

Delhi Budget Analysis 2020-21

The Finance Minister, Mr. Manish Sisodia, presented the Budget for the financial year 2020-21 on March 23, 2020.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Delhi for 2019-20 (at current prices) is estimated to be Rs 8,56,112 crore. This is 10.5% higher than the GSDP for 2018-19 (Rs 7,74,870 crore).
- **Expenditure** for 2020-21 is estimated to be Rs 65,000 crore, a 18.6% increase over the revised estimate of 2019-20. The revised expenditure for 2019-20 is Rs 54,800 crore, 8.7% lower than the budgeted estimate.
- **Total receipts (excluding borrowings)** for 2020-21 are estimated to be Rs 56,409 crore, an increase of 7.4% as compared to the revised estimate of 2019-20. In 2019-20, total receipts (excluding borrowings) are estimated to exceed the budgeted estimate by Rs 1,745 crore (3.4%).
- **Revenue surplus** for 2020-21 is targeted at Rs 7,239 crore, 23% lower than the revised estimate of 2019-20. The revised revenue surplus for 2019-20 of Rs 9,354 crore is 79% higher than the budgeted estimate. **Fiscal deficit** for the year 2020-21 is targeted at Rs 5,080 crore. In 2019-20, the revised figures estimated a **fiscal surplus** of Rs 523 crore, as compared to the budgeted estimate of Rs 5,902 crore fiscal deficit.
- Sectors such as Irrigation and Flood Control (107%), Transport (51%), and Welfare of SC, ST, OBC, and Minorities (35%) have seen the highest increase in allocation for 2020-21 as compared to the revised estimates of previous year.

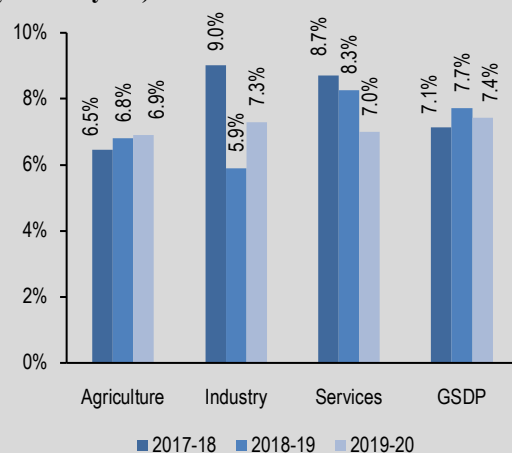
Policy Highlights

- **Education:** Classrooms of grades 9-12 of all government schools will be upgraded to digital classrooms over a period of five years. Rs 100 crore has been allocated for this purpose in 2020-21. State Board of Education will be set up for Delhi. A Bill will be introduced to ensure quality early childhood education.
- **Health:** Delhi Health Bill will be introduced to regulate the quality of healthcare services and protect the rights of patients. The government will implement Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana to provide health insurance coverage of up to Rs 5 lakh per family every year. To continue expanding hospital capacity from 10,000 beds to 26,000 beds, an outlay of Rs 724 crore has been budgeted in 2020-21 to build new hospitals and upgrade existing hospitals. The Budget also proposes to increase the number of Mohalla clinics from 451 to 1,000. An outlay of Rs 365 crore has been proposed for Mohalla clinics and polyclinics in 2020-21.
- **Urban development:** The Chief Minister Local Area Development scheme will be launched with an allocation of Rs 400 crore for development. An amount of Rs 100 crore has been allocated for a new scheme, CM Mohalla Suraksha Yojana, to ensure safety and security of people.

Delhi's Economy

- **GSDP:** Delhi's GSDP (at constant prices) is estimated to grow at 7.4% in 2019-20 compared to 4.2% GDP growth for India. The average growth rate of GSDP over the last five years was 8%.
- **Sectors:** In 2019-20, Agriculture, Industry, and Services are estimated to contribute 0.4%, 15.1%, and 84.5%, respectively to the state's economy. Growth of all of these sectors is estimated to be around 7% in 2019-20.
- **Per capita income:** Delhi's per capita income (at current prices) for 2019-20 is estimated at Rs 3,89,143. This is higher than India's per capita income of Rs 1,34,432.
- **Unemployment:** According to the Periodic Labour Force Survey 2018-19, Delhi's unemployment rate is 10.4%, higher than the all-India unemployment rate of 5.8%.

