

Gujarat Budget Analysis 2025-26

The Finance Minister of Gujarat, Mr. Kanubhai Desai, presented the Budget for the state for the financial year 2025-26 on February 20, 2025.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Gujarat for 2025-26 (at current prices) is projected to be Rs 29,82,032 crore, amounting to growth of 12% over the revised estimate for 2024-25.
- **Expenditure (excluding debt repayment)** in 2025-26 is estimated to be Rs 3,32,150 crore, an increase of 17% from the revised estimates of 2024-25. In addition, debt of Rs 33,596 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2025-26 are estimated to be Rs 2,73,753 crore, an increase of 17% as compared to the revised estimate of 2024-25.
- **Revenue surplus** in 2025-26 is estimated to be 0.7% of GSDP (Rs 19,695 crore), as compared to a revenue surplus of 0.8% of GSDP (Rs 21,350 crore) at the revised estimate stage in 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 2% of GSDP (Rs 58,397 crore). In 2024-25, as per the revised estimates, fiscal deficit is expected to be 1.9% of GSDP, similar as budgeted (1.9% of GSDP).

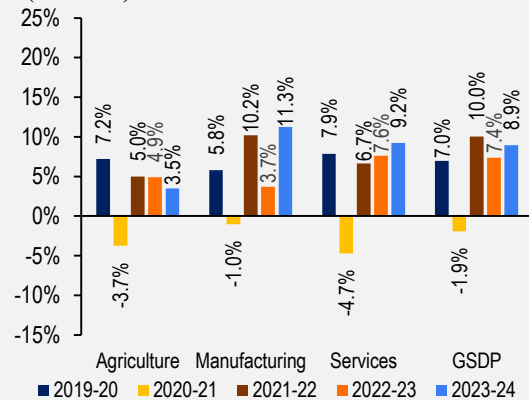
Policy Highlights

- **Food security:** Shramik Annapurna Yojana will be expanded to cover construction and industrial workers. The scheme provides food to labourers at affordable rates.
- **Economic growth:** Six growth hubs will be identified across the state. These will include Surat, Ahmedabad, Vadodara and the Kutch and coastal Saurashtra region.
- **Reduction of stamp duty:** Stamp duties have been reduced on deeds for: (i) release of ancestral property, (ii) mortgage, and (iii) lease of less than a year.
- **Motor vehicle tax:** A uniform motor vehicle tax of 6% will replace existing slabs of 8% and 12%. Fully battery-operated vehicles will receive a rebate of up to 5% of motor vehicle tax paid.
- **Assistance to the disabled:** Currently, persons with 80% or higher disability are eligible for assistance of Rs 12,000 annually. This will be expanded to include persons with 60% or higher disability.
- **Fish farming:** A non-agricultural permit will no longer be required for fishing on farm land.
- **Tourism:** About 150 roads will be constructed to connect key tourist destinations. 200 new premium AC buses and 10 new caravans will be launched. These buses will connect 25 tourist and pilgrimage destinations. Infrastructure in key pilgrimage destinations will be improved.

Gujarat's Economy

- **GSDP:** In 2023-24, Gujarat's GSDP (at constant prices) is estimated to grow by 8.9% over the previous year. In comparison, India's GDP is estimated to grow by 8.2% in 2023-24.
- **Sectors:** In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 20%, 44%, and 36% of Gujarat's economy, respectively (at current prices). In 2023-24, agriculture, manufacturing and services in Gujarat grew by 3.5%, 11.3% and 9.2% over 2022-23.
- **Per capita GSDP:** In 2023-24, Gujarat's per capita GSDP (at current prices) is estimated to be Rs 3,36,875, an increase of 9% over 2022-23. In 2023-24, India's per capita GDP is estimated to increase by 8.6% over 2022-23 to Rs 2,11,725.

