

CHAPTER-2

FINANCES OF THE GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI

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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 of Delhi (GNCTD) during FY 2023-24 and analyses changes in the key fiscal aggregates as compared to the previous year, keeping in view the overall trends during the last five years.

2.1 Major changes in key fiscal aggregates in FY 2023-24 vis-à-vis FY 2022-23

This section gives a bird's eye view of the major changes in key fiscal aggregates of GNCTD during the financial year, compared to the previous year. Each of these indicators have been analysed in the succeeding paragraphs. Major changes in key fiscal aggregates in FY 2023-24 compared to FY 2022-23 are given in **Table 2.1**:

Table 2.1: Changes in key fiscal aggregates of GNCTD in FY 2023-24 compared to FY 2022-23

Revenue Receipts	<ul style="list-style-type: none"> ✓ Revenue receipts decreased by 9.42 <i>per cent</i>. ✓ Own Tax receipts increased by 13.34 <i>per cent</i>. ✓ Non-tax receipts increased by 76.25 <i>per cent</i>. ✓ Grants-in-Aid from Government of India decreased by 85.82 <i>per cent</i>.
Revenue Expenditure	<ul style="list-style-type: none"> ✓ Revenue expenditure increased by 4.33 <i>per cent</i>. ✓ Revenue expenditure on General Services decreased by 2.19 <i>per cent</i>. ✓ Revenue expenditure on Social Services increased by 3.70 <i>per cent</i>. ✓ Revenue expenditure on Economic Services increased by 3.70 <i>per cent</i>. ✓ Expenditure on Compensation and Assignments to Local Bodies and Panchayati Raj Institutions increased by 20.73 <i>per cent</i>.
Capital Receipts	<ul style="list-style-type: none"> ✓ Debt Capital Receipts decreased by 100 <i>per cent</i>. ✓ Non-debt Capital Receipts decreased by 92.21 <i>per cent</i>.
Capital Expenditure	<ul style="list-style-type: none"> ✓ Capital expenditure decreased by 15 <i>per cent</i>. ✓ Capital expenditure on General Services decreased by 24.96 <i>per cent</i>. ✓ Capital expenditure on Social Services decreased by 41.35 <i>per cent</i>. ✓ Capital expenditure on Economic Services increased by 29.03 <i>per cent</i>.
Loans and Advances	<ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances increased by 18 <i>per cent</i>. ✓ Recoveries of Loans and Advances decreased by 92.21 <i>per cent</i>.
Public Debt	<ul style="list-style-type: none"> ✓ Public Debt Receipts decreased by 100 <i>per cent</i>. ✓ Repayment of Public Debt increased by 5.92 <i>per cent</i>.

2.2 Sources and Application of Funds

This section compares the components of the sources and application of funds of GNCTD during the financial year compared to the previous year. Details of sources and application of funds during 2022-23 and 2023-24 are shown in **Table 2.2**, **Chart 2.1** and **Chart 2.2**.

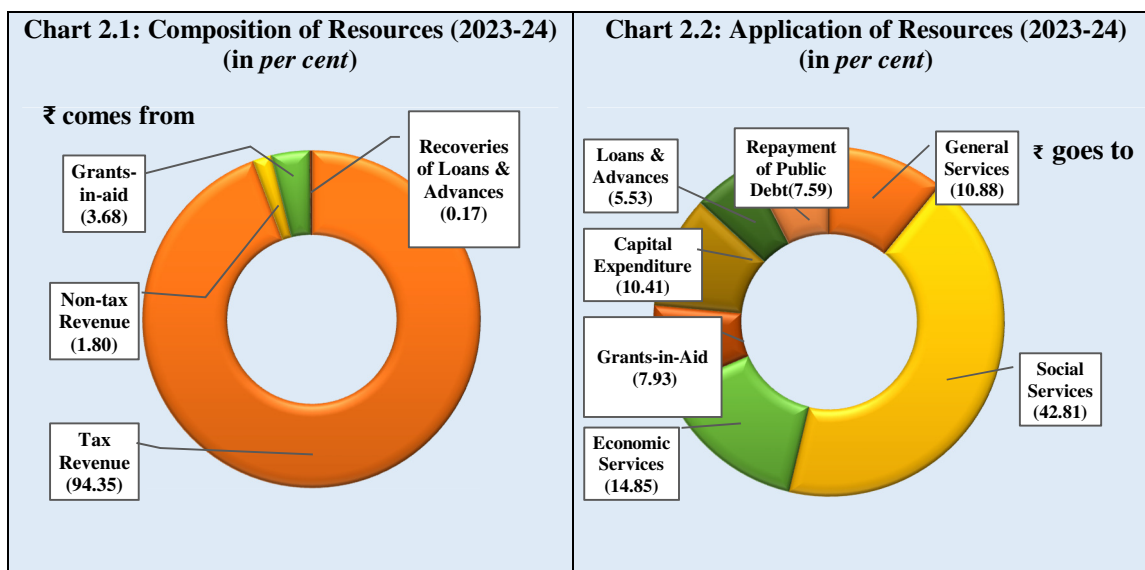
Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24

(₹ in crore)

	Particulars	2022-23	2023-24	Increase/ Decrease (in per cent)
Sources	Opening Balance	11,349	14,451	27.33
	Revenue Receipts	62,703	56,798	(-) 9.42
	Recoveries of Loans and Advances	1,258	98	(-) 92.21
	Public Debt Receipts (Net)	(-) 1,464	(-)4994 ¹	(-) 241.12
	Total	73,846	66,353	(-) 10.14
Application	Revenue Expenditure	48,246	50,336	4.33
	Capital expenditure	8,065	6,855	(-) 15
	Disbursement of Loans and Advances	3,084	3,639	18
	Closing Balance ²	14,451	5,523	(-) 61.78
	Total	73,846	66,353	(-) 10.15

Source: Finance Accounts of respective years

Composition and application of resources in the Consolidated Fund of the State during 2023-24 is given in **Chart 2.1** and **Chart 2.2**.



Source: Finance Accounts

While tax revenue remained the largest contributor to GNCTD's resources, the funds were applied largely for social services.

¹ Due to decrease in public debt receipts by ₹ 3,251.22 crore (100 per cent) over the previous year.

² The closing balance of National Capital Territory of Delhi of ₹ 5,523 crore is depicted under the major head '8450: Balance Account of Union Territories' which gets merged in the Union cash balance.

2.3 Resources of GNCTD

The resources of GNCTD are described below:

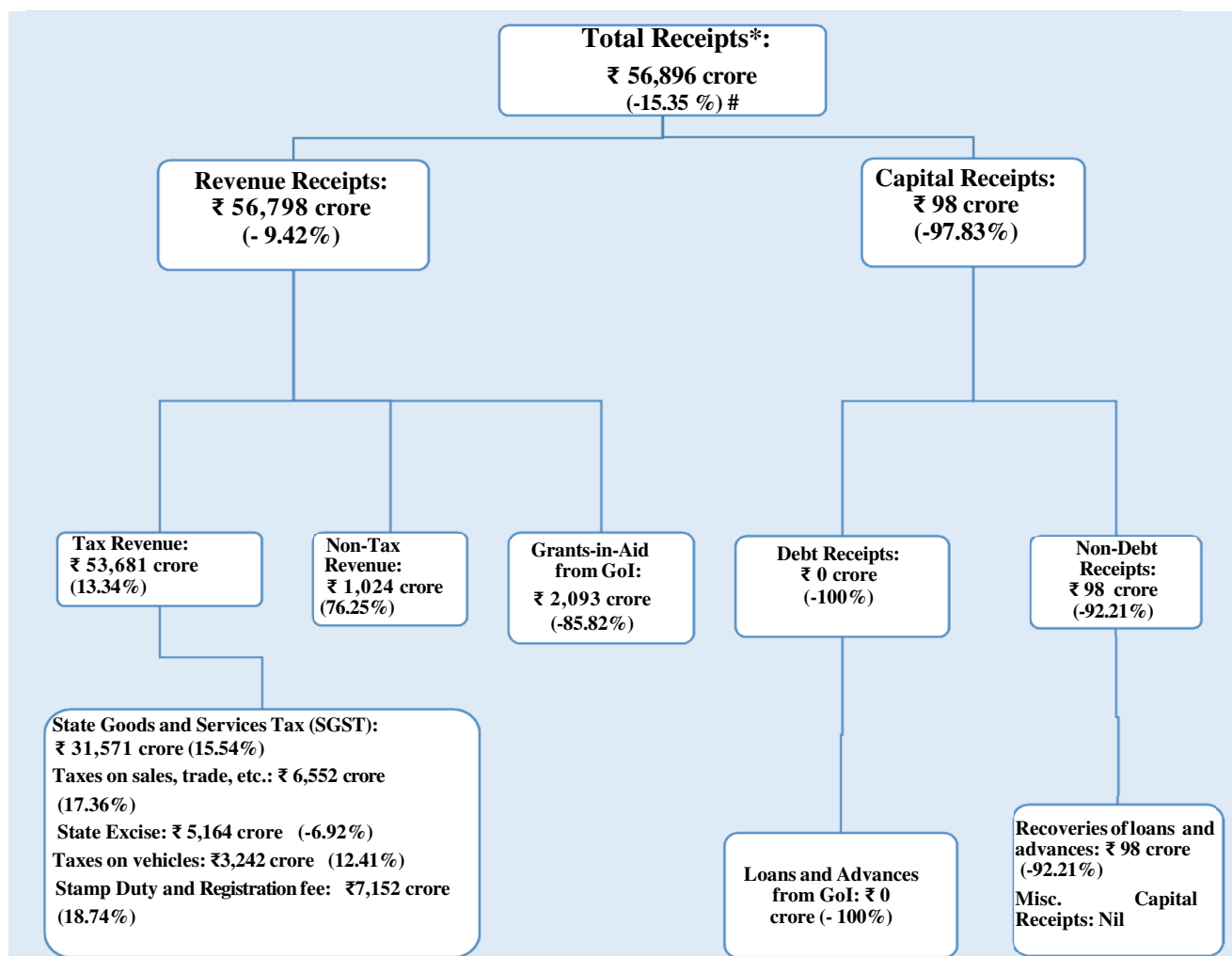
- Revenue receipts** consist of tax revenue, non-tax revenue and grants-in-aid from the Government of India (GoI).
- Capital receipts** (debt and non-debt receipts) of GNCTD include recoveries of loans and advances disbursed to SPSEs etc., receipts through loan from GoI and miscellaneous capital receipts.

Both revenue and capital receipts form part of the Consolidated Fund of GNCTD.

