

Chapter-1
Finances of the Government
of
National Capital Territory of Delhi

Chapter - 1

Finances of the Government of National Capital Territory of Delhi

This chapter provides a broad perspective of the finances of the Government of National Capital Territory (NCT) of Delhi during 2015-2016 and analyses changes in the major fiscal aggregates as compared to the previous year keeping in view the overall trends during the last five years. The accounts of the Union Government and other State Governments are kept in three parts viz. (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Accounts while the accounts of the Government of the National Capital Territory of Delhi are kept in two parts namely, (a) Consolidated Fund and (b) Contingency Fund. There is no Public Account in Delhi. Transactions related to debt (other than those relating to small savings schemes), deposits, advances, remittances and suspense are merged in the Public Account of the Union Government. The fiscal liabilities of the State comprise of small savings collections. The balance of the Government of NCT of Delhi is merged and forms part of the general cash balance of the Union Government and treated as lying in deposit with the Government. Delhi is not being covered under the recommendations of the Central Finance Commission and only gets discretionary grants in lieu of State share of Union taxes and duties.

Profile of NCT of Delhi

Delhi, the capital of the country, is spread over an area of 1,483 sq. km. It is densely populated having on average population density of 11,320 persons per sq. km. The NCT's Gross State Domestic Product (GSDP) in 2015-16 was ₹ 5,58,745.26 crore. Its GSDP has grown at a higher rate (17.04 *per cent*) in the past decade compared to the average GSDP growth of General Category States (15.75 *per cent*)-(Appendix 1.1). The trends in the annual growth of India's GDP and GSDP of NCT of Delhi at current prices are indicated in Table 1.1 below:

Table 1.1: Annual Growth of GDP/GSDP

Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's Gross Domestic Product (₹ in crore)	87,36,039	99,51,344	1,12,72,764	1,24,88,205	1,35,76,086
Growth rate of GDP (Percentage)	20.52	13.91	13.28	10.78	8.71
Gross State Domestic Product (₹ in crore)	3,43,260.41	3,91,071.36	4,46,806.82	4,94,460.34	5,58,745.26
Growth rate of GSDP (Percentage)	35.81	13.93	14.25	10.67	13.00

Source: Directorate of Economic and Statistical Analysis, GNCTD and Central Statistics Office.

1.1 Introduction

The Finance Accounts of the Government of NCT of Delhi are laid out in 16 statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund and Contingency Fund of the Government of NCT of Delhi (**Appendix 1.2**).

1.2 Summary of current year's fiscal transactions

Table 1.2 presents a summary of the Government of NCT of Delhi's fiscal transactions during the current year (2015-16) vis-a-vis the previous year. **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.2: Summary of current year's fiscal operations

(₹ in crore)

Receipts			Disbursement				
	2014-15	2015-16		2014-15	2015-16		
Section-A Revenue	Total	Total	Section-A Revenue	Total	Non Plan	Plan	Total
Revenue receipts	29,584.59	34,998.85	Revenue expenditure	23,509.49	17,963.23	8,379.32	26,342.55
Tax revenue	26,603.90	30,225.16	General services	5,983.40	5,974.05	453.07	6,427.12
Non-tax revenue	632.54	515.40	Social services	13,306.11	7,374.67	7,443.16	14,817.83
			Economic services	3,318.99	3,655.62	483.09	4,138.71
Grants from Government of India	2,348.14	4,258.29	Grants-in-aid and Contributions	900.99	958.89	-	958.89
Section-B Capital			Section-B Capital				
Misc. Capital Receipts	-	-	Capital expenditure	4,403.94	11.04	4,712.43	4,723.47
Recoveries of Loans and Advances	227.61	83.41	Loans and Advances disbursed	1,679.94	-	-	2,684.32
Public Debt receipts*	1,764.32	2,241.13	Repayment of Public Debt*	1,346.73	-	-	1,435.18
Contingency Fund	0.00	10.00	appropriation to contingency Fund	0.00	-	-	10.00
Opening Cash Balance \$	880.65	1,517.07	Closing Cash Balance ^s	1,517.07	-	-	3,654.94
Total	32,457.17	38,850.46		32,457.17			38,850.46

*Includes loans and advances from Government of India largely in the form of share in small savings.

^s Cash balance is merged with the general cash balance of Government of India.

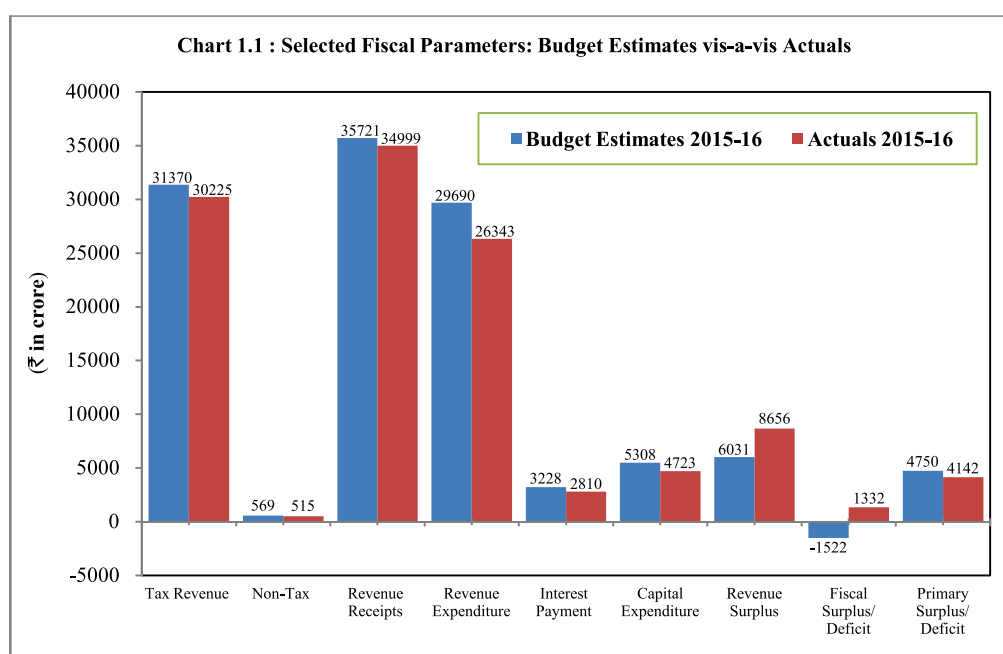
(Source: Finance Accounts of Delhi for the year 2015-16 and information from Pr. Accounts Office, Delhi)

Following are the significant changes during 2015-16 over the previous year:

- Revenue receipts increased by ₹ 5,414.26 crore (18.30 per cent). The tax revenue had increased by ₹ 3,621.26 crore (13.61 per cent) and grants from Government of India increased by ₹ 1,910.15 crore (81.35 per cent) while non-tax revenue decreased by ₹ 117.14 crore (18.52 per cent).
- Revenue expenditure increased by ₹ 2,833.06 crore (12.05 per cent) and capital expenditure increased by ₹ 319.53 crore (7.26 per cent).
- Recoveries of loans and advances decreased by ₹ 144.20 crore (63.35 per cent), while the disbursement of loans increased by ₹ 1,004.38 crore (59.79 per cent).
- Public debt receipt increased by ₹ 476.81 crore (27.03 per cent) and repayments increased by ₹ 88.45 crore (6.57 per cent).
- The cash balance at the close of 2015-16 increased by ₹ 2,137.87 crore (140.92 per cent) over the previous year.

