

Rajasthan Budget Analysis 2024-25

The Deputy Chief Minister of Rajasthan, Ms. Diya Kumari, presented the Budget for the state for the financial year 2024-25 on July 10, 2024.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Rajasthan for 2024-25 (at current prices) is projected to be Rs 17,81,078 crore, amounting to growth of 17% over 2023-24.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 3,34,796 crore, an increase of 10% over the revised estimates of 2023-24. In addition, debt of Rs 1,60,671 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 2,64,787 crore, an increase of 11% as compared to the revised estimate of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 1.4% of GSDP (Rs 25,758 crore), lower than the revised estimates for 2023-24 (2% of GSDP). In 2023-24, the revenue deficit is expected to be higher than the budget estimate (1.6% of GSDP).
- **Fiscal deficit** for 2024-25 is targeted at 3.9% of GSDP (Rs 70,009 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 4.3% of GSDP, higher than the budget estimate of 4%.

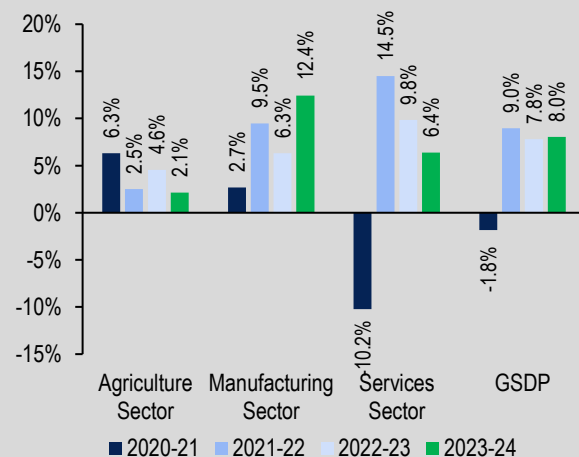
Policy Highlights

- **Rajasthan Regional and Urban Planning Bill, 2024:** The Bill will be introduced for planned development of cities and peri-urban areas.
- **Roads:** Road network of 53,000 km will be developed over five years at an estimated cost of Rs 60,000 crore. Construction, upgradation, repair, and maintenance of state highways, bypass road, flyovers, and elevated roads will be carried out at an estimated cost of Rs 9,000 crore.
- **Rajasthan Irrigation Water Grid Mission:** The Mission will cover projects worth over Rs 50,000 crore across five years. It aims to develop irrigation facilities across all districts in the state.
- **Energy:** Electricity generation capacity in the state will be expanded to 20,500 MW from conventional sources and 33,600 MW from renewable energy sources by 2031-32. Smart meters for all electricity consumers will be installed in a phased manner. 25 lakh smart meters will be installed in 2024-25.

Rajasthan's Economy

- **GSDP:** In 2023-24, Rajasthan's GSDP (at constant prices) grew at 8%, compared to 7.8% in 2022-23. In comparison, national GDP is estimated to grow at 8.2% in 2023-24.
- **Sectors:** The agriculture sector grew by 2.1% in 2023-24. Manufacturing sector grew by 12.4% in 2023-24. In comparison, it grew by 6.3% in 2022-23. Services grew by 6.4% in 2023-24.
- In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 27%, 28%, and 45% to the economy, respectively (at current prices).
- **Per capita income:** The per capita income of Rajasthan in 2023-24 (at current prices) is estimated at Rs 1,67,964, lower than the national average of Rs 1,84,205.

Figure 1: Growth in GSDP and sectors in Rajasthan 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: Rajasthan Economic Review 2023-24; PRS.

Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 3,34,796 crore. This is an increase of 10% over the revised estimate of 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 2,64,787 crore and net borrowings of Rs 61,348 crore. Total receipts for 2024-25 (other than borrowings) are expected to register an increase of 11% over the revised estimate of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 1.4% of GSDP (Rs 25,758 crore), lower than the revised estimates for 2023-24 (2% of GSDP). **Fiscal deficit** for 2024-25 is targeted at 3.9% of GSDP (Rs 70,009 crore), as compared to 4.3% of GSDP at the revised estimate stage in 2023-24. In 2024-25, the central government has allowed a fiscal deficit limit of 3.5% of GSDP for states (of which 0.5% of GSDP becomes available upon undertaking 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	3,72,190	3,90,856	4,76,962	22%	4,95,467	4%
(-) Repayment of debt	1,25,738	93,766	1,73,873	85%	1,60,671	-8%
Net Expenditure (E)	2,46,452	2,97,091	3,03,089	2%	3,34,796	11%
Total Receipts	3,55,989	3,82,674	4,67,263	22%	4,86,805	4%
(-) Borrowings	1,60,565	1,48,355	2,29,256	55%	2,22,019	-3%
Net Receipts (R)	1,95,424	2,34,319	2,38,007	2%	2,64,787	11%
Fiscal Deficit (E-R)	51,029	62,772	65,082	3%	70,009	8%
as % of GSDP	3.8%	4.0%	4.3%	-	3.9%	-
Revenue Deficit	31,491	24,896	30,072	21%	25,758	-14%
as % of GSDP	2.3%	1.6%	2.0%	-	1.4%	-
Primary Deficit	20,427	30,378	30,521	1%	32,472	6%
as % of GSDP	1.5%	1.9%	2.0%	-	1.8%	-
GSDP	13,57,851	15,76,186	15,28,385	-3%	17,81,078	17%

Note: BE is Budget Estimates; RE is Revised Estimates. Fiscal deficit figures have not been adjusted for loans provided by the Centre for capital expenditure.

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

Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is proposed to be Rs 2,90,219 crore, an increase of 8% over the revised estimate of 2023-24. This includes the expenditure on salaries, pension, interest, grants, and subsidies.
- **Capital outlay** for 2024-25 is proposed to be Rs 44,216 crore, an increase of 27% over the revised estimate of 2023-24. Capital outlay indicates the expenditure towards creation of assets.
- In 2024-25, loans and advances by the state are expected to be Rs 360 crore, lower than the revised estimates by 28%.

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	2,26,479	2,58,884	2,67,744	3%	2,90,219	8%
Capital Outlay	19,798	38,061	34,844	-8%	44,216	27%
Loans given by the state	175	146	501	245%	360	-28%
Net Expenditure	2,46,452	2,97,091	3,03,089	2%	3,34,796	10%

Sources: Annual Financial Statement, Rajasthan Budget 2024-25; 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 2024-25, Rajasthan is estimated to spend Rs 1,44,895 crore on committed expenditure, which is 55% of its estimated revenue receipts. This comprises spending on salaries (30% of revenue receipts), interest payments (14%), and pension (11%). In 2023-24, expenditure towards salaries is estimated to be 18% higher than the budget estimate. In 2022-23, as per actuals, 59% of revenue receipts were spent towards committed expenditure.

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	59,774	71,498	70,573	18%	78,341	11%
Pension	25,381	26,072	27,255	5%	29,017	6%
Interest payment	30,602	32,394	34,561	7%	37,538	9%
Total Committed Expenditure	1,15,757	1,29,963	1,32,389	2%	1,44,895	9%

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

Sector-wise expenditure: The sectors listed below account for 73% of the total expenditure on sectors by the state in 2024-25. A comparison of Rajasthan's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Rajasthan 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	45,896	57,953	59,593	65,073	9%	Rs 17,854 crore has been allocated for Samagra Shiksha Abhiyan.
Energy	26,472	26,371	31,816	30,729	-3%	Rs 27,897 crore has been allocated as grants and subsidies to DISCOMS.
Health and Family Welfare	15,445	22,064	23,973	27,660	15%	Rs 8,888 crore have been allocated to allopathy health services.
Social Welfare and Nutrition	17,946	20,318	20,439	24,060	18%	Rs 8,625 crore has been allocated for CM Vriddhajan Samman Pension Yojana. Rs 3,450 has been allocated for CM Vidhwa Samman Yojana.
Rural Development	16,935	20,418	17,725	20,494	16%	Rs 5,174 crore has been allocated to Mahatma Gandhi Rural Employment Guarantee Scheme.
Urban Development	8,982	14,040	12,835	16,918	32%	Rs 5,548 crore has been allocated for grants to Nagar Palika and Nagar Parishads.
Agriculture and Allied Activities	10,425	12,864	13,679	14,544	6%	Rs 2,000 crore has been allocated for Fasal Bima Yojana.
Transport	7,689	11,412	12,322	13,436	9%	Rs 9,376 crore has been allocated for capital outlay on roads and bridges.
Water Supply and Sanitation	6,668	9,773	9,222	11,270	22%	Rs 6,074 crore has been allocated for capital outlay on water supply and sanitation.
Police	7,928	9,030	9,151	10,203	11%	Rs 7,203 has been allocated to district police.
Irrigation and Flood Control	5,697	9,000	8,606	10,044	17%	Rs 7,173 crore has been allocated for capital outlay on irrigation and flood control projects.
% of total expenditure on all sectors	69%	72%	72%	73%		

