

AT A GLANCE

Maharashtra Financial Profile

2023-24



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Trends in Funding

State governments raise money primarily through two broad channels: Revenue Receipts and Capital Receipts. The former includes revenues earned through taxes and non-tax sources including income from dividends, and money received from the Union government. Capital Receipts are mainly borrowings that enable expenditure when Revenue Receipts fall short of financing the budgeted spending. They also include receipts from sale of government-owned assets. Borrowings could be from the market, Reserve Bank of India or the Government of India (GoI). The two together are called Total Receipts which indicate the money received or earned by the government.

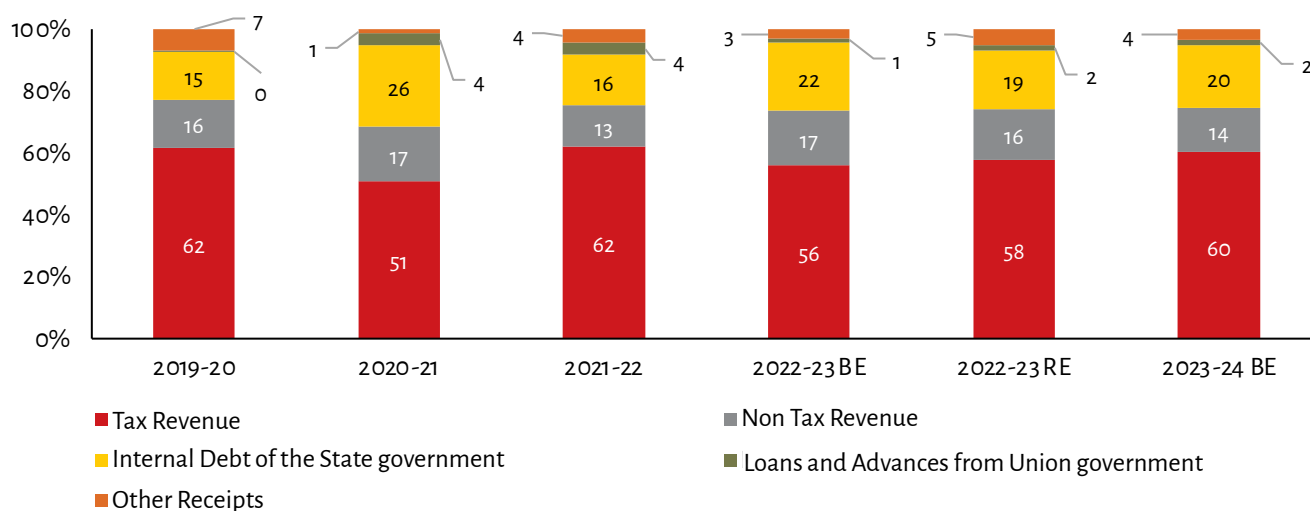
- Revenue Receipts for Maharashtra are expected to be ₹4,49,523 crore for FY 2023-24 (BEs). This is a 4 per cent increase from the previous year's Revised Estimates (REs) and an 11 per cent increase from FY 2022-23 BEs. Capital Receipts amount to ₹1,52,486 crore, a 1 per cent increase from last year's REs and a 5 per cent increase from last year's BEs.
- In FY 2020-21, Revenue Receipts accounted for 69 per cent of Total Receipts, which is 8 percentage points less than the receipts for FY 2019-20. Share of Capital Receipts, however, have gone up during the same time, mostly due to the fact that Capital Receipts had seen a significant increase during the first year of the COVID-19 pandemic due to significant public debt. With the pandemic waning, Capital Receipts have also fallen and are estimated to account for 25 per cent of Total Receipts. However, it remains higher than pre-pandemic level.
- In Maharashtra, more than 50 per cent of Total Receipts are in the form of Tax Revenues. In FY 2023-24 BEs, the share of Tax Revenue in Total Revenues increased to 60 per cent from 56 per cent in FY 2022-23 BEs. Non-Tax Revenue and the internal debt of the Maharashtra government, however, saw a decline from 17 per cent to 14 per cent and 22 per cent to 20 per cent, respectively.

