

CHAPTER-1

OVERVIEW

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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.

As per Population Projections by National Commission on Population, Ministry of Health & Family Welfare, the State's population was 2.18 crore during 2023-24, which accounts for 1.56 *per cent* of the country's population and ranks 19th among States in terms of population. The population density of NCTD was the highest amongst the States and stood at 14,667.57 persons per sq. km. Further, the density of NCTD was 34 times higher than the national average of 426.09 persons per sq. km. The State's literacy rate is 86.21 *per cent* as per 2011 Census, which is greater than average literacy rate of 72.98 *per cent* of India. In Delhi, male literacy rate is 90.94 *per cent* and female literacy rate is 80.76 *per cent*. The geographical and socio-economic profile of NCT of Delhi is given in **Appendix 1.1**.

1.1.1 Gross State Domestic Product of the 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. 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.

Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors. Primary and secondary sectors correspond to Agriculture and Industry sectors, respectively. Tertiary sector corresponds to Service sectors. Trends in GSDP¹ of NCT of Delhi, are shown in **Table 1.1**; growth rate of GSDP vs GSVA during the period 2019-20 to 2023-24 and sectoral growth in GSDP are given in **Chart 1.1** and **Chart 1.2** respectively.

¹ At current prices

Table 1.1: Trends in GSDP compared to the GDP

(₹ in lakh crore)

Year ²	2019-20	2020-21	2021-22	2022-23	2023-24
INDIA					
Gross Domestic Product (GDP) ³ at current prices (2011-12 Series)	201.04	198.54	235.97	269.50	295.36
Gross Value Added ⁴ (GVA)	183.81	182.11	216.36	246.59	267.62
Growth rate of GDP over previous year (in per cent)	6.37	(-)1.24	18.85	14.21	9.60
Growth rate of GVA over previous year (in per cent)	7.02	(-)0.93	18.81	13.97	8.53
Per capita GDP (in ₹)	1,49,915	1,46,480	1,72,422	1,94,879	2,11,725
STATE/UNION TERRITORY					
GSDP at current prices (2011-12 Series)	7.93	7.44	8.81	10.15	11.08
Gross State Value Added (GSVA)	7.04	6.67	7.78	8.90	9.74
Growth rate of GSDP over previous year (in per cent)	7.38	(-)6.13	18.42	15.13	9.17
Growth rate of GSVA over previous year (in per cent)	8.73	(-)5.32	16.71	14.38	9.45
Per capita GSDP (in ₹)	3,95,763	3,64,592	4,23,699	4,78,739	5,13,131

Source: NSO (MoSPI) and Estimates of State Domestic Product of Delhi 2023-24, Directorate of Economics and Statistics, GNCTD.

The Gross State Domestic Product (GSDP) in 2023-24 at current prices was ₹11.08 lakh crore and the GDP in 2023-24 at current prices was ₹ 295.36 lakh crore. Further, the per capita GSDP of the State for the year 2023-24 was 142.36 per cent higher than the national average and stood at ₹ 5,13,131 while that of the country was ₹ 2,11,725. However, the growth in per capita GSDP of the State (29.66 per cent) during the period 2019-20 to 2023-24 could not keep pace with the growth in per capita GDP of the country (41.23 per cent) during the same period.

Gross Value Added (GVA) is being used for economic analysis by GoI and international organisations like IMF and World Bank as GVA is considered a

² **GSDP:** Provisional Estimates (PE) for 2021-22, Quick Estimates (QE) for 2022-23 and Advance Estimates (AE) for 2023-24. **GDP:** First Revised Estimates (FRE) for 2022-23 and Provisional Estimates (PE) for 2023-24.

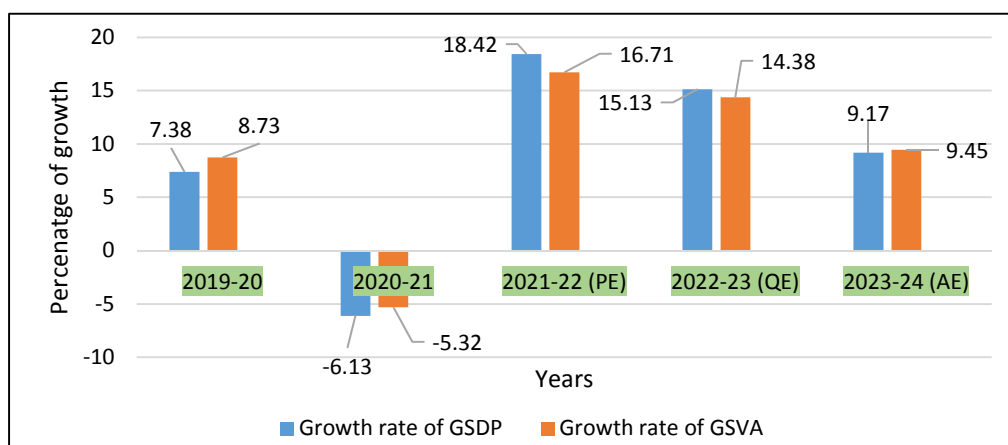
³ GDP is a measure of a country's economic activity that is calculated by adding the monetary value of all goods and services produced within a country over a specific period of time. When these connotations are used in respect of a State, it is referred to as GSDP or Gross State Domestic Product. GDP or GSDP includes all taxes.

