

CHAPTER-2

**FINANCES OF THE GOVERNMENT
OF NATIONAL CAPITAL
TERRITORY OF DELHI**

Chapter-2

Finances of the Government of 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 2022-23 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 2022-23 vis-à-vis FY 2021-22

This section gives a bird's eye view of the major changes in key fiscal aggregates of the GNCTD 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 2022-23 compared to FY 2021-22 are given in **Table 2.1**:

Table 2.1: Changes in key fiscal aggregates of GNCTD in FY 2022-23 compared to FY 2021-22

| | |
|----------------------------|---|
| Revenue Receipts | <ul style="list-style-type: none">✓ Revenue receipts increased by 27.15 per cent.✓ Own Tax receipts increased by 18.35 per cent.✓ Non-tax receipts decreased by 29.75 per cent.✓ Grants-in-Aid from Government of India increased by 74.31 per cent. |
| Revenue Expenditure | <ul style="list-style-type: none">✓ Revenue expenditure increased by 4.78 per cent.✓ Revenue expenditure on General Services increased by 5.31 per cent.✓ Revenue expenditure on Social Services increased by 3.36 per cent.✓ Revenue expenditure on Economic Services increased by 1.02 per cent.✓ Expenditure on Grants-in-Aid increased by 24.66 per cent. |
| Capital Receipts | <ul style="list-style-type: none">✓ Debt Capital Receipts decreased by 70.95 per cent.✓ Non-debt Capital Receipts increased by 101.94 per cent. |
| Capital Expenditure | <ul style="list-style-type: none">✓ Capital expenditure decreased by 2.95 per cent.✓ Capital expenditure on General Services increased by 67.32 per cent.✓ Capital expenditure on Social Services decreased by 9.79 per cent.✓ Capital expenditure on Economic Services decreased by 0.05 per cent. |
| Loans and Advances | <ul style="list-style-type: none">✓ Disbursement of Loans and Advances increased by 18.46 per cent.✓ Recoveries of Loans and Advances increased by 101.94 per cent. |
| Public Debt | <ul style="list-style-type: none">✓ Public Debt Receipts decreased by 34.97¹ per cent.✓ Repayment of Public Debt increased by 11.86 per cent. |

¹ Arrived after exclusion of ₹ 6,193 crore received as back to back loans under debt receipts for the year 2021-22.

2.2 Sources and Application of Funds

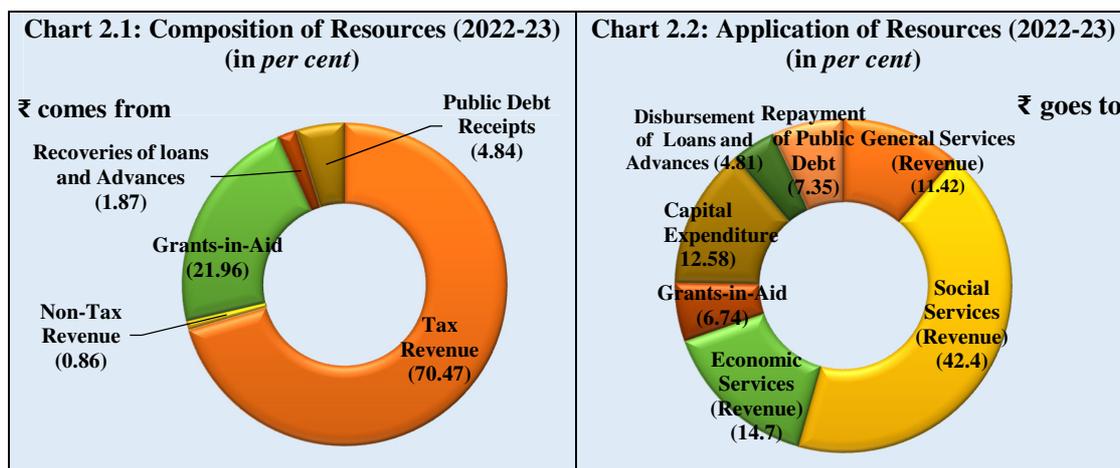
This section compares the components of the sources and application of funds of the Government of NCT of Delhi during the financial year compared to the previous year. Details of sources and application of funds during 2021-22 and 2022-23 are shown in **Table 2.2**, **Chart 2.1** and **Chart 2.2**.

Table 2.2: Details of Sources and Application of funds during 2021-22 and 2022-23

| (₹ in crore) | | | | |
|--------------------|------------------------------------|---------------|------------------------|---------------------------------|
| | Particulars | 2021-22 | 2022-23 | Increase/Decrease (in per cent) |
| Sources | Opening Balance | 11,393 | 11,349 | (-) 0.39 |
| | Revenue Receipts | 49,313 | 62,703 | 27.15 |
| | Recoveries of Loans and Advances | 623 | 1,258 | 101.93 |
| | Public Debt Receipts (Net) | 6,977 | (-) 1,464 ² | (-) 286.73 ³ |
| | Total | 68,306 | 73,846 | 8.11 |
| Application | Revenue Expenditure | 46,043 | 48,246 | 4.78 |
| | Capital expenditure | 8,311 | 8,065 | (-)2.96 |
| | Disbursement of Loans and Advances | 2,603 | 3,084 | 18.48 |
| | Closing Balance ⁴ | 11,349 | 14,451 | 27.33 |
| | Total | 68,306 | 73,846 | 8.11 |

Source: Finance Accounts of respective years

Composition and application of resources in the Consolidated Fund of the State during 2022-23 is given in **Chart 2.1** and **Chart 2.2**.



² Due to reduction in the public debt receipt by ₹7,941.45 crore (70.95 per cent) 2022-23 as compared to the previous year.

³ Arrived at after exclusion of ₹ 6,193 crore received as back to back loans under debt receipts for the years 2021-22 with no repayment liability of the State. There was no back to back loan from GoI during 2022-23.

⁴ The closing balance of National Capital Territory of Delhi of ₹ 14,451 crore is depicted under the major head '8450: Balance Account of Union Territories' which gets merged in the Union cash balance.

2.3 Resources of the Government of NCT of Delhi

The resources of the Government of NCT of Delhi are described below:

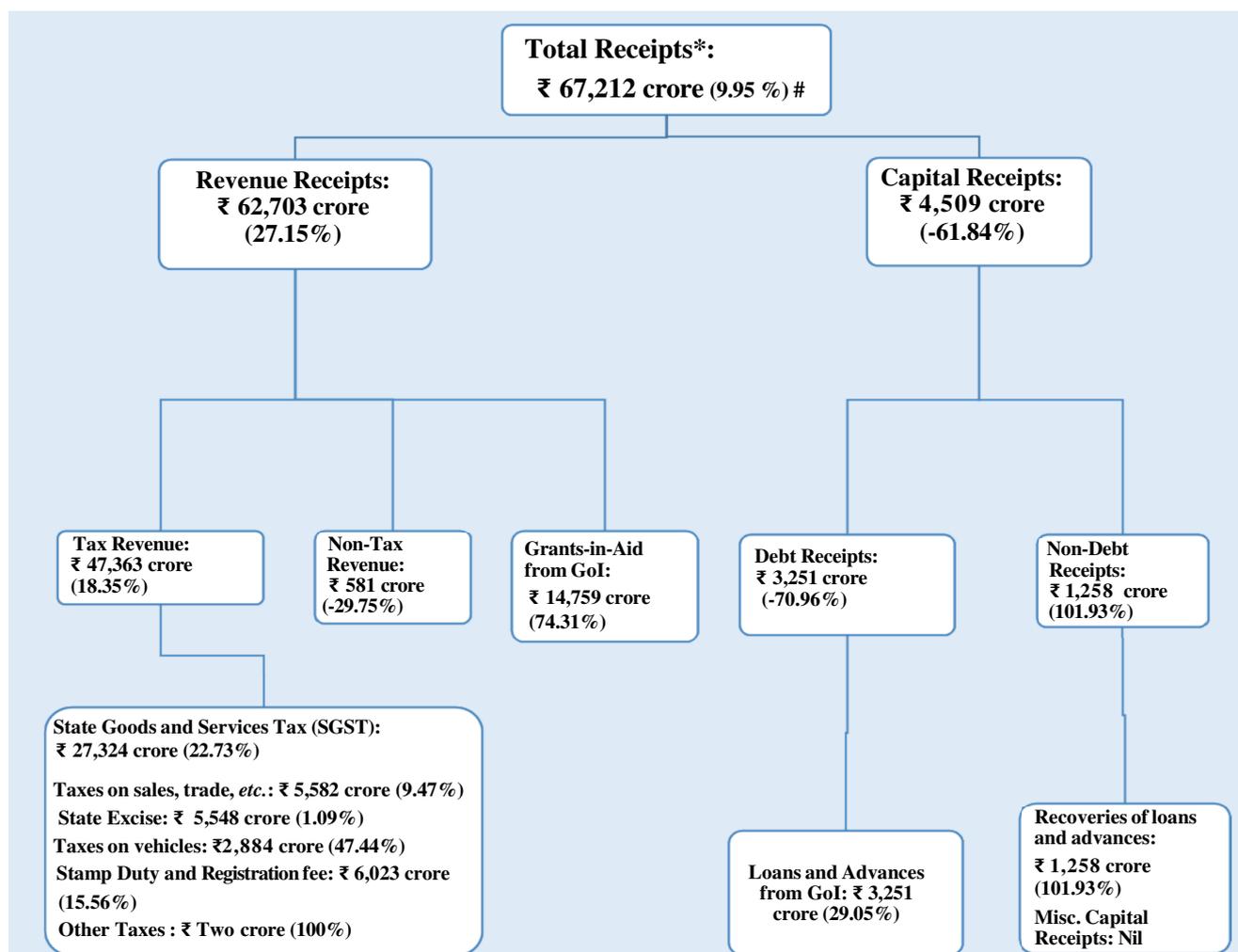
1. **Revenue receipts** consist of tax revenue, non-tax revenue and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** (debt and non-debt receipts) of Government of NCT of Delhi include recoveries of loans and advances disbursed to PSUs etc., receipts through loan from GoI and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

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

2.3.1 Receipts of the Government of NCT of Delhi

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

Chart 2.3: Composition of receipts of the Government of NCT of Delhi during 2022-23



*excluding Opening balance and Contingency Fund

#figures in parenthesis indicate the growth rate over the previous year

2.3.2 Government of NCT of Delhi's Revenue Receipts

Revenue receipts consist of the Government of 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 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|----------|----------|----------|---------------------|-----------|
| Revenue Receipts (RR) | 43,113 | 47,136 | 41,864 | 49,313 ⁵ | 62,703 |
| Rate of growth of RR (per cent) | 11.50 | 9.33 | (-)11.18 | 17.79 | 27.15 |
| Own Tax Revenue (a) | 36,625 | 36,566 | 29,425 | 40,019 | 47,363 |
| Own Non-Tax Revenue (b) | 644 | 1,097 | 980 | 827 | 581 |
| Own revenue (a + b) | 37,269 | 37,663 | 30,405 | 40,846 | 47,944 |
| Rate of growth of Own Revenue (per cent) | 2.15 | 1.06 | (-)19.27 | 34.34 | 17.38 |
| Grants-in-Aid from GoI | 5,844 | 9,473 | 11,459 | 8,467 | 14,759 |
| Rate of growth of Grants-in-Aid from GoI (per cent) | 167.58 | 62.10 | 20.96 | (-) 26.11 | 74.31 |
| Gross State Domestic Product (GSDP) (2011-12 Series) | 7,38,389 | 7,92,911 | 7,63,435 | 9,04,642 | 10,43,759 |
| Rate of growth of GSDP (per cent) | 8.92 | 7.38 | (-) 3.72 | 18.50 | 15.38 |
| RR/GSDP (per cent) | 5.84 | 5.94 | 5.48 | 5.45 | 6.01 |
| Buoyancy Ratios⁶ | | | | | |
| Revenue Buoyancy w.r.t GSDP | 1.29 | 1.26 | * | 0.96 | 1.77 |
| Government of NCT of Delhi's Own Revenue Buoyancy w.r.t GSDP | 0.24 | 0.14 | * | 1.86 | 1.13 |

Source: Directorate of Economics and Statistics GNCTD.

* Since growth rate of GSDP was negative hence buoyancy was not calculated.

⁵ GST compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. Delhi also received back to back loan of ₹5,865 crore and ₹ 6,193 crore during 2020-21 and 2021-22, respectively under debt receipts of GNCTD with no repayment liability for the State. Due to this arrangement, revenue may be read in conjunction with debt receipt in lieu of GST compensation.

⁶ 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 1.77 implies that revenue receipts tend to increase by 1.77 percentage points, if the GSDP increases by one *per cent*.

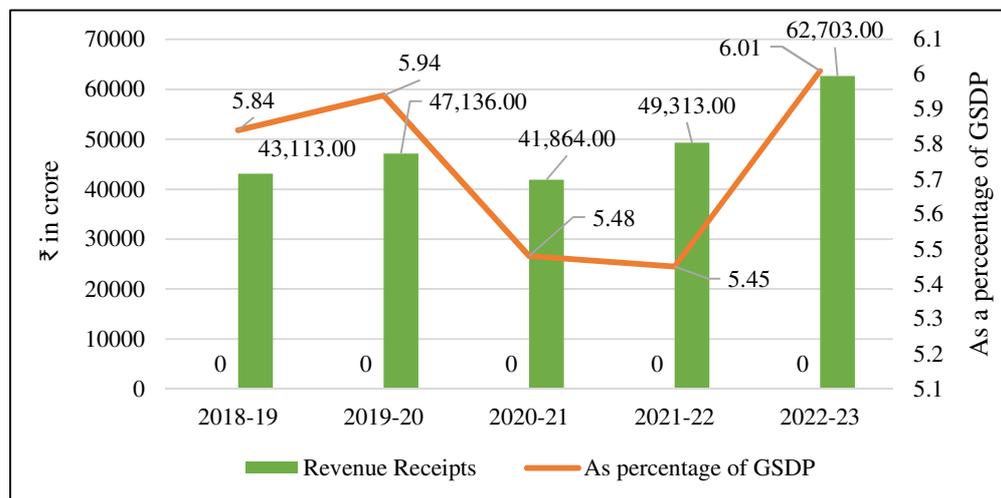
Revenue receipts increased by 45.44 *per cent* from ₹ 43,113 crore in 2018-19 to ₹ 62,703 crore in 2022-23 at an annual average growth rate of 11 *per cent*. The increase in revenue receipts was mainly attributable to the growth in own tax revenue by ₹10,738 crore (29.32 *per cent*) from 2018-19 to 2022-23.

Grants-in-aid from GoI, on the other hand, increased by ₹ 8,915 crore (152.55 *per cent*) during the period 2018-19 to 2022-23. It however, increased by ₹ 6,292 crore (74.31 *per cent*) in the year 2022-23 as compared to 2021-22 mainly due to enhanced compensation of ₹ 6,371.06 crore (98.84 *per cent*) over the previous year for loss of revenue arising out of implementation of GST.

During 2022-23, revenue receipts increased by ₹ 13,390 crore (27.15 *per cent*) over the previous year, mainly due to increase in own tax revenue by ₹ 7,344 crore (18.35 *per cent*) and Grants in aid from Central Government by ₹ 6,292 crore (74.31 *per cent*).

