Primer on Tamil Nadu's State Finances Ahead of Budget Presentation

A comprehensive review highlights Tamil Nadu's financial landscape, revenue trends, and fiscal challenges ahead of the state budget presentation.

An analysis of Tamil Nadu's state public finances, revenue mechanisms, expenditure obligations, and debt sustainability indicators.

KEY EXAM POINTS

- The **State Budget** outlines the estimated receipts and expenditure of the **Tamil Nadu government** for the upcoming financial year.
- **State Own Tax Revenue (SOTR)** forms the largest component of Tamil Nadu's total revenue receipts.
- Major sources of state tax revenue include **Commercial Taxes (SGST)**, **Stamp Duty**, Registration Fees, and State Excise.
- Tax devolution from the Union Government is determined based on the recommendations of the **Finance Commission** under **Article 280**.
- **Fiscal Deficit** targets for Tamil Nadu are regulated under the provisions of the **Tamil Nadu Fiscal Responsibility Act, 2003**.

STATICS & SYLLABUS FOCUS

Article 202 of the Indian Constitution mandates the Governor to lay the **Annual Financial Statement** before the State Legislature.

The **Tamil Nadu Fiscal Responsibility Act** was enacted in **May 2003** to limit fiscal deficit and public debt.

Article 203 of the Constitution details the procedure in State Legislature with respect to **Demands for Grants**.

Article 204 governs the introduction and passing of **Appropriation Bills** in the State Legislative Assembly.

The **Consolidated Fund of the State** is established under **Article 266(1)** of the Indian Constitution.

Contingency Fund of the State is established under **Article 267(2)** and is placed at the disposal of the Governor.

State Goods and Services Tax (**SGST**) Act was passed in **2017** to implement destination-based indirect tax reform.

REVISION FLASHCARD

State Budget is presented under Article 202, regulated by TN Fiscal Responsibility Act 2003.

Syllabus Relevance: Extremely relevant for Group 1, Group 2/2A, and Group 4 exams under Polity and Development Administration.