1.3 Budget estimates and actuals

The budgeted and actual figures under revenue receipts and expenditure are shown in **Chart 1.1**.

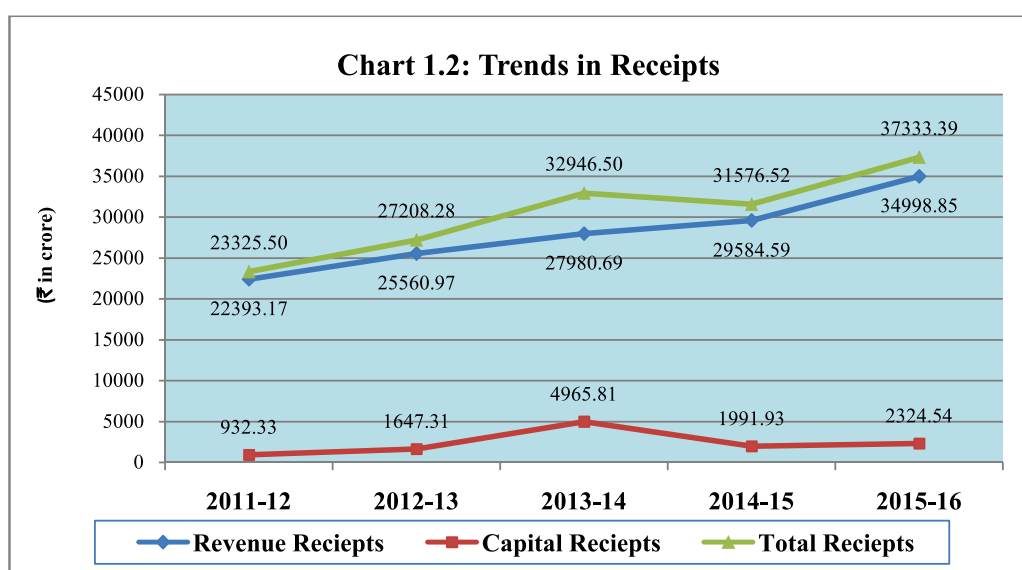


As may be observed from **Chart 1.1**, there was considerable variation between estimates and actuals in the case of several key parameters. During the year, both revenue receipts and revenue expenditure were less than the targets. Fiscal surplus was of ₹ 1,332 crore against estimated fiscal deficit of ₹ 1,522 crore and primary surplus, was at ₹ 4,142 crore against estimation of ₹ 4,750 crore.

1.4 Resources of the Government

1.4.1 Resources of the NCT as per Annual Finance Accounts

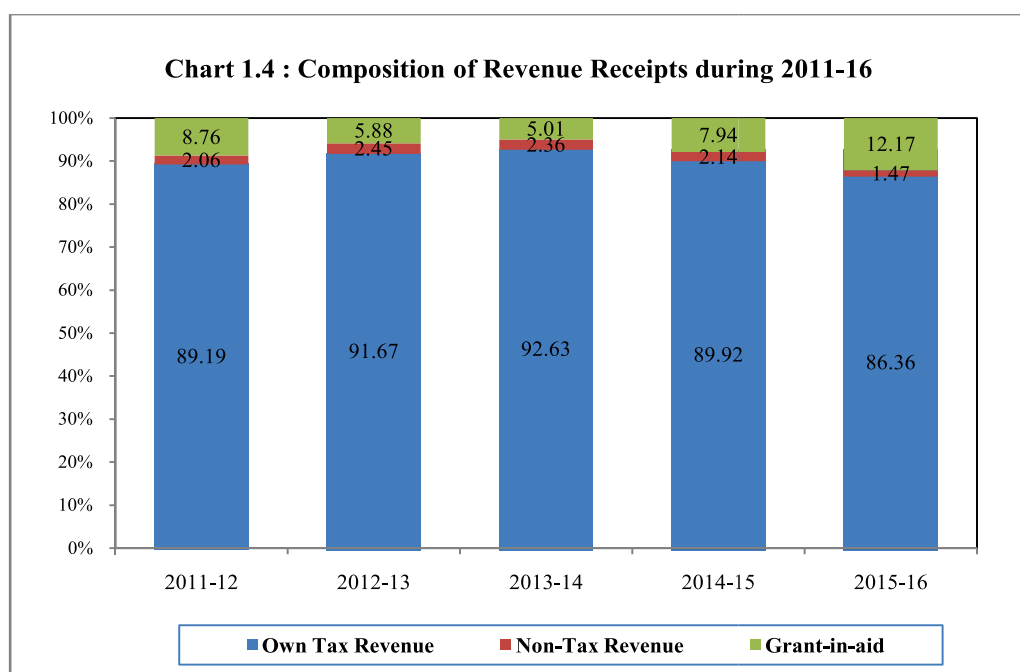
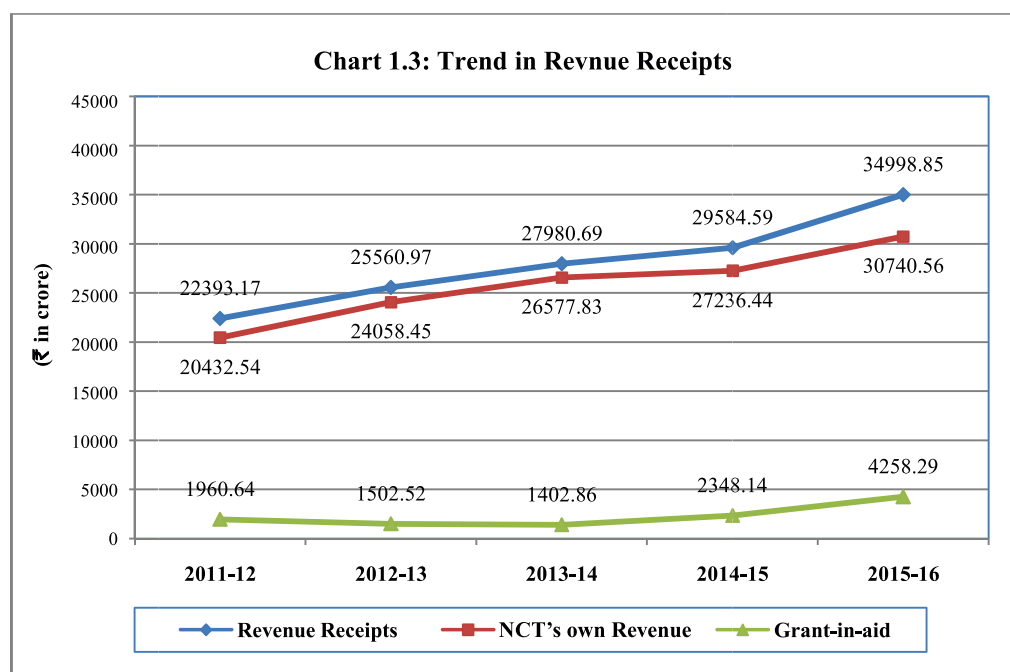
Revenue and capital are the two streams of receipts that constitute the resources of the Government. Revenue receipts consist of tax revenues, non-tax revenues and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from recoveries of loans and advances, debt receipts and loans and advances from GOI as well as deposits from Public Account. **Table 1.2** presents the receipts and disbursements of the NCT's during the current year as recorded in Delhi's Annual Finance Accounts while **Chart 1.2** depicts the trends in receipts of the NCT during 2011-16.



