

Haryana Budget Analysis

2023-24

The Chief Minister of Haryana, Mr. Manohar Lal Khattar, presented the Budget for the state for the financial year 2023-24 on February 23, 2023.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Haryana for 2023-24 (at current prices) is projected to be about Rs 11.2 lakh crore, amounting to growth of 13% over 2022-23.
- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 1,48,730 crore, an increase of 12% over the revised estimates of 2022-23. In addition, debt of Rs 55,220 crore will be repaid by the state in 2023-24.
- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 1,15,455 crore, an increase of 15% as compared to the revised estimates of 2022-23 (Rs 99,745 crore). In 2022-23, receipts (excluding borrowings) are estimated to be lower by 11% from the budget estimates (Rs 1,12,585 crore).
- **Revenue deficit** in 2023-24 is estimated to be 1.5% of GSDP (Rs 16,949 crore). In 2022-23, the revenue deficit is expected to be 1.8% of GSDP which is higher than the budget estimate (1% of GSDP).
- **Fiscal deficit** for 2023-24 is targeted at 3% of GSDP (Rs 33,274 crore). In 2022-23, fiscal deficit is estimated to be 3.3%, higher than the budget estimate of 3% of GSDP.

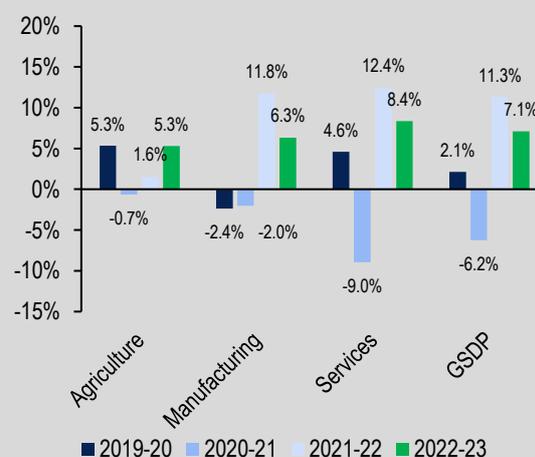
Policy Highlights

- **Deen Dayal Upadhyay Antyodaya Parivar Suraksha Yojana:** The new scheme will provide financial assistance in case of death or disability of a member whose family has an annual income of up to Rs 1.80 lakh based on data verified in Parivar Pehchan Patra database.
- **Agriculture:** A new scheme will be introduced for farmers to facilitate the adoption of green manuring through dhaincha cultivation. The government will bear 80% of the total cost (Rs 720 per acre) and 20% cost will be contributed by the farmer. Three new centres of excellence for horticultural crops will be established. The Haryana Pashudhan Utthan Mission will be introduced to promote entrepreneurship development in animal husbandry.
- **Renewable Energy:** A new scheme for installation of grid connected roof top (GCRT) solar power plants in social and community institutions run by the government and non-government organisations will be formulated in 2023-24.
- **Manufacturing:** The state government will prepare a Toy Manufacturing Policy for electronic toys and a Medical Device Manufacturing Policy for promoting investments in medical devices.

Haryana's Economy

- **GSDP:** In 2022-23 Haryana's GSDP (at constant prices) is estimated to grow at 7.1% over the previous year. In comparison, the national GDP is estimated to growth at 7% in 2022-23.
- **Sectors:** In 2022-23 (at current prices), agriculture, manufacturing, and services are estimated to contribute 20%, 30%, and 51% of the economy.
- **Per Capita GSDP:** In 2021-22, the per capita GSDP of the state is Rs 3,04,422, an increase of 16% over the previous year.
- **Unemployment:** According to the Periodic Labour Force Survey (July 2021- June 2022), unemployment rate (current weekly status) for Haryana was 11.7% as compared to 6.6% at the national level.

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



Sources: Economic Survey of Haryana 2022-23; PRS.

