

Chapter - 1

Finances of the Government of National Capital Territory of Delhi

Introduction

This chapter provides a broad perspective of the finances of the Government of National Capital Territory (NCT) of Delhi during 2017-2018 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 structure and form of Government accounts have been explained in **Appendix 1.2 Part A** and the layout of the Finance Accounts is depicted in **Appendix 1.2 Part B**. **Finance Accounts do not contain 'Notes to Accounts' which are important disclosures regarding details related to the information reported in the financial statements.**

The methodologies adopted for assessment of the fiscal position are given in **Appendix 1.3**.

1.1 Gross State Domestic Product (GSDP) of NCT of Delhi

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP is an important indicator of standard of living of the State's population.

The NCT of Delhi's Gross State Domestic Product (GSDP) in 2017-18 was ₹ 6,86,017 crore. Its GSDP at current prices has grown at a higher rate (15.40 *per cent*) in the past decade compared to the average GDP growth of All India (12.90 *per cent*). The Per Capita GSDP CAGR of NCT (12.10 *per cent*) was marginally higher than the all India Per Capita GDP CAGR (11.50 *per cent*) in the past decade (**Appendix 1.1**).

The trends in the annual growth of India's GDP and GSDP of NCT of Delhi at current and constant prices are indicated in **Table 1.1**.

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

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Current Prices					
India's GDP (₹ in crore)	1,12,33,522	1,24,67,959	1,37,64,037	1,52,53,714	1,67,73,145
Growth rate of GDP (<i>per cent</i>)	12.97	10.99	10.40	10.82	9.96
GSDP Delhi (₹ in crore)	4,43,960	4,94,885	5,48,081	6,16,826	6,86,017
Growth rate of GSDP (<i>per cent</i>)	13.43	11.47	10.75	12.54	11.22
Constant Prices (Base year 2011-12)					
India's GDP (₹ in crore)	98,01,370	1,05,27,674	1,13,86,145	1,21,96,006	1,30,10,843
Growth rate of GDP (<i>per cent</i>)	6.39	7.41	8.15	7.11	6.68
State's GSDP (₹ in crore)	3,92,908	4,28,899	4,74,058	5,14,871	5,56,800
Growth rate of GSDP (<i>per cent</i>)	7.17	9.16	10.53	8.61	8.14

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

The annual growth rate of State's GSDP at both current and constant prices was higher than that of India's GDP.

1.1.1 Summary of current year's fiscal transactions

The accounts of the Government of the NCT of Delhi are kept in two parts namely, (a) Consolidated Fund and (b) Contingency Fund. There is no Public Account separately for Delhi. Transactions related to Public Account (Deposits, Advances, Remittances and Suspense) are merged in the Public Account of the Union Government. The closing balance of the Government of NCT of Delhi is merged with and forms part of the general cash balance of the Union Government and is treated as lying in deposit with the Government. The fiscal liabilities of the NCT of Delhi comprise largely of share of small savings collections.

Delhi is not covered under the recommendations of the Central Finance Commission and only gets discretionary grant in lieu of State share of Union taxes and duties.

Table 1.2 presents a summary of the Government of NCT of Delhi's fiscal transactions during the current year (2017-18) *vis-à-vis* the previous year. Appendix 1.4 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)

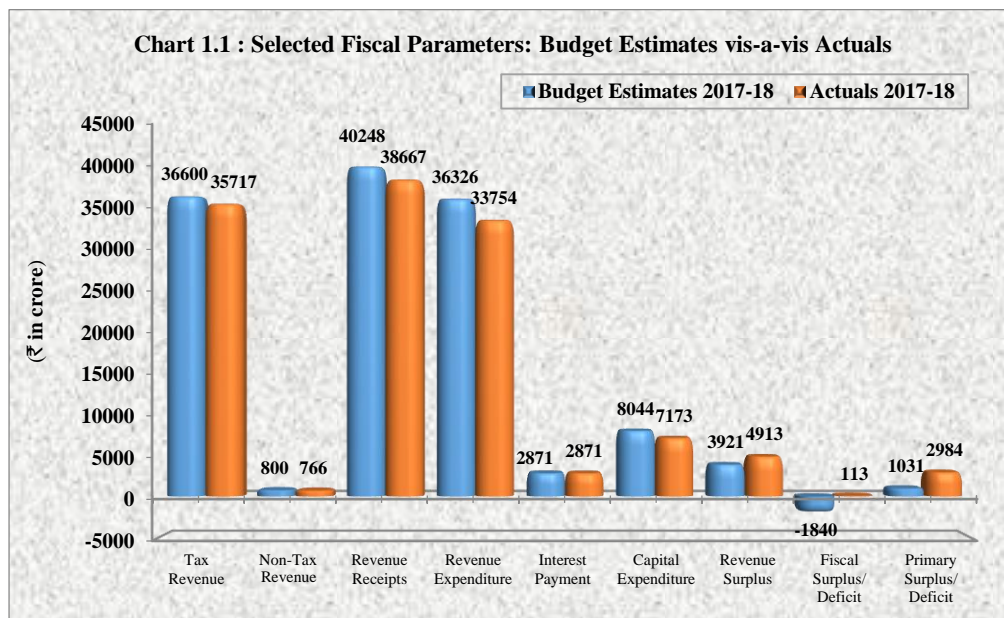
Receipts			Disbursements		
	2016-17	2017-18		2016-17	2017-18
Section-A Revenue	Total	Total	Section-A Revenue	Total	Total
Revenue receipts	34,346	38,667	Revenue expenditure	29,302	33,754
Tax revenue	31,140	35,717	General services	6,590	7,196
Non-tax revenue	381	766	Social services	16,579	19,602
			Economic services	5,111	5,862
Grants from Government of India	2,825	2,184	Grants-in-aid and Contributions	1,021	1,094
Section-B Capital			Section-B Capital		
Misc. Capital Receipts	-	-	Capital expenditure	3,754	3,243
Recoveries of Loans and Advances	212	691	Loans and Advances disbursed	2,553	2,248
Public Debt receipts*	1,696	1,906	Repayment of Public Debt*	1,655	1,682
Contingency Fund	0	2	Contingency Fund	0	2
Opening Balance#	3,655	2,645	Closing Balance#	2,645	2,982
Total	39,909	43,911		39,909	43,911

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

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

1.1.3 Budget estimates and actuals

The budget papers provide estimates of revenue and expenditure for a particular fiscal year. The estimation of revenue and expenditure should be made as accurately as possible so that variations can be analysed to find out the causes. The budget estimates and actual for some important fiscal parameters are shown in **Chart 1.1**.



- As against the targeted revenue receipt of ₹ 40,248 crore, the actual revenue receipts were ₹ 38,667 crore (96.07 per cent).
- The collection under tax receipts was ₹ 35,717 crore against the anticipated receipt of ₹ 36,600 crore (97.59 per cent).
- The non-tax receipts was ₹ 766 crore (95.75 per cent) against the anticipated receipt of ₹ 800 crore.
- The actual revenue expenditure was lesser by ₹ 2,572 crore (7.08 per cent) than the budget provision of ₹ 36,326 crore.
- The capital expenditure was lower at ₹ 7,173 crore against the budget estimate of ₹ 8,044 crore.
- As against the anticipated fiscal deficit of ₹ 1,840 crore the Government managed to attain fiscal surplus of ₹ 113 crore.

The Revenue Receipts as well as Revenue Expenditure were marginally short of the budgeted targets. The Revenue Surplus was more than the estimates.

1.1.4 Buoyancy Ratios

Buoyancy Ratios indicate the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The Buoyancy Ratios of Revenue Receipts, Own Tax Receipts, Total Expenditure and Fiscal

Liabilities are given in **Table 1.3**.

Table 1.3: Buoyancy Ratios of Receipts, Expenditure and Fiscal Liabilities in comparison to GSDP

	2013-14	2014-15	2015-16	2016-17	2017-18
GSDP (₹ in crore)	4,43,960	4,94,885	5,48,081	6,16,826	6,86,017
Growth rate of GSDP (per cent)	13.43	11.47	10.75	12.54	11.22
Revenue Receipts (RR)					
RR during the year (₹ in crore)	27,981	29,585	34,999	34,346	38,667
Rate of growth of RR (in per cent)	9.47	5.73	18.30	-1.87	12.58
Buoyancy of RR with respect to GSDP	0.70	0.50	1.70	-0.15	1.12
NCT of Delhi's Own Tax Revenue (OTR)					
OTR during the year (₹ in crore)	25,919	26,604	30,226	31,140	35,717
Rate of Growth of OTR (in per cent)	10.61	2.64	13.61	3.02	14.70
Buoyancy of OTR with GSDP	0.79	0.23	1.27	0.24	1.31
Total Expenditure (TE)					
TE during the year (₹ in crore)	32,726	29,593	33,750	35,609	39,244
Rate of Growth of TE (in per cent)	14.54	-9.57	14.05	5.51	10.21
Buoyancy of TE with GSDP	1.08	-0.83	1.31	0.44	0.91
Fiscal Liabilities* (FL)					
FL at the end of the year (₹ in crore)	32,080	32,498	33,304	33,345	33,569
Rate of Growth of FL (per cent)	9.70	1.30	2.48	0.12	0.67
Buoyancy of FL with GSDP	0.72	0.11	0.23	0.01	0.06

