

CHAPTER-2

FINANCES OF THE NCT OF DELHI

Chapter 2

Finances of the National Capital Territory of Delhi

This chapter provides a broad perspective of the finances of the Government of National Capital Territory of Delhi (GNCTD) during FY 2019-20 and analyses changes in the key fiscal aggregates as compared to the previous year, keeping in view the overall trends during the last five years.

2.1 Major changes in key fiscal aggregates in FY 2019-20 vis-à-vis FY 2018-19

This section gives a bird's eye view of the major changes in key fiscal aggregates of the NCT of Delhi during the financial year, compared to the previous year. Each of these indicators have been analysed in the succeeding paragraphs. Major changes in key fiscal aggregates in FY 2019-20 compared to FY 2018-19 are given in **Table 2.1**.

Table 2.1: Changes in key fiscal aggregates of GNCTD in FY 2019-20 compared to FY 2018-19

Revenue Receipts	<ul style="list-style-type: none">✓ Revenue receipts increased by 9.33 <i>per cent</i>✓ Own Tax receipts decreased by 0.16 <i>per cent</i>✓ Non-tax receipts increased by 70.34 <i>per cent</i>✓ Grants-in-Aid from Government of India increased by 62.10 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none">✓ Revenue expenditure increased by 7.56 <i>per cent</i>✓ Revenue expenditure on General Services decreased by 6.86 <i>per cent</i>✓ Revenue expenditure on Social Services increased by 2.22 <i>per cent</i>✓ Revenue expenditure on Economic Services increased by 25.12 <i>per cent</i>✓ Expenditure on Grants-in-Aid increased by 64.02 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none">✓ Capital expenditure increased by 67.54 <i>per cent</i>✓ Capital expenditure on General Services increased by 116.11 <i>per cent</i>✓ Capital expenditure on Social Services increased by 103.53 <i>per cent</i>✓ Capital expenditure on Economic Services increased by 13.52 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none">✓ Disbursement of Loans and Advances increased by 35.97 <i>per cent</i>✓ Recoveries of Loans and Advances decreased by 49.94 <i>per cent</i>
Public Debt	<ul style="list-style-type: none">✓ Public Debt Receipts increased by 65.45 <i>per cent</i>✓ Repayment of Public Debt decreased by 22.69 <i>per cent</i>

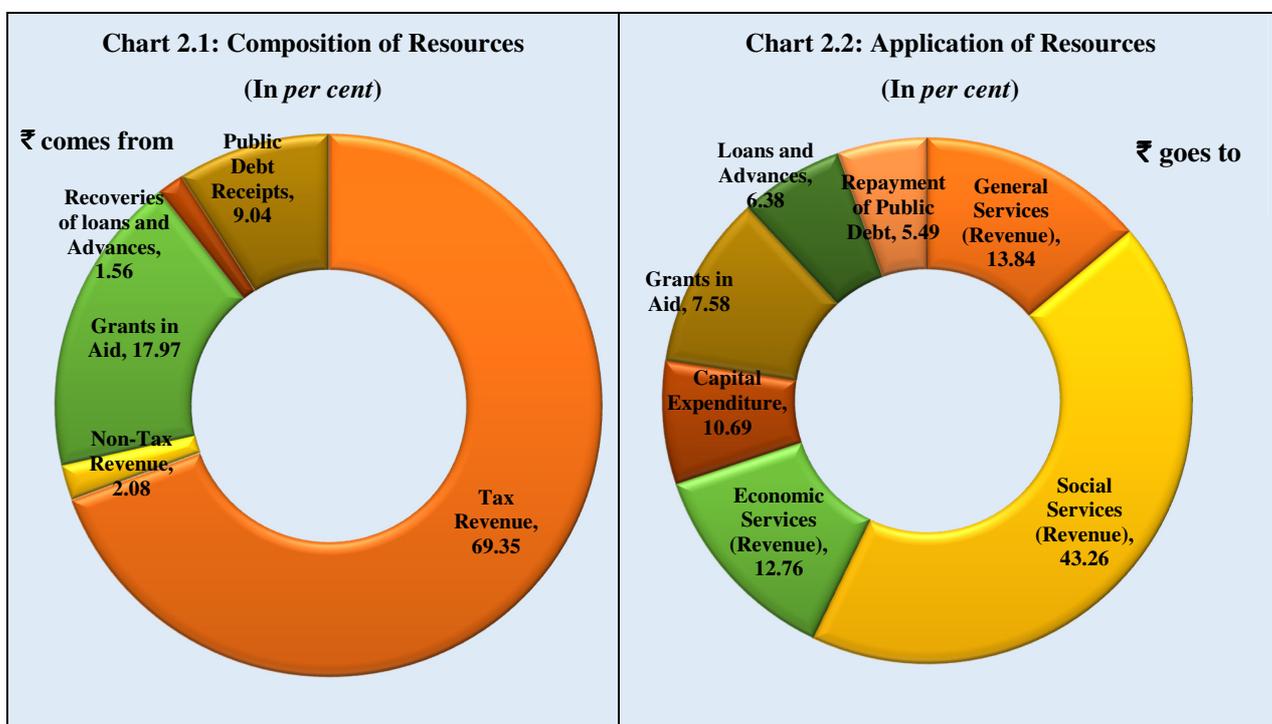
2.2 Sources and Application of Funds

This section compares the components of the sources and application of funds of the NCT of Delhi during the financial year compared to the previous year. Details of Sources and Application of funds during 2018-19 and 2019-20 are shown in Table 2.2, Chart 2.1 and Chart 2.2.

Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20

(₹ in crore)				
	Particulars	2018-19	2019-20	Increase/Decrease (in per cent)
Sources	Opening Balance	2,982	4,463	49.66
	Revenue Receipts	43,113	47,136	9.33
	Recoveries of Loans and Advances	1,644	823	(-49.94)
	Public Debt Receipts (Net)	(-) 756	1,954	358.47
	Total	46,983	54,376	15.73
Application	Revenue Expenditure	36,852	39,637	7.56
	Capital Expenditure	3,266	5,472	67.54
	Disbursement of Loans and Advances	2,402	3,266	35.97
	Closing Balance	4,463	6,001	34.46
	Total	46,983	54,376	15.73

Source: Finance Accounts of respective years



2.3 Resources of the NCT of Delhi

The resources of the NCT of Delhi are described below:

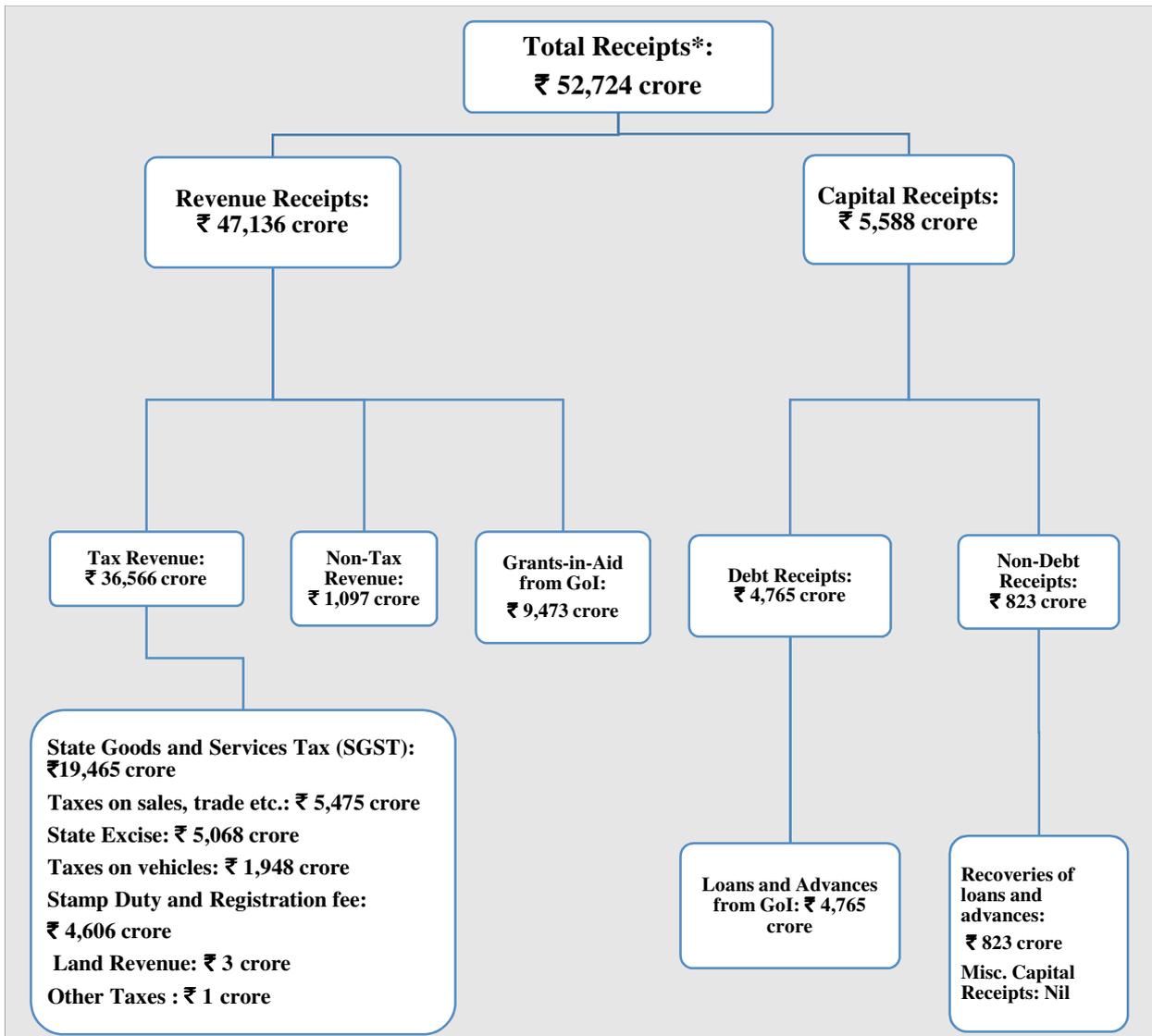
1. **Revenue receipts** consist of tax revenue, non-tax revenue and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** of Government of NCT of Delhi include recoveries of loans and advances, receipts through loan from GoI and miscellaneous capital receipts.

