1,008.3	1,137.1	1,118.2	1,268.1	5.6	10.9	13.4
States' own taxes	804.8	906.9	872.9	995.9	2.3	8.5	14.1
Share in central taxes	203.5	230.2	245.4	272.2	21.0	20.6	10.9
Non-tax revenue receipts: State	89.2	97.2	112.7	123.2	6.8	26.3	9.3
Grants from the Centre	192.6	247.4	207.1	202.3	6.8	7.5	-2.3
Non-debt capital receipts	6.8	9.8	43.5	52.8	3.6	536.3	21.4
<b>Total spending</b>	<b>1,623.2</b>	<b>1,896.9</b>	<b>1,860.6</b>	<b>2,066.2</b>	<b>7.5</b>	<b>14.6</b>	<b>11.1</b>
Revenue spending	1,409.9	1,640.3	1,592.6	1,752.9	9.4	13.0	10.1
Education, sports, art & culture	250.2	281.3	277.2	314.0	3.2	10.8	13.3
Agriculture & allied activities	78.2	204.5	103.8	113.7	9.4	32.7	9.5
Rural development	73.6	107.3	76.5	46.6	28.3	4.0	-39.2
Interest payments	181.6	204.5	214.0	259.8	15.8	17.8	21.4
Pensions	168.9	188.7	184.5	205.8	6.8	9.2	11.5
Capital spending	213.3	256.6	268.0	313.3	-3.6	25.7	16.9
Water supply & sanitation	16.6	15.0	14.2	15.7	18.0	-14.5	10.6
Rural development	14.2	9.6	11.2	15.3	0.0	0.0	
Irrigation & flood control	7.4	16.2	15.0	28.8	8.2	101.1	92.3
Energy	32.5	5.7	46.9	22.8	-24.3	44.1	-51.5
Transport	56.5	74.2	68.4	89.7	17.1	21.0	31.2
<b>Fiscal deficit</b>	<b>326.3</b>	<b>405.3</b>	<b>379.0</b>	<b>419.8</b>	<b>20.0</b>	<b>16.2</b>	<b>10.7</b>
% of GDP	2.7	3.0	2.8	2.8			
<b>Revenue deficit</b>	<b>-119.9</b>	<b>-158.5</b>	<b>-154.6</b>	<b>-159.3</b>	<b>87.1</b>	<b>29.0</b>	<b>3.0</b>
% of GDP	-1.0	-1.2	-1.2	-1.1			
<b>Primary deficit</b>	<b>144.6</b>	<b>200.8</b>	<b>165.1</b>	<b>159.9</b>	<b>25.8</b>	<b>14.1</b>	<b>-3.1</b>
% of GDP	1.2	1.5	1.2	1.1			
<b>Outstanding debt</b>	<b>2,110.7</b>	<b>2,524.3</b>	<b>2,724.0</b>	<b>3,143.7</b>	<b>17.3</b>	<b>29.1</b>	<b>15.4</b>
% of GDP	17.4	18.4	20.3	20.9			
<b>GSDP (at current prices)</b>	<b>12,126.7</b>	<b>13,694.9</b>	<b>13,387.7</b>	<b>15,039.7</b>	<b>11.0</b>	<b>10.4</b>	<b>12.3</b>

Source: State budgets

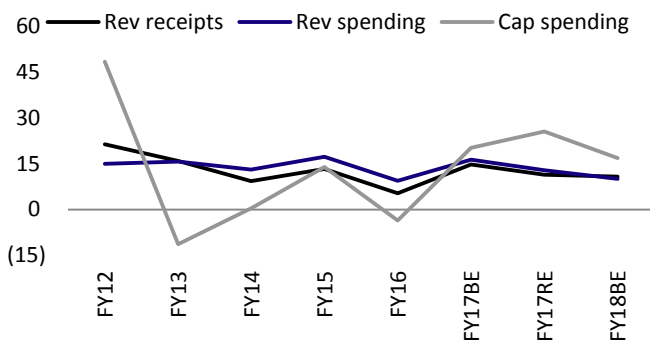
**Exhibit 204: Break-up of total revenue receipts (% of GDP)**