Figure 1: Gujarat'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 3,32,150 crore. This is an increase of 17% from the revised estimate of 2024-25. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,73,753 crore and net borrowings of Rs 55,905 crore. Total receipts for 2025-26 (other than borrowings) are expected to register an increase of 17% over the revised estimate of 2024-25.
- The state estimates a **revenue surplus** of 0.7% of GSDP (Rs 19,695 crore) in 2025-26, as compared to a surplus of 0.8% of GSDP (Rs 21,350 crore) at the revised estimate stage of 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 2% of GSDP (Rs 58,397 crore), higher than the revised estimates for 2024-25 (1.9% of GSDP). For 2025-26, central government has permitted fiscal deficit upto 3% of GSDP to states. Additional borrowing space of 0.5% of GSDP will be available on undertaking certain 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	2,73,768	3,28,447	3,12,988	-5%	3,65,746	17%
(-) Repayment of debt	26,136	29,085	29,086	0%	33,596	16%
Net Expenditure (E)	2,47,632	2,99,362	2,83,902	-5%	3,32,150	17%
Total Receipts	2,64,530	3,24,945	3,09,332	-5%	3,63,254	17%
(-) Borrowings	40,392	77,500	76,001	-2%	89,501	18%
of which central capex loans*	4,254	4,000	6,000	50%	6,000	0%
Net Receipts (R)	2,24,138	2,47,445	2,33,331	-6%	2,73,753	17%
Fiscal Deficit (E-R)	23,493	51,917	50,570	-3%	58,397	15%
as % of GSDP	1.0%	1.9%	1.9%		2.0%	
Revenue Surplus	33,477	9,821	21,350	117%	19,695	-8%
as % of GSDP	1.4%	0.4%	0.8%		0.7%	
Primary Deficit	-3,682	21,693	21,683	0%	27,197	24%
as % of GSDP	-0.2%	0.8%	0.8%		0.9%	
GSDP	24,25,804	27,92,545	26,72,072	-4%	29,82,032	12%

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, Gujarat Budget Documents 2025-26; PRS.

Expenditure in 2025-26

- **Revenue expenditure** for 2025-26 is proposed to be Rs 2,31,858 crore, an increase of 10% over the revised estimate of 2024-25. This includes committed spending on salaries, pension, and interest and other expenditure on grants and subsidies.
- **Capital outlay** for 2025-26 is proposed to be Rs 95,472 crore, an increase of 36% from the revised estimate of 2024-25. Capital outlay indicates expenditure towards creation of assets. The budgeted increase in capital outlay is on account of: (i) urban development (increased outlay of Rs 6,006 crore), (ii) irrigation and flood control (Rs 4,327 crore) and (iii) transport (Rs 2,328 crore).
- In 2025-26, loans and advances by the state are expected to be Rs 4,821 crore, 36% higher as compared to the revised estimate of 2024-25.

Social Sector Expenditure

The RBI defines social sector expenditure to include spending on items such as health, education, welfare of SCs, STs, and OBCs, and rural development. According to the RBI; (2024), on an average, states allocated 8% of their GSDP on the social sector in 2024-25. Gujarat allocated 4.6% of its GSDP on social spending. This was lower than spending by states such as: (i) Maharashtra (6.1%), (ii) Karnataka (5.7%) and (iii) Tamil Nadu (5.1%).

The 15th Finance Commission (2021) had recommended that Gujarat enhance social expenditure, and increase focus towards uplifting backward districts.

Source: Development Expenditure: Select Indicators, RBI, 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	1,89,296	2,19,832	2,10,181	-4%	2,31,858	10%
Capital Outlay	55,679	75,689	70,173	-7%	95,472	36%
Loans given by the state	2,667	3,842	3,548	-8%	4,821	36%
Net Expenditure	2,47,632	2,99,362	2,83,902	-5%	3,32,150	17%

Sources: Annual Financial Statement, Gujarat 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, Gujarat is estimated to spend Rs 1,13,206 crore on committed expenditure, which is 45% of its estimated revenue receipts. This comprises spending on salaries (21% of revenue receipts), pension (12%), and interest payments (12%). In 2023-24, as per actual figures, 44% 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	46,774	48,980	48,043	-2%	52,847	10%
Pension	24,371	26,424	26,711	1%	29,158	9%
Interest payment	27,176	29,954	28,707	-4%	31,201	9%
Total	98,321	1,05,357	1,03,461	-2%	1,13,206	9%

