

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 2018-2019 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**.

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

1.1 Gross State Domestic Product of NCT of Delhi

Gross State Domestic Product (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 GSDP in 2018-19 was ₹ 7,79,652 crore (at current prices). Its GSDP at current prices has grown at a higher rate (12.41 *per cent*) in the past decade compared to the average GDP growth of All India (11.75 *per cent*). The Per Capita GSDP CAGR of NCT of Delhi (10.30 *per cent*) was marginally lower than the all India Per Capita GDP CAGR (10.35 *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 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|-------------|-------------|-------------|-------------|-------------|
| Current Prices | | | | | |
| India's GDP (₹ in crore) | 1,24,67,959 | 1,37,71,874 | 1,53,62,386 | 1,70,95,005 | 1,90,10,164 |
| Growth rate of GDP (<i>per cent</i>) | 10.99 | 10.46 | 11.55 | 11.28 | 11.20 |
| GSDP Delhi (₹ in crore) | 4,94,803 | 5,50,804 | 6,15,605 | 6,90,098 | 7,79,652 |
| Growth rate of GSDP (<i>per cent</i>) | 11.45 | 11.32 | 11.76 | 12.10 | 12.98 |
| Constant Prices (Base year 2011-12) | | | | | |
| India's GDP (₹ in crore) | 1,05,27,674 | 1,13,69,493 | 1,22,98,327 | 1,31,79,857 | 1,40,77,586 |
| Growth rate of GDP (<i>per cent</i>) | 7.41 | 8.00 | 8.17 | 7.17 | 6.81 |
| State's GSDP (₹ in crore) | 4,28,355 | 4,75,622 | 5,11,504 | 5,54,908 | 6,02,708 |
| Growth rate of GSDP (<i>per cent</i>) | 9.02 | 11.03 | 7.54 | 8.49 | 8.61 |

Source: Directorate of Economic and Statistical Analysis, GNCTD and MoSPI website

The annual growth rate of NCT of Delhi's GSDP at both current and constant prices was higher than that of India's GDP (except for the year 2016-17 at constant prices).

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 NCT of 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 (2018-19) 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

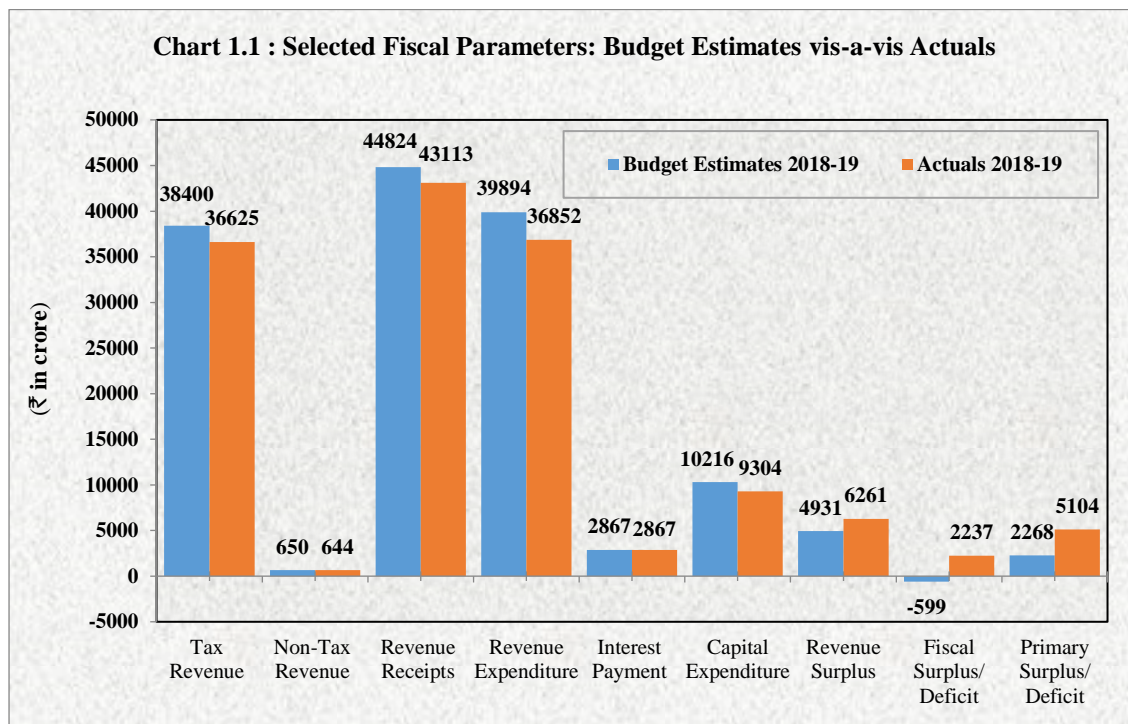
(₹in crore)

| Receipts | | | Disbursements | | |
|----------------------------------|---------------|---------------|---------------------------------|---------------|---------------|
| | 2017-18 | 2018-19 | | 2017-18 | 2018-19 |
| Section-A Revenue | Total | Total | Section-A Revenue | Total | Total |
| Revenue receipts | 38,667 | 43,113 | Revenue expenditure | 33,754 | 36,852 |
| Tax revenue | 35,717 | 36,625 | General services | 7,196 | 7,605 |
| Non-tax revenue | 766 | 644 | Social services | 19,602 | 21,663 |
| | | | Economic services | 5,862 | 5,219 |
| Grants from Government of India | 2,184 | 5,844 | Grants-in-aid and Contributions | 1,094 | 2,365 |
| Section-B Capital | | | Section-B Capital | | |
| Misc. Capital Receipts | - | - | Capital expenditure | 3,243 | 3,266 |
| Recoveries of Loans and Advances | 691 | 1,644 | Loans and Advances disbursed | 2,248 | 2,402 |
| Public Debt receipts* | 1,906 | 2,880 | Repayment of Public Debt* | 1,682 | 3,636 |
| Contingency Fund | 2 | 95 | Contingency Fund | 2 | 95 |
| Opening Balance# | 2,645 | 2,982 | Closing Balance# | 2,982 | 4,463 |
| Total | 43,911 | 50,714 | | 43,911 | 50,714 |

*Includes loans and advances from Government of India largely in the form of share in small savings and for Japan International Co-operative Agency assisted externally project #Closing balance is merged with the general cash balance of Government of India.

1.1.2 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 actuals for some important fiscal parameters are shown in **Chart 1.1**.



- As against the targeted revenue receipts of ₹ 44,824 crore, the actual revenue receipts were ₹ 43,113 crore (96 per cent).
- The collection under tax receipts was ₹ 36,625 crore against the anticipated receipt of ₹ 38,400 crore (95 per cent).
- The non-tax receipts was ₹ 644 crore (99 per cent) against the anticipated receipt of ₹ 650 crore.
- The actual revenue expenditure was lesser by ₹ 3,042 crore (8 per cent) than the budget provision of ₹ 39,894 crore.
- The capital expenditure was lower at ₹ 9,304 crore against the budget estimate of ₹ 10,216 crore.
- As against the anticipated fiscal deficit of ₹ 599 crore the Government managed to attain fiscal surplus of ₹ 2,237 crore.

The revenue receipts as well as revenue expenditure were marginally short of the budgeted targets. The revenue surplus was more than the estimates.

