

## **Chapter I: Accounts of the Government of NCT of Delhi**

### **1.1 Introduction**

This chapter discusses the financial position of the Government of National Capital Territory (NCT) of Delhi based on an analysis of the information contained in the Finance Accounts. The analysis is based on the trends of receipts and expenditure and the financial management of the NCT Government.

### **1.2 Financial position of the Government of NCT of Delhi**

The accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. Appendix - I contains an abstract of such liabilities and assets as on 31 March 2005 compared with the corresponding position as on 31 March 2004. While the liabilities in this statement consists mainly of loans and advances from the Government of India, the assets comprise mainly the capital outlay, loans and advances given by the NCT Government and the cash balances. It would be seen from Appendix-I that while the assets increased by Rs. 4,445 crore, the increase in liabilities was only Rs. 1,710 crore.

### **1.3 Sources and application of funds**

**1.3.1** The main sources of funds include the revenue receipts of the Government, recoveries of loans and advances and borrowings from the Government of India. These are applied mainly on revenue and capital expenditure, repayment of borrowed funds and on lending for developmental purposes. It would be seen from Appendix II that the revenue receipts constitute the most significant source of funds for the NCT Government and their relative share increased from 59.90 per cent in 2003-2004 to 65.35 per cent during 2004-05. The share of recoveries of loans and advances marginally increased from 2.08 per cent to 4.03 per cent.

**1.3.2** Revenue expenditure increased from 50.65 per cent of the total expenditure in 2003-04 to 55.11 per cent in 2004-05. It was considerably lower than the total receipts of the NCT Government resulting in a revenue surplus of Rs. 2,735.15 crore in 2004-05. The share of capital expenditure including loans and advances decreased from 49.35 per cent to 44.89 per cent of the total expenditure.

## 1.4 Revenue receipts

### 1.4.1 Growth of revenue receipts

The revenue receipts consist of the NCT's own tax and non-tax revenue and grants-in-aid from the Government of India. The trend of revenue receipts during the last five years was as under:

**Table 1.1: Growth of Revenue Receipts**

(Rupees in crore)

Year	Actual revenue receipts	Percentage increase over previous year	Gross State Domestic Product	Percentage of revenue receipts to GSDP
2004-05	8562.63	16.52	***90733	9.44
2003-04	7348.53	10.24	**80545	9.12
2002-03	6665.94	6.59	*72073	9.25
2001-02	6253.71	14.87	*67994	9.20
2000-01	5443.99	27.36	*62734	8.68

\* Revised Estimates, \*\*Provisional Estimates, \*\*\* Quick Estimates

Revenue receipts increased by Rs. 1,214.10 crore in 2004-05 over 2003-04. The growth of revenue receipts over five years had been fluctuating between 6.59 per cent and 27.36 per cent. The percentage of revenue receipts to GSDP<sup>1</sup> increased over the five years from 8.68 in 2000-01 to 9.44 in 2004-05.

### 1.4.2 Components of revenue receipts

The components of revenue receipts in terms of tax and non-tax revenue and receipts from the Government of India during the last five years were as under:

**Table 1.2: Components of Revenue Receipts**

(Rupees in crore)

Components	2004-05	2003-04	2002-03	2001-02	2000-01
Tax revenue	7106.13 (82.99)	5884.17 (80.07)	5324.19 (79.87)	4896.75 (78.30)	4400.62 (80.84)
Non-tax revenue	921.39 (10.76)	950.34 (12.93)	829.56 (12.45)	876.06 (14.01)	548.35 (10.07)
Grants-in-aid from GOI	535.11 (6.25)	514.02* (7.00)	512.19 (7.68)	480.90 (7.69)	495.02 (9.09)
<b>Total revenue receipts</b>	<b>8562.63</b> <b>(100)</b>	<b>7348.53</b> <b>(100)</b>	<b>6665.94</b> <b>(100)</b>	<b>6253.71</b> <b>(100)</b>	<b>5443.99</b> <b>(100)</b>

*Note:* Figures in brackets indicate percentage of total revenue receipts

\*includes grants under proviso to Article 275(1) of the constitution.

<sup>1</sup> Gross State Domestic Product at current prices

As a percentage of total revenue receipts, while the share of tax revenue increased marginally from 80.07 in 2003-04 to 82.99 in 2004-05, the share of non-tax revenue and grants in aid decreased from 12.93 per cent to 10.76 per cent and from 7 per cent to 6.25 per cent respectively during the same period.

## 1.5 Tax revenue

### 1.5.1 Growth of tax revenue

Tax revenue contributes the biggest share of the revenue receipts. The growth of tax revenue during 2000-2005 was as under:

**Table 1.3: Growth of Tax Revenue**

(Rupees in crore)

Year	Actual tax revenue	Percentage increase over the previous year	As percentage of total revenue receipts	Percentage of tax revenue to GSDP
2004-05	7106.13	20.77	82.99	7.83
2003-04	5884.17	10.52	80.07	7.31
2002-03	5324.19	8.73	79.87	7.39
2001-02	4896.75	11.27	78.30	7.20
2000-01	4400.62	28.28	80.84	7.01

Tax revenue increased by 20.77 per cent in 2004-05 over the previous year. Over the last five years, the rate of growth of tax revenue had been fluctuating between 8.73 per cent and 28.28 per cent. The percentage of tax revenue to GSDP increased from 7.01 in 2000-01 to 7.83 in 2004-05.

