

# Macro and Fiscal Landscape of the State of Punjab



# Macro and Fiscal Brief: Punjab

## March 2025

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# **1. Summary and Overview of the State of Punjab**

# Demography and Employment

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- As per Census population projections for 2022-23, Punjab has a population of 30.7 million and represents 2.2 percent of India's total population. The State's projected population growth rate at 0.6 per cent is lower than the national average of 0.9 per cent as of 2022-23.
- Punjab's population density (602 persons per sq. km.) is higher than the national average but its dependency ratio (49.2 per cent) is lower than the national average of 55.7 percent, as of 2021. About 42 percent of its population resides in urban areas, as of 2023.
- The sex ratio at birth (904 female births per 1000 male births), as per the National Family Health Survey (NFHS V) is less than the national estimates.
- During the period from 2017-18 to 2022-23, the annual unemployment rate in the State has consistently remained above the national average and stood at 6.1 percent in 2022-23. The Female Labour Force Participation rate is below the national average.
- The working population in the State is predominantly concentrated in Services (41.1 per cent); Agriculture, Forestry, and Fishing (24.6 percent); Manufacturing (17.8 per cent); and, Construction (15.6 percent) sectors, as of 2022-23.

# Economic Structure (Growth and Sectoral Composition)

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- During the period from 2012-13 and 2021-22, Punjab's real GSDP has grown at an average rate of 5.0 percent, which is lower than the national average growth of 5.6 percent.
- The State's share in India's nominal GDP, which was 3.7 percent in 1990-91 has declined to 2.6 percent by 2021-22. Its nominal per capita income is just 10 percent higher than the national per capita income as of 2021-22.
- The Services sector with a share of 45.3 percent, is the largest contributor to the State's GSVA followed by agriculture (27.8 percent) and industry (26.9 percent), respectively in that order as of 2021-22.
- During the last ten years (from 2013-14 to 2022-23), the services, manufacturing, and agriculture sectors have grown by 5.8 percent, 5.5 per cent, and 2.1 percent per annum, respectively\*.

# Socio-Economic Indicators (Health and Education)

- Punjab's literacy rate is at 75.8 percent is slightly higher than the national average, as of 2011.
- The school Drop-Out Rates for Class X and Secondary (VIII-X) levels in the State are lower than the national average for the period from 2013-14 to 2016-17. As of 2016-17, the State has higher pass percentages for both Secondary and Higher Secondary (Classes X and XII) examinations compared to the respective national averages.
- The Gross Enrolment Ratio at the Higher Secondary level in the State is above the national average, but for Higher Education the enrolment is slightly below the national average, as of 2015-16.
- For people aged between 18 to 23 years of age, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) is well above the national average and the college density in the State is also higher than the national average as of 2021.
- The Life expectancy in the State at 72.5 years is slightly higher than an average person in the country.
- The Infant mortality and total fertility rates are lower than their respective national averages in 2020 and 2019-21 respectively. The share of fully immunized children is close to the national average for 2019-21.
- The State has a much better access to basic amenities. Nearly 100 percent of households in Punjab have access to electricity and drinking water and around 85 percent households have access to sanitation facilities, which is much higher in comparison to the national average as of 2019-21.

# State of Public Finances and Tax Devolutions

- As of 2022-23, Punjab's debt-to-GSDP ratio at 47 percent is markedly higher than that of a median State (32.1 per cent). Its contingent liabilities (3.6 percent of GSDP) are also higher than those of a median State as of 2021-22. The fiscal and primary deficit levels at 4.9 per cent and 1.9 percent, respectively are higher than that of a median State as of 2022-23. The State has a revenue deficit of 3.5 percent of GSDP in 2022-23 compared to a revenue deficit of 0.4 percent for a median State.
- The State collects less revenue compared to a median State. As of 2022-23, its revenue receipts (own tax, own non-tax, and share of central taxes) are 13.9 per cent, much lower than a median State. The expenditure-to-GSDP ratio stood at 18.9 percent.
- Debt Sustainability Analysis projections show an unsustainable path in most scenarios, including its baseline scenario (where debt level, primary deficit, real GDP growth, real effective interest rate remain at their respective average levels from 2012-13 to 2021-22). Even under the most optimistic scenario, the reduction in debt to GSDP ratio is projected to be very small.
- The State's share in Taxes from Centre, as per the FC recommendations, increased from 1.6 percent under 14th FC to 1.8 percent under and 15th FC. Its share in the total grants-in-aid increased by 2.7 percentage points under the 15th FC, compared to the 14th FC, at 4.3 percent. This increase was predominantly driven by the State's increased shares in revenue-deficit grants.

Source: Reserve Bank of India, State Finances Report 2022-23.

Note: For calculation of median State, variable as a percentage of GSDP was computed for each State, with the median across 22 major States shown (excluding all Union Territories and North Eastern States, except Assam).

# Fiscal Rules

- As per recommendations of the 12<sup>th</sup> FC, the State enacted the Punjab Fiscal Responsibility Act and Budget Management (PFRBM) Act 2003. Since 2003, the Act has been amended six times in 2005, 2007, 2011, 2020, 2022 and 2023.
- **Revenue Deficit:** The original Act required the State to reduce its revenue deficit-to-revenue receipt ratio by five percentage points annually until balance was achieved. The 2005 amendment revised the target to eliminate revenue deficit by 2008-09, and generate a surplus thereafter. In 2011 amendment, the timeline to generate revenue surplus was extended to 2014-15. The 2023 amendment aligned the State's revenue deficit targets with those set by Central FC and as allowed by the Government of India.
- **Fiscal Deficit:** The 2003 Act required the State to limit fiscal deficit growth to 2 per cent annually until fiscal deficit is brought down to 3 percent of GSDP. A 2005 amendment set the target for reducing fiscal deficit to 3 percent by 2009-10 and the 2007 amendment revised this timeline to 2008-09. In the 2011 amendment the timeline to meet the fiscal deficit target was again revised to 2014-15, with the requirement to maintain the level thereafter. In 2020, an additional borrowing allowance of ₹928 crore for 2019-20 was granted. For 2020-21, the limit was raised by 2 per cent to deal with the pandemic. In 2022, the limit was brought down to 3.5 per cent of GSDP, with an extra 0.5 percent if the State spent at least 70 percent of its targeted capital outlay for 2021-22 by December 2021. The 2023 amendment aligned the State's targets with those set by Central FC.
- **Debt:** The original FRBM Act of 2003 mandated the State to reduce its debt-to-GSDP ratio to 40 percent by 2006-07. In 2005, this target was revised to 28 percent including contingent liabilities by 2009-10. The 2011 amendment updated the target to 38.7 percent by 2014-15. Medium-Term Fiscal Plans set the following debt-to-GSDP targets: 41.04 percent for 2017-18, 40.96 percent for 2018-19, 39.74 percent for 2019-20, 38.53 percent for 2020-21, and 45.04 percent for 2021-22 . The 2023 amendment has aligned the State's targets with those set by the Central FC.
- **Fiscal Discipline:** As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the five-year period from 2017-18 to 2021-22, the State was able to meet the revenue deficit and debt to GDP ratio targets only once in 2017-18 and 2021-22, respectively. The fiscal deficit targets were met in three out of five years (2017-18, 2018-19, and 2019-20).



## 2. Demography and Employment

- Population data covers the Census period 1951 – 2011;
- Population Projections cover the period 2012 – 2023;
- Employment data covers the period 2017-18 to 2022-23.

**Table 1: Area and Demography of Punjab**

Indicator	Most Recent Value	As of Year	Decadal Change (b/w 2011 and 2021)	India's estimates for benchmark (iii)
<b>Area (i)</b>	50,362 sq. km.	2011	-	1.5% of national total
<b>Forest Cover</b>	1,847 sq. km.	2021	+ 0.004% points	0.3% of national total
<b>Total Population</b>	30.7 million persons	2023*	-	2.2% of national total
<b>Population Growth Rate</b>	0.6%	2023*	- 0.2% points (b/w 2012 and 2021)	0.9% (India)
<b>Population Density (ii)</b>	602 persons per sq. km.	2021*	-	415 persons per sq. km. (India)
<b>Dependency Ratio</b>	49.2%	2021*	- 6.9% points	55.7 % (India)
<b>Sex Ratio</b>	846 females per 1000 males	2011	-	914 females per 1000 males (India)
<b>Urban Population</b>	41.8% of State population	2023*	+ 3.6% points	35.1% of total population (India)
<b>Rural Population</b>	58.2% of State population	2023*	- 3.6% points	64.9% of total population (India)
<b>Urbanization Rate</b>	3.1%	2023*	-5.9% (b/w 2011 and 2021)	3.7% (India)

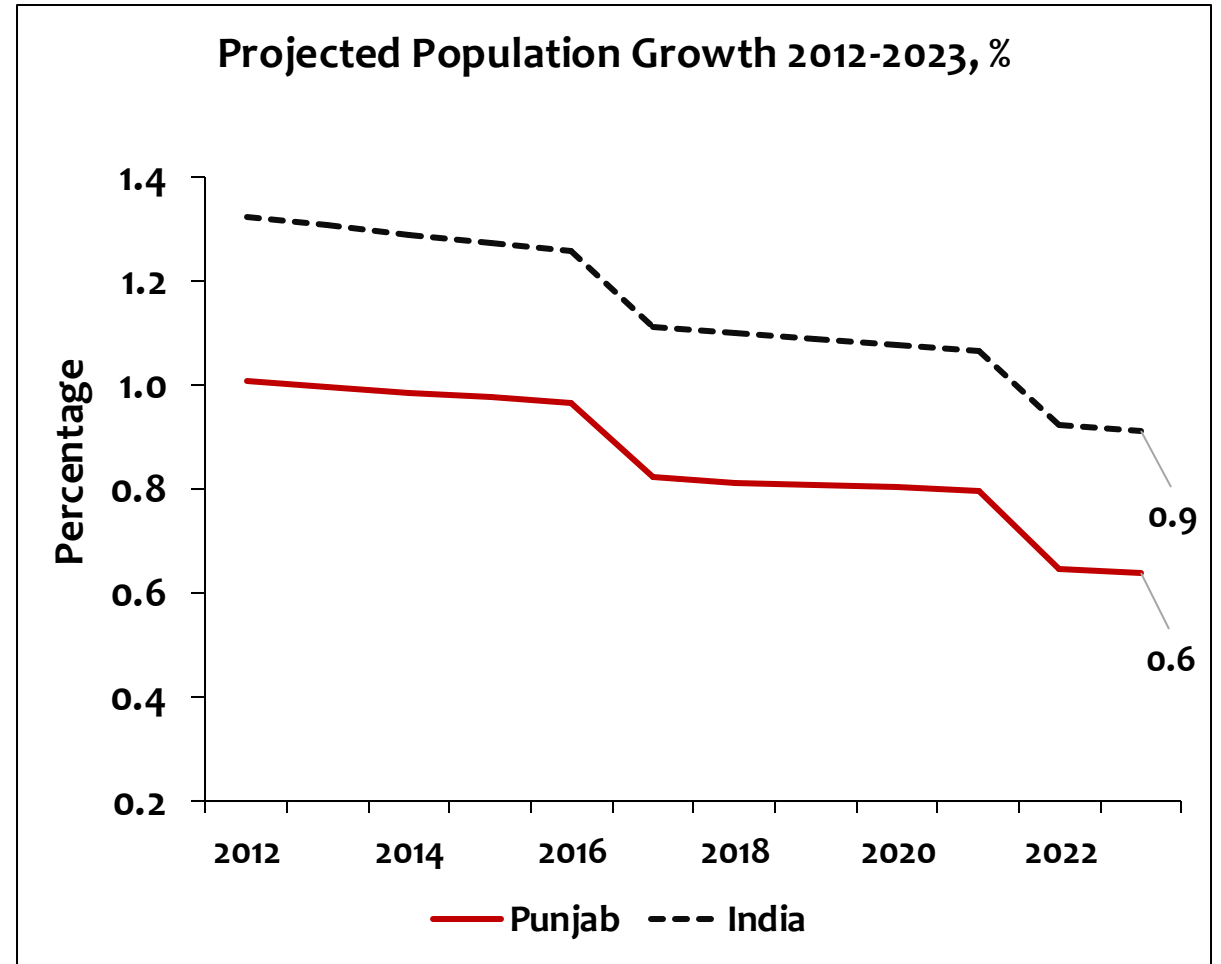
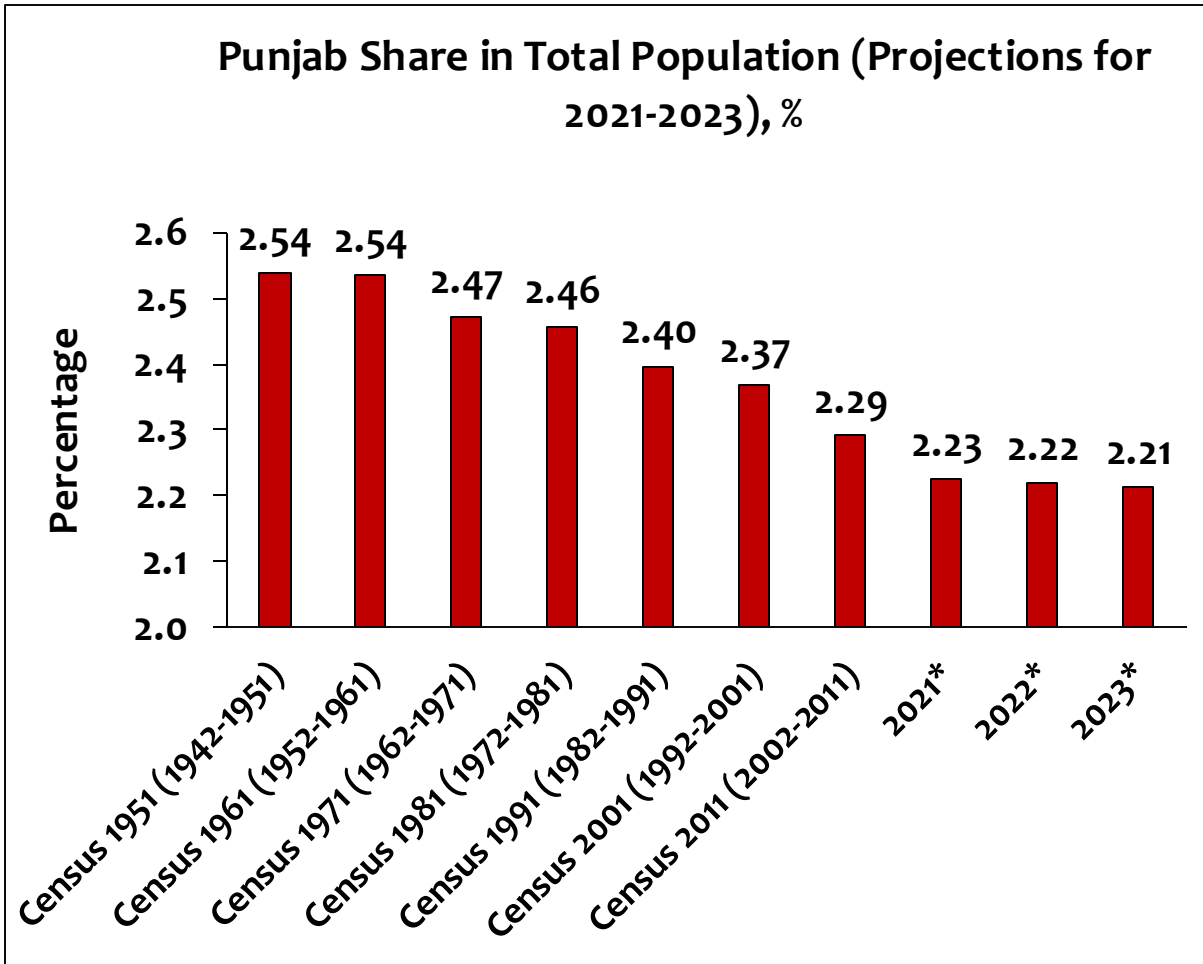
\* Projected numbers are starred

Source: Census, Forest Survey of India, Ministry of Environment, Forest and Climate Change, and “Population Projections for Indian States 2011-2036” by the Technical Group on Population Projections, National Commission on Population Ministry of Health and Family Welfare, Government of India.

Note:

- i. Area figure for India (national total) includes the area under unlawful occupation of Pakistan and China. The area includes 78,114 Sq.km under illegal occupation of Pakistan, 5180 Sq.km illegally handed over by Pakistan to China and 37,555 Sq.km under illegal occupation of China.
- ii. For working out the density of India, the entire area and population of those portions of Jammu & Kashmir which are under illegal occupation of Pakistan and China have not been taken into account, except for 2011 census.
- iii. India's estimates for benchmark pertain to the actual data for India (except for Area, Forest Cover, and Total Population where the State's share in India's estimates have been shown).<sup>10</sup>

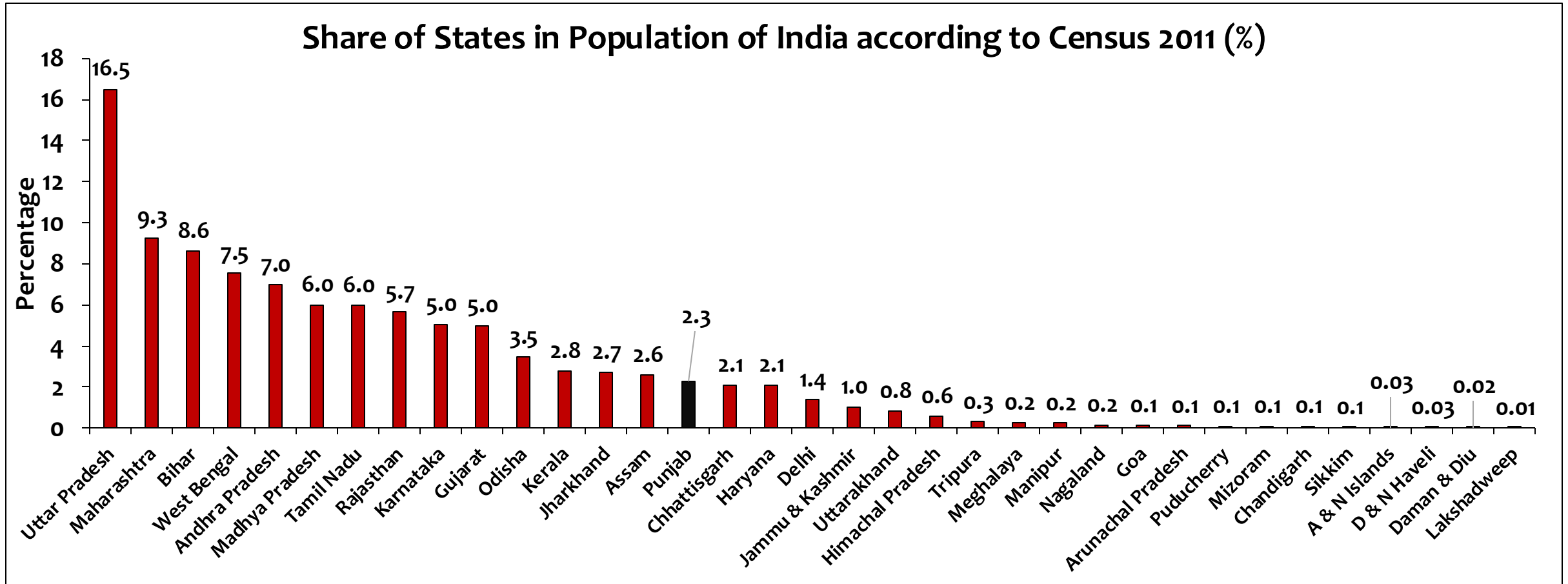
# Punjab has a share of 2.2 percent of National Population and its Population Growth Rate is lower than the national average



Source: i. Census data (1951-2011) is sourced from Office of the Registrar General of India, Ministry of Home Affairs; ii. Projections are sourced from the “Report of the Technical group on Population Projections”, (July 2020) by National Commission on Population and Ministry of Health and Family Welfare.

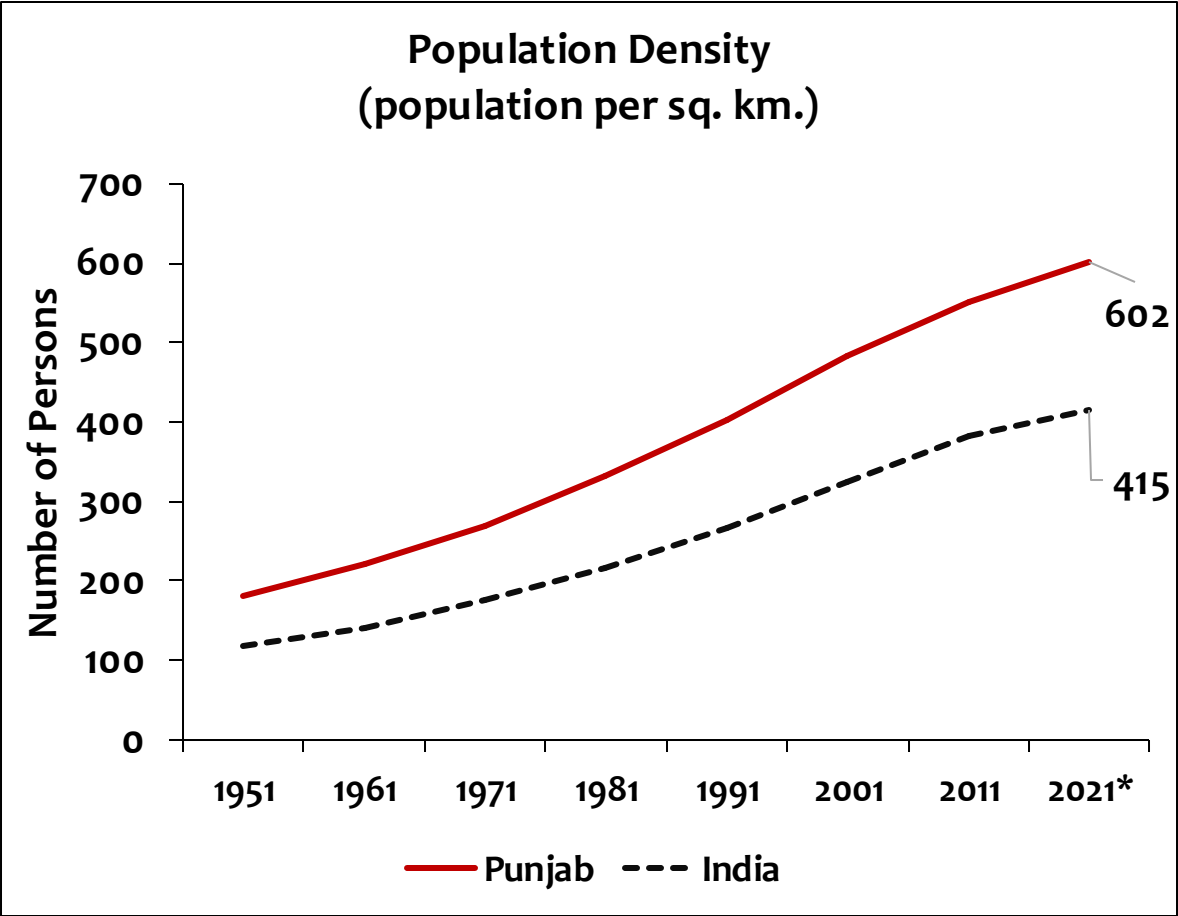
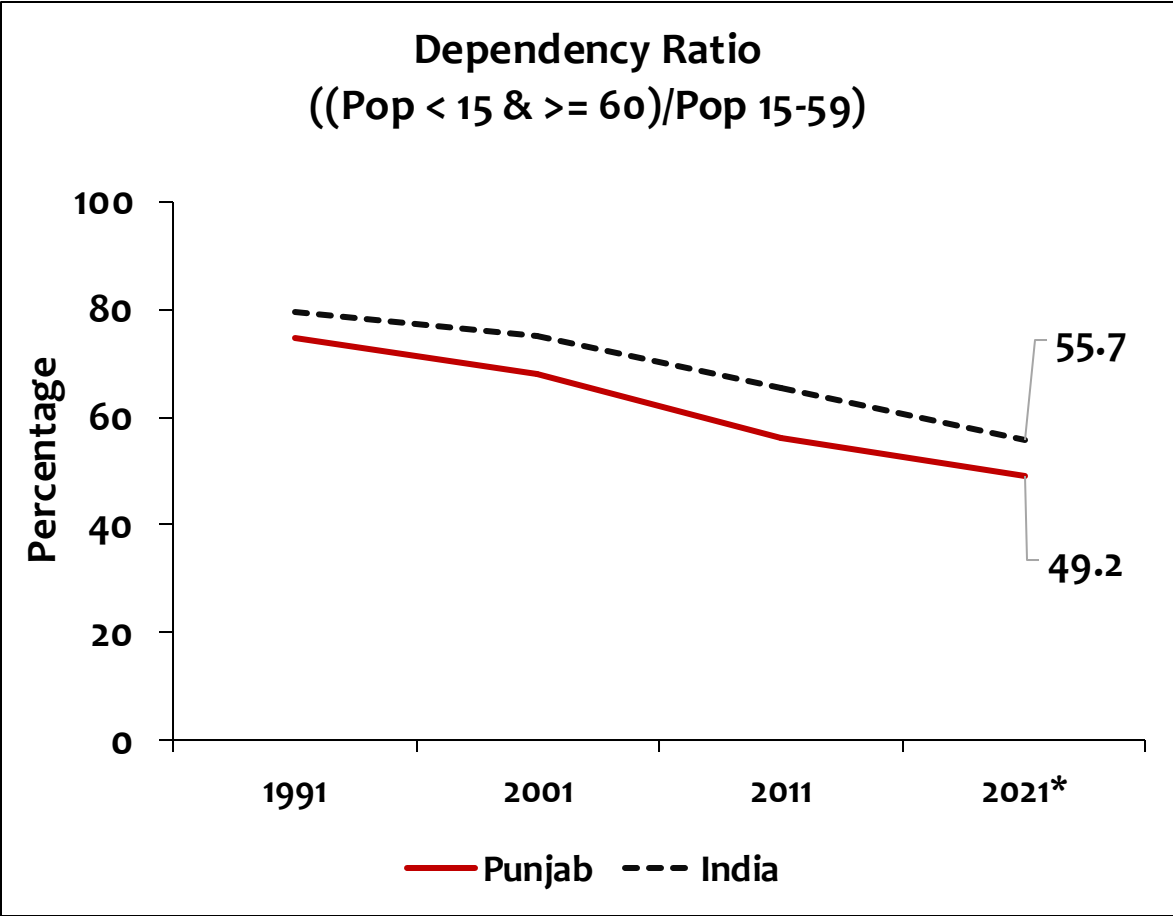
Note: i. Census Population Projections are constructed using the Cohort Component Method, where the components of population change (fertility, mortality and net migration) are used to project the base population each year separately for each birth cohort (persons born in a given year). The detailed methodology can be found in Chapter 2, [Population Projection Report 2011-2036](#).

# As per Census of 2011, Punjab ranked as the fifteenth-largest State in terms of its share in the total population



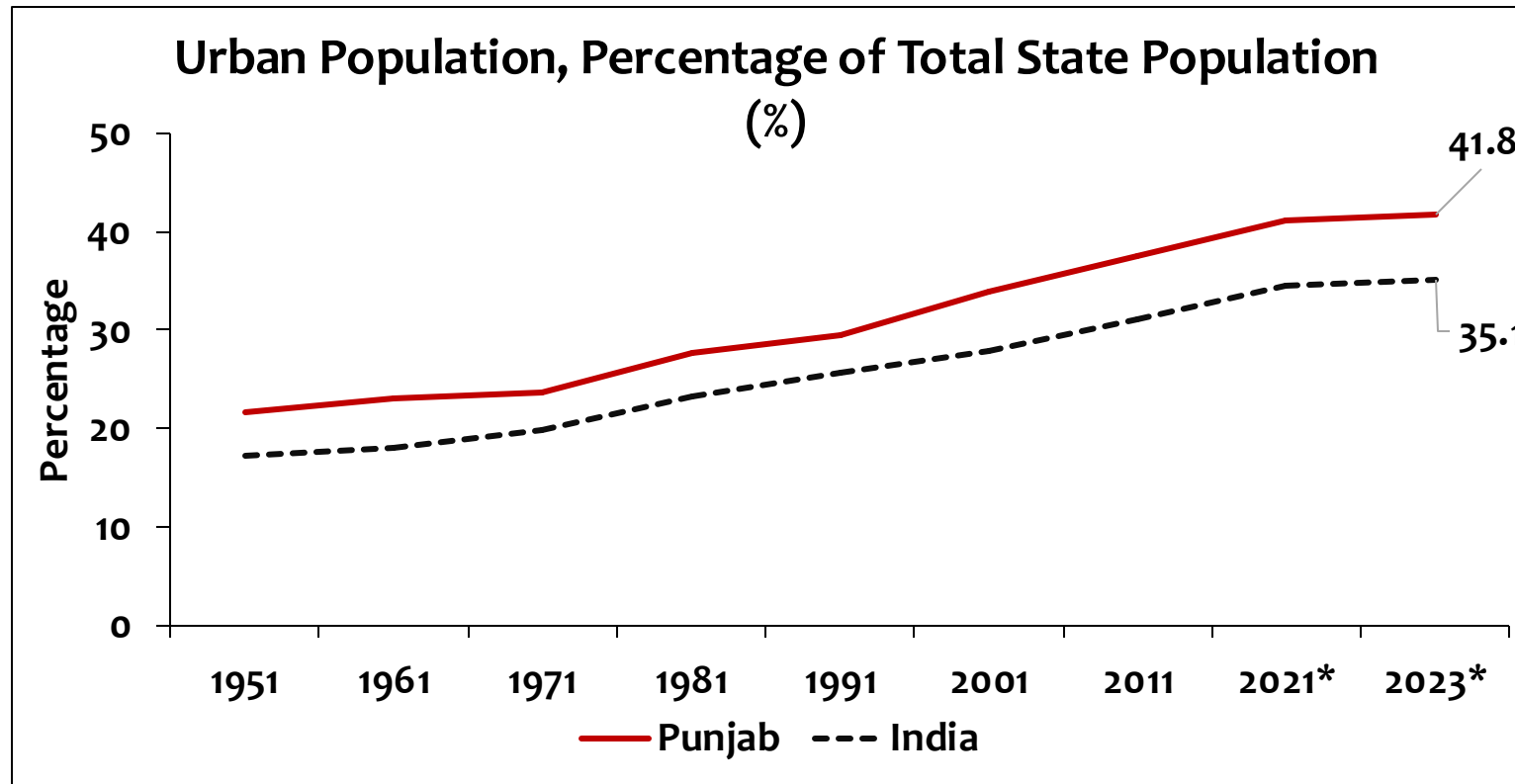
Source: Census data (1951-2011) is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

# Dependency Ratio in Punjab consistently remained below national estimates until 2011 and it is expected to remain below national estimate in 2021\*. Population Density has increased over the decades and has consistently surpassed national estimates



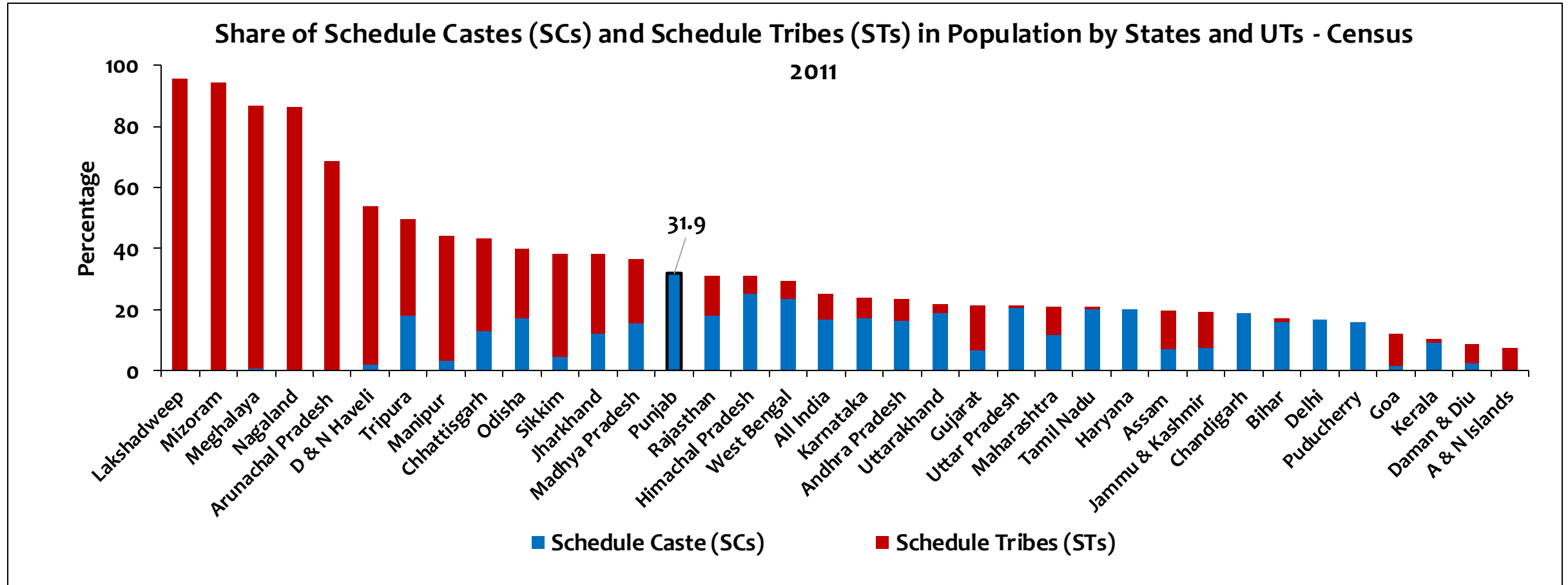
Source: Census data and “Population Projections for Indian States 2011-2036” by the Technical Group on Population Projections, National Commission on Population Ministry of Health and Family Welfare, Government of India.

# Urban Population in Punjab has consistently remained above national estimates, and the gap between the two has widened over the past three decades



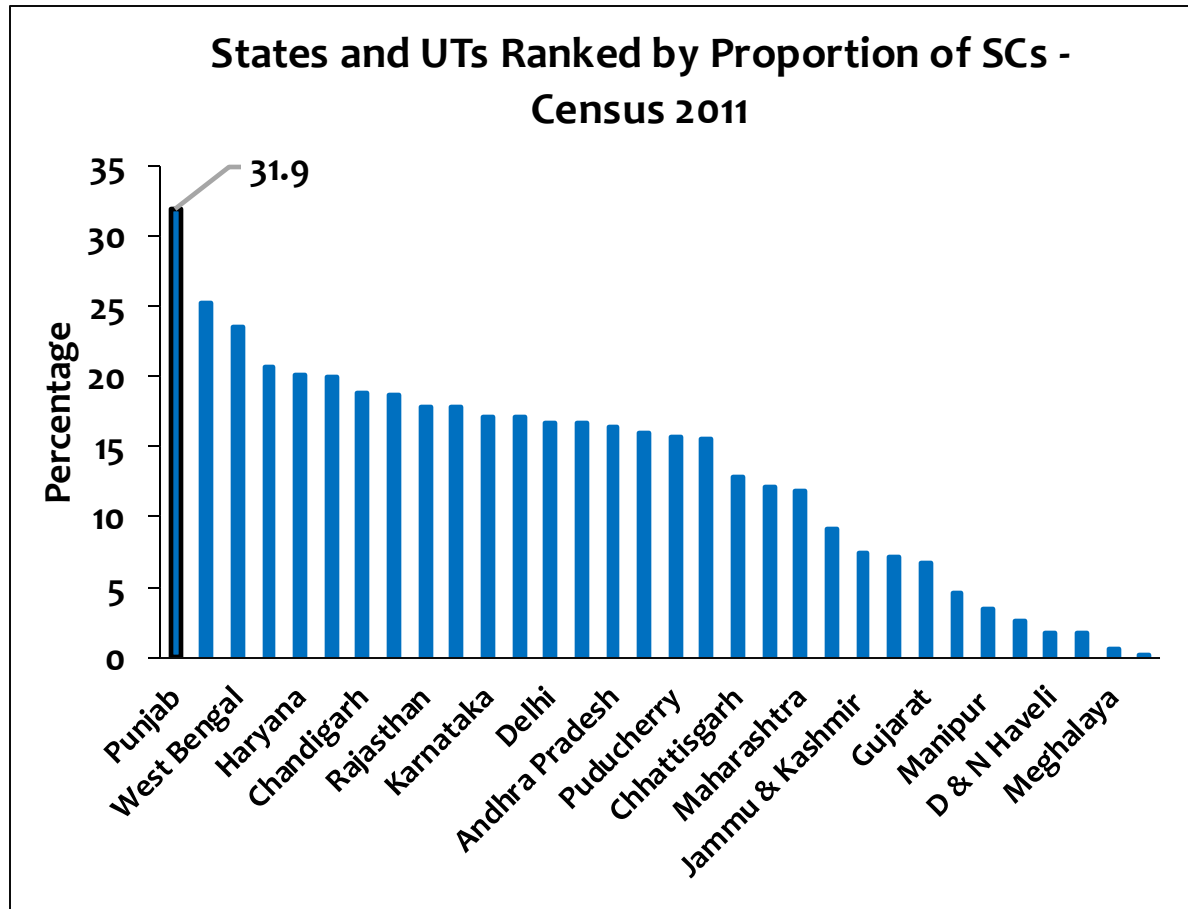
Source: Census data and “Population Projections for Indian States 2011-2036” by the Technical Group on Population Projections, National Commission on Population Ministry of Health and Family Welfare, Government of India.

# In Punjab, Scheduled Castes (SCs) constituted for 31.9 percent of its total population as per the 2011 Census



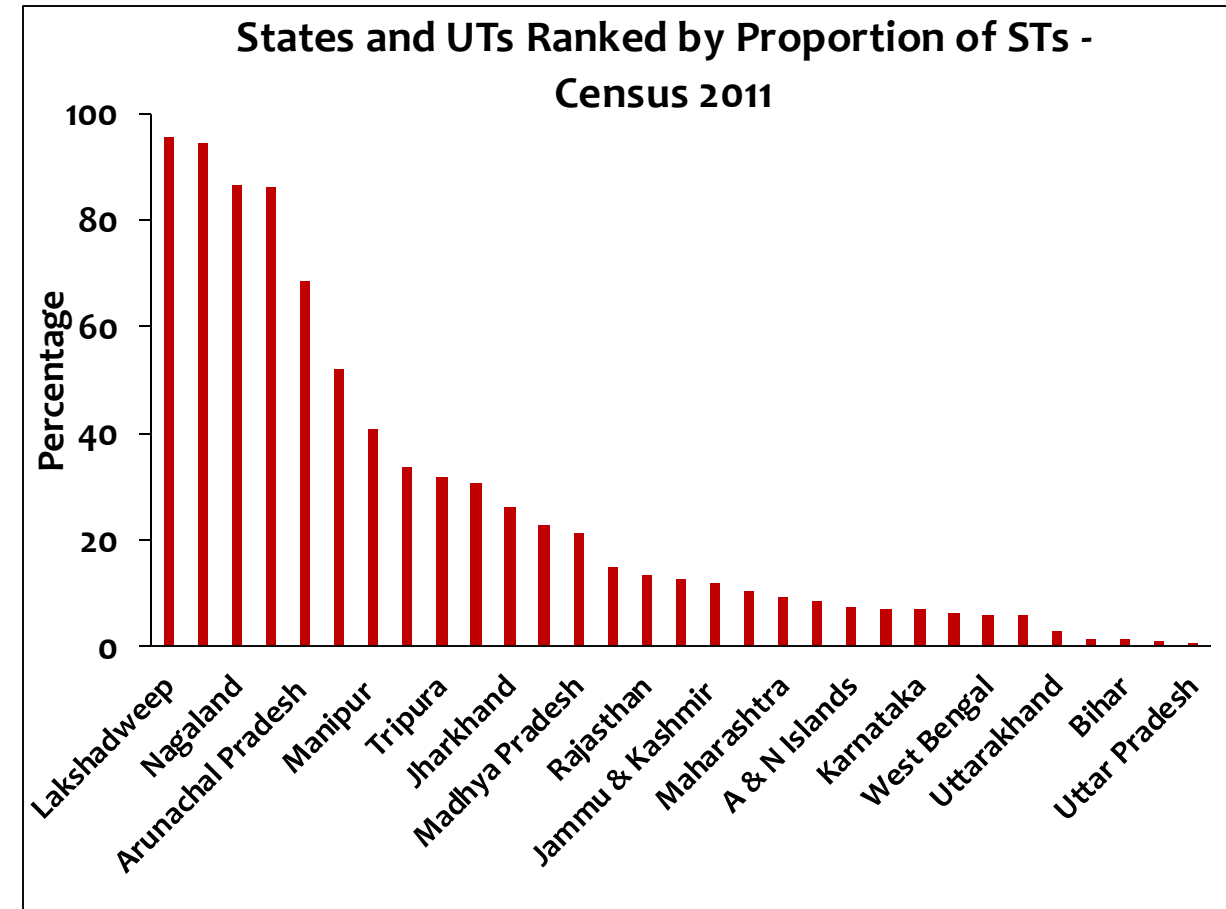
Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

# According to the 2011 Census, Punjab had the largest proportion of Scheduled Castes relative to other States in India



Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Note: Census data tables on the SC population are not available for Lakshadweep, Nagaland, Arunachal Pradesh, and Andaman & Nicobar Islands.

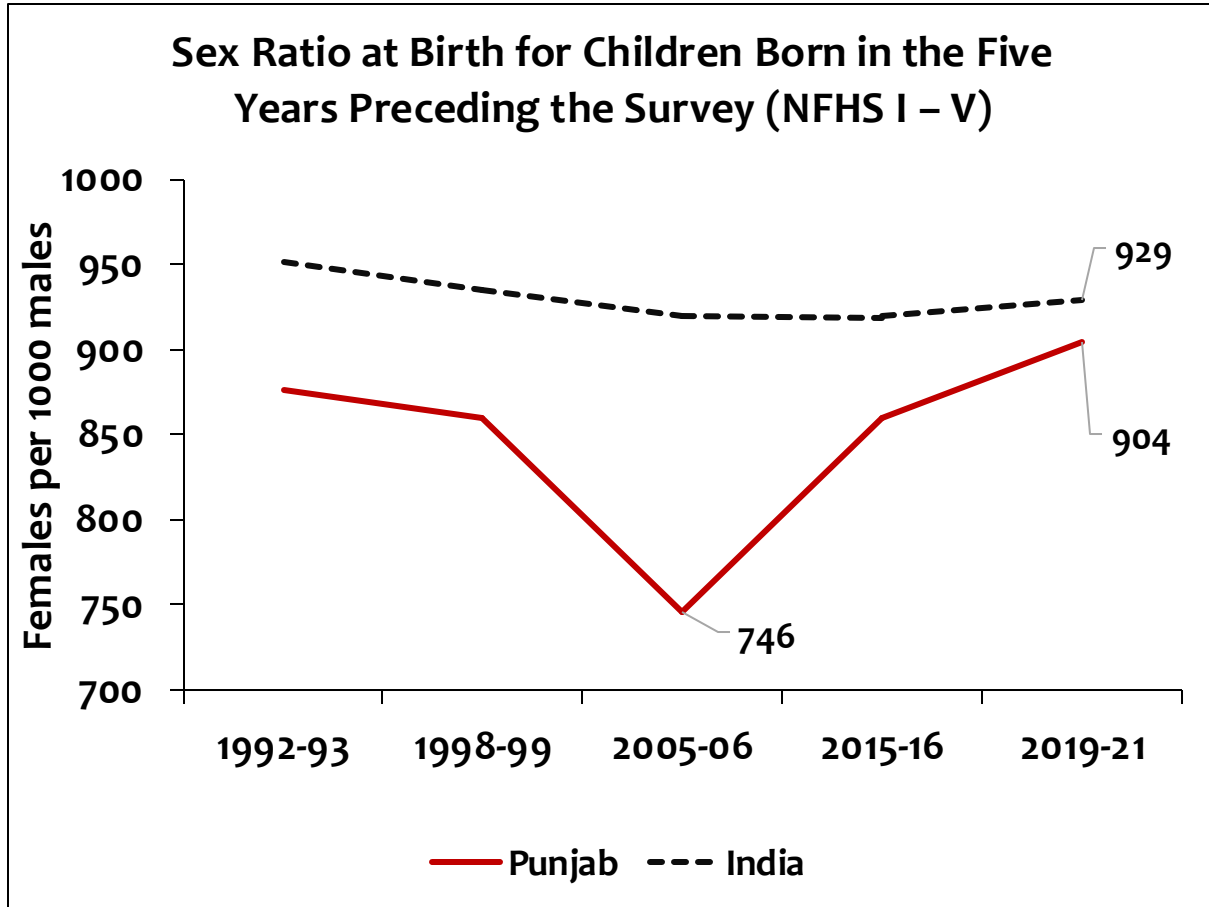


Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Note: As per the census data, Punjab, Haryana, Chandigarh, Delhi, and Puducherry, do not report any ST population.

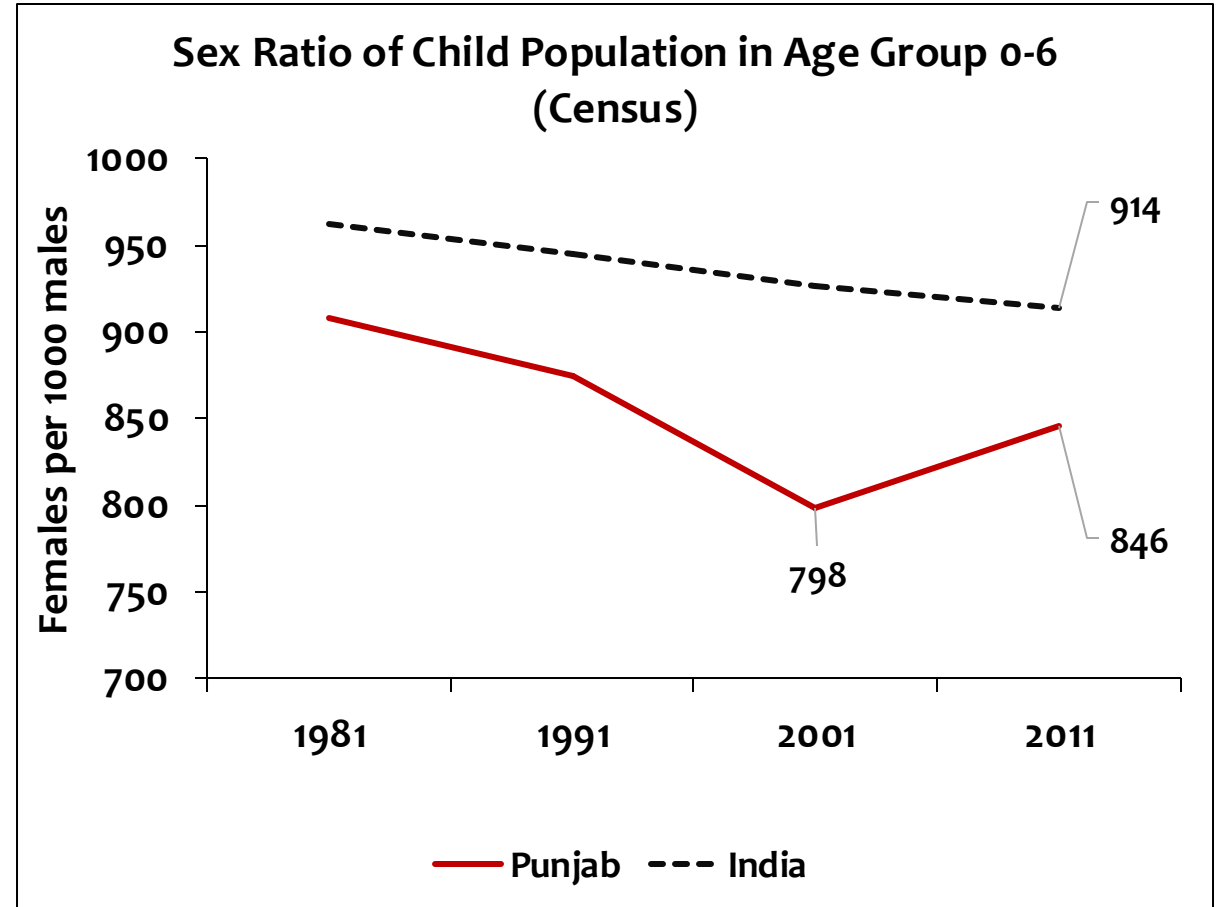


# Sex Ratio at Birth (female births per 1000 male births in a given population), as per the National Family Health Survey (NFHS) and Census Sex Ratio of the child population in 0-6 age group for Punjab is less than the national estimates



Source: NFHS I - V

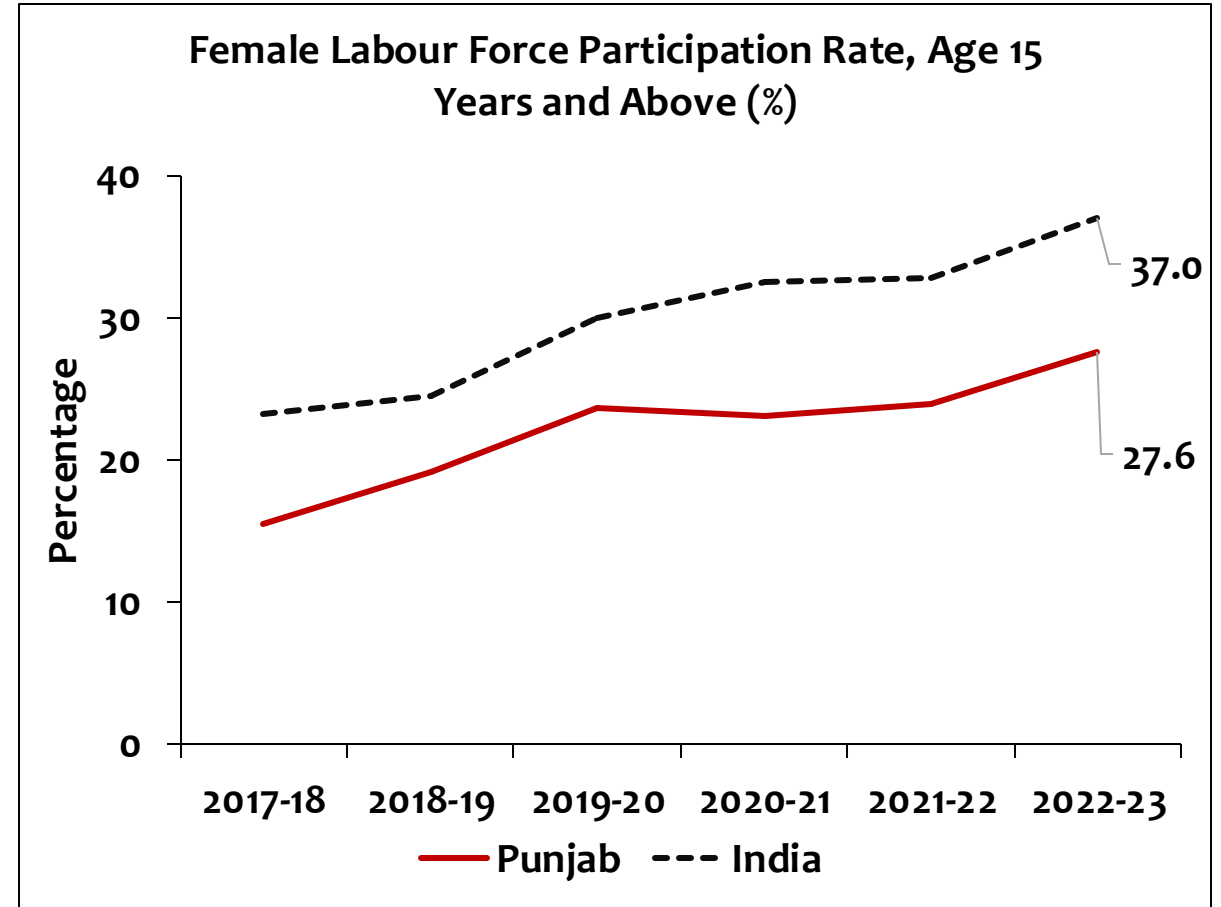
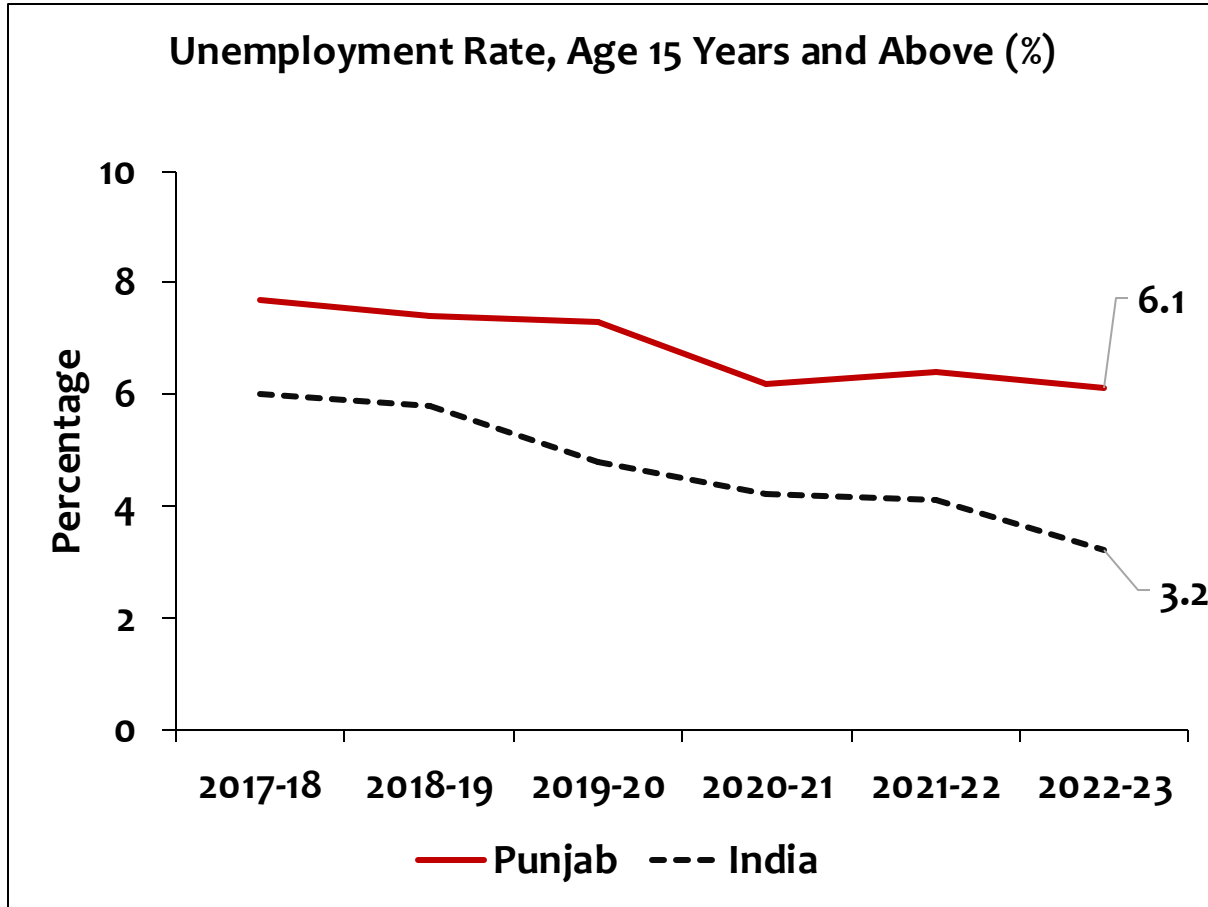
Note: Number for India has been taken directly from the source.



Source: Census of India

Note: Number for India has been taken directly from the source.

