

EXECUTIVE SUMMARY

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Background

Based on the audited accounts of the Government of National Capital Territory of Delhi (GNCTD) for the year ending 31 March 2022, and additional data collected from several sources such as the Economic Survey, financial statements of Public Sector Undertakings and Census 2011, this report provides an analytical review of the Annual Accounts of Government of National Capital Territory (GNCT) of Delhi, in five chapters.

Audit findings

CHAPTER- I

OVERVIEW

- The fiscal surplus of GNCT of Delhi of ₹ 113 crore in 2017-18 increased to ₹ 2,237 crore during 2018-19 which turned to deficit of ₹ 416 crore during 2019-20 and deficit of ₹ 6,708 crore during 2020-21 and further dipped to a deficit of ₹ 7,021 crore during 2021-22.

(Paragraph 1.5)

CHAPTER - II

FINANCES OF THE GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI

- Revenue receipts increased by ₹ 7,449 crore (17.79 per cent) over the previous year. In the year 2021-22, about 82.83 per cent of revenue receipts came from GNCTD's own resources while Grants-in-Aid contributed 17.17 per cent. The share of GNCTD's own tax revenue to total revenue receipts decreased from 92.37 per cent in 2017-18 to 81.15 per cent in 2021-22.

(Paragraph 2.3.2.1)

- Debt capital receipt decreased by 47.37 per cent from ₹ 15,365 crore in 2020-21 to ₹ 11,193 crore in 2021-22 (after exclusion of GST compensation of ₹ 5,865 crore received in 2020-21 and ₹ 6,193 crore in 2021-22 as back to back loan from GoI). Similarly, Non-debt capital receipts decreased by 1.27 per cent from ₹ 631 crore in 2020-21 to ₹ 623 crore in 2021-22.

(Paragraph 2.3.3)

- Capital expenditure displayed inter-year fluctuations ranging from ₹ 3,243 crore to ₹ 8,311 crore during the period 2017-22 whereas revenue expenditure continuously increased during the said period. Capital expenditure increased from ₹ 4,699 crore to ₹ 8,311 crore (76.87 per cent) in 2021-22 over the previous year. Revenue expenditure was 80.84 per cent of the total expenditure whereas capital expenditure and disbursement of

loans and advances were 14.59 *per cent* and 4.57 *per cent*, respectively for the year 2021-22.

(Paragraphs 2.4.1 and 2.4.3)

- Revenue expenditure increased by 36.41 *per cent* from ₹ 33,754 crore in 2017-18 to ₹ 46,043 crore in 2021-22. Revenue expenditure increased by 13.93 *per cent* from ₹ 40,414 crore in 2020-21 to ₹ 46,043 crore in 2021-22. The share of committed expenditure in total revenue expenditure was ranging from 34.88 *per cent* (2019-20) to 36.34 *per cent* (2020-21) over the last five years.

(Paragraphs 2.4.2 and 2.4.2.2)

- Expenditure on subsidies increased from ₹ 2,497 crore in 2017-18 to ₹ 4,690 crore (87.83 *per cent*) in 2021-22. In 2021-22 expenditure on subsidies increased by 12.28 *per cent* over the previous year. The highest subsidy was power subsidy (₹ 3,250 crore) followed by water subsidy (₹ 600 crore) during 2021-22. Financial assistance to local bodies and others decreased by 3.15 *per cent* from ₹ 16,643 crore in 2020-21 to ₹ 16,118 crore in 2021-22.

(Paragraphs 2.4.2.4 and 2.4.2.5)

- The increase in investment in Government companies and co-operative institutions in 2021-22 over the previous year was ₹ 800 crore on account of investment made in Delhi Metro Rail Corporation Ltd. The percentage of return on investment was ranging from 0.05 *per cent* to 0.43 *per cent* during the period 2017-18 to 2021-22 whereas Government paid interest at the average rate of 6.50 *per cent* on its borrowings during 2021-22.

(Paragraph 2.4.3.2)

- GNCTD is not empowered to raise loans from the open market. Loans and advances received from Government of India comprise debt receipts of GNCTD. The effective outstanding debt at the end of 2021-22 would be ₹ 41,786 crore (₹ 53,844 crore - ₹ 5,865 crore - ₹ 6,193 crore) as the Department of Expenditure, GoI had decided that GST compensation of ₹ 5,865 crore (2020-21) and ₹ 6,193 crore (2021-22) given to State as back to back loan under debt receipts would not be treated as debt of the State. Debt of the Government increased by ₹ 8,217 crore (24.48 *per cent*) from ₹ 33,569 crore at the end of 2017-18 to ₹ 41,786 crore at the end of 2021-22. The repayment of public debt increased by ₹ 950 crore (29.10 *per cent*) in 2021-22 over the previous year.

(Paragraphs 2.5 and 2.5.1)

CHAPTER - III

BUDGETARY MANAGEMENT

- During 2021-22, there was an overall savings of ₹ 10,539.08 crore (14.62 *per cent*) against the total grants and appropriations of ₹ 72,081.08

crore which shows that budget estimates were not prepared after adequate scrutiny of the projects/schemes.

