



STATE OF THE STATES

Assessing State-Level Performance in India's Economic Transition

MARCH 2026



India's economy has entered a new phase of scale and expansion, with GDP now at around USD 4.18 trillion¹. As the fastest-growing major economy globally, India's continued expansion will increasingly depend on the strength, sustainability, and distribution of growth across its states. This makes it critical to assess the role of states as contributors to national output as well as distinct economic units shaping the country's investment landscape, credit environment, and long-term risk profile.

India's economic trajectory is driven by multiple regional growth engines that vary significantly in their industrial capacity, investment momentum, credit penetration, and income levels. As a result, national-level indicators often mask important differences in economic maturity, resilience, and future growth potential. Understanding these variations is essential for identifying which states are anchoring India's current economic strength, which are emerging as new centres of opportunity, and where structural gaps may continue to influence investment outcomes and credit risk.

In this context, Rubix Data Sciences has undertaken a decadal analysis covering FY2015 to FY2025 or FY2024, with 2011–12 as the base year as reported in the Handbook of Statistics on Indian States, 2024–25, Reserve Bank of India (RBI), to evaluate state-level performance across key macroeconomic and development indicators. These include:

- GDP contribution
- Per capita Net State Domestic Product (NSDP)
- Capital expenditure
- Fixed capital and capital formation
- Invested and productive capital
- Credit to industry and personal loans
- Social sector spending
- Exports
- Tourism

Together, these indicators provide a comprehensive framework to assess regional growth dynamics, investment intensity, and the distribution of productive capacity across India. They also help identify states and regions that have outperformed, those that are gaining economic momentum, and those where structural constraints may persist.

As India's growth base begins to broaden, states with rising capital formation, improving credit access, and expanding industrial capacity are likely to shape the next phase of economic expansion. At the same time, regional disparities in productive capital, income levels, and credit penetration will remain important determinants of economic resilience and risk.

For lenders and financial institutions, these trends have direct implications for credit demand, portfolio diversification, and regional risk assessment. For businesses and investors, they influence decisions related to capacity expansion, supply chain alignment, and market prioritisation. For policymakers, they provide insight into how effectively public investment and infrastructure spending are translating into durable economic capacity.

By evaluating India's economic landscape through a state-level lens, this report aims to provide a clearer view of the structural drivers underpinning India's growth, the emerging centres of economic activity, and the evolving geography of investment opportunity and credit risk.

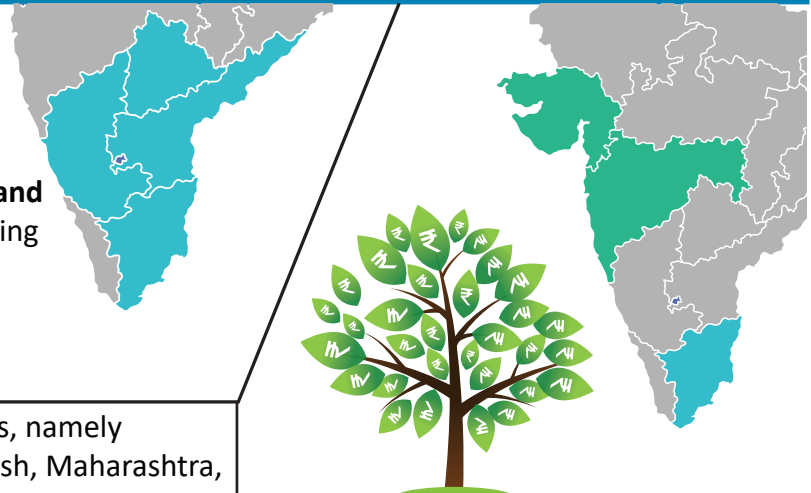
A detailed region-wise classification of states considered for the analysis and data on Gross State Domestic Product (GSDP) are provided in the [Annexure](#).

¹ *The Hindu*, December 2025

Executive Summary

High GDP contribution and strong per capita income levels in FY2025 position the southern states:

Tamil Nadu, Karnataka, Telangana, and Andhra Pradesh, as key engines driving India's economic growth.



Three states, namely Uttar Pradesh, Maharashtra, and Gujarat, accounted for nearly 30% of the country's capex in FY2025.



Gujarat, Maharashtra, and Tamil Nadu ranked among the top three states in fixed capital and Gross Fixed Capital Formation (GFCF) in FY2024.

The Western region remained India's industrial core in FY2024, accounting for the highest shares of productive capital (32%) and invested capital (33%) nationally.



Maharashtra led the way in terms of outstanding credit to industry and personal loans by scheduled commercial banks with 25% and 20% share respectively at the end of FY2025.



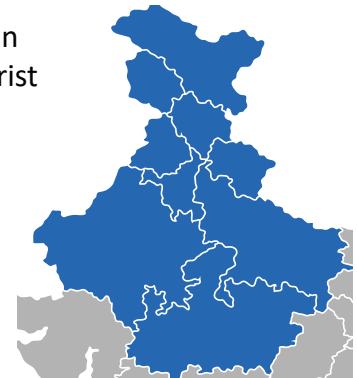
Northeast led India in social sector spending as a share of GDP in FY2015 and FY2025.



In FY2025, Gujarat, Maharashtra, and Tamil Nadu accounted for ~61% of India's goods exports, which highlights their export leadership.

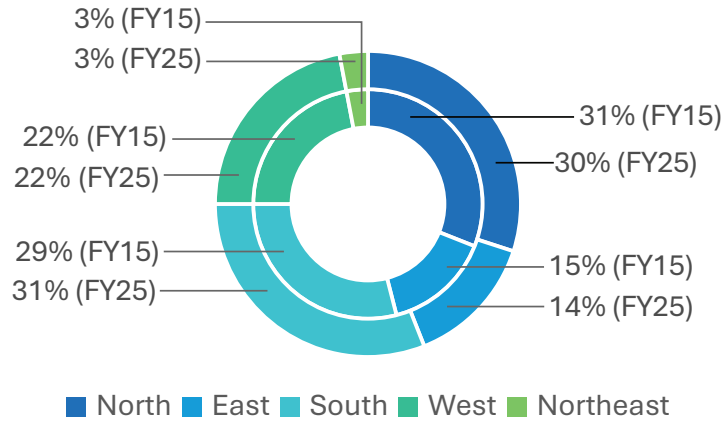


The Northern region led India in both domestic and foreign tourist arrivals in CY2024.



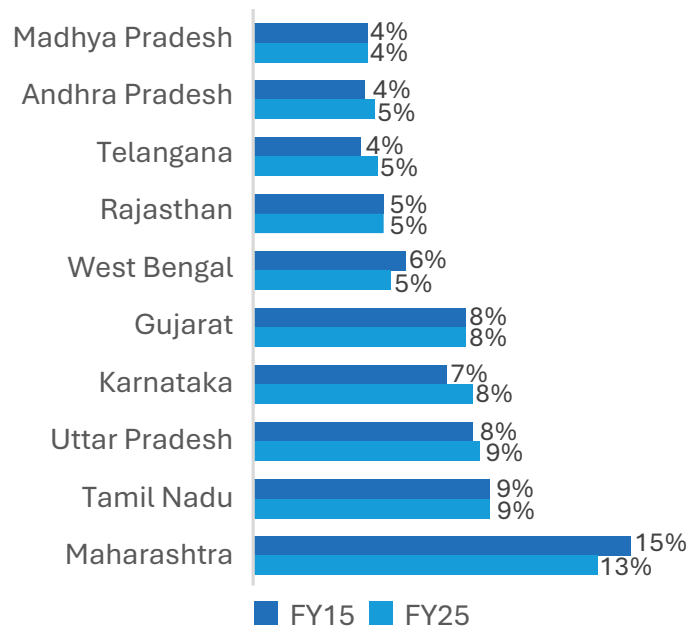
I. Economic Pillars of the Country: GDP Contribution

Region-wise Share in India's GDP at Current Prices, FY2015 and FY2025



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2025

Top 10 States by Highest GDP Contribution to India (Current Prices), FY2015 and FY2025



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI) and State of State Finances Report (PRS Legislative Research). Note: All figures are rounded off to the nearest decimal.

Southern States are the Key Engines Driving India’s Economic Growth

The southern region remained the largest contributor to India’s GDP, accounting for approximately 31% of national output in FY2025, marginally ahead of the northern region, which contributed about 30%. Four southern states, Tamil Nadu, Karnataka, Telangana, and Andhra Pradesh, ranked among the top ten contributors to India’s GDP. Collectively, their share increased from 25% in FY2015 to 27% in FY2025, reflecting a steady strengthening of the southern growth engine. They also outperformed in terms of GDP growth, ranking among the top 10 states with the highest average decadal growth rate with sustained momentum in real average Gross State Domestic Product (GSDP, constant price) expansion between FY2015 and FY2025. The average decadal growth between FY2015 and FY2025 for these southern states was as follows:

- Karnataka (7.8%),
- Telangana (7.1%),
- Andhra Pradesh (6.9%) and
- Tamil Nadu (6.8%).

This broad-based growth reflects the region’s strong performance across manufacturing, services, and

technology-led sectors. Some of the major initiatives that have helped the southern states achieve this are:

- The Karnataka Industrial Policy (2020–25) with emphasis on high-tech manufacturing, aerospace, defence, biotech, and electronics;
- Telangana’s ICT Policy (2016 and 2021) to boost IT/ITeS exports and datacentre investments;
- Andhra Pradesh Industrial Development Policy (2020–23), focusing on electronics, food processing, textiles, renewable energy, and
- The Tamil Nadu Industrial Policy 2021 which focuses on enhancing ease of doing business and developing industrial infrastructure.

When analysing the largest economies, Gujarat is among the fastest-growing, recording an average real growth rate of 7.9% between FY2015 and FY2024 (with FY2015 as the base year). Among smaller state economies, those registering decadal average real growth above 7% included Mizoram, Odisha, Sikkim, and Assam.

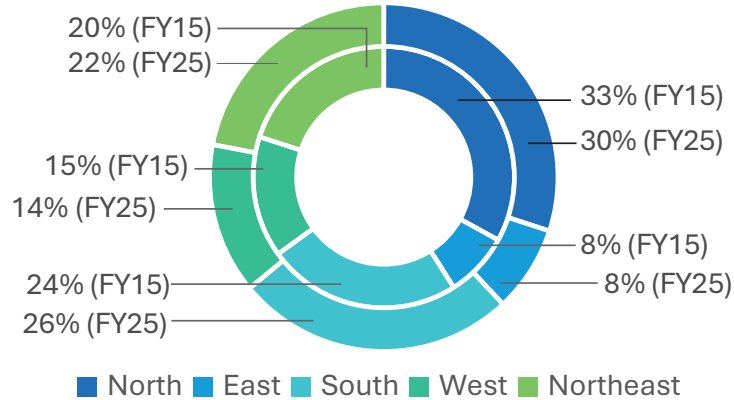
Maharashtra continued to be the single-largest contributor to India’s GDP; however, its share moderated from 15% in FY2015 to 13% in FY2025. Over the same period, it recorded an average real growth rate of 5.6%.

Strategic Snapshot

Current Growth Leaders	Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Maharashtra, Gujarat
Emerging Growth Centres	Odisha, Assam
Core Structural Insight	India’s GDP growth remains anchored in southern states, while western and eastern states are gradually expanding their economic footprint.
Investor / Corporate Implication	Leading states offer scale and ecosystem advantages, while emerging states present new expansion opportunities.
Policy Implication	Sustaining competitiveness in leading states while enabling growth in emerging regions will be important for balanced development.
Lender / Financial Institution Implication	Credit demand will remain concentrated in leading states but is expected to expand into emerging industrial regions.
Structural Gaps / Areas for Improvement	GDP contribution remains concentrated in a few states, and Maharashtra’s declining share highlights the need to sustain growth momentum across traditional economic anchors.