Budget Estimates for 2023-24

- **Total expenditure (excluding debt repayment)** in 2023-24 is targeted at Rs 1,48,730 crore. This is an increase of 12% over the revised estimate of 2022-23. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,15,455 crore and net borrowings of Rs 26,620 crore. Total receipts for 2023-24 (other than borrowings) are expected to register an increase of 16% over the revised estimate of 2022-23.
- **Revenue deficit** in 2023-24 is estimated to be 1.5% of GSDP (Rs 16,949 crore), lower than the revised estimates for 2022-23 (1.8% of GSDP). **Fiscal deficit** for 2023-24 is targeted at 3% of GSDP (Rs 33,274 crore), which is lower than the revised estimates for 2022-23 (3.3% 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).
- As per the revised estimates of 2022-23, fiscal deficit as % of GSDP (3.3%) is estimated to be higher than the budget estimate (3%). This is within the limit of 4% of GSDP permitted by the central government for that year (of which 0.5% of GSDP becomes available upon undertaking power sector reforms).

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	1,35,910	1,77,256	1,84,808	4.3%	2,03,950	10.4%
(-) Repayment of debt	25,473	35,052	52,336	49.3%	55,220	5.5%
Net Expenditure (E)	1,10,437	1,42,204	1,32,472	-6.8%	1,48,730	12.3%
Total Receipts	1,41,158	1,67,648	1,80,649	7.8%	2,00,295	10.9%
(-) Borrowings	55,106	55,063	80,904	46.9%	84,840	4.9%
Net Receipts (R)	86,053	1,12,585	99,745	-11.4%	1,15,455	15.8%
Fiscal Deficit (E-R)	24,384	29,618	32,727	10.5%	33,274	1.7%
as % of GSDP	2.8%	3.0%	3.3%		3.0%	
Revenue Deficit	12,940	9,774	18,005	84.2%	16,949	-5.9%
as % of GSDP	1.5%	1.0%	1.8%		1.5%	
Primary Deficit	6,022	8,624	11,738	36.1%	12,024	2.4%
as % of GSDP	0.7%	0.9%	1.2%		1.1%	

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

Sources: Haryana Budget Documents 2023-24; PRS.

Expenditure in 2023-24

- **Revenue expenditure** for 2023-24 is proposed to be Rs 1,26,071 crore, an increase of 10% over the revised estimate of 2022-23. This includes expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2023-24 is proposed to be Rs 18,460 crore, an increase of 26% over the revised estimate of 2022-23. Capital outlay is the expenditure towards creation of assets. In 2022-23, capital outlay is 34% lower compared to the budget estimates. This is on account of underspending in various sectors such as urban development (77%), rural development (68%), and irrigation and flood control (29%).
- In 2023-24, loans and advances given by the state are expected to be Rs 4,198 crore, a 49% increase over 2022-23 revised estimates (Rs 2,819 crore)

State Public Sector Enterprises (SPSEs)

The CAG (2022) noted that in 2020-21, 11 SPSEs incurred net losses. These losses increased from Rs 37 crore in 2018-19 to Rs 426 crore in 2020-21 (COVID-19 onset). Of the Rs 426 crore, 84% of the losses can be attributed to Haryana Power Generation Corporation Limited and Haryana Vidyut Prasaran Nigam Limited.

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	98,425	1,16,199	1,15,008	-1%	1,26,071	10%
Capital Outlay	11,046	22,344	14,646	-34%	18,460	26%
Loans given by the state	966	3,662	2,819	-23%	4,198	49%
Net Expenditure	1,10,437	1,42,204	1,32,472	-7%	1,48,730	12%

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

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pension, 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, Haryana is estimated to spend Rs 62,851 crore on committed expenditure, which is 58% of its estimated revenue receipts. This comprises spending on salaries (26% of revenue receipts), interest payments (19%), and pensions (12%). In 2023-24, committed expenditure is expected to increase by 6% over the revised estimate of 2022-23.

