

Odisha, Chhattisgarh, Goa among top-performing States in NITI Aayog's fiscal health index

According to the report, Punjab, Andhra Pradesh, West Bengal, and Kerala were the worst-performing States in Fiscal Health Index, each focusing significant fiscal challenges, and listed under 'aspirational' category.

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The report titled 'Fiscal Health Index 2025' ranked States for 2022-23, covering 18 major States that drive the Indian economy in terms of their contribution to India's GDP, demography, total public expenditure, revenues, and overall fiscal stability. Photo: X@NITIAayog

Mineral-rich Odisha, Chhattisgarh, Goa and Jharkhand have emerged as top-performing 'achievers' among the States listed in NITI Aayog's first Fiscal Health Index (FHI) report released on Friday (January 24, 2025).

The report titled 'Fiscal Health Index 2025' ranked States for 2022-23, covering 18 major States that drive the Indian economy in terms of their contribution to India's GDP, demography, total public expenditure, revenues, and overall fiscal stability.

According to the report, Punjab, Andhra Pradesh, West Bengal, and Kerala were the worst-performing States in Fiscal Health Index (FHI), each facing significant fiscal challenges, and listed under 'aspirational' category.

The report aims to evolve an understanding of the fiscal health of States in the country and it has listed Maharashtra, Uttar Pradesh, Telangana, Madhya Pradesh, Karnataka under 'front-runners' category.

Tamil Nadu, Bihar, Rajasthan and Haryana were classified as performers.

As per the report, released by 16th Finance Commission Chairman Arvind Panagariya, Odisha excelled in fiscal health with the highest overall index score of 67.8.

Referring to top five achiever States, NITI Aayog said these States have higher capital outlay of up to 4% of Gross State Domestic Product (GSDP), effective mobilisation of non-tax revenue, are revenue surplus and have low interest payments, which is up to 7% of revenue receipts.

Analysing the performance of frontrunners, the government think-tank said these States reported high total developmental expenditure up to 73%, witnessed consistent growth in own tax revenue, had balanced fiscal management and improved debt sustainability with debt-to-GSDP ratio of 24%.

The report noted that the aspirational States of Kerala, West Bengal, Andhra Pradesh and Punjab are struggling to meet the fiscal and revenue deficit targets, have low revenue mobilisation, witnessing a growing debt burden with debt sustainability a concern in these States.

As per the report, Odisha tops the debt index (99.0) and debt sustainability (64.0) rankings with better than average scores under quality of expenditure and revenue mobilisation. Odisha has maintained low fiscal deficits, a good debt profile, and an above average capital outlay/GSDP ratio.

While Kerala and Punjab struggle with low quality of expenditure and debt sustainability, the report said, West Bengal faces revenue mobilisation and debt index issues. Andhra

Pradesh has high fiscal deficit and Haryana has a poor debt profile, it said.

According to the report, Odisha, Goa, Karnataka, Maharashtra and Chhattisgarh scored the highest average FHI score for 2014-15 to 2021-22 period. The data used to calculate the Fiscal Health Index (major variables and sub-components under each variable) is sourced from the Comptroller and Auditor General (CAG).

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