

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

### **1.1 Introduction**

This chapter discusses the financial position of the State Government 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 State Government.

### **1.2 Financial Position of the State**

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 2003 compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of loans and advances from the Government of India, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Appendix-I that while the assets increased by Rs. 4,785 crore, the increase in liabilities was only Rs. 2,741 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 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 State Government, but their relative share decreased marginally from 71.47 per cent in 2001-2002 to 63.28 per cent during 2002-03. The share of recoveries of loans and advances decreased from 5.23 per cent to 1.96 per cent. The Government had to meet its requirement through increased borrowings from the Government of India.

*1.3.2* Revenue expenditure decreased from 59.73 per cent of total expenditure in 2001-02 to 49.61 per cent in 2002-03. It was considerably lower than the total receipts of the State Government resulting in a revenue surplus of Rs. 2,067.74 crore in 2002-03. The share of capital expenditure including loans and advances increased from 40.27 per cent to 50.39 per cent of total expenditure.

## 1.4 Revenue Receipts

### 1.4.1 Growth of Revenue Receipts

The revenue receipts consist of the State'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
2002-03	6665.94	6.59	***74474	8.95
2001-02	6253.71	14.87	**66866	9.35
2000-01	5443.99	27.36	*62518	8.71
1999-00	4274.34	16.78	*52914	8.08
1998-99	3660.12	5.15	*47484	7.71

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

Revenue receipts increased by Rs. 412.23 crore in 2002-03 over 2001-02. The increase in revenue receipts in 2002-03 was largely on account of rationalization of sales tax w.e.f. 16 January 2000. The growth of revenue receipts over five years has been volatile as it ranged from 5.15 per cent in 1998-99 to 27.36 per cent in 2000-01. The percentage of revenue receipts to GSDP<sup>1</sup> increased over the five years from 7.71 in 1998-99 to 8.95 in 2002-03.

### 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	2002-03	2001-02	2000-01	1999-2000	1998-99
Tax revenue	5324.19 (79.87)	4896.75 (78.30)	4400.62 (80.84)	3430.42 (80.26)	3088.78 (84.39)
Non-tax revenue	829.56 (12.45)	876.06 (14.01)	548.35 (10.07)	397.85 (9.31)	187.96 (5.14)
Grants-in-aid from GOI	512.19 (7.68)	480.90 (7.69)	495.02 (9.09)	446.07 (10.43)	383.38 (10.47)
Total revenue receipts	6665.94 (100)	6253.71 (100)	5443.99 (100)	4274.34 (100)	3660.12 (100)

Note: Figures in brackets indicate percentage of total revenue receipts

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

As a percentage of total revenue receipts, the share of tax revenue increased marginally from 78.30 in 2001-02 to 79.87 in 2002-03. Non-tax revenue fell from 14.01 per cent to 12.45 per cent during the same period. Over the five years period from 1998-99 to 2002-03, the percentage share of non-tax revenue has more than doubled. The rate of growth of tax revenue over five years was less than that of non tax revenue as it increased by only 72.37 per cent over the period 1998-99 to 2002-03.

## 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 1998-2003 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
2002-03	5324.19	8.73	79.87	7.15
2001-02	4896.75	11.27	78.30	7.32
2000-01	4400.62	28.28	80.84	7.04
1999-00	3430.42	11.06	80.26	6.48
1998-99	3088.78	5.00	84.39	6.50

Tax revenue increased by 8.73 per cent in 2002-03 over the previous year. Over the last five years, the rate of growth of tax revenue had been fluctuating as it ranged from 5 per cent to 28.28 per cent. The percentage of tax revenue to GSDP has varied from 6.48 to 7.32 indicating a clear increase over the five years period.

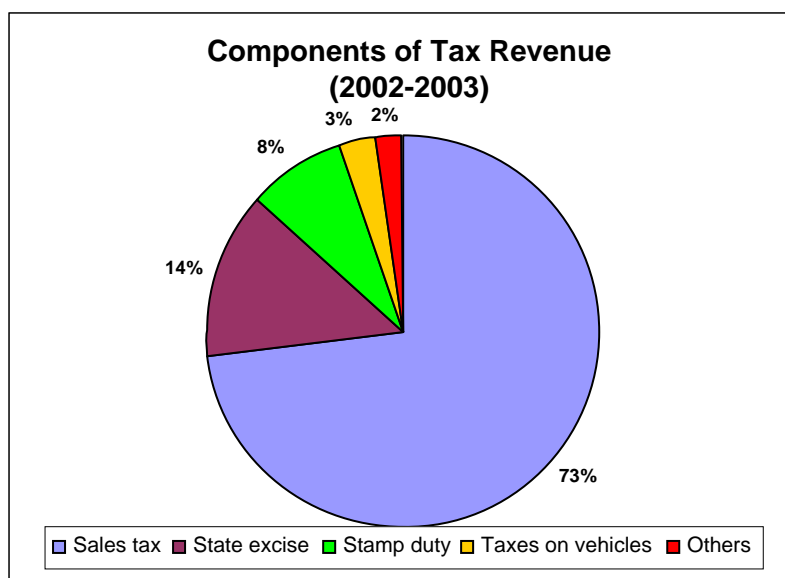
### 1.5.2 Components of Tax Revenue

The break up of tax revenue during the five years ending 2002-03 is given below:

