

**Chapter-1**  
**Finances of the Government**  
**of**  
**National Capital Territory of Delhi**



## Chapter - 1

### Finances of the Government of National Capital Territory of Delhi

This chapter provides a broad perspective of the finances of the Government of National Capital Territory (NCT) of Delhi during 2016-2017 and analyses changes in the major fiscal aggregates as compared to the previous year keeping in view the overall trends during the last five years. The accounts of the Union Government and other State Governments are kept in three parts viz. (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Accounts while the accounts of the Government of the National Capital Territory of Delhi are kept in two parts namely, (a) Consolidated Fund and (b) Contingency Fund. There is no Public Account in Delhi. Transactions related to debt (other than those relating to small savings schemes), deposits, advances, remittances and suspense are merged in the Public Account of the Union Government. The fiscal liabilities of the State comprise of small savings collections. The balance of the Government of NCT of Delhi is merged and forms part of the general cash balance of the Union Government and treated as lying in deposit with the Government. Delhi is not being covered under the recommendations of the Central Finance Commission and only gets discretionary grants in lieu of State share of Union taxes and duties.

#### *Profile of NCT of Delhi*

Delhi, the capital of the country, is spread over an area of 1,483 sq. km. It is densely populated having on average population density of 11,320 persons per sq. km. The NCT's Gross State Domestic Product (GSDP) in 2016-17 was ₹ 6,22,384.64 crore. Its GSDP has grown at a higher rate (16.46 *per cent*) in the past decade compared to the average GSDP growth of General Category States (14.60 *per cent*) (**Appendix 1.1**). The trends in the annual growth of India's GDP and GSDP of NCT of Delhi at current prices are indicated in **Table 1.1**.

**Table 1.1: Annual Growth of GDP/GSDP of India vis-à-vis NCT of Delhi**

Year	2012-13	2013-14	2014-15	2015-16	2016-17
India's Gross Domestic Product (₹ in crore)	99,51,344	1,12,72,764	1,24,88,205	1,35,76,086	1,51,83,709
Growth rate of GDP ( <i>per cent</i> )	13.91	13.28	10.78	8.71	11.84
Gross State Domestic Product (₹ in crore)	3,91,238.43	4,43,782.79	4,92,424.22	5,51,963.41	6,22,384.64
Growth rate of GSDP ( <i>per cent</i> )	13.81	13.43	10.96	12.09	12.76

Source: Directorate of Economic and Statistical Analysis, GNCTD and Central Statistics Office.

## 1.1 Introduction

The Finance Accounts of the Government of NCT of Delhi are laid out in 16 statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund and Contingency Fund of the Government of NCT of Delhi (**Appendix 1.2**).

## 1.2 Summary of current year's fiscal transactions

**Table 1.2** presents a summary of the Government of NCT of Delhi's fiscal transactions during the current year (2016-17) vis-a-vis the previous year. **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

**Table 1.2: Summary of current year's fiscal operations**

(₹ in crore)

Receipts			Disbursement				
	2015-16	2016-17		2015-16	2016-17		
Section-A Revenue	Total	Total	Section-A Revenue	Total	Non-Plan	Plan	Total
Revenue receipts	34,998.85	34,345.74	Revenue expenditure	26,342.55	20,585.33	8,716.59	29,301.92
Tax revenue	30,225.16	31,139.89	General services	6,427.12	6,327.40	262.88	6,590.28
Non-tax revenue	515.40	380.69	Social services	14,817.83	8,915.57	7,663.32	16,578.89
			Economic services	4,138.71	4,321.01	790.40	5,111.41
Grants from Government of India	4,258.29	2,825.16	Grants-in-aid and Contributions	958.89	1,021.34	-	1,021.34
<b>Section-B Capital</b>			<b>Section-B Capital</b>				
Misc. Capital Receipts	-	-	Capital expenditure	4,723.47	8.78	3,745.52	3,754.30
Recoveries of Loans and Advances	83.41	212.50	Loans and Advances disbursed	2,684.32	911.08	1,641.44	2,552.52
Public Debt receipts*	2,241.13	1,695.53	Repayment of Public Debt*	1,435.18	1,654.62	-	1,654.62
Contingency Fund	10	0	Appropriation to contingency Fund	10	-	-	0
Opening Cash Balance #	1,517.07	3,654.94	Closing Cash Balance#	3,654.94	-	-	2,645.35
<b>Total</b>	<b>38,850.46</b>	<b>39,908.71</b>		<b>38,850.46</b>			<b>39,908.71</b>

\* Includes loans and advances from Government of India largely in the form of share in small savings.

# Cash balance is merged with the general cash balance of Government of India.

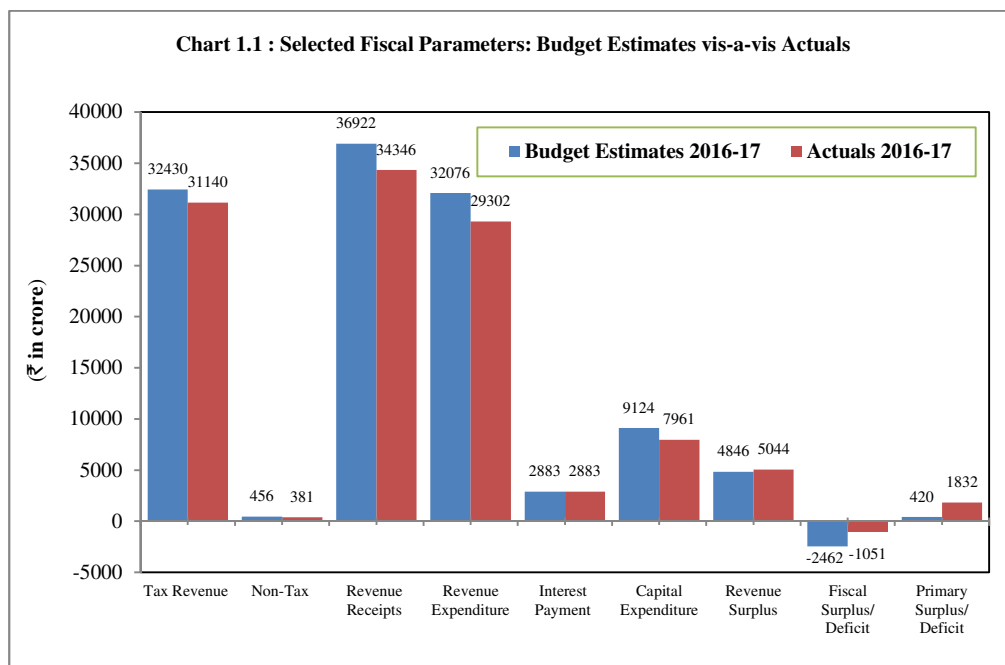
(Source: Finance Accounts of Delhi for the year 2016-17 and information from Pr. Accounts Office, Delhi)

Following are the significant changes during 2016-17 over the previous year:

- Revenue receipts decreased by ₹ 653.11 crore (1.87 per cent). The tax revenue had increased by ₹ 914.73 crore (3.03 per cent). Decrease in revenue receipt was largely attributed to decrease in non-tax revenue by ₹ 134.71 crore (26.14 per cent) and decrease in grants from Government of India by ₹ 1,433.13 crore (33.66 per cent). The decrease in grants from Government of India is mainly due to less receipt under ‘Compensation for the loss of revenue on account of phasing out of Central Sales Tax’ at ₹ 690.53 crore in 2016-17 vis-à-vis ₹ 2,572.48 crore in 2015-16.
- Revenue expenditure increased by ₹ 2,959.37 crore (11.23 per cent) and capital expenditure decreased by ₹ 969.17 crore (20.52 per cent).
- Recoveries of loans and advances increased by ₹ 129.09 crore (154.77 per cent), while the disbursement of loans decreased by ₹ 131.80 crore (4.91 per cent).
- Public debt receipt decreased by ₹ 545.60 crore (24.34 per cent) and repayments increased by ₹ 219.44 crore (15.29 per cent).
- The cash balance at the close of 2016-17 decreased by ₹ 1,009.59 crore (27.62 per cent) over the previous year.