2.3.1 Receipts of GNCTD

The composition of overall receipts is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of GNCTD during 2023-24



Source: Finance Accounts

* excluding Opening balance and Contingency Fund

figures in parenthesis indicate the growth rate over the previous year

Revenue receipts have, thus, witnessed a decline of 9.42 *per cent* over the previous year and capital receipts a decline of 97.83 *per cent*. Detailed analysis is in paras below.

2.3.2 GNCTD's Revenue Receipts

Revenue receipts consist of GNCTD's tax and non-tax revenues and grants-in-aid from GoI.

2.3.2.1 Trends and growth of Revenue Receipts

The trends in growth of revenue receipts, revenue receipts relative to GSDP, buoyancy ratio and composition of revenue receipts are given in **Table 2.3**.

Table 2.3: Trends in Revenue Receipts

(₹ in crore)					
Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR)	47,136	41,864	49,313 ³	62,703	56,798
Rate of growth of RR (per cent)	9.33	(-)11.18	17.79	27.15	(-) 9.42
Own Tax Revenue (a)	36,566	29,425	40,019	47,363	53,681
Rate of growth of Own Tax Revenue (per cent)	(-)0.16	(-) 19.53	36.00	18.35	13.34
Own Non-Tax Revenue (b)	1,097	980	827	581	1,024
Own revenue (a + b)	37,663	30,405	40,846	47,944	54,705
Rate of growth of Own Revenue (per cent)	1.06	(-)19.27	34.34	17.38	14.10
Grants-in-Aid from GoI	9,473	11,459	8,467	14,759	2,093
Rate of growth of Grants-in-Aid from GoI (per cent)	62.10	20.96	(-) 26.11	74.31	(-) 85.82
Gross State Domestic Product (GSDP) (2011-12 Series) (Rupees in lakh crore)	7.93	7.44	8.81	10.15	11.08
Rate of growth of GSDP (per cent)	7.38	(-) 6.13	18.42	15.13	9.17
RR/GSDP (per cent)	5.94	5.62	5.60	6.18	5.13
Buoyancy Ratios⁴					
Government of NCT of Delhi's Own Tax Revenue Buoyancy w.r.t GSDP	(-) 0.02	3.19	1.95	1.21	1.45

Source: Directorate of Economics and Statistics, GNCTD.

The following emerges from **Table 2.3** above:

- (a) Revenue receipts increased from ₹ 47,136 crore in 2019-20 to ₹ 56,798 crore in 2023-24 at an annual average growth rate of 7 per cent on account of the

³ GST compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. Delhi also received back to back loan of ₹ 5,865 crore and ₹ 6,193 crore during 2020-21 and 2021-22 respectively under debt receipts of GNCTD with no repayment liability for the State. Due to this arrangement, revenue may be read in conjunction with debt receipt in lieu of GST compensation.

⁴ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, Own tax revenue buoyancy with respect to GSDP at 1.45 implies that own tax revenue receipts tend to increase by 1.45 percentage points, if the GSDP increases by one per cent.

growth in own tax revenue by ₹17,115 crore (46.81 *per cent*) in the said period. However, during 2023-24 revenue receipts decreased mainly due to decrease in Grants in aid (GIA) from GoI by ₹ 12,666.16 crore. In fact, GNCTD did not receive any special assistance towards discretionary grant of ₹325 crore in lieu of share in central taxes and also receipt of GST compensation declined substantially by ₹11,679.22 crore (91.12 *per cent*), which was attributable to ‘the sunset clause of 5 years’ (22.6.2017 to 21.06.2022) under the GST (Compensation) to States) Act, 2017 as per which GST Compensation to States was payable for revenue loss only up to June 2022.

- (b) During 2019-20, about 79.90 *per cent* of revenue receipts came from GNCTD’s own resources while Grants-in-aid contributed 20.10 *per cent*. In the year 2023-24, about 96.32 *per cent* of revenue receipts came from GNCTD’s own resources while grants-in-aid contributed 3.68 *per cent*.
- (c) Own tax revenue showed increasing trend from 2019-20 to 2023-24 (with the exception of 2020-21). The increase in the current year by ₹ 6,318 crore (13.34 *per cent*) in 2023-24 over the previous year was attributable to surge in the receipts of SGST (₹ 4,247 crore) and enhanced receipts under Stamp duty and Registration fee (₹ 1,129 crore).
- (d) The share of GNCTD’s own tax revenue to total revenue receipts increased from 77.58 *per cent* in 2019-20 to 94.51 *per cent* in 2023-24. This is attributable to increase in growth rate of own tax revenue (46.81 *per cent*) as compared to the growth rate of revenue receipts (20.50 *per cent*) during the said period.
- (e) NCT of Delhi’s GSDP increased by 39.71 *per cent* in five years of period from 2019-20 to 2023-24. Further, Revenue receipts as a percentage of GSDP decreased in the current year over the previous year due to the decrease in receipt of Grants in aid from GoI. The State’s own tax revenue buoyancy with respect to GSDP increased from (-) 0.02 in 2019-20 to 1.45 in 2023-24.

2.3.2.2 GNCTD’s Own Resources

GNCTD’s performance in mobilisation of resources is assessed in terms of its own resources comprising of revenue from its own tax and non-tax sources.

Own Tax Revenue

Own tax revenues of GNCTD consist of State GST, State excise, Taxes on vehicles, Stamp duty and Registration fee, Land revenue, etc. The trend of components of own tax revenue during the period 2019-20 to 2023-24 is presented in **Table 2.4**.

Table 2.4: Components of Government of NCT of Delhi's own tax revenue

						(₹ in crore)
Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	Spark line
State Goods and Services Tax (SGST)	19,465	15,676	22,263	27,324	31,571	
Taxes on Sales, Trade, etc.	5,475	4,411	5,099	5,582	6,552	
State Excise	5,068	4,108	5,488	5,548	5,164	
Taxes on Vehicles	1,948	1,676	1,956	2,884	3,242	
Stamp duty and Resignation Fee	4,606	3,549	5,212	6,023	7,152	
Land Revenue	3	4	0	0	0	
Other Taxes	1	1	1	2	0	
Total	36,566	29,425	40,019	47,363	53,681	

The increase in SGST collection in the current year over the previous year (as per **Table 2.4** above) by ₹ 4,247 crore (15.54 *per cent*) was mainly attributable to an increase in the input tax credit cross utilisation of SGST and IGST by ₹ 822 crore coupled with increase in the apportionment of IGST by ₹ 2,332 crore over the previous year.

Variation in the actuals of tax revenue with respect to estimates

Further, as detailed in **Appendix 2.1**, the variation in the actuals of the above components of tax revenue with respect to (i) BE ranged from (-) 100 to 19.26 *per cent* with maximum recorded under Land revenue {(-) 100 *per cent*} and State Excise {(-) 29.88 *per cent*} and (ii) RE ranged from (-) 100 *per cent* to 0.73 *per cent* with maximum recorded under 'Other Taxes' {(-) 100 *per cent*}.

As per the books of RBI the amount of SGST is ₹ 31,571 crore, which matched the depiction in GNCTD Finance Accounts.

Integrated Goods and Services Tax (IGST)

GNCTD receives funds towards settlement of IGST collected by the Centre on the basis of cross utilisation of Input Tax Credit of IGST and SGST/UTGST and apportionment from GoI, which is accounted for under SGST. The details of funds received during the period 2021-2024 are given in **Table 2.5**.

Table 2.5: IGST trends for the period 2021-22 to 2023-24

				(₹ in crore)
Head	2021-22	2022-23	2023-24	
Input Tax Credit	3,761	6,389	7,210	
Apportionment of IGST (Tax)	6,820	7,289	9,610	
Apportionment of IGST (Interest)	5	19	30	
Advance Apportionment of IGST	1,413	968	(-) 332	
Total	11,999	14,665	16,518	

Arrears of revenue

Arrears of revenue indicate delayed realisation of revenue due/payable to the Government. The details of arrears of revenue as on 31 March 2024 under the Major Head '0040-Taxes on Sales, Trade', etc., as per information furnished by the Department of Trade and Taxes, GNCTD amounted to ₹68,940 crore, of which ₹ 34,911 crore was outstanding for more than five years.

Arrears of assessment

Arrears of assessment indicate potential revenue, which is blocked due to delayed assessment. During 2023-24, number of cases due for assessments was 31,817 which were fully disposed of by the end of the financial year.

Details of evasion of tax detected by the Department, refund cases, etc.

The cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department.

As per the information provided by GNCTD, cases of evasion of tax detected and details of refund cases for the year 2023-24 are depicted in **Table 2.6** and **Table 2.7** respectively.

Table 2.6: Evasion of tax detected

Head of revenue	Cases pending as on 31 March 2023	Cases detected during 2023-24	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		No. of cases pending under appeal as on 31 March 2024
				No. of cases	Amount of demand (₹ in crore)	
GST	291	47	338	07	0.97	331

Source: Department of Trade and Taxes, GNCTD

Table 2.7: Details of refund cases for the year 2023-24

Sl. No.	Particulars	GST		Sales tax/VAT	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	4,631	1,493.17	4,688	854.56
2	Claims received during the year	7,771	1,441.11	228	20.33
3	Refunds made during the year*	5,137	366.13	1741	88.93
4	Refunds rejected/set-off/adjusted during the year		84.70	684#	11.13
5	Balance outstanding at the end of year	7,265	2,483.45	3,175	774.83

*excluding provisional refund, Refund adjusted/transferred

684 cases represent refunds (included in S.no.3) and set-offs (shown in S.no.4)

Non-Tax Revenue

Non-tax revenue consists of interest receipts, dividends and profits, departmental receipts, etc. Components of GNCTD's non-tax revenue and trends are given in Table 2.8.

Table 2.8: Components of GNCTD's non-tax revenue

(₹ in crore)

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24
Interest Receipts	404	468	356	58	376
Dividends and profits	16	10	90	104	175
Other Non-tax revenue receipts	677	502	381	419	473
a) Public Works	13	43	23	43	15
b) Education	27	79	10	8	95
c) Medical & Public health	112	95	97	116	111
d) Power	87	33	52	61	59
e) Others etc.	438	252	199	191	193
Total Non-tax Revenue	1,097	980	827	581	1024

Source: Finance Accounts of respective years

As per Table 2.8, Non-tax revenue consistently registered a decreasing trend during 2019-20 to 2022-23. However, it increased during the current year by ₹ 443 crore (76.25 per cent) over the previous year mainly on account of increase in interest receipts by ₹ 318 crore (548.28 per cent).

Further, other non-tax revenue receipts decreased by ₹ 204 crore (30.14 per cent) during 2019-20 to 2022-23. However, during 2023-24, there was a slight increase by ₹ 54 crore, which was mainly attributable to enhanced receipts from 'Secondary Education (₹56 crore) and Sports & Youth Services (₹36 crore)'.

