



**State Finances Audit Report  
of the  
Comptroller and Auditor General of India  
for the year ended 31 March 2020**



**लोकहितार्थ सत्यनिष्ठा**  
Dedicated to Truth in Public Interest

**Government of National Capital  
Territory of Delhi**  
*Report No. 2 of the year 2021*



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# **PREFACE**



## PREFACE

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

Chapter 1 describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and NCT of Delhi's fiscal position including the deficits/surplus.

Chapter 2 provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.

Chapter 3 is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter 4 comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.

Chapter 5 discusses the financial performance of Government Companies and Statutory Corporations, and impact of significant comments issued as a result of supplementary audit of the financial statements of State Public Sector Enterprises (SPSEs).



# **EXECUTIVE SUMMARY**



## Executive Summary

### Background

Based on the audited accounts of the Government of National Capital Territory of Delhi (GNCTD) for the year ending 31 March 2020 and additional data collected from several sources such as the Economic Survey, financial statements of Public Sector Undertakings and Census 2011, this report provides an analytical review of the Annual Accounts of National Capital Territory (NCT) of Delhi, in five chapters.

**Chapter-1** is an overview of the NCT of Delhi's financial position.

**Chapter-2** provides a broad perspective of the finances of the NCT of Delhi, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20 and debt profile of the NCT of Delhi, based on the Finance Accounts of the NCT of Delhi.

**Chapter-3** is based on the Appropriation Accounts of the NCT of Delhi and provides grant-wise description of the appropriations and allocative priorities of the GNCTD and the manner in which the allocated resources were managed by the various service departments.

**Chapter-4** comments on the quality of accounts rendered by various authorities of the GNCTD and highlights issues of non-compliance with prescribed financial rules and non-submission of accounts.

**Chapter-5** discusses the financial performance of Government Companies and Statutory Corporations and the impact of significant comments issued as a result of supplementary audit of the financial statements of State Public Sector Enterprises (SPSEs).

### Audit findings

#### CHAPTER-1

##### OVERVIEW

- The revenue surplus of NCT of Delhi in 2019-20 of ₹ 7,499 crore indicates that revenue receipts of the Government were sufficient to meet the revenue expenditure. Revenue surplus stood at 0.88 *per cent* of GSDP in 2019-20 as against 0.81 *per cent* in 2018-19. NCT of Delhi has been able to maintain revenue surplus largely on account of pension liabilities of GNCTD employees being borne by GoI. In addition, expenditure of Delhi Police is also borne by Ministry of Home Affairs, Government of India.

(Paragraph 1.5)

- The fiscal surplus of NCT of Delhi which was ₹1,332 crore in 2015-16 turned to deficit during 2016-17 at ₹ 1,051 crore, and again turned to surplus of ₹ 113 crore in 2017-18. There was fiscal surplus of ₹ 2,237 crore during 2018-19, which again turned to deficit during 2019-20 of ₹ 416 crore.

(Paragraph 1.5)

## CHAPTER - 2

### FINANCES OF THE NATIONAL CAPITAL TERRITORY OF DELHI

- Revenue receipts grew by ₹ 4,023 crore (9.33 per cent) over the previous year. In the year 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. The share of NCTD's own tax revenue to total revenue receipts decreased from 86.36 per cent in 2015-16 to 77.58 per cent in 2019-20.

(Paragraph 2.3.2.1)

- Non-debt capital receipts decreased by 49.94 per cent from ₹ 1,644 crore in 2018-19 to ₹ 823 crore in 2019-20. Debt capital receipt increased by 65.45 per cent from ₹ 2,880 crore in 2018-19 to ₹ 4,765 crore in 2019-20 due to increased flow of loans and advances from GoI by 65.45 per cent over the previous years.

(Paragraph 2.3.3)

- Capital expenditure displayed inter year fluctuation which ranged between ₹ 3,243 crore to ₹ 5,472 crore whereas revenue expenditure continuously increased during 2015-20. Capital expenditure increased from ₹ 3,266 crore to ₹ 5,472 crore (67.54 per cent) in 2019-20 over the previous year. Revenue expenditure was 81.94 per cent of the total expenditure whereas capital expenditure and disbursement of loans and advances were 11.31 per cent and 6.75 per cent respectively for the year 2019-20.

(Paragraphs 2.4.1 and 2.4.3)

- Revenue expenditure increased by 50.47 per cent from ₹ 26,343 crore in 2015-16 to ₹ 39,637 crore in 2019-20. Revenue expenditure increased by 7.56 per cent from ₹ 36,852 crore in 2018-19 to ₹ 39,637 crore in 2019-20. The share of committed expenditure in total revenue expenditure ranged from 34.41 per cent to 35.81 per cent over the last five years.

(Paragraphs 2.4.2 and 2.4.2.2)

- Expenditure on subsidies increased from ₹ 1,867.61 crore in 2015-16 to ₹ 3,592.94 crore in 2019-20 (92.38 per cent) in 2019-20. In 2019-20 expenditure on subsidies increased by 41.85 per cent over the previous year. Financial assistance to local bodies and others increased by 7.59 per cent from ₹ 15,087.22 crore in 2018-19 to ₹ 16,232.97 crore in 2019-20.

(Paragraphs 2.4.2.4 and 2.4.2.5)

- The increase in investment in 2019-20 over the previous year was ₹ 150 crore on account on investment made in Delhi Metro Rail Corporation Ltd. The return on investment was 0.08 per cent in 2019-20 whereas Government paid interest at the average rate of 8.14 per cent on its borrowings during 2019-20.

(Paragraph 2.4.3.2)



- GNCTD is not empowered to raise loans from the open market. Loans and advances received from Government of India comprise debt receipts of GNCTD. Debt of GNCTD increased by ₹ 2,268.93 crore (6.98 *per cent*) from ₹ 32,497.91 crore at the beginning of 2015-16 to ₹ 34,766.84 crore at the end of 2019-20.

(Paragraphs 2.5 and 2.5.1)

### CHAPTER -3

#### BUDGETARY MANAGEMENT

- During 2019-20, there was an overall saving of ₹ 12,670.65 crore against the total grants and appropriations of ₹ 64,180.68 crore (19.74 *per cent* of total budget).

(Paragraphs 3.1 and 3.3.3)

- Supplementary grants amounting to ₹ 810.86 crore in 11 cases proved unnecessary. Under 13 sub-heads spread across four grants, there were final savings of more than ₹ five crore. Re-appropriations were made unnecessarily as the departments were not able to even utilise fully their existing grants and there was cumulative non-utilisation (savings) of ₹ 455.77 crore against the re-appropriation of ₹ 326.19 crore.

(Paragraphs 3.3.1 and 3.3.2)

- Out of total lump-sum budgetary provision of ₹ 422.46 crore under three grants, an expenditure of ₹ 317.82 crore was made.

(Paragraph 3.4.1)

- Savings of ₹ 3,289.96 crore (25.97 *per cent*) were surrendered in March out of total saving of ₹ 12,670.65 crore.

(Paragraph 3.5.1)

- In 39 sub-heads under seven grants (₹ one crore or above in each case), the entire provision of ₹ 196.76 crore remained unutilised by the departments or was remitted back to Government before the closure of the financial year 2019-20.

(Paragraph 3.5.2)

- Out of the total expenditure of ₹ 51,186.26 crore (excluding recoveries of ₹ 323.77 crore) during 2019-20, expenditure of ₹ 16,207.83 crore (31.66 *per cent*) was incurred in the last quarter whereas ₹ 2,355.21 crore (14.53 *per cent*) of the last quarter was incurred during the month of March 2020. Further, in eight sub-heads under two grants the entire expenditure of ₹ 428.53 crore was incurred in March 2020.

(Paragraph 3.5.4)

## CHAPTER-4

### QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

- In the Transport department, test check of transactions of various periods for the financial year 2019-20 revealed that government receipts were not deposited timely in the government account. Audit noted that an amount of ₹ 1,005.65 crore was deposited with delays ranging between 4 and 61 days, which resulted in loss of interest of ₹ 4.81 crore. Also, for the said duration, the amount remained outside the Consolidated Fund of the State.

(Paragraph 4.1)

- Audit noted that 1,126 Utilisation Certificates (56.33 *per cent*) amounting to ₹ 134.52 crore were outstanding prior to the year 2011-12 whereas 873 UCs (43.67 *per cent*) amounting to ₹ 6,722.45 crore were outstanding from 2011-12 to 2018-19.

(Paragraph 4.3)

- As of March 2020, a total of 5,225 AC bills involving ₹ 774.47 crore were outstanding. Forty-nine Government Departments did not submit 730 DC bills amounting to ₹ 266.27 crore before closing of the accounts for the financial year 2019-20 and therefore, there is no assurance that the expenditure of ₹ 266.27 crore has actually been incurred during the financial year for the purpose for which it was authorised by the Legislature.

(Paragraph 4.4)

- During 2019-20, expenditure of ₹ 6,019.29 crore out of total expenditure of ₹ 45,108.86 crore was classified under the minor head of account '800-Other Expenditure' which constituted 13.34 *per cent* of the total expenditure, while receipts of ₹ 677.07 crore out of total receipts of ₹ 37,662.76 crore, were classified during 2019-20 under the minor head '800-Other Receipts' which constituted 1.80 *per cent* of the total receipts.

(Paragraph 4.6)

- The audit of 12 autonomous 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 12 bodies/authorities due up to 2019-20 had not been received as of September 2020 by audit. However, 30 annual accounts up to the year 2019-20 of 12 bodies/authorities were pending as on 30 September 2020.

(Paragraph 4.9)

## CHAPTER-5

### STATE PUBLIC SECTOR ENTERPRISES (SPSEs)

- As on 31 March 2020, there were 18 SPSEs in Delhi, including two Statutory Corporations and 16 Government Companies under the audit jurisdiction of the CAG.

**(Paragraph 5.3)**

- In 2019-20 there were 10 profit-earning SPSEs, as compared to eight in 2018-19. The profits earned by the profit making SPSEs increased to ₹ 1,123.10 crore in 2019-20 from ₹ 894.74 crore in 2018-19. During 2019-20, net profit of ₹ 1,066.29 crore constituting 94.94 *per cent* of total profit of these 10 SPSEs was contributed by five SPSEs.

**(Paragraph 5.5.1)**

- There were seven SPSEs that incurred losses as per their latest finalised accounts at the end of March 2020. The losses incurred by these loss-incurring SPSEs increased to ₹ 5,294.16 crore in 2019-20 as per their latest finalised accounts from ₹ 3,859.78 crore in 2017-18 and ₹ 4,386.79 crore in 2018-19. Out of total loss of ₹ 5,294.16 crore incurred by these seven loss-incurring SPSEs during 2019-20, loss of ₹ 5,280.55 crore (99.74 *per cent*) was contributed by Delhi Transport Corporation alone.

**(Paragraph 5.8.1)**

- As on 31 March 2020, net worth of Delhi Power Company Limited and Delhi Transport Corporation was (-) ₹ 37,124.89 crore which was completely eroded by accumulated loss of these SPSEs.

**(Paragraph 5.8.2)**

- As of 31 March 2020, there were 16 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2019-20 were due from 16 Government Companies. However, only 11 Government Companies submitted their accounts for audit by CAG by 31 December 2020. Accounts of five Government Companies were in arrears.

**(Paragraph 5.11.2)**



# **CHAPTER-1**

## **OVERVIEW**



## Chapter 1

### Overview

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

Delhi was declared as the National Capital Territory (NCT) by the Government of National Capital Territory of Delhi Act, 1991. Delhi has a administrative structure having dual jurisdiction i.e. of the Union Government and the State Government. There are 11 districts and 33 sub-divisions in Delhi. The NCT of Delhi covers an area of 1,483 sq km of which 1114 sq km is designated as urban and 369 sq km as rural.

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

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

Sl. No.	Particulars	Figures	
1	Area	1483 sq. km	
2	<b>Population</b>		
	a.	Population (2011 Census)	1.70 crore
	b.	Population 2020	2.04 crore
3	Density of Population (2011 Census) (All India Density = 382 persons per Sq. Km)	11,320 person per Sq. Km.	
4	Population below poverty line (BPL) 2011-12 (All India Average = 21.9 per cent)	39.30 per cent	
5	Literacy (as per 2011 Census) (All India Average= 73.0 per cent)	86.20 per cent	
6	Infant mortality (2017) (per 1000 live births) (All India Average = 33 per 1000 live births)	16	
7	Life expectancy at birth (2013-17)(All India Average = 69.4 years)	75.3	
10	Gross State Domestic Product (GSDP) 2019-20 at current prices	₹ 8,56,112 crore	
11	Per Capita GDP/GSDP CAGR (2011-12 to 2019-20)	NCT of Delhi	9.81 per cent
		All India	9.84 per cent
12	GDP/GSDP CAGR (2011-12 to 2019-20)	NCT of Delhi	12.08 per cent
		All India	11.14 per cent
13	Population Growth (2011 to 2020)	11.09 per cent (All India) 20.03 per cent (NCT of Delhi)	

Source: MoSPI website, Economic Survey 2019-20, SRS Based Abridged Life Tables 2014-18, Human Development Report 2019 and Human Development Report 2020 and Census Info India 2011 Population projections for India, States and Union Territories 2011-2036.

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

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

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

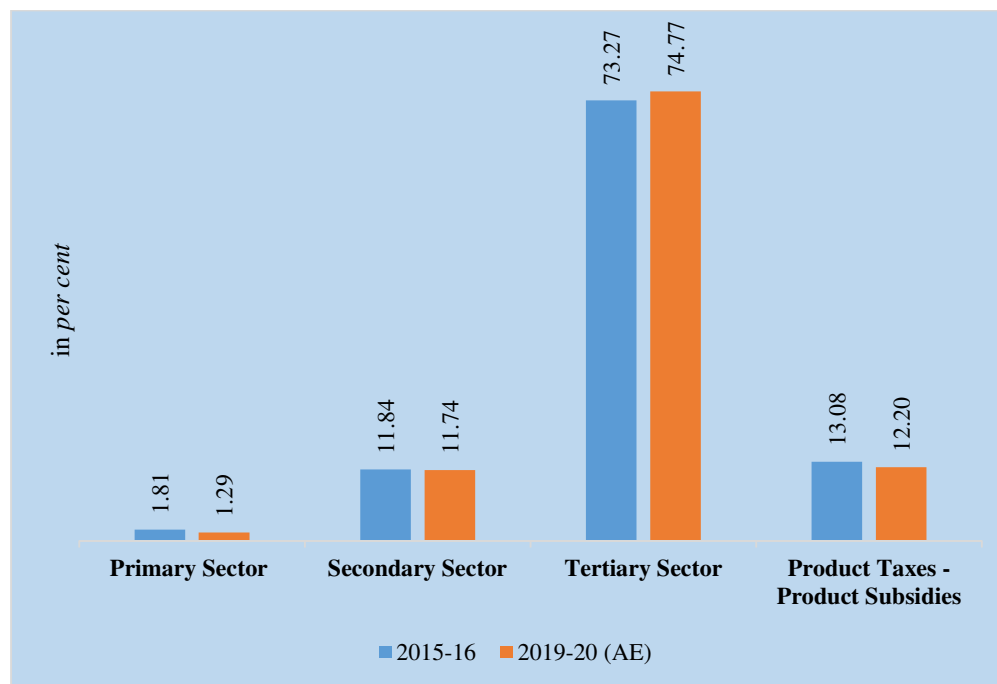
**Table 1.2: Trends in GSDP compared to the national GDP**

	(₹ in crore)				
Year	2015-16	2016-17	2017-18	2018-19	2019-20
All India GDP	1,37,71,874	1,53,91,669	1,70,98,304	1,89,71,237	2,03,39,849
Growth rate of GDP over previous year (in per cent)	10.46	11.76	11.09	10.95	7.21
NCT of Delhi's GSDP (2011-12 Series)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Growth rate of GSDP over previous year (in per cent)	11.32	11.85	11.48	12.82	10.48

Source: GoI's Economic Survey (2019-20) and Department of Economics and Statistics, GNCTD.

