

Delhi Budget Analysis

2022-23

The Deputy Chief Minister of Delhi, Mr. Manish Sisodia, presented the Budget for the state for the financial year 2022-23 on March 26, 2022.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Delhi for 2021-22 is estimated to be Rs 9,23,967 crore which is an increase of 17.65% over 2020-21 (Rs 7,85,342).
- **Expenditure (excluding debt repayment)** in 2022-23 is estimated to be Rs 71,085 crore, a 13% increase over the revised estimates of 2021-22 (Rs 62,785 crore). In addition, debt of Rs 4,715 crore will be repaid by the state in 2022-23. In 2021-22, expenditure (excluding debt repayment) is estimated to be 3% lower than the budget estimates.
- **Receipts (excluding borrowings)** for 2022-23 are estimated to be Rs 61,891 crore, an increase of 28% over the revised estimates of 2021-22 (Rs 48,223 crore). In 2021-22, receipts (excluding borrowings) are estimated to fall short of the budget estimates by Rs 5,847 crore (decrease of 11%).
- **Fiscal deficit** for 2022-23 is targeted at Rs 9,194 crore. In 2021-22, as per the revised estimates, fiscal deficit is expected to be 1.58% (Rs 14,562 crore) of GSDP.
- **Revenue surplus** for 2022-23 is estimated to be Rs 7,601 crore. In 2021-22, the state is estimated to observe a revenue deficit of Rs 3,039 crore (0.33% of GSDP) as compared to a revenue surplus of Rs 1,271 crore at the budget stage.

Policy Highlights

- **Startup Policy:** In order to promote entrepreneurship, the Delhi government has prepared a Startup Policy. A provision of Rs 50 crore has been made in the 2022-23 Budget for the implementation of the Policy.
- **Delhi's Electronic City:** A Delhi Electronic City will be set up to provide employment to people in the sector of electronic manufacturing.
- **Smart Urban Farming:** The government will launch Smart Urban Farming to increase the green cover in Delhi. Subsidised materials and trained gardeners will be provided (especially to women) under this scheme.

Delhi's Economy

- **GSDP:** Delhi's GSDP (at constant prices) contracted by 3.9% in 2020-21, as compared to the growth rate of 3.9% in 2019-20. In 2020-21, services sector registered a contraction of 5.5%. Delhi's GSDP contraction in 2020-21 was lower than the contraction in national GDP (which registered a negative growth of 7.2% in 2020-21).
- **Sectors:** In 2021-22, at current prices, agriculture, manufacturing, and services sectors contributed to 2%, 14%, and 84% of the economy.
- **Per capita GSDP:** The per capita GSDP of Delhi in 2020-21 (at current prices) was Rs 3,91,060; 5.7% lower than the corresponding figure in 2019-20. In 2020-21, per capita GSDP of Delhi was higher than the per capita GDP at the national level (Rs 1,46,087 at current prices).

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



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Sources: Economic Survey of Delhi, 2021-22; PRS.

Budget Estimates for 2022-23

- **Expenditure (excluding debt repayment)** in 2022-23 is targeted at Rs 71,085 crore. This is an increase of 13% over the revised estimate of 2021-22 (Rs 62,785 crore). This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 61,891 crore and **net borrowings** of Rs 5,485 crore. Receipts (excluding borrowings) for 2022-23 are expected to register an increase of 28% over the revised estimate of 2021-22. In 2021-22, receipts are estimated to be 11% lower than the budget estimates.
- In 2022-23, Delhi is estimated to observe a **revenue surplus** of Rs 7,601 crore as compared to a **deficit** of Rs 3,039 crore in 2021-22.
- **Fiscal deficit** in 2022-23 is estimated at Rs 9,194 crore. In 2021-22, Delhi has estimated a fiscal deficit of 1.58% of GSDP, lower than the limit of 4.5% of GSDP permitted by the central government (of which, 0.5% of GSDP becomes available upon undertaking power sector reforms).