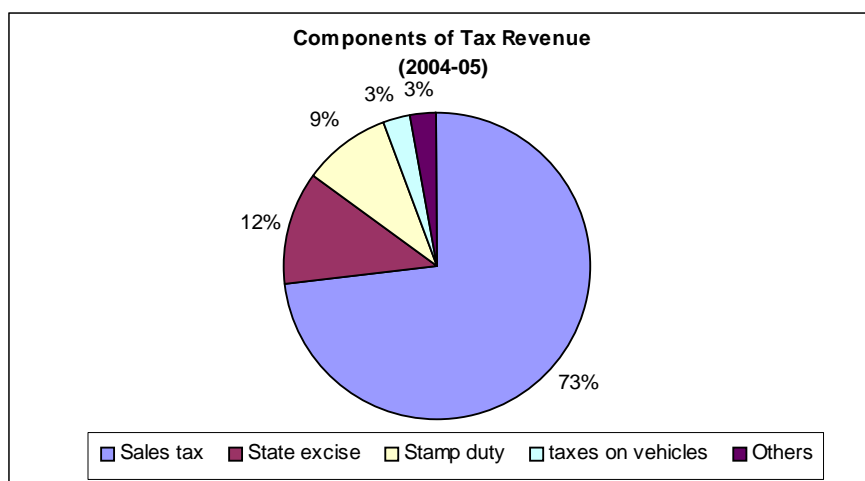
### 1.5.2 Components of tax revenue

The break up of tax revenue during the five years ending 2004-05 is given below:

**Table 1.4: Components of Tax Revenue**

(Rupees in crore)					
Components	2004-05	2003-04	2002-03	2001-02	2000-01
<b>Sales tax</b>	5199.93 (73.18)	4435.07 (75.37)	3883.17 (72.94)	3704.01 (75.64)	3387.86 (76.99)
<b>State excise</b>	843.68 (11.87)	710.12 (12.07)	725.68 (13.63)	606.41 (12.38)	557.22 (12.66)
<b>Stamp duty</b>	668.34 (9.40)	435.23 (7.40)	436.80 (8.20)	283.16 (5.78)	191.69 (4.36)
<b>Taxes on vehicles</b>	195.98 (2.76)	175.24 (2.98)	160.40 (3.01)	166.76 (3.41)	142.34 (3.23)
<b>Others</b>	198.20 (2.79)	128.51 (2.18)	118.14 (2.22)	136.41 (2.79)	121.51 (2.76)
<b>Total tax revenue</b>	<b>7106.13</b> <b>(100)</b>	<b>5884.17</b> <b>(100)</b>	<b>5324.19</b> <b>(100)</b>	<b>4896.75</b> <b>(100)</b>	<b>4400.62</b> <b>(100)</b>

*Note: Figures in brackets indicate percentage of total tax revenue.*



Sales tax was the major contributor to tax revenue. Its contribution to total tax revenue however decreased from 76.99 per cent in 2000-01 to 73.18 per cent in 2004-05. The contribution of state excise declined to 11.87 per cent in 2004-05 from 12.66 per cent in 2000-01. The contribution of stamp duty increased from 4.36 per cent in 2000-01 to 9.40 per cent in 2004-05. The relative share of other

taxes generally remained stable during this period. However, considerable amounts remained recoverable as indicated in paragraph 1.7.

## 1.6 Non-tax revenue

### 1.6.1 Growth of non-tax revenue

The growth of non-tax revenue during the last five years ended 2004-05 was as under:

**Table 1.5: Growth of Non-tax Revenue**

(Rupees in crore)

Year	Total non-tax revenue	Percentage increase (+)/ decrease (-) over the previous year	As a percentage of total revenue receipts	As a percentage of GSDP
2004-05	921.39	(-) 3.05	10.76	1.02
2003-04	950.34	(+) 14.56	12.93	1.18
2002-03	829.56	(-) 5.31	12.45	1.15
2001-02	876.06	(+) 59.76	14.01	1.29
2000-01	548.35	(+) 37.83	10.07	0.87

Non-tax revenue decreased by 3.05 per cent in 2004-05 over the previous year. Over the five-year period, non-tax revenue increased by 68.03 per cent largely on account of increase in interest receipts from Rs. 477.28 crore in 2000-01 to Rs. 821.96 crore in 2004-05. As a percentage of GSDP, the non-tax revenue was 1.02 in 2004-05 as compared to 1.18 in the previous year.

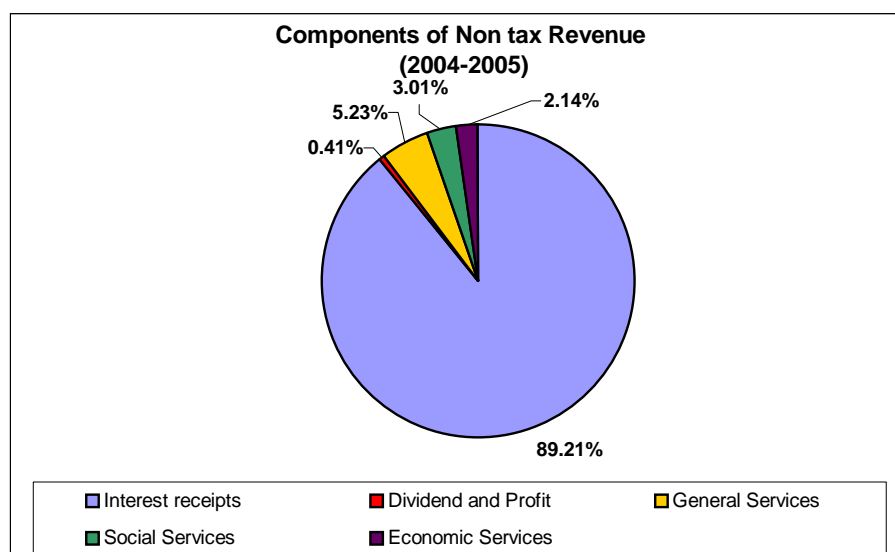
### 1.6.2 Components of non-tax revenue

The break-up of non-tax revenue during the five years ending 2004-05 is given below:

**Table 1.6: Components of Non-tax Revenue**

(Rupees in crore)					
Components	2004-05	2003-04	2002-03	2001-02	2000-01
<b>Interest receipts</b>	821.96 (89.21)	868.83 (91.42)	741.42 (89.38)	789.83 (90.16)	477.28 (87.04)
<b>Dividend and Profit</b>	3.75 (0.41)	6.03 (0.63)	7.19 (0.87)	7.17 (0.82)	8.70 (1.58)
<b>General services</b>	48.18 (5.23)	41.45 (4.36)	45.18 (5.44)	40.07 (4.57)	35.38 (6.45)
<b>Social services</b>	27.73 (3.01)	22.30 (2.35)	22.63 (2.73)	19.04 (2.17)	11.88 (2.17)
<b>Economic services</b>	19.77 (2.14)	11.73 (1.24)	13.14 (1.58)	19.95 (2.28)	15.11 (2.76)
<b>Total non tax revenue</b>	<b>921.39</b> <b>(100)</b>	<b>950.34</b> <b>(100)</b>	<b>829.56</b> <b>(100)</b>	<b>876.06</b> <b>(100)</b>	<b>548.35</b> <b>(100)</b>

Note : Figures in brackets indicate percentage of total non-tax revenue.



