

Chapter I: Accounts of the Government of NCT of Delhi

1.1 Introduction

This chapter discusses the financial position of the Government of National Capital Territory (NCT) of Delhi based on an analysis of the information contained in the Finance Accounts. The analysis is based on the trends of receipts and expenditure and the financial management of the NCT Government.

1.2 Financial position of the Government of NCT of Delhi

The accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. Appendix - I contains an abstract of such liabilities and assets as on 31 March 2004 compared with the corresponding position as on 31 March 2003. While the liabilities in this statement consists mainly of loans and advances from the Government of India, the assets comprise mainly the capital outlay, loans and advances given by the NCT Government and the cash balances. It would be seen from Appendix-I that while the assets increased by Rs. 5,249 crore, the increase in liabilities was only Rs. 2,964 crore.

1.3 Sources and application of funds

1.3.1 The main sources of funds include the revenue receipts of the Government, recoveries of loans and advances and borrowings from the Government of India. These are applied mainly on revenue and capital expenditure repayment of borrowed funds and on lending for developmental purposes. It would be seen from Appendix II that the revenue receipts constitute the most significant source of funds for the NCT Government but their relative share decreased from 63.28 *per cent* in 2002-2003 to 59.90 *per cent* during 2003-04. The share of recoveries of loans and advances marginally increased from 1.96 *per cent* to 2.08 *per cent*. The Government had to meet its requirement through increased borrowings from the Government of India.

1.3.2 Revenue expenditure increased from 49.61 *per cent* of the total expenditure in 2002-03 to 50.65 *per cent* in 2003-04. It was considerably lower than the total receipts of the NCT Government resulting in a revenue surplus of Rs. 2,261.44 crore in 2003-04. The share of capital expenditure including loans and advances decreased from 50.39 *per cent* to 49.35 *per cent* of the total expenditure.

1.4 Revenue receipts

1.4.1 Growth of revenue receipts

The revenue receipts consist of the NCT's own tax and non-tax revenue and grants-in-aid from the Government of India. The trend of revenue receipts during the last five years was as under:

Table 1.1: Growth of Revenue Receipts

(Rupees in crore)

Year	Actual revenue receipts	Percentage increase over previous year	Gross State Domestic Product	Percentage of revenue receipts to GSDP
2003-04	7348.53	10.24	***83825	8.77
2002-03	6665.94	6.59	**74807	8.91
2001-02	6253.71	14.87	*68185	9.17
2000-01	5443.99	27.36	*62733	8.68
1999-00	4274.34	16.78	*53010	8.06

* Revised Estimates, **Provisional Estimates, *** Quick Estimates

Revenue receipts increased by Rs. 682.59 crore in 2003-04 over 2002-03. The increase was largely on account of introduction of floor rates of Sales tax applicable to different commodities with effect from 16 January 2000. The growth of revenue receipts over five years has been volatile as it ranged from 6.59 per cent in 2002-03 to 27.36 per cent in 2000-01. The percentage of revenue receipts to GSDP¹ increased over the five years from 8.06 in 1999-2000 to 8.77 in 2003-04.

1.4.2 Components of revenue receipts

The components of revenue receipts in terms of tax and non-tax revenue and receipts from the Government of India during the last five years were as under:

Table 1.2: Components of Revenue Receipts

(Rupees in crore)

Components	2003-04	2002-03	2001-02	2000-01	1999-2000
Tax revenue	5884.17 (80.07)	5324.19 (79.87)	4896.75 (78.30)	4400.62 (80.84)	3430.42 (80.26)
Non-tax revenue	950.34 (12.93)	829.56 (12.45)	876.06 (14.01)	548.35 (10.07)	397.85 (9.31)
Grants-in-aid from GOI	514.02* (7.00)	512.19 (7.68)	480.90 (7.69)	495.02 (9.09)	446.07 (10.43)
Total revenue receipts	7348.53 (100)	6665.94 (100)	6253.71 (100)	5443.99 (100)	4274.34 (100)

Note: Figures in brackets indicate percentage of total revenue receipts
*includes grants under proviso to Article 275(1) of the constitution.

¹ Gross State Domestic Product at current prices

As a percentage of total revenue receipts, the share of tax revenue increased marginally from 79.87 in 2002-03 to 80.07 in 2003-04 and non-tax revenue increased from 12.45 *per cent* to 12.93 *per cent* during the same period. Over the five years period from 1999-2000 to 2003-04, the percentage share of non-tax revenue increased by 138.87 *per cent* while tax revenue increased by only 71.53 *per cent*.

1.5 Tax revenue

1.5.1 Growth of tax revenue

Tax revenue contributes the biggest share of the revenue receipts. The growth of tax revenue during 1999-2004 was as under:

Table 1.3: Growth of Tax Revenue

(Rupees in crore)

Year	Actual tax revenue	Percentage increase over the previous year	As percentage of total revenue receipts	Percentage of tax revenue to GSDP
2003-04	5884.17	10.52	80.07	7.02
2002-03	5324.19	8.73	79.87	7.12
2001-02	4896.75	11.27	78.30	7.18
2000-01	4400.62	28.28	80.84	7.01
1999-00	3430.42	11.06	80.26	6.47

Tax revenue increased by 10.52 *per cent* in 2003-04 over the previous year. Over the last five years, the rate of growth of tax revenue had been fluctuating from 11.06 *per cent* to 28.28 *per cent*. The percentage of tax revenue to GSDP increased from 6.47 in 1999-2000 to 7.02 in 2003-04.

