



सत्यमेव जयते

**Government of Maharashtra
Memorandum to the
SIXTEENTH FINANCE COMMISSION**



**Government of Maharashtra
Mumbai, May 2025**





Executive Summary



Maharashtra is the engine of India's economic development. The State contributes to 13.5% of the national GDP with a Gross State Domestic Product of USD 525 billion in 2024, making it the first Indian state to cross the USD 500 billion milestone. Anchored by a robust and diversified industrial base spanning automobiles, pharmaceuticals, textiles, and information technology, Maharashtra's services sector drives 64% of its Gross State Value Added (GSVA), powered by Mumbai's financial hub and Pune's IT dynamism. The State is a magnet for entrepreneurship and innovation, hosting over 46 lakhs MSMEs, more than 26,000 startups and attracting nearly one-third of the Foreign Direct investment (FDI) of the country.

Agriculture continues to support over half the population, contributing to 12% of GSVA. Maharashtra is the national leader in horticulture exports. Its formidable infrastructure network, including two major and 48 minor ports, supports trade dominance, with the Jawaharlal Nehru Port Authority alone handling 56% of India's total container cargo. As a renewable energy frontrunner, the state has installed 17.53 GW of capacity, growing 52% in six years. Yet, significant challenges persist, such as inter-district disparities, agriculture's dependency on monsoons, the strains of rapid urbanization, and an aging population. Maharashtra requires sustained GSDP growth, underpinned by robust public and private investment, to achieve the vision of becoming a USD 1 trillion economy by 2030. In this journey, enhanced fiscal support from the Sixteenth Finance Commission is not just desirable, it is imperative.

Maharashtra has consistently upheld fiscal prudence, adhering to the '*Fiscal Responsibility and Budgetary Management Act*' by keeping fiscal deficit under 3% of GSDP and the Debt-to-GSDP ratio below 20%. The State's own tax revenue, constituting 69% of its revenue receipts, has grown at a commendable CAGR of 11.1% from 2011-12 to 2024-25. However, the decline in grants-in-aid due to discontinued schemes and cost-sharing revisions in Centrally Sponsored Schemes has created fiscal stress. Committed expenditure, constituting over 55% of revenue receipts, constrains the fiscal space needed for new initiatives, despite Maharashtra's rising capital investments in infrastructure.

The State urges the Commission to increase the vertical tax devolution from 41% to 50% of the divisible pool. The ballooning share of cesses and surcharges, excluded from devolution and having surged 737% between 2014-15 and 2023-24, undermines States' fiscal capacity. Non-tax revenues such as spectrum sales, dividends, profits, interest receipts, fees, charges etc. are also excluded from the divisible pool. Maharashtra proposes the merging of cesses and surcharges with the principal taxes and including the non-tax revenue in the divisible pool.

The State government proposes the following criteria for horizontal devolution based on '*need*', '*equity*' and '*efficiency*': Rural Population (10 percent), Urban Population (10 percent), Area (15

percent), Forest and Ecology (10 percent), Sustainable Development and Green Energy (2.5 percent) Income Distance (37.5 per cent), Demographic Performance (10 percent), State's Incremental Contribution to India's GDP (2.5 percent) and Tax Effort (2.5 percent).

Maharashtra has 396 Urban Local Bodies (ULBs) and nearly 28,000 Panchayat Raj Institutions (PRIs). However, the abolition of octroi and local body tax with the implementation of GST, has eroded urban fiscal capacity, necessitating sustained compensation. The state calls for a significant increase in local body grants to 5% of the divisible pool, along with the continuation of the current inter-state distribution formula (90% population, 10% area). Maharashtra also seeks performance-linked grants, support for neonatal health, and a National Municipal Infrastructure Fund to assist the urban local bodies.

As one of the most disaster-prone States, Maharashtra faces recurring droughts, floods, and urban calamities intensified by climate change. The Disaster Risk Index of the State is the highest in the country. The State seeks an increase in allocations to the State Disaster Response Fund (SDRF), a more equitable Centre-State sharing ratio of 90:10, and dedicated funds for climate adaptation and urban flood resilience. It also proposes exploring innovative instruments such as catastrophe bonds to enhance fiscal resilience.

Maharashtra requests special grants totalling over Rs 1.28 lakh crores. Key proposals include Rs 50,000 crores for the Mumbai Metropolitan Region's economic masterplan, Rs 67,051 crores for four major intra-state river-linking projects to mitigate drought and regional imbalance, and targeted sectoral grants ranging from judiciary and healthcare to tourism and infrastructure. Furthermore, despite projected revenue surpluses by the Fifteenth Finance Commission, Maharashtra continues to experience persistent revenue deficits due to the persistent increase in revenue expenditure. Realistic assessments and revenue deficit grants are vital to maintaining fiscal balance without compromising developmental priorities.

In conclusion, Maharashtra's memorandum makes a compelling case for strategic and equitable fiscal support. As a cornerstone of India's economic architecture, the State's growth trajectory has national implications. The Sixteenth Finance Commission's support through enhanced devolution, grants-in-aid, special grants and fiscal innovations are essential to not only realize Maharashtra's vision of a USD 1 trillion economy by 2030, but also to advance the national goal of a Viksit Bharat by 2047.

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Abbreviations

Abbreviation/Acronym	Full Form
AVGC	Animation, Visual Effects, Gaming and Comics
BSE	Bombay Stock Exchange
CAGR	Compound Annual Growth Rate
CAT Bonds	Catastrophe Bonds
CIDCO	City and Industrial Development Corporation
CSS	Centrally Sponsored Schemes
DBT	Direct Benefit Transfers
DPIIT	Department for Promotion of Industry and Internal Trade
DPR	Detailed Project Report
DSP	District Strategic Plans
ECDI	Early Childhood Development and Intervention
FC	Finance Commission
FIIIs	Foreign Institutional Investors
FRBM	Fiscal Responsibility and Budgetary Management
FSI	Floor Space Index
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GVA	Gross Value Added
GSVA	Gross State Value Added
ICDS	Integrated Child Development Services
IPCC	Intergovernmental Panel on Climate Change
IT	Information Technology
ITeS	Information Technology Enabled Services
IWBP	Integrated Web-Based Portal
JNPT	Jawaharlal Nehru Port Trust
MADC	Maharashtra Airport Development Company
MAITRI	Maharashtra Industry, Trade and Investment Facilitation
MEAC	Maharashtra Economic Advisory Council
MHADA	Maharashtra Housing and Area Development Authority
MIDC	Maharashtra Industrial Development Corporation
MITRA	Maharashtra Institution for Transformation
MMR	Mumbai Metropolitan Region
MMRDA	Mumbai Metropolitan Regional Development Authority
MSAPL	MSEB Solar Agro Power
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSFDA	Maharashtra State Faculty Development Academy
MSKVY	Mukhyamantri Saur Krushi Vahini Yojana
MSRDC	Maharashtra State Road Development Corporation

MSMEs	Micro, Small, and Medium Enterprises
NBFCs	Non-Banking Financial Companies
NDMA	National Disaster Management Authority
NDRF	National Disaster Response Fund
NDRI	National Disaster Risk Index
NITI	National Institution for Transforming India
NSE	National Stock Exchange
NSSF	National Small Savings Fund
NULM	National Urban Livelihoods Mission
PAS	Performance Assessment System
PESA	Panchayat Extension to Scheduled Areas
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMKSY	Pradhan Mantri Krishi Sinchai Yojana
PPP	Public-Private Partnership
PRI	Panchayat Raj Institutions
PSUs	Public Sector Undertakings
RBI	Reserve Bank of India
SBM	Swachh Bharat Mission
SDGs	Sustainable Development Goals
SDRF	State Disaster Response Fund
SHG	Self-Help Group
SLB	Service Level Benchmarks
SOP	Standard Operating Procedure
TDR	Transfer of Development Rights
TFR	Total Fertility Rate
UHC	Universal Health Coverage
ULBs	Urban Local Bodies
UPS	Unified Pension Scheme
ZP	Zilla Parishad
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
BPMS	Building Permission Management System
CRDF	Centre for Research and Development Foundation
CWAS	Centre for Water and Sanitation
MCGM	Municipal Corporation of Greater Mumbai
MoHUA	Ministry of Housing and Urban Affairs
MoSPI	Ministry of Statistics and Programme Implementation
UDCPR	Unified Development Control and Promotion Regulations
Vaahan	Vehicle Registration Database (commonly referred to as Vahan)
CIRT	Central Institute of Road Transport
NeSL	National e-Governance Services Limited
Pay2IGR	Payment to Inspector General of Registration
MySarita	Mobile Application for Stamps and Registration
Salokha Yojana	Scheme for Stamps and Registration (specific to Maharashtra)
Abhay Yojana	Amnesty Scheme for Stamps and Registration
Sarathi Helpline	Citizen Helpline for Stamps and Registration

1.1 Introduction- Maharashtra's Leadership and Vision for economic growth

Maharashtra, one of India's most prominent and economically dynamic states, is distinguished by its remarkable geographical diversity, rich heritage, and economic significance. Located in the western part of the Indian subcontinent, Maharashtra with a 720-kilometer-long coastline along the Arabian Sea, make it a crucial hub for India's trade and commerce. The state's topography is a fascinating blend of coastal plains, the rugged Western Ghats (Sahyadri Hills), expansive plateaus, and fertile river valleys, contributing to its diverse ecological and economic landscape. Maharashtra is the third largest State in terms of area in India with the second largest population in the country. As per Census 2011, the State accounts for 9.3 per cent of India's population and is highly urbanized with 45 per cent people residing in urban areas. The information on important socio-economic indicators of the state is given at Annexure-1.

Figure 1.1 Map of Maharashtra



The state is the engine of India's economic growth with the highest GSDP of USD 525 billion (Rs. 45 lac crores) in 2024. It is the first state economy to cross the USD 500 billion mark. Contributing 13.5% to India's GDP, it leads in industrial output (15.5% share) and exports (15.4% share), cementing its status as a manufacturing and trade hub of nation. Maharashtra remains India's top investment destination, attracting 31% of total Foreign Direct Investment in India over the past two years.

Maharashtra has robust infrastructure and a diversified industrial base, spanning sectors such as automotive, pharmaceuticals, textiles, chemicals, and information technology. The state's progressive industrial policies—*focus on ease of doing business, infrastructure enhancement, and innovation*—have consistently attracted substantial domestic and foreign investment. With over 46 lakh registered MSMEs- 14.3% of total MSMEs in India and contributing to 11% of India's MSME GVA employing nearly 24% of the workforce- the state fosters a dynamic entrepreneurial ecosystem. There are 292 Industrial areas (147 large and 105 mini-industrial areas & 40 Growth Centers) in the state. It leads in emerging sectors, hosting 60% of India's data centers and 30% of the Animation, Visual Effects, Gaming and Comics (AVGC) market. Home to 27 unicorns and 26,000+ startups, Maharashtra ranks as India's startup and innovation capital.

Mumbai, the financial nerve centre of the country, accommodates key financial institutions such as the Reserve Bank of India (RBI), the Bombay Stock Exchange (BSE), the National Stock Exchange (NSE), major banks such as SBI, HDFC, ICICI Bank, numerous Foreign Institutional Investors (FIIs) and Non-Banking Financial Companies (NBFCs). Pune has emerged as a prominent hub for Information Technology Enabled Services (ITES), and together with Mumbai's financial sector, contributes significantly to Maharashtra's services industry, which accounts for 64% of the state's Gross State Value Added (GSVA). Maharashtra contributes nearly 24% to India's financial services sector. Maharashtra, with 2 major and 48 minor ports, is also the backbone of India's port activities. Jawaharlal Nehru Port Trust (JNPT) alone handles 56% of the country's total containerized cargo.

With six UNESCO heritage sites, 350+ forts, six national parks, 50 wildlife sanctuaries, long coastline and rich cultural heritage, Maharashtra is a top tourist destination with immense potential for higher growth.

Agriculture and allied activities remain the largest employment provider in Maharashtra with over 50% workforce engaged in this sector. It contributes 12% to state's GSVA. Maharashtra dominates India's horticulture sector with 40% share in exports of fruits and vegetables. The state is a leading producer of pomegranate, onion, grapes, sugarcane, jowar (Sorghum) and oranges. It is the second largest producer of soyabean, maize, cotton, banana, strawberries, and ginger. It is also a major producer of eggs, fisheries and meat. The state is leader in cooperative movement in the country and has the highest number of registered cooperative societies across multiple sectors (26.2% share). Despite challenges such as erratic monsoons and frequent droughts, Maharashtra has displayed remarkable resilience through proactive government policies and support. The state has implemented several initiatives to improve agricultural productivity through water and soil conservation schemes.

Maharashtra, a power surplus state, is now emerging a front-runner in India's transition towards sustainable energy, with a strong focus on renewable power generation. The state ranks among the top contributors to renewable energy in the country, with an installed capacity of 17.53 GW, accounting for 9.2% of India's total renewable energy output. Over the last six years, Maharashtra's

installed renewable energy capacity has grown by 52%, driven primarily by advancements in solar and wind power.

Maharashtra maintains a robust fiscal position among states, with the highest GST collection contributing 16% share of India's collection with an impressive YoY growth. The State's Own Tax Revenue - 69% of revenue receipts, fiscal deficit below 3% and debt to GSDP ratio below 20% - indicates prudent fiscal management, as stipulated in the FRBM Act. However, the targeted aspirational nominal growth rate of 14-15% needs resources which needs to be supplemented.

The state has set vision of becoming a USD one trillion economy over next 5 years, which is very much in line with Hon Prime Minister's vision of Viksit Bharat by 2047. This requires aspirational nominal GSDP growth rate of 14-15% over next 5 years against current nominal CAGR of 10.2%, which mean huge mobilization of finances through public and private investments. To further bolster this economic growth effort, NITI Ayog has identified Mumbai Metropolitan Region (MMR) as one of the four economic growth hub pilots in the country with a vision to make it a USD 250 billion economy by 2030 from current USD 140 billion, which again needs huge investments. The support from XVI Finance Commission in form of its recommendations on transfer of funds-devolution as well as grants-in-aid- will be very critical in realizing this Vision of economic growth of state over next five years.

1.2 Overview of Maharashtra's Economic Profile

1.2.1 Status of Economy – Composition and Trends

Maharashtra's real Gross State Domestic Product (GSDP) at constant prices 2011-12 expanded from Rs. 12,80,369 crores (14.7 per cent of GDP of India) in 2011-12 to Rs. 26,12,263 crores (13.9 per cent of India's GDP) in 2024-25. The real GSDP over the past 14 years (2011-12 to 2024-25) grew at a CAGR of 5.6 per cent. The State has contributed significantly to India's growth as can be seen from figure 1.1, with State GSDP growing higher than that of the national GDP for most of the years. Hence, removal of bottlenecks for Maharashtra and its economic growth will have a significant impact on the Indian economy.

Figure 1.2 Growth rates of GSDP/GDP (at constant prices)



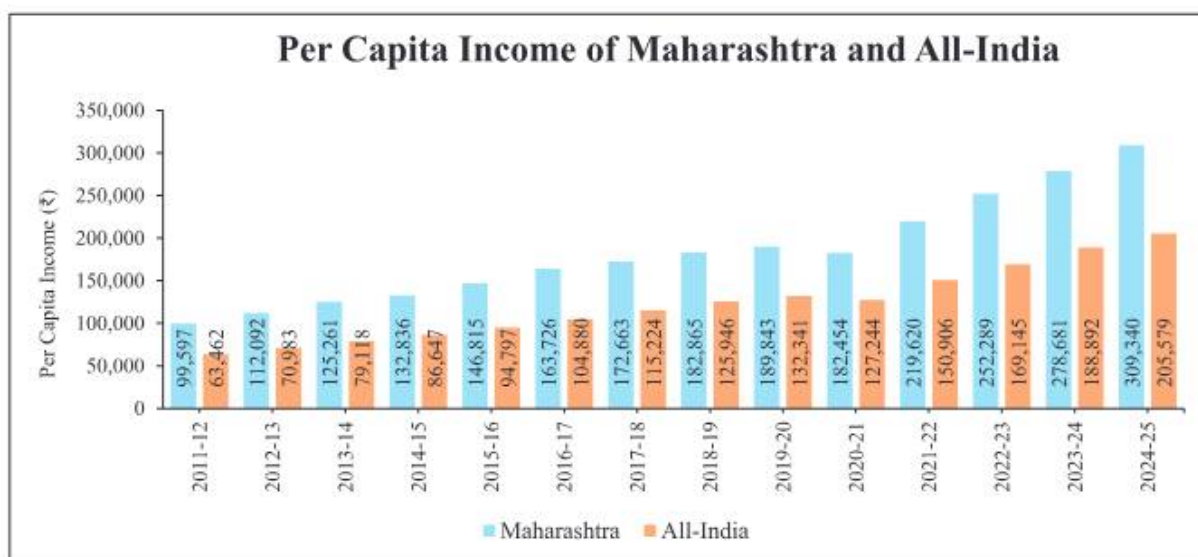
Note :

	India	Maharashtra
2021-22	-	Final Estimates
2022-23	Final Estimates	Second Revised Estimates
2023-24	First Revised Estimates	First Revised Estimates
2024-25	Second Advance Estimates	Advance Estimates

(Source: Economic Survey of Maharashtra 2024-25)

The relative GSDP growth is also reflected in the Per Capita Net State Domestic Product (NSDP). During the period 2011-12 to 2024-25, Maharashtra's Per Capita NSDP grew from Rs. 99,597 to Rs. 3,09,340 as against all India Per Capita NDP at Rs. 63,462 and Rs. 2,05,579 during the same period.

Figure 1.3 Maharashtra and India's per capita NDP (Rs.) (at current prices)



Note :

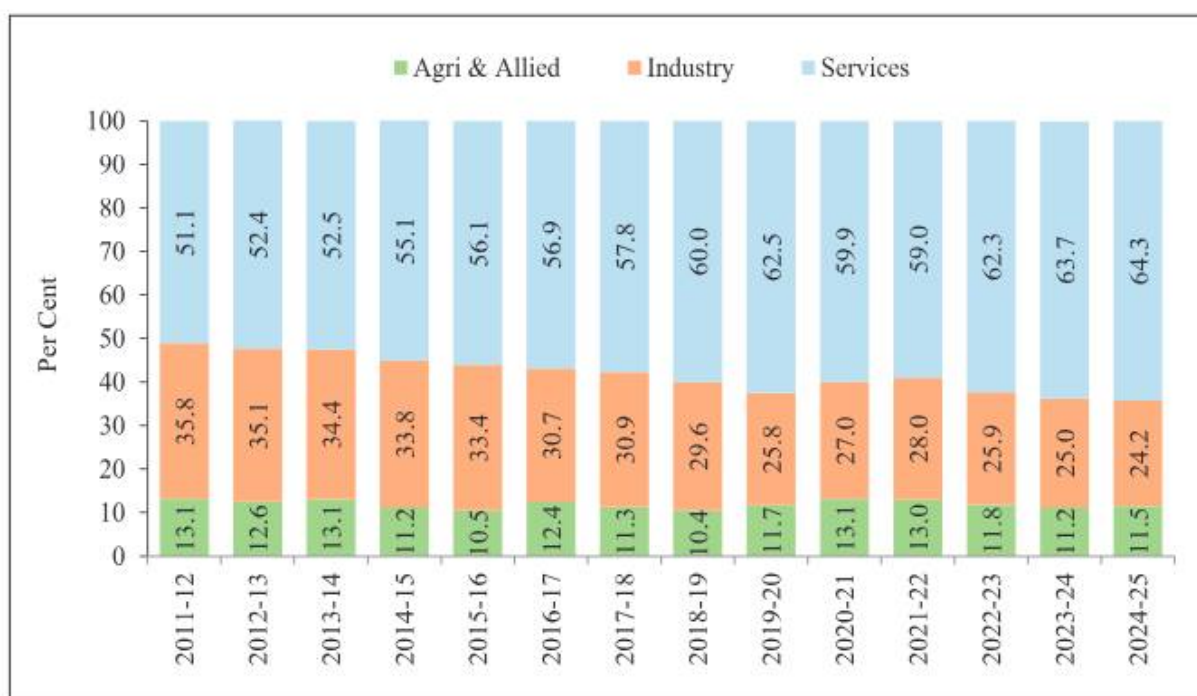
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(Source: Economic Survey of Maharashtra 2024-25)

1.2.2 Structural Composition – GSDP

The share of Agriculture and Allied activities in State's total GSVA was 13.1 per cent in 2011-12 which further decreased to 11.5 per cent in 2024-25. Similarly, share of industry has also declined sharply from 35.8 per cent to 24.2 per cent in the aforesaid period. On the other hand, share of services has grown from 51.1 per cent in 2011-12 to 64.3 per cent in 2024-25. Thus, the services sector is playing a vital role in driving growth in the State.

Figure 1.4 Sector wise share in GSDP of Maharashtra (at current prices)



Note :

2021-22	Final Estimates	2023-24	First Revised Estimates
2022-23	Second Revised Estimates	2024-25	Advance Estimates

Source: Economic Survey of Maharashtra 2024-25

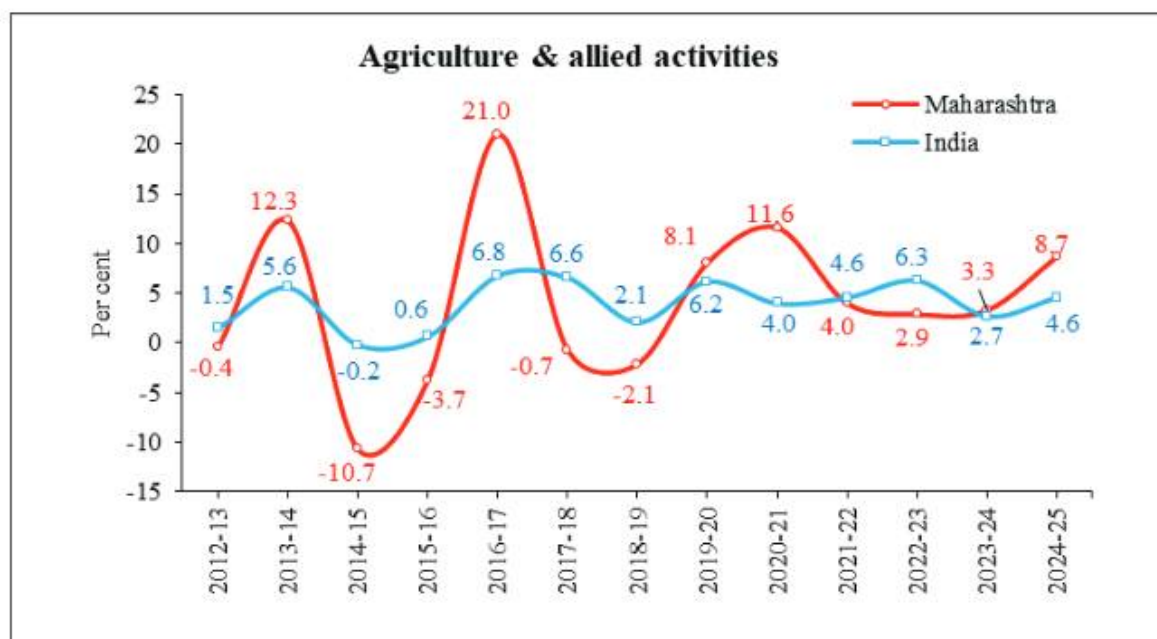
1.3 Sector Growth Rates

1.3.1 Agriculture and Allied Activities

Agriculture growth in the State remains volatile due to the high dependence on monsoon. The production of foodgrains is expected to increase by 49 per cent in the year 2024-25 over previous

year, while production of oilseeds is expected to increase by 26.9 per cent and production of cotton is expected to increase by 10.8 per cent during 2024-25. However, sugarcane production is expected to decline by 6.6 per cent. As per the advanced estimate of 2024-25, GSVA of Agriculture & allied activities sector is expected to grow at 8.7 per cent.