Both revenue and capital receipts form part of the Consolidated Fund of the NCT of Delhi.

2.3.1 Receipts of the NCT of Delhi

The composition of overall receipts is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the NCT of Delhi during 2019-20



*excluding Opening balance and Contingency Fund

2.3.2 NCT of Delhi's Revenue Receipts

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

2.3.2.1 Trends and growth of Revenue Receipts

The trends in growth of revenue receipts, revenue receipts relative to GSDP, buoyancy ratio and composition of revenue receipts are given in **Table 2.3** and **Chart 2.4**.

Table 2.3: Trends in Revenue Receipts

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Receipts (RR) (₹ in crore)	34,999	34,346	38,667	43,113	47,136
Rate of growth of RR (per cent)	18.30	-1.87	12.58	11.50	9.33
Own Tax Revenue	30,226	31,140	35,717	36,625	36,566
Non-Tax Revenue	515	381	766	644	1,097
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	12.86	2.54	15.74	2.15	1.06
Grants-in-Aid from GoI	4,258	2,825	2,184	5,844	9,473
Gross State Domestic Product (₹ in crore) (2011-12 Series)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Rate of growth of GSDP (per cent)	11.32	11.85	11.48	12.82	10.48
RR/GSDP (per cent)	6.35	5.57	5.63	5.56	5.51
Buoyancy Ratios ¹					
Revenue Buoyancy w.r.t GSDP	1.62	-0.16	1.10	0.90	0.89
NCT of Delhi's Own Revenue Buoyancy w.r.t GSDP	1.14	0.21	1.37	0.17	0.10

Source: Directorate of Economics and Statistics and Finance Accounts of respective years.

Revenue receipts increased by 34.67 per cent from ₹ 34,999 crore in 2015-16 to ₹ 47,136 crore in 2019-20 at an annual average growth rate of 9.97 per cent out of which NCT of Delhi's own tax revenue and grants-in-aid increased by

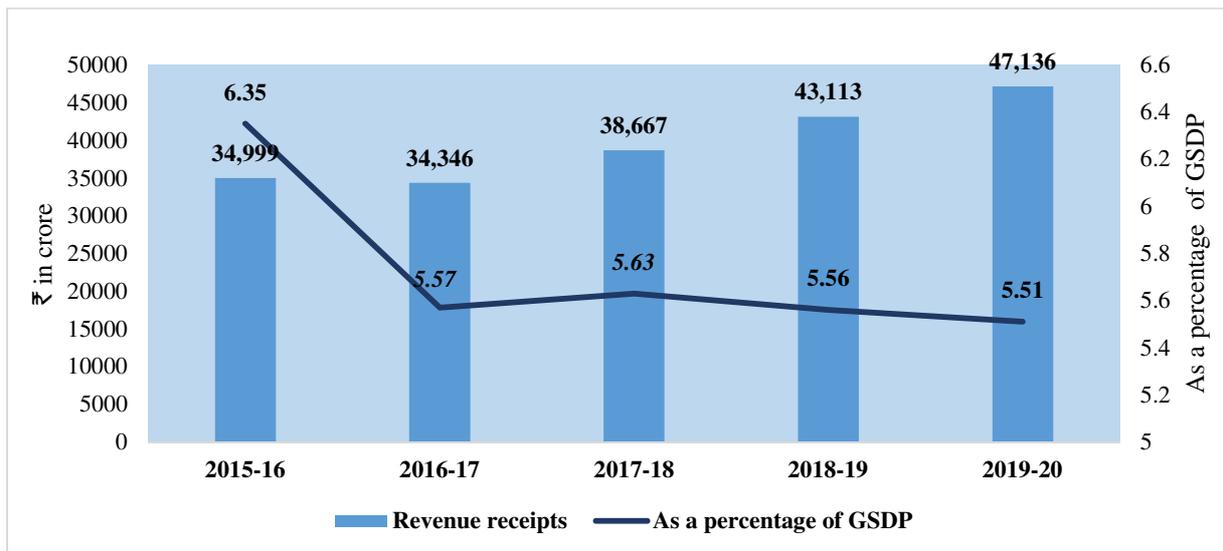
¹ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.85 implies that revenue receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

₹ 6,340 crore (20.98 per cent) and ₹ 5,215 crore (122.48 per cent) respectively during the said period.

During 2019-20, revenue receipts grew by 9.33 per cent over the previous year, mainly due to increase of grants-in-aid by ₹ 3,629 crore (62.10 per cent) on account of increase in receipt of compensation by ₹ 3,254 crore (77.80 per cent) over the previous year in lieu of loss of revenue arising out of implementation of GST.

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. During 2015-16, about 87.83 per cent of revenue receipts came from GNCTD's own resources while Grants-in-aid contributed 12.17 per cent. 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.

Chart 2.4: Trends in Revenue Receipts relative to GSDP during 2015-2020

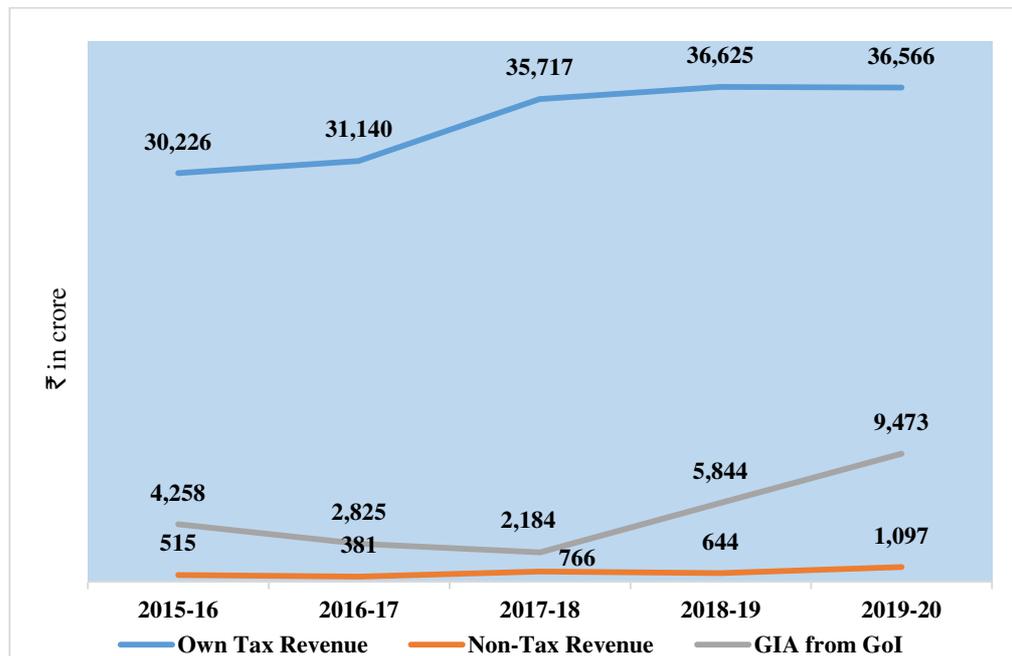


NCT of Delhi's GSDP increased from ₹ 5,50,804 crore in 2015-16 to ₹ 8,56,112 crore (55.43 per cent) in 2019-20. As compared to 2018-19, GSDP (₹ 7,74,870 crore) grew to ₹ 8,56,112 crore (10.48 per cent) in 2019-20. Revenue receipts as percentage of GSDP decreased from 6.35 per cent in 2015-16 to 5.51 per cent in 2019-20. Revenue receipts as a percentage of GSDP showed a continuous downtrend on a yearly basis except for the year 2017-18.

Revenue buoyancy with respect to GSDP at 0.89 in 2019-20 implies that revenue receipts increased by 0.89 percentage point, if the GSDP increased by one per cent. NCT of Delhi's own revenue buoyancy w.r.t GSDP at 0.10 in 2019-20 implies that NCT of Delhi's own revenue receipts increased by 0.1 percentage point, if the GSDP increased by one per cent. This implies that the increase in own revenue of NCT of Delhi remained static during 2019-20 over the previous year.

Trends of components of revenue receipts are shown in **Chart 2.5**

Chart 2.5: Trends of components in State's Revenue Receipts



Own tax revenue has shown increasing trend from 2015-16 to 2018-19 but decreased marginally in 2019-20. However, GIA from GoI showed decreasing trend from 2015-16 to 2017-18 but increased rapidly from 2017-18 to 2019-20. Non-tax revenue has shown a mixed trend over the last five years.

2.3.2.2 NCT of Delhi's own resources

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

Own Tax Revenue

Own tax revenues of the NCT of Delhi consist of State GST, State excise, Taxes on vehicles, Stamp duty and Registration fee, Land revenue, etc. The trend of components of own tax revenue of the NCT of Delhi during the period 2015-16 to 2019-20 is presented in **Table 2.4 and Chart 2.6**.

