

Rajasthan Budget Analysis 2025-26

The Finance Minister of Rajasthan, Ms. Diya Kumari, presented the Budget for the state for the financial year 2025-26 on February 19, 2025.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Rajasthan for 2025-26 (at current prices) is projected to be Rs 19,89,000 crore, amounting to growth of 16.7% over 2024-25.
- **Expenditure (excluding debt repayment)** in 2025-26 is estimated to be Rs 3,79,617 crore, an increase of 14% from the revised estimates of 2024-25. In addition, debt of Rs 1,57,452 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2025-26 are estimated to be Rs 2,94,973 crore, an increase of 12% as compared to the revised estimate of 2024-25.
- **Revenue deficit** in 2025-26 is estimated to be 1.6% of GSDP (Rs 31,009 crore), as compared to a revenue deficit of 1.9% of GSDP (Rs 31,939 crore) at the revised estimate stage in 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 4.3% of GSDP (Rs 84,644 crore). In 2024-25, as per the revised estimates, fiscal deficit is expected to be 4.1% of GSDP, higher than the budgeted 3.9% of GSDP.

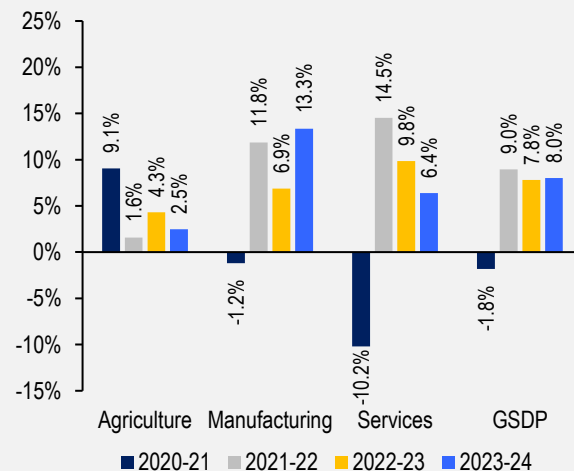
Policy Highlights

- **Youth and employment:** The government will introduce a Rajasthan Employment Policy 2025 to offer employment-oriented training, internships, and apprenticeships to the youth. A Vivekanand Employment Assistance Fund, with Rs 500 crore, will be set up to provide counselling, build employer-employee linkages, establish examination centres, and host employment fairs in the state.
- Additional 1.25 lakh posts will be created for youth in government departments and public undertakings. A new Gig and Unorganised Workers Development Fund of Rs 350 crore will be set up to offer social security to gig workers/online platform workers and unorganised workers.
- **Health:** Rs 25 crore has been allocated for the provision of nutri-kits to pregnant women reaching about 2.35 lakh women in the state. About Rs 200 crore will be spent on offering milk to Anganwadi children between the age of three to six years under CM Amrut Aahar Yojana.
- **Nutrition and agriculture:** Millets will be introduced on a pilot base in the Mid-day meal program and Maa-Badi centres. Millet product outlets will also be established in every district to promote accessibility and availability of millets. Works worth Rs 9,300 crore will be carried out under the Ram Han Setu Link Project.

Rajasthan's Economy

- **GSDP:** In 2023-24, Rajasthan's GSDP (at constant prices) is estimated to grow by 8% over the previous year. In comparison, India's GDP is estimated to grow by 9.2% in 2023-24.
- **Sectors:** In 2024-25, agriculture, manufacturing, and services sectors are estimated to contribute 27%, 27%, and 46% of Rajasthan's economy, respectively (at current prices).
- **Per capita GSDP:** In 2023-24, Rajasthan's per capita GSDP (at current prices) is estimated to be Rs 1,87,454, an increase of 11.4% over 2022-23. In 2023-24, India's per capita GDP is estimated to be Rs 2,15,935.

