

Andhra Pradesh Budget Analysis 2021-22

The Finance Minister of Andhra Pradesh, Mr. Bugganna Rajendranath, presented the Budget for the state for the financial year 2021-22 on May 20, 2021. Note that due to the 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). Annexure to this note provides a comparison of the revised estimates for 2020-21 and budget estimates for 2021-22.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Andhra Pradesh for 2021-22 (at current prices) is projected to be Rs 10,61,781 crore. This is an annual increase of 4% over the actual GSDP of 2019-20. The GSDP for 2021-22 is estimated to be 5.1% higher than the revised estimate of GSDP for 2020-21 (Rs 10,19,146 crore). In 2020-21, the GSDP of Andhra Pradesh is estimated to grow by 4% over the previous year. In comparison, the GDP of India at current prices is estimated to contract by 3.8% in 2020-21 and grow by 14.4% in 2021-22.
- **Total expenditure** for 2021-22 is estimated to be Rs 2,29,779 crore, an annual increase of 15% over the actual expenditure in 2019-20.
- **Total receipts (excluding borrowings)** for 2021-22 are estimated to be Rs 1,77,247 crore, an annual increase of 24% over 2019-20. In 2020-21, total receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 43,433 crore (a shortfall of 27%).
- **Revenue deficit** for 2021-22 is estimated to be Rs 5,000 crore, which is 0.47% of the GSDP. In 2020-21, as per the revised estimate, revenue deficit is estimated at Rs 34,927 crore (3.46% of GSDP) as compared to a revenue deficit of Rs 18,434 crore (1.82% of GSDP) estimated at the budget stage.
- **Fiscal deficit** for 2021-22 is targeted at Rs 37,030 crore (3.49% of GSDP). In 2020-21, fiscal deficit is expected to be 5.38% of GSDP as per the revised estimate, higher than the budget estimate of 4.78% of GSDP.

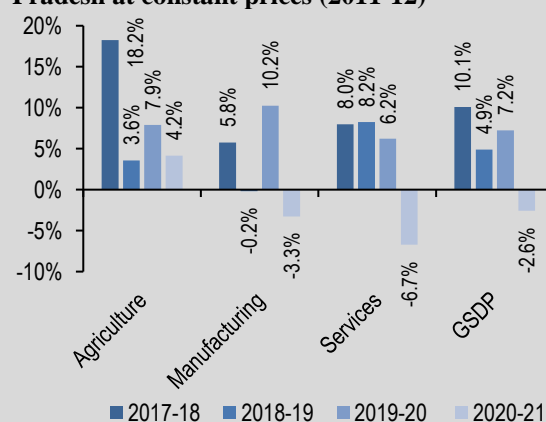
Policy Highlights

- **Dairy Development:** Under the GoAP-AMUL project, women farmers will be organised in 9,899 Mahila Dairy Sahakara Sanghalu. These groups will be provided with infrastructural and operational support to ensure remunerative price and economic development.
- **Budgets for women, child, and minorities:** The state government presented special statements on gender budget and child budget under the 2021-22 budget. It has also introduced a minority action plan under the budget which will encapsulate budget provisions for minorities.

Andhra Pradesh's Economy

- **GSDP:** In 2020-21, Andhra Pradesh's GSDP (at constant prices) is estimated to contract by 2.6% over the previous year. In 2019-20, GSDP is estimated to grow by 7.2%.
- In 2019-20, per capita GSDP of Andhra Pradesh was Rs 1,29,516 (at constant prices).
- **Sectors:** In 2020-21, agriculture, manufacturing, and services sectors contributed to 33%, 26%, and 41% of the economy. In 2020-21, manufacturing and services sectors registered negative growth.
- **Unemployment:** According to the Periodic Labour Force Survey 2018-19 (July 2018-June 2019), Andhra Pradesh has an unemployment rate of 5.3%, which is lower than the unemployment rate of 5.8% at the national level.

Figure 1: Growth in GSDP and sectors in Andhra Pradesh 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.
Sources: MOSPI; Andhra Pradesh Budget Documents 2021-22.