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

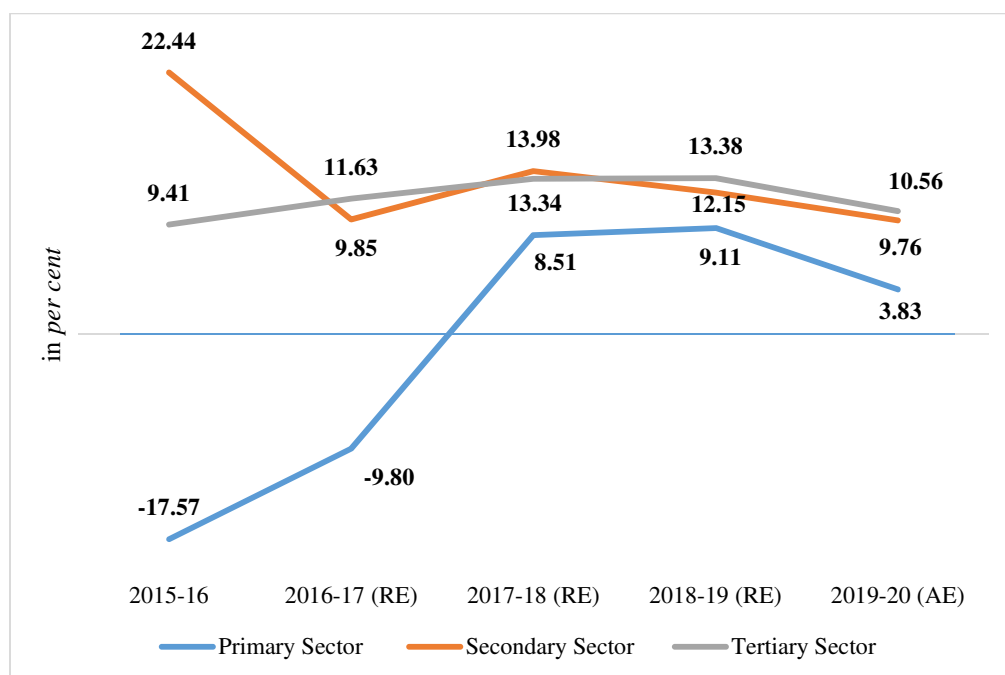
**Chart 1.1: Changes in sectoral contribution to GSDP (2015-16 to 2019-20)**



Source: Department of Economics and Statistics, GNCTD



Chart 1.2: Sectoral growth in GSDP



Source: Department of Economics and Statistics, GNCTD

## 1.2 Basis and Approach to State Finances Audit Report

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

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

- Budget of the NCT of Delhi: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- GSDP data compiled by Directorate of Economic and Statistics and other States related statistics;
- Results of audit carried out by the Office of the Principal Accountant General (Audit), Delhi; and
- Various audit reports of the CAG of India.

The Draft Report was forwarded to the Government of NCT of Delhi on 4 March 2021 for comments. Replies of the Government, where received, have been incorporated in this Report at appropriate places.

### 1.3 Report Structure

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

<b>Chapter - 1</b>	<b>Overview</b> This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and NCT of Delhi's fiscal position including the deficits/surplus.
<b>Chapter - 2</b>	<b>Finances of the State</b> This chapter provides a broad perspective of the finances of the NCT of Delhi, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20 and debt profile of the NCT of Delhi, based on the Finance Accounts of the NCT of Delhi.
<b>Chapter - 3</b>	<b>Budgetary Management</b> This chapter is based on the Appropriation Accounts of the NCT of Delhi and reviews the appropriations and allocative priorities of the GNCTD and reports on deviations from Constitutional provisions relating to budgetary management.
<b>Chapter - 4</b>	<b>Quality of Accounts and Financial Reporting Practices</b> This chapter comments on the quality of accounts rendered by various authorities of the GNCTD and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the GNCTD.
<b>Chapter - 5</b>	<b>State Public Sector Enterprises</b> This chapter comments on the functioning of State Public Sector Enterprises.

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

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

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

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

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

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

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

Delhi is not covered under the recommendations of the Central Finance Commission and only gets discretionary grant in lieu of State's share of Union taxes and duties.

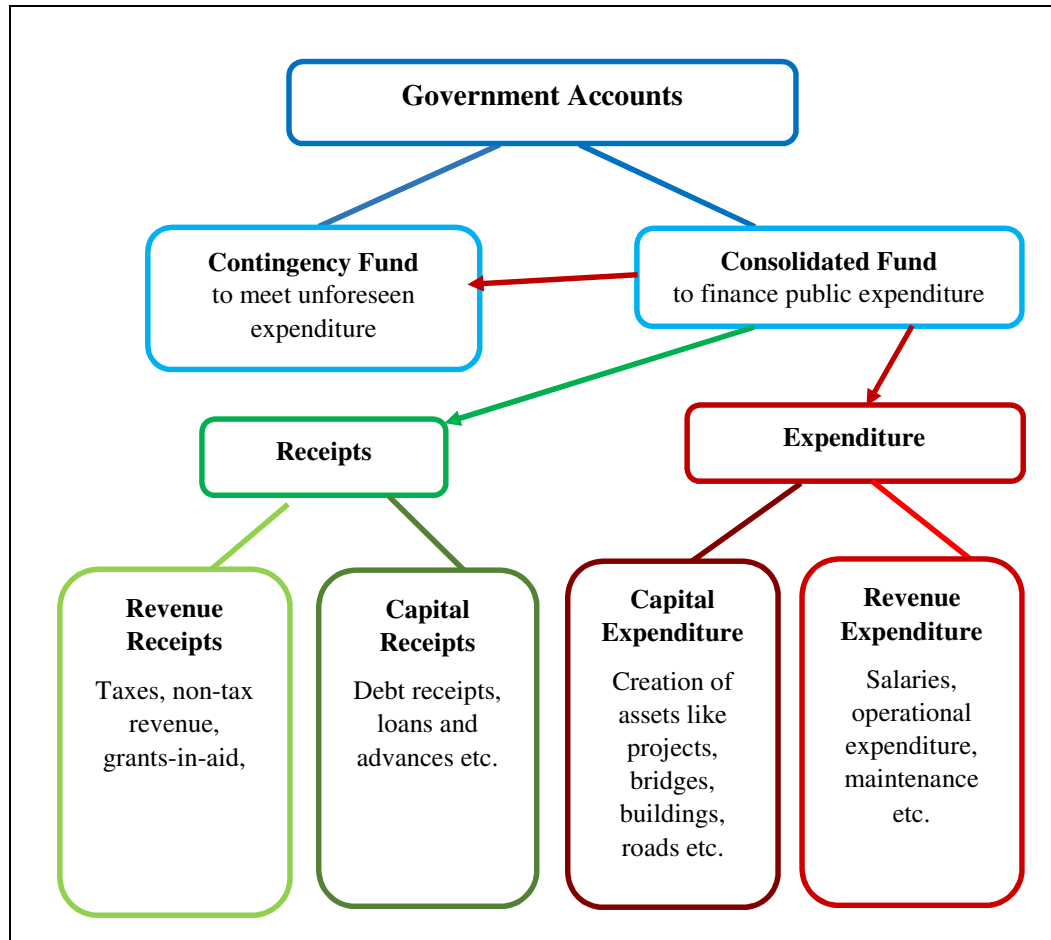
**Revenue receipts** consist of the NCT of Delhi's tax and non-tax revenues and grants-in-aid from Government of India (GoI).

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

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

**Capital expenditure** includes expenditure on machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

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



### **Budgetary Processes**

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

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

Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

### 1.4.1 Snapshot of Finances

**Table 1.3** provides the details of actual financial results vis-a-vis budget estimates for the year 2019-20 and actuals of 2018-19.

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

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

(₹ in crore)

Sl. No.	Components	2018-19 (Actuals)	2019-20 (Budget Estimate)	2019-20 (Actuals)	Percentage of actuals to BE	Percentage of actuals to GSDP
1	Tax Revenue	36,625	42,500	36,566	86.04	4.27
2	Non-Tax Revenue	644	800	1,097	137.13	0.13
3	Grants-in-aid and Contributions	5,844	6,717	9,473	141.03	1.11
4	<b>Revenue Receipts (1+2+3)</b>	<b>43,113</b>	<b>50,017</b>	<b>47,136</b>	94.24	5.51
5	Recovery of Loans and Advances	1,644	750	823	109.73	0.10
6	Other Receipts	-	-	-	-	-
7	Borrowings and other Liabilities (a)	(-) 756	1,455	1,954	134.30	0.23
8	<b>Capital Receipts (5+6+7)</b>	<b>888</b>	<b>2,205</b>	<b>2,777</b>	125.94	0.32
9	<b>Total Receipts (4+8)</b>	<b>44,001</b>	<b>52,222</b>	<b>49,913</b>	95.58	5.83
10	<b>Revenue Expenditure, of which</b>	<b>36,852</b>	<b>44,781</b>	<b>39,637</b>	88.51	4.63
11	- Interest payments	2,867	3,178	2,752	86.60	0.32
12	<b>Capital Expenditure (b) of which</b>	<b>5,668</b>	<b>11,888</b>	<b>8,738</b>	73.50	1.02
13	- Capital outlay	3,266	9,647	5,472	56.72	0.64
14	- Loans and advances	2,402	2,241	3,266	58.61	0.38
15	<b>Total Expenditure (10+12)</b>	<b>42,520</b>	<b>56,669</b>	<b>48,375</b>	80.63	5.65
16	<b>Revenue Surplus/ (4-10)</b>	<b>6,261</b>	<b>5,236</b>	<b>7,499</b>	143.22	0.88
17	<b>Fiscal Deficit {(4+5+6)-15}</b>	<b>2,237</b>	<b>(-) 5,902</b>	<b>(-) 416</b>	7.05	(-) 0.05
18	<b>Primary Surplus/(17+11)</b>	<b>5,104</b>	<b>5,795<sup>1</sup></b>	<b>2,336</b>	40.31	0.27

(a) Borrowings and other liabilities: Net (Receipts - Disbursements) of Public Debt

(b) Expenditure on capital account includes Capital Expenditure and Loans and Advances disbursed

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

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The assets comprise mainly the capital outlay and loans and advances given by the GNCTD and opening balances. The liabilities consist only of loans and advances from the GoI. The summarised position of assets and liabilities is given in **Table 1.4**:

<sup>1</sup> Source: Budget at a glance of 2019-20, GNCTD.

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

(₹ in crore)

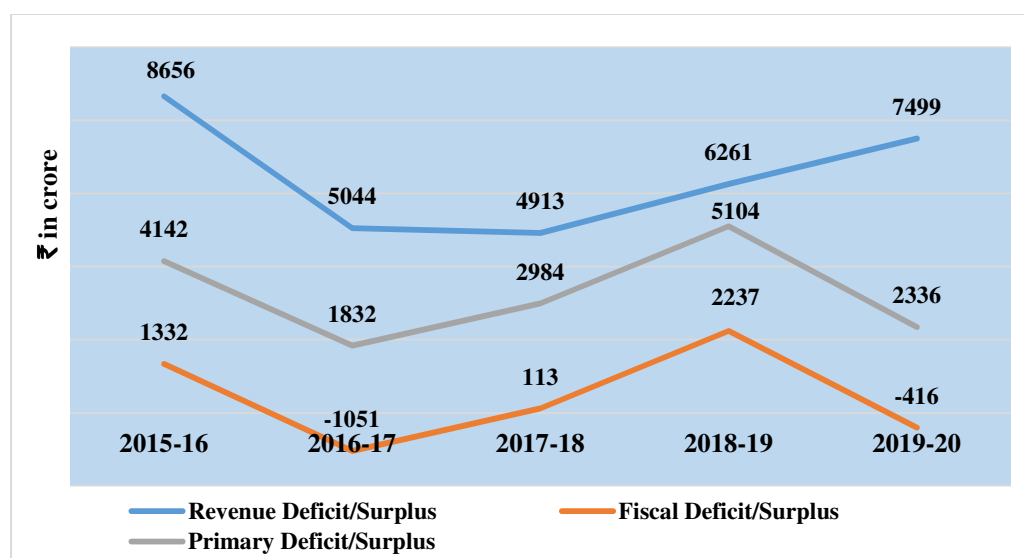
Liabilities					Assets				
		2018-19	2019-20	Per cent increase			2018-19	2019-20	Per cent increase
<b>Consolidated Fund</b>									
A	Loans and Advances from Central Government	32,812	34,767	5.96	a	Gross Capital Outlay	64,813	70,285	8.44
B	Balance of capital outlay adopted from CGA during 1994-95	1,588	1,588	0	b	Loans and Advances	64,570	67,014	3.79
C	Balance of loans and advances adopted from CGA during 1994-95	3,356	3,356	0	c	Closing balance merged with the general cash balance of Government of India	4,463	6,001	34.46
D	Surplus in Revenue Account	96,090	1,03,589	7.80					
<b>Total</b>		<b>1,33,846</b>	<b>1,43,300</b>	<b>7.06</b>	<b>Total</b>		<b>1,33,846</b>	<b>1,43,300</b>	<b>7.06</b>

Note: The assets amounting to ₹ 64,813 crore and ₹ 70,285 crore as on 31 March 2019 and 31 March 2020 respectively under the head Gross capital outlay include an amount of ₹ 1,588 crore which were adopted during 1994-95 from the Controller General of Accounts. Similarly, Loans and Advances depicted on assets side amounting to ₹ 64,570 crore and ₹ 67,014 crore as on 31 March 2019 and 31 March 2020 respectively include ₹ 3,356 crore adopted during 1994-95 from the Controller General of Accounts.

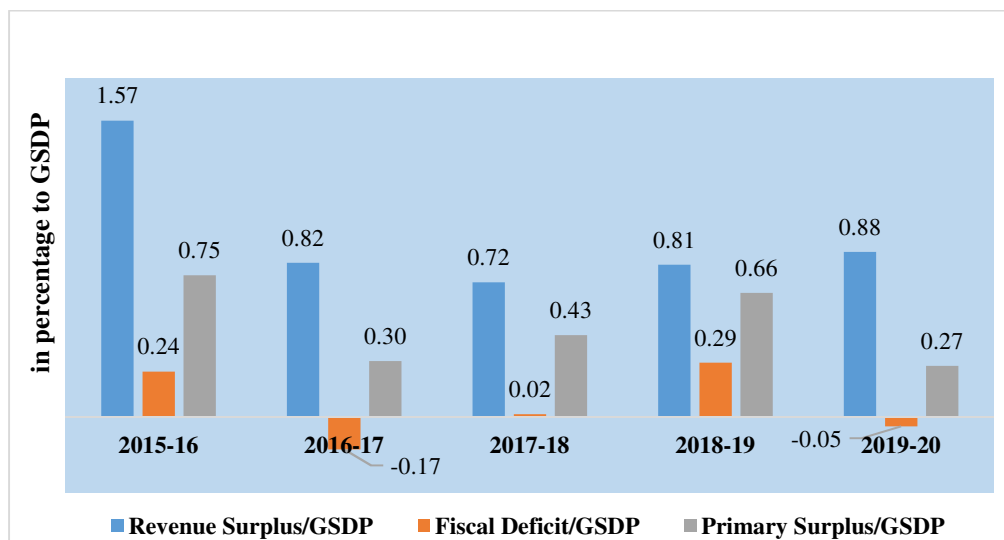
### 1.5 Trends in surplus/deficit

Charts 1.4 and 1.5 give trends in surplus/deficit indicators and the surplus/deficit/ trends relative to GSDP during the period 2015-16 to 2019-20.

**Chart 1.4: Trends in surplus/deficit indicators over the period 2015-16 to 2019-20**



**Chart 1.5: Trends in deficit indicators relative to GSDP over the period 2015-16 to 2019-20**



Revenue surplus indicates the excess of revenue receipts over revenue expenditure. The revenue surplus of ₹ 7,499 crore in 2019-20 indicates that revenue receipts of the Government are sufficient to meet the revenue expenditure. NCT of Delhi consistently enjoyed revenue surplus during the period 2015-16 to 2019-20.

