

Seminar on
State Finances in Maharashtra: Is the state heading for a Crisis?

Speaker

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Abstract

Maharashtra is the richest state in India in terms of percapita income. But as per the budget 2015-16, the state government is facing serious resource crunch. During the financial year 2014-15, the accumulated debt of the state has increased to Rs. 302578 crores. Apart from this, some of the macro economic developments like the undergoing crisis in the agricultural sector have adverse impact on the state exchequer. This has forced the government of Maharashtra to undertake various fiscal prudence measures including the imposition of 'drought tax' on the sale of petroleum products and additional duties on certain commodities. But a detailed look at the fiscal indicators gives a divergent view that most of these parameters are within the limit set by the state FRBM Act. Further, the XIVth Finance Commission has increased the allocation of resources to the state from the divisible pool. In this context, the present study attempts to analyze the major fiscal indicators of the state in order to understand whether the state is really heading for a fiscal crisis.