

Assam Budget Analysis 2025-26

The Finance Minister of Assam, Ms. Ajanta Neog, presented the Budget for the state for the financial year 2025-26 on March 10, 2025.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Assam for 2025-26 (at current prices) is projected to be Rs 7,41,626 crore, amounting to growth of 15% over 2024-25.
- **Expenditure (excluding debt repayment)** in 2025-26 is estimated to be Rs 1,46,642 crore, a decrease of 3% from the revised estimates of 2024-25. In addition, debt of Rs 9,343 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2025-26 are estimated to be Rs 1,19,244 crore, an increase of 4% as compared to the revised estimate of 2024-25.
- The state is estimated to have a revenue balance (no surplus or deficit) in 2025-26, as compared to a revenue deficit of 0.8% of GSDP (Rs 5,368 crore) at the revised estimate stage in 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 3.7% of GSDP (Rs 27,398 crore). In 2024-25, as per the revised estimates, fiscal deficit is expected to be 5.7% of GSDP, higher than the budgeted 3.5% of GSDP.

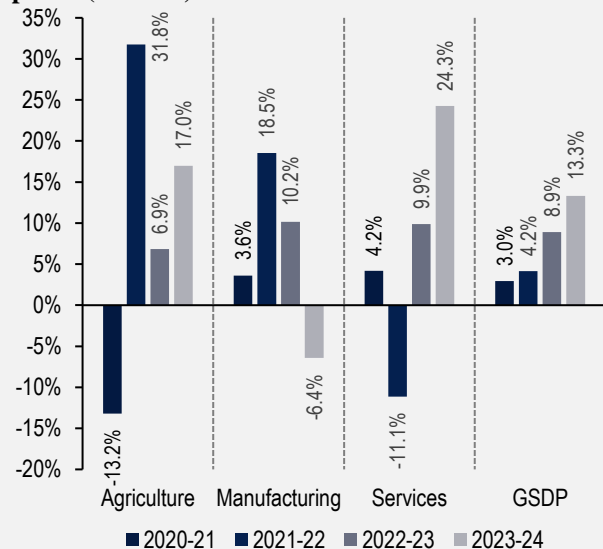
Policy Highlights

- **Mukhya Mantri Mahila Udyamita Abhiyaan:** Self Help Groups (SHGs) will be provided an Entrepreneurship fund of Rs 10,000 as seed capital. Post utilisation of this fund, SHGs will be provided subsidised loans worth Rs 25,000 through bank linkage.
- **Chief Minister's Jibon Prerna:** Students graduating from government colleges and universities of Assam will be provided monthly financial assistance of Rs 2,500 up to one year. Research scholars of state and central government universities will be provided one-time grant of Rs 25,000.
- **Food Security:** To ensure essential nutrition, under the National Food Security Act, 2013, the state government will provide masur dal, sugar and salt at subsidised rates to beneficiaries. Rs 370 crore has been allocated for this purpose for 2025-26.

Assam's Economy

- **GSDP:** In 2023-24, Assam's GSDP (at constant prices) is estimated to grow by 13.3% over the previous year. In comparison, India's GDP is estimated to grow by 9.2% in 2023-24.
- **Sectors:** At constant prices, agriculture sector is estimated to grow at 17% in 2023-24, as compared to 6.9% in 2022-23. Manufacturing sector is estimated to grow -6.4% in 2023-24, as against 10.2% in 2022-23. Services sector is estimated to grow 24.3% in 2023-24, as compared to 9.9% in 2022-23.
- In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 35%, 19%, and 46% of Assam's economy, respectively (at current prices).
- **Per capita GSDP:** In 2023-24, Assam's per capita GSDP (at current prices) is estimated to be Rs 1,58,807, an increase of 19% over 2022-23. In 2023-24, India's per capita GDP is estimated to be Rs 2,15,935.

Figure 1: Growth in Assam's GSDP at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.
Sources: MoSPI; PRS.

