

# **CHAPTER-1**

## **OVERVIEW**



## Chapter 1

### Overview

#### 1.1 Profile of the National Capital Territory of Delhi

Delhi was declared as the National Capital Territory (NCT) by the Government of National Capital Territory of Delhi Act, 1991. Delhi has a administrative structure having dual jurisdiction i.e. of the Union Government and the State Government. There are 11 districts and 33 sub-divisions in Delhi. The NCT of Delhi covers an area of 1,483 sq km of which 1114 sq km is designated as urban and 369 sq km as rural.

The geographical and socio-economic profile of NCT of Delhi is given in **Table 1.1:**

**Table 1.1: Profile of the National Capital Territory of Delhi**

Sl. No.	Particulars	Figures	
1	Area	1483 sq. km	
2	<b>Population</b>		
	a.	Population (2011 Census)	1.70 crore
	b.	Population 2020	2.04 crore
3	Density of Population (2011 Census) (All India Density = 382 persons per Sq. Km)	11,320 person per Sq. Km.	
4	Population below poverty line (BPL) 2011-12 (All India Average = 21.9 per cent)	39.30 per cent	
5	Literacy (as per 2011 Census) (All India Average= 73.0 per cent)	86.20 per cent	
6	Infant mortality (2017) (per 1000 live births) (All India Average = 33 per 1000 live births)	16	
7	Life expectancy at birth (2013-17)(All India Average = 69.4 years)	75.3	
10	Gross State Domestic Product (GSDP) 2019-20 at current prices	₹ 8,56,112 crore	
11	Per Capita GDP/GSDP CAGR (2011-12 to 2019-20)	NCT of Delhi	9.81 per cent
		All India	9.84 per cent
12	GDP/GSDP CAGR (2011-12 to 2019-20)	NCT of Delhi	12.08 per cent
		All India	11.14 per cent
13	Population Growth (2011 to 2020)	11.09 per cent (All India) 20.03 per cent (NCT of Delhi)	

Source: MoSPI website, Economic Survey 2019-20, SRS Based Abridged Life Tables 2014-18, Human Development Report 2019 and Human Development Report 2020 and Census Info India 2011 Population projections for India, States and Union Territories 2011-2036.

##### 1.1.1 Gross State Domestic Product of the NCT of Delhi

Gross State Domestic Product (GSDP) is the value of all goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Trends in GSDP of NCT of Delhi, changes in sectoral contribution to GSDP and sectoral growth in GSDP are given in **Table 1.2**, **Chart 1.1** and **Chart 1.2** respectively.

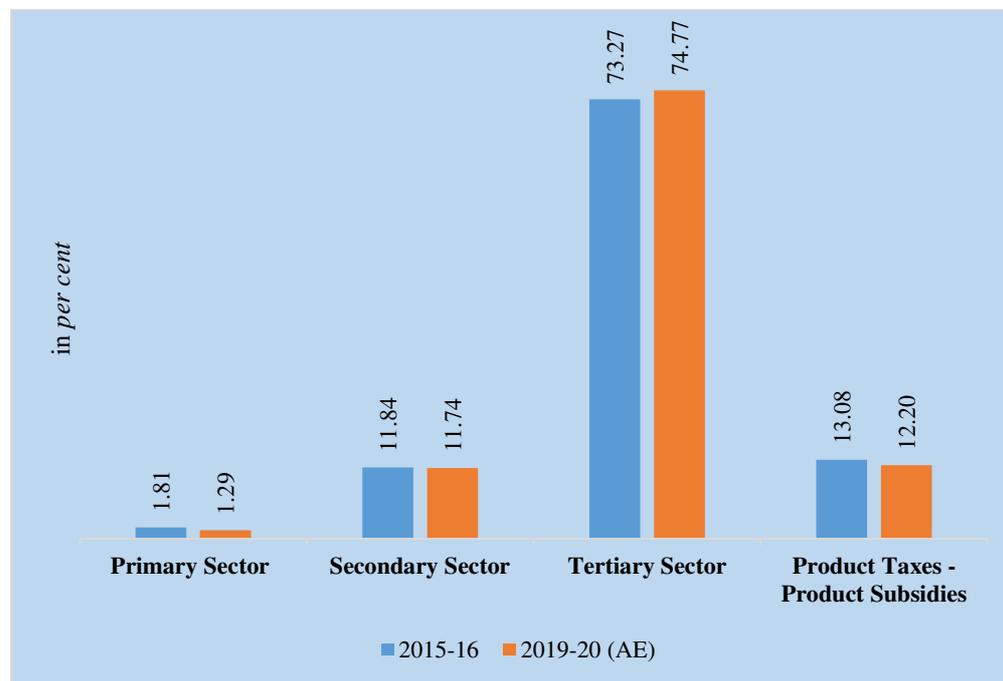
**Table 1.2: Trends in GSDP compared to the national GDP**

