

Chapter I
**Overview of Finances of
the State**

Chapter – I: Overview of Finances of the State

This Chapter provides a snapshot of Maharashtra's finances for 2024-25, covering demographics, economic indicators, and the State's fiscal structure. It analyses trends in revenue and expenditure, debt levels and fiscal deficits, highlighting persistent imbalances and reliance on borrowings. The chapter flags issues like high committed expenditure, low returns of investments etc.

1.1 Profile of the State

Maharashtra is situated in the western part of India, bordered by the Arabian Sea to the west. It is surrounded by the States of Gujarat to the northwest, Madhya Pradesh to the north, Chhattisgarh to the east, Telangana to the southeast, Karnataka to the south, and Goa to the southwest. It has a coastline of 720 kilometres. It is the third-largest State in terms of geographical area (3.08 lakh square kilometres) and the second-most populous State in the country.

The State's population increased from 11.24 crore in 2011 to 12.83 crore in 2025 (9.10 *per cent* of India's total population). The decadal (2015-25) growth rate of population for the State was 9.26 *per cent*. The population density increased from 365 persons per sq km in 2011 to 417 persons per sq km. This section provides an overview of the State's demographic, GSDP and per capita income of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* national average are presented in **Table 1.1** below.

Table 1.1: Demographic profile of the State

	Maharashtra	India
Area (in sq. km)	307713	3287469
Forest Cover (in sq. km)	50632	698712
Rural Population (in <i>per cent</i>)*	54.78	68.86
Urban population (in <i>per cent</i>)*	45.22	31.14
Population density	417	430
Sex Ratio per 1,000 Males (<i>Census of India, 2011</i>)	922	947
Infant Mortality Rate per 1,000 Live births (<i>Sample Registration System, Statistical Report 2020</i>) (2023)	14	25
Maternal Mortality Rate per 1,00,000 women in the age group of 15-49 (<i>SRS Special Bulletin Maternal Mortality in India 2021-2023</i>)	02	05
Total Fertility Rate (Children per woman) (<i>NFHS-5, 2019-21</i>)	1.71	1.99

	Maharashtra	India
Life Expectancy at Birth (<i>Report on Technical Population, 2020</i>)(2019-23)	72.8	70.3
Population below Poverty Line (<i>Multidimensional Poverty Index 2023, NITI Aayog</i>)	7.81	14.96
Literacy Rate (<i>NCS Report, 2012-18</i>) (in per cent)	87.3	80.9
Labour Force participation Rate (in per cent) (2023-24)	63.9	64.3
*As per Report of the Technical Group of Population Source: Ministry of Statistics and Programme Implementation, GOI & PFLS 2023-24, Area: India State of Forest Report 2023, Forest Survey of India, Forest Cover: India State of Forest Report 2023, Forest Survey of India; Population Density & Sex Ratio: Census of India 2011 (Population Projections For India And States 2011-2036), MoHFW, GoI.		

1.1.2 Economy of the State

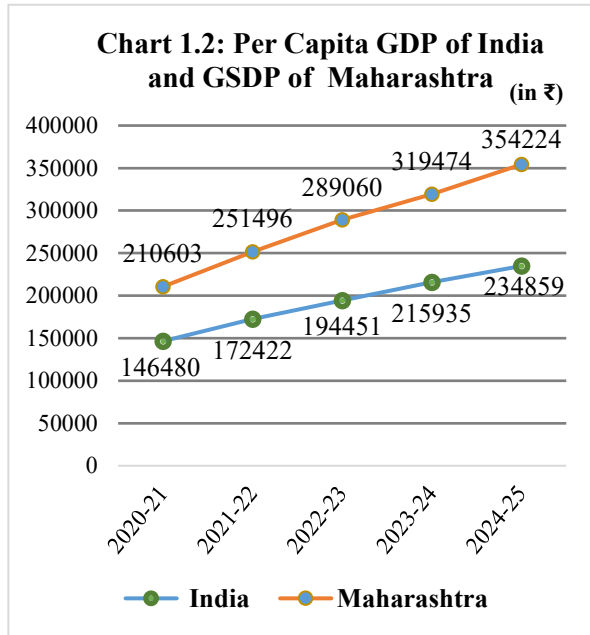
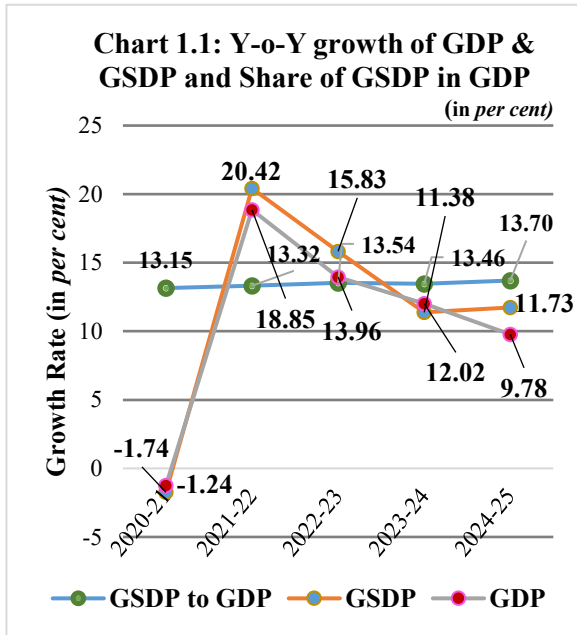
Gross State Domestic Product (GSDP) and per capita income are important indicators of the State's economy as discussed in succeeding paragraphs.

1.1.2.1 Gross State Domestic Product and Per capita GSDP

Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level, and both reflect economic development and overall progress. Trends of GSDP and GDP are given in **Table 1.2**. Year on year growth of GSDP and GDP and GSDP contribution in GDP is given in **Chart 1.1** and Per capita GSDP of the State is depicted in **Chart 1.2**

Table 1.2: Trend in GDP & GSDP (at current prices 2011-12 Series)

Year	(₹ in crore)				
	2020-21	2021-22	2022-23 FE	2023-24 FRE	2024-25 PE
GDP of India	19854096	23597399	26890473	30122956	33068145
GSDP of Maharashtra	2610651	3143821	3641543	4055847	4531518
Per Capita GDP of India (in ₹)	146480	172422	194451	215935	234859
Per Capita GSDP of Maharashtra (in ₹)	210603	251496	289060	319474	354224
<i>Source: Ministry of Statistics and Programme Implementation, GOI</i> FE: Final estimates FRE: First Revised Estimates PE: Provisional Estimates					



Source: Ministry of Statistics and Programme Implementation, GOI

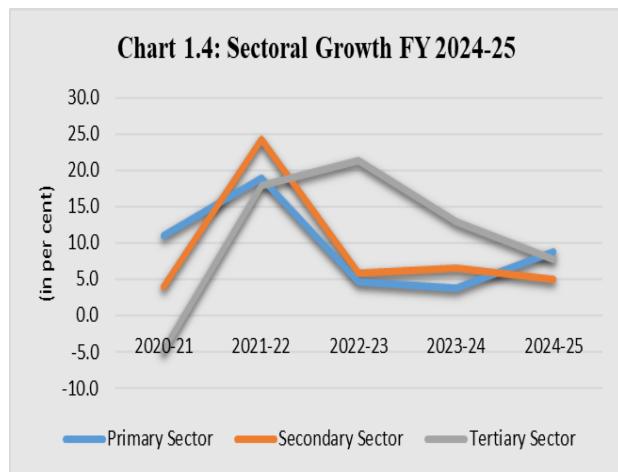
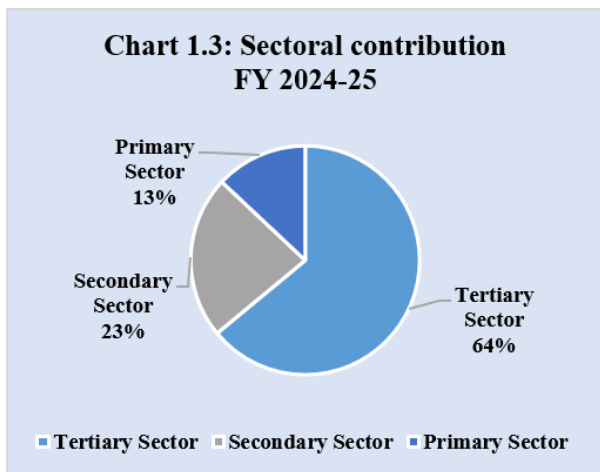
The ratio of GSDP growth to GDP growth has remained stable between 13 per cent and 14 per cent, indicating that Maharashtra’s growth has been broadly in line with the national growth pattern, with occasional outperformance.

Maharashtra’s economy in nominal terms contracted marginally in 2020-21, followed by a sharper recovery compared to the national average in 2021-22 and 2022-23. In subsequent years, growth aligned more closely with national trends.

Maharashtra has maintained a strong per capita GSDP over the national average, with the gap widening over the years. This trend underlines the State’s significant contribution to the national economy.

1.1.2.2 Sectoral contribution to GSDP

The sectoral contribution by various sectors during 2024-25 and sectoral growth in GSDP during last five years are depicted in **Chart 1.3** and **Chart 1.4** respectively.



Source: Ministry of Statistics and Programme Implementation, GOI

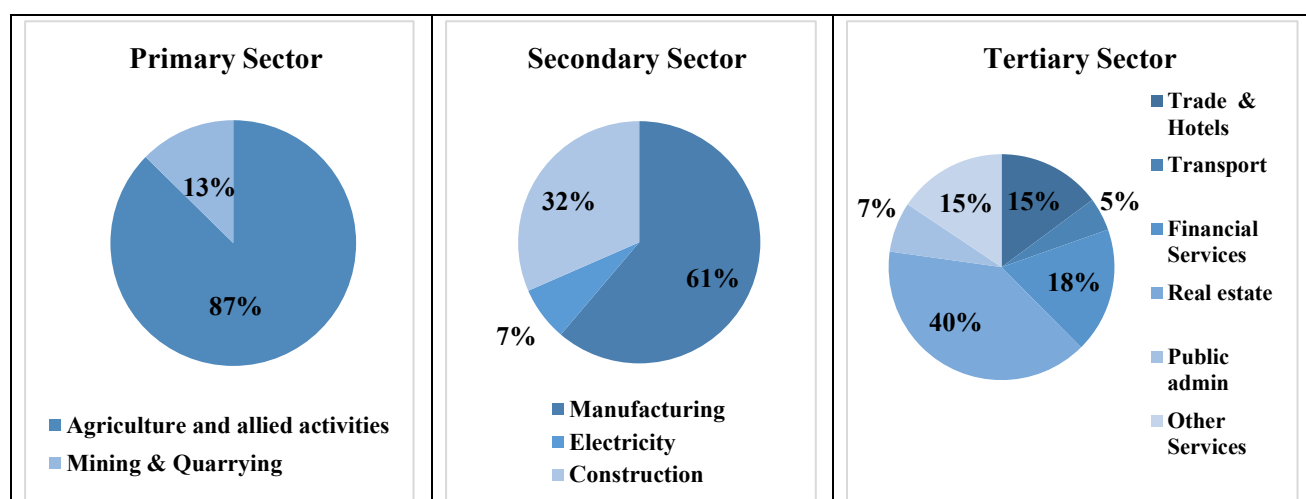
While all three sectors experienced strong recovery in 2021-22, the tertiary sector has emerged as the most dynamic component of Maharashtra’s economy.

It can be observed from the above chart that:

- The primary sector after experiencing volatility in earlier years, shows a clear upward movement in 2024-25, contributing positively to overall GSDP growth.
- The Secondary sector grew by 4.9 per cent, though the overall pace remained moderate. After a sharp post-pandemic rebound in 2021-22, industrial growth has stabilised at a lower but steady level, indicating the need for renewed investment momentum and productivity improvements.
- The services sector continued to be the main growth engine, recording a growth of 7.8 per cent. Given its 64 per cent share in GSDP, even moderate acceleration in services growth has a substantial impact on the State's overall economic expansion.

Chart 1.5 shows the composition of each sectors during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sectoral Distribution FY 2024-25



Source: Ministry of Statistics and Programme Implementation, GOI

The above chart reflects that during 2024-25:

- The primary sector is heavily dependent on Agriculture and allied activities even though monsoon variability, input costs and market conditions continued to be the dominant determinant of primary sector growth.
- The Secondary Sector's composition highlights manufacturing as the key driver, while construction acts as a stabilising sub-sector during periods of industrial moderation.
- The tertiary sector exhibits a diverse composition. The dominance of real estate and financial services reflects high degree of urbanisation and financial expansion.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results for the year 2023-24 and 2024-25 *vis-à-vis* Budget Estimates (BE), Revised Estimates (RE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

Sl. No.	Components	2023-24 (Actuals)	2024-25			Percentage of Actuals to BE	Percentage of Actuals to GSDP
			(BE)	(RE)	(Actuals)		
1	Tax revenue	373693.12	419972.28	448630.57	426291.34	101.50	9.41
(i)	Own Tax revenue	302343.37	343040.32	367467.23	344998.5	100.57	7.61
(ii)	Share of Union Taxes/Duties	71349.75	76931.96	81163.34	81292.84	105.67	1.79
2	Non-tax revenue	20857.94	26775.18	30140.33	22284.38	83.23	0.49
3	Grants-in-aid and Contributions	36045.40	52010.66	57692.35	33330.71	64.08	0.74
4	Revenue Receipts (1+2+3)	430596.46	498758.12	536463.25	481906.43	96.62	10.63
5	Recoveries of Loans and Advances	742.20	2475.10	2693.45	694.39	28.06	0.02
6	Other Receipts	0	0	0	0	0	0
7	Borrowings and other Liabilities ^(a)	90559.36	99288.46	132873.30	124208.74	125.10	2.74
8	Capital Receipts (5+6+7)	91301.56	101763.56	135566.75	124903.13	122.74	2.76
9	Total Receipts (4+8)	521898.02	600521.68	672030.00	606809.56	101.05	13.39
10	Revenue Expenditure	444350.46	508491.88	562998.52	511901.19	100.67	11.30
11	Interest payments	45651.91	56727.20	54687.38	53455.11	94.23	1.18
12	Capital Expenditure	77547.56	92029.80	109031.48	94908.37	103.13	2.09
13	Capital outlay	72573.40	84542.33	95022.14	82773.32	97.91	1.83
14	Loan and advances	4974.16	7487.47	14009.34	12135.05	162.07	0.27
15	Total Expenditure (10+12)	521898.02	600521.68	672030	606809.56	101.05	13.39
16	Revenue Deficit (4-10)	(-13754)	(-9733.76)	(-26535.27)	(-29994.76)	308.15	-0.66
17	Fiscal Deficit {(4+5+6)-15}	(-90559.36)	(-99288.46)	(-132873.30)	(-124208.74)	125.10	-2.74
18	Primary Deficit (17-11)	(-44907.45)	(-42561.26)	(-78185.92)	(-70753.63)	166.24	-1.56

Source: Finance Accounts of respective years

(a) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

During 2024-25, revenue deficit worsened sharply, increasing reliance on borrowings. Fiscal deficit remained within the FRBM norm (below three per cent of GSDP), though growing primary deficit signals rising debt pressure.

- Tax revenues marginally exceeded Budget Estimates, but significant shortfalls in non-tax revenue and grants diluted overall revenue receipts to below the budgeted level.

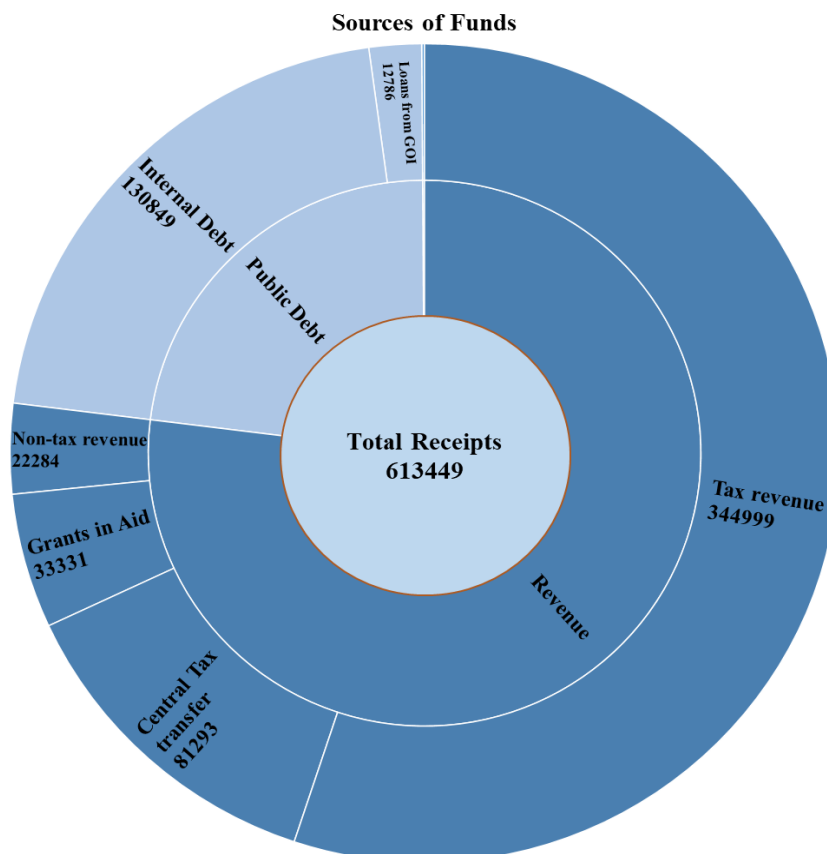
- The State relied on borrowings, with these and other liabilities exceeding BE by 25 per cent, indicating that fiscal balance was sustained largely through debt rather than revenue growth.
- Aggregate expenditure remained within the budgeted envelope, but revenue expenditure continued to dominate, reflecting persistent pressure from committed and operational spending.
- Capital spending showed a compositional shift, with capital outlay slightly below BE while loans and advances rose sharply, suggesting a move away from asset creation towards financial support.
- All major deficit indicators deteriorated, as widening revenue and primary deficits signalled structural imbalances and increased dependence on borrowing to finance current expenditure.

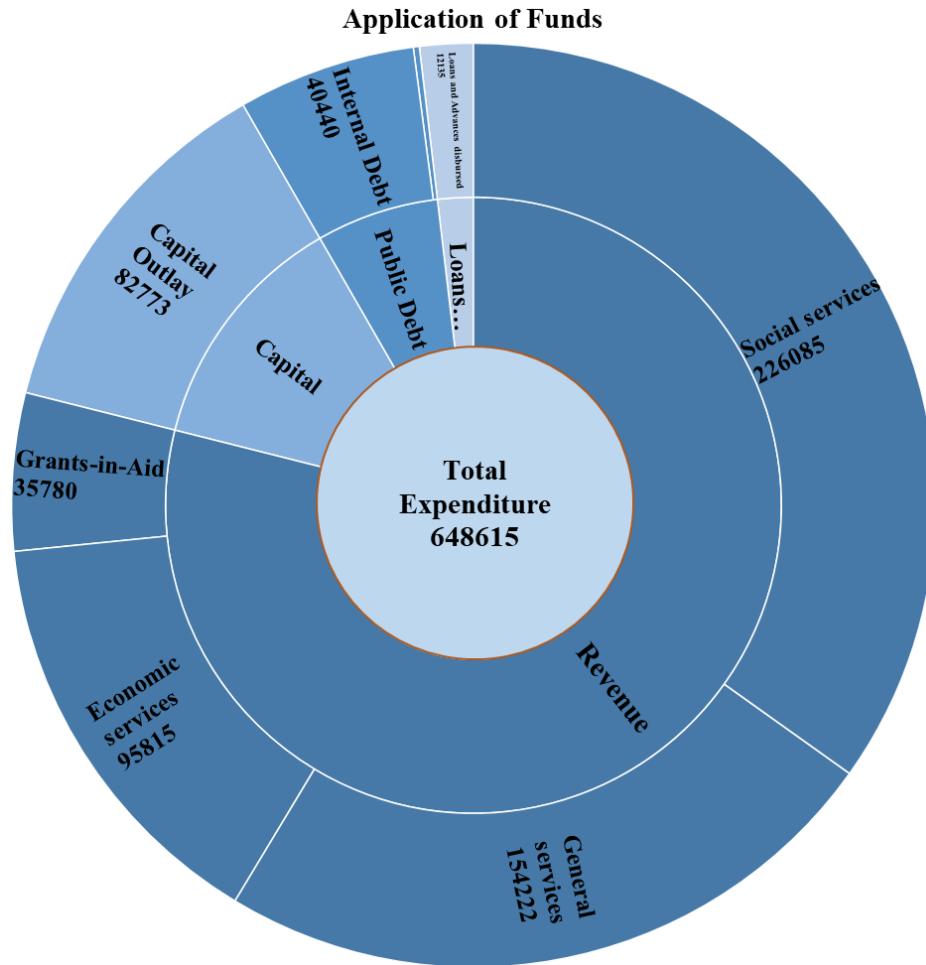
1.1.4 Sources and Application of Funds

Comparison of components of the sources and application of funds of the State during the current year with those of the previous year is given in **Chart 1.6**.

Chart 1.6: Details of Sources and application of funds during 2024-25

(₹ in crore)





Source: Finance Accounts 2024-25

Appendix 1.2 provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

Analysis reveals that revenue receipts increased in 2024-25, driven mainly by higher tax revenue and the State's share in Union taxes, but continued weakness in non-tax revenue and grants limited overall buoyancy, while revenue expenditure rose sharply on account of sustained spending on Social and Economic Services, particularly education, health, welfare, agriculture, irrigation, energy, and transport.

As revenue expenditure exceeded revenue receipts, the revenue deficit widened significantly compared to the previous year, indicating a growing structural imbalance in the State's finances. Capital outlay increased, with transport, irrigation and urban infrastructure absorbing the bulk of spending, though low recoveries of loans and advances constrained capital receipts. The resulting financing gap was largely bridged through higher internal borrowings and expanded public account transactions, leading to increased reliance on debt and liabilities despite the year ending with a sizeable cash balance, thereby raising medium-term fiscal sustainability concerns.

1.1.5 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consists mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, and loans and advances, given by the State Government and cash balances. A summarised position of assets and liabilities, for the financial years 2023-24 and 2024-25, is given in **Table 1.4**.

