

CHAPTER-4

**QUALITY OF ACCOUNTS AND
FINANCIAL REPORTING PRACTICES**

Chapter - 4

Quality of Accounts and Financial Reporting Practices

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic responsibilities, including strategic planning and decision-making. The compliance of GNCTD with various financial rules, procedures and directives has been discussed in this chapter.

Issues related to completeness of accounts

4.1 Funds transferred directly to State implementing agencies

The Union Government transfers large funds directly to State Implementing Agencies/Non-Governmental Organisations for implementation of various schemes and programmes.

As these funds are not routed through the GNCTD's Budget, these are not reflected in the accounts of GNCTD. As per the information shared by Finance Department, GNCTD, funds to the extent of ₹ 309.76 crore were transferred by the GoI directly to State Implementing Agencies within GNCTD, as depicted on the PFMS portal, during the year 2022-23.

Principal Accounts Office, GNCTD stated (February 2024) that matter had been referred to Finance department for the confirmation of facts and figures.

Issues related to transparency

4.2 Delay in submission of Utilisation Certificates

Rule 238 of GFR, 2017 stipulates that for grants released during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the Departmental officers from the grantees within 12 months of the closure of the financial year.

However, 1,339 UCs for an aggregate amount of ₹ 9,314.85 crore in respect of the grants released up to 31 March 2022 were not furnished by the grantees as of 31 March 2023.

Lack of submission of the UCs means that although expenditure is incurred but the grantees have not explained as to how the funds were spent. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance, if such UCs are pending against Grants-in-aid (GIA) meant for capital expenditure. Since lack of submission of UCs is fraught with the risk of misappropriation, it is imperative that GNCTD

should monitor this aspect closely and hold the concerned departments accountable for submission of UCs in a timely manner. Year-wise break up of outstanding UCs is detailed below in **Table 4.1**.

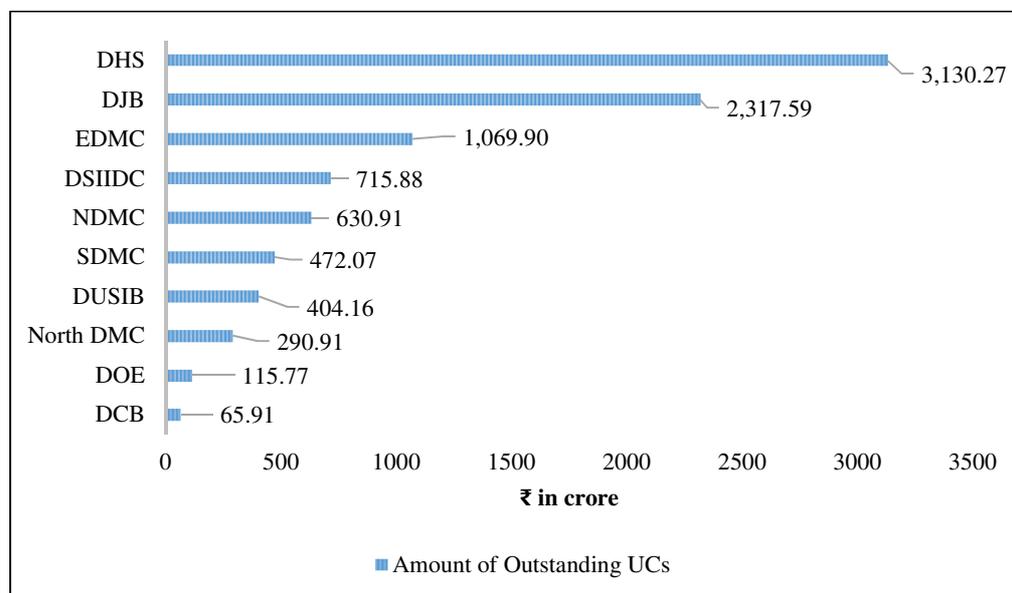
Table 4.1: Year-wise break up of outstanding Utilisation Certificates

(₹ in crore)		
Year	Number of UCs outstanding	Amount
1993-94 to 2011-12	1,047	220.91
2012-13	103	188.92
2013-14	27	0.64
2014-15	26	0.32
2015-16	08	178.34
2016-17	11	685.15
2017-18	04	155.52
2018-19	07	657.67
2019-20	08	336.95
2020-21	19	2,395.43
2021-22	79	4,495.00
Total	1,339	9,314.85

It can be seen that 1,047 UCs (78.19 per cent) involving ₹220.91 crore were outstanding for more than 10 years while 292 UCs (21.81 per cent) of ₹ 9,093.94 crore were outstanding from 2012-13 to 2021-22.

The details of outstanding UCs in respect of 10 major Departments for grants paid up to 31 March 2022 are given in **Chart 4.1**:

Chart 4.1: Details of outstanding UCs of 10 major Departments for the grants paid up to 2021-22



Source: Principal Accounts Office, GNCTD

Directorate General of Health Services (DGHS), Delhi Jal Board (DJB) and East Delhi Municipal Corporation contributed ₹ 3,130.27 crore (33.61 per cent), ₹ 2,317.59 crore (24.88 per cent) and ₹ 1,069.90 crore (11.49 per cent) of the arrears, respectively.

This indicates lack of internal control of the administrative departments and tendency on the part of the Government to disburse fresh grants without ascertaining proper utilisation of the earlier grants. Pendency of UCs was fraught with the risk of misappropriation of funds and fraud.

Further, in the absence of UCs, it could not be ascertained as to whether the recipients had utilised the grants for the intended purpose for which these were sanctioned.

Principal Accounts Office, GNCTD confirmed (February 2024) the amounts shown in **Table 4.1** and **Chart 4.1**.

It is recommended that Principal Accounts Office, GNCTD may, in conjunction with the Finance Department, conduct an inquiry on the reasons for outstanding UCs for the period up-to 2012-13 under intimation to audit.

To verify the facts and figures relating to outstanding UCs contained in Finance Accounts of GNCTD, five Departments /Institutions viz., Department of Social Welfare, Directorate General of Health Services, Delhi Tourism & Transportation Development Corporation Ltd., New Delhi Municipal Council (NDMC), Delhi Cantonment Board were selected for detailed audit.

Department-wise major observations are discussed in the subsequent paras.

4.2.1 Directorate of Social Welfare

The Social Welfare Department releases the grants to NGOs/Recreation Centres for utilisation.

As per Annexure 'E' of Finance Accounts, GNCTD for the financial year 2022-23, 1,164 UCs for an amount of ₹ 37.32 crore were outstanding.

Audit noted that the directorate did not maintain any record/information relating to pending UCs. In the absence of information on the aforesaid pending UCs, it could not be ascertained whether the recipients had utilised the grants for the intended purpose for which these were sanctioned.

The department replied (September 2023) that it was in the process of collecting and compiling the details of pending UCs from the respective organisations for the period 1993-94 to 2021-22. It added that the UCs will be submitted to Pay and Accounts Office through Accounts Officer (DSW) within a month.

4.2.2 Directorate General of Health Services (DGHS)

As per Annexure 'E' of the statement of UCs of Finance Accounts, GNCTD for the financial year 2022-23, 9 UCs for an amount of ₹ 3,130.27 crore were outstanding from DGHS.

