

## 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 2020-21 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 2020-21 vis-à-vis FY 2019-20

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 2020-21 compared to FY 2019-20 are given in **Table 2.1**:

**Table 2.1: Changes in key fiscal aggregates of GNCTD in FY 2020-21 compared to FY 2019-20**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"><li>✓ Revenue receipts decreased by 11.18 <i>per cent</i></li><li>✓ Own Tax receipts decreased by 19.53 <i>per cent</i></li><li>✓ Non-tax receipts decreased by 10.67 <i>per cent</i></li><li>✓ Grants-in-Aid from Government of India increased by 20.96 <i>per cent</i></li></ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"><li>✓ Revenue expenditure increased by 1.96 <i>per cent</i></li><li>✓ Revenue expenditure on General Services decreased by 11.13 <i>per cent</i></li><li>✓ Revenue expenditure on Social Services increased by 2.47 <i>per cent</i></li><li>✓ Revenue expenditure on Economic Services increased by 30.38 <i>per cent</i></li><li>✓ Expenditure on Grants-in-Aid and contributions decreased by 24.93 <i>per cent</i></li></ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"><li>✓ Capital expenditure decreased by 14.13 <i>per cent</i></li><li>✓ Capital expenditure on General Services decreased by 36.76 <i>per cent</i></li><li>✓ Capital expenditure on Social Services decreased by 25.28 <i>per cent</i></li><li>✓ Capital expenditure on Economic Services increased by 18.07 <i>per cent</i></li></ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"><li>✓ Disbursement of Loans and Advances increased by 25.23 <i>per cent</i></li><li>✓ Recoveries of Loans and Advances decreased by 23.33 <i>per cent</i></li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>✓ Public Debt Receipts increased<sup>1</sup> by 99.37 <i>per cent</i></li><li>✓ Repayment of Public Debt increased by 16.15 <i>per cent</i></li></ul>

<sup>1</sup> Arrived at after exclusion of GST compensation of ₹ 5,865 crore received as back to back loans under debt receipts.

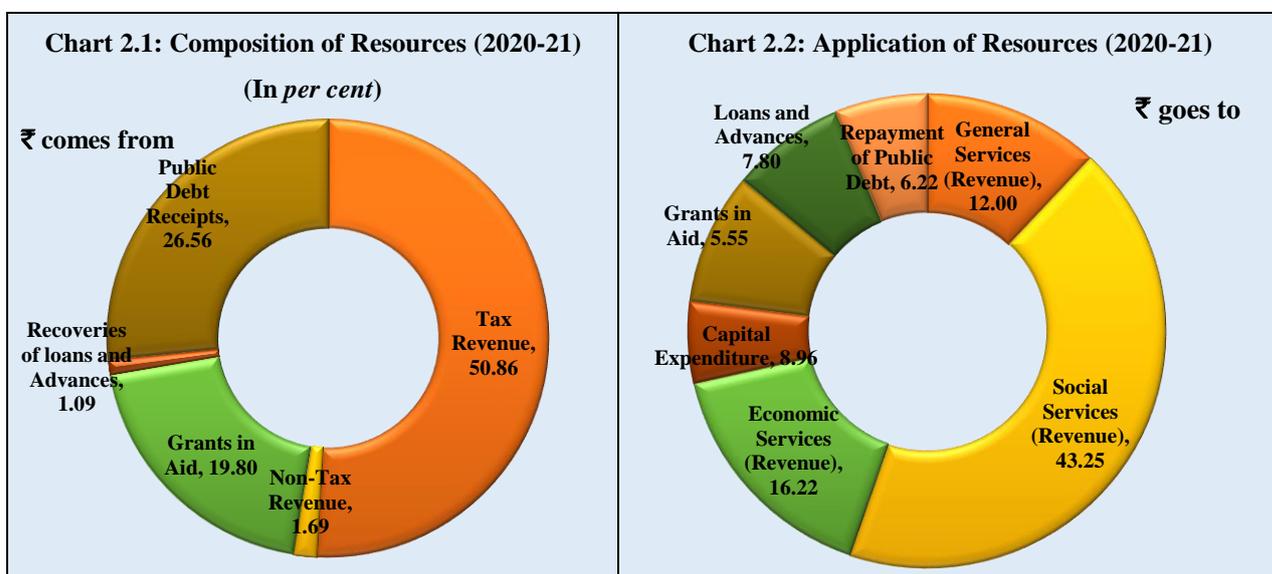
## 2.2 Sources and Application of Funds

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 2019-20 and 2020-21 are shown in **Table 2.2**, **Chart 2.1** and **Chart 2.2**.

**Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21**

(₹ in crore)				
	Particulars	2019-20	2020-21	Increase/ Decrease (in per cent)
<b>Sources</b>	Opening Balance	4,463	6,001	34.46
	Revenue Receipts	47,136	41,864	(-) 11.18
	Recoveries of Loans and Advances	823	631	(-) 23.33
	Public Debt Receipts (Net)	1,954	12,100 <sup>2</sup>	219.08 <sup>3</sup>
	<b>Total</b>	<b>54,376</b>	<b>60,596</b>	<b>11.44</b>
<b>Application</b>	Revenue Expenditure	39,637	40,414	1.96
	Capital Expenditure	5,472	4,699	(-) 14.13
	Disbursement of Loans and Advances	3,266	4,090	25.23
	Closing Balance	6,001	11,393	89.85
	<b>Total</b>	<b>54,376</b>	<b>60,596</b>	<b>11.44</b>

Source: Finance Accounts of respective years



<sup>2</sup> Due to increased disbursement from GoI of share of Small saving collection from ₹ 4,540.60 crore during 2019-20 to ₹ 9,500 crore during 2020-21. Further, it also includes back to back loans of ₹ 5,865 crore received in lieu of GST compensation shortfall from GoI during 2020-21

<sup>3</sup> Arrived at after exclusion of GST compensation of ₹ 5,865 crore received as back to back loans under debt receipts

## 2.3 Resources of the NCT of Delhi

The resources of the NCT of Delhi are described below:

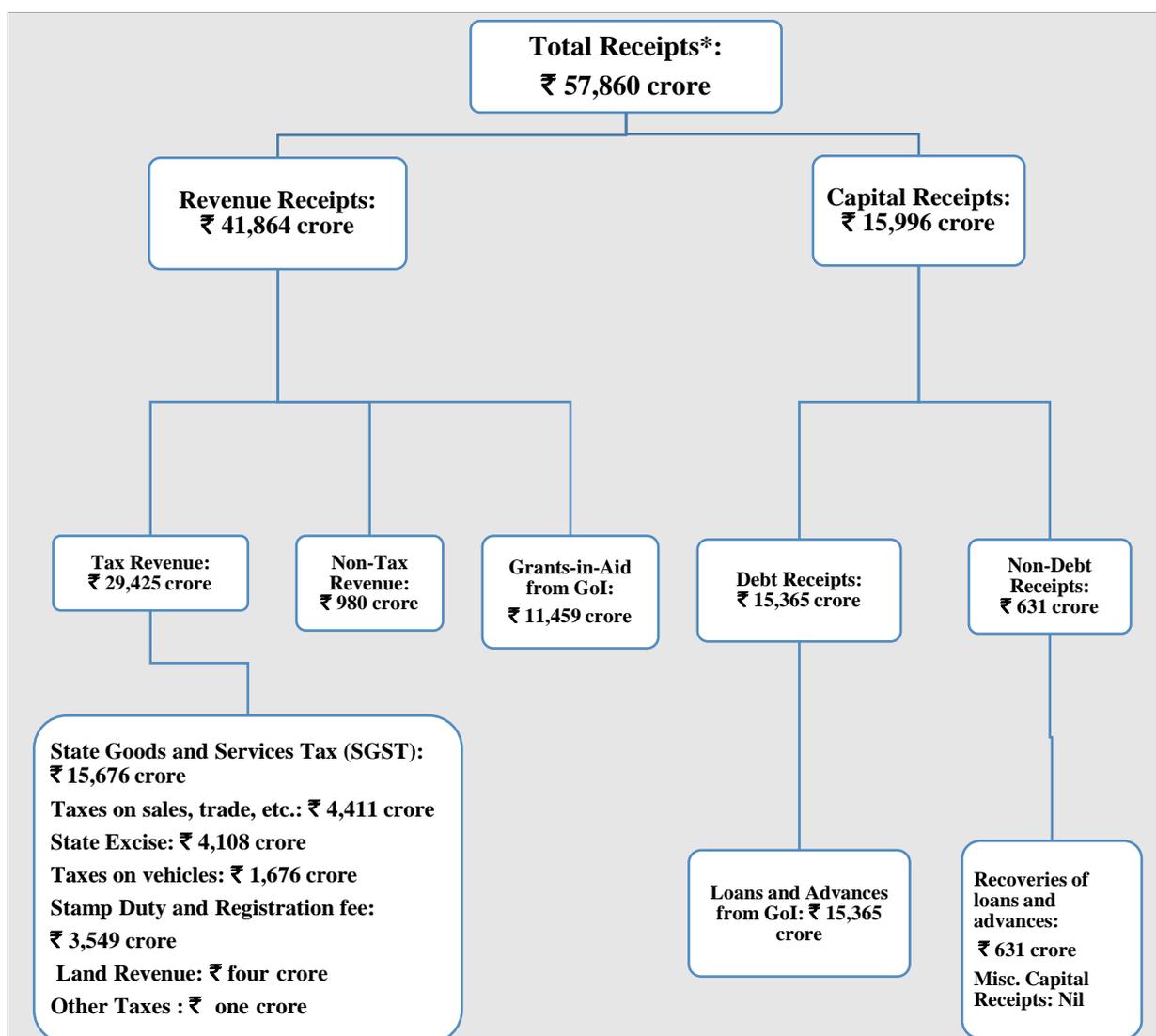
1. **Revenue receipts** consist of tax revenue, non-tax revenue and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** of Government of NCT of Delhi include recoveries of loans and advances, receipts through loan from GoI and miscellaneous capital receipts.

