

# Haryana Budget Analysis 2019-20

The Finance Minister, Captain Abhimanyu Singh Sandhu, presented the Budget for Haryana for the financial year 2019-20 on February 25, 2019.

## Budget Highlights

- The **Gross State Domestic Product** of Haryana for 2019-20 (at current prices) is estimated to be Rs 7,84,910 crore. This is 11% higher than the estimate for 2018-19.
- **Total expenditure** for 2019-20 is estimated to be Rs 1,32,166 crore, a 9.8% increase over the revised estimate of 2018-19. In 2018-19, there is estimated to be an increase of Rs 5,177 crore (4.5% of the budgeted estimate) of expenditure as per the revised estimate.
- **Total receipts (excluding borrowings)** for 2019-20 are estimated to be Rs 89,447 crore, an increase of 8.8% as compared to the revised estimate of 2018-19. In 2018-19, total receipts (excluding borrowings) are estimated to fall short of the budgeted estimate by Rs 1,087 crore (1.3%).
- **Revenue deficit** for the next financial year is targeted at Rs 12,022 crore, or 1.53% of the Gross State Domestic Product (GSDP). **Fiscal deficit** is targeted at Rs 24,240 crore (3.09% of GSDP).
- The sectors of Rural Development (24%), Social Welfare and Nutrition (13%), and Health and Family Welfare (12%) saw the highest increase in allocations.

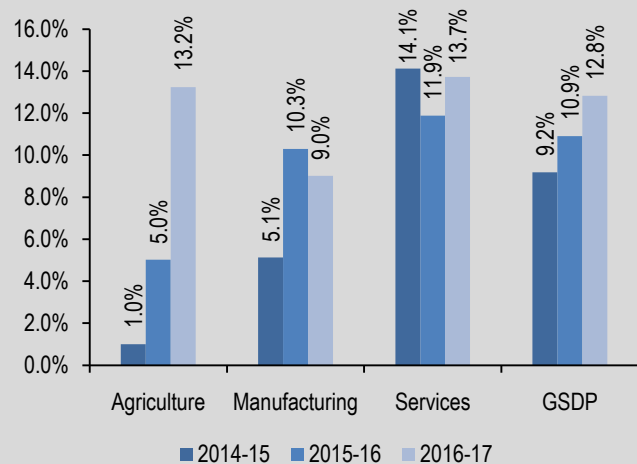
## Policy Highlights

- **Agriculture and allied sectors:** Two new schemes were announced in the Budget Speech which aim at providing financial and social security to: (i) families of cultivating farmers in possession of land up to five acres, and (ii) families of workers in unorganised sector with a family income of less than Rs 15,000 per month. An amount of Rs 1,500 crore has been allocated for the same.
- **Infrastructure projects:** In order to upgrade the infrastructure of the state, the government will reconstruct 2,300 dilapidated bridges from 2019-20 to 2023-24. The government will also construct the SYL Canal to get the state's share of water from the river Ravi-Beas. An amount of Rs 100 crore has been allocated for the construction of the canal.
- **Irrigation:** The government is implementing a scheme to provide solar water pumping systems to farmers to meet their irrigation needs. Under the scheme, farmers are provided with 2 HP and 5 HP solar water pumping systems with a state subsidy of 75%. It was announced that 50,000 off-grid solar pumps of 3 HP to 10 HP capacity will be installed in two phases.

## Haryana's Economy

- **GSDP:** The growth rate of Haryana's GSDP (at current prices) has increased from 9.2% in 2014-15 to 12.8% in 2016-17.
- **Sectors:** In 2016-17, agriculture, manufacturing, and services contributed to 19%, 31% and 50% of the GSVA respectively. These sectors grew by 13.2%, 9% and 13.7%, respectively.
- **Per capita income:** The per capita GSDP of Haryana in 2016-17 (at current prices) was Rs 1,99,612. This is 11.2% higher than that in 2015-16.
- **Unemployment:** According to the 5<sup>th</sup> Annual Employment-Unemployment Survey (2015-16), among the major states, Haryana had an unemployment rate of 4.7% as compared to the all-India level of 5%.

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



Note: All numbers are as per current prices.  
Sources: MOSPI; PRS.

