

Rajasthan Budget Analysis 2021-22

The Chief Minister of Rajasthan, Mr. Ashok Gehlot, presented the Budget for the state for the financial year 2021-22 on February 24, 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 Annexure 3.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Rajasthan for 2021-22 (at current prices) is projected to be Rs 11,98,348 crore. This is an annual increase of 10% over 2019-20, and is 25% higher than the revised estimate of GSDP for 2020-21 (Rs 9,57,912 crore). In 2020-21, as per the revised estimates, GSDP is estimated to contract by 4% over 2019-20. In comparison, the nominal GDP of India is estimated to contract by 13% in 2020-21 (over 2019-20), and grow by 14.4% in 2021-22 (over 2020-21).
- **Total expenditure** for 2021-22 is estimated to be Rs 2,50,747 crore, an 8% annual increase over the actual expenditure for 2019-20. As per the revised estimates, total expenditure in 2020-21 is estimated to be 10% than the budget estimate.
- **Total receipts (excluding borrowings)** for 2021-22 are estimated to be Rs 1,85,505 crore, an annual increase of 9% over the actual receipts for 2019-20. In 2020-21, total receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 25,796 crore (decrease of 15%).
- **Revenue deficit** for 2021-22 is estimated to be Rs 23,750 crore, which is 1.98% of the GSDP. In 2020-21, as per the revised figures, revenue deficit is estimated at Rs 41,722 crore (4.36% of GSDP), three times higher than the budget estimate (Rs 12,346 crore, 1.09% of GSDP). **Fiscal deficit** for 2021-22 is targeted at Rs 47,653 crore (3.98% of GSDP). As per revised estimate, in 2020-21, fiscal deficit is estimated to be 6.12% of GSDP, higher than the budget estimate of 2.99%.

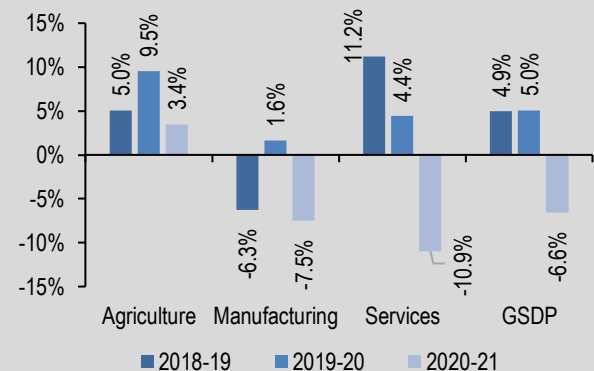
Policy Highlights

- **Tax proposals:** Tax relief will be provided in the form of: (i) reimbursement of SGST on purchase of e-vehicles, (ii) reduction in stamp duty from 6% to 4% for flats up to Rs 50 lakh, (iii) reduction in Mandi fee, Krishak Kalyan fee and brokerage for farmers, and (iv) rebate in stamp duty, motor vehicle, SGST, among others for non-profit institutions under the Social Security Investment Promotion Scheme, 2021.
- **Health:** Universal Health Care scheme will be implemented to provide health insurance of five lakh rupees to each family. A Bill will be introduced to provide healthcare as a right. 25 Nursing colleges will be constructed in addition to the eight that currently exist.
- **Agriculture:** A separate budget for agriculture will be presented from next year onwards. Chief Minister's Krishak Sathi Yojana will be implemented, with outlay of Rs 2,000 crore over three years, to provide bio fertilizers, micro nutrients kit, and compost unit (among other items) for farmers.
- **Industry:** (i) A new MSME policy will be released, (ii) a new industrial cluster will be developed at Marwar with investment of Rs 750 crore, and (iii) Greater Bhiwadi Industrial Township will be constructed with investment of Rs 1,000 crore.

Rajasthan's Economy

- **GSDP:** Rajasthan's GSDP (at constant prices) is estimated to contract by 6.6% in 2020-21. India's GDP is estimated to contract by 7.7% in 2020-21.
- **Sectors:** In 2020-21, agriculture, manufacturing, and services sectors contributed to 29%, 28%, and 42% of the economy. In 2020-21, only agriculture is estimated to record positive growth.
- **Unemployment:** According to the Periodic Labour Force Survey 2018-19, Rajasthan has an unemployment rate of 5.7%, which is similar to the all-India unemployment rate of 5.8%.