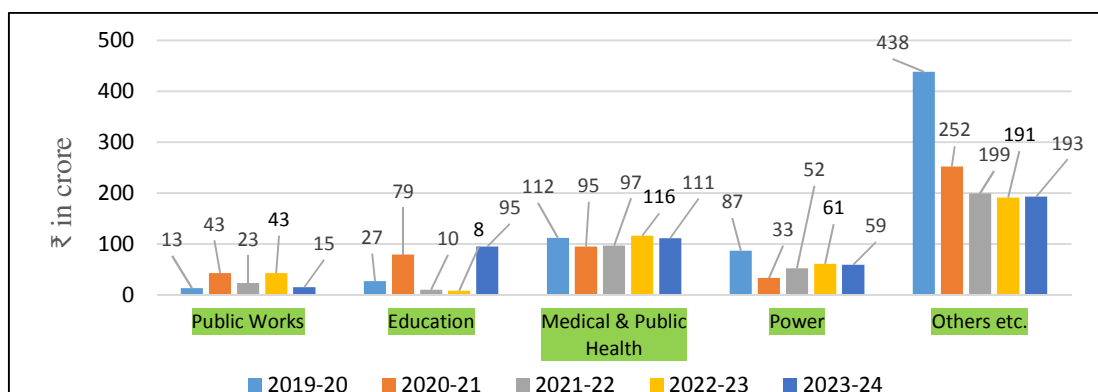
GNCTD's actual own non-tax revenue vis-à-vis RE for the year 2023-24 is shown in Table 2.9 below:

Table 2.9: GNCTD's actual own non-tax revenue vis-à-vis RE for the year 2023-24

(₹ in crore)

Non-tax revenue head	RE (as per Receipts Budget 2024-25)	Actuals	Difference between RE and Actuals	Percentage of (+) Excess/ (-) Shortfall to RE
Interest Receipts	485	376	(-) 109	(-) 22.47
Dividends and profits	90	175	(+) 85	(+) 94.44
Other non-tax revenue receipts	786	473	(-) 313	(-) 39.82
Total	1,361	1,024	(-) 337	(-) 24.76

The trends in some heads of other non-tax revenue receipts are shown in Chart 2.4.

Chart 2.4: Trends in heads of ‘Other Non-Tax revenue’**2.3.2.3 Grants-in-Aid from Government of India**

Government of India discontinued Plan and Non-plan classification for providing Grants-in-Aid (GIA) to States during 2018-19. During 2023-24, GNCTD received Grant-in-Aid (GIA) from GOI amounting to ₹ 2,093 crore, which is 25.72 per cent of BE of ₹ 8,137 crore. The details of GIA from GoI are in **Table 2.10**:

Table 2.10: Grants-in-aid from Government of India

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Centrally Sponsored Schemes (CSS)	1,169.48	1,441.46	991.93	981.79	955.34
Normal Central Assistance (block grants)	472.00	626.00	626.00	626.00	Nil
Other Grants	70.56	Nil	3.43	9.49	Nil
Grants in lieu of Share in Central Taxes	325.00	325.00	325.00	325.00	Nil
Compensation of loss of revenue arising out of implementation of GST	7,436.00	5,521.65	6,445.96	12,817.02	1,137.80
Contribution to the Delhi Disaster Response Fund	Nil	161.49	Nil	Nil	Nil
Grants to meet Revenue Deficit	Nil	3,383.00	Nil	Nil	Nil
Grants as advance assistance for relief on account of Natural Calamities	Nil	Nil	75.00	Nil	0.00
Total	9,473.04	11,458.60	8,467.32	14,759.30	2,093.14
Percentage of GIA to Revenue Receipts	20.10	27.37	17.17	23.54	3.68

Source: Finance Accounts of respective years

Due to the sunset clause in the GST Act 2017, GST Compensation being paid to state governments for the revenue loss ceased in June 2022. Thus, there was a decrease in the compensation received from GoI (for loss of revenue arising out of implementation of GST) and stood at ₹1,137.80 crore during 2023-24 in place of ₹12,817.02 crore during previous year. Resultantly, the total figures of GIA received from GoI dipped in the current year by ₹ 12,666.16 crore (85.82 per cent).

Delhi is not covered under the recommendations of the Central Finance Commission and gets grants-in-aid (₹ 325 crore since 2001-02) in lieu of State's share of Union taxes and duties. In the current year, the said grants-in-aid was not received.

2.3.2.4 Centrally Sponsored Schemes

To verify the utilisation of grants-in-aid received from GoI, under Centrally Sponsored Schemes, five schemes were selected for detailed study.

Centrally Sponsored Schemes	Unspent balance as on 31.3.2024 (percentage of available funds)	Delay in transfer of Central/State Share to SNA Account (Avoidable interest liability leviable @7 per cent per annum)	Interest earned not remitted/incorrectly remitted
		Compliance required under GOI guidelines of February 2023	Compliance required under GOI guidelines of June 2021
(i) Saksham Anganwadi and (ii) Poshan 2.0	₹ 11.06 crore (66.48%)	15 days (₹ 4.78 lakh)	₹ 12.42 lakh
(iii) Mission Vatsalya	₹ 177.66 lakh (Excess)	9 months (₹ 40.27 lakh)	₹ 24.15 lakh
(iv) Atal Mission for Rejuvenation of Urban Transformation (AMRUT 1.0 & 2.0)	<ul style="list-style-type: none"> ₹ 154.09 crore (75 per cent) {AMRUT 1.0} ₹ 67.69 crore (32 per cent) {AMRUT 2.0} 	47 days (₹ 1.40 crore) {AMRUT 1.0}	-
(v) Safe City Project for Safety of Women by Delhi Police	₹ 130.45 crore (100%)	78 days (₹ 1.09 crore)	-

Thus, for the sampled schemes examined in audit, a total of 29 per cent of the funds received by the departments remained unspent. Besides, due to delays in the transfer of central/state shares by GNCTD for these schemes, as per the relevant rules for the schemes, state government had to bear interest cost @ 7 per cent per annum. Thus, an avoidable interest liability of ₹ 2.94 crore had been created by GNCTD, which has yet to be remitted to the GoI account. Additionally, as per GoI Guidelines 2021, interest earned on government transfers had to be remitted back into the Consolidated Fund of India (CFI). However, for the five schemes examined in audit, interest earned of ₹ 36.57 lakhs had not been remitted back into CFI.

- With respect to schemes **Saksham Anganwadi and Poshan 2.0**, Department of Women and Child Development (DWCD) replied (September 2024, October 2024) that it would:
 - address the issue of delay and improve the effectiveness of the scheme
 - enhance the communication and coordination between Departments to avoid future delay.
 - review and refine their internal procedures for interest calculation and submission to avoid delay in future.

- With respect to scheme **Mission Vatsalya**, DWCD replied (September 2024) that the deposit of Central Share of interest earned to CFI was under process and that the said amount was transferred to SNA after obtaining the approval of Finance Department, GNCTD in January 2024. The reply is not tenable as every effort should have been made by DWCD to transfer the amount within the prescribed time limit.
- With respect to unspent balance under **AMRUT** scheme, Department of Urban Development replied that (August 2024) the ULBs (DJB & MCD) had assured to complete the projects under AMRUT 1.0 by 31 March 2025.

Besides, the other observations noticed under the selected Centrally Sponsored Schemes (CSS) are as under:

a) Saksham Anganwadi and Poshan 2.0

- i. Interest earned on funds received from GoI on the CSS amounting to ₹ 12.42 lakh was transferred to CFI (August 2024) in the incorrect head of account '0235608010170- Saksham Anganwadi WCD' instead of designated head of account i.e., Major head 0049, Sub-major head-02, Minor head 800 (i.e. 0049-02-800) in contravention of the GoI guidelines (June 2021) *ibid*.

The reply of DWCD (September 2024) that the interest was booked as per the mapping provided by the PAO- WCD on the PFMS portal, is not tenable as the interest is to be deposited as mandated in the aforesaid guidelines.

b) Indira Gandhi National Old Age Pension Scheme (National Social Assistance Programme)

- (i) An amount of ₹ 13.21 crore was lying as unspent balance on 31st March 2022 in respect of Central Share received by Department of Social Welfare (DSW) under IGNOAP scheme (being a component of NSAP) and was not transferred to SNA in contravention of the GOI guidelines (July 2022). As a consequence, the said funds were returned to GoI on 02 February 2024 and no funds were received from GoI for the CSS till 31 March 2024.
- (ii) As per point No. 11 of GoI guidelines dated 23 March 2021, separate budget lines had to be made in Detailed Demands for Grants (DDG) for Central and State share against each centrally sponsored scheme.

The Department of Social Welfare provided for a top up to the central assistance received under IGNOAPS share and booked the entire amount (central assistance and State top-up) under the State head of Account '2235.02.104.66.00.49-Senior Citizen Pension Scheme-Expansion of old age assistance', which was in contravention of the above guidelines.

The replies to the observations were awaited from the Department (January 2025).

2.3.2.5 Single Nodal Agency

During examination of the reports of the PFMS Portal for the year 2023-24, audit noted the following:

- As per information available on the PFMS portal, ₹ 951.87 crore was released to State treasury by GoI but only ₹ 947.20 crore was transferred to SNA account by GNCTD in 2023-24 resulting in short transfer of ₹ 4.67 crore. In 7 CSS, GoI transferred ₹ 284.22 crore to the GNCTD against which state government released only ₹ 85.01 crore to State Treasury/PAO, resulting in a short transfer of ₹ 199.21 crore to State Treasury.
- As per PFMS SNA 01 report, there were unspent balances of ₹ 842.21 crore in SNA accounts during 2023-24.
- GNCTD short-transferred funds amounting to ₹ 18.31 crore in four CSS with respect to its proportionate State's share.
- There was a delay ranging from 31 to 365 days in transferring Central Share to SNA accounts, resulting in an avoidable and as yet undischarged liability on account of penal interest amounting to ₹ 5.44 crore at the end of F.Y. 2023-24.

2.3.3 Capital Receipts

Capital receipts comprise of recoveries of loans and advances given by GNCTD (non-debt) and receipts of loan and advances (debt) from GoI. Capital receipts during five years (2019-20 to 2023-24) are detailed in **Table 2.11**.

