



**REVIEW OF TRENDS IN  
RECEIPTS AND EXPENDITURE  
IN RELATION TO THE  
BUDGET ESTIMATES 2023-2024**

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**REVIEW OF TRENDS IN RECEIPTS AND**  
**EXPENDITURE IN RELATION TO THE**  
**BUDGET ESTIMATES 2023-2024**

The Tamil Nadu Fiscal Responsibility Act, 2003 (Act No.16 of 2003) was enacted by the Tamil Nadu Legislative Assembly. Section 6(2) of this Act states that the Minister-in-charge of the Department of Finance shall review every half year, the trends in receipts and expenditure in relation to the Budget Estimates and the remedial measures to be taken to achieve the budget targets, and place the outcome of such reviews before the Legislative Assembly.

Section 6(3) of the Act states that while placing the outcome of such review before the Legislative Assembly, the Minister shall make a statement explaining:

- a)** Any deviation in meeting the obligations cast on the State Government under this Act;
- b)** Whether such deviation is substantial and relates to the actual or the potential budgetary outcomes; and
- c)** The remedial measures the State Government proposes to take.

In consonance with these sections of the Act, the Hon'ble Minister for Finance and Human Resources Management has reviewed the trends in receipts and expenditure for

the period of Five months from April to August 2023 in relation to the Budget Estimates for 2023-24 on 14<sup>th</sup> September 2023. The outcome of this review is placed before the Legislative Assembly.

### **REVIEW OF REVENUE RECEIPTS**

The Total Revenue Receipts of the Government include the following:

- a) State's Own Tax Revenue
- b) State's Own Non-Tax Revenue
- c) Tamil Nadu's Share in Central Taxes
- d) Grants-in-Aid from the Union Government

The Total Revenue Receipts, including Central Transfers through Grants-in-Aid and Share in Central Taxes, were estimated at Rs.2,70,515 crore in the Budget Estimates 2023-24. The Total Revenue Receipts collected till the month of August, 2023 are Rs.92,967 crore. This constitutes 34.37 percent of the budgeted revenue and represents a growth of 1.26 percent over the revenue receipts of the corresponding period of the previous year. The following table provides a comparative picture of the Total Revenue Receipts of the State Government.

**TRENDS IN REVENUE RECEIPTS  
OF GOVERNMENT OF TAMIL NADU  
DURING THE FIRST FIVE MONTHS OF THE  
FINANCIAL YEAR 2023-24**

Revenue Receipts	Provisional Accounts 2022-2023	Budget Estimates 2023-2024	Accounts up to August 2022	Collections up to August 2023	Growth rate in 2023-24 over 2022-2023 (up to Aug)	% of Budget Estimates 2023-2024
	(Rs. in Crore)				%	
State's Own Tax Revenue	1,50,223	1,81,182	59,756	63,212	5.78	34.89
State's Own Non-Tax Revenue	17,061	20,223	4,766	5,054	6.04	24.99
Share in Central Taxes	38,731	41,665	12,962	15,601	20.36	37.45
Grants-in-Aid	37,734	27,445	14,328	9,100	-36.49	33.16
<b>Total</b>	<b>2,43,749</b>	<b>2,70,515</b>	<b>91,812</b>	<b>92,967</b>	<b>1.26</b>	<b>34.37</b>

**a) State's Own Tax Revenue:**

The State's Own Tax Revenue (SOTR) receipts in the first five months of this financial year, up to August 2023, are Rs.63,212 crore. This constitutes 34.89 percent of the estimated receipts in the Budget Estimates 2023-24. It shows a growth rate of 5.78 percent over the receipts in the corresponding period of the financial year 2022-23.

