

Chhattisgarh Budget Analysis 2023-24

The Chief Minister of Chhattisgarh, Mr. Bhupesh Baghel, presented the Budget for the state for the financial year 2023-24 on March 6, 2023.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Chhattisgarh for 2023-24 (at current prices) is projected to be Rs 5.09 lakh crore, amounting to growth of 11.2% over 2022-23.
- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 1,21,495 crore, an increase of 8% over the revised estimates of 2022-23. In addition, debt of Rs 7,542 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 1,06,301 crore, an increase of 8% as compared to the revised estimate of 2022-23. In 2022-23, receipts (excluding borrowings) are estimated to be Rs 8,808 crore over the budget estimate (increase of 10%).
- **Revenue surplus** in 2023-24 is estimated to be 0.7% of GSDP (Rs 3,500 crore), marginally higher than the revised estimates for 2022-23 (0.6% of GSDP). In 2022-23, the revenue surplus as per revised estimates (Rs 2,661 crore) was almost four times the budget estimate (Rs 702 crore).
- **Fiscal deficit** for 2023-24 is targeted at 3% of GSDP (Rs 15,194 crore). In 2022-23, as per the revised estimates, fiscal deficit is expected to be 3.2% of GSDP, lower than the budget estimate of 3.3% of GSDP.

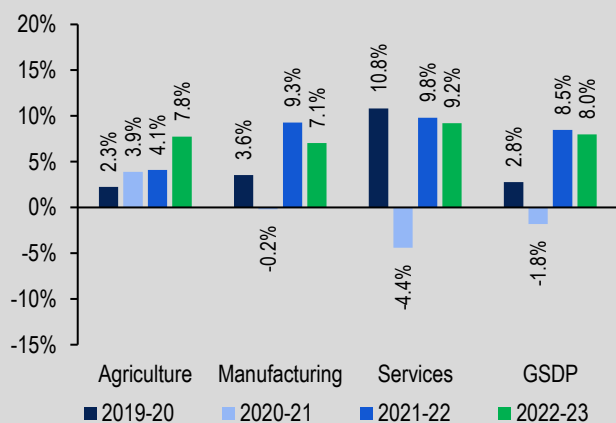
Policy Highlights

- **Unemployment allowance:** Rs 2,500 per month will be provided to the educated unemployed as unemployment allowance.
- **Assistance to landless labourers:** The Rajiv Gandhi Rural Landless Agricultural Labourers Nyay Yojana will be extended from rural areas to nagar panchayat areas. Under this scheme, landless labourers receive financial assistance of Rs 6,000 annually.
- **Education:** 101 new Swami Atmanand English medium schools will be opened, with a budgetary outlay of Rs 870 crore.
- **Energy:** Rs 25 crore will be allocated for the establishment of a new thermal power plant in Korba.
- **Transport:** Light metro service will be introduced between New Raipur and Durg.

Chhattisgarh's Economy

- **GSDP:** As per advance estimates, Chhattisgarh's GSDP (at constant prices) is estimated to grow at 8% in 2022-23. In 2021-22, GSDP had grown by 8.5%. In comparison, national GDP is estimated to grow at 7% in 2022-23.
- **Sectors:** In 2022-23, agriculture, manufacturing, and services sectors are estimated to contribute 32%, 32%, and 36% of the economy, respectively (at current prices). Manufacturing is estimated to grow at a slower rate than the other sectors.
- **Per capita GSDP:** The per capita GSDP of Chhattisgarh in 2022-23 (at current prices) is estimated at Rs 1,52,348, an increase of 11% over the estimate for 2021-22 (Rs 1,36,873).

Figure 1: Growth in GSDP and sectors in Chhattisgarh at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Sources: Chhattisgarh Economic Survey 2022-23; PRS.

Budget Estimates for 2023-24

- **Total expenditure (excluding debt repayment)** in 2023-24 is targeted at Rs 1,21,495 crore. This is an increase of 8% over the revised estimate of 2022-23. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,06,301 crore, net borrowings of Rs 11,500 crore, and receipts from public account of Rs 3,700 crore. Total receipts for 2023-24 (other than borrowings) are expected to register an increase of 8% over the revised estimate of 2022-23.
- **Revenue surplus** in 2023-24 is estimated to be 0.7% of GSDP (Rs 3,500 crore), marginally higher than the revised estimates for 2022-23 (0.6% of GSDP). **Fiscal deficit** for 2023-24 is targeted at 3% of GSDP (Rs 15,194 crore), lower than the revised estimates for 2022-23 (3.2% of GSDP).
- In 2022-23, fiscal deficit as per the revised estimates was lower than the budget estimate. At the revised stage, while both total expenditure and total receipts increased, the rate of growth was higher for receipts.

