

Delhi Budget Analysis 2023-24

The Finance Minister of Delhi, Mr. Kailash Gahlot, presented the Budget of Delhi for the financial year 2023-24 on March 22, 2023.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Delhi for 2022-23 (at current prices) is projected to be Rs 10.4 lakh crore, amounting to growth of 15.4% over 2021-22.
- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 73,760 crore, an increase of 8.8% over the revised estimates of 2022-23. In addition, debt of Rs 5,040 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 63,374 crore, marginally lower than the revised estimate of 2022-23 (by Rs 52 crore). In 2022-23, receipts (excluding borrowings) are estimated to be higher than the budget estimate by Rs 1,535 crore (increase of 2%).
- **Revenue surplus** in 2023-24 is estimated to be Rs 5,769 crore, which is 40% lower than the revised estimates for 2022-23 (Rs 9,530 crore). In 2022-23, as per the revised estimates, revenue surplus is expected to be 0.9% of GSDP, higher than the actual figure for 2021-22 of 0.4% of GSDP.
- **Fiscal deficit** for 2023-24 is estimated at Rs 10,386 crore, which is more than twice the revised estimates for 2022-23 (Rs 4,359 crore). In 2022-23, as per the revised estimates, fiscal deficit is expected to be 0.4% of GSDP, lower than the actual figure for 2021-22 of 0.8% of GSDP.

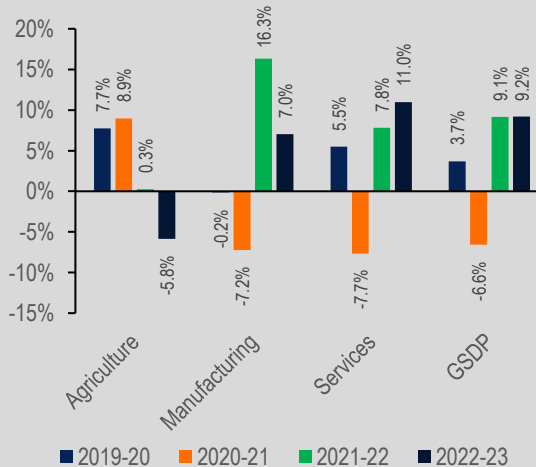
Policy Highlights

- **Mohalla Bus Scheme:** Small electric buses will be used to connect major metro and bus networks to residential colonies to improve last mile connectivity in public transport.
- **EV Charging Infrastructure:** The government will launch 30 EV charging stations by March 2023 and launch 59 more stations by the end of 2023-24.
- **Schools of Applied Learning:** Twelve schools will have a professional industrial setup to aid in the skill development of students and prepare them for new-age jobs.
- **Health:** Mohalla clinics will now offer 450 kinds of tests free of cost as compared to 250 earlier. Four new hospitals will be operational by 2023-24.
- **Tax Policy and Revenue Augmentation Unit:** From 2023-24, this unit will identify opportunities to increase revenue, help detect revenue leakages and support policy formulation.

Delhi's Economy

- **GSDP:** In 2022-23, Delhi's GSDP (at constant prices) is estimated to grow at 9.2%, over the previous year. In 2021-22, GSDP had grown by 9.1%. In comparison, national GDP is estimated to grow at 8.7% in 2021-22, after a contraction of 6.6% in 2020-21.
- **Sectors:** Services and manufacturing witnessed moderate growth in 2022-23 while agriculture witnessed a contraction (Figure 1). In 2022-23, agriculture, manufacturing, and services sectors are estimated to contribute 3%, 12%, and 85% of the economy, respectively (at current prices).
- **Per capita GSDP:** The per capita GSDP of Delhi in 2022-23 (at current prices) is estimated at Rs 4,44,768, an increase of 14% over 2021-22.

Figure 1: Growth in GSDP and sectors in Delhi 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.
Sources: Delhi Economic Survey 2022-23; PRS.