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	22,896	28,438	25,485	-10%	28,601	12%
Pension	10,617	11,201	12,800	14%	13,000	2%
Interest	18,362	20,994	20,989	0%	21,250	1%
Committed Expenditure	51,874	60,633	59,274	-2%	62,851	6%

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

Sector-wise expenditure: The sectors listed below account for 63% of the total expenditure on sectors by the state in 2023-24. A comparison of Haryana's expenditure on key sectors with that by other states is shown in Annexure 1

Table 4: Sector-wise expenditure under Haryana 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	15,991	19,711	19,445	20,188	4%	<ul style="list-style-type: none"> Rs 7,336 crore has been allocated for government primary schools. Rs 5,640 crore has been allocated for government secondary schools.
Social Welfare and Nutrition	10,847	12,098	11,853	12,495	5%	<ul style="list-style-type: none"> Rs 7,094 crore has been allocated for pension under social security schemes.
Health and Family Welfare	6,898	8,595	8,020	8,717	9%	<ul style="list-style-type: none"> Rs 2,560 crore has been allocated for hospitals and dispensaries.
Energy	7,130	7,190	7,188	8,264	15%	<ul style="list-style-type: none"> Rs 7,195 crore has been allocated for assistance to public sector and other undertakings.
Transport	5,760	6,533	8,356	7,913	-5%	<ul style="list-style-type: none"> Rs 3,936 crore has been allocated for roads and bridges.
Agriculture and Allied Activities	4,768	6,026	6,052	7,525	24%	<ul style="list-style-type: none"> Rs 650 crore has been allocated for the Pradhan Mantri Fasal Yojana.
Rural Development	2,085	6,867	4,248	7,269	71%	<ul style="list-style-type: none"> Rs 2,739 crore has been allocated for Panchayati Raj.
Irrigation and Flood Control	3,852	6,204	5,172	6,672	29%	<ul style="list-style-type: none"> Rs 1,868 crore has been allocated for capital outlay on major irrigation.
Police	5,202	6,377	6,297	6,649	6%	<ul style="list-style-type: none"> Rs 4,416 crore has been allocated for district police.
Urban Development	6,695	7,990	5,127	5,699	11%	<ul style="list-style-type: none"> Rs 1,666 crore has been allocated for assistance to municipalities.
% of total expenditure on all sectors	63%	63%	63%	63%		

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

Receipts in 2023-24

- **Total revenue receipts** for 2023-24 are estimated to be Rs 1,09,122 crore, an increase of 12% over the revised estimate of 2022-23. Of this, Rs 88,368 crore (81%) will be raised by the state through its **own resources**, and Rs 20,755 crore (19%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (10% of revenue receipts) and grants from centre (9% of revenue receipts).
- **Devolution:** In 2023-24, state's share in central taxes is estimated at Rs 11,164 crore, an increase of 8% over the revised estimate of 2022-23 (Rs 10,378 crore). The revised estimates for 2022-23 are higher than the budget estimates by 16%.
- **Grants from the centre** in 2023-24 is estimated at Rs 9,590 crore, a decrease of 7% over the revised estimates for 2022-23 (Rs 10,334 crore). In 2022-23, grants from the centre are estimated to be 11% lower than the budget estimate.
- **State's own revenue:** Haryana's total own tax revenue is estimated to be Rs 75,717 crore in 2023-24, an increase of 16% over the revised estimate of 2022-23. Own tax revenue as a percentage of GSDP is estimated at 6.7% in 2023-24. For 2022-23, the state had originally estimated own tax revenue to GSDP ratio of 7.4%, which has been revised down to 6.6%. Haryana's own non-tax revenue is estimated to increase 15% in 2023-24 over the revised estimate of 2022-23.

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	60,771	73,728	65,336	-11%	75,717	16%
State's Own Non-Tax	7,394	12,205	10,954	-10%	12,651	15%
Share in Central Taxes	9,722	8,926	10,378	16%	11,164	8%
Grants from Centre	7,598	11,566	10,334	-11%	9,590	-7%
Revenue Receipts	85,485	1,06,425	97,002	-9%	1,09,122	12%
Non-debt Capital Receipts	567	6,161	2,743	-55%	6,333	131%
Net Receipts	86,053	1,12,585	99,745	-11.4%	1,15,455	16%

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

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

- In 2023-24, State GST is estimated to be the largest source of own tax revenue (44% share). State GST revenue is estimated to increase by 17% over the revised estimates of 2022-23. However, in 2022-23, the receipt on this account is expected to be 13% lower than budgeted.
- In 2023-24, revenue from sales tax/VAT is estimated to increase by 13% over 2022-23 revised estimates. In 2022-23, receipt on this account is estimated to be 18% lower than the budget estimates.

