

Uttar Pradesh FM Suresh Khanna tables Rs 8.08 trillion state Budget

Total Budget outlay for FY26 is 9.8 per cent higher than last year's Rs 7.36 trillion



Uttar Pradesh (UP) Finance Minister Suresh Khanna on Thursday presented a Rs 8.08 trillion Budget for the financial year 2025-26 (FY26) in the state assembly, with a focus on infrastructure, education, and agriculture.

The total Budget outlay for FY26 is 9.8 per cent higher than last year's Rs 7.36 trillion. In his Budget speech, Khanna said "While India clocked a growth rate of 9.6 per cent in 2023-24, the economy of UP expanded by 11.6 per cent during the same period".

UP Chief Minister Yogi Adityanath praised the Budget, saying it was drafted under the theme of espousing the ancient Sanatan culture for composite socioeconomic growth. "I am confident the Budget will position UP as a growth engine of India," he said at the post-Budget media briefing, and recalled the time when the state was castigated as a laggard.

He said the state had allocated funds for ramping up infrastructure, including expressways, which reflected in a higher capital expenditure ratio. The annual Budget has proposed to allocate generously towards infrastructure projects with the capital expenditure pegged at 20.5 per cent. It allocates about Rs 1,500 crore for new expressway and UP Defence Industrial Corridor (UPDIC) projects.

The Budget allocates 22 per cent towards development projects, followed by 13 per cent to education, 11 per cent to agriculture and allied sectors, 6 per cent to medical and health, and 4 per cent to social security. A provision of Rs 5 crore has been made to develop an artificial intelligence (AI) city in Lucknow.

To achieve the ambitious target of making UP a \$1 trillion economy, separate blueprints have been prepared for 10 sectors – agriculture and allied sectors, infrastructure, industry, IT & electronics, health and family welfare, education, tourism, urban development, financial services, energy and capital investment.

UP's Gross State Domestic Product (GSDP) is estimated to touch Rs 27.51 trillion in FY25.

The fiscal deficit is estimated at Rs 91,400 crore, which is 2.97 per cent of the year's estimated GSDP, and below the mandated Fiscal Responsibility and Budget Management (FRBM) norm of less than 3 per cent, Adityanath said.

He said Niti Aayog ranked UP as one of the front runners in the health index. UP's composite health index, which stood at 37 per cent during 2014-19, jumped to 45.9 per cent in 2022-23.

The state reported improvement in the quality of expenditure with the capital expenditure increasing from 14.8 per cent to 19.3 per cent of total expenditure during 2018-23, which was the highest among the major states.

The public debt ratio, which stood at 36.7 per cent of the State Gross Domestic Product (GSDP) in 2016-17, came down to 30.4 per cent in 2022-23.

The Budget allocates Rs 5.83 trillion and Rs 2.25 trillion under revenue expenditure and capital expenditure, respectively. Under capital expenditure, a provision of Rs 1.65 trillion has been proposed for capital outlay, which suggests creation of assets and employment opportunities.

It has a provision of Rs 28,478 crore for new projects and estimates revenue savings of more than Rs 79,516 crore.

The Budget estimates total receipts of Rs 7.79 trillion, including revenue receipts of more than Rs 6.62 trillion and capital receipts of Rs 1.16 trillion.

The share of tax revenue in revenue receipts is Rs 5.5 trillion, including its own tax revenue of Rs 2.95 trillion and the state's share in central taxes of Rs 2.55 trillion.

Meanwhile, Chief Minister Adityanath announced that UP will launch affordable food canteens for farmers, apart from hostels for working women in seven districts. The Budget also allocates Rs 400 crore for providing free two-wheelers to students.

EYE ON \$1 TRN ECONOMY

(A snapshot of UP Budget 2025-26)

₹8.08 trn Budget size is **9.8%** jump over FY25

■ Fiscal deficit estimated at **2.97%** of gross state domestic product

■ Capex exceeds **20%** of Budget

■ Major infra push with **22%** allocation

■ Education gets over **₹1 trn**,

or **13%** of Budget

■ Agri and allied sectors get **11%**

■ Total receipts exceed **₹7.79 trn**

■ Provision of **₹28,478 cr** for new projects

■ Tax revenue estimated at **₹5.5 trn**

