EXECUTIVE SUMMARY

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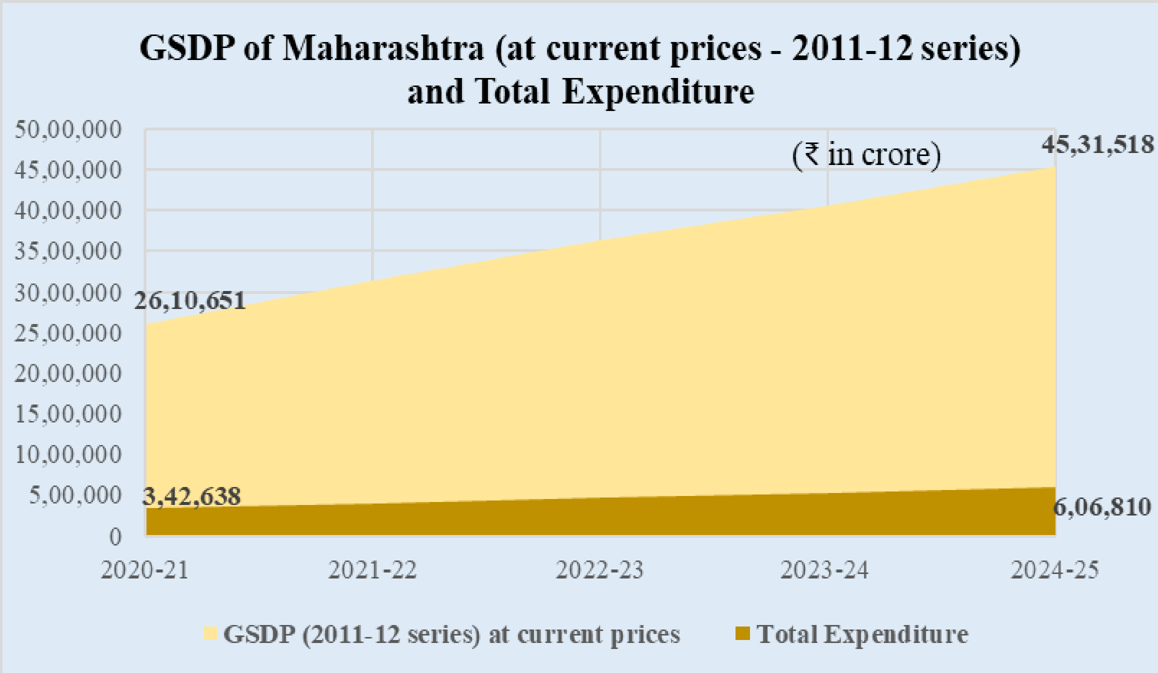
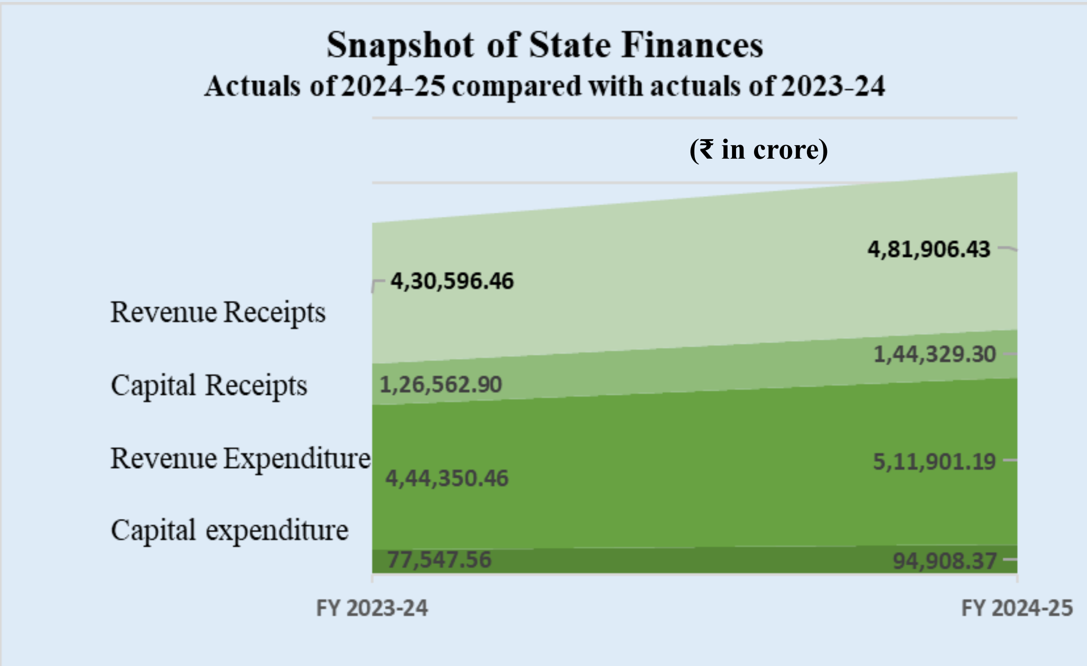
This Report on the finances of the State of Maharashtra provides an independent assessment of the fiscal position of Maharashtra for the Financial Year 2024-25.