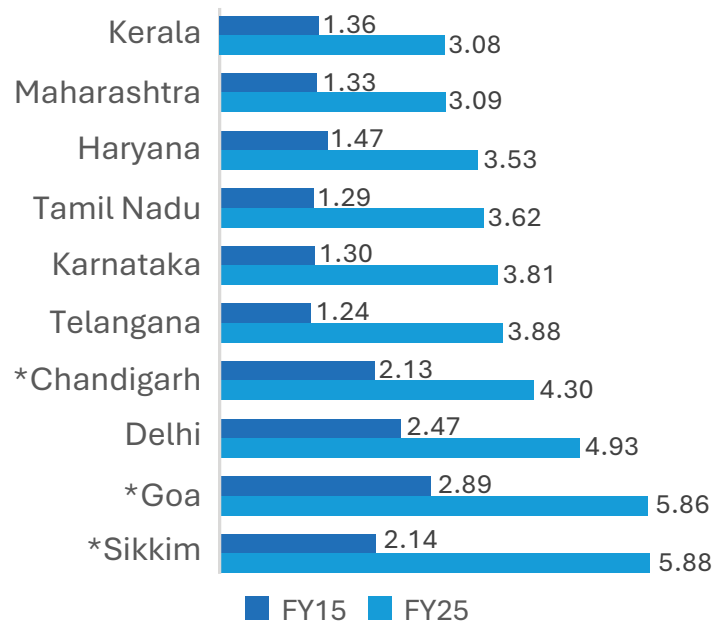
II. Income Prosperity Level: Per Capita Net State Domestic Product (NSDP)

Region-wise Share in India's Per Capita NSDP at Current Prices, FY2015 and FY2025



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2024

Top 10 States by Highest Per Capita NSDP at Current Prices (INR Lakhs), FY2015 and FY2025



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)

*Refers to FY2024 as per the latest data available in official sources

Note: All figures are rounded off to the nearest decimal.

High per capita income and scale make large southern states engines of inclusive growth

In FY2025, the smaller states and union territories such as Sikkim (INR 5.88 lakh), Goa (INR 5.86 lakh), Delhi (INR 4.93 lakh), and Chandigarh (INR 4.30 lakh) consistently show much higher per capita NSDP values than larger states due to their smaller populations' relatively high-income economic activities, better infrastructure, and focused development policies.

Among the larger states, three southern states, Telangana (INR 3.88 lakh), Karnataka (INR 3.81 lakh), and Tamil Nadu (INR 3.62 lakh), stood out in FY2025. These states were not only among the largest contributors to India's GDP but also recorded robust per capita income levels, indicating balanced growth that benefits individual prosperity. From FY2015 to

FY2025, these three southern states also featured in the top 10 states, exhibiting the highest average growth per capita NSDP with more than 6% average decadal growth (at constant prices), reflecting strong economic dynamism driven by diversified industrial bases, IT and service sector expansion, infrastructure development, and effective governance reforms. The combined strength in aggregate economic output and per capita income positions Telangana, Karnataka, and Tamil Nadu among the more prominent examples of relatively balanced and sustained economic development within India.

Other relatively large states such as Haryana (INR 3.53 lakh), Maharashtra (INR 3.09 lakh), and Kerala (INR 3.08 lakh) also recorded respectable per capita incomes, but these were generally lower than the leading southern states and smaller territories.

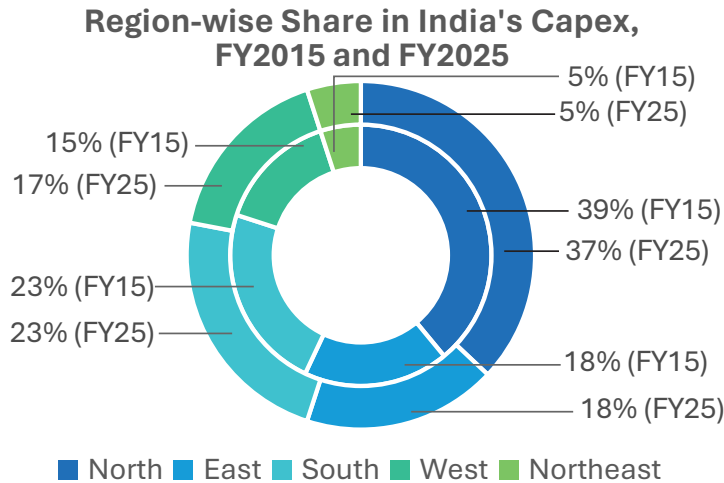
Strategic Snapshot

Current Prosperity Leaders	Telangana, Karnataka, Tamil Nadu, Haryana, Maharashtra
Emerging Prosperity Centres	Sikkim, Goa, Chandigarh
Core Structural Insight	Southern states combine economic scale with high income levels, while income growth in emerging states remains gradual.
Investor / Corporate Implication	Higher-income states offer strong consumption potential, while emerging states provide long-term demand opportunities.
Policy Implication	Enhancing income growth in lagging states remains essential for inclusive development.
Lender / Financial Institution Implication	Rising income levels support retail credit growth and financial deepening.
Structural Gaps / Areas for Improvement	Significant income disparities persist across states, particularly in large, populous regions with lower per capita income levels.



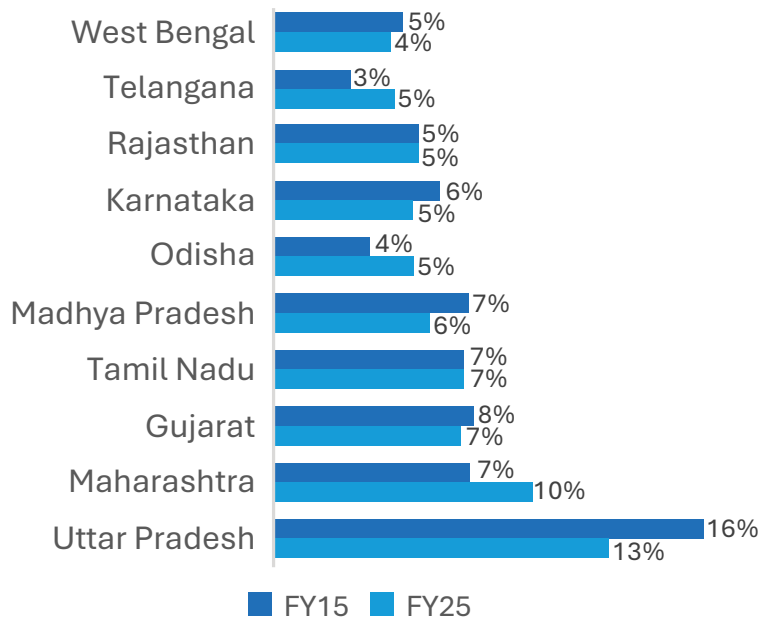
III. Public Investment Engine: Capital Expenditure (Capex)

Capital expenditure (capex) for a state refers to public and private spending on long-lived physical assets, such as roads, railways, industrial parks, power infrastructure, and urban systems, that expand productive capacity and support long-term economic growth.



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2025

Top 10 States by Highest Contribution to India's Overall Capex, FY2015 and FY2025



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)
 Note: FY2025 refers to Budget Estimates. All figures are rounded off to the nearest decimal.

Three states, namely Uttar Pradesh, Maharashtra, and Gujarat, accounted for nearly 30% of the country’s capex in FY2025

Regionally, India’s capex remains concentrated in the North as large industrial and infrastructure-led states continue to anchor aggregate investment flows. In terms of state-wise share, Uttar Pradesh, Maharashtra, and Gujarat collectively accounted for nearly 30% share in FY2025.

Over the past 4–5 years, Uttar Pradesh has sharply scaled up capex through the Purvanchal, Bundelkhand, and Ganga expressways, the Jewar (Noida) International Airport, defence and electronics manufacturing corridors, and large industrial land development by UP State Industrial Development Authority (UPSIDA), supporting its infrastructure-led industrialisation push.

Maharashtra has prioritised urban and transport megaprojects, including the Mumbai Coastal Road, Atal

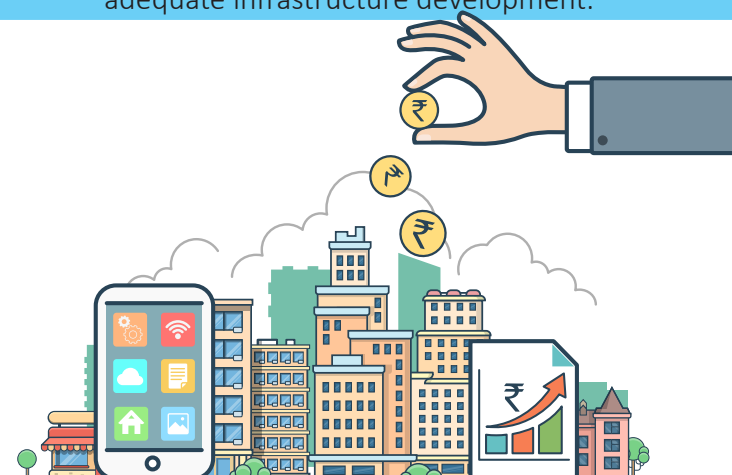
Setu Trans-Harbour Link, Mumbai Metro expansions, Navi Mumbai International Airport, and continued Maharashtra Industrial Development Corporation (MIDC) estate expansion, alongside private investments in automobiles, chemicals, and electronics.

Gujarat has sustained high capex through the Dholera Special Investment Region, Gujarat Industrial Development Corporation (GIDC) estate expansions, port and logistics infrastructure at Mundra and Pipavav, renewable energy parks, and industrial corridors linked to the Dedicated Freight Corridor, reinforcing its manufacturing and export competitiveness.

However, with the top 10 states accounting for ~67% of India’s total capex, a broader dispersion of public and private investment across lagging regions is essential to support balanced regional development and reduce inter-state infrastructure gaps. Both Maharashtra and Gujarat have also committed equity investments to the high-profile Mumbai–Ahmedabad High-Speed Rail (MAHSR) project.

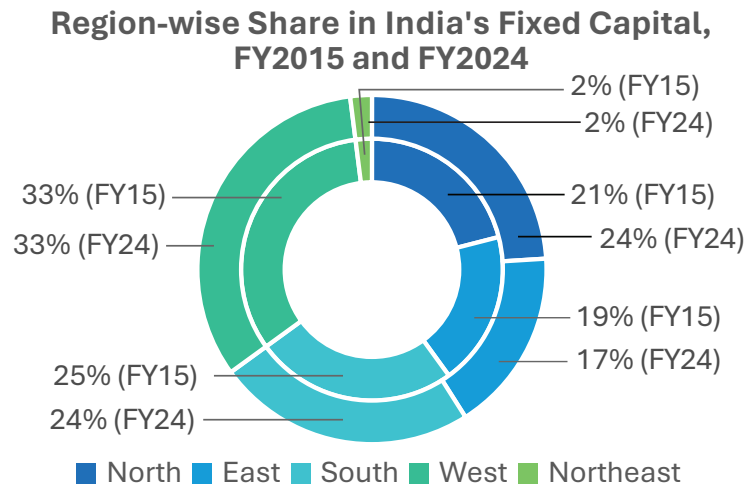
Strategic Snapshot

Current Investment Leaders	Uttar Pradesh, Maharashtra, Gujarat
Emerging Investment Centres	Rajasthan, Madhya Pradesh
Core Structural Insight	Capex remains concentrated in large infrastructure-led states, reflecting uneven investment distribution.
Investor / Corporate Implication	Infrastructure and industrial corridor development offer significant investment opportunities.
Policy Implication	Encouraging broader capex distribution will support balanced regional growth.
Lender / Financial Institution Implication	Infrastructure financing demand remains strong in high-capex states.
Structural Gaps / Areas for Improvement	Investment remains concentrated, with many states still lacking adequate infrastructure development.