Fiscal surplus which was ₹ 1,332 crore in 2015-16, turned to deficit during 2016-17 at ₹ 1,051 crore, and again turned to surplus of ₹ 113 crore in 2017-18. There was fiscal surplus of ₹ 2,237 crore during 2018-19, which turned to deficit of ₹ 416 crore during 2019-20 due to increase in total expenditure from ₹ 42,520 crore to ₹ 48,375 crore and decrease in recovery of loans and advances from ₹ 1,644 crore to ₹ 823 crore during the same period.

The NCT of Delhi had primary surplus during the period 2015-16 to 2019-20 which stood at ₹ 2,336 crore in 2019-20 as compared to ₹ 5,104 crore in 2018-19. The decrease of primary surplus was mainly due to increase in total expenditure.

Revenue surplus stood at 0.88 *per cent* of GSDP in 2019-20 as against 0.81 *per cent* of GSDP in 2018-19. Fiscal deficit stood at (-) 0.05 *per cent* of GSDP in 2019-20 as against fiscal surplus of 0.29 *per cent* of GSDP in 2018-19. NCT of Delhi has been able to maintain revenue surplus largely on account of pension liabilities of GNCTD employees being borne by GoI. In addition, expenditure of Delhi Police is also borne by Ministry of Home Affairs, GoI. During 2019-20 pension liabilities of ₹ 1,315.72 crore of GNCTD employees and ₹ 8,208.51 crore of revenue expenditure of Delhi Police were borne by GoI.





**CHAPTER-2**

**FINANCES OF THE NCT OF DELHI**



## Chapter 2

### Finances of the 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 2019-20 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 2019-20 vis-à-vis FY 2018-19

This section gives a bird's eye view of the major changes in key fiscal aggregates of the NCT of Delhi 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 2019-20 compared to FY 2018-19 are given in **Table 2.1**.

**Table 2.1: Changes in key fiscal aggregates of GNCTD in FY 2019-20 compared to FY 2018-19**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"><li>✓ Revenue receipts increased by 9.33 <i>per cent</i></li><li>✓ Own Tax receipts decreased by 0.16 <i>per cent</i></li><li>✓ Non-tax receipts increased by 70.34 <i>per cent</i></li><li>✓ Grants-in-Aid from Government of India increased by 62.10 <i>per cent</i></li></ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"><li>✓ Revenue expenditure increased by 7.56 <i>per cent</i></li><li>✓ Revenue expenditure on General Services decreased by 6.86 <i>per cent</i></li><li>✓ Revenue expenditure on Social Services increased by 2.22 <i>per cent</i></li><li>✓ Revenue expenditure on Economic Services increased by 25.12 <i>per cent</i></li><li>✓ Expenditure on Grants-in-Aid increased by 64.02 <i>per cent</i></li></ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"><li>✓ Capital expenditure increased by 67.54 <i>per cent</i></li><li>✓ Capital expenditure on General Services increased by 116.11 <i>per cent</i></li><li>✓ Capital expenditure on Social Services increased by 103.53 <i>per cent</i></li><li>✓ Capital expenditure on Economic Services increased by 13.52 <i>per cent</i></li></ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"><li>✓ Disbursement of Loans and Advances increased by 35.97 <i>per cent</i></li><li>✓ Recoveries of Loans and Advances decreased by 49.94 <i>per cent</i></li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>✓ Public Debt Receipts increased by 65.45 <i>per cent</i></li><li>✓ Repayment of Public Debt decreased by 22.69 <i>per cent</i></li></ul>

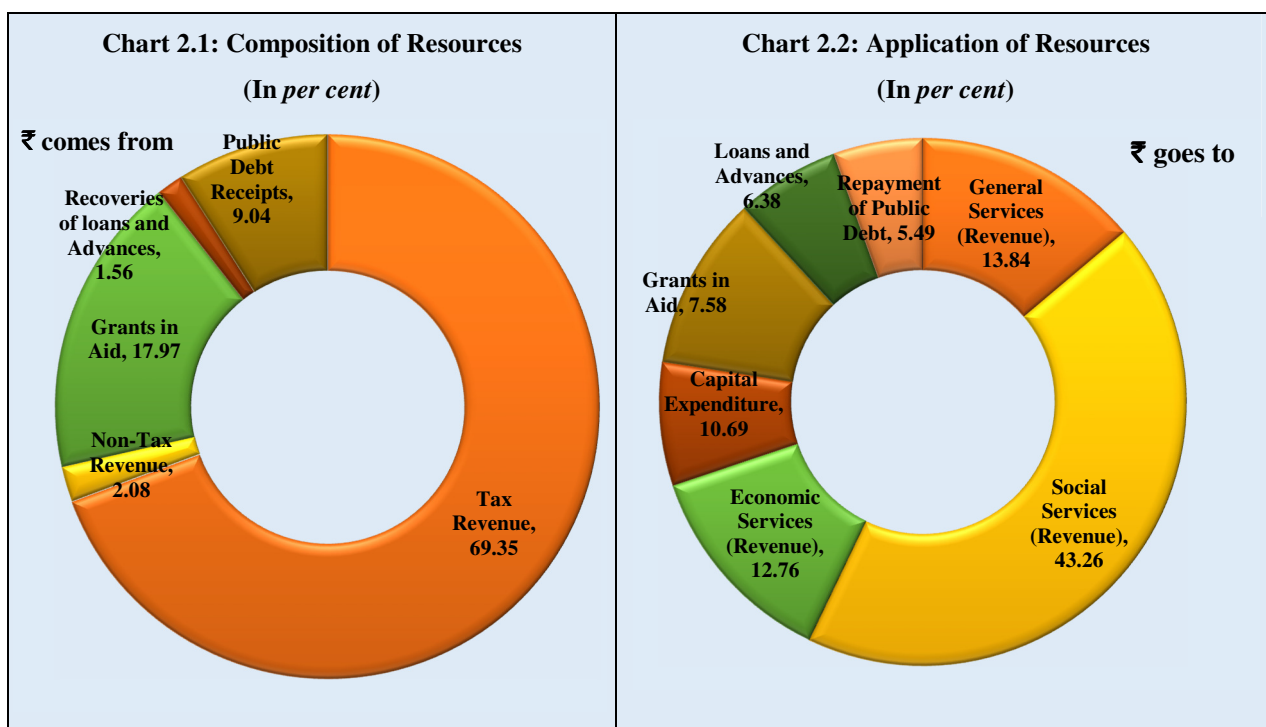
## 2.2 Sources and Application of Funds

This section compares the components of the sources and application of funds of the NCT of Delhi during the financial year compared to the previous year. Details of Sources and Application of funds during 2018-19 and 2019-20 are shown in **Table 2.2**, **Chart 2.1** and **Chart 2.2**.

**Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20**

(₹ in crore)				
	Particulars	2018-19	2019-20	Increase/ Decrease (in per cent)
<b>Sources</b>	Opening Balance	2,982	4,463	49.66
	Revenue Receipts	43,113	47,136	9.33
	Recoveries of Loans and Advances	1,644	823	(-49.94)
	Public Debt Receipts (Net)	(-) 756	1,954	358.47
	<b>Total</b>	<b>46,983</b>	<b>54,376</b>	<b>15.73</b>
<b>Application</b>	Revenue Expenditure	36,852	39,637	7.56
	Capital Expenditure	3,266	5,472	67.54
	Disbursement of Loans and Advances	2,402	3,266	35.97
	Closing Balance	4,463	6,001	34.46
	<b>Total</b>	<b>46,983</b>	<b>54,376</b>	<b>15.73</b>

Source: Finance Accounts of respective years



### 2.3 Resources of the NCT of Delhi

The resources of the NCT of Delhi are described below:

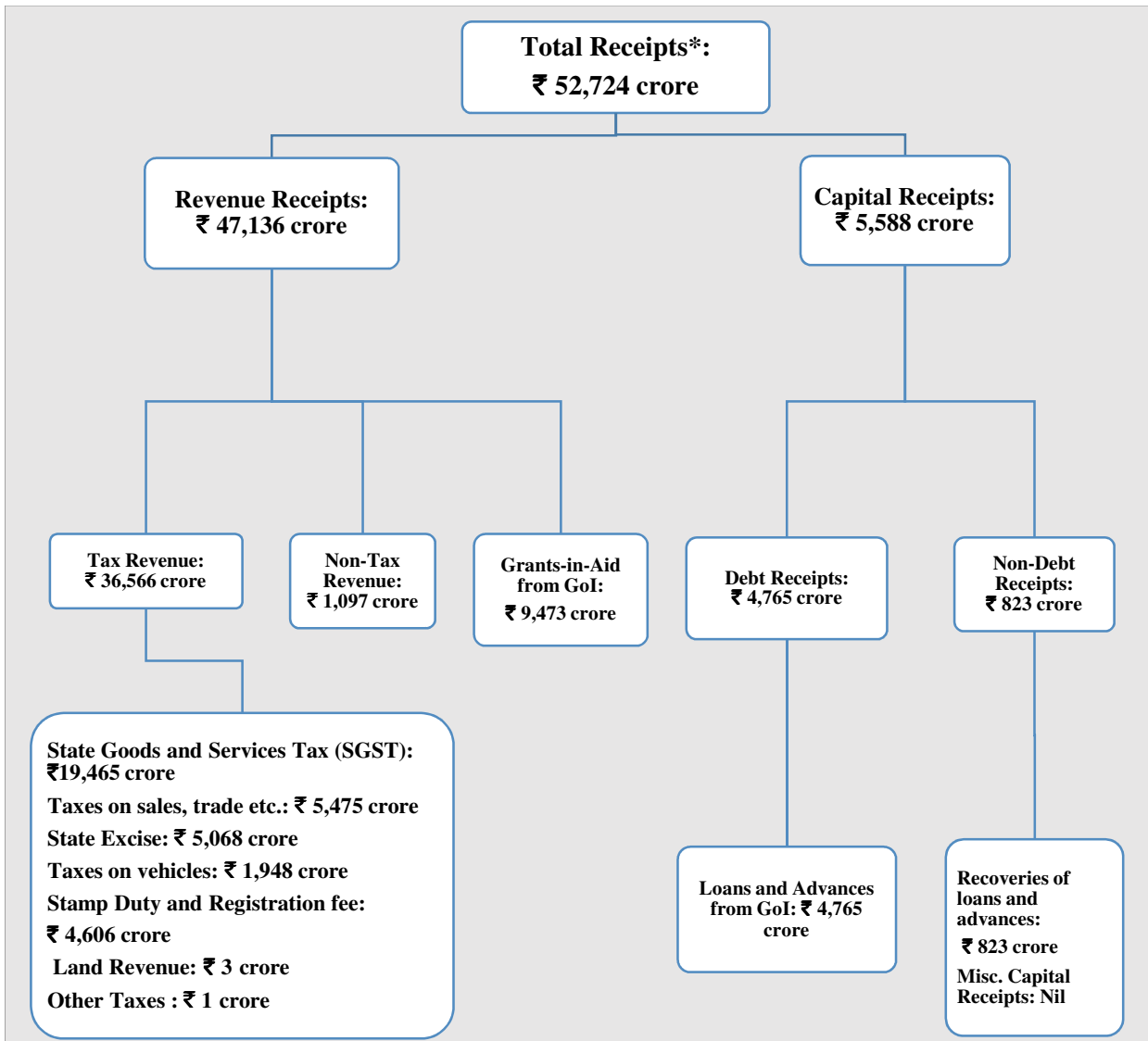
1. **Revenue receipts** consist of tax revenue, non-tax revenue and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** of Government of NCT of Delhi include recoveries of loans and advances, receipts through loan from GoI and miscellaneous capital receipts.

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

#### 2.3.1 Receipts of the NCT of Delhi

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

**Chart 2.3: Composition of receipts of the NCT of Delhi during 2019-20**



\*excluding Opening balance and Contingency Fund

### 2.3.2 NCT of Delhi's Revenue Receipts

Revenue receipts consist of the NCT of Delhi'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** and **Chart 2.4**.

**Table 2.3: Trends in Revenue Receipts**

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Receipts (RR) (₹ in crore)	34,999	34,346	38,667	43,113	47,136
Rate of growth of RR (per cent)	18.30	-1.87	12.58	11.50	9.33
Own Tax Revenue	30,226	31,140	35,717	36,625	36,566
Non-Tax Revenue	515	381	766	644	1,097
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	12.86	2.54	15.74	2.15	1.06
Grants-in-Aid from GoI	4,258	2,825	2,184	5,844	9,473
Gross State Domestic Product (₹ in crore) (2011-12 Series)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Rate of growth of GSDP (per cent)	11.32	11.85	11.48	12.82	10.48
RR/GSDP (per cent)	6.35	5.57	5.63	5.56	5.51
Buoyancy Ratios <sup>1</sup>					
Revenue Buoyancy w.r.t GSDP	1.62	-0.16	1.10	0.90	0.89
NCT of Delhi's Own Revenue Buoyancy w.r.t GSDP	1.14	0.21	1.37	0.17	0.10

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

Revenue receipts increased by 34.67 per cent from ₹ 34,999 crore in 2015-16 to ₹ 47,136 crore in 2019-20 at an annual average growth rate of 9.97 per cent out of which NCT of Delhi's own tax revenue and grants-in-aid increased by

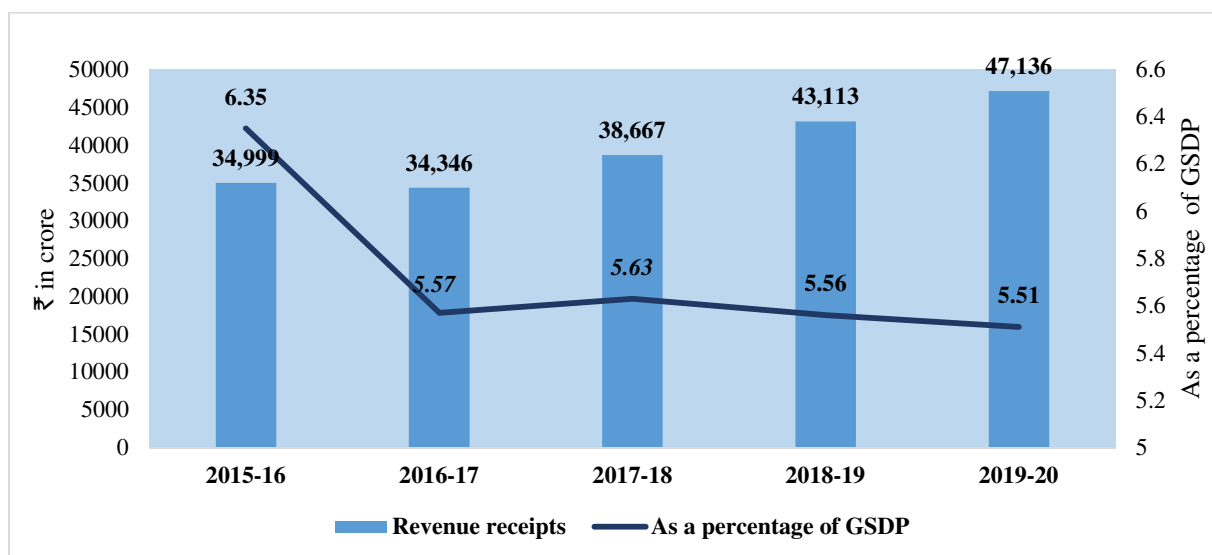
<sup>1</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.85 implies that revenue receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

₹ 6,340 crore (20.98 per cent) and ₹ 5,215 crore (122.48 per cent) respectively during the said period.

During 2019-20, revenue receipts grew by 9.33 per cent over the previous year, mainly due to increase of grants-in-aid by ₹ 3,629 crore (62.10 per cent) on account of increase in receipt of compensation by ₹ 3,254 crore (77.80 per cent) over the previous year in lieu of loss of revenue arising out of implementation of GST.

