

State Budgets 2026-27



Capex Drivers: Roads & Housing Part 2

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Executive summary

- ❖ In Part II of our state finances study ([PART 1](#)), we have analyzed capex patterns of 15 states (covering 92.5% of GSDP) in detail to understand where the states would be spending money or curtailing spending. This is important to understand the flow of money to various sectors of the economy by the state government, if any.
- ❖ While we acknowledge that there would be cuts in both center and state capex, we also do understand that for states alone, INR9.0t would at least be spent (0% YoY) on capital projects. Through this study, we find out the sectors where this sum would be spent.
- ❖ The Center budgeted capex growth in defense, roads, and railways, but the states are budgeting capex growth in irrigation and sanitation (water capex), roads, and housing. We expect an undercut in water capex and overachievement in housing. The surprise here would come from road capex.

What are we hearing (channel checks):

- ❖ Our on-ground channel check suggests limited spending on Jal Jeevan Mission in the Eastern, Northern, and Southern belts. But Gujarat and Maharashtra, or the Western belt, are seeing good order inflows related to water capex.
- ❖ Government capex is usually backloaded. This year would be no different. Given the rising macro risks, the government might end up doing the heavy lifting in 2HFY27 to support the domestic economy through higher total expenditure (revenue + capex).
- ❖ Within capex, the tendering activity for roads has not weakened much, according to our channel checks. There might be a pickup in road capex in 2HFY27, despite the macro picture suggesting otherwise.



- ❖ **Overall Capital Spending Trend:** FY27 budgeted total capital spending is estimated at INR 10.5 tn, reflecting a 13.9% YoY increase, compared with INR 9.2 tn in FY26 (revised estimates), which had seen a stronger 25% growth.
- ❖ **Sectoral Growth Outlook:** At a sectoral level, irrigation and flood control spending is expected to grow at a moderate pace of around 6% YoY. In contrast, water supply and sanitation are likely to see a sharper expansion of about 17% YoY. Spending on core infrastructure such as roads and highways is projected to grow by 8%, albeit on a high base. Affordable housing is expected to register the strongest growth at nearly 80% YoY, though this comes off a relatively small base.
- ❖ **State-wise Spending Leaders:** Among states, Uttar Pradesh is likely to remain the largest spender with an outlay of INR 1.8 tn, followed by Gujarat and Maharashtra at INR 1.1 tn each (details in subsequent slides)
- ❖ **Policy Developments:** Jal Jeevan Mission is undergoing structural changes, with district councils being given greater ownership and direct engagement with the central government. As per the latest update in March 2026, the programme's total outlay has been increased to INR 8.7 tn, with central assistance raised to INR 3.6 tn from INR 2.1 tn in FY20—implying an incremental central contribution of INR 1.5 tn. Additionally, a Gram Panchayat will certify completion and declare “Har Ghar Jal” status only after ensuring that adequate in-village operation and maintenance systems are in place.
- ❖ **Outlook for Companies:** Looking ahead, companies expect growth opportunities not just from the Jal Jeevan Mission but also from allied segments such as sewage treatment plants, sanitation projects, flood control, and irrigation infrastructure.



We cover 15 major states in this analysis

1. Andhra Pradesh (AP)
2. Bihar (BH)
3. Gujarat (GJ)
4. Haryana (HR)
5. Jharkhand (JH)
6. Karnataka (KA)
7. Kerala (KL)
8. Madhya Pradesh (MP)

9. Maharashtra (MH)
10. Odisha (OD)
11. Rajasthan (RJ)
12. Tamil Nadu (TN)
13. Telangana (TS)
14. Uttar Pradesh (UP)
15. West Bengal (WB)
- All States* (ALL)

All data used is as of 29th Apr'26

*Based on 15 major states

Capex playbook: OD leads, UP scales, and GJ accelerates

- ❖ **Top 3 by % of GSDP (FY27BE):** Odisha, Uttar Pradesh, Madhya Pradesh
- ❖ **Top 3 by absolute capex (FY27BE):** Uttar Pradesh, Gujarat, Maharashtra
- ❖ **Odisha** leads in capex intensity, sustaining the **highest capex-to-GSDP ratio** (~6.5%).
- ❖ **Uttar Pradesh** remains a scale driver, with the **largest absolute capex** despite moderation in intensity.

- ❖ **Gujarat** shows a strong rebound, with **capex rising sharply both in level and as % of GSDP**.
- ❖ **Andhra Pradesh and Rajasthan** lead the **next wave of capex** acceleration.
- ❖ **West Bengal capex surge likely election-driven**, raising sustainability concerns.
- ❖ **Bihar capex remains volatile**, with election-led spikes normalizing.
- ❖ **Maharashtra sees capex moderation**, with weak momentum despite its large economic base.

	State-wise capital spending									
	(INR b)					(% of GSDP)				
	FY24	FY25	FY26BE	FY26RE	FY27BE	FY24	FY25	FY26RE	FY27BE	
Total (15 states)	6,958	7,391	9,625	9,242	10,522	2.7	2.5	2.9	2.9	
UP	1,186	1,223	1,742	1,693	1,864	4.6	4.1	5.5	4.7	
GJ	583	690	1,003	895	1,141	2.4	2.6	3.0	3.4	
MH	775	949	932	1,174	1,128	1.9	2.1	2.3	2.1	
MP	573	706	851	747	803	4.2	4.7	4.5	4.3	
KA	566	645	713	660	747	2.2	2.3	2.1	2.3	
TN	493	590	661	566	740	1.8	1.9	1.6	1.8	
OD	461	484	666	628	725	5.3	5.4	6.4	6.5	
TS	508	409	579	578	668	3.5	2.5	3.2	3.4	
RJ	270	310	541	410	556	1.8	1.8	2.2	2.6	
AP	241	212	468	395	539	1.7	1.3	2.2	2.7	
WB	298	223	401	269	419	1.8	1.2	1.3	2.0	
BH	386	410	421	586	408	4.5	4.1	5.1	3.1	
JH	249	226	260	260	293	5.4	4.4	4.6	4.7	
HR	200	156	208	212	282	1.8	1.3	1.6	1.9	
KL	169	157	181	171	209	1.5	1.3	1.2	1.3	

AP, RJ, HR, and TN emerge as key improvers in FY27

The average capex growth is 13.9% for FY27BE, while the average GSDP is 12.3%.

FY27BE	Capex (% YoY)	GSDP (% YoY)
West Bengal	56.3	7.9
Andhra Pradesh	36.5	12.1
Rajasthan	35.7	14.8
Haryana	33.0	11.0
Tamil Nadu	30.8	14.0
Gujarat	27.5	11.4
Kerala	22.5	14.1
Telangana	15.5	10.1
Odisha	15.4	12.0
Karnataka	13.2	6.9
Jharkhand	12.5	10.0
Uttar Pradesh	10.1	28.2
Madhya Pradesh	7.5	10.7
Maharashtra	-3.9	6.0
Bihar	-30.4	14.9
Average (%)	13.9	12.3

GJ, OD and TS lead in spending quality, with structurally higher capex-to-revex ratios. GJ remains best-in-class, pairing high capex growth with a spike in the quality of spending.

States	Quality of spending - Capex/Revex (%)				
	FY24	FY25	FY26RE	FY27BE	FY26RE vs FY27BE
Gujarat	30.8	34.6	39.1	46.4	
Odisha	31.0	30.0	30.8	33.6	
Telangana	30.1	23.1	28.4	28.5	
Uttar Pradesh	27.6	27.1	33.5	28.1	
Madhya Pradesh	25.9	28.4	26.7	26.0	
Jharkhand	32.4	26.2	22.5	24.2	
Karnataka	23.3	23.1	21.8	22.1	
Andhra Pradesh	11.3	9.3	16.6	21.0	
Tamil Nadu	15.9	18.0	14.9	18.8	
Haryana	17.6	12.4	14.6	17.7	
Maharashtra	17.5	18.5	18.4	17.2	
Rajasthan	11.2	11.5	12.9	15.9	
Bihar	20.3	18.7	17.1	14.4	
West Bengal	11.6	8.8	9.4	13.5	
Kerala	11.8	10.1	9.8	9.6	
Total	20.5	20.0	21.2	22.1	

Source: State Budget documents, RBI, CEIC, MOFSL

AP, RJ, HR, and TN emerge as key improvers in FY27—all budget strong capex growth (30–36% YoY range) while also showing a clear rise in capex-to-revex ratios, indicating a shift toward better spending quality. In contrast, MH and BH lag, with weak or negative capex growth combined with deterioration in spending quality.