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

Sector-wise expenditure: The sectors listed below account for 63% of the total expenditure on sectors by the state in 2025-26. A comparison of Gujarat's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Gujarat 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	37,901	44,579	43,395	48,476	12%	Rs 2,914 crore has been allocated towards Schools of Excellence
Urban Development	16,973	18,634	19,744	25,750	30%	Rs 12,846 crore has been allocated towards Swarnim Mukhya Mantri Shaheri Vikas Yojana
Transport	19,348	22,692	22,554	24,980	11%	Rs 5,002 crore has been allocated towards Mukhya Mantri Gram Sadak Yojana
Health and Family Welfare	16,211	19,348	20,589	22,840	11%	Rs 3,491 crore has been allocated towards Aarogya Suraksha Yojana.
Irrigation and Flood Control	12,104	17,438	14,309	18,476	29%	Rs 6,285 crore is allocated towards minor irrigation
Energy	15,287	20,267	15,616	18,444	18%	Rs 10,613 crore has been allocated towards power subsidies for agriculture
Agriculture and Allied Activities	9,950	11,857	10,863	14,144	30%	Rs 1,200 crore has been allocated towards financial assistance for interest subvention for farmers
Social Welfare and Nutrition	11,901	11,358	14,362	12,971	-10%	Rs 2,952 crore has been allocated towards Special Nutrition Programme
Police	7,420	8,712	8,593	10,029	17%	Rs 7,755 crore is allocated towards District Police.
Rural Development	6,138	8,555	8,039	8,513	6%	Rs 1,108 crore has been allocated towards Pradhan Mantri Awas Yojana (Grameen)
% of total expenditure on all sectors	63%	62%	64%	63%		

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

Receipts in 2025-26

- **Total revenue receipts** for 2025-26 are estimated to be Rs 2,51,553 crore, an increase of 9% over the revised estimate of 2024-25. Of this, Rs 1,82,141 crore (72%) will be raised by the state through its **own resources**, and Rs 69,412 crore (28%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (20% of revenue receipts) and grants (8% of revenue receipts).
- **Devolution:** In 2025-26, the state's share in central taxes is estimated at Rs 49,401 crore, an increase of 11% over the revised estimate of 2024-25.
- **Grants from the centre** in 2025-26 are estimated at Rs 20,011 crore, an increase of 6% over the revised estimates for 2024-25. In 2023-24, Gujarat received GST compensation grants of Rs 10,693 crore.
- **State's own tax revenue:** Gujarat's total own tax revenue is estimated to be Rs 1,58,482 crore in 2025-26, an increase of 7% over the revised estimate of 2024-25. Own tax revenue as a percentage of GSDP is estimated at 5.3% in 2025-26. In 2023-24, own tax revenue as a percentage of GSDP was 5.5%.

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	1,34,262	1,49,000	1,47,698	-1%	1,58,482	7%
State's Own Non-Tax	23,708	19,675	20,308	3%	23,659	16%
Share in Central Taxes	39,236	42,195	44,686	6%	49,401	11%
Grants-in-aid from Centre	25,557	18,783	18,840	0.3%	20,011	6%
Revenue Receipts	2,22,763	2,29,653	2,31,531	1%	2,51,553	9%
Non-debt Capital Receipts	1,376	17,792	1,800	-90%	22,000	1,133%
Net Receipts	2,24,138	2,47,445	2,33,331	-5.7%	2,73,753	17%

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

Sources: Annual Financial Statement, Gujarat 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 8% over the revised estimates of 2024-25.
- Revenue from Sales tax/ VAT in 2025-26 is expected to be 2% lower than the revised estimates of 2024-25.
- In 2025-26, land revenue is estimated at Rs 5,181 crore, 29% higher than the revised estimate for 2024-25. In 2024-25, land revenue is estimated to be 27% lower than budgeted. In 2023-24, land revenue was 200% higher than budgeted (an increase of Rs 5,698 crore).

