

# Tamil Nadu Budget Analysis 2024-25

The Finance Minister of Tamil Nadu, Mr. Thangam Thenarasu, presented the Budget for the state for the financial year 2024-25 on February 19, 2024.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Tamil Nadu for 2024-25 (at current prices) is projected to be Rs 31,55,096 crore, amounting to growth of 16% over 2023-24.
- **Expenditure (excluding debt repayment)** in 2024-25 is estimated to be Rs 4,12,504 crore, an increase of 12% over the revised estimates of 2023-24. In addition, debt of Rs 41,178 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2024-25 are estimated to be Rs 3,03,814 crore, an increase of 10% as compared to the revised estimate of 2023-24.
- **Revenue deficit** in 2024-25 is estimated to be 1.6% of GSDP (Rs 49,279 crore), similar to the revised estimates for 2023-24 (1.6% of GSDP). However, in absolute terms revenue deficit is estimated to be higher by Rs 4,372 crore in 2024-25 over revised estimate of 2023-24. In 2023-24, revenue deficit at the revised estimates stage is expected to be 20% higher than the budget estimate.
- **Fiscal deficit** for 2024-25 is targeted at 3.4% of GSDP (Rs 1,08,690 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 3.5% of GSDP.

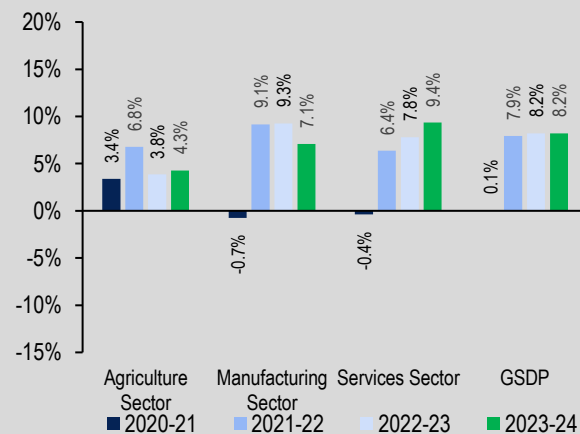
## Policy Highlights

- **Education:** Under the Tamizh Pudhalvan scheme, boys who have studied in government schools from 6<sup>th</sup> to 12<sup>th</sup> standard will be provided financial assistance of Rs 1,000 per month to help them purchase learning materials for their higher education. The scheme will cover around three lakh students with a cost of Rs 360 crore in 2024-25. The state government will also ensure that education loans worth Rs 2,500 crore are disbursed by banks to one lakh college students in 2024-25.
- **Housing:** Eight lakh concrete houses will be constructed in rural areas by 2030. In the first phase, one lakh new houses will be built in 2024-25 at a unit cost of Rs 3.5 lakh per house. Under Kalaignarin Kanavu Illam scheme, funds will be provided to selected beneficiaries for constructing houses. It will be implemented at a cost of Rs 3,500 crore in 2024-25.
- **Roads:** 2,000 km of rural roads will be developed at a cost of Rs 1,000 crore and 4,457 km of urban roads will be upgraded at a cost of Rs 2,500 crore in 2024-25.

## Tamil Nadu's Economy

- **GSDP:** In 2023-24, Tamil Nadu's GSDP (at constant prices) grew at 8.2%, same as in 2022-23. India's GDP is also estimated to grow at 8.2% in 2023-24.
- **Sectors:** In 2023-24, the services sector is estimated to grow by 9.4%, followed by manufacturing (7.1%) and agriculture (4.3%). In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 13%, 34%, and 53% to the state's economy, respectively (at current prices).
- **Per capita GSDP:** The per capita GSDP of Tamil Nadu in 2023-24 (at current prices) is estimated at Rs 3,50,695, an increase of 14% over 2022-23.

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



Note: Agriculture includes mining and quarrying; manufacturing 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: MoSPI; PRS.