Table 2.11: Trends in growth and composition of Capital Receipts

	(₹ in crore)				
Sources of GNCTD's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Receipts (debt and non-debt)	5,588	15,996	11,816	4,509	98
Loans and advances from GoI (debt) [#]	4,765	15,365	11,193	3,251	0
Recoveries of Loans and Advances (non-debt)	823	631	623	1,258	98
Internal Debt ⁵	NA	NA	NA	NA	NA
Growth rate	NA	NA	NA	NA	NA
Rate of growth of debt Capital Receipts ^{##}	65.45	99.37	(-) 47.37	(-) 34.98	(-) 100
Rate of growth of non-debt capital receipts	(-)49.94	(-)23.33	(-)1.27	101.93	(-) 92.21
Rate of growth of GSDP	7.38	(-)6.13	18.42	15.13	9.17
Rate of growth of Capital Receipts (per cent)	23.52	186.26	(-)26.13	(-)61.84	(-) 97.83

Source: Directorate of Economics and Statistics and Finance Accounts of respective years

[#] During the year 2020-21 and 2021-22, it includes ₹ 5,865 crore and ₹ 6,193 crore respectively as back to back loan from GoI in lieu of GST compensation shortfall, which are not to be repaid by the State from its sources. ^{##} Rate of growth of debt capital receipts for the years 2020-21, 2021-22 and 2022-23 has been calculated after exclusion of the above GST compensation.

⁵ There is no internal debt of Government of NCT of Delhi.

Non-debt capital receipts decreased by 92.21 *per cent* over the previous year mainly due to reduced recoveries of loans and advances.

2.4 Application of Resources

This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

2.4.1 Growth and Composition of Expenditure

Trends and composition of total expenditure over the last five years (2019-20 to 2023-24) are shown in **Table 2.12**.

Table 2.12: Total expenditure and its composition

(₹ in crore)					
Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)⁶	48,375	49,203	56,957	59,395	60,830
Revenue Expenditure (RE)	39,637	40,414	46,043	48,246	50,336
Capital Expenditure (CE)	5,472	4,699	8,311	8,065	6,855
Loans and Advances (L&A)	3,266	4,090	2,603	3,084	3,639
As a percentage of GSDP					
TE/GSDP	6.10	6.61	6.46	5.85	5.49
RE/GSDP	5.00	5.43	5.22	4.75	4.54
CE/GSDP	0.69	0.63	0.94	0.79	0.62
L&A /GSDP	0.41	0.55	0.30	0.30	0.33

Source: Finance Accounts of respective years

It can be seen from **Table 2.12** above that the total expenditure continuously increased from ₹ 48,375 crore (2019-20) to ₹ 60,830 crore (2023-24) at a Compound Annual Growth rate (CAGR) of 4.69 *per cent*⁷.

Similarly, the revenue expenditure continuously increased from ₹ 39,637 crore (2019-20) to ₹ 50,336 crore (2023-24) at a CAGR of 4.90 *per cent*⁸ and as a percentage of GSDP it has fallen for the past two years. Capital expenditure during 2023-24 decreased by 15 *per cent* over the previous year, but as a percentage of GSDP declined from a high of 0.94 *per cent* in 2021-22 to 0.62 *per cent* in 2023-24. Further, disbursement of loans and advances increased in the current year by ₹ 555 crore (18 *per cent*) over the previous year, due to increase in disbursements of loans for Road Transport (₹ 694.50 crore)

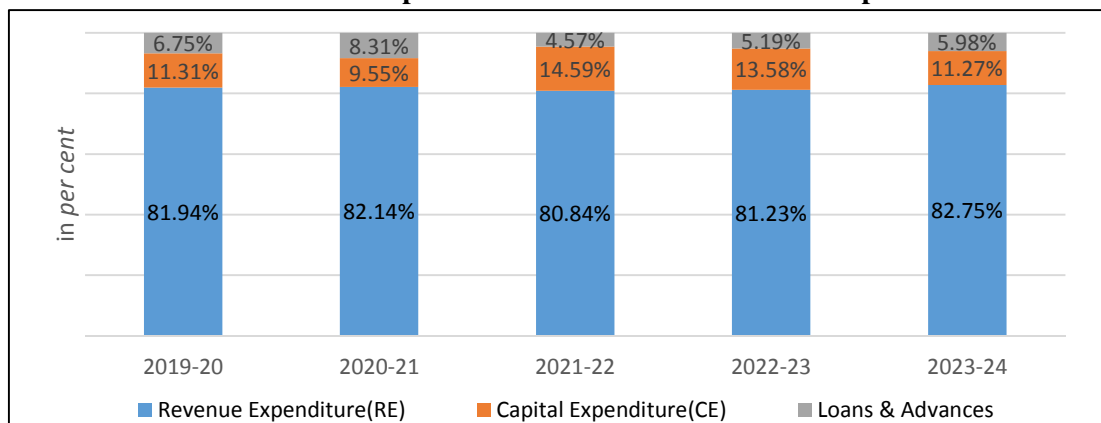
Trends in share of components of expenditure

Trends in share of components of total expenditure (excluding public debt repayment) are shown in **Chart 2.5**. Revenue expenditure was 82.75 *per cent* of the total expenditure whereas capital expenditure and disbursement of loans and advances were 11.27 *per cent* and 5.98 *per cent* respectively for the year 2023-24.

⁶ Excluding repayment of public debt.

⁷ $(([(60,830/48,375)^{(1/5)}]-1)*100)$

⁸ $(([(50,336/39,637)^{(1/5)}]-1)*100)$

Chart 2.5: Total Expenditure: Trends in share of its components

Source: Finance Accounts of respective years

Relative share of various sectors of expenditure

Relative shares of various sectors of expenditure are shown in **Table 2.13**. The share of general services in total expenditure (excluding public debt) decreased from 13.38 *per cent* in 2022-23 to 12.55 *per cent* in 2023-24.

Table 2.13: Relative share of various sectors of expenditure out of total expenditure (excluding public debt repayment)

Parameters	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
General Services⁹	7,472 (15.45)	6,541 (13.29)	7,327 (12.86)	7,947 (13.38)	7,631 (12.55)
Social Services¹⁰	25,717 (53.16)	25,362 (51.55)	31,356 (55.05)	31,743 (53.45)	30,860 (50.73)
Economic Services¹¹	8,041 (16.62)	10,298 (20.93)	12,203 (21.42)	12,297 (20.70)	13,481 (22.16)
Others (Grants-in-aid and contribution to local bodies and Loans and Advances to Institutions, Departments, etc., of GNCTD)	7,145 (14.77)	7,002 (14.23)	6,071 (10.66)	7,408 (12.47)	8,858 (14.56)

Note: Figures in parenthesis indicate the percentage share of the sectoral component to total expenditure for the concerned year

During 2023-24, share of social services decreased over the previous year mainly due to the decrease in expenditure on Technical Education and Social Welfare & Nutrition by ₹ 421.39 crore (8.94 *per cent*). Similarly, share of economic services and disbursement of loans and advances and grants to local bodies increased over the previous year (2022-23) due to the increase in expenditure on Road Transport by

⁹ Includes Administration and Fiscal services such as Land revenue, Excise & GST, Police, Jails, Public works, etc.

¹⁰ Includes Education, Health and Family Welfare, Water supply, Sanitation, Housing, Urban development, Labour welfare, Social welfare etc.

¹¹ Includes Agriculture and allied activities, Rural Development, Irrigation & Flood control, etc.

₹ 738.05 crore (13.12 *per cent*) and increased disbursements of loans for Road Transport by ₹ 694.50 crore (694.50 *per cent*) respectively.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

As per **Table 2.14**, the revenue expenditure increased over five years (2019-20 to 2023-24) at an annual average growth rate of 6.51 *per cent* whereas its share in GSDP decreased from 5 *per cent* (2019-20) to 4.54 *per cent* (2023-24).

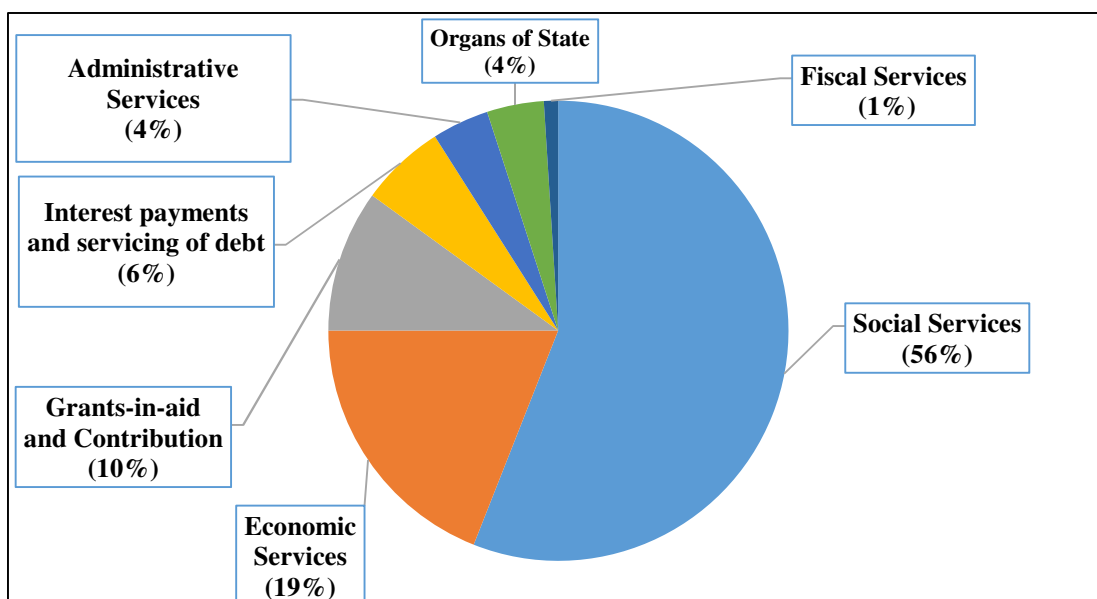
During 2023-24, revenue expenditure increased by 4.33 *per cent* over the previous year mainly due to increase in expenditure on general education by ₹ 1,271.15 crore (10.41 *per cent*).

Table 2.14: Revenue Expenditure – Basic Parameters

Parameters	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	48,375	49,203	56,957	59,395	60,830
Revenue Expenditure (RE)	39,637	40,414	46,043	48,246	50,336
Rate of Growth of RE from previous year (<i>per cent</i>)	7.56	1.96	13.93	4.78	4.33
Revenue Expenditure as percentage of TE	81.94	82.14	80.84	81.23	82.75
GSDP (2011-12 Series) (<i>Rupees in lakh crore</i>)	7.93	7.44	8.81	10.15	11.08
Rate of growth of GSDP (<i>per cent</i>)	7.38	(-)6.13	18.42	15.13	9.17
RE/GSDP (<i>per cent</i>)	5.00	5.43	5.22	4.75	4.54
RE as percentage of Revenue Receipt	84.09	96.54	93.37	76.94	88.62

Source: Finance Accounts of respective years.

Sector-wise distribution of revenue expenditure for the period 2023-24 is shown in **Chart 2.6**.