Over the last five years, interest receipts continued to constitute the main component of non-tax revenue constituting 89.21 per cent of the total non-tax revenue in 2004-05 as compared to 87.04 per cent in 2000-01.

### 1.7 Arrears of tax revenue

The position of arrears of tax revenue pending collection at the end of the financial year as against total tax revenue collected by the Government during 2000-01 to 2004-05 is given below:

**Table 1.7: Arrears of Tax Revenue**

(Rupees in crore)

Year	Amount collected	Amount in arrears	Arrears as percentage of collections	Increase (+) / decrease (-) of arrears over previous year	Percentage increase / decrease over previous year
2004-05	7106.13	*8636.53	121.54	(-) 728.24	(-) 7.78
2003-04	5884.17	9364.77	159.15	1036.94	12.45
2002-03	5324.19	8327.83	156.41	1328.46	18.98
2001-02	4896.75	6999.37	142.94	382.79	5.78
2000-01	4400.62	6616.58	149.69	1089.02	19.81

\* Of the above arrears Rs. 8,635.87 crore pertained to sales tax and Rs. 0.66 crore to Luxury Tax on the 31st March 2005.

The entire amount in arrears pertained to sales tax and luxury tax. Evidently, the revenue collection efforts of the NCT Government left scope for improvement.

### 1.8 Total expenditure

Trends in total expenditure of the Government of NCT of Delhi during 2000-01 to 2004-05 were as under:

**Table 1.8: Trends in Expenditure**

(Rupees in crore)

Year	Revenue	Capital	Loans	Total
2004-05	5827.48	1425.52	3320.77	10573.77
2003-04	5087.09	852.72	4103.17	10042.98
2002-03	4598.20	914.07	3756.73	9269.00
2001-02	5044.14	611.61	2788.84	8444.59
2000-01	3696.50	869.41	2608.86	7174.77

Revenue expenditure increased by 14.55 per cent from Rs. 5,087.09 crore in 2003-04 to Rs. 5,827.48 crore in 2004-05 Capital expenditure increased by 67.17 per cent from Rs. 852.72 crore to Rs. 1,425.52 crore during the corresponding period. The share of capital expenditure out of total expenditure increased from 8.49 per cent in 2003-04 to 13.48 per cent in 2004-05. Loans were given mainly to Delhi Power Supply Company (TRANSCO), Delhi Jal Board and the Delhi Transport Corporation for improvement of road transport,

etc. Loans by the NCT Government decreased by 19.07 per cent during 2004-05 over the previous year. Share of loans in total expenditure decreased from 36.36 per cent in 2000-01 to 31.41 per cent in 2004-05.

## 1.9 Revenue expenditure

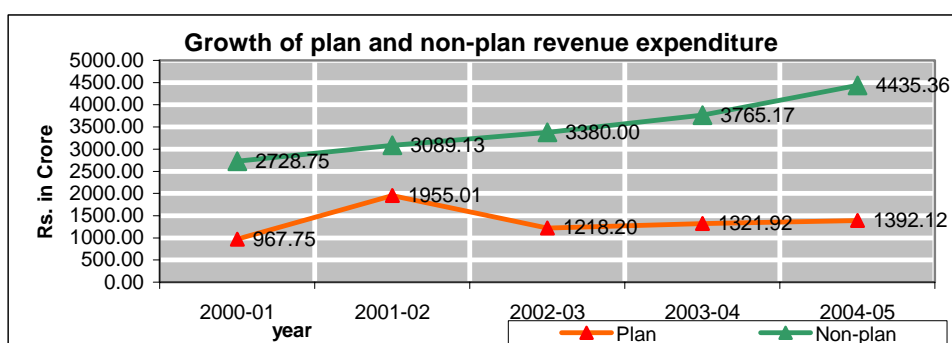
### 1.9.1 Trend of revenue expenditure

Trends in revenue expenditure of the Government during the five years ended 2004-05 were as under:

**Table 1.9: Trend of Plan and Non Plan Expenditure**

(Rupees in crore)

Year	Actual revenue expenditure			Increase (+)/decrease (-) over the previous year		Total revenue expenditure as a percentage of GSDP
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2004-05	1392.12	4435.36	5827.48	(+) 70.20	(+) 670.19	6.42
2003-04	1321.92	3765.17	5087.09	(+) 103.72	(+) 385.17	6.32
2002-03	1218.20	3380.00	4598.20	(-) 736.81	(+) 290.87	6.38
2001-02	1955.01	3089.13	5044.14	(+) 987.26	(+) 360.38	7.42
2000-01	967.75	2728.75	3696.50	(+) 85.06	(+) 88.42	5.89



Over the last five years, the revenue expenditure increased from Rs. 3,696.50 crore in 2000-01 to Rs. 5,827.48 crore in 2004-05 which constituted an increase of 57.65 per cent. Revenue expenditure under Plan increased from Rs. 1,321.92 crore in 2003-04 to Rs. 1,392.12 crore in 2004-05 registering an



increase of 5.31 per cent while the expenditure under Non-Plan increased from Rs. 3,765.17 crore in 2003-04 to Rs. 4,435.36 crore in 2004-05 registering an increase of 17.80 per cent during the corresponding period. The share of plan revenue expenditure as percentage of revenue expenditure increased from 26.18 per cent in 2000-01 to 23.89 per cent in 2004-05.