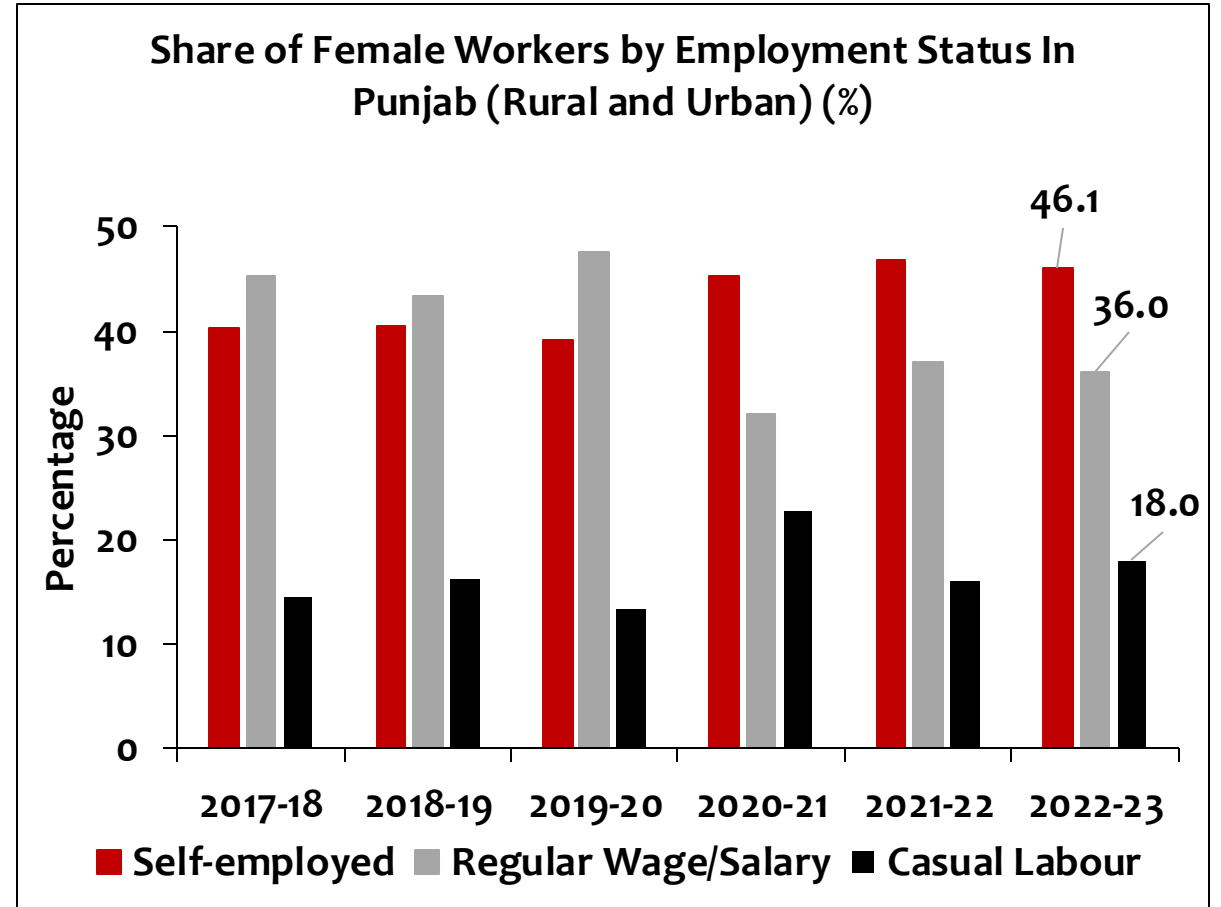
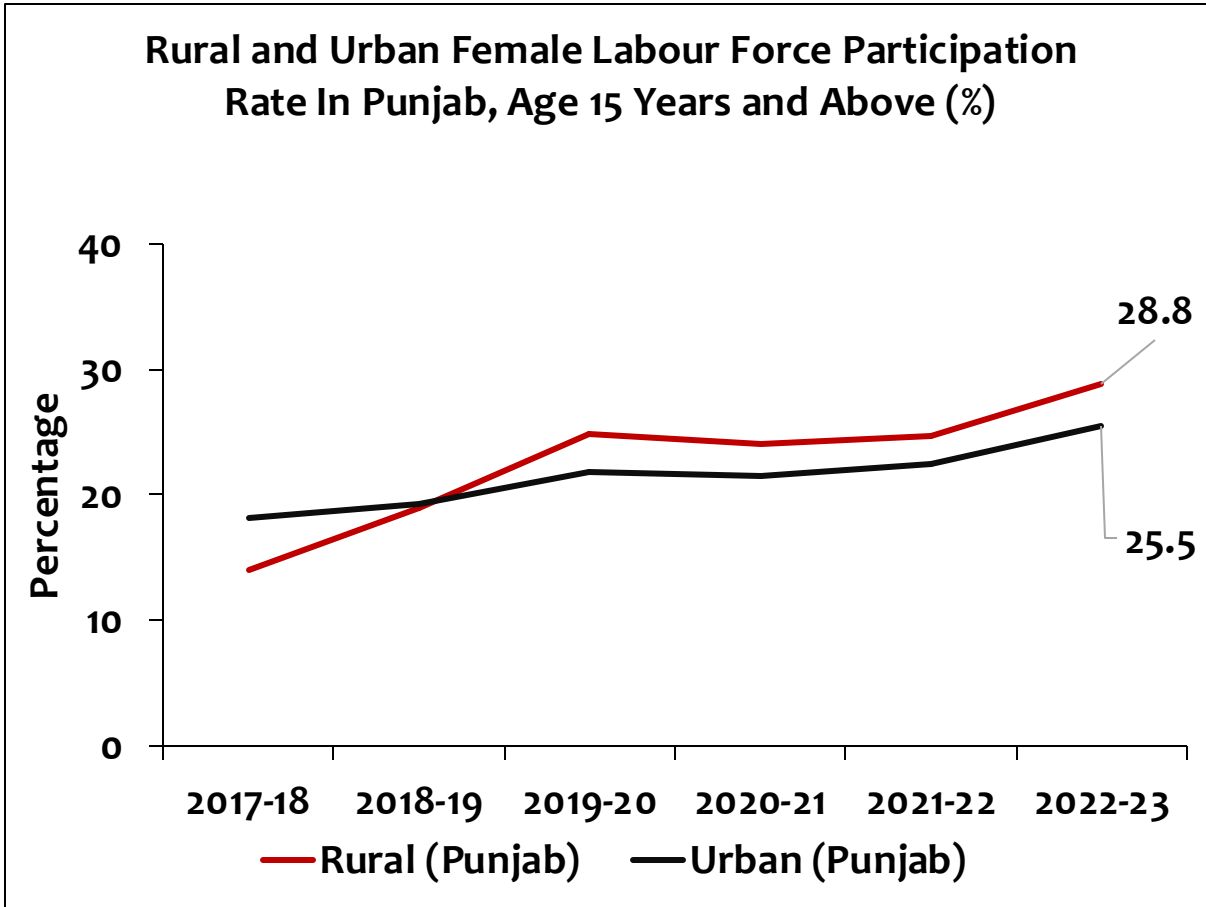
# Annual Unemployment Rate for Punjab decelerated to 6.1 percent in 2022-23, but it has consistently remained above national estimates. Female Labour Force Participation has improved but it has consistently remained below national estimates



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

Note: i. Number for India has been taken directly from the source; ii. The Unemployment and Female Labour Force Participation Rate (FLFPR), is as per the Usual Status (PS+SS) approach, considering both Rural and Urban labour force for the age group 15 years and above. The PLFS uses two reference periods for measuring employment status, Principal Status (PS) and Subsidiary Status (SS). The PS+SS category combines information from both reference periods to determine the usual status of employment.

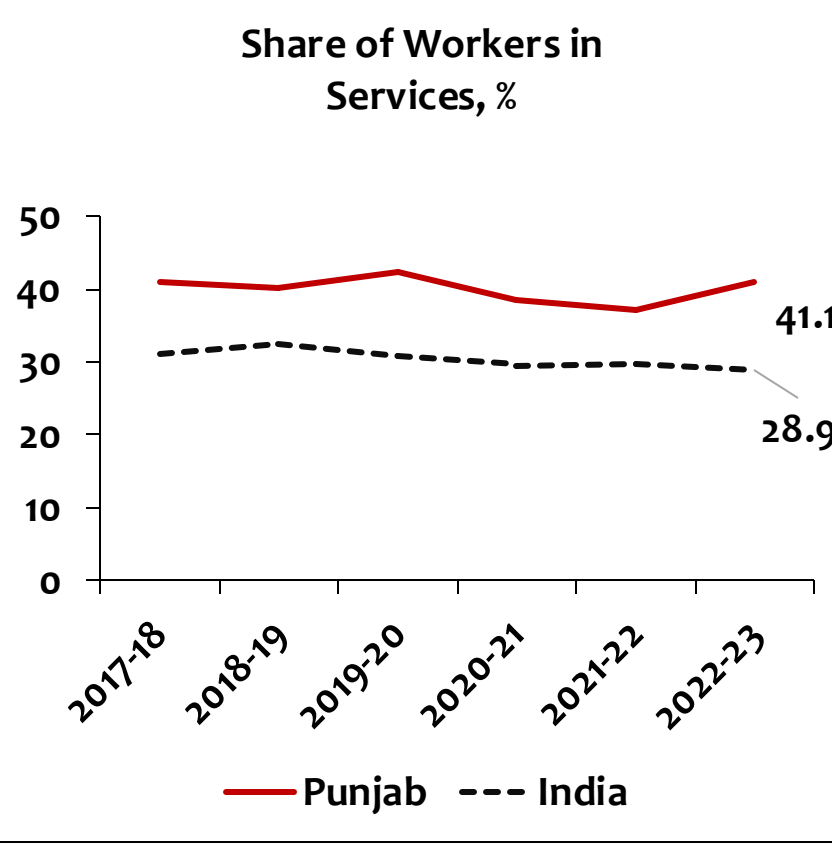
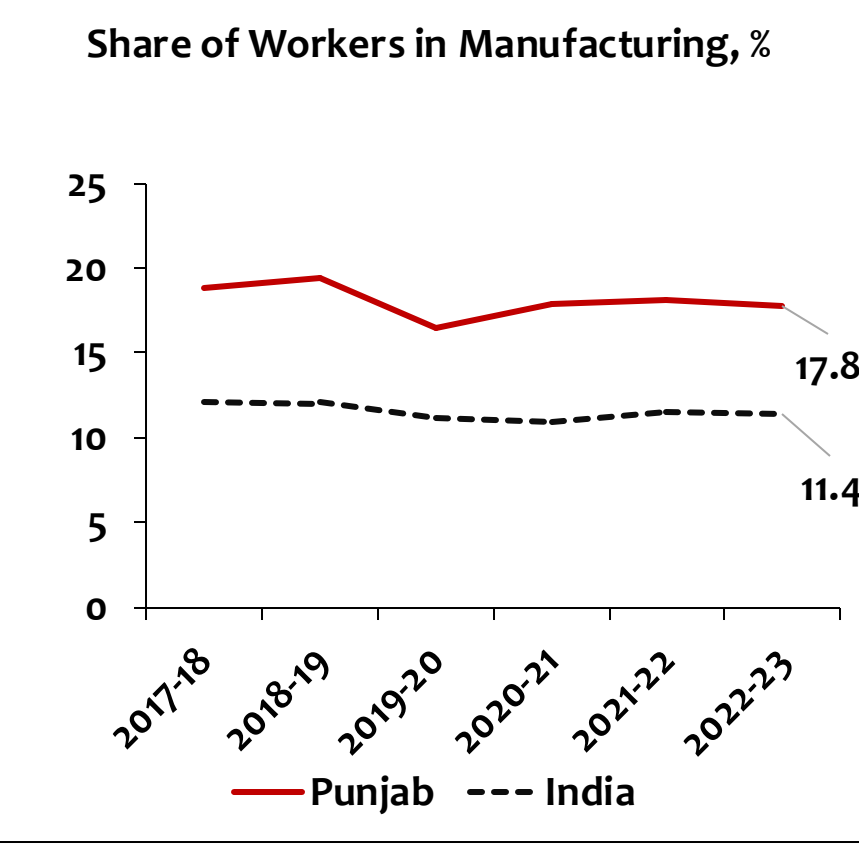
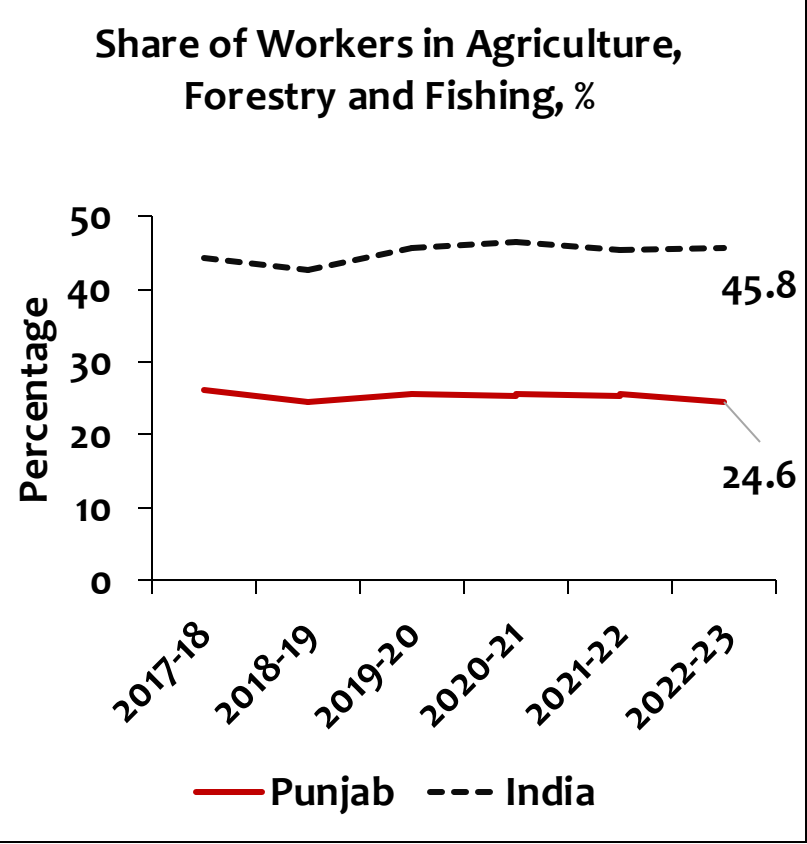
# In Punjab, Female Labour Force Participation is predominantly higher in rural areas after 2018-19. Additionally, the majority of the female workforce comprises of Self-Employed workers



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

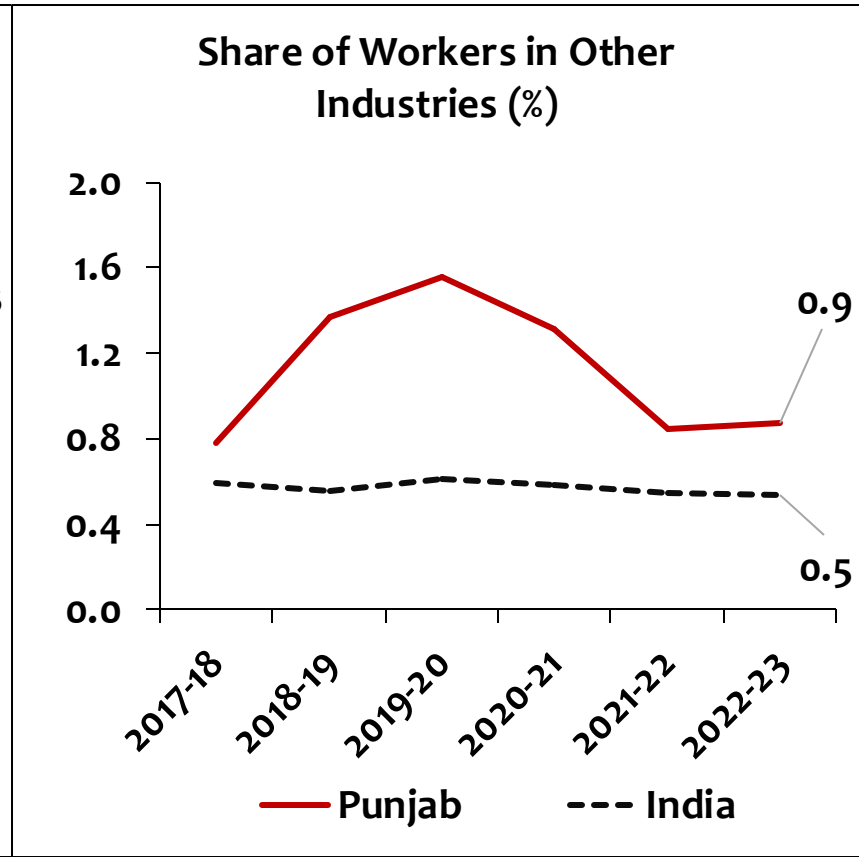
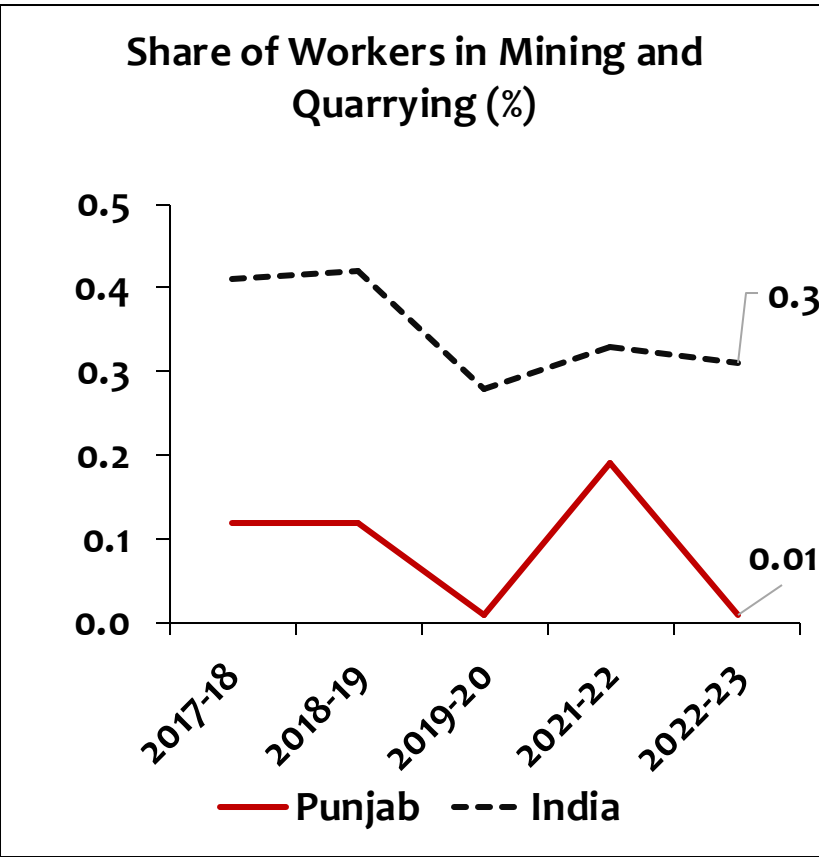
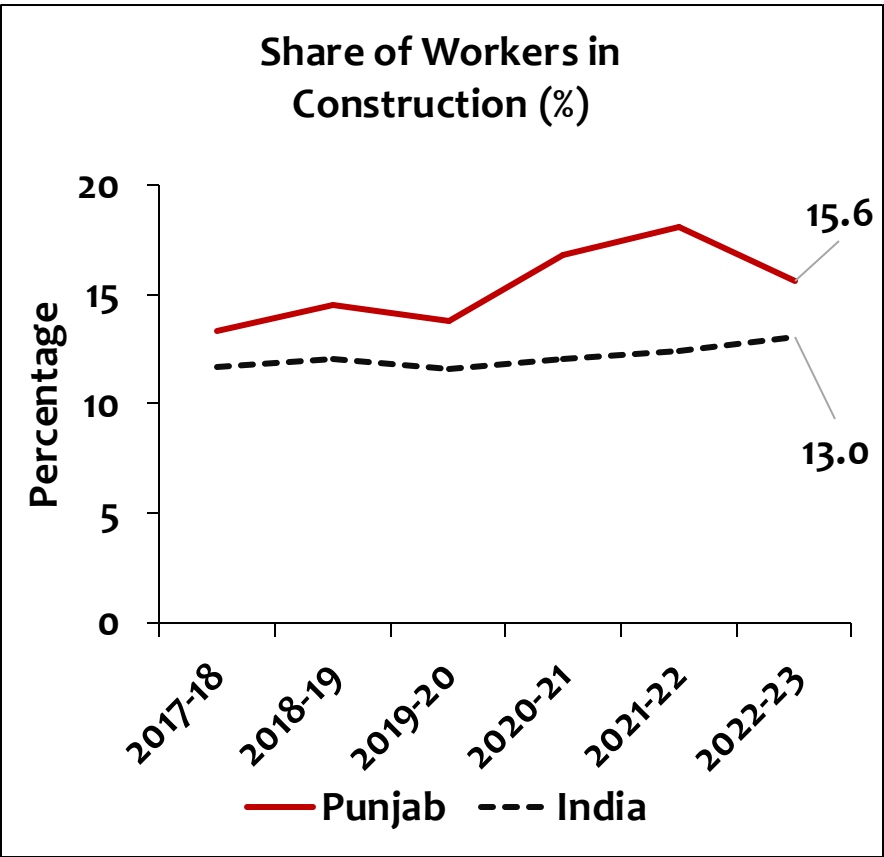
Note: i. Number for India has been taken directly from the source; ii. The Rural and Urban Female Labour Force Participation Rate (FLFPR) and Distribution of Female Workers by Employment Status, is as per the Usual Status (PS+SS) approach, considering both Rural and Urban labour force for the agegroup 15 years and above. The PLFS uses two reference periods for measuring employment status, Principal Status (PS) and Subsidiary Status (SS). The PS+SS category combines information from both reference periods to determine the usual status of employment.

**Working population in Punjab is predominantly concentrated in Services, Agriculture, Forestry, and Fishing, Manufacturing and Construction sectors. Manufacturing constituted 17.8 percent of the total share of workers in 2022-23. The proportion of workers involved in Mining and Quarrying is small and below national estimates, and for Other Industries it is above national estimates**



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.  
 Note: i. Number for India has been taken directly from the source; ii. Services includes Transportation and Storage; Accommodation and Food Service Activities; Information and Communication; Financial and Insurance Activities; Real Estate Activities; Professional, Scientific and Technical Activities; Administrative and Support Service Activities; Public Administration and Defense; Compulsory Social Security; Education; Human Health and Social Work Activities; Arts, Entertainment and Recreation; Activities of Households as Employers; Undifferentiated Goods and Services Producing Activities of Households for Own Use; Activities of Extraterritorial Organizations and Bodies; Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; and other Services.

**Working population in Punjab is predominantly concentrated in Services, Agriculture, Forestry, and Fishing, Manufacturing and Construction sectors. Manufacturing constituted 17.8 percent of the total share of workers in 2022-23. The proportion of workers involved in Mining and Quarrying is small and below national estimates, and for Other Industries it is above national estimates**



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

Note: i. Number for India has been taken directly from the source; ii. Other industries include, Electricity, Gas, Steam and Air Conditioning Supply; and Water Supply, Sewerage, Waste Management and Remediation Activities.

# **3. Economic Structure (Growth and Sectoral Composition)**

- **Income data covers the fiscal period 1990-91 – 2021-22**

**Table 2A: State Domestic Product, Per Capita Income, Sectoral Shares, Inflation, FDI inflow and Exports for Punjab**

Indicator	Most Recent Value	States' Average	Decadal Change, % (b/w 2012-13 and 2021-22)	Source
<b>Nominal Gross State Domestic Product (GSDP)</b>	Rs. 61,422,676 (Lakh) (FY 2021-22)	Rs. 2,347,101,174 (Lakh; India) (FY 2021-22)	+106.3% growth	MoSPI; EPWRF
<b>Nominal GSDP share in India's Nominal GDP, %</b>	2.6% (FY 2021-22)	-	-0.4% points	MoSPI; EPWRF
<b>Real Gross State Domestic Product Growth Rate, %</b>	5.0% (Decadal avg. b/w 2012-13 and 2021-22)	5.6% (Decadal avg. b/w 2012- 13 and 2021-22 for India)	+1.2% points	MoSPI; EPWRF
<b>Nominal Per Capita GSDP</b>	Rs. 192, 919 (FY 2021-2022)	Rs. 171,498 (India) (FY 2021-22)	+83.5% growth	MoSPI; EPWRF
<b>Nominal Per Capita GSDP in India's Nominal Per Capita GSDP (Ratio)</b>	1.1 (FY 2021-22)	-	-0.2 points	MoSPI; EPWRF
<b>Share of Agricultural Sector to Total Gross State Value Added (GSVA) (Nominal), %</b>	27.8% (FY 2021-22)	19.7% (FY 2021-22)	-2.0% points	MoSPI; EPWRF
<b>Share of Industry Sector to Total GSVA (Nominal), %</b>	26.9% (FY 2021-2022)	29.3% (FY 2021-22)	+2.2% points	MoSPI; EPWRF
<b>Within Industry: Share of Manufacturing Sector to Total GSVA (Nominal), %</b>	16.9% (FY 2021-22)	14.8% (FY 2021-22)	+2.5% points	MoSPI; EPWRF
<b>Within Industry: Share of Construction Sector to Total GSVA (Nominal), %</b>	6.6% (FY 2021-22)	7.7% (FY 2021-22)	-0.7% points	MoSPI; EPWRF
<b>Share of Services Sector to Total GSVA (Nominal), %</b>	45.3% (FY 2021-2022)	51.0% (FY 2021-22)	-0.2% points	MoSPI; EPWRF
<b>Within Services: Share of Trade and Hospitality Sector to Total GSVA (Nominal), %</b>	9.6% (FY 2021-2022)	11.3% (FY 2021-22)	-1.0% points	MoSPI; EPWRF
<b>Within Services: Share of Other Services Sector to Total GSVA (Nominal), %</b>	10.5% (FY 2021-2022)	10.1% (FY 2021-22)	+1.5% points	MoSPI; EPWRF

Source: Data is taken from MOSPI, as of August 2023.

Note: i. States' Average for shares are simple averages of each State's/UT's share for that year; ii. States' average growth rates are calculated as the simple average of each State/UT's growth rate for that year.

**Table 2B: State Domestic Product, Per Capita Income, Sectoral Shares, Inflation, FDI inflow and Exports for Punjab**

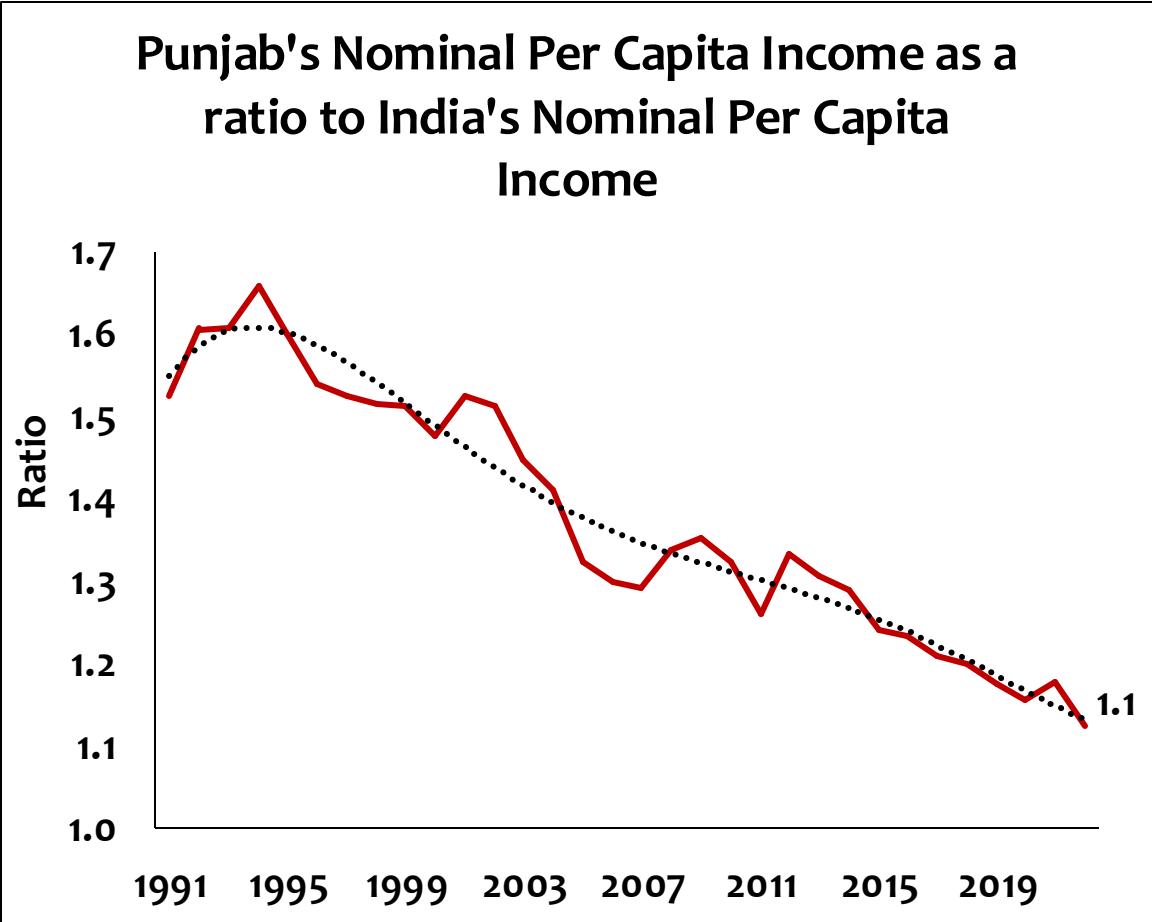
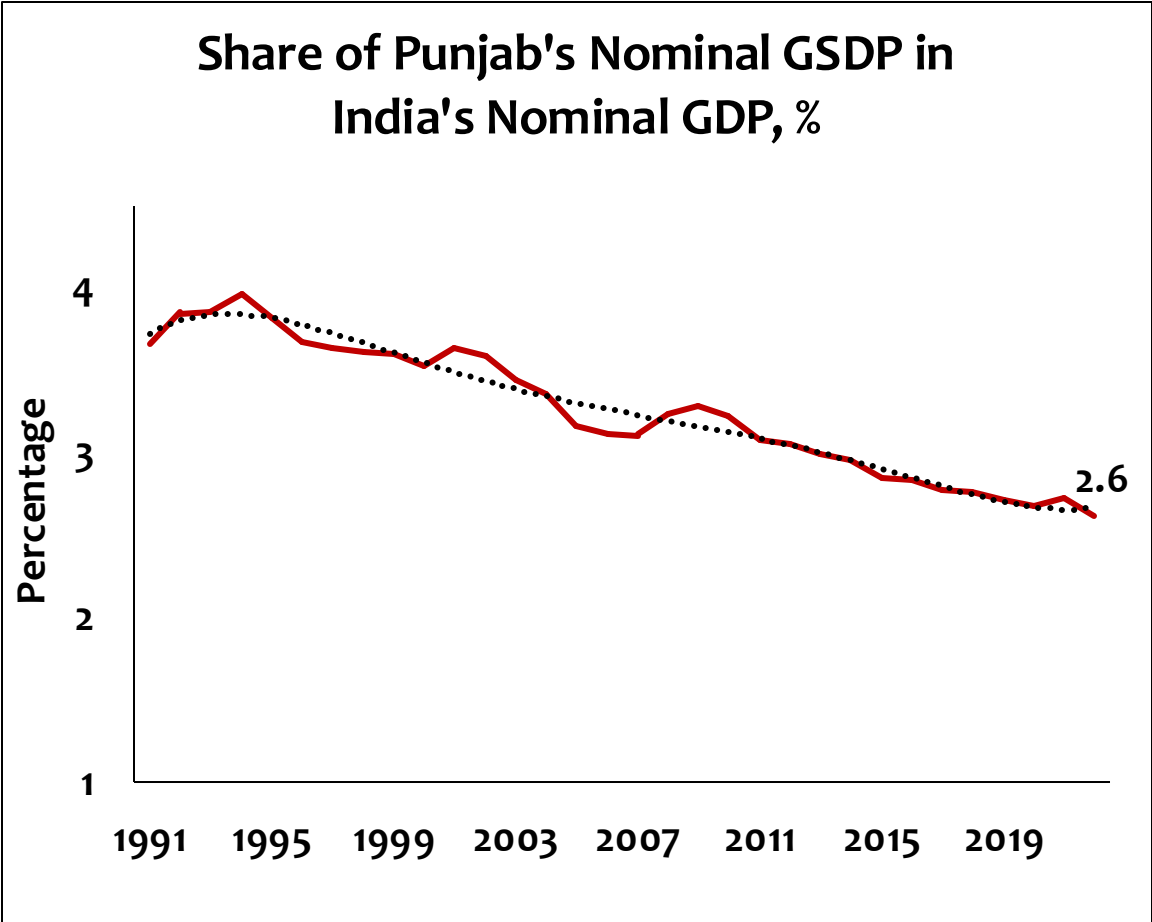
Indicator	Most Recent Value	States' Average	Decadal Change, % (b/w 2013-14 to 2022-23)	Source
<b>Share of Agricultural Sector to Total GSDP (Nominal), %</b>	24.0% (FY 2022-23)	15.8% (FY 2022-23)	-3.4% points	MoSPI; EPWRF
<b>Share of Industry Sector to Total GSDP (Nominal), %</b>	24.5% (FY 2022-23)	25.3% (FY 2022-23)	+1.4% points	MoSPI; EPWRF
<b>Within Industry: Share of Manufacturing Sector to Total GSDP (Nominal), %</b>	15.0% (FY 2022-23)	13.1% (FY 2022-23)	+1.6% points	MoSPI; EPWRF
<b>Share of Service Sector to Total GSDP (Nominal), %</b>	40.6% (FY 2022-23)	42.6% (FY 2022-23)	-1.7% points	MoSPI; EPWRF
<b>Inflation Rate</b>	+5.9% (FY 2022-23)	+ 5.5 % (FY 2022-23)	-0.2% points	MoSPI; EPWRF
<b>FDI Inflow</b>	0.4% of India FDI Inflow (2023-24)	3% of India FDI Inflow	-0.7 % of India FDI Inflow (b/w 2020-21 and 2023-24)	DPIIT
<b>Exports</b>	6,582 Million \$ (2022-23)	15,346 Million \$	-481 Million \$ (b/w 2013-14 and 2022-23)	Multiple Sources*

Source: i. Data on sectoral shares to GSDP is taken from MOSPI, as of March 2024; ii. (\*)Multiple sources for exports are various Issues of Economic Survey, Department of Economic Affairs, ([data.gov.in](https://data.gov.in)); Various Issues of Bulletin on Foreign Trade Statistics, Directorate General of Foreign Trade (DGFT).

Note: i. FDI data is available State-wise in a cumulative format with the starting date as December 2019 till the month and year of the DPIIT publication; iii. The State average for FDI has been calculated as the sum of all States/region divided by the number of States/regions, and this is divided by India's FDI inflow, multiplied by 100; iv. Benchmark number for exports is an average of all States/UT number.



# Punjab's share in India's Nominal GDP and its Nominal Per Capita Income as a ratio to India's Nominal Per Capita Income both declined sharply over the last three decades



Source: The Ministry of Statistics and Programme Implementation (MoSPI), as of August 2023. Back series with 2011-12 base has been taken from Economic and Political Weekly Research Foundation (EPWRF).

Note: i. GSDP refers to Gross State Domestic Product at current market prices; ii. As per EPWRF, this series is spliced with earlier GSDP series to generate the long time series; iii. National GDP is the National Gross Domestic Product of India at current market prices; iv. This series has been spliced with earlier GDP series to generate the long time series.

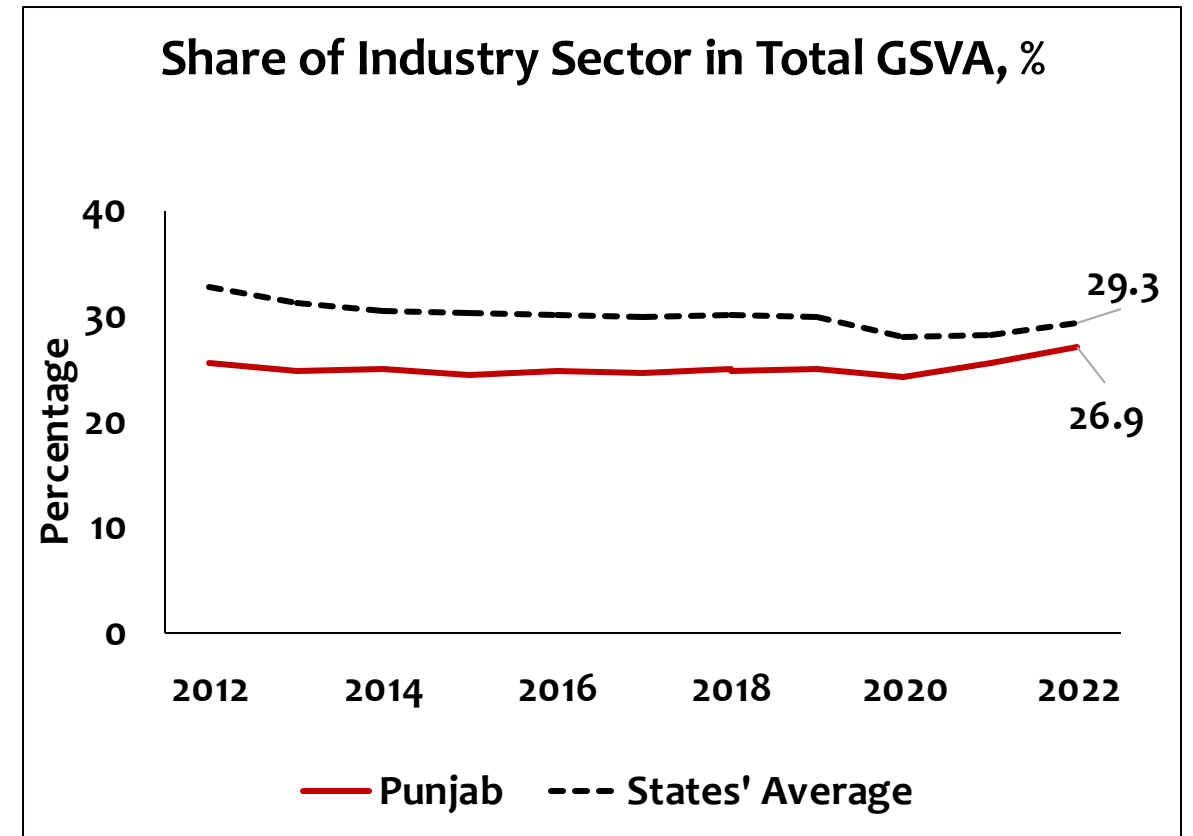
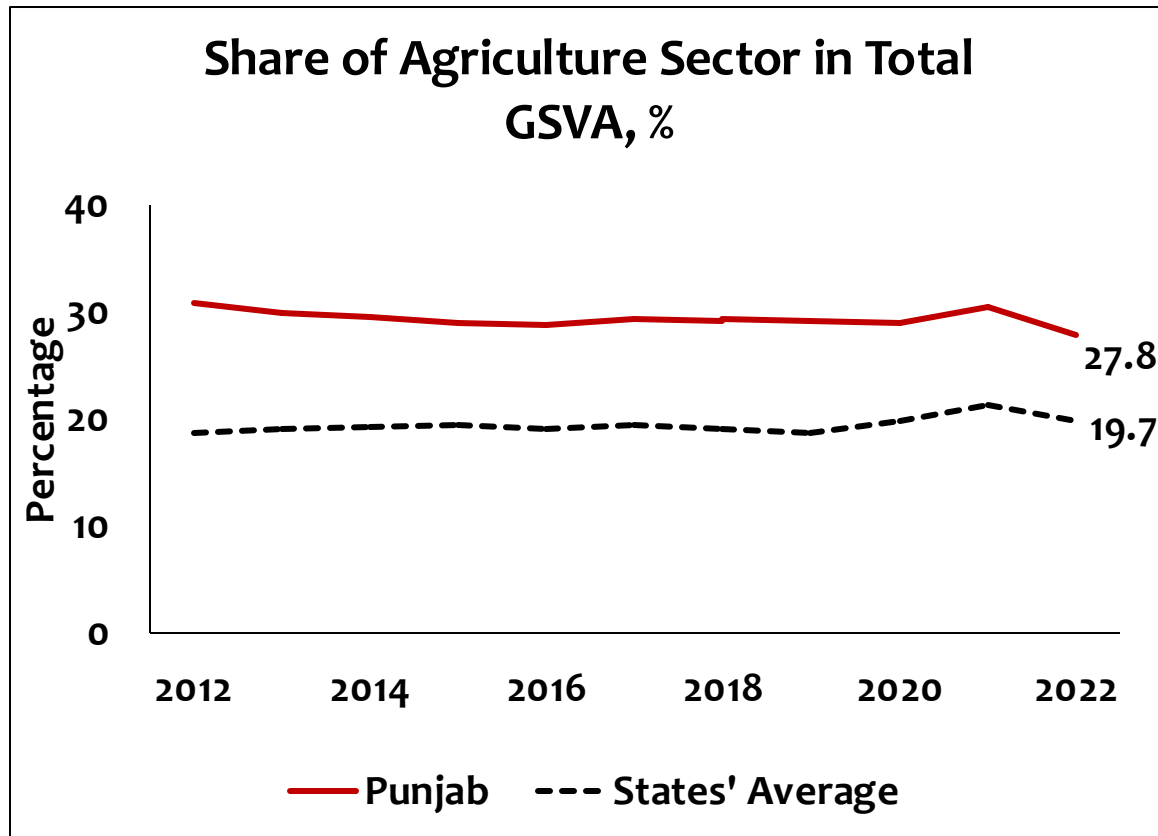
## Sectoral Gross State Value Added (GSVA): Punjab vis-à-vis rest of India (FY2021-22)

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- According to official estimates for FY 2021-22, Punjab's Agriculture sector is 27.8 percent of its GSVA, higher than the States' average of 19.7 percent.
- For FY 2021-22, Services sector contributes 45.3 percent share to the GSVA in Punjab, while the States' average stands at 51 percent. Within the services sector, the largest contributors are Other Services (10.5 percent); Trade, Hotels, and Restaurants (9.6 percent); and Real Estate, Ownership of Dwellings and Business Services (9.2 percent).
- For FY 2021-22, the Industry sector has a 26.9 percent share of Punjab's GSVA, whereas the States' average stands at 29.3 percent. This sector is primarily driven by Manufacturing (16.9 percent) with minor contribution from Construction (6.6 percent), Electricity (3.3 percent), and Mining (0.03 percent).
- For FY 2021-22, Punjab ranks 6<sup>th</sup> out of 33 States and UTs in its share of GSVA in the Agriculture sector (27.8 percent) but ranks 17<sup>th</sup> in its share of GSVA in the Industry Sector (26.9 percent) and 19<sup>th</sup> in the Services sector (45.3 percent).

**Note: Gross State Value Added (GSVA) is defined as the sum of the value added by each of the sectors under agriculture, industry, and services. This series currently is available at basic prices with 2011-12 base and it can be spliced with the earlier GSVA series to obtain the long-time series for this variable.**

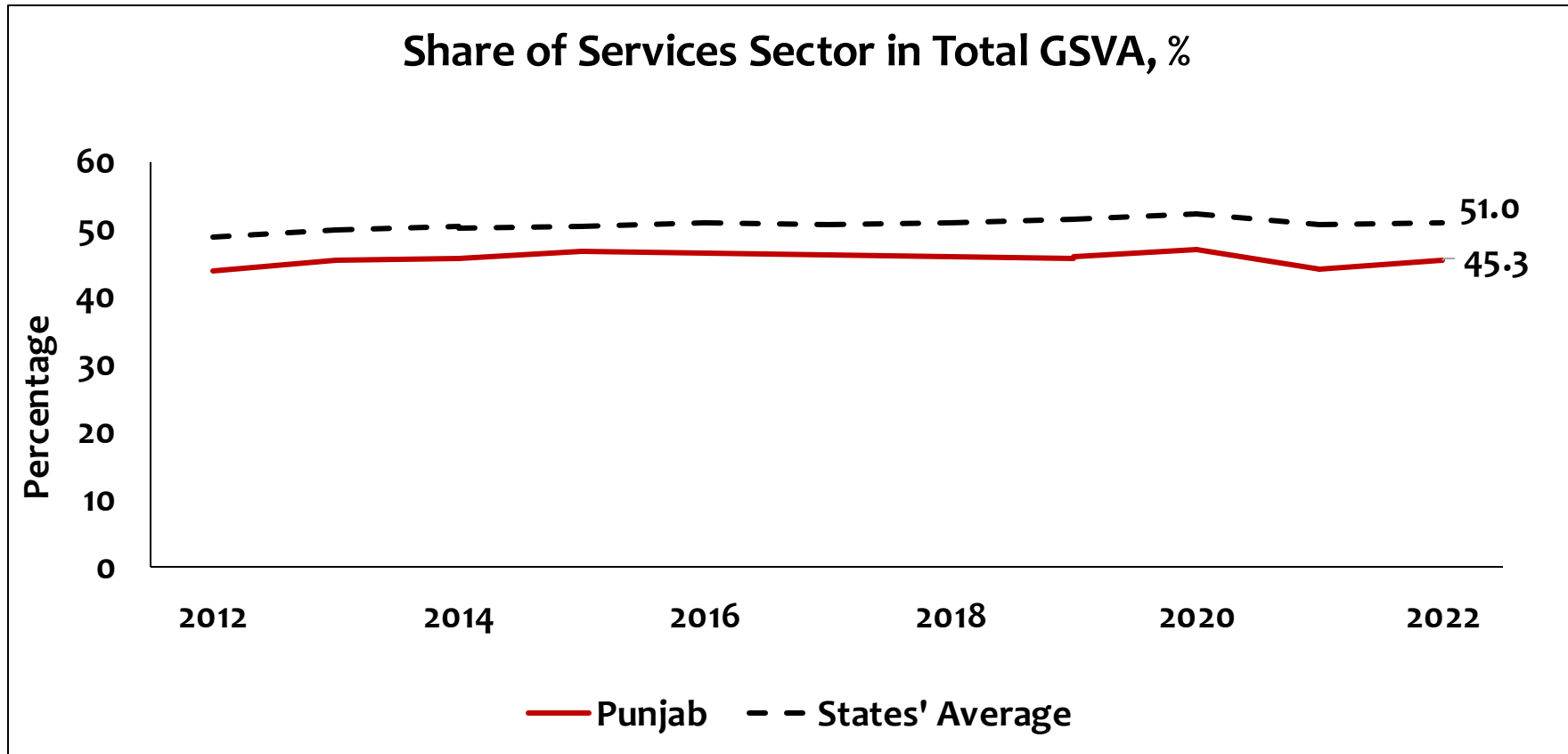
**Punjab's share of the Agriculture sector in its total GSVA has remained above the States' average. The share of the Industry sector has remained below the States' average but the gap has narrowed after 2020**



Source: MoSPI, as of August 2023

Note: i. States' average refers to a simple average of the shares of 33 States and UTs; ii. Nominal variables have been used to calculate the shares; iii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iv. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water.

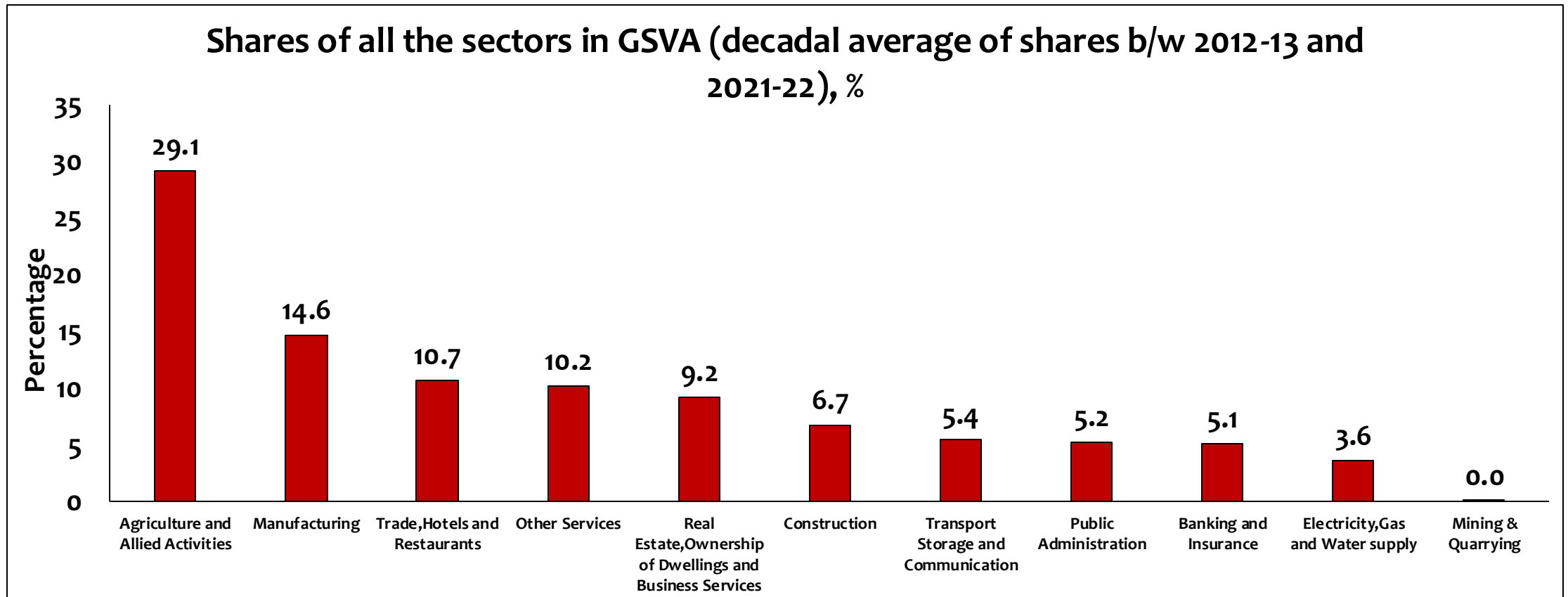
# Punjab's share of Services sector in its total GSVA has consistently been smaller than the average share of all States



Source: MoSPI, as of August 2023

Note: i. States' average refers to a simple average of the shares of 33 States and UTs; ii. Nominal variables have been used to calculate the shares. iii. Services include Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

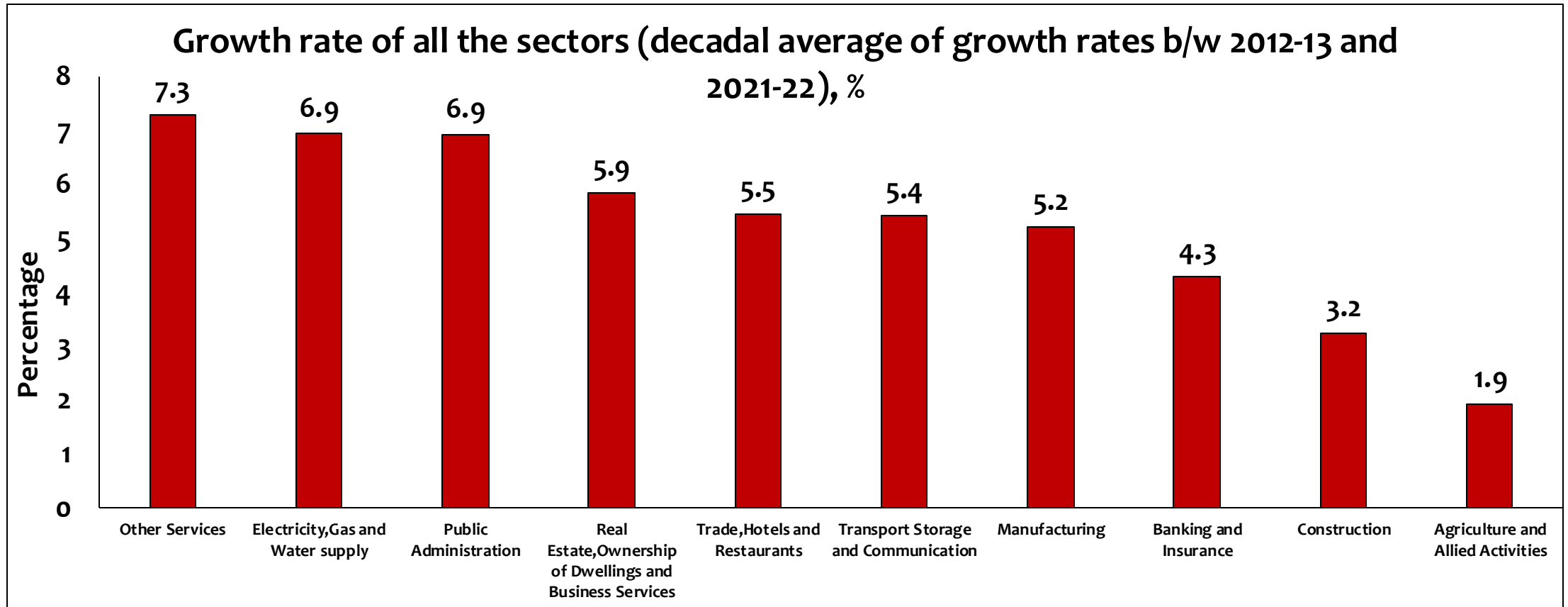
# Among all the major sectors, the Agriculture and Allied Activities sector has had the largest share in GSVA in the past 10 years



Source: MoSPI, as of August 2023

Note: i. Nominal variables have been used to calculate the shares; ii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iii. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; iv. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

# Out of all the major sectors, Mining and Quarrying, and Other Services sectors have shown the highest growth in GSVA over the last decade



Source: MoSPI, as of August 2023

Note: i. Real variables have been used to calculate the shares; ii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iii. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; iv. Services include Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

## Table 2C: Punjab's Sectoral Growth Rates and Decadal Averages

Sector	Latest Annual Growth Rate (2019-20)	Decadal Average of Growth rates (b/w 2010-11 and 2019-20)	Decadal Average of Growth rates for India (b/w 2010-11 and 2019-20)
<b>Agriculture</b>	1.8%	2.1%	4.4%
<b>Industry</b>	2.3%	4.5%	5.3%
<b>Manufacturing</b>	1.6%	5.2%	6.0%
<b>Services</b>	6.2%	7.5%	7.7%
<b>GVA</b>	4.1%	5.2%	6.4%
<b>GDP</b>	4.1%	5.8%	6.6%

Source: MoSPI, as of August 2023. Back series with 2011-12 base has been taken from EPWRF.