## Budget Estimates for 2024-25

- **Total expenditure (excluding debt repayment)** in 2024-25 is targeted at Rs 4,12,504 crore. This is an increase of 12% over the revised estimate of 2023-24. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 3,03,814 crore and net borrowings of Rs 1,04,319 crore. Total receipts for ~~2024-25~~2023-24 (other than borrowings) are expected to register an increase of 10% over the revised estimate of 2023-24.\*
- **Revenue deficit** in 2024-25 is estimated to be 1.6% of GSDP (Rs 49,279 crore), similar to the revised estimates for 2023-24 (1.6 % of GSDP). **Fiscal deficit** for 2024-25 is targeted at 3.4% of GSDP (Rs 1,08,690 crore), marginally lower than the revised estimates for 2023-24 (3.5% of GSDP). In absolute terms, both revenue deficit and fiscal deficit in 2024-25 are higher than the revised estimates for 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	3,53,860	4,09,147	4,12,977	1%	4,53,682	10%
(-) Repayment of debt	27,104	43,826	43,725	-0.2%	41,178	-6%
<b>Net Expenditure (E)</b>	<b>3,26,755</b>	<b>3,65,321</b>	<b>3,69,251</b>	<b>1%</b>	<b>4,12,504</b>	<b>12%</b>
Total Receipts	3,45,931	4,07,192	4,09,287	1%	4,49,311	10%
(-) Borrowings	1,01,062	1,33,945	1,34,095	0.1%	1,45,497	9%
<b>Net Receipts (R)</b>	<b>2,44,869</b>	<b>2,73,246</b>	<b>2,75,195</b>	<b>1%</b>	<b>3,03,814</b>	<b>10%</b>
<b>Fiscal Deficit (E-R)</b>	<b>81,886</b>	<b>92,075</b>	<b>94,060</b>	<b>2%</b>	<b>1,08,690</b>	<b>16%</b>
as % of GSDP	3.5%	3.3%	3.5%		3.4%	
<b>Revenue Deficit</b>	<b>36,215</b>	<b>37,540</b>	<b>44,907</b>	<b>20%</b>	<b>49,279</b>	<b>10%</b>
as % of GSDP	1.5%	1.3%	1.6%		1.6%	
<b>Primary Deficit</b>	<b>34,975</b>	<b>37,399</b>	<b>39,391</b>	<b>5%</b>	<b>46,234</b>	<b>17%</b>
as % of GSDP	1.5%	1.3%	1.5%		1.5%	
GSDP	23,64,514	28,32,680	27,22,502	-4%	31,55,096	16%

Note: BE is Budget Estimates; RE is Revised Estimates. Primary Deficit may not match with budget documents due to difference in interest payment figures in annual financial statement and MTFP statement.

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

## Expenditure in 2024-25

- **Revenue expenditure** for 2024-25 is proposed to be Rs 3,48,289 crore, an increase of 10% 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 47,681 crore, an increase of 12% over the revised estimate of 2023-24. Capital outlay indicates the expenditure towards creation of assets.
- In ~~2024-25~~2023-24, loans and advances by the state are expected to be Rs 16,534 crore, higher than the revised estimates by 79%.\*

### Grants to TANGEDCO

Between, 2019-20 and 2024-25 the state government is estimated to provide Rs 73,821 crore as grants to Tamil Nadu Electricity Generation and Distribution Company (TANGEDCO). This includes UDAY grants and grants for funding its losses. However, TANGEDCO has continued to incur substantial losses due to a gap between its per unit cost of supply of electricity and per unit revenue realised. In 2022-23, this gap was Rs 1.05 per kWh as compared to the national average of Rs 0.74 per kWh for state-owned discoms. The White Paper released by the state government had noted that TANGEDCO's losses are caused by both high costs and low recoveries. It called for a complete restructuring of TANGEDCO.

**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	2,79,964	3,08,056	3,17,484	3%	3,48,289	10%
Capital Outlay	39,530	44,366	42,532	-4%	47,681	12%
Loans given by the state	7,261	12,900	9,236	-28%	16,534	79%
<b>Net Expenditure</b>	<b>3,26,755</b>	<b>3,65,321</b>	<b>3,69,251</b>	<b>1%</b>	<b>4,12,504</b>	<b>12%</b>

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

\* This has been corrected on July 3, 2024.

