

Andhra Pradesh Budget Analysis 2024-25

The Finance Minister of Andhra Pradesh, Mr. Payyavula Keshav, presented the Budget for the state for the financial year 2024-25 on November 11, 2024.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Andhra Pradesh for 2024-25 (at current prices) is estimated at Rs 16.41 lakh crore, amounting to growth of 12.5% over 2023-24.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 2,69,928 crore, an increase of 14% over the revised estimates of 2023-24. In addition, debt of Rs 24,499 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 2,01,186 crore, an increase of 16% as compared to the revised estimates of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 2.1% of GSDP (Rs 34,743 crore), lower than the revised estimates for 2023-24 (2.7% of GSDP).
- **Fiscal deficit** for 2024-25 is targeted at 4.2% of GSDP (Rs 68,743 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 4.3% of GSDP, higher than the budget estimate for 2023-24.

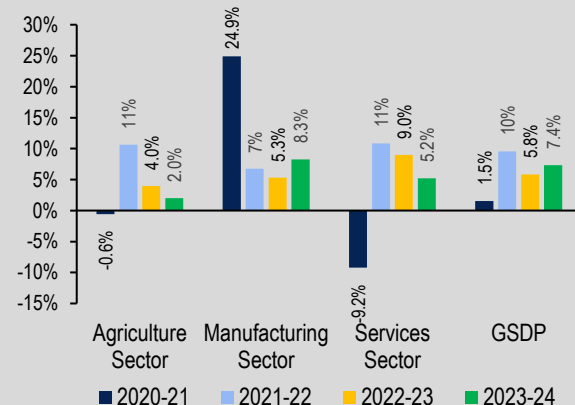
Policy Highlights

- **Agriculture:** The ‘Annadata Sukhibhava PMKISAN’ scheme has been introduced to provide investment support to eligible farmers.
- **Housing:** Under Housing for All, 25 lakh houses/ house pattas will be provided to economically weaker sections by 2029. Around nine lakh houses will be completed under PMAY.
- **Labour:** With the aim of increasing female workforce participation, free travel in public transport buses for women will be introduced. Financial assistance will be provided to traditional occupational groups to enhance their livelihoods through modern occupational techniques.
- **Sports:** A new sports policy will be introduced for the period 2024-29 to make sports accessible for all, nurture talent, build a sports ecosystem, and improve global participation.

Andhra Pradesh's Economy

- **GSDP:** In 2023-24, Andhra Pradesh's GSDP (at constant prices) grew at 7.4%, compared to 5.8% in 2022-23. In comparison, national GDP is estimated to grow at 8.2% in 2023-24.
- **Sectors:** The agriculture sector grew by 2% in 2023-24. Manufacturing sector grew by 8.3% in 2023-24. In comparison, it grew by 5.3% in 2022-23. Services grew by 5.2% in 2023-24, in comparison to 9% growth in 2022-23.
- In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 37%, 23%, and 40% to the economy, respectively (at current prices).
- **Per capita GSDP:** The per capita GSDP of Andhra Pradesh in 2023-24 (at current prices) is estimated at Rs 2,70,295, higher than the national average of Rs 1,84,205.

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



Note: Agriculture includes mining and quarrying; Manufacturing includes construction and electricity. These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Sources: Andhra Pradesh Economic Review 2023-24; PRS.

Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 2,69,928 crore. This is an increase of 14% over the revised estimate of 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,01,186 crore and net borrowings of Rs 66,944 crore. Total receipts for 2024-25 (other than borrowings) are expected to register an increase of 16% over the revised estimates of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 2.1% of GSDP (Rs 34,743 crore), lower than the revised estimates for 2023-24 (2.7% of GSDP). **Fiscal deficit** for 2024-25 is targeted at 4.2% of GSDP (Rs 68,743 crore), as compared to 4.3% of GSDP at the revised estimate stage in 2023-24.