Note: i. Real variables have been used to calculate the growth rate; ii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iii. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; iv. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

## Table 2D: Punjab's Sectoral Growth Rates and Decadal Averages of Growth Rates

Sector	Latest Annual Growth Rate (2022-23)	Average of Growth rates (b/w 2018-19 and 2022-23)	Decadal Average of Growth rates (b/w 2013-14 and 2022-23)	Decadal Average of Growth rate for India (b/w 2013-14 and 2022-23)
<b>Agriculture</b>	2.7%	1.8%	2.1%	4.1%
<b>Industry</b>	7.0%	5.1%	5.4%	5.2%
<b>Manufacturing</b>	6.1%	5.1%	5.5%	5.5%
<b>Services</b>	7.1%	4.6%	5.8%	6.6%
<b>GSVA</b>	6.0%	4.0%	4.7%	5.7%
<b>GSDP</b>	6.4%	4.3%	5.1%	5.8%

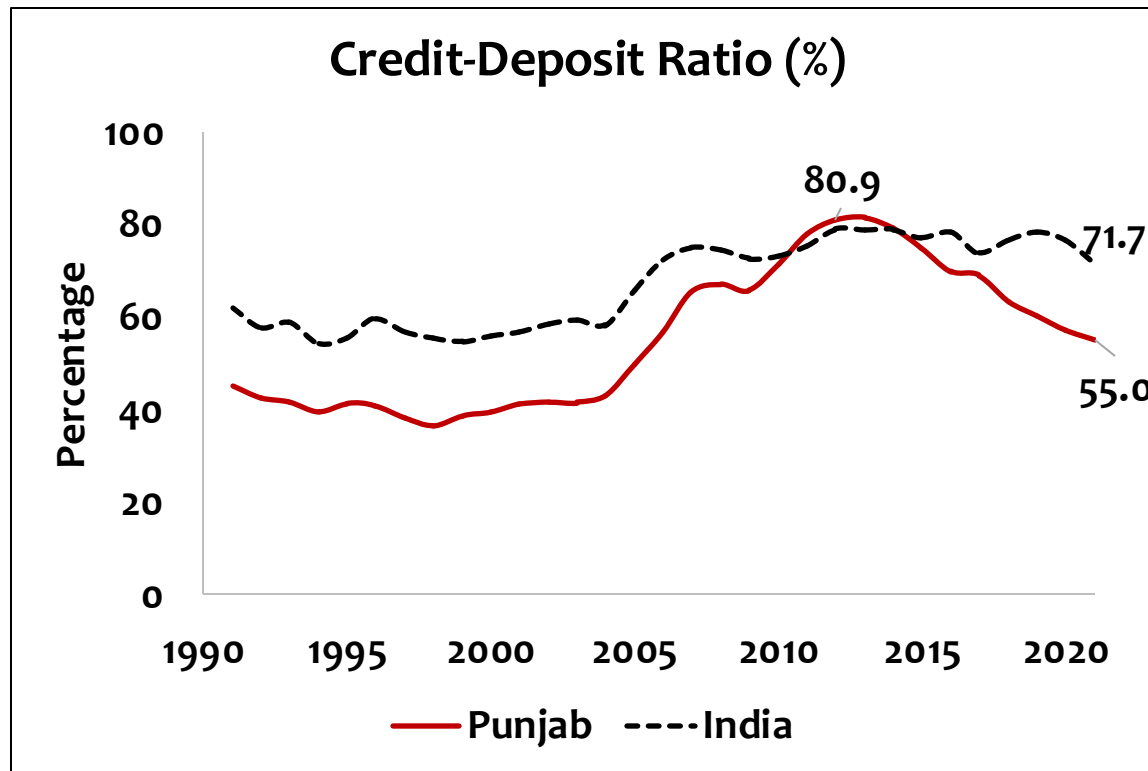
Source: MoSPI as of March 2024. Back series with 2011-12 base has been taken from EPWRF.

Note: i. India's GVA has been calculated taking a simple sum of the three sectors; ii. Real variables have been used to calculate the growth rate; iii. Sectoral growth rates are calculated based on GSVA numbers; iv. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; v. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; vi. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

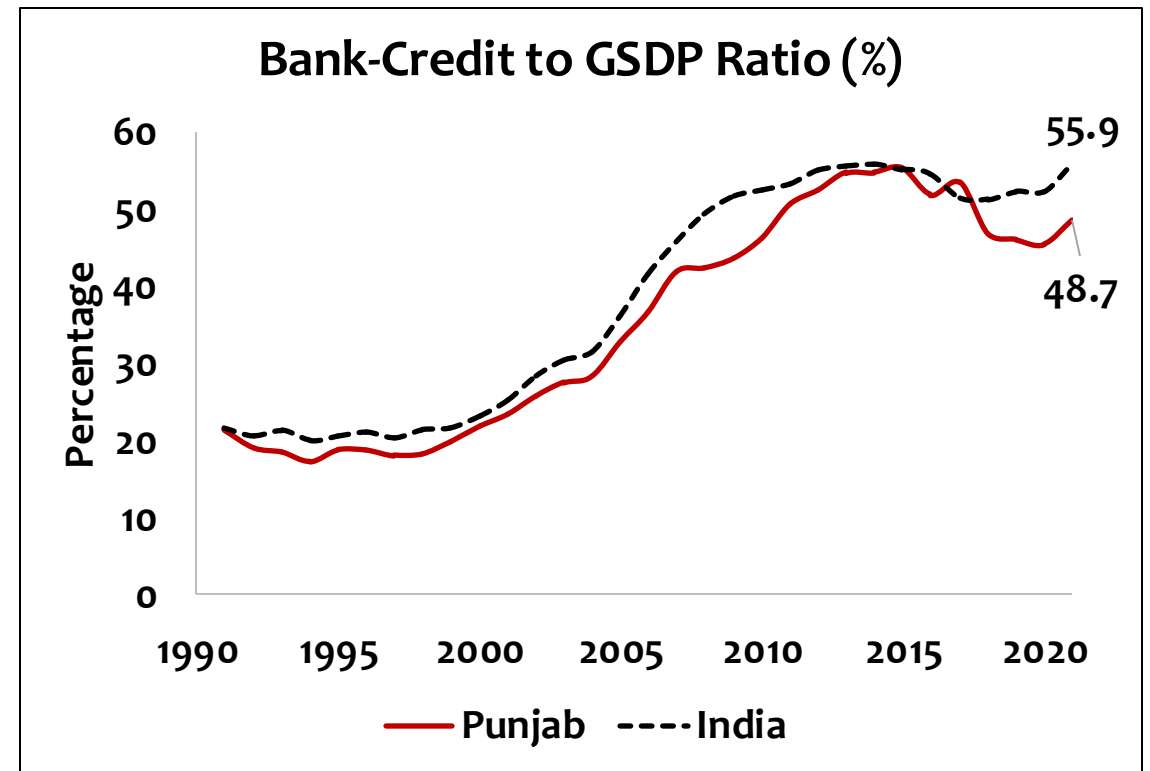


**Punjab's Credit-Deposit Ratio increased above the all-India figure in 2012, but declined thereafter with an over 15 percent point difference with it as of 2021. The Credit to GSDP Ratio is closer to the India estimate with a 7 percent point difference as of 2021**

Indicators	Most Recent Value	Year	Decadal Change (b/w 2011-12 & 2020-21)	India
<b>Credit - Deposit Ratio (%)</b>	55.0%	2020-21	-25.9% points	71.7%
<b>Credit - GSDP Ratio (%)</b>	48.7%	2020-21	-3.8% points	55.9%



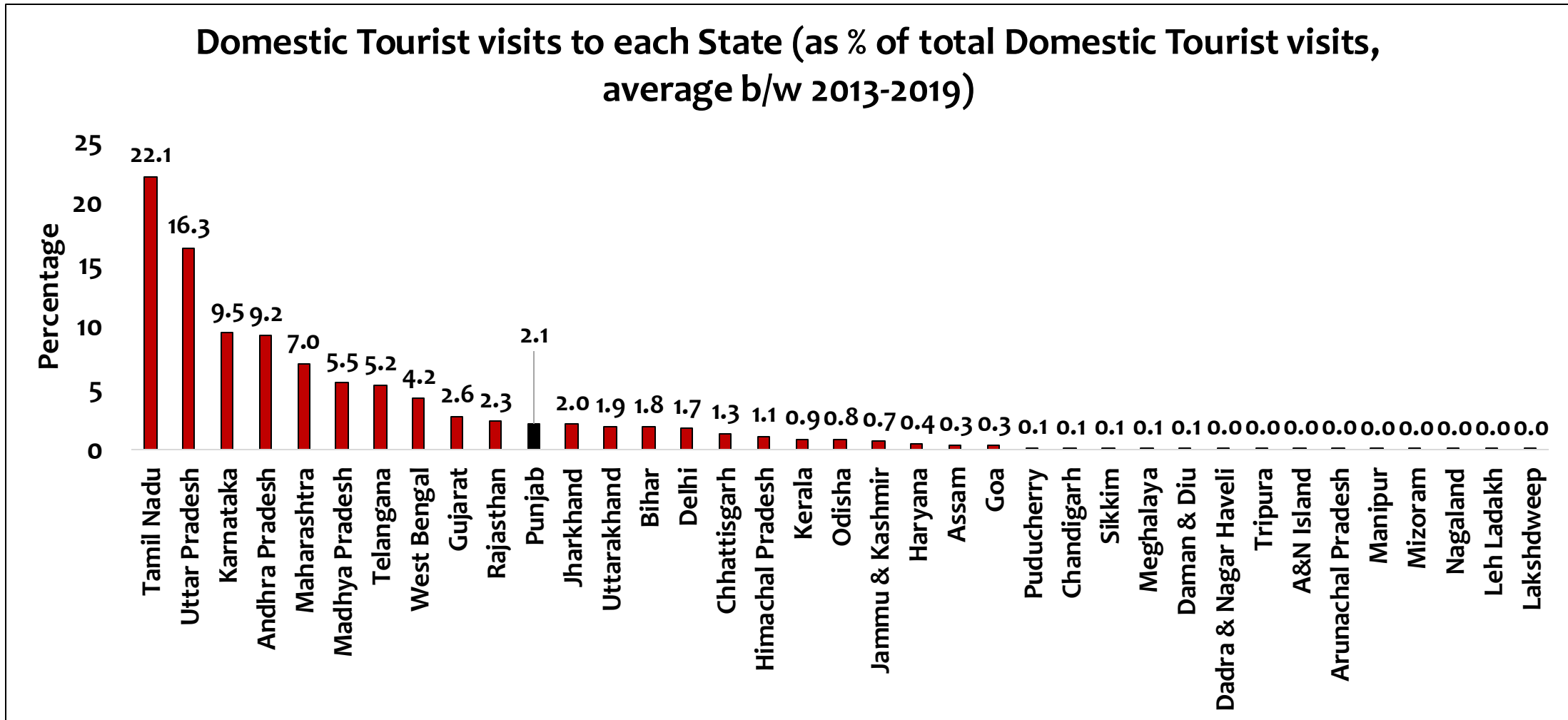
Source: Basic Statistical Returns (BSR) of Scheduled Commercial Banks, RBI (2020-21).  
 Note: India's numbers have been taken directly from the source.



Source: i. Bank-Credit: Basic Statistical Returns (BSR) of Scheduled Commercial Banks, RBI (2020-21); ii. GSDP: MOSPI (2020-21). Back series with 2011-12 base has been taken from EPWRF.

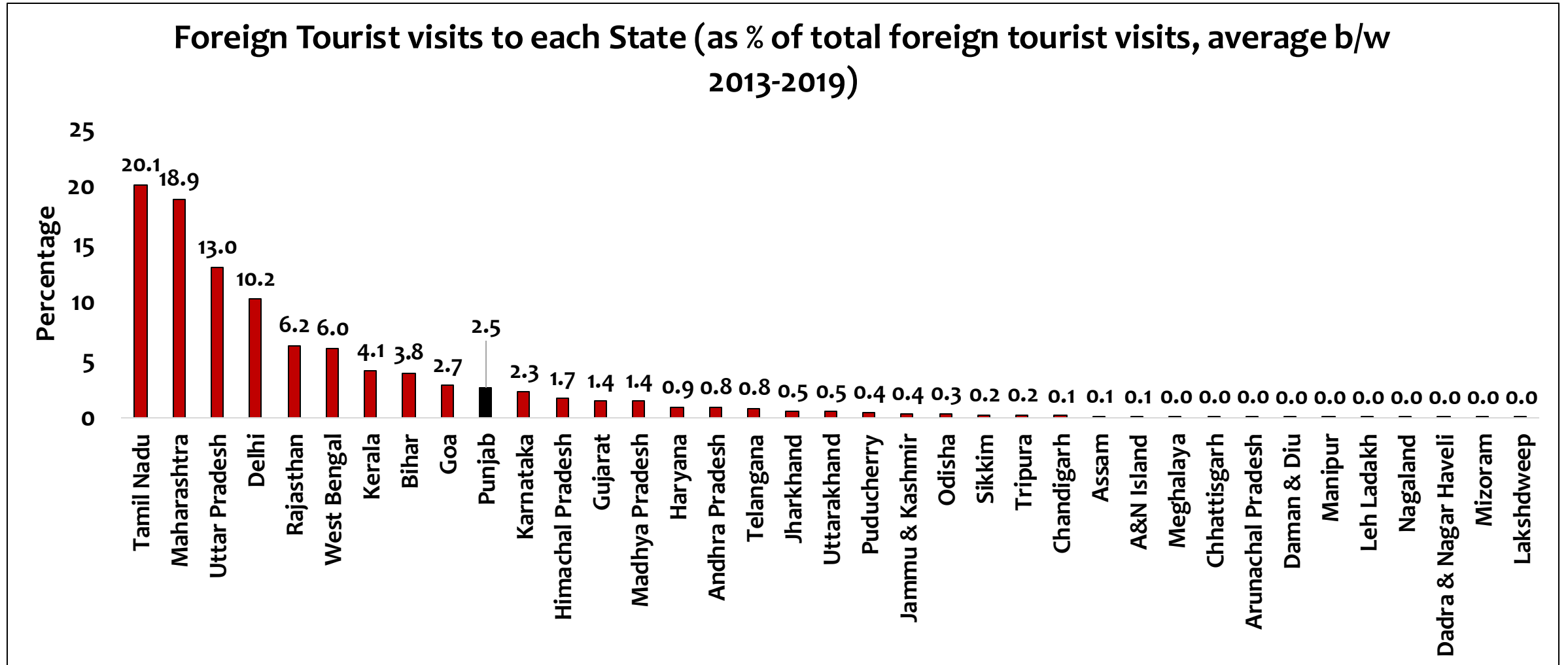
Note: The Credit variable used is Credit Outstanding as per Sanction.

# Punjab holds an average 2.1 percent share of total Domestic Tourist visits between 2013 - 2019



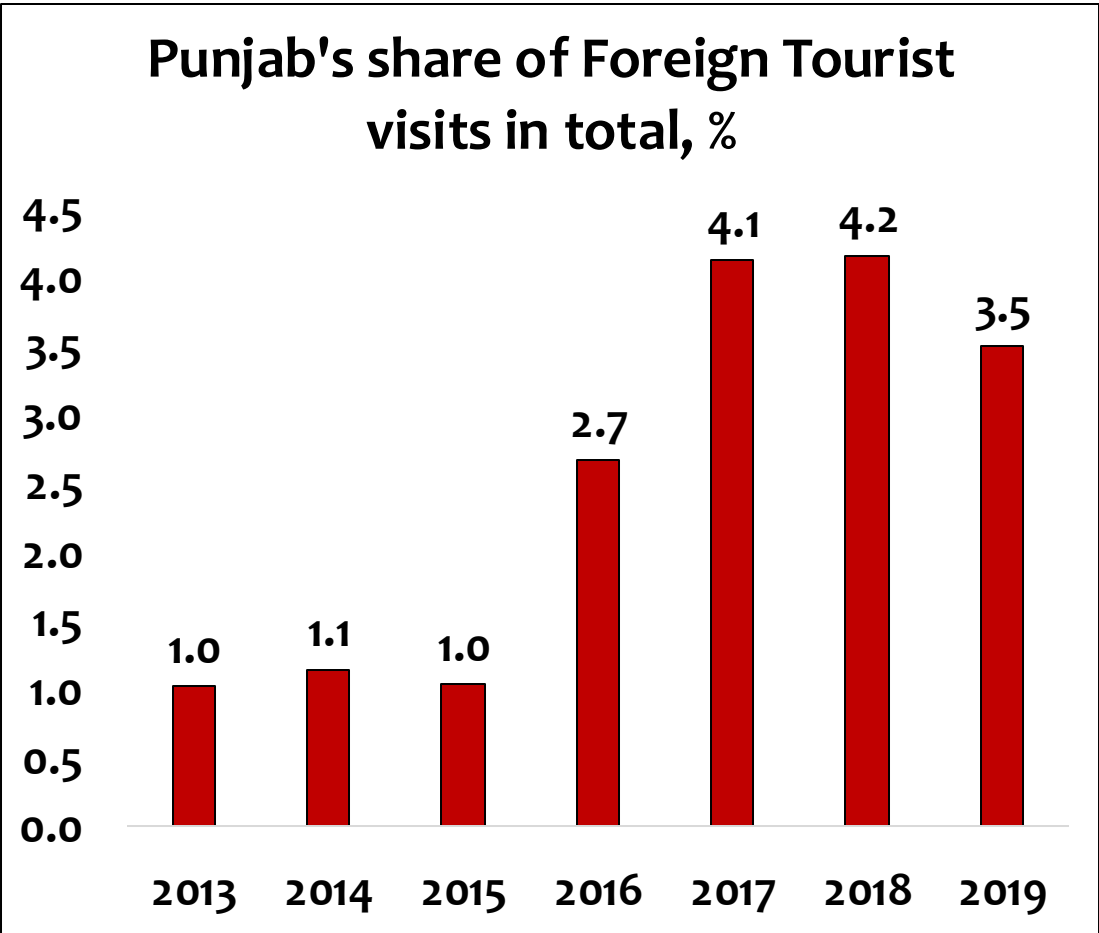
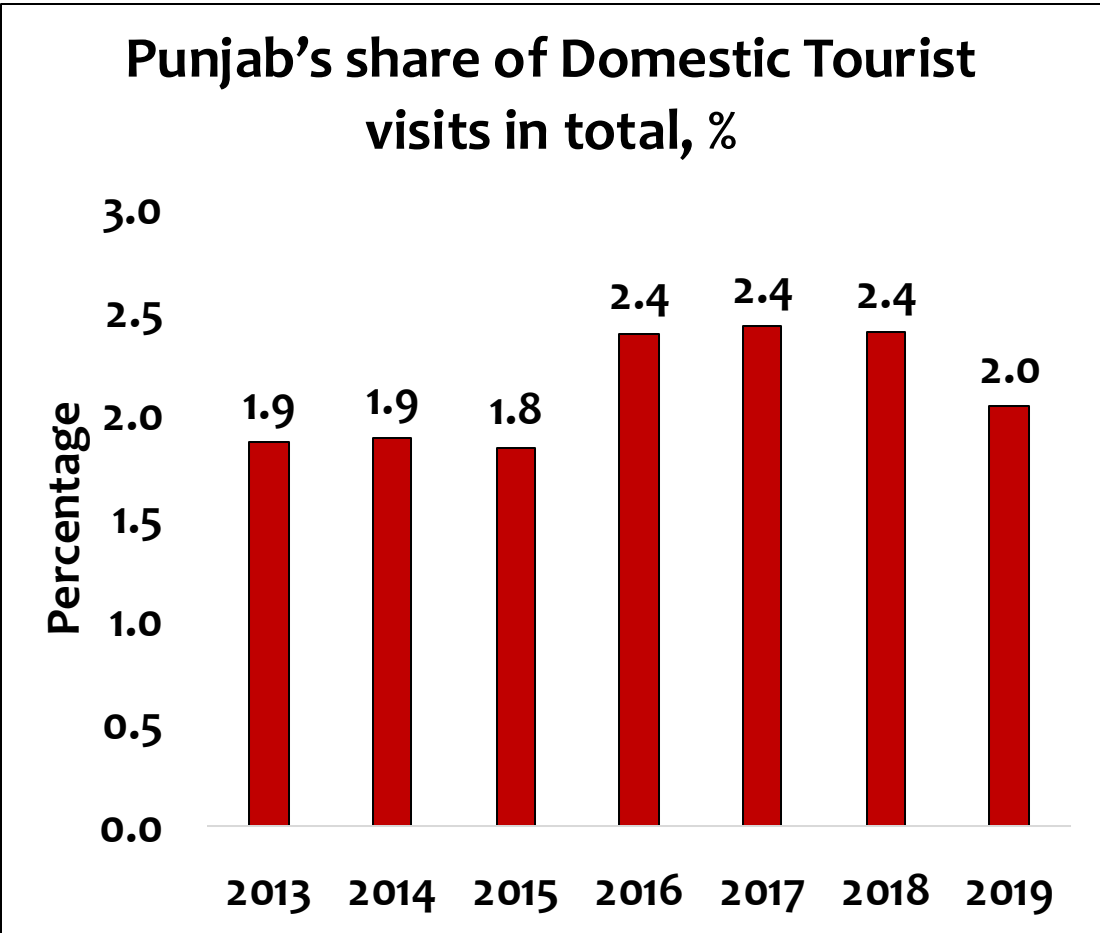
Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013 – 2019).

# Punjab holds an average 2.5 percent share of Total Foreign Tourist visits between 2013 - 2019



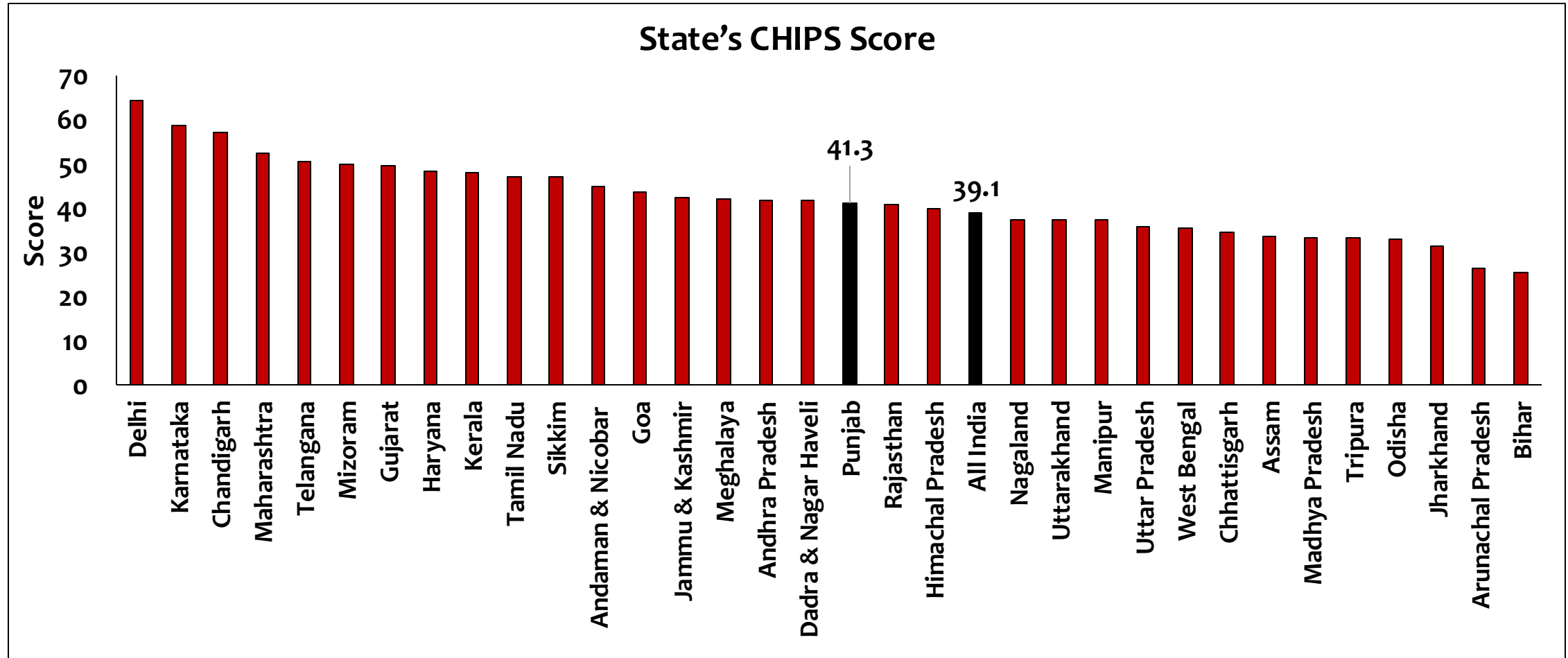
Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013 – 2019).

# Domestic and Foreign Tourist Visits over the years in Punjab



Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013 – 2019).

# Punjab's CHIPS (Connect, Harness, Innovate, Protect and Sustain) score ranks eighteenth among all the States



Source : The State of India's Digital Economy Report 2024 by Indian Council for Research on International Economic Relations (ICRIER).  
Note: 50 indicators have been used to measure the CHIPS score.

# 4. Socio-Economic Indicators (Education and Health)

- School Education data covers the period 2012-13 to 2016-17;
- Higher Education data covers the period 2012 to 2021;
- Health data covers the period 2011 – 2020 (SRS) and 1992-93 to 2019-21 (NFHS)

## Table 3A : Education Indicators for Punjab

Indicator	Most Recent Value	India Value	Decadal Change (% points)	Source
<b>Literacy Rate</b>	75.8% (2011)	73.0%	+6.1% points (b/w 2001 & 2011)	Census of India
<b>Drop-Out Rates (Class X)</b>	12.2% (2016-17)	35.2%	-3% points (b/w 2013-14 & 2016-17 )	U-DISE
<b>Drop-Out Rates (Class VIII-X)</b>	8.6% (2016-17)	21.1%	-1.2% points (b/w 2014-15 & 2016-17 )	U-DISE
<b>Students passing Board Examinations (Class X)</b>	92.7% (2016-17)	86.1%	-0.6% points (b/w 2012-13 & 2016-17)	U-DISE
<b>Student passing Board Examinations (Class XII)</b>	92.1% (2016-17)	87.3%	+9.7% points (b/w 2012-13 & 2016-17 )	U-DISE
<b>Gross Enrolment Ratio (Higher Secondary)</b>	70.2% (2015-16)	56.2%	+4.7% points (b/w 2012-13 & 2015-16)	U-DISE
<b>Gross Enrolment Ratio (Higher Education)</b>	26.3% (2021)	27.3%	+3.3% points (b/w 2012 & 2021)	AISHE
<b>Gender Parity Index (Higher Education)</b>	1.22 (2021)	1.05	+0.17 points (b/w 2012 & 2021)	AISHE
<b>Colleges per 100,000 population</b>	34 (2021)	31	+6.0 points (b/w 2012 & 2021)	AISHE

Note: i. Indicators for Higher Education are based on the population of the age group 18-23 years; ii. India number has been taken directly from the source; iii. Decadal changes are across a period of 10 years unless data is available for a lesser period; iv. All years represent corresponding survey years.

## Table 3B: Health Indicators for Punjab

Indicator	Most Recent Value	India Value	Decadal Change (% points)	Source
<b>Infant Mortality Rate</b>	18 deaths per 1000 live births (2020)	28 deaths per 1000 live births	30 deaths per 1000 live births (2011)	Sample Registration System
<b>Total Fertility Rate</b>	1.6 children per woman (2019-21)	2.0 children per woman	2.0 children per woman (2005-06)	NFHS
<b>Life Expectancy</b>	72.5 years (2020)	70 years	+2.7 years (b/w 2011 and 2020)	Sample Registration System
<b>Children Fully Immunized</b>	76.2% (2019-21)	76.4%	+16.1% points	NFHS
<b>Households with Access to Improved Drinking Water Source</b>	98.8% (2019-21)	95.9%	-0.8% points	NFHS
<b>Households with Access to Electricity</b>	99.6% (2019-21)	96.5%	+3.3% points	NFHS
<b>Households with Access to Sanitation Facilities</b>	85.4% (2019-21)	69.3%	+34.9% points	NFHS

Note: i. Decadal change for NFHS variables taken from NFHS-V (2019-21) to NFHS-III (2005-06); ii. The number for India has been taken directly from the source; iii. All years represent corresponding survey years.

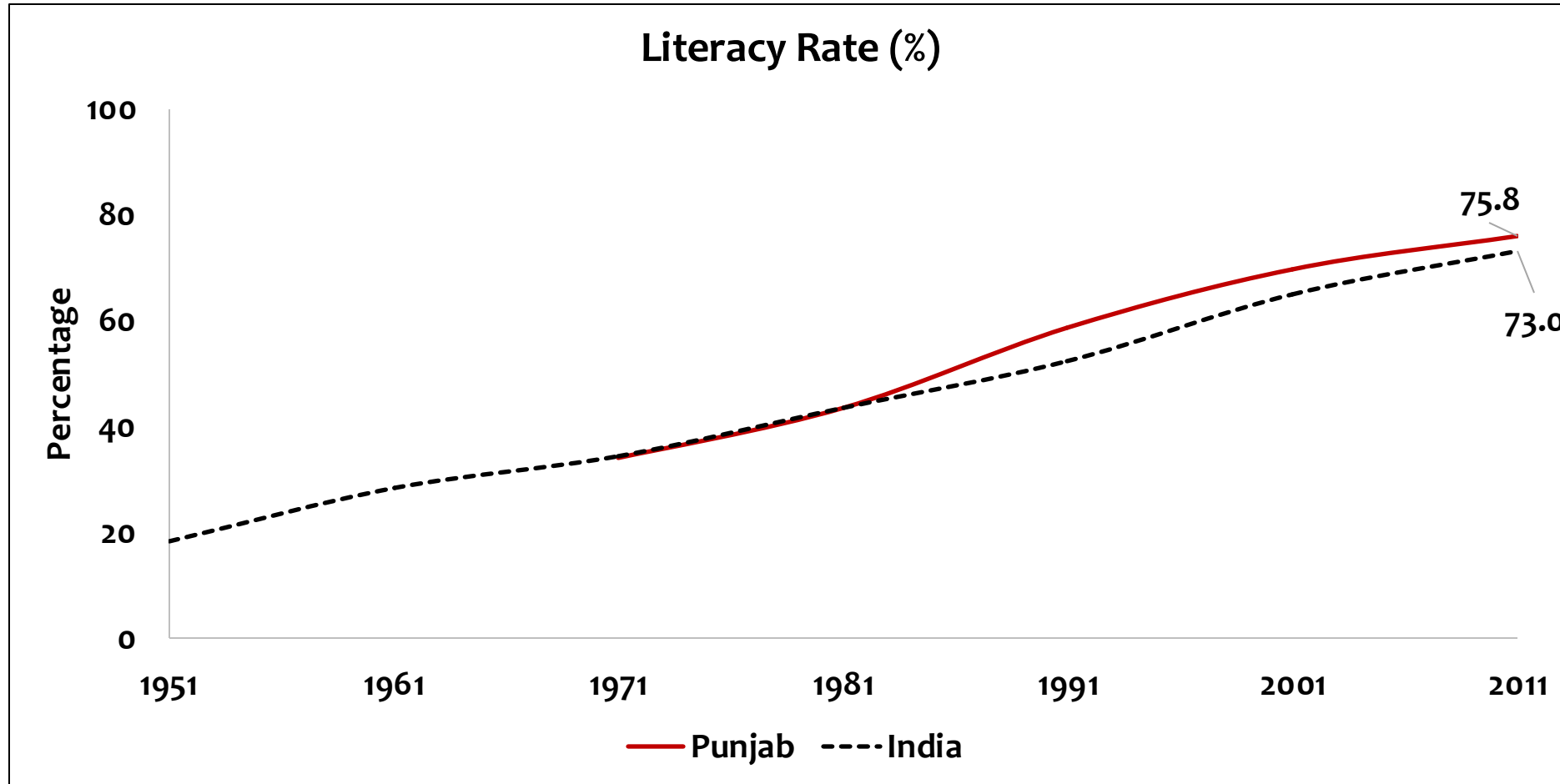


## Table 3C: Other Socio-Economic Indicators for Punjab

Indicator	Most Recent Value	India Value	Decadal Change	Source
<b>Pupil-Teacher Ratio: Elementary</b>	21 (2016-17)	25	-17 points (b/w 2006-07 & 2016-17)	U-DISE
<b>Pupil-Teacher Ratio: Higher Secondary</b>	18 (2016-17)	31	-12 points (b/w 2012-13 & 2016-17)	U-DISE
<b>Pupil-Teacher Ratio: Higher Education</b>	17 (2018-19)	24	+4 points (b/w 2008-09 & 2018-19)	AISHE
<b>Underweight Children</b>	16.9% (2019-21)	32.1%	-8.0% points (b/w 2005-06 and 2019-21)	NFHS
<b>Stunting Among Children</b>	24.5% (2019-21)	35.5%	-12.2% points (b/w 2005-06 and 2019-21)	NFHS
<b>Anaemia Among Children</b>	71.1% (2019-21)	67.1%	4.7% points (b/w 2005-06 and 2019-21)	NFHS
<b>Anaemia Among Women</b>	58.7% (2019-21)	57.0%	20.7% points (b/w 2005-06 and 2019-21)	NFHS
<b>Under 5 Mortality Rate</b>	32.7 deaths per 1000 live births	41.9 deaths per 1000 live births	-19.3 deaths per 1000 live births (b/w 2005-06 and 2019-21)	NFHS
<b>Infant Mortality Rate</b>	28.0 deaths per 1000 live births	35.2 deaths per 1000 live births	-13.7 deaths per 1000 live births (b/w 2005-06 and 2019-21)	NFHS
<b>Multidimensional Poverty Index (MPI)</b>	0.02 (2019-21)	0.07	-0.004 points (b/w 2015-16 & 2019-21)	NFHS
<b>Sustainable Development Goals (SDG) Index</b>	76 (2023-24)	71	+16 points (b/w 2018-19 & 2023-24)	NITI Aayog

Note: i. Indicators for Higher Education are based on the population of the age group 18-23 years; ii. India number has been taken directly from the source; iii. Decadal change for NFHS variables taken from NFHS-III (2005-06) to NFHS-V (2019-21); iv. Infant Mortality Rate in Table 3B was defined using the SRS data and the Infant Mortality Rate defined here is based on the NFHS data; v. All years represent corresponding survey years.

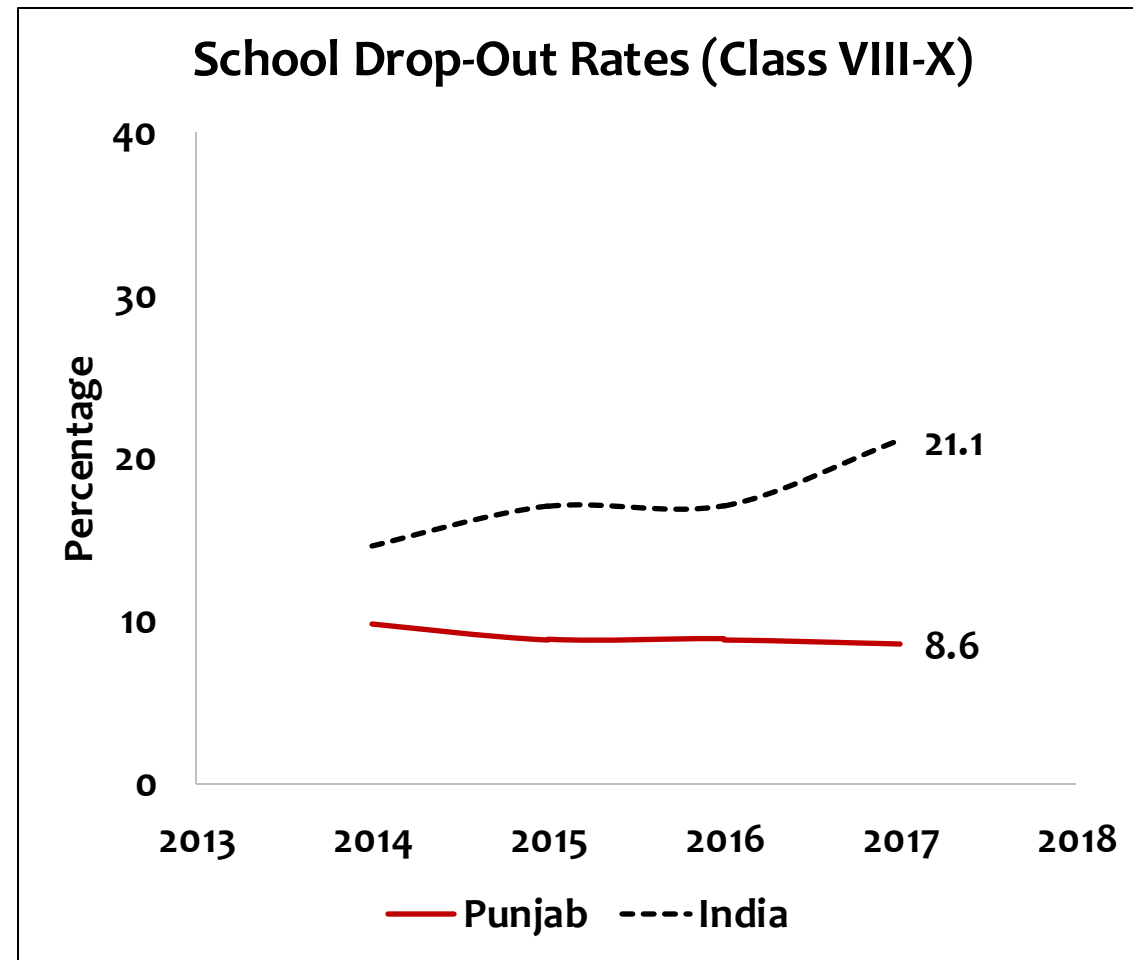
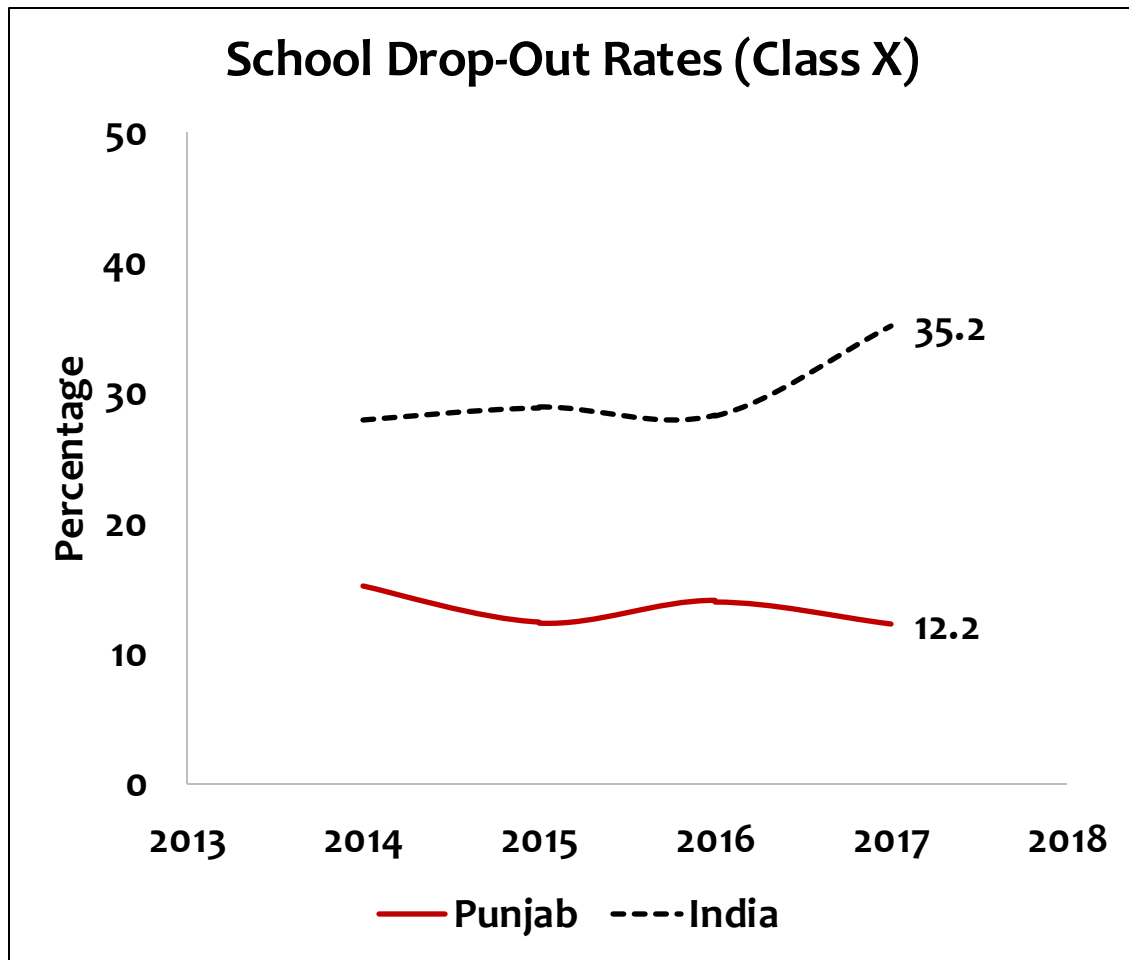
# Punjab's Literacy Rate has increased rapidly over the decades and remains marginally above the national estimate



Source: Office of the Registrar General and Census Commissioner, Ministry of Home Affairs (1951 – 2011).

Note: i. India number has been taken directly from the source; ii. Census Literacy Rate relates to population aged seven years and above from 1981.

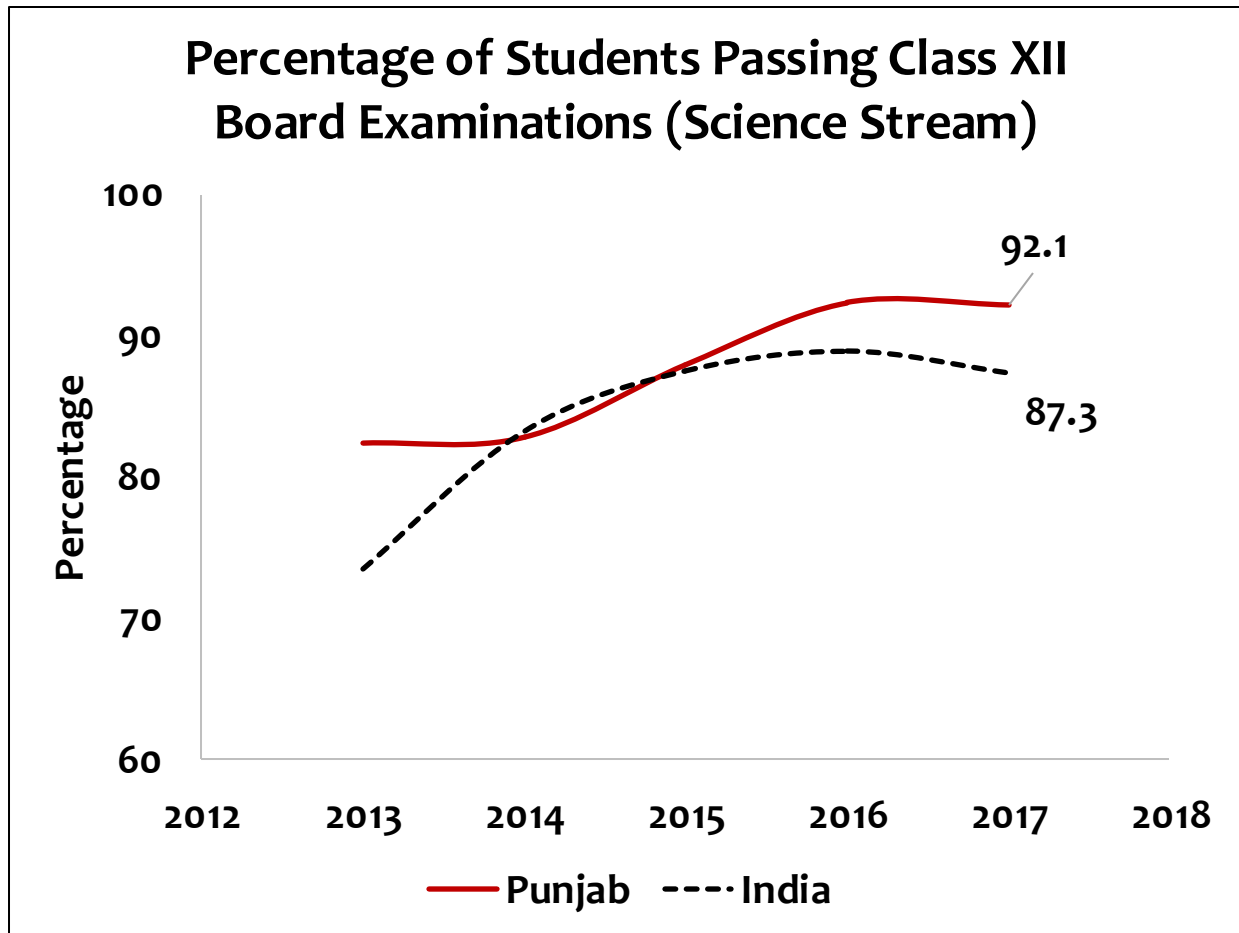
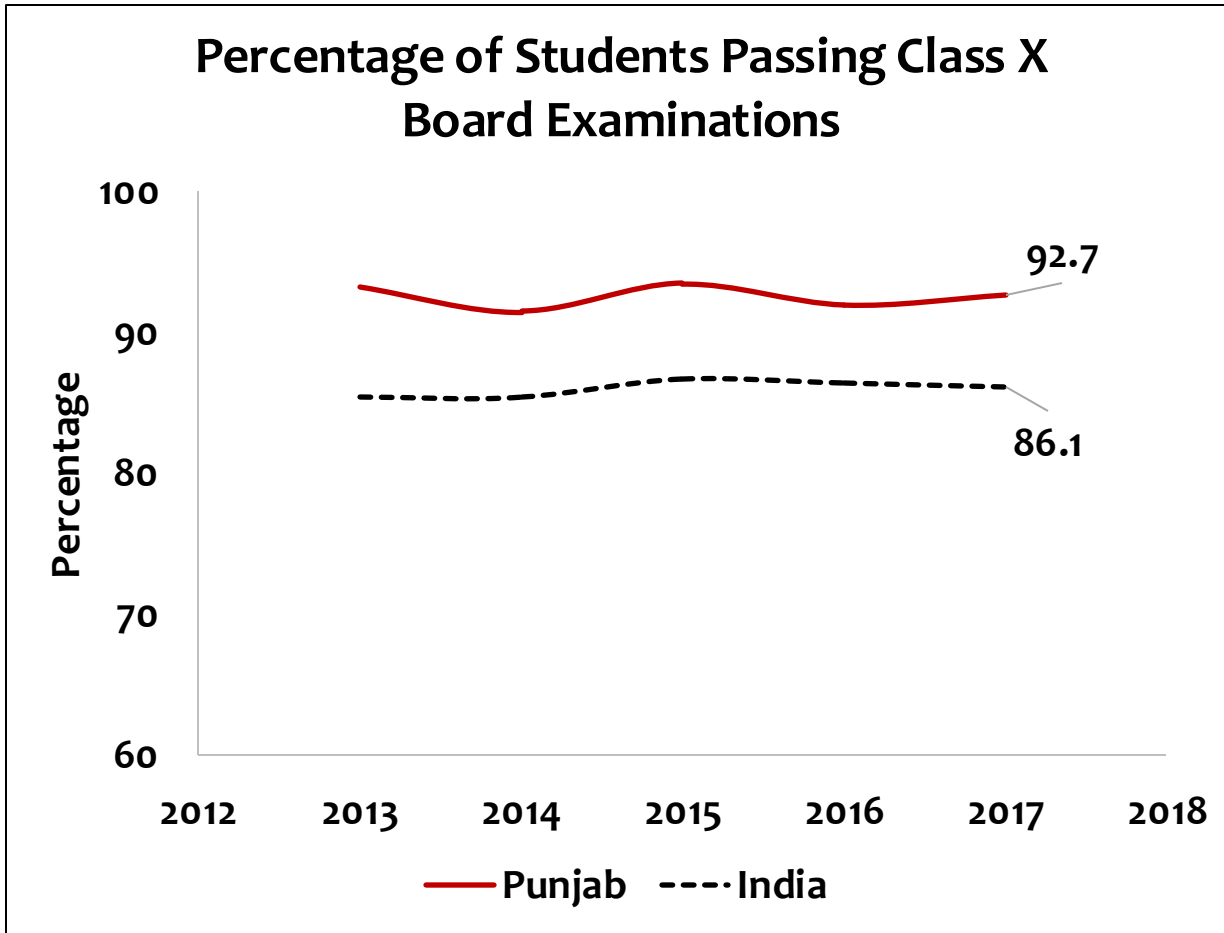
# Punjab's School Drop-Out Rates for Class X and Secondary (Class VIII-X) Level are lower than the national figures for the period 2013-14 to 2016-17



Source: Unified District Information System for Education (U-DISE), 2015-16.

Note: i. Drop-Out Rate is defined as the proportion of pupils from a cohort enrolled in a given stage in a school year who are no longer enrolled in the following school year; ii. India number has been taken directly from the source.

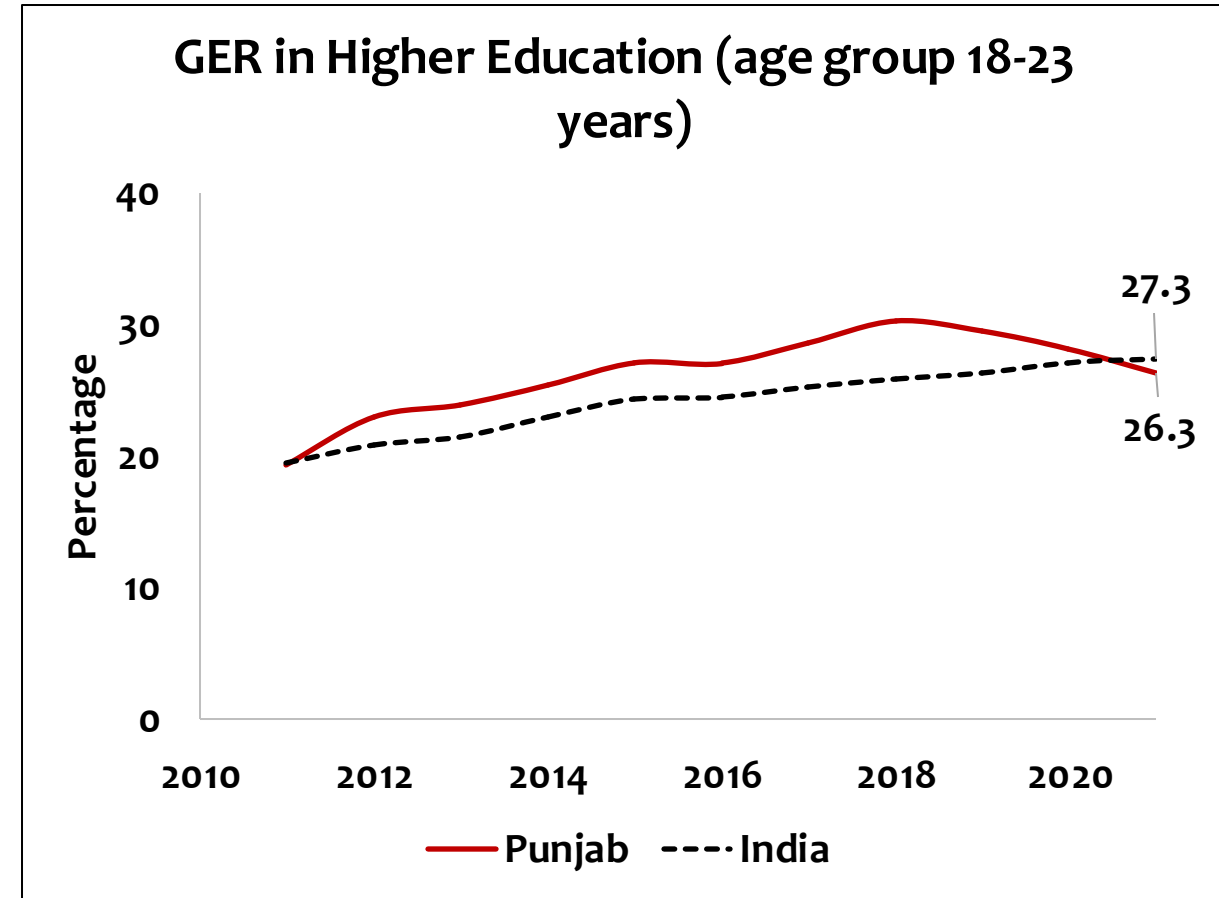
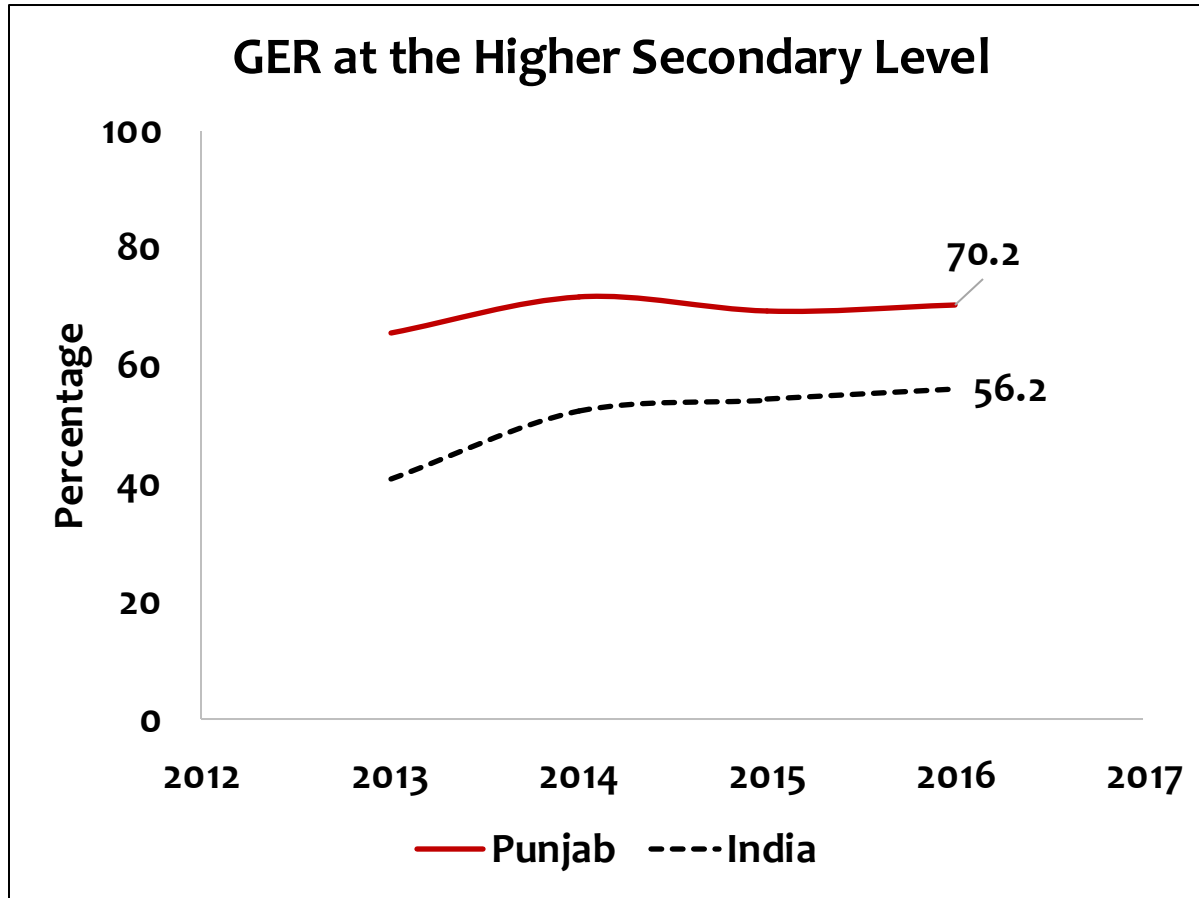
The students who pass the Secondary (Class X) Level Examinations is at 92.7 percent in Punjab which is above the national average over the period 2012-13 to 2016-17. The students who pass the Higher Secondary (Class XII) Level Examinations is at 92.1 percent which is above the national average in 2016-17



Source: Unified District Information System for Education (U-DISE), 2015-16.