Chart 2.6: Sector-wise distribution of revenue expenditure (in per cent) for 2023-24

2.4.2.1 Major changes in Revenue Expenditure

Variation in revenue expenditure during 2023-24 compared to 2022-23 under major heads of account are shown in **Table 2.15**:

Table 2.15: Variation in revenue expenditure over major heads during 2023-24 compared to 2022-23

Major Heads of Account	2022-23	2023-24	Variation	(₹ in crore)
				Increase (+) /decrease (-) (in per cent)
2202-General Education	12,211	13,483	1,271	10.41
3055-Road Transport	4,601	4,917	316	6.86
2215-Water Supply and Sanitation	1,747	1,828	81	4.64
2801-Power	3,182	3,270	88	2.76
2210-Medical & Public Health	6,401	6,573	172	2.68

It can be seen from **Table 2.15** above that variation in the expenditure in the current year over the previous year in General Education, Medical & Public Health, Water Supply and Sanitation, Road Transport and Power ranged from 2.68 to 10.41 *per cent* on account of increase in expenditure on: (i) assistance to local bodies for primary education, health schemes (ii) sewerage & sanitation (iii) enhanced assistance to public sector and other undertakings; and (iv) transmission and distribution of power respectively.

2.4.2.2 Committed Expenditure

The committed expenditure of GNCTD on revenue account consists of expenditure on salaries and wages, pensions and interest payments. It is first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for the development sector.

Apart from the above, there are certain inflexible items of expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for

variable transactions such as capital expenditure, etc. For example, the following items may be considered as inflexible expenditure:

- (i) Recoupment to Contingency fund.
- (ii) State Share contribution of CSS against the central fund received.
- (iii) Payment of interest on public debt as charged expenditure.
- (iv) Statutory Contribution to Reserve Funds
- (v) Transfer of cess to Reserve Funds
- (vi) Devolution to local bodies- statutory devolutions to local bodies for pay and allowances (devolution/transfer for capital expenditure)

The components of committed and inflexible expenditure are given in **Table 2.16:**

Table 2.16: Components of Committed and Inflexible Expenditure

(₹ in crore)					
Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries and Wages	11,070.04	11,810.19	12,878.34	14,214.93	15,017.82
Expenditure on Pensions*	3.56	2.67	3.28	2.76	4.37
Interest Payments	2,751.87	2,873.83	3,274.24	3,266.36	3,094.31
Total	13,825.47	14,686.69	16,155.86	17,484.05	18,116.50
Components of Inflexible Expenditure					
Recoupment to Contingency fund	143.41	79.08	74.18	52.13	7.24
State Share contribution of CSS against the central fund received	2,772.52	2,868.04	3,207.42	3,768.96	2,299.65
Payment of interest on public debt as charged expenditure	2,751.87	2,873.83	3,274.24	3,266.36	3,094.31
Statutory devolution to local bodies	6,237.00	5,515.00	5,501.00	7,580.00	8,596.00
Total	11,904.80	11,335.95	12,056.84	14,667.45	13,997.20
As a percentage of Revenue Receipt (RR)					
Committed expenditure					
Salaries and Wages	23.49	28.21	26.12	22.67	26.44
Expenditure on Pensions	0.01	0.01	0.01	0.00	0.01
Interest Payments	5.84	6.86	6.64	5.21	5.45
Total	29.34	35.08	32.77	27.88	31.90
As percentage of Revenue Expenditure (RE)					
Salaries and Wages	27.93	29.22	27.97	29.46	29.84
Expenditure on Pensions	0.01	0.01	0.01	0.01	0.01
Interest Payments	6.94	7.11	7.11	6.77	6.15
Total	34.88	36.34	35.09	36.24	35.99
Revenue Expenditure	39,637	40,414	46,043	48,246	50,336
Percentage of inflexible expenditure to revenue expenditure	30.03	28.05	26.19	30.40	27.81
Non-committed RE**	25,811.53	25,727.31	29,887.14	30,761.95	32,219.50
Percentage of RE	65.12	63.66	64.91	63.76	64.00
Percentage of TE***	53.36	52.29	52.47	51.79	52.97
Subsidies	3,592.94	4,176.87	4,690.20	4,632.92	4,839.63
Subsidies as percentage of Non-committed RE	13.92	16.24	15.69	15.06	15.02

* Including pension of Ex-MLAs and freedom fighters in Delhi

** Non-committed RE = Revenue Expenditure minus Revenue Committed Expenditure

*** Excluding Public Debt

Salaries and wages

Expenditure over salaries and wages increased by 35.66 *per cent* from ₹ 11,070.04 crore in 2019-20 to ₹ 15,017.82 crore in 2023-24.

Pension

The pension liabilities of GNCTD (excluding pension liabilities of Ex-MLAs and freedom fighters in Delhi) are borne by the GOI, which amounted to ₹ 2,023 crore in 2023-24. The pension liabilities of GNCTD in terms of pension of Ex-MLAs and freedom fighters in Delhi, amounted to ₹ 4.37 crore in 2023-24.

2.4.2.3 Subsidies

GNCTD gives subsidy for female bus commuters (through DTC/Cluster buses), to consumers of Delhi Jal Board and DISCOMs, for implementation of Right to Education Act, etc. Expenditure on subsidies by GNCTD are shown in **Table 2.17**. Expenditure on subsidies increased by 34.71 *per cent* during the period 2019-2024.

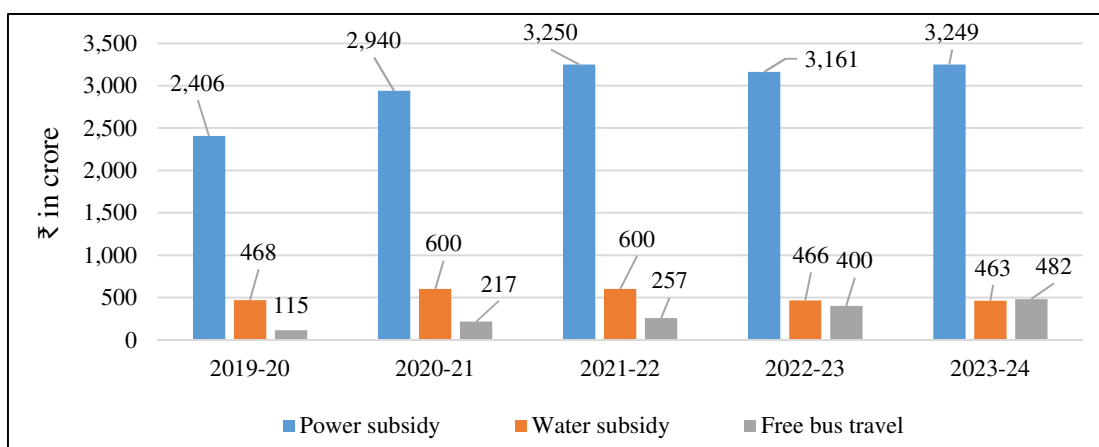
Table 2.17: Expenditure on subsidies during 2019-20 to 2023-24

(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies	3,593	4,177	4,690	4,633	4,840
Revenue receipts	47,136	41,864	49,313	62,703	56,798
Revenue expenditure	39,637	40,414	46,043	48,246	50,336
Subsidies as a percentage of revenue receipts (in per cent)	7.62	9.98	9.51	7.39	8.52
Subsidies as a percentage of revenue expenditure (in per cent)	9.06	10.34	10.19	9.60	9.62

Further, Subsidies given by GNCTD to consumers through DISCOMS (Power subsidy), Delhi Jal Board (DJB) (Water subsidy) and Female bus commuters (Free bus travel through DTC/Cluster buses) during the period 2019-20 to 2023-24 is depicted in **Chart 2.7** below.

Chart 2.7: Trend of subsidy given by the GNCTD for power, water and free bus travel



It can be seen from **Chart 2.7** above that Power subsidy given to the DISCOMs consumers, Water Subsidy given to DJB and free travel to females commuting in

DTC/Cluster buses increased by 35.04 *per cent*, decreased by 1.07 *per cent* and increased by 319.13 *per cent* respectively during the five-year period (2019-24). The Principal Accounts Office, GNCTD stated (September 2024) that reasons for variation over the years were awaited from the concerned departments.

2.4.2.4 Financial Assistance by GNCTD to local bodies and other Institutions

Financial assistance is provided by GNCTD to local bodies and other institutions by way of grants, compensation and assignment. Details are shown in **Table 2.18 (a)** below:

Table 2.18(a): Financial Assistance¹² to Local Bodies, etc.

(₹ in crore)						
Financial Institutions	Assistance to	2019-20	2020-21	2021-22	2022-23	2023-24
(A) Local Bodies						
1.MCD		0	0	0	4,456	8,362
2. NDMC		-104	166	272	624	216
3. Delhi Cantonment Board		15	15	11	16	18
4. EDMC, SDMC, NORTH DMC		6,326	5,334	5,218	2,484	-
Total (A)		6,237	5,515	5,501	7,580	8,596
(B) Others						
Delhi Jal Board		2,855	4,319	2,462	4,106	4,110
Delhi Transport Corporation		2,030	2,475	2,320	2,350	2,900
Delhi Urban Shelter Improvement Board		379	833	384	262	309
Others (including Delhi Metro Rail Corporation, Higher Education Institutions, Technical Education Institutions, Hospitals, Road Safety Cell, etc.)		4,732	3,501	5,451	3,927	4,771
Total (B)		9,996	11,128	10,617	10,645	12,090
Total (A+B)		16,233	16,643	16,118	18,225	20,686

It can be seen from **Table 2.18(a)** that during 2023-24 financial assistance to local bodies and to others increased by 13.41 *per cent* and 13.57 *per cent* respectively over the previous year. It was further noted that assistance on the salary component had continuously showed an increasing trend at an average annual rate of 5.61 *per cent* during the period 2019-20 to 2023-24.

The components of grants-in-aid disbursed by GNCTD during the period 2019-2024 is shown in **Table 2.18(b)**.

