



Summary Report for the State of Gujarat



1. Demography

As per Census population projections for 2022-23, Gujarat has a population of 71.5 million, representing 5.2 per cent of India's total population.¹ The projected population growth rate for Gujarat, at 1.2 per cent, is higher than the national average of 0.9 per cent, as of 2022-23. The State's population density (356 persons per sq. km.) and dependency ratio (53.9 per cent) are both below the respective national averages (2021 projections). Nearly half of its population (48.7 per cent) resides in urban areas, as of 2023 projections. The Sex Ratio at Birth (female births per 1000 male births) in the State, at 955, is higher than the national average, as per the National Family Health Survey (NFHS V).

As of 2022-23, Gujarat's annual unemployment rate, at 1.7 per cent, is significantly below the national average (3.2 per cent), while the Female Labour Force Participation Rate remains above it. The working population in the State is predominantly concentrated in the Agriculture, Forestry, and Fishing (41.8 per cent); Services (26.4 per cent); Manufacturing (23.8 per cent); and, Construction (7.1 per cent) sectors.²

2. Economic Structure (Growth and Sectoral Composition)

Gujarat's real GSDP grew at an average rate of 8.5 per cent during the period 2012-13 to 2021-22, which is much higher than the national average growth of 5.6 per cent.³ The State's share, both in India's Nominal GDP and India's Nominal Per Capita GDP, has increased over the last three decades. Its nominal per capita income is about 60 per cent higher than the national per capita income, as of 2021-22.

The Industry and Service sectors are the largest contributors to the State's GSVA, with shares of 49.3 per cent and 34.7 per cent, respectively, as of 2021-22. The share of the Agriculture sector in the State's GSVA is only 15.9 per cent. Among all the major sectors, Manufacturing recorded the highest growth of 8.8 per cent per annum during the period 2013-14 to 2022-23.⁴ The Services and Agriculture sectors grew by 6.9 per cent and 6.3 per cent, respectively, during the same period.

3. Socio-economic Indicators

Gujarat's literacy rate, at 78 per cent, is higher than the national average, as of 2011.⁵ As of 2016-17, the State had higher school drop-out rates (39.4 per cent for Class X) and lower pass percentages (81.1 per cent for Class X and 84.8 per cent for Class XII), as compared to the respective national averages. The Gross Enrolment Ratio at the Higher Secondary (43.4 per cent in 2015-16) and Higher Education (22.2 per cent in 2021) levels are below the respective

¹ Projected data on population growth rate, dependency ratio, population density, and urban population is sourced from "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.

² Data on unemployment, female labour force participation, and workforce distribution are from the Periodic Labour Force Survey, 2017-18 to 2023-24.

³ Data used in Section 3 on Economic Growth is sourced from Ministry of Statistics and Programme Implementation (MoSPI), as of August 2023.

⁴ Data used is sourced from MoSPI, as of March 2024.

⁵ Literacy data is sourced from Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, 2011.

national averages.⁶ For people aged 18 to 23 years, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) in the state is placed lower than the national average, as of 2021.⁷

The life expectancy in the State, at 70.5 years, is marginally higher than the national average as of 2020. Both the Infant Mortality Rate and Total Fertility Rate are below the national averages, as of 2020 and 2019-21, respectively. As regards the basic 'quality of life' indicators, the State is placed above the national benchmarks in terms of the households' access to access to drinking water, electricity, and sanitation, as of 2019-21.

4. State of Public Finances and Tax Devolutions

Gujarat's debt-to-GSDP ratio, at 18.6 per cent in 2022-23,⁸ is significantly lower than that of a median State in the country.⁹ It has a very low level of contingent liabilities (0.2 per cent), as of 2021-22. The State's fiscal and primary deficit levels, at 1.5 per cent and 0.3 per cent of its GDP, respectively, were lower than those of a median State, as of 2022-23. The State runs a revenue surplus of 0.3 per cent of GSDP in 2022-23, while a median State runs a deficit of 0.4 percent.

The State collects much less revenue receipts (own tax, non-tax revenues, and shared by the Centre), at 8.7 per cent of GSDP, as compared to what a median State collects (15.3 per cent of GSDP). Its expenditure-to-GSDP ratio, at 10.2 per cent, is lower than that of a median State (19.3 per cent).

The Debt Sustainability Analysis shows that its debt-to-GSDP ratio, already at modest levels, is projected to decline further in the years ahead starting from 2021-22 in all scenarios compared to the baseline scenario (where Debt level, primary deficit, real GDP growth, and real effective interest rate remain constant at their decadal average from 2012-13 to 2021-22).

The State's share in taxes from the Centre, as per the Finance Commission (FC) recommendations, increased from 3.1 per cent under the 14th FC to 3.5 per cent under the 15th FC. The State's share in the total grants-in-aid also increased by 0.2 percentage points under the 15th FC, as compared to 3.7 per cent under the 14th FC.

5. Fiscal Rules

Following the recommendations of the 12th FC, the State enacted Gujarat Fiscal Responsibility (GFR) Act in accordance with the Union Fiscal Responsibility and Budget Management Act, 2003.¹⁰ The Act has been amended three times since then, in 2009, 2011, and 2021, respectively.

⁶ Data on drop-out rates, pass percentage of students and Gross Enrolment Ratio at Higher Secondary Level is taken from the Unified District Information System for Education, 2015-16.

⁷ Gross Enrolment Ratio at Higher Education Level, Data on Gender Parity Index and College Density are taken from the All-India Survey on Higher Education, 2020-21.

⁸ Data on fiscal variables is sourced from Reserve Bank of India, State Finances Report, as of December 2023.

⁹ 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). The Macro and Fiscal Landscape State brief includes this benchmark in the States' Median (Large States), Column 6, Table 4A.

¹⁰ Data is sourced from the State Audit Report of the CAG for the respective years and the State Government Gazette.

Revenue Deficit: The original Act mandated the State to eliminate revenue deficit by 2007-08 and maintain its revenue surplus thereafter.

Fiscal Deficit: The 2003 Act prescribed the State to reduce fiscal deficit to 3 per cent of the estimated GSDP by 2008-09 and maintain the same level thereafter. The 14th FC recommended that the targeted limit of fiscal deficit to GSDP of 3 per cent could be increased to 3.5 per cent on meeting certain criteria. In 2021, the target for fiscal deficit to GSDP was revised to 5 per cent for 2020-21.

Public Debt: The total public debt of the State Government was capped at 30 per cent by March 2008. This limit was brought down further to 27.1 per cent, to be met by FY 2014-15, with the mandate to maintain it at this level thereafter. Furthermore, the State Government was expected to limit the outstanding guarantees to ₹ 16,000 crore by 2007-08, which has continued at this level since then.

Fiscal Discipline: As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period 2017-18 to 2021-22, the State was able to meet all the targets barring the exception of revenue deficit in one year, 2020-21, which was a pandemic year.