

Gujarat Budget Analysis 2024-25

The Finance Minister of Gujarat, Mr Kanubhai Desai, presented the Budget for the state for the financial year 2024-25 on February 2, 2024.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Gujarat for 2024-25 (at current prices) is projected to be Rs 27.9 lakh crore, amounting to growth of 13.3% over the revised estimates for 2023-24.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 2,99,362 crore, an increase of 16% over the revised estimates of 2023-24. In addition, debt of Rs 29,085 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 2,47,445 crore, an increase of 15% as compared to the revised estimate of 2023-24.
- **Revenue surplus** in 2024-25 is estimated to be 0.4% of GSDP (Rs 9,821 crore), lower than the revised estimates for 2023-24 (0.8% of GSDP). In 2023-24, the revenue surplus is expected to be higher than the budget estimate (0.4% of GSDP).
- **Fiscal deficit** for 2024-25 is targeted at 1.9% of GSDP (Rs 51,917 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 1.7% of GSDP, lower than the budget estimate (1.8% of GSDP).

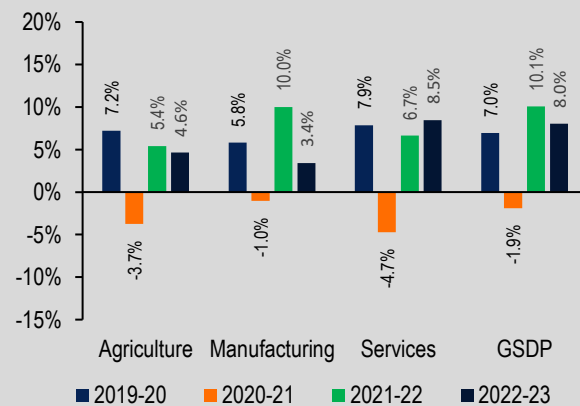
Policy Highlights

- **Namo Laxmi Scheme:** The government will provide scholarships to girls studying in secondary and higher secondary schools. Every girl student will get a total assistance of Rs 50,000 over four years.
- **Namo Saraswati Scheme:** Financial assistance of Rs 25,000 will be provided to students from low and middle income households enrolling in the science stream in classes 11 and 12.
- **Namo Shri Scheme:** Pregnant women belonging to specified categories (such as SC, ST, and BPL) will be provided a one-time financial assistance of Rs 12,000.
- **Anganwadi 2.0 Scheme:** Under this scheme, 8,000 new anganwadis will be built, and 20,000 anganwadis will be provided with IT connectivity. The outlay for the scheme is approximately Rs 1,800 crore.
- **Suposhit Gujarat Mission:** It will provide for adequate nutrition to children, adolescent girls, and women. It will enhance the number of beneficiaries as well as assistance under various existing schemes, and new schemes will be launched whenever required.
- **Nirmal Gujarat Abhiyan 2.0:** Arrangements will be put in place for collection, segregation, and suitable disposal of dry and wet waste.

Gujarat's Economy

- **GSDP:** In 2022-23, Gujarat's GSDP (at constant prices) is estimated to grow at 8%. Gujarat's GSDP is estimated to grow at a faster rate than the national GDP in 2022-23 (7.2%).
- **Sectors:** The services sector recorded a faster growth in 2022-23 (8.5%) as compared to the agriculture and manufacturing, which grew at 4.6% and 3.4%, respectively.
- In 2022-23, agriculture, manufacturing, and services sectors are estimated to contribute 20%, 45%, and 35% to the economy, respectively (at current prices).
- **Per capita GSDP:** The per capita GSDP in 2022-23 (at current prices) is estimated at Rs 3,13,512, an increase of 14% over 2021-22.

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



Note: Agriculture also includes mining and quarrying; manufacturing also includes construction, and electricity, gas, water, and other utility services. These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Sources: Gujarat Socio Economic Review 2023-24; PRS.

Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 2,99,362 crore. This is an increase of 16% over the revised estimate of 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,47,445 crore and net borrowings of Rs 48,415 crore. Total receipts for 2024-25 (other than borrowings) are expected to register an increase of 15% over the revised estimate of 2023-24.
- **Revenue surplus** in 2024-25 is estimated to be 0.4% of GSDP (Rs 9,821 crore), lower than the revised estimates for 2023-24 (0.8% of GSDP). In 2023-24, revenue surplus is estimated to be significantly higher than budget estimate (0.4% of GSDP). This is owing to 4% higher revenue receipts estimated at the revised stage as compared to budget stage, whereas revenue expenditure is estimated to be 1% lower than budgeted.
- **Fiscal deficit** for 2024-25 is targeted at 1.9% of GSDP (Rs 51,917 crore), higher than the revised estimates for 2023-24 (1.7% of GSDP). Fiscal deficit estimates for both 2023-24 and 2024-25 are well within the limit of 3.5% of GSDP permitted by the central government (of which 0.5% of GSDP will be made available only upon undertaking certain power sector reforms).

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	2,38,667	2,96,574	2,84,694	-4.0%	3,28,447	15.4%
(-) Repayment of debt	22,159	26,304	26,151	-0.6%	29,085	11.2%
Net Expenditure (E)	2,16,508	2,70,270	2,58,543	-4.3%	2,99,362	15.8%
Total Receipts	2,51,995	2,93,341	2,81,697	-4.0%	3,24,945	15.4%
(-) Borrowings	52,333	68,001	65,634	-3.5%	77,500	18.1%
Net Receipts (R)	1,99,662	2,25,340	2,16,063	-4.1%	2,47,445	14.5%
Fiscal Deficit (E-R)	16,845	44,930	42,480	-5.5%	51,917	22.2%
as % of GSDP	0.8%	1.8%	1.7%		1.9%	
Revenue Surplus	19,865	9,038	18,618	106.0%	9,821	-47.2%
as % of GSDP	0.9%	0.4%	0.8%		0.4%	
Primary Deficit	-8,508	16,310	14,690	-9.9%	21,963	49.5%
as % of GSDP	-0.4%	0.6%	0.6%		0.8%	
GSDP	22,30,609	25,62,975	24,64,300	-3.9%	27,92,545	13.3%

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

Sources: Annual Financial Statement and Budget in Brief, Gujarat Budget 2024-25; PRS.

Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is estimated to be Rs 2,19,832 crore, an increase of 11% over the revised estimate of 2023-24. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2024-25 is proposed to be Rs 75,689 crore, an increase of 29% over the revised estimate of 2023-24. Capital outlay indicates the expenditure towards creation of assets. As per revised estimates, capital outlay in 2023-24 is estimated to be 16% lower than the budget estimates. Key sectors where capital outlay is estimated to be lower than budgeted in 2023-24 are: (i) Energy (by Rs 3,115 crore), (ii) Irrigation and Flood Control (by Rs 2,241 crore) and (iii) Roads and Bridges (by Rs 2,070 crore).

Allocation towards subsidies

In 2024-25, Rs 31,330 crore is estimated to be spent on subsidies. This is an increase of 12% over the revised estimates for 2023-24 (Rs 28,003 crore). Rs 12,207 crore has been allocated towards power subsidy for agriculture (39% of the total subsidies for 2024-25). Other major subsidies include: (i) development of the textile industry (Rs 1,600 crore), (ii) subsidies to the Gujarat State Road Transport Corporation (Rs 1,155 crore), and (iii) assistance to large industries (Rs 1,145 crore).

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	1,79,543	1,98,672	1,97,175	-1%	2,19,832	11%
Capital Outlay	35,499	70,101	58,696	-16%	75,689	29%
Loans given by the state	1,466	1,497	2,672	78%	3,842	44%
Net Expenditure	2,16,508	2,70,270	2,58,543	-4%	2,99,362	16%

Sources: Annual Financial Statement, Gujarat 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 the budget being allocated for committed expenditure items limits the state's flexibility to decide on other developmental expenditure priorities such as capital outlay. In 2024-25, Gujarat is estimated to spend Rs 1,05,357 crore on committed expenditure, which is 46% of its estimated revenue receipts. This comprises spending on salaries (21% of revenue receipts), pension (12%), and interest payments (13%). In 2023-24, expenditure towards pensions is estimated to be 17% higher than the budget estimate.

Table 3: Committed Expenditure in 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
Salaries	41,557	45,094	44,528	-1%	48,980	10%
Interest payment	25,354	28,620	27,790	-3%	29,954	8%
Pension	22,435	21,529	25,180	17%	26,424	5%
Total Committed Expenditure	89,346	95,242	97,497	2%	1,05,357	8%

Note: Salary data for 2023-24 (BE) has been back calculated from the figure given as a percentage of revenue receipts.