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 2020-21**



\*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	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR)	34,346	38,667	43,113	47,136	41,864 <sup>4</sup>
Rate of growth of RR (per cent)	-1.87	12.58	11.50	9.33	-11.18
Own Tax Revenue	31,140	35,717	36,625	36,566	29,425
Own Non-Tax Revenue	381	766	644	1,097	980
Rate of growth of Own Revenue (per cent)	2.54	15.74	2.15	1.06	-19.27
Grants-in-Aid from GoI	2,825	2,184	5,844	9,473	11,459
Gross State Domestic Product (2011-12 Series)	6,16,085	6,77,900	7,50,962	8,30,872	7,98,310
Rate of growth of GSDP (per cent)	11.85	10.03	10.78	10.64	-3.92
RR/GSDP (per cent)	5.57	5.70	5.74	5.67	5.24
<b>Buoyancy Ratios<sup>5</sup></b>					
Revenue Buoyancy w.r.t GSDP	-0.16	1.25	1.07	0.88	2.85
NCT of Delhi's Own Revenue Buoyancy w.r.t GSDP	0.21	1.57	0.20	0.10	4.92

Source: Directorate of Economics and Statistics and Finance Accounts of respective years. Revenue receipts increased by 21.89 *per cent* from ₹ 34,346 crore in 2016-17 to ₹ 41,864 crore in 2020-21 at an annual average growth rate of 4.07 *per cent* out of which NCT of Delhi's own tax revenue decreased by ₹ 1,715 crore (5.51 *per cent*) while grants-in-aid increased by ₹ 8,634 crore (305.63 *per cent*) respectively, during the said period.

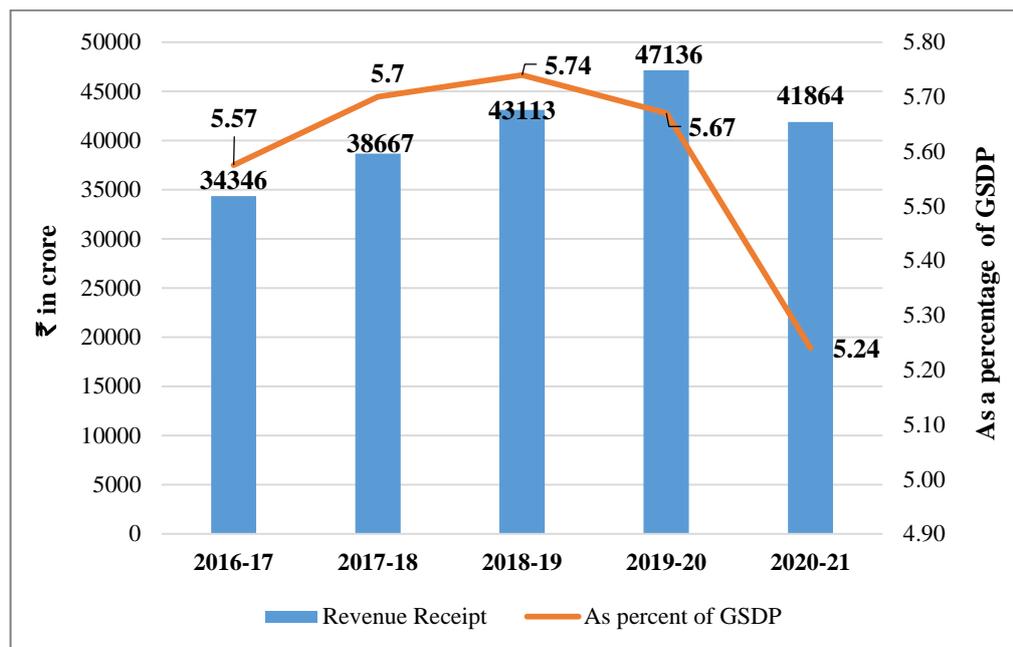
During 2020-21, revenue receipts decreased by 11.18 *per cent* over the previous year, mainly due to decrease in own tax revenue and non-tax revenue by ₹ 7,141 crore (19.53 *per cent*) and ₹ 117 crore (10.67 *per cent*) respectively.

<sup>4</sup> 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 ₹ 7,264.45 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, revenue receipt may be read in conjunction with debt receipt of ₹ 5,865 crore in lieu of GST compensation.

<sup>5</sup> 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*.

The share of NCTD’s own tax revenue to total revenue receipts decreased from 90.67 per cent in 2016-17 to 70.29 per cent in 2020-21. During 2016-17, about 91.77 per cent of revenue receipts came from GNCTD’s own resources while Grants-in-aid contributed 8.23 per cent. In the year 2020-21, about 72.63 per cent of revenue receipts came from GNCTD’s own resources while grants-in-aid contributed 27.37 per cent.

**Chart 2.4: Trends in Revenue Receipts relative to GSDP during 2016-2021**

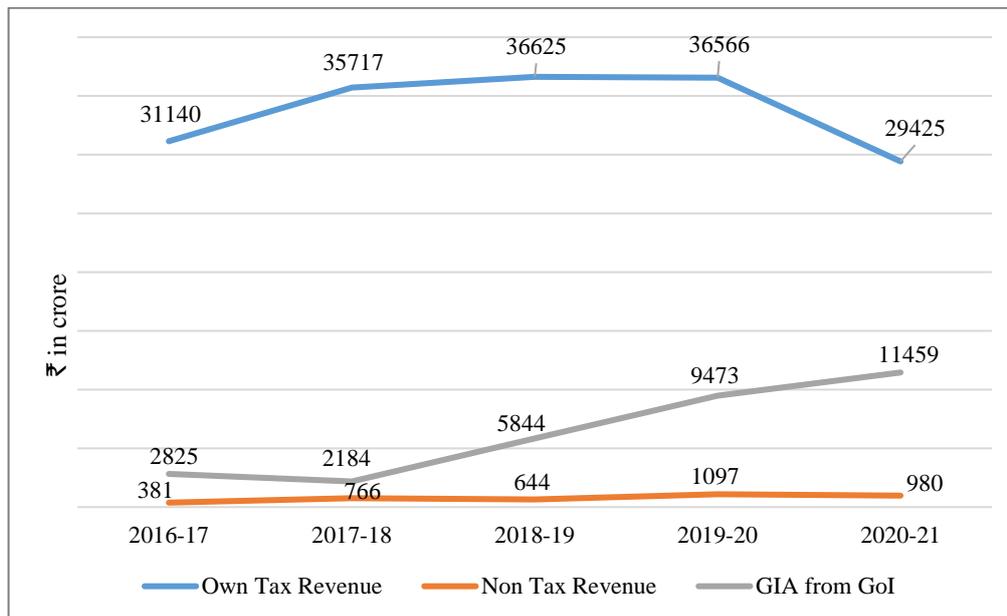


NCT of Delhi’s GSDP increased from ₹ 6,16,085 crore in 2016-17 to ₹ 7,98,310 crore (29.58 per cent) in 2020-21. As compared to 2019-20, GSDP (₹ 8,30,872 crore) decreased to ₹ 7,98,310 crore (3.92 per cent) in 2020-21. Revenue receipts as percentage of GSDP decreased from 5.57 per cent in 2016-17 to 5.24 per cent in 2020-21. Revenue receipts as a percentage of GSDP showed a mixed trend on a yearly basis for the period 2016-17 to 2020-21.

Revenue buoyancy with respect to GSDP at 2.85 in 2020-21 implies that revenue receipts decreased by 2.85 percentage point, if the GSDP decreased by one per cent. NCT of Delhi’s own revenue buoyancy w.r.t GSDP at 4.92 in 2020-21 implies that NCT of Delhi’s own revenue receipts decreased by 4.92 percentage point, if the GSDP decreased by one per cent.

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 2016-17 to 2018-19 but decreased significantly by ₹ 7,141 crore in 2020-21 as compared to 2019-20. However, GIA from GoI showed decreasing trend from 2016-17 to 2017-18 but increased rapidly from 2018-19 to 2020-21. Non-tax revenue has shown a mixed trend over the last five years.

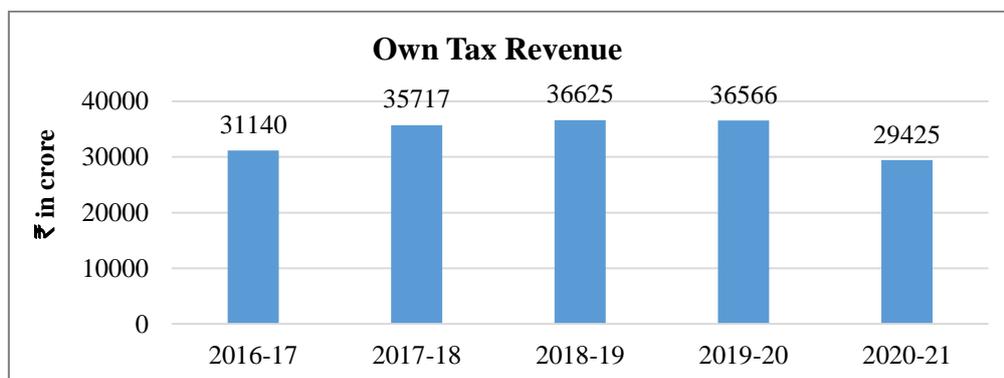
### 2.3.2.2 NCT of Delhi's own resources

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 2016-17 to 2020-21 is presented in **Table 2.4** and **Chart 2.6**.

**Chart 2.6: Growth of Own Tax Revenue during 2016-17 to 2020-21**



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

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21
State Goods and Services Tax (SGST)	-	13,621	19,187	19,465	15,676
Taxes on Sales, Trade, etc.	21,144	11,149	5,886	5,475	4,411
State Excise	4,251	4,453	5,028	5,068	4,108
Taxes on Vehicles	1,809	2,116	2,055	1,948	1,676
Stamp duty and Registration fee	3,144	4,117	4,459	4,606	3,549
Land Revenue	2	2	0	3	4
Other Taxes <sup>6</sup>	790	259	10	1	1
<b>Tax Revenue</b>	<b>31,140</b>	<b>35,717</b>	<b>36,625</b>	<b>36,566</b>	<b>29,425</b>

Source: Finance Accounts of the respective years

**Table 2.5: GNCTD's actual own tax revenue vis-à-vis BE for the year 2020-21**

(₹ in crore)

Revenue head	BE	Actuals	Difference between BE and Actuals	Percentage (+) Excess (-) Shortfall
State Goods and Services Tax (SGST)	23,800	15,676	(-)8,124	(-) 34.13
Taxes on Sales, Trade, etc.	6,200	4,411	(-)1,789	(-) 28.85
State Excise	6,300	4,108	(-)2,192	(-) 34.79
Taxes on Vehicles	2,500	1,676	(-)824	(-) 32.96
Stamp duty and Registration fee	5,297	3,549	(-)1,748	(-) 33
Land Revenue	3	4	(+)1	(+)33.33
Other taxes	0	1		-
<b>Total</b>	<b>44,100</b>	<b>29,425</b>	<b>(-)14,675</b>	<b>(-) 33.28</b>

During 2020-21, there was shortfall in all revenue heads (except Land revenue) vis-à-vis the Budget estimates.

### 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 2.6** and **Chart 2.7**.

<sup>6</sup> Other taxes include Entertainment tax, Betting tax, Luxury tax and Cable tax.