Source: Finance Accounts of respective years

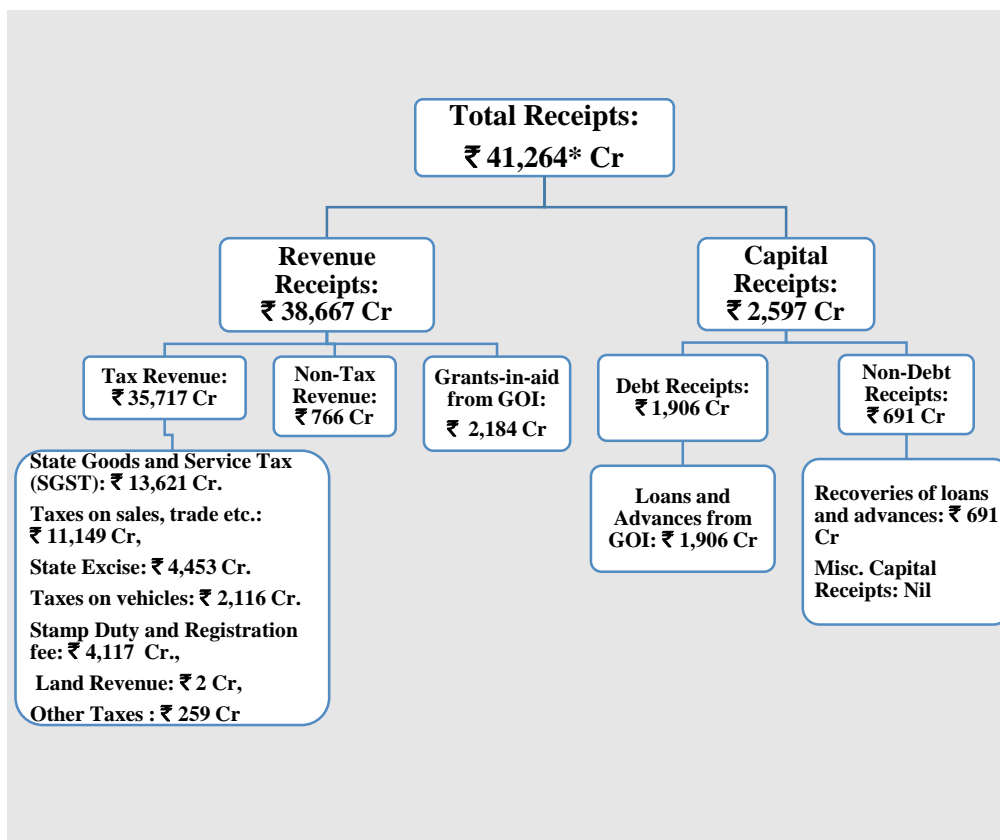
*The fiscal liabilities of NCT of Delhi comprise largely of share small savings collections.

Buoyancy of a parameter vis-à-vis GSDP if less than unity implies that relative changes in the parameter were lower than such changes in state's income. It can be seen that the buoyancy of RR and Own Tax Revenue with reference to GSDP was higher during 2017-18 as compared to 2016-17. The buoyancy ratio of RR and Own Tax revenue to GSDP during 2017-18 was more than one which is encouraging. Buoyancy ratio of TE to GSDP was less than one mainly due to reduction in capital expenditure during the year. Revenue Expenditure increased over the previous year by 15.19 per cent.

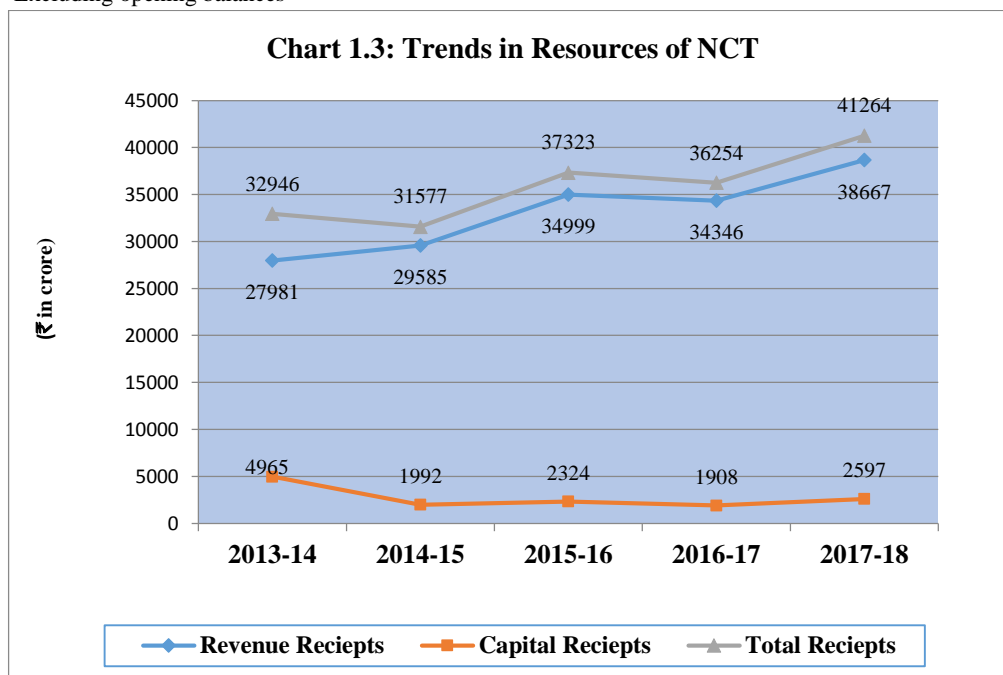
1.2 Resources of the NCT of Delhi

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 disinvestment, recoveries of loans and advances and debt receipts (loans and advances from GOI). **Chart 1.2** depicts the components of total receipts/resources. **Chart 1.3** depicts the trends in various components of receipts during 2013-18.

Chart 1.2: Components and sub-components of resources for the year 2017-18



*Excluding opening balances



The total receipts of NCT increased by ₹ 8,318 crore (25.25 per cent) during 2013-18. Revenue receipts increased by ₹ 10,686 crore (38.19 per cent), Capital receipts, which include recovery of loans and advances and debt receipts (loans and advances from GOI), decreased by ₹ 2,368 crore (47.69 per cent) mainly on account of decrease in Public Debt Receipts by 54.21 per cent during 2013-18.

Of the total receipts of the Government of NCT of Delhi in 2017-18, revenue receipts constituted 93.71 *per cent* and capital receipts component was 6.29 *per cent*.

1.3 Revenue Receipts

Revenue receipts consist of the State's tax and non-tax revenues and grants-in-aid from GOI.

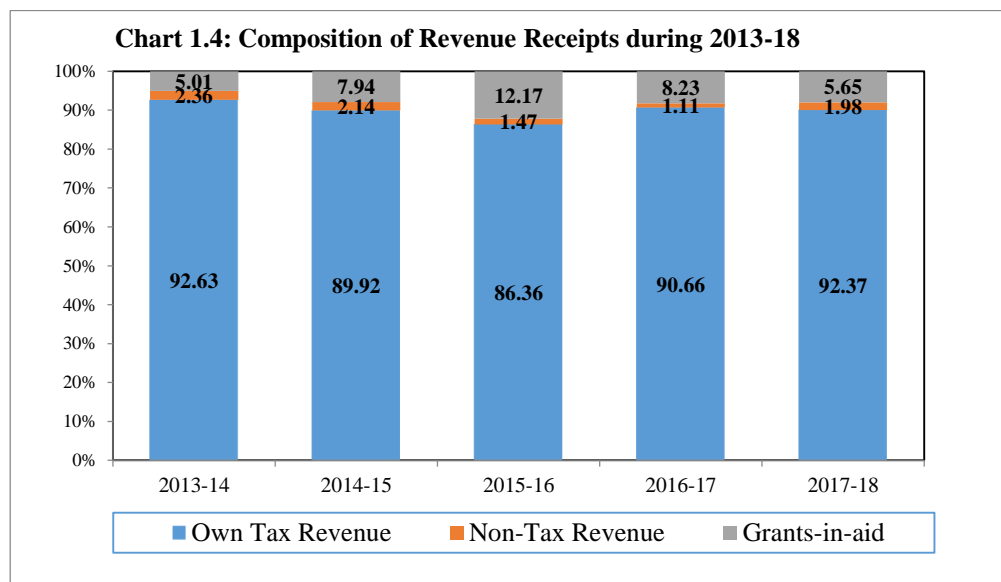
The trend of revenue receipts of the NCT of Delhi during the period 2013-14 to 2017-18 are presented in **Table 1.4** and **Appendix 1.4**. The revenue receipts increased from ₹ 27,981 crore in 2013-14 to ₹ 38,667 crore in 2017-18 at an average rate of 8.42 *per cent* per annum out of which NCT's own revenue and Grant-in-Aid increased by ₹ 9,905 crore (37.27 *per cent*) and ₹ 781 crore (55.67 *per cent*) respectively during the said period.