DGHS replied (September 2023) that the records relating to nine outstanding UCs for ₹ 2.69 crore in the year 1998-99 were not readily traceable. It added that no other UC was outstanding as per their records, as the remaining unspent

balance of ₹ 3,127.58 crore had been adjusted against GIA released during the year 2022-23.

The concerned accounting authorities may take the matter with DGHS to reconcile/rectify the mismatch between Finance Accounts and the departmental records.

During audit scrutiny of records relating to GIA released to various institutions/organisations, following discrepancies were noticed: -

- i. As per condition no. 5 of sanctions issued for release of GIA, a utilisation certificate duly signed by Executive Head of the organisation/Institution is to be submitted within the prescribed time.

Audit scrutiny revealed that UCs submitted by Indraprastha Vyavsayik Evam Paryavarneeya Swasthaya Samiti (IVPSS) and Chacha Nehru Bal Chikitsalaya (CNBC) were signed by only their CA and Sr. Accounts Officer and not by the designated Executive Head.

- ii. As per Rule 238(1) of GFR, UCs are required to be submitted by the grantee as prescribed in Form GFR 12-A.

Test check of UCs revealed that UCs were being submitted in Form GFR 19-A instead of Form GFR 12-A in contraventions of above provisions of GFR.

- iii. As per Rule 230 (8) of GFR, 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 immediately after finalisation of the accounts. Such advances should not be allowed to be adjusted against future releases.

Audit scrutiny revealed that the interest earned by the grantees had not been remitted to the Consolidated Fund and had been adjusted against future release of grant in contravention of the above provisions of GFR.

Principal Accounts Office, GNCTD stated (February 2024) that matter had been referred to the concerned department to verify facts and figures with request to provide the comments.

4.2.3 Delhi Tourism & Transportation Development Corporation Ltd (DTTDC)

As per Annexure 'E' of the statement of Utilisation Certificate of Finance Accounts, GNCTD for the financial year 2022-23, 'Nil' UCs for an amount of ₹ 0.06 crore were outstanding.

Audit scrutiny revealed that that the aforesaid outstanding amount of an amount of ₹ 0.06 crore had actually been adjusted against the GIA for the year 2016-17. Further, no quantum or amount of UCs were pending with DTTDC as on date.

DTTDC replied (September 2023) that it had received an amount of ₹ 8.67 crore from GoI during 2015-16 of which the unspent balance of ₹ 0.06 crore had been adjusted in 2016-17. It added that UC for ₹ 0.06 crore had been forwarded to GoI in July 2019 and that no UCs (quantum and amount) were pending with it. The concerned PAO and DTTDC may reconcile and clear the outstanding UCs.

4.2.4 New Delhi Municipal Council (NDMC)

As per the Finance Accounts of GNCTD, 21 UCs for an amount of ₹ 630.91 crore were pending with NDMC.

As against the above position stated in Finance Accounts, (FA), NDMC stated (September 2023) as under:

- i. Pending UCs for the years 1993-94, 1996-97 and 1997-98 were 30 years old and the same could not be traced due to lack of details of the concerned scheme/project against which these UCs were pending. NDMC has also requested Department of Urban Development (UD),GNCTD to share the exact quantum of UCs pending specifically indicating the name of the scheme/projects for which GIA have been given to NDMC for settlement of outstanding UCs pertaining to 1993-94 to 1997-98.
- ii. In respect of the UCs outstanding for the years 2015-16 & 2018-19, the same had already been furnished to GoI and no longer pending with NDMC
- iii. For the year 2016-17, the amount of UCs outstanding as per FA was ₹ 24,715.40 lakh. However, NDMC stated that it had received a grant of ₹ 17,445.45 lakh during 2016-17 for which the UCs had already been forwarded to GoI.
- iv. For the year 2017-18 the amount of UCs outstanding as per FA was ₹ 6,361.91 lakh. However, NDMC stated that it had received a grant of ₹ 12,343.63 lakh during 2017-18 for which the UCs had already been forwarded to GoI.
- v. For the years 2020-21 and 2021-22 NDMC had directed their departments/divisions to provide the details of UCs for the period 2020-21 and 2021-22, which were to be further transmitted to Department of Urban Development (UD).

NDMC and the concerned department of GNCTD may reconcile and clear the outstanding UCs

Further, test check of UCs furnished by the NDMC revealed that the UCs submitted by NDMC for the year 2018-19 were in GFR form 19A instead of the prescribed format of Form 12A in contravention of Rule 238(1), of GFR, 2017.

4.2.5 Delhi Cantonment Board (DCB)

As per Annexure 'E' of the Finance Accounts of GNCTD for financial year 2022-23, 73 UCs for ₹ 65.91 crore were outstanding during the period 1994-95 to 2021-22.

DCB did not furnish any record/information relating to pending UCs and stated (September 2023) that the UCs shown as due for the period 1994-95 to 2021-22 were a portion of revenue share in the form of Motor Vehicle Tax, Terminal Tax and Entertainment Tax, which was later merged into Basic Tax Assignment (BTA) from GNCTD. Therefore, submission of Utilisation Certificates in respect of revenue share/BTA was not considered necessary. It added that it had received Grants-in-Aid only for Primary Education (Non Plan Scheme) from GNCTD during the period 1994-95 to 2015-16 for which the UCs had already been sent to UD.

The concerned department of GNCTD may take up the matter with the DCB to reconcile and clear the outstanding UCs.

Principal Accounts Office, GNCTD stated (February 2024) that matter had been referred to the concerned department to verify facts and figures with request to provide the comments.

4.3 Abstract Contingent bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers are not available at the time of drawal, are made on Abstract Contingent (AC) bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent (DC) bills within a stipulated period of drawal of AC bills. DC bills consist of abstract expenditure along with sub-vouchers for the amount drawn through AC bills. Drawing and Disbursing Officers are required to present Detailed Contingent (DC) bills duly countersigned by the Controlling Officer in all these cases within the prescribed period.

Rule 118 of the Receipts and Payments Rules stipulates that a certificate shall be attached to every AC bill to the effect that the DC bills have been submitted to the Controlling Officer in respect of AC bills drawn during the month previous to that in which the bill in question is presented for payment. Thus, money drawn on AC bills should be adjusted within a period of one month from the date of drawal by submission of DC bill. On no account should an AC bill be adjusted without this certificate.

Year-wise progress in submission of DC bills against the AC bills is detailed below in **Table 4.2**.