Housing capex surges; roads growth steady, and water picks up yet again



- ❖ Housing, though the smallest sector in absolute terms, is surging sharply—share in overall capex budgeted to rise to 2.5% in FY27 from 1.6% in FY26RE.
- ❖ Transport/roads capex remains the anchor (22.4% of capex); growth is moderating but still healthy.
- ❖ Urban development* (city-level infra) capex surges (21% YoY in FY27BE), cementing cities as the next big investment frontier.
- ❖ Water-related capex (irrigation + water supply) remains sizeable, but is moderating and saw the sharpest cuts in FY26RE vs. FY26BE.
- ❖ Rural development capex shows strong double-digit growth, but is likely driven by higher allocations to VB-G RAM G scheme in most of the states.
- ❖ Energy capex weakens, indicating a pause after earlier expansion.

Sector-wise capital spending for 15 state budgets

	(INR b)					(% YoY)				(% Share)	
	FY24	FY25	FY26BE	FY26RE	FY27BE	FY25/FY24	FY26RE/FY25	FY27BE/FY26RE	FY26RE/FY26BE	FY26RE	FY27BE
Transport	1,562	1,737	1,929	1,994	2,153	11.2	14.8	8.0	3.4	23.9	22.4
Water capex	1,994	2,075	2,415	2,120	2,321	4.1	16.4	2.1	9.5		
<i>Irrigation & Flood Control</i>	<i>1,255</i>	<i>1,291</i>	<i>1,479</i>	<i>1,418</i>	<i>1,501</i>	<i>2.9</i>	<i>9.8</i>	<i>5.8</i>	<i>-4.1</i>	<i>17.0</i>	<i>15.6</i>
<i>Water Supply & Sanitation</i>	<i>739</i>	<i>784</i>	<i>936</i>	<i>702</i>	<i>820</i>	<i>6.1</i>	<i>-10.5</i>	<i>16.9</i>	<i>-25.0</i>	<i>8.4</i>	<i>8.5</i>
Rural Development	394	385	524	552	686	-2.3	43.4	24.3	5.4	6.6	7.1
Urban Development	402	384	576	549	663	-4.5	43.0	20.7	-4.6	6.6	6.9
Medical & Public Health	283	320	453	470	495	13.0	46.8	5.4	3.7	5.6	5.2
Education, Sports, Art & Culture	281	252	445	441	494	-10.4	74.9	12.0	-0.9	5.3	5.1
Energy	336	367	518	452	450	9.2	23.1	-0.5	-12.7	5.4	4.7
Welfare of SC/ST/OBC	110	118	284	252	332	7.4	113.1	31.4	-11.2	3.0	3.4
Agriculture & Allied Activities	241	227	266	247	311	-5.8	8.9	26.0	-7.0	3.0	3.2
Housing	90	62	147	135	243	-31.0	117.9	79.8	-8.1	1.6	2.5
Capital outlay	6,406	6,692	8,845	8,358	9,615	4.5	24.9	15.0	-5.5	90.4	91.4
Loans & advances	551	699	779	884	906	26.8	26.4	2.5	13.4	9.6	8.6
Total capital expenditure	6,958	7,391	9,625	9,242	10,522	6.2	25.0	13.9	-4.0		

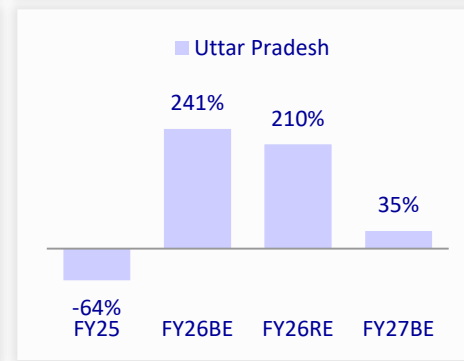
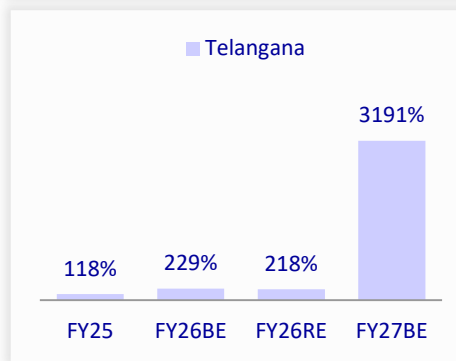
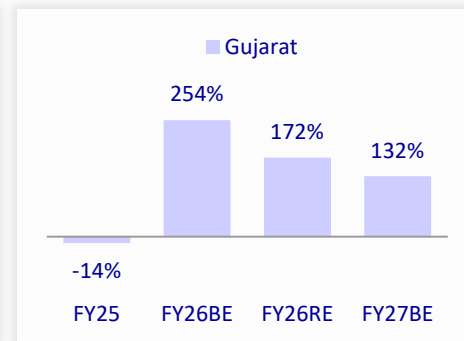
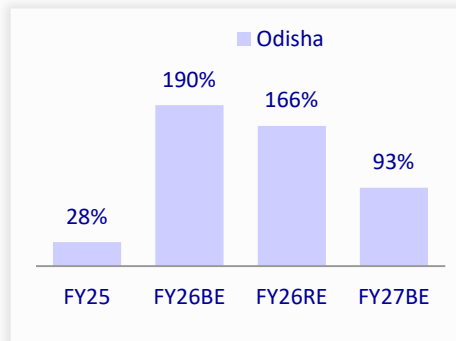
Note: *Urban capex includes investments in metro/urban transport, water & sewerage networks, affordable housing & slum redevelopment, smart city/digital infrastructure, solid waste management, and urban public amenities; Data is based on 15 major states ' Source: State Budget documents, RBI, CEIC, MOFSL

Strong jump in housing capex

Odisha and Telangana have seen a surge in housing capex in FY27BE

Housing capex (INR b)	FY25	FY26BE	FY26RE	FY27BE
Uttar Pradesh	21	71	64	87
Odisha	10	30	27	52
Telangana	0	1	1	45
Gujarat	5	16	12	29
Maharashtra	8	7	7	10
Total (15 states)	62	147	135	243

Housing capex (% YoY)	FY25	FY26BE	FY26RE	FY27BE
Uttar Pradesh	-64%	241%	210%	35%
Odisha	28%	190%	166%	93%
Telangana	118%	229%	218%	3191%
Gujarat	-14%	254%	172%	132%
Maharashtra	108%	-15%	-7%	31%
Total (15 states)	-31%	137%	118%	80%



Source: State Budget documents, RBI, CEIC, MOFSL

Sector winners

45% of Karnataka's capex is incurred on water alone

MH (35%) and UP (21%) score high in roads capex

GJ, RJ and AP are the leaders in urban development capex

Water supply & sanitation + Irrigation & flood control Capex for FY27BE (INR b)

Total (15 states)	2321
Uttar Pradesh	348
Karnataka	329
Odisha	219
Gujarat	218
Andhra Pradesh	202
Maharashtra	191
Madhya Pradesh	165
Rajasthan	151
Telangana	142
Tamil Nadu	102
Haryana	69
Bihar	68
Jharkhand	63
West Bengal	39
Kerala	15

Capex in transport for FY27BE (INR b)

Total (15 states)	2,153
Maharashtra	392
Uttar Pradesh	386
Gujarat	247
Tamil Nadu	239
Odisha	194
Rajasthan	120
Madhya Pradesh	110
West Bengal	98
Karnataka	86
Jharkhand	62
Telangana	57
Bihar	57
Kerala	39
Haryana	37
Andhra Pradesh	30

Capex in Urban development for FY27BE (INR b)

Total (15 states)	663
Gujarat	185
Rajasthan	91
Andhra Pradesh	78
Madhya Pradesh	74
Uttar Pradesh	61
Tamil Nadu	56
Karnataka	32
West Bengal	25
Maharashtra	23
Haryana	20
Jharkhand	8
Odisha	5
Telangana	3
Kerala	1

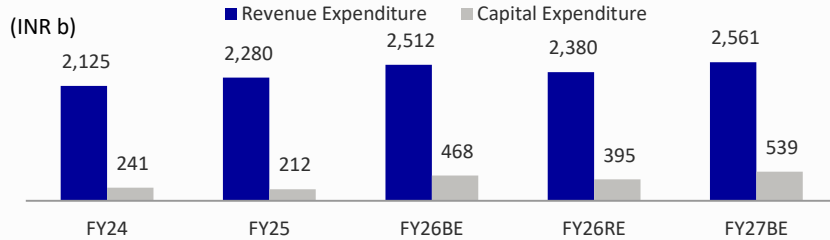
FY27 State Capex Highlights

Andhra Pradesh	Capex allocation for urban development (led by Amaravati Capital City) has surged 4.8x since FY24
Bihar	Election-led high base drives FY27 capex slowdown
Gujarat	Roads capex remains the backbone, maintaining high allocation with steady growth across years.
Haryana	Sharp surge in health capex (+117% YoY in FY27BE)
Jharkhand	Steady capex recovery led by transport and irrigation & flood control
Karnataka	44% of capex is spent on water alone
Kerala	Strong growth in roads & bridges
Madhya Pradesh	Rural development focused (VB-G-Ram-G)
Maharashtra	Transport-led capex remains the core anchor (35% of capex spent)
Odisha	Housing-led capex surge
Rajasthan	City-centric infra push
Tamil Nadu	32% of capex spent on transport
Telangana	Housing capex surges dramatically (~200x since FY24, 33x in a year)
Uttar Pradesh	Broad-based capex expansion led by roads & bridges
West Bengal	Pre-election spend drives massive capex growth

Source: State Budget documents, RBI, CEIC, MOFSL

Andhra Pradesh: 4.8x surge in urban capex in four years!

