

# Delhi Budget Analysis 2019-20

The Finance Minister, Mr. Manish Sisodia, presented the Budget for Delhi for financial year 2019-20 on February 26, 2019.

## Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Delhi for 2018-19 (at current prices) is estimated to be Rs 7,79,652 crore. This is 13% higher than the GSDP for 2017-18 (Rs 6,90,098 crore).
- **Total expenditure** for 2019-20 is estimated to be Rs 60,000 crore, a 19.5% increase over the revised estimate of 2018-19. In 2018-19, as per the revised figures, the expenditure is estimated to decrease by Rs 2,800 crore (5.3%) over the budgeted estimate.
- **Total receipts (excluding borrowings)** for 2019-20 are estimated to be Rs 50,767 crore, an increase of 10.7% as compared to the revised estimate of 2018-19. In 2018-19, total receipts (excluding borrowings) are estimated to fall short of the budgeted estimate by Rs 2,233 crore (4.6%).
- **Revenue surplus** for the next financial year is targeted at Rs 5,236 crore, an increase of 6.2% as compared to the revised estimate of 2018-19. **Fiscal deficit** is targeted at Rs 5,902 crore, an increase of Rs 5,213 crore as compared to the revised estimate of 2018-19.
- Sectors such as transport (38%), education (35%), and health and family welfare (25%) saw the highest increase in allocations. The allocations for social welfare and nutrition (3%), and energy (2%) increased marginally.

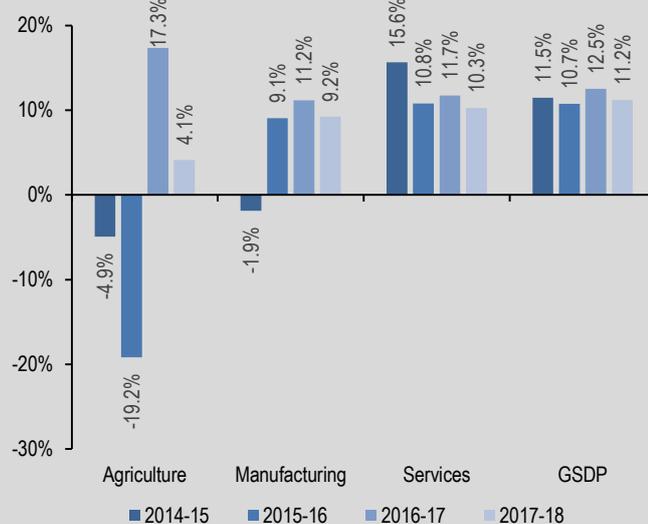
## Policy Highlights

- **Encouraging entrepreneurship:** An “entrepreneurship curriculum” will be instituted in schools. Under the programme, students will be given a sum of Rs 1,000 (to 11<sup>th</sup> and 12<sup>th</sup> class students) and Rs 5,000 (to first year higher and technical education students) per year as seed money for creation of business plans.
- **Social security and welfare:** An amount of Rs 2,214 crore has been allocated for financial assistance to schemes related to senior citizens and other vulnerable social groups. This amount indicates a near three-fold increase since 2015 and seeks to cover 7.6 lakh beneficiaries.
- **Infrastructure projects:** An amount of Rs 500 crore has been allocated for construction of a four lane road of 25 km along the banks of Najafgarh drain. An outlay of Rs 1,600 crore has been proposed, including Rs 600 crore for water supply and sewerage for the development of unauthorised colonies.
- **Healthcare:** An amount of Rs 963 crore has been allocated for remodelling existing hospitals and adding approximately 2,600 beds. Further, Rs 588 crore has been allocated for construction of new hospitals.

## Delhi's Economy

- **GSDP:** The GSDP of Delhi (at current prices) has grown at an annual growth rate of 11.5% during the period 2013-14 to 2017-18.
- **Sectors:** In 2017-18, the sectors of agriculture, manufacturing, and services contributed to 2%, 12%, and 86% of the State Gross Value Added (GSA). GSA by a sector denotes the contribution of that sector to the state's economy. Between 2016-17 and 2017-18, these sectors grew by 4.1%, 9.2%, and 10.3%, respectively.
- **Per capita GSDP:** The per capita GSDP of Delhi in 2017-18 (at current prices) was Rs 3,60,644. This is 9.1% higher than the per capita GSDP in 2016-17 (Rs 3,30,490).

