

# Delhi Budget Analysis 2021-22

The Finance Minister of Delhi, Mr. Manish Sisodia, presented the Budget for the financial year 2021-22 on March 9, 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, the 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 Delhi in 2020-21 (at current prices) is projected to be Rs 7,98,310 crore. This is 4% lower than the GSDP for 2019-20 (Rs 8,30,872 crore).
- **Total expenditure** for 2021-22 is estimated to be Rs 69,000 crore, a 16% annual increase over 2019-20. The revised expenditure for 2020-21 is Rs 59,000 crore, which is 9% lower than the budgeted estimate.
- **Total receipts (excluding borrowings)** for 2021-22 are estimated to be Rs 54,070 crore, an annual increase of 6% over 2019-20. In 2020-21, total receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 13,165 crore (23%), primarily due to a 34% shortfall in tax revenue.
- **Fiscal deficit** for the year 2021-22 is targeted at Rs 10,665 crore. In 2020-21, the revised figures estimate a fiscal deficit of Rs 12,491 crore, as compared to the budgeted estimate of Rs 5,080 crore. The budget estimates a **revenue surplus** of Rs 1,271 crore in 2021-22.
- Sectors such as Transport (40%), Health and Family Welfare (32%), and Education, Sports, Arts and Culture (15%) saw an annual increase in allocation, compared to the actual expenditure in 2019-20.

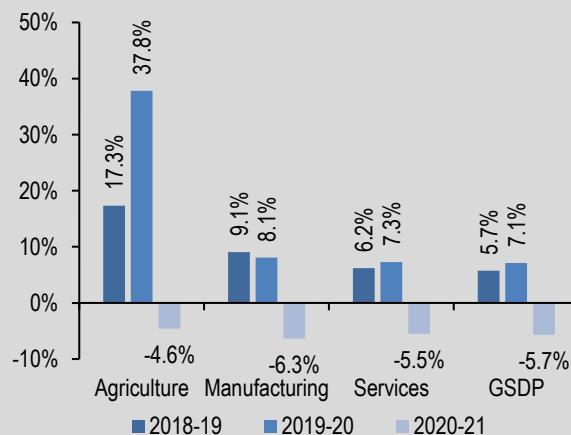
## Policy Highlights

- **Health:** The government proposes to provide COVID-19 vaccine free of cost to the people of Delhi across government hospitals. Further, a health card will be issued to all the citizens of Delhi, which is proposed to be used through an online Health Information Management System.
- **Education:** The school curriculum for classes nursery to 8 will be revised, with a focus on personality development of children. There will be one class daily on patriotism for all children in government schools. 100 schools of excellence will be opened for grades 9 to 12 in different parts of Delhi.
- **Tourism:** The government has proposed two new schemes, namely Delhi Heritage Promotion and Delhi Tourism Circuit. To ensure safety of women at tourist spots, CCTV cameras at entry points of all tourist spots, lighting up of dark spots, and facility of mobile vans at various tourist sites will be provided.

## Delhi's Economy

- **GSDP:** In 2020-21, Delhi's GSDP (at constant prices) is estimated to contract by 5.7%. In comparison, the overall GDP of the country is estimated to contract at a higher rate of 8%.
- **Sectors:** In 2020-21, agriculture (includes mining), manufacturing, and services sectors contributed to 3%, 14%, and 83% of the economy. These sectors contracted by 4.6%, 6.3%, and 5.5%, respectively.
- **Per capita GSDP:** The per capita GSDP of Delhi in 2020-21 (at constant prices) is estimated to be Rs 2,83,614, which is 7% lower than that in 2019-20 (Rs 3,06,385).
- **Unemployment:** According to the Periodic Labour Force Survey (for the period July 2018 – June 2019), the unemployment rate in Delhi was 10.4%, which is significantly higher than the all-India unemployment rate of 5.8%.

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



Note: The figures for agriculture includes that of mining and quarrying. These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.  
Sources: Delhi Economic Survey 2020-21; PRS.