Table 1: Budget 2022-23 - Key figures (in Rs crore)

Items	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
Total Expenditure	52,468	69,000	67,000	-3%	75,800	13%
(-) Repayment of debt	3,265	4,265	4,215	-1%	4,715	12%
Net Expenditure (E)	49,203	64,735	62,785	-3%	71,085	13%
Total Receipts	57,860	63,355	59,416	-6%	72,091	21%
(-) Borrowings	15,365	9,285	11,193	21%	10,200	-9%
Net Receipts (R)	42,495	54,070	48,223	-11%	61,891	28%
Fiscal Deficit (E-R)	6,708	10,665	14,562	37%	9,194	-37%
as % of GSDP	0.85%	-	1.58%	-	-	-
Revenue Balance	1,450	1,271	-3,039	-339%	7,601	-350%
as % of GSDP	0.18%	-	-0.33%	-	-	-
Primary Deficit	3,834	7,331	11,287	54%	5,922	-48%
as % of GSDP	0.49%	-	1.22%	-	-	-

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

Sources: Delhi Budget Documents 2022-23; Delhi Economic Survey 2021-22; PRS.

Expenditure in 2022-23

- **Revenue expenditure** in 2022-23 is estimated to be Rs 53,687 crore, which is an increase of 6% over the revised estimate of 2021-22 (Rs 50,862 crore). This expenditure includes the payment of salaries, pensions, interest, and subsidies. In 2021-22, as per the revised estimates, revenue expenditure is estimated to be 2% lower than the budget estimates.
- **Capital outlay** in 2022-23 is estimated to be Rs 12,386 crore, which is an increase of 35% over the revised estimate of 2021-22. Capital outlay comprises expenditure towards creation of assets. This includes expenditure on building schools, hospitals, and roads and bridges. In 2021-22, capital outlay is estimated to be 13% lower than the budget estimates.

Underspending on capital outlay

Capital outlay is the money spent by government on creating assets such as roads and hospitals. During 2015-20 Delhi's underspending on capital outlay was 40% as compared to an average of 17% by all states. Note that in 2022-23 Delhi is estimating a 35% increase in capital outlay from the revised estimates of 2021-22 (Rs 9,183 crore). Further, in 2020-21 the actual expenditure on capital outlay was Rs 4,699 crore which was 53% less than the budget estimates.

Table 2: Expenditure budget 2022-23 (in Rs crore)

Items	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
Revenue Expenditure	40,414	51,799	50,862	-2%	53,687	6%
Capital Outlay	4,699	10,557	9,193	-13%	12,386	35%
Loans given by the state	4,090	2,378	2,730	15%	5,012	84%
Net Expenditure	49,203	64,735	62,785	-3%	71,085	13%

Sources: Delhi Budget Documents 2022-23; 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 developmental schemes and capital outlay. In 2022-23, Delhi is estimated to spend Rs 3,274 crore on committed expenditure items (**excluding salaries**), which is 5% of its revenue receipts.

Table 3: Committed Expenditure in 2022-23 (in Rs crore)

Committed Expenditure	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
Salaries	NA	NA	NA	-	NA	-
Pension	2	3	3	0%	3	0%
Interest	2,874	3,334	3,274	-2%	3,271	0%
Committed Expenditure	2,876	3,337	3,277	-2%	3,274	0%

Sources: Delhi Budget Documents 2022-23; PRS.

Sector-wise expenditure: The sectors listed below account for **76%** of the total expenditure on sectors by the state in 2022-23. A comparison of Delhi's expenditure on the key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Delhi Budget 2022-23 (in Rs crore)

