

Uttarakhand Budget Analysis 2021-22

Former Chief Minister of Uttarakhand, Mr. Trivendra Singh Rawat, presented the Budget for the state for the financial year 2021-22 on March 4, 2021. Note that due to impact of COVID-19, 2020-21 was not a standard year with respect to the performance of the economy and government finances. In this note, 2021-22 budget estimates have been compared to the actuals for 2019-20 (in terms of compounded annual growth rate or CAGR). A comparison of the revised estimates for 2020-21 and budget estimates for 2021-22 has been provided in the Annexure.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Uttarakhand for 2021-22 (at current prices) is projected to be Rs 2,78,006 crore. This is an annual increase of 5% over 2019-20, and 14.4% higher than the revised estimate of GSDP for 2020-21 (Rs 2,43,012 crore). In 2020-21, GSDP is estimated to be 17.2% lower than the budget estimate. In comparison, the nominal GDP of India is estimated to contract by 13% in 2020-21, and grow by 14.4% in 2021-22.
- **Total expenditure** for 2021-22 is estimated to be Rs 57,400 crore, a 10% annual increase over the actual expenditure in 2019-20.
- **Total receipts (excluding borrowings)** for 2021-22 are estimated to be Rs 44,174 crore, an annual increase of 20% over 2019-20. In 2020-21, total receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 5,428 crore (decrease of 13%).
- **Revenue surplus** for 2021-22 is estimated to be Rs 115 crore, which is 0.04% of the GSDP. In 2020-21, as per the revised figures, revenue deficit is estimated at Rs 3,080 crore (1.27% of GSDP) though the budget for 2020-21 had estimated a revenue surplus of Rs 50 crore (0.02% of GSDP).
- **Fiscal deficit** for 2021-22 is targeted at Rs 8,985 crore (3.23% of GSDP). In 2020-21, the revised estimate for fiscal deficit is expected to be 4.45% of GSDP, higher than the budget estimate of 2.57% of GSDP.

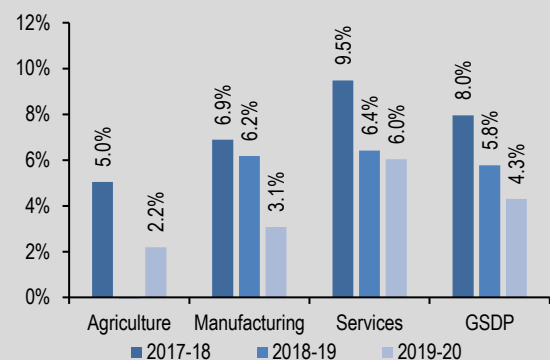
Policy Highlights

- **Horticulture:** Schemes such as the National Horticulture Mission, Mission for Integrated Development of Horticulture, Mission Apple and the Horticulture Insurance Scheme will be implemented. To increase cultivation to 20,000 apples per year, an integrated chain for processing and marketing will be established.
- **Water management:** The Song Drinking Water project will be launched this year. Rs 150 crore has been allocated towards the project this year. The project seeks to provide access to 15 crore litres of water per day for 50 years in Dehradun and surrounding areas.
- **Reverse migration:** The Rural Development and Migration Commission will be established to curb reverse migration from the state.

Uttarakhand's Economy

- **GSDP:** The growth rate of Uttarakhand's GSDP (at constant prices) was 4.3% in 2019-20, which is less than the growth rate in 2018-19 (5.8%).
- **Sectors:** In 2019-20, agriculture, manufacturing, and services sectors contributed to 9%, 52%, and 39% of the economy. In 2019-20, the growth of manufacturing and services sectors declined as compared to 2018-19.
- **Per capita GSDP:** The per capita GSDP of Uttarakhand in 2019-20 (at constant prices) was Rs 1,78,050, 3.1% higher than in 2018-19.
- **Unemployment:** According to the Periodic Labour Force Survey 2018-19, Uttarakhand has an unemployment rate of 8.9%, which is higher than the all-India unemployment rate of 5.8%.

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



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation. Agriculture includes mining.
Sources: MOSPI; PRS.

Budget Estimates for 2021-22

- **Total expenditure** in 2021-22 is targeted at Rs 57,400 crore. This is an annual increase of 10% over 2019-20. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 44,174 crore and borrowings of Rs 12,850 crore. **Total receipts** for 2021-22 (other than borrowings) are expected to register an annual increase of 20% over 2019-20.
- As per the revised estimates for 2020-21, total expenditure is estimated to decrease by 4% over the budget estimates. In 2020-21, receipts (other than borrowings) are estimated to reduce by 13% from budget to revised stage. Borrowings in 2020-21 are estimated to increase by 38% from the budget to revised stage.
- The state expects a **revenue surplus** of Rs 115 crore in 2021-22 (0.04% of GSDP). In 2020-21, revenue deficit is estimated to be Rs 3,080 crore at the revised stage as compared to the revenue surplus of Rs 50 crore estimated in the budget. **Fiscal deficit** for 2021-22 is estimated to be Rs 8,985 crore (3.23% of GSDP). In 2020-21, fiscal deficit is estimated to increase to 4.45% of GSDP at the revised stage as compared to 2.57% of GSDP estimated at the budget stage.