**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, Tamil Nadu is estimated to spend Rs 1,89,897 crore on committed expenditure, which is 64% of its estimated revenue receipts. This comprises spending on salaries (28% of revenue receipts), interest payments (21%), and pension (14%). In 2023-24, expenditure towards pensions is estimated to be 9% lower than the budget estimate. In 2022-23, as per actuals, 61% of the 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	68,588	77,240	75,546	-2%	84,932	12%
Pension	32,177	41,232	37,542	-9%	42,509	13%
Interest payment	46,911	54,676	54,669	-0.01%	62,456	14%
<b>Total Committed Expenditure</b>	<b>1,47,676</b>	<b>1,73,148</b>	<b>1,67,756</b>	<b>-3%</b>	<b>1,89,897</b>	<b>13%</b>

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

**Sector-wise expenditure:** The sectors listed below account for 55% of the total expenditure on sectors by the state in 2024-25. A comparison of Tamil Nadu's expenditure on key sectors with that by other states is shown in Annexure 1.

**Table 4: Sector-wise expenditure under Tamil Nadu's Budget 2024-25 (in Rs crore)**

Sectors	2022-23 Actuals	2023-24 BE	2023-24 RE	2024-25 BE	% change from RE 23-24 to BE 24-25	Budget Provisions 2024-25
Education, Sports, Arts, and Culture	45,147	49,700	48,596	54,327	12%	<ul style="list-style-type: none"> <li>Rs 14,795 crore has been allocated for government secondary schools.</li> <li>Rs 13,026 crore has been allocated for government primary schools.</li> </ul>
Social Welfare and Nutrition	18,219	26,614	30,233	34,548	14%	<ul style="list-style-type: none"> <li>Rs 13,720 crore has been allocated towards Magalir Urimai Thogai scheme.</li> <li>Rs 3,851 crore has been allocated for pension under social security schemes.</li> </ul>
Agriculture and Allied Activities	23,648	22,971	21,108	24,232	15%	<ul style="list-style-type: none"> <li>Rs 7,216 crore has been allocated for payment to Tamil Nadu electricity board for usage of farm pump sets.</li> <li>Rs 1,338 crore has been allocated for crop insurance.</li> </ul>
Transport	19,807	22,306	21,250	23,828	12%	<ul style="list-style-type: none"> <li>Rs 17,889 crore has been allocated for capital outlay on roads and bridges.</li> </ul>
Energy	17,642	8,426	24,176	21,606	-11%	<ul style="list-style-type: none"> <li>Rs 14,442 crore has been allocated for funding losses of TANGEDCO.</li> <li>Rs 6,743 crore has been allocated for power tariff subsidy for domestic consumers.</li> </ul>
Health and Family Welfare	17,621	18,545	18,796	19,730	5%	<ul style="list-style-type: none"> <li>Rs 5,116 crore has been allocated for urban health services – allopathy.</li> <li>Rs 1,827 crore has been allocated for rural health service – allopathy.</li> </ul>
Rural Development	10,527	9,413	9,614	12,043	25%	<ul style="list-style-type: none"> <li>Rs 3,875 crore has been allocated for rural employment guarantee scheme.</li> </ul>
Police	9,683	10,368	10,731	11,965	11%	<ul style="list-style-type: none"> <li>Rs 7,119 crore has been allocated towards district police.</li> </ul>
Irrigation and Flood Control	6,297	7,755	7,146	7,763	9%	<ul style="list-style-type: none"> <li>Rs 2,557 crore has been allocated for capital outlay on major irrigation.</li> <li>Rs 546 crore has been allocated towards capital outlay on medium irrigation.</li> </ul>
Water Supply and Sanitation	2,951	6,418	4,432	6,993	58%	<ul style="list-style-type: none"> <li>Rs 3,843 crore has been allocated for capital outlay on rural water supply.</li> </ul>
<b>% of total expenditure on all sectors</b>	<b>54%</b>	<b>52%</b>	<b>54%</b>	<b>55%</b>		

