TN to revise guideline values; reduces registration fee to 2 per cent

March 20, 2023 - Updated 09:24 pm IST | Chennai, March 20

The State government has constituted a committee to suggest the revised guideline value

BY OUR BUREAU

Tamil Nadu Finance Minister Palanivel Thiaga Rajan presents the State Budget Assembly, in Chennai, on Monday | Photo Credit: PTI

Since the market value for real estate has risen steeply, the Tamil Nadu Government will revise the guideline values to the rates prevailing till June 8, 2017 and reduce the registration fee to 2 per cent from the present 4 per cent.

This means, for deeds of sale, gift, exchange, 5 per cent stamp duty; 2 per cent transfer duty and 2 per cent registration fee will be applicable, said State Finance Minister Palanivel Thiaga Rajan in his 2023-24 Budget speech presented in the State Legislative Assembly on Monday.

For non-family settlements, 7 per cent stamp duty and 2 per cent registration fee will be applicable. This initiative will benefit the poor and middle class, especially those who avail bank loan to buy homes, Rajan said.

Guideline value, which was increased on April 1, 2012 was revised downwards uniformly by 33 per cent with effect from June 9, 2017 and simultaneously, the registration fee was increased from 1 per cent to 4 per cent for the deeds of sale, gift, exchange and non-family member settlement.

There have been constant requests from various stakeholders to revise the guideline value in tune with the market prices and to reduce registration fee. The Government has constituted a committee to suggest the revised guideline value. The survey number-wise revision is expected to take time, he said.

Finance Secretary N Muruganandam told newspersons that the reduction in registration fee will help in increasing up State's Own Tax Revenue during 2023-24.

While commercial taxes contribute 73 per cent of State's Own Tax Revenue, the next major contribution is from stamps and registration at 14.1 per cent, the Budget papers says

Rajan said that the State's fiscal deficit to Gross State Domestic Product (GSDP) is expected to be within 3 per cent from 2023-24 onwards. This is within the norms prescribed by the Fifteenth Finance Commission. In the Budget Estimate (BE) 2023-24, the Fiscal Deficit is estimated to be 3.25 per cent of GSDP. For the coming year, the Fiscal

N.Muruganandam, Tamil Nadu Finance Secretary addressing the media , in Chennai on Monday | Photo Credit: Bijoy Ghosh

Deficit is estimated at ₹92,074.91 crore, which is 3.25 per cent of the GSDP

The Fifteenth Finance Commission has permitted State governments to maintain the ratio of Fiscal Deficit to GSDP as 3 per cent in 2023-24 and 2024-25. In addition, it has provided an additional space of 0.5 per cent GSDP during 2021-22 to 2024-25 on fulfilment of required power sector reforms. In the budget estimates for 2023-24, the Fiscal Deficit is estimated at 3.25 per cent of GSDP, he said.

During the last two years, due to the unprecedented and difficult reforms undertaken, the government has reduced the annual revenue deficit of around ₹62,000 crore, which the DMK government inherited on assuming to office, to around ₹30,000 crore in the Revised Estimates (RE) of the current year. This is around ₹5,000 crore lower than the level of pre-Covid year of 2019-20, he said.

Revenue Deficit in the BE for 2023-24 is estimated to be ₹37,504 crore. Due to revenue augmentation measures, including improvement in collection efficiency and the rate, the Revenue Deficit is expected to reduce to ₹18,583 crore in 2024-25 and subsequently lead to a surplus of ₹1,218 crore in 2025-26. This will create additional space for capex in the State, he said.

The State's own tax revenues, which were at 8 per cent of the GSDP during 2006-11 reached 5.58 per cent in 2020-21. This is much lower when compared with States like Maharashtra and Karnataka. Though the Tax-GSDP ratio has increased to 6.11 per cent in the current year action is needed to raise it further to find financial resources for welfare schemes, he said.

The government plans to borrow a total amount of ₹1,43,197 crore during 2023-24 and make repayment of ₹51,331 crore. The total outstanding debt as on March 31, 2024 will be ₹7,26,028 crore or 25.63 per cent of GSDP. The State aims to maintain debt sustainability as part of its fiscal consolidation roadmap, the minister said.

GST compensation

Grants-in-Aid from the Union Government have been estimated at ₹27,444 crore in the BE 2023-24. The substantial reduction is due to the stoppage of GST compensation from June 30, 2022. This has resulted in a shortfall of around ₹20,000 crore per annum.

For the financial years, 2024-25 and 2025-26, the Grants-in-Aid has been projected at ₹25,249 crore and ₹25,754 crore respectively, the minister said.

Revenue Expenditure is estimated at ₹3,08,055 crore in the BE 2023-24, an increase of 11.56 per cent over Revised Estimates 2022-23.

Capex for 2023-24 is projected at ₹44,366 crore, which is an increase of 15.7 per cent over 2022-23 (RE). The capex is estimated to be ₹64,683 crore in 2024-25 and ₹90,301 crore in 2025-26, he said.

Through resource augmentation and improvement in revenue collection efficiency, the State will attempt to maintain a healthy growth in Revenue Receipts. With fiscal consolidation as the fundamental principle, the State will continue to adhere to TNFRA norms and eliminate its revenue deficit in the coming years. This will enable increasing investment and expenditure in growth and welfare-oriented areas, Rajan said in his concluding remarks.

Published on March 20, 2023

Related Topics

State Budget / Tamil Nadu