Disinvestment receipts

Disinvestment receipts are earnings from the sale of stake in a public enterprise. In 2024-25, Gujarat budgeted disinvestment receipts of Rs 17,500 crore. At the revised stage, it estimates to collect only Rs 1,500 crore from disinvestments. In 2023-24, the state did not collect any disinvestment receipts against a budget estimate of Rs 17,500 crore. In 2025-26, it has budgeted disinvestment receipts worth Rs 19,700 crore.

According to the CAG (2024), in 2022-23, 30 out of 101 state PSUs reported losses of Rs 2,457 crore. These had accumulated losses of Rs 18,379 crore. According to CAG, 21 state PSUs had a negative net worth as of 2022-23, implying that accumulated losses of these companies is greater than its assets and share capital.

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	58,010	74,597	74,750	0.2%	80,520	8%
Sales Tax/ VAT	33,127	33,900	33,213	-2%	32,626	-2%
Stamps Duty and Registration Fees	15,334	16,000	16,500	3%	19,800	20%
Taxes and Duties on Electricity	11,514	11,754	11,749	0%	12,117	3%
Taxes on Vehicles	5,568	5,600	5,677	1%	6,200	9%
Land Revenue	8,558	5,510	4,004	-27%	5,181	29%
State Excise	200	155	200	29%	250	25%
GST Compensation Grants	10,693	-	-	-	-	-

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

Deficits, Debt, and FRBM Targets for 2025-26

The Gujarat 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 a revenue surplus of Rs 19,695 crore (or 0.7% of the GSDP) in 2025-26.

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 2% 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 is expected to be 1.9% of GSDP, same as budgeted in 2024-25.

Outstanding debt: Outstanding debt is the accumulation of total borrowings at the end of a financial year. At the end of 2025-26, the outstanding debt is estimated to be 15.3% of GSDP, similar to the revised estimate for 2024-25 (15% of GSDP).

Outstanding Liabilities

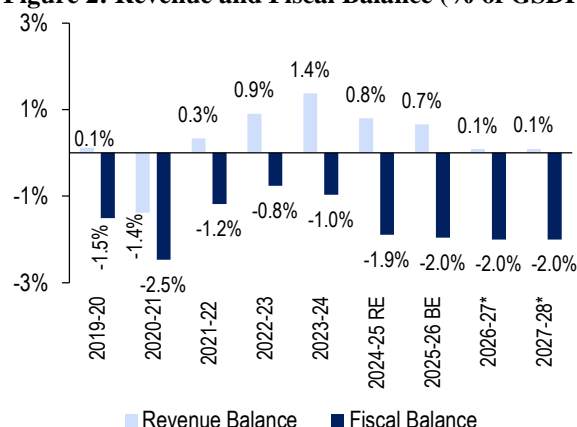
Outstanding liabilities refer to the debt accumulated by states from borrowings in the past. It also includes certain other liabilities such as liabilities on the public account.

In 2017, the Fiscal Responsibility and Budget Management (FRBM) review committee had recommended that states limit their outstanding liabilities to 20% of GSDP on aggregate.

As per RBI, in 2023, outstanding liabilities of the state were 19% of GSDP. In 2025, this was estimated at 17% of GSDP. As of March 2024, on an average, outstanding liabilities of Indian states are estimated at 28% of GSDP.

Source: Total Outstanding Liabilities – as per cent of GSDP; RBI, PRS.

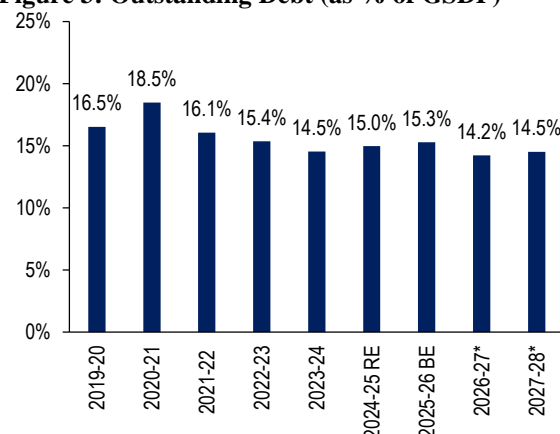
Figure 2: Revenue and Fiscal Balance (% of GSDP)



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, Gujarat Budget Documents 2025-26; PRS.

