

**CHAPTER-I**  
**OVERVIEW**



# Chapter I

## Overview

### 1.1 Profile of the National Capital Territory of Delhi

Delhi was declared as the National Capital Territory (NCT) through the Government of National Capital Territory of Delhi Act, 1991. Delhi has an administrative structure having dual jurisdiction, i.e., of the Union Government and the State Government. There are 11 districts and 33 sub-divisions in Delhi. The NCT of Delhi covers an area of 1,483 sq. km of which 1,114 sq. km is designated as urban and 369 sq. km as rural.

The geographical and socio-economic profile of NCT of Delhi is given in **Table 1.1:**

**Table 1.1: Profile of the National Capital Territory of Delhi**

Sl. No.	Particulars	Figures	
1.	Area	1,483 sq. km	
2.	Population		
	a.	Population (2011 census)	1.70 crore
	b.	Population 2022	2.10 crore
3.	Density of Population (Projected population as on 01.03.2022 by Ministry of Health and Family Welfare) (All India Density = 418.43 persons per Sq. Km)	14,137 persons per Sq. Km.	
4.	Population below poverty line (BPL) 2011-12 (All India Average = 21.92 per cent)	9.91 per cent	
5.	Literacy (Economic Survey 2021-22) (All India Average= 73.00 per cent)	86.20 per cent	
6.	Infant mortality (2020) (per 1000 live births) (All India Average =28 per 1000 live births)	12	
7.	Life expectancy at birth (2015-19) (All India Average = 69.7 years)	75.9 years	
8.	Gross State Domestic Product (GSDP) 2021-22 at current prices	₹ 9,23,966.57 crore	
9.	Per Capita GSDP/ GDP CAGR (2012-13 to 2021-22)	NCT of Delhi	7.84 per cent
		All India	8.86 per cent
10.	GSDP/ GDP CAGR (2012-13 to 2021-22)	NCT of Delhi	10.01 per cent
		All India	10.11 per cent
11.	Population Growth (2012 to 2022)	12.12 per cent (All India)	22.13 per cent

Source: Population Projections for India and States 2011-2036 by National Commission on Population, Ministry of Health and Family Welfare, Ministry of Statistics and Programme Implementation (MoSPI) website, Economic Survey 2021-22, Sample Registration System (SRS) Bulletin, SRS Based Abridged Life Tables 2015-19, Estimates of State Domestic Product of Delhi 2021-22, Directorate of Economics and Statistics, GNCTD, National Statistics Office, Ministry of Statistics and Programme Implementation and Census 2011

#### 1.1.1 Gross State Domestic Product of NCT of Delhi

Gross State Domestic Product (GSDP) is the value of all goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Trends in GSDP<sup>1</sup> of NCT of Delhi, changes in sectoral contribution to GSDP and sectoral growth in GSDP are given in **Table 1.2**, **Chart 1.1** and **Chart 1.2**, respectively.

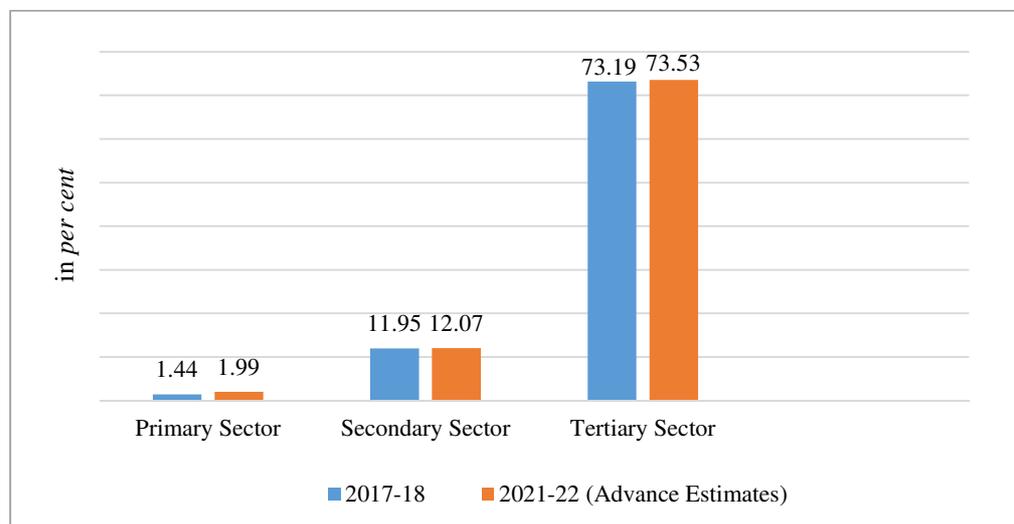
**Table 1.2: Trends in GSDP compared to the GDP**