Table 1.4: Trends in Revenue Receipts

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (RR) (₹ in crore)	27,981	29,585	34,999	34,346	38,667
Rate of growth of RR (<i>per cent</i>)	9.47	5.73	18.30	-1.87	12.58
NCT of Delhi Own Tax Revenue (₹ in crore)	25,919	26,604	30,226	31,140	35,717
Rate of growth of Own Tax Revenue (<i>per cent</i>)	10.61	2.64	13.61	3.02	14.70
Grants- in- aid (₹ in crore)	1,403	2,348	4,258	2,825	2,184
Rate of Growth of GIA (<i>per cent</i>)	-7.13	67.35	81.35	-33.65	-22.69

Revenue receipts of the NCT of Delhi during 2017-18 grew by 12.58 *per cent* over the previous year. This was mainly due to increase of tax revenue by ₹ 4,577 crore (14.70 *per cent*) and of non-tax revenue by ₹ 385 crore (101.05 *per cent*). The increase was partially offset by decrease in grants-in-aid from GoI by ₹ 641 crore (22.69 *per cent*).

The composition of revenue receipts during 2013-18 is depicted in **Chart 1.4**.



The share of NCT's own tax revenue to total revenue receipts decreased gradually from 92.63 per cent in 2013-14 to 86.36 per cent in 2015-16 and again increased to 92.37 per cent in 2017-18. Non-tax revenue as share of overall revenue receipts went down continuously from 2.36 per cent in 2013-14 to 1.98 per cent in 2017-18. The share of grants-in-aid increased from 5.01 per cent in 2013-14 to 5.65 per cent in 2017-18.

1.3.1 NCT of Delhi's own resources

The NCT of Delhi's performance in mobilisation of resources is assessed in terms of its own resources comprising own tax and non-tax sources.

1.3.1.1 Tax revenue

The gross collection in respect of major taxes and duties are given in Table 1.5 which also depicts the trends in various components of own tax revenue of the State during 2013-18.

Table 1.5: Components of NCT of Delhi's own resources

(₹ in crore)

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes on sales, trade etc.	17,926(13)	18,289(2)	20,246(11)	21,144(4)	11,149
SGST					13,621
State excise	3,152(10)	3,422(9)	4,238(24)	4,251(0.3)	4,453(5)
Taxes on vehicles	1,409(14)	1,559(11)	1,607(3)	1,809(13)	2,116(17)
Stamp duty and Registration fees	2,969(-4)	2,780(-6)	3,433(23)	3,144(-8)	4,117(31)
Land revenue	-	62	1	2	2
Taxes on goods and passengers	-	-	-	-	-
Other taxes ¹	463(10)	492(6)	701(42)	790(13)	259(-67)
Total	25,919(11)	26,604(3)	30,226(14)	31,140(3)	35,717(15)

The percentage increase over previous year is shown in parenthesis

Source: Finance Accounts for the respective years

¹ Other taxes include taxes on immovable property other than agricultural land, taxes and duties on electricity.

Goods and Services Tax

Government of NCT of Delhi implemented the Goods and Services Tax (GST) Act which became effective from 1st July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. A base year (2015-16) revenue figure was finalised under GST Act.

In case of NCT of Delhi, the revenue was ₹ 16,784 crore during the base year (2015-16). The projected revenue for any year in a State shall be calculated by applying the projected growth rate (14 per cent per annum) over the base year revenue of that State.

The projected revenue for the year 2017-18 (1st July 2017 to 31st March 2018) in accordance with the base year figure was ₹ 16,359 crore. **Against the projected revenue of ₹ 16,359 crore, the revenue receipt of the Government of NCT of Delhi under GST during the year 2017-18 was ₹ 16,019 crore and compensation received was ₹ 157 crore as detailed in Table 1.6. Thus, overall there was a shortfall of ₹ 183 crore in receipt of compensation as on 31 March 2018.**

Table 1.6: GST and compensation received

(₹ in crore)

Month	Revenue to be protected	Pre-GST taxes collected	SGST collected	Provisional apportionment of IGST	Total amount received	Compensation received	Deficit/ Surplus
July 2017	1,817.71	1,745.17	0.65	0	1,745.82	115.00	(-) 183.04
August 2017	1,817.71	266.04	1,047.67	448.41	1,762.12	42.00	
September 2017	1,817.71	28.00	1,010.95	641.09	1,680.04		
October 2017	1,817.71	82.07	1,069.10	752.28	1,903.45		
November 2017	1,817.71	60.09	951.22	750.68	1,761.99		
December 2017	1,817.71	20.12	856.62	695.95	1,572.69		
January 2018	1,817.71	30.58	1,092.46	616.19	1,739.23		
February 2018	1,817.71	24.08	933.14	1,244.69	2,201.91		
March 2018	1,817.71	142.36	999.08	510.66	1,652.10		
Total	16,359.39	2,398.51	7,960.89	5,659.95	16,019.35	157.00	

Source: Finance Accounts and information provided by Deptt. of Trade and Taxes, GNCTD

Advance apportionment from IGST

The GoI is to apportion IGST to State Governments under sections 17 of the IGST Act, 2017. The State Tax Division, Ministry of Finance, Department of Revenue (GoI) sanctioned (February 2018) provisional/ advance settlement of apportionment of ₹ 735 crore with the condition that amount will be adjusted in the year 2018-19 from the regular settlement of IGST on the basis of monthly returns in 10 equal installments starting from April 2018. However, the GoI adjusted these ₹ 735 crore against the bi-monthly compensation due to State for November 2017 - March 2018.

1.3.1.2 Non tax revenue

Table 1.7 depicts the trends in various components of non-tax revenue of the State during 2013-18.

Table 1.7: Growth of non-tax revenue during 2013-18

(₹ in crore)

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Interest receipts	379(12)	351(-8)	82(-76)	82(0)	396(383)
Dividends and Profits	12(-54)	13(8)	12(-4)	11(-8)	16(45)
Other non-tax receipts	268(3)	269(0.5)	421(56)	288(-32)	354(23)
a) Public Works	19	15	19	22	14
b) Medical and Public Health	63	58	126	60	89
c) Education	19	25	22	24	26
Total	659(5)	633(-4)	515(-19)	381(-26)	766(101)

The percentage increase over previous year is shown in parenthesis

Source: Finance Accounts for the respective years

Non-tax revenue increased by ₹ 107 crore (16.24 per cent) during 2013-18. The decrease in 'Interest Receipts' during 2015-16 and 2016-17 was mainly due to less receipt of interest on Loans from Local Bodies. Non-tax revenue (₹ 766 crore) which constituted 1.98 per cent of total revenue receipts (₹ 38,667 crore) during 2017-18 increased by ₹ 385 crore (101 per cent) over the previous year mainly due to interest receipts of ₹ 332 crore paid by Delhi Transco Limited due on loans for the period 2013-14 to 2016-17.

1.3.2 Grants-in-aid from GoI

Government of India discontinued Plan and Non-Plan classification for providing Grants-in-aid (GIA) to States during 2017-18. The details of GIA from GoI are in **Table 1.8:**

Table 1.8: Grants-in-aid received from GoI

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	327	328	2,905	1,119	-
Grants for State/UT Plan Schemes	718	1,467	487	550	-
Grants for Centrally Sponsored Plan Schemes	358	553	866	1,156	-
Grants for CSS	-	-	-	-	995
Compensation for Loss of Revenue arising out of implementation of GST	-	-	-	-	157
Other Transfer/Grants to States/UTs with Legislature	-	-	-	-	1,032
Total	1,403(-7)	2,348(67)	4,258(81)	2,825(-34)	2,184(-23)

GIA from Government of India decreased from ₹ 2,825 crore (2016-17) to ₹ 2,184 crore (2017-18) which also included compensation of ₹ 157 crore in lieu of loss of revenue arising out of implementation of GST. **The decrease of ₹ 641 crore (22.69 per cent) in GIA was mainly on account of less receipts under Centrally Sponsored Schemes (₹ 629 crore) for the year 2017-18 over the previous year. Besides, no grants were received during 2017-18 under 16 centrally sponsored schemes (Appendix 1.7).**

The 'Other Transfer/Grants to States/UTs' of ₹1,032 crore includes grants from GoI in lieu of share in central taxes which has remained stagnant at ₹325 crore since 2001-02 although the central tax collections have grown substantially since 2001-02.

The schemes where less grants from Government of India were received during 2017-18 over the previous year were ‘Sarva Shiksha Abhiyan’- ₹ 15.15 crore in 2017-18 vis-à-vis ₹ 95.78 crore in 2016-17, ‘Delhi State Health Mission’ - ₹ 141.49 crore in 2017-18 vis-à-vis ₹ 258.32 crore in 2016-17, Management, Monitoring and Evaluation (MME) of Mid-Day Meal scheme - ₹ 60.67 crore in 2017-18 vis-à-vis ₹ 83.04 crore in 2016-17.

