

CHAPTER-1
OVERVIEW

Chapter-1

Overview

1.1 Profile of the National Capital Territory of Delhi

Delhi was declared as the National Capital Territory (NCT) 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.

As per Population Projections by National Commission on Population, Ministry of Health & Family Welfare, the State's population was 2.14 crore, which accounts for 1.54 *per cent* of the country's population and ranks 19th among States in terms of population. The population density of the State at 14,402.56 persons per sq. km. was higher than the national average of 422.26 persons per sq. km. The State's literacy rate is 86.20 *per cent* as per 2011 Census (**Appendix 1.1**).

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.

Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the agriculture, Industry and Service sectors. Trends in GSDP¹ of NCT of Delhi, are shown in **Table 1.1**; changes in sectoral contribution to GSDP and sectoral growth in GSDP are given in **Chart 1.1** and **Chart 1.2**, respectively.

¹ At current prices

Table 1.1: Trends in GSDP compared to the GDP

	(₹ in crore)				
Year	2018-19	2019-20	2020-21	2021-22	2022-23
INDIA					
GDP at current prices (2011-12 Series)	1,88,99,668	2,01,03,593	1,98,29,927	2,34,71,012	2,72,40,712
GVA	1,71,75,128	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over previous year (in per cent)	10.59	6.37	(-)-1.36	18.36	16.06
Growth rate of GVA over previous year (in per cent)	10.77	7.02	-1.05	17.87	15.41
Per capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983
STATE/UNION TERRITORY					
GSDP at current prices (2011-12 Series)	7,38,389	7,92,911	7,63,435	9,04,642	10,43,759
GSVA	6,47,839	7,04,369	6,74,551	7,92,859	9,16,792
Growth rate of GSDP over previous year (in per cent)	8.92	7.38	-3.72	18.50	15.38
Growth rate of GSVA over previous year (in per cent)	10.38	8.73	-4.23	17.54	15.63
Per capita GSDP (in ₹)	3,75,656	3,95,763	3,73,976	4,34,903	4,92,455

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

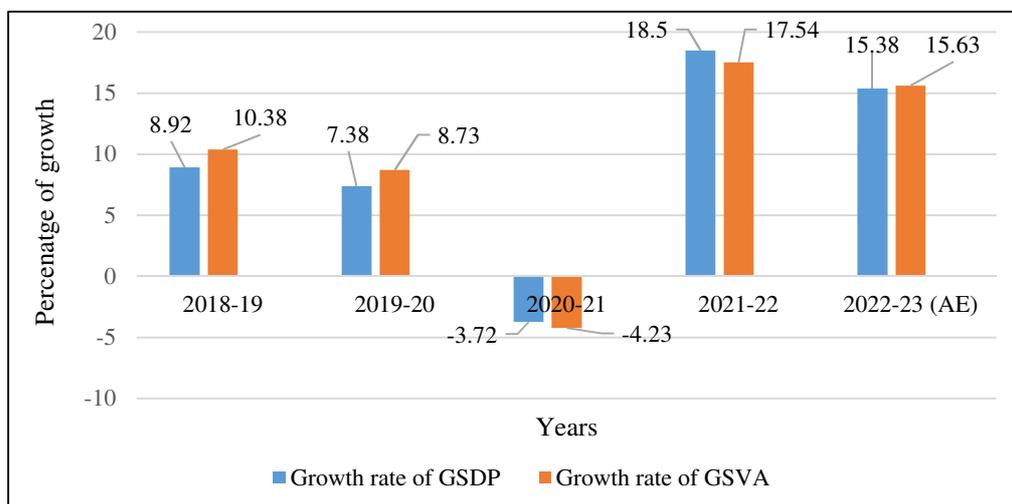
The Gross State Domestic Product (GSDP) in 2022-23 at current prices was ₹10,43,759 crore and the GDP in 2022-23 at current prices was ₹ 2,72,40,712 crore. Further, the per capita GSDP of the State for the year 2022-23 was ₹ 4,92,455 crore while that of the country was ₹ 1,96,983 crore. However, the growth in per capita GSDP of the State (31.09 per cent) during the period 2018-19 to 2022-23 could not keep pace with the growth in per capita GDP of the country (38.31 per cent) during the same period. This is evidenced from the fact that per capita GSDP of the State, which was 263.76 per cent of the per capita GDP of the country (2018-19) had decreased to 250 per cent of the per capita GDP as at the end of 2022-23.