**Table 2.6: 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**	Total Amount received	Compensation received ***	Loan against compensation
April 2020	2693	10.31	227.44	80.07	1.76	319.58	7264.45	
May 2020	2693	9.02	494.04	585.58	1.10	1089.74		
June 2020	2693	-3.38	758.60	329.05	1.02	1085.29		
July 2020	2693	5.79	650.63	685.13	0.55	1342.10		
August 2020	2693	15.77	676.73	528.08	0.03	1220.61		
September 2020	2693	10.05	743.80	481.73	0.06	1235.64		
October 2020	2693	9.80	777.15	613.03	0.01	1399.99		
November 2020	2693	-4.13	811.80	444.10	0.08	1251.85		1706.93
December 2020	2693	-10.98	801.49	412.11	0.01	1202.63		1611.08
January 2021	2693	18.78	862.15	562.67	0.03	1443.63		1277.24
February 2021	2693	2.35	276.75	1612.07	0.07	1891.24		904.71
March 2021	2693	18.69	922.95	1338.99	0.09	2280.72		365.04
<b>Total</b>	<b>32316</b>	<b>82.07</b>	<b>8003.53</b>	<b>7672.61</b>	<b>4.81</b>	<b>15763.02</b>		<b>7264.45</b>

\* Includes VAT & CST excluding Petroleum and Liquor.

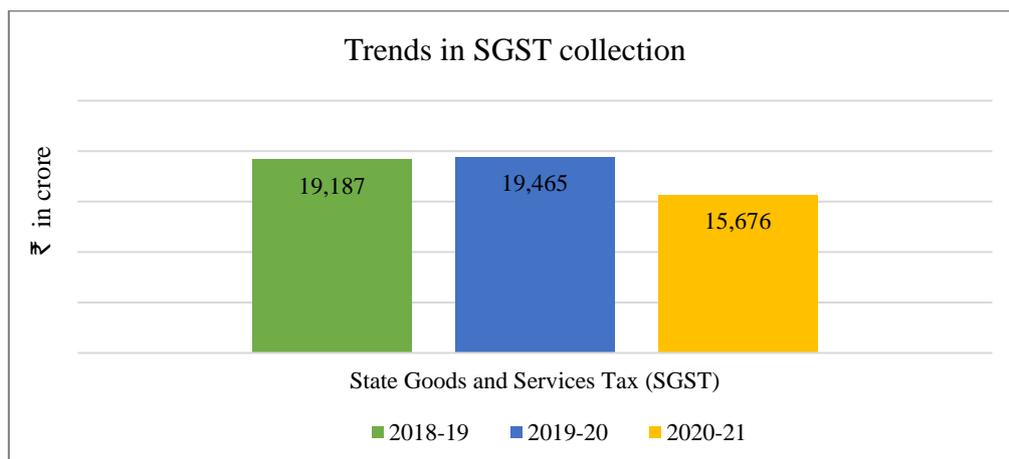
\*\*Other Taxes includes Entertainment Tax and Cable Tax, Lottery, Betting & Gambling Tax and Duties of Excise on medicinal and toilet preparations.

\*\*\* As per Finance Accounts, ₹ 5,521.65 crore was received during FY 2020-21. This include ₹ 2,160 crore pertained to FY 2019-20 and ₹ 3,902.80 crore was received during the current year 2021-22. (₹ 5,521.65 crore - ₹ 2160 crore + ₹ 3,902.80 crore = ₹ 7,264.45 crore).

The projected revenue for the year 2020-21 in accordance with annual growth of 14 per cent was ₹ 32,316 crore. Against this, the revenue receipts of the Government of NCT of Delhi under GST during the year 2020-21 was ₹ 15,763.02 crore and compensation received was ₹ 7,264.45 crore and loan<sup>7</sup> against compensation was ₹ 5,865 crore as detailed in **Table 2.6**. Thus, overall there was deficit of ₹ 3,423.52 crore in receipt of GST compensation as on 31 March 2021.

<sup>7</sup> As per the condition of the loan condition communicated by GoI to States (August 2020) as part of the option for GST compensation, the debt servicing of the loan has to be done from the collection of the cess in 'GST compensation fund' and repayment obligation will not be met from any other resources of the State.

Chart 2.7: Trends in SGST collection



SGST collection decreased by ₹ 3,789 crore (19.47 per cent) from ₹ 19,465 crore in 2019-20 to ₹ 15,676 crore in 2020-21.

The Department of Goods and Services Tax stated (September 2021) that the SGST collection decreased due to lockdown and other effects of COVID pandemic.

### 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 2018-19, 2019-20 and 2020-21 are given in **Table 2.7**:

**Table 2.7: IGST trends for the period 2018-19 to 2020-21**

Head	(₹ in crore)		
	2018-19	2019-20	2020-21
Input Tax Credit	2,419	3,501	2626
Apportionment of IGST	3,607	4,239	3454
Advance Apportionment of IGST	2,582	157	1593
<b>Total</b>	<b>8608</b>	<b>7897</b>	<b>7673</b>

### Arrears of revenue

Arrears of revenue indicate delayed realisation of revenue due to the Government. The details of arrears of revenue as on 31 March 2021 under the Major Head 0040-Taxes on Sales, Trade, etc., as per information furnished by the Department of Trade and Taxes, GNCTD amounted to ₹ 76,555 crore of which ₹ 24,517 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 2.8**.

**Table 2.8: Arrears of assessment**

Head of Revenue	Opening Balances of cases	New cases due for assessment during 2020-21	Total assessments due	Cases disposed of during 2020-21	Balance at the end of the year	Percentage of Disposal
0040 Taxes on Sales, Trade etc.	0	3,82,034	3,82,034	3,82,034	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. Cases of evasion of tax detected and details of refund cases for the year 2020-21 are depicted in **Table 2.9** and **Table 2.10**.

**Table 2.9: Evasion of tax detected**

Head of revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	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 2021
				No. of cases	Amount of demand (₹ in crore)	
GST	07	2632	2639	2403	(a) 36.92 (b) 28.31	236

Source: Department of Trade and Taxes, GNCTD

**Table 2.10: Details of refund cases for the year 2020-21**

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	- (#)		17,759	1,344.59
2	Claims received during the year	32902	4366.79	8	4.36
3	Refunds made during the year	21372	1664.37	3,096	108.80
4	Refunds rejected/set off/adjusted during the year	*	1830.32	1,339	10.09
5	Balance outstanding at the end of year	5266	1312.37	14,671	1,230.06

# Closing balance was not intimated by the Department for the year 2019-20.

\*Information in respect of no. of rejected cases was not available with the Department

### 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 2.11** and **Chart 2.8**.

**Table 2.11 Components of NCT of Delhi's non-tax revenue**

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Interest Receipts</b>	<b>82</b>	<b>396</b>	<b>113</b>	<b>404</b>	<b>468</b>
<b>Dividends and profits</b>	<b>11</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>10</b>
<b>Other Non-tax receipts</b>	<b>288</b>	<b>354</b>	<b>516</b>	<b>677</b>	<b>502</b>
a) Public Works	22	14	18	13	43
b) Education	24	26	29	27	79
c) Medical & Public health	60	89	103	112	95
d) Power	21	26	53	87	33
e) Others etc.	161	199	313	438	252
<b>Total Non-tax Revenue</b>	<b>381</b>	<b>766</b>	<b>644</b>	<b>1,097</b>	<b>980</b>

Source: Finance Accounts of respective years

Non-tax revenue increased by 157.22 *per cent* from ₹ 381 crore in 2016-17 to ₹ 980 crore in 2020-21. Non-tax revenue which constituted 2.34 *per cent* of revenue receipts (₹ 41,864 crore) during 2020-21 decreased by ₹ 117 crore (10.67 *per cent*) over the previous year mainly on account of decrease in other non-tax receipts by 25.85 *per cent* over the previous year.

GNCTD's actual own non-tax revenue vis-à-vis BE for the year 2020-21 is shown in **Table 2.12**.

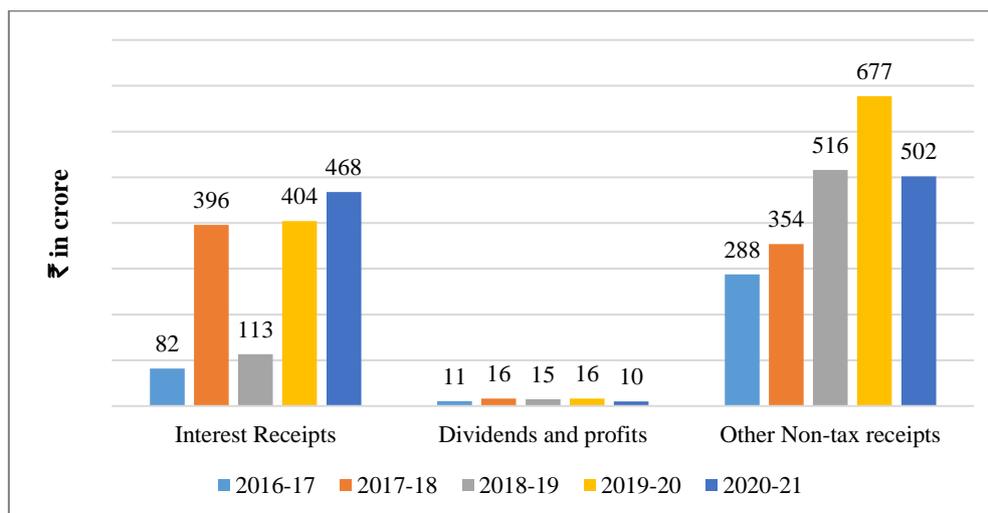
**Table 2.12: GNCTD's actual own non-tax revenue vis-à-vis BE for the year 2020-21**

(₹ in crore)

Revenue head	BE	Actuals	Difference between BE and Actuals	Percentage (+) Excess (-) Shortfall
Interest Receipts	330.00	468	(+)138	(+) 41.82
Dividends and profits	25.00	10	(-)15	(-) 60
Other Non-tax receipts	445	502	(+) 57	(+) 12.81
<b>Total</b>	<b>800</b>	<b>980</b>	<b>(+) 180</b>	<b>(+) 22.5</b>