Of the total receipts of the Government of NCT of Delhi, the revenue receipts constituted 93.75 per cent in 2015-16 as against 96.00 per cent in 2011-12.

1.5 Revenue receipts

The revenue receipts consist of the State's tax and non-tax revenues and grants-in-aid from GOI. The trends and composition of revenue receipts of the NCT during the period 2011-12 to 2015-16 are presented in **Appendix 1.3** and also depicted in **Charts 1.3** and **1.4** respectively.



The share of NCT's own tax revenue to total revenue receipts increased from 89.19 per cent in 2011-12 to 92.63 per cent in 2013-14 and then decreased gradually to 86.36 per cent in 2015-16. Non tax revenue as share of overall revenue receipts went down from 2.06 per cent in 2011-12 to 1.47 per cent in 2015-16. The share of grants-in-aid decreased from 8.76 per cent in 2011-12 to 5.01 per cent in 2013-14 and then increased to 12.17 per cent in 2015-16. The trends in revenue receipts relative to GSDP are presented in **Table 1.3**.

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Receipts (RR) (₹ in crore)	22393.17	25560.97	27980.69	29584.59	34998.85
Rate of growth of RR (per cent)	(-)10.51	14.15	9.47	5.73	18.30
R R/GSDP (per cent)	6.52	6.54	6.26	5.98	6.26
Buoyancy Ratios					
Revenue Buoyancy w.r.t GSDP	-0.29	1.02	0.66	0.54	1.41
NCT's Own Tax Buoyancy w.r.t. GSDP	0.59	1.24	0.74	0.25	1.05

(Source: Finance Accounts of Delhi for the respective years)

The growth of revenue receipts has shown a mixed trend over the period 2011-16. The growth of revenue receipts was 18.30 per cent while the growth in GSDP was 13 per cent (**Appendix 1.4**) in 2015-16 over the previous year. In the current year, NCT's tax buoyancy with reference to GSDP increased to 1.05 per cent over 0.25 per cent of the previous financial year.

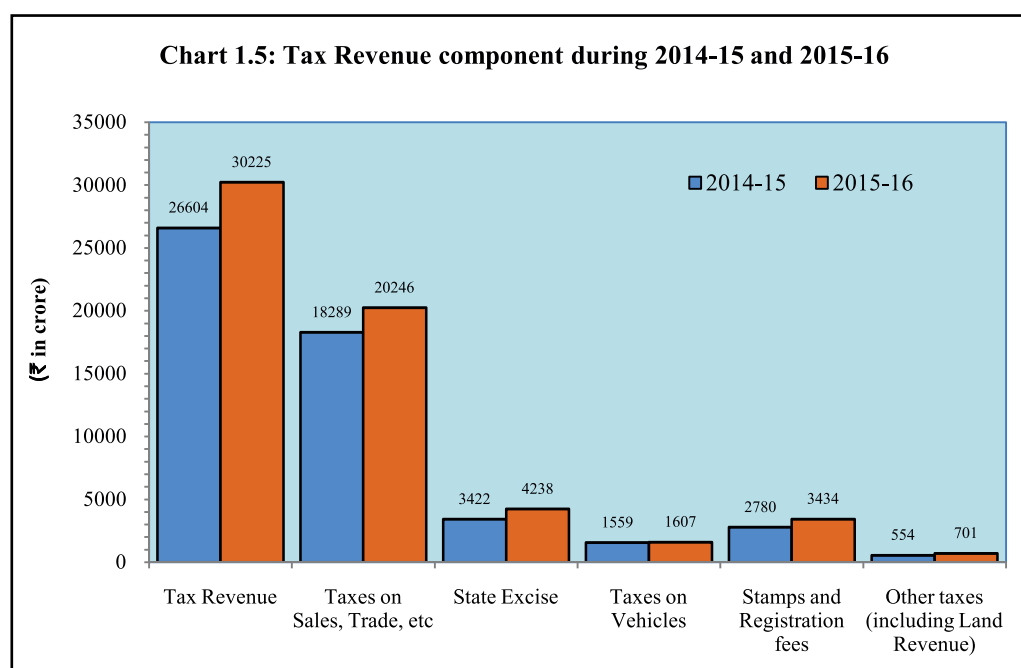
During 2011-12, the NCT's tax revenue buoyancy with reference to GSDP was 0.59 per cent which increased to 1.24 per cent in 2012-13 and then decreased to 0.25 per cent during 2014-15. However, the position changed considerably in 2015-16, and the tax revenue buoyancy increased to 1.05 per cent.

1.5.1 NCT's own resources

The revenue receipts of the NCT of Delhi showed increasing trend during the period 2011-16. It increased in the year 2015-16 by 18.30 per cent over the previous year.

Tax revenue

The components of tax revenue during the current year vis-à-vis previous year are given in **Chart 1.5:**



Source: Finance Accounts of 2014-15 and 2015-16

The tax revenue has increased by ₹ 3,621.26 crore (13.61 per cent) during the current year (₹ 30,225.16 crore) over previous year (₹ 26,603.90 crore). The major contribution in revenue was from taxes on sales, trade, etc. which contributed about 66.98 per cent of the total tax revenue and grew by 10.70 per cent over the previous year.

Collection under state excise increased by ₹ 815.30 crore (23.82 per cent) and stamp duty increased by ₹ 653.72 crore (23.52 per cent) during 2015-16 over the previous year. Similarly, contribution of taxes on vehicles and other taxes (including land revenue) have increased by ₹ 48.18 crore (3.09 per cent) and ₹ 147.55 crore (26.66 per cent) respectively.