¹² Includes GIA and compensation and Assignment

Table 2.18(b): Components of Grants-in-aid¹³ disbursed by GNCTD

(₹ in crore)

Components of GIA disbursed by GNCTD	2019-20	2020-21	2021-22	2022-23	2023-24
GIA on Salary	4,467	4,598	4,628	5,298	5,579
Grants for creation of capital assets	1,563	1,121	804	2,031	2,192
GIA- General	4,703	6,834	8,083	7,813	9,276
GIA given in kind	0.00	0.00	0.00	0.00	0.00
Total GIA	10,734	12,553	13,515	15,142	17,047
GNCTD Revenue expenditure	39,637	40,414	46,043	48,246	50,336
GIA disbursed as percentage of GNCTD revenue expenditure	27.07	31.06	29.35	31.38	33.87

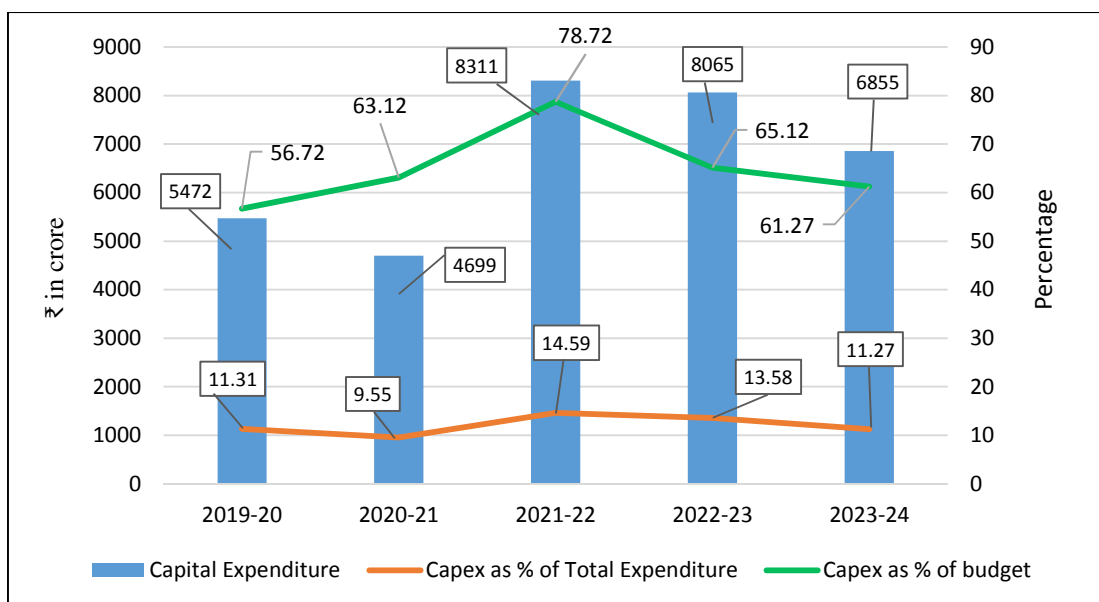
Source: Information received from Principal Accounts Office, GNCTD

Revenue deficit grants:

Two entities viz., Delhi Jal Board and Delhi Transport Corporation (DTC) were dependent on GNCTD for funding its viability gap through revenue grants as their revenue was not sufficient to cover the operational cost. During the period 2019-20 to 2023-24, GNCTD had disbursed ₹ 360.36 crore¹⁴ and ₹ 12,075 crore to DJB and DTC, respectively.

2.4.3 Capital Expenditure

Capital expenditure includes expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. Trends in capital expenditure are shown in **Chart 2.8**.

Chart 2.8: Capital expenditure in GNCTD

Source: Finance Accounts of respective years

It can be seen from the **Chart 2.8** that capital expenditure during the current year decreased by 15 per cent over the previous year. Moreover, during 2019-20 to 2023-24,

¹³ Further details of GIA are available in Appendix to statement 10 of GNCTD Finance Accounts¹⁴ Figures for 2021-22, 2022-23 & 2023-24 are not available

the capital expenditure has consistently fallen short of the capital budget. The capital expenditure was consistently less than 1 *per cent* of GSDP during the said period.

2.4.3.1 Major Changes in Capital Expenditure

Changes in major heads of capital expenditure are shown in **Table 2.19**.

Table 2.19: Capital expenditure under major heads of account during 2023-24 compared to 2022-23

Major Heads (MH) of Account	2022-23	2023-24	(₹ in crore)
			Increase (+)/ Decrease (-) in percentage
4059 – Capital Outlay on Public Works	331.67	199.99	(-) 39.70
4202- Capital Outlay on Education, Sports, Art and Culture	1,249.51	722.35	(-) 42.19
4210-Capital Outlay on Medical and Public Health	1,745.71	875.05	(-) 49.87
4217 – Capital Outlay on Urban Development	1439.46	916.12	(-) 36.36
5054-Capital Outlay on Roads and Bridges	1,556.12	1,936.14	(+) 24.42
5055-Capital Outlay on Road Transport	1,026.07	1,448.47	(+) 41.17

Source: Finance Accounts of respective years.

It can be seen from **Table 2.19** above that variation in the capital outlay during the current year over the previous year on Public Works, Education, Sports, Art & Culture, Medical and Public Health, Urban Development, Roads and Bridges and Road Transport ranged from (-) 49.87 *per cent* to 41.17 *per cent* on account of decrease in expenditure on ‘Construction’ (47.67 *per cent*), decrease in expenditure on ‘Secondary Education’ (51.88 *per cent*), decrease in expenditure on ‘Hospital and Dispensaries’ (49.68 *per cent*), decrease in expenditure on ‘Land’ (44.04 *per cent*), increase in expenditure on ‘Road Works’ (83.85 *per cent*) and increase in expenditure on ‘Regional Rapid Transit System Corridor’ (100 *per cent*) respectively.

2.4.3.2 Investment and Returns

As of 31 March 2024, the Government investment in Government companies and co-operative institutions stood at ₹ 21,437 crore. The increase in investment in 2023-24 over the previous year by ₹ 383 crore was on account of investment made in Delhi Metro Rail Corporation Ltd. The return on investment was 0.82 *per cent* in 2023-24 whereas Government paid interest at the average rate of 8.18 *per cent* on its borrowings during 2023-24. The details are given below in **Table 2.20** below:

Table 2.20: Return on Investment

Investment/return/cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year (₹ in crore) (a)	19,411	19,911	20,711	21,054	21,437
Return (₹ in crore)	15.84	9.80	89.58	103.79	175.05
Return (<i>per cent</i>) (b)	0.08	0.05	0.43	0.49	0.82
Average rate of interest on Government borrowings (<i>per cent</i>) (c)	8.14	7.59	7.91	7.96	8.18

Investment/return/cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Difference between interest rate and return (<i>per cent</i>) (b-c)	(-8.06)	(-7.54)	(-7.48)	(-7.47)	(-7.36)
Difference between interest on Government borrowings and return on investment at the end of the year (₹ in crore) [(b-c)*a]	(-1,565)	(-1,501)	(-1,549)	(-1,573)	(-1,577)

Source: Finance Accounts of respective years

It can be seen from **Table 2.20** above that GNCTD investments increased by 10.44 *per cent* during the five year period (2019-24). GNCTD paid interest on borrowings ranging from 7.59 *per cent* to 8.18 *per cent* during the said period whereas the percentage of return from investments ranged from 0.05 *per cent* to 0.82 *per cent* (at historical cost) during the same period. The loans disbursed and recovered during five years are given in **Table 2.21**.

Table 2.21: Quantum of loans disbursed and recovered during five years

(₹ in crore)					
Quantum of loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	64,570	67,014	70,473	72,454	74,280
Amount advanced during the year	3,266	4,090	2,604	3,084	3,639
Amount recovered during the year	823	631	623	1,258	98
Closing balance of the loans Outstanding	67,014	70,473	72,454	74,280	77,821
Net addition	2,444	3,459	1,981	1,826	3,541
Interest received	404	468	336	46	339
Interest receipts as percentage of outstanding loans and advances	0.61	0.66	0.46	0.06	0.45
Average rate of interest paid on the outstanding borrowings of the Government (<i>per cent</i>)	8.14	7.59	7.91	7.96	8.18
Difference between the rate of interest paid and interest received (<i>per cent</i>)	7.53	6.93	7.45	7.90	7.73

It can be seen from **Table 2.21** that during the five-year period (2019-2024), the loans advanced by GNCTD increased by 11.42 *per cent* but their recovery decreased by 88.09 *per cent*. Further, interest receipts decreased by 16.09 *per cent* during this period and accounted for only 0.45 *per cent* of the outstanding loans and advances during 2023-24.

Loans amounting to ₹ 35,592.61 crore were outstanding at the beginning of the year against Delhi Jal Board (₹ 34,539.69 crore), Delhi Urban Shelter Improvement Board (₹ 1,048.56 crore) and Delhi State Civil Supplies Corporation Ltd. (₹ 4.36 crore). Fresh loans of ₹ 2,844.44 crore were disbursed to Delhi Jal Board and Delhi Urban Shelter Improvement Board without recovery of earlier loans. Further, the earliest period of the loans amounting to ₹ 17.93 crore advanced to Delhi State Civil Supplies Corporation and Delhi Scheduled Castes Financial Corporation pertained to 1998-99 and 1987-88, respectively.

2.4.3.3 Reconciliation of Equity and Loans Outstanding of State Public Sector Enterprises (SPSEs), GNCTD with figures in Finance Accounts

The figures in respect of equity and loans outstanding as per records of State PSEs should agree with the figures appearing in the Finance Accounts of GNCTD. In case the figures do not agree, the concerned SPSEs and the Finance Department should carry out reconciliation of the differences. The differences in figures of equity and loans as on 31 March 2024 is given in **Table-2.22** below:

Table 2.22: Equity and Loans outstanding as per Finance Accounts vis-à-vis records of State PSEs

Particulars	Equity and Loans outstanding		Difference
	As per Finance Accounts	As per records of SPSEs	
Total Equity	9,297.91	9,202.49	95.42
Total Loans	15,504.03	12,174.24	3,329.79

Source: Records from SPSEs and Finance Accounts, GNCTD

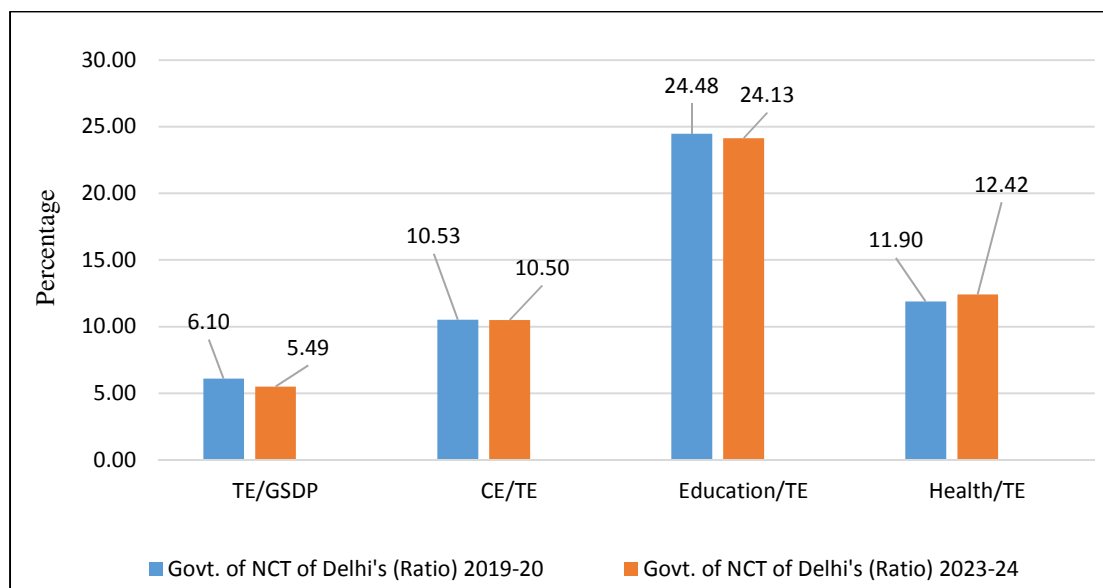
The differences between the figures in equity relates to DTIDC (₹ 95.42 crore) and in loans relates to DSFDC (₹ 1.58 crore), DPCL (₹ 3,326.39 crore), DSCSC (₹ 2.22 crore), DTTDC (₹ 3.15 crore) and PPCL ((-) ₹ 3.55 crore).

