

Rajasthan Budget Analysis 2023-24

The Chief Minister of Rajasthan, Mr. Ashok Gehlot presented the Budget for the state for the financial year 2023-24 on February 10, 2023.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Rajasthan for 2023-24 (at current prices) is projected to be Rs 15.7 lakh crore, amounting to growth of 11.5% over 2022-23.
- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 2,97,091 crore, an increase of 7.1% over the revised estimates of 2022-23. In addition, debt of Rs 93,766 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 2,34,319 crore, an increase of 8.4% as compared to the revised estimates of 2022-23. In 2022-23, receipts (excluding borrowings) are estimated to increase by a marginal 0.4% over the budget estimates.
- **Revenue deficit** in 2023-24 is estimated to be 1.6% of GSDP (Rs 24,896 crore), lower than the revised estimates for 2022-23 (2.3% of GSDP). In 2022-23, the revenue deficit is expected to be 2.3% which is higher than the budget estimate (1.8% of GSDP).
- **Fiscal deficit** for 2023-24 is targeted at 4.0% of GSDP (Rs 62,772 crore). In 2022-23, as per the revised estimates, fiscal deficit is expected to be 4.3% of GSDP, marginally lower than the budget estimate (4.4%).

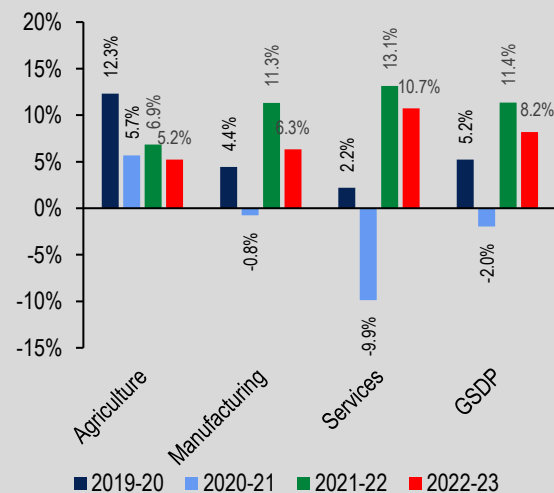
Policy Highlights

- **Legislative proposal:** A Gig Workers Welfare Act will be introduced under which the Gig Workers Welfare Board and Gig Workers Welfare and Development Fund will be set up. The Fund will be provided with Rs 200 crore.
- **Power:** Under the Chief Minister’s Free Electricity Scheme, consumers were provided with free electricity up to 50 units. This has been increased up to 100 units.
- **Social Welfare:** Beneficiaries under the National Food Security Act, 2013 will be provided with free ration and the Chief Minister’s Annapurna Food Packet (includes rice, sugar, oil).
- **Education and skill development:** A Youth Policy will be formulated under which a Youth Development and Welfare Fund will be set up to provide for education, skill development, and employment.

Rajasthan’s Economy

- **GSDP:** In 2022-23, Rajasthan’s GSDP (at constant prices) is estimated to grow at 8.2%, over the previous year. In 2021-22, GSDP is estimated to grow by 11.4%. In comparison, national GDP is estimated to grow at 7.0% in 2022-23, and 8.7% in 2021-22.
- **Sectors:** In 2022-23 all three sectors (agriculture, manufacturing, and services) saw a growth. Services sector had the highest growth (10.7%). In 2022-23, agriculture, manufacturing, and services sectors are estimated to contribute 60%, 15%, and 24% to the economy respectively (at current prices).
- **Per Capita Income:** In 2022-23, the per capita income (at current prices) of Rajasthan is expected to increase by 15% over the previous year.

Figure 1: Growth in GSDP and sectors in Rajasthan 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: Rajasthan Economic Review 2022-23; PRS.

* corrected on March 3, 2023

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Budget Estimates for 2023-24

- **Total expenditure (excluding debt repayment)** in 2023-24 is targeted at Rs 2,97,091 crore. This is an increase of 7.1% over the revised estimate of 2022-23. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,34,319 crore and net borrowings of Rs 54,589 crore. Total receipts for 2023-24 (other than borrowings) are expected to register an increase of 8.4% over the revised estimate of 2022-23.
- **Revenue deficit** in 2023-24 is estimated to be 1.6% of GSDP (Rs 24,896 crore), lower than the revised estimates for 2022-23 (2.3% of GSDP). **Fiscal deficit** for 2023-24 is targeted at 4% of GSDP (Rs 62,772 crore), lower than the revised estimates for 2022-23 (4.3% of GSDP). For 2023-24, the central government has allowed states a fiscal deficit of 3.5% of GSDP (including 0.5% for undertaking power sectors reforms).
- In 2022-23, fiscal deficit is higher than the budget estimates in absolute terms. However, as a percentage of GSDP it is lower by about 0.1 percentage point due to an increase of 6% in GSDP from budget estimates to revised estimates. In 2022-23, while expenditure has seen a 1.5% increase over 2022-23 budget estimates, receipts are expected to marginally rise by 0.4% of GSDP over budget estimates.