Table 1: Budget 2024-25 - Key figures (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Total Expenditure	2,25,842	2,79,279	2,53,557	-9.2%	2,94,427	16.1%
(-) Repayment of debt	15,570	18,411	17,046	-7.4%	24,499	43.7%
Net Expenditure (E)	2,10,272	2,60,868	2,36,511	-9.3%	2,69,928	14.1%
Total Receipts	2,25,749	2,78,302	2,50,000	-10.2%	2,92,629	17.1%
(-) Borrowings	67,985	72,022	76,209	5.8%	91,443	20.0%
Net Receipts (R)	1,57,764	2,06,280	1,73,791	-15.8%	2,01,186	15.8%
Fiscal Deficit (E-R)	52,508	54,588	62,720	14.9%	68,743	9.6%
as % of GSDP	4.0%	3.8%	4.3%		4.2%	
Revenue Deficit	43,487	22,317	38,683	73.3%	34,743	-10.2%
as % of GSDP	3.3%	1.5%	2.7%		2.1%	
Primary Deficit	27,016	25,914	33,238	28.3%	39,947	20.2%
as % of GSDP	2.1%	1.8%	2.3%		2.4%	
GSDP	13,17,564	14,49,607	14,58,719	0.6%	16,40,581	12.5%

Note: BE is Budget Estimates; RE is Revised Estimates. Fiscal deficit figures have not been adjusted for loans provided by Centre for capital expenditure. Primary deficit figures may not match those provided in budget due to difference in interest payments in annual financial statement and budget at a glance.

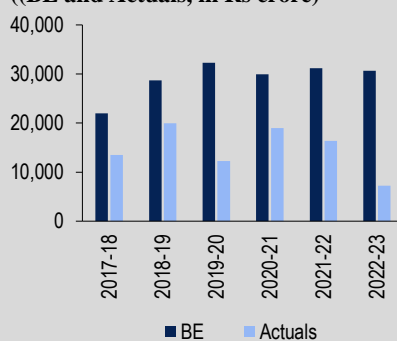
Sources: Annual Financial Statement, Andhra Pradesh Budget 2024-25; PRS.

Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is proposed to be Rs 2,35,917 crore, an increase of 11% over the revised estimates of 2023-24. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2024-25 is proposed to be Rs 32,713 crore, an increase of 40% over the revised estimates of 2023-24. Capital outlay indicates the expenditure towards creation of assets. In 2023-24, capital outlay at the revised estimate stage was 25% lower than the budget estimates for the year.
- In 2024-25, loans and advances by the state are expected to be Rs 1,298 crore, higher than the revised estimates by 78%.

Underspending on Capital Outlay

Figure 2: Expenditure on capital outlay ((BE and Actuals, in Rs crore)



Between 2017-18 and 2022-23, Andhra Pradesh spent 51% of the budgeted expenditure on capital outlay. In 2022-23, against a budgeted Rs 30,678 crore, only Rs 7,245 crore was spent on capital outlay. Expenditure on capital outlay may decrease when the revenue realised is lower than budgeted. This is because revenue expenditure on items such as pension, salaries, and interest payments cannot be reduced in the short term.

Table 2: Expenditure budget 2024-25 (in Rs crore)

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Revenue Expenditure	2,01,256	2,28,541	2,12,450	-7%	2,35,917	11%
Capital Outlay	7,244	31,061	23,330	-25%	32,713	40%
Loans given by the state	1,773	1,266	731	-42%	1,298	78%
Net Expenditure	2,10,272	2,60,868	2,36,511	-9%	2,69,928	14%

Sources: Annual Financial Statement, Andhra Pradesh Budget 2024-25; 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 2024-25, Andhra Pradesh is estimated to spend Rs 50,604 crore on pension and interest payments, which is 25% of its estimated revenue receipts. This comprises spending on pension (11% of revenue receipts), and interest payments (14%). In 2022-23, 30% of revenue receipts were spent on pension and interest payments.

Table 3: Committed Expenditure in 2024-25 (in Rs crore)

Committed Expenditure	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
Salaries	NA	NA	NA	-	NA	-
Pension	22,584	21,166	21,696	3%	21,808	1%
Interest payment	25,492	28,674	29,481	3%	28,796	-2%
Total Committed Expenditure	-	-	-	-	-	-

Sources: Annual Financial Statement, Andhra Pradesh Budget 2024-25; PRS.