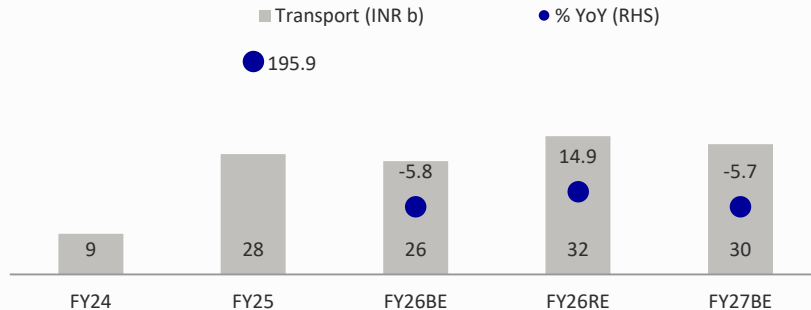
Total Expenditure Overview



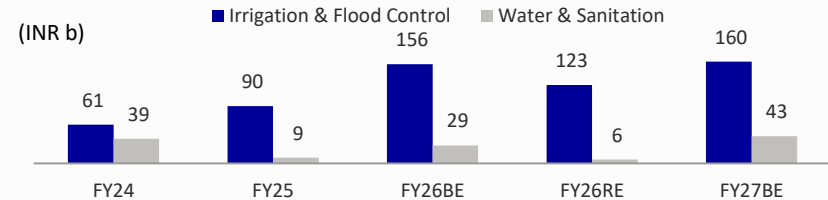
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	7.3%	10.2%	4.4%	7.6%
Capital Expenditure	-12.0%	120.9%	86.5%	36.5%

- ❖ Nominal GSDP growth : 12.1%
- ❖ Capex : INR539b (36.5% YoY)
- ❖ 17.4% of total spending is on capex (vs. 14.2% in FY26RE)
- ❖ Quality of capex has improved with the share of L&As only 9.7% (vs. 16% in FY26RE)
- ❖ Key sectors in Focus: (i) Urban development (ii) Irrigation and flood control (iii) Water and sanitation

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

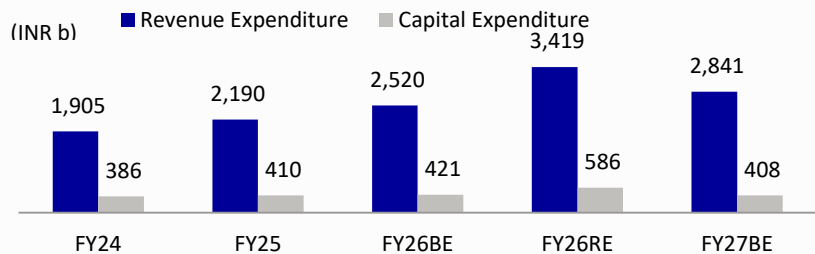


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	47%	73%	37%	30%
Water & Sanitation	-80%	790%	358%	142%

Source: Andhra Pradesh Budget Documents, RBI, MOFSL Research

Bihar: Post-election capex normalization

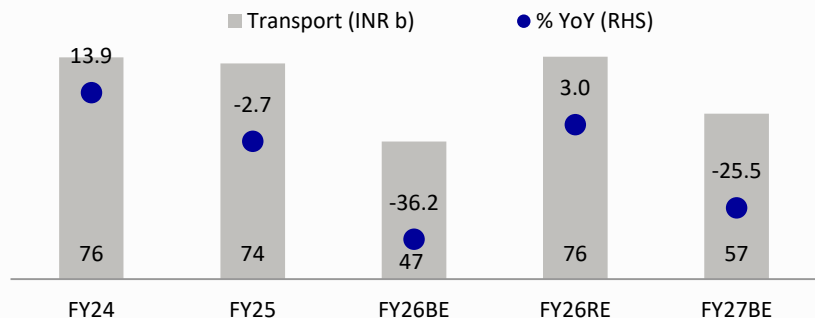
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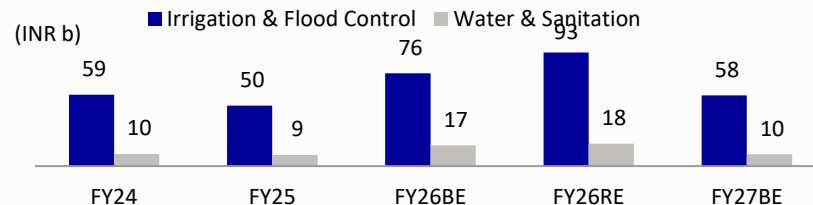
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	15.0%	15.1%	56.1%	-16.9%
Capital Expenditure	6.2%	2.7%	42.9%	-30.4%

- ❖ Nominal GSDP growth : 14.9%
- ❖ Capex : INR408b (-30.4% YoY)
- ❖ 12.6% of total spending is on capex (vs. 14.6% in FY26RE)
- ❖ FY26 capex was revised higher by 39% (vs. BEs)
- ❖ Quality of capex has improved with the share of L&As only 3.5% (vs. 4.9% in FY26RE)
- ❖ Key sectors in Focus: (i) Rural development
(ii) Transport

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

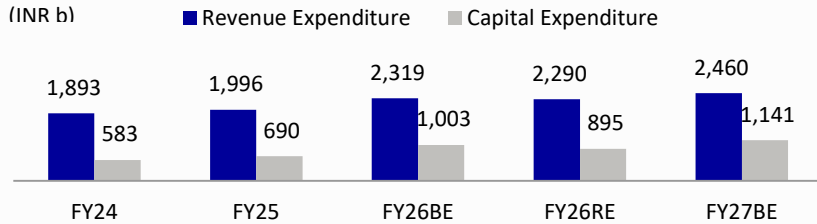


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	-15%	53%	87%	-38%
Water & Sanitation	2%	57%	74%	-42%

Source: Bihar Budget Documents, RBI, MOFSL Research

Gujarat: Roads capex remains the backbone

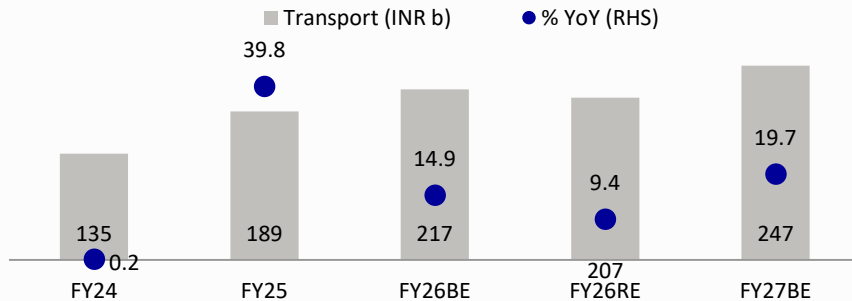
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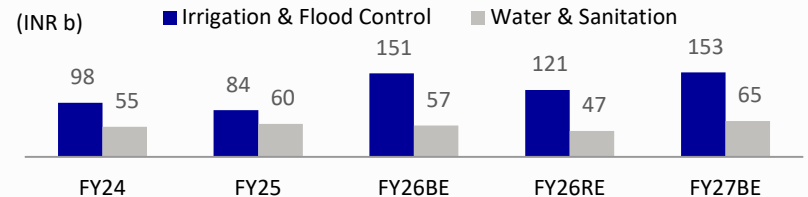
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	5.4%	16.2%	14.7%	7.4%
Capital Expenditure	18.2%	45.4%	29.8%	27.5%

- ❖ Nominal GSDP growth : 11.4%
- ❖ Capex : INR1141b (+27.5% YoY)
- ❖ 2x increase in capex in 2 years
- ❖ 31% of total spending is on capex (vs. 28% in FY26RE)
- ❖ 22% of GJ's capex is spent on transport
- ❖ Key sectors in Focus: (i) Housing (ii) Transport (iii) Irrigation & Flood control

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

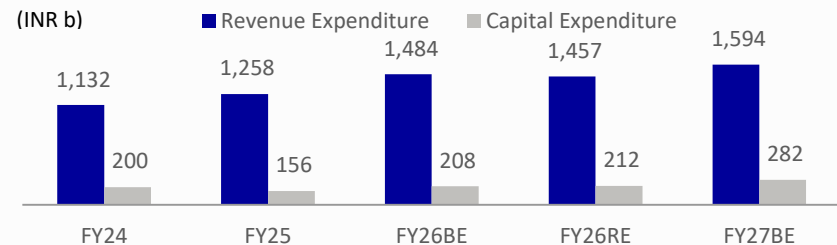


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	-14%	79%	43%	26%
Water & Sanitation	6%	41%	26%	32%