### 1.3 Budget estimates and actuals

The budget estimates and actuals for some important fiscal parameters are shown in **Chart 1.1**.



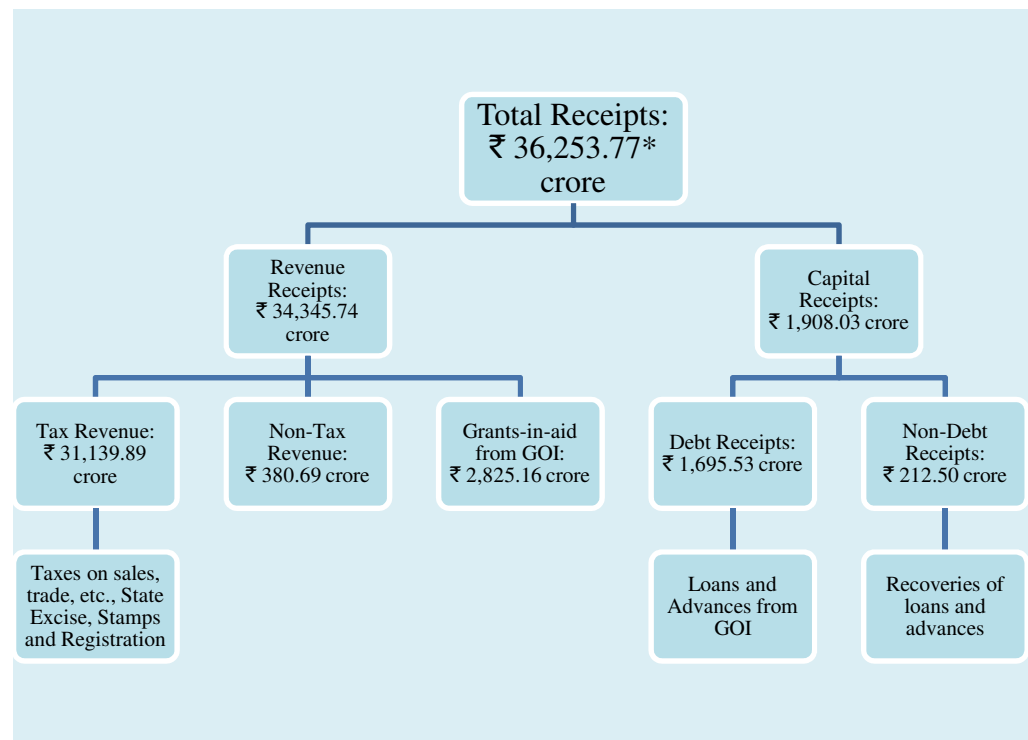
During the year, both revenue receipts and revenue expenditure were less by 7 per cent and 9 per cent respectively than the targets. Fiscal deficit was ₹ 1,051 crore (57.31 per cent) against estimated fiscal deficit of ₹ 2,462 crore while primary surplus was at ₹ 1,832 crore against estimation of ₹ 420 crore.

## 1.4 Resources of the Government

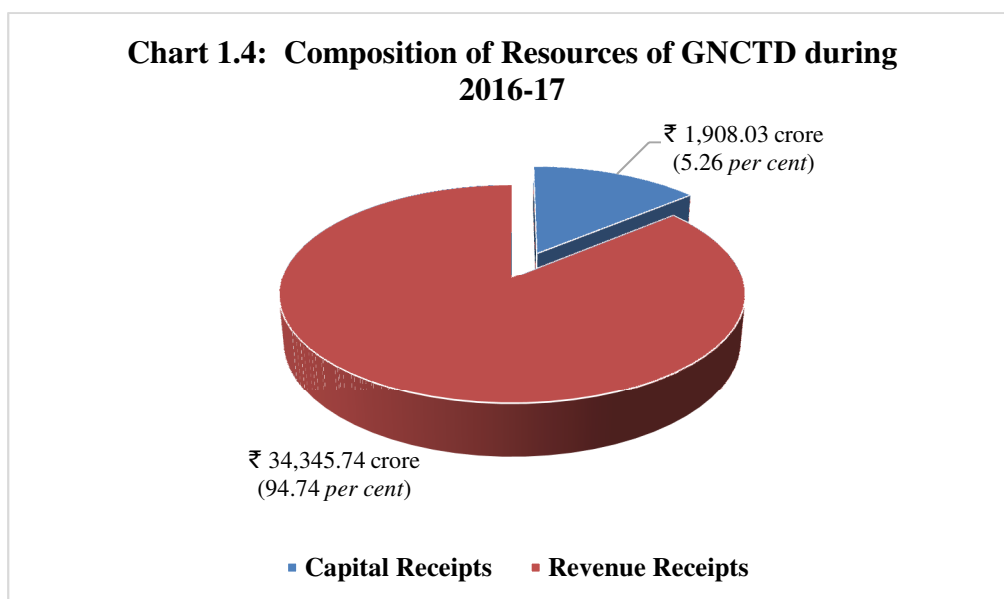
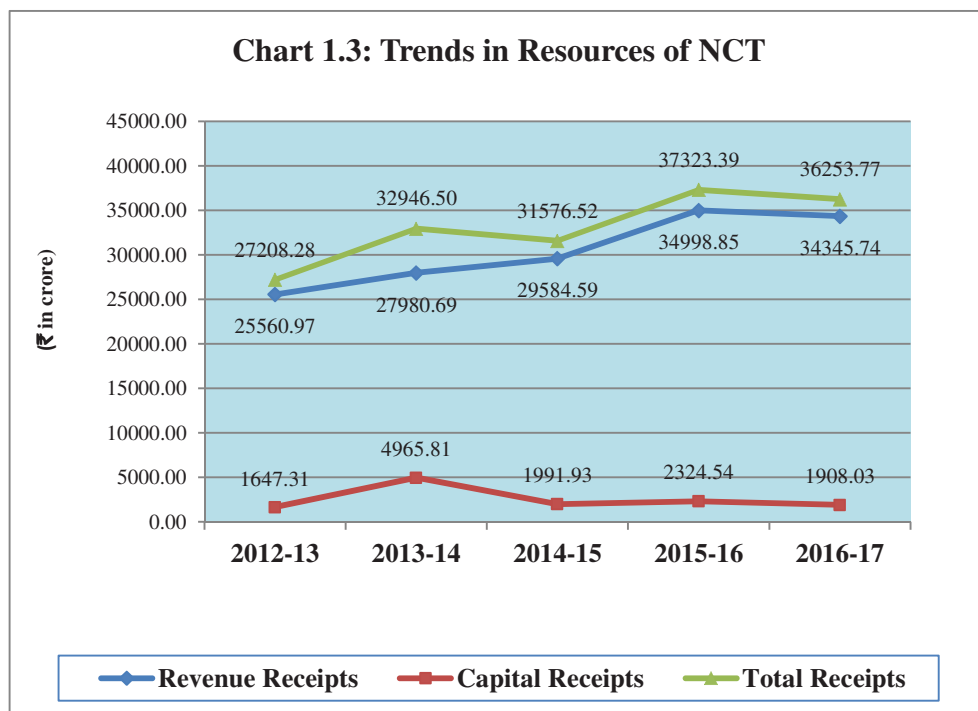
### 1.4.1 Resources of the NCT as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the Government. Revenue receipts consist of tax revenues, non-tax revenues and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from recoveries of loans and advances, debt receipts and loans and advances from GOI as well as deposits from Public Account. **Table 1.2** presents the receipts and disbursements of the NCT's during the current year as recorded in Delhi's Annual Finance Accounts while **Chart 1.2 and Chart 1.4** depicts the components of total receipts/resources. **Chart 1.3** depicts the trends in various components of the receipts during 2012-17.

