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Fiscal Health Index 2026: Odisha Tops, States Ranked on Financial Strength

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The Fiscal Health Index (FHI) 2026, released by the NITI Aayog, evaluates the financial performance of Indian states for FY 2023–24. The index ranks states based on their fiscal discipline, revenue generation, expenditure quality, and debt sustainability.

According to the latest index, Odisha retained the top position, followed by Goa and Jharkhand, showcasing strong fiscal management. Other states in the top 10 include Gujarat, Maharashtra, Chhattisgarh, Telangana, Uttar Pradesh, Karnataka, and Madhya Pradesh.

At the lower end, states like Punjab, West Bengal, Andhra Pradesh, and Kerala performed poorly, indicating concerns related to high debt and weak fiscal discipline.

What is Fiscal Health Index (FHI)?

The Fiscal Health Index is a composite index developed by NITI Aayog to assess the fiscal strength of states. It helps in benchmarking states and promoting better financial governance and cooperative federalism.

Parameters Used in the Index

The index evaluates states on key fiscal indicators such as:

Revenue Mobilisation

Quality of Expenditure

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Fiscal Prudence (Deficit Management)

Debt Index

Debt Sustainability

These indicators collectively measure how efficiently a state manages its finances.

Category-wise Classification

States are grouped into categories based on performance:

Achievers ? e.g., Odisha, Goa, Jharkhand

Front Runners

Performers

Aspirational States

This classification helps identify best practices and areas needing improvement.

Importance of Fiscal Health

State finances are crucial because:

States account for ~2/3rd of public expenditure in India

Fiscal discipline ensures economic stability and growth

Poor fiscal health leads to high debt, deficits, and reduced development spending