Figure 1.5 Growth rate in GSVA/ GVA of Agriculture and allied activities sector (at constant prices)



Note :

	India	Maharashtra
2021-22	-	Final Estimates
2022-23	Final Estimates	Second Revised Estimates
2023-24	First Revised Estimates	First Revised Estimates
2024-25	Second Advance Estimates	Advance Estimates

Source: Economic Survey of Maharashtra 2024-25

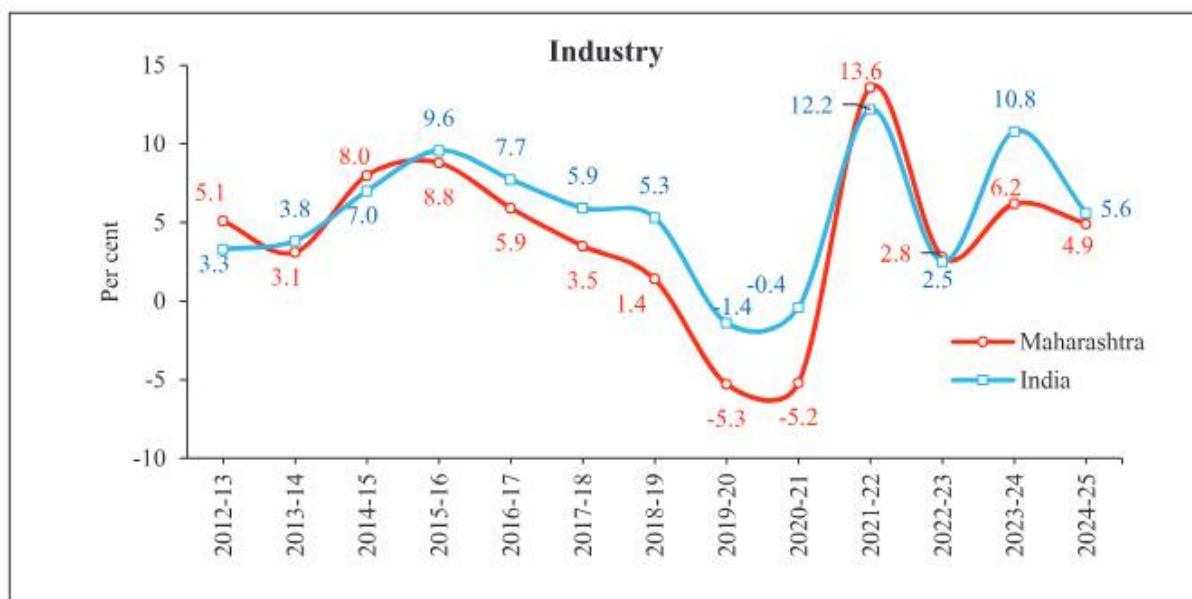
Maharashtra's heavy dependence on the monsoons and having a cropping pattern favoring water intensive cash crops are serious concern. The State is attempting to address agriculture growth and productivity issues by promoting efficient use of water resources and sustainable agricultural practices.

Animal husbandry is contributing 2.4% to the state's GVA and about 24% to the total income from the agriculture sector. The state ranks 5th in milk production at the national level. However, challenges like low productivity, inadequate veterinary interventions, market access and building climate resilience require huge investments. With 720-kilometer coastline, abundant rivers, and reservoirs, the State has immense potential for fisheries development. The State fisheries production stands at 4.35 Lakhs M. Ton in 2023-24, sixth in country, contributing to India's fish production both marine and inland fisheries. However, the sector faces challenges such as overfishing, lack of infrastructure, and limited access to modern technology.

1.3.2 Industrial Sector

From a high of 8.8 per cent in 2015-16, the industrial growth reduced since 2016-17 to 2020-21. The growth has mainly been affected by slowdown in the Mining and Quarry sector, Manufacturing sector and in the Electricity, Gas, Water supply and Other Utility Services. During 2024-25 it is expected to be 4.9 per cent.

Figure 1.6 Growth Rate in GSVA/ GVA of Industry sector (at Constant prices)



Note :

	India	Maharashtra
2021-22	-	Final Estimates
2022-23	Final Estimates	Second Revised Estimates
2023-24	First Revised Estimates	First Revised Estimates
2024-25	Second Advance Estimates	Advance Estimates

Source: Economic Survey of Maharashtra 2024-25

Maharashtra has long been the engine of India's manufacturing growth. Maharashtra's industrial dominance stems from its proactive and adaptable policy framework, constantly evolving to anticipate and meet the dynamic demands of key sectors. Through comprehensive policies encompassing thrust sectors, logistics, electric vehicles, green data centers, aerospace, exports, IT, fintech, Startups and manufacturing, the state cultivates an environment ripe for innovation, investment, and global competitiveness. This commitment to continuous policy refinement, coupled with attractive incentives and holistic industrial strategies, solidifies Maharashtra's position as India's foremost industrial powerhouse and preferred business destination, paving the way for continued growth. As of the third quarter of FY 2025, the state attracted Rs. 1,39,434 crores in FDI, contributing to a cumulative total of Rs. 6,71,863 crores (Source: DPIIT, 2024).

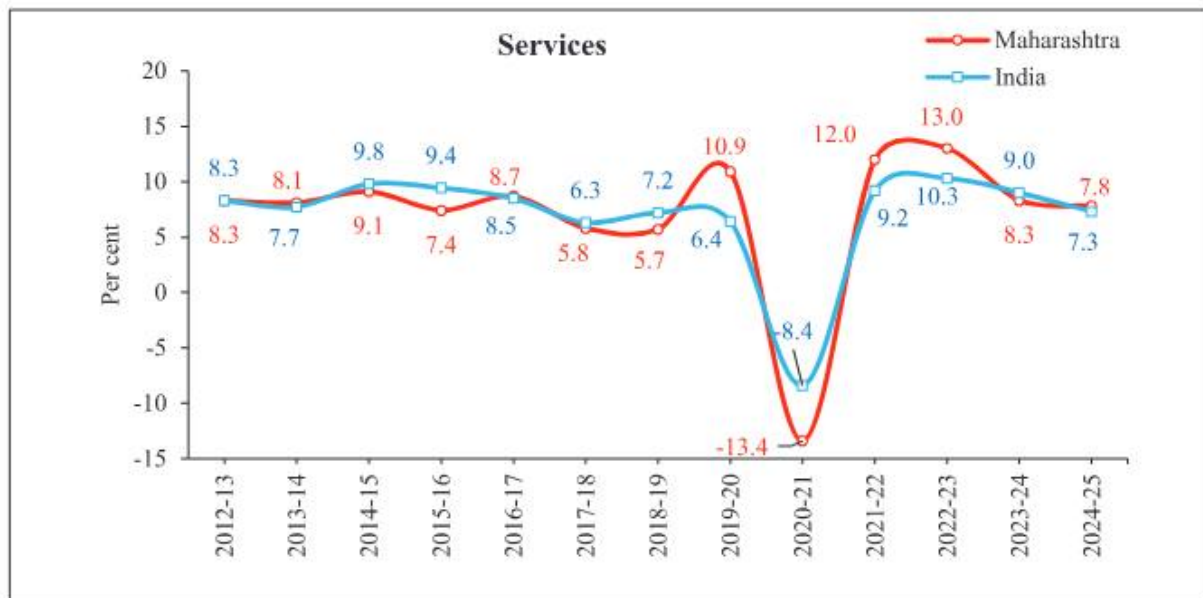
The main '*Made in Maharashtra*' products which are exported from the State include gems & jewellery, engineering items, agriculture & allied products, chemicals, metal & metal products,

drugs & pharmaceuticals, electronics & electrical components and textile & apparels. The Government has launched various sector specific policies like Electric Vehicle Policy, Aerospace and Defence Production Policy, State Export Promotion Policy-2023, Integrated and Sustainable Textile Policy-2023, Electronic Policy, etc. A Government to Business (G2B) Portal, MAITRI has been launched for a 'one stop shop' for the existing and prospective investors to get information about the investment processes.

1.3.3 Services Sector

Maharashtra's services sector has seen a strong growth in the last couple of years. The sector's growth rate was 12.0 per cent, 13.0 per cent, 8.3 per cent and 7.8 per cent during 2021-22, 2022-23, 2023-24 and 2024-25 respectively. Banking & Financial services, Insurance, Professional Services, Real Estate & Ownership of dwellings, Transportation and support services have been the main drives of services growth.

Figure 1.7 Growth rate in GSVA/ GVA of Services sector (at constant prices)



Note :

	India	Maharashtra
2021-22	-	Final Estimates
2022-23	Final Estimates	Second Revised Estimates
2023-24	First Revised Estimates	First Revised Estimates
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Source: Economic Survey of Maharashtra 2024-25

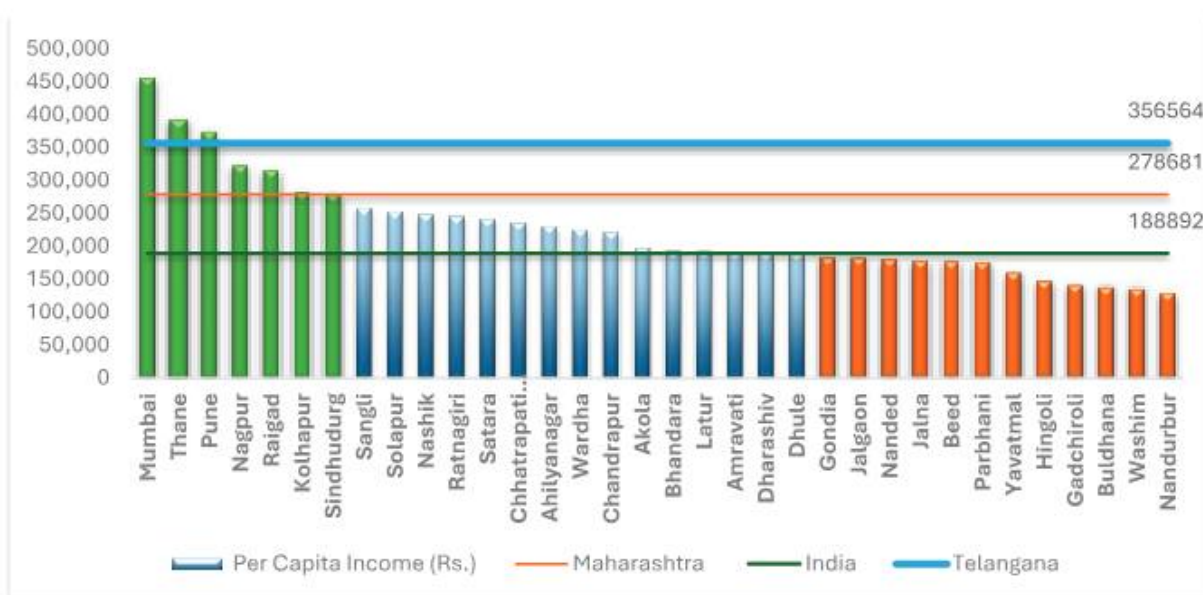
Sustaining services sector growth requires removal of infrastructure bottlenecks across the State, better connectivity through roads and rail transport, and provisioning of urban infrastructure to the satellite towns amongst other things. This requires a huge capital investment as well as regular operation and maintenance expenditure on existing infrastructure. This is a high priority for the State.

1.4 Challenges to economic growth

1.4.1 Inter District disparities

The State faces a unique situation due to a regionally skewed development pattern and huge dependence on Mumbai (a part of Konkan region), for growth. As per first revised estimates 2023-24, Konkan division contributes around 39 per cent of the state's GSVA, with Mumbai alone contributing about 20 per cent. The lowest contribution to State's GSVA comes from the Amravati division with a share of 5.8 per cent, followed by Nagpur division (9.3 per cent). Thus, despite, a high GSDP, the per capita district income (at current prices) shows large inter district disparities existing in the state.

Figure 1.8 Inter-District Disparities



Only 7 districts have a per capita income above the State per capita Rs. 2,78,681. In 27 districts, the per capita income is below the State per capita income.

Additionally, a comparison with India's per capita income indicates that 12 districts in the State have per capita income below the National level.

1.4.2 Structural Challenges in the economy

There are structural disparities in the economy with 53% of the workforce still employed in the agriculture sector, which contributes 13% of GSDP. This has led to serious issues related to employment. The participation of women in workforce is also low in the economy. The slowing manufacturing sector further poses risks to economic growth and challenging employment scenario.

1.4.3 Low agriculture productivity and climate change

In spite of sustained efforts, in view of sheer size of the State and geographic and geological factors, about 75 per cent of the agricultural lands are rain-fed depending on the vagaries of the monsoon thus resulting into low agriculture productivity. Climate change has further worsened this challenge. There are some days with intense rainfall alternated with long dry spells. Building resilience in agriculture and allied sector is very critical for higher economic growth and per capita income as close to half the state workforce is engaged in this sector.

1.4.4 Challenges related to rapid urbanization:

While faster urbanization is a sign of growing economy and further drives growth but unplanned urbanization is not desirable. Cities are centers of growth and attract a large number of immigrants both skilled and un-skilled. Poor immigrants often stay in slums which need resources to provide amenities. Maharashtra has the highest number of people living in urban areas and growing at rapid pace but insufficient resources with urban local bodies is leading to low levels of investments in city infrastructure. Improper infrastructure and very high density of population are becoming a challenge in the state urban areas.

1.4.5 Health, education and skilling outcomes:

While access issue is addressed to larger extent in the state, particularly in education and primary healthcare, but quality issues remain in health and education. There is need to improve learning outcomes in school education, address employability issues in higher & technical education and continue working on reducing out of pocket expenses in public health. Skilling levels of working age group population should be in sync with future of work/ employment. These challenges of health and education are exacerbated in urban slums-rural-tribal areas. Districts like Parbhani, Nandurbar and Gadchiroli, suffer from inadequate health infrastructure both physical and manpower. The child sex ratio in certain districts is worrying as also the malnutrition affecting large population including women.

1.4.6 Demographic changes:

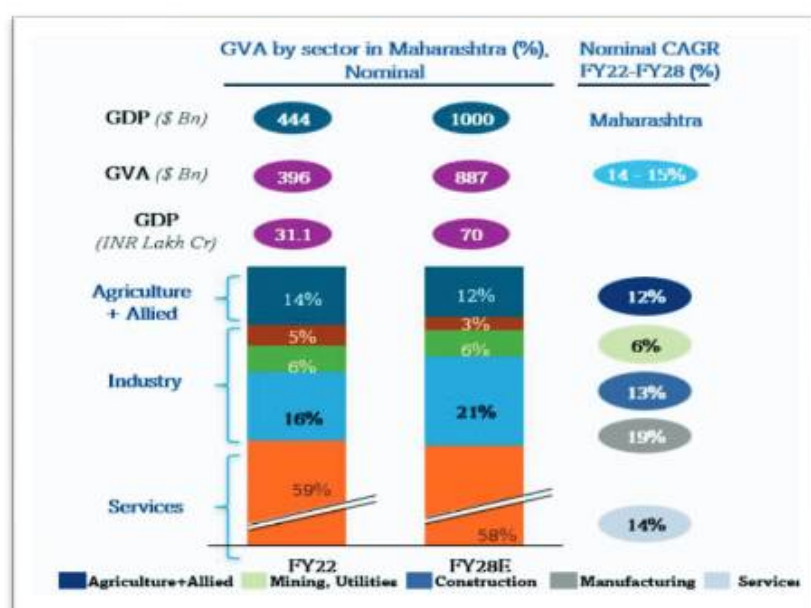
The median age of population at 28.2 years, declining fertility rate and proportion of elderly people - above 60 years account for more than 10% which is higher than the national average, indicates changing demographic trends. The state will need to design suitable schemes for elderly dependent population. But increasing revenue expenditure leaves little room for such schemes.

1.5 Maharashtra Vision for economic growth

Maharashtra has set a vision to become US one Trillion-dollar economy in next five years, by identifying inclusive, sustainable economic growth opportunities and improving economic well-being and quality of life for all its citizens. Maharashtra Economic Advisory Council (MEAC) established to provide guidance and recommendations, submitted its recommendations to the State Government in July 2023.

The vision requires aspirational economic growth scenario- CAGR of 14-15% nominal GSDP from current 9% which means focused strategies backed with adequate financial resources. The MEAC report identifies sub-sector wise opportunities and strategies in existing manufacturing as well as sunrise sector, which will help this sub-sector to grow at 18-19% and increase its share in total GVA contribution to 21% from current 16%. This will help restore balance in structural composition of economy and absorb surplus workforce in agriculture. Similarly, opportunities in financial services, real estate and construction, IT & ITeS, Tourism and Healthcare need to be realized for higher growth rate which call for further investment.

Figure 1.9 Projections for \$1 Trillion GDP: Sector-wise projection



Source: MEAC Report 2023

MEAC sub-sectoral growth recommendations: There are 350 plus recommendations which are classified department-wise to act in a timebound manner. MITRA, Maharashtra Institution for Transformation-thinktank on lines of NITI is working to implement these recommendations.

Manufacturing: MEAC has identified 40+ opportunities in 16 focus industries which have strong base in Maharashtra like capital goods, food processing, metals, auto, textiles, chemicals, pharma etc.

Services: MEAC recommends working on opportunities in financial services, IT & ITeS, tourism and health care for aspirational growth scenario of 14-15%.

Agriculture and allied sector: MEAC identifies opportunities in horticulture, poultry, dairy, aqua and sericulture sub-sector to boost farmers income.

Construction and Real Estate also hold good potential for aspirational growth with massive increase in public spending on creating new infrastructure.

MEAC recommendations spell out enablers to work on these opportunities like renewable energy share, ease of doing reforms, policy initiatives, MSME support and land reforms to name a few.

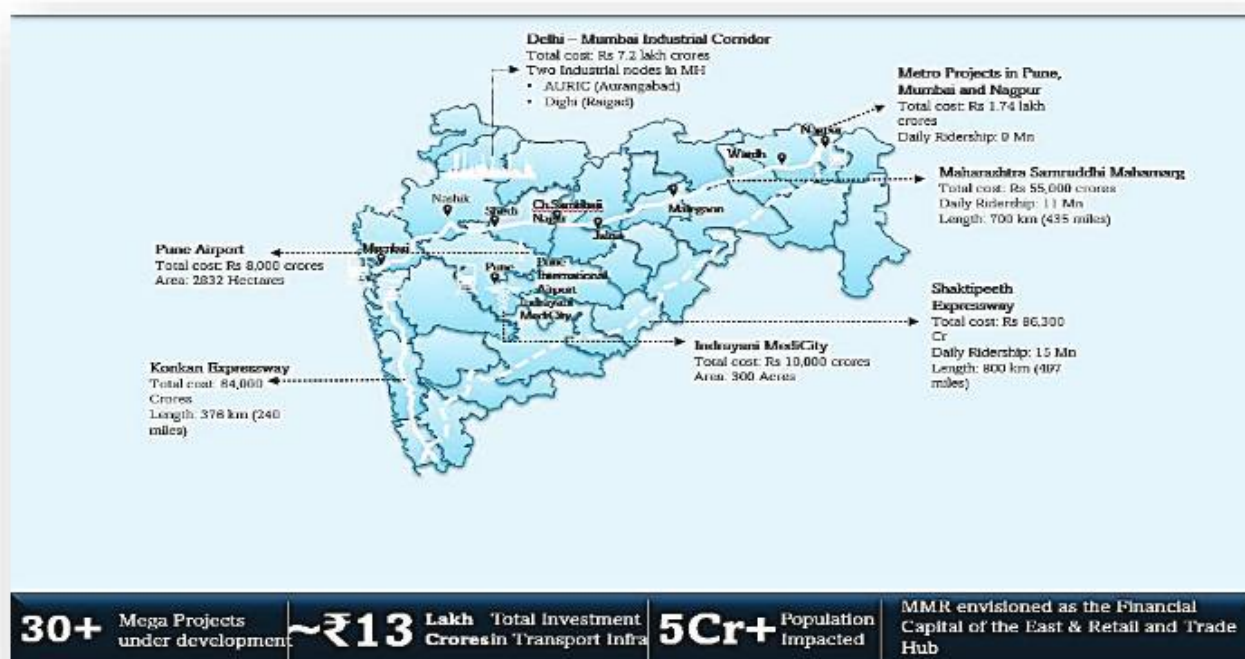
1.6 Growth Enablers

1.6.1 Infrastructure led economic growth

Maharashtra has always believed in physical infrastructure led development and committed resources to make it top investment destination in the country, but vision of a trillion-dollar economy means further investments in infrastructure to build world class expressways, ports, multimodal corridors, metros, energy infrastructure particularly renewable energy, and new industrial/city infrastructure. Besides Government spending, Maharashtra continues to attract large private investments and make PPP an integral part of CAPEX led growth.

Major support for infrastructure development comes from Government pushed capital expenditure directly from budget which is around 13% this fiscal year along with similar push from parastatals. Maharashtra have some of the best PSUs like MMRDA, MIDC, MSRDC, CIDCO, MHADA, MSEDCL, MahaGenco, Mumbai Metro, Maha Metro, MADC etc. which have led from the front in creating excellent infrastructure in Maharashtra and will continue to contribute as we aim for higher economic growth rate. These parastatals have been adequately backed by the state government in form of state guarantees to back their debt raising effort and initial equity to support land acquisition for projects.

Figure 1.10 Infrastructure led growth



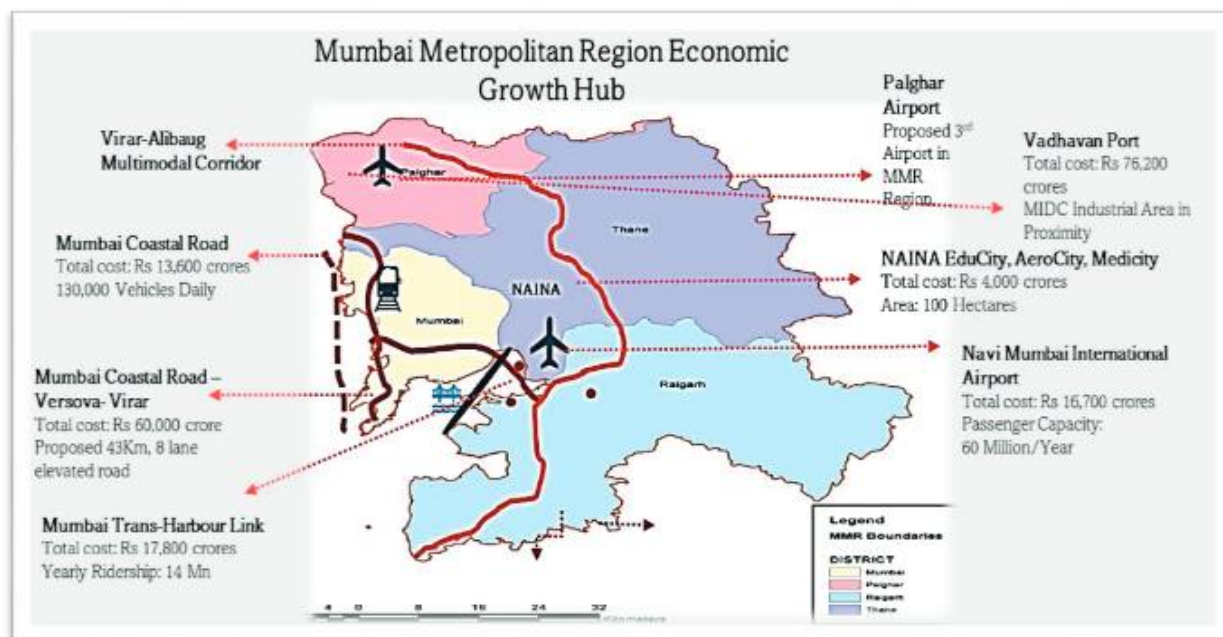
The state is making strides into building social and physical infrastructure across the state. Mumbai Metropolitan Region has its own economic masterplan prepared by NITI Aayog to transform it into an economic Growth Hub. Mumbai-Bengaluru Industrial Corridor will be another growth corridor in drought prone areas.

Road Connectivity: Both rural roads (more than 40,000 kms under Mukhyamantri Sadak Yojana in 3 phases) as well as district/state highways (more than 11,000 kms) are getting priority in the state with support from State Budget, PPP mode and externally-aided projects. Maharashtra Shaktipeeth Expressway connecting Wardha district to Sindhudurg district costing Rs. 86,300 crores will be another landmark in state infrastructure after the Samruddhi Expressway connecting Mumbai-Nagpur.

Ports and waterways: VadHAVAN major port at the cost of Rs 76220 crores will be game changer in state's economic growth. It will be in top ten ports of the world in terms of handling container cargo. Minor ports like Murbe in Palghar, fishing harbors, marina development and jetties construction to improve waterways is being undertaken as new Ports Policy.

Airports: Navi Mumbai International Airport which is nearing completion will help decongest Mumbai Airport. Nagpur Airport in Vidarbha will undergo upgradation and expansion with private participation. Airports at Shirdi, Amravati, Akola, Ratnagiri and Gadchiroli will transform air connectivity in the state.

Figure 1.11 MMR Economic Growth Hub



Urban metros and Rail connectivity: 412 kms of metro construction with total cost of Rs 165,000 crores is underway in Mumbai, Pune and Nagpur with Thane being the latest addition. Similarly, many new railway lines: Pune-Nashik, Jalgaon-Manmad, Khandwa-Bhusawal and Gadchiroli-Wadsa are under construction in 50:50 financial assistance from Center.

Besides debt and initial equity support from Center/State Government, suitable enabling policies like land monetization, TDR, FSI, Transit Oriented Development (TOD) along metro routes, Slum Rehabilitation, toll revenue monetization and stamp duty cess support financing these projects.

Social Infrastructure: There will be a Government Medical college in every district, besides construction of new hospitals and primary health centres across the state as per norms. Jal Jeevan Mission, one of the biggest programs under implementation is ensuring tapped water supply to all the villages in Maharashtra besides improving sanitation under SBM 2.0.