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

Items	2021-22 Actuals	2022-23 Budgeted	2022-23 Revised	% change from BE 2022-23 to RE 2022-23	2023-24 Budgeted	% change from RE 2022-23 to BE 2023-24
Total Expenditure	2,90,691	3,46,183	3,82,247	10.4%	3,90,856	2.3%
(-) Repayment of debt	56,128	72,715	1,04,810	22.7%	93,766	-1.5%
Net Expenditure (E)	2,34,563	2,73,468	2,77,436	1.5%	2,97,091	7.1%
Total Receipts	2,87,688	3,38,075	3,66,858	8.5%	3,82,674	4.3%
(-) Borrowings	1,01,363	1,22,819	1,50,686	22.7%	1,48,355	-1.5%
Net Receipts (R)	1,86,325	2,15,256	2,16,173	0.4%	2,34,319	8.4%
Fiscal Deficit (E-R)	48,238	58,212	61,264	5.2%	62,772	2.5%
as % of GSDP	4.0%	4.4%	4.3%		4.0%	
Revenue Deficit	25,870	23,489	32,310	37.6%	24,896	22.9%
as % of GSDP	2.1%	1.8%	2.3%		1.6%	
Primary Deficit	20,137	29,373	30,530	3.9%	30,378	-0.5%
as % of GSDP	1.7%	2.2%	2.2%		1.9%	

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

Sources: Rajasthan Budget Documents 2023-24; PRS.

Expenditure in 2023-24

- **Revenue expenditure** for 2023-24 is proposed to be Rs 2,58,884 crore, an increase of 4% 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 38,061 crore, an increase of 31% over the revised estimate of 2022-23. Capital outlay indicates the expenditure towards creation of assets.
- In 2023-24, loans and advances of the state are expected to be Rs 146 crore, a decrease of Rs 53 crore (27% decrease) from revised estimates. *

Pension burden may increase in the future

Several states including Rajasthan had announced to withdraw from the National Pension System (NPS) and re-implement the Old Pension Scheme (OPS). Given that the current retirees from states are primarily enrolled in the OPS, immediate financial strain will not be felt due to shifting back to OPS. In fact, Rajasthan has reduced its allocation to NPS from Rs 1,926 crore in 2021-22 (actuals) to Rs 5 crore in 2023-24 (budget estimates). However, when the employees who joined after the implementation of the NPS begin to retire from 2034 onwards, the cost of reverting to OPS will be visible. Adoption of OPS is expected to benefit the current generation at the cost of future generation.

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

Items	2021-22 Actuals	2022-23 Budgeted	2022-23 Revised	% change from BE 2022-23 to RE 2022-23	2023-24 Budgeted	% change from RE 2022-23 to BE 2023-24
Revenue Expenditure	2,09,790	2,38,466	2,48,097	4%	2,58,884	4%
Capital Outlay	24,152	34,809	29,141	-16%	38,061	31%
Loans given by the state	621	193	198	3%	146	-27%
Net Expenditure	2,34,563	2,73,468	2,77,436	1%	2,97,091	7%

Sources: Annual Financial Statement, Rajasthan 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, Rajasthan is estimated to spend Rs 1,29,963 crore on committed expenditure, which is 56% of its estimated revenue receipts. This comprises spending on salaries (31% of revenue receipts), pension (11%), and interest payments (14%). Committed expenditure is expected to increase by 7% over the revised estimate of 2022-23. In 2022-23, expenditure towards salaries is estimated to be 2% lower than the budget estimate.

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

Committed Expenditure	2021-22 Actuals	2022-23 Budgeted	2022-23 Revised	% change from BE 2022-23 to RE 2022-23	2023-24 Budgeted	% change from RE 2022-23 to BE 2023-24
Salaries	57,118	66,385	65,127	-2%	71,498	10%
Pension	23,391	24,439	25,761	5%	26,072	1%
Interest	28,100	28,838	30,733	7%	32,394	5%
Committed Expenditure	1,08,610	1,19,662	1,21,622	2%	1,29,963	7%

Sources: Budget in Brief and Annual Financial Statement, Rajasthan Budget 2023-24; PRS.