The share of GNCTD's own tax revenue to total revenue receipts decreased from 84.95 *per cent* in 2018-19 to 75.54 *per cent* in 2022-23. This is attributable to increase in growth rate of revenue receipts (45.44 *per cent*) as compared to the growth of own tax revenue (29.32 *per cent*) during the said period. During 2018-19, about 86.44 *per cent* of revenue receipts came from GNCTD's own resources while Grants-in-aid contributed 13.56 *per cent*. In the year 2022-23, about 76.46 *per cent* of revenue receipts came from GNCTD's own resources while grants-in-aid contributed 23.54 *per cent*.

Chart 2.4: Trends in Revenue Receipts relative to GSDP during 2018-2023



NCT of Delhi's GSDP increased from ₹ 7,38,389 crore in 2018-19 to ₹ 10,43,759 crore (41.36 *per cent*) in 2022-23. As compared to 2021-22, GSDP (₹ 9,04,642 crore) increased to ₹ 10,43,759 crore (15.38 *per cent*) in 2022-23. As evident from **Chart 2.4**, Revenue receipts as percentage of GSDP increased from 5.84 *per cent* in 2018-19 to 6.01 *per cent* in 2022-23. Revenue receipts as a percentage of GSDP showed increasing trend from 2018-19 to

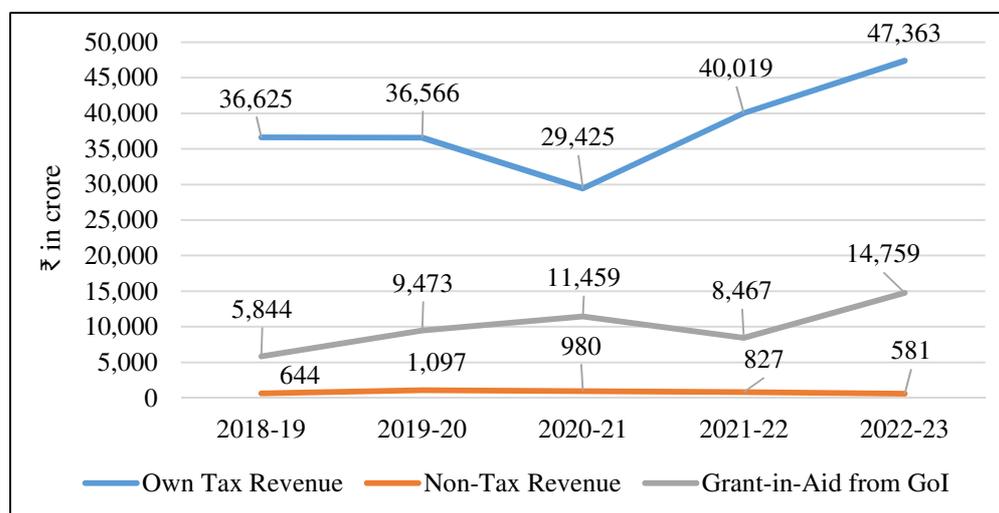
2019-20 but decreased in 2020-21. It remained almost static during 2021-22 and then increased in 2022-23. The sharp rise in Revenue receipts as a percentage of GSDP in 2022-23 is attributable to increase in own tax revenue by 18.35 per cent and Grants in aid from Central Government by 74.31 per cent over the previous year.

Revenue buoyancy with respect to GSDP increased from 1.29 in 2018-19 to 1.77 in 2022-23. The State's own revenue buoyancy with respect to GSDP increased from 0.24 in 2018-19 to 1.13 in 2022-23.

The increase in GIA during the current year 2022-23 over the previous year was mainly due to substantial increase in GST compensation from ₹ 6,445.95 crore (2021-22) to ₹ 12,817.01 crore (2022-23) .

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

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



Source: Finance Accounts

Own tax revenue remained almost same for the FY 2018-19 to 2019-20 but decreased in 2020-21 and increased significantly by ₹ 7,344 crore (18.35 per cent) in 2022-23 as compared to 2021-22 due to increased receipts of SGST (₹ 5,061 crore) and enhanced receipts under State Motor Vehicle Taxation Act (₹ 842.50 crore).

Non-tax revenue increased from ₹ 644 crore in 2018-19 to ₹ 1,097 crore in 2019-20 but showed decreasing trend from ₹ 980 crore in 2020-21 to ₹ 581 crore in 2022-23 mainly due to decrease in interest receipts by ₹ 297.67 crore (83.71 per cent).

2.3.2.2 Government of NCT of Delhi's own resources

Government of 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 Government of 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 Government of NCT of Delhi during the period 2018-19 to 2022-23 is presented in **Table 2.4** and **Chart 2.6**.

Chart 2.6: Trend of own Tax Revenue during the period 2018-19 to 2022-23

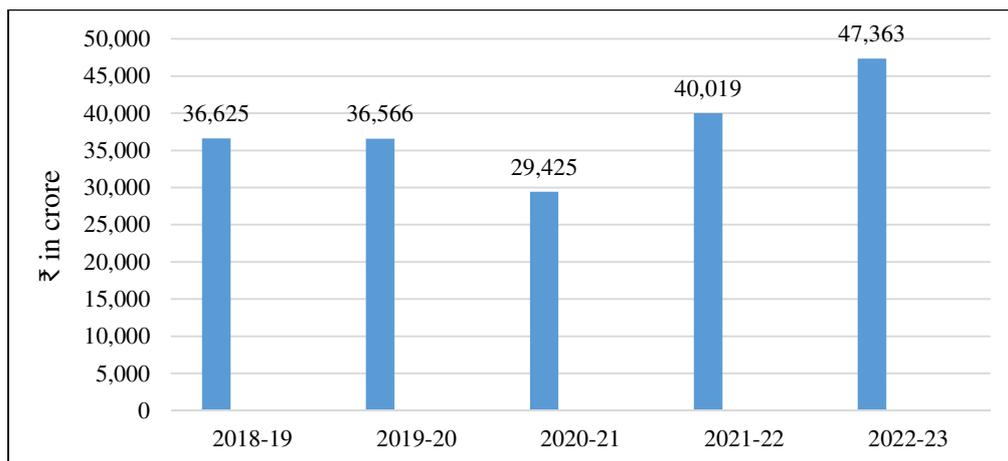


Table 2.4: Components of Government of NCT of Delhi's own tax revenue

| | | | | | | (₹ in crore) |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue Head | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | Spark line |
| State Goods and Services Tax (SGST) | 19,187 | 19,465 | 15,676 | 22,263 | 27,324 | |
| Taxes on Sales, Trade, etc. | 5,886 | 5,475 | 4,411 | 5,099 | 5,582 | |
| State Excise | 5,028 | 5,068 | 4,108 | 5,488 | 5,548 | |
| Taxes on Vehicles | 2,055 | 1,948 | 1,676 | 1,956 | 2,884 | |
| Stamp duty and Registration fee | 4,459 | 4,606 | 3,549 | 5,212 | 6,023 | |
| Land Revenue | 0 | 3 | 4 | 0 | 0 | |
| Other Taxes ⁷ | 10 | 1 | 1 | 1 | 2 | |
| Tax Revenue | 36,625 | 36,566 | 29,425 | 40,019 | 47,363 | |

Source: Finance Accounts of the respective years

⁷ Other taxes include Entertainment tax, Betting tax, Luxury tax and Cable tax.

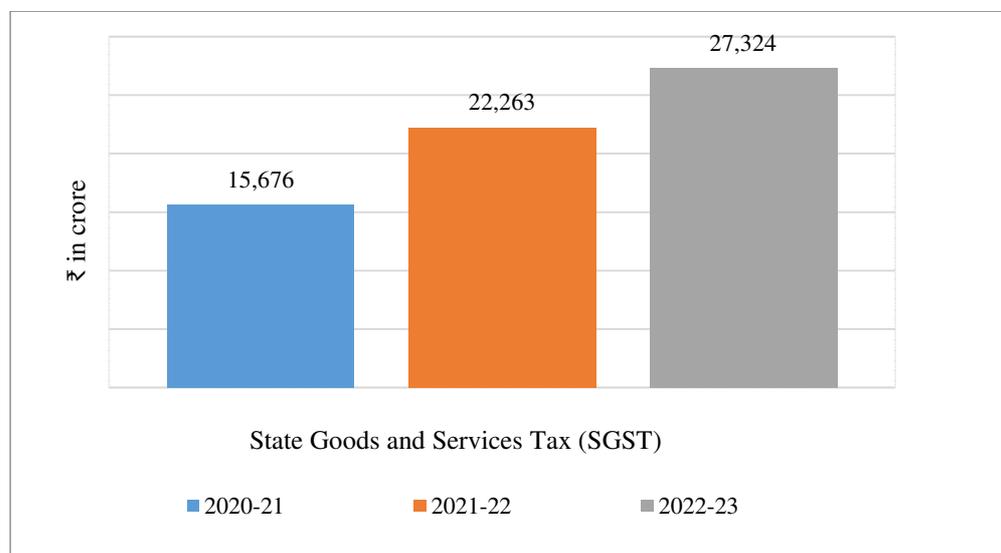
Table 2.5: GNCTD's actual own tax revenue vis-à-vis BE/RE for the year 2022-23

| Revenue head | BE (as per Receipts Budget 2022-23) (₹ in crore) | RE (as per Receipts Budget 2023-24) (₹ in crore) | Actuals (₹ in crore) | Difference between BE and Actuals (₹ in crore) | Difference between RE and Actuals (₹ in crore) | Percentage vis-à-vis BE (+) Excess (-) Shortfall | Percentage vis-à-vis RE (+) Excess (-) Shortfall |
|-------------------------------------|---|---|---------------------------|---|---|--|--|
| State Goods and Services Tax (SGST) | 26,000 | 28,000 | 27,324 | 1,324 | (-676) | 5.09 | (-2.41) |
| Taxes on Sales, Trade, etc. | 5,200 | 5,200 | 5,582 | 382 | 382 | 7.35 | 7.35 |
| State Excise | 9,500 | 6,500 | 5,548 | (-3,952) | (-952) | (-41.6) | (-14.65) |
| Taxes on Vehicles | 2,000 | 2,750 | 2,884 | 884 | 134 | 44.2 | 4.87 |
| Stamp duty and Registration fee | 4,997 | 5,998 | 6,023 | 1,026 | 25 | 20.53 | 0.42 |
| Land Revenue | 3 | 2 | 0 | (-3) | (-2) | (-100) | (-100) |
| Other taxes | 0 | 0 | 2 | 2 | 2 | - | - |
| Total | 47,700 | 48,450 | 47,363⁸ | (- 337) | (-1,087) | (-0.71) | (-2.24) |

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

During 2022-23, there was shortfall in State Excise and Land Revenue vis-à-vis the Budget Estimates.

Chart 2.7: Trends in SGST Collection



SGST collection increased by ₹ 5,061 crore (22.73 per cent) from ₹ 22,263 crore in 2021-22 to ₹ 27,324 crore in 2022-23. This was mainly attributable to increase in the input tax credit cross utilisation of SGST and IGST by ₹ 2,628 crore coupled with increase in apportionment of IGST by ₹ 483 crore over the previous year.

⁸ Actual Tax buoyancy during 2022-23 was 1.19 as against estimate of 0.71. (Growth rate in BE / growth rate in GSDP).

As per the books of RBI the amount of SGST is ₹ 27,324.11 crore, which matched the depiction in GNCTD Finance Accounts.

Integrated Goods and Services Tax (IGST)

GNCTD receives funds towards settlement of IGST collected by the Centre on the basis of cross utilisation of Input Tax Credit of IGST and SGST/UTGST and apportionment from Government of India, which is accounted for under SGST. Out of ₹ 27,324 crore received under SGST during 2022-23, ₹ 14,665 crore was received as IGST. The details of funds received during the years 2020-21, 2021-22 and 2022-23 are given in **Table 2.6**:

Table 2.6: IGST trends for the period 2020-21 to 2022-23

| Head | (₹ in crore) | | |
|----------------------------------|--------------|---------------|---------------|
| | 2020-21 | 2021-22 | 2022-23 |
| Input Tax Credit | 2,626 | 3,761 | 6,389 |
| Apportionment of IGST (Tax) | 3,454 | 6,820 | 7,289 |
| Apportionment of IGST (Interest) | 0 | 5 | 19 |
| Advance Apportionment of IGST | 1,593 | 1,413 | 968 |
| Total | 7,673 | 11,999 | 14,665 |

Arrears of revenue

Arrears of revenue indicate delayed realisation of revenue due/payable to the Government. The details of arrears of revenue as on 31 March 2023 under the Major Head '0040-Taxes on Sales, Trade', etc., as per information furnished by the Department of Trade and Taxes, GNCTD amounted to ₹ 70,410 crore, of which ₹ 46,037 crore was outstanding for more than five years.

Arrears of assessment

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

Table 2.7: Arrears of assessment

| Head of Revenue | Opening Balances of cases | New cases due for assessment during 2022-23 | Total assessments due | Cases disposed of during 2022-23 | Balance at the end of the year | Percentage of Disposal |
|-----------------------------------|---------------------------|---|-----------------------|----------------------------------|--------------------------------|------------------------|
| 0040 'Taxes on Sales, Trade' etc. | - | 91,601 | 91,601 | 91,601 | 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.

As per the information provided by GNCTD, cases of evasion of tax detected and details of refund cases for the year 2022-23 are depicted in **Table 2.8** and **Table 2.9**.

Table 2.8: Evasion of tax detected

| Head of revenue | Cases pending as on 31 March 2022 | Cases detected during 2022-23 | 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 2023 |
|-----------------|-----------------------------------|-------------------------------|-------|--|-------------------------------|---|
| | | | | No. of cases | Amount of demand (₹ in crore) | |
| GST | 238 | 237 | 475 | 237 | 119.37 | 238 |

Source: Department of Trade and Taxes, GNCTD

Table 2.9: Details of refund cases for the year 2022-23

| 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 | 5507 | 1109.82 | 11292 | 1150.99 |
| 2 | Claims received during the year | 27915 | 4926.45 | 3 | 0.09 |
| 3 | Refunds made during the year | 21020* | 2391.57 | 6607 | 256.52 |
| 4 | Refunds rejected/set-off/adjusted during the year | | 880.39 | 2705 | 40 |
| 5 | Balance outstanding at the end of year# | 4,631# | 1,493.18 | 4,688 | 854.56 |

*No separate column for number of cases (refund made/rejected) available with department.

The Department of GST & Trade and Taxes stated (October 2023) that there was a difference in the balance outstanding claims as depicted in GSTN portal and that arithmetically calculated for which a clarification had been sought from GSTN.

Non-Tax Revenue

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

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

(₹ in crore)

| Revenue Head | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--------------------------------|------------|--------------|------------|------------|------------|
| Interest Receipts | 113 | 404 | 468 | 356 | 58 |
| Dividends and profits | 15 | 16 | 10 | 90 | 104 |
| Other Non-tax revenue receipts | 516 | 677 | 502 | 381 | 419 |
| a) Public Works | 18 | 13 | 43 | 23 | 43 |
| b) Education | 29 | 27 | 79 | 10 | 8 |
| c) Medical & Public health | 103 | 112 | 95 | 97 | 116 |
| d) Power | 53 | 87 | 33 | 52 | 61 |
| e) Others etc. | 313 | 438 | 252 | 199 | 191 |
| Total Non-tax Revenue | 644 | 1,097 | 980 | 827 | 581 |

Source: Finance Accounts of respective years

Non-tax revenue decreased by 9.78 per cent from ₹ 644 crore in 2018-19 to ₹ 581 crore in 2022-23. Non-tax revenue, which constituted 0.93 per cent of revenue receipts (₹ 62,703 crore) during 2022-23, decreased by ₹ 246 crore (29.75 per cent) over the previous year mainly on account of decrease in interest receipts by ₹ 298 crore (83.71 per cent).