Figure 3: Outstanding Debt (as % of GSDP)



Note: *Figures from 2026-27 onwards are projections. RE is revised estimates; BE is budget estimates.

Sources: Medium Term Fiscal Policy, Gujarat Budget Documents 2025-26; PRS.

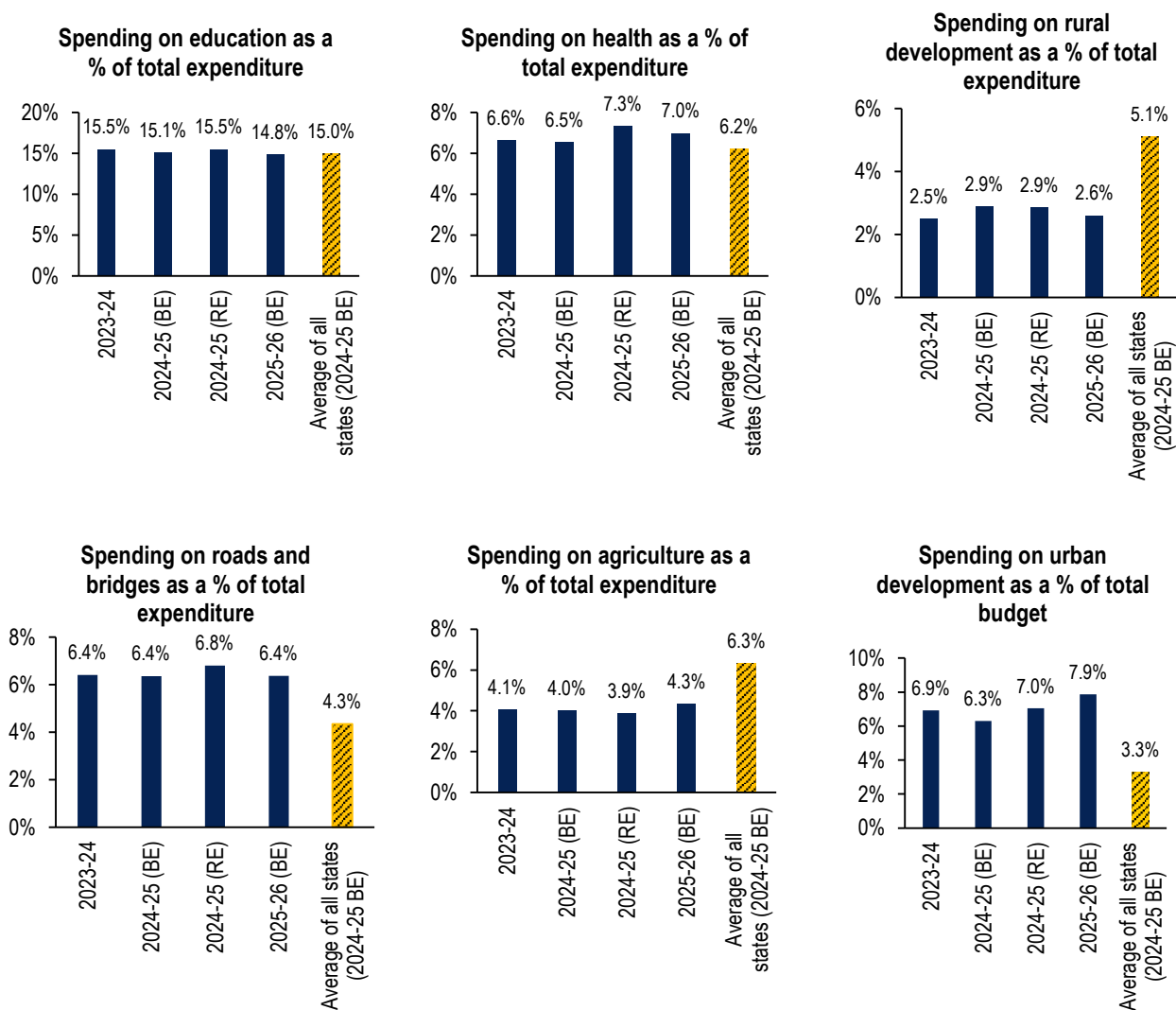
Outstanding Government Guarantees: Outstanding debt of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of December 31, 2024, Gujarat's outstanding guarantee is estimated to be Rs 1,463 crore, which is 0.1% of Gujarat's GSDP in 2023-24.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Gujarat'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 Gujarat) as per their budget estimates of 2024-25.¹