	(₹ in crore)				
Year	2015-16	2016-17	2017-18	2018-19	2019-20
All India GDP	1,37,71,874	1,53,91,669	1,70,98,304	1,89,71,237	2,03,39,849
Growth rate of GDP over previous year (in per cent)	10.46	11.76	11.09	10.95	7.21
NCT of Delhi's GSDP (2011-12 Series)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Growth rate of GSDP over previous year (in per cent)	11.32	11.85	11.48	12.82	10.48

Source: GoI's Economic Survey (2019-20) and Department of Economics and Statistics, GNCTD.

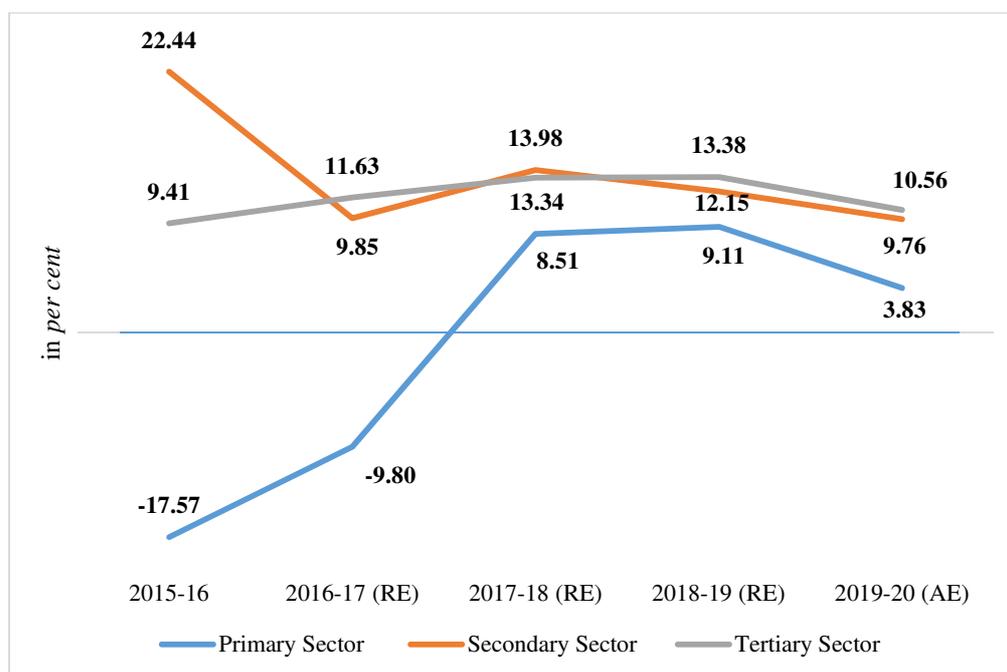
Changes in sectoral contribution to the GSDP is also important to understand the changing structure of the economy. Economic activity is generally divided into primary, secondary and tertiary sectors, which correspond to the agriculture, industry and service sectors.

**Chart 1.1: Changes in sectoral contribution to GSDP (2015-16 to 2019-20)**



Source: Department of Economics and Statistics, GNCTD

Chart 1.2: Sectoral growth in GSDP



Source: Department of Economics and Statistics, GNCTD

## 1.2 Basis and Approach to State Finances Audit Report

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Lieutenant Governor of National Capital Territory of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991, for being laid before the Legislative Assembly of National Capital Territory of Delhi.

