

CHAPTER-4

**QUALITY OF ACCOUNTS AND FINANCIAL
REPORTING PRACTICES**

Chapter – 4

Quality of Accounts and Financial Reporting Practices

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic responsibilities, including strategic planning and decision-making. The compliance of various financial rules, procedures and directives of the GNCTD by the departments has been discussed in this chapter.

Issues related to transparency

4.1 Delay in submission of Utilisation Certificates

Rule 238 of GFR, 2017 stipulates that the Utilization Certificate should be submitted within twelve months of the closure of the financial year by the Institution or Organisation concerned. Receipt of such certificate shall be scrutinised by the Ministry or Department concerned. Where such certificate is not received from the Grantee within the prescribed time, the Ministry or Department will be at liberty to blacklist such Institution or Organisation from any future grant, subsidy or other type of financial support from the Government.

However, 1313 UCs for an aggregate amount of ₹ 3760.84 crore in respect of the grants released up to 31 March 2023 were not furnished by the grantees as of 31 March 2024.

Lack of submission of the UCs means that although expenditure is incurred but the grantees have not explained as to how the funds were spent. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance, if such UCs are pending against Grants-in-aid (GIA) meant for capital expenditure. Since lack of submission of UCs is fraught with the risk of misappropriation, it is imperative that GNCTD should monitor this aspect closely and hold the concerned departments accountable for submission of UCs in a timely manner. Year-wise break up of outstanding UCs is detailed below in **Table 4.1**.

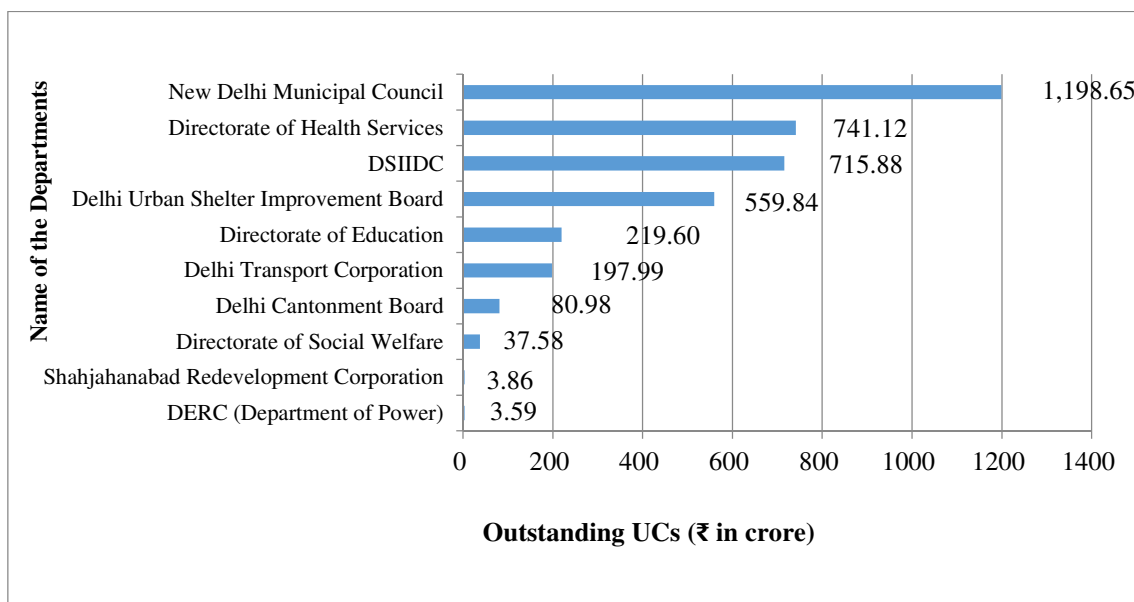
Table 4.1: Year-wise break up of outstanding Utilisation Certificates

(₹ in crore)		
Year	Number of UCs outstanding	Amount
1993-94 to 2012-13	1,150	409.83
2013-14	27	0.64
2014-15	26	0.32
2015-16	06	26.13
2016-17	06	592.01
2017-18	03	65.49
2018-19	05	443.85
2019-20	02	0.02
2020-21	07	42.84
2021-22	56	278.41
2022-23	25	1,901.30
Total	1,313	3,760.84

It can be seen that 1,150 UCs (87.60 per cent of total outstanding) involving ₹ 409.83 crore were outstanding for more than 10 years while 163 UCs (12.40 per cent) of ₹ 3,351.01 crore were outstanding from 2013-14 to 2022-23.