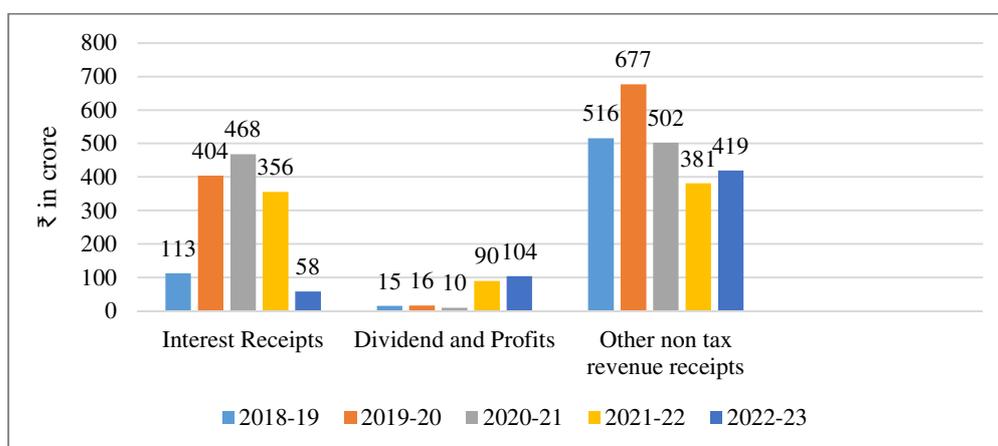
GNCTD's actual own non-tax revenue vis-à-vis RE for the year 2022-23 is shown in **Table 2.11**.

Table 2.11: GNCTD's actual own non-tax revenue vis-à-vis RE for the year 2022-23

(₹ in crore)

| Non-tax revenue head | RE (as per Receipts Budget 2023-24) | Actuals | Difference between RE and Actuals | Percentage of (+) Excess/ (-) Shortfall to RE |
|--------------------------------|-------------------------------------|------------|-----------------------------------|---|
| Interest Receipts | 163 | 58 | (-) 105 | (-) 64.42 |
| Dividends and profits | 40 | 104 | (+)64 | (+)160 |
| Other non-tax revenue receipts | 398 | 419 | (+) 21 | (+)5.28 |
| Total | 601 | 581 | (-) 20 | (-)3.33 |

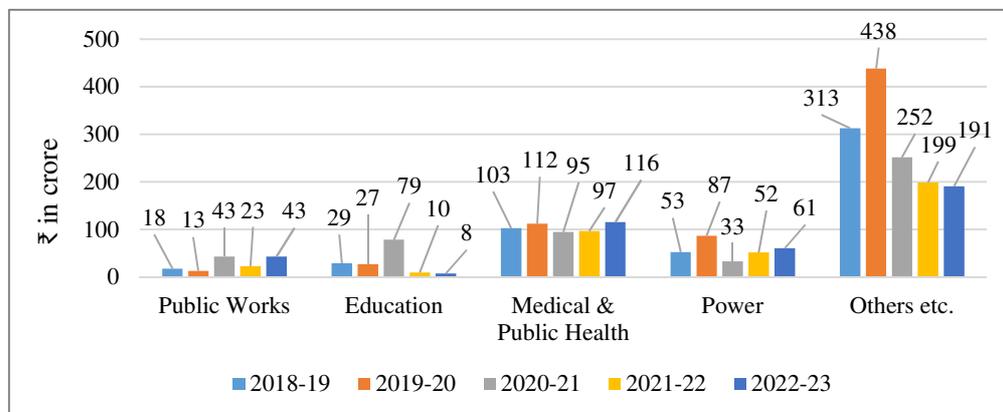
Chart 2.8: Trends in Non-Tax Revenue Heads



As evident from **Chart 2.8**, other non-tax revenue receipts decreased by ₹ 97 crore (18.8 per cent) during 2018-19 to 2022-23. However, during 2022-23, there was a slight increase by ₹ 38 crore, which was mainly

attributable to enhanced receipts (₹ 18.27 crore) from ‘Medical and Public Health’. The trends in some heads of other non-tax revenue receipts are shown in **Chart 2.9**.

Chart 2.9: Trends in heads of ‘Other Non-Tax revenue’



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 2018-19. During 2022-23, GNCTD received Grant-in-Aid (GIA) from GOI amounting to ₹ 14,759 crore (117.24 per cent) against the BE of ₹ 12,589 crore. The details of GIA from GoI are in **Table 2.12**:

Table 2.12: Grants-in-aid from Government of India

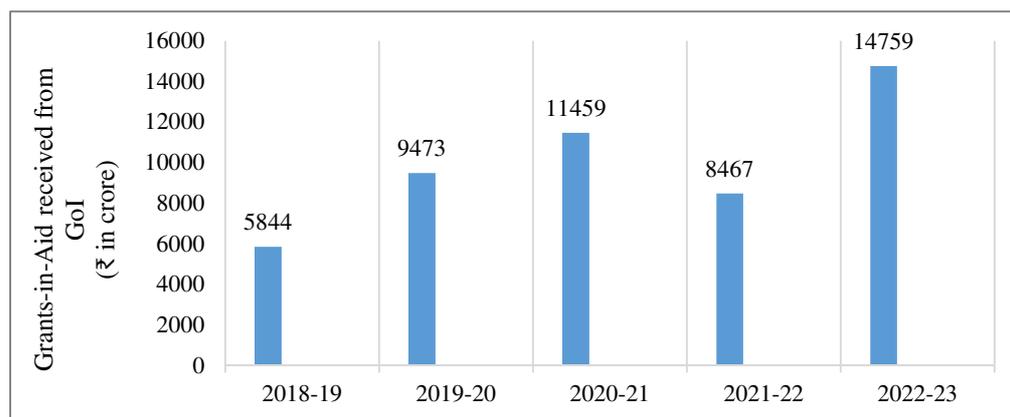
| Head | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|---|-----------------|------------------|-----------------|-----------------|
| Centrally Sponsored Schemes (CSS) | 807.03 | 1,169.48 | 1,441.46 | 991.93 | 981.79 |
| Normal Central Plan Assistance (block grants) | 449.99 | 472.00 | 626.00 | 626.00 | 626.00 |
| Other Grants | 79.75 | 70.56 | Nil | 3.43 | 9.49 |
| 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 | 4,182.00 | 7,436.00 | 5,521.65 | 6,445.96 | 12817.02 |
| National Social Assistance Programme (NSAP) | NSAP scheme merged in CSS w.e.f 2018-19 | | | | |
| Central Road Fund (CRF) | Nil | Nil | Nil | Nil | Nil |
| Other Grants (Plan) | Nil | Nil | Nil | Nil | Nil |
| Contribution to the Delhi Disaster Response Fund | Nil | Nil | 161.49 | Nil | Nil |
| Grants to meet Revenue Deficit | Nil | Nil | 3,383.00 | Nil | Nil |
| Grants as advance assistance for relief on account of Natural Calamities | Nil | Nil | Nil | 75.00 | Nil |
| Total | 5,843.77 | 9,473.04 | 11,458.60 | 8,467.32 | 14759.30 |
| Percentage of GIA to Revenue Receipts | 13.55 | 20.10 | 27.37 | 17.17 | 23.54 |

Source: Finance Accounts of respective years

GIA from GoI increased from ₹ 5,843.77 crore in 2018-19 to ₹ 14,759.30 crore (152.56 per cent) in 2022-23. GIA from GoI increased by ₹ 6,291.98 crore (74.31 per cent) in 2022-23 over the previous year mainly due to enhanced compensation of ₹ 6,371.06 crore (98.84 per cent) for loss of revenue arising out of implementation of GST.

Delhi is not covered under the recommendations of the Central Finance Commission and gets grant-in-aid in lieu of State's share of Union taxes and duties, which has remained stagnant at ₹ 325 crore since 2001-02. The trends in GIA for the period 2018-19 to 2022-23 is shown in **Chart 2.10**.

Chart 2.10: Trends in Grants-in-Aid



2.3.2.4 Centrally Sponsored Schemes

To verify the utilisation of grants-in-aid received from GoI, under Centrally Sponsored Schemes five schemes were selected for detailed study.

As per GFR 230 (8), all interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalisation of the accounts.

As per Rule 239 *ibid* Central Grants received by the State Government for implementation of Central Scheme, the Utilisation Certificate (UC) in format GFR-12C is to be submitted by the State Government in respect of the scheme. The UC should be counter-signed by the administrative secretary of the division regulating the Scheme/Finance Secretary”.

The audit observations are as under:

a) Pradhan Mantri Poshan Shakti Nirman (PM-POSHAN)

The Directorate of Education (DoE) received Grants-in-Aid of ₹ 140.98 crore during 2022-23 from Government of India (GoI) for the implementation of Centrally Sponsored Scheme of Pradhan Mantri Poshan Shakti Nirman (PM-POSHAN). Further, there was a total unspent balance of previous year (2021-22) of ₹ 33.47 crore and also a committed liability ₹ 74.29 crore of the year 2022-23 against the Centre's share under the said scheme.

The audit findings are as under:

- i. Against the total Centre's share of ₹ 248.74 crore (including committed liability and last year's unspent balance), an expenditure of ₹ 235.48 crore was incurred for which Utilisation Certificate (UCs) was furnished by DoE. An amount of ₹ 13.26 crore (5.33 per cent) remained unspent against the Centre's share as on 31 March 2023 (does not include ₹ 1.36 crore interest received during 2022-23).
- ii. Further, the Statement of Expenditure furnished to Audit revealed that against the total funds of ₹ 134.22 crore received against State's share (₹ 82.80 crore for the year 2022-23 and ₹ 46.57 crore as committed liability of the year 2020-21 & unspent balance of ₹ 4.85 crore), DoE incurred an expenditure of ₹ 143.53 crore resulting in an excess expenditure of ₹ 9.31 crore against State share under the said scheme.
- iii. As per the Single Nodal Account (SNA)-05 report depicting the Centre and State share deficit, GoI transferred an excess share of ₹ 50.33 crore as Central Share transfer from treasury to SNA while GNCTD released less funds of ₹ 1.52 crore.
- iv. The interest accrued for the year 2022-23 as per the SNA account as on June 2023 was ₹ 1.36 crore. The Department stated (September 2023) that the interest deposited into the government account by the Department for the year 2022-23 as on June 2023 (date of deposit of the interest into the government account) was ₹ 1.18 crore for which copy of deposit slip for ₹ 70.71 lakh was furnished to Audit.

Nevertheless, there a short deposit of ₹ 0.18 crore in contravention of Rule 230(8) of GFR 2017, for which the reasons were awaited.

b) Samagra Shiksha (Elementary, Secondary and Teacher Education)

Directorate of Education (DoE) received Grants-in-Aid of ₹ 225.09 crore during from GoI for the implementation of Centrally Sponsored Scheme of 'Samagra Shiksha (Elementary, Secondary and Teacher Education)'. There was also an unspent balance of ₹ 28.04 crore of the previous year (2021-22) under the said scheme.

The audit findings are as under:

- (i) Against the total funds of ₹ 403.20 crore (including State's share of ₹ 150.07 crore), an expenditure of ₹ 370.60 crore was incurred by DoE and there was an unspent balance of ₹ 32.60 crore as on 31 March 2023 (does not include interest amounting to ₹ 2.36 crore accrued during the year).
- (ii) Audit observed that total interest amounting to ₹ 2.36 crore accrued during 2022-23 was not remitted to Consolidated fund in contravention of 230(8) of GFR, 2017.

- (iii) As per the SNA-05 report depicting the Centre and State share deficit, GoI transferred an excess share of ₹ 11.79 crore as Central Share transfer from treasury to SNA while GNCTD released excess funds of ₹ 86.91 crore.
- (iv) The UC on record was not in prescribed format as mandated under Rule 239 of GFR and only provisional utilisation certificate was issued to Government of India (GoI) by DoE. The reasons for not issuing UC in prescribed format are awaited.

c) Delhi State Health Mission (DSHM)

Department of Health and Family Welfare (DHFV) received nil Grants-in-Aid during 2022-23, from GoI for implementation of Centrally Sponsored Scheme of Delhi State Health Mission (DSHM). Further, there was a total unspent balance of previous year (2021-22) of ₹ 398.72 crore under the said scheme.

The audit findings are as under:

- (i) Audit noted that, against the total funds of ₹ 432.56 crore (including State's share of ₹ 33.84 crore), an expenditure of ₹ 242.79 crore was incurred for which DHFW had furnished UCs to GoI. An amount of ₹ 189.78 crore remained unspent as on 31 March 2023 (does not include interest of ₹ 6.43 crore accrued during the year).
- (ii) Out of the total interest of ₹ 11.89 crore accrued during the year from the grants received from GoI, DHFW refunded interest of ₹ 5.46 crore to the GoI account. However the balance interest of ₹ 6.43 crore still remained to be remitted to the GoI account, which was in contravention of Rule 230 (8) of GFR, 2017.
- (iii) Audit noted that, the figures reflected in the statement of the expenditure as reflected in the IDIGIPAY bank account (SNA account) and the expenditure reflected in the UC for the CSS scheme for the year 2022-23 did not match. The total expenditure booked as per the Consolidated UC for the year 2022-23 is ₹ 242.79 crore, whereas the figure of expenditure reflected in the IDIGIPAY was ₹ 180.35 crore.

DSHM stated (September 2023) that the State Health Society Delhi had opted Model-I on PFMS as payment dashboard provided by ICICI Bank. As per mandate of the Bank, all transactions held through payment dashboard of ICICI gets reflected on PFMS, as ICICI Bank is integrated with PFMS for the CSS payment. However, as of now, the expenditure incurred through IDIGIPAY software on Model-I are not fully reflected on PFMS due to the technical issues between ICICI Bank and PFMS.

DSHM is requested to take up the matter, under intimation to audit, with ICICI Bank and CGA (which administers PFMS) to ensure that the technical issues cited above are resolved at the earliest and expenditure incurred through IDIGIPAY software on Model-I fully match with those reflected on PFMS.

d) Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0

Department of UD (DUD) received Grants-in-Aid of ₹ 211.41 crore for the year 2022-23 from GoI for implementation of projects of State Water Action Plan (SWAP) under the Centrally Sponsored Scheme of AMRUT 2.0.

The audit findings are as under:

(i) The details of expenditure were not furnished and the records furnished by DUD suggest that the GIA of ₹ 211.41 crore remained unspent as of 31 March 2023.

(ii) Further, ₹ 0.90 crore was released (January 2022) as central assistance by GoI to DUD for the purpose of preparation of city water balance plan (CWBP) under AMRUT 2.0. This amount was required to be released to the account of local Nodal Agencies (SNA) i.e. the mission Director within one month from the date of release of Central Assistance. The amount was transferred to designated SNA account only on 29 August 2022 i.e. after a delay of 7 months. The same is lying unspent, which was attributed by the department (September 2023) to an error in authorisation issued by the Finance Department.