Sector-wise expenditure: The sectors listed below account for 69% of the total expenditure on sectors by the state in 2023-24. A comparison of Rajasthan's expenditure on key sectors with that by other states is shown in Annexure 1

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

Sector	2021-22 Actuals	2022-23 Budgeted	2022-23 Revised	2023-24 Budgeted	% change from RE 2022-23 to BE 2023-24	Budget Provisions (2023-24)
Education, Sports, Arts, and Culture	41,020	49,627	53,136	57,953	9%	<ul style="list-style-type: none"> Rs 14,691 crore has been allocated for Samagra Shiksha Abhiyan.
Energy	24,789	26,750	26,699	26,371	-1%	<ul style="list-style-type: none"> Rs 16,928 crore has been allocated for grants to public enterprises and other subsidiaries.
Health and Family Welfare	16,312	20,111	20,119	22,064	10%	<ul style="list-style-type: none"> Rs 4,023 crore and Rs 3,472 crore have been allocated to urban and rural health services (allopathy) respectively.
Rural Development	17,465	28,179	24,074	20,418	-15%	<ul style="list-style-type: none"> Rs 4,251 crore has been allocated to Mahatma Gandhi Rural Employment Guarantee Scheme.
Social Welfare and Nutrition	16,500	17,307	20,039	20,318	1%	<ul style="list-style-type: none"> Rs 10,669 crore has been allocated for grants in aid to Zila Parishad. Rs 1,157 crore has been allocated for grants in aid to Block Panchayat.
Urban Development	9,539	8,728	11,426	14,040	23%	<ul style="list-style-type: none"> Rs 4,122 crore has been allocated for grants in aid to Nagar Palika.
Agriculture and Allied Activities	12,642	13,596	11,695	12,864	10%	<ul style="list-style-type: none"> Fasal Beema Yojana has been allocated Rs 1,400 crore.
Transport	8,584	10,391	8,054	11,412	42%	<ul style="list-style-type: none"> Rs 4,928 crore has been allocated for capital outlay on roads and bridges.
Water Supply and Sanitation	8,990	10,897	6,824	9,773	43%	<ul style="list-style-type: none"> Rs 4,829 crore has been allocated for rural water supply
% Of total expenditure on all sectors	70%	71%	68%	69%		

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

Receipts in 2023-24

- **Total revenue receipts** for 2023-24 are estimated to be Rs 2,33,988 crore, an increase of 8% over the revised estimate of 2022-23. Of this, Rs 1,38,454 crore (59%) will be raised by the state through its **own resources**, and Rs 95,534 crore (41%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (26% of revenue receipts) and grants (15% of revenue receipts).
- **Devolution:** In 2023-24, state's share in central taxes is estimated at Rs 61,552 crore, an increase of 8% from the revised estimate of 2022-23.
- **Grants from the centre** in 2023-24 is estimated at Rs 33,982 crore, a decrease of 23% from the revised estimates for 2022-23.
- **State's own tax revenue:** Rajasthan's total own tax revenue is estimated to be Rs 1,14,169 crore in 2023-24, an increase of 23% over the revised estimate of 2022-23. Own tax revenue as a percentage of GSDP is estimated at 7.2% in 2023-24. For 2022-23, the state had estimated this ratio at 7.4%, however, as per revised estimates, it is expected to be lower (6.6%).

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

Items	2021-22 Actuals	2022-23 Budgeted	2022-23 Revised	% change from BE 2022-23 to RE 2022-23	2023-24 Budgeted	% change from RE 2022-23 to BE 2023-24
State's Own Tax	74,808	98,294	92,719	-6%	1,14,169	23%
State's Own Non-Tax	18,755	22,155	21,897	-1%	24,285	11%
Share in Central Taxes	54,031	49,211	57,231	16%	61,552	8%
Grants from Centre	36,326	45,318	43,940	-3%	33,982	-23%
Revenue Receipts	1,83,920	2,14,977	2,15,787	0%	2,33,988	8%
Non-debt Capital Receipts	2,405	279	386	38%	331	-14%
Net Receipts	1,86,325	2,15,256	2,16,173	0%	2,34,319	8%

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

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

- In 2023-24, State GST is estimated to be the largest source of own tax revenue (43% share). State GST revenue is estimated to increase by 36% over the revised estimates of 2022-23. However, in 2022-23, the receipt on this account is expected to be 9% lower than budgeted.
- In 2023-24, revenue from sales tax/ VAT is estimated to increase by 16% over 2022-23 revised estimates. Stamp duty and taxes on vehicles are estimated to increase by 10% and 15% respectively.