Chart 2.6: Growth of Own Tax Revenue during 2015-16 to 2019-20

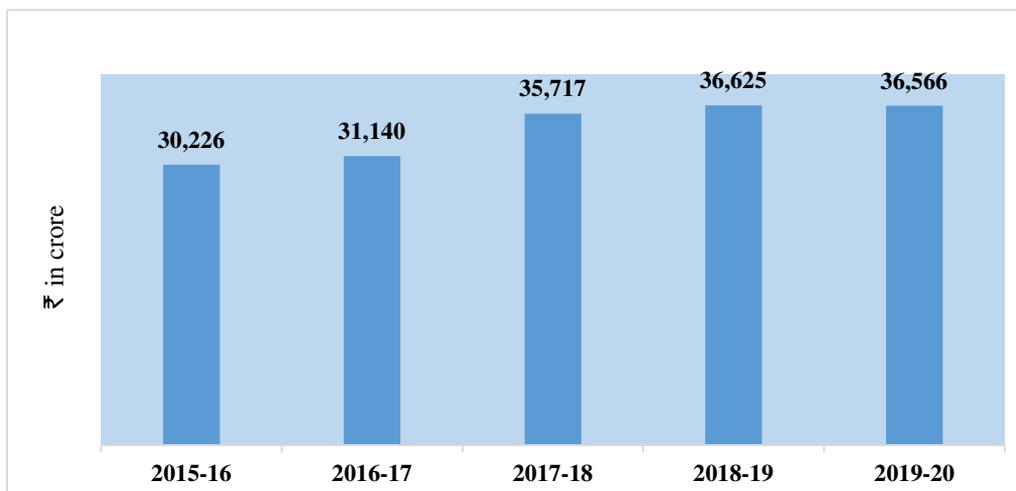


Table 2.4: Components of NCT of Delhi's own tax revenue

(₹ in crore)

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20
State Goods and Services Tax (SGST)	-	-	13,621	19,187	19,465
Taxes on Sales, Trade, etc.	20,246	21,144	11,149	5,886	5,475
State Excise	4,238	4,251	4,453	5,028	5,068
Taxes on Vehicles	1,607	1,809	2,116	2,055	1,948
Stamp duty and Registration fee	3,433	3,144	4,117	4,459	4,606
Land Revenue	1	2	2	0	3
Other Taxes ²	701	790	259	10	1
Tax Revenue	30,226	31,140	35,717	36,625	36,566

Source: Finance Accounts of the respective years

Goods and Services Tax (GST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the Goods and Services Tax considering an annual growth of 14 *per cent* from the base year (2015-16) for a period of five years. The Centre levies Integrated GST (IGST) on inter-state supply of goods and services, and apportions the state's share of tax to the State where the goods or services are consumed. Trends in SGST collection are shown in **Table 2.5 and Chart 2.7**.

² Other taxes include Entertainment tax, Betting tax, Luxury tax and Cable tax.

Table 2.5: SGST and Compensation Received

(₹ in crore)

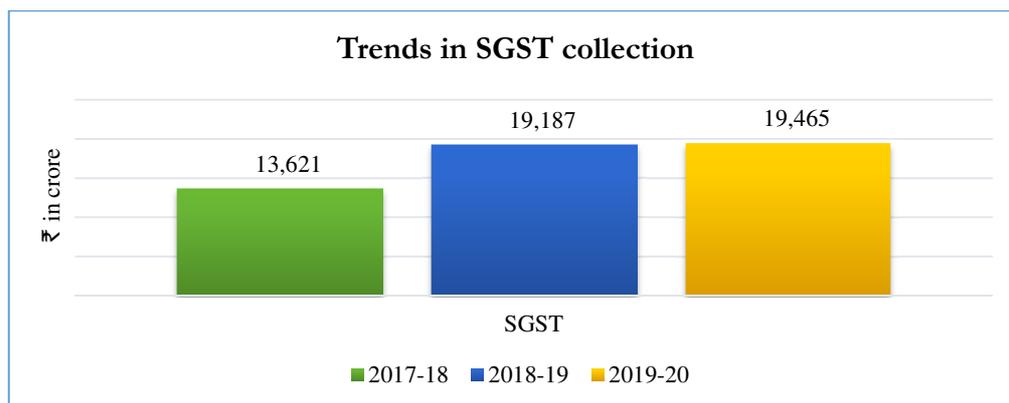
Month	Revenue to be protected	Pre- GST taxes collected	SGST Collected	Provisional apportionment of IGST+ Adhoc-settlement from IGST Fund	Other Taxes ³	Total Amount received	Compensation received
April 2019	2,362.25	39.96	1,118.08	913.13	1.82	2,072.99	1,043
May 2019	2,362.25	36.56	934.94	276.47	1.83	1,249.80	
June 2019	2,362.25	31.39	895.89	529.72	2.17	1,459.17	1,525
July 2019	2,362.25	(-)21.19	891.95	1,048.99	1.28	1,921.03	
August 2019	2,362.25	55.43	897.84	586.65	0.73	1,540.65	2,324
September 2019	2,362.25	7.45	885.23	113.62	0.69	1,006.99	
October 2019	2,362.25	27.16	911.72	630.40	1.40	1,570.68	1,372
November 2019	2,362.25	60.19	1,112.55	635.65	1.51	1,809.90	
December 2019	2,362.25	25.34	995.57	730.24	0.21	1,751.36	1,419.68
January 2020	2,362.25	59.72	1,089.88	1,046.66	0.10	2,196.36	
February 2020	2,362.25	89.39	966.05	655.75	1.22	1,712.41	
March 2020	2,362.25	34.23	868.47	729.49	1.23	1,633.42	740.32
Total	28,347	445.63	11,568.17	7,896.77	14.19	19,924.76	8,424*

*As per Finance Accounts, ₹ 7,436 crore was received during FY 2019-20 which includes ₹ 1,172 crore received in the month of May 2019 for February/March 2019 (FY 2018-19) and ₹ 2,160 crore received during current financial year for the FY 2019-20. (₹ 7,436 crore - ₹ 1,172 crore + ₹ 2,160 crore = ₹ 8,424 crore)

The projected revenue for the year 2019-20 in accordance with annual growth of 14 per cent was ₹ 28,347 crore. Against this the revenue receipts of the Government of NCT of Delhi under GST during the year 2019-20 was ₹ 19,924.76 crore and compensation received was ₹ 8,424 crore as detailed in **Table 2.5**. Thus, overall there was no shortfall in receipt of compensation as on 31 March 2020.

³ Other taxes includes entertainment tax, luxury tax, cable tax etc.

Chart 2.7: Trends in SGST collection



SGST collection increased by ₹ 278 crore from ₹ 19,187 crore in 2018-19 to ₹ 19,465 crore in 2019-20. The Department of Goods and Services Tax stated that the SGST collection increased due to market fluctuation.

Integrated Goods and Services Tax (IGST)

GNCTD receives funds towards settlement of IGST collected by the Centre on the basis of cross utilisation of ITC of IGST and SGST/UTGST and apportionment from Government of India which is accounted for under SGST. The details of funds received during the years 2017-18, 2018-19 and 2019-20 are given in **Table 2.6**.

Table 2.6: IGST trends for the period 2017-18 to 2019-20

Head	(₹ in crore)		
	2017-18	2018-19	2019-20
Input Tax Credit	3,302.81	2,419.42	3,500.84
Apportionment of IGST	1,622.13	3,606.66	4,238.94
Advance Apportionment of IGST	735.00	2,582.20	157.00

Arrears of revenue

Arrears of revenue indicate delayed realisation of revenue due to the Government. The arrears of revenue as on 31 March 2020 under the Major Head 0040-Taxes on Sales, Trade etc. as per information furnished by the Department of Trade and Taxes, GNCTD amounted to ₹ 62,199 crore of which ₹ 12,068 crore was outstanding for more than five years.

Arrears of assessment

Arrears of assessment indicate potential revenue which is blocked due to delayed assessment. The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year are depicted in **Table 2.7**.

Table 2.7: Arrears of assessment

Head of Revenue	Opening Balances of cases	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	Balance at the end of the year	Percentage of Disposal
0040 Taxes on Sales, Trade etc.	-	3,53,788	3,53,788	3,53,788	0	100

Source: Department of Trade and Taxes, GNCTD

Details of evasion of tax detected by Department, refund cases etc.

The cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money etc. Cases of evasion of tax detected and details of refund cases for the year 2019-20 are depicted in **Table 2.8** and **Table 2.9**.

Table 2.8: Evasion of tax detected

Head of revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	Total	No. of cases in which assessment / investigation completed and additional demand with penalty etc. raised		No. of cases pending under appeal as on 31 March 2020
				No. of cases	Amount of demand (₹ in crore)	
GST	3	845	848	848	15.67	7

Source: Department of Trade and Taxes, GNCTD

Table 2.9: Details of refund cases for the year 2019-20

Sl. No.	Particulars	GST		Sales tax/VAT	
		No. of cases*	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year			29,444	1,843.01
2	Claims received during the year	18,182	6,368.51	5	4.02
3	Refunds made during the year	7,922	521.67	11,690	462.00
4	Refunds rejected/set off/adjusted during the year	#	#	5,015	40.44
5	Balance outstanding at the end of year	-	-	17,759	1,344.59

*The details include all online refund status on 2019-20. Offline data for July 2017-18, 2018-19 and partial period of 2019-20 is not available

#Information awaited.

Non-Tax Revenue

Non-tax revenue consists of interest receipts, dividends and profits, departmental receipts etc. Components of NCT of Delhi's non-tax revenue and trends are given in **Table 2.10** and **Chart 2.8**.