### 1.9.2 Sector-wise revenue expenditure

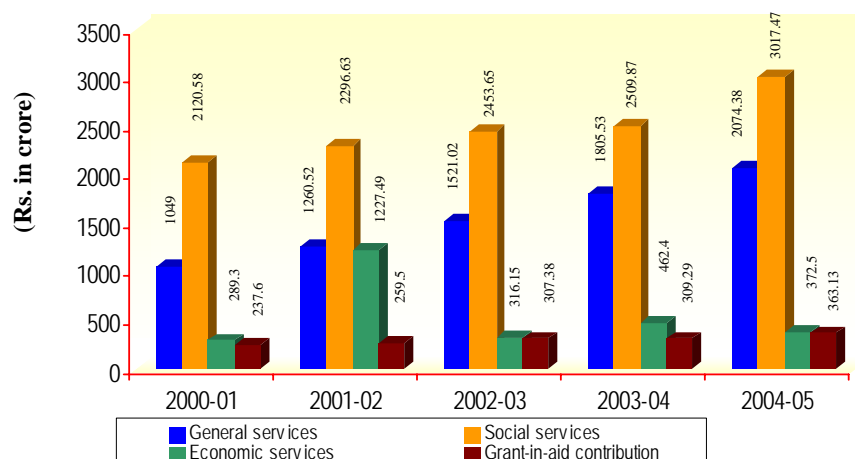
The sector-wise distribution of actual revenue expenditure was as under:

**Table 1.10: Sector-wise distribution of Revenue Expenditure**

(Rupees in crore)					
Sector	2004-05	2003-04	2002-03	2001-02	2000-01
<b>General services</b>	2074.38 (+14.89)	1805.53 (+18.71)	1521.02 (+ 20.67)	1260.52 (+ 20.16)	1049.00 (+27.72)
<b>Social services</b>	3017.47 (+20.22)	2509.87 (+2.29)	2453.65 (+ 6.84)	2296.63 (+ 8.30)	2120.58 (+3.88)
<b>Economic services</b>	372.50 (-19.44)	462.40 (+46.26)	316.15 (- 74.24)	1227.49 (+ 324.30)	289.30 (+ 9.48)
<b>Grants-in-aid contributions</b>	363.13 (+17.41)	309.29 (+0.62)	307.38 (+18.45)	259.50 (+9.22)	237.60 (- 40.01)
<b>Total</b>	<b>5827.48</b> <b>(+14.55)</b>	<b>5087.09</b> <b>(+10.63)</b>	<b>4598.20</b> <b>(- 8.84)</b>	<b>5044.14</b> <b>(+ 36.46)</b>	<b>3696.48</b> <b>(+ 4.92)</b>

*Note : Figures in brackets indicate percentage increase/ decrease over previous year.*

#### Analysis of Sector-wise Revenue Expenditure



Revenue expenditure in 2004-05 increased by 14.55 per cent over the previous fiscal year. All the components of revenue expenditure except Economic services indicated a rising trend over the previous fiscal year.

As a proportion of total revenue expenditure, the share of General services increased from 28.38 per cent in 2000-01 to 35.60 per cent in 2004-05 whereas the share of Social services decreased from 57.37 per cent to 51.78 per cent, Economic services from 7.83 per cent to 6.39 per cent and that of grants-in-aid contribution from 6.43 per cent to 6.23 per cent. The increase in expenditure on General services over five years was largely on account of increase in payment of interest which rose from Rs. 716.75 crore in 2000-01 to Rs. 1,568.56 crore in 2004-05. While the expenditure on Social services increased by 42.29 per cent from Rs. 2,120.58 crore in 2000-01 to Rs. 3,017.47 crore in 2004-05, the corresponding increase in General services and Economic services was 97.75 per cent and 28.76 per cent respectively.

### 1.10 Interest payments

Interest payments during the period 2000-2005 were as follows:

**Table 1.11: Trend of Loans Received and Interest Paid**

(Rupees in crore)

Year	Loans received	Interest paid	Rate of growth of interest paid	Interest as percentage of revenue expenditure	Interest ratio*
2004-05	4011.35	1568.56	14.72	26.92	0.10
2003-04	4664.58	1367.27	22.65	26.88	0.08
2002-03	3661.73	1114.78	22.42	24.24	0.06
2001-02	2038.57	910.62	27.05	18.05	0.02
2000-01	1764.08	716.75	35.05	19.39	0.05

Interest payments registered a rate of growth of 14.72 per cent in 2004-05 over the previous year. This accounted for an increasing share of the revenue expenditure indicating reduced availability of receipts for other expenditure.

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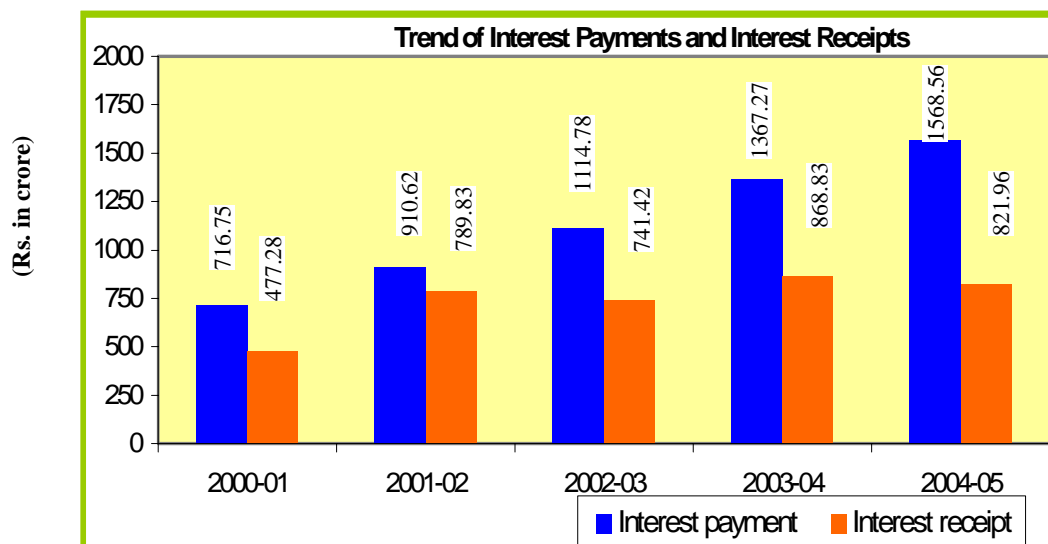
\* 
$$\text{Interest ratio} = \frac{\text{Interest payment} - \text{Interest receipts}}{\text{Total revenue receipts} - \text{Interest receipts}}$$

A comparison of interest received by the Government with the interest paid revealed that the net burden on revenue increased from Rs. 239.47 crore during 2000-01 to Rs. 746.60 crore during 2004-05 as detailed below. Further, the average rate of interest realized on the loans advanced by the state was significantly below the average rate which was paid by it on loans received from Government of India. The gap was 6.88 per cent during 2004-05.