Table-4.2: Year-wise progress in submission of DC bills against the AC bills

(₹ in crore)

Year	Opening balance		Clearance during the FY 2022-23		Closing balance as on 31 March 2023	
	No.	Amount	No.	Amount	No.	Amount
Upto 2018-19	3,795	256.18	183	70.53	3,612	185.65
2019-20	219	27.85	71	12.54	148	15.32
2020-21	136	13.99	27	03.21	109	10.78
2021-22	536	134.40	337	62.52	199	71.88
Upto 2021-22	4,686	432.43	618	148.80	4,068	283.63
2022-23	2,629 [#]	403.19	1879	111.93	750	291.26
Total	7,315	835.62	2,497	260.73	4,818	574.89

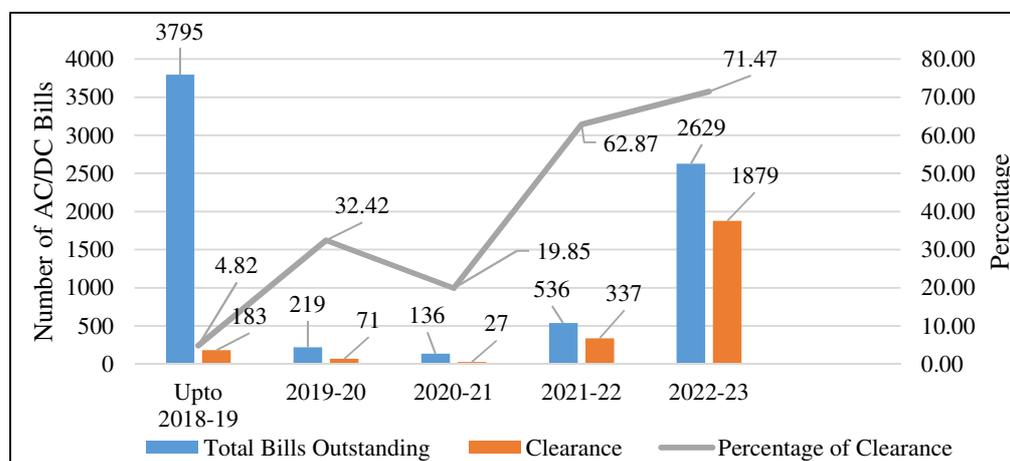
represents total fresh bills drawn during the year 2022-23.

Source: Principal Accounts Office, GNCTD

It can be seen from **Table 4.2** that a total of 4,818 AC bills involving ₹ 574.89 crore were outstanding as of March 2023. It was observed that 76 Government Departments did not submit 750 DC bills amounting to ₹ 291.26 crore before closing of the Accounts for the financial year 2022-23, and therefore, there was no assurance that the expenditure of ₹ 291.26 crore had been actually incurred during the financial year for the purpose for which it was authorized by the legislature.

Against AC bills of ₹ 403.19 crore during 2022-23, an amount of ₹ 213.14 crore (52.86 per cent) pertained to March 2023.

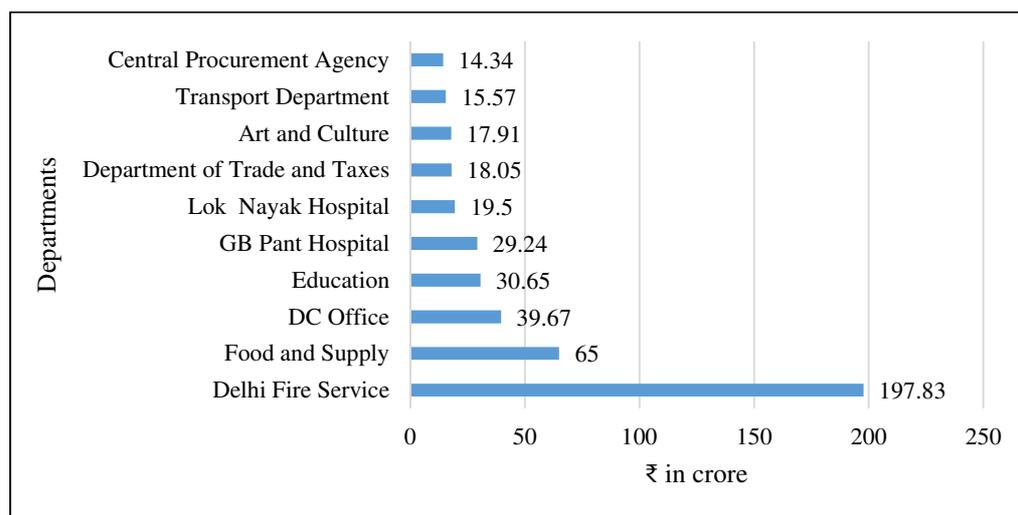
Advances drawn and not accounted for increases the possibility of wastage/misappropriation/malfeasance, etc. Owing to non-submission of DC bills by different Departments within prescribed time after drawal of AC Bills, it could not be ensured in audit that funds had been utilised for the purpose for which these were drawn. This, therefore, needs to be monitored closely. It is recommended that Principal Accounts Office, GNCTD may, in conjunction with the Finance Department, conduct an inquiry on the reasons for outstanding AC bills for the period upto 2018-19 under intimation to audit. The trend of clearance of AC bill is given in **Chart 4.2**:

Chart 4.2: Trend of clearance of AC bills

It can also be seen from the above **Chart 4.2** that clearance of outstanding AC bills for the years 2018-19 to 2022-23 showed an increasing trend from 4.82 per cent to 71.47 per cent. However, total cumulative clearance of outstanding AC bills upto 2022-23 was 34.14 per cent of the total bills.

The details of pending DC bills in respect of major departments are given in **Chart 4.3**:

Chart 4.3: Pending DC bills in respect of major Departments



Source: Finance Accounts of GNCTD for the year 2022-23

From the above **Chart 4.3**, it can be inferred that pending DC bills in respect of ten major departments of GNCTD ranged from ₹ 14.34 crore to ₹ 197.83 crore.

Principal Accounts Office, GNCTD confirmed (February 2024) the amounts shown in **Table 4.21**, **Chart 4.2** and **Chart 4.3**.

AC bills drawn for creation of Capital assets.

As per Rule 96 of Receipts and Payments Rules, 1983, the term ‘contingent charges’ or ‘contingencies’ means and includes all incidental and other expenses (including on stores), which are incurred for the management of an office as an office or for the working of technical establishment such as laboratory, workshop, industrial installation, store depot and the like but other than expenditure which has been specifically classified as falling under some other head of expenditure e.g. ‘works’, ‘tools and plants’.

During 2022-23, one AC bill of Delhi Fire Service (DFS) amounting to ₹ 197 crore was drawn for creation of capital assets¹, which was in contravention of the above rule.

¹ Advance given to DMRC for procurement of 15 imported and high special firefighting vehicles, rescue vehicles/appliances.

To verify the facts and figures relating to outstanding AC Bills contained in Finance Accounts of GNCTD, five Departments /Institutions viz Department of Art, Culture and Languages, Chief Electoral Office, Department of Information Technology, Department of Trade and Taxes, Transport Department were selected for detailed audit. Department-wise major observations are discussed in the subsequent paras.

Rule 118 of Receipts and Payment Rule, 1983 stipulates that a certificate shall be attached to every AC to the effect that the DC bills have been submitted to the Controlling Officer in respect of AC Bills drawn during the month previous to that in which the bill in question is presented for payment. On no account may an AC Bill be cashed without this certificate. It can be inferred from the said rules that AC Bills need to be adjusted within one month of their drawal.

As Rule 110 of Receipts and Payments rules, 1983 a register of contingent expenditure shall be kept in Form GAR 27 by office and initials of the head of office, shall be entered against date of payment of each item.

The audit observations are as under:

4.3.1 Department of Art, Culture and Languages (DACL)

A) Non-adjustment of AC Bills amounting to ₹ 17.90 crore.

Departmental records revealed that AC Bills amounting to ₹ 17.90 crore were pending since 19 March 2009 till 19 September 2023. Due to non-submission of DC Bills, it could not be ensured that the funds had been utilised for the purpose for which these have been drawn.