Table 1.4: Summarised position of assets and liabilities

(₹ in crore)									
Liabilities					Assets				
		2023-24	2024-25	Per cent increase/decrease		2023-24	2024-25	Per cent increase/decrease	
Consolidated Fund									
A	Internal Debt	562854.45	653262.89	16.06	a	Gross Capital Outlay	570106.21	652879.53	14.43
B	Loans and Advances from GoI	47276.41*	58697.10	24.16	b	Loans and Advances	36340.95	47781.61	31.48
Contingency Fund		150	150	0					
Public Account									
A	Small Savings, Provident Funds, etc.	30259.90	30622.93	1.2	a	Advances	7.11	7.76	9.14
B	Deposits	95598.10	119199.92	24.69	b	Remittances	0	0	0
C	Reserve Funds	83180.35	91715.09	10.26	c	Suspense and Miscellaneous	0	0	0
D	Remittances	1249.91	4266.14	241.32		Cash balance	20356.31	20564.71	1.02
						Investment in Earmarked Fund	68890.43	76623.61	11.23
E	Suspense and Miscellaneous	23804.88	18610.85	-21.82		Cash Total	89246.74	97188.32	8.9
						Deficit in Revenue Account	149206.71*	179201.42	20.1
						Misc. Capital Receipt	(-)533.72	(-)533.72	0
Grand Total		844374.00	976524.92	15.7	Grand Total		844374.00	976524.92	15.7
<i>Source: Finance Accounts of respective years</i>									
* Differs from previous year due to proforma correction of ₹ 7,982.17 crore on account of repayment of back to back loan by Central Government and ₹ 0.01 crore due to rounding off of absolute figures.									

It can be seen from the above table that during 2024-25, assets increased by 14.62 per cent, while liabilities increased by 15.7 per cent over the previous year. The cash balance at the end of the financial year 2024-25 was ₹ 20,564.71 crore. The cash balance including investment in Earmarked Funds increased by 8.9 per cent and at the end of March 2025 was ₹ 97,188.32 crore.

The fiscal priorities of the State Government as compared with the General States and All-India Average is shown in **Appendix 1.4**.

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of India and all money received by the State Government in repayment of loans forms part of the Consolidated Fund of the State.

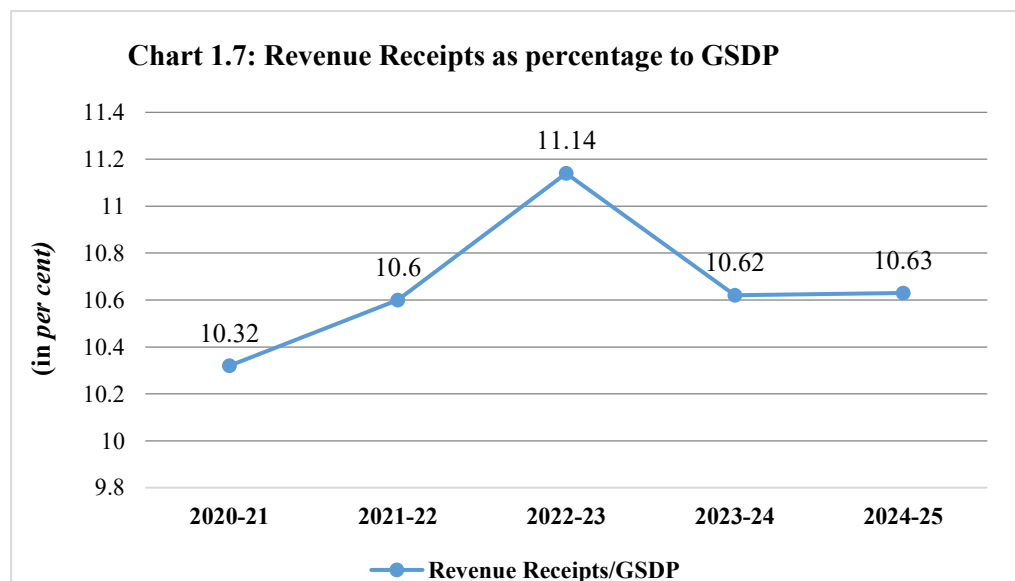
1.2.1 Revenue Receipts

Trends and growth of revenue receipts with respect to GSDP over the five year period (2020-25) are shown in **Table 1.5**.

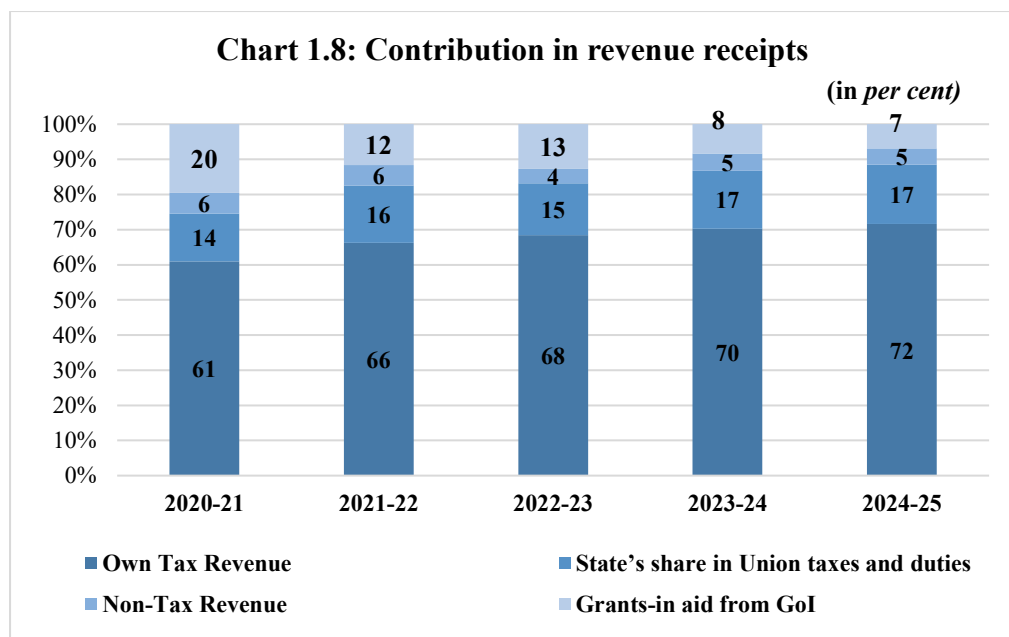
Table 1.5: Trend in Revenue Receipts

(₹ in crore)					
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts (RR)	269467.91	333311.57	405677.93	430596.46	481906.43
Tax Revenue	200758.99	275245.19	337487.28	373693.12	426291.34
<i>Own Tax Revenue</i>	<i>164254.98</i>	<i>220927.13</i>	<i>277486.31</i>	<i>302343.37</i>	<i>344998.50</i>
<i>State's share in Union taxes and duties</i>	<i>36504.01</i>	<i>54318.06</i>	<i>60000.97</i>	<i>71349.75</i>	<i>81292.84</i>
Non-Tax Revenue	15975.46	19306.70	16776.41	20857.94	22284.38
Grants-in aid from GoI	52733.46	38759.68	51414.24	36045.40	33330.71
Own Revenue (Own tax and non-tax revenue)	180230.44	240233.83	294262.72	323201.31	367282.88
Gross State Domestic Product (2011-12 Series)	2610651	3143821	3641543	4055847	4531518
Year-on-year growth rates (in Per cent)					
Revenue Receipts	(-)4.85	23.69	21.71	6.14	11.92
Own Tax Revenue	(-)13.07	34.50	25.60	8.96	14.11
GSDP	(-)1.74	20.42	15.83	11.38	11.73
RR/GSDP	10.32	10.60	11.14	10.62	10.63
Buoyancy Ratios					
State's Own tax Revenue Buoyancy w.r.t GSDP	*	1.690	1.617	0.787	1.203
* Buoyancy Ratio was not calculated as Revenue receipts and GSDP growth was negative during 2020-21.					
<i>Source: Finance Accounts of respective years, Ministry of Statistics and Programme Implementation, GOI (for GSDP data)</i>					

Further, trends of Revenue Receipts during the last ten years (2015-16 to 2024-25) are shown in **Appendix 1.1**. Revenue Receipts as percentage of GSDP and contribution from various sources in revenue receipts are given in **Chart 1.7** and **Chart 1.8**.



Source: Finance Accounts of respective years



Source: Finance Accounts of respective years

Revenue Receipts of the State have shown a consistent upward trend, rising from ₹ 1,85,035.68 crore in 2015-16 to ₹ 4,81,906.43 crore in 2024-25, marking a growth of 160.43 per cent over the ten years period as shown in **Appendix 1.1**. The Revenue Receipts to GSDP ratio has remained broadly stable at around 10–11 per cent from 2020-21 onwards.

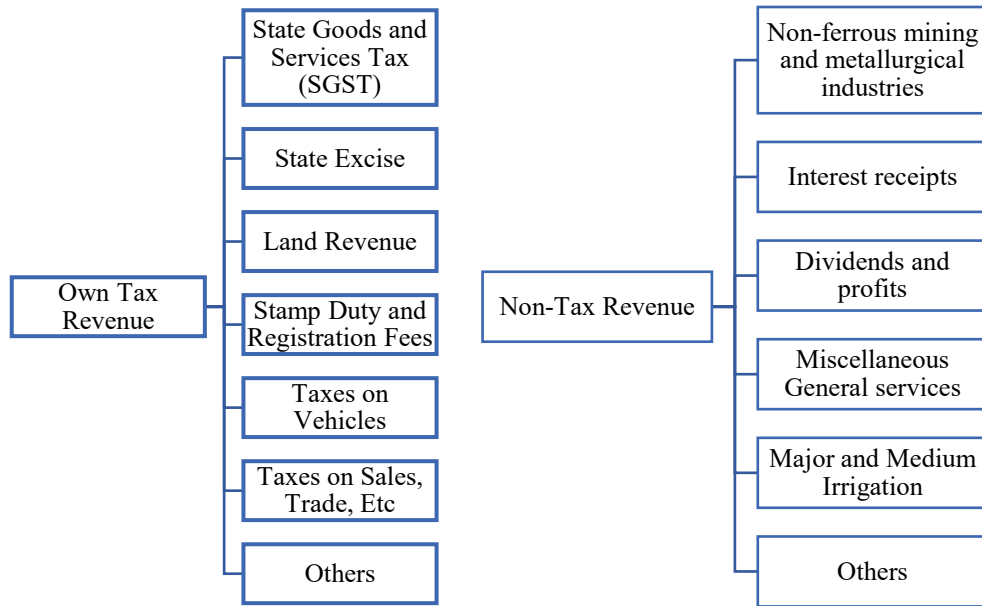
Tax Revenue continues to be the predominant source. Own Tax Revenue constitutes the major share, while the State's share in Union taxes has been fluctuating. Non-Tax Revenue, though relatively small, has shown significant recent growth, reaching ₹ 22,284.38 crore in 2024-25. Grants-in-aid from the Government of India, showed a fluctuating and overall declining trend during 2020-21 to 2024-25. It increased significantly by 33 per cent in 2022-23 as compared to a 26 per cent decrease in 2021-22 and thereafter it declined significantly during 2023-24 and 2024-25, thereby reducing the State's dependence on Central transfers.

Revenue buoyancy, which measures the responsiveness of revenue growth to changes in GSDP, provides an indication of the efficiency of revenue mobilization in relation to economic growth. A buoyancy ratio greater than one implies that revenues are growing at a faster pace than the economy, while a ratio below one indicates a slower growth of revenues compared to GSDP.

The State's Own Tax revenue buoyancy w.r.t. GSDP stood at 1.160 in 2021-22 and further improved to 1.371 in 2022-23. However, in 2023-24, the ratio declined sharply to 0.787, indicating a slowdown in both tax and non-tax revenue collections despite continued economic growth. The buoyancy improved in 2024-25 to 1.016, showing that revenues once again kept pace with the economy, although moderately.

A. State's Own Resources

Chart 1.9: Details of State's Own Tax Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the State Government through taxes it is empowered to levy under the constitution. Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals for Own Tax Revenue of the State for the FY 2024-25 are given in **Table 1.6**.

Table 1.6: State Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE and Actuals)
(₹ in crore)

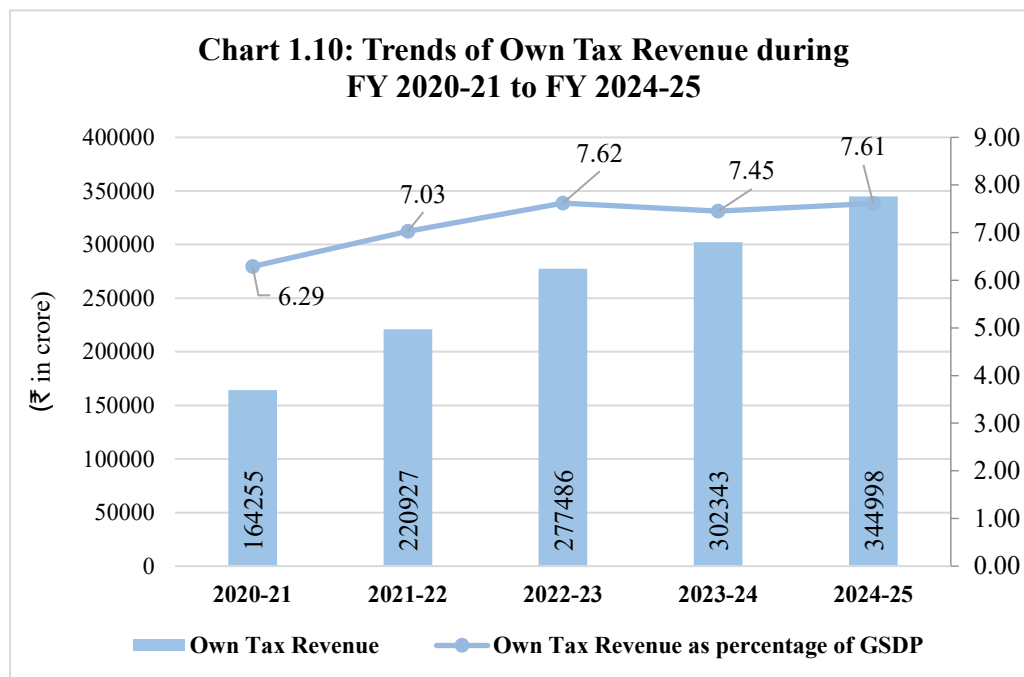
Tax Revenue	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Taxes on Sales, Trade, Etc.	53380.47	62500.00	67375.00	58935.94
State Goods & Services Tax	141978.59	155755.59	167905.00	163150.99
State excise	23322.35	30500.00	30500.00	25465.95
Taxes on vehicles	12969.32	14875.00	14875.00	14714.57
Stamps and Registration Fees	50824.48	55000.00	60000.00	59149.91
Land revenue	2689.76	3000.00	5000.00	3855.49
Taxes on goods and passengers	498.14	1760.00	1760.00	846.93
Other taxes	16680.26	19649.73	20052.23	18878.72
Total	302343.37	343040.32	367467.23	344998.50

Source: Finance Accounts and Budget documents of respective years

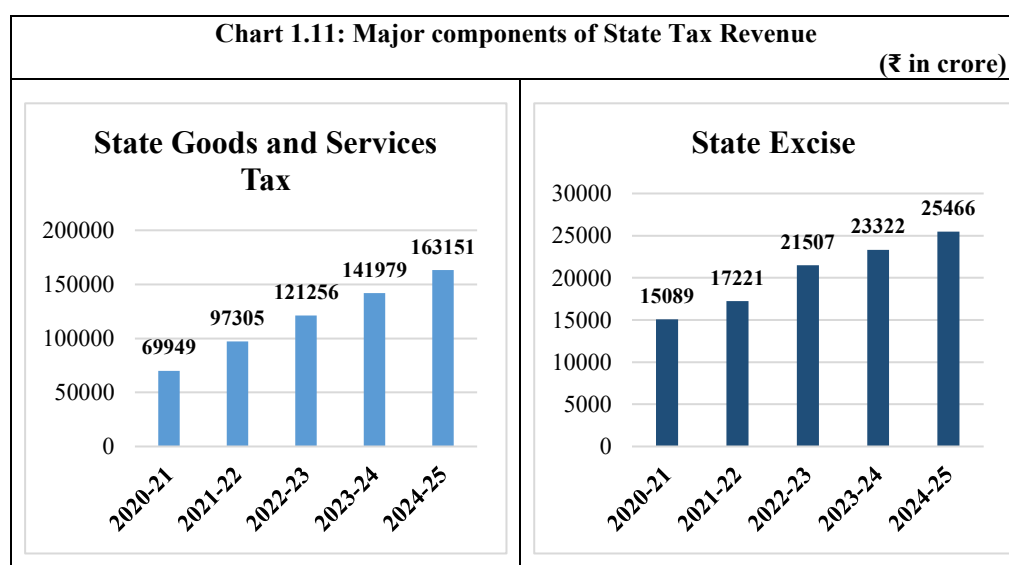
Table 1.6 shows that State tax revenue in 2024-25 increased to ₹ 3.45 lakh crore, marginally exceeding the BE but falling short of the RE, indicating moderated tax performance in the latter part of the year. The growth was primarily driven by SGST, which remained the largest contributor and achieved a high proportion of RE, reflecting stable consumption-based tax mobilisation. Stamp duty and registration fees also performed strongly, exceeding BE and

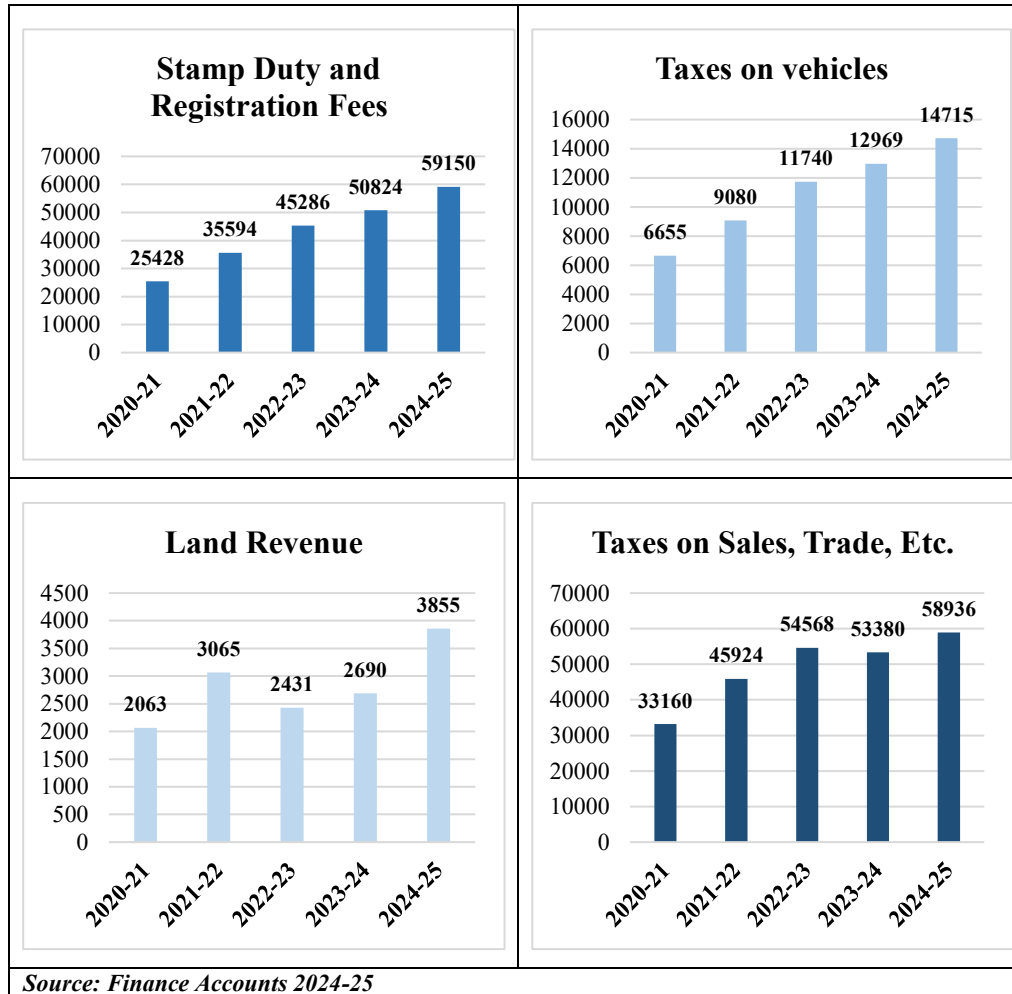
closely aligning with RE, suggesting buoyancy in property and real estate transactions. In contrast, taxes on sales and trade and state excise underperformed against revised estimates, pointing to either overestimation at the RE stage or moderation in discretionary consumption. Taxes on vehicles remained broadly stable and close to budgeted levels, while land revenue and taxes on goods and passengers, though small in absolute terms, showed notable deviations from BE and RE, indicating volatility in minor tax heads.

Trends of own tax revenue and analysis of its components during the period 2020-21 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11** respectively.



(Source: Finance Accounts 2024-25)





Own Tax Revenue of the State registered an increase of 14.11 *per cent*, rising from ₹ 3,02,343.37 crore in 2023-24 to ₹ 3,44,998.50 crore in 2024-25. Overall, the trend points to strengthened own-revenue performance, with recent years indicating consolidation rather than acceleration. The major increases were observed under the following heads:

- State Goods and Services Tax (SGST) recorded a growth of 14.91 *per cent* during 2024-25 over the previous year, mainly due to an increase of 12.06 *per cent* in tax collection and a 21.20 *per cent* rise in input tax credit cross-utilisation between SGST and IGST.
- Land Revenue increased by 43.34 *per cent*, primarily due to a 63 *per cent* rise in ‘other receipts’ received from the Commissioner, Konkan Region.
- Stamps and Registration Fees showed higher realisation on account of a 17 *per cent* increase in the sale of stamps during 2024-25 over 2023-24.
- State Excise revenue increased by 9.19 *per cent*, mainly due to higher receipts under ‘duty on wines and spirits manufactured in India and classed as foreign liquor’.

- Taxes on Sales, Trades, etc. increased by 10.41 *per cent* over the previous year’s receipts, attributable to a 12.28 *per cent* increase under ‘Tax collection – Value Added Tax’.

(ii) Non-Tax Revenue

Non Tax Revenue of a State refers to the rent, fees, royalties and other receipts, of the State Government from sources other than taxes.

Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals for Non-Tax Revenue of the State for the FY 2024-25 is given in **Table 1.7**.