**Table 1.12: Trends in Net Interest Payment**

(Rupees in crore)

Year	Interest payments	Interest receipts	Net interest payment	Average rate of interest on outstanding debt	Average rate of interest realised
2004-05	1568.56	821.96	746.60	10.34	3.46
2003-04	1367.27	868.83	498.44	10.65	4.25
2002-03	1114.78	741.42	373.36	11.17	4.43
2001-02	910.62	789.83	120.79	11.85	5.73
2000-01	716.75	477.28	239.47	12.00	4.19



Interest Payments increased in 2004-05 by 14.72 per cent while interest receipts decreased by 5.39 per cent as compared to the previous year resulting in 49.79 per cent increase in net burden on revenue during this period.

**1.11 Financial assistance to local bodies and other institutions – grants-in-aid to local bodies**

The quantum of grants-in-aid provided to different local bodies etc. during the last five years was as follows:

**Table 1.13: Grants-in-aid to Local Bodies**

(Rupees in crore)

Sl. No.	Name of the body	2004-05	2003-04	2002-03	2001-02	2000-01
1	Municipal Corporation of Delhi	1169.94	864.08	855.28	716.54	678.24
2	New Delhi Municipal Council	40.41	24.79	19.72	19.16	22.17
3	Delhi Cantonment Board	1.64	1.47	1.25	1.09	1.25
4	Delhi Development Authority	-	-	--	0.20	0.16
5	Delhi Jal Board	8.03	54.25	60.69	62.75	66.87
6	Delhi Vidyut Board/DESU/ DERC	2.50	2.25	23.33	964.50	1.73
7	DISCOM	--	52.75	-	-	-
8	Others	96.69	114.31	128.59	95.40	101.43
	<b>Total</b>	<b>1319.21</b>	<b>1113.90</b>	<b>1088.86</b>	<b>1859.64</b>	<b>871.85</b>

The total assistance at the end of 2004-2005 increased by 18.43 per cent over the previous fiscal year which was largely on account of increase in assistance to the Municipal Corporation of Delhi (MCD) and New Delhi Municipal Council (NDMC) during 2004-05. Grantee institutions were required to submit utilization certificates within 18 months. A total of 2,477 utilisation certificates relating to Rs. 6,162.35 crore in respect of grants-in-aid released up to 30 September 2003 were outstanding from various grantee institutions at the end of March 2005. This indicated the absence of effective monitoring by the Government.

**1.12 Capital expenditure**

**1.12.1 Trend of capital expenditure**

Assets are created mostly out of capital expenditure. In addition, financial assets arise from funds invested in institutions or undertakings i.e. Public

Sector Undertakings, Corporations, etc. and loans and advances. Capital expenditure for the last five years was as under:

**Table 1.14: Trend of Capital Expenditure**

(Rupees in crore)

Year	Actual capital expenditure	Percentage of increase (+)/ decrease (-) over the previous year	Percentage of capital expenditure with reference to total expenditure	Total capital expenditure as percentage of GSDP
2004-05	1425.52	(+) 67.17	13.48	1.57
2003-04	852.72	(-) 6.71	8.49	1.06
2002-03	914.07	(+) 49.45	9.86	1.27
2001-02	611.61	(-) 29.65	7.24	0.90
2000-01	869.41	(+) 70.32	12.12	1.39

During 2004-05, capital expenditure significantly increased by 67.17 per cent over the previous year. Percentage of capital expenditure with reference to total expenditure increased from 8.49 per cent in 2003-04 to 13.48 per cent in 2004-05.

### 1.12.2 Sector-wise capital expenditure

The sector-wise capital expenditure excluding loans during the last five years is given below:

**Table 1.15: Sector-wise Capital Expenditure**

(Rupees in crore)

Name of the Service	2004-05	2003-04	2002-03	2001-02	2000-01
General services	93.25 (6)	55.39 (6)	60.25 (6)	49.54 (8)	62.78 (7)
Social services	393.37 (28)	279.12 (33)	381.94 (42)	179.21 (29)	402.85 (46)
Economic services	938.90 (66)	518.21 (61)	471.88 (52)	382.86 (63)	403.78 (47)
<b>Total</b>	<b>1425.52</b> <b>(100)</b>	<b>852.72</b> <b>(100)</b>	<b>914.07</b> <b>(100)</b>	<b>611.61</b> <b>(100)</b>	<b>869.41</b> <b>(100)</b>

*Note: Figures in brackets indicate percentage of total capital expenditure*

Capital expenditure on General services increased by 68.35 per cent over the previous year while Social services and Economic services increased in 2004-05 by 40.93 per cent and 81.18 per cent respectively over the previous fiscal year.

### 1.12.3 Expenditure on incomplete projects

There were 114 projects each worth Rs. 50 lakh or more in progress as on 31 March 2005. Out of these, 17 projects amounting to Rs. 204.81 crore were to be completed before 31 March 2005 but were not completed as of 31 March 2005.

### 1.13 Loans and advances by the Government

**1.13.1** The Government gives loans and advances to local bodies, autonomous bodies, co-operative institutions, public sector and other undertakings and Government departments for various development and non-developmental activities. It also disburses loans to Government servants for construction of houses, purchase of vehicles, etc. The position of loans disbursed by the Government during the last five years is given below:

**Table 1.16: Trends in Advances and Recoveries**

(Rupees in crore)

	2004-05	2003-04	2002-03	2001-02	2000-01
<b>Opening balance (1)</b>	22351.21	18503.77	14953.67	12622.68	10134.94
Balance adopted from CGA	-	-	-	-	--
<b>Amount advanced during the year :</b>					
(i) Energy	884.97	2150.69	1552.53	644.12	847.83
(ii) Social services	791.53	648.45	647.27	492.21	449.51
(iii) Others	1644.27	1304.03	1556.93	1652.51	1311.52
<b>Sub Total (2)</b>	<b>3320.77</b>	<b>4103.17</b>	<b>3756.73</b>	<b>2788.84</b>	<b>2608.86</b>
<b>Amount recovered during the year :</b>					
(i) Energy	397.26	64.31	45.48	178.62	--
(ii) Social services	81.83	65.47	23.08	69.32	13.82
(iii) Others	48.87	125.95	138.07	209.91	107.30
<b>Sub Total (3)</b>	<b>527.96</b>	<b>255.73</b>	<b>206.63</b>	<b>457.85</b>	<b>121.12</b>
<b>Closing balance (1+2-3)</b>	<b>25144.02</b>	<b>22351.21</b>	<b>18503.77</b>	<b>14953.67</b>	<b>12622.68</b>
Net addition	2792.81	3847.44	3550.10	2330.99	2487.74

Outstanding loans increased from Rs. 22,351.21 crore in 2003-04 to Rs. 25,144.02 crore in 2004-05 constituting an increase of 12.50 per cent. Energy sector accounted for nearly 26.65 per cent of total loans sanctioned by the Government of NCT of Delhi. Outstanding loans increased by 99.20 per cent over the five-year period ending in March 2005 indicating that government agencies were relying more on borrowing from the Government rather than on raising their own resources for meeting their financial requirements.