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



Sources: Rajasthan Economic Review 2020-21; PRS.

Budget Estimates for 2021-22

- **Total expenditure** in 2021-22 is estimated to be Rs 2,50,747 crore. This is an annual increase of 8% over 2019-20. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 1,85,505 crore and borrowings of Rs 61,904 crore. **Total receipts** for 2021-22 (excluding borrowings) are expected to register an annual increase of 9% over 2019-20.
- As per the revised estimates for 2020-21, total expenditure is estimated to **increase** by 10% over the budget estimates. In 2020-21 (as per revised estimate) receipts (excluding borrowings) are estimated to be 15% less than budget estimate whereas borrowings are estimated to increase by 102%.
- The state expects a **revenue deficit** of Rs 23,750 crore in 2021-22 (1.98% of GSDP). In 2020-21, revenue deficit is estimated to be Rs 41,722 crore (4.36% of GSDP) at the revised stage, significantly higher than the budget estimate of Rs 12,346 crore (1.09% of GSDP). **Fiscal deficit** for 2021-22 is estimated to be Rs 47,653 crore (3.98% of GSDP). In 2020-21, fiscal deficit is estimated to increase to 6.12% of GSDP at the revised stage as compared to 2.99% 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	2,13,491	2,25,731	2,48,063	10%	2,50,747	8%
A. Receipts (except borrowings)	1,55,804	1,74,187	1,48,391	-15%	1,85,505	9%
B. Borrowings	46,174	45,281	91,262	102%	61,904	16%
Total Receipts (A+B)	2,01,978	2,19,468	2,39,653	9%	2,47,409	11%
Revenue Deficit	36,371	12,346	41,722	238%	23,750	-19%
As % of GSDP	3.64%	1.09%	4.36%		1.98%	
Fiscal Deficit	37,654	33,922	58,608	73%	47,653	12%
As % of GSDP	3.77%	2.99%	6.12%		3.98%	
Primary Deficit	14,011	8,429	33,177	294%	19,292	17%
As % of GSDP	1.40%	0.74%	3.46%		1.61%	

Note: BE is Budget Estimates; RE is Revised Estimates. Receipts except borrowings include Rs 500 crore under the Contingency Fund.
Sources: Rajasthan Budget Documents 2021-22; PRS.

Expenditure in 2021-22

- **Capital expenditure** for 2021-22 is proposed to be Rs 42,667 crore, which is an annual increase of 7% 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 2,08,080 crore, which is an annual increase of 9% over 2019-20. This expenditure includes the payment of salaries, pensions, and interest. In 2021-22, revenue expenditure is estimated to comprise 83% of total expenditure, whereas capital outlay is estimated to be 10% of total expenditure.

Capital outlay and repayment of debt

Rajasthan's capital outlay (expenditure towards creation of assets) for 2021-22 is estimated to be Rs 24,216 crore, which is annual increase of 28% over 2019-20. Capital outlay on health of Rs 1,804 crore in 2021-22 is four times higher than the outlay in 2019-20. The revised estimate for capital outlay in 2020-21 is Rs 16,799 crore which is 22% lower than the budget estimate.

As per the revised estimate, repayment of debt was Rs 41,063 crore in 2020-21, 133% higher than the budget estimate. This resulted in 46% increase in capital expenditure for 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	37,006	39,981	58,361	46%	42,667	7%
of which Capital Outlay	14,718	21,619	16,799	-22%	24,216	28%
Revenue Expenditure	1,76,485	1,85,750	1,89,702	2%	2,08,080	9%
Total Expenditure	2,13,491	2,25,731	2,48,063	10%	2,50,747	8%
A. Debt Repayment	20,033	17,623	41,063	133%	17,589	-6%
B. Interest Payments	23,643	25,494	25,431	0%	28,360	10%
Debt Servicing (A+B)	43,676	43,117	66,494	54.2%	45,949	3%

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

Sectoral expenditure in 2021-22

The sectors listed below account for **68%** of the total expenditure on sectors by the state in 2021-22. A comparison of Rajasthan's expenditure on the key sectors with other states can be found in Annexure 1.