⁴ GVA measures the value added to all the goods or services produced within a country. When these connotations are used in respect of a State, it is referred to as GSVA or Gross State Value Added. GVA or GSVA does not include taxes.

better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. GDP is computed as the sum-total of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending reflecting essentially on the demand conditions in the economy. Both measures differ in the treatment of net taxes, GDP is computed including taxes while GVA excludes them. From a policymaker's perspective, it is, therefore, vital to have a comparison of the GVA and GSVA (Gross State Value Added) data for better analysis and better policy/decision making.

The trends of GSDP and GSVA for the period from 2019-20 to 2023-24 is indicated in the **Chart 1.1** below:

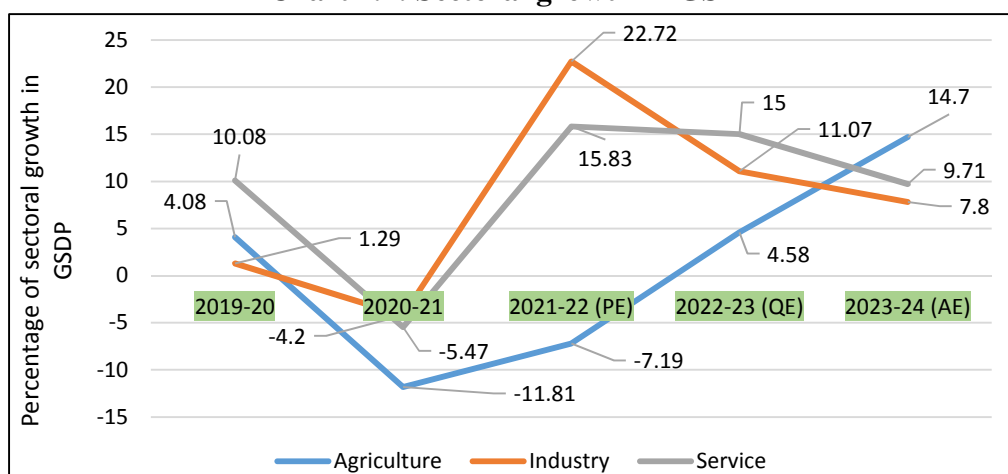
Chart 1.1: Growth rate of GSDP vs GSVA during the period 2019-20 to 2023-24



Source: Estimates of State Domestic Product of Delhi 2023-24, Directorate of Economics and Statistics, GNCTD.

Changes in sectoral contribution to the GSDP are also important to understand the changing structure of the economy. The sectoral contribution of agriculture, industry and service sectors in GSDP is as per **Chart 1.2**.

Chart 1.2: Sectoral growth in GSDP



Source: Estimates of State Domestic Product of Delhi 2023-24, Directorate of Economics and Statistics, GNCTD.

It is evident from **Chart 1.2** that during 2023-24, while the growth rate over the previous year in Agriculture sector increased, it decreased in Industry and Service sectors. 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 as detailed in **Paragraph 1.4** and **Chapter 2** 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. Controller of Accounts, GNCTD prepares the Finance and Appropriation Accounts of the State annually. 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 the audit carried out by the office of the Accountant General (Audit), Delhi.
- Various audit reports of the CAG of India have also been used for analysis/commentary, as appropriate.

The Draft State Finances Audit Report was sent to the Government of NCT of Delhi in January 2025 for comments. Principal Secretary (Finance), GNCTD has been requested to intimate a convenient date for conducting the exit conference. Replies received from the State Government have been suitably incorporated in the Report.