Source: Gujarat Budget Documents, RBI, MOFSL Research

Haryana: Spike in health capex

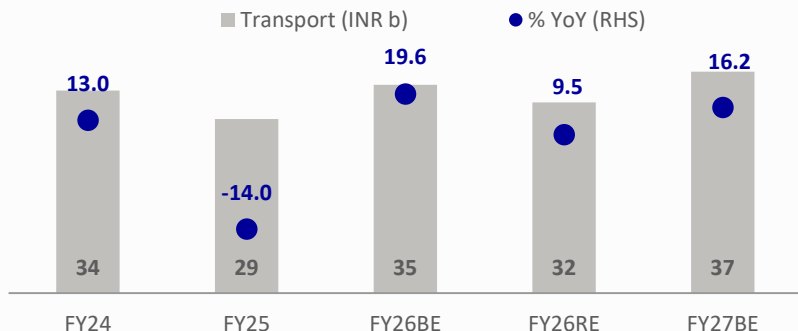
Total Expenditure Overview



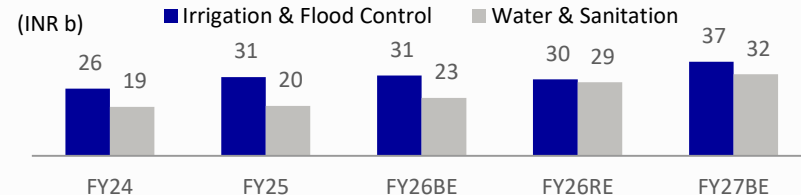
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	11.2%	17.9%	15.8%	9.4%
Capital Expenditure	-21.7%	33.1%	35.6%	33.0%

- ❖ Nominal GSDP growth : 11%
- ❖ Capex : INR282b (+33% YoY)
- ❖ 15% of total spending is on capex (vs. 12.7% in FY26RE)
- ❖ Share of health in overall capex rose to 11% (vs 6% in FY26RE)
- ❖ Urban development capex rose 76% YoY
- ❖ Key sectors in Focus: (i) Health (+117% YoY) (ii) Urban Development (iii) Education (+59% YoY)

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

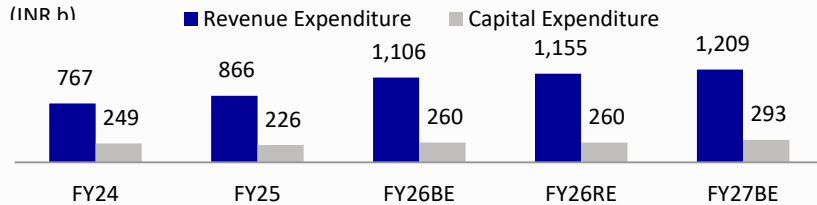


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	17%	2%	-3%	23%
Water & Sanitation	11%	16%	46%	30%

Source: Haryana Budget Documents, RBI, MOFSL Research

Jharkhand: Roads & irrigation drive capex recovery

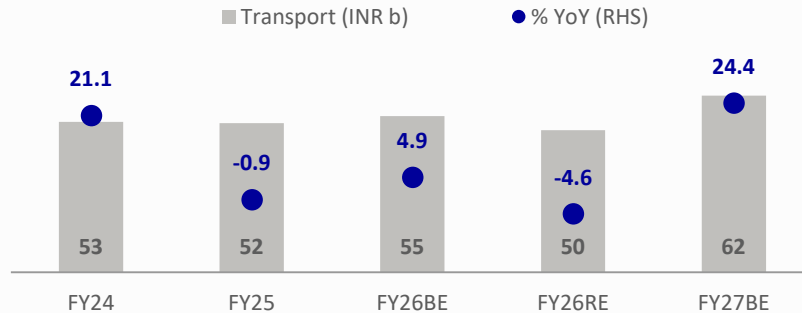
Total Expenditure Overview



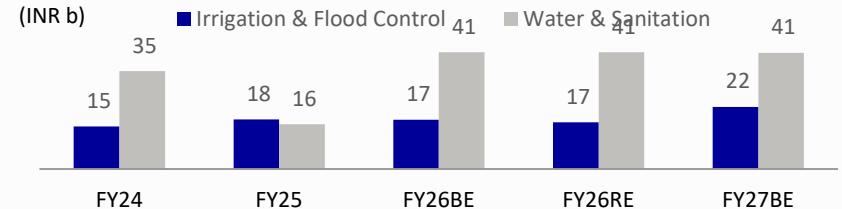
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	12.9%	27.8%	33.5%	4.6%
Capital Expenditure	-8.9%	14.9%	14.8%	12.5%

- ❖ Nominal GSDP growth : 10%
- ❖ Capex : INR293b (+12.5% YoY)
- ❖ 19% of total spending is on capex (vs. 18% in FY26RE)
- ❖ Massive growth in health (+54.5% YoY), though its share in overall capex is small
- ❖ 21% of overall capex is spent on transport (roads)
- ❖ Key sectors in Focus: (i) Transport (ii) Irrigation & Flood control (iii) Health

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

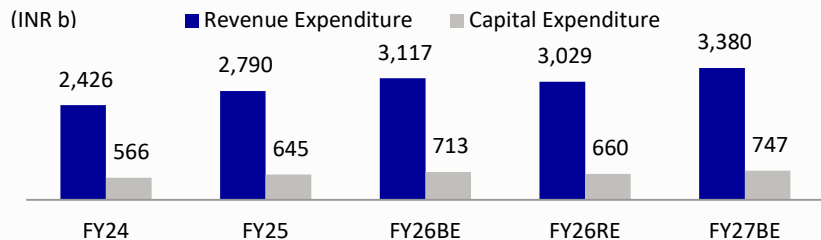


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	17%	-1%	-6%	33%
Water & Sanitation	-37%	95%	93%	0%

Source: Jharkhand Budget Documents, RBI, MOFSL Research

Karnataka: 44% of capex incurred on water alone

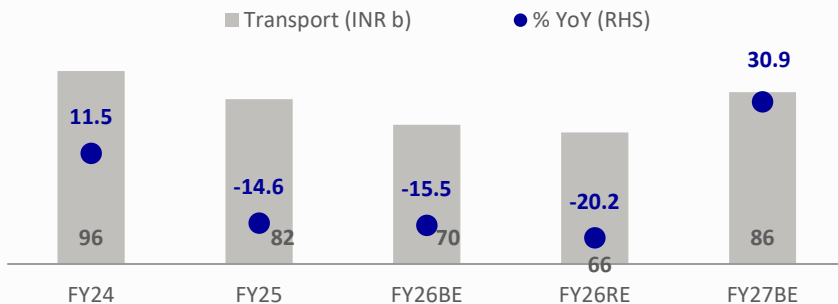
Total Expenditure Overview



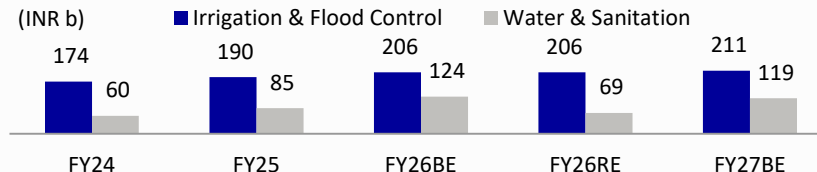
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	15.0%	11.7%	8.6%	11.6%
Capital Expenditure	14.0%	10.5%	2.2%	13.2%

- ❖ Nominal GSDP growth : 6.9%
- ❖ Capex : INR747b (+13.2% YoY)
- ❖ Quality of capex has improved with share of L&As at 3.7% (vs 4.8% in FY26RE)
- ❖ Capital outlay on police has increased sharply by 40%
- ❖ 16% of overall capex is spent on water supply (vs. 11% in FY26RE) + 28% on irrigation
- ❖ Key sectors in Focus: (i) Transport (ii) Water supply (iii) Police

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

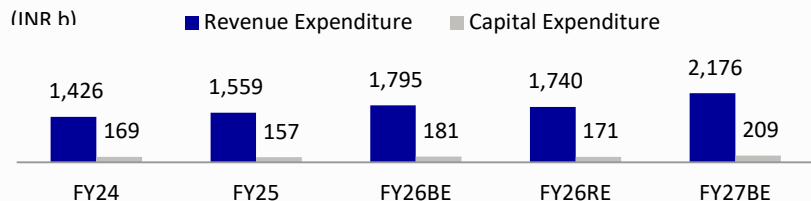


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	9%	9%	9%	2%
Water & Sanitation	51%	51%	8%	41%

