Executive Summary

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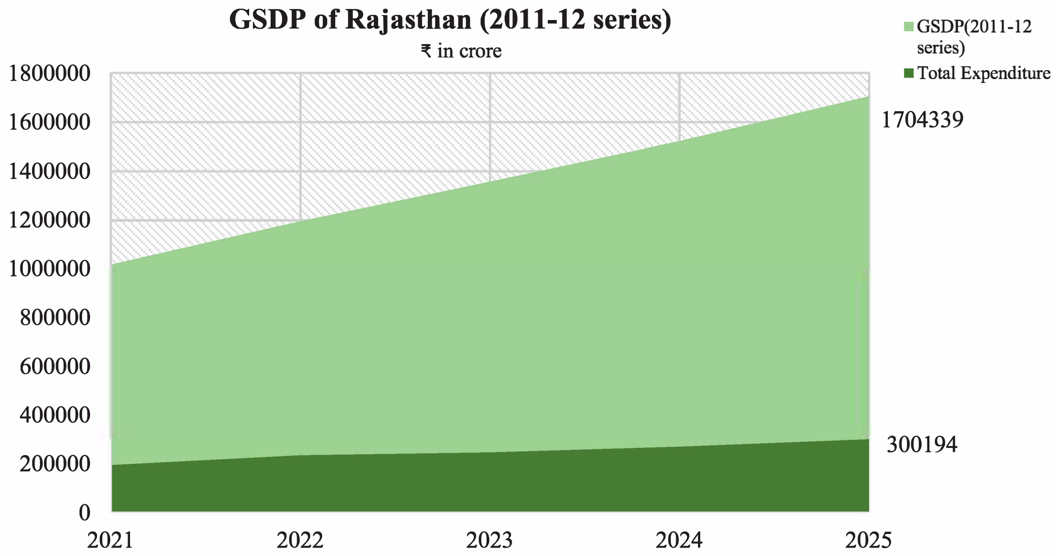
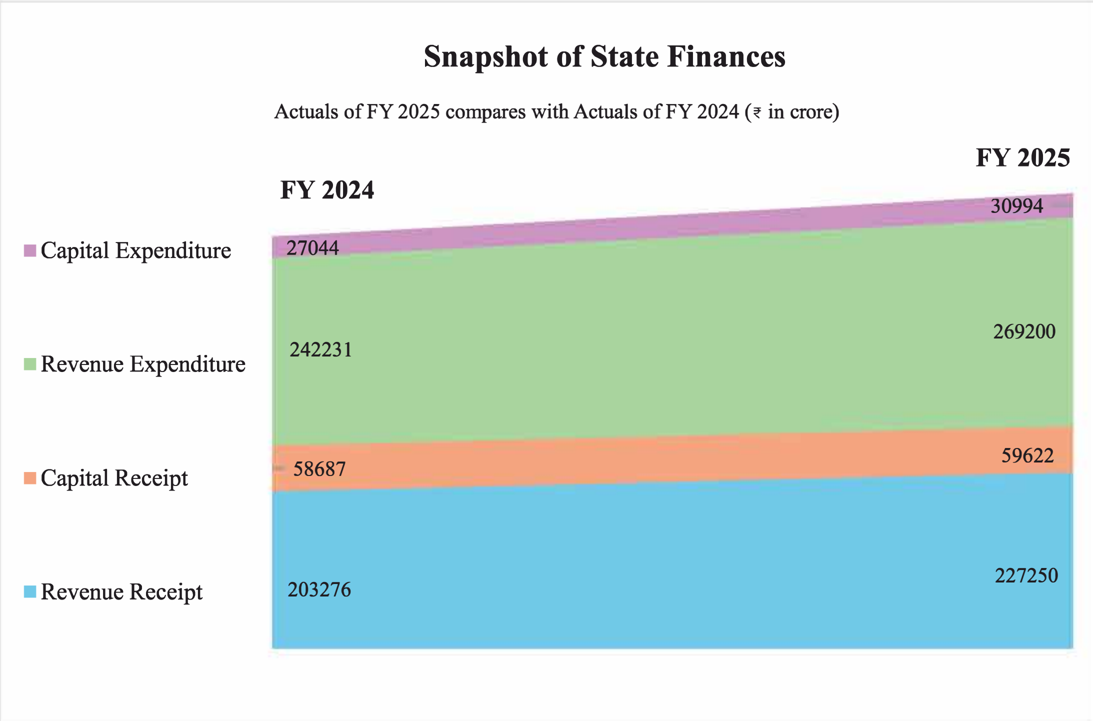
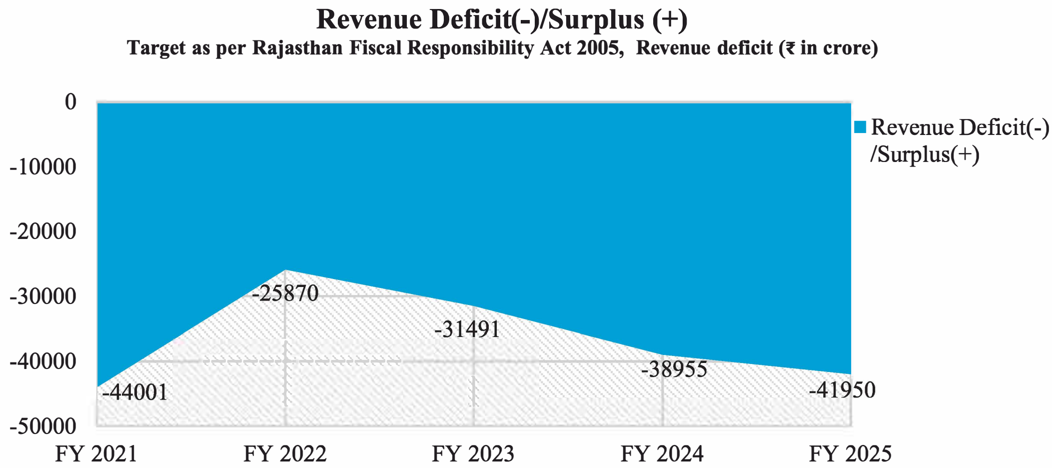
This Report on the Finances of the State of Rajasthan provides an independent assessment of the Fiscal position of Rajasthan for FY 2024-25.