	(₹ in crore)				
Year	2017-18	2018-19	2019-20	2020-21	2021-22
GDP at current prices (2011-12 Series)	1,70,90,042	1,88,99,668	2,00,74,856	1,98,00,914	2,36,64,637
Growth rate of GDP over previous year (in per cent)	11.03	10.59	6.22	(-1.36)	19.51
GSDP.at current prices (2011-12 Series)	6,77,900	7,38,389	7,94,030	7,85,342	9,23,967
Growth rate of GSDP over previous year (in per cent)	10.03	8.92	7.54	-1.09	17.65

Source: MoSPI website and Directorate of Economics and Statistics, GNCTD.

Changes in sectoral contribution to the GSDP are also important to understand the changing structure of the economy. Economic activity is generally divided into primary, secondary and tertiary sectors, which correspond to the agriculture, industry and service sectors.

**Chart 1.1: Changes in sectoral contribution to GSDP (2017-18 to 2021-22)<sup>2</sup>**

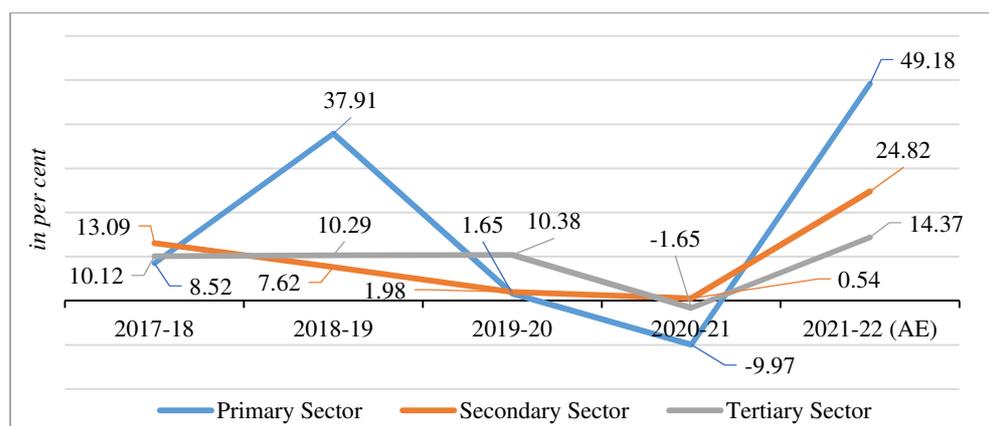


Source: Estimates of State Domestic Product of Delhi 2021-22, Directorate of Economics and Statistics, GNCTD.

<sup>1</sup> At current prices

<sup>2</sup> Except share of Taxes on Product *minus* subsidies (11.32 per cent in 2017-18 and 12.40 per cent in 2021-22)

Chart 1.2: Sectoral growth in GSDP



Source: Estimates of State Domestic Product of Delhi 2021-22, Directorate of Economics and Statistics, GNCTD.

It is evident from **Chart 1.1** and **Chart 1.2** that Tertiary (Service) sector was the largest contributor (73.53 per cent) to State's GSDP followed by Secondary (Industry) sector (12.07 per cent). There was increase in the growth rate in all sectors in 2021-22 after a slump during previous year. Revenue surplus of GNCT of Delhi increased by ₹ 1,820 crore (125.51 per cent) over the previous year as detailed in **Paragraph 1.5** and **Chapter II** of this report.

## 1.2 Basis and Approach to State Finances Audit Report

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Lieutenant Governor of National Capital Territory of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991, for being laid before the Legislative Assembly of National Capital Territory of Delhi.

Finance Accounts and Appropriation Accounts of the Government of NCT of Delhi constitute the core data for this report. Other sources include the following:

- Budget of the Government of NCT of Delhi: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- GSDP and State related other statistics, Directorate of Economics and Statistics, GNCTD;
- Results of audit carried out by the office of the Principal Accountant General (Audit), Delhi; and
- Various audit reports of the CAG of India have been used for analysis/commentary, as appropriate.

The Draft State Finances Audit Report was sent to the Government of NCT of Delhi in December 2022 for comments. Replies of the Government, wherever received have been incorporated at appropriate places.