Figure 1: Growth in GSDP and sectors in Delhi (year-on-year)



Note: As per CSO, agriculture here includes mining and quarrying.  
Sources: Central Statistics Office, MOSPI (data as of August 2018); PRS.

## Budget Estimates for 2019-20

- The total expenditure in 2019-20 is targeted at Rs 60,000 crore. This is 19.5% higher than the revised estimate of 2018-19. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 50,767 crore and borrowings of Rs 4,786 crore. Receipts for 2019-20 (other than borrowings) are expected to be 10.7% higher than the revised estimate of 2018-19.

**Table 1: Budget 2019-20: Key figures (in Rs crore)**

Items	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	% change from BE 2018-19 to RE 2018-19	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20
<b>Total Expenditure</b>	<b>40,927</b>	<b>53,000</b>	<b>50,200</b>	<b>-5.3%</b>	<b>60,000</b>	<b>19.5%</b>
A. Receipts (except borrowings)	39,358	48,107	45,874	-4.6%	50,767	10.7%
B. Borrowings	1,906	2,924	5,800	98.4%	4,786	-17.5%
<b>Total Receipts (A+B)</b>	<b>41,264</b>	<b>51,031</b>	<b>51,674</b>	<b>1.3%</b>	<b>55,553</b>	<b>7.5%</b>
<b>Revenue Surplus</b>	<b>4,913</b>	<b>4,465</b>	<b>4,931</b>	<b>10.4%</b>	<b>5,236</b>	<b>6.2%</b>
<b>Fiscal Deficit</b>	<b>-113</b>	<b>3,164</b>	<b>689</b>	<b>-78.2%</b>	<b>5,902</b>	<b>756.4%</b>
<b>Primary Deficit</b>	<b>-2,984</b>	<b>205</b>	<b>-2,178</b>	<b>-1160.0%</b>	<b>2,724</b>	<b>-225.1%</b>

Note: '-' sign against surplus indicates a deficit. Similarly, '-' sign against deficit indicates a surplus. GSDP data not available for calculation as a percentage of GSDP. BE indicates Budget Estimate, RE indicates Revised Estimate.

Sources: Annual Financial Statement and Budget at a Glance, Delhi Budget Documents 2019-20; PRS.

- Revenue surplus:** It is the excess of revenue receipts over revenue expenditure. A revenue surplus can be used to finance expenditure other than revenue expenditure that leads to creation of assets. The government has estimated a revenue surplus of Rs 5,236 crore in 2019-20. For 2018-19, the government has revised its revenue surplus to Rs 4,931 crore, which is 10.4% higher than the budgeted estimate.
- Fiscal deficit:** It is the excess of expenditure over receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. A fiscal deficit of Rs 5,902 crore is estimated in 2019-20, an increase of Rs 5,213 crore over the revised estimate of 2018-19.

## Expenditure in 2019-20

- Capital expenditure** for 2019-20 is proposed to be Rs 15,219 crore, which is an increase of 47.7% over the revised estimates of 2018-19.
- Capital expenditure includes expenditure affecting the assets and liabilities of the state, such as: (i) capital outlay, i.e. expenditure which leads to creation of assets, and (ii) repayment and grant of loans by the state government.
- Delhi's capital outlay for 2019-20 is estimated to be Rs 9,647 crore, which is 131% higher than the revised estimate of 2018-19. The capital outlay towards urban development is estimated to increase by Rs 1,957 crore (an increase of 263%) from the revised estimate of 2018-19.
- Revenue expenditure** for 2019-20 is proposed to be Rs 44,781 crore, which is an increase of 12.3% over the 2018-19 revised estimate. This expenditure includes payment of salaries, pensions, interests, etc.

### Grants to local governments

The state government provides compensation and assignments to local bodies and Panchayati Raj institutions. In 2019-20, this amount is estimated to be Rs 3,939 crore (6.5% of the expenditure).

This amount marks a 66% increase from the revised estimate of 2018-19.

**Table 2: Expenditure budget 2019-20 (in Rs crore)**

Item	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	% change from BE 2018-19 to RE 2018-19	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20
Capital Expenditure	7,173	9,099	10,306	13.3%	15,219	47.7%
of which Capital Outlay	3,242	5,475	4,177	-23.7%	9,647	131.0%
Revenue Expenditure	33,754	43,091	39,894	-7.4%	44,781	12.3%
<b>Total Expenditure</b>	<b>40,927</b>	<b>53,000</b>	<b>50,200</b>	<b>-5.3%</b>	<b>60,000</b>	<b>19.5%</b>
A. Debt Repayment	1,682	1,728	3,636	110.4%	3,331	-8.4%
B. Interest Payments	2,871	2,959	2,867	-3.1%	3,178	10.9%
<b>Debt Servicing (A+B)</b>	<b>4,553</b>	<b>4,687</b>	<b>6,503</b>	<b>38.7%</b>	<b>6,509</b>	<b>0.1%</b>

Note: Capital outlay denotes expenditure which leads to creation of assets.