## Budget Estimates for 2021-22

- **Total expenditure** in 2021-22 is targeted at Rs 69,000 crore. This is an annual increase of 16% over the actual expenditure in 2019-20. This expenditure is proposed to be met through **receipts (other than borrowings)** of Rs 54,070 crore and **borrowings** of Rs 9,285 crore. **Total receipts** for 2021-22 (other than borrowings) are expected to register an annual increase of 6% over 2019-20.
- As per the revised estimates for 2020-21, receipts (other than borrowings) are estimated to reduce by 23% over the budget estimates. In 2020-21, total expenditure is estimated to decrease by 9% from the budget to revised stage. In 2020-21, borrowings are estimated to increase by 261% from the budget to revised stage.
- **Revenue deficit** 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 reduce its liabilities. The budget estimates a **revenue surplus** of Rs 1,271 crore in 2021-22. In 2020-21, **revenue deficit** is estimated to be Rs 3,770 crore at the revised stage as compared to a target of revenue surplus of Rs 7,239 crore at the budget stage (a decrease of 152%).
- **Fiscal deficit** is the excess of total expenditure over total receipts. This gap is filled by borrowings which leads to an increase in total liabilities. **Fiscal deficit** for 2021-22 is estimated to be Rs 10,665 crore. In 2020-21, fiscal deficit has increased by 146% from the budget to the revised 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)
<b>Total Expenditure</b>	<b>51,186</b>	<b>65,000</b>	<b>59,000</b>	<b>-9%</b>	<b>69,000</b>	<b>16%</b>
A. Receipts (except borrowings)	47,958	56,409	43,244	-23%	54,070	6%
B. Borrowings	4,766	4,291	15,500	261%	9,285	40%
<b>Total Receipts (A+B)</b>	<b>52,724</b>	<b>60,700</b>	<b>58,744</b>	<b>-3%</b>	<b>63,355</b>	<b>10%</b>
<b>Revenue Balance</b>	<b>7,499</b>	<b>7,239</b>	<b>-3,770</b>	<b>-152%</b>	<b>1,271</b>	<b>-59%</b>
As % of GSDP	0.90%	-	-0.47%		-	
<b>Fiscal Balance</b>	<b>-417</b>	<b>-5,080</b>	<b>-12,491</b>	<b>146%</b>	<b>-10,665</b>	<b>406%</b>
As % of GSDP	-0.05%	-	-1.56%		-	
<b>Primary Balance</b>	<b>2,335</b>	<b>-2,018</b>	<b>-9,617</b>	<b>-377%</b>	<b>-7,331</b>	<b>-</b>
As % of GSDP	0.28%	-	-1.20%		-	

Note: GSDP is not available for 2020-21 BE and 2021-22 BE. BE is Budget Estimate; RE is Revised Estimate. For revenue balance, fiscal balance, and primary balance, positive numbers indicate surplus, negative indicate deficit.

Sources: Delhi Budget Documents 2021-22; Delhi Economic Survey 2020; PRS.

## Expenditure in 2021-22

- **Capital expenditure** for 2021-22 is proposed to be Rs 17,201 crore, which is an annual increase of 22% 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 creation of assets (such as bridges and hospitals), and (ii) repayment and grant of loans by the state government.
- In 2021-22, **capital outlay** is estimated to be Rs 10,557 crore, a 39% annual increase over 2019-20. The revised estimate of capital outlay for 2020-21 is 46% lower than the budget estimate.
- **Revenue expenditure** for 2021-22 is proposed to be Rs 51,799 crore, an annual increase of 14% over 2019-20. This expenditure includes the payment of salaries, pensions, and interest.

### Grants-in-aid to local bodies

In 2021-22, the state government proposes to provide Rs 3,764 crore as compensation to local bodies (5% of the total expenditure). In 2020-21, the revised estimate for compensation to local bodies is Rs 3,269 crore, 18% lower than the budget estimate.

