

Himachal Pradesh Budget 2025–26

Highlights:

On March 17, 2025, Himachal Pradesh Chief Minister Sukhvinder Singh Sukhu presented the state's budget for the fiscal year 2025-26, totalling ₹58,514 crore. This tax-free budget reflects a modest increase of ₹70 crore compared to the previous fiscal year's budget of ₹58,444 crore.

Fiscal Overview:

- **Revenue Receipts:** Estimated at ₹42,343 crore.
- **Revenue Expenditure:** Projected at ₹48,733 crore, resulting in a revenue deficit of ₹6,390 crore.
- **Fiscal Deficit:** Anticipated to be ₹10,338 crore, equating to 4.04% of the state's Gross Domestic Product (GSDP).

Key Initiatives and Allocations:

1. Agriculture and Dairy Farming:

- **Milk Price Increase:** The budget proposes an increase in milk prices to support dairy farmers. Cow milk prices will rise from ₹45 to ₹51 per litre, and buffalo milk from ₹55 to ₹61 per litre.
- **Natural Farming Expansion:** Aiming to bring an additional 1 lakh farmers under natural farming practices in FY26, building upon the 1.58 lakh farmers already engaged in such methods.
- **Minimum Support Price (MSP) for Turmeric:** Farmers cultivating raw turmeric naturally will receive an MSP of ₹90 per kilogram.

2. Tourism Development:

- **Eco-Tourism Initiatives:** Plans to develop tea estates into eco-tourism destinations and establish a Spice Park in Hamirpur to attract nature-focused tourists.
- **Religious Tourism Promotion:** Focus on exploring and promoting lesser-known religious and cultural sites to boost both domestic and international tourism.

3. Social Welfare:

- **Inter-Caste Marriage Incentive:** The monetary reward for inter-caste marriages has been increased from ₹50,000 to ₹2 lakh, aiming to promote social harmony.
- **Social Pensions:** An additional 37,000 beneficiaries are to be included under social pension schemes, enhancing social security coverage.

4. Employment and Infrastructure:

- **MGNREGA Wage Increase:** Daily wages for workers under the Mahatma Gandhi National Rural Employment Guarantee Act have been raised from ₹300 to ₹320, enhancing rural employment benefits.
- **Electric Mobility:** The state plans to procure 500 new electric buses in 2025-26, promoting sustainable public transportation.
- **Shimla Ropeway Project:** Provisions have been made to initiate the Shimla Ropeway project, aiming to improve urban mobility and tourism infrastructure.

5. Education Administration:

- **Separate Directorates:** The government intends to establish separate directorates for schools and colleges to enhance administrative efficiency in the education sector.

Financial Challenges:

The Chief Minister highlighted significant financial challenges, noting that approximately 70% of the state's loans were utilized for servicing debts incurred by previous administrations, including interest payments. Additionally, the cessation of the revenue deficit grant and GST compensation has further strained the state's finances.

In summary, the Himachal Pradesh Budget 2025-26 emphasizes strengthening the agrarian economy, promoting sustainable tourism, enhancing social welfare, and addressing fiscal challenges through strategic initiatives.

Category-wise Good & Bad Analysis of the Himachal Pradesh Budget 2025–26:

1. Agriculture & Dairy Farming

✔ Good:

- **Milk price hike** (₹45 → ₹51 for cow milk, ₹55 → ₹61 for buffalo milk) will directly benefit dairy farmers and encourage dairy production.
- **Expansion of natural farming** by adding 1 lakh more farmers promotes sustainability and reduces chemical input dependence.
- **MSP for naturally cultivated turmeric (₹90/kg)** provides price assurance for farmers and encourages organic cultivation.

✘ Bad:

- The increase in milk prices may lead to **higher retail milk prices**, impacting household budgets, especially for lower-income families.
 - Heavy promotion of natural farming without robust support (market linkage, training) might result in lower yields or confusion among traditional farmers.
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2. Tourism Development

✔ Good:

- **Eco-tourism focus** (tea gardens, spice park) is forward-looking and environment-friendly.
- Promotion of **lesser-known religious tourism** can reduce overcrowding at major sites and generate income in remote areas.
- Infrastructure investment (ropeway in Shimla) will improve accessibility and enhance the tourist experience.

✘ Bad:

- Tourism promotion without a strong waste management and environmental policy could **lead to pollution and ecological degradation**.
 - Lack of mention of dedicated **infrastructure development in tribal and remote areas** may leave parts of the state underdeveloped.
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3. Social Welfare

✔ Good:

- **Inter-caste marriage reward increased to ₹2 lakh** promotes social integration and progressive values.
- **37,000 new social pension beneficiaries** indicate a strong welfare push for the elderly and vulnerable.

✗ Bad:

- Over-reliance on cash transfers and welfare schemes without focusing on employment generation may **lead to budget strain** in the future.
 - No concrete action plan for **women's self-employment programs or skill-building**, which could have a more lasting impact.
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4. Employment & Infrastructure

✓ Good:

- **MGNREGA wage increase (₹300 → ₹320)** will benefit rural workers and potentially slow migration.
- **500 new electric buses** promote sustainable transport and could reduce pollution in hill areas.
- Ropeway project for Shimla is a long-needed measure to address traffic and congestion.