Sources: Delhi Budget Documents 2019-20; PRS.

## Sector expenditure in 2019-20

The sectors listed below account for **65%** of the total budgeted expenditure of Delhi in 2019-20. A comparison of Delhi's expenditure on key sectors with that by other states can be found in the Annexure.

**Table 3: Sector-wise expenditure for Delhi Budget 2019-20 (Rs crore)**

Sector	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20	Budget provisions for 2019-20
Education	9,888	13,962	11,201	15,133	35%	<ul style="list-style-type: none"> <li>Rs 2,000 crore has been allocated towards Sarva Shiksha Abhiyan.</li> <li>Rs 1,558 crore has been provided as assistance to the local bodies for primary education.</li> </ul>
Health and Family Welfare	4,733	6,729	5,968	7,485	25%	<ul style="list-style-type: none"> <li>Rs 450 crore has been allocated to the Central Procurement Agency and the State Drug Authority.</li> <li>Rs 250 crore has been allocated to the Delhi Govt. Employees Health Scheme for medical facilities to pensioners.</li> <li>Rs 220 crore has been allocated as grants for mohalla clinics.</li> </ul>
Transport	4,948	5,017	4,268	5,882	38%	<ul style="list-style-type: none"> <li>Rs 1,876 crore has been allocated as grants to the Delhi Transport Corporation (DTC) for working deficit.</li> <li>Rs 800 crore each has been allocated for the Mukhyamantri Sadak Punrotthan Yojna and for strengthening and augmentation of infrastructure in each assembly constituency.</li> <li>Rs 700 crore has been provided as compensation for meeting deficit of cluster buses.</li> <li>Rs 108 crore has been provided as subsidy for DTC concessional passes.</li> </ul>
Water Supply, Sanitation, Housing, Urban Development	3,482	5,259	4,789	5,280	10%	<ul style="list-style-type: none"> <li>Rs 995 crore has been allocated for development of unauthorised colonies.</li> <li>Rs 872 crore has been provided as grants to the Delhi Jal Board, of which Rs 300 crore each is for providing potable water supply and sewage facility in unauthorised colonies.</li> <li>Rs 468 crore has been allocated for providing subsidies to consumers through the Delhi Jal Board.</li> <li>Rs 482 crore has been provided as grants to municipalities for strengthening and mechanisation of sanitation services.</li> </ul>
Social Welfare and Nutrition	2,455	3,039	3,403	3,519	3%	<ul style="list-style-type: none"> <li>Rs 1,210 crore has been allocated for the Senior Citizen Pension Scheme (expansion of old age assistance) and Rs 560 crore has been allocated for providing pension to widows.</li> <li>Rs 253 crore has been allocated for providing unemployment allowance to disabled persons.</li> </ul>
Energy	1,697	1,815	1,759	1,790	2%	<ul style="list-style-type: none"> <li>Rs 1,720 crore has been allocated for providing subsidies to consumers through DISCOMs.</li> </ul>
<b>% of total expenditure</b>	<b>66%</b>	<b>68%</b>	<b>63%</b>	<b>65%</b>		

Sources: Delhi Annual Financial Statement 2019-20, Delhi Demands for Grants 2019-20; PRS.

## Receipts in 2019-20

- The **total revenue receipts** for 2019-20 are estimated to be Rs 50,017 crore, an increase of 11.6% over the revised estimate of 2018-19. Of this, Rs 43,300 crore (86.5% of the revenue receipts) will be raised by the state through its **own resources**, and Rs 6,717 crore (13.5% of the revenue receipts) will be **devolved by the centre** in the form of grants.
- **Central grants:** In 2019-20, revenue in the form of grants-in-aid is estimated to be Rs 6,717 crore, an increase of 16.3% over the revised estimate of 2018-19. In 2018-19, grants-in-aid revenue is estimated to increase by Rs 1,017 crore as per the revised figures (21.4% more than the budgeted estimate).
- **Non-tax revenue:** Delhi is estimated to generate Rs 800 crore through non-tax sources in 2019-20. Non-tax sources include interest receipts, dividends, and royalties, among others. Rs 429 crore is estimated to come in the form of interest received by the state from various sources.

