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## Income And Expenditure Analysis Of Maharashtra State Budget 2024–25

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### Abstract:

This paper presents an in-depth analysis of the income and expenditure patterns in the Maharashtra State Budget for the fiscal year 2024–25. Utilizing data from official government budget documents, economic reports, and credible news sources, the study meticulously examines the various components of revenue—such as tax revenue, non-tax revenue, central transfers—and the different heads of expenditure including revenue and capital outlays, social welfare schemes, and sectoral allocations. It also evaluates the fiscal deficit, revenue deficit, and public debt in relation to the Gross State Domestic Product (GSDP). Special attention is given to the populist measures introduced in the budget, including welfare schemes for women, youth, and farmers, assessing their short-term benefits and long-term fiscal implications. The analysis further explores the impact of declining central grants and increasing committed liabilities on the state's fiscal space. By examining the structural and policy-driven factors shaping the budget, the paper aims to provide a comprehensive understanding of the state's financial health, spending priorities, and revenue mobilization strategies. The insights generated are intended to assist policymakers, researchers, and public finance analysts in evaluating the sustainability and effectiveness of Maharashtra's fiscal management in an evolving economic and political landscape.

### Keywords:

Maharashtra, State Budget, Fiscal Analysis, Revenue, Expenditure, Fiscal Deficit, Populist Measures

## 1.Introduction:

Maharashtra, one of India's most economically significant and industrially advanced states, holds a pivotal role in the nation's economic framework, contributing approximately 14% to the country's Gross Domestic Product (GDP). The state's budget for the fiscal year 2024–25 was presented in a complex environment shaped by political shifts, economic uncertainties, and fiscal constraints. As the state prepares for upcoming elections, the budget assumes additional importance due to its potential influence on voter sentiment and public perception. The fiscal blueprint attempts to strike a delicate balance between developmental imperatives—such as infrastructure expansion, agricultural support, and welfare programs—and the necessity for financial discipline in light of declining central government grants and increasing expenditure burdens, including debt servicing and social sector commitments. The allocation of resources reveals strategic priorities, focusing on empowering women, creating employment opportunities for the youth, and supporting farmers, all while grappling with limitations imposed by constrained revenues and rising liabilities. This paper seeks to provide a comprehensive analysis of the income and expenditure components of the 2024–25 Maharashtra State Budget, identifying trends, evaluating fiscal sustainability, and interpreting the broader economic implications of policy decisions. It aims to offer critical insights that contribute to a nuanced understanding of the state's fiscal strategy and governance priorities.

## 2. Revenue Analysis:

### 2.1. Total Revenue Receipts:

For the fiscal year 2024–25, Maharashtra's total revenue receipts are projected at ₹4,99,463 crore, reflecting a modest 3% increase compared to the revised estimates of ₹4,82,386 crore for 2023–24. This moderate rise indicates cautious optimism in revenue generation amidst economic uncertainties. The bulk of the revenue receipts comes from the state's own tax revenues, estimated at ₹3,42,919 crore, which underscores Maharashtra's continued reliance on internal sources such as the Goods and Services Tax (GST), sales tax on petroleum products, stamp duty, registration fees, and state excise. Non-tax revenue, comprising earnings from state services, user charges, and dividends from state-owned enterprises, is expected to contribute ₹26,775 crore. Additionally, Maharashtra is slated to receive ₹77,054 crore as its share of central taxes, which includes a portion of income tax, corporation tax, and union excise duties. Grants-in-aid from the central government are projected at ₹52,715 crore, a figure that has declined in recent years, raising concerns about fiscal dependence and increasing pressure on the state's own resource mobilization efforts. The composition of revenue receipts highlights the necessity for efficient tax administration and innovative non-tax revenue mechanisms to maintain fiscal balance.

