

Press Note

Chhattisgarh Annual Budget 2003-04

The Finance Minister Dr Ram Chandra Singh Deo presented the 3rd Annual Budget of Chhattisgarh on 24th February 2003. The salient features of the Budget are as follows.

Budget at a glance:

1. Revenue Receipts

- Total revenue receipts projected to grow by 26%, from Rs 5820 Cr in 2002-03 to Rs 7328 Cr in 2003-04.
- State's own Tax revenue projected to grow by 16%, increasing from Rs 2289 Cr in 2002-03 to Rs 2653 Cr in 2003-04. This increase is mainly on account of better collections in Commercial Taxes, Excise, Stamps and Registration and Transport.
- State's own Non-tax revenue projected to grow by 25%, from Rs 892 Cr in 2002-03 to Rs 1115 Cr in 2003-04. This increase is largely on account of the higher receipts expected in Mining and Irrigation.
- State's share of Central taxes projected to grow by 12.5%, from Rs 1472 Cr in 2002-03 to Rs 1656 Cr. However, this figure can be finalized only after the Union Budget is presented on the 28.02.2003.
- Grants from the Union Government increase from Rs 1167 Cr in 2002-03 to Rs 1904 Cr in 2003-04. However, this increase is due to the receipt of nearly Rs 500 Cr on account of decentralized procurement of paddy and nearly Rs 400 Cr due to the Central Government's decision of routing Centrally Sponsored Plan scheme funds through the State Budget. The funds under several of these schemes were earlier received directly by the implementing agencies. This will enable better monitoring and control of these schemes. If these receipts are deducted from the Central receipts, the increase is only marginal.

2. Plan Expenditure

- Plan expenditure refers to expenditure on development schemes. The State government has constantly been trying to increase the expenditure in this sector.
- 56% increase in Plan expenditure - from Rs 2792 Cr in 2002-03 to Rs 4347 Cr in 2003-04.
- Plan expenditure as share of the total government expenditure projected to increase from 38% in 2002-03 to 47% in 2003-04. In most states, it is between 20-30%. This shows the commitment of the government towards development, and the low expenditure on committed expenditure such as establishment, debt servicing etc.

➤ **Thrust areas** –

- Emphasis on infrastructure development

- Roads and Irrigation projects have been accorded the highest priority. Provisions for 734 roads, 269 bridges, 439 irrigation projects and 99 anicuts, provision for quality control in 380 PMGSY roads

- 5 new drinking water projects

- The State Plan, i.e. the Plan expenditure on the State's own Plan schemes, and which is funded totally out of the State's own resources, has gone up from Rs 2043.01 Cr in 2002-03 to Rs 2847.22 Cr in 2003-04. This is an increase of 39.4%. This also shows that the first priority on expenditure from the State's resources is for development work.

- The State has submitted the Plan Resources proposal to the Planning Commission but the final Plan size is yet to be finalized. However, increased State Plan size is a priority since development activities are funded out of the State Plan.

3. Non-Plan Expenditure

- Non-Plan expenditure well within control. It has increased marginally by 7%, from Rs 4573 Cr in 2002-03 to Rs 4922 Cr in 2003-04.

- Expenditure on salaries has been limited to 30% of the total expenditure.

- Interest payments account for only 10.8% of the total expenditure in 2003-04 as compared to 12.2% in the current year. The outgo on interest payments was Rs 899 Cr in 2002-03 and is projected to be Rs 998 Cr in 2003-04

4. Sector-wise allocations

- Total Budget size projected to grow by 26%, from Rs 7365 Cr in 2002-03 to Rs 9270 Cr in 2003-04. The increase is almost entirely on account of the higher Plan provisions.

➤ **Social sector** –

	(Rs Cr)		
<u>Department</u>	<u>2002-03</u>	<u>2003-04</u>	<u>% increase</u>
• Health & Family Welfare	228	244	7
• SC / ST Welfare	588	734	25
• Women & Child Welfare	145	177	22
• PHE	200	218	9
• School Education	652	822	26
• <u>Higher & Technical Education</u>	91	120	32

➤ Economic sector –	(Rs Cr)		% increase	
	<u>Department</u>	2002-03		2003-04
• PWD		535	757	41
• Water Resources		462	540	17
• Agriculture		156	251	61
• Rural Development		608	912	50
• Food & Civil Supplies		492	751	53
• Energy		145	189	30
• Urban Development		223	298	34
• Housing & Environment		63	111	76
• <u>Tourism</u>		7	16	129

- Special development packages for Bastar and Surguja

5. Deficit Indicators –

- Budgetary Deficit brought down from Rs 550 Cr in the Budget Estimates for 2002-03 to Rs 199 Cr in the Revised Estimates for 2002-03 through expenditure control and resource management. The Budgetary Deficit for 2003-04 is projected to be Rs 312 Cr.
- Revenue Deficit at Rs 342 Cr is about 4.6% of the Total Revenue Receipts for 2003-04. This is much lower than the revenue deficit of Rs 505 Cr for 2002-03, which is about 8.6% of the Total Revenue Receipts. The lower revenue deficit is on account of the increased receipts of tax and non-tax revenues. The increase in revenue collections is on account of better administration and enforcement. No new taxes are to be imposed in 2003-04. The State has committed to attain a zero revenue deficit by 2004-05.
- Gross Fiscal Deficit is likely to go up from Rs 1527 Cr in 2002-03 to Rs 1923 Cr in 2003-04. However, the Fiscal Deficit is only 5.4% of the Gross State Domestic Product. Revenue deficit as a percentage of the Gross Fiscal Deficit is likely to decline from the present level of 33% to only 18% in 2003-04. This is among the lowest in the country, and shows the higher provisions for capital expenditure (asset creation) as compared to revenue expenditure.

6. Taxation measures

No new taxes proposed in the budget. Our strategy of augmenting tax revenue through rationalization in the tax structure and better tax administration has yielded good results in the current year, and further rationalization of taxes has been proposed in the year 2003-04. Details of the major proposals are provided at annexure 1.

	2002-03	2003-04	(Rs Cr)
Total Expenditure	7365.44	9269.50	
Total Receipts	7277.30	9156.65	
Total Revenue Receipts	5820.17	7827.71	
Total Capital Receipts	1457.13	1828.94	
Plan Expenditure	2792.18	4346.95	
Non-Plan Expenditure	4573.26	4922.55	
Revenue Expenditure	6325.49	7669.69	
Capital Expenditure	951.38	1487.01	
Budgetary Deficit	-199.69	-312.54	
Revenue Deficit	-505.32	-341.98	
Gross Fiscal Deficit	-1526.92	-1922.94	