

Chapter 1

Overview

1.1 Profile of the National Capital Territory of Delhi

Delhi was declared as the National Capital Territory (NCT) through the Government of National Capital Territory of Delhi Act, 1991. Delhi has an 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 1,114 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	Population		
	a.	Population (2011 Census)	1.70 crore
	b.	Population 2021	2.08 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 (2019) (per 1000 live births) (All India Average = 30 per 1000 live births)	11	
7	Life expectancy at birth (2014-18)(All India Average = 69.4 years)	75.3 years	
8	Gross State Domestic Product (GSDP) 2020-21 at current prices	₹ 7,98,310 crore	
9	Per Capita GDP/GSDP CAGR (2011-12 to 2020-21)	NCT of Delhi	7.61 per cent
		All India	8.21 per cent
10	GDP/GSDP CAGR (2011-12 to 2020-21)	NCT of Delhi	9.81 per cent
		All India	9.48 per cent
11	Population Growth (2011 to 2021)	12.30 per cent (All India)	22.30 per cent

Source: Ministry of Statistics and Programme Implementation (MoSPI) website, Economic Survey 2019-20, Sample Registration System Based Abridged Life Tables 2014-18, Human Development Report 2020 and Census Info India 2011, Report on Technical Group on Population projections for India and States 2011-2036, Registrar General of India.

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.

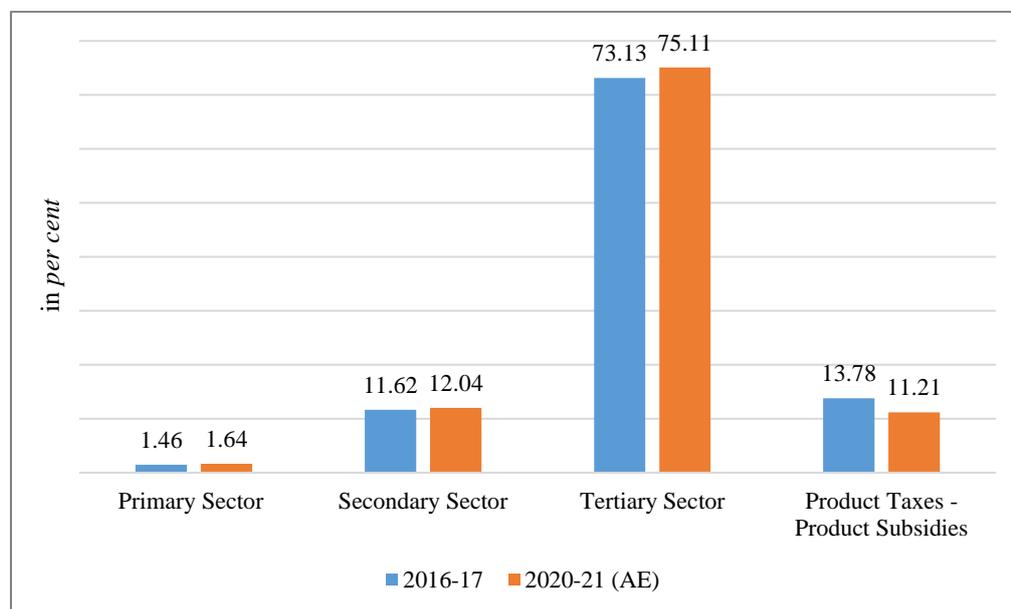
Table 1.2: Trends in GSDP compared to the national GDP

(₹ in crore)					
Year	2016-17	2017-18	2018-19	2019-20	2020-21
All India GDP	1,53,91,669	1,70,90,042	1,88,86,957	2,03,51,013	1,97,45,670
Growth rate of GDP over previous year (in per cent)	11.76	11.03	10.51	7.75	(-)2.93
NCT of Delhi's GSDP (2011-12 Series)	6,16,085	6,77,900	7,50,962	8,30,872	7,98,310
Growth rate of GSDP over previous year (in per cent)	11.85	10.03	10.78	10.64	-3.92

Source: MoSPI website and Directorate of Economics and Statistics, GNCTD.