Note: i. Percentages are a simple average of the pass percentages for boys and girls as reported separately; ii. India number has been taken directly from the source; iii. Pass percentages for Higher Secondary Level are reported separately by Stream (Science, Arts, Humanities, Vocational, Others).<sup>44</sup>

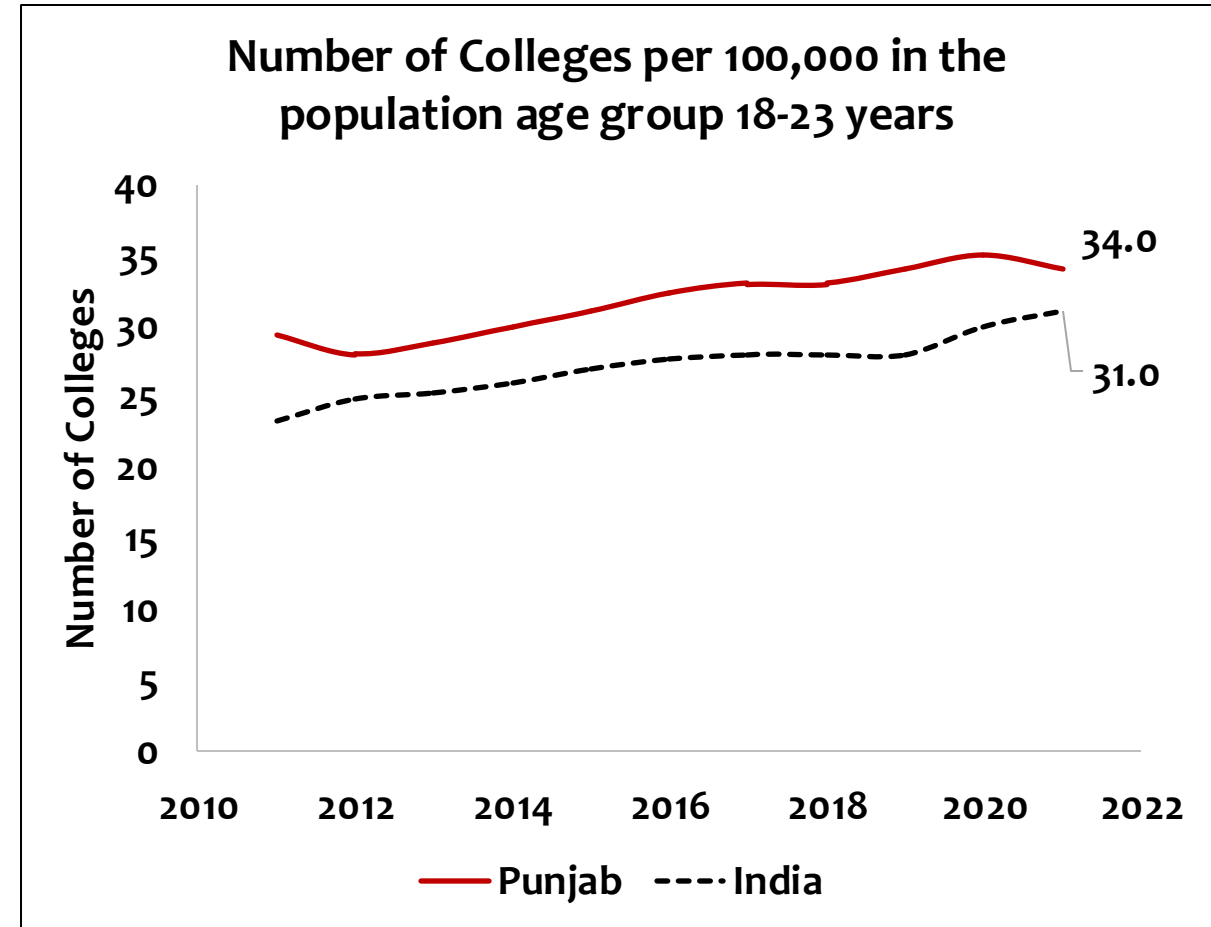
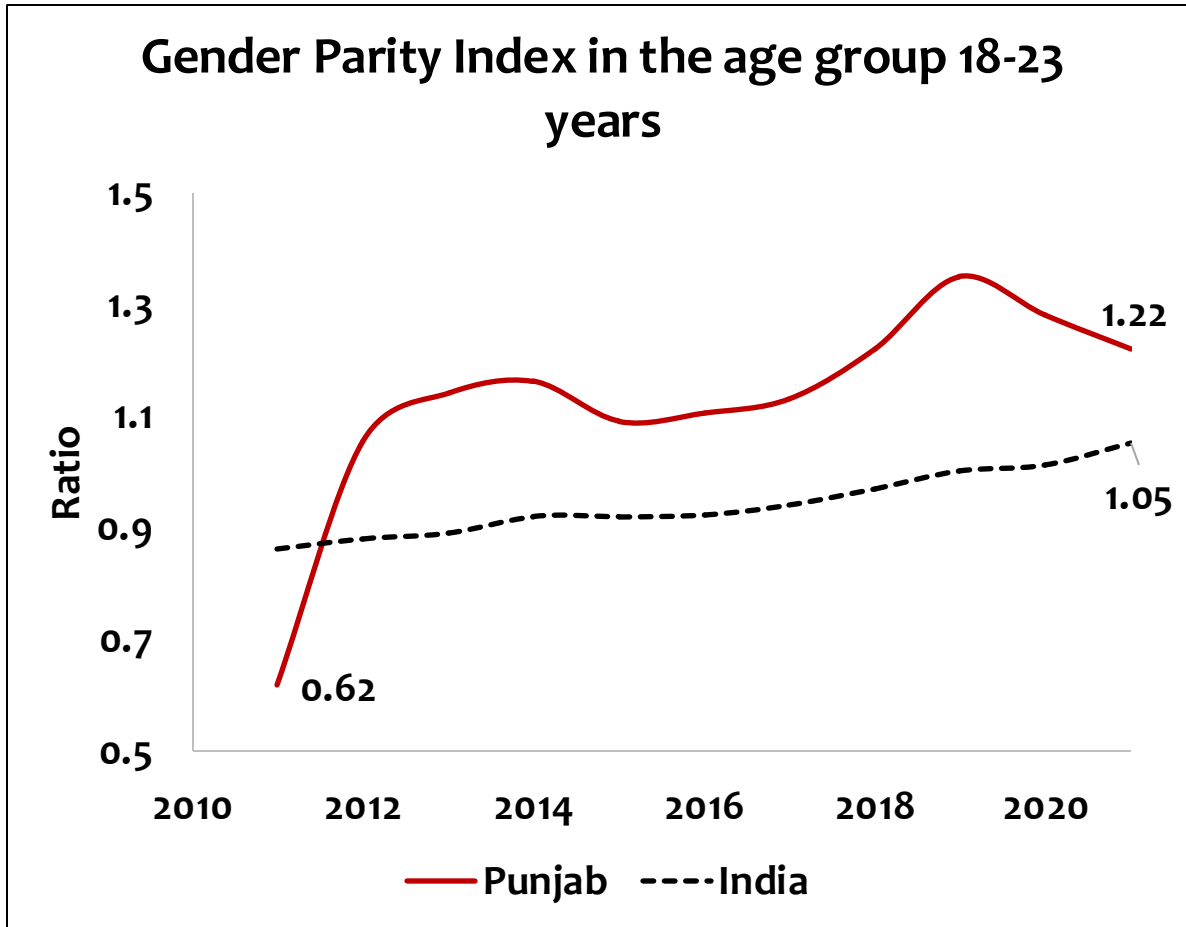
**Punjab's Gross Enrolment Ratio (GER) at the Secondary (Class X) Level was above the national figures over the period 2012-13 to 2015-16 while the Higher Education (in the age group 18-23 years) enrolment ratio was close to the all-India figure over the last decade**



Source: i. Unified District Information System for Education (U-DISE), 2015-16; ii. All India Survey on Higher Education (AISHE), 2020-21.

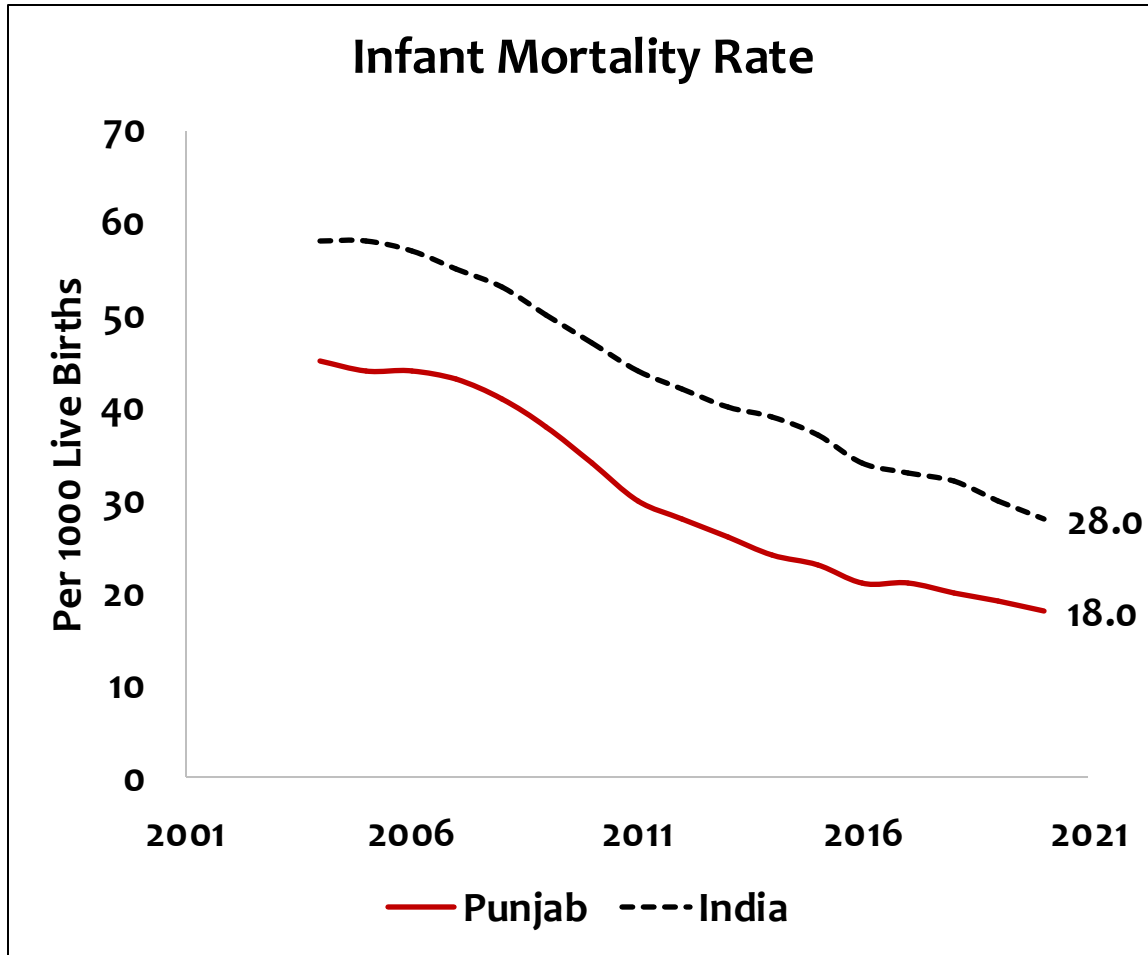
Note: i. GER is the total enrolment in a particular stage of education, regardless of age, expressed as a percentage of the official age-group of the population which corresponds to the given stage of education in a given year. It is the general level of participation per stage of education; ii. The Higher Education GER represents share of enrollees to the total population in the age group 18-23 years; iii. India number has been taken directly from the source.

In terms of Gender Parity Index (the share of girls to boys enrolled at Higher Education institutions in the age group 18-23 years), Punjab is well above the national benchmark for much of the last decade. Punjab has higher the average college density (34) per 100,000 people in the age-group 18-23 years compared to the national average (31)



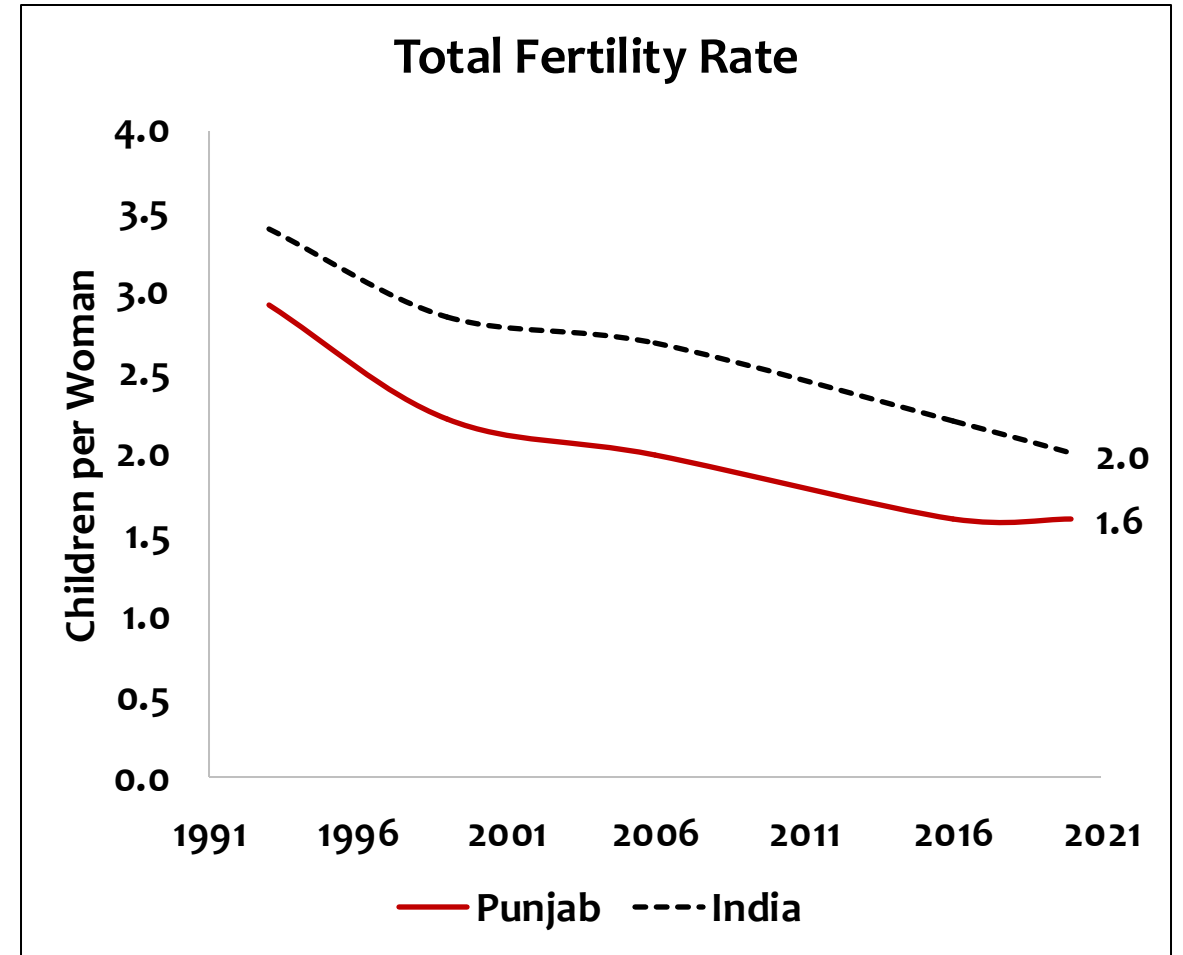
Source: All India Survey on Higher Education (AISHE), 2020-21  
Note: The number for India has been taken directly from the source.

# Punjab has seen a decline in Infant Mortality and Total Fertility Rate over their respective decades and is in a better position than the national benchmarks



Source: Sample Registration System (SRS) Bulletin, Ministry of Home Affairs, 2020.

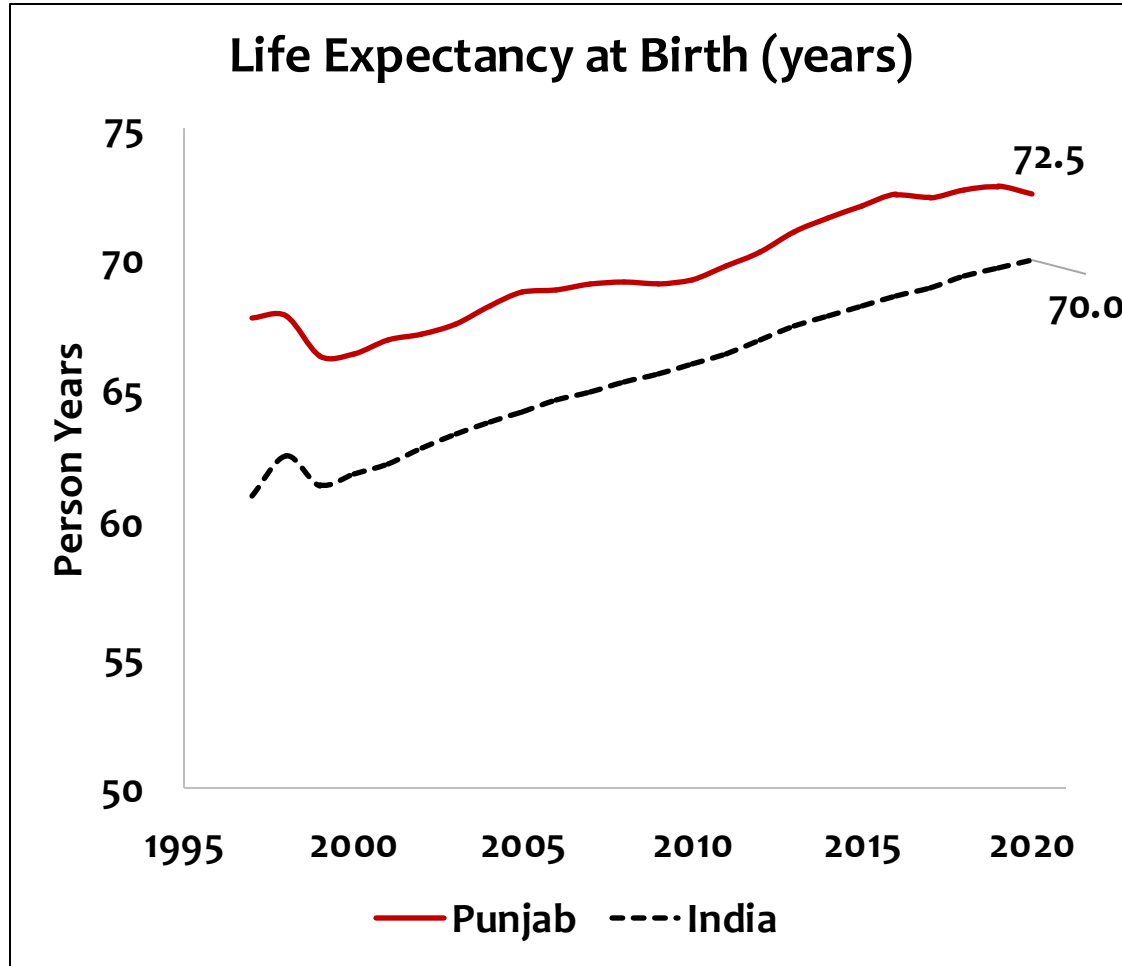
Note: India Number has been taken directly from the source



Source: National Family Health Survey (I - V).

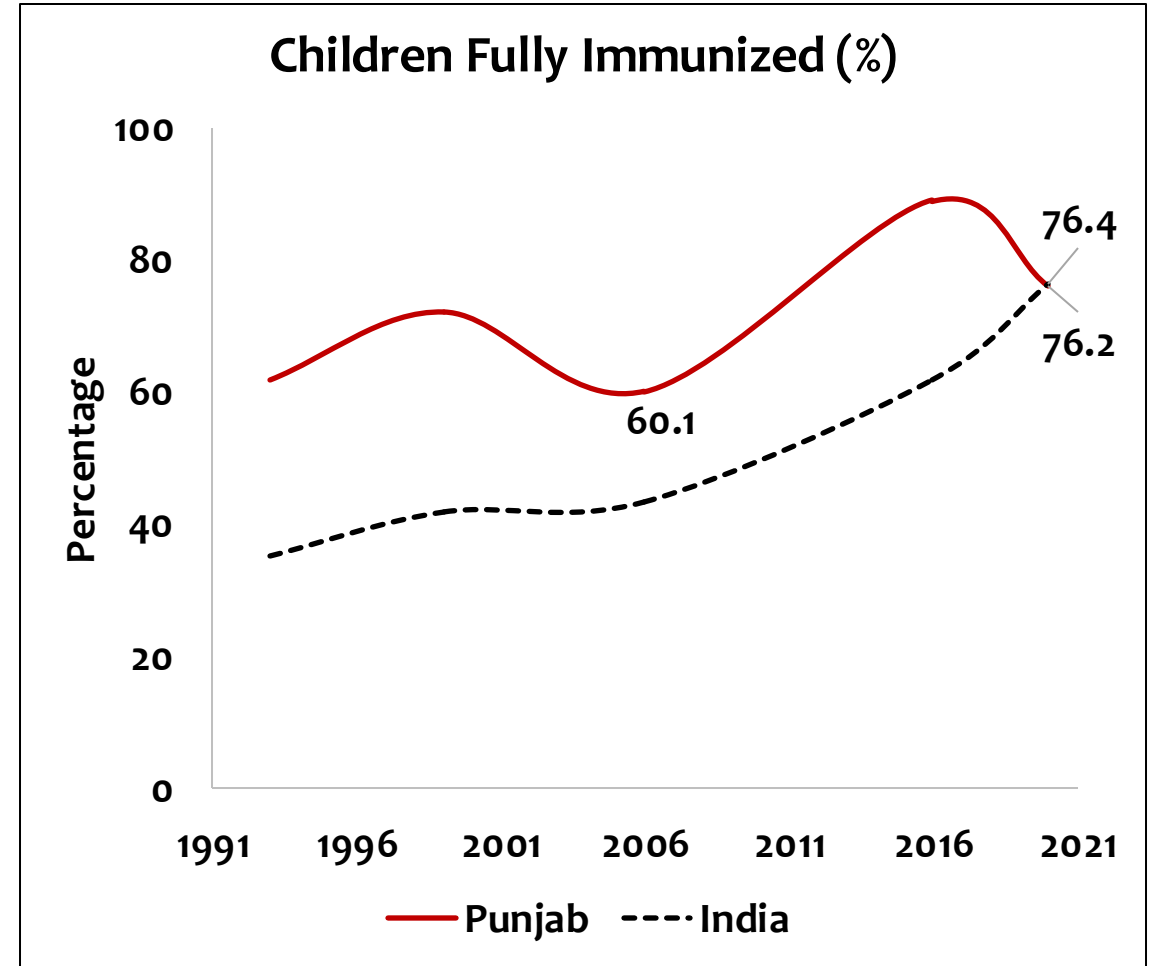
Note: India Number has been taken directly from the source

Life expectancy in Punjab is higher than an average Indian. For children (12-23 months) Fully Immunized with all basic vaccinations, Punjab was consistently placed higher than the national average until 2021



Source: Sample Registration System Bulletin, Ministry of Home Affairs, 2020.

Note: India number has been taken directly from the source.

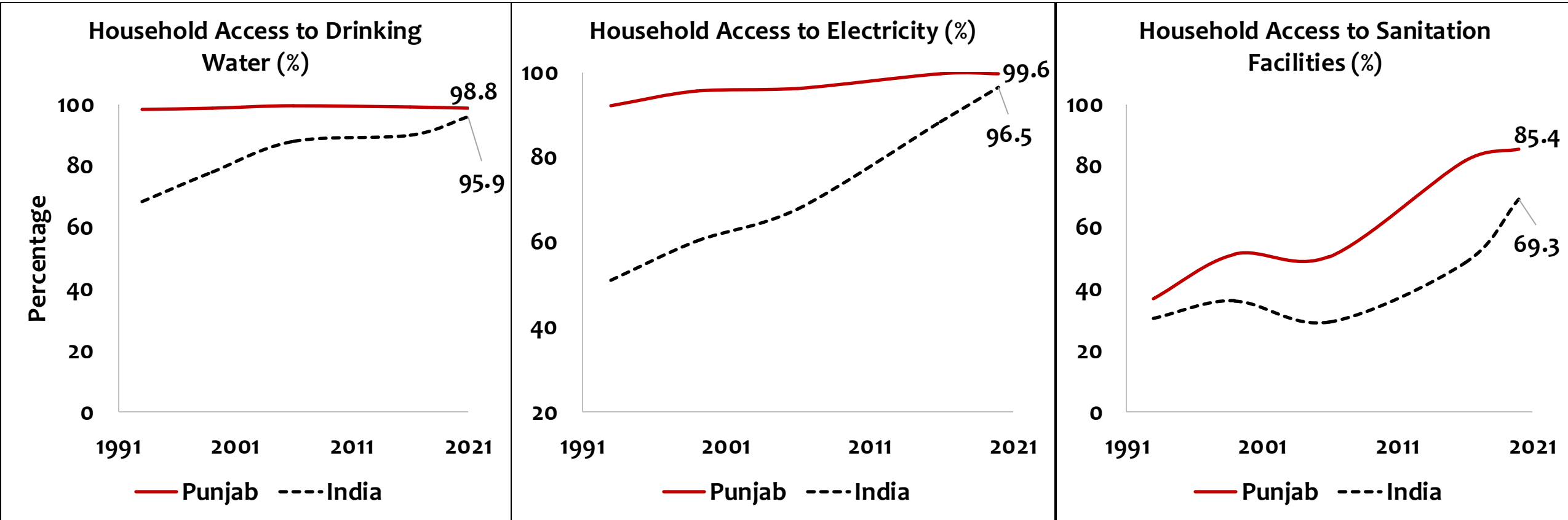


Source: National Family Health Survey (I – V).

Note: India number has been taken directly from the source.



# Nearly 100 percent of households in Punjab have access to electricity and drinking water. Provision of sanitation facilities has increased above the national average over the last decade



Source: National Family Health Survey (I – V).

Note: i. India number has been taken directly from the source; ii. Drinking water and sanitation refers to improved sources and facilities respectively as defined in NFHS.

# 5. Fiscal Indicators

- **Fiscal Data covers the fiscal period 1990-91 to 2022-23**
- **Benchmark includes all 29 States (all Union Territories are excluded)**

**Table 4A: Deficits, Revenue, Expenditure, Debt, Subsidies and Off-Budget Borrowings for Punjab**

Indicators	Most Recent Value (% of GSDP)	For Year	Decadal Change (b/w 2013-14 & 2022-23)	States' Median (All States)	States' Median (Larger States)	States' Mean (All States and UTs)
<b>Fiscal Deficit, % of GSDP</b>	4.9 %	2022-23	+ 2.3 % points	3.8 %	3.6%	3.4 %
<b>Primary Deficit, % of GSDP</b>	1.9 %	2022-23	+ 1.7 % points	1.9 %	1.6%	1.7 %
<b>Revenue Surplus (+)/Deficit (-), % of GSDP</b>	- 3.5 %	2022-23	- 1.6 % points	0.3 %	-0.4%	- 0.5 %
<b>Total Revenue Receipts, % of GSDP</b>	13.9 %	2022-23	+ 3.3 % points	19.9 %	15.3%	14.4 %
<b>Own Tax Revenue, % of GSDP</b>	6.6 %	2022-23	- 0.7 % points	6.3 %	6.4%	6.6 %
<b>Own Non Tax Revenue, % of GSDP</b>	0.9 %	2022-23	- 0.1 % points	1.2 %	1.1%	1.0 %
<b>Total Expenditure, % of GSDP</b>	18.9 %	2022-23	+ 5.7 % points	24.0 %	19.3%	17.8 %
<b>Revenue Expenditure, % of GSDP</b>	17.4 %	2022-23	+ 4.9 % points	18.8 %	16.9 %	14.8 %
<b>Capital Expenditure, % of GSDP</b>	1.5 %	2022-23	+ 0.8 % points	4.0 %	3.4%	3.0 %
<b>Capital Expenditure, % of Total Exp</b>	7.8 %	2022-23	+ 2.4 % points	17.6 %	16.1%	16.7 %
<b>Total Public Debt, % of GSDP</b>	47.0 %	2022-23	+ 16.2 % points	32.1 %	30.7%	27.5 %
<b>Contingent Liabilities, % of GSDP</b>	3.6 %	2021-22	- 16.0 % points	1.6 %	1.7%	3.8 %

Source: Data is taken from RBI SFR as of December 2023.

Note: i. Median of All States includes all 29 States (all Union Territories are excluded); ii. Median of 22 States excludes the North Eastern States, except Assam; iii. All States/UTs shows the sum of 29 States, Delhi and Puducherry, expressed as a % of national gross domestic product.

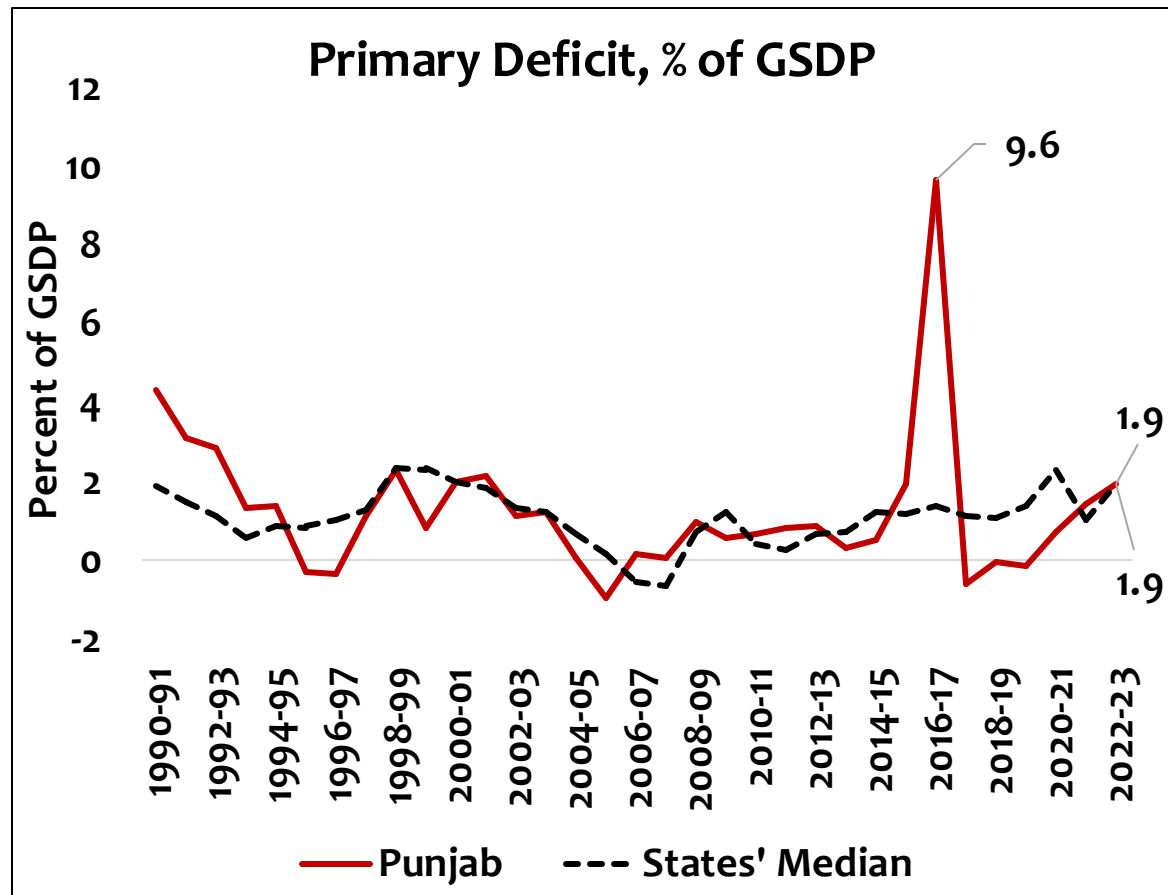
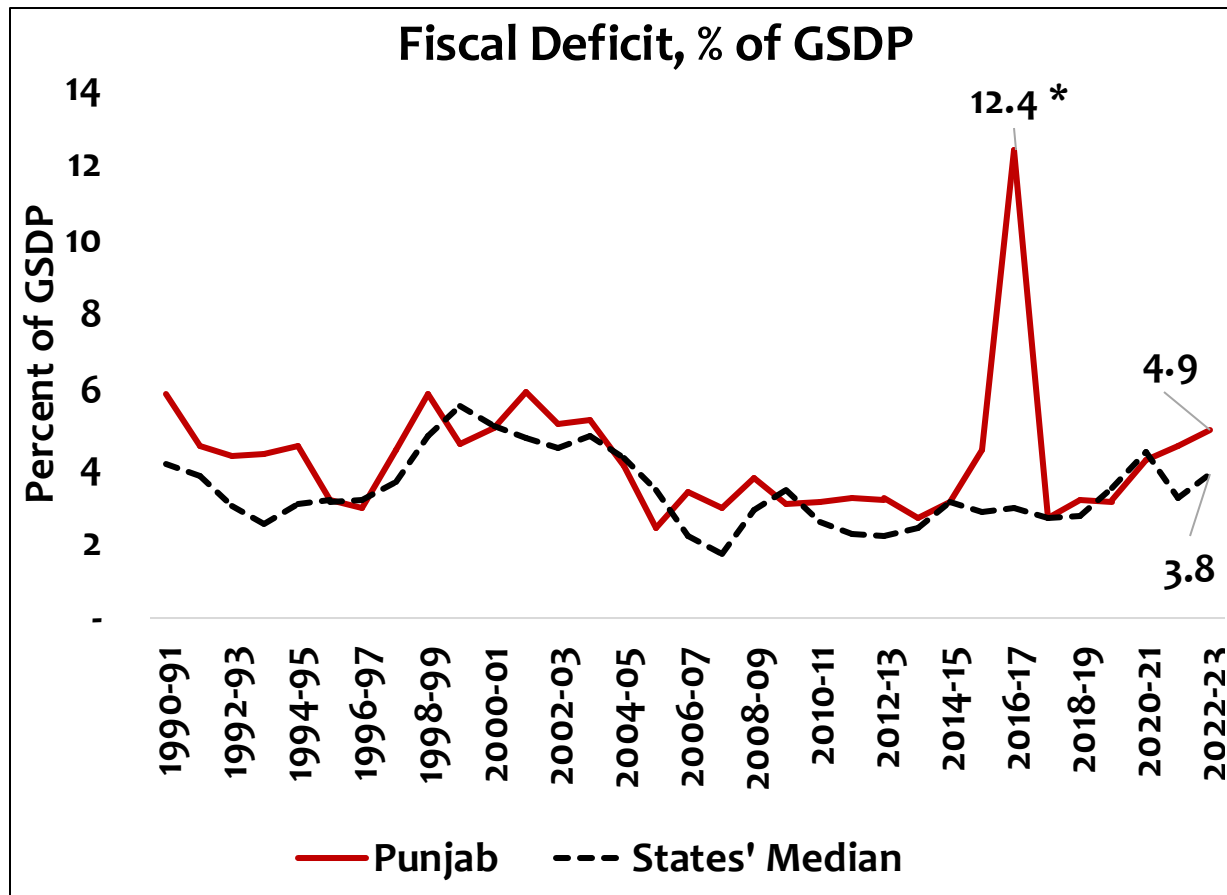
## Table 4B: Deficits, Revenue, Expenditure, Debt, Subsidies and Off-Budget Borrowings for Punjab

Indicators	Most Recent Value (% of GSDP)	For Year	Decadal Change (b/w 2013-14 & 2022-23)	States' Median (All States)	States' Median (Larger States)	All States/UT's (% of National GDP)
<b>Committed Expenditure, % of GSDP</b>	10.3%	2022-23	+0.7% points	9.2%	8.1%	6.9%
<b>Committed Expenditure, % of Total Expenditure</b>	55.2%	2022-23	-17.2% points	42.4%	40.9%	38.6%
<b>Subsidies, % of GSDP</b>	3.0%	2022-23	+0.4% points (b/w 2018-19 & 2022-23)	1.0%	1.1%	1.5%
<b>Subsidies, % of Total Expenditure</b>	16.3%	2022-23	-0.6% points (b/w 2018-19 & 2022-23)	3.7%	5.8%	8.2%
<b>Off-Budget Borrowings, % of GSDP</b>	0.1%	2022-23	-	0.2%	0.2%	0.1%
<b>Per Capita Social Expenditure</b>	Rs. 11,975	2022-23	+Rs. 7,415	Rs. 18,949	Rs. 2,606	Rs. 6,514
<b>Per Capita Health Expenditure</b>	Rs. 1,622	2022-23	+Rs. 936	Rs. 17,385	Rs. 2,494	Rs. 5,669
<b>Per Capita Education Expenditure</b>	Rs. 4,833	2022-23	+Rs. 2,470	Rs. 17,585	Rs. 2,421	Rs. 5,700
<b>Social Expenditure, % of Total Expenditure</b>	30.3%	2022-23	+0.6% points	43.9%	45.6%	45.3%
<b>Health Expenditure, % of Total Expenditure</b>	4.1%	2022-23	-0.4% points	6.3%	6.3%	6.2%
<b>Education Expenditure, % of Total Expenditure</b>	12.2%	2022-23	-3.2% points	14.6%	14.8%	14.7%
<b>Buoyancy for Revenue Expenditure with GSDP - ratio</b>	2.5%	2022-23	+1.8% points	1.8%	1.7%	1.5%

Source: i. Subsidies, Wage and Salaries, Pension, Social sector expenditure, Medical and Public Health, Family Welfare, Education expenditure, Total Expenditure data are from the RBI's State Finances Reports, as of December 2023; ii. Off-Budget Borrowing data is from Ministry of Expenditure (2021-22); iii. Data for Population and GSDP are taken from MoSPI.

Note: i. Median of All States includes all 29 States (all Union Territories are excluded); ii. Median of 22 States excludes the North Eastern States, except Assam; iii. All States/UTs shows the sum of 29 States, Delhi and Puducherry, expressed as a % of national gross domestic product; iv. Committed Expenditure is calculated as the sum of Wage, Salaries, and Pension; v. Health Expenditure is calculated as the sum of Medical and Public Health, Family Welfare; vi. Social, Health, and Education Expenditures are calculated as per capita values by dividing the respective expenditure by the population; vii. Total Expenditure is calculated as the sum of Revenue Expenditure (RevEx), Capital Outlay, and Loans and Advances; viii. The Buoyancy of Revenue Expenditure is calculated as the ratio between the year-on-year growth rate of Revenue Expenditure and that of GSDP.

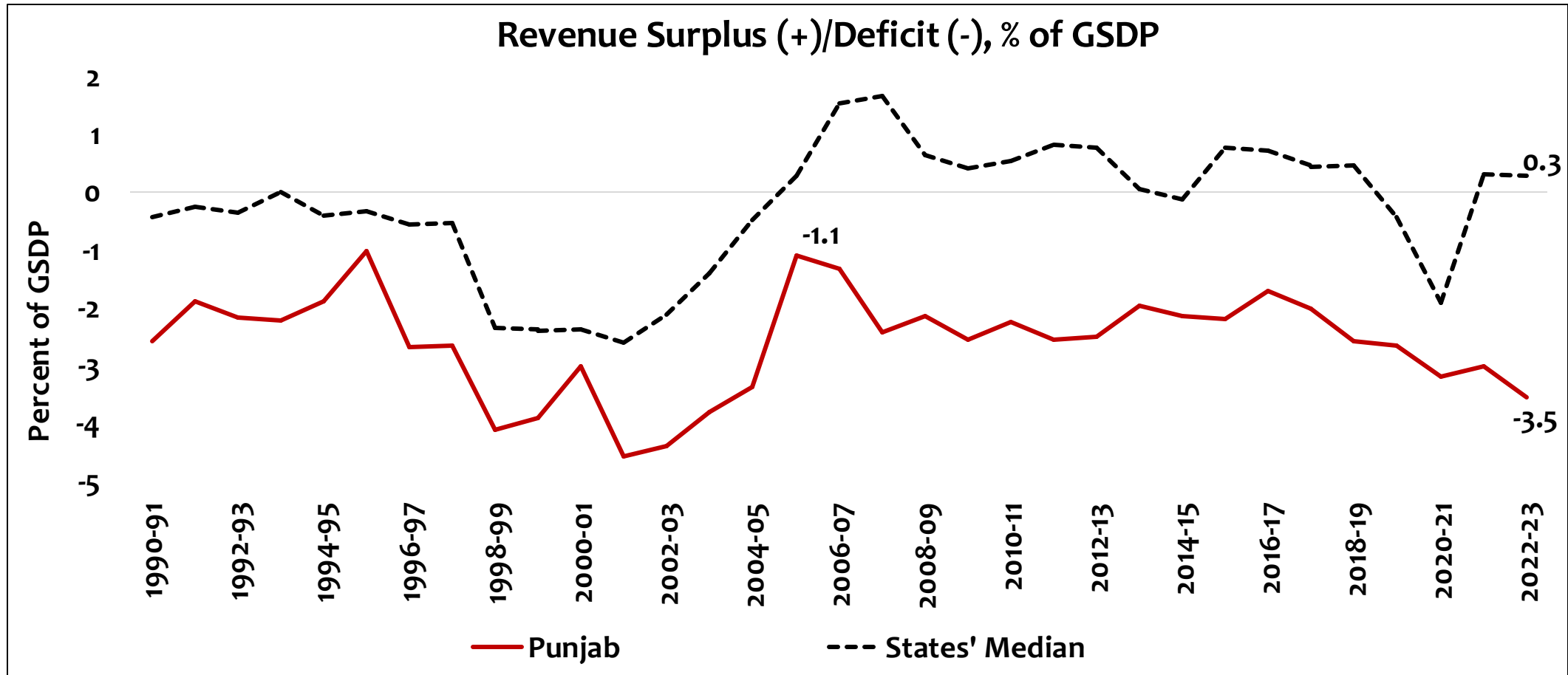
# In 2022-23, Punjab ran a Fiscal Deficit and Primary Deficit of 4.9 and 1.9 percent of its GSDP respectively, lower and at par than a median State, respectively



Source: i. Fiscal Deficit is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Primary Deficit is calculated (Fiscal Deficit – Interest Payments). Interest Payments is sourced from RBI SFR; ii. The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded); iii. (\*)As per the Report of the Comptroller and Auditor General of India on State Finances for the year 2015-16, the spike in the deficit during 2015-16 was on account of increase of in the advancement of loans and advances, which was mainly due to a loan to Punjab State Power Corporation Limited for repayment of its loans related to the implementation of the Ujwal Discom Assurance Yojna.

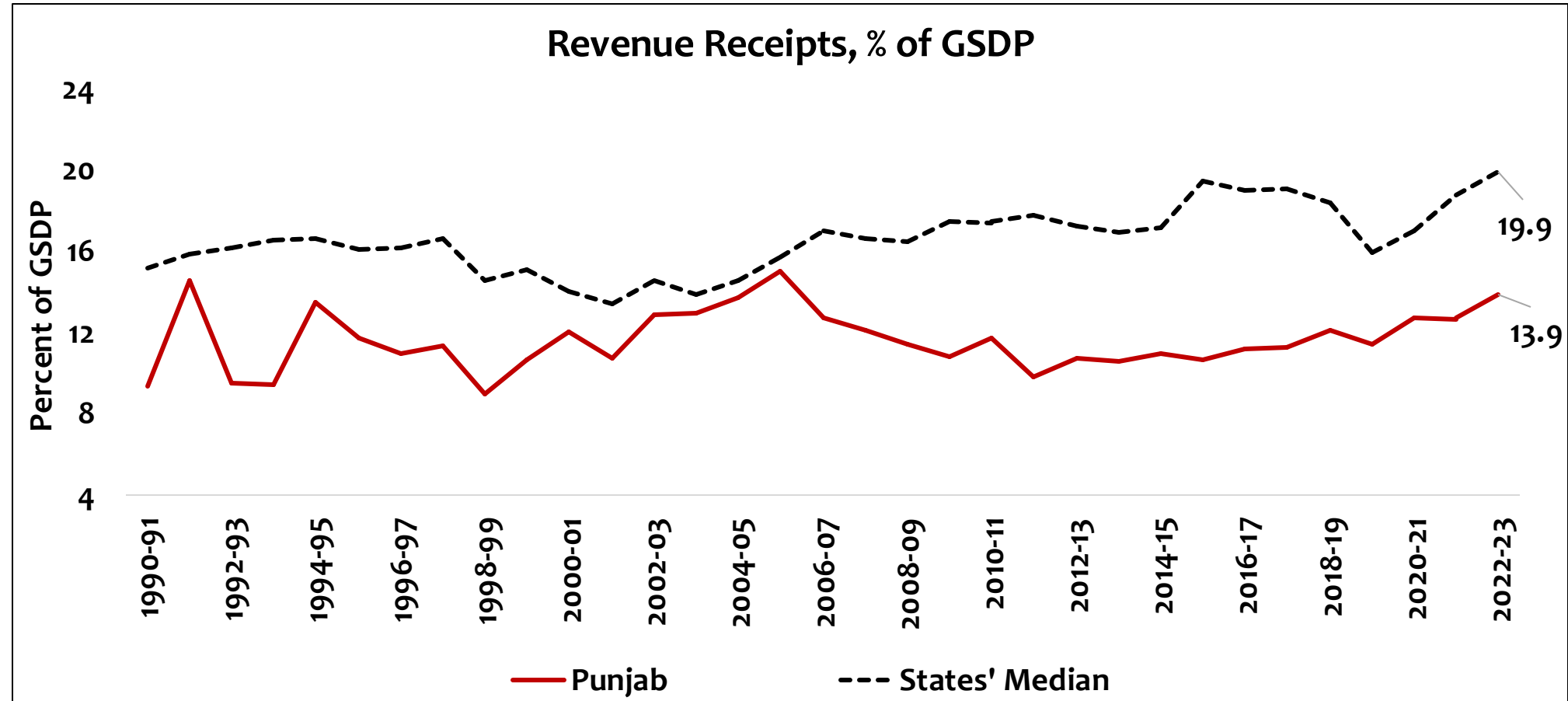
# Punjab ran a Revenue Deficit 3.5 percent of its GSDP in 2022-23, while a median State ran a Revenue Surplus 0.3 percent of its GSDP



Source: i. Revenue Deficit is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

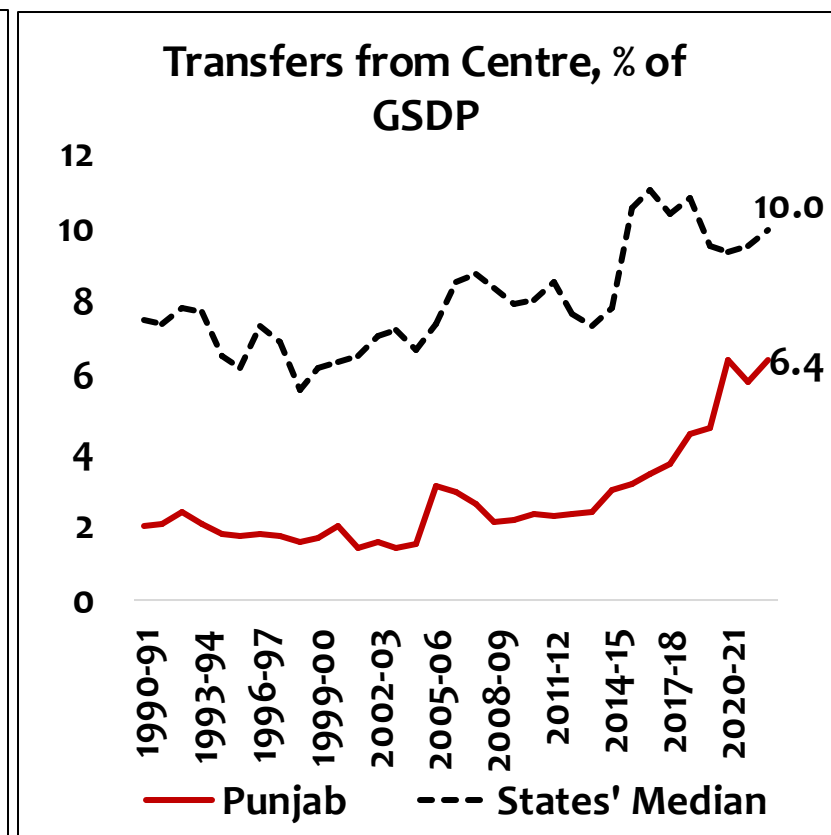
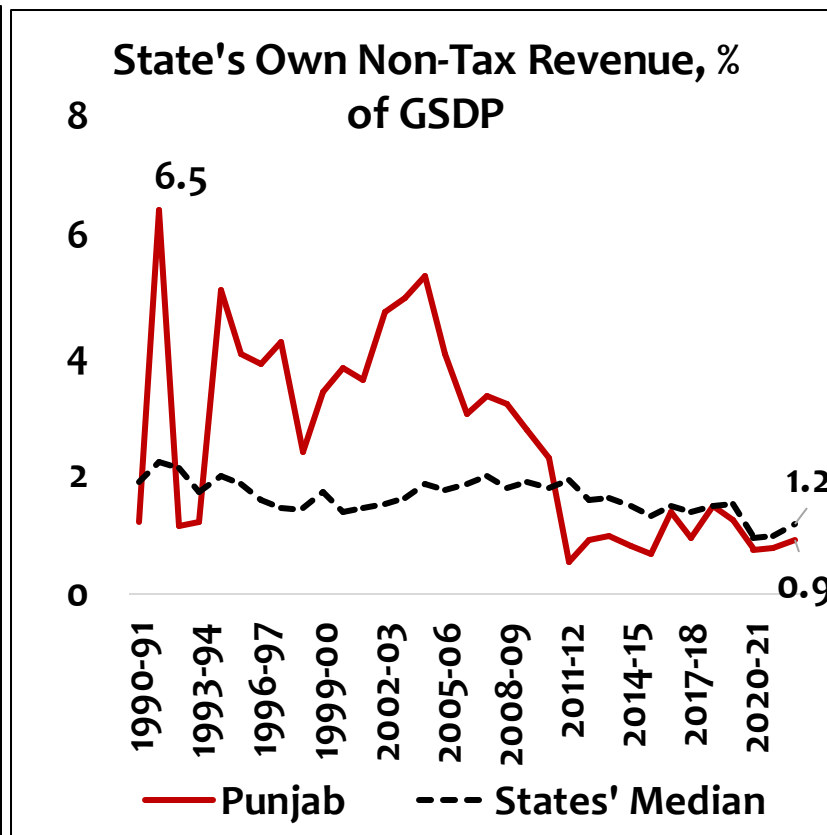
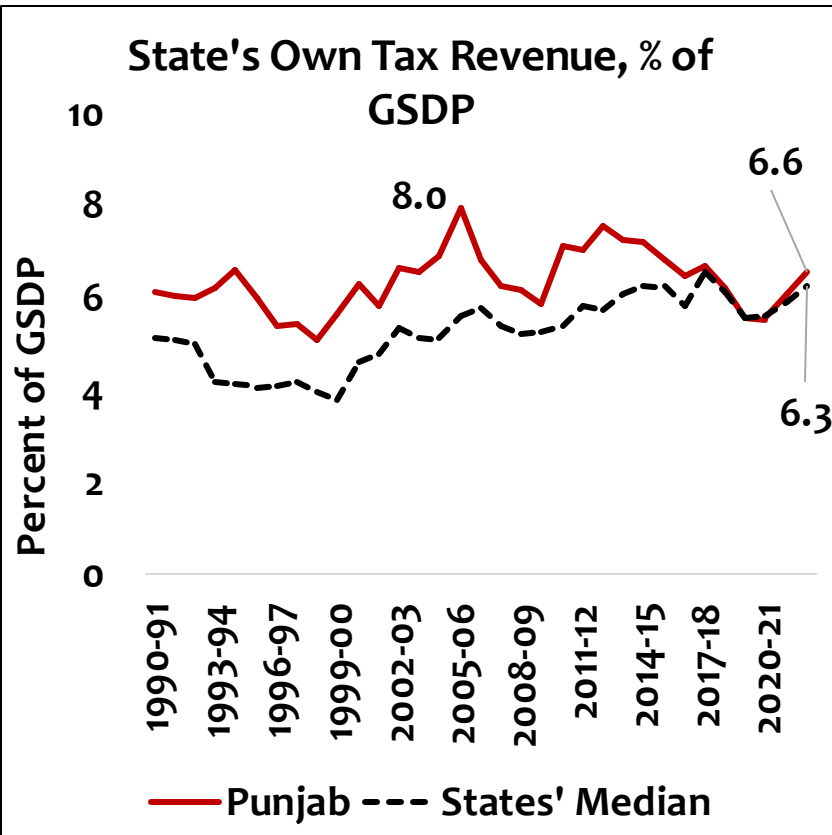
Note: The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded).

In 2022-23, Punjab's total Revenue Receipts (Own Tax, Own Non-Tax, and shared by the Centre) were lower than what a median State collected, at about 13.9 percent of its GSDP



Source: i. Revenue Receipts from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).  
Note: The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded).

**Punjab's Own Tax Revenue at 6.6 percent of its GSDP is almost at par with what a median State collects as of 2022-23. Punjab's Own Non-Tax Revenue, and Transfers from the Centre, at 0.9, and 6.4 percent of its GSDP, are lower than a median State as of 2022-23. Transfers from Centre account for 46 percent of its Revenue Receipts**

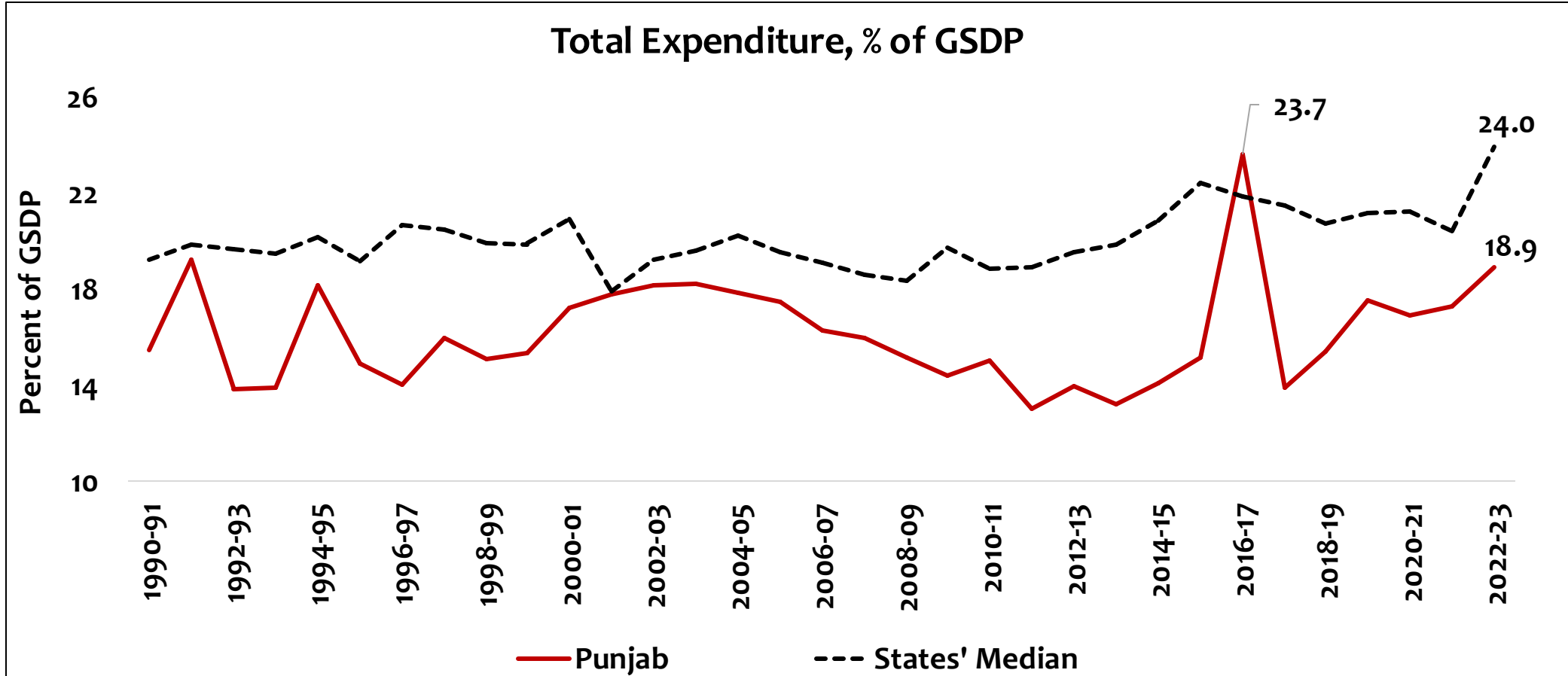


Source: i. Own-Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded); ii. Transfers from the Centre include both Tax and Non-Tax transfers.