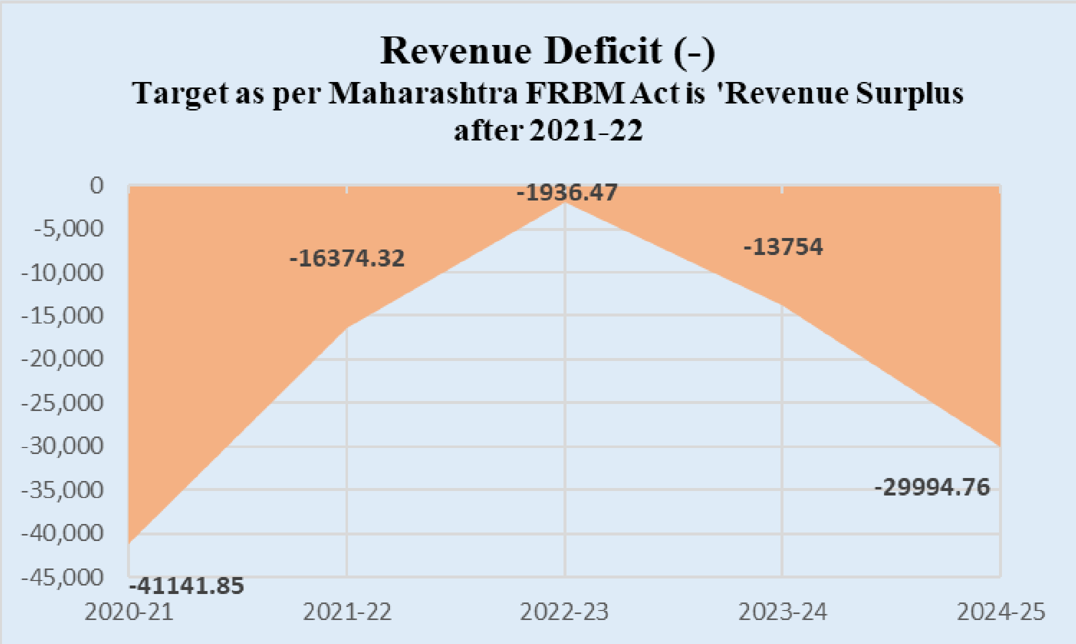


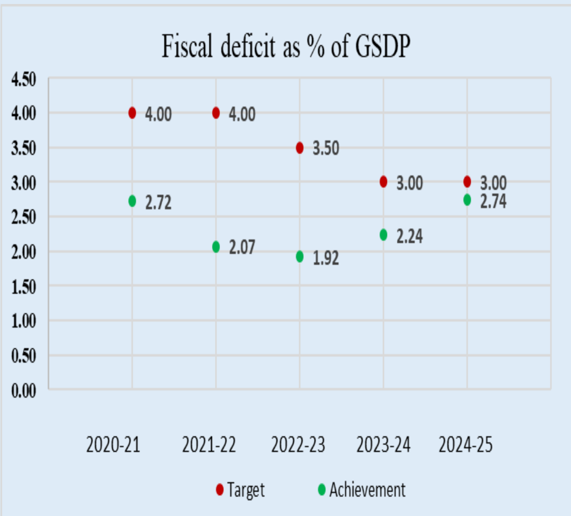
Maharashtra's economy showed moderate growth during the Financial Year (FY) 2024-25, GSDP growth increased from 11.38 *per cent* (2023-24) to 11.73 *per cent* (2024-25). The State contributed 13.70 *per cent* to the GDP of India.