Note: Budget Estimates (BEs) are allocations by the government for any department or scheme for the upcoming financial year.

Revised Estimates (REs) are a mid-year review of projected amounts of receipts and expenditure until the end of the financial year.

Total Expenditure: GoI expenditure can be broadly classified into two types — Revenue Expenditure and Capital Expenditure. Revenue Expenditure is the spending largely on account of administrative expenses, salaries, financing daily operation, subsidies, etc. It frequently includes a sizable portion for committed liabilities which the government is still required to pay in the event of resource scarcity. Capital Expenditure (or capex, in short) refers to the spending on asset creation, machinery and equipment, which creates value over the long term. For instance, roads and bridges, hospitals, school buildings, etc.

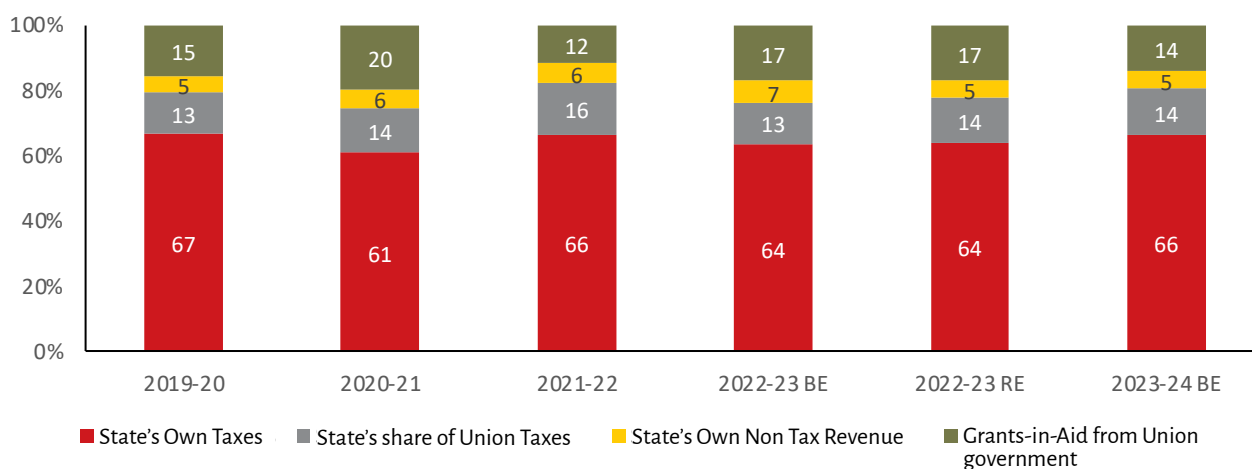
Distribution of Total Receipts across different Components



Source: [Maharashtra State Budget](#) and [Open Budgets India](#)

- Maharashtra is among the few states where a significant portion of Revenue Receipts is generated through Own Source Revenue (State's own Taxes and State's Own Non-Tax Revenue). However, the proportion of a state's own resources declined in the first year of the pandemic. In FY 2019-20, it accounted for 72 per cent of Total Revenue Receipts and dropped to 67 per cent in FY 2020-21. During the same period, the Union government's Grants-in-Aid (GIA) to the state increased from 15 per cent to 20 per cent.
- The estimated share of Own Source Revenue in Maharashtra's Revenue Receipts is expected to rise to 71 per cent in FY 2023-24 BEs, which is a 2 percentage point increase from FY 2022-23 REs. In contrast, the estimated share of GIA in Revenue Receipts is projected to decrease to 14 per cent from 17 per cent in FY 2022-23 REs.