Table 2.10 Components of NCT of Delhi's non-tax revenue

(₹ in crore)

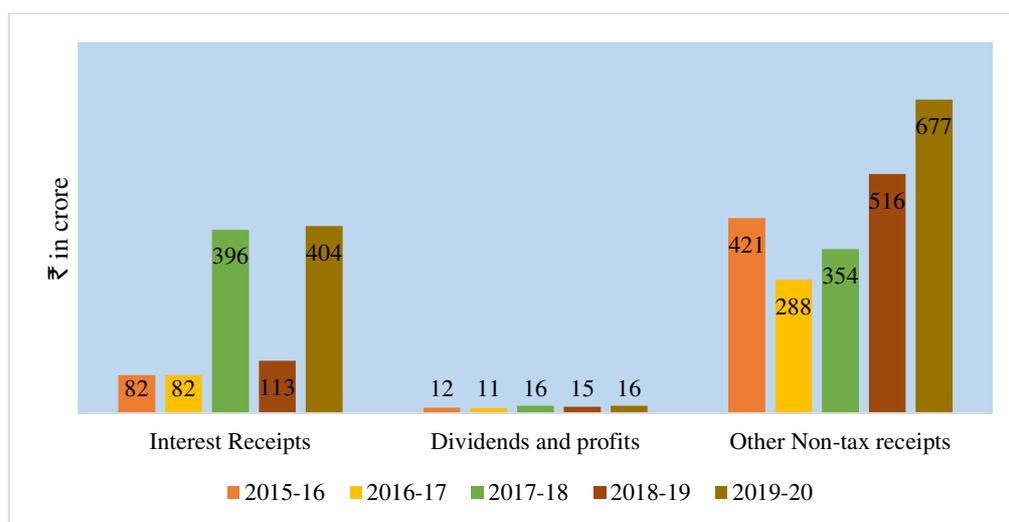
Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20
Interest Receipts	82	82	396	113	404
Dividends and profits	12	11	16	15	16
Other Non-tax receipts	421	288	354	516	677
a) Public Works	19	22	14	18	13
b) Education	22	24	26	29	27
c) Medical & Public health	126	60	89	103	112
d) Power	42	21	26	53	87
e) Others etc.	212	161	199	313	438
Total Non-tax Revenue	515	381	766	644	1,097

Source: Finance Accounts of respective years

Non-tax revenue increased by 113 per cent from ₹ 515 crore in 2015-16 to ₹ 1,097 crore in 2019-20. Non-tax revenue which constituted 2.33 per cent of revenue receipts (₹ 47,136 crore) during 2019-20 increased by ₹ 453 crore (70.34 per cent) over the previous year mainly on account of increase by

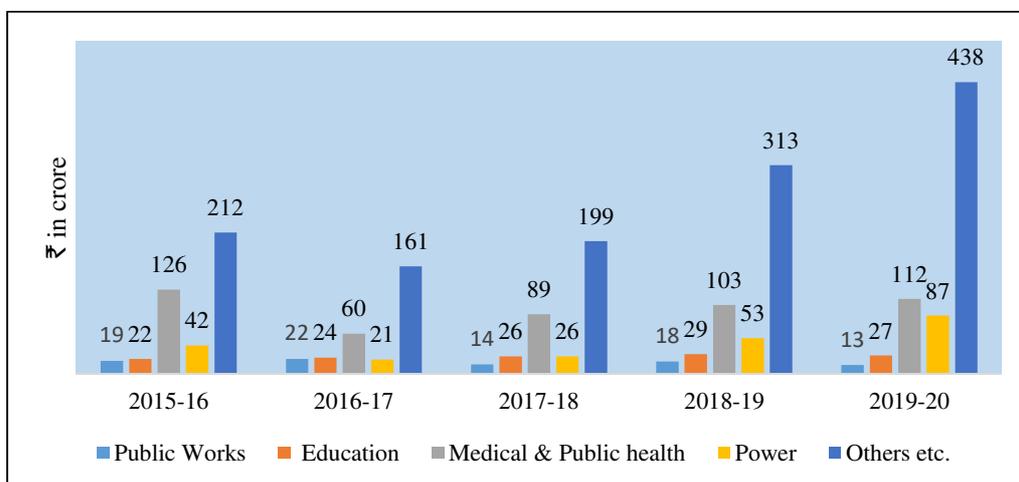
228.13 per cent over the previous year in interest receipts, dividends and profits. Interest receipts, dividends and profits increased because Department of Power on behalf of GNCTD had provided loans to Delhi Transco Limited (DTL), Indraprastha Power Generation Company Limited (IPGCL) and Pragati Power Corporation Limited (PPCL) for functional requirements. In the preceding years to FY 2018-19, IPGCL and PPCL were facing financial crunch and thus were unable to make payment of interest on loans. However, in FY 2019-20, PPCL made payment of around ₹ 354.25 crore on account of interest on loans taken from GNCTD.

Chart 2.8: Trends in Non-Tax Revenue Heads



Other non-tax receipts increased by ₹ 256 crore (60.81 per cent) during 2015-16 to 2019-20. The increase in other non-tax receipts by ₹ 161 crore (31.20 per cent) during 2019-20 over the previous year was mainly due to increase of 136.77 per cent in non-tax revenue receipts from general services under the heads viz. Public Service Commission, Police, Jails and Other Administrative Services over the previous year. The trends in other non-tax revenue receipts are shown in **Chart 2.9**.

Chart 2.9: Trends in other Non-Tax Receipt Heads



2.3.2.3 Grants-in-Aid from Government of India

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 2.11**.

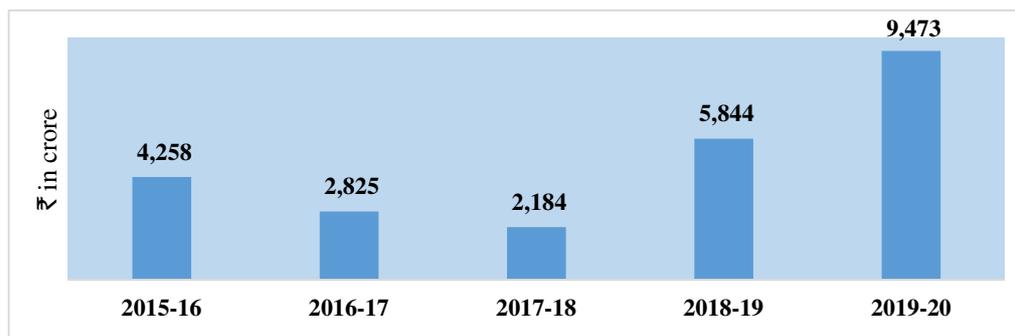
Table 2.11: Grants-in-aid from Government of India

(₹ in crore)					
Head	2015-16	2016-17	2017-18	2018-19	2019-20
Centrally Sponsored Schemes (CSS)	866.55	1,156.28	527.27	807.03	1,169.48
Normal Central Plan Assistance (block grants)	394.98	462.89	412.98	449.99	472.00
Other Grants (N/P)	2,580.02	793.71	706.30	79.75	70.56
Grants in lieu of Share in Central Taxes	325.00	325.00	325.00	325.00	325.00
Compensation of loss of revenue arising out of implementation of GST	-	-	157.00	4,182.00	7,436.00
National Social Assistance programme (NSAP)	27.15	81.73	54.59	NSAP scheme merged in CSS w.e.f 2018-19	NSAP scheme merged in CSS w.e.f 2018-19
Central Road Fund (CRF)	14.59	5.54	1.16	-	-
Other Grants (Plan)	50.00	-	-	-	-
Total	4,258.29	2,825.15	2,184.30	5,843.77	9,473.04
Percentage of GIA to Revenue Receipts	12.17	8.23	5.65	13.55	20.10

Source: Finance Accounts of respective years

GIA from GoI increased from ₹ 4,258 crore in 2015-16 to ₹ 9,473 crore (122.48 per cent) in 2019-20. GIA from GoI increased by ₹ 3,629 crore (62.10 per cent) in 2019-20 over the previous year. This includes compensation of ₹ 7,436 crore in 2019-20 in lieu of loss of revenue arising out of implementation of GST which increased by ₹ 3,254 crore (77.81 per cent) over the previous year. 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 which has remained stagnant at ₹ 325 crore since 2001-02 although the Central tax collections have grown substantially since 2001-02. The trends in GIA for the period from 2015-16 to 2019-20 is shown in **Chart 2.10**.

Chart 2.10: Trend in Grants-in-Aid



2.3.3 Capital Receipts

Capital receipts of Government of NCT of Delhi comprises recoveries of loans and advances (non-debt) and receipts of loan and advances (debt) from GoI. Capital receipts during five years (2015-16 to 2019-20) are detailed in Table 2.12.

Table 2.12: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sources of NCT of Delhi's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
Capital Receipts (debt and non-debt)	2,324	1,908	2,597	4,524	5,588
Recoveries of Loans and Advances (non-debt)	83	212	691	1,644	823
Net Public Debt Receipts	806	41	224	(-756)	1,954
<i>Internal Debt⁴</i>	-	-	-	-	-
<i>Growth rate</i>	-	-	-	-	-
<i>Loans and advances from GoI (debt)</i>	2,241	1,696	1,906	2,880	4,765
<i>Growth rate</i>	27.04	(-)24.32	12.38	51.10	65.45
Rate of growth over the previous year (<i>per cent</i>)					
Rate of growth of debt Capital Receipts	27.04	(-)24.32	12.38	51.10	65.45
Rate of growth of non-debt capital receipts	(-)63.60	155.42	225.94	137.92	(-)49.94
Rate of growth of GSDP	11.32	11.85	11.48	12.82	10.48
Rate of growth of Capital Receipts (<i>per cent</i>)	16.67	(-)17.90	36.11	74.20	23.52

Source: Finance Accounts and for GSDP—Official website of Economic and Statistical Organisation, GoI (www.esop.gov.in)

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.

2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

⁴ There is no internal debt of Government of NCT of Delhi.