Table 1.7: Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE and Actuals)
(₹ in crore)

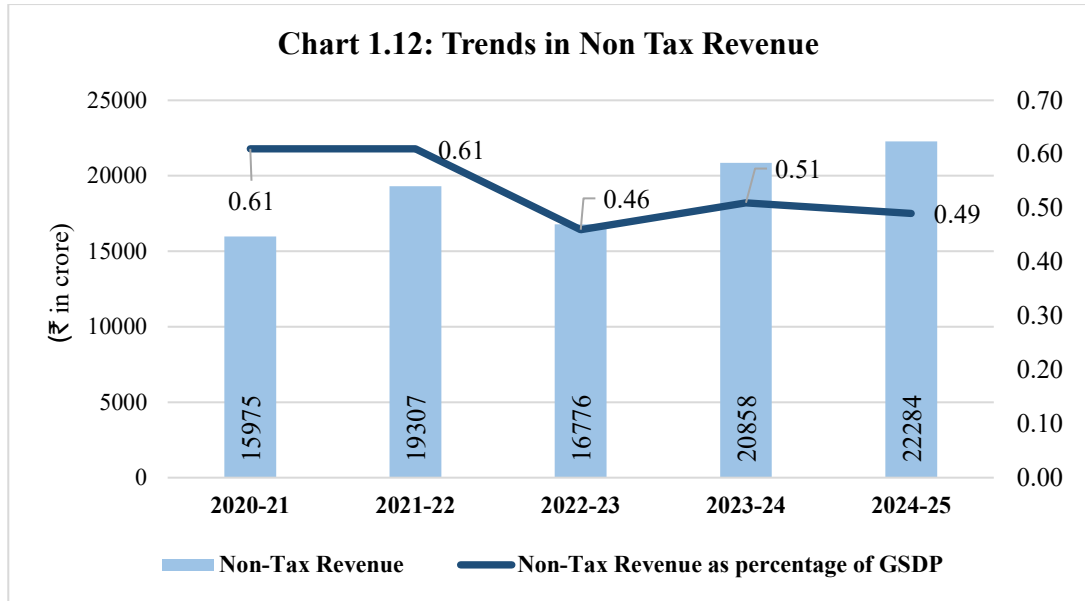
Non-Tax Revenue	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Interest receipts	2328.73	3150.00	3150.00	2808.99
Dividends and Profits	72.10	105.00	105.00	48.14
User Charges ¹	2178.46	5454.69	5941.14	1757.47
Others	16278.66	18065.00	20944.00	17669.78
Total	20857.95	26774.69	30140.14	22284.38

Source: Finance Accounts and Budget documents of respective years

Non-tax revenue in 2024-25 stood at ₹ 22,284.38 crore, which was lower than the Budget and Revised Estimates, indicating that the projected growth in non-tax receipts did not fully materialise during the year. Interest receipts showed a relatively better performance and formed a stable component of non-tax revenue, while dividends and profits were lower than anticipated, reflecting modest returns from State investments and public sector undertakings. User charges recorded a substantial shortfall *vis-à-vis* both BE and RE, suggesting that the expected improvement in recoveries from fees and service charges was not realised to the extent envisaged. The category of “others”, which constitutes a significant share of non-tax revenue, also remained below revised projections, pointing to variability in miscellaneous receipts. Overall, the trend indicates that non-tax revenue continues to be subject to fluctuations and remains an area with scope for gradual strengthening through improved forecasting and sustained efforts at revenue realisation.

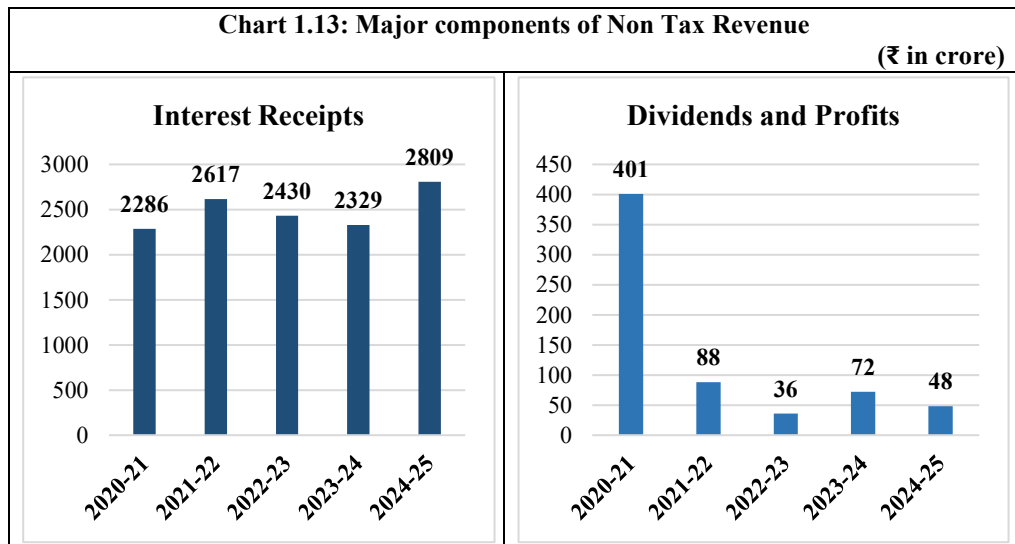
Trends in components State’s non-tax revenue during the period 2020-21 to 2024-25 are shown in **Chart 1.12** and **Chart 1.13** respectively.

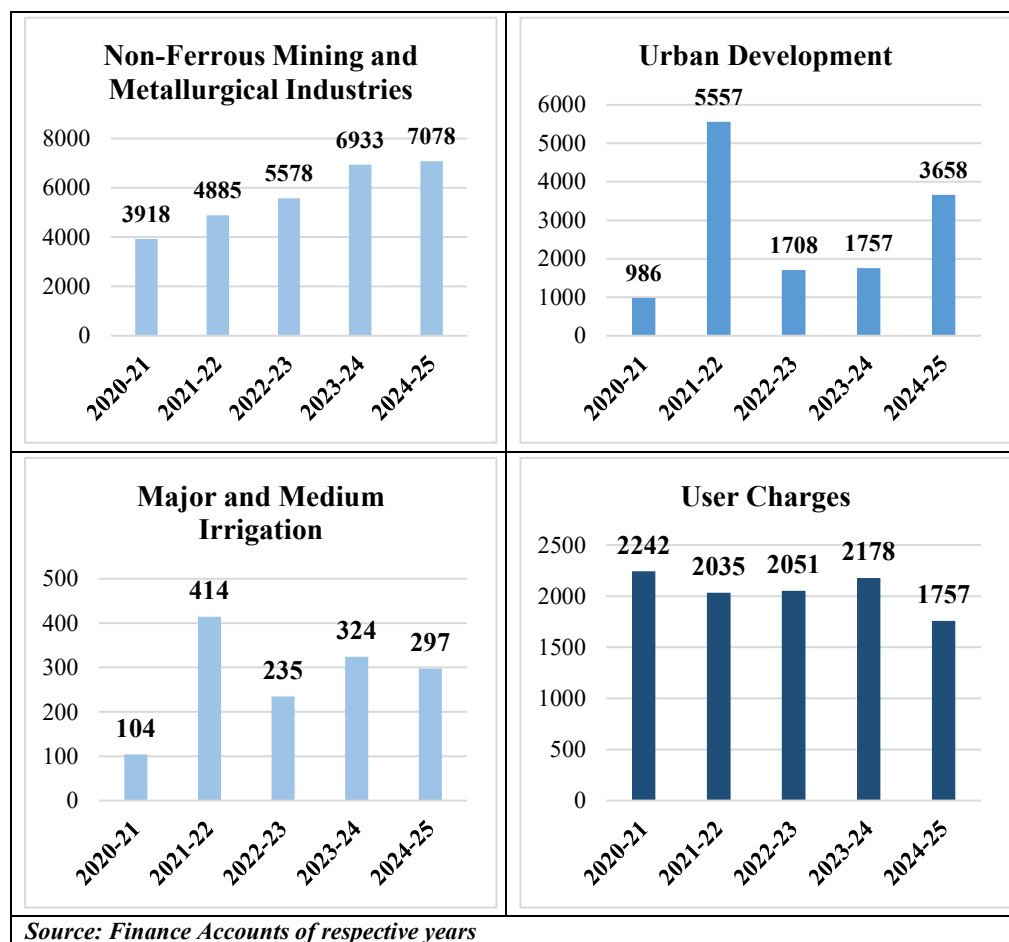
¹ All non-tax revenue under Education, Health, Water supply & sanitation, Irrigation, Transport and Tourism pertaining to Major Head 0202, 0210, 0215, 0700, 0701, 1054 & 1452 are user charges.



(Source: Finance Accounts 2024-25)

Non-tax revenue increased in absolute terms from ₹ 15,975.46 crore in 2020-21 to ₹ 22,284.38 crore in 2024-25, indicating a gradual improvement in collections over the period. However, this growth was uneven, with a noticeable dip in 2022-23 before recovering in the subsequent years. When viewed in relation to GSDP, non-tax revenue declined from 0.61 *per cent* in 2020-21 and 2021-22 to 0.49 *per cent* in 2024-25, suggesting that non-tax receipts did not keep pace with the overall growth of the State economy. The trend indicates that while nominal collections have risen, the relative contribution of non-tax revenue to the State's resource base has moderated over time, highlighting the need for sustained efforts to stabilise these receipts.





Non-tax revenue contributed between five and seven *per cent* of the State’s total revenue receipts during 2020-21 to 2024-25. The major increase during 2024-25 was under Urban development (₹ 1,902 crore) and ₹ 145 crore under non-ferrous mining and Metallurgical Industries due to higher receipts collected under the Mineral Concession Rules, 1960 by Industries Department and increased receipts collected under Minor Mineral Extraction Rules by Revenue and Forest Department.

Interest receipts form another significant component of non-tax revenue. These mainly arise from investment of surplus cash balances in Government of India Treasury Bills, as per RBI regulations. As on 31 March 2025, ₹ 19,640.97 crore was invested under the Cash Balance Investment Account, earning interest of ₹ 1272.90 crore.

B. State’s share in Union taxes and duties

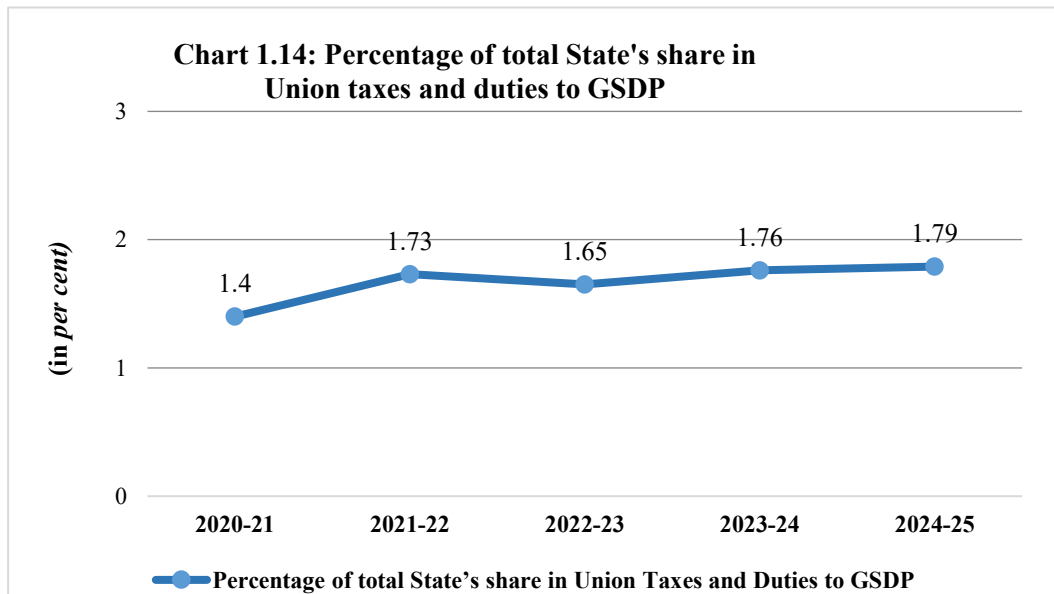
Trends in components of State’s share in Union taxes and duties are shown in **Table 1.8**.

Table 1.8: State's share in Union Taxes and Duties

Components	₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services tax (CGST)	10894.03	16016.73	16950.64	21653.88	23742.39
Integrated Goods and Services tax (IGST)	0.00	0.00	0.00	0.00	0.00
Corporation tax	10979.94	15127.69	20125.45	21415.89	23067.22
Taxes on income other than Corporation tax	11252.46	16519.71	19634.49	24732.80	29417.92
Customs	1969.98	3910.76	2358.10	2500.38	4135.87
Union Excise Duties	1231.49	2057.21	739.80	946.20	795.97
Service tax	151.51	627.83	93.76	13.30	2.66
Other taxes and duties on commodities and services	24.60	58.13	98.73	87.30	130.81
Total	36504.01	54318.06	60000.97	71349.75	81292.84

Source: Finance Accounts of respective years

Percentage of total State's share in Union taxes and duties to GSDP is given in Chart 1.14.



(Source: Finance Accounts 2024-25)

During 2024-25, there was an increase in Union tax transfer by ₹ 9,943.09 crore (13.94 per cent) over the previous year. The increase was under 'Taxes on Income other than Corporation Tax' by 18.94 per cent and 'CGST' by 9.64 per cent. The percentage of Union Tax Transfers to Revenue Receipts increased slightly from 16.57 per cent in 2023-24 to 16.87 per cent in 2024-25. This indicates improved buoyancy and relative stability of central tax transfers.

C. Grants-in-aid from Government of India

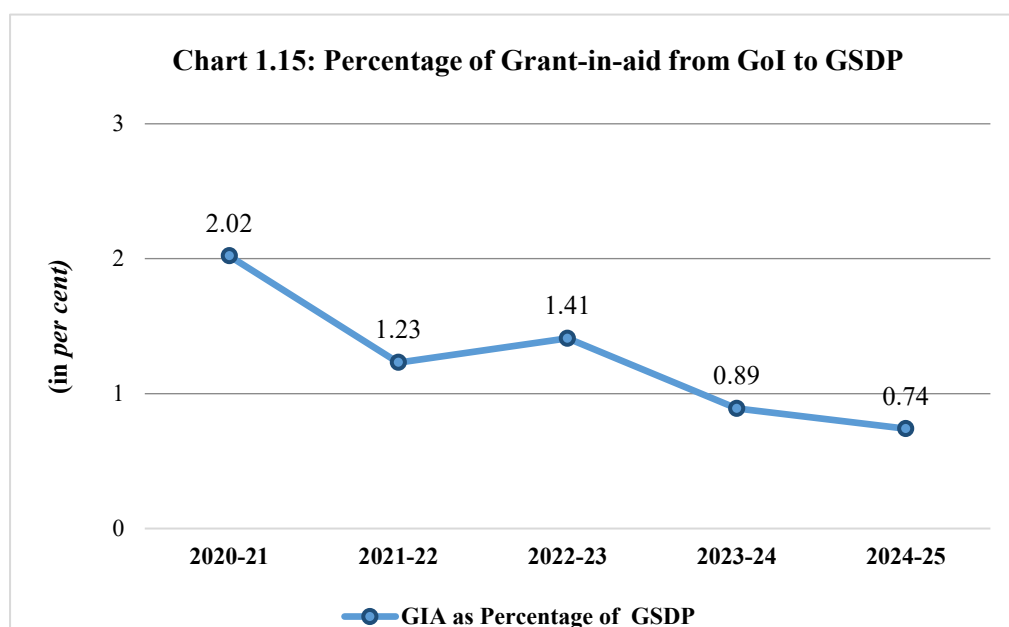
Trend of Grants-in-aid (GIA) from Government of India (GOI) and its components are shown in Table 1.9

Table 1.9: Grants-in-Aid from GoI

Head	₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
Non-Plan Grants	310.92 ^{ab}	1.01	0.00	0.00	0.00
Grants for State Plan Schemes	0.00	0.00	0.00	0.00	0.00
Grants for Central Plan Schemes	0.20	2.32	0.33	0.00	0.00
Grants for Centrally Sponsored Plan Schemes	(-12)	-0.48	0.00	0.00	0.00
Grants for Centrally Sponsored Schemes (CSS)	13733.52	11782.83	16240.57	17700.18	22191.56
Finance Commission Grants	11550.00 ^a	7693.12	9968.35	8840.63	7518.18
Other Transfer/Grants to States/Union Territories with Legislatures	27152.06 ^b	19280.88	25204.99	9504.59	3620.97
Total	52733	38759.68	51414.24	36045.40	33330.71

ab) Grants transferred to 07- Finance Commission Grants and 08- Other Transfer due to change in the classification during 2021-22.
a) Grants towards contribution to State Disaster Response Fund (₹ 3222.00 crore) taken under 07 - Finance Commission Grants - 104 - Grants in Aid for State Disaster Response Fund due to change in the classification during 2021-22.
b) Grants towards contribution to National Disaster Response Fund (₹ 420.12 crore) taken under 08 - Other Transfer / Grants to States / Union Territories with Legislatures 106- Grants towards contribution to National Disaster Response Fund (NDRF) due to change in the classification during 2021-22.
Source: Finance Accounts of respective years

Percentage of Grants-in-Aid from GoI to GSDP is given in Chart 1.15.



(Source: Finance Accounts 2024-25)

Grants-in-aid (GIA) from the Government of India constituted 6.92 per cent of the total revenue receipts during 2024-25. Grants for Centrally Sponsored Schemes (₹ 22,191.56 crore) accounted for 66.58 per cent of the total grants received from the Government of India. ‘Other transfers’ included grants from the Central Road and Infrastructure Fund, which marginally increased from ₹ 886.63 crore in 2023-24 to ₹ 891.52 crore in 2024-25. The compensation for loss of revenue due to implementation of GST declined significantly from ₹ 8,617.96 crore in 2023-24 to ₹ 2,504.45 crore in 2024-25. In addition, the State Government received ₹ 225 crore towards the National Disaster Response Fund (NDRF) during 2024-25.

Union transfers have increasingly moved towards conditional, scheme-based support, with CSS grants forming a rising share of total assistance. The decline

in Finance Commission and other transfers may reduce fiscal flexibility for the State, as CSS funds are typically tied to specific objectives and implementation conditions. The overall contraction in grants, despite rising CSS support, suggests a greater reliance on State's own resources and tax devolution to finance expenditure growth.

(i) Grants for Centrally Sponsored Schemes

Out of the grants of ₹ 22,191.56 crore for centrally sponsored schemes during 2024-25, major allocations were made to the schemes above ₹ 500 crore as shown in **Table 1.10**.

Table 1.10: Major Schemes receiving grants above ₹ 500 crore

Name of the Scheme	2024-25	2023-24	Percentage change over previous year
Pradhan Mantri Awas Yojana	4980.58	785.21	534.30
Flexible pool for RCH and Health System Strengthening National Health Mission and National Urban Health Mission	1950.60	1624.21	20.10
Saksham Anganwadi and Poshan	1368.84	1699.43	(-)19.45
Urban Rejuvenation Mission - 500 Cities	1345.69	205.14	555.99
Mahatma Gandhi National Rural Guarantee Programme	1247.17	1090.49	14.37
National Rural Livelihood Mission	1164.27	973.57	19.59
Samagra Shiksha Abhiyan	1126.27	1001.19	12.49
Pradhan Mantri Poshan Shakti Nirman	1054.08	793.72	32.80
Pradhan Mantri Gram Sadak Yojana	854.93	1110.8	(-)23.03
Rastriya Krishi Vikas Yojana	719.92	255.06	182.26
Revision of norms for central assistance released to State/UT for meeting expenditure on intra State movement handling of foodgrains and FPS dealers margin under NFSA	844.58	703.54	20.05
Infrastructure Maintenance	590.94	1087.74	(-) 45.67

Source: Finance Accounts of the respective years

Releases under major CSS during 2024-25 exhibited sharp inter-scheme variation, with substantial scaling-up in housing and urban missions alongside moderation or decline in road connectivity, nutrition, and infrastructure maintenance schemes.

(ii) Fifteenth Finance Commission Grants

The Fifteenth Finance Commission (15th FC) grants were provided to the States for local bodies and State Disaster Response Fund (SDRF), State Disaster Mitigation Fund (SDMF) and health sector grants. Details of grants provided by GoI are given in **Table 1.11**.

Table 1.11: Recommended amount, actual release and transfers of Grant-in-aid

(₹ in crore)

Transfers	Recommendation of 15 th FC for 2024-25	Actual release by GoI, during 2024-25*	Release by State Government (Total percentage of the amount released by GoI)
1	2	3	4
(i) Grants to PRIs	4776.00	3329.06	3329.06 (100)
(a) Performance/Tied Grants	2865.60	2061.17	2061.17 (100)
(b) Untied Grants	1910.40	1267.89	1267.89 (100)
(ii) Grants to ULBs	2461.00	494.72	494.72 (100)
(a) Million plus cities (for ambient air quality plus SWM and Sanitation)	1391.00	0.00	0.00 (100)
(b) Non- million plus cities (tied grants for drinking water, rainwater harvesting, SWM and Sanitation)	642.00	296.83	296.83 (100)
(c) Non million plus cities (untied grants for local needs)	428.00	197.89	197.89 (100)
Total for Local Bodies	7237.00	3823.78	3823.78 (100)
SDRMF (Centre share)	3730.00	3694.00	3694.00 (100)
SDRMF (State Share)	1243.00	1231.00	1231.00 (100)
Grants for Health Sector	1467.00	1160.33	1160.33 (100)
Grand Total	13677.00	9909.11	9909.11 (100)

Source: Fifteenth Finance Commission Report and information furnished by the Government of Maharashtra. Finance Accounts 2024-25

As seen from the above table, the actual releases by the Government of India (GoI) were lower than the amounts recommended by 15th FC. In respect of grants to Urban Local Bodies (ULBs), the amount of ₹ 494.72 crore released during 2024-25 pertained entirely to the withheld portion of the grant for the year 2023-24. This indicates that no releases were made by GoI towards the 15th FC grants recommended for ULBs for the year 2024-25.

Further, for ‘Million-Plus Cities’, against the recommended amount of ₹ 1,391 crore, no amount was released during 2024-25. Maharashtra has six² urban agglomerations eligible for grants under this category. As per the Finance Commission’s recommendations, grants for Million-Plus Cities are 100 per cent performance-linked, released through the Million-Plus Cities Challenge Fund (MCF). Of the city-wise MCF allocation, one-third is earmarked for achieving ambient air quality standards, while the remaining two-thirds is linked to performance on service level benchmarks for drinking water (including rainwater harvesting and recycling) and solid waste management.

With regard to grants to Panchayati Raj Institutions (PRIs), the ‘Tied Grants’ of ₹ 1,267.89 crore released by GoI during 2024-25 included ₹ 159.34 crore belonging to the withheld portion of the grant for the year 2021-22.