Budget Estimates for 2021-22

- **Total expenditure** in 2021-22 is targeted at Rs 2,29,779 crore. This is an annual increase of 15% over the actual expenditure in 2019-20. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 1,77,247 crore and borrowings of Rs 50,525 crore. **Total receipts** in 2021-22 (other than borrowings) are expected to register an annual increase of 24% over the actual receipts in 2019-20.
- As per the revised estimates for 2020-21, total expenditure is estimated to be 17% lower than the budget estimates. In 2020-21, receipts (other than borrowings) are estimated to be 27% lower than budgeted.
- The state expects a **revenue deficit** of Rs 5,000 crore in 2021-22 (0.47% of GSDP). In 2020-21, revenue deficit is estimated to be Rs 34,927 crore at the revised stage, as compared to the revenue deficit of Rs 18,434 crore estimated at the budget stage. **Fiscal deficit** for 2021-22 is estimated to be Rs 37,030 crore (3.49% of GSDP). In 2020-21, as per the revised estimates, fiscal deficit is estimated to increase to 5.38% of GSDP as compared to 4.78% 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	1,73,701	2,24,789	1,85,468	-17%	2,29,779	15%
A. Receipts (except borrowings)	1,15,389	1,62,558	1,19,126	-27%	1,77,247	24%
B. Borrowings	51,687	60,258	57,805	-4%	50,525	-1%
Total Receipts (A+B)	1,67,077	2,22,816	1,76,930	-21%	2,27,772	17%
Revenue Deficit	26,441	18,434	34,927	89%	5,000	-57%
As % of GSDP	2.72%	1.82%	3.46%		0.47%	
Fiscal Deficit	39,684	48,296	54,369	13%	37,030	-3%
As % of GSDP	4.08%	4.78%	5.38%		3.49%	
Primary Deficit	22,031	27,912	32,343	16%	14,290	-19%
As % of GSDP	2.26%	2.76%	3.20%		1.35%	

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

Expenditure in 2021-22

- **Capital expenditure** for 2021-22 is proposed to be Rs 47,583 crore, which is an annual increase of 15% over the actual capital 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 1,82,197 crore, which is an annual increase of 15% over 2019-20. This expenditure includes the payment of salaries, pensions, interest, and subsidies. In 2020-21, as per the revised estimates, revenue expenditure is estimated to be 15% lower than the budget estimates.

Capital Outlay

Andhra Pradesh's capital outlay for 2021-22 is estimated to be Rs 31,198 crore, which is an annual increase of 60% over 2019-20. The revised estimate for capital outlay in 2020-21 is Rs 18,797 crore which is 37% lower than the budget estimate. This includes a reduction of Rs 6,786 crore in the allocation towards irrigation and flood control, and a reduction of Rs 1,962 crore towards transport. This accounts for 79% of the total reduction in capital outlay in 2020-21.

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	36,226	44,397	32,478	-27%	47,583	15%
of which Capital Outlay	12,242	29,908	18,797	-37%	31,198	60%
Revenue Expenditure	1,37,475	1,80,393	1,52,990	-15%	1,82,197	15%
Total Expenditure	1,73,701	2,24,789	1,85,468	-17%	2,29,779	15%
A. Debt Repayment	18,625	13,935	11,973	-14%	15,503	-9%
B. Interest Payments	17,653	20,383	22,026	8%	22,740	13%
Debt Servicing (A+B)	36,278	34,318	33,999	-0.9%	38,243	3%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

Sectoral expenditure in 2021-22

The sectors listed below account for **67%** of the total expenditure on sectors by the state in 2021-22. A comparison of Andhra Pradesh's expenditure on the key sectors with other states can be found in Annexure 1.