Sector	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23	Budget Provisions
Education, Sports, Arts, and Culture	10,656	15,707	14,420	15,507	8%	<ul style="list-style-type: none"> Rs 3,485 crore has been allocated towards government primary schools. Rs 1,460 crore has been allocated for assistance to local bodies for primary education.
Health and Family Welfare	6,397	9,934	10,446	9,769	-6%	<ul style="list-style-type: none"> Rs 2,340 crore has been allocated towards urban health services. Rs 1,100 crore has been allocated towards hospitals and dispensaries.
Transport	6,136	8,944	7,792	8,616	11%	<ul style="list-style-type: none"> Rs 1,976 has been allocated towards capital outlay on roads and bridges.
Social Welfare and Nutrition	3,836	4,144	5,506	4,874	-11%	<ul style="list-style-type: none"> Rs 1,425 crore towards Senior Citizen Pension Scheme.
Water Supply and Sanitation	1,892	1,631	1,246	3,557	185%	<ul style="list-style-type: none"> Rs 1,578 has been allocated towards grants in aid to Delhi Jal Board for sewage facility in unauthorised colonies. Rs 600 crore has been allocated for subsidy to consumers through Delhi Jal Board.
Energy	2,962	3,225	3,292	3,340	1%	<ul style="list-style-type: none"> Rs 3,250 has been allocated towards subsidy to consumers through DISCOMS.
Urban Development	1,952	3,083	2,291	3,253	42%	<ul style="list-style-type: none"> Rs 1,298 crore has been allocated towards development of unauthorised colonies.
Irrigation and Flood Control	333	798	452	1,131	150%	<ul style="list-style-type: none"> Rs 882 crore has been allocated towards capital outlay for irrigation and flood control.
% of total expenditure on all sectors	76%	76%	76%	76%	-	

Sources: Delhi Budget Documents 2022-23; PRS.

Receipts in 2022-23

- **Total revenue receipts** for 2022-23 are estimated to be Rs 61,289 crore, an increase of 28% over the revised estimate of 2021-22. Of this, Rs 48,700 crore (79%) will be raised by the state through its **own resources**, and Rs 12,589 crore (21%) will come **from the centre** in the form of grants.
- **Grants from Centre:** In 2022-23, grants from the centre are estimated to be Rs 12,589 crore, which is a 45% increase from the revised estimates of 2021-22 (Rs 8,673 crore). In 2021-22 grants from the centre were 4% lower than the budget estimates.
- **State's own tax revenue:** Total own tax revenue of Delhi is estimated to be Rs 47,700 crore in 2022-23, an increase of 24% over the revised estimate of 2021-22. In 2021-22, own tax revenue is estimated to be 11% lower than the budget estimates. In 2020-21, Delhi's own tax to GSDP ratio was 3.7%.
- **State's non-tax revenue:** In 2022-23, Delhi is estimated to earn Rs 1,000 crore in the form of state's own non-tax revenue, a 25% increase over the revised estimates of 2021-22. In 2021-22, state's own non-tax revenue is 20% lower than the budget estimates.

Table 5: Break-up of the state government's receipts (in Rs crore)

Items	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
State's Own Tax	29,425	43,000	38,350	-11%	47,700	24%
State's Own Non-Tax	980	1,000	800	-20%	1,000	25%
Grants from Centre	11,459	9,070	8,673	-4%	12,589	45%
Revenue Receipts	41,864	53,070	47,823	-10%	61,289	28%
Non-debt Capital Receipts	631	1,000	400	-60%	602	51%
Net Receipts	42,495	54,070	48,223	-11%	61,891	28%

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

Sources: Delhi Budget Documents 2022-23; PRS.

- In 2022-23, **SGST** is estimated to be the largest source of own tax revenue (55%). SGST revenue in 2022-23 is estimated at Rs 26,000 crore, which is a 21% increase over the revised estimates of 2021-22. In 2021-22, SGST is estimated to be 10% lower than the budget estimates.
- In 2022-23, revenue from both State Excise and Sales Tax/VAT are expected to register an increase of 90% and 4% over the revised estimates of 2021-22 respectively (Table 6).

GST Compensation ends in June 2022

When the GST was introduced in 2017, the central government guaranteed states a 14% compounded annual growth in their GST revenue for a period of five years. Any shortfall in a state's GST revenue from this level is covered by the Centre by providing compensation grants to the state. This guarantee ends in June 2022. During 2018-22, Delhi has relied on GST compensation grants to achieve the guaranteed SGST revenue level. In 2021-22, Delhi is estimated to receive Rs 12,193 crore in the form of GST compensation grants, which is about 32% of its own tax revenue. Hence, beyond June 2022, Delhi might see a decline in the level of revenue receipts.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Head	2020-21 Actuals	2021-22 Budgeted	2021-22 Revised	% change from BE 2021-22 to RE 2021-22	2022-23 Budgeted	% change from RE 2021-22 to BE 2022-23
State GST	15,676	23,800	21,500	-10%	26,000	21%
State Excise	4,108	6,000	5,000	-17%	9,500	90%
Sales Tax/ VAT	4,411	6,200	5,000	-19%	5,200	4%
Stamps Duty and Registration Fees	3,549	4,997	4,997	0%	4,997	0%
Taxes on Vehicles	1,676	2,000	1,850	-8%	2,000	8%
Land Revenue	4	3	3	0%	3	0%
GST Compensation Grants	5,522	6,000	6,000	0%	10,000	67%
GST Compensation Loans	5,865	-	6,193	-	-	-