Composition of Revenue Receipts

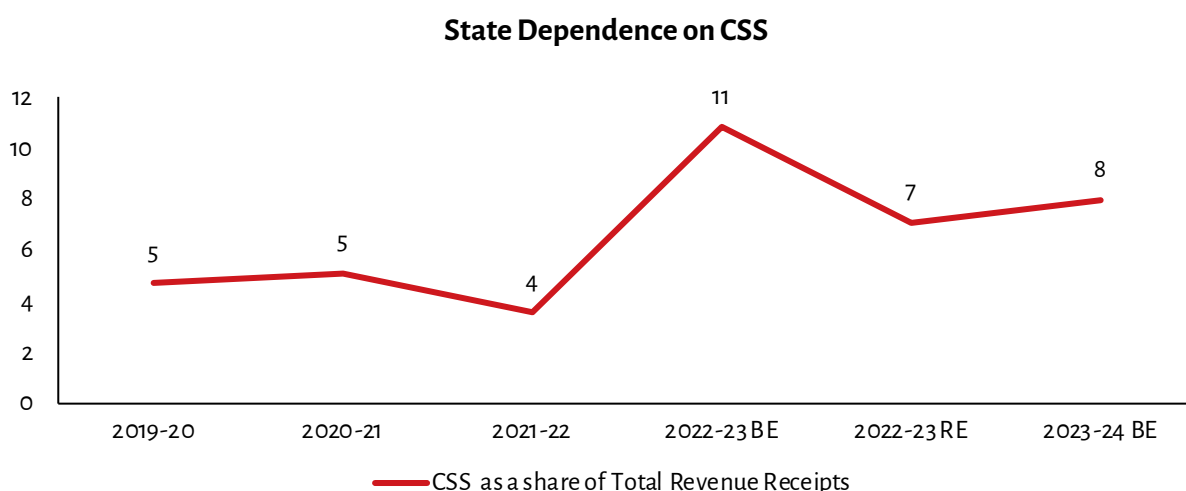


Source: [Maharashtra State Budget](#) and [Open Budgets India](#)

Grants-in-Aid are payments or assistance given by one government to another government, body, institution or individual, usually for a specific purpose. In this primer, we look at the Grants-in-Aid specifically from Gol to states in the form of Finance Commission Grants, Centrally Sponsored Schemes, and other grants.

Centrally Sponsored Schemes (CSSs), also known as specific purpose transfers, are a key tool used by the Gol to allocate funding towards social sector policies. The aim is to ensure that minimum standards of public services are available to all citizens.

- One of the important components of GIA is Centrally Sponsored Schemes (CSSs). Maharashtra has a low dependence on CSS, and the quantum of funds received through CSS declined from 5 per cent to 4 per cent between FY 2019-20 and FY 2021-22.
- But in recent years, the share of CSSs funded by the Union government has increased. According to the BEs for FY 2023-24, CSSs from the Union government are expected to account for 8 per cent of Revenue Receipts, which is twice the share for FY 2021-22.



Source: [Maharashtra State Budget](#) and [Open Budgets India](#)

Expenditure Trends

Expenditures, like receipts, can be classified into two types: Revenue and Capital. Revenue Expenditure refers to expenses incurred to meet the day-to-day and regular needs of the government and does not lead to asset creation or revenue generation in the future. In contrast, Capital Expenditure pertains to expenses that are utilised to create assets or reduce liabilities, such as constructing schools, hospitals, and other infrastructure or repaying loans.

- For FY 2023-24 BEs, Revenue Expenditure is estimated to be ₹4,65,645 crore. This accounts for 77 per cent of Total Expenditure, a 3 per cent increase from last year's REs. Additionally, Capital Expenditure has increased by 5 per cent and accounts for 23 per cent of the Total Expenditure.

- Between FY 2019-20 and FY 2021-22, Total Expenditure experienced a growth of approximately 15 per cent. This was largely attributed to the increase in Revenue Expenditure, which grew by 16 per cent during the period.