Table 1: Budget 2021-22 - Key figures (in Rs crore)

Items	2019-20 Actuals	2020-21 Budgeted	2020-21 Revised	% change from BE 2020-21 to RE 2020-21	2021-22 Budgeted	Annualised Change (2019-20 to 2021-22 BE)
Total Expenditure	47,495	53,527	51,343	-4%	57,400	10%
A. Receipts (except borrowings)	30,741	42,474	37,046	-13%	44,174	20%
B. Borrowings	13,113	9,950	13,700	38%	12,850	-1%
Total Receipts (A+B)	43,854	52,424	50,746	-3%	57,024	14%
Revenue Balance	-2,136	50	-3,080	-	115	-
As % of GSDP	-0.84%	0.02%	-1.27%		0.04%	
Fiscal Deficit	7,657	7,550	10,802	43%	8,985	8%
As % of GSDP	3.02%	2.57%	4.45%		3.23%	
Primary Deficit	3,153	1,658	5,327	221%	2,932	-4%
As % of GSDP	1.24%	0.56%	2.19%		1.05%	

Note: BE is Budget Estimates; RE is Revised Estimates. For revenue balance, positive values indicate surplus and negative values indicate deficit. Sources: Uttarakhand Budget Documents 2021-22; PRS.

Expenditure in 2021-22

- **Capital expenditure** for 2021-22 is proposed to be Rs 13,364 crore, which is an annual decrease of 4% over the actual expenditure in 2019-20. Capital expenditure includes expenditure affecting the assets and liabilities of the state, such as: (i) capital outlay, i.e., expenditure which leads to the creation of assets (such as bridges and hospitals), and (ii) repayment and grant of loans by the state government.
- **Revenue expenditure** for 2021-22 is proposed to be Rs 44,036 crore, which is an annual increase of 16% over 2019-20. This expenditure includes the payment of salaries, pensions, and interest. In 2020-21, revenue expenditure is estimated to be 5% less than the budget estimate.
- In 2021-22, expenditure on debt servicing is estimated to be Rs 10,294 crore, which is an annual decrease of 13% over 2019-20. In 2020-21, revised estimate for debt servicing is 4.5% lower than budget estimate.

Capital Outlay

Uttarakhand's capital outlay for 2021-22 is estimated to be Rs 8,973 crore, which is annual increase of 29% over 2019-20. The revised estimate for capital outlay in 2020-21 is Rs 7,609 crore which is 3% higher than the budget estimate. The state estimates a significant annual increase in capital outlay across several sectors in 2021-22 as compared to actual expenditure 2019-20. These include: (i) housing (161%), (ii) health and family welfare (114%), and (iii) welfare of disadvantaged sections (89%). Among major sectors, capital outlay towards agriculture and allied activities decreased by 53% in 2021-22 in comparison to actual expenditure for 2019-20.

Table 2: Expenditure budget 2021-22 (in Rs crore)

Items	2019-20 Actuals	2020-21 Budgeted	2020-21 Revised	% change from BE 2020-21 to RE 2020-21	2021-22 Budgeted	Annualised Change (2019-20 to 2021-22 BE)
Capital Expenditure	14,636	11,137	11,252	1%	13,364	-4%
of which Capital Outlay	5,414	7,383	7,609	3%	8,973	29%
Revenue Expenditure	32,859	42,390	40,091	-5%	44,036	16%
Total Expenditure	47,495	53,527	51,343	-4%	57,400	10%
A. Debt Repayment	9,096	3,503	3,495	0%	4,242	-32%
B. Interest Payments	4,504	5,892	5,475	-7%	6,053	16%
Debt Servicing (A+B)	13,600	9,396	8,971	-4.5%	10,294	-13%

Note: BE is Budget Estimates; RE is Revised Estimates. Capital outlay denotes expenditure which leads to the creation of assets. Sources: Uttarakhand Budget Documents 2021-22; PRS.

Sectoral expenditure in 2021-22

The sectors listed below account for **61%** of the total expenditure on all sectors by the state in 2021-22. A comparison of Uttarakhand's expenditure on the key sectors with other states can be found in Annexure 1.