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

## Receipts in 2024-25

- **Total revenue receipts** for 2024-25 are estimated to be Rs 2,99,010 crore, an increase of 10% over the revised estimate of 2023-24. Of this, Rs 2,25,901 crore (76%) will be raised by the state through its **own resources**, and Rs 73,109 crore (24%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (17% of revenue receipts) and grants (8% of revenue receipts).
- **Devolution:** In 2024-25, state's share in central taxes is estimated at Rs 49,755 crore, an increase of 10% over the revised estimate of 2023-24.
- **Grants from the centre** in 2024-25 are estimated at Rs 23,354 crore, a decrease of 13% from the revised estimates for 2023-24.
- **State's own tax revenue:** Tamil Nadu's total own tax revenue is estimated to be Rs 1,95,173 crore in 2024-25, an increase of 15% over the revised estimate of 2023-24. Own tax revenue as a percentage of GSDP is estimated at 6.2% in 2024-25, same as the revised estimates for 2023-24. 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	1,50,223	1,81,182	1,70,147	-6%	1,95,173	15%
State's Own Non-Tax	17,061	20,224	30,381	50%	30,728	1%
Share in Central Taxes	38,731	41,665	45,053	8%	49,755	10%
Grants-in-aid from Centre	37,734	27,445	26,996	-2%	23,354	-13%
<b>Revenue Receipts</b>	<b>2,43,749</b>	<b>2,70,515</b>	<b>2,72,577</b>	<b>1%</b>	<b>2,99,010</b>	<b>10%</b>
Non-debt Capital Receipts	1,120	2,731	2,615	-4%	4,804	84%
<b>Net Receipts</b>	<b>2,44,869</b>	<b>2,73,246</b>	<b>2,75,192</b>	<b>0.7%</b>	<b>3,03,814</b>	<b>10%</b>

BE is Budget Estimates; RE is Revised Estimates.

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

- In 2024-25, **State GST** is estimated to be the largest source of own tax revenue (38% share). State GST revenue is estimated to increase by 17% over the revised estimates of 2023-24.
- Revenue from sales tax/ VAT in 2024-25 is expected to be Rs 69,588 crore, an increase of 12% as compared to the revised estimates for 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	53,823	66,967	63,338	-5%	73,788	17%
Sales Tax/ VAT	59,144	65,860	61,876	-6%	69,588	12%
Stamps Duty and Registration Fees	17,560	25,567	19,841	-22%	23,370	18%
State Excise	10,423	11,819	10,898	-8%	12,247	12%
Taxes on Vehicles	7,513	8,783	9,229	5%	11,560	25%
Taxes and Duties on Electricity	1,506	1,890	4,594	143%	4,231	-8%
Land Revenue	248	296	354	20%	370	4%
GST Compensation Grants	16,215	4,573	4,575	0.04%	0	-100%

Sources: Annual Financial Statement, Revenue Budget, Tamil Nadu Budget 2024-25; PRS.

## Deficits, Debt, and FRBM Targets for 2024-25

The Tamil Nadu Fiscal Responsibility Act, 2003 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit, and fiscal deficit of the state government.

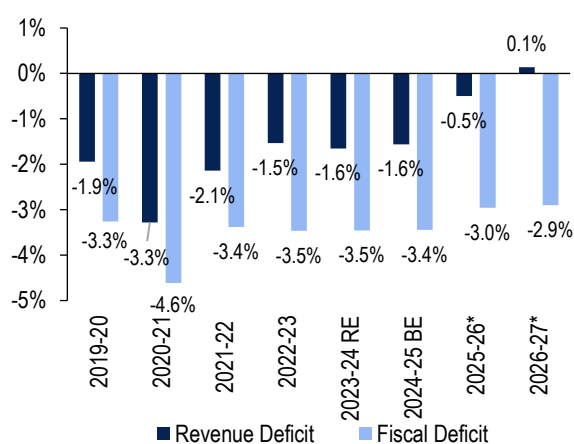
**Revenue deficit:** It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue deficit of Rs 49,279 crore (or 1.6% 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 3.4% 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 3.5% of GSDP. This is higher than the budget estimate of 3.3%. Fiscal deficit is projected to be lowered to 2.9% of GSDP by 2026-27.

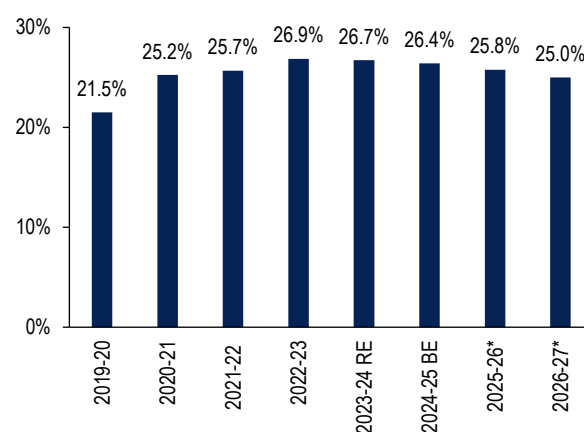
**Outstanding liabilities:** Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. At the end of 2024-25, the outstanding liabilities (excluding ways and means advance, reserve funds, and deposits) are estimated to be 26.4% of GSDP, lower than the revised estimate for 2023-24 (26.7% of GSDP).