B) Delay in submission of DC Bills

Scrutiny of the records of the Department revealed that there was a delay ranging from 105 to 599 days in submission of DC Bills in contravention of Rule 118 of Receipts and Payment Rules, as detailed below:

Table 4.3: Delay in submission of DC Bills

Sl. No.	Advance Bill No. and date	Amount of drawal in ₹	Settled vide DC Bill no & date	Delay in settlement (days)
1.	ACB-167 dated 22.11.2021	57,29,400	DCB-134 dated 7.9.2022	259
2.	ACB-249 dated 30.3.2021	1,00,00,000	DCB-112 dated 17.9.2021	141
3.	ACB-424 dated 27.12.2019	5,00,000	DCB-107 dated 16.9.2021	599
4.	ACB-533 dated 3.2.2020	68,000	DCB-35 dated 15.7.2020	133
5.	ACB-542 dated 14.2.2020	1,65,000	DCB-32 dated 15.7.2020	122
6.	ACB-571 dated 02.03.2020	2,35,000	DCB-34 dated 15.7.2020	105

The above table shows that there was a delay in submission of DC Bills in contravention of the provisions of above cited rules. The reasons for delay in submission of DC Bills against the AC Bills were not furnished.

C) Non-maintenance of Register of contingent expenditure in prescribed format

Audit noticed that register in prescribed form was not being maintained by DACL relating to contingent expenditure in contravention of Rule 110 of Receipts and Payments rules, 1983. Reasons for not maintaining Register of contingent expenditure was not furnished by the Department (September 2023).

4.3.2 Chief Electoral Office

A) Un-reconciled difference between Finance Accounts and departmental records:

While Annexure ‘D’ of GNCTD Finance Accounts for the year 2022-23 depicted pending outstanding AC Bills of ₹ 13.19 crore (31 March 2023), the departmental record of office of the Chief Electoral Officer, Delhi showed outstanding AC Bills of ₹ 8.88 crore (31 March 2023) leaving a difference of ₹ 4.31 crore un-reconciled, which is in contravention of Rule 118 of Receipts and Payments Rules, 1983.

B) Non-adjustment of AC Bills amounting to ₹ 8.97 crore

Audit scrutiny of records revealed that 52 AC bills amounting to ₹ 8.97 crore were still outstanding and no bill was settled in F.Y.2023-24 (till September 2023), which is in contravention of Rule 118 of Receipts and Payments Rules, 1983. Owing to non-submission of DC Bills, it could not be ensured that the funds had been utilised for the purpose for which these have been drawn. Therefore, sincere and regular efforts need to be taken to settle these outstanding bills.

C) Delay in submission of DC Bills:

Scrutiny of records of Office of the Chief Electoral Officer, Delhi revealed that DC Bills were submitted after delay ranging from 377 to 648 days in contravention of Rule 118 of Receipts and Payment Rules *ibid*, as tabulated below:

Table 4.4: Delay in submission of DC Bills

SL No.	Advance Bill No. and date	Amount of drawal in ₹	Settled vide DC Bill no & date	Delay in settlement
1.	ACB-867 dated 4.2.2020	81,26,925	DCB-441 dated 15.11.2021	620 days
2.	ACB-868 dated 4.2.2020	2,98,205	DCB-591 dated 17.03.21	377 days
3.	ACB-872 dated 5.2.2020	40,120	DCB-494 dated 9.12.21	643 days
4.	ACB-23 dated 5.5.2020	20,00,000	DCB-730 dated 14.03.2022	648 days

The above table shows that there was delay in submission of DC Bills in contravention of the provisions of above cited rules. The reasons for delay in submission of DC Bills against the AC Bills drawn were sought (September 2023) but the reply of the Department is still awaited.

4.3.3 Department of Information Technology (DIT)

A) Non-adjustment of AC Bills amounting to ₹10.96 Crore

Audit scrutiny revealed that 32 AC bills for ₹ 10.96 crore were still outstanding (including an AC Bill for ₹ 27,000 drawn after 1 April 2023). Due to non-submission of DC Bills it could not be ensured that the funds had been utilised for the purpose for which these have been drawn.

B) Delay in submission of DC Bills

Scrutiny of records of DIT revealed that DC Bills were submitted after delay ranging from 68 days to 1270 days in contravention of Rule 118 of Receipts and Payments Rules *ibid*, as tabulated below:

Table 4.5: Delay in submission of DC Bills

Sl. No.	Advance Bill No. and date	Amount of drawal in ₹	Settled vide DC Bill no & date	Delay in settlement
1.	ACB-60 dated 12.7.2019	340003	DCB-219 dated 01.02.2023	1270 days
2.	ACB-169 dated 05.02.2021	1227612	DCB-178 & 40 dated 2.2.2022 & 30.5.2022	449 days
3.	ACB-57 dated 24.6.2021	346581	DCB-219 dated 01.02.2023	557 days
4.	ACB-241 dated 31.03.2022	828734	DCB-187 dated 21.12.2022	235 days
5.	ACB-242 dated 31.03.2022	564202	DCB-187 dated 21.12.2022	235 days
6.	ACB-265 dated 24.03.2023	44213	DCB-85 dated 30.06.2023	68 days
7.	ACB-266 dated 24.03.2023	188068	DCB-85 dated 30.06.2023	68 days
8.	ACB-267 dated 24.03.2023	276607	DCB-85 dated 30.6.2023	68 days

The above table shows that there was delay in submission of DC Bills which is in contravention of the provisions of above cited rules. The reasons for delay in submission of DC Bills against the AC Bills drawn were not furnished by the Department (September 2023).

C) Non-maintenance of Register of contingent expenditure in prescribed format

Audit noticed that register in prescribed form was not being maintained by DIT relating to contingent expenditure in contravention of Rule 110 of Receipts and Payments Rules, 1983. Reasons for non-maintenance of Register of contingent

expenditure were sought (September 2023) but the reply of the Department is still awaited.

4.3.4 Department of Trade and Taxes (DTT)

A) Un-reconciled difference between Finance accounts and departmental records

While Annexure 'D' of GNCTD Finance Accounts for the year 2022-23 depicted pending outstanding AC Bills of ₹18.05 crore (31 March 2023), the departmental record of office of DTT, Delhi showed outstanding AC Bills of ₹ 15.27 crore (31 March 2023) leaving a difference of ₹ 2.79 crore un-reconciled, which is in contravention of Rule 118 of Receipts and Payments Rules, 1983.

B) Non-adjustment of AC Bills amounting to ₹ 15.27 crore

Audit scrutiny revealed that there were 70 AC bills for ₹ 15.27 crore outstanding since June 2005 till 31 March 2023. Due to non-submission of DC Bills, it could not be ensured that the funds had been utilised for the purpose for which these have been drawn.