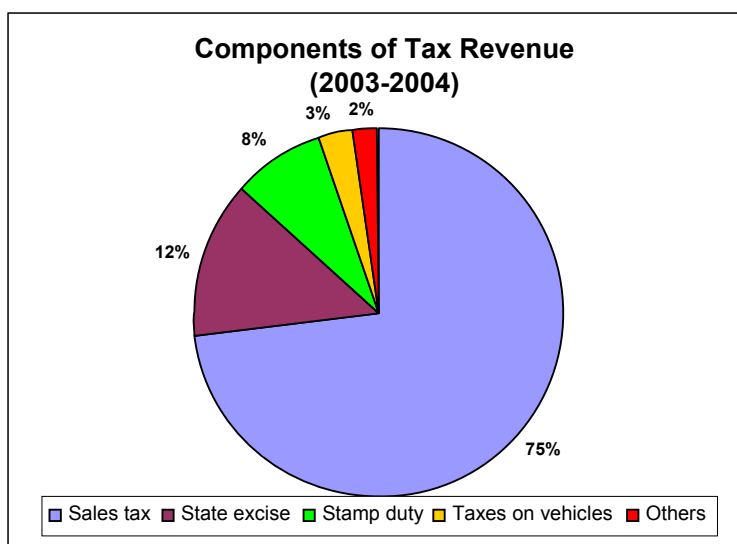
1.5.2 Components of tax revenue

The break up of tax revenue during the five years ending 2003-04 is given below:

Table 1.4: Components of Tax Revenue

(Rupees in crore)					
Components	2003-04	2002-03	2001-02	2000-01	1999-00
Sales tax	4435.07 (75.37)	3883.17 (72.94)	3704.01 (75.64)	3387.86 (76.99)	2346.60 (68.41)
State excise	710.12 (12.07)	725.68 (13.63)	606.41 (12.38)	557.22 (12.66)	566.41 (16.51)
Stamp duty	435.23 (7.40)	436.80 (8.20)	283.16 (5.78)	191.69 (4.36)	190.48 (5.56)
Taxes on vehicles	175.24 (2.98)	160.40 (3.01)	166.76 (3.41)	142.34 (3.23)	160.87 (4.68)
Others	128.51 (2.18)	118.14 (2.22)	136.41 (2.79)	121.51 (2.76)	166.06 (4.84)
Total tax revenue	5884.17 (100)	5324.19 (100)	4896.75 (100)	4400.62 (100)	3430.42 (100)

Note: Figures in brackets indicate percentage of total tax revenue.



Sales tax was the major contributor to tax revenue. Its contribution to total tax revenue increased from 68.41 per cent in 1999-2000 to 75.37 per cent in 2003-04. The contribution of state excise declined to 12.07 per cent in 2003-04

from 16.51 *per cent* in 1999-2000. The contribution of stamp duty increased from 5.56 *per cent* in 1999-2000 to 7.40 *per cent* in 2003-04. However, it marginally decreased in terms of percentage to total revenue as compared to the previous year. The relative share of other taxes generally remained stable during this period. The hike of 14.21 *per cent* in sales tax collection in 2003-2004 over the previous year was primarily on account of an increase in tax rates in the NCT following the adoption of floor rates across the country. However, there was no evidence of improved compliance and considerable amounts remained recoverable as indicated in paragraph 1.7.

1.6 Non-tax revenue

1.6.1 Growth of non-tax revenue

The growth of non-tax revenue during the last five years ended 2003-04 was as under:

Table 1.5: Growth of Non-tax Revenue

(Rupees in crore)

Year	Total non-tax revenue	Percentage increase (+)/ decrease (-) over the previous year	As a percentage of total revenue receipts	As a percentage of GSDP
2003-04	950.34	(+) 14.56	12.93	1.13
2002-03	829.56	(-) 5.31	12.45	1.11
2001-02	876.06	(+) 59.76	14.01	1.28
2000-01	548.35	(+) 37.83	10.07	0.87
1999-00	397.85	(+) 111.67	9.31	0.75

Non-tax revenue increased by 14.56 *per cent* in 2003-04 over the previous year. Over the five-year period, non-tax revenue increased by 138.87 *per cent* largely on account of increase in interest receipts from Rs. 300.77 crore in 1999-2000 to Rs. 868.83 crore in 2003-04. As a percentage of GSDP, the non-tax revenue was 1.13 in 2003-04 as compared to 1.11 in the previous year.

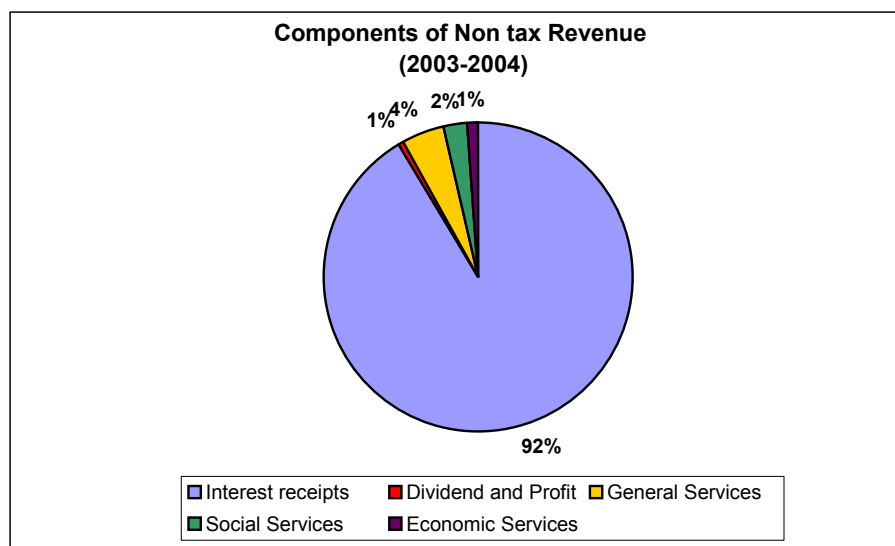
1.6.2 Components of non-tax revenue

The break-up of non-tax revenue during the five years ending 2003-04 is given below:

Table 1.6: Components of Non-tax Revenue

(Rupees in crore)					
Components	2003-04	2002-03	2001-02	2000-01	1999-00
Interest receipts	868.83 (91.42)	741.42 (89.38)	789.83 (90.16)	477.28 (87.04)	300.77 (75.60)
Dividend and Profit	6.03 (0.63)	7.19 (0.87)	7.17 (0.82)	8.70 (1.58)	4.41 (1.11)
General services	41.45 (4.36)	45.18 (5.44)	40.07 (4.57)	35.38 (6.45)	53.40 (13.42)
Social services	22.30 (2.35)	22.63 (2.73)	19.04 (2.17)	11.88 (2.17)	24.87 (6.25)
Economic services	11.73 (1.24)	13.14 (1.58)	19.95 (2.28)	15.11 (2.76)	14.40 (3.62)
Total non tax revenue	950.34 (100)	829.56 (100)	876.06 (100)	548.35 (100)	397.85 (100)

Note : Figures in brackets indicate percentage of total non-tax revenue.