**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, Tamil Nadu Budget 2024-25; PRS.

**Figure 3: Outstanding Liabilities (% of GSDP)**



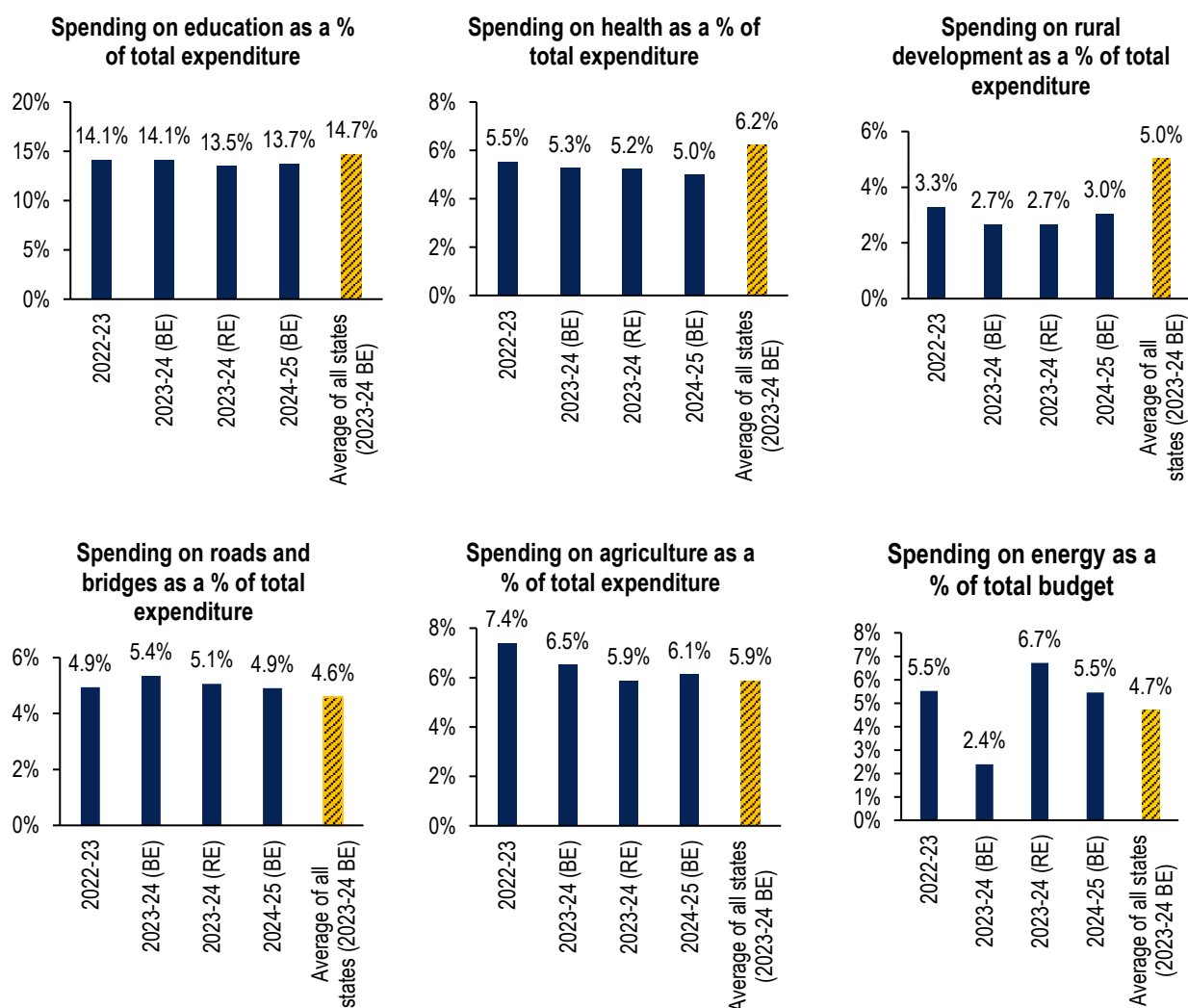
Note: \*Figures for 2025-26 and 2026-27 are projections. RE is Revised Estimates; BE is budget estimates. Outstanding liabilities exclude ways and means advance, reserve funds and deposits.  
Sources: Medium Term Fiscal Policy, Tamil Nadu Budget 2024-25; PRS.