### 1.3 Report Structure

The State Finances Audit Report is structured into the following five Chapters:

<b>Chapter - I</b>	<b>Overview</b> This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and Government of NCT of Delhi's fiscal position including the deficits/surplus.
<b>Chapter - II</b>	<b>Finances of the State</b> This chapter provides a broad perspective of the finances of the Government of NCT of Delhi, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2017-18 to 2021-22 and debt profile of the Government of NCT of Delhi, based on the Finance Accounts of the Government of NCT of Delhi.
<b>Chapter - III</b>	<b>Budgetary Management</b> This chapter is based on the Appropriation Accounts of the Government of NCT of Delhi and reviews the appropriations and allocative priorities of the GNCTD and reports on deviations from Constitutional provisions relating to budgetary management.
<b>Chapter - IV</b>	<b>Quality of Accounts and Financial Reporting Practices</b> This chapter comments on the quality of accounts rendered by various authorities of the GNCTD and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the GNCTD.
<b>Chapter - V</b>	<b>State Public Sector Undertakings</b> This chapter comments on the functioning of State Public Sector Undertakings.

### 1.4 Overview of Government Accounts Structure and Budgetary Processes

The accounts of the Government of the NCT of Delhi (GNCTD) are kept in two parts:

#### 1. Consolidated Fund of the Government of National Capital Territory of Delhi (Section (46) of the GNCTD Act, 1991)

The fund comprises all revenues received by the GNCTD, loans received from the Government of India, all grants made and all moneys received by the GNCTD in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in the Act.

## 2. Contingency Fund of the Government of National Capital Territory of Delhi (Section 47 of the GNCTD Act, 1991)

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Lieutenant Governor to enable advances to be made for meeting unforeseen expenditure, pending authorisation of such expenditure by the State Legislature.

Besides, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. As there is no Public Account separately for the Government of NCT of Delhi, transactions related to Public Account (Deposits, Advances, Remittances and Suspense) are merged in the Public Account of the Union Government. The closing balance of the GNCTD is merged with and forms part of the general cash balance of the Union Government and is treated as lying in deposit with the Government. The fiscal liabilities of the Government of NCT of Delhi comprise largely of share of small savings collections.

Delhi is not covered under the recommendations of the Central Finance Commission and it gets grants-in-aid in lieu of State's share of Union taxes and duties.

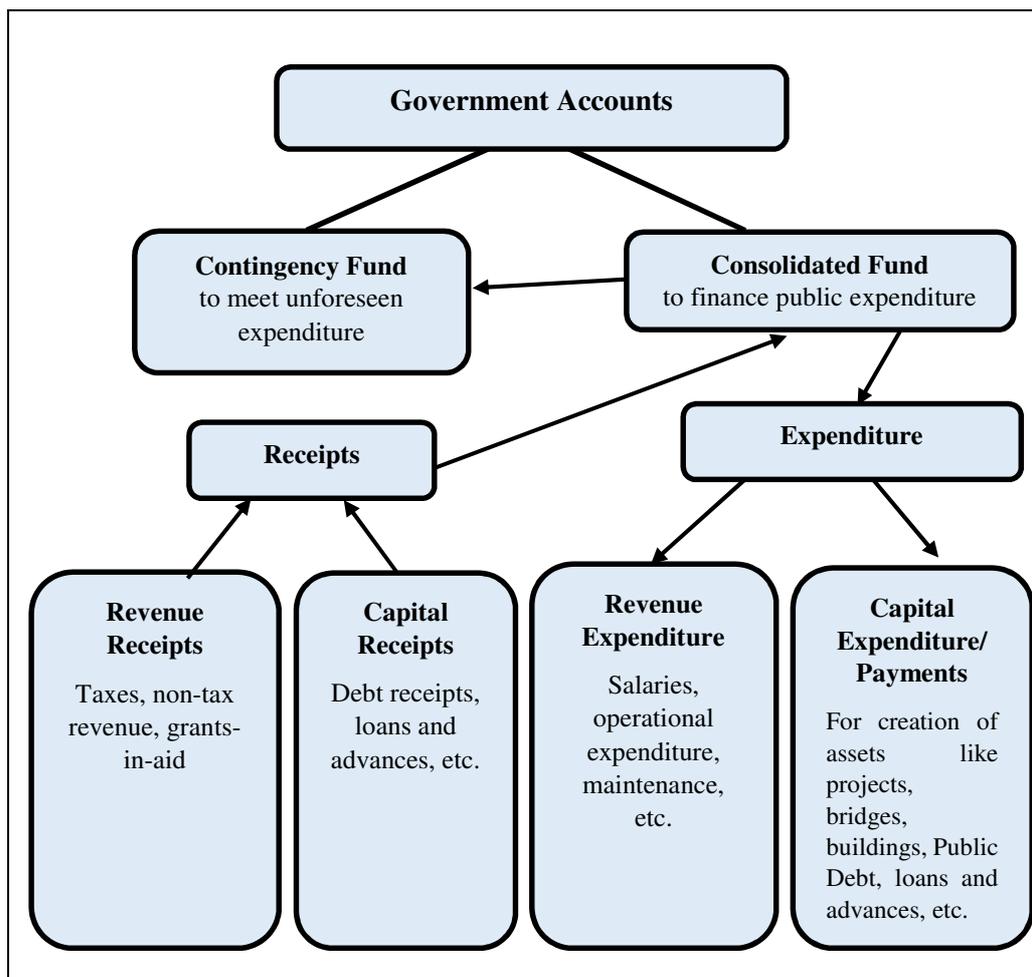
**Revenue receipts** consist of the Government of NCT of Delhi's tax revenue, non-tax revenue and grants-in-aid from Government of India (GoI).