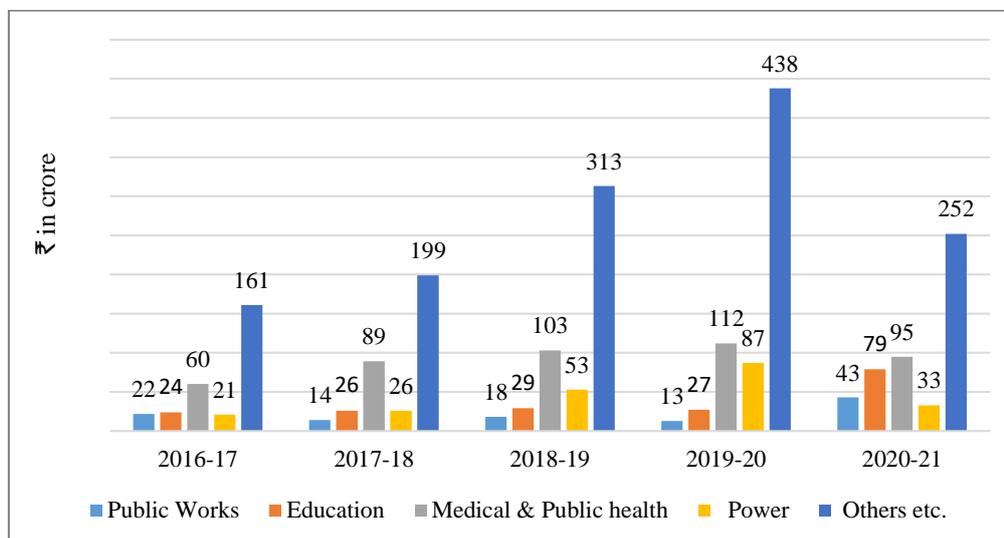
During 2020-21, there was shortfall in the revenue head (Dividend and profits) *vis-à-vis* the Budget estimates

**Chart 2.8: Trends in Non-Tax Revenue Heads**



Other non-tax receipts increased by ₹ 214 crore (74.31 per cent) during 2016-17 to 2020-21. The decrease in other non-tax receipts by ₹ 175 crore (25.85 per cent) during 2020-21 over the previous year was mainly due to decrease of non-tax revenue receipts from general services under the heads viz. Public Service Commission, 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

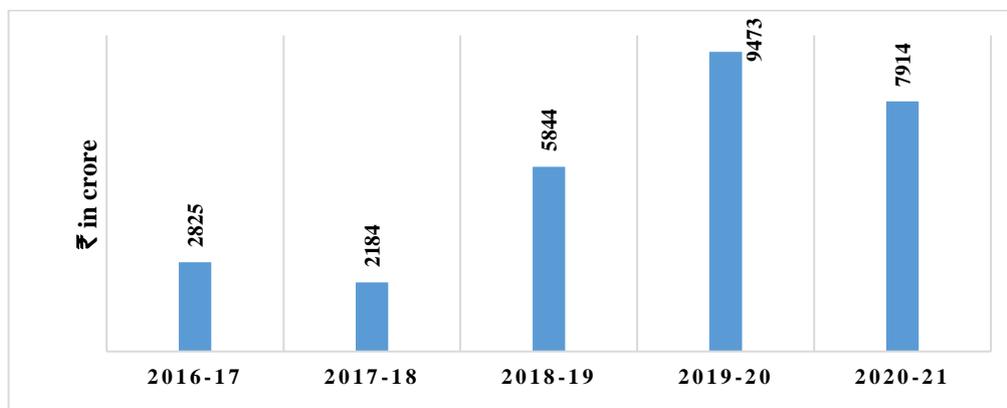
Government of India discontinued Plan and Non-plan classification for providing Grants-in-Aid (GIA) to States during 2017-18. During 2020-21, GNCTD received Grants-in-Aid from GoI amounting to ₹ 11,459 crore (110 per cent) against the BE of ₹ 10,409 crore. The details of GIA from GoI are in **Table 2.13**:

**Table 2.13: Grants-in-aid from Government of India**

(₹ in crore)					
Head	2016-17	2017-18	2018-19	2019-20	2020-21
Centrally Sponsored Schemes (CSS)	1,156.28	527.27	807.03	1,169.48	1,441.46
Normal Central Plan Assistance (block grants)	462.89	412.98	449.99	472.00	626.00
Other Grants	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	5,521.65
National Social Assistance programme (NSAP)	81.73	54.59	NSAP scheme merged in CSS w.e.f 2018-19	NSAP scheme merged in CSS w.e.f 2018-19	NSAP scheme merged in CSS w.e.f 2018-19
Central Road Fund (CRF)	5.54	1.16	-	-	-
Other Grants (Plan)	-	-	-	-	-
Contribution to the Delhi Disaster Response Fund	-	-	-	-	161.49
Reversal of IGST Devolution and Appropriation of Balance IGST	-	-	-	-	3383.00
<b>Total</b>	<b>2,825.15</b>	<b>2,184.30</b>	<b>5,843.77</b>	<b>9,473.04</b>	<b>11,458.60</b>
Percentage of GIA to Revenue Receipts	<b>8.23</b>	<b>5.65</b>	<b>13.55</b>	<b>20.10</b>	<b>27.37</b>

Source: Finance Accounts of respective years

GIA from GoI increased from ₹ 2,825 crore in 2016-17 to ₹ 11,459 crore (305.63 per cent) in 2020-21. GIA from GoI increased by ₹ 1,986 crore (20.96 per cent) in 2020-21 over the previous year. This was mainly due to release of ₹ 3,383 crore under the head 'Reversal of IGST Devolution and Appropriation of Balance IGST'. 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 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 2016-17 to 2020-21 is shown in **Chart 2.10**.

**Chart 2.10: Trend in Grants-in-Aid**

To verify the Utilisation of Grants in Aid received from GoI, under Centrally Sponsored Schemes, five schemes were selected for detailed study. The audit observations are as under:

**(i) NDMC Smart City:**

Rule 238(1) of GFR, 2017 stipulates that Utilization Certificates (UCs) should be submitted within 12 months of the closure of the financial year by the Institution or Organisation for grants released during a year for specific purposes.

Ministry of Housing and Urban Affairs (MoHUA), GoI released ₹ 294.00 crore to GNCTD between 2015-16 and 2020-21 for development of New Delhi Municipal Corporation (NDMC) as Smart City under the Smart Cities Mission (SCM). Audit noted that out of ₹ 294.00 crore, NDMC has incurred expenditure of ₹ 203.63 crore as on 31 March 2021, leaving an unspent balance of ₹ 90.37 crore.

Department of Urban Development (UD), GNCTD stated (October 2021) that NDMC submits UCs against the SCM to MoHUA, GoI directly. However, in the absence of availability of detailed expenditure and UCs with Department of UD, GNCTD Audit could not ascertain that NDMC has utilized the Grants-in-Aid for the purpose for which it was sanctioned.

The matter was reported to the department in October 2021, their reply is still awaited (December 2021).

**(ii) Delhi State Health Mission (DSHM):**

Delhi State Health Mission (DSHM) received Grants-in-Aid of ₹ 797.51 crore during 2020-21, under two Centrally Sponsored Schemes i.e., Covid-19 Emergency Response and Health System Preparedness Package under NRHM (₹ 787.91 crore) and Covid-19 Vaccination for Health Care Workers and Frontline Workers (₹ 3.46 crore + ₹ 6.14 crore = ₹ 9.60 crore).

Audit noted that against the total grants of ₹ 797.51 crore, grants amounting to ₹ 136.45 crore and ₹ 6.14 crore were released at the fag end of the year i.e. on 26 and 31 March 2021, respectively, and could not be utilized for the purpose by the department. Moreover, against the total grant of ₹ 797.51 crore received during the year 2020-21, expenditure of ₹ 542.88 crore was made resulting in savings of ₹ 254.63 crore (31.93 per cent).

DSHM stated (October 2021) that expenditure could not be incurred due to delay in release of the final instalment by the GoI. It also added that payments of all committed expenditure of the activity done in 2020-21 were made in the first and second quarter of 2021-22. The reply is not satisfactory as though amount of ₹ 142.59 crore (₹ 136.45 crore + ₹ 6.14 crore) was received at the fag end of the year, but the balance amount of ₹ 112.04 crore (₹ 254.63 crore - ₹ 142.59 crore) received for the purpose of Covid-19 Emergency response and

Covid-19 vaccination for health care and frontline workers could not be utilised for the purpose it was received. Besides out of grant of ₹ 3.46 crore received in January 2021 for Covid-19 vaccination, the department incurred only ₹ 0.04 crore (1.16 per cent) during 2020-21 and defeated the very purpose of grant.

**(iii) Delhi Police Service Society:**

Delhi Police Service Society received a GIA of ₹ 333.27 crore (₹ 64.67 crore on 2 March 2019 and ₹ 268.60 crore on 26 September 2019) for the implementation of Safe City Project for Safety of Women by Delhi Police (Nirbhaya Fund) during the year 2019-20.

Audit noted that out of ₹ 333.27 crore, Delhi Police released ₹ 45 crore as an advance payment (Mobilisation fund) to Centre for Development of Advanced Computing (C-DAC), Pune, on 27 September, 2019, leaving a closing balance of ₹ 301.88 crore as on 31 March 2021, including the interest accrued of ₹ 13.61 crore (during the years 2019-20 and 2020-21).

Delhi Police stated (October 2021) that due to delay in selection of Master System Integrator (MSI) and Internet service provider (ISP) by C-DAC, funds could not be utilised during 2019-20 and 2020-21.

**(iv) Mid-Day Meal Scheme and Samagra Shiksha for Elementary Education:**

Department of School Education and Literacy, Ministry of Education, GoI released GIA of ₹ 78.68 crore (General and ST component) during the year 2020-21 to Directorate of Education, GNCTD under the National Programme of Mid-Day meal in schools. However, Audit noted that out of GIA of ₹ 78.68 crore, grant of ₹ 16.33 crore was received only in the month of March 2021. As a result, the grant could not be further disbursed to the scheme implementing agencies for the purpose it was sanctioned.

Similarly, Ministry of Human Resource and Development, Department of School Education and Literacy, GoI also released GIA of ₹ 118.91 crore during the year 2020-21 to Directorate of Education, GNCTD under the Samagra Shiksha for Elementary Education. However, it was noted that out of GIA of ₹ 118.91 crore grant of ₹ 12.13 crore were received only on 27 March 2021. As a result the grant could not be utilized during 2020-21.

**(v) Integrated Child Development Services (ICDS) and Supplementary Nutrition Programme (SNP)**

During 2020-21, Govt. of NCT Delhi received GIA of ₹ 35.47 crore and ₹ 65.40 crore, under the Integrated Child Development Services (ICDS) and Supplementary Nutrition Programme (SNP) respectively from Ministry of Women and Child Development, GoI.

However, Audit noted that against the GIA of ₹ 35.47 crore under ICDS, Department incurred an expenditure of ₹ 70.92 crore against the total availability of ₹ 63.69<sup>8</sup> crore. Similarly, against the GIA of ₹ 65.40 crore under SNP, Department incurred an expenditure of ₹ 71.79 crore against the total availability of ₹ 41.18<sup>9</sup> crore.

Thus, there was an excess expenditure of ₹ 7.23 crore and ₹ 30.61 crore under the ICDS and SNP respectively.