GIA of ₹ 94.62 crore and ₹ 66.93 crore for the year 2017-18 under ‘Sarva Shiksha Abhiyan’ and ‘Delhi State Health Mission’ were sanctioned/released in the month of April - May 2018. In case of MME of Mid-Day Meal scheme, Government of NCT of Delhi received central assistance of ₹ 81.29 crore in 2016-17. The state share works out to ₹ 54.19 crore (40 per cent). Against the state share the Government released only ₹ 2.77 crore thereby resulting in short release of ₹ 51.42 crore in 2016-17. This amount has not been released by NCT of Delhi as a result of which less Central grants were released during 2017-18.

No GIA was released under ‘Smart cities’ in 2017-18 as the GIA of ₹ 194 crore of previous year 2016-17 remained unspent.

1.3.3 Building and Other Construction Workers’ Welfare Cess

The Government of NCT of Delhi collects cess on the cost of construction incurred by employers under the Building and Other Construction Workers’ Welfare Cess Act, 1996. The collected cess is to be spent on welfare schemes for construction workers. **Utilisation of cess during 2009-18 ranged between 0.45 to 38.42 per cent. Total accumulated cess available with the Building and Other Construction Workers’ Welfare Board as on 31 March 2018 was ₹ 2,465.43 crore.**

The poor utilisation of funds on welfare schemes is largely due to low registration of workers with the Board. **Out of an estimated 10 lakh workers in Delhi, only 1.49 lakh workers (15 per cent) are registered with the Board as of March 2018.**

The Department/Board may review the reasons for poor registration of workers and conduct awareness programmes for encouraging the workers for registrations and availing benefits of welfare schemes. The Department /Board should ensure optimum utilization of these funds for social security schemes and undertake welfare activities for the building and other construction workers, for fulfilling the intended purpose of cess collection.

1.4 Capital Receipts

Capital receipts of Government of NCT of Delhi include recoveries of loans and advances, receipts through loan from GoI and miscellaneous capital receipts. Capital receipts during five years (2013-18) are detailed in **Table 1.9**.

Table 1.9: Trends in growth and composition of receipts

(₹ in crore)

Sources of NCT of Delhi's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
Capital Receipts (CR)	4,965	1,992	2,454	1,908	2,597
Miscellaneous Capital Receipts	-	-	-	-	-
Recovery of Loans and Advances	803	228	83	212	691
Public Debt Receipts [§]	4,162	1,764	2,241	1,696	1,906
Rate of growth over the previous year (per cent)					
Of Debt capital receipts	351	-58	27	-24	12
Of non-debt capital receipts	11	-72	-63	155	225
Of GSDP	13.43	11.47	10.75	12.54	11.22
Of Capital Receipts	201	-60	23	-22	36

§ Received as loans and advances from the GoI.

Non-debt receipt increased by 225 per cent from ₹ 212 crore in 2016-17 to ₹ 691 crore in 2017-18. The increase was mainly due to recovery of principal amount of ₹ 623 crore under the head 'Loans for power projects'. It includes recovery of principal amount of ₹ 294.85 crore paid by Delhi Transco Limited for the years 2013-14 to 2017-18. Moreover, an amount of ₹ 65 crore was also recovered on account of loans to local bodies/ municipalities etc. during 2017-18.

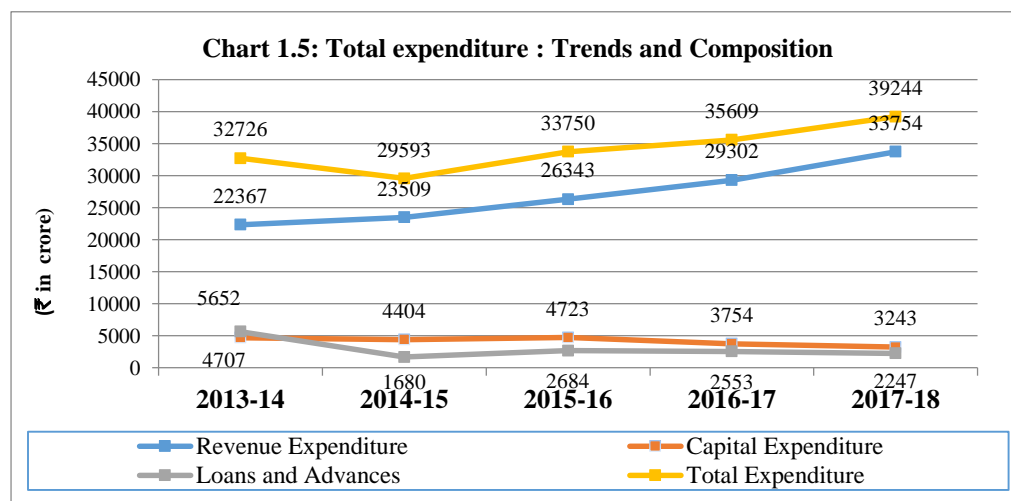
1.4.1 Loans and Advances from GoI

Total outstanding loans and advances from GoI increased by ₹ 224 crore from ₹ 33,345 crore in 2016-17 to ₹ 33,569 crore in 2017-18. Loans amounting to ₹ 1,906 crore were received from GoI and repayment of ₹ 1,682 crore was made during the year.

1.5 Application of resources

1.5.1 Growth and composition of expenditure

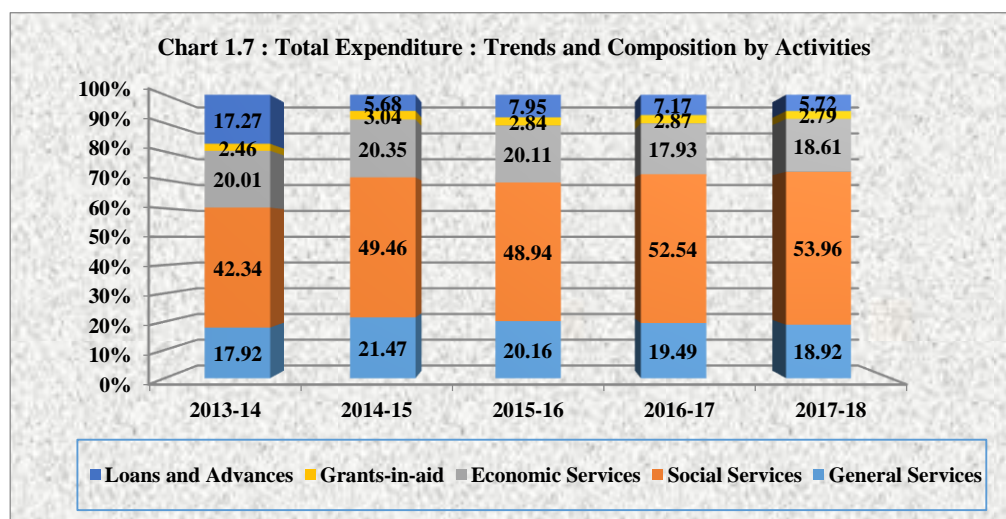
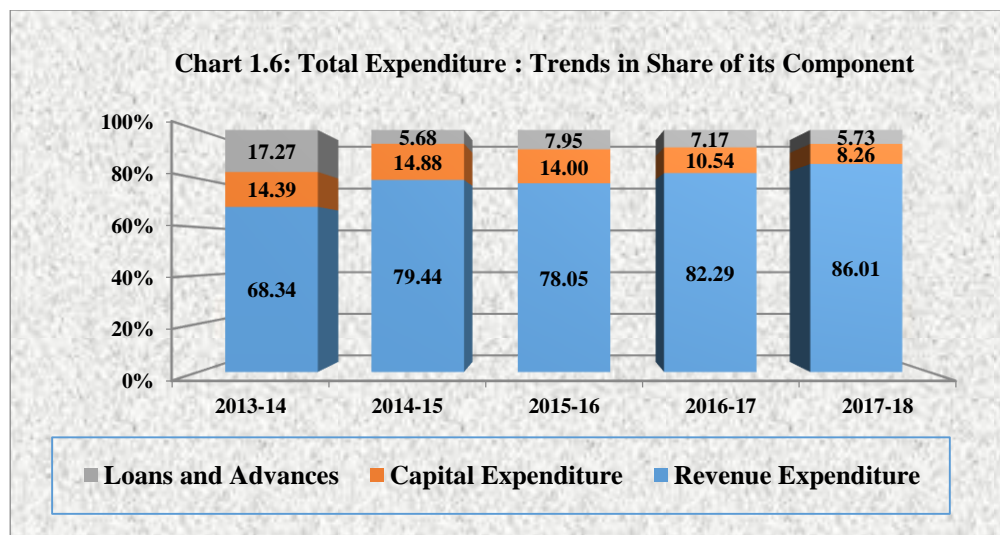
Trend and composition of total expenditure over the last five years (2013-18) are shown in Charts 1.5, 1.6 and 1.7 below:



Total expenditure increased by 19.92 per cent over a period of five years (2013-18). Over the last five years, revenue expenditure increased from

₹ 22,367 crore in 2013-14 to ₹ 33,754 crore in 2017-18 which is an increase of 50.91 per cent.