The details of outstanding UCs in respect of 10 major Departments for grants paid up to 31 March 2023 are given in **Chart 4.1**:

Chart 4.1: Details of outstanding UCs of 10 major Departments for the grants paid up to 2022-23



Source: Principal Accounts Office, GNCTD

New Delhi Municipal Council (NDMC), Directorate of Health Services, and Delhi State Industrial Infrastructure Corporation (DSI IDC) contributed ₹ 1,198.65 crore (31.87 per cent), ₹ 741.12 crore (19.71 per cent) and ₹ 715.88 crore (19.04 per cent) of the arrears, respectively.

The grants-in-aid disbursed during the year 2023-24 to the bodies indicated in Chart 4.1 above is as under.

Sl. No.	Name of the department	Amount (₹ in crore)
1	Delhi Transport Corporation	2900.00
2	Directorate of Education	2388.55
3	Directorate of Health Services	1352.25
4	Delhi Urban Shelter Improvement Board	208.78
5	New Delhi Municipal Council	190.05
6	Department of Power (DERC)	20.82
7	Shahjahanabad Redevelopment Corporation (SRDC)	11.50
8	DSIIDC	10.29
9	Directorate of Social Welfare	1.40

Note: No Grants-in-aid was given to Delhi Cantonment Board during 2023-24

Source: Appropriation Accounts

Long pendency of UCs is indicative of lax financial control in the administrative departments. Further, tendency on the part of the Government to disburse fresh grants without ascertaining proper utilization of the earlier grants encourages this laxity. In the absence of UCs, it could not be ascertained whether the recipients had utilized the grants for the intended purpose for which these were sanctioned.

Principal Accounts Office stated (September 2024) that the matter had been referred to the concerned Departments with the request to furnish the latest status of outstanding UCs in respect of Grants-in-Aid released at the earliest. The replies of the concerned departments were awaited as of February, 2024. It also stated that it did not have the position of outstanding UCs bifurcated between Centrally Sponsored Schemes and State Schemes.

To verify the facts and figures relating to outstanding UCs contained in Finance Accounts of GNCTD, five Departments /Institutions viz., Department of Power, Directorate of Education, Delhi State Industrial and Infrastructure Development Corporation Ltd., Delhi Transport Corporation, Shahjahanabad Redevelopment Corporation were selected for detailed audit.

Department-wise major observations are tabulated below:

Departments/Institutions	Outstanding UC as per		Format of UC in Form 12A (Rule 238 of GFR, 2017)	Interest not remitted (Rule 230 (8) GFR)
	Finance Accounts	Departmental records		
DERC (Department of Power)	₹ 3.59 crore - 2022-23 ¹	• The unspent balance of ₹ 3.59 crore had been	• Not maintained in the prescribed format.	₹ 12.29 crore

¹ Year to which the GIA pertains

Departments/Institutions	Outstanding UC as per		Format of UC in Form 12A (Rule 238 of GFR, 2017)	Interest not remitted (Rule 230 (8) GFR)
	Finance Accounts	Departmental records		
		utilised with the grants received for 2023-24.		
Directorate of Education ² .(DoE)	₹ 219.60 crore-2021-22	• ₹ 89.98 crore ³	• Maintained in Form 19A instead of 12A	-
Delhi State Industrial and Infrastructure Development Corporation (DSIIDC)	• ₹ 344.82 crore-2016-17 • ₹ 371.06 crore-2018-19	• ₹ 344.82 crore had been utilised with GIA received for 2017-18 • No change	• Maintained in Form 19A instead of 12A	₹ 109.13 crore
Delhi Transport Corporation (DTC)	• ₹ 197.99 crore-2022-23	• ₹ 391.18 crore- (as per provisional UC)	• Maintained in proper format	₹ 15.50 crore
Shahjahanabad Redevelopment Corporation (SRDC)	• ₹ 3.86 crore-2022-23	• ₹ 3.86 crore had been utilised with GIA received for 2023-24.	• Maintained in proper format	₹ 0.46 crore ⁴

As is evident from the table above, three out of 5 sampled agencies were not submitting the UCs in the prescribed formats while in nearly all cases the Finance Accounts and the concerned department's figures on outstanding amounts requiring UCs was at variance and thus requires reconciliation under intimation to audit. Further, in violation of GFR 2017 Rule 230(8), all the agencies were retaining the interest earned on government grants and not remitting it back to the Consolidated Fund of the State.