The summary of the trends in State's Own Tax Revenue during the first five months is given below:

<b>State Taxes</b>	<b>Provisional Accounts 2022-2023</b>	<b>Budget Estimates 2023-2024</b>	<b>Accounts up to August 2022</b>	<b>Collections up to August 2023</b>	<b>Growth rate in 2023-2024 over 2022-2023 (up to Aug)</b>	<b>% of Budget Estimates 2023-2024</b>
	<b>(Rs. in Crore)</b>				<b>%</b>	
Commercial Taxes	1,12,962	1,32,813	44,983	47,696	6.03	35.91
State Excise	10,423	11,819	4,368	4,357	-0.27	36.86
Stamps and Registration Fees	17,560	25,567	7,058	7,453	5.60	29.15
Taxes on Vehicles	7,513	8,783	3,188	3,553	11.45	40.45
Others	1,765	2,200	159	153	-3.90	6.96
<b>Total</b>	<b>1,50,223</b>	<b>1,81,182</b>	<b>59,756</b>	<b>63,212</b>	<b>5.78</b>	<b>34.89</b>

The growth in State's Own Tax Revenue is 5.78% as against the projected

growth of 20.61%. The Government has been taking several measures to improve tax collection through rationalization of rates, increase in collection efficiency and use of technology to plug the leakages. As a result of the continuous efforts of the Government, the months of July and August have witnessed a Year-on-Year growth of 10.16% and 13.78% respectively. The trend in receipts is expected to continue and further improve during the rest of the financial year.

**b) State's Own Non-Tax Revenue:**

The collection of State's Own Non-Tax Revenue up to the month of August 2023

has been Rs.5,054 crore, as against the Budget Estimates 2023-24 of Rs.20,223 crore. The collection till August 2023 shows a growth of 6.04 percent against Rs.4,766 crore received during the corresponding period of the previous year and it constitutes 24.99 percent of Budget Estimates 2023-24. The Government is conducting periodical reviews and taking necessary steps such as revision of fees and use of advanced technological measures to augment the revenue receipts from non-tax resources such as royalties, fees and fines. Further, persistent efforts are being taken by the Government to mop-up the unutilized

Government funds kept in financial institutions including banks. Due to the concerted efforts of the Government, the State's Own Non-Tax Revenue receipts are expected to achieve the Budgeted levels.

**c) State's Share in Central Taxes:**

As per the 15<sup>th</sup> Finance Commission recommendations, the inter-se share of Tamil Nadu in the general divisible tax pool of the Union Government is 4.079%. Accordingly, in Budget Estimates 2023-24, it has been estimated that Rs.41,665 crore will be received from the Union Government. A sum of Rs.15,601 crore has been received up to the month of August 2023, which

constitutes 37.45 percent in Budget Estimates 2023-24. The collection till August 2023 shows a growth of 20.36 percent over the corresponding period of the previous year.

**d) Grants-in-Aid from the Union Government:**

In Budget Estimates 2023-24, the Grants-in-Aid from the Union Government, including the Centrally sponsored schemes, were estimated at Rs.27,445 crore. This was 27.27% lower than the grants received in the previous year, primarily owing to the end of the GST Compensation regime on 30.06.2022.

The Total Grants-in-Aid received from the Union Government till the month of August 2023 is Rs.9,100 crore. This is around 33.16 percent of the estimated receipts for 2023-24. The collection till August 2023 shows a reduction of 36.49 percent over the collection of Rs.14,328 crore during the corresponding period of previous year. While the Government received Rs.3,533 crore as GST Compensation up till August 2023, it received Rs.9,602 crore as GST Compensation in the corresponding period last year. But for the difference in GST Compensation, the Grants-in-Aid

received from the Union Government are 17.81 percent higher than the corresponding period of the previous year. The Government is making persistent efforts to get the arrears and the current year dues of Grants-in-Aid from the Union Government.

## **REVIEW OF EXPENDITURE**

### **(a) Revenue Expenditure**

The total revenue expenditure estimated for the year 2023-24 is Rs.3,08,056 crore. The total revenue expenditure incurred till the month of August 2023 is Rs.1,10,582 crore and it constitutes 35.90 percent of the Budget Estimates

2023-24. In comparison, the revenue expenditure incurred during the corresponding period of the previous year was Rs.97,001 crore. The growth of 14% over the corresponding period of previous year is on account of release of corresponding State share in Centrally Sponsored Scheme, which is triggered by a higher receipt of Grants-in-Aid.