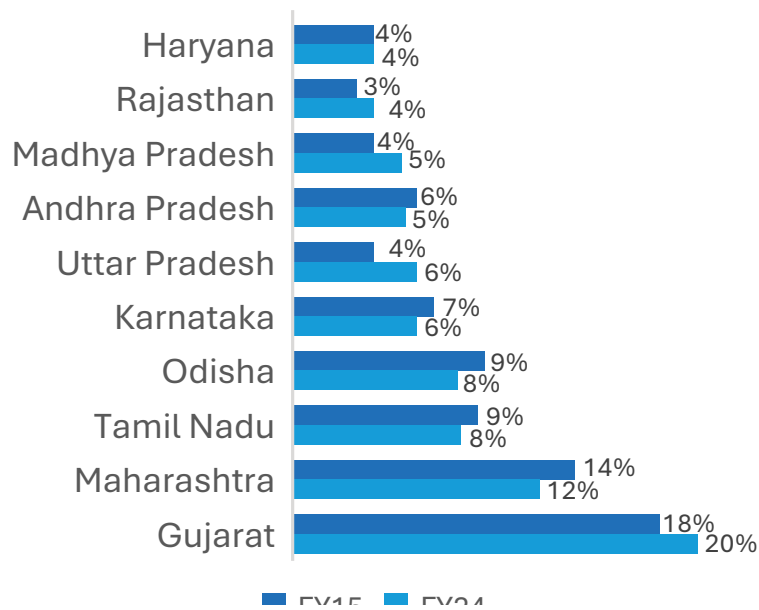
IV (A). Asset Builders: Fixed Capital and Gross Fixed Capital Formation

Fixed capital refers to the total value of factories, machinery, buildings, and infrastructure already built in an economy.



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2024

Top 10 States by Highest Contribution to India's Fixed Capital, FY2015 and FY2024

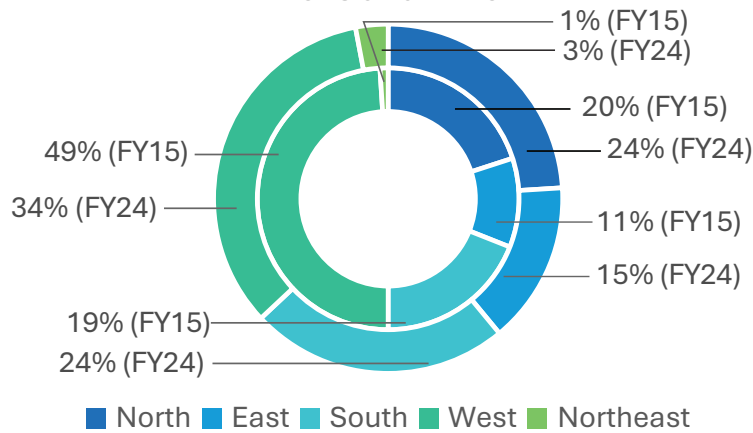


Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)

Note: Figures are rounded off to the nearest decimal.

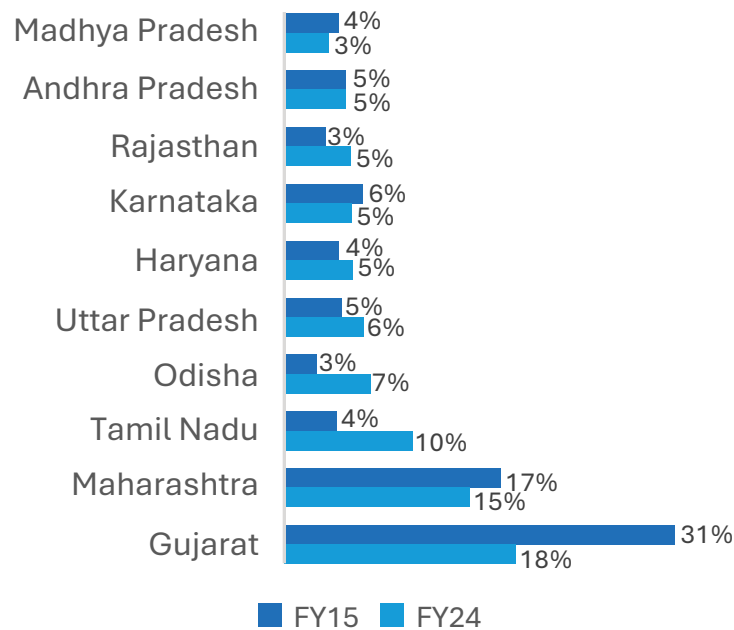
Gross Fixed Capital Formation (GFCF) refers to new investments made in assets such as factories, machinery, buildings, and infrastructure being built in an economy.

Region-wise Share in India's Gross Fixed Capital Formation, FY2015 and FY2024



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2024

Top 10 States by Highest Contribution to India's GFCF, FY2015 and FY2024



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)

Note: Figures are rounded off to the nearest decimal.

India’s fixed capital remains concentrated, but new investments are slowly spreading

India’s fixed capital stock remained heavily concentrated in the West (33%), with the North and South having nearly equal shares each of 24% in FY2024, although the North showed an improvement of 300 basis points from FY2015 to FY2024.

At the state level, Gujarat and Maharashtra dominated fixed capital, followed by Tamil Nadu, Odisha, and Karnataka, indicating a persistent concentration of industrial and infrastructure assets in a few core states, as the top 10 states accounted for nearly 78% of the country’s fixed capital in FY2024.

In contrast, GFCF trends showed a gradual geographic rebalancing of new investments, with the West’s share declining (from 49% in FY2015 to 34% in FY2024) and the South and North gaining share, alongside modest increases in the East and Northeast. Gujarat’s dominance in new investment moderated, while Tamil Nadu, Odisha, and Uttar Pradesh increased their shares, reflecting renewed industrial, mining, and infrastructure activity.

Among the largest state economies, Gujarat, Maharashtra, and Tamil Nadu ranked among the top three in both fixed capital stock and gross fixed capital formation (GFCF). In FY2024, these three states together accounted for about 40% of total fixed capital and over 40% of GFCF, reflecting their

strong industrial ecosystems, substantial public and private investment, and developed infrastructure.

However, a comparison between fixed capital (the accumulated stock of past investment) and GFCF (the current flow of new investment) reveals shifts in relative momentum. While Gujarat and Maharashtra continue to hold dominant shares in fixed capital stock, their share in FY2024 in GFCF has declined as compared to FY2015, whereas states such as Tamil Nadu, Odisha, Uttar Pradesh, and Rajasthan have either gained or maintained stronger positions in recent investment flows. This suggests that although historical industrial hubs remain central in terms of accumulated capital, incremental capital formation is becoming more evenly distributed across major states. (Gujarat’s share in GFCF has declined from 31% to 18% because its growth in GFCF has been relatively modest (3% CAGR), resulting in a reduced share, while Odisha and UP have shown slight improvement with double-digit growth.) The rise in GFCF in the North and East reflects policy-driven infrastructure spending and growing private sector interest, though manufacturing depth remains uneven.

Overall, India’s capital geography is slowly diversifying, but structural concentration in a handful of states (such as Gujarat, Maharashtra, and Tamil Nadu) persists, implying continued regional productivity and income gaps, unless new investments translate into sustained industrial capacity.

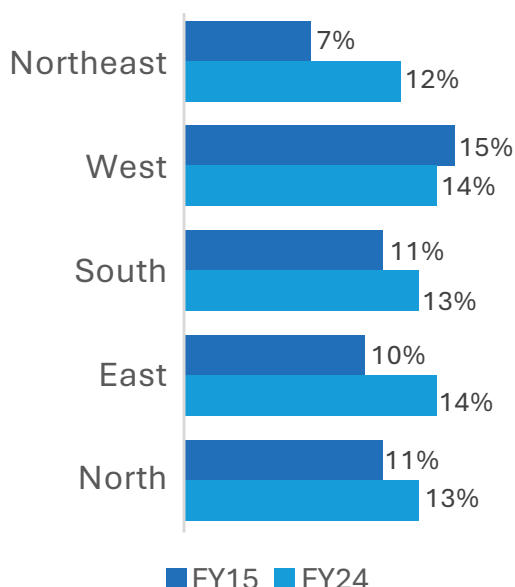
Strategic Snapshot

Current Capital Leaders	Gujarat, Maharashtra, Tamil Nadu
Emerging Capital Formation Centres	Uttar Pradesh, Odisha, Rajasthan
Core Structural Insight	Industrial capital remains concentrated, although new investment flows are becoming more geographically dispersed.
Investor / Corporate Implication	Mature states offer stability, while emerging states present new growth opportunities.
Policy Implication	Strengthening industrial ecosystems in emerging states remains important.
Lender / Financial Institution Implication	Capital formation trends indicate expanding lending opportunities.
Structural Gaps / Areas for Improvement	Industrial asset ownership remains concentrated, limiting productivity growth in less industrialised states.

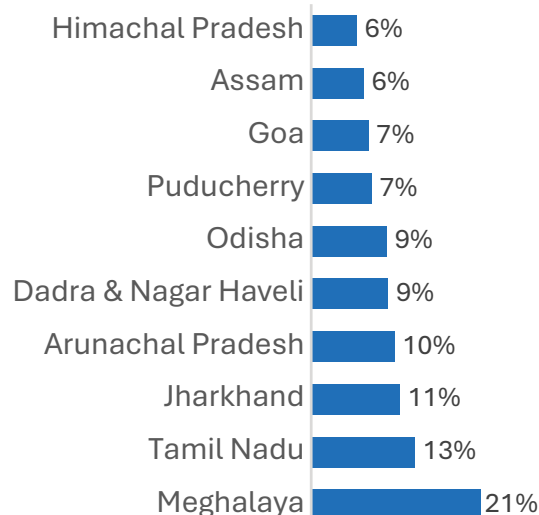
IV (B). Asset Growth Intensity: GFCF-to-fixed-capital ratio

The GFCF-to-fixed-capital ratio shows the pace of new asset creation compared to the existing stock of productive assets, indicating whether a state is rapidly building capacity or operating with a mature capital base.