DTC replied (September 2024) that the interest income is utilized to settle the expenditure of the Corporation. The reply of DTC is not acceptable, because the aforesaid provisions of GFR, 2017 should have been adhered to. Further SRDC stated (September 2024) that an amount of ₹ 0.47 crore pertaining to interest and

² **Implementing agencies of DoE**-Samagra Shiksha, Municipal Corporation of Delhi (MCD), Delhi Board of School Education (DBSE), School of Specialised Excellence (SoSE), Delhi Commission for Protection of Child Rights (DCPCR) and State Council of Educational Research and Training (SCERT).

³ MCD had already furnished UCs to the tune of ₹ 129.62 crore

⁴ Of ₹ 0.88 crore, ₹ 0.42 crore was refunded to UD.

other earnings shall be refunded to Department of Urban Development (DUD) in due course.

The replies from DERC, DoE and DSIIDC are awaited. (February 2025).

4.2 Abstract Contingent (AC) Bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers are not available at the time of drawal, are made on Abstract Contingent (AC) bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent (DC) bills within a stipulated period of drawal of AC bills. DC bills consist of abstract expenditure along with sub-vouchers for the amount drawn through AC bills. Drawing and Disbursing Officers are required to present DC bills duly countersigned by the Controlling Officer in all these cases within the prescribed period.

Rule 118 of the Receipts and Payments Rules, 1983 stipulates that a certificate shall be attached to every AC bill to the effect that the DC bills have been submitted to the Controlling Officer in respect of AC bills drawn during the month previous to that in which the bill in question is presented for payment. On no account should an AC bill be adjusted without this certificate.

Year-wise progress in submission of DC bills against the AC bills is detailed below in **Table 4.2**.

Table-4.2: Year-wise progress in submission of DC bills against the AC bills

(₹ in crore)

Year	Opening balance		Clearance during the F.Y. 2023-24		Closing balance as on 31 March 2024	
	No.	Amount	No.	Amount	No.	Amount
Upto 2019-20	3,760	200.96	270	34.30	3,490	166.66
2020-21	109	10.78	27	2.57	82	8.21
2021-22	199	71.89	69	34.62	130	37.26
2022-23	750	291.26	464	236.96	286	54.30
Upto 2022-23	4,818	574.89	830	308.46	3,988	266.43
2023-24	2,223 [#]	210.07	1745	129.68	478	80.39
Total	7,041	784.96	2575	438.14	4,466	346.82

represents total fresh bills drawn during the year 2023-24.

Source: Principal Accounts Office, GNCTD

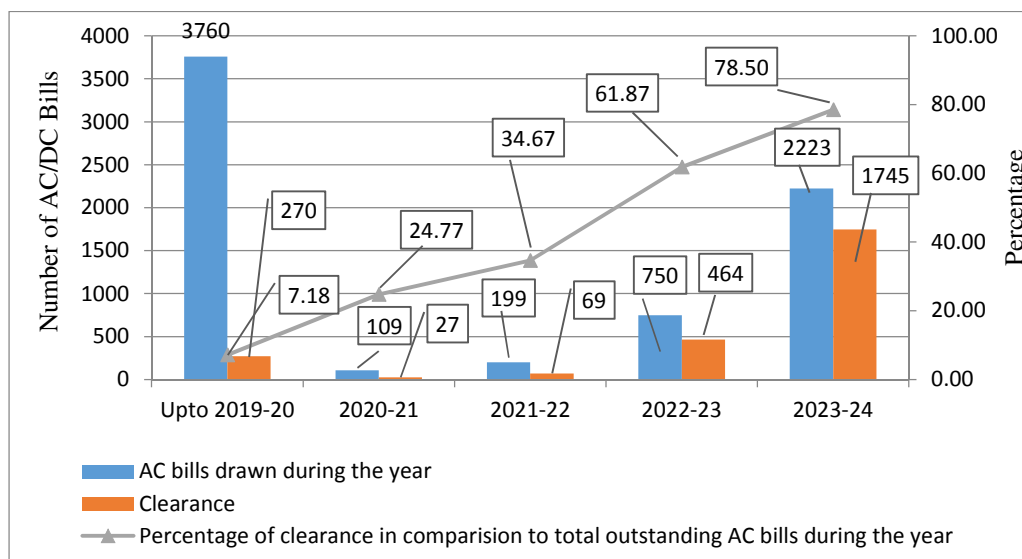
It can be seen from **Table 4.2** that in all 4,466 AC bills involving ₹ 346.82 crore were outstanding as of March 2024. During the financial year 2023-24 it was observed that 75 Government Departments did not submit 478 DC bills amounting to ₹ 80.39 crore before closing of the Accounts. Further, against AC bills of ₹ 210.07 crore during 2023-24, an amount of ₹ 23.88 crore (11.37 per cent) pertained to March 2024.