Table 1: Budget 2023-24 - Key figures (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Total Expenditure	94,684	1,10,012	1,18,695	7.9%	1,29,037	8.7%
(-) Repayment of debt	8,845	6,012	5,992	-0.3%	7,542	25.9%
Net Expenditure (E)	85,838	1,04,000	1,12,703	8.4%	1,21,495	7.8%
Total Receipts	94,843	1,05,912	1,14,700	8.3%	1,25,343	9.3%
(-) Borrowings	15,098	16,512	16,492	-0.1%	19,042	15.5%
Net Receipts (R)	79,745	89,400	98,208	9.9%	1,06,301	8.2%
Fiscal Deficit (E-R)	6,093	14,600	14,495	-0.7%	15,194	4.8%
<i>as % of GSDP</i>	1.5%	3.3%	3.2%		3.0%	
Revenue Surplus	4,642	702	2,661	279.3%	3,500	31.5%
<i>as % of GSDP</i>	1.1%	0.2%	0.6%		0.7%	
Primary Deficit	-51	7,378	7,173	-2.8%	8,274	15.4%
<i>as % of GSDP</i>	0.0%	1.7%	1.6%		1.6%	

Note: BE is Budget Estimates; RE is Revised Estimates. Fiscal deficit figures given in the above table may differ from that in the Summary of Budget document. For 2021-22, this is due to differences in accounting for transfers to the Contingency Fund. For 2022-23 and 2023-24, it is due to the exclusion of inter-state settlements in our calculations. Sources: Summary of Budget, Chhattisgarh Budget 2023-24; PRS.

Expenditure in 2023-24

- **Revenue expenditure** for 2023-24 is proposed to be Rs 1,02,501 crore, an increase of 8% over the revised estimate of 2022-23. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2023-24 is proposed to be Rs 18,660 crore, an increase of 9% over the revised estimate of 2022-23. Capital outlay indicates the expenditure towards creation of assets.
- Between 2018-19 and 2021-22, both revenue expenditure and capital outlay have grown at an annualised rate of 4%.

Pension Expenditure

In 2022-23, states on average estimated their pension expenditure to be 13% of revenue receipts. For Chhattisgarh, this figure was estimated to be 9% in 2022-23 (as per budget estimates), and 7% in 2023-24. Expenditure on pension is estimated to decrease by 11% in 2023-24 over the revised estimates of 2022-23. In the budget speech of 2022-23, Chhattisgarh announced the re-implementation of the defined-benefit based Old Pension Scheme. In the medium term, states which revert to the old scheme may see a decrease in pension expenditure, since they no longer have to provide contributions under the New Pension Scheme. However, the costs of reverting to the old scheme will become visible in the longer term.

Table 2: Expenditure budget 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Revenue Expenditure	75,010	88,372	95,247	8%	1,02,501	8%
Capital Outlay	10,504	15,241	17,079	12%	18,660	9%
Loans given by the state	324	388	376	-3%	334	-11%
Net Expenditure	85,838	1,04,000	1,12,703	8%	1,21,495	8%

Sources: Annual Financial Statement, Chhattisgarh Budget 2023-24; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2023-24, Chhattisgarh is estimated to spend Rs 44,382 crore on committed expenditure, which is 42% of its estimated revenue receipts. This comprises spending on salaries (28% of revenue receipts), pension (7%), and interest payments (7%). Committed expenditure is expected to increase by 7% over the revised estimate of 2022-23. In 2022-23, expenditure towards pension is estimated to be 11% lower than the budget estimate. This could be due to the state government allowing employees to revert to the Old Pension Scheme.

Table 3: Committed Expenditure in 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Salaries	22,639	26,769	27,324	2%	30,071	10%
Pensions	7,472	7,603	6,741	-11%	7,391	10%
Interest Payment	6,144	7,222	7,322	1%	6,920	-5%
Total Committed Expenditure	36,256	41,594	41,388	0%	44,382	7%

Sources: Summary of Budget and Annual Financial Statement, Chhattisgarh Budget 2023-24; PRS.