Over the last five years, the composition of non-tax revenue has significantly changed with interest receipts constituting 91.42 per cent of the total non-tax revenue in 2003-04 as compared to 75.60 per cent in 1999-2000. This is largely due to increased budgetary support to local bodies, government corporations, public sector undertakings, etc. through loans carrying specific rates of interest.

1.7 Arrears of tax revenue

The position of arrears of tax revenue pending collection at the end of the financial year as against total tax revenue collected by the Government during 1999-2000 to 2003-04 is given below:

Table 1.7: Arrears of Tax Revenue

(Rupees in crore)

Year	Amount collected	Amount in arrears	Arrears as percentage of collections	Increase of arrears over previous year	Percentage increase over previous year
2003-04	5884.17	9364.77	159.15	1036.94	12.45
2002-03	5324.19	8327.83	156.41	1328.46	18.98
2001-02	4896.75	6999.37	142.94	382.79	5.78
2000-01	4400.62	6616.58	149.69	1089.02	19.81
1999-00	3430.42	5527.56	161.13	809.52	17.26

The entire amount in arrears pertained to sales tax. The overall deterioration in the position of arrears of tax revenue is reflective of the poor revenue collection efforts of the NCT Government.

1.8 Total expenditure

Trends in total expenditure of the Government of NCT of Delhi during 1999-2000 to 2003-04 were as under:

Table 1.8: Trends in Expenditure

(Rupees in crore)

Year	Revenue	Capital	Loans	Total
2003-04	5087.09	852.72	4103.17	10042.98
2002-03	4598.20	914.07	3756.73	9269.00
2001-02	5044.14	611.61	2788.84	8444.59
2000-01	3696.50	869.41	2608.86	7174.77
1999-00	3523.00	510.48	1873.49	5906.97

Revenue expenditure increased by 10.63 *per cent* from Rs. 4,598.20 crore in 2002-03 to Rs. 5087.09 crore in 2003-04. Capital expenditure decreased by 6.71 *per cent* from Rs. 914.07 crore to Rs. 852.72 crore during the corresponding period. The share of capital expenditure out of total expenditure decreased from 9.86 *per cent* in 2002-03 to 8.49 *per cent* in 2003-04. Loans were given mainly to Delhi Power Supply Company (TRANSCO), Delhi Jal Board and the Delhi Transport Corporation for improvement of water supply and sanitation, improvement of road transport, etc. Loans by the NCT Government increased by 9.22 *per cent* during 2003-04 over the previous year. Share of loans in total

expenditure increased from 31.72 *per cent* in 1999-2000 to 40.86 *per cent* in 2003-04.

1.9 Revenue expenditure

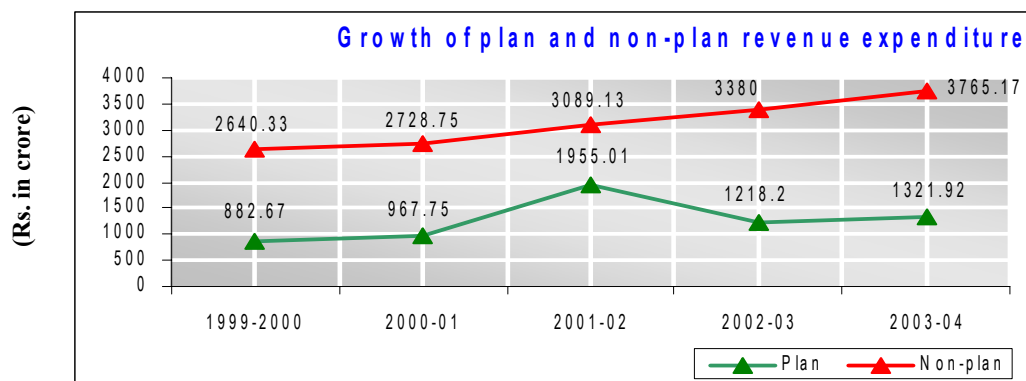
1.9.1 Trend of revenue expenditure

Trends in revenue expenditure of the Government during the five years ending 2003-04 were as under:

Table 1.9: Trend of Plan and Non Plan Expenditure

(Rupees in crore)

Year	Actual revenue expenditure			Increase (+)/decrease (-) over the previous year		Total revenue expenditure as a percentage of GSDP
	Plan	Non-Plan	Total	Plan	Non-Plan	
2003-04	1321.92	3765.17	5087.09	(+) 103.72	(+) 385.17	6.07
2002-03	1218.20	3380.00	4598.20	(-) 736.81	(+) 290.87	6.15
2001-02	1955.01	3089.13	5044.14	(+) 987.26	(+) 360.38	7.40
2000-01	967.75	2728.75	3696.50	(+) 85.06	(+) 88.42	5.89
1999-00	882.67	2640.33	3523.00	(+) 87.62	(+) 595.26	6.65



Over the last five years, the revenue expenditure increased from Rs. 3,523.00 crore in 1999-2000 to Rs. 5,087.09 crore in 2003-04 which constituted an increase of 44.40 *per cent*. Revenue expenditure under Plan increased from Rs. 1,218.20 crore in 2002-03 to Rs. 1,321.92 crore in 2003-04 registering an increase of 8.51 *per cent* while the expenditure under Non-Plan increased from Rs. 3,380 crore in 2002-03 to Rs. 3,765.17 crore in 2003-04 registering an increase of 11.40 *per cent* during the corresponding period. The share of plan revenue expenditure as percentage of revenue expenditure increased from 25.05 *per cent* in 1999-2000 to 25.99 *per cent* in 2003-04.