**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	11,549	16,930	12,785	-24%	17,201	22%
of which Capital Outlay	5,472	9,999	5,415	-46%	10,557	39%
Revenue Expenditure	39,637	48,070	46,215	-4%	51,799	14%
<b>Total Expenditure</b>	<b>51,186</b>	<b>65,000</b>	<b>59,000</b>	<b>-9%</b>	<b>69,000</b>	<b>16%</b>
A. Debt Repayment	2,811	3,511	3,265	-7%	4,265	23%
B. Interest Payments	2,752	3,062	2,874	-6%	3,334	10%
<b>Debt Servicing (A+B)</b>	<b>5,563</b>	<b>6,573</b>	<b>6,139</b>	<b>-7%</b>	<b>7,599</b>	<b>17%</b>

Note: BE is Budget Estimate; RE is Revised Estimate. Capital outlay denotes expenditure which leads to the creation of assets.

Sources: Delhi Budget Documents 2021-22; PRS.

## Sectoral expenditure in 2021-22

The sectors listed below account for **75%** of the total expenditure on all sectors by the state in 2021-22. A comparison of Delhi's expenditure on key sectors with that by the other states is given in Annexure 1.

**Table 3: Sector-wise expenditure under Delhi 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	11,819	15,092	12,104	15,707	15%	<ul style="list-style-type: none"> <li>Assistance of Rs 1,460 crore has been provided to local bodies for primary education.</li> <li>Rs 670 crore has been budgeted for the Samagra Shiksha Abhiyaan.</li> <li>Rs 240 crore has been allocated towards the Right to Education Act.</li> </ul>
Health and Family Welfare	5,745	7,704	7,443	9,934	32%	<ul style="list-style-type: none"> <li>Rs 1,293 crore has been allocated for capital projects for development of health-related infrastructure, including upgradation of existing infrastructure in hospitals. Rs 1,480 crore has been allocated for the Delhi State Health Mission.</li> <li>Rs 50 crore has been allocated for providing free COVID-19 vaccines to Delhi citizens.</li> </ul>
Transport	4,540	7,344	6,245	8,944	40%	<ul style="list-style-type: none"> <li>Rs 2,200 crore has been provided as grants-in-aid to the Delhi Transport Corporation for meeting its working deficit.</li> <li>Rs 1,500 crore has been allocated as compensation for meeting deficit of cluster buses.</li> <li>Rs 486 crore has been provided for concessional passes and for subsidy for female travellers in DTC and cluster buses. Rs 467 crore has been budgeted for deploying marshals in them.</li> <li>Rs 500 crore has been allocated for street scaping and beautification of roads.</li> </ul>
Social Welfare and Nutrition	3,257	3,854	4,784	4,144	13%	<ul style="list-style-type: none"> <li>Rs 1,430 crore has been allocated for the Senior Citizen Pension Scheme.</li> <li>Rs 902 crore has been allocated to provide pension to widows.</li> <li>Rs 318 crore has been allocated for unemployment allowance for disabled persons.</li> </ul>
Energy	2,427	2,887	3,038	3,225	15%	<ul style="list-style-type: none"> <li>Rs 3,090 crore has been allocated for electricity subsidy to consumers through discoms.</li> </ul>
Urban Development	2,674	3,325	2,528	3,083	7%	<ul style="list-style-type: none"> <li>Rs 1,550 crore has been allocated for the development of unauthorised colonies of Delhi.</li> <li>Rs 512 crore has been provided to municipal corporations for strengthening and mechanisation of conservancy and sanitation services.</li> </ul>
Water Supply and Sanitation	1,415	1,920	1,892	1,631	7%	<ul style="list-style-type: none"> <li>Rs 600 crore has been allocated for providing subsidy to consumers for free water. Rs 300 crore has been provided as grants to the Delhi Jal Board for providing potable water supply in unauthorised colonies.</li> </ul>
<b>% of total expenditure on all sectors</b>	<b>71%</b>	<b>73%</b>	<b>74%</b>	<b>75%</b>		

Sources: Delhi Budget Documents 2021-22; PRS.