Gross Value Added (GVA) is being used for economic analysis by Gol and international organisations like IMF and World Bank as GVA is considered better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. While GDP can be and is also computed as the sum-total of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending reflecting essentially on the demand conditions in the economy. Both measures have difference in treatment of net taxes, which results in the inclusion of taxes in GDP, may differ from the real output situation. From a policymaker's perspective it is, therefore, vital to have

a comparison of the GVA and GSVA data for better analysis and making policy interventions.

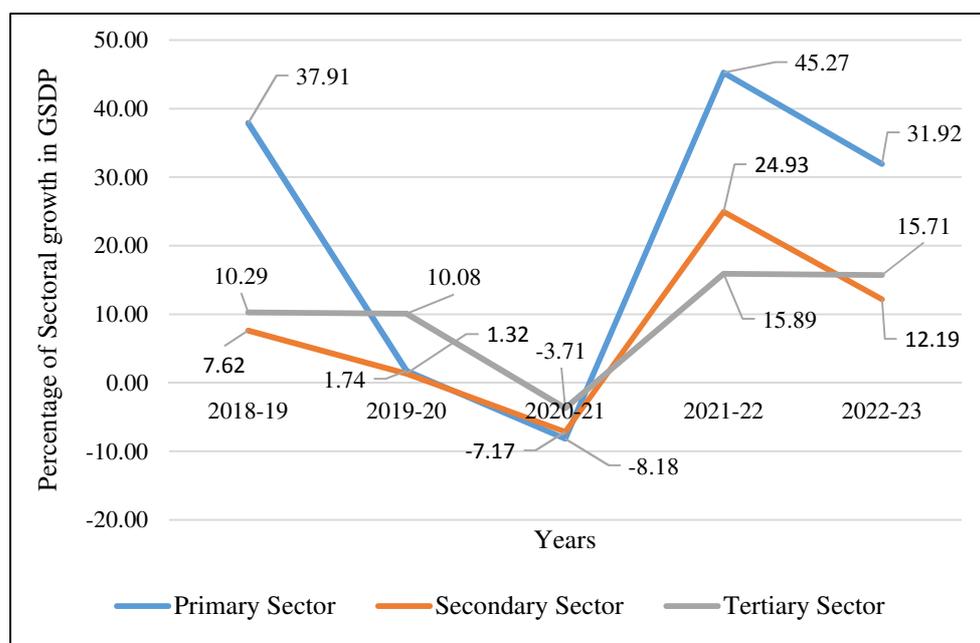
The trends of GSDP and GSVA for the period from 2018-19 to 2022-23 is indicated in the **Chart 1.1** below:

Chart 1.1: Growth rate of GSDP vs GVA during the period 2018-19 to 2022-23



Changes in sectoral contribution to the GSDP are 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 1.2: Sectoral growth in GSDP



Source: Estimates of State Domestic Product of Delhi 2022-23, Directorate of Economics and Statistics, GNCTD.

It is evident from **Chart 1.2** there was a decrease in the growth rate in all sectors in 2022-23 compared to previous year. Revenue surplus of GNCT of Delhi increased by ₹ 11,187 crore (342.11 *per cent*) over the previous year as detailed in **Paragraph 1.4** and **Chapter 2** of this report.

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 Accounts and Appropriation Accounts of the Government of NCT of Delhi constitute the core data for this report. Controller of Accounts, GNCTD prepare the Finance and Appropriation Accounts of the State annually. Other sources include the following:

- Budget of the Government of 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 other statistics, Directorate of Economics and Statistics, GNCTD.
- Results of audit carried out by the office of the Principal Accountant General (Audit), Delhi.
- Various audit reports of the CAG of India have been used for analysis/commentary, as appropriate.

The Draft State Finances Audit Report was sent to the Government of NCT of Delhi in January 2024 for comments. Principal Secretary (Finance), GNCTD has been requested to intimate a convenient date for conducting the exit conference. Replies received from the State Government have been suitably incorporated in the Report.

1.3 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 Government of National Capital Territory of Delhi (Section 46 of the GNCTD Act, 1991)

The fund comprises all revenues received by GNCTD, loans received from the Government of India, all grants made and all moneys received by 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 Government of 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.

Besides, 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 the Government of NCT of Delhi, transactions related to Public Account (Deposits, Advances, Reserve Funds, 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 Union Government. The fiscal liabilities of the Government of NCT of Delhi comprise largely of share of small savings collections.

Delhi is not covered under the recommendations of the Central Finance Commission, and it gets grants-in-aid in lieu of State's share of Union taxes and duties.