Budget Estimates for 2023-24

- **Total expenditure (excluding debt repayment)** in 2023-24 is targeted at Rs 73,760 crore. This is an increase of 9% over the revised estimate of 2022-23. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 63,374 crore and net borrowings of Rs 4,960 crore. Total receipts for 2023-24 (other than borrowings) are expected to remain marginally lower than the revised estimates for 2022-23.
- **Revenue surplus** in 2023-24 is estimated to be Rs 5,769 crore, which is 40% lower than the revised estimates for 2022-23 (Rs 9,530 crore). **Fiscal deficit** for 2023-24 is targeted at Rs 10,386 crore, 138% higher than the revised estimates for 2022-23 (Rs 4,359 crore).
- In 2022-23, fiscal deficit is expected to be lower than the budgeted amount by 53%. Revenue surplus is expected to increase by 25% compared to the budget estimate. The fiscal deficit is expected to decrease due to lower expenditure, while the revenue surplus is expected to increase due to higher revenue receipts and stagnant revenue expenditure.
- The budget of Delhi does not include expenditure on certain key sectors. For example, in 2023-24, the Ministry of Home Affairs has allocated Rs 11,662 crore towards Delhi Police.

Table 1: Budget 2023-24 - Key figures (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Total Expenditure	61,172	75,800	72,500	-4.4%	78,800	8.7%
(-) Repayment of debt	4,215	4,715	4,715	0.0%	5,040	6.9%
Net Expenditure (E)	56,957	71,085	67,785	-4.6%	73,760	8.8%
Total Receipts	61,128	72,091	66,677	-7.5%	73,374	10.0%
(-) Borrowings	11,193	10,200	3,251	-68.1%	10,000	207.6%
Net Receipts (R)	49,936	61,891	63,426	2.5%	63,374	-0.1%
Fiscal Deficit (E-R)	7,021	9,194	4,359	-52.6%	10,386	138.3%
as % of GSDP	0.8%	-	0.4%		-	
Revenue Surplus	3,270	7,601	9,530	25.4%	5,769	-39.5%
as % of GSDP	0.4%	-	0.9%		-	
Primary Deficit	3,747	5,922	1,093	-81.5%	7,291	567.2%
as % of GSDP	0.4%	-	0.1%		-	

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

Sources: Annual Financial Statement, Delhi Budget 2023-24; Delhi Economic Survey 2022-23; PRS.

Expenditure in 2023-24

- **Revenue expenditure** for 2023-24 is proposed to be Rs 56,983 crore, an increase of 7% over the revised estimate of 2022-23. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2023-24 is proposed to be Rs 11,189 crore, an increase of 9% over the revised estimate of 2022-23. Capital outlay indicates the expenditure towards creation of assets.
- In 2023-24, loans and advances by the state are expected to be Rs 5,587 crore, which is 32% higher than revised estimates 2022-23.

Spending on Subsidies

In its report, CAG (2022) reported that the Delhi government spent Rs 3,593 crore on subsidies in 2019-20. This was an annualised increase of 14% from 2015-16 (Rs 1,868 crore). In 2023-24, the government has allocated Rs 3,250 crore towards power subsidies and Rs 600 crore towards water subsidies.

Table 2: Expenditure budget 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Revenue Expenditure	46,043	53,687	53,296	-1%	56,983	7%
Capital Outlay	8,311	12,386	10,245	-17%	11,189	9%
Loans given by the state	2,603	5,012	4,244	-15%	5,587	32%
Net Expenditure	56,957	71,085	67,785	-5%	73,760	9%

Sources: Annual Financial Statement, Delhi Budget 2023-24; 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 2023-24, Delhi is estimated to spend Rs 3,097 crore on committed expenditure (**excluding salaries**), which is 5% of its estimated revenue receipts. As per the CAG report of 2022, the government spent Rs 11,070 crore in salaries and wages in 2019-20, which was 23.49% of revenue receipts.

Table 3: Committed Expenditure in 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Salaries	-	-	-	-	-	-
Pensions	2	3	3	0%	3	0%
Interest Payment	3,274	3,271	3,266	0%	3,094	-5%
Total Committed Expenditure	-	-	-	-	-	-

Sources: Budget in Brief and Annual Financial Statement, Delhi Budget 2023-24; PRS.