Non- Tax revenue

The non-tax revenue which constituted 1.47 per cent of total revenue receipts during 2015-16 decreased by ₹ 117.14 crore (18.52 per cent) over the previous year.

1.5.2 Cost of collection

The gross collection of the major revenue receipt, expenditure incurred on collection and the percentages of such expenditure to gross collection during the years 2013-14 to 2015-16 are given in **Table 1.4**.

Table 1.4: Cost of collection

(₹ in crore)

Heads of Revenue	Year	Collections	Expenditure on collection of Revenue	Percentage of expenditure on collection
Taxes on Sales, Trade etc.	2013-14	17925.71	72.56	0.40
	2014-15	18289.31	49.26	0.27
	2015-16	20245.82	56.16	0.28
State Excise	2013-14	3151.63	13.01	0.41
	2014-15	3422.39	5.29	0.15
	2015-16	4237.69	6.02	0.14
Taxes on Vehicles	2013-14	1409.28	33.63	2.38
	2014-15	1558.83	31.49	2.02
	2015-16	1607.01	38.47	2.39

The above table shows that during 2015-16, the percentage of expenditure on collection marginally increased in Taxes on Sales, Trade etc. and Taxes on Vehicles over the previous year while expenditure on collection of State Excise decreased marginally.

1.6 Application of resources

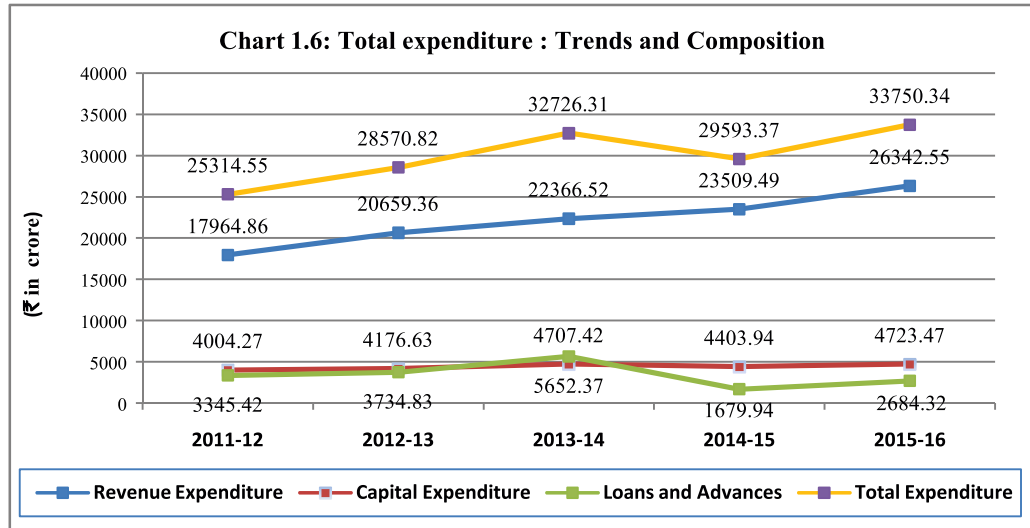
1.6.1 Growth and composition of expenditure

States raise resources to perform their functions, maintain existing delivery of social and economic services and extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the NCT increased from ₹ 25,314.55 crore in 2011-12 to ₹ 33,750.34 crore in 2015-16.

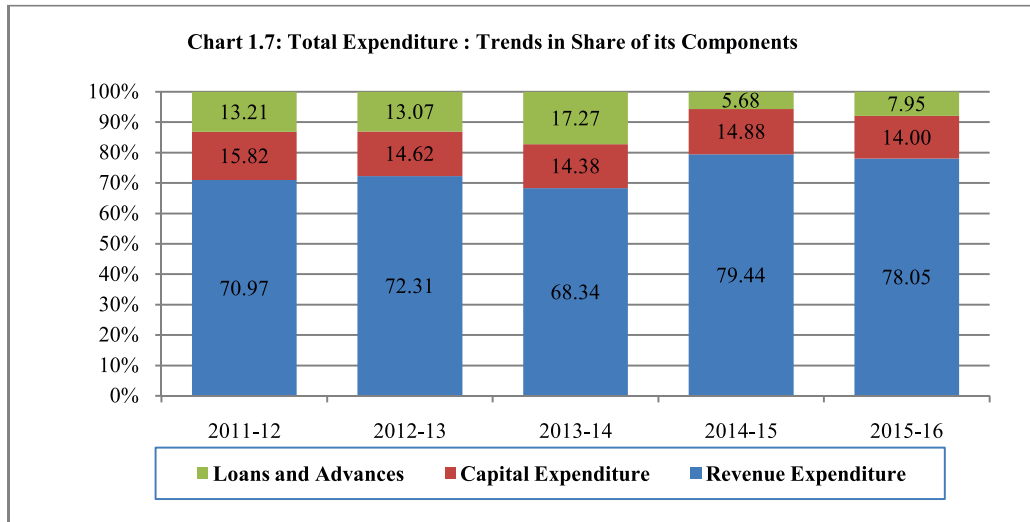
The total expenditure during the current year at ₹ 33,750.34 crore has increased by ₹ 4,156.97 crore (14.05 *per cent*) over the previous year. Of the total increase, revenue expenditure constituted ₹ 2,833.06 crore, capital expenditure ₹ 319.53 crore and loans and advances ₹ 1,004.38 crore. The marginal increase in share of capital expenditure as compared to overall increase in expenditure during the current year is an indicator of less productive allocation of funds by the State. Over the last five years, revenue expenditure increased from ₹ 17,964.86 crore in 2011-12 to ₹ 26,342.55 crore in 2015-16 which constituted an increase of 46.63 *per cent*. In comparison capital expenditure which was ₹ 4,004.27 crore in 2011-12 increased by ₹ 4,723.47 crore in 2015-16 registering an increase of 17.96 *per cent* during this period.