Budget Estimates for 2025-26

- **Total expenditure (excluding debt repayment)** in 2025-26 is targeted at Rs 1,46,642 crore. This is a decrease of 3% from the revised estimate of 2024-25. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,19,244 crore and net borrowings of Rs 26,842 crore. Total receipts for 2025-26 (other than borrowings) are expected to register an increase of 4% over the revised estimate of 2024-25.
- The state estimates a **revenue balance** (neither surplus nor deficit) for 2025-26, as compared to a revenue deficit of 0.8% of GSDP at the revised estimate stage of 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 3.7% of GSDP (Rs 27,398 crore), lower than the revised estimates for 2024-25 (5.7% of GSDP). For 2025-26, fiscal deficit limit for the states has been fixed at 3.5% of GSDP, of which 0.5% is on account of states undertaking power sector reforms.

Table 1: Budget 2025-26 - Key figures (in Rs crore)

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Total Expenditure	1,36,317	1,43,891	1,68,673	17%	1,55,985	-8%
(-) Repayment of debt	20,645	7,192	17,192	139%	9,343	-46%
Net Expenditure (E)	1,15,672	1,36,699	1,51,481	11%	1,46,642	-3%
Total Receipts	1,38,830	1,43,606	1,57,806	10%	1,55,429	-2%
(-) Borrowings	44,014	29,441	43,330	47%	36,185	-16%
of which central capex loans*	5,804	4,000	7,757	94%	8,700	12%
Net Receipts (R)	94,817	1,14,165	1,14,476	0.3%	1,19,244	4%
Fiscal Deficit (E-R)	20,855	22,534	37,005	64%	27,398	-26%
as % of GSDP	3.7%	3.5%	5.7%		3.7%	
Revenue Balance	-2,629	1,852	-5,368	-390%	0	-
as % of GSDP	-0.5%	0.3%	-0.8%		0.0%	
Primary Deficit	12,716	12,936	27,318	111%	16,411	-40%
as % of GSDP	2.2%	2.0%	4.2%		2.2%	
GSDP	5,70,994	6,43,089	6,43,667	0%	7,41,626	15%

Note: BE is Budget Estimates; RE is Revised Estimates. *Central government has been providing 50-year interest-free loans to state governments for capital expenditure since 2020-21. These loans are excluded from the calculation of the state's borrowing ceiling.

Sources: Annual Financial Statement, Assam Budget Documents 2025-26; PRS.

Expenditure in 2025-26

- **Revenue expenditure** for 2025-26 is proposed to be Rs 1,17,226 crore, a decrease of 0.3% over the revised estimate of 2024-25. This includes the expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2025-26 is proposed to be Rs 29,364 crore, a decrease of 13% from the revised estimate of 2024-25. Capital outlay indicates the expenditure towards creation of assets. In 2024-25, capital outlay at the revised stage was 27% higher compared to the budget estimate. Sectors that saw an uptick in capital outlay include: (i) urban development (106%), (ii) energy (73%), and (iii) health and family welfare (35%).
- In 2025-26, loans and advances by the state are expected to be Rs 52 crore, 350% higher as compared to the revised estimate of 2024-25.

Increasing expenditure on interest payments

Interest payment of the state grew from Rs 3,205 crore in 2017-18 to Rs 8,139 crore in 2023-24, at an annualised rate (CAGR) of 17%. During the same period, the revenue expenditure of the state grew at an annualised rate of 9%. In 2017-18, interest payments constituted 6% of Assam's revenue receipt, which increased to 9% in 2023-24. The 14th Finance Commission had recommended states to keep interest payments at a level below 10% of revenue receipts. Between 2017-18 and 2023-24, the outstanding debt of the state grew at an annualised rate of 20%. The CAG (2024) had noted that given the growth in public debt, there would be increased pressure on interest payment in forthcoming years.

Source: CAG State Finance Audit Report (2024); PRS.