**Table 1.4: Components of Tax Revenue**

(Rupees in crore)					
Components	2002-03	2001-02	2000-01	1999-00	1998-99
<b>Sales tax</b>	3883.17 (72.94)	3704.01 (75.64)	3387.86 (76.99)	2346.60 (68.41)	2112.97 (68.41)
<b>State excise</b>	725.68 (13.63)	606.41 (12.38)	557.22 (12.66)	566.41 (16.51)	526.10 (17.03)
<b>Stamp duty</b>	436.80 (8.20)	283.16 (5.78)	191.69 (4.36)	190.48 (5.56)	151.01 (4.89)
<b>Taxes on vehicles</b>	160.40 (3.01)	166.76 (3.41)	142.34 (3.23)	160.87 (4.68)	125.39 (4.06)
<b>Others</b>	118.14 (2.22)	136.41 (2.79)	121.51 (2.76)	166.06 (4.84)	173.31 (5.61)
<b>Total tax revenue</b>	5324.19 (100)	4896.75 (100)	4400.62 (100)	3430.42 (100)	3088.78 (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 increased from 68.41 per cent in 1998-99 to 72.94 per cent in 2002-03. The contribution of State excise declined to 13.63 per cent in 2002-03 from 17.03 per cent in 1998-99. The increase of 54.26 per cent in stamp duty in 2002-03 over the previous fiscal year was due to the revision of stamp duty on immovable property transactions to eight per cent

w.e.f. 31 July 2001 as compared to the earlier duty of three per cent. The relative share of other taxes has generally remained stable during this period. The hike of 4.84 per cent in sales tax collection in 2002-2003 over the previous fiscal year was primarily on account of an increase in tax rates in the State following the adoption of floor rates across the country. However, there is no evidence of improved compliance and 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 2002-03 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
2002-03	829.56	(-) 5.31	12.45	1.11
2001-02	876.06	(+) 59.76	14.01	1.31
2000-01	548.35	(+) 37.83	10.07	0.88
1999-00	397.85	(+) 111.67	9.31	0.75
1998-99	187.96	(+) 10.87	5.14	0.40

Non-tax revenue decreased by 5.31 per cent in 2002-03 over the previous year. Over the five year period, non-tax revenue increased by 341.35 per cent largely on account of increase in interest receipts from Rs.139.01 crore in 1998-99 to Rs. 741.42 crore in 2002-03. As a percentage of GSDP, the non-tax revenue was 1.11 in 2002-03 as compared to 1.31 in the previous year.

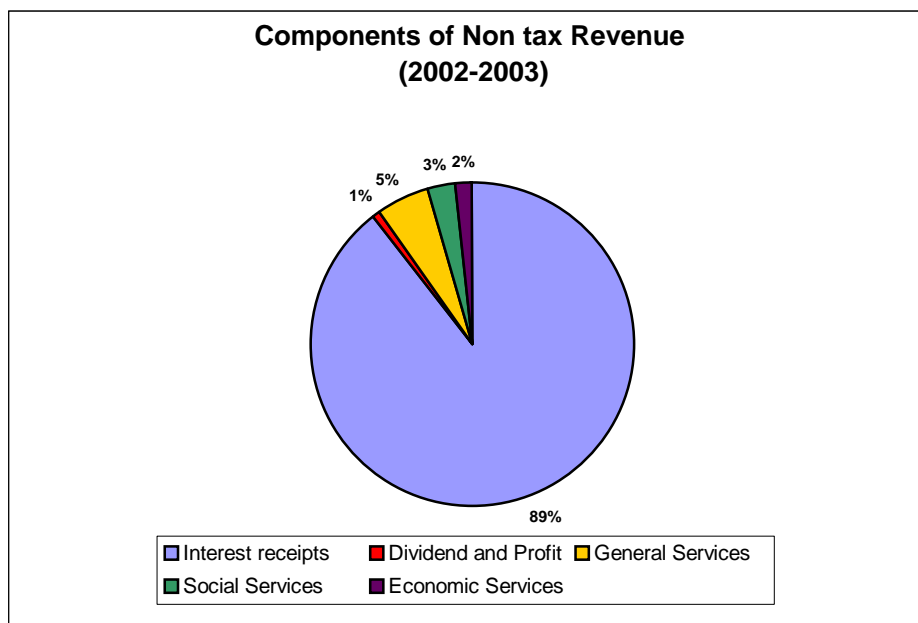
### 1.6.2 Components of Non-tax Revenue

The break-up of non-tax revenue during the five years ending 2002-03 is given below :