1.3 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 of all revenues received by GNCTD, loans received from the Government of India, all grants made and all moneys received by GNCTD in repayment of loans. No moneys can be appropriated from this Fund except by 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 authorization 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, Reserve Funds, 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 Union Government. The fiscal liabilities of the Government of NCT of Delhi comprise of 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.

Budget Document

Revenue receipts consist of GNCTD'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. GNCTD is not empowered to raise loans in the open market. All loans required are advanced to it from the Consolidated Fund of India.

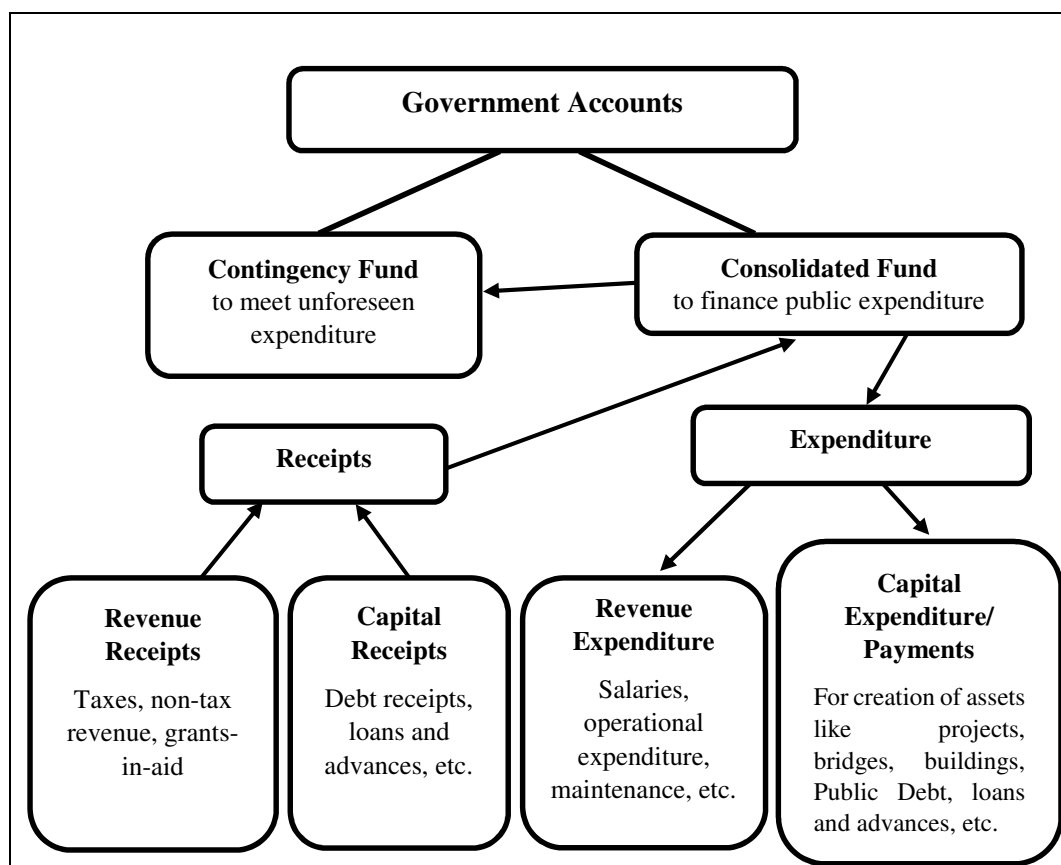
Capital expenditure broadly defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. It includes expenditure on the acquisition of land, building, machinery, equipment, investment in PSUs.

At present we have an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	Classification
Standardized in List of Major and Minor Heads by CGA	Function-Education, Health etc./Department	Major Head (4-digit)
	Sub-Function	Sub-Major Head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head(2-digit)
	Sub-Scheme	Detailed-Head(2-digit)
	Economic nature/Activity	Object-Head-Salary, Minor works etc.(2-digit)

The functional classification let us know the department, function, scheme or program and object of the expenditure. Economic classification helps organize these payments as revenue, capital, debt etc. Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure etc. Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “Salary” object head is revenue expenditure, “Construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

Chart 1.3: Structure of Government Accounts of GNCTD



Source: Finance Accounts, 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 Demands 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 3** of this Report.

1.3.1 Snapshot of Finances

Table 1.2 provides the details of actual financial results vis-a-vis budget estimates and actuals for the year 2023-24 and actuals of 2022-23.

The details of receipts and disbursements as well as the overall fiscal position during the last five years are given in **Appendix 1.2**.