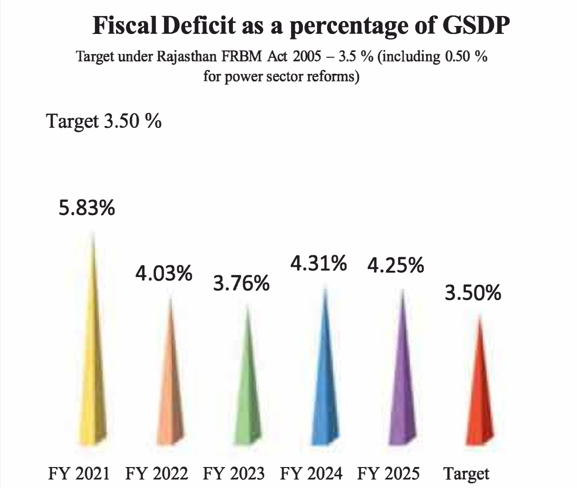
During FY 2024-2025, Rajasthan's GSDP grew at 12.02 *per cent* over the previous year as compared to 12.17 *per cent* in FY 2023-24. The State's GSDP constituted 5.15 *per cent* of India's GDP.

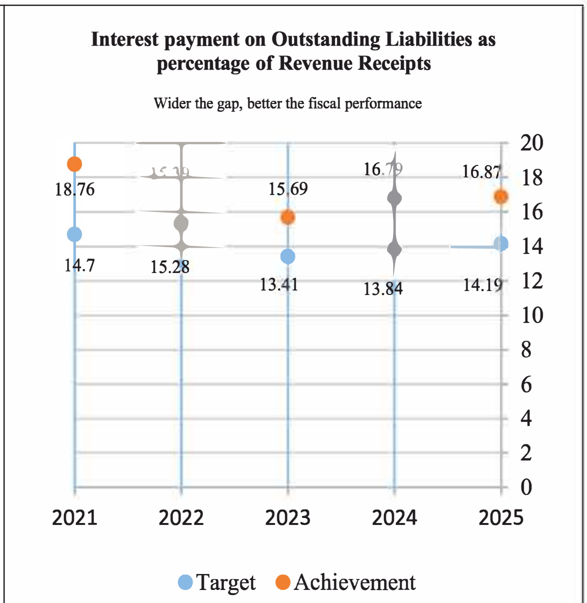


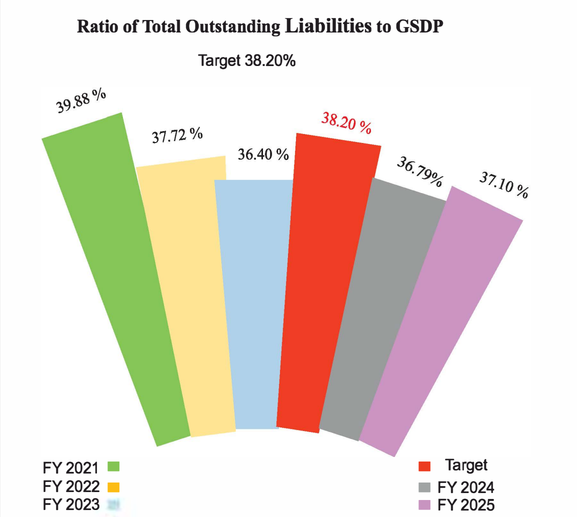
Revenue Receipts have increased by 11.79 *per cent*, attributed to the increase in tax revenue, non-tax revenue and Grants-in-Aid from GoI. Expenditure of the State was dominated by higher growth of revenue expenditure, due to increase in committed expenditure and subsidies.

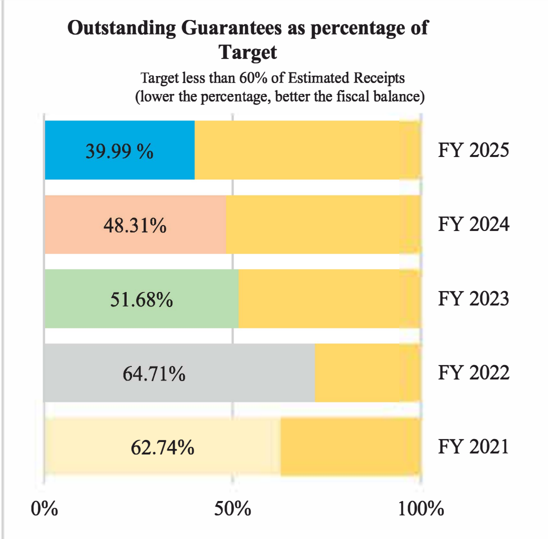