Figure 1: Growth in Rajasthan'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 3,79,617 crore. This is an increase of 14% from the revised estimate of 2024-25. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,94,973 crore and net borrowings of Rs 76,036 crore. Total receipts for 2025-26 (other than borrowings) are expected to register an increase of 12% over the revised estimate of 2024-25.
- The state estimates a **revenue deficit** of 1.6% of GSDP (Rs 31,009 crore) in 2025-26, as compared to a revenue deficit of 1.9% of GSDP at the revised estimate stage of 2024-25.
- **Fiscal deficit** for 2025-26 is targeted at 4.3% of GSDP (Rs 84,644 crore), higher than the revised estimates for 2024-25 (4.1% of GSDP).

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	4,33,273	4,95,467	4,98,847	1%	5,37,069	8%
(-) Repayment of debt	1,63,999	1,60,671	1,65,589	3%	1,57,452	-5%
Net Expenditure (E)	2,69,275	3,34,796	3,33,259	-0.5%	3,79,617	14%
Total Receipts	4,25,962	4,86,805	4,91,684	1%	5,28,461	7%
(-) Borrowings	2,22,266	2,22,019	2,28,516	3%	2,33,488	2%
of which central capex loans*	8,513	7,800	10,500	-	15,000	-
Net Receipts (R)	2,03,695	2,64,787	2,63,168	-1%	2,94,973	12%
Fiscal Deficit (E-R)	65,580	70,009	70,091	0.1%	84,644	21%
as % of GSDP	4.3%	3.9%	4.1%		4.3%	
Revenue Deficit	38,955	25,758	31,939	24%	31,009	-3%
as % of GSDP	2.6%	1.4%	1.9%		1.6%	
Primary Deficit	31,452	32,472	30,973	-5%	44,585	44%
as % of GSDP	2.1%	1.8%	1.8%		2.2%	
GSDP	15,21,510	17,81,078	17,04,339	-4%	19,89,000	16.7%

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, Rajasthan Budget Documents 2025-26; PRS.

Expenditure in 2025-26

- **Revenue expenditure** for 2025-26 is proposed to be Rs 3,25,546 crore, an increase of 11% 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 53,686 crore, an increase of 40% from the revised estimate of 2024-25. Capital outlay indicates the expenditure towards creation of assets.
- In 2025-26, loans and advances by the state are expected to be Rs 384 crore, 7% lower as compared to the revised estimate of 2024-25.

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	2,42,231	2,90,219	2,94,557	1%	3,25,546	11%
Capital Outlay	26,646	44,216	38,288	-13%	53,686	40%
Loans given by the state	398	360	413	15%	384	-7%
Net Expenditure	2,69,275	3,34,796	3,33,259	0%	3,79,617	14%

Sources: Annual Financial Statement, Rajasthan 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, Rajasthan is estimated to spend Rs 1,57,715 crore on committed expenditure, which is 54% of its estimated revenue receipts. This comprises spending on salaries (28% of revenue receipts), pension (12%), and interest payments (14%). In 2023-24, as per actual figures, 62% 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	65,399	78,341	76,187	-3%	83,775	10%
Pension	27,203	29,017	30,230	4%	33,882	12%
Interest payment	34,128	37,538	39,118	4%	40,058	2%
Total	1,26,730	1,44,895	1,45,534	0%	1,57,715	8%