## Budget Estimates for 2019-20

- The total expenditure in 2019-20 is targeted at Rs 1,32,166 crore. This is 9.8% higher than the revised estimates of 2018-19. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 89,447 crore and borrowings of Rs 42,767 crore. Total receipts for 2019-20 (other than borrowings) are expected to be 8.8% higher than the revised estimate of 2018-19.

**Table 1: Budget 2019-20 - Key figures (in Rs crore)**

Items	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	% change from BE 2018-19 to RE 2018-19	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20
<b>Total Expenditure</b>	<b>94,529</b>	<b>1,15,198</b>	<b>1,20,375</b>	<b>4.5%</b>	<b>1,32,166</b>	<b>9.8%</b>
A. Receipts (except borrowings)	69,076	83,333	82,246	-1.3%	89,447	8.8%
B. Borrowings	21,490	31,833	34,773	9.2%	42,767	23.0%
<b>Total Receipts (A+B)</b>	<b>90,565</b>	<b>1,15,166</b>	<b>1,17,019</b>	<b>1.6%</b>	<b>1,32,214</b>	<b>13.0%</b>
<b>Revenue Deficit</b>	<b>10,562</b>	<b>8,254</b>	<b>8,507</b>	<b>3.1%</b>	<b>12,022</b>	<b>41.3%</b>
<i>As % of GSDP</i>	1.69%	1.17%	1.20%		1.53%	
<b>Fiscal Deficit</b>	<b>19,154</b>	<b>20,439</b>	<b>20,573</b>	<b>0</b>	<b>24,240</b>	<b>17.8%</b>
<i>As % of GSDP</i>	3.06%	2.89%	2.91%		3.09%	

Notes: BE is Budget Estimate; RE is Revised Estimate. GSDP for 2019-20 is Rs 7,84,910 crore. GSDP for 2018-19 BE and 2018-19 RE taken to be Rs 7,07,126 crore.

Sources: Haryana Budget Documents 2019-20; PRS.

- Revenue deficit:** It is the excess of revenue expenditure over revenue receipts. A revenue deficit implies that the government needs to borrow in order to finance its expenses which do not create capital assets. The government has estimated a revenue deficit of Rs 12,022 crore in 2019-20 (or 1.53% of GSDP). This is 41.3% higher than the revised estimate for 2018-19.
- Fiscal deficit:** It is the excess of expenditure over receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2019-20, fiscal deficit of Rs 24,240 crore (or 3.09% of GSDP) is estimated. This is an increase of Rs 3,667 crore (or 17.8%) over the revised estimate of 2018-19.

## Expenditure in 2019-20

- Capital expenditure** for 2019-20 is proposed to be Rs 37,924 crore, which is an increase of 8.2% over the revised estimates of 2018-19. 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.
- Haryana's capital outlay for 2019-20 is estimated to be Rs 16,260 crore, which is 1.9% higher than the revised estimate of 2018-19.
- Revenue expenditure** for 2019-20 is proposed to be Rs 94,242 crore, which is an increase of 10.4% over revised estimates of 2018-19. This expenditure includes payment of salaries, maintenance, etc.

**Table 2: Expenditure budget 2019-20 (in Rs crore)**

Items	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	% change from BE 2018-19 to RE 2018-19	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20
Capital Expenditure	21,272	30,012	35,041	16.8%	37,924	8.2%
of which Capital Outlay	13,538	15,780	15,964	1.2%	16,260	1.9%
Revenue Expenditure	73,257	85,187	85,335	0.2%	94,242	10.4%
<b>Total Expenditure</b>	<b>94,529</b>	<b>1,15,198</b>	<b>120,375</b>	<b>4.5%</b>	<b>1,32,166</b>	<b>9.8%</b>
A. Debt Repayment	6,339	12,466	17,596	41.2%	20,257	15.1%
B. Interest Payments	11,961	14,037	13,847	-1.4%	16,633	20.1%
<b>Debt Servicing (A+B)</b>	<b>18,300</b>	<b>26,503</b>	<b>31,443</b>	<b>18.6%</b>	<b>36,890</b>	<b>17.3%</b>

Note: Capital outlay denotes expenditure which leads to creation of assets.

Sources: Haryana Budget Documents 2019-20; PRS.

## Sector expenditure in 2019-20

The sectors listed below account for **58%** of the total budgeted expenditure of Haryana in 2019-20. A comparison of Haryana's expenditure on key sectors with that of other states can be found in the Annexure.