Table 3: Sector-wise expenditure under Uttarakhand Budget 2021-22 (in Rs crore)

Sector	2019-20 Actuals	2020-21 BE	2020-21 RE	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	Budget provisions 2021-22
Education, Sports, Arts, and Culture	7,878	9,385	9,041	9,744	11%	<ul style="list-style-type: none"> Rs 1,155 crore has been allocated towards the Samagra Shiksha Abhiyaan. Rs 140 crore has been allocated towards the World Bank Uttarakhand Workforce Development Project.
Agriculture and allied activities	2,894	3,401	2,864	3,545	11%	<ul style="list-style-type: none"> Rs 245 crore will be allocated towards incentive bonuses for sugarcane farmers. Rs 197 crore will be allocated towards plan for diversification of industrial crops for climate change.
Rural Development	2,666	3,217	3,617	3,439	14%	<ul style="list-style-type: none"> Rs 272 crore will be allocated towards the National Rural Employment Guarantee scheme. Rs 162 crore will be allocated towards the Pradhan Mantri Gram Sadak Yojana
Health and Family Welfare	2,101	2,680	2,378	3,439	28%	<ul style="list-style-type: none"> Rs 792 crore has been allocated towards allopathic rural health services, and Rs 775 crore has been allocated towards urban health services. Rs 229 crore has been allocated for the construction of three new medical colleges.
Social Welfare and Nutrition	2,079	2,750	2,973	3,406	28%	<ul style="list-style-type: none"> Rs 1,153 crore has been allocated towards social security pension. Rs 483 crore has been allocated towards providing supplementary nutrition and Rs 44 crore towards the National Nutrition Mission.
Transport	1,249	2,123	1,906	2,390	38%	<ul style="list-style-type: none"> Rs 1,511 crore has been allocated towards capital outlay for development of roads and bridges.
Police	1,794	2,094	1,963	2,220	11%	<ul style="list-style-type: none"> Rs 1,292 crore and Rs 406 crore allocated to the District Police and Special Police units respectively.
Water Supply and Sanitation	1,050	1,085	1,189	1,893	34%	<ul style="list-style-type: none"> Rs 668 crore has been allocated towards the Jal Jeevan Mission.
Irrigation and Flood Control	769	1,311	1,083	1,354	33%	<ul style="list-style-type: none"> Rs 240 crore has been allocated towards construction of the Jamrani dam and Rs 150 for the construction of the Song dam.
Urban Development	580	1,945	1,626	1,000	31%	<ul style="list-style-type: none"> Rs 596 crore allocated towards capital outlay for schemes including ATAL Rejuvenation and AMRIT.
% of total expenditure on all sectors	60%	60%	60%	61%		

Sources: Annual Finance Statement 2021-22, Uttarakhand Budget Documents; PRS.

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 2021-22, Uttarakhand is estimated to spend Rs 28,875 crore on committed expenditure, which is 65% of its revenue receipts. This is an annual increase of 12% over 2019-20. This comprises spending on salaries (37% of revenue receipts), pension (14% of revenue receipts), and interest payments (14% of revenue receipts). In 2020-21, allocation towards salaries and interest payments decreased by 6% and 7% from the budget to the revised stage.

Table 4: Committed expenditure in 2021-22 (in Rs crore)

Items	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)
Salaries	13,054	15,907	14,951	-6%	16,423	12%
Pensions	5,507	6,305	6,297	0%	6,400	8%
Interest	4,504	5,892	5,475	-7%	6,053	16%
Total Committed Expenditure	23,065	28,104	26,723	-5%	28,875	12%

Sources: Uttarakhand Budget Documents 2021-22; PRS.

Receipts in 2021-22

- **Total revenue receipts** for 2021-22 are estimated to be Rs 44,151 crore, an annual increase of 20% over 2019-20. Of this, Rs 16,048 crore (36%) will be raised by the state through its **own resources**, and Rs 28,103 crore (64%) 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 (47% of revenue receipts).
- **Devolution:** In 2021-22, receipts from the state's share in central taxes (devolution) are estimated to register an annual increase of 4% over 2019-20. However, as per the revised estimates of 2020-21, devolution receipts are estimated to decrease by 30% as compared to the budget stage. This is due to a 30% cut in the union budget for devolution to states, from Rs 7,84,181 crore at the budgeted stage to Rs 5,49,959 crore at the revised stage.
- **State's own tax revenue:** Total own tax revenue of Uttarakhand is estimated to be Rs 12,754 crore in 2021-22, an annual increase of 5% over the actual tax revenue in 2019-20. In 2020-21, as per the revised estimates, state's own tax revenue is estimated to be 22% lower than the budget estimates.