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

Sector-wise expenditure: The sectors listed below account for 71% of the total expenditure on sectors by the state in 2025-26. A comparison of **Rajasthan's** expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Rajasthan 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	51,220	65,073	63,516	68,369	8%	<ul style="list-style-type: none"> Rs 29,363 crore has been allocated for Primary Education. Rs 33,792 crore has been allocated Secondary Education.
Energy	28,895	30,729	33,051	40,198	22%	<ul style="list-style-type: none"> Rs 22,819 crore has been allocated as grants for non-revision of electricity tariffs.
Health and Family Welfare	21,273	27,660	27,707	31,888	15%	<ul style="list-style-type: none"> Rs 4,336 crore has been allocated towards urban health services – allopathy. Rs 3,586 crore has been allocated towards rural health services – allopathy.
Social Welfare and Nutrition	18,375	24,060	22,797	26,639	17%	<ul style="list-style-type: none"> Rs 16,618 crore has been allocated as assistance to Zila Parishads and Panchayats.
Rural Development	12,856	19,610	20,827	24,586	18%	<ul style="list-style-type: none"> Rs 7,566 crore has been allocated as assistance to Gram Panchayats. Rs 6,053 crore has been allocated towards the Rural Employment Guarantee Scheme.
Transport	12,481	13,436	13,665	18,909	38%	<ul style="list-style-type: none"> Rs 14,016 crore has been allocated towards capital outlay on roads and bridges.
Urban Development	8,876	16,918	14,641	16,811	15%	<ul style="list-style-type: none"> Rs 5,506 crore has been allocated as assistance to Municipalities and Municipal Corporations. Rs 3,592 crore has been allocated as Assistance to Urban Development Authorities and Town Development Boards.
Agriculture and Allied Activities	11,837	14,544	14,036	16,558	18%	<ul style="list-style-type: none"> Rs 6,609 crore has been allocated towards crop husbandry. Rs 3,618 crore has been allocated towards animal husbandry.
Water Supply and Sanitation	7,820	11,270	11,544	13,559	17%	<ul style="list-style-type: none"> Rs 5,197 crore has been allocated for rural water supply. Rs 5,926 crore has been allocated for urban water supply.
Police	8,515	10,203	10,112	11,125	10%	<ul style="list-style-type: none"> Rs 7,880 crore has been allocated towards District Police.
% of total expenditure on all sectors	68%	70%	70%	71%		

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

Receipts in 2025-26

- **Total revenue receipts** for 2025-26 are estimated to be Rs 2,94,536 crore, an increase of 12% over the revised estimate of 2024-25. Of this, Rs 1,69,626 crore (58%) will be raised by the state through its **own resources**, and Rs 1,24,919 crore (42%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (29% of revenue receipts) and grants (13% of revenue receipts).
- **Devolution:** In 2025-26, the state's share in central taxes is estimated at Rs 85,716 crore, an increase of 11% over the revised estimate of 2024-25.
- **Grants from the centre** in 2025-26 are estimated at Rs 39,193 crore, an increase of 4% over the revised estimates for 2024-25.
- **State's own tax revenue:** Rajasthan's total own tax revenue is estimated to be Rs 1,42,743 crore in 2025-26, an increase of 18% over the revised estimate of 2024-25. Own tax revenue as a percentage of GSDP is estimated at 7.2% in 2025-26, marginally higher than the revised estimates for 2024-25 (7.1%). As per the actual figures for 2023-24, own tax revenue as a percentage of GSDP was 6.2%.

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	94,086	1,25,525	1,20,478	-4%	1,42,743	18%
State's Own Non-Tax	18,680	22,665	26,917	19%	26,883	0%
Share in Central Taxes	68,063	79,587	77,548	-3%	85,716	11%
Grants-in-aid from Centre	22,448	36,684	37,675	3%	39,193	4%
Revenue Receipts	2,03,276	2,64,461	2,62,618	-1%	2,94,536	12%
Non-debt Capital Receipts	419	326	549	69%	436	-21%
Net Receipts	2,03,695	2,64,787	2,63,168	-0.6%	2,94,973	12%

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

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

- In 2025-26, **State GST** is estimated to be the largest source of own tax revenue (45% share). State GST revenue is estimated to increase by 22% over the revised estimates of 2024-25.
- Revenue from Sales tax/ VAT in 2025-26 is expected to be 14% higher than the revised estimate stage of 2024-25.
- Revenue from state excise is estimated to be 16% higher in 2025-26 over the revised estimate of 2024-25.

Non-tax revenue from non-ferrous mining and metallurgical industries

In 2025-26, non-tax revenue generated by Rajasthan from non-ferrous mining and metallurgical industries is estimated at Rs 12,980 crore. This is 18% higher than 2024-25 revised estimate. The revenue from non-ferrous mining, constitutes 48% of the total revenue from non-tax sources.