Finance and Appropriation Accounts of the NCT of Delhi constitute the core data for this report. Other sources include the following:

- Budget of the NCT of Delhi: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- GSDP data compiled by Directorate of Economic and Statistics and other States related statistics;
- Results of audit carried out by the Office of the Principal Accountant General (Audit), Delhi; and
- Various audit reports of the CAG of India.

The Draft Report was forwarded to the Government of NCT of Delhi on 4 March 2021 for comments. Replies of the Government, where received, have been incorporated in this Report at appropriate places.

### 1.3 Report Structure

The State Finances Audit Report is structured into the following five Chapters:

<b>Chapter - 1</b>	<b>Overview</b> This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and NCT of Delhi's fiscal position including the deficits/surplus.
<b>Chapter - 2</b>	<b>Finances of the State</b> This chapter 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.
<b>Chapter - 3</b>	<b>Budgetary Management</b> This chapter is based on the Appropriation Accounts of the NCT of Delhi and reviews the appropriations and allocative priorities of the GNCTD and reports on deviations from Constitutional provisions relating to budgetary management.
<b>Chapter - 4</b>	<b>Quality of Accounts and Financial Reporting Practices</b> This chapter comments on the quality of accounts rendered by various authorities of the GNCTD and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the GNCTD.
<b>Chapter - 5</b>	<b>State Public Sector Enterprises</b> This chapter comments on the functioning of State Public Sector Enterprises.

### 1.4 Overview of Government Accounts Structure and Budgetary Processes

The accounts of the Government of the NCT of Delhi (GNCTD) are kept in two parts:

#### 1. Consolidated Fund of the National Capital Territory of Delhi (Section (46) of the GNCTD Act, 1991)

The fund comprises all revenues received by the GNCTD, loans received from the Government of India, all grants made and all moneys received by the GNCTD in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in the Act.

## **2. Contingency Fund of the National Capital Territory of Delhi (Section (47) of the GNCTD Act, 1991)**

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Lieutenant Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature.

Apart from the above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. As 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 GNCTD 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's share of Union taxes and duties.

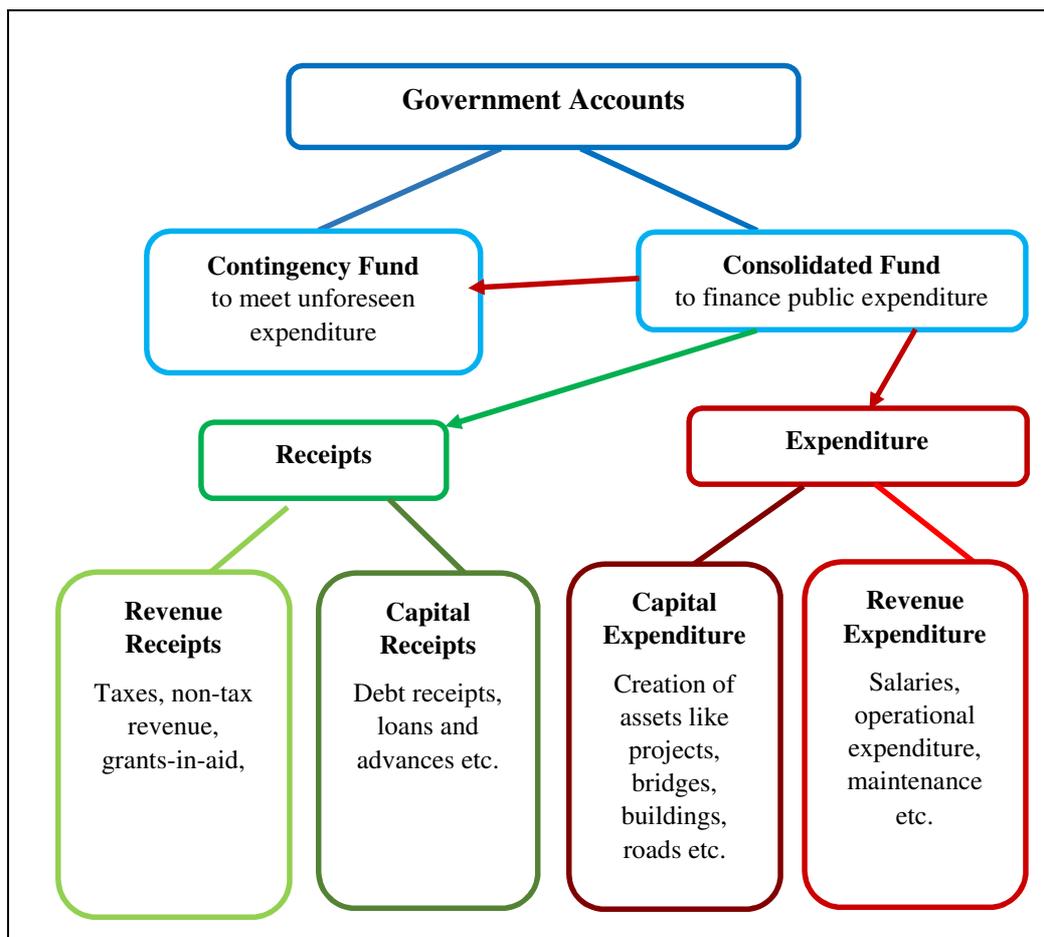
**Revenue receipts** consist of the NCT of Delhi's tax and non-tax revenues and grants-in-aid from Government of India (GoI).