C) Delay in submission of DC Bills

Scrutiny of records of DTT revealed that DC Bills were submitted after delay ranging 123 to 1306 days in contravention of Rule 118 of Receipts and Payments Rules *ibid*, as tabulated below:

Table 4.6: Delay in submission of DC Bills

Sl. No.	Advance Bill No. and date	Amount of drawal in ₹	Settled vide DC Bill no & date	Delay in settlement
1.	ACB-343 dated 8.5.2019	3,94,362	DCB-1784 dated 3.1.2023	1306 days
2.	ACB-1689 dated 8.11.2019	18,880	DCB-102 dated 5.5.2020	149 days
3.	ACB-1728 dated 19.11.2019	18,09,944	DCB-1712 dated 19.3.2021	456 days
4.	ACB-1857 dated 5.12.2019	3,61,19,144	DCB-100 dated 6.5.2020	123 days
5.	ACB-310 dated 1.7.2020	2,71,28,133	DCB-1784 dated 13.1.2023	896 days
6.	ACB-2035 dated 15.3.2022	8,71,194	DCB-1838 dated 19.1.2023	280 days
7.	ACB-2127 dated 25.3.2022	88,000	DCB-943 dated 26.8.2022	124 days

The above table shows that there was significant delay in submission of DC Bills which is in contravention of the provisions of above cited rules. The reasons for delay submission of DC Bills against the AC Bills drawn were not furnished.

4.3.5 Transport Department

A) Un-reconciled difference between finance accounts and departmental records:

While Annexure 'D' of GNCTD Finance Accounts for the year 2022-23 depicted pending outstanding AC Bills of ₹ 15.57 crore (31 March 2023), the departmental record of Transport Department showed outstanding AC Bills of ₹ 12.08 crore (31 March 2023) leaving a difference of ₹ 3.49 crore un-reconciled, which is in contravention of Rule 118 of Receipts and Payments Rules, 1983.

B) Non-adjustment of AC Bills amounting to ₹ 12.60 crore

Audit scrutiny of records of Transport Department revealed that AC bills amounting to ₹ 12.08 crore were outstanding as on 31 March 2023. Further, new AC bills amounting to ₹ 0.74 crore were added as on 1 April 2023 to September 2023 aggregating outstanding AC bills to ₹ 12.82 crore. Of this, bills amounting to only ₹ 0.22 crore were settled during April to September 2023 leaving a balance of ₹ 12.60 crore still outstanding. Owing to non-submission of DC Bills it could not be ensured that the funds have been utilised for the purpose for which these have been drawn. Therefore, sincere and regular efforts need to be taken to settle these outstanding bills.

C) Delay in submission of DC Bills

Scrutiny of records of Transport Department revealed that DC Bills were submitted after delay ranging from 40 days to 1251 days in contravention of Rule 118 of Receipts and Payments Rules *ibid*, as tabulated below:

Table 4.7: Delay in submission of DC Bills

Sl. No.	Advance Bill No. and date	Amount of drawal in ₹	Settled vide DC Bill no & date	Delay in settlement
1.	ACB-3125 dated 7.3.2023	2199000	DCB-330 dated 16.05.2023	40 days
2.	ACB-557 dated 31.5.2019	9978293	DCB-1602 dated 13.9.2022	1,171 days
3.	ACB-838 dated 5.7.2019	46668	DCB-2561 dated 6.1.2023	1,251 days
4.	ACB-1089 dated 5.8.2019	50000	DCB-2398 dated 26.12.2019	113 days
5.	ACB-1227 dated 20.8.2019	4229816	DCB-656 dated 8.6.2022	993 days
6.	ACB-1558 dated 25.9.2019	2937725	DCB-1604 dated 13.1.2022	811 days
7.	ACB-1857 dated 22.10.2019	14,38,13,469	DCB-2823 dated 16.03.2021	481 days
8.	ACB-1758 dated 16.10.2019	2,96,000	DCB-2619 dated 27.01.2022	804 days
9.	ACB-3134 dated 20.3.2020	3,34,75,624	DCB-86 dated 12.4.2021	358 days
10.	ACB-3209 dated 30.3.2020	7379069	DCB -789 dated 26.6.2022	788 days

Sl. No.	Advance Bill No. and date	Amount of drawal in ₹	Settled vide DC Bill no & date	Delay in settlement
11.	ACB-3214 dated 30.3.2020	717712	DCB-859 dated 27.7.2021	454 days
12.	ACB-3216 dated 30.3.2020	2183806	DCB 1566 dated 12.9.2022	866 days
13.	ACB-3217 dated 30.3.2020	1948897	DCB-1565 dated 12.09.2022	866 days
14.	ACB-3245 dated 30.3.2020	31894243	DCB-1039 dated 11.8.2021	469 days

The reasons for delay in submission of DC Bills against the AC Bills drawn were not furnished (September 2023).

D) Non-maintenance of Register of contingent expenditure in prescribed format:

Audit noticed that no such register in prescribed form was being maintained by the Transport Department relating to contingent expenditure which is in contravention of Rule 110 of Receipts and Payments Rules, 1983. Reason for not maintaining Register of contingent expenditure was not furnished (September 2023).

4.4 Personal Deposit Accounts

Rule 191 read with 191 (3) of the Receipts and Payments Rules, 1983 stipulates that Personal Deposit Accounts (PDAs) are generally authorized to be opened under the special order to the Ministry/ Department concerned in consultation with the Controller General of Accounts (CGA) in the following types of cases:

- a) In favor of an administrator appointed for the purpose of administering money tendered by or on behalf of ward and attached estates and estates under Government management. These PDAs do not lapse to Government as per Rule 192(1), even if outstanding for more than three completed years;
- b) In relation to Civil and Criminal Courts deposits, in favor of the Chief judicial authority concerned and these PDAs will not lapse as per Rule 192(2);
- c) Where, under certain regulatory activities of the Government, receipts are realised and credited to a Fund or Account under the provisions of an Act to be utilised towards expenditure there under and no outgo from the Consolidated Fund is involved. These PDAs will not lapse to Government until the provisions of the relevant Act are in force.

Every Personal deposit account so authorised to be opened will form part of the Government Account and be located in the Public Account portion thereof.

The details of PDAs in GNCTD as on 31 March 2023 are given in **Table 4.8**.

Table 4.8: Details of PDAs as on 31 March 2023

PDAs as on 01.04.2022		PDAs opened during the year 2022-23*		PDAs closed during the year 2022-23		Closing Balance as on 31.03. 2023	
Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
12	56.09	Nil	31.45	01	58.74	11	28.80

* Includes the amount of receipts into and payments from the existing PD Accounts

Principal Accounts Office, GNCTD confirmed (February 2024) the amounts shown in **Table 4.8**.

As per the information provided by the Principal Accounts Office, Personal Deposit Accounts of Directorate of Training & Technical Education had been closed in December 2022 and the balance of ₹ 4,42,989 of National Project Implementation Unit (NPIU) was sent to RBI.

Administrators of various Departments of GNCT of Delhi are operating 11 PDAs. The purpose of opening these PDAs was to deposit compensation from the land requisitioning authorities (DDA etc.), for payment to landowners for land acquisitions through land acquisitions collectors, scrutiny charges in paper book-cases, security charges, fees of election petitions, civil deposits, criminal deposits and rent of litigants as per order of the court etc. As on 31 March 2023, there was a total of ₹ 28.80 crore in these 11 PDAs, which are not lapsable.

Reasons for outstanding of ₹ 28.80 crore in 11 Personal Deposit Accounts were sought (September 2023) and the same are awaited.

Analysis of selected PD Accounts

To verify the facts and figures relating to PDAs contained in Finance Accounts of GNCTD, two Departments /Institutions viz Land and Building Department and District & Session Judge (DJ-4), South Court, Saket were selected for detailed audit.