Department stated (October 2021) that due to increase in the number of beneficiaries, fund remained insufficient and there was excess expenditure which was met from the state share. It also added that the excess expenditure will be adjusted in the next financial year after receiving funds from GoI. However, the approval of competent authority to meet out the excess expenditure from the state share was not found on the records of the department. Moreover, the intimation regarding increase in the number of beneficiaries to Ministry of Women and Child Development, GoI, was also not available.

The matter was reported to the department in October 2021 their reply is still awaited (December 2021).

### 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 (2016-17 to 2020-21) are detailed in **Table 2.14:**

**Table 2.14: Trends in growth and composition of Capital Receipts**

Sources of NCT of Delhi's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Capital Receipts (debt and non-debt)</b>	<b>1,908</b>	<b>2,597</b>	<b>4,524</b>	<b>5,588</b>	<b>15,996</b>
Recoveries of Loans and Advances (non-debt)	212	691	1,644	823	631
<b>Net Public Debt Receipts</b>	<b>41</b>	<b>224</b>	<b>(-756)</b>	<b>1,954</b>	<b>12,100</b>
Internal Debt <sup>10</sup>	-	-	-	-	-
Growth rate	-	-	-	-	-
Loans and advances from GoI (debt)	1,696	1,906	2,880	4,765	15,365
Rate of growth of debt Capital Receipts	(-)24.32	12.38	51.10	65.45	99.37 <sup>11</sup>
Rate of growth of non-debt capital receipts	155.42	225.94	137.92	(-)49.94	(-)23.33
Rate of growth of GSDP	11.85	10.03	10.78	10.64	(-)3.92
Rate of growth of Capital Receipts (per cent)	(-)17.90	36.11	74.20	23.52	186.26

Source: Directorate of Economic and Statistics and Finance Accounts of respective years

<sup>8</sup> Unspent balance of ₹ 28.22 crore (2019-20) plus ₹ 35.47 crore (2020-21)

<sup>9</sup> Excess expenditure of ₹ 24.22 crore (2019-20) plus ₹ 65.40 crore (2020-21)

<sup>10</sup> There is no internal debt of Government of NCT of Delhi.

<sup>11</sup> Arrived at after exclusion of GST compensation of ₹ 5,865 crore received as back to back loans under debt receipts

Non-debt capital receipts i.e. Recoveries of Loans and Advances decreased by 23.33 per cent from ₹ 823 crore in 2019-20 to ₹ 631 crore in 2020-21. Debt capital receipt i.e. Loans and Advances from GoI increased by 99.37<sup>12</sup> per cent from ₹ 4,765 crore in 2019-20 to ₹ 15,365 crore in 2020-21.

## 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.

### 2.4.1 Growth and Composition of Expenditure

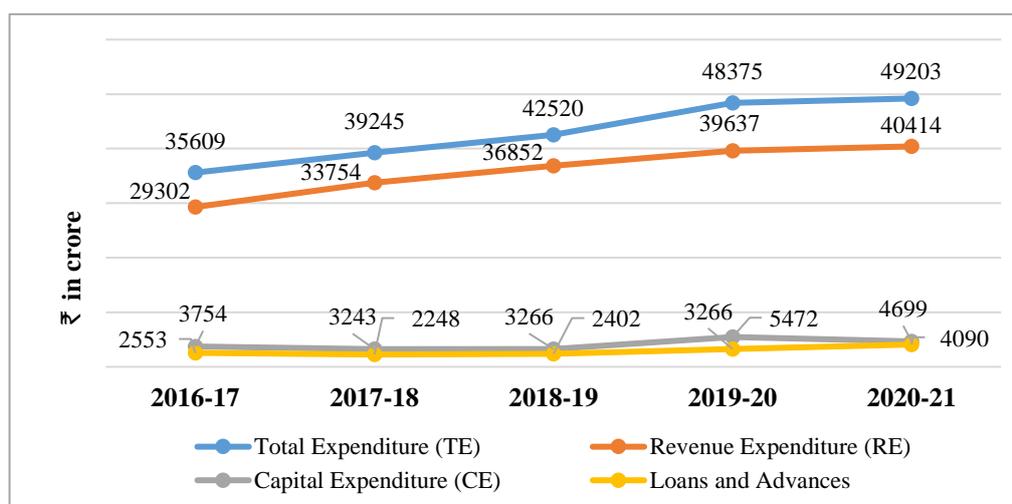
Trends and composition of total expenditure over the last five years (2016-17 to 2020-21) are shown in Table 2.15 and Chart 2.11.

**Table 2.15: Total expenditure and its composition**

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Expenditure (TE)</b>	35,609	39,245	42,520	48,375	49,203
<b>Revenue Expenditure (RE)</b>	29,302	33,754	36,852	39,637	40,414
<b>Capital Expenditure (CE)</b>	3,754	3,243	3,266	5,472	4,699
<b>Loans and Advances</b>	2,553	2,248	2,402	3,266	4,090
(₹ in crore)					
<b>As a percentage of GSDP</b>					
<b>TE/GSDP</b>	5.78	5.79	5.66	5.82	6.16
<b>RE/GSDP</b>	4.76	4.98	4.91	4.77	5.06
<b>CE/GSDP</b>	0.61	0.48	0.43	0.66	0.59
<b>Loans and Advances/GSDP</b>	0.41	0.33	0.32	0.39	0.51

Source: Finance Accounts of respective years

**Chart 2.11: Total expenditure: Trends and Composition**



Source: Finance Accounts of respective years

<sup>12</sup> Arrived at after exclusion of GST compensation of ₹ 5,865 crore received as back to back loans under debt receipts

It can be seen from the chart that the total expenditure continuously increased from ₹ 35,609 crore during 2016-17 to ₹ 49,203 crore during 2020-21 at a Compound Annual Growth rate (CAGR) of 6.68 per cent.

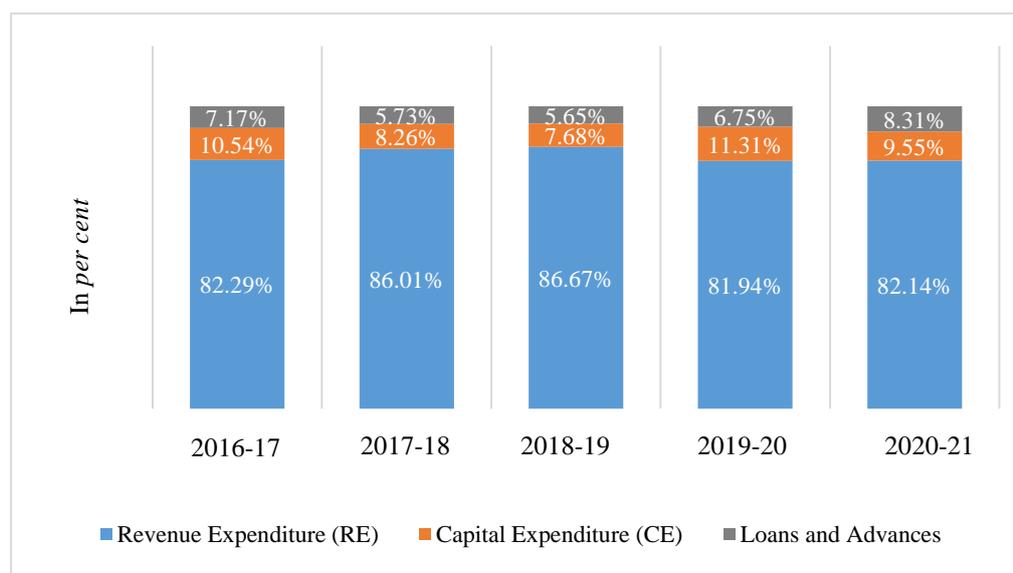
Similarly, the revenue expenditure continuously increased from ₹ 29,302 crore during 2016-17 to ₹ 40,414 crore during 2020-21 at a CAGR of 6.64 per cent. The capital expenditure displayed inter-year fluctuation which ranged between ₹ 3,243 crore (2017-18) and ₹ 5,472 crore (2019-20).

Further disbursement of loans and advances also displayed inter-year fluctuation which ranged between ₹ 2,248 crore and ₹ 4,090 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 82.14 per cent of the total expenditure whereas capital expenditure and disbursement of loans and advances were 9.55 per cent and 8.31 per cent respectively for the year 2020-21.

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



Source: Finance Accounts of respective years

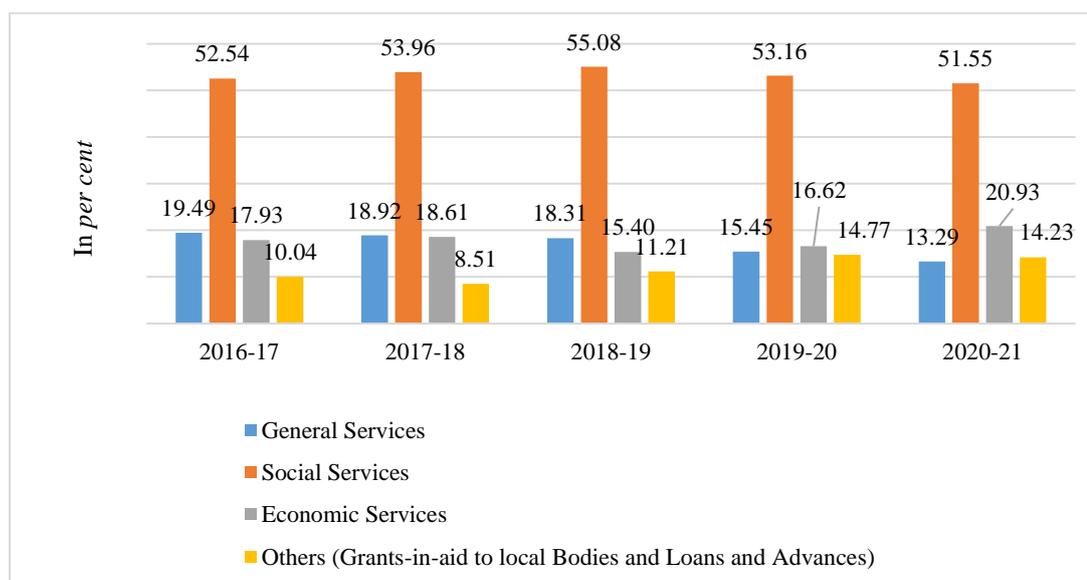
### Relative share of various sectors of expenditure

Relative shares of various sectors of expenditure are shown in **Table 2.16**. The share of general services in total expenditure (excluding public debt) decreased from 15.45 per cent in 2019-20 to 13.29 per cent in 2020-21.