Overall Expenditure Trends (₹ Crore)

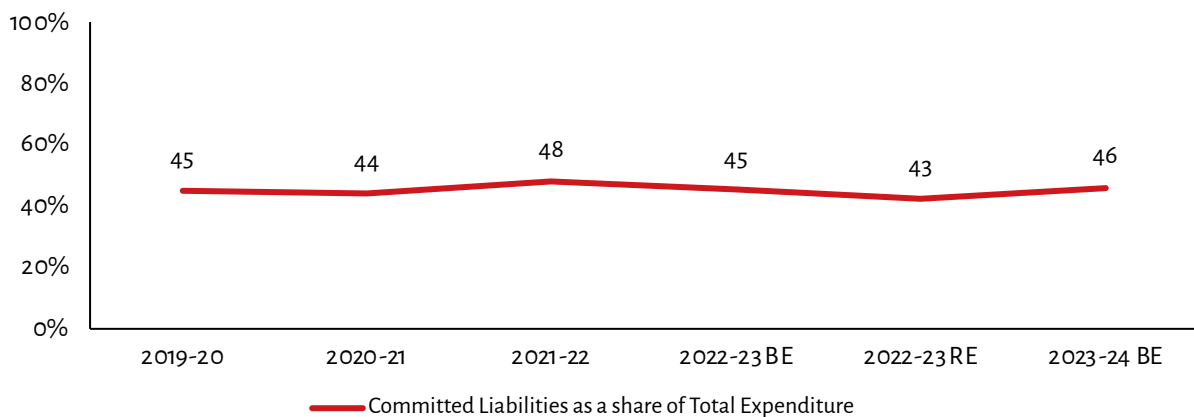
	Expenditure (₹ Crore)						Year-on-year Growth (%)			
	2019-20	2020-21	2021-22	2022-23 BE	2022-23 RE	2023-24 BE	2019-20 to 2020-21	2020-21 to 2021-22	2021-22 to 2022-23 RE	2022-23 RE to 2023-24 BE
Revenue Expenditure	3,00,305	3,10,610	3,49,686	4,27,780	4,50,890	4,65,645	3%	13%	29%	3%
Capital Expenditure	78,361	91,115	85,140	1,20,627	1,30,379	1,36,363	16%	-7%	53%	5%
Total Expenditure	3,78,667	4,01,725	4,34,825	5,48,408	5,81,268	6,02,008	6%	8%	34%	4%

Source: [Maharashtra State Budget](#) and [Open Budgets India](#)

Committed Liabilities refer to expenditures such as salaries, wages, pensions, and interest payments on loans. Even in the event of a resource crunch, state governments are obligated to make these payments.

- In Maharashtra, a significant portion of its expenditure is towards Committed Liabilities. In FY 2019-20, 45 per cent of its expenditure was directed towards Committed Liabilities, which increased to 48 per cent in FY 2021-22. It is estimated to be 46 per cent of expenditure in FY 2023-24 BEs, up from 43 per cent in FY 2022-23 REs.
- Salaries constitute more than half of the expenditure under Committed Liabilities. However, the proportion of the salary's component has decreased from 59 per cent to 55 per cent between FY 2019-20 and FY 2023-24 BEs. During the same time period, there has been an increase in the share of expenditure for pensions, from 21 per cent to 26 per cent.

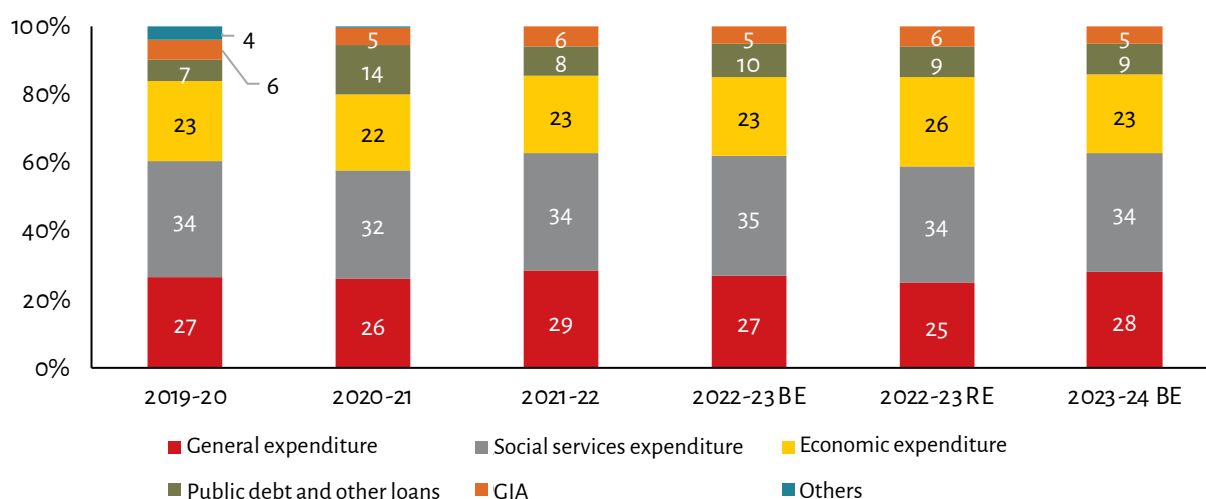
Proportion of Committed Liabilities in Total Expenditure