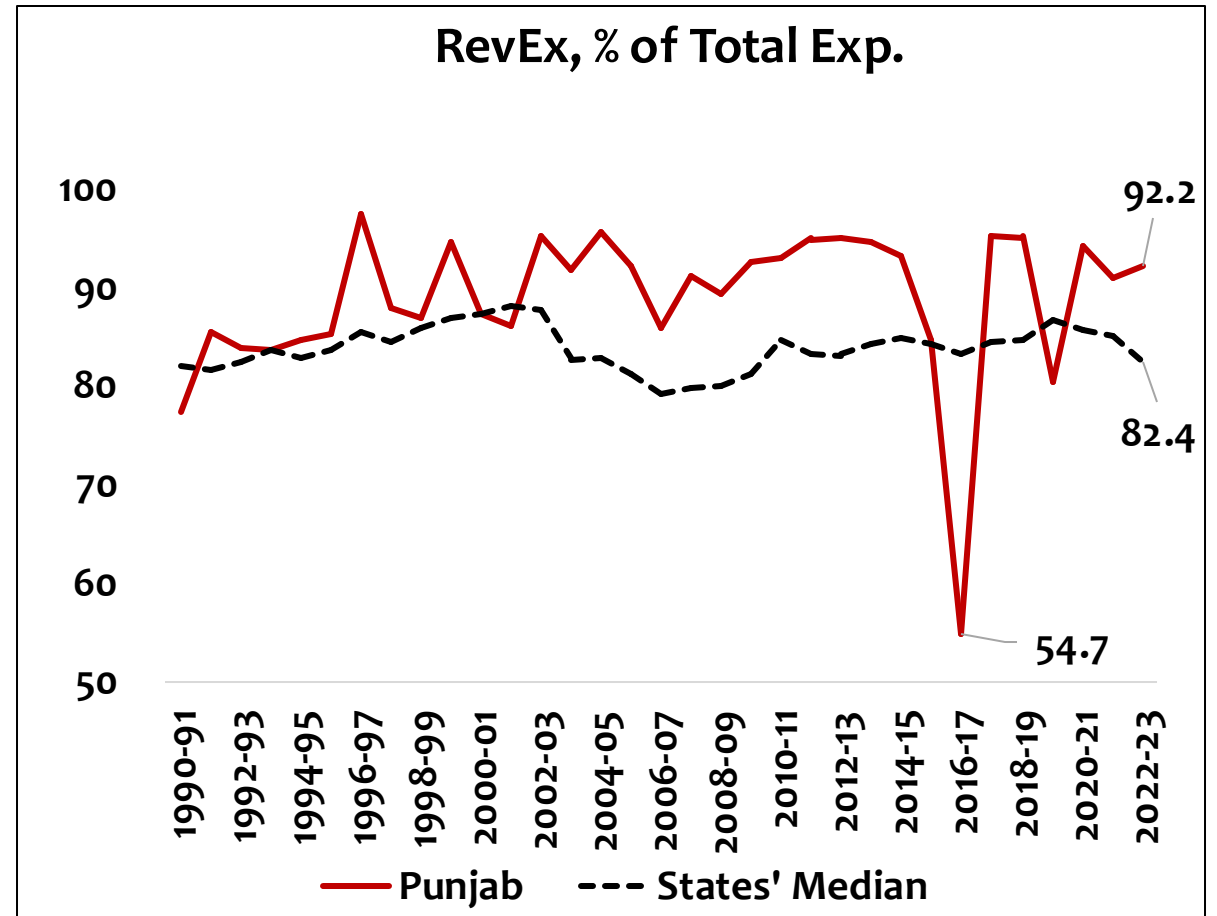
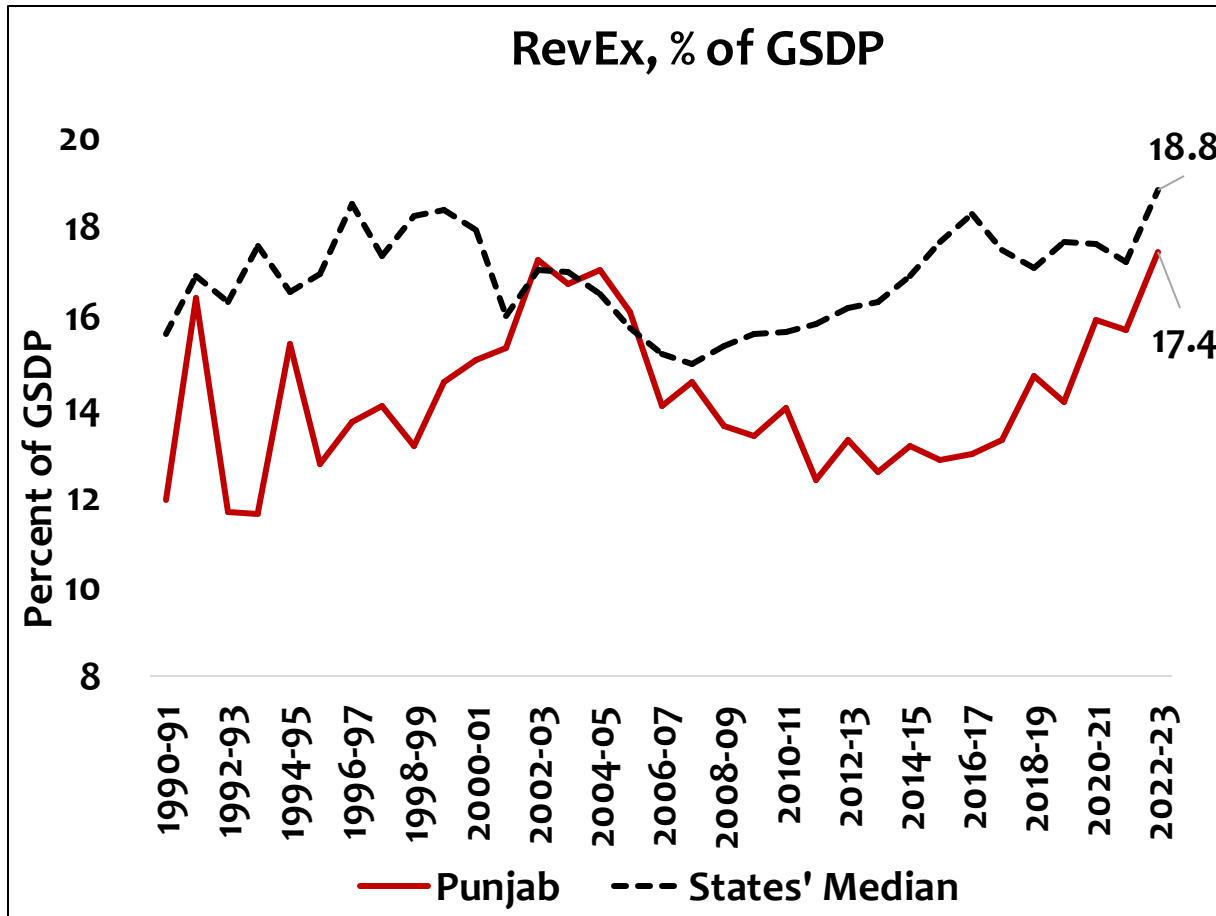
# In 2022-23, Punjab's Expenditure at 18.9 percent of its GSDP was about 5.1 percentage points lower than a median State



Source: i. Total Expenditure is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx); ii. The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded).

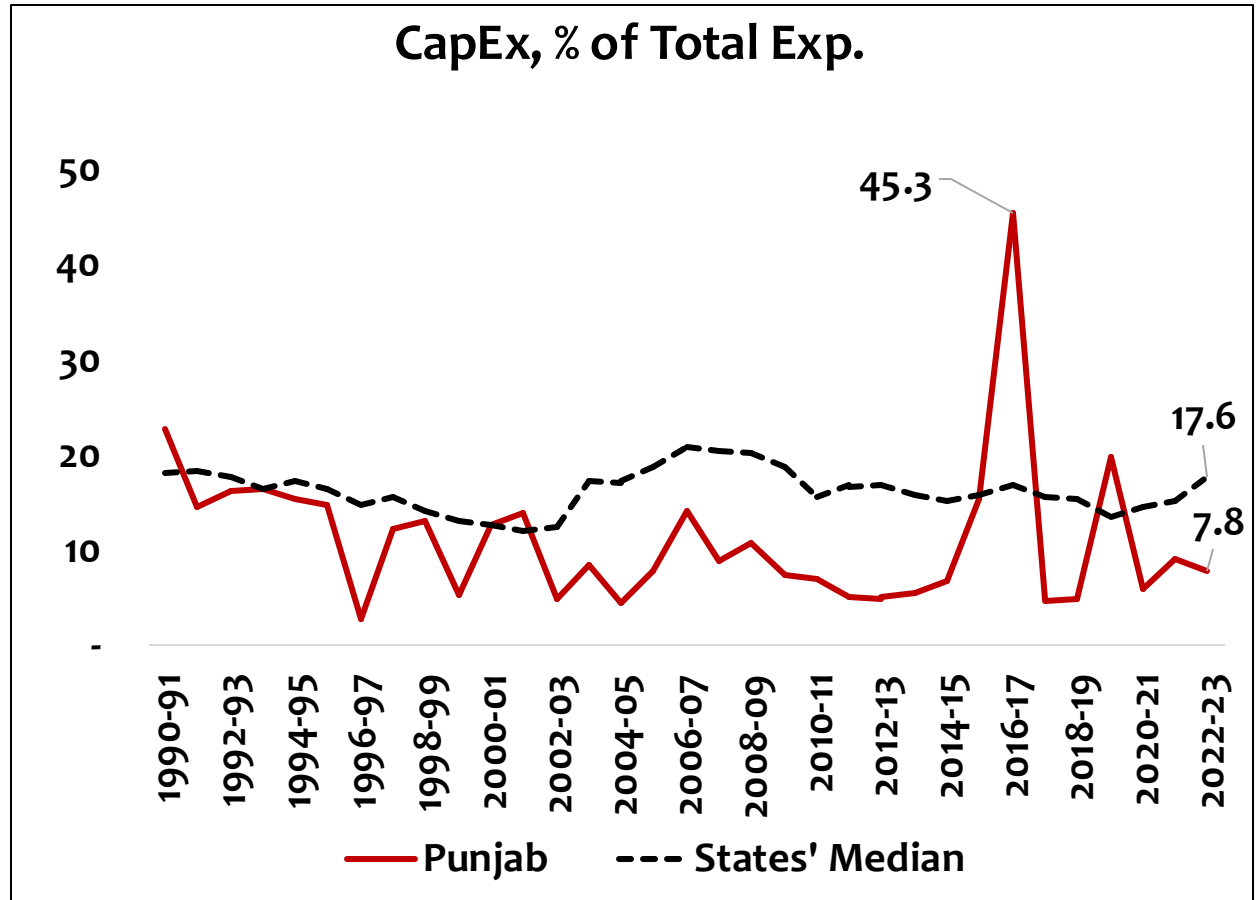
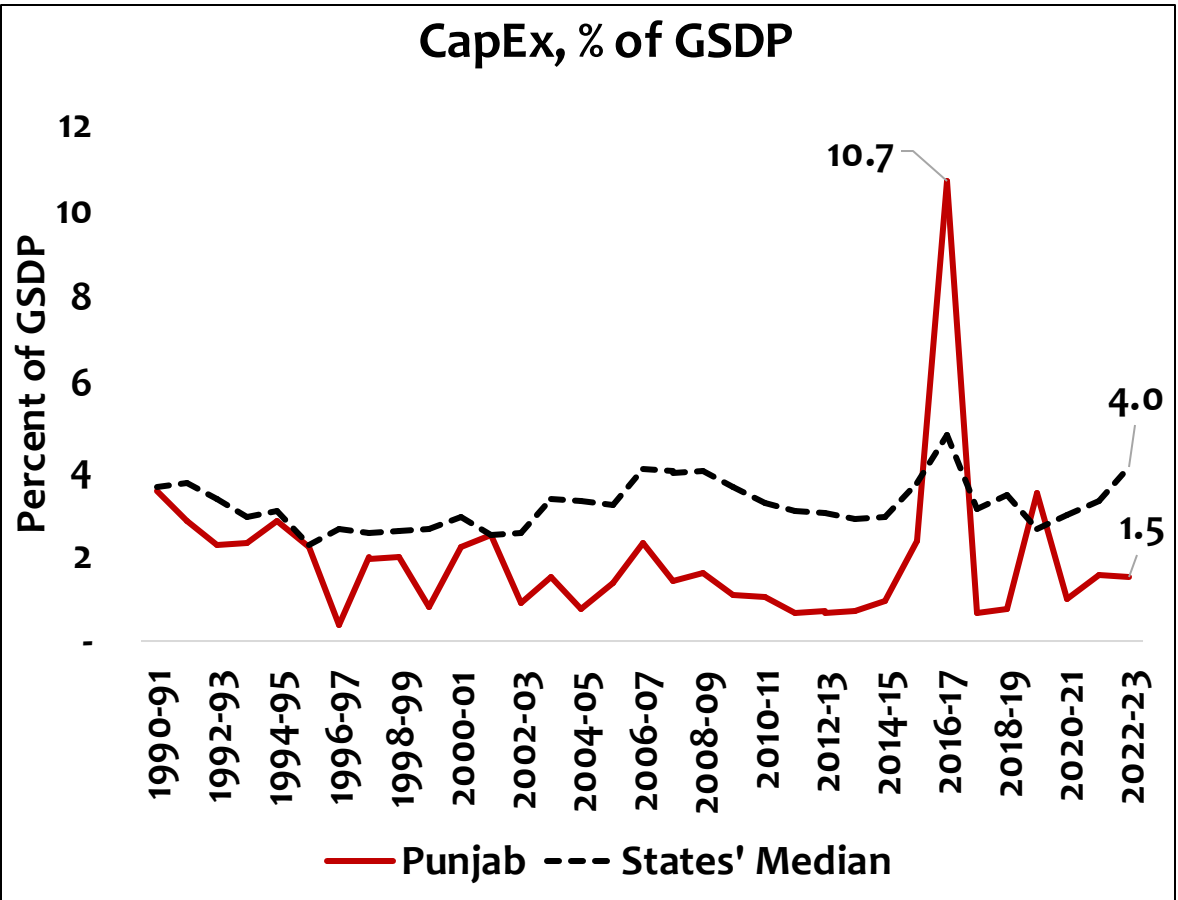
**Punjab's RevEx at 17.4 percent of its GSDP, is lower than what a median State spent in 2022-23. Punjab's RevEx at 92.2 percent of its Total Expenditure was higher than what a median State spent in 2022-23**



Source: i. RevEx is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx + CapEx; ii. The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded).

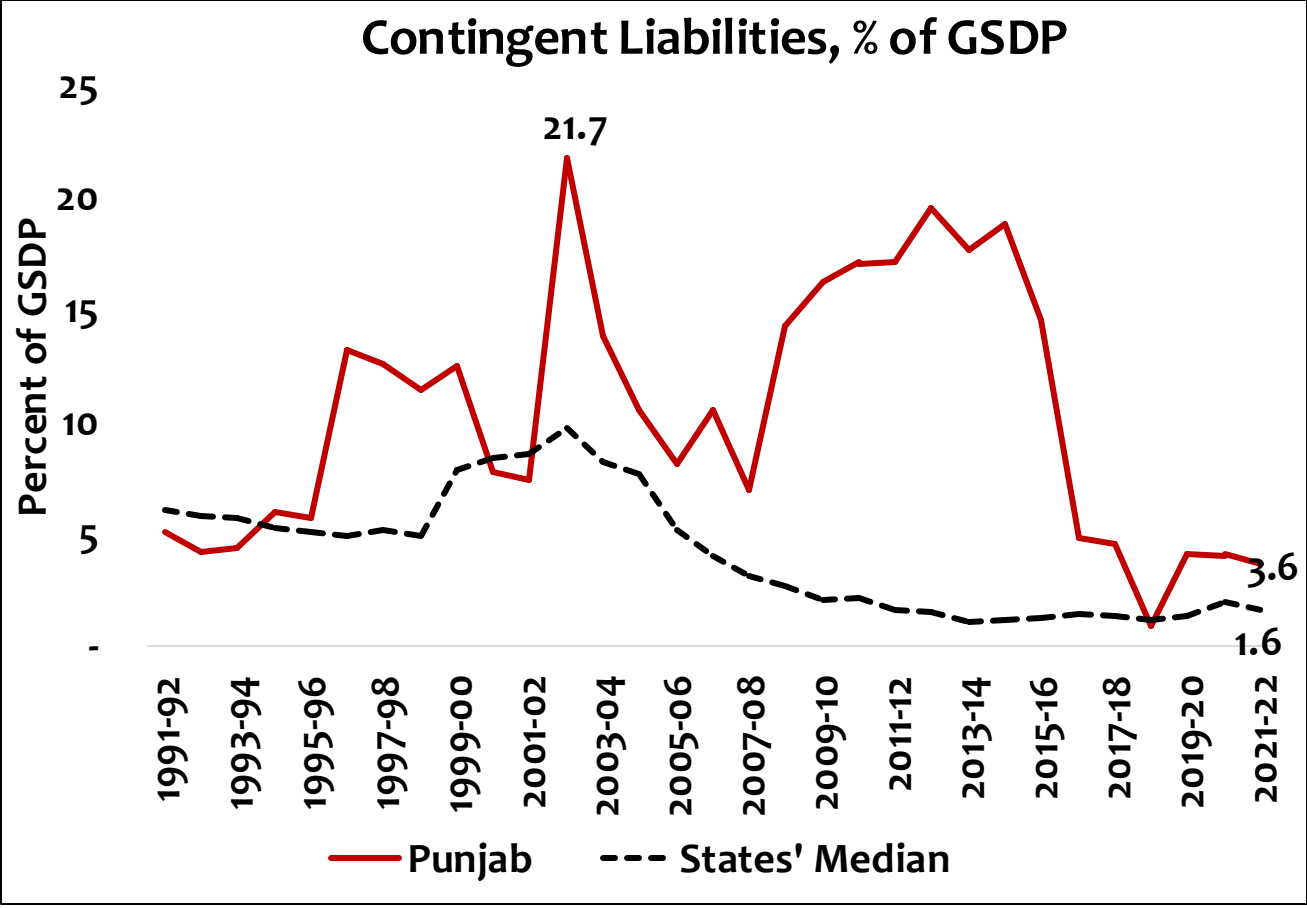
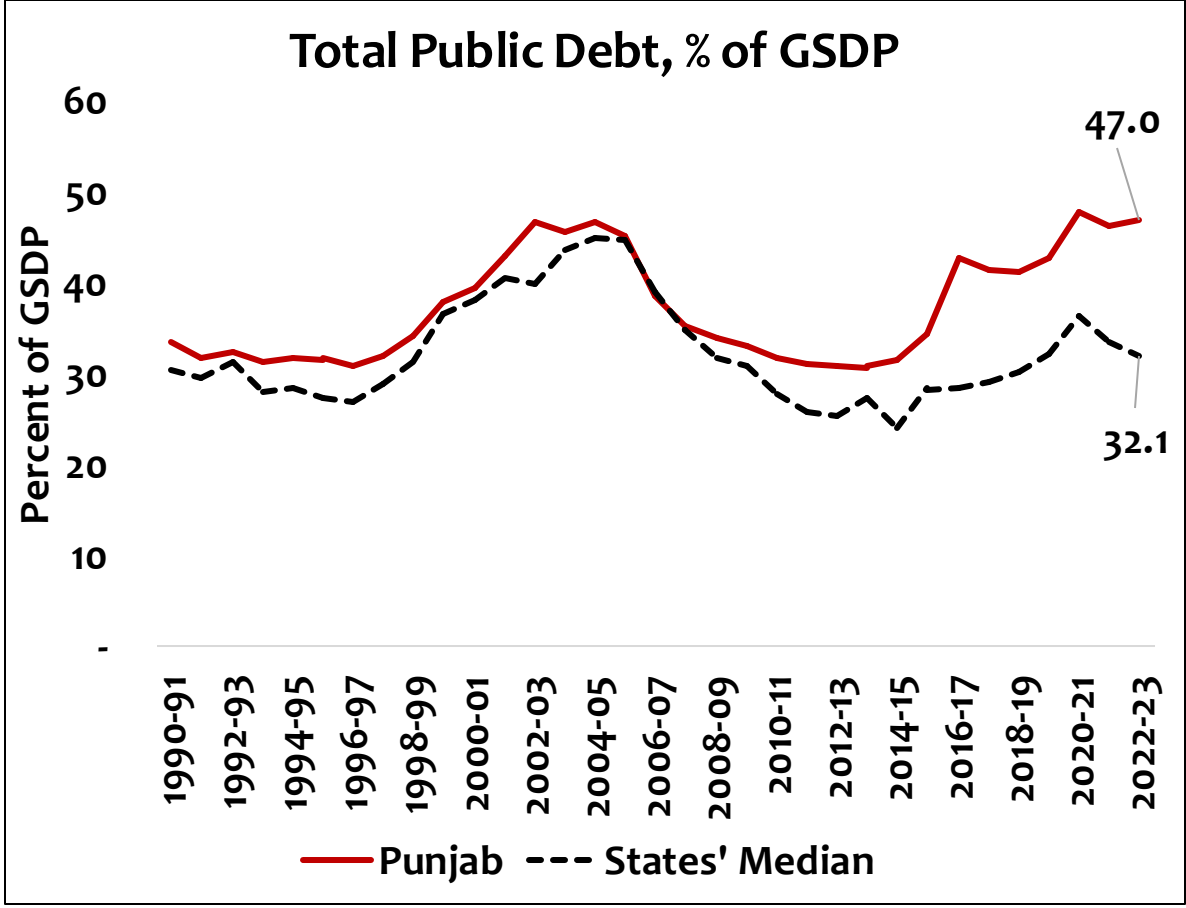
# In 2022-23, Punjab's CapEx at 1.5 percent of its GSDP, was about 2.5 percentage points lower than what a median State spent on CapEx (as percent of the GSDP)



Source: i. Capex is calculated as Capital Outlay + Loans and Advances given by the State government and the data for both is taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx + CapEx; ii. The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded).

Punjab has seen a consistent rise in its Public Debt after 2014-15, and as of 2022-23 it was 47 percent of its GSDP, higher than a median State by 14.9 percentage points. Its Contingent Liabilities as of 2021-22 were 3.6 percent of its GSDP, higher than that of a median State



Source: i. Public Debt and State-wise contingent liabilities data has been taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each State, and its median across 29 States has been shown (all Union Territories are excluded); ii. The data for Contingent Liabilities is missing for 2020-21 and 2021-22, the 2019-20 values have been used for the following years as well.

# Debt Sustainability Assessment

- Extrapolations of the debt-to-GSDP ratio are used as a way of thinking about debt sustainability, using the equation:  $\Delta b_t = \frac{b_{t-1}(r_t - g_t)}{1 + g_t} + pd_t^*$
- A baseline scenario assumes real GDP growth, the real effective interest rate and primary deficit will be at the same levels for the next five years as their respective averages from 2012-13 to 2021-22.
- Second scenario assumes faster GDP growth to the tune of half a standard deviation over the average growth between 2012-13 to 2021-22.
- Third scenario assumes a favorable change of half a standard deviation to the primary deficit over the average deficit between 2012-13 to 2021-22.
- Fourth scenario assumes baseline plus outstanding contingent liabilities in 2021-22 will be absorbed (by 20 percent) each year in the next five years.
- A fifth scenario, by combining scenarios two and three.

Note: i.  $b_t$  is the debt-to-GSDP ratio,  $pd_t$  is the primary-deficit-to-GSDP ratio (deficit net of interest payment),  $g_t$  is growth of real GSDP, and  $r_t$  is the real effective interest rate on public debt; all in year  $t$ ; ii.  $\Delta b_t$  is the change in debt-to-GSDP ratio between  $t$  and  $t-1$ ; iii. The exercise is based on the assumption that  $g$ ,  $r$ , and  $pd$  are exogenous, that is, they are not impacted by the level of debt.

# Punjab Debt Evolution (2012-13 to 2021-22)

## Averages and standard deviations of key parameters

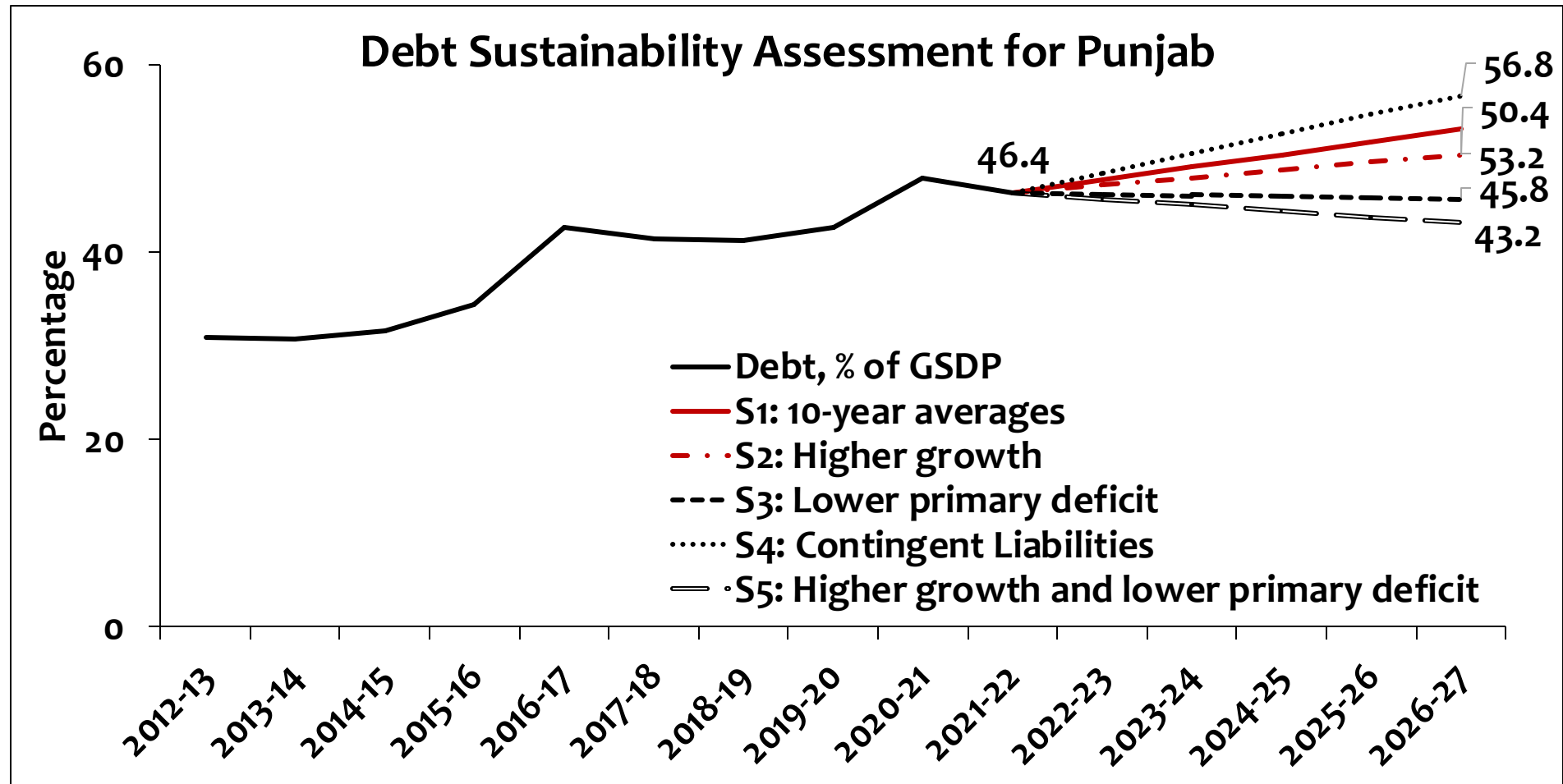
	Ten-year average and std. deviations (2012-13 to 2021-22)		Five-year average and std. deviations (2017-18 to 2021-22)	
	Mean	Std dev	Mean	Std dev
Nominal GDP growth ( $\gamma$ )	8.8	3.8	7.6	5.0
Deflator growth ( $\pi$ )	3.6	1.8	3.2	2.2
Real GDP growth ( $g$ )	5.0	2.5	4.3	3.3
Effective interest rate ( $e$ )	8.3	0.4	8.1	0.4
Real effective interest rate ( $r$ )	4.8	2.1	4.9	2.6
Primary deficit ( $pd$ )	1.5	3.0	0.3	0.8
Growth-effective interest differential ( $g-\hat{e}$ )	0.2	3.7	-0.6	5.0
Contingent Liabilities (CL) as of 2021-22	3.6	-	-	-
Percentage points of CL absorbed each year for 5 years	0.72	-	-	-

# Different scenarios for conducting debt sustainability assessments

Scenarios	Debt level in 2021-22 (bt-1)	Primary Deficit (pd)	Real GDP growth (g)	Real Effective Interest Rate (r)	Change in Debt in first year (2022-23)	Cumulative change in Debt in next five years
<b>Baseline (Scenario 1):</b> 10-year averages (2012-13 to 2021-22)	46.4	1.5	5.0	4.8	1.36	6.77
<b>Scenario 2:</b> Higher growth (increasing growth by half a standard deviation over baseline)	46.4	1.5	6.2	4.8	0.82	4.00
<b>Scenario 3:</b> Lower Primary Deficit (reducing primary deficit by half a standard deviation over baseline)	46.4	0.0	5.0	4.8	-0.13	-0.62
<b>Scenario 4:</b> Contingent Liabilities in 2021-22 are absorbed 20% in each year	46.4	1.5	5.0	4.8	2.09	10.38
<b>Scenario 5:</b> Lower Primary Deficit and Higher Growth	46.4	0.0	6.2	4.8	-0.66	-3.22

Note: In Scenario 2, half a standard deviation of 10-year average of real GDP growth rate is added as a positive growth shock. In Scenario 3, half a standard deviation of 10-year average of primary deficit is removed as a positive fiscal shock. In Scenario 4, 0.72 percentage points of Contingent Liabilities are assumed to be taken on by the government in each fiscal year.

**Punjab's debt to GSDP ratio is projected to be on an unsustainable path in most scenarios, including its baseline scenario. Even under the most optimistic scenario, the reduction in debt to GSDP ratio is projected to be very small**



Note: In Scenario 2, half a standard deviation of 10-year average of real GDP growth rate is added as a positive growth shock. In Scenario 3, half a standard deviation of 10-year average of primary deficit is removed as a positive fiscal shock. In Scenario 4, 0.72 percentage points of Contingent Liabilities are assumed to be taken on by the government in each fiscal year

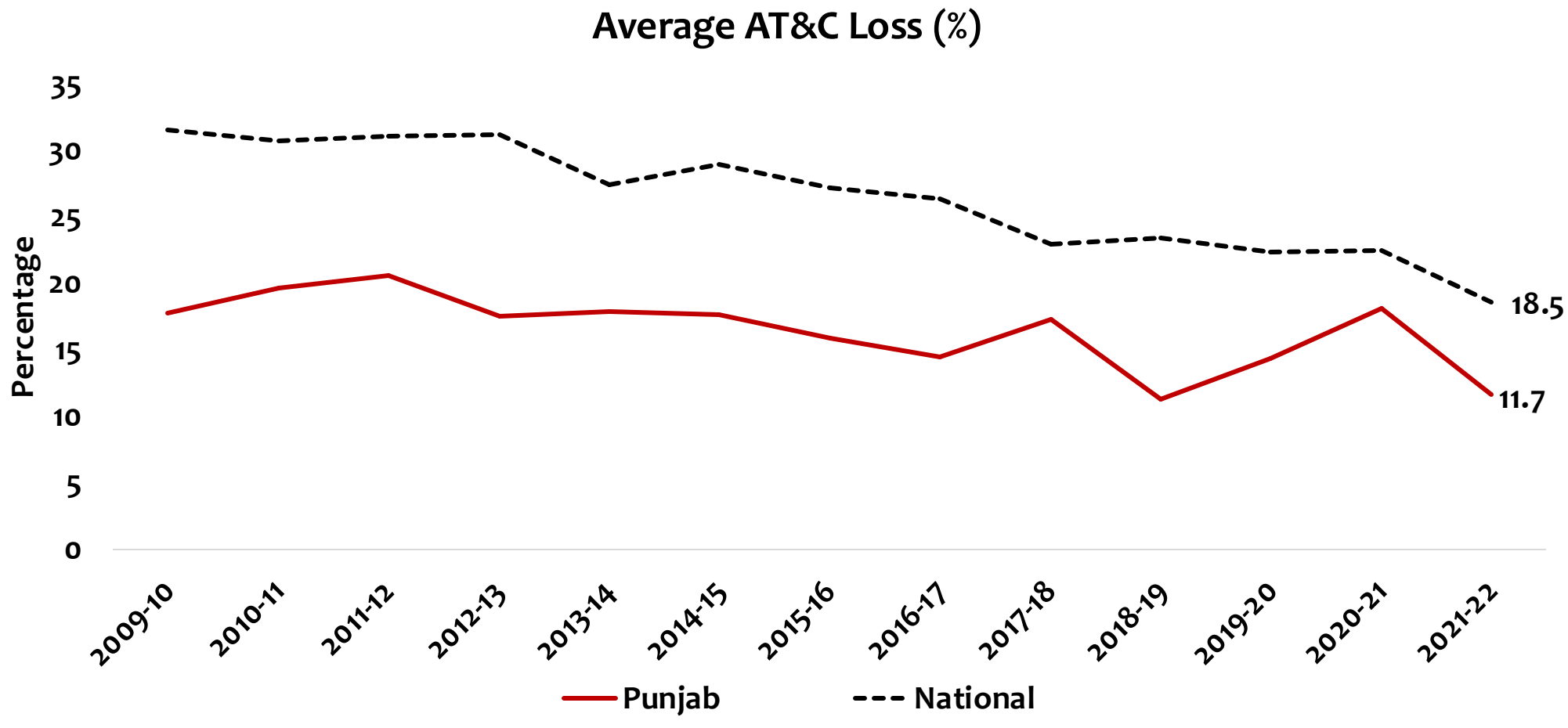


# Punjab: Power Sector

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- The State has one distribution company (DISCOM) – Punjab State Power Corporation Ltd., formerly known as Punjab State Electricity Board (PSEB).
- Compared to the national average, the DISCOM in Punjab reports lower Aggregate Technical & Commercial (AT&C) Losses.
- The State signed the MoU for the Ujwal DISCOM Assurance Yojana (UDAY) scheme which was launched by the GoI in November 2015, for both the performance efficiency targets as well as the financial turnaround and financing of future losses by the State government.
- There was a net increase of ₹ 9,010.29 crore in outstanding loan from September 2015 to March 2020. The debt burden had increased by ₹ 7,181.41 crore primarily due to non-payment of dues on time by Government of Punjab on account of tariff compensation and defaulting dues of Government Departments.
- The State DISCOM did not meet all targets under the UDAY scheme, specifically those concerning Distribution Transformers (DT), Feeder Segregation, Smart Metering.

# Aggregate Technical & Commercial Losses (AT&C) of Punjab have reduced from about 18 percent in 2010-11 to 12 percent in 2021-22



Source: PFC Report on Performance of State Power Utilities (2009-10 to 2021-22).  
Note: i. Figure shows the AT&C Loss for PSPCL over the years; ii. The National average is across all DISCOMs in the 29 States and 2 Union Territories (Delhi & Puducherry).

# **6. Devolution to Punjab from Centre in 14<sup>th</sup> and 15<sup>th</sup> Finance Commission (FC)**

# Tax Devolution Criteria of 14<sup>th</sup> and 15<sup>th</sup> Finance Commissions to all States

- The Net Proceeds of all taxes<sup>1</sup> collected by the Union are shareable with the States, and constitute the divisible pool of taxes.
- The 14<sup>th</sup> FC placed the States' share of tax devolution to 42 percent of the divisible pool, and the 15<sup>th</sup> FC adjusted it to 41 percent of the divisible pool due to the changed status of Jammu & Kashmir into the Union Territories of Ladakh and Jammu & Kashmir.
- Below table highlights the tax devolution matrix used by the two FCs, and the corresponding weights for each criteria.

Criteria	14th FC (2015-20)	15th FC (2021-26)
Income Distance	50	45
Area	15	15
Population (1971)	17.5	0
Population (2011) <sup>2</sup>	10	15
Demographic Performance	0	12.5
Forest Cover	7.5	0
Forest and Ecology	0	10
Tax and fiscal efforts <sup>3</sup>	0	2.5
Total	100	100

Source: 14<sup>th</sup> and 15<sup>th</sup> Finance Commission Reports.

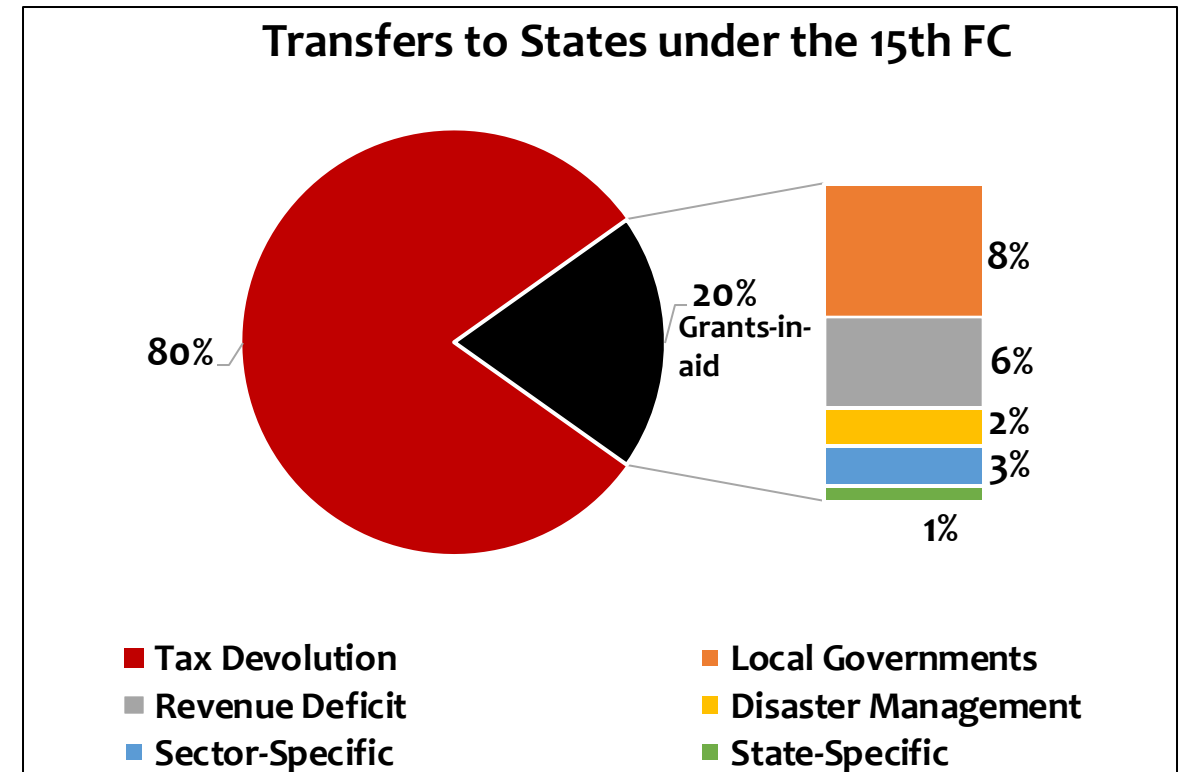
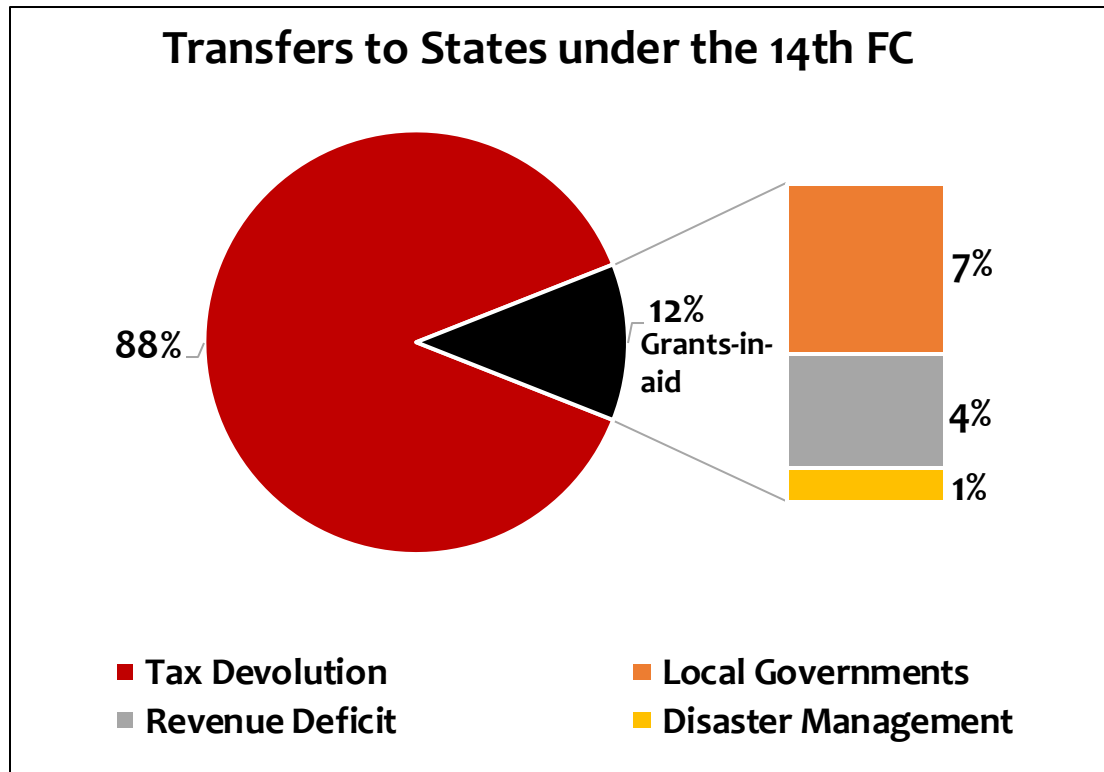
Note: i. Per Articles 270 and 279, Net Proceeds of taxes is defined as all the taxes, except cess and surcharges, reduced by the cost of collection; ii. 14<sup>th</sup> FC used the term “demographic change” which was defined as Population in 2011; iii. The 15<sup>th</sup> FC reintroduced the “tax and fiscal efforts” criteria. The definitions of all criteria can be referred to from the [15<sup>th</sup> FC Report](#).

# Grants-in-Aid

- There were three types of grants recommended by the 14<sup>th</sup> FC – revenue deficit grants, grants for local governments, and grants for disaster management. The 15<sup>th</sup> FC, in addition to the three, also recommended sector-specific and State-specific grants.
  1. **Revenue-deficit grants:** Post tax devolution, those States which remain in a state of revenue deficit, are allocated this grant in the magnitude of their deficit (estimated for the award period based on the projected revenues and tax devolution).
  2. **Grants for Local Governments:** These are distributed between the rural and urban local bodies (65:35 ratio per the 15<sup>th</sup> FC). The States' shares are calculated with 90 percent weightage given to population and 10 percent to area.
  3. **Grants for Disaster Management:** The corpus of the State Disaster Response Fund (envisaged under the Disaster Management Act, 2005, which covers both natural and man-made disasters) is recommended by the FC per Article 275 (1) of the Constitution. Under the 14<sup>th</sup> FC, it was recommended that Centre contribute 90 percent of the SDRF and States provide the remaining 10 percent. The 15<sup>th</sup> FC reinstated the previous sharing arrangement, wherein Centre's contribution to SDRF for General Category States is 75 percent contribution and it remains 90 percent for the North-Eastern and Himalayan States.
  4. **Sector-Specific Grants:** The 15<sup>th</sup> FC reinstated recommendations for social sectors like health and education, rural economy (encouraging agricultural reforms and grants for the Pradhan Mantri Gram Sadak Yojana), administrative and governance reforms (for judiciary, improved statistics, and incentivizing aspirational districts and blocks).
  5. **State-specific Grants:** To help States address special needs and overcome cost disabilities, State-specific grants were recommended by the 15<sup>th</sup> Finance Commission. These span six broad areas: a) social needs, b) administrative governance and related infrastructure, c) conservation and sustainable use of water, drainage and sanitation, d) preserving culture and historical monuments, e) high-cost physical infrastructure, and f) tourism.

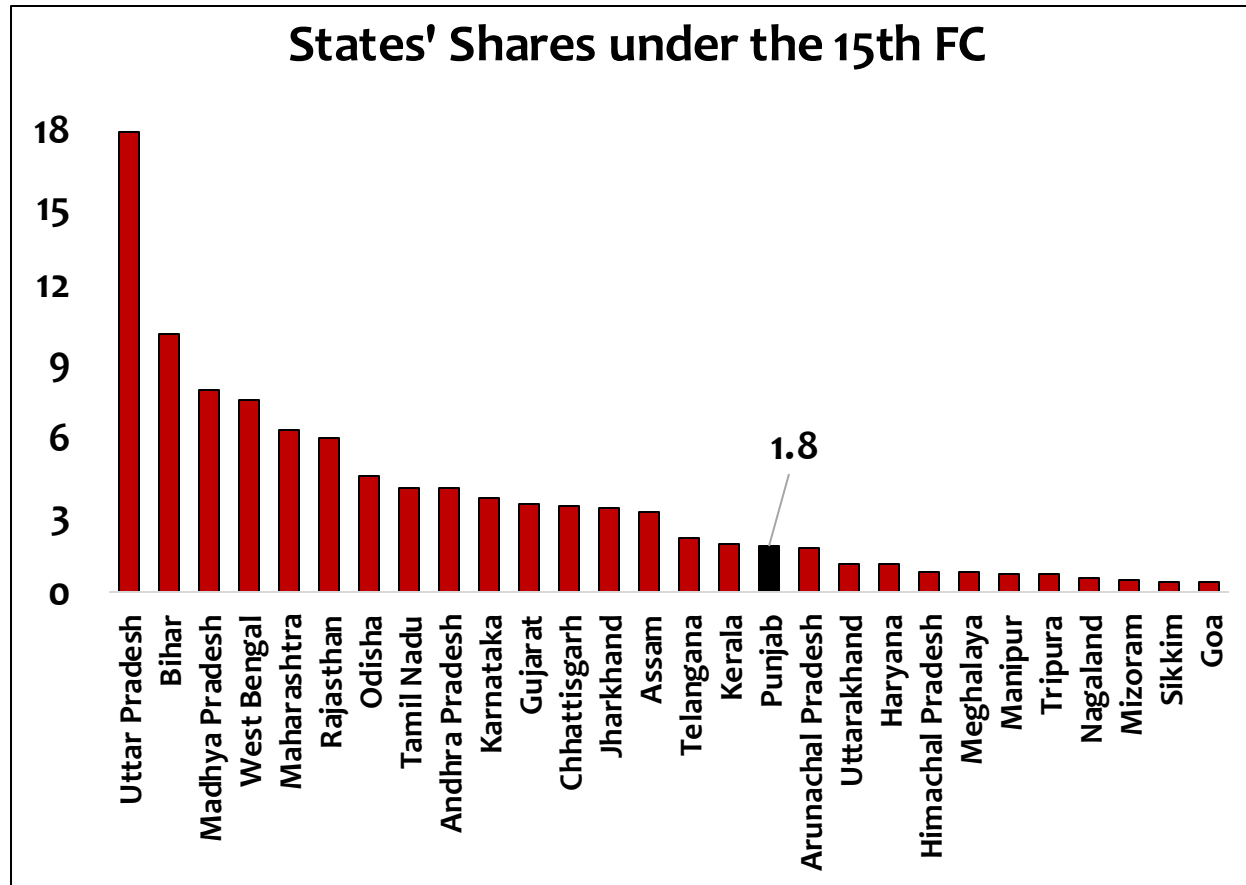
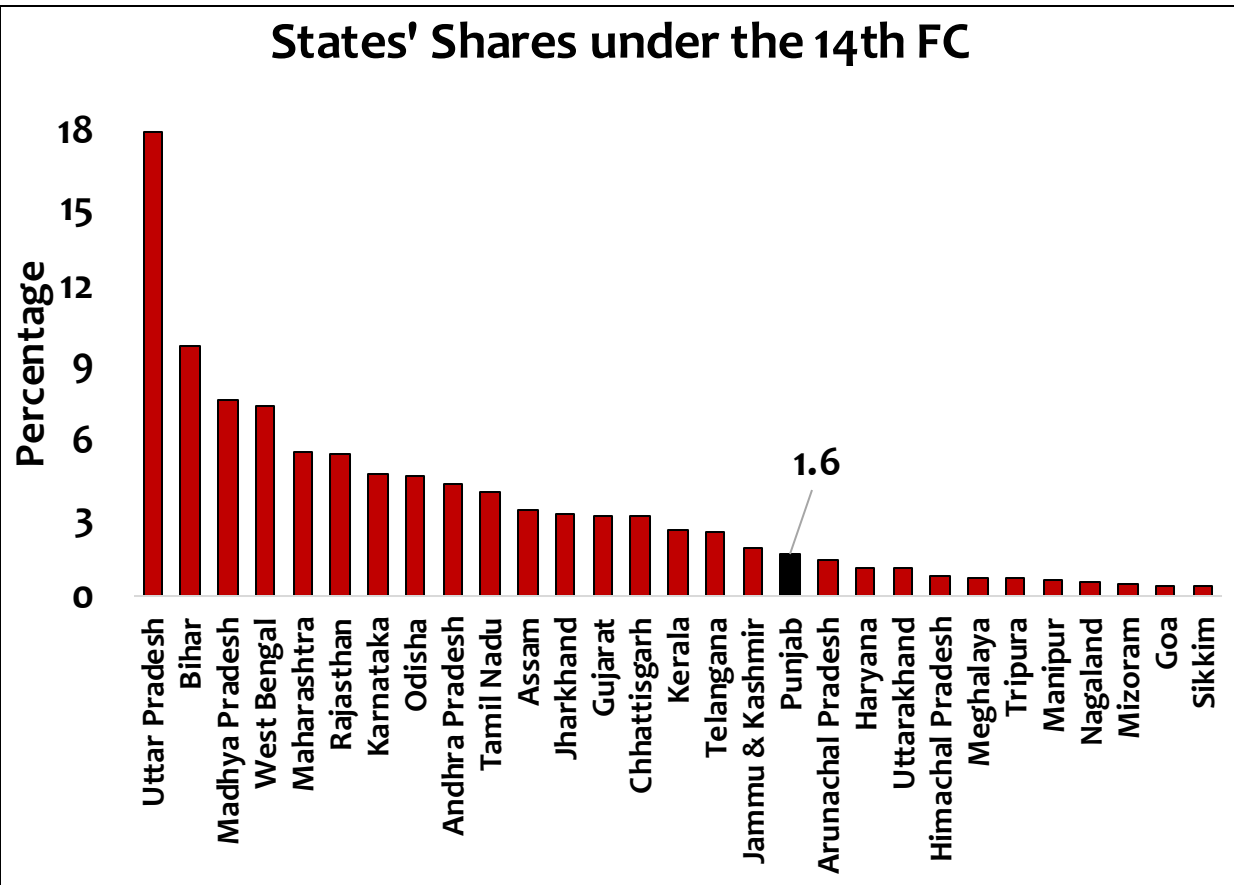
Source: 14<sup>th</sup> and 15<sup>th</sup> FC reports.

# Proposed transfers from the Centre to all States: 15<sup>th</sup> FC reinstated recommendations on sector-specific and State-specific grants, which 14<sup>th</sup> FC had excluded from the grants-in-aid to States, thus increasing the share of grants in the total transfers recommended from Centre to States to 20 percent



- Sector-Specific Grants are further divided into three categories:
  - Social Sector - health and education
  - Rural Economy - agriculture reforms, self reliance, export & sustainability, and PMGSY roads
  - Governance and Administrative Reforms - judiciary, statistics, aspirational districts and blocks

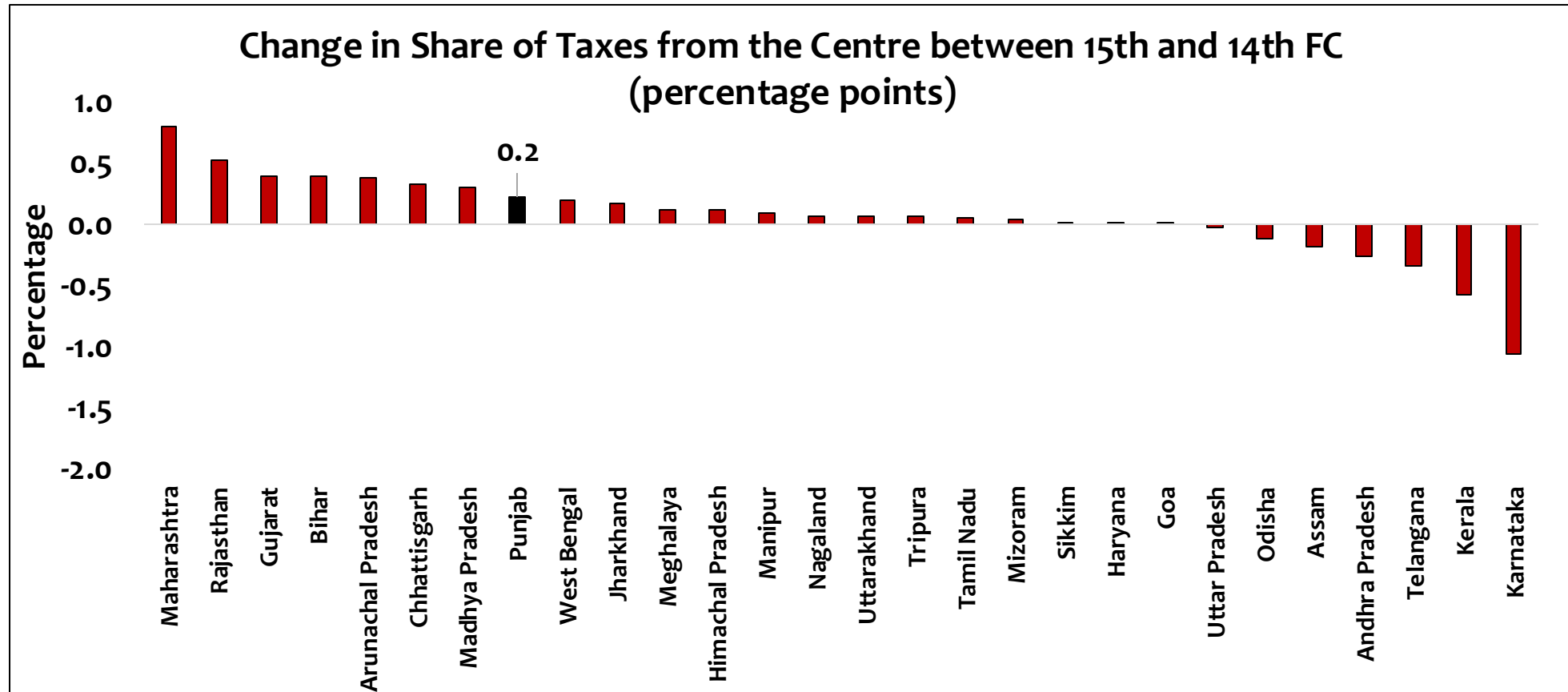
# Punjab's share in Taxes from Centre, as per the FC recommendations, increased from 1.6 percent under 14<sup>th</sup> FC to 1.8 percent under and 15<sup>th</sup> FC recommendations



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15<sup>th</sup> FC did not include it in the States' share of taxes from the Centre.

# Punjab saw a 0.2 percentage point increase in Tax Devolution shares between the 14<sup>th</sup> and 15<sup>th</sup> Finance Commission recommendations



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15<sup>th</sup> FC did not include it in the States' share of taxes from the Centre, and it has been excluded from this chart.