1.6.2 Stabilization, diversification and productivity improvement in agriculture and allied activities

Maharashtra is investing in creation of assets for farmers which will help improve agriculture productivity on sustainable basis through farm ponds on demand, solar pump sets, micro irrigation schemes, innovative schemes etc.

Maharashtra has framed policy in 2017 for piped distribution network (PDN) for supply of irrigation water. So far PDN work is completed in 3.88 lakh hectares and another 8.87 lakh hectares work is at various stages of construction. Four intra-state river linking projects, namely, Vainganga-Nalganga, Nar-Par-Girna, Damanganga-Vaitarana-Godavari and Damanganga-

Ekdare-Godavari, sanctioned for implementation in mission mode, will help overcome drought challenges to agriculture productivity.

Already a leading horticulture state, it continues efforts by improving quality of planting material, storage facilities, access to new markets and agri-processing units to improve prospects of exports of vegetables and fruits.

To address productivity issues in Animal Husbandry sector, the State has undertaken initiatives like Disease Control and Vaccination Programs (100% vaccination of livestock against Foot and Mouth Disease and Peste des Petits Ruminants (PPR). Further, state is focusing on quality livestock breeding and productivity enhancement technique including Embryo Transfer, promotion of indigenous breed and infrastructure development. The State has undertaken initiatives as modernization of Fish Farms and planned a International Fish Market in Andheri under the scheme Pradhan Mantri Matsya Sampada Yojana.

1.6.3 Transforming energy sector - Greening agriculture energy demand

Maharashtra is promoting renewable energy, particularly solar power, in effort to reduce dependency on fossil fuels and transition to low carbon economy. It has put plans in place to have RE share to grow to 50% of the installed capacity by 2030 to achieve NDC target. Having installed more than 2 lakhs off grid solar pumps, 10 lakhs more such pumps will be installed in next 3 years.

Maharashtra is home to more than 1cr farmers contributing 30% of state's electricity consumption and has highest agriculture electricity demand 36000MU s. The State Government decided to separate this agriculture demand through solarized Agri feeders in distributed way under Mukhyamantri Saur Krushi Vahini Yojana (MSKVY 2.0). MSEB Solar Agro Power (MSAPL), subsidiary of MSEB Holding Company, undertakes the development of 16000 MW Agri energy demand through a feeder-level solarization program-9200MW by 2025 in mission mode wherein decentralized solar projects within the 5-10 km radius from Agri load dominated sub-stations will be installed with the capacity from 0.5 MW to 25 MW for giving day time power to farmers. The state is also planning for distributed Battery energy storage systems of 9000MWh at 11 KV level under MSKVY 2.0.

1.6.4 Education and Skilling

With 90+ universities, 6,000+ colleges offering different programmes in almost all fields, 750 polytechnic institutions, and 11,000+ public libraries across the state, Maharashtra is the frontier state in higher education space with Gross Enrollment Ratio at 37% in 2022-23 and well on its way to meet all targets set under NEP 2020. Maharashtra has embraced education in latest fields like Artificial Intelligence, quantum computing, drone technology and cybersecurity. Maharashtra State Faculty Development Academy (MSFDA), a section 8 company, is established to impart need-based training programs for professional development of the faculty. These initiatives equip educators and institutions with skills to adapt to evolving educational paradigms, thereby strengthening the quality of higher education.

To address skilling gap in the workforce, the state has undertaken an ambitious project to modernise and upgrade the infrastructure of its Industrial Training Institutes (ITIs) across the state by dovetailing state budgetary resources and external funding from the World Bank. The state board for vocational education and training has been given statutory status and also got the recognition as the national accreditation body for vocational training programmes. Maharashtra has also set up Ratan Tata State Skills University for providing Industry relevant diploma, graduate and postgraduate programmes. The university has also done academic collaborations with prestigious global institutions. To bring innovations in academic institutions and build collaboration with the Industry, Maharashtra State Innovation Society is also giving financial support for setting up incubators in state universities and premier institutions. There is a policy to give financial reimbursement to start-ups for filing domestic and international patents. The government is also leveraging CSR funds to set up state of Art laboratories in the ITIs. Further, to promote entrepreneurial skills in Women in state, various skills, market & financial knowledge is being imparted to women via Woman Entrepreneurship Cells .

1.6.5 Health and Nutrition

Maharashtra has performed well in terms of health indicators as can be seen from the table below. The State has created a three-tier health infrastructure to provide comprehensive health services. The primary tier comprises of Sub-centres (10,765), Primary Health Centres (1,936) and Community Health Centres (367). The sub-district hospitals (101) and district hospitals (19) provide secondary care whereas, well equipped medical colleges and super-speciality hospitals located in major cities provide tertiary care.

Maharashtra has strong medical education system, which is being strengthened further establishing one Government Medical College in each district.

Universal Health Coverage (UHC): Over 12 crores population of the State is covered under this scheme which provides health coverage of Rs. 5 lakhs per year on a family floater basis wherein the benefit can be availed by one or all members of the family – this includes cashless secondary and tertiary healthcare procedures in network hospitals, and medical services i.e. surgeries/treatments requiring hospitalization under 34 specialties. The ailments covered are now increased to over 1900.

Table 1.1 Health Indicators

Indicator	India	Maharashtra
Crude Birth Rate per '000 (2020)	19.5	15.0
Crude Death Rate per '000 (2020)	6.0	5.5
Life expectancy at Birth (2016-20)	70.0	72.9
Infant Mortality Rate (IMR) (2020)	28	16
Under Five Mortality Rates (U5MR) (2020)	32	18
Neo-natal Mortality Rate (NMR) (2020)	20	11
Maternal Mortality Ratio (MMR) (2018-20)	97	33

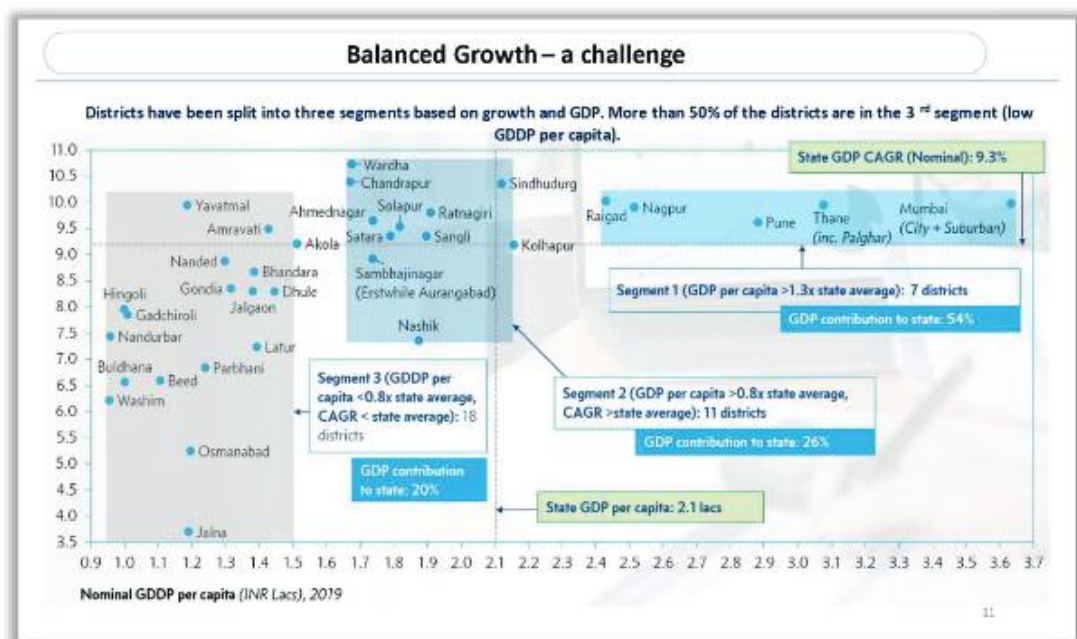
Source: Sample Registration System, ORGI, GOI

1.6.6 Commitment to Sustainable Development Goals and Climate Action

Sustainability is now a major factor in planning and state has some of the latest policies that push SDG agenda and Climate Action Plan. The State Government has undertaken various initiatives and formulated a comprehensive action plan focusing key sectors such as energy, transport, building, industry, agriculture, and urban development to align with the SDGs particularly those related to climate action (SDG13), clean energy (SDG7) and sustainable cities and communities (SDG11). Implementation Coordination Centre (SDG-ICC) has been established to coordinate with MoSPI, NITI Aayog and the line departments in state. The state is a pioneer in coming out with Green Hydrogen policy, EV policy, solarizing agriculture feeder in mission mode under MSKVY 2.0 are some of the transformative efforts in this direction. The State has prioritized key sectors for climate action:

Energy	:	Decarbonizing Power
Transport	:	Electric, shared, public and non-motorized
Build	:	Sustainable, low carbon infrastructure footprint
Industry	:	Modern & Clean technology (Green Hydrogen)
Agriculture	:	Sustainable practices (solarization of Agri feeders, solar Pumps installation)
Urban	:	Make cities livable

1.6.7 District Strategic Plans- balanced economic growth



Besides low GSDP growth rate, there are serious challenges of regional imbalances in the State with mere 7 districts contributing to 54% of State GDP. 18 districts have a growth rate less than 0.8x of the GSDP growth rate and per capita income below average state income. In fact, with state per capita income being 148% of the national average, 12 districts of the state have their per capita income below the national average.

The State Government has formulated District Strategic Plans (DSP) spanning 5 years, which is further supported by the World Bank project for accelerating balanced economic growth based on relative strengths of districts. State has increased District Annual Plan outlay by 11% to Rs 20,150 cr. this fiscal to help district administration to fund their growth strategies in a strategic manner. District Collectors are directed to spend minimum 25% of their outlay in District Annual Plan to sanction projects identified in DSP. Accelerated funding to districts identified strategies will make growth more even with rise in income across districts. Additional funding is provided to aspirational district and blocks. Naxal affected Gadchiroli district is being developed into a 'Steel Hub'.

1.7 Conclusion

Maharashtra exemplifies economic growth, excelling in industrial production, financial services, agriculture, and renewable energy. With a strong infrastructure base, progressive policies, and an unwavering commitment to innovation and sustainability, the state remains the largest contributor to India's growth story. Through fiscal prudence, adaptability, and strategic economic planning, Maharashtra continues to be a leader in India's economic landscape.

Maharashtra is in the cusp of economic transformation with the completion of path breaking infrastructure projects like Mumbai Trans-Harbour Link, Mumbai Coastal Road-phase 1 and Samruddhi Mahamarg, and line of ambitious infrastructure projects which are in different stages- Navi Mumbai International Airport, Mumbai Coastal Road Project, Metro projects in Mumbai, Pune and Nagpur, Vadhavan major port, Pune Ring Road, Shaktipeeth expressway, and greening energy sector by 2030. A progressive policy ecosystem, strong industrial base, and Ease of Doing Business will support its journey to a USD one trillion economy.

We seek support from XVI Finance Commission in form of larger share in transfer of Central funds -both devolution as well as grants-in-aid - to help state fire new growth engines for achieving aspirational economic growth rate. We strongly believe that support to states well placed to put Indian economy in higher growth trajectory will help India increase the size of devolution cake, making more funds available to everyone including less developed states.

Annexure 1

Introduction- State Profile at a Glance

The following table provides a comparative overview of key demographic, economic, and infrastructural indicators of Maharashtra in relation to the national average.

Table 1.2 State Profile at a Glance

S.No	Indicator	Reference Year	India	Maharashtra
1	Geographical Area (lakh sq. km)	2011	32.87	3.08
2	Population (lakh)	2011	12,108.55	1,123.74
3	Population Density (per sq. km)	2011	382	365
4	Urban Population (%)	2011	31.14	45.22
5	State Population (% of National Population)	2011	100	9.28
6	Population Decadal Growth Rate (%)	2001-11	17.7	16.0
7	Sex Ratio (females per 1000 males)	2011	943	929
8	Scheduled Caste Population (%of Total Population)	2011	16.63	11.81
9	Scheduled Tribe Population (%of Total Population)	2011	8.63	9.35
10	Female Work Participation Rate (%)	2011	25.51	31.06
11	Per Capita Income (Rs.)	2023-24	1,88,892	2,78,681
12	Per Capita Deposits (Rs.)	31st March, 2024	1,51,729	3,66,508
13	Per Capita Credit (Rs.)	31st March, 2024	1,19,931	3,61,081
14	Credit-Deposit Ratio (%)	31st March, 2024	79	98.5
15	Cereal Yield (kg/ha)	2020-23	2,887	1,795
16	Pulse Yield (kg/ha)	Triennial Average - Yield per hectare	892	956
17	Foodgrain Yield (kg/ha)		2,438	1,436
18	Oilseed Yield (kg/ha)		1,309	1,308
19	Cotton-Lint Yield (kg/ha)		441	345
20	Sugarcane Yield (tonne/ha)		84	92
21	Per Capita Foodgrain Production (kg)	2022-23	238.4	132.8
22	Fertilizer Consumption (kg/ha)	2021-22	136	121.9
23	Forest Cover (% of total area)	2023	21.8	16.5
24	Tree Cover (% of total area)	2023	3.4	4.7
25	Literacy Rate (%)	2011	72.98	82.34
26	Mean age at effective marriage (females)	2020	22.7	23.7
27	Annual per capita ultimate. Consumption of electricity* (kwh.)- Total	(2023-24)	966.38	1,276.50
	Domestic		268.04	275.2
	Industrial		314.42	493.8
	Agriculture		194.95	322.4
28	Motor vehicles per lakh population*(no.)	(31-3-2020)	24,046	30,482
29	Total road length per hundred sq.km of area (km)	(31-3-2019)	165	207
30	Railway route length per hundred sq. km of area (km)	(31-3-2024)	2.1	1.93

S.No	Indicator	Reference Year	India	Maharashtra
31	Tele density-(As on 30st September 2024)	Wireless	82.07	96.34
32	Total Internet Subscribers per 100 population		69.1	86.42



Maharashtra has made considerable progress in social and economic development. This progress has been supported by effective fiscal management of the State Government. Despite constraints on the revenue receipts front and increasing revenue and capital expenditure, the State has managed to achieve and maintain most of the targets laid down in the FRBM Act. The State has enacted the Maharashtra Fiscal Responsibility and Budgetary Management Rules in 2006 (amended in 2008) as per the guidelines of the Central FRBM Act, 2005. The need for counter cyclic fiscal measures has been kept in mind while fixing the targets under the State FRBM Act.

The thrust of improving the finances of the State is on reducing the revenue deficit, improving quality of expenditure, containing fiscal deficit and maintaining public debt within prescribed limits. The strategy for achieving this is by reducing the committed expenditure, increasing capital expenditure to ensure higher investments in infrastructure and better cash and debt management.

2.1 Trends in Budgetary Resources

The total budgetary resources of the State Government have grown at a CAGR of 11.1 percent between 2011-12 and 2024-25 Unaudited actuals (UA) supported by growth in revenue receipts. The share of total receipts as per cent of GSDP has been on increasing trend (except during 2021-22 due to covid-19). From a share of 11.2 per cent in 2011-12, the share has grown up to 13.5 per cent in 2024-25 (UA). The uptrend indicates that the growth in receipts has outpaced economic growth of the State. The reason for this can be attributed to the fact that services sector in the State is the major growth driver and before the implementation of GST, taxation on services was under the ambit of the Central Government. The share of capital receipts in total receipts remained around 20 to 25 percent.

Figure 2.1 Trends in Receipts (Rs in crores) 2011-12 to 2024-25 (UA)



Source: Finance Accounts & Budgets of the relevant years

2.2 Growth in Revenue

The revenue receipts of the State grew at a CAGR of 11.6 per cent from Rs. 1,21,286 crores (85.0 per cent of total receipts) in 2011-12 to Rs. 4,30,596 crores (81.0 per cent of total receipts) in 2023-24. State's own tax revenue, with an average share of 68.7 per cent during 2011-12 to 2024-25 (UA), is the major component of revenue receipt, followed by share in central taxes (14.0 per cent) and grants (11.2 per cent).

Figure 2.2 Trends in Receipts (Rs. in Crores)

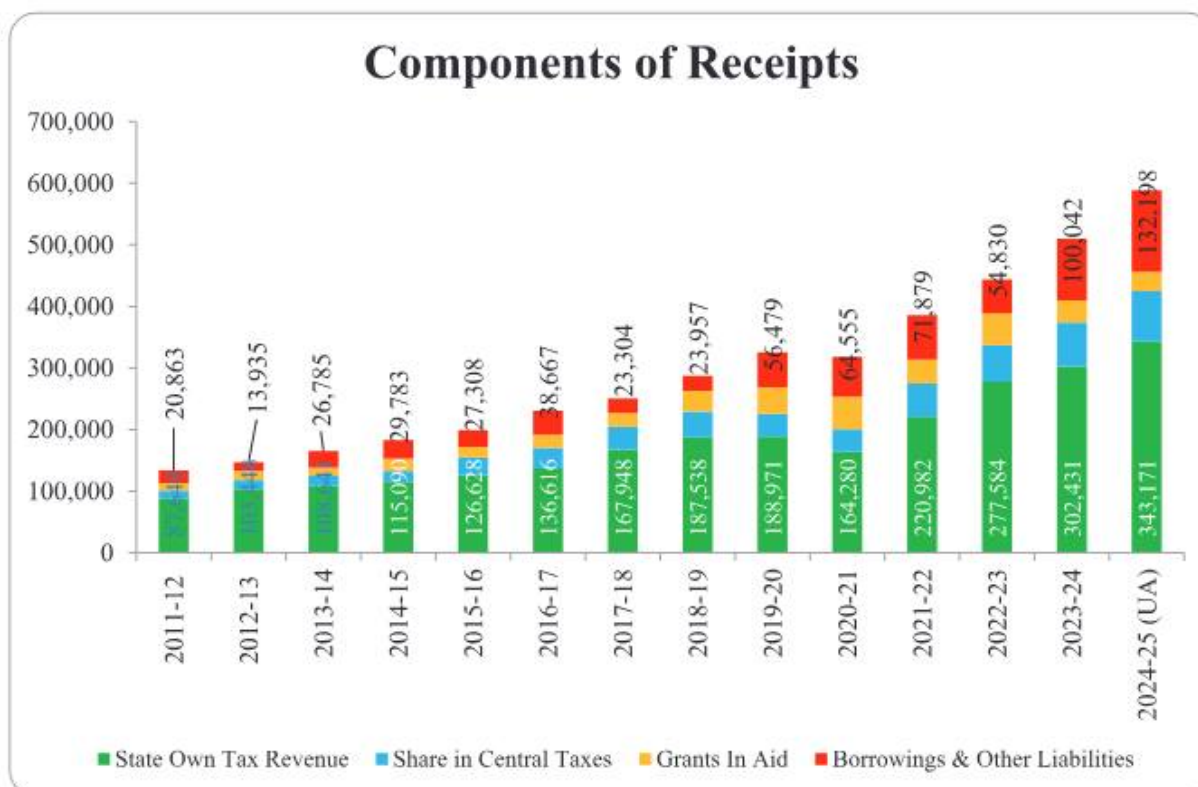
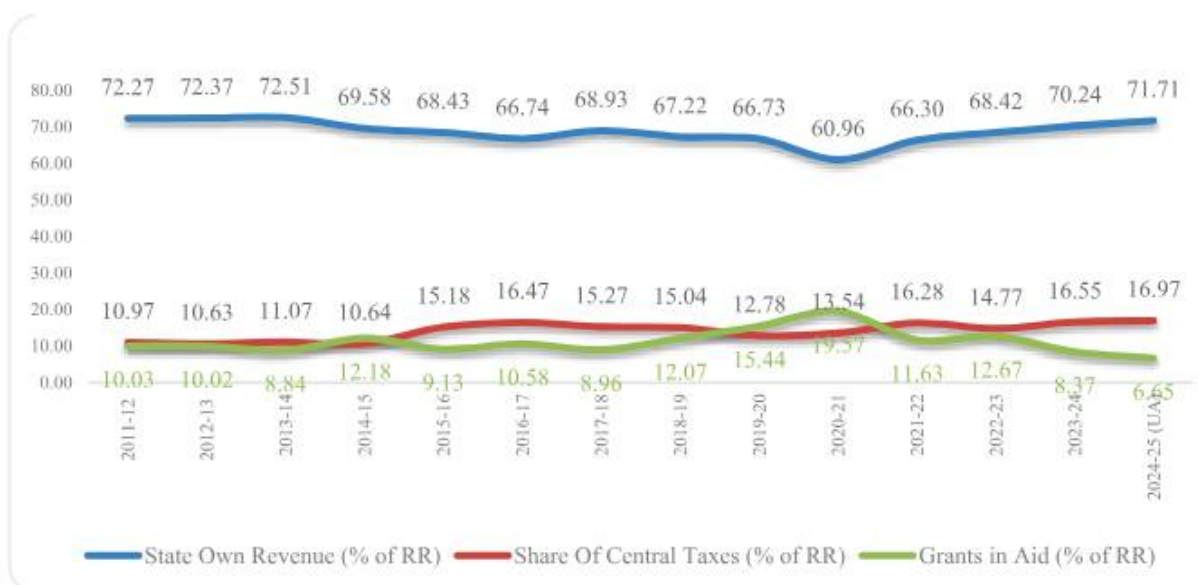


Figure 2.3 (% of Revenue Receipts)



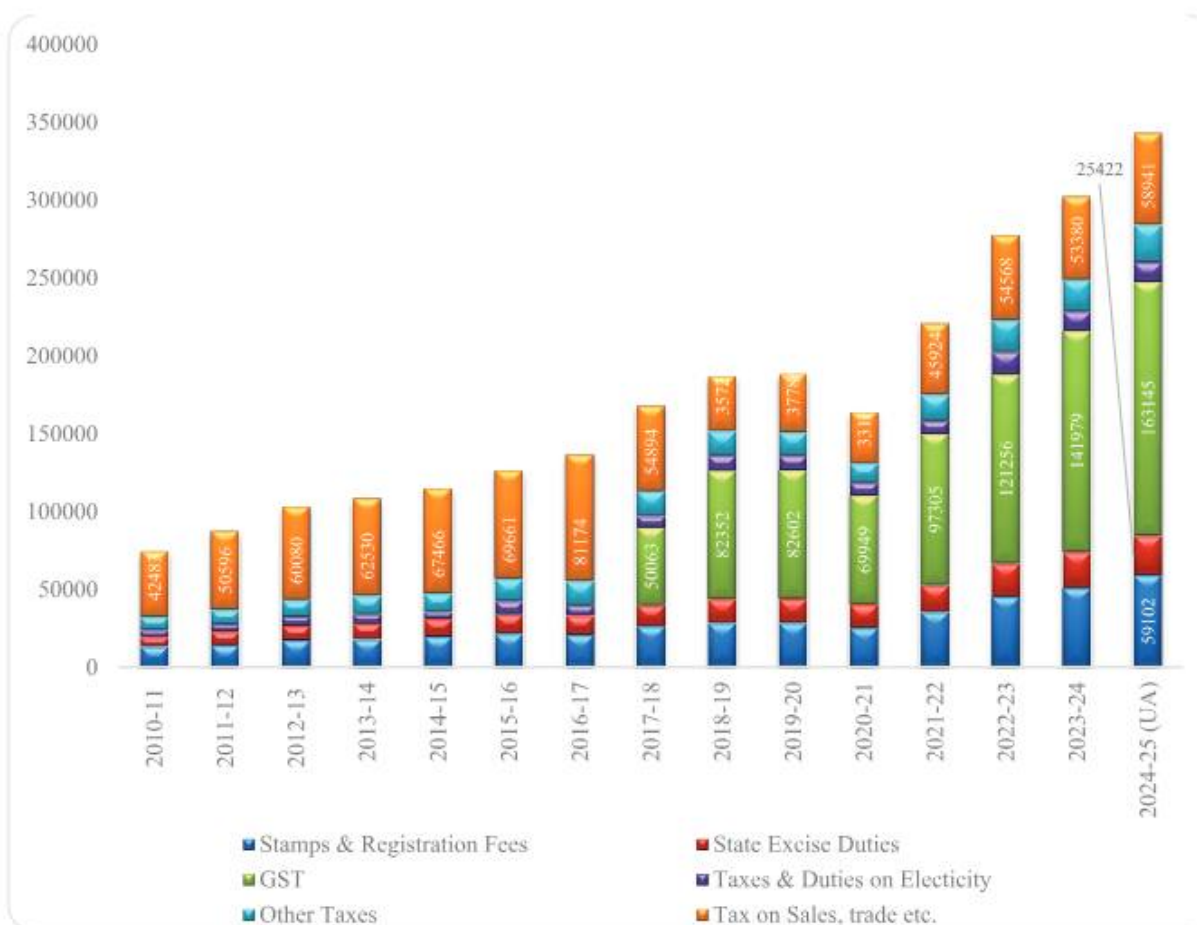
Source: Finance Accounts & Budgets of the relevant years

2.2.1 Own Tax Revenues:

There has been growth in own tax revenue collection. Tax revenue of the State has jumped from Rs. 87,648 crores in 2011-12 to Rs. 3,02,431 crores in 2023-24, growing at average share of 68.7 per cent. Further, the own tax revenue has grown from Rs. 3,02,431 in 2023-24 to Rs. 3,43,171 in 2024-25 (UA) i.e. 13.5 percent.