1.1.3 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 revenue, 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

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|----------|----------|----------|----------|----------|
| GSDP (₹ in crore) | 4,94,803 | 5,50,804 | 6,15,605 | 6,90,098 | 7,79,652 |
| Growth rate of GSDP (per cent) | 11.45 | 11.32 | 11.76 | 12.10 | 12.98 |
| Revenue Receipts (RR) | | | | | |
| RR during the year (₹ in crore) | 29,585 | 34,999 | 34,346 | 38,667 | 43,113 |
| Rate of growth of RR (per cent) | 5.73 | 18.30 | -1.87 | 12.58 | 11.5 |
| Buoyancy of RR with respect to GSDP | 0.50 | 1.62 | -0.16 | 1.04 | 0.89 |
| NCT of Delhi's Own Tax Revenue (OTR) | | | | | |
| OTR during the year (₹ in crore) | 26,604 | 30,226 | 31,140 | 35,717 | 36,625 |
| Rate of Growth of OTR (per cent) | 2.64 | 13.61 | 3.02 | 14.70 | 2.54 |
| Buoyancy of OTR with GSDP | 0.23 | 1.2 | 0.26 | 1.21 | 0.2 |
| Total Expenditure (TE) | | | | | |
| TE during the year (₹ in crore) | 29,593 | 33,750 | 35,609 | 39,244 | 42,520 |
| Rate of Growth of TE (per cent) | -9.57 | 14.05 | 5.51 | 10.21 | 8.35 |
| Buoyancy of TE with GSDP | -0.84 | 1.24 | 0.47 | 0.84 | 0.64 |
| Fiscal Liabilities* (FL) | | | | | |
| FL at the end of the year (₹ in crore) | 32,498 | 33,304 | 33,345 | 33,569 | 32,812 |
| Rate of Growth of FL (per cent) | 1.30 | 2.48 | 0.12 | 0.67 | -2.26 |
| Buoyancy of FL with GSDP | 0.11 | 0.22 | 0.01 | 0.06 | -0.17 |

Source: Finance Accounts of respective years

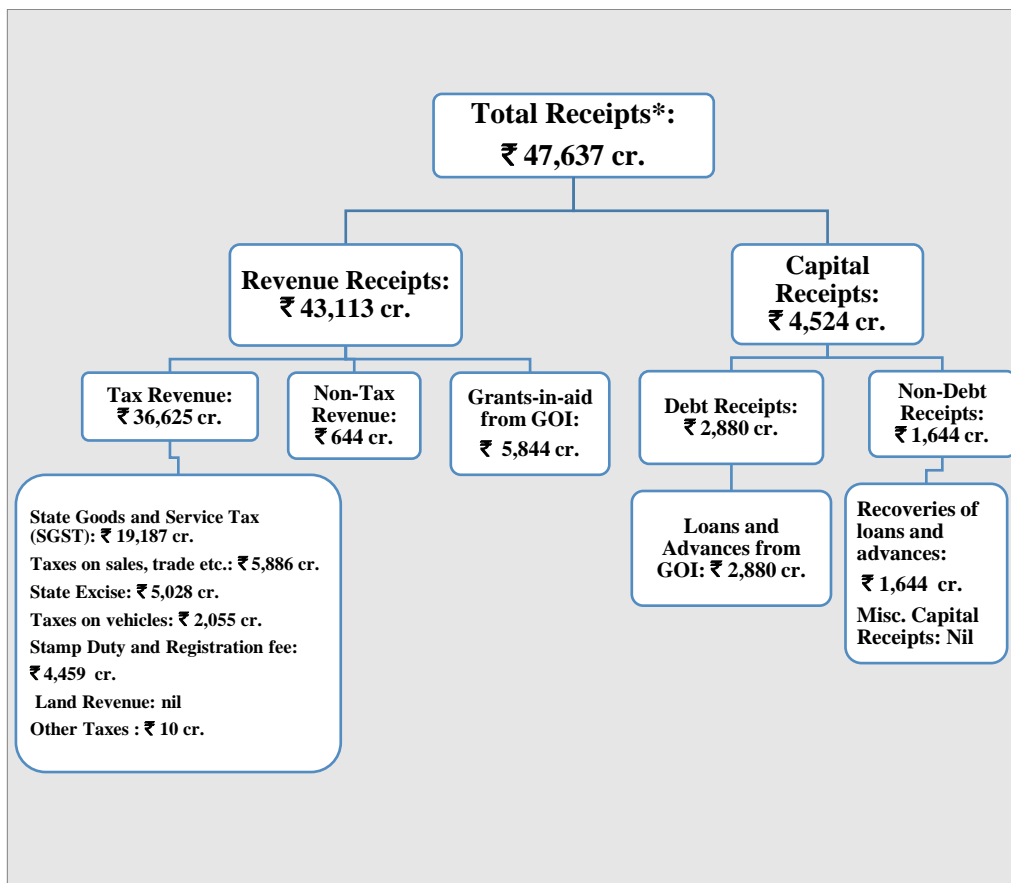
*The fiscal liabilities of NCT of Delhi comprise largely of share of small savings collections.

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, OTR and TE with reference to GSDP was less than one and was lower during 2018-19 as compared to 2017-18.

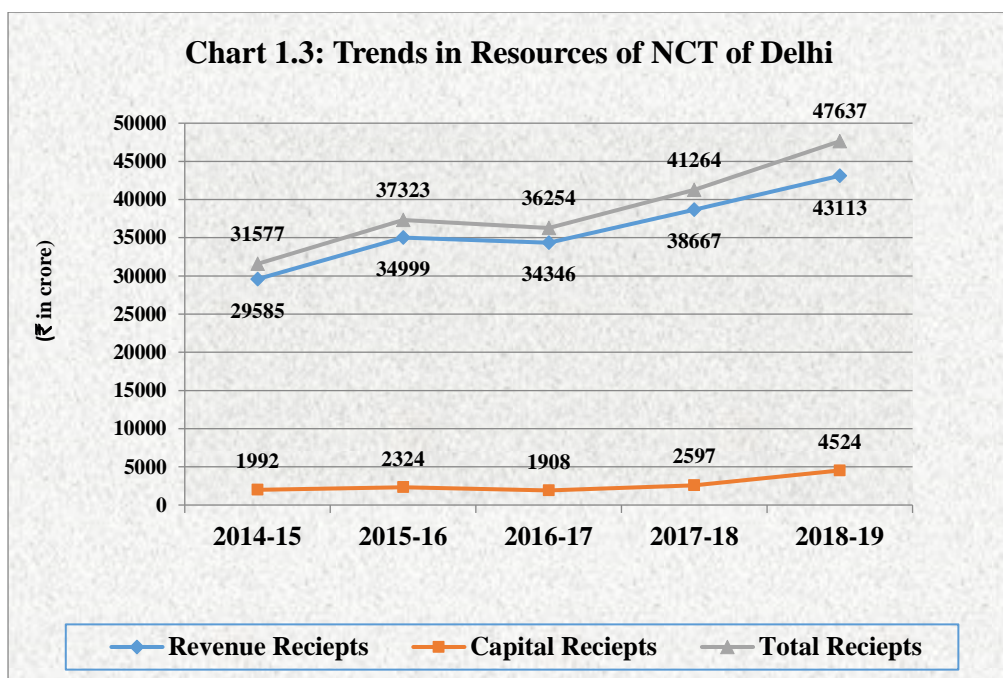
1.2 Resources of the NCT of Delhi

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 2014-19.

Chart 1.2: Components and sub-components of resources for the year 2018-19



*Excluding opening balance



The total receipts of NCT increased by ₹ 16,060 crore (51 per cent) during 2014-19. Revenue receipts increased by ₹ 13,528 crore (46 per cent), capital receipts, which include recovery of loans and advances and debt receipts (loans and advances from GoI), increased by ₹ 2,532 crore (127 per cent) mainly on account

of increase in recoveries of loans and advances by ₹ 1,416 crore (610 per cent) during 2014-19.

Of the total receipts of the Government of NCT of Delhi in 2018-19, revenue receipts constituted 90.50 per cent and capital receipts component was 9.50 per cent.

1.3 Revenue receipts

Revenue receipts consist of the NCT of Delhi's tax and non-tax revenues and grants-in-aid from GoI.

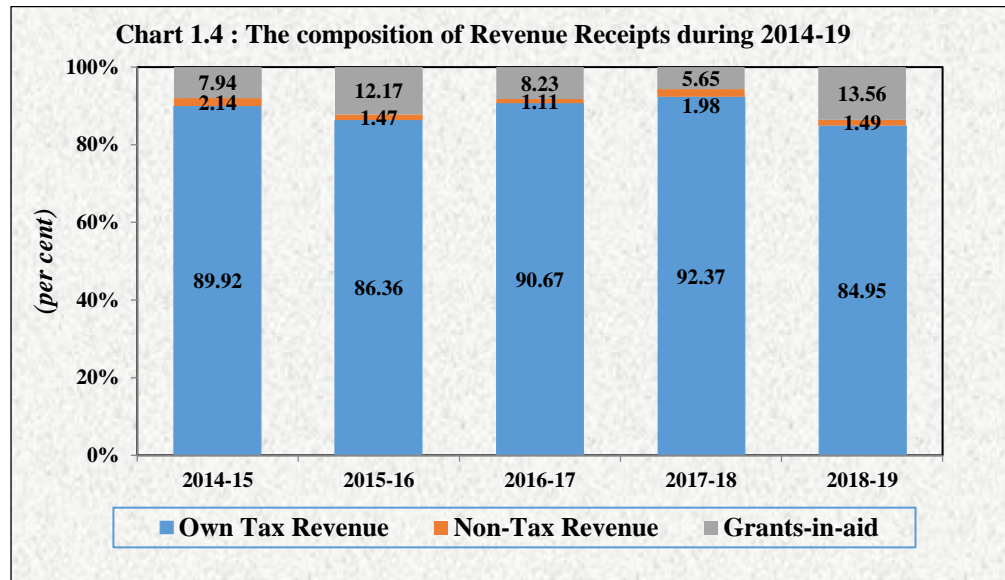
The trend of revenue receipts of the NCT of Delhi during the period 2014-15 to 2018-19 are presented in **Table 1.4** and **Appendix 1.4**. The revenue receipts increased from ₹ 29,585 crore in 2014-15 to ₹ 43,113 crore in 2018-19 at an average rate of 9.8 per cent per annum out of which NCT of Delhi's own tax revenue and grants-in-aid increased by ₹ 10,021 crore (37.67 per cent) and ₹ 3,496 crore (148.89 per cent) respectively during the said period.