**Table 3: Sector-wise expenditure for Haryana Budget 2019-20 (Rs crore)**

Sector	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20	Budget provisions for 2019-20
Education	12,187	14,935	14,383	15,346	7%	<ul style="list-style-type: none"> <li>Rs 6,101 crore and Rs 3,389 crore has been allocated towards government primary and secondary schools, respectively.</li> </ul>
Energy	13,086	12,076	13,778	13,172	-4%	<ul style="list-style-type: none"> <li>Rs 2,127 crore will be spent towards interest payments under the UDAY scheme.</li> </ul>
Water Supply, Sanitation, Housing and Urban Development	7,993	9,553	9,460	9,691	2%	<ul style="list-style-type: none"> <li>Rs 400 crore each has been allocated towards Smart Cities and AMRUT Missions.</li> </ul>
Social Welfare and Nutrition	6,447	7,854	7,622	8,645	13%	<ul style="list-style-type: none"> <li>Rs 4,865 crore has been allocated towards providing pension under various social security schemes.</li> </ul>
Transport	4,685	5,446	5,000	5,442	9%	<ul style="list-style-type: none"> <li>Rs 2,261 crore has been allocated towards development of Haryana Roadways.</li> <li>Rs 833 crore has been allocated towards Roads and Bridges.</li> </ul>
Rural Development	2,981	4,332	4,309	5,365	24%	<ul style="list-style-type: none"> <li>Rs 500 crore has been allocated towards Haryana Gramin Vikas Yojana.</li> <li>Rs 1,177 crore has been allocated as assistance to Gram Panchayats on the recommendation of the 14<sup>th</sup> Finance Commission.</li> </ul>
Police	3,802	4,687	4,799	5,043	5%	<ul style="list-style-type: none"> <li>Rs 3,206 crore and Rs 450 crore have been allocated for district police and special police force, respectively.</li> </ul>
Health and Family Welfare	3,376	4,769	4,475	5,016	12%	<ul style="list-style-type: none"> <li>Rs 1,094 crore has been allocated towards hospitals and dispensaries.</li> <li>Rs 995 crore has been allocated towards Primary Health Centres in rural areas.</li> </ul>
Agriculture and allied activities	4,086	4,660	4,516	4,539	1%	<ul style="list-style-type: none"> <li>In the Budget Speech, an amount of Rs 1,500 crore was announced for providing financial and social security to farmers and workers in the unorganized sector.</li> </ul>
Irrigation and Flood Control	2,437	3,322	3,204	3,400	6%	<ul style="list-style-type: none"> <li>Rs 711 crore has been allocated towards the West Yamuna Canal Project.</li> </ul>
Welfare of SC/ ST/OBC and Minorities	400	738	513	516	1%	<ul style="list-style-type: none"> <li>Rs 177 crore has been allocated for post-matric scholarships for SC and backward classes.</li> </ul>
<b>% of total expenditure</b>	<b>65%</b>	<b>63%</b>	<b>60%</b>	<b>58%</b>		

Source: Haryana Budget Speech 2019-20, Haryana Annual Financial Statement 2019-20, Haryana Demand for Grants 2019-20; PRS.

## Receipts in 2019-20

- The **total revenue receipts** for 2019-20 are estimated to be Rs 82,219 crore, an increase of 7% over the revised estimates of 2018-19. Of this, Rs 61,130 (74% of the revenue receipts) crore will be raised by the state through its **own resources**, and Rs 21,089 crore (26% of the revenue receipts) will be **devolved by the centre** in the form of grants and the state's share in taxes.
- **Non Tax Revenue:** Haryana has estimated to generate Rs 10,025 crore through non-tax sources in 2019-20. Of this, Rs 1,623 crore will be received as interest from various departmentally commercial and public sector undertakings.

In 2019-20, Haryana estimates to receive Rs 21,089 crore from the centre. Of this, the share in central taxes is Rs 11,217 crore, which is a 36% increase from the revised estimate of 2018-19. Note that, in 2018-19, the share in central taxes decreased by 11.2% (Rs 1,045 crore)

As per the revised estimate of 2018-19, grants received by the state from the central government increased by 18.2% from the budget estimate. In 2019-20, these grants are estimated to further increase by 16%, to Rs 9,873 crore.