Table 5: Break up of state government receipts (in Rs crore)

Items	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)
State's Own Tax*	11,513	13,761	10,791	-22%	12,754	5%
State's Own Non-Tax	3,999	3,539	3,400	-4%	3,294	-9%
Share in Central Taxes	6,902	8,657	6,072	-30%	7,441	4%
Grants-in-aid from Centre*	8,309	16,482	16,748	2%	20,662	58%
Total Revenue Receipts	30,723	42,439	37,011	-13%	44,151	20%
Borrowings	13,113	9,950	13,700	38%	12,850	-1%
Other receipts	19	35	35	0%	23	10%
Total Capital Receipts	13,132	9,985	13,735	38%	12,873	-1%
Total Receipts	43,854	52,424	50,746	-3%	57,024	14%

Note: *State's Own Tax and Grants from Centre figures have been adjusted to account for GST compensation grants as Grants from Centre. Sources: Uttarakhand Budget Documents 2021-22; PRS.

- In 2021-22, SGST is estimated to be Rs 4,671 crore, which is the largest source (37%) of the state's own tax revenue. This is an annual decrease of 3% over the actual SGST revenue in 2019-20. In 2020-21, SGST is estimated to be 33% less than the budget estimate.
- In 2021-22, Uttarakhand is expected to generate Rs 3,202 crore through the collection of State Excise, an annual increase of 8% over 2019-20. In 2020-21, the State Excise collection is estimated to decrease by 21% over the budget estimates.
- In 2021-22, Rs 2,004 crore is estimated to be generated through Sales Tax and VAT, an annual increase of 5% over 2019-20.

GST Compensation

The GST (Compensation to States) Act, 2017 guarantees states compensation for five years (till 2022) for any revenue loss arising due to GST implementation. The Act guarantees states a 14% annual growth in their GST revenue, failing which compensation grants are provided to states to meet the shortfall. These grants are funded through the GST compensation cess levied by the centre. As the cess collection is not sufficient to meet the compensation requirement of states in 2020-21, a part of their requirement will be met through loans from the centre (which will be repaid using future cess collection).

As per the revised estimate of 2020-21, Uttarakhand is estimated to receive a total of Rs 1,978 crore in the form of GST compensation grants which is 20% lower than that in 2019-20 (Rs 2,477 crore). In 2021-22 Rs 2,300 crore is expected as GST compensation grants, which is 4% lower than the grants received in 2019-20. The requirement of GST compensation grants implies that the state will not be able to achieve the expected revenue growth.

Table 6: Some of the major state's own tax revenue sources (in Rs crore)

Head	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	% of Revenue Receipts in 2021-22
State's own tax revenue	11,513	13,760	10,790	-22%	12,754	5.3%	29%
State GST (SGST)	4,931	5,385	3,608	-33%	4,671	-3%	11%
State Excise	2,727	3,400	2,700	-21%	3,202	8%	7%
Sales Tax/VAT	1,811	1,970	1,970	0%	2,004	5%	5%
Stamps Duty and Registration Fees	1,072	1,249	1,100	-12%	1,200	6%	3%
Taxes on Vehicles	908	980	700	-29%	1,050	8%	2%
Taxes and Duties on Electricity	39	500	450	-10%	500	257%	1%
Land Revenue	24	26	13	-51%	17	-17%	0%
GST Compensation Grants	2,477	3,571	1,978	-45%	2,300	-4%	-

Sources: Uttarakhand Budget Documents 2021-22; PRS.

Deficits, Debt, and FRBM Targets for 2021-22

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

Revenue surplus: It is the excess of revenue receipts over revenue expenditure, and implies that the government does not need to borrow to finance revenue expenditure (which do not increase its assets or reduces its liabilities). The 2021-22 budget estimates a revenue surplus of Rs 115 crore (0.04% of GSDP) in 2021-22. The 15th Finance Commission has recommended post-devolution revenue deficit grants of Rs 28,147 crore for it in 2021-26.

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings which leads to an increase in total liabilities. In 2021-22, the fiscal deficit is estimated to be Rs 8,985 crore (3.23% of GSDP). This is higher than the 3% limit as per the FRBM Act. As per the revised estimates, in 2020-21, the fiscal deficit of the state is expected to be 4.45% of GSDP, which is higher than the budget estimate of 2.57%.

Enhanced borrowing limit in 2020-21: Given the situation due to COVID-19, the central government permitted states to increase their fiscal deficit up to 5% of GSDP in 2020-21. All states were allowed to increase their fiscal deficit up to 4% of GSDP. Please note that the fiscal deficit of Uttarakhand in the revised estimates for 2020-21 was 4.45% of GSDP. The remaining 1% of GSDP is conditional on the implementation of reforms by states in the following areas (0.25% of GSDP for each reform): (i) one nation one ration card, (ii) ease of doing business, (iii) urban local body/ utility, and (iv) power distribution. As of February, 2021, Uttarakhand is eligible to borrow Rs 982 crore for implementing reforms in ease of doing business and reforms in power distribution.

