

Fiscal ratios of 19 states better than FY23BE: India Ratings

THE AGGREGATE FINANCIALS of 19 large states showed significant improvement during the first half of the current financial year compared to year-ago period, India Ratings said on Tuesday.

Aided by the ongoing economic recovery/normalisation of economic activities, the rating agency expects the state government finances to do well even in H2FY23. "Meeting the FY23 revenue and fiscal deficit target of 0.54% and 3.37% of GSDP, respectively, of 19 states combined will not be difficult," India Ratings said. However, the same cannot be said about individual states, as some states such as Andhra, Bihar, Himachal, and Punjab have built up significantly high revenue and/or fiscal deficit in H1FY23, it said.

However, a glance at the deficit number showed that the market borrowings by states during H1FY23 is not commensurate with their fiscal deficit.

While the fiscal deficit of 19 states collectively stood at ₹2.34 trillion in H1FY23, the market borrowings were ₹2.61 trillion.