The reply of the department is not tenable as the delay hampered the very purpose of central assistance.

e) Assistance to State Agencies for inter-state movement of food grains and FPS dealers margin under NFSA (CSS)

Department of Food, Supplies & Consumer Affairs (DFCA) received Grants-in-Aid of ₹ 23.99 crore during 2022-23 from GoI for implementation of Centrally Sponsored Scheme of 'Assistance to State Agencies for inter-state movement of food grains and FPS dealers margin under NFSA (CSS)'. The scheme started in 2022-23.

The audit findings are as under:

DFCA stated (September 2023) that there was outstanding balance of ₹ 47.98 crore (including State's share of ₹ 23.99 crore) as on 31 March 2023, which suggests that no expenditure was incurred on the scheme during the year 2022-23. It added that Centre's share was sanctioned on 20 March 2023 and the entire amount along with the matching state share was transferred into the SNA bank account on 31 March 2023.

However, as per the Utilisation Certificate (UCs) submitted by DFCA to GoI, the entire Central share of ₹ 23.99 crore was shown as utilised during the year 2022-23 and there was 'Nil' unspent balance as on 31 March 2023.

Audit is of the view that either the Department furnished misleading information to the audit or false information was furnished by the DFCA in the UC submitted to GOI by reporting full utilisation of entire amount of Central Share. A clarification was sought (September 2023) in audit on the matter for which reply is awaited.

2.3.2.5 Single Nodal Agency

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No. (13)PFMS/FCD/2020 dated 8 December 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency. As per information available on the PFMS portal, ₹ 2,673.03 crore (₹ 1,335.36 crore share of the Government of India and ₹ 1,337.67 crore share of the State Government) was transferred to the SNAs during 2022-23. As per data available on PFMS Portal, ₹ 902.89 crore⁹ was lying unspent in the bank accounts of SNAs as on 31 March 2023.

During examination of the reports of the PFMS Portal for the year 2022-23, audit noted the following:

- (i) In 6 CSS, GoI transferred ₹ 28.09 crore to the GNCTD against which it had released only ₹ 16.19 crore as Central Government share to SNA's account resulting in less transfer of ₹ 11.90 crore.
- (ii) There were unspent balances of ₹ 711.92 crore in 31 State linked schemes during 2022-23.
- (iii) GNCTD released funds of ₹ 903.88 crore in excess of its proportionate state share in 13 CSS.
- (iv) GNCTD released less funds of ₹ 64.55 crore in four centrally sponsored schemes with respect to its proportionate state share.
- (v) There were adverse balances of ₹ 26.40 crore in 13 State linked schemes, which showed that excess expenditure was incurred in these schemes

2.3.3 Capital Receipts

Capital receipts of Government of NCT of Delhi comprise recoveries of loans and advances advanced by GNCTD (non-debt) and receipts of loan and advances (debt) from GoI. Capital receipts during five years (2018-19 to 2022-23) are detailed in **Table 2.13**.

Table 2.13: Trends in growth and composition of Capital Receipts

| Sources of GNCTD's Receipts | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---------|---------|---------|---------|---------|
| Capital Receipts (debt and non-debt) | 4,524 | 5,588 | 15,996 | 11,816 | 4,509 |
| Loans and advances from GoI (debt) # | 2,880 | 4,765 | 15,365 | 11,193 | 3,251 |
| Recoveries of Loans and Advances (non-debt) | 1,644 | 823 | 631 | 623 | 1,258 |

⁹ The unspent balance as on 31 March 2023 updated to ₹ 822.93 crore on PFMS portal (29 February 2024).

(₹ in crore)

| Sources of GNCTD's Receipts | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---------|----------|----------|-----------|-----------|
| Internal Debt ¹⁰ | NA | NA | NA | NA | NA |
| Growth rate | NA | NA | NA | NA | NA |
| Rate of growth of debt Capital Receipts ## | 51.10 | 65.45 | 99.37 | (-) 47.37 | (-) 34.98 |
| Rate of growth of non-debt capital receipts | 137.92 | (-)49.94 | (-)23.33 | (-)1.27 | 101.93 |
| Rate of growth of GSDP | 8.92 | 7.38 | (-)3.72 | 18.50 | 15.38 |
| Rate of growth of Capital Receipts (per cent) | 74.20 | 23.52 | 186.26 | (-)26.13 | (-)61.84 |

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

During the year 2020-21 and 2021-22, it includes ₹ 5,865 crore and ₹ 6,193 crore respectively as back to back loan from GoI in lieu of GST compensation shortfall, which are not to be repaid by the State from its sources.

Rate of growth of debt capital receipts for the years 2020-21, 2021-22 and 2022-23 has been calculated after exclusion of GST compensation of ₹ 5,865 crore and ₹ 6,193 crore received from GoI during 2020-21 and 2021-22, respectively.

During the current year, after excluding back to back loan given by GoI during 2021-22 in lieu of GST compensation shortfall, which is not to be repaid by the State from its sources, debt capital receipts decreased by (-) 34.98 per cent from ₹ 5,000 crore in 2021-22 to ₹ 3,251 crore in 2022-23. Non-debt capital receipts i.e. recoveries of loans and advances increased by 101.93 per cent from ₹ 623 crore in 2021-22 to ₹ 1,258 crore in 2022-23.

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

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to-day running of the organisation, including establishment and administrative expenses shall be classified as revenue expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as capital expenditure.

¹⁰ There is no internal debt of Government of NCT of Delhi.

Loans and Advances: Loans and advances by the Government to Public Sector Enterprises (PSE) and other parties.

Trends and composition of total expenditure over the last five years (2018-19 to 2022-23) are shown in **Table 2.14** and **Chart 2.11**.

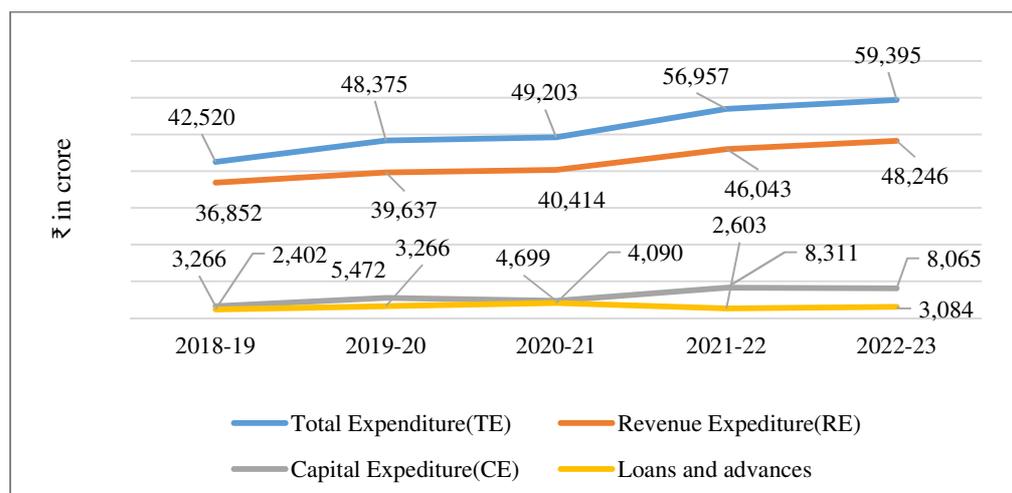
Table 2.14: Total expenditure and its composition

(₹ in crore)

| Parameters | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|---------|---------|---------|---------|---------|
| Total Expenditure (TE)¹¹ | 42,520 | 48,375 | 49,203 | 56,957 | 59,395 |
| Revenue Expenditure (RE) | 36,852 | 39,637 | 40,414 | 46,043 | 48,246 |
| Capital Expenditure (CE) | 3,266 | 5,472 | 4,699 | 8,311 | 8,065 |
| Loans and Advances (L&A) | 2,402 | 3,266 | 4,090 | 2,603 | 3,084 |
| As a percentage of GSDP | | | | | |
| TE/GSDP | 5.76 | 6.10 | 6.44 | 6.30 | 5.69 |
| RE/GSDP | 4.99 | 5.00 | 5.29 | 5.09 | 4.62 |
| CE/GSDP | 0.44 | 0.69 | 0.62 | 0.92 | 0.77 |
| L&A /GSDP | 0.33 | 0.41 | 0.54 | 0.29 | 0.30 |

Source: Finance Accounts of respective years

Chart 2.11: Total Expenditure: Trends and Composition



It can be seen from **Chart 2.11** that the total expenditure continuously increased from ₹ 42,520 crore (2018-19) to ₹ 59,395 crore (2022-23) at a Compound Annual Growth rate (CAGR) of 6.91 per cent¹².

Similarly, the revenue expenditure continuously increased from ₹ 36,852 crore (2018-19) to ₹ 48,246 crore (2022-23) at a CAGR of 5.54 per cent¹³. Capital expenditure displayed inter-year fluctuation ranged from ₹ 3,266 crore (2018-19) to ₹ 8,065 crore (2022-23). In the current financial year (2022-23), the capital expenditure marginally decreased by 3 per cent over the previous year.

¹¹ Excluding repayment of public debt.

¹² $\left(\left[\frac{59395}{42520}\right]^{1/5}-1\right)*100$

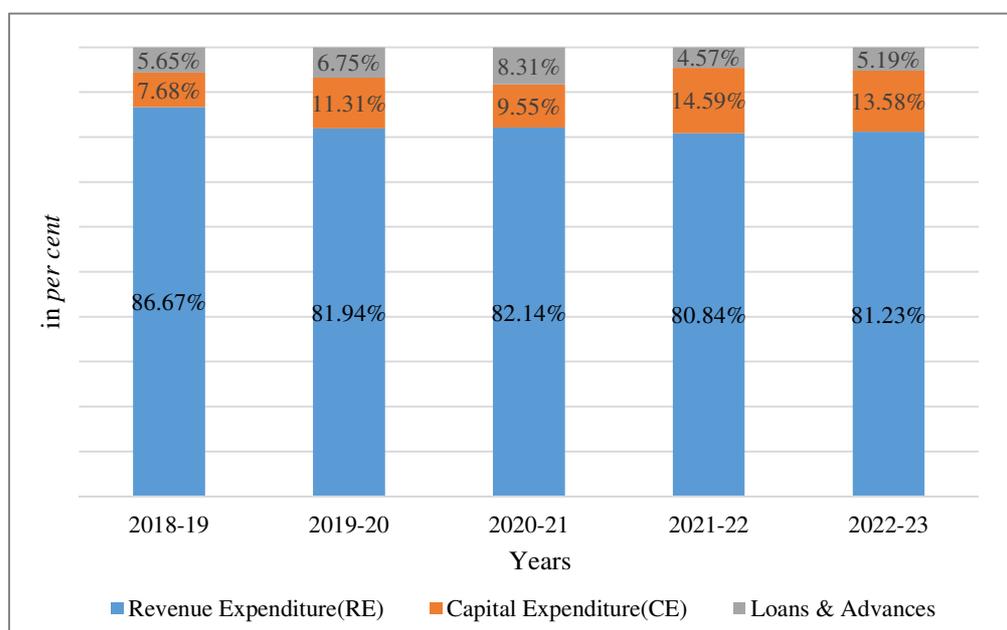
¹³ $\left(\left[\frac{48246}{36852}\right]^{1/5}-1\right)*100$

Further, disbursement of loans and advances increased during 2018-19 to 2020-21 from ₹ 2,402 crore to ₹ 4,090 crore but decreased significantly by ₹ 1,487 crore (36 per cent) in 2021-22 to ₹ 2,603 crore and then increased to ₹ 3,084 crore in 2022-23. The increase in the current year was mainly attributable to increase in disbursements of loans for water and sanitation (₹ 899.16 crore) over the previous year.

Trends in share of components of expenditure

Trends in share of components of total expenditure (excluding public debt repayment) are shown in **Chart 2.12**. Revenue expenditure was 81.23 per cent of the total expenditure whereas capital expenditure and disbursement of loans and advances were 13.58 per cent and 5.19 per cent, respectively for the year 2022-23.

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



Source: Finance Accounts of respective years

Relative share of various sectors of expenditure

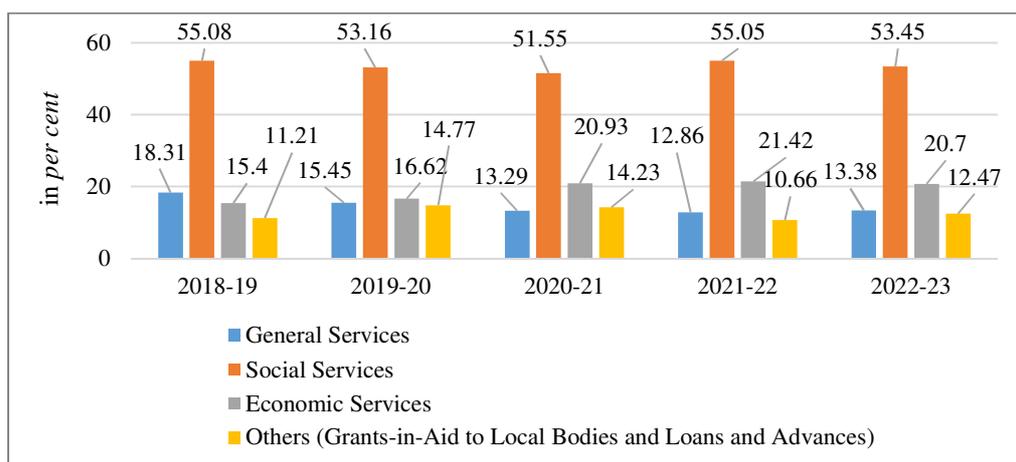
Relative shares of various sectors of expenditure are shown in **Table 2.15**. The share of general services in total expenditure (excluding public debt) increased from 12.86 per cent in 2021-22 to 13.38 per cent in 2022-23.

Table 2.15: Relative share of various sectors of expenditure out of total expenditure (excluding public debt repayment)

(₹ in crore)

| Parameters | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---------|---------|---------|---------|---------|
| General Services ¹⁴ | 7,785 | 7,472 | 6,541 | 7,326 | 7,947 |
| Social Services ¹⁵ | 23,418 | 25,717 | 25,363 | 31,356 | 31,744 |
| Economic Services ¹⁶ | 6,550 | 8,041 | 10,297 | 12,203 | 12,297 |
| Others (Grants-in-aid and contribution to local bodies and Loans and Advances to Institutions, Departments, etc., of GNCTD) | 4,767 | 7,145 | 7,002 | 6,072 | 7,407 |

Share of social services decreased from 55.05 *per cent* in 2021-22 to 53.45 *per cent* in 2022-23 mainly due to the decrease in expenditure on medical and public health by ₹ 847 crore (9.42 *per cent*) in the current year over the previous year. Also the share of economic services decreased marginally from 21.42 *per cent* in 2021-22 to 20.70 *per cent* in 2022-23 mainly due to decrease in capital expenditure on road transport by ₹ 252 crore (19.72 *per cent*) in the current year over the previous year. Total expenditure on disbursement of loans and advances and grants to local bodies increased from 10.66 *per cent* in 2021-22 to 12.47 *per cent* in 2022-23, mainly attributable to increased disbursements of loans for water supply and sanitation (₹ 899.16 crore) over the previous year. Total expenditure by activities is shown in **Chart 2.13**.

Chart 2.13: Total expenditure (excluding public debt) - Expenditure by activities

¹⁴ Includes Administration and Fiscal services such as Land revenue, Excise & GST, Jails, Public works, etc.