The 7.69 *per cent* increase in Revenue Deficit was due to ₹ 26,969 crore increase in revenue expenditure and ₹ 23,974 crore increase in Revenue Receipt as compared to FY 2024. This tightened the fiscal space and thus market borrowings increased to finance the capital expenditure.





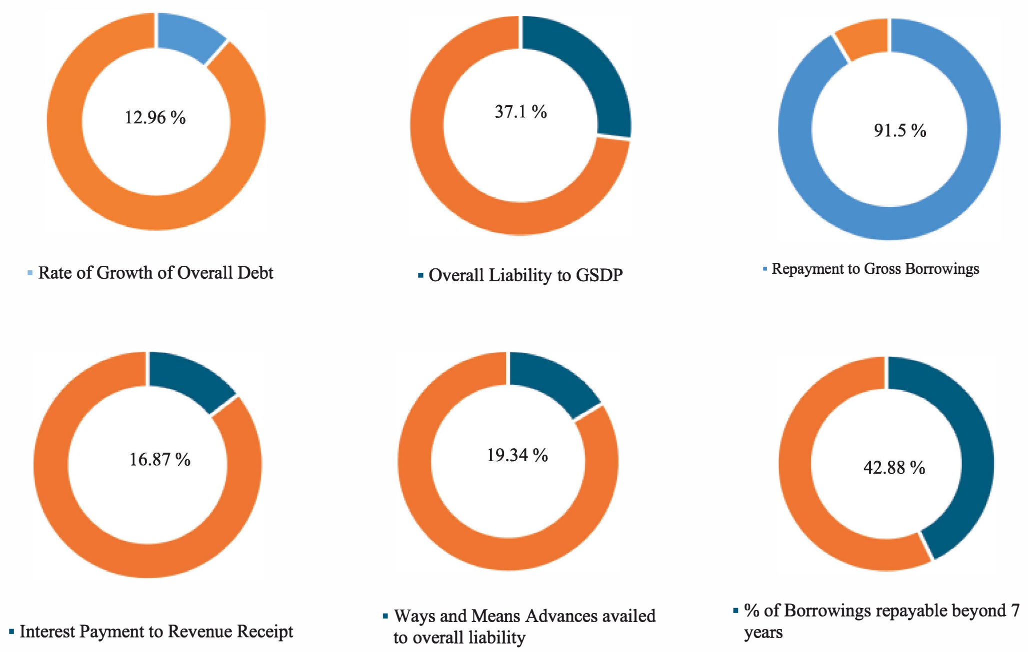




The State was unable to contain the revenue and fiscal deficits within the levels envisaged under the State FRBM framework. The State carried forward significant undischarged liabilities in respect of Labour Cess to Labour Welfare Board, Rajasthan Cow Protection and Promotion Fund, Rajasthan State Road Development Fund, Water Conservation Cess, Urban Development Cess Fund and interest liabilities to the tune of ₹ 437.04 crore in the FY 2024-25, which changes the revenue deficit and Fiscal deficit figures.

