

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 2006 compared with the corresponding position as on 31 March 2005. 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.10,001 crore, the increase in liabilities was only Rs. 5,673 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 decreased from 65.35 *per cent* in 2004-05 to 63.56 *per cent* during 2005-06. The share of recoveries of loans and advances marginally decreased from 4.03 *per cent* to 1.87 *per cent*.

1.3.2 Revenue expenditure increased from 55.11 *per cent* of the total expenditure in 2004-05 to 59.68 *per cent* in 2005-06. It was considerably lower than the total receipts of the NCT Government resulting in a revenue surplus of Rs. 4,328.14 crore in 2005-06. The share of capital expenditure including loans and advances decreased from 44.89 *per cent* to 40.32 *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	Revenue receipts	Percentage increase over previous year	Gross State Domestic Product	Percentage of revenue receipts to GSDP
2005-06	10843.53	26.64	**105385	10.29
2004-05	8562.63	16.52	*91981	9.31
2003-04	7348.53	10.24	*80881	9.09
2002-03	6665.94	6.59	*71937	9.27
2001-02	6253.71	14.87	*66728	9.37

*Provisional Estimates, ** Quick Estimates

Revenue receipts increased by Rs. 2,280.90 crore in 2005-06 over 2004-05. The growth of revenue receipts over five years had been fluctuating between 6.59 per cent and 26.64 per cent. The percentage of revenue receipts to GSDP¹ increased over the five years from 9.09 in 2003-04 to 10.29 in 2005-06.

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	2005-06	2004-05	2003-04	2002-03	2001-02
Tax revenue	8939.28 (82.44)	7106.13 (82.99)	5884.17 (80.07)	5324.19 (79.87)	4896.75 (78.30)
Non-tax revenue	1398.96 (12.90)	921.39 (10.76)	950.34 (12.93)	829.56 (12.45)	876.06 (14.01)
Grants-in-aid from GOI	505.29 (4.66)	535.11 (6.25)	514.02* (7.00)	512.19 (7.68)	480.90 (7.69)
Total revenue receipts	10843.53 (100)	8562.63 (100)	7348.53 (100)	6665.94 (100)	6253.71 (100)

Note: Figures in brackets indicate percentage of total revenue receipts
*includes grants under proviso to Article 275(1) of the constitution.

¹ Gross State Domestic Product at current prices

As a percentage of total revenue receipts, while the share of tax revenue decreased marginally from 82.99 *per cent* in 2004-05 to 82.44 in 2005-06, the share of non-tax revenue increased from 10.76 *per cent* to 12.90 *per cent* and grant-in-aid decreased from 6.25 *per cent* to 4.66 *per cent* 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 2001-2006 was as under:

Table 1.3: Growth of Tax Revenue

(Rupees in crore)

Year	Tax revenue	Percentage increase over the previous year	As percentage of total revenue receipts	Percentage of tax revenue to GSDP
2005-06	8939.28	25.80	82.44	8.48
2004-05	7106.13	20.77	82.99	7.73
2003-04	5884.17	10.52	80.07	7.28
2002-03	5324.19	8.73	79.87	7.40
2001-02	4896.75	11.27	78.30	7.34

Tax revenue increased by 25.80 *per cent* in 2005-06 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 25.80 *per cent*. The percentage of tax revenue to GSDP has varied from 7.28 to 8.48 indicating a clear increase over the five years period.

