

Chhattisgarh Budget Analysis 2022-23

The Chief Minister of Chhattisgarh, Mr. Bhupesh Baghel, presented the Budget for the state for the financial year 2022-23 on March 9, 2022.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Chhattisgarh for 2022-23 (at current prices) is projected to be Rs 4,38,478 crore. This is a growth of 9.6% over the revised estimate of GSDP for 2021-22 (Rs 4,00,061 crore). In 2021-22, GSDP is estimated to grow at 13.6% over the previous year (at current prices).
- **Expenditure (excluding debt repayment)** in 2022-23 is estimated to be Rs 1,04,000 crore, a 4% increase over the revised estimates of 2021-22 (Rs 99,559 crore). In addition, debt of Rs 6,012 crore will be repaid by the state in 2022-23. In 2021-22, expenditure (excluding debt repayment) is estimated to be 3% higher than the budget estimate.
- **Receipts (excluding borrowings)** for 2022-23 are estimated to be Rs 89,400 crore, an increase of 6% over the revised estimates of 2021-22 (Rs 84,301 crore). In 2021-22, receipts (excluding borrowings) are estimated increase by 6% from the budget estimates (Rs 79,645).
- **Fiscal deficit** for 2022-23 is targeted at Rs 14,600 crore (3.33% of GSDP). In 2021-22, as per the revised estimates, fiscal deficit is expected to be 3.81% of GSDP, which is lower than the budget estimate of 4.56% of GSDP.
- **Revenue surplus** for 2022-23 is estimated to be Rs 702 crore, which is 0.16% of the GSDP. In 2021-22, the state is estimated to observe a revenue deficit of 0.26% of GSDP, as compared to a revenue deficit of 0.97% of GSDP estimated at the budget stage.

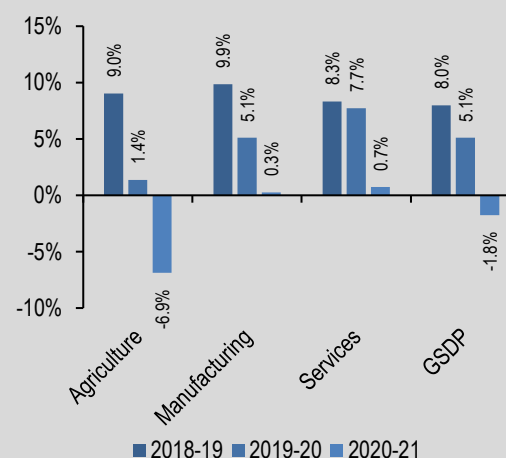
Policy Highlights

- **Social security:** The old pension scheme will be restored in place of the National Pension Scheme.
- **MLA Fund:** The amount for the MLA Fund will be increased from two crore to four crore rupees.
- **Mukhya Mantri Resham Mission:** The Mukhya Mantri Resham Mission will be launched to provide for collection of available rally cocoons in Bastar division and for subsequent yarn production and processing.
- **Education:** The examination fees for Chhattisgarh domicile applicants will be waived off in all professional examinations conducted by the Chhattisgarh Professional Examination Board and the Chhattisgarh Public Service Commission.

Chhattisgarh's Economy

- **GSDP:** Chhattisgarh's GSDP (at constant prices) declined by 1.8% in 2020-21, as compared to the growth rate of 5.1% in 2019-20. In 2020-21, agriculture sector contracted by 6.9%. Note that in comparison the national GDP declined by 7.2% in 2020-21.
- **Sectors:** In 2020-21, at current prices, agriculture, manufacturing, and services sectors contributed to 28%, 34%, and 38% of the economy.
- **Per capita GSDP:** The per capita GSDP of Chhattisgarh in 2020-21 (at current prices) was Rs 1,17,615; 0.07% lower than the corresponding figure in 2019-20. In 2020-21, the per capita GSDP of Chhattisgarh was lower than the per capita GDP at the national level (Rs 1,46,087 at current prices).

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: Ministry of Statistics and Programme Implementation; PRS.