Source: Karnataka Budget Documents, RBI, MOFSL Research

Kerala: Strong growth in roads & bridges

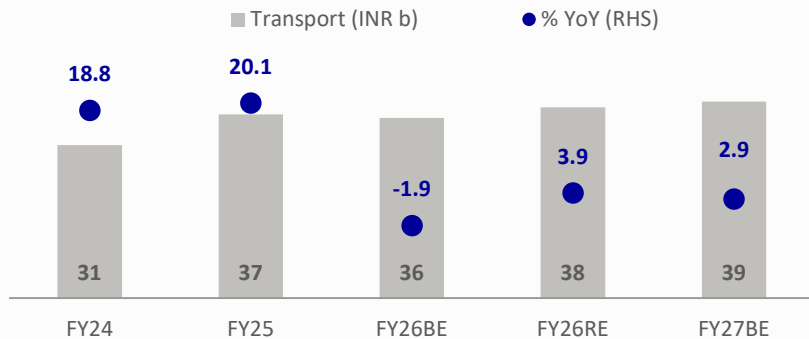
Total Expenditure Overview



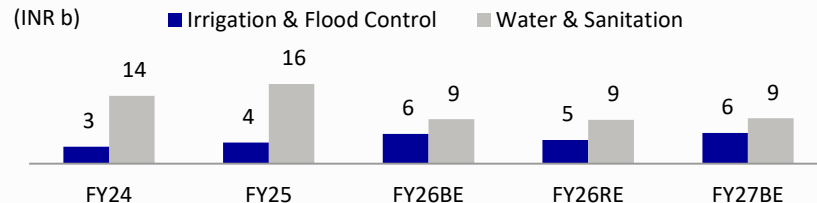
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	9.3%	15.1%	11.6%	25.1%
Capital Expenditure	-6.7%	14.7%	8.3%	22.5%

- ❖ Nominal GSDP growth : 14.1%
- ❖ Capex : INR209b (+22.5% YoY)
- ❖ 16.2% of overall capex is spent on roads & bridges (vs. 11.2% in FY26RE)
- ❖ Rural Capex rose sharply by 63.3% YoY (15% share in overall capex)
- ❖ Key sectors in Focus: (i) Roads & bridges (ii) Rural development (iii) Welfare

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

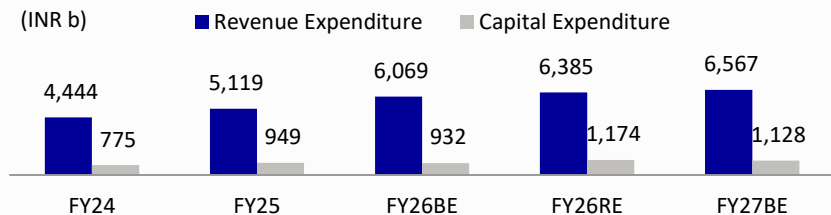


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	23%	42%	13%	29%
Water & Sanitation	10%	-35%	-39%	7%

Source: Kerala Budget Documents, RBI, MOFSL Research

Maharashtra: 35% of capex incurred on transport

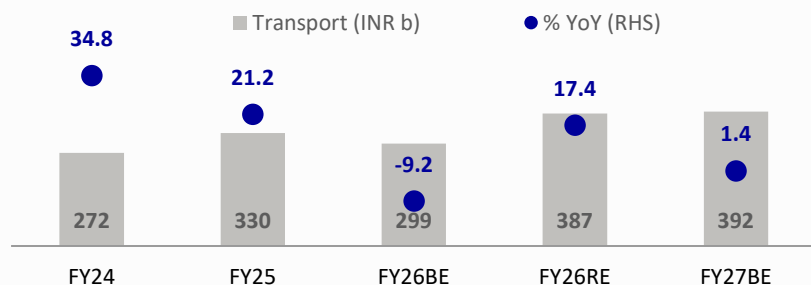
Total Expenditure Overview



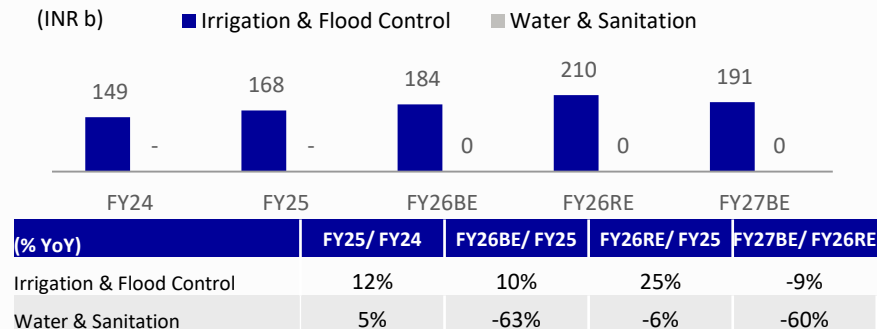
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	15.2%	18.5%	24.7%	2.8%
Capital Expenditure	22.4%	-1.8%	23.7%	-3.9%

- ❖ Nominal GSDP growth : 6%
- ❖ Capex : INR1128b (-3.9% YoY)
- ❖ 35% of total capex spent on transport
- ❖ Share of housing in overall capex up to 0.9% from 0.6%
- ❖ 17% of total capex spent on irrigation
- ❖ Rural capex rose sharply (+105% YoY, 4.7% share)
- ❖ Share of agri capex up to 7.5% (6.2% in FY26RE)
- ❖ **Key sectors in Focus: (i) Transport (ii) Housing (iii) Agriculture and rural development**

Transport Expenditure (includes road, bridges, ports etc)

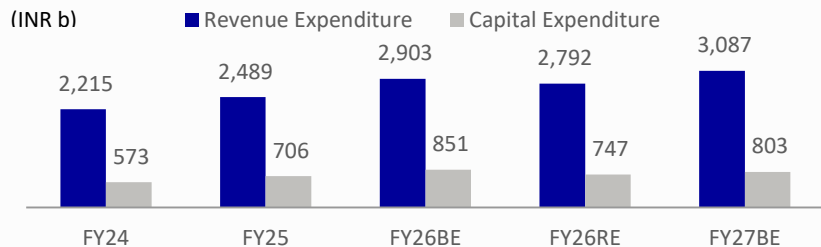


Total Expenditure (Irrigation + Water & Sanitation)



Madhya Pradesh: Focused on rural development

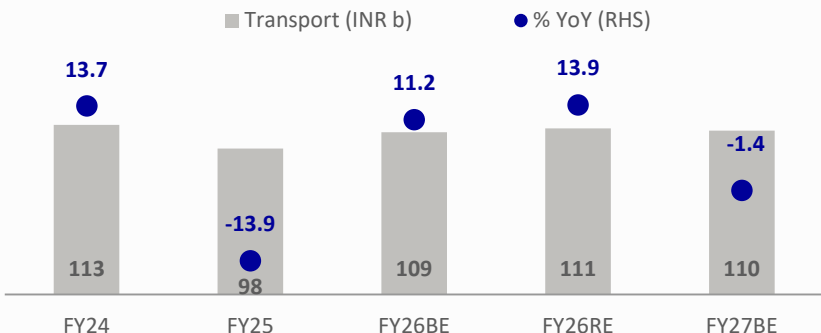
Total Expenditure Overview



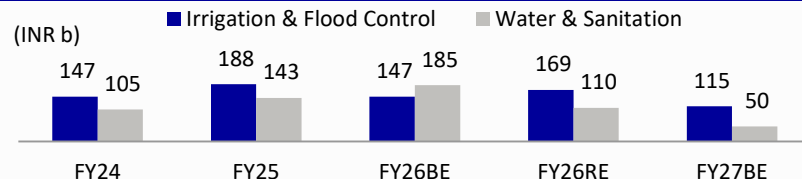
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	12.4%	16.6%	12.2%	10.5%
Capital Expenditure	23.1%	20.5%	5.8%	7.5%

- ❖ Nominal GSDP growth : 10.7%
- ❖ Capex : INR803b (+7.5% YoY)
- ❖ Massive increase in rural capex (share up to 15.3% vs. 4.9% in FY26RE)
- ❖ Capital outlay on energy has increased sharply by 61% YoY (share up to 6.3% vs. 4.2% in FY26RE)
- ❖ Key sectors in Focus: (i) Urban Development (ii) Rural development (VB-G-Ram-G) (iii) Energy

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

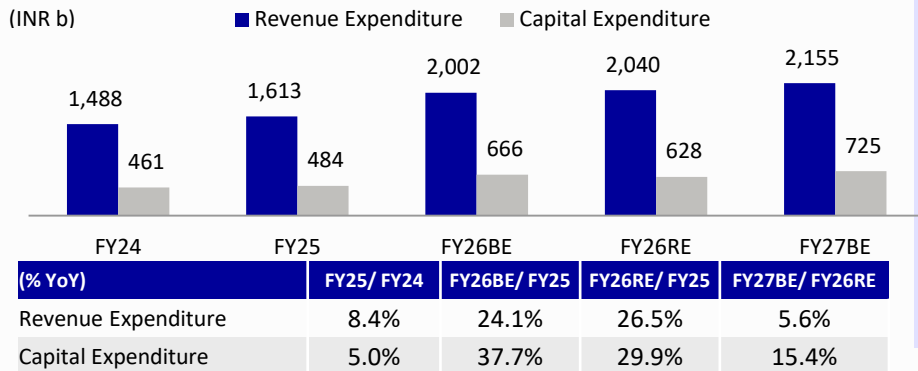


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	28%	-22%	-10%	-32%
Water & Sanitation	25%	41%	-2%	-26%