¹⁵ Includes Education, Health and family welfare, Water supply, Sanitation, Housing, Urban development, Labour welfare, Social welfare etc.

¹⁶ Includes Agriculture and allied activities, Rural Development, Irrigation & Flood control, etc.

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 2.16** presents the revenue expenditure over five years (2018-19 to 2022-23). Revenue expenditure increased by 30.92 *per cent* from ₹ 36,852 crore in 2018-19 to ₹ 48,246 crore in 2022-23. It increased at an annual average growth rate of 7.48 *per cent* whereas as percentage of GSDP it decreased from 4.99 *per cent* (2018-19) to 4.62 *per cent* (2022-23). Revenue expenditure increased by 4.78 *per cent* from ₹ 46,043 crore in 2021-22 to ₹ 48,246 crore in 2022-23 mainly due to increase in expenditure on general education by ₹ 1,927.48 crore (18.74 *per cent*) in the current year over the previous year.

Table 2.16: Revenue Expenditure – Basic Parameters

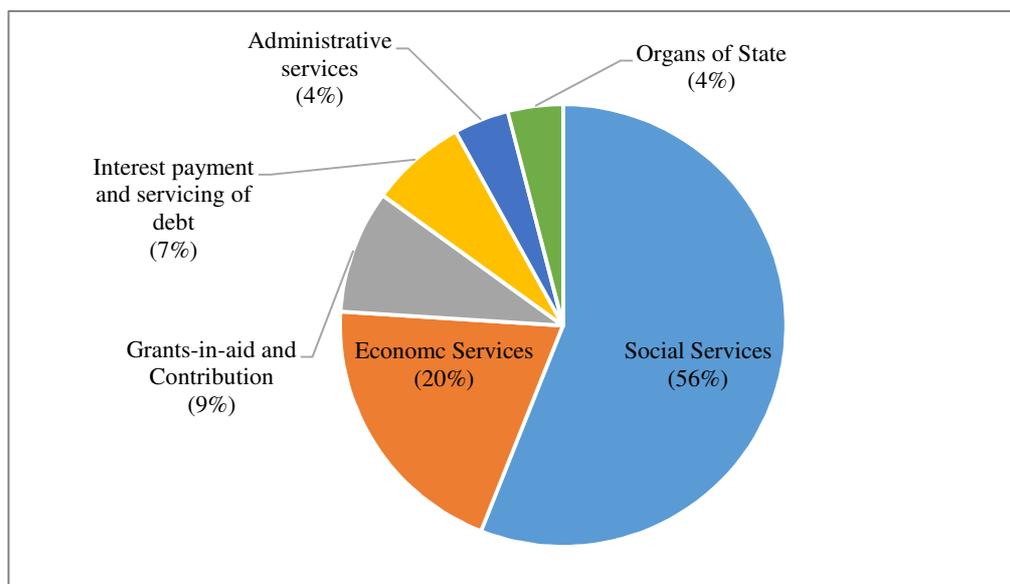
| Parameters | (₹ in crore) | | | | |
|--|--------------|----------|----------|----------|-----------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Total Expenditure (TE) | 42,520 | 48,375 | 49,203 | 56,957 | 59,395 |
| Revenue Expenditure (RE) | 36,852 | 39,637 | 40,414 | 46,043 | 48,246 |
| Rate of Growth of RE from previous year (per cent) | 9.18 | 7.56 | 1.96 | 13.93 | 4.78 |
| Revenue Expenditure as percentage of TE | 86.67 | 81.94 | 82.14 | 80.84 | 81.23 |
| GSDP (2011-12 Series) | 7,38,389 | 7,92,911 | 7,63,435 | 9,04,642 | 10,43,759 |
| Rate of growth of GSDP (per cent) | 8.92 | 7.38 | (-)3.72 | 18.50 | 15.38 |
| RE/GSDP (per cent) | 4.99 | 5.00 | 5.29 | 5.09 | 4.62 |
| RE as percentage of Revenue Receipt | 85.48 | 84.09 | 96.54 | 93.37 | 76.94 |
| Revenue expenditure buoyancy w.r.t GSDP (ratio) | 1.03 | 1.02 | * | 0.75 | 0.31 |
| Revenue expenditure buoyancy w.r.t Revenue Receipts (ratio) | 0.80 | 0.81 | * | 0.78 | 0.18 |

Source: Finance Accounts of respective years.

* Since growth rate of GSDP was negative hence buoyancy was not calculated.

Sector-wise distribution of revenue expenditure for the period 2022-23 is shown in **Chart 2.14**.

Chart 2.14: Sector-wise distribution of revenue expenditure (in per cent) for 2022-23



2.4.2.1 Major changes in Revenue Expenditure

Variation in revenue expenditure during 2022-23 compared to 2021-22 under major heads of account are shown in **Table 2.17**:

Table 2.17: Variation in revenue expenditure over major heads during 2022-23 compared to 2021-22

| Major Heads of Account | 2021-22 | 2022-23 | Variation | (₹ in crore) |
|---|-----------|-----------|------------|--|
| | | | | Increase (+)/ Decrease (-) (in per cent) |
| 2202-General Education | 10,283.93 | 12,211.41 | 1,927.48 | 18.74 |
| 2210-Medical & Public Health | 7,537.26 | 6,401.32 | (-)1135.94 | (-)15.07 |
| 2215-Water Supply and Sanitation | 1,136.53 | 1,747.43 | 610.90 | 53.75 |
| 3055-Road Transport | 4,355.88 | 4,601.40 | 245.52 | 5.64 |
| 2801-Power | 3,266.97 | 3,182.48 | (-)84.49 | (-)2.59 |

The percentage change in major heads of revenue expenditure shows variations over the period of two years. Revenue expenditure under the head:

- (i) '2202-General Education' increased by ₹ 1,927.48 crore (18.74 per cent) mainly due to increase in expenditure on 'Assistance to Local Bodies for Primary Education by ₹ 430.54 crore (38.32 per cent), Government Secondary Schools by ₹ 848.43 crore (13.02 per cent).
- (ii) '2210-Medical & Public Health' decreased by ₹ 1,135.94 crore (15.07 per cent) mainly due to decrease in expenditure on 'Other health Schemes' by ₹ 1,866 crore (111.54 per cent)

(iii) '2215- Water supply and Sanitation' increased by ₹ 610.90 crore (53.75 per cent) mainly due to increase in expenditure on 'Assistance to Local Bodies, Municipalities etc' by ₹ 726 crore (137.24 per cent) for water supply, sewerage & sanitation.

(iv) '3055-Road Transport' increased due to enhanced assistance to public sector and other undertakings of ₹ 245.52 crore (5.64 per cent).

(v) '2801-Power' decreased by ₹ 84.49 crore (2.59 per cent) mainly due to decrease in expenditure on transmission and distribution by ₹ 86.34 crore (2.59 per cent).

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.

Apart from the above, there are certain inflexible items of expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure, etc. For example, the following items may be considered as inflexible expenditure:

- (i) Recoupment to Contingency fund.
- (ii) State Share contribution of CSS against the central fund received.
- (iii) Payment of interest on public debt as charged expenditure.
- (iv) Statutory Contribution to Reserve Funds
- (v) Transfer of cess to Reserve Funds
- (vi) Devolution to local bodies- statutory devolutions to local bodies for pay and allowances (devolution/transfer for capital expenditure)

The components of committed and inflexible expenditure are given in **Table 2.18:**

Table 2.18: Components of Committed and Inflexible Expenditure

| (₹ in crore) | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Components of Committed Expenditure | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Salaries and Wages | 10,324.66 | 11,070.04 | 11,810.19 | 12,878.34 | 14,214.93 |
| Expenditure on Pensions* | 3.31 | 3.56 | 2.67 | 3.28 | 2.76 |
| Interest Payments | 2,867.11 | 2,751.87 | 2,873.83 | 3,274.24 | 3,266.36 |
| Total | 13,195.08 | 13,825.47 | 14,686.69 | 16,155.86 | 17484.05 |
| Components of Inflexible Expenditure | | | | | |
| Recoupment to Contingency fund | 5.35 | 143.41 | 79.08 | 74.18 | 52.13 |
| State Share contribution of CSS against the central fund received | 2,273.25 | 2,772.52 | 2,868.04 | 3,207.42 | 3,768.96 |
| Payment of interest on public debt as charged expenditure | 2,867.11 | 2,751.87 | 2,873.83 | 3,274.24 | 3,266.36 |
| Statutory devolution to local bodies | 6360.00 | 6237.00 | 5515.00 | 5501.00 | 7580.00 |
| Total | 11,505.71 | 11,904.80 | 11,335.95 | 12,056.84 | 14,667.45 |
| As a percentage of Revenue Receipt (RR) | | | | | |
| Committed expenditure | | | | | |
| Salaries and Wages | 23.95 | 23.49 | 28.21 | 26.12 | 22.67 |
| Expenditure on Pensions | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 |
| Interest Payments | 6.65 | 5.84 | 6.86 | 6.64 | 5.21 |
| Total | 30.61 | 29.34 | 35.08 | 32.77 | 27.88 |
| As percentage of Revenue Expenditure (RE) | | | | | |
| Salaries and Wages | 28.02 | 27.93 | 29.22 | 27.97 | 29.46 |
| Expenditure on Pensions | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Interest Payments | 7.78 | 6.94 | 7.11 | 7.11 | 6.77 |
| Total | 35.81 | 34.88 | 36.34 | 35.09 | 36.24 |
| Revenue Expenditure | 36,852 | 39,637 | 40,414 | 46,043 | 48,246 |
| Percentage of inflexible expenditure to revenue expenditure | 31.22 | 30.03 | 28.05 | 26.19 | 30.40 |
| Non-committed RE** | 23,656.92 | 25,811.53 | 25,727.31 | 29,887.14 | 30,761.95 |
| Percentage of RE | 64.19 | 65.12 | 63.66 | 64.91 | 63.76 |
| Percentage of TE*** | 55.92 | 53.36 | 52.29 | 52.47 | 51.79 |
| Subsidies | 2,532.88 | 3,592.94 | 4,176.87 | 4,690.20 | 4,632.92 |
| Subsidies as percentage of Non-committed RE | 10.71 | 13.92 | 16.24 | 15.69 | 15.06 |

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

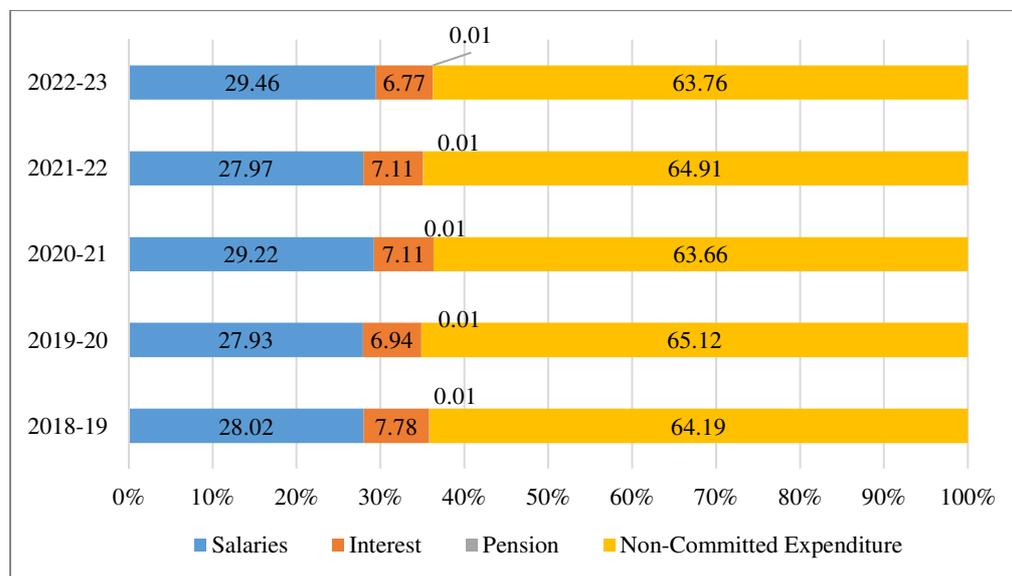
** Non-committed RE = Revenue Expenditure minus Revenue Committed Expenditure

*** Excluding Public Debt

Table 2.18 shows that percentage of non-committed expenditure to revenue expenditure decreased from 64.19 *per cent* in 2018-19 to 63.76 *per cent* in 2022-23 to which subsidies constituted proportion ranging from 10.17 *per cent* (2018-19) to 15.06 *per cent* (2022-23).

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 (in percentage)



Salaries and wages

Salaries and wages increased by 37.68 *per cent* from ₹ 10,324.66 crore in 2018-19 to ₹ 14,214.93 crore in 2022-23.

Interest payment

Similarly, interest payment increased by 13.93 *per cent* from ₹ 2,867.11 crore in 2018-19 to ₹ 3,266.36 crore in 2022-23.

Pension

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.

The pension liabilities of GNCTD are borne by GoI and the yearly budget towards employers' contribution under NPS and other retirement benefits is allotted by the Central Pension Accounting Office to GNCTD under the Major head '2071- Pensions and Retirement Benefits', which subsequently deposits the requisite funds with the NSDL/Trustee Bank.

As per information provided by the Principal Accounts Office, during 2022-23, the Government of NCT of Delhi deposited ₹ 1,045.54 crore with the NSDL/Trustee Bank against employee's contribution of ₹ 437.29 crore and employer's share of ₹ 608.25 crore. Hence, there was nothing outstanding

against the employee as well as employers' contribution during 2022-23 under NPS.

Inflexible expenditure

The components of inflexible expenditure, which include among others recoupment to Contingency fund, State Share contribution of CSS against the central fund received, payment of interest on public debt as charged expenditure etc., showed a continued increase during the period 2018-19 to 2022-23. As a percentage of revenue expenditure, the inflexible expenditure decreased from 31.22 per cent to 30.40 per cent.

2.4.2.3 Subsidies

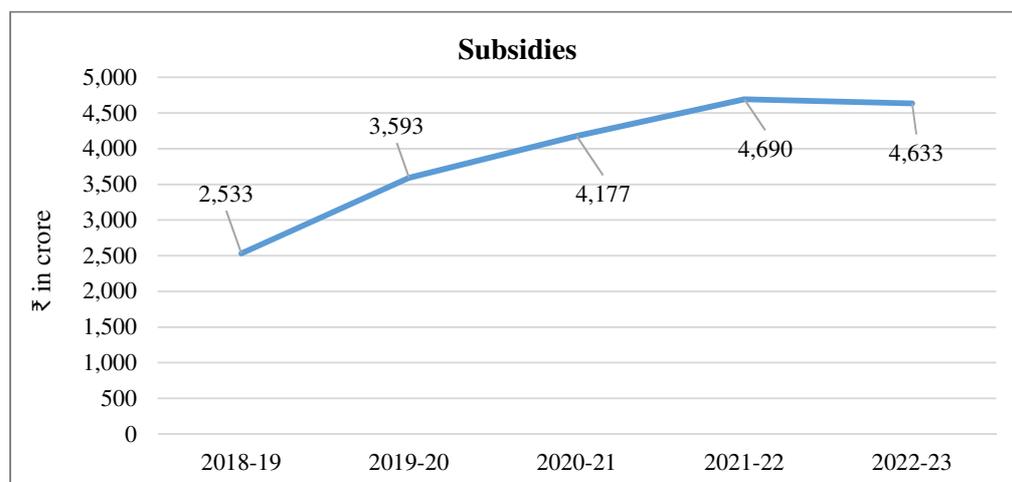
GNCTD gives subsidy for female bus commuters (through DTC/Cluster buses), to consumers of Delhi Jal Board and DISCOMs, for implementation of Right to Education Act, etc. Expenditure on subsidies by GNCTD are shown in **Table 2.19**. Expenditure on subsidies increased from ₹ 2,533 crore in 2018-19 to ₹ 4,633 crore in 2022-23 (82.91 per cent). In 2022-23, expenditure on subsidies decreased by 1.22 per cent over the previous year.