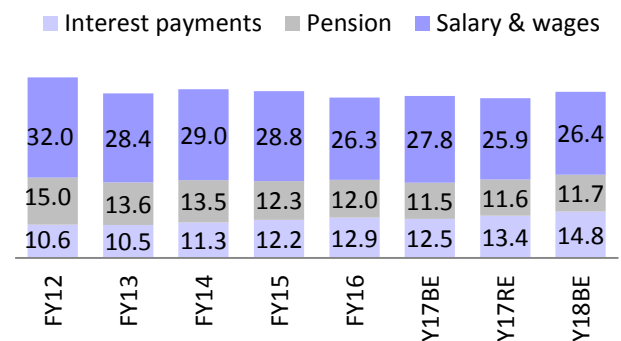
**Exhibit 205: Further details of tax receipts**



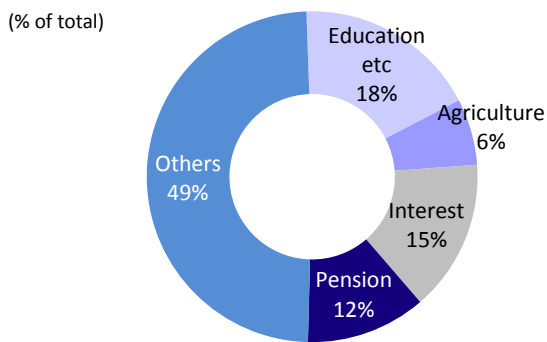
**Exhibit 206: Change in key budget items (% YoY)**



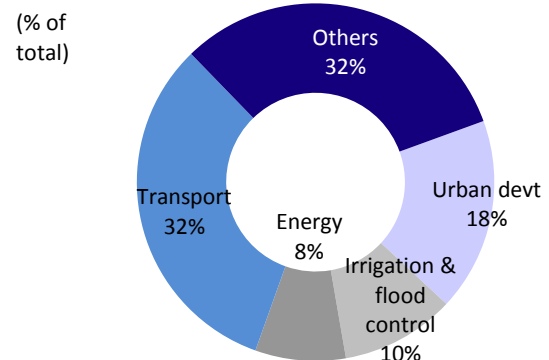
**Exhibit 207: Share of SPI in revenue spending (% of total spending)**



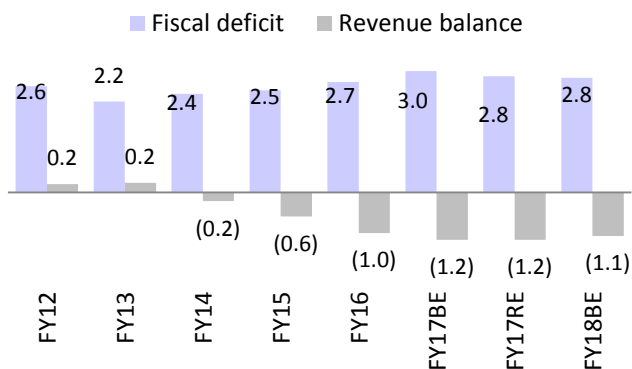
**Exhibit 208: Key details of revenue spending by department**



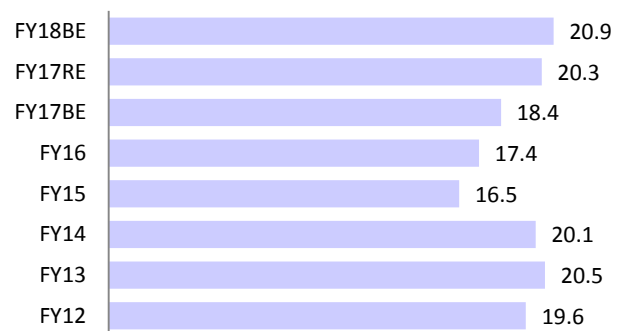
**Exhibit 209: Key details of capital spending by department**



**Exhibit 210: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 211: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets

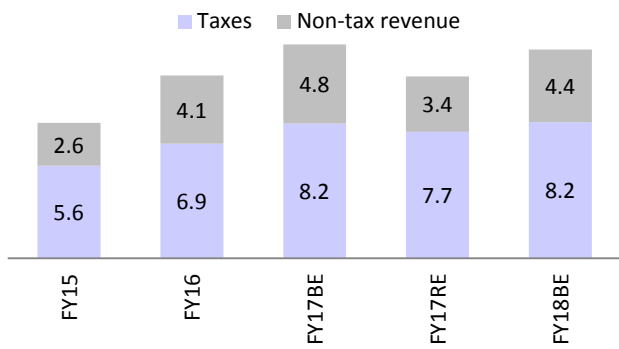
## Telangana

- **Population:** ~35.2 mn (2.6% of India's population)
- **Nominal GSDP in 2017:** INR 6.5tn (~4.7% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 3.3% of GSDP
- **Total liabilities** in 2017 at 17.6% of GSDP

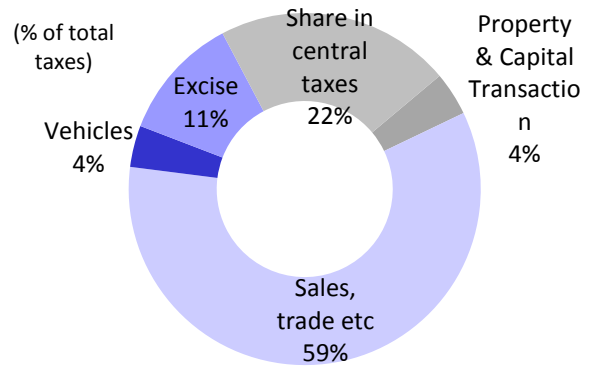
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>762.2</b>	<b>1,038.0</b>	<b>871.5</b>	<b>1,188.9</b>	<b>49.1</b>	<b>14.3</b>	<b>36.4</b>
Revenue receipts	761.3	1,009.2	870.7	1,130.8	49.2	14.4	29.9
Total taxes	523.3	688.3	650.0	796.2	39.6	24.2	22.5
States' own taxes	399.7	548.7	501.3	626.2	36.5	25.4	24.9
Share in central taxes	123.5	139.6	148.8	170.1	50.8	20.5	14.3
Non-tax revenue receipts: State	144.1	175.4	85.1	66.0	123.6	-41.0	-22.4
Grants from the Centre	93.9	145.6	135.6	268.6	123.6	44.3	98.1
Non-debt capital receipts	0.9	28.7	0.8	58.1	32.0	-9.7	7,234.1
<b>Total spending</b>	<b>950.8</b>	<b>1,272.7</b>	<b>1,090.4</b>	<b>1,449.9</b>	<b>57.1</b>	<b>14.7</b>	<b>33.0</b>
Revenue spending	759.0	972.1	868.7	1,085.1	49.8	14.5	24.9
Education, sports, art & culture	104.7	102.4	98.6	121.0	53.8	-5.8	22.7
Agriculture & allied activities	64.8	77.1	74.4	75.5	11.2	14.9	1.5
Rural development	47.5	67.5	62.0	25.9	34.3	30.6	-58.2
Interest payments	75.6	77.1	77.1	111.4	44.6	2.0	44.5
Pensions	82.2	86.9	86.9	112.9	95.2	5.8	29.9
Capital spending	191.8	300.6	221.7	364.7	94.6	15.6	64.5
Water supply & sanitation	14.7	2.1	1.7	32.2	735.2	-88.5	1,797.3
Rural development	3.5	0.0	0.0	43.1	0.0	0.0	0.0
Irrigation & flood control	77.8	183.9	143.0	148.6	81.8	84.0	3.9
Energy	5.2	0.0	0.0	0.0	50.6	-99.8	-70.0
Transport	17.4	30.3	21.7	20.5	51.8	25.0	-5.6
<b>Fiscal deficit</b>	<b>188.6</b>	<b>234.7</b>	<b>218.9</b>	<b>261.0</b>	<b>100.4</b>	<b>16.1</b>	<b>19.2</b>
% of GDP	3.3	3.5	3.3	3.4			
<b>Revenue deficit</b>	<b>2.4</b>	<b>37.2</b>	<b>2.0</b>	<b>45.7</b>	<b>-35.4</b>	<b>-16.3</b>	<b>2,192.6</b>
% of GDP	0.0	0.6	0.0	0.6			
<b>Primary deficit</b>	<b>113.0</b>	<b>157.6</b>	<b>141.9</b>	<b>149.6</b>	<b>170.1</b>	<b>25.6</b>	<b>5.4</b>
% of GDP	2.0	2.3	2.2	2.0			
<b>Outstanding debt</b>	<b>931.2</b>	<b>1,238.2</b>	<b>1,148.1</b>	<b>1,405.2</b>	<b>11.1</b>	<b>23.3</b>	<b>22.4</b>
% of GDP	16.2	18.5	17.6	18.5			
<b>GSDP (at current prices)</b>	<b>5,755.0</b>	<b>6,707.6</b>	<b>6,542.1</b>	<b>7,591.7</b>	<b>10.2</b>	<b>13.7</b>	<b>16.0</b>