In July 2024, the Supreme Court overturned an earlier decision and upheld the states' right to tax mineral bearing land. Post the Supreme Court judgement, the states stand to gain by imposing levies on mining operations. In addition, states can also generate revenue from retrospective demands.

Sources: Rajasthan Budget Documents 2025-26; Supreme Court Judgement; 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	2024-25 Budgeted	% change from RE 2024-25 to BE 2025-26
State GST	38,016	55,800	52,100	-7%	63,600	22%
Sales Tax/ VAT	23,473	29,000	27,000	-7%	30,780	14%
State Excise	13,225	17,100	17,000	-1%	19,720	16%
Taxes on Vehicles	6,704	8,100	8,500	5%	9,860	16%
Stamps Duty and Registration Fees	9,181	11,000	11,900	8%	14,350	21%
Land Revenue	469	721	776	8%	881	14%
Taxes and Duties on Electricity	2,918	3,500	3,100	-11%	3,500	13%

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

Deficits, Debt, and FRBM Targets for 2024-25

The Rajasthan 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 deficit of Rs 31,009 crore (or 1.6% 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 4.3% 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 4.1% of GSDP. This is higher than the budget estimate of 3.9% of GSDP.

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 36.5% of GSDP, lower than the budget estimate for 2024-25 (37.7% of GSDP).

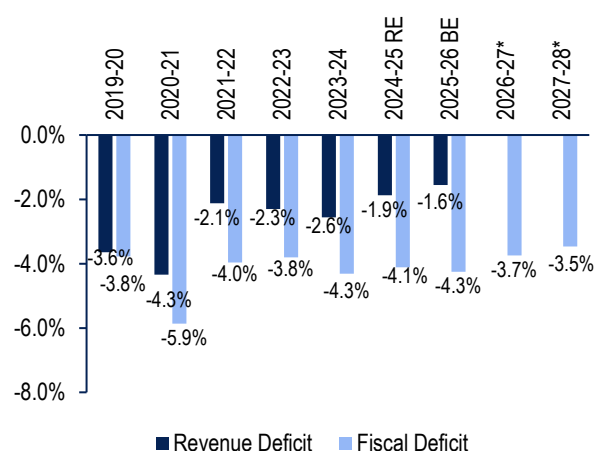
Loss-making Power Distribution Companies (DISCOMs)

In Rajasthan, electricity distribution is carried out by three State DISCOMs. These three DISCOMs recorded losses amounting to Rs 2,024 crore in 2022-23 as compared to profits amounting to Rs 2,374 crore in 2021-22. The Ujwal DISCOM Assurance Yojana (UDAY) was launched in November 2015 for a financial turnaround of State DISCOMs. Post the implementation of the scheme, the DISCOMs recorded profits in 2021-22 and between 2017-18 and 2019-20. However, CAG (2024) had observed that this profitability was because of the conversion of debt into revenue subsidy under UDAY scheme.

In addition, as of March 2023, the State DISCOMs had aggregate outstanding debt worth Rs 79,611 crore. This amounted to 5.9% of the state's GSDP in 2020-21. The CAG noted that during the implementation of the UDAY scheme (2015-20), the outstanding debt of the DISCOMs had decreased. In 2019-20, outstanding debt was 4.9% of the state's GSDP. However, the debt burden of the DISCOMs has been increasing since 2019-20 due to raising of fresh loans. In 2022-23, the outstanding debt of the state increased by 21% over 2021-22.