Table 3: Sector-wise expenditure under Andhra Pradesh 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
Welfare of SC, ST, OBC, and Minorities	21,764	41,430	23,414	27,870	13%	<ul style="list-style-type: none"> Rs 17,000 crore has been allocated towards the YSR Pension Kanuka scheme.
Education, Sports, Arts, and Culture	26,643	25,517	24,268	27,212	1%	<ul style="list-style-type: none"> Rs 7,412 crore has been allocated towards teaching grants to Mandal Praja Parishads. Rs 3,500 crore has been allocated towards the Nadu-Nedu scheme to create infrastructure facilities for schools. Rs 2,031 crore has been allocated towards Samagra Shiksha Abhiyan.
Rural Development	8,327	13,544	14,252	14,943	34%	<ul style="list-style-type: none"> Rs 4,263 crore has been allocated towards MGNREGS. Rs 865 crore has been allocated towards providing interest-free loans to women under the Vaddileni Runalu scheme.
Health and Family Welfare	7,538	11,673	9,570	14,088	37%	<ul style="list-style-type: none"> Rs 3,202 crore has been allocated towards the National Health Mission. Rs 1,559 crore has been allocated towards the YSR Arogyasri Health Care Trust. Rs 500 crore has been allocated towards the COVID-19 vaccination.
Agriculture and allied activities	6,904	13,563	10,525	13,299	39%	<ul style="list-style-type: none"> Rs 3,845 crore has been allocated towards the YSR Rythu Bharosa scheme. Rs 1,803 crore has been allocated towards the YSR-PM Fasal Bima Yojana.
Irrigation and Flood Control	4,931	11,358	4,518	12,691	60%	<ul style="list-style-type: none"> Rs 4,802 crore has been allocated towards the Polavaram irrigation project. Rs 1,736 crore and Rs 1,043 crore has been allocated towards irrigation projects in Ongole and Anantapur, respectively.
Social Welfare and Nutrition	6,382	10,795	7,202	11,384	34%	<ul style="list-style-type: none"> Rs 1,556 crore has been allocated towards the YSR Sampoorana Poshana scheme. Rs 1,396 crore has been allocated towards the Integrated Child Development Service.
Urban Development	4,569	7,014	4,637	8,330	35%	<ul style="list-style-type: none"> Rs 1,000 crore has been allocated towards the Smart Cities scheme. Rs 531 crore has been allocated towards Andhra Pradesh Capital Region Development Authority. Rs 500 crore has been allocated towards creating essential infrastructure for the new capital city.
Transport	2,104	6,250	4,968	7,458	88%	<ul style="list-style-type: none"> Rs 3,007 crore has been allocated to the Road Transport Department. Rs 2,271 crore has been allocated towards capital outlay on roads and bridges.
Police	5,658	5,299	5,932	6,398	6%	<ul style="list-style-type: none"> Rs 3,561 crore has been allocated towards district police forces. Rs 236 crore has been allocated towards the intelligence branch.
% of total expenditure on all sectors	63%	70%	64%	67%		

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

Receipts in 2021-22

- **Total revenue receipts** for 2021-22 are estimated to be Rs 1,77,196 crore, an annual increase of 26% over 2019-20. Of this, Rs 92,315 crore (52%) will be raised by the state through its **own resources**, and Rs 84,881 crore (48%) will come **from the centre**. Resources from the centre will be in the form of the state's share in central taxes (15% of revenue receipts) and grants (33% of revenue receipts).
- **Devolution:** In 2021-22, receipts from the state's share in central taxes (devolution) are estimated to register an annual decrease of 2% over actual devolution in 2019-20. As per the revised estimates, devolution to Andhra Pradesh in 2020-21 is estimated to be 24% lower than the budget estimate. This may be 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 the state in 2021-22 is estimated to be Rs 85,265 crore, an annual increase of 22% over 2019-20. In 2020-21, as per the revised estimates, state's own tax revenue is estimated to be 19% lower than the budget estimates. In 2021-22, the state's own tax to GSDP ratio is targeted at 8% which is notably higher than the revised estimate of 5.7% in 2020-21. This implies that growth in the state's own tax is estimated to be higher than the economic growth.

Table 4: 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	57,601	70,653	57,359	-19%	85,265	22%
State's Own Non-Tax	3,315	5,866	3,310	-44%	7,050	46%
Share in Central Taxes	28,242	32,264	24,461	-24%	26,951	-2%
Grants-in-aid from Centre	21,876	53,175	32,934	-38%	57,931	63%
Total Revenue Receipts	1,11,034	1,61,958	1,18,063	-27%	1,77,196	26%
Borrowings	51,687	60,258	57,805	-4%	50,525	-1%
Other receipts	4,355	600	1,062	77%	50	-89%
Total Capital Receipts	56,043	60,858	58,867	-3%	50,576	-5%
Total Receipts	1,67,077	2,22,816	1,76,930	-21%	2,27,772	17%

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

- In 2021-22, State GST (SGST) is estimated to be Rs 31,000 crore, the largest source of the state's own tax revenue (36%). It is estimated to increase at an annual rate of 24% over the actual SGST revenue in 2019-20. In 2020-21, SGST is estimated to be 26% less than the budget estimate.
- In 2021-22, the state is expected to generate Rs 24,500 crore through the collection of Sales Tax/VAT, an annual increase of 7% over 2019-20.
- In 2020-21, the State Excise collection is estimated to be 46% higher than the budget estimate.
- In 2021-22, revenue from taxes and duties on electricity is estimated to be Rs 1,008 crore, significantly higher than Rs 13 crore in 2020-21 (revised estimate) and Rs 11 crore in 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).