Advances drawn and not accounted for increases the possibility of wastage/misappropriation/malfeasance, etc. Owing to non-submission of DC bills by different Departments within prescribed time after drawal of AC Bills, it

could not be ensured in audit that funds had been utilised for the purpose for which these were drawn. This, therefore, needs to be monitored closely. It is recommended that Principal Accounts Office, GNCTD may in conjunction with the Finance Department conduct an inquiry on the reasons for the outstanding AC bills for the period up to 2019-20 under intimation to audit.

The trend of clearance of AC bill is given in **Chart 4.2** below:

Chart 4.2: Trend of clearance of AC bills

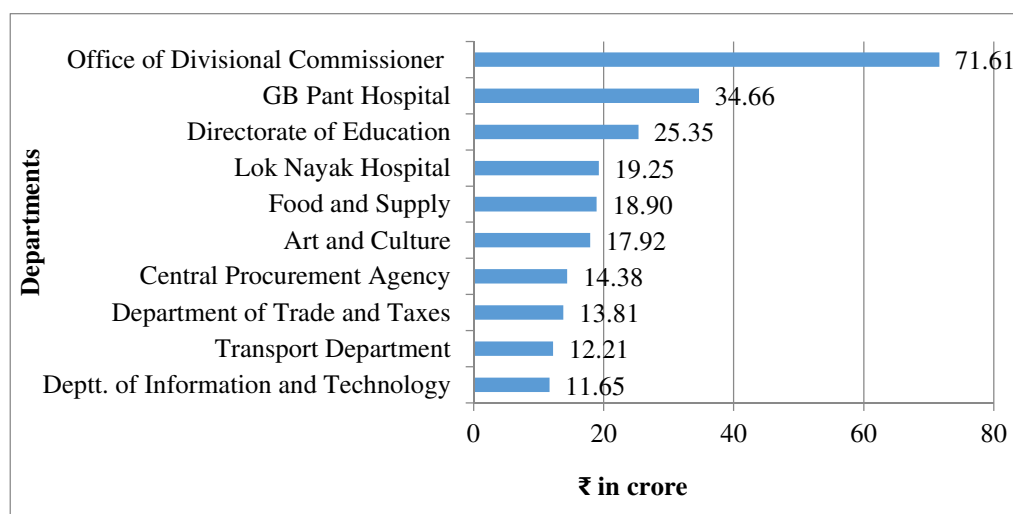


Source: Principal Accounts Office, GNCTD

It can also be seen from the above **Chart 4.2** that clearance of outstanding AC bills for the years 2019-20 to 2023-24 showed an increasing trend from 7.18 per cent to 78.50 per cent. However, total cumulative clearance of outstanding AC bills upto 2023-24 was only 36.57 per cent of the total bills.

The details of pending DC bills in respect of 10 major departments are given in **Chart 4.3**:

Chart 4.3: Pending DC bills in respect of major Departments



Source: Finance Accounts

AC bills drawn for creation of Capital assets.

As per Rule 96 of Receipts and Payments Rules, 1983, the term ‘contingent charges’ or ‘contingencies’ means and includes all incidental and other expenses (including on stores), which are incurred for the management of an office as an office or for the working of technical establishment such as laboratory, workshop, industrial installation, store depot and the like but other than expenditure which has been specifically classified as falling under some other head of expenditure e.g. ‘works’, ‘tools and plants’.

During 2023-24, one AC bill each of General Administrative Department & Weights & Measures Department amounting to ₹ 0.15 crore and ₹ 0.08 crore, respectively were drawn for creation of capital assets⁵, which was in contravention of the above rule. The reply is awaited (January 2025).

To verify the facts and figures relating to outstanding AC Bills contained in Finance Accounts of GNCTD, five Departments /Institutions viz Delhi Archives, Divisional Commissioner (Revenue Department), Secretary cum Commissioner (Food, Civil Supplies & Consumer Affairs Department), Gobind Ballabh Pant Hospital, Central Procurement Agency were selected for detailed audit. Department-wise major observations are discussed in the subsequent paras.

The audit observations are tabulated below:

Department	Outstanding AC bills (₹ in crore)	Period of delay in submission of DC Bills (range in days) Reference: Rule-118 of R&P rules	Maintenance of register of contingent expenditure required under Rule 110 of Receipts and Payments Rules
Delhi Archives	7.00	177-194 days (Appendix 4.1)	Not maintained
Divisional Commissioner, Revenue Department	71.61	116-588 days (Appendix 4.2)	Not maintained
Secretary cum Commissioner, Food Civil Supplies & Consumer Affairs Department	18.90	438-1124 days (Appendix 4.3)	Not maintained.
Govind Ballabh Pant Hospital	34.66	59-873 days (Appendix 4.4)	Not maintained.
Central Procurement Agency	14.38	-	Not maintained.

