

## Executive Summary

Based on the audited accounts of the Government of Delhi for the year ending March 2012, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three chapters.

**Chapter - 1** is based on audit of Finance Accounts and provides a broad perspective of the finances of Delhi Government for the year ending March 2012. It also analyses critical changes in the major fiscal aggregates relating to the previous years keeping in view the overall trends during the last five years.

**Chapter - 2** is based on audit of Appropriation Accounts and gives the grant wise description of appropriations and the manner in which allocated resources were managed by the service delivery departments.

**Chapter - 3** is an overview on the Delhi Government's compliance with various financial rules, procedures and directives during the year ended 31 March 2012.

The report also has an appendage of additional data collected from several sources in support of the findings.

### Audit findings

#### 1. Finances of the State Government

**Revenue receipts:** Revenue receipts decreased by ₹ 2630.93 crore (10.51 *per cent*). The tax revenue had increased by ₹ 3493.92 crore while non-tax revenue and grants from Government of India had decreased by ₹ 3728.08 crore and ₹ 2396.77 crore respectively. The revenue receipts showed an increasing trend over the period 2007-11 with significant change in composition. The share of tax revenue in State Receipt declined from 79.01 *per cent* in 2007-08 to 65.85 *per cent* in 2010-11. This trend is reversed during 2011-12 when it increased to 89.19 *per cent*. The revenue receipts declined by 10.51 *per cent* during 2011-12 when compared to the revenue receipts during 2010-11. The growth in GSDP for the same period was 18.69 *per cent*.

#### High share of revenue expenditure in total expenditure

The revenue expenditure during the current year at ₹ 17964.86 crore has increased by ₹ 3583.12 crore (24.91 *per cent*) over the previous year. The revenue expenditure constituted 81.77 *per cent* of the total expenditure (excluding loan and advances) during 2011-12.

#### Inadequate priority to development expenditure

Capital expenditure increased by ₹ 19.47 crore (0.48 *per cent*) over the previous year. The capital expenditure constituted 18.23 *per cent* of the total expenditure (excluding loan and advances) during 2011-12 indicating less productive allocation of funds by the State.

**Investment and returns:** As of 31 March 2012, the Government had invested ₹ 14655.90 crore in statutory corporations, rural banks, and co-operatives. The return on these investments was a meagre 0.33 *per cent* in the last three years, while the Government paid interest at an average rate of 9.46 *per cent* on its borrowings during 2009-2012.

**High ratio of fiscal liabilities to GSDP:** The outstanding fiscal liabilities of the State decreased from ₹ 30140.09 crore in 2010-11 to ₹ 29608.29 crore in 2011-12 (1.76 *per cent*). The fiscal liabilities of ₹ 29608.29 crore during 2011-12 comprised of small savings collection of ₹ 29608.28 crore and cooperative assistance to other cooperatives ₹ 0.01 crore.

**Fiscal position:** The State has continuously shown an increasing trend in revenue surplus from ₹ 5141.86 crore in 2007-08 to ₹ 10642.36 crore in 2010-11. But, during 2011-12 a sharp decline can be noticed. It came down to ₹ 4428.31 crore in 2011-12. The fiscal deficit had shown an increasing trend from ₹ 2040.90 crore in 2007-08 to ₹ 3549.96 crore in 2009-10. It was positive during 2010-11 at ₹ 729.60 crore, it went into negative territory again and was ₹ 2545.20 crore during 2011-12.

## 2. Financial management and budgetary control

During 2011-12, expenditure of ₹ 26458.40 crore was incurred against total grants and appropriation of ₹ 28050.67 crore resulting in unspent provision of ₹ 1592.27 crore (5.67 *per cent*). The overall saving of ₹ 1592.27 crore was a result of saving of ₹ 1261.50 crore in eleven grants and one appropriation (Public Debt) under Revenue Section, ₹ 519.30 crore in eight grants and one appropriation under Capital Section offset by excess of ₹ 188.53 crore under five grants.

It was evident from Appropriation Accounts for the year 2011-12 that in 243 cases, there were savings exceeding ₹ 5.00 crore (₹ 1 crore for Centrally Sponsored Scheme (CSS)/Schedule Caste Sub-Plan (SCSP)) or more than 20 *per cent* of total provision. Against the total savings of ₹ 4321.60 crore, savings of ₹ 2763.46 crore (63.94 *per cent*) exceeding ₹ 50.00 crore in each case occurred in 22 cases relating to 4 grants and 1 appropriation.

In 42 sub-heads of 9 Grants, the entire provision authorised by the Legislature remained unutilised by the departments or remitted to Government Account before the closure of the financial year 2011-12. Savings of the entire provision is indicative of the fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Major schemes which failed to take off or suffered due to non-utilisation of entire provision were: Grant-in-aid for municipal reforms (₹ 300.93 crore), Equity for Power Stabilisation Funds DPCL (₹ 200 crore), Special Scheme for Grant-in-aid to DJB for development of sewerage and water supply in Assembly constituencies (₹ 70 crore), Loan to MCD for construction of Roads under JNNURM (₹ 50.60 crore) and District and Other Roads-Other Expenditure-CRF Schemes (₹ 50

crore). Thus, there was a need for review of budgetary provisions in respect of the above heads.

Supplementary grant amounting to ₹ 118.48 crore in 31 sub-heads were obtained in anticipation of higher expenditure. However, the final expenditure was less than even the original grant/appropriation. Injudicious re-appropriation proved unnecessary and resulted in savings of ₹ 211.95 crore under 40 sub-heads.

In 83 cases, an aggregate expenditure of ₹ 134.71 crore had been incorrectly classified as revenue expenditure.

In 4 cases, there was augmentation of provision by more than 10 *per cent* of the original provision or Rs. 10 crore by way of re-appropriation in the Object Head '33-Subsidies' without the approval of the Legislature.

### **3. Financial reporting**

There were delays in obtaining Utilization Certificates (UCs) from various grantee institutions for the loans and grants released to them. Out of total 4587 grants, 4444 UCs amounting to ₹ 14591.62 crore were awaited from various departments at the end of March 2012. Out of 4444 outstanding UCs, 2067 UCs (46.51 *per cent*) amounting to ₹ 3776.49 crore were due for more than 10 years.

21 Annual Accounts due upto the year 2010-11 of five autonomous bodies/authorities were not submitted to audit as of 31 March 2012. In particular, Delhi Building and Other Construction Worker Welfare Board, Indraprastha Institute of Technology and Delhi Urban Shelter Improvement Board did not submit their Annual Accounts since their inception (2002-03, 2008-09 and 2010-11 respectively), while three Annual Accounts of Netaji Subhash Institute of Technology since 2008-09 were in arrear. Delhi Jal Board had not submitted its five accounts from 2006-07, onwards.