

**भारतीय रिज़र्व बैंक**
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State Finances: A Study of Budgets of 2021-22

Today, the Reserve Bank of India (RBI) released the report titled "[State Finances: A Study of Budgets of 2021-22](#)", an annual publication that provides information, analysis and an assessment of the finances of State governments for 2021-22 against the backdrop of actual and revised (or provisional accounts) outcomes for 2019-20 and 2020-21, respectively. The theme of this year's Report is "Coping with the Pandemic: A Third-Tier Dimension".

Highlights:

- For 2021-22, States have budgeted their consolidated gross fiscal deficit (GFD) to gross domestic product (GDP) ratio at 3.7 per cent, a marked improvement from the level of 4.7 per cent in the revised estimates for 2020-21, the year of the first wave of the pandemic. This consolidation is sought to be achieved through higher revenue receipts in an environment of expanding vaccination coverage, waning of the second wave and removal of localised restrictions on mobility and activity.
- With the third-tier governments in India playing a frontline role in combating the pandemic by implementing containment strategies, healthcare, quarantining and testing facilities, organising vaccination camps and maintaining the supply of essential goods and services, their finances have come under severe strain, forcing them to cut down expenditures and mobilise funding from various sources.
- Going forward, increasing the functional autonomy of the civic bodies, strengthening their governance structure and empowering them financially *via* higher resource availability, including through own resource generation and transfers, are critical for their effective interventions at the grass-root level.

This publication has been prepared in the Division of State Finances of the Department of Economic and Policy Research. The current issue, along with past issues of the Report, is available on the Reserve Bank's website (www.rbi.org.in). Comments on this publication may be sent to The Director, Division of State Finances, Department of Economic and Policy Research, Reserve Bank of India, Shahid Bhagat Singh Road, Mumbai - 400001. Comments can also be forwarded *via* [e-mail](#).