Department-wise major observations are discussed in the subsequent paras.

4.4.1 District & Session Judge (DJ-4), South Court, Saket

Rule 17.7.5 of Civil Accounts Manual 2007 stipulates that for every Personal Deposit Account, the Pay and Accounts Officer shall invariably conduct a monthly reconciliation of the receipts and payments out of the PD Account against the reported figures in the bank scrolls and the monthly statement of receipts and expenditure submitted by the PD Account holder. The PD Account holder shall indicate the details of cheques issued by him but not encashed till the end of month. For this purpose, an "Abstract of the Register of Receipts and Payments" pertaining to the Personal Deposit Account shall be submitted by the PD Account holder to the concerned Pay and Accounts Office.

Scrutiny of records revealed that monthly reconciliation of receipts and payments was not carried out for the PD account of District & Session Judge (DJ-4) by the concerned Pay and Accounts office, which is in contravention to the aforesaid rule.

Furthermore, as per reply submitted (October 2023) by the PD account administrator, cash book is not being maintained for the Personal Deposit Account. It further assured that monthly checks would be carried out by the controlling officer in future.

4.4.2 Land and Building Department

The Land & Building Department (LBD) maintains a Personal Deposit Account (PDA) in Reserve Bank of India. The money received by LBD for compensation of land acquired/ to be acquired from the agency requiring land, is deposited in this account.

An amount of ₹ 24.72 crore was lying in this account on 31 March 2023 as per RBI statement. As per the cash book of LBD, closing balance of PDA is ₹ 23.92 crore. The difference of ₹ 0.80 crore is on account of cheques issued but not presented and also due to variation of ₹ 1,202.80 with RBI statement, which needs to be reconciled with RBI.

Audit scrutiny revealed that ₹ 23.92 crore out of the closing balance as on 31st March 2023, is pending for disbursement for six years and more for which no reasons were furnished by the department. Further the remaining ₹ 0.80 crore, which remained undisbursed to LAC in 2022-23 due to non-receipt of clarification from the LACs/Agencies and pending court cases in the ADJ/High/Supreme Court etc., was actually disbursed in 2023-24.

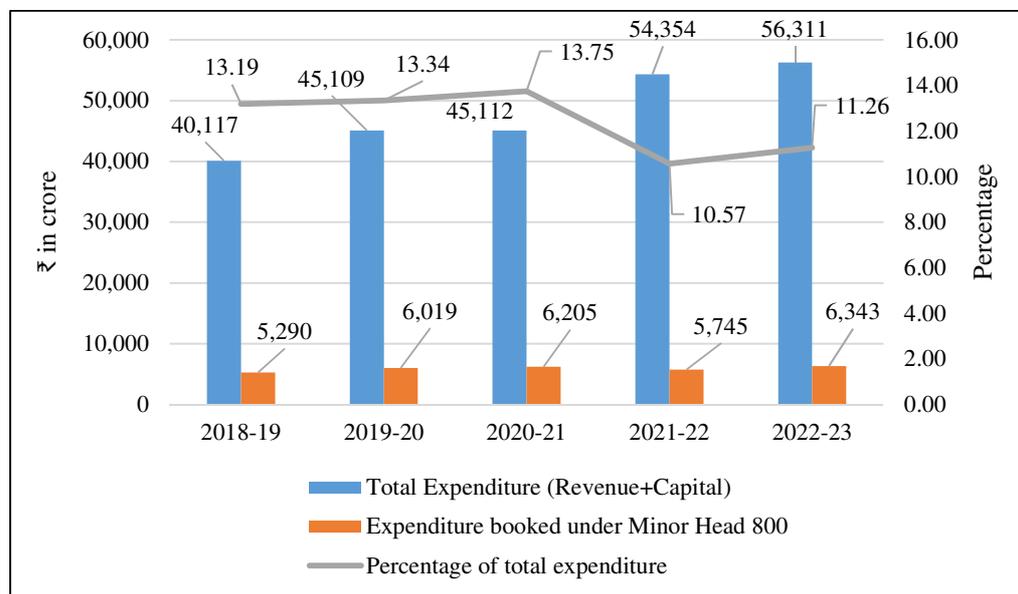
Department stated (September 2023) that that sincere efforts were being made for seeking requisite information/clarification from the concerned LACs/Agencies.

4.5 Indiscriminate use of Minor Head 800

As a crucial component of a transparent system of budgeting and accounting, the forms of accounts in which the receipts and expenditure of the Government are reported to the Legislature should constantly be reviewed and updated so that they truly reflect receipts and expenditure on all major activities of the Government in a transparent manner to meet the basic information needs of all important stakeholders. For the purpose, Minor head-‘800’ relating to ‘Other Receipts’ and ‘Other Expenditure’ is intended to be operated only when the appropriate minor head has not been provided for in the accounts. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocated priorities and quality of expenditure.

Routine operation of minor head 800 is to be discouraged since it renders the accounts opaque.

Chart 4.4: Operation of Minor head ‘800-Other Expenditure’ during 2018-2023



Source: Principal Accounts Office, GNCTD

From the **Chart 4.4** above it can be seen that the percentage of expenditure booked under minor Head ‘800 – Other Expenditure’ during the period 2018-19 to 2022-23 ranged from 10.57 per cent (2021-22) to 13.75 per cent (2020-21).

In the previous year 2021-22, ₹ 5,745 crore was recorded under minor head ‘800-Other Expenditure’ in 42 Revenue and Capital Major Heads of accounts on the expenditure side, constituting 10.57 per cent of the total expenditure of ₹ 54,354 crore (Revenue and Capital). Further, the booking under the said minor head increased by 0.69 per cent during the current year and stood at ₹ 6,343 crore under 40 Revenue and Capital Major Heads of accounts on the expenditure side, constituting 11.26 per cent of the total expenditure of ₹ 56,311 crore (Revenue and Capital).

Office of Controller General of Accounts, Ministry of Finance, Department of Expenditure had issued guidelines in May 2016 stipulating inter alia that use of minor head ‘800-Other Expenditure’ should be temporary, wherever so required urgently and for comparatively lower amounts (e.g 5-10 per cent of major head provision).

However, it was noticed by audit that in 12 cases listed in **Table 4.9**, 50 per cent or more of the total expenditure under respective Major Head was classified under minor head ‘800-Other Expenditure’, in contravention CGA’s guidelines.