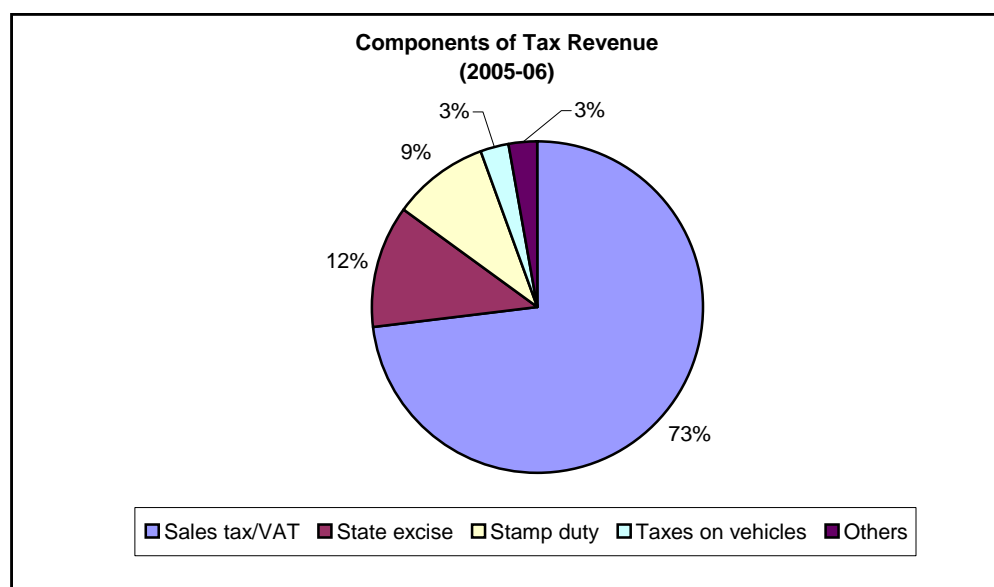
1.5.2 Components of tax revenue

The break up of tax revenue during the five years ending 2005-06 is given below:

Table 1.4: Components of Tax Revenue

(Rupees in crore)					
Components	2005-06	2004-05	2003-04	2002-03	2001-02
Sales tax/ Value Added Tax (VAT)	6500.56 (72.72)	5199.93 (73.18)	4435.07 (75.37)	3883.17 (72.94)	3704.01 (75.64)
State excise	1024.80 (11.46)	843.68 (11.87)	710.12 (12.07)	725.68 (13.63)	606.41 (12.38)
Stamp duty	827.65 (9.26)	668.34 (9.40)	435.23 (7.40)	436.80 (8.20)	283.16 (5.78)
Taxes on vehicles	298.74 (3.34)	195.98 (2.76)	175.24 (2.98)	160.40 (3.01)	166.76 (3.41)
Others	287.53 (3.22)	198.20 (2.79)	128.51 (2.18)	118.14 (2.22)	136.41 (2.79)
Total tax revenue	8939.28 (100)	7106.13 (100)	5884.17 (100)	5324.19 (100)	4896.75 (100)

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 75.64 *per cent* in 2001-02 to 72.72 *per cent* in 2005-06. The contribution of state excise declined to 11.46 *per cent* in 2005-06 from 12.38 *per cent* in 2001-02. The contribution of stamp duty increased from 5.78 *per cent* in 2001-02 to 9.26 *per cent* in 2005-06. 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 2005-06 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
2005-06	1398.96	(+) 51.83	12.90	1.33
2004-05	921.39	(-) 3.05	10.76	1.00
2003-04	950.34	(+) 14.56	12.93	1.17
2002-03	829.56	(-) 5.31	12.45	1.15
2001-02	876.06	(+) 59.76	14.01	1.31

Non-tax revenue increased by 51.83 *per cent* in 2005-06 over the previous year. Over the five-years period, non-tax revenue increased by 59.69 *per cent* largely on account of increase in interest receipts from Rs.789.83 crore in 2001-02 to Rs.1,254.17 crore in 2005-06. As a percentage of GSDP, the non-tax revenue was 1.33 in 2005-06 as compared to 1.00 in the previous year.