**Table 2.16: Relative share of various sectors of expenditure out of total expenditure (excluding public debt)**

(In per cent)					
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services <sup>13</sup>	19.49	18.92	18.31	15.45	13.29
Social Services <sup>14</sup>	52.54	53.96	55.08	53.16	51.55
Economic Services <sup>15</sup>	17.93	18.61	15.40	16.62	20.93
Others (Grants-in-aid and contribution to local bodies and Loans and Advances to Institutions, Departments, etc., of GNCTD)	10.04	8.51	11.21	14.77	14.23

Share of social services decreased from 53.16 *per cent* in 2019-20 to 51.55 *per cent* in 2020-21. Also the share of economic services increased from 16.62 *per cent* in 2019-20 to 20.93 *per cent* in 2020-21. Total expenditure on disbursement of loans and advances and grants to local bodies decreased marginally from 14.77 *per cent* in 2019-20 to 14.23 *per cent* in 2020-21. Total expenditure by activities is shown in **Chart 2.13**.

**Chart 2.13: Total expenditure - Expenditure by activities**

## 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 2.17** presents the revenue expenditure over five years (2016-17 to 2020-21). Revenue expenditure

<sup>13</sup> Includes Administration and Fiscal services such as Land revenue, Excise & GST, Police, Jails, Public works, etc.

<sup>14</sup> Includes Education, Health and family welfare, Water supply, Sanitation, Housing, Urban development, Labour welfare, Social welfare etc.

<sup>15</sup> Includes Agriculture and allied activities, Rural development, Irrigation & Flood control, etc.

increased by 37.92 per cent from ₹ 29,302 crore in 2016-17 to ₹ 40,414 crore in 2020-21. As a percentage of GSDP, revenue expenditure increased from 4.76 per cent in 2016-17 to 5.06 per cent in 2020-21. Revenue expenditure increased by 1.96 per cent from ₹ 39,637 crore in 2019-20 to ₹ 40,414 crore in 2020-21 mainly due to increase in revenue expenditure on economic services from ₹ 6,530 crore in 2019-20 to ₹ 8,514 crore in 2020-21 (30.38 per cent) and on social services from ₹ 22,145 crore in 2019-20 to ₹ 22,693 crore in 2020-21 (2.47 per cent).

**Table 2.17: Revenue Expenditure – Basic Parameters**

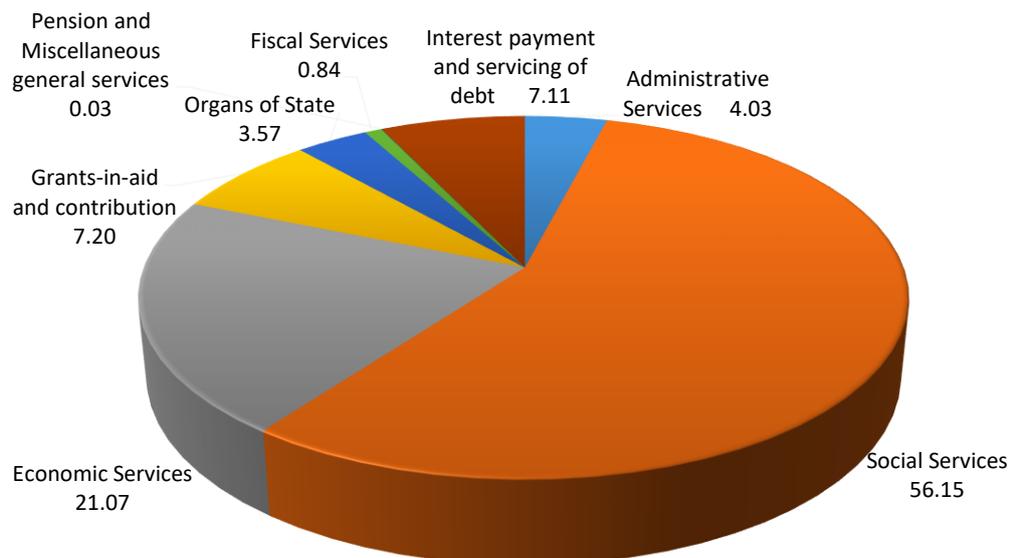
(₹ in crore)					
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Expenditure (TE)</b>	35,609	39,245	42,520	48,375	49,203
<b>Revenue Expenditure (RE)</b>	29,302	33,754	36,852	39,637	40,414
<b>Rate of Growth of RE from previous year (per cent)</b>	11.23	15.19	9.18	7.56	1.96
<b>Revenue Expenditure as percentage of TE</b>	82.29	86.01	86.67	81.94	82.14
<b>Gross State Domestic Product (2011-12 Series)</b>	6,16,085	6,77,900	7,50,962	8,30,872	7,98,310
<b>Rate of growth of GSDP (per cent)</b>	11.85	10.03	10.78	10.64	-3.92
<b>RE/GSDP (per cent)</b>	4.76	4.98	4.91	4.77	5.06
<b>RE as percentage of Revenue Receipt</b>	85.31	87.29	85.48	84.09	96.54
<b>Buoyancy of Revenue Expenditure</b>					
<b>Revenue expenditure buoyancy w.r.t GSDP (ratio)</b>	0.95	1.51	0.85	0.71	(-) 0.50
<b>Revenue expenditure buoyancy w.r.t Revenue Receipts (ratio)</b>	(-) 6.01	1.21	0.80	0.81	(-) 0.18

Source: Finance Accounts of respective years.

It can be seen from the above **Table 2.17**, buoyancy of revenue expenditure with GSDP (ratio) decreased by 1.21 percentage points during 2020-21 over the previous year.

Similarly, buoyancy of revenue expenditure with revenue receipts (ratio) decreased by 0.99 percentage points during 2020-21 over the previous year.

Sector-wise distribution of revenue expenditure for the period 2020-21 is shown in **Chart 2.14**.

**Chart 2.14: Sector-wise distribution of revenue expenditure for 2020-21**

#### 2.4.2.1 Major changes in Revenue Expenditure

Variation in revenue expenditure during 2020-21 compared to 2019-20 under major heads of account are shown in **Table 2.18**:

**Table 2.18: Variation in revenue expenditure over major heads during 2020-21 compared to 2019-20**

Major Heads of Account	2019-20	2020-21	(₹ in crore)
			Increase (+)/ Decrease (-) (in per cent)
2040-Taxes on Sales, Trade, etc.	41.38	39.80	(-) 3.82%
2075-Miscellaneous General Services	9.67	9.32	(-) 3.62%
2215-Water Supply and Sanitation	1,415.35	1891.57	33.65%
2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	265.22	51.14	(-) 80.72%
2236 Nutrition	149.42	151.42	1.34%
2501-Special Programmes for Rural Development	6.39	6.21	(-) 2.82%
2216-Housing	102.61	100.41	(-) 2.14%
2515-Other Rural Development Programmes	7.67	7.50	(-) 2.22%

The percentage change in major heads of revenue expenditure shows variations over the period of two years. Revenue expenditure under the Head '2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities' decreased by 80.72 *per cent* from the previous year, while expenditure under the Head '2215-Water Supply and Sanitation' increased by 33.65 *per cent* over the previous year.

### 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 is 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 2.19**:

**Table 2.19: Components of Committed Expenditure**

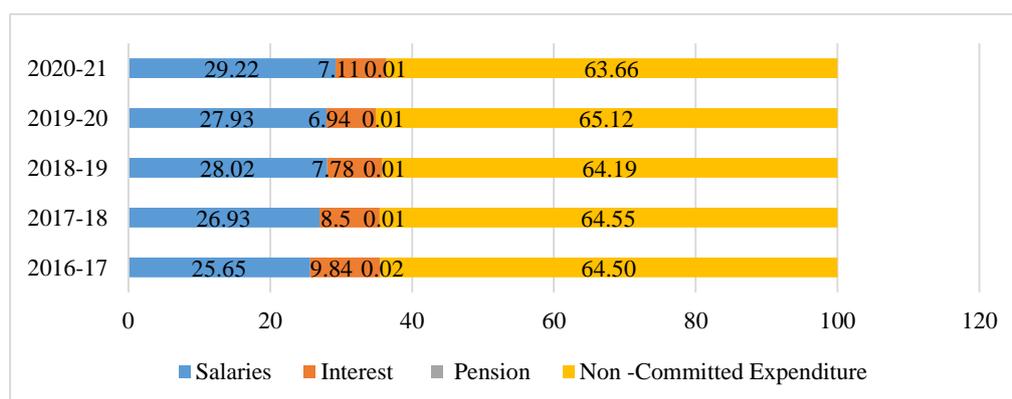
(₹ in crore)

Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries and Wages	7,515.26	9,089.60	10,324.66	11,070.04	11,810.19
Expenditure on Pensions*	5.43	3.84	3.31	3.56	2.67
Interest Payments	2,882.52	2,870.67	2,867.11	2,751.87	2,873.83
<b>Total</b>	<b>10,403.21</b>	<b>11,964.11</b>	<b>13,195.08</b>	<b>13,825.47</b>	<b>14,686.69</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries and Wages	21.88	23.51	23.95	23.49	28.21
Expenditure on Pensions	0.02	0.01	0.01	0.01	0.01
Interest Payments	8.39	7.42	6.65	5.84	6.86
<b>Total</b>	<b>30.29</b>	<b>30.94</b>	<b>30.61</b>	<b>29.34</b>	<b>35.08</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries and Wages	25.65	26.93	28.02	27.93	29.22
Expenditure on Pensions	0.02	0.01	0.01	0.01	0.01
Interest Payments	9.84	8.50	7.78	6.94	7.11
<b>Total</b>	<b>35.51</b>	<b>35.44</b>	<b>35.81</b>	<b>34.88</b>	<b>36.34</b>

\*Pension of Ex-MLAs and freedom fighters in Delhi only, as Pension Liability of GNCTD employees are borne by GoI.

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 2020-21, the Government of NCT of Delhi deposited ₹ 750.08 crore with the NSDL/Trustee Bank against employee's contribution of ₹ 313.83 crore and employer's share of ₹ 436.25 crore. Hence, there was nothing outstanding against the employee as well as employers' contribution during 2020-21 under NPS.

#### 2.4.2.4 Subsidies

GNCTD gives subsidy for female bus commuters through DTC/Cluster buses, to consumers of Delhi Jal Board and DISCOMs, for implementation of Right to Education Act, etc. Expenditure on subsidies by GNCTD are shown in **Table 2.20**. Expenditure on subsidies increased from ₹ 2,160 crore in 2016-17 to ₹ 4,177 crore in 2020-21 (93.38 *per cent*). In 2020-21 expenditure on subsidies increased by 16.25 *per cent* over the previous year.