The summary of trends in Revenue Expenditure during the first five months of the current financial year is as follows:

<b>Revenue Expenditure</b>	<b>Provisional Accounts 2022-2023</b>	<b>Budget Estimate 2023-2024</b>	<b>Accounts up to August 2022</b>	<b>Expenditure up to August 2023</b>	<b>Growth rate in 2023-2024 over 2022-2023 (up to August)</b>	<b>% of Budget Estimate 2023-2024</b>
	<b>(Rs. in Crore)</b>				<b>%</b>	
<b>Salaries (Including Grants-in- Aid for Education)</b>	68,588	77,240	31,331	33,683	7.51	43.61
<b>Pensions &amp; Retirement Benefits</b>	28,467	36,973	13,585	16,421	20.87	44.41
<b>Non-wage operation &amp; Maintenance</b>	14,715	16,273	3,698	4,381	18.46	26.92
<b>Subsidies and Transfers</b>	1,20,476	1,22,088	32,715	38,164	16.65	31.26
<b>Interest Payments</b>	47,689	55,432	15,670	17,930	14.43	32.35
<b>Others</b>	29	50	2	3	50.00	6.00
<b>Total</b>	<b>2,79,964</b>	<b>3,08,056</b>	<b>97,001</b>	<b>1,10,582</b>	<b>14.00</b>	<b>35.90</b>

The Government is taking earnest efforts to curtail non-developmental expenditure and bring efficiency in expenditure by ensuring just-in-time release of funds. Through these efforts, the Government will manage the revenue expenditure to the levels estimated in Budget Estimates 2023-24.

**(b) Capital Expenditure**

An amount of Rs.44,366 crore has been allocated towards Capital Expenditure in Budget Estimates 2023-24. Till August 2023, sum of Rs.9,955 crore has been incurred and it constitutes 22.44 percent of

that estimated in the Budget Estimates. The Capital expenditure incurred during the corresponding period of the previous year was Rs.10,747 crore. The Capital expenditure for the first five months of 2023-24 has shown a reduction of 7.37 percent over the expenditure incurred during the corresponding period of the previous year. This reduction is due to the Government's untiring attempts to achieve just-in-time fund release, such that surplus funds do not lie idle with the implementing agencies. This figure, thus, reflects the real capital expenditure in the State. The Government is closely monitoring the

progress of implementation of capital works as they are instrumental for spurring growth in the economy.

### **FISCAL INDICATORS OVER THE YEARS**

As per the Tamil Nadu Fiscal Responsibility Act, 2003 as amended in 2023-24, the State Government shall eliminate Revenue Deficit and maintain Fiscal Deficit within 3 percent of Gross State Domestic Product by 2025-26.

As per the provisional accounts of 2022-23, the revenue deficit was Rs.36,215 crore, as against the estimated Rs.30,476 crore. This year, taking into

account the expenditure for Kalaignar Magalir Urimai Thogai Thittam, the revenue deficit was estimated at Rs.37,540 crore in Budget Estimates.

The Revenue Deficit up to the month of August 2023 is Rs.17,615 crore. In comparison to this, the revenue deficit for the corresponding period was Rs.5,189 crore. While the revenue realization is moderate in comparison to the Budget Estimates, owing to the broad-based reforms that we have undertaken, both on the receipts and expenditure front,

the Government will attempt to manage the revenue deficit at the budgeted levels.

For the financial year 2023-24, the 15<sup>th</sup> Finance Commission had recommended a normal borrowing ceiling of 3.0 percent of the Gross State Domestic Product (GSDP), with an additional borrowing space of 0.50 percent contingent on implementing power sector reforms. Accordingly, the total borrowing ceiling for the States in 2023-24 is fixed at 3.25 percent of GSDP inclusive of the incentive based extra borrowing space of 0.25 percent for power sector reforms.

The Government strives to stay within the Fiscal Deficit target and manage the Debt to GSDP ratio within the prescribed limits through revenue augmentation and effective fiscal consolidation.

The year-wise position of the fiscal indicators, since the enactment of Tamil Nadu Fiscal Responsibility Act, 2003 is furnished in the Annexure. The fiscal indicators for the first five months of the current financial year are as follows:

### **Fiscal Indicators in the current year**

Fiscal Indicators	Budget Estimate 2023-2024	Till the month of August 2023
	<b>(Rs. in crore)</b>	
Total Revenue Receipts (TRR)	2,70,515	92,967
Revenue Expenditure	3,08,056	1,10,582
Revenue Surplus (+)/Deficit (-)	-37,540	-17,615
Total Capital Expenditure (including Loans and Advances Net)	54,534	15,531
Total Expenditure	3,62,590	1,26,113
Fiscal Deficit	-92,075	-33,143
Gross State Domestic Product	28,32,680	28,32,680
	<b>(%)</b>	
Revenue Surplus (+)/Deficit (-) over TRR (%) (Target)	---	---
Revenue Surplus (+)/Deficit (-) over TRR (%) (Actual)	-13.88	-18.95
% of Fiscal Deficit to Gross State Domestic Product (Target)	<3.50	
% of Fiscal Deficit to Gross State Domestic Product (Budgeted)	-3.25	-1.17