Sources: Annual Financial Statement and Statements under the Gujarat Fiscal Responsibility Act, 2005, Gujarat Budget 2024-25; PRS.

Sector-wise expenditure: The sectors listed below account for **62%** of the total expenditure on sectors by the state in 2024-25. A comparison of Gujarat's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Gujarat 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	Budget Provisions 2024-25
Education, Sports, Arts, and Culture	35,458	38,403	38,826	44,579	15%	<ul style="list-style-type: none"> Provision of Rs 3,000 crore has been made towards the Mission Schools of Excellence Scheme.
Transport	13,172	20,990	18,911	22,692	20%	<ul style="list-style-type: none"> Rs 16,816 crore has been allocated towards capital outlay on roads and bridges.
Energy	16,218	20,823	15,476	20,267	31%	<ul style="list-style-type: none"> Rs 12,207 crore has been allocated towards power subsidies for agriculture.
Health and Family Welfare	13,401	15,141	16,809	19,348	15%	<ul style="list-style-type: none"> Rs 2,191 crore has been allocated towards the Aarogya Suraksha Yojana.
Urban Development	12,652	17,710	18,394	18,634	1%	<ul style="list-style-type: none"> Rs 8,864 crore has been allocated towards the Swarnim Jayanti Mukhya Mantri Shaheer Vikas Yojana.
Irrigation and Flood Control	7,802	15,401	12,991	17,438	34%	<ul style="list-style-type: none"> Rs 5,609 crore has been allocated towards capital outlay on medium irrigation, and Rs 2,493 crore towards capital outlay on minor irrigation.
Agriculture and Allied Activities	7,786	11,643	10,882	11,857	9%	<ul style="list-style-type: none"> Rs 1,140 crore has been allocated towards financial assistance to farmers for interest subvention.
Social Welfare and Nutrition	9,613	10,413	12,106	11,358	-6%	<ul style="list-style-type: none"> Provision of Rs 2,865 crore has been made towards the Special Nutrition Programme.
Police	6,421	7,108	7,687	8,712	13%	<ul style="list-style-type: none"> Rs 7,127 crore has been allocated towards District Police.
Rural Development	8,230	7,721	7,535	8,555	14%	<ul style="list-style-type: none"> Rs 1,184 crore has been allocated towards grants to panchayats for creation of capital assets.
% of total expenditure on all sectors	61%	62%	62%	62%		

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

Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 2,29,653 crore, an increase of 6% over the revised estimate of 2023-24. Of this, Rs 1,68,625 crore (73%) will be raised by the state through its **own resources**, and Rs 61,028 crore (27%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (18% of revenue receipts) and grants (8% of revenue receipts).
- **State's own tax revenue:** Gujarat's total own tax revenue is estimated to be Rs 1,48,950 crore in 2024-25, an increase of 11% over the revised estimate of 2023-24. Own tax revenue as a percentage of GSDP is estimated at 5.3% in 2024-25, marginally lower than the revised estimates for 2023-24 (5.4%). As per the actual figures for 2022-23, own tax revenue was 5.6% of GSDP.
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 42,245 crore, a marginal increase of 1% over the revised estimate of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 18,783 crore, a decrease of 10% over the revised estimates of 2023-24. This is mainly due to a decrease estimated in grants towards centrally sponsored schemes (Rs 12,802 crore) as compared to the revised estimates for 2023-24 (Rs 18,703 crore). In 2023-24, grants from the centre are estimated to be 28% higher than the budget estimate, mainly on account of a higher grants estimated towards centrally sponsored schemes.

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	1,24,810	1,38,848	1,34,076	-3%	1,48,950	11%
State's Own Non-Tax	18,434	17,013	19,262	13%	19,675	2%
Share in Central Taxes	33,034	35,559	41,649	17%	42,245	1%
Grants-in-aid from Centre	23,131	16,290	20,807	28%	18,783	-10%
Revenue Receipts	1,99,408	2,07,710	2,15,793	4%	2,29,653	6%
Non-Debt Capital Receipts	254	17,630	270	-98%	17,792	6495%
Net Receipts	1,99,662	2,25,340	2,16,063	-4.1%	2,47,445	15%

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

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

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (50% share). State GST revenue is estimated to increase by 21% over the revised estimates of 2023-24. However, in 2023-24, as per the revised estimates, revenue from SGST is expected to be 6% lower the budget estimates.
- Land revenue in 2024-25 is estimated to register a decrease of 16% as compared to the revised estimates for 2023-24. Although, in 2023-24, land revenue is estimated to be 131% higher than budgeted (an increase of Rs 3,736 crore).