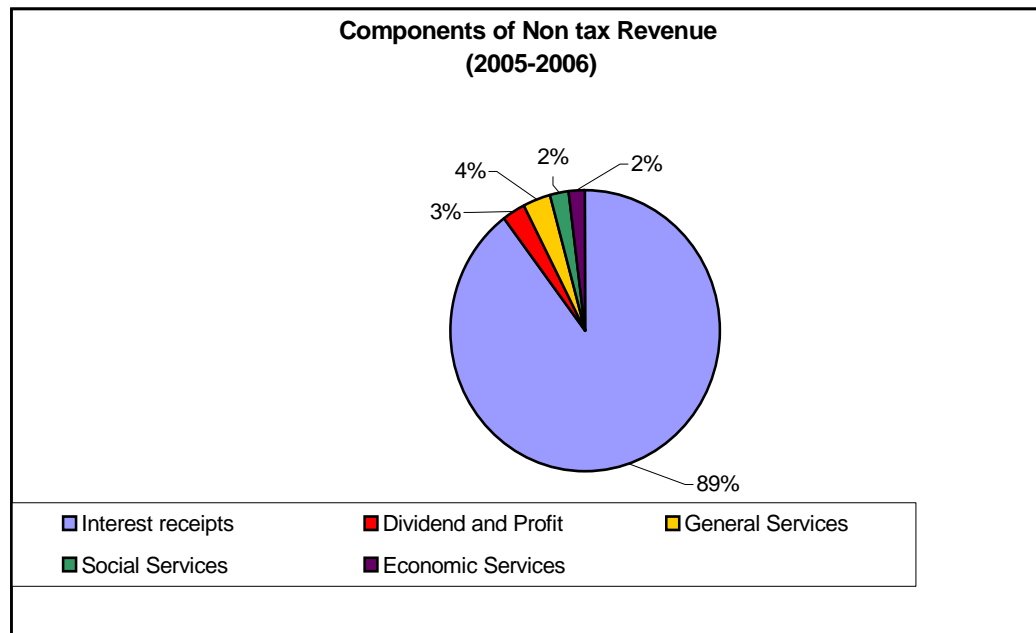
1.6.2 Components of non-tax revenue

The break-up of non-tax revenue during the five years ended 2005-06 is given below:

Table 1.6: Components of Non-tax Revenue

(Rupees in crore)					
Components	2005-06	2004-05	2003-04	2002-03	2001-02
Interest receipts	1254.17 (89.65)	821.96 (89.21)	868.83 (91.42)	741.42 (89.38)	789.83 (90.16)
Dividend and Profit	38.62 (2.76)	3.75 (0.41)	6.03 (0.63)	7.19 (0.87)	7.17 (0.82)
General services	49.11 (3.51)	48.18 (5.23)	41.45 (4.36)	45.18 (5.44)	40.07 (4.57)
Social services	31.60 (2.26)	27.73 (3.01)	22.30 (2.35)	22.63 (2.73)	19.04 (2.17)
Economic services	25.46 (1.82)	19.77 (2.14)	11.73 (1.24)	13.14 (1.58)	19.95 (2.28)
Total non tax revenue	1398.96 (100)	921.39 (100)	950.34 (100)	829.56 (100)	876.06 (100)

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 89.65 per cent of the total non-tax revenue in 2005-06 as compared to 90.16 per cent in 2001-02.

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 2001-02 to 2005-06 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
2005-06	8939.28	*9616.34	107.57	979.81	11.34
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

* Of the above arrears, Rs.9,615.38 crore pertained to sales tax and Rs.0.96 crore to Luxury Tax on the 31st March 2006.

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

1.8 Total expenditure

Trends in total expenditure of the Government of NCT of Delhi during 2001-02 to 2005-06 were as under:

Table 1.8: Trends in Expenditure

(Rupees in crore)

Year	Revenue	Capital	Loans	Total
2005-06	6515.39	1502.42	2900.26	10918.07
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

Revenue expenditure increased by 11.80 *per cent* from Rs. 5,827.48 crore in 2004-05 to Rs. 6,515.39 crore in 2005-06. Capital expenditure increased by 5.39 *per cent* from Rs.1,425.52 crore to Rs. 1,502.42 crore during the corresponding period. The share of capital expenditure out of total expenditure increased from 13.48 *per cent* in 2004-05 to 13.76 *per cent* in 2005-06. Loans were given mainly to Delhi Transco Limited, Municipal Corporation of Delhi, Delhi Power Company Limited, Delhi Jal Board and the Delhi Transport

Corporation etc. Loans by the NCT Government decreased by 12.66 per cent during 2005-06 over the previous year. Share of loans in total expenditure decreased from 33.03 per cent in 2001-02 to 26.56 per cent in 2005-06.