Total Expenditure increased by 10.21 per cent over the previous year. Of the total increase, revenue expenditure increased by ₹ 4,452 crore (15.19 per cent) while capital expenditure and disbursement of loans and advances decreased by ₹ 511 crore (13.61 per cent) and ₹ 306 crore (11.98 per cent) respectively. **The decrease in share of capital expenditure during the current year indicates less allocation of resources for asset creation.**



The share of General Services in total expenditure increased from 17.92 per cent to 18.92 per cent. Share of Social Services increased from 42.34 per cent to 53.96 per cent, while share of economic services decreased from 20.01 per cent to 18.61 per cent during 2013-18. Total expenditure on loans and advances declined from 17.27 per cent to 5.72 per cent during the same period. Share of grants-in-aid remained at around 2-3 per cent during 2013-18. **The combined share of social and economic services which represent development expenditure increased from 62.35 per cent to 72.57 per cent during this period.**

1.5.2 Revenue expenditure

Table 1.10 presents the growth of revenue expenditure over five years (2013-18).

Table 1.10: Growth of Revenue Expenditure

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue expenditure	22,367	23,509	26,343	29,302	33,754
Growth rate (<i>per cent</i>)	8.26	5.11	12.05	11.23	15.19
Revenue expenditure as percentage to GSDP	5.04	4.75	4.81	4.75	4.92
Interest payments	2,824	2,774	2,810	2,883	2,871
Interest payment as percentage of Revenue Receipts	10.09	9.38	8.03	8.39	7.42

Revenue expenditure during 2013-18 increased by ₹ 11,388 crore (50.91 *per cent*) with the annual growth rate ranging from 5.11 to 15.19 *per cent*. As percentage to GSDP revenue expenditure decreased from 5.04 *per cent* to 4.92 *per cent* during the period 2013-18.

Revenue expenditure increased by 15.19 *per cent* from ₹ 29,302 crore in 2016-17 to ₹ 33,754 crore in 2017-18. Expenditure on general services increased by ₹ 606 crore. The expenditure on social services also increased by ₹ 3,023 crore over the previous year mainly on account of increase in expenditure under the Heads ‘Education, sports, art and culture’ (₹ 1,359 crore), ‘Health and family welfare’ (₹ 735 crore) and ‘Social welfare and nutrition’ (₹ 598 crore). Expenditure on economic services increased by ₹ 751 crore mainly on account of increase in expenditure under the head ‘Road Transport’ (₹ 565 crore).

Interest payment

Interest payments (₹ 2,871 crore) increased by 1.66 *per cent* over a period of five years (2013-18). During 2017-18, there was decrease of ₹ 12 crore (0.42 *per cent*) over the previous year. The percentage of interest payments to revenue receipts decreased from 10.09 *per cent* in 2013-14 to 7.42 *per cent* in 2017-18.

New Pension Scheme

State Government employees recruited on or after 1 January 2004 are eligible for the New Pension Scheme (NPS). In terms of the scheme, employees contribute 10 *per cent* of basic pay and dearness allowance, which is matched by the State Government and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

As per information provided by the Principal Accounts Office, during 2017-18, the Government of NCT of Delhi deposited ₹ 379.36 crore with the NSDL/Trustee Bank against employee’s contribution of ₹ 189.68 crore and employer’s share of ₹ 189.68 crore. Hence, there was nothing outstanding against the employee as well as employers contribution during 2017-18 under NPS.

1.6 Quality of expenditure

Availability of social and physical infrastructure is an indicator of the quality of 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).

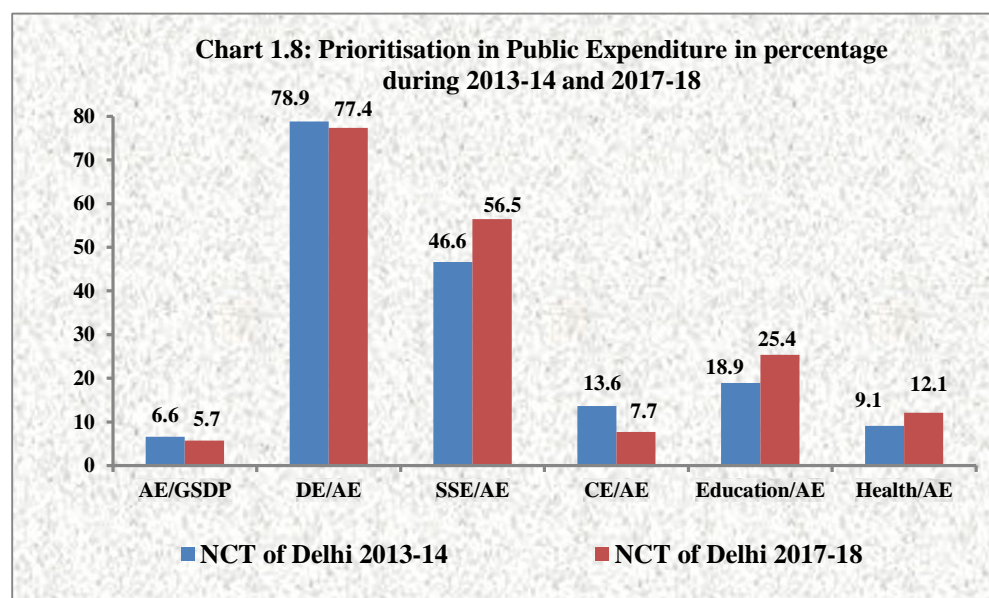
1.6.1 Adequacy of public expenditure

Table 1.11 and Chart 1.8 shows the fiscal priority of the Government of NCT of Delhi with regard to development expenditure, social sector expenditure, capital expenditure, expenditure on education and on health during the years 2013-14 and 2017-18.

Table 1.11: Fiscal Priority of the GNCTD in 2013-14 and 2017-18

(In per cent)						
Fiscal Priority by the State	AE/ GSDP	DE#/ AE	SSE/ AE	CE/ AE	Education/ AE	Health/ AE
NCT of Delhi's (Ratio) 2013-14	6.61	78.86	46.60	13.57	18.85	9.10
NCT of Delhi's (Ratio) 2017-18	5.72	77.38	56.49	7.68	25.35	12.06

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Sector Expenditure, ESE Economic Sector Expenditure, CE: Capital Expenditure
 #Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.



Aggregate expenditure as a proportion of GSDP decreased to 5.7 per cent in 2017-18 from 6.6 per cent in 2013-14. **There has been decline in the development expenditure and capital expenditure as a proportion of total expenditure from 78.9 per cent to 77.4 per cent and 13.6 per cent to 7.7 per cent respectively during 2013-18.** Share of expenditure on Health and Education in total expenditure have registered increase during this period.

1.6.2 Efficiency of expenditure use

From the point of view of social and economic development, it is important for the Government to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods. Efficiency of expenditure is reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being made on operation and maintenance of the existing social and economic services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure. Development expenditure comprise revenue and capital expenditure including loans and advances in socio-economic services. **Table 1.12** presents the trends in development expenditure relative to the aggregate expenditure of the State during the period 2013-14 to 2017-18.

Table 1.12: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18	
					Budget Estimates	Actual
a. Development Revenue Expenditure	15,964 (13.32)	16,625 (4.14)	18,956 (14.02)	21,690 (14.42)	27,381	25,464 (17.40)
b. Development Capital Expenditure	4,442 (11.61)	4,033 (-9.21)	4,346 (7.76)	3,404 (-21.67)	3,555	3,015 (-11.44)
c. Development Loans and Advances	5,402 (97.57)	1,634 (-69.75)	2,093 (28.06)	1,941 (-7.23)	1,949	1,888 (-2.76)
Total	25,808 (24.07)	22,292 (-13.62)	25,395 (13.92)	27,035 (6.46)	32,885	30,367 (12.32)

The percentage increase over previous year is shown in parenthesis

Development expenditure increased by 17.66 per cent during the period from 2013-14 to 2017-18. This expenditure, which constituted 77.38 per cent of the total expenditure (₹ 39,244 crore), increased by ₹ 3,332 crore (12.32 per cent) from ₹ 27,035 crore in 2016-17 to ₹ 30,367 crore in 2017-18. Development Revenue expenditure and Loans and Advances constituted 84 and 6 per cent of development expenditure respectively whereas the share of capital development expenditure was only 10 per cent.

1.7 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.

1.7.1 Investment and returns

As of 31 March 2018, the Government had invested ₹ 19,173 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The increase in investment in 2017-18 over the previous year

was on account of investment of ₹ 240 crore in Delhi Metro Rail Corporation Ltd. The return on investment (RoI) was 0.08 *per cent* in 2017-18, whereas, the Government paid interest at the average rate of 8.58 *per cent* on its borrowings during 2017-18. The details are given in **Table 1.13**.

Table 1.13: Return on Investment

(₹ in crore)

Investment/return/cost of borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Investment at the end of the year*	17,060	17,660	18,492	18,933	19,173
Return on investment**	11.95	12.90	12.32	11.28	15.91
Return on investment (<i>per cent</i>)	0.07	0.07	0.07	0.06	0.08
Average rate of interest on Govt. borrowing (<i>per cent</i>)	9.21	8.59	8.54	8.65	8.58
Difference between interest rate and return (<i>per cent</i>)	9.14	8.52	8.47	8.59	8.50
Difference between interest rate on Government borrowings and return on investment #	1,559	1,505	1,566	1,626	1,630

Source: Finance Accounts of respective years

* refers to paid up equity capital

** refers to dividend income received by the Government

#(Investment at the end of the year *Difference between interest rate paid and return on investments)/100

Government investments increased by 12.38 *per cent* over a period of five years from 2013-14 to 2017-18. The Government paid interest at an average rate of 8.54 to 9.21 *per cent* on its borrowings during 2013-18, whereas, the percentage of return from investments ranged between 0.06 and 0.08 during the same period. Over the past five years, the difference in Government borrowing and return on investment in PSUs was ₹ 7,886 crore.