Table 3: Sector-wise expenditure under Rajasthan 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	34,291	40,018	38,020	44,309	14%	<ul style="list-style-type: none"> Rs 9,821 crore has been allocated to Samagra Shiksha Abhiyan. Rs 1,062 crore has been allocated to Mid-Day Meal Program.
Energy	25,112	18,736	15,065	19,449	-12%	<ul style="list-style-type: none"> Rs 16,237 crore allocated for power tariff subsidy.
Health and Family Welfare	12,144	14,700	13,394	16,269	16%	<ul style="list-style-type: none"> Rs 1,687 crore has been allocated towards National Rural Health Mission. Rs 1,463 crore has been allocated for Public Health Insurance scheme.
Rural Development	12,980	13,329	15,426	15,920	11%	<ul style="list-style-type: none"> Rs 3,700 crore has been allocated for PM Awas Yojana (Grameen). MNREGA has been allocated Rs 2,539 crore.
Social Welfare and Nutrition	12,587	11,231	15,044	15,563	11%	<ul style="list-style-type: none"> Chief Minister Samman Old Age pension yojana has been allocated Rs 5,410 crore. Pension scheme for widows has been allocated Rs 2,283 crore.
Agriculture and allied activities	10,523	11,441	13,534	11,810	6%	<ul style="list-style-type: none"> Rs 3,200 crore has been allocated for agriculture loan waiver scheme. Rs 1,500 crore has been allocated for PM Fasal Bima Yojana and weather-based crop insurance scheme.
Water Supply and Sanitation	6,593	8,794	7,620	10,024	23%	<ul style="list-style-type: none"> Rs 5,182 crore has been allocated for rural water supply program. Rs 2,479 crore has been allocated for urban water supply program.
Urban Development	4,970	7,272	9,391	8,674	32%	<ul style="list-style-type: none"> Rs 932 crore has been allocated towards SMART City Mission.
Roads and Bridges	5,304	6,653	4,749	7,787	21%	<ul style="list-style-type: none"> Rs 1,400 crore has been allocated for Pradhan Mantri Gram Sadak Yojana.
Police	6,274	7,005	6,683	7,384	8%	<ul style="list-style-type: none"> Rs 5,052 crore has been allocated for district police.
% of total expenditure on all sectors	68%	68%	67%	68%		

Sources: Rajasthan 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, Rajasthan is estimated to spend Rs 1,14,126 crore on committed expenditure, an annual increase of 10% over 2019-20. This is 62% of the state's estimated revenue receipts for 2021-22. This comprises spending on salaries (33% of revenue receipts), pension (14%), and interest payments (15%). States, on average, spend 50% of their revenue receipts on committed expenditure items (as per 2020-21 budget estimates).

In 2020-21, committed expenditure reduced marginally by 3% from the budget to the revised stage.

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

Items	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)
Salaries	49,066	55,938	53,618	-4%	60,293	11%
Pensions	20,761	23,404	22,989	-2%	25,473	11%
Interest	23,643	25,494	25,431	0%	28,360	10%
Committed Expenditure	93,470	1,04,836	1,02,038	-3%	1,14,126	10%

Sources: Rajasthan Budget Documents 2021-22; PRS.

Receipts in 2021-22

- **Total revenue receipts** for 2021-22 are estimated to be Rs 1,84,330 crore, an annual increase of 15% over 2019-20. Of this, Rs 1,07,748 crore (58%) will be raised by the state through its **own resources**, and Rs 76,582 crore (42%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (22% of revenue receipts) and grants (20% of revenue receipts).
- **Devolution:** In 2021-22, receipts from the state's share in central taxes are estimated to register an annual increase of 5% over 2019-20. However, as per the revised estimates for 2020-21, receipts from the state's share in central taxes are estimated to decrease by 30% as compared to the budget stage. 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:** Rajasthan's own tax revenue is estimated to be Rs 90,050 crore in 2021-22, an annual increase of 23% over the actual tax revenue in 2019-20. This is higher than the growth rate for GSDP (10%). Own tax to GSDP ratio is estimated to increase from 5.9% in 2019-20 to 7.5% in 2020-21.