1.9 Revenue expenditure

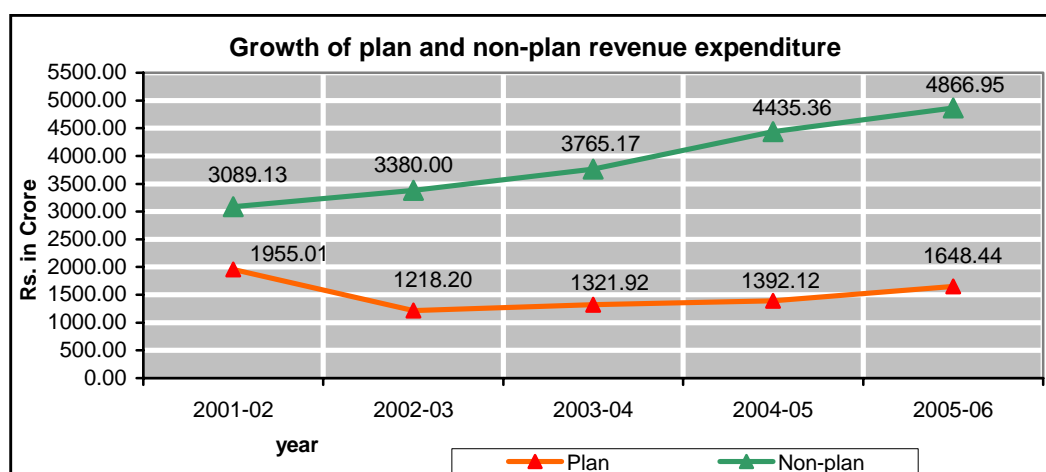
1.9.1 Trend of revenue expenditure

Trends in revenue expenditure of the Government during the five years ended 2005-06 were as under:

Table 1.9: Trend of Plan and Non Plan Expenditure

(Rupees in crore)

Year	Revenue expenditure			Increase (+)/decrease (-) over the previous year		Total revenue expenditure as a percentage of GSDP
	Plan	Non-Plan	Total	Plan	Non-Plan	
2005-06	1648.44	4866.95	6515.39	(+) 256.32	(+) 431.59	6.18
2004-05	1392.12	4435.36	5827.48	(+) 70.20	(+) 670.19	6.34
2003-04	1321.92	3765.17	5087.09	(+) 103.72	(+) 385.17	6.29
2002-03	1218.20	3380.00	4598.20	(-) 736.81	(+) 290.87	6.39
2001-02	1955.01	3089.13	5044.14	(+) 987.26	(+) 360.38	7.56



Over the last five years, the revenue expenditure increased from Rs. 5,044.14 crore in 2001-02 to Rs. 6,515.39 crore in 2005-06 which constituted an increase of 29.17 per cent. Revenue expenditure under Plan increased from Rs.1,392.12 crore in 2004-05 to Rs. 1,648.44 crore in 2005-06 registering an increase of 18.41 per cent while the expenditure under Non-Plan increased from Rs.4,435.36 crore in 2004-05 to Rs. 4,866.95 crore in 2005-06 registering an increase of 9.73 per cent during the corresponding period. The share of plan revenue expenditure as percentage of revenue expenditure decreased from 38.76 per cent in 2001-02 to 25.30 per cent in 2005-06.