Budget Document

Revenue receipts consist of GNCTD's tax revenue, non-tax revenue 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-in-aid 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. GNCTD is not empowered to raise loans in the open market. All loans required are advanced to it from the Consolidated Fund of India.

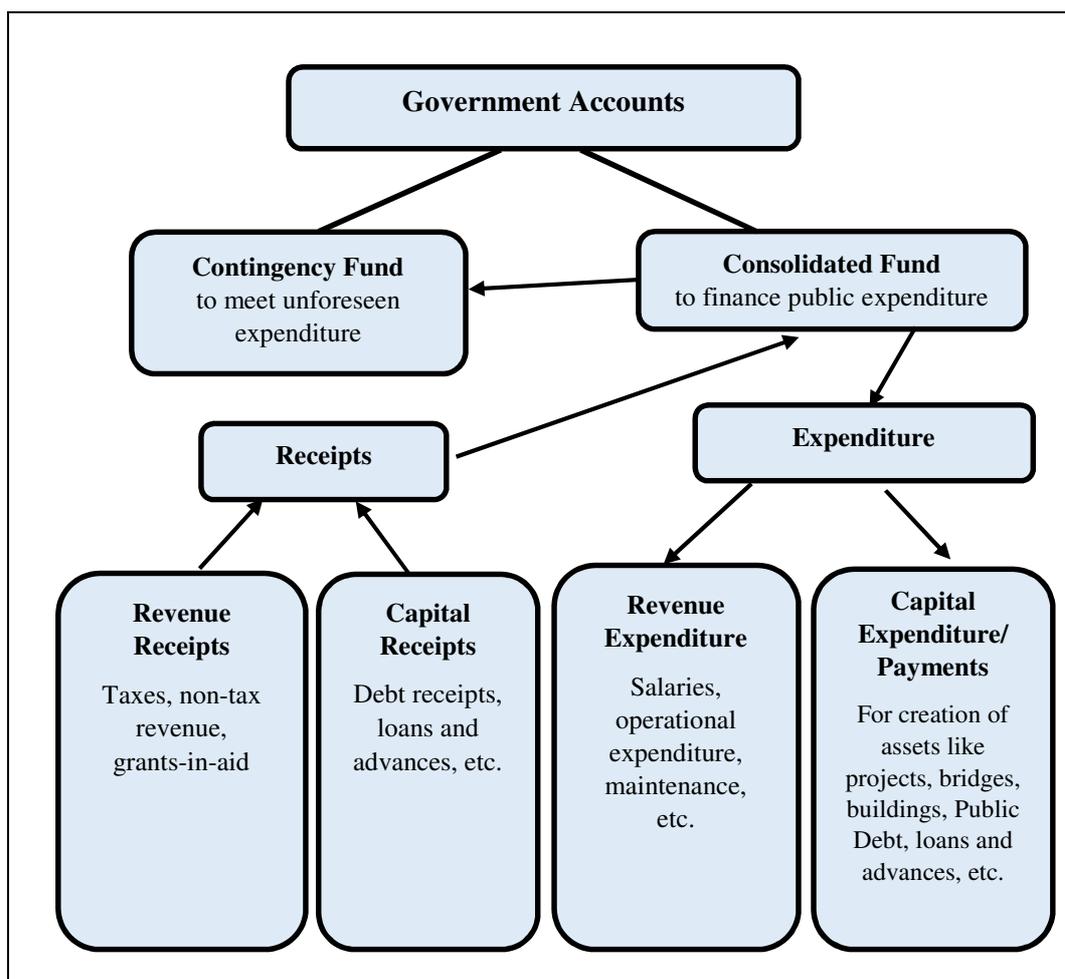
Capital expenditure broadly defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. It includes expenditure on the acquisition of land, building, machinery, equipment, investment in PSUs.

At present we have an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in List of Major and Minor Heads by CGA	Function-Education, Health etc./Department	Major Head (4-digit)
	Sub-Function	Sub-Major Head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head(2-digit)
	Sub-Scheme	Detailed-Head(2-digit)
	Economic nature/Activity	Object-Head-Salary, Minor works etc.(2-digit)

The functional classification let us know the department, function, scheme or program, and object of the expenditure. Economic classification helps organize these payments as revenue, capital, debt etc. Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure etc. Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “Salary” object head is revenue expenditure, “Construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

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 NCTD, 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 Demands 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.

1.3.1 Snapshot of Finances

Table 1.2 provides the details of actual financial results *vis-à-vis* budget estimates and actuals for the year 2022-23 and actuals of 2021-22.

The details of receipts and disbursements as well as the overall fiscal position during the last five years are given in **Appendix 1.2**.