**Table 2.20: Expenditure on subsidies during 2016-17 to 2020-21**

(₹ in crore)					
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Subsidies</b>	2,160	2,497	2,533	3,593	4,177
<b>Revenue receipts</b>	34,346	38,667	43,113	47,136	41,864
<b>Revenue expenditure</b>	29,302	33,754	36,852	39,637	40,414
<b>Subsidies as a percentage of revenue receipts (in <i>per cent</i>)</b>	6.29	6.46	5.88	7.62	9.98
<b>Subsidies as a percentage of revenue expenditure (in <i>per cent</i>)</b>	7.37	7.40	6.87	9.06	10.34

Subsidies as a percentage of revenue receipts increased from 7.62 *per cent* in 2019-20 to 9.98 *per cent* in 2020-21. Subsidies as a percentage of revenue expenditure increased from 9.06 *per cent* in 2019-20 to 10.34 *per cent* in 2020-21.

Subsidy given by GNCTD to consumers through DISCOMS and Female bus commuters through DTC/Cluster buses during 2016-17 to 2020-21 is given in **Table 2.21**.

**Table 2.21 Trend of subsidy given by the GNCTD for power and free bus travel during 2016-17 to 2020-21**

Year	Power subsidy (₹ in crore)	Free bus travel (₹ in crore)
2016-17	1577.94	Not applicable
2017-18	1676.70	Not applicable
2018-19	1699.71	Not applicable
2019-20	2405.59	44.52
2020-21	2939.99	114.86

Power subsidy given to the DISCOMs consumers increased by 86.32 per cent from ₹ 1,577.94 crore in 2016-17 to ₹ 2,939.99 crore in 2020-21. As compared to 2019-20, the subsidy increased from ₹ 2,405.59 crore to ₹ 2,939.99 crore (22.21 per cent) in 2020-21.

#### 2.4.2.5 Financial Assistance by GNCTD to local bodies and other Institutions

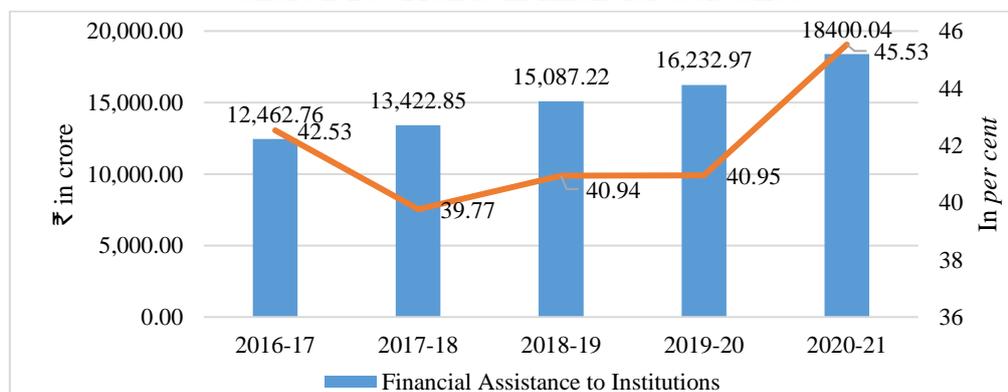
Financial assistance is provided by GNCTD to local bodies and other institutions by way of grants and loans. Details are shown in Table 2.22 and trends in financial assistance are shown in Chart 2.16.

**Table 2.22: Financial Assistance to Local Bodies, etc.**

(₹ in crore)					
Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
<b>(A) Local Bodies</b>					
<b>Municipal Corporations and Municipalities</b>	6,057.07	6,241.68	6,337.30	6,221.62	7,253.15
<b>Total (A)</b>	<b>6,057.07</b>	<b>6,241.68</b>	<b>6,337.30</b>	<b>6,221.62</b>	<b>7,253.15</b>
<b>(B) Others</b>					
<b>Delhi Cantonment Board</b>	25.16	26.27	23.08	14.52	18.68
<b>Delhi Jal Board</b>	1,384.65	1,930.00	2,315.98	2,855.46	4,319.00
<b>Delhi Transport Corporation</b>	1,550.00	2,007.00	1,825.00	2,030.00	2,475.00
<b>Delhi Urban Shelter Improvement Board</b>	307.00	255.53	506.70	378.89	833.26
<b>Others (including Delhi Metro Rail Corporation, Higher Education Institutions, Technical Education Institutions, Hospitals, Road Safety Cell, Technical Education Institutions, etc)</b>	3,138.88	2,962.37	4,079.16	4,732.48	3,500.95
<b>Total (B)</b>	<b>6,405.69</b>	<b>7,181.17</b>	<b>8,749.92</b>	<b>10,011.35</b>	<b>11,146.89</b>
<b>Total (A+B)</b>	<b>12,462.76</b>	<b>13,422.85</b>	<b>15,087.22</b>	<b>16,232.97</b>	<b>18,400.04</b>
<b>Revenue expenditure</b>	29,302.00	33,754.00	36,852.00	39,637.00	40,414.00
<b>Assistance as percentage of revenue expenditure</b>	42.53	39.77	40.94	40.95	45.53

Source: Information received from Principal Accounts Office, GNCTD

**Chart 2.16: Trends in financial assistance**

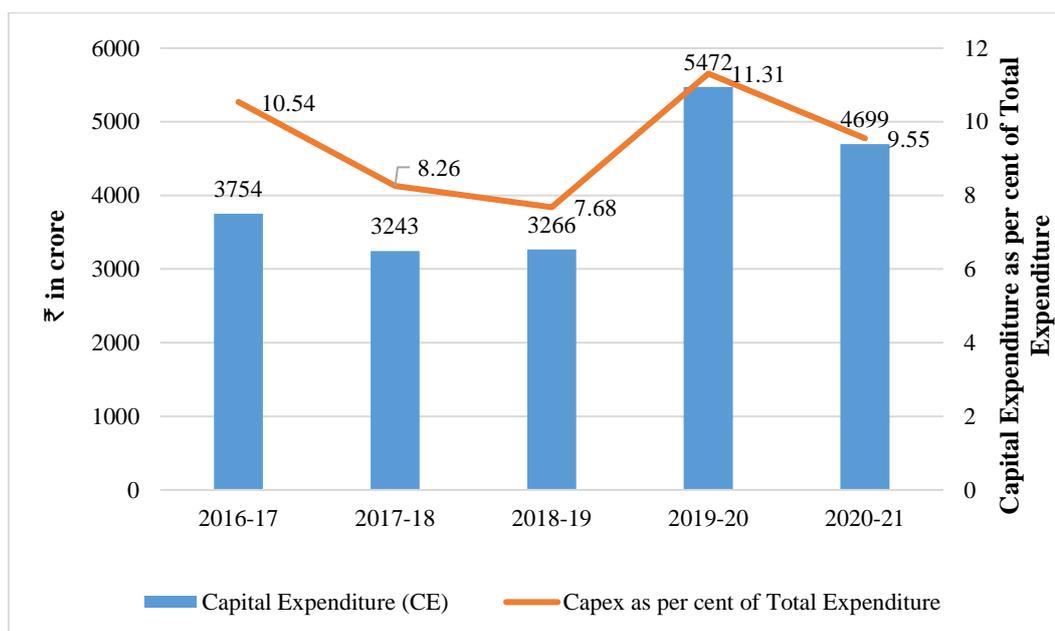


Financial assistance to local bodies and others increased by 13.35 per cent from ₹ 16,232.97 crore in 2019-20 to ₹ 18,400.04 crore in 2020-21. As a percentage of revenue expenditure financial assistance increased from 40.95 per cent in 2019-20 to 45.53 per cent in 2020-21.

### 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 11.31 per cent during the period 2016-21. Capital expenditure decreased from ₹ 5,472 crore to ₹ 4,699 crore (14.13 per cent) in 2020-21 over the previous year.

#### 2.4.3.1 Major Changes in Capital Expenditure

Changes in major heads of capital expenditure are shown in **Table 2.23**:

**Table 2.23: Capital expenditure under major heads of account during 2020-21 compared to 2019-20**

Major Heads of Account	2019-20	2020-21	Increase (+)/ Decrease (-)
5054-Capital Outlay on Roads and Bridges	771.92	934.23	(+) 21.03%
5055-Capital Outlay on Road Transport	282.89	654.85	(+)131.49%
4702-Capital Outlay on Minor Irrigation	0.09	1.29	(+) 1333.33%
4711-Capital Outlay on Flood Control Projects	116.20	102.98	(-)11.38%
4059-Capital Outlay on Public Works	192.62	211.59	(+) 9.85%
4210-Capital Outlay on Medical and Public Health	357.37	536.83	(+) 50.22%

4801-Capital Outlay on Power Projects	2.69	5.73	(+) 113.01%
4202- Capital outlay on Education, Sports, Art and Culture	1298.99	973.15	(-)25.08%
4217-Capital outlay on Urban development	1823.10	1121.53	(-) 38.48%

Source: Finance Accounts of respective years.

Capital outlay on Road Transport (MH 5055) increased by 131.49 *per cent* (₹ 371.96 crore) over the previous year. Capital outlay on medical and public health increased by 50.22 *per cent* due to re-modelling of existing hospitals (₹ 179.77 crore), construction of building for hospitals (₹ 150.59 crore) and public health centres (₹ 35.89 crore). Capital expenditure under the head '5054-Capital outlay on Roads and Bridges' increased by 21.03 *per cent* (₹ 162.31 crore) over the same period. Capital outlay on urban development decreased by 38.48 *per cent*. Similarly, capital outlay on education, sports, art & culture decreased by 25.08 *per cent* over the previous year.

#### 2.4.3.2 Investment and Returns

As of 31 March 2021, the Government had invested ₹ 19,911 crore in Government companies and co-operative institutions. The increase in investment in 2020-21 over the previous year was by ₹ 500 crore on account of investment made in Delhi Metro Rail Corporation Ltd. The return on investment was 0.05 *per cent* in 2020-21 whereas Government paid interest at the average rate of 7.04 *per cent* on its borrowings during 2020-21. The details are given in **Table 2.24**:

**Table 2.24: Return on Investment**

(₹ in crore)

Investment/return/cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Investment at the end of the year (₹ in crore)	18,933	19,173	19,261	19,411	19,911
Return (₹ in crore)	11.28	15.91	14.31	15.84	9.80
Return ( <i>per cent</i> )	0.06	0.08	0.07	0.08	0.05
Average rate of interest on Government borrowings ( <i>per cent</i> )	8.65	8.58	8.64	8.14	7.04
Difference between interest rate and return ( <i>per cent</i> )	8.59	8.50	8.57	8.06	6.99
<b>Difference between interest on Government borrowings and return on investment (₹ in crore)#</b>	<b>1,626</b>	<b>1,630</b>	<b>1,651</b>	<b>1,565</b>	<b>1,392</b>

Source: Finance Accounts of respective years

#Investment at the end of the year

Government investments increased by 5.17 *per cent* over a period of five years from 2016-17 to 2020-21. GNCTD paid interest rate ranging from 7.04 *per cent* to 8.65 *per cent* on its borrowings during 2016-17 to 2020-21, whereas the percentage of return from investments ranged between 0.05 *per cent* and 0.08 *per cent* (at historical cost) during the same period. The loans disbursed and recovered during five years are given in **Table 2.25**.