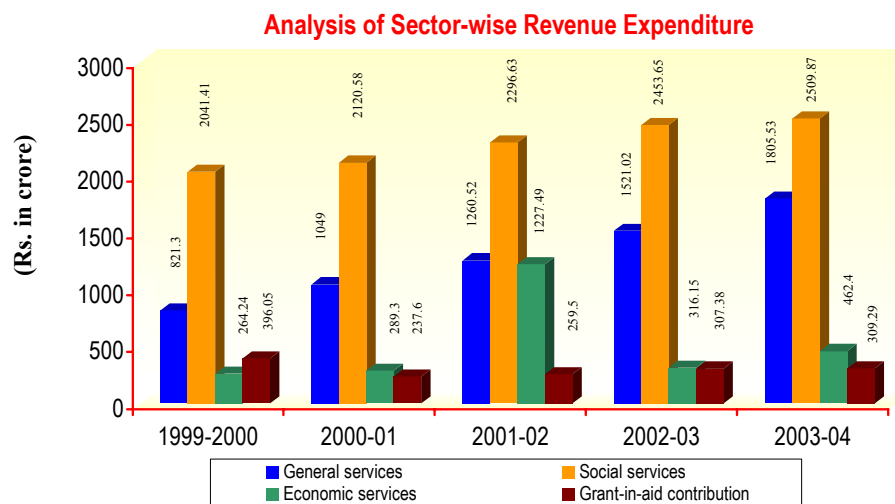
1.9.2 Sector-wise revenue expenditure

The sector-wise distribution of actual revenue expenditure was as under:

Table 1.10: Sector-wise distribution of Revenue Expenditure

(Rupees in crore)					
Sector	2003-04	2002-03	2001-02	2000-01	1999-00
General services	1805.53 (+18.71)	1521.02 (+ 20.67)	1260.52 (+ 20.16)	1049.00 (+27.72)	821.30 (+ 17.79)
Social services	2509.87 (+2.29)	2453.65 (+ 6.84)	2296.63 (+ 8.30)	2120.58 (+3.88)	2041.41 (+ 11.31)
Economic services	462.40 (+46.26)	316.15 (- 74.24)	1227.49 (+ 324.30)	289.30 (+ 9.48)	264.24 (+ 11.02)
Grants-in-aid contributions	309.29 (+0.62)	307.38 (+18.45)	259.50 (+9.22)	237.60 (- 40.01)	396.05 (+ 459.39)
Total	5087.09 (+10.63)	4598.20 (- 8.84)	5044.14 (+ 36.46)	3696.48 (+ 4.92)	3523.00 (+24.04)

Note : Figures in brackets indicate percentage increase/ decrease over previous year.



Revenue expenditure in 2003-04 increased by 10.63 *per cent* over the previous fiscal year. All the components of revenue expenditure indicated a rising trend over the previous fiscal year.

As a proportion of total revenue expenditure, the share of General services increased from 23.31 *per cent* in 1999-2000 to 35.49 *per cent* in 2003-04 and Economic services from 7.50 *per cent* to 9.09 *per cent* whereas the share of Social services decreased from 57.94 *per cent* to 49.34 *per cent* and that of grants-in-aid contribution from 11.24 *per cent* to 6.08 *per cent*. The increase in expenditure on General services over five years was largely on account of increase in payment of interest which rose from Rs. 530.74 crore in 1999-2000 to Rs. 1,367.27 crore in 2003-04. While the expenditure on Social services increased by 22.95 *per cent* from Rs. 2,041.41 crore in 1999-2000 to Rs. 2,509.87 crore in 2003-04, the corresponding increase in General services and Economic services was 119.84 *per cent* and 74.99 *per cent* respectively.

1.10 Interest payments

Interest payments during the period 1999-2004 were as follows:

Table 1.11: Trend of Loans Received and Interest Paid

(Rupees in crore)

Year	Loans received	Interest paid	Rate of growth of interest paid	Interest as percentage of revenue expenditure	Interest ratio*
2003-04	4664.58	1367.27	22.65	26.88	0.08
2002-03	3661.73	1114.78	22.42	24.24	0.06
2001-02	2038.57	910.62	27.05	18.05	0.02
2000-01	1764.08	716.75	35.05	19.39	0.05
1999-00	1399.54	530.74	22.76	15.06	0.06

Interest payments registered a rate of growth of 22.65 *per cent* in 2003-04 over the previous year. This accounted for an increasing share of the revenue expenditure indicating reduced availability of receipts for other expenditure.

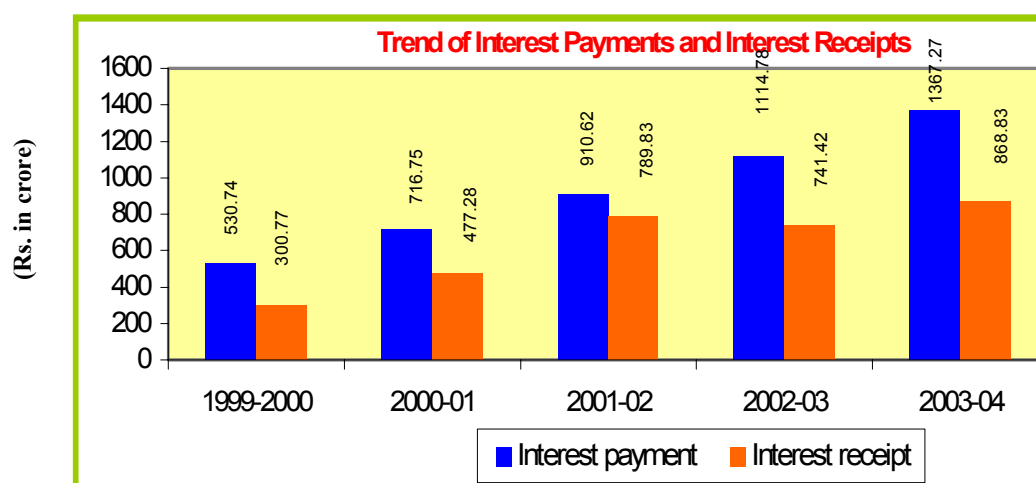
*
$$\text{Interest ratio} = \frac{\text{Interest payment} - \text{Interest receipts}}{\text{Total revenue receipts} - \text{Interest receipts}}$$