Sector-wise expenditure: The sectors listed below account for **76%** of the total expenditure on sectors by the state in 2023-24. A comparison of Delhi's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Delhi Budget 2023-24 (in Rs crore)

Sectors	2021-22 Actuals	2022-23 BE	2022-23 RE	2023-24 BE	% change from RE 22-23 to BE 23-24	Budget Provisions 2023-24 BE
Education, Sports, Arts, and Culture	12,977	15,507	15,328	16,575	8%	Rs 8,321 crore has been allocated towards secondary education.
Health and Family Welfare	9,073	9,769	9,410	9,742	4%	Rs 2,036 crore has been allocated towards urban health services.
Transport	7,562	8,616	9,197	8,481	-8%	Rs 3,017 crore has been allocated towards capital outlay on roads.
Social Welfare and Nutrition	4,787	4,874	4,976	4,794	-4%	Rs 1,200 crore has been allocated towards the senior citizen pension scheme.
Urban Development	2,049	3,253	3,511	4,455	27%	Rs 1,000 crore has been allocated towards development of unauthorised colonies.
Energy	3,275	3,340	3,212	3,348	4%	Rs 3,250 crore has been allocated towards power subsidy for consumers through DISCOMS.
Water Supply and Sanitation	1,137	3,557	1,973	2,866	45%	Rs 1,580 crore has been allocated to the Delhi Jal Board as a grant for the creation of sewage facilities in unauthorised colonies.
Irrigation and Flood Control	407	1,131	455	603	33%	Rs 320 crore of capital outlay has been allocated towards irrigation and flood control.
Police	54	99	113	398	254%	Rs 284 crore has been allocated towards the Safe City Project as a grant under the Nirbhaya Fund.
Agriculture and Allied Activities	282	314	269	313	16%	Rs 60 crore of capital outlay has been allocated towards agriculture and allied activities.
% of total expenditure on all sectors	77%	76%	76%	76%	-	

Sources: Annual Financial Statement, Delhi Budget 2023-24; PRS.

Receipts in 2023-24

- **Total revenue receipts** for 2023-24 are estimated to be Rs 62,752 crore, an increase of 10% over the revised estimate of 2022-23. Of this, Rs 54,615 crore (87%) will be raised by the state through its **own resources**, and Rs 8,137 crore (13%) will come **from the centre**. Resources from the centre will be in the form of grants.
- **Grants from the centre** in 2023-24 is estimated at Rs 8,137 crore, a decrease of 41% from the revised estimates for 2022-23. This decline is on account of to the discontinuation of GST compensation after June 2022.
- **State's own revenue:** Delhi's total own tax revenue is estimated to be Rs 53,565 crore in 2023-24, an increase of 11% over the revised estimate of 2022-23. Delhi's own non tax revenue is estimated to be Rs 1,050 crore in 2023-24, an increase of 75% over the revised estimate of 2022-23.

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

Sources	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State's Own Tax	40,019	47,700	48,450	2%	53,565	11%
State's Own Non-Tax	827	1,000	600	-40%	1,050	75%
Share in Central Taxes	-	-	-	-	-	-
Grants-in-aid from Centre	8,467	12,589	13,776	9%	8,137	-41%
Revenue Receipts	49,313	61,289	62,826	3%	62,752	0%
Non-debt Capital Receipts	623	602	600	0%	622	4%
Net Receipts	49,936	61,891	63,426	2%	63,374	0%

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

Sources: Annual Financial Statement, Delhi Budget 2023-24; PRS.

- In 2023-24, State GST is estimated to be the largest source of own tax revenue (59% share). State GST revenue is estimated to increase by 13% over the revised estimates of 2022-23.
- Revenue from state excise in 2023-24 is expected to see an increase as compared to the revised estimates for 2022-23 (13%); however, the receipt on the same account declined 32% between the budget and revised estimates of 2022-23.

Shortfall in State Excise

According to the revised estimates for 2022-23, the state is expecting a 32% decrease in tax collections from state excise. The state had introduced a new excise policy and estimated a gain in tax revenue of Rs 4,500 crore in 2022-23. However, the state reverted to the old excise policy mid-year in September 2022.