Source: State budgets

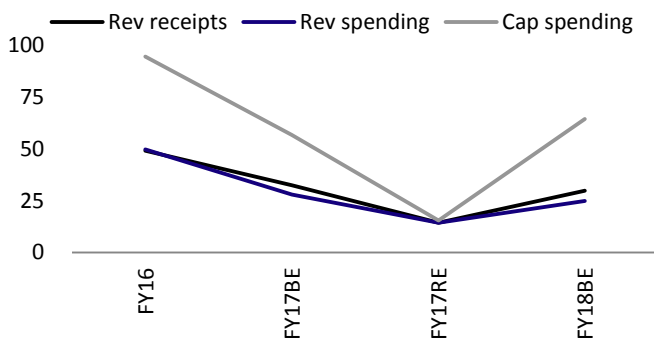
**Exhibit 212: Break-up of total revenue receipts (% of GDP)**



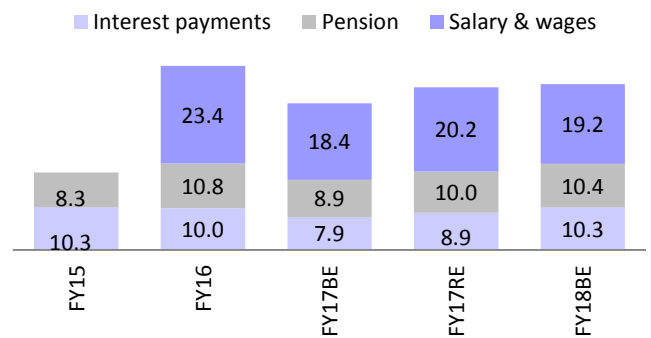
**Exhibit 213: Further details of tax receipts**



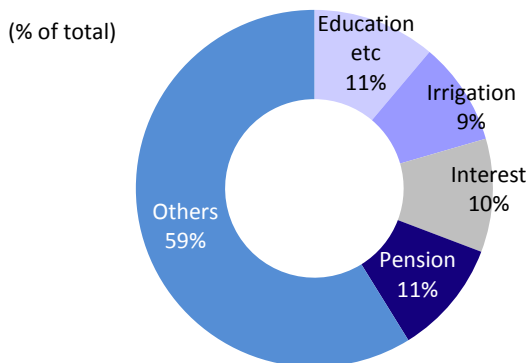
**Exhibit 214: Change in key budget items (% YoY)**



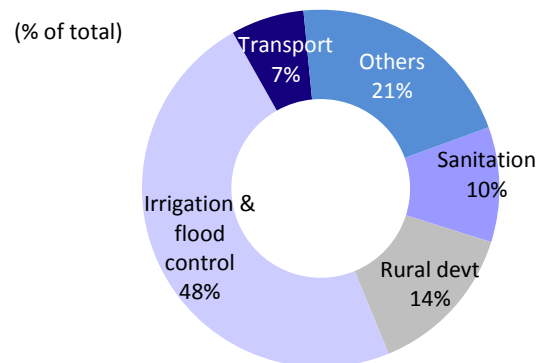
**Exhibit 215: Share of SPI in revenue spending (% of total spending)**



