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NITI Aayog releases Fiscal Health Index 2026 report

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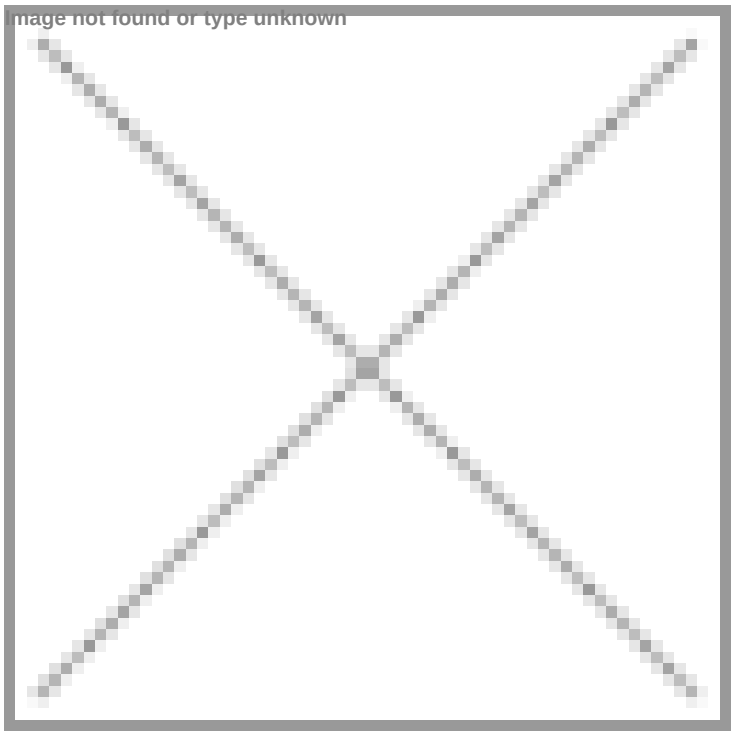
A huge difference in fiscal performance in the north-eastern and Himalayan states



NITI Aayog Vice Chairman Suman Bery and NITI Aayog Chief Executive Officer (CEO) Nidhi Chhibber released the second annual "Fiscal Health Index 2026" report in New Delhi. The report was released in the august presence of other senior officials.

The Fiscal Health Index provides a comprehensive and comparative assessment of the fiscal performance of Indian states. The index has been designed as a data-based framework that aims to assess fiscal prudence, guide reforms, and promote evidence-based fiscal policy-making across States.

While the fiscal performance of 18 major states was evaluated in the first edition, the 10 North Eastern and Himalayan States have also been included in this edition. This has made the index more inclusive and representative of India's fiscal diversification. Keeping in view the structural differences between different regions, the North-East and Himalayan States have been assessed and ranked separately from the major States.

Odisha continues to lead due to controlled deficits and stable revenues. Jharkhand and Gujarat record a slight gain in ranks despite small score declines, supported by stable debt and revenue flows.

Arunachal Pradesh leads with strong expenditure quality and prudent debt management, while Uttarakhand benefits from high own-revenue mobilisation.

The report lays emphasis on several policy priorities to strengthen the fiscal position in the states. These include increasing revenue raising capacity and strengthening the tax capacity of states; Rationalising fixed expenditure to restore fiscal resilience; Improving the structure and quality of capital expenditure; and adopting medium-term fiscal planning frameworks to manage deficit and debt trends more effectively.

The report also emphasises the need to strengthen public financial management systems, enhance transparency through the use of verified fiscal data, and monitor out-of-budget debt more closely.