Budget Estimates for 2022-23

- **Expenditure (excluding debt repayment)** in 2022-23 is targeted at Rs 1,04,000 crore. This is an increase of 4% over the revised estimate of 2021-22 (Rs 99,559 crore). This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 89,400 crore and **net borrowings** of Rs 10,500 crore. Receipts (excluding borrowings) for 2022-23 are expected to register an increase of 6% over the revised estimate of 2021-22. In 2021-22, receipts are estimated to be 6% higher than the budget estimates.
- In 2022-23, the state is estimated to observe a **revenue surplus** of Rs 702 crore, which is 0.16% of GSDP. In comparison, in 2020-21 and 2021-22, the state is to observe a revenue deficit of 1.95% of GSDP (Rs 6,857 crore) and 0.26% of GSDP (Rs 1,035 crore), respectively.
- **Fiscal deficit** in 2022-23 is estimated to be 3.33% of GSDP which is within the limit of 4% of GSDP permitted by the central government in Union Budget 2022-23 (of which, 0.5% of GSDP will be made available upon undertaking power sector reforms). In 2021-22, the state has estimated a fiscal deficit of 3.81% of GSDP, lower than the limit of 4.5% of GSDP permitted by the central government (of which, 0.5% of GSDP becomes available upon undertaking power sector reforms).

Table 1: Budget 2022-23 - Key figures (in Rs crore)

Items	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
Total Expenditure	87,128	1,02,483	1,04,209	2%	1,10,012	6%
(-) Repayment of debt	8,020	5,376	4,650	-14%	6,012	29%
Net Expenditure (E)	79,108	97,107	99,559	3%	1,04,000	4%
Total Receipts	84,867	98,422	1,00,152	2%	1,05,912	6%
(-) Borrowings	21,582	18,776	15,850	-16%	16,512	4%
Net Receipts (R)	63,285	79,645	84,301	6%	89,400	6%
Fiscal Deficit (E-R)	15,823	17,461	15,257	-13%	14,600	-4%
as % of GSDP	4.49%	4.56%	3.81%		3.33%	
Revenue Balance	-6,857	-3,702	-1,035	-72%	702	-168%
as % of GSDP	-1.95%	-0.97%	-0.26%	-	0.16%	-
Primary Deficit	10,189	10,960	8,525	-22%	7,378	-13%
as % of GSDP	2.89%	2.86%	2.13%	-	1.68%	-

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

Sources: Chhattisgarh Budget Documents 2022-23; PRS.

Expenditure in 2022-23

- **Revenue expenditure** in 2022-23 is estimated to be Rs 88,372 crore, which is an increase of 4% over the revised estimate of 2021-22 (Rs 85,016 crore). This expenditure includes the payment of salaries, pensions, interest, and subsidies.
- **Capital outlay** in 2022-23 is estimated to be Rs 15,241 crore, which is an increase of 7% over the revised estimate of 2021-22. Capital outlay comprises expenditure towards creation of assets. This includes expenditure on building school buildings, hospitals, and roads and bridges.

Actual Expenditure in 2020-21

In 2020-21 the actual expenditure by the state was 17% less than the budget estimate (Rs 95,650 crore). While net receipts were 25% lower than the budget estimate, borrowings increased by 37%. In 2020-21, Chhattisgarh ended up observing a fiscal deficit of 4.49% of GSDP as against the budget estimate of 3.18% of GSDP. Actual spending on sectors such as housing, and irrigation and flood control was 82% and 41% less than the budget estimates respectively.

Table 2: Expenditure budget 2022-23 (in Rs crore)

Items	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
Revenue Expenditure	70,033	83,028	85,016	2%	88,372	4%
Capital Outlay	9,024	13,840	14,191	3%	15,241	7%
Loans given by the state	51	240	352	47%	388	10%
Net Expenditure	79,108	97,107	99,559	3%	1,04,000	4%

Sources: Chhattisgarh Budget Documents 2022-23; 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 developmental schemes and capital outlay. In 2022-23, Chhattisgarh is estimated to spend Rs 42,666 crore on committed expenditure, which is 48% of its revenue receipts. This comprises spending on salaries (31% of revenue receipts), pension (9%), and interest payments (8%). The state's committed expenditure in 2022-23 is estimated to increase by 7% over the revised estimate of 2021-22. Salaries are estimated to increase by 8%, whereas pension and interest payments are estimated to increase by 4% and 7% respectively.