**Table 2.25: Quantum of loans disbursed and recovered during five years**

(₹ in crore)

Quantum of loans disbursed and recovered	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance of loans outstanding	59,915	62,255	63,812	64,570	67,014
Amount advanced during the year	2,553	2,248	2,402	3,266	4,090
Amount recovered during the year	213	691	1,644	823	631
Closing balance of the loans outstanding	62,255	63,812	64,570	67,014	70,473
Net addition	2,340	1,557	758	2,443	3,459
Interest received	82	396	113	404	468
Interest receipts as percentage of outstanding loans and advances	0.13	0.62	0.18	0.60	0.66
Rate of interest paid on the outstanding borrowings of the Government ( <i>per cent</i> )	8.64	8.55	8.74	7.92	6.13
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	8.51	7.93	8.56	7.32	5.47

### 2.4.3.3 Reconciliation of Equity and Loans outstanding of State Public Sector Undertakings (PSUs), GNCTD with figures in Finance Accounts

The figures in respect of equity and loans outstanding as per records of State PSUs should agree with the figures appearing in the Finance Accounts of GNCTD. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. Audit noted difference in the figures of 'Equity and loan outstanding of State PSUs' as per records of State PSUs and those appearing in Finance Accounts, 2020-21 of GNCTD as shown in **Table 2.26**.

**Table 2.26: Equity and Loans outstanding as per Finance Accounts vis-à-vis records of State PSUs**

(₹ in crore)

Particulars	Equity and Loans outstanding		Difference
	As per Finance Accounts	As per records of PSUs	
Total Equity	9297.90	9202.48	95.42
Total Loans	15820.20	15185.76	4.44

Source: Records of State PSUs and Finance Accounts, GNCTD

The differences between the figures in equity relates to DTIDC (₹ 95.42 crore) whereas difference in figures in loans related to DSFDC (₹ 1.58 crore), DSCSC (₹ 2.22 crore), DTTDC (₹ 3.15 crore) and PPCL (₹ -2.51 crore).

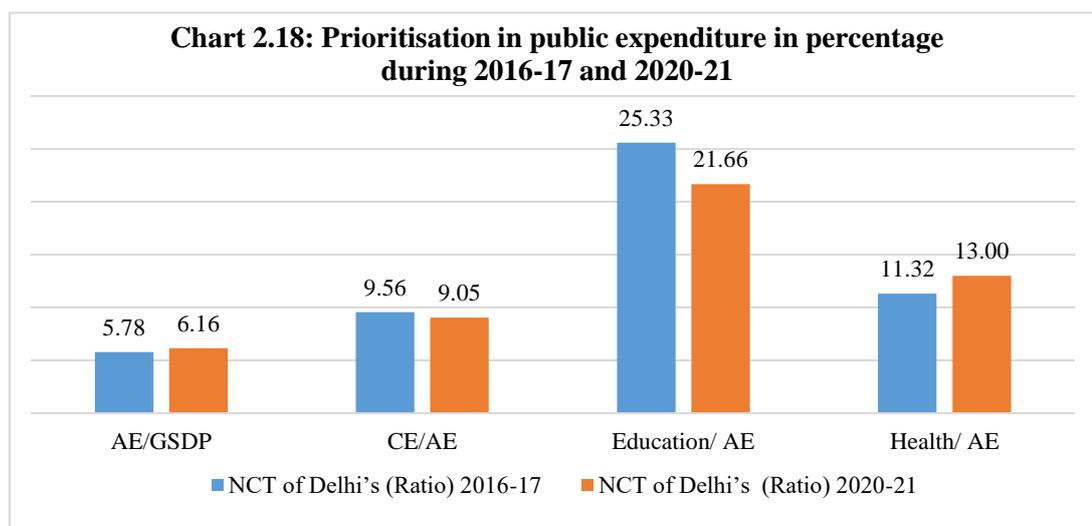
**It is recommended that the State Government and the PSUs reconcile these differences in a time-bound manner.**

#### 2.4.4 Adequacy of Public Expenditure

Table 2.27 and Chart 2.18 shows the fiscal priority of the Government of NCT of Delhi with regard to capital expenditure, expenditure on education and on health during the year 2016-17 and 2020-21.

**Table 2.27: Fiscal priority of GNCTD in 2016-17 and 2020-21**

(In per cent)				
Fiscal Priority by the State	AE/GSDP	CE/AE	Education/AE	Health/AE
NCT of Delhi's (Ratio) 2016-17	5.78	9.56	25.33	11.32
NCT of Delhi's (Ratio) 2020-21	6.16	9.05	21.66	13.00
AE: Aggregate Expenditure, CE: Capital Expenditure (on Social and Economic Services)				



Aggregate expenditure as a proportion of GSDP increased to 6.16 per cent in 2020-21 from 5.78 per cent in 2016-17. Share of expenditure on health in total expenditure have also registered increase during this period. However, share of capital expenditure on social services and economic services decreased from 9.56 per cent to 9.05 per cent and share of expenditure on education in total expenditure decreased from 25.33 per cent to 21.66 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 2.28 gives a time series analysis of the debt profile of the Government of NCT of Delhi for the last five years.

**Table 2.28: 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
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
2020-21	34,766.84	15,365.00	3,265.17	46,866.67	12,099.83	34.80

The effective outstanding debt at the end of 2020-21 would be ₹ 41,002 crore (₹ 46,867 crore - ₹ 5,865 crore) as the Department of Expenditure, GoI had decided that GST compensation of ₹ 5,865 crore given to State as back to back loan under debt receipts would not be treated as debt of the State. Thus, the debt of the Government increased by ₹ 7,657 crore (22.96 per cent) from ₹ 33,345 crore at the end of 2016-17 to ₹ 41,002 crore at the end of 2020-21.

## 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 2.29** analyses the debt sustainability of the NCT of Delhi according to these indicators for the period of five years from 2016-17 to 2020-21.

**Table 2.29: Debt Sustainability: Indicators and Trends**

Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding overall debt * (₹ in crore)	33,345	33,569	32,812	34,767	46,867**
Rate of growth of outstanding overall debt (per cent)	0.12	0.67	-2.25	5.96	34.80
GSDP (₹ in crore)	6,16,085	6,77,900	7,50,962	8,30,872	7,98,310
Rate of growth of GSDP (per cent)	11.85	10.03	10.78	10.64	-3.92
Overall debt/GSDP (per cent)	5.41	4.95	4.37	4.18	5.14**
Interest payment (₹ in crore)	2,883	2,871	2,867	2,752	2,874
Average interest rate of outstanding public debt (per cent)	8.65	8.58	8.64	8.14	7.04
Revenue receipts (₹ in crore)	34,346	38,667	43,113	47,136	41,864
Percentage of interest payment to revenue receipts	8.39	7.42	6.65	5.84	6.87
Debt repayment (₹ in crore)	1,655	1,682	3,636	2,811	3,265
Debt receipts (₹ in crore)	1,696	1,906	2,880	4,765	15,365

Percentage of debt repayment to debt receipts	97.59	88.25	126.25	58.99	21.25
Net debt available to the NCT of Delhi ***	(-)2,842	(-)2,647	(-)3,623	(-)798	9,226
Net debt available as <i>per cent</i> to debt receipts	-	-	-	-	60.05

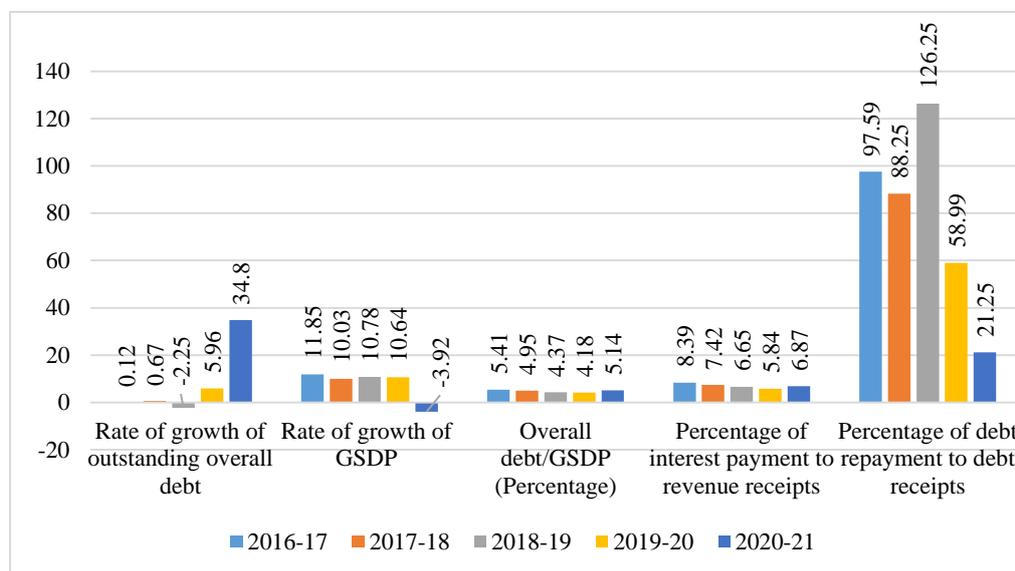
Source: Finance Accounts of respective years.

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

\*\* This includes back to back loan of ₹ 5,865 crore received from GoI during the year 2020-21 in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State. After excluding this back to back loan, the overall effective debt of the state at the end of the year 2020-21 was ₹ 41,002 crore and debt to GSDP ratio would be 5.14 *per cent*.

\*\*\* 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 increased by 34.80 *per cent* in 2020-21 over the previous year. Repayment of public debt (₹ 3,265 crore) was less than the public debt receipts (₹ 15,365 crore).

## 2.7 Conclusion

A snapshot of some positive indicators and those requiring close watch are given in **Table 2.30**:

**Table 2.30: Key parameters**

Positive Indicators	Parameters requiring close watch
Grants-in-aid from Government of India increased by 20.96 <i>per cent</i>	Revenue receipts of NCT of Delhi decreased by 11.18 <i>per cent</i>
Repayment of Public Debt increased by 16.15 <i>per cent</i>	Capital expenditure decreased by 14.13 <i>per cent</i>
	Recoveries of Loans and Advances decreased by 23.33 <i>per cent</i>
	Public debt receipts increased by 99.37 <i>per cent</i>