Table 5: Break up of state government receipts 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)
State's Own Tax	59,245	77,030	68,885	-11%	90,050	23%
State's Own Non-Tax	15,714	19,596	15,724	-20%	17,698	6%
Share in Central Taxes	36,049	46,886	32,885	-30%	40,107	5%
Grants-in-aid from Centre	29,106	29,893	30,486	2%	36,475	12%
Revenue Receipts	1,40,114	1,73,405	1,47,980	-15%	1,84,330	15%
Borrowings	46,174	45,281	91,262	102%	61,904	16%
Other receipts	15,690	782	411	-47%	1,175	-73%
Capital Receipts	61,864	46,063	91,673	99%	63,079	1%
Total Receipts	2,01,978	2,19,468	2,39,653	9%	2,47,409	11%

Note: Capital Receipts excludes receipts under public account. Capital receipts (2021-22) include Rs 500 crore under the Contingency Fund. Sources: Rajasthan Budget Documents 2021-22; PRS.

- In 2021-22, SGST is estimated to be Rs 37,663 crore, which is the largest source (42%) of the state's own tax revenue. This is an annual increase of 31% over the actual SGST revenue in 2019-20. In 2020-21, SGST is estimated to be 15% less than the budget estimate.
- In 2021-22, collection of Sales tax and VAT is expected to be Rs 22,800 crore, an annual increase of 20% over 2019-20. In 2020-21, the Sales tax and VAT collection is estimated to be 9% lower than the budget estimates.
- In 2021-22, Rs 13,250 crore is estimated to be generated through State Excise which is an annual increase of 18% over 2019-20.

GST Compensation

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

As per the revised estimate of 2020-21, Rajasthan is estimated to receive a total GST compensation (grant + loan) of Rs 9,404 crore which is 112% higher than the compensation received in 2019-20 (Rs 4,440 crore). In 2021-22 the state expects to receive GST Compensation loan of Rs 7,204 crore, and there is no estimate for GST Compensation grants.

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

Head	2019-20 Actuals	2020-21 BE	2020-21 RE	% change from BE 2020-21 to RE 2020-21	2021-22 BE	Annualised Change (2019-20 to 2021-22 BE)	% of Revenue Receipts in 2021-22
State's own tax revenue	59,244	77,029	68,885	-11%	90,049	23%	49%
State GST (SGST)	21,954	28,250	24,000	-15%	37,663	31%	20%
State Excise	15,843	21,000	19,100	-9%	22,800	20%	12%
Sales Tax/VAT	9,592	12,500	11,500	-8%	13,250	18%	7%
Taxes on Vehicles	4,951	6,000	5,200	-13%	6,500	15%	4%
Stamps Duty and Registration Fees	4,235	5,600	5,550	-1%	6,100	20%	3%
Taxes and Duties on Electricity	2,263	2,850	2,800	-2%	2,900	13%	2%
GST Compensation Grants	4,440	4,800	4,800	0%	-	-100%	-
GST Compensation Loan	-	-	4,604	-	7,204	-	-

Sources: Rajasthan Budget Documents 2021-22; PRS.

Deficits, Debts and FRBM Targets for 2021-22

The Rajasthan 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 revenue expenditure (which do not increase its assets or reduces its liabilities). In 2021-22, Rajasthan is estimated to record a revenue deficit of Rs 23,750 crore (1.98% of the GSDP). For Rajasthan, the 15th Finance Commission has recommended revenue deficit grants of Rs 9,878 crore for 2021-22, Rs 4,862 crore for 2022-23, and zero revenue deficit grant thereafter.

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 47,653 crore (3.98% of GSDP). As per the revised estimates, in 2020-21, the fiscal deficit of the state is expected to be 6.12% of GSDP, which is higher than the budget estimate of 2.99%.