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



Note: Industry includes mining, manufacturing, electricity and construction.

Sources: Central Statistics Office, MOSPI; PRS.

Budget Estimates for 2020-21

- Total expenditure in 2020-21 is targeted at Rs 65,000 crore. This is 18.6% higher than the revised estimate of 2019-20. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 56,409 crore and borrowings of Rs 4,291 crore. Total receipts (other than borrowings) in 2020-21 is expected to be 11% higher. Borrowings for 2020-21 are estimated to be 93% higher than the revised estimate of 2019-20.
- In 2019-20, as per the revised figures, expenditure is estimated to decrease by Rs 5,200 crore (8.7%) over the budgeted estimate. While receipts (other than borrowings) are estimated to be higher than the budgeted estimate by Rs 1,745 crore (3.4%), borrowings are estimated to be lower by Rs 2,561 crore (53.5%).

Table 1: Budget 2020-21 – Key figures (in Rs crore)

Items	2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	% change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	% change from RE 2019-20 to BE 2020-21
Total Expenditure	46,246	60,000	54,800	-8.7%	65,000	18.6%
A. Receipts (except borrowings)	44,757	50,767	52,512	3.4%	56,409	7.4%
B. Borrowings	2,880	4,786	2,225	-53.5%	4,291	92.9%
Total Receipts (A+B)	47,637	55,553	54,737	-1.5%	60,700	10.9%
Revenue Surplus	6,261	5,236	9,354	78.7%	7,239	-22.6%
Fiscal Balance	2,147	-5,902	523	-	-5,080	-

Note: BE indicates Budget Estimate and RE indicates Revised Estimate. Negative ('-') sign against fiscal balance indicates deficit, positive sign (+) indicates surplus. In the absence of the GSDP figure for 2020-21, it is not possible to calculate deficits as a % of GSDP.

Sources: Delhi Budget Documents 2020-21 (Annual Financial Statement); PRS.

Expenditure in 2020-21

- Capital expenditure** for 2020-21 is proposed to be Rs 16,930 crore, which is an increase of 34% over the revised estimate of 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 2020-21, **capital outlay** is estimated to be Rs 9,999 crore, which is 54% higher than the revised estimate of 2019-20. Sectors receiving the highest allocation for capital outlay in 2020-21 include transport (28%), urban development (21%), and education (19%). The revised estimate of capital outlay for 2019-20 is 31% lower than the budget estimate.
- Revenue expenditure** for 2020-21 is proposed to be Rs 48,070 crore, which is 14% higher than the revised estimate of 2019-20. Examples of revenue expenditure are subsidies, and payment of salaries, pension, and interest.
- Revenue expenditure forms 74% of the total expenditure in 2020-21. Rest 26% of the total expenditure comprises of capital outlay (15%), and repayment and grant of loans (11%).

Grants-in-aid to local bodies

In 2020-21, the state government proposes to provide compensation and assignments of Rs 3,994 crore (6% of total expenditure) to local bodies. In 2019-20, the revised estimate for compensation to local bodies was Rs 4,456 crore, 13% higher than the budget estimate.

Table 2: Expenditure budget 2020-21 (in Rs crore)

Items	2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	% change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	% change from RE 2019-20 to BE 2020-21
Capital Expenditure	9,394	15,219	12,592	-17%	16,930	34%
of which Capital Outlay	3,266	9,467	6,512	-31%	9,999	54%
Revenue Expenditure	36,852	44,781	42,208	-6%	48,070	14%
Total Expenditure	46,246	60,000	54,800	-9%	65,000	19%
A. Debt Repayment	3,636	3,331	2,811	-16%	3,511	25%
B. Interest Payments	2,867	3,178	2,752	-13%	3,062	11%
Debt Servicing (A+B)	6,503	6,509	5,563	-15%	6,573	18%

Sources: Delhi Budget Documents 2020-21 (Annual Financial Statement); PRS.