Table 4.9: Significant Expenditure booked under Minor Head –‘800 Other Expenditure’

(₹ in crore)

Sl. No.	Major Head	Expenditure booked under Minor Head 800 ‘other expenditure’	Total expenditure under the concerned Major Head	Percentage of expenditure in Minor Head-800 as compared to Total Expenditure
1.	2013-Council Of Ministers	4.90	7.95	61.64
2.	2075-Misc. General Services	17.46	18.17	96.09
3.	2211-Family Welfare	89.47	102.52	87.27
4.	2250-Other Social Services	1.32	1.32	100
5.	2404-Diary Development	13.51	13.51	100
6.	2702-Minor Irrigation	22.36	25.96	86.13
7.	2801-Power	3,182.48	3,182.48	100
8.	3075- Other Transport Services	0.23	0.23	100
9.	4070-Capital outlay on other administrative services	251.47	251.47	100
10.	4235 – Capital Outlay on Social Security and Welfare	9.86	19.54	50.47
11.	4711-Capital Outlay on Flood Control Projects	86.73	87.23	99.43
12.	5475- Capital Outlay on other General Economic Services	0.68	0.68	100
	Total	3,680.47	3,711.06	99.18

During 2022-23, receipts of ₹ 659.50 crore out of total receipts of ₹ 62,702.84 crore, were classified under the minor head ‘800-Other Receipts’ which constituted 1.05 *per cent* of the total receipts. Significant receipts booked under minor head 800-Other Receipts during 2022-23 are given in table below:

Table 4.10: Significant Receipts booked under Minor Head-‘800-Other Receipts’

(₹ in crore)

Sl. No.	Major Head	Receipts booked under Minor Head 800 ‘other Receipts’	Total Receipts under the concerned Major Head	Percentage of Receipts in Minor Head-800 as compared to Total Receipts
1.	0059- Public Works	41.00	42.93	95.50
2.	0070- Other Administrative Services	64.72	123.18	52.54
3.	0202- Education, Sports Arts and Culture	6.52	7.94	82.12
4.	0210- Medical & Public Health	94.71	115.60	81.93
5.	0217- Urban Development	1.13	1.13	100
6.	0230- Labour and Employment	3.08	4.44	69.44
7.	0701- Medium Irrigation	22.13	22.13	100
8.	0801- Power	61.59	61.16	100
	Total	294.88	378.51	77.90

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure. This issue was also pointed out in previous State Finance Audit Reports of GNCTD. However, no corrective action has been taken so far. The Government may carry out comprehensive review of all the items presently appearing under Minor Head 800 and explore the possibilities of opening new heads of account for booking all such receipts and expenditure to enhance transparency in financial reporting.

Further, GNCTD may, as an interim measure, insert footnotes in the Finance Accounts giving details of expenditure/receipts on significant initiatives merged under the Minor head '800-Other Receipts/Expenditure'.

Finance Department, GNCTD stated (October 2023) that it had already initiated the review of the classification of the receipt and expenditure under Minor Head-800 and a large amount of budgeting under this Minor Head has already been classified under appropriate Minor Heads.

However, the fact remains that expenditure to the tune of ₹ 6,343 crore has been booked during 2022-23 under Minor Head 800.

4.6 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

The audit of 11 bodies/authorities has been entrusted to the CAG under Sections 19 and 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

The annual accounts of ten bodies/authorities due up to 2022-23 had not been received as of September 2023 in the office of the Principal Accountant General (Audit), Delhi. The details of these outstanding accounts are detailed in **Table 4.11:**

Table 4.11: Details of Outstanding Accounts as on 30 September 2023

Sl. No.	Name of Body or Authority	Accounts pending since	No. of accounts in arrears as on 30.09.2023
1	Delhi Jal Board (DJB)	2018-19	5
2	Delhi Urban Shelter Improvement Board (DUSIB)	2014-15	1 ²
3	Delhi Kalyan Samiti (DKS)	2022-23	1
4	Delhi State Legal Services Authority (DSLISA)	2019-20	4
5	Ambedkar University (AU)	2022-23	1
6	Guru Gobind Singh Indraprastha University (GGSIPU)	2022-23	1
7	Delhi Building and other Construction Workers Welfare Board (DBOCWWB)	2022-23	1

² Entrustment is available only upto 2014-15. Hence, accounts for only one year have been taken as arrears.

Sl. No.	Name of Body or Authority	Accounts pending since	No. of accounts in arrears as on 30.09.2023
8	Delhi Skill Entrepreneurship University (DSEU)	2020-21	3
9	DTC EPF Trust	2022-23	1
10	DTC Pension Trust	2022-23	1
	Total		19

From the above, it is observed that 19 annual accounts up to the year 2022-23 of ten bodies/authorities were pending as on 30 September 2023.

In the absence of timely finalisation of annual accounts, investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delays in finalisation of accounts increase the risk of fraud and leakage of public money.

The Government may consider a system to speed up compilation and submission of annual accounts by the bodies/authorities.

4.7 Other inaccuracies in the statements of Finance Accounts

i) Minus/adverse Balance of Loans and Advances.

Scrutiny of Finance Accounts for the year 2022-23 of GNCTD revealed that there were minus/adverse balances of Loans & Advances in Statement No.16 (Detailed statement of loan and Advances made by GNCTD-Finance Accounts 2022-23). The minus/adverse Balances are detailed below in **Table 4.12**.

Table 4.12: Minus/adverse balances

(₹ in lakh)

Sl. No.	Major Head	Description	Minor Head	Balances as on 31.03.2023
1	6401	Loans for Crops Husbandry	105-Manures and Fertilizers	(-)90.08
2	7610	Loans to Government Servants	201-House Building Advances	(-)545.22
3	7610	Loans to Government Servants	202-Advances for Purchase of Motor Conveyances	(-)251.88
4	7610	Loans to Government Servants	203-Advances for Purchase of Other Conveyances	(-)26.67
5	7610	Loans to Government Servants	204-Advance for Purchase of Computer	(-)131.23

With respect to Major Head '6401-Loans for Crops Husbandry', the Principal Accounts Office, GNCTD reiterated (October 2023) last year's reply that the amount of minus figure shown in the Finance Accounts pertained to the old period and that the concerned PAOs involved were being advised to trace out the misclassification and account for the same in the appropriate Head of Account.

With respect to Major Head '7610-Loans and Advances', the Principal Accounts Office, GNCTD reiterated (October 2023) last year's reply that the adverse balances were due to erroneous booking of interest amount into the principal amount and that the same would be reviewed with PAOs for giving appropriate treatment in the next financial year.

The above replies indicate no improvement in the position and also highlight lack of efforts of the competent authority to get the status clarified and rectified.

ii) Outstanding arrears of Loans & Advances

Scrutiny of Statement of Loans and Advances given by the GNCTD (Section 3 of Statement no.16-Repayments in arrears from various loanee entities) revealed that ₹ 1,55,805.74 crore were remaining as arrears as on 31st March 2023, as detailed below in **Table 4.13**.

Table 4.13: Outstanding arrears of Loans & Advances

Name of Loanee	Amount of arrears as on 31 st March 2023			Earliest period to which arrears relate	Pendency
	Principal	Interest	Total		
Municipal Corporation of Delhi	3,75,226.83	3,84,436.58	7,59,663.41	1950-51	72 years
Delhi Jal Board	34,53,968.53	35,82,996.50	70,36,965.03	1998-99	24 years
Delhi Urban Shelter Investment Board	1,04,855.77	56,495.40	1,61,351.17	2011-12	11 years
Delhi Tourism & Transportation Development Corporation Ltd	315.05	0.00	315.05	1977-78	45 years
Delhi S C Financial Development Corporation Delhi	6,873.85	3,730.72	10,604.57	1987-88	35 years
Delhi State Civil Supplies Corporation Ltd. (DSCSCL)	436.34	981.77	1,418.11	1998-99	24 years
Delhi Financial Corporation	3,300.00	2,805.00	6,105.00	2015-16	07 years
Cooperative institutions	61.33	234.63	295.96	1962-63	60 years
Delhi Transco Ltd	0.00	1,769.12	1,769.12	2018-19	04 years
Delhi Power Company Ltd	3,32,639.00	2,90,380.18	6,23,019.18	2014-15	08 years
Pragati Power Corpn. Ltd.	0.00	2,784.28	2,784.28	2014-15	08 years
Indraprastha Power Generation Company Ltd. (IPGCL)	0.00	51,490.91	51,490.91	2012-13	10 years
Delhi Development Authority	225.00	1152.90	1377.90	1979-80	43 years
Delhi Transport Corporation	11,67,614.46	5,75,4042.81	69,21,657.27	1996-97	26 years
Delhi State Industrial & Infrastructure Development Corporation	0.00	637.74	637.74	1973-74	49 years
Delhi Khadi& Village Industries Board	176.14	627.49	803.63	2005-06	17 years
Industries	8.39	307.14	315.53	1981-82	41 years
Grant Total	54,45,700.69	1,01,34,873.17	1,55,80,573.86		