Sector-wise expenditure: The sectors listed below account for 73% of the total expenditure on sectors by the state in 2023-24. A comparison of Chhattisgarh's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Chhattisgarh Budget 2023-24 (in Rs crore)

Sectors	2021-22 Actuals	2022-23 BE	2022-23 RE	2023-24 BE	% change from RE 22-23 to BE 23-24	Budget Provisions
Education, Sports, Arts, and Culture	16,028	19,574	20,661	23,493	14%	Rs 1,380 crore will be allocated towards the Samagra Shiksha programme.
Agriculture and Allied Activities	14,095	17,288	19,475	19,896	2%	Rs 6,800 crore will be allocated towards the Rajiv Gandhi Kisan Nyay Yojana.
Health and Family Welfare	6,548	6,465	7,669	7,842	2%	<ul style="list-style-type: none"> The National Health Mission has been allocated Rs 1,200 crore. Rs 990 crore has been allocated towards the Dr. Khoobchand Baghel Swasthya Sahayata Yojana.
Transport	5,498	6,558	7,203	6,617	-8%	Rs 4,845 crore has been allocated for capital outlay on roads and bridges.
Police	4,365	5,463	5,463	6,189	13%	Rs 1,990 crore has been allocated for the special police force.
Rural Development	4,489	6,040	5,855	5,920	1%	Pradhan Mantri Awas Yojana – Gramin has been allocated Rs 3,238 crore, which is 300% higher than the allocation in 2022-23.
Energy	4,695	4,714	6,076	5,860	-4%	Grants worth Rs 2,900 crore have been allocated for providing free power to agricultural pumps over five horsepower.
Social Welfare and Nutrition	3,311	3,864	3,926	4,581	17%	Rs 541 crore has been allocated for various pension schemes, including the National Old Age Pension and the Mukhya Mantri Pension Yojana.
Urban Development	2,250	2,570	3,611	4,344	20%	Rs 1,596 crore has been allocated towards capital outlay for urban development.
Irrigation and Flood Control	1,595	3,113	2,830	3,364	19%	Rs 541 crore has been allocated towards minor irrigation.
% of total expenditure on all sectors	74%	73%	74%	73%	-1%	

Sources: Annual Financial Statement, Chhattisgarh Budget 2023-24; PRS.

Receipts in 2023-24

- **Total revenue receipts** for 2023-24 are estimated to be Rs 1,06,001 crore, an increase of 8% over the revised estimate of 2022-23. Of this, Rs 56,200 crore (53%) will be raised by the state through its **own resources**, and Rs 49,801 crore (47%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (33% of revenue receipts) and grants (14% of revenue receipts).
- **State's own tax revenue:** Chhattisgarh's total own tax revenue is estimated to be Rs 38,000 crore in 2023-24, an increase of 16% over the revised estimate of 2022-23. Own tax revenue as a percentage of GSDP is estimated at 7.5% in 2023-24. This ratio increased from 6.7% in 2021-22 to 7.2% in 2022-23 (as per revised estimates). An increase in the own tax to GSDP ratio indicates an improved ability to generate revenue from the economic activities undertaken in the state.
- **Devolution:** In 2023-24, state's share in central taxes is estimated at Rs 34,801 crore, an increase of 8% over the revised estimate of 2022-23.
- **Grants from the centre** in 2023-24 is estimated at Rs 15,000 crore, a decrease of 10% over the revised estimates for 2022-23. This decline could be on account of the discontinuation of GST compensation after June 2022.

Table 5: Break-up of the state government's receipts (in Rs crore)

Sources	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State's Own Tax	27,084	29,000	32,800	13%	38,000	16%
State's Own Non-Tax	13,851	15,500	16,000	3%	18,200	14%
Share in Central Taxes	28,571	27,823	32,358	16%	34,801	8%
Grants-in-aid from Centre	10,146	16,750	16,750	0%	15,000	-10%
Revenue Receipts	79,652	89,073	97,908	10%	1,06,001	8%
Non-debt Capital Receipts	93	327	300	-8%	300	0%
Net Receipts	79,745	89,400	98,208	10%	1,06,301	8%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Chhattisgarh Budget 2023-24; PRS.