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

(Rupees in crore)					
Components	2002-03	2001-02	2000-01	1999-00	1998-99
<b>Interest receipts</b>	741.42 (89.38)	789.83 (90.16)	477.28 (87.04)	300.77 (75.60)	139.01 (73.96)
<b>Dividend and Profit</b>	7.19 (0.87)	7.17 (0.82)	8.70 (1.58)	4.41 (1.11)	4.82 (2.56)
<b>General services</b>	45.18 (5.44)	40.07 (4.57)	35.38 (6.45)	53.40 (13.42)	26.64 (14.17)
<b>Social services</b>	22.63 (2.73)	19.04 (2.17)	11.88 (2.17)	24.87 (6.25)	9.84 (5.24)
<b>Economic services</b>	13.14 (1.58)	19.95 (2.28)	15.11 (2.76)	14.40 (3.62)	7.65 (4.07)
<b>Total non tax revenue</b>	829.56 (100)	876.06 (100)	548.35 (100)	397.85 (100)	187.96 (100)

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



Over the last five years, the composition of non-tax revenue has significantly changed with interest receipts constituting 89.38 per cent of total non-tax revenue in 2002-03 as compared to 73.96 per cent in 1998-99. This is largely due to increased budgetary support to local bodies, government corporations, public sector undertakings, etc. through loans carrying specific rates of interest.

### 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 1998-99 to 2002-03 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 of arrears over previous year	Percentage increase over previous year
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
1999-00	3430.42	5527.56	161.13	809.52	17.26
1998-99	3088.78	4718.04	152.75	502.84	12.01

The entire amount in arrears pertained to sales tax and the overall deterioration in the position of arrears of tax revenue is reflective of the poor revenue collection efforts of the State Government.

### 1.8 Total Expenditure

Trends in total expenditure of the Government of NCT of Delhi during 1998-99 to 2002-03 were as under:

**Table 1.8: Trends in Expenditure**

(Rupees in crore)

Year	Revenue	Capital	Loans	Total
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
1999-00	3523.00	510.48	1873.49	5906.97
1998-99	2840.12	340.84	1493.32	4674.28

Revenue expenditure decreased from Rs. 5,044.14 crore in 2001-02 to Rs. 4,598.20 crore in 2002-03 on account of decrease in assistance to Electricity Boards from Rs. 964.50 crore in 2001-02 to Rs. 21.58 crore in 2002-03. Capital expenditure increased by 49.45 per cent from Rs. 611.61 crore to Rs. 914.07 crore during the corresponding period. The share of capital expenditure out of total expenditure increased from 7.24 per cent in 2001-02 to 9.86 per cent in 2002-03. Loans were given mainly to the erstwhile Delhi Vidyut Board, Delhi Jal Board, Municipal Corporation of Delhi and Delhi Transport Corporation for improvement of water supply and sanitation in Trans Yamuna areas and rural areas, improvement of road transport, etc. Loans by

the State Government increased by 34.71 per cent during 2002-03 over the previous year. Share of loans in total expenditure increased from 31.95 per cent in 1998-99 to 40.53 per cent in 2002-03.

## 1.9 Revenue Expenditure

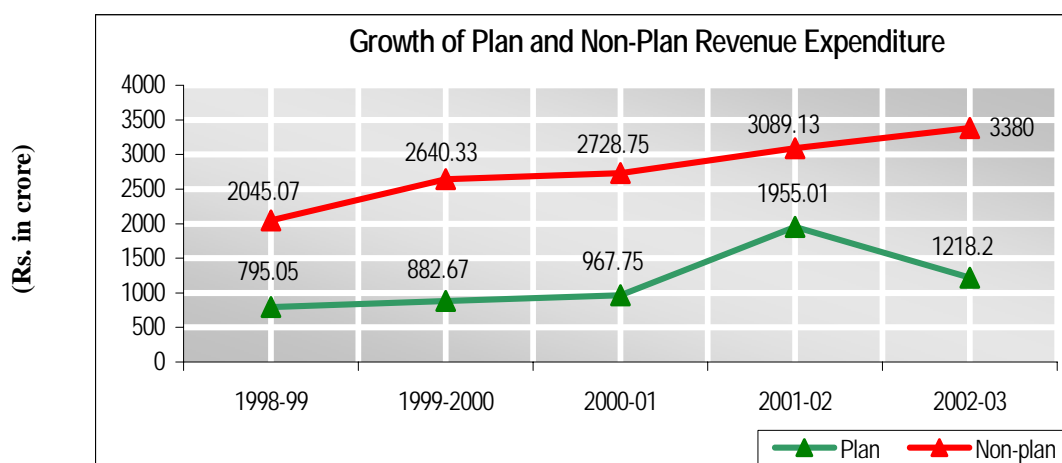
### 1.9.1 Trend of Revenue Expenditure

Trends in revenue expenditure of the Government during the five years ending 2002-03 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
2002-03	1218.20	3380.00	4598.20	(-) 736.81	(+) 290.87	6.17
2001-02	1955.01	3089.13	5044.14	(+) 987.26	(+) 360.38	7.54
2000-01	967.75	2728.75	3696.50	(+) 85.06	(+) 88.42	5.91
1999-00	882.67	2640.33	3523.00	(+) 87.62	(+) 595.26	6.66
1998-99	795.05	2045.07	2840.12	(+) 158.72	(+) 359.40	5.98