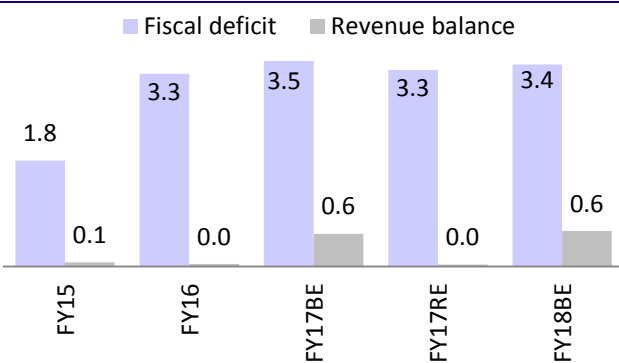
**Exhibit 216: Key details of revenue spending by department**



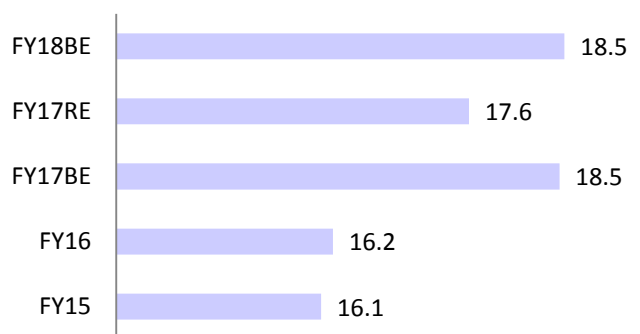
**Exhibit 217: Key details of capital spending by department**



**Exhibit 218: Fiscal deficit and revenue balance (% of GDP)**



**Exhibit 219: Debt to GDP ratio (% of GDP)**



Source: State budgets

Source: State budgets

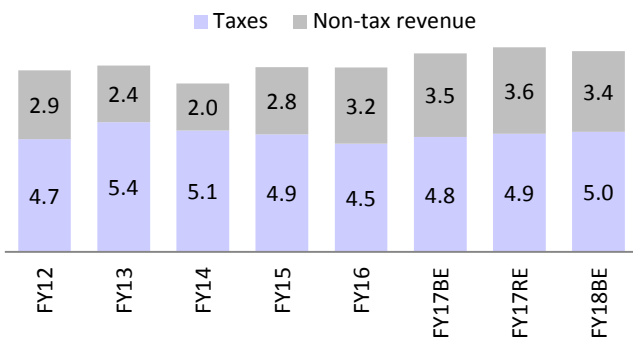
## West Bengal

- **Population:** ~90.3 mn (7.5% of India's population)
- **Nominal GSDP in 2017:** INR 9.9tn (~7.2% of India's 2017 nominal GDP)
- **Fiscal deficit** in 2017 at 2.6% of GSDP
- **Total liabilities** in 2017 at 33% of GSDP