⁵ Purchase of cars

Thus, besides wrongful drawal of AC Bills for creation of Capital assets, there was inordinate delay in submission of the DC Bills thereagainst, besides deficient monitoring of the AC Bills drawn, since it was not as per prescribed procedure.

The replies of the above departments were awaited (January 2025).

4.3 Personal Deposit Accounts

Rule 191 read with 191 (3) of the Receipts and Payments Rules, 1983 stipulates that Personal Deposit Accounts (PDAs) are generally authorized to be opened under the special order to the Ministry/ Department concerned in consultation with the Controller General of Accounts (CGA) in the following types of cases:

- a) In favour of an administrator appointed for the purpose of administering money tendered by or on behalf of ward and attached estates and estates under Government management. These PDAs do not lapse to Government as per Rule 192(1), even if outstanding for more than three completed years;
- b) In relation to Civil and Criminal Courts deposits, in favor of the Chief judicial authority concerned and these PDAs will not lapse as per Rule 192(2);
- c) Where, under certain regulatory activities of the Government, receipts are realized and credited to a Fund or Account under the provisions of an Act to be utilized towards expenditure there under and no outgo from the Consolidated Fund is involved. These PDAs will not lapse to Government until the provisions of the relevant Act are in force.

Every Personal Deposit Account so authorised to be opened will form part of the Government Account and be located in the Public Account portion thereof.

The details of PDAs in GNCTD as on 31 March 2024 are given in **Table 4.3**.

Table 4.3: Details of PDAs as on 31 March 2024

PDAs as on 01.04.2023		Addition during 2023-24*		Withdrawal during 2023-24	Closing Balance as on 31-03-2024	
Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Amount (₹ in crore)	Number	Amount (₹ in crore)
11	28.80	Nil	54.11	16.70	11	66.21

* Includes the amount of receipts into and payments from the existing PD Accounts

Administrators of various Departments of GNCTD are operating 11 PDAs. The purpose of opening these PDAs was to deposit compensation from the land requisitioning authorities (DDA etc.), for payment to landowners for land acquisitions through land acquisitions collectors, scrutiny charges in paper book-cases, security charges, fees of election petitions, civil deposits, criminal deposits and rent of litigants as per order of the court etc. As on 31 March 2024, there was a total of ₹ 66.21 crore in these 11 PDAs, which are not lapsable and lying outside government accounts.

Reasons for outstanding amount of ₹ 66.21 crore in 11 PDAs were sought against which the Department (PAO VI) stated (September 2024) that payment from Personal Deposits depended upon outcome of court cases and release of payment by the Rent Controller concerned.

Analysis of selected PD Accounts

To verify the facts and figures relating to PDAs contained in Finance Accounts of GNCTD, two Departments /Institutions viz Land and Building Department and Principal District & Session Judge (Central), /Tis Hazari were selected for detailed audit.

Department-wise major observations are discussed in the subsequent paras.

4.3.1 Tis Hazari Court (Central)

The Office of Principal District and Sessions Judge (Central), Tis Hazari Court has been maintaining Personal Deposit (PD) Account, in the name of Rent Controller (Central) in State Bank of India for the purpose of deposit and disbursement of rent deposit by the tenants in the court cases. Scrutiny of records/information related to PD account revealed the following inconsistencies:

- (a) Two bank accounts have been operated for deposits and disbursement, respectively.
- (b) Deposits other than those related to rent were appearing in the designated Bank Account.
- (c) The balance of ₹ 2.23 crore as per the departmental monthly reconciliation statement of March 2024 did not match with that depicted in Finance Accounts 2023-24 which is showing ₹ 3 crore and needs reconciliation under intimation to audit.
- (d) The closing balances in the bank statement for the month of November 2023 shows 'zero' in both the accounts. Further, the balances in both the accounts as of 31 March 2024 was ₹ 4,26,476 (Dr.) and ₹ 37,73,536 (Cr.), which did not match with the figures depicted in Finance Accounts. This needs to be reconciled under intimation to audit.
- (e) Cash book was not maintained for this PDA, which is in contravention of Rule 13 of Receipts and Payments Rules.

