Summary Report for the State of Nagaland

1. Demography

As per Census population projections for 2022-23, Nagaland has a population of 2.2 million and represents 0.2 percent of the country's total population.[1] The State's projected population growth, at 0.9 percent, is equal to the national average, as of 2022-23. The State's population density, at 119 people per sq. km, is very low as compared to the national average (2021). Its dependency ratio (65.4 percent) is almost equal to the national average, as per projections 2021. A significant proportion of the State's population still lives in rural areas with only 45.8 percent of its population residing in urban areas, according to projections 2023. The sex ratio in the State, at 945 females per 1000 males, is higher than the national average, at 929 females per 1000 males, according to the NFHS V (2019-21).

As of 2022-23, the State's annual unemployment rate, at 4.3 percent, and the Female Labour Force Participation Rate, at 65.2 percent, are both higher than the respective national averages. The working population in the State is predominantly concentrated in the Agriculture (50 percent); Services (37.9 percent); and Manufacturing (6.2 percent) sectors, respectively (2022-23).[2]

2. Economic Structure (Growth and Sectoral Composition)

Nagaland's real GSDP grew at an average rate of 4.3 percent during the period 2012-13 to 2021-22, which is lower than the national average growth rate of 5.6 percent.[3] The State's share in India's nominal GDP is 0.1 percent and its nominal per capita income is 16 percent less than the national per capita income, as of 2021-22.

With a share of 62.8 percent, the Services sector is the largest contributor to the State's GSVA, followed by the Agriculture (25.1 percent) and Industry (12.1 percent) sectors, in that order, as of 2021-22. During the period 2013-14 to 2022-23, these three sectors grew by 5.1 percent, 1.1 percent, and 3.9 percent per annum, respectively.[4]

3. Socio-economic Indicators

Nagaland's literacy rate, at 79.6 percent, is higher than the national average of 73 percent, as of 2011.[5] As of 2016-17, the State had a higher school drop-out rate (29.9 percent for Classes VIII to X) as compared to the national average. The pass percentage for students of Class XII (82.4 percent in 2015-16) was below the national average. The Gross Enrolment Ratio at the Higher Secondary level (36.4 percent in 2015-16) and at the Higher Education level (17.3 percent in 2021) are both lower than the respective national averages.[6] For the age group 18 to

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[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.

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

23 years, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) is higher than the national average, as of 2021.[7]

In terms of health indicators, the Infant Mortality Rate, at 4 deaths per 1000 live births, is one of the lowest in the country and the Total Fertility Rate, at 1.7 children per woman, is also below the national average, as of NFHS V (2019-21).[8] The share of fully immunised children (57.9 percent) is lower than the national average, as of 2019-21. The State has shown improvement in the "quality of life" indicators over time, as the households' access to electricity (98.6 percent) and sanitation facilities (87 percent) is above the respective national averages, while access to drinking water (91 percent) is still below the national benchmark, as of 2021.

4. State of Public Finances and Tax Devolution

Nagaland's debt-to-GSDP ratio, at 47.7 percent, is much higher than that of a median State,[9] but its contingent liabilities, at 0.2 percent of GSDP, is low as compared to those of a median State, as of 2022-23.[10] The fiscal deficit and primary deficit levels, at 5.7 percent and 2.9 percent, respectively, are much higher than that of a median State, as of 2022-23. The State had a revenue surplus of 3 percent of GSDP in 2022-23, which is higher than a median State's deficit of 0.4 percent.

As of 2022-23, the State collected more than twice as much revenue as compared to a median State. It collects more own non-tax revenue but lower own tax revenue as compared to that of a median State, as of 2022-23. Its expenditure-to-GSDP ratio, at 48.1 percent, is much higher than that of a median State, with both the revenue and capital expenditures as percentages of GSDP being twice the respective levels of a median State, as of 2022-23.

The State's share in taxes from the Centre, as per the recommendations of the Finance Commission (FC), increased from 0.5 percent under the 14th FC to 0.6 percent under the 15th FCs. And, the share in the total grants-in-aid decreased by 1.2 percentage point, from 3.5 percent under the 14th FC to 2.3 percent under the 15th FC.

5. Fiscal Rules

The Nagaland Fiscal Responsibility and Budget Management Act, 2005, enacted under the 12th FC's recommendations, establishes fiscal targets for prudent fiscal management including revenue and fiscal deficits, reduction of outstanding debt, and limiting guarantees and salaries relative to revenue expenditure.[11] Since 2006, the Act has been amended four times in 2009, 2011, 2021, and 2022.

The fiscal targets under these amendments have been modified as follows:

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[7] Data on Gross Enrolment Ratio at the 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.

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

Revenue Deficit: The 2005 Act required the State to maintain a revenue surplus by making a balance in revenue receipts and expenditure, and building up a further surplus.

Fiscal Deficit: The initial Act mandated the State to reduce its fiscal deficit-to-GSDP ratio to 3 percent of the projected GSDP by the year ending 31 March 2009. The 2009 amendment raised the fiscal deficit to 3.5 percent of the estimated GSDP by 31 March 2010. The 2011 amendment required the State to achieve a fiscal deficit of 3 percent of the projected GSDP by the year ending 31 March 2015. The 2020-21 amendment fixed fiscal deficit levels at 5 percent in 2020-21, 4 percent in 2021-22, 3.5 percent in 2022-23, and 3 percent from 2023-24 onwards.

Outstanding Liabilities: Initially the State Act of 2005 mandated the State to ensure that the total debt stock did not exceed 40 percent of the estimated GSDP for that year within a period of five years, beginning from the initial financial year, that is, 1 April 2005, and ending on 31 March 2010. The 2011 amendment required the State to achieve a debt-to-GSDP ratio of 56.8 percent in 2010-11 and to reduce it to 52.3 percent by 2014-15. The 2021 amendment limited the amount of annual incremental risk weighted guarantees to 1 percent of the estimated GSDP of the year preceding the current year. Further, it was mandated that the total guarantees at any point of time should not exceed 5 percent of the estimated GSDP of the year preceding the current year.

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 missed achieving the revenue deficit targets only once in five years (2019-20), but missed achieving its fiscal deficit targets thrice (from 2018-19 to 2020-21). The State also failed to achieve the targeted ratios for the outstanding liabilities for three out of five years (2017-18, 2019-20 and 2020-21).