Sector-wise Expenditure in 2020-21

The sectors listed below account for 73% of the total expenditure towards all sectors in 2020-21. A comparison of Delhi's expenditure on certain key sectors with that by the other states can be found in Annexure 1.

Table 3: Sector-wise expenditure in Delhi Budget 2020-21 (in Rs crore)

Sector	2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	2020-21 Budgeted	% change from RE 2019-20 to BE 2020-21	Budget provisions for 2020-21
Education, Sports, Arts, and Culture	10,543	15,133	12,572	15,092	20%	<ul style="list-style-type: none"> Assistance of Rs 1,645 crore has been provided to local bodies for primary education. Rs 670 crore has been budgeted for the Samagra Shiksha Abhiyaan. Rs 559 has been allocated for technical education. Spending is proposed to be undertaken through grants for universities and technical colleges.
Health and Family Welfare	5,495	7,485	6,060	7,704	27%	<ul style="list-style-type: none"> Rs 900 crore has been allocated for govt hospitals and dispensaries. Rs 270 crore has been provided for Delhi Govt Employee Health Scheme for medical facilities to pensioners.
Transport	4,028	5,882	4,852	7,344	51%	<ul style="list-style-type: none"> Rs 2,050 crore has been provided as grants-in-aid to the Delhi Transport Corporation (DTC) for meeting deficit. Rs 1,100 crore has been allocated as compensation for meeting deficit of cluster buses. Rs 540 crore has been provided for concessional passes and for subsidy for female travellers in DTC and cluster buses.
Water Supply, Sanitation, Housing and Urban Development	3,815	5,280	4,555	5,395	18%	<ul style="list-style-type: none"> Rs 1,700 crore has been provided for development of and assistance to unauthorised colonies. Rs 690 crore has been provided as grant to Delhi Municipal Corporation for Strengthening & Mechanisation of Conservancy and Sanitation Services. Rs 467 crore has been allocated for providing subsidy to consumers for water.
Social Welfare and Nutrition	3,007	3,519	3,569	3,854	8%	<ul style="list-style-type: none"> Rs 1,380 crore has been allocated for the Senior Citizen Pension Scheme. Rs 775 crore has been allocated to provide pension to widows. Rs 305 crore allocated for unemployment allowance for disabled persons.
Energy	1,750	1,790	2,439	2,887	18%	<ul style="list-style-type: none"> Rs 2,820 crore has been allocated for providing power subsidy to consumers through discoms.
% of total expenditure	71%	72%	70%	73%		

Sources: Delhi Budget Documents 2020-21 (Annual Financial Statement, Detailed Demands for Grants); PRS.

Receipts in 2020-21

- The **total revenue receipts** for 2020-21 are estimated to be Rs 55,309 crore, an increase of 7% over the revised estimate of 2019-20. Of this, Rs 44,900 crore (81% of the revenue receipts) will be raised through state's **own resources**, and Rs 10,409 crore (19% of the revenue receipts) will be in the form of grants-in-aid from the central government.
- **Central grants:** In 2020-21, revenue in the form of grants-in-aid from the centre is estimated to be Rs 10,409 crore, 7% lower than the revised estimate for 2019-20. In 2019-20, grants-in-aid is estimated to be 67% (or Rs 4,495 crore) higher than the year's budget estimates.
- **GST Compensation:** The GST (Compensation to States) Act, 2017, guarantees compensation to states for loss in revenue from implementation of GST till 2022. Compensation grants cover the shortfall if growth in state revenue subsumed under GST is lower than the 14% annual growth in revenue guaranteed by the Act. In 2020-21, Delhi expects to receive GST compensation grant of Rs 7,800 crore, which is 11.4% lower than the revised estimate of 2019-20. Decrease in compensation requirement represents increase in State GST revenue growth rate. In 2019-20, revised estimate for GST compensation was 193% higher than the budget estimate of Rs 3,000 crore. The revised estimate for GST revenue was 7% lower than the budget estimate.