Six² Government companies with an investment of ₹ 6,680 crore had accumulated losses of ₹ 31,874 crore as per the accounts furnished by these companies. Losses in two power companies (Delhi Power Company Limited - ₹ 1,524 crore and Delhi Transco Limited - ₹ 1,206 crore) and Delhi Transport Corporation (₹ 29,143 crore) accounted for 99.99 *per cent* of accumulated losses. During 2017-18, no investment was made by the Government in these companies.

The Government of NCT of Delhi may consider reviewing the working of the State PSUs which are incurring huge losses, to formulate a strategic plan for their revival or closure, as the case may be.

1.7.2 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 2018 was ₹ 63,812 crore as depicted in **Table 1.14**.

² Delhi Power Company Ltd, Delhi Transco Ltd., DTC, DSIIDC Creative Arts Dev. Ltd, DSIIDC Liquor Ltd. and DSIIDC Maintenance Services Ltd.

Table 1.14: Average interest received on Loans and Advances by Government of NCT of Delhi

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Opening Balance	50,888	55,737	57,190	59,915*	62,255
Amount advanced during the year	5,652	1,680	2,684	2,553	2,248
Amount recovered during the year	803	228	83	213	691
Closing Balance	55,737	57,189	59,791	62,255	63,812
Net addition	4,849	1,452	2,601	2,340	1,557
Interest Receipts	379	351	83	81	396
Interest receipts as percentage of outstanding Loans and advances	0.68	0.61	0.14	0.13	0.62
Interest payments as percentage of outstanding fiscal liabilities of the GNCTD	8.80	8.54	8.44	8.64	8.55
Difference between interest payments and interest receipts (<i>per cent</i>)	8.12	7.93	8.30	8.51	7.93

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

During 2017-18, the Government advanced loans amounting to ₹ 2,248 crore against ₹ 2,553 crore in 2016-17, a decrease of ₹ 305 crore over the previous year. The decrease was mainly under the head ‘Miscellaneous loans³’ which stood at ₹ 359 crore during 2017-18 as against ₹ 611 crore in 2016-17. Loans and advances amounting to ₹ 691 crore were recovered during 2017-18. Recovery of loans and advances, though higher than previous year, was only a fraction (1.08 per cent) of the outstanding loans. Loans amounting to ₹ 63,812 crore were outstanding as of 31 March 2018.

The main heads where loans remained outstanding were water supply and sanitation (₹ 18,310.49 crore), miscellaneous loans (₹ 16,173.53 crore), road transport (₹ 15,385.64 crore), power projects (₹ 11,556.31 crore) and urban development (₹ 1,591.16 crore) as detailed in **Appendix 1.5**. There were large outstanding loans against Delhi Jal Board, Delhi Transport Corporation and Municipal Corporations of Delhi. The details are as follows:

Delhi Jal Board

Delhi Jal Board was constituted in April, 1998. Total loans disbursed to Delhi Jal Board since 1998-99 was ₹ 26,620.04 crores out of which only ₹ 351.16 crore was repaid leaving ₹ 26,268.89 crore as outstanding as on 31 March 2018. No amount has been repaid in the last five years. Interest liability on account of the outstanding loans of Delhi Jal Board is under reconciliation by the Principal Accounts Office and the concerned agencies as intimated by Department of Urban Development, Govt of NCT, Delhi.

Delhi Transport Corporation

Delhi Transport Corporation received loans amounting to ₹ 11,837.69 crores since 1996-97 to 2010-11. Against this ₹ 161.55 crore has been repaid. There

³ Loans to Delhi Urban Shelter Investment Board, Delhi Jal board and EDMC.

has been no loan disbursements to DTC since 2010-11 and it has been getting grants-in-aid since 2011-12. As on 31 March 2018, loans amounting to ₹ 11,676.14 crore are outstanding against Delhi Transport Corporation. Interest liability works out to ₹ 20,818.07 crore.

Municipal Corporations of Delhi

Loans are provided to Municipal Corporations of Delhi (MCsD) on quarterly basis under various projects/schemes and these are adjusted from the Basic Tax Assignment due to them. Loans amounting to ₹ 2,059.87 crore were outstanding against the erstwhile Municipal Corporation of Delhi as on 31 March 2012. After trifurcation of MCD these loans were divided between South Delhi Municipal Corporation (₹ 936 crore), North Delhi Municipal Corporation (₹ 729.61 crore) and East Delhi Municipal Corporation (₹ 394.26 crore) as per their liability ratio.

North DMC

North DMC received loans amounting to ₹ 1,680.75 crore during 2012-18. There has been a recovery of ₹ 372.82 crore during 2012-13 to 2014-15. Recovery of loans for the period 2015-16 to 2017-18 has been deferred due to the poor financial condition of the Corporation. Loans amounting to ₹ 2,037.54 crore were outstanding against North Delhi Municipal Corporation as on 31 March 2018.

East DMC

East DMC received loans amounting to ₹ 1,133.98 crore during 2012-18. There has been a recovery of ₹ 132.34 crore during 2012-13 to 2013-14. Recovery of loans for the period 2015-16 to 2017-18 has been deferred due to the poor financial condition of the Corporation. As on 31 March 2018, loans amounting to ₹ 1,395.90 crore were outstanding against East Delhi Municipal Corporation.

South DMC

South DMC received loans amounting to ₹ 158.50 crore during 2012-18. Recovery of ₹ 713.06 crore has been effected since 2012-13 leaving an outstanding amount of ₹ 381.45 crore as on 31 March 2018.

Interest Liability on account of the outstanding loans of MCsD is under reconciliation by the Principal Accounts Office and the concerned agencies as intimated by Department of Urban Development, Govt of NCT, Delhi.

1.8 Assets and liabilities

1.8.1 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 1.6 (Part A and B)** gives an abstract of such liabilities and the assets as on 31 March 2018, compared with the corresponding position as on 31 March 2017. The assets comprise mainly the capital outlay and loans and advances given by the Government and opening balances. The liabilities consist only of loans and advances from the GoI.

1.8.2 Fiscal liabilities

Table 1.15 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. The fiscal liabilities of NCT of Delhi comprise largely of share of small savings collections from GoI.

Table 1.15: Fiscal liabilities – Basic Parameters

	2013-14	2014-15	2015-16	2016-17	2017-18
Fiscal liabilities (₹ in crore)	32,080	32,498	33,304	33,345	33,569
Rate of increase (<i>per cent</i>)	9.70	1.30	2.48	0.12	0.67
Ratio of Fiscal Liabilities to:					
GSDP (<i>per cent</i>)	7.23	6.57	6.08	5.41	4.89
Revenue Receipts (<i>per cent</i>)	114.65	109.85	95.16	97.09	86.81
Own Resources# (<i>per cent</i>)	120.70	119.32	108.34	105.79	92.01
Buoyancy of Fiscal Liabilities with reference to:					
GSDP (Ratio)	0.72	0.11	0.23	0.01	0.06
Revenue Receipts (Ratio)	1.03	0.23	0.14	(-)0.07	0.05
Own Resources (Ratio)	0.93	0.53	0.19	0.05	0.04

#Tax + Non-Tax Revenue

Overall fiscal liabilities of the NCT of Delhi increased from ₹ 32,080 crore in 2013-14 to ₹ 33,569 crore in 2017-18 (4.64 per cent). The fiscal liabilities of ₹ 33,569 crore as on 31 March 2018 comprised obligations on account of ‘Share of small savings collection’ of ₹ 30,242 crore and ‘loan to cover gap in resources’ of ₹ 3,327 crore.

Loans amounting to ₹ 3,327 crore were given by GoI to NCT of Delhi in 2013-14, for settlement of outstanding dues to four Central Public Sector Undertakings⁴ and Ministry of Railways of erstwhile DESU (Delhi Electric Supply Undertaking) at an interest rate of 9.5 *per cent* per annum. However, NCT of Delhi has neither made repayment of any instalments towards the loan principal nor made payment of interest till 31 March, 2018.

The fiscal liabilities stood at 0.05 times of GSDP, 0.87 times of the revenue receipts and 0.92 times of the NCT’s own resources at the end of 2017-18.

1.9 Debt Management

There is no internal debt of Government of NCT of Delhi. Loans and advances received from Government of India comprise debt receipts of Government of NCT of Delhi.

⁴ NTPC, NHPC, Power Grid Corpn of India Ltd and Nuclear Power Corporation.

(i) Debt Profile

Table 1.16 gives a time series analysis of debt profile of the Government of NCT of Delhi for the last five years.