A comparison of interest received by the Government with the interest paid revealed that the net burden on revenue increased from Rs. 229.97 crore during 1999-2000 to Rs. 498.44 crore during 2003-04 as detailed below:

Table 1.12: Trends in Net Interest Payment

(Rupees in crore)

Year	Interest payments	Interest receipts	Net interest payment
2003-04	1367.27	868.83	498.44
2002-03	1114.78	741.42	373.36
2001-02	910.62	789.83	120.79
2000-01	716.75	477.28	239.47
1999-00	530.74	300.77	229.97



Interest Payments and interest receipts increased in 2003-04 by 22.65 per cent and 17.18 per cent as compared to the previous year resulting in 33.5 per cent increase in net burden on revenue during this period.

1.11 Financial assistance to local bodies and other institutions – grants-in-aid to local bodies

The quantum of grants-in-aid provided to different local bodies etc. during the last five years was as follows:

Table 1.13: Grants-in-aid to Local Bodies

(Rupees in crore)

Sl. No.	Name of the body	2003-04	2002-03	2001-02	2000-01	1999-00
1	Municipal Corporation of Delhi	864.08	855.28	716.54	678.24	712.44
2	New Delhi Municipal Council	24.79	19.72	19.16	22.17	19.57
3	Delhi Cantonment Board	1.47	1.25	1.09	1.25	-
4	Delhi Development Authority	-	--	0.20	0.16	-
5	Delhi Jal Board	54.25	60.69	62.75	66.87	68.75
6	Delhi Vidyut Board/DESU/ DERC	2.25	23.33	964.50	1.73	0.05
7	DISCOM	52.75	-	-	-	-
8	Others	114.31	128.59	95.40	101.43	48.14
	Total	1113.90	1088.86	1859.64	871.85	848.95

The total assistance at the end of 2003-2004 increased by 2.30 *per cent* over the previous fiscal year which was largely on account of assistance to the private power distribution companies (DISCOM) and increase in assistance to MCD and NDMC during 2003-04. Grantee institutions were required to submit utilization certificates within 18 months. A total of 2,615 utilisation certificates relating to Rs. 7,188.81 crore in respect of grants-in-aid released up to 30 September 2002 were outstanding from various grantee institutions at the end of March 2004. This indicated the absence of effective monitoring by the Government.

1.12 Capital expenditure

1.12.1 Trend of capital expenditure

Assets are created mostly out of capital expenditure. In addition, financial assets arise from funds invested in institutions or undertakings i.e. Public

Sector Undertakings, Corporations, etc. and loans and advances. Capital expenditure for the last five years was as under:

Table 1.14: Trend of Capital Expenditure

(Rupees in crore)

Year	Actual capital expenditure	Percentage of increase (+)/ decrease (-) over the previous year	Percentage of capital expenditure with reference to total expenditure	Total capital expenditure as percentage of GSDP
2003-04	852.72	(-) 6.71	8.49	1.02
2002-03	914.07	(+) 49.45	9.86	1.22
2001-02	611.61	(-) 29.65	7.24	0.90
2000-01	869.41	(+) 70.32	12.12	1.39
1999-00	510.48	(+) 49.77	8.64	0.96

During 2003-04, capital expenditure decreased by 6.71 *per cent* over the previous year. Percentage of capital expenditure with reference to total expenditure decreased from 9.86 *per cent* in 2002-03 to 8.49 *per cent* in 2003-04.

1.12.2 Sector-wise capital expenditure

The sector-wise capital expenditure excluding loans during the last five years is given below:

Table 1.15: Sector-wise Capital Expenditure

(Rupees in crore)

Name of the Service	2003-04	2002-03	2001-02	2000-01	1999-00
General services	55.39 (6)	60.25 (6)	49.54 (8)	62.78 (7)	74.45 (15)
Social services	279.12 (33)	381.94 (42)	179.21 (29)	402.85 (46)	92.85 (18)
Economic services	518.21 (61)	471.88 (52)	382.86 (63)	403.78 (47)	343.18 (67)
Total	852.72 (100)	914.07 (100)	611.61 (100)	869.41 (100)	510.48 (100)

Note: Figures in brackets indicate percentage of total capital expenditure

Capital expenditure on social services decreased by 26.92 *per cent* over the previous year. There was an increase of 9.82 *per cent* in share of economic services during 2003-04 over the previous fiscal year. Capital expenditure on general services decreased by 8.07 *per cent* over the same period. During the medium term (1999-2004), there was, however, a relative shift in favour of expenditure on social services.

1.12.3 Expenditure on incomplete projects

There were 256 projects each worth Rs. 50 lakh or more in progress as on 31 March 2004. Out of these, 96 projects amounting to Rs. 835.44 crore were to be completed before 31 March 2004 but were not completed.

1.13 Loans and advances by the Government

1.13.1 The Government gives loans and advances to local bodies, autonomous bodies, co-operative institutions, public sector and other undertakings and Government departments for various development and non-developmental activities. It also disburses loans to Government servants for construction of houses, purchase of vehicles, etc. The position of loans disbursed by the Government during the last five years is given below:

Table 1.16: Trends in Advances and Recoveries

(Rupees in crore)

	2003-04	2002-03	2001-02	2000-01	1999-00
Opening balance (1)	18503.77	14953.67	12622.68	10134.94	8512.51
Balance adopted from CGA	-	-	-	--	-
Amount advanced during the year :					
(i) Energy	2150.69	1552.53	644.12	847.83	483.53
(ii) Social services	648.45	647.27	492.21	449.51	292.65
(iii) Others	1304.03	1556.93	1652.51	1311.52	1097.30
Sub Total (2)	4103.17	3756.73	2788.84	2608.86	1873.48
Amount recovered during the year :					
(i) Energy	64.31	45.48	178.62	--	0.83
(ii) Social services	65.47	23.08	69.32	13.82	62.23
(iii) Others	125.95	138.07	209.91	107.30	187.99
Sub Total (3)	255.73	206.63	457.85	121.12	251.05
Closing balance (1+2-3)	22351.21	18503.77	14953.67	12622.68	10134.94
Net addition	3847.44	3550.10	2330.99	2487.74	1622.43

Outstanding loans increased from Rs. 18,503.77 crore in 2002-03 to Rs. 22,351.21 crore in 2003-04 constituting an increase of 20.79 *per cent*. Energy sector accounted for nearly 52 *per cent* of total loans sanctioned by the Government of NCT of Delhi. Outstanding loans increased by 120.54 *per cent* over the five-year period ending in March 2004 indicating that Government agencies were relying more on borrowing from the Government rather than on raising their own resources for meeting their financial requirements.