**Revenue expenditure** consists of all those expenditures of the government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and providing various services, interest payments on debt incurred by the government, and grants-in-aid given to various institutions (even though some of the grants may be meant for creation of assets).

**Capital receipts** of GNCTD include recoveries of loans and advances, receipts through loan from GoI and miscellaneous capital receipts.

**Capital expenditure** broadly defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. It includes expenditure on the acquisition of land, building, machinery, equipment, investment in PSUs.

**Chart 1.3: Structure of Government Accounts of GNCTD**



### **Budgetary Processes**

In terms of Section 27 of the GNCTD Act, 1991, the Lieutenant Governor of NCTD, in respect of every financial year shall cause to be laid before the Legislative Assembly, a statement of the estimated receipts and expenditure of the capital for that year, in the form of an Annual Financial Statement.

In terms of Section 28 of the above Act, the statement is submitted to the State Legislature in the form of Demand for Grants/Appropriation and after approval of these, the Appropriation bill is passed by the State Legislature under Section 29 of the Act to provide for appropriation of the required moneys out of the Consolidated Fund.

Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the GNCTD are detailed in **Chapter III** of this Report.

### 1.4.1 Snapshot of Finances

**Table 1.3** provides the details of actual financial results vis-a-vis budget estimates and actuals for the year 2021-22 and actuals of 2020-21.

The details of receipts and disbursements as well as the overall fiscal position during the last five years are given in **Appendix 1.1**.

**Table 1.3: Actual financial results vis-a-vis budget estimates**

(₹ in crore)

Sl. No.	Components	2020-21 Actuals	2021-22			
			Budget Estimates	Actuals	Percentage of actuals to BE	Percentage of actuals to GSDP
1	Tax Revenue	29,425	43,000	40,019	93.07	4.33
2	Non-tax Revenue	980	1,000	827	82.70	0.09
3	Grants-in-aid and Contributions	11,459	9,070	8,467	93.35	0.92
4	<b>Revenue Receipts (1+2+3)</b>	<b>41,864</b>	<b>53,070</b>	<b>49,313</b>	92.92	5.34
5	Recovery of Loans and Advances	631	1,000	623	62.30	0.07
6	Other Receipts	-	-	-	-	-
7	Borrowings and other Liabilities <sup>(a)</sup>	6,708	9,285	7,021	75.62	0.09 <sup>3</sup>
8	<b>Capital Receipts (5+6+7)</b>	<b>7,339</b>	<b>10,285</b>	<b>7,644</b>	74.32	0.83
9	<b>Total Receipts (4+8)</b>	<b>49,203</b>	<b>63,355</b>	<b>56,957</b>	89.90	6.16
10	<b>Revenue Expenditure, of which</b>	<b>40,414</b>	<b>51,799</b>	<b>46,043</b>	88.89	4.98
11	- Interest payments	2,874	3,334	3,274	98.20	0.35
12	<b>Capital Expenditure</b>	<b>4,699</b>	<b>10,557</b>	<b>8,311</b>	78.73	0.90
13	<b>Loans and advances</b>	<b>4,090</b>	<b>2,378</b>	<b>2,603</b>	109.46	0.28
14	<b>Total Expenditure (10+12+13)</b>	<b>49,203</b>	<b>64,734</b>	<b>56,957</b>	87.99	6.16
15	<b>Revenue Surplus/ (4-10)</b>	<b>1,450</b>	<b>1,271</b>	<b>3,270</b>	257.28	0.35
16	<b>Fiscal Deficit {(4+5+6)-14}</b>	<b>(-) 6,708</b>	<b>(-) 10,664</b>	<b>(-) 7,021</b>	65.84	-0.76
17	<b>Primary Deficit/(16+11)</b>	<b>(-) 3,834</b>	<b>(-) 7,330</b>	<b>(-) 3,747</b>	51.12	-0.41