## 2.2. Own Tax Revenue:

Maharashtra's own tax revenue remains a crucial pillar of its fiscal structure, projected at ₹3,42,919 crore for 2024–25, constituting nearly 8% of its Gross State Domestic Product (GSDP). This reflects the state's strong internal resource mobilization capacity and fiscal autonomy. The largest contributor is the State Goods and Services Tax (SGST), estimated at ₹1,55,756 crore, showcasing the significance of indirect taxation in Maharashtra's revenue framework. Sales tax and Value Added Tax (VAT), primarily collected on petroleum products and liquor, are expected to contribute ₹62,500 crore. Stamp duty and registration fees, closely linked with the real estate sector's performance, are projected to yield ₹55,000 crore, reflecting stable growth in property transactions. State excise, mainly derived from alcohol and narcotics, is estimated at ₹30,500 crore. Together, these taxes demonstrate robust growth in the state's taxation capacity. The consistent increase in own tax revenue over the years indicates improvements in compliance, administrative efficiency, and economic activity. However, challenges remain in terms of widening the tax base, curbing evasion, and minimizing the economic impact of high tax burdens on consumers and businesses. The emphasis going forward should be on policy reforms that further enhance the buoyancy and sustainability of Maharashtra's tax revenues.

## 3. Central Transfers:

Central transfers to Maharashtra for the fiscal year 2024–25 comprise two key components: the state's share in central taxes and grants-in-aid from the Union government. The state's share in central taxes is projected at ₹77,054 crore, reflecting a 10% increase from ₹70,050 crore in 2023–24. This rise is attributed to improved national tax collections and a more substantial devolution of union tax revenues under the Finance Commission's formula. However, this positive trend is offset by a significant 19% decline in grants-in-aid, which have fallen from ₹65,444 crore in 2023–24 to ₹52,715 crore in 2024–25. The decline is largely due to the expiry of the GST compensation regime, which was designed to offset state revenue losses after the introduction of GST, and a reduced central contribution to Centrally Sponsored Schemes (CSS). This trend has fiscal implications for Maharashtra, compelling the state to rely more on its own resources. The reduction in grants limits fiscal space for developmental spending and places added pressure on budgetary allocations for social sectors and infrastructure. As intergovernmental fiscal transfers evolve, Maharashtra must advocate for equitable distribution while strengthening its own revenue-generating mechanisms to ensure long-term fiscal resilience.

## 3. Expenditure Analysis:

### 3.1. Total Expenditure:

Maharashtra's total expenditure for the fiscal year 2024–25 is estimated at ₹6,12,293 crore, excluding debt repayment obligations. This reflects a modest 2% increase from the revised estimates of ₹5,99,277 crore for 2023–24, indicating cautious fiscal expansion in a politically sensitive year. The restrained growth in overall expenditure suggests the government's effort to maintain fiscal prudence while addressing developmental needs and social welfare priorities. The budgeted figure encompasses both

revenue and capital expenditures, with significant allocations toward infrastructure development, education, healthcare, rural development, and welfare schemes aimed at women, youth, and farmers. However, a noteworthy portion of state expenditure continues to be committed in nature—such as salaries, pensions, and interest payments—limiting flexibility in resource allocation. Debt repayment for the year is estimated separately at ₹57,198 crore, indicating the state's growing fiscal liability. While the government aims to boost inclusive growth, the rising debt burden and limited revenue growth pose challenges to sustaining capital investments. The focus must remain on efficiency in public spending and prioritization of high-impact projects to maximize returns on expenditure and promote long-term fiscal stability.

### **3.2. Revenue and Capital Expenditure:**

In the Maharashtra Budget for 2024–25, revenue expenditure is estimated at ₹5,19,514 crore, marking a 3% increase from the revised estimate of ₹5,05,208 crore in 2023–24. This growth reflects the state's continued emphasis on meeting ongoing obligations such as salaries, pensions, interest payments, subsidies, and social welfare schemes. The steady rise in revenue expenditure indicates the increasing cost of governance and rising demands for public services, particularly in health, education, and rural development. Capital expenditure, which includes investment in infrastructure and asset creation, is projected at ₹85,292 crore, nearly unchanged from the previous year. The stagnation in capital outlay raises concerns about the state's capacity to drive long-term economic growth through infrastructure expansion. Additionally, loans and advances extended by the state are expected to fall by 19%, from ₹9,240 crore in 2023–24 to ₹7,487 crore in 2024–25. This decline could reflect either a strategic move to limit fiscal risk or a slowdown in demand from public sector undertakings and local bodies. Balancing revenue commitments with capital investment is crucial for achieving sustainable development, and Maharashtra must find ways to enhance the productivity of its spending while managing rising fiscal pressures.