Enhanced borrowing limit in 2020-21: The FRBM Act provides for fiscal deficit limit of 3% of GSDP. Given the situation due to COVID-19, the central government permitted states to increase their fiscal deficit up to 5% of GSDP in 2020-21. All states were allowed to increase their fiscal deficit up to 4% of GSDP. The remaining 1% of GSDP is conditional on the implementation of reforms by states in the following areas (0.25% of GSDP for each reform): (i) one nation one ration card, (ii) ease of doing business, (iii) urban local body/ utility, and (iv) power distribution. As of February, 2021, Rajasthan is eligible to borrow Rs 8,739 crore for fully implementing the first three reforms, and partially implementing the fourth reform.

Outstanding liability is the accumulation of total borrowings at the end of a financial year. In 2021-22, the outstanding liability is expected to be 38.2% of the GSDP. As per the revised estimate for 2020-21, outstanding liability is estimated to be 42.7% of GSDP, which is substantially higher than the 35.3% recorded in 2019-20.

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 enable Rajasthan to bring down its total liabilities from 41.1% of GSDP in 2020-21 to 38.2% 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.

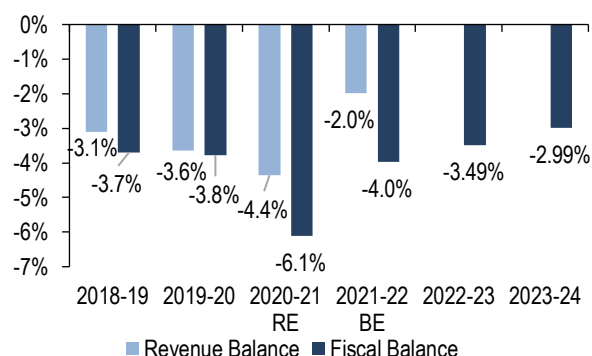
Table 7: Budget targets for deficits for Rajasthan (% of GSDP)

Year	Revenue Balance	Fiscal Balance	Outstanding Liability
2018-19 (Actuals)	-3.1%	-3.7%	33.0%
2019-20 (Actuals)	-3.6%	-3.8%	35.3%
2020-21 (Revised)	-4.4%	-6.1%	42.7%
2021-22 (Budget)	-2.0%	-4.0%	38.2%
2022-23		-3.5%	37.9%
2023-24		-2.99%	37.1%

Note: Outstanding liability includes outstanding debt under Internal Debt, Loans and Advances from Centre, Small Savings, Provident Fund, and Insurance and Pension Fund, and Reserve Fund. Negative value indicates deficit.

Sources: Rajasthan Budget Documents 2021-22; PRS.

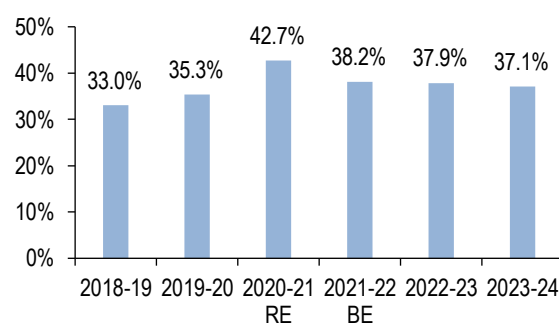
Figure 2: Revenue and Fiscal Balance (as % of GSDP)



Note: Negative values indicate deficit and positive values indicate surplus; RE is Revised Estimates; BE is Budget estimates.

Sources: Rajasthan Budget Documents 2021-22; PRS.