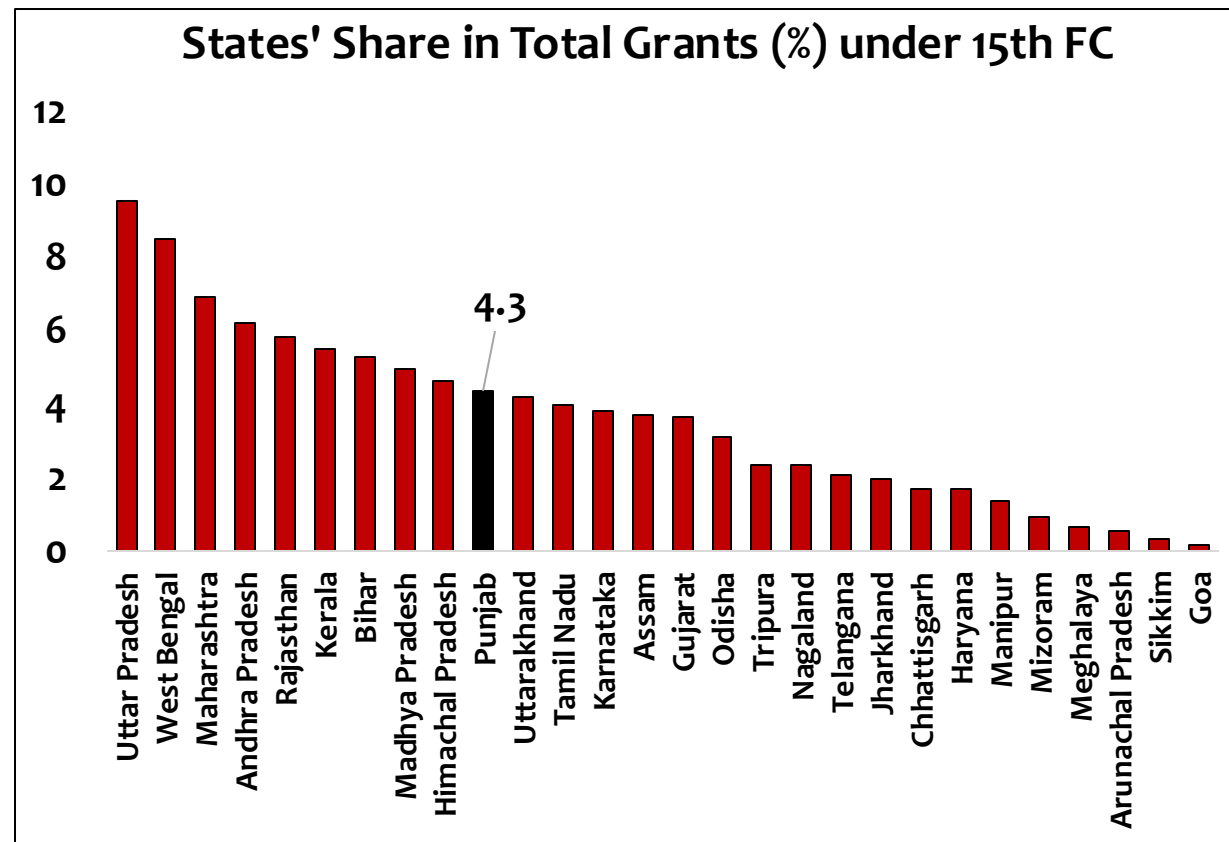
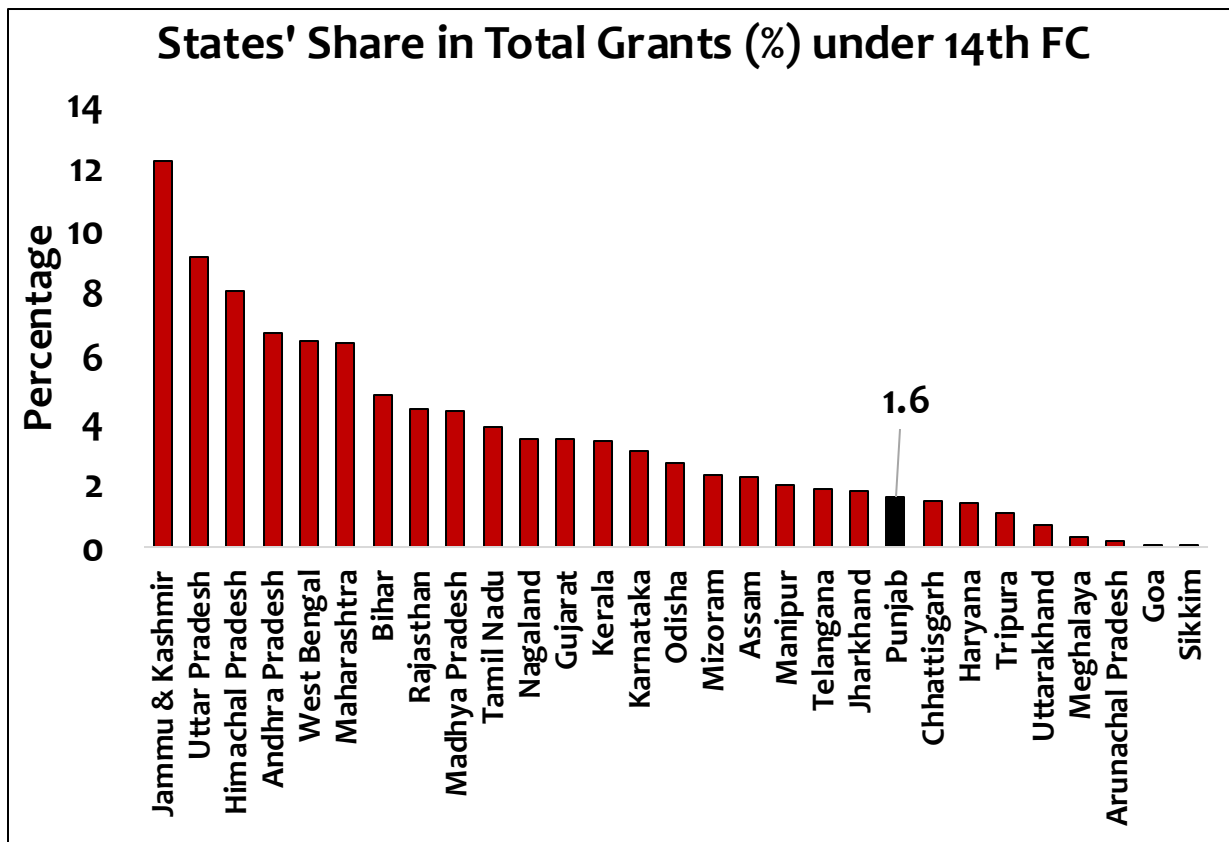


# Grants-in-Aid: Punjab

- There were three types of grants recommended by the 14<sup>th</sup> FC – revenue deficit grants, grants for local governments, and grants for disaster management. The 15<sup>th</sup> FC, in addition to the three, also recommended sector-specific and State-specific grants.
- **Total:** Punjab's share in the total grants-in-aid **increased by 2.7 percentage points under the 15<sup>th</sup> FC**, compared to the 14<sup>th</sup> FC, at **4.3 percent**. This increase was predominantly driven by the State's increased shares in revenue-deficit grants.
  1. **Revenue-deficit grants:** Punjab **did not receive any revenue-deficit grants** under the 14<sup>th</sup>, while the **15<sup>th</sup> FC recommended it receive 8.8 percent** of the revenue-deficit grants.
  2. **Grants for Local Governments:** About **2.4 percent** of the total grants to local governments was recommended for Punjab by both the 14<sup>th</sup> FC and 15<sup>th</sup> FC.
  3. **Grants for Disaster Management:** Punjab received **2.2 percent** of the total grants for disaster management **under the 15<sup>th</sup> FC** recommendations (a 1.3 percentage point decrease compared to the 14<sup>th</sup> FC recommendation). In its case, the disasters accounted for in the index are floods, cyclone, drought, earthquake and others.
  4. **Sector-Specific Grants: Per the 15<sup>th</sup> FC recommendations**, the State receives the **2.8 percent** of the total sectoral grants. It is recommended to receive about 4.5 percent of total agriculture performance incentive grants and 3.7 percent of the grants for statistics. Other sector-specific grants and the State's shares in each include health and education grants (2.8 percent), grants for judiciary (1.4 percent), and grants for Maintenance of PMGSY Roads (0.8 percent).
  5. **State-specific Grants:** A total of **Rs. 1,545 crore** was recommended in State-specific grants, of which, Rs. 700 crore was directed towards new medical education and research institutions in Mohali, Hoshiarpur, Shaheed Bhagat Singh Nagar and Fazilka. Rs. 400 crore was allocated to remediation of pollution of Sutlej river, Rs. 350 crore to reduction in pollution caused by stubble burning by diversification of paddy to other crops, and the remaining were split among pilot project for installation of 15,000 KW of rooftop solar power plans in Bhatinda, development of Bhatinda fort, development of Partition Museum, Amritsar, development of Patiala Fort, Jang-e-Azadi Memorial Kartarpur, Jalandhar district, and Pushpa Gujral science City, Kapurthala.

Source: 14<sup>th</sup> and 15<sup>th</sup> FC reports.

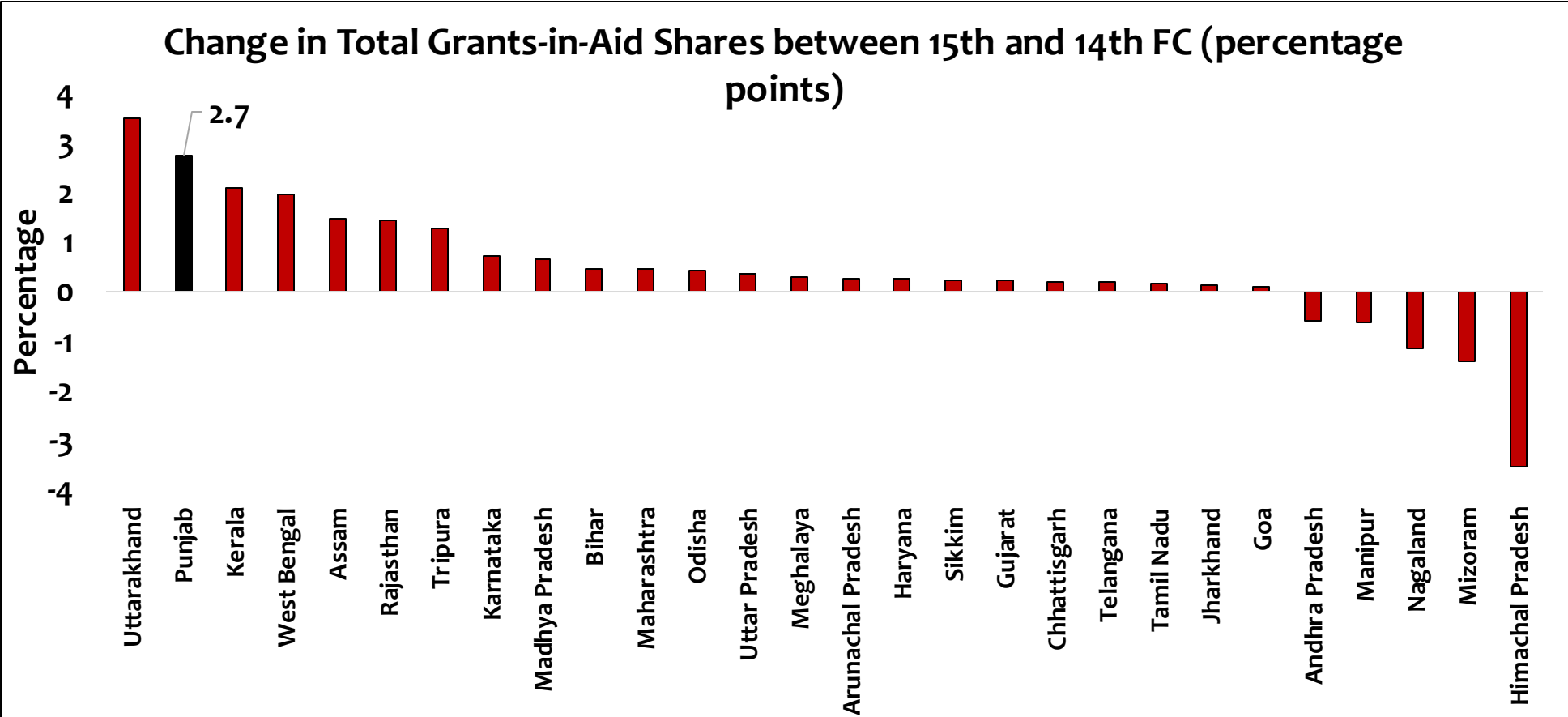
# Punjab noted an increase of 2.7 percentage points in its share of the Total Grants-in-Aid recommended between 14<sup>th</sup> and 15<sup>th</sup> Finance Commissions



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: i. Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of grants-in-aid from the Centre; ii. An amount of Rs. 16,400 crore is not included in the total Grants-in-aids figure for the 15th FC. This comprises of three grants (a) School Education (Rs. 4,800 crore), (b) Grants for aspirational districts and blocks (Rs. 3,150 crore) and (c) Local Bodies grants for (i) Incubation of new Cities (Rs. 8,000 Crore) and (ii) National Data Centre (Rs. 450 Crore). These were not included in the table which reports the State-wise shares in the 15th FC Report.

# Punjab had a 2.7 percentage point rise in Total Grants-in-Aid shares between the 14<sup>th</sup> and 15<sup>th</sup> FC recommendations

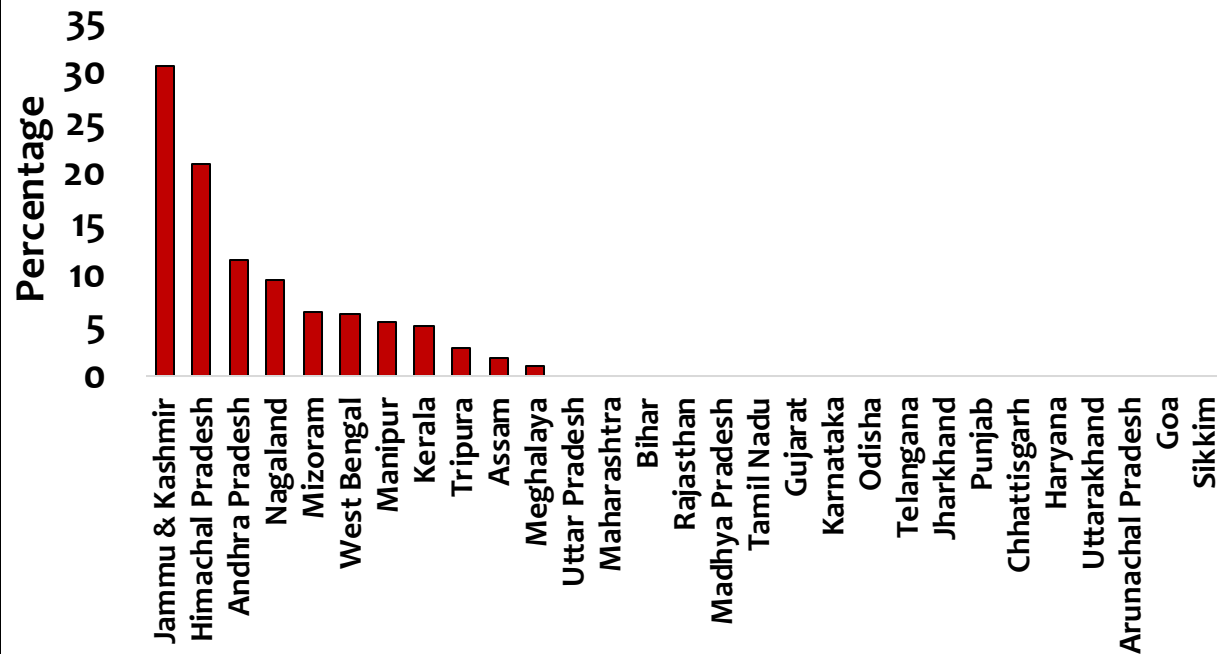


Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

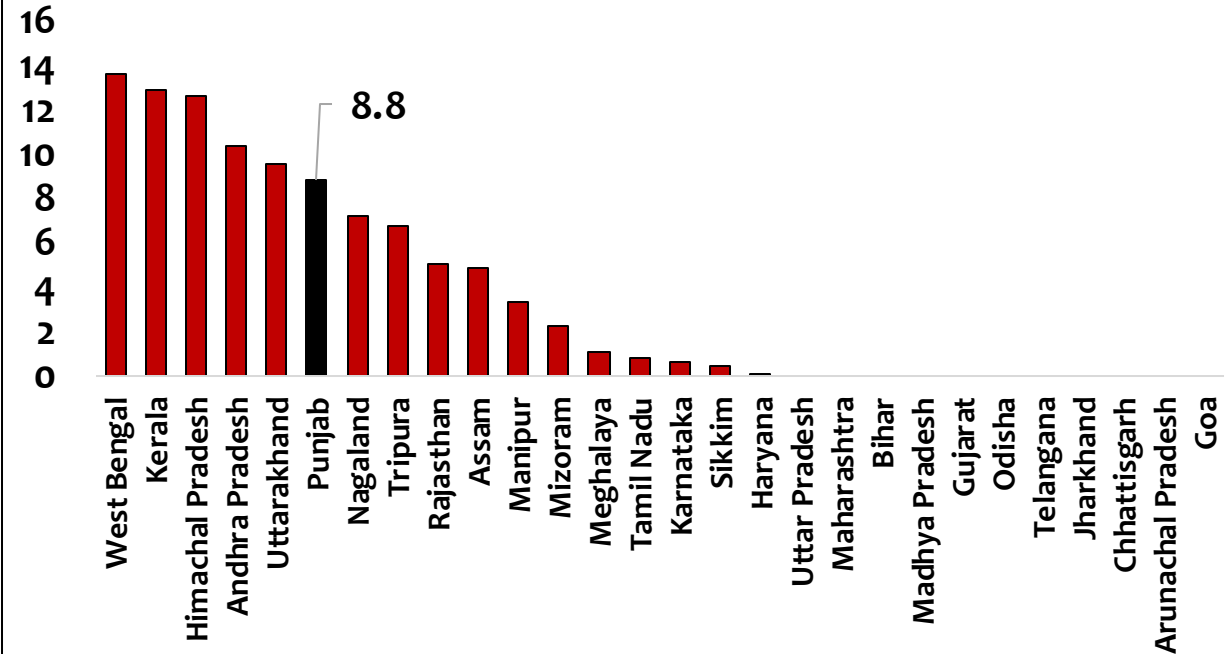
Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of grants-in-aid from the Centre, and it has been excluded from this chart.

# The 14<sup>th</sup> FC did not recommend any Revenue Deficit Grant for Punjab, while under the 15<sup>th</sup> FC recommendations it received 8.8 percent of the total Revenue Deficit Grants

### States' Share in Revenue Deficit Grants (%) under 14th FC



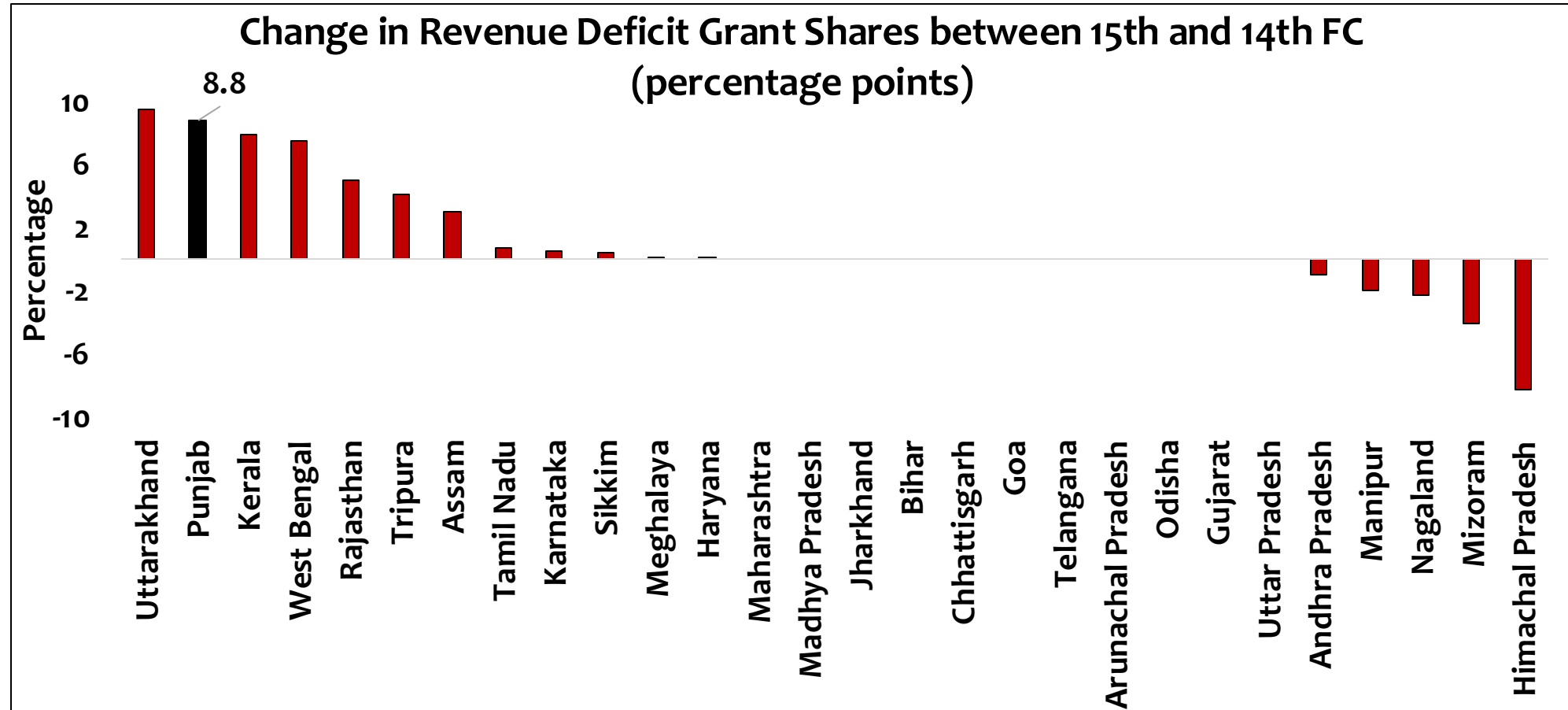
### States' Share in Revenue Deficit Grants (%) under 15th FC



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15<sup>th</sup> FC did not include it in the States' share of Revenue Deficit Grants from the Centre.

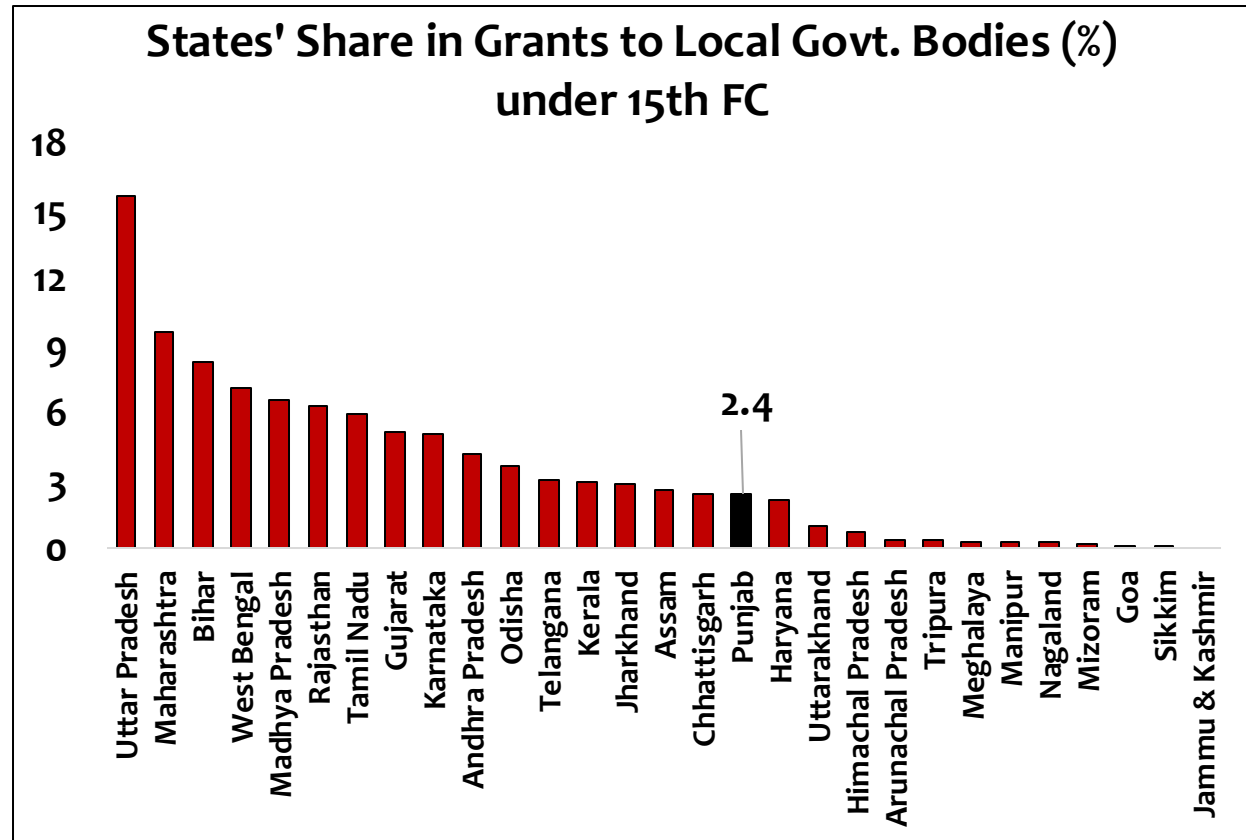
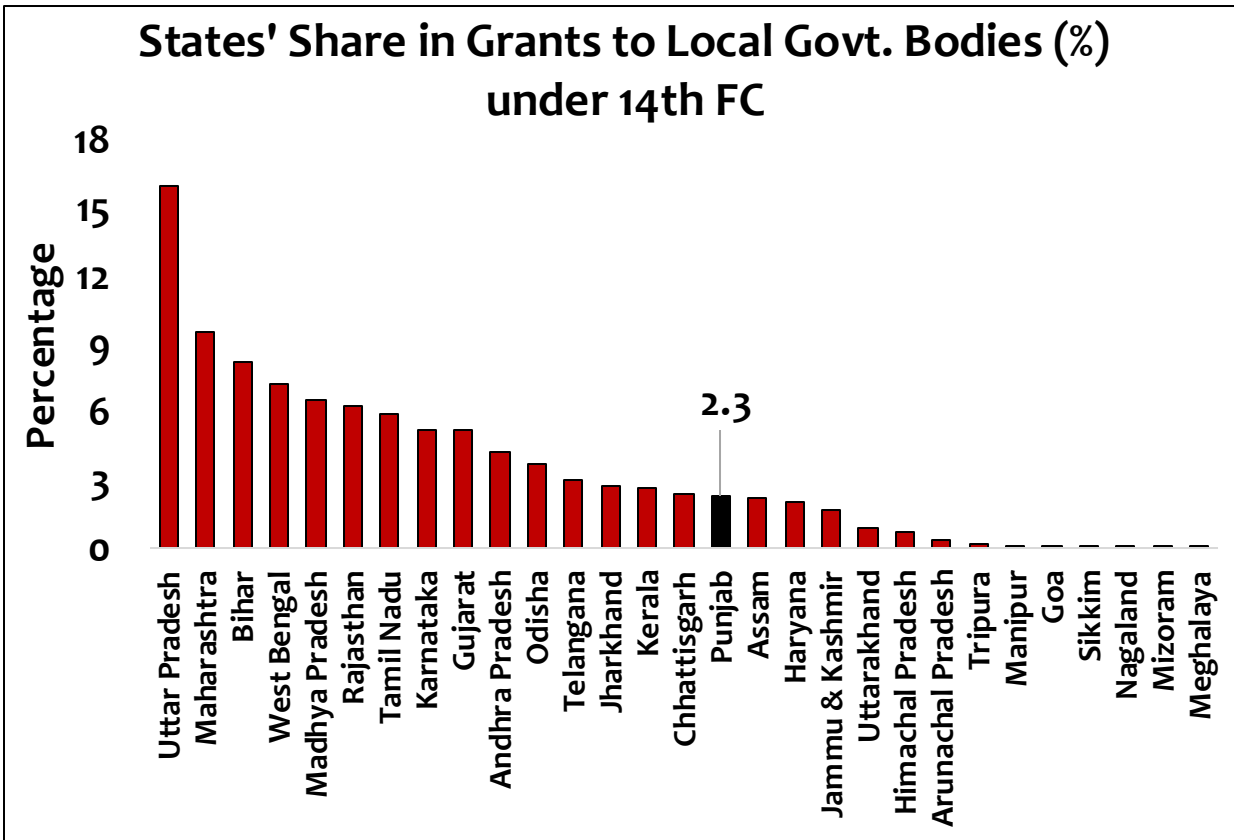
# Punjab saw a 8.8 percentage point increase in Revenue Deficit Grants between the 14<sup>th</sup> and 15<sup>th</sup> FC recommendations



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Revenue Deficit Grants from the Centre, and it has been excluded from this chart.

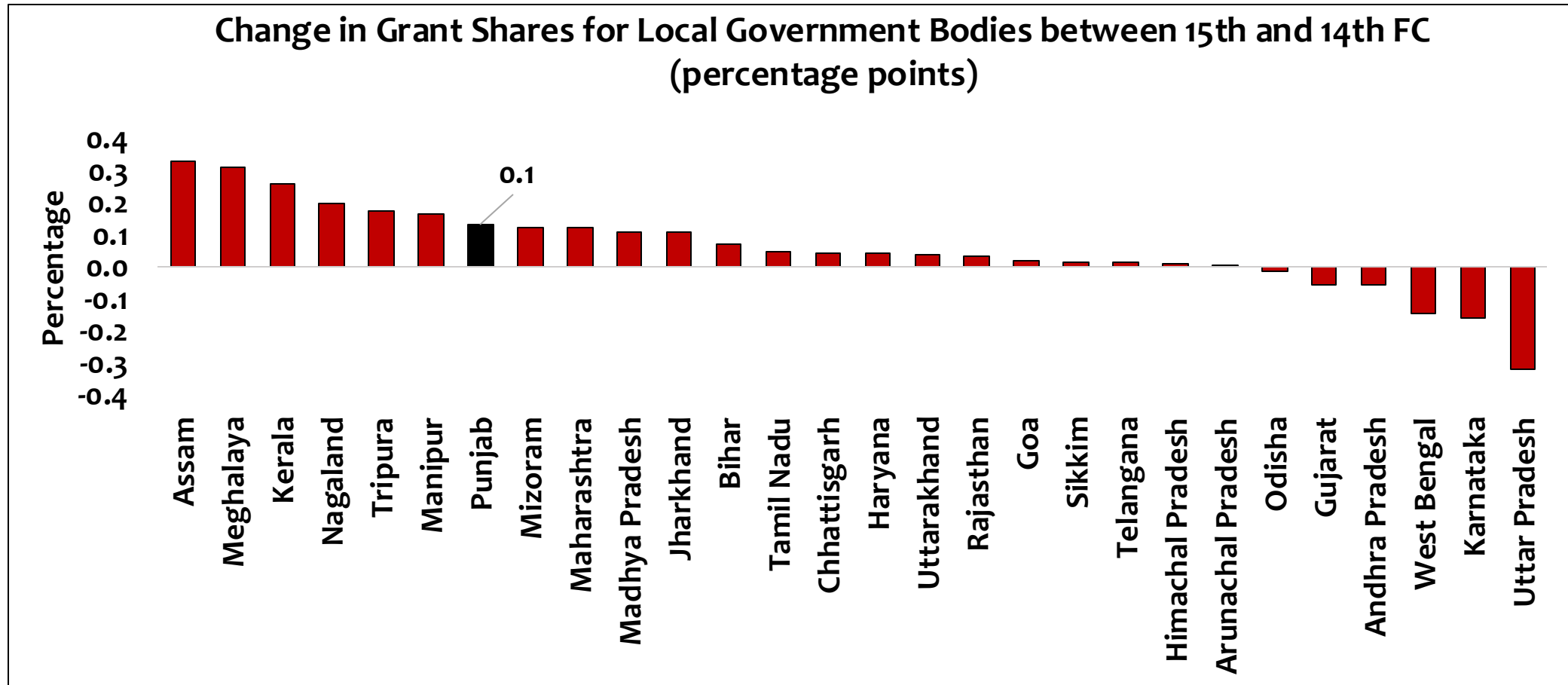
# Punjab's recommended share in the Grants to Local Government Bodies from the Centre remained consistent at around 2.4 percent between 14<sup>th</sup> and 15<sup>th</sup> FC



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: i. An amount of Rs. 8,450 crore is not included in the grants for Local Bodies, these include (a) Incubation of new Cities (Rs. 8,000 Crore) and (b) National Data Centre (Rs. 450 Crore). These were not included in the table which reports the State-wise shares in the 15th FC Report.

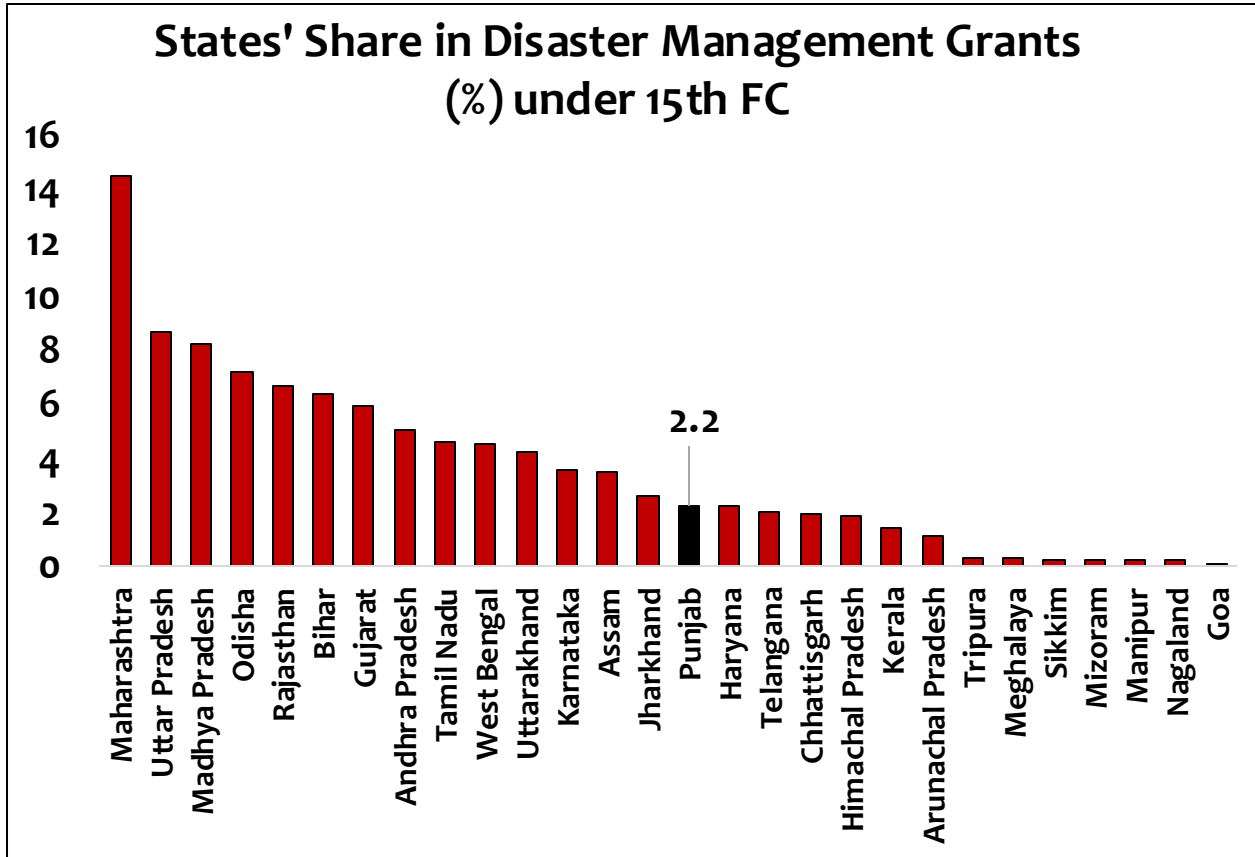
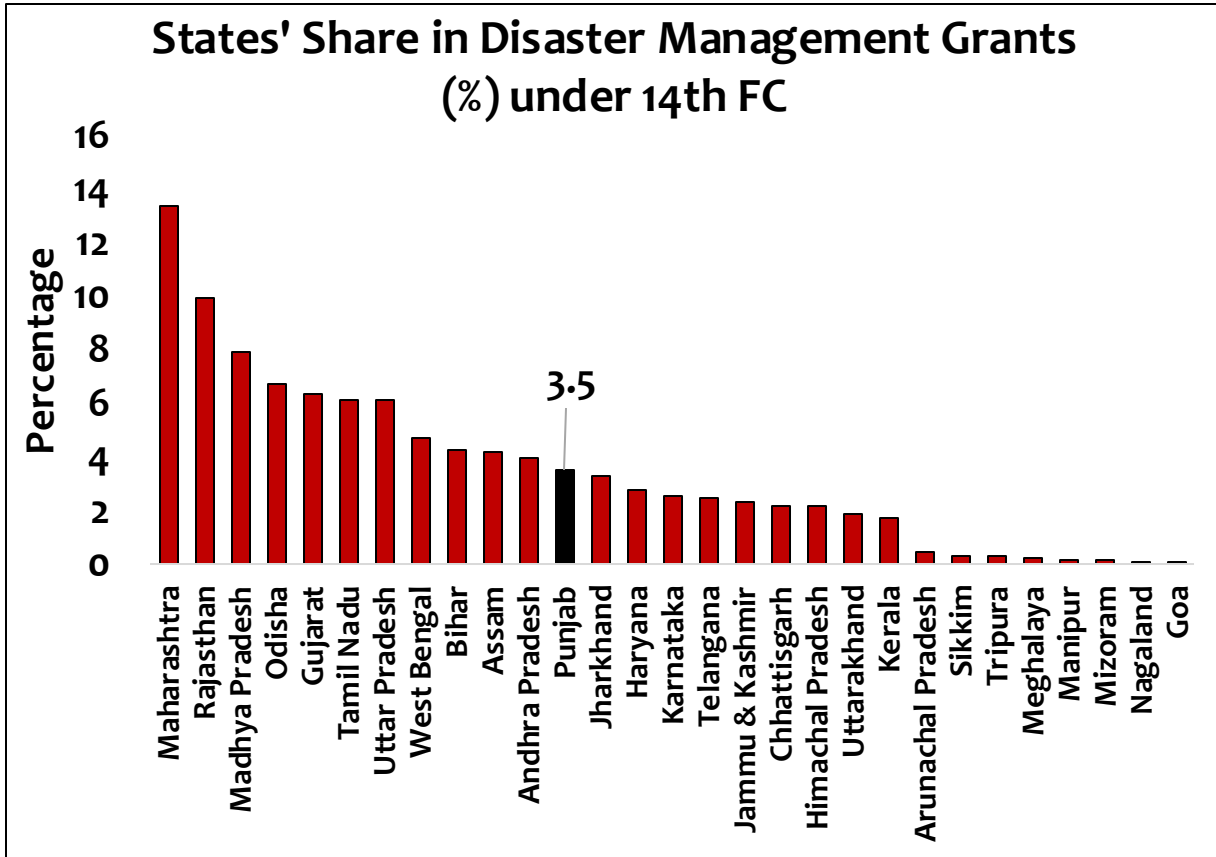
# Punjab saw a 0.1 percentage point increase in Local Government Bodies' Grants between the 14<sup>th</sup> and 15<sup>th</sup> FC recommendations



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Local Government Bodies' Grants from the Centre, and it has been excluded from this chart.

# Punjab's recommended share in the Grants for Disaster Management from the Centre decreased from 3.5 percent by 14<sup>th</sup> FC to 2.2 percent by 15<sup>th</sup> FC

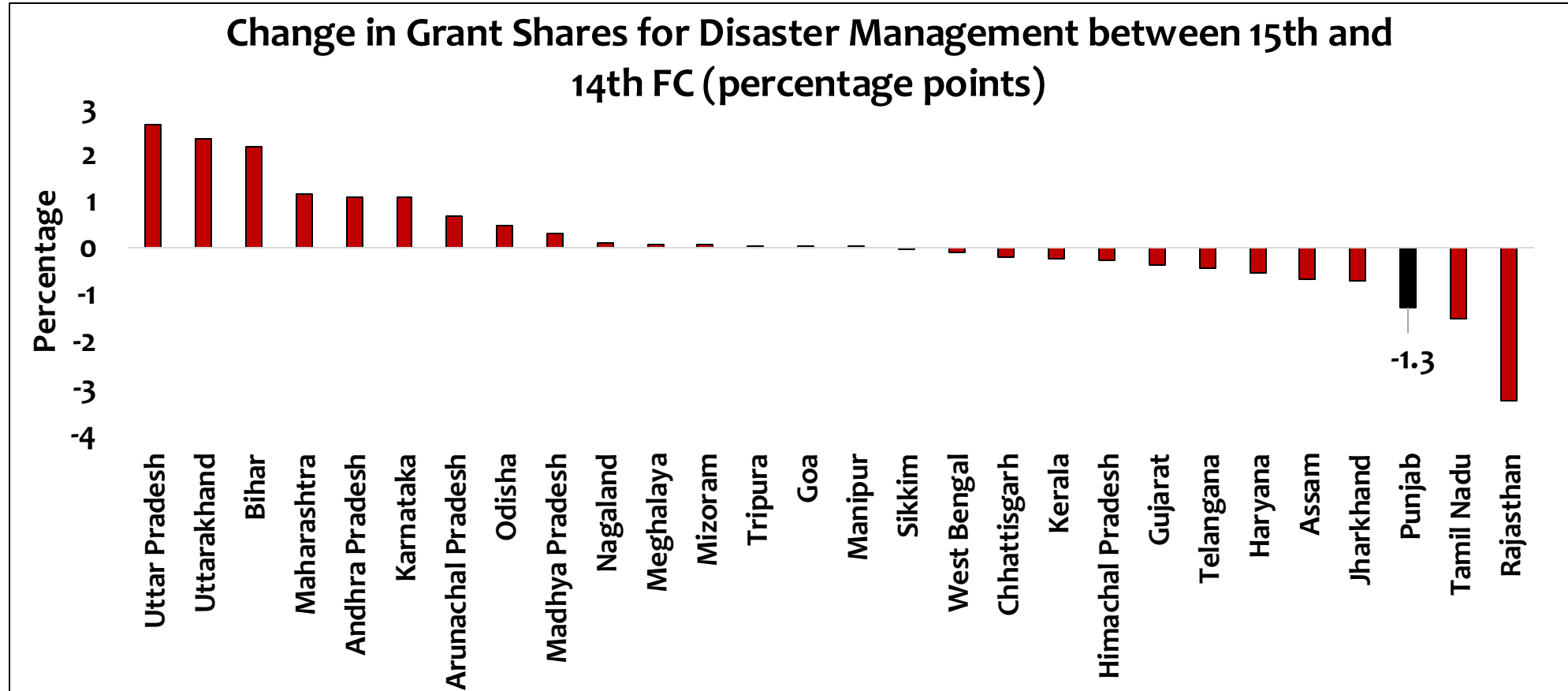


Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: A Disaster Risk Index is calculated for all States, taking into consideration the natural calamities different States are prone to, poverty, and other factors. This index is then weighed by a factor accounting for the aggregate expenditure of States on disaster management, area and population, to calculate the States' shares in disaster management grants.



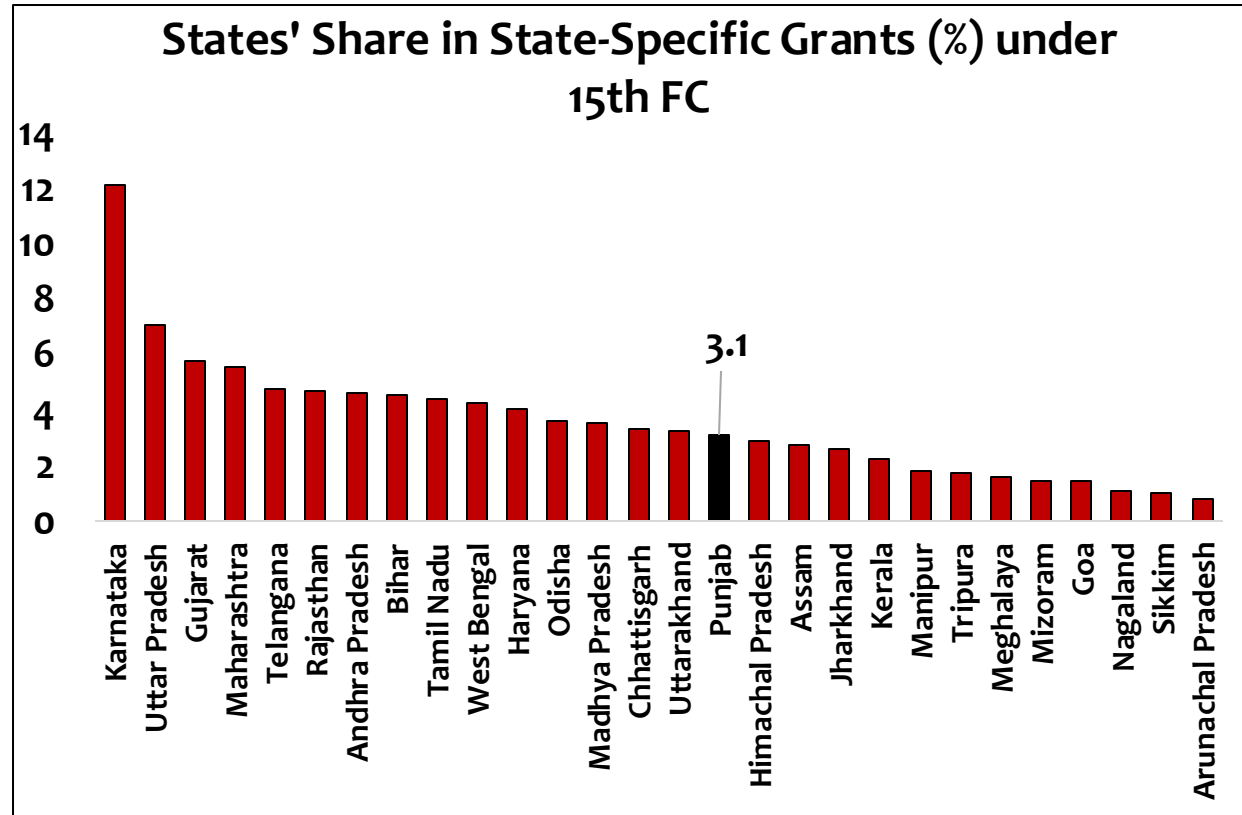
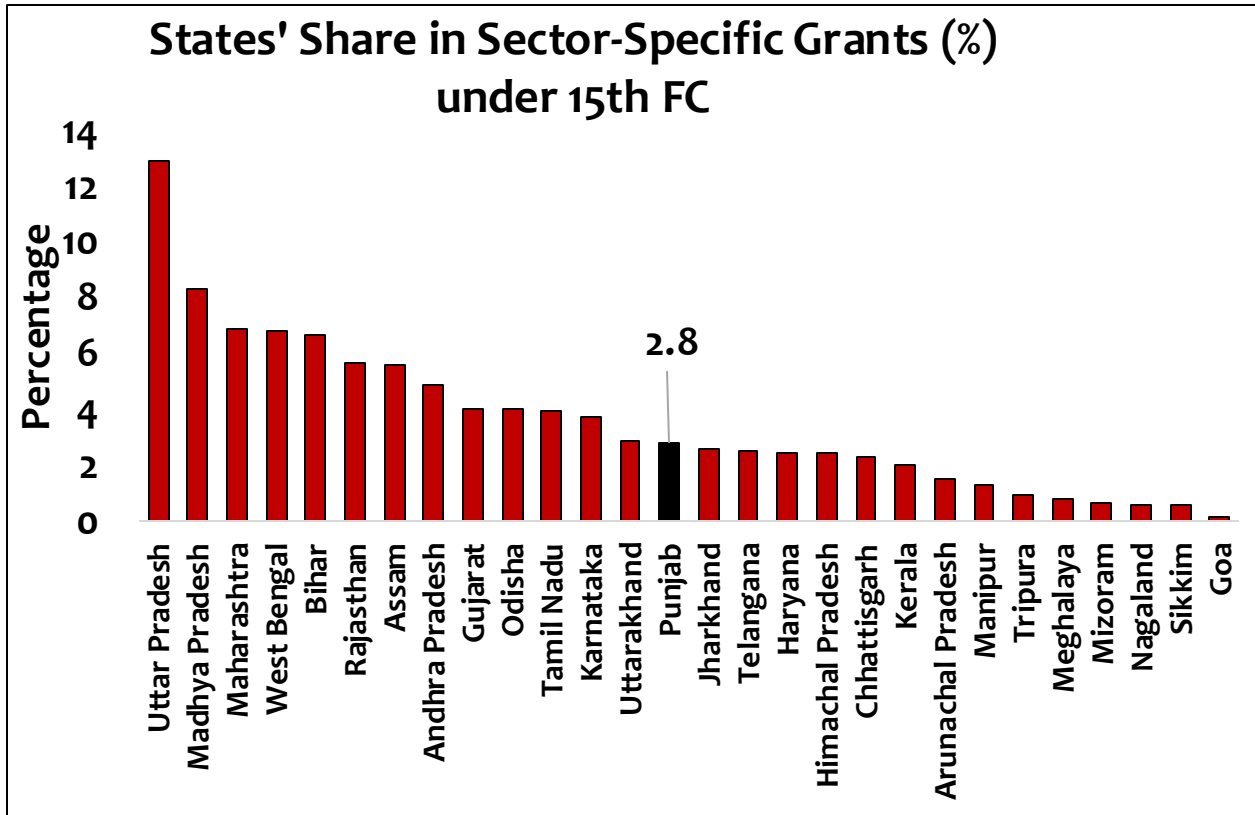
# Punjab saw a 1.3 percentage point\* decrease in Grants for Disaster Management between the 14<sup>th</sup> and 15<sup>th</sup> FC recommendations



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: i. Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Disaster Management Grants from the Centre, and it has been excluded from this chart; ii. (\*) Figures are rounded off to nearest one decimal point.

**Punjab's share in Sector-Specific Grants is about 2.8 percent of the total Sector-Specific Grants. It is recommended to receive about 4.5 percent of total agriculture performance incentive grants and 3.7 percent of the grants for statistics. A total of Rs. 1,545 crore was recommended in State-Specific Grants, of which, Rs 700 crore was directed towards new medical education and research institutions in Mohali, Hoshiarpur, Shaheed Bhagat Singh Nagar and Fazilka**



Source: 14<sup>th</sup> and 15<sup>th</sup> FC Reports.

Note: i. Other sector-specific grants and the State's shares in each include health and education grants (2.8 percent), grants for judiciary (1.4 percent), and grants for Maintenance of PMGSY Roads (0.8 percent); ii. Punjab received Rs. 1,545 crore in State-specific grants. Apart from the funds directed towards medical education and research institutions, Rs. 400 crore was allocated to remediation of pollution of Sutlej river, Rs. 350 crore to reduction in pollution caused by stubble burning by diversification of paddy to other crops, and the remaining were split among pilot project for installation of 15000 KW of rooftop solar power plans in Bhatinda, development of Bhatinda fort, development of Partition Museum, Amritsar, development of Patiala Fort, Jang-e-Azadi Memorial Kartarpur, Jalandhar district, and Pushpa Gujral science City, Kapurthala.

# Climate Change under the FC

- Looking at the last two decades, there has been a shift in how the issue of climate change has been addressed by different Finance Commissions.
- **12<sup>th</sup> and 13<sup>th</sup> FCs**
  - The **12<sup>th</sup> FC** recommended grants worth Rs. 1,000 crore to be shared by States for the Maintenance of Forests, in addition to what the States were spending through their respective forest departments. The amount was distributed among the States based on their forest area, and it was to be spent for preservation of forest wealth [*refer to Chapter 10, pg. 175, 184-185*].
  - Expanding on the same, the **13<sup>th</sup> FC** recommended Environment Grants worth Rs. 15,000 crore to States, which covered three areas: protection of forests, renewable energy, and water sector management (Rs. 5,000 crore each) [*refer pg. 205 (table 12.1), pg. 210-217*].
- **14<sup>th</sup> and 15<sup>th</sup> FCs**
  - The **14<sup>th</sup> FC** approached climate change and sustainable economic development from a fiscal perspective, and with the view that tax devolution should be the primary route of transfer of resources to States, increased the States' share in the divisible pool to 42 percent (from 32 percent under the 13<sup>th</sup> FC) [*refer pg. 31 (point 2.33), pg. 103, 107 (point 8.27), pg. 180 (point 12.34-12.35)*].
  - Forest cover was introduced as a criteria for tax devolution by the 14<sup>th</sup> FC, to continue accounting for concerns related to climate change and to encourage States to maintain higher forest covers. They assigned 7.5 percent weight to forest cover in the tax devolution matrix.
  - The **15<sup>th</sup> FC** maintained this recommendation, and assigned a higher weight of 10 percent to forest and ecology in the tax devolution matrix.
  - The 15<sup>th</sup> FC also made State-specific grant recommendations (based on specific requests from States). Very few of them are categorized under climate-change, and some others align with one or more of the three environment goals specified by the 13<sup>th</sup> FC: Arunachal Pradesh (Rs. 355 crore, renewable energy), Goa (Rs. 500 crore, alternative power sources, waste management), Jharkhand (Rs. 700 crore, renewable energy), Kerala (Rs. 500 crore, forest conservation), Maharashtra (Rs. 500 crore, forest conservation), Punjab (Rs. 390 crore, includes support for reduction in environment pollution caused by stubble burning), Rajasthan (Rs. 400 crore, integrated water management), Tamil Nadu (Rs. 200 crore, revamping water bodies to adapt to climate change) [*refer Annex 10.9, pg. 803-810 (summary), Annex 10.10, pg. 811-837*].

# **7. Punjab Fiscal Responsibility and Budget Management Act, 2003**

# Status of Fiscal Rule in Punjab

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- Following the Twelfth Finance Commission's recommendations for prudent fiscal management, the Punjab State Government enacted the **Punjab Fiscal Responsibility Act and Budget Management Act (FRBM)** in 2003, in line with Union Fiscal Responsibility and Budget Management Act, 2003.
- The PFRBM, 2003 prescribed the following fiscal targets for the State Government:
  1. **Revenue Deficit:** Reduce revenue deficit as percent of total revenue receipts, by at least five percentage points, from the previous year until revenue balance is achieved
  2. **Fiscal Deficit:** Contain the rate of growth of fiscal deficit to two percent per annum in nominal terms , until fiscal deficit is brought down to 3 percent of GSDP
  3. **Total Liabilities:** Bring the ratio of debt to Gross State Domestic Product down to 40 percent by 2006-07
  4. **Outstanding Guarantees:** Cap outstanding guarantees on long term debt to 80 percent of revenue receipts of the previous year guarantees on short term debt to be given only for working capital or food credit in which case this must be fully backed by physical stocks

Source: The Punjab Government Gazette, State Finances Audit Reports of the CAG.

# Status of Fiscal Rule in Punjab

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- The PFRBM requires the State Government to present before the Punjab Legislative Assembly a **Medium Term Fiscal Policy (MTFP)** which provides three year rolling fiscal targets for prescribed fiscal indicators along with the budget
- The PFRBM Act was amended in 2005 as follows:
  - **Revenue Deficit:** Reduce revenue deficit from the financial year 2005-06 to eliminate revenue deficit by 2008-09 and generate a revenue surplus thereafter
  - **Fiscal Deficit:** Reduce fiscal deficit from the financial year 2005-06 so as to bring it down to 3 percent of GSDP by 2009-10
  - **Total liabilities:** Attempt to bring the ratio of debt including contingent liabilities to GSDP down to 28 percent within a period of five years from 2005-06 to 2009-10
- The Act was amended in 2007 to modify the duration of achieving the fiscal deficit target in conformity with the recommendations of the Twelfth FC. The State was required to reduce its fiscal deficit to GSDP ratio to not more than 3 percent by 2008-09 instead of 2009-10.