Receipts from disinvestment

Gujarat has estimated that it will earn Rs 17,500 crore from disinvestments of public sector and other undertakings in 2024-25 (majority of non-debt capital receipts). In 2023-24, the state had estimated to earn the same amount in the budget estimates, however, at the revised stage, no receipts are estimated from this source. As per CAG (2023), 30 out of the 100 state PSUs reported losses in 2021-22. It also observed that as of March 2022, accumulated losses of 22 PSUs were Rs 29,313 crore.

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	52,154	66,030	61,815	-6%	74,597	21%
Sales Tax/ VAT	36,984	39,246	31,800	-19%	33,900	7%
Stamps Duty and Registration Fees	14,207	13,950	15,000	8%	16,000	7%
Taxes and Duties on Electricity	10,594	10,230	11,798	15%	11,754	-0.4%
Taxes on Vehicles	5,002	5,183	5,183	0%	5,600	8%
Land Revenue	4,481	2,860	6,596	131%	5,510	-16%
State Excise	188	155	180	16%	155	-14%
GST Compensation Grants	7,955	-	-	-	-	-
GST Compensation Loans	-	-	-	-	-	-

Sources: Annual Financial Statement and Receipt Budget, Gujarat Budget 2024-25; PRS.

Deficits and Debt Targets for 2024-25

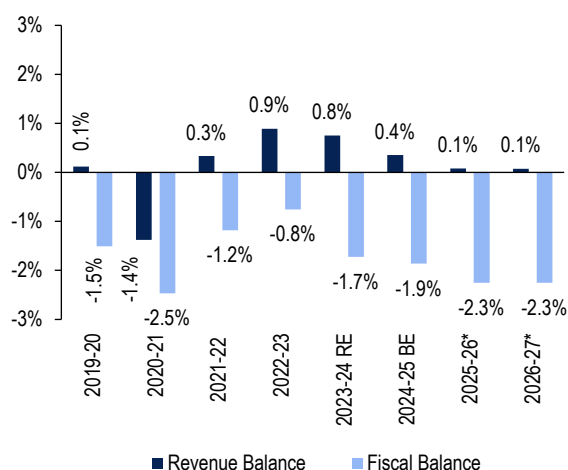
The Gujarat Fiscal Responsibility Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit, and fiscal deficit of the state government.

Revenue surplus: It is the difference of revenue expenditure and revenue receipts. A revenue surplus implies that the government need not borrow to finance those expenses which do not increase its assets or reduce its liabilities. The budget estimates a revenue surplus of Rs 9,821 crore (0.4% 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 1.9% of GSDP. The fiscal deficit estimate for 2023-24 is well within the limit of 3.5% of GSDP permitted by the central government, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms. The state government has projected that its fiscal deficit is likely to be higher in both 2025-26 (2.3% of GSDP) and 2026-27 (2.3% of GSDP).

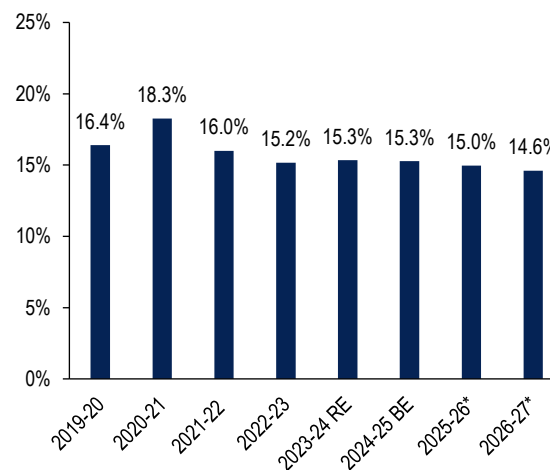
Outstanding Public Debt: Outstanding public debt is the accumulation of total unpaid borrowings at the end of a financial year. It does not include certain other liabilities such as liabilities towards public accounts. At the end of 2024-25, the outstanding public debt is estimated to be 15.3% of GSDP, roughly same as the revised estimate for 2023-24. The outstanding public debt rose in 2020-21 (COVID year), and has reduced thereafter.