Table 1.2: Actual financial results *vis-à-vis* budget estimates

(₹ in crore)

Sl. No.	Components	2021-22 Actuals	2022-23			
			Budget Estimates	Actuals	Percentage of actuals to BE	Percentage of actuals to GSDP
1.	Tax Revenue	40,019	47,700	47,363	99.29	4.54
2.	Non-tax Revenue	827	1,000	581	58.10	0.06
3.	Grants-in-aid and Contributions	8,467	12,589	14,759	117.24	1.41
4.	Revenue Receipts (1+2+3)	49,313	61,289	62,703	102.31	6.01
5.	Recovery of Loans and Advances	623	602	1,258	208.97	0.12
6.	Borrowings and other Liabilities ^(a)	7,021	10,200	(-)4,566	(-)44.76	(-)0.44
7.	Capital Receipts (5+6)	7,644	10,802	(-)3,308	(-)30.62	(-)0.32
8.	Total Receipts (4+7)	56,957	72,091	59,395	82.39	5.69
9.	Revenue Expenditure, of which	46,043	53,688	48,246	89.86	4.62
10.	Interest payments	3,274	3,271	3,266	99.85	0.31
11.	Capital Expenditure	8,311	12,385	8,065	65.12	0.77
12.	Loans and advances	2,603	9,727	3,084	31.71	0.30
13.	Total Expenditure (9+11+12)	56,957	75,800	59,395	78.36	5.69
14.	Revenue Surplus/ (4-9)	3,270	7,601	14,457	190.20	1.39
15.	Fiscal Deficit (-)/Surplus(+) {(4+5)-13}	(-) 7,021	(-)13,909	4,566	(-)32.83	0.44
16.	Primary Deficit (-)/Surplus (+) (15+10)	(-) 3,747	(-)10,638	7,832	(-)73.62	0.75

- (a) Borrowings and other liabilities: Net (Receipts - Disbursements) of Public Debt and Net of Opening and Closing Cash Balance merged with General Cash Balance of GoI. For the year 2021-22, the Effective Borrowing and other Liabilities would be ₹ 828 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹ 6,193 crore given 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. No such back to back loan was received during 2022-23.

GST compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. It received GST compensation of ₹ 12,817 crore during 2022-23 as revenue receipts towards ‘Compensation for Loss of Revenue arising out of implementation of GST’.

Government of NCT of Delhi registered revenue surplus during 2018-19 to 2022-23. Pension liabilities of GNCTD employees of ₹ 1,867 crore was borne by GoI, unlike other States. In addition, expenditure of Delhi Police of ₹ 11,240 crore was also borne by Ministry of Home Affairs, GoI. If both the expenditure are taken in account the revenue surplus of ₹ 14,457 crore would have reduced to revenue surplus of ₹ 1,350 crore.

1.3.2 Snapshot of Assets and Liabilities of the Government

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The assets comprise mainly the capital expenditure, loans and advances given by the GNCTD and cash balances. The liabilities consist only of loans and advances from the GoI. The summarised position of assets and liabilities is given in **Table 1.3:**

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2021-22	2022-23	Per cent increase			2021-22	2022-23	Per cent increase
Consolidated Fund									
A	Loans and Advances from Central Government	53,844*	52,380	-2.72	a	Gross Capital Expenditure	83,294	91,359	9.68
B	Balance of capital outlay adopted from CGA during 1994-95	1,588	1,588	0	b	Loans and Advances	72,454	74,280	2.52
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	11,349	14,451	27.32
D	Cumulative Surplus in Revenue Account	1,08,309	1,22,766	13.35					
Total		1,67,097	1,80,090		Total		1,67,097	180,090	

Note: The assets amounting to ₹ 83,294 crore and ₹ 91,359 crore as on 31 March 2022 and 31 March 2023, respectively under the head ‘Gross Capital Outlay’ include an amount of ₹ 1,588 crore which were adopted during 1994-95 from the Office of Controller General of Accounts. Similarly, Loans and Advances depicted on assets side amounting to ₹ 72,454 crore and ₹ 74,280 crore as on 31 March 2022 and 31 March 2023, respectively include ₹ 3,356 crore adopted during 1994-95 from the Office of Controller General of Accounts.

*This includes an amount of ₹ 5,865 crore and ₹ 6,193 crore of back to back loans in lieu of GST compensation shortfall from GoI during 2020-21 and 2021-22, respectively with no repayment liability for the State.

1.4 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 2018-19 to 2022-23.