Table 1.4: Trends in Revenue Receipts

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|---------|---------|---------|---------|---------|
| Revenue Receipts (RR) (₹ in crore) | 29,585 | 34,999 | 34,346 | 38,667 | 43,113 |
| Rate of growth of RR (per cent) | 5.73 | 18.3 | -1.87 | 12.58 | 11.50 |
| NCT of Delhi's Own Tax Revenue (₹ in crore) | 26,604 | 30,226 | 31,140 | 35,717 | 36,625 |
| Rate of growth of Own Tax Revenue (per cent) | 2.64 | 13.61 | 3.02 | 14.70 | 2.54 |
| Grants- in- Aid (₹ in crore) | 2,348 | 4,258 | 2,825 | 2,184 | 5,844 |
| Rate of Growth of GIA (per cent) | 67.35 | 81.35 | -33.65 | -22.69 | 167.58 |

Revenue receipts of the NCT of Delhi during 2018-19 grew by 11.50 per cent over the previous year. This was mainly due to increase of grants-in-aid by ₹ 3,660 crore (167.58 per cent) on account of receipt of compensation of ₹ 4,182 crore in lieu of loss of revenue arising out of implementation of GST.

The composition of revenue receipts during 2014-19 is depicted in **Chart 1.4**.



The share of NCT of Delhi's own tax revenue to total revenue receipts increased from 89.92 per cent in 2014-15 to 90.67 per cent in 2016-17 and then decreased to 84.95 per cent in 2018-19. Non-tax revenue as share of overall revenue receipts went down from 2.14 per cent in 2014-15 to 1.49 per cent in 2018-19. The share of grants-in-aid increased from 7.94 per cent in 2014-15 to 13.56 per cent in 2018-19.

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 NCT of Delhi during 2014-19.

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

(₹ in crore)

| Revenue Head | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|----------------------------------|------------------|-------------------|------------------|-------------------|------------------|
| Taxes on sales, trade etc. | 18,289(2) | 20,246(11) | 21,144(4) | 11,149 | 5,886(-47) |
| SGST | - | - | - | 13,621* | 19,187(41) |
| State excise | 3,422(9) | 4,238(24) | 4,251(0.3) | 4,453(5) | 5,028(13) |
| Taxes on vehicles | 1,559(11) | 1,607(3) | 1,809(13) | 2,116(17) | 2,055(-3) |
| Stamp duty and Registration fees | 2,780(-6) | 3,433(23) | 3,144(-8) | 4,117(31) | 4,459(8) |
| Land revenue | 62 | 1 | 2 | 2 | - |
| Taxes on goods and passengers | - | - | - | - | - |
| Other taxes ¹ | 492(6) | 701(42) | 790(13) | 259(-67) | 10(-96) |
| Total | 26,604(3) | 30,226(14) | 31,140(3) | 35,717(15) | 36,625(3) |

Source: Finance Accounts for the respective years

The percentage increase over previous year is shown in parenthesis

*SGST came into effect from 1 July 2017, so the figures are for nine months i.e. from 1 July 2017 to 31 March 2018

¹Other 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 2018-19 in accordance with the base year figure was ₹ 24,866 crore. Against the projected revenue of ₹ 24,866 crore, the revenue receipts of the Government of NCT of Delhi under GST during the year 2018-19 was ₹ 19,682.18 crore and compensation received was ₹ 4,182 crore as detailed in **Table 1.6**. Thus, overall there was a shortfall of ₹ 1,001.82 crore in receipt of compensation as on 31 March 2019.

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 |
|----------------|-------------------------|-------------------------|------------------|------------------------------------|-----------------------|-----------------------|------------------|
| April 2018 | 2,074 | 26.96 | 1,329.38 | 743.89 | 2,100.23 | | 26.23 |
| May 2018 | 2,072 | 35.84 | 783.91 | 367.34 | 1,187.09 | | -884.91 |
| June 2018 | 2,072 | 27.68 | 788.16 | 414.07 | 1,229.91 | 169 | -673.09 |
| July 2018 | 2,072 | 0.36 | 821.03 | 1,619.44 | 2,440.83 | | 368.83 |
| August 2018 | 2,072 | 14.51 | 809.03 | 418.98 | 1,242.52 | | -829.48 |
| September 2018 | 2,072 | 28.72 | 773.28 | 723.91 | 1,525.91 | 1,034 | 487.91 |
| October 2018 | 2,072 | 55.81 | 836.97 | 529.51 | 1,422.29 | | -649.71 |
| November 2018 | 2,072 | 34.81 | 844.90 | 1,188.39 | 2,068.10 | 963 | 959.10 |
| December 2018 | 2,072 | 40.79 | 832.92 | 738.99 | 1,612.70 | 974 | 514.70 |
| January 2019 | 2,072 | 63.42 | 925.47 | 420.62 | 1,409.51 | | -662.49 |
| February 2019 | 2,072 | 54.04 | 875.10 | 633.64 | 1,562.78 | | -509.22 |
| March 2019 | 2,072 | 81.28 | 989.53 | 809.50 | 1,880.31 | 1,042 | 850.31 |
| Total | 24,866 | 464.22 | 10,609.68 | 8,608.28 | 19,682.18 | 4,182 | -1,001.82 |

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

*Including Ad-hoc settlement of ₹2,582.20 crore, # includes ₹ 31.39 crore in respect of Entertainment and Luxury taxes etc.

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfill the CAG's Constitutional mandate of certifying the Accounts. The required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions has come in the way of comprehensively auditing the GST receipts. The accounts for the year 2018-19 are, therefore, certified on the basis of test audit, as was done when records were manually maintained, as a one-time exception.

1.3.1.2 Non-tax revenue

The trends in various components of non-tax revenue of the State during 2014-19 are given in **Table 1.7**.

Table 1.7: Growth of non-tax revenue during 2014-19

(₹ in crore)

| Revenue Head | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|------------------------------|----------------|------------------|-----------------|-----------------|-----------------|
| Interest receipts | 351(-8) | 82(-76) | 82(0) | 396(383) | 113(-71) |
| Dividends and Profits | 13(8) | 12(-4) | 11(-8) | 16(45) | 14(-13) |
| Other non-tax receipts | 269(0.5) | 421(56) | 288(-32) | 354(23) | 516(46) |
| a) Public Works | 15 | 19 | 22 | 14 | 18 |
| b) Medical and Public Health | 58 | 126 | 60 | 89 | 103 |
| c) Education | 25 | 22 | 24 | 26 | 29 |
| Total | 633(-4) | 515 (-19) | 381(-26) | 766(101) | 644(-16) |

Source: Finance Accounts for the respective years

The percentage increase over previous year is shown in parenthesis

Non-tax revenue increased by ₹ 11 crore (1.74 per cent) during 2014-19. The decrease in 'Interest Receipts' during 2015-16, 2016-17 and 2018-19 was mainly due to less receipt of interest on loans from local bodies. Non-tax revenue (₹ 644 crore) which constituted 1.49 per cent of total revenue receipts (₹ 43,113 crore) during 2018-19 decreased by ₹ 122 crore (15.93 per cent) over the previous year.

