

'Top 5 States drive half of India's GDP as economic divide deepens'

REGIONAL IMBALANCE. Disparities among States, growth potential highlighted in report by wealth mgmt firm

Our Bureau
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Five economically largest States — Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka and Gujarat — contributed nearly 48 per cent of the country's GDP in FY25, according to a white paper released on Tuesday by Client Associates, a private wealth management firm.

The bottom 10 States together accounted for less than 3 per cent of national output. Maharashtra led with a 13.3 per cent share of national GDP, while Tamil Nadu posted the highest year-on-year growth among the top five at 16 per cent.

India's nominal GDP crossed ₹340.7 lakh crore in FY25, making it the fifth-largest economy in the world, with real GDP growth of 7.1 per cent. However, the

report flags that this headline figure masks sharp State-level disparities. Maharashtra's economy is 133 times larger than Mizoram's. Sikkim and Goa recorded per capita incomes of ₹5.88 lakh and ₹5.86 lakh, respectively, against Bihar's ₹69,321 — a gap of more than eight times.

In the composite investment-readiness rankings, Gujarat emerged as the top-ranked State, followed by Karnataka, Maharashtra, Jharkhand and Uttar Pradesh.

Gujarat's positioning was driven by a combination of factors. The State recorded one of India's lowest unemployment rates at 2.7 per cent, supported by a diversified industrial base. Its fiscal deficit stood at just 1.86 per cent of GDP, among the lowest nationally.

FOREIGN INVESTMENT
On foreign investment, India

Widening wealth gap

State	GDP FY25 (₹ lakh cr)	% of National GDP	GDP FY24 (₹ lakh cr)	y-o-y growth %
Maharashtra	45.3	13.3	40.6	11.7
Tamil Nadu	31.2	9.2	26.9	16.0
Uttar Pradesh	29.8	8.7	26.4	12.7
Karnataka	28.8	8.5	25.6	12.8
Gujarat	27.9	8.2	25.6	8.9
West Bengal	18.2	5.3	16.5	9.9
Rajasthan	17	5.0	15.2	12.0
Telangana	16.4	4.8	14.6	12.2
Andhra Pradesh	15.9	4.7	14.2	12.0
Madhya Pradesh	15	4.4	13.5	11.0
Kerala	12.5	3.7	11.4	10.0
Delhi	12.2	3.6	11.1	9.2
Haryana	12.1	3.6	10.9	11.8
Bihar	9.9	2.9	8.8	13.1
Goa	1.2	0.4	1.1	13.9

Source: National Statistical Office, State GDP at current prices. FY = April-March

attracted ₹4.22 lakh crore in FDI equity inflows, a 14.7 per cent increase over FY24, though Maharashtra,

Karnataka, Gujarat, Delhi and Tamil Nadu captured 83.3 per cent of total inflows. The report flags a widen-

ing prosperity gap. Only 16 of 30 States exceeded the national average of ₹2.58 lakh.

On growth velocity, Assam led with a five-year nominal GDP CAGR of 17.3 per cent, followed by Uttar Pradesh and Meghalaya at around 15.3 per cent. Uttar Pradesh recorded a five-year nominal CAGR of 15.3 per cent, which the report describes as a structural inflection rather than a cyclical bounce, driven by the Nivesh Mitra single-window portal, land record digitisation and the State's emergence as a logistics and defence manufacturing corridor.

The report clusters States into four tiers — established anchors, high-potential performers, reform opportunities, and States requiring fiscal rehabilitation — with Punjab, Himachal Pradesh, Mizoram and Jammu & Kashmir flagged for elevated debt and fiscal stress.