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## Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Tamil Nadu'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 Tamil Nadu) as per their budget estimates of 2023-24.<sup>1</sup>

- **Education:** Tamil Nadu has allocated 13.7% 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:** Tamil Nadu has allocated 5% of its total expenditure towards health, which is lower than the average allocation for health by states (6.2%).
- **Rural development:** Tamil Nadu has allocated 3% of its expenditure on rural development. This is lower than the average allocation for rural development by states (5%).
- **Roads and bridges:** Tamil Nadu has allocated 4.9% of its expenditure towards roads and bridges. This is higher than the average allocation towards roads and bridges by states (4.6%).
- **Agriculture:** Tamil Nadu has allocated 6.1% of its total expenditure towards agriculture, which is higher than the average expenditure on agriculture by states (5.9%).
- **Energy:** Tamil Nadu has allocated 5.5% 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 Tamil Nadu.

Sources: Annual Financial Statement, Tamil Nadu Budget 2024-25; various state budgets; PRS.

<sup>1</sup> 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
<b>Net Receipts (1+2)</b>	<b>2,36,638</b>	<b>2,44,869</b>	<b>3%</b>
1. Revenue Receipts (a+b+c+d)	2,31,407	2,43,749	5%
a. Own Tax Revenue	1,42,800	1,50,223	5%
b. Own Non-Tax Revenue	15,537	17,061	10%
c. Share in central taxes	33,311	38,731	16%
d. Grants-in-aid from the Centre	39,759	37,734	-5%
Of which GST compensation grants	11,972	16,215	35%
2. Non-Debt Capital Receipts	5,230	1,120	-79%
3. Borrowings	1,20,979	1,01,062	-16%
Of which GST compensation loan	6,500	0	-100%
<b>Net Expenditure (4+5+6)</b>	<b>3,33,251</b>	<b>3,26,755</b>	<b>-2%</b>
4. Revenue Expenditure	2,84,188	2,79,964	-1%
5. Capital Outlay	43,043	39,530	-8%
6. Loans and Advances	6,020	7,261	21%
7. Debt Repayment	27,128	27,104	-0.09%
<b>Revenue Deficit</b>	<b>52,781</b>	<b>36,215</b>	<b>-31%</b>
Revenue Deficit (as % of GSDP)	2.1%	1.5%	-28%
<b>Fiscal Deficit</b>	<b>90,114</b>	<b>81,886</b>	<b>-15%</b>
Fiscal Deficit (as % of GSDP)	3.6%	3.5%	-11%

Note: Fiscal deficit for 2022-23 BE has been adjusted for GST compensation loans.

Source: Tamil Nadu 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
Land Revenue	326	248	-24%
Taxes and Duties on Electricity	1,633	1,506	-8%
State Excise	10,589	10,423	-2%
Sales Tax/ VAT	57,203	59,144	3%
Taxes on Vehicles	7,149	7,513	5%
Stamps Duty and Registration Fees	16,323	17,560	8%
State GST	49,565	53,823	9%

Source: Tamil Nadu Budget Documents of various years; PRS.

**Table 9: Allocation towards Key Sectors**

Sector	2022-23 BE	2022-23 Actuals	% change from BE to Actuals
Housing	7,218	2,588	-64%
Water Supply and Sanitation	5,764	2,951	-49%
Welfare of SC, ST, OBC, and Minorities	5,559	4,378	-21%
Irrigation and Flood Control	6,785	6,297	-7%
Police	9,857	9,683	-2%
Transport	20,059	19,807	-1%
of which Roads and Bridges	17,652	15,785	-11%
Health and Family Welfare	17,733	17,621	-1%
Urban Development	10,396	10,355	-0.4%
Energy	17,433	17,642	1%
Education, Sports, Arts, and Culture	43,799	45,147	3%
Social Welfare and Nutrition	16,674	18,219	9%
Rural Development	9,562	10,527	10%
Agriculture and Allied Activities	21,363	23,648	11%

Source: Tamil Nadu Budget Documents of various years; PRS.