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

Taxes	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22- 23 to RE 22- 23	2023-24 BE	% change from RE 22- 23 to BE 23- 24
State GST	22,263	26,000	28,000	8%	31,500	13%
State Excise	5,488	9,500	6,500	-32%	7,365	13%
Stamps Duty and Registration Fees	5,212	4,997	5,998	20%	5,997	0%
Sales Tax/ VAT	5,099	5,200	5,200	0%	5,700	10%
Taxes on Vehicles	1,956	2,000	2,750	38%	3,000	9%
Land Revenue	0	3	2	-33%	3	50%
GST Compensation Grants	6,446	10,000	10,424	4%	3,802	-64%
GST Compensation Loans	6,193	-	-	-	-	-

Sources: Annual Financial Statement, Revenue Budget, and Budget in Brief statements, Delhi Budget 2023-24; PRS.

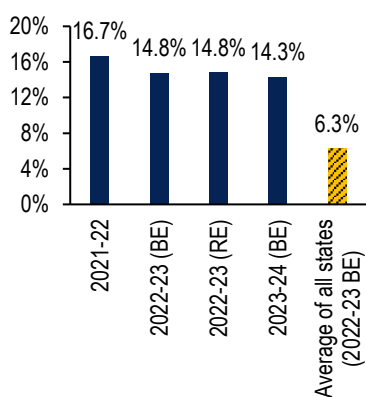
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Annexure 1: Comparison of states' expenditure on key sectors

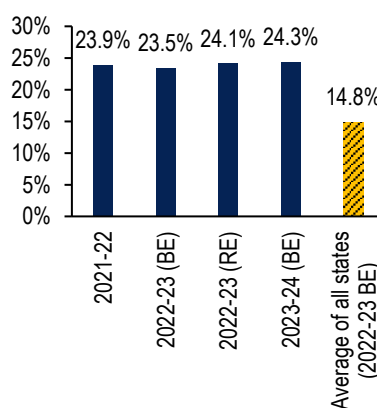
The graphs below compare Delhi's expenditure in 2023-24 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Delhi) as per their budget estimates of 2022-23.¹ Delhi has little expenditure in sectors such as agriculture and rural development. Furthermore, the allocation for Delhi Police comes from the Ministry of Home Affairs.

- **Health:** Delhi has allocated 14.3% of its expenditure on health in 2023-24. This is more than twice the average allocation for health by states (6.3%).
- **Education:** Delhi has allocated 24.3% of its total expenditure towards education, which is much higher than the average allocation for education by states (14.8%).
- **Urban development:** Delhi has allocated 6.5% of its expenditure on urban development. This is higher than the average allocation for urban development by states (3.5%).
- **Housing:** Delhi has allocated 0.4% of its expenditure towards housing. This is less than half the average allocation towards housing by states (1.8%).
- **Roads and Bridges:** Delhi has allocated 4.6% of its total expenditure towards roads and bridges, which is slightly higher than the average allocation by states (4.5%).
- **Water Supply and Sanitation:** Delhi has allocated 4.2% of its total expenditure towards water supply and sanitation, which is higher than the average allocation by states (3.0%).

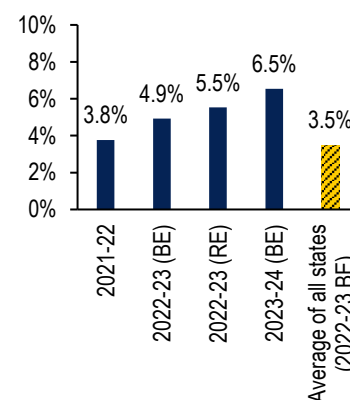
Spending on health as a % of total expenditure



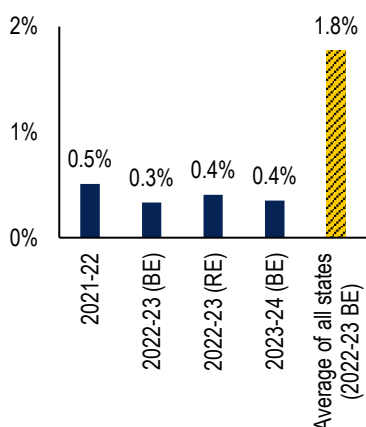
Spending on education as a % of total expenditure