2.4.1 Growth and Composition of Expenditure

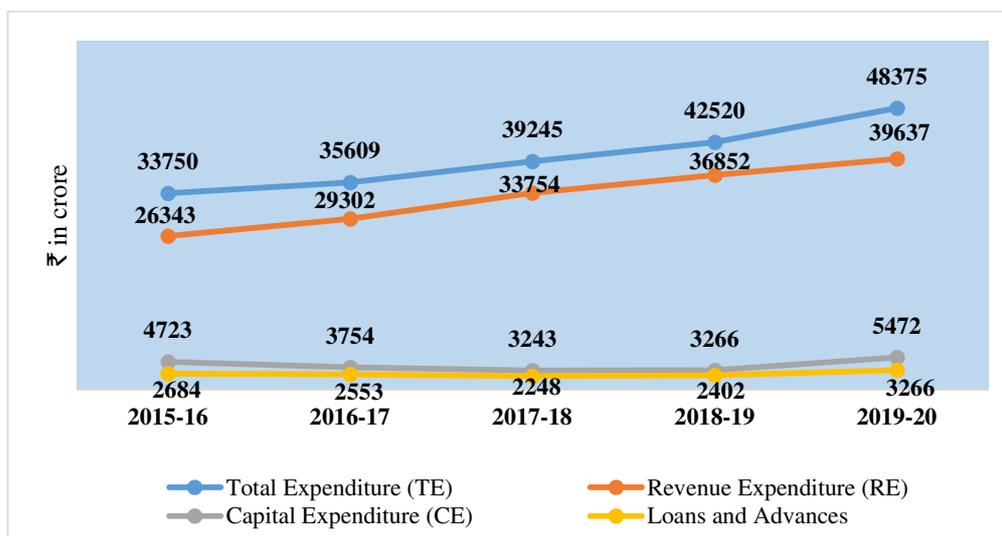
Trends and composition of total expenditure over the last five years (2015-16 to 2019-20) are shown in **Table 2.13** and **Chart 2.11**.

Table 2.13: Total expenditure and its composition

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	33,750	35,609	39,245	42,520	48,375
Revenue Expenditure (RE)	26,343	29,302	33,754	36,852	39,637
Capital Expenditure (CE)	4,723	3,754	3,243	3,266	5,472
Loans and Advances	2,684	2,553	2,248	2,402	3,266
As a percentage of GSDP					
TE/GSDP	6.13	5.78	5.71	5.49	5.65
RE/GSDP	4.78	4.76	4.91	4.76	4.63
CE/GSDP	0.86	0.61	0.47	0.42	0.64
Loans and Advances/GSDP	0.49	0.41	0.33	0.31	0.38

Source: Finance Accounts of respective years

Chart 2.11: Total expenditure: Trends and Composition



Source: Finance Accounts of respective years

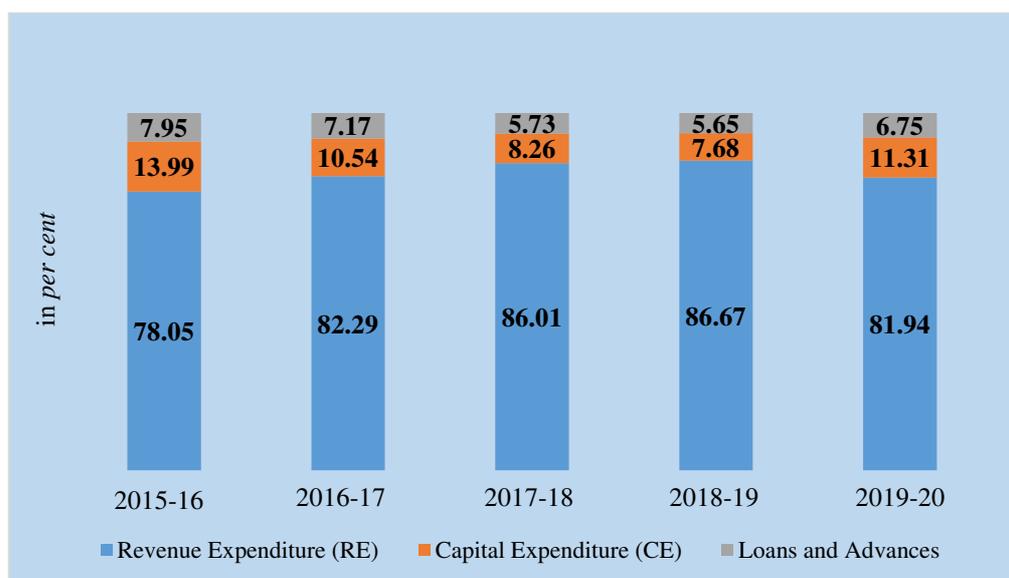
It can be seen from the chart that Capital expenditure displayed inter-year fluctuation which ranged between ₹ 3,243 crore to ₹ 5,472 crore whereas revenue expenditure continuously increased during 2015-20 mainly due to increase in expenditure in Social Services over the same period.

Further disbursement of loans and advances also displayed inter-year fluctuation which ranged between ₹ 2,248 crore to ₹ 3,266 crore.

Trends in share of components of expenditure

Trends in share of components of total expenditure is shown in **Chart 2.12**. 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.

Chart 2.12: Total Expenditure: Trends in share of its components



Source: Finance Accounts of respective years

Relative share of various sectors of expenditure

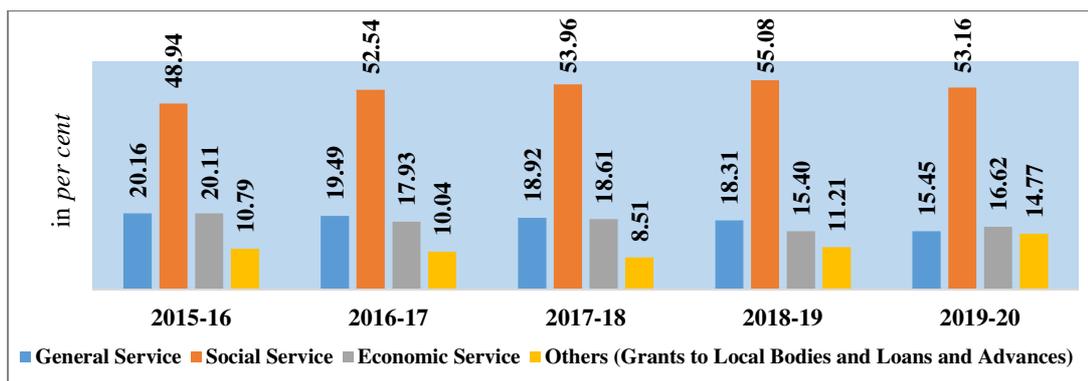
Relative shares of various sectors of expenditure are shown in **Table 2.14**. The share of general services in total expenditure (excluding public debt) decreased from 18.31 *per cent* in 2018-19 to 15.45 *per cent* in 2019-20.

Table 2.14: Relative share of various sectors of expenditure out of total expenditure (excluding public debt)

Parameters	(In <i>per cent</i>)				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Services	20.16	19.49	18.92	18.31	15.45
Social Services	48.94	52.54	53.96	55.08	53.16
Economic Services	20.11	17.93	18.61	15.40	16.62
Others (Grants-in-aid and contribution and Loans and Advances)	10.79	10.04	8.51	11.21	14.77

Share of social services decreased from 55.08 *per cent* in 2018-19 to 53.16 *per cent* in 2019-20. Also the share of economic services increased from 15.40 *per cent* in 2018-19 to 16.62 *per cent* in 2019-20. Total expenditure on disbursement of loans and advances and grants to local bodies increased from 11.21 *per cent* in 2018-19 to 14.77 *per cent* in 2019-20. Total expenditure by activities is shown in **Chart 2.13**.

Chart 2.13: Total expenditure - Expenditure by activities



Components of total disbursements by the NCT of Delhi are shown in Chart 2.2.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network. Table 2.15 presents the revenue expenditure over five years (2015-16 to 2019-20). Revenue expenditure increased by 50.47 per cent from ₹ 26,343 crore in 2015-16 to ₹ 39,637 crore in 2019-20. As a percentage of GSDP, revenue expenditure decreased from 4.78 per cent in 2015-16 to 4.63 per cent 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 mainly due to increase in revenue expenditure on economic services, increase from ₹ 5,219 crore in 2018-19 to ₹ 6,530 crore in 2019-20 (25.12 per cent) and increase in Grants-in-Aid and Contribution - Compensation and Assignments to Local Bodies and Panchayati Raj Institutions from ₹ 2,365 crore to ₹ 3,878.70 crore in 2019-20 (64 per cent) over the previous year.