Table 2.19: Expenditure on subsidies during 2018-19 to 2022-23

(₹ in crore)

| Parameters | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---------|---------|---------|---------|---------|
| Subsidies | 2,533 | 3,593 | 4,177 | 4,690 | 4,633 |
| Revenue receipts | 43,113 | 47,136 | 41,864 | 49,313 | 62,703 |
| Revenue expenditure | 36,852 | 39,637 | 40,414 | 46,043 | 48,246 |
| Subsidies as a percentage of revenue receipts (in per cent) | 5.88 | 7.62 | 9.98 | 9.51 | 7.39 |
| Subsidies as a percentage of revenue expenditure (in per cent) | 6.87 | 9.06 | 10.34 | 10.19 | 9.60 |

Chart 2.16: Trend of Subsidies



Subsidies as a percentage of revenue receipts marginally decreased from 9.51 per cent in 2021-22 to 7.39 per cent in 2022-23. Subsidies as a percentage of revenue expenditure marginally decreased from 10.19 per cent in 2021-22 to 9.60 per cent in 2022-23. The Principal Accounts Office, GNCTD stated (September 2023) that reasons for variation over the years were awaited from the concerned departments.

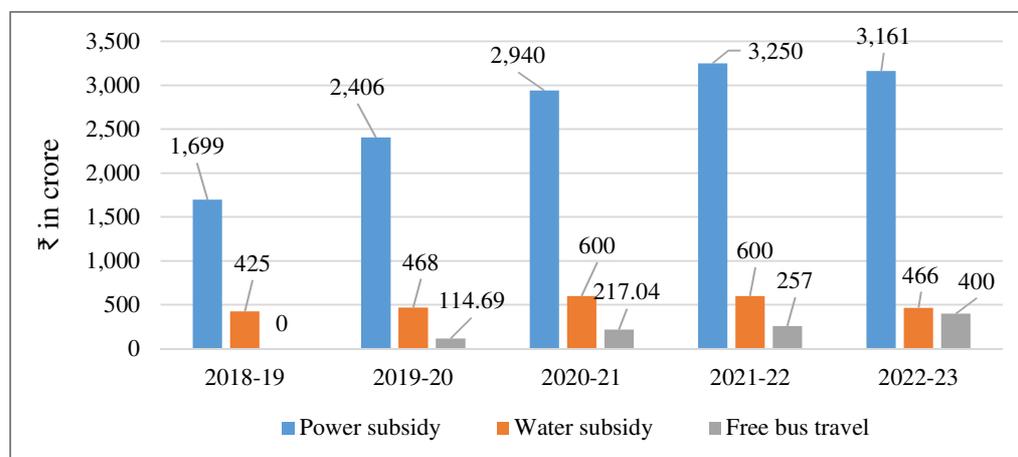
Subsidies given by GNCTD to consumers through DISCOMS (Power subsidy), Delhi Jal Board (DJB) (Water subsidy) and Female bus commuters (Free bus travel through DTC/Cluster buses) during the period 2018-19 to 2022-23 are given in **Table 2.20**.

Table 2.20 Trend of subsidy given by the GNCTD for power, water and free bus travel during 2018-19 to 2022-23

(₹ in crore)

| Year | Power subsidy | Water Subsidy | Free bus travel |
|---------|---------------|---------------|-----------------|
| 2018-19 | 1,699.29 | 425.00 | Not applicable |
| 2019-20 | 2,405.59 | 467.50 | 114.69 |
| 2020-21 | 2,939.99 | 600.00 | 217.04 |
| 2021-22 | 3,250.00 | 600.00 | 257.38 |
| 2022-23 | 3,161.22 | 466.41 | 400.00 |

Chart 2.17: Trend of subsidy given by the GNCTD for power, water and free bus travel



Power subsidy given to the DISCOMS consumers increased by 86.03 per cent from ₹ 1,699.29 crore in 2018-19 to ₹ 3,161.22 crore in 2022-23. Water Subsidy given to DJB consumers increased by 9.74 per cent from ₹ 425 crore in 2018-19 to ₹ 466.41 crore in 2022-23. Subsidy given to DTC/Cluster buses for Female bus commuters increased by 248.77 per cent from ₹ 114.69 crore in 2019-20 to ₹ 400 crore in 2022-23. The Principal Accounts Office, GNCTD stated (September 2023) that reasons for variation over the years were awaited from the concerned departments.

2.4.2.4 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 2.21** and trends in financial assistance are shown in **Chart 2.18**.

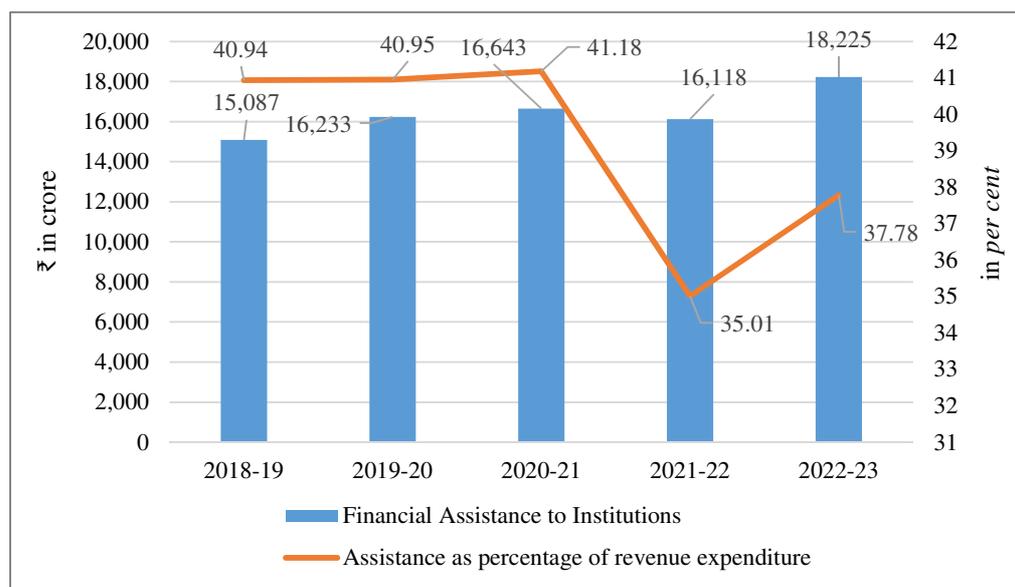
Table 2.21: Financial Assistance to Local Bodies, etc.

(₹ in crore)

| Financial Assistance to Institutions | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|---------------|---------------|---------------|---------------|---------------|
| (A) Local Bodies | | | | | |
| Municipal Corporations and Municipalities (Include GIA and compensation and Assignment) | 6,337 | 6,222 | 5,500 | 5,490 | 7564 |
| Total (A) | 6,337 | 6,222 | 5,500 | 5,490 | 7,564 |
| (B) Others | | | | | |
| Delhi Cantonment Board | 23 | 15 | 15 | 11 | 16 |
| Delhi Jal Board | 2,316 | 2,855 | 4,319 | 2,462 | 4,106 |
| Delhi Transport Corporation | 1,825 | 2,030 | 2,475 | 2,320 | 2,350 |
| Delhi Urban Shelter Improvement Board | 507 | 379 | 833 | 384 | 262 |
| Others (including Delhi Metro Rail Corporation, Higher Education Institutions, Technical Education Institutions, Hospitals, Road Safety Cell, etc.) | 4,079 | 4,732 | 3,501 | 5,451 | 3,927 |
| Total (B) | 8,750 | 10,011 | 11,143 | 10,628 | 10,661 |
| Total (A+B) | 15,087 | 16,233 | 16,643 | 16,118 | 18,225 |
| GIA on Salary | 4,267 | 4,467 | 4,598 | 4,628 | 5,298 |
| Grants for creation of capital assets | 1,806 | 1,563 | 1,121 | 804 | 2,031 |
| GIA- General | 4,247 | 4,703 | 6,834 | 8,083 | 7,813 |
| GIA given in kind | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Revenue expenditure | 36,852 | 39,637 | 40,414 | 46,043 | 48,246 |
| Assistance as percentage of revenue expenditure | 40.94 | 40.95 | 41.18 | 35.01 | 37.78 |

Source: Information received from Principal Accounts Office, GNCTD

Chart 2.18: Trends in financial assistance

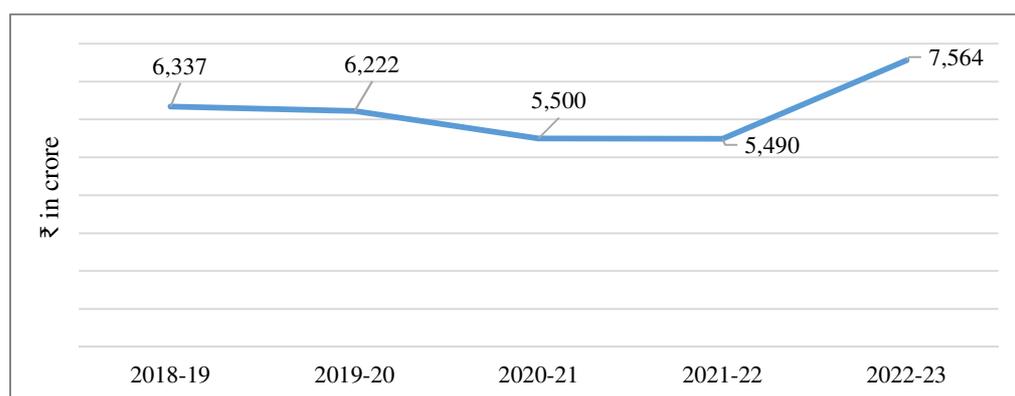


Financial assistance to local bodies and others increased by 13.07 *per cent* from ₹ 16,118 crore in 2021-22 to ₹ 18,225 crore in 2022-23. As a percentage of revenue expenditure, financial assistance also increased from 35.01 *per cent* in 2021-22 to 37.78 *per cent* in 2022-23.

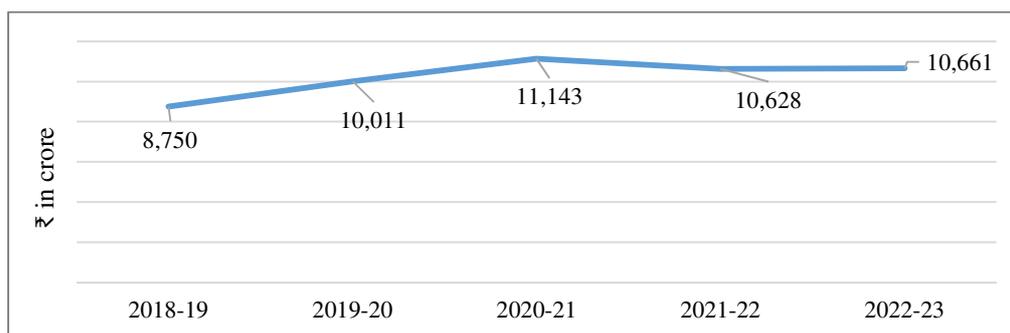
It was further noted that assistance on salary component had continuously showed an increasing trend during the period 2018-19 to 2022-23.

However, financial Assistance to Local bodies showed a declining trend during 2018-19 to 2021-22 and increased by 38 *per cent* in 2022-23 compared to previous year as depicted in **Chart 2.19 (a)**:

Chart 2.19 (a) Trend in Financial Assistance to Local Bodies



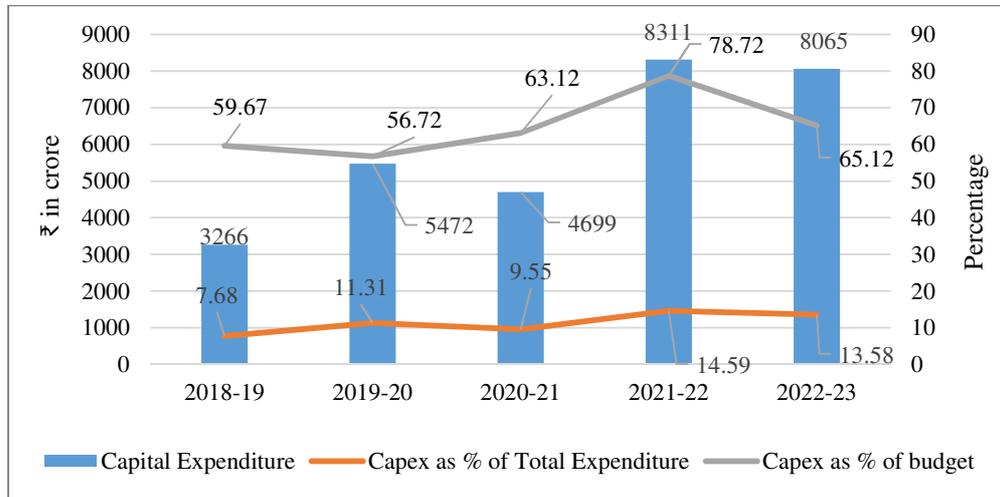
Similarly, financial Assistance to others showed a fluctuating trend during 2018-19 to 2021-22 and increased marginally by 0.31 *per cent* in 2022-23 compared to previous year as depicted in the **Chart 2.19 (b)**:

Chart 2.19 (b) Trend in Financial Assistance to others**Revenue deficit grants:**

Two entities viz. Delhi Jal Board (DJB) and Delhi Transport Corporation (DTC) were dependent on GNCTD for funding its viability gap through revenue grants as their revenue was not sufficient to cover the operational cost. During the period 2018-19 to 2022-23, GNCTD had disbursed ₹ 3,200 crore and ₹ 11,000 crore to DJB and DTC respectively.

2.4.3 Capital Expenditure

Capital expenditure includes expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. Trends in capital expenditure are presented in **Chart 2.20**.

Chart 2.20: Capital expenditure in the Government of NCT of Delhi

It can be seen from the **Chart 2.20** that capital expenditure during 2018-19 to 2022-23 displayed inter-year fluctuations ranging from ₹ 3,266 crore to ₹ 8,065 crore. Capital expenditure decreased from ₹ 8,311 crore to ₹ 8,065 crore (2.96 per cent) in 2022-23 over the previous year. Moreover, during 2018-19 to 2022-23, the capital expenditure has consistently fallen short of the capital budget. The capital expenditure was consistently less than 1 per cent of GSDP during the said period.

2.4.3.1 Major Changes in Capital Expenditure

Changes in major heads of capital expenditure are shown in **Table 2.22**.