It is recommended that the State Government and the SPSEs reconcile the differences in a time-bound manner.

2.4.4 Adequacy of Public Expenditure

Chart 2.9 shows the fiscal priority of GNCTD with regard to capital expenditure, expenditure on education and on health during the year 2019-20 and 2023-24.

Chart 2.9: Prioritisation in public expenditure (in percentage) during 2019-20 and 2023-24



Source: Finance Accounts of respective years

TE=Total Expenditure= Revenue Expenditure +Capital Expenditure +Loans and Advances; CE=Capital Expenditure (on Social and Economic Services);

It can be seen from **Chart 2.9** above that proportion of (i) TE to GSDP, (ii) CE to TE and (iii) expenditure on Education to TE decreased during 2023-24 over the year 2019-20 and the proportion of expenditure on Health to TE increased marginally in the current year over 2019-20.

Quality of expenditure

The expenditure of subsidies and of Grants-in-aid to bodies not even giving UCs have gone up by ₹ 4,541 crore (36.48 *per cent*) in 2023-24 over 2019-20 while capital creation, which is future revenue source generation is suffering with expenditure of Public Works, Medical and Public Health and Education going down substantially by 40 *per cent*, 50 *per cent* and 42 *per cent* respectively during 2023-24 over the previous year.

This is specifically relevant in the context that GST compensation, a significant contributor to State revenue receipts, has reached its sunset phase.

Going forward

Unproductive expenditure thus needs to be reined in by the State Government.

2.5 Public Liability Management

As indicated in its Finance Accounts¹⁵, GNCTD is not empowered to raise loans from the open market. All loans required are advanced to it from the Consolidated Fund of India. Loans and advances received from GoI comprise debt receipts of GNCTD.

2.5.1 Funds outside Government Accounts

a) Building and Other Construction Workers Welfare Cess

BOCW Cess Rules, 1998 provide that the cess collected shall be transferred to the Delhi Building and Other Construction Workers Welfare Board (Board) in the head of account of the Board under the accounting procedures of the State.

Audit scrutiny revealed that an order (August 2005) was passed by the Office of Labour Commissioner, GNCTD directing all Government Departments, Public Undertakings and other Government Bodies to remit 1 *per cent* of the amount of construction cost approved as “Labour Welfare Cess” to the Board by way of A/c Payee Cheque. Later, Board issued (November 2017) instructions to transfer the collected cess directly into its bank account of concerned district through RTGS/NEFT.

As per the details indicated in **Table 2.23** below, ₹ 4,340.38 crore stood to the credit of Board’s Account as of 31 March 2024.

¹⁵ Statement-3

Table 2.23: Details of receipts and utilisation of cess upto 2023-24

Year	Actual receipts				Actual expenditure			Net receipts
	Cess collected	Beneficiaries' contribution	Interest earned	Total	Expenditure on scheme	Administrative expenditure	Total expenditure	
1	2	3	4	5 (2+3+4)	6	7	8(6+7)	9 (5-8)
Opening balance								3,536.75
2023-24	521.38	0.70	298.44	820.52	8.92	5.50	14.42	806.10
Less: income tax deducted/deposited as on March 2024								2.47
Net amount available								4,340.38

Audit is of the view that the labour cess proceeds collected were Government receipt and should have been part of the Government Account by crediting the major head account (Labour & Employment - 0230) and the same should be transferred to the Board by debiting major head (Labour & Employment- 2230). Thus, the mechanism adopted for accounting of the cess by transferring it directly to the Board without bringing it into Government Accounts, is not in conformity with the BOCW Cess Rules *ibid*.

Further, the average annual expenditure from the cess collected over the past five years has been only ₹ 126.96 crore while the average annual cess collection has been ₹ 519 crore. Given the expenditure trends, the government needs to review plans and substantially increase expenditure on various welfare schemes of the registered labours to fructify the sole purpose of collection of the labour welfare cess.

This para also featured in Report No.2 of 2024. The reply of the Board and Department of Labour is awaited (January, 2025).

b) Non-operation of Delhi Electricity Regulatory Commission Fund

Section 103 of the Electricity Act, 2003 provides that State Government shall constitute a Fund to be called the State Electricity Regulatory Commission Fund (SERCF) and there shall be credited thereto any grants and loans made to the State Commission by the State Government, all fees received by the State Commission under the Act and all sums received by the Commission from such other sources as may be decided upon by the State Government. Accordingly, Delhi Electricity Regulatory Commission (DERC) had requested (July 2003, May 2024) GNCTD for creation of DERCF in accordance with Electricity Act, 2003.

Audit has been objecting to the non-constitution of fund despite a lapse of nearly two decades. Resultantly, an amount of ₹ 14.21 crore (during 2023-24) received by the DERC on account of license/processing fees was not routed through the mandated Fund. As in the previous Report No. 2 of 2024; in its reply, DERC stated (September 2024) that creating DERC Fund was under process.

2.5.2 Debt Profile: Components

Table 2.24 gives a time series analysis of the debt profile of the Government of NCT of Delhi for the last five years.

Table 2.24: Profile of loans from GoI and debt of GNCTD

(₹ in crore)						
Year	Opening Balance	Debt Receipts	Repayment during the Year	Closing Balance	Increase/Decrease	Percentage of increase/decrease over previous year
2019-20	32,812.34	4,765.60	2,811.10	34,766.84	1,954.50	5.96
2020-21	34,766.84	15,365.00	3,265.17	46,866.67	12,099.83	34.80
2021-22	46,866.67	11,192.67	4,215.16	53,844.18	6,977.51	14.89
2022-23	53,844.18	3,251.22	4,715.16	52,380.24	(-1,463.94)	(-2.72)
2023-24	52,380.24	0	4,993.69	47,386.55	(-) 4,993.69	(-) 9.53

2.5.3 Maturity and Repayment of debt profile

Debt maturity and repayment profile indicates a commitment on the part of the Government for debt repayment or debt servicing. The maturity profile of public debt (₹ 47,386.55 crore) is shown in **Table 2.25**.

Table 2.25: Debt Maturity profile of repayment of State debt

Repayment of debt				
Period of repayment	Loans and Advances from GoI* (Principal) due for repayment (₹ in crore)	Interest Due for repayment (₹ in crore)	Total (₹ in crore)	Percentage to debt (Principal indicated at (ii))
(i)	(ii)	(iii)	(iv) [(ii) + (iii)]	(v) [(ii)*100/47386.55]
2024-25	4,914.32	2666.08	7,580.40	10.37
2025-26	4,641.66	2246.19	6,887.85	9.80
2026-27	4,253.71	1853.16	6,106.87	8.98
2027-28	4,084.15	1498.63	5,582.78	8.62
2028-29	3,893.52	1159.01	5,052.53	8.22
2029-30	3,393.12	835.41	4,228.53	7.16
2030-31	2,752.44	555.71	3,308.15	5.81
2031-32	1,507.61	332.33	1,839.94	3.18
2032-33	807.51	207.26	1,014.77	1.70
2033-34	445.08	137.70	582.78	0.94
2034-35	423.65	95.41	519.06	0.89
2035-36	335.20	55.17	390.37	0.71
2036-37	115.75	23.32	139.07	0.24
2037-38	87.95	12.33	100.28	0.19
2038-39	41.83	3.97	45.80	0.09
Total	31,697.50*	11,681.68	43,379.18**	66.89
Others	15,689.05***			33.11
Grand Total	47,386.55			100.00

Note: *& ** This pertains only to the repayment of NSSF loan. There is a difference of ₹ 0.03 crore, which is attributable to rounding off of figures.

***This include back-to-back loan from GoI in lieu of GST compensation amounting to ₹ 12,058 crore, loans received from GoI for settlement of DESU's dues during 2013-14, rehabilitation of WTP at Chandrawal (2018-19), etc.

All loans are advanced to GNCTD from Consolidated Fund of India.

The maturity profile of public debt as per **Table 2.25** above, indicates that the liability of the State to repay the debt (excluding interest) during the periods 2024-25, 2025-27, 2027-29, 2029-31 would be ₹ 4,914.32 crore (10.37 per cent), ₹ 8,895.37 crore (18.77 per cent), ₹ 7,977.67 crore (16.84 per cent) and ₹ 6,145.56 crore (12.97 per cent),

respectively. Further, ₹ 3,764.58 crore (7.94 *per cent*) of the total public debt would be repayable after seven years.

2.6 Debt Sustainability

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters and the Domar¹⁶ approach. The results of the analysis are given in the following paragraphs:

Apart from the magnitude of debt of GNCTD, it is important to analyse the various indicators that determine debt sustainability. FRBM Act is not applicable to Delhi as per the report of the XI Central Finance Commission.

A. Debt sustainability refers to the ability of a State to service its debt in future. This section assesses the sustainability of debt of GNCTD in terms of rate of growth, outstanding debt, ratio of interest payment and revenue receipts, debt repayment and debt receipts and net debt available to GNCTD. **Table 2.26** analyses the debt sustainability of the GNCTD according to these indicators for the period of five years from 2019-20 to 2023-24.