**Table 4: Break up of state government receipts in 2019-20 (Rs crore)**

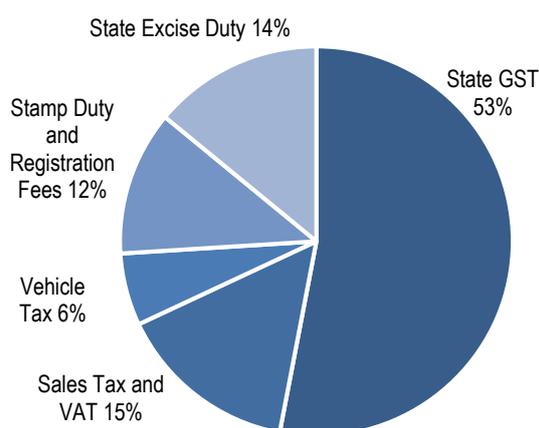
Items	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	% change from BE 2018-19 to RE of 2018-19	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20
State's Own Tax	35,717	42,000	38,400	-8.6%	42,500	10.7%
State's Own Non-Tax	766	800	650	-18.8%	800	23.1%
Grants-in-aid from Centre	2,184	4,757	5,774	21.4%	6,717	16.3%
<b>Total Revenue Receipts</b>	<b>38,667</b>	<b>47,557</b>	<b>44,824</b>	<b>-5.7%</b>	<b>50,017</b>	<b>11.6%</b>
Borrowings	1,906	2,924	5,800	98.4%	4,786	-17.5%
Other receipts	690	550	1,050	90.9%	750	-28.6%
<b>Total Capital Receipts</b>	<b>2,597</b>	<b>3,474</b>	<b>6,850</b>	<b>97.2%</b>	<b>5,536</b>	<b>-19.2%</b>
<b>Total Receipts</b>	<b>41,264</b>	<b>51,031</b>	<b>51,674</b>	<b>1.3%</b>	<b>55,553</b>	<b>7.5%</b>

Sources: Delhi Annual Financial Statement 2019-20; PRS.

- **Tax revenue:** The state's own tax revenue is estimated to be Rs 42,500 crore in 2019-20 (85% of the state's revenue receipts). This is 10.7% higher than the revised estimate of 2018-19. In 2018-19, tax revenue is estimated to decrease by Rs 3,600 crore (8.6%) at the revised stage.

The composition of the state's tax revenue is shown in Figure 2.

**Figure 2: Composition of the state's tax revenue in 2019-20 (budgeted estimates)**



Sources: Delhi Detailed Revenue Estimates 2019-20; PRS.

### GST Compensation

In 2019-20, the state expects to receive Rs 3,000 crore (6% of the revenue receipts) as compensation grants for loss of revenue due to GST.

In the revised estimates of 2018-19, this amount was Rs 3,500 crore (7.8% of the revenue receipts).