(Paragraphs 3.1.1 and 3.3.3)

- Supplementary grants amounting to ₹ 1,275.33 crore in seven cases proved unnecessary. Under 9 sub-heads spread across four grants, there were final savings of more than ₹ 15 crore. Re-appropriations were made unnecessarily as the departments were not able to even utilise fully their existing grants and there was cumulative savings of ₹ 699.19 crore against the re-appropriation of ₹ 230.12 crore. This shows unrealistic assessment of funds and deficient budgeting exercise.

(Paragraphs 3.3.1 and 3.3.2)

- GNCTD made total lump-sum budgetary provision of ₹ 319 crore under four grants without identifying the exact object head of expenditure, against which an expenditure of ₹ 170.07 crore was made.

(Paragraph 3.4.1)

- Savings of ₹ 5,458 crore (51.79 *per cent*) lapsed on 31 March, 2022 out of total saving of ₹ 10,539.08 crore. This shows that budget allocation was based on unrealistic proposals.

(Paragraph 3.5.1)

- In 82 sub-heads under nine grants (₹ one crore or above in each case), the entire provision of ₹ 560.41 crore remained unutilised by the departments or was remitted back to Government before the closure of the financial year 2021-22. Savings of the entire grants shows that estimates were not prepared after adequate scrutiny of the projects/schemes.

(Paragraph 3.5.2)

- Out of the total expenditure of ₹ 61,172.34 crore (excluding recoveries of ₹ 369.66 crore) during 2021-22, expenditure of ₹ 21,800.95 crore (30.24 *per cent* of budget) was incurred in the last quarter whereas ₹ 9,995.85 crore (13.87 *per cent* of budget) was incurred during the month of March 2022. Further, in 11 sub-heads under five grants the entire expenditure of ₹ 1,596.02 crore was incurred in March 2022. This shows lack of adherence to financial rules besides adversely affecting quality of expenditure.

(Paragraph 3.5.3)

CHAPTER- IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

- Audit noted that 1,049 UCs (73.46 *per cent*) involving ₹ 221.02 crore were outstanding prior to the year 2012-13, whereas 379 UCs (26.54 *per cent*) involving ₹ 7,509.29 crore were outstanding from 2012-13 to 2020-21.

(Paragraph 4.2)

- As of March 2022, a total of 4,686 AC bills involving ₹ 432.42 crore were outstanding. 64 Government Departments did not submit 536 DCC bills amounting to ₹ 134.40 crore before closing of the accounts for the financial year 2021-22. Thus, there is no assurance that these expenditure have actually been incurred during the financial year for the purpose for which it was authorised by the Legislature.

(Paragraph 4.3)

- During 2021-22, expenditure of ₹ 5,745 crore out of total expenditure of ₹ 54,354 crore (Revenue and Capital) was classified under the minor head of account '800-Other Expenditure' which constituted 10.57 *per cent* of the total expenditure, while receipts of ₹ 695.57 crore out of total receipts of ₹ 49,312.99 crore, were classified under the minor head '800-Other Receipts' which constituted 1.41 *per cent* of the total receipts.

(Paragraph 4.5)

- The audit of 11 autonomous bodies/authorities has been entrusted to the CAG under Sections 19 and 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. 26 annual accounts from eight bodies/ authorities due up to 2021-22 had not been received as of September 2022 by Audit.

(Paragraph 4.6)

CHAPTER-V

STATE PUBLIC SECTOR UNDERTAKINGS

- As on 31 March 2022, there were 18 SPSUs in Delhi, including one Government Controlled Other Company, two Statutory Corporations and 15 Government Companies under the audit jurisdiction of the CAG.

(Paragraph 5.1.3)

- As on 31 March 2022, the total investment (equity and long-term loans) in 18 SPSUs was ₹ 25,748.79 crore. The investment consisted of 37.38 *per cent* towards equity and 62.62 *per cent* in long-term loans. Out of this, GNCTD has investment of ₹ 24,797.65 crore in these SPSUs consisting of equity of ₹ 9,202.49 crore and long-term loans of ₹ 15,595.16 crore.

(Paragraph 5.2.1)

- Two SPSUs, out of six SPSUs, which earned profit and in which GNCTD had made investment had declared/paid dividend during the year 2021-22. One SPSU although did not earn profit but paid dividend based on its Net Worth.

(Paragraph 5.3)

- Delhi Transport Corporation's net worth has been completely eroded by its accumulated losses and as on 31 March 2022, the net worth was (-) ₹ 50,258.83 crore against equity investment of ₹ 1,983.85 crore.

(Paragraph 5.4)

- Out of 18 SPSUs, only six SPSUs had submitted their annual accounts for the year 2021-22 and remaining 12 SPSUs had arrears of 19 accounts. GNCTD had provided ₹ 2,572.53 crore (Equity: ₹ 4.80 crore, Loan: ₹ Nil crore, Grants: ₹ 2,567.73 crore) in six out of the 12 State PSUs during the period for which their accounts were in arrears.

(Paragraph 5.5.2)