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 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|------------------|------------------|-------------------|-------------------|-------------------|
| Non-Plan Grants | 328 | 2,905 | 1,119 | - | - |
| Grants for State/UT Plan Schemes | 1,467 | 487 | 550 | - | - |
| Grants for Centrally Sponsored Plan Schemes | 553 | 866 | 1,156 | - | - |
| Grants for CSS | - | - | - | 995 | 807 |
| Compensation for Loss of Revenue arising out of implementation of GST | - | - | - | 157 | 4,182 |
| Other Transfer/Grants to States/UTs with Legislature | - | - | - | 1,032 | 855 |
| Total | 2,348(67) | 4,258(81) | 2,825(-34) | 2,184(-23) | 5,844(168) |

GIA from GoI increased from ₹ 2,184 crore in 2017-18 to ₹ 5,844 crore (167.58 per cent) in 2018-19. This includes compensation of ₹ 4,182 crore in 2018-19 vis-à-vis ₹ 157 crore in 2017-18 in lieu of loss of revenue arising out of implementation of GST.

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. Delhi Building and Other Construction Workers' Welfare Board (Board) received total funds of ₹ 351.44 crore (including cess collected and interest earned) during the year 2018-19 and incurred expenditure of ₹ 31.06 crore (8.84 per cent) only on welfare schemes.

Total accumulated cess available with the Building and Other Construction Workers' Welfare Board as on 31 March 2019 was ₹ 2,708 crore.

The matter on poor utilisation of funds on welfare schemes was also highlighted in the report for the year ended March 2018 but no concrete steps have been taken by the Department/Board to encourage the workers for registrations and availing benefits of welfare schemes.

Hence, audit is of the view that the Department/ Board should ensure optimum utilisation 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 (2014-19) 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 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|--------------|--------------|--------------|--------------|--------------|
| Capital Receipts (CR) | 1,992 | 2,324 | 1,908 | 2,597 | 4,524 |
| Miscellaneous Capital Receipts | - | - | - | - | - |
| Recovery of Loans and Advances | 228 | 83 | 212 | 691 | 1,644 |
| Public Debt Receipts* | 1,764 | 2,241 | 1,696 | 1,906 | 2,880 |
| Rate of growth over the previous year (per cent) | | | | | |
| Of debt capital receipts | -58 | 27 | -24 | 12 | 51 |
| Of non-debt capital receipts | -72 | -63 | 155 | 225 | 138 |
| Of GSDP | 11.45 | 11.32 | 11.76 | 12.10 | 12.98 |
| Of capital receipts | -60 | 17 | -18 | 36 | 74 |

*Received as loans and advances from the GoI.

Non-debt receipt increased by 138 per cent from ₹ 691 crore in 2017-18 to ₹ 1,644 crore in 2018-19. The increase was mainly due to repayment of ₹ 1,580 crore under the head 'Loans for power projects'. Moreover, an amount of ₹ 62 crore was also recovered under the head 'Loans to urban development' during 2018-19.

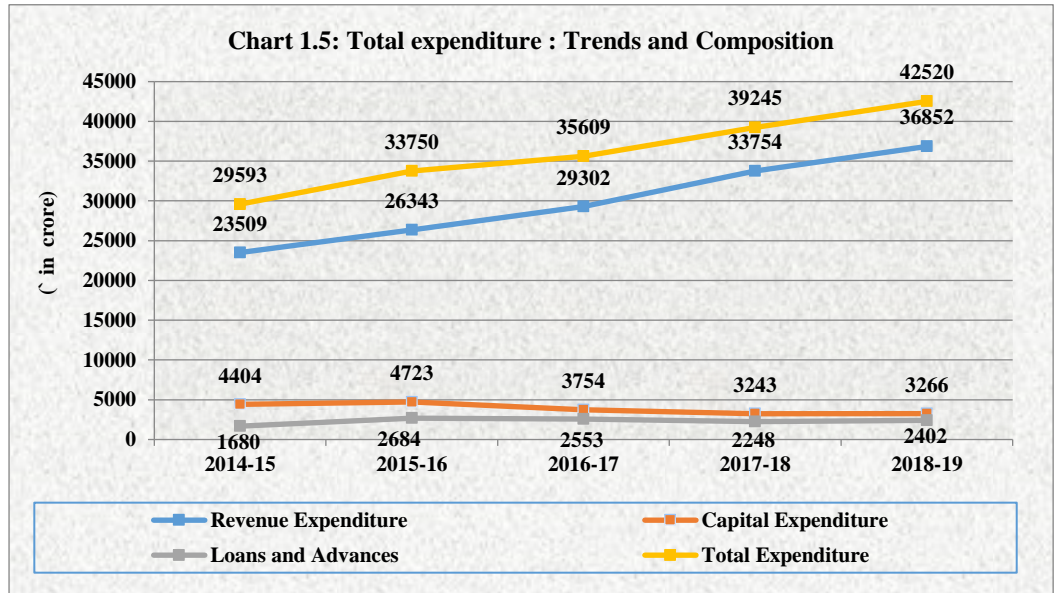
1.4.1 Loans and Advances from Government of India

Total outstanding loans and advances from GoI decreased by ₹ 757 crore from ₹ 33,569 crore in 2017-18 to ₹ 32,812 crore in 2018-19. Loans amounting to ₹ 2,880 crore were received from GoI and repayment of ₹ 3,636 crore was made during the year (**Appendix 1.4**).

1.5 Application of resources

1.5.1 Growth and composition of expenditure

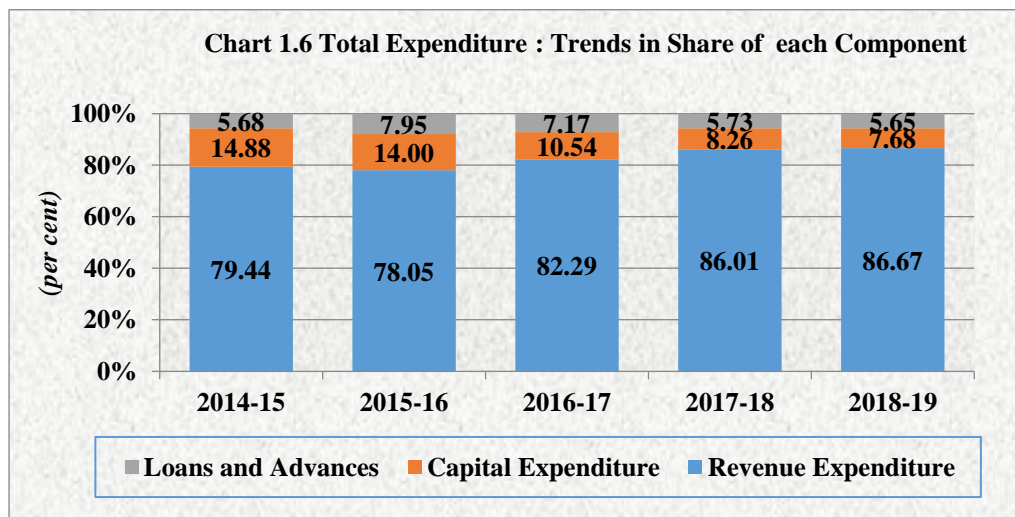
Trend and composition of total expenditure over the last five years (2014-19) are shown in **Charts 1.5, 1.6 and 1.7** below:



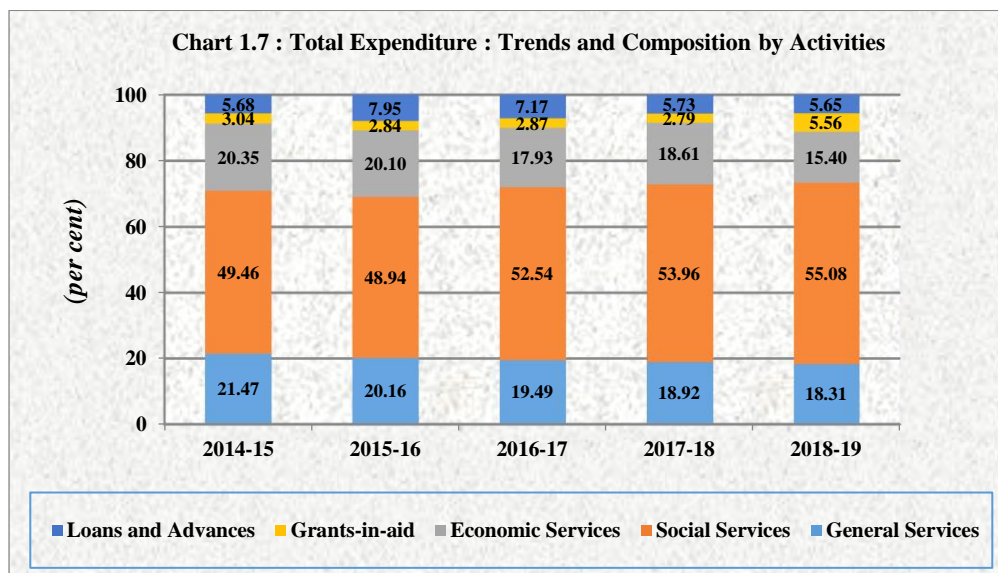
Source: Finance accounts of respective years

Total expenditure increased by 43.68 *per cent* over a period of five years (2014-19). Over the last five years, revenue expenditure increased from ₹ 23,509 crore in 2014-15 to ₹ 36,852 crore in 2018-19 which is an increase of 56.76 *per cent*.