Table 1.2: Actual financial results vis-à-vis budget estimates

(₹ in crore)

Sl. No.	Components	2022-23 Actuals	2023-24			
			Budget Estimates	Actuals	Percentage of actuals to BE	Percentage of actuals to GSDP
1.	Tax Revenue	47,363	53,565	53,681	100.22	4.85
2.	Non-tax Revenue	581	1,050	1,024	97.52	0.09
3.	Grants-in-aid and Contributions	14,759	8,137	2,093	25.72	0.19
4.	Revenue Receipts (1+2+3)	62,703	62,752	56,798	90.51	5.13
5.	Recovery of Loans and Advances	1,258	621	98	15.78	0.01
6.	Borrowings and other Liabilities	(-)4,566	10,001	3,934	39.34	0.36
7.	Capital Receipts (5+6)	(-)3,308	10,622	4,032	37.96	0.36
8.	Total Receipts (4+7)	59,395	73,374	60,830	82.90	5.49
9.	Revenue Expenditure, of which	48,246	56,983	50,336	88.34	4.54
10.	Interest payments	3,266	3,094	3,094	100.00	0.28
11.	Capital Expenditure	8,065	11,190	6,855	61.26	0.62
12.	Loans and advances	3,084	5,587	3,639	65.13	0.33
13.	Total Expenditure (9+11+12)	59,395	73,760	60,830	82.46	5.49
14.	Revenue Surplus/ (4-9)	14,457	5,769	6,462	112.01	0.58
15.	Fiscal Deficit (-)/Surplus(+) {(4+5)-13}	4,566	(-)10,387	(-)3,934	37.89	(-)0.36
16.	Primary Deficit (-)/Surplus (+) (15+10)	7,832	(-)7,293	(-)840	11.52	(-)0.08

Note: Borrowings and other liabilities: Net (Receipts - Disbursements) of Public Debt and Net of Opening and Closing Balance merged with General Cash Balance of GoI. No back to back loan was received during 2022-23 and 2023-24.

Grants-in-aid and contributions (GIA) decreased by ₹ 12,666.16 crore (85.82 *per cent*) over the previous year, which is mainly attributable to decrease in the receipt of 'Compensation for Loss of Revenue arising out of implementation of GST' under GST (Compensation to States) Act, 2017 by ₹ 11,679.22 crore (91.12 *per cent*). The said decrease in GIA was on the expected lines as GNCTD had projected lower revised estimates for GIA at ₹ 4,846 crore, which was 67 *per cent* less than last year's actuals.

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.

1.3.2 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 balance. The liabilities consist only of loans and advances from the GoI. The summarized position of assets and liabilities is given in **Table 1.3:**

Table 1.3: Summarized position of Assets and Liabilities

(₹ in crore)

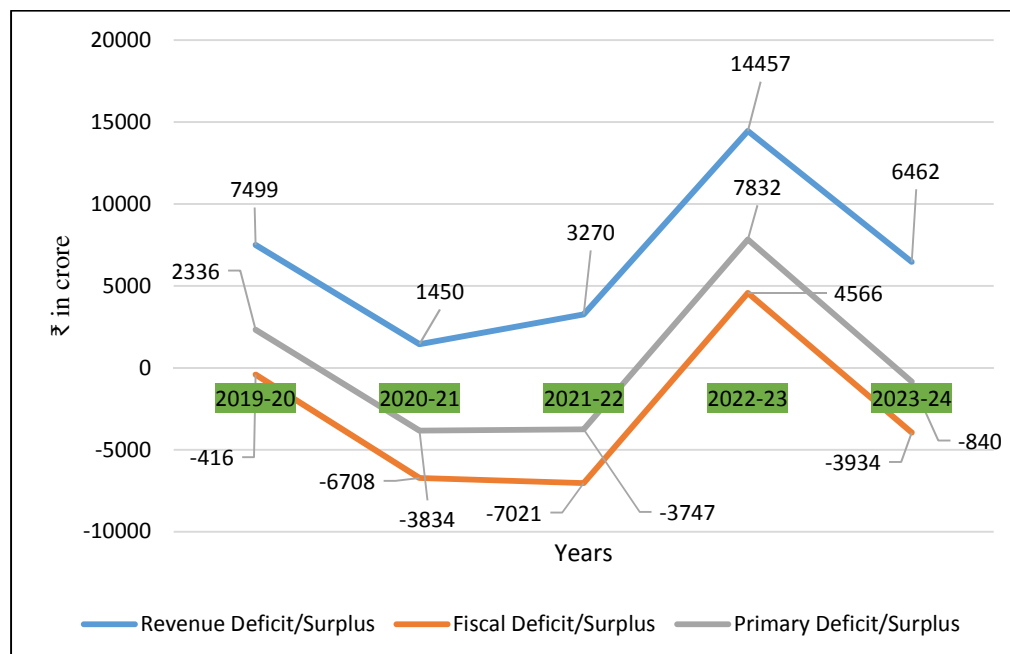
Liabilities					Assets				
		2022-23	2023-24	Per cent increase			2022-23	2023-24	Per cent increase
Consolidated Fund									
A	Loans and Advances from Central Government	52,380	47,387	(-) 9.53	a	Gross Capital Expenditure	91,359	98,215	7.50
B	Balance of capital outlay adopted from CGA during 1994-95	1,588	1,588	0	b	Loans and Advances	74,280	77,821	4.77
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	14,451	5,523	(-) 61.78
D	Cumulative Surplus in Revenue Account	1,22,766	1,29,228	5.26					
Total		1,80,090	1,81,559		Total		1,80,090	181,559	