Sector-wise expenditure: The sectors listed below account for **68%** of the total expenditure on sectors by the state in 2024-25. A comparison of Andhra Pradesh's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Andhra Pradesh Budget 2024-25 (in Rs crore)

Sector	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	2024-25 Budgeted	% change from RE 23- 24 to BE 24- 25	Demand Provisions
Welfare of SC, ST, OBC, and Minorities	22,531	50,992	36,185	47,277	31%	<ul style="list-style-type: none"> Rs 4,407 crore has been allocated towards NTR Bharosa Pension Scheme
Education, Sports, Arts, and Culture	26,158	32,658	31,400	33,111	5%	<ul style="list-style-type: none"> Rs 3,507 crore has been allocated towards the Samagra Shiksha Abhiyan
Health and Family Welfare	11,488	16,207	15,106	18,732	24%	<ul style="list-style-type: none"> Rs 4,000 crore will be allocated to the Dr. Nandamuri Taraka Ramarao Vaidya Seva Trust
Rural Development	12,194	16,159	14,147	15,899	12%	<ul style="list-style-type: none"> Rs 4,415 crore will be spent on rural employment
Irrigation and Flood Control	5,053	10,969	6,802	15,237	124%	<ul style="list-style-type: none"> Rs 5,449 crore is estimated to be spent on the Polavaram Project
Agriculture and Allied Activities	11,272	13,961	10,022	12,514	25%	<ul style="list-style-type: none"> Rs 1,000 crore has been allocated towards the Annadata Sukhibhava Scheme Rs 1,023 crore has been allocated for PM Fasal Bima Yojana
Social Welfare and Nutrition	13,401	11,230	5,957	11,899	100%	<ul style="list-style-type: none"> Rs 2,345 crore has been allocated to provide subsidies on rice
Urban Development	6,185	8,996	8,633	11,168	29%	<ul style="list-style-type: none"> Rs 3,000 crore has been allocated for Amravati Capital City Development Projects Rs 1,054 crore has been allocated for development of the Andhra Pradesh Capital Region
Transport	5,083	8,679	6,105	8,035	32%	<ul style="list-style-type: none"> Rs 1,942 crore has been allocated towards capital outlay on roads and bridges
Police	6,622	7,631	7,248	7,874	9%	<ul style="list-style-type: none"> Rs 4,495 crore will be provided for the District Police Force
% of total expenditure on all sectors	58%	68%	60%	68%		

Sources: Annual Financial Statement, Andhra Pradesh Budget 2024-25; PRS.

Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 2,01,174 crore, an increase of 16% over the revised estimates of 2023-24. Of this, Rs 1,20,365 crore (60%) will be raised by the state through its **own resources**, and Rs 80,809 crore (40%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (25% of revenue receipts) and grants (15% of revenue receipts).
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 50,475 crore, an increase of 10% over the revised estimates of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 30,334 crore, a decrease of 13% from the revised estimates for 2023-24.
- **State's own tax revenue:** Andhra Pradesh's total own tax revenue is estimated to be Rs 1,09,789 crore in 2024-25, an increase of 28% over the revised estimate of 2023-24. Own tax revenue as a percentage of GSDP is estimated at 6.7% in 2024-25, higher than the revised estimates for 2023-24 (5.9%). As per the actual figures for 2022-23, the state's own tax revenue as a percentage of GSDP was 5.9%.

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

Items	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 2023-24 to RE 2023-24	2024-25 Budgeted	% change from RE 2023-24 to BE 2024-25
State's Own Tax	78,026	1,02,599	85,922	-16%	1,09,789	28%
State's Own Non-Tax	5,417	15,400	7,432	-52%	10,576	42%
Share in Central Taxes	38,177	41,391	45,711	10%	50,475	10%
Grants-in-aid from Centre	36,149	46,835	34,702	-26%	30,334	-13%
Revenue Receipts	1,57,768	2,06,224	1,73,767	-16%	2,01,174	16%
Non-debt Capital Receipts	-4	56	24	-57%	12	-50%
Net Receipts	1,57,764	2,06,280	1,73,791	-15.8%	2,01,186	16%

BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Andhra Pradesh Budget 2024-25; PRS.