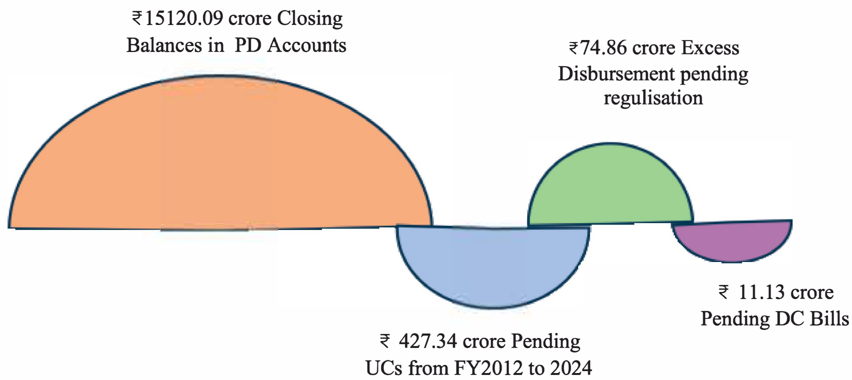
Debt Sustainability

FY 2024-25



High Debt to GSDP ratio signifies that the State's burden is substantial compared to its economic output and indicates financial vulnerability and reduced fiscal flexibility. Increasing interest payment to Revenue Receipt indicates an unsustainable debt trajectory. Thus, caution is to be exercised in the coming years.

Financial Information as on 31 March 2025



Score Card of State Finances of Rajasthan

High Priority Indicators (As per Rajasthan Fiscal Responsibility Act,2005)			
Parameter	**FY:2024-25 Value**	**Benchmark (Criteria)**	**Remarks**
Revenue Deficit (% of GSDP)	2.46 %	≥ 0 (FRBM objective)	FRBM target not met and continuously increasing
Gross fiscal deficit (% of GSDP)	4.25 %	≤ 3.5 % (FRBM cap) (including 0.5 % for power reforms)	FRBM target not met and continuously increasing
Overall Liability / GSDP	37.10 %	< 38.20 % (FRBM objective)	FRBM objective met
Outstanding guarantees / GSDP	6.85 %	Keep low; provide Guarantee Redemption Fund backing (Government Guarantee Policy)	Low; Contingent-liability risk covered by Guarantee Redemption Fund.

Other Priority Indicators

Parameter	**FY:2024-25 Value**	**Benchmark (Criteria)**	**Remarks**
Primary balance (% of GSDP) = (Total receipts – Non-interest expenditure) / GSDP	(-) 2.00%	> 0 better (IMF)	Negative indicates debt sustainability faces potential risks.
Interest payments / Revenue Receipts	16.87%	Lower is better; RBI flags risk >15% (Ministry of Finance)	Higher, Interest burden needs to be watched.
Debt service / Revenue Receipts (RR) (Public Debt principal due + interest) ÷ RR	27.51%	Lower is better; watch if persistently >25% (World Bank)	High; Reflects potential fiscal vulnerability.
Growth–interest differential (G–r) (real GSDP growth − real effective interest rate)	5.08%	> 0 supports debt dynamics (IMF and Domar Model)	Positive cushion, though smaller than FY24 (7.24%).
Capital outlay share = Capital Expenditure ÷ Total Expenditure	10.32%	Higher share = better quality mix (RBI)	Better capex tilt 2023–25; asset-creating has increased over past 2 years.
Own-revenue strength = State's Own Revenue ÷ Revenue Expenditure	47.11%	Higher coverage is better (Ministry of Finance)	Own revenues cover ~only 47% of RE; rest via devolution/grants.

Rajasthan's GSDP growth rate at 12.02 *per cent* was higher than the GDP growth rate of 9.78 *per cent*. However, higher revenue and fiscal deficit retards the high-multiplier capital expenditure.

Continuous increase in the revenue deficit in last five years necessitated an increased reliance on market borrowings to finance deficit and capital expenditure. This generates potential risks to long-term debt sustainability. The fiscal balance is further compounded by audit observations regarding undischarged liabilities of about ₹ 360.24 crore, which threatens to further deepen the fiscal and revenue deficits.

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