1.13.2 Recoveries of loans

Detailed accounts of loans are maintained by the Pay & Accounts Offices under the Controller of Accounts of the Government of NCT of Delhi. Of the outstanding loans of Rs. 22,351.21 crore as of March 2004, Rs 5,885.96 crore were overdue from various bodies viz. Delhi Vidyut Board Rs 3,569.99 crore, Delhi Jal Board Rs. 1,362.92 crore, Municipal Corporation of Delhi Rs. 618.08 crore, Delhi Transport Corporation Rs. 190.59 crore, New Delhi Municipal Corporation Rs. 62.52 crore, Delhi Development Authority Rs. 73.78 crore, Regional Co-operative Societies Rs. 0.65 crore, Delhi State Civil Supplies

Corporation Rs. 4.28 crore and Delhi Tourism and Transport Development Corporation Rs. 3.15 crore.

1.14 Quality of expenditure

Government spends money for different activities ranging from establishment, maintenance and regulatory functions to various developmental activities. Government expenditure is broadly classified into plan and non-plan and revenue and capital. While plan and capital expenditure are usually associated with asset creation, non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. Therefore, an increase in the plan and capital expenditure can be viewed as enhancing the quality of expenditure. Wastage in public expenditure, diversion of funds and funds blocked in incomplete projects would impinge negatively on the quality of expenditure. Another possible indicator is the increase in the expenditure on General services to the detriment of Economic and Social services.

The following table lists out the trends in these indicators.

Table 1.17: Trend of Plan Revenue and Plan Capital Expenditure
(Percentage)

		2003-04	2002-03	2001-02	2000-01	1999-00
1.	Plan expenditure as percentage of					
	-Revenue expenditure	25.99	26.49	38.76	26.18	25.05
	-Capital expenditure*	104.96	57.91	56.59	58.18	61.61
2.	Percentage of Capital expenditure out of the total expenditure	8.49	9.86	7.24	12.12	8.64
3.	Expenditure on General Services as percentage of					
	-Revenue expenditure	35.49	33.08	24.99	28.38	23.31
	-Capital expenditure	6.5	6.59	8.0	7.0	15.0

* Capital expenditure includes the recoveries in reduction of expenditure.

The expenditure on general services as percentage of revenue expenditure increased from 23.31 *per cent* in 1999-2000 to 35.49 *per cent* in 2003-04. This reflects poorly on the quality of expenditure.

1.15 Investment and returns

1.15.1 Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The details of investments made and the number of concerns involved were as under:

Table 1.18: Investment

(Rupees in crore)

Sl. No.	Sector	Number of Concerns	Amount invested	
			As on 31 March 2004	During 2003-04
1.	Statutory Corporations	2	135.05	--
2.	Government Companies	9	1210.61	229.90
3.	Cooperative Institutions	717	32.63	-
	Total	728	1378.29	229.90

1.15.2 The details of investments and returns realised during the last five years by way of dividend were as follows:

Table 1.19: Trend of Investment and Returns

(Rupees in crore)

Year	Investment at the end of the year	Returns	Percentage of returns
2003-04	1378.29	6.03	0.44
2002-03	1148.39	7.19	0.63
2001-02	945.72	7.18	0.76
2000-01	775.42	8.70	1.12
1999-00	608.42	4.41	0.72

The increase in investments in 2003-04 over the previous fiscal year was largely on account of investment of Rs. 229.90 crore in the Delhi Metro Rail Corporation Limited. The investments in Government companies, etc. fetched insignificant returns which declined from 0.72 per cent in 1999-2000 to 0.44 per cent in 2003-04.

1.15.3 During 2003-04, only one co-operative society and one Government company paid dividend as detailed below:

Table 1.20: Dividend Received

(Rupees in crore)

Name of Agency	Status	Total investment upto 31 March 2004	Dividend received	Period of dividend
Delhi Co-operative Housing Finance Society Ltd.	Co-operative Society	30.26	3.03	2002-03
Delhi Tourism and Transportation Development Corporation Ltd.	Government Company	6.28	0.63	1999-2000

Three out of 11 companies, namely Delhi State Mineral Development Corporation Limited, Delhi State Industrial Development Corporation Limited and Delhi State Scheduled Castes Financial and Development Corporation Limited with total investment of Rs. 39.08 crore did not pay any dividend during the last eight years i.e.1997-2004.

1.16 Deficits

1.16.1 The revenue deficit is the excess of revenue expenditure over revenue receipts. The fiscal deficit is defined as the excess of revenue and capital expenditure including net loans given over revenue receipts including grants-in-aid received and certain non-debt capital receipts. Primary deficit is fiscal deficit less interest payments. The receipts and expenditure under the Consolidated Fund of the Government of NCT of Delhi for 2003-04 as against the previous financial year were as under:

Table 1.21: Consolidated Fund – Government of Delhi for the year 2003-04

(Rupees in crore)

Receipts	Amount			Disbursement	Amount
Revenue	7348.53 (6665.94)	Revenue surplus	2261.44 (2067.74)	Revenue	5087.09 (4598.20)
Capital	-			Capital	852.72 (914.07)
Recovery of loans & advances	255.73 (206.63)			Loans & Advances disbursement	4103.17 (3756.73)
Sub total CF NCT (other than public debt)	7604.26 (6872.57)	Fiscal Deficit	2438.72 (2396.43)		10042.98 (9269.00)
Borrowed fund: Loans from GOI	4664.58 (3661.73)			Repayment of borrowed fund	1677.19 (944.50)
Total receipts in CF NCT*	12268.84 (10534.30)	Deficit in CFI	(-)	Total disbursement from CF NCT*	11720.17 (10213.50)
Decrease in cash balance	(-)			Increase in cash balance	548.67 (320.80)
PUBLIC ACCOUNT**					

Note: Figures in brackets relate to the year 2002-03.