² Aurangabad U.A, Greater Mumbai U.A, Nagpur U A, Nashik U A, Pune U A, Vasai-Virar U A

1.2.2 Capital Receipts

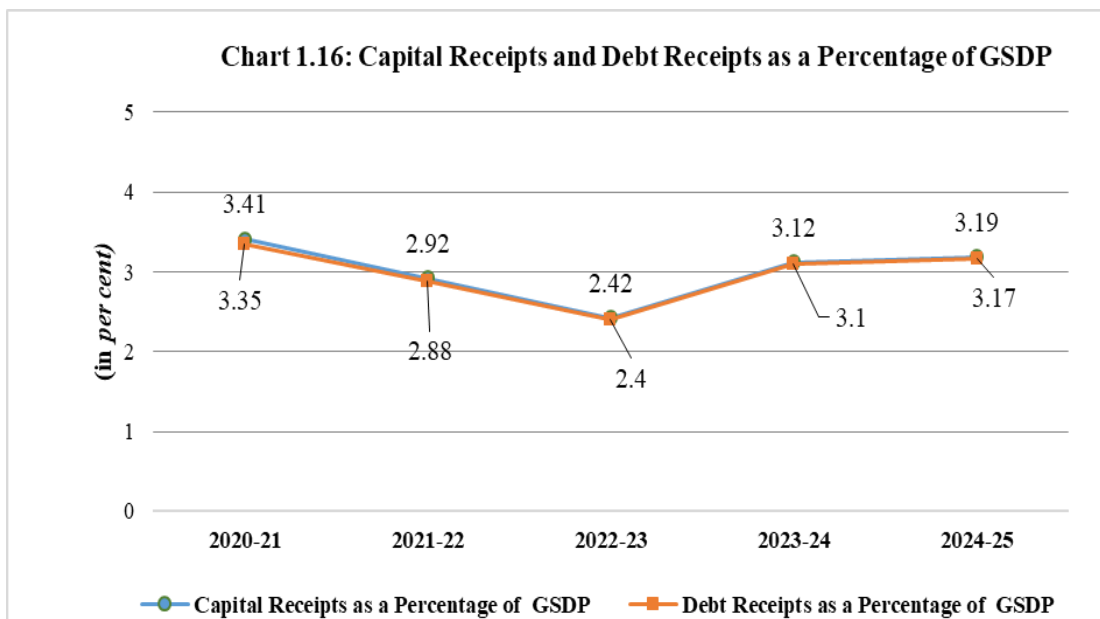
Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Trends of capital receipts and its components during 2020-21 to 2024-25 are shown in **Table 1.12**.

Table 1.12: Trends in growth and composition of capital receipts

Sources of State's Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	88969.00	91667.06	88215.46	126562.90	144329.30
Recovery of Loans and Advances	1612.35	1178.88	642.62	742.20	694.39
Public Debt Receipt*	87356.65	90488.18	87572.84	125820.67	143634.90
<i>Internal Debt</i>	<i>72360.25</i>	<i>71863.03</i>	<i>77336.95</i>	<i>115174.67</i>	<i>130848.61</i>
<i>Loans and Advances from GoI</i>	<i>14996.40</i>	<i>18625.15</i>	<i>10235.89</i>	<i>10646.00</i>	<i>12786.29</i>
Year-on-year growth rate (in per cent)					
GSDP	(-)1.74	20.42	15.83	11.38	11.73
Capital Receipts (per cent)	56.06	3.03	(-)3.77	43.47	14.04
Debt Public Receipts	57.70	3.58	-3.22	43.68	14.16
<i>Internal Debt</i>	<i>32.87</i>	<i>(-)0.69</i>	<i>7.62</i>	<i>48.93</i>	<i>13.61</i>
<i>Loans and Advances from GoI</i>	<i>1501.32</i>	<i>24.20</i>	<i>(-)45.04</i>	<i>4.01</i>	<i>20.10</i>
*Excluding Ways and Means Advances					
Source: Finance Accounts of the respective year					

Further, the trend in Capital Receipt for period of ten years (2015-16 to 2024-25) is shown in **Appendix 1.1**. Capital receipts increased from ₹ 38,841.52 crore in 2015-16 to ₹ 1,44,329.30 crore in 2024-25 showing a growth rate of 271.59 per cent during this period.

Capital Receipts and debt receipts as percentage of GSDP during 2020-21 to 2024-25 is depicted in **Chart 1.16**.



Source: Finance Accounts for the respective years

Internal Debt, constituting about 91 *per cent* of total public debt, rose sharply by 81 *per cent* from ₹ 72,360.25 crore in 2020-21 to ₹ 1,30,848.61 crore in 2024-25, reflecting higher dependence on borrowings to finance expenditure. Debt receipts closely mirrored the movement of total capital receipts, indicating that borrowings remained the principal source of capital financing.

The increase in Loans and Advances from the Government of India was due to receipts of back-to-back loans of ₹ 25,759.36 (₹ 11,977 crore in 2020-21 and ₹ 13,782.36 crore in 2021-22) from Government of India in lieu of GST compensation shortfall, which are not to be repaid by the State Government from its own resources. In 2024-25, the amount stood at ₹ 17,777.19 crore after the Union Government repaid ₹ 7,982.17 crore. During 2024-25, GoM received ₹ 6,726.64 crore, Special Assistance³ (50 years interest free loan) released by GoI for Capital Expenditure/Investment. This variability reflects their episodic and scheme-linked nature, unlike internal debt which provides more predictable financing.

The faster rise in debt compared to GSDP indicates growing pressure on debt sustainability. Expanding debt stock may raise interest payment obligations, thereby reducing fiscal space for developmental spending.

1.2.3 Finance Commission Projections and Actuals

The projected revenue, deficits and GSDP by the 15th Finance Commission and actuals for the FY 2020-21 to FY 2024-25 are given in **Table 1.13**.

Table 1.13: 15th FC Projection *vis-a-vis* actuals

	2020-21		2021-22		2022-23		2023-24		2024-25	
	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual
GSDP (2011-12 series- current prices)	3197657	2610651	2798375	3143821	3022845	3641543	3316610	4055847	4083534	4531518
Own Revenue Receipts	274977	269468	208230	333312	227899	405678	253989	430596	323858	481906
State's Own Tax revenue	253587	164255	191582	220927	209782	277486	233935	302343	262455	344999
State's Own Non-Tax revenue	21391	15975	16648	19307	18117	16776	20054	20858	22323	22284
State's Share in union Taxes/Duties	52465	36504	41603	54318	46280	60001	52076	71350	59163	81293
Revenue Deficit as percentage of GSDP	1.73	1.58	0.61	0.52	0.94	0.053	1.36	0.34	1.78	0.66
Fiscal Deficit as percentage of GSDP	4.5	2.74	4.0	2.05	3.5	1.86	3.0	2.23	3.0	2.74

Source: 15th Finance Commission Report and Finance Accounts of respective years

³ Under this scheme Government of Maharashtra received ₹ 514 crore in 2020-21, ₹ 771.73 crore in 2021-22, ₹ 6744.16 crore in 2022-23, ₹ 5376.31 in 2023-24 and ₹ 6726.64 crore in 2024-25.

Actual fiscal outcomes during 2020-25 consistently outperformed Fifteenth Finance Commission projections, with higher-than-anticipated GSDP growth and revenue buoyancy enabling the State to maintain revenue and fiscal deficits well below projected levels.

1.2.4 Expenditure

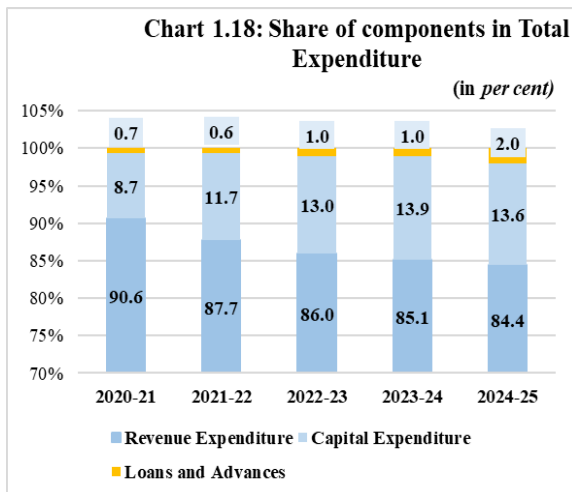
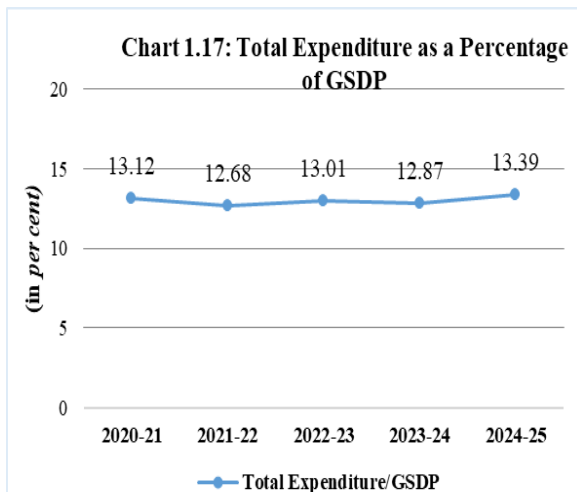
Government expenditure is classified into revenue expenditure, capital expenditure, and loans and advances. Revenue expenditure includes costs for maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and advances comprise funds provided by the government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as percentage of GSDP and share of its components are given in **Table 1.14**, **Chart 1.17** and **Chart 1.18** respectively.

Table 1.14: Total Expenditure (TE) and its composition

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	342638.31	398792.31	473922.42	521898.02	606809.56
Revenue Expenditure (RE)	310609.76	349685.89	407614.40	444350.46	511901.19
Capital Outlay (CO)	29686.70	46670.39	61643.61	72573.40	82773.32
Loans and Advances	2341.85	2436.03	4664.41	4974.16	12135.05
Appropriation to contingency fund	1500.00	0.00	200.00	0.00	0.00

Source: Finance Accounts of respective years

Total expenditure increased steadily from ₹ 3.43 lakh crore in 2020-21 to ₹ 6.07 lakh crore in 2024-25, reflecting an expanding scale of government operations over the period. Revenue expenditure consistently formed the dominant share of total expenditure, rising from about 91 *per cent* in 2020-21 to around 84 *per cent* in 2024-25, indicating sustained pressure from committed and operational spending even as some diversification occurred. Capital outlay recorded a significant increase, nearly tripling over five years, pointing to a gradual strengthening of asset-creating expenditure, particularly from 2021-22 onwards. Loans and advances remained a relatively small component until 2023-24 but rose sharply in 2024-25, suggesting a change in the composition of spending towards greater financial assistance. Overall, while the share of capital expenditure improved over time, the expenditure structure continues to be largely revenue-driven, highlighting the need for maintaining a balance between developmental spending and fiscal sustainability.



Source: Finance Accounts for the respective years

Out of the Total Expenditure of ₹ 6,06,809.56 crore incurred by the State during the financial year 2024-25, a portion of ₹ 29,709.74 crore pertained to pass-through transactions such as Finance Commission grants and Central share of Centrally Sponsored schemes.

Sector-wise Total Expenditure

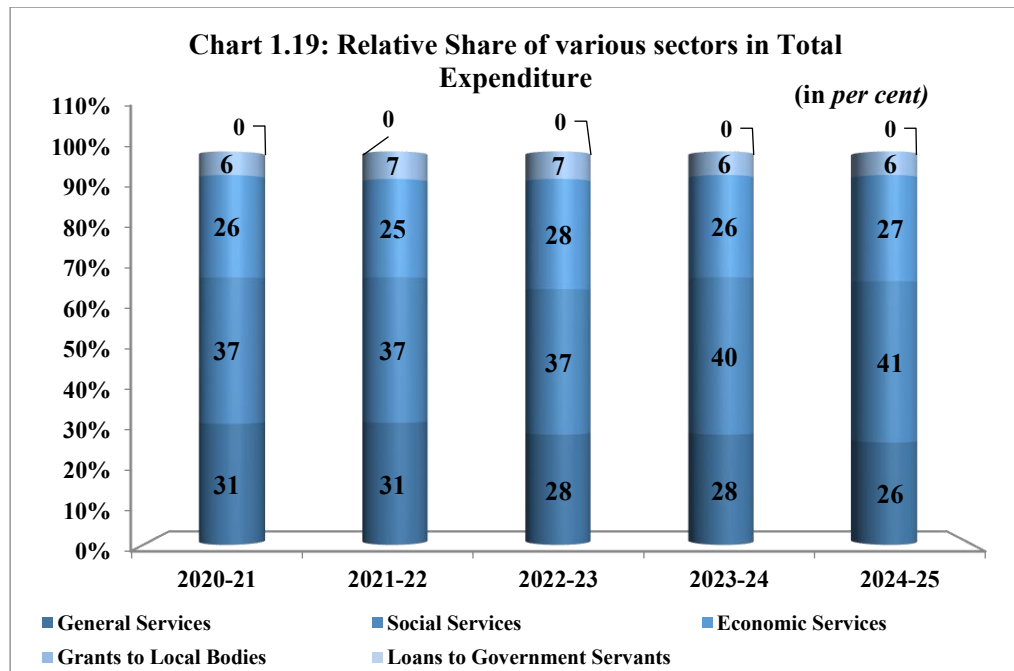
Sector-wise composition of Total Expenditure during 2020-21 to 2024-25 is given in **Table 1.15** and for ten years is given in **Appendix 1.1**. Further, relative share of various sectors in Total Expenditure is depicted in **Chart 1.19**.

Table 1.15: Sector-wise composition of Total Expenditure

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	105350.14	124426.53	134117.37	145454.60	159490.96
Social Services	127591.26	148469.10	175509.53	206967.85	249305.90
Economic Services	89073.92	99449.15	130712.98	136753.97	161242.60
Grants to Local Bodies	20396.38	25962.54	32874.49	31888.67	35780.02
Loans and advances to Government Servants	226.61	484.99	708.05	832.93	990.08

(₹ in crore)

Source: Finance Accounts for respective years



(Source: Finance Accounts of respective years)

The total expenditure of the State increased steadily from ₹ 3,42,638.31 crore in 2020-21 to ₹ 6,06,809.56 crore in 2024-25. The composition of expenditure reveals a clear predominance of revenue expenditure across all sectors—General, Social, and Economic Services—indicating that a major share of the State’s outlay is directed towards meeting recurring and consumption-related obligations such as salaries, pensions, and maintenance. In General Services, revenue expenditure accounts for nearly the entire outlay, while in Social and Economic Services it constitutes around 90 per cent and 70 per cent respectively.

In contrast, capital expenditure, which contributes to asset creation and long-term productive capacity, remains relatively low and exhibits instability across years. Although there has been an overall increase in absolute terms, particularly in Economic and Social Services, the year-on-year fluctuations suggest inconsistency in investment priorities. Expenditure on loans and advances remains negligible, reflecting limited use of this instrument for promoting developmental lending.

A more sustained and stable increase in capital outlay, especially in the Social and Economic Sectors, would enhance the quality of expenditure and support long-term growth and development activities.

1.2.4.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations. As such, it does not result in any addition to the State’s infrastructure and service network. Growth in Revenue Expenditure, its ratio to Total Expenditure, GSDP and revenue receipts are shown in **Table 1.16**.

Table 1.16: Revenue Expenditure – Basic Parameters

(₹ in crore)					
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	342638.31	398792.31	473922.42	521898.02	606809.56
Revenue Expenditure (RE)	310609.76	349685.89	407614.40	444350.46	511901.19
RE as percentage of Revenue Receipts	115.27	104.91	100.48	103.19	106.22
RE as percentage of TE	90.65	87.69	86.01	85.14	84.36
RE/GSDP (per cent)	11.90	11.12	11.19	10.96	11.30
Year-on-year growth (in per cent)					
Revenue Expenditure	3.43	12.58	16.57	9.01	15.20
GSDP Growth	-1.74	20.42	15.83	11.38	11.73

Source: Finance Accounts of the respective years

The trend in Total Expenditure and Revenue Expenditure for ten-year period (2015-16 to 2024-25) is shown in **Appendix 1.1**.

Despite a gradual decline in its share of total expenditure, revenue expenditure continued to exceed revenue receipts in most years, with its growth outpacing GSDP in 2024-25, indicating persistent pressure on the revenue balance.

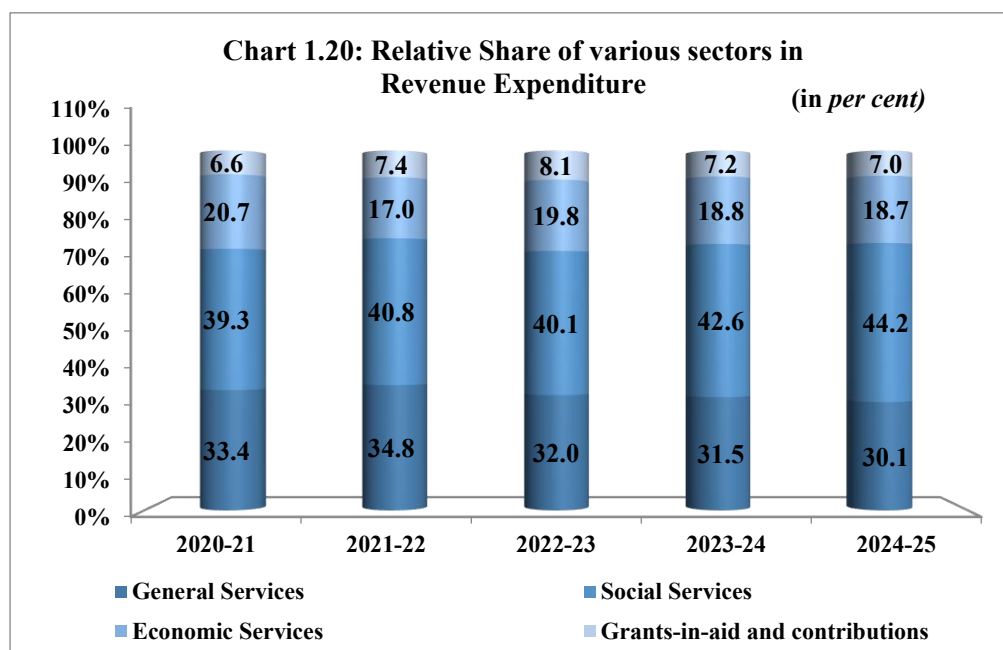
A. Sector-wise Revenue Expenditure

Sector-wise composition of Revenue expenditure is given in **Table 1.17** and Relative share of various sectors in Revenue expenditure is depicted in **Chart 1.20**. Detailed Sector-wise expenditure is given in **Appendix 1.2**.

Table 1.17: Sector-wise Revenue expenditure

(₹ in crore)					
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	103853.75	121745.32	130590.81	139874.71	154221.72
Social Services	122023.44	142523.26	163329.15	189224.05	226084.95
Economic Services	64336.19	59454.77	80819.94	83363.03	95814.50
Grants-in-aid and contributions	20396.38	25962.54	32874.49	31888.67	35780.02

Source: Finance Accounts of the respective years



(Source: Finance Accounts for the respective years)

Revenue expenditure under Social Services increased to ₹ 2,26,084.95 crore in 2024-25, led by substantial spending on General Education (₹ 83,879.64 crore) and Social Security and Welfare (₹ 45,760.13 crore). The sharp rise was observed under Women welfare from ₹ 261.78 crore in 2023-24 to ₹ 33,554.36 crore in 2024-25 especially under the scheme ‘*Mukhyamantri Majhi Ladki Behen Yojana*’ which reflects a major push toward welfare-oriented transfers rather than capital formation. There was notable decrease in expenditure for Housing (54.69 *per cent*) and Water Supply and Sanitation (31.81 *per cent*), as compared to 2023-24, thereby highlighting a contraction in infrastructure-related investments within the social sector, which could adversely affect the sustainability of service delivery.

Revenue expenditure under Economic Services increased by 14.94 *per cent* from 2023-24 to 2024-25, reaching ₹ 95,814.50 crore. Spending on Agriculture and Allied Services and Rural Development shows an increasing trend, with increases linked to central assistance schemes like *Jawahar Gram Samridhi Yojana* and targeted programmes for Scheduled Castes and Scheduled Tribes.

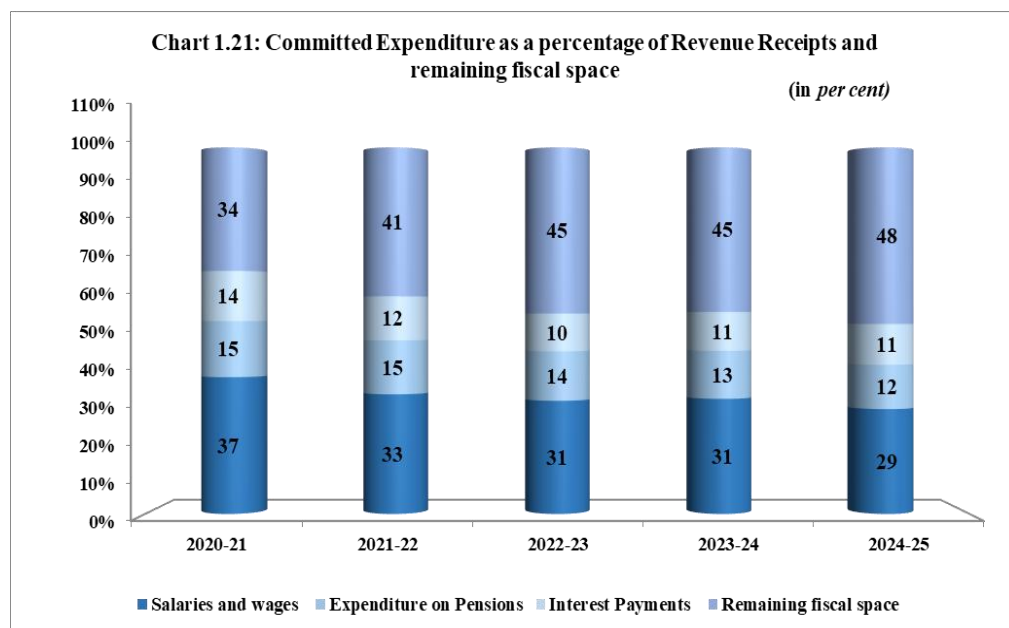
The substantial increase of 40.54 *per cent* in Power Sector expenditure (₹18,396.57 crore) was largely attributed to concessions in energy tariffs for agricultural pump consumers. While this supports rural livelihoods, it also adds to recurring subsidies, potentially straining fiscal space for infrastructure expansion.

B. Committed Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources. The component of committed expenditure is given in **Table 1.18** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in **Chart 1.21**.

Table 1.18: Components of Committed Expenditure

	(₹ in crore)				
Components of Committed Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries and wages *	100529.17	108791.45	125409.39	135044.82	137979.17
Expenditure on Pensions	41194.31	49112.25	54575.45	56598.13	58262.46
Interest Payments	36969.77	40158.04	41689.16	45651.91	53455.11
Total	178693.25	198061.74	221674.00	237294.86	249696.74
Committed Expenditure as a percentage of Revenue Expenditure	57.53	56.64	54.38	53.40	48.78
* Includes salaries paid out of grants-in-aid Source: Finance Accounts of respective years					



(Source: Finance Accounts of respective years)

Committed expenditure which comprises salaries and wages, pensions, and interest payments, continues to absorb a substantial portion of the State’s revenue receipts. Between 2020-21 and 2024-25, revenue receipts increased from ₹ 2,69,467.91 crore to ₹ 4,81,906.43 crore (a growth of about 79 per cent), while committed expenditure rose from ₹ 1,78,693.25 crore to ₹ 2,49,696.74 crore (an increase of nearly 40 per cent). The share of committed expenditure in revenue receipts, though showing a marginal decline from 66.31 per cent in 2020-21 to 51.81 per cent in 2024-25, remained significant.