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (34% share). State GST revenue is estimated to increase by 20% over the revised estimates of 2023-24.
- Revenue from sales tax/VAT and state excise is estimated to increase by 33% and 60% respectively in 2024-25 over the revised estimates of 2023-24.

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

Head	2022-23 Actuals	2023-24 Budgeted	2023-24 Revised	% change from BE 23-24 to RE 23-24	2024-25 Budgeted	% change from RE 23-24 to BE 24-25
State GST	27,981	34,249	31,130	-9%	37,489	20%
Sales Tax/ VAT	8,004	25,402	18,475	-27%	24,500	33%
Stamps Duty and Registration Fees	8,022	12,000	9,542	-20%	13,500	41%
Taxes on Vehicles	4,320	7,000	4,557	-35%	5,203	14%
State Excise	14,798	18,000	15,998	-11%	25,597	60%
Land Revenue	110	58	52	-9%	58	10%
Taxes and Duties on Electricity	4,243	5,096	5,528	8%	2,648	-52%

Sources: Annual Financial Statement and Revenue Budget, Andhra Pradesh Budget 2024-25; PRS.

Deficits, Debt, and FRBM Targets for 2024-25

The Andhra Pradesh 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 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 34,743 crore (or 2.1% of the GSDP) in 2024-25.

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 2024-25, the fiscal deficit is estimated to be 4.2% of GSDP. For 2024-25, 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.

As per the revised estimates, in 2023-24, the fiscal deficit of the state is expected to be 4.3% of GSDP. This is higher than the budget estimate. In 2022-23, as per the actuals, fiscal deficit was 4% of the GSDP.

Off budget borrowings

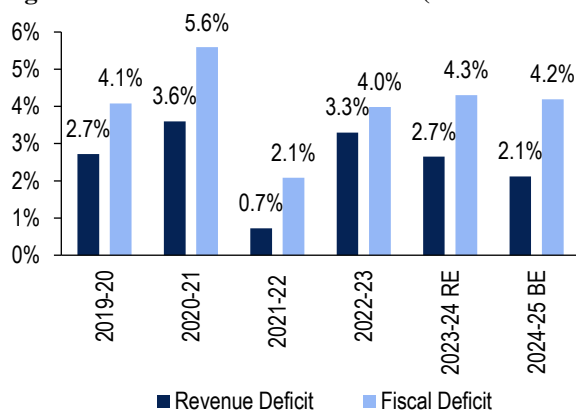
Off budget borrowings are borrowings which are not directly made by the government, but where the principal and interest are serviced from the government budget. These borrowings are not reported in the budget for that year and remain outside legislative oversight. These are usually made by State PSUs.

According to the CAG (2023), total off-budget borrowings in Andhra Pradesh stood at Rs 1,18,394 crore as on March 31, 2022.

The CAG noted that if the state continues to incur off-budget borrowings, the liabilities of the state may increase substantially over a period of time. This may also affect the state's capacity to spend on capital assets and infrastructure development.

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 2024-25, the outstanding liabilities are estimated to be 34.1% of GSDP, higher than the revised estimates for 2023-24 (33.7% of GSDP).

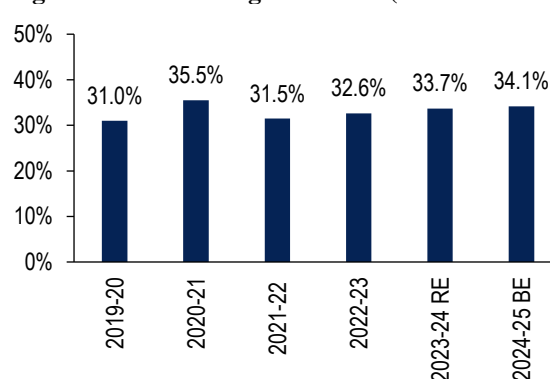
Figure 3: Fiscal and Revenue Deficit (as % of GSDP)



Note: RE is Revised Estimates; BE is budget estimates.

Sources: Budget in Brief, Andhra Pradesh Budget 2024-25; PRS.

