

# STATE GOVERNMENT FINANCES

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**States' capital spending maintained  
a robust 20% YoY expansion in  
FY2024 PA**

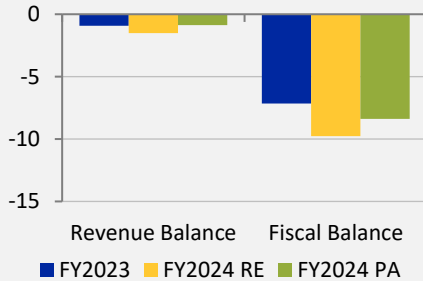
**MAY 2024**





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**Exhibit: Trends in revenue and fiscal balances (Rs. Trillion)**



Source: Comptroller and Auditor General of India (CAG); State Budgets; ICRA Research

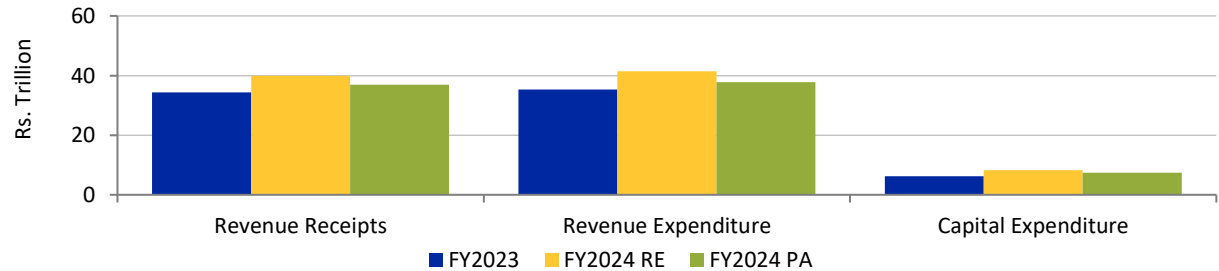
\*Based on 23 states (excluding Arunachal Pradesh, Goa, Manipur, Mizoram and Sikkim)

An analysis of the FY2024 provisional actuals (PA) of 23 states\* (excluding Arunachal Pradesh, Goa, Manipur, Mizoram and Sikkim) reveals a rise in their combined fiscal deficit to Rs. 8.4 trillion (~3.0% of GDP) from Rs. 7.2 trillion in FY2023 (2.8% of GDP), led by a continued 20% expansion in their capital spending. While the combined revenue receipts and expenditure of the 23 state governments grew by a relatively modest 7.4% and 7.1%, respectively, in FY2024 PA, their combined revenue deficit moderated relative to the year-ago level.

Interestingly, the capital spending pattern in FY2024 was less back-ended, with 39% of total spending incurred in H1 FY2025 compared to 26-35% in the recent years. The robust increase as well as the lower back-ending appear to have benefited from the early disbursements of funds by the Government of India (GoI) to the states under the special assistance to states for capital expenditure (capex loan scheme).

The net market borrowings of the 23 states expanded by a sharp 37% to Rs. 7.0 trillion in FY2024 (from Rs. 5.1 trillion in FY2023), which funded 83% of their combined fiscal deficit as per the FY2024 PA.

**Exhibit: Trends in revenue receipts, revenue expenditure and capital expenditure of 23 states**





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