* Consolidated Fund of Government of NCT of Delhi.

** Public Account of Government of NCT of Delhi is merged with the Public Account of the Union Government.

The trend of deficits for the last five years was as under:

Table 1.22: Trend of Surplus/ Deficit

(Rupees in crore)

Year	Revenue Surplus	Fiscal deficit	Primary deficit	Percentage of fiscal deficit to GSDP
2003-04	2261.44	2438.72	1071.45	2.91
2002-03	2067.74	2396.43	1281.65	3.20
2001-02	1209.57	1733.03	822.41	2.54
2000-01	1747.51	1609.66	892.91	2.57
1999-00	751.34	1381.58	850.84	2.61

1.16.2 Revenue surplus increased from Rs. 2,067.74 crore in 2002-03 to Rs. 2,261.44 crore in 2003-04 which constituted an increase of 9.37 per cent. The fiscal deficit in absolute terms also increased during the same period. The revenue surplus in Delhi needs to be viewed in the context of the fact that the expenditure on Delhi Police is borne by the Union Government and the Government of NCT of Delhi does not incur any expenditure on maintenance of law and order. The expenditure of the Union Government on Delhi Police for the last five years ranged from Rs. 779.31 crore to Rs. 1781.32 crore. Thus one of the major liabilities of Government of NCT of Delhi is borne by the Union Government.

1.17 Public debt

1.17.1 The Government is not empowered to raise loans in the open market. The public debt of the Government consists of only 'Loans and Advances' from the Government of India. During 2003-04, the Government received Rs. 4,664.58 crore as loans from the Government of India of which Rs. 4,408.07 crore were non-plan loans and Rs. 256.51 crore were loans for Plan schemes.

1.18 Loans and advances from the Central Government

The position of loans and advances from the Government of India, repayments and interest payments for the last five years was as under:

Table 1.23: Loans and Advances from the Central Government

(Rupees in crore)

As on 31 March	Outstanding Debt Dues	Interest paid	Outstanding Debt Recoverable	Interest Received
2004	14317.16	1367.27	22351.21	868.83
2003	11352.79	1114.78	18503.77	741.42
2002	8612.02	910.62	14953.67	789.83
2001	6759.58	716.75	12622.68	477.28
2000	5183.01	530.74	10134.94	300.77

Despite an overall increase in the quantum of loans, their contribution to the net cash inflow after meeting the liability of repayment and interest payment declined from 44 *per cent* in 2002-03 to 35 *per cent* in 2003-04. Rising interest payments are thus adversely affecting the net inflow.

1.19 Analysis of budgetary projections

1.19.1 Significant deviations of budget estimates from the actuals would indicate that either the budgetary assumptions were not realistic or sufficient efforts were not made to achieve the targets. A detailed analysis of budgetary provisions and actual expenditure is contained in Chapter 2 of this Report.

1.19.2 Actual collection of revenue receipts vis-a-vis estimates

The actual collection of revenue receipts against budget estimates during the last five years was as under:

Table 1.24: Budget Estimates vis-a-vis Revenue Receipts

(Rupees in crore)

Year	Budget estimates	Actual revenue receipts	Excess (+) / shortfall (-) of actual revenue receipts over budget estimates	Percentage increase (+)/ decrease (-) over budget estimates
2003-04	7372.40	7348.53	(-) 23.87	(-) 0.32
2002-03	6857.69	6665.94	(-) 191.75	(-) 2.80
2001-02	6317.50	6253.71	(-) 63.79	(-) 1.01
2000-01	5594.99	5443.99	(-) 151.00	(-) 2.70
1999-00	4835.83	4274.34	(-) 561.49	(-) 11.61

The difference between the budget estimates and the actuals decreased in the year 2003-04 as compared to the previous year.

1.19.3 Actual collection of tax revenue vis-a-vis estimates

The actual collection of tax revenue vis-a-vis budget estimates over the last five years was as under :

Table 1.25: Budget Estimates and Actual Tax Revenue

(Rupees in crore)

Year	Budget estimate	Actual tax revenue	Excess (+) / shortfall (-) of tax revenue receipts over budget estimates	Percentage increase (+) / decrease (-) over budget estimates
2003-04	6214.00	5884.17	(-) 329.83	(-) 5.31
2002-03	5854.00	5324.19	(-) 529.81	(-) 9.05
2001-02	5138.15	4896.75	(-) 241.40	(-) 4.70
2000-01	4700.15	4400.62	(-) 299.53	(-) 6.37
1999-00	3983.15	3430.42	(-) 552.73	(-) 13.88

The actual receipts of tax revenue have consistently been lower than the budget estimates during 1999-2004 implying that either the resource mobilization effort was not adequate or there was a tendency to over-estimate the tax receipts.