**Revenue expenditure** consists of all those expenditures of the government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

**Capital receipts** of GNCTD include recoveries of loans and advances, receipts through loan from GoI and miscellaneous capital receipts.

**Capital expenditure** includes expenditure on machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

Chart 1.3: Structure of Government Accounts of GNCTD



### Budgetary Processes

In terms of Section 27 of the GNCTD Act, 1991, the Lieutenant Governor of GNCTD, in respect of every financial year shall cause to be laid before the Legislative Assembly, a statement of the estimated receipts and expenditure of the Capital for that year, in the form of an Annual Financial Statement.

In terms of Section 28 of the above Act, the statement is submitted to the State Legislature in the form of Demand for grants/Appropriation and after approval of these, the Appropriation bill is passed by the State Legislature under Section 29 of the Act to provide for appropriation of the required moneys out of the Consolidated Fund.

Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

### 1.4.1 Snapshot of Finances

**Table 1.3** provides the details of actual financial results vis-a-vis budget estimates for the year 2019-20 and actuals of 2018-19.

The details of receipts and disbursements as well as the overall fiscal position during the last five years is given in **Appendix 1.1**.

**Table 1.3: Actual financial results vis-a-vis budget estimates**

(₹ in crore)

Sl. No.	Components	2018-19 (Actuals)	2019-20 (Budget Estimate)	2019-20 (Actuals)	Percentage of actuals to BE	Percentage of actuals to GSDP
1	Tax Revenue	36,625	42,500	36,566	86.04	4.27
2	Non-Tax Revenue	644	800	1,097	137.13	0.13
3	Grants-in-aid and Contributions	5,844	6,717	9,473	141.03	1.11
4	<b>Revenue Receipts (1+2+3)</b>	<b>43,113</b>	<b>50,017</b>	<b>47,136</b>	94.24	5.51
5	Recovery of Loans and Advances	1,644	750	823	109.73	0.10
6	Other Receipts	-	-	-	-	-
7	Borrowings and other Liabilities (a)	(-) 756	1,455	1,954	134.30	0.23
8	<b>Capital Receipts (5+6+7)</b>	<b>888</b>	<b>2,205</b>	<b>2,777</b>	125.94	0.32
9	<b>Total Receipts (4+8)</b>	<b>44,001</b>	<b>52,222</b>	<b>49,913</b>	95.58	5.83
10	<b>Revenue Expenditure, of which</b>	<b>36,852</b>	<b>44,781</b>	<b>39,637</b>	88.51	4.63
11	- Interest payments	2,867	3,178	2,752	86.60	0.32
12	<b>Capital Expenditure (b) of which</b>	<b>5,668</b>	<b>11,888</b>	<b>8,738</b>	73.50	1.02
13	- Capital outlay	3,266	9,647	5,472	56.72	0.64
14	- Loans and advances	2,402	2,241	3,266	58.61	0.38
15	<b>Total Expenditure (10+12)</b>	<b>42,520</b>	<b>56,669</b>	<b>48,375</b>	80.63	5.65
16	<b>Revenue Surplus/ (4-10)</b>	<b>6,261</b>	<b>5,236</b>	<b>7,499</b>	143.22	0.88
17	<b>Fiscal Deficit {(4+5+6)-15}</b>	<b>2,237</b>	<b>(-) 5,902</b>	<b>(-) 416</b>	7.05	(-) 0.05
18	<b>Primary Surplus/(17+11)</b>	<b>5,104</b>	<b>5,795<sup>1</sup></b>	<b>2,336</b>	40.31	0.27