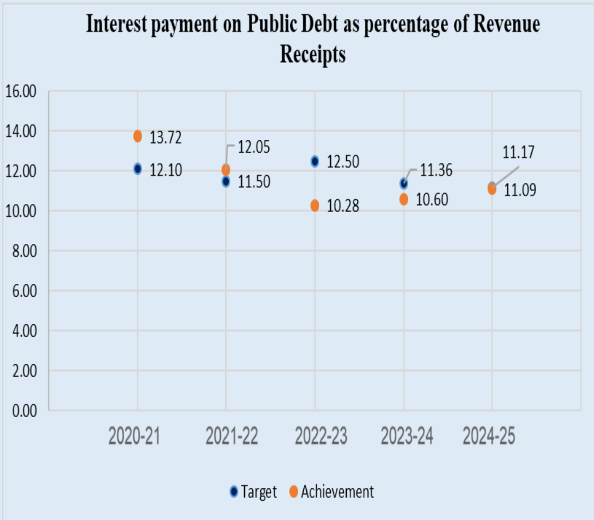


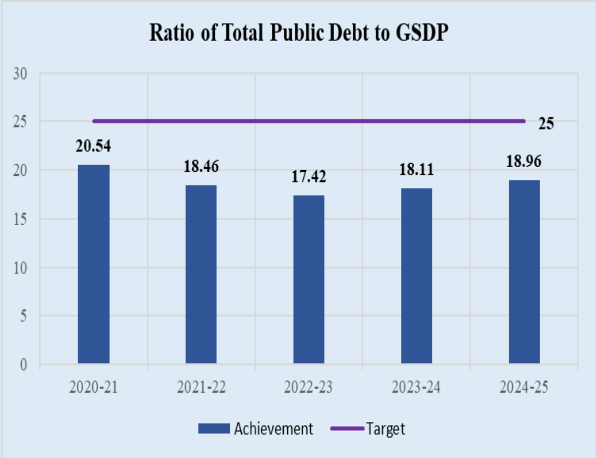
The State's finances show steady growth in revenue receipts, which increased by 11.92 *per cent* in 2024-25 as compared with 2023-24. Tax revenue continued to be the main source of income, supported by non-tax collections and Union tax transfers, while Grants-in-Aid from the Government of India showed a declining trend.

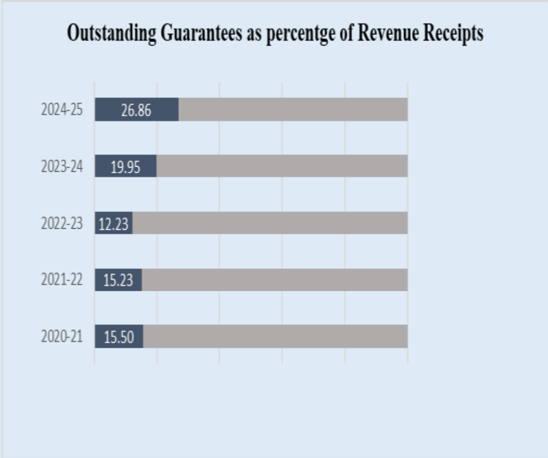
Expenditure of the State was dominated by higher growth in revenue spending (84.36 *per cent*) particularly committed expenditure (salary, wages and interest) and subsidies while capital expenditure, though increasing in absolute terms, was only 14 *per cent* of the total expenditure.