Department stated (October 2024) that the Rent Controller was being pursued for the observations at (a), (b), (c), and (e). Further, observation at point (d) was also being taken up with the bank.

4.3.2 Land and Building Department

The Land & Building Department (LBD) maintains a Personal Deposit Account (PDA) in Reserve Bank of India. The money received by LBD for compensation of land acquired/ to be acquired from the agency requiring land, is deposited in

this account. It was seen that as on 31st March 2024, ₹ 23.09 crore is pending for disbursement for more than six years.

The difference of ₹ 0.74 crore is attributable to various cheques issued but not presented and the variation with RBI statement of ₹ 1,202.80, which the Department had already requested the RBI to rectify.

The Department stated (September 2024) that sincere efforts were being made for seeking requisite information/clarification from the concerned LACs/Agencies.

4.4 Indiscriminate use of Minor Head 800

As a crucial component of a transparent system of budgeting and accounting, the forms of accounts in which the receipts and expenditure of the Government are reported to the Legislature should constantly be reviewed and updated so that they truly reflect receipts and expenditure on all major activities of the Government in a transparent manner to meet the basic information needs of all important stakeholders. For the purpose, Minor head-‘800’ relating to ‘Other Receipts’ and ‘Other Expenditure’ is intended to be operated only when the appropriate minor head has not been provided for in the accounts. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocated priorities and quality of expenditure.

i) During 2023-24, receipts of ₹ 647.25 crore out of total revenue receipts of ₹ 56,797.79 crore, were classified under the minor head ‘800-Other Receipts’ which constituted 1.14 *per cent* of the total revenue receipts. Significant revenue receipts booked under minor head 800-Other Receipts during 2023-24 are given in **Table 4.4** below:

Table 4.4: Significant revenue receipts booked under minor head 800-Other Receipts

(₹ in crore)				
S. No.	Major Head	Booking under MH 800	Total Receipts	Percentage of Receipt
1.	0210- Medical & Public Health	88.64	110.94	79.89
2.	0701- Medium Irrigation	30.96	30.96	100.00
3.	0801- Power	59.24	59.24	100.00
	Total	178.84	201.14	

ii) During 2023-24, expenditure of ₹ 6,630.70 crore out of total expenditure of ₹ 60,830.18 crore was classified under the minor head of account ‘800-Other Expenditure’ which constituted 10.90 *per cent* of the total expenditure. Significant expenditure booked under minor head 800-Other Expenditure during 2023-24 is given in **Table 4.5** below:

Table 4.5: Significant Expenditure booked under Minor Head –‘800 Other Expenditure’

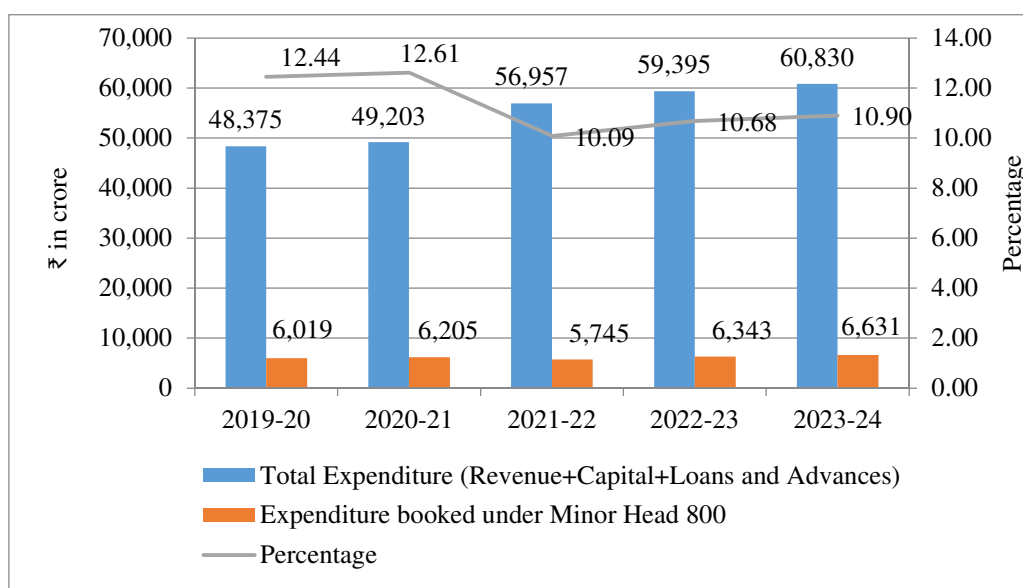
(₹ in crore)