Source: Madhya Pradesh Budget Documents, RBI, MOFSL Research

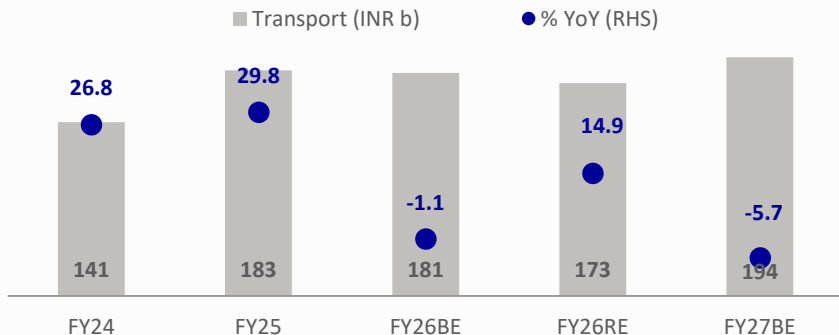
Odisha: Housing-led capex surge

Total Expenditure Overview

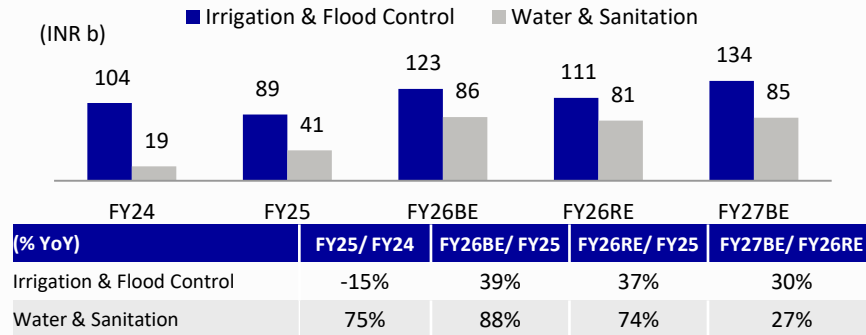


- ❖ Nominal GSDP growth : 12%
- ❖ Capex : INR725b (+15.4% YoY)
- ❖ Quality of capex has improved- only 1% of total capex is spent on L&As (vs 4% in FY26RE)
- ❖ 27% of overall capex spent on transport (roads)
- ❖ Capital outlay on energy has increased sharply by 840% YoY (share up to 4% vs. 3.2% in FY26RE)
- ❖ Key sectors in Focus: (i) Housing (+93% YoY) (ii) Water supply (iii) Irrigation & flood control

Transport Expenditure (includes road, bridges, ports etc)



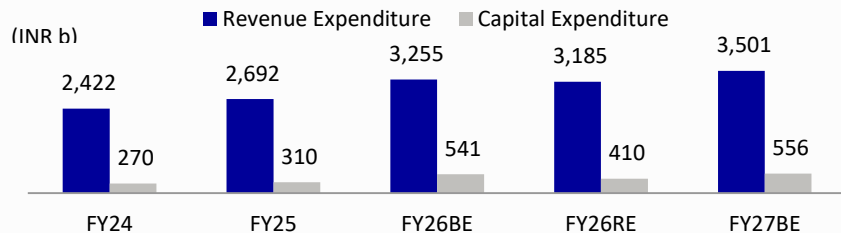
Total Expenditure (Irrigation + Water & Sanitation)



Source: Odisha Budget Documents, RBI, MOFSL Research

Rajasthan: City-centric infra push

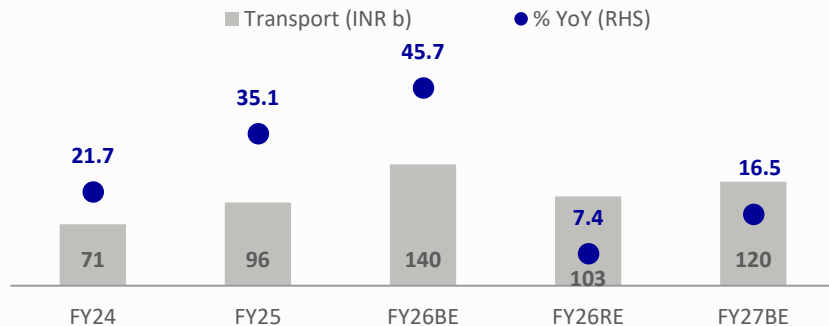
Total Expenditure Overview



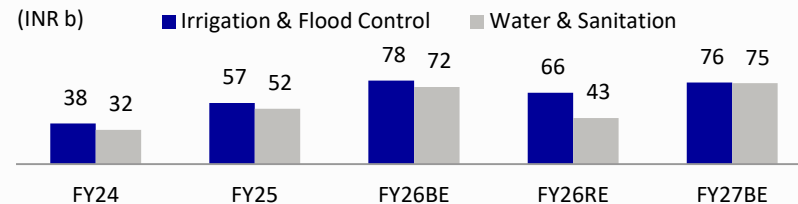
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	11.1%	20.9%	18.3%	9.9%
Capital Expenditure	14.6%	74.5%	32.1%	35.7%

- ❖ Nominal GSDP growth : 14.8%
- ❖ Capex : INR556b (+35.7% YoY)
- ❖ 22% of overall capex spent on transport (roads)
- ❖ Capital outlay on urban development has increased sharply (share up to 16% vs. 6% in FY26RE)
- ❖ Energy capex rose 47% YoY
- ❖ Key sectors in Focus: (i) Urban development (ii) Water supply (iii) Transport (roads)

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)



(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	50%	36%	16%	14%
Water & Sanitation	41%	82%	-9%	147%

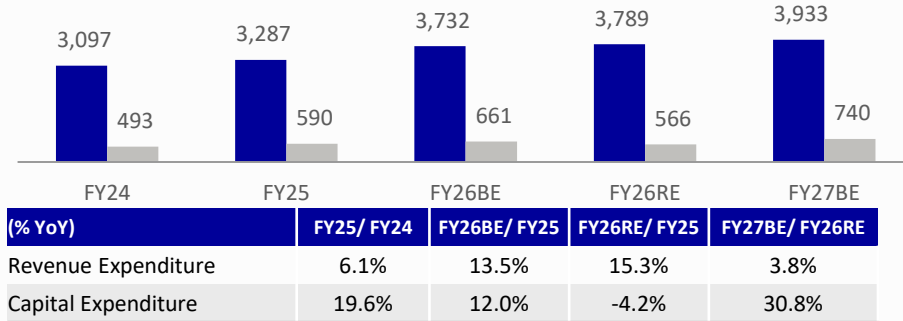
Source: Rajasthan Budget Documents, RBI, MOFSL Research

Tamil Nadu: 32% of capex incurred on transport

Total Expenditure Overview

(INR b)

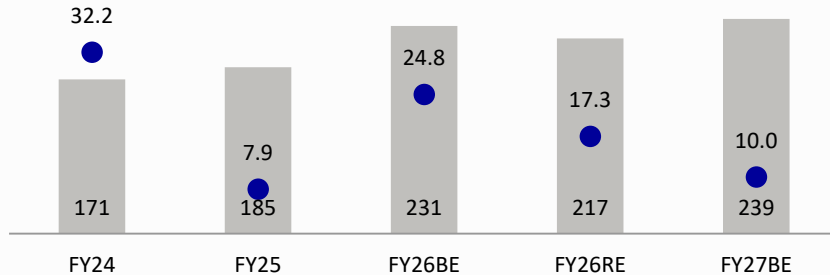
■ Revenue Expenditure ■ Capital Expenditure



- ❖ Nominal GSDP growth : 14%
- ❖ Capex : INR740b (+30.8% YoY)
- ❖ 32% of overall capex spent on transport (roads)
- ❖ Capital outlay on water supply rose 311% YoY (share up to 6.9% vs. 2.2% in FY26RE)
- ❖ Quality of capex worsened- share of L&As up to 19.5% from 9% in FY26RE
- ❖ Key sectors in Focus: (i) Irrigation & flood control (ii) Water supply (iii) Transport

