

# Executive Summary

Based on the audited accounts of the Government of Delhi for the year ending March 2011, this report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three chapters.

**Chapter 1** is based on audit of Finance Accounts and provides a broad perspective of the finances of Delhi Government for the year ending March 2011. It also analyses critical changes in the major fiscal aggregates relating to the previous years keeping in view the overall trends during the last five years.

**Chapter 2** is based on audit of Appropriation Accounts and gives the grant wise description of appropriations and the manner in which allocated resources were managed by the service delivery departments.

**Chapter 3** is an overview on the Delhi Government's compliance with various financial rules, procedures and directives during the year ended 31 March 2011. The report also has an appendage of additional data collected from several sources in support of the findings.

## Audit findings

### 1 Finances of the State Government

**Revenue receipts:** Revenue receipts grew by ₹ 4572.76 crore (22.36 *per cent*). The increase was contributed by tax revenue - ₹ 3029.89 crore, non-tax revenue-₹ 721.55 crore and grants from Government of India- ₹ 821.32 crore. The revenue receipts have shown an increasing trend over the period 2006-11 with significant change in composition, i.e., share of state's tax revenue has declined from 83.29 *per cent* in 2006-07 to 65.85 *per cent* in 2010-11. The growth in revenue receipts (22.36 *per cent*) was higher as compared to growth in GSDP (18.80 *per cent*) during the year 2010-11.

**Arrears of revenue:** Arrears of revenue pending for collection increased from ₹ 9945.01 crore in 2009-10 to ₹ 11775.10 crore in 2010-11(18.40 *per cent*) which constituted 56.98 *per cent* of the Delhi's own revenue.

**High share of revenue expenditure in total expenditure:** The revenue expenditure during the current year at ₹ 14381.74 crore has marginally increased by ₹ 480.86 crore (3.46 *per cent*) over the previous year. The revenue expenditure constituted 78.30 *per cent* of total expenditure (excluding loans and advances) during 2010-11.

**Inadequate priority to development expenditure:** Capital expenditure decreased by ₹ 732.47 crore (15.53 *per cent*) over the previous year. The capital expenditure constituted only 21.70 *per cent* of total expenditure (excluding loans and advances) during 2010-11 indicating less productive allocation of funds by the State.

**Investment and returns:** As of 31 March 2011, the Government had invested ₹ 12616.58 crore in government companies/corporations. The return on these investments was a meagre 0.35 *per cent* during last three years, while the Government paid interest at an average rate of 9.51 *per cent* on its borrowings during 2008-2011.

**High ratio of fiscal liabilities to GSDP:** The outstanding fiscal liabilities of the State increased from ₹ 26544.20 crore in 2009-10 to ₹ 30140.09 crore in 2010-11 (13.55 *per cent*) which constituted 11.64 *per cent* of GSDP. The fiscal liabilities of ₹ 30140.09 crore as of 31 March 2011 comprised of small savings collection of ₹ 30140.08 crore and cooperative assistance to other cooperatives ₹ 0.01 crore.

**Fiscal position:** The revenue surplus has continuously shown an increasing trend during last five years as it increased from ₹ 4438.13 crore in 2006-07 to ₹ 10642.36 crore in 2010-11. The fiscal deficit had also shown increasing trend upto 2009-10 when it was ₹ 3549.96 crore. However, during 2010-11 this trend was reversed and state had a fiscal surplus of ₹ 729.60 crore.

## 2 Financial management and budgetary control

During 2010-11, expenditure of ₹ 25563.17 crore was incurred against total grants and appropriation of ₹ 27599.67 crore resulting in a saving of ₹ 2036.50 crore. The overall saving of ₹ 2036.50 crore was a result of saving of ₹ 1252.00 crore in 12 grants and 1 appropriation under Revenue Section, ₹ 1059.94 crore in 8 grants and 1 appropriation under Capital Section and one grant/appropriation (Public Debts-Repayments) under Loan Section, offset by excess of ₹ 275.44 crore.

It was seen from appropriation accounts for the year 2010-11 that in 93 cases, there were savings exceeding ₹ 5.00 crore (₹ 1 crore for Centrally Sponsored Scheme /Schedule Caste Sub-Plan or more than 20 *per cent* of total provision). Against the total savings of ₹ 3128.36 crore, savings of ₹ 2303.02 crore (73.62 *per cent*) exceeding ₹ 50.00 crore in each case occurred in 16 cases relating to 5 grants and 1 appropriation.

Entire provision remained unutilised during the year 2006-07, 2007-08 and 2009-10 under sub-head 4851 AA 1(1)(1)- up-gradation, improvement handing over Civic Services of Industrial Estate Flatted Factories Complex. Similarly under sub-head 6801 EE 1(1)(2)-GENCO for renovation/modification of Rajghat Power House, entire provision remained unutilised during years 2008-09 to 2010-11. Thus, there was a need for review of budgetary provisions in respect of the above heads.

Supplementary grant amounting to ₹ 122.09 crore in 51 sub-heads were obtained in anticipation of higher expenditure. However, the final expenditure was less than even the original grant/appropriation.

Injudicious re-appropriation proved unnecessary and resulted in savings of over ₹ 55.81 crore under 16 sub heads.

### 3 Financial reporting

There were delays in obtaining utilization certificates (UCs) from various grantee institutions for the loans and grants released to them. Out of a total of 4492 grants, 4342 UCs amounting to ₹ 13117.35 crore were awaited from various departments at the end of March 2011. Out of 4342 outstanding UCs, 1917 UCs (44 *per cent*) amounting to ₹ 3221.05 crore were due for more than 10 years.

Nineteen annual accounts due upto the year 2009-10 of five autonomous bodies/authorities were not submitted to audit as of 31 March 2011. In particular, Delhi Building and Other Construction Workers Welfare Board did not submit its eight annual accounts since 2002-03 while five annual accounts of Netaji Subhash Institute of Technology since 2005-06 were in arrear.