Region-wise Average GFCF/Fixed Capital Ratio, FY2015 and FY2024

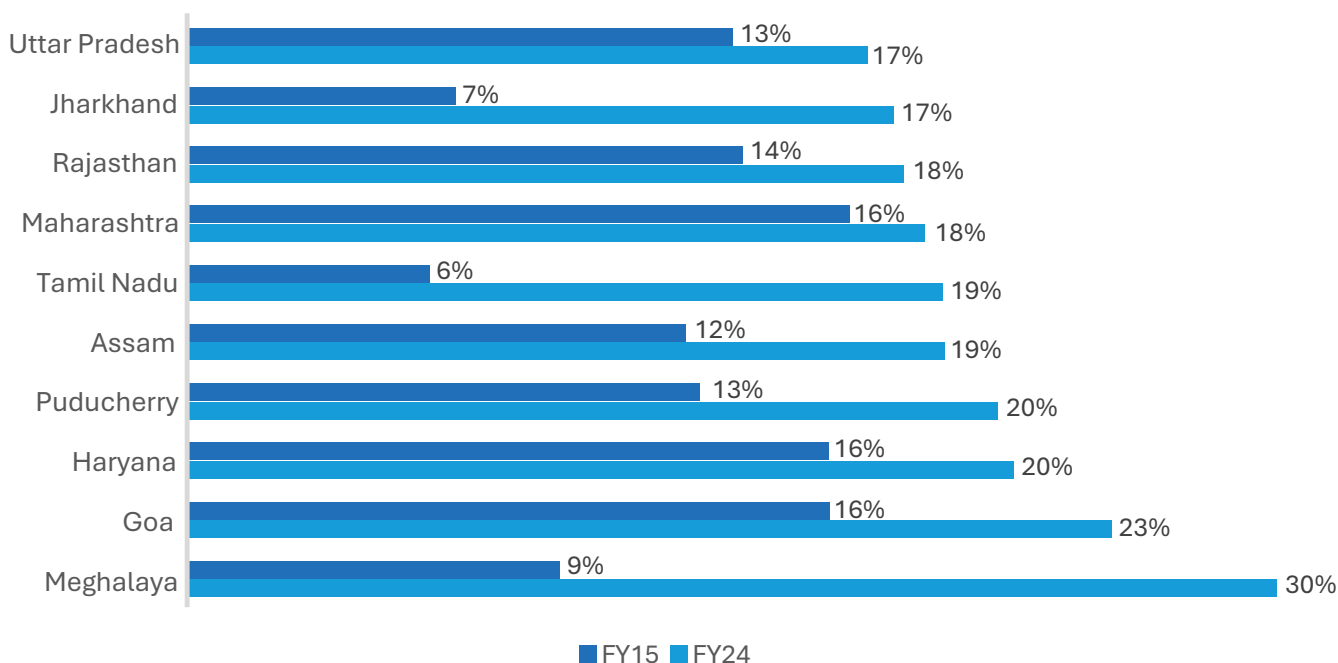


Top 10 States by Highest Improvement in GFCF/Fixed Capital Ratio, FY2015 to FY2024



Note: Improvement in the GFCF/Fixed Capital Ratio reflects the increase in the ratio from FY2015 to FY2024.

Top States with Highest GFCF/Fixed Capital Ratio, FY2015 and FY2024



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)

Note: All figures are rounded off to the nearest decimal.

Emerging states are investing faster, but capital gaps across regions persist

The GFCF-to-fixed-capital ratio has risen across most regions, especially in the East, North, and Northeast, indicating that these regions are catching up by investing more rapidly from a low starting point. Western India continues to have the largest capital base, but its ratio has fallen slightly. Therefore, though it remains capital-rich, the pace of new investment is relatively slower due to its mature industrial structure.

States such as Meghalaya, Goa, Puducherry, Assam, Tamil Nadu, and Jharkhand featured prominently both among the states with the highest GFCF-to-fixed capital ratios in FY2024 and among those with the largest improvements in this ratio since FY2015. Except for Tamil Nadu, which is a large and industrially diversified state, most of these are relatively smaller states or special category regions, where high ratios

largely reflect a low existing capital base combined with a surge in recent public and private investment. For these smaller states, elevated ratios indicate a phase of rapid infrastructure build-out, connectivity projects, and early-stage capital deepening rather than mature industrial expansion.

Tamil Nadu stands out as a structurally different case, where high and rising ratios reflect sustained reinvestment in manufacturing, electronics, automobiles, and export-oriented industries, pointing to genuine industrial deepening rather than a low-base effect. Jharkhand and Assam also show strong improvements, driven largely by mining, metals, and public infrastructure investments, which inflate capital formation relative to existing stock.

Thus, the overlapping presence of smaller states in both charts reflects a catch-up investment cycle, whereas Tamil Nadu is a case of advanced industrial reinvestment and structural capital upgrading.

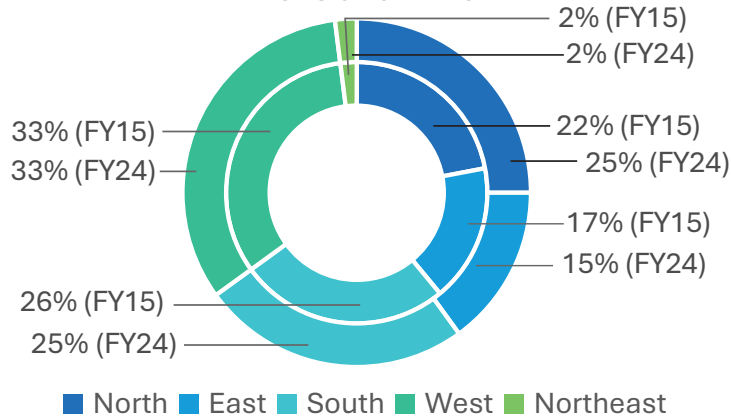
Strategic Snapshot

Current Investment Momentum Leader	Tamil Nadu
Emerging Investment Momentum Centres	Jharkhand, Assam, Meghalaya, Goa
Core Structural Insight	Investment intensity is rising in emerging states, reflecting catch-up growth.
Investor / Corporate Implication	Emerging states offer early-stage infrastructure and industrial investment opportunities.
Policy Implication	Ensuring sustained industrial capacity creation remains important.
Lender / Financial Institution Implication	Strong opportunities exist in project financing.
Structural Gaps / Areas for Improvement	High investment ratios in some states reflect low starting bases rather than fully developed industrial ecosystems.

V (A). Economic Capital: Invested and Productive Capital

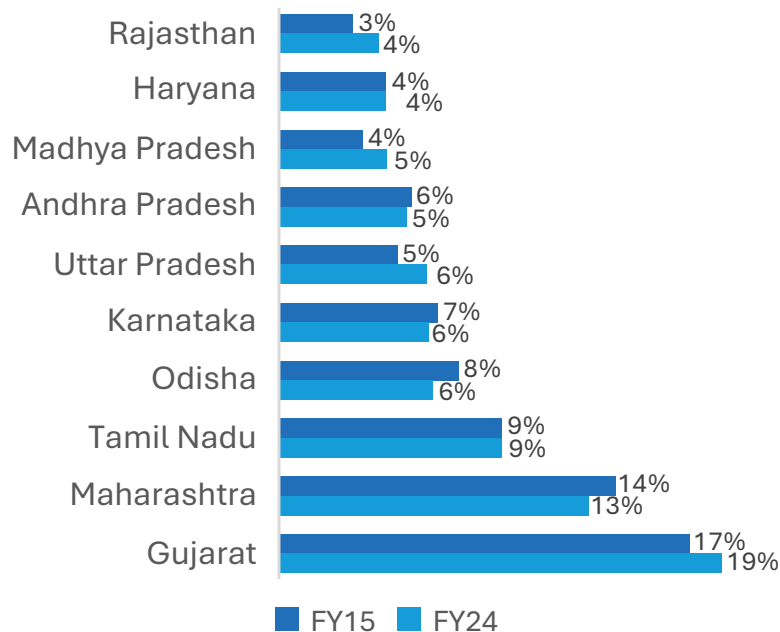
Invested capital is the total value of infrastructure and assets built through past spending.

Region-wise Share in India's Invested Capital, FY2015 and FY2024



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2024

Top 10 States by Contribution to India's Invested Capital Formation, FY2015 and FY2024

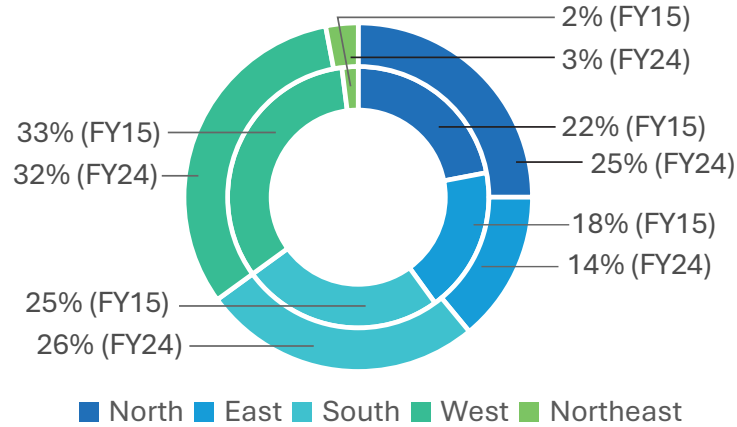


Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)

Note: All figures are rounded off to the nearest decimal.

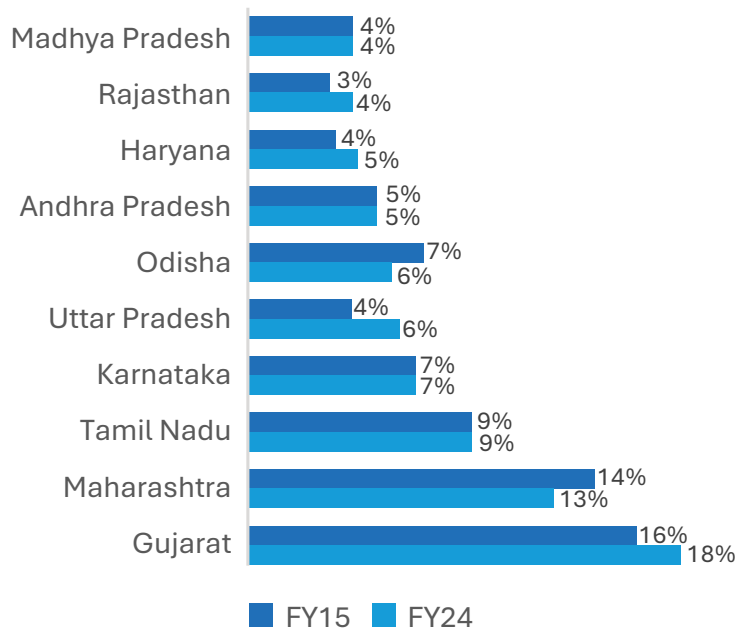
Productive capital is a part of those assets that are actually being used to generate economic activity and income.

Region-wise Share in India's Productive Capital, FY2015 and FY2024



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2024

Top 10 States by Contribution to India's Productive Capital, FY2015 and FY2024



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)
 Note: All figures are rounded off to the nearest decimal.

Western dominance remained strong, while the North recorded impressive growth in productive and invested capital

The Western region continued to be India’s industrial heartland, maintaining the largest share of 32% and 33% share of productive and invested capital (in FY2024), respectively, while the North recorded the most significant growth, jumping from 22% to 25% in both categories, respectively. At the state level, Gujarat was the clear ‘star performer’, having significantly increased its share of productive capital from 16% to 18%, largely due to aggressive infrastructure and policy pushes.

In the last decade, Gujarat has implemented a comprehensive policy framework to attract large-scale and MSME investments. The Gujarat Industrial Policy 2015 and 2020 (extended to 2025) has targeted large manufacturing and sunrise sectors such as chemicals, pharmaceuticals, electronics, EVs, and textiles through capital subsidies, interest subsidies, and tax reimbursements. The state government has

also provided a strong push to industrial estates and cluster-based development. These efforts have been complemented by the long-running Vibrant Gujarat Investor Summits, which have played a key role in mobilising domestic and foreign investments, as well as sector-specific policies such as the Agro-Industrial Policy (2016–2021) and Tourism Policy (2015–2020). Gujarat continues to prioritise industrial infrastructure, with the FY2027 budget proposing INR 12.5 billion to upgrade 25 Gujarat Industrial Development Corporation (GIDC) estates into smart industrial zones, further strengthening ease of doing business and industrial capital formation².

Conversely, the East recorded a noticeable dip, with its share of productive capital falling from 18% to 14%, suggesting a need for policy interventions to arrest this decline. Southern states like Tamil Nadu and Karnataka remained steady contributors, holding onto their high rankings and acting as reliable anchors for the national economy. The growth in the North (led by states like Uttar Pradesh and Rajasthan) is proof that industrialisation is moving beyond traditional coastal hubs into the heart of the country.