Table 4: Break up of state government receipts (in Rs crore)

Items	2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	% change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	% change from RE 2019-20 to BE 2020-21
State's Own Tax	36,625	42,500	39,550	-7%	44,100	12%
State's Own Non-Tax	644	800	800	0%	800	0%
Grants from Centre	5,844	6,717	11,212	67%	10,409	-7%
Revenue Receipts	43,113	50,017	51,562	3%	55,309	7%
Borrowings	2,880	4,786	2,225	-54%	4,291	93%
Other receipts	1,644	750	950	27%	1,100	16%
Capital Receipts	4,524	5,536	3,175	-43%	5,391	70%
Total Receipts	47,637	55,553	54,737	-1%	60,700	11%

Note: Delhi does not receive share in central taxes. In lieu of this, Delhi receives Rs 325 crore as grants from the Ministry of Home Affairs.
Sources: Delhi Budget Documents 2020-21 (Annual Financial Statement, Detailed Receipts); PRS.

Tax revenue: Total own tax revenue of Delhi is estimated to be Rs 44,100 crore in 2020-21 (80% of the revenue receipts). This is 12% higher than the revised estimate of 2019-20. In 2019-20, tax revenue is estimated to decrease by Rs 2,950 crore (7%) from the budget stage to the revised stage.

- State Goods and Services Tax (SGST) is the largest component of tax revenue of the state. It is expected to generate Rs 23,800 crore in 2020-21, a 13% increase over the revised estimate of 2019-20.
- In 2020-21 the state is expected to generate Rs 6,300 crore from state excise, a 15% increase over the revised estimate of 2019-20.
- In 2020-21, Delhi is expected to generate Rs 6,200 crore through sales tax/ VAT (on items such as petroleum products). This is a 5% increase over the revised estimate for 2019-20.

Table 5: Some of the major state's own tax revenue sources (in Rs crore)

Items	2018-19 Actuals	2019-20 BE	2019-20 RE	% change from BE 2019-20 to RE 2019-20	2020-21 BE	% change from RE 2019-20 to BE 2020-21	% of Revenue Receipts in 2020-21
State's own tax revenue	36,625	42,500	39,550	-7%	44,100	12%	80%
SGST	19,187	22,620	21,099	-7%	23,800	13%	43%
State Excise Duty	5,028	6,000	5,500	-8%	6,300	15%	11%
Sales Tax and VAT	5,886	6,380	5,900	-8%	6,200	5%	11%
Stamps Duty and Registration Fees	4,459	5,000	4,897	-2%	5,297	8%	10%
Taxes on Vehicle	2,055	2,500	2,150	-14%	2,500	16%	5%
GST Compensation Grants	4,182	3,000	8,800	193%	7,800	-11%	14%