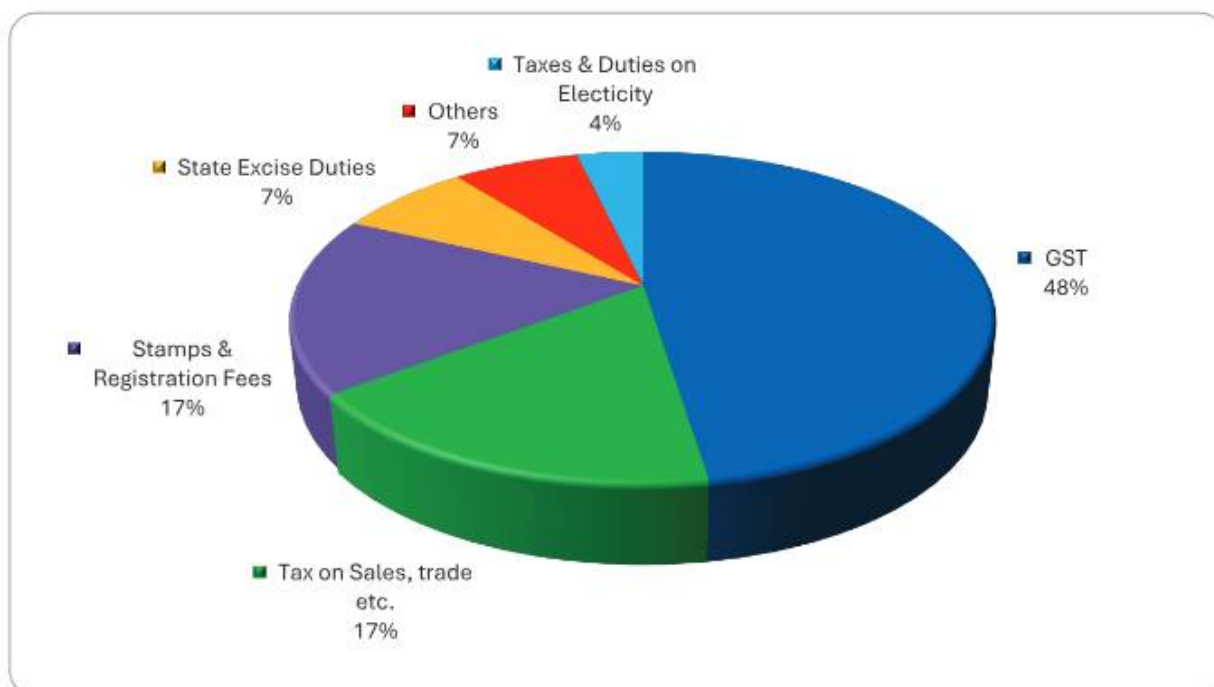
Own Tax Revenue has grown from 2015-16 to 2024-25 (UA) at CAGR of 11.1 percent.

Figure 2.4 Trends in Own Tax Revenue (Rs. In Crores)



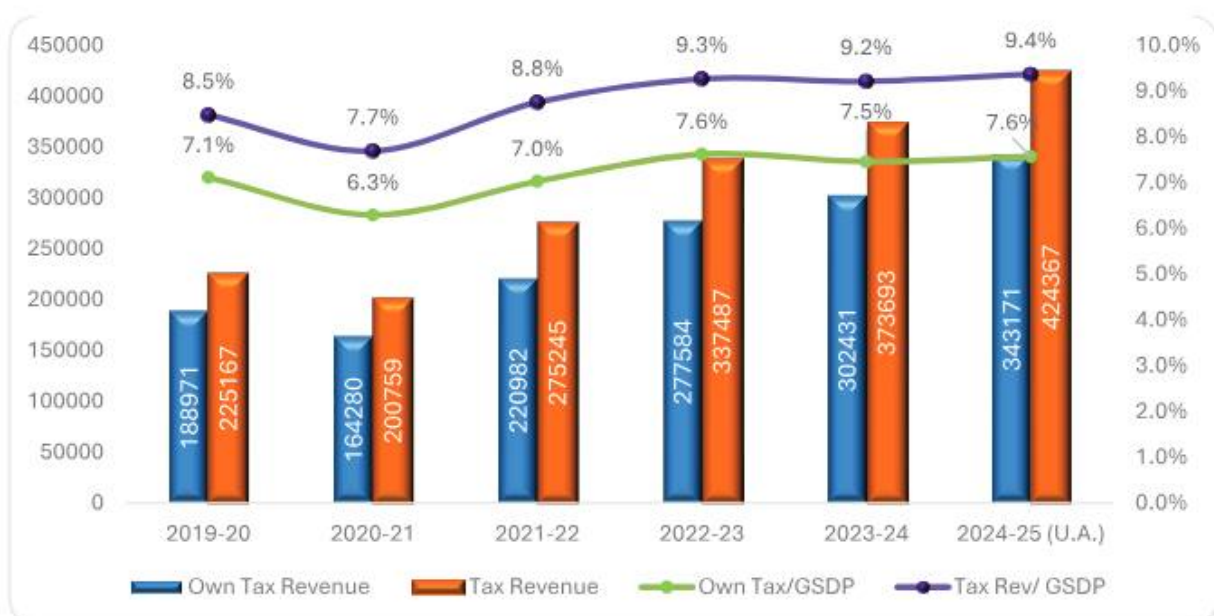
Source: Finance Accounts & Budgets of the relevant years

Figure 2.5 Components of Own Tax Revenue (% share in OTR in 2024-25 (UA))



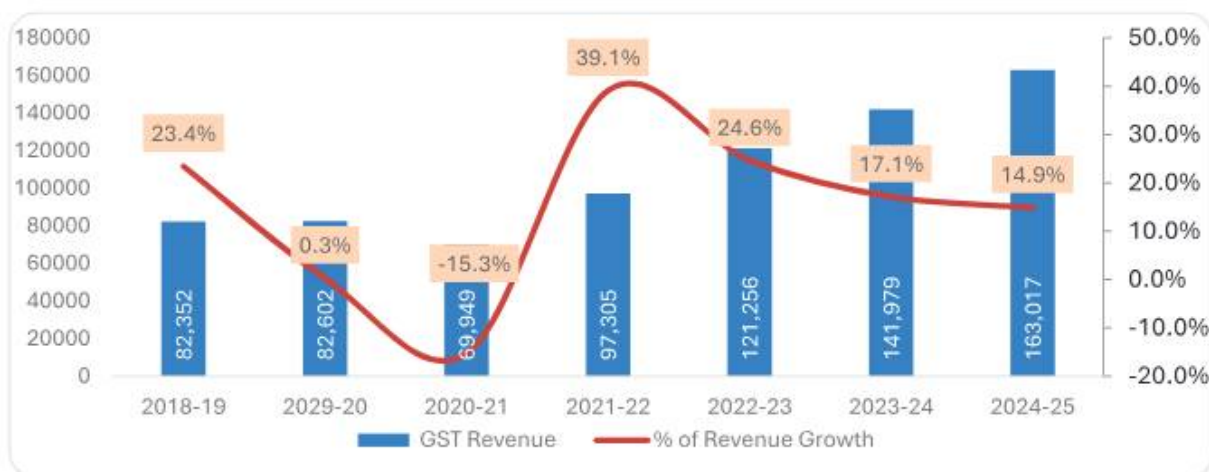
Source: Finance Department, GoM

Figure 2.6 Tax to GSDP (Rs. in Crores)



Source: Finance Accounts & Budgets of the relevant years (Rs. in Crores)

Figure 2.7 Goods and Service Tax



GST was implemented from Jul-2017 therefore the data for 2017-18 pertains to 1st Jul 2017 to 31st Mar 2018.

* 2018-19 growth is calculated using extrapolated nine months figures for 2017-18.

** Data for 2024-25 is from 1st Apr 2024 to 31st Mar 2025(Unaudited).

GST was introduced in July 2017, replacing 13 different types of state taxes, including the Octroi levied by the Greater Mumbai Municipal Corporation. This landmark reform ushered in a new era of ease of doing business while significantly reducing the compliance burden for businesses in Maharashtra. Since its implementation, GST has led to a substantial improvement in the state's revenue. The state government has consistently maintained a CAGR collection growth rate of 13.2%.

The simplified tax compliance process and a business-friendly environment have contributed to a remarkable increase in the taxpayer base, doubling from 8 lakh to 16 lakh. This growth reflects both the widening and deepening of the tax base, signaling a positive revenue trend for the future. Key sectors driving GST collections include manufacturing industries such as automobiles, steel, and pharmaceuticals, as well as service sectors like banking, financial services, insurance, and online gaming. Their substantial contributions have reinforced Maharashtra's strong tax revenue growth under GST.

2.2.2 Stamp Duty and Registration Fee

The Stamps and Registration Department is undertaking several initiatives making it one of the high revenue generating department in the state. These initiatives include e-Registration (leave and License and registration of first sale of Flat), E-filing of Notice of intimation, Marriage

Registration, Implementation of Section 10D Payments on NeSL Platform, Payment Transformation (Pay2IGR), e-Frinking of Stamps, Adjudication of Documents, MySarita Mobile Application, Salokha Yojana, Abhay Yojana, Sarathi Helpline (dedicated call center for citizen help). As a result the Stamps and Registration Department of Maharashtra has demonstrated revenue growth at a CAGR of 10.2 percent in last ten years.

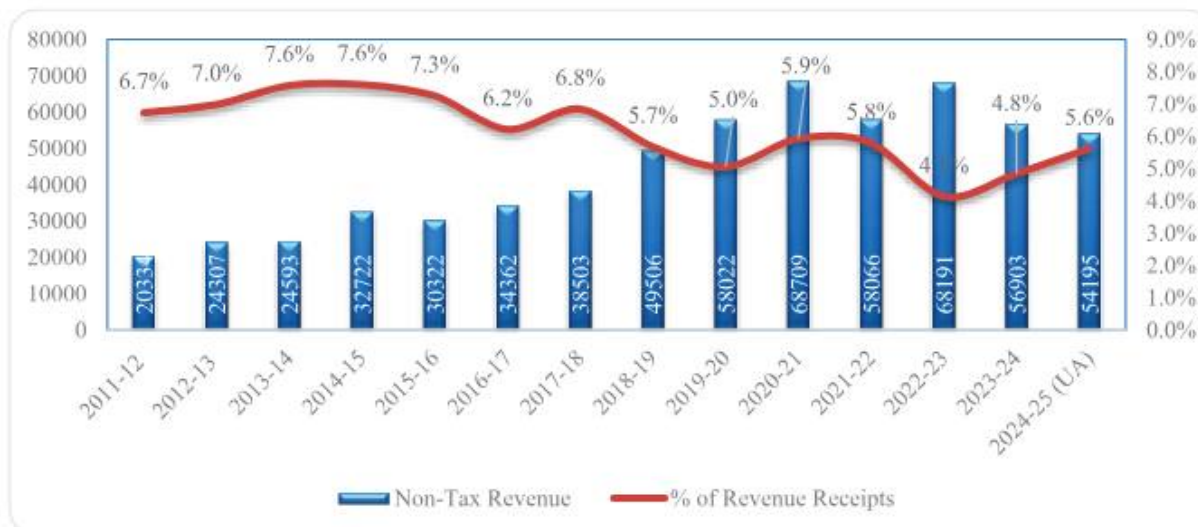
Figure 2.8 Stamp Duty and Registration Fee



2.2.3 Non-Tax Revenue

Maharashtra's non-tax revenue has grown almost three times since 2011-12, from Rs. 8,168 crores to Rs. 30,140 crores in 2024-25 (UA). However, the share of non-tax revenue in total revenue has been on a decline.

Figure 2.9 Non-Tax Revenue (Rs. in Crores) and % of Revenue Receipts (2011-12 to 2024- 25 (UA))



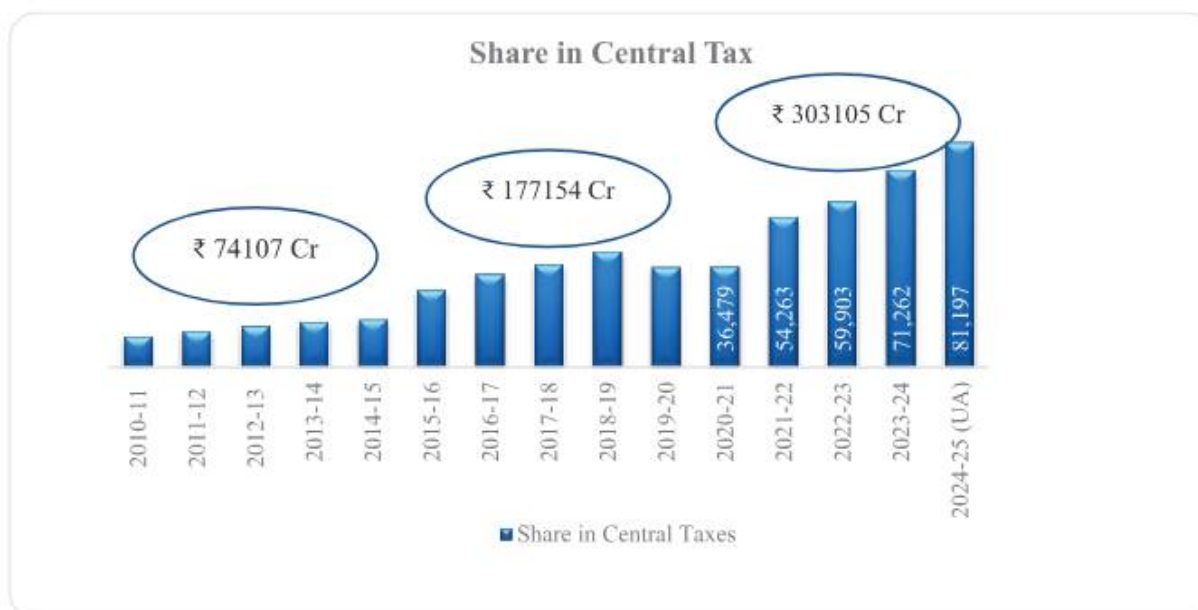
Source: Finance Accounts & Budgets of the relevant years

The economic services have been the major contributor of non-tax revenue with an average share of 41 per cent. Interest, dividends and profits contribute around 21 per cent to non-tax revenue of the State. The recovery for the economic services has declined from 16.9 percent during 2011-14 to 7.9 percent in 2016-21. One of the reasons for lower non-tax revenue is the low cost recovery against the economic and social services.

2.2.4 Share in Central Taxes

The devolution of central taxes was increased from 32 per cent in the FC-XIII to 41 per cent in the FC-XV. This has improved the overall devolution of taxes to the State Government. The share of central taxes devolution to the State Government as a per cent of GSDP grew from 1.51 per cent in the FC- XIV to 1.69 per cent in the FC-XV.

Figure 2.10 Trends in Central Tax Devolution (Rs. in Crores)

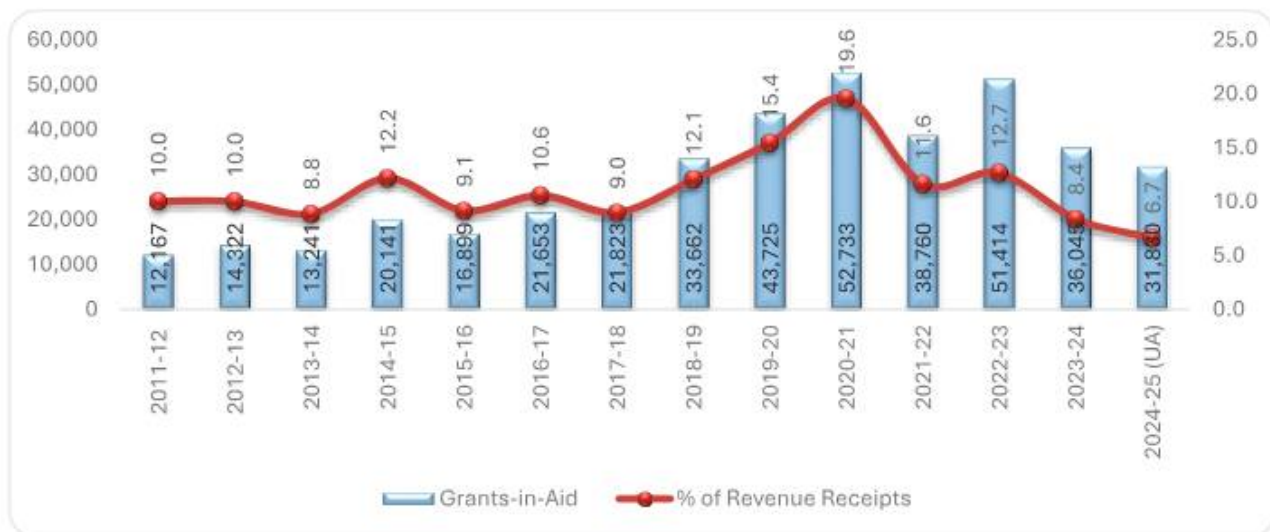


Source: Finance Accounts & Budgets of the relevant years

2.2.5 Grants-in-Aid

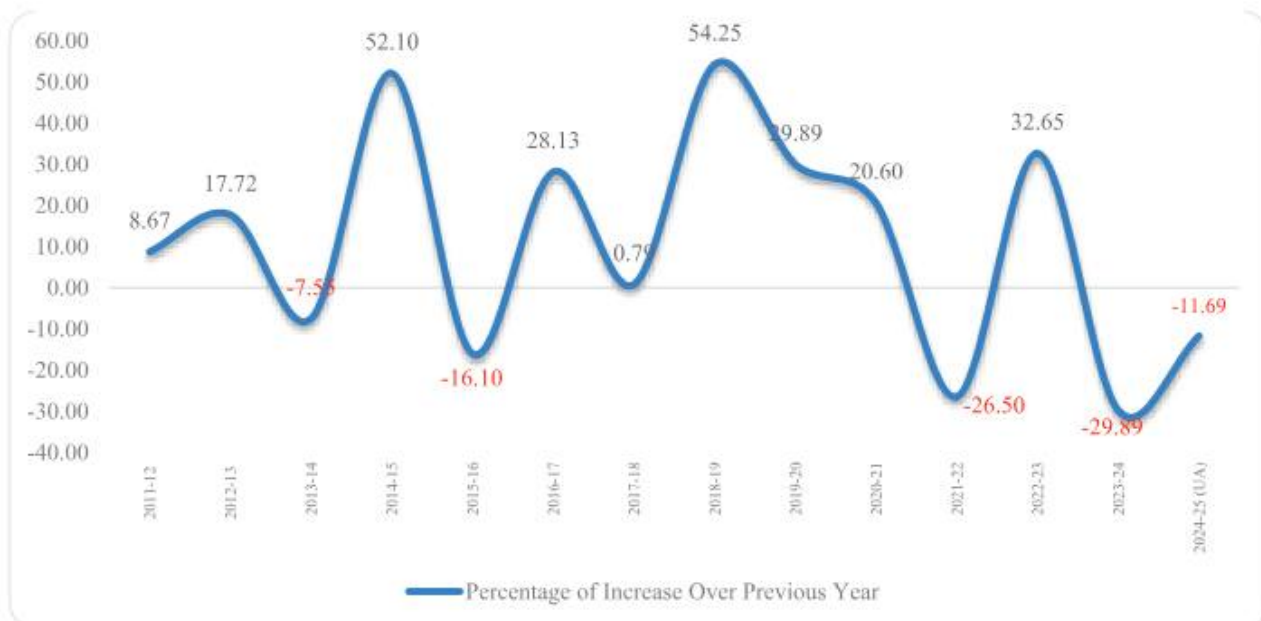
On the other hand, the proportion of grants from the Centre to the States have reduced. This was due to the fact that some of the Centrally Sponsored Schemes (CSS) were discontinued and the Centre- State share of the remaining CSS were revised with an increased burden on the State. The revenue expenditure of these schemes further increased due to enhanced remuneration given to contractual employees involved in implementation of CSS.

Figure 2.11 Trends in Grants-in-Aid from Central Government (Rs. in Crores)



Source: Finance Accounts & Budgets of the relevant years

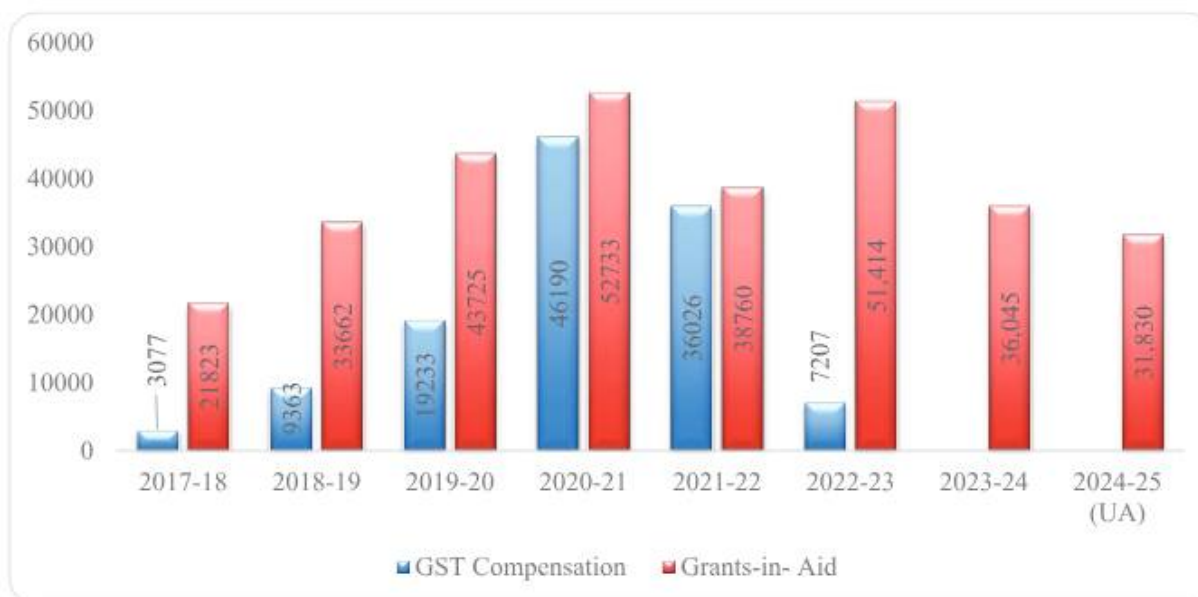
Figure 2.12 Trends in Grants-in-Aid from Central Government Growth (% Y-O-Y)



Source: Finance Accounts & Budgets of the relevant years

Figure 2.13 Grants-in Aid with GST Compensation

(Rs. in crores)



Note: *Excess amount Rs 508.9 Cr received in 2017-18 was adjusted against the devolution as per the order from Central Authorities.

2.2.6 Expenditure Management

The State's Total Expenditure grew from Rs 1,42,270 crores in 2011-12 to Rs. 6,05,614 crores in 2024-25 (UA). However, as a per cent of GSDP, it increased from 11.1 per cent in 2011-12 to 13.4 per cent in 2024-25 (UA). The major expenditure of the State is on revenue side.