Fiscal Roadmap for 2021-26

The 15th Finance Commission recommended the following fiscal deficit targets for states for the 2021-26 period (as a % of GSDP): (i) 4% for 2021-22, (ii) 3.5% for 2022-23, and (iii) 3% for 2023-26. The Commission estimates that this path will allow Uttarakhand to increase its total liabilities from 33.2% of GSDP in 2020-21 to 33.7% of GSDP in 2025-26.

If a state is unable to fully utilise the sanctioned borrowing limit as specified above in any of the first four years (2021-25), it can avail the unutilised borrowing amount in subsequent years (within the 2021-26 period). Additional borrowing worth 0.5% of GSDP will be allowed each year for the first four years (2021-25) upon undertaking certain power sector reforms including: (i) reduction in operational losses, (ii) reduction in revenue gap, (iii) reduction in payment of cash subsidy by adopting direct benefit transfer, and (iv) reduction in tariff subsidy as a percentage of revenue.

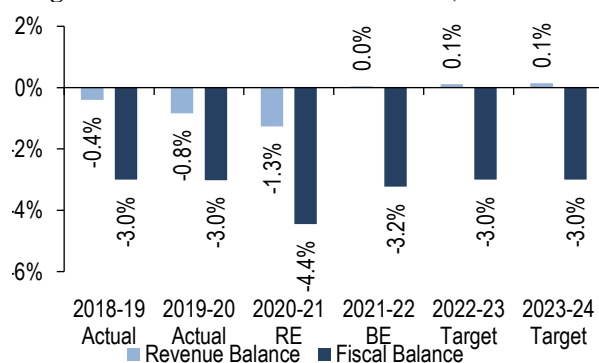
Outstanding liabilities: Outstanding liabilities refers to the accumulation of total borrowings (including any liabilities under public accounts) at the end of a financial year. In 2021-22, the outstanding liabilities are expected to be 30.8% of the GSDP, higher than the revised estimate for 2020-21 (30.2% of GSDP). The outstanding liabilities are estimated to increase from 23.6% in 2018-19 to 30.8% in 2021-22.

Table 7: Budget targets for deficits for Uttarakhand (% of GSDP)

Year	Revenue Deficit	Fiscal Deficit	Outstanding Debt
2018-19 (Actuals)	-0.4%	-3%	23.6%
2019-20 (Actuals)	-0.8%	-3%	26.0%
2020-21 (Revised)	-1.3%	-4.4%	30.2%
2021-22 (Budget)	0.04%	-3.2%	30.8%
2022-23 (Target)	0.1%	-3%	31.2%
2023-24 (Target)	0.1%	-3%	31.6%

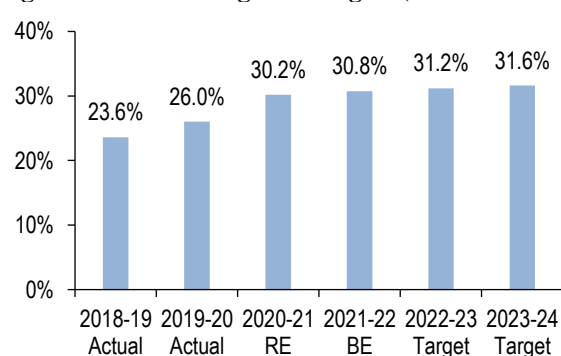
Note: Outstanding debt includes outstanding debt under Internal Debt, Loans and Advances from Centre, Small Savings, Provident Fund, and Insurance and Pension Fund. Negative values indicate deficit and positive values indicate surplus.
Sources: Uttarakhand Budget Documents 2021-22; PRS.

Figure 2: Revenue and Fiscal Deficit (as % of GSDP)



Note: Negative values indicate deficit and positive values indicate surplus; RE is Revised Estimates; BE is Budget estimates.
Sources: Uttarakhand Budget Documents 2021-22; PRS.

Figure 3: Outstanding debt targets (as % of GSDP)