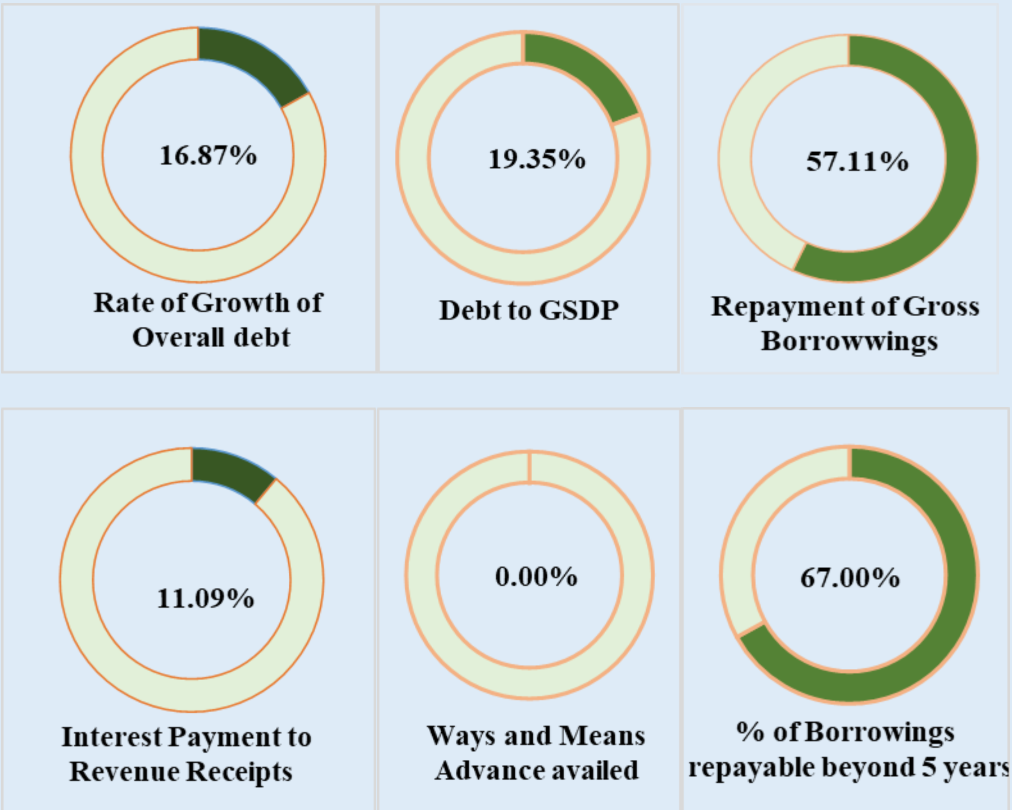






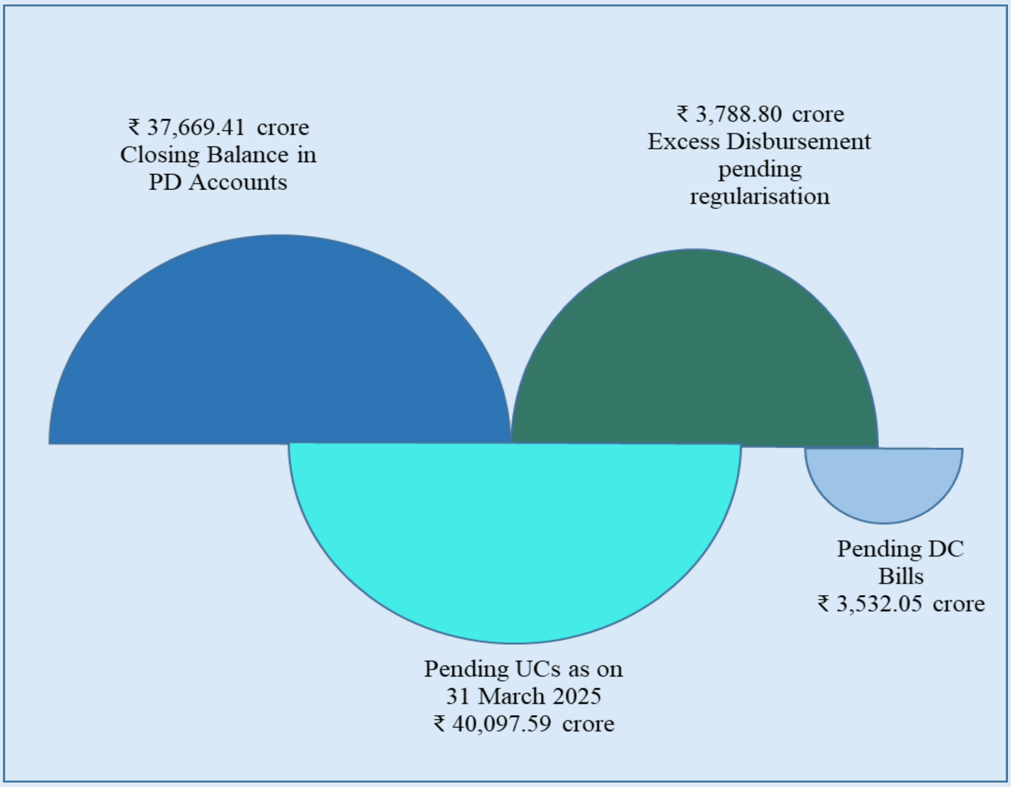
In 2024-25, the State recorded a revenue deficit of ₹ 29,994.76 crore (0.66 *per cent* of GSDP), a fiscal deficit of ₹ 1,24,208.74 crore (2.74 *per cent* of GSDP) and a primary deficit of ₹ 70,753.63 crore (1.56 *per cent* of GSDP). While the fiscal deficit remained within the Fiscal Responsibility and Budgetary Management (FRBM) ceiling, the State continued to record revenue deficit, exceeding the FRBM target during the year, partly due to the retention of substantial unspent balances in Virtual Personal Deposit Accounts under the Public Account, which had the effect of inflating the revenue and fiscal deficits.