Table 3: Committed Expenditure in 2022-23 (in Rs crore)

Committed Expenditure	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
Salaries	21,630	26,140	25,895	-1%	27,842	8%
Pension	7,136	6,609	7,314	11%	7,603	4%
Interest	5,633	6,501	6,732	4%	7,222	7%
Committed Expenditure	34,398	39,250	39,941	2%	42,666	7%

Sources: Chhattisgarh Budget Documents 2022-23; PRS.

Sector-wise expenditure: The sectors listed below account for 73% of the total expenditure on sectors by the state in 2022-23. A comparison of Chhattisgarh's expenditure on the key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Chhattisgarh Budget 2022-23 (in Rs crore)

Sector	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23	Budget Provisions 2022-23
Education, Sports, Arts, and Culture	14,608	18,394	18,238	19,574	7%	<ul style="list-style-type: none"> Rs 1,380 crore has been allocated towards Sarva Shiksha Abhiyan. Rs 674 crore has been allocated towards PM-POSHAN.
Agriculture and allied activities	13,902	16,640	16,665	17,287	4%	<ul style="list-style-type: none"> Rs 6,000 crore has been allocated to Rajiv Gandhi Kisan Nyaya Yojana. Pradhan Mantri Fasal Beema Yojana has been allocated Rs 615 crore.
Roads and Bridges	4,410	6,761	6,487	6,534	1%	<ul style="list-style-type: none"> Rs 5,173 crore has been allocated for capital outlay on roads and bridges.
Health and Family Welfare	5,684	5,902	7,622	6,465	-15%	<ul style="list-style-type: none"> Rs 1,200 crore has been allocated towards National Health Mission.
Rural Development	4,058	4,727	5,126	6,040	18%	<ul style="list-style-type: none"> Rs 1,702 crore has been allocated towards MGNREGS. PMAY-Rural has been allocated Rs 800 crore.
Police	4,016	4,958	4,972	5,463	10%	<ul style="list-style-type: none"> Rs 25 crore has been allocated for modernisation of police force.
Energy	4,996	4,666	4,723	4,714	0%	<ul style="list-style-type: none"> Rs 2,600 crore has been allocated for providing free power supply to agricultural pumps.
Social Welfare and Nutrition	2,940	3,801	3,801	3,864	2%	<ul style="list-style-type: none"> Rs 205 crore has been allocated towards Chief Minister Pension Scheme. Rs 190 crore has been allocated for National Old Age Pension.
Irrigation and Flood Control	1,679	2,642	2,311	3,113	35%	<ul style="list-style-type: none"> Rs 453 crore has been allocated towards minor irrigation schemes.
Urban Development	2,186	2,618	2,815	2,570	-9%	<ul style="list-style-type: none"> Rs 1,052 crore has been allocated towards financial assistance for urban local bodies.
% of total expenditure on all sectors	74%	73%	73%	73%		

Sources: Chhattisgarh Budget Documents 2022-23; PRS.

Receipts 2022-23

- **Total revenue receipts** for 2022-23 are estimated to be Rs 89,073 crore, an increase of 6% over the revised estimate of 2021-22. Of this, Rs 44,500 crore (50%) will be raised by the state through its **own resources**, and Rs 44,573 crore (50%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (31% of revenue receipts) and grants (19% of revenue receipts).
- **Devolution:** In 2022-23, the state estimates to receive Rs 27,823 crore in the form of share in central taxes, an increase of 10% over the revised estimates of 2021-22.
- **State's own tax revenue:** Total own tax revenue of Chhattisgarh is estimated to be Rs 29,000 crore in 2022-23, an increase of 5% over the revised estimate of 2021-22. Chhattisgarh's own tax revenue as a percentage of GSDP is estimated to rise from 6.5% of GSDP in 2020-21 (as per actuals) to 6.6% of GSDP in 2022-23 (as per budget estimate). In 2021-22, own tax revenue as a percentage of GSDP has been increased to 6.9% from budget estimates of 6.7%.
- **State's non-tax revenue:** In 2022-23, the state is estimated to earn Rs 15,500 crore in the form of state's own non-tax revenue, a 7% increase over the revised estimates of 2021-22. In 2021-22, state's own non-tax revenue is estimated to register a significant increase of 57% over the budget estimates. This increase is mainly on account of an 81% increase in revenue from non-ferrous mining and metallurgical industries.