Figure 4: Outstanding Liabilities (as % of GSDP)



Note: *Figures for 2025-26 and 2026-27 are projections; RE is Revised Estimates; BE is budget estimates.

Sources: Budget in Brief, Andhra Pradesh Budget 2024-25; PRS.

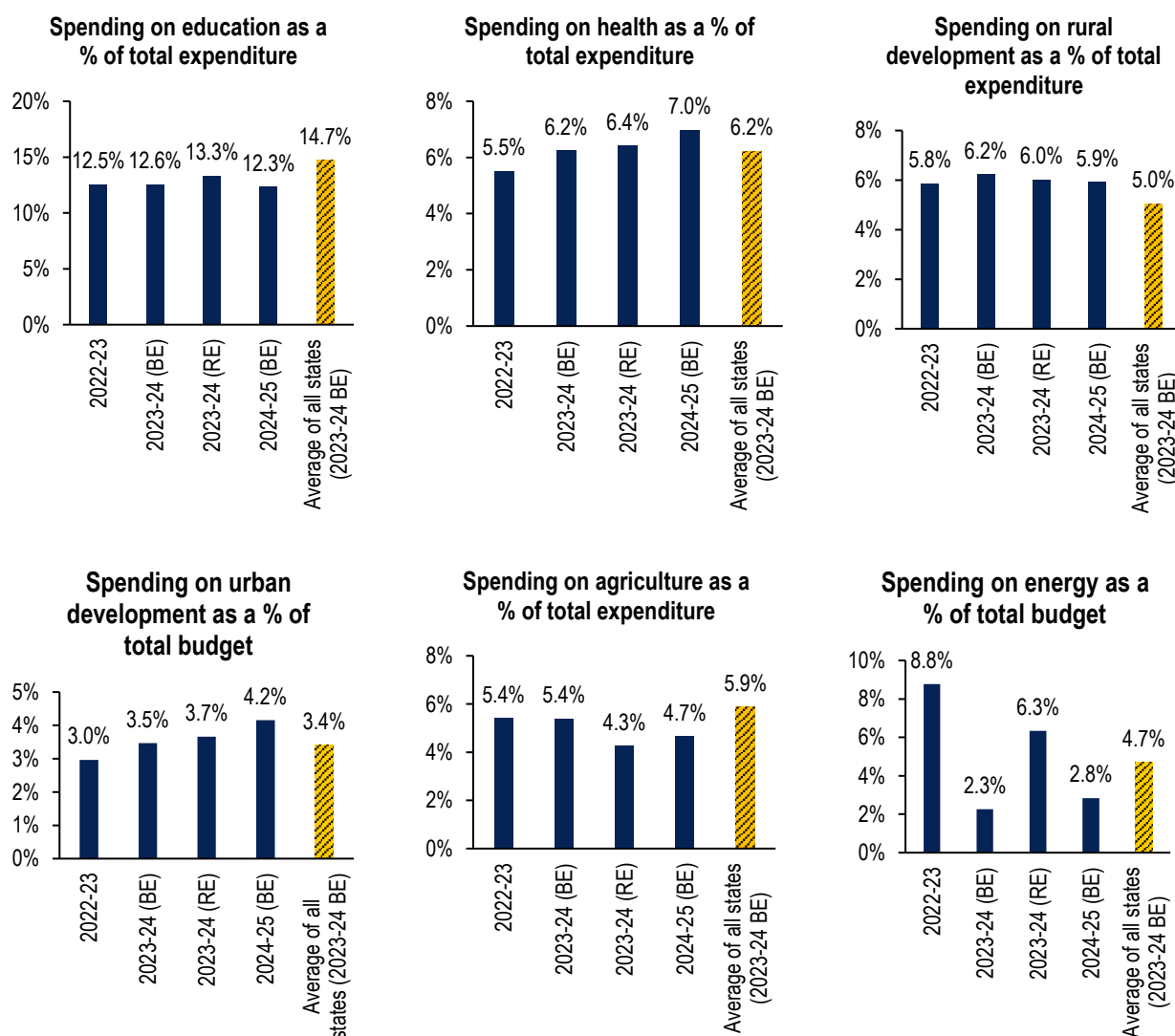
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. At the end of 2023-24, the state's outstanding guarantee is estimated to be Rs 1,54,797 crore, which is 11% of Andhra Pradesh's GSDP in 2023-24.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Andhra Pradesh's expenditure in 2024-25 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 Andhra Pradesh) as per their budget estimates of 2023-24.¹