- **Education:** Gujarat has allocated 14.8% of its expenditure on education in 2025-26. This is similar to the average allocation for education by states in 2024-25 (15%).
- **Health:** Gujarat has allocated 7% of its expenditure on health in 2025-26. This is higher than the average allocation for health by states in 2024-25 (6.2%).
- **Rural development:** Gujarat has allocated 2.6% 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:** Gujarat has allocated 6.4% 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:** Gujarat has allocated 4.3% of its expenditure on agriculture in 2025-26. This is lower than the average allocation for agriculture by states in 2024-25 (6.3%).
- **Urban Development:** Gujarat has allocated 7.9% of its expenditure on urban development in 2025-26. This is higher than the average allocation for urban development by states in 2024-25 (3.3%).



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

Sources: Annual Financial Statement, Gujarat 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)	2,25,340	2,24,138	-1%
1. Revenue Receipts (a+b+c+d)	2,07,710	2,22,763	7%
a. Own Tax Revenue	1,38,881	1,34,262	-3%
b. Own Non-Tax Revenue	17,013	23,708	39%
c. Share in central taxes	35,526	39,236	10%
d. Grants-in-aid from the Centre	16,290	25,557	57%
2. Non-Debt Capital Receipts	17,630	1,376	-92%
3. Borrowings	68,001	40,392	-41%
Of which Central Capex Loans	4,000	4,254	6%
Net Expenditure (4+5+6)	2,70,270	2,47,632	-8%
4. Revenue Expenditure	1,98,672	1,89,286	-5%
5. Capital Outlay	70,101	55,679	-21%
6. Loans and Advances	1,497	2,667	78%
7. Debt Repayment	26,304	26,136	-1%
Revenue Balance	9,038	33,477	270%
Revenue Balance (as % of GSDP)	0.35%	1.4%	
Fiscal Deficit	44,930	23,493	-48%
Fiscal Deficit (as % of GSDP)	1.75%	1.0%	
GSDP	25,62,975	24,25,804	-5%

Source: Gujarat Budget Documents of various years; PRS.

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

Tax Head	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Sales Tax/ VAT	39,246	33,127	-16%
State GST	66,030	58,010	-12%
Taxes on Vehicles	5,183	5,568	7%
Stamps Duty and Registration Fees	13,950	15,334	10%
Taxes and Duties on Electricity	10,230	11,514	13%
State Excise	155	200	29%
Land Revenue	2,860	8,558	199%

Source: Gujarat Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Energy	20,823	15,287	-27%
Irrigation and Flood Control	15,401	12,104	-21%
Rural Development	7,721	6,138	-21%
Agriculture and Allied Activities	11,643	9,950	-15%
Transport	20,990	19,348	-8%
<i>of which Roads and Bridges</i>	<i>17,047</i>	<i>15,699</i>	<i>-8%</i>
Welfare of SC, ST, OBC, and Minorities	6,206	5,881	-5%
Urban Development	17,710	16,973	-4%
Water Supply and Sanitation	6,525	6,358	-3%
Education, Sports, Arts, and Culture	38,403	37,901	-1%
Police	7,108	7,420	4%
Health and Family Welfare	15,141	16,211	7%
Social Welfare and Nutrition	10,413	11,901	14%
Housing	3,201	3,856	20%

Source: Gujarat Budget Documents of various years; PRS.