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

Sources	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
State's Own Tax	22,889	25,750	27,500	7%	29,000	5%
State's Own Non-Tax	7,137	9,250	14,500	57%	15,500	7%
Share in Central Taxes	20,338	22,675	25,331	12%	27,823	10%
Grants from Centre	12,812	21,650	16,650	-23%	16,750	1%
Revenue Receipts	63,176	79,325	83,981	6%	89,073	6%
Non-debt Capital Receipts	109	320	320	0%	327	2%
Net Receipts	63,285	79,645	84,301	6%	89,400	6%

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

Sources: Chhattisgarh Budget Documents 2022-23; PRS.

- In 2022-23, **SGST** is estimated to be the largest source of own tax revenue (38%). SGST revenue in 2022-23 is estimated at Rs 11,064 crore, which is a 7% increase over the revised estimates of 2021-22. In 2021-22, SGST is estimated to increase by 11% over the budget estimates.
- In 2022-23, revenue from sales tax/VAT, and stamp duty and registration fees is estimated to increase by 7% and 11% respectively. There is no change in estimates for state excise in 2022-23 and 2021-22 (See Table 6).

GST Compensation ends in June 2022

When the 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 ends in June 2022. During 2018-22, Chhattisgarh has relied on GST compensation grants to achieve the guaranteed SGST revenue level. In 2021-22, Chhattisgarh is estimated to receive Rs 6,500 crore in the form of GST compensation grants, which is about 24% of its own tax revenue. Hence, beyond June 2022, Chhattisgarh might see a decline in the level of revenue receipts.

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

Head	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
State GST	7,925	9,338	10,383	11%	11,064	7%
State Excise	4,636	5,500	5,500	0%	5,500	0%
Sales Tax/ VAT	4,236	4,357	4,611	6%	4,929	7%
Stamps Duty and Registration Fees	1,585	1,650	1,800	9%	2,000	11%
Taxes on Vehicles	1,148	1,600	1,600	0%	1,700	6%
Land Revenue	938	850	900	6%	950	6%
Taxes and Duties on Electricity	2,341	2,450	2,700	10%	2,850	6%
GST Compensation Grants	3,212	6,500	1,535	-76%	1,750	14%
GST Compensation Loans	NA	NA	NA	-	NA	-
Total GST Compensation	3,212	6,500	1,535	-76%	1,750	14%

Sources: Chhattisgarh Budget Documents 2022-23; PRS.

Deficits, Debt, and FRBM Targets for 2022-23

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

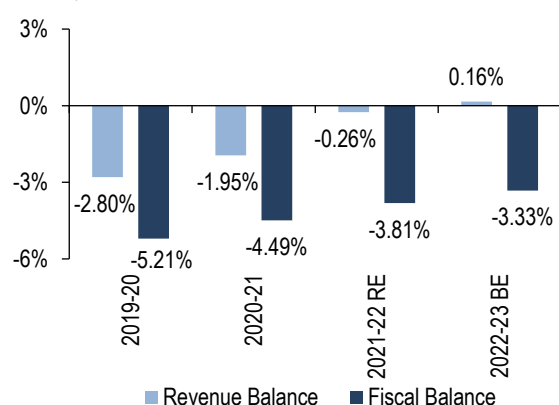
Revenue Balance: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance its expenses which do not increase its assets or reduces its liabilities. In 2022-23, Chhattisgarh is estimated to observe a revenue surplus of Rs 702 crore, which is 0.16% of the GSDP. In comparison, in 2020-21 and 2021-22, the state is to observe a revenue deficit of 1.95% of GSDP (Rs 6,857 crore) and 0.26% of GSDP (Rs 1,035 crore), respectively.

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 of the state government. In 2022-23, the fiscal deficit is estimated to be Rs 14,600 crore (3.33% of GSDP). It is within the limit of 4% of GSDP permitted by the central government in 2022-23 as per the Union Budget (of which, 0.5% of GSDP will be made available upon undertaking 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 March 2023, the outstanding liabilities of the state is estimated to be 26.14% of the GSDP. The outstanding liabilities are estimated to increase by about 3.32% of GSDP as compared to 2019-20 (22.82% of GSDP).