Figure 2.14 Trends in Revenue & Capital Expenditure (% of GSDP)

(Rs. in Crores)



Source: Finance Accounts & Budgets of the relevant years

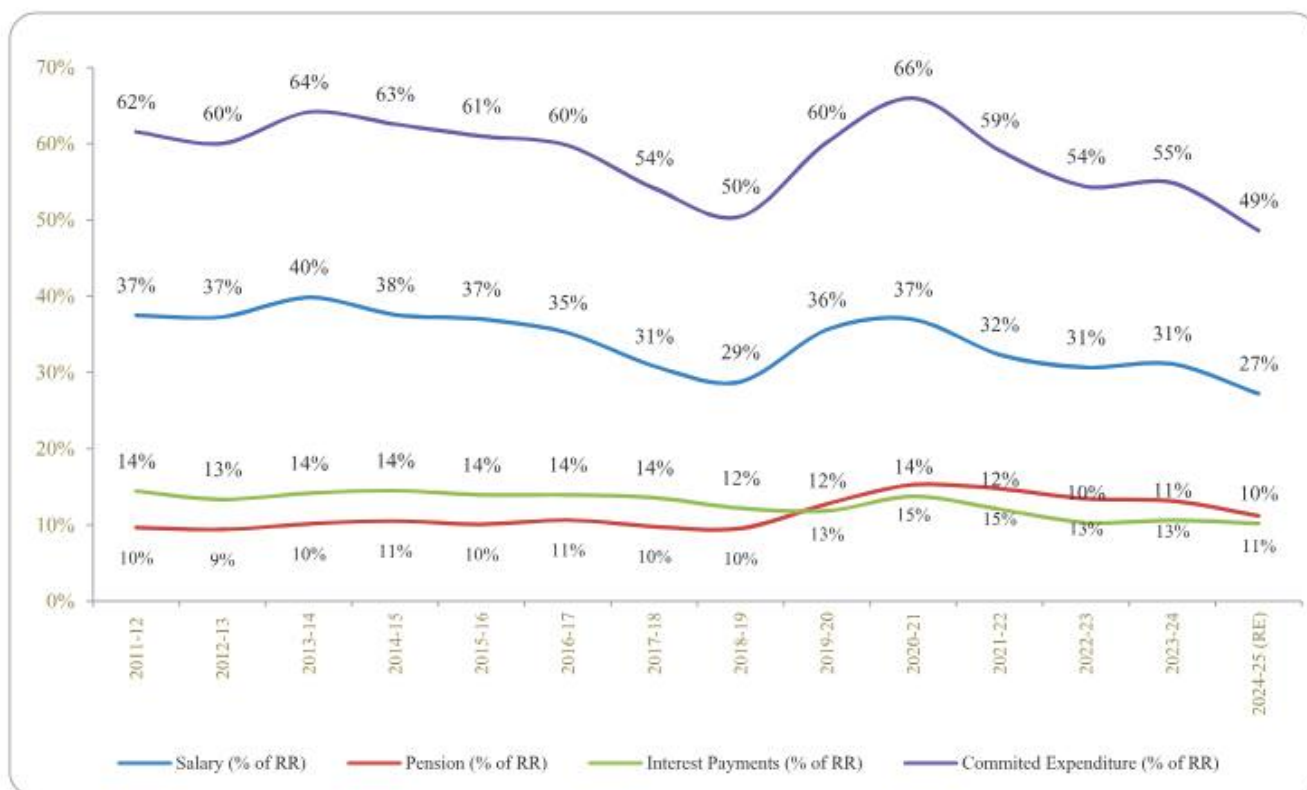
2.2.7 Revenue Expenditure

The share of revenue expenditure in total expenditure has marginally decreased in the last decade, falling from 86.8 per cent in 2011-12 to 84.4 per cent in 2024-25 (UA). However, due to recent announcements of welfare schemes it is likely to increase further in coming years.

2.2.8 Committed Expenditure

Above 55 per cent of the revenue receipt of the State is spent on salary, pension and interest. The expenditure on salary and pension is expected to rise in coming fiscal years due to implementation of Unified Pension Scheme. However, one of the positives for the State is the decline in the share of interest payment to revenue receipts which has come down from 14.4 per cent in 2011-12 to 10.2 per cent during 2024-25 (RE). This is an indicator of a good debt management by the State.

Figure 2.15 Share of Salary, Pension and Interest Payment as % of Revenue Receipts (2011-12 to 2024-25 (RE))



Source: Finance Accounts & Budgets of the relevant years

2.2.9 Capital Expenditure

The share of capital expenditure has increased from 13.2 per cent in 2011-12 to 15.6 per cent in 2024-25 (UA). The trend of the capital expenditure as a per cent of GSDP is also increasing. It may however be pertinent to point out that the State Government is making substantial grants to Urban Local Bodies and Panchayati Raj Institutions for creation of capital assets. While this expenditure is currently reflected in the State Government's accounts as Revenue Expenditure, it nonetheless results in creation of capital assets in the State. The increase in capital expenditure can be partly attributed to interest free loan from the central government to the states under Special Assistance scheme for Capital Investment.

State Government departments along with State parastatals like Mumbai Metropolitan Regional Development Authority (MMRDA), Maharashtra State Road Development Company (MSRDC), City and Industrial Development Corporation (CIDCO), Maharashtra Industrial Development Corporation (MIDC) etc., are investing over Rs. 1.5 lakh crores in creation of infrastructure across the State.

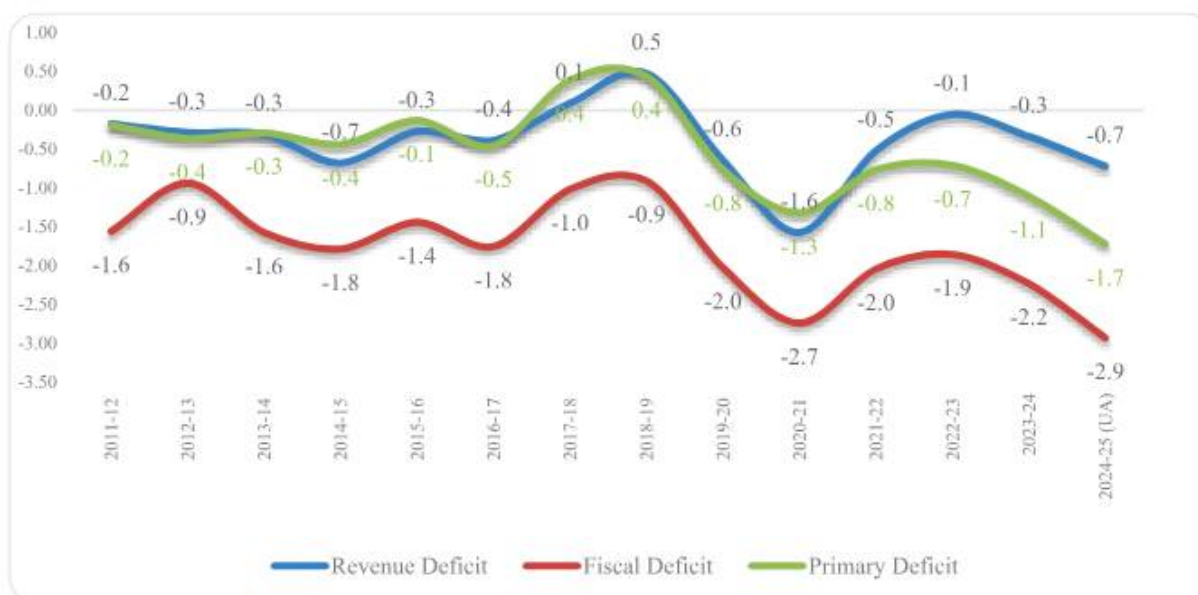
Table 2.1 Capex through Parastatals

Year	Capex through RR Budget (Rs crores)	Capex parastatals through (Rs crores)	TOTAL CAPEX (Rs crores)
2018-19	36594	35036	71630
2019-20	38385	62791	101176
2020-21	32029	54175	86204
2021-22	49106	61212	110318
2022-23	66308	61234	127542
2023-24	77548	72666	150214
2024-25	109031	61354 (upto Dec.2024)	170385

2.3 Fiscal Deficit Scenario

Since 2011-12, the State has been successful in maintaining the fiscal deficit below the 3 per cent level prescribed in the FRBM Act. In 2024-25 (UA), fiscal deficit is expected to be around 2.9 per cent of GSDP. On the revenue deficit front due to heightened expenditure on the revenue side, Maharashtra's revenue deficit has increased in the last few years except 2 instances (2017-18 and 2018-19).

Figure 2.16 Trends in Deficits (% of GSDP) (2011-12 to 2024-25 (UA))



Source: Finance Accounts & Budgets of the relevant years

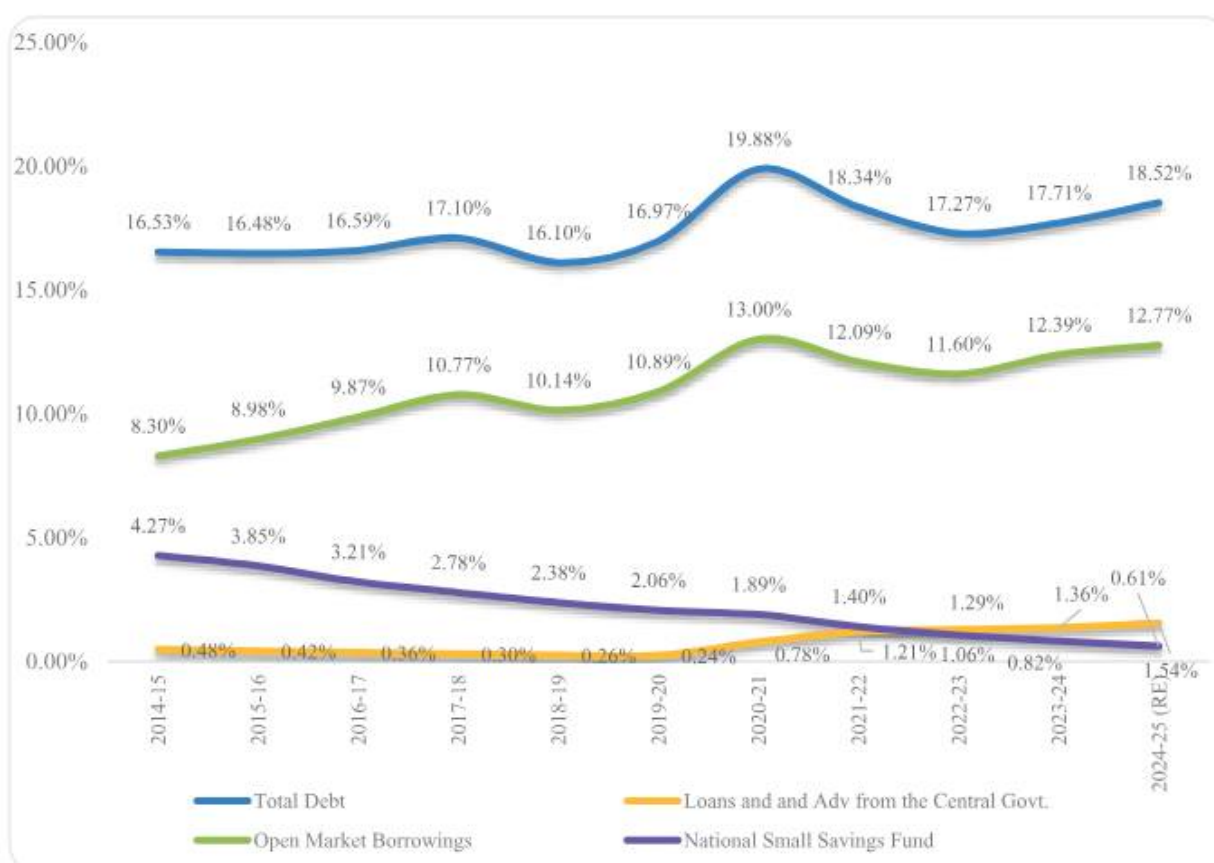
In 2019-20, revenue deficit was around 0.64 per cent, which increased to 1.5 per cent in 2020-21 due to decline in revenue receipts during Covid pandemic. In 2024-25 (UA), the revenue deficit is likely to be around 0.7 per cent. Primary Deficit also worsened, increasing from 1.1 per cent of GSDP in 2023-24 to 1.7 per cent of GSDP in 2024-25 (UA).

2.3.1 Debt Management

The State has significantly improved its debt position over the period of 2011 to 2025 with major changes in the debt structure due to the Fiscal Responsibility and Budgetary Management Act. The ratio of total debt to GSDP has declined from 25.5% in 2005-06 to 18.52 % in 2024-25 (RE). The outstanding debt was Rs. 8,39,275 crores at the end of 2024-25.

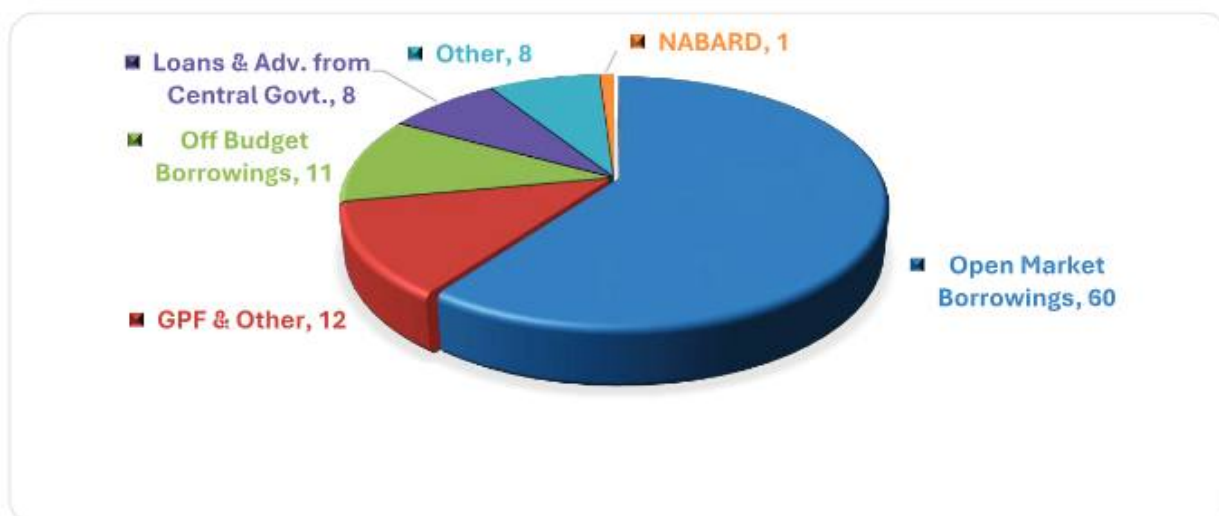
Open market borrowings and externally aided borrowings are the main components of the state's debt. Earlier, though the National Small Savings Fund accounted for the largest share of loans in Maharashtra's debt picture, the state has shifted away from the National Small Savings Fund due to high interest burden.

Figure 2.17 Trends in Debt (% of GSDP) (2024-25)



Source: Finance Accounts & Budgets of the relevant years

Figure 2.18 Debt composition (%), 2024-25 (RE)

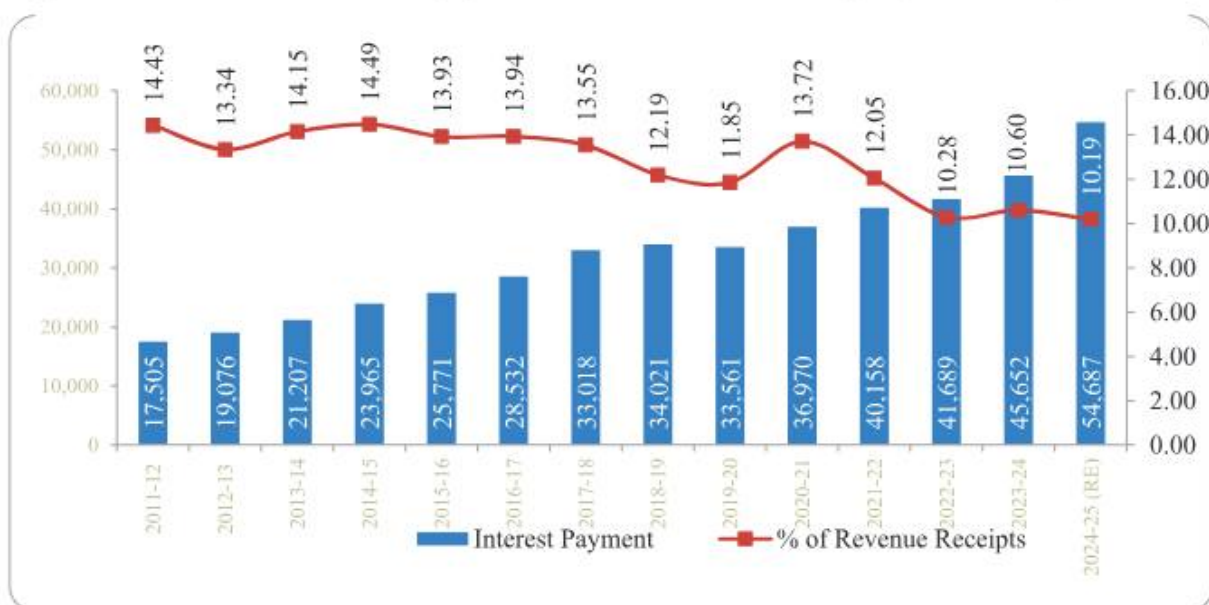


Source - Finance Accounts & Budgets of Maharashtra (2024-25)

2.3.2 Interest Payment

Interest payment as a percentage of revenue receipts has declined incrementally from a high of 14.43% in 2011-12 to 10.19% in 2024-25 (RE) in line with structural changes in the debt structure.

Figure 2.19 Trends in Interest payment as % of Revenue Receipts (Rs. in crores)



Source: Finance Accounts & Budgets of the relevant years

Under the National Small Savings Scheme (NSSF), an amount of Rs. 27851.27 Crores (2024-25) is outstanding. The rate of interest charged on the National Small Savings Fund is much higher as compared to the prevailing market rate of borrowing in the open market. Investments in Small

Savings Fund is much higher as compared to the prevailing market rate of borrowing in the open market.

Table 2.2 Outstanding Loan on NSSF Borrowing of the State Government

Item	Outstanding Principal (Rs. in Crores)
Loans Aailed at 10.5 %	1971.89
Loans Aailed at 9.5 %	25879.38
Total	27857.27

(Source- Finance Department)

2.4 Financial Projections for the period 2026-27 to 2031-32

Detailed financial projections have been submitted to the Finance Commission. Some of the key fiscal ratios are presented below.

Table 2.3 Financial Projections (2026-27 to 2031-2032)

As % of GSDP	2024-25 (Unaudited Actuals)	2025-26 (Projected)	2026-27 (F)	2027-28 (F)	2028-29 (F)	2029-30 (F)	2030-31 (F)	2031-32 (F)
Total Revenue Receipts	10.6%	10.7%	10.8%	11.0%	11.1%	11.3%	11.4%	11.6%
State Own Tax Revenue	7.6%	7.7%	7.8%	8.0%	8.1%	8.2%	8.3%	8.5%
State Non Tax Revenue	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%
Share in Central Taxes	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%
Grants-in -Aid from the Centre	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%
Revenue Expenditure	11.3%	11.7%	11.8%	11.9%	12.1%	12.2%	12.4%	12.5%
Salaries	3.22%	3.50%	3.60%	3.61%	3.61%	3.61%	3.62%	3.62%
Pension	1.32%	1.52%	1.50%	1.50%	1.50%	1.51%	1.51%	1.51%
Interest	1.21%	1.31%	1.38%	1.46%	1.53%	1.60%	1.66%	1.73%
Revenue Deficit	0.59%	0.97%	0.98%	0.98%	0.98%	0.97%	0.97%	0.96%
Total Capital Receipts	2.98%	3.05%	3.03%	3.01%	2.99%	2.96%	2.94%	2.91%
Capital Expenditure	2.08%	2.08%	2.05%	2.03%	2.01%	1.99%	1.97%	1.95%
Fiscal Deficit	2.93%	2.99%	2.98%	2.96%	2.93%	2.91%	2.88%	2.85%
Primary Deficit	1.7%	1.7%	1.6%	1.5%	1.4%	1.3%	1.2%	1.1%
Debt Stock	18.5%	19.8%	20.9%	22.0%	22.9%	23.7%	24.3%	24.9%
Interest as a % of Total Revenue Receipts*	10.19%	12.24%	12.77%	13.27%	13.74%	14.17%	14.58%	14.95%

3 Vertical Devolution

3.1 Introduction

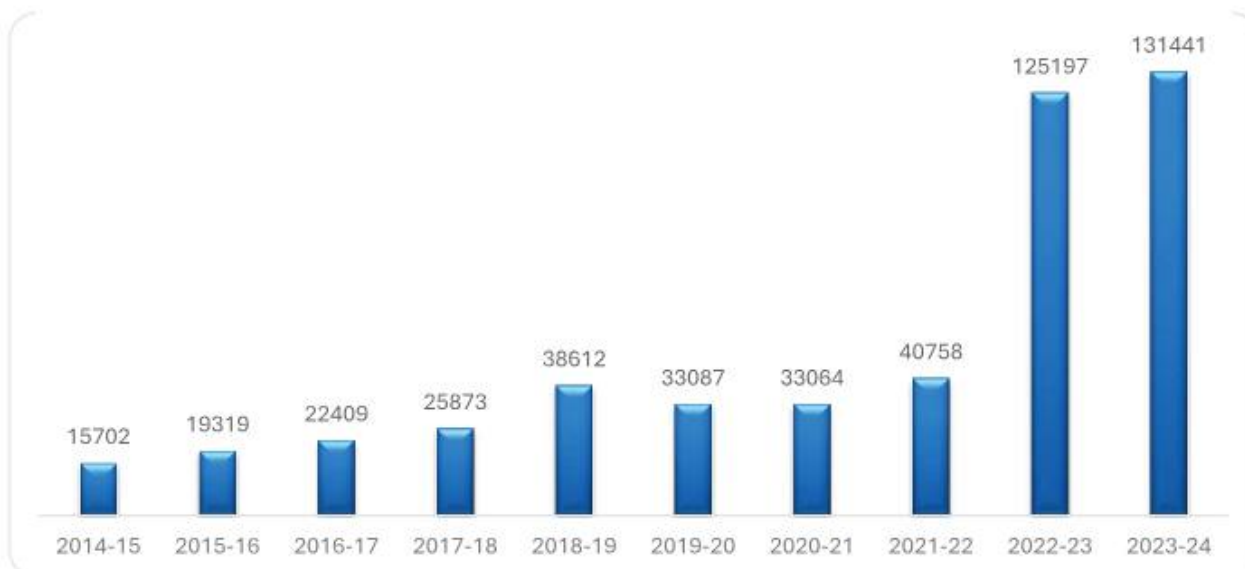
The Finance Commission recommends the vertical devolution of the net proceeds of taxes collected by the Union Government. These net proceeds, after excluding cesses, surcharges and cost of collection, constitute the divisible pool. The FC-XV acknowledged in the report about the view expressed by almost all States that the vertical devolution should be a 50:50 distribution between the Union and the State Governments, especially given the declining share of the divisible pool in gross revenue. We believe that tax devolution should be the primary route of transfer of financial resources to the States. The pertinent reasons for enhancing the vertical devolution are elaborated in this chapter.

3.2 Inadequate transfer of financial resources from the Union Government

3.2.1 Cesses and Surcharges

The divisible pool of taxes was expanded to include revenues from all central taxes, excluding the cesses and surcharges levied by the union government, as per the Constitution (Eightieth Amendment) Act, 2000. The total amount of cesses grew drastically by 737% from 2014-15 to 2023-24, as evident from the Figure 3.1 given below:

Figure 3.1 Major Cesses collected as part of principal taxes by Government of India



Source : Statement referred to in reply to Lok Sabha Starred Question No. 231 for answer on 17-03-2025, (figures in Rs. In Crores)

There are instances where the basic tax has been substantially reduced while increasing the cesses and surcharges. For example, at present, basic excise duty on one liter of petrol and diesel is Rs 1.40 and Rs 1.80 respectively whereas the cesses and surcharges on one litre of petrol and diesel are Rs 18.5 and Rs 14 respectively. Hence, though the Government of India levies excise duty at

the rate of Rs 19.90 per litre of petrol and Rs 15.80 per litre of diesel, a mere Rs 1.40 per litre of petrol and Rs 1.80 per litre of diesel goes to the divisible pool. This has led to a situation where the actual devolution to the States is not commensurate with the increase in gross revenue of the Union government.

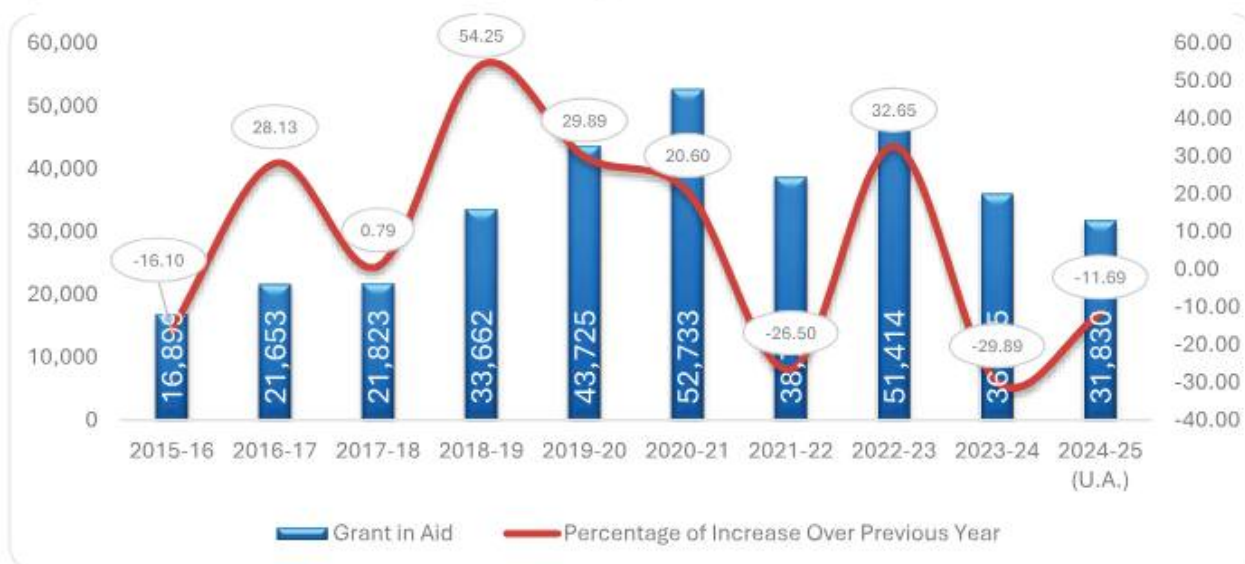
3.2.2 Non-Tax Revenue of the Union Government

The non-tax revenue of the Union Government includes dividends, profits, interest receipts, fees, charges, royalty, rent and other receipts. The non-tax revenue receipts of the Central Government have grown substantially due to the realization from the proceeds of auctions, spectrum sales and dividends. These receipts play a vital role in supplementing the tax receipts of the Government of India. However, it is not included in the divisible pool. The 14th Finance Commission had suggested that the State should get a share of the disinvestment proceeds of the public sector units wound up in a particular State, as the State Government concerned also requires to bear the burden inter alia, of unemployment and loss of taxes.