Strategic Snapshot

Current Industrial Capital Leaders	Gujarat, Tamil Nadu, Karnataka, Maharashtra
Emerging Industrial Centres	Uttar Pradesh, Rajasthan
Core Structural Insight	Industrial capital remains concentrated in western India but is expanding into northern states.
Investor / Corporate Implication	Opportunities exist in both established and emerging manufacturing regions.
Policy Implication	Continued support for industrial expansion will remain important.
Lender / Financial Institution Implication	Expanding industrial activity supports credit growth.
Structural Gaps / Areas for Improvement	Eastern India’s declining share of productive capital highlights the need for renewed investment focus in the region.

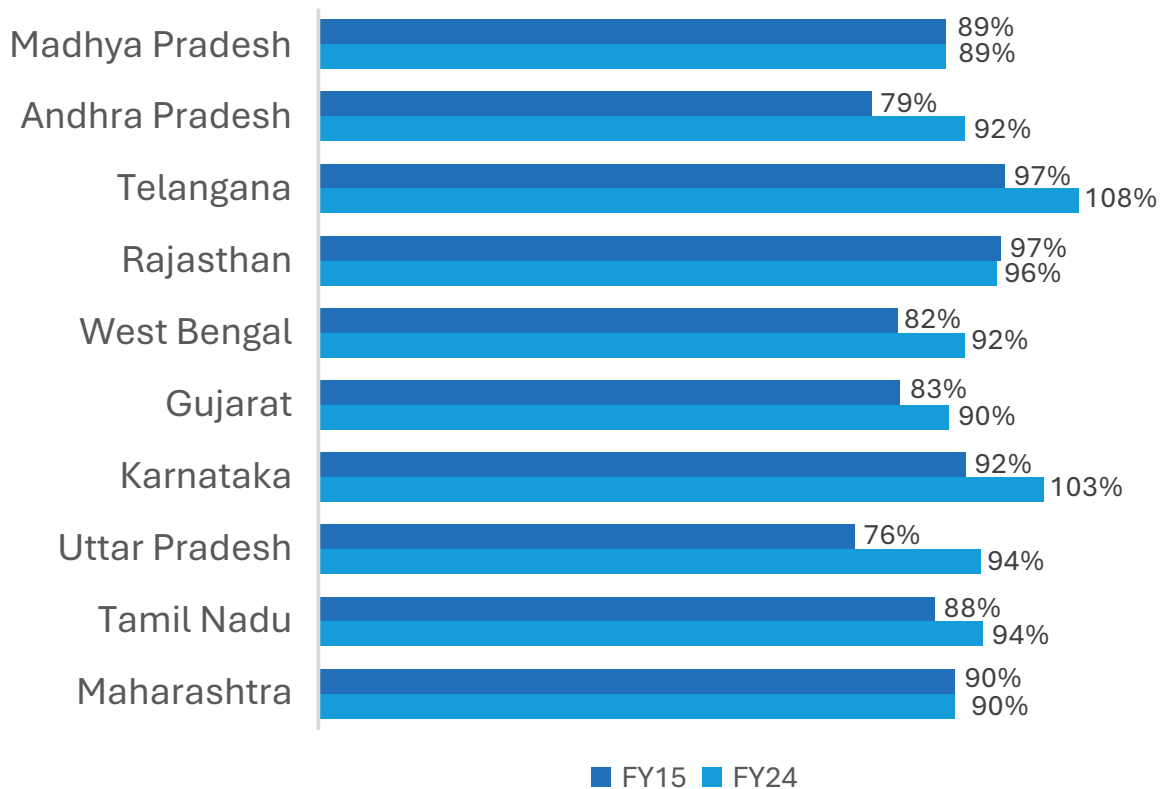


² Gujarat Infrastructure Development Board and Business World, February 2026

V (B). Capital Efficiency: Productive Capital to Invested Capital Ratio

The productive capital-to-invested capital ratio indicates how efficiently a state converts its invested capital into productive assets that actively contribute to economic output, with a higher ratio reflecting more effective capital deployment.

Productive Capital/Invested Capital Ratio for 10 Highest Contributors of GDP, FY2024



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)
 Note: All figures are rounded off to the nearest decimal.



India’s 10 largest state economies showed robust capital efficiency, indicating strong investment-to-asset conversion

The productive capital-to-invested capital ratios across the top 10 GDP-contributing states showed an overall improvement between FY2015 and FY2024, indicating better conversion of investments into productive assets. States such as Uttar Pradesh, Tamil Nadu, West Bengal, and Andhra Pradesh recorded notable gains, reflecting stronger asset creation and improved capital deployment outcomes.

Karnataka and Telangana reported productive capital-to-invested capital ratios above 100% in FY2024, indicating a rapid expansion of productive capital relative to measured investment. This most likely reflects strong private sector investment, deepening of services-led capital, improved capital utilisation, or timing effects in investment reporting.

Gujarat also recorded a notable improvement in its ratio (from 83% to 90%), suggesting strengthening capital productivity and more efficient conversion of investment into productive assets. In contrast, Maharashtra’s ratio remained stable at a high level, indicating consistent alignment between invested and productive capital within a relatively diversified and mature industrial structure.

Meanwhile, Rajasthan and Madhya Pradesh showed little change over time, meaning their productive capital has been growing steadily but without any major jump in efficiency or rapid transformation.

In short, the findings reveal that most of India’s largest state economies are becoming more efficient at converting investments into productive assets, while some mature states, such as Gujarat and Maharashtra, remain stable but show signs of capital efficiency reaching a plateau.

Strategic Snapshot

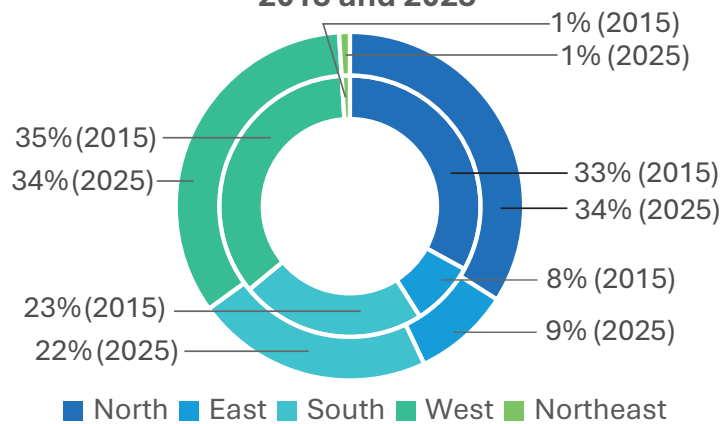
Current Efficiency Leaders	Karnataka, Telangana, Tamil Nadu, Gujarat
Emerging Efficiency Improvers	Uttar Pradesh, Andhra Pradesh, West Bengal
Core Structural Insight	Investment efficiency is improving across several major states.
Investor / Corporate Implication	Efficient states provide stronger investment environments.
Policy Implication	Enhancing capital productivity across all states remains important.
Lender / Financial Institution Implication	Higher efficiency supports stronger credit performance.
Structural Gaps / Areas for Improvement	Some states have shown limited improvement in capital efficiency, indicating slower structural transformation.



VI. Finance Backbone: Credit to Industry and Personal Loans

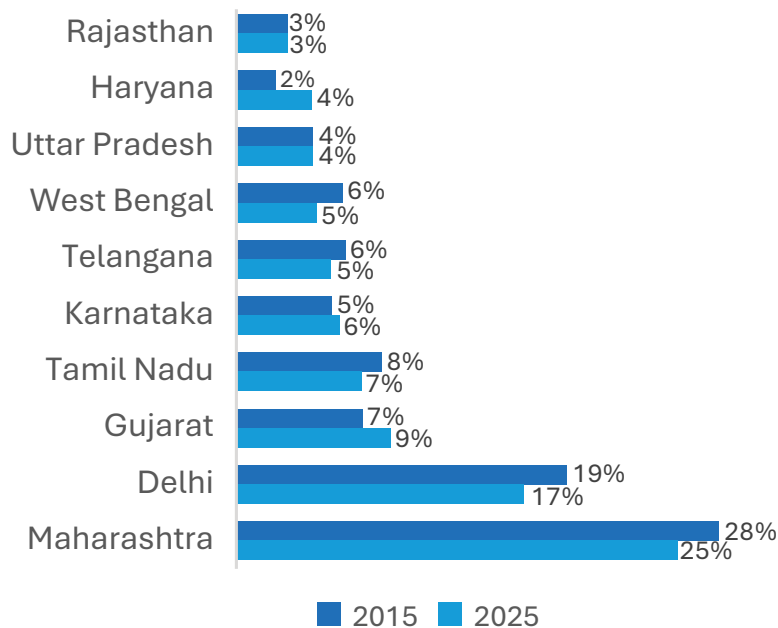
Credit to industry refers to loans from banks provided to industrial sectors such as manufacturing, mining, construction, and infrastructure to finance production, expansion, and working capital needs.

Region-wise Share in Credit to Industry by SCBs (as of March end), 2015 and 2025



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2025

Top 10 States with Highest Share of Credit to Industry by SCBs, 2015 and 2025

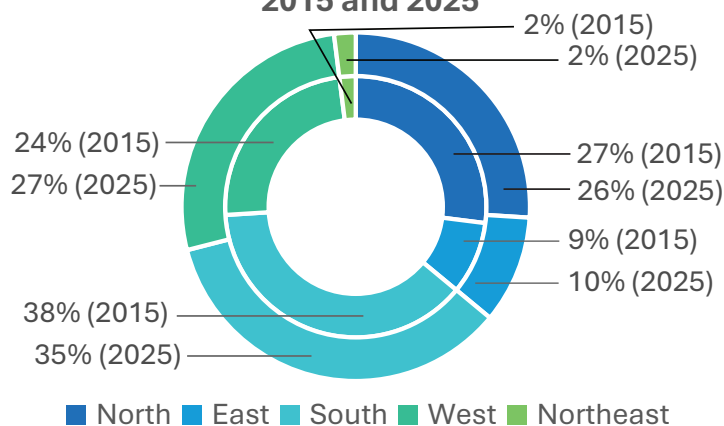


Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)

Note: SCBs stand for scheduled commercial banks. Data refers to the outstanding amount at the end of March for the respective years mentioned. All figures are rounded off to the nearest decimal.

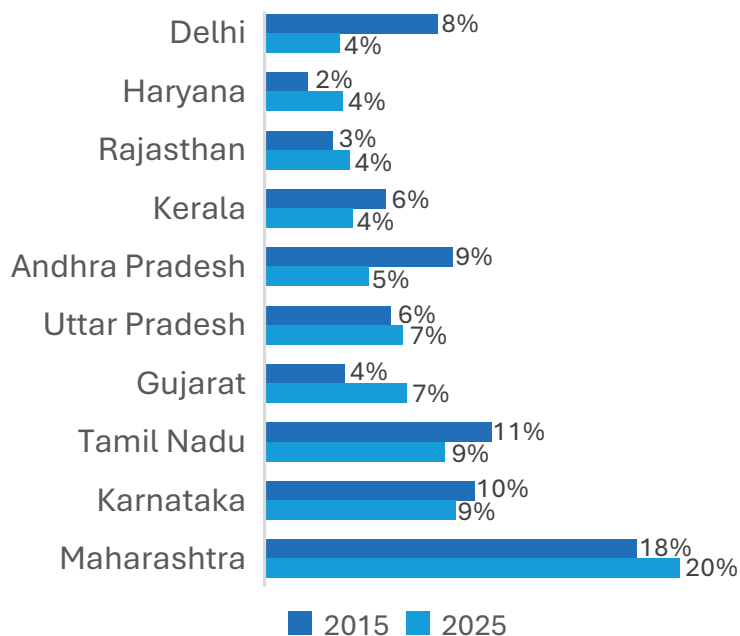
Personal loans refers to loans provided by banks to individuals for consumption or personal needs such as housing, vehicles, education, medical expenses, or household spending.