State estimating to receive GST compensation in 2023-24

When GST was introduced, the central government guaranteed states a 14% compounded annual growth in their GST revenue for a period of five years. Any shortfall in a state's GST revenue from this level is covered by the Centre by providing compensation grants to the state. This guarantee ended in June 2022. However, Rajasthan has estimated to receive GST compensation grants worth Rs 2,350 crore in 2023-24.

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

Head	2021-22 Actuals	2022-23 Budgeted	2022-23 Revised	% change from BE 2022-23 to RE 2022-23	2023-24 Budgeted	% change from RE 2022-23 to BE 2023-24
State GST	27,502	39,500	36,000	-9%	48,946	36%
Sales Tax/ VAT	20,605	25,000	23,500	-6%	27,300	16%
Stamps Duty and Registration Fees	6,492	8,100	8,300	2%	9,150	10%
Taxes on Vehicles	4,759	7,000	6,700	-4%	7,700	15%
State Excise	11,807	15,000	14,500	-3%	17,000	17%
Land Revenue	631	633	524	-17%	636	21%
Taxes and Duties on Electricity	2,606	2,750	2,884	5%	3,126	8%
GST Compensation Grants	3,746	6,768	5,100	-25%	2,350	-54%
GST Compensation Loans	7,268	-	-	-	-	-
Total GST Compensation	11,015	6,768	5,100	-25%	2,350	-54%

Sources: Annual Financial Statement, Revenue Budget, and Budget in Brief statements, Rajasthan Budget 2023-24; PRS.

Deficits, Debt, and FRBM Targets for 2023-24

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

Revenue deficit: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue deficit of Rs 24,896 crore (1.6% of the GSDP) in 2023-24. In 2022-23, revenue deficit is estimated to be Rs 32,310 crore (2.3% of the GSDP), which is higher than the budget estimates (1.8% of GSDP)

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 2022-23, fiscal deficit is higher than the budget estimates in absolute terms. However, as a percentage of GSDP it is lower by about 0.1 percentage point due to an increase of 6% in GSDP from budget estimates to revised estimates. In 2023-24, fiscal deficit is estimated to be 4.0% of GSDP. For 2023-24, the central government has permitted fiscal deficit of up to 3.5% of GSDP to states, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms.

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 36.8% of GSDP, marginally lower by 0.2 percentage point than the revised estimate for 2022-23 (36.6% of GSDP). The outstanding liabilities have risen as compared to 2019-20 level (35.3% of GSDP).

Off Budget Borrowings

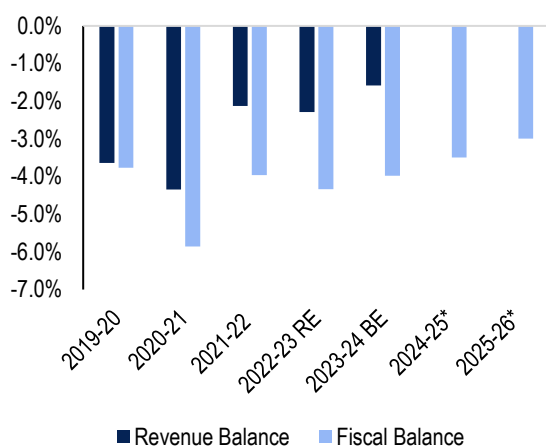
Off-budget borrowings refer to borrowings made by government owned entities such as special purpose vehicles and public sector enterprises, debt servicing of which is done through budgetary resources. This causes debt and deficit numbers to be understated. The CAG (2021) observed that Rajasthan had off budget borrowings by various Zila Parishads and the Rajasthan Agriculture Marketing Board in 2019-20. These borrowings amounted to Rs 2,902 crore.