- In 2023-24, State GST is estimated to be the largest source of own tax revenue (37% share). State GST revenue is estimated to increase by 19% over the revised estimates of 2022-23.
- Revenue from taxes and duties on electricity in 2023-24 are expected increase by 23% as compared to the revised estimates for 2022-23. This includes taxes and duties levied on captive generation and consumption of electricity. Chhattisgarh has one of the highest tax-to-GSDP ratios for revenue generated from taxes and duties on electricity. As per the revised estimates of 2021-22, revenue under this account amounted to 0.67% of GSDP, the highest for all states.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Taxes	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State GST	9,483	11,064	11,796	7%	14,028	19%
Sales Tax/ VAT	5,341	4,929	6,643	35%	7,900	19%
Stamps Duty and Registration Fees	1,945	2,000	2,100	5%	2,500	19%
Taxes on Vehicles	1,373	1,700	1,750	3%	1,900	9%
State Excise	5,107	5,500	6,450	17%	6,700	4%
Land Revenue	950	950	1,000	5%	1,200	20%
Taxes and Duties on Electricity	2,836	2,850	3,000	5%	3,700	23%
GST Compensation Grants	1,217	1,750	1,750	0%	0	-
GST Compensation Loans	0	0	0		0	

Sources: Annual Financial Statement, Revenue Budget, and Summary of Budget statements, Chhattisgarh Budget 2023-24; PRS.

Deficits, Debt, and FRBM Targets for 2023-24

The Chhattisgarh Fiscal Responsibility and Budget Management Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

Revenue balance: It is the difference of revenue expenditure and revenue receipts. A revenue surplus implies that revenue is more than the government's recurring expenses, which do not increase its assets or reduce its liabilities. The budget estimates a revenue surplus of Rs 3,500 crore (or 0.7% of the GSDP) in 2023-24. Similarly, in 2022-23, the revenue surplus is expected to be Rs 2,661 crore (0.6% of GSDP) as per revised estimates. This is almost four times the budget estimate for 2022-23 (Rs 702 crore).

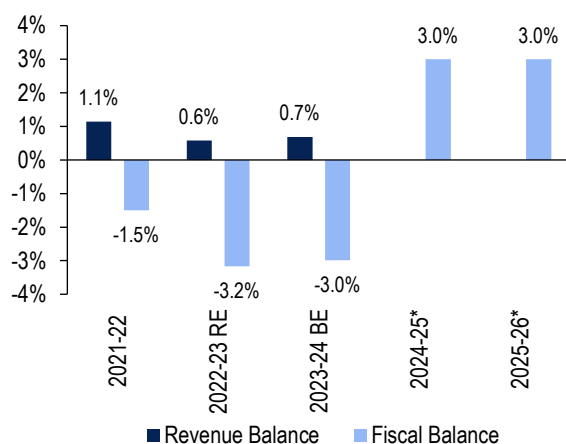
Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2023-24, the fiscal deficit is estimated to be 3% of GSDP. For 2023-24, the central government has permitted fiscal deficit of up to 3.5% of GSDP for states, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms. As per the revised estimates, in 2022-23, the fiscal deficit of the state is expected to be 3.2% of GSDP, which is marginally lower than the budget estimate of 3.3% of GSDP.

Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. At the end of 2023-24, the outstanding liabilities is estimated to be 23.8% of GSDP, lower than the revised estimate for 2022-23 (24% of GSDP).

Maturity of Debt

In 2023-24, Rs 7,542 crore is estimated to be spent on debt repayment by the state. This is a 26% increase over the revised estimates for 2022-23. This could be due to a significant proportion of debt maturing in this financial year. The CAG (2022) had noted that 25% of the state's public debt (as of March 31, 2021) would mature by 2023-24. 81% of public debt would have to be repayed by 2026-27.

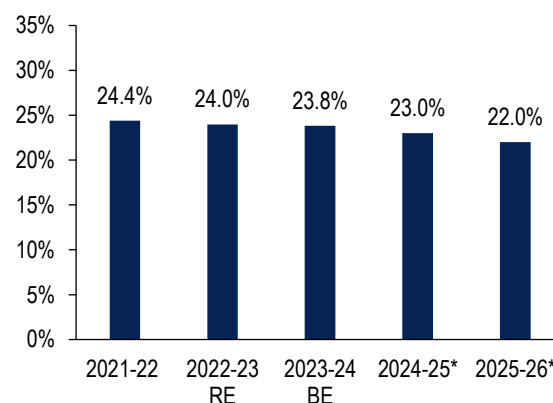
Figure 2: Revenue and Fiscal Balance (% of GSDP)



Note: *Figures for 2024-25 and 2025-26 are projections; Positive figures indicate surplus, negative figures indicate deficit; RE is Revised Estimates; BE is Budget Estimates.