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	22,922	32,825	28,500	-13%	33,480	17%
Sales Tax/ VAT	11,221	14,100	11,500	-18%	12,950	13%
Stamps Duty and Registration Fees	7,598	9,720	10,650	10%	12,550	18%
Taxes on Vehicles	3,265	4,450	4,200	-6%	4,700	12%
State Excise	7,933	12,030	10,000	-17%	11,500	15%
Land Revenue	21	48	25	-48%	25	0%
Taxes and Duties on Electricity	404	545	450	-17%	500	11%
GST Compensation Grants	2,909	2,400	1,947	-19%	-	-
GST Compensation Loans	7,394	-	-	-	-	-
Total GST Compensation	10,302	2,400	1,947	-	-	-

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

Deficits, Debt, and FRBM Targets for 2023-24

The Haryana 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 16,949 crore (1.5% of the GSDP) in 2023-24. In 2022-23, revenue deficit is estimated to be Rs 18,005 crore (1.8% of GSDP), which is 85% higher than the budget estimate (Rs 9,774 crore).

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. Haryana's fiscal deficit is estimated to be 3.0% of GSDP in 2023-24 (Rs 33,274 crore). In 2022-23, fiscal deficit is expected to be 3.3% of GSDP, higher than the budget estimate by about 0.3 percentage point.

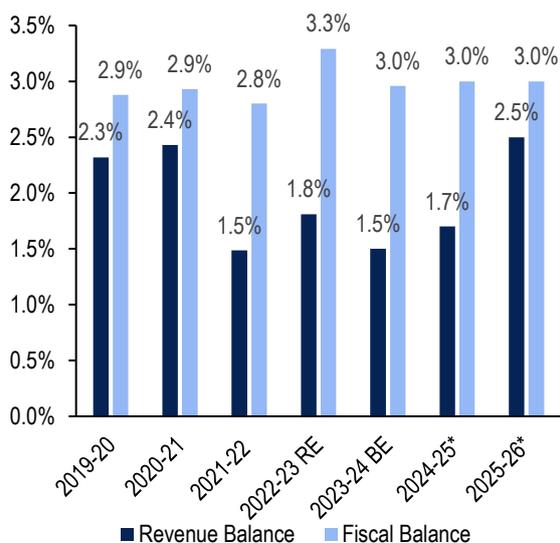
Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. In 2023-24, the outstanding liabilities is estimated to be 25.5% of GSDP.

Revenue Deficit

A long-standing recommendation of successive Finance Commissions (FCs) has been that states should eliminate revenue deficit. Fiscal Responsibility and Budget Management Acts of various states also require states to eliminate revenue deficit. Eight states observed a revenue deficit in all years between 2015-16 and 2019-20. These include Andhra Pradesh, Haryana, Kerala, Punjab, and Rajasthan.

15th FC has recommended grants for eliminating revenue deficit to 17 states during the 2021-26 period. The 15th FC had recommended revenue deficit grants of Rs 132 crore only for 2021-22 for Haryana and not for subsequent years. However, in 2022-23 budget estimates, the state has accounted for revenue deficit grants of Rs 659 crore.

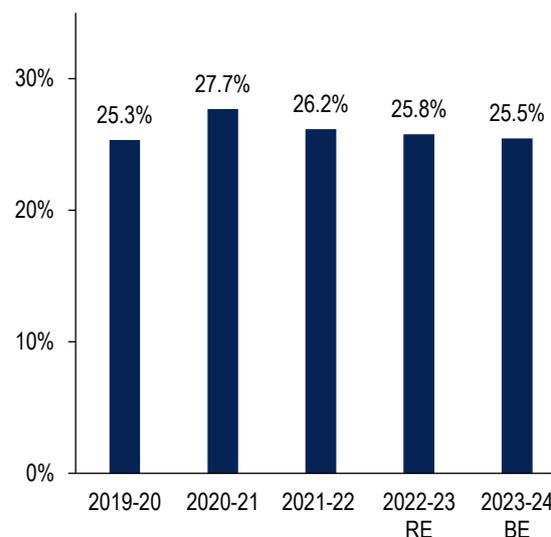
Figure 2: Revenue and Fiscal Deficit (% of GSDP)



Note: *Projections; Targets for 2025-26 are 15th Finance Commission recommendations; RE: Revised Estimates; BE: Budget Estimates.