Table 7: Off Budget Borrowings (in Rs crore)

Year	Amount	% Of GSDP
2017-18	2,373	0.28
2018-19	2,137	0.23
2019-20	2,902	0.28

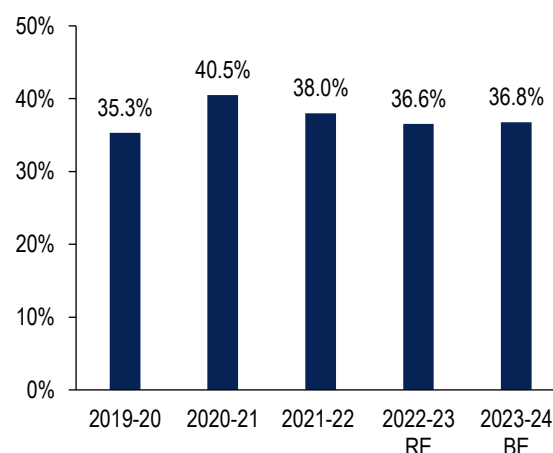
Sources: CAG; PRS.

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



Note: *Figures for 2024-25 and 2025-26 are projections; For 2019-20, Revenue Balance is inclusive of expenditure on UDAY. RE is Revised Estimates; BE is Budget Estimates.
Sources: Medium Term Fiscal Policy, Rajasthan Budget 2023-24; PRS.

Figure 3: Outstanding Liabilities (% of GSDP)



Note: *Figures for 2024-25 and 2025-26 are projections; RE: Revised Estimates; BE: Budget Estimates.
Sources: Medium Term Fiscal Policy, Rajasthan Budget 2023-24; PRS.

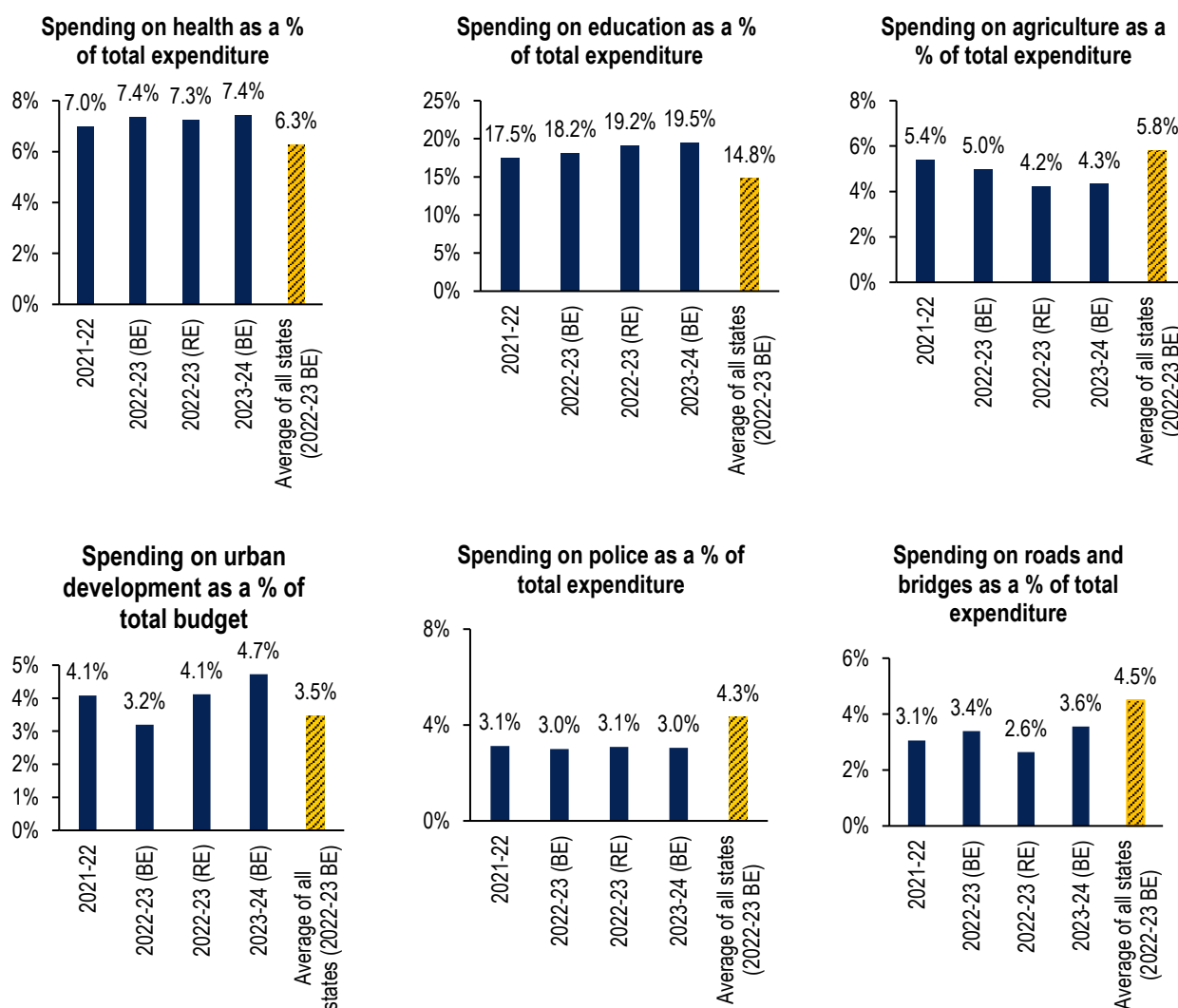
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As on December 31, 2022, the outstanding guarantees given by the state was Rs 1,02,810 crore (of which Rs 82,337 crore was given to state discoms) as compared to Rs 95,868 crore on April 1s, 2022.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Rajasthan'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 Rajasthan) as per their budget estimates of 2022-23.¹