Over the last five years, the revenue expenditure increased from Rs. 2,840.12 crore in 1998-99 to Rs. 4,598.20 crore in 2002-03 which constituted an increase of 61.90 per cent. Revenue expenditure under Plan decreased from Rs. 1,955.01 crore in 2001-02 to Rs. 1,218.20 crore in 2002-03 registering a decrease of 37.69 per cent while the expenditure under Non-Plan



increased from Rs. 3,089.13 crore in 2001-02 to Rs. 3,380.00 crore in 2002-03 registering an increase of 9.42 per cent during the corresponding period. The decrease in plan revenue expenditure was largely on account of decrease in assistance to the Electricity Board from Rs. 964.50 crore in 2001-02 to Rs. 21.58 crore in 2002-03. The share of plan revenue expenditure as percentage of revenue expenditure has decreased from 27.99 per cent in 1998-99 to 26.49 per cent in 2002-03.

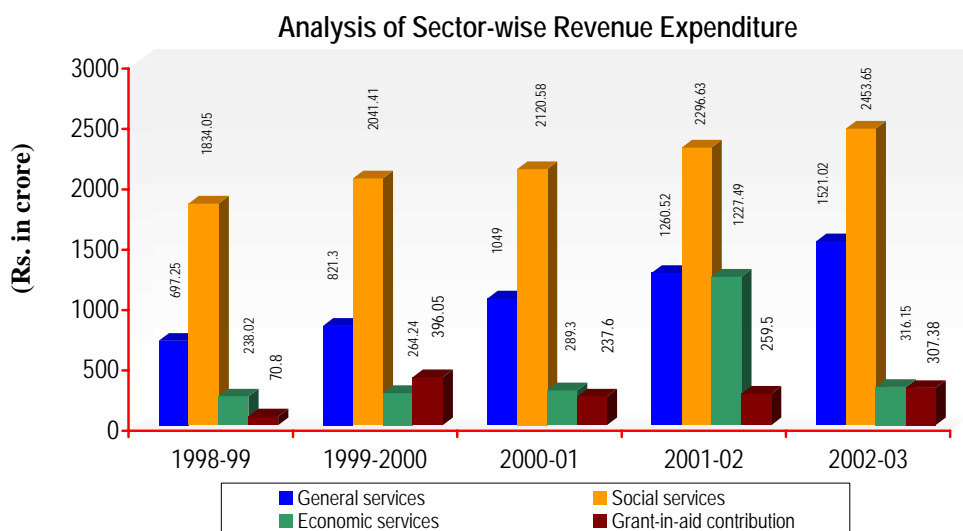
### 1.9.2 Sector-wise Revenue Expenditure

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

**Table 1. 10: Sector-wise distribution of Revenue Expenditure**

(Rupees in crore)					
Sector	2002-03	2001-02	2000-01	1999-00	1998-99
General services	1521.02 (+ 20.67)	1260.52 (+ 20.16)	1049.00 (+27.72)	821.30 (+ 17.79)	697.25 (+33.27)
Social services	2453.65 (+ 6.84)	2296.63 (+ 8.30)	2120.58 (+3.88)	2041.41 (+ 11.31)	1834.05 (+ 21.15)
Economic services	316.15 (- 74.24)	1227.49 (+ 324.30)	289.30 (+ 9.48)	264.24 (+ 11.02)	238.02 (+24.35)
Grants-in-aid contributions	307.38 (+18.45)	259.50 (+9.22)	237.60 (- 40.01)	396.05 (+ 459.39)	70.80 (-24.33)
<b>Total</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>	<b>3523.00</b> <b>(+24.04)</b>	<b>2840.12</b> <b>(+ 22.31)</b>

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



Revenue expenditure in 2002-03 decreased by 8.84 per cent over the previous fiscal year. All the components of revenue expenditure indicated a rising trend except the Economic Services which fell by 74.24 per cent over the previous fiscal year largely on account of lower assistance to the Electricity Board during 2002-03.

As a proportion of total revenue expenditure, the share of General services increased from 24.55 per cent in 1998-99 to 33.08 per cent in 2002-03 and that of grants-in-aid and contribution from 2.49 per cent to 6.68 per cent whereas the share of Social Services decreased from 64.58 per cent to 53.36 per cent and Economic Services from 8.38 per cent to 6.88 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. 432.34 crore in 1998-99 to Rs. 1,114.78 crore in 2002-03. Increase in expenditure on Social Services in absolute terms was largely on account of increase in expenditure on education, health and water supply. While the expenditure on Social Services increased by 33.78 per cent from Rs. 1,834.05 crore in 1998-99 to Rs. 2,453.65 crore in 2002-03, the corresponding increase in General Services and Economic Services was 118.15 per cent and 32.82 per cent respectively.