Sources: Medium Term Fiscal Policy, Haryana Budget 2023-24; PRS.

Figure 3: Outstanding Liabilities (% of GSDP)



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

Sources: Medium Term Fiscal Policy, Haryana Budget 2023-24; PRS.

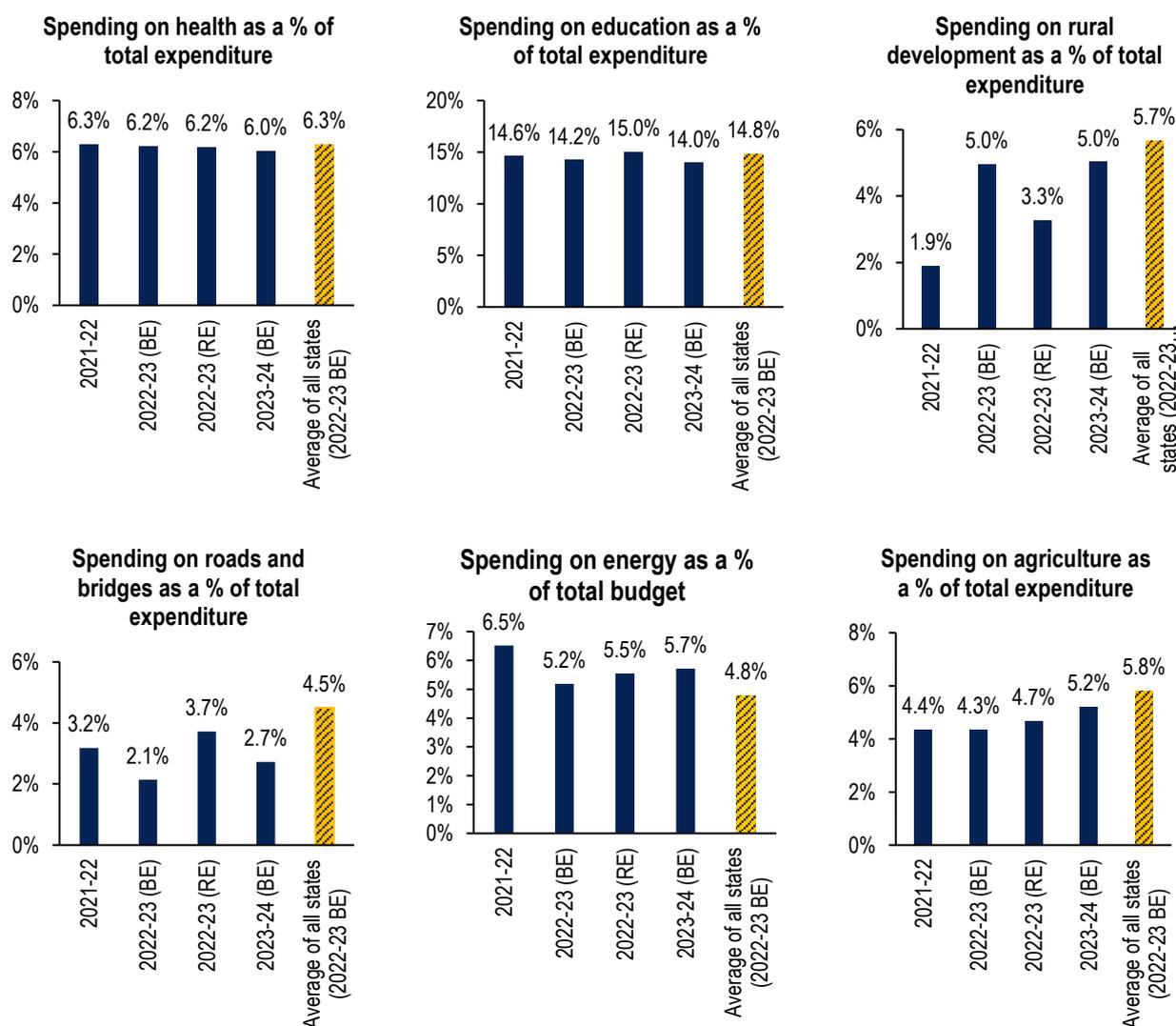
Outstanding government guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. At the end of 2021-22, outstanding government guarantees in Haryana amounted to Rs 24,343 crore.