- **Education:** Andhra Pradesh has allocated 12.3% of its expenditure on education in 2024-25. This is lower than the average allocation for education by states in 2023-24 (14.7%).
- **Health:** Andhra Pradesh has allocated 7% of its total expenditure towards health, which is higher than the average allocation for health by states (6.2%).
- **Rural development:** Andhra Pradesh has allocated 5.9% of its expenditure on rural development. This is higher than the average allocation for rural development by states (5%).
- **Urban development:** Andhra Pradesh has allocated 4.2% of its expenditure towards urban development. This is higher than the average allocation towards urban development by states (3.4%).
- **Agriculture:** Andhra Pradesh has allocated 4.7% of its total expenditure towards agriculture, which is lower than the average expenditure on agriculture by states (5.9%).
- **Energy:** Andhra Pradesh has allocated 2.8% of its total expenditure towards energy, which is lower than the average allocation by states (4.7%).



Note: 2022-23, 2023-24 (BE), 2023-24 (RE), and 2024-25 (BE) figures are for Andhra Pradesh.
Sources: Annual Financial Statement, Andhra Pradesh Budget 2024-25; various state budgets; PRS.

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

Annexure 2: Comparison of 2022-23 Budget Estimates and Actuals

The following tables compare the actuals of 2022-23 with budget estimates for that year.

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

Particular	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Net Receipts (1+2)	1,92,271	1,57,764	-18%
1. Revenue Receipts (a+b+c+d)	1,91,225	1,57,768	-17%
a. Own Tax Revenue	91,050	78,026	-14%
b. Own Non-Tax Revenue	11,093	5,417	-51%
c. Share in central taxes	33,050	38,177	16%
d. Grants-in-aid from the Centre	56,033	36,149	-35%
Of which GST compensation grants	3,800	4,570	20%
2. Non-Debt Capital Receipts	37	-4	-100%
3. Borrowings	64,816	67,985	5%
Of which GST compensation loan	2,500	0	-100%
Net Expenditure (4+5+6)	2,39,986	2,10,272	-12%
4. Revenue Expenditure	2,08,261	2,01,256	-3%
5. Capital Outlay	30,680	7,244	-76%
6. Loans and Advances	1,046	1,773	70%
7. Debt Repayment	16,270	15,570	-4%
Revenue Deficit	17,036	43,487	155%
Revenue Deficit (as % of GSDP)	1.3%	3.3%	160%
Fiscal Deficit	47,716	52,508	10%
Fiscal Deficit (as % of GSDP)	3.6%	4.0%	12%

Source: Andhra Pradesh Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue

Tax Source/Head	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Taxes and Duties on Electricity	1,011	4,243	320%
Land Revenue	48	110	129%
Taxes on Vehicles	6,000	4,320	-28%
State GST	29,025	27,981	-4%
Sales Tax/ VAT	28,481	18,004	-37%
Stamps Duty and Registration Fees	9,500	8,022	-16%

Source: Andhra Pradesh Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Energy	9,452	18,301	94%
Transport	8,597	5,083	-41%
<i>of which Roads and Bridges</i>	4,429	1,778	-60%
Housing	4,806	8,359	74%
Water Supply and Sanitation	2,281	-225	-110%
Irrigation and Flood Control	10,541	5,053	-52%
Urban Development	8,495	6,185	-27%
Agriculture and Allied Activities	13,640	11,272	-17%
Social Welfare and Nutrition	10,976	13,401	22%
Rural Development	16,040	12,194	-24%
Health and Family Welfare	15,707	11,488	-27%
Welfare of SC, ST, OBC, and Minorities	45,927	22,531	-51%
Police	7,034	6,622	-6%
Education, Sports, Arts, and Culture	30,385	26,158	-14%

Source: Andhra Pradesh Budget Documents of various years; PRS.