S. No.	Major Head	Expenditure booked under Minor Head 800 ‘other expenditure’	Total expenditure under the Major Head	Percentage of expenditure in Minor Head-800 as compared to Total Expenditure
1.	2211-Family Welfare	97.09	107.17	90.59
2.	2215-Water Supply and Sanitation	467.26	1,828.47	25.55
3.	2801-Power	3,270.21	3,270.21	100.00
4.	4711-Capital Outlay on Flood Control Projects	79.57	80.38	98.99
Total		3,914.13	5,286.23	

Office of Controller General of Accounts, Ministry of Finance, Department of Expenditure had issued guidelines in May 2016 stipulating inter alia that use of minor head ‘800-Other Expenditure’ should be temporary, wherever so required urgently and for comparatively lower amounts (e.g 5-10 per cent of major head provision).

However, it can be seen from **Table 4.5** above that in four cases, 50 per cent or more of the total expenditure under respective Major Head was classified under minor head ‘800-Other Expenditure’, in contravention of CGA’s guidelines.

Further, it can be seen from the **Chart 4.4** below, it can be seen that the percentage of expenditure booked under minor Head ‘800 – Other Expenditure’ during the period 2019-20 to 2023-24 ranged from 10.09 per cent (2021-22) to 12.61 per cent (2020-21).

Chart 4.4: Operation of Minor head ‘800-Other Expenditure’ during 2019-24

Source: Principal Accounts Office, GNCTD

Thus, while the booking under Minor Head 800 had dipped during 2021-22, thereafter there has been a consistently increasing trend.

4.5 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

The audit of 16 bodies/authorities has been entrusted to the CAG under Sections 19 and 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

The annual accounts of 15 bodies/authorities due up to 2023-24 had not been received as of September 2024 in the office of the Accountant General (Audit), Delhi. It can be seen from **Appendix 4.5** that 32 annual accounts up to the year 2023-24 of 15 bodies/authorities were pending as on 30 September 2024.

In the absence of timely finalisation of annual accounts, investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delays in finalisation of accounts increase the risk of fraud and leakage of public money.

The Government may consider a system to speed up compilation and submission of annual accounts by the bodies/authorities.

4.6 Other inaccuracies in the statements of Finance Accounts

i) Minus/adverse Balance of Loans and Advances

Scrutiny of Finance Accounts for the year 2023-24 of GNCTD revealed that there were minus/adverse balances of Loans & Advances in Statement No.16 (Detailed statement of loan and Advances made by GNCTD-Finance Accounts 2023-24). The minus/adverse Balances are detailed below in **Table 4.6**.

Table 4.6: Minus/adverse balances

(₹ in crore)				
Sl. No.	Major Head	Description	Minor Head	Balances as on 31.03.2023
1	6401	Loans for Crops Husbandry	105-Manures and Fertilizers	(-)0.90
2	7610	Loans to Government Servants	201-House Building Advances	(-)5.68
3	7610	Loans to Government Servants	202-Advances for Purchase of Motor Conveyances	(-)2.53
4	7610	Loans to Government Servants	203-Advances for Purchase of Other Conveyances	(-)0.29
5	7610	Loans to Government Servants	204-Advance for Purchase of Computer	(-)1.35

With respect to Major Head '6401-Loans for Crops Husbandry', the Principal Accounts Office, GNCTD reiterated (September 2024) last year's reply that the amount of minus figure shown in the Finance Accounts pertained to the old period and that the concerned PAOs involved were being advised to trace out the misclassification and account for the same in the appropriate head of Account.

With respect to Major Head '7610-Loans and Advances', the Principal Accounts Office, GNCTD reiterated (September 2024) last year's reply that the adverse balances were due to erroneous booking of interest amount into the principal

amount and that the same would be reviewed with PAOs for giving appropriate treatment in the next financial year.

The above replies indicate no improvement in the position and also highlights lack of efforts of the competent authority to get the status clarified and rectified.

ii) Outstanding loans & advances

Scrutiny revealed that the loans ₹ 1,76,995.40 crore were outstanding as on 31st March 2024 from 18 entities with pendency of arrears ranging from 5 years to 73 years, as detailed in **Appendix 4.6**.

With respect to the position indicated at S.no. 6 of **Appendix 4.6**, DSCSCL intimated (October 2024) that the recommendation had been sent to the Finance Department, GNCTD for the waiver of loan and accrued interest

Further, with respect to the position indicated at S.no. 18 of **Appendix 4.6**, IIT stated (October 2024) that the repayment schedule for repayment of loan had already been sent to Directorate of Training and Technical Education (DTTE), GNCTD in December 2023, which was under consideration.

