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FISCAL SUSTAINABILITY, GROWTH DYNAMICS AND INCLUSIVE DEVELOPMENT: AN ANALYSIS OF MAHARASHTRA BUDGET 2026–27

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Abstract:
Maharashtra's economy is in good shape; however, to take the next leap, revenue quality will have to be improved, expenditure structure will have to be more disciplined and productive capital investment will have to be given more priority. Therefore, the real message of this budget is that Maharashtra has made its ambition for economic growth clear; now it needs to provide a sustainable and robust fiscal base for that growth.
Keywords: Women Empowerment, Viksit Maharashtra, Skill development, Fiscal Deficit.

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Introduction

The Maharashtra Budget 2026–27 represents not merely an annual financial statement but a comprehensive reflection of the state's developmental vision, fiscal priorities, and governance approach. Presented under emotionally significant circumstances following the demise of former Deputy Chief Minister and Finance Minister Ajit Pawar, the budget combines political messaging with economic strategy. While it pays tribute to past leadership, its real significance lies in its articulation of future growth pathways.

As one of India's largest state economies, contributing nearly 14 percent to the national GDP, Maharashtra's fiscal and development policies have implications beyond regional boundaries. The budget outlines four key pillars—growth, sustainability, inclusiveness, and good governance—while aligning with the long-term vision of "Viksit Maharashtra 2047." However, the critical question remains whether these ambitions are supported by a sustainable fiscal framework and effective implementation mechanisms.

Objectives of the Study

- To analyze the key features and priorities of Maharashtra Budget 2026–27.
- To evaluate the fiscal health and sustainability of the state.
- To examine sectoral allocations and their implications for agriculture, industry, and services.
- To assess the inclusiveness of the budget in terms of farmers, women, and youth.
- To understand the alignment of the budget with long-term development goals such as "Viksit Maharashtra 2047."

Need and Importance of the Study

Maharashtra plays a crucial role in India's economic structure, making it essential to critically evaluate its fiscal policies and development strategies. Despite strong economic growth, structural imbalances persist in terms of regional disparities, sectoral dependence on services, and rural-urban divides.

This study is important because:

- It provides insights into how subnational fiscal policy shapes economic development.
- It highlights the challenges of balancing growth with inclusiveness.
- It examines whether welfare measures translate into long-term productivity gains.
- It contributes to academic discourse on public finance, governance, and development planning.

Research Methodology

This study is based on qualitative and descriptive research methodology.

- **Data Sources**: Secondary data has been used, including the Maharashtra Budget 2026–27 document, Economic Survey, government reports, and policy statements.
- **Analytical Approach:** The study adopts a policy analysis framework focusing on fiscal indicators, sectoral priorities, and development outcomes.
- **Method:** Content analysis and interpretative analysis have been employed to evaluate budget announcements and their implications.

Data Analysis and Interpretation

Economic Overview

Maharashtra's economy is projected to grow at 7.9 percent, with strong contributions from the service sector (9%), followed by industry (5.7%) and agriculture (3.4%). This indicates a service-driven growth model, raising concerns about balanced development.

Sectoral Analysis

Agriculture

The budget emphasizes farmer welfare through loan waivers and electricity subsidies. However, long-term sustainability depends on productivity, irrigation, water management, and market linkages.

Industry and Infrastructure

Significant investments in infrastructure, metro projects, and industrial development highlight the state's focus on urban growth and global competitiveness. MoUs worth Rs 30 lakh crore signal strong investment intent, though implementation remains crucial.

Social Sector (Women and Youth)

Policies such as financial assistance schemes, skill development, and entrepreneurship promotion aim to enhance economic participation. The focus on women's empowerment and youth employment reflects inclusive policy intent.

Regional Disparities

There exists a clear imbalance between developed urban regions (Mumbai-Pune belt) and less developed regions like Vidarbha and Marathwada, indicating the need for regionally balanced growth strategies.

Fiscal Analysis

While fiscal deficit remains within limits, concerns persist regarding:

- High revenue expenditure
- Existing revenue deficit
- Rising interest burden

This suggests that fiscal consolidation and improved expenditure quality are necessary.

Results

- Maharashtra maintains strong economic growth driven primarily by the service sector.
- The budget demonstrates a balanced approach between welfare and development initiatives.
- Fiscal discipline is partially maintained, though structural concerns remain.
- Investment commitments are significant but require effective implementation.
- Inclusiveness is addressed, but regional and sectoral disparities persist.

Findings and Suggestions

Findings

- Growth is uneven across sectors and regions.
- Welfare schemes provide short-term relief but limited long-term productivity impact.
- Capital expenditure needs further prioritization.
- Governance reforms are essential for effective policy implementation.

Suggestions

- Improve revenue quality and reduce dependence on revenue expenditure.
- Increase focus on productive capital investment, especially in rural and industrial sectors.
- Strengthen agricultural value chains, irrigation, and market access.
- Promote balanced regional development through targeted investments.
- Enhance skill development and human capital formation.
- Implement digital governance and administrative reforms for better efficiency.

Conclusion

The Maharashtra Budget 2026–27 reflects a clear ambition to position the state as a leading economic powerhouse while pursuing inclusive and sustainable growth. It provides a comprehensive framework covering agriculture, industry, infrastructure, and social welfare.

However, the success of this budget will depend not on announcements but on execution. The key challenge lies in strengthening the fiscal foundation by improving revenue quality, controlling expenditure, and prioritizing capital investment. If implemented effectively, the budget has the potential to accelerate Maharashtra’s journey towards becoming a developed economy by 2047.

References

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