



Summary Report for the State of Maharashtra



1. Demography

As per Census population projections for 2023, Maharashtra has a population of 126.4 million and represents 9.1 per cent of India's total population.¹ The State's projected population growth rate, at 0.8 per cent, is close to the national average, as of 2023. The State's population density (404 persons per sq. km) and dependency ratio (50 per cent) are both lower than the respective national averages, as per 2021 projections. According to the 2023 projections, nearly half of the state's population (48.5 percent) resides in urban areas, which is higher than the national average of 35.1 percent. The sex ratio at birth (female births per 1,000 male births) in the State, at 913 per 1000, is lower than the national average, as per the National Family Health Survey (NFHS V).

As of 2022-23, Maharashtra's annual unemployment rate at 3.1 per cent is marginally lower than the national average of 3.2 per cent while the Female Labour Force Participation Rate, at 40.7 per cent, is higher than the national average of 37 per cent. The working population in the State is predominantly concentrated in the Agriculture, Forestry, and Fishing (45.8 per cent); Services (34.2 per cent); Manufacturing (12.4 per cent); and Construction (6.4 per cent) sectors.²

2. Economic Structure (Growth and Sectoral Composition)

Maharashtra's real GSDP grew at an average rate of 4.8 per cent during the period 2012-13 to 2021-22, which is lower than the national average growth rate of 5.6 per cent.³ The State's share in the country's GDP decreased from a high of 15.7 per cent in 1995-96 to 13.2 per cent by 2021-22. Its nominal per capita income is around 40 per cent higher than the national per capita income, as of 2021-22.

Among the major sectors, the Services sector is the largest contributor to the State's GSVA with a share of 59.0 per cent, followed by the Industry (27.4 per cent), and Agriculture (13.6 per cent) sectors, respectively, in that order (2021-22). During the period 2013-14 to 2022-23, these three sectors grew by 6.7 per cent, 3.6 per cent, and 4.5 per cent per annum, respectively.⁴

3. Socio-economic Indicators

Maharashtra's literacy rate, at 82.3 per cent, is higher than the national average of 73 per cent, as of 2011.⁵ As of 2016-17, the State had a lower school drop-out rate (11.3 per cent for Classes VIII to X) and a higher pass percentage (93 per cent for Class X and 92.5 per cent for Class XII) as compared to the respective national benchmarks. The Gross Enrolment Ratios in the State at the Higher Secondary level (67.8 per cent in 2015-16) and at the Higher Education level (34.9

¹ Projected data on population growth rate, dependency ratio, population density, and urban population is sourced from "Population Projections for India and 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 is from the Periodic Labour Force Survey, 2017-18 to 2023-24.

³ Data on Economic Structure 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.

per cent in 2021) are both above the respective 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) is below the national average.⁷

As of 2020, life expectancy in the State, at 72.9 years, is above the national average of 70 years. The Infant Mortality Rate, at 16 deaths per 1000 live births (in 2020), and the Total Fertility Rate at 1.7 children per woman (in 2019-21), are both lower than the respective national averages. The proportion of fully immunised children, at 73.5 per cent, is also below the national average, as of 2019-21. The State has shown an improvement in the 'quality of life' indicators over the decades. As of 2021, the households' access to electricity and sanitation facilities in the State is slightly above the respective national benchmarks, while the access to drinking water is marginally below the national benchmark.

4. State of Public Finances

Maharashtra's debt-to-GSDP ratio, at 18.6 per cent in 2022-23,⁸ is lower than that of a median State. Its contingent liabilities, at 1.6 per cent of GSDP, are comparable to those of a median State, as of 2021-22. The fiscal deficit and primary deficit levels, at 2.7 per cent and 1.4 per cent, respectively, are lower than the comparable levels of a median State, as of 2022-23.⁹ However, the State has a revenue deficit of 0.6 per cent of GSDP in 2022-23 while a median State ran a deficit of 0.4 per cent.

In 2022-23, the State's total revenue receipts (own tax, own non-tax, and shared by the Centre) at 12.2 per cent of its GSDP, were lower than what a median State collected. The State's expenditure, at 15 per cent of GSDP, was lower than that of a median State.

The Debt Sustainability Analysis projections indicate that under the baseline scenario (where the debt level, primary deficit, real GDP growth, and real effective interest rate remain constant at their decadal average from 2012-13 to 2021-22) there are nearly neutral changes in the debt-to-GSDP ratio. Higher growth, lower primary deficit, or a combination of the two can predictably lower the debt-to-GSDP ratio in the next five years, starting from 2021-22.

The State's share in taxes from the Centre, as per the recommendations of the Finance Commission (FC) increased from 5.5 per cent under the 14th FC to 6.3 per cent by the 15th FC. The State's share in the total Grants-in-Aid has also increased by 0.4 percentage points to 6.9 per cent under the 15th FC, as compared to 6.5 per cent under the 14th FC.

5. Fiscal Rules

As per recommendations of the 12th FC, the Maharashtra Fiscal Responsibility and Budget

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

⁷ Data on Gross Enrolment Ratio at Higher Education Level, Gender Parity Index, and college density is 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 a median state, the variable as a percentage of GSDP was computed for each State, with the median across 22 major States shown (excluding all Union Territories and the 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.

Management (MFRBM) Act, 2005 was enacted.¹⁰ The MFRBM Act sets targets relating to the revenue deficit, fiscal deficit, and outstanding liabilities.

The fiscal targets have been modified as follows through amendments in 2006, 2008, 2011, 2012, 2018 and 2020:

Revenue Deficit: The original Act in 2005 mandated the State to eliminate the entire revenue deficit by 2008-09, maintaining a revenue surplus thereafter. The 2011 amendment mandated the State to maintain a revenue surplus from 2011-12 onwards. Further amendments relaxed the revenue surplus clause from 2013-14 to 2020-21.

Fiscal Deficit: The 2005 Act required the State to reduce the fiscal deficit by 0.3 per cent of its GSDP annually starting from 2005-06 onwards and capped it at 3 per cent by 2008-09. The 2011 amendment reiterated that the fiscal deficit limit should not exceed the limit of 3 per cent of GSDP from 2010-11 onwards. Under the 2020 amendment, the fiscal deficit target for 2020-21 was revised to 4 per cent of GSDP.

Outstanding Liabilities: The initial 2005 Act was amended in 2011, requiring the State government to maintain its outstanding debt-to-GSDP ratio at 26.3 per cent in 2010-11, gradually decreasing it to 16.7 per cent by 2019-20. According to the Medium-Term Fiscal Policy 2018-19, the State government aimed to limit the cumulative State borrowings to keep them within a limit of 25 per cent of GSDP.

Fiscal Discipline: As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period 2016-17 to 2020-21, the State failed to achieve the revenue targets in three years (2016-17, 2019-20, and 2020-21). The State was able to meet its fiscal deficit target in all the five years but failed to meet the targets for the outstanding liabilities.

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