Source: [Maharashtra State Budget](#) and [Open Budgets India](#)

- Expenditure on Social Services on average accounts for more than one-third of Total Expenditure (including public debt). In FY 2019-20, 34 per cent of Total Expenditure was on Social Services which decreased slightly to 32 per cent in FY 2020-21.
- In FY 2022-23 BEs, the allocation towards Social Services increased to 35 per cent of Total Expenditure. However, it is projected to decrease to 34 per cent of Total Expenditure in FY 2023-24 BEs.
- Expenditure on General Services in FY 2023-24 BEs is estimated to account for 28 per cent of Total Expenditure which is a 3 percentage point increase from last year's REs. Meanwhile, the share of Economic Services is projected to decrease by 3 percentage points during the same period.
- In contrast, Public Debt accounted for 14 per cent of Total Expenditure in FY 2020-21, but it is projected to decrease to 9 per cent in FY 2023-24 BEs.

Distribution of Total Expenditure across Different Components

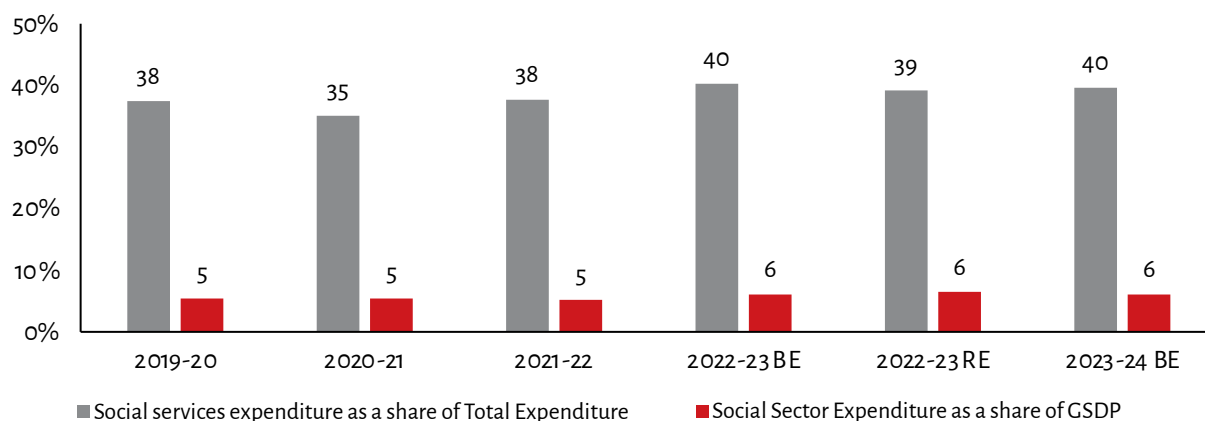


Source: [Maharashtra State Budget](#) and [Open Budgets India](#)

The term 'social sector' refers to education, rural development, health, water and sanitation, nutrition, social security and social justice, food security, housing and urban development, tribal and minority affairs, employment, skill development, women and child welfare, and sports and culture. Social services account for all above-mentioned sectors except rural development and food security, which are reported under economic services in state budgets.