✗ Bad:

- Heavy spending on electric buses with **no mention of charging infrastructure readiness or maintenance** plans could lead to operational issues.
 - The budget does not seem to address **urban infrastructure issues beyond Shimla**, leaving out towns like Mandi, Dharamshala, and Hamirpur.
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5. Education

✓ Good:

- Establishing **separate directorates for schools and colleges** can improve focused governance and accountability.
- Education sector reforms signal seriousness about administrative efficiency.

✗ Bad:

- No clear mention of **teacher recruitment, training, or smart-class infrastructure**, which are urgent needs.
 - The proposal seems administrative rather than focusing on **quality outcomes and digital transformation** in education.
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6. Fiscal Management

✔ Good:

- The government has openly acknowledged **fiscal challenges** and debt servicing issues, showing transparency.
- Attempting to balance revenue and fiscal deficit despite difficult circumstances.

✘ Bad:

- **Revenue deficit of ₹6,390 crore and fiscal deficit of 4.04%** is still concerning and unsustainable in the long run.
- Heavy borrowing to service past loans reduces the scope for **productive capital investments**.

Overall Conclusion:

Category	Good Highlights	Concerns
Agriculture & Dairy	Increase in milk prices, MSP support, natural farming promotion	Possible price inflation, lack of structural support for organic farming
Tourism	Eco-tourism push, religious tourism promotion, ropeway infrastructure	Environmental strain risks, less focus on remote regions
Social Welfare	Increased pensions, progressive social incentives	Too much reliance on welfare; less focus on long-term livelihood
Employment & Infra	MGNREGA wage increase, electric mobility initiatives	Charging infrastructure gaps, urban congestion beyond Shimla unaddressed
Education	Administrative reforms for governance efficiency	Absence of digital education and teacher capacity building
Fiscal Management	Transparency on challenges	Rising deficits, risk of debt trap

Recommendations & Suggestions for Improvement category-wise for the Himachal Pradesh Budget 2025–26:

1. Agriculture & Dairy Farming

✔ Recommendations:

- **Support price hike with incentives for consumers:** Introduce a milk subsidy scheme for BPL families to offset price hikes.
 - **Expand natural farming with training & market linkage:** Set up district-level training centers and dedicated organic markets.
 - **Crop diversification programs:** Encourage fruit cultivation, floriculture, and medicinal plants in addition to turmeric and dairy.
 - Create **farmers' producer companies (FPCs)** to ensure collective bargaining power and better MSP implementation.
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2. Tourism Development

✔ Recommendations:

- **Eco-tourism codes & regulations:** Enforce strict environmental norms and waste management policies in tourist areas.
 - Invest in **homestay capacity building** and tie up with online booking platforms.
 - **Promote winter tourism and adventure sports** to make Himachal a year-round tourist destination.
 - Special focus on **tribal circuits (Kinnaur, Lahaul-Spiti)** with improved road connectivity.
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3. Social Welfare

✔ Recommendations:

- Create **self-help groups (SHGs)** and promote skill development for women and weaker sections alongside cash incentives.
- Start **community-based social pension disbursement monitoring** for better transparency and timely payments.
- **Link inter-caste marriage incentives to counseling and support** to prevent misuse and ensure genuine beneficiaries.

4. Employment & Infrastructure

✔ Recommendations:

- **Rural entrepreneurship promotion:** Support startups in agri-tech, handicrafts, and tourism.
- Integrate **skill development missions with MGNREGA** so workers also gain new trades.
- Start pilot projects for **charging infrastructure** along highways and bus depots for electric mobility support.
- Improve **urban planning for towns beyond Shimla** (e.g., Mandi, Dharamshala) with focus on parking, public transport, and waste management.

5. Education

✔ Recommendations:

- Invest in **smart classrooms, digital libraries, and e-learning platforms** in schools and colleges.
- Prioritize **teacher training workshops and recruitment** to reduce vacancies.
- Start **rural talent hunt programs** and scholarships for meritorious students from villages.
- Build **career guidance centers** at the district level to help students align education with employment opportunities.

6. Fiscal Management

✔ Recommendations:

- Prepare a **medium-term fiscal correction roadmap** with a focus on increasing tax revenue through tourism, green energy projects, and service sectors.
- Cut non-essential expenditures and increase **capital investment in roads, health infrastructure, and education**.
- Increase **PPP (Public-Private Partnership)** initiatives to reduce the burden on state finances.
- Focus on **revenue generation through natural resource management (hydro-power, eco-tourism taxes)** and digital service charges.

Bonus Suggestions:

Area	Additional Suggestion
Startup Ecosystem	Set up a Himachal Startup Fund to support youth in agriculture tech, tourism, and eco-friendly businesses.
Renewable Energy	Launch rooftop solar projects for rural households and incentivize farmers to generate clean power.
Healthcare	Strengthen telemedicine services in remote districts and incentivize private hospitals to set up branches.