The shortfall of 5.31 *per cent* in the collection of actual tax revenue in 2003-04 with reference to the budget estimates was due to shortfall in collection of State excise by 16 *per cent*, Stamp duty by 13 *per cent* and taxes on vehicles by 43 *per cent* as detailed below:

Table 1.26: Budget Estimates and Actual Receipts

(Rupees in crore)

Component of Tax Revenue	2003-04		2002-03		2001-02		2000-01		1999-2000	
	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts	BE	Actual Receipts
Sales tax	4395.00	4435.07	4293.00	3883.17	3793.00	3704.01	3293.00	3387.86	2700.00	2346.60
State excise	850.00	710.12	770.00	725.68	700.00	606.41	665.00	557.22	575.00	566.41
Stamp duty	500.00	435.23	400.00	436.80	250.00	283.16	330.00	191.68	268.00	190.48
Taxes on vehicles	310.00	175.24	235.00	160.40	220.00	166.76	230.00	142.34	270.00	160.87
Others	159.00	128.51	156.00	118.14	175.15	136.41	182.15	121.52	170.15	166.06
Total Tax Revenue	6214.00	5884.17	5854.00	5324.19	5138.15	4896.75	4700.15	4400.62	3983.15	3430.41

1.19.4 Actual collection of non-tax revenue vis-a-vis estimates

The actual collection of non-tax revenue with reference to budget estimates over the period 1999-2000 to 2003-04 was as under:

Table 1.27: Budget Estimates and Collection of Non-Tax Revenue

(Rupees in crore)

Year	Budget estimates	Actual collection of non-tax revenue	Excess (+)/ shortfall (-) of non-tax revenue receipts over budget estimates	Percentage Increase (+)/ decrease (-) over budget estimates
2003-04	1158.40	950.34	(-) 208.06	(-) 17.96
2002-03	1003.69	829.56	(-) 174.13	(-) 17.35
2001-02	699.24	876.06	(+) 176.82	(+) 25.29
2000-01	411.63	548.35	(+) 136.72	(+) 33.21
1999-00	315.00	397.85	(+) 82.85	(+) 26.30

The collection of non-tax revenue during 2003-04 was less by Rs. 208.06 crore i.e. 17.96 per cent of the budget estimates due to less collection for General, Social and Economic services.

1.19.5 Actual revenue expenditure vis-a-vis budget estimates

The actual revenue expenditure vis-a-vis budget estimates over the period of five years was as under :

Table 1.28: Actual Revenue Expenditure vis-a-vis Budget Estimates

(Rupees in crore)

Year	Budget estimates			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2003-04	1603.34	3855.13	5458.47	1321.92	3765.17	5087.09
2002-03	1417.05	3490.53	4907.58	1218.20	3380.00	4598.20
2001-02	2146.52	3352.03	5498.55	1955.01	3089.13	5044.14
2000-01	1146.41	3120.21	4266.62	967.73	2728.75	3696.48
1999-00	1086.35	2616.49	3702.84	882.67	2640.33	3523.00

Actual revenue expenditure under plan has been lower than the budget estimates during each year from 1999-2000 onwards indicating that estimates were unrealistic and that the preparedness of the implementing agencies to implement various plan schemes was not assessed realistically while framing the budget estimates. Nil expenditure was reported in respect of 195 schemes during 2003-04 which was indicative of poor planning and budgeting.

1.19.6 Actual capital expenditure vis-a-vis budget estimates

The actual capital expenditure over the period 1999-2000 to 2003-04 has been consistently below the budget estimates as detailed below:

Table 1.29: Actual Capital Expenditure vis-a-vis Budget Estimates

(Rupees in crore)

Year	Budget estimate			Actual expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2003-04	3751.76	3870.81	7622.57	3250.78	3382.30	6633.08
2002-03	3550.78	2228.62	5779.40	3194.45	2420.85	5615.30
2001-02	2667.79	1600.41	4268.20	2029.86	1556.72	3586.58
2000-01	2353.61	1219.43	3573.04	2154.40	1323.89	3478.29
1999-00	1962.25	1033.88	2996.13	1623.75	760.22	2383.97

Major savings were in the grants for Education, Social Welfare and Development Department. In respect of 63 schemes, 'nil' expenditure was reported indicating poor planning and budgeting.

1.19.7 Actual deficit vis-a-vis estimates

The actual deficit vis-a-vis budget estimates over the period of five years was as under:

Table 1.30: Actual Deficit vis-a-vis Estimates

(Rupees in crore)

Year	Revenue surplus		Fiscal deficit		Primary deficit	
	Budget estimates	Actual	Budget estimates	Actual	Budget estimates	Actual
2003-04	2099.63	2261.44	(-) 2134.60	(-) 2438.72	(-) 741.60	(-)1071.45
2002-03	2139.15	2067.74	(-) 1823.37	(-) 2396.43	(-) 715.33	(-)1281.65
2001-02	1836.18	1209.57	(-) 1001.06	(-) 1733.03	(-) 106.16	(-) 822.41
2000-01	1362.12	1747.51	(-) 1209.84	(-) 1609.66	(-) 505.31	(-) 892.91
1999-00	1174.79	751.34	(-) 930.00	(-) 1381.58	(-) 399.70	(-) 850.84

Revenue surplus was 107.71 per cent of the budget estimates during 2003-04. The fiscal deficit during the year increased by Rs. 304.12 crore against the budget estimates of Rs. 2,134.60 crore.

1.20 Follow up on Audit Reports

Once the Reports of the Comptroller and Auditor General of India are placed in the State Legislative Assembly, the various departments are required to submit Action Taken Notes (ATNs) on all paragraphs contained therein for consideration by the Public Accounts Committee (PAC) and Committee on Government Undertakings (COGU). Undue delay in submission of ATNs

dilutes the accountability of the Executive to the Legislature and is to be viewed seriously.

There were 158 paragraphs pertaining to the Audit Reports for the year ended 31 March 1994 to 2002 for which ATNs were awaited as of December 2003. The matter was taken up with the Honorable Speaker of the Delhi Legislative Assembly in August 2004 as well as the Chairperson of the PAC and COGU who thereafter directed all the defaulting departments in October 2004 to submit their ATNs within a stipulated time. As a result of their efforts, 145 ATNs were received including the ATNs of Report for the year ending 2003. The position of outstanding ATNs of the Audit Reports upto the year ended 31 March 2003 as of February 2005 was as under:

Table 1.31: Follow up on Audit Reports

Year of Report ending 31 March	No. of paragraphs and reviews printed in the report	No. of paragraphs for which ATNs were awaited
1994	35	-Nil-
1995	29	13
1996	39	02
1997	35	02
1998	34	07
1999	41	01
2000	39	03
2001	44	06
2002	35	08
2003	31	02
Total	362	44