Table: 1.16: Profile of Loans from GoI and per capita debt of GNCTD

(₹ in crore)

Year	Opening Balance	Debt Receipts	Repayment during the year	Closing Balance	Increase/Decrease	Percentage of increase over previous year
2013-14	29,243	4,163	1,326	32,080	2,837	9.70
2014-15	32,080	1,764	1,347	32,498	418	1.30
2015-16	32,498	2,241	1,435	33,304	806	2.48
2016-17	33,304	1,696	1,655	33,345	41	0.12
2017-18	33,345	1,906	1,682	33,569	224	0.67

Source: Finance Accounts of respective years

Debt of the Government increased by ₹ 1,489 crore (4.64 per cent) from ₹ 32,080 crore in 2013-14 to ₹ 33,569 crore in 2017-18.

(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 to 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 1.17 analyses the debt sustainability of the state according to these indicators for the period of five years from 2013-14 to 2017-18.

Table 1.17: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding Public Debt (₹ in Cr.)	32,080	32,498	33,304	33,345	33,569
Rate of increase of outstanding public debt (in per cent)	9.70	1.30	2.48	0.12	0.67
GSDP (₹ in Cr.)	4,43,960	4,94,885	5,48,081	6,16,826	6,86,017
Rate of growth of GSDP (in per cent)	13.43	11.47	10.75	12.54	11.22
Public Debt/GSDP (in per cent)	7.23	6.57	6.08	5.41	4.89
Interest payment (₹ in Cr.)	2,824	2,774	2,810	2,883	2,871
Average interest rate of outstanding debt (interest paid/OB of public debt + CB of public debt/2 (in per cent)	9.21	8.59	8.54	8.65	8.58
Revenue Receipts (₹ in Cr.)	27,981	29,585	34,999	34,346	38,667
Percentage of Interest to Revenue Receipt	10.09	9.38	8.03	8.39	7.42
Debt Payment (₹ in Cr.)	1,325	1,347	1,436	1,655	1,682
Debt receipt (₹ in Cr.)	4,163	1,764	2,241	1,696	1,906
Percentage of Debt Payment to Debt Receipt	31.84	76.33	64.04	97.59	88.25
Net Debt available to NCT of Delhi# (₹ in Cr.)	36	(-) 2,357	(-) 2,005	(-) 2,842	(-) 2,647

Source: Finance Accounts of the respective years

#Net Debt available to the GNCTD is calculated as excess of Public Debt receipts over Public Debt repayment and Interest Payment on Public Debt.

Public debt of the Government of NCT of Delhi increased from ₹ 32,080 crore in 2013-14 to ₹ 33,569 crore in 2017-18 registering an

increase of 4.64 per cent during the period 2013-18. The rate of growth of outstanding public debt ranged between 0.12 per cent and 9.70 per cent over the period 2013-14 to 2017-18. Public Debt increased by 0.67 per cent in 2017-18 over the previous year.

Details of utilisation of borrowed funds for repayment of earlier borrowings and capital expenditure during the period in 2013-18 is given in Table 1.18:

Table 1.18: Utilisation of borrowed funds

(₹ in crore)

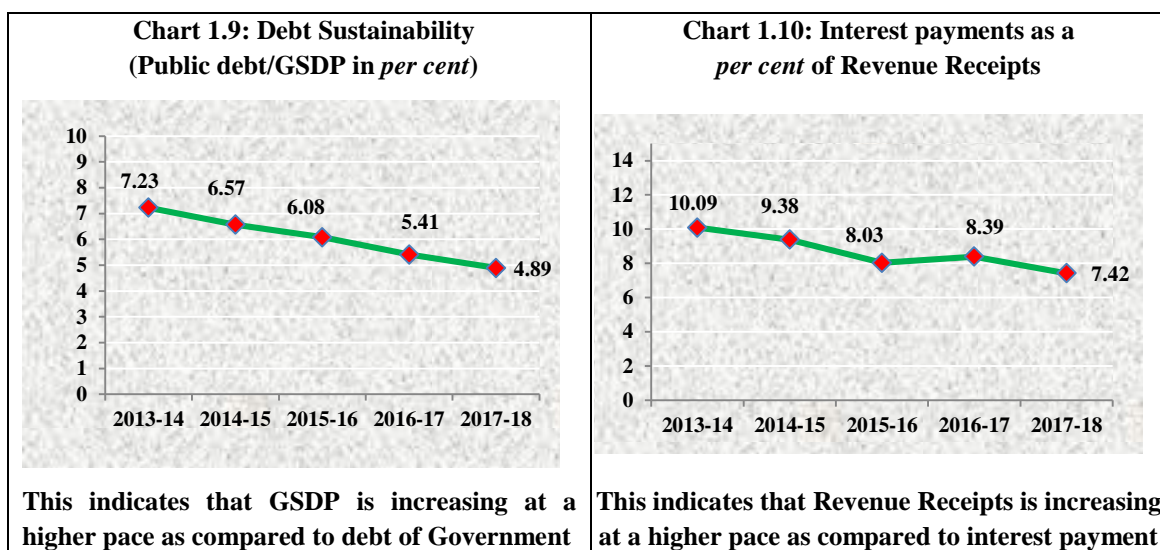
Year	Total Borrowings	Repayment of earlier borrowing (Principal) (per cent)	Borrowed funds available for Capital Expenditure (per cent)
1	2	3	4=(2-3)
2013-14	4,163	1,325 (32)	2,837(68)
2014-15	1,764	1,347(77)	418 (23)
2015-16	2,241	1,435(64)	806 (36)
2016-17	1,696	1,655 (98)	41 (2)
2017-18	1,906	1,682(88)	224 (12)

Source: Finance Accounts of the respective years

During the period 2013-18, no portion of debt receipts were being used for meeting the revenue expenditure. **NCT of Delhi had a revenue surplus throughout the period 2013-18. Borrowed funds were being used only for capital expenditure and repayment of debt.**

During 2013-18, the GSDP increased annually at a higher rate than annual growth rate of public debt as shown in Chart 1.9.

Interest payment as a percentage of revenue receipt decreased from 10.09 per cent in 2013-14 to 7.42 per cent in 2017-18 (Chart 1.10) which shows that the interest payment on public debt was decreasing resulting in availability of funds for development.



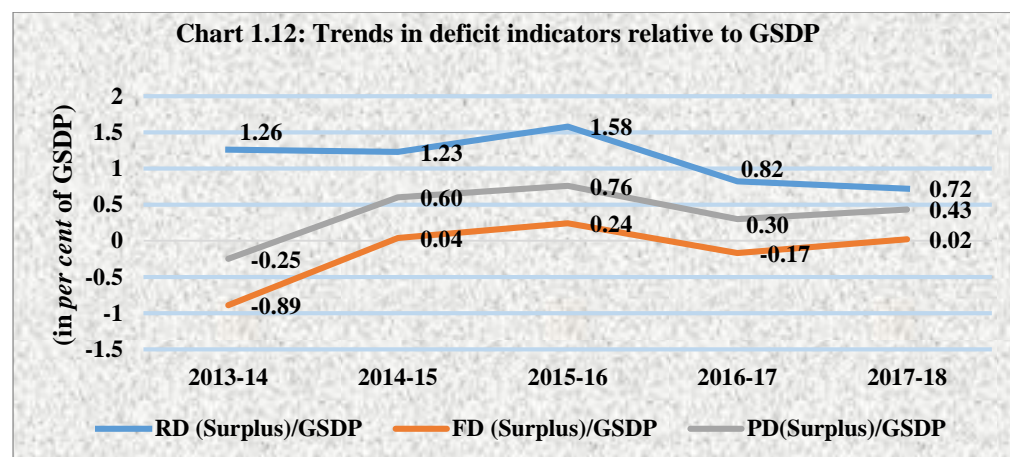
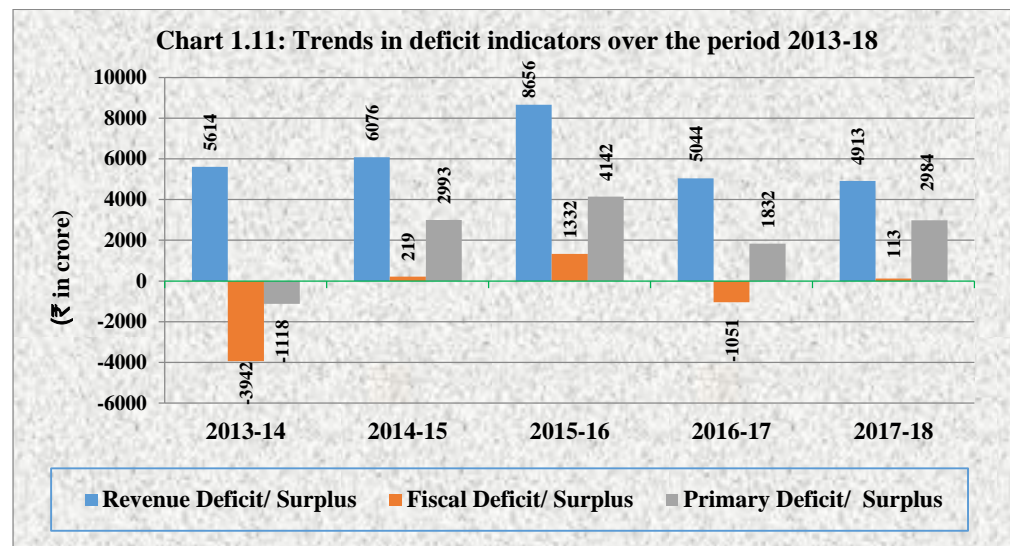
1.10 Fiscal imbalances

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 way 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.