Sources: Medium Term Fiscal Policy, Chhattisgarh Budget 2023-24; PRS.

Figure 3: Outstanding Liabilities (% of GSDP)



Note: *Figures for 2024-25 and 2025-26 are projections; Above figures do not include GST compensation loan as liabilities as it is to be serviced by the central government. RE: Revised Estimates; BE: Budget Estimates.

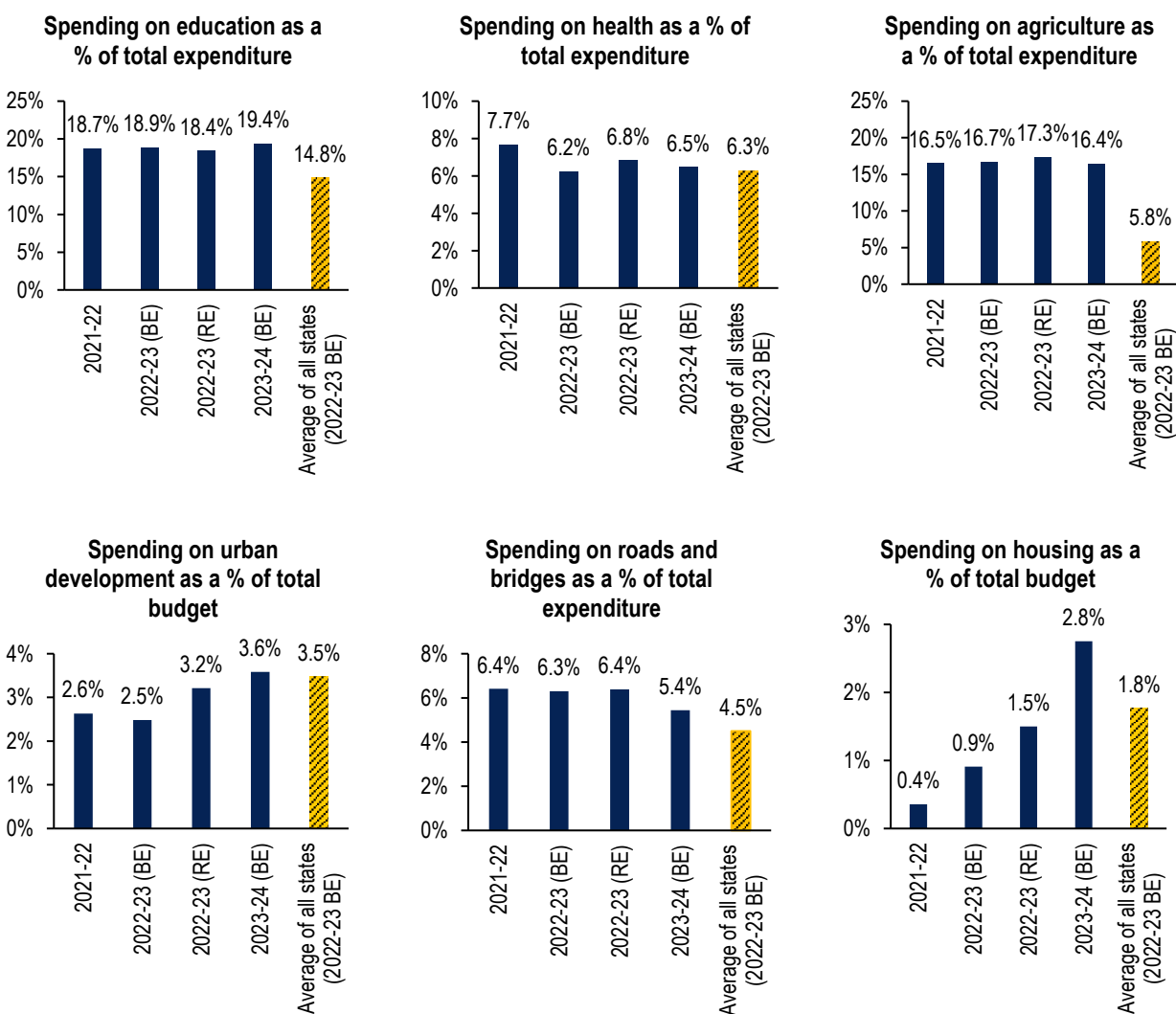
Sources: Medium Term Fiscal Policy, Chhattisgarh Budget 2023-24; PRS.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Chhattisgarh's expenditure in 2023-24 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Chhattisgarh) as per their budget estimates of 2022-23.¹

