

# **EXECUTIVE SUMMARY**



## Executive Summary

### Background

Based on the audited accounts of the Government of National Capital Territory of Delhi (GNCTD) for the year ending 31 March 2020 and additional data collected from several sources such as the Economic Survey, financial statements of Public Sector Undertakings and Census 2011, this report provides an analytical review of the Annual Accounts of National Capital Territory (NCT) of Delhi, in five chapters.

**Chapter-1** is an overview of the NCT of Delhi's financial position.

**Chapter-2** provides a broad perspective of the finances of the NCT of Delhi, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20 and debt profile of the NCT of Delhi, based on the Finance Accounts of the NCT of Delhi.

**Chapter-3** is based on the Appropriation Accounts of the NCT of Delhi and provides grant-wise description of the appropriations and allocative priorities of the GNCTD and the manner in which the allocated resources were managed by the various service departments.

**Chapter-4** comments on the quality of accounts rendered by various authorities of the GNCTD and highlights issues of non-compliance with prescribed financial rules and non-submission of accounts.

**Chapter-5** discusses the financial performance of Government Companies and Statutory Corporations and the impact of significant comments issued as a result of supplementary audit of the financial statements of State Public Sector Enterprises (SPSEs).

### Audit findings

#### CHAPTER-1

#### OVERVIEW

- The revenue surplus of NCT of Delhi in 2019-20 of ₹ 7,499 crore indicates that revenue receipts of the Government were sufficient to meet the revenue expenditure. Revenue surplus stood at 0.88 *per cent* of GSDP in 2019-20 as against 0.81 *per cent* in 2018-19. NCT of Delhi has been able to maintain revenue 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, Government of India.

(Paragraph 1.5)

- The fiscal surplus of NCT of Delhi which was ₹1,332 crore in 2015-16 turned to deficit during 2016-17 at ₹ 1,051 crore, and again turned to surplus of ₹ 113 crore in 2017-18. There was fiscal surplus of ₹ 2,237 crore during 2018-19, which again turned to deficit during 2019-20 of ₹ 416 crore.

(Paragraph 1.5)

## CHAPTER - 2

### FINANCES OF THE NATIONAL CAPITAL TERRITORY OF DELHI

- Revenue receipts grew by ₹ 4,023 crore (9.33 *per cent*) over the previous year. In the year 2019-20, about 79.90 *per cent* of revenue receipts came from GNCTD's own resources while Grants-in-Aid contributed 20.10 *per cent*. The share of NCTD's own tax revenue to total revenue receipts decreased from 86.36 *per cent* in 2015-16 to 77.58 *per cent* in 2019-20.

(Paragraph 2.3.2.1)

- Non-debt capital receipts decreased by 49.94 *per cent* from ₹ 1,644 crore in 2018-19 to ₹ 823 crore in 2019-20. Debt capital receipt increased by 65.45 *per cent* from ₹ 2,880 crore in 2018-19 to ₹ 4,765 crore in 2019-20 due to increased flow of loans and advances from GoI by 65.45 *per cent* over the previous years.

(Paragraph 2.3.3)

- Capital expenditure displayed inter year fluctuation which ranged between ₹ 3,243 crore to ₹ 5,472 crore whereas revenue expenditure continuously increased during 2015-20. Capital expenditure increased from ₹ 3,266 crore to ₹ 5,472 crore (67.54 *per cent*) in 2019-20 over the previous year. Revenue expenditure was 81.94 *per cent* of the total expenditure whereas capital expenditure and disbursement of loans and advances were 11.31 *per cent* and 6.75 *per cent* respectively for the year 2019-20.

(Paragraphs 2.4.1 and 2.4.3)

- Revenue expenditure increased by 50.47 *per cent* from ₹ 26,343 crore in 2015-16 to ₹ 39,637 crore in 2019-20. Revenue expenditure increased by 7.56 *per cent* from ₹ 36,852 crore in 2018-19 to ₹ 39,637 crore in 2019-20. The share of committed expenditure in total revenue expenditure ranged from 34.41 *per cent* to 35.81 *per cent* over the last five years.

(Paragraphs 2.4.2 and 2.4.2.2)

- Expenditure on subsidies increased from ₹ 1,867.61 crore in 2015-16 to ₹ 3,592.94 crore in 2019-20 (92.38 *per cent*) in 2019-20. In 2019-20 expenditure on subsidies increased by 41.85 *per cent* over the previous year. Financial assistance to local bodies and others increased by 7.59 *per cent* from ₹ 15,087.22 crore in 2018-19 to ₹ 16,232.97 crore in 2019-20.

(Paragraphs 2.4.2.4 and 2.4.2.5)

- The increase in investment in 2019-20 over the previous year was ₹ 150 crore on account on investment made in Delhi Metro Rail Corporation Ltd. The return on investment was 0.08 *per cent* in 2019-20 whereas Government paid interest at the average rate of 8.14 *per cent* on its borrowings during 2019-20.

(Paragraph 2.4.3.2)

- GNCTD is not empowered to raise loans from the open market. Loans and advances received from Government of India comprise debt receipts of GNCTD. Debt of GNCTD increased by ₹ 2,268.93 crore (6.98 per cent) from ₹ 32,497.91 crore at the beginning of 2015-16 to ₹ 34,766.84 crore at the end of 2019-20.

(Paragraphs 2.5 and 2.5.1)

### CHAPTER -3

#### BUDGETARY MANAGEMENT

- During 2019-20, there was an overall saving of ₹ 12,670.65 crore against the total grants and appropriations of ₹ 64,180.68 crore (19.74 per cent of total budget).