**Chart 1.2: Components and sub-components of the resources**



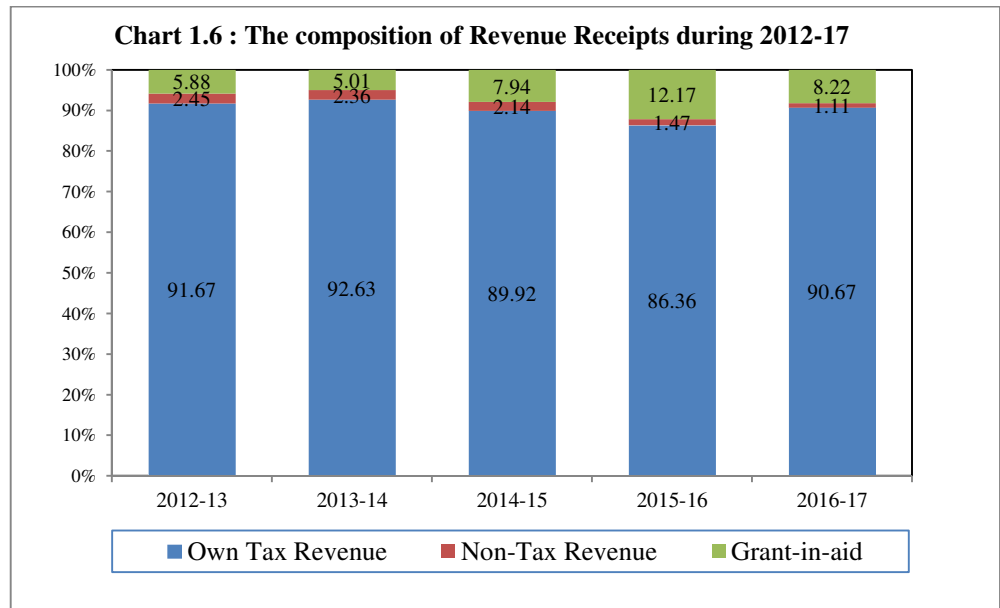
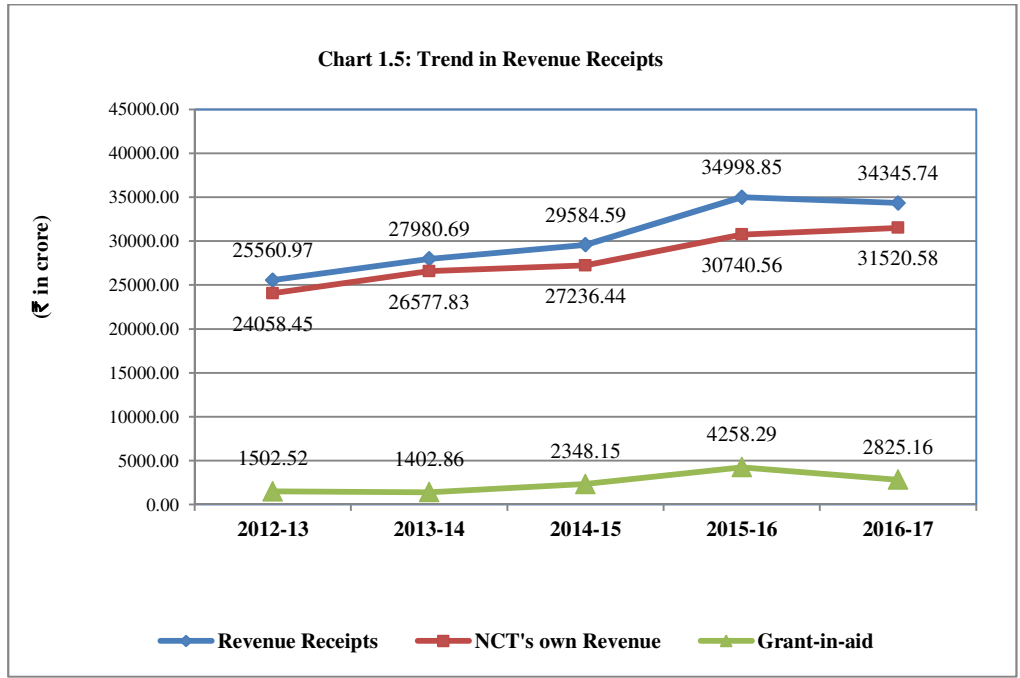
\*Excluding cash balances.



Of the total receipts of the Government of NCT of Delhi, the revenue receipts constituted 94.74 per cent in 2016-17 as against 93.95 per cent in 2012-13.

### 1.5 Revenue receipts

The revenue receipts consist of the State's tax and non-tax revenues and grants-in-aid from GOI. The trends and composition of revenue receipts of the NCT during the period 2012-13 to 2016-17 are presented in **Appendix 1.3** and also depicted in **Charts 1.5** and **1.6** respectively.



It is observed from **Chart 1.6** that the share of NCT's own tax revenue to total revenue receipts increased from 91.67 per cent in 2012-13 to 92.63 per cent in 2013-14 while decreased gradually to 86.36 per cent in 2015-16 and again increased to 90.67 per cent in 2016-17. Non- tax revenue as share of overall revenue receipts went down continuously from 2.45 per cent in 2012-13 to 1.11 per cent in 2016-17. The share of grants-in-aid increased from 5.88 per cent in 2012-13 to 8.22 per cent in 2016-17. The trends in revenue receipts relative to GSDP are presented in **Table 1.3**.



**Table 1.3: Trends in Revenue Receipts relative to GSDP**

	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenue Receipts (RR) (₹ in crore)</b>	25,560.97	27,980.69	29,584.59	34,998.85	34,345.74
Rate of growth of RR (per cent)	14.15	9.47	5.73	18.30	-1.87
RR/GSDP (per cent)	6.53	6.31	6.01	6.34	5.52
Rate of growth of Own Tax Revenue	17.32	10.62	2.64	13.61	3.03
<b>Buoyancy Ratios</b>					
Revenue Buoyancy w.r.t GSDP	1.02	0.70	0.52	1.51	-0.15
NCT's Own Tax Buoyancy w.r.t. GSDP	1.25	0.79	0.24	1.13	0.24

Source: Finance Accounts for the respective years

The growth of revenue receipts has shown a mixed trend over the period 2012-17. The revenue receipts have a negative growth of 1.87 per cent while GSDP increased to 12.76 per cent (**Appendix 1.4**) in 2016-17 over the previous year. Decrease in revenue receipts was largely due to decrease in grant from GOI by ₹ 1,433.13 crore (33.66 per cent).

