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PUNJAB BUDGETARY POLICIES - ANALYSIS AND IMPLICATIONS

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ABSTRACT
This paper examines the key features of the Punjab budget 2025-26, highlighting the state's fiscal priorities, allocation of resources and policy initiatives. The paper focuses on social welfare, infrastructural development and economic growth. It assesses its potential impact on the state's economy, poverty reduction, and human development index. The paper also discusses the challenges and opportunities arising from the budget allocation and provides recommendations for future policy directions. The analysis is based on a review of budget documents, economic data and relevant literature. The findings of this study will contribute to a better understanding of the Punjab government's budgetary policies and their implications for the development of state's trajectory."
KEYWORDS: *Economic Growth, Infrastructural Development, Social Welfare, Strategic Governance, Urbanization.*

INTRODUCTION

Punjab's 2025-26 budget takes a social development-centric approach, prioritizing equity and access. However, sustained economic growth will depend on balancing welfare spending with productive capital investments and fiscal discipline**.** Strategic governance and responsive policy adjustments will be critical in converting budgetary promises into tangible progress**.** The Punjab Budget for 2025-26 reflects **a** steady increase in total expenditure over the past three years, with a clear prioritization of revenue expenditure aimed at enhancing public service delivery and social welfare. The Punjab Budget for 2025-26 was presented by Finance Minister Harpal Singh Cheema on March 26, 2025, with a total outlay of Rs. 2,04,918 Crore. This budget focuses on key areas such as health, education, agriculture, and infrastructure development. Gross State Domestic Product (GSDP) is projected to be Rs 8, 91,301 crore, with a growth of 10% over 2024-25.Expenditure is estimated to be Rs 1, 46,632 crore (excluding debt repayment), a 4% increase from the revised estimates of 2024-25.Receipts are estimated to be Rs 1, 12,431 crore (excluding borrowings), an 8% increase from the revised estimate of 2024-25. Revenue deficit in 2025-26 is estimated to be 2.7% of GSDP (Rs 23,957 crore), as compared to a revenue deficit of 3.5% of GSDP (Rs 28,685 crore) at the revised estimate stage in 2024-25. Fiscal deficit for 2025-26 is targeted at 3.8% of GSDP (Rs 34,201 crore). In 2024-25, as per the revised estimates, fiscal deficit is expected to be 4.5% of GSDP, higher than the budgeted 3.8% of GSDP. Total expenditure (excluding debt repayment) in 2025-26 is targeted at Rs 1, 46,632 crore. This is an increase of 4% from the revised estimate of 2024-25. This expenditure is proposed to be met through receipts (excluding borrowings) of Rs 1, 12,431 crore and net borrowings of Rs 31,701 crore. Total receipts for 2025-26 (other than borrowings) are expected to register an increase of 8% over the revised estimate of 2024-25.Rs 3,500 crore has been allocated for infrastructure development in rural areas. This scheme includes works such as cleaning up of village ponds, construction of village playgrounds, installation of streetlights, restoration of canals, and setting up of sewage treatment systems. Rs 150 crore has been allocated to carry out a drug census in Punjab in 2025-26. It will collect data related to prevalence of drugs in the state. In addition, Rs 110 crore has been allocated towards deployment of anti-drone systems and 5,000 home guards alongside the BSF to prevent cross-border smuggling of drugs and arms. Under the scheme "Khed-da Punjab, Badalda Punjab", playgrounds and indoor gyms will be built across the state and 13 existing Centers of Excellence for sports will be modernized. State health insurance scheme will be made universal to cover 65 lakh families in Punjab. Families covered under the 'Mukh Mantri Sarbat Sehat Bima Yojana' will receive a 'Sehat Card' through which they can avail cashless treatment of up to Rs 10 lakh at private and government hospitals in the state.

Few of the questions related the Budget analysis that can be asked in following ways:

- How does the budget address social welfare, infrastructure development, and economic growth?
- What are the potential implications of the budget on poverty reduction and human development in Punjab?

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Table1. Comparison of Expenditure Budget of 2023-24, 2024-25 and 2025-26 (in Rs. Crore)