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 of December 2021, the outstanding guarantee of the state was estimated to be Rs 19,611 crore.

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



Note: BE: Budget Estimates; RE: Revised Estimates. A positive figure means a surplus, a negative figure means a deficit.
Sources: Chhattisgarh Budget Documents 2022-23; PRS.

Figure 3: Outstanding Liabilities (% of GSDP)



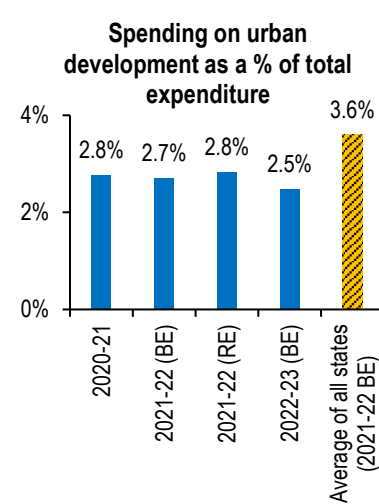
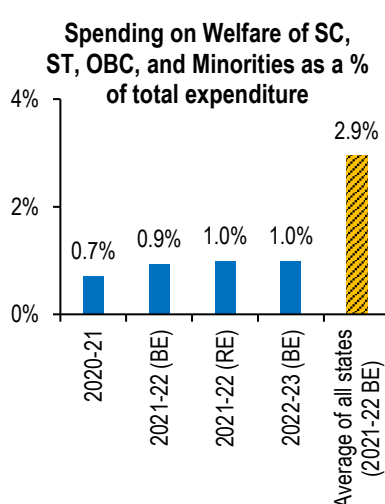
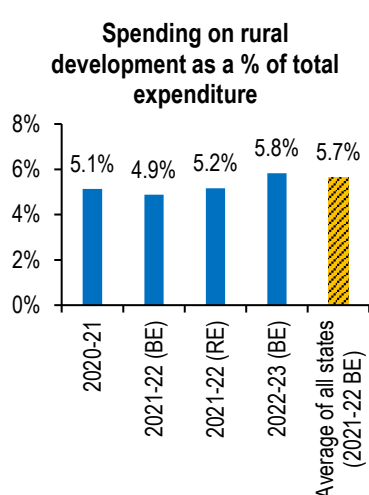
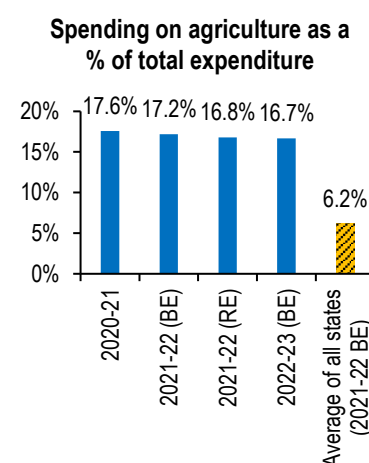
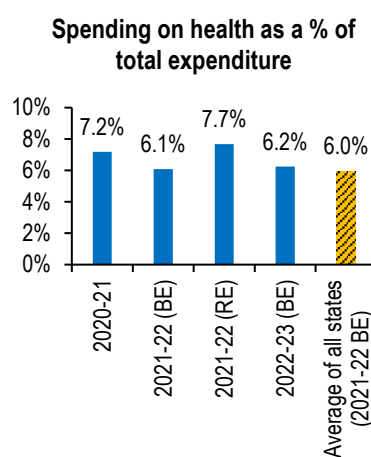
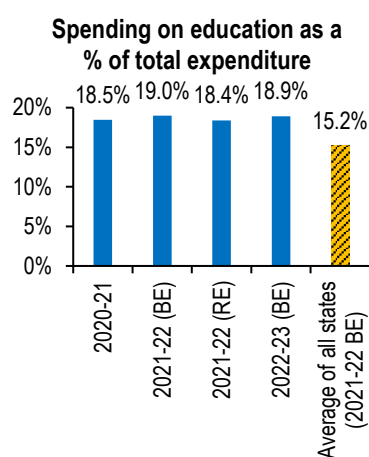
Note: BE: Budget Estimates; RE: Revised Estimates. *Figures for 2023-24 and 2024-25 are projections.
Sources: Chhattisgarh Budget Documents 2022-23; PRS.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Chhattisgarh's expenditure 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 30 states (including Chhattisgarh) as per their budget estimates of 2021-22.¹