The state has not estimated any GST compensation grants for either 2020-21 or 2021-22 in the budget. As per the revised estimates, the state is estimated to receive a loan amounting to Rs 2,136 crore in 2020-21 in lieu of GST compensation.

Table 5: 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 GST	20,227	25,604	18,871	-26%	31,000	24%	17%
Sales Tax/ VAT	21,410	25,743	17,800	-31%	24,500	7%	14%
State Excise	6,915	7,931	11,575	46%	15,000	47%	8%
Stamps Duty and Registration Fees	5,318	6,337	5,601	-12%	8,000	23%	5%
Taxes on Vehicles	3,279	4,463	2,920	-35%	5,000	23%	3%
Taxes and Duties on Electricity	11	13	13	-5%	1,008	846%	1%
Land Revenue	21	32	143	348%	172	184%	0%
GST Compensation Grants	1,841	-	-	-	-	-	-
GST Compensation Loans	-	-	2,136	-	-	-	-

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

Deficits, Debt, and FRBM Targets for 2021-22

The Andhra Pradesh 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 deficit: It is the excess of revenue expenditure over revenue receipts. A revenue deficit implies that the government needs to borrow to finance its expenses which do not increase its assets or reduces its liabilities. A revenue deficit indicates that the revenue receipts of the state are not sufficient to meet the revenue expenditure requirements. The budget estimates a revenue deficit of Rs 5,000 crore (or 0.47% of the GSDP) in 2021-22. In 2020-21, as per the revised estimates, revenue deficit is estimated at Rs 34,927 crore (3.46% of GSDP) as compared to a revenue deficit of Rs 18,434 crore (1.82% of GSDP) estimated at the budget stage. The 15th Finance Commission has recommended post-devolution revenue deficit grants of Rs 30,497 crore for Andhra Pradesh for the period between 2021-22 and 2023-24.

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 37,030 crore (3.49% of GSDP). As per the revised estimates, in 2020-21, the fiscal deficit of the state is estimated to be 5.38% of GSDP, which is higher than the budget estimate of 4.78%.

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. Andhra Pradesh's fiscal deficit for 2020-21 is expected to be 5.38%, which is higher than the increased limit. All states were allowed to increase their fiscal deficit up to 4% 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 17, 2021, the state has completed the first three reforms whereas it has partially completed the reforms in the power distribution. Andhra Pradesh is eligible to borrow Rs 9,090 crore for implementing these reforms.

Outstanding liabilities: Outstanding liabilities refers to the accumulation of total borrowings at the end of a financial year. In 2021-22, the outstanding liabilities are estimated to be 36.5% of the GSDP, higher than the revised estimate for 2020-21 (35.2% of GSDP). The outstanding liabilities are estimated to increase from 31% in 2019-20 to 36.5% in 2021-22.

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 lead to a decrease in total liabilities of Andhra Pradesh from 35% of GSDP in 2020-21 to 32.1% 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.

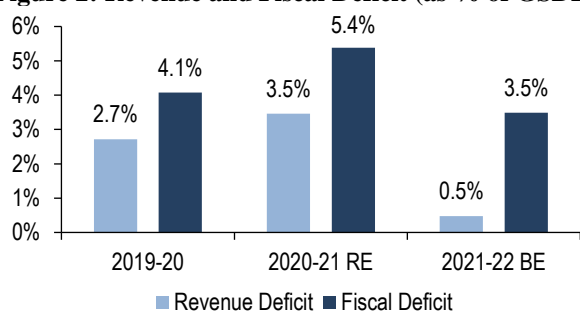
Table 6: Budget targets for deficits for Andhra Pradesh (% of GSDP)

Year	Revenue Deficit	Fiscal Deficit	Outstanding liabilities
2019-20 (Actuals)	2.7%	4.1%	31.0%
2020-21 (Revised)	3.5%	5.4%	35.2%
2021-22 (Budget)	0.5%	3.5%	36.5%

Note: Outstanding liabilities includes outstanding debt under Internal Debt, Loans and Advances from Centre, Small Savings, Provident Fund, and Deposit and Reserve Funds.

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

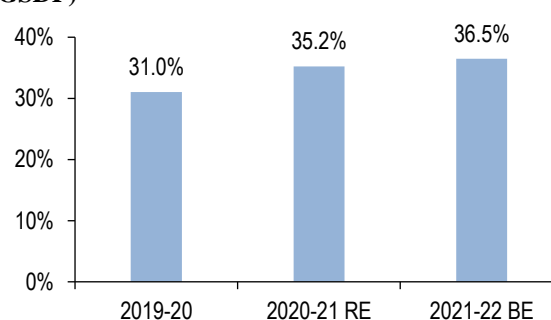
Figure 2: Revenue and Fiscal Deficit (as % of GSDP)



Note: RE is Revised Estimates; BE is Budget estimates.