Table 2: Expenditure budget 2025-26 (in Rs crore)

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Revenue Expenditure	94,163	1,10,092	1,17,573	7%	1,17,226	-0.3%
Capital Outlay	21,444	26,596	33,897	27%	29,364	-13%
Loans given by the state	65	11	11	0%	52	350%
Net Expenditure	1,15,672	1,36,699	1,51,481	11%	1,46,642	-3%

Sources: Annual Financial Statement, Assam Budget Documents 2025-26; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pension, and interest. A larger proportion of the budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities, such as capital outlay. In 2025-26, Assam is estimated to spend Rs 72,065 crore on committed expenditure, which is 61% of its estimated revenue receipts. This comprises spending on salaries (34% of revenue receipts), pension (18%), and interest payments (9%). In 2023-24, as per actual figures, 66% of revenue receipts were spent on committed expenditure.

Table 3: Committed Expenditure in 2025-26 (in Rs crore)

Committed Expenditure	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 24-25 to RE 24-25	2025-26 Budgeted	% change from RE 24-25 to BE 25-26
Salaries	34,653	36,399	NA	-	40,177	-
Pension	17,654	17,811	18,172	2%	20,900	15%
Interest payment	8,139	9,597	9,687	1%	10,987	13%
Total	60,446	63,808	27,859	-	72,065	-

Note: Revised estimate of salaries is not available for 2024-25.

Sources: Annual Financial Statement, Assam Budget Documents 2025-26; PRS.

Sector-wise expenditure: The sectors listed below account for **62%** of the total expenditure on sectors by the state in 2025-26. A comparison of Assam's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Assam Budget 2025-26 (in Rs crore)

Sectors	2023-24 Actuals	2024-25 BE	2024-25 RE	2025-26 BE	% change from RE 24-25 to BE 25-26	Budget Provisions 2025-26
Education, Sports, Arts, and Culture	21,981	23,227	25,500	26,156	3%	<ul style="list-style-type: none"> ▪ Rs 8,553 crore has been allocated for government primary schools. ▪ Rs 6,665 crore has been allocated as assistance to non-government secondary schools.
Social Welfare and Nutrition	7,373	11,101	13,017	13,482	4%	<ul style="list-style-type: none"> ▪ Rs 5,000 crore has been allocated for Orunodoi scheme. ▪ Rs 2,238 crore has been allocated for child welfare.
Transport	8,425	10,146	13,042	11,509	-12%	<ul style="list-style-type: none"> ▪ Rs 9,703 crore has been allocated for capital outlay on roads and bridges.
Health and Family Welfare	6,692	8,399	9,570	8,902	-7%	<ul style="list-style-type: none"> ▪ Rs 1,316 crore has been allocated for urban health services – allopathy. ▪ Rs 3,836 crore has been allocated for rural health services – allopathy.
Police	5,920	7,121	7,135	7,170	0%	<ul style="list-style-type: none"> • District police has been allocated Rs 3,045 crore.
Agriculture and Allied Activities	4,488	6,091	6,435	6,140	-5%	<ul style="list-style-type: none"> • Crop husbandry – horticulture has been allocated Rs 1,388 crore. • Rs 1,464 crore has been allocated for forestry and wild life.
Water Supply and Sanitation	1,826	2,361	2,361	5,378	128%	<ul style="list-style-type: none"> ▪ Rs 4,286 crore has been allocated for capital outlay on water supply and sanitation.
Rural Development	3,711	7,121	7,122	4,962	-30%	<ul style="list-style-type: none"> ▪ NREGS has been allocated Rs 634 crore.
Welfare of SC, ST, OBC, and Minorities	1,997	3,402	3,492	3,524	1%	<ul style="list-style-type: none"> ▪ Rs 2,868 crore has been allocated for welfare of STs.
Housing	5,013	2,895	3,238	3,379	4%	<ul style="list-style-type: none"> ▪ Rural housing has been allocated Rs 3,322 crore.
% of total expenditure on all sectors	58%	60%	60%	62%		

Sources: Annual Financial Statement, Assam Budget Documents 2025-26; PRS.

