

Gujarat Budget Analysis 2021-22

The Finance Minister of Gujarat, Mr. Nitin Patel, presented the Budget for the state for the financial year 2021-22 on March 3, 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 Gujarat for 2021-22 (at current prices) is projected to be Rs 18,79,826 crore. This is an annual increase of 7% over the actual GSDP of 2019-20, and 13.3% higher than the revised estimate of GSDP for 2020-21 (Rs 16,58,865 crore). In 2020-21, GSDP is estimated to be 12% lower than the budget estimate.
- **Total expenditure** for 2021-22 is estimated to be Rs 2,23,333 crore, a 10% annual increase over the actual expenditure in 2019-20.
- **Total receipts (excluding borrowings)** for 2021-22 are estimated to be Rs 1,68,219 crore, an annual increase of 8% over 2019-20. In 2020-21, total receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 30,158 crore (a shortfall of 19%).
- **Revenue surplus** for 2021-22 is estimated to be Rs 1,209 crore, which is 0.06% of the GSDP. In 2020-21, as per the revised figures, **revenue deficit** is estimated at Rs 21,952 crore (1.32% of GSDP) as compared to a revenue surplus of Rs 789 crore (0.04% of GSDP) estimated at the budget stage.
- **Fiscal deficit** for 2021-22 is targeted at Rs 30,783 crore (1.64% of GSDP). In 2020-21, the revised estimate for fiscal deficit is expected to be 3.10% of GSDP, higher than the budget estimate of 1.78% of GSDP.

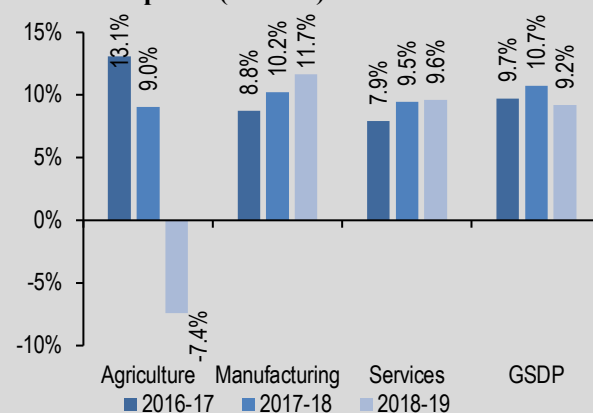
Policy Highlights

- **Agriculture:** Unproductive fallow government land will be utilised for horticulture and herbal crops under Mukhyamantri Bagayat Vikas Mission. Agriculture Organic Market Scheme will allow farmers to directly sell organic farm produce in urban areas of Ahmedabad, Vadodara, Surat, and Rajkot. Kisan Suryodaya Yojana has been introduced to provide day-time power supply to farmers.
- **GIFT City:** Aircraft leasing business carried out of GIFT city and financial transactions done by brokers at the GIFT city have been exempted from stamp duty to attract investment and generate new employment opportunities. International Mediation and Arbitration Centre will be established at the GIFT city.
- **Industry:** Bulk Drug Industrial Park will be established at Jambusar and Medical Device Industrial Park will be established at Rajkot to strengthen the pharmacy and medical sector.

Gujarat's Economy

- **GSDP:** Gujarat's GSDP (at constant prices) grew at a rate 9.2% in 2018-19, which was lower than the growth rate in 2017-18 (10.7%).
- **Sectors:** In 2018-19, agriculture, manufacturing, and services sectors contributed to 17%, 47%, and 36% of the economy. In 2018-19, agriculture sector contracted by 7.4%.
- **Per capita GSDP:** The per capita GSDP of Gujarat in 2018-19 (at constant prices) was Rs 1,75,630, 7.7% higher than in 2017-18.
- **Unemployment:** According to the Periodic Labour Force Survey 2018-19, Gujarat has an unemployment rate of 3.2%, which is significantly lower than all-India unemployment rate of 5.8%.