## Receipts in 2021-22

- **Total revenue receipts** for 2021-22 are estimated to be Rs 53,070 crore, an annual increase of 6% over 2019-20. Of this, Rs 44,000 crore (83% of the revenue receipts) will be raised by the state through its **own resources**, and Rs 9,070 crore (17% of the revenue receipts) will be in the form of grants-in aid from the **central government**.
- **Central Grants:** In 2021-22, revenue in the form of grants-in-aid from the centre is estimated to be Rs 9,070 crore, an annual decrease of 2% over 2019-20. As per the revised estimate of 2020-21, grants-in-aid are estimated to be 15% (or Rs 1,535 crore) higher than the year's budget estimate.
- **State's own tax and non-tax revenue:** Total own tax revenue of Delhi is estimated to be Rs 43,000 crore in 2021-22, an annual increase of 8% over 2019-20. In 2020-21, as per the revised estimate, state's own tax revenue is estimated to be 34% lower than the budget estimate. Further, in 2020-21, Delhi's own non-tax revenue (as per the revised estimate) is estimated to be 50% higher than the budget estimate. This can be attributed to an increase in interest receipts, and fines and penalties, among others.

**Table 4: Break-up of the state government's 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	36,566	44,100	29,300	-34%	43,000	8%
State's Own Non-Tax	1,097	800	1,200	50%	1,000	-5%
Grants-in-aid from Centre	9,473	10,409	11,944	15%	9,070	-2%
<b>Total Revenue Receipts</b>	<b>47,136</b>	<b>55,309</b>	<b>42,444</b>	<b>-23%</b>	<b>53,070</b>	<b>6%</b>
Borrowings	4,766	4,291	15,500	261%	9,285	40%
Other receipts	823	1,100	800	-27%	1,000	10%
<b>Total Capital Receipts</b>	<b>5,588</b>	<b>5,391</b>	<b>16,300</b>	<b>202%</b>	<b>10,285</b>	<b>36%</b>
<b>Total Receipts</b>	<b>52,724</b>	<b>60,700</b>	<b>58,744</b>	<b>-3%</b>	<b>63,355</b>	<b>10%</b>

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

Sources: Delhi Budget Documents 2021-22; PRS.

- In 2021-22, State Goods and Services Tax (SGST) is estimated to be the largest source of the state's own tax revenue (55%). SGST in 2021-22 is estimated at Rs 23,800 crore, which is an annual increase of 11% over 2019-20. In 2020-21, SGST is estimated to be 31% lower than the budget estimate.
- In 2021-22, Delhi is expected to generate Rs 6,200 crore through the collection of Sales Tax and VAT, an annual increase of 6% over 2019-20. In 2020-21, the Sales Tax and VAT collection is estimated to decrease by 42% over the budget estimate.

### 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).

Delhi has estimated to receive a total of Rs 6,000 crore in the form of GST compensation grants in 2021-22, which is an annual decrease of 10% over the grants in 2019-20. In 2020-21, compensation receipts of Delhi are estimated to increase by 41% from Rs 7,800 crore at the budgeted stage to Rs 11,000 crore (including Rs 5,000 crore as grants and Rs 6,000 crore as loans) at the revised stage.