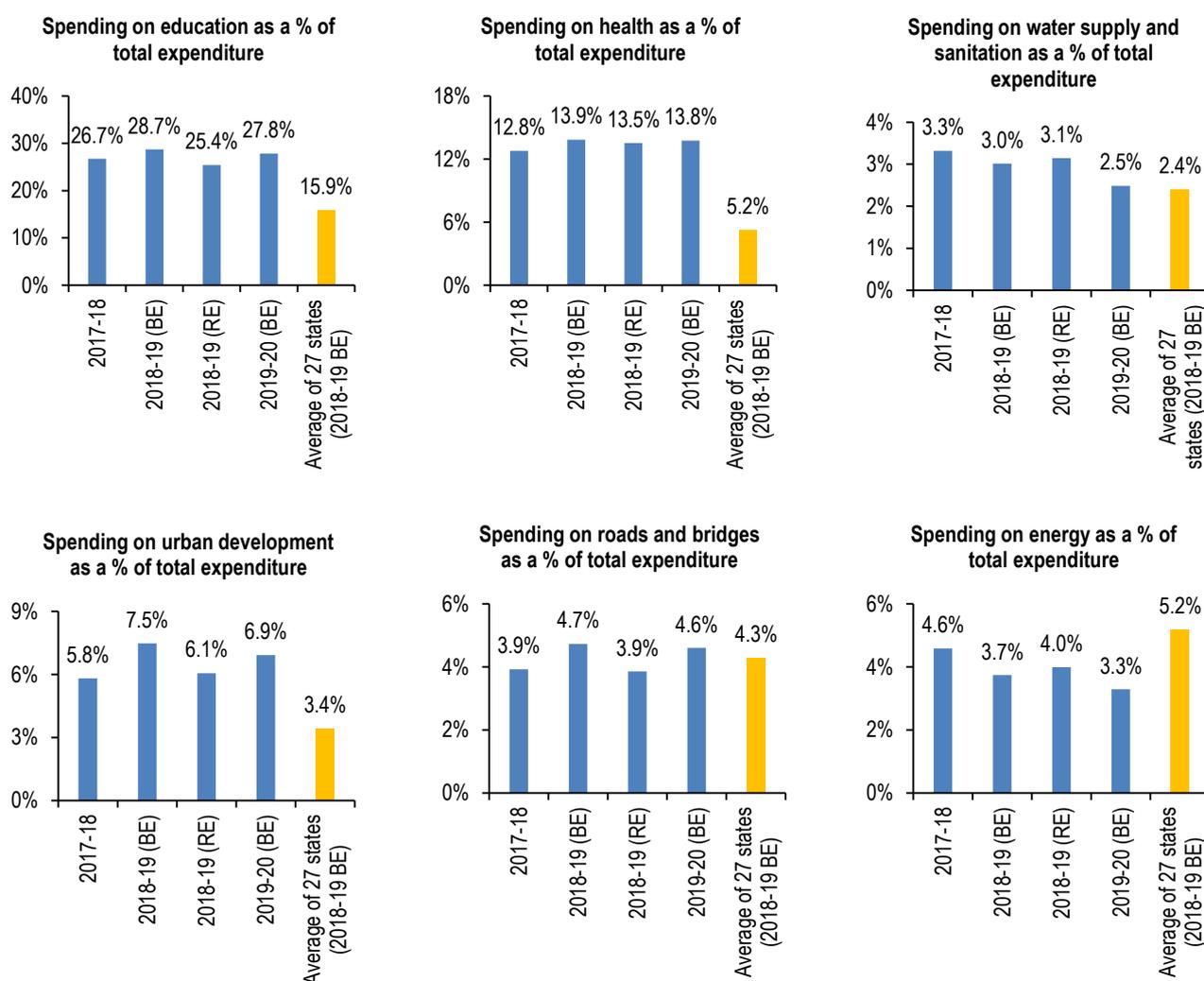
- State Goods and Services Tax (SGST) is the largest component of tax revenue of the state. It is expected to generate Rs 22,620 crore in 2019-20. This is an increase of 9.4% from the revised estimate of 2018-19.
- In 2019-20, Delhi is expected to generate Rs 6,000 crore through state excise duty. This is an increase of 15.4% over the revised estimate of 2018-19.
- In 2019-20 the state is expected to generate Rs 6,380 crore through the levy of sales tax and VAT (on items such as petroleum products). This is an increase of 9.4% over the 2018-19 revised estimate.
- In 2019-20 the state is expected to generate Rs 5,000 crore from stamp duty and registration fees, and Rs 2,500 crore from taxes on vehicles.

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## Annexure

The graphs below compare Delhi's expenditure on six key sectors, as a proportion of its total expenditure, with 26 other states.\* For this comparison, expenditure includes revenue expenditure and capital outlay.

- **Education:** Delhi has allocated 27.8% of its expenditure on education in 2019-20. This is significantly higher than the average expenditure (15.9%) allocated to education by other states (using 2018-19 BE).
- **Health:** Delhi has allocated 13.8% of its total expenditure on health, which is significantly higher than the average allocation by other states (5.2%).
- **Water supply and sanitation:** The state has allocated 2.5% of its total expenditure towards water supply and sanitation. This nearly equals the average allocation by other states (2.4%).
- **Urban development:** Delhi has allocated 6.9% of its expenditure on urban development. This is higher than the average allocation by other states (3.4%).
- **Roads and bridges:** Delhi has allocated 4.6% of its total expenditure towards roads and bridges, which is higher than the average allocation by other states (4.3%).
- **Energy:** Delhi has allocated 3.3% of its total expenditure on energy, which is lower than the average allocation by other states (5.2%).



Sources: Delhi Annual Financial Statement 2019-20; Annual Financial Statement 2018-19 of respective states; PRS.

\* The 26 other states include all states except Arunachal Pradesh, Manipur, and Meghalaya.