### **3. Committed Expenditure:**

Committed expenditure, comprising obligatory payments such as salaries, pensions, and interest obligations, continues to dominate Maharashtra's financial outlay in 2024–25. It is estimated at ₹2,75,615 crore, accounting for approximately 55% of the state's total revenue receipts, thereby significantly limiting fiscal flexibility. Salaries form the largest component, estimated at ₹1,59,071 crore, reflecting the extensive size of the government workforce and increasing costs due to inflation and periodic revisions under pay commissions. Pensions, at ₹59,817 crore, reflect the financial burden of supporting retired government employees, a figure expected to grow as more employees retire in the coming years. Interest payments are projected at ₹56,727 crore, indicating the rising cost of servicing accumulated debt. The high proportion of committed expenditure reduces the discretionary spending capacity of the government, limiting investments in infrastructure, innovation, and welfare programs. This trend underscores the need for structural reforms in public sector employment, pension schemes, and debt management to ensure that essential services and developmental initiatives are not compromised due to

inflexible budgetary allocations. Reducing this burden will be critical for enhancing fiscal sustainability and creating room for strategic investments in growth-oriented sectors.

#### 4. Fiscal Deficit and Debt:

For the fiscal year 2024–25, Maharashtra's projected fiscal deficit stands at ₹1,10,355 crore, which is 2.6% of the state's Gross State Domestic Product (GSDP). This marks a slight improvement from the previous year's fiscal deficit of 2.8% of GSDP, signalling efforts to narrow the gap between revenue and expenditure. The revenue deficit is estimated at ₹20,051 crore, or 0.5% of the GSDP, reflecting the gap between revenue receipts and revenue expenditure. While these figures show a modest improvement, they still highlight the persistent challenge of financing the state's obligations through borrowing and transfers from the central government. A fiscal deficit of this magnitude places pressure on the state's borrowing capacity and long-term debt sustainability. The government will need to manage its expenditure commitments, particularly the growing costs of social welfare schemes and infrastructure development, to ensure that the fiscal deficit trajectory remains manageable and does not threaten future financial stability. Debt management and prudent fiscal policies will be essential in keeping the deficit in check and maintaining investor confidence.

#### 5. Populist Measures and Their Implications:

##### 5.1. Women Empowerment Initiatives (Expanded to 150 Words):

Maharashtra's 2024–25 budget places a strong emphasis on women empowerment through targeted financial and educational support. A flagship initiative, the *Mukhya Mantri Mazhi Ladki Bahin Yojana*, aims to provide monthly assistance of ₹1,500 to eligible women between the ages of 21 and 60. With an annual allocation of approximately ₹46,000 crore, this scheme is expected to benefit millions of women, offering direct financial aid to enhance their autonomy and reduce economic dependency. This substantial outlay signals a political and social commitment toward gender-inclusive welfare. Additionally, the budget includes a provision for full reimbursement of tuition and examination fees for girls belonging to Other Backward Classes (OBC) and economically weaker sections (EWS) pursuing higher education. This measure is designed to reduce dropout rates among female students and promote equal access to quality education. Together, these initiatives reflect a comprehensive approach to uplift women through financial support and educational empowerment, aiming to address both immediate economic needs and long-term socio-economic mobility. The sustainability and impact of these programs will depend on efficient implementation, transparency, and complementary efforts in skill development, safety, and employment generation for women across the state.

##### 5.2. Youth Employment Programs:

In the 2024–25 Maharashtra state budget, significant focus is placed on youth employment through the *Mukhya Mantri Yuva Karyaprashikshan Yojana*, which aims to provide on-the-job training to 10 lakh youth annually. This initiative is designed to bridge the skills gap and increase employability among the

youth, particularly in the evolving job market where practical experience is crucial. Each participant will receive a monthly stipend of ₹10,000, ensuring financial support while they undergo training, which will focus on areas like technology, manufacturing, and services. The scheme's annual outlay is ₹10,000 crore, reflecting the government's commitment to addressing the unemployment challenge by not only equipping youth with necessary skills but also ensuring they have the financial support to gain real-world experience. This program aligns with the state's broader objectives of enhancing skill development, reducing unemployment, and fostering a competitive workforce. For long-term success, effective coordination with industry players and the private sector will be critical to ensure the training leads to meaningful employment opportunities and contributes to Maharashtra's economic growth.