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

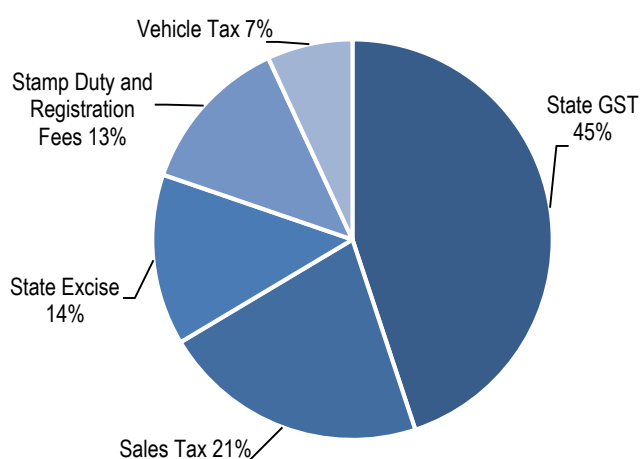
Items	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	% change from BE 2018-19 to RE 2018-19	2019-20 Budgeted	% change from RE 2018-19 to BE 2019-20
State's Own Tax	41,099	49,132	50,946	3.7%	51,105	0.3%
State's Own Non-Tax	9,113	11,303	9,120	-19.3%	10,025	9.9%
Share in Central Taxes	7,298	9,300	8,255	-11.2%	11,217	35.9%
Grants-in-aid from Centre	5,185	7,199	8,507	18.2%	9,873	16.1%
<b>Total Revenue Receipts</b>	<b>62,695</b>	<b>76,933</b>	<b>76,828</b>	<b>-0.1%</b>	<b>82,219</b>	<b>7.0%</b>
Borrowings	21,490	31,833	34,773	9.2%	42,767	23.0%
Other receipts	6,381	6,400	5,418	-15.3%	7,227	33.4%
<b>Total Capital Receipts</b>	<b>27,871</b>	<b>38,233</b>	<b>40,191</b>	<b>5.1%</b>	<b>49,995</b>	<b>24.4%</b>
<b>Total Receipts</b>	<b>90,565</b>	<b>1,15,166</b>	<b>1,17,019</b>	<b>1.6%</b>	<b>1,32,214</b>	<b>13.0%</b>

Note: All numbers have been rounded off to the nearest decimal.

Sources: Haryana Budget Documents 2019-20; PRS.

- **Tax Revenue:** Total own tax revenue of Haryana is estimated to be Rs 51,105 crore in 2019-20. The composition of the state's tax revenue is shown in Figure 2. The tax to GSDP ratio is targeted at 6.5% in 2019-20, which is in the same range as the revised estimate of 7% in 2018-19. This implies that growth in collection of taxes has been at par with the growth in the economy.

**Figure 2: Composition of the state's tax revenue in 2019-20 (Budget Estimates)**



Note: The chart excludes some other taxes which form the rest 1% of the state tax revenue.

Sources: Haryana Annual Financial Statement 2019-20; PRS.