Table 2.22: Capital expenditure under major heads of account during 2022-23 compared to 2021-22

(₹ in crore)

| Major Heads (MH) of Account | 2021-22 | 2022-23 | Increase (+)/ Decrease (-) in percentage |
|--|----------|----------|--|
| 4202- Capital Outlay on Education, Sports, Art and Culture | 1,999.78 | 1,249.51 | (-)37.52 |
| 4210-Capital Outlay on Medical and Public Health | 1,457.20 | 1,745.71 | (+) 19.80 |
| 5054-Capital Outlay on Roads and Bridges | 1,270.42 | 1,556.12 | (+) 22.49 |
| 5055-Capital Outlay on Road Transport | 1,277.68 | 1,026.07 | (-)19.69 |

Source: Finance Accounts of respective years.

Capital outlay on Education, Sports, Art & Culture (MH-4202) decreased by 37.52 per cent (₹ 750.27 crore) over the previous year mainly due to decrease in expenditure on Engineering/Technical Colleges and Institutes by ₹ 460 crore (82.22 per cent) and on Secondary education by ₹ 223.81 crore (23.85 per cent). Capital outlay on Roads and Bridges (MH-5054) increased by ₹ 285.70 crore (22.49 per cent) over the previous year due to increase in expenditure on construction of bridges and road works by ₹ 330.72 crore (36.51 per cent). Capital outlay on Medical and Public Health (MH-4210) increased by ₹ 288.51 crore (19.80 per cent) over the previous year due to increase in expenditure on hospitals and dispensaries by ₹ 277.99 crore (19.37 per cent). Capital outlay on Road Transport (MH-5055) decreased by 19.69 per cent (₹ 251.61 crore) over the previous year mainly due to decrease in investment in PSUs and other undertakings by ₹ 463.05 crore (56.50 per cent)

2.4.3.2 Investment and Returns

As of 31 March 2023, the Government had invested ₹ 21,054 crore in Government companies and co-operative institutions. The increase in investment in 2022-23 over the previous year by ₹ 343 crore was on account of investment made in Delhi Metro Rail Corporation Ltd. The return on investment was 0.49 per cent in 2022-23 whereas Government paid interest at the average rate of 6.15 per cent on its borrowings during 2022-23. The details are given below in Table 2.23.

Table 2.23: Return on Investment

| Investment/return/cost of borrowings | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--|--------------|--------------|--------------|--------------|--------------|
| Investment at the end of the year (₹ in crore) (a) | 19,261 | 19,411 | 19,911 | 20,711 | 21,054 |
| Return (₹ in crore) | 14.31 | 15.84 | 9.80 | 89.58 | 103.79 |
| Return (per cent) (b) | 0.07 | 0.08 | 0.05 | 0.43 | 0.49 |
| Average rate of interest on Government borrowings (per cent) (c) | 8.64 | 8.14 | 7.04 | 6.50 | 6.15 |
| Difference between interest rate and return (per cent) (c-b) | 8.57 | 8.06 | 6.99 | 6.07 | 5.66 |
| Difference between interest on Government borrowings and return on investment at the end of the year (₹ in crore) [(c-b)*a] | 1,651 | 1,565 | 1,392 | 1,257 | 1,192 |

Source: Finance Accounts of respective years

Government investments increased by 9.31 *per cent* over a period of five years from 2018-19 to 2022-23. GNCTD paid interest rate ranging from 6.15 *per cent* to 8.64 *per cent* on its borrowings during the period 2018-19 to 2022-23, whereas the percentage of return from investments ranged from 0.05 *per cent* to 0.49 *per cent* (at historical cost) during the same period. The loans disbursed and recovered during five years are given in **Table 2.24**.

Table 2.24: Quantum of loans disbursed and recovered during five years

| | (₹ in crore) | | | | |
|---|--------------|---------|---------|---------|---------|
| Quantum of loans disbursed and recovered | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Opening Balance of loans outstanding | 63,812 | 64,570 | 67,014 | 70,473 | 72,454 |
| Amount advanced during the year | 2,402 | 3,266 | 4,090 | 2,604 | 3,084 |
| Amount recovered during the year | 1,644 | 823 | 631 | 623 | 1,258 |
| Closing balance of the loans Outstanding | 64,570 | 67,014 | 70,473 | 72,454 | 74,280 |
| Net addition | 758 | 2,444 | 3,459 | 1,981 | 1,826 |
| Interest received | 113 | 404 | 468 | 336 | 46 |
| Interest receipts as percentage of outstanding loans and advances | 0.18 | 0.60 | 0.66 | 0.46 | 0.06 |
| Average rate of interest paid on the outstanding borrowings of the Government (<i>per cent</i>) | 8.64 | 8.14 | 7.04 | 6.50 | 6.15 |
| Difference between the rate of interest paid and interest received (<i>per cent</i>) | 8.46 | 7.54 | 6.38 | 6.04 | 6.09 |

During 2022-23, amount of ₹ 3,084 crore was advanced as loans against ₹ 2,604 crore during the previous year. Loans amounting to ₹ 39,334.02 crore were outstanding at the beginning of the year against Delhi Jal Board (₹ 3,261.19 crore), Delhi Urban Shelter Improvement Board (₹ 1,545.17 crore) and Khadi & village Industries Board (₹ 2.15 crore). Further loans of ₹ 2,983.55 crore were disbursed to these loanee entities without recovery of earlier loans.

The total loans outstanding loans advanced by the State Government increased by ₹ 1,826 crore from ₹ 72,454 crore in 2021-22 to ₹ 74,280 crore in the year 2022-23. Recovery of loans increased by ₹ 635 crore (101.93 *per cent*) and interest receipts decreased by ₹ 290 crore (86.31 *per cent*) respectively in 2022-23 as compared to 2021-22. The interest received was only 0.06 *per cent* of the outstanding loans and advances during 2022-23.

Further, loans amounting to ₹17.93 crore advanced to Delhi State Civil Supplies Corporation and Delhi Scheduled Castes Financial Corporation pertained to the period 1997-98 to 1998-99.

2.4.3.3 Reconciliation of Equity and Loans Outstanding of State Public Sector Enterprises (SPSEs), GNCTD with figures in Finance Accounts

The figures in respect of equity and loans outstanding as per records of State PSEs should agree with the figures appearing in the Finance Accounts of GNCTD. In case the figures do not agree, the concerned SPSEs and the Finance Department should carry out reconciliation of the differences. The differences

in figures of equity and loans as on 31 March 2023 is given in **Table-2.25** below:

Table 2.25: Equity and Loans outstanding as per Finance Accounts vis-à-vis records of State PSEs

| Particulars | Equity and Loans outstanding | | Difference |
|--------------|------------------------------|-------------------------|------------|
| | As per Finance Accounts | As per records of SPSEs | |
| Total Equity | 9297.91 | 9191.73 | 95.42* |
| Total Loans | 15601.30 | 15597.89 | 3.41 |

Source: records from SPSEs and Finance Accounts, GNCTD

*The difference of ₹ 10.76 crore, is attributable to investment in equity of GSDL, which is depicted in Finance Accounts but the related information from GSDL is awaited.

The differences between the figures in equity relates to DTIDC (₹ 95.42 crore) and in loans relates to DSFDC (₹ 1.58 crore), DSCSC (₹ 2.22 crore), DTTDC (₹ 3.15 crore) and PPCL (₹ 3.54 crore).

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

2.4.4 Adequacy of Public Expenditure

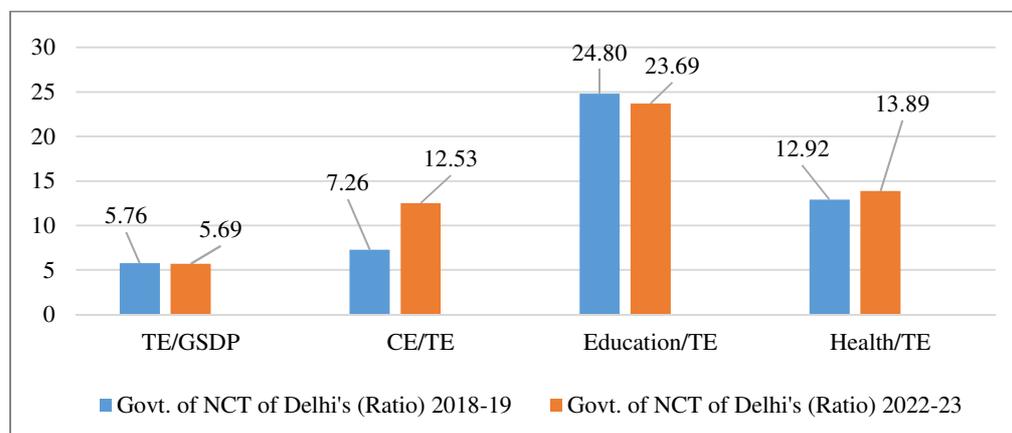
Table 2.26 and **Chart 2.21** shows the fiscal priority of the Government of NCT of Delhi with regard to capital expenditure, expenditure on education and on health during the year 2018-19 and 2022-23.

Table 2.26: Fiscal priority of GNCTD in 2018-19 and 2022-23

| (In per cent) | | | | |
|--|---------|-------|--------------|-----------|
| Fiscal Priority by the State | TE/GSDP | CE/TE | Education/TE | Health/TE |
| Government of NCT of Delhi's (Ratio) 2018-19 | 5.76 | 7.26 | 24.80 | 12.92 |
| Government of NCT of Delhi's (Ratio) 2022-23 | 5.69 | 12.53 | 23.69 | 13.89 |

AE: Revenue Expenditure +Capital Expenditure +Loans and Advances;
CE: Capital Expenditure (on Social and Economic Services)
Source: GNCTD Finance Accounts

Chart 2.21: Prioritisation in public expenditure (in percentage) during 2018-19 and 2022-23



Total expenditure as a proportion of GSDP increased to 5.69 *per cent* in 2022-23 from 5.76 *per cent* in 2018-19. Share of capital expenditure on social services and economic services in total expenditure has also registered increase during this period from 7.26 *per cent* to 12.53 *per cent*. Share of expenditure on health in total expenditure has also registered increase during this period from 12.92 *per cent* to 13.89 *per cent*. However, share of expenditure on education in total expenditure decreased from 24.80 *per cent* to 23.69 *per cent* over the same period.

2.5 Public Liability 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 Funds outside Government Accounts

a) Building and Other Construction Workers Welfare Cess

The Building and Other Construction Workers (BOCW) Welfare Cess Act, 1996 and the BOCW (Regulation of Employment and Conditions of Service) Act, 1996 covers establishments employing ten or more building workers on any day of the preceding twelve months in any building or other construction work. The Acts, inter alia, provide for constitution of Welfare Board with the aim of improving the working conditions of workers and to provide financial aid to them, and to augment the resources of the Welfare Board through the levy and collection of cess on the cost of construction works.

GNCTD notified (September 2002) “Delhi Building & Other Construction Workers Welfare Board” under Section 18 (1) of the BOCW (Regulation of Employment and Conditions of Service) Act, 1996 and levies cess at the rate not exceeding two *per cent* but not less than one *per cent*.

The Delhi BOCW Rules, 2002, as amended from time to time provide for collection of registration fee of ₹ 25 from registered workers. After deducting cess from the contractors' bills, Government Departments and private entities pass on the same to the notified Cess Collectors (Labour Officer and Inspector) of the Labour Department through cheques. After receipt of the cheques, Cess Collectors hand these over to the Board staff posted at the district offices, who in turn deposit the cheques in the bank. Audit findings are discussed below:

Funds kept outside Government Accounts

The details of receipts and utilisation of cess during the period 2018-19 to 2022-23, is given in **Table 2.27** below:

Table 2.27: Details of receipts and utilisation of cess during the period 2018-19 to 2022-23

(₹ in crore)

| Year | Receipts | | | | Expenditure | | | |
|---|----------------|----------------------------|-----------------|-----------------|------------------------|----------------------------|-------------------|-----------------|
| | Cess Collected | Beneficiaries contribution | Interest earned | Total | Expenditure on schemes | Administrative expenditure | Total expenditure | Net receipts |
| 1 | 2 | 3 | 4 | 5 (2+3+4) | 6 | 7 | 8 (6+7) | 9 (5-8) |
| Opening Balance | | | | | | | | 2385.80 |
| 2018-19 | 215.51 | 0.08 | 155.13 | 370.72 | 3.12 | 3.28 | 6.40 | 364.32 |
| 2019-20 | 215.47 | 0.22 | 215.97 | 431.66 | 48.89 | 3.79 | 52.68 | 378.98 |
| 2020-21 | 221.35 | 0.74 | 165.47 | 387.56 | 36.95 | 4.57 | 41.52 | 346.04 |
| 2021-22 | 244.69 | 3.34 | 109.54 | 357.57 | 458.08 | 7.05 | 465.13 | -107.56 |
| 2022-23 | 374.46 | 1.19 | 221.98 | 597.63 | 60.95 | 5.08 | 66.03 | 531.60 |
| Total | 1271.48 | 5.57 | 868.09 | 2,145.14 | 607.99 | 23.77 | 626.76 | 3,899.18 |
| Less: Income deducted/deposited as of March 2023 | | | | | | | | -319.98 |
| Net Amount available | | | | | | | | 3,579.20 |

Source: Records from Delhi Building and Other Construction Workers Welfare Board

As per the above details shared by the Board, ₹ 3,579.20 crore was available with the Board as on 31 March 2023. It was observed that:

(i) Office of Labour Commissioner, GNCTD on 16 August 2005 directed all Government Departments, Public Undertakings and other Government Bodies to remit one *per cent* of the amount of cost approved as per the tender notification from the bills as Labour Cess at the time of making payment to the contractors by way of A/c Payee Cheque, in favour of the Delhi Building and Other Construction Workers Welfare Board (Board) within 30 days of making such payment. Later, Board issued (November 2017) instructions to transfer the collected cess directly through RTGS/NEFT into its bank account of concerned district.

The mechanism adopted for accounting of the cess is not in conformity with the BOCW Cess Rules, 1998, which provides that the cess collected shall be transferred to the Board in the head of account of the Board under the accounting procedures of the State. Accordingly, the collected cess should be depicted in Public Account and from there it may be transferred to Board Account.

The matter was communicated to the Labour Department (August 2023 and December 2023) and the reply is awaited.

b) Non-operation of Delhi Electricity Regulatory Commission Fund

Section 103 of the Electricity Act, 2003 provides that State Government shall constitute a Fund to be called the State Electricity Regulatory Commission Fund (SERCF) and there shall be credited thereto any grants and loans made to the State Commission by the State Government, all fees received by the State Commission under the Act and all sums received by the Commission from such

other sources as may be decided upon by the State Government. Accordingly, Delhi Electricity Regulatory Commission (DERC) had requested (July 2003) GNCTD for creation of DERCF in accordance with Electricity Act, 2003.

Audit noted that the GNCTD did not constitute fund despite a lapse of nearly two decades and an amount of ₹ 10.31 crore (during 2022-23) was received by the DERC on account of license /processing fees. In response to the observation included in the SFAR for the period ended 31 March, 2022, Department of Power stated (May 2023) that the process of creating DERC Fund was under process.

2.5.2 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/ decrease over previous year |
| 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 |
| 2021-22 | 46,866.67 | 11192.67 | 4,215.16 | 53,844.18 | 6,977.51 | 14.89 |
| 2022-23 | 53844.18 | 3251.22 | 4,715.16 | 52,380.24 | (-)1463.94 | (-)2.72 |

The effective outstanding debt at the end of 2022-23 would be ₹ 40,322 crore (₹ 52,380 crore (-) ₹ 6,193 crore (-) ₹ 5,865 crore) as the Department of Expenditure, GoI had decided that GST compensation of ₹ 5,865 crore (2020-21) and ₹ 6,193 crore (2021-22) given to State as back to back loan under debt receipts would not be treated as debt of the State. Thus, the effective debt of the Government increased by ₹ 7,510 crore (22.89 per cent) from ₹ 32,812 crore at the end of 2018-19 to ₹ 40,322 crore at the end of 2022-23.