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

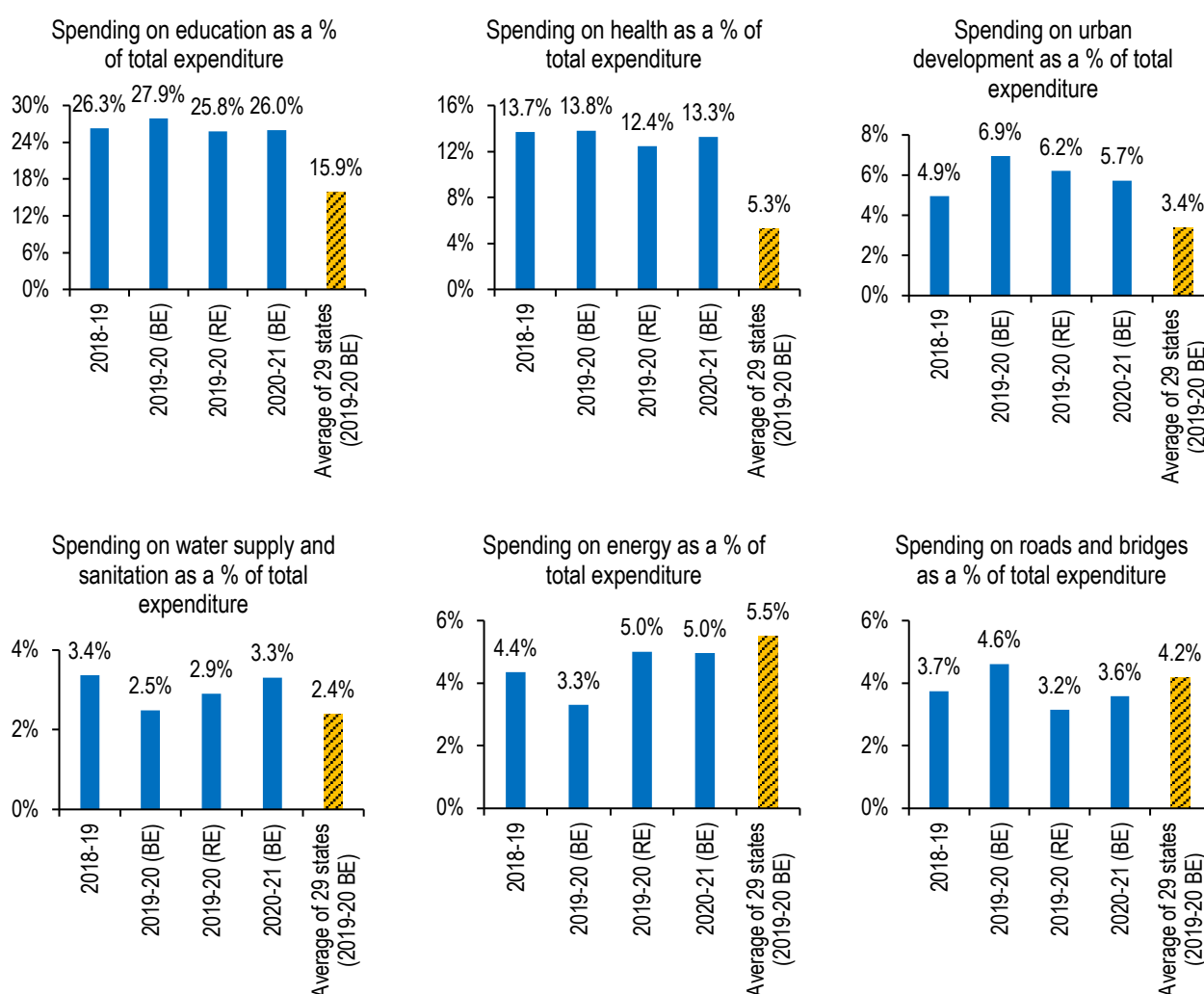
Sources: Delhi Budget Documents 2020-21 (Annual Financial Statement, Detailed Receipts); PRS.

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Annexure: 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 (revenue expenditure and capital outlay) on all sectors. The average for a sector indicates the average expenditure in that sector by 29 states.* Given that agriculture contributes less than 1% to Delhi's economy and less than 3% of the population lives in rural areas, spending on agriculture and rural development is 2% of total spending.† Key spending areas are education, health and urban development.

- **Education:** Delhi has allocated 26% of its expenditure for education in 2020-21. This is significantly higher than the average expenditure (15.9%) allocated for education by states (using 2019-20 BE).
- **Health:** Delhi has allocated 13.3% of its expenditure for health in 2020-21, which is significantly higher than the average allocation for health by states (5.3%).
- **Urban development:** The state has allocated 5.7% of its expenditure towards urban development in 2020-21. This is higher than the average allocation by states (3.4%).
- **Water supply and sanitation:** Delhi has allocated 3.3% of its expenditure for water supply and sanitation in 2020-21. This is higher than the average allocation for water supply and sanitation by states (2.4%).
- **Energy:** Delhi has allocated 5% of its expenditure for energy in 2020-21, which is lower than the average allocation for energy by states (5.5%).
- **Roads and bridges:** Delhi has allocated 3.6% of its expenditure for roads and bridges in 2020-21, which is lower than the average allocation for roads and bridges by states (4.2%).



Sources: State Budget Documents 2019-20 and 2020-21 (Annual Financial Statement); PRS.

* 29 states include all states except Manipur. It also includes the Union Territory of Delhi and the erstwhile state of Jammu and Kashmir.

† Economic Survey, 2019-20, http://delhiplanning.nic.in/sites/default/files/Chapter%2010_0.pdf.