Region-wise Share in Personal Loans by SCBs, 2015 and 2025



Note: Inner circle represents data for FY2015, while the outer circle represents data for FY2025

Top 10 States with Highest Share of Personal Loans by SCBs, 2015 and 2025



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI).

Note: Data refers to the outstanding amount at the end of March for the respective years mentioned. All figures are rounded off to the nearest decimal.

Industrial credit remained concentrated in the West and North, with only gradual decentralisation across states

The comparative analysis of region-wise and state-wise credit distribution by Scheduled Commercial Banks (SCBs) between 2015 and 2025 shows notable structural shifts in industrial and personal lending patterns. At the regional level, credit to industry remained concentrated in the West and North, with marginal adjustments: a slight increase in the North’s share (33% to 34%) and a minor decline in the shares of the South (23% to 22%) and the West (35% to 34%). The East and Northeast continued

to account for limited shares, reflecting persistent regional disparities in industrial credit flow.

State-wise data reveals Maharashtra’s dominance in industrial lending (3% CAGR from FY2015 to FY2025), although its share declined from 28% to 25%, indicating that other states are gradually getting a bigger share of credit. Delhi and Gujarat maintained second and third positions (with 2.8% and 6.4% CAGR from FY2015 to FY2025), while southern states such as Tamil Nadu (2.8% CAGR), Karnataka (5.1% CAGR), and Telangana (2.7% CAGR) demonstrated relative stability in their industrial credit shares.

The personal loan trend is shifting towards Western consumption hubs, while the South remains the largest personal loan lending market

In the personal loan segment, the South retained the highest regional share (36% in 2015 and 35% in 2025), while the West recorded a significant increase (22% to 27%), suggesting heightened retail credit penetration. At the state level, Maharashtra continued to lead in personal loans (19% CAGR from FY2015 to FY2025), strengthening its position from 18% to 20%, followed by Karnataka (16% CAGR)

and Tamil Nadu (14.7% CAGR), which remained key personal lending markets. The decline in shares for states such as Andhra Pradesh and Gujarat reflects a redistribution of household credit toward western and northern consumption centres.

The top 10 states collectively accounted for nearly 72% of the personal loans in FY2025. The concentration of personal loans in a few regions brings to attention the need for regionally balanced credit policies to improve the penetration of regional banking and deepen consumer credit access across lagging states.

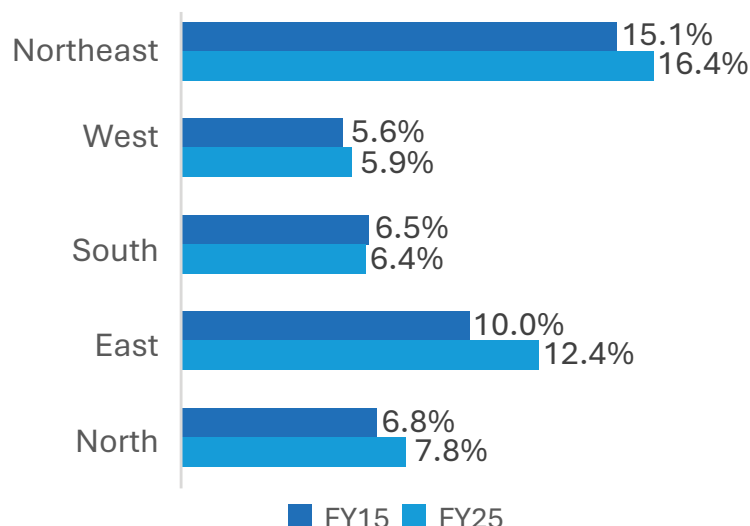
Strategic Snapshot for Industrial Credit

Current Industry Credit Leaders	Maharashtra, Gujarat, Tamil Nadu, Karnataka, Delhi
Emerging Credit Centres	Telangana, Uttar Pradesh
Core Structural Insight	Credit remains concentrated in established industrial states.
Investor / Corporate Implication	Financing access remains strongest in established industrial hubs.
Policy Implication	Improving credit access in underpenetrated states remains important.
Lender / Financial Institution Implication	Opportunities exist to expand lending geographically.
Structural Gaps / Areas for Improvement	Credit penetration remains uneven, particularly in eastern and northeastern states.

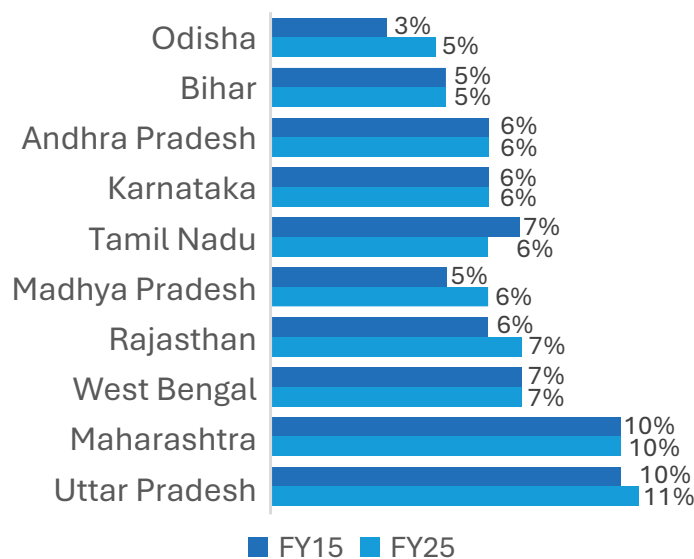
VII. Human Development: Social Sector Spending

Social sector spending refers to government expenditure on education, health, social protection, rural development, and welfare programmes that enhance human capital and inclusive development.

Region-wise Average Share of Social Sector Spending to GDP, FY2015 and FY2025



Top 10 States with Highest Contribution to India's Social Sector Spending, FY2015 and FY2025



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI)

Note: All figures are rounded off to the nearest decimal.

Northeast led India in social sector spending as a share of GDP

Regionally, the Northeast recorded the highest social sector spending as a share of GDP, rising from ~15.1% in FY2015 to ~16.4% in FY2025, due to its relatively low economic base and higher per-capita public spending needs. The East and North saw their shares rising, while the South and the West remained comparatively lower.

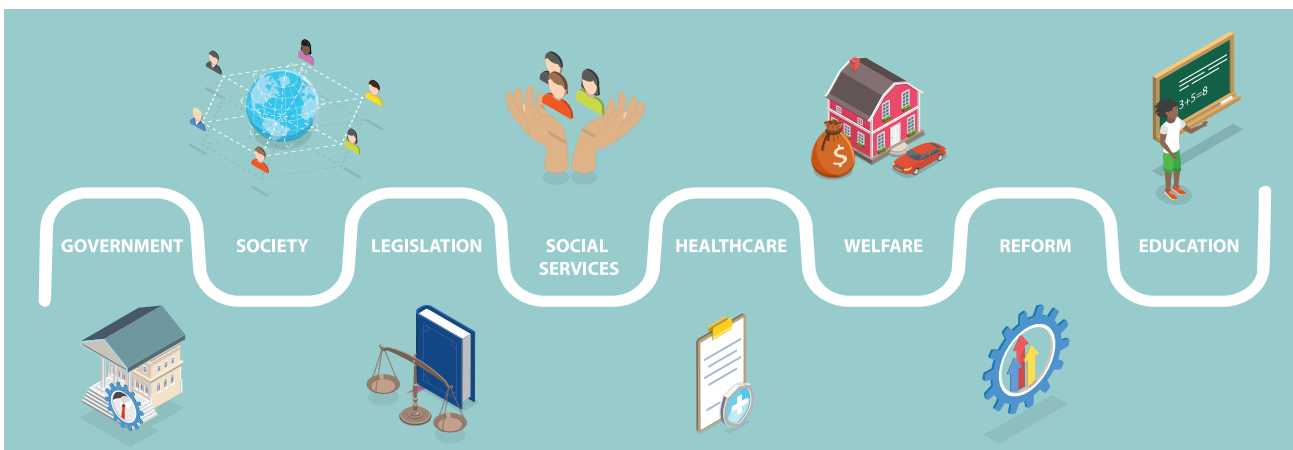
Among the Northeast's eight states (the seven sisters: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura, along with Sikkim), Manipur and Arunachal Pradesh stood out with the highest social sector spending, accounting for 28.5% and 25.3% of their GDPs, respectively. This trend in the Northeast is driven by targeted central and state interventions focused on sustainable development, livelihoods, health, education, and infrastructure,

with strong institutional support from the Ministry of Development of North Eastern Region (DoNER) and the North Eastern Council (NEC), alongside flagship initiatives such as PM-DevINE (Prime Minister's Development Initiative for North East Region) for gap funding, Van Dhan Vikas Yojana for tribal entrepreneurship, and special development packages for Assam and Tripura³.

State-wise, Uttar Pradesh and Maharashtra remained the largest contributors to India's overall social sector spending, followed by West Bengal, Rajasthan, Tamil Nadu, and other large states, reflecting their population size and fiscal capacity. Despite the Northeast having the highest social sector spending as a share of GDP, none of its states featured among the top contributors in absolute terms because their economies and populations are much smaller, resulting in lower aggregate spending despite high relative fiscal effort.

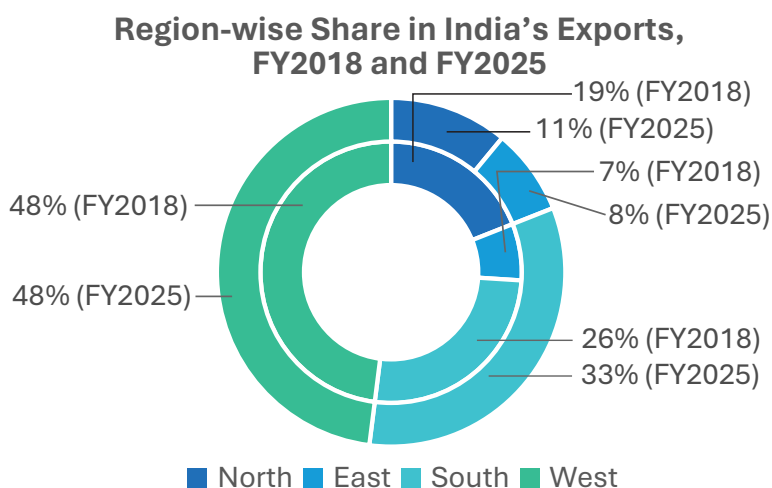
Strategic Snapshot

Current Social Spending Leaders	Uttar Pradesh, Maharashtra, Tamil Nadu
Emerging Social Investment Centres	Manipur, Arunachal Pradesh, Assam
Core Structural Insight	Social spending remains uneven across regions.
Investor / Corporate Implication	Opportunities exist in social infrastructure development.
Policy Implication	Sustaining social investment remains important.
Lender / Financial Institution Implication	Financing opportunities exist in social infrastructure.
Structural Gaps / Areas for Improvement	Despite high relative spending, smaller states still face structural development constraints.