(a) Borrowings and other liabilities: Net (Receipts - Disbursements) of Public Debt

(b) Expenditure on capital account includes Capital Expenditure and Loans and Advances disbursed

### 1.4.2 Snapshot of Assets and Liabilities of the Government

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. The assets comprise mainly the capital outlay and loans and advances given by the GNCTD and opening balances. The liabilities consist only of loans and advances from the GoI. The summarised position of assets and liabilities is given in **Table 1.4**:

<sup>1</sup> Source: Budget at a glance of 2019-20, GNCTD.

**Table 1.4: Summarised position of Assets and Liabilities**

(₹ in crore)

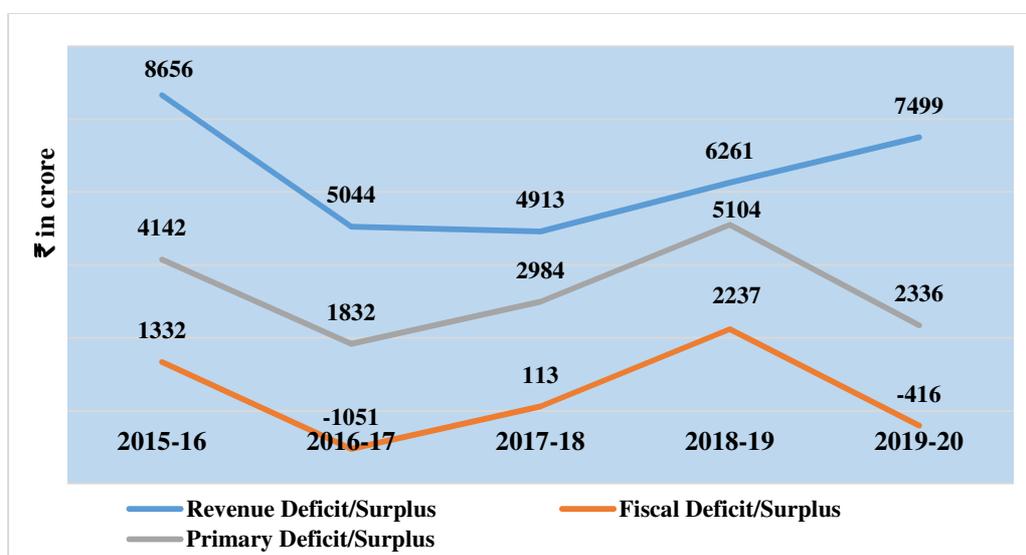
Liabilities					Assets				
		2018-19	2019-20	Per cent increase		2018-19	2019-20	Per cent increase	
<b>Consolidated Fund</b>									
A	Loans and Advances from Central Government	32,812	34,767	5.96	a	Gross Capital Outlay	64,813	70,285	8.44
B	Balance of capital outlay adopted from CGA during 1994-95	1,588	1,588	0	b	Loans and Advances	64,570	67,014	3.79
C	Balance of loans and advances adopted from CGA during 1994-95	3,356	3,356	0	c	Closing balance merged with the general cash balance of Government of India	4,463	6,001	34.46
D	Surplus in Revenue Account	96,090	1,03,589	7.80					
<b>Total</b>		<b>1,33,846</b>	<b>1,43,300</b>	<b>7.06</b>	<b>Total</b>	<b>1,33,846</b>	<b>1,43,300</b>	<b>7.06</b>	

Note: The assets amounting to ₹ 64,813 crore and ₹ 70,285 crore as on 31 March 2019 and 31 March 2020 respectively under the head Gross capital outlay include an amount of ₹ 1,588 crore which were adopted during 1994-95 from the Controller General of Accounts. Similarly, Loans and Advances depicted on assets side amounting to ₹ 64,570 crore and ₹ 67,014 crore as on 31 March 2019 and 31 March 2020 respectively include ₹ 3,356 crore adopted during 1994-95 from the Controller General of Accounts.