Note: The assets amounting to ₹ 91,359 crore and ₹ 98,215 crore as on 31 March 2023 and 31 March 2024 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 ₹ 74,280 crore and ₹ 77,821 crore as on 31 March 2023 and 31 March 2024 respectively include ₹ 3,356 crore adopted during 1994-95 from the Office of Controller General of Accounts.

1.4 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 2019-20 to 2023-24.

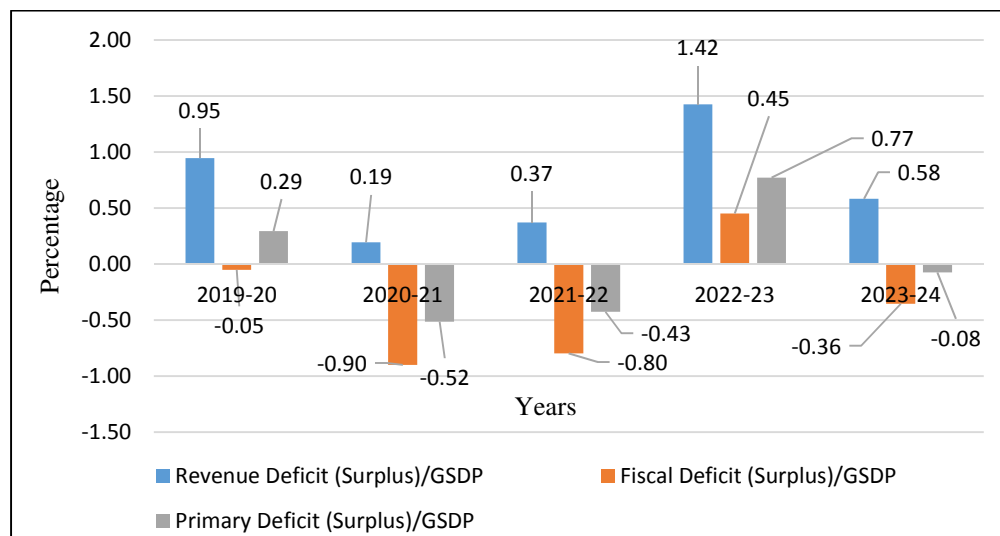
Chart 1.4: Trends in surplus/deficit indicators over the period 2019-20 to 2023-24



Source: Principal Accounts Office, GNCTD.

It can be seen from **Chart 1.4**, fiscal deficit increased consistently during 2019-20 to 2023-24 from ₹ 416 crore to ₹ 3,934 crore during 2023-24 with the exception of 2022-23 reporting a fiscal surplus of ₹ 4,566 crore. The variation in fiscal deficit during 2023-24 over the previous year was mainly attributable to decrease in the receipt of GIA towards 'Compensation for Loss of Revenue arising out of implementation of GST' under GST (Compensation to States) Act, 2017 by ₹ 11,679.22 crore (91.12 *per cent*), which was on the expected lines since GNCTD had projected lower revised estimates for GIA at ₹ 4,846 crore, which was 67 *per cent* less than the actuals for the previous year. Further, as per **Chart 1.5**, Fiscal deficit stood at (-) 0.36 *per cent* of GSDP in 2023-24 as against fiscal surplus of 0.45 *per cent* of GSDP in 2022-23.

Chart 1.5: Trends in deficit indicators relative to GSDP over the period 2019-20 to 2023-24



Source: Estimates of State Domestic Product of Delhi 2023-24, Directorate of Economics and Statistics, GNCTD.