Receipts in 2025-26

- **Total revenue receipts** for 2025-26 are estimated to be Rs 1,17,226 crore, an increase of 4% over the revised estimate of 2024-25. Of this, Rs 43,184 crore (37%) will be raised by the state through its **own resources**, and Rs 74,042 crore (63%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (38% of revenue receipts) and grants (25% of revenue receipts).
- **Devolution:** In 2025-26, the state's share in central taxes is estimated at Rs 44,494 crore, an increase of 11% over the revised estimate of 2024-25.
- **Grants from the centre** in 2025-26 are estimated at Rs 29,548 crore, an increase of 2% over the revised estimates for 2024-25.
- **State's own tax revenue:** Assam's total own tax revenue is estimated to be Rs 34,823 crore in 2025-26, an increase of 2% over the revised estimate of 2024-25. Own tax revenue as a percentage of GSDP is estimated at 4.7% in 2025-26, lower than the revised estimates for 2024-25 (5.3%). As per the actual figures for 2023-24, own tax revenue as a percentage of GSDP was 4.9%.

Table 5: Break-up of the state government's receipts (in Rs crore)

Items	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State's Own Tax	28,178	34,148	34,148	0%	34,823	2%
State's Own Non-Tax	5,903	8,871	8,854	-0.2%	8,361	-6%
Share in Central Taxes	35,330	40,000	40,254	1%	44,494	11%
Grants-in-aid from Centre	22,123	28,924	28,949	0.1%	29,548	2%
Revenue Receipts	91,534	1,11,944	1,12,205	0.2%	1,17,226	4%
Non-debt Capital Receipts	3,282	2,221	2,271	2%	2,018	-11%
Net Receipts	94,817	1,14,165	1,14,476	0.3%	1,19,244	4%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Assam Budget Documents 2025-26; PRS.

- In 2025-26, **State GST** is estimated to be the largest source of own tax revenue (51% share). State GST revenue is estimated to increase by 2% over the revised estimates of 2024-25.
- Revenue from Taxes on Vehicles is estimated to see an increase of 14% in 2025-26 compared to the revised estimate of 2024-25. In 2024-25, compared to budget estimates, the revised estimates for Taxes on Vehicles are expected to see a decline of 15%.
- Revenue from state excise is estimated to be 4% higher in 2025-26 over the revised estimate of 2024-25. However, revenue from Sales Tax/ VAT is estimated to marginally decline.

Finance Commission grants for local bodies

States receive certain grants from the centre based on recommendation of the 15th Finance Commission. These include: revenue deficit grants, grants for local bodies, and grants for disaster response funds. In 2025-26, Assam has estimated to receive Rs 4,482 crore as FC grants. Of this, Rs 3,220 crore is for urban and rural local bodies. The CAG (2024) had noted delay in transfer of these grants. During 2021-22 and 2022-23, the FC had recommended Rs 3,603 crore for the state's local bodies. Against this, Rs 3,312 crore (92%) had been released by the Union government, of which Rs 2,822 crore (85%) had been released by the state government to local bodies. The CAG had observed that states are required to transfer funds to local bodies within ten days of receiving grants from the Union government. For delay beyond ten days, the state government have to release the funds with interest for the delay period.

Source: CAG State Finance Audit Report (2024); PRS.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Head	2023-24 Actuals	2024-25 Budgeted	2024-25 Revised	% change from BE 2024-25 to RE 2024-25	2025-26 Budgeted	% change from RE 2024-25 to BE 2025-26
State GST	14,654	17,238	17,500	2%	17,889	2%
Sales Tax/ VAT	7,463	8,718	8,711	-0.1%	8,591	-1%
State Excise	3,039	4,101	4,241	3%	4,425	4%
Taxes on Vehicles	1,690	2,198	1,859	-15%	2,120	14%
Stamps Duty and Registration Fees	695	1,226	1,136	-7%	841	-26%
Land Revenue	334	228	367	61%	472	29%
Taxes and Duties on Electricity	80	126	88	-30%	234	165%

Sources: Annual Financial Statement, Revenue Budget, Assam Budget Documents 2025-26; PRS.