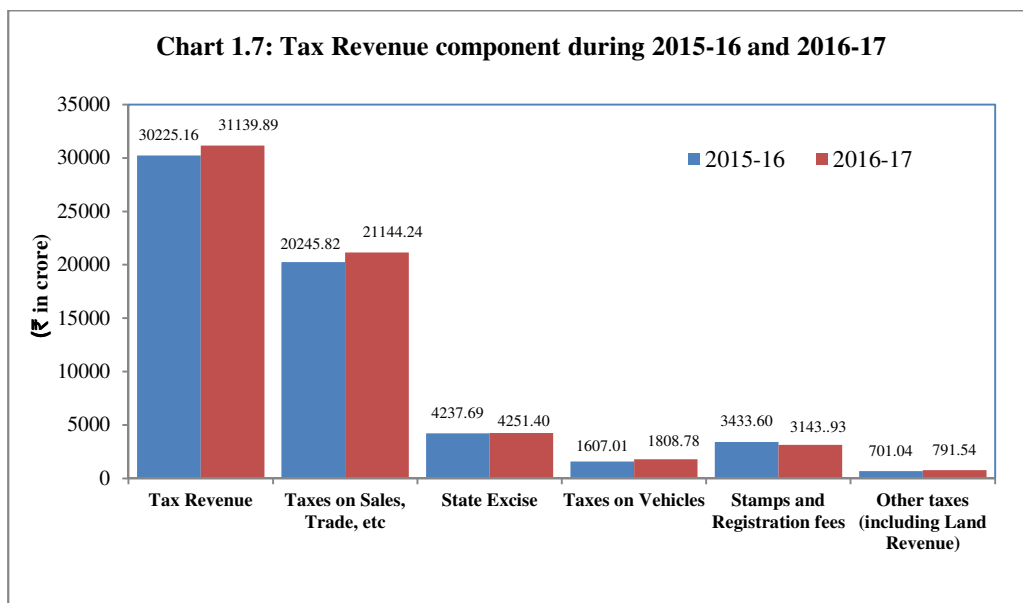
During 2012-13, the NCT's tax revenue buoyancy with reference to GSDP was 1.25 per cent which gradually decreased to 0.24 per cent in 2014-15, increased to 1.13 per cent during 2015-16 and decreased to 0.24 per cent in 2016-17.

### 1.5.1 NCT's own resources

The revenue receipts of the NCT of Delhi showed increasing trend during the period 2012-16. It marginally decreased in the year 2016-17 by 1.87 per cent over the previous year.

#### Tax revenue

The components of tax revenue during the current year vis-à-vis previous year are given in **Chart 1.7:**



Source: Finance Accounts of Delhi for respective years

The tax revenue has increased by ₹ 914.73 crore (3.03 per cent) during 2016-17 (₹ 31,139.89 crore) over previous year (₹ 30,225.16 crore). The major contribution in revenue was from taxes on sales, trade, etc. which contributed about 67.90 per cent of the total tax revenue and grew by 4.44 per cent over the previous year.

Collection under state excise marginally increased by ₹ 13.71 crore (0.32 per cent) and stamp duty decreased by ₹ 289.67 crore (8.44 per cent) during 2016-17 over the previous year. Similarly, contribution of taxes on vehicles and other taxes (including land revenue) have increased by ₹ 201.77 crore (12.56 per cent) and ₹ 90.50 crore (12.91 per cent) respectively.

### Non- Tax revenue

The non-tax revenue (₹ 380.69 crore) which constituted 1.11 per cent of total revenue receipts (₹ 34,345.74 crore) during 2016-17 decreased by ₹ 134.71 crore (26.14 per cent) over the previous year.

### 1.5.2 Cost of collection

The gross collection of the major revenue receipt, expenditure incurred on collection and the percentages of such expenditure to gross collection during the years 2014-15 to 2016-17 are given in **Table 1.4**.

Table 1.4: Cost of collection

(₹ in crore)

Heads of Revenue	Year	Collections	Expenditure on collection of Revenue	Percentage of expenditure on collection
Taxes on Sales, Trade etc.	2014-15	18,289.31	49.26	0.27
	2015-16	20,245.82	56.16	0.28
	2016-17	21,144.24	63.05	0.30
State Excise	2014-15	3,422.39	5.29	0.15
	2015-16	4,237.69	6.02	0.14
	2016-17	4,251.40	8.53	0.20
Taxes on Vehicles	2014-15	1,558.83	31.49	2.02
	2015-16	1,607.01	38.47	2.39
	2016-17	1,808.78	45.36	2.51

The above table shows that during 2016-17, the percentage of expenditure on collection marginally increased in Taxes on Sales, Trade etc., State Excise and Taxes on Vehicles over the previous year.

## 1.6 Application of resources

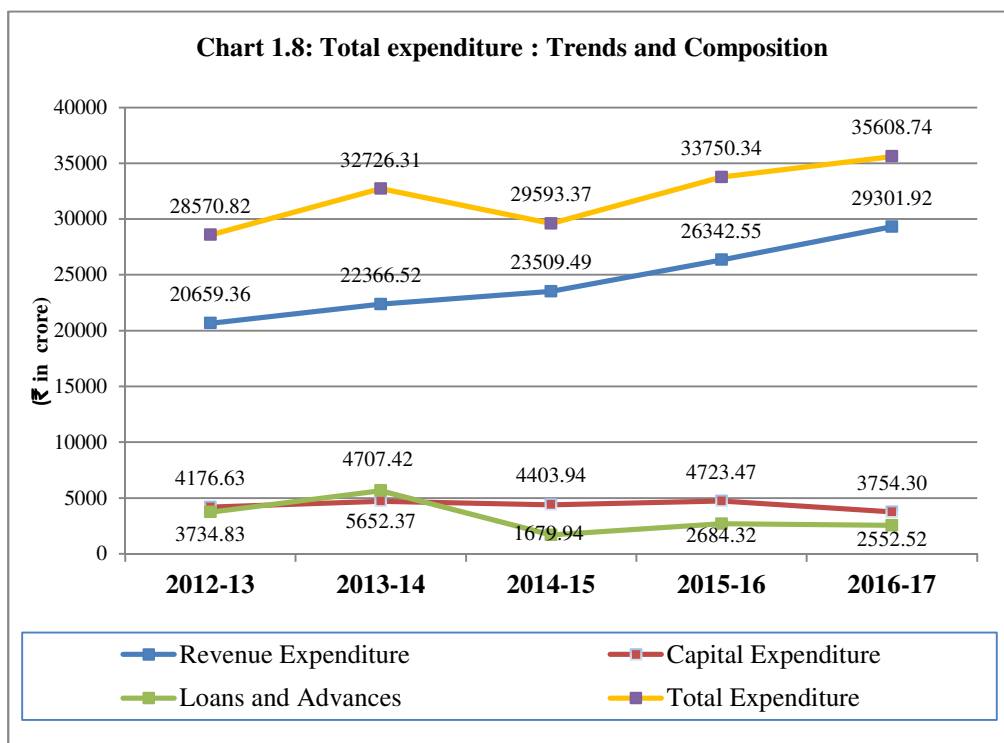
### 1.6.1 Growth and composition of expenditure

States raise resources to perform their functions, maintain existing delivery of social and economic services and extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the NCT increased from ₹ 28,570.82 crore in 2012-13 to ₹ 35,608.74 crore in 2016-17 (**Appendix 1.3**).