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

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



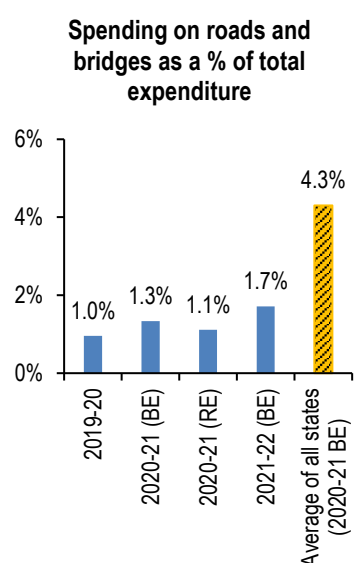
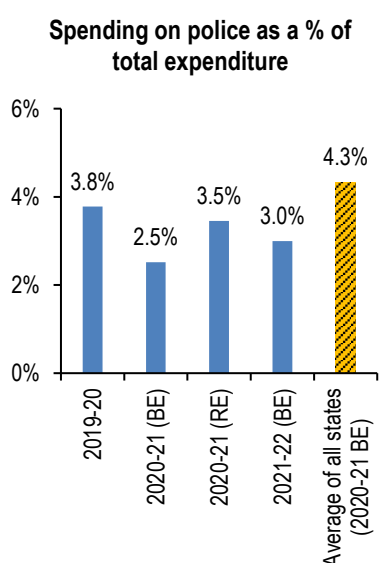
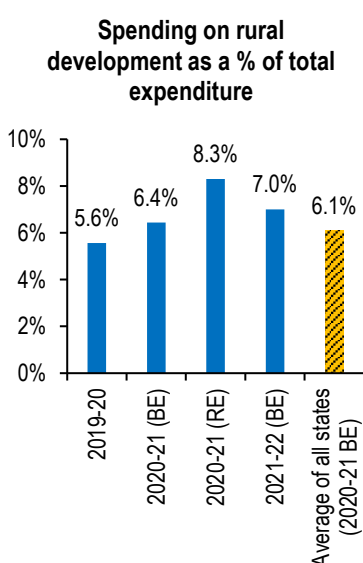
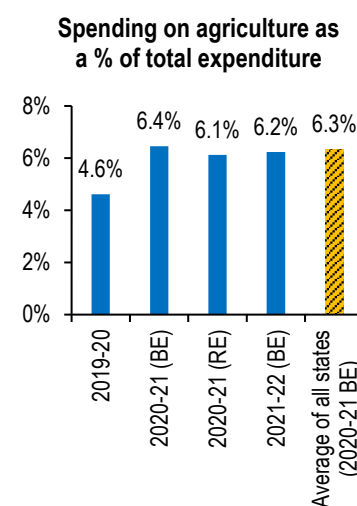
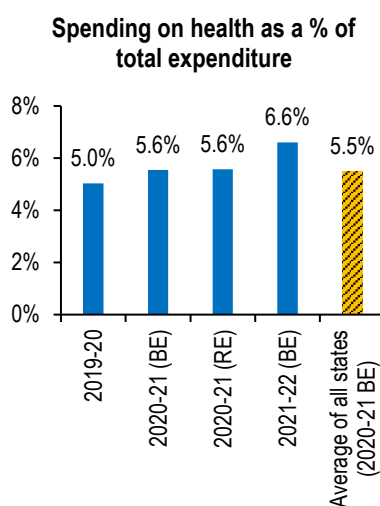
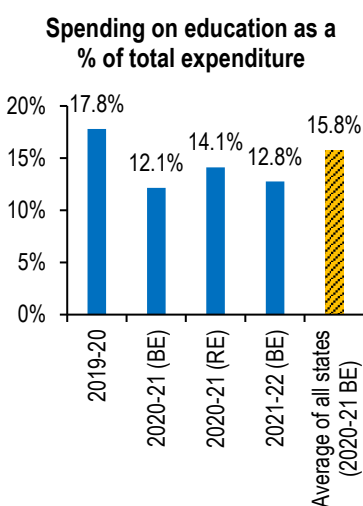
Note: RE is Revised Estimates; BE is budget estimates.