**Table 5: Major sources of state's own tax revenue (in Rs crore)**

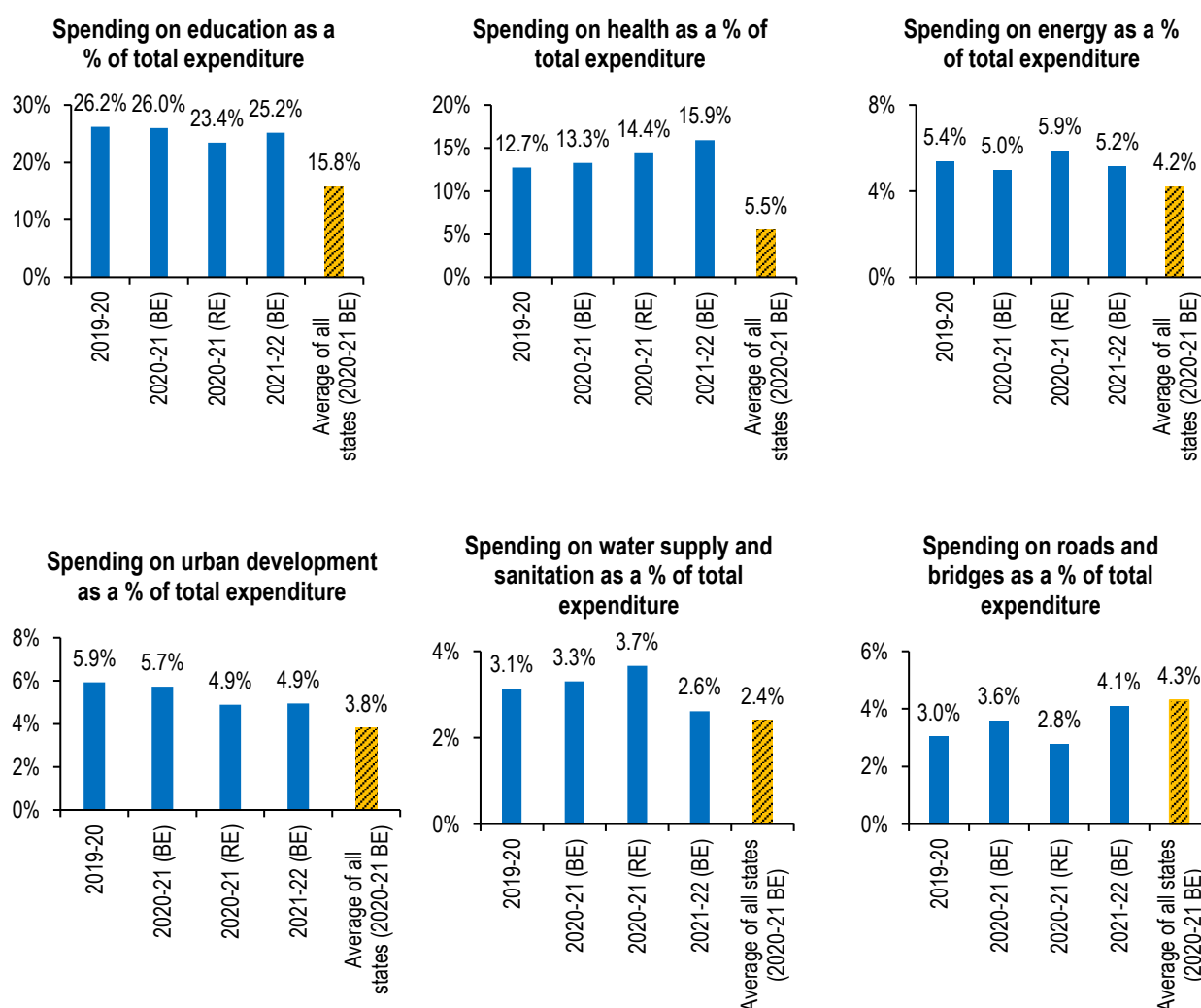
Head	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	% of Revenue Receipts in 2021-22
<b>State's own tax revenue</b>	<b>36,566</b>	<b>44,100</b>	<b>29,300</b>	<b>-34%</b>	<b>43,000</b>	<b>8%</b>	<b>81%</b>
State GST (SGST)	19,465	23,800	16,386	-31%	23,800	11%	45%
Sales Tax/ VAT	5,475	6,200	3,614	-42%	6,200	6%	12%
State Excise	5,068	6,300	4,499	-29%	6,000	9%	11%
Stamps Duty and Registration Fees	4,606	5,297	3,297	-38%	4,997	4%	9%
Taxes on Vehicles	1,948	2,500	1,500	-40%	2,000	1%	4%
<b>GST Compensation Grants</b>	<b>7,436</b>	<b>7,800</b>	<b>5,000</b>	<b>-36%</b>	<b>6,000</b>	<b>-10%</b>	<b>11%</b>
<b>GST Compensation Loans</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Sources: Delhi Budget Documents 2021-22; PRS.

## Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Delhi's expenditure on six key sectors as a proportion of its total expenditure on all sectors (i.e., a sum of revenue expenditure and capital outlay for that sector). The average indicates the average expenditure in that sector by 30 states (including Delhi) as per their 2020-21 budget estimates. As agriculture contributes 3% to Delhi's economy and less than 3% of its population is rural, spending on agriculture and rural development is only 1% of total spending.<sup>1</sup> Further, as Delhi is the national capital, some expenditure on urban development and police is also made by the centre. This allows Delhi to allocate more funds to other sectors.

- **Education:** Delhi has allocated 25.2% of its total expenditure for education in 2021-22. This is significantly higher than the average allocation (15.8%) for education by all states (2020-21 BE).
- **Health:** Delhi has allocated 15.9% of its total expenditure on health, which is almost three times higher than the average allocation for health by states (5.5%).
- **Water supply and sanitation:** The state has allocated 2.6% of its total expenditure towards water supply and sanitation. This is slightly higher than the average allocation for water and sanitation by states (2.4%).
- **Urban development:** Delhi has allocated 4.9% of its expenditure on urban development. This is higher than the average allocation for urban development by states (3.8%).
- **Energy:** Delhi has allocated 5.2% of its total expenditure on energy, which is higher than the average expenditure on energy by states (4.2%).
- **Roads and bridges:** Delhi has allocated 4.1% of its total expenditure on roads and bridges, which is slightly 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 Delhi.

Sources: Delhi Budget Documents 2021-22; various state budgets; PRS.

<sup>1</sup> Economic Survey, 2019-20, [http://delhiplanning.nic.in/sites/default/files/Chapter%2010\\_0.pdf](http://delhiplanning.nic.in/sites/default/files/Chapter%2010_0.pdf).



## Annexure 2: 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 6: Taxes devolved to states as per Union Budget 2021-22**

Particular	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
<b>Receipts (1+2)</b>	<b>58,744</b>	<b>63,355</b>	<b>8%</b>
Receipts except Borrowings	43,244	54,070	25%
1. Revenue Receipts (a+b+c+d)	42,444	53,070	25%
a. Own Tax Revenue	29,300	43,000	47%
b. Own Non-Tax Revenue	1,200	1,000	-17%
c. Grants-in-aid from the Centre	11,944	9,070	-24%
<i>Of which GST compensation</i>	5,000	6,000	20%
2. Capital Receipts	16,300	10,285	-37%
a. Borrowings	15,500	9,285	-40%
<i>Of which GST compensation loan</i>	6,000	-	-
<b>Expenditure (3+4)</b>	<b>59,000</b>	<b>69,000</b>	<b>17%</b>
3. Revenue Expenditure	46,215	51,799	12%
4. Capital Expenditure	12,785	17,201	35%
i. Capital Outlay	5,415	10,557	95%
ii. Debt Repayment	3,265	4,265	31%
<b>Revenue Balance</b>	<b>3,770</b>	<b>-1,271</b>	<b>-134%</b>
<b>Fiscal Balance</b>	<b>-12,491</b>	<b>-10,665</b>	<b>15%</b>

Note: Negative value indicates deficit, positive indicates surplus.

Sources: Delhi Budget Documents 2021-22; PRS.

**Table 7: 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	16,386	23,800	45%
Sales Tax/VAT	3,614	6,200	72%
State Excise Duty	4,499	6,000	33%
Stamps Duty and Registration Fees	3,297	4,997	52%
Taxes on Vehicles	1,500	2,000	33%

Sources: Delhi Budget Documents 2021-22; PRS.

**Table 8: 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	12,104	15,707	30%
Health and Family Welfare	7,443	9,934	33%
Transport	6,245	8,944	43%
<i>of which Roads and Bridges</i>	1,442	2,555	77%
Social Welfare and Nutrition	4,784	4,144	-13%
Energy	3,038	3,225	6%
Urban Development	2,528	3,083	22%
Water Supply and Sanitation	1,892	1,631	-14%
Irrigation and Flood Control	391	798	104%
Welfare of SC, ST, OBC, and Minorities	278	470	69%
Agriculture and allied activities	262	355	35%
Rural Development	72	334	361%
Housing	126	177	41%
Police	351	118	-66%

Sources: Delhi Budget Documents 2021-22; PRS.

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