The share of NCTD's own tax revenue to total revenue receipts decreased from 86.36 per cent in 2015-16 to 77.58 per cent in 2019-20. During 2015-16, about 87.83 per cent of revenue receipts came from GNCTD's own resources while Grants-in-aid contributed 12.17 per cent. In the year 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.

**Chart 2.4: Trends in Revenue Receipts relative to GSDP during 2015-2020**

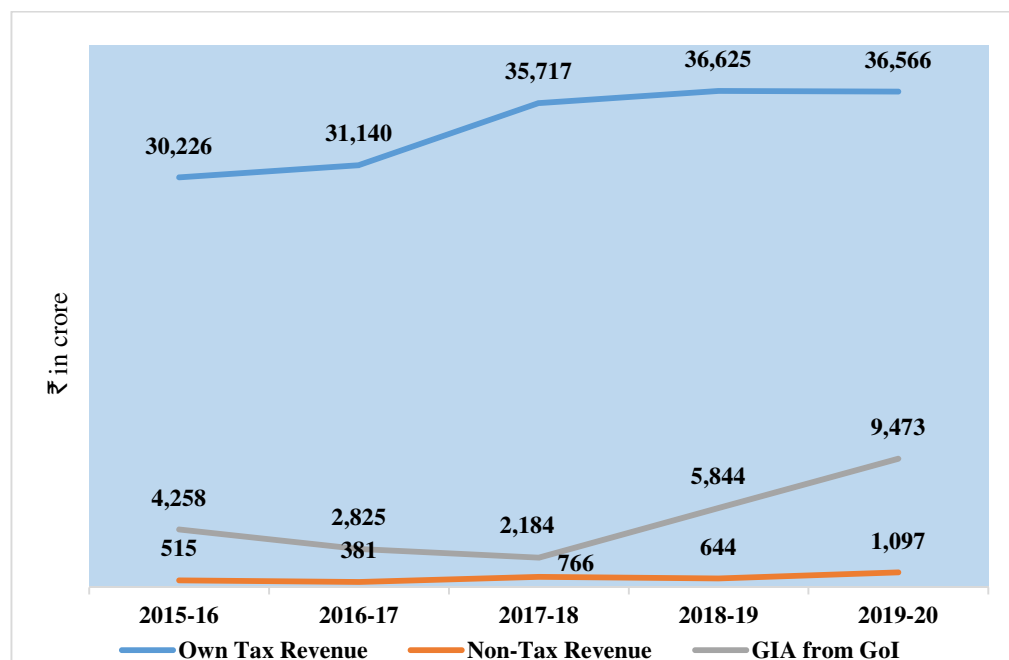


NCT of Delhi's GSDP increased from ₹ 5,50,804 crore in 2015-16 to ₹ 8,56,112 crore (55.43 per cent) in 2019-20. As compared to 2018-19, GSDP (₹ 7,74,870 crore) grew to ₹ 8,56,112 crore (10.48 per cent) in 2019-20. Revenue receipts as percentage of GSDP decreased from 6.35 per cent in 2015-16 to 5.51 per cent in 2019-20. Revenue receipts as a percentage of GSDP showed a continuous downtrend on a yearly basis except for the year 2017-18.

Revenue buoyancy with respect to GSDP at 0.89 in 2019-20 implies that revenue receipts increased by 0.89 percentage point, if the GSDP increased by one per cent. NCT of Delhi's own revenue buoyancy w.r.t GSDP at 0.10 in 2019-20 implies that NCT of Delhi's own revenue receipts increased by 0.1 percentage point, if the GSDP increased by one per cent. This implies that the increase in own revenue of NCT of Delhi remained static during 2019-20 over the previous year.

Trends of components of revenue receipts are shown in **Chart 2.5**

**Chart 2.5: Trends of components in State's Revenue Receipts**



Own tax revenue has shown increasing trend from 2015-16 to 2018-19 but decreased marginally in 2019-20. However, GIA from GoI showed decreasing trend from 2015-16 to 2017-18 but increased rapidly from 2017-18 to 2019-20. Non-tax revenue has shown a mixed trend over the last five years.

### 2.3.2.2 NCT of Delhi's own resources

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

#### Own Tax Revenue

Own tax revenues of the NCT of Delhi 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 of the NCT of Delhi during the period 2015-16 to 2019-20 is presented in **Table 2.4 and Chart 2.6**.



Chart 2.6: Growth of Own Tax Revenue during 2015-16 to 2019-20

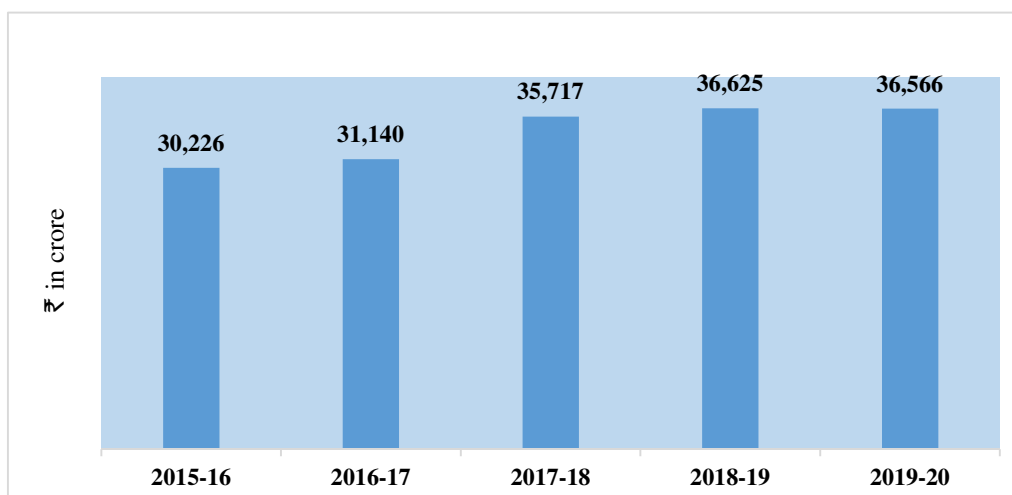


Table 2.4: Components of NCT of Delhi's own tax revenue

(₹ in crore)					
Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20
State Goods and Services Tax (SGST)	-	-	13,621	19,187	19,465
Taxes on Sales, Trade, etc.	20,246	21,144	11,149	5,886	5,475
State Excise	4,238	4,251	4,453	5,028	5,068
Taxes on Vehicles	1,607	1,809	2,116	2,055	1,948
Stamp duty and Registration fee	3,433	3,144	4,117	4,459	4,606
Land Revenue	1	2	2	0	3
Other Taxes <sup>2</sup>	701	790	259	10	1
<b>Tax Revenue</b>	<b>30,226</b>	<b>31,140</b>	<b>35,717</b>	<b>36,625</b>	<b>36,566</b>

Source: Finance Accounts of the respective years

### Goods and Services Tax (GST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the Goods and Services Tax considering an annual growth of 14 *per cent* from the base year (2015-16) for a period of five years. The Centre levies Integrated GST (IGST) on inter-state supply of goods and services, and apportions the state's share of tax to the State where the goods or services are consumed. Trends in SGST collection are shown in **Table 2.5** and **Chart 2.7**.

<sup>2</sup> Other taxes include Entertainment tax, Betting tax, Luxury tax and Cable tax.

**Table 2.5: SGST and Compensation Received**

(₹ in crore)

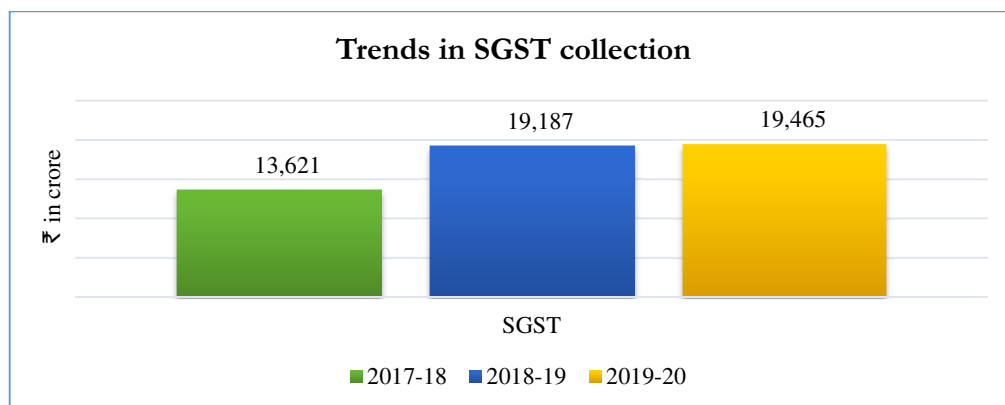
Month	Revenue to be protected	Pre- GST taxes collected	SGST Collected	Provisional apportionment of IGST+ Adhoc-settlement from IGST Fund	Other Taxes <sup>3</sup>	Total Amount received	Compensation received
April 2019	2,362.25	39.96	1,118.08	913.13	1.82	2,072.99	1,043
May 2019	2,362.25	36.56	934.94	276.47	1.83	1,249.80	
June 2019	2,362.25	31.39	895.89	529.72	2.17	1,459.17	1,525
July 2019	2,362.25	(-)21.19	891.95	1,048.99	1.28	1,921.03	
August 2019	2,362.25	55.43	897.84	586.65	0.73	1,540.65	2,324
September 2019	2,362.25	7.45	885.23	113.62	0.69	1,006.99	
October 2019	2,362.25	27.16	911.72	630.40	1.40	1,570.68	1,372
November 2019	2,362.25	60.19	1,112.55	635.65	1.51	1,809.90	
December 2019	2,362.25	25.34	995.57	730.24	0.21	1,751.36	1,419.68
January 2020	2,362.25	59.72	1,089.88	1,046.66	0.10	2,196.36	
February 2020	2,362.25	89.39	966.05	655.75	1.22	1,712.41	
March 2020	2,362.25	34.23	868.47	729.49	1.23	1,633.42	740.32
<b>Total</b>	<b>28,347</b>	<b>445.63</b>	<b>11,568.17</b>	<b>7,896.77</b>	<b>14.19</b>	<b>19,924.76</b>	<b>8,424*</b>

\*As per Finance Accounts, ₹ 7,436 crore was received during FY 2019-20 which includes ₹ 1,172 crore received in the month of May 2019 for February/March 2019 (FY 2018-19) and ₹ 2,160 crore received during current financial year for the FY 2019-20. (₹ 7,436 crore - ₹ 1,172 crore + ₹ 2,160 crore = ₹ 8,424 crore)

The projected revenue for the year 2019-20 in accordance with annual growth of 14 *per cent* was ₹ 28,347 crore. Against this the revenue receipts of the Government of NCT of Delhi under GST during the year 2019-20 was ₹ 19,924.76 crore and compensation received was ₹ 8,424 crore as detailed in **Table 2.5**. Thus, overall there was no shortfall in receipt of compensation as on 31 March 2020.

<sup>3</sup> Other taxes includes entertainment tax, luxury tax, cable tax etc.

Chart 2.7: Trends in SGST collection



SGST collection increased by ₹ 278 crore from ₹ 19,187 crore in 2018-19 to ₹ 19,465 crore in 2019-20. The Department of Goods and Services Tax stated that the SGST collection increased due to market fluctuation.

### Integrated Goods and Services Tax (IGST)

GNCTD receives funds towards settlement of IGST collected by the Centre on the basis of cross utilisation of ITC of IGST and SGST/UTGST and apportionment from Government of India which is accounted for under SGST. The details of funds received during the years 2017-18, 2018-19 and 2019-20 are given in **Table 2.6**.

**Table 2.6: IGST trends for the period 2017-18 to 2019-20**

Head	(₹ in crore)		
	2017-18	2018-19	2019-20
Input Tax Credit	3,302.81	2,419.42	3,500.84
Apportionment of IGST	1,622.13	3,606.66	4,238.94
Advance Apportionment of IGST	735.00	2,582.20	157.00

### Arrears of revenue

Arrears of revenue indicate delayed realisation of revenue due to the Government. The arrears of revenue as on 31 March 2020 under the Major Head 0040-Taxes on Sales, Trade etc. as per information furnished by the Department of Trade and Taxes, GNCTD amounted to ₹ 62,199 crore of which ₹ 12,068 crore was outstanding for more than five years.

### Arrears of assessment

Arrears of assessment indicate potential revenue which is blocked due to delayed assessment. The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year are depicted in **Table 2.7**.

**Table 2.7: Arrears of assessment**

Head of Revenue	Opening Balances of cases	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	Balance at the end of the year	Percentage of Disposal
0040 Taxes on Sales, Trade etc.	-	3,53,788	3,53,788	3,53,788	0	100

Source: Department of Trade and Taxes, GNCTD

**Details of evasion of tax detected by 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. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money etc. Cases of evasion of tax detected and details of refund cases for the year 2019-20 are depicted in **Table 2.8** and **Table 2.9**.

**Table 2.8: Evasion of tax detected**

Head of revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	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 2020
				No. of cases	Amount of demand (₹ in crore)	
GST	3	845	848	848	15.67	7

Source: Department of Trade and Taxes, GNCTD

**Table 2.9: Details of refund cases for the year 2019-20**

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			29,444	1,843.01
2	Claims received during the year	18,182	6,368.51	5	4.02
3	Refunds made during the year	7,922	521.67	11,690	462.00
4	Refunds rejected/set off/adjusted during the year	#	#	5,015	40.44
5	Balance outstanding at the end of year	-	-	17,759	1,344.59

\*The details include all online refund status on 2019-20. Offline data for July 2017-18, 2018-19 and partial period of 2019-20 is not available

#Information awaited.

### Non-Tax Revenue

Non-tax revenue consists of interest receipts, dividends and profits, departmental receipts etc. Components of NCT of Delhi's non-tax revenue and trends are given in **Table 2.10** and **Chart 2.8**.