Figure 1: Growth in GSDP and sectors in Gujarat 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 2,23,333 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 1,68,219 crore and borrowings of Rs 50,501 crore. **Total receipts** for 2021-22 (other than borrowings) are expected to register an annual increase of 8% over 2019-20.
- As per the revised estimates for 2020-21, total expenditure is estimated to decrease by 10% over the budget estimates. In 2020-21, receipts (other than borrowings) are estimated to reduce by 19% from the budget to revised stage. Borrowings in 2020-21 are estimated to increase by 31% from the budget to revised stage.
- The state expects a **revenue surplus** of Rs 1,209 crore in 2021-22 (0.06% of GSDP). In 2020-21, **revenue deficit** is estimated to be Rs 21,952 crore at the revised stage as compared to the revenue surplus of Rs 789 crore estimated at the budget stage. **Fiscal deficit** for 2021-22 is estimated to be Rs 30,783 crore (1.64% of GSDP). In 2020-21, fiscal deficit is estimated to increase to 3.10% of GSDP at the revised stage as compared to 1.78% 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	1,84,563	2,14,133	1,91,897	-10%	2,23,333	10%
A. Receipts (except borrowings)	1,43,280	1,62,712	1,32,554	-19%	1,68,219	8%
B. Borrowings	43,491	46,501	61,008	31%	50,501	8%
Total Receipts (A+B)	1,86,771	2,09,213	1,93,562	-7%	2,18,720	8%
Revenue Balance	1,945	789	-21,952	-	1,209	-21%
As % of GSDP	0.12%	0.04%	-1.32%		0.06%	
Fiscal Balance	-24,581	-33,536	-51,381	53%	-30,783	12%
As % of GSDP	-1.49%	-1.78%	-3.10%		-1.64%	
Primary Balance	-2,133	-9,665	-26,959	179%	-4,861	51%
As % of GSDP	-0.13%	-0.51%	-1.63%		-0.26%	

Note: BE is Budget Estimates; RE is Revised Estimates. For revenue balance, fiscal balance, and primary balance, positive values indicate surplus and negative values indicate deficit.

Sources: Gujarat Budget Documents 2021-22; PRS.

Expenditure in 2021-22

- **Capital expenditure** for 2021-22 is proposed to be Rs 56,572 crore, which is an annual increase of 14% 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 1,66,761 crore, which is an annual increase of 9% 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 50,252 crore, an annual increase of 13% over 2019-20. In 2020-21, revised estimate for debt servicing is 22% lower than the budget estimate.

Capital Outlay

Gujarat's capital outlay for 2021-22 is estimated to be Rs 30,816 crore, which is annual increase of 10% over 2019-20. The revised estimate for capital outlay in 2020-21 is Rs 28,454 crore which is 15% lower than the budget estimate. This includes reduction of Rs 2,754 crore in the allocation towards irrigation and flood control. This accounts for 56% 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	43,664	52,475	37,651	-28%	56,572	14%
of which Capital Outlay	25,651	33,371	28,454	-15%	30,816	10%
Revenue Expenditure	1,40,899	1,61,658	1,54,246	-5%	1,66,761	9%
Total Expenditure	1,84,563	2,14,133	1,91,897	-10%	2,23,333	10%
A. Debt Repayment	16,702	17,885	7,961	-55%	24,330	21%
B. Interest Payments	22,449	23,871	24,421	2%	25,922	7%
Debt Servicing (A+B)	39,150	41,756	32,383	-22%	50,252	13%

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

Sources: Gujarat Budget Documents 2021-22; PRS.

Sectoral expenditure in 2021-22

The sectors listed below account for **57%** of the total expenditure on all sectors by the state in 2021-22. A comparison of Gujarat's expenditure on the key sectors with other states can be found in Annexure 1.