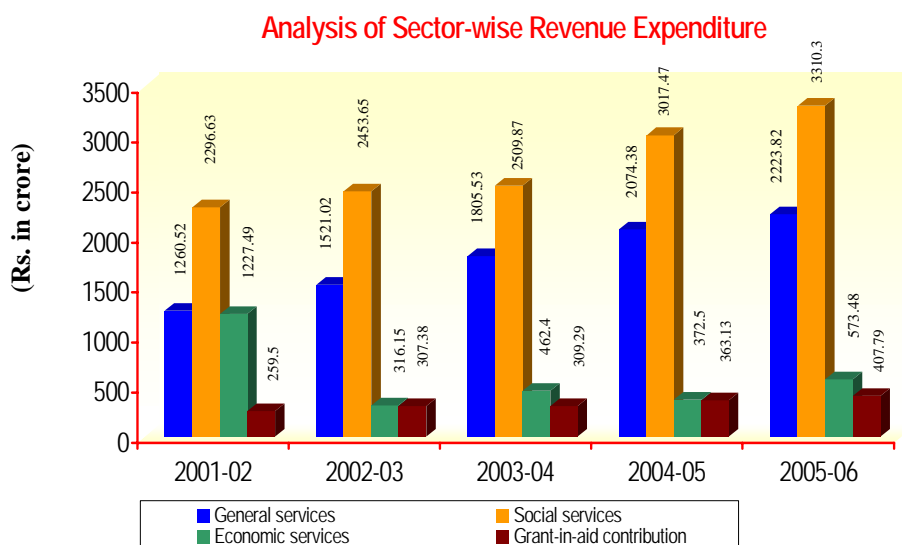
1.9.2 Sector-wise revenue expenditure

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

Table 1.10: Sector-wise distribution of Revenue Expenditure

(Rupees in crore)					
Sector	2005-06	2004-05	2003-04	2002-03	2001-02
General services	2223.82 (+7.20)	2074.38 (+14.89)	1805.53 (+18.71)	1521.02 (+ 20.67)	1260.52 (+ 20.16)
Social services	3310.30 (+9.70)	3017.47 (+20.22)	2509.87 (+2.29)	2453.65 (+ 6.84)	2296.63 (+ 8.30)
Economic services	573.48 (+53.95)	372.50 (-19.44)	462.40 (+46.26)	316.15 (- 74.24)	1227.49 (+ 324.30)
Grants-in-aid contributions	407.79 (+12.30)	363.13 (+17.41)	309.29 (+0.62)	307.38 (+18.45)	259.50 (+9.22)
Total	6515.39 (+11.80)	5827.48 (+14.55)	5087.09 (+10.63)	4598.20 (- 8.84)	5044.14 (+ 36.46)

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



Revenue expenditure in 2005-06 increased by 11.80 *per cent* over the previous fiscal year. All the components of revenue expenditure indicated a rising trend over the previous fiscal year.

As a proportion of total revenue expenditure, the share of General services increased from 24.99 *per cent* in 2001-02 to 34.13 *per cent* in 2005-06 and the share of Social services increased from 45.53 *per cent* to 50.81 *per cent* whereas the share of Economic services decreased from 24.33 *per cent* to 8.80 *per cent* and that of grants-in-aid contribution increased from 5.14 *per cent* to 6.26 *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.910.62 crore in 2001-02 to Rs.1,672.82 crore in 2005-06. While the expenditure on Social services increased by 44.14 *per cent* from Rs.2,296.63 crore in 2001-02 to Rs. 3,310.30 crore in 2005-06, the corresponding increase in General services was 76.42 *per cent*. However, the expenditure on Economic services decreased by 53.28 *per cent*.

1.10 Interest payments

Interest payments during the period 2001-2006 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*
2005-06	5896.45	1672.82	6.65	25.67	0.04
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

Interest payments registered a rate of growth of 6.65 *per cent* in 2005-06 over the previous year. This accounted for an increasing share of the revenue expenditure indicating reduced availability of resources for other expenditure.

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

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 1.12: Grants-in-aid to Local Bodies

(Rupees in crore)

Sl. No.	Name of the body	2005-06	2004-05	2003-04	2002-03	2001-02
1	Municipal Corporation of Delhi	1065.04	1169.94	864.08	855.28	716.54
2	New Delhi Municipal Council	28.39	40.41	24.79	19.72	19.16
3	Delhi Cantonment Board	1.68	1.64	1.47	1.25	1.09
4	Delhi Development Authority	--	-	-	--	0.20
5	Delhi Jal Board	130.91	8.03	54.25	60.69	62.75
6	Delhi Vidyut Board/DESU/ DERC	3.50	2.50	2.25	23.33	964.50
7	DISCOM	--	--	52.75	-	-
8	Others	138.07	96.69	114.31	128.59	95.40
	Total	1367.59	1319.21	1113.90	1088.86	1859.64

The total assistance at the end of 2005-06 increased by 3.67 per cent over the previous fiscal year which was largely on account of increase in assistance to the Delhi Jal Board and the Delhi Electricity Regulatory Commission during 2005-06. Grantee institutions were required to submit utilization certificates within 18 months. A total of 2515 utilization certificates relating to Rs. 6,677.83 crore in respect of grants-in-aid released up to 30 September 2004 were outstanding from various grantee institutions at the end of March 2006. 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 1.13: 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
2005-06	1502.42	(+) 5.39	13.76	1.43
2004-05	1425.52	(+) 67.17	13.48	1.55
2003-04	852.72	(-) 6.71	8.49	1.05
2002-03	914.07	(+) 49.45	9.86	1.27
2001-02	611.61	(-) 29.65	7.24	0.92

During 2005-06, capital expenditure increased by 5.39 *per cent* over the previous year. Percentage of capital expenditure with reference to total expenditure increased from 13.48 *per cent* in 2004-05 to 13.76 *per cent* in 2005-06.