Committed expenditure as percentage of GSDP has shown a declining trend from 6.84 per cent in 2020-21 to 5.51 per cent in 2024-25. While the State has shown some improvement in fiscal space over recent years, committed expenditure remains high and continues to constrain fiscal flexibility. Sustained efforts are needed to prioritize productive and capital expenditure to ensure long-term fiscal sustainability.

C. Subsidies

The subsidies during the current year increased by ₹ 8,035.68 crore (16.72 per cent) from the previous year. The increase was mainly due to increase of ₹ 5,629.09 crore on concession in energy tariff to agricultural pump consumers and ₹ 2,601 crore on Special Action Plan for productivity growth and value chain development of cotton, soyabean and other oil-seed crops.

Department-wise major subsidies for 2020-21 to 2024-25, are shown in **Table 1.19**.

Table 1.19: Department-wise Subsidies during FYs 2020-21 to 2024-25

(₹ in crore)						
Sl. No.	Department-wise Subsidies	2020-21	2021-22	2022-23	2023-24	2024-25
1	Agriculture, Animal Husbandry, Dairy Development and Fisheries	4653.18	5419.01	6696.60	15561.84	19545.78
2	Industries, Energy and Labour	10351.51	15143.42	18377.24	17314.45	21881.82
3	Social Justice And Special Assistance	1924.21	1593.41	2299.47	2606.76	2304.34
4	Food, Civil Supplies and Consumer Protection	2125.25	2399.96	3587.06	2956.97	2269.45
5	Co-operation, Marketing and Textiles	17333.20	1203.70	6641.38	2539.11	1421.91
6	Home	2321.08	2130.00	3303.00	3960.00	3890.01
7	Rural Development	208.08	262.60	378.58	2305.36	1626.90
8	Tribal Development	1725.04	868.69	1771.26	666.30	3021.56
9	Other Departments	220.03	116.41	103.78	142.70	127.42
Total Subsidies		40861.58	29137.20	43158.36	48053.49	56089.18

Source: Finance Accounts for 2024-25

The major subsidy schemes above ₹ 1,000 crore during 2024-25 are shown in Table 1.19 (a)

Table: 1.19(a): Major Subsidy Schemes above ₹ 1,000 crore during 2024-25

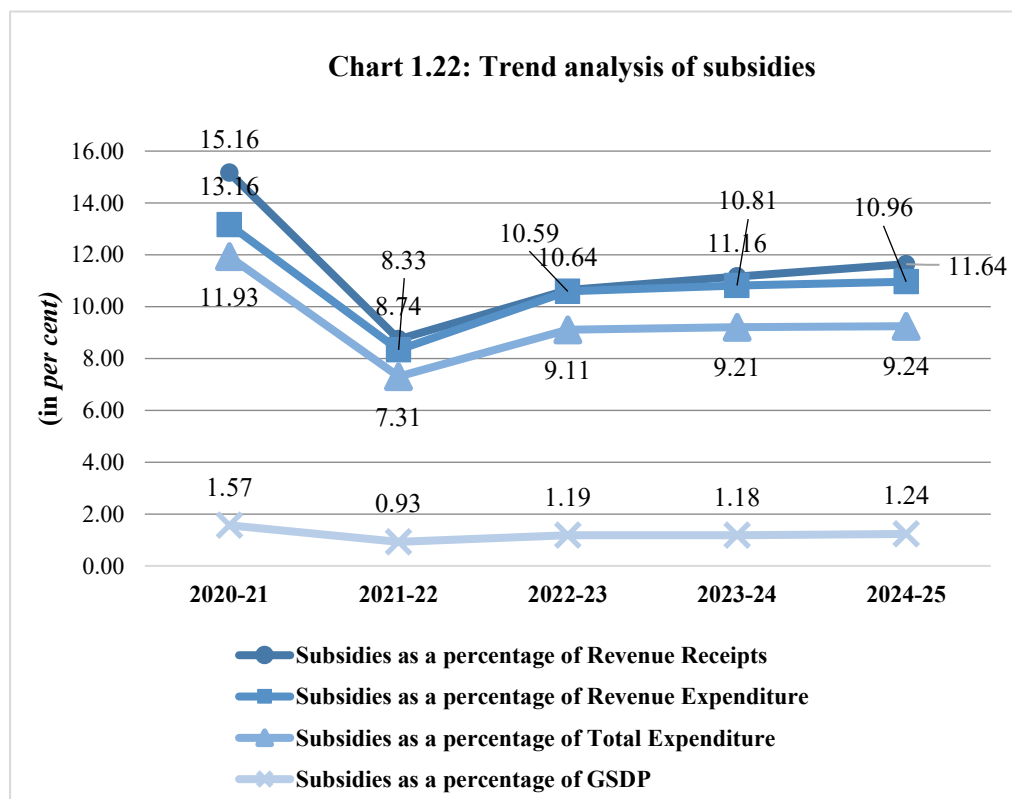
S.No.	Description of the Scheme	Amount (₹ in crore)
1	Concession in Energy Tariff to Agricultural Pump Consumers	12985.00
2	Namo Shetkari Mahasanman Nidhi Yojana (100 per cent State Scheme)	5975.28
3	Premium subsidy under Pradhan Mantri Crop Insurance Scheme	5814.56
4	Incentives under Package Scheme of Incentives ⁴	5600.00
5	Establishment- Transport Commissioner (for covering the losses incurred by the Maharashtra State Road Transport Corporation)	3820.00
6	Special Action Plan for productivity growth and value chain development of cotton, soyabean and other oil-seed crops.	3116.87
7	Subsidy for Conversion and Export of Excess Milk	1399.36
8	Subsidy for covering deficit under Centrally Support Price Scheme	1380.19
9	Concession in Energy Tariff to Industrial Consumers	1200.00
10	Pradhan Mantri Awas Yojana (Gramin) (central Share 60 per cent)	1179.35
11	Concession in Energy Tariff to Powerloom Consumers	1100.00

Source: Finance Accounts for 2024-25

As shown in the table above, the largest subsidy component during 2024-25 was the concession in energy tariff to agricultural pump consumers, which alone accounted for 23 per cent of the total subsidy disbursement. Together with subsidies towards Namu Shetkari Mahasanman Nidhi Yojana, Crop Insurance Premium, and Package Scheme of Incentives, these four schemes constituted 54 per cent of total subsidies during the year.

⁴ In order to encourage the dispersal of industries to the less developed areas the State, Government has been giving a Package of Incentives to new / expansion units to set up in the developing regions of the State since 1964 under a scheme popularly known as Package Scheme of Incentives.

The trend of Subsidies as percentage of Revenue Receipts, Revenue Expenditure, Total Expenditure and GSDP during 2020-21 to 2024-25 is given in **Chart 1.22**.



(Source: Finance Accounts of respective years)

The share of subsidies in the State’s receipts and expenditure has shown an upward trend from 2022-23, suggesting increasing fiscal pressure from subsidy commitments. While subsidies play a crucial role in achieving socio-economic objectives, the increasing trend in subsidy expenditure as a proportion of revenue receipts and total expenditure indicates a growing fiscal burden. A significant share of these subsidies, particularly those related to power tariff concessions and agricultural support schemes are of a recurring nature, limiting fiscal flexibility.

The Government may assess major subsidy schemes. for prioritising targeted subsidies, reducing leakage, and ensuring that fiscal resources are channelled towards schemes with social and economic impact.

D. Financial Assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants to the local bodies and other institutions during the period 2020-21 to 2024-25 is presented in **Table 1.20**.

Table 1.20 Financial Assistance to Local Bodies and other institutions

(₹ in crore)					
Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
(A) Local Bodies					
Municipal Corporations and Municipalities	30101.99	36340.72	40832.22	52755.18	50608.71
GIA for creation of Capital assets to Municipal Corporations and Municipalities	0	84	140	193	250.32
Zilla parishads and other Panchayati Raj Institutions	28724.25	29417.83	37504.47	42463.31	45757.56
GIA for creation of Capital assets to PRIs	350	113	213	120	139.82
Total (A)	58826.24	65758.55	78336.69	95218.49	96366.27
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	35899.78	39536.97	47821.21	54108.80	53746.17
Development Authorities	2303.49	1631.33	4511.15	3302.54	4560.92
Hospitals and Other Charitable Institutions	7345.86	9693.05	8030.81	10054.35	11226.91
Other Institutions	29405.90	38152.96	49090.03	42184.68	77395.87
Total (B)	74955.03	89014.31	109453.2	109650.37	146659.87
Total (A+B)	133781.27	154772.86	187789.89	204868.86	243026.14
Total GIA for creation of Capital assets	1686.84	1254.48	1891.15	2018.02	2851.55
Revenue Expenditure	310609.76	349685.89	407614.40	444350.46	511901.19
Assistance as percentage of Revenue Expenditure	43.07	44.26	46.07	46.11	47.48
<i>Source: Finance Accounts of respective years</i>					

There was a steady and significant increase in Government assistance to institutions during the period 2020-21 to 2024-25. Total assistance rose from ₹ 1,33,781.27 crore in 2020-21 to ₹ 2,43,026.14 crore in 2024-25. Correspondingly, assistance as a percentage of Revenue Expenditure increased from 43.07 per cent to 47.48 per cent, reflecting a growing fiscal commitment towards institutional support.

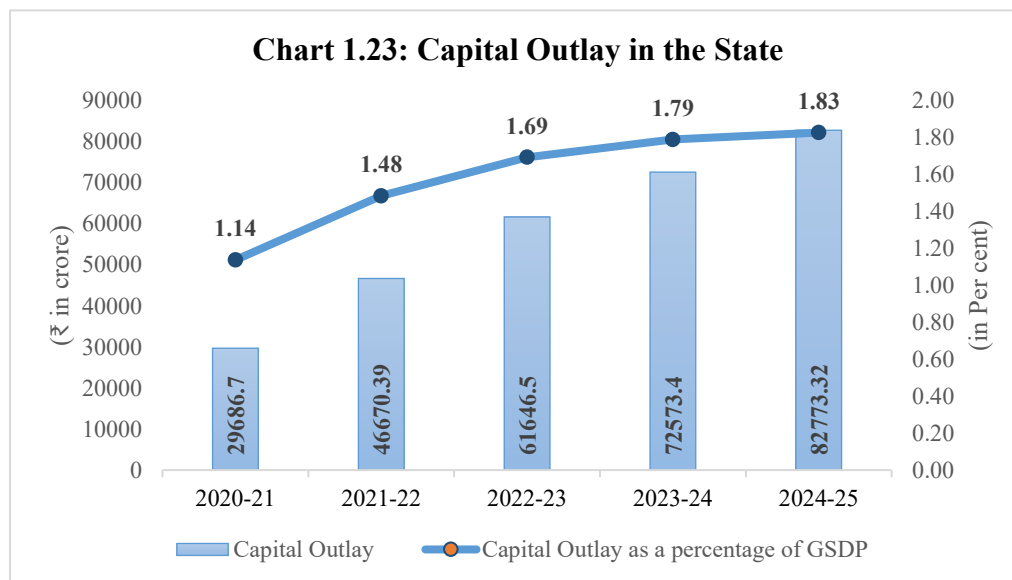
The growing share of institutional assistance in revenue expenditure reflects increasing dependence of local bodies and other institutions on State's support. The predominance of revenue assistance over capital grants suggests limited emphasis on asset creation, with potential implications for long-term service delivery and fiscal sustainability.

During 2024-25, the State Government released an amount of ₹ 2,717.40 crore to Municipal Councils on account of cancellation of Octroi Tax and ₹ 28,607.34 crore as assistance to Municipal Corporations for loss of Revenue arising due to Implementation of Goods and Services Tax.

Grantee institutions under 'Others' category received substantial assistance during 2020-21 to 2024-25. The recording of grantee institutions under 'Others' category, and absence of details of assets created with the concerned grant-releasing Departments of the State Government is a matter of concern, as it renders such transactions opaque.

1.2.4.2 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capital expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/ off-budget borrowings. It also includes investments made by the State Government in Companies/Corporations. Trend of Capital Outlay in the State over the last five years, i.e. from 2020-21 to 2024-25 is given in **Chart 1.23**. Further, the trend in Capital Outlay for the last ten years (2015-16 to 2024-25) is given in **Appendix 1.1**.



(Source: Finance Accounts of respective years)

Apart from Capital expenditure of ₹ 82,773.32 crore, State government also transferred ₹ 2,851.55 crore as Grant-in-Aid for creation of capital assets to the local bodies and other institutions. Further, percentage of Capital Expenditure as compared to Debt receipts was 57.63 *per cent*, which indicates that the borrowings were not proportionately converted to infrastructural development.

The State's capital expenditure increased significantly from ₹ 29,686.70 crore in 2020-21 to ₹ 82,773.32 crore in 2024-25. After a contraction of 18 *per cent* in 2020-21, largely due to fiscal stress caused by the COVID-19 pandemic, capital expenditure rebounded strongly with a 57 *per cent* growth in 2021-22 and continued to grow thereafter, though at a moderating rate. As a share of GSDP, capital expenditure improved from 1.14 *per cent* in 2020-21 to 1.83 *per cent* in 2024-25. 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.

The steady increase in capital expenditure both in absolute terms and relative to GSDP reflects an improvement in the quality of public spending. Sustaining this trend would, however, depend on continued revenue buoyancy and prudent debt management, given the borrowings-led expansion in capital receipts observed in recent years.

A. Sector-wise Capital Expenditure

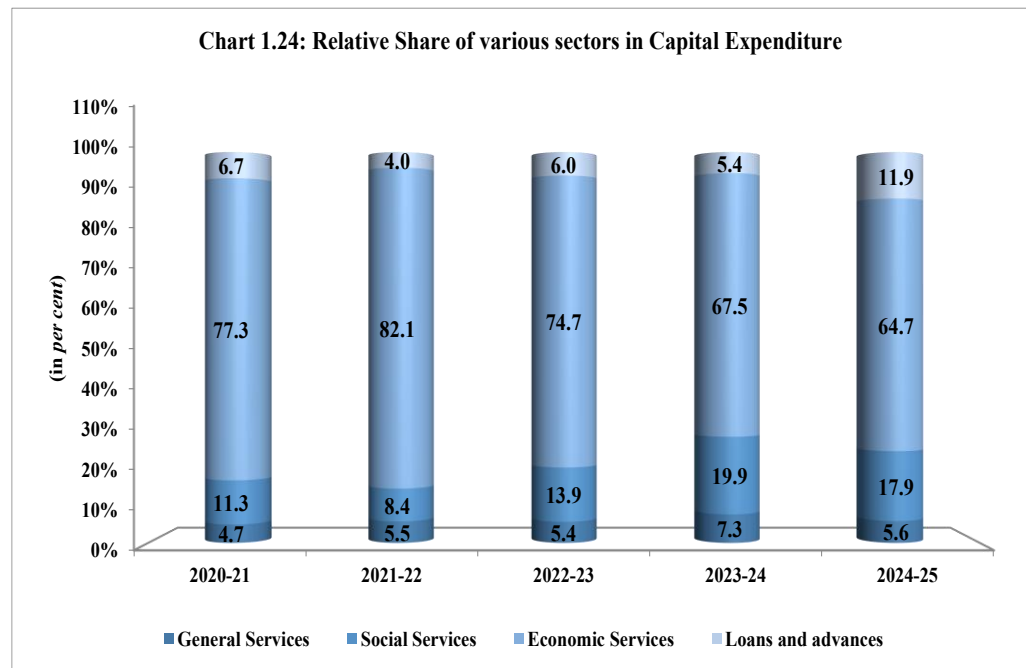
Sector-wise composition of Capital expenditure is given in **Table 1.21**. Detailed Sector-wise expenditure is given in **Appendix 1.2**.

Table 1.21: Sector-wise Capital Expenditure

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	1496.39	2681.21	3526.56	5579.89	5269.24
Social Services	3593.24	4082.09	9134.20	15243.68	16781.30
Economic Services	24597.07	39907.09	48982.85	51749.83	60722.78
Loans and Advances *	2115.24	1951.04	3956.36	4141.23	11144.97

(₹ in crore)

*Does not include loans to Government servants
 Source: Finance Accounts for respective years



(Source: Finance Account of respective years)

Of the total capital expenditure of ₹ 82,773.32 crore, expenditure under the Social Services sector amounted to ₹ 16,781.30 crore, which included ₹ 1,268.72 crore spent on construction of buildings under the Tribal Areas Sub-Plan, the capital outlay on Medical and Public Health amounted to ₹ 5,293.66 crore, comprising ₹ 266.63 crore for the purchase of machinery and equipment for hospitals and ₹ 1,022.36 crore for the strengthening and upgradation of Government Medical Colleges and Hospitals.

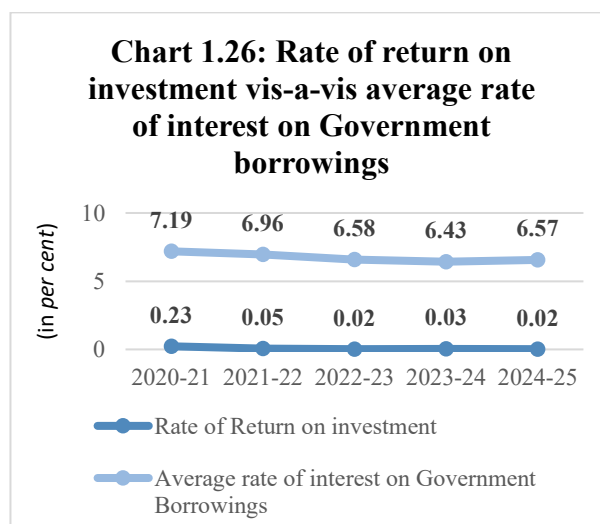
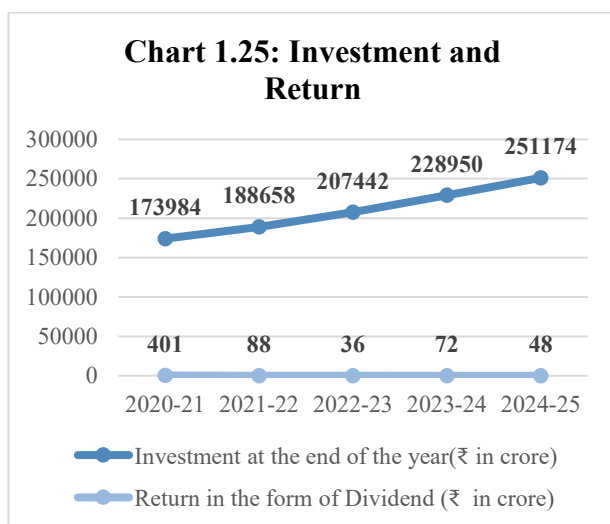
The Union Government introduced the ‘Scheme for Special Assistance to States for Capital Expenditure’ in October 2020 to support States facing fiscal stress due to the COVID-19 pandemic. The scheme aims to assist States in boosting capital expenditure and enhancing the productive capacity of the economy. Under this scheme, States were provided interest-free loans with a repayment period of 50 years. During 2024-25, the State of Maharashtra received ₹ 6,726.64 crore under this scheme. Out of this, ₹ 3,194.96 crore was utilized for ‘Roads and Bridges Projects’, while ₹ 747.78 crore was incurred towards the ‘State Share for Completion of Major Urban and Rural Infrastructure Projects’.

As per the provisions of Section 144F(3) of the Mumbai Municipal Corporation Act, 2018, “The State Government shall, every year, after due appropriation made by law in this behalf, pay to the Corporation or the agency which has undertaken the notified project, a grant-in-aid approximately equal to the amount of additional duty realized on account of the surcharge levied and collected.” Capital Outlay under the Urban Development Department included an amount of ₹ 2,487.54 crore (₹ 4,100 crore during 2023-24) towards the additional one *per cent* surcharge on stamp duty levied under the Maharashtra Stamp Act, collected in respect of immovable properties situated in cities having notified projects. However, the State Government accounted for this transfer as Capital Outlay instead of Grant-in-Aid (Revenue Expenditure). This has resulted in overstatement of Capital Expenditure by ₹ 2,487.54 crore during 2024-25 (₹ 4,100 crore during 2023-24) and corresponding understatement of Revenue Expenditure by the same amount.

B. Quality of investments in companies, corporations and other bodies

As of 31 March 2025, the State Government’s investment in Companies, Corporations and Other Bodies stood at ₹ 2,51,173.99 crore, comprising Government Companies (₹ 20,238.62 crore), Co-operative Societies (₹ 4,902.76 crore), Statutory Corporations (₹ 2,25,778.27 crore), Other Joint Stock Companies and Partnerships (₹ 46 lakhs) Rural Banks (₹ 253.56 crore) and Concerns under liquidation (₹ 32 lakhs).

Trend of investment at the end of the year in Companies, Corporations, and Co-operative Banks and Societies, and return on this investment are depicted in **Chart 1.25**. Rate of return on investment made *vis-à-vis* average rate of interest on government borrowing (based on Public debt) is depicted in **Chart 1.26**.



Source: Finance Accounts of respective years

C. Loans and advances by State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to many institutions/organisations. **Table 1.22** presents the position of outstanding loans and advances as on 31 March 2025 and interest receipts vis-à-vis interest payments by the State Government on its borrowings during the last five years.

Table 1.22: Quantum of loans disbursed and recovered during 2020-25

	(₹ in crore)				
Quantum of Loans/Interest receipts/Cost of borrowings	2020-21	2021-22	2022-23	2023-24	2024-25
Opening balance of Loans outstanding	26100.55	26830.05	28087.20	32109.00	36340.95
Amount advanced during the year	2341.85	2436.03	4664.41	4974.16	12135.06
Amount recovered during the year	1612.35	1178.88	642.62	742.20	694.39
Closing balance of the Loans outstanding	26830.05	28087.20	32109.00	36340.95	47781.62
Net increase	729.50	1257.15	4021.79	4231.96	11440.68
Interest received	315.87	202.05	180.85	167.59	155.41
Interest rate ⁵ on Loans and Advances given by the Government	1.19	0.74	0.60	0.49	0.37
Average rate of Interest on Government borrowings (per cent)	7.19	6.96	6.58	6.47	6.57
Difference between the rate of interest paid and interest received (per cent)	(-)6.00	(-)6.22	(-)5.98	(-)5.98	(-)6.20

Source: Finance Accounts of respective years

During 2024-25, loans advanced by the State Government increased substantially to ₹ 12,135.06 crore, from ₹ 4,974.16 crore in 2023-24. The major contributor to this increase was the rise in loans to co-operative societies, which went up from ₹ 592.32 crore in 2023-24 to ₹ 3,699.61 crore in 2024-25. This includes ₹ 3,681 crore provided as loan assistance towards margin money for working capital to co-operative sugar mills. During 2024-25 the Government of Maharashtra released ₹ 1757 crore as interest-free subordinate debt to Mumbai Metro Rail Corporation Ltd and amount of ₹ 1425.59 crore as interest-free subordinate debt to MMRDA for Mumbai Metro Rail Projects.