- **Education:** Chhattisgarh has allocated 18.9% of its total expenditure for education in 2022-23. This is higher than the average allocation (15.2%) for education by all states (2021-22 BE).
- **Health:** Chhattisgarh has allocated 6.2% of its total expenditure on health, which is higher than the average allocation for health by states (6%).
- **Agriculture:** The state has allocated 16.7% of its total expenditure towards agriculture and allied activities. This is significantly higher than the average allocation for agriculture by states (6.2%).
- **Rural development:** Chhattisgarh has allocated 5.8% of its expenditure on rural development. This is marginally higher than the average allocation for rural development by states (5.7%).
- **Welfare of SC, ST, OBC, and Minorities:** Chhattisgarh has allocated 1% of its total expenditure on police, which is lower than the average expenditure on welfare of SC, ST, OBC, and Minorities by states (2.9%).
- **Urban Development:** Chhattisgarh has allocated 2.5% of its total expenditure on urban development, which is lower than the average allocation by states (3.6%).



Note: 2020-21, 2021-22 (BE), 2021-22 (RE), and 2022-23 (BE) figures are for Chhattisgarh.
Sources: Chhattisgarh Budget in Brief 2022-23; various state budgets; PRS.

¹ The 30 states include the Union Territory of Delhi and Union Territory of Jammu and Kashmir.

Annexure 2: Comparison of 2020-21 Budget Estimates and Actuals

The following tables compare the actuals of 2020-21 with budget estimates for that year.

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

Particular	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Net Receipts (1+2)	84,131	63,285	-25%
1. Revenue Receipts (a+b+c+d)	83,831	63,176	-25%
a. Own Tax Revenue	26,155	22,889	-12%
b. Own Non-Tax Revenue	9,215	7,137	-23%
c. Share in central taxes	26,803	20,338	-24%
d. Grants-in-aid from the Centre	21,658	12,812	-41%
Of which GST compensation grants	2,938	3,212	9%
2. Non-Debt Capital Receipts	300	109	-64%
3. Borrowings	15,701	21,582	37%
Of which GST compensation loan	NA	NA	-
Net Expenditure (4+5+6)	95,650	79,108	-17%
4. Revenue Expenditure	81,400	70,033	-14%
5. Capital Outlay	13,814	9,024	-35%
6. Loans and Advances	436	51	-88%
7. Debt Repayment	4,841	8,020	66%
Revenue Balance	-2,431	-6,857	182%
Revenue Balance (as % of GSDP)	-0.67%	-1.95%	-
Fiscal Deficit	11,518	15,823	37%
Fiscal Deficit (as % of GSDP)	3.18%	4.49%	-

Note: BE: Budget Estimates; RE: Revised Estimates; A negative revenue balance indicates a deficit.

Source: Chhattisgarh Budget Documents of various years; PRS.

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

Sources	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Taxes on Vehicles	1,600	1,148	-28%
SGST	10,701	7,925	-26%
State Excise Duty	5,200	4,236	-19%
Stamps Duty and Registration Fees	1,705	1,585	-7%
Taxes and Duties on Electricity	2,200	2,341	6%
Sales Tax/VAT	4,145	4,636	12%
Land Revenue	600	938	56%

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

Source: Chhattisgarh Budget Documents of various years; PRS.

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

Sector	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Housing	1,905	347	-82%
Irrigation and Flood Control	2,846	1,679	-41%
Welfare of SC, ST, OBC, and Minorities	875	563	-36%
Transport	6,583	4,423	-33%
of which Roads and Bridges	6,482	4,410	-32%
Social Welfare and Nutrition	3,790	2,940	-22%
Education, Sports, Arts, and Culture	18,719	14,608	-22%
Urban Development	2,651	2,186	-18%
Police	4,841	4,016	-17%
Rural Development	4,887	4,058	-17%
Water Supply and Sanitation	1,460	1,248	-14%
Agriculture and allied activities	15,804	13,902	-12%
Energy	5,130	4,996	-3%
Health and Family Welfare	5,712	5,684	0%

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

Source: Chhattisgarh Budget Documents of various years; PRS.