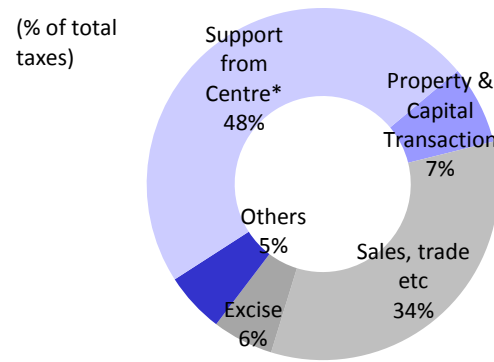
	INR b				% YoY		
	FY16	FY17BE	FY17RE	FY18BE	FY16	FY17RE	FY18BE
<b>Total receipts</b>	<b>1,112.2</b>	<b>1,300.2</b>	<b>1,301.2</b>	<b>1,434.5</b>	<b>28.3</b>	<b>17.0</b>	<b>10.2</b>
Revenue receipts	1,097.3	1,295.3	1,293.4	1,426.4	26.8	17.9	10.3
Total taxes	796.6	926.3	935.5	1,053.0	24.4	17.4	12.6
States' own taxes	424.9	507.7	489.3	557.9	7.8	15.1	14.0
Share in central taxes	371.6	418.6	446.3	495.1	51.1	20.1	10.9
Non-tax revenue receipts: State	18.6	26.9	20.4	22.2	14.5	9.5	9.0
Grants from the Centre	282.1	342.1	337.5	351.3	14.5	19.6	4.1
Non-debt capital receipts	14.9	4.9	7.8	8.0	35.1	-47.3	2.9
<b>Total spending</b>	<b>1,321.1</b>	<b>1,493.7</b>	<b>1,554.6</b>	<b>1,628.0</b>	<b>15.8</b>	<b>17.7</b>	<b>4.7</b>
Revenue spending	1,188.3	1,295.3	1,388.1	1,426.4	14.6	16.8	2.8
Education, sports, art & culture	209.2	256.3	252.1	293.7	1.5	20.5	16.5
Agriculture & allied activities	35.2	262.0	40.9	45.8	45.8	16.2	11.8
Rural development	154.5	130.6	164.6	155.0	23.0	6.6	-5.9
Interest payments	231.1	262.0	257.3	258.4	7.1	11.3	0.4
Pensions	128.6	144.2	148.0	161.3	6.0	15.1	9.0
Capital spending	132.8	198.4	166.5	201.6	27.9	25.4	21.1
Water supply & sanitation	1.7	3.4	1.2	1.1	33.3	-30.8	-0.8
Rural development	0.3	0.1	0.1	0.1	5,888.0	0.0	-56.0
Irrigation & flood control	16.0	28.5	22.2	31.4	-34.9	38.6	41.7
Energy	18.0	11.4	7.6	11.8	68.1	-57.5	54.5
Transport	19.7	23.6	27.2	26.8	56.2	38.1	-1.6
<b>Fiscal deficit</b>	<b>208.9</b>	<b>193.6</b>	<b>253.4</b>	<b>193.5</b>	<b>-23.6</b>	<b>21.3</b>	<b>-23.6</b>
% of GDP	2.2	2.0	2.6	1.8			
<b>Revenue deficit</b>	<b>-90.9</b>	<b>0.0</b>	<b>-94.7</b>	<b>0.0</b>	<b>-46.9</b>	<b>4.1</b>	<b>-100.0</b>
% of GDP	-1.0	0.0	-1.0	0.0			
<b>Primary deficit</b>	<b>-22.2</b>	<b>-68.4</b>	<b>-4.0</b>	<b>-64.9</b>	<b>-138.6</b>	<b>-82.1</b>	<b>1,530.7</b>
% of GDP	-0.2	-0.7	0.0	-0.6			
<b>Outstanding debt</b>	<b>3,060.4</b>	<b>3,338.1</b>	<b>3,336.8</b>	<b>3,660.9</b>	<b>10.3</b>	<b>9.0</b>	<b>9.7</b>
% of GDP	32.6	33.7	33.7	33.6			
<b>GSDP (at current prices)</b>	<b>9,394.7</b>	<b>10,550.0</b>	<b>9,899.7</b>	<b>10,889.6</b>	<b>17.3</b>	<b>5.4</b>	<b>10.0</b>

Source: State budgets

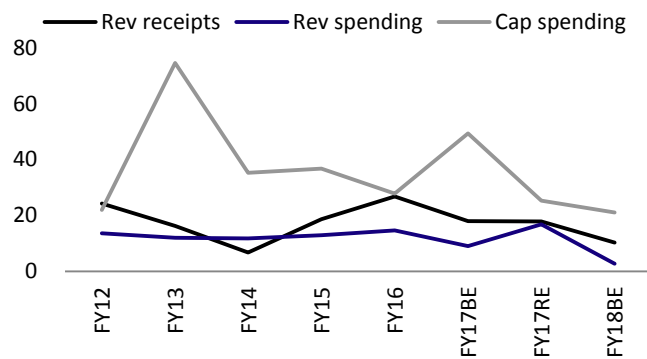
**Exhibit 220: Break-up of total revenue receipts (% of GDP)**