Table 3: Sector-wise expenditure under Gujarat 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	25,202	27,932	27,356	28,503	6%	<ul style="list-style-type: none"> Rs 573 crore has been allocated to Samagra Shiksha Abhiyan and Rs 204 crore has been allocated to Mid-Day Meal Scheme.
Energy	12,310	12,660	13,137	12,895	2%	<ul style="list-style-type: none"> Rs 8,411 crore has been allocated towards subsidy to farmers for electricity usage in agriculture.
Urban Development	11,902	11,828	10,770	11,943	0%	<ul style="list-style-type: none"> Rs 4,563 crore has been allocated to the Swarnim Jayanti Mukyamantri Shaheri Vikas Yojana. Rs 900 crore has been allocated towards Pradhan Mantri Awas Yojana (Urban).
Health and Family Welfare	10,283	11,225	11,232	11,304	5%	<ul style="list-style-type: none"> Rs 1,106 crore has been allocated towards Mukyamantri Amrutum and Ma-Vatsalya Yojana. Rs 404 crore has been allocated towards National Health Mission.
Irrigation and Flood Control	9,804	10,922	7,967	10,137	2%	<ul style="list-style-type: none"> Rs 1,071 crore has been allocated towards the third phase of the Saurashtra Narmada Avtaran Irrigation Yojana and Rs 1,349 crore has been allocated towards irrigation projects in tribal areas.
Transport	8,985	9,302	10,469	9,705	4%	<ul style="list-style-type: none"> Rs 2,893 crore has been allocated for six-laning of the Ahmedabad-Bagodara-Rajkot road.
Agriculture and allied activities	7,349	8,914	8,616	8,752	9%	<ul style="list-style-type: none"> Rs 698 crore has been allocated for intensification of agricultural research and educational programmes in state agricultural universities.
Social Welfare and Nutrition	6,611	6,609	9,293	7,160	4%	<ul style="list-style-type: none"> Rs 1,032 crore has been allocated towards Vrudhdh Pension Yojana, Niradhar Vrudhdh Yojana, and Vaya Vandana Yojana. Rs 939 crore has been allocated towards supplementary nutrition schemes.
Rural Development	5,400	6,986	6,854	6,612	11%	<ul style="list-style-type: none"> Rs 1,250 crore has been allocated towards Pradhan Mantri Awas Yojana (Gramin). Rs 2,011 crore has been allocated towards Mukhyamantri Gram Sadak Yojana.
Police	5,117	6,286	5,380	6,512	13%	<ul style="list-style-type: none"> Rs 5,250 crore has been allocated towards district police forces.
% of total expenditure on all sectors	62%	58%	61%	57%		

Sources: Gujarat Budget Documents 2021-22; 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, Gujarat is estimated to spend Rs 78,713 crore on committed expenditure, which is 47% of its revenue receipts. This is an annual increase of 5% over 2019-20. This comprises spending on salaries (21% of revenue receipts), pension (10% of revenue receipts), and interest payments (15% of revenue receipts). In 2020-21, payment towards salaries decreased by 13% and payment towards pension increased by 10% from the budget to 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	31,845	37,420	32,680	-13%	35,948	6%
Pensions	17,663	16,114	17,668	10%	16,843	-2%
Interest	22,449	23,871	24,421	2%	25,922	7%
Total Committed Expenditure	71,956	77,406	74,769	-3%	78,713	5%

Sources: Gujarat Budget Documents 2021-22; PRS.

Receipts in 2021-22

- **Total revenue receipts** for 2021-22 are estimated to be Rs 1,67,969 crore, an annual increase of 8% over 2019-20. Of this, Rs 1,02,828 crore (61%) will be raised by the state through its **own resources**, and Rs 65,142 crore (39%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (14% of revenue receipts) and grants (25% 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 7% over 2019-20. However, as per the 2020-21 revised estimate, 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 Gujarat is estimated to be Rs 86,026 crore in 2021-22, an annual increase of 4% over the actual tax revenue in 2019-20. In 2020-21, as per the revised estimate, state's own tax revenue is estimated to be 10% lower than the budget estimate. In 2021-22, state's own tax to GDP ratio is targeted at 4.6% which is similar to the revised estimate of 4.5% of 2020-21. This implies that the state's own tax growth has been at par with the economic growth.

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	79,008	82,579	74,645	-10%	86,026	4%
State's Own Non-Tax	18,104	14,600	12,811	-12%	16,802	-4%
Share in Central Taxes	20,232	26,660	18,703	-30%	23,162	7%
Grants-in-aid from Centre	25,500	38,609	26,136	-32%	41,980	28%
Total Revenue Receipts	1,42,844	1,62,447	1,32,294	-19%	1,67,969	8%
Borrowings	43,491	46,501	61,008	31%	50,501	8%
Other receipts	436	265	260	-2%	250	-24%
Total Capital Receipts	43,927	46,766	61,268	31%	50,751	7%
Total Receipts	1,86,771	2,09,213	1,93,562	-7%	2,18,720	8%

Note: State's Own Tax and Grants from Centre figures have been adjusted to account for GST compensation grants as Grants from Centre.

Sources: Gujarat Budget Documents 2021-22; PRS.

- In 2021-22, SGST is estimated to be Rs 36,612 crore, which is the largest source (43%) of the state's own tax revenue. This is an annual increase of 4% over the actual SGST revenue in 2019-20. In 2020-21, revised estimate of SGST is estimated to be similar to the budget estimate.
- In 2021-22, Gujarat is expected to generate Rs 23,230 crore through the collection of Sales Tax and VAT, an annual increase of 5% over 2019-20. In 2020-21, the Sales Tax and VAT collection is estimated to decrease by 14% over the budget estimates.