**Table 2.10 Components of NCT of Delhi's non-tax revenue**

(₹ in crore)

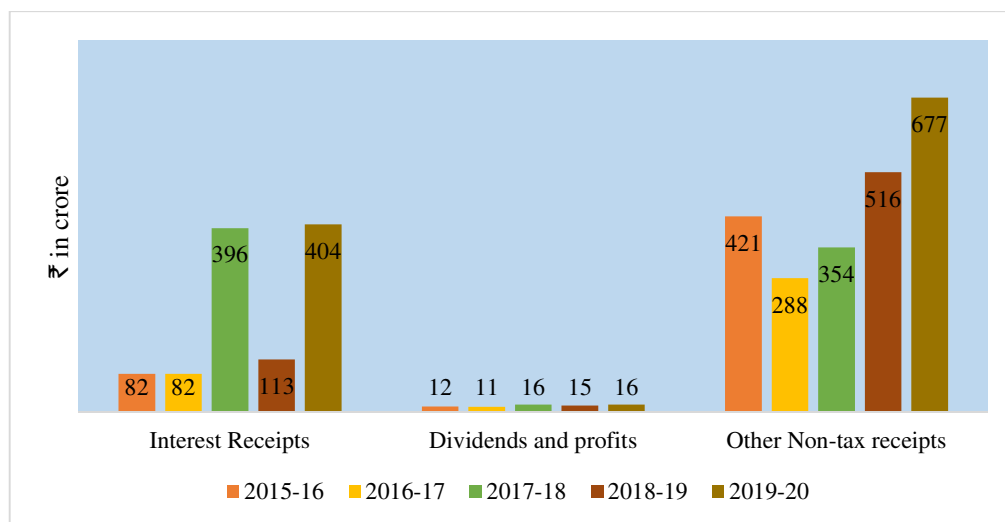
Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20
Interest Receipts	82	82	396	113	404
Dividends and profits	12	11	16	15	16
Other Non-tax receipts	421	288	354	516	677
a) Public Works	19	22	14	18	13
b) Education	22	24	26	29	27
c) Medical & Public health	126	60	89	103	112
d) Power	42	21	26	53	87
e) Others etc.	212	161	199	313	438
<b>Total Non-tax Revenue</b>	<b>515</b>	<b>381</b>	<b>766</b>	<b>644</b>	<b>1,097</b>

Source: Finance Accounts of respective years

Non-tax revenue increased by 113 per cent from ₹ 515 crore in 2015-16 to ₹ 1,097 crore in 2019-20. Non-tax revenue which constituted 2.33 per cent of revenue receipts (₹ 47,136 crore) during 2019-20 increased by ₹ 453 crore (70.34 per cent) over the previous year mainly on account of increase by

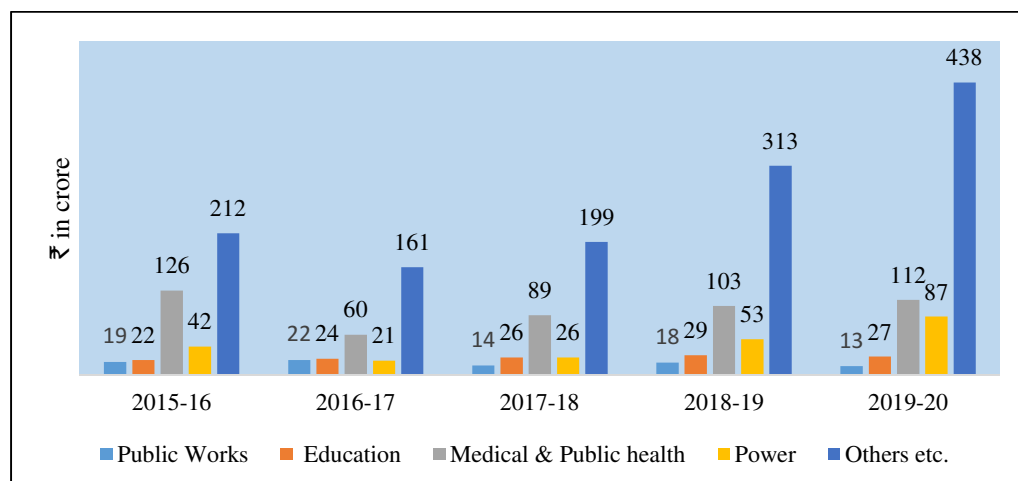
228.13 per cent over the previous year in interest receipts, dividends and profits. Interest receipts, dividends and profits increased because Department of Power on behalf of GNCTD had provided loans to Delhi Transco Limited (DTL), Indraprastha Power Generation Company Limited (IPGCL) and Pragati Power Corporation Limited (PPCL) for functional requirements. In the preceding years to FY 2018-19, IPGCL and PPCL were facing financial crunch and thus were unable to make payment of interest on loans. However, in FY 2019-20, PPCL made payment of around ₹ 354.25 crore on account of interest on loans taken from GNCTD.

**Chart 2.8: Trends in Non-Tax Revenue Heads**



Other non-tax receipts increased by ₹ 256 crore (60.81 per cent) during 2015-16 to 2019-20. The increase in other non-tax receipts by ₹ 161 crore (31.20 per cent) during 2019-20 over the previous year was mainly due to increase of 136.77 per cent in non-tax revenue receipts from general services under the heads viz. Public Service Commission, Police, Jails and Other Administrative Services over the previous year. The trends in other non-tax revenue receipts are shown in **Chart 2.9**.

**Chart 2.9: Trends in other Non-Tax Receipt Heads**



### 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 2017-18. The details of GIA from GoI are in **Table 2.11**.

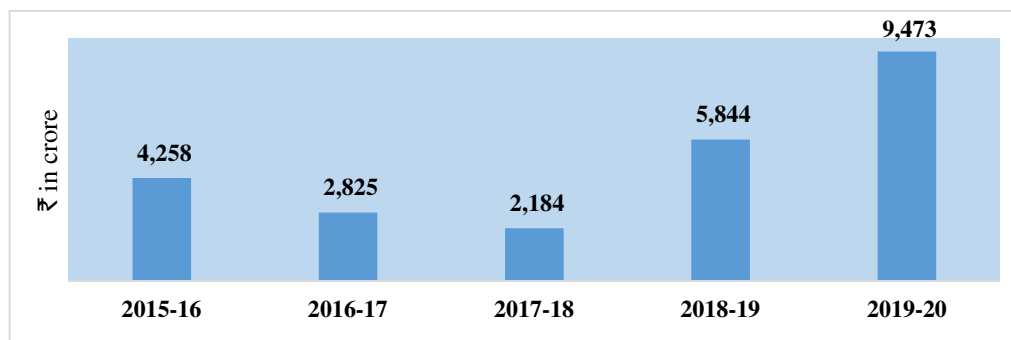
**Table 2.11: Grants-in-aid from Government of India**

(₹ in crore)					
Head	2015-16	2016-17	2017-18	2018-19	2019-20
Centrally Sponsored Schemes (CSS)	866.55	1,156.28	527.27	807.03	1,169.48
Normal Central Plan Assistance (block grants)	394.98	462.89	412.98	449.99	472.00
Other Grants (N/P)	2,580.02	793.71	706.30	79.75	70.56
Grants in lieu of Share in Central Taxes	325.00	325.00	325.00	325.00	325.00
Compensation of loss of revenue arising out of implementation of GST	-	-	157.00	4,182.00	7,436.00
National Social Assistance programme (NSAP)	27.15	81.73	54.59	NSAP scheme merged in CSS w.e.f 2018-19	NSAP scheme merged in CSS w.e.f 2018-19
Central Road Fund (CRF)	14.59	5.54	1.16	-	-
Other Grants (Plan)	50.00	-	-	-	-
<b>Total</b>	<b>4,258.29</b>	<b>2,825.15</b>	<b>2,184.30</b>	<b>5,843.77</b>	<b>9,473.04</b>
Percentage of GIA to Revenue Receipts	12.17	8.23	5.65	13.55	20.10

Source: Finance Accounts of respective years

GIA from GoI increased from ₹ 4,258 crore in 2015-16 to ₹ 9,473 crore (122.48 per cent) in 2019-20. GIA from GoI increased by ₹ 3,629 crore (62.10 per cent) in 2019-20 over the previous year. This includes compensation of ₹ 7,436 crore in 2019-20 in lieu of loss of revenue arising out of implementation of GST which increased by ₹ 3,254 crore (77.81 per cent) over the previous year. Delhi is not covered under the recommendations of the Central Finance Commission and only gets discretionary grant in lieu of State share of Union taxes and duties which has remained stagnant at ₹ 325 crore since 2001-02 although the Central tax collections have grown substantially since 2001-02. The trends in GIA for the period from 2015-16 to 2019-20 is shown in **Chart 2.10**.

**Chart 2.10: Trend in Grants-in-Aid**



### 2.3.3 Capital Receipts

Capital receipts of Government of NCT of Delhi comprises recoveries of loans and advances (non-debt) and receipts of loan and advances (debt) from GoI. Capital receipts during five years (2015-16 to 2019-20) are detailed in Table 2.12.

**Table 2.12: Trends in growth and composition of Capital Receipts**

(₹ in crore)

Sources of NCT of Delhi's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Capital Receipts (debt and non-debt)</b>	<b>2,324</b>	<b>1,908</b>	<b>2,597</b>	<b>4,524</b>	<b>5,588</b>
Recoveries of Loans and Advances (non-debt)	83	212	691	1,644	823
<b>Net Public Debt Receipts</b>	<b>806</b>	<b>41</b>	<b>224</b>	<b>(-756)</b>	<b>1,954</b>
<i>Internal Debt<sup>4</sup></i>	-	-	-	-	-
<i>Growth rate</i>	-	-	-	-	-
<i>Loans and advances from GoI (debt)</i>	2,241	1,696	1,906	2,880	4,765
<i>Growth rate</i>	27.04	(-)24.32	12.38	51.10	65.45
Rate of growth over the previous year ( <i>per cent</i> )					
Rate of growth of debt Capital Receipts	27.04	(-)24.32	12.38	51.10	65.45
Rate of growth of non-debt capital receipts	(-)63.60	155.42	225.94	137.92	(-)49.94
Rate of growth of GSDP	11.32	11.85	11.48	12.82	10.48
Rate of growth of Capital Receipts ( <i>per cent</i> )	16.67	(-)17.90	36.11	74.20	23.52

Source: Finance Accounts and for GSDP—Official website of Economic and Statistical Organisation, GoI ([www.esop.gov.in](http://www.esop.gov.in))

Non-debt capital receipts decreased by 49.94 *per cent* from ₹ 1,644 crore in 2018-19 to ₹ 823 crore in 2019-20. Debt capital receipt increased by 65.45 *per cent* from ₹ 2,880 crore in 2018-19 to ₹ 4,765 crore in 2019-20 due to increased flow of loans and advances from GoI by 65.45 *per cent* over the previous years.

## 2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

<sup>4</sup> There is no internal debt of Government of NCT of Delhi.



### 2.4.1 Growth and Composition of Expenditure

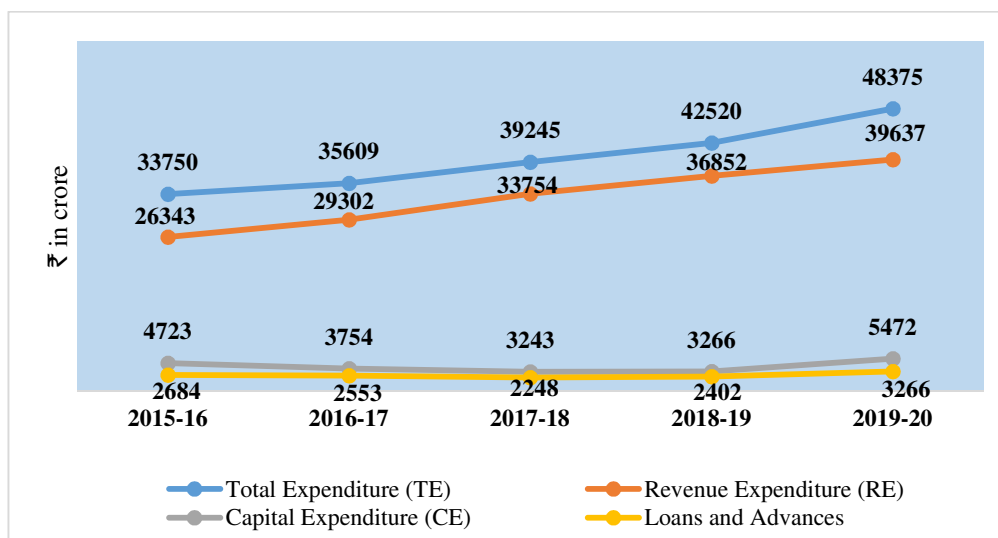
Trends and composition of total expenditure over the last five years (2015-16 to 2019-20) are shown in **Table 2.13** and **Chart 2.11**.

**Table 2.13: Total expenditure and its composition**

(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Total Expenditure (TE)</b>	33,750	35,609	39,245	42,520	48,375
<b>Revenue Expenditure (RE)</b>	26,343	29,302	33,754	36,852	39,637
<b>Capital Expenditure (CE)</b>	4,723	3,754	3,243	3,266	5,472
<b>Loans and Advances</b>	2,684	2,553	2,248	2,402	3,266
<b>As a percentage of GSDP</b>					
<b>TE/GSDP</b>	6.13	5.78	5.71	5.49	5.65
<b>RE/GSDP</b>	4.78	4.76	4.91	4.76	4.63
<b>CE/GSDP</b>	0.86	0.61	0.47	0.42	0.64
<b>Loans and Advances/GSDP</b>	0.49	0.41	0.33	0.31	0.38

Source: Finance Accounts of respective years

**Chart 2.11: Total expenditure: Trends and Composition**



Source: Finance Accounts of respective years

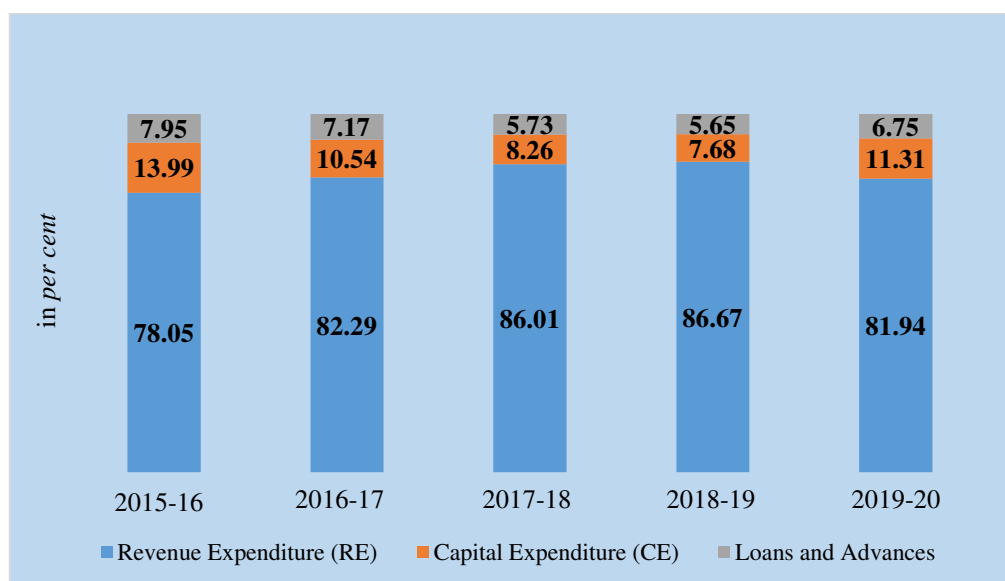
It can be seen from the chart that Capital expenditure displayed inter-year fluctuation which ranged between ₹ 3,243 crore to ₹ 5,472 crore whereas revenue expenditure continuously increased during 2015-20 mainly due to increase in expenditure in Social Services over the same period.

Further disbursement of loans and advances also displayed inter-year fluctuation which ranged between ₹ 2,248 crore to ₹ 3,266 crore.

#### Trends in share of components of expenditure

Trends in share of components of total expenditure is shown in **Chart 2.12**. Revenue expenditure was 81.94 per cent of the total expenditure whereas capital expenditure and disbursement of loans and advances were 11.31 per cent and 6.75 per cent respectively for the year 2019-20.

**Chart 2.12: Total Expenditure: Trends in share of its components**



Source: Finance Accounts of respective years

### Relative share of various sectors of expenditure

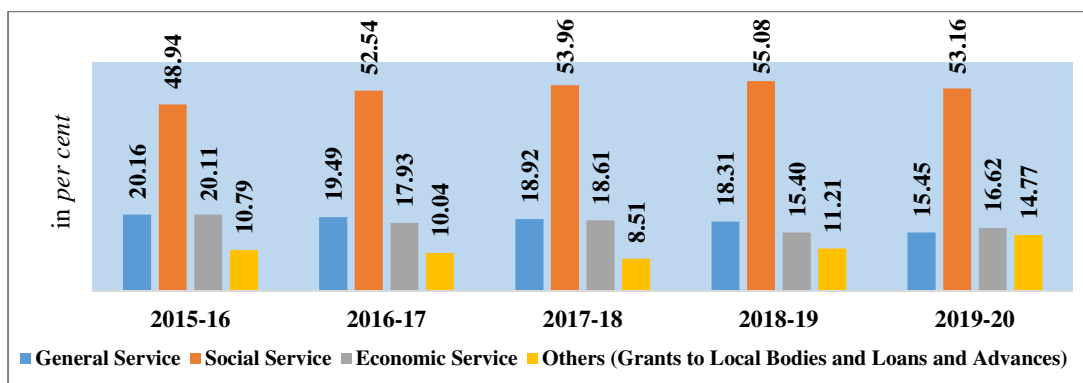
Relative shares of various sectors of expenditure are shown in **Table 2.14**. The share of general services in total expenditure (excluding public debt) decreased from 18.31 *per cent* in 2018-19 to 15.45 *per cent* in 2019-20.