Debt Sustainability 2024-25



Debt sustainability indicators present a mixed picture, even though the figures from the previous year were better. Thus, caution is to be exercised in the coming years.

Financial Information as on 31 March 2025



High Priority Indicators *(As per Maharashtra Fiscal Responsibility Act,2005)*			
Parameter	**FY:2024-25 Value**	**Benchmark (Criteria)**	**Remarks**
Revenue Deficit (% of GSDP)	0.66%	≥ 0 (FRBM objective)	The persistent Revenue Deficit indicates limited fiscal space and increasing dependence on borrowing to finance current expenditure.
Gross fiscal deficit (% of GSDP)	2.74%	≤ 3% (FRBM cap)	Below FRBM cap; significant fiscal headroom.
Public Debt / GSDP	18.96%	<25 % (FRBM objective)	Up from FY 2023-24 (18.11%); improving solvency buffer.

Other Priority Indicators

Parameter	FY:2024-25 Value	Benchmark (Criteria)	Remarks
Primary balance (% of GSDP) = (Total receipts – Non-interest expenditure) / GSDP	(-) 1.56%	> 0 better (IMF)	Negative indicates debt sustainability faces potential risks.
Interest payments / Revenue Receipts	11.09%	Lower is better; RBI flags risk >15% (Ministry of Finance)	Interest burden needs to be watched.
Debt service / Revenue Receipts (RR) (Public Debt principal due + interest/ RR	34.97%	Lower is better; watch if persistently >25% (World Bank)	High; Reflects potential fiscal vulnerability.
Growth–interest differential (G–r) (real GSDP growth − real effective interest rate)	4.27%	> 0 supports debt dynamics (IMF and Domar Model)	Positive cushion, though smaller than FY 2023-24 (6.20%).
Capital outlay share = Capital Expenditure/ Total Expenditure	13.64%	Higher share = better quality mix (RBI)	The share of capital expenditure in total expenditure (CE/TE) rose from nine *per cent* in 2020-21 to 14 *per cent* in 2024-25, indicating gradual improvement in the quality of spending.
Own-revenue strength= State's Own Revenue/ Revenue Expenditure	71.75%	Higher coverage is better (Ministry of Finance)	Own revenues cover 71.75% of Revenue Expenditure; rest via devolution/grants.

Maharashtra's fiscal health is anchored by robust GSDP growth. However, the increasing revenue deficit will necessitate an increased reliance on market borrowing to finance capital expenditure. This generates potential risk to long term debt sustainability. The fiscal balance is further compounded by audit observations regarding undischarged liabilities exceeding ₹ 27,184 crore, which threatens to both further deepen the fiscal deficit and revenue deficit.

Consequently, the current trajectory towards fiscal consolidation may face potential structural headwinds, necessitating cautionary prudence and allocative efficiency in resource management.