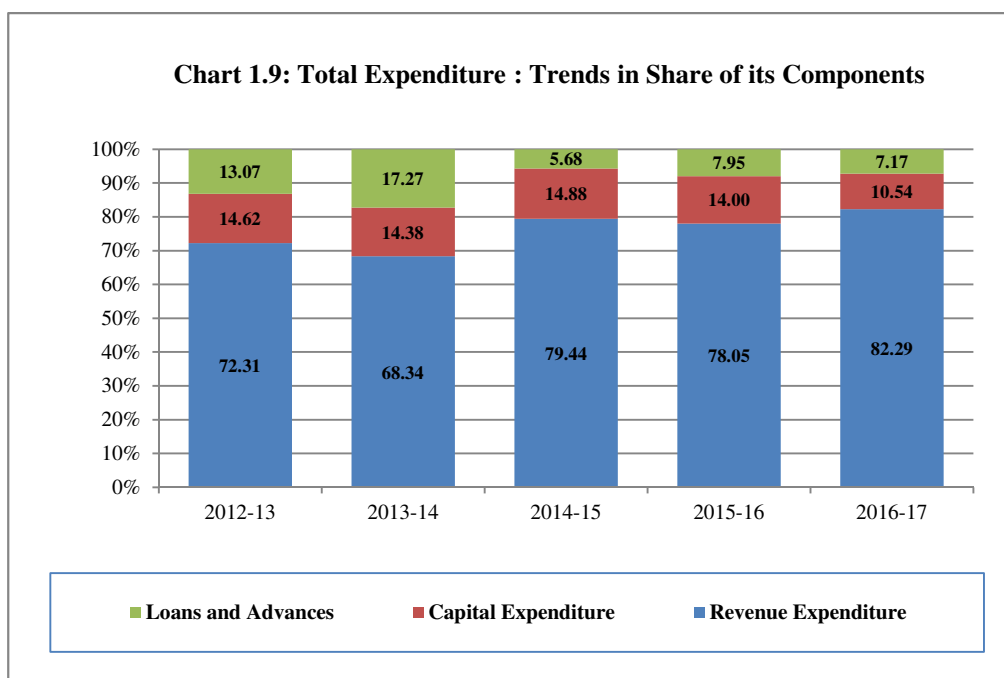
The total expenditure during the current year at ₹ 35,608.74 crore has increased by ₹ 1,858.40 crore (5.51 *per cent*) over the previous year. Of the total increase, revenue expenditure increased by ₹ 2,959.37 crore while capital expenditure and loans and advances decreased by ₹ 969.17 crore and ₹ 131.80 crore respectively. The decrease in share of capital expenditure as compared to overall increase in expenditure during the current year is an indicator of less productive allocation of funds by the State. Over the last five years, revenue expenditure increased from ₹ 20,659.36 crore in 2012-13 to ₹ 29,301.92 crore in 2016-17 which constituted an increase of 41.83 *per cent*. In comparison capital expenditure showed a mixed trend during the last five years. It increased to ₹ 4,707.42 crore in 2013-14 from ₹ 4,176.63 crore in 2012-13, then decreased to ₹ 4,403.94 crore in 2014-15, again increased to ₹ 4,723.47 crore in 2015-16 and stood at ₹ 3,754.30 crore in 2016-17, registering a decrease of 20.52 *per cent* over the previous year.

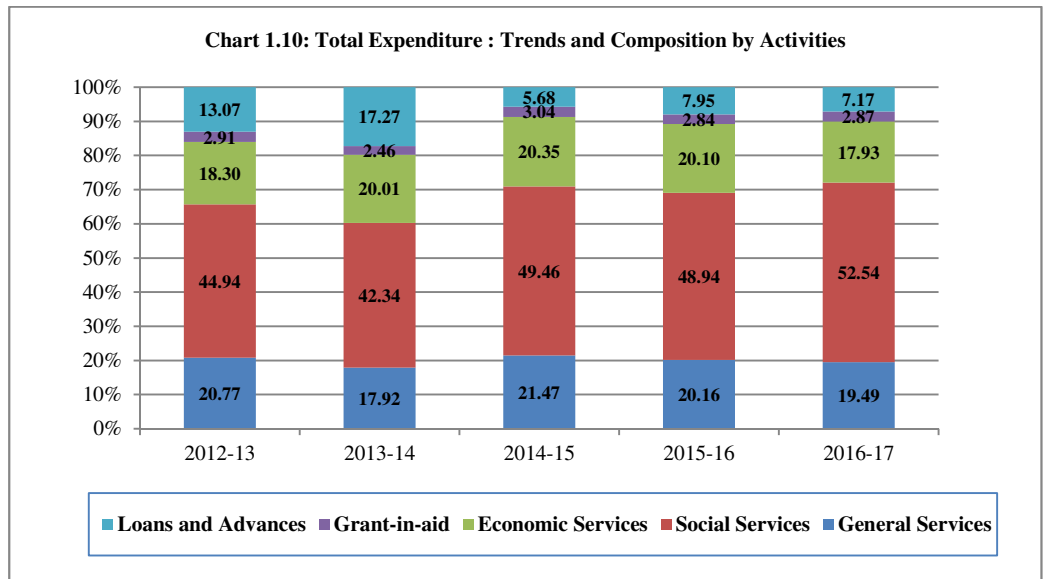
Capital expenditure and revenue expenditure were 16.82 *per cent* and 83.18 *per cent* of total expenditure (excluding loans and advances) in 2012-13 while in 2016-17 they were 11.36 *per cent* and 88.64 *per cent* respectively. Total expenditure under plan head decreased from ₹ 13,091.75 crore in 2015-16 to ₹ 12,462.11 crore in 2016-17 registering a decrease of

₹ 629.64 crore while non-plan expenditure increased to ₹ 20,594.11 crore in 2016-17 from ₹ 17,974.27 crore in 2015-16, registering an increase of ₹ 2,619.84 crore. The share of plan and non-plan expenditure was 37.70 per cent and 62.30 per cent respectively of the total expenditure (excluding loan and advances) during the year 2016-17. **Chart 1.8** presents the trends in total expenditure during 2012-17.



The composition both in terms of ‘economic classification’ and ‘expenditure by activities’ are depicted in **Charts 1.9 and 1.10** respectively.





The share of General Services in total expenditure decreased from 20.77 per cent to 19.49 per cent while share of Social Services increased from 44.94 per cent to 52.54 per cent during 2012-17, whereas total expenditure on loans and advances declined from 13.07 per cent to 7.17 per cent during the same period.

## 1.7 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services), efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

### 1.7.1 Adequacy of public expenditure

Table 1.5 shows the fiscal priority of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during 2016-17.

Table 1.5: Fiscal Priority of the State in 2013-14 and 2016-17

Fiscal Priority by the State	(In per cent)					
	AE/ GSDP	DE <sup>#</sup> /AE	SSE/ AE	CE/ AE	Education/ AE	Health/ AE
General Category States Average (Ratio) 2013-14	14.80	70.00	38.20	13.70	17.70	4.60
Delhi State's (Ratio) 2013-14	7.37	78.86	46.60	14.61	18.85	9.10
General Category States Average (Ratio) 2016-17	16.70	70.90	32.20	19.70	15.20	4.80
Delhi State's (Ratio) 2016-17	5.72	75.92	54.68	10.54	25.61	11.32

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Service Expenditure, CE: Capital Expenditure<sup>#</sup>Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.  
Source for GSDP: Information as available on CSO website as on 29 July 2017

- Aggregate expenditure of NCT of Delhi as a ratio of GSDP was lower in both years 2013-14 and 2016-17 as compared to General Category States.

- Government gave fiscal priority to Development Expenditure in 2013-14 and 2016-17 as its ratio to Aggregate Expenditure was higher than the average ratio of General Category States.
- The ratio of Capital Expenditure to Aggregate Expenditure was marginally higher in 2013-14 and lower in 2016-17 as compared to General Category States.
- The ratio of expenditure on education to Aggregate Expenditure was higher than General Category States in 2013-14 and further increased in 2016-17.
- The priority given to health in Delhi was much higher than General Category States during 2013-14 and 2016-17.

### 1.7.2 Efficiency of expenditure use

In view of the importance of public expenditure on social and economic development, it is important for the State Government to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods\* apart from improving the allocation towards development expenditure, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years. **Table 1.6 and Chart 1.11** depict the trends in development expenditure during the current year and the previous years.