Table 2.15: Revenue Expenditure – Basic Parameters

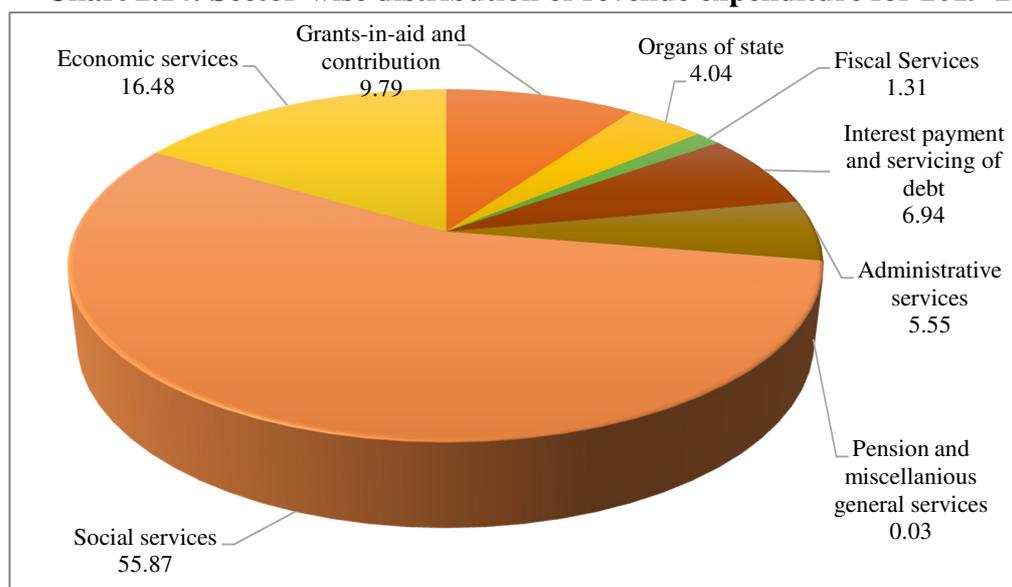
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	33,750	35,609	39,245	42,520	48,375
Revenue Expenditure (RE)	26,343	29,302	33,754	36,852	39,637
Rate of Growth of RE (per cent)	12.05	11.23	15.19	9.18	7.56
Revenue Expenditure as percentage of TE	78.05	82.29	86.01	86.67	81.94
Gross State Domestic Product (2011-12 Series)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Rate of growth of GSDP (per cent)	11.32	11.85	11.48	12.82	10.48
RE/GSDP (per cent)	4.78	4.75	4.91	4.76	4.63
RE as percentage of RR	75.27	85.31	87.29	85.48	84.09
Buoyancy of Revenue Expenditure					
Revenue expenditure buoyancy w.r.t GSDP (ratio)	1.06	0.95	1.32	0.72	0.72
Revenue expenditure buoyancy w.r.t Revenue Receipts (ratio)	0.66	(-)6.01	1.21	0.80	0.81

Source: Finance Accounts of respective years.

Buoyancy of revenue expenditure with GSDP at 0.72 in 2019-20 indicates that revenue expenditure grew by 0.72 per cent for every one per cent increase in GSDP. Buoyancy of revenue expenditure with revenue receipts at 0.81 in 2019-20 shows that revenue expenditure grew by 0.81 per cent for every one per cent increase in revenue receipts. Revenue expenditure as per cent of revenue receipts increased from 75.27 per cent in 2015-16 to 84.09 per cent in 2019-20.

Sector-wise distribution of revenue expenditure for the period 2019-20 is shown in **Chart 2.14**.

Chart 2.14: Sector-wise distribution of revenue expenditure for 2019-20



2.4.2.1 Major changes in Revenue Expenditure

Variation in revenue expenditure during 2019-20 compared to 2018-19 under major heads of account are shown in **Table 2.16**.

Table 2.16: Variation in revenue expenditure over major heads during 2019-20 compared to 2018-19

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Increase (+)/ Decrease (-) (in per cent)
2040-Taxes on Sales, Trade etc.	108.85	41.38	(-61.98)
2215-Water Supply and Sanitation	1,349.50	1,415.35	4.88
2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	211.08	265.22	25.65
2236 Nutrition	113.13	149.42	32.08
2501-Special Programmes for Rural Development	4.14	6.39	54.35
2075-Miscellaneous General Services	11.37	9.67	(-14.95)
2216-Housing	481.81	102.61	(-78.70)
2515-Other Rural Development Programmes	8.16	7.67	(-5.88)

The percentage change in major heads of revenue expenditure shows large variations over the period of two years. Revenue expenditure under the Head '2216-Housing' decreased by 78.70 *per cent* from the previous year, while expenditure under the Head '2040-Taxes on Sales, Trade etc.' decreased by 61.98 *per cent* over the previous year due to implementation of GST.

2.4.2.2 Committed Expenditure

The committed expenditure of GNCTD on revenue account consists of expenditure on salaries and wages, pensions and interest payments. It has first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for the development sector. The components of committed expenditure are given in **Table 2.17**.

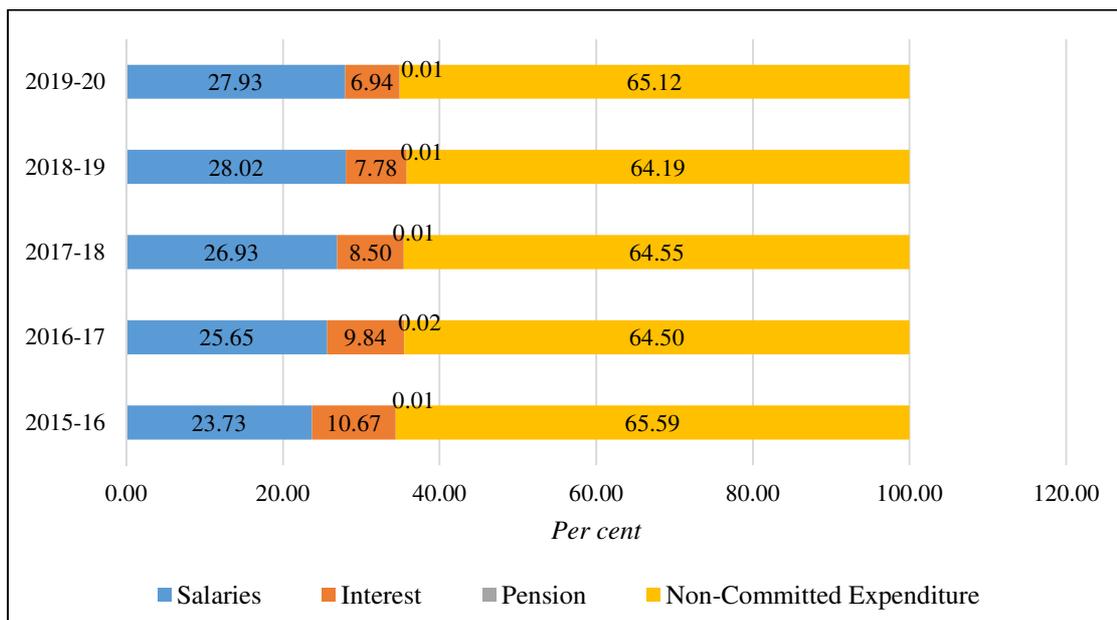
Table 2.17: Components of Committed Expenditure

(₹ in crore)					
Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries and Wages	6,251.17	7,515.26	9,089.60	10,324.66	11,070.04
Expenditure on Pensions*	3.57	5.43	3.84	3.31	3.56
Interest Payments	2,809.81	2,882.52	2,870.67	2,867.11	2,751.87
Total	9,064.55	10,403.21	11,964.11	13,195.08	13,825.47
As a percentage of Revenue Receipts (RR)					
Salaries and Wages	17.86	21.88	23.51	23.95	23.49
Expenditure on Pensions	0.010	0.016	0.010	0.008	0.008
Interest Payments	8.03	8.39	7.42	6.65	5.84
Total	25.90	30.29	30.94	30.61	29.33
As a percentage of Revenue Expenditure (RE)					
Salaries and Wages	23.73	25.65	26.93	28.02	27.93
Expenditure on Pensions	0.014	0.019	0.011	0.009	0.009
Interest Payments	10.67	9.84	8.50	7.78	6.94
Total	34.41	35.50	35.44	35.81	34.88

*Pension of Ex-MLAs and freedom fighters in Delhi. Pension liability of GNCTD employees are borne by Government of India.

The share of committed expenditure in total revenue expenditure is given in **Chart 2.15**.

Chart 2.15: Share of component of committed expenditure in total revenue expenditure



2.4.2.3 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, however employer contribution was raised from 10 *per cent* to 14 *per cent* w.e.f. 1 April 2019. 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 2019-20, the Government of NCT of Delhi deposited ₹ 685.78 crore with the NSDL/Trustee Bank against employee's contribution of ₹ 289.34 crore and employer's share of ₹ 396.44 crore. Hence, there was nothing outstanding against the employee as well as employers' contribution during 2019-20 under NPS.

2.4.2.4 Subsidies

Expenditure on subsidies by GNCTD are shown in **Table 2.18**. 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 expenditure on subsidies increased by 41.85 *per cent* over the previous year.

Table 2.18: Expenditure on subsidies during 2015-16 to 2019-20

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Subsidies	1,868	2,160	2,497	2,533	3,593
Revenue receipts	34,999	34,346	38,667	43,113	47,136
Revenue expenditure	26,343	29,302	33,754	36,852	39,637
Subsidies as a percentage of revenue receipts (in per cent)	5.34	6.29	6.46	5.88	7.62
Subsidies as a percentage of revenue expenditure (in per cent)	7.09	7.37	7.40	6.87	9.06

Subsidies as a percentage of revenue receipts increased from 5.88 *per cent* in 2018-19 to 7.62 *per cent* in 2019-20. Subsidies as a percentage of revenue expenditure increased from 6.87 *per cent* in 2018-19 to 9.06 *per cent* in 2019-20.

2.4.2.5 Financial Assistance by GNCTD to local bodies and other Institutions

Financial assistance is provided by GNCTD to local bodies and other institutions by way of grants and loans. Details are shown in **Table 2.19** and trends in financial assistance are shown in **Chart 2.16**.