**Table 2.14: Relative share of various sectors of expenditure out of total expenditure (excluding public debt)**

Parameters	(In per cent)				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Services	20.16	19.49	18.92	18.31	15.45
Social Services	48.94	52.54	53.96	55.08	53.16
Economic Services	20.11	17.93	18.61	15.40	16.62
Others (Grants-in-aid and contribution and Loans and Advances)	10.79	10.04	8.51	11.21	14.77

Share of social services decreased from 55.08 *per cent* in 2018-19 to 53.16 *per cent* in 2019-20. Also the share of economic services increased from 15.40 *per cent* in 2018-19 to 16.62 *per cent* in 2019-20. Total expenditure on disbursement of loans and advances and grants to local bodies increased from 11.21 *per cent* in 2018-19 to 14.77 *per cent* in 2019-20. Total expenditure by activities is shown in **Chart 2.13**.

Chart 2.13: Total expenditure - Expenditure by activities



Components of total disbursements by the NCT of Delhi are shown in Chart 2.2.

#### 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. Table 2.15 presents the revenue expenditure over five years (2015-16 to 2019-20). Revenue expenditure increased by 50.47 per cent from ₹ 26,343 crore in 2015-16 to ₹ 39,637 crore in 2019-20. As a percentage of GSDP, revenue expenditure decreased from 4.78 per cent in 2015-16 to 4.63 per cent in 2019-20. Revenue expenditure increased by 7.56 per cent from ₹ 36,852 crore in 2018-19 to ₹ 39,637 crore in 2019-20 mainly due to increase in revenue expenditure on economic services, increase from ₹ 5,219 crore in 2018-19 to ₹ 6,530 crore in 2019-20 (25.12 per cent) and increase in Grants-in-Aid and Contribution - Compensation and Assignments to Local Bodies and Panchayati Raj Institutions from ₹ 2,365 crore to ₹ 3,878.70 crore in 2019-20 (64 per cent) over the previous year.

Table 2.15: Revenue Expenditure – Basic Parameters

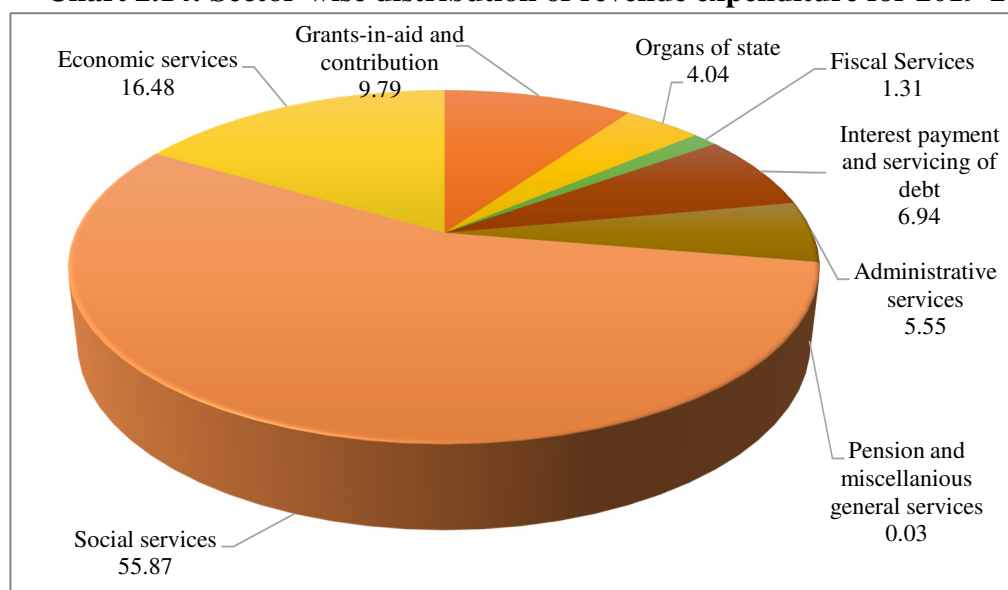
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	33,750	35,609	39,245	42,520	48,375
Revenue Expenditure (RE)	26,343	29,302	33,754	36,852	39,637
Rate of Growth of RE (per cent)	12.05	11.23	15.19	9.18	7.56
Revenue Expenditure as percentage of TE	78.05	82.29	86.01	86.67	81.94
Gross State Domestic Product (2011-12 Series)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Rate of growth of GSDP (per cent)	11.32	11.85	11.48	12.82	10.48
RE/GSDP (per cent)	4.78	4.75	4.91	4.76	4.63
RE as percentage of RR	75.27	85.31	87.29	85.48	84.09
<b>Buoyancy of Revenue Expenditure</b>					
Revenue expenditure buoyancy w.r.t GSDP (ratio)	1.06	0.95	1.32	0.72	0.72
Revenue expenditure buoyancy w.r.t Revenue Receipts (ratio)	0.66	(-)6.01	1.21	0.80	0.81

Source: Finance Accounts of respective years.

Buoyancy of revenue expenditure with GSDP at 0.72 in 2019-20 indicates that revenue expenditure grew by 0.72 per cent for every one per cent increase in GSDP. Buoyancy of revenue expenditure with revenue receipts at 0.81 in 2019-20 shows that revenue expenditure grew by 0.81 per cent for every one per cent increase in revenue receipts. Revenue expenditure as per cent of revenue receipts increased from 75.27 per cent in 2015-16 to 84.09 per cent in 2019-20.

Sector-wise distribution of revenue expenditure for the period 2019-20 is shown in **Chart 2.14**.

**Chart 2.14: Sector-wise distribution of revenue expenditure for 2019-20**



#### 2.4.2.1 Major changes in Revenue Expenditure

Variation in revenue expenditure during 2019-20 compared to 2018-19 under major heads of account are shown in **Table 2.16**.

**Table 2.16: Variation in revenue expenditure over major heads during 2019-20 compared to 2018-19**

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Increase (+)/ Decrease (-) (in per cent)
2040-Taxes on Sales, Trade etc.	108.85	41.38	(-61.98)
2215-Water Supply and Sanitation	1,349.50	1,415.35	4.88
2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	211.08	265.22	25.65
2236 Nutrition	113.13	149.42	32.08
2501-Special Programmes for Rural Development	4.14	6.39	54.35
2075-Miscellaneous General Services	11.37	9.67	(-14.95)
2216-Housing	481.81	102.61	(-78.70)
2515-Other Rural Development Programmes	8.16	7.67	(-5.88)

The percentage change in major heads of revenue expenditure shows large variations over the period of two years. Revenue expenditure under the Head '2216-Housing' decreased by 78.70 *per cent* from the previous year, while expenditure under the Head '2040-Taxes on Sales, Trade etc.' decreased by 61.98 *per cent* over the previous year due to implementation of GST.

#### 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 has first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for the development sector. The components of committed expenditure are given in **Table 2.17**.

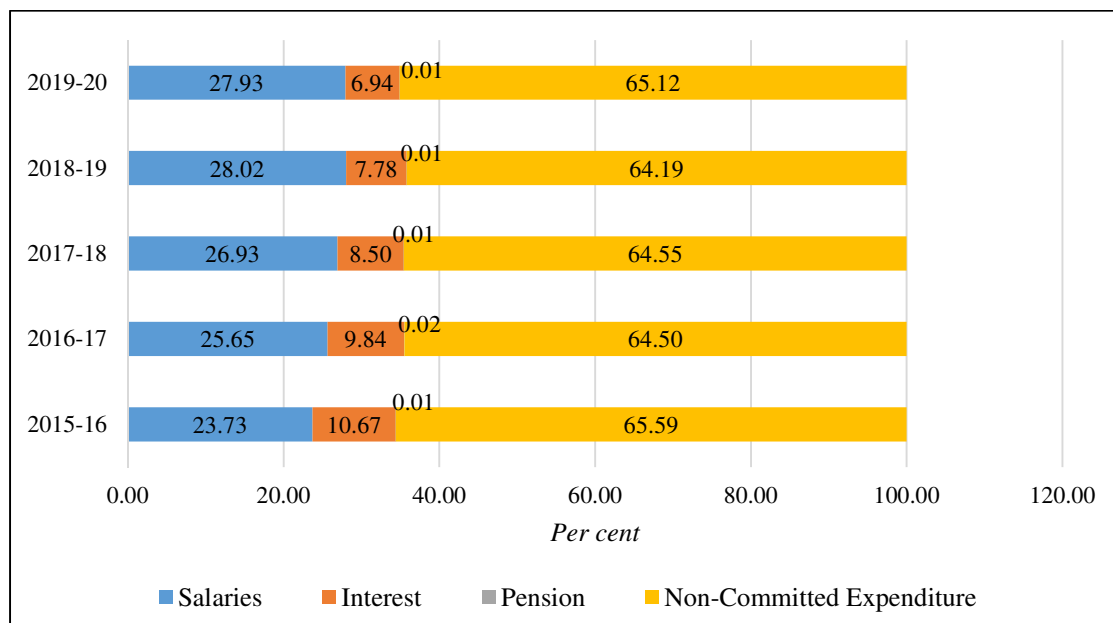
**Table 2.17: Components of Committed Expenditure**

(₹ in crore)					
Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries and Wages	6,251.17	7,515.26	9,089.60	10,324.66	11,070.04
Expenditure on Pensions*	3.57	5.43	3.84	3.31	3.56
Interest Payments	2,809.81	2,882.52	2,870.67	2,867.11	2,751.87
<b>Total</b>	<b>9,064.55</b>	<b>10,403.21</b>	<b>11,964.11</b>	<b>13,195.08</b>	<b>13,825.47</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries and Wages	17.86	21.88	23.51	23.95	23.49
Expenditure on Pensions	0.010	0.016	0.010	0.008	0.008
Interest Payments	8.03	8.39	7.42	6.65	5.84
<b>Total</b>	<b>25.90</b>	<b>30.29</b>	<b>30.94</b>	<b>30.61</b>	<b>29.33</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries and Wages	23.73	25.65	26.93	28.02	27.93
Expenditure on Pensions	0.014	0.019	0.011	0.009	0.009
Interest Payments	10.67	9.84	8.50	7.78	6.94
<b>Total</b>	<b>34.41</b>	<b>35.50</b>	<b>35.44</b>	<b>35.81</b>	<b>34.88</b>

\*Pension of Ex-MLAs and freedom fighters in Delhi. Pension liability of GNCTD employees are borne by Government of India.

The share of committed expenditure in total revenue expenditure is given in **Chart 2.15**.

**Chart 2.15: Share of component of committed expenditure in total revenue expenditure**



### 2.4.2.3 National Pension System

State Government employees recruited on or after 1 January 2004 are eligible for the National Pension System (NPS). In terms of the scheme, employees contribute 10 *per cent* of basic pay and dearness allowance, however employer contribution was raised from 10 *per cent* to 14 *per cent* w.e.f. 1 April 2019. The entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

As per information provided by the Principal Accounts Office, during 2019-20, the Government of NCT of Delhi deposited ₹ 685.78 crore with the NSDL/Trustee Bank against employee's contribution of ₹ 289.34 crore and employer's share of ₹ 396.44 crore. Hence, there was nothing outstanding against the employee as well as employers' contribution during 2019-20 under NPS.

### 2.4.2.4 Subsidies

Expenditure on subsidies by GNCTD are shown in **Table 2.18**. Expenditure on subsidies increased from ₹ 1,867.61 crore in 2015-16 to ₹ 3,592.94 crore in 2019-20 (92.38 *per cent*). In 2019-20 expenditure on subsidies increased by 41.85 *per cent* over the previous year.

**Table 2.18: Expenditure on subsidies during 2015-16 to 2019-20**

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Subsidies</b>	1,868	2,160	2,497	2,533	3,593
<b>Revenue receipts</b>	34,999	34,346	38,667	43,113	47,136
<b>Revenue expenditure</b>	26,343	29,302	33,754	36,852	39,637
<b>Subsidies as a percentage of revenue receipts (in per cent)</b>	5.34	6.29	6.46	5.88	7.62
<b>Subsidies as a percentage of revenue expenditure (in per cent)</b>	7.09	7.37	7.40	6.87	9.06

Subsidies as a percentage of revenue receipts increased from 5.88 *per cent* in 2018-19 to 7.62 *per cent* in 2019-20. Subsidies as a percentage of revenue expenditure increased from 6.87 *per cent* in 2018-19 to 9.06 *per cent* in 2019-20.

#### 2.4.2.5 Financial Assistance by GNCTD to local bodies and other Institutions

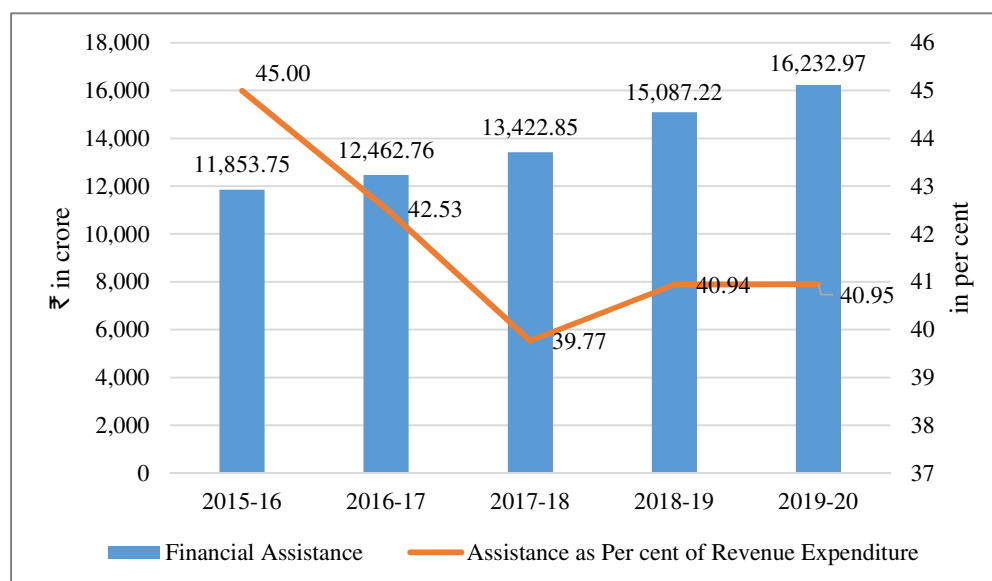
Financial assistance is provided by GNCTD to local bodies and other institutions by way of grants and loans. Details are shown in **Table 2.19** and trends in financial assistance are shown in **Chart 2.16**.