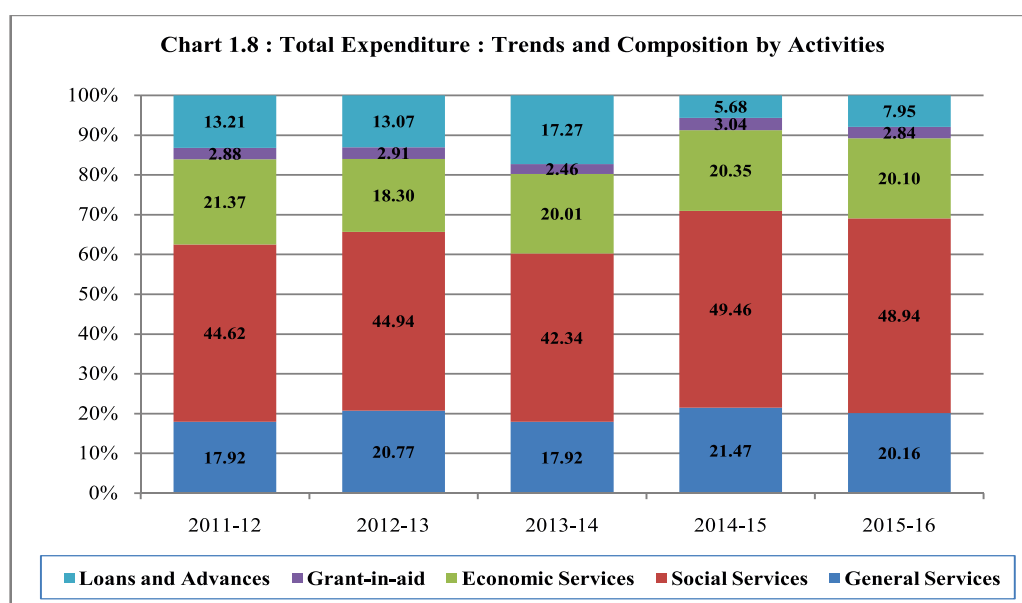
Capital expenditure and revenue expenditure were 18.23 *per cent* and 81.77 *per cent* of total expenditure (excluding loans and advances) in 2011-12 while in 2015-16 they were 15.20 *per cent* and 84.80 *per cent*

respectively. Total expenditure under plan head increased from ₹ 12,345.42 crore in 2014-15 to ₹ 13,091.76 crore in 2015-16 registering an increase of ₹ 746.34 crore while non-plan expenditure increased to ₹ 17,974.27 crore in 2015-16 from ₹ 15,568.01 crore in 2014-15 registering an increase of ₹ 2,406.26 crore. The share of plan and non-plan expenditure was 42.14 per cent and 57.86 per cent respectively of the total expenditure (excluding loan and advances) during the year 2015-16. **Chart 1.6** presents the trends in total expenditure during 2011-16.



The composition both in terms of ‘economic classification’ and ‘expenditure by activities’ are depicted in **Charts 1.7 and 1.8** respectively.





The share of General Services in total expenditure increased from 17.92 *per cent* to 20.16 *per cent* while share of Social Services increased from 44.62 *per cent* to 48.94 *per cent* during 2011-16, whereas total expenditure on loans and advances declined from 13.21 *per cent* to 7.95 *per cent* during the same period.

1.7 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services), efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

1.7.1 Adequacy of public expenditure

Table 1.5 shows the fiscal priority of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during 2015-16.

Table 1.5: Fiscal Priority of the State in 2012-13 and 2015-16

(In *per cent*)

Fiscal Priority by the State	AE/ GSDP	DE [#] / AE	SSE/ AE	CE/ AE	Education/ AE	Health/ AE
General Category States Average (Ratio) 2012-13	14.14	70.03	38.47	13.70	17.72	4.72
Delhi State's Average (Ratio) 2012-13	7.31	72.81	50.23	14.62	19.22	9.57
General Category States Average (Ratio) 2015-16	16.05	70.63	36.29	14.89	15.63	4.45
Delhi State's Average (Ratio) 2015-16	6.04	75.24	51.92	14.00	22.98	10.77

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Service Expenditure, CE: Capital Expenditure [#]Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.
Source for GSDP: Information as available on CSO website as on 29 July 2016

- Aggregate expenditure of NCT of Delhi as a ratio of GSDP was lower in both years 2012-13 and 2015-16 as compared to General Category States.
- Government gave fiscal priority to Development Expenditure in 2012-13 and 2015-16 as its ratio to Aggregate Expenditure was higher than the average ratio of General Category States.
- The ratio of Capital Expenditure to Aggregate Expenditure was higher in 2012-13 and marginally lower in 2015-16 as compared to General Category States.
- The ratio of expenditure on education to Aggregate Expenditure was higher than General Category States in 2012-13 and further increased in 2015-16.
- The priority given to health in Delhi was much higher than General Category States during 2012-13 and 2015-16.

1.7.2 Efficiency of expenditure use

In view of the importance of public expenditure on social and economic development, it is important for the State Government to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods * apart from improving the allocation towards development expenditure, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years. **Table 1.6 and Chart 1.9** depict the trends in development expenditure during the current year and the previous years.

Table 1.6: Development Expenditure

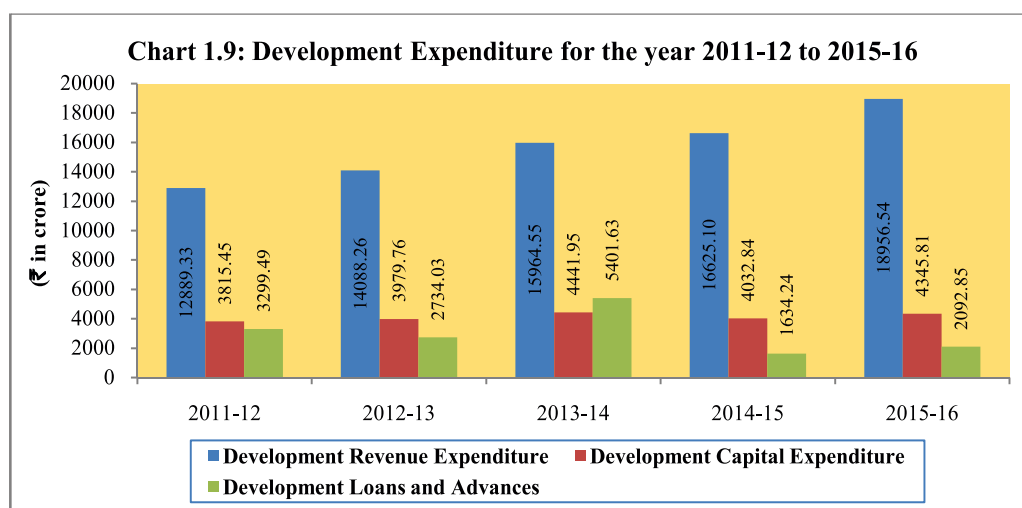
(₹ in crore)

Components of Development Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
					Budget Estimates	Actual
a. Development Revenue Expenditure	12,889.33	14,088.26	15,964.55	16,625.10	20,495.67	18,956.54
b. Development Capital Expenditure	3,815.45	3,979.76	4,441.95	4,032.84	4,856.93	4,345.81
c. Development Loans and Advances	3,299.49	2,734.03	5,401.63	1,634.24	2,103.45	2,092.85
Total	20,004.27	20,802.05	25,808.13	22,292.18	27,456.05	25,395.20

Source: Finance Accounts of respective years

* **Core public goods** are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of citizen's rights; pollution free air and environmental goods and road infrastructure etc.