2.5.3 Maturity and Repayment of debt profile

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. The maturity profile of public debt (₹ 5,23,80.21 crore) is shown in Table 2.29 and Chart 2.22.

Table 2.29: Debt Maturity profile of repayment of State debt

| Repayment of debt | | | | |
|---------------------|---|-----------------------|--------------------|--|
| Period of repayment | Loans and Advances from GoI# (Principal) (₹ in crore) | Interest (₹ in crore) | Total (₹ in crore) | Percentage to debt (Principal indicated at (ii)) |
| (i) | (ii) | (iii) | (iv) | (v) |
| | | | [(ii) + (iii)] | [(ii)*100/52380.94] |
| 2023-24 | 4,993.69 | 3094.31 | 8,088.00 | 9.53 |
| 2024-25 | 4,914.32 | 2666.08 | 7,580.40 | 9.38 |
| 2025-26 | 4,641.66 | 2246.19 | 6,887.85 | 8.86 |

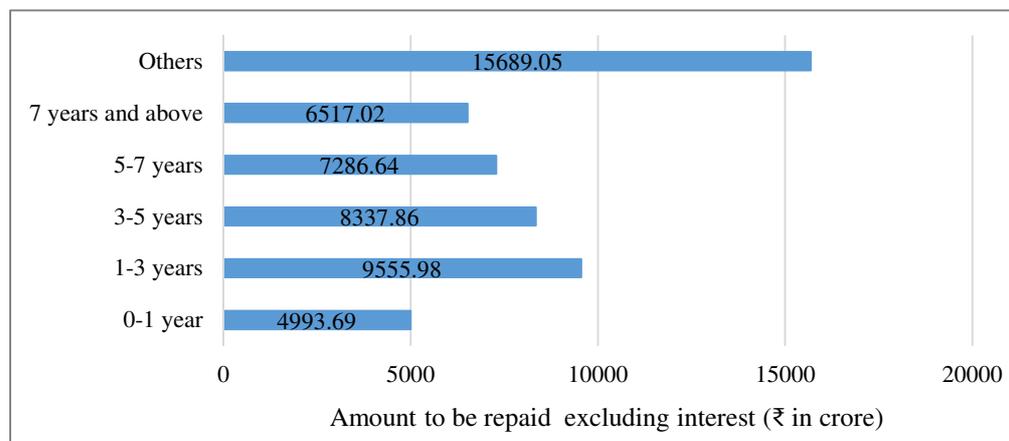
| Repayment of debt | | | | |
|---------------------|---|-----------------------|--------------------|--|
| Period of repayment | Loans and Advances from GoI# (Principal) (₹ in crore) | Interest (₹ in crore) | Total (₹ in crore) | Percentage to debt (Principal indicated at (ii)) |
| 2026-27 | 4,253.71 | 1853.16 | 6,106.87 | 8.12 |
| 2027-28 | 4,084.15 | 1498.63 | 5,582.78 | 7.80 |
| 2028-29 | 3,893.52 | 1159.01 | 5,052.53 | 7.43 |
| 2029-30 | 3,393.12 | 835.41 | 4,228.53 | 6.48 |
| 2030-31 | 2,752.44 | 555.71 | 3,308.15 | 5.25 |
| 2031-32 | 1,507.61 | 332.33 | 1,839.94 | 2.88 |
| 2032-33 | 807.51 | 207.26 | 1,014.77 | 1.54 |
| 2033-34 | 445.08 | 137.70 | 582.78 | 0.85 |
| 2034-35 | 423.65 | 95.41 | 519.06 | 0.81 |
| 2035-36 | 335.20 | 55.17 | 390.37 | 0.64 |
| 2036-37 | 115.75 | 23.32 | 139.07 | 0.22 |
| 2037-38 | 87.95 | 12.33 | 100.28 | 0.17 |
| 2038-39 | 41.83 | 3.97 | 45.80 | 0.08 |
| Total | 36,691.16* | 14775.99 | 51467.15** | 70.05 |
| Others | 15,689.05*** | | | 29.95 |
| Grand Total | 52,380.21 | | | 100.00 |

Note: *& ** This pertains only to the repayment of NSSF loan. There is a difference of ₹ 0.03 crore, which is attributable to rounding off of figures.

***This include back-to-back loan from GoI in lieu of GST compensation amounting to ₹ 12,058 crore, loans received from GoI for settlement of DESU's dues during 2013-14, rehabilitation of WTP at Chandrawal (2018-19), etc.

All loans are advanced to GNCTD from Consolidated Fund of India.

Chart 2.22: Debt Maturity profile



The maturity profile of public debt indicates that the liability of the State to repay the debt (excluding interest) during the periods 2023-24, 2024-26, 2026-28 and 2028-30 would be ₹ 4,993.69 crore (9.53 per cent), ₹ 9,555.98 crore (18.24 per cent), ₹ 8,337.86 crore (15.92 per cent) and ₹ 7,286.64 (13.91 per cent) respectively. Further, ₹ 6,517.02 crore (12.45 per cent) of the total public debt would be repayable after seven years.

2.6 Debt Sustainability

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters; Domar approach and compliance of macro-fiscal parameters to the respective FRBM (Fiscal Responsibility and Budget Management Act) targets.

The results of the analysis are given in the following paragraphs:

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. FRBM is not applicable to Delhi.

A. 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 Government of NCT of Delhi. **Table 2.30** analyses the debt sustainability of the Government of NCT of Delhi according to these indicators for the period of five years from 2018-19 to 2022-23.

Table 2.30: Debt Sustainability: Indicators and Trends

| (₹ in crore) | | | | | |
|---|----------|----------|----------|----------|-----------|
| Debt Sustainability Indicators | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Outstanding overall debt* (as on 31 st March of the year) | 32,812 | 34,767 | 41,002 | 41,786 | 40,322 |
| Rate of growth of outstanding overall debt | -2.25 | 5.96 | 17.93 | 1.91 | -3.5 |
| GSDP | 7,38,389 | 7,92,911 | 7,63,435 | 9,04,642 | 10,43,759 |
| Rate of growth of GSDP | 8.92 | 7.38 | -3.72 | 18.50 | 15.38 |
| Overall debt/GSDP | 4.44 | 4.38 | 5.37 | 4.62 | 3.86 |
| Debt maturity profile of repayment of State Debt | 3,636 | 2,811 | 3,265 | 4,215 | 4,715 |
| Average interest rate of outstanding public debt (per cent)** | 8.64 | 8.14 | 7.04 | 6.50 | 6.15 |
| Interest payment on Public Debt | 2,867 | 2,752 | 2,874 | 3,274 | 3,266 |
| Revenue deficit (-) / surplus (+) without interest payment | 9,128 | 10,251 | 4,324 | 6,544 | 17,723 |
| Revenue surplus due to interest payments | 6,261 | 7,499 | 1,450 | 3,270 | 14,457 |
| Percentage of interest payment to revenue receipts | 6.65 | 5.84 | 6.87 | 6.64 | 5.21 |
| Percentage of debt repayment to debt receipts | 126.25 | 58.99 | 34.37 | 84.3 | 145.03 |
| Net debt available to the State [§] | -3,623 | -798 | 3,361 | -2,489 | -4,766 |
| Net debt available as per cent to Debt Receipts | -125.8 | -16.75 | 35.38 | -49.78 | -148.24 |
| Primary Deficit(-) / Surplus(+) | 5,104 | 2,336 | -3,834 | -3,747 | 7,832 |
| Debt Stabilisation (Quantum Spread [#] + Primary Deficit) | 5,196 | 2,072 | -8,246 | 1,267 | 11,554 |

Source: Finance Accounts of respective years.

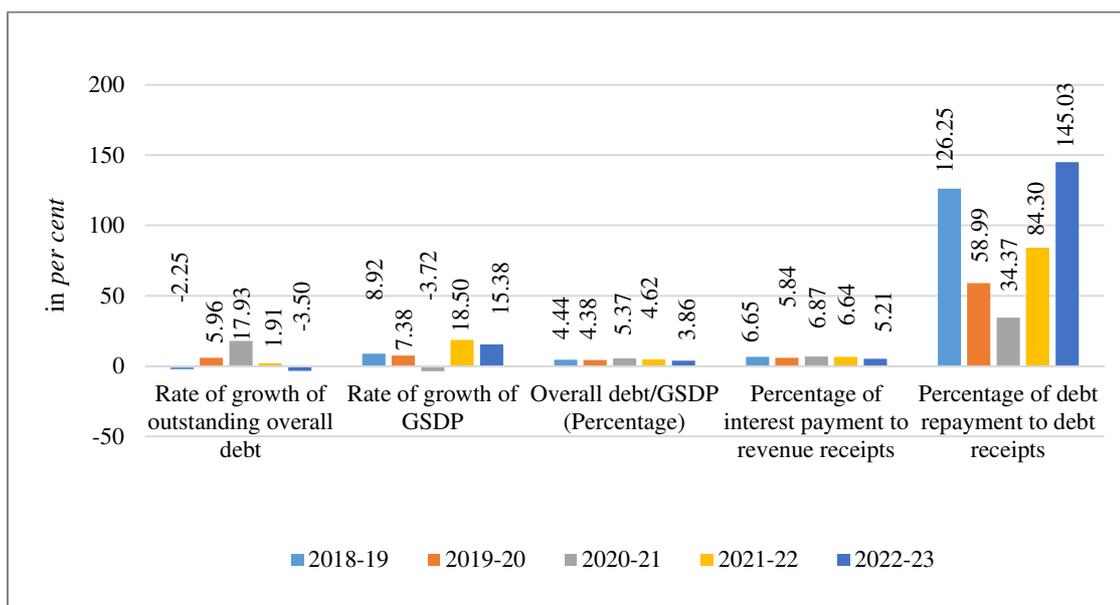
*Outstanding Public Debt is the sum of outstanding balances under the heads '6003-Internal Debt' and '6004-Loans and Advances' from the Central Government. During 2020-21 and 2021-22, it excluded ₹ 5,865 crore and ₹ 12,058 crore (₹ 5,865 crore + ₹ 6,193 crore) respectively as back to back loans from GoI in lieu of GST compensation shortfall which are not to be repaid by the State from its resources. After excluding these back to back loans, the overall effective debt for GNCTD at the end of the years 2020-21, 2021-22 and 2022-23 was 41,002 crore, ₹ 41,786 crore and ₹ 40,322 crore, respectively.

** Interest paid/ (OB of Public Debt+ CB of Public Debt)/2 (in per cent)

§ Net debt available to State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on public debt.

Quantum spread = Outstanding debt x (GSDP growth rate – Average interest rate of outstanding debt)

Chart 2.23: Debt Sustainability: Indicators and Trends



- A falling debt-GSDP ratio can be considered as leading towards stability. Debt GSDP ratio declined from 4.44 *per cent* in 2018-19 to 3.86 *per cent* in 2022-23.
- The ratio of interest payments to revenue receipts decreased from 6.65 *per cent* (2018-19) to 5.21 *per cent* (2022-23) during the period 2018-19 to 2022-23.
- Repayment of public debt (₹ 4,715 crore) was more than the public debt receipts (₹ 3,251 crore) during 2022-23.
- Higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayments to public debt receipts ranged from 34.37 *per cent* to 145.03 *per cent* during the period 2018-2023, which means most of the public borrowings were used for repayment of earlier borrowings leaving less space to use productively. Resultantly, the capital expenditure in the current year has gone down by 2.96 *per cent* over the previous year.

B. An analysis on debt sustainability was carried out based on a study by E.D. Domar. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt depending on the interest rate growth rate of GSDP and the primary budget balance are as follows:

| g-r (g-real economic growth rate: r-real interest rate) | s<0 (primary deficit) | s>0 (primary surplus) |
|--|--|---|
| g-r>0(strong economic growth) | Public debt as a percentage of GSDP should converge to a stable level greater than zero | Public debt as a percentage of GSDP should converging to a stable level less than zero leading to public savings. |
| g-r<0 (slow economic growth) | Public debt as a percentage of GSDP should increase indefinitely, without converging to a stable level | Undefined situation |

The results of applying the above parameters in the case of Delhi are shown in **Table 2.31**

Table 2.31: Debt sustainability analysis based on Domar model

| Year | Real growth (g)¹⁷ | Real Interest (r)¹⁸ | g-r (Domar gap) | Primary deficit (-)/ Surplus(+) (₹ in crore) | Remarks |
|-------------|-------------------------------------|---------------------------------------|------------------------|---|---|
| 2018-19 | 4.30 | 5.98 | -1.68 | 5,104 | Undefined situation |
| 2019-20 | 3.69 | 4.40 | -0.71 | 2,336 | Undefined situation |
| 2020-21 | -6.57 | 4.00 | -10.57 | -3,834 | Public debt as a percentage of GSDP should increase indefinitely, without converging to a stable level |
| 2021-22 | 9.14 | 0.50 | 8.64 | -3,747 | Public debt as a percentage of GSDP should converge to a stable level greater than zero |
| 2022-23 | 9.18 | 2.15 | 7.03 | 7,832 | Public debt as a percentage of GSDP should converging to a stable level less than zero leading to public savings. |

In the initial two years of the subject period i.e. 2018-19 to 2019-20, the State had primary surplus but the Domar gap remained negative. This is indicative of an undefined situation. In the year 2020-21, the Domar gap remained negative while there was primary deficit indicating that public debt as a percentage of GSDP should increase indefinitely, without converging to a stable level. During the year 2021-22¹⁹, the Domar gap turned positive and the primary deficit continued from the previous year at a reduced level. This showed that public debt as a percentage of GSDP should converge to a stable level greater than zero. In the current year 2022-23, while the Domar gap remained positive, the State reported primary surplus, which showed that public debt as a percentage

¹⁷ Growth rate of GSDP at constant prices (Base year 2011-12)

¹⁸ Real Interest = Nominal interest rate (as per Table 2.30) *minus* Annual inflation Rate (As per website of MOSPI)

¹⁹ The real growth rate of GSDP (g) and Domar gap (g-r) during post Covid – 19 year (i.e., 2021-22 and 2022-23) should be read with negative GSDP growth rate during 2020-21 resulting in low base for computation of GSDP growth rates during subsequent years.

of GSDP should converging to a stable level less than zero leading to public savings. Thus, it becomes evident that depending solely on economic growth (expressed as $g-r > 0$ from 2021-2023) would not suffice to cover the debt obligations of the State.

2.7 Conclusion

A snapshot of some positive indicators and those requiring close watch are given in **Table 2.32**

Table 2.32: Key parameters

| Positive indicators | Parameters requiring close watch |
|--|--|
| <ul style="list-style-type: none">• Revenue receipts increased by 27.15 per cent.• Own Tax receipts increased by 18.35 per cent.• Repayment of Public Debt increased by 11.86 per cent | <ul style="list-style-type: none">• Non-tax receipts decreased by 29.75 per cent.• Disbursement of Loans and Advances increased by 18.48 per cent.• Capital expenditure decreased by 2.96 per cent |