### 1.10 Interest Payments

Interest payments during the period 1998-2003 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*
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
1999-00	1399.54	530.74	22.76	15.06	0.06
1998-99	975.55	432.34	37.65	15.22	0.08

Interest payments registered a rate of growth of 22.42 per cent in 2002-03 over the previous year. This accounted for an increasing share of the revenue expenditure indicating reduced availability of receipts for other expenditure.

A comparison of interest received by the Government with the interest paid revealed that the net burden on revenue increased from Rs. 293.33 crore

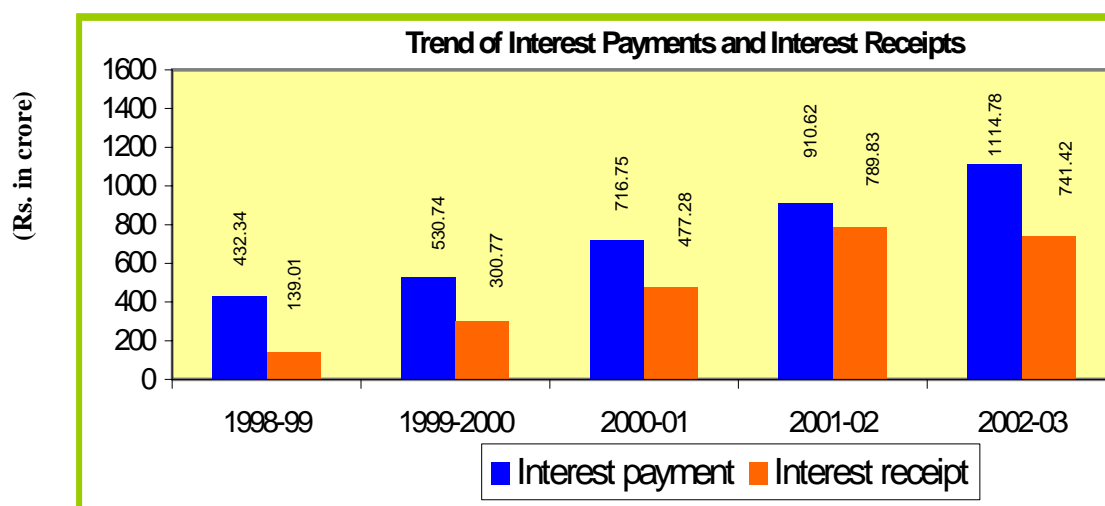
\* 
$$\text{Interest ratio} = \frac{\text{Interest payment} - \text{Interest receipts}}{\text{Total revenue receipts} - \text{Interest receipts}}$$

during 1998-99 to Rs. 373.36 crore during 2002-03 as detailed below:

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

(Rupees in crore)

Year	Interest payments	Interest receipts	Net interest payment
2002-03	1114.78	741.42	373.36
2001-02	910.62	789.83	120.79
2000-01	716.75	477.28	239.47
1999-00	530.74	300.77	229.97
1998-99	432.34	139.01	293.33



Interest Payments in 2002-03 increased by 22.42 per cent as compared to the previous year and interest receipts decreased by 6.13 per cent during the corresponding year resulting in 209 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	2002-03	2001-02	2000-01	1999-00	1998-99
1	Municipal Corporation of Delhi	855.28	716.54	678.24	712.44	416.17
2	New Delhi Municipal Council	19.72	19.16	22.17	19.57	38.47
3	Delhi Cantonment Board	1.25	1.09	1.25	-	1.69
4	Delhi Development Authority	--	0.20	0.16	-	12.91
5	Delhi Jal Board	60.69	62.75	66.87	68.75	32.13
6	Delhi Vidyut Board/ DESU/ DERC	23.33	964.50	1.73	0.05	-
7	Others	128.59	95.40	101.43	48.14	179.86
	<b>Total</b>	<b>1088.86</b>	<b>1859.64</b>	<b>871.85</b>	<b>848.95</b>	<b>681.23</b>

The total assistance at the end of 2002-2003 decreased by 41.45 per cent over the previous fiscal year which was largely on account of decrease in assistance to the Electricity Board from Rs. 964.50 crore in 2001-02 to Rs. 21.58 crore during 2002-03. Grantee institutions were required to submit utilization certificates within 18 months. A total of 2,605 Utilisation Certificates relating to Rs. 7,170.79 crore in respect of grants-in-aid released up to 30 September 2001 were outstanding from various grantee institutions at the end of March 2003. 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
2002-03	914.07	(+) 49.45	9.86	1.23
2001-02	611.61	(-) 29.65	7.24	0.91
2000-01	869.41	(+) 70.32	12.12	1.39
1999-00	510.48	(+) 49.77	8.64	0.96
1998-99	340.84	(-) 48.76	7.29	0.72

During 2002-03, capital expenditure increased by 49.45 per cent over the previous year on account of increased expenditure on Medical and Public Health, Water Supply, Sanitation, Housing and Urban Development, Forestry and Wild Life, Roads and Bridges and Road Transport. Over the five years period, its share in total expenditure increased from 7.29 per cent in 1998-99 to 9.86 per cent in 2002-03.