Total expenditure increased by 8.35 *per cent* over the previous year. Of the total increase, revenue expenditure and capital expenditure increased by ₹ 3,098 crore (9.18 *per cent*) and ₹ 23 crore (0.71 *per cent*) respectively. Disbursement of loans and advances increased by ₹ 154 crore (6.85 *per cent*). Revenue expenditure, during 2018-19, was 86.67 *per cent* of the total expenditure whereas capital expenditure and loans and advances was only 7.68 *per cent* and 5.65 *per cent* respectively.



Source: Finance accounts of respective years



The share of general services in total expenditure decreased from 21.47 per cent to 18.31 per cent. Share of social services increased from 49.46 per cent to 55.08 per cent, while share of economic services decreased from 20.35 per cent to 15.40 per cent during 2014-19. Total expenditure on loans and advances declined from 5.68 per cent to 5.65 per cent during the same period. Share of grants-in-aid increased from 3.04 per cent to 5.56 per cent during 2014-19. The combined share of social and economic services which represent development expenditure increased from 69.81 per cent to 70.48 per cent during this period.

1.5.2 Revenue expenditure

Table 1.10 presents the growth of revenue expenditure over five years (2014-19).

Table 1.10: Growth of Revenue Expenditure

| | (₹ in crore) | | | | |
|--|--------------|---------|---------|---------|---------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Revenue expenditure | 23,509 | 26,343 | 29,302 | 33,754 | 36,852 |
| Growth rate (per cent) | 5.11 | 12.05 | 11.23 | 15.19 | 9.18 |
| Revenue expenditure as percentage to GSDP | 4.75 | 4.81 | 4.75 | 4.92 | 4.73 |
| Interest payments | 2,774 | 2,810 | 2,883 | 2,871 | 2,867 |
| Interest payment as percentage of revenue receipts | 9.38 | 8.03 | 8.39 | 7.42 | 6.65 |

Revenue expenditure during 2014-19 increased by ₹ 13,343 crore (56.76 per cent) with the annual growth rate ranging from 5.11 to 15.19 per cent. As percentage to GSDP, revenue expenditure decreased from 4.75 per cent to 4.73 per cent during the period 2014-19.

Revenue expenditure increased by 9.18 per cent from ₹ 33,754 crore in 2017-18 to ₹ 36,852 crore in 2018-19. Expenditure on general services increased by ₹ 409 crore. The expenditure on social services increased by ₹ 2,061 crore over the previous year mainly on account of increase in expenditure under the heads 'Education, sports, art and culture' (₹ 902 crore), 'Health and family welfare'

(₹ 801 crore) and 'Social welfare and nutrition' (₹ 558 crore). Expenditure on economic services decreased by ₹ 643 crore mainly on account of decrease in expenditure under the head 'Transport' (₹ 746 crore).

1.5.3 Capital Expenditure

Capital expenditure (CE) showed a declining trend during the period 2014-19 (Chart 1.5). It decreased from ₹ 4,404 crore to ₹ 3,243 crore in 2017-18 and stood at ₹ 3,266 crore in 2018-19. As a percentage of total expenditure, CE decreased from 14.88 *per cent* in 2014-15 to 7.68 *per cent* in 2018-19 (Chart 1.6).

Interest payment

Interest payments (₹ 2,867 crore) increased by 3.35 *per cent* over a period of five years (2014-19). During 2018-19, there was decrease of ₹ four crore over the previous year. The percentage of interest payments to revenue receipts decreased from 9.38 *per cent* in 2014-15 to 6.65 *per cent* in 2018-19.

National Pension System

State Government employees recruited on or after 1 January 2004 are eligible for the National Pension System (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 2018-19, the Government of NCT of Delhi deposited ₹ 443.46 crore with the NSDL/Trustee Bank against employee's contribution of ₹ 221.73 crore and employer's share of ₹ 221.73 crore. Hence, there was nothing outstanding against the employee as well as employers contribution during 2018-19 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).

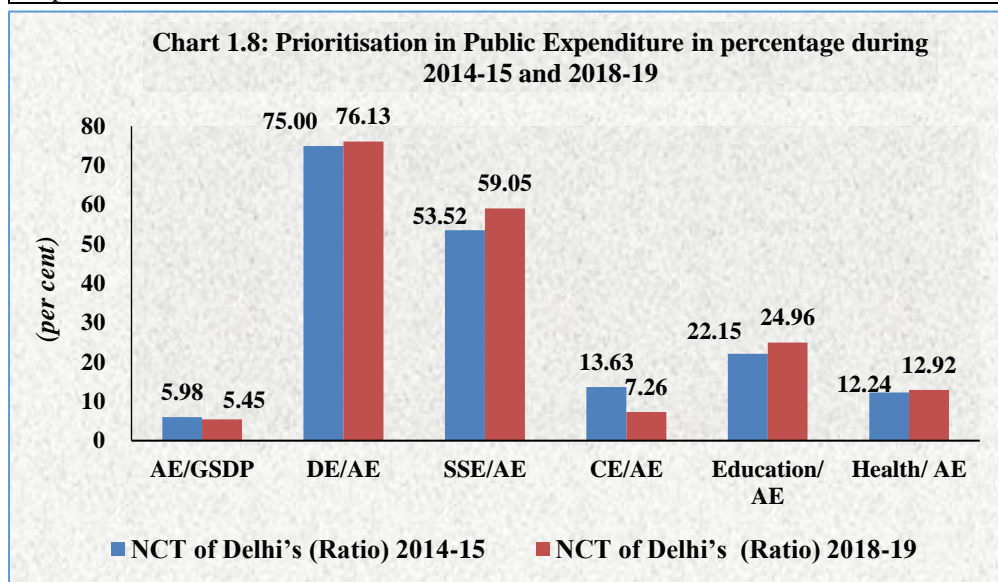
1.6.1 Adequacy of public expenditure

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 2014-15 and 2018-19.

Table 1.11: Fiscal Priority of the GNCTD in 2014-15 and 2018-19

| (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) 2014-15 | 5.98 | 75.00 | 53.52 | 13.63 | 22.15 | 12.24 |
| NCT of Delhi's (Ratio) 2018-19 | 5.45 | 76.13 | 59.05 | 7.26 | 24.96 | 12.92 |

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 5.45 per cent in 2018-19 from 5.98 per cent in 2014-15. There has been an increase in the development expenditure and social sector expenditure as a proportion of total expenditure from 75 per cent to 76.13 per cent and 53.52 per cent to 59.05 per cent respectively during 2014-19. Share of expenditure on health and education in total expenditure have also registered an increase during this period. However, share of capital expenditure decreased from 13.63 per cent to 7.26 per cent over the same 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 comprises 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 2014-15 to 2018-19.

Table 1.12: Development Expenditure

(₹ in crore)

| Components of Development Expenditure | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | |
|---------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|------------------|--------------------------------|
| | | | | | Budget Estimates | Actual |
| a. Development Revenue Expenditure | 16,625 (4.14) | 18,957 (14.02) | 21,690 (14.42) | 25,464 (17.40) | 29,235 | 26,882 (5.57) |
| b. Development Capital Expenditure | 4,033 (-9.21) | 4,346 (7.76) | 3,404 (-21.67) | 3,015 (-11.44) | 3,905 | 3,086 (2.35) |
| c. Development Loans and Advances | 1,634 (-69.75) | 2,093 (28.06) | 1,941 (-7.23) | 1,888 (-2.76) | 2,301 | 2,401 (27.17) |
| Total | 22,292 (-13.62) | 25,395 (13.92) | 27,036 (6.46) | 30,367 (12.32) | 35,441 | 32,369 (6.59) |

The percentage increase over previous year is shown in parenthesis

Development expenditure increased by 45.20 *per cent* during the period from 2014-15 to 2018-19. This expenditure, which constituted 76.13 *per cent* of the total expenditure (₹42,520 crore), increased by ₹ 2,002 crore (6.59 *per cent*) from ₹ 30,367 crore in 2017-18 to ₹ 32,369 crore in 2018-19. Development revenue expenditure and loans and advances constituted 83 and 7 *per cent* of development expenditure respectively whereas the share of capital development expenditure was 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 2019, the Government had invested ₹ 19,261 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The increase in investment in 2018-19 over the previous year was ₹ 88 crore. The return on investment (RoI) was 0.07 *per cent* in 2018-19, whereas Government paid interest at the average rate of 8.64 *per cent* on its borrowings during 2018-19. The details are given in **Table 1.13**.