(Paragraphs 3.1 and 3.3.3)

- Supplementary grants amounting to ₹ 810.86 crore in 11 cases proved unnecessary. Under 13 sub-heads spread across four grants, there were final savings of more than ₹ five crore. Re-appropriations were made unnecessarily as the departments were not able to even utilise fully their existing grants and there was cumulative non-utilisation (savings) of ₹ 455.77 crore against the re-appropriation of ₹ 326.19 crore.

(Paragraphs 3.3.1 and 3.3.2)

- Out of total lump-sum budgetary provision of ₹ 422.46 crore under three grants, an expenditure of ₹ 317.82 crore was made.

(Paragraph 3.4.1)

- Savings of ₹ 3,289.96 crore (25.97 per cent) were surrendered in March out of total saving of ₹ 12,670.65 crore.

(Paragraph 3.5.1)

- In 39 sub-heads under seven grants (₹ one crore or above in each case), the entire provision of ₹ 196.76 crore remained unutilised by the departments or was remitted back to Government before the closure of the financial year 2019-20.

(Paragraph 3.5.2)

- Out of the total expenditure of ₹ 51,186.26 crore (excluding recoveries of ₹ 323.77 crore) during 2019-20, expenditure of ₹ 16,207.83 crore (31.66 per cent) was incurred in the last quarter whereas ₹ 2,355.21 crore (14.53 per cent) of the last quarter was incurred during the month of March 2020. Further, in eight sub-heads under two grants the entire expenditure of ₹ 428.53 crore was incurred in March 2020.

(Paragraph 3.5.4)

## CHAPTER-4

### QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

- In the Transport department, test check of transactions of various periods for the financial year 2019-20 revealed that government receipts were not deposited timely in the government account. Audit noted that an amount of ₹ 1,005.65 crore was deposited with delays ranging between 4 and 61 days, which resulted in loss of interest of ₹ 4.81 crore. Also, for the said duration, the amount remained outside the Consolidated Fund of the State.

(Paragraph 4.1)

- Audit noted that 1,126 Utilisation Certificates (56.33 *per cent*) amounting to ₹ 134.52 crore were outstanding prior to the year 2011-12 whereas 873 UCs (43.67 *per cent*) amounting to ₹ 6,722.45 crore were outstanding from 2011-12 to 2018-19.

(Paragraph 4.3)

- As of March 2020, a total of 5,225 AC bills involving ₹ 774.47 crore were outstanding. Forty-nine Government Departments did not submit 730 DC bills amounting to ₹ 266.27 crore before closing of the accounts for the financial year 2019-20 and therefore, there is no assurance that the expenditure of ₹ 266.27 crore has actually been incurred during the financial year for the purpose for which it was authorised by the Legislature.

(Paragraph 4.4)

- During 2019-20, expenditure of ₹ 6,019.29 crore out of total expenditure of ₹ 45,108.86 crore was classified under the minor head of account '800-Other Expenditure' which constituted 13.34 *per cent* of the total expenditure, while receipts of ₹ 677.07 crore out of total receipts of ₹ 37,662.76 crore, were classified during 2019-20 under the minor head '800-Other Receipts' which constituted 1.80 *per cent* of the total receipts.

(Paragraph 4.6)

- The audit of 12 autonomous bodies/authorities has been entrusted to the CAG under Sections 19 and 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. The annual accounts of 12 bodies/authorities due up to 2019-20 had not been received as of September 2020 by audit. However, 30 annual accounts up to the year 2019-20 of 12 bodies/authorities were pending as on 30 September 2020.

(Paragraph 4.9)

## CHAPTER-5

### STATE PUBLIC SECTOR ENTERPRISES (SPSEs)

- As on 31 March 2020, there were 18 SPSEs in Delhi, including two Statutory Corporations and 16 Government Companies under the audit jurisdiction of the CAG.

**(Paragraph 5.3)**

- In 2019-20 there were 10 profit-earning SPSEs, as compared to eight in 2018-19. The profits earned by the profit making SPSEs increased to ₹ 1,123.10 crore in 2019-20 from ₹ 894.74 crore in 2018-19. During 2019-20, net profit of ₹ 1,066.29 crore constituting 94.94 *per cent* of total profit of these 10 SPSEs was contributed by five SPSEs.

**(Paragraph 5.5.1)**

- There were seven SPSEs that incurred losses as per their latest finalised accounts at the end of March 2020. The losses incurred by these loss-incurring SPSEs increased to ₹ 5,294.16 crore in 2019-20 as per their latest finalised accounts from ₹ 3,859.78 crore in 2017-18 and ₹ 4,386.79 crore in 2018-19. Out of total loss of ₹ 5,294.16 crore incurred by these seven loss-incurring SPSEs during 2019-20, loss of ₹ 5,280.55 crore (99.74 *per cent*) was contributed by Delhi Transport Corporation alone.

**(Paragraph 5.8.1)**

- As on 31 March 2020, net worth of Delhi Power Company Limited and Delhi Transport Corporation was (-) ₹ 37,124.89 crore which was completely eroded by accumulated loss of these SPSEs.

**(Paragraph 5.8.2)**

- As of 31 March 2020, there were 16 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2019-20 were due from 16 Government Companies. However, only 11 Government Companies submitted their accounts for audit by CAG by 31 December 2020. Accounts of five Government Companies were in arrears.

**(Paragraph 5.11.2)**