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

Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 2,64,461 crore, an increase of 11% over the revised estimate of 2023-24. Of this, Rs 1,48,190 crore (56%) will be raised by the state through its **own resources**, and Rs 1,16,271 crore (44%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (30% of revenue receipts) and grants (14% of revenue receipts).
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 79,587 crore, an increase of 20% over the revised estimate of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 36,684 crore, a decrease of 8% over the revised estimates for 2023-24.
- **State's own tax revenue:** Rajasthan's total own tax revenue is estimated to be Rs 1,25,525 crore in 2024-25, an increase of 13% over the revised estimate of 2023-24. Own tax revenue as a percentage of GSDP is estimated at 7% in 2024-25, lower than the revised estimates for 2023-24 (7.2%). As per the actual figures for 2022-23, own tax revenue as a percentage of GSDP was 6.4%.

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	87,346	1,14,169	1,10,601	-3%	1,25,525	13%
State's Own Non-Tax	20,564	24,285	20,648	-15%	22,665	10%
Share in Central Taxes	57,231	61,552	66,557	8%	79,587	20%
Grants-in-aid from Centre	29,846	33,982	39,867	17%	36,684	-8%
Revenue Receipts	1,94,988	2,33,988	2,37,672	2%	2,64,461	11%
Non-debt Capital Receipts	436	331	335	1%	326	-3%
Net Receipts	1,95,424	2,34,319	2,38,007	1.6%	2,64,787	11%

BE is Budget Estimates; RE is Revised Estimates.

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

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (44% share). State GST revenue is estimated to increase by 16% over the revised estimates of 2023-24.
- Revenue from sales tax/VAT and state excise is estimated to increase by 12% and 10% respectively in 2024-25 over the revised estimate 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	33,790	48,946	48,000	-2%	55,800	16%
Sales Tax/ VAT	22,727	27,300	26,000	-5%	29,000	12%
State Excise	13,326	17,000	15,500	-9%	17,100	10%
Stamps Duty and Registration Fees	8,189	9,150	10,000	9%	11,000	10%
Taxes on Vehicles	6,128	7,700	7,100	-8%	8,100	14%
Taxes and Duties on Electricity	2,625	3,126	3,200	2%	3,500	9%
Land Revenue	484	636	497	-22%	721	45%

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

Deficits, Debt, and FRBM Targets for 2024-25

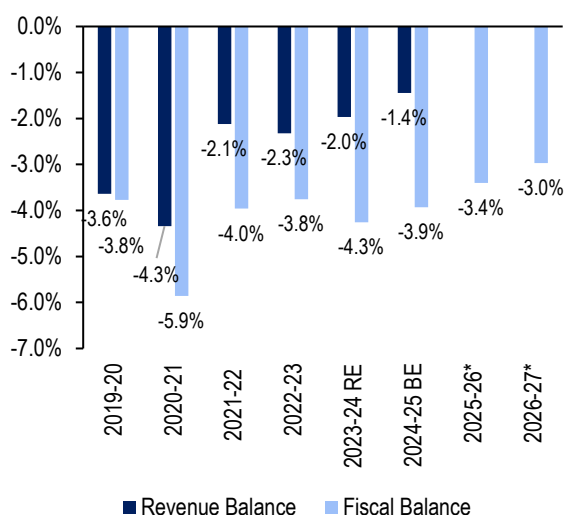
The Rajasthan Fiscal Responsibility and Budget Management Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

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 25,758 crore (or 1.4% 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 3.9% 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. Note that Rajasthan's fiscal deficit for 2024-25 includes interest free loans given by the central government for capital expenditure which is not included states' borrowing limit. Excluding these loans, Rajasthan's budgeted fiscal deficit in 2024-25 reduces to 3.5% of GSDP. Fiscal deficit is projected to be lowered to 3% of GSDP by 2026-27.