1.12.2 Sector-wise capital expenditure

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

Table 1.14: Sector-wise Capital Expenditure

(Rupees in crore)

Name of the Service	2005-06	2004-05	2003-04	2002-03	2001-02
General services	83.70 (6)	93.25 (6)	55.39 (6)	60.25 (6)	49.54 (8)
Social services	336.78 (22)	393.37 (28)	279.12 (33)	381.94 (42)	179.21 (29)
Economic services	1081.94 (72)	938.90 (66)	518.21 (61)	471.88 (52)	382.86 (63)
Total	1502.42 (100)	1425.52 (100)	852.72 (100)	914.07 (100)	611.61 (100)

Note: Figures in brackets indicate percentage of total capital expenditure

Capital expenditure on General and Social services decreased by 10.24 *per cent* and 14.39 *per cent* respectively over the previous year while that of Economic Service increased in 2005-06 by 15.23 *per cent* over the previous fiscal year.

1.12.3 Expenditure on incomplete projects

There were 68 projects each worth Rs. 50 lakh or more in progress as on 31 March 2006. Out of these, 18 projects amounting to Rs.312.91 crore were to be completed before 31 March 2006 but were not completed as of 31 March 2006.

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 1.15: Trends in Advances and Recoveries

(Rupees in crore)					
	2005-06	2004-05	2003-04	2002-03	2001-02
Opening balance (1)	25144.02	22351.21	18503.77	14953.67	12622.68
Balance adopted from CGA	-	-	-	-	--
Amount advanced during the year :					
(i) Energy	416.00	884.97	2150.69	1552.53	644.12
(ii) Social services	821.96	791.53	648.45	647.27	492.21
(iii) Others	1662.3	1644.27	1304.03	1556.93	1652.51
Sub Total (2)	2900.26	3320.77	4103.17	3756.73	2788.84
Amount recovered during the year :					
(i) Energy	16.80	397.26	64.31	45.48	178.62
(ii) Social services	54.48	81.83	65.47	23.08	69.32
(iii) Others	248.4	48.87	125.95	138.07	209.91
Sub Total (3)	319.68	527.96	255.73	206.63	457.85
Closing balance (1+2-3)	27724.60	25144.02	22351.21	18503.77	14953.67
Net addition	2580.58	2792.81	3847.44	3550.10	2330.99

Outstanding loans increased from Rs. 25,144.02 crore in 2004-05 to Rs. 27,724.60 crore in 2005-06 constituting an increase of 10.26 *per cent*. Energy sector accounted for nearly 14.34 *per cent* of total loans disbursed by the Government of NCT of Delhi. Outstanding loans increased by 85.40 *per cent* over the five-years period ending in March 2006 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.27,724.60 crore as of March 2006, Rs.4,729.42 crore were overdue from various bodies viz. Municipal Corporation of Delhi Rs.251.76 crore, New Delhi Municipal Council Rs. 58.91 crore, Delhi Jal Board Rs.1,399.95 crore, erstwhile Delhi Vidyut Board Rs. 2,000.30 crore, Delhi Tourism and Transportation Development Corporation Rs. 3.15 crore, Delhi SC/ST/OBC/Minorities/ Handicapped Financial Development Corporation Limited Rs. 11.08 crore, Delhi Development Authority Rs.2.25 crore, Delhi Transport Corporation Rs. 254.34, Transco Rs 511.83 crore, Indraprastha Power Generation Company Ltd. Rs.5.71 crore, Pragati Power Corporation Ltd. Rs. 98.25 crore, Delhi Power Company Ltd. Rs.125.49 crore, Labour Welfare Board Rs. 0.25 crore, Delhi Khadi and Village Industry Board Rs.0.75 crore, Handloom Societies Rs.0.37 crore, Delhi State Civil Supplies Corporation Rs.4.28 crore and Regional Cooperative Societies Rs.0.73 crore. Besides, Rs. 14,794.48 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 1.16: Trend of Plan Revenue and Plan Capital Expenditure