**Table 1.6: Development Expenditure**

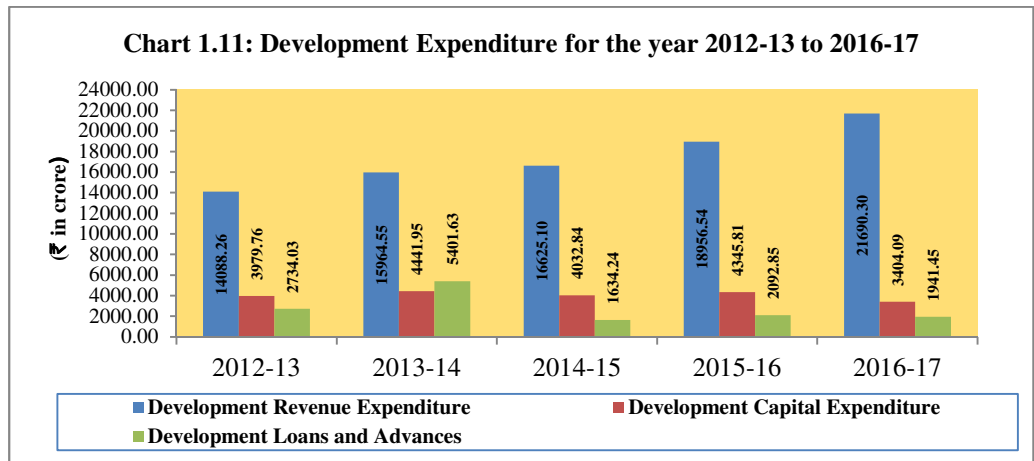
(₹ in crore)

Components of Development Expenditure	2012-13	2013-14	2014-15	2015-16	2016-17	
					Budget Estimates	Actual
a. Development Revenue Expenditure	14,088.26	15,964.55	16,625.10	18,956.54	23,843.96	21,690.30
b. Development Capital Expenditure	3,979.76	4,441.95	4,032.84	4,345.81	4,254.35	3,404.09
c. Development Loans and Advances	2,734.03	5,401.63	1,634.24	2,092.85	2,002.04	1,941.45
<b>Total</b>	<b>20,802.05</b>	<b>25,808.13</b>	<b>22,292.18</b>	<b>25,395.20</b>	<b>30,100.35</b>	<b>27,035.84</b>

Source: Finance Accounts of respective years

\* **Core public goods** are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of citizen's rights; pollution free air and environmental goods and road infrastructure etc.

**Merit goods** are commodities that public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.



The development expenditure during 2016-17 under revenue and capital was lower by ₹ 2,153.66 crore (9.03 per cent) and ₹ 850.26 crore (19.99 per cent) respectively than the estimates. This shows that the preparedness of the implementing agencies to implement various plan schemes was not assessed while framing the budget estimates.

The development revenue expenditure increased by 53.96 per cent and development capital expenditure decreased by 14.46 per cent during the years 2012-13 to 2016-17. However, compared to the previous year the development capital expenditure in 2016-17 was short by ₹ 941.72 crore (21.67 per cent). The development loan and advances increased by 97.57 per cent during the years 2012-13 to 2013-14 and then decreased by 64.06 per cent during the years 2013-14 to 2016-17.

### 1.8 Financial analysis of Government expenditure and investments

This section presents the broad financial analysis of investments and other capital expenditure activities undertaken by the Government during the current year vis-à-vis previous years.

#### 1.8.1 Investment and returns

As of 31 March 2017, the Government had invested ₹ 18,933.05 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The return on this investment (RoI) was 0.06 per cent in 2016-17. The return ranged between 0.06 and 0.16 per cent during 2012-17. The Government paid interest at the average rate of 8.65 per cent on its borrowings during 2016-17. The details are given in **Table 1.7**.

**Table 1.7: Return on Investment**

	(₹ in crore)				
Investment/return/cost of borrowings	2012-13	2013-14	2014-15	2015-16	2016-17
Investment at the end of the year*	16,388.15	17,060.35	17,660.35	18,492.15	18,933.05
Return on investment**	26.25	11.95	12.90	12.32	11.28
Return on investment (%)	0.16	0.07	0.07	0.07	0.06
Average rate of interest on Govt. borrowing (%)	9.73	9.21	8.59	8.54	8.65
Difference between interest rate and return (%)	9.57	9.14	8.52	8.47	8.59

\* refers to paid up equity capital

\*\* refers to dividend income received by the Government

The increase in investment in 2016-17 over the previous fiscal year was on account of new investment of ₹ 323.27 crore in Delhi Metro Rail Corporation Ltd. Out of total investment of ₹ 18,933.05 crore in 26 companies, only three Companies viz.(i) Delhi Co-operative Housing Finance Society Ltd., (ii) Delhi State Civil Supplies Corporation Ltd., and (iii) Indraprastha Gas Ltd. having investment of ₹ 44.26 crore up to March 2017 declared dividend of ₹ 11.28 crore during 2016-17 which was 25.49 *per cent* of the investment in these companies.

## **1.8.2 Loans and advances by the Government**

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to institutions/organisations. The total outstanding loans and advances as on 31 March 2017 was ₹ 62,255.13 crore as depicted in **Table 1.8**.

**Table 1.8: Average interest received on Loans and Advances by NCT Government**

(₹ in crore)

<b>Quantum of Loans/ Interest Receipts/ Cost of Borrowings</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Opening Balance	47,877.90	50,887.82	55,737.28	57,189.61	59,915.10*
Amount advanced during the year	3,734.83	5,652.37	1,679.94	2,684.32	2,552.52
Amount repaid during the year	724.90	802.91	227.61	83.42	212.50
Closing Balance	50,887.82	55,737.28	57,189.61	59,790.52	62,255.13
Net addition	3,009.93	4,849.46	1,452.33	2,600.91	2,340.02
Interest Receipts	340.03	379.35	350.52	82.53	81.39
Interest receipts as percentage of outstanding Loans and advances	0.67	0.68	0.61	0.14	0.13

\*The amount includes ₹124.58 crore prior period adjustment on account of misclassification

Loans outstanding against State level organisations/institutions constitute the major portion of total outstanding loans of NCT of Delhi. Majority of the Government enterprises and institutions to whom the loans and advances were given by the Government of NCT of Delhi and remained outstanding at the end of 2016-17 were in the sectors of water supply and sanitation (₹ 17,381.29 crore), urban development (₹ 1,653.92 crore), road transport (₹ 14,956.14 crore), power projects (₹ 11,713.69 crore) and miscellaneous loans (₹ 15,814.45 crore).

## **1.9 Assets and liabilities**

### **1.9.1 Growth and composition of assets and liabilities**

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.5** gives an abstract of such liabilities and the assets as on 31 March 2017, compared with the corresponding position as on



31 March 2016. The liabilities in this Appendix consist only of loans and advances from the Government of India (GoI). The assets comprise mainly the capital outlay and loans and advances given by the Government and cash balances.

### 1.9.2 Fiscal liabilities

**Table 1.9** gives the fiscal liabilities of the NCT of Delhi, their rate of growth, the ratio of these liabilities to GSDP, to revenue receipts and to its own resources as also the buoyancy of fiscal liabilities with reference to these parameters.

**Table 1.9: Fiscal liabilities – Basic Parameters**

	2012-13	2013-14	2014-15	2015-16	2016-17
Fiscal liabilities (₹ in crore)	29,242.71	32,080.32	32,497.91	33,303.87	33,344.78
Rate of growth ( <i>per cent</i> )	(-)-1.23	9.70	1.30	2.48	0.12
<b>Ratio of Fiscal Liabilities to:</b>					
GSDP ( <i>per cent</i> )	7.47	7.23	6.60	6.03	5.36
Revenue Receipts ( <i>per cent</i> )	114.40	114.65	109.85	95.16	97.09
Own Resources <sup>#</sup> ( <i>per cent</i> )	121.55	120.70	119.32	108.34	105.79
<b>Buoyancy of Fiscal Liabilities with reference to:</b>					
GSDP (Ratio)	(-)-0.09	0.72	0.12	0.21	0.01
Revenue Receipts (Ratio)	(-)-0.09	1.02	0.23	0.14	(-)-0.07
Own Resources <sup>#</sup> (Ratio)	(-)-0.07	0.93	0.52	0.19	0.05

# Own Resources is Tax Revenue and Non Tax Revenue

Overall fiscal liabilities of the NCT increased from ₹ 29,242.71 crore in 2012-13 to ₹ 33,344.78 crore in 2016-17 (14.03 *per cent*). The fiscal liabilities of ₹ 33,344.78 crore during 2016-17 comprised obligations on account of ‘Share of small savings collection’ of ₹ 30,018.37 crore, ‘loan to cover gap in resources’ of ₹ 3,326.39 crore and ‘Co-operative assistance to other Co-operatives’ of ₹ 0.01 crore. The fiscal liabilities stood at 0.97 times of the revenue receipts and 1.06 times of the NCT’s own resources at the end of 2016-17.