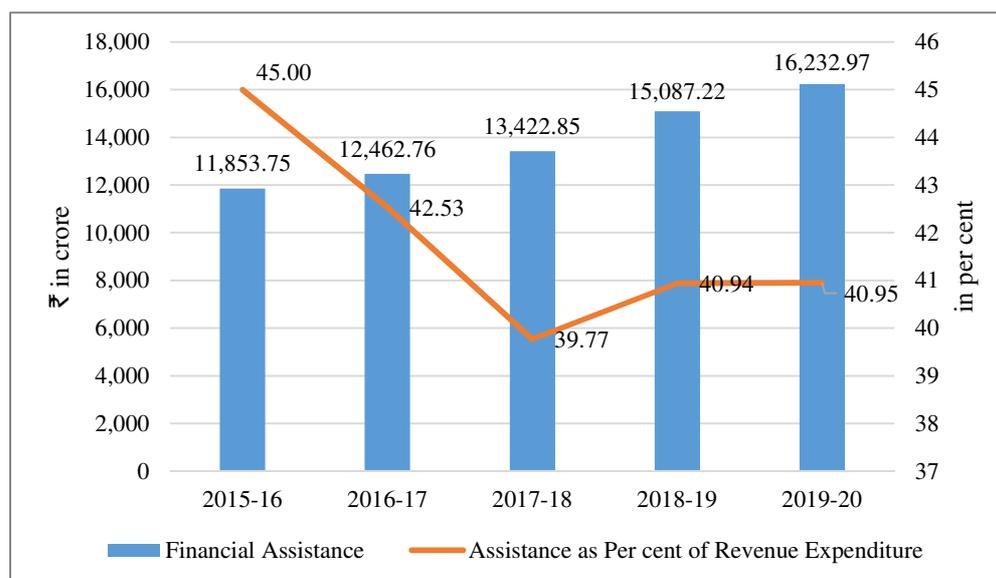
Table 2.19: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
(A) Local Bodies					
Municipal Corporations and Municipalities	5,477.95	6,057.07	6,241.68	6,337.30	6,221.62
Total (A)	5,477.95	6,057.07	6,241.68	6,337.30	6,221.62
(B) Others					
Delhi Cantonment Board	26.46	25.16	26.27	23.08	14.52
Delhi Jal Board	1,718.97	1,384.65	1,930.00	2,315.98	2,855.46
Delhi Transport Corporation	1,150.00	1,550.00	2,007.00	1,825.00	2,030.00
Delhi Urban Shelter Improvement Board	311.83	307.00	255.53	506.70	378.89
Others (including Delhi Metro Rail Corporation, Higher Education, Technical Education, Hospitals, Road Safety Cell, Technical Education etc)	3,168.54	3,138.88	2,962.37	4,079.16	4,732.48
Total (B)	6,375.80	6,405.69	7,181.17	8,749.92	10,011.35
Total (A+B)	11,853.75	12,462.76	13,422.85	15,087.22	16,232.97
Revenue expenditure	26,343.00	29,302.00	33,754.00	36,852.00	39,637.00
Assistance as percentage of revenue expenditure	45.00	42.53	39.77	40.94	40.95

Source: Information received from Principal Accounts Office, GNCTD

Chart 2.16: Trends in financial assistance

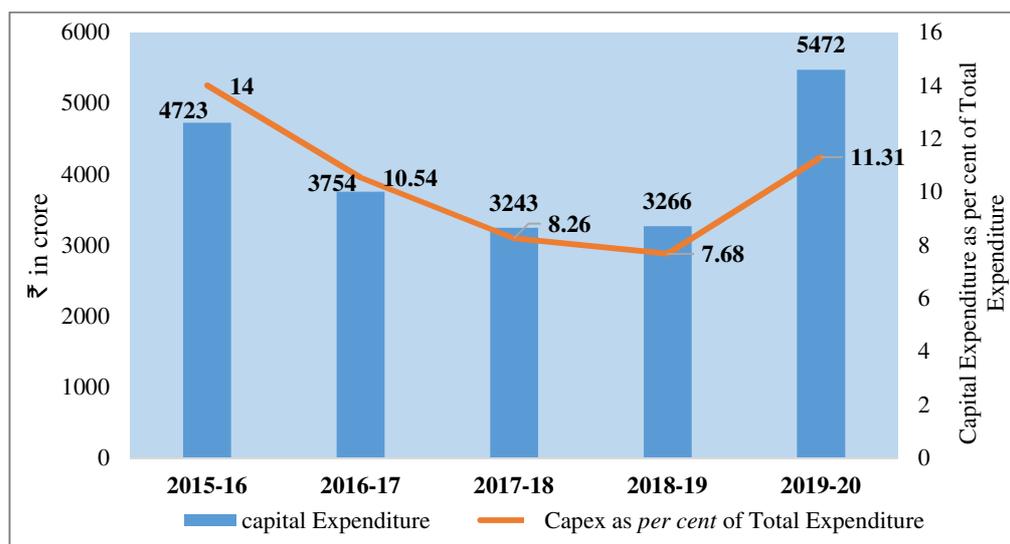


Financial assistance to local bodies and others increased by 7.59 per cent from ₹ 15,087.22 crore in 2018-19 to ₹ 16,232.97 crore in 2019-20. As a percentage of revenue expenditure financial assistance increased marginally from 40.94 per cent in 2018-19 to 40.95 per cent in 2019-20.

2.4.3 Capital Expenditure

Capital expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Trends in capital expenditure are presented in **Chart 2.17**.

Chart 2.17: Capital expenditure in the NCT of Delhi



It can be seen from the chart that capital expenditure displayed inter-year fluctuations which ranged between ₹ 3,243 crore and ₹ 5,472 crore.

Similarly, capital expenditure as percentage of total expenditure displayed inter-year fluctuations which ranged between 7.68 per cent and 14 per cent

during the period 2015-20. Capital expenditure increased from ₹ 3,266 crore to ₹ 5,472 crore (67.54 per cent) in 2019-20 over the previous year.

2.4.3.1 Major Changes in Capital Expenditure

Changes in major heads of capital expenditure are shown in **Table 2.20**.

Table 2.20: Capital expenditure under major heads of account during 2019-20 compared to 2018-19

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Increase (+)/ Decrease (-)
5054-Capital Outlay on Roads and Bridges	923.84	771.92	(-)151.92
5055-Capital Outlay on Road Transport	152.20	282.89	130.69
4702-Capital Outlay on Minor Irrigation	-	0.09	0.09
4711-Capital Outlay on Flood Control Projects	68.52	116.20	47.68
4059-Capital Outlay on Public Works	135.83	192.62	56.79
4210-Capital Outlay on Medical and Public Health	306.47	357.37	50.90
4801-Capital Outlay on Power Projects	7.96	2.69	(-)5.27
4202- Capital outlay on Education, Sports, Art and Culture	601.64	1,298.99	697.35
4217-Capital outlay on Urban development	685.78	1,823.10	1,137.32

Source: Finance Accounts of respective years.

Capital outlay on medical and public health increased by 16.61 per cent over the previous year due to commencement of major works after initial delay in receipt of mandatory clearances. Capital expenditure on the head '5054-Capital outlay on Roads and Bridges' decreased by 16.44 per cent (₹ 151.92 crore) over the previous year due to non-approval of new projects. However, '5055-Capital Outlay on Road Transport' increased by 85.87 per cent (₹ 130.69 crore) over the same period. Capital outlay on Education, Sports, Art and Culture increased due to approval of new projects such as Construction of school and Construction of additional class rooms by the Education Department. Besides, Capital outlay on Urban Development increased by 165.84 per cent over the previous year due to allocation of funds on two development schemes⁵ under the Major Head 4217⁶ and increased allocation of funds in another development scheme⁷.

2.4.3.2 Investment and Returns

As of 31 March 2020, the Government had invested ₹ 19,411 crore in Government companies and co-operative institutions. The increase in investment in 2019-20 over the previous year was by ₹ 150 crore on account of 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. The details are given in **Table 2.21**.

⁵ 'Strengthening and Augmentation of infrastructure in Assembly constituency' and 'Mukhyamantri Sadak Punarotthan Yojana'.

⁶ instead of Major head 2217 as booked in previous year

⁷ Development of unauthorised colonies

Table 2.21: Return on Investment

(₹ in crore)

Investment/return/cost of borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Investment at the end of the year (₹ in crore)	18,492	18,933	19,173	19,261	19,411
Return (₹ in crore)	12.32	11.28	15.91	14.31	15.84
Return (<i>per cent</i>)	0.07	0.06	0.08	0.07	0.08
Average rate of interest on Government borrowings (<i>per cent</i>)	8.54	8.65	8.58	8.64	8.14
Difference between interest rate and return (<i>per cent</i>)	8.47	8.59	8.50	8.57	8.06
Difference between interest on Government borrowings and return on investment (₹ in crore)[#]	1,566	1,626	1,630	1,651	1,565

Source: Finance Accounts of respective years

[#]Investment at the end of the year

Government investments increased by 4.97 *per cent* over a period of five years from 2015-16 to 2019-20. GNCTD paid interest rate ranging from 8.14 *per cent* to 8.65 *per cent* on its borrowings during 2015-16 to 2019-20, whereas the percentage of return from investments ranged between 0.06 *per cent* and 0.08 *per cent* (at historical cost) during the same period.

Table 2.22: Quantum of loans disbursed and recovered during five years

(₹ in crore)

Quantum of loans disbursed and recovered	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance of loans outstanding	57,190	59,915 ⁸	62,255	63,812	64,570
Amount advanced during the year	2,684	2,553	2,248	2,402	3,266
Amount recovered during the year	83	213	691	1,644	823
Closing balance of the loans outstanding	59,791	62,255	63,812	64,570	67,014
Net addition	2,601	2,340	1,557	758	2,443
Interest received	83	81	396	113	404
Interest receipts as percentage of outstanding loans and advances	0.14	0.13	0.62	0.18	0.60
Rate of interest paid on the outstanding borrowings of the Government (<i>per cent</i>)	8.44	8.64	8.55	8.74	7.92
Difference between the rate of interest paid and interest received (<i>per cent</i>)	8.30	8.51	7.93	8.56	7.31

⁸ The difference of ₹ 124 crore is due to prior period adjustment on accounts of misclassification.