**Table 2.19: Financial Assistance to Local Bodies etc.**

	(₹ in crore)				
Financial Assistance to Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
<b>(A) Local Bodies</b>					
<b>Municipal Corporations and Municipalities</b>	5,477.95	6,057.07	6,241.68	6,337.30	6,221.62
<b>Total (A)</b>	<b>5,477.95</b>	<b>6,057.07</b>	<b>6,241.68</b>	<b>6,337.30</b>	<b>6,221.62</b>
<b>(B) Others</b>					
<b>Delhi Cantonment Board</b>	26.46	25.16	26.27	23.08	14.52
<b>Delhi Jal Board</b>	1,718.97	1,384.65	1,930.00	2,315.98	2,855.46
<b>Delhi Transport Corporation</b>	1,150.00	1,550.00	2,007.00	1,825.00	2,030.00
<b>Delhi Urban Shelter Improvement Board</b>	311.83	307.00	255.53	506.70	378.89
<b>Others (including Delhi Metro Rail Corporation, Higher Education, Technical Education, Hospitals, Road Safety Cell, Technical Education etc)</b>	3,168.54	3,138.88	2,962.37	4,079.16	4,732.48
<b>Total (B)</b>	<b>6,375.80</b>	<b>6,405.69</b>	<b>7,181.17</b>	<b>8,749.92</b>	<b>10,011.35</b>
<b>Total (A+B)</b>	<b>11,853.75</b>	<b>12,462.76</b>	<b>13,422.85</b>	<b>15,087.22</b>	<b>16,232.97</b>
<b>Revenue expenditure</b>	26,343.00	29,302.00	33,754.00	36,852.00	39,637.00
<b>Assistance as percentage of revenue expenditure</b>	45.00	42.53	39.77	40.94	40.95

Source: Information received from Principal Accounts Office, GNCTD

**Chart 2.16: Trends in financial assistance**

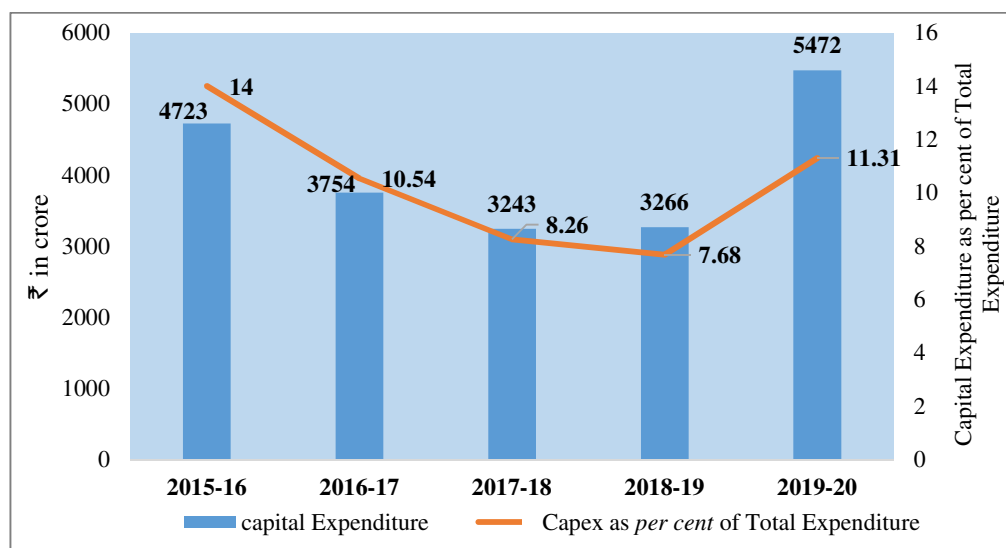


Financial assistance to local bodies and others increased by 7.59 per cent from ₹ 15,087.22 crore in 2018-19 to ₹ 16,232.97 crore in 2019-20. As a percentage of revenue expenditure financial assistance increased marginally from 40.94 per cent in 2018-19 to 40.95 per cent in 2019-20.

### 2.4.3 Capital Expenditure

Capital expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Trends in capital expenditure are presented in **Chart 2.17**.

**Chart 2.17: Capital expenditure in the NCT of Delhi**



It can be seen from the chart that capital expenditure displayed inter-year fluctuations which ranged between ₹ 3,243 crore and ₹ 5,472 crore.

Similarly, capital expenditure as percentage of total expenditure displayed inter-year fluctuations which ranged between 7.68 per cent and 14 per cent



during the period 2015-20. Capital expenditure increased from ₹ 3,266 crore to ₹ 5,472 crore (67.54 per cent) in 2019-20 over the previous year.

### 2.4.3.1 Major Changes in Capital Expenditure

Changes in major heads of capital expenditure are shown in Table 2.20.

**Table 2.20: Capital expenditure under major heads of account during 2019-20 compared to 2018-19**

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Increase (+)/ Decrease (-)
5054-Capital Outlay on Roads and Bridges	923.84	771.92	(-)151.92
5055-Capital Outlay on Road Transport	152.20	282.89	130.69
4702-Capital Outlay on Minor Irrigation	-	0.09	0.09
4711-Capital Outlay on Flood Control Projects	68.52	116.20	47.68
4059-Capital Outlay on Public Works	135.83	192.62	56.79
4210-Capital Outlay on Medical and Public Health	306.47	357.37	50.90
4801-Capital Outlay on Power Projects	7.96	2.69	(-)5.27
4202- Capital outlay on Education, Sports, Art and Culture	601.64	1,298.99	697.35
4217-Capital outlay on Urban development	685.78	1,823.10	1,137.32

Source: Finance Accounts of respective years.

Capital outlay on medical and public health increased by 16.61 per cent over the previous year due to commencement of major works after initial delay in receipt of mandatory clearances. Capital expenditure on the head '5054-Capital outlay on Roads and Bridges' decreased by 16.44 per cent (₹ 151.92 crore) over the previous year due to non-approval of new projects. However, '5055-Capital Outlay on Road Transport' increased by 85.87 per cent (₹ 130.69 crore) over the same period. Capital outlay on Education, Sports, Art and Culture increased due to approval of new projects such as Construction of school and Construction of additional class rooms by the Education Department. Besides, Capital outlay on Urban Development increased by 165.84 per cent over the previous year due to allocation of funds on two development schemes<sup>5</sup> under the Major Head 4217<sup>6</sup> and increased allocation of funds in another development scheme<sup>7</sup>.

### 2.4.3.2 Investment and Returns

As of 31 March 2020, the Government had invested ₹ 19,411 crore in Government companies and co-operative institutions. The increase in investment in 2019-20 over the previous year was by ₹ 150 crore on account of investment made in Delhi Metro Rail Corporation Ltd. The return on investment was 0.08 per cent in 2019-20 whereas Government paid interest at the average rate of 8.14 per cent on its borrowings during 2019-20. The details are given in Table 2.21.

<sup>5</sup> 'Strengthening and Augmentation of infrastructure in Assembly constituency' and 'Mukhyamantri Sadak Punarotthan Yojana'.

<sup>6</sup> instead of Major head 2217 as booked in previous year

<sup>7</sup> Development of unauthorised colonies

Table 2.21: Return on Investment

(₹ in crore)

Investment/return/cost of borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Investment at the end of the year (₹ in crore)	18,492	18,933	19,173	19,261	19,411
Return (₹ in crore)	12.32	11.28	15.91	14.31	15.84
Return ( <i>per cent</i> )	0.07	0.06	0.08	0.07	0.08
Average rate of interest on Government borrowings ( <i>per cent</i> )	8.54	8.65	8.58	8.64	8.14
Difference between interest rate and return ( <i>per cent</i> )	8.47	8.59	8.50	8.57	8.06
<b>Difference between interest on Government borrowings and return on investment (₹ in crore)<sup>#</sup></b>	<b>1,566</b>	<b>1,626</b>	<b>1,630</b>	<b>1,651</b>	<b>1,565</b>

Source: Finance Accounts of respective years

<sup>#</sup>Investment at the end of the year

Government investments increased by 4.97 *per cent* over a period of five years from 2015-16 to 2019-20. GNCTD paid interest rate ranging from 8.14 *per cent* to 8.65 *per cent* on its borrowings during 2015-16 to 2019-20, whereas the percentage of return from investments ranged between 0.06 *per cent* and 0.08 *per cent* (at historical cost) during the same period.

Table 2.22: Quantum of loans disbursed and recovered during five years

(₹ in crore)

Quantum of loans disbursed and recovered	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance of loans outstanding	57,190	59,915 <sup>8</sup>	62,255	63,812	64,570
Amount advanced during the year	2,684	2,553	2,248	2,402	3,266
Amount recovered during the year	83	213	691	1,644	823
Closing balance of the loans outstanding	59,791	62,255	63,812	64,570	67,014
Net addition	2,601	2,340	1,557	758	2,443
Interest received	83	81	396	113	404
Interest receipts as percentage of outstanding loans and advances	0.14	0.13	0.62	0.18	0.60
Rate of interest paid on the outstanding borrowings of the Government ( <i>per cent</i> )	8.44	8.64	8.55	8.74	7.92
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	8.30	8.51	7.93	8.56	7.31

<sup>8</sup> The difference of ₹ 124 crore is due to prior period adjustment on accounts of misclassification.

#### 2.4.4 Adequacy of Public Expenditure

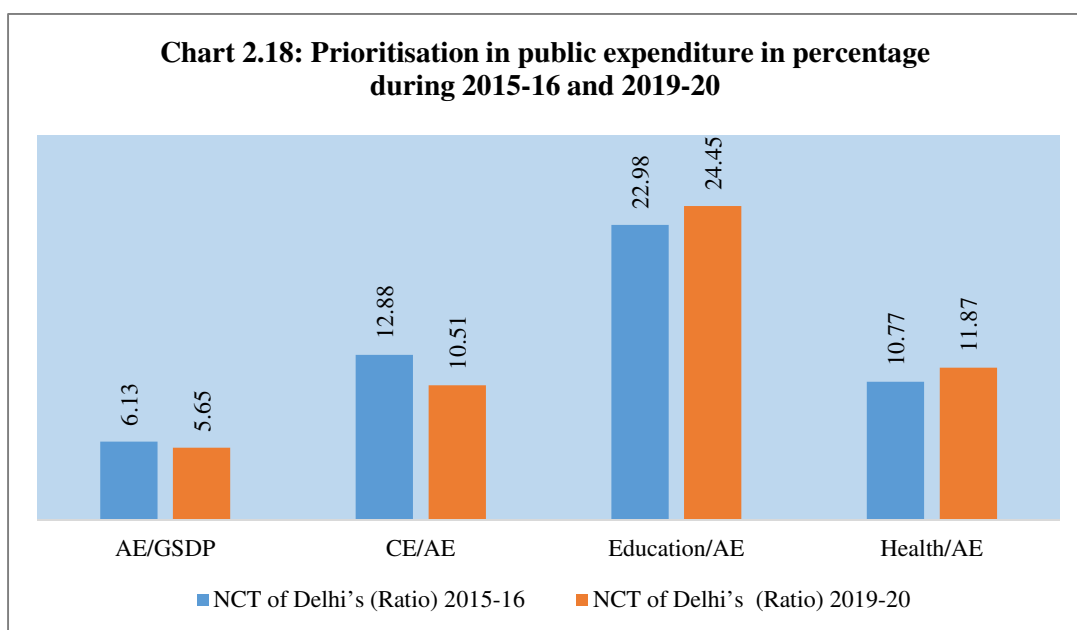
Table 2.23 and Chart 2.18 shows the fiscal priority of the Government of NCT of Delhi with regard to development expenditure, social sector expenditure, capital expenditure, expenditure on education and on health during the years 2015-16 and 2019-20.

**Table 2.23: Fiscal priority of GNCTD in 2015-16 and 2019-20**

(In per cent)

Fiscal Priority by the State	AE/GSDP	CE/AE	Education/AE	Health/AE
NCT of Delhi's (Ratio) 2015-16	6.13	12.88	22.98	10.77
NCT of Delhi's (Ratio) 2019-20	5.65	10.51	24.45	11.87

AE: Aggregate Expenditure, CE: Capital Expenditure



Aggregate expenditure as a proportion of GSDP decreased to 5.65 *per cent* in 2019-20 from 6.13 *per cent* in 2015-16. Share of expenditure on health and education in total expenditure have also registered increase during this period. However, share of capital expenditure decreased from 12.88 *per cent* to 10.51 *per cent* over the same period.

#### 2.5 Debt Management

The Government of NCT of Delhi 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 Government of India comprise debt receipts of Government of NCT of Delhi.

### 2.5.1 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 over previous year
2015-16	32,497.91	2,241.13	1,435.17	33,303.87	805.96	2.48
2016-17	33,303.87	1,695.53	1,654.62	33,344.78	40.91	0.12
2017-18	33,344.78	1,906.34	1,682.43	33,568.69	223.91	0.67
2018-19	33,568.69	2,880.00	3,636.35	32,812.34	(-756.35)	(-2.25)
2019-20	32,812.34	4,765.60	2,811.10	34,766.84	1,954.50	5.96

Debt of the Government increased by ₹ 2,268.93 crore (6.98 per cent) from ₹ 32,497.91 crore at the beginning of 2015-16 to ₹ 34,766.84 crore at the end of 2019-20.

### 2.6 Debt Sustainability

Apart from the magnitude of debt of the Government of NCT of Delhi, it is important to analyse the various indicators that determine debt sustainability. Debt sustainability refers to the ability of a State to service its debt in future. This section assesses the sustainability of debt of the Government of NCT of Delhi 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 the NCT of Delhi. Table 2.25 analyses the debt sustainability of the NCT of Delhi according to these indicators for the period of five years from 2015-16 to 2019-20.

**Table 2.25: Debt Sustainability: Indicators and Trends**

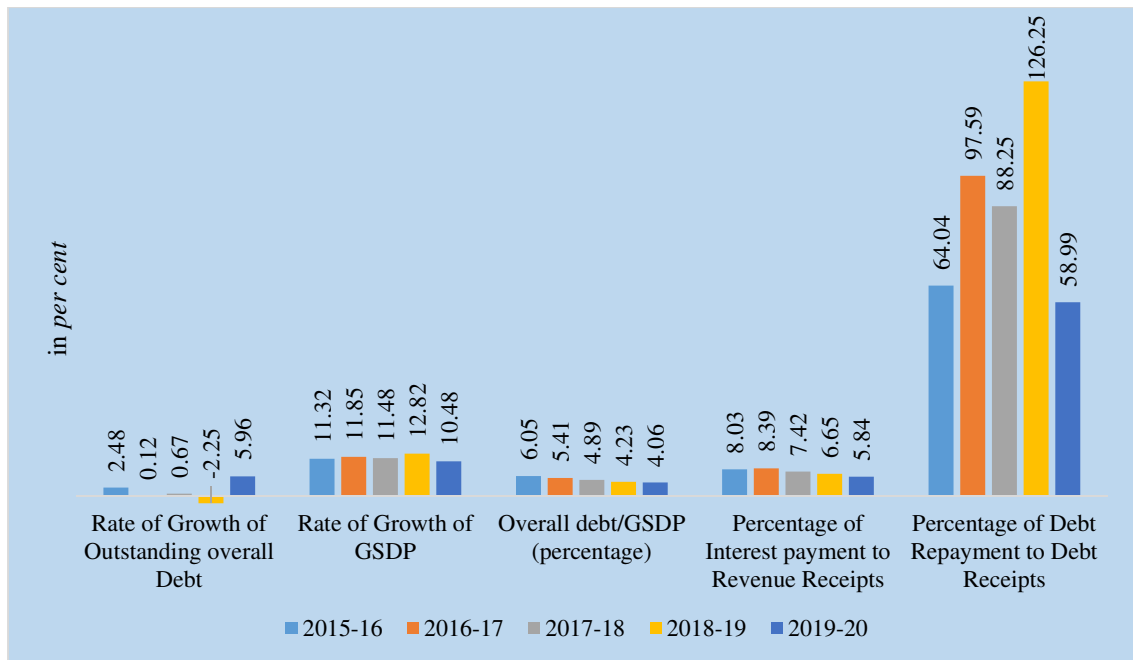
Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding overall debt* (₹ in crore)	33,304	33,345	33,569	32,812	34,767
Rate of growth of outstanding overall debt (per cent)	2.48	0.12	0.67	-2.25	5.96
GSDP (₹ in crore)	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
Rate of growth of GSDP (per cent)	11.32	11.85	11.48	12.82	10.48
Overall debt/GSDP (per cent)	6.05	5.41	4.89	4.23	4.06
Interest payment (₹ in crore)	2,810	2,883	2,871	2,867	2,752
Average interest rate of outstanding public debt (per cent)	8.54	8.65	8.58	8.64	8.14
Revenue receipts (₹ in crore)	34,999	34,346	38,667	43,113	47,136
Percentage of interest payment to revenue receipts	8.03	8.39	7.42	6.65	5.84
Debt repayment (₹ in crore)	1,435	1,655	1,682	3,636	2,811
Debt receipts (₹ in crore)	2,241	1,696	1,906	2,880	4,765
Percentage of debt repayment to debt receipts	64.04	97.59	88.25	126.25	58.99
Net debt available to the NCT of Delhi#	(-)2,005	(-)2,842	(-)2,647	(-)3,623	(-)798
Net debt available as per cent to debt receipts	-	-	-	-	-

Source: Finance Accounts of respective years

\*Outstanding Public Debt is the sum of outstanding balances under the heads '6003-Internal Debt' and '6004-Loans and Advances' from the Central Government.

