

NITI Aayog launches second annual edition of “Fiscal Health Index”

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Shri Suman Bery, Vice-Chairman, NITI Aayog, and Smt. Nidhi Chhibber, Chief Executive Officer (CEO), NITI Aayog, released the second annual edition of the “Fiscal Health Index 2026” in New Delhi today. It was released in the distinguished presence of other senior officials.

The Fiscal Health Index provides a comprehensive and comparable assessment of the fiscal performance of Indian states. The Index has been designed as a data-driven framework to evaluate fiscal soundness, guide reforms, and promote evidence-based fiscal policymaking across states. At a time when global public finances are under mounting pressure the sustainability of sub-national finances has assumed increasing importance. In this context, robust fiscal management at all levels of government has become essential to maintaining macroeconomic stability and supporting long-term development.



In India, state governments play a critical role in the country’s fiscal architecture. States now account for nearly one-third of India’s general government debt, making their fiscal trajectory central to national fiscal sustainability. Given the scale of state expenditure responsibilities and their role in delivering key public services, systematic assessment of state finances is essential to ensure fiscal discipline, efficient resource allocation, and long-term macroeconomic stability. The Fiscal Health Index seeks to provide such an assessment by enabling benchmarking across states and identifying areas for improvement.

The second edition of the Fiscal Health Index expands the scope of the framework. While the first edition assessed the fiscal performance of 18 major states, this edition includes the 10 North-Eastern and Himalayan states, making the Index more inclusive and representative of India's fiscal diversity. To account for structural differences across regions, the Northeastern and Himalayan states have been evaluated and ranked separately from the major states.

The analysis reveals significant variation in fiscal outcomes across states. Among the 18 major States, most recorded moderated FHI scores in 2023-24 compared to the previous year, reflecting evolving fiscal pressures. The North-Eastern and Himalayan states also exhibit wide variation in fiscal performance.

The report highlights several policy priorities for strengthening fiscal health across states. These include enhancing revenue mobilisation and strengthening state own-tax capacity; rationalising committed expenditures to restore fiscal flexibility; improving the composition and quality of capital expenditure; and adopting medium-term fiscal planning frameworks to manage deficits and debt trajectories more effectively. The report also emphasises the need to strengthen public financial management systems, improve transparency through the use of verified fiscal data, and monitor off-budget borrowings more closely.

Addressing the occasion, Shri Suman Bery stated that strengthening fiscal governance at the state level will be critical for maintaining macroeconomic stability and sustaining India's growth trajectory. He noted that systematic benchmarking tools such as the Fiscal Health Index will also support states in identifying structural fiscal challenges and adopting targeted policy reforms.

Smt. Nidhi Chhibber also commended the team for developing a comprehensive and analytically robust framework for evaluating state finances. She highlighted that improving fiscal resilience across states will be central to sustaining long-term development, reducing regional disparities, and supporting India's development aspirations.

The Fiscal Health Index 2026 provides an important resource for policymakers, researchers, and stakeholders by offering a transparent and data-driven assessment of state finances. Through its analytical insights and benchmarking framework, the Index aims to support informed fiscal decision-making and strengthen the foundations of sustainable public finance across states.

The full publication can be accessed at: <https://niti.gov.in/sites/default/files/2026-03/Fiscal-Health-Index-2026.pdf>

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