2.4.4 Adequacy of Public Expenditure

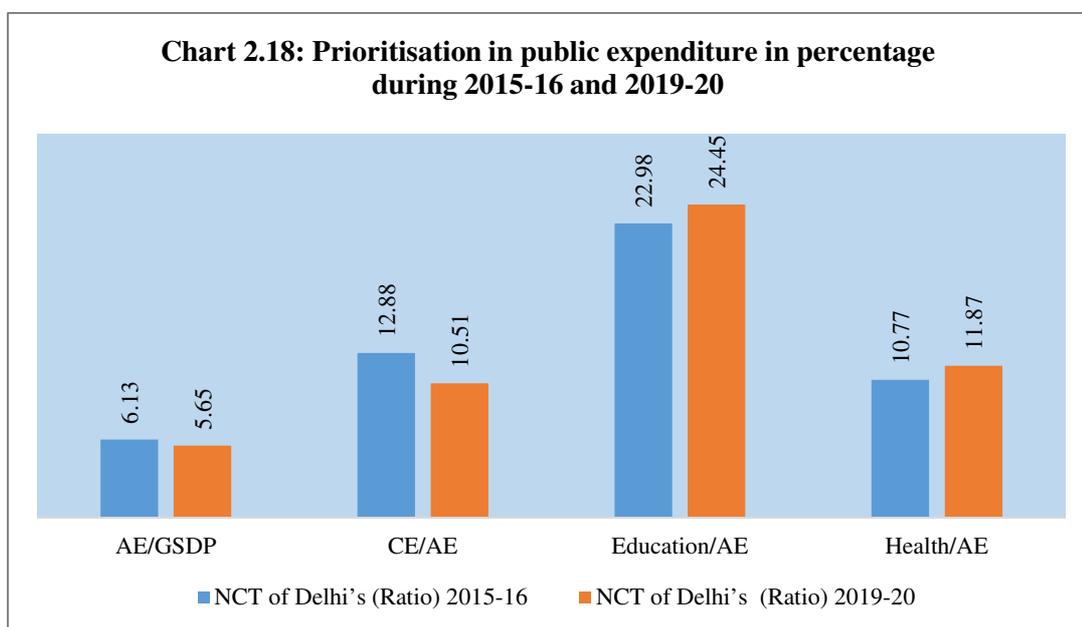
Table 2.23 and Chart 2.18 shows the fiscal priority of the Government of NCT of Delhi with regard to development expenditure, social sector expenditure, capital expenditure, expenditure on education and on health during the years 2015-16 and 2019-20.

Table 2.23: Fiscal priority of GNCTD in 2015-16 and 2019-20

(In per cent)

Fiscal Priority by the State	AE/GSDP	CE/AE	Education/AE	Health/AE
NCT of Delhi's (Ratio) 2015-16	6.13	12.88	22.98	10.77
NCT of Delhi's (Ratio) 2019-20	5.65	10.51	24.45	11.87

AE: Aggregate Expenditure, CE: Capital Expenditure



Aggregate expenditure as a proportion of GSDP decreased to 5.65 *per cent* in 2019-20 from 6.13 *per cent* in 2015-16. Share of expenditure on health and education in total expenditure have also registered increase during this period. However, share of capital expenditure decreased from 12.88 *per cent* to 10.51 *per cent* over the same period.

2.5 Debt Management

The Government of NCT of Delhi is not empowered to raise loans from the open market. All loans required are advanced to it from the Consolidated Fund of India. Loans and advances received from Government of India comprise debt receipts of Government of NCT of Delhi.

2.5.1 Debt Profile: Components

Table 2.24 gives a time series analysis of the debt profile of the Government of NCT of Delhi for the last five years.

Table 2.24: 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
2015-16	32,497.91	2,241.13	1,435.17	33,303.87	805.96	2.48
2016-17	33,303.87	1,695.53	1,654.62	33,344.78	40.91	0.12
2017-18	33,344.78	1,906.34	1,682.43	33,568.69	223.91	0.67
2018-19	33,568.69	2,880.00	3,636.35	32,812.34	(-756.35)	(-2.25)
2019-20	32,812.34	4,765.60	2,811.10	34,766.84	1,954.50	5.96

Debt of the Government 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.

2.6 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 debt sustainability. Debt sustainability refers to the 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 receipts, debt repayment and debt receipts and net debt available to the NCT of Delhi. Table 2.25 analyses the debt sustainability of the NCT of Delhi according to these indicators for the period of five years from 2015-16 to 2019-20.

Table 2.25: Debt Sustainability: Indicators and Trends

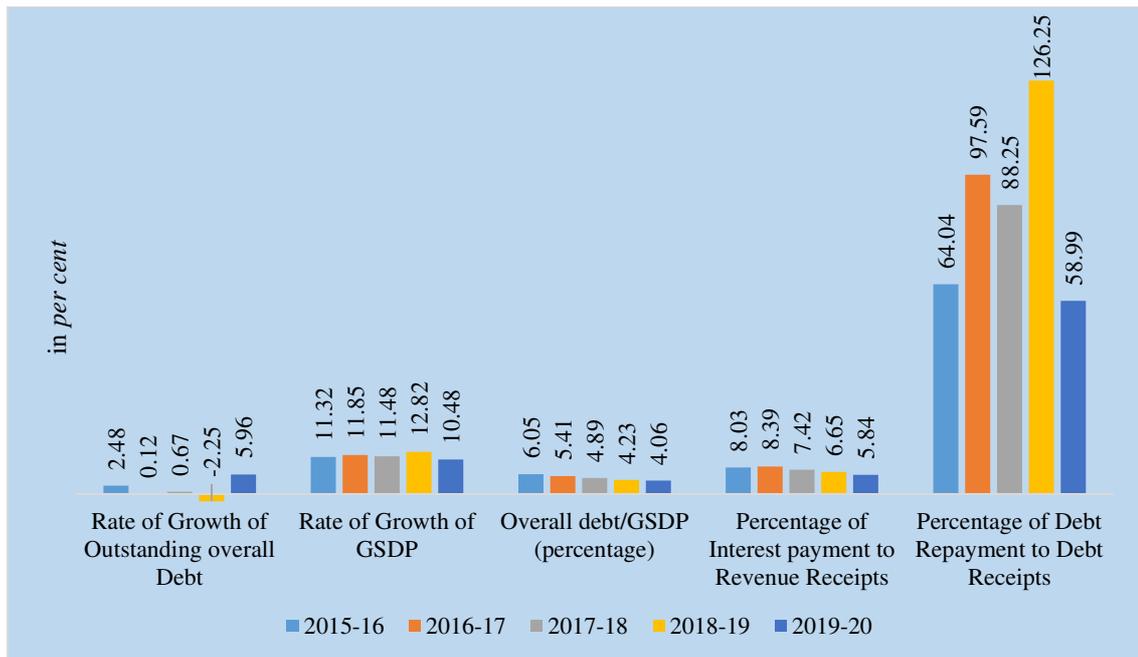
Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding overall debt* (₹ in crore)	33,304	33,345	33,569	32,812	34,767
Rate of growth of outstanding overall debt (per cent)	2.48	0.12	0.67	-2.25	5.96
GSDP (₹ in crore)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Rate of growth of GSDP (per cent)	11.32	11.85	11.48	12.82	10.48
Overall debt/GSDP (per cent)	6.05	5.41	4.89	4.23	4.06
Interest payment (₹ in crore)	2,810	2,883	2,871	2,867	2,752
Average interest rate of outstanding public debt (per cent)	8.54	8.65	8.58	8.64	8.14
Revenue receipts (₹ in crore)	34,999	34,346	38,667	43,113	47,136
Percentage of interest payment to revenue receipts	8.03	8.39	7.42	6.65	5.84
Debt repayment (₹ in crore)	1,435	1,655	1,682	3,636	2,811
Debt receipts (₹ in crore)	2,241	1,696	1,906	2,880	4,765
Percentage of debt repayment to debt receipts	64.04	97.59	88.25	126.25	58.99
Net debt available to the NCT of Delhi#	(-)2,005	(-)2,842	(-)2,647	(-)3,623	(-)798
Net debt available as per cent to debt receipts	-	-	-	-	-

Source: Finance Accounts of respective years

*Outstanding Public Debt is the sum of outstanding balances under the heads '6003-Internal Debt' and '6004-Loans and Advances' from the Central Government.

#Net debt available to the GNCTD is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt

Chart 2.19: Debt Sustainability: Indicators and Trends



Public debt of the Government of NCT of Delhi increased from ₹ 33,304 crore in 2015-16 to ₹ 34,767 crore in 2019-20 registering an increase of 4.39 *per cent*. Public debt increased by 5.96 *per cent* in 2019-20 over the previous year. Repayment of public debt (₹ 2,811 crore) was less than the public debt receipts (₹ 4,765 crore).

2.7 Conclusion

A snapshot of some positive indicators and those requiring close watch are given in **Table 2.26**.

Table 2.26: Key parameters

Positive Indicators	Parameters requiring close watch
Revenue receipts of NCT of Delhi increased by 9.33 <i>per cent</i>	Revenue expenditure increased by 7.56 <i>per cent</i>
Non-tax receipts increased by 70.34 <i>per cent</i>	Public debt receipts increased by 65.45 <i>per cent</i>
Grants-in-aid from Government of India increased by 62.10 <i>per cent</i>	Recoveries of Loans and Advances decreased by 49.94 <i>per cent</i>
Capital expenditure increased by 67.54 <i>per cent</i>	
Expenditure on Grants-in-aid increased by 64.02 <i>per cent</i>	