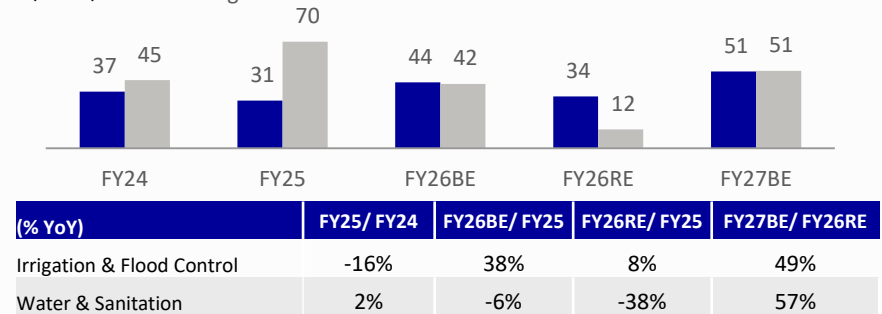
Transport Expenditure (includes road, bridges, ports etc)

■ Transport (INR b) ● % YoY (RHS)



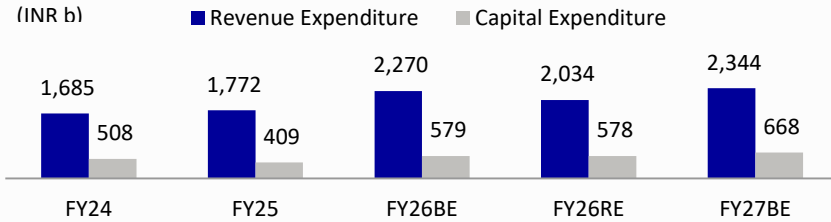
Total Expenditure (Irrigation + Water & Sanitation)

(INR b) ■ Irrigation & Flood Control ■ Water & Sanitation



Telangana: 33x jump in housing capex in a year

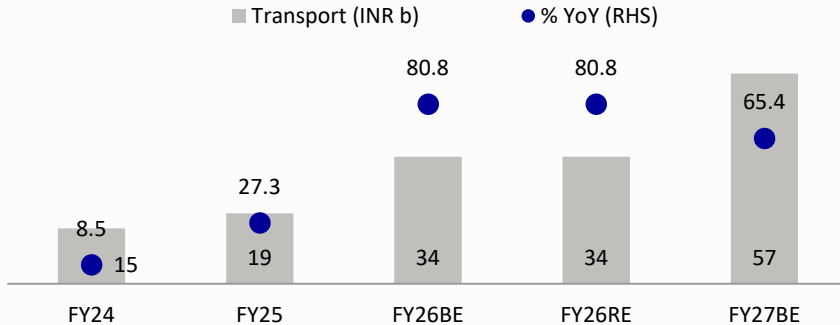
Total Expenditure Overview



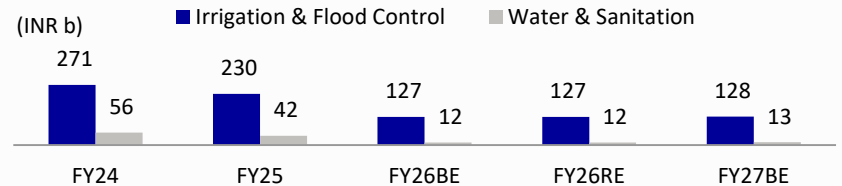
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	5.2%	28.1%	14.8%	15.3%
Capital Expenditure	-19.4%	41.4%	41.3%	15.5%

- ❖ Nominal GSDP growth : 10.1%
- ❖ Capex : INR668b (+15.5% YoY)
- ❖ 19% of overall capex spent on irrigation & flood control
- ❖ Capital outlay on transport rose 65.4% YoY (share up to 8.5% vs. 5.9% in FY26RE)
- ❖ 33x surge in housing capex vs FY26RE (INR 45.1b in FY27BE)
- ❖ Key sectors in Focus: (i) Irrigation & flood control (ii) Housing (iii) Transport

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

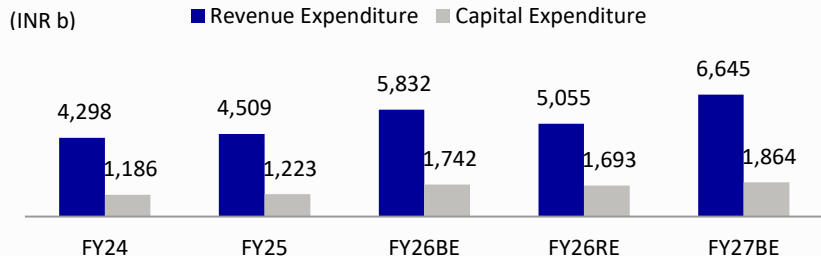


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	-15%	-45%	-45%	1%
Water & Sanitation	-28%	-71%	-71%	355%

Source: Telangana Budget Documents, RBI, MOFSL Research

Uttar Pradesh: Broad-based capex expansion led by roads & bridges

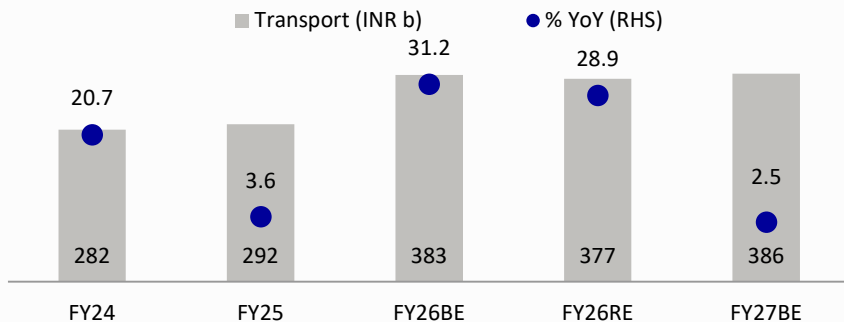
Total Expenditure Overview



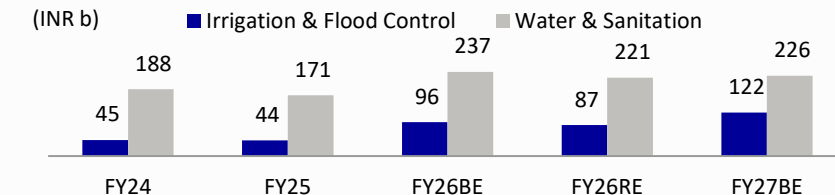
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	4.9%	29.3%	12.1%	31.4%
Capital Expenditure	3.2%	42.4%	38.4%	10.1%

- ❖ Nominal GSDP growth : 28.2%
- ❖ Capex : INR1864b (+10.1% YoY)
- ❖ 21% of overall capex spent on transport
- ❖ Capital outlay on housing rose 35.5% YoY (INR 87b; share up to 4.7% vs. 3.8% in FY26RE)
- ❖ 3x surge in irrigation capex in four years
- ❖ Key sectors in Focus: (i) Irrigation & flood control (ii) Housing (iii) Transport

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)

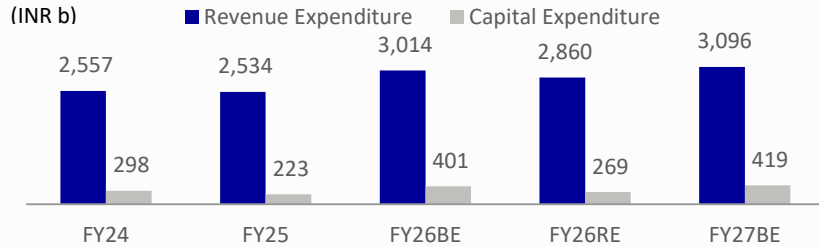


(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	-2%	115%	96%	40%
Water & Sanitation	-17%	53%	43%	9%

Source: Uttar Pradesh Budget Documents, RBI, MOFSL Research

West Bengal: Election-led capex spike

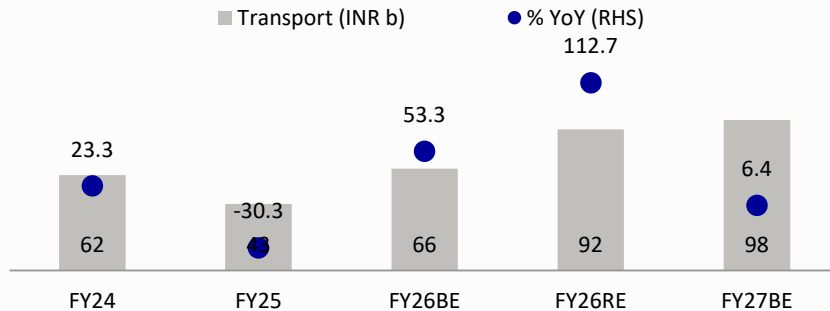
Total Expenditure Overview



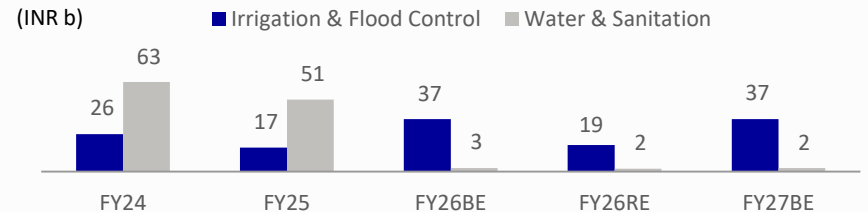
(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Revenue Expenditure	-0.9%	18.9%	12.9%	8.2%
Capital Expenditure	-25.0%	79.6%	20.3%	56.1%