1.10.1 Trends in deficit/surplus

Chart 1.11 and Chart 1.12 give trends in deficit/surplus indicators and the deficit/surplus trends relative to GSDP during the period 2013-14 to 2017-18.



Revenue surplus indicates the excess of revenue receipts over revenue expenditure. **The NCT of Delhi consistently enjoyed revenue surplus during 2013-18.** It was ₹ 5,614 crore in 2013-14, increased to ₹ 8,656 crore in 2015-16, decreased to ₹ 5,044 crore in 2016-17 and stood at ₹ 4,913 crore in 2017-18.

The Revenue Surplus of ₹ 4,913 crore in 2017-18 indicates that revenue receipts of the Government are sufficient to meet the revenue expenditure.

Fiscal deficit was ₹ 3,942 crore in 2013-14 which turned to surplus during 2014-15 at ₹ 219 crore, further increased to ₹ 1,332 crore in 2015-16 before turning into deficit in 2016-17 at ₹ 1,051 crore. **There was fiscal surplus of ₹ 113 crore during 2017-18.**

NCT of Delhi had a primary deficit in 2013-14 which turned to surplus in 2014-15 at ₹ 2,993 crore, ₹ 4,142 crore in 2015-16, ₹ 1,832 crore in 2016-17 and ₹ 2,984 crore in 2017-18.

Revenue Surplus stood at 0.72 per cent of GSDP in 2017-18 as against 0.82 per cent of GSDP in 2016-17. The fiscal deficit which was 0.17 per cent of GSDP in 2016-17 turned to fiscal surplus in 2017-18 and was 0.02 per cent of GSDP. Primary surplus stood at 0.43 per cent of GSDP in 2017-18 as against 0.30 per cent in 2016-17 due to increase in non-debt receipts and decline in capital expenditure and disbursement of loans and advances.

1.10.2 Components of fiscal deficit/surplus and its financing pattern

The financing pattern of the fiscal deficits/surplus is shown in **Table 1.19**.

Table 1.19: Components of Fiscal Deficit/surplus and its financing pattern

(₹ in crore)

	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Revenue Deficit /Surplus (-/+)	5,614	6,076	8,656	5,044	4,913
2	Net Capital Expenditure	(-)4,707	(-)4,404	(-) 4,723	(-)3,754	(-)3,243
3	Net Loans and Advances	(-)4,849	(-)1,452	(-) 2,601	(-)2,340	(-)1,557
4	Gross Fiscal Deficit/ Surplus*(-/+)	(-)3,942	219	1,332	(-)1,051	113
Financing Pattern of Fiscal Deficit						
1	Net loans from GOI (Public debt receipt–repayment of public debt)	2,837	-	-	41	-
2.	Increase/Decrease in Closing Balances	1,105	-	-	1,010	-

* Deficit figure shown in (-) and surplus in (+)

Net Capital Expenditure = Capital Expenditure - Misc. Capital Receipts.

Source: Finance Accounts of respective years

1.10.3 Quality of deficit/surplus

The contribution of Revenue Deficit and net Capital Expenditure (including loans and advances) to Fiscal Deficit indicate the quality of deficit in the State's finances. The share of revenue deficit in 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) did not have asset backup. The details of primary deficit/surplus is given in **Table 1.20**.

Table 1.20: Primary deficit/surplus bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure ⁵	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)
2013-14	28,784	19,543	4,707	5,652	29,902	9,241	(-)1,118
2014-15	29,812	20,735	4,404	1,680	26,819	9,077	2,993
2015-16	35,082	23,533	4,723	2,684	30,940	11,549	4,142
2016-17	34,558	26,419	3,754	2,553	32,726	8,139	1,832
2017-18	39,358	30,883	3,243	2,248	36,374	8,475	2,984

Source: Finance Accounts of respective years

- Non-debt receipts of the NCT of Delhi mainly included Revenue Receipts and recoveries of loans and advances which increased by 36.74 per cent from 2013-14 to 2017-18 and were sufficient to meet the primary revenue expenditure.
- The primary revenue surplus of ₹ 9,241 crore in 2013-14 decreased by 8.29 per cent to primary revenue surplus of ₹ 8,475 crore in 2017-18. Primary revenue surplus in 2017-18 increased by ₹ 336 crore over the previous year.
- Capital Expenditure as a percentage of primary expenditure has decreased significantly from 15.74 per cent in 2013-14 to 8.92 per cent during 2017-18.
- **The Government had Primary surplus in each year during 2014-15 to 2017-18.**

A snapshot of some positive indicators and those requiring close watch is given below:

Table 1.21: Key parameters

Positive Indicators	Parameters requiring close watch
Increase in Tax Revenue by 14.70 per cent	Decrease in Capital Expenditure by 13.61 per cent
Increase in Non-Tax Revenue by 101.05 per cent ⁶	Increase in Revenue Expenditure by 15.19 per cent
Recoveries of loans and advances increased by 226 per cent ⁷	Public debt receipts increased by 12.38 per cent
Decline in interest payments by 0.41 per cent	
Increase in Development Expenditure by 12.32 per cent	

⁵ Primary Revenue Expenditure = Total Revenue Expenditure - Interest payments

⁶ This was mainly due to interest receipts of ₹ 332.27 crore paid by Delhi Transco Limited due on loans for the period from 2013-14 to 2016-17.

⁷ The increase was mainly due to recovery of principal amount of ₹ 623.18 crore given to power companies for the 'transmission and distribution schemes' and includes ₹ 294.85 crore paid by Delhi Transco Limited for the years 2013-14 to 2017-18.

1.11 Follow up on previous Reports on State Finances

In Delhi, the Reports on State Finances have not been discussed by the Public Accounts Committee since 2009-2010, although the reports are being presented to the State Legislature every year. Further, no *suo moto* ATNs on the Report on State Finances have been forwarded by the Government during the last nine years. Hence, corrective measures taken by the Government after the Reports were laid before the State Legislature could not be ascertained in audit.

1.12 Conclusion

Revenue Receipts of NCT of Delhi during the current year increased by 12.58 per cent over the previous year. Tax revenue and non-tax revenue registered an increase of 14.70 per cent and 101.05 per cent respectively over the previous year.

The Grants-in-Aid from Government of India decreased from ₹ 2,825 crore (2016-17) to ₹ 2,184 crore (2017-18). **This included grants from GoI in lieu of share in central taxes which has remained stagnant at ₹ 325 crore since 2001-02 although central tax collections have grown substantially since 2001-02.**

Total expenditure during 2017-18 increased by 10.21 per cent over the previous year. Revenue expenditure, during 2017-18, was 86 per cent of the total expenditure whereas capital expenditure and loans and advances were only 8.26 per cent and 5.73 per cent respectively. **Capital expenditure as a percentage of total expenditure has fallen during 2013-18 which is a matter of concern.**

The share of social and economic services in total expenditure, which represents the development expenditure increased by 2.1 per cent in 2017-18 over the previous year. **Expenditure on Health as a proportion of Aggregate expenditure was higher in 2017-18 than 2013-14.**

As of 31 March 2018, the Government had invested ₹ 19,173 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. **The return on this investment was almost negligible (0.08 per cent) while the Government paid interest at an average rate of 8.58 per cent on its borrowings during 2017-18.**

Against loans amounting to ₹ 26,620.04 crore disbursed to Delhi Jal Board during 1998-2018 only ₹ 351.16 crore was repaid leaving ₹ 26,268.89 crore outstanding as on 31 March 2018. Interest liability on the outstanding loans is under reconciliation by the Principal Accounts Office and executive agencies.

Loans amounting to ₹ 11,837.69 crore were disbursed to Delhi Transport Corporation during 1996-2011 whereas ₹ 161.55 crore has been repaid leaving ₹ 11,676.14 crore as outstanding as on 31 March 2018. Interest liability of ₹ 20,818.07 crore on these loans was outstanding as on 31 March 2018.

As on 31 March 2018, loans amounting to ₹ 2,037.54 crore, ₹ 1,395.90 crore and ₹ 381.45 crore were outstanding against North Delhi Municipal Corporation, East Delhi Municipal Corporation and South Delhi Municipal Corporation respectively. Interest Liability on the outstanding loans is under reconciliation by the Principal Account office and executive agencies.

NCT of Delhi has maintained a revenue surplus over the last five years from 2013-14 to 2017-18. However, Revenue Surplus decreased by 2.59 per cent in 2017-18 over previous year and stood at 0.72 per cent of GSDP in 2017-18.

The fiscal deficit of ₹ 1,051 crore in 2016-17 turned to fiscal surplus of ₹ 113 crore in 2017-18. Fiscal surplus was 0.02 per cent of GSDP.

The Government maintained Primary surplus for the last four years from 2014-15 to 2017-18. Primary surplus increased by 62.88 per cent over the previous year and stood at 0.43 per cent of GSDP in 2017-18.