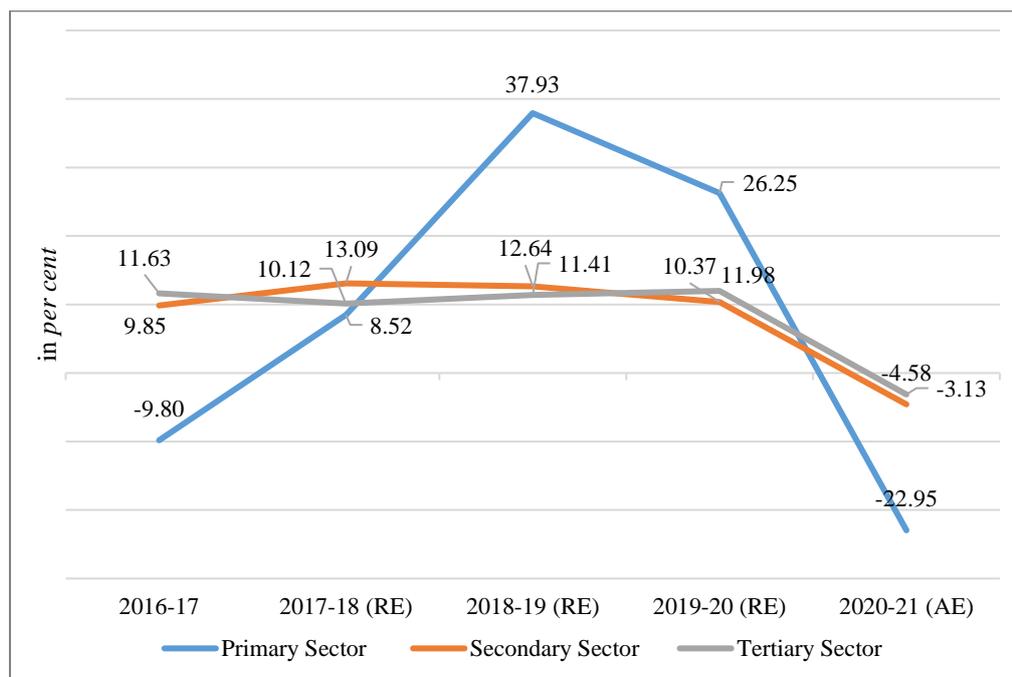
Changes in sectoral contribution to the GSDP is also important to understand the changing structure of the economy. Economic activity is generally divided into primary, secondary and tertiary sectors, which correspond to the agriculture, industry and service sectors.

Chart 1.1: Changes in sectoral contribution to GSDP (2016-17 to 2020-21)



Source: Estimate of State Domestic Product of Delhi 2020-21, Directorate of Economics and Statistics, GNCTD.

Chart 1.2: Sectoral growth in GSDP



Source: Estimate of State Domestic Product of Delhi 2020-21, Directorate 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 and State related statistics, Directorate of Economics and Statistics, GNCTD;
- Results of audit carried out by the office of the Principal Accountant General (Audit), Delhi; and
- Various audit reports of the CAG of India have been used for analysis/commentary, as appropriate.

The Draft Report in respect of Appropriation and Finance Accounts was sent to the Government of NCT of Delhi in December 2021 for comments. Replies of the Government, where received, have been incorporated at appropriate places.

1.3 Report Structure

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

Chapter - 1	Overview 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.
Chapter - 2	Finances of the State 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 2016-17 to 2020-21 and debt profile of the NCT of Delhi, based on the Finance Accounts of the NCT of Delhi.
Chapter - 3	Budgetary Management 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.
Chapter - 4	Quality of Accounts and Financial Reporting Practices 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.
Chapter - 5	State Public Sector Enterprises 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.