### 1.10 Debt Management

#### (i) Debt Profile

**Table 1.10** gives a time series analysis of internal debt profile of the Government of NCT of Delhi for the last five years.

**Table: 1.10: Debt profile and per capita debt of GNCTD**

Year	Opening Balance	Debt Receipts	Repayment during the year	Closing Balance	Increase/Decrease	Percentage of increase over previous year	(₹ in crore)
							<i>per Capita Debt in ₹</i>
2012-13	29,608.29	922.41	1,287.99	29,242.71	-365.58	-1.23	17,406
2013-14	29,242.71	4,162.90	1,325.29	32,080.32	2,837.61	9.70	19,095
2014-15	32,080.32	1,764.32	1,346.73	32,497.91	417.59	1.30	19,344
2015-16	32,497.91	2,241.13	1,435.17	33,303.87	805.96	2.48	19,824
2016-17	33,303.87	1,695.53	1,654.62	33,344.78	40.91	0.12	19,848

Source: State Finance Accounts of respective years

Debt of the Government increased by ₹ 4,102.07crore (14.03 *per cent*) from ₹ 29,242.71 crore in 2012-13 to ₹ 33,344.78 crore in 2016-17. An interest of ₹ 2,882.52 crore was paid on debt during 2016-17.

**(ii) Debt sustainability**

Apart from the magnitude of debt of the Government of NCT of Delhi, it is important to analyse the various indicators that determine the debt sustainability of the State. Debt sustainability refers ability of a State to service its debt in future. This section assesses the sustainability of debt of the Government of NCT of Delhi in terms of rate of growth outstanding debt, ratio of interest payment and revenue receipt, debt repayment and debt receipt and net debt available to the state. **Table 1.11** analyses the debt sustainability of the state according to these indicators for the period of five years from 2012-13 to 2016-17.

**Table 1.11: Debt Sustainability: Indicators and Trends**

Indicators of Debt Sustainability	2012-13	2013-14	2014-15	2015-16	2016-17
Outstanding Public Debt (₹ in crore)	29,242.71	32,080.32	32,497.91	33,303.87	33,344.78
Rate of growth of outstanding public debt (in <i>per cent</i> )	(-1.23)	9.70	1.30	2.48	0.12
GSDP(₹ in crore)	3,91,238.43	4,43,782.79	4,92,424.22	5,51,963.41	6,22,384.64
Rate of growth of GSDP (in <i>per cent</i> )	13.81	13.43	10.96	12.09	12.76
Average interest rate of outstanding debt (interest paid/OB of public debt + CB of public debt/2 (in <i>per cent</i> ))	9.73	9.21	8.59	8.54	8.65
Percentage of Interest to Revenue Receipt	11.20	10.09	9.38	8.03	8.39
Percentage of Debt Payment to Debt Receipt	1.40	0.32	0.76	0.64	0.98
Net Debt available to NCT <sup>#</sup>	(-) 3,228.46	13.31	(-) 2,356.41	(-) 2,003.85	(-) 2,841.61

Source: State Finance Accounts of the respective years

<sup>#</sup> Net Debt available to the State is excess of Public Debt Receipts over Public Debt repayment and Interest payment of Public Debt

Public debt of the Government of NCT of Delhi increased from ₹ 29,242.71 crore in 2012-13 to ₹ 33,344.78 crore in 2016-17 registering an increase of 14.03 *per cent* during the period 2012-17. The average annual growth registered at just 2.47 *per cent* during the same period. The rate of growth of outstanding public debt ranged between (-) 1.23 *per cent* and (+) 9.70 *per cent* over the period 2012-13 to 2016-17. Public Debt increased at a marginal rate of 0.12 *per cent* in 2016-17 mainly on account of receipt of share of small saving collection amounting to ₹ 1,695.53 crore.

Rate of growth of GSDP decreased from 13.81 *per cent* in 2012-13 to 10.96 *per cent* in 2014-15 and increased to 12.76 *per cent* in 2016-17. But it was

still higher than the average rate of interest of public debt which ranged between 8.54 per cent and 9.73 per cent over the period 2012-17.

Ratio of interest payment and revenue receipt decreased from 11.20 per cent in 2012-13 to 8.39 per cent in 2016-17.

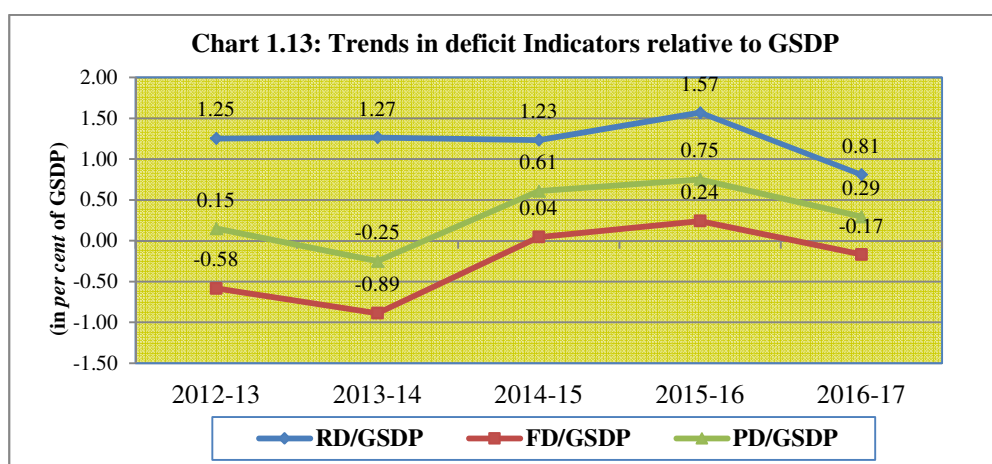
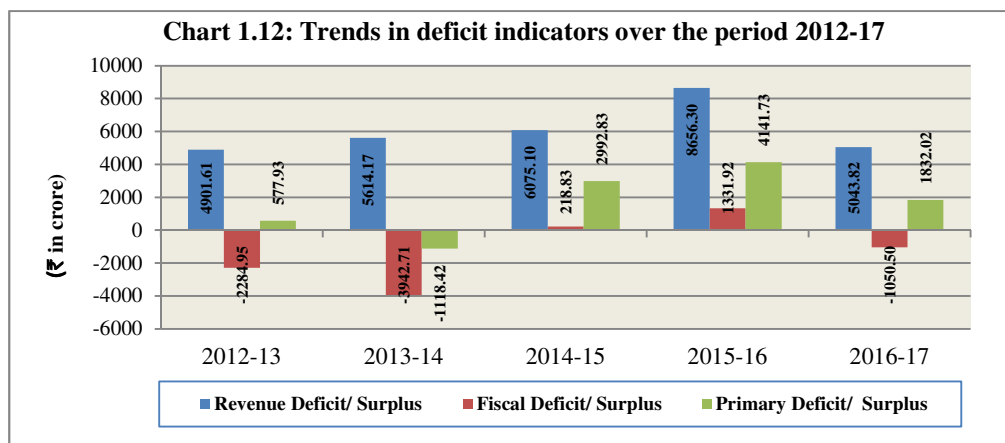
Ratio of Debt payment and Debt receipt decreased from 1.40 per cent in 2012-13 to 0.98 per cent in 2016-17.

### 1.11 Fiscal imbalances

Three key fiscal parameters – revenue, fiscal and primary deficits – indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits.