### 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	2002-03	2001-02	2000-01	1999-00	1998-99
General services	60.25 (6)	49.54 (8)	62.78 (7)	74.45 (15)	31.84 (9)
Social services	381.94 (42)	179.21 (29)	402.85 (46)	92.85 (18)	45.92 (14)
Economic services	471.88 (52)	382.86 (63)	403.78 (47)	343.18 (67)	263.08 (77)
<b>Total</b>	<b>914.07</b> <b>(100)</b>	<b>611.61</b> <b>(100)</b>	<b>869.41</b> <b>(100)</b>	<b>510.48</b> <b>(100)</b>	<b>340.84</b> <b>(100)</b>

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

Capital expenditure on Social Services increased by 113.12 per cent over the previous year mainly due to increase in capital expenditure on Water Supply, Sanitation and Housing. The increase of 23.25 per cent in share of Economic services during 2002-03 over the previous fiscal year was on account of increase in expenditure on Agriculture, Roads and Bridges and Road Transport. Capital expenditure on General services increased by 21.62 per cent over the same period. The year 2002-03 also witnessed a shift in favour of Social services as its share increased from 14 per cent in 1998-99 to 42 per cent in 2002-03. This is largely on account of higher priority accorded to Water Supply, Sanitation, Housing and Urban Development, Medical and Public Health.

### 1.12.3 Expenditure on incomplete projects

There were 129 projects each worth Rs. 50 lakh or more in progress as on 31 March 2003. Out of these projects, 52 projects amounting to Rs. 527.35 crore were to be completed before 31 March 2003 but were not completed.

## 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)				
	2002-03	2001-02	2000-01	1999-00	1998-99
<b>Opening balance (1)</b>	14953.68	12622.69	10134.95	8512.51	7074.11
Balance adopted from CGA	-	-	--	-	-
<b>Amount advanced during the year :</b>					
(i) Energy	1552.53	644.12	847.83	483.53	441.75
(ii) Social services	647.27	492.21	449.51	292.65	320.56
(iii) Others	1556.93	1652.51	1311.52	1097.31	731.01
<b>Sub Total (2)</b>	<b>3756.73</b>	<b>2788.84</b>	<b>2608.86</b>	<b>1873.49</b>	<b>1493.32</b>
<b>Amount recovered during the year :</b>					
(i) Energy	45.48	178.62	--	0.83	32.32
(ii) Social services	23.08	69.32	13.82	62.23	16.95
(iii) Others	138.07	209.91	107.30	187.99	5.65
<b>Sub Total (3)</b>	<b>206.63</b>	<b>457.85</b>	<b>121.12</b>	<b>251.05</b>	<b>54.92</b>
<b>Closing balance (1+2-3)</b>	<b>18503.78</b>	<b>14953.68</b>	<b>12622.69</b>	<b>10134.95</b>	<b>8512.51</b>
Net addition	3550.10	2330.99	2487.74	1622.44	1438.40

Outstanding loans increased from Rs. 14,953.68 crore in 2001-02 to Rs. 18,503.78 crore in 2002-03 which constituted an increase of 23.74 per cent. Energy sector accounted for nearly 41 per cent of total loans sanctioned by the Government of NCT of Delhi. Outstanding loans increased by 117.37 per cent over the five year period ending in March 2003 indicating that Government agencies were relying more on borrowing from the Government rather than 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. 18,503.78 crore as of March 2003, Rs. 4,683.75 crore were overdue from various bodies viz. Delhi Vidyut Board – Rs. 2,863.98 crore, Delhi Jal Board - Rs. 1,123.57 crore, Municipal Corporation of Delhi - Rs. 549.67 crore, New Delhi Municipal Council - Rs. 67.87 crore, Delhi Development Authority – Rs. 73.78 crore, Delhi State Civil Supplies Corporation – Rs. 4.28 crore and Regional Co-operative Societies – Rs. 0.60 crore.

### 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)				
		2002-03	2001-02	2000-01	1999-00	1998-99
<b>1.</b>	<b>Plan expenditure as percentage of</b>					
	-Revenue expenditure	26.49	38.76	26.18	25.05	27.99
	-Capital expenditure*	57.91	56.59	58.18	61.61	56.55
<b>2.</b>	<b>Percentage of Capital expenditure out of the total expenditure</b>	9.86	7.24	12.12	8.64	7.29
<b>3.</b>	<b>Expenditure on General Services as percentage of</b>					
	-Revenue expenditure	33.08	24.99	28.38	23.31	24.55
	-Capital expenditure	6.59	8.0	7.0	15.0	9.0

\* Capital expenditure includes the recoveries in reduction of expenditure.