Merit goods are commodities that public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.



The development expenditure during 2015-16 under revenue and capital was lower by ₹ 1,539.13 crore and ₹ 511.12 crore respectively than the estimates. This shows that the preparedness of the implementing agencies to implement various plan schemes was not assessed while framing the budget estimates.

The development revenue expenditure and development capital expenditure increased by 47.07 per cent and 13.90 per cent respectively during the years 2011-12 to 2015-16. The development loan and advances decreased by 17.13 per cent during the years 2011-12 to 2012-13, increased by 97.24 per cent in 2013-14 and then decreased by 61.25 per cent during the years 2013-14 to 2015-16.

1.8 Financial analysis of Government expenditure and investments

This section presents the broad financial analysis of investments and other capital expenditure activities undertaken by the Government during the current year vis-à-vis previous years.

1.8.1 Investment and returns

As of 31 March 2016, the Government had invested ₹ 18,492.15 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. The return on this investment was 0.07 per cent in 2015-16. The return ranged between 0.07 and 0.23 per cent during 2011-16. The Government paid interest at the average rate of 8.54 per cent on its borrowings during 2015-16. The details are given in **Table 1.7**.

Table 1.7: Return on Investment

(₹ in crore)

Investment/return/cost of borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Investment at the end of the year	14,655.90	16,388.15	17,060.35	17,660.35	18,492.15
Return	33.00	26.25	11.95	12.90	12.32
Return (%)	0.23	0.16	0.07	0.07	0.07
Average rate of interest on Govt. borrowing (%)	9.77	9.73	9.21	8.59	8.54
Difference between interest rate and return (%)	9.54	9.57	9.14	8.52	8.47

The increase in investment in 2015-16 over the previous fiscal year was on account of new investment of ₹ 827 crore in Delhi Metro Rail Corporation Ltd and ₹ 4.80 crore in Delhi State Scheduled Caste Financial Development Corporation, Delhi. Out of total investment of ₹ 18,492.15 crore in 23 companies, only three Companies viz.(i) Delhi Co-operative Housing Finance Society Ltd., (ii) Indraprastha Medical Corporation Ltd., and (iii) Indraprastha Gas Ltd. having investment of ₹ 61.09 crore upto March 2016 declared dividend of ₹ 12.32 crore during 2015-16 which was 20.17 per cent of the investment in these companies.

1.8.2 Loans and advances by the Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to institutions/ organizations. The total outstanding loans and advances as on 31 March 2016 was ₹ 59,790.51 crore as depicted in Table 1.8 below.

Table 1.8: Average interest received on Loans & Advances by NCT Government

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Balance	45,147.73	47,877.90	50,887.82	55,737.28	57,189.61
Amount advanced during the year	3,345.41	3,734.83	5,652.37	1,679.94	2,684.32
Amount repaid during the year	376.25	724.90	802.91	227.61	83.42
Closing Balance	48,116.90	50,887.82	55,737.28	57,189.61	59,790.51
Net addition	2,969.17	3,009.93	4,849.46	1,452.33	2,600.91
Interest Receipts	174.14	340.03	379.35	350.52	82.53
Interest receipts as percentage of outstanding Loans and advances	0.36	0.67	0.68	0.61	0.14

Loans outstanding against State level organizations/institutions constitute the major portion of total outstanding loans of NCT of Delhi. Majority of the Government enterprises and institutions to whom the loans and advances were given by the Government of NCT of Delhi and remained outstanding at the end

of 2015-16 were in the sectors of water supply and sanitation (₹ 16,640.71 crore), urban development (₹ 1,724.70 crore), road transport (₹ 14,315.65 crore), power projects (₹ 10,918.49 crore) and miscellaneous loans (₹ 15,499.99 crore).

1.9 Assets and liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.5** gives an abstract of such liabilities and the assets as on 31 March 2016, compared with the corresponding position as on 31 March 2015. The liabilities in this Appendix consist only of loans and advances from the Government of India (GoI). The assets comprise mainly the capital outlay and loans and advances given by the Government and cash balances.

1.9.2 Fiscal liabilities

Table 1.9 gives the fiscal liabilities of the NCT of Delhi, their rate of growth, the ratio of these liabilities to GSDP, to revenue receipts and to its own resources as also the buoyancy of fiscal liabilities with reference to these parameters.

Table 1.9: Fiscal liabilities – Basic Parameters

	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal liabilities (₹ in crore)	29,608.29	29,242.71	32,080.32	32,497.91	33,303.87
Rate of growth (<i>per cent</i>)	(-1.76)	(-1.23)	9.70	1.30	2.48
Ratio of Fiscal Liabilities to:					
GSDP (<i>per cent</i>)	8.63	7.48	7.18	6.57	5.96
Revenue Receipts (<i>per cent</i>)	132.22	114.40	114.65	109.85	95.16
Own Resources (<i>per cent</i>)	144.91	121.55	120.70	119.32	108.34
Buoyancy of Fiscal Liabilities with reference to:					
GSDP (Ratio)	(-0.05)	(-0.09)	0.68	0.12	0.19
Revenue Receipts (Ratio)	0.17	(-0.09)	1.02	0.23	0.14
Own Resources (Ratio)	1.55	(-0.07)	0.93	0.52	0.19

Overall fiscal liabilities of the NCT of Delhi increased from ₹ 29,608.29 crore in 2011-12 to ₹ 33,303.87 crore in 2015-16 (12.48 *per cent*). The fiscal liabilities of ₹ 33,303.87 crore during 2015-16 comprised of obligations on account of ‘Share of small savings collection’ of ₹ 29,977.47 crore, ‘loan to cover gap in resources’ of ₹ 3,326.39 crore and ‘Co-operative assistance to other Co-operatives’ of ₹ 0.01 crore. The fiscal liabilities stood at 0.95 times of the revenue receipts and 1.08 times of the NCT’s own resources as at the end of 2015-16.

1.10 Debt Management

(i) Debt Profile

Table 1.10 gives a time series analysis of internal debt profile of the Government of NCT of Delhi for the last five years.

Table: 1.10: Internal Debt profile and per capita debt of GNCTD

(₹ in crore)

Year	Opening Balance	Debt Receipts	Repayment during the year	Closing Balance	Increase/Decrease	Percentage of increase over previous year	Per Capita Debt in ₹
2011-12	30,140.09	556.08	1,087.88	29,608.29	-531.80	-1.76	17,624
2012-13	29,608.29	922.41	1,287.99	29,242.71	-365.58	-1.23	17,406
2013-14	29,242.71	4,162.90	1,325.29	32,080.32	2,837.61	9.70	19,095
2014-15	32,080.32	1,764.32	1,346.73	32,497.91	417.59	1.30	19,344
2015-16	32,497.91	2,241.13	1,435.17	33,303.87	805.96	2.48	19,824

(Source: State Finance Accounts of respective years)

Internal debt of the Government increased by ₹ 3,695.58 crore (12.48 per cent) from ₹ 29,608.29 crore in 2011-12 to ₹ 33,303.87 crore in 2015-16. An interest of ₹ 2,809.81 crore was paid on internal debt during 2015-16.