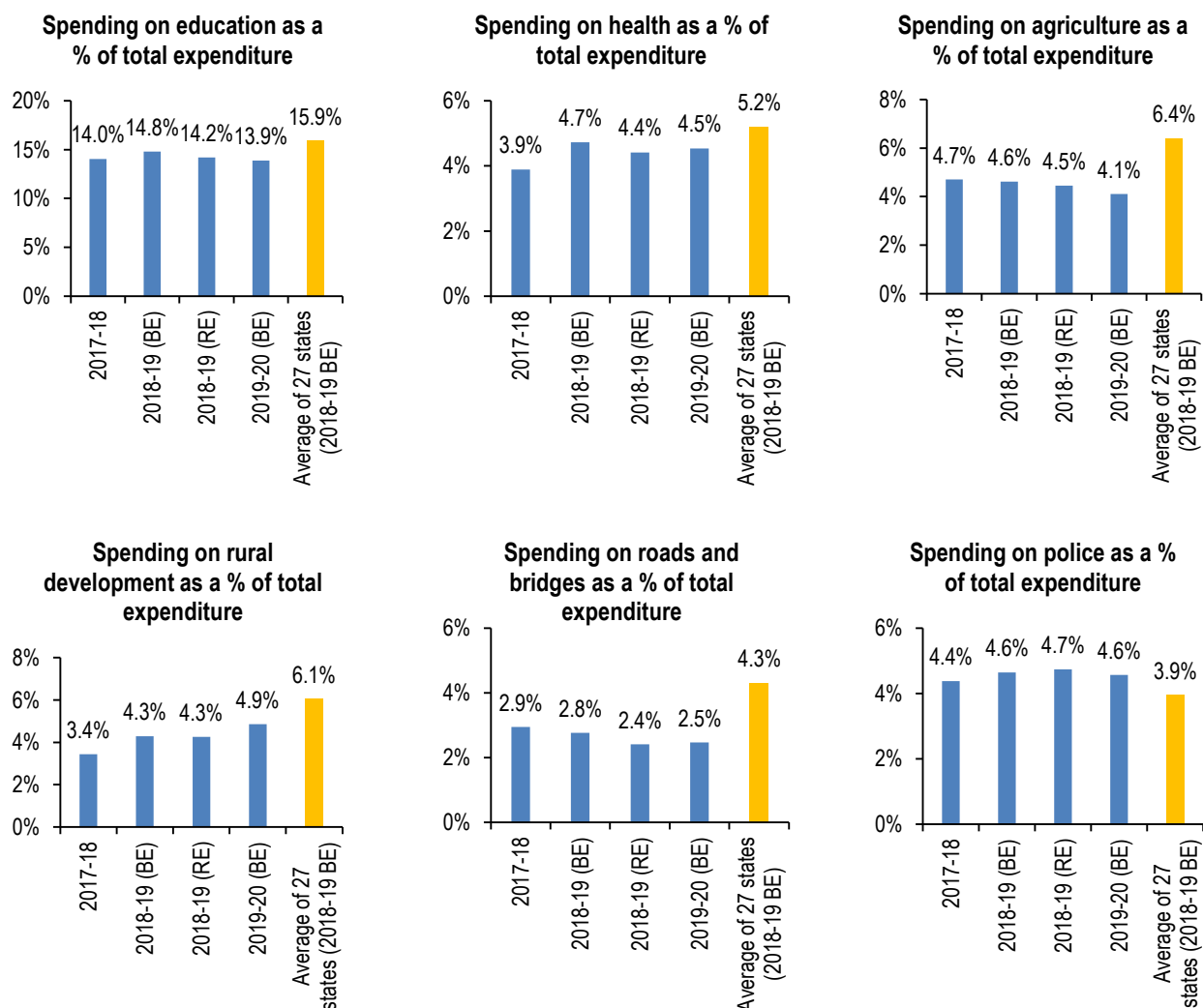
- State Goods and Services Tax (SGST) is the largest component of tax revenue for the state (45%). It is expected to generate Rs 22,750 crore in 2019-20. This is a 4% decrease from the revised estimates of 2018-19.
- In 2019-20, Haryana is expected to generate Rs 10,900 crore through levy of sales tax (on items such as petroleum products), and VAT. This is a decrease of 3% over the revised estimates of 2018-19.
- Further, in 2019-20 the state is expected to generate Rs 7,000 crore from state excise duty, and Rs 6,500 crore from stamp duty and registration fees. This is an increase of 9% and 8% respectively, from the revised estimates of 2018-19.

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## Annexure

The graphs below compare Haryana's expenditure on four key sectors as a proportion of its total budget, with 26 other states (using budget estimates of 2018-19).<sup>1</sup>

- **Education:** Haryana has allocated 13.9% of its expenditure on education in 2019-20. This is lower than the average expenditure allocated to education by other states.
- **Health:** Haryana has allocated 4.5% of its total expenditure on health, which is marginally lower than the average expenditure of other states.
- **Agriculture and allied activities:** The state has allocated 4.1% of its total budget towards agriculture and allied activities. This is lower than the allocations of other states (6.4%).
- **Rural development:** Haryana has allocated 4.9% of its expenditure on rural development. This is lower than the average (6.1%) of the other states.
- **Roads and bridges:** Haryana has allocated 2.5% of its total expenditure on roads and bridges, which is lower than the average expenditure of other states.
- **Police:** Haryana has allocated 4.6% of its total expenditure on police, which is higher than the average expenditure of other states (3.9%).



Note: 2017-18, 2018-19 (BE), 2018-19 (RE), and 2019-20 (BE) figures are for Haryana.

Source: Annual Financial Statement (2018-19 and 2019-20), various state budgets; PRS.

<sup>1</sup> The 26 other states include all states except Arunachal Pradesh, Manipur, and Meghalaya. It also includes the Union Territory of Delhi.