The expenditure on General services as percentage of Revenue expenditure increased from 24.55 per cent in 1998-99 to 33.08 per cent in 2002-03. 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 2003	During 2002-03
1.	Statutory Corporations	2	135.05	--
2.	Government Companies	9	980.71	202.67
3.	Cooperative Institutions	717	32.63	-
	<b>Total</b>	<b>728</b>	<b>1148.39</b>	<b>202.67</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**

(Rupees in crore)

Year	Investment at the end of the year	Returns	Percentage of returns
2002-03	1148.39	7.19	0.63
2001-02	945.72	7.18	0.76
2000-01	775.42	8.70	1.12
1999-00	608.42	4.41	0.72
1998-99	357.42	4.82	1.35

The increase in investments in 2002-03 over the previous fiscal year was largely on account of investment of Rs. 201.40 crore in the Delhi Metro Rail Corporation Limited and Rs. 1.27 crore in the Delhi State Scheduled Caste Financial Development Corporation. The investments in Government Companies, etc. fetched insignificant returns which declined from 1.35 per cent in 1998-99 to 0.63 per cent in 2002-03.

**1.15.3** During 2002-03, only two co-operative societies and one Government company paid dividend as detailed below:

**Table 1.20: Dividend Received**

(Rupees in crore)

Name of Agency	Status	Total investment upto 31 March 2003	Dividend received	Period of dividend
Delhi Co-operative Housing Finance Society Ltd.	Co-operative Society	30.26	3.63	2001-02
Delhi State Co-operative Bank Ltd.	Co-operative Society	0.80	0.10	2000-01 2001-02
Delhi Tourism and Transportation Development Corporation Ltd.	Government Company	6.28	0.31 0.63 0.63	2000-01 2001-02 2002-03



Three out of 12 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 seven years i.e. 1997-2003.

### 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 the 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 2002-03 as against the previous financial year were as under:

**Table 1.21: Consolidated Fund – Government of Delhi for the year 2002-03**

(Rupees in crore)

Receipts	Amount			Disbursement	Amount
Revenue	6665.94 (6253.71)	Revenue surplus	2067.74 (1209.57)	Revenue	4598.20 (5044.14)
Capital	-			Capital	914.07 (611.61)
Recovery of loans & advances	206.63 (457.85)			Loans & Advances disbursement	3756.73 (2788.84)
Sub total CF NCT (other than public debt)	6872.57 (6711.56)	Fiscal Deficit	2396.43 (1733.03)		9269.00 (8444.59)
Borrowed fund: Loans from GOI	3661.73 (2038.57)			Repayment of borrowed fund	944.50 (186.13)
Total receipts in CF NCT*	<b>10534.30</b> <b>(8750.13)</b>	Deficit in CFI	(-)	Total disbursement from CF NCT*	<b>10213.50</b> <b>(8630.72)</b>
Decrease in cash balance	(-)			Increase in cash balance	<b>320.80</b> <b>(119.41)</b>
<b>PUBLIC ACCOUNT**</b>					

*Note:* Figures in brackets relate to the year 2001-02.

\* Consolidated Fund of Government of NCT of Delhi.

\*\* Public Account of Government of NCT 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
2002-03	2067.74	2396.43	1281.65	3.22
2001-02	1209.57	1733.03	822.41	2.59
2000-01	1747.51	1609.66	892.91	2.57
1999-00	751.34	1381.58	850.84	2.61
1998-99	820.00	959.24	526.90	2.02

**1.16.2** Revenue surplus increased from Rs. 1,209.57 crore in 2001-02 to Rs. 2,067.74 crore in 2002-03 which constituted an increase of 70.95 per cent. The fiscal deficit in absolute terms has also increased during the same period. As percentage of GSDP, fiscal deficit had been rising over the last five years. 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 ranged from Rs. 673.13 crore to Rs. 962.20 crore. Thus one of the major liabilities of Government of NCT of Delhi is borne by the Union Government.

## **1.17 Public Debt**

**1.17.1** The Government is not empowered to raise loans in the open market. The public debt of the Government consists of only 'Loans and Advances' from the Government of India. During 2002-03, the Government received Rs. 3,661.73 crore as loans from the Government of India of which Rs. 3,276.84 crore were non-plan loans and Rs. 384.89 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	Outstanding Debt Recoverable	Interest Received
2003	11352.79	1114.78	18503.78	741.42
2002	8612.02	910.62	14953.68	789.83
2001	6759.58	716.75	12622.68	477.28
2000	5183.01	530.74	10134.95	300.77
1999	3788.17	432.34	8512.51	139.01

Despite an overall increase in the quantum of loans, their contribution to the net cash inflow after meeting the liability of repayment and interest payment declined from 46 per cent in 2001-02 to 44 per cent in 2002-03. Rising interest payments are thus adversely affecting the net inflow.

### 1.19 Analysis of Budgetary Projections

*1.19.1* Significant deviations of budget estimates from the actuals would indicate that either 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-a-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
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
1999-00	4835.83	4274.34	(-) 561.49	(-) 11.61
1998-99	4303.22	3660.12	(-) 643.10	(-) 14.94

The trends above clearly point to poor estimation or poor compliance. The difference between budget estimates and actuals had increased in the year 2002-03 as compared to the previous year. Shortfall in actual revenue receipts

as compared to budget estimates was mainly on account of shortfall in tax revenue collection.