- (a) Borrowings and other liabilities: Net (Receipts - Disbursements) of Public Debt and Net of Opening and Closing Cash Balance merged with General Cash Balance of GoI. For the years 2020-21 and 2021-22, Effective Borrowing and other Liabilities would be ₹ 843 crore and ₹ 828 crore respectively as the Department of Expenditure, GoI had decided that GST compensation of ₹ 5,865 crore and ₹ 6,193 crore for 2020-21 and 2021-22, respectively given to State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

GST compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST compensation of ₹ 7,230 crore as revenue receipts, due to inadequate balance in GST compensation fund during 2021-22, Delhi also received back to back loan of ₹ 6,193 crore under debt receipts of the GNCTD with no repayment liability for the State. Due to this arrangement, the revenue surplus of ₹ 3,270 crore and fiscal deficit of ₹ 7,021 crore may be read in conjunction with debt receipt of ₹ 6,193 crore in lieu of GST shortfall.

<sup>3</sup> Arrived at after exclusion of GST compensation of ₹ 6,193 crore received as back to back loan under debt receipts

### 1.4.2 Snapshot of Assets and Liabilities of the Government

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. The assets comprise mainly the capital expenditure, loans and advances given by the GNCTD and cash balances. The liabilities consist only of loans and advances from the GoI. The summarised position of assets and liabilities is given in **Table 1.4:**

**Table 1.4: Summarised position of Assets and Liabilities**

(₹ in crore)

Liabilities					Assets				
		2020-21	2021-22	Per cent increase			2020-21	2021-22	Per cent increase
<b>Consolidated Fund</b>									
A	Loans and Advances from Central Government	46,867	53,844*	14.89	a	Gross Capital Expenditure	74,984	83,294	11.08
B	Balance of capital outlay adopted from CGA during 1994-95	1,588	1,588	0	b	Loans and Advances	70,473	72,454	2.81
C	Balance of loans and advances adopted from CGA during 1994-95	3,356	3,356	0	c	Closing balance merged with the general cash balance of Government of India	11,393	11,349	-0.39
D	Cumulative Surplus in Revenue Account	1,05,039	1,08,309	3.11					
<b>Total</b>		<b>1,56,850</b>	<b>1,67,097</b>		<b>Total</b>		<b>1,56,850</b>	<b>1,67,097</b>	

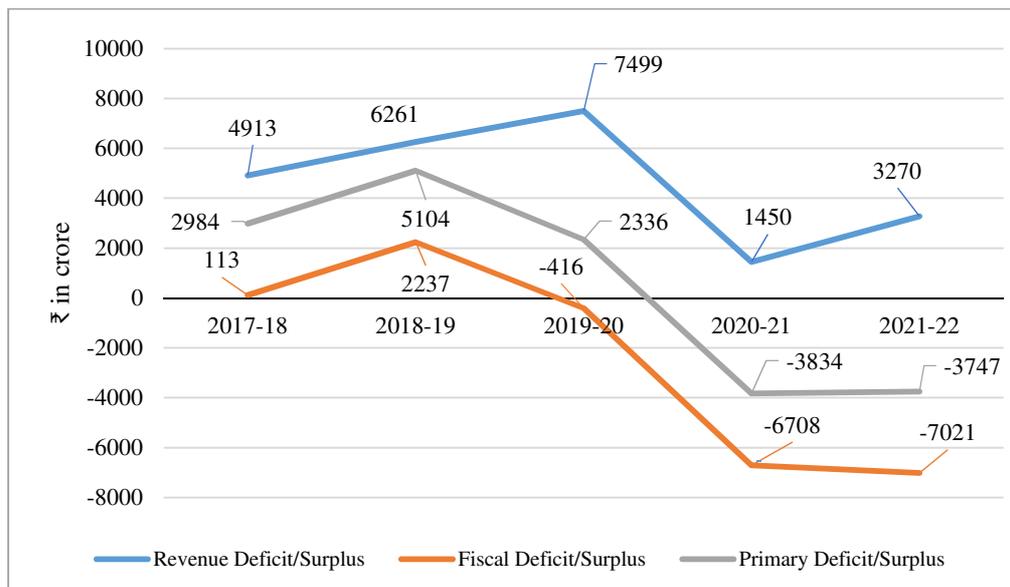
**Note:** The assets amounting to ₹ 74,984 crore and ₹ 83,294 crore as on 31 March 2021 and 31 March 2022, respectively under the head 'Gross Capital Outlay' include an amount of ₹ 1,588 crore which were adopted during 1994-95 from the Office of Controller General of Accounts. Similarly, Loans and Advances depicted on assets side amounting to ₹ 70,473 crore and ₹ 72,454 crore as on 31 March 2021 and 31 March 2022 respectively include ₹ 3,356 crore adopted during 1994-95 from the Office of Controller General of Accounts.