- ❖ Nominal GSDP growth : 28.2%
- ❖ Capex : INR419b (+56.1% YoY)
- ❖ Highest capex growth in all 15 states, driven by elections
- ❖ Health capex rose sharply by 75% YoY
- ❖ 23% of total capex is spent on transport
- ❖ 2x surge in irrigation capex vs. FY26RE
- ❖ Capex on welfare of SC/ST rose 162% YoY
- ❖ Key sectors in Focus: (i) Irrigation & flood control (ii) Health (iii) Education

Transport Expenditure (includes road, bridges, ports etc)



Total Expenditure (Irrigation + Water & Sanitation)



(% YoY)	FY25/ FY24	FY26BE/ FY25	FY26RE/ FY25	FY27BE/ FY26RE
Irrigation & Flood Control	-36%	119%	11%	99%
Water & Sanitation	-17%	-51%	-61%	9%

Source: West Bengal Budget Documents, RBI, MOFSL Research

Appendix: Water Supply & Sanitation (% of total state's capex)

Water Supply & Sanitation (% of total state's capex)

States	FY24	FY25	FY26BE	FY26RE	FY27BE
Andhra Pradesh	16.2	4.4	6.1	1.6	7.9
Bihar	2.6	2.3	4.1	3.1	2.4
Gujarat	9.4	8.7	5.7	5.3	5.7
Haryana	9.6	12.5	10.9	13.6	11.3
Jharkhand	13.9	7.0	15.9	15.9	14.1
Karnataka	10.6	13.2	17.4	10.4	15.9
Kerala	8.0	10.0	4.9	5.1	4.3
Madhya Pradesh	18.4	20.3	21.8	14.8	6.2
Maharashtra	0.0	0.0	0.0	0.0	0.0
Odisha	4.1	8.4	12.9	12.9	11.7
Rajasthan	11.7	16.6	13.3	10.5	13.5
Tamil Nadu	9.1	11.9	6.4	2.2	6.9
Telangana	11.1	10.4	2.1	2.1	2.0
Uttar Pradesh	15.9	14.0	13.6	13.0	12.1
West Bengal	21.2	22.8	0.6	0.8	0.6
Total	10.6	10.6	9.7	7.6	7.8

Source: State Budget documents, RBI, CEIC, MOFSL

Appendix: Housing (% of total state's capex)

States	Housing (% of total state's capex)				
	FY24	FY25	FY26BE	FY26RE	FY27BE
Andhra Pradesh	0.0	0.0	0.0	0.2	0.6
Bihar	1.8	1.9	2.3	1.9	1.8
Gujarat	0.9	0.7	1.6	1.4	2.5
Haryana	0.4	0.5	1.1	0.7	0.8
Jharkhand	0.6	1.1	1.0	0.8	0.7
Karnataka	0.6	0.4	0.3	0.4	0.2
Kerala	0.1	0.1	0.3	0.2	0.3
Madhya Pradesh	0.0	0.0	0.1	0.1	0.1
Maharashtra	0.5	0.9	0.7	0.6	0.9
Odisha	1.7	2.1	4.4	4.3	7.2
Rajasthan	0.2	0.2	0.2	0.1	0.2
Tamil Nadu	0.0	0.3	0.4	0.4	0.2
Telangana	0.0	0.1	0.2	0.2	6.7
Uttar Pradesh	4.8	1.7	4.0	3.8	4.7
West Bengal	0.6	0.7			
Total	1.3	0.8	1.5	1.5	2.3

Source: State Budget documents, RBI, CEIC, MOFSL

Appendix: Urban Development (% of total state's capex)

Urban Development (% of total state's capex)					
States	FY24	FY25	FY26BE	FY26RE	FY27BE
Andhra Pradesh	6.8	0.9	15.1	11.1	14.5
Bihar	0.0	0.0	0.0	0.0	0.0
Gujarat	16.9	14.9	16.3	16.8	16.2
Haryana	3.0	5.3	4.0	5.4	7.2
Jharkhand	2.4	3.5	2.9	2.9	2.7
Karnataka	0.5	1.9	3.4	5.6	4.3
Kerala	0.9	0.4	0.8	0.7	0.6
Madhya Pradesh	5.5	4.0	6.4	7.6	9.2
Maharashtra	10.4	8.5	2.8	6.4	2.1
Odisha	2.1	2.8	0.9	0.7	0.7
Rajasthan	7.5	7.2	11.6	5.8	16.3
Tamil Nadu	13.0	6.8	9.0	9.6	7.6
Telangana	1.4	0.8	0.0	0.0	0.4
Uttar Pradesh	3.8	4.1	3.5	3.5	3.3
West Bengal	4.4	5.7	7.4	8.7	6.0
Total	5.8	5.2	6.0	5.9	6.3

Source: State Budget documents, RBI, CEIC, MOFSL

Appendix: Rural Development (% of total state's capex)

Rural Development (% of total state's capex)					
States	FY24	FY25	FY26BE	FY26RE	FY27BE
Andhra Pradesh	3.3	3.6	4.9	12.8	10.3
Bihar	18.4	17.0	22.3	20.2	22.9
Gujarat	2.5	2.2	1.5	2.0	2.9
Haryana	0.0	4.3	3.6	3.6	3.3
Jharkhand	14.1	23.9	18.3	21.0	17.7
Karnataka	0.4	0.4	0.2	0.2	0.1
Kerala	7.1	8.8	11.5	11.2	14.9
Madhya Pradesh	4.1	3.6	5.0	4.9	15.3
Maharashtra	3.5	1.9	4.3	2.2	4.7
Odisha	7.2	2.1	3.0	3.3	3.1
Rajasthan	3.1	3.2	1.9	4.2	4.4
Tamil Nadu	4.4	6.1	7.3	7.6	7.4
Telangana	4.9	5.7	6.7	6.7	4.7
Uttar Pradesh	5.3	5.8	5.4	5.6	5.2
West Bengal	16.7	9.6	5.3	2.4	1.7
Total	5.7	5.2	5.4	6.0	6.5

Source: State Budget documents, RBI, CEIC, MOFSL

Appendix: Irrigation & Flood Control (% of total state's capex)

Irrigation & Flood Control (% of total state's capex)

States	FY24	FY25	FY26BE	FY26RE	FY27BE
Andhra Pradesh	25.3	42.4	33.3	31.1	29.6
Bihar	15.2	12.2	18.2	16.0	14.3
Gujarat	16.8	12.2	15.0	13.5	13.4
Haryana	13.1	19.7	15.1	14.1	13.0
Jharkhand	6.1	7.8	6.7	6.4	7.5
Karnataka	30.8	29.4	28.9	31.2	28.2
Kerala	2.0	2.7	3.3	2.8	2.9
Madhya Pradesh	25.6	26.7	17.3	22.7	14.4
Maharashtra	19.2	17.7	19.8	17.9	16.9
Odisha	22.6	18.4	18.5	17.7	18.5
Rajasthan	14.0	18.4	14.4	16.2	13.7
Tamil Nadu	7.6	5.3	6.6	6.0	6.8
Telangana	53.3	56.2	21.9	21.9	19.2
Uttar Pradesh	3.8	3.6	5.5	5.1	6.6
West Bengal	8.9	7.6	9.2	6.9	8.9
Total	18.0	17.5	15.4	15.3	14.3

Source: State Budget documents, RBI, CEIC, MOFSL

Appendix: Transport (% of total state' capex)

States	Transport (% of total state' capex)				
	FY24	FY25	FY26BE	FY26RE	FY27BE
Andhra Pradesh	3.9	13.1	5.6	8.1	5.6
Bihar	19.7	18.0	11.2	13.0	13.9
Gujarat	23.2	27.4	21.6	23.1	21.7
Haryana	16.8	18.4	16.6	14.9	13.0
Jharkhand	21.2	23.0	21.0	19.1	21.1
Karnataka	17.0	12.8	9.8	10.0	11.5
Kerala	18.1	23.3	19.9	22.3	18.8
Madhya Pradesh	19.8	13.8	12.8	14.9	13.7
Maharashtra	35.1	34.7	32.1	33.0	34.8
Odisha	30.7	37.9	27.2	27.5	26.8
Rajasthan	26.3	31.0	25.9	25.2	21.7
Tamil Nadu	34.7	31.3	34.9	38.3	32.2
Telangana	2.9	4.6	5.9	5.9	8.5
Uttar Pradesh	23.8	23.9	22.0	22.3	20.7
West Bengal	20.8	19.3	16.5	34.1	23.3
Total	22.4	23.5	20.0	21.6	20.5

Source: State Budget documents, RBI, CEIC, MOFSL

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