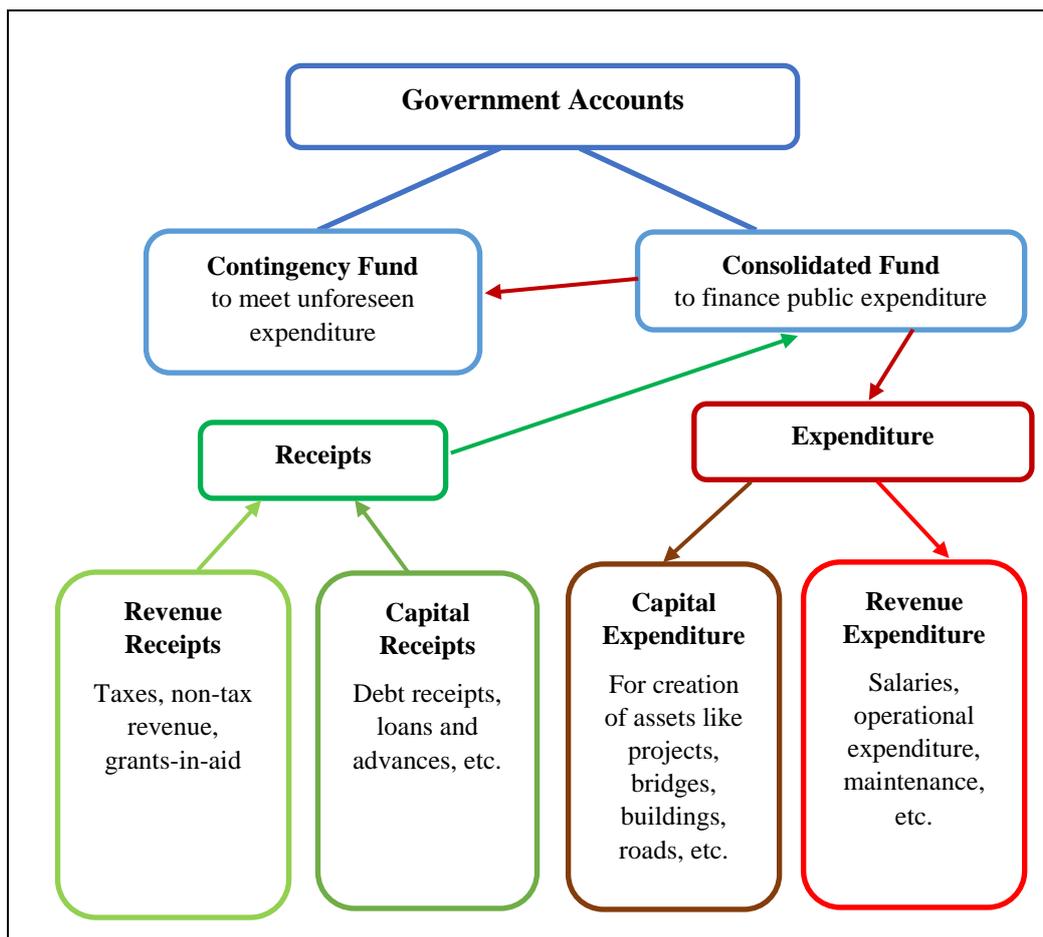
Revenue receipts consist of the NCT of Delhi's tax and non-tax revenues and grants-in-aid from Government of India (GoI).

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 providing 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 GNCTD 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 2020-21 and actuals of 2019-20.

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-à-vis budget estimates

(₹ in crore)