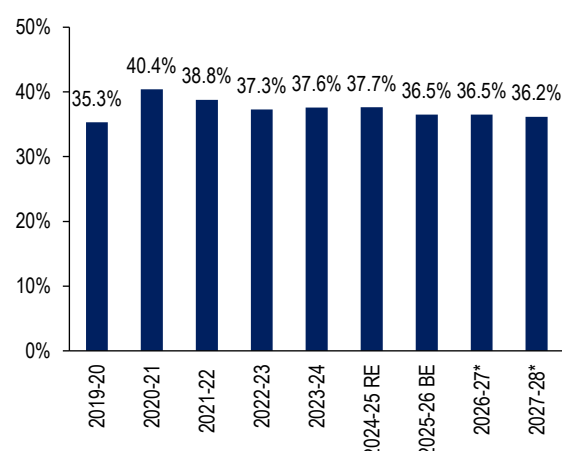
Sources: Report of the Comptroller Auditor General of India (2024); Power Finance Corporation Report for various years; PRS.

Figure 2: Revenue and Fiscal deficit (% 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, Rajasthan 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, Rajasthan Budget Documents 2025-26; PRS.

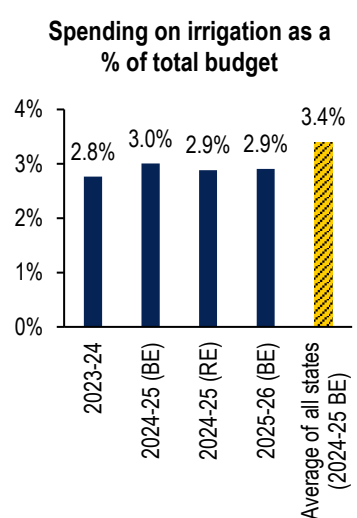
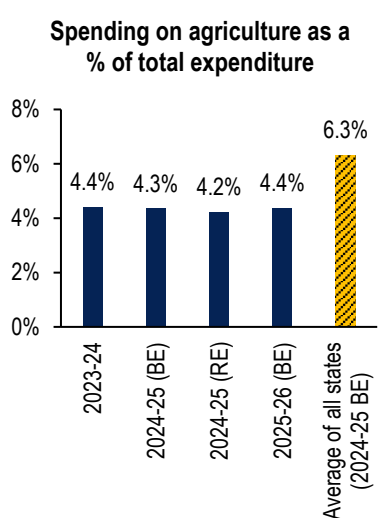
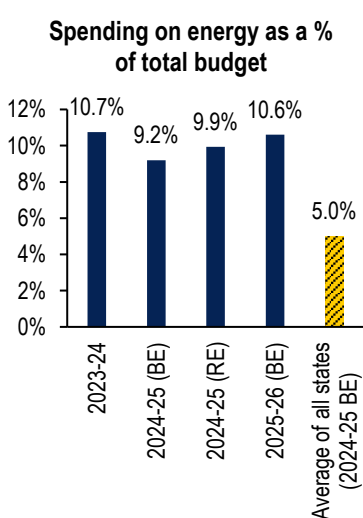
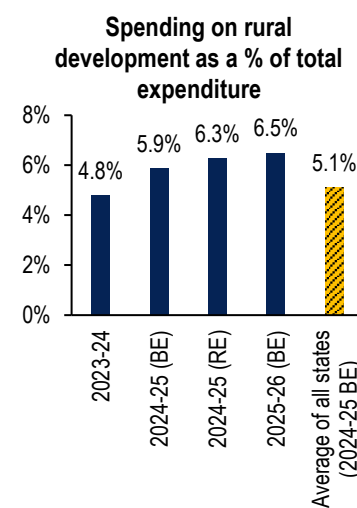
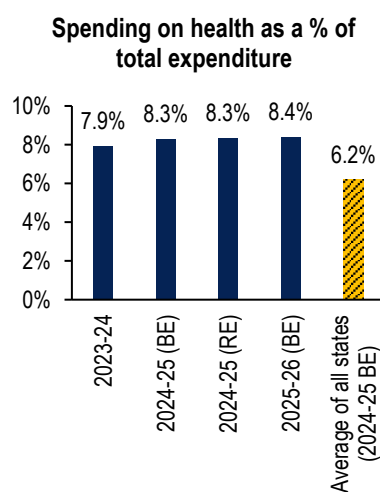
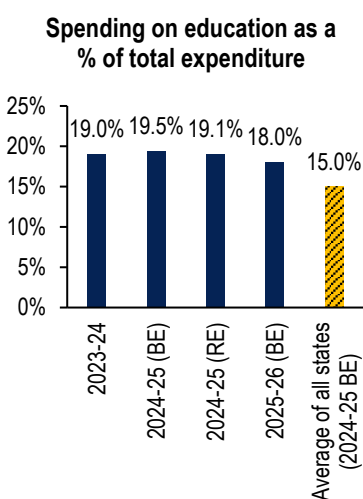
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As on December 31, 2024, the state's outstanding guarantee is estimated to be Rs 1,19,563 crore, which is 7% of Rajasthan's GSDP in 2024-25.