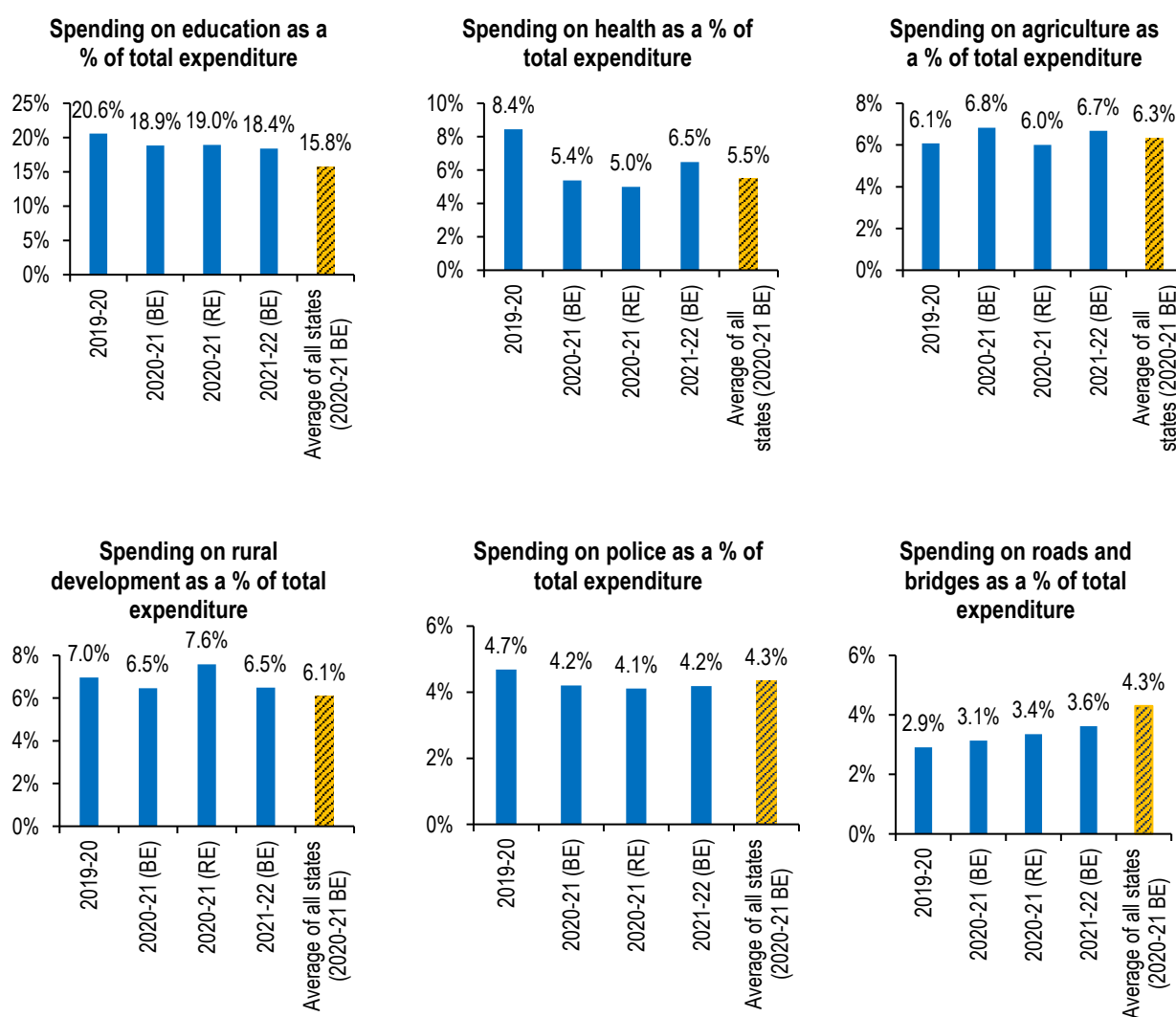


Note: RE is Revised Estimates; BE is budget estimates.
Sources: Uttarakhand Budget Documents 2021-22; PRS.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Uttarakhand's expenditure 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 30 states (including Uttarakhand) as per their budget estimates of 2020-21.¹

- **Education:** Uttarakhand has allocated 18.4% of its total expenditure for education in 2021-22. This is higher than the average allocation (15.8%) for education by all states (2020-21 BE).
- **Health:** Uttarakhand has allocated 6.5% of its total expenditure on health, which is higher than the average allocation for health by states (5.5%).
- **Agriculture:** Uttarakhand has allocated 6.7% of its total expenditure towards agriculture and allied activities. This is marginally higher than the average allocation for agriculture by states (6.3%).
- **Rural development:** Uttarakhand has allocated 6.5% of its expenditure on rural development. This is marginally higher than the average allocation for rural development by states (6.1%).
- **Police:** Uttarakhand has allocated 4.2% of its total expenditure on police, which is marginally lower than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Uttarakhand has allocated 3.6% of its total expenditure on roads and bridges, which is lower the average allocation by states (4.3%).



Note: 2019-20, 2020-21 (BE), 2020-21 (RE), and 2021-22 (BE) figures are for Uttarakhand.
Sources: Uttarakhand Budget Documents 2021-22; various state budgets; PRS.

¹ The 30 states include the Union Territory of Delhi and Union Territory of Jammu and Kashmir.