#### **1.13.2 Recoveries of loans**

Detailed accounts of loans are maintained by the Pay & Accounts Offices under the Controller of Accounts of the Government of NCT of Delhi. Of the outstanding loans of Rs. 25,144.02 crore as of March 2005, Rs. 6,588.52 crore were overdue from various bodies viz. Municipal Corporation of Delhi Rs. 563.05 crore, New Delhi Municipal Council Rs. 21.91 crore, Delhi Jal Board Rs. 1,635.82 crore, Delhi Vidyut Board Rs. 4,022.12 crore, Delhi Tourism and Transportation Development Corporation Rs. 5 crore, Delhi SC/ST/ OBC/Minorities/Handicapped Financial Development Corporation

Limited Rs. 11.08 crore, Delhi Development Authority Rs. 2.25 crore, Delhi Metro Rail Corporation Rs. 10.00 crore, Delhi Transport Corporation Rs. 311.98, Delhi Building and Other Construction Works Board Rs. 0.25 crore, Delhi State Civil Supplies Corporation Rs 4.28 crore and Regional Cooperative Societies Rs. 0.78 crore. Besides, Rs. 40,449.92 crore were overdue as interest from these bodies.

### 1.14 Quality of expenditure

Government spends money for different activities ranging from establishment, maintenance and regulatory functions to various developmental activities. Government expenditure is broadly classified into plan and non-plan and revenue and capital. While plan and capital expenditure are usually associated with asset creation, non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. Therefore, an increase in the plan and capital expenditure can be viewed as enhancing the quality of expenditure. Wastage in public expenditure, diversion of funds and funds blocked in incomplete projects would impinge negatively on the quality of expenditure. Another possible indicator is the increase in the expenditure on General services to the detriment of Economic and Social services.

The following table lists out the trends in these indicators.

**Table 1.17: Trend of Plan Revenue and Plan Capital Expenditure**

		(Percentage)				
		2004-05	2003-04	2002-03	2001-02	2000-01
<b>1.</b>	<b>Plan expenditure as percentage of</b>					
	-Revenue expenditure	23.89	25.99	26.49	38.76	26.18
	-Capital expenditure*	40.81	104.96	57.91	56.59	58.18
<b>2.</b>	<b>Percentage of Capital expenditure out of the total expenditure</b>	13.48	8.49	9.86	7.24	12.12
<b>3.</b>	<b>Expenditure on General Services as percentage of</b>					
	-Revenue expenditure	35.60	35.49	33.08	24.99	28.38
	-Capital expenditure	6.54	6.5	6.59	8.0	7.0

\* Capital expenditure includes Loans and Advances and Public Debt taking into account the recoveries in reduction of expenditure.

The expenditure on general services as percentage of revenue expenditure increased from 28.38 per cent in 2000-01 to 35.60 per cent in 2004-05. This reflects poorly on the quality of expenditure.

## 1.15 Investment and returns

*1.15.1* Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The details of investments made and the number of concerns involved were as under:

**Table 1.18: Investment**

(Rupees in crore)

Sl. No.	Sector	Number of Concerns	Amount invested	
			As on 31 March 2005	During 2004-05
1.	Statutory Corporations	2	135.05	--
2.	Government Companies under NCT of Delhi	9	83.50	--
3.	Delhi Metro Rail Corporation Ltd.	1	1464.01	336.90
4.	Cooperative Institutions	717	32.63	-
	<b>Total</b>	<b>729</b>	<b>1715.19</b>	<b>336.90</b>

*1.15.2* The details of investments and returns realised during the last five years by way of dividend were as follows:

**Table 1.19: Trend of Investment and Returns**

Year	Investment at the end of the year (Rs. in crore)	Returns (Rs. in crore)	Percentage of returns
2004-05	1715.19	3.75	0.22
2003-04	1378.29	6.03	0.44
2002-03	1148.39	7.19	0.63
2001-02	945.72	7.18	0.76
2000-01	775.42	8.70	1.12

The increase in investments in 2004-05 over the previous fiscal year was on account of investment of Rs. 336.90 crore in the Delhi Metro Rail Corporation Limited. The investments in government companies, etc. fetched insignificant returns which declined from 1.12 per cent in 2000-01 to 0.22 per cent in 2004-05.

*1.15.3* During 2004-05, the dividend received on government investments is detailed below:

**Table 1.20: Dividend Received**

(Rupees in crore)

Name of Agency	Total investment upto 31 March 2005	Dividend received	Period of dividend
Indraprastha Medical Corporation Limited	23.83	2.38	2003-04
Delhi Tourism and Transportation Development Corporation Ltd.	6.28	0.32	2003-04
Indraprastha Gas Limited	7.00	1.05	2003-04



Three out of 11 companies, namely Delhi State Mineral Development Corporation Limited, Delhi State Industrial Development Corporation Limited and Delhi State Scheduled Castes Financial and Development Corporation Limited with total investment of Rs. 39.08 crore did not pay any dividend during the last nine years i.e.1997-2005.