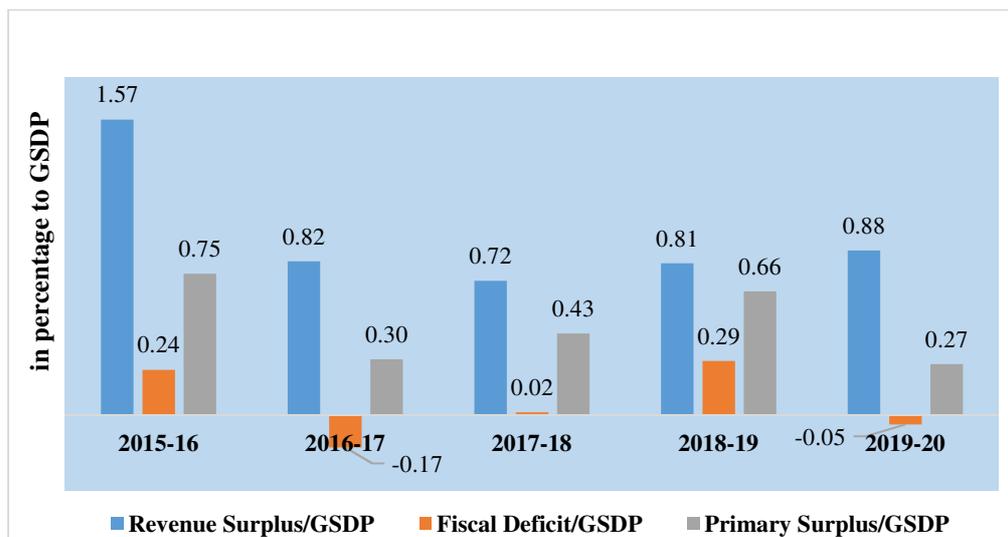
### 1.5 Trends in surplus/deficit

Charts 1.4 and 1.5 give trends in surplus/deficit indicators and the surplus/deficit/ trends relative to GSDP during the period 2015-16 to 2019-20.

**Chart 1.4: Trends in surplus/deficit indicators over the period 2015-16 to 2019-20**



**Chart 1.5: Trends in deficit indicators relative to GSDP over the period 2015-16 to 2019-20**



Revenue surplus indicates the excess of revenue receipts over revenue expenditure. The revenue surplus of ₹ 7,499 crore in 2019-20 indicates that revenue receipts of the Government are sufficient to meet the revenue expenditure. NCT of Delhi consistently enjoyed revenue surplus during the period 2015-16 to 2019-20.

Fiscal surplus 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 turned to deficit of ₹ 416 crore during 2019-20 due to increase in total expenditure from ₹ 42,520 crore to ₹ 48,375 crore and decrease in recovery of loans and advances from ₹ 1,644 crore to ₹ 823 crore during the same period.

The NCT of Delhi had primary surplus during the period 2015-16 to 2019-20 which stood at ₹ 2,336 crore in 2019-20 as compared to ₹ 5,104 crore in 2018-19. The decrease of primary surplus was mainly due to increase in total expenditure.

Revenue surplus stood at 0.88 *per cent* of GSDP in 2019-20 as against 0.81 *per cent* of GSDP in 2018-19. Fiscal deficit stood at (-) 0.05 *per cent* of GSDP in 2019-20 as against fiscal surplus of 0.29 *per cent* of GSDP 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, GoI. During 2019-20 pension liabilities of ₹ 1,315.72 crore of GNCTD employees and ₹ 8,208.51 crore of revenue expenditure of Delhi Police were borne by GoI.