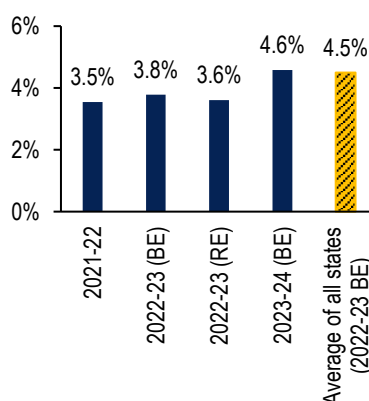
Spending on urban development as a % of total budget



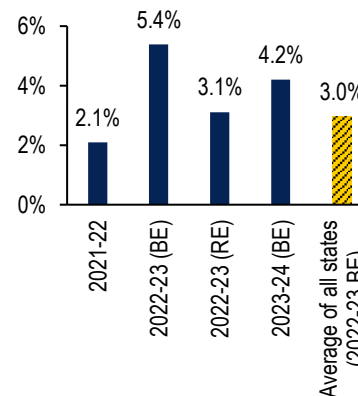
Spending on housing as a % of total budget



Spending on roads and bridges as a % of total expenditure



Spending on water supply and sanitation as a % of total budget



Note: 2021-22, 2022-23 (BE), 2022-23 (RE), and 2023-24 (BE) figures are for Delhi.

Sources: Annual Financial Statement, Delhi Budget 2023-24; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry

Annexure 2: Comparison of 2021-22 Budget Estimates and Actuals

The following tables compare the actuals of 2021-22 with budget estimates for that year.

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

Particular	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Net Receipts (1+2)	54,070	49,936	-8%
1. Revenue Receipts (a+b+c+d)	53,070	49,313	-7%
a. Own Tax Revenue	43,000	40,019	-7%
b. Own Non-Tax Revenue	1,000	827	-17%
c. Share in central taxes	0	0	-
d. Grants-in-aid from the Centre	9,070	8,467	-7%
Of which GST compensation grants	6,000	6,446	7%
2. Non-Debt Capital Receipts	1,000	623	-38%
3. Borrowings	9,285	11,193	21%
Of which GST compensation loan	0	6,193	-
Net Expenditure (4+5+6)	64,735	56,957	-12%
4. Revenue Expenditure	51,799	46,043	-11%
5. Capital Outlay	10,557	8,311	-21%
6. Loans and Advances	2,378	2,603	9%
7. Debt Repayment	4,265	4,215	-1%
Revenue Surplus	1,271	3,270	157%
Revenue Surplus (as % of GSDP)	-	-	-
Fiscal Deficit	10,665	7,021	-34%
Fiscal Deficit (as % of GSDP)	-	-	-

Note: BE: Budget Estimates. For calculating deficits, GST compensation loan not treated as grants.

Sources: Delhi Budget Documents of various years; PRS.

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

Tax Head	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Land Revenue	3	0	-100%
Sales Tax/ VAT	6,200	5,099	-18%
State Excise	6,000	5,488	-9%
State GST	23,800	22,263	-6%
Taxes on Vehicles	2,000	1,956	-2%
Stamps Duty and Registration Fees	4,997	5,212	4%

Sources: Delhi Budget Documents of various years; PRS.

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

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Rural Development	334	135	-60%
Police	118	54	-54%
Welfare of SC, ST, OBC, and Minorities	470	230	-51%
Irrigation and Flood Control	798	407	-49%
Urban Development	3,083	2,049	-34%
Water Supply and Sanitation	1,631	1,137	-30%
Agriculture and Allied Activities	355	282	-21%
Education, Sports, Arts, and Culture	15,707	12,977	-17%
Transport	8,944	7,562	-15%
Health and Family Welfare	9,934	9,073	-9%
Energy	3,225	3,275	2%
Social Welfare and Nutrition	4,144	4,787	16%
Housing	177	277	56%

Sources: Delhi Budget Documents of various years; PRS.