- Between FY 2019-20 and FY 2020-21, the share of Social Sector in Total Expenditure declined from 38 per cent to 35 per cent. In FY 2023-24, the share is estimated to increase to 40 per cent from 39 per cent in FY 2022-23 REs.
- Share of Social Sector expenditure as share of Gross State Domestic Product (GSDP) marginally increased from 5 per cent in FY 2019-20 to 6 per cent in FY 2022-23 REs. It is, however, estimated to remain the same in FY 2023-24 BEs.

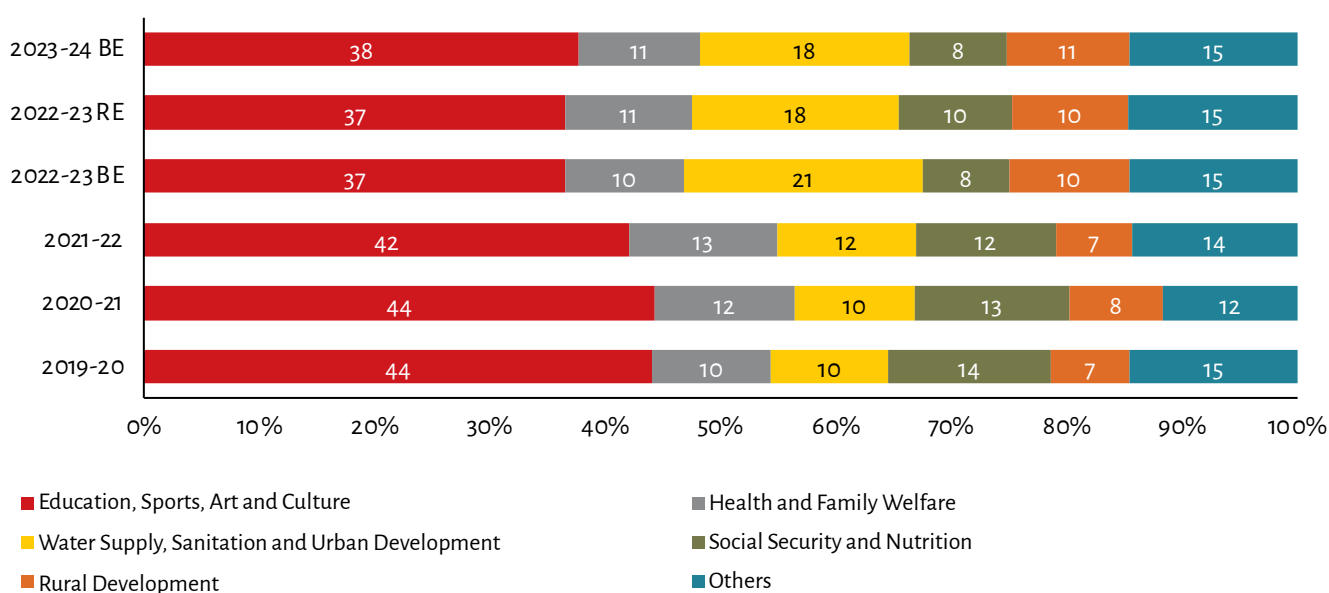
Proportion of Social Sector Expenditure in Total Expenditure and GSDP



Source: [Maharashtra State Budget](#) and [Open Budgets India](#)

- In terms of the share of Social Sector expenditure across different components, Education, Arts and Culture on average accounted for more than one-third of the expenditure. The other priority areas between FY 2019-20 and FY 2023-24 BEs have been Water Supply, Sanitation, Housing and Urban Development around 16 per cent of Total Expenditure, Health and Family Welfare. They averaged 11 per cent, Social Security and Nutrition accounted for 10 per cent, and Rural Development averaged 9 per cent during the same period.
- Share of Education, Sports, Art and Culture declined in Total Social Sector expenditure from 44 per cent in FY 2019-20 to 37 per cent in FY 2022-23 REs. It is estimated to be 38 per cent in FY 2023-24. Similarly, the composition of Social Security and Nutrition also declined during the same time.

Proportion of Social Sector Expenditure in Total Expenditure and GSDP



Source: [Maharashtra State Budget](#) and [Open Budgets India](#)