3.2.3 Grants-in-aid from the Union Government

Maharashtra has experienced a substantial reduction in the grants from the Union government due to the discontinuation of the GST compensation and the fall in the central share in the various centrally sponsored schemes and in the 15th Finance Commission grants. This will be evident from Figure 3.2 given below. In 2024-25, Maharashtra received only Rs 31830.31 crores as the total Grants-in-aid from the Union government, which is only 55.17% of the revised estimates (Rs 57,692.35 crores) for the Financial Year.

Figure 3.2 Grants-in-aid received from GoI by Maharashtra



Source : Budget in Brief, Maharashtra, for relevant years

(a) 15th Finance Commission Grants

States currently receive grants-in-aid from the Government of India, as per the recommendations of the 15th Finance Commission. However, it is very difficult to obtain these grants, as they are mostly tied grants with many conditions, which may not be suitable for the ground situation of various States. The following table represents that Maharashtra has been unable to obtain a substantial portion of these grants.

Table 3.1 15th Finance Commission Grants received by Maharashtra

(Rs. in crores)

Department	Scheme	Total Receivable Amount (2020-2026)	Received Amount	Balance Amount to be received from Gol
Rural Development	RLB	28540.00	20589.79	7950.21
Urban Development	ULB	14417.00	7566.06	6850.94
	NDRF (Fire Fighting)	461.61	138.09	323.52
Relief and Rehabilitation	SDRMF	21025.00	16154.20	4870.80
Public Health	Health Grant for RLBs & ULBs	7067.00	2491.03	4575.97
Total		71510.61	46939.17	24571.44

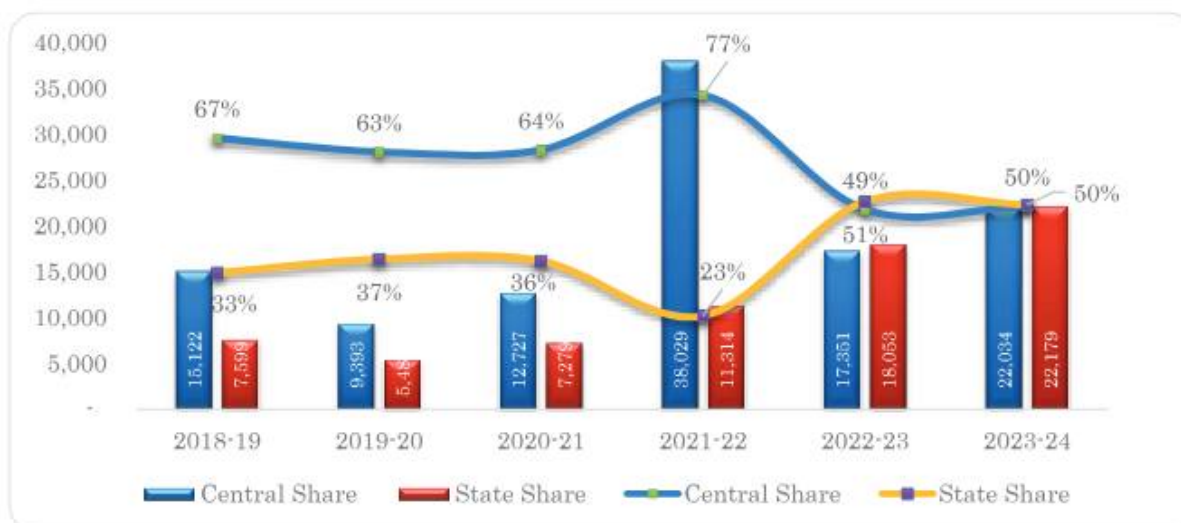
Source : Finance Department, Government of Maharashtra

This underscores the need for higher devolution from the Union government to the States.

(b) Centrally Sponsored Schemes

There has been a reduction in the central share of the various Centrally Sponsored Schemes (CSSs) over the last few years. The main reason which has contributed to this scenario is the policy decision of the Union government to reduce the central share of the various components of different CSSs. Another factor is that the State government has to top-up the State share in various centrally sponsored schemes (e.g., Social Assistance Schemes, ICDS etc.) as the norms have become outdated and insufficient. Due to the inadequate allocation of Central share, Maharashtra has to drastically enhance the State share for CSSs since the last few years, as shown in Figure 3.3 given below:

Figure 3.3 Central Share and State Share of CSSs in Maharashtra



Source : Directorate of Economics and Statistics, Government of Maharashtra (Figures in Rs. Crores)

3.3 Increase in revenue expenditure of the State

3.3.1 Implementation of Central Enactments

Government of India has enacted several legislations in the last many years and the State governments require to share a substantial part of the expenditure relating to the implementation of these legislations. This expenditure pertains to the establishment of grievance redressal mechanisms or appellate tribunals or direct execution of the various provisions in these Acts. For example, *The Right to Education Act, 2009*, *The National Food Security Act, 2013*, etc. have imposed additional financial burden on the States. Hence, there is a requirement to provide more financial assistance to the States by the union government, so that these responsibilities can be discharged by the States in an effective manner without undue stress on the State exchequer.

3.3.2 Impact of 8th Central Pay Commission on the State

The Union Cabinet, in January 2025, resolved to set up the 8th Central Pay Commission to revise the salaries, pensions and allowances of the central government employees. It has been the experience earlier that the implementation of the recommendations of the Central Pay Commission by the union government requires the State Governments to give similar benefits to their employees. As per the budget estimates (2025-26) of the Maharashtra government, 44.19% of the revenue receipts of the State are spent on salary and pension for the employees. The implementation of the State Pay Commission for the employees of the State will further increase the revenue expenditure of the State. In such a scenario, the State will require more devolution from the Centre for financing the capital expenditure to boost economic growth.

3.3.3 Unified Pension Scheme

The Union government, in August 2024, approved the Unified Pension Scheme (UPS) for central government employees who joined the service after January 1, 2004. Maharashtra became the first State in the country to give the nod to the UPS. The contribution of the employer has been increased from 14% to 18.5% under the UPS. This will also increase the revenue expenditure of the State in the coming years.

3.3.4 Compensation for loss of revenue due to implementation of GST

Maharashtra has enacted '*The Maharashtra Goods and Services Tax (Compensation to the Local Authorities) Act, 2017*', to provide for compensation to the Municipal Corporation of Greater Mumbai and other urban local authorities for loss of revenue arising on account of abolition of octroi and local body tax, due to implementation of the goods and services tax. This Act provides for compensating the local bodies for the loss of revenue perpetually, by taking the projected annual nominal growth rate of revenue as 8%. This has given permanent responsibility on the State of Maharashtra to compensate the urban local bodies for the loss of revenue associated with the abolition of octroi and local body tax. In 2025-26 (Budget Estimates), Maharashtra has made a provision of Rs 30,853 crores towards this compensation to local bodies.

'The Goods and Services Tax (Compensation to States) Act, 2017', was enacted by the Government of India to provide compensation to the States for the loss of revenue arising on account of the implementation of the Goods and Services Tax Act for a period of five years. This had enabled Maharashtra in the first five years of implementation of GST to provide compensation to local bodies without resorting to additional borrowing for that purpose. As the compensation from the Union government has ceased to exist from July 01, 2022 onwards, Maharashtra requires to resort to other budgetary resources currently to provide compensation to local bodies, as mandated by the State Act.

3.4 Submission to FC-XVI

As explained above, the financial transfers to the State have not been commensurate with the growth in the gross revenue of the Union government. This, coupled with the increase in revenue expenditure, has imposed substantial financial burden on the State. Hence, we urge the FC-XVI to recommend a compositional shift in overall transfers in favour of greater tax devolution as compared to grants.

Based on the scenario above, the State of Maharashtra requests the Sixteenth Finance Commission to recommend:

- i. Enhancing the tax revenue devolution from 41% to 50% of the divisible pool
- ii. Merging the cesses and surcharges with the principal taxes and including the non-tax revenue in the divisible pool.

4 Horizontal Devolution

4.1 Introduction

The Finance Commissions historically have used equity as the major principle for the horizontal distribution of the divisible portion of the Union taxes among the States. The Eleventh Finance Commission had given a weightage of 70% to the equity criterion of 'income distance'. The FC-XIV had given equal weightage to 'need and cost disability' (50%) and 'equity' (50%) whereas the 'performance' criteria was completely disregarded. The FC-XV had reduced the weightage to equity criteria to 45% and gave 15% weightage to the performance criteria. There are strong justifications for increasing the weightage to performance criteria further by reducing the weightage to income distance, which has been elaborated in this chapter.

4.2 Need for Balancing Equity, Need and Performance

In the past, disproportionate emphasis was given to the equity parameter at the cost of other relevant parameters which reward efficiency. The overemphasis on equity has disregarded the performance of States who have adhered to the fiscal discipline norms set by the FRBM Act, consistently performed well in tax collections and achieved impressive economic development. Likewise, many States have been very progressive in achieving the national goal of controlling population growth and have reached the replacement rate of population, even below it. An analysis of the criteria adopted by the last five Finance Commissions is given in *Table 4.1* below:

Table 4.1 Criteria and Weights in Previous Finance Commissions

Criteria	FC-XI	FC-XII	FC-XIII	FC-XIV	FC-XV
Population (1971)	10.0	25.0	25.0	17.5	---
Population (2011)	---	---	---	10.0	15.0
Area	7.5	10.0	10.0	15.0	15.0
Urbanization	---	---	---	---	---
Forest and Ecology	---	---	---	7.5	10.0
Forest Cover	---	---	---	---	---
Protected Areas	---	---	---	---	---
Index of Infrastructure	7.5	---	---	---	---
Income Distance	62.5	50.0	---	50.0	45.0
Fiscal capacity distance	---	---	47.5	---	---
Demographic Performance (TFR)	---	---	---	---	12.5
State's incremental contribution to GDP	---	---	---	---	---
Tax Efforts	5.0	7.5	---	---	2.5
Fiscal Discipline	7.5	7.5	17.5	---	---
Total	100	100	100	100	100

Source: Finance Commission Reports

Considerable time has elapsed since the earlier Finance Commissions made horizontal transfers based on the 'equity' argument. Now, the time has come to review the utility and efficacy of such an approach. As we are moving ahead with the dream of a '*Viksit Bharat*' by 2047, it is very critical to give due weightage to other relevant considerations. We request the FC-XVI to incentivize the States which demonstrate a commitment to enhancing the tax efforts, contributing substantially to economic growth of the country and sustaining stellar performance in human development indicators, by giving weightage to their performance in these key areas.

4.3 Population

The use of population as a criterion is unexceptionable as a State with a larger population has greater needs for public services and therefore requires more resources. Successive Finance Commissions have used population data to assess the needs of different States and allocate financial resources accordingly. The use of this criterion acknowledges that a larger population necessitates greater expenditure by State governments to provide basic services like health, nutrition, education and infrastructural facilities. While the FC-XV continued to use population as a criterion, it introduced demographic performance as a separate factor, which rewards States that have effectively managed population growth. The State is of view that the approach of giving combined weightage to rural and urban population requires to be revisited, in the context of the challenges of the rapid urbanization process.

The pace of urbanization has been much faster in some States of India as compared to other States. Maharashtra is one of the rapidly urbanizing States both due to migration within the State and also from other States. The State's urban population was 45.23 per cent of the total population as per the 2011 census. It is projected to be above 50 per cent at present, with majority of the population already living in cities and towns. More cities of Maharashtra are likely to be included in the 'million plus list' in the forthcoming census.

Urbanization, more so the growth of 'million plus' cities, puts substantial burden on the finances of urban local bodies. As the urban boundaries expand, drinking water has to be sourced from distant sources. Solid and liquid waste management, sanitation, social welfare measures including health, education, nutrition and creation of employment opportunities involve high costs. The public transport has to be inevitably subsidized, as seen in cities of developed countries as well. Thus, the urban infrastructure and services, particularly in million plus cities, require inherently high cost per capita.

The local bodies are unable to meet the capital and maintenance and repair costs of the various urban infrastructural projects necessitating the State Government to step in with full or partial financial assistance. Though the central government is supporting some urban infrastructural projects, the State also needs to extend financial assistance directly or indirectly both to the million plus cities and the peri urban areas around it, to maintain a basic level of urban services.

Urban areas are also engines of economic growth of the State and the country. They also contribute significantly to Union taxes, exports and the overall knowledge and skill pool of the country. For example, Maharashtra contributes to more than 16% of the GST collection of the entire country and the biggest share comes from the cities and towns of the State.

The State recognizes that it is also necessary to give adequate weightage to the criterion of rural population. We will be able to capture the demographic profile of all the States accurately by separately giving weightage to the rural and urban population. We request the FC-XVI to consider giving separate weightage to rural and urban population of the States.

The State proposes a weightage of 10 per cent for '*Rural Population*' and another 10 per cent for '*Urban Population*' in the horizontal devolution formula. The inter se weightage among States may be given for percentage of rural and urban population of a State in India's total rural and urban population respectively.

4.4 Area

Area is another neutral and transparent parameter, which will be always relevant. Many infrastructural facilities need to be provided on the basis of the area of the State. There is an increasing need to allocate sufficient resources to strengthen the quality of road networks, water supply, sanitation services and electricity network. We request the FC-XVI to continue the weightage of 15 per cent to the area criterion.

The State proposes a weightage of 15 per cent for '*Area*' in the horizontal devolution formula. The formula adopted by the FC-XV for inter se weightage among States may be continued by FC-XVI.

4.5 Forest Cover and Ecology

The FC-XV assigned a weight of 10 per cent for forest and ecology criterion for the horizontal devolution among the States. The FC-XV observed that, "the increase in weight is also a recognition of forests, a global public good, as a resource that ought to be preserved and expanded through afforestation of degraded and open forests for national benefit as well as to meet our international commitments".

The FC-XV had emphasized the importance of dense forests and adopted the formula as the share of the dense forest of each State in the aggregate dense forests of all the States. We urge

the FC-XVI to continue the same criterion and same formula for horizontal devolution among the States.

The State proposes a weightage of 10 per cent for '*Forest Cover*' in the horizontal devolution formula. The formula adopted by the FC-XV for inter se weightage among States may be continued by FC-XVI.

4.6 Sustainable Development and Green Energy

We also request the FC-XVI to give weightage to sustainable development, by appreciating the efforts of the States for environmental conservation. For instance, the States which have shown impressive performance in the use of renewable energy sources may be incentivized by giving weightage in horizontal devolution.

The State proposes a weightage of 2.5 per cent for 'Sustainable Development' in the horizontal devolution formula. The inter se weightage among States may be given for the use of renewable energy as a percentage of the total energy consumption of the State.

4.7 Income Distance

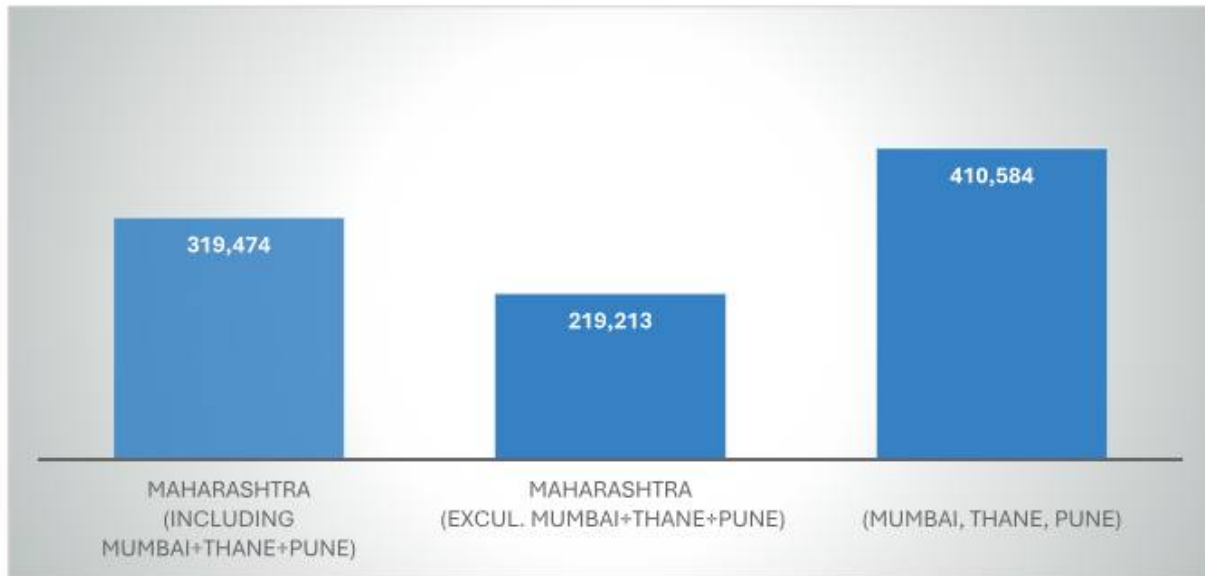
The FC-XV had assigned Income Distance criteria with a weightage of 45 per cent. It is agreed that States with low per capita income require a higher share in the resources. However, it is also necessary to ascertain that the resources that are made available to the States are prudently used, resulting in measurable improvement in outcomes and overall quality of life.

If the equity criteria like income distance is given excessive weightage, it may disincentivize the performing States. As a result, the overall economic development of the country and the subsequent growth in divisible pool will be adversely affected. Thus, we feel that the present weightage of 45 per cent to equity through 'income distance' is still excessive and needs downward revision. The FC-XV has already started the transition towards this goal by reducing the weightage to 'income distance' from 50% to 45%.

In addition to the need for reducing the weightage, it is also necessary to reconsider the methodology for arriving at 'income distance'. There are serious regional disparities within many States and the current methodology is unable to capture this issue of 'intra-state disparities'. For example, Maharashtra has a skewed pattern of development, with Mumbai's per capita income

substantially distorting the average per capita income of the State. As many as 12 districts are languishing below the average national per capita income. Maharashtra's per capita GSDP for 2023-24 is Rs 3,19,474 whereas it will be only Rs 2,19,213 if the districts of Mumbai, Thane and Pune are excluded from the GSDP calculation. This is evident from *Figure 4.1*, given below:

Figure 4.1 Maharashtra's Per Capita Income based on Nominal GDDP (At Current Prices) [in Rs.]



Source: *Economic Survey, GoM, 2024-25 (Annexure 3.1 & 3.9)*

The FC-XV had used the concept of 'outlier States' and taken the State with the third highest per capita GSDP – Haryana – as the benchmark to avoid distortions. Similarly, we request the FC-XVI to remove the districts with disproportionately high per capita GDDP while arriving at the per capita GSDP of the State, to calculate the income distance.

The State strongly urges the FC-XVI to reduce the weightage given to 'income distance' and to adopt a more balanced approach to calculate the criteria, by removing distortions.

The State proposes a weightage of 37.5 per cent for 'Income Distance' in the horizontal devolution formula. The formula for assessing this criterion may be modified by removing the outlier areas in the State while calculating the per capita GSDP of the State.

4.8 Demographic Performance (TFR)

The FC-XV had introduced a new performance-based criterion to reward States which made progress in moving towards the replacement rate of population growth. This criterion has been computed by using the inverse of total fertility rate (TFR) of each State, scaled by the population data of Census 1971. Better performance in the reduction of TFR also serves as the indirect indicator for assessing the overall progress made by the States in human development indicators like maternal and child health, nutrition as well as education. Hence, we urge FC-XVI to continue this criterion, as the real progress of the country depends on the achievement in the field of human development.

The State proposes a weightage of 10 per cent for '*Demographic Performance*' in the horizontal devolution formula. The formula adopted by the FC-XV for inter se weightage among States may be continued by FC-XVI.

4.9 State's Incremental Contribution to India's GDP

Gross Domestic Product (GDP) is a measure for assessing the economic growth of a country. The Union government will be able to devolve more resources to the States when there is an increase in buoyancy in tax collection which depends on the total value of goods and services produced in the economy. The only way to eradicate inter-state and intra-state disparities is to increase the GDP of the country, which will also increase the divisible pool. Hence, it is essential to incentivize the States which substantially contribute to the national GDP, by introducing a new performance-based criteria, that is, 'State's Incremental Contribution to India's GDP'.

The State proposes a weightage of 2.5 per cent for '*State's Incremental Contribution to India's GDP*' in the horizontal devolution formula. The inter se weightage among States may be given for the incremental increase in State's GDP as a percentage of the incremental increase in India's GDP in the last ten years.

4.10 Tax Effort

The FC- X, FC- XI, FC- XII and FC-XV used tax effort as a criterion for horizontal devolution among the States. The FC-XV expressed the view that the inclusion of tax effort as a criterion will reward the States with higher tax collection efficiency and at the same time, will also encourage other States to be more tax efficient.

We urge FC-XVI to continue the ‘tax effort’ as a criterion for horizontal devolution, by considering the per capita own tax revenue of the States.

The State proposes a weightage of 2.5 per cent for ‘*Tax Effort*’ in the horizontal devolution formula. The formula adopted by the FC-XV for inter se weightage among States may be continued by FC-XVI.

4.11 Summary

To summarize, we submit the FC-XVI to consider the following formula for horizontal tax devolution:

Table 4.2 Horizontal Devolution Criteria FC-XVI

S.No	Criteria	Weightage (%)
1	Rural Population (2011)	10
2	Urban Population (2011)	10
3	Area	15
4	Forest Cover and Ecology	10
5	Sustainable Development and Green Energy	2.5
6	Income Distance	37.5
7	Demographic Performance (TFR)	10
8	State’s Incremental contribution to India’s GDP	2.5
9	Tax Effort	2.5
Total		100

5 Local Bodies

5.1 Urban Local Bodies

Maharashtra is a highly urbanised State. As per 2011 census, forty-five per cent of the total State population is urban as compared to the national average of thirty-one per cent. Maharashtra's urban population is 5.08 Crores. This is thirteen percent of the total urban population (37.7 Crores) of the country.

Table 5.1 Categorization of Urban Local Bodies (ULBs)

ULB Category	Population	Numbers
Municipal Corporations	3 lakhs +	29*
Municipal Councils	25000 to 3 lakhs	248
Nagar Panchayat	less than 25,000	146
Total		423

* Includes Municipal Corporation of Greater Mumbai (MCGM)

The twenty-nine Municipal Corporations are classified into five categories based on (a) their population (2011 census) and (b) own per-capita income. Nine out of the twenty-nine Corporations are in the Mumbai Metropolitan Region.

Table 5.2 Share of population in various categories of cities

Category of ULB	Population (Range)	No of ULBs	Total Population 2011 (In Lakhs)	Population as a % of Total Urban population of State
Corporation-Class A+ (Greater Mumbai)	1 Crore +	1	124	24
Corporation-Class A (Pune & Nagpur)	25 lakhs to 1 Crore	2	59	12
Corporation-Class B	15-25 lakhs	3	51	10
Corporation -Class C	10-15 lakhs	4	51	10
Corporation-Class D	3-10 lakhs	19	95	18
Municipality-Class A	1-3 lakhs	15	23	5
Municipality-Class B	40,000-1 lakh	76	46	8
Municipality-Class C	25000-40,000	157	40	8
Nagar Panchayats	Less than 25,000	146	20	5
Total		423	509	100

There are three separate State Acts relating to the governance of ULBs. There is one exclusive Act for Greater Mumbai Municipal Corporation, another one Act covering the other Municipal Corporations and another for the Municipal Councils.