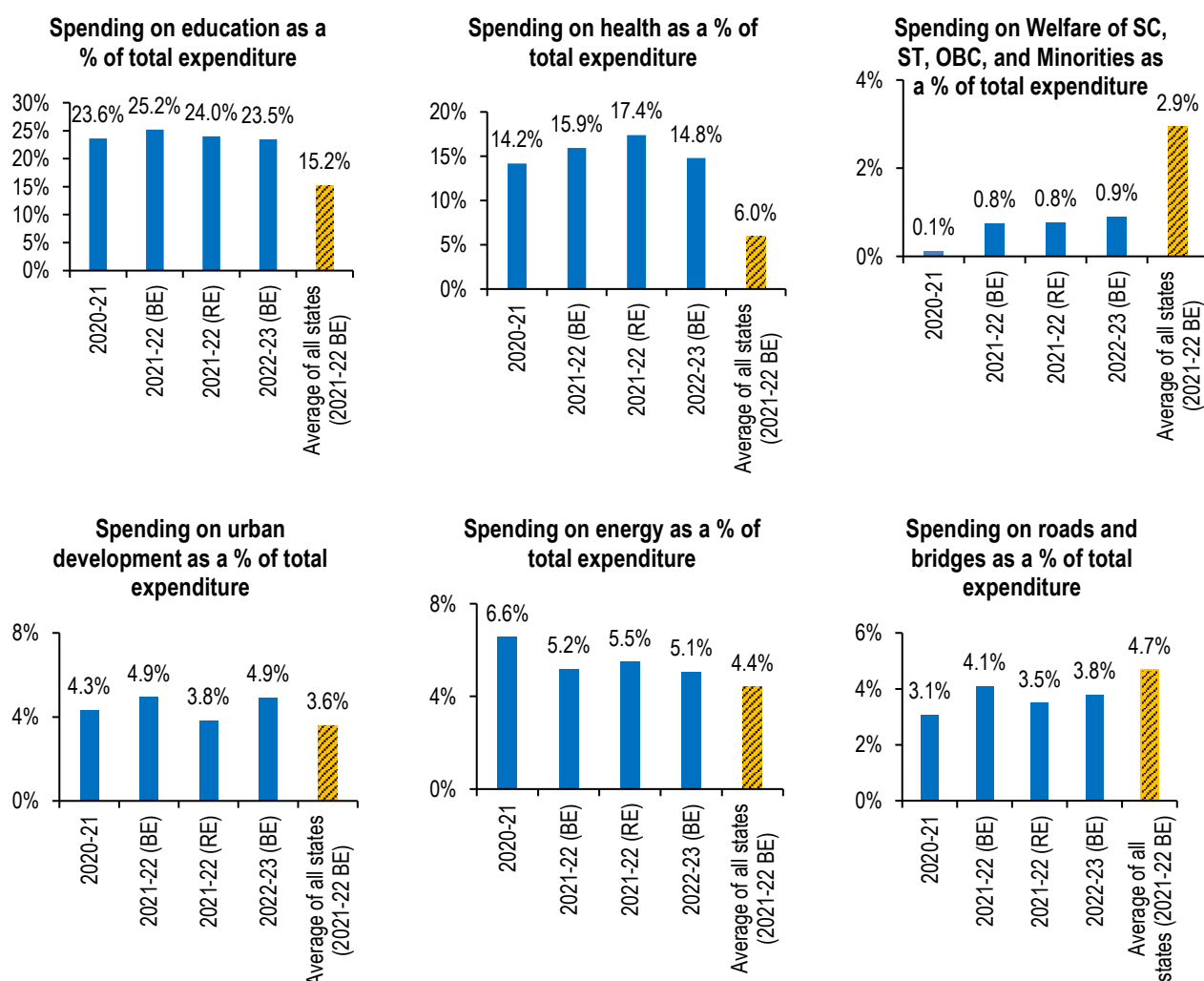
Sources: Delhi Budget Documents 2022-23; PRS.