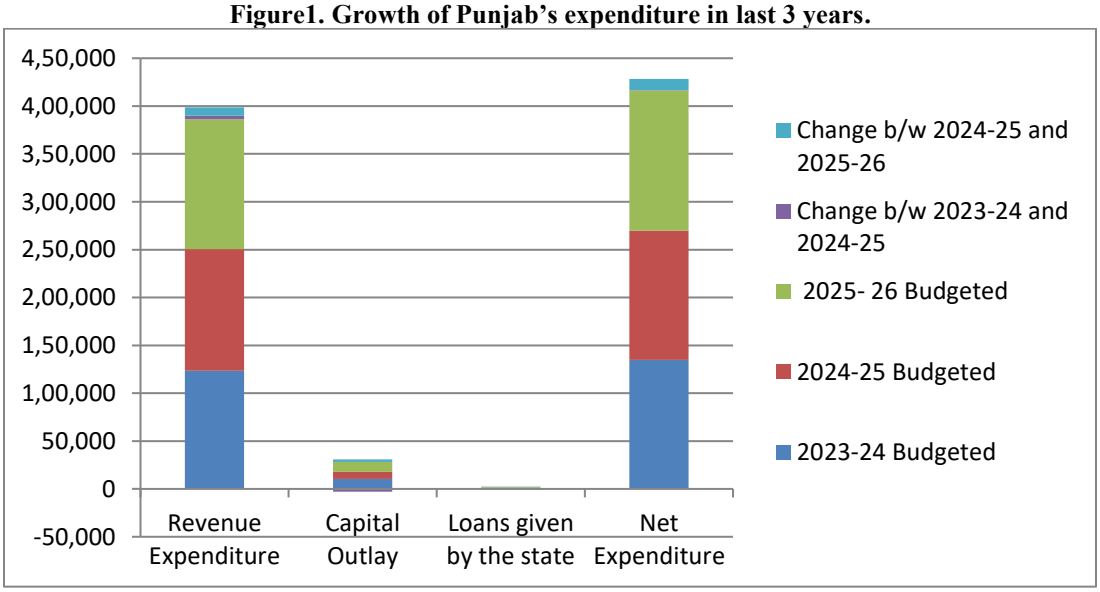
Items	2023-24 Budgeted	2024-25 Budgeted	2025-26 Budgeted	Change between 2023-24 and 2024-25	Change between 2024-25 and 2025-26
Revenue Expenditure	1,23,441	1,27,134	1,35,698	3693	8564
Capital Outlay	10,355	7445	10,302	-2910	2857
Loans given by the state	1,041	472	632	-569	160
Net Expenditure	1,34,836	1,35,051	1,46,632	215	11581

Sources: Annual Financial Statement, Punjab Budget Documents 2025-26; PRS.

As this table shows that rise in revenue expenditure from Rs 1, 23,441 Crore in 2023-24 to Rs 1, 35,698 Crore in 2025-26 indicates increased spending on social services, subsidies and salaries. This can directly alleviate poverty by providing financial assistance and improving access to essential services like healthcare and education. The decreased in capital outlay from Rs 10,355 crore in 2023-24 to Rs 7445 crore in 2024-25, followed by a rise to Rs 10,302 crore in 2025-26 suggests fluctuating investment in infrastructure projects like roads, irrigation and power can impede long term economic growth and poverty reduction.

The fluctuating loans given by the state, decreasing from Rs 1,041 crore to Rs 475 crore and then increasing to Rs 632 crore, indicate inconsistent support for entrepreneurs and small businesses. This inconsistency can affect income-generating opportunities for the poor and marginalized.

Figure1. Growth of Punjab's expenditure in last 3 years.



Sources: Self

This figure shows the changes in revenue expenditure, capital outlay, loans given by the state in last three years. By estimating, the revenue expenditure by 2023-24 is approximately 4000 cr. per year, 2024-25 is approximately 12000 cr. /year and the change between both of the years is approximately 3000 cr. /year. In the same way, it shows changes in capital outlay i.e. 2023-24 approximately 10000 cr. / year, 2024-25 approximately 15000 cr. / year and 2025-26 approximately 20000 cr. /year. The change between 2023-24 and 2024-25 is approximately 3000 cr. / year. For 2024-25 and 2025-26 it is approximately 4000 cr. / year. Estimated loans or 2023-24 are 1000 cr. / year approximately and in 2024-25 it is 1500 cr. / year approximately. This figure reveals a focus on increasing capital outlay while maintaining steady revenue expenditure and loan provisions. It reflects the state priorities in development and financial management.

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CONCLUSION

The budget's success hinges on efficient implementation, prudent fiscal management, and aligning short-term welfare priorities with long-term economic planning. As we observed Punjab's expenditure has shown a steady increase over the three years, with a focus on revenue expenditure and capital outlay. It presents a mixed picture of poverty reduction and human development. While increased revenue expenditure offers potential for improved social services, decreased capital outlay and fluctuating loans could hinder long term economic growth and income generation. The actual impact will depend on efficient implementation and external economic factors. The budget for 2025-26 prioritizes sectors like rural development, healthcare, and education, with increased allocations for infrastructure development and social welfare schemes. The budget paints a mixed picture in terms of poverty reduction and human development. The success of these initiatives hinges on efficient and transparent implementation, monitoring outcomes rather than just expenditures and adaptability to external economic shocks, such as inflation, central transfers, and global commodity prices.

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