		(Percentage)				
		2005-06	2004-05	2003-04	2002-03	2001-02
1.	Plan expenditure as percentage of					
	-Revenue expenditure	25.30	23.89	25.99	26.49	38.76
	-Capital expenditure*	57.33	40.81	104.96	57.91	56.59
2.	Percentage of Capital expenditure out of the total expenditure	13.76	13.48	8.49	9.86	7.24
3.	Expenditure on General Services as percentage of					
	-Revenue expenditure	34.13	35.60	35.49	33.08	24.99
	-Capital expenditure	5.57	6.54	6.5	6.59	8.0

* 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 24.99 per cent in 2001-02 to 34.13 per cent in 2005-06. 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 1.17: Investment

		(Rupees in crore)		
Sl. No.	Sector	Number of Concerns	Amount invested	
			As on 31 March 2006	During 2005-06
1.	Statutory Corporations	2	135.05	
2.	Government Companies under NCT of Delhi	9	85.32	1.81
3.	Delhi Metro Rail Corporation Ltd.	1	1810.66	346.66
4.	Cooperative Institutions	717	32.63	-
	Total	729	2063.66	348.47

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

Table 1.18: Trend of Investment and Returns

Year	Investment at the end of the year (Rs. in crore)	Returns (Rs. in crore)	Percentage of returns
2005-06	2063.66	38.62	1.87
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

The increase in investments in 2005-06 over the previous fiscal year was on account of investment of Rs. 346.66 crore in the Delhi Metro Rail Corporation Limited. The investments in government companies, etc. fetched insignificant returns which increased from 0.76 *per cent* in 2001-02 to 1.87 *per cent* in 2005-06.

1.15.3 During 2005-06, the dividend received on government investments is detailed below:

Table 1.19: Dividend Received

(Rupees in crore)			
Name of Agency	Total investment upto 31 March 2006	Dividend received	Period of dividend
Indraprastha Medical Corporation Limited	23.83	2.38	2004-05
Delhi Tourism and Transportation Development Corporation Ltd.	6.28	0.31	2004-05
Indraprastha Gas Limited	7.00	1.40	2004-05
Delhi Co-Operative Housing Finance Society Ltd.	30.26	3.03	2004-05

Three out of 11 companies and corporations, 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.40.90 crore, did not pay any dividend during the last ten years i.e.1997-2006.

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 2005-06 as against

the previous financial year were as under:

Table 1.20: Consolidated Fund – Government of Delhi for the year 2005-06

(Rupees in crore)

Receipts	Amount			Disbursement	Amount
Revenue	10843.53 (8562.63)	Revenue surplus	4328.14 (2735.15)	Revenue	6515.39 (5827.48)
Capital	-			Capital	1502.42 (1425.52)
Recovery of loans & advances	319.68 (527.96)			Loans & Advances disbursement	2900.26 (3320.77)
Sub total CF NCT (other than public debt)	11163.21 (9090.59)	Fiscal Deficit	-245.14 (1483.18)		10918.07 (10573.77)
Borrowed funds: Loans from GOI	5896.45 (4011.35)			Repayment of borrowed funds	223.66 (2301.65)
Total receipts in CF NCT*	17059.66 (13101.94)			Total disbursement from CF NCT*	11141.74 (12875.42)
Decrease in cash balance	NIL			Increase in cash balance	5917.92 (226.52)
PUBLIC ACCOUNT**					

Note: Figures in brackets relate to the year 2004-05.

* 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 1.21: Trend of Surplus/ Deficit

(Rupees in crore)

Year	Revenue Surplus	Fiscal deficit	Primary deficit	Percentage of fiscal deficit to GSDP
2005-06	4328.14	(-)245.14	(-)1917.96	(-)0.23
2004-05	2735.15	1483.18	(-) 85.38	1.61
2003-04	2261.44	2438.72	1071.45	3.02
2002-03	2067.74	2396.43	1281.65	3.33
2001-02	1209.57	1733.03	822.41	2.60

1.16.2 Revenue surplus increased from Rs. 2,735.15 crore in 2004-05 to Rs. 4,328.14 crore in 2005-06 which constituted an increase of 58.24 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 year 2005-06 was Rs.1,389 crore while the range of expenditure for the last five years (2001-06) was from Rs.867.42 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 2005-06, the Government received Rs.5,896.45 crore as loans from the Government of India of which the entire loan amount was non-plan loans.