Deficits, Debt, and FRBM Targets for 2025-26

The Assam Fiscal Responsibility and Budget Management Act, 2005 provides annual targets to progressively reduce the outstanding debt, revenue deficit and fiscal deficit of the state government.

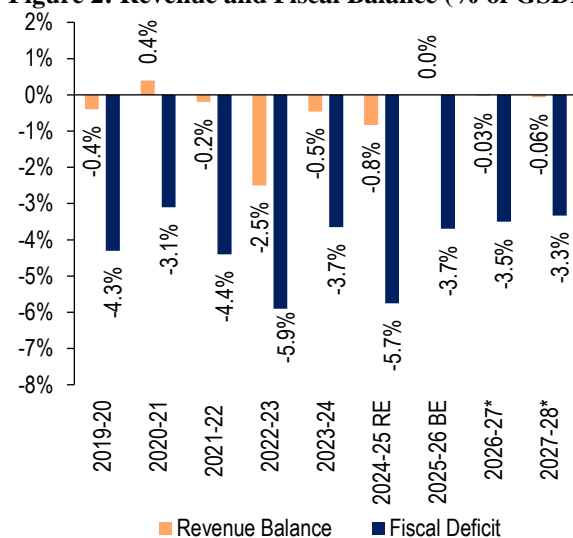
Revenue balance: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates zero revenue balance for 2025-26. As per revised estimates, in 2024-25, the revenue deficit of the state was 0.8% of GSDP.

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2025-26, the fiscal deficit is estimated to be 3.7% of GSDP. For 2025-26, the central government has permitted fiscal deficit of up to 3% of GSDP to states. Additional borrowing space up to 0.5% of GSDP will also be available for undertaking certain power sector reforms.

As per the revised estimates, in 2024-25, the fiscal deficit of the state is expected to be 5.7% of GSDP. This is higher than the budget estimate of 3.5% of GSDP.

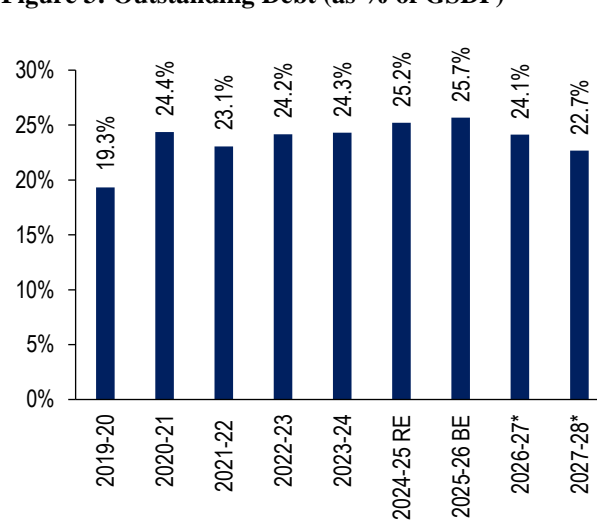
Outstanding debt: Outstanding debt is the accumulation of total borrowings at the end of a financial year. In 2025-26, the outstanding debt is estimated to be 25.7% of GSDP, marginally higher than the budget estimate for 2024-25 (25.2% of GSDP).

Figure 2: Revenue and Fiscal Balance (% of GSDP)



Note: *Figures from 2026-27 onwards are projections. RE is Revised Estimates; BE is budget estimates. Negative figures indicate a deficit.
Sources: Medium Term Fiscal Policy, Assam Budget Documents 2025-26; PRS.

Figure 3: Outstanding Debt (as % of GSDP)



Note: *Figures from 2026-27 onwards are projections. BE is budget estimates.
Sources: Medium Term Fiscal Policy, Assam Budget Documents 2025-26; PRS.