- **Education:** Chhattisgarh has allocated 19.4% of its expenditure on education in 2023-24. This is higher than the average allocation for education by states in 2022-23 (14.8%).
- **Health:** Chhattisgarh has allocated 6.5% of its total expenditure towards health, which is marginally higher than the average allocation for health by states (6.3%).
- **Agriculture:** Chhattisgarh has allocated 16.4% of its expenditure on agriculture. This is significantly higher than the average allocation for agriculture by states (5.8%).
- **Urban development:** Chhattisgarh has allocated 3.6% of its expenditure towards urban development. This is marginally higher than the average allocation towards urban development by states (3.5%).
- **Roads and bridges:** Chhattisgarh has allocated 5.4% of its total expenditure towards roads and bridges, which is higher than the average expenditure on roads and bridges by states (4.5%).
- **Housing:** Chhattisgarh has allocated 2.8% of its total expenditure towards housing, which is higher than the average allocation by states (1.8%). In 2022-23, Chhattisgarh's budget allocation towards housing was half the average allocation by all states.



Note: 2021-22, 2022-23 (BE), 2022-23 (RE), and 2023-24 (BE) figures are for Chhattisgarh.
Sources: Annual Financial Statement, Chhattisgarh Budget 2023-24; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry .

Annexure 2: Comparison of 2021-22 Budget Estimates and Actuals

The following tables compare the actuals of 2021-22 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Net Receipts (1+2)	79,645	79,745	0.1%
1. Revenue Receipts (a+b+c+d)	79,325	79,652	0.4%
a. Own Tax Revenue	25,750	27,084	5%
b. Own Non-Tax Revenue	9,250	13,851	50%
c. Share in central taxes	22,675	28,571	26%
d. Grants-in-aid from the Centre	21,650	10,146	-53%
<i>Of which GST compensation grants</i>	6,500	1,217	-81%
2. Non-Debt Capital Receipts	320	93	-71%
3. Borrowings	18,776	15,098	-20%
<i>Of which GST compensation loan</i>	0	0	-
Net Expenditure (4+5+6)	97,106	85,838	-12%
4. Revenue Expenditure	83,028	75,010	-10%
5. Capital Outlay	13,839	10,504	-24%
6. Loans and Advances	240	324	35%
7. Debt Repayment	5,376	8,845	65%
Revenue Deficit	-3,702	4,642	-225%
Revenue Deficit (as % of GSDP)*	-1.0%	1.1%	
Fiscal Deficit	-17,461	6,093	-135%
Fiscal Deficit (as % of GSDP)	-4.6%	1.5%	

Note: BE: Budget Estimates. For calculating deficits, GST compensation loan not treated as grants.

Sources: Chhattisgarh Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Stamps Duty and Registration Fees	9,338	9,483	2%
Land Revenue	4,357	5,341	23%
Sales Tax/ VAT	1,650	1,945	18%
Taxes on Vehicles	1,600	1,373	-14%
Taxes and Duties on Electricity	5,500	5,107	-7%
State Excise	850	950	12%
State GST	2,450	2,836	16%

Sources: Chhattisgarh Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Water Supply and Sanitation	4,958	4,365	-12%
Transport	18,394	16,028	-13%
<i>of which Roads and Bridges</i>	5,902	6,548	11%
Health and Family Welfare	1,846	1,704	-8%
Police	1,756	303	-83%
Education, Sports, Arts, and Culture	2,618	2,250	-14%
Agriculture and Allied Activities	901	561	-38%
Irrigation and Flood Control	3,801	3,311	-13%
Energy	16,640	14,095	-15%
Welfare of SC, ST, OBC, and Minorities	4,727	4,489	-5%
Housing	2,642	1,595	-40%
Social Welfare and Nutrition	4,666	4,695	1%
Urban Development	6,818	5,498	-19%
Rural Development	6,791	5,481	-19%

Sources: Chhattisgarh Budget Documents of various years; PRS.