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



Note: Positive (+) figures indicate a surplus, negative (-) figures indicate a deficit. *Figures for 2025-26 and 2026-27 are projections; For 2020-21 and 2021-22, deficits reported without treating GST compensation loans as grants. RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy of various years, Gujarat Budget 2024-25; PRS.

Figure 3: Outstanding Public Debt (as % of GSDP)



Note: *Figures for 2025-26 and 2026-27 are projections; RE is Revised Estimates; BE is budget estimates.
Sources: Medium Term Fiscal Policy of various years, Gujarat Budget 2024-25; PRS.

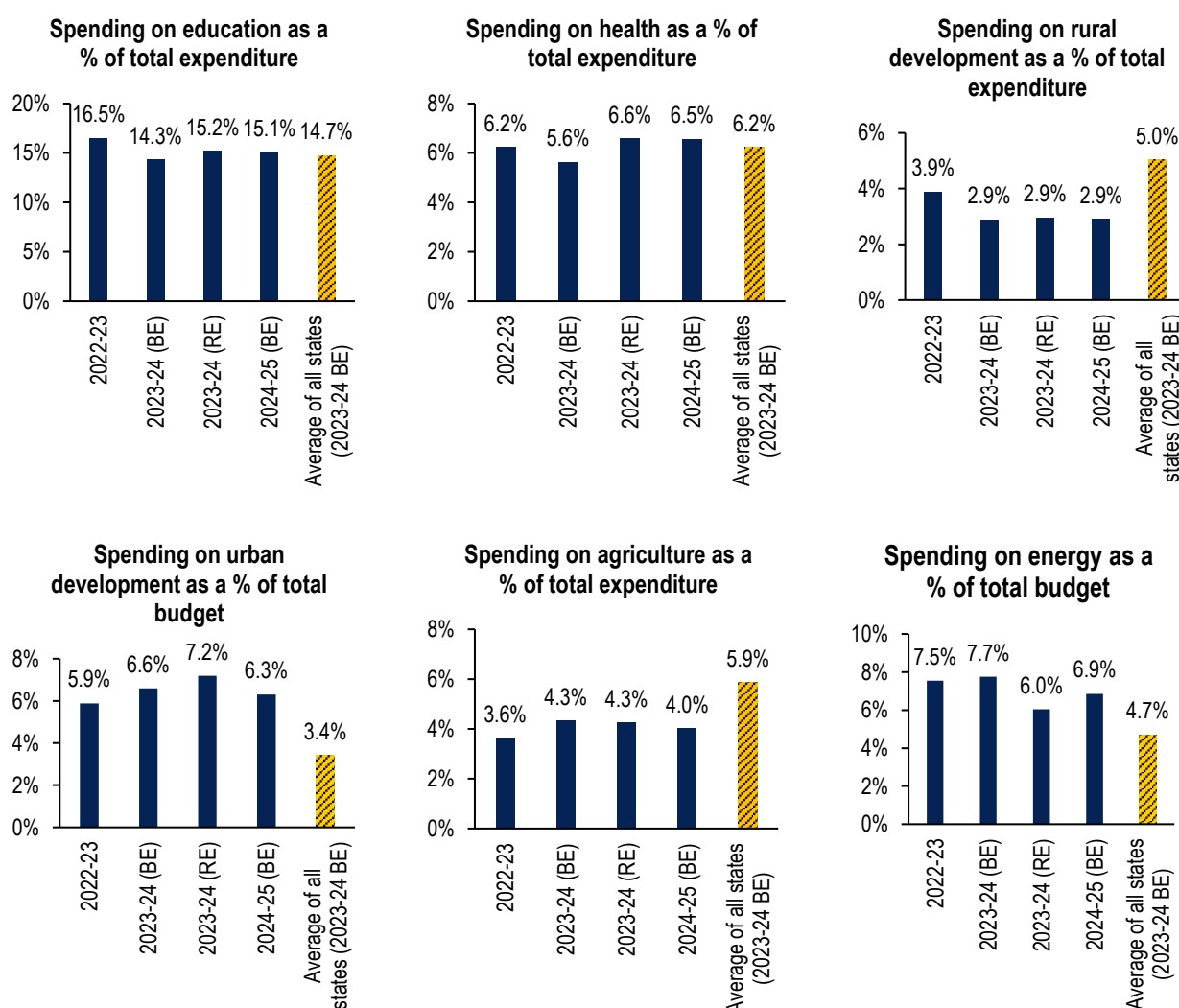
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As of March 31, 2023, the state's outstanding guarantee is estimated to be Rs 1,473 crore, which is 0.1% of GSDP in 2022-23.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Gujarat'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 Gujarat) as per their budget estimates of 2023-24.¹