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 estimates of 2020-21, Gujarat is estimated to receive a total of Rs 8,765 crore in the form of GST compensation grants which is 18% lower than that in 2019-20. In 2020-21, the state is also expected borrow Rs 9,222 crore as GST compensation loan. In 2021-22, the state is estimated to receive compensation grants of Rs 25,666 crore.

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 GST	34,107	33,045	33,062	0%	36,612	4%	22%
Sales Tax/ VAT	21,072	23,230	19,972	-14%	23,230	5%	14%
Taxes and Duties on Electricity	8,774	8,700	8,590	-1%	8,700	0%	5%
Stamp Duty and Registration Fees	7,701	8,700	6,945	-20%	8,700	6%	5%
Taxes on Vehicles	3,847	4,558	2,916	-36%	4,558	9%	3%
Land Revenue	2,359	3,000	2,044	-32%	2,841	10%	2%
GST Compensation Grants	10,647	22,515	8,765	-61%	25,666	55%	15%
GST Compensation Loans	-	-	9,222	-	-	-	-

Note: State's Own Tax and Grants from Centre figures have been adjusted to account for GST compensation grants as Grants from Centre.

Sources: Gujarat Budget Documents 2021-22; PRS.

Deficits, Debt, and FRBM Targets for 2021-22

The Gujarat Fiscal Responsibility Act, 2005 (FRBM Act) 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. A revenue surplus implies that the government does not need to borrow to finance its expenses which do not increase its assets or reduces its liabilities. A revenue surplus implies that the revenue receipts of the state are sufficient to meet the revenue expenditure requirements. The budget estimates a revenue surplus of Rs 1,209 crore (0.06% of the GSDP) in 2021-22. The 15th Finance Commission has not recommended any revenue deficit grants for Gujarat for the period of 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 30,783 crore (1.64% of GSDP). This is lower 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 3.10% of GSDP, which is higher than the budget estimate of 1.78%.

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. All states have been 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, Gujarat is eligible to borrow Rs 8,704 crore for implementing the first two reforms.

Outstanding debt: Outstanding debt is the accumulation of total borrowings at the end of a financial year. In 2021-22, the outstanding debt is expected to be 17.4% of GSDP, lower than the revised estimate for 2020-21 (18.1% of GSDP). The outstanding debt is estimated to increase from 16.2% in 2019-20 to 17.4% 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 allow Gujarat to decrease its total liabilities from 30.6% of GSDP in 2020-21 to 29.8% 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.

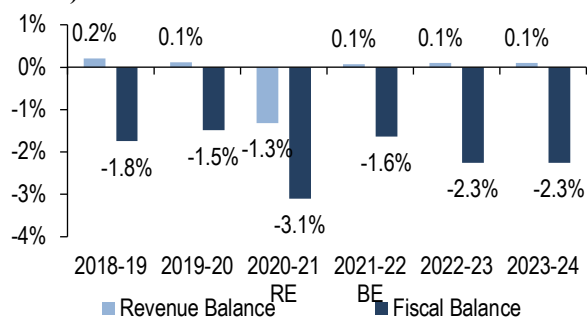
Table 7: Budget targets for deficits for Gujarat (% of GSDP)

Year	Revenue Balance	Fiscal Balance	Outstanding Debt
2018-19 (Actuals)	0.2%	-1.8%	16.0%
2019-20 (Actuals)	0.1%	-1.5%	16.2%
2020-21 (Revised)	-1.3%	-3.1%	18.1%
2021-22 (Budget)	0.1%	-1.6%	17.4%
2022-23 (Target)	0.1%	-2.3%	17.5%
2023-24 (Target)	0.1%	-2.3%	17.0%

Note: Outstanding debt includes outstanding debt under Internal Debt, Loans and Advances from Centre, Small Savings, Provident Fund, and Insurance and Pension Fund. For revenue balance, and fiscal balance, positive values indicate surplus and negative values indicate deficit.

Sources: Gujarat Budget Documents 2021-22; PRS.