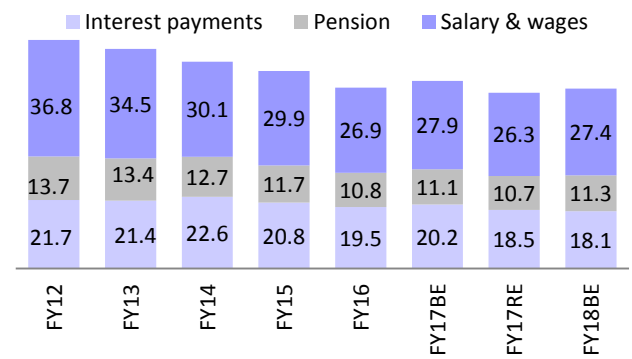
**Exhibit 221: Further details of tax receipts**



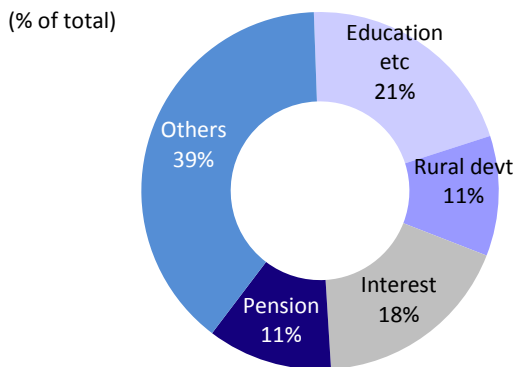
**Exhibit 222: Change in key budget items (% YoY)**



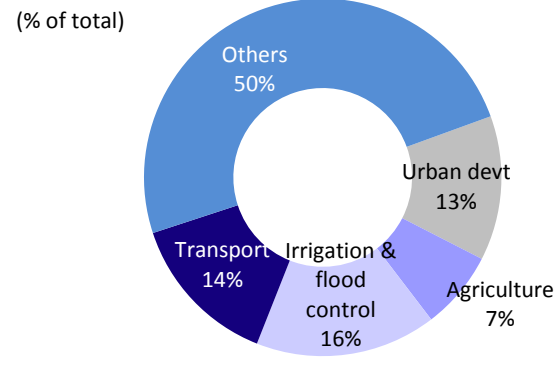
**Exhibit 223: Share of SPI in revenue spending (% of total spending)**



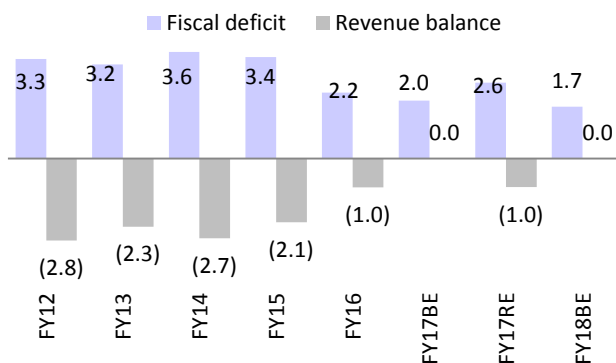
**Exhibit 224: Key details of revenue spending by department**



**Exhibit 225: Key details of capital spending by department**

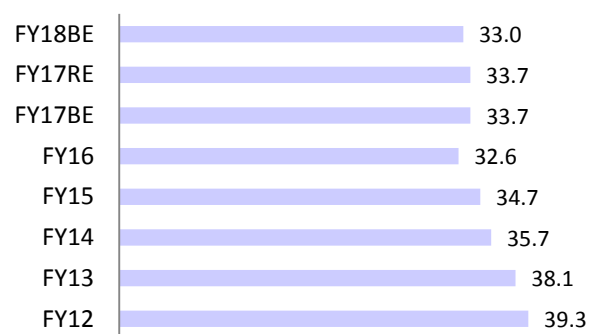


**Exhibit 226: Fiscal deficit and revenue balance (% of GDP)**



Source: State budgets

**Exhibit 227: Debt to GDP ratio (% of GDP)**



Source: State budgets





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