Table 1.13: Return on Investment

(₹ in crore)

| Investment/return/cost of borrowings | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|---------|---------|---------|---------|---------|
| Investment at the end of the year* | 17,660 | 18,492 | 18,933 | 19,173 | 19,261 |
| Return on investment** | 12.9 | 12.32 | 11.28 | 15.91 | 14.31 |
| Return on investment (<i>per cent</i>) | 0.07 | 0.07 | 0.06 | 0.08 | 0.07 |
| Average rate of interest on Government borrowing (<i>per cent</i>) | 8.59 | 8.54 | 8.65 | 8.58 | 8.64 |
| Difference between interest rate and return (<i>per cent</i>) | 8.52 | 8.47 | 8.59 | 8.50 | 8.57 |
| Difference between interest rate on Government borrowings and return on investment # | 1,505 | 1,566 | 1,626 | 1,630 | 1,651 |

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 9.07 *per cent* over a period of five years from 2014-15 to 2018-19. The Government paid interest rate ranging from 8.54 to 8.65 *per cent* on its borrowings during 2014-19, whereas, the percentage of return from investments ranged between 0.06 and 0.08 *per cent* (at historical cost) during the same period. Over the past five years, the difference in Government borrowing and return on investment in PSUs was ₹ 7,978 crore.

Seven² Government Companies with an investment of ₹ 6,929.93 crore had accumulated losses of ₹ 31,724 crore as per the accounts furnished by these companies. Losses in two power companies (Delhi Power Company Limited - ₹ 1,360 crore and Delhi Transco Limited – ₹ 1,206 crore) and Delhi Transport Corporation (₹ 29,143 crore) accounted for 99.95 *per cent* of accumulated losses. During 2018-19, 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 2019 was ₹ 64,570 crore as depicted in **Table 1.14**.

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 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|---------|---------|---------|---------|---------|
| Opening Balance | 55,737 | 57,190 | 59,915* | 62,255 | 63,812 |
| Amount advanced during the year | 1,680 | 2,684 | 2,553 | 2,248 | 2,402 |
| Amount recovered during the year | 228 | 83 | 213 | 691 | 1,644 |
| Closing Balance | 57,189 | 59,791 | 62,255 | 63,812 | 64,570 |
| Net addition | 1,452 | 2,601 | 2,340 | 1,557 | 758 |
| Interest receipts | 351 | 83 | 81 | 396 | 113 |
| Interest receipts as percentage of outstanding loans and advances | 0.61 | 0.14 | 0.13 | 0.62 | 0.18 |
| Interest payments as percentage of outstanding fiscal liabilities of the GNCTD | 8.54 | 8.44 | 8.64 | 8.55 | 8.74 |
| Difference between interest payments and interest receipts (<i>per cent</i>) | 7.93 | 8.30 | 8.51 | 7.93 | 8.56 |

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

During 2018-19, the Government advanced loans amounting to ₹ 2,402 crore against ₹ 2,248 crore in 2017-18, an increase of ₹ 154 crore over the previous

² Delhi Power Company Limited, Delhi Transco Limited, DTC, DSIIDC Creative Arts Development Limited, DSIIDC Liquor Limited, DSIIDC Maintenance Services Limited and NDMC Smart City Limited.

year. Out of the total loans advanced during the year, Delhi Jal Board and Pragati Power Corporation Limited received ₹ 1,391 crore and ₹ 350 crore respectively. Loans and advances amounting to ₹ 1,644 crore were recovered during 2018-19. Recovery of loans and advances, though higher than previous year, was only a fraction (2.55 per cent) of the outstanding loans. Loans amounting to ₹ 64,570 crore were outstanding as of 31 March 2019.

The main heads where loans remained outstanding were water supply and sanitation (₹ 19,702 crore), miscellaneous loans (₹ 16,274 crore), road transport (₹ 15,596 crore), power projects (₹ 10,376 crore) and urban development (₹ 1,759 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 ₹ 28,011 crores out of which only ₹ 351 crore was repaid leaving ₹ 27,660 crore as outstanding as on 31 March 2019. No amount has been repaid in the last five years. Government stated (June 2020) that Interest liability on account of outstanding loans is under reconciliation by the concerned agencies and Department of Urban Development with concerned PAO.

Delhi Transport Corporation

Delhi Transport Corporation (DTC) received loans amounting to ₹ 11,838 crore since 1996-97 to 2010-11. Against this ₹ 162 crore has been repaid. There 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 2019, loans amounting to ₹ 11,676 crore are outstanding against DTC. The amount of arrears of interest on loans as on March 2019 was ₹ 26,070 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 ₹ 2,060 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 (₹ 730 crore) and East Delhi Municipal Corporation (₹ 394 crore) as per their liability ratio.

North DMC

North Delhi Municipal Corporation (DMC) received loans amounting to ₹ 1,681 crore during 2012-19. There has been a recovery of ₹ 373 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 ₹ 2,038 crore were outstanding against North DMC as on 31 March 2019.

East DMC

East DMC received loans amounting to ₹ 1,134 crore during 2012-19. There has been a recovery of ₹ 132 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 2019, loans amounting to ₹ 1,396 crore were outstanding against East DMC.

South DMC

South DMC received loans amounting to ₹ 158 crore during 2012-19. Recovery of ₹ 776 crore has been effected since 2012-13 leaving an outstanding amount of ₹ 319 crore as on 31 March 2019.

Government stated (June 2020) that Interest liability on account of outstanding loans is under reconciliation by the concerned agencies and Department of Urban Development with concerned PAO.

Since recovery of loans has been poor, State Government may consider treating these loans and advances as grants and booking them as revenue expenditure for ensuring that accounts reflect the correct position.

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 2019, compared with the corresponding position as on 31 March 2018. 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

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|---------|---------|---------|---------|---------|
| Fiscal liabilities (₹ in crore) | 32,498 | 33,304 | 33,345 | 33,569 | 32,812 |
| Rate of increase (<i>per cent</i>) | 1.30 | 2.48 | 0.12 | 0.67 | -2.25 |
| Ratio of Fiscal Liabilities to: | | | | | |
| GSDP (<i>per cent</i>) | 6.57 | 6.05 | 5.42 | 4.86 | 4.21 |
| Revenue Receipts (<i>per cent</i>) | 109.85 | 95.16 | 97.09 | 86.81 | 76.11 |
| Own Resources# (<i>per cent</i>) | 119.32 | 108.34 | 105.79 | 92.01 | 88.04 |
| Buoyancy of Fiscal Liabilities with reference to: | | | | | |
| GSDP (Ratio) | 0.11 | 0.22 | 0.01 | 0.06 | -0.17 |
| Revenue Receipts (Ratio) | 0.23 | 0.14 | -0.07 | 0.05 | -0.20 |
| Own Resources (Ratio) | 0.53 | 0.19 | 0.05 | 0.04 | -1.05 |

Source: Finance Accounts of respective years

#Tax + Non-Tax Revenue

Overall fiscal liabilities of the NCT of Delhi increased from ₹ 32,498 crore in 2014-15 to ₹ 32,812 crore in 2018-19 (0.97 *per cent*). The fiscal liabilities of ₹ 32,812 crore as on 31 March 2019 comprised obligations on account of ‘share of small savings collection’ of ₹ 29,406 crore, ‘loan to cover gap in resources’ of ₹ 3,326 crore and ₹ 80 crore for Japan International Co-operative Agency, assisted externally project namely “Chandrawal Water Treatment Plant”.

Loans amounting to ₹ 3,326 crore were given by GoI to NCT of Delhi in 2013-14, for settlement of outstanding dues to four Central Public Sector Undertakings³ 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, 2019.