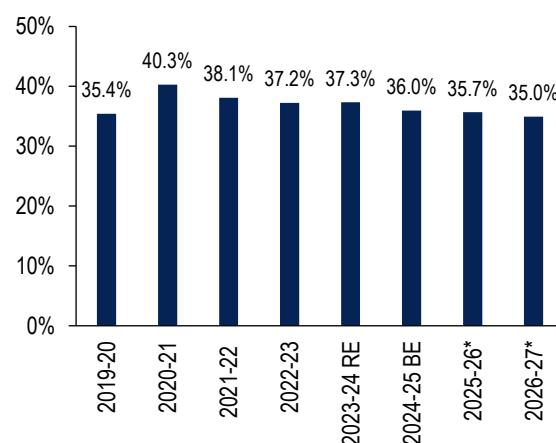
Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year. It also includes any liabilities on the public account. At the end of 2024-25, the outstanding liabilities are estimated to be 36% of GSDP, lower than the revised estimate for 2023-24 (37.3% of GSDP). The outstanding liabilities are projected to reduce to 35% by 2026-27.

Figure 2: Revenue and Fiscal Balance (% 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, Rajasthan Budget 2024-25; PRS.

Figure 3: Outstanding Liabilities (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, Rajasthan Budget 2024-25; PRS.

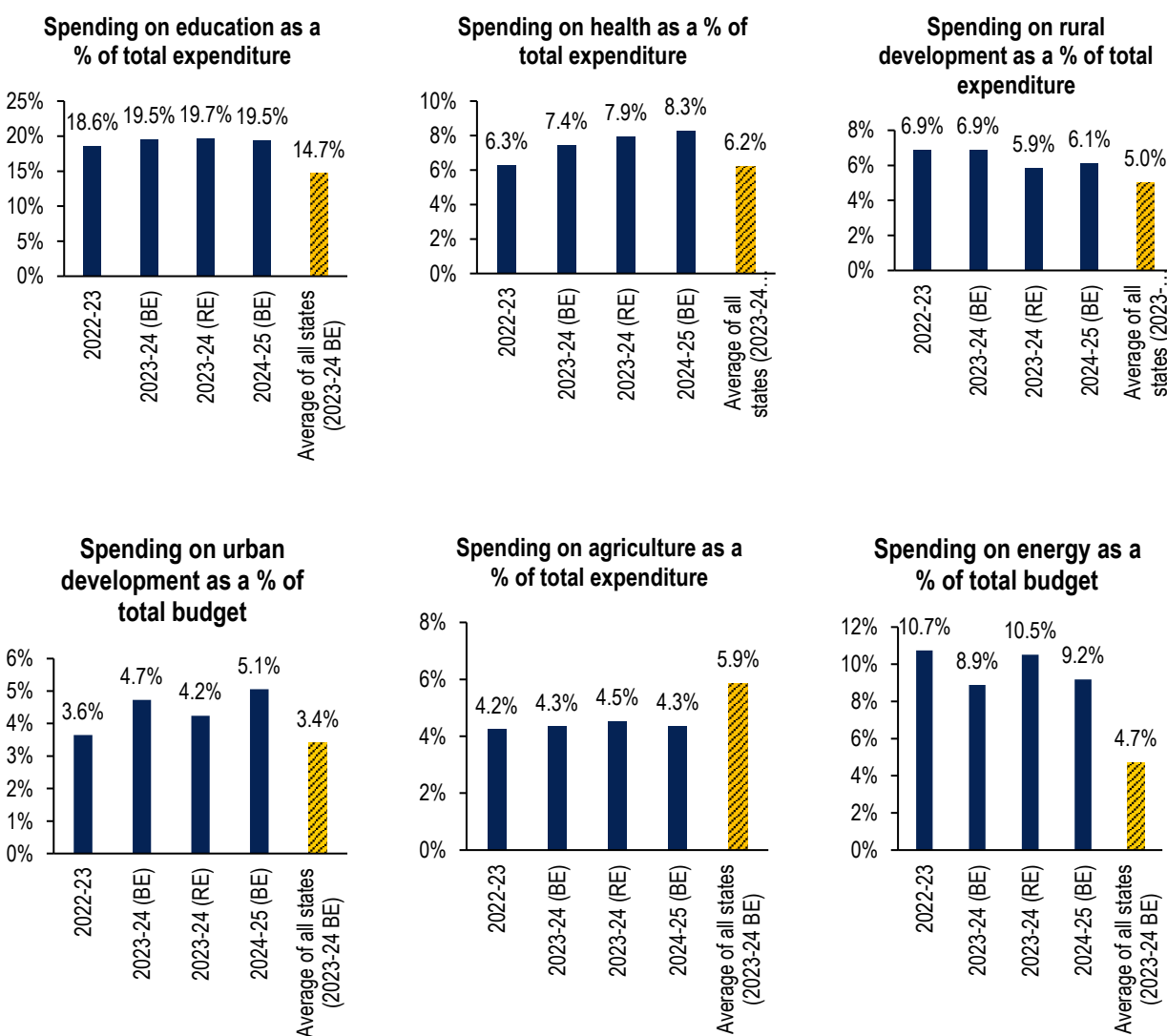
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. As on March 31, 2024, the state's outstanding guarantee is estimated to be Rs 1,10,918 crore, which is 7.3% of Rajasthan's GSDP in 2023-24.