Replies from the remaining departments were awaited (February, 2025).

The same issue has also been pointed out in earlier audit reports, however no corrective action has been taken so far and the government replies are perfunctory.

iii) Cumulative data on investments in Statement No.11 does not match with total investment data of Statement No.12.

Scrutiny of Statement No. 11 and Statement No.12 of GNCTD Finance Accounts revealed that there is a difference of ₹ 289.24 crore in investments shown in Statement no.11 and 12, as detailed in **Appendix 4.7**.

On being pointed out by audit, Principal Accounts Office, GNCTD accepted (September 2024) the facts and intimated the various reasons for the difference. However, the steps for remedial action were not indicated.

Since this was pointed out in the previous year's Audit Report, it is requested that concrete remedial action may be taken under intimation to audit.

iv) Other inconsistencies/inaccuracies in the Statements of Finance Accounts of GNCT of Delhi for the year 2023-24.

The following inconsistencies/inaccuracies were noticed in the various Statements of Finance Accounts of GNCTD for the year 2023-24.

a) Inconsistency of Investment figures booked in Statement 11 and Statement 12 of the Finance Accounts-

As per Statement No. 12, an investment of ₹ 38,33,100 thousands has been made by the government during the year 2023-24 whereas the investment booked in Statement No.11 is ₹ 38,33,525 thousands under the head '5055.00.190'. Further, scrutiny of Classified Abstract revealed that an amount of ₹ 425 thousands was

spent on the installation of CCTV Cameras in DTC & Cluster Buses' which was to be booked as Capital Expenditure. Instead, the same was incorrectly booked as Investment under the head '5055.00.190.78.00.54'.

On being pointed out by audit, Principal Accounts Office, GNCTD stated (September 2024) that the matter had been referred to concerned Department Further response was awaited (February, 2025).

b) Fresh disbursement of loan to entities despite outstanding loan arrears since 1998-99

Scrutiny of Finance Accounts (Section 3 of Statement No. 16 and Additional Disclosures for fresh loans and advances made during the year) for the year 2023-24 of GNCT of Delhi revealed that despite non-repayment of earlier loans by Delhi Jal Board and DUSIB, fresh loans of ₹ 2,844.44 crore were disbursed to these entities by GNCTD as detailed in **Table 4.7**.

Table 4.7: Disbursement of fresh loans to defaulting loanee entities

Loanee entity	Amount of arrears as on March 2024 (₹ in crore)		Earliest period to which arrears relates	Fresh loan advanced during 2023-24 (₹ in crore)	Total outstanding loan (excluding interest) as on 31 March 2024 (₹ in crore)
	Principal	Interest			
Delhi Jal Board (DJB)	37,366.59	39,889.17	1998-99	2,744.44	40,111.03
Delhi Urban Shelter Improvement Board (DUSIB)	1,155.21	770.37	2011-12	100.00	1,255.21
	38,521.80	40,659.54		2,844.44	41,366.24

Further response was awaited (February, 2025).

4.7 Delhi State Finance Commission

Fifth Finance Commission (FFC) for the Government of National Capital Territory of Delhi (GNCTD) was constituted in April 2016 and its mandate was for the period 2016-2021. As per the order dated 26.4.2016 of Department of Urban Development, the mandate of FFC was to review the financial position of the Municipalities and make recommendations as to the:

- (a) principles which should govern
 - (i) distribution between GNCTD and the Municipalities of the net proceeds of taxes, duties, tolls and fees leviable;
 - (ii) determination of the duties, tolls and fees which may be assigned to the Municipalities;
 - (iii) GIA to Municipalities from the Consolidated Fund of GNCTD; and
- (b) measures needed to improve the financial position of the Municipalities.

Since the Sixth Finance Commission (SFC) had not been constituted even after a lapse of more than three years of expiry of FFC's mandate, the devolution of funds

is still being done as per the recommendations of FFC. However, the three main Municipal Bodies⁶ of GNCTD were merged (April 2022) into one MCD, rendering the FFC's recommendations irrelevant. A de novo look at the MCD finances is thus warranted.

On the matter being pointed out by audit, Department of Urban Development replied (September 2024) that the matter for the constitution of Sixth Finance Commission was currently under the consideration of higher authorities.



(ROLI SHUKLA MALGE)
Accountant General (Audit), Delhi

New Delhi
Dated: 13 May 2025

Countersigned



(K. SANJAY MURTHY)
Comptroller and Auditor General of India

New Delhi
Dated: 15 May 2025

⁶ East DMC, South DMC and North DMC