A Medium-Term Fiscal Plan (MTFP) is being presented by the Government, along with the Budget, on the management of the State's Finances with regard to the Tamil Nadu Fiscal Responsibility Act, 2003 (as amended).

This review of trends in Receipts and Expenditure in relation to the Budget Estimates 2023-24 is intended to present the actual status of State's Finances and the efforts being taken by the State Government to bridge the revenue-expenditure gap, if any, in the Medium-Term Fiscal Plan.

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**Annexure****YEARWISE POSITION OF FISCAL INDICATORS**

Details	REVENUE SURPLUS / DEFICIT			FISCAL DEFICIT		
	OVER TRR % (Target)	(Rs. in Crore)	OVER TRR % (Actual)	% to GSDP (Target)	(Rs. in Crore)	% to GSDP (Actual)
<b>2003-04 Accounts</b>	-20.28	-1565.24	-6.60	4.01	5591.16	3.19
<b>2004-05 Accounts</b>	-17.28	-703.34	-2.47	3.76	5569.76	2.54
<b>2005-06 Accounts</b>	-14.28	1951.33	5.75	3.51	2250.61	0.87
<b>2006-07 Accounts</b>	-11.28	2648.26	6.47	3.26	3956.00	1.27
<b>2007-08 Accounts</b>	-8.28	4545.49	9.57	3.01	3685.59	1.05
<b>2008-09 Accounts</b>	< - 5.00	1452.25	2.64	<3.00	8547.76	2.13
<b>2009-10 Accounts</b>	**	-3531.22	-6.32	<4.00	11807.26	2.46

Details	REVENUE SURPLUS / DEFICIT			FISCAL DEFICIT		
	OVER TRR % (Target)	(Rs. in Crore)	OVER TRR % (Actual)	% to GSDP (Target)	(Rs. in Crore)	% to GSDP (Actual)
<b>2010-11 Accounts</b>	< -5.00	-2728.69	-3.89	<4.00	16646.62	2.85
<b>2011-12 Accounts</b>	0 / surplus	1364.10	1.60	<3.00	17274.08	2.30
<b>2012-13 Accounts</b>	0 / surplus	1760.27	1.78	<3.00	16518.99	1.93
<b>2013-14 Accounts</b>	< -5.00	-1788.24	-1.66	<3.00	20583.49	2.12
<b>2014-15 Accounts</b>	**	-6407.56	-5.23	<3.00	27162.44	2.49
<b>2015-16 Accounts</b>	**	-11985.35	-9.29	<3.00	32627.56	2.69
<b>2016-17 Accounts</b>	**	-12964.13	-9.24	<3.00	56171.35	4.20
<b>2017-18 Accounts</b>	**	-21593.88	-14.76	<3.00	39839.51	2.76
<b>2018-19 Accounts</b>	< -5.00	-23459.45	-13.50	<3.00	47334.90	2.97

Details	REVENUE SURPLUS / DEFICIT			FISCAL DEFICIT		
	OVER TRR % (Target)	(Rs. in Crore)	OVER TRR % (Actual)	% to GSDP (Target)	(Rs. in Crore)	% to GSDP (Actual)
<b>2019-20 Accounts</b>	**	-35908.82	-20.57	<3.00	60178.64	3.24
<b>2020-21 Accounts</b>	**	-62325.88	-35.80	<5.00	87742.11	4.61
<b>2021-22 Accounts</b>	**	-46,538.03	-22.43	<4.50	73,739.31	3.38
<b>2022-23 Provisional Accounts</b>	**	-36,215.14	-14.86	<4.00	81,885.81	3.30
<b>BE 2023-24</b>	**	-37,540.44	-13.88	<3.50	92,074.91	3.25

\*\* Target not fixed

GSDP – Gross State Domestic Product

TRR – Total Revenue Receipts