Source: The Punjab Government Gazette, State Finances Audit Reports of the CAG.

# Status of Fiscal Rule in Punjab

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- The Act was amended again in 2011 following the recommendations of the Thirteenth FC. The State was required to reduce its fiscal deficit to 3 percent of GSDP by 2014-15 and to maintain it at that level after; eliminate its revenue deficit or generate a revenue surplus by 2014-15 and maintain it thereafter; bring down its debt-GSDP ratio to 38.7 percent by 2014-15.
- Additionally, inter alia, the Thirteenth FC recommended grants of Rs. 1,450 crore for needs that are specific to the State of Punjab, for the period 2011-12 to 2014-15. The Commission has recommended that the loans contracted till 2006-07 and outstanding at the end of 2009-10 be reset at a common interest rate of 9 percent per annum in place of 10.5 percent or 9.5 percent. On account of this, the State was expected to receive an interest relief of Rs. 703.34 crore during the five year period 2010-15. The Commission further recommended that loans from the Government of India to State and administered by ministries and departments other than the Ministry of Finance, outstanding at the end of 2009-10, be written off. The State received a debt relief of Rs. 104 crore. The 2011 amendment to the Act henceforth led to a benefit of Rs. 2,257.34 crore to the State of Punjab during the five year period 2010-15. There was no loss of revenue to the State by this amendment.

**Source: The Punjab Government Gazette, State Finances Audit Reports of the CAG.**

# Status of Fiscal Rule in Punjab

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- The State Government amended its FRBM Act as per recommendations of the Fourteenth FC in March 2020. The statutory flexible limit on fiscal deficit had been fixed at three per cent of the GSDP, besides an additional ₹ 928 crore in the financial year 2019-20.
- The Act was amended in 2020 due to the adverse effects of COVID-19 on the resources of the State Government. The Government of India had decided to provide relaxation in borrowing limits by increasing an additional Borrowing Limit of up to 2.0 per cent of Gross State Domestic Product (GSDP) for the year 2020-2021. However, the relaxation in borrowing limits was partly unconditional to the extent of 0.5 per cent and the remaining 1.5 per cent is conditional to the implementation of specific State Level Reforms: a) Implementation of One Nation One Ration Card System; b) Ease of doing business reform; c) Urban Local body/utility reforms; and d) Power Sector reforms. The weightage of each reform will be 0.25 per cent of GSDP totaling to 1 per cent. The remaining borrowing limit of 0.50 per cent will be conditional to the undertaking of at least 3 out of the above-named reforms. The reforms were required to be implemented before 31st January 2021 to get the additional Market Borrowing. Consequential amendment of Fiscal Responsibility and Budget Management Act, 2003 was also a pre-condition for additional borrowing of 2.0 per cent of GSDP for the financial year 2020-2021.
- This amendment was expected to result in additional borrowing of Rs. 12,130 crore as mentioned above, over and above 3 percent of GSDP (Net borrowing ceiling of the State of Punjab permissible under FRBM Act, 2003), during the Financial Year 2020-21.



# Status of Fiscal Rule in Punjab

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- The State Government further amended its FRBM Act in January 2022. The statutory flexible limit on fiscal deficit had been fixed at 3.50 per cent of GSDP and additional 0.50 per cent of GSDP on the basis of capital expenditure incurred by the State, in the year 2021-22, and maintain thereafter at 3 per cent or as allowed by Government of India, from time to time. Additional ceiling of 0.50 per cent of the projected GSDP was to be allowed if the State Government had spent at least 70 per cent of the targeted capital outlay of ₹ 5,421 crore fixed by the Government of India for the year 2021-22, by December 2021.
- The Act was amended in 2023 to set the fiscal targets prescribed in the Act as per the Central Finance Commission and as allowed by the Government of India.

Source: The Punjab Government Gazette, State Finances Audit Reports of the CAG.

# State Finances Audit Report of the Comptroller and Auditor General of India (CAG) for Punjab

- During the year 2021-22, the Government was unable to contain the revenue deficit-GSDP and fiscal deficit-GSDP ratios within the levels fixed by 15th FC and those projected in the budget estimates but total outstanding debt-GSDP ratio remained within the levels fixed.
- The State Government stated (December 2022) that the revenue growth was adversely effected by the COVID-19 pandemic on one hand and on the other hand, the State Government incurred huge spending to bring relief to the common man, which was the prime reason for increase in the deficits.

**Table 1.4(a): Compliance with provisions of State FCR under FRBM Act**

Fiscal Parameters		Achievement <i>vis-à-vis</i> targets set in the FCR				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	(-)14,310	(-)11,919	(-)11,687	(-)7,712	(-)8,622
	A	(-)9,455 ✓	(-)13,135 ✗	(-)14,285 ✗	(-)17,296 ✗	(-)18,468 ✗
Fiscal Deficit (-) / Surplus (+) (₹ in crore)	T	(-)20,821	(-)17,650	(-)18,171	(-)21,188	(-)23,362
	A	(-)12,494 ✓	(-)16,059 ✓	(-)16,826 ✓	(-)22,584 ✗	(-)27,847 ✗
Ratio of total outstanding debt to GSDP (in per cent)	T	41.04	40.96	39.74	38.53	45.05
	A*	41.43 ✗	41.35 ✗	42.71 ✗	46.88 ✗	44.74 ✓

Source: Annual Financial Statements for the years 2017-18 to 2021-22

T: Target; A: Achievement

\* During the year 2020-21 and 2021-22, it excludes back-to-back loans of ₹ 8,359 and ₹ 20,491.41 crore (₹ 8,359 crore + ₹ 12,132.41 crore) respectively, in lieu of GST Compensation shortfall received from GoI which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020).

Source: State Finances Audit Reports of the CAG for 2021-22.

# Findings by the Comptroller and Auditor General of India (CAG) as per the State Finance Audit Report 2021-22

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- The State passed FRBM Act, 2003 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit. The State continued to be a revenue deficit State. The revenue deficit was 23 percent of revenue receipts during 2021-22 against 25 percent during 2020-21. The revenue deficit which was to be brought down to zero by 2008-09, increased to ₹ 18,468 crore during 2021-22. It indicates that the State had borrowed funds for meeting current consumption.
- Subsidies constituted 11 per cent to 18 per cent of the revenue expenditure and contributed 56 percent to 102 percent to the revenue deficit during 2017-22. Power subsidy constituted major portion of the total subsidies ranging between 68 and 99 percent.
- Fiscal deficit of the State was ₹ 27,847 crore during 2021-22 which was 4.77 percent of the GSDP and exceeded the target of ₹ 24,240 crore fixed by the State Government in Medium Term Fiscal Policy. The fiscal deficit was mainly financed through market borrowings and loans from the Government in lieu of GST compensation shortfall.
- Out of total borrowings of ₹ 44,749 crore<sup>33</sup> during 2021-22, the State Government incurred capital expenditure of only ₹ 8,010 crore (17.9 percent). Revenue Receipts increased by ₹ 9,120 crore (13.21 percent) during the current year over the previous year whereas Revenue Expenditure grew by ₹ 10,292 crore (11.92 percent). Further, State's own revenue registered a positive growth of 23.11 percent over the previous year. State incurred 64 percent of the total revenue expenditure on committed liabilities like salaries and wages, pensions, interest payments, leaving only 36 percent for priority sector expenditure.

# Findings by the Comptroller and Auditor General of India (CAG) as per the State Finance Audit Report 2021-22

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- There was a difference of ₹ 4,092 crore in equity investment figures as per State Accounts and as per the accounts of 18 PSUs. The difference was under reconciliation (September 2022). The State Government earned a meagre 0.03 percent return on its total investment (₹ 19,900 crore) in Statutory Corporations, Government Companies and Co-operatives up to 31 March 2022.
- The State Government received ₹ 19 crore (0.05 percent) as interest on outstanding loans during 2021-22 while paid interest at 7.07 percent on outstanding debt. Loans amounting to ₹ 1,184 crore were outstanding at the beginning of 2021-22 against co-operative sugar mills. Further loans of ₹ 285 crore were given to these sugar mills without recovery of earlier loans.
- Total outstanding debt including public debt and public account liabilities were 44.74 percent of the GSDP. The total debt grew by 4.65 percent over previous year. During the year, outgo because of interest payments was equal to 20 percent of revenue expenditure and 24 percent of revenue receipts.
- The State Government had not invested funds of ₹ 8,194 crore available under State Disaster Response Fund, which means that the funds were used for other than intended purpose. As many as 86 projects scheduled for completion up to 31 March 2022 were incomplete. The expenditure of ₹ 1,564 crore incurred on these incomplete projects was yet to yield the intended benefits. The State Government had given guarantees amounting to ₹ 1,609.07 crore to six PSUs whose net worth had become negative. This means that the actual liability lies with the State Government to repay their loans.

# Recommendations by the Comptroller and Auditor General of India (CAG)

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- The CAG had the following recommendations as per the State Finances Audit Report for 2021-22:
  - The State Government may consider forming a committee to assess the reasons for insufficient return on investment from statutory corporations, Government companies, cooperative banks and societies and to suggest the remedial measures.
  - The State may ensure time bound completion of the incomplete projects.
  - The State Government should mobilise its resources to minimise dependence on borrowings.
  - State Government may place on record the debt servicing capacity of the institutions before providing guarantees/ loans. Future guarantees/ loans may be predicated on furnishing of the audited accounts of the concerned entities to whom guarantees are provided.

# Status of Fiscal Rule in Punjab

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- **Revenue deficit** in 2023-24 is estimated to be 3.5 percent of GSDP (Rs. 24,589 crore). In 2022-23, the revenue deficit is expected to be 3.7 percent which is substantially higher than the budget estimate (2 percent of GSDP).
- **Fiscal deficit** for 2023-24 is targeted at 5 percent of GSDP (Rs. 34,784 crore). In 2022-23, fiscal deficit is estimated to be 5.2 percent of GSDP which is higher than the budget estimate (3.8 percent of GSDP).
- At the end of 2023-24, the **outstanding liabilities** are estimated to be 46.8 percent of GSDP.
- As of March 31, 2023, **total outstanding government guarantees** were estimated to be Rs. 31,282 crore (5 percent of GSDP), of which Rs. 13,954 crore was for the Punjab State Power Corporation Limited.

**Table 5A: Fiscal Parameters set in the FRBM Act in various years**

Fiscal Parameters	Fiscal Parameters set in the Act			
	2003	2005	2007	2011
<b>Revenue Deficit</b> (Rs crore)	Reduce revenue deficit as percent of total revenue receipts, by at least five percentage points, from the previous year until revenue balance is achieved	Reduce revenue deficit from the financial year 2005-06 to eliminate revenue deficit by 2008-09 and generate a revenue surplus thereafter	No change	Eliminate its revenue deficit or generate a revenue surplus by 2014-15 and maintain it thereafter
<b>Fiscal Deficit</b> (as percentage of GSDP)	Contain the rate of growth of fiscal deficit to two percent per annum in nominal terms , until fiscal deficit is brought down to 3 percent of GSDP	Reduce fiscal deficit from the financial year 2005-06 so as to bring it down to 3 percent of GSDP by 2009-10	Reduce the fiscal deficit to GSDP ratio to not more than 3 percent by 2008-09 instead of 2009-10.	Reduce its fiscal deficit to 3 percent of GSDP by 2014-15 and to maintain it at that level after
<b>Total Outstanding Debt</b> (as percentage of GSDP)	Bring the ratio of debt to Gross State Domestic Product down to 40 percent by 2006-07	Attempt to bring the ratio of debt including contingent liabilities to GSDP down to 28 percent within a period of five years from 2005-06 to 2009-10	No change	Bring down its debt-GSDP ratio to 38.7 percent by 2014-15

Source: The Punjab Government Gazette, State Finances Audit Reports of the CAG.

Note: As per the FRBM, the limit for Outstanding Guarantees is as follows: Cap outstanding guarantees on long term debt to eighty percent of revenue receipts of the previous year guarantees on short term debt to be given only for working capital or food credit in which case this must be fully backed by physical stocks.

**Table 5B: Fiscal Parameters set in the FRBM Act in various years**

Fiscal Parameters	Fiscal Parameters set in the Act		
	2020	2022	2023
<b>Revenue Deficit</b> <b>(Rs crore)</b>	No change	No change	Limit as per the Central Finance Commission and as allowed by the Government of India
<b>Fiscal Deficit</b> <b>(as percentage of GSDP)</b>	<p>The statutory flexible limit on fiscal deficit had been fixed at 3 percent of the GSDP, besides an additional Rs. 928 crore in the financial year 2019-20</p> <p>Enhanced fiscal deficit of 2 percent over and above the limit of 3 percent of GSDP for 2020-21</p>	<p>The statutory flexible limit on fiscal deficit had been fixed at 3.50 percent of GSDP and additional 0.50 percent of GSDP on the basis of capital expenditure incurred by the State, in the year 2021-22, and maintain thereafter at 3 percent or as allowed by Government of India, from time to time. Additional ceiling of 0.50 percent of the projected GSDP was to be allowed if the State Government had spent at least 70 percent of the targeted capital outlay of ₹ 5,421 crore fixed by the Government of India for the year 2021-22, by December 2021.</p>	Limit as per the Central Finance Commission and as allowed by the Government of India
<b>Total Outstanding Debt</b> <b>(as percentage of GSDP)</b>	<p>As per the MTFP:</p> <p>41.04 percent in 2017-18 40.96 percent in 2018-19 39.74 percent in 2019-20 38.53 percent in 2020-21 45.04 percent in 2021-22</p>	No change	Limit as per the Central Finance Commission and as allowed by the Government of India



# 8. Extra Slides on Fiscal Indicators

- Fiscal Data covers the fiscal period 1990-91 - 2022-23

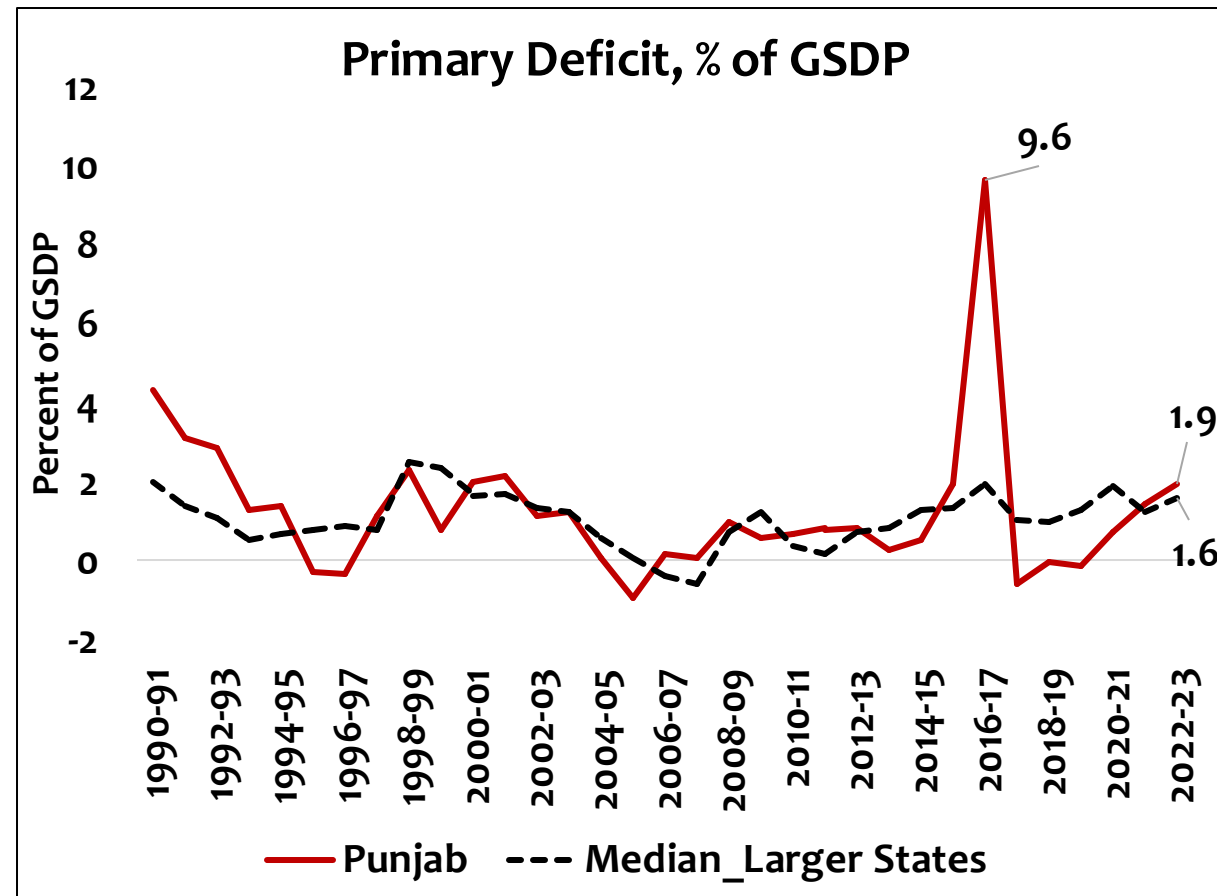
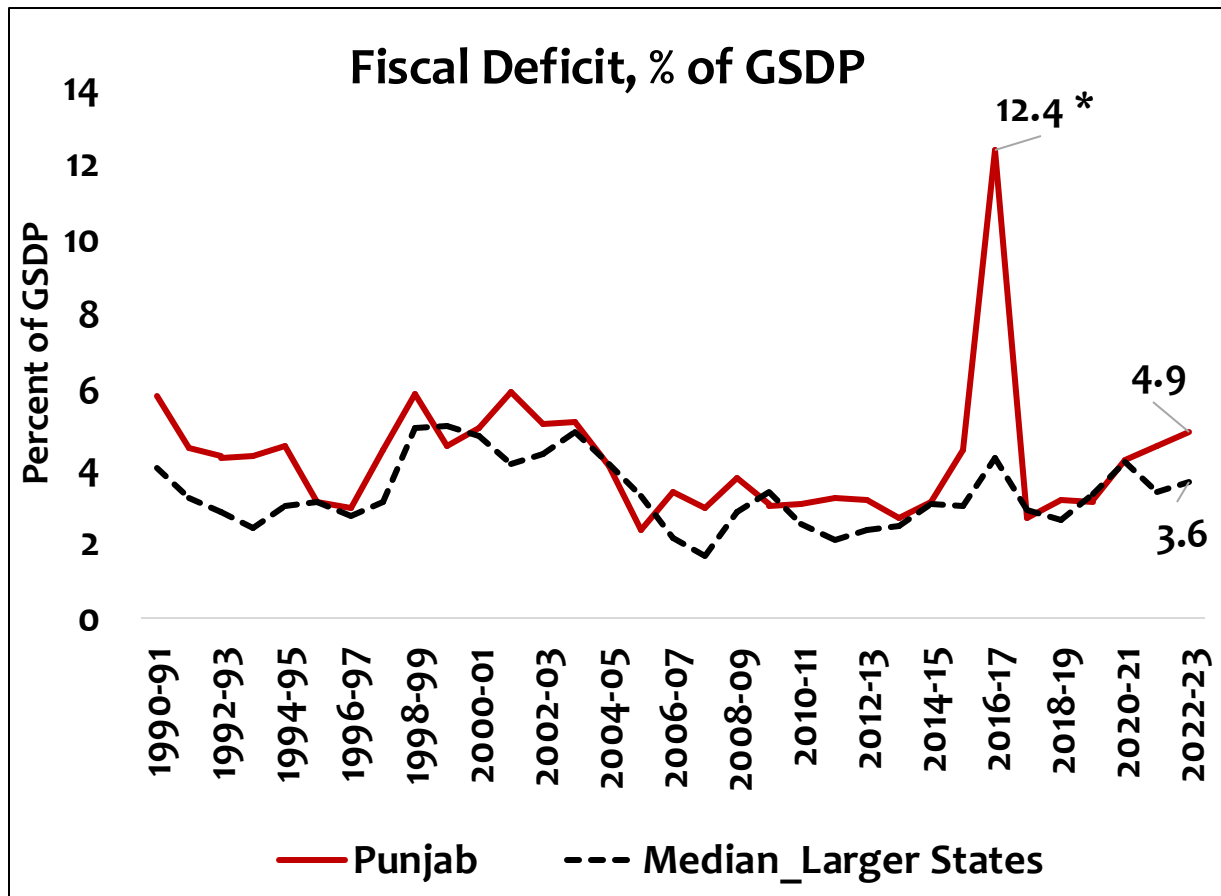
# Fiscal Indicators

## (I) Benchmarked with respect to *Median of Larger States*

Note: In Section 5, the benchmark was defined as the median of all States. This variable was computed as a percentage of GSDP for each State, and the median was taken across 29 States (excluding all Union Territories).

In contrast, the benchmark in this section refers to the median of larger States only. This variable was computed as a percentage of GSDP for each State, and the median was taken across 22 major States (Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal).

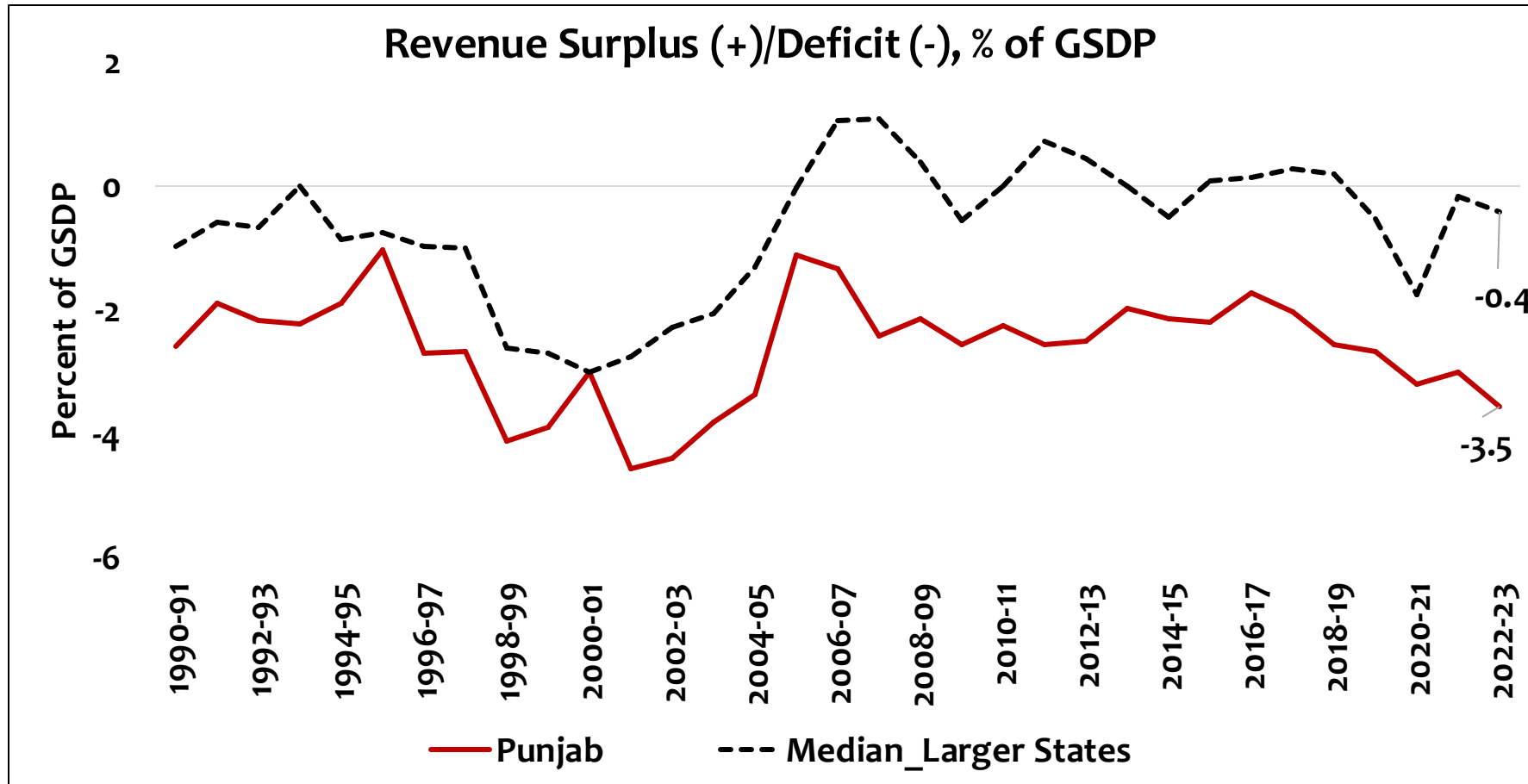
# In 2022-23, Punjab ran a Fiscal Deficit and Primary Deficit of 4.9 and 1.9 percent of its GSDP respectively, both higher than a median State



Source: i. Fiscal Deficit is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

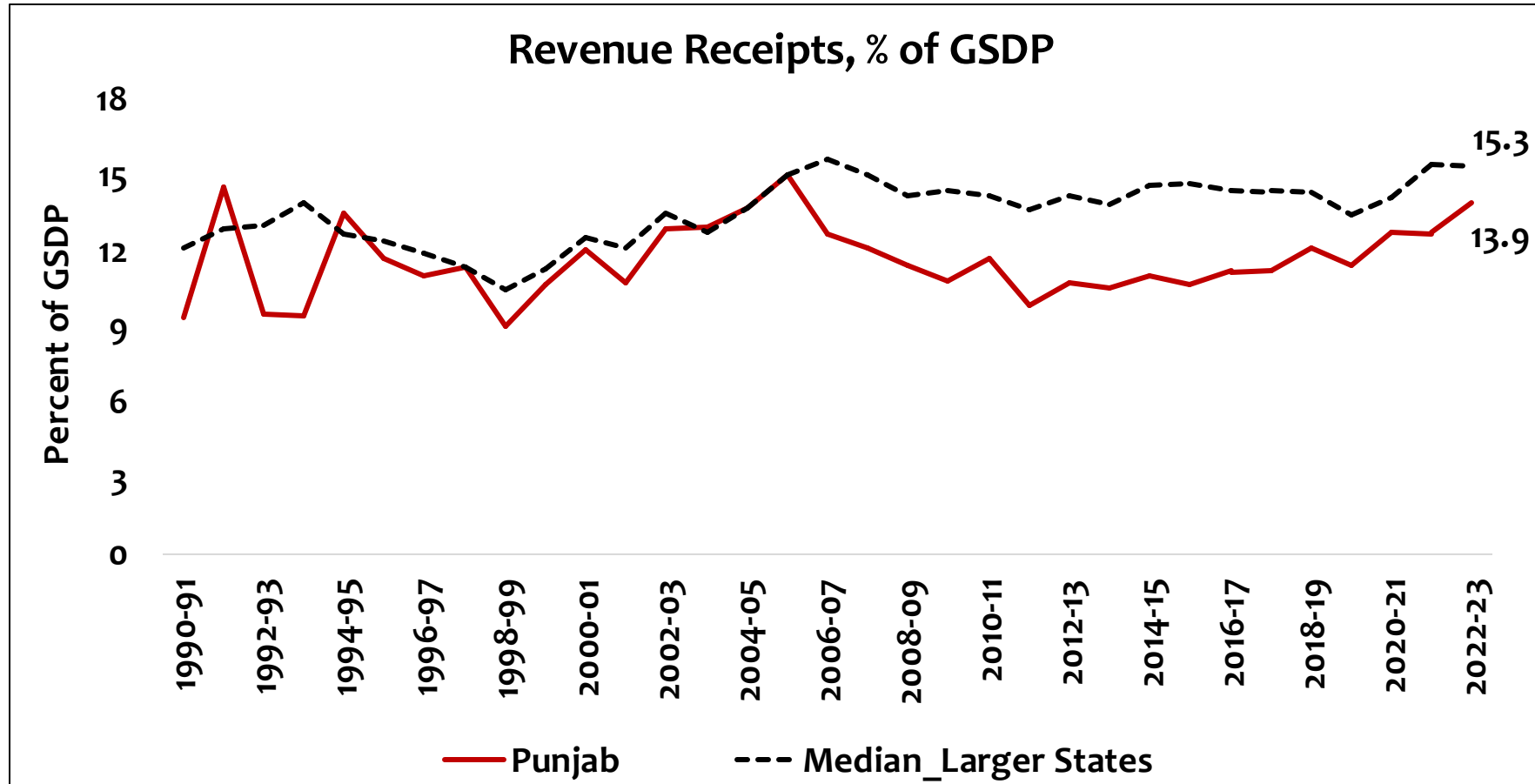
Note: i. Primary Deficit is calculated (Fiscal Deficit – Interest Payments). Interest Payments is sourced from RBI SFR; ii. The variable as a percent of GSDP has been calculated for each State, and its median across 22 major States has been shown (all Union Territories and North Eastern States, except Assam, are excluded); iii. (\*)As per the Report of the Comptroller and Auditor General of India on State Finances for the year 2015-16, the spike in the deficit during 2015-16 was on account of increase of in the advancement of loans and advances, which was mainly due to a loan to Punjab State Power Corporation Limited for repayment of its loans related to the implementation of the Ujwal Discom Assurance Yojna.

# Punjab ran a Revenue Deficit of 3.5 percent of its GSDP in 2022-23, while a median State ran a Revenue Deficit of 0.4 percent of its GSDP



Source: i. Revenue Deficit is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP – MoSPI (2022-23).  
Note: The variable as a percent of GSDP has been calculated for each State, and its median across 22 major States has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

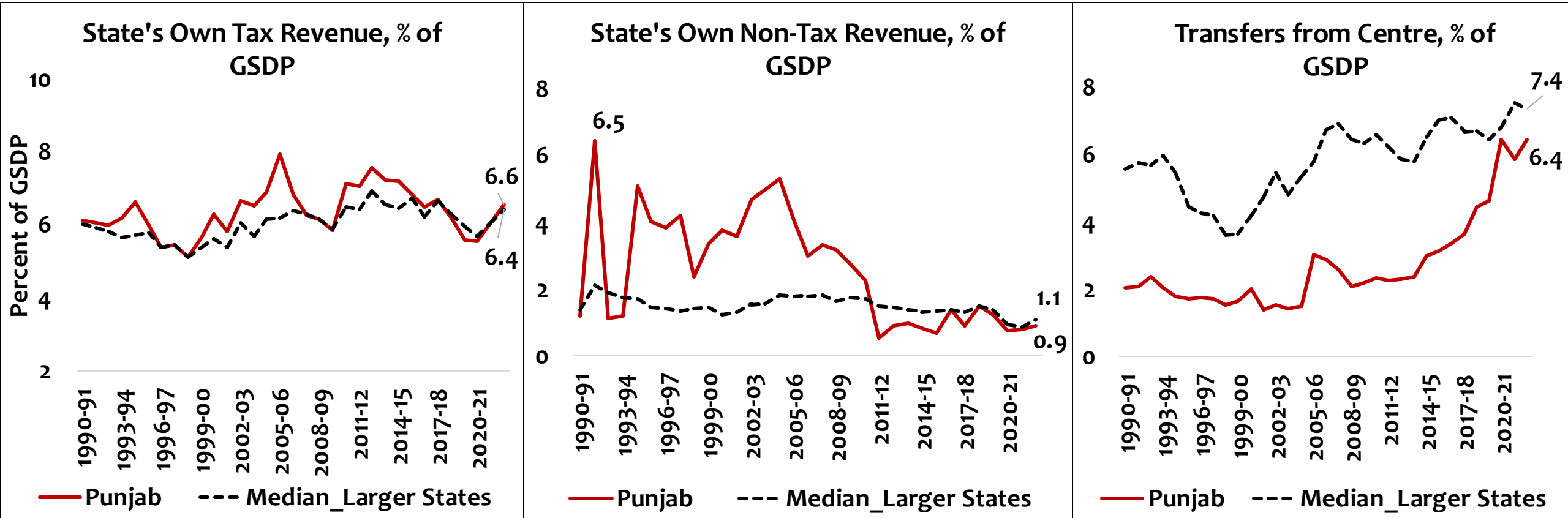
In 2022-23, Punjab's total Revenue Receipts (Own Tax, Own Non-Tax, and Shared by the Centre) were lower than what a median State collected, at about 13.9 percent of its GSDP



Source: i. Revenue Receipts from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: The variable as a percent of GSDP has been calculated for each State, and its median across 22 States has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

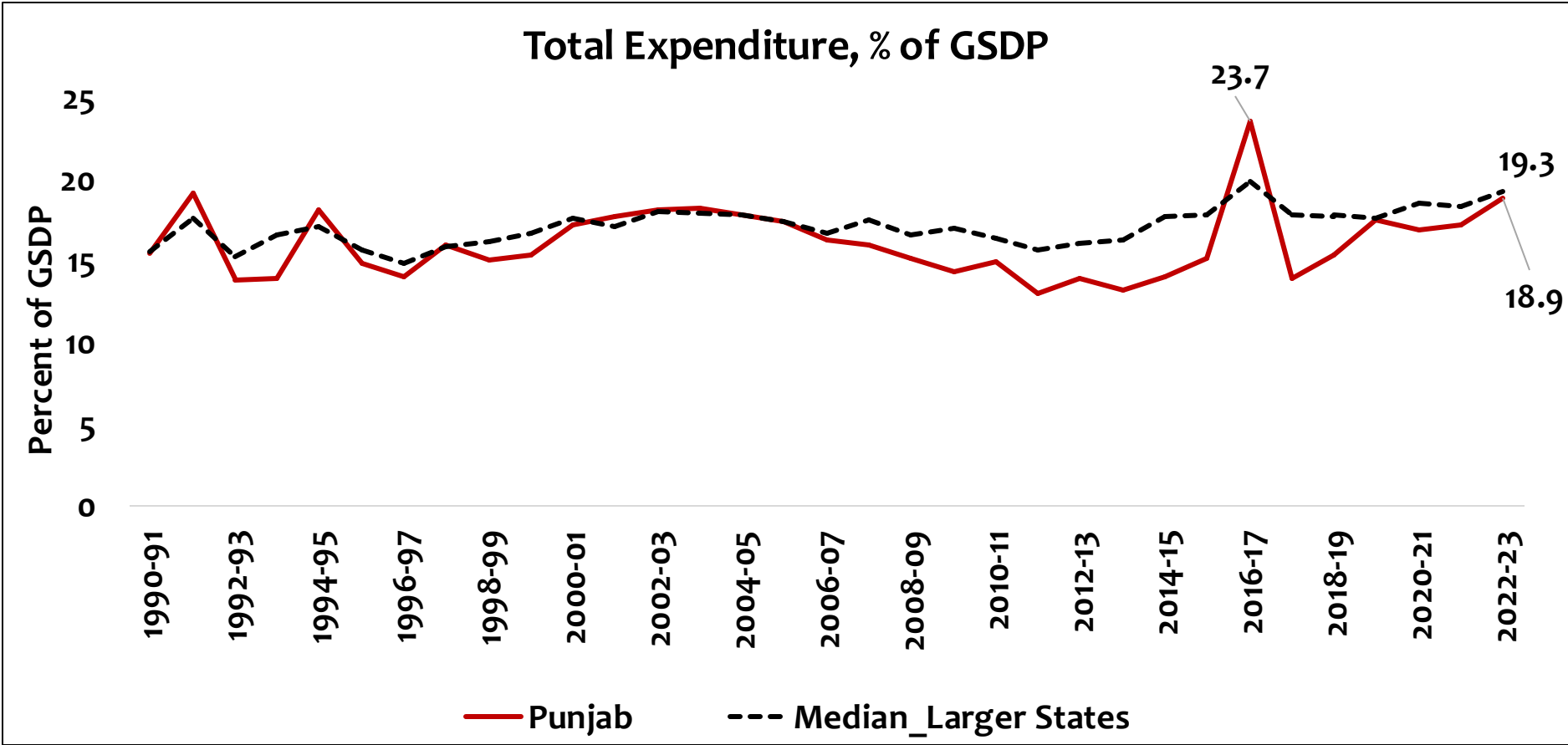
**Punjab's Own Tax Revenue at 6.6 percent of its GSDP is higher than what a median State collects as of 2022-23. Punjab's Own Non-Tax Revenue, and Transfers from the Centre, at 0.9, and 6.4 percent of its GSDP, are lower than a median State as of 2022-23. Transfers from Centre account for 46 percent of its Revenue Receipts**



Source: i. Own-Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each State, and its median across 22 States has been shown (all Union Territories and North Eastern States, except Assam, are excluded); ii. Transfers from the Centre include both Tax and Non-Tax transfers.

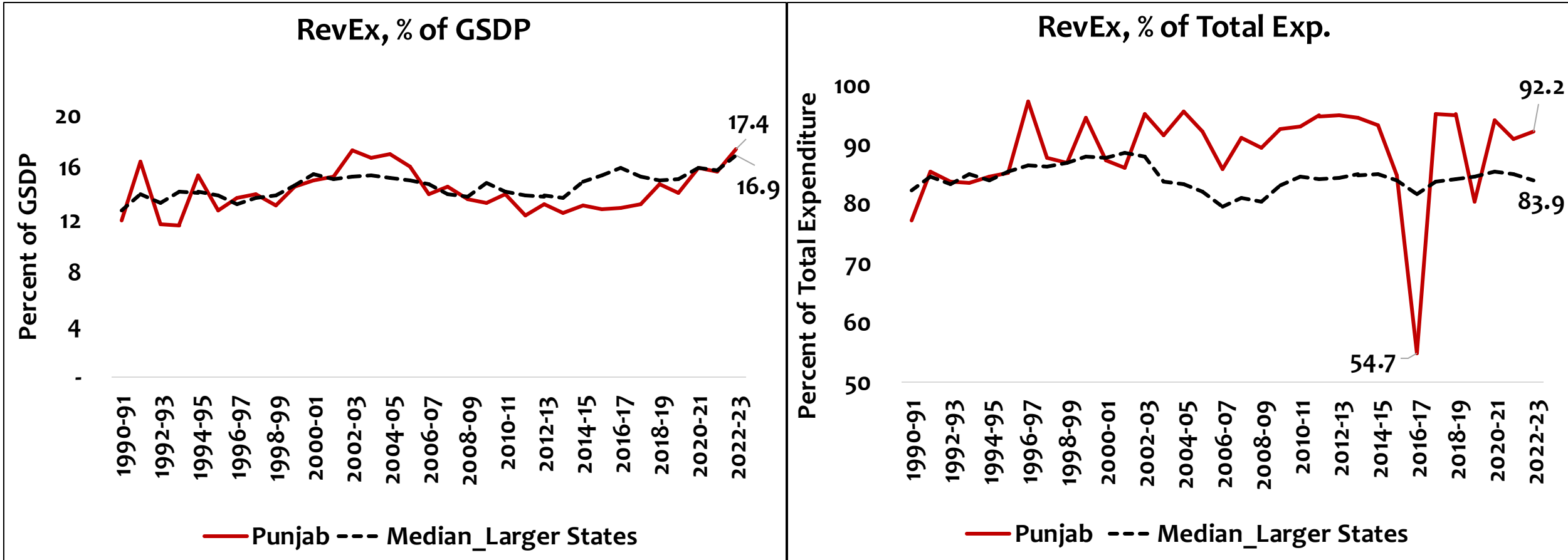
# In 2022-23, Punjab's Expenditure at 18.9 percent of its GSDP was about 0.4 percentage points lower than a median State



Source: i. Total Expenditure is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx); ii. The variable as a percent of GSDP has been calculated for each State, and its median across 22 States has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

**Punjab's RevEx at 17.4 percent of its GSDP, is higher than what a median State spent in 2022-23. Punjab's RevEx at 92.2 percent of its Total Expenditure was 8.3 percentage points higher than what a median State spent in 2022-23**

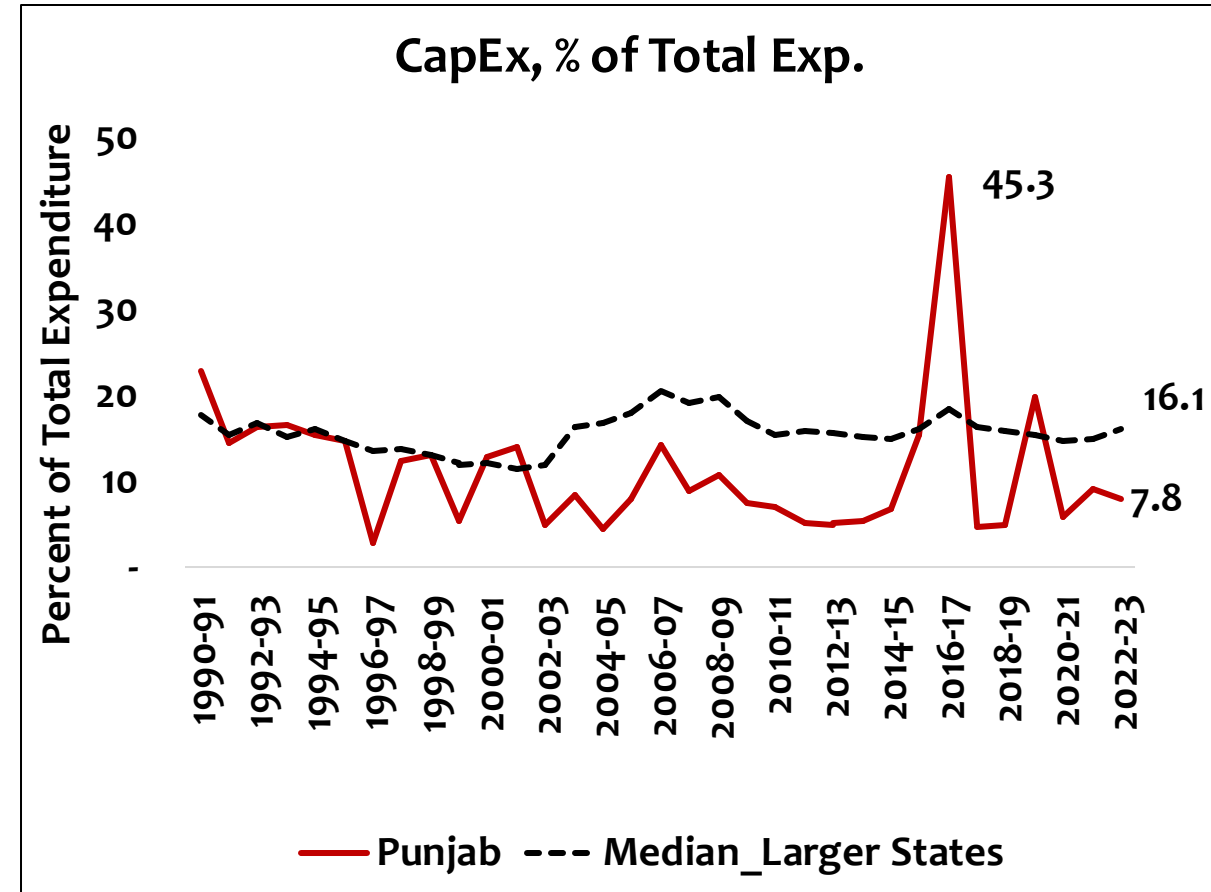
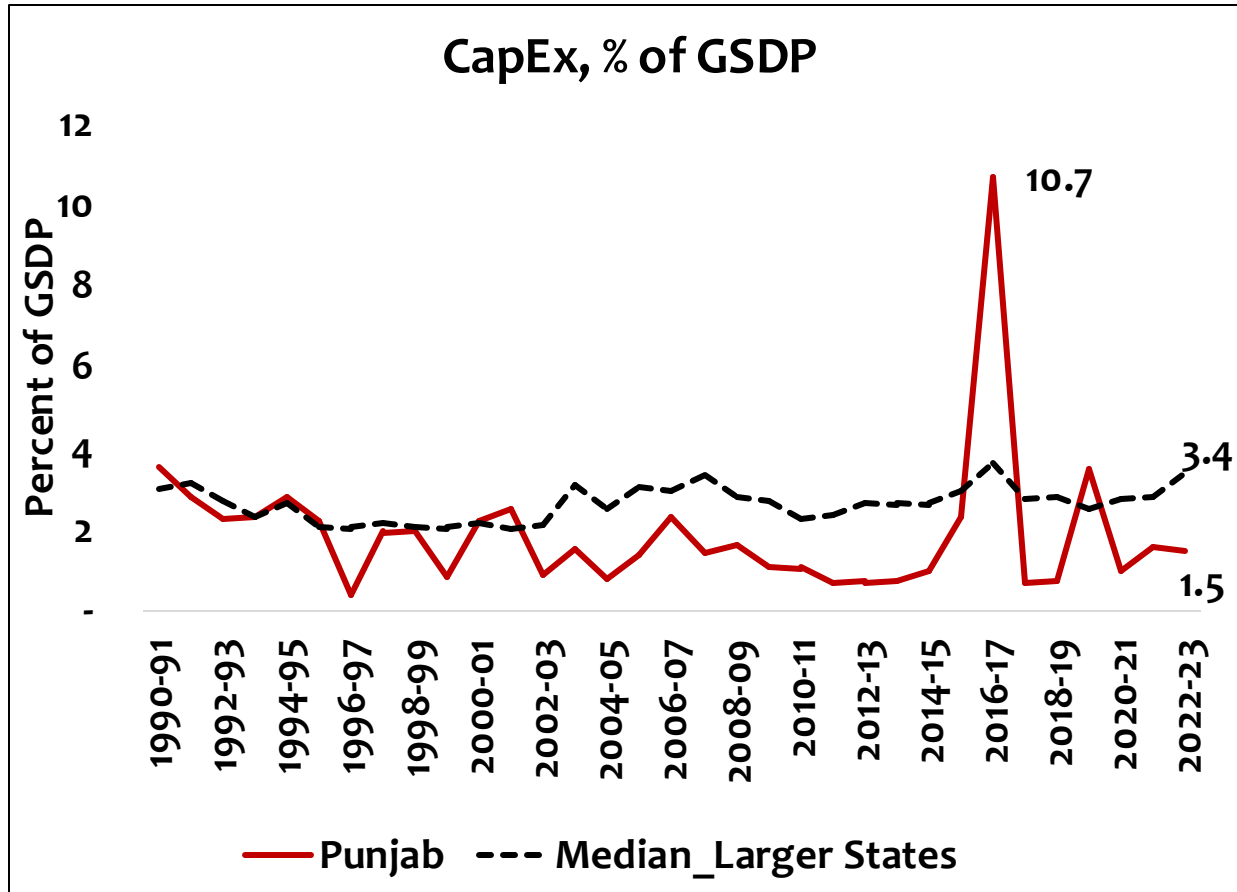


Source: i. RevEx is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx + CapEx; ii. The variable as a percent of GSDP has been calculated for each State, and its median across 22 States has been shown (all Union Territories and North Eastern States, except Assam, are excluded).



# In 2022-23, Punjab's CapEx at 1.5 percent of its GSDP, was about 1.9 percentage points lower than what a median State spent on CapEx (as percent of the GSDP)

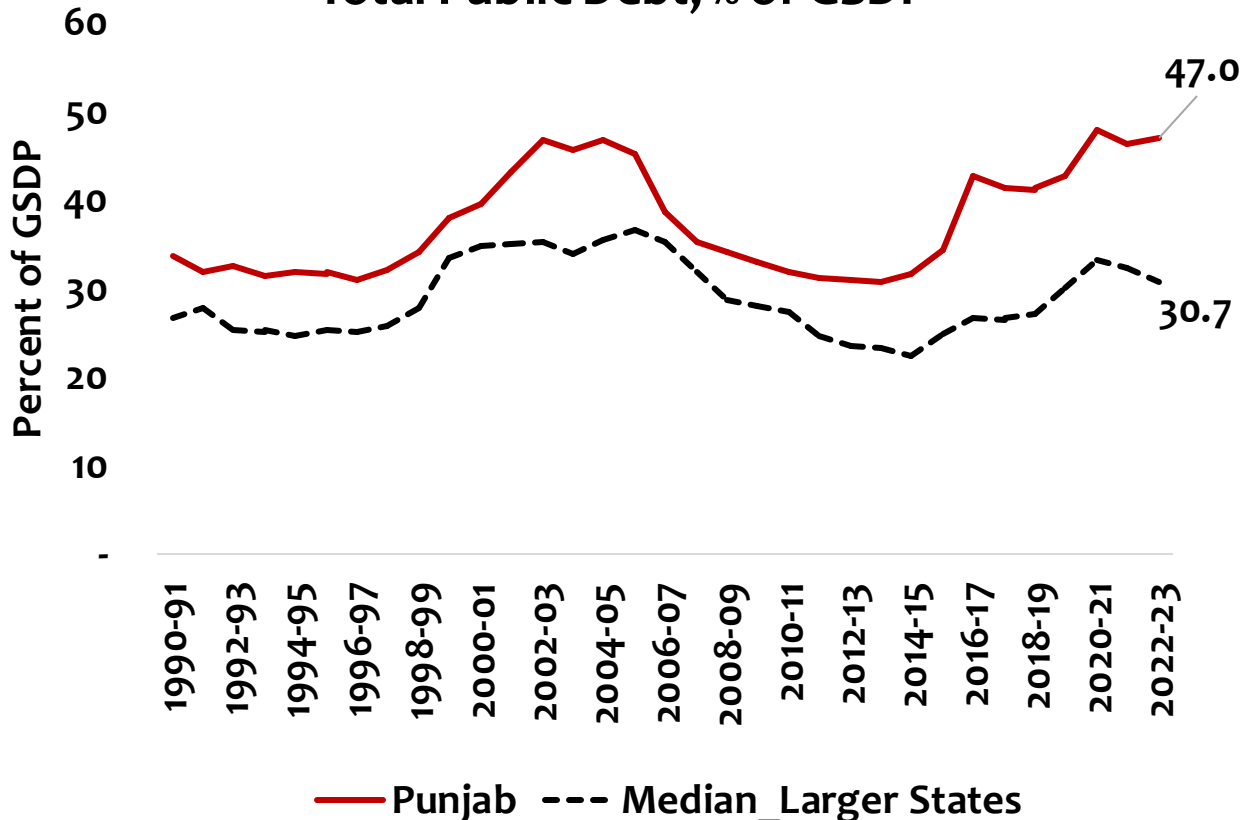


Source: i. CapEx is calculated as Capital Outlay + Loans and Advances given by the State government and the data for both is taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

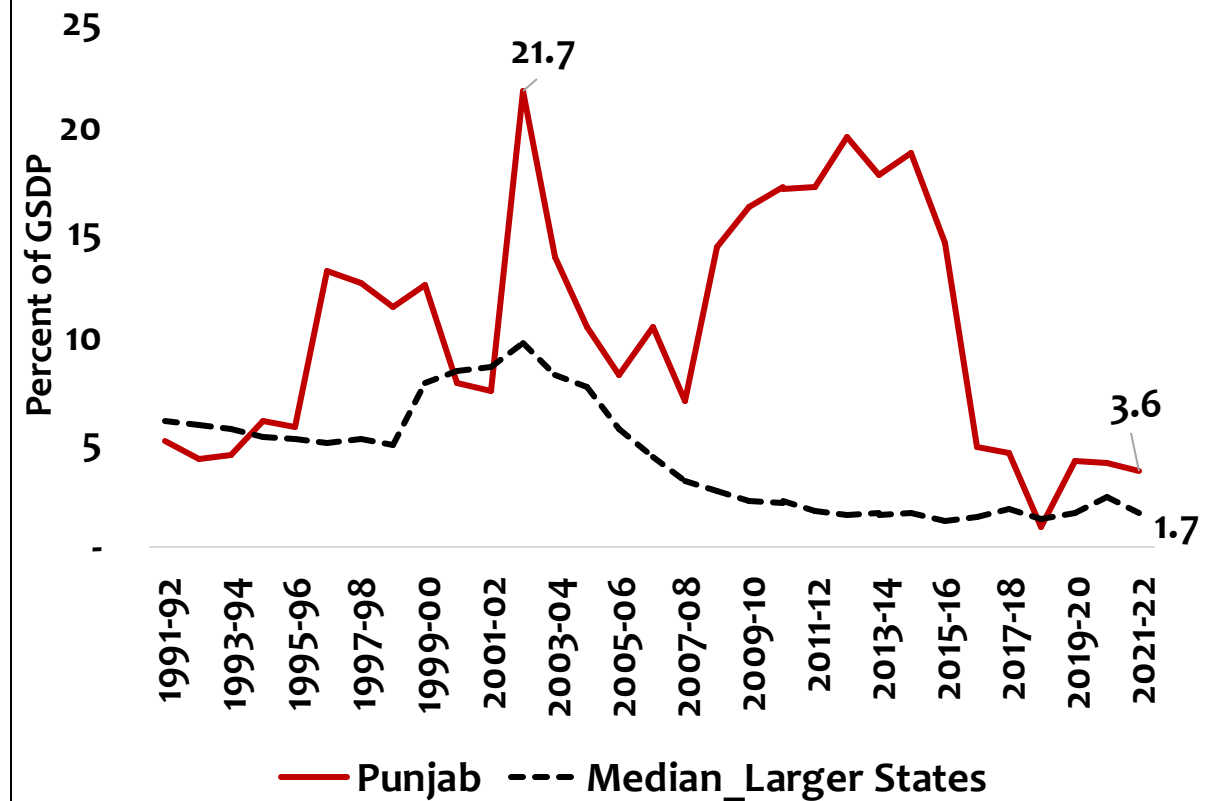
Note: i. Total Expenditure is calculated as RevEx + CapEx; ii. The variable as a percent of GSDP has been calculated for each State, and its median across 22 States has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

Punjab has seen a consistent rise in its Public Debt after 2014-15, and as of 2022-23, it was 47 percent of its GSDP, higher than a median State by 16.3 percentage points. Its Contingent Liabilities as of 2021-22 were 3.6 percent of its GSDP, more than double than that of a median State

**Total Public Debt, % of GSDP**



**Contingent Liabilities, % of GSDP**



Source: i. Public Debt and State-wise contingent liabilities data has been taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).  
 Note: i. The variable as a percent of GSDP has been calculated for each State, and its median across 22 States has been shown (all Union Territories and North Eastern States, except Assam, are excluded); ii. The data for Contingent Liabilities is missing for 2020-21 and 2021-22, the 2019-20 values have been used for the following years as well; iii. As per the White Paper on State Finance, Department of Finance, Government of Punjab, the spike in public debt in 2014-15 was on account of guarantee provided by the State government to Punjab State Power Corporation Limited being converted to State debt as part of Ujwal Discom Assurance Yojana (UDAY) scheme and the loan taken over on account of Cash Credit Limit of food agencies by the State government.