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Annexure 1: Comparison of states' expenditure on key sectors

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

- **Education:** Rajasthan has allocated 19.5% 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:** Rajasthan has allocated 8.3% of its total expenditure towards health, which is higher than the average allocation for health by states (6.2%).
- **Rural development:** Rajasthan has allocated 6.1% of its expenditure on rural development. This is higher than the average allocation for rural development by states (5%).
- **Urban development:** Rajasthan has allocated 5.1% of its expenditure towards urban development. This is higher than the average allocation towards urban development by states (3.4%).
- **Agriculture:** Rajasthan has allocated 4.3% of its total expenditure towards agriculture, which is lower than the average expenditure on agriculture by states (5.9%).
- **Energy:** Rajasthan has allocated 9.2% of its total expenditure towards energy, which is 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 <state>.

Sources: Annual Financial Statement, Rajasthan 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)	2,15,256	1,95,424	-9%
1. Revenue Receipts (a+b+c+d)	2,14,977	1,94,988	-9%
a. Own Tax Revenue	98,294	87,346	-11%
b. Own Non-Tax Revenue	22,155	20,564	-7%
c. Share in central taxes	49,211	57,231	16%
d. Grants-in-aid from the Centre	45,318	29,846	-34%
Of which GST compensation grants	6,768	4,260	-37%
2. Non-Debt Capital Receipts	279	436	56%
3. Borrowings	1,22,819	1,60,565	31%
Of which GST compensation loan	0	0	-100%
Net Expenditure (4+5+6)	2,73,468	2,46,452	-10%
4. Revenue Expenditure	2,38,466	2,26,479	-5%
5. Capital Outlay	34,809	19,798	-43%
6. Loans and Advances	193	175	-9%
7. Debt Repayment	72,715	1,25,738	73%
Revenue Deficit	23,489	31,491	-234%
Revenue Deficit (as % of GSDP)	1.8%	2.3%	-
Fiscal Deficit	58,212	51,029	-12%
Fiscal Deficit (as % of GSDP)	4.4%	3.8%	-

Source: Rajasthan 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
State GST	39,500	33,790	-14%
Sales Tax/ VAT	25,000	22,727	-9%
State Excise	15,000	13,326	-11%
Taxes on Vehicles	7,000	6,128	-12%
Taxes and Duties on Electricity	2,750	2,625	-5%
Land Revenue	633	484	-23%

Source: Rajasthan Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Education, Sports, Arts, and Culture	49,627	45,896	-8%
Energy	26,750	26,472	-1%
Social Welfare and Nutrition	17,307	17,946	4%
Rural Development	28,179	16,935	-40%
Health and Family Welfare	20,111	15,445	-23%
Agriculture and Allied Activities	13,595	10,425	-23%
Police	8,189	7,928	-3%
Urban Development	8,728	8,982	3%
Transport	9,951	7,689	-23%
of which Roads and Bridges	9,267	6,719	-28%
Water Supply and Sanitation	10,897	6,668	-39%
Irrigation and Flood Control	8,309	5,697	-31%
Welfare of SC, ST, OBC, and Minorities	2,568	2,674	4%
Housing	197	132	-33%

Source: Rajasthan Budget Documents of various years; PRS.