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



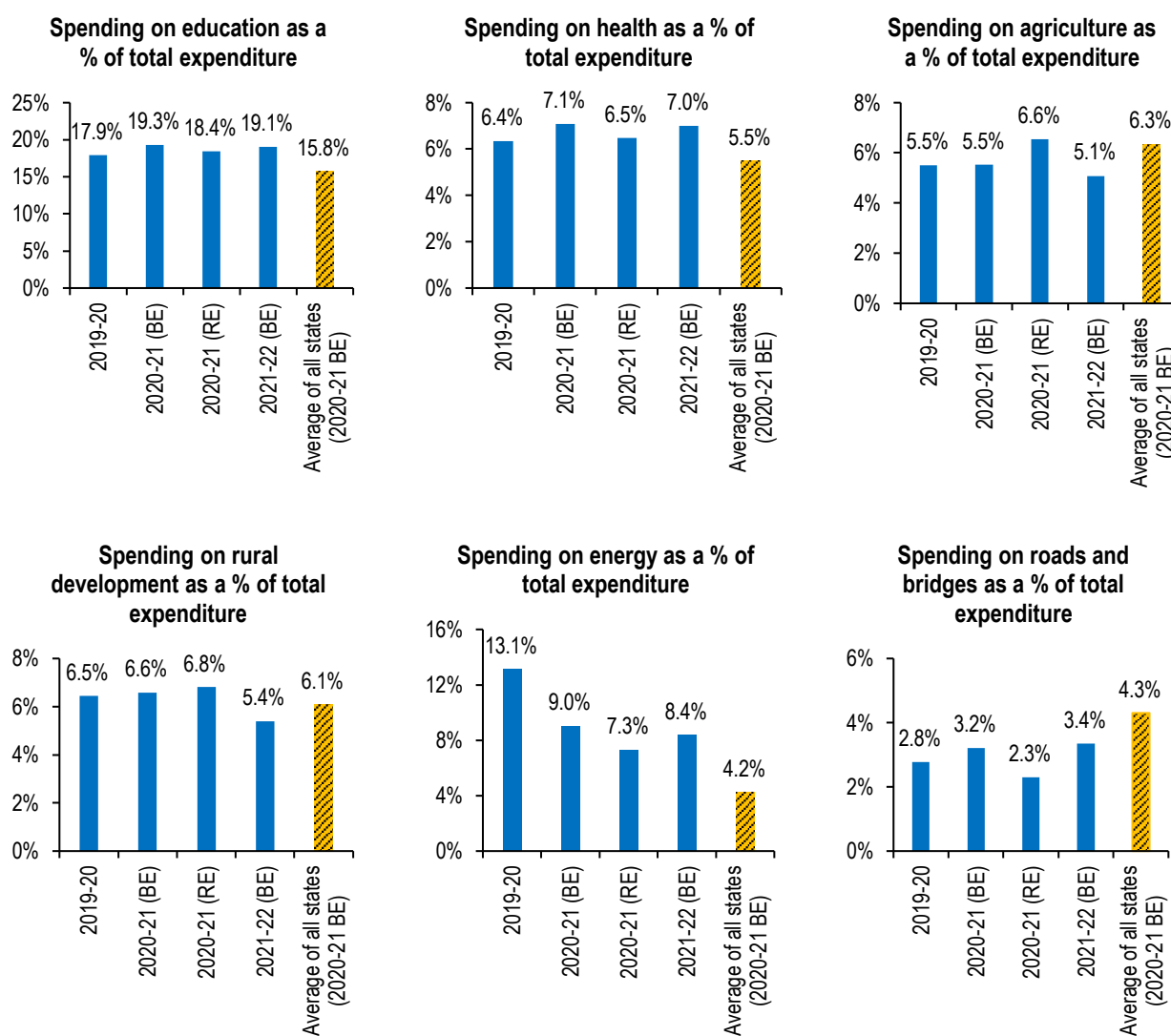
Note: RE is Revised Estimates; BE is budget estimates.

Sources: Rajasthan Budget Documents 2021-22; PRS.

Annexure 1: Comparison of states' expenditure on key sectors

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

- **Education:** Rajasthan has allocated 19.1% of its total expenditure for education in 2021-22. This is higher than the average allocation (15.8%) for education by all states (2020-21 BE).
- **Health:** Rajasthan has allocated 7% of its total expenditure on health, which is higher than the average allocation for health by states (5.5%).
- **Agriculture:** The state has allocated 5.1% of its total expenditure towards agriculture and allied activities. This is lower than the average allocation for agriculture by states (6.3%).
- **Rural development:** Rajasthan has allocated 5.4% of its expenditure on rural development. This is lower than the average allocation for rural development by states (6.1%).
- **Energy:** Rajasthan has allocated 8.4% of its total expenditure on energy, which is double the average expenditure on energy by states (4.2%).
- **Roads and bridges:** Rajasthan has allocated 3.4% of its total expenditure on roads and bridges, which is less than the average allocation by states (4.3%).