#### 1.11.1 Trends in surplus/deficit

Chart 1.12 and Chart 1.13 give trends in surplus/deficit indicators and the surplus/deficit trends relative to GSDP during the period 2012-13 to 2016-17.



Revenue surplus indicates the excess of revenue receipts over revenue expenditure. The NCT consistently enjoyed revenue surplus during 2012-17. It was ₹ 4,901.61 crore in 2012-13 and increased to ₹ 8,656.30 crore in 2015-16 and stood at ₹ 5,043.82 crore in 2016-17. Revenue Surplus has decreased by ₹ 3,612.48 crore in 2016-17 due to increase in revenue expenditure by ₹ 2,959.37 crore and decrease in revenue receipts by ₹ 653.11 crore over the previous year.

Fiscal deficit had shown an increasing trend from ₹ 2,284.95 crore in 2012-13 to ₹ 3,942.71 crore in 2013-14 which turned to surplus during 2014-15 at ₹ 218.83 crore and further increased to ₹ 1,331.92 crore in 2015-16 before turning into deficit in 2016-17 at ₹ 1,050.50 crore. Fiscal Surplus has decreased by ₹ 2,382.42 crore and turned into fiscal deficit in 2016-17 due to the decrease in revenue and non-debt capital receipts (recoveries of loans and advances+ misc capital receipts) by ₹ 524.02 crore and increase in the total expenditure by ₹ 1,858.40 crore over the previous year. Revenue expenditure has increased significantly by ₹ 2,959.37 crore, however, capital expenditure and disbursement of loans and advances have decreased by ₹ 969.17 crore and ₹ 131.80 crore respectively over previous year resulting in increase of total expenditure by ₹ 1,858.40 crore.

NCT had a primary surplus in 2012-13 which had turned to deficit in 2013-14 at ₹ 1,118.42 crore, but, it again became positive at ₹ 2,992.83 crore in 2014-15 and decreased to ₹ 1,832.02 crore in 2016-17. Primary Surplus has decreased by ₹ 2,309.71 crore due to decrease in fiscal surplus by ₹ 2,382.40 crore and increase of interest payments by ₹ 72.71 crore in 2016-17 over previous year.

Revenue Surplus stood at 0.81 *per cent* of GSDP in 2016-17 as against 1.57 *per cent* of GSDP in 2015-16. The fiscal surplus which was 0.24 *per cent* of GSDP in 2015-16 turned to fiscal deficit in 2016-17 and was 0.17 *per cent* of GSDP.

### 1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficits is shown in **Table 1.12**.

**Table 1.12: Components of Fiscal Deficit**

		(₹ in crore)				
	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	Fiscal Deficit/ Surplus*(-/+)	(-)2,284.95	(-) 3,942.71	218.83	1,331.92	(-)1,050.50
2	Revenue Deficit /Surplus (-/+)	4,901.61	5,614.17	6,075.10	8,656.30	5,043.82
3	Net Capital Expenditure	(-)4,176.63	(-)4,707.42	(-)4,403.94	(-)4,723.47	(-)3,754.30
4	Net Loans and Advances	(-)3,009.93	(-) 4,849.46	(-)1,452.32	(-)2,600.91	(-)2,340.02
<b>Financing Pattern of Fiscal Deficit**</b>						
1	Loans from GOI	365.58	2,837.60	417.60	805.96	40.91
* Deficit figure shown in (-) and surplus in (+)						
** All these figures are net of disbursement/outflows during the year						

Source: Finance Accounts of respective years and PAO, Delhi

### 1.11.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the composition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the nature of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. Since Delhi has had a revenue surplus throughout the period 2012-17, borrowed funds were being used only for capital expenditure and repayment of debt as given in **Table 1.13**.

**Table 1.13: Primary deficit/ surplus-bifurcation of factors**

(₹ in crore)							
Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary revenue deficit(-)/ Surplus(+)	Primary deficit(-)/ Surplus(+)
1	2	3	4	5	6(3+4+5)	7(2-3)	8(2-6)
2012-13	26,285.87	17,796.48	4,176.63	3,734.83	25,707.94	8,489.39	577.93
2013-14	28,783.60	19,542.23	4,707.42	5,652.37	29,902.02	9,241.37	(-) 1,118.42
2014-15	29,812.20	20,735.49	4,403.94	1,679.94	26,819.37	9,076.71	2,992.83
2015-16	35,082.26	23,532.74	4,723.47	2,684.32	30,940.53	11,549.52	4,141.73
2016-17	34,558.24	26,419.40	3,754.30	2,552.52	32,726.22	8,138.84	1,832.02

Source: Finance Accounts of respective years and PAO, Delhi

The Government had a primary surplus of ₹ 577.93 crore in 2012-13. Non-debt receipts could not cover the primary expenditure resulting in primary deficit of ₹ 1,118.42 crore in 2013-14. In 2014-15, the Government of NCT of Delhi had again primary surplus of ₹ 2,992.83 crore which grew to ₹ 4,141.73 crore in 2015-16 and decreased to ₹ 1,832.02 crore in 2016-17. Capital expenditure decreased by ₹ 969.17 crore during the year 2016-17 over the previous year. Capital expenditure as a percentage of primary expenditure significantly decreased to 11.47 per cent in 2016-17 against 15.27 per cent over the previous year. The financial outlay on capital expenditure should translate into physical assets in a timely manner for desired outcomes to be realised.

### 1.12 Conclusion

Revenue receipts during 2016-17 decreased by ₹ 653.11 crore (1.87 per cent) over the previous year mainly due to decrease of non-tax revenue by ₹ 134.71 crore (26.14 per cent) and Grants from GoI by ₹ 1,433.13 crore (33.66 per cent). Tax Revenue and Non Tax Revenue fell short by 3.9 per cent and 16.4 per cent than the anticipated budgetary targets. The share of NCT's own tax revenue to total revenue receipts was 90.67 per cent in 2016-17.

The total expenditure during 2016-17 at ₹ 35,608.74 crore has increased by ₹ 1,858.40 crore (5.51 *per cent*) over the previous year. Of the total increase, revenue expenditure constituted ₹ 2,959.37 crore while capital expenditure and loans and advances decreased by ₹ 969.17 crore and ₹ 131.80 crore respectively.

As of 31 March 2017, the Government had invested ₹ 18,933.05 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. Their return on this investment was 0.06 *per cent* while the Government paid interest at an average rate of 8.65 *per cent* on its borrowings during 2016-17.

Overall fiscal liabilities increased from ₹ 29,242.71 crore in 2012-13 to ₹ 33,344.78 crore in 2016-17 (14.03 *per cent*). The fiscal liabilities stood at 0.97 times of the revenue receipts and 1.06 times of the NCT's own resources as at the end of 2016-17.

The fiscal position of NCT of Delhi, viewed in terms of key fiscal parameters, such as, revenue surplus, fiscal deficit and primary deficit, shows that revenue surplus decreased by ₹ 3,612.48 crore (41.73 *per cent*) in 2016-17 over the previous year. The fiscal surplus of ₹ 1,331.92 crore in 2015-16 decreased by 178.87 *per cent* and turned to fiscal deficit of ₹ 1,050.50 crore in 2016-17. The primary surplus of ₹ 4,141.73 crore in 2015-16 decreased (55.77 *per cent*) to ₹ 1,832.02 crore in 2016-17.

Revenue Surplus stood at 0.81 *per cent* of GSDP in 2016-17 as against 1.57 *per cent* of GSDP in 2015-16. The fiscal surplus which was 0.24 *per cent* of GSDP in 2015-16 turned to fiscal deficit in 2016-17 and was 0.17 *per cent* of GSDP.

### **1.13 Recommendations**

The Government may consider:

- i. increasing capital expenditure to have positive impact on economic growth; and
- ii. taking effective measures to recover outstanding loans from the entities/institutions.
- iii. evaluating and more closely monitoring the performance of Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives in view of negligible return on investment.