

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

New Delhi

04 August, 2025

CAG AUDIT REPORT NO. 1 OF 2025 ON STATE FINANCES OF NCT OF DELHI PRESENTED

The Audit Report of the Comptroller and Auditor General of India on State Finances for the year 2023-24 (Report no. 1 of 2025) was laid before the Legislature of Delhi here today.

This Report provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances. Through snapshots of important figures and aspect, this report also provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons of variations and its impact.

Overview:

- Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 8.79 *per cent* during last five years from ₹ 7.93 lakh crore in 2019-20 to ₹ 11.08 lakh crore in 2023-24. There was 9.17 *per cent* growth in GSDP in 2023-24 from the previous year 2022-23.

(Paragraphs 1.1.1/Page 1-2)

- Budget Outlay of the State grew at an average growth rate of 7.14 *per cent* from ₹ 64,180.68 crore in 2019-20 to ₹ 81,918.23 crore in 2023-24.

(Paragraphs 3.1.1/Page 44)

- The revenue receipts decreased by 9.42 *per cent* and so the percentage of revenue receipts over GSDP decreased from 6.18 *per cent* in 2022-23 to 5.13 *per cent* in 2023-24. State's own tax revenue increased by 13.34 *per cent*.

(Paragraph 2.3.2.1/Page 14-15)

- The total expenditure (revenue expenditure, capital expenditure and loans and advances) of Government of National Capital Territory of Delhi (GNCTD) increased from ₹ 59,395 crore in 2022-23 to ₹ 60,830 crore in 2023-24 by 2.42 *per cent*. Of this, revenue expenditure showed 4.33 *per cent* increase from 2022-23

. (Paragraph 2.4.1 and 2.4.2/Page 23-25)

- Revenue surplus decreased from ₹ 14,457 crore to ₹ 6,462 crore registering 55.30 *per cent* decrease over 2022-23, while there was a fiscal deficit of ₹ 3,934 crore in 2023-24 against a fiscal surplus of ₹ 4,566 crore in 2022-23 thereby registering a decrease by 186.16 *per cent*.

(Paragraph 1.4/Page 9)

Receipt-Expenditure Mismatch

- The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Grants-in-aid and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, etc.).
- From 2019-20 to 2023-24, revenue receipts grew from ₹ 47,136 crore to ₹ 56,798 crore, while capital receipts decreased from ₹ 5,588 crore to ₹ 98 crore. The share of Grants-in-aid in revenue receipts decreased from 20.10 *per cent* in 2019-20 to 3.68 *per cent* in 2023-24.

(Paragraph 2.3.2.1/Page 14)

- The State Government received ₹ 955.34 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

(Paragraph 2.3.2.3/Page 19)

- Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2019-20 and 2023-24, revenue expenditure increased from ₹ 39,637 crore (5.00 *per cent* of GSDP) to ₹ 50,336 crore (4.54 *per cent* of GSDP). It consistently made up a significant portion ranging from 81 *per cent* (2021-22) to 83 *per cent* (2023-24) of the total expenditure during this period, growing at an average annual rate of 6.51 *per cent*.

(Paragraph 2.4.2/Page 25)

Result of expenditure beyond means

- The gap between the revenue receipt and revenue expenditure results in revenue surplus/ deficit. The revenue surplus of GNCT of Delhi decreased from ₹ 14,457 crore in 2022-23 to ₹ 6,462 crore in 2023-24 i.e. decrease of 55.30 *per cent* over the previous year.

(Paragraph 1.4/Page 9)

- Due to pensionary liabilities of ₹ 2,023 crore and the expenditure on account of the Delhi Police amounting to ₹ 11,123 crore being borne by the Union Government, the Government of NCT of Delhi could register a revenue surplus of ₹ 6,462 crore in 2023-24, which would have turned to revenue deficit of ₹ 6,684 crore if the above two liabilities were to be borne by the state government.

(Paragraph 1.3.1/Page 8)

- During current year, capital expenditure decreased by overall 15 *per cent* over the previous year. The decrease was sharp under important heads such as 49.87 *per cent* in

Medical and Public Health, 42.19 *per cent* in Education, Sports, Art & Culture, 39.70 *per cent* in Public Works and 36.36 *per cent* in Urban Development.

(Paragraph 2.4.3 and 2.4.3.1/Page 30-31)

- The gap between the total expenditure and total non-debt receipt of the State results in fiscal surplus/deficit. The fiscal deficit of the State increased to ₹ 3,934 crore ((-) 0.36 *per cent* of GSDP) in 2023-24 from ₹ 416 crore ((-) 0.05 *per cent* of GSDP) in 2019-20.

(Paragraph 1.4/Page 9-10)

- Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted around 36 *per cent* of revenue expenditure during 2019-20 to 2023-24. The Committed expenditure increased at an average rate of 6.57 *per cent* i.e. from ₹ 13,825.47 crore in 2019-20 to ₹ 18,116.50 crore in 2023-24.