- **Health:** Rajasthan has allocated 7.4% of its expenditure on health in 2023-24. This is higher than the average allocation for health by states in 2022-23 (6.3%).
- **Education:** Rajasthan has allocated 19.5% of its total expenditure towards education, which is more than the average allocation for education by states (14.8%).
- **Agriculture:** Rajasthan has allocated 4.3% of its expenditure on agriculture. This is lower than the average allocation for agriculture by states (5.8%).
- **Urban Development:** Rajasthan has allocated 4.7% of its expenditure towards urban development. This is higher than the average allocation towards urban development by states (3.5%).
- **Police:** Rajasthan has allocated 3.0% of its total expenditure towards police, which is lower than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Rajasthan has allocated 3.6% of its total expenditure towards roads and bridges, which is lower than the average allocation by states (4.5%).



Note: 2021-22, 2022-23 (BE), 2022-23 (RE), and 2023-24 (BE) figures are for Rajasthan.
Sources: Annual Financial Statement, Rajasthan 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 8: Overview of Receipts and Expenditure (in Rs crore)

Particular	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Net Receipts (1+2)	1,85,005	1,86,325	1%
1. Revenue Receipts (a+b+c+d)	1,84,330	1,83,920	0%
a. Own Tax Revenue	90,050	74,808	-17%
b. Own Non-Tax Revenue	17,698	18,755	6%
c. Share in central taxes	40,107	54,031	35%
d. Grants-in-aid from the Centre	36,475	36,326	0%
Of which GST compensation grants	-	3,746	-
2. Non-Debt Capital Receipts	675	2,405	256%
3. Borrowings	61,904	1,01,363	64%
Of which GST compensation loan	2,600	7,268	180%
Net Expenditure (4+5+6)	2,32,658	2,34,563	1%
4. Revenue Expenditure	2,08,080	2,09,790	1%
5. Capital Outlay	24,216	24,152	0%
6. Loans and Advances	362	621	72%
7. Debt Repayment	17,589	56,128	219%
Revenue Deficit	23,750	25,870	9%
Revenue Deficit (as % of GSDP)*	2.0%	2.1%	-
-Fiscal Deficit	47,653	48,238	2%
Fiscal Deficit (as % of GSDP)	3.98%	3.96%	-

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

Sources: Rajasthan Budget Documents of various years; PRS.

Table 9: Key Components of State's Own Tax Revenue (in Rs crore)

Head	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
State GST	37,663	27,502	-27%
Sales Tax/ VAT	22,800	20,605	-10%
Stamps Duty and Registration Fees	6,100	6,492	6%
Taxes on Vehicles	6,500	4,759	-27%
State Excise	13,250	11,807	-11%
Land Revenue	525	631	20%
Taxes and Duties on Electricity	2,900	2,606	-10%

Sources: Rajasthan Budget Documents of various years; PRS.

Table 10: Allocation towards Key Sectors (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Police	7,384	7,295	-1%
Education, Sports, Arts, and Culture	44,309	41,020	-7%
Health and Family Welfare	16,269	16,312	0%
Water Supply and Sanitation	10,024	8,990	-10%
Housing	167	116	-31%
Urban Development	8,674	9,539	10%
Welfare of SC, ST, OBC, and Minorities	2,190	1,973	-10%
Social Welfare and Nutrition	15,562	16,500	6%
Agriculture and Allied Activities	11,809	12,642	7%
Rural Development	15,920	17,465	10%
Irrigation and Flood Control	6,184	5,736	-7%
Energy	19,449	24,789	27%
Transport	8,232	8,584	4%
of which Roads and Bridges	7,787	7,153	-8%

Sources: Rajasthan Budget Documents of various years; PRS.