Sl. No.	Components	2019-20 Actuals	2020-21			
			Budget Estimates	Actuals	Percentage of actuals to BE	Percentage of actuals to GSDP
1	Tax Revenue	36,566	44,100	29,425	66.72	3.69
2	Non-tax Revenue	1,097	800	980	122.50	0.12
3	Grants-in-aid and Contributions	9,473	10,409	11,459	110.09	1.44
4	Revenue Receipts (1+2+3)	47,136	55,309	41,864	75.69	5.24
5	Recovery of Loans and Advances	823	1,100	631	57.36	0.08
6	Other Receipts	-	-	-	-	-
7	Borrowings and other Liabilities ^(a)	1,954	4,291	12,100	281.99	0.78 ¹
8	Capital Receipts (5+6+7)	2,777	5,391	12,731	236.15	1.59
9	Total Receipts (4+8)	49,913	60,700	54,595	89.94	6.84
10	Revenue Expenditure, of which	39,637	48,070	40,414	84.07	5.06
11	- Interest payments	2,752	3,062	2,874	93.86	0.36
12	Capital Expenditure ^(b) of which	8,738	13,419	8,789	65.50	1.10
13	- Capital outlay	5,472	9,999	4,699	46.99	0.59
14	- Loans and advances	3,266	3,420	4,090	119.59	0.51
15	Total Expenditure (10+12)	48,375	61,489	49,203	80.02	6.16
16	Revenue Surplus/ (4-10)	7,499	7,239	1,450	20.03	0.18
17	Fiscal Deficit {(4+5+6)-15}	(-) 416	(-)5,080	(-) 6,708	132.05	-0.84
18	Primary Surplus/(17+11)	2,336	(-)7,875²	(-)3,834	48.69	-0.48

(a) Borrowings and other liabilities: Net (Receipts - Disbursements) of Public Debt. Effective Borrowing and other Liabilities would be ₹ 6,235 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹ 5,865 crore give to State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

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

GST compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST compensation of ₹ 7,264.46 crore as revenue receipts, due to inadequate balance in GST compensation fund during the year 2020-21, Delhi also received back to back loan of ₹ 5,865 crore under debt receipts of the GNCTD, with no repayment liability for the State. Due to this arrangement, the revenue surplus of ₹ 1,450 crore and fiscal deficit of ₹ 6,780 crore may be read in conjunction with debt receipt of ₹ 5,865 crore in lieu of GST compensation.

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

¹ Arrived at after exclusion of GST compensation of ₹ 5,865 crore received as back to back loan under debt receipts.

² Source: Budget at a glance of 2020-21, GNCTD

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:**

Table 1.4: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2019-20	2020-21	Per cent increase			2019-20	2020-21	Per cent increase
Consolidated Fund									
A	Loans and Advances from Central Government	34,767	46,867*	34.80	a	Gross Capital Outlay	70,285	74,984	6.68
B	Balance of capital outlay adopted from CGA during 1994-95	1,588	1,588	0	b	Loans and Advances	67,014	70,473	5.16
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	6,001	11,393	89.85
D	Surplus in Revenue Account	1,03,589	1,05,039	1.40					
Total		1,43,300	1,56,850		Total		1,43,300	1,56,850	

Note: The assets amounting to ₹ 70,285 crore and ₹ 74,983 crore as on 31 March 2020 and 31 March 2021 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 ₹ 67,014 crore and ₹ 70,473 crore as on 31 March 2020 and 31 March 2021 respectively include ₹ 3,356 crore adopted during 1994-95 from the Controller General of Accounts.

* This include an amount of ₹ 5,865 crore of back to back loan in lieu of GST compensation shortfall from GoI during 2020-21. As per condition of loan, repayment obligation will not be met from any other resources of the State.

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 2016-17 to 2020-21.

Chart 1.4: Trends in surplus/deficit indicators over the period 2016-17 to 2020-21