Interest receipts declined sharply from ₹ 315.87 crore in 2020-21 to ₹ 155.41 crore in 2024-25 despite a substantial increase in outstanding loans. The Government did not furnish mandatory information on fresh loans and advances, including loans sanctioned as loans in perpetuity, loans for which terms and conditions were yet to be settled, and loans extended to entities already in arrears, in contravention of the requirements of Indian Government Accounting Standards (IGAS).

1.3 Contingency Fund

The Contingency Fund of the Government of Maharashtra is intended to provide advances for meeting unforeseen expenditure, pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Fund is ₹ 150 crore. During 2024-25, no amount had been withdrawn from the fund. As on 31st March 2025, Contingency Fund had a balance of ₹ 150 crore.

⁵ Interest rate on Loans and Advances given by the Government = Interest received / {(Opening balance + closing balance of loan and advances)/2} * 100

1.4 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

1.4.1 Net Public Account balances

The component-wise net balances in Public Account of the State is given in **Table 1.23**.

Table 1.23: Component-wise net balances in Public Account

(₹ in crore)						
Sector	Sub Sector	2020-21	2021-22	2022-23	2023-24	2024-25
Small Savings Provident Funds, etc.	Small Savings, Provident Funds	739.89	966.64	576.44	526.53	363.03
Reserve Funds	(a) Reserve Funds bearing Interest	657.53	156.33	712.25	2114.00	1260.67
	(b) Reserve Funds not bearing Interest	4512.62	8527.48	5247.20	7671.17	7274.07
Deposits and Advances	(a) Deposits bearing Interest	5674.11	2105.43	1170.28	1461.75	2413.44
	(b) Deposits not bearing Interest	333.23	500.73	2553.55	8609.51	21188.39
	(c) Advances	(-)1.20	(-)2.51	(-)1.40	7.40	0.66
Suspense and Miscellaneous	(a) Suspense	(-)329.48	112.51	(-)29.85	15.69	114.37
	(b) Other Accounts	29.13	7065.46	10737.42	(-)6870.60	(-)5308.40
	(c) Accounts with Governments of Foreign Countries	0.00	(-)1.60	0.00	0.00	0.00
	(d) Miscellaneous	0.00	1.60	(-)1.15	-1.53	0.05
Remittances	(a) Money Orders, and Other Remittances	2128.66	(-)595.18	524.50	(-)390.79	3015.67
	(b) Inter- Governmental Adjustment Account	(-)0.81	6.45	4.00	1.57	0.56
TOTAL		13743.68	18843.34	21493.24	13144.70	30322.49
Note: +ve denotes debit balance and -ve denotes credit balances #Lower rounding						
Source: Finance Accounts of respective years						

The net balances in the Public Account increased significantly by ₹ 17,176.68 crore (130.67 per cent) during 2024-25. This sharp rise was primarily attributable to the substantial increase in balances under Personal Deposits (PD), which grew from ₹ 5,127.49 crore in 2023-24 to ₹ 21,287.54 crore in 2024-25. Notably, out of this, the balance under Virtual PD Accounts alone amounted to ₹ 20,993.06 crore, indicating that the surge in Public Account balances was almost entirely driven by additions to Virtual PD Accounts.

1.4.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met with contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest in bearing reserve funds and reserve funds not bearing interest. There were seven interest bearing funds and 16 Reserve Funds not bearing interest as on 31 March 2025. The fund balances lying in these Reserve Funds as on 31 March 2025 are given in **Table 1.24**.

Table 1.24: Details of Major Reserve Funds

(₹ in crore)						
Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
A.	Reserve Funds bearing interest					
1.	Road transport Department Depreciation Fund	0.27	0	0	0	0.27
2.	Road Transport Department Betterment Fund	0.08	0	0	0	0.08
3.	General and other Reserve Funds of Government Commercial Departments/ Undertakings	3.59	(-3.52)	0	0	0.07
4.	General Insurance Fund	894.76	491.62	0	376.02	1010.35
5	State Disaster Response Fund	1095.99	3978.40	0	3996.28	1078.10
6	State Compensatory Afforestation fund	3033.72	692.89	0	526.60	3200
7	State Disaster Mitigation Fund	2606.35	1172.20	0	172.00	3606.55
B.	Reserve Funds not bearing interest					
1.	Sinking Fund	67621.07	7185.59	0	0	74806.67
2.	Development Funds for Education Purposes	72.04	191.65	0	191.65	72.04
3	Development funds for medical and Public Health Purposes	0.09	0	0	0	0.09
4	Development Funds for Animal Husbandry purposes	0.11	0	0	0	0.11
5	Funds for development of Milk Supply	1.09	0	0	0	1.09
6	Employment Guarantee Fund	5852.49	0	0	465.31	5387.18
7	Consumer Welfare Fund	2.35	0	0	0	2.35
8	Guarantee Reserve Fund	23.36	0	0	0	23.36
9	State road Transport development fund	0.23	0	0	0	0.23
10	Fund for Development scheme	8.94	0.01	0	0	8.95
11	Consumer Protection Fund	9.71	0.32	0	0.87	9.16

Sl. No.	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
12	Maharashtra Mining Development Fund	242.22	0	0	0	242.22
13	General Reserve Fund of Government Commercial Undertakings	0.46	0	0	0	0.46
14	Guarantee redemption Fund	1669.39	554.24	0	0	2223.63
15	Special fund for Compensatory Afforestation Fund	38.33	0	0	0	38.33
16	Food grain Reserve Fund	3.65	0.10	0	0	3.75

Source: Finance Accounts 2024-25

The accumulation in Sinking Fund, Guarantee Redemption Fund, and Disaster Mitigation Fund reflects prudential fiscal management and risk provisioning. At the same time, the limited movement in several smaller reserve funds may indicate the need to review their continued relevance, utilisation efficiency, or consolidation. The pattern suggests that while major risk-related reserves are being actively managed, a number of legacy or sector-specific funds remain largely dormant.

1.4.3 Cash Balances

Under an agreement with the Reserve Bank of India the State Government has to maintain a minimum cash balance of ₹ 5.58 crore with the Bank. If the balance falls below this minimum, the shortfall is met through instruments like Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD), with the WMA limit revised periodically by RBI.

The State Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'. It is undesirable for the State Government to raise market loans while holding large unutilized cash balances, as it leads to idle funds rather than productive use. Cash balance and investment details for 2023-24 and 2024-25 are provided in **Table 1.25**.

Table 1.25: Cash Balances and their investment

(₹ in crore)

	Opening Balance on 01 April 2024	Closing Balance on 31 March 2025
A. General Cash Balance		
Cash in Treasuries	0.04	0.04
Deposits with Reserve Bank of India	-3154.46	423.23
Remittances in transit – Local	65.98	65.98
Total	-3088.44	489.25
Investments held in Cash Balance investment account	23221.7	19640.97
Total (A)	20133.26	20130.22
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	222.38	433.82

	Opening Balance on 01 April 2024	Closing Balance on 31 March 2025
Permanent Advances for contingent expenditure with department officers	0.67	0.67
Investment in earmarked funds	68890.43	76623.61
Total (B)	69113.48	77058.1
Total (A + B)	89246.74	97188.32
Interest realized	5785.11	1272.90

Source: Finance Accounts 2024-25

Details of Cash Balance Investment Account during the last five years is given in **Table 1.26**.

Table 1.26: Cash Balance Investment Account (Major Head-8673)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	(₹ in crore)
				Interest earned
2020-21	14743.48	29293.49	14550.01	977.12
2021-22	29293.49	22109.76	(-)7183.73	1191.16
2022-23	22109.76	32785.36	10675.60	1498.98
2023-24	32785.36	23221.71	(-)9563.65	902.28
2024-25	23221.71	19640.97	(-)3580.74	1272.90

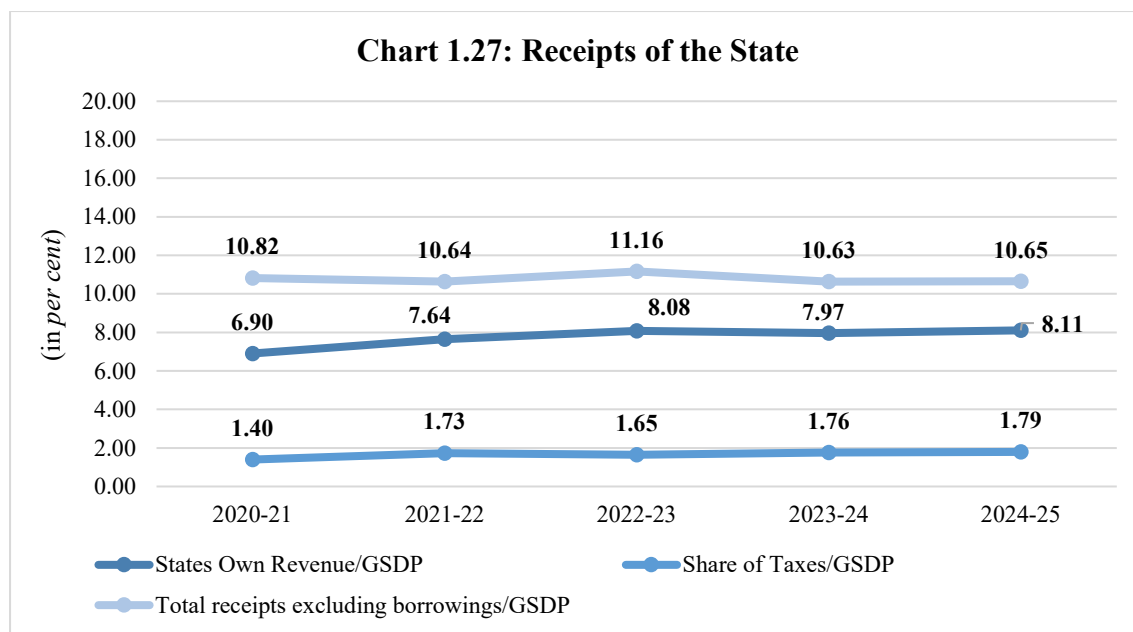
Source: Finance Accounts of respective years

The trend analysis of the cash balance investment of the State Government revealed that investments showed inter-year variations during the last five years *i.e* from 2020-21 to 2024-25. During the current year, *i.e.*, 2024-25, the interest earned by the State from its investment in the cash balance investment account stood at ₹ 1,272.90 crore.

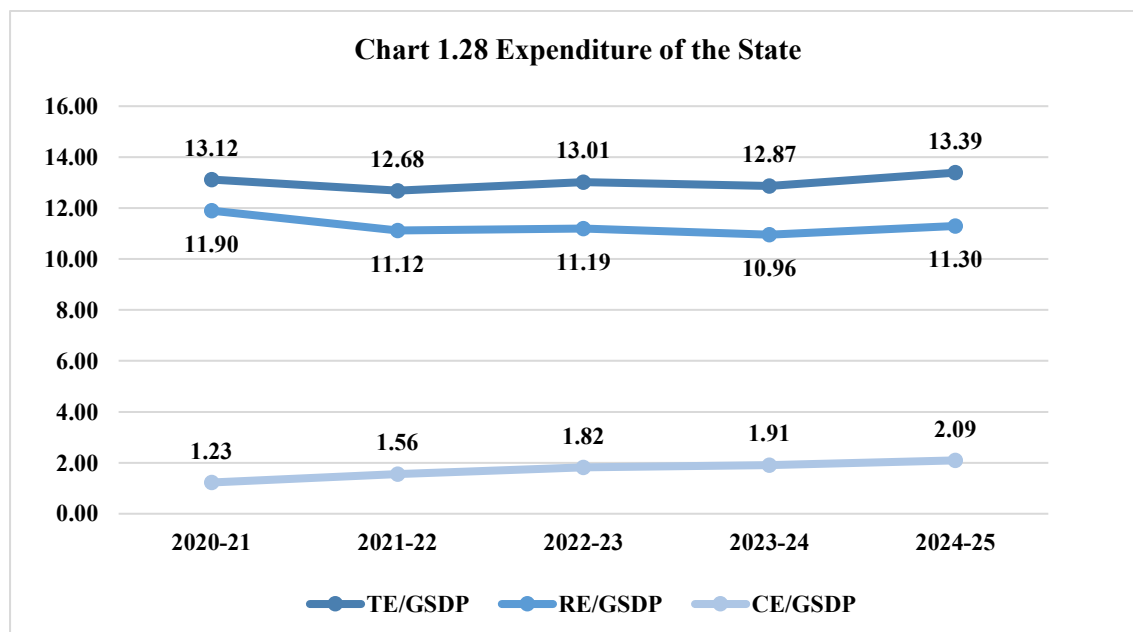
The growth in total cash balances was driven largely by funds set aside in earmarked investments, rather than by an increase in usable cash. The stabilisation of General Cash Balance and elimination of negative RBI balances indicate improved liquidity management. However, the continued accumulation of funds in earmarked investments, coupled with a fall in interest income, points to the need for reviewing the efficiency and yield of cash and investment management.

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations such as public services, infrastructure, and debt repayments without excessive borrowing or accumulating unsustainable debt. It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.27** and **Chart 1.28** shows receipts and expenditure of the State as a percentage of GSDP, during FY 2020-25 respectively.



Source: Finance Accounts of respective years

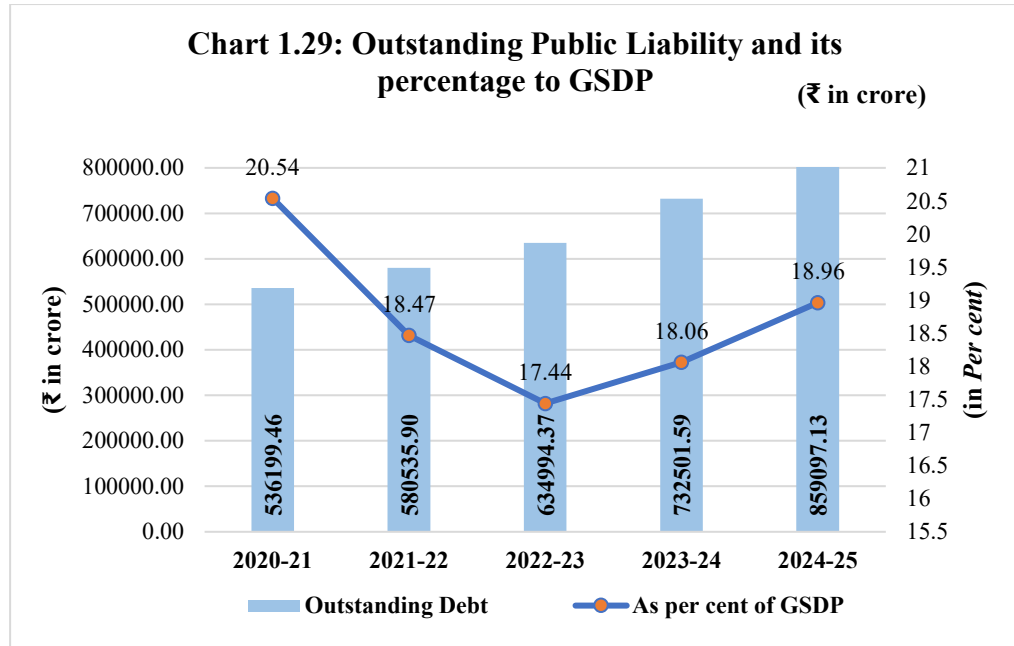


Source: Finance Accounts of respective years

The State’s dependence on its own revenue sources has increased, while central transfers have shown only modest growth. Despite minor annual fluctuations, total receipts excluding borrowings have remained broadly stable around 9.5-11.5 per cent of GSDP. Analysis of the State’s receipts and expenditure as a percentage of GSDP indicates that total expenditure has consistently exceeded revenue receipts (excluding borrowings) during the period 2020-21 to 2024-25, reflecting a continued reliance on borrowings to finance the fiscal gap.

1.5.1 Public Liability Management

Outstanding liability of the State along with its percentage to GSDP for the years 2020-21 to 2024-25 is depicted in **Chart 1.29**.



Source: Finance Accounts of respective years

The Outstanding liabilities of the State increased from ₹ 5,36,199.46 crore in 2020-21 to ₹ 8,59,097.13 crore at the end of 2024-25. The outstanding debt to GSDP ratio of 18.96 per cent during 2024-25 was within the limits prescribed by the FRBM Act (25 per cent). The trend in Outstanding liabilities during the period of ten years (2015-16 to 2024-25) and its ratio to GSDP is given in Appendix 1.1.

1.5.1.1 Liability profile: Components

Total liabilities of the State Government typically constitute Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The component-wise liability trends of the State for the period of five years beginning from 2020-21 are presented in Table 1.27.

Table 1.27: Component-wise Public liability trends

		(₹ in crore)				
Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25	
Total Outstanding Liabilities (A+B)	536199.46	580535.90	634994.37	732501.59	859097.13	
Public debt (A)	416504.78	457275.94	507182.99	592353.68	694182.81	
<i>Internal debt</i>	408036.24	445079.61	485782.24	562854.45	653262.89	
<i>Loans from Govt*</i>	8468.54	12196.33	21400.75	29499.23	40919.92	
Public Account Liabilities (B)	119694.68	123259.96	127811.38	140147.91	164914.32	
<i>(i) Small Savings, Provident Fund</i>	28190.29	29156.93	29733.37	30259.90	30622.93	
<i>(ii) Reserve funds bearing interest</i>	4642.62	4798.95	5511.20	7624.75	8885.42	
<i>(iii) Reserve funds not bearing interest</i>	7665.02	7501.17	7040.07	6665.25	6206.14	
<i>(iv) Deposits bearing interest</i>	57753.45	59858.88	61029.16	62490.91	64904.35	

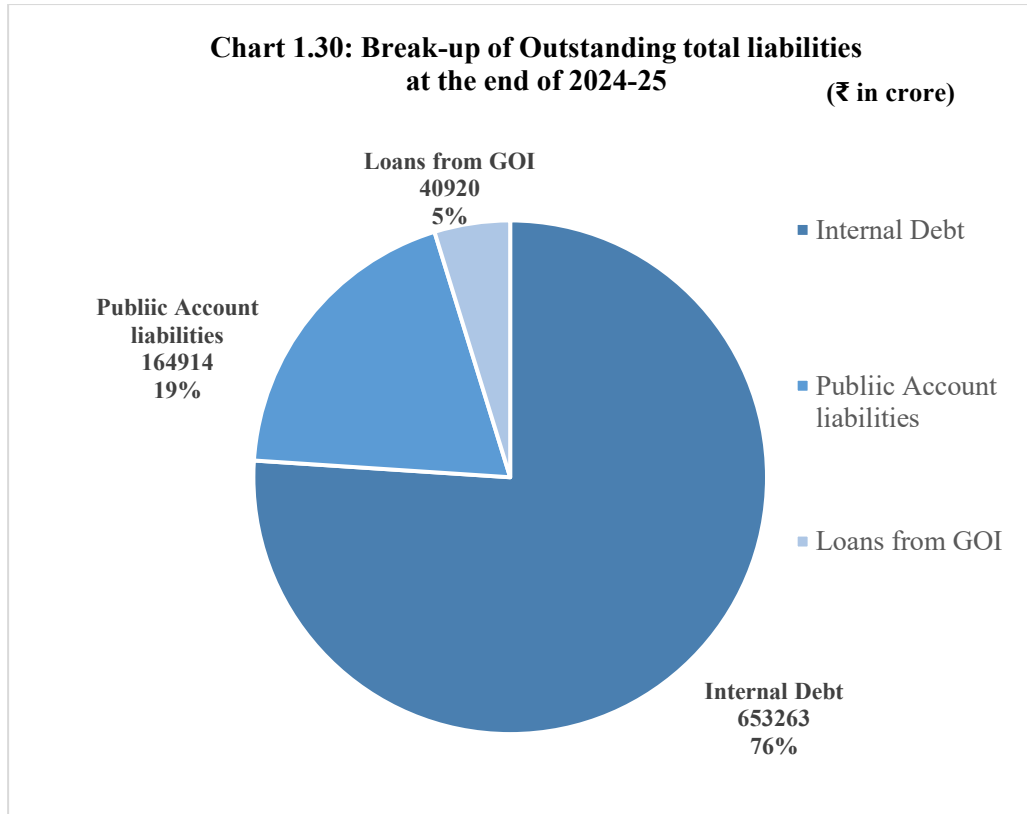
Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
(v) Deposits not bearing interest	21443.30	21944.03	24497.58	33107.10	54295.48
Rate of growth of outstanding total liability (per cent)	14.23	8.27	9.38	15.36	17.28
Gross State Domestic Product (GSDP)	2610651	3143821	3641543	4055847	4531518
Outstanding Total Liability /GSDP (per cent)	20.54	18.47	17.44	18.06	18.96
Borrowings and Other Liabilities					
Total Receipts	171674.22	156649.53	162828.08	212042.17	295140.27
Total Repayments	103396.91	98530.72	108369.61	114534.96	168544.73
Net funds Available	68277.31	58118.81	54458.47	97507.21	126595.54
Repayments/ Receipts (per cent)	60.23	62.90	66.55	54.02	57.11
*Loans from the Government of India exclude ₹ 25,759.36 crore (₹ 11,977 crore received in 2020-21 and ₹ 13,782.36 crore received in 2021-22) provided as back-to-back loans in lieu of GST compensation shortfall, which are not to be repaid by the State Government from its own resources. During 2024-25, the outstanding balance of these back-to-back loans has been reduced to ₹ 17,777.19 crore following the repayment of ₹ 7,982.17 crore, which was adjusted in the Accounts for 2023-24 (proforma correction done in Finance Accounts 2024-25)					
Source: Finance Accounts for respective years					

The total liabilities of the State increased from ₹ 5,36,199.46 crore in 2020-21 to ₹ 8,59,097.13 crore in 2024-25, registering an increase of 60.22 per cent mainly due to increase in internal debt (₹ 2,45,226.65 crore) by 60.10 per cent and Public Account liabilities (₹ 45,219.64 crore) by 37.78 per cent. The huge increase in Loans by GoI during 2020-21 to 2024-25 was due to the Special Assistance (50 years interest free loan) released by GoI under the Scheme for Special Assistance to States for Capital Expenditure/Investment.

The State's fiscal liabilities expanded in absolute terms, driven primarily by internal debt and higher Public Account balances.

