

Mapping India's Fiscal Divide: Who Governs Their Finances Well? An Analysis of NITI Aayog's Fiscal Health Index 2026 (FY 2023–24) across 18 Major States



India's states collectively account for nearly one-third of the country's general government debt — a proportion that makes state-level fiscal governance a matter of national macroeconomic consequence. Against the backdrop of global public debt crossing USD 102 trillion in 2024, NITI Aayog's Fiscal Health Index (FHI) 2026 (published March 2026) offers a rigorous assessment of fiscal performance for FY 2023–24. The FHI evaluates states across five pillars: Quality of Expenditure, Revenue Mobilisation, Fiscal Prudence, Debt Index and Debt Sustainability — placing states into four performance categories.

Quality of Expenditure	Revenue Mobilisation	Fiscal Prudence	Debt Index	Debt Sustainability
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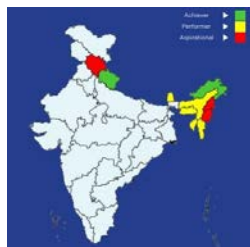
Performance Categories — Major States

Achiever	Odisha, Goa, Jharkhand
Front Runner	Gujarat, Maharashtra, Chhattisgarh, Telangana, UP, Karnataka
Performer	MP, Haryana, Bihar, Tamil Nadu, Rajasthan
Aspirational	Kerala, West Bengal, Andhra Pradesh & Punjab

Key Analytical Findings

- 1. Odisha's dominant lead:** Score of 73.1 — far ahead of Goa (54.7). Near-perfect Debt Index of 95.8 reflects exceptional fiscal discipline.
- 2. Punjab's fiscal crisis:** Score of just 12.4. Debt Index: 2.1. Quality of Expenditure: 8.1. Severe structural failure with unsustainable borrowing.
- 3. Aspirational bloc's stress:** Kerala, West Bengal, AP and Punjab breach FRBM norms, carry debt of 35–45% of GSDP, with 50–60% of revenue locked in committed expenditure.
- 4. Haryana's upward mobility:** Improved three ranks year-on-year through better revenue mobilisation and expenditure discipline — demonstrating that reform is achievable.
- 5. Global context:** 46 countries globally spend more on interest than on healthcare or education — a pattern mirrored in India's stressed states.

Major States FHI Heatmap NE & Himalayan States Heatmap



Source: GoI official positions; RIS WTDR 2026; IJSES Research Desk compilation.

FHI Scores -18 Major States (FY 2023–24)

Colour = category · Max score = 100

Odisha	73.1 #1
Goa	54.7 #2
Jharkhand	50.5 #3
Gujarat	49.9 #4
Maharashtra	45.0 #5
Chhattisgarh	44.3 #6
Telangana	44.3 #7
Uttar Pradesh	41.9 #8
Karnataka	41.7 #9
Madhya Pradesh	37.8 #10
Haryana	34.5 #11
Bihar	30.9 #12
Tamil Nadu	29.8 #13
Rajasthan	27.6 #14
Kerala	24.8 #15
West Bengal	23.8 #16
Andhra Pradesh	23.1 #17
Punjab	12.4 #18

Achiever	Front Runner	Performer	Aspirat.
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NE & Himalayan States (ranked Separately)

Ranked separately due to structural differences in revenue capacity, terrain & central transfer dependence

Arunachal Pradesh	59.5 #1
Uttarakhand	52.5 #2
Tripura	44.1 #3
Meghalaya	41.5 #4
Assam	39.1 #5
Mizoram	33.4 #6
Sikkim	32.5 #7
Nagaland	27.1 #8
Himachal Pradesh	22.0 #9
Manipur	17.6 #10

Policy Prescriptions: NITI Aayog recommends that states broaden the GST base, improve their own tax capacity, rationalise subsidies, curb committed expenditure and adopt medium-term fiscal frameworks. States with persistent stress must tighten control over off-budget borrowing and improve transparency in cash management.

— IJSES Research Desk