5.1.1 Status of Transfers and Trends in Revenue of ULBs:

As per the 74th Constitutional Amendment, the Government of Maharashtra has transferred all the eighteen subjects that are listed in the twelfth schedule of the Constitution (Article 243-W) to the Urban Local Bodies. The main sources of revenue of the ULBs are:

a. Internal revenue generation

- Property tax
- Other taxes - Water Tax, Sewerage / Drainage tax, tree tax, fire service tax etc.
- Non-Tax Revenues like rental income from municipal properties, fees for various services, user charges and fines, development charges etc.

b. Transfers from the State/Central Government

- Share of the taxes and duties collected by State Government that is 'Assigned Taxes' (Land Revenue, Non-Agriculture Revenue, Stamp duty, which are generated in the area of that local body, are devolved to ULBs)
- Compensation to Municipal Councils on account of abolition of octroi.
- Compensation to Municipal Corporations on account of introduction of GST subsuming earlier own source income like octroi/Local Body taxes
- Transfers from the Central Government as per the recommendations of the Finance Commission.
- Grants from the Central Government under various Centrally sponsored schemes for urban development like NULM, AMRUT, SBM etc .
- Grants from State Government, under the flagship Nagarotthan Scheme and also as the State share of various Central sponsored schemes.

Table 5.3 Sources of Revenue of Municipal Corporations (Rs. in Crores)

FY	Tax Revenue	Non Tax	Total Own Revenue	Grants for central initiatives	Other grants (including State grants)	Assigned Revenue + compensation	Others Revenue	Total Revenues	Own revenue as a % of total revenue
2018-19	11223	16177	27590	1307	2821	16302	1586	49604	56
2019-20	12034	17988	30229	1472	2421	17605	1720	53448	57
2020-21	12565	14356	27064	1353	3633	18391	2665	53106	51
2021-22	15239	33427	48857	1049	3172	20849	3137	77064	63
2022-23	15988	21867	38113	1334	3967	22391	3284	69088	55
2023-24	16634	26442	43295	3155	6287	24073	1609	78419	55

Table 5.4 Sources of Revenue of Municipal Councils (Rs. in Crores)

Year	Tax Revenue	Non-Tax Revenue	Total Own Revenue	Grants for Centre's initiatives	Other grants including State grants	Assigned Revenue compensation	Other revenue	Total Revenue	Own revenue as a % of total revenue
2018-19	783	892	1677	2061	5359	735	442	10274	16
2019-20	805	908	1715	2924	5195	850	461	11144	15
2020-21	850	854	1706	2375	5352	798	392	10622	16
2021-22	938	1131	2071	2003	5457	963	608	11101	19
2022-23	1084	1164	2250	1635	10040	1150	718	15793	14
2023-24	1127	1379	2511	1771	6478	1361	540	12661	20

Since the contribution from Own Tax Revenue of the Municipal Councils is comparatively less, Municipal Councils depend on the grants-in-aid from the State Government to meet the expenditure towards salaries and pension payments of their employees.

5.1.2 Improving Governance/Reforms in the ULBs

1. Ease of Doing Business

The Urban Development Department (UDD) is actively engaged with the industries department of the State to attract investors in urban areas of the states by easing out and simplifying procedural requirements for businesses.

Maharashtra has achieved rank of 'Top Achievers' with implementation of 351 reforms out of 352 assigned to the state under Business Reforms Action Plan – 2024. Out of this, Urban Development Department contributed to the implementation of all fifty two assigned reforms.

The Department has also identified more than one hundred and sixty burdensome compliances for both citizens and businesses and have streamlined them through various measures.

2. Property Tax Reform

A pilot project to integrate the property tax portal with the registration department has been completed successfully in one Municipal Corporation. Now, it is proposed to extend it in phases to the other Corporations.

The Integrated Web Based Portal (IWBP) has 386 Municipal Councils and Nagar Panchayats in its umbrella. It gives facility for self-assessment of property tax, and make payment for property online.

3. Building Permission Management System (BPMS)

Since 2022, all urban Planning authorities are implementing the BPMS. This is integrated with the other services like property tax and other income sources of the ULB. This initiative has led to transparency, speedier service to the citizen and also increased revenue of the ULBs.

4. Notification of Development Control Rules for the whole State

Government of Maharashtra has sanctioned the Unified Development Control and Promotion Regulations (UDCPR) for the entire State, excluding Municipal Corporation of Greater Mumbai, and excluding some Planning Authorities under the provisions of the Maharashtra Regional and Town Planning Act, 1966. This facilitates optimum utilisation of the urban land. It also provides for affordable and inclusive housing. This reform has boosted the construction industry and also helped resource mobilisation for the State and ULBs through collection of development charges, premium charges etc.

5. Notification of Regional Development Authorities

Government has notified four Regional Development Authorities for integrated development of the big cities and peripheral areas, and to develop them as economic growth hubs:

Table 5.5 Regional Development Authorities

Region	Area (in sq km)	Coverage
Mumbai Metropolitan Region (1974)	6328	9 Municipal Corporations and 10 Municipal Councils and villages around.
Pune Metropolitan Region (2016)	7256	2 Municipal Corporations, 3 cantonment boards and 7 Municipal Councils + villages around
Nagpur Metropolitan Region	3577	City + 721 villages
Nashik Metropolitan Region (2016)	2649	City+275 villages

6. Integrated Web-Based Portal (IWBP)

The Integrated Web Based Portal (IWBP) was launched by the Government of Maharashtra in August 2022. IWBP has a single database, and all ULBs are using a single common rule-based platform. IWBP has in all 27 Modules including Property Tax, Water Tax, Accounts, Marriage Registration, various NOC, Trade Licence etc. This has led to faster and better quality of service delivery to citizens.

7. Accounting Reforms

An accrual based, double entry accounting system has been introduced in all ULBS in the State. The accounts of the ULBS have been prepared using the Double Entry Accounting standards from the year 2009-10. This data is being published on the online portals of the State/Union government.

5.1.3 Performance In Provision Of Municipal Services

Maharashtra has implemented the Performance Assessment System (PAS) for solid waste management, urban water supply and wastewater management. This system is being implemented in partnership with The Centre for Water and Sanitation (CWAS) under the CRDF, CEPT University. Based on the Service Level Benchmarks (SLB) set for urban services, there is a significant gap between the present level of services and the benchmarks laid down. The status of SLB for FY 2022-23 and FY 2023-24 is shown in *table 5.6*, given below.

Table 5.6 Performance of Urban Local Bodies in the provisioning of services

Key Performance Indicators	Benchmarks	Unit	FY 2022-23	FY 2023-24
Coverage of water supply connections	100	%	79.7	80.4
Per capita availability of water at consumer end	135	Lpcd*	122.8	126.7
Coverage of waste water network services	100	%	47.5	49.7
Coverage of storm water drainage network	100	%	65.6	67.1
Household level coverage of solid waste management services	100	%	92.4	93.2

*(Litres per Capita per Day)

Additional funds are required for capital investment and towards operations and maintenance for water supply, underground sewerage and solid waste management projects. This will help to reduce and eliminate the above gap in service level benchmarks. This is particularly necessary for the new municipal councils which have been established in the last ten years.

5.1.4 Fire Service

Maharashtra is among the few States where fire services are handled by Local Bodies. The State Government launched a scheme called 'Maharashtra Agnisuraksha Abhiyan' wherein ULBs receive grants for setting up fire stations, purchase fire engines and equipment. A scheme of Rs. 615.48 crores is being implemented with the assistance of the Central Government, as per the recommendations of the 15th Finance Commission, for the strengthening of firefighting services of Municipal Corporations, Municipal Councils and Nagar Panchayats in the State.

5.1.5 Solid & Liquid Waste Management

Maharashtra has performed well in all the Central Government initiatives relating to improving solid and liquid waste management. The State was recognised as the best performing State in Swachcha Sarvekshan (Urban, 2023). Several cities from the State ranked among the top 100 in both AMRUT and non -AMRUT categories, with many receiving star categories for sanitation performance, with high rates of collection, segregation and scientific processing.

5.1.6 Public Transport

Cities across India are struggling with various transport issues like severe congestion on roads, lack of parking spaces, air and noise pollution. One reason for this is while private vehicles number soar, there is decline in public city buses fleet. In the last twelve years, two-wheelers grew at CAGR of 3.14%, four-wheelers expanded at even higher CAGR of 4.79%, while city bus fleet declined at CAGR of -0.44% in major cities in Maharashtra (Source: Vaahan Dashboard, CIRT). Another concern is that only 14 out of 44 two lakhs plus population cities in Maharashtra have formal public bus transport. Though MoHUA recommends 60 buses per lakhs population, Mumbai, Pune and Nagpur bus fleets are way below this benchmark. The costly public transport infrastructure like metro rails is happening in major cities but last mile connectivity is not getting commensurate attention and funding, which will ultimately affect financial viability of metros.

5.2 Rural Local Bodies

Maharashtra has promoted strong Panchayat Raj institutions ever since the State was formed in 1960. The District Panchayat (called Zilla Parishad in Maharashtra) and Intermediate Panchayat (called Panchayat Samiti which is coterminous with a block and tehsil) have been created under one Act, called the Maharashtra Zilla Parishad and Panchayat Samiti Act. This Act of 1960 has also been a pioneer in financial devolution, as a certain share of the State income from land revenue, stamp duty, irrigation cess and forest income has been earmarked for the Rural Local Bodies in the Act itself, so that they have a steady income. There is a separate Act for the Village Panchayats.

Fifty-five per cent of the population of Maharashtra is rural (2011 census).

Table 5.7 Profile of the PRIs in Maharashtra:

Sl No	Types of PRIs	No of ZP/PS/GPs	Number of Members	Average population per ZP/PS/GPs
1	Zilla Parishads	34	2004	17,84,525
2	Panchayat Samitis	351	4000	1,73,829
3	Village Panchayats	27,933	2,48,850	2,188

5.2.1 Status of Fund Transfers to the Rural Local Bodies

Government of Maharashtra has been a pioneer in transferring funds, functionaries and functions to the PRIs. Over one hundred schemes have been transferred to the PRIs, and there are over six lakh employees (including primary school teachers) working in the Panchayat Raj Institutions.

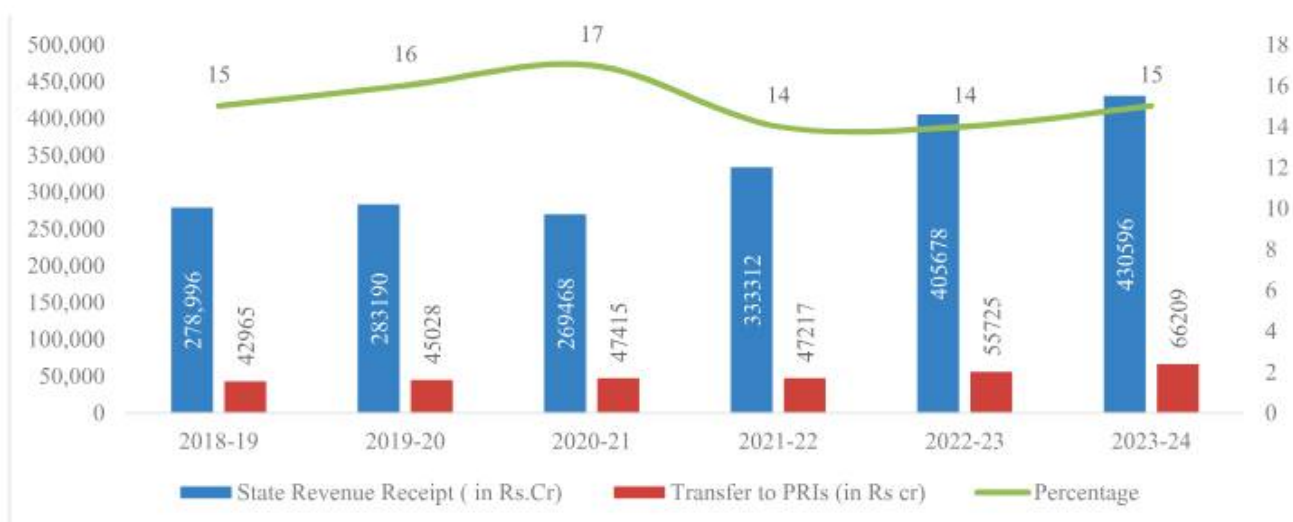
Table 5.8 Transfers to Panchayat Raj Institutions

(Rs. in Crores)

S. No	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1	Finance Commission Grants	3004	4060	5827	4267	4094	3755
2	Transfer under Central Schemes	4684	4857	6492	5464	11324	14826
3	Transfer under State Schemes* (includes salary transfer for State schemes covering primary education etc)	24851	31901	30831	35935	42014	51993

(*Twelve State Government departments transfer funds to the PRIs for implementation)

Figure 5.1 Trends in Transfer of Funds



5.2.2 Revenue of the PRIs

PRIs in Maharashtra continue to depend heavily on the State Government for funds. However, they also generate substantial own tax and non-tax revenues. The District Panchayats receive a share of the land revenue, stamp duty collected in that area and also a share of the Forest Revenue (Cess) and Water Cess collected in that area by law. The Village Panchayats also get a share of the

stamp duty collected in that area and also a share of the land revenue. The Village Panchayats primarily depend on Property Tax as own source income.

The sources of revenue for Zilla Parishads(ZP) , Panchayat Samitis (PS) and Village Panchayats (VP) are :

Table 5.9 Sources of Revenue for ZP, PS & VP

Sl No	Category	Sources of Revenue
1	ZP & PS -Own Tax sources	Share of (a) Stamp Duty (b) Land Revenue Cess and Additional Land Revenue Cess (c) Forest Cess and (d) Irrigation Cess
2	ZP & PS-Non-Tax Sources	User Fees, bank Interest Income, Property Rental Income, Tender Sale Income, etc.
3	VP- Own-Tax sources	Property Tax, Share of state stamp duty, share of Land Revenue Cess, Yatra Tax
4	VP- Non-Tax Sources	User fees, interest income ,property rental income etc

Table 5.10 Sources of Revenue for Zilla Parishads(ZP) and Village Panchayats (VP)

Sr. No.	Sources of Revenue		Rs. in Crores					
			2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24
1	ZP-Own Tax Sources	Share of Stamp Duty	1471	1183	416	1399	2120	4035
		Land Revenue Cess and additional land revenue cess	483	583	106	109	331	175
		Forest Grants	11	6	2	2	7	12
		Irrigation Cess	164	59	289	33	167	138
2	ZP-Non Tax Sources	User Fees	74	40	49	69	58	84
		Interest Income	2667	2589	1771	4721	2101	3481
		Property Rental Income	53	26	32	45	33	51
		Tender Fees	207	223	22	37	235	60
3	VP- Own Tax Sources- Other than Property Tax	Share of Stamp Duty	1315	1060	574	1336	1965	1859
		Share of Land Revenue Cess	379	431	144	168	297	121
		Yatra Tax	12	18	14	48	8	9
4	VP-Non Tax Sources	User Fees	59	59	147	71	93	103
		Interest Income	40	45	48	54	51	54
		Property Rental Income	275	330	367	943	398	402

5.2.3 Pattern of own income of Gram Panchayats

There are three sources of own income of Gram Panchayats. They are:

- a) Property tax income,
- b) Non-tax income (user fees for various services provided)
- c) Income from taxes shared by State Government called assigned taxes (like stamp duty and land revenue cess)

As a pattern, it is seen that as the size of the Gram Panchayat increases, its share of own income improves (that is, Own -Tax + Non-tax own income) whereas the smaller GPs substantially depend on (c) above, that is the assigned taxes, as their own source income is meagre.

The 5th State Finance Commission (2019) has identified the following broad income pattern of Gram Panchayats :

Table 5.31 Income Pattern

Gram Panchayat Category (as per population size)	Per Capita Own Income
below 3000	200
3000-5000	375
5000-10000	600
Above 10,000	700
Peri Urban	700
Tribal	200

Thus, there is a correlation between the size of the Gram Panchayat and own income. The smaller Gram Panchayats substantially depend on assigned taxes of Government for their income and their income from property taxes and other own sources is meagre.

5.2.4 Other forms of support for Gram Panchayats

Government reimburses electricity bill for street lighting, and also a portion of the electricity bill for water supply schemes maintained by Gram Panchayat. Government also reimburses expenditure for the Sarpanch's honorarium and salary of core employees of Gram Panchayats (which varies as per size) .

In addition, Gram Panchayats receive grants from the Central Finance Commission and various purposive grants for village development.

5.2.5 Recent initiatives and reforms in Panchayat Raj Institutions

a. Enabling guidelines for House Property Valuation

The Rural Development Department issued detailed (enabling) guidelines to help Village Panchayats to properly value the house property. An inbuilt flexibility has been provided in the guidelines for automatic increase of the property taxes after every few years. These guidelines have greatly helped the Village Panchayats in strengthening their own source income.

b. Audit of Local Bodies and Legislative Review

There is a system of regular audit of Panchayat Raj Institutions by the Local Fund Audit, and their report is placed before the legislature. The AG also conducts test audit.

There is a legislative Panchayat Raj Committee to examine the findings of the Local Fund Audit. Thus, various systems of checks and balances are in place.

c. E-Tendering and DBT

Maharashtra has always been considered a forefront State as regards Panchayat Raj and rural development administration. One may say that over the last sixty years many practices have got embedded. The State has introduced e-tendering for all works and purchases above Rs one lakh. The State has gone in for Direct Benefit Transfers (DBT) to beneficiaries under various State Government schemes and also directed that any benefit under individual benefit schemes initiated by the Panchayat Raj institution should also flow directly to the beneficiary account.

d. Special support for tribal Gram Panchayats

About three thousand of the twenty eight thousand Gram Panchayats in Maharashtra are classified under the umbrella of Schedule Areas. In these areas, the State Government has empowered the tribals to participate effectively in decision making through their Gram Sabhas. It has notified the rules to the Panchayat Extension to Scheduled Areas Act (PESA) and also amended the Village Panchayats Act so that five percent of the state funds for tribal development directly devolves to the Gram Sabha Kosh in PESA areas.

5.3 Constitution of State Finance Commission

Maharashtra has constituted the 6th State Finance Commission on 27.3.2025, with a mandate to give the recommendations for the period 2026-2031. The State has placed the report of the Fifth Finance Commission in the legislature and also considered its recommendations.

It is to be specially mentioned that even before the constitution of the State Finance Commissions since 1990s, Maharashtra has provided for devolution of funds by law to the local bodies. This is by way of a share of certain taxes and cesses, from State to Local

Bodies by suitable provisions in the Zilla Parishad, Village Panchayat and Municipal Act itself.

5.4 Submission to FC-XVI

i. Need for Increasing the grant- in- aid for LBs

FC-XV provided Rs. 90,000 crores, that is 4.31 % of the divisible pool for 2020-21, and Rs. 4,36,361 crores that is 4.23% of the divisible pool for Local Bodies. Considering that most of the local taxes have been subsumed under GST, we request for a substantial increase in the grant- in -aid to the local bodies, which should be at least 5% of the divisible pool.

ii. Formula for distribution of LB grants among the States

The grants set aside for LBs have been distributed among the States by the earlier FCs by giving weightage to population (90%) and area (10%). We request that this arrangement may be continued by FC-XVI as well.

iii. Formula for Horizontal Distribution between Urban and Rural within the State

FC-XV had recommended that the quantum of grants for Rural and Urban Local Bodies from the total allocation of grants in each State is to be based on the ratio of 67:33 for the first two years and 66:34 for the next two years and 65:35 for the last year. No doubt, over the years, the FCs have increased the share for Urban Local Bodies, factoring the rapid increase in urban population.

However, since the urbanization rate is not uniform across states, adopting a single ratio for all the States would not be appropriate. Hence, we suggest that the earmarked amount for each state should be distributed within each state between the rural and urban bodies as per the ratio of the State's rural and urban population (census 2011)

iv. Additional conditions by the Ministry regarding disbursement

We request the FC-XVI to specifically provide that no other conditions must be added over and above the guidelines given by the Finance Commission for release of funds by central line ministries to local bodies.

v. Duly constituted Local Bodies - exception for Court orders

The guidelines stipulate that the funds should be given only to '*duly constituted*' local bodies. The Union government has conflated it with '*elected*' local bodies. However, there are occasions where the elections cannot be held due to court orders or other legal hitches as is the case in Maharashtra, which has not received the mandated grants. This may be factored in while issuing the guidelines for disbursement.

vi. Performance Grants for LBs

The previous FCs had provided for 'performance grants' to the LBs over and above the basic grants. They were to be released on achievement of certain desired objectives. We submit that the performance-based grants have greatly helped the States to go in the direction of the desired outcomes, and we have fully availed the performance grants by fulfilling the requirements and conditions of the commission. We welcome the 'nudge' approach, and request that it to be continued.

vii. Grants to the LBs for strengthening Neonatal Health

Despite progress in infant mortality reduction, India continues to face high neonatal mortality rates, particularly in rural and underserved regions. Early detection of congenital and developmental conditions is vital but remains under-prioritized due to lack of standard protocols, human resource limitations, and insufficient integration into primary health systems.

A national Standard Operating Procedure (SOP) for neonatal health, integrated with a comprehensive Early Childhood Development and Intervention (ECDI) framework, backed by adequate financing and capacity building, can transform India's neonatal health landscape.

We urge the FC-XVI to recommend fiscal provisions and performance-linked grants to strengthen neonatal health across States, as given below

- a) Earmarked grants for SOP implementation and ECDI integration at State and district levels.
- b) Performance-based incentives for States demonstrating improved neonatal and early childhood health outcomes.
- c) Allocation for infrastructure and digital tools to support service delivery and data tracking.
- d) Inter-sectoral budget convergence involving Health, Women and Child Development, and Skill Development Ministries.

viii. Requirement of funds for capacity building, administrative control and supervision of FC grants

Maharashtra has done well in publishing accounts and making data available online. The funds received as grant in aid through the FC have to be distributed to over 396 urban bodies and about 28,000 rural bodies (three levels) for five years. The expenditure has to be monitored tightly. Considering the massive task for five years, a small percentage say 0.25% be specially given for better monitoring and utilization of funds. This fund should also be allowed to be used for capacity building including use of IT based MIS.

ix. Special support fund to meet ‘own contribution’ for infrastructure/development projects particularly for smaller Urban Local Bodies

Smaller municipal bodies are in dire need of funds for capital projects. They also face difficulties in preparing good quality DPRs and come up with their own share of risk capital to facilitate access to the debt market. The lack of access of the smaller municipal bodies to the private debt market makes it utterly dependent on State Government funding which has its own resource constraints.

Therefore, our submission is to create a National Level Municipal Infrastructure Fund or such appropriate institution, exclusively for the smaller ULBs. This fund must be available for providing risk capital (own contribution) of the ULBs, which would enable them to access debt funds from market for a project. The agency administering the Fund can also help in preparing good quality DPRs for the small towns. This will help in improving the infrastructure of small towns and will lead to more investment and economic development.

x. Funds to be made available for all three levels of PRIs

The FC XIV had proposed that all the funds earmarked for PRIs must be given to the Village Panchayat only. However, FC-XV modified it, and have made funds available to all the three tiers of the Panchayat Raj system, with a flexible formula. We request that the same formula of the FC-XV may be continued.

xi. Funds to be distributed among the Village Panchayats on basis of population only

Earlier Finance Commissions have directed that the amounts made available for the PRIs must be distributed within each of the three layers based on population and area criteria. While this is possible for the district and intermediate panchayats, it is suggested that the funds for the Village Panchayats may be distributed inter se on basis of population only, as there are practical difficulties in working out the Gram Panchayat area.

xii. Support to ULBs for strengthening Public Bus Transport

We request the FC- XVI to include public bus transport in cities as focus area in ULB grants-in-aid and recommend suitable ways to financially support cities in developing it to minimum standards. It is suggested that while Operations & Maintenance of bus fleet can be undertaken by ULBs, VGF in capital expenditure towards strengthening bus fleet- procurement of new e-buses, charging infrastructure in cities, conversion of existing fleet to more efficient, greener fleet- in phases over next 5 years can be supported through Finance Commission grants-in-aid directly.

Another suggestion for a more sustained approach to this issue is to include in its recommendation setting up an Urban Transport Fund by Center/States on lines of the Maharashtra Urban Infrastructure (MUIinfra) Fund, a Trust Fund set up to help the Urban Local Bodies for development of infrastructure projects and raising finances from different

financial institutions and/or capital market. Such trust funds can be provided as corpus funds under the ULB grants so as to build institutional support within the State to give long term loans at concessional rates to the ULBs to develop public bus transport. This will also help develop more innovative solutions to this complex issue.

xiii. Support to ULBs for strengthening Fire Services

It is very crucial for ULBS to maintain a modernised fire service system, as it ensures the safety of the citizens and infrastructure by providing essential services like fire prevention, rescue operations and emergency response. Considering the factors like rapid urbanisation and industrialisation, existence of many chemical units and massive movement of transport vehicles carrying inflammable materials in the State, we request that the support for strengthening Fire Services in the state be continued.