Chart 1.4: Trends in surplus/deficit indicators over the period 2018-19 to 2022-23

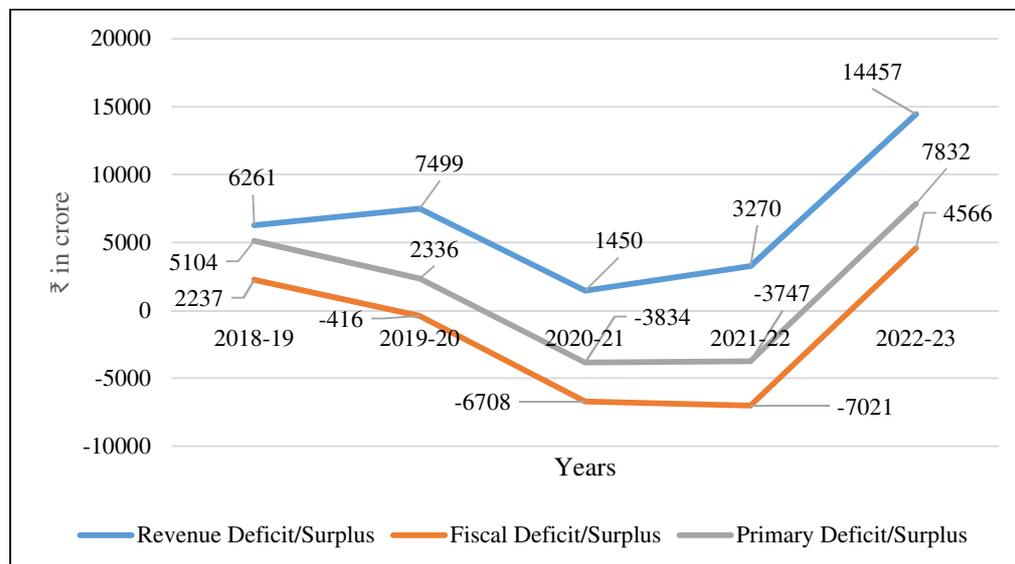
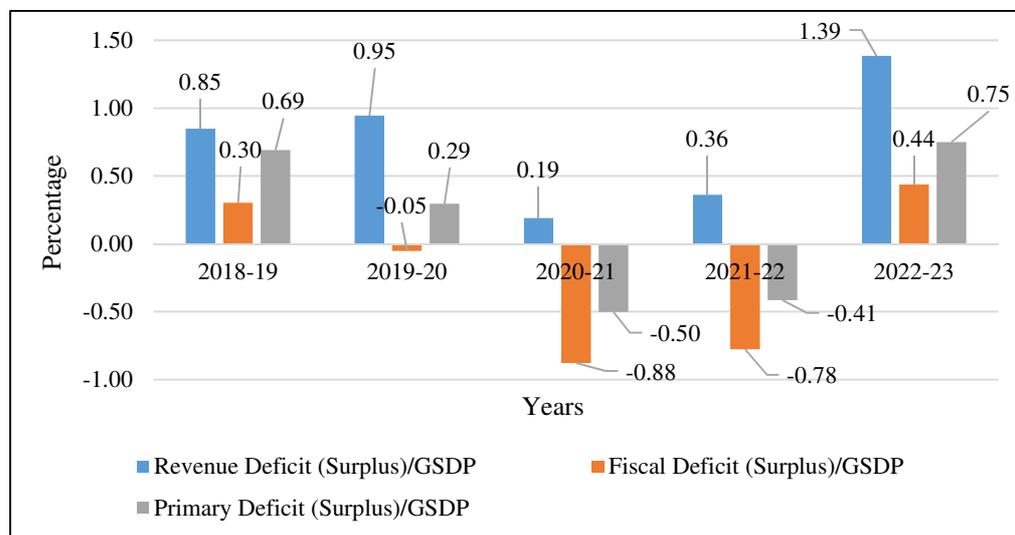


Chart 1.5: Trends in deficit indicators relative to GSDP over the period 2018-19 to 2022-23



It can be seen from **Chart 1.4**, fiscal surplus of ₹ 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, which further dipped to a deficit of ₹ 7,021 crore during 2021-22. However, during 2022-23 there was a fiscal surplus of ₹ 4,566 crore, which was mainly due to increase in revenue receipts by 27.15 per cent in 2022-23 over the previous year. Further, as per **Chart 1.5**, Fiscal surplus stood at 0.44 per cent of GSDP in 2022-23 as against fiscal deficit of (-) 0.78 per cent of GSDP in 2021-22