Annexure 2: Recommendations of the 15th Finance Commission for 2021-26

The 15th Finance Commission's (FC) report for the 2021-26 period was released on February 1, 2021. For the 2021-26 period, the Commission has recommended the share of states in the divisible pool of central taxes to be 41%, same as that for 2020-21 (also recommended by the 15th FC in its report for 2020-21). This is 1% point lower than the 42% share recommended by the 14th FC (for the 2015-20 period) to separately provide funds for the newly formed union territories of Jammu and Kashmir, and Ladakh. The 15th FC proposed revised criteria for determining the share of individual states (different from 14th FC). Based on the 15th FC's recommendations for the period 2021-26, Uttarakhand will have a 0.46% share in the divisible pool of central taxes. This implies that out of every Rs 100 of revenue in the divisible pool during the 2021-26 period, Uttarakhand will receive Rs 0.46. This is 3.7% higher than Rs 0.45 recommended by the 14th FC for the period 2015-20.

Table 8: Share of states in the divisible pool of central taxes under the 14th and 15th FC periods

State	14th FC	15th FC	15th FC	% change	
	2015-20	2020-21	2021-26	2015-20 to 2021-26	2020-21 to 2021-26
Andhra Pradesh	1.81	1.69	1.66	-8.2%	-1.6%
Arunachal Pradesh	0.58	0.72	0.72	25.2%	-0.2%
Assam	1.39	1.28	1.28	-7.8%	-0.1%
Bihar	4.06	4.13	4.12	1.6%	0.0%
Chhattisgarh	1.29	1.40	1.40	8.0%	-0.3%
Goa	0.16	0.16	0.16	-0.3%	0.0%
Gujarat	1.30	1.39	1.43	10.1%	2.4%
Haryana	0.46	0.44	0.45	-1.6%	1.0%
Himachal Pradesh	0.30	0.33	0.34	13.6%	3.9%
Jammu & Kashmir	0.78	-	-	-	-
Jharkhand	1.32	1.36	1.36	2.8%	-0.2%
Karnataka	1.98	1.50	1.50	-24.5%	0.0%
Kerala	1.05	0.80	0.79	-24.8%	-0.9%
Madhya Pradesh	3.17	3.23	3.22	1.5%	-0.5%
Maharashtra	2.32	2.52	2.59	11.7%	3.0%
Manipur	0.26	0.29	0.29	13.3%	-0.3%
Meghalaya	0.27	0.31	0.31	16.6%	0.3%
Mizoram	0.19	0.21	0.21	6.1%	-1.2%
Nagaland	0.21	0.24	0.23	11.5%	-0.7%
Odisha	1.95	1.90	1.86	-4.8%	-2.2%
Punjab	0.66	0.73	0.74	11.9%	1.1%
Rajasthan	2.31	2.45	2.47	7.1%	0.8%
Sikkim	0.15	0.16	0.16	3.2%	0.0%
Tamil Nadu	1.69	1.72	1.67	-1.0%	-2.6%
Telangana	1.02	0.88	0.86	-15.8%	-1.5%
Tripura	0.27	0.29	0.29	7.7%	-0.1%
Uttar Pradesh	7.54	7.35	7.36	-2.5%	0.0%
Uttarakhand	0.44	0.45	0.46	3.7%	1.3%
West Bengal	3.08	3.08	3.08	0.3%	0.1%
Total	42.00	41.00	41.00		

Note: Although the 15th Finance Commission recommended the same criteria for 2020-21 and 2021-26 periods, the reference period for computation on some underlying indicators are different. This is why the share in the divisible pool in 2020-21 and 2021-26 differ for states. State's share has been rounded off to two decimal places.

Sources: Reports of 14th and 15th FCs; Union Budget Documents 2021-22; PRS.

The 15th FC recommended grants worth Rs 10.3 lakh crore for states over five years (2021-26). A portion of these will be conditional. 17 states will receive revenue deficit grants in this period. Sector-specific grants include grants for health, agriculture, and education. Grants to local governments include: (i) Rs 1.2 lakh crore for urban local bodies, (ii) Rs 2.4 lakh crore for rural local bodies, and (iii) health grants worth Rs 70,000 crore through local bodies for healthcare infrastructure.

Grants recommended for Uttarakhand include: (i) Rs 28,147 crore as revenue deficit grants, (ii) Rs 5,178 crore for disaster management, (iii) Rs 4,181 crore as grants to local bodies, and (iv) Rs 3,505 crore as state-specific grants for irrigation and drinking water infrastructure development, solid waste disposal, and sanitation.

Table 9: Grants recommended for 2021-26 (Rs crore)

Grants	Total	Uttarakhand
Revenue deficit grants	2,94,514	28,147
Local governments grants	4,36,361	4,181*
Sector-specific grants	1,29,987	3,505#
Disaster management grants	1,22,601	5,178
State-specific grants	49,599	1,600
Total	10,33,062	42,611

Note: This does not include competition-based grants including *grants for incubation of new cities (part of local bodies grants), and #grants for school education, and aspirational districts and blocks.