(ii) Debt sustainability

Apart from the magnitude of debt of the Government of NCT of Delhi, it is important to analyze the various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the Government of NCT of Delhi in terms of rate of growth outstanding debt, ratio of interest payment and revenue receipt, debt repayment and debt receipt and net debt available to the state. **Table 1.11** analyses the debt sustainability of the state according to these indicators for the period of five years from 2011-12 to 2015-16.

Table 1.11: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2011-12	2012-13	2013-14	2014-15	2015-16
Outstanding Public Debt (₹ in crore)	29,608.29	29,242.71	32,080.32	32,497.91	33,303.87
Rate of growth of outstanding public debt	-1.76	-1.23	9.70	1.30	2.48
GSDP	3,43,260.41	3,91,071.36	4,46,806.82	4,94,460.34	5,58,745.26
Rate of growth of GSDP	35.81	13.93	14.25	10.67	13.00
Ratio of Debt to GSDP (in per cent)	8.63	7.48	7.18	6.57	5.96
Net Availability of Borrowed Funds	(-)531.80	(-)365.58	2,837.61	417.59	805.96
Average interest rate of outstanding debt (interest paid/OB of public debt + CB of public debt/2)	9.77	9.73	9.21	8.59	8.54
Interest/Revenue Receipt	13.03	11.20	10.09	9.38	8.03
Debt Payment/Debt Receipt	1.96	1.40	0.32	0.76	0.64

Public debt of the Government of NCT of Delhi increased from ₹ 29,608.29 crore in 2011-12 to ₹ 33,303.87 crore in 2015-16 registering an increase of 12.48 *per cent* during the period 2011-16. The rate of growth of outstanding public debt ranged between (-) 1.76 *per cent* and (+) 9.70 *per cent* over the period 2011-12 to 2015-16. Public Debt increased at a rate of 2.48 *per cent* in 2015-16 as compared to 1.30 *per cent* in previous year mainly due to share of small saving collection amounting to ₹ 2,241.13 crore.

Rate of growth of GSDP decreased from 35.81 *per cent* in 2011-12 to 13.93 *per cent* in 2012-13, registered an increase of 14.25 *per cent* in 2013-14 and thereafter decreased to 13 *per cent* in 2015-16. But it was still higher than the average rate of interest of public debt which ranged between 8.54 *per cent* and 9.77 *per cent* over the period 2011-16.

Ratio of interest payment and revenue receipt decreased from 13.03 *per cent* in 2011-12 to 8.03 *per cent* in 2015-16.

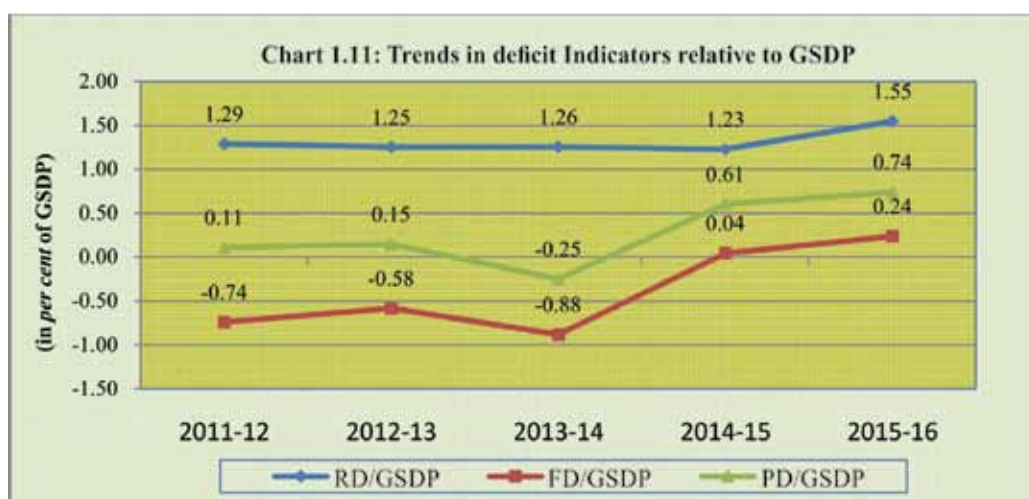
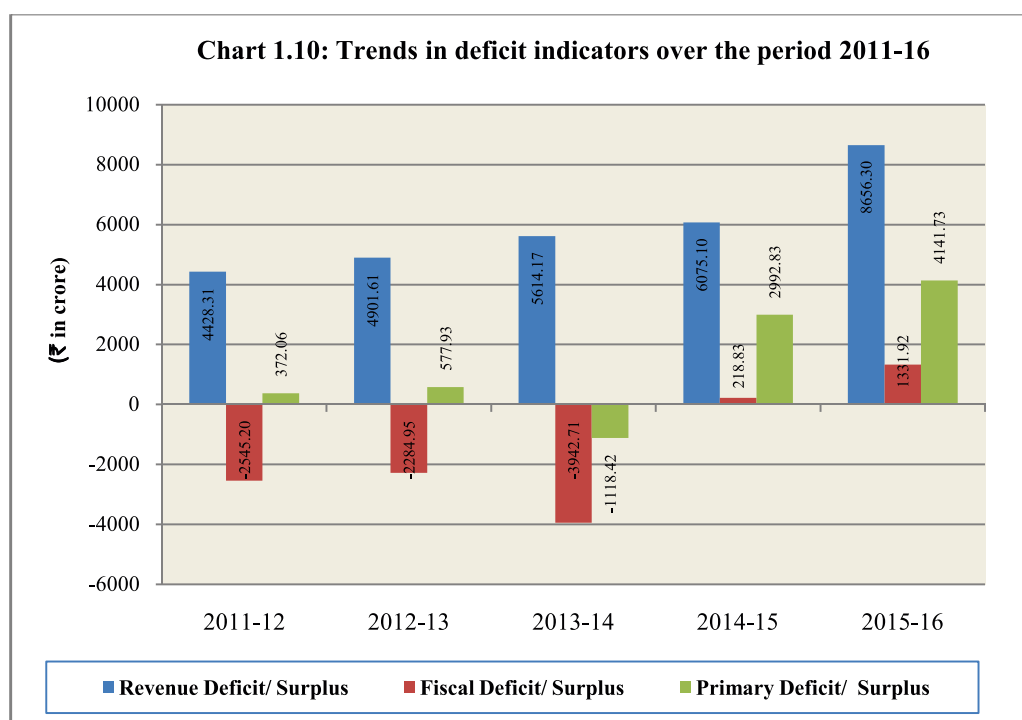
Ratio of Debt payment and Debt receipt also showed decreasing trend from 1.96 in 2011-12 to 0.64 in 2015-16.