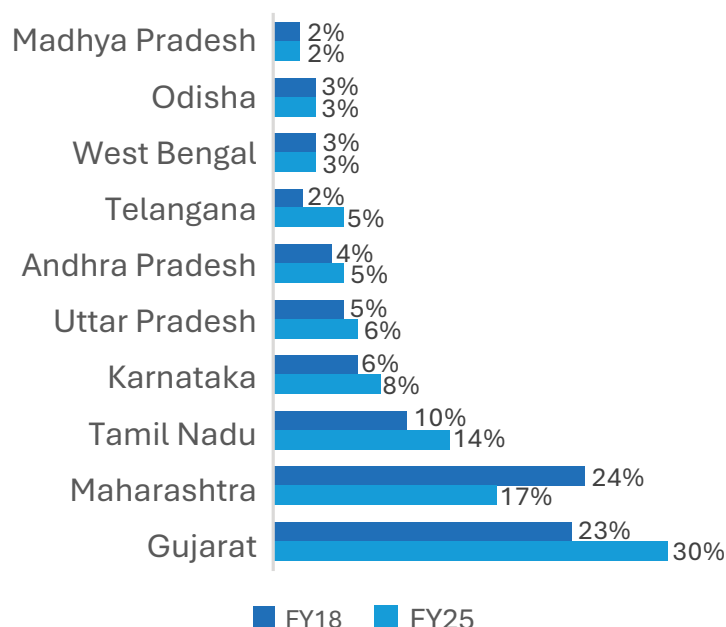
³ Press Information Bureau of India, June 2025

VIII. Global Trade Gateways: Goods Exports



Note: The Northeast had a very negligible share (of ~0.3%) and, hence, has been excluded from the pie chart. Inner circle represents data for FY2018, while the outer circle represents data for FY2025

Top 10 States with Highest Contribution to India's Goods Exports, FY2018 and FY2025



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI).

Note: All figures are rounded off to the nearest decimal.

Gujarat, Maharashtra, and Tamil Nadu accounted for ~61% of India’s goods exports, showcasing Brand India globally

Region-wise, India’s goods exports remained highly concentrated in the West and South, with the West maintaining a dominant share of ~48% in both FY2018 and FY25, while the South’s share increased from ~26% to ~33%, indicating rising manufacturing export capacity.

At the state level, Gujarat, Maharashtra, and Tamil Nadu collectively accounted for a majority share of national exports, due to their diversified industrial bases in chemicals, petrochemicals, automobiles, electronics, textiles, and engineering goods,

supported by strong MSME and large manufacturing ecosystems. These states benefit from world-class port infrastructure and logistics connectivity, including Gujarat’s Mundra, Pipavav, and Hazira ports; Maharashtra’s Jawaharlal Nehru Port (JNPT); and Tamil Nadu’s Chennai, Ennore (Kamarajar), and Tuticorin (VOC) ports, which significantly reduce export transaction costs and turnaround times. Industrial clusters in Ahmedabad–Vadodara, Mumbai–Pune, and Chennai–Coimbatore further enhance scale efficiencies and global supply chain integration.

Overall, the persistence of export concentration shows how well-developed industrial depth, good port infrastructure, and supportive policies collectively help certain regions lead in exports.

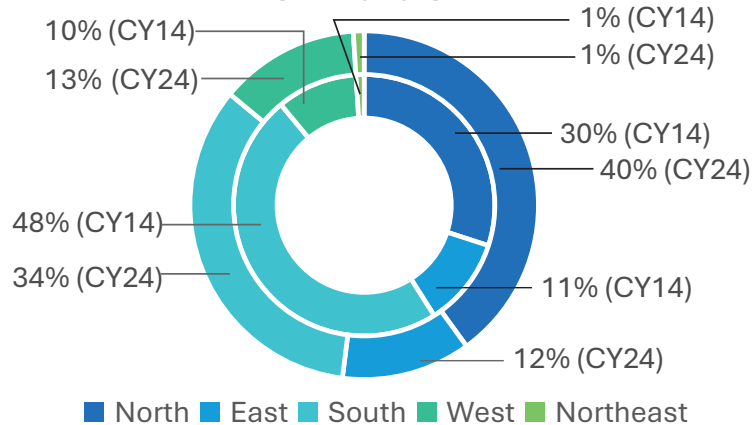
Strategic Snapshot

Current Export Leaders	Gujarat, Maharashtra, Tamil Nadu
Emerging Export Centres	Uttar Pradesh, Odisha
Core Structural Insight	Export activity remains concentrated in a few industrialised states.
Investor / Corporate Implication	Export hubs offer strong ecosystem advantages.
Policy Implication	Export diversification remains important.
Lender / Financial Institution Implication	Export states offer strong trade finance opportunities.
Structural Gaps / Areas for Improvement	Heavy export concentration increases regional and supply chain vulnerability.



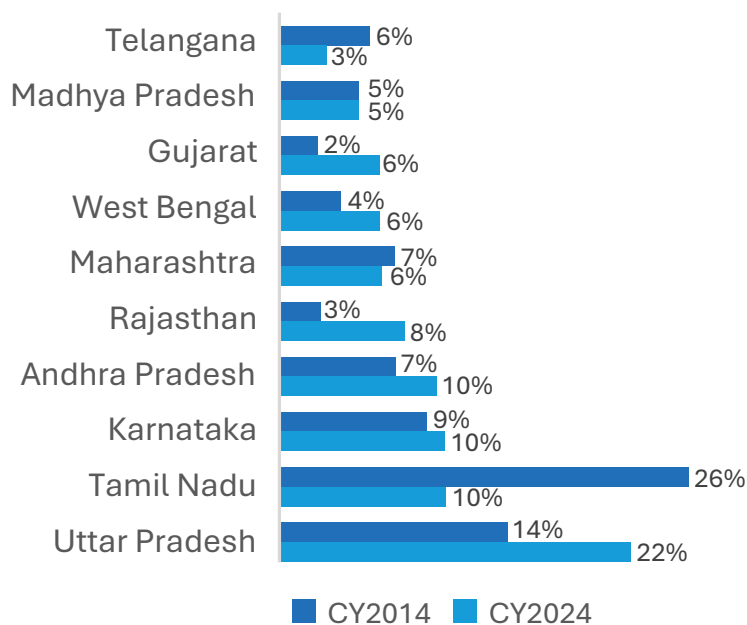
IX. Travel Economy Drivers: Domestic and Foreign Tourists

Region-wise Share in India's Domestic Tourists, CY14 and CY24



Note: Inner circle represents data for FY2014, while the outer circle represents data for FY2024

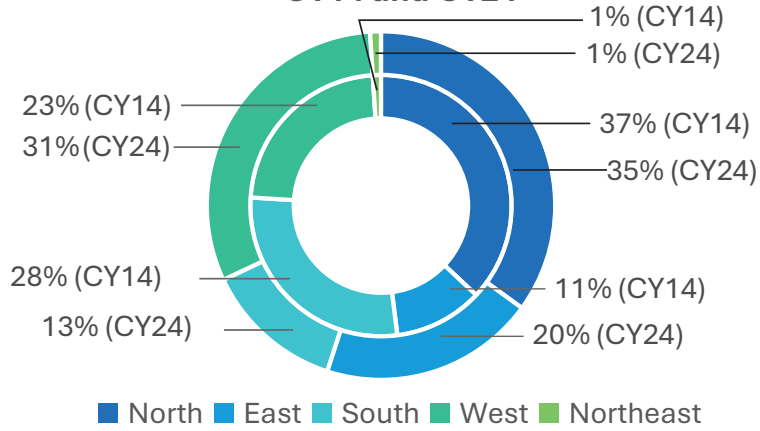
Top 10 States with Highest Contribution to India's Domestic Tourists, CY2014 and CY2024



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI).

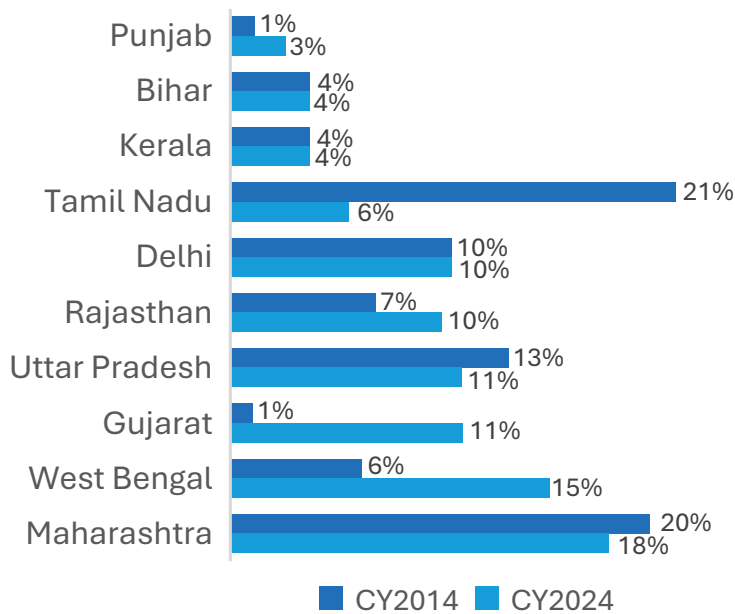
Note: All figures are rounded off to the nearest decimal. Share (%) has been calculated on the basis of number of tourists.

Region-wise Share in India's Foreign Tourists, CY14 and CY24



Note: Northeast region had negligible share of 1% in FY2025. Inner circle represents data for FY2014, while the outer circle represents data for FY2024

Top 10 States with Highest Contribution to India's Foreign Tourists, CY2014 and CY2024



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI).

Note: All figures are rounded off to the nearest decimal. Share (%) has been calculated on the basis of number of tourists.

North led India in both domestic and foreign tourist arrivals

In 2024, India recorded 20.9 million foreign tourist arrivals and approximately 2.9 billion domestic tourist visits. The Northern region accounted for the largest share of both domestic and foreign tourists due to its concentration of globally recognised heritage and religious destinations, such as the Taj Mahal in Agra, Jaipur’s forts and palaces, Varanasi, and Amritsar’s Golden Temple, among others, supported by strong connectivity and tourism infrastructure.

Uttar Pradesh emerged as a major domestic tourism hub with 22% share, driven by the Ayodhya Ram Temple inauguration in CY2024. Further, it is expected to retain the position in CY2025 too on account of the 2025 Maha Kumbh Mela in Prayagraj, which attracted over 660 million visitors during the 45-day festival, significantly boosting pilgrim and domestic travel inflows⁴.

Maharashtra remained a key foreign tourist destination

with 18% share in CY2024, anchored by Mumbai’s urban tourism, UNESCO (United Nations Educational, Scientific and Cultural Organization) heritage sites such as the Ajanta and Ellora Caves, and the natural beauty of the Konkan coast.

West Bengal’s foreign tourist share increased sharply from 6% in CY2014 to 15% in CY2024, reflecting rising international interest in Kolkata’s colonial heritage, cultural tourism, the Sundarbans eco-tourism circuit, and improved connectivity and state tourism promotion.

Overall, the top 10 states accounted for ~87% of domestic tourists and ~89% of foreign tourists despite India having 28 states and 8 Union Territories, highlighting substantial untapped tourism potential across the less-explored regions of the country. For a comprehensive analysis of India’s tourism trends, please refer to Rubix’s May 2025 Hospitality Report at <https://rubixds.com/assets/uploads/attachment/bf7ff-rubix-sectoral-report-hospitality-may-2025.pdf>

Strategic Snapshot

Current Tourism Leaders	Uttar Pradesh, Maharashtra, West Bengal, Gujarat, Rajasthan
Core Structural Insight	Tourism activity remains concentrated geographically.
Investor / Corporate Implication	Opportunities exist in emerging tourism markets.
Policy Implication	Diversifying tourism development remains important.
Lender / Financial Institution Implication	Tourism supports infrastructure financing opportunities.
Structural Gaps / Areas for Improvement	Tourism potential remains underutilised in many states.



⁴ DD News, February 2025

X. Assessment of the BIMARU States

From historical laggards to steady progress: The evolving growth story of the BIMARU states

The BIMARU states, Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh, were historically characterised by low per capita incomes, weak industrialisation, high population growth, and relatively underdeveloped social indicators. Over the past decade, however, their economic trajectory has shifted markedly. Between FY2015 and FY2025, gross state domestic product (at current prices) nearly tripled for Bihar and Madhya Pradesh and rose by about 2.8 times for Rajasthan and Uttar Pradesh. Per capita Net State Domestic Product (NSDP) increased by roughly 2.5 times across all four states, signalling sustained income growth and expanding economic capacity.