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 Rajasthan'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 Rajasthan) as per their budget estimates of 2024-25.¹

- **Education:** Rajasthan has allocated 18% of its expenditure on education in 2025-26. This is higher than the average allocation for education by states in 2024-25 (15%).
- **Health:** Rajasthan has allocated 8.4% 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:** Rajasthan has allocated 6.5% of its expenditure on rural development in 2025-26. This is higher than the average allocation for rural development by states in 2024-25 (5.1%).
- **Energy:** Rajasthan has allocated 10.6% of its expenditure on energy in 2025-26. This is higher than the average allocation for energy by states in 2024-25 (5%).
- **Agriculture:** Rajasthan has allocated 4.4% 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:** Rajasthan has allocated 2.9% 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 Rajasthan.

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

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

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)	2,34,319	2,03,695	-13%
1. Revenue Receipts (a+b+c+d)	2,33,988	2,03,276	-13%
a. Own Tax Revenue	1,14,169	94,086	-18%
b. Own Non-Tax Revenue	24,285	18,680	-23%
c. Share in central taxes	61,552	68,063	11%
d. Grants-in-aid from the Centre	33,982	22,448	-34%
2. Non-Debt Capital Receipts	331	419	27%
3. Borrowings	1,48,355	2,22,266	50%
Net Expenditure (4+5+6)	2,97,091	2,69,275	-9%
4. Revenue Expenditure	2,58,884	2,42,231	-6%
5. Capital Outlay	38,061	26,646	-30%
6. Loans and Advances	146	398	173%
7. Debt Repayment	93,766	1,63,999	75%
Revenue Deficit	24,896	38,955	56%
Revenue Deficit (as % of GSDP)	1.58%	2.6%	
Fiscal Deficit	62,772	65,580	4%
Fiscal Deficit (as % of GSDP)	3.98%	4.3%	

Source: Rajasthan 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
Land Revenue	636	469	-26%
State GST	48,946	38,016	-22%
State Excise	17,000	13,225	-22%
Sales Tax/ VAT	27,300	23,473	-14%
Taxes on Vehicles	7,700	6,704	-13%
Taxes and Duties on Electricity	3,126	2,918	-7%
Stamps Duty and Registration Fees	9,150	9,181	0%

Source: Rajasthan Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2023-24 BE	2023-24 Actuals	% change from BE to Actuals
Housing	220	122	-45%
Rural Development	20,418	12,856	-37%
Urban Development	14,040	8,876	-37%
Welfare of SC, ST, OBC, and Minorities	3,101	1,969	-36%
Water Supply and Sanitation	9,773	7,820	-20%
Irrigation and Flood Control	9,000	7,340	-18%
Education, Sports, Arts, and Culture	57,953	51,220	-12%
Social Welfare and Nutrition	20,318	18,375	-10%
Agriculture and Allied Activities	12,864	11,837	-8%
Police	9,030	8,515	-6%
Health and Family Welfare	22,064	21,273	-4%
Transport	11,412	12,481	9%
<i>of which Roads and Bridges</i>	10,567	11,026	4%
Energy	26,371	28,895	10%

Source: Rajasthan Budget Documents of various years; PRS.