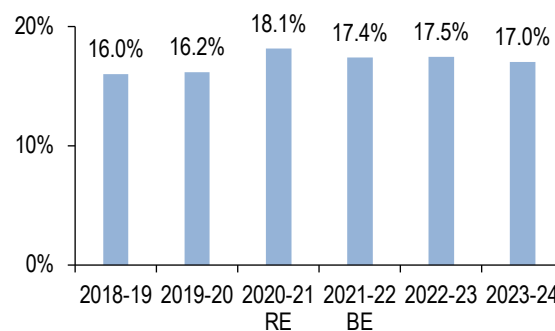
Figure 2: Revenue and Fiscal Balance (as % of GSDP)



Note: Negative values indicate deficit and positive values indicate surplus; RE is Revised Estimates; BE is Budget estimates. Figures for 2018-19, and 2019-20 are actuals, and figures for 2022-23 and 2023-24 are targets.

Sources: Gujarat Budget Documents 2021-22; PRS.

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



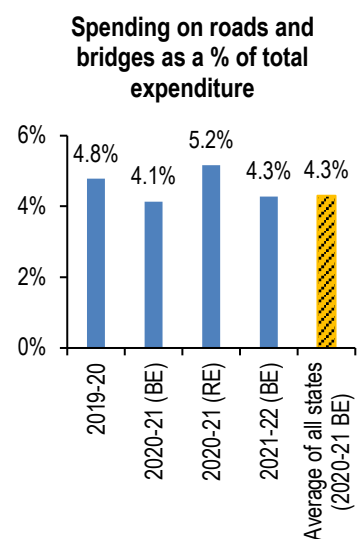
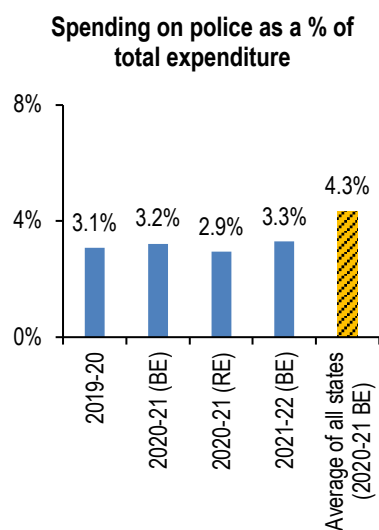
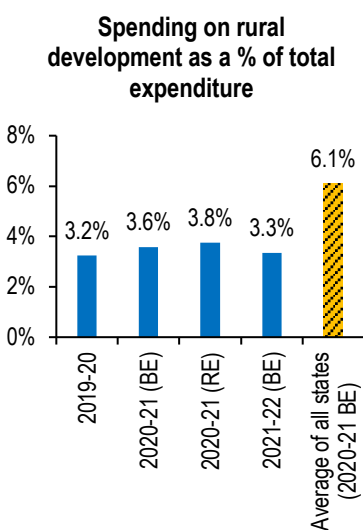
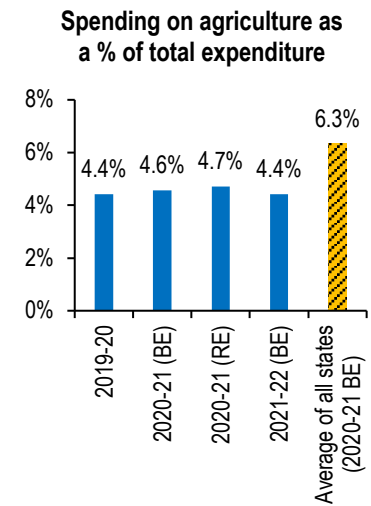
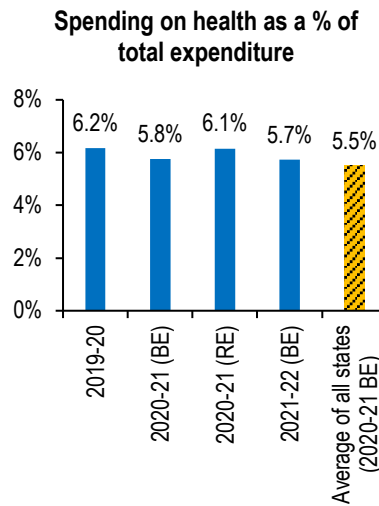
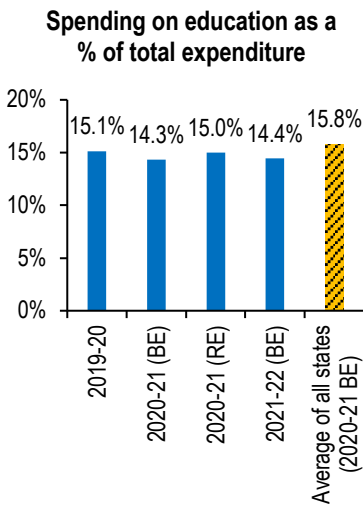
Note: RE is Revised Estimates; BE is budget estimates. Figures for 2018-19, and 2019-20 are actuals, and figures for 2022-23 and 2023-24 are targets.