- **Education:** Gujarat has allocated 15.1% of its expenditure on education in 2024-25. This is higher than the average allocation for education by states in 2023-24 (14.7%).
- **Health:** Gujarat has allocated 6.5% of its total expenditure towards health, which is higher than the average allocation for health by states (6.2%).
- **Rural development:** Gujarat has allocated 2.9% of its expenditure towards rural development. This is significantly lower than the average allocation for rural development by states (5.0%).
- **Urban development:** Gujarat has allocated 6.3% of its expenditure towards urban development. This is significantly higher than the average allocation towards urban development by states (3.4%).
- **Agriculture:** Gujarat has allocated 4% of its total expenditure towards agriculture, which is significantly lower than the average expenditure on agriculture by states (5.9%).
- **Energy:** Gujarat has allocated 6.9% of its total expenditure towards energy, which is significantly higher than the average allocation by states (4.7%).



Note: 2022-23, 2023-24 (BE), 2023-24 (RE), and 2024-25 (BE) figures are for Gujarat.
Sources: Annual Financial Statement, Gujarat 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)	1,82,295	1,99,662	10%
1. Revenue Receipts (a+b+c+d)	1,82,045	1,99,408	10%
a. Own Tax Revenue	1,14,883	1,24,810	9%
b. Own Non-Tax Revenue	17,762	18,434	4%
c. Share in central taxes	28,418	33,034	16%
d. Grants-in-aid from the Centre	20,983	23,131	10%
Of which GST compensation grants	5,000	7,955	59%
2. Non-Debt Capital Receipts	250	254	2%
3. Borrowings	51,001	52,333	3%
Of which GST compensation loan	0	0	-
Net Expenditure (4+5+6)	2,18,408	2,16,508	-1%
4. Revenue Expenditure	1,81,040	1,79,543	-1%
5. Capital Outlay	35,898	35,499	-1%
6. Loans and Advances	1,470	1,466	0%
7. Debt Repayment	22,025	22,159	1%
Revenue Surplus	1,006	19,865	1875%
Revenue Surplus (as % of GSDP)	0.04%	0.9%	-
Fiscal Deficit	36,113	16,845	-53%
Fiscal Deficit (as % of GSDP)	1.4%	0.8%	-

Source: Gujarat Budget Documents of various years; PRS.

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

Tax source	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
State GST	52,692	52,154	-1%
Taxes on Vehicles	4,712	5,002	6%
Stamp Duty and Registration Fees	12,895	14,207	10%
Taxes and Duties on Electricity	9,153	10,594	16%
Sales Tax/ VAT	31,412	36,984	18%
State Excise	149	188	26%
Land Revenue	2,470	4,481	81%

Source: Gujarat Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Irrigation and Flood Control	9,109	7,802	-14%
Agriculture and Allied Activities	9,002	7,786	-14%
Welfare of SC, ST, OBC, and Minorities	5,422	5,053	-7%
Police	6,666	6,421	-4%
Urban Development	12,639	12,652	0%
Water Supply and Sanitation	6,159	6,315	3%
Housing	3,249	3,433	6%
Health and Family Welfare	12,207	13,401	10%
Social Welfare and Nutrition	8,414	9,613	14%
Rural Development	7,269	8,320	14%
Education, Sports, Arts, and Culture	30,537	35,458	16%
Energy	13,483	16,218	20%
Transport	10,908	13,172	21%
of which Roads and Bridges	9,341	10,831	16%

Source: Gujarat Budget Documents of various years; PRS.