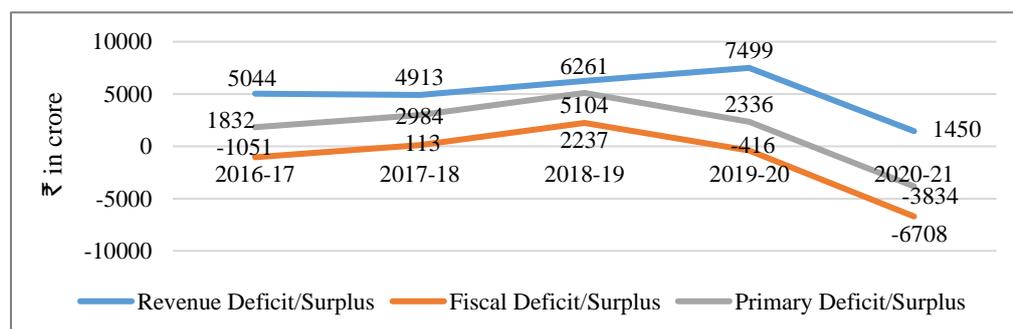
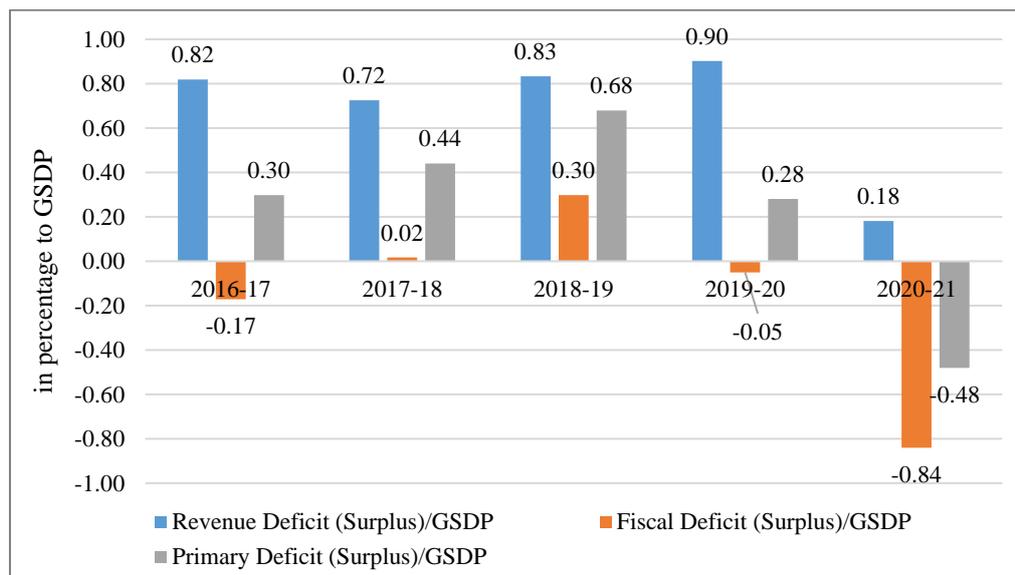


Chart 1.5: Trends in deficit indicators relative to GSDP over the period 2016-17 to 2020-21



Revenue surplus indicates the excess of revenue receipts over revenue expenditure. The revenue surplus of ₹ 1,450 crore in 2020-21 indicates that revenue receipts of the Government were sufficient to meet the revenue expenditure. NCT of Delhi consistently enjoyed revenue surplus during 2016-17 to 2020-21.

It can be seen from **Chart 1.4**, fiscal deficit which was ₹ 1,051 crore in 2016-17, turned to surplus at ₹ 113 crore during 2017-18 and at ₹ 2,237 crore during 2018-19 which turned to deficit of ₹ 416 crore during 2019-20 and deficit of ₹ 6,708 crore during 2020-21 due to decrease (11.39 *per cent*) in the total Revenue and Non-debt Capital receipts from ₹ 47,959 crore (2019-20) to ₹ 42,495 crore (2020-21).

The NCT of Delhi had primary surplus during the period 2016-17 to 2019-20 which turned to deficit of ₹ 3,834 crore in 2020-21 which was mainly due to decrease in total Revenue and Non-debt Capital Receipts.

Revenue surplus stood at 0.18 *per cent* of GSDP in 2020-21 as against 0.90 *per cent* of GSDP in 2019-20. Fiscal deficit stood at (-) 0.84 *per cent* of GSDP in 2020-21 as against fiscal deficit of (-) 0.05 *per cent* of GSDP in 2019-20. 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 2020-21 pension liabilities of ₹ 1,452.48 crore of GNCTD employees and ₹ 7,706.44 crore of revenue expenditure (as per Revised Estimates) of Delhi Police were borne by GoI.