(Paragraph 2.4.2.2/Page 26-28)

- The average growth of inflexible expenditure during the period from 2019-20 (₹ 11,904.80 crore) to 2023-24 (₹13,997.20 crore) was 4.43 *per cent*. However, the inflexible expenditure decreased from ₹ 14,667.45 crore in 2022-23 to ₹ 13,997.20 crore in 2023-24 registering a decrease of 4.57 *per cent*.

(Paragraph 2.4.2.2/Page 27)

- Taken together, the committed and inflexible expenditure in 2023-24 was ₹ 32,113.70 crore; 63.80 *per cent* of the revenue expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

(Paragraph 2.4.2.2/Page 27)

- Subsidies constitute major portion of the non-committed expenditure. In the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 3,593 crore in 2019-2020 to ₹ 4,840 crore in 2023-24 i.e., from 9.06 *per cent* of the total revenue expenditure in 2019-20 to 9.62 *per cent* in 2023-24. Power subsidies constituted a significant portion, ranging from 66.96 *per cent* (2019-20) to 70.39 *per cent* (2020-21) of the total subsidies during this period.

(Paragraph 2.4.2.3/Page 28)

Fiscal sustainability

- Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, etc. So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, etc. and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, etc.

Compliance with fiscal parameters

- As per the debt stabilisation analysis, the outstanding public debt of GNCTD has grown on an average rate of 1.98 *per cent* annually between 2019-20 to 2023-24.

(Paragraph 2.6/Page 37)

- Public debt GSDP ratio of GNCTD has decreased from 4.38 *per cent* in 2019-20 to 3.19 *per cent* in 2023-24, which indicates that debt stabilisation may be possible in near future. During the years 2021-22, 2022-23 and 2023-24, though the Domar gap (expressed as g-r) was positive, the primary balance was in deficit during this period with exception of 2022-23.

(Paragraph 2.6/Page 37-38)

- Further, the entire proportion of public debt receipts was used for repayment for borrowings in the year 2022-23 whereas during 2019-20 to 2021-22, repayment ranged from 34 *per cent* to 84 *per cent*. The said proportion is undefined during 2023-24 due to nil debt receipts.

(Paragraph 2.6/Page 39)

Budget performance

- Scrutiny of Appropriation Accounts for the year 2023-24 revealed that supplementary grants amounting to ₹ 1,625.43 crore in eight cases were obtained in anticipation of higher/additional expenditure. However, the final expenditure was even less than the original grant, thereby defeating the intended purpose of the supplementary grant.

(Paragraph 3.3.1/Page 47)

- Scrutiny of Appropriation Accounts for the year 2023-24 revealed that unnecessary re-appropriations of ₹ 612.16 crore were made to 23 sub heads spread across six grants, as the departments were not able to fully utilize even their existing grants (Original+ Supplementary) and there was a cumulative savings (more than ₹ 15 crore in each case) of ₹ 1,227.53 crore, which was indicative of deficient budgeting exercise.

(Paragraph 3.3.2/Page 47)

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non-or short – discharging of liabilities and misclassification of transactions and data gaps.

Operation of PD Accounts

- There was a closing balance of ₹ 66.21 crore in 11 Personal Deposit Accounts as of 31 March 2024.

(Paragraph 4.3/Page 64)

Funds to Single Nodal Agency

- The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account.
- As per information available on the PFMS portal, ₹ 2,009.81 crore (₹ 947.20 crore share of the Government of India and ₹ 1,062.61 crore share of the State Government) was transferred to the SNAs during 2023-24.
- As per data available on PFMS Portal, ₹ 842.21 crore was lying unspent in the bank accounts of SNAs as on 31 March 2024.

(Paragraph 2.3.2.5/Page 22)

Utilisation Certificates against conditional grants

- Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 1,313 outstanding UCs of ₹ 3,760.84 crore were pending as on 31st March 2024.

(Paragraph 4.1/Page 57-58)

DC bills against AC bills

- Similarly, despite the requirement of submitting Detailed Contingent (DC) Bills against the advance money withdrawn through Abstract Contingent (AC) Bills, DC Bills against 4,466 AC bills of ₹ 346.82 crore were pending for submission as on 31st March 2024, out of which 3,988 AC Bills amounting to ₹ 266.43 crore pertained to the period upto 2022-23.

(Paragraph 4.2/Page 61)

Recommendations

We have also given the following recommendations to the Government as detailed below:

1. Government should prepare realistic budget estimates, backed with correct assessment for availability of resources and potential to expend, to avoid large savings and supplementary provisions.
2. Government should ensure strict compliance of provisions of budget manual in preparation of supplementary provisions and ensure transparency in estimation to avoid unnecessary supplementary provisions.
3. Government may consider formulating strategies for actual execution of major policy decisions in the State at the time of preparing budgetary estimates.
4. Government should adhere to quarterly targets fixed for incurring expenditure through periodic monitoring to avoid rush of expenditure towards end of the year and also ensure proper utilization of savings through timely surrender.