\* This includes an amount of ₹ 5,865 crore and ₹ 6,193 crore of back to back loans in lieu of GST compensation shortfall from GoI during 2020-21 and 2021-22, respectively with no repayment liability for the State.

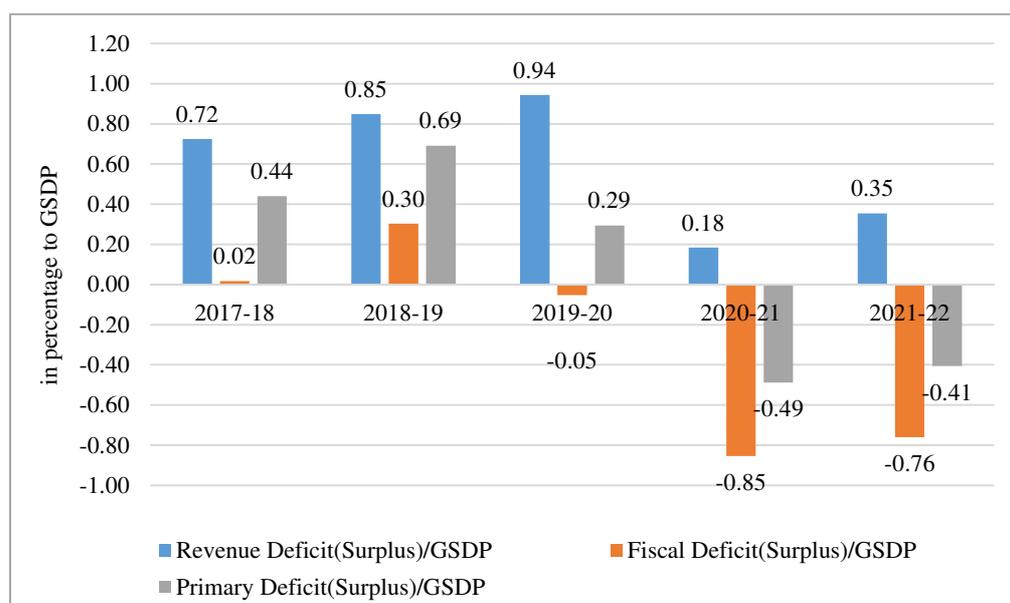
### 1.5 Trends in surplus/deficit

**Charts 1.4 and 1.5** give trends in surplus/deficit indicators and the surplus/deficit/ trends relative to GSDP during the period 2017-18 to 2021-22.

**Chart 1.4: Trends in surplus/deficit indicators over the period 2017-18 to 2021-22**



**Chart 1.5: Trends in deficit indicators relative to GSDP over the period 2017-18 to 2021-22**



It can be seen from **Chart 1.4**, fiscal surplus 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, which further dipped to a deficit of ₹ 7,021 crore during 2021-22 due to increase (20.48 per cent) in the aggregate of Revenue expenditure and Capital Expenditure from ₹ 45,113 crore (2020-21) to ₹ 54,354 crore (2021-22). Fiscal deficit stood at (-) 0.76 per cent of GSDP in 2021-22 as against fiscal deficit of (-) 0.85 per cent of GSDP in 2020-21.