Note: 2019-20, 2020-21 (BE), 2020-21 (RE), and 2021-22 (BE) figures are for Rajasthan.
Sources: Rajasthan Budget 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, Rajasthan will have a 2.47% 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, Rajasthan will receive Rs 2.47. This is higher than the share in the divisible pool of Rs 2.31 recommended by the 14th FC.

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 of Rs 70,051 crore for healthcare infrastructure to local bodies.

Grants recommended for Rajasthan include: (i) Rs 27,172 crore grants for local bodies, (ii) Rs 14,740 crore as revenue deficit grants for 2021-22 and 2022-23, and (iii) Rs 2,322 crore as state-specific grants.

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

Grants	Total	Rajasthan
Revenue deficit grants	2,94,514	14,740
Local governments grants	4,36,361	27,172*
Sector-specific grants	1,29,987	6,954#
Disaster management grants	1,22,601	8,186
State-specific grants	49,599	2,322
Total	10,33,062	59,374

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

Source: Report of 15th FC; PRS.

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

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

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

Sources: Union Budget Documents 2021-22; PRS.

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

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

Table 11: Overview of Revised Estimates for 2020-21 and Budget Estimates for 2021-22 (in Rs crore)

Particular	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Receipts (1+2)	2,39,652	2,47,409	3%
Receipts except Borrowings	1,48,390	1,85,505	25%
1. Revenue Receipts (a+b+c+d)	1,47,980	1,84,330	25%
a. Own Tax Revenue	68,885	90,050	31%
b. Own Non-Tax Revenue	15,724	17,698	13%
c. Share in central taxes	32,885	40,107	22%
d. Grants-in-aid from the Centre	30,486	36,475	20%
<i>Of which GST compensation</i>	4,800	-	-
2. Capital Receipts	91,672	63,079	-31%
a. Borrowings	91,262	61,904	-32%
<i>Of which GST compensation loan</i>	4,604	7,204	56%
Expenditure (3+4)	2,48,063	2,50,747	1%
3. Revenue Expenditure	1,89,702	2,08,080	10%
4. Capital Expenditure	58,361	42,667	-27%
i. Capital Outlay	16,799	24,216	44%
ii. Debt Repayment	41,063	17,589	-57%
Revenue Deficit	41,722	23,750	-43%
Revenue Deficit (as % of GSDP)	4.36%	1.98%	0%
Fiscal Deficit	58,608	47,653	-19%
Fiscal Deficit (as % of GSDP)	6.12%	3.98%	0%

Sources: Union Budget Documents 2021-22; PRS.

Table 12: Key Components of State's Own Tax Revenue (in Rs crore)

Tax	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
SGST	24,000	37,663	57%
Sales Tax/VAT	19,100	22,800	19%
State Excise Duty	11,500	13,250	15%
Taxes on Vehicles	5,200	6,500	25%
Stamps Duty and Registration Fees	5,550	6,100	10%
Taxes and Duties on Electricity	2,800	2,900	4%
Land Revenue	409	525	28%

Sources: Union Budget Documents 2021-22; PRS.

Table 13: Allocation towards Key Sectors (in Rs crore)

Sector	2020-21 RE	2021-22 BE	% change from 2020-21 RE to 2021-22 BE
Education, Sports, Arts, and Culture	38,020	44,309	17%
Energy	15,065	19,449	29%
Health and Family Welfare	13,394	16,269	21%
Rural Development	15,426	15,920	3%
Social Welfare and Nutrition	15,044	15,563	3%
Agriculture and allied activities	13,534	11,810	-13%
Water Supply and Sanitation	7,620	10,024	32%
Urban Development	9,391	8,674	-8%
Roads and Bridges	4,749	7,787	64%
Police	6,683	7,384	10%

Sources: Union Budget Documents 2021-22; PRS.

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