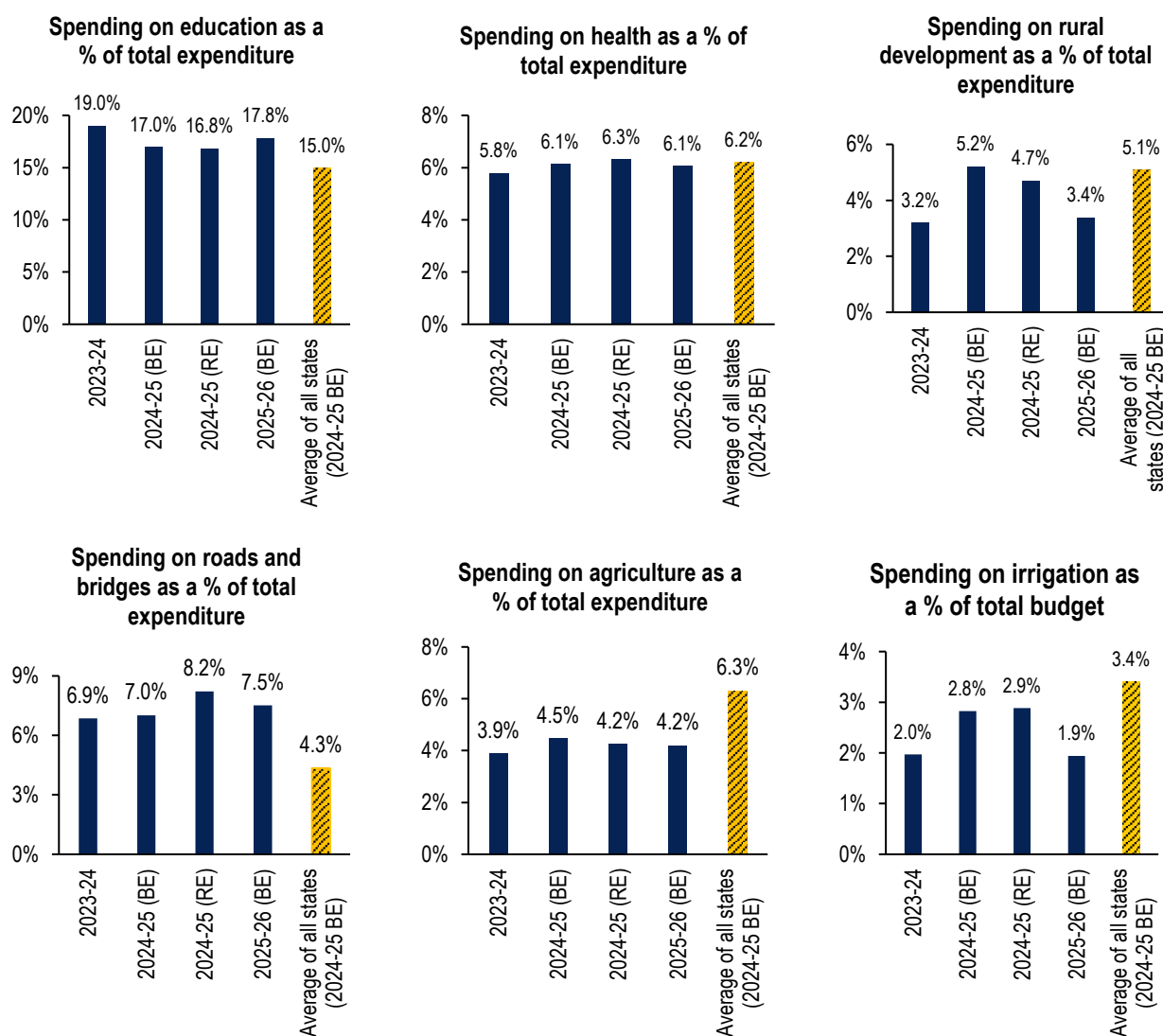
Outstanding Government Guarantees: Outstanding debt of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. At the end of the 2023-24 financial year, the state's outstanding guarantee is estimated to be Rs 2,241 crore, which is 0.4% of Assam's GSDP (2023-24).

