



NITI Aayog's Fiscal Health Index

Why in News?

[NITI Aayog's Fiscal Health Index \(FHI\) 2025](#) report ranked Haryana 14th, placing it among the **bottom five of 18 major states**.

- The ranking considers **five parameters**: quality of expenditure, revenue mobilisation, fiscal prudence, debt index, and debt sustainability.

Key Points

- **Scope of FHI:**
 - The index covers **18 major states contributing significantly to India's Gross Domestic Product (GDP)**, demography, public expenditure, revenues, and fiscal stability.
 - It **evaluates fiscal performance** over the period from 2014-15 to 2022-23.
- **Haryana's Performance:**
 - **Debt Profile and Concerns:**
 - Haryana's **debt-to-GSDP ratio** rose from 26% in 2018-19 to 33% in 2020-21, stabilising at 31% in 2022-23.
 - **Interest payments** grew by 9.4% in 2022-23, with the interest **payment-to-revenue receipt ratio** at 23%.
 - **Haryana ranked 15th on the Debt Index parameter**, ahead of only Kerala, West Bengal, and Punjab.
- **Revenue and Fiscal Deficits:**
 - Haryana's **revenue deficit stood at 1.7% of GSDP in 2022-23**, failing to meet the **15th Finance Commission's** recommendations.
 - **Fiscal deficits** from 2017-18 to 2021-22 were primarily financed through **public debt**, including market borrowings and loans from the Central government.
- **Quality of Expenditure:**
 - **Haryana ranked 16th in quality of expenditure**, with a score of 24.8, ahead of only Punjab and Kerala.
 - **Capital expenditure growth** compared to GSDP has **declined** since 2018-19, constituting just 1.4% of GSDP in 2022-23, below budget estimates.
 - Capital expenditure as a share of total expenditure fell from 16.4% in 2018-19 to 9.7% in 2022-23.
- **Recommendations for Haryana:**
 - Increase **capital expenditure on social services**.
 - Enhance **tax collection efficiency**.
 - Establish a robust **fiscal management framework**, focusing on debt sustainability.
 - **Broaden the revenue base and rationalise expenditures** to improve short- and medium-term fiscal sustainability.

NITI Aayog

(National Institution for Transforming India)

HISTORY- PLANNING COMMISSION

Set up in **1950**
to direct investment
activity

Replaced by **NITI
Aayog** on January
1, 2015

Composition of #NITLaayog

Chairperson

Prime Minister

Governing Council

CMs (States) and Lt Governors (UTs)

Regional Councils

Formed on need-basis, comprising CMs
and Lt Govs of the region

Members

Full-time basis

Part-time Members

Max 2, rotational, from relevant institutions

Ex-officio Members

Max 4 from Council of Ministers,
nominated by PM

Special Inviters

Experts, specialists, practitioners with
domain knowledge

Chief Executive Officer

Appointed by PM for fixed tenure
(Secy rank)

Secretariat

As deemed necessary

OBJECTIVES

- ↳ Foster **cooperative federalism**
- ↳ Develop mechanisms to **formulate credible plans (village level)**
- ↳ Interests of **national security** in economic strategy and policy
- ↳ Special **attention to weaker sections**
- ↳ Provide advice and encouragement to partnerships between **key stakeholders, national-international Think Tanks, research institutions**
- ↳ Create **knowledge, innovation and entrepreneurial support system**
- ↳ **Platform for** inter-sectoral and inter-departmental **issues resolution**
- ↳ Maintain **state-of-the-art Resource Centre**

NITI Aayog vs Planning Commission

NITI Aayog	Planning Commission
Advisory Think Tank	Extra-constitutional body
Wider expertise	Limited expertise
Secretaries (CEO) appointed by PM	Secretaries appointed by usual process
Bottom-up approach	Top-Down approach
No Mandate to impose policies	Imposed policies on states
No power to allocate funds	Allocated funds to ministries/state govts

Major Initiatives

- ↳ SDG India Index
- ↳ Atal Innovation Mission
- ↳ e-AMRIT Portal (electric vehicles)
- ↳ Good Governance Index
- ↳ India Innovation Index
- ↳ Aspirational District Programme
- ↳ 'Methanol Economy' programme

Issues

- ↳ **No powers** in granting **discretionary funds** to states
- ↳ Only an **advisory body**
- ↳ **No role in influencing private or public investment**
- ↳ **Politicisation of the organisation**
- ↳ **Lacks the requisite power** to bring positive change



Drishti IAS