The fiscal liabilities stood at 0.04 times of GSDP, 0.76 times of the revenue receipts and 0.88 times of the NCT’s own resources at the end of 2018-19.

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.

(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 debt of GNCTD

(₹ in crore)

| Year | Opening Balance | Debt Receipts | Repayment during the year | Closing Balance | Increase/Decrease | Percentage of increase over previous year |
|---------|-----------------|---------------|---------------------------|-----------------|-------------------|---|
| 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 |
| 2018-19 | 33,569 | 2,880 | 3,636 | 32,812 | -757 | -2.25 |

Source: Finance Accounts of respective years

³NTPC Ltd., NHPC Ltd., Power Grid Corporation of India Ltd and Nuclear Power Corporation.

Debt of the Government increased by ₹ 314 crore (0.97 per cent) from ₹ 32,498 crore in 2014-15 to ₹ 32,812 crore in 2018-19.

(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 2014-15 to 2018-19.

Table 1.17: Debt Sustainability: Indicators and Trends

| Indicators of Debt Sustainability | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|-----------|-----------|-----------|-----------|-----------|
| Outstanding public debt (₹ in crore) | 32,498 | 33,304 | 33,345 | 33,569 | 32,812 |
| Rate of increase of outstanding public debt (per cent) | 1.30 | 2.48 | 0.12 | 0.67 | -2.25 |
| GSDP (₹ in crore) | 494,803 | 550,804 | 615,605 | 690,098 | 779,652 |
| Rate of growth of GSDP (per cent) | 11.45 | 11.32 | 11.76 | 12.10 | 12.98 |
| Public Debt/GSDP (per cent) | 6.57 | 6.05 | 5.42 | 4.86 | 4.21 |
| Interest payment (₹ in crore) | 2,774 | 2,810 | 2,883 | 2,871 | 2,867 |
| Average interest rate of outstanding debt (interest paid/OB of public debt + CB of public debt/2 (per cent) | 8.59 | 8.54 | 8.65 | 8.58 | 8.64 |
| Revenue receipts(₹ in crore) | 29,585 | 34,999 | 34,346 | 38,667 | 43,113 |
| Percentage of interest to revenue receipt | 9.38 | 8.03 | 8.39 | 7.42 | 6.65 |
| Debt payment (₹ in crore) | 1,347 | 1,435 | 1,655 | 1,682 | 3,636 |
| Debt receipt (₹ in crore) | 1,764 | 2,241 | 1,696 | 1,906 | 2,880 |
| Percentage of debt payment to debt receipt | 76.33 | 64.04 | 97.59 | 88.25 | 126.25 |
| Net debt available to NCT of Delhi#(₹ in crore) | (-) 2,357 | (-) 2,005 | (-) 2,842 | (-) 2,647 | (-) 3,623 |

Source: Finance Accounts of the respective years

#Net debt available to the Government of NCT of Delhi 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 ₹ 32,498 crore in 2014-15 to ₹ 32,812 crore in 2018-19 registering an increase of 0.97 per cent during the period 2014-19. Public debt decreased by 2.25 per cent in 2018-19 over the previous year. The rate of growth of outstanding public debt has declined from 2.48 per cent in 2015-16 to 0.67 per cent in 2017-18 and was negative in 2018-19. Repayments of Public Debt (₹ 3636 crore) in 2018-19 was more than the Public Debt Receipts (₹ 2880 crore).

Details of utilisation of borrowed funds for repayment of earlier borrowings and capital expenditure during the period in 2014-19 is given in **Table 1.18**:

Table 1.18: Utilisation of borrowed funds

(₹ in crore)

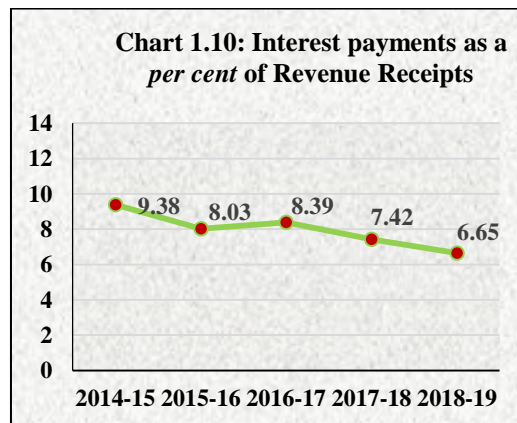
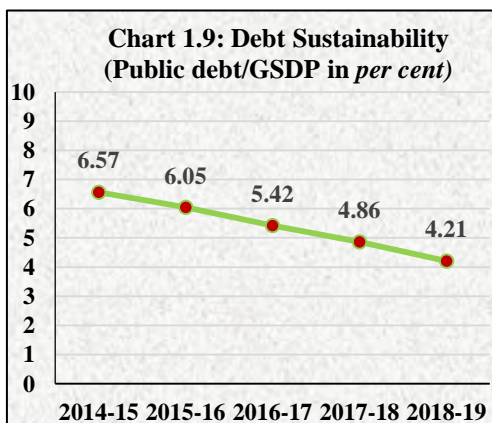
| Year | Total Borrowings | Repayment of earlier borrowing (Principal) (per cent) | Borrowed funds available for Capital Expenditure (per cent) |
|---------|------------------|---|---|
| 1 | 2 | 3 | 4=(2-3) |
| 2014-15 | 1,764 | 1,347(76) | 417(24) |
| 2015-16 | 2,241 | 1,435(64) | 806(36) |
| 2016-17 | 1,696 | 1,655(98) | 41(2) |
| 2017-18 | 1,906 | 1,682(88) | 224(12) |
| 2018-19 | 2,880 | 3,636(126) | - |

Source: Finance Accounts of the respective years

During the period 2014-19, no portion of debt receipts were being used for meeting the revenue expenditure since NCT of Delhi had a revenue surplus throughout the period 2014-19. Borrowed funds were being used only for capital expenditure and repayment of debt. During 2018-19 repayment was more than amount borrowed. Debt was repaid by using the revenue surplus.

During 2014-19, 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 9.38 *per cent* in 2014-15 to 6.65 *per cent* in 2018-19 (**Chart 1.10**) which shows that the interest payment on public debt was decreasing resulting in availability of funds for development.

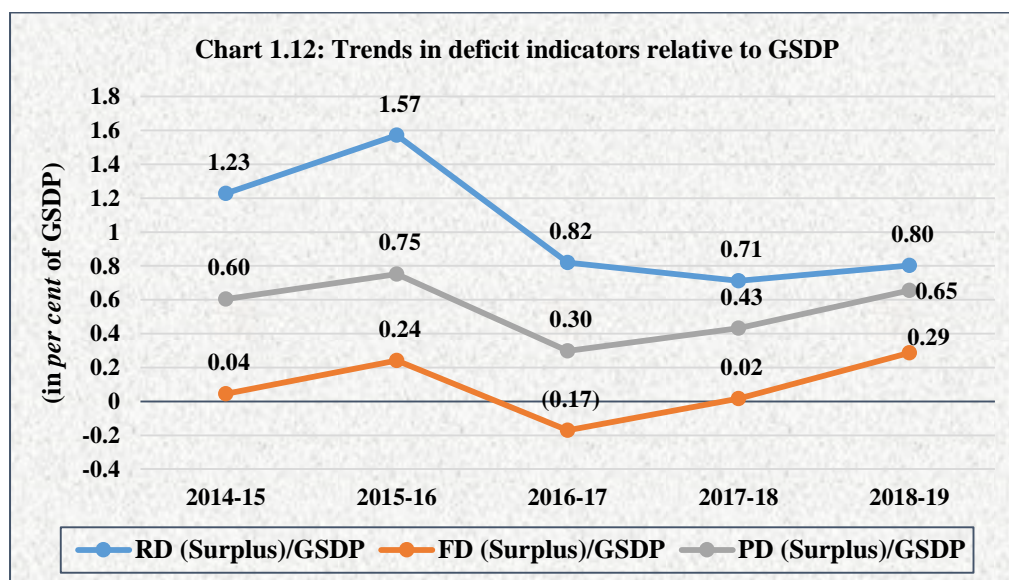
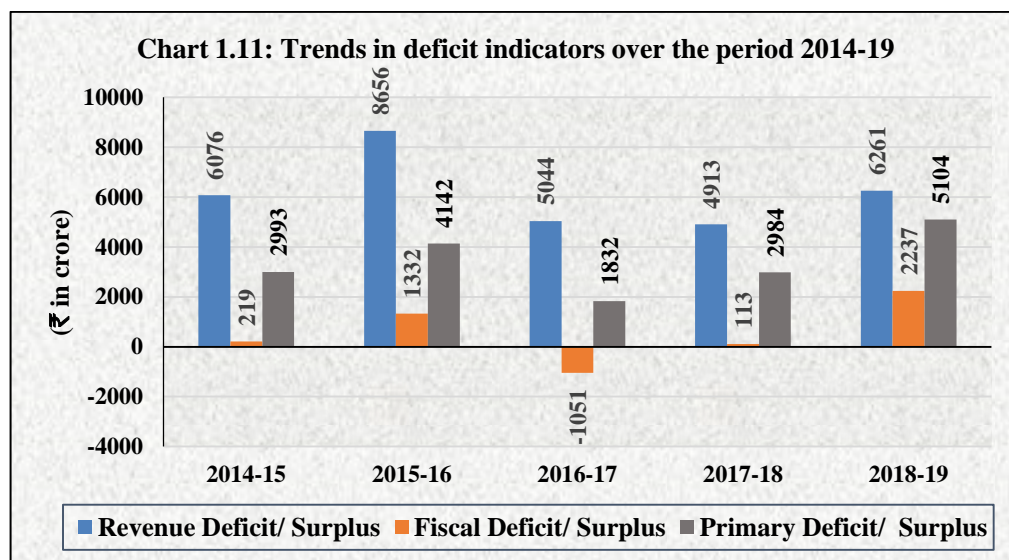