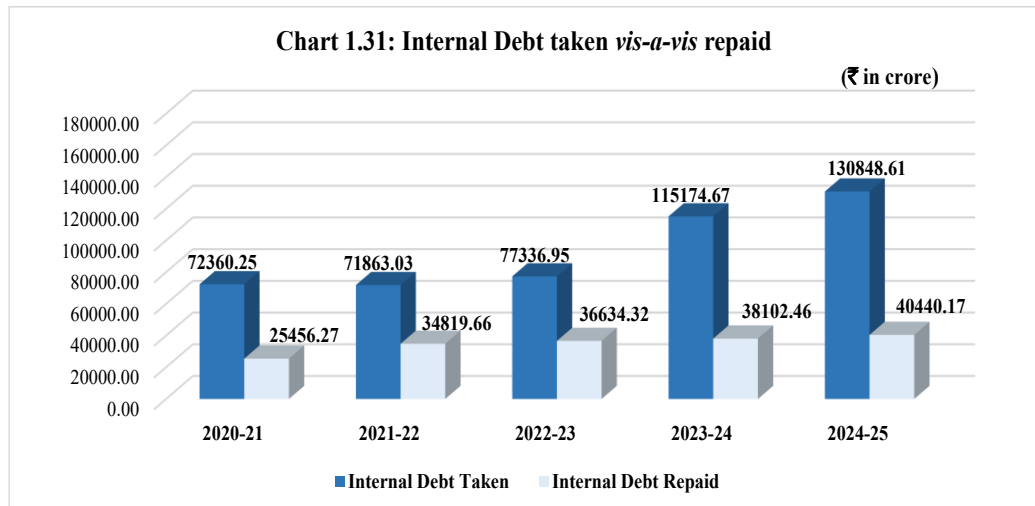
The containment of the liabilities-to-GSDP ratio below 20 per cent suggests that debt growth has remained within manageable limits. However, the acceleration in liability growth in recent years, alongside increased net borrowings, underscores the importance of sustaining revenue buoyancy and efficient capital expenditure to maintain debt sustainability.

Break-up of outstanding total liabilities at the end of 2024-25 is shown in Chart 1.30.



(Source: Finance Accounts 2024-25)

Chart 1.31 depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years *i.e.* 2020-25



(Source: Finance Accounts of respective years)

The declining repayment ratio in the last two years (33 *per cent* in 2023-24 and 31 *per cent* in 2024-25) suggests that the State is increasing future repayment obligations. The overall trend reflects increasing reliance on borrowing, with a corresponding weakening of repayment capacity.

1.5.1.2 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy

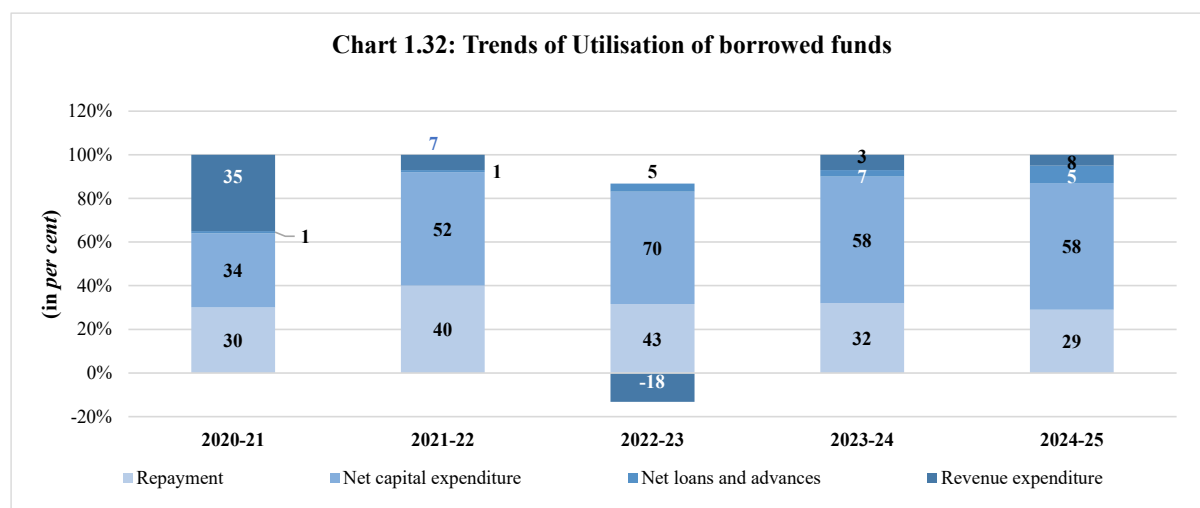
trend. **Table 1.28** and **Chart 1.32** depicts the utilization and trends of borrowed funds during 2020-25 respectively.

Table 1.28: Utilisation of borrowed funds

Year		2020-21	2021-22	2022-23	2023-24	2024-25
Total Borrowings*	2	75379.65	76705.82	87572.84	125820.67	143634.90
Repayment of earlier borrowings (Principal)	3	26427.28	35934.66	37665.79	40649.98	41805.78
Net capital expenditure	4	29686.70	46670.39	61643.61	72573.40	82773.31
Net loans and advances	5	729.50	1257.15	4021.79	4231.96	11440.66
Portion of revenue expenditure met out of net available borrowings	6=2-3-4-5	30513.17	6625.98	(-15758.35)	8365.33	7615.15

*Excluding ₹ 11,977 and ₹ 13,782.36 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively, in lieu of GST Compensation shortfall, which are not to be paid by the State from its sources.

Source: Finance Accounts

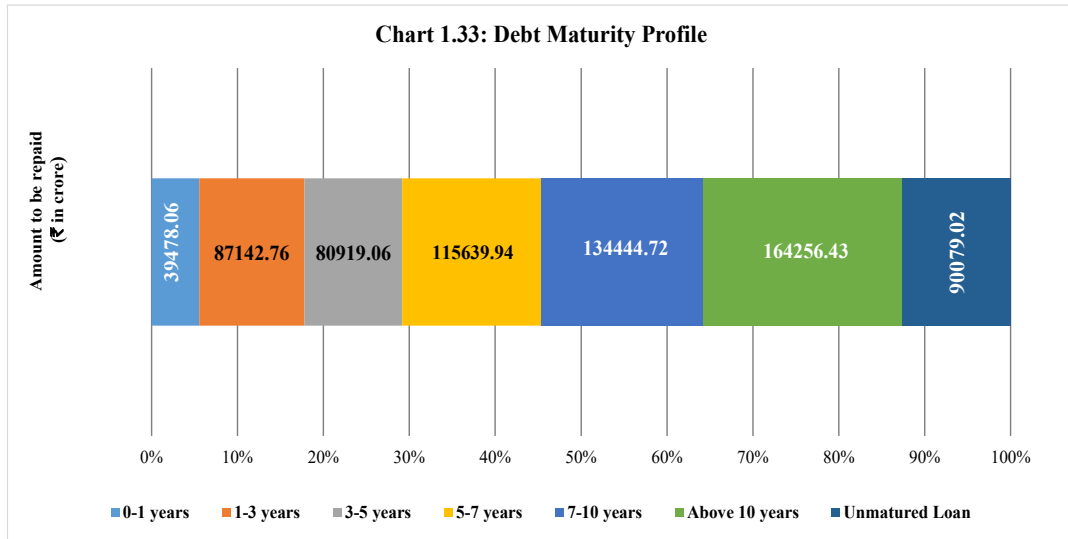


(Source: Finance Accounts)

Analysis of the utilisation of borrowings shows that the State's dependence on borrowed funds has increased sharply during the last five year period, with total borrowings rising from ₹ 75,379.65 crore in 2020-21 to ₹ 1,43,634.90 crore in 2024-25. Although a substantial portion of these borrowings was deployed towards capital expenditure, the State also continued to utilise part of its borrowings to finance revenue expenditure, which is indicative of fiscal stress.

1.5.1.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Chart 1.33**.



(Source: Finance Accounts 2024-25)

The maturity profile of the outstanding public debt indicates that 51.97 per cent (₹ 3,23,179.82 crore) of the total outstanding public debt for which maturity details are available (₹ 6,21,880.97 crore) are repayable within the next seven years, which may put a strain on the Government budget during that period. The State government would have to work out a well-thought-out borrowing repayment strategy and increase their own tax and non-tax revenue resources.

1.5.1.4 Financing pattern of fiscal deficit

Table 1.29 depicts financing pattern of the fiscal deficit during 2020-25.

Table 1.29: Components of Fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
Fiscal Deficit		71558.05	64301.86	67601.87	90559.36	124208.74
Revenue Deficit (-)/ Surplus (+)		(-)41141.85	(-)16374.32	(-)1936.47	(-)13754.00	(-)29994.76
Net Capital Outlay		(-)29686.70	(-)46670.39	(-)61643.61	(-)72573.40	(-)82773.32
Net Loans and Advances		(-)729.50	(-)1257.15	(-)4021.79	(-)4231.96	(-)11440.66
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	50020.38	40781.64	42810.77	79737.41	90917.90
2	Loans from GoI	14025.39 [#]	17510.15 [#]	9204.43	8098.48	11420.69
3	Special Securities issued to NSSF	(-)5380.71	(-)5380.71	(-)5380.71	(-)5380.71	(-)5380.71
4	Loans from Financial Institutions	2264.29	1642.44	3272.58	2715.51	4871.25
5	Small Savings, PF, etc.	739.88	966.64	576.44	526.53	363.03
6	Reserve Fund	5170.15	8683.81	5959.45	9785.17	8534.74
7	Deposits and Advances	6006.13	2603.65	3722.43	10078.66	23601.18
8	Suspense and Miscellaneous	(-)300.30	7177.97	10706.40	(-)6856.44	(-)5193.98
9	Remittances	2127.85	(-)588.73	528.50	(-)389.22	3015.11
10	Contingency Fund unrecouped	(-)1000.00	0	0	0	0

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
11	Appropriation to/from Contingency Fund	10000.00	0	0	0	0
12	Overall Deficit	83673.06	73396.86	71400.29	98315.39	132150.32
13	Increase (-)/Decrease in cash balance(+)	(-)12115.01	(-)9095.00	(-)3798.42	(-)7756.03	(-)7941.58
14	Gross Fiscal Deficit	71558.05	64301.86	67601.87	90559.36	124208.74

Source: Finance Accounts of respective years

* All the figures are net of disbursements during the respective year

This includes back-to-back loan (₹ 11,977 crore for 2020-21 and ₹ 13,782.36 crore for 2021-22) received from GOI in lieu of GST compensation. As per Department of Expenditure, Ministry of Finance, GoI, the borrowings under the Special Window (₹ 11,977 crore for 2020-21 and ₹ 13,782.36 crore for 2021-22) was not treated as debt of the State for any norms prescribed by the Finance Commission etc.

The State's fiscal position over the period 2020-21 to 2024-25 reflects a fluctuating but overall expanding fiscal imbalance, with the Gross Fiscal Deficit rising from ₹ 71,558 crore in 2020-21 to ₹ 1,24,208.74 crore in 2024-25, after a temporary moderation in 2021-22 and 2022-23. The fiscal deficit was driven primarily by sustained revenue deficits and increasing capital outlay, alongside a rising component of net loans and advances in recent years. On the financing side, market borrowings constituted the dominant source of deficit financing, supplemented by loans from Government of India, deposits and advances, reserve funds, and other liabilities. The increasing reliance on borrowings and other financing instruments in 2023-24 and 2024-25 indicates mounting fiscal pressures and a widening resource gap in the State's finances.

1.5.2 Post Audit Deficit Indicators

As per Finance Accounts of the State for the Financial Year 2024-25, the Revenue Deficit of the State was ₹ 29,994.76 crore. (0.66 per cent of GSDP), fiscal deficit was ₹ 1,24,208.74 crore (2.74 per cent of GSDP) where as primary deficit was ₹ 70,753.63 crore (1.56 per cent of GSDP).

Table 1.30 assesses actual surplus/deficit after taking into account short/non-contribution to funds and incorrect classifications/booking by the State Government during 2024-25.

Table 1.30: Impact of certain transactions on Revenue deficit and Fiscal deficit during 2024-25

Particulars	Impact on Revenue deficit (understatement (+)/ overstatement (-) (₹ in crore)	Impact on Fiscal deficit (understatement) (+) (₹ in crore)	Para reference
Off budget fiscal operations during the financial year such as borrowings by State Public Sector Companies, SPVs and other equivalent instruments, borrowings by MSRDC where the principal and/ or interest are to be serviced out of the State budgets issue of completeness of recognizing overall debt		(+)18440	3.1

Particulars	Impact on Revenue deficit (understatement (+)/ overstatement (-) (₹ in crore)	Impact on Fiscal deficit (understatement) (+) (₹ in crore)	Para reference
Misclassification between revenue and capital Expenditure	(+)4,069.91		2.5.6
Non-adjustment of interest against Reserve Fund and Deposits bearing interest	(+)762.49	(+)762.49	3.2.1
Non-Transfer of Cess/fee/surcharge	(+)1,515.23	(+)1,515.23	3.2.3.1
Total	6347.63	20717.72	
<i>Source: Finance Accounts 2024-25 and Post audit analysis</i>			

If the transactions shown in **Table 1.30** were considered, the actual Revenue deficit and Fiscal deficit would work out to be ₹ 36,342.29 crore (0.80 *per cent* of GSDP) and ₹ 1,44,926.46 crore (3.20 *per cent* of GSDP) respectively.

Post audit - Total Public Debt

Total liabilities as per the MFRBM Act - 2005 mean the liabilities under the Consolidated Fund of the State and the Public Account of the State. The MFRBM Rules 2006 defines “Off-Budget Borrowings” as non-budgetary receipts that need to be serviced by way of interest and principal, repayment directly from the budget and in which the liability is not contingent in nature. These are financed through Government owned or controlled public sector enterprises or departmental commercial undertakings, which raise the resources through market borrowings on behalf of the Government. However, the Government must repay the debt and/or service the debt from its budget.

Creating such liabilities, without disclosing them in the budget, raises questions both of transparency and of inter-generational equity. Such extra-budget borrowings are not taken in the disclosure statements in the budget documents or in the accounts, nor do these have legislative approval.

Our analysis revealed that Maharashtra State Road Development Corporation (MSRDC) raised a loan of ₹ 18,440 in 2024-25, ₹ 7,700 crore in 2023-24 and ₹ 2,500 crore in 2022-23 from Housing and Urban Development Corporation Limited (HUDCO) against the State Government guarantee for these loans. As per the condition of the sanctions issued by the Finance Department, Government of Maharashtra, budgetary provisions shall be made by Government of Maharashtra for repayment of HUDCO’s dues every year during the currency of the loan covering Principal, Interest and any other charges under the respective Loan Agreement executed. As on 31 March 2025, off-budget borrowings of ₹ 28,325 crore was outstanding, which has impact on the outstanding Public Debt and Other Liabilities of the State as given in **Table 1.31**.

Table 1.31: Component of outstanding Public Debt and Other Liabilities as on 31 March 2024

(₹ in crore)	
Outstanding Public Debt and Other Liabilities	Amount as on 31 March 2025
Total outstanding liabilities	859097
Outstanding Off-Budget borrowing	28325
Total outstanding liabilities	887422
GSDP	4531518
Total Outstanding liabilities as percentage of GSDP	19.58

Thus, after including the off-budget borrowings, the outstanding Public Debt and Other Liabilities of the State as on 31 March 2025 was ₹ 8,87,422 crore as against ₹ 8,59,097 crore⁶ depicted in the Finance Account 2024-25. The outstanding liabilities as a percentage of GSDP was 19.58 *per cent* after including the off- budget borrowings. The non-disclosure of such borrowings in budget documents and accounts understates the State's effective fiscal liabilities and limits comprehensive legislative oversight of the State's debt position.

1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

The Maharashtra Fiscal Responsibility and Budgetary Management (MFRBM) Rules were framed in February 2006 and subsequently amended from time to time. The major fiscal targets for the State were to contain the fiscal deficit as a ratio of GSDP below three *per cent* and maintaining revenue surplus after 2011-12 onwards. However, vide further amendments in subsequent years, the clause regarding 'revenue surplus after 2011-12' was relaxed during 2013-14 to 2021-22.

The COVID 19 pandemic has adversely affected the resources of the State. In view of this, to raise additional resources, the Union Government had allowed additional borrowing limit of two *per cent* of GSDP in 2020-21, one *per cent* of the GSDP in 2021-22 and 0.5 *per cent* of GSDP in 2022-23. Accordingly, as per amendment to the MFRBM Act 2020, the fiscal deficit target for 2020-21 and 2021-22 was four *per cent* of the GSDP and for 2022-23 it was 3.5 *per cent* of the GSDP. The target of fiscal deficit for the financial year 2023-24 and 2024-25 was three *per cent* of the GSDP. The MFRBM did not set any target for interest payment as ratio of revenue receipt.

The State also follows a Medium-Term Fiscal Plan (MTFP) and is required to disclose contingent liabilities and off-budget borrowings.

Achievements, vis-à-vis the fiscal targets, prescribed in the State FRBM Act for the FYs 2015-16 to 2024-25 are detailed in **Table 1.32**.

⁶ Excluding ₹ 11,977 and ₹ 13,782.36 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively, in lieu of GST Compensation shortfall, which are not to be paid by the State from its sources

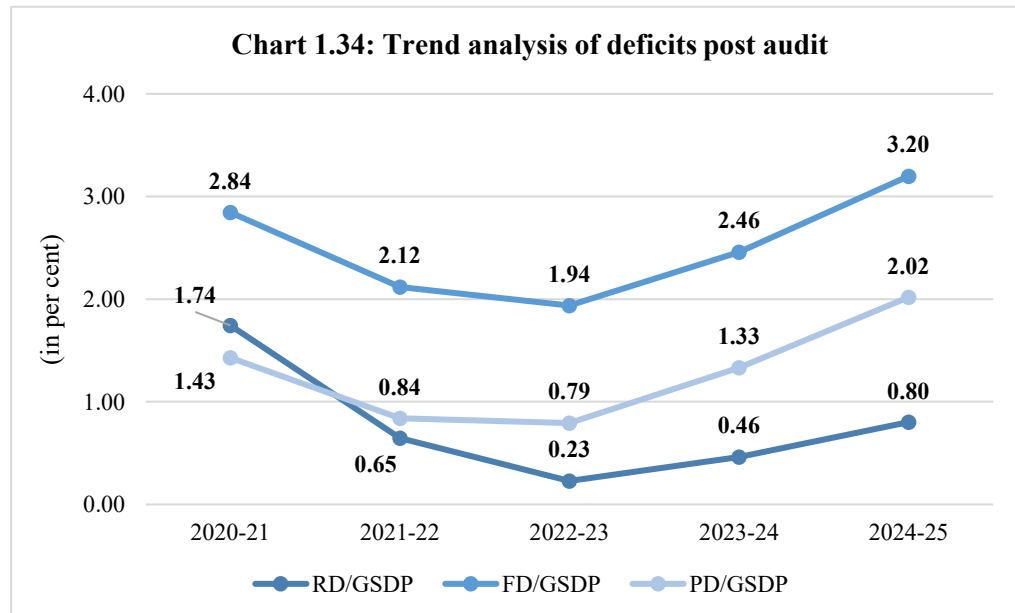
Table 1.32: Compliance with provisions of State FRBM Act

Fiscal Parameters		Achievements vis-a-vis targets set in the FCR									
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Deficit (-) / Surplus (+) as percentage of GSDP	Target	Revenue Surplus									
	Achievement	(-)0.27	(-)0.39	0.09	0.47	(-)0.64	(-)1.57	(-)0.53	(-)0.05	(-)0.34	(-)0.66
Fiscal Deficit (-) as percentage of GSDP	Target	(-)3.0	(-)3.0	(-)3.0	(-)3.0	(-)3.0	(-)4.00	(-)4.00	(-)3.50	(-)3.00	(-)3.00
	Achievement	(-)1.44	(-)1.76	(-)1.04	(-)0.91	(-)2.03	(-)2.72	(-)2.07	(-)1.92	(-)2.24	(-)2.74
Ratio of total Outstanding liabilities to GSDP (in per cent)	Target	17.64	16.15	16.26	16.52	15.83	Below 25 Per cent				
	Achievement	17.87	18.01	18.38	17.27	18.06	20.54*	18.46*	17.42*	18.11*	18.96
Interest Payments as percentage of Revenue Receipts	Target ^s	13.10	13.71	12.80	12.66	12.01	12.10	11.50	12.50	11.36	11.17
	Achievement	13.93	13.94	13.58	12.19	11.85	13.72	12.05	10.28	10.60	11.09

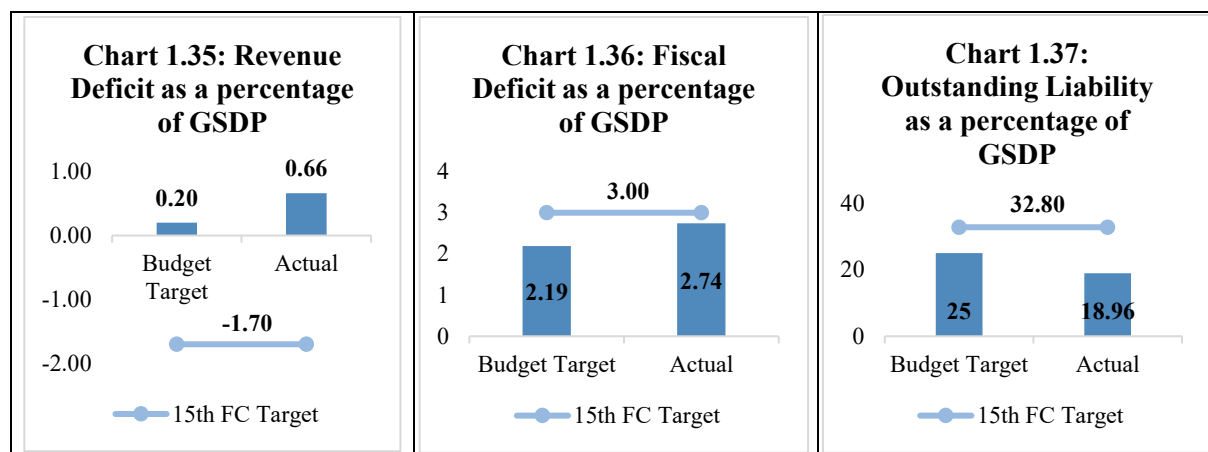
*The ratio is after exclusion of the back-to-back loan (₹ 11,977 crore for 2020-21 and ₹ 13,782.36 crore for 2021-22) received in lieu of GST compensation shortfall, which are not to be repaid by the State from its sources.
^sAre rolling targets prescribed by the Government of Maharashtra in the Medium-Term Fiscal Policy Statement of the respective years

Source: Medium-Term Fiscal Policy Statement and Finance Accounts for the respective years

The State demonstrated strong compliance with fiscal deficit and debt targets, indicating effective fiscal control. At the same time, the persistent revenue deficit highlights a structural imbalance in the revenue account, with implications for long-term debt sustainability and adherence to the “golden rule” of borrowing. Overall, fiscal consolidation has been achieved primarily through containment of fiscal deficit, rather than elimination of the revenue deficit.



The targets set by 15th FC and those projected in the State budget vis-à-vis achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Chart 1.35**, **Chart 1.36** and **Chart 1.37**.



(Source: Finance Accounts and budget documents)

During the year 2024-25, the Government was unable to contain the revenue deficit-GSDP and fiscal deficit-GSDP ratios within the levels fixed by 15th FC and those projected in the budget estimates, but total outstanding debt-GSDP ratio remained within the levels fixed as per MFRBM Act, 2005.