Further, it was noticed that Statement no. 16 did not reflect the receivables on the account of two loans to Delhi State Civil Supplies Corporation (DSCSC) (₹ 436.34 lakh) and Delhi S.C. Financial Development Corporation

(₹ 1,356.94 lakh), as the terms and conditions of repayment of loans had not yet been settled though these related to the earliest period of 1998-99 and 1987-88 respectively.

With respect to loans outstanding from DSCSC, Principal Accounts Office, GNCTD intimated (September 2023) the recommendation of Food and Supply Department (to the Finance Department) for the waiver of loan and accrued interest. With respect to the remaining loans, Principal Accounts Office stated (October 2023) that the matter has been referred to concerned departments with the request to provide reasons. Replies from the concerned departments were awaited.

iii) Cumulated amount of investments shown in Statement no.11 does not match with total investment shown in Statement no. 12

Scrutiny of statement no. 11 and statement no.12 of GNCTD Finance Accounts revealed that there is a difference of ₹ 289.19 crore in investments shown in statement no.11 and 12 (details shown in **Table 4.14** given below):

Table 4.14 Mismatch in cumulated value of investments in different statements of FA

Sl. No.	Investment shown under various minor Heads in statement no. 11	Amount (₹ in thousand)
1	4216.80.201-Investment in Housing Boards.	3,00,200
2	4217.01.190-Investment in Public Sector and other undertakings	70,000
3	4217.02.190-Investment in Public Sector and other undertakings	35,07,500
4	4225.01.190-Investment in Public Sector and other undertakings	2,34,887
5	4425.107-Investment in Credit Cooperatives	4,852
6	4425.108-Investment in Other Cooperatives	1,557
7	4425.200-Other Investments	4,531
8	4801.05.190- Investment in Public Sector and other undertakings	7,10,67,800
9	4853.60.190- Investment in Public Sector and other undertakings	31,800
10	4885.01.190- Investment in Public Sector and other undertakings	1,73,500
11	5055.00.190- Investment in Public Sector and other undertakings	13,77,92,617
12	5452.80.190- Investment in Public Sector and other undertakings	2,43,181
	Cumulative Amount of investments at the end of 2022-2023 shown in Statement No. 11	21,34,32,425
	Amount shown in Statement No.12 and Annexure to Statement 12	21,05,40,491
	Difference between the figure shown in Statement No.12 and cumulative figure of total investment as shown in Statement No. 11	28,91,934

On being pointed out (September 2023) by audit, Principal Accounts Office, GNCTD accepted the facts and intimated the various reasons for the difference. However, the steps for remedial action were not indicated. Since this was pointed out in the previous year's Audit Report, it is requested that remedial action may be taken in this regard.

iv) Other inconsistencies/inaccuracies in the Statements of Finance Accounts of GNCT of Delhi for the year 2022-23

The following inconsistencies/inaccuracies were noticed in the various Statements of Finance Accounts of GNCTD for the year 2022-23.

a) Inconsistency of Investment figures booked in Statement 11 and Statement 12 of the Finance Accounts-

As per Statement no. 12, an investment of ₹ 34,28,100 (thousands) has been made by the government during the year 2022-23 whereas the investment booked in Statement no.11 is ₹ 35,65,600 (thousands) under the head 5055.00.190.

Department stated (September 2023) that an amount of ₹13.75 crore incurred for installation of CCTV cameras in DTC and Cluster Buses was not considered as investment in Statement no. 12. However, the fact remained that the expenditure had been booked wrongly in Statement no. 11.

Similarly, a difference of ₹ 19.61 crore was pointed out in SFAR for the year 2021-22. In this regard, Principal Accounts Office, GNCTD stated (October 2023) that matter had been referred to Finance department and Transport Department seeking their comments. Further response is awaited.

b) Fresh disbursement of loan to entities despite outstanding loan arrears since 1998-99

Scrutiny of Finance Accounts (Section 3 of Statement No. 16 and Additional Disclosures for fresh loans and advances made during the year) for the year 2022-23 of GNCT of Delhi revealed that despite outstanding loan arrears on Delhi Jal Board, DUSIB and DSCSC, GNCT of Delhi has disbursed fresh loan of ₹ 2,98,355.41 lakh as per **Table 4.15**.

Table 4.15 Disbursement of fresh loans to defaulting loanee entities

Loanee entity	Amount of arrears (loan plus interest) as of March 2023 (₹ in crore)	Earliest period to which arrears relates	Fresh loan advanced during 2022-23 (₹ in crore)	Total outstanding loan as on 31 March 2023 (₹ in crore)
Delhi Jal Board (DJB)	70,369.65	1998-99	2,826.90	37,366.59
Delhi Urban Shelter Improvement Board (DUSIB)	1,613.51	2011-12	106.65	1,155.21
Delhi State Civil Supplies Corporation (DSCSC)	14.18	1998-99	50.00	54.36
			2,983.55	

Department of Food Supplies & Consumer Affairs (September 2023) stated that it would repay the entire loan within a period of two years. Replies in respect of the remaining entities were awaited.

4.8 Delhi State Finance Commission

The Sixth Delhi Finance Commission has not been constituted for the period 2021-2026 as of September 2023.

As per Fifth Finance Commission recommendation approved by the Council of Ministers vide Cabinet Decision No. 2670 dated 01 January 2019, GNCTD was to devolve 12.5 *per cent* of Net Tax Collection (NTC)³ of the GNCTD in a year. Of the above, 6 *per cent* shall be made available to the five municipalities⁴ in a prescribed formula. The remaining 6.5 *per cent* was to be devolved for the schemes under Health, Education and UD sector after due consultation with Health, Education, Finance, UD Department as well as Local Bodies.

The mandate of the FFC was for the period 2016-2021. Since the Sixth Finance Commission (SFC) had not been constituted even after a lapse of more than two years of expiry of FFC's mandate, the devolution of funds is still being done as per the recommendations of FFC. The Department of UD replied (September 2023) that a fresh proposal had been submitted to the Lieutenant Governor for the constitution of SFC.

The audit observation was communicated (September 2023) to the Department of Urban Development, GNCTD and the reply is awaited.

³ Net Tax Collection = 99 % of Gross Tax Collection *minus* Transfer duties and on-time parking charges that GNCTD departments collected from the Municipalities.

⁴ MCD-East, MCD-North, MCD-South, NDMC and Delhi Cantonment Board (DCB)