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Andhra Pradesh'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 Andhra Pradesh) as per their budget estimates of 2020-21.¹

- **Education:** Andhra Pradesh has allocated 12.8% of its total expenditure for education in 2021-22. This is lower than the average allocation (15.8%) for education by all states (2020-21 BE).
- **Health:** Andhra Pradesh has allocated 6.6% of its total expenditure on health, which is higher than the average allocation for health by states (5.5%).
- **Agriculture:** Andhra Pradesh has allocated 6.2% of its total expenditure towards agriculture and allied activities. This is similar to the average allocation for agriculture by states (6.3%).
- **Rural development:** Andhra Pradesh has allocated 7% of its expenditure on rural development. This is higher than the average allocation for rural development by states (6.1%).
- **Police:** Andhra Pradesh has allocated 3% of its total expenditure on police, which is lower than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Andhra Pradesh has allocated 1.7% of its total expenditure on roads and bridges, which is significantly lower than the average allocation by states (4.3%).



Note: 2019-20, 2020-21 (BE), 2020-21 (RE), and 2021-22 (BE) figures are for Andhra Pradesh. Sources: Andhra Pradesh 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, Andhra Pradesh will have a 1.66% 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, Andhra Pradesh will receive Rs 1.66. This is 8.2% lower than Rs 1.81 share recommended by the 14th FC for the 2015-20 period.

Table 7: 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 grants will be conditional. 17 states will receive revenue deficit grants during this period. Sector-specific grants include grants for sectors such as 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.

Table 8: Grants recommended for 2021-26 (Rs crore)

Grants	Total	Andhra Pradesh
Revenue deficit grants	2,94,514	30,497
Local governments grants	4,36,361	18,063*
Sector-specific grants	1,29,987	5,994#
Disaster management grants	1,22,601	6,183
State-specific grants	49,599	2,300
Total	10,33,062	63,037

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.

State-specific grants recommended for Andhra Pradesh include: (i) Rs 1,400 crore for the development of core infrastructure in Vishakhapatnam, and (ii) Rs 900 crore for the provision of safe and potable water.

Table 9: 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 10: Key Components of State's Receipts and Expenditure

Particular	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Receipts (1+2)	1,76,930	2,27,772	29%
Receipts except Borrowings	1,19,126	1,77,247	49%
1. Revenue Receipts (a+b+c+d)	1,18,063	1,77,196	50%
a. Own Tax Revenue	57,359	85,265	49%
b. Own Non-Tax Revenue	3,310	7,050	113%
c. Share in central taxes	24,461	26,951	10%
d. Grants-in-aid from the Centre	32,934	57,931	76%
<i>Of which GST compensation</i>	0	0	-
2. Capital Receipts	58,867	50,576	-14%
a. Borrowings	57,805	50,525	-13%
<i>Of which GST compensation loan</i>	2,136	-	-
Expenditure (3+4)	1,85,468	2,29,779	24%
3. Revenue Expenditure	1,52,990	1,82,197	19%
4. Capital Expenditure	32,478	47,583	47%
i. Capital Outlay	18,797	31,198	66%
ii. Debt Repayment	11,973	15,503	29%
Revenue Deficit	34,927	5,000	-86%
Fiscal Deficit	54,369	37,030	-32%
Revenue Deficit (as % of GSDP)	3.46%	0.47%	-
Fiscal Deficit (as % of GSDP)	5.38%	3.49%	-

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

Table 11: Key Components of State's Own Tax Revenue

Tax	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
State GST	18,871	31,000	64%
Sales Tax/ VAT	17,800	24,500	38%
State Excise Duty	11,575	15,000	30%
Stamps Duty and Registration Fees	5,601	8,000	43%
Taxes on Vehicles	2,920	5,000	71%
Taxes and Duties on Electricity	13	1,008	7964%
Land Revenue	143	172	20%

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

Table 12: Allocation towards Key Sector

Sector	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Welfare of SC, ST, OBC, and Minorities	23,414	27,870	19%
Education, Sports, Arts, and Culture	24,268	27,212	12%
Rural Development	14,252	14,943	5%
Health and Family Welfare	9,570	14,088	47%
Agriculture and allied activities	10,525	13,299	26%
Irrigation and Flood Control	4,518	12,691	181%
Social Welfare and Nutrition	7,202	11,384	58%
Urban Development	4,637	8,330	80%
Transport	4,968	7,458	50%
Police	5,932	6,398	8%

Sources: Andhra Pradesh Budget Documents 2021-22; PRS.

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