### 1.16 Deficits

**1.16.1** The revenue deficit is the excess of revenue expenditure over revenue receipts. The fiscal deficit is defined as the excess of revenue and capital expenditure including net loans given over revenue receipts including grants-in-aid received and certain non-debt capital receipts. Primary deficit is fiscal deficit less interest payments. The receipts and expenditure under the Consolidated Fund of the Government of NCT of Delhi for 2004-05 as against the previous financial year were as under:

**Table 1.21: Consolidated Fund – Government of Delhi for the year 2004-05**

(Rupees in crore)

Receipts	Amount			Disbursement	Amount
Revenue	8562.63 (7348.53)	Revenue surplus	2735.15 (2261.44)	Revenue	5827.48 (5087.09)
Capital	-			Capital	1425.52 (852.72)
Recovery of loans & advances	527.96 (255.73)			Loans & Advances disbursement	3320.77 (4103.17)
Sub total CF NCT (other than public debt)	9090.59 (7604.26)	Fiscal Deficit	1483.18 (2438.72)		10573.77 (10042.98)
Borrowed fund: Loans from GOI	4011.35 (4664.58)			Repayment of borrowed fund	2301.65 (1677.19)
Total receipts in CF NCT*	13101.94 (12268.84)	Deficit in CFI	NIL	Total disbursement from CF NCT*	12875.42 (11720.17)
Decrease in cash balance	NIL			Increase in cash balance	226.52 (548.67)
<b>PUBLIC ACCOUNT**</b>					

*Note:* Figures in brackets relate to the year 2003-04.

\* Consolidated Fund of Government of National Capital Territory of Delhi.

\*\* Public Account of Government of National Capital Territory of Delhi is merged with the Public Account of the Union Government.

The trend of deficits for the last five years was as under:

**Table 1.22: Trend of Surplus/ Deficit**

(Rupees in crore)

Year	Revenue Surplus	Fiscal deficit	Primary deficit	Percentage of fiscal deficit to GSDP
2004-05	2735.15	1483.18	(-) 85.38	1.63
2003-04	2261.44	2438.72	1071.45	3.03
2002-03	2067.74	2396.43	1281.65	3.32
2001-02	1209.57	1733.03	822.41	2.55
2000-01	1747.51	1609.66	892.91	2.57

**1.16.2** Revenue surplus increased from Rs. 2,261.44 crore in 2003-04 to Rs. 2,735.15 crore in 2004-05 which constituted an increase of 20.95 per cent. The fiscal deficit in absolute terms however decreased during the same period. The revenue surplus in Delhi needs to be viewed in the context of the fact that the expenditure on Delhi Police is borne by the Union Government and the Government of NCT of Delhi does not incur any expenditure on maintenance of law and order. The expenditure of the Union Government on Delhi Police for the last five years (2000-05) ranged from Rs. 819.58 crore to Rs. 1,781.32 crore.

## 1.17 Public debt

**1.17.1** The public debt of the Government consists of only 'Loans and Advances' from the Government of India. During 2004-05, the Government received Rs. 4,011.35 crore as loans from the Government of India of which Rs. 3,732.38 crore were non-plan loans and Rs. 278.97 crore were loans for Plan schemes.

### 1.18 Loans and advances from the Central Government

The position of loans and advances from the Government of India, repayments and interest payments for the last five years was as under:

**Table 1.23: Loans and Advances from the Central Government**

(Rupees in crore)		
As on 31 March	Outstanding Debt Dues	Interest paid
2005	16026.86	1568.56
2004	14317.16	1367.27
2003	11352.79	1114.78
2002	8612.02	910.62
2001	6759.58	716.75

Despite an overall increase in the quantum of loans, their contribution to the net cash inflow<sup>y</sup> after meeting the liability of repayment and interest payment significantly declined from 35 per cent in 2003-04 to 3.52 per cent in 2004-05. Rising interest payments are thus adversely affecting the net inflow.

### 1.19 Analysis of budgetary projections

**1.19.1** Significant deviations of actuals from the budget estimates would indicate that either the budgetary assumptions were not realistic or sufficient efforts were not made to achieve the targets. A detailed analysis of budgetary provisions and actual expenditure is contained in Chapter 2 of this Report.

#### **1.19.2 Actual collection of revenue receipts vis-à-vis estimates**

The actual collection of revenue receipts against budget estimates during the last five years was as under:

**Table 1.24: Budget Estimates vis-a-vis Revenue Receipts**

(Rupees in crore)				
Year	Budget estimates	Actual revenue receipts	Excess (+) / shortfall (-) of actual revenue receipts over budget estimates	Percentage increase (+)/ decrease (-) over budget estimates
2004-05	7917.08	8562.63	(+) 645.55	(+) 8.15
2003-04	7372.40	7348.53	(-) 23.87	(-) 0.32
2002-03	6857.69	6665.94	(-) 191.75	(-) 2.80
2001-02	6317.50	6253.71	(-) 63.79	(-) 1.01
2000-01	5594.99	5443.99	(-) 151.00	(-) 2.70

<sup>y</sup> net cash inflow = Receipts of Borrowed Funds – Borrowed Fund payment – Interest payment  
percentage of cash inflow =  $\frac{\text{net cash inflow} \times 100}{\text{Receipts of Borrowed Fund}}$

The actual collection of revenue receipts against budget estimates was greater only during 2004-05 as compared to previous years.

### 1.19.3 Actual collection of tax revenue vis-à-vis estimates

The actual collection of tax revenue vis-a-vis budget estimates over the last five years was as under :

**Table 1.25: Budget Estimates and Actual Tax Revenue**

(Rupees in crore)

Year	Budget estimate	Actual tax revenue	Excess (+) / shortfall (-) of tax revenue receipts over budget estimates	Percentage increase (+) / decrease (-) over budget estimates
2004-05	6521.50	7106.13	(+) 584.63	(+) 8.96
2003-04	6214.00	5884.17	(-) 329.83	(-) 5.31
2002-03	5854.00	5324.19	(-) 529.81	(-) 9.05
2001-02	5138.15	4896.75	(-) 241.40	(-) 4.70
2000-01	4700.15	4400.62	(-) 299.53	(-) 6.37

The actual receipts of tax revenue were lower than the budget estimates except during 2004-2005.