Beyond aggregate growth, their structural economic presence has deepened. Except for Bihar, the other three states ranked among the top 10 contributors in FY2025 (or FY2024) to India’s GDP, fixed capital, GFCF, productive and invested capital, and overall

capex, where Uttar Pradesh led nationally in FY2025. Rajasthan and Uttar Pradesh were also among the top 10 states in the GFCF-to-fixed-capital ratio, reflecting higher investment intensity. In credit flows, Rajasthan and Uttar Pradesh ranked among the top 10 states in terms of the share of industrial and personal loans by scheduled commercial banks in FY2025. Uttar Pradesh and Madhya Pradesh were also among the top 10 contributors to India’s goods exports, while Uttar Pradesh ranked first in domestic tourist arrivals, with Rajasthan and Madhya Pradesh also featuring in the top 10 list. In foreign tourist arrivals, Bihar, Rajasthan, and Uttar Pradesh were among the top 10 contributors.

Collectively, these indicators point to a broad-based strengthening of the economic footprint of these states, particularly Uttar Pradesh, Rajasthan, and Madhya Pradesh.

Strategic Snapshot

Current Transformation Leader	Uttar Pradesh
Core Structural Insight	These states are becoming more economically significant.
Investor / Corporate Implication	They represent emerging investment destinations.
Policy Implication	Continued reforms will be important.
Lender / Financial Institution Implication	Credit demand is expanding rapidly.
Structural Gaps / Areas for Improvement	These states still lag leading regions in income levels, industrial depth, and economic maturity.

Conclusion

India's Next Growth Phase Will Be Shaped by How Broadly its State-Level Momentum Deepens

Growth is Expanding Beyond Traditional Economic Anchors

India's rise to become the world's fourth-largest economy has been driven by the strength of its states. However, this analysis shows that economic activity remains concentrated in a relatively small number of regions. Maharashtra, Gujarat, Tamil Nadu, Karnataka, and Telangana continue to anchor national output, investment, exports, and credit, supported by their established industrial ecosystems, infrastructure depth, and institutional capacity.

At the same time, states such as Uttar Pradesh, Odisha, Rajasthan, Madhya Pradesh, and Assam are expanding their economic presence. Increased capital expenditure, improving investment intensity, and rising participation in exports and credit markets suggest that India's growth base is gradually widening. The ongoing transformation of historically lagging states, notably Uttar Pradesh and Rajasthan, illustrates how sustained infrastructure investment and stronger economic linkages can begin to reshape regional growth trajectories.

This marks an important structural shift, where future growth may increasingly be influenced by states that were previously not central to India's industrial and export landscape.

Positive Structural Shifts are Strengthening India's Growth Foundations

Alongside persistent structural imbalances, the analysis also highlights meaningful progress across several states, signalling early signs of a broader and more distributed growth model.

Uttar Pradesh, in particular, has emerged as a major centre of capital expenditure and fixed capital formation, alongside rising participation in exports and credit markets. This reflects a gradual shift in its economic profile from being primarily consumption-led to becoming a state with expanding productive capacity.

Odisha has also strengthened its position as an industrial and export contributor, supported by rising capital formation and increased integration into national production networks. Similarly, Telangana continues to rank among India's leading states in per capita income and credit growth, reflecting sustained economic dynamism.

Other states, including Rajasthan and Madhya Pradesh, are witnessing improving investment momentum, suggesting a gradual expansion of India's industrial geography. At the same time, established leaders such as Tamil Nadu and Gujarat continue to deepen their economic advantages, maintaining strong positions in industrial capital, exports, and investment efficiency.

Concentration Remains a Structural Vulnerability

Despite these positive shifts, India's economic structure continues to reflect significant regional concentration. Economic leadership across key indicators, including GDP, industrial capital, exports, and credit, remains heavily skewed toward a handful of states. Several states, particularly in Eastern and Northeastern India, continue to account for relatively modest shares of productive capital and formal credit.

This imbalance creates an inherent vulnerability. When growth is anchored in a narrow set of states, the national economy becomes more exposed to localised disruptions, whether arising from policy changes, infrastructure

constraints, or external demand shocks. The continued strength of leading states, therefore, remains critical not only for growth, but also for maintaining economic stability at the national level.

Diverging Levels of Economic Maturity Will Influence Future Outcomes

The analysis also highlights clear differences in economic maturity across states. Leading regions benefit from deep industrial bases, stronger institutional capacity, and more efficient capital utilisation. In contrast, emerging states are still in earlier stages of capital formation, where the long-term impact of current investment will depend on how effectively it translates into sustained industrial activity, productivity gains, and employment generation.

The durability of India’s broader growth transition will depend on whether emerging states can build on recent investment momentum and develop the institutional and industrial depth needed to support long-term expansion.

Strategic Implications for Key Stakeholders

These trends carry important implications across stakeholder groups.

For policymakers, the findings reinforce the importance of sustaining infrastructure development and improving the conditions that enable private investment, industrial expansion, and credit access across a wider set of states. Supporting emerging high-growth regions while addressing persistent regional gaps will be important not only for balanced development but also for strengthening the resilience of national growth.

For businesses and investors, India presents a dual landscape. Established industrial states will remain central to economic and commercial activity, given their scale, ecosystem advantages, and operational stability. At the same time, emerging states represent a growing source of future opportunity, particularly as infrastructure improves and domestic demand expands. These opportunities, however, will continue to require careful evaluation of execution capacity and local operating conditions.

For lenders and financial institutions, credit demand is likely to remain anchored in traditional industrial centres, while incremental growth may increasingly come from emerging regions. This evolving credit geography will require continued attention to regional risk differentiation and project viability.



Risk Outlook: Growth Must Take Root Beyond Core Economic Hubs

India's economic trajectory is entering a phase of gradual geographic expansion. A broader distribution of growth across states has the potential to strengthen resilience, reduce dependence on a few economic centres, and create a more balanced foundation for long-term expansion.

However, this transition remains incomplete. Regional disparities in income, capital availability, and industrial depth continue to shape the country's economic risk profile. If investment momentum in emerging states slows or fails to translate into sustained productive capacity, growth could remain structurally uneven.

Ultimately, India's long-term economic resilience will depend not only on the continued strength of its leading states but also on how effectively emerging regions are able to convert current momentum into durable and self-sustaining growth.

India's next phase of development will be defined as much by the geographical broadening of its economic and industrial base as by the pace of its growth itself.

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Corporate Office:

D - 424, Neelkanth Business Park, Vidyavihar (West), Mumbai - 400086, India

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The Rubix Country Insights Team

INDUSTRY DATA & ANALYTICS

Rubix Data Sciences

RESEARCH

Yogesh Jambhale

EDITOR

Lakshmi Subramanian

DESIGN

Chandan Naik

BUSINESS DEVELOPMENT

Tushar Bhaskar

✉ tushar.bhaskar@rubixds.com

☎ +91-9999064524

CUSTOMER SERVICE

✉ info@rubixds.com

☎ +91-22-49744274

MARKETING & MEDIA QUERIES

Rahul Chopadekar

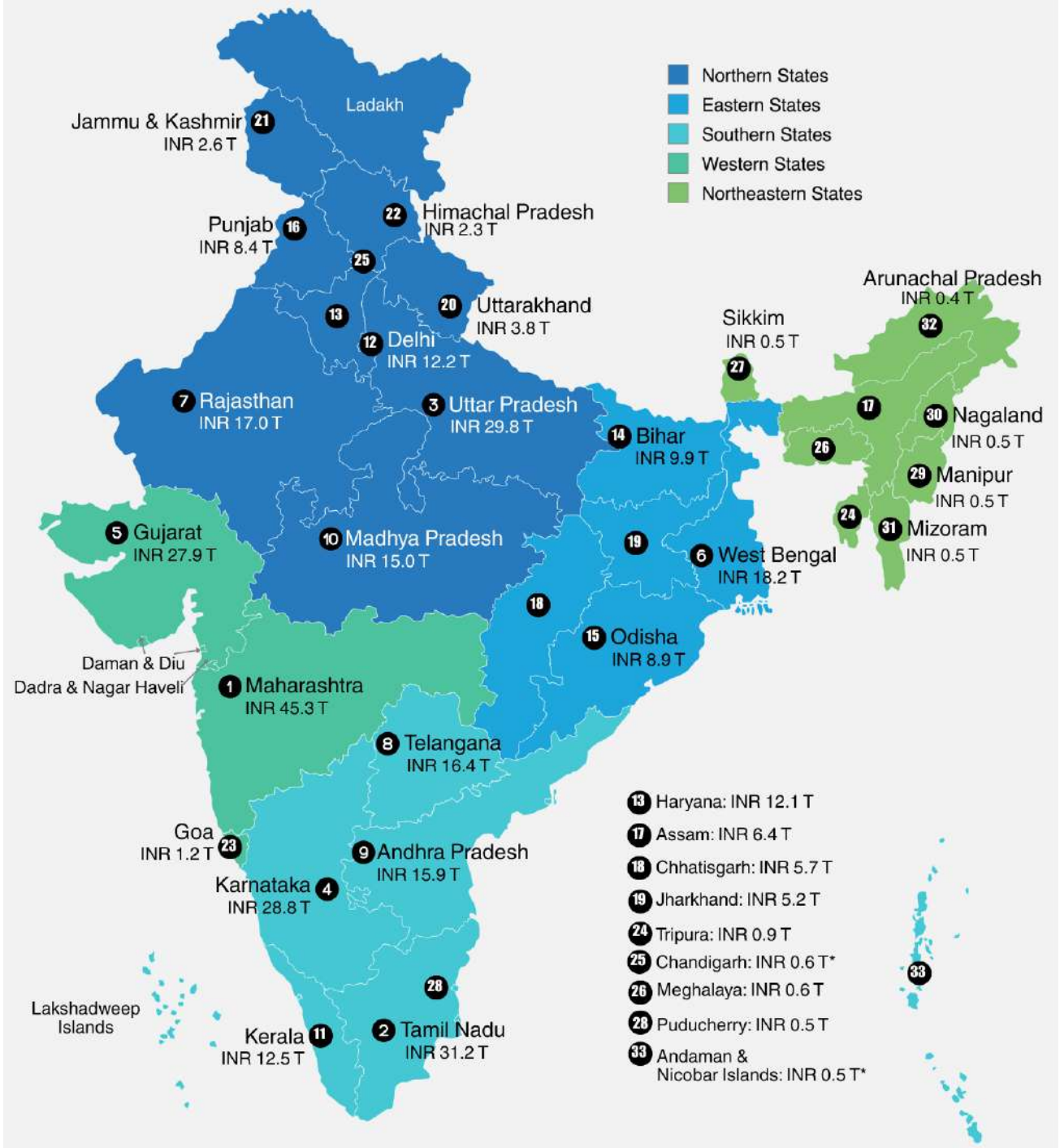
✉ rahul.chopadekar@rubixds.com

☎ +91-9819735111

If you'd like to learn more about Rubix's Solutions, please visit www.rubixds.com or contact us via info@rubixds.com

Annexure

Region-wise Indian States and their Ranking by GDP (INR Trillion), FY2025



Source: Handbook of Statistics on Indian States, 2024-25, Reserve Bank of India (RBI) and State of State Finances Report (PRS Legislative Research)

Note:

1. Data for states marked with * refers to FY2024, as FY2025 data is not available.
2. FY2024 or FY2025 data GDP data for three states: Dadra and Nagar Haveli and Daman and Diu, Ladakh, and Lakshadweep, are not available from official sources. Hence, these states are not a part of the above table.
3. Note: All figures are rounded off to the nearest decimal.