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Assam's expenditure in 2025-26 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Assam) as per their budget estimates of 2024-25.¹

- **Education:** Assam has allocated 17.8% of its expenditure on education in 2025-26. This is higher than the average allocation for education by states in 2024-25 (15%).
- **Health:** Assam has allocated 6.1% of its expenditure on health in 2025-26. This is similar to the average allocation for health by states in 2024-25 (6.2%).
- **Rural development:** Assam has allocated 3.4% of its expenditure on rural development in 2025-26. This is lower than the average allocation for rural development by states in 2024-25 (5.1%).
- **Roads and bridges:** Assam has allocated 7.5% of its expenditure on roads and bridges in 2025-26. This is higher than the average allocation for roads and bridges by states in 2024-25 (4.3%).
- **Agriculture:** Assam has allocated 4.2% of its expenditure on agriculture in 2025-26. This is lower than the average allocation for agriculture by states in 2024-25 (6.3%).
- **Irrigation and flood control:** Assam has allocated 1.9% of its expenditure on irrigation in 2025-26. This is lower than the average allocation for irrigation by states in 2024-25 (3.4%).



Note: 2023-24, 2024-25 (BE), 2024-25 (RE), and 2025-26 (BE) figures are for Assam.

Sources: Annual Financial Statement, Assam Budget Documents 2025-26; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry.

Annexure 2: Comparison of 2023-24 Budget Estimates and Actuals

The following tables compare the actuals of 2023-24 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Net Receipts (1+2)	1,14,391	94,817	-17%
1. Revenue Receipts (a+b+c+d)	1,14,084	91,534	-20%
a. Own Tax Revenue	30,002	28,178	-6%
b. Own Non-Tax Revenue	7,011	5,903	-16%
c. Share in central taxes	31,951	35,330	11%
d. Grants-in-aid from the Centre	45,120	22,123	-51%
2. Non-Debt Capital Receipts	307	3,282	969%
3. Borrowings	25,052	44,014	76%
Of which central capex loans	4,373	5,804	33%
Net Expenditure (4+5+6)	1,35,348	1,15,672	-15%
4. Revenue Expenditure	1,11,337	94,163	-15%
5. Capital Outlay	23,822	21,444	-10%
6. Loans and Advances	189	65	-66%
7. Debt Repayment	4,407	20,645	368%
Revenue Balance	2,747	-2,629	-196%
Revenue Balance (as % of GSDP)	0.48%	-0.5%	
Fiscal Deficit	20,957	20,855	0%
Fiscal Deficit (as % of GSDP)	3.70%	3.7%	

Source: Assam Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue

Tax Source/Head	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Taxes and Duties on Electricity	399	80	-80%
Land Revenue	682	334	-51%
Stamps Duty and Registration Fees	821	695	-15%
State GST	15,668	14,654	-6%
Sales Tax/ VAT	7,743	7,463	-4%
State Excise	3,000	3,039	1%
Taxes on Vehicles	1,445	1,690	17%

Source: Assam Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Welfare of SC, ST, OBC, and Minorities	3,639	1,997	-45%
Transport	13,261	8,425	-36%
of which Roads and Bridges	12,504	7,920	-37%
Rural Development	5,619	3,711	-34%
Urban Development	4,083	2,799	-31%
Housing	6,914	5,013	-27%
Social Welfare and Nutrition	10,042	7,373	-27%
Police	7,894	5,920	-25%
Irrigation and Flood Control	2,892	2,281	-21%
Agriculture and Allied Activities	5,460	4,488	-18%
Health and Family Welfare	7,506	6,692	-11%
Water Supply and Sanitation	1,914	1,826	-5%
Education, Sports, Arts, and Culture	22,766	21,981	-3%
Energy	1,476	3,063	107%

Source: Assam Budget Documents of various years; PRS.