The revenue deficit exceeded the target mainly because a large unspent balance of ₹ 20,993.06 crore was retained in Virtual Personal Deposit Accounts (Public Accounts) and not transferred back to the Consolidated Fund of the State as on 31 March 2025; consequently, the revenue deficit—and to that extent, the fiscal deficit stood inflated.

1.5.4 Debt Sustainability Analysis

Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.33**.

Table 1.33: Trends in Debt Sustainability Indicators

(₹ in crore)

S. No.	Debt Sustainability Indicators	Y1 (2020-21)	Y2 (2021-22)	Y3 (2022-23)	Y4 (2023-24)	Y5 (2024-25)
1	Overall Liabilities or Overall Debt*	506577.13	562295.97	622471.93	705130.10	809646.05
2	Rate of Growth of Overall Debt (per cent)	14.23	10.60	8.98	13.55	16.87
3	GSDP (in nominal terms)	2610651	3143821	3641543	4055847	4531518
4	Nominal GSDP growth (per cent)	(-1.74)	20.42	15.83	11.38	11.73
5	Overall Debt/GSDP (per cent)	21.00	19.29	18.14	18.50	19.35
6	Repayment to Gross Borrowings (per cent)	60.23	62.92	67.96	54.05	57.11
7	Net borrowings available as a percentage of Gross Borrowings	39.77	37.08	32.04	45.95	42.89

S. No.	Debt Sustainability Indicators	Y1 (2020-21)	Y2 (2021-22)	Y3 (2022-23)	Y4 (2023-24)	Y5 (2024-25)
8	Interest payments on Overall Debt	36969.77	40158.04	41689.16	45651.91	53455.11
9	Effective rate of interest on Overall Debt ⁷ (per cent)	7.63	7.34	6.96	6.88	7.03
10	Interest payment to Revenue Receipts (per cent)	13.72	12.05	10.28	10.60	11.09
11	Revenue Deficit/Surplus	(-)41141.85	(-)16374.32	(-)1936.47	(-)13754.00	(-)29994.76
12	Primary Revenue Balance ⁸ (PRB)	(-)4172.08	23783.72	39752.69	31897.91	23460.35
13	Primary Balance ⁹ (PB)	(-)34588.28	(-)24143.82	(-)25912.71	(-)44907.45	(-)70753.63
14	PB/GSDP (per cent)	(-)1.32	(-)0.77	(-)0.71	(-)1.11	(-)1.56
15	Difference between RoI ¹⁰ and effective rate of interest on Overall Debt	(-)6.43	(-)6.60	(-)6.36	(-)6.39	(-)7.03
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	31159.26	98.43	7129.25	166.85	0.00
17	Debt Stabilization (Quantum spread ¹¹ + Primary balance)	(-)83139.70	51239.55	29332.64	(-)13177.96	(-)32372.59
18	Domar Model					
a	GSDP (in constant terms)	1852132	2058845	2255708	2435259	2612263
b	Real Growth (in constant terms)	-9.50	11.16	9.56	7.96	7.27
c	Inflation based on CPI (per cent)	6.22	5.89	7.31	5.12	4.06
d	Effective Rate of interest	7.72	7.51	7.04	6.88	7.06

⁷ Effective Rate of Interest on Overall Debt has been calculated adjusting the Reserve Funds, Deposits not bearing interest and 50 years interest free Capital assistance to State for Capital Expenditure.
Effective Rate of Interest = Interest Payments/Average Outstanding Debt of Previous and Current (in per cent)

⁸ PRB: Revenue Receipts minus Revenue Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa

⁹ PB: Total Receipts (net of borrowings) minus Total Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa.

¹⁰ Return on Investment (RoI) as measured by effective rate if of interest receipts.

¹⁰ RoI = Interest Receipts/ Average of Opening and Closing Stocks of Loan and Advances Disbursed *100

¹¹ Quantum Spread = Interest Spread X Debt (excluding non-interest-bearing liabilities)

S. No.	Debt Sustainability Indicators	Y1 (2020-21)	Y2 (2021-22)	Y3 (2022-23)	Y4 (2023-24)	Y5 (2024-25)
e	Real effective rate of interest (Effective rate of interest-Inflation)	1.50	1.62	-0.27	1.76	3.00
f	Growth Interest Differential (Real Growth-Real effective rate of interest)	-11.00	9.54	9.83	6.20	4.27
g	Primary Balance	(-)34588.28	(-)24143.82	(-)25912.71	(-)44907.45	(-)70753.63

Source Finance Accounts for the respective years

*Overall debt is the sum of outstanding balances under the Heads 6003- 'Internal Debt' and 6004- 'Loans and advances from the Central Government'. During the year 2020-21 and 2021-22 the Government of Maharashtra received back-to-back loan of ₹ 11,977 crore and ₹ 13,782.36 crore respectively in lieu of GST compensation, which are not to be repaid by the State from its sources, hence excluded.

The steady rise in the average interest rate on total interest bearing debt, and the persistent decline in interest payments relative to revenue receipts despite a positive primary revenue balance, adversely affected the State's debt position.

The favourable growth-interest differential (GID), which had begun to narrow from 2023-24, was not large enough to offset the impact of the rising primary deficit, leading to an increase in the debt-to-GSDP ratio during 2023-24 and 2024-25. Furthermore, the GID has actually been declining in real terms over the past two years, indicating that indebtedness of the State tends to rise.

The ratio of debt growth to nominal growth, which had remained below one in the post-pandemic years (2021-22 and 2022-23), began to rise, increasing from 0.52 in 2021-22 to 1.44 in 2024-25. This indicates that the increase in liabilities outpaced the increase in nominal GSDP, leading to an increase in the debt-to-GSDP ratio during 2022-23 and 2024-25.

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The State's debt position remained broadly sustainable during the period 2020-21 to 2024-25. The debt-to-GSDP ratio declined from 21 *per cent* in 2020-21 to a low of 18.14 *per cent* in 2022-23, before inching up to 19.35 *per cent* in 2024-25. Despite the recent increase, the ratio consistently remained well within the Fiscal Responsibility and Budget Management (FRBM) Act ceiling of 25 *per cent*, indicating that the growth in liabilities was broadly aligned with the expansion in the State's economic base.

Repayments accounted for a large share of gross borrowings (54 to 68 *per cent*), resulting in relatively lower net borrowings (32 to 46 *per cent*) and thereby limiting fiscal space for fresh developmental expenditure.

Interest payments, though rising in absolute terms, declined from 13.72 *per cent* in 2020-21 to around 10–11 *per cent* during 2022-23 to 2024-25, remaining within the 15th FC target of 15 *per cent*.

The primary balances present a mixed picture. While the State recorded positive Primary Revenue Balances from 2021-22, indicating that revenue receipts were sufficient to meet non-interest expenditure, the overall Primary Balance remained in deficit throughout the period, widening to 1.56 *per cent* of GSDP in 2024-25. This suggests continued reliance on borrowings to finance capital expenditure and part of non-interest spending.

The debt stabilisation metric (quantum spread plus primary balance) was negative in three out of five years, including 2020-21, 2023-24 and 2024-25, signalling pressures on debt sustainability. The negative debt stabilisation in recent years points to the need for fiscal consolidation through containment of primary deficits, revenue deficits and strengthening of own revenue growth.

Further, the maturity profile of the outstanding public debt indicates that 51.97 *per cent* (₹ 3,23,179.82 crore) of the total outstanding public debt for which maturity details are available (₹ 6,21,880.97 crore) are repayable within the next seven years, which may put a strain on the Government budget during that period. Overall, while the State's debt remains within FRBM limits and interest burden is manageable, emerging pressures from off-budget borrowing, rising primary and revenue deficits and adverse debt stabilisation signals warrant close monitoring to ensure medium-term debt sustainability.

1.5.5 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund in case of borrower defaults. The State extends guarantees for loans raised by entities like statutory corporations, boards, local bodies, and co-operative institutions. As per the FRBM Act, 2005, outstanding guarantees must not exceed 80 *per cent* of the previous year's revenue receipts. However, Government of Maharashtra has not fixed any limit so far. Details of the guarantees for the last five years are given in **Table 1.34**.

Table 1.34: Guarantees given by the State Government

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
Ceiling applicable to the outstanding amount of guarantees (i.e. 80 <i>per cent</i> of revenue receipts of previous year)	226551.66	215574.33	266649.26	324542.34	344477.16
Outstanding amount of guarantees at the beginning of the year [@]	41179.07	41579.94	51263.35	63520.23	79487.08
Outstanding amount of guarantees at the end of the year	41775.48	51263.35	49632.84	85896.94	129458.45
[@] Differs from previous year due to rectification of misclassification (as per statement received from the Finance Department)					
Source: Finance Accounts of respective years					

The outstanding guarantees for ₹ 1,29,458.45 crore as on 31 March 2025 was in respect of Power (₹ 51,905.59 crore); Co-operatives (₹ 3,554.12 crore); State Finance Companies/Corporations (₹ 838.74 crore); and Road and Transport (₹ 73,160 crore).

1.5.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalizing expenditures. This includes strengthening tax compliance, widening the tax base, revising user charges, and monetizing idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth, and ensuring proper classification of expenditure are key factors. Prioritizing productive capital investment and improving debt management through transparent and efficient borrowing can further ease fiscal pressure. These measures collectively create fiscal space and help reduce revenue, fiscal, and primary deficits in a sustainable manner. These have been discussed in succeeding paragraphs.

1.5.6.1 Improving revenues of the State

Untapped revenue potential that, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation, and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty, and Excise will lead to subdued revenue growth. Under-realized non-tax revenues, with low user charges, poor cost recovery, and suboptimal returns on public assets and investments also impede the fiscal space. Timely realization of pending arrears is (tax and nontax) another step towards enhancing the fiscal space.

A. Arrears of revenue

As on 31 March 2025, the arrears of revenue in respect of principal heads of revenue were ₹ 17,170 crore, of which ₹ 4,278.48 crore were outstanding for more than five years, as depicted in **Table 1.35**.

Table 1.35: Arrears in Revenue

(₹ in crore)			
Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2025	Amount outstanding for more than five years as on 31 March 2025
1	State Goods and Service tax	10549.70	78.98
2	Maharashtra Value Added Tax	117001.80	76938.90
3	State Excise Duty	872.38	705.83
4	Stamp Duty	1515.02	8139.48
5	Taxes on Sale, Trade, etc.	107.32	18.13
6	Forest and Wildlife	23.48	33.38
Total		130069.70	85914.70
<i>Source: Information received from Joint Commissioner of Sales Tax/HQ3</i>			

B. Arrears in assessment

The information on number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year, as furnished by the Department of Excise and Department of Taxation in respect of Sales Tax/VAT is depicted in **Table 1.36**.

Table 1.36: Arrears of assessment

Head of Revenue	Opening Balance (01 Apr 2024)	New cases due for assessment during 2024-25	Total cases due for assessments	Cases disposed of during 2024-25	Closing Balance (31 Mar 2025)	(₹ in crore)
						Disposal percentage (5 to 4)
1	2	3	4	5	6	7
Maharashtra Value Added Tax	4747	-	4747	-	4747	0.00
Stamp Duty	9116	769	9885	2448	7437	24.76
State Excise Duty	133	5	138	1	137	0.72
Allied Acts	1118	-	1118	-	1118	0.00

Source: Information received from Joint Commissioner of Sales Tax/HQ3

C. Details of evasion of tax detected by the Department, refund cases, etc

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. The details of cases of evasion of tax detected by the Excise and Taxation, cases finalised and the demand for additional tax raised; during the year 2024- 25, as reported by the departments concerned, are depicted in **Table 1.37**.

Table 1.37: Evasion of Tax detected

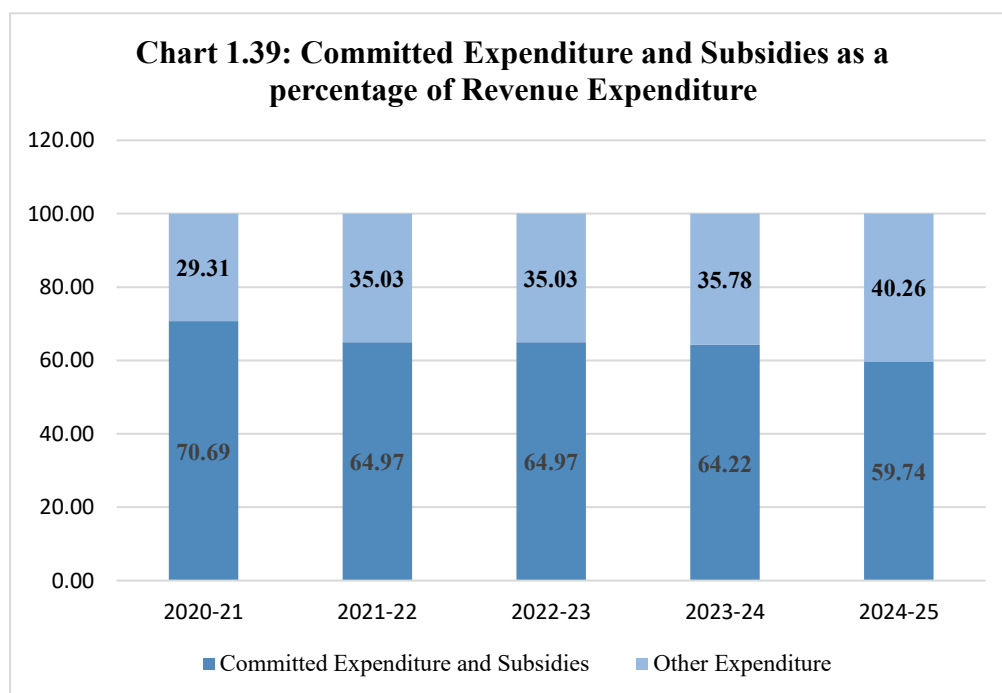
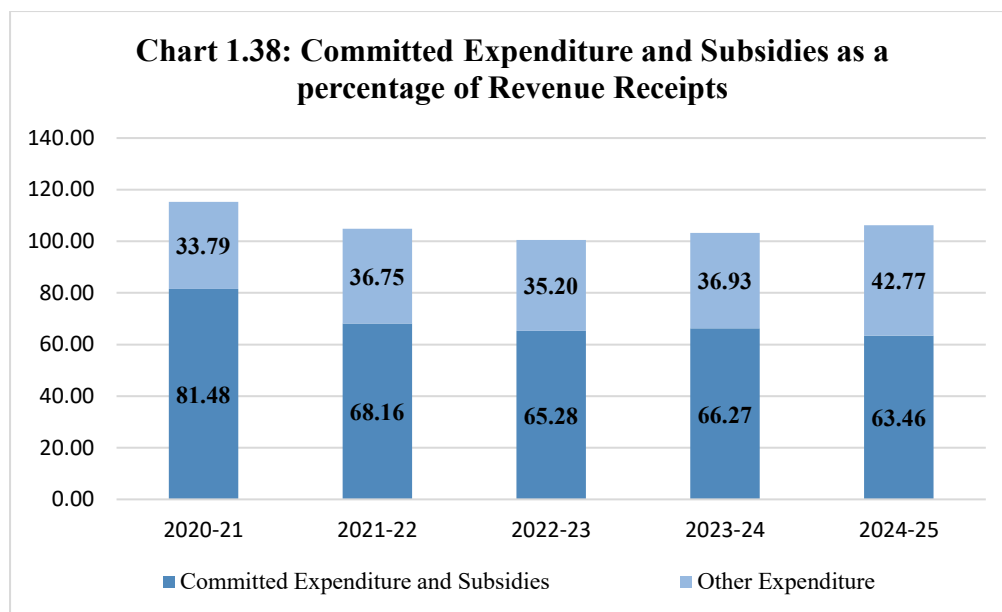
Sl. No.	Head of Revenue	Cases pending as on 31 March 2024	Cases detected during 2024-25	Total	No. of cases in which assessment / investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2025
					No. of cases	Amount (₹ in crore)	
1	Goods and Service tax	46	596	642	483	8167.79	159
2.	Taxes/VAT on Sales, Trade	180	402	582	408	120.09	174
3	Stamp duty and registration fees	11424	10675	22099	10823	62.48	11276
4	State Excise	Nil					

Source: Information received from Joint Commissioner of Sales Tax/HQ3

1.5.6.2 Issues on expenditure side

A. Fiscal stress from committed expenditure and subsidies

Chart 1.38 and **Chart 1.39** depicts Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during the FY 2020-21 to 2024-25 respectively.



In 2024-25, the State's committed expenditure of ₹ 2,49,696.74 crore comprising salaries (₹ 1,37,979.17 crore), pensions (₹ 58,262.46 crore), and interest payments (₹ 53,455.11 crore), accounted for 51.81 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹ 56,089.18 crore, bringing the total rigid expenditure to ₹ 3,05,785.92 crore, which was nearly 63.45 *per cent* of the State's revenue receipts. The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State's ability to allocate resources towards capital investment and developmental priorities. This structural imbalance increases the risk of persistent revenue and primary deficits, constrains long-term fiscal sustainability, and reduces the government's capacity to respond to emergent socio-economic challenges.

There is an urgent need for expenditure reform through rationalization of subsidies, improved targeting, and prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

B. Capital blocked in incomplete projects

An assessment of capital blocked in incomplete capital projects would also indicate the quality of Capital Expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects, during the respective years would lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects are shown in **Table 1.38** (based on information provided by the State Government for Appendix-IX of the Finance Accounts for the year 2024-25).

Table 1.38: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on				Department-wise profile of incomplete projects		
31 March 2025				till 31 March 2025		
Year	No. of incomplete projects	Estimated Cost	Expenditure incurred	Department	No. of incomplete projects	Estimated Cost (Expenditure incurred)
Prior to 1995	1	46.00	871.18	Water Resources	7	3412.18
1995-2000	5	505.67	2535.73	Public Works	2	78.97
2000-2005	1	Not furnished	5.27			
2005-2010	0		0.0			
2010-2024	2	115.43	78.97			
Total	9		3491.15		9	3491.15

Source: Finance Accounts 2024-25

Due to incomplete information in Appendix-IX (Commitments of the Government-List of Incomplete Capital Works) of the Finance Accounts for the year 2024-25 (provided by the State Government), Audit could not ascertain the actual progressive expenditure, physical progress of work, position of pending payment (future liability) and revised cost, if any, as on 31 March 2025.

Overall, the continuation of long-pending projects over several decades, along with cost increases and their concentration in a single department, points to gaps in project planning, periodic review, and timely decision-making, including limited mechanisms for accelerating completion or closing projects that are no longer viable.

C. Undischarged liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, this impairs the State's ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

Audit observed that the State Government had accumulated several undischarged liabilities over the years, which have significant implications for fiscal sustainability. These include:

- Undischarged interest liabilities totaling ₹ 762.49 crore.
- Off-budget borrowings and other liabilities not captured in the debt stock amounting to ₹ 18.440 crore.
- Short/non-transfer of State Government's contribution to the National Pension System (NPS) amounting to ₹ 3,277.58 crore.
- Pending refund cases amounting to ₹ 4,703.94 crore. The cumulative value of these un-discharged liabilities amounted to ₹ 27,184 crore, which is equivalent to 0.60 *per cent* of the GSDP and 21.89 *per cent* of the Fiscal Deficit for the year 2024-25.

Audit recommends that the State Government disclose and address all undischarged liabilities transparently and make provisions for timely discharge of these obligations to avoid future fiscal stress.

1.6 Conclusions

- The State's finances show steady growth in revenue receipts, which increased from ₹ 2,69,467.91 crore in 2020-21 to ₹ 4,81,906.43 crore in 2024-25, with the Revenue Receipts–GSDP ratio remaining stable at about 10–11 *per cent*. Tax revenue continued to be the main source of income, while grants-in-aid from the Government of India showed a declining trend. State's Own Tax Revenue buoyancy weakened sharply in 2023-24 but recovered to 1.203 in 2024-25, indicating that revenues broadly kept pace with economic growth
- On the expenditure side, total expenditure rose from ₹ 3,42,638.31 crore in 2020-21 to ₹ 6,06,809.56 crore in 2024-25, with revenue expenditure consistently dominating the expenditure profile. Increased allocations towards welfare-oriented schemes, notably under Social Services, including a sharp rise in expenditure on women welfare schemes, led to expansion of revenue expenditure, while capital expenditure, though increasing in absolute terms, was only 14 *per cent* of the total expenditure. Committed expenditure, at ₹ 2,49,696.74 crore in 2024-25, formed a substantial share of revenue expenditure (48.78 *per cent*), constraining fiscal flexibility
- 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 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. While the State achieved a positive Primary Revenue Balance, the overall primary balance remained in deficit, indicating continued dependence on borrowings to finance a part of non-interest

expenditure and capital outlay. The persistence of revenue and primary deficits indicates limited fiscal space and increasing dependence on borrowings to finance current expenditure.

- The State's total liabilities increased significantly from ₹ 5,36,199.46 crore in 2020-21 to ₹ 8,59,097.13 crore in 2024-25. After including off-budget borrowings of ₹ 28,325 crore, outstanding public debt and other liabilities stood at ₹ 8,87,422 crore as on 31 March 2025, equivalent to 19.58 *per cent* of GSDP. Although this ratio remained well within the FRBM ceiling of 25 *per cent*, the growing reliance on off-budget borrowings, which lack transparency and legislative approval, understated the true fiscal position. Furthermore, the maturity profile of public debt indicates that 52 *per cent* of the outstanding debt is repayable within the next seven years.
- Debt sustainability indicators present a mixed picture. While the debt-GSDP ratio remained within prescribed limits and the interest burden was contained at around 10–11 *per cent* of revenue receipts, repayments of earlier borrowings formed a large share of gross borrowings (54 to 68 *per cent*), limiting the availability of net borrowings for developmental expenditure. The persistence of primary deficits since 2019-20 and negative debt stabilisation metrics in three of the last five years, including 2024-25, indicate that economic growth alone may not be sufficient to stabilise debt in the medium term.

1.7 Good Practices

- Own tax revenue accounted for 75 *per cent* of the State's total revenue receipts, reflecting a strong and stable revenue base and indicating reduced dependence on Central transfers

1.8 Recommendations

- i. The State should adopt a medium-term fiscal consolidation path aimed at eliminating the revenue deficit in line with FRBM objectives. This would require rationalisation of revenue expenditure, especially scheme-based and subsidy expenditure, improved targeting of welfare schemes, and timely closure of unspent balances parked in Virtual Personal Deposit Accounts to avoid artificial inflation of deficits. Augment revenue by broadening the tax base, improve compliance, and strengthen non-tax revenue streams through periodic revision of user charges and better recovery of dues.
- ii. Off-budget borrowings should be minimised and, where unavoidable, fully disclosed in budget documents and subjected to legislative approval. These borrowings should be explicitly factored into fiscal indicators and debt sustainability analysis to present a true and transparent picture of the State's fiscal position.
- iii. The State should aim to achieve and maintain a primary surplus over the medium term so that debt can be stabilised without excessive reliance on future borrowings.