Table 2.26: Debt Sustainability: Indicators and Trends

(₹ in crore)

S.No.	Debt Sustainability Indicators	Y ₁ (2019-20)	Y ₂ (2020-21)	Y ₃ (2021-22)	Y ₄ (2022-23)	Y ₅ (2023-24)
1	Overall Liabilities or Overall Debt, of which###	34,766.84	41,001.67	41,786.18	40,322.24	35,328.55
1a	Non-Interest Bearing Debt (Reserve funds and deposits)	0.00	0.00	0.00	0.00	0.00
1b	Overall Liability or Overall Debt (excluding 'Non-Interest Bearing Debt')@	34,766.84	41,001.67	41,786.18	40,322.24	35,328.55
2	Rate of Growth of Overall Debt (<i>per cent</i>)	5.96	17.93	1.91	-3.50	-12.38
3	GSDP (in nominal terms) (₹ in lakh crore)	7.93	7.44	8.81	10.15	11.08
4	Nominal GSDP growth (<i>per cent</i>)	7.38	-6.13	18.41	15.13	9.17
5	Overall Debt/GSDP (<i>per cent</i>)	4.38	5.51	4.74	3.97	3.19
6	Maturity Profile of all kinds of borrowings (including liabilities under Public Accounts, if any)					
6a	0-2 years	Maturity profile is not available in GNCTD Finance Accounts and is being included in SFARs for 2022-23 and 2023-24 on the basis of information furnished by Finance Department.			9,908	9,556
6b	2-5 years				12,980	12,231
6c	5-10 years				12,354	8,906
6d	Over 10 years				1,449	1,004
7	Gross Borrowings (corresponding to the items accounted for Overall Debt as at Sl.No 1)###	4,765.60	9,500.00	4,999.67	3,251.22	0.00

¹⁶ The Domar gap is the difference between the investment required for a target economic growth rate and the resources available to make that investment. It's a calculation used in the Harrod-Domar model to analyze economic growth in developing countries.

S.No.	Debt Sustainability Indicators	Y ₁ (2019-20)	Y ₂ (2020-21)	Y ₃ (2021-22)	Y ₄ (2022-23)	Y ₅ (2023-24)
8	Repayments of borrowings (corresponding to the items accounted for Overall Debt including Principal and Interest Payments)	2,811.10	3,265.17	4,215.16	4,715.16	4,993.69
9	Repayments to Gross Borrowings (per cent) (8/7*100)	59.0	34.4	84.3	145.0	Undefined since borrowing in the year were NIL
10	Net borrowings\$ available as a percentage of Gross Borrowings	41.0	65.6	15.70	-45.0	
11	Interest payments on Overall Debt	2,751.87	2,873.83	3,274.24	3,266.36	3,094.31
12	Effective rate of interest on Overall Debt (per cent)##	8.14	7.59	7.91	7.96	8.18
13	Revenue Receipts (RR)	47,136	41,864	49,313	62,703	56,798
14	Revenue Expenditure (RE)	39,637	40,414	46,043	48,246	50,336
15	Interest payment to Revenue Receipts (per cent)	5.8	6.9	6.6	5.2	5.4
16	Primary Revenue Balance (PRB) (13-14+11)@@	10,251	4,324	6,544	17,723	9,556
17	Fiscal Balance	-416	-6,708	-7,021	4,566	-3,934
18	Primary Balance (PB) (17+11)#	2,336	-3,834	-3,747	7,832	-840
19	PB/GSDP (per cent)	0.29	-0.52	-0.43	0.77	-0.08
20	Outstanding Loan & Advances Disbursed	67,014	70,473	72,454	74,280	77,821
21	Interest Receipts on Outstanding Loan & Advances Disbursed	404	468	336	46	339
22	Return on Investment (RoI) \$	0.61	0.68	0.47	0.06	0.45
23	Difference between RoI and effective rate of interest on overall liability	-7.53	-6.91	-7.44	-7.89	-7.73
24.	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)					
25	Interest/Rate Spread*	-0.76	-13.72	10.51	7.17	0.99
26	Quantum Spread**	-264	-5,625	4,390	2,893	350
27	Debt Stabilisation (Quantum spread + Primary balance)	2,072	-9,459	643	10,725	-490
28	Domar Criteria					
a	GSDP (in constant terms) (₹ in lakh crore)	5.86	5.34	5.80	6.26	6.72
b	Real Growth (in constant terms)	3.69	-8.96	8.76	7.85	7.39
c	Inflation based on CPI (per cent)	3.74	3.03	5.97	4.00	2.55
d	Effective Rate of interest on Overall Debt as in Sl. No. 12)	8.14	7.59	7.91	7.96	8.18
e	Real effective rate of interest (Effective rate of interest-Inflation) (28.d-28.c)	4.40	4.56	1.94	3.96	5.63

S.No.	Debt Sustainability Indicators	Y ₁ (2019-20)	Y ₂ (2020-21)	Y ₃ (2021-22)	Y ₄ (2022-23)	Y ₅ (2023-24)
f	Growth Interest Differential (GID) (Real growth-Real effective rate of interest) (28.b-28.e)	-0.72	-13.52	6.82	3.90	1.76

@ Overall Liabilities or Overall debt consists of Public Debt (including Ways and Means Advances) and other liabilities including Public Account Liability (including interest and non-interest bearing reserve funds and deposits)

@@ PRB: Revenue Receipts - Revenue Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa.

PB: Total Receipts (net of borrowings) -Total Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa.

Effective Rate of Interest: Interest Payments/Average Outstanding Debt of Previous and Current Financial Year. This may be calculated excluding the non-interest bearing reserve funds and deposits.

Excludes back to back to back loans of ₹ 5,865 crore and ₹ 6,193 crore received from GoI during 2020-21 and 2021-22 in lieu of GST compensation with no repayment liability for the State.

* Interest/Rate Spread: GSDP Nominal Growth – Effective rate of Interest on Overall Debt.

** Quantum Spread: Interest Spread x Debt

\$ Net Lending(NL): Outstanding Loans & Advances Disbursed (Loans & Advances Disbursed - Net of recovery).

\$\$ Effective rate of Interest Receipts (RoI): Interest Receipts/Average Outstanding Loans and Advances Disbursed of Previous and Current Financial Year

The following emerges from **Table 2.26** above:

- The entire proportion of public debt receipts was used for repayment for borrowings in the year 2022-23 whereas during 2019-20 to 2021-22, repayment ranged from 34 *per cent* to 84 *per cent*. The said proportion is undefined during 2023-24 due to nil debt receipts.
- The average debt burden of the Union Territory (UT) of Delhi, measured by overall liabilities¹⁷ relative to GSDP, remained around 4.4 *per cent* during 2019-2024. Compared to a marginal decline in 2019-20 over the previous year, it registered an increase of over 1 percentage points in 2020-21, rising from 4.4 *per cent* in 2019-20 to 5.5 *per cent* in 2020-21. Given the pandemic's effect, fiscal deterioration increased borrowing requirements, as evident from the rise seen in the fiscal deficit ratio from 0.05 percent in 2019-20 to 0.90 *per cent* in 2020-21, which accelerated UT of Delhi's debt to a six-year high of 5.5 *per cent* in 2020-21. With the recovery from the impact of the pandemic, improved fiscal health helped the UT of Delhi to reduce its reliance on borrowings, as seen in the fiscal deficit-GSDP ratio, which declined steadily in the post-pandemic years (including the positive overall balance generated in 2022-23). Following a declining trajectory, debt burden of the UT of Delhi relative to GSDP improved from 5.5 *per cent* in 2020-21 to 4.7 *per cent* in 2021-22, 4.0 *per cent* in 2022-23 and 3.2 *per cent* 2023-24.

¹⁷ As measured by Public Debt (Loans and Advances from the Centre) since UT of Delhi does not have its separate Public Account only merged with Central Government's Public Account.

- (iii) Decomposing the contribution of growth interest differential (GID) and Primary Balance in cumulated debt burden during the period 2019-2024 reveals that average primary balance that remained positive compared to unfavourable GID allowed the debt-GSDP to observe persistent decline since 2021-22. Year-wise analysis shows that in contrary to the unfavorable growth interest differential (GID), primary balances remained positive in 2019-20 leading to a decline in the debt-GSDP ratio. The worsening GID and the primary balance that turned negative allowed the debt-GSDP ratio to reach a 6-year high in 2020-21. While the persistent favorable GID and the primary balance that turned positive contributed decline in debt-GSDP ratio in 2022-23, the GID that remained favorable contrary to negative primary balance led to a decline in debt-GSDP ratio in 2021-22 and 2023-24.
- (iv) Domar criteria reveals that the GID remained negative during 2019-24 since average real interest rate (4.10 *per cent*) that outpaced the average real growth (3.75 *per cent*) implying that the economic growth remained not strong enough to cover the cost of borrowing. After a significant economic recovery in 2021-22 due to base effect, the persistent deceleration in economic growth as well as a steady increase in the real cost of borrowing forced the GID to witness a declining trend thereafter.
- (v) The GID (in real terms) that turned favourable in 2021-22 given the significant economic recovery due to base effect continued to remain favourable during 2022-2024 despite the deceleration seen in economic growth and a steady increase in the cost of borrowings. This can be attributed to the real growth which remained higher than the real interest rate during the same period. However, given the higher weight of GID in the negative territory during 2019-20 and 2020-21 compared to the remaining years, the average GID for 2019-2024 remained negative. Average Consumer Price Index (CPI) inflation which stood at 3.86 *per cent* remained within the bandwidth (2-6 *per cent*) prescribed by the RBI.
- (vi) Compared to the average own tax GSDP ratio (7.22 *per cent*) and own non-tax GSDP ratio (4.70 *per cent*) of the UT of Puducherry for 2019-2024, the average tax-GSDP ratio (4.52 *per cent*) and average own non-tax-GSDP ratio (0.10 *per cent*) of the Union Territory of Delhi are significantly lower and almost remained stagnating below 5 *per cent* and 0.15 *per cent* respectively implying that there has been no effective additional resource mobilization by the UT of Delhi during the past 5 years. Therefore, to make available more resources for sustained investment spending in physical and human capital formation to accelerate and attain potential growth, the UT of Delhi needs to focus on additional resource mobilization. Additional tax resources should come mainly from improved tax collection, as well as strengthening enforcement to enhance compliance, along with other measures to raise non-tax revenues. Additional resource mobilization, alongside sustained and stable growth measures lead to an increase in the own tax-GSDP ratio and own non tax-GSDP ratio. This in turn will enable the Union

Territory of Delhi to improve the overall balance, maintain the declining trend in the debt-GSDP ratio and manage its debt portfolio efficiently in the medium and long term.

2.7 Conclusion

A snapshot of some positive indicators and those requiring close watch are given in **Table 2.27**.

Table 2.27: Key parameters

Positive indicators	Parameters requiring close watch
<ul style="list-style-type: none"> - Non-tax receipts increased by 76.25 <i>per cent</i>. - Own Tax receipts increased by 13.34 <i>per cent</i>. - Repayment of Public Debt increased by 5.92 <i>per cent</i> 	<ul style="list-style-type: none"> • Revenue receipts decreased by 9.42 <i>per cent</i>. • Disbursement of Loans and Advances increased by 18 <i>per cent</i>. • Recoveries of loans and Advances decreased by 92.21 <i>per cent</i>. • Capital expenditure decreased by 15 <i>per cent</i>. • Sharp Narrowing of Domar Gap. • Increasing non-productive expenditure on subsidies.