Source: Report of 15th FC; PRS.

Table 10: Taxes devolved to states as per Union Budget 2021-22

State	2019-20	2020-21 Revised	2021-22 Budget
Andhra Pradesh	29,421	22,611	26,935
Arunachal Pradesh	9,363	9,681	11,694
Assam	22,627	17,220	20,819
Bihar	66,049	55,334	66,942
Chhattisgarh	21,049	18,799	22,676
Goa	2,583	2,123	2,569
Gujarat	21,077	18,689	23,148
Haryana	7,408	5,951	7,275
Himachal Pradesh	4,873	4,394	5,524
Jammu & Kashmir	12,623	-38	-
Jharkhand	21,452	18,221	22,010
Karnataka	32,209	20,053	24,273
Kerala	17,084	10,686	12,812
Madhya Pradesh	51,584	43,373	52,247
Maharashtra	37,732	33,743	42,044
Manipur	4,216	3,949	4,765
Meghalaya	4,387	4,207	5,105
Mizoram	3,144	2,783	3,328
Nagaland	3,403	3,151	3,787
Odisha	31,724	25,460	30,137
Punjab	10,777	9,834	12,027
Rajasthan	37,554	32,885	40,107
Sikkim	2,508	2,134	2,582
Tamil Nadu	27,493	23,039	27,148
Telangana	16,655	11,732	13,990
Tripura	4,387	3,899	4,712
Uttar Pradesh	1,22,729	98,618	1,19,395
Uttarakhand	7,189	6,072	7,441
West Bengal	50,051	41,353	50,070
Total	6,83,353	5,49,959	6,65,563

Note: Actuals for 2019-20 and Revised Estimates for 2020-21 have been reported in the Union Budget after adjusting for excess or less devolution in previous years.

Sources: Union Budget Documents 2021-22; PRS.

Annexure 3: Comparison of 2020-21 Revised and 2021-22 Budget Estimates

The following tables compare the budget estimates for 2021-22 with the revised estimates for 2020-21.

Table 11: Comparison of Budget Estimates for 2021-22 with Revised Estimates for 2020-21

Particular	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Receipts (1+2)	50,745	57,024	12%
Receipts except Borrowings	37,045	44,174	19%
1. Revenue Receipts (a+b+c+d)	37,011	44,151	19%
a. Own Tax Revenue	10,791	12,754	18%
b. Own Non-Tax Revenue	3,400	3,294	-3%
c. Share in central taxes	6,072	7,441	23%
d. Grants-in-aid from the Centre	16,748	20,662	23%
<i>Of which GST compensation</i>	1,978	2,300	16%
2. Capital Receipts	13,735	12,873	-6%
a. Borrowings	13,700	12,850	-6%
<i>Of which GST compensation loan</i>	-	-	-
Expenditure (3+4)	51,343	57,400	12%
3. Revenue Expenditure	40,091	44,036	10%
4. Capital Expenditure	11,252	13,364	19%
i. Capital Outlay	7,609	8,973	18%
ii. Debt Repayment	3,495	4,242	21%
Revenue Balance	-3,080	115	-104%
Revenue Balance (as % of GSDP)	-1.3%	0.04%	0%
Fiscal Deficit	10,802	8,985	-17%
Fiscal Deficit (as % of GSDP)	4.4%	3.23%	0%

Note: For revenue balance, positive values indicate a surplus and negative values indicate a deficit.

Sources: Uttarakhand Budget Documents 2021-22; PRS.

Table 12: Key Components of State's Own Tax Revenue

Tax	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
SGST	3,608	4,671	29%
State Excise Duty	2,700	3,202	19%
Sales Tax/VAT	1,970	2,004	2%
Stamps Duty and Registration Fees	1,100	1,200	9%
Taxes on Vehicles	700	1,050	50%
Taxes and Duties on Electricity	450	500	11%
Land Revenue	13	17	31%

Sources: Uttarakhand Budget Documents 2021-22; PRS.

Table 13: Allocation towards Key Sectors

Sector	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Education, Sports, Arts, and Culture	9,041	9,744	8%
Agriculture and allied activities	2,864	3,545	24%
Rural Development	3,617	3,439	-5%
Health and Family Welfare	2,378	3,439	45%
Social Welfare and Nutrition	2,973	3,406	15%
Transport	1,906	2,390	25%
Police	1,963	2,220	13%
Water Supply and Sanitation	1,189	1,893	59%
Irrigation and Flood Control	1,083	1,354	25%
Urban Development	1,626	1,000	-38%

Sources: Uttarakhand Budget Documents 2021-22; PRS.

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