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 1.22: Loans and Advances from the Central Government

(Rupees in crore)		
As on 31 March	Outstanding Debt Dues	Interest paid
2006	21699.65	1672.82
2005	16026.86	1568.56
2004	14317.16	1367.27
2003	11352.79	1114.78
2002	8612.02	910.62

An overall increase in the quantum of loans, their contribution to the net cash inflow^ψ after meeting the liability of repayment and interest payment increased from 3.52 per cent in 2004-05 to 67.84 per cent in 2005-06. 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

^ψ net cash inflow = Receipts of Borrowed Funds – Borrowed Fund payment – Interest payment
percentage of cash inflow = $\frac{\text{net cash inflow} \times 100}{\text{Receipts of Borrowed Fund}}$

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 1.23: 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
2005-06	9052.70	10843.53	(+) 1790.83	(+) 19.78
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

The actual collection of revenue receipts against budget estimates was greater during 2004-05 and 2005-06 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 1.24: 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
2005-06	7393.00	8939.28	(+) 1546.28	(+) 20.92
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

The actual receipts of tax revenue were greater than the budget estimates during 2004-05 and 2005-06.

The excess of 20.92 *per cent* in the collection of actual tax revenue in 2005-06 with reference to the budget estimates was due to increase in collection of Sales Tax/VAT by 22.70 *per cent*, State Excise by 13.87 *per cent* and Stamp Duty by 18.24 *per cent* while there was shortfalls in collection of Taxes on Vehicles vis-à-vis the Budget Estimates as detailed below:

Table 1.25: Budget Estimates and Actual Receipts

(Rupees in crore)

Component of Tax Revenue	2005-06		2004-05		2003-04		2002-03		2001-02	
	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts
Sales tax/VAT	5298.00	6500.56	4795.00	5199.93	4395.00	4435.07	4293.00	3883.17	3793.00	3704.01
State excise	900.00	1024.80	850.00	843.68	850.00	710.12	770.00	725.68	700.00	606.41
Stamp duty	700.00	827.65	425.00	668.34	500.00	435.23	400.00	436.80	250.00	283.16
Taxes on vehicles	300.00	298.74	275.00	195.98	310.00	175.24	235.00	160.40	220.00	166.76
Others	195.00	287.53	176.50	198.20	159.00	128.51	156.00	118.14	175.15	136.41
Total tax Revenue	7393.00	8939.28	6521.50	7106.13	6214.00	5884.17	5854.00	5324.19	5138.15	4896.75

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 2001-2002 to 2005-06 was as under:

Table 1.26: 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
2005-06	1075.31	1398.96	(+)323.65	(+) 30.10
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

The collection of non-tax revenue during 2005-06 was higher by Rs.323.65 crore i.e. 30.10 per cent above 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 1.27: Actual Revenue Expenditure vis-à-vis Budget Estimates

(Rupees in crore)

Year	Budget estimates			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2005-06	1973.09	5481.13	7454.22	1648.44	4866.95	6515.39
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

Actual revenue expenditure under plan and non-plan have been lower than the budget estimates during each year from 2001-02 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 193 schemes during 2005-06 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 2001-02 to 2005-06 as detailed below: -

Table 1.28: Actual Capital Expenditure vis-à-vis Budget Estimates

(Rupees in crore)

Year	Budget estimate			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2005-06	3558.92	3305.41	6864.33	2652.12	1974.23	4626.35
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

Major savings were in the grants for Social Welfare, Development Department, Urban Development and Public Works Department.

In respect of 61 schemes, entire provision remained unutilized, 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 1.29: 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
2005-06	1598.48	4328.14	(+)2782.05	(-)245.14	(+) 831.62	(-)1917.96
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

Revenue surplus was 270.77 *per cent* of the budget estimates during 2005-06. The fiscal deficit during the year decreased by Rs.3,027.19 crore against the budget estimates of Rs.2,782.05 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 2005 relating to the Government of NCT of Delhi as of January 2007 disclosed that various departments had not submitted remedial/corrective ATNs on 87 out of 436 paragraphs printed in

the Audit Reports as under:

Table 1.30: Follow up on Audit Reports

Year of Report ending 31 March	Number of paragraphs and reviews printed in the report	Number of paragraphs for which ATNs were awaited
1995	29	12
1996	39	02
1997	35	02
1998	34	07
1999	41	01
2000	39	02
2001	44	02
2002	35	03
2003	31	-Nil-
2004	48	15
2005	61	41
Total	436	87