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Annexure 1: Comparison of states' expenditure on key sectors

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

- **Health:** Haryana has allocated 6% of its expenditure on health in 2023-24. This is marginally lower than the average allocation for education by states in 2022-23 (6.3%).
- **Education:** Haryana has allocated 14% of its total expenditure towards education, which is lower than the average allocation for education by states (14.8%).
- **Rural Development:** Haryana has allocated 5% of its expenditure towards rural development. This is lower than the average allocation towards rural development by states (5.7%).
- **Roads and bridges:** Haryana has allocated 2.7% of its total expenditure towards roads and bridges, which is lower than the average allocation by states (4.5%).
- **Energy:** Haryana has allocated 5.7% of its expenditure towards energy. This is higher than the average allocation towards energy by states (4.8%).
- **Agriculture:** Haryana has allocated 5.2% of its expenditure towards agriculture, which is marginally lower than the average allocation towards agriculture by states (5.8%).



Note: 2021-22, 2022-23 (BE), 2022-23 (RE), and 2023-24 (BE) figures are for Haryana.
Sources: Annual Financial Statement, Haryana 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 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Net Receipts (1+2)	93,480	86,053	-8%
1. Revenue Receipts (a+b+c+d)	87,733	85,485	-3%
a. Own Tax Revenue	52,888	60,771	15%
b. Own Non-Tax Revenue	10,851	7,394	-32%
c. Share in central taxes	7,275	9,722	34%
d. Grants-in-aid from the Centre	16,720	7,598	-55%
Of which GST compensation grants	9,200	2,909	-68%
2. Non-Debt Capital Receipts	5,747	567	-90%
3. Borrowings	58,314	55,106	-6%
Of which GST compensation loan	-	7,394	-
Net Expenditure (4+5+6)	1,27,484	1,10,437	-13%
4. Revenue Expenditure	1,16,927	98,425	-16%
5. Capital Outlay	9,318	11,046	19%
6. Loans and Advances	1,239	966	-97%
7. Debt Repayment	28,161	25,473	-10%
Revenue Deficit	29,194	12,940	-56%
Revenue Deficit (as % of GSDP)	3.3%	1.5%	-
Fiscal Deficit	34,004	24,384	-28%
Fiscal Deficit (as % of GSDP)	3.8%	2.8%	-

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

Sources: Haryana Budget Documents of various years; PRS.

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

Sources	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Land Revenue	25	21	-15%
State Excise	9,200	7,933	-14%
State GST	24,300	22,922	-6%
Sales Tax/ VAT	11,000	11,221	2%
Taxes on Vehicles	3,003	3,265	9%
Taxes and Duties on Electricity	345	404	17%
Stamps Duty and Registration Fees	5,000	7,598	52%

Sources: Haryana Budget Documents of various years; PRS.

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

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Rural Development	6,017	2,085	-65%
Housing	565	348	-38%
Irrigation and Flood Control	5,162	3,852	-25%
Welfare of SC, ST, OBC, and Minorities	526	396	-25%
Education, Sports, Arts, and Culture	18,891	15,991	-15%
Police	5,768	5,202	-10%
Health and Family Welfare	7,317	6,898	-6%
Energy	7,162	7,130	0%
Water Supply and Sanitation	3,387	3,549	5%
Agriculture and Allied Activities	4,386	4,768	9%
Social Welfare and Nutrition	9,970	10,847	9%
Transport	5,161	5,760	12%
<i>of which Roads and Bridges</i>	<i>2,583</i>	<i>3,485</i>	<i>35%</i>
Urban Development	5,155	6,695	30%

Sources: Haryana Budget Documents of various years; PRS.