6.1 Introduction

Maharashtra is one of India's most disaster-prone states, experiencing droughts, erratic monsoons, floods, hailstorms, cyclones, and industrial accidents. These disasters have intensified due to climate change, requiring urgent policy intervention. The Intergovernmental Panel on Climate Change (IPCC, 2023) and India's National Disaster Management Authority (NDMA, 2023) emphasize that proactive financial planning is essential to mitigate disaster risks. Maharashtra has proposed a comprehensive funding strategy, advocating increased allocations, insurance-based risk transfer mechanisms, and alternative financial instruments.

6.2 Natural Hazards in Maharashtra and Their Impacts

6.2.1 Drought

Maharashtra's rain-shadow regions—Marathwada, Western Maharashtra, and parts of Vidarbha—receive highly erratic rainfall (300-800 mm annually), compared to the coastal region's 3000 mm (Deshmukh & Bamnote, 2024). Climate projections indicate longer dry spells and lower groundwater recharge. There are periodic droughts in this belt but norms for declaring drought restricts availability of NDRF funding leading to entire burden coming on state finances.

There is another restriction put by nature as well. Much of the State, geologically, is under basaltic rock structure. Therefore, there are huge challenges in tapping groundwater for irrigation or even for drinking purpose. Thus, providing drinking water to many human settlements during a year when the monsoon has failed fully or partly (particularly during summer) is a formidable challenge with high costs.

Despite mitigation programs like Jal Yukta Shivar Abhiyan, Maharashtra seeks additional funding under the State Disaster Response Fund (SDRF) to enhance drought resilience.

6.2.2 Erratic Rainfall and Flooding

Monsoon patterns have shifted, with short bursts of heavy rainfall interspersed with dry periods (Jain et al., 2025). This has increased urban and rural flooding, particularly in Mumbai and the Western Ghats with increasing incidents of building collapses during monsoons. Density of population in Mumbai Metropolitan Region brings its own challenges in terms of exposure and vulnerability and responses. Maharashtra has proposed a dedicated Urban Flood Management Fund, recognizing the rising urban infrastructure vulnerabilities.

Further, even within districts there are large variations noticed. Though the district is getting on an average satisfactory rainfall, however, some parts of the district are left dry. With half of workforce engaged in agriculture, which is mostly rain-fed, rural population sees fluctuations in crop yield

due to these erratic patterns, adversely affecting rural incomes. Maharashtra is a leading horticulture State in the country contributing majorly to GVA in agriculture. However, horticulture is both a high return but also highly exposed to the vagaries of weather. Maharashtra has one of the highest payouts to farmers due to crop losses both from SDRF and state's own budget and crop insurance under PM Fasal Bima Yojana but it covers only a part of their losses. Suitably designed insurance products are needed to cover with enhanced coverage and revised norms for SDRF/NDRF.

6.2.3 Cyclones

Recent cyclones like Nisarga (2020) and Tauktae (2021) underscore Maharashtra's growing cyclone risk. With the Arabian Sea warming, stronger and more frequent cyclones are expected (Jain et al., 2025). Maharashtra calls for dedicated funding for coastal resilience infrastructure.

6.2.4 Hailstorms and Lightning

Maharashtra has the highest number of hailstorms in India (614 annually), and their intensity has increased by 4.5-9% due to atmospheric instability (Parapurath et al., 2024). This has led to severe crop losses and increased farmer distress. The state proposes crop insurance synchronization with disaster relief schemes.

6.3 Man-Made Hazards and Industrial Risks

Maharashtra's industrial prominence exposes it to chemical plant accidents, oil spills, and hazardous material transport risks. Industrial clusters like MIDC (Maharashtra Industrial Development Corporation) require strict regulatory oversight. The state seeks enhanced SDRF coverage for industrial accidents.

Above mentioned natural and man-made disaster risks is validated by the NDMA proposed National Disaster Risk Index (NDRI) to quantify hazards and vulnerabilities across states and UTs. It is a composite index of hazard, vulnerability and exposure indexes discounted by capacities to arrive at Disaster Risk Index Score. Maharashtra has the highest DRI vis a vis other States as mentioned below:

Table 6.1 Disaster Risk Index Ranking for Maharashtra

Category	Maharashtra's position
Hazard Index	3
Vulnerability Index	2
Exposure Index	1
Composite Disaster Risk Index	1

Source: Report on Disaster Score Card of States and Union Territories of India, NDMA, Ministry of Home Affairs

6.4 Funding and Expenditure by the State on Disaster Relief

The State has been constrained to spend on its own for natural calamities every year over and above the FC funds made available through the SDRF route, both Central and State contribution included. This impacts budgetary allocation to different development schemes adversely.

Table 6.2 Funding and Expenditure by the State on Disaster Relief during FC-XIV (Rs. in crores)

Year	SDRF (75% Centre share) received	SDRF (25% State share) received	Total (2+3)	NDRF releases by GOI	Total (4+5)	Actual Expenditure	Addl. Amount spent by State Govt. (7-6)
1	2	3	4	5	6	7	8
2015-16	1112.25	370.12	1482.00	1592.96	3075.96	4296.13	1220.17
2016-17	1168.50	389.50	1558.00	2224.78	3782.78	4562.28	779.50
2017-18	1226.25	408.75	1635.00	0	1635.00	1043.96	--
2018-19	1287.75	429.25	1717.00	2088.59	3805.59	8736.08	4930.49
2019-20	1352.25	450.75	1803.00	5189.40	6992.40	9064.39	2071.99
Total	6147.00	2048.37	8195.00	11095.70	19291.70	27702.84	9002.15

Table 6.3 Funding and Expenditure by the State on Disaster Relief (SDRF) during FC XV (Rs. in crores)

Year	SDRF		Total	NDRF	Total (SDRF + NDRF)	Actual Exp. by State	Addl. Exp. by State
	Central Share	State Share					
1	2	3	4 = 2+3	5	6= 4+5	7	8= 7-6
2020-21	2577.60	859.20	3436.80	420.124	3856.92	5232.93	1376.01
2021-22	2577.60	859.20	3436.80	1056.39	4493.19	5241.48	748.29
2022-23	2706.40	902.40	3608.80	0.00	3608.80	3073.32	--
2023-24	2841.60	947.20	3788.80	0.00	3788.80	2692.78	--
2024-25	2984.00	994.40	3978.40	0.00	3978.40	3996.49	18.09
	13687.20	4562.40	18249.60	1476.51	19726.11	20237	2142.39

It will be seen that total expenditure by the state towards disaster risk management (SDRF) excluding NDRF in the last five years is Rs. 18760.49 Crores and out of this, the additional expenditure done by the State is Rs. 2142.39 Crores.

Total fund received under SDMF from Central share and State share for last five years is Rs. 3567.80 Crores. 1525 mitigation works are sanctioned from this fund and these works are under implementation at various stages.

6.5 Submission to FC-XVI

Maharashtra proposes following financial strategies to strengthen disaster resilience:

6.5.1 Enhanced SDRF Allocation

The recommendation for allocation for States for Disaster Management was Rs. 33,581 Crores by the FC-XIII. It was increased to Rs. 61,219 Crores by the FC-XIV which was increased by 161% to Rs. 160,153 Crores in FC-XV. Maharashtra urges a substantial increase in SDRF funding under the 16th Finance Commission (FC-XVI).

6.5.2 Revising Centre-State SDRF Contribution Ratio

Maharashtra proposes shifting the Centre-State SDRF contribution from 75:25 to 90:10, recognizing that disaster response differs from regular Centrally Sponsored Schemes. This would alleviate the state's fiscal burden.

6.5.3 SDRF Allocation Formula

FC-XV used a scientific approach giving weightage to area (15%), population (15%), past expenditures (70%) and Disaster risk index developed by Commission, for allocation of SDRF amount to states. This was first attempt to use disaster risk index.

Hence the State would urge to **continue use of methodology developed by FC-XV** in making FC-XVI SDRF allocation to states as it represented a combination of capacity as reflected in expenditure, risk exposure by including area and population and hazard and vulnerability measured through risk index. We also request **adding total disaster-related expenditure beyond SDRF allocations** to ensure a **realistic funding formula**.

6.5.4 Expanding Disaster Risk Financing Mechanisms and strengthening capacity building measures

a) Disaster Insurance

Insurance mechanisms, which act as a social safety net and supplement the existing financial mechanism, need to be introduced in partnership with insurance companies after due diligence. On lines of FC-XV recommendations, we may continue to work on following four areas with NDMA designing additional risk coverage mechanism in consultation with line Ministries and States:

- Mandatory insurance coverage for disaster-related deaths.
- Crop insurance schemes synchronized with disaster relief to enhance rural economic resilience.
- Risk pools for infrastructure protection and recovery.
- International reinsurance for outlier hazard events.

b) Establishing Specific Funding Windows

Maharashtra requests two dedicated funding mechanisms:

i. Climate Change Adaptation Fund

- Addresses heat waves, erratic monsoons, and rising cyclone risks.
- Supports climate-resilient infrastructure and adaptation projects.

ii. Urban Flood & Emergency Fund

- Supports urban drainage upgrades, early warning systems, and emergency response.
- Targets Mumbai, Pune, and other flood-prone cities.

c) Leveraging Alternative Financial Instruments

In the event of SDRMF and NDRMF assistance falling short of the required assistance, the NDMA And SDMA should have resources from other financial instruments, such as:

- **Catastrophe Bonds (CAT Bonds):** Maharashtra supports FC-XV's recommendation for CAT bonds as a disaster financing tool.
- **Contingent Credit Stand-by Facilities:** Maharashtra seeks access to World Bank and ADB emergency funds.
- **Crowdfunding & CSR:** Encouraging private-sector participation in disaster risk reduction.

6.6 Summary

Maharashtra's disaster landscape necessitates a **comprehensive financial framework integrating increased SDRF funding, insurance-backed risk mitigation, and alternative financial instruments**, and accordingly Maharashtra proposes:

- Increased SDRF allocation to match rising disaster costs.
- Continuation of XV Finance Commission methodology in making SDRF allocations to states
- A revised 90:10 Centre-State contribution ratio for SDRF.
- Integration of insurance schemes to mitigate financial risks.
- Dedicated funding for climate change adaptation and urban flood management.
- Diversification of financial instruments, including CAT bonds and contingent credit.

7 Special Grants

The earlier Finance Commissions had provided for Special Grants under two sub categories – Sector Specific Grants and (a limited amount) as State Specific Grants. This was over and above the grant --in- aid for Local Bodies and Disaster Management.

FC XV provided for special grants to the State Governments for strengthening the health sector in the backdrop of the covid epidemic. In addition, FC XV recommended grants for certain specific sectors like strengthening the judiciary infrastructure, higher education (linked to performance), PMGSY roads and strengthening the statistical data collection system. In addition, FC XV provided for State specific grants ‘to meet some specific obligations of regional and national concern’. The themes of support included tourism, administrative governance and related infrastructure, high- cost physical infrastructure.

The State would submit that Special Grants (Sector Specific or State Specific) for those initiatives that normally a State – with intense pressure on its resources- is unable to take up. A category of activities is those which do not confer immediate tangible benefit, but are ‘public good’ and contribute to the cultural or human values (like prison improvement) or improve the environment. These are also certain activities which need special support. They meet State needs, but also align with national priorities and also have to be implemented to comply with Court directives.

With these background remarks, the State places its demand for State specific proposals and sector specific proposals as below:

7.1 Implementation of NITI Ayog’s Mumbai Metropolitan Plan (MMR) economic masterplan

There is a special focus on MMR as NITI Ayog has set a vision to develop it as one of the four pilot Growth Hubs in the country. The Economic Master Plan document prepared by NITI Ayog aims to propel it into a USD 300 billion economy (Rs. 26.1 Lakh crores) by 2030 and USD 1.5 Trillion (Rs. 130 Lakh Crores) economy by 2047. This will definitely contribute to Hon Prime Minister’s vision of Viksit Bharat by 2047.

With a population of 2.58 crores in 2023, the region is a significant contributor to Maharashtra’s economy, valued at \$140 billion, contributing 31.2% to Maharashtra’s GSDP. With a per capita GSDP of \$5,200 (Rs. 4.5 lakhs) —significantly higher than India’s average of \$2,500 (Rs. 2.17 Lakhs), it has consistently outpaced Maharashtra’s growth rate. However, to achieve its ambitious goals, MMR must accelerate its growth from 6.1% to 9-10% CAGR. MMR’s development strategy, as per this plan, revolves around seven key growth drivers, encompassing critical policies, projects, and institutional reforms.

Making MMR an economic hub requires an investment of Rs. 16.50 lakh crores, with a significant 70%—amounting to Rs. 11.75 lakh crores—sourced from private investments. The state will need

to provide an outlay of approximately Rs. 3.1 lakh crores essentially through parastatal organizations such as MMRDA, CIDCO, SRA, MHADA, and MIDC. Investments will be recouped through asset monetization, along with an additional support from the state government amounting to Rs. 50,000 crores. The Central Government is expected to invest Rs. 100,000 crores for the MMR project, as outlined in the master plan to create Financial Capital of The East region.

In this background, to realize this national growth hub aspiration, which is in line with Hon. PM's vision of Viksit Bharat by 2047, we request FC-XVI to recommend a special package of **Rs. 50,000 crores** for financing NITI's MMR growth hub masterplan implementation.

7.2 River Linking Projects

Maharashtra state has approximately 45% drought prone area. National Water Development Agency (NWDA) was requested to prepare DPRs for intra state river linking schemes to transfer water from surplus basins to deficit (drought prone) basins.

The State Government has accorded Administrative Approval to following four intra state river linking schemes:

Table 7.1 River Linking Projects

Sr.No.	River Linking Scheme	Cost (in crores)	Area Irrigated (ha.)
1	Wainganga-Nalganga	88575.00	371277
2	Nar-Par-Girna	7465.29	49516
3	Damanganga-Vaitarna-Godavari	13497.24	33110
4	Damanganga-Ekdare-Godavari	2213.53	12753
	Total	111751.06	466656

These schemes will cater the irrigation need of 4.67 lakh ha. as well as Industrial and domestic needs of population, which will lead to overall development of the backward regions of Vidharbha, Marathwada and North Maharashtra. Considering the huge development impact and addressing regional imbalances within state, it is requested to treat these schemes as part of Interlinking of River Schemes of Central Government and provide funding as per the norms of Central Government, which has been funding irrigation projects under Pradhanmantri Krishi Sinchai Yojana (PMKSY) where the funding pattern is 60% Central Assistance and 40% State Share.

Due to massive financing required for these immensely important state projects which cannot be financed fully from the state budget, it is requested to provide **Rs. 67,051 crores** (60%) as special package to improve agriculture productivity and address regional imbalances.

7.3 Submissions to FC-XVI

7.3.1. Construction of the new Bombay High Court complex

The Bombay High Court is in a historic building in South Mumbai. The almost century old building has aged, and to meet current and emerging requirements a new state of the art complex is coming up in Bandra. The State Government has declared it as a 'project of vital importance' and allotted 30.16 acres land at Bandra, Mumbai. The progress of this new, iconic High Court project is also being monitored by the Supreme Court.

Mumbai being the financial hub of the country, and a center for commercial litigation, the benefits of strengthening the judiciary in the State will benefit commerce in the entire country. Hence, we solicit a one-time support of **Rs. 3750 crores** for developing this new iconic Bombay High Court complex.

7.3.2. Strengthening Prison infrastructure

The major (central) prisons in the State were constructed in the pre-independence period and are now facing problems of overcrowding and high occupancy rates. Time and again Hon. Supreme Court, Hon. High Courts, National Human Rights Commission and State Human Rights Commission have pointed out at poor conditions of prisons and human rights of prisoners, and directed Governments to take necessary steps in this direction.

A number of Committees, including those appointed on the direction of the Courts, have looked into aspects of prison reforms. They have recommended substantial augmentation of the prison infrastructure. Further, the High Court has directed to strengthen the video conferencing arrangements in the prisons for the purpose of recording evidence. This will in turn speed up disposal of criminal cases. Accordingly, Government of Maharashtra has taken several measures to modernize prison infrastructure and accorded administrative approvals to build at Palghar, Mumbai, Ahilyanagar, Hingoli, Jalgaon, Pune and Thane as well as upgrade facilities in existing ones.

We therefore, solicit a one-time support of **Rs. 6500 crores**, for modernization of prisons in the State. Out of this Rs. 5500 crores would be for upgrading aged buildings (including prison hospitals and staff quarters) and building new structures and Rs. 1000 crores for other initiatives like video conferencing and health facilities.

7.3.3 Hostels for the Post Graduate (PG) medical students in Maharashtra

Post Covid-19, the Niti Ayog has recommended the States to increase the PG seats, to address the gaps in medical specialization. Accordingly, now there are PG courses in 18 of the 35 GMCs and the PG course seats have increased to 2119. At any time, there are 6000 PG students in the medical college campus (MD/MS program in medical education being three-years residency program)

PG students (Resident Doctors) are most critical in hospital management and have to be available 24 x7 to meet the needs of the thousands of poor patients coming to Government hospitals from different parts of state. Their hostels have to be necessarily be in the hospital campus.

Due to sudden increase in PG student seats, there is an acute shortage of PG hostel accommodation for these senior doctors, and often they are forced to live in cramped rooms. Gap analysis shows that there is 40% gap in hostel facility for the PG students. Additional 2500 rooms need to be constructed quickly in different medical colleges.

Rs. 800 crores is required for constructing these hostel rooms. These will go a long way in improving the morale, performance of the PG medical students and quality of tertiary healthcare services in major hospitals of different districts.

7.3.4 Promoting eco-tourism in Vidharbha:

Maharashtra with its diverse topography and abundant natural resources has immense potential for eco- tourism. With rising incomes, there is a big segment of population which want to travel and experience the forests and wildlife. So far, the efforts in this direction have paid rich dividends. Eco- tourism provides local employment and improve local economies.

To fully harness the potential of eco- tourism and to set certain benchmarks in eco- tourism in the country, it is proposed to develop three tour circuits around tiger reserves of Vidharbha (Eastern Maharashtra) namely Pench, Navegoan Nagzira and Tadoba. To improve experiential tourism in these three circuits, it is proposed to identify one historical and one cultural site in each circuit and provide basic infrastructural facilities at these sites. The project includes improving connectivity along tour circuits, provision of e-vehicles, solar installations, installing signages, providing washrooms and SHG run canteen enroute, developing one village as model tourism village in each circuit, developing nature trails and hiking points in each cluster to be run by SHGs, upgrading stay facilities including promoting homestays as well as establishing interpretation centers for tourists. Publicity material and website development are also part of this project.

FC XVI is requested to recommend special grant of **Rs. 130 crores** for ecotourism project in backward districts of Vidarbha.

7.4 Summary

S.No	Details	Rs. in Crores
A. Special Package		
1	Mumbai Metropolitan Plan (MMR) economic masterplan	50,000
2	River Linking Projects	67,051
Total A		117,051
B. Special Grants		
3	New Bombay High Court complex	3750
4	Strengthening Prison infrastructure	6500
5	Post Graduate (PG) medical students	800
6	Promoting eco-tourism in Vidharbha	130
Total B		11,180
Total A+B		1,28,231

7.5 Revenue Deficit Grants

Revenue deficit, defined as the difference between revenue or current expenditure and revenue receipts is an important element in the budget making process. XV Finance Commission recognized the need to include Revenue deficit grants to help meet the fiscal needs of the States on their revenue accounts that remain to be met, even after considering their own tax and non-tax resources and tax devolution to them. It recommended an allocation of 1.92 per cent of the gross revenue receipts of the Union as revenue deficit grants to specific States. Maharashtra was projected to be revenue surplus state and therefore, not included in this list.

However, Maharashtra's budget has been mostly revenue deficit due to rising revenue expenditures driven by high committed expenditures, rising welfare commitments, and revenue receipts growth not able to keep pace with this increase. While XV Finance Commission projected Maharashtra as revenue surplus state based on normative assessment approach for revenue receipts and expenditures followed by the Commission, but realistically, Maharashtra's actual budgetary figures continuously show a revenue deficit. Such deficit is not on account of inadequate revenue effort or excessive expenditure by the state.

Table 7.2 Revenue Deficit FC XV Projections 2021-22 to 2025-26 versus Actuals

Rs. in Crores	2021-22	2022-23	2023-24	2024-25	2025-26
Post devolution revenue surplus as per XV FC Projections)	17,019	28,371	45,100	65,185	1,04,953
Actual Revenue Deficit	-16,374	-1,936.5	-13,754	-26,535(RE)	-45,891 (BE)

7.5.1 Need for realistic assessment of state receipts and expenditures

It can be seen from table below that projections made from normative assessment of XV FC revenue receipts and revenue expenditures are very different from actual figures and Maharashtra continuously shows budgetary revenue deficit before devolution as well as post devolution and even post grants-in-aid received over 5 years, making Maharashtra state a fit case for Revenue Deficit Grants.

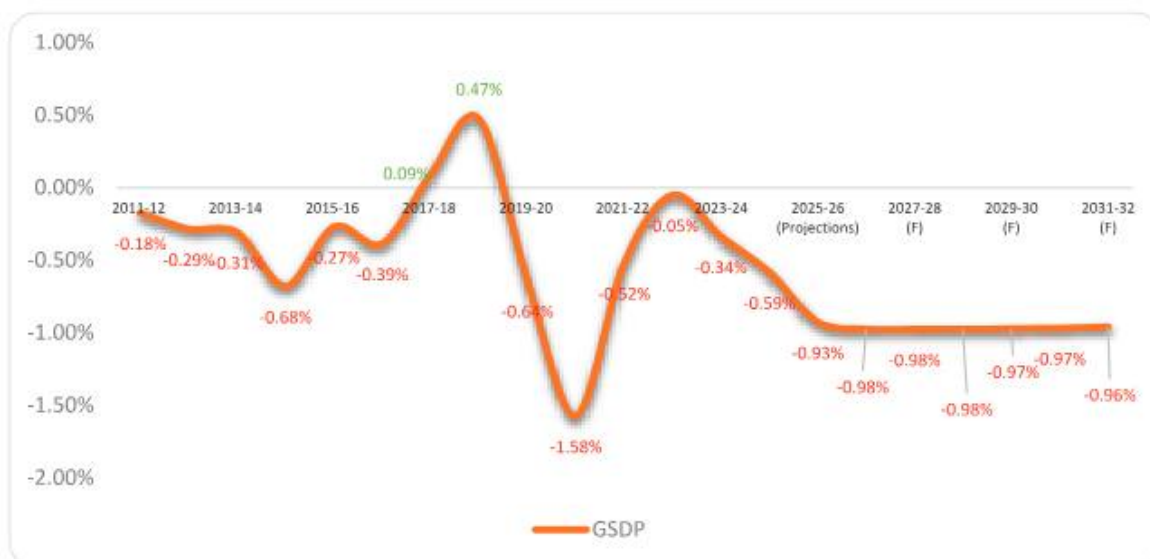
Table 7.3 Revenue Deficit Analysis -

(in Rs. Crores)

S.No	Particulars	2021-22	2022-23	2023-24	2024-25 *	2025-26 **
1	GSDP (FC Projections)	27,98,375.00	30,22,845	33,16,610	36,57,775	40,83,534
2	GSDP	31,43,821	36,41,543	40,55,847	45,31,518	49,39,355
3	Own Revenue Receipts (FC Projections)	2,08,230	2,27,899	2,53,989	2,84,778	3,23,858
4	Actual Own Revenue Receipts (SOTR+NTR)	2,40,289	2,94,361	3,23,289	3,97,607	4,20,726
5	Revenue Expenditure (FC Projections)	2,47,807	2,62,511	2,79,565	2,99,679	3,17,808
6	Actual Revenue Expenditure	3,49,686	4,07,614	4,44,350	5,62,999	6,06,855
7	Pre-Devolution Revenue Deficit (+) / Surplus (-) (FC Projections)	24,584	17,909	6,976	-6,022	-37,198
8	Pre-Devolution Actual Revenue Deficit (+) / Surplus (-)	1,09,397	1,13,254	1,21,062	1,65,392	1,86,129
9	Post-Devolution Revenue Deficit (+) / Surplus (-) (FC Projections)	-17,019	-28,371	-45,100	-65,185	-1,04,953
10	Actual Devolution	54,263	59,903	71,262	81,163	89,726
11	Post Devolution Actual Revenue Deficit (+) / Surplus (-)	55,134	53,351	49,800	84,229	96,403
12	Grants-in-Aid	38,760	51,414	36,045	57,692	50,511
13	Revenue Deficit (Budget Books) (Post Central Transfers and Grant-in-Aid) Deficit (+) / Surplus (-)	16374	1936	13754	26535	45891

*Actual 2024-25 figures are unaudited

Figure 7.1 Revenue deficit of Maharashtra as percent of GSDP



The Commission is requested to make assessment of state's own revenue effort post GST more realistic and see rationality in various expenditures aimed at achieving socio-economic development goals. It is, therefore, requested to consider state's projections of revenue deficit and accordingly recommend grants for the state.



सत्यमेव जयते

Government of Maharashtra
www.maharashtra.gov.in