### 1.19.3 Actual Collection of Tax Revenue vis-a-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
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
1999-00	3983.15	3430.42	(-) 552.73	(-) 13.88
1998-99	3595.12	3088.78	(-) 506.34	(-) 14.08

The actual receipts of tax revenue have consistently been lower than the budget estimates during 1998-2003 implying that either the resource mobilization effort was not adequate or there was a tendency to over-estimate the receipts.

The shortfall of 9.05 per cent in the collection of actual tax revenue in 2002-03 with reference to the budget estimates was due to shortfall in collection of Sales tax by 10 per cent, State excise by six per cent and Taxes on Vehicles by 32 per cent as detailed below:

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

(Rupees in crore)

Component of Tax Revenue	2002-03		2001-02		2000-01		1999-2000		1998-99	
	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts
Sales tax	4293.00	3883.17	3793.00	3704.01	3293.00	3387.86	2700.00	2346.60	2465.00	2112.97
State excise	770.00	725.68	700.00	606.41	665.00	557.22	575.00	566.41	525.00	526.10
Stamp duty	400.00	436.80	250.00	283.16	330.00	191.68	268.00	190.48	238.00	151.01
Taxes on vehicles	235.00	160.40	220.00	166.76	230.00	142.34	270.00	160.87	195.00	125.39
Others	156.00	118.14	175.15	136.41	182.15	121.52	170.15	166.06	172.12	173.31
<b>Total tax Revenue</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>	<b>3983.15</b>	<b>3430.41</b>	<b>3595.12</b>	<b>3088.78</b>

The budget estimates for tax revenue were based on the assumption that new taxes would be levied under taxes on motor vehicles and stamp duty and

registration fees would be revised. With the revision of stamp duty w.e.f. 31 July 2001 from three per cent to eight per cent, revenue collection under the head stamp duty exceeded the budgetary estimates.

**1.19.4 Actual Collection of Non-Tax Revenue vis-a-vis Estimates**

The actual collection of non-tax revenue with reference to budget estimates over the period 1998-99 to 2002-03 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
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
1999-00	315.00	397.85	(+) 82.85	(+) 26.30
1998-99	216.30	187.96	(-) 28.34	(-) 13.10

The collection of non-tax revenue during 2002-03 was less by Rs. 174.13 crore i.e. 17.35 per cent of the budget estimates mainly due to decrease in interest receipts and less collection for Economic services.

**1.19.5 Actual Revenue Expenditure vis-a-vis Budget Estimates**

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

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

(Rupees in crore)

Year	Budget estimates			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
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
1999-00	1086.35	2616.49	3702.84	882.67	2640.33	3523.00
1998-99	1024.69	2125.70	3150.39	795.05	2045.07	2840.12

Actual revenue expenditure under plan has been lower than the budget estimates during each year from 1998-99 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. Nil expenditure was reported in respect of 207 schemes during 2002-03 which was indicative of poor planning and budgeting.

### 1.19.6 Actual Capital Expenditure vis-a-vis Budget Estimates

The actual capital expenditure over the period 1998-99 to 2002-03 has been consistently below the budget estimates as detailed below :

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

(Rupees in crore)

Year	Budget estimate			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
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
1999-00	1962.25	1033.88	2996.13	1623.75	760.22	2383.97
1998-99	1704.25	1099.33	2803.58	1416.86	417.30	1834.16

Actual capital expenditure has been lower than the budget estimates during the last five years indicating that budget estimates were not realistic and the preparedness of various agencies to implement the schemes was not properly assessed. Major savings were in the grants for Education, Social Welfare and Development Department. In respect of 72 schemes, nil expenditure was reported indicating poor planning and budgeting.

### 1.19.7 Actual Deficit vis-a-vis Estimates

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

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

(Rupees in crore)

Year	Revenue surplus		Fiscal deficit		Primary deficit	
	Budget estimates	Actual	Budget estimates	Actual	Budget estimates	Actual
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
1999-00	1174.79	751.34	(-) 930.00	(-) 1381.58	(-) 399.70	(-) 850.84
1998-99	1135.33	820.00	(-) 867.21	(-) 959.24	(-) 436.78	(-) 526.90

Revenue surplus was 96.66 per cent of the budget estimates during 2002-03. The fiscal deficit during the year increased by Rs. 573.06 crore against the budget estimates of Rs. 1,823.37 crore mainly due to increase in losses of the Delhi Transport Corporation.

## 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.

Review of outstanding ATNs on paragraphs included in the Report of the Comptroller and Auditor General of India relating to the Government as of December 2003 disclosed that various departments had not submitted remedial/corrective ATNs on 160 out of total 331 paragraphs printed in the Audit Reports viz. no remedial action or action taken had been intimated in over 48 per cent of the total paragraphs. The outstanding ATNs date back to as far as 1993-94 are 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>1994</b>	35	09
<b>1995</b>	29	15
<b>1996</b>	39	16
<b>1997</b>	35	13
<b>1998</b>	34	10
<b>1999</b>	41	13
<b>2000</b>	39	21
<b>2001</b>	44	30
<b>2002</b>	35	31
<b>Total</b>	<b>331</b>	<b>158</b>