1.11 Fiscal imbalances

Three key fiscal parameters – revenue, fiscal and primary deficits – indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits.

1.11.1 Trends in surplus/deficit

Chart 1.10 and **Chart 1.11** give trends in surplus/deficit indicators and the surplus/deficit trends relative to GSDP during the period 2011-12 to 2015-16.



Revenue surplus indicates the excess of revenue receipts over revenue expenditure. The NCT consistently enjoyed revenue surplus during 2011-16. It was ₹ 4,428.31 crore in 2011-12 and increased to ₹ 8,656.30 crore in 2015-16.

The fiscal deficit which represents the total borrowing of the NCT and the resource gap showed mixed figures during 2011-16. Fiscal deficit had shown an increasing trend from ₹ 2,545.20 crore in 2011-12 to ₹ 3,942.71 crore in 2013-14 which turned to surplus during 2014-15 at ₹ 218.83 crore, and further increased to ₹ 1,331.92 crore in 2015-16.

The primary deficit indicates the excess of primary expenditure (total expenditure net of interest payments) over fiscal deficit. The NCT had a

primary surplus in 2011-12 which had shown decreasing trend down to (-) ₹ 1,118.42 crore in 2013-14, but, it again became positive at ₹ 2,992.83 crore in 2014-15 and increased to ₹ 4,141.73 crore in 2015-16.

Revenue receipts increased by 18.30 *per cent* in 2015-16, and revenue expenditure increased by 12.05 *per cent* when compared to previous year which resulted in increase of revenue surplus by ₹ 2,581.20 crore over the previous year i.e., 2014-15.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficits is shown in **Table 1.12** below.

Table 1.12: Components of Fiscal Deficit

(₹ in crore)

	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1	Fiscal Deficit/ Surplus*(-/+)	(-)2,545.20	(-)2,284.95	(-) 3,942.71	218.83	1,331.92
2	Revenue Deficit /Surplus (-/+)	4,428.31	4,901.61	5,614.17	6,075.10	8,656.30
3	Net Capital Expenditure	(-)4,004.27	(-)4,176.63	(-)4,707.42	(-)4,403.94	4,723.47
4	Net Loans and Advances	(-)2,969.17	(-)3,009.93	(-) 4,849.46	(-)1,452.32	(-)2,600.91
Financing Pattern of Fiscal Deficit**						
1	Loans from GOI	(-) 531.80	365.58	2,837.60	417.60	805.96

* Deficit figure shown in – and surplus in +,
 ** All these figures are net of disbursement/outflows during the year

(Source: Finance Accounts of respective years and PAO, Delhi)

1.11.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the nature of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. Since Delhi has had a revenue surplus throughout the period 2011-16, borrowed funds were being used only for capital expenditure and repayment of debt as given in **Table 1.13**.

Table 1.13: Primary deficit/ surplus-bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary revenue deficit(-)/ Surplus(+)	Primary deficit(-)/ Surplus(+)
1	2	3	4	5	6(3+4+5)	7(2-3)	8(2-6)
2011-12	22,769.35	15,047.60	4,004.27	3,345.42	22,397.29	7,721.75	372.06
2012-13	26,285.87	17,796.48	4,176.63	3,734.83	25,707.94	8,489.39	577.93
2013-14	28,783.60	19,542.23	4,707.42	5,652.37	29,902.02	9,241.37	(-)1,118.42
2014-15	29,812.20	20,735.49	4,403.94	1,679.94	26,819.37	9,076.71	2,992.83
2015-16	35,082.26	23,532.74	4,723.47	2,684.32	30,940.53	11,549.52	4,141.73

(Source: Finance Accounts of respective years and PAO, Delhi)

The Government had a primary surplus of ₹ 372.06 crore in 2011-12. Non-debt receipts could not cover the primary expenditure resulting in primary deficit of ₹ 1,118.42 crore in 2013-14. In 2014-15, the Government of NCT of Delhi had again primary surplus of ₹ 2,992.83 crore which grew to ₹ 4,141.73 crore in 2015-16. Capital expenditure increased by ₹ 319.53 crore during the year 2015-16 over the previous year. However, Capital expenditure as a percentage of primary expenditure marginally decreased to 15.27 *per cent* in 2015-16 against 16.42 *per cent* over the previous year. This was significant when compared to 17.88 *per cent* in 2011-12. The financial outlay on capital expenditure should translate into physical assets in a timely manner for desired outcomes to be realised.

1.12 Conclusion

Revenue receipts during 2015-16 increased by ₹ 5,414.26 crore (18.30 *per cent*) over the previous year. Tax revenue increased by ₹ 3,621.26 crore (13.61 *per cent*) while non-tax revenue decreased by ₹ 117.14 crore (18.52 *per cent*) and grants from Government of India increased by ₹ 1,910.15 crore (81.35 *per cent*) in 2015-16 over the previous year. The share of NCT's own tax revenue to total revenue receipts was 86.36 *per cent* in 2015-16.

The total expenditure during 2015-16 at ₹ 33,750.34 crore has increased by ₹ 4,156.97 crore (14.05 *per cent*) over the previous year. Of the total increase, revenue expenditure constituted ₹ 2,833.06 crore, capital expenditure ₹ 319.53 crore and loans and advances ₹ 1,004.38 crore.

As of 31 March 2016, the Government had invested ₹ 18,492.15 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. Their turn on this investment was 0.07 *per cent* while the Government paid interest at an average rate of 8.54 *per cent* on its borrowings during 2015-16.

Overall fiscal liabilities increased from ₹ 29,608.29 crore in 2011-12 to ₹ 33,303.87 crore in 2015-16 (12.48 *per cent*). The fiscal liabilities stood at 0.95 times of the revenue receipts and 1.08 times of the NCT's own resources as at the end of 2015-16.

The fiscal position of NCT of Delhi, viewed in terms of key fiscal parameters, such as, revenue surplus, fiscal deficit and primary deficit has shown that revenue surplus increased by ₹ 2,581.20 crore in 2015-16 over the previous year. The fiscal surplus of ₹ 218.83 crore in 2014-15, has increased to ₹ 1,331.92 crore in 2015-16. The primary surplus of ₹ 2,992.83 crore in 2014-15, has increased to ₹ 4,141.73 crore in 2015-16.

1.13 Recommendations

The Government may consider:

- i. increasing capital expenditure to have positive impact on economic growth; and
- ii. taking effective measures to recover outstanding loans from the entities/institutions.