Sources: Gujarat Budget Documents 2021-22; PRS.

Annexure 1: Comparison of states' expenditure on key sectors

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

- **Education:** Gujarat has allocated 14.4% 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:** Gujarat has allocated 5.7% of its total expenditure on health, which is slightly higher than the average allocation for health by states (5.5%).
- **Agriculture:** Gujarat has allocated 4.4% of its total expenditure towards agriculture and allied activities. This is lower than the average allocation for agriculture by states (6.3%).
- **Rural development:** Gujarat has allocated 3.3% of its expenditure on rural development. This is nearly half of the average allocation for rural development by states (6.1%).
- **Police:** Gujarat has allocated 3.3% of its total expenditure on police, which is lower than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Gujarat has allocated 4.3% of its total expenditure on roads and bridges, which is same as the average allocation by states (4.3%).



Note: 2019-20, 2020-21 (BE), 2020-21 (RE), and 2021-22 (BE) figures are for Gujarat.
Sources: Gujarat 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, Gujarat will have a 1.43% 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, Gujarat will receive Rs 1.43. This is 10% higher than Rs 1.30 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 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 9: Grants recommended for 2021-26 (Rs crore)

Grants	Total	Gujarat
Revenue deficit grants	2,94,514	0
Local governments grants	4,36,361	22,163*
Sector-specific grants	1,29,987	4,877#
Disaster management grants	1,22,601	7,316
State-specific grants	49,599	2,860
Total	10,33,062	37,216

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.

Grants recommended for Gujarat include: (i) Rs 22,163 crore grants for local bodies, (ii) Rs 7,316 crore grants for disaster management, and (iii) Rs 2,860 crore as state-specific grants in the areas of development of border villages, salinity prevention and desalination plants in Saurashtra and Kutch region, coastal area development,

conservation of lion landscape, and for setting up Birsa Munda Tribal University.

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 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)	1,93,562	2,18,720	13%
Receipts except Borrowings	1,32,554	1,68,219	27%
1. Revenue Receipts (a+b+c+d)	1,32,294	1,67,969	27%
a. Own Tax Revenue	74,645	86,026	15%
b. Own Non-Tax Revenue	12,811	16,802	31%
c. Share in central taxes	18,703	23,162	24%
d. Grants-in-aid from the Centre	26,136	41,980	61%
<i>Of which GST compensation</i>	8,765	25,666	193%
2. Capital Receipts	61,268	50,751	-17%
a. Borrowings	61,008	50,501	-17%
<i>Of which GST compensation loan</i>	9,222	-	-
Expenditure (3+4)	1,91,897	2,23,333	16%
3. Revenue Expenditure	1,54,246	1,66,761	8%
4. Capital Expenditure	37,651	56,572	50%
i. Capital Outlay	28,454	30,816	8%
ii. Debt Repayment	7,961	24,330	206%
Revenue Balance	-21,952	1,209	-106%
Fiscal Balance	-51,381	-30,783	-40%

Particular	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Revenue Balance (as % of GSDP)	-1.32%	0.06%	-
Fiscal Balance (as % of GSDP)	-3.10%	-1.64%	-

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

Sources: Gujarat 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
State GST	33,062	36,612	11%
Sales Tax/ VAT	19,972	23,230	16%
Taxes and Duties on Electricity	8,590	8,700	1%
Stamp Duty and Registration Fees	6,945	8,700	25%
Taxes on Vehicles	2,916	4,558	56%
Land Revenue	2,044	2,841	39%

Sources: Gujarat Budget Documents 2021-22; PRS.

Table 13 Allocation towards Key Sector

Sector	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Education, Sports, Arts, and Culture	27,356	28,503	4%
Energy	13,137	12,895	-2%
Urban Development	10,770	11,943	11%
Health and Family Welfare	11,232	11,304	1%
Irrigation and Flood Control	7,967	10,137	27%
Transport	10,469	9,705	-7%
Agriculture and allied activities	8,616	8,752	2%
Social Welfare and Nutrition	9,293	7,160	-23%
Rural Development	6,854	6,612	-4%
Police	5,380	6,512	21%

Sources: Gujarat Budget Documents 2021-22; PRS.

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