The excess of 8.96 per cent in the collection of actual tax revenue in 2004-05 with reference to the budget estimates was due to increase in collection of Sales Tax by 8.44 per cent and Stamp duty by 57.26 per cent while there was shortfalls in collection of State Excise and Taxes on Vehicles vis-à-vis the Budget Estimates as detailed below:

**Table 1.26: Budget Estimates and Actual Receipts**

(Rupees in crore)

Component of Tax Revenue	2004-05		2003-04		2002-03		2001-02		2000-01	
	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts
Sales tax	4795.00	5199.93	4395.00	4435.07	4293.00	3883.17	3793.00	3704.01	3293.00	3387.86
State excise	850.00	843.68	850.00	710.12	770.00	725.68	700.00	606.41	665.00	557.22
Stamp duty	425.00	668.34	500.00	435.23	400.00	436.80	250.00	283.16	330.00	191.68
Taxes on vehicles	275.00	195.98	310.00	175.24	235.00	160.40	220.00	166.76	230.00	142.34
Others	176.50	198.20	159.00	128.51	156.00	118.14	175.15	136.41	182.15	121.52
<b>Total tax Revenue</b>	<b>6521.50</b>	<b>7106.13</b>	<b>6214.00</b>	<b>5884.17</b>	<b>5854.00</b>	<b>5324.19</b>	<b>5138.15</b>	<b>4896.75</b>	<b>4700.15</b>	<b>4400.62</b>

**1.19.4 Actual collection of non-tax revenue vis-à-vis estimates**

The actual collection of non-tax revenue with reference to budget estimates over the period 2000-2001 to 2004-05 was as under:

**Table 1.27: Budget Estimates and Collection of Non-Tax Revenue**

(Rupees in crore)

Year	Budget estimates	Actual collection of non-tax revenue	Excess (+)/ shortfall (-) of non-tax revenue receipts over budget estimates	Percentage Increase (+)/ decrease (-) over budget estimates
2004-05	856.55	921.39	(+) 64.84	(+) 0.08
2003-04	1158.40	950.34	(-) 208.06	(-) 17.96
2002-03	1003.69	829.56	(-) 174.13	(-) 17.35
2001-02	699.24	876.06	(+) 176.82	(+) 25.29
2000-01	411.63	548.35	(+) 136.72	(+) 33.21

The collection of non-tax revenue during 2004-05 was excess by Rs. 64.84 crore i.e. 0.08 per cent of the budget estimates.

**1.19.5 Actual revenue expenditure vis-à-vis budget estimates**

The actual revenue expenditure vis-à-vis budget estimates over the period of five years was as under:

**Table 1.28: Actual Revenue Expenditure vis-à-vis Budget Estimates**

(Rupees in crore)

Year	Budget estimates			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2004-05	1737.32	4592.63	6329.95	1392.12	4435.36	5827.48
2003-04	1603.34	3855.13	5458.47	1321.92	3765.17	5087.09
2002-03	1417.05	3490.53	4907.58	1218.20	3380.00	4598.20
2001-02	2146.52	3352.03	5498.55	1955.01	3089.13	5044.14
2000-01	1146.41	3120.21	4266.62	967.73	2728.75	3696.48

Actual revenue expenditure under plan and non-plan have been lower than the budget estimates during each year from 2000-01 onwards indicating that estimates were unrealistic and that the preparedness of the implementing agencies to implement various plan schemes was not assessed realistically while framing the budget estimates. Entire provision remained unutilised in respect of 182 schemes during 2004-05 which was indicative of poor planning and budgeting.

### 1.19.6 Actual capital expenditure vis-à-vis budget estimates

The actual capital expenditure has been consistently below the budget estimates during 2000-01 to 2004-05 as detailed below: -

**Table 1.29: Actual Capital Expenditure vis-à-vis Budget Estimates**

(Rupees in crore)

Year	Budget estimate			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2004-05	3397.59	4508.15	7905.74	2876.36	4171.58	7047.94
2003-04	3751.76	3870.81	7622.57	3250.78	3382.30	6633.08
2002-03	3550.78	2228.62	5779.40	3194.45	2420.85	5615.30
2001-02	2667.79	1600.41	4268.20	2029.86	1556.72	3586.58
2000-01	2353.61	1219.43	3573.04	2154.40	1323.89	3478.29

Major savings were in the grants for Social Welfare, Urban Development and Public Works departments. In respect of 65 schemes, entire provision remained unutilised, indicating poor planning and budgeting.

### 1.19.7 Actual deficit vis-à-vis estimates

The actual deficit vis-à-vis budget estimates over the period of five years was as under:

**Table 1.30: Actual Deficit vis-à-vis Estimates**

(Rupees in crore)

Year	Revenue surplus (+)		Fiscal deficit (-)		Primary deficit (-)/ surplus (+)	
	Budget estimates	Actual	Budget estimates	Actual	Budget estimates	Actual
2004-05	1587.13	2735.15	(-) 3815.66	(-) 1483.18	(-) 2165.75	(+) 85.38
2003-04	2099.63	2261.44	(-) 2134.60	(-) 2438.72	(-) 741.60	(-)1071.45
2002-03	2139.15	2067.74	(-) 1823.37	(-) 2396.43	(-) 715.33	(-)1281.65
2001-02	1836.18	1209.57	(-) 1001.06	(-) 1733.03	(-) 106.16	(-) 822.41
2000-01	1362.12	1747.51	(-) 1209.84	(-) 1609.66	(-) 505.31	(-) 892.91

Revenue surplus was 172.33 per cent of the budget estimates during 2004-05. The fiscal deficit during the year decreased by Rs.2,332.48 crore against the budget estimates of Rs. 3,815.66 crore.

## 1.20 Follow up on Audit Reports

Once the Reports of the Comptroller and Auditor General of India are placed in the State Legislative Assembly, the various departments are required to submit Action Taken Notes (ATNs) on all paragraphs contained therein for consideration by the Public Accounts Committee (PAC) and Committee on Government Undertakings (COGU). Undue delay in submission of ATNs

dilutes the accountability of the Executive to the Legislature and is to be viewed seriously.

A review of outstanding ATNs on paragraphs included in the Audit Reports for the year ended 31 March 1995 to 2004 relating to the Government of NCT of Delhi as of February 2006 disclosed that various departments had not submitted remedial/corrective ATNs on 48 out of 375 paragraphs printed in the Audit Reports as under:

**Table 1.31: Follow up on Audit Reports**

<b>Year of Report ending 31 March</b>	<b>No. of paragraphs and reviews printed in the report</b>	<b>No. of paragraphs for which ATNs were awaited</b>
<b>1995</b>	29	12
<b>1996</b>	39	02
<b>1997</b>	35	02
<b>1998</b>	34	07
<b>1999</b>	41	01
<b>2000</b>	39	03
<b>2001</b>	44	02
<b>2002</b>	35	03
<b>2003</b>	31	-Nil-
<b>2004</b>	48	16
<b>Total</b>	<b>375</b>	<b>48</b>