### 5.3. Agricultural Support:

The Maharashtra state budget for 2024–25 introduces several key measures to support the agricultural sector, particularly small and marginal farmers. The *Mukhya Mantri Baliraja Vij Savlat Yojana* provides free electricity for agricultural pumps up to 7.5 horsepower, benefiting approximately 44 lakh farmers. This initiative, with an estimated cost of ₹14,761 crore, aims to reduce the financial burden on farmers, ensuring they have access to affordable power for irrigation, which is critical during dry seasons. In addition to this, the state government has allocated financial assistance for cotton and soybean farmers, addressing the challenges posed by fluctuating market prices and climatic uncertainties. A revolving fund has also been introduced for onion procurement, aimed at stabilizing prices and ensuring fair income for onion farmers, who often face price volatility due to excess supply or poor harvests. These initiatives reflect a comprehensive strategy to ensure economic stability for farmers, enhance agricultural productivity, and mitigate risks associated with unpredictable weather and market dynamics. The effective implementation of these programs will be pivotal in sustaining the state's agricultural growth and improving the livelihoods of its rural population.

### 5.4. Other Welfare Schemes:

The Maharashtra budget for 2024–25 includes several welfare schemes aimed at improving the quality of life for the state's vulnerable populations. One of the key initiatives, the *Mukhya Mantri Annapurna Yojana*, provides three free LPG cylinders annually to over 52 lakh families, with a budget allocation of ₹970 crore. This scheme helps alleviate the financial burden on low-income families, promoting cleaner cooking methods and reducing reliance on traditional fuels. In addition to this, the state government is focusing on environmental sustainability through incentives for bamboo plantation, encouraging farmers and communities to engage in eco-friendly agricultural practices while creating a new source of income. The budget also includes funding for water conservation projects, addressing Maharashtra's water scarcity issues by promoting efficient irrigation and water management practices. Furthermore, skill development programs for youth are being expanded to equip them with relevant market skills, ensuring better employment opportunities and fostering overall socio-economic development in rural and urban areas. These diverse welfare measures reflect the state's holistic approach to socio-economic upliftment, focusing on both immediate relief and long-term sustainability.

## 6. Challenges and Concerns:

While the Maharashtra budget for 2024–25 places significant emphasis on populist welfare schemes aimed at short-term relief for various sections of society, there are growing concerns about the sustainability of such spending. A substantial portion of the budget is allocated to programs like free electricity for farmers, direct financial support for women, and subsidies on LPG cylinders. While these initiatives are crucial for addressing immediate social needs, experts caution that the high expenditure on these populist measures could limit the state's ability to allocate sufficient funds for capital expenditure and long-term infrastructure projects. This, in turn, could potentially hinder the state's capacity for economic growth and job creation, as investment in critical sectors like education, healthcare, and infrastructure would face constraints. The growing fiscal deficit, coupled with an increasing debt burden, further exacerbates these concerns, emphasizing the need for a balanced approach that prioritizes both welfare and long-term growth strategies. If not managed carefully, the focus on populist measures could undermine the state's fiscal health and its ability to invest in sustainable economic development.

## 7. Conclusion:

Maharashtra's 2024–25 budget reflects a delicate balance between addressing immediate social welfare needs and maintaining fiscal discipline. While the state's own revenue generation shows positive trends, the reduction in central grants and increased expenditure commitments pose significant challenges. The state's focus on populist schemes, though beneficial in the short term, raises concerns about long-term fiscal sustainability. A sustained focus on enhancing revenue streams, diversifying sources of income, and prudent expenditure management will be crucial for the state's financial health. Additionally, the state must prioritize investments in infrastructure, human capital, and economic development to ensure long-term growth and fiscal stability. Balancing welfare programs with capital expenditure is critical to maintaining a robust economy and improving the living standards of its citizens, while safeguarding the state's fiscal future.

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