# Fiscal Indicators

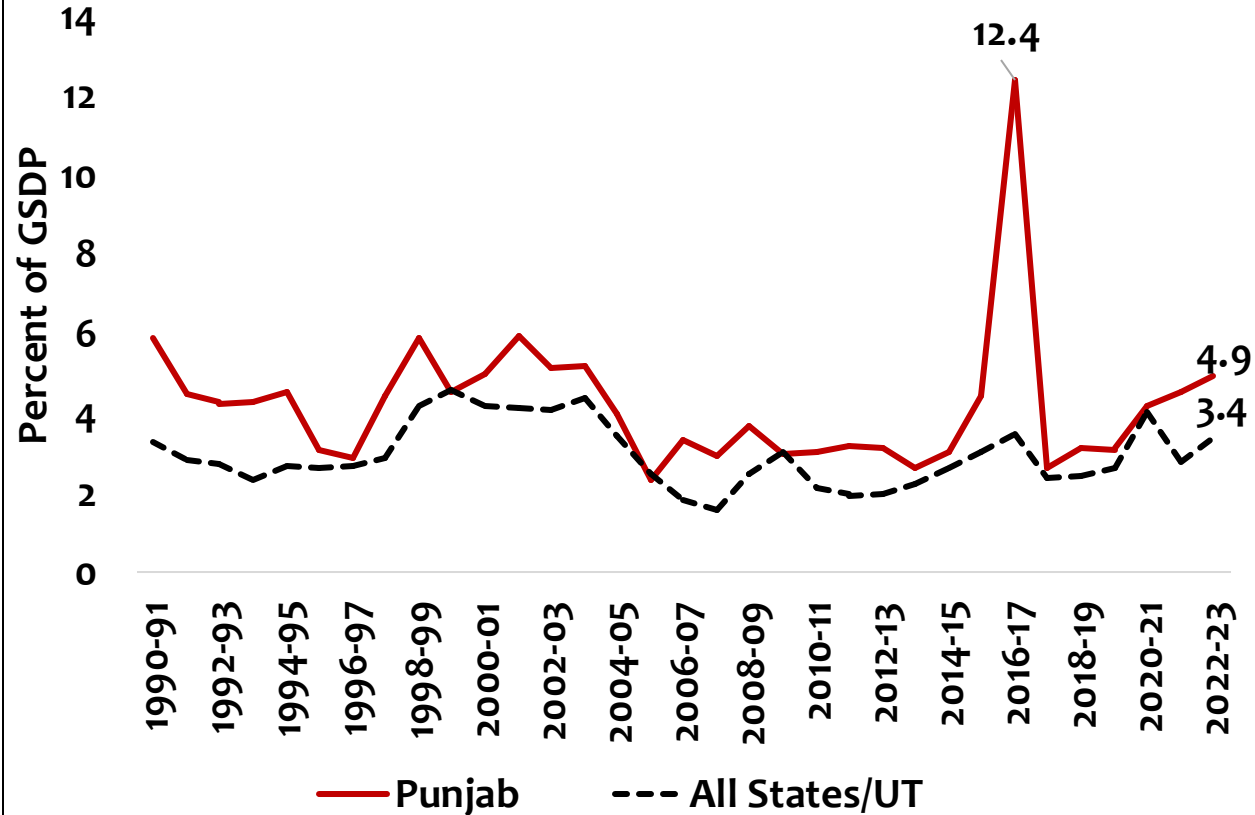
## (II) Benchmarked with respect to *All States/UTs*

Note: In Section 5, the benchmark was defined as the median of all States. This variable was computed as a percentage of GSDP for each State, and the median was taken across 29 States (excluding all Union Territories).

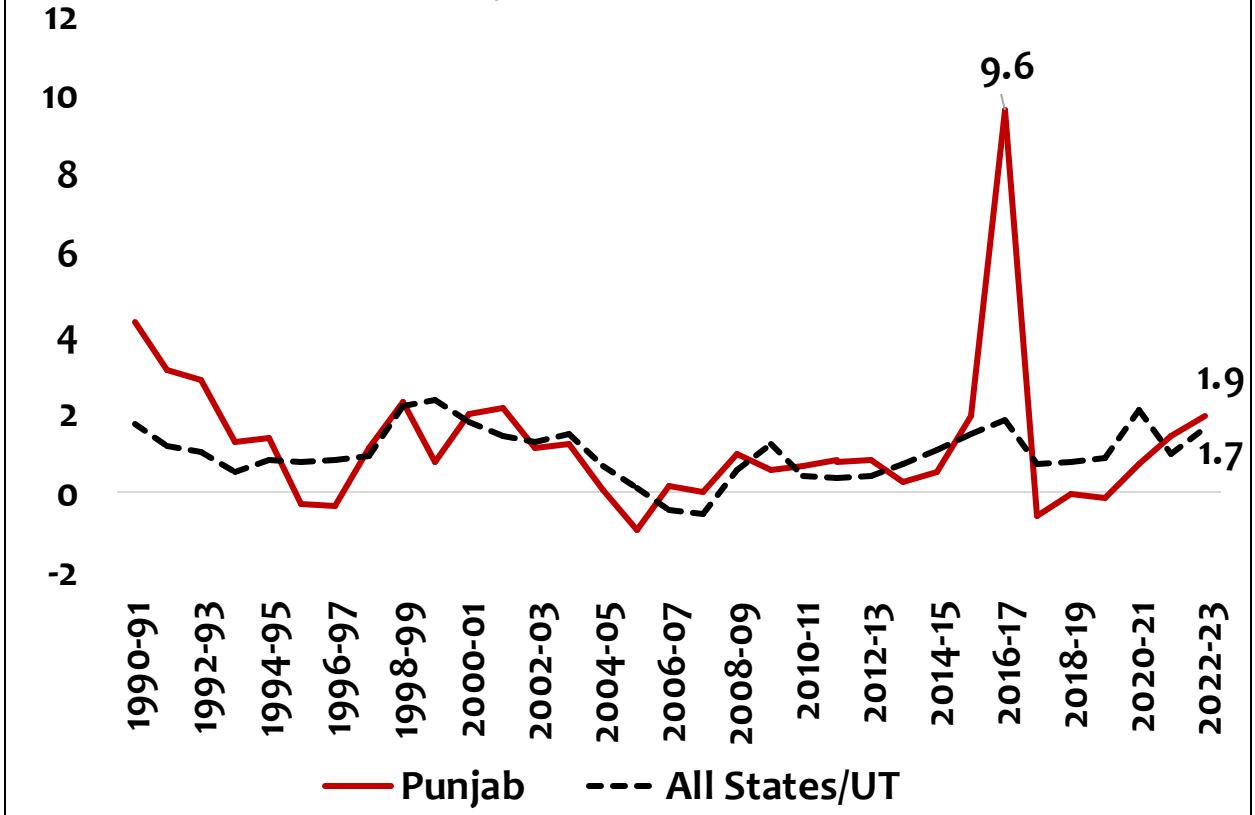
In contrast, the benchmark in this section refers to the All States/UTs number, taken as available from the source and expressed as a percentage of national Gross Domestic Product.

# In 2022-23, Punjab ran a Fiscal Deficit and Primary Deficit of 4.9 and 1.9 percent of its GSDP respectively, both higher than an average State

### Fiscal Deficit, % of GSDP



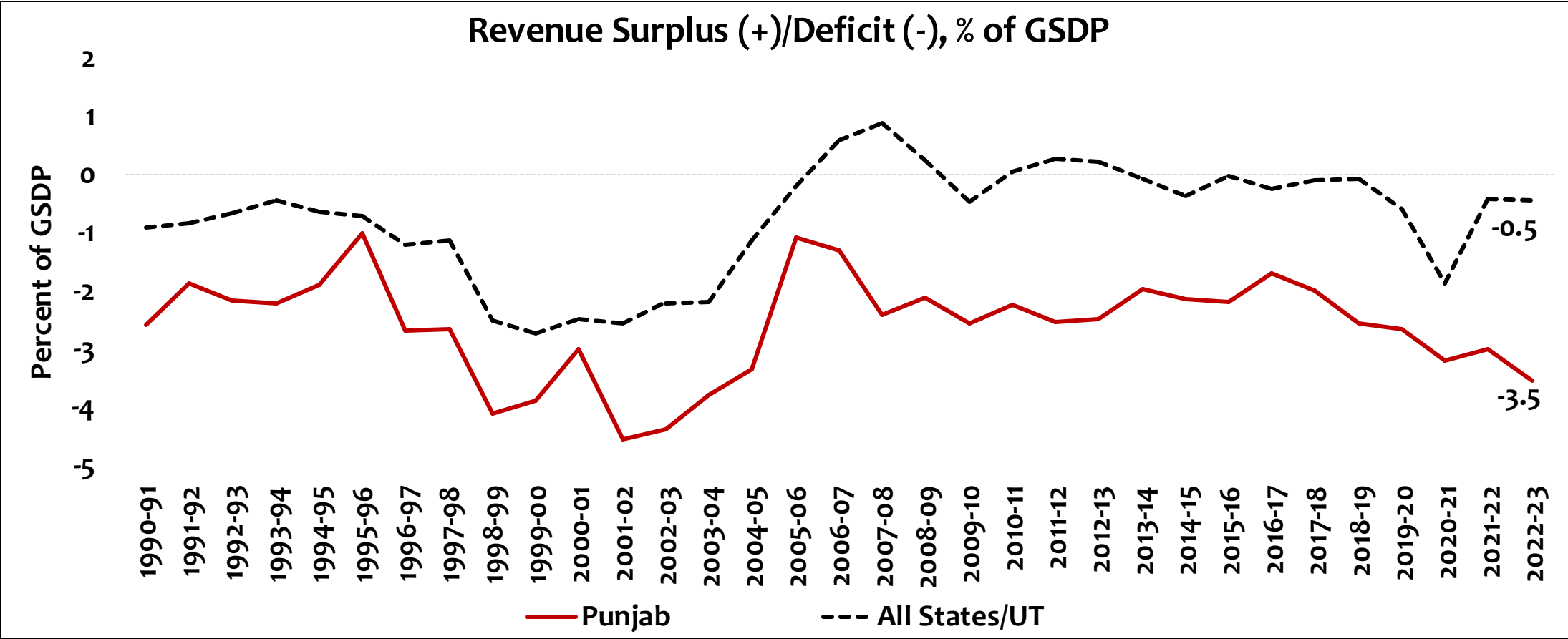
### Primary Deficit, % of GSDP



Source: i. Fiscal Deficit is from RBI State Finances Report (SFR, 2022-23); ii. Primary Deficit calculated (Fiscal Deficit – Interest Payments). Interest Payments was sourced from RBI SFR.

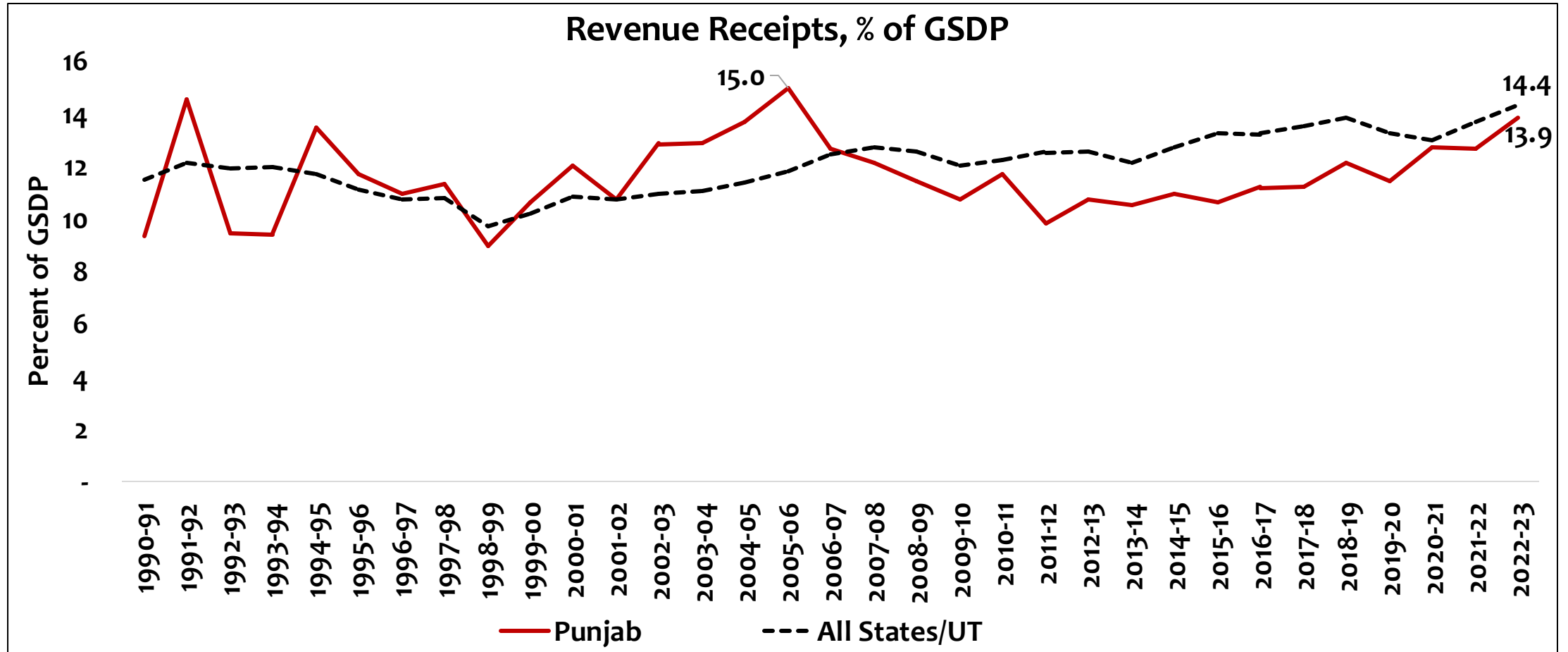
Note: i. State GSDP and national GDP data is from MoSPI; ii. All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product; iii. As per the Report of the Comptroller and Auditor General of India on State Finances for the year 2015-16, the spike in the deficit during 2015-16 was on account of increase of in the advancement of loans and advances, which was mainly due to a loan to Punjab State Power Corporation Limited for repayment of its loans related to the implementation of the Ujwal Discom Assurance Yojana.

# Punjab ran a Revenue Deficit 3.5 percent of its GSDP in 2022-23, while an average State ran a Revenue Deficit of 0.5 percent of the GSDP in the same year



Source: i. Revenue Deficit from RBI State Finances Report (SFR, 2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).  
 Note: All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product.

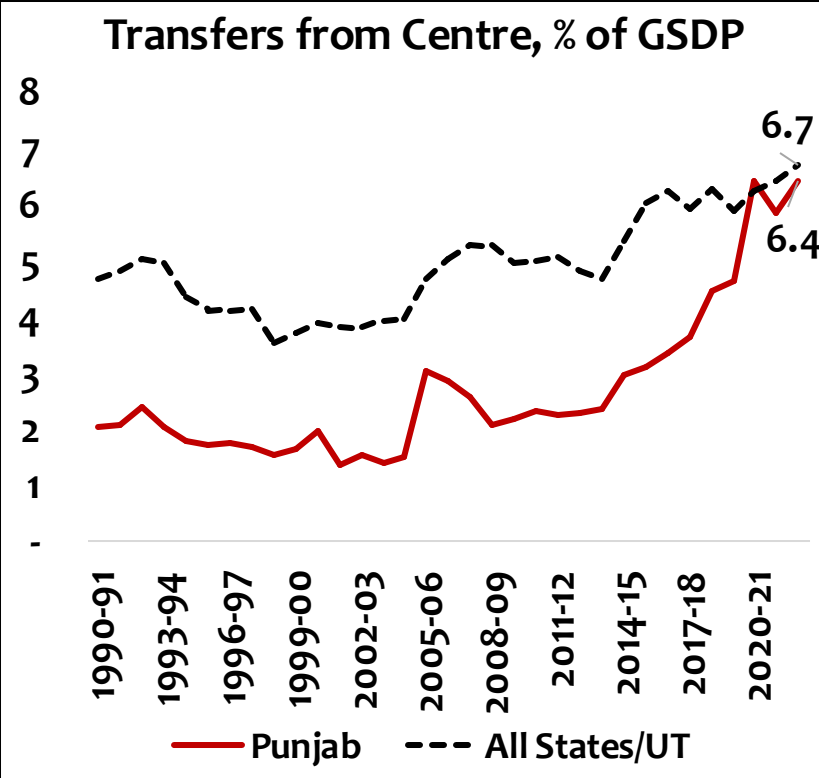
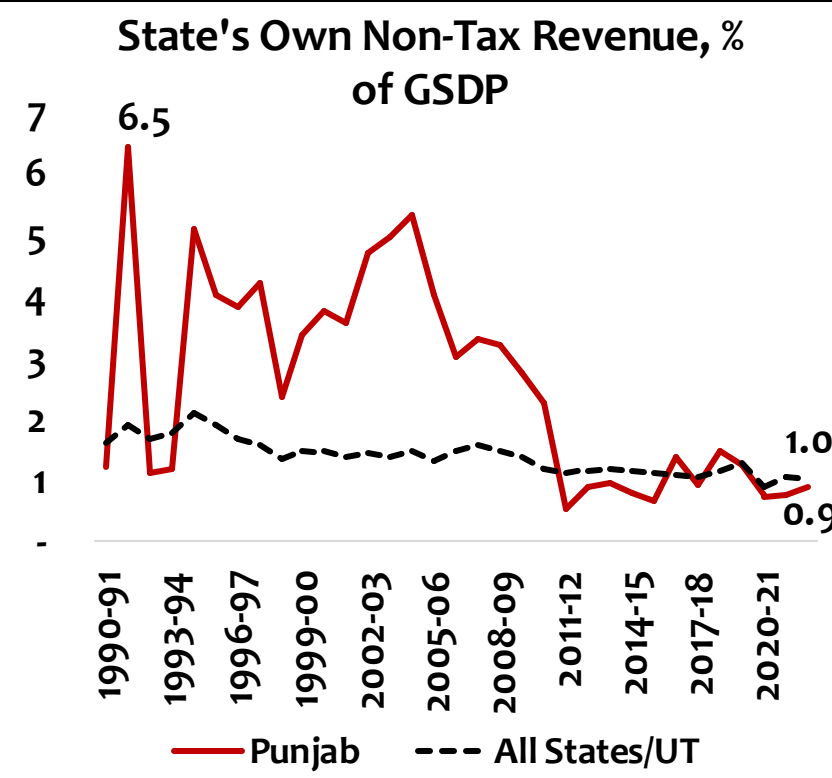
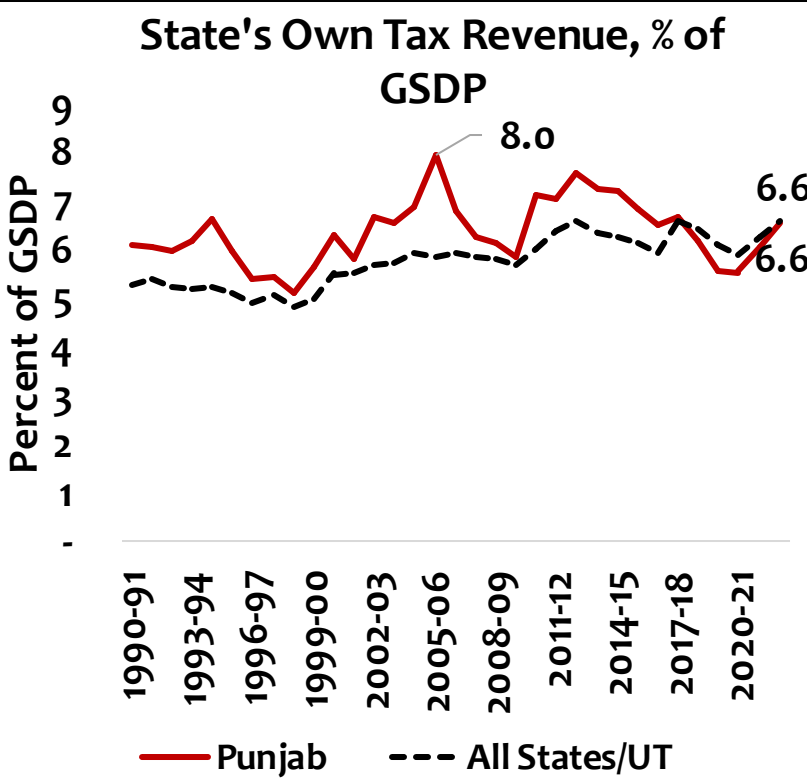
In 2022-23, Punjab's total Revenue Receipts (Own Tax, Own Non-Tax, and shared by the Centre) were about 0.5 percentage points lower than what an average State collected, at about 13.9 percent of its GSDP



Source: i. Revenue Receipts from RBI State Finances Report (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

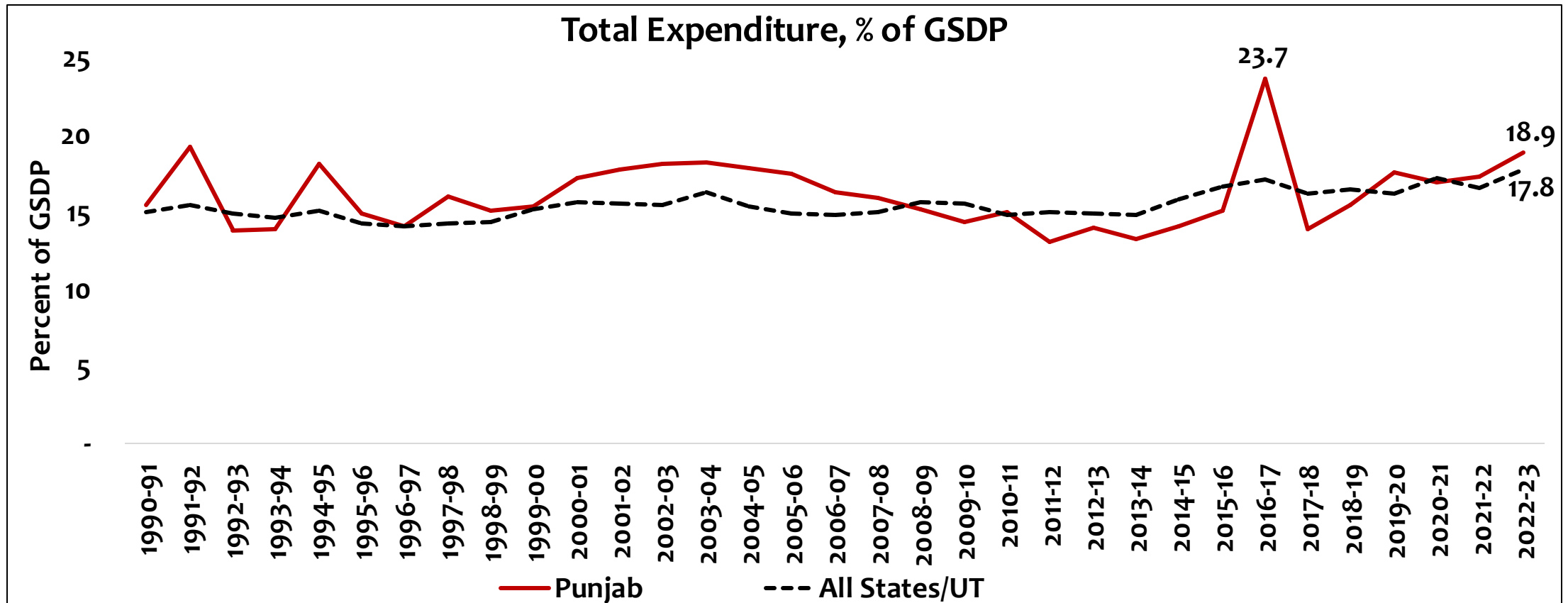
Note: All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product.

**Punjab's Own Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre are 6.6, 0.9, and 6.4 percent of its GSDP respectively, at par with an average State. Transfers from the Centre have seen a consistent rise since 2009-10, accounting for about 46 percent of Punjab's Total Revenue Receipts in 2022-23**



Source: i. Own Tax and Non-Tax Revenue, and Transfers from Centre from RBI State Finances Report (SFR, 2022-23); ii. The State GSDP and national GDP data is from MoSPI (2022-23).  
 Note: i. Transfers from the Centre include both tax- and non-tax revenue transfers; ii. All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product.

# In 2022-23, Punjab's Expenditure at 18.9 percent of its GSDP was about 1 percentage point higher than an average State

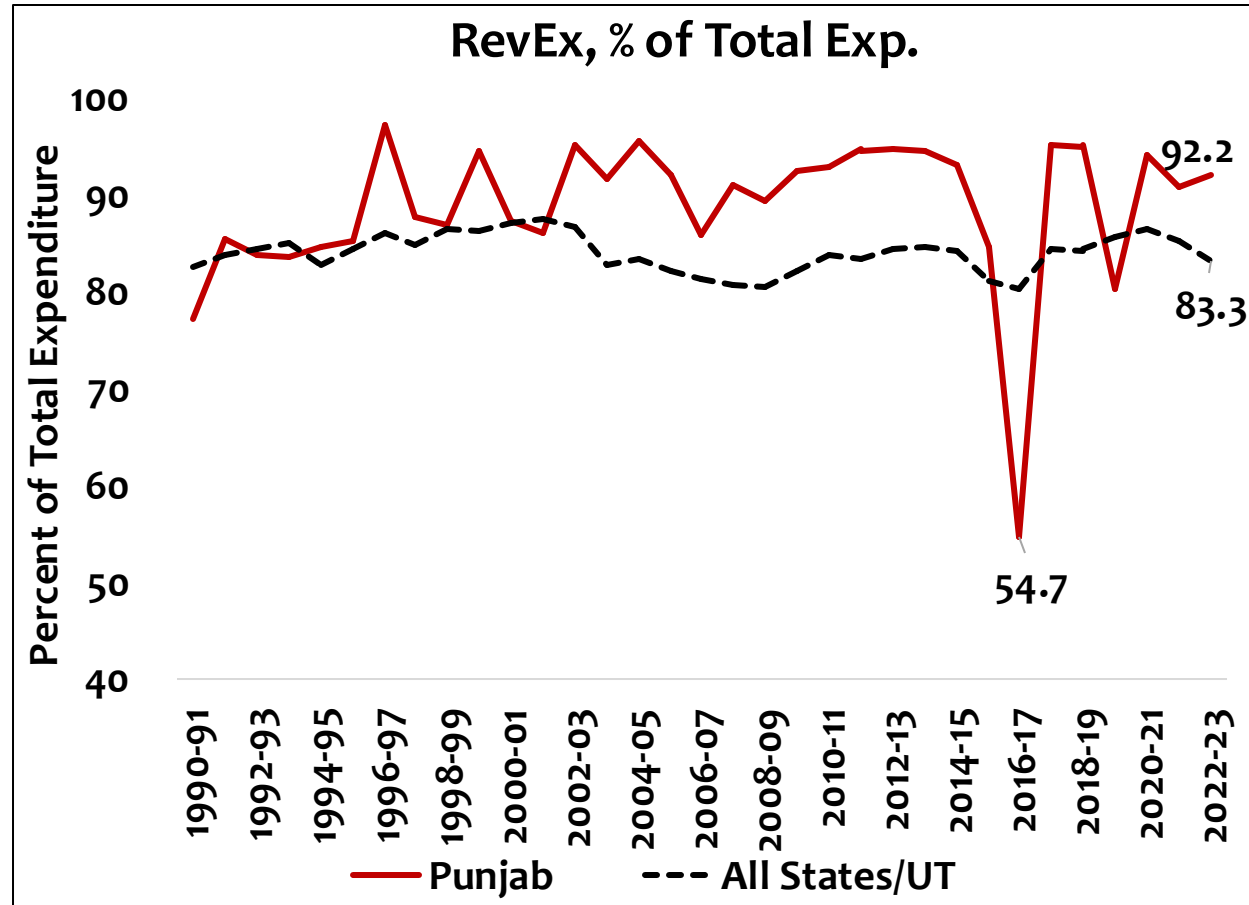
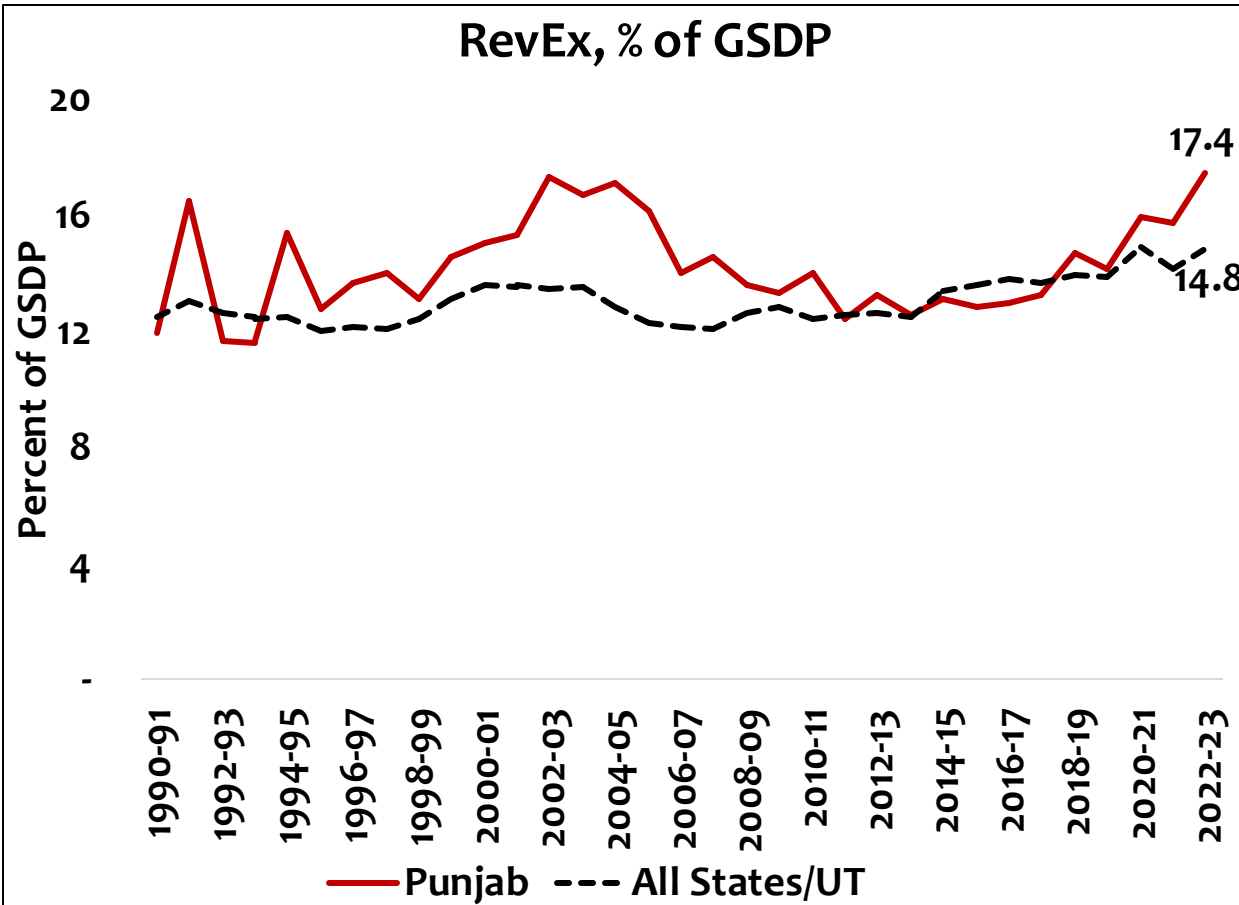


Source: i. Total Expenditure is from RBI State Finances Report (SFR, 2022-23); ii. The State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. The Total Expenditure is calculated as sum of revenue expenditure (RevEx) and capital expenditure (CapEx); ii. All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product.



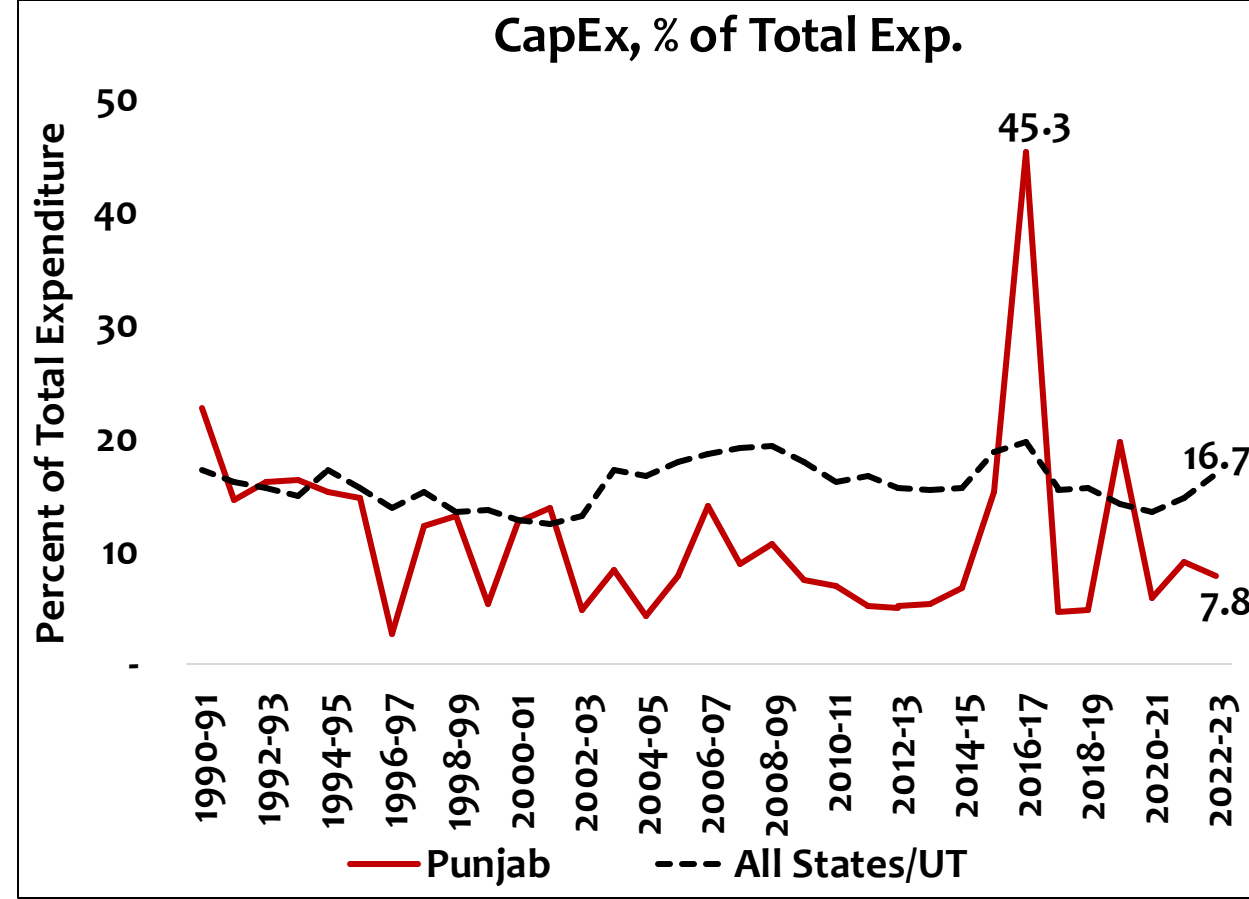
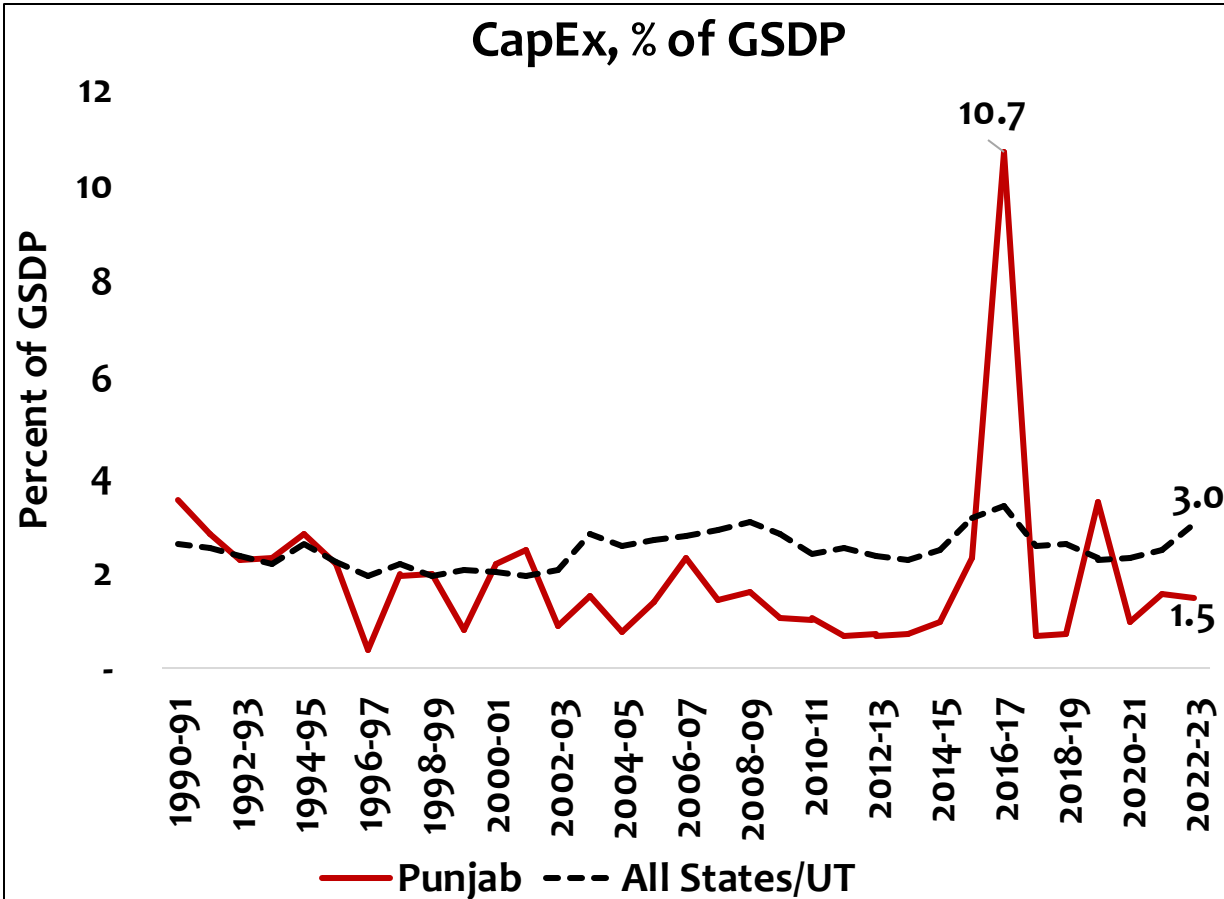
# Punjab's RevEx was 17.4 percent of its GSDP in 2022-23, about 3 percentage points higher than an average State, while as a percent of the Total Expenditure it was about 9 percentage points higher than an average State, as of 2022-23



Source: i. RevEx is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx + CapEx; ii. All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product.

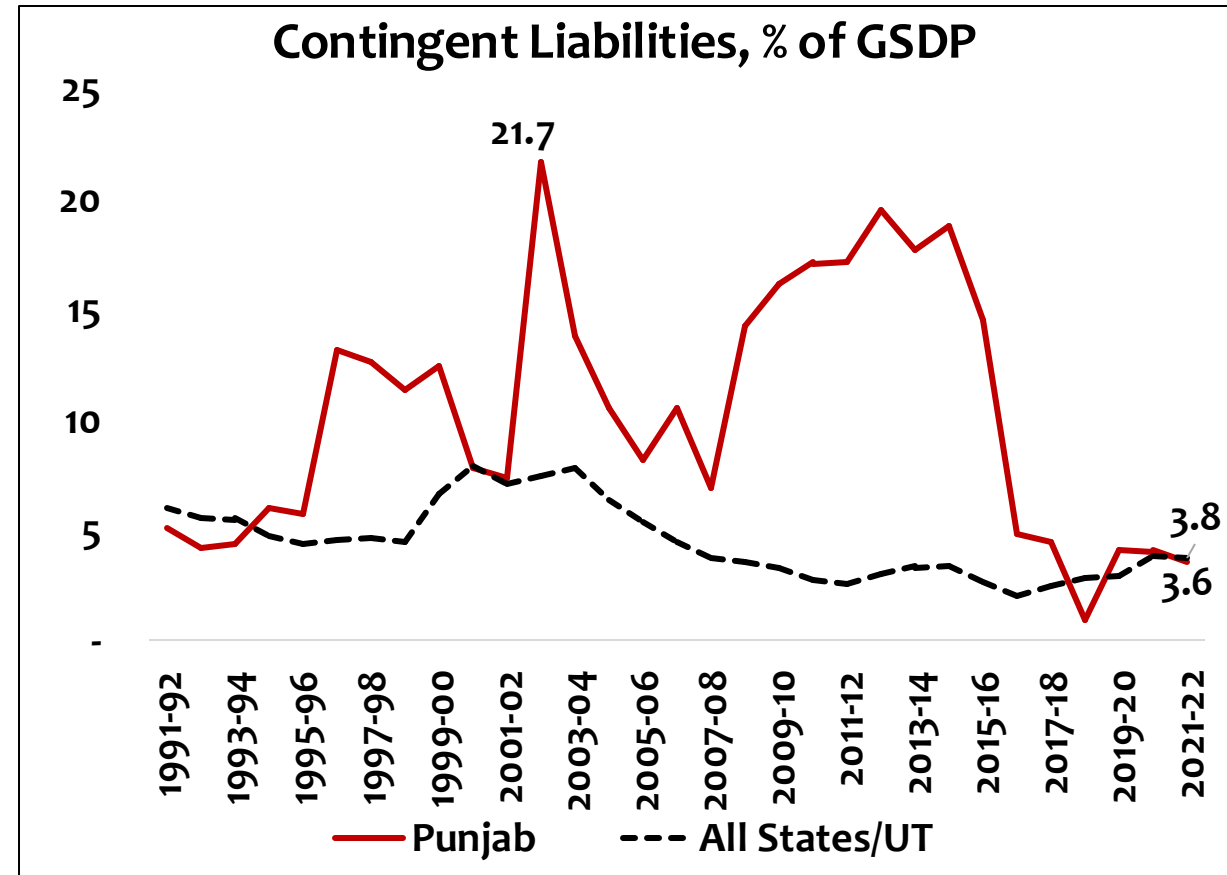
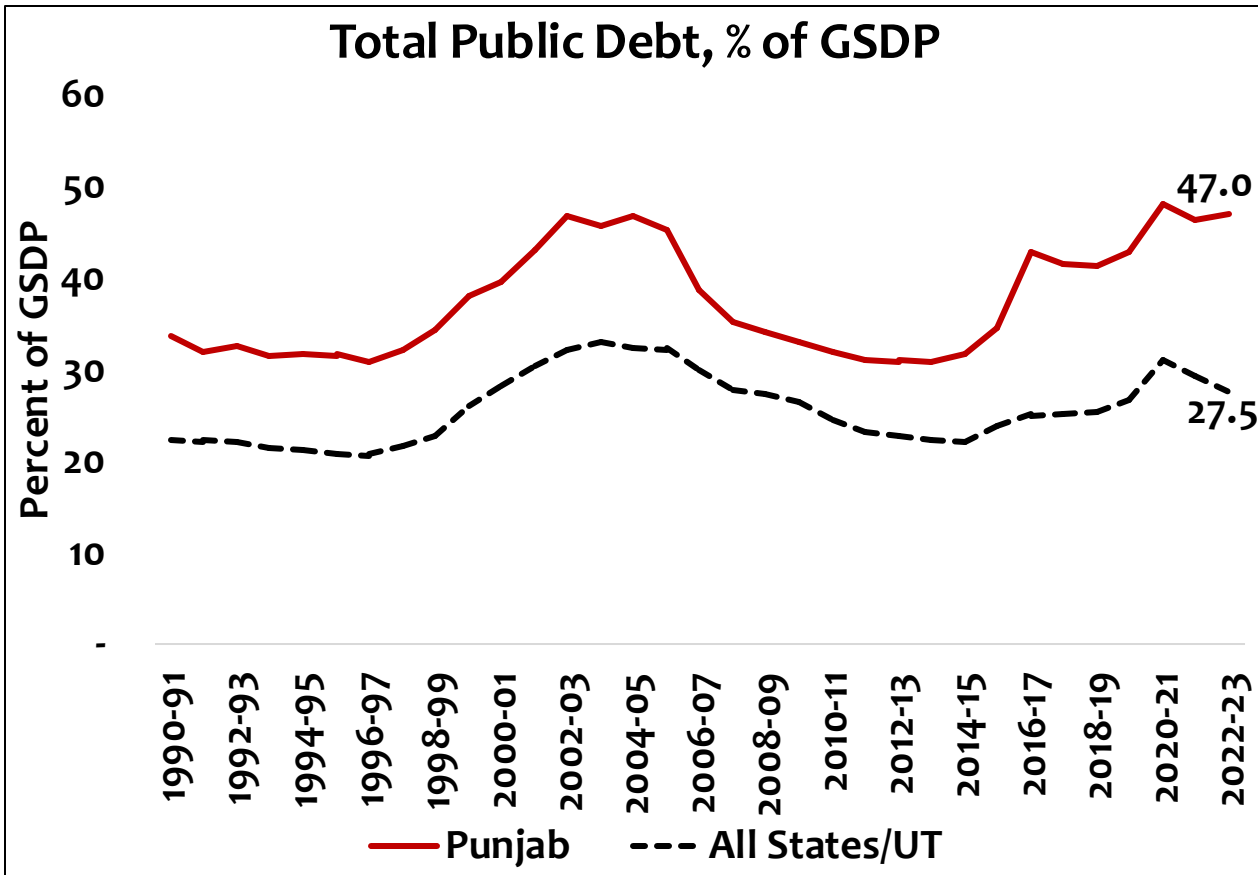
# Punjab's CapEx 1.5 percent of its GSDP, and 7.8 percent of its Total Expenditure, was about half of what an average State spent on CapEx in 2022-23



Source: i. Capex is calculated as Capital Outlay + Loans and Advances given by the State government and the data for both is taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx + CapEx; ii. All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product.

**Punjab's Public Debt has seen a steady rise in the last decade, and as of 2022-23 was 47 percent of its GSDP, higher than an average State by 20 percentage points, making it the State with the highest debt-to-GSDP ratio among the Non-Special Category States. Its Contingent Liabilities at 3.6 percent of its GSDP in 2021-22 was at par with an average State, as of 2021-22**



Source: i. Public Debt and State-wise contingent liabilities data has been taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. All States/UTs shows the total of all States, Delhi and Puducherry as a % of national gross domestic product; ii. Contingent Liabilities data is only available from 2012-13 for Punjab; ii. The data for Contingent Liabilities is missing for 2020-21 and 2021-22, the 2019-20 values have been used for the following years as well.

# 9. Annexure

# Glossary of Select Terms

Variable	Section	Definition
<b>Dependency Ratio</b>	Demography and Employment	The dependency ratio is the number of dependents—comprising children aged 0-14 years and older adults aged 60 years and above—per 100 individuals in the working-age population (15-59 years).
<b>Sex Ratio</b>	Demography and Employment	The Child Sex Ratio from Census is the number of females per 1,000 males in the age group of 0-6 years. The NFHS Sex Ratio at Birth is the number of female births per 1,000 male births for children born in the last five years preceding the survey.
<b>Unemployment Rate</b>	Demography and Employment	The unemployment rate measures the proportion of unemployed individuals within the labour force, aged 15 years and above, based on the Usual Status (PS+SS) approach. This method integrates data from both the Principal Status (PS) and Subsidiary Status (SS) across rural and urban areas.
<b>Female Labour Force Participation Rate</b>	Demography and Employment	The Female Labour Force Participation Rate (LFPR) refers to the percentage of females aged 15 years and above who are part of the labour force, either working or actively seeking/available for work, relative to the total female population in the same age group. It is measured using the Usual Status (PS+SS) approach, which combines data from the Principal Status (PS) and Subsidiary Status (SS) to account for both rural and urban areas.
<b>Urbanization Rate</b>	Demography and Employment	The urbanization rate is the annual percentage change in the proportion of the population that lives in urban areas.
<b>SDG Index</b>	Demography and Employment	The SDG Index calculates goal-specific scores for the 16 Sustainable Development Goals (SDGs) across 113 indicators set by MoSPI to combine into composite scores, ranging from 0 to 100 representing the overall performance of a State. The higher the score, the closer the State is to meeting the SDG targets.

# Glossary of Select Terms

Variable	Section	Definition
<b>MPI</b>	Demography and Employment	The National Multidimensional Poverty Index (MPI) is calculated by multiplying the Headcount Ratio (proportion of multidimensionally poor people) and the Intensity of Poverty (the average percentage of deprivations experienced by poor individuals) across 12 indicators of health, education and living standards.
<b>Inflation Rate</b>	Economic Structure	The Inflation Rate is calculated as the annual growth rate of the Consumer Price Index (CPI), which has been calculated by averaging the monthly CPI values for each financial year.
<b>GSDP</b>	Economic Structure	Gross State Domestic Product (GSDP), at current market prices with 2011-12 as the base year, represents the total value of goods and services produced within a State. This series has been spliced with earlier GSDP series to generate the long time series.
<b>GSVA</b>	Economic Structure	Gross State Value Added (GSVA) is the sum of the value added by all sectors—agriculture, industry, and services—at current market prices with 2011-12 as the base year. This series has been spliced with earlier GSDP series to generate the long time series.
<b>Decadal Average of Growth Rates</b>	Economic Structure	The decadal average of growth rates is calculated using real variables to determine the shares of sectors. It represents the simple average of the annual growth rates over a ten-year period, from 2013-14 to 2022-23.
<b>Foreign Direct Investment (FDI)</b>	Trade	Investment through capital instruments by a resident outside India in an unlisted Indian company; or in 10 percent or more of the post-issue paid-up equity capital of a listed Indian company. Additionally, in case an existing investment by a resident outside India in capital instruments of a listed Indian company falls to a level below 10 percent, the investment shall continue to be treated as FDI.
<b>Exports</b>	Trade	Exports refer to transactions where goods are supplied with/without leaving the country, and payment for these supplies is received either in Indian rupees or in freely convertible foreign exchange.

# Glossary of Select Terms

Variable	Section	Definition
<b>Pupil-Teacher Ratio</b>	Socio-Economic Indicators (Education)	The Pupil-Teacher Ratio is the average number of students (pupils) per teacher in a school or educational institution.
<b>Infant Mortality Rate</b>	Socio-Economic Indicators (Health)	The probability of a child dying between birth and the first birthday, expressed per 1,000 live births.
<b>Under-Five Mortality Rate</b>	Socio-Economic Indicators (Health)	The probability of a child dying between birth and the fifth birthday, expressed per 1,000 live births.
<b>Total Fertility Rate</b>	Socio-Economic Indicators (Health)	The average number of children a woman is expected to have by the end of her childbearing years, assuming she experiences the current age-specific fertility rates throughout her reproductive life. Age-specific fertility rates are calculated based on the three years preceding the survey, using detailed birth histories provided by women.
<b>Children Fully Immunized</b>	Socio-Economic Indicators (Health)	Includes children aged 12-23 months who have received one dose of Bacillus Calmette Guerin (BCG) vaccine for tuberculosis, three doses of DPT vaccine for diphtheria, pertussis and tetanus, three doses for polio vaccine and one dose of measles vaccine at any time before the survey.
<b>Underweight Children</b>	Socio-Economic Indicators (Health)	Children under five years whose weight-for-age score is below minus two standard deviations from the median of the reference population are classified as underweight.
<b>Stunting among Children</b>	Socio-Economic Indicators (Health)	Children under age five years whose height-for-age score is below minus two standard deviations from the median of the reference population are considered short for their age (stunted).

# Glossary of Select Terms

Variable	Section	Definition
<b>Anaemia among Children, Anaemia among Women</b>	Socio-Economic Indicators (Health)	Children under five years and Women aged 15-49 years with haemoglobin levels below 11 grams/decilitre are considered anaemic.
<b>Fiscal Deficit</b>	Fiscal Indicators	Fiscal Deficit is calculated as the difference between the total expenditure and the total revenue (excluding borrowings).
<b>Primary Deficit</b>	Fiscal Indicators	Primary Deficit is calculated as the difference between fiscal deficit and interest payments.
<b>Revenue Surplus (+)/Deficit (-)</b>	Fiscal Indicators	Revenue Surplus/Deficit is a measure of the difference between the revenue receipts and revenue expenditure.
<b>Total Revenue Receipts</b>	Fiscal Indicators	Total Revenue Receipts is calculated as the sum of own tax revenue, own non-tax revenue and transfers from the centre.
<b>Own Tax Revenue</b>	Fiscal Indicators	Own Tax Revenue is the revenue collected by the government through taxes.
<b>Own Non Tax Revenue</b>	Fiscal Indicators	Own Non-Tax Revenue is the revenue collected by the government from non-tax sources like various services, fees, and penalties.
<b>Revenue Expenditure</b>	Fiscal Indicators	Revenue Expenditure refers to government spending that is incurred for the regular functioning of its departments and services, meeting its operational needs, and fulfilling its recurring liabilities.



# Glossary of Select Terms

Variable	Section	Definition
<b>Transfers from the Centre</b>	Fiscal Indicators	Transfers from the Centre refer to central taxes and grants devolved to States as untied funds for States to spend according to their discretion, under the recommendations of the Finance Commission.
<b>Capital Expenditure</b>	Fiscal Indicators	Capital Expenditure refers to government spending on creating physical and financial assets or reducing its liabilities.
<b>Total Public Debt</b>	Fiscal Indicators	Public debt include borrowings and other financial commitments arising from past fiscal operations that are yet to be repaid at a given point in time.
<b>Contingent Liabilities</b>	Fiscal Indicators	Contingent Liabilities are the commitments made by State governments to repay loans or other liabilities incurred by entities such as public sector undertakings (PSUs), corporations, local bodies, or other organizations if they fail to meet their debt obligations.
<b>Off-Budget Borrowings</b>	Fiscal Indicators	Off-Budget Borrowings involve the government taking on debt through entities, public sector undertakings (PSUs), or other off-budget mechanisms, rather than directly from the government's own borrowing channels that are not included in the official government budget.
<b>Health Expenditure</b>	Fiscal Indicators	Health Expenditure is calculated as the sum of Medical, Public Health, and Family Welfare expenditure.
<b>Subsidies</b>	Fiscal Indicators	Subsidies are financial assistance provided by the government to individuals, businesses, or sectors to support the production, consumption, or pricing of specific goods and services.
<b>Buoyancy of Revenue Expenditure with GSDP</b>	Fiscal Indicators	The Buoyancy of Revenue Expenditure is calculated as the ratio between the year-on-year growth rate of Revenue Expenditure and that of GSDP.
<b>Committed Expenditure</b>	Fiscal Indicators	Committed Expenditure is calculated as the sum of Wages, Salaries, and Pensions.

# List of Acronyms

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- **AISHE** All India Survey on Higher Education
- **AT&C** Aggregate Technical & Commercial
- **BSR** Basic Statistical Returns
- **CAG** Comptroller and Auditor General
- **CapEx** Capital Expenditure
- **CHIPS** Connect, Harness, Innovate, Protect and Sustain
- **DGFT** Directorate General of Foreign Trade
- **DISCOMS** Distribution Utilities/Companies
- **EPWRF** Economic and Political Weekly Research Foundation
- **FC** Finance Commission
- **FLPR** Female Labour Participation Rate
- **FRA** Fiscal Responsibility Act
- **GPI** Gender Parity Index
- **GSDP** Gross State Domestic Product
- **GDP** Gross Domestic Product
- **GSVA** Gross State Value Added
- **GVA** Gross Value Added

# List of Acronyms

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- **MoSPI** Ministry of Statistical Programme and Implementation
- **MPI** Multidimensional Poverty Index
- **MTFP** Medium Term Fiscal Policy
- **NFHS** National Family Health Survey
- **PFC** Power Finance Corporation
- **PLFS** Periodic Labour Force Survey
- **RBI** Reserve Bank of India
- **RevEx** Revenue Expenditure
- **SDG** Sustainable Development Goal
- **SFR** State Finances Report
- **SPSE** State Public Sector Enterprises
- **SRS** Sample Registration System
- **SC** Scheduled Caste
- **ST** Scheduled Tribe
- **UDAY** Ujwal DISCOM Assurance Yojana
- **U-DISE** Unified District Information System for Education

# Selected Research Topics

## STATE REPORT

## DATA REPOSITORY

## NCAER-NITI AAYOG STATE FISCAL AND ECONOMIC DASHBOARD

## Research & Commentary

- Paper
- Op-eds
- Presentations

This is a product of the NCAER-NITI States' Economic Forum. Prepared under the team led by Dr Poonam Gupta and Dr Anil Sharma, comprised of Dr Arjita Chandna, Dr Jayanta Talukder, Dr Janani Rangan, Ayesha Ahmed, S Priyadarshini, Aakansha Atal, Aliva Smruti, Shubhashree Jha, Sneha Jyoti Kundu and Rochelle Prakash; Design by Devanshi Mankotia; Co-ordination by Pooja Singh; IT Support by Praveen Sachdeva; Webpage by Mesmer Studios and Tableau Dashboards by Uneecops Business Solutions. Comments are welcome at [stateseconforum@ncaer.org](mailto:stateseconforum@ncaer.org).