1.10 Fiscal imbalances

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 2014-15 to 2018-19.



Revenue surplus indicates the excess of revenue receipts over revenue expenditure. The revenue surplus of ₹ 6,261 crore in 2018-19 indicates that revenue receipts of the Government are sufficient to meet the revenue expenditure. NCT of Delhi consistently enjoyed revenue surplus during 2014-19. It had revenue surplus of ₹ 6,076 crore in 2014-15, ₹ 8,656 crore in 2015-16, ₹ 4,913 crore in 2017-18 and stood at ₹ 6,261 crore in 2018-19.

Fiscal surplus was ₹ 219 crore in 2014-15 which turned to deficit during 2016-17 at ₹ 1,051 crore, further turned to surplus in 2017-18 at ₹ 113 crore. There was fiscal surplus of ₹ 2,237 crore during 2018-19.

The NCT of Delhi had primary surplus during the period 2014-19 and stood at ₹ 5,104 crore in 2018-19 as compared to ₹ 2,984 crore in 2017-18.

Revenue surplus stood at 0.80 *per cent* of GSDP in 2018-19 as against 0.71 *per cent* of GSDP in 2017-18. Fiscal surplus stood at 0.29 *per cent* of GSDP in 2018-19 as against 0.02 *per cent* of GSDP in 2017-18. Primary surplus stood at 0.65 *per cent* of GSDP in 2018-19 as against 0.43 *per cent* in 2017-18 due to increase in non-debt receipts, capital expenditure and disbursement of loans and advances. NCT of Delhi has been able to maintain revenue surplus and fiscal surplus largely on account of pension liabilities of GNCTD employees being borne by GOI. In addition, expenditure of Delhi Police is also borne by Ministry of Home Affairs, GOI. During 2018-19 pension liabilities of ₹ 1,137.21 crore of GNCTD employees and ₹ 7,136.48 crore of revenue expenditure of Delhi Police were borne by GOI.

1.10.2 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 1.19**.

Table 1.19: Primary Deficit/Surplus-bifurcation of factors

(₹in crore)

| Year | Non-debt Receipts | Revenue Receipts | Primary Revenue Expenditure ⁴ | Capital Expenditure | Loans and Advances | Primary Expenditure | Primary Revenue Deficit(-)/ Surplus(+) | Primary Deficit(-)/ Surplus(+) |
|---------|-------------------|------------------|--|---------------------|--------------------|---------------------|--|--------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7(4+5+6) | 8(3-4) | 9(2-7) |
| 2014-15 | 29,812 | 29,585 | 20,735 | 4,404 | 1,680 | 26,819 | 8,850 | 2,993 |
| 2015-16 | 35,082 | 34,999 | 23,533 | 4,723 | 2,684 | 30,940 | 11,466 | 4,142 |
| 2016-17 | 34,558 | 34,346 | 26,419 | 3,754 | 2,553 | 32,726 | 7,927 | 1,832 |
| 2017-18 | 39,358 | 38,667 | 30,883 | 3,243 | 2,248 | 36,374 | 7,784 | 2,984 |
| 2018-19 | 44,757 | 43,113 | 33,985 | 3,266 | 2,402 | 39,653 | 9,128 | 5,104 |

Source: Finance Accounts of respective years

- Non-debt receipts of the NCT of Delhi included revenue receipts and recoveries of loans and advances which increased by 50.13 *per cent* from 2014-15 to 2018-19 and were sufficient to meet the primary revenue expenditure.
- The primary revenue surplus of ₹ 8,850 crore in 2014-15 increased by 3.14 *per cent* to primary revenue surplus of ₹ 9,128 crore in 2018-19. Primary revenue surplus in 2018-19 increased by ₹ 1,344 crore over the previous year.

⁴Primary Revenue Expenditure = Total Revenue Expenditure - Interest payments

- Capital expenditure as a percentage of primary expenditure has decreased significantly from 16.42 *per cent* in 2014-15 to 8.24 *per cent* during 2018-19.
- The Government had primary surplus in each year during 2014-15 to 2018-19.

A snapshot of some positive indicators and those requiring close watch is given in **Table 1.20** below:

Table 1.20: Key parameters

| Positive Indicators | Parameters requiring close watch |
|---|---|
| Increase in grants-in-aid by Government of India by 168 <i>per cent</i> | Increase in revenue expenditure by 9.18 <i>per cent</i> |
| Recoveries of loans and advances increased by 138 <i>per cent</i> | Public debt receipt increased by 51.10 <i>per cent</i> |
| Increase in development expenditure by 7 <i>per cent</i> | |

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* Action Taken Notes on the Report on State Finances have been forwarded by the Government during the last ten 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 11.50 *per cent* over the previous year. Tax revenue registered an increase of 2.54 *per cent* and non-tax revenue decreased by 15.93 *per cent* over the previous year.

The Grants-in-Aid from Government of India increased from ₹ 2,184 crore (2017-18) to ₹ 5,844 crore (2018-19).

Total expenditure during 2018-19 increased by 8.35 *per cent* over the previous year. Revenue expenditure, during 2018-19, was 86.67 *per cent* of the total expenditure whereas capital expenditure and loans and advances was only 7.68 *per cent* and 5.65 *per cent* respectively.

The combined share of social and economic services which represent development expenditure decreased from 72.57 *per cent* to 70.48 *per cent* in 2018-2019 over the previous year.

As of 31 March 2019, the Government had invested ₹ 19,261 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The return on this investment was almost negligible (0.07 *per cent*) while the Government paid interest at an average rate of 8.64 *per cent* on its borrowings during 2018-19.

Against loans amounting to ₹ 28,011 crore disbursed to Delhi Jal Board during 1998-2019 only ₹ 351 crore was repaid leaving ₹ 27,660 crore outstanding as on 31 March 2019. Interest liability on the outstanding loans is under reconciliation by the Principal Accounts Office and executive agencies.

Loans amounting to ₹ 11,838 crore were disbursed to Delhi Transport Corporation during 1996-2011 whereas ₹ 162 crore has been repaid leaving ₹ 11,676 crore as outstanding as on 31 March 2019. Interest liability of ₹ 26,070 crore on these loans was outstanding as on 31 March 2019.

As on 31 March 2019, loans amounting to ₹ 2,038 crore, ₹ 1,396 crore and ₹ 319 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 Accounts Office and executive agencies.

Revenue surplus increased by 27.44 *per cent* in 2018-19 over previous year and stood at 0.80 *per cent* of GSDP in 2018-19.

The fiscal surplus of ₹ 113 crore in 2017-18 increased to ₹ 2,237 crore in 2018-19. Fiscal surplus was 0.29 *per cent* of GSDP.

The Government maintained primary surplus for the last five years from 2014-15 to 2018-19. Primary surplus increased by 71.05 *per cent* over the previous year and stood at 0.65 *per cent* of GSDP in 2018-19.