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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. The average for a sector indicates the average expenditure in that sector by 30 states (including Delhi) as per their budget estimates of 2021-22.¹

- **Education:** Delhi has allocated 23.5% of its total expenditure for education in 2022-23. This is higher than the average allocation (15.2%) for education by all states (as per 2021-22 Budget Estimates).
- **Health:** Delhi has allocated 14.8% of its total expenditure on health, which is higher than the average allocation for health by states (6%).
- **Welfare of SC, ST, OBC, and Minorities:** The state has allocated 0.9% of its total expenditure towards welfare of SC, ST, OBC, and Minorities. This is lower than the average allocation for welfare of SC, ST, OBC, and Minorities by states (2.9%).
- **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 (3.6%).
- **Energy:** Delhi has allocated 5.1% of its total expenditure on energy, which is higher than the average expenditure on energy by states (4.4%).
- **Roads and bridges:** Delhi has allocated 3.8% of its total expenditure on roads and bridges, which is lower than the average allocation on roads and bridges by states (4.7%).



Note: 2020-21, 2021-22 (BE), 2021-22 (RE), and 2022-23 (BE) figures are for Delhi.
Sources: Delhi Budget Documents 2022-23; various state budgets; PRS.

¹ The 30 states include the Union Territory of Delhi and Union Territory of Jammu and Kashmir.

Annexure 2: Comparison of 2020-21 Budget Estimates and Actuals

The following tables compare the actuals of 2020-21 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Net Receipts (1+2)	56,309	42,495	-25%
1. Revenue Receipts (a+b+c+d)	55,309	41,864	-24%
a. Own Tax Revenue	44,100	29,425	-33%
b. Own Non-Tax Revenue	800	980	22%
c. Share in central taxes	-	-	-
d. Grants-in-aid from the Centre	10,409	11,459	10%
Of which GST compensation grants	-	5,522	-
2. Non-Debt Capital Receipts	1,000	631	-37%
3. Borrowings	4,291	15,365	258%
Of which GST compensation loan	-	5,865	-
Net Expenditure (4+5+6)	61,489	49,203	-20%
4. Revenue Expenditure	48,070	40,414	-16%
5. Capital Outlay	9,999	4,699	-53%
6. Loans and Advances	3,420	4,090	20%
7. Debt Repayment	3,511	3,265	-7%
Revenue Balance	7,239	1,450	-80%
Revenue Balance (as % of GSDP)	-	0.18%	-
Fiscal Deficit	5,080	6,708	32%
Fiscal Deficit (as % of GSDP)	-	0.85%	-

Note: *A negative revenue balance indicates a deficit. BE: Budget Estimates.

Sources: Delhi Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue (in Rs crore)

Sector	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
SGST	23,800	15,676	-34%
Sales Tax/VAT	6,200	4,108	-34%
State Excise Duty	6,300	4,411	-30%
Stamps Duty and Registration Fees	5,297	3,549	-33%
Taxes on Vehicles	2,500	1,676	-33%
Land Revenue	3	4	39%

Note: BE: Budget Estimates.

Sources: Delhi Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors (in Rs crore)

Sector	2020-21 BE	2020-21 Actuals	% change from BE to Actuals
Welfare of SC, ST, OBC, and Minorities	479	54	-89%
Police	386	48	-88%
Rural Development	422	61	-86%
Irrigation and Flood Control	741	333	-55%
Agriculture and allied activities	295	165	-44%
Urban Development	3,325	1,952	-41%
of which Roads and Bridges	2,080	1,384	-33%
Housing	150	104	-31%
Education, Sports, Arts, and Culture	15,092	10,656	-29%
Health and Family Welfare	7,704	6,397	-17%
Transport	7,344	6,136	-16%
Water Supply and Sanitation	1,920	1,892	-1%
Social Welfare and Nutrition	3,854	3,836	0%
Energy	2,887	2,962	3%

Note: BE: Budget Estimates.

Sources: Delhi Budget Documents of various years; PRS.