#Net debt available to the GNCTD is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt

**Chart 2.19: Debt Sustainability: Indicators and Trends**



Public debt of the Government of NCT of Delhi increased from ₹ 33,304 crore in 2015-16 to ₹ 34,767 crore in 2019-20 registering an increase of 4.39 *per cent*. Public debt increased by 5.96 *per cent* in 2019-20 over the previous year. Repayment of public debt (₹ 2,811 crore) was less than the public debt receipts (₹ 4,765 crore).

## 2.7 Conclusion

A snapshot of some positive indicators and those requiring close watch are given in **Table 2.26**.

**Table 2.26: Key parameters**

Positive Indicators	Parameters requiring close watch
Revenue receipts of NCT of Delhi increased by 9.33 <i>per cent</i>	Revenue expenditure increased by 7.56 <i>per cent</i>
Non-tax receipts increased by 70.34 <i>per cent</i>	Public debt receipts increased by 65.45 <i>per cent</i>
Grants-in-aid from Government of India increased by 62.10 <i>per cent</i>	Recoveries of Loans and Advances decreased by 49.94 <i>per cent</i>
Capital expenditure increased by 67.54 <i>per cent</i>	
Expenditure on Grants-in-aid increased by 64.02 <i>per cent</i>	

**CHAPTER-3**  
**BUDGETARY MANAGEMENT**





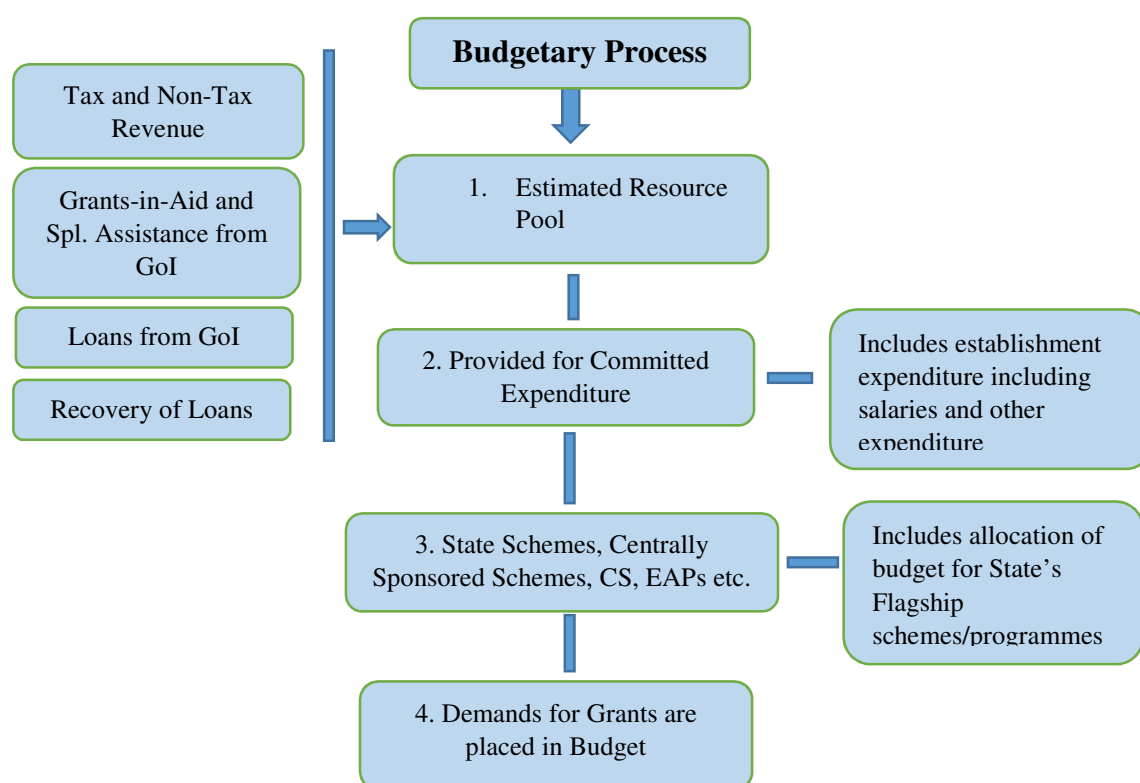
Budgetary Management

3.1 Budget Process

In terms of Section 27 of GNCTD Act, 1991, the Lieutenant Governor shall in respect of every financial year cause to be laid before the Legislative Assembly, a statement of the estimated receipts and expenditure of the GNCTD in respect of every financial year. The estimates of the expenditure show ‘charged’ and ‘voted’ items of expenditure separately and distinguish expenditure on revenue accounts from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the Government of National Capital Territory of Delhi (GNCTD).

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in NCT of Delhi is given in **Chart 3.1**:

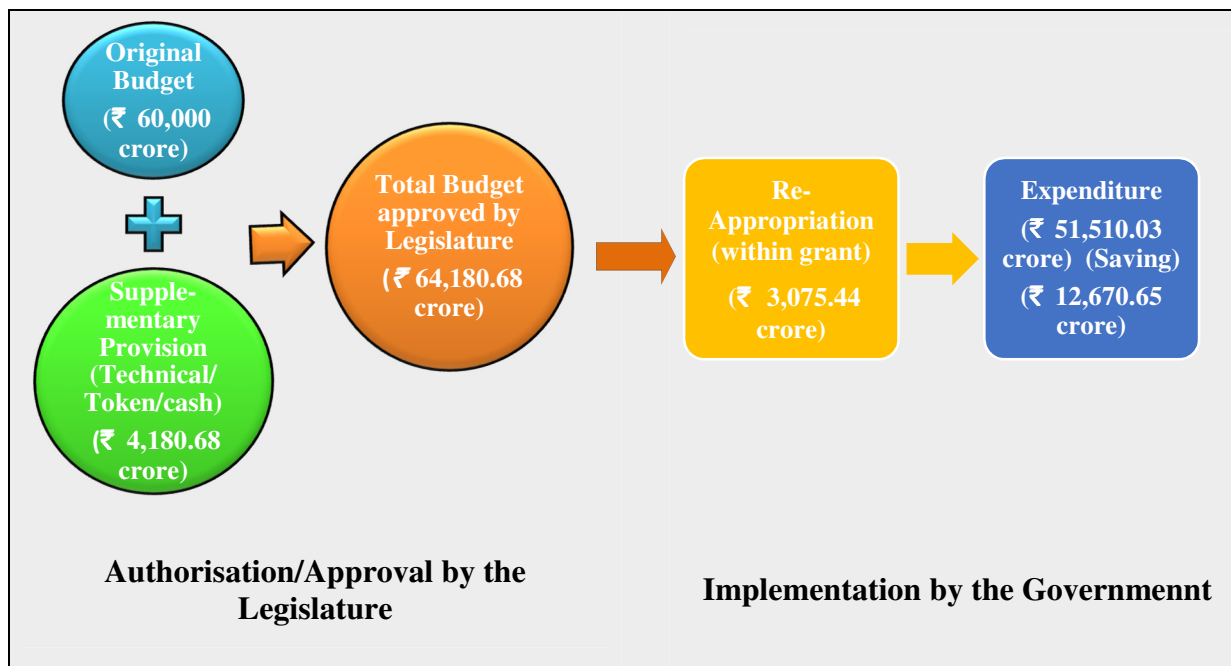
**Chart 3.1: Flow chart of budget preparation process**



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

Appropriation Accounts capture the data along the entire process of budget formulation and implementation (**Chart 3.2**).

**Chart 3.2: Flow chart of budget implementation for the Financial Year 2019-20**



Source: Appropriation Accounts for the year 2019-20

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursement and saving/excess for the financial year 2019-20 with its further bifurcation into voted/charged is given in **Table 3.1**.

**Table 3.1: Budget provision, disbursements and savings/excess during 2019-20**

(₹ in crore)

Nature of expenditure	Total Budget provision		Disbursements		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	43,850.31	3,540.90	36,872.80	3,063.65	6,977.51	477.25
Capital	10,186.50	2.94	5,493.81	2.37	4,692.69	0.57
Public Debt	0.00	3331.10	0.00	2811.10	0.00	520.00
Loans and Advances	3,268.93	0.00	3,266.30	0.00	2.63	0.00
<b>Total</b>	<b>57,305.74</b>	<b>6,874.94</b>	<b>45,632.91</b>	<b>5,877.12</b>	<b>11,672.83</b>	<b>997.82</b>

### 3.1.2 Charged and voted disbursement

Break-up of total disbursements into charged and voted for the years 2015-16 to 2019-20 is given in **Table 3.2**:

**Table 3.2: Disbursements and savings/excess during 2015-16 to 2019-20**

(₹ in crore)

Year	Disbursements		Saving/Excess	
	Voted	Charged	Voted	Charged
2015-16	30,997.42	4,427.44	6,598.43	776.10
2016-17	32,884.90	4,735.87	8,868.78	939.72
2017-18	36,369.86	4,789.56	7,789.57	253.09
2018-19	39,460.58	6,793.98	11,679.85	152.73
2019-20	45,632.91	5,877.12	11,672.83	997.82

### 3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of Appropriation Accounts by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions. This chapter contains audit observations in respect of the Appropriation Accounts prepared by the Controller of Accounts, GNCTD for the year 2019-20.

### 3.3 Comments on integrity of budgetary and accounting process

#### 3.3.1 Unnecessary or excessive supplementary grants

Supplementary demand should only be resorted to in exceptional and urgent cases. While obtaining a supplementary grant, the department has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds.

Audit scrutiny of Appropriation Accounts for the year 2019-20 revealed that supplementary grants amounting to ₹ 810.86 crore in 11 cases, as detailed in **Table 3.3**, were obtained in anticipation of higher/additional expenditure. However, the final expenditure was even less than the original grant, thereby defeating the intended purpose of the supplementary grant.

**Table 3.3: Details of cases where supplementary provision (₹ one crore or more) proved unnecessary**

(₹ in crore)					
Sl. No.	Name and No. of the Grant	Original grant/ appropriation	Supplementary grant	Actual Provision	Saving out of Provision
	<b>Revenue (Voted)</b>				
1	Grant No. 3 Administration of Justice	1,300.78	91.50	1,392.28	306.01
2	Grant No. 4 Finance	362.30	1.79	364.09	118.72
3	Grant No. 5 Home	755.32	20.31	775.63	64.84
4	Grant No. 10 Development	3,105.42	132.77	3,238.19	610.59
	<b>Total</b>	<b>5,523.82</b>	<b>246.37</b>	<b>5,770.19</b>	<b>1,100.16</b>
	<b>Revenue (Charged)</b>				
5	Grant No. 3 Administration of Justice	308.15	23.49	331.64	37.32
6	Grant No. 7 Medical and Public Health	9.59	2.55	12.14	9.65
	<b>Total</b>	<b>317.74</b>	<b>26.04</b>	<b>343.78</b>	<b>46.97</b>
	<b>Capital (Voted)</b>				
7	Grant No. 4 Finance	8.00	94.78	102.78	99.80
8	Grant No. 6 Education	362.78	19.30	382.08	264.03
9	Grant No. 7 Medical and Public Health	276.28	25.95	302.23	192.82
10	Grant No. 8 Social Welfare	716.03	47.05	763.08	418.99
11	Grant No. 11 Urban Development and Public Works Department	7,491.46	351.37	7,842.83	3,383.39
	<b>Total</b>	<b>8,854.55</b>	<b>538.45</b>	<b>9,393.00</b>	<b>4,359.03</b>
	<b>Grand Total</b>	<b>14,696.11</b>	<b>810.86</b>	<b>15,506.97</b>	<b>5,506.16</b>

### 3.3.2 Unnecessary or excessive re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed.

Scrutiny of Appropriation Accounts for the year 2019-20 revealed that under 13 sub-heads spread across four grants, there were final savings of more than ₹ five crore as detailed in **Table 3.4**. Re-appropriations were made unnecessarily, as the departments were not able to even utilise their existing grants fully and there was a cumulative non-utilisation (savings) of ₹ 455.77 crore against the re-appropriation of ₹ 326.19 crore.

**Table 3.4: Excess/unnecessary re-appropriation of funds where final savings were more than ₹ five crore**

(₹ in crore)

Sl. No.	Grant No. and Name	Head of Account (Sub-Head-wise)	Provisions				Actual Expenditure	Final saving	Reasons for excess release
			Original	Supplementary	Re-appropriation	Total			
<b>Revenue-Voted</b>									
1	06-Education	2202.01.112.99 Mid-Day Meal for Children (CSS)	35.38	0.01	16.15	51.54	34.30	17.24	Receipt of more bills and more grant from Govt. of India
2		2202.01.112.95 GIA to North Delhi Municipal Corporation for mid-day meal programme (CSS)	13.00	0.01	8.06	21.07	13.00	8.07	Release of more grants-in-aid
3		2202.01.112.94 GIA to South Delhi Municipal Corporation for mid-day meal programme (CSS)	12.00	0.01	5.51	17.52	12.00	5.52	Release of more grants-in-aid
4		2203.00.105.86 Direction and Administration	146.36	0.00	8.28	154.64	105.11	49.53	Filling up of vacant posts, receipt of more bills & more procurement
5	08-Social Welfare	2235.03.101.98 Indira Gandhi National Old Age Pension Scheme (IGNOAPS) (NSAP) (CSS) (Sub-Head)	34.00	0.00	10.00	44.00	30.68	13.32	Receipt of more grant from Govt. of India
6		3055.00.190.94 Subsidy to DTC for female commuters	0.00	90.01	39.99	130.00	70.17	59.83	Release of more subsidy
7	10-Development Department	2030.02.102.99 Secretary Revenue	25.00	0.00	6.00	31.00	24.13	6.87	Receipt of more bills
8		3604.00.102.98.96 GIA to South Delhi Municipal Corporation in lieu of shares in taxes	800.00	0.01	114.99	915.00	751.57	163.43	Release of more grant
9		3604.00.102.98.95 GIA to East Delhi Municipal Corporation in lieu of shares in taxes	175.00	0.01	17.99	193.00	167.55	25.45	Release of more grant
10	11- Urban Development and Public Works Department	2059.80.053.93 Court Buildings	32.00	18.00	10.00	60.00	49.10	10.90	Due to more repairs
<b>Total</b>			<b>1,272.74</b>	<b>108.06</b>	<b>236.97</b>	<b>1617.77</b>	<b>1,257.61</b>	<b>360.16</b>	
<b>Capital-Voted</b>									
11	06-Education	4202.04.800.85 Construction/Renovation of ACL Building	1.00	0.01	18.99	20.00	0.05	19.95	More progress of work
12		4202.01.203.96 Allotment of land and construction of building of Indraprastha Vishwavidyalaya	14.00	0.01	10.24	24.25	13.21	11.04	More progress of work
13	11- Urban Development and Public Works Department	4059.60.051.80.90 Infrastructural Facilities for Judiciary (CSS)	40.00	0.01	59.99	100.00	35.38	64.62	Due to good pace of work
<b>Total</b>			<b>55.00</b>	<b>0.03</b>	<b>89.22</b>	<b>144.25</b>	<b>48.64</b>	<b>95.610</b>	
<b>Grand Total</b>			<b>1,327.74</b>	<b>108.09</b>	<b>326.19</b>	<b>1,762.02</b>	<b>1,306.25</b>	<b>455.77</b>	

The above excessive/unnecessary re-appropriation of funds was indicative of deficient budgeting exercise.

### 3.3.3 Unspent amount and surrendered appropriations and/or large savings/surrenders

There were overall savings of ₹ 12,670.65 crore. Out of this, in 13 cases there were savings of more than ₹ 100 crore in each case (Table 3.5). Against the total provision of ₹ 46,452.81 crore actual expenditure was ₹ 36,265.80 crore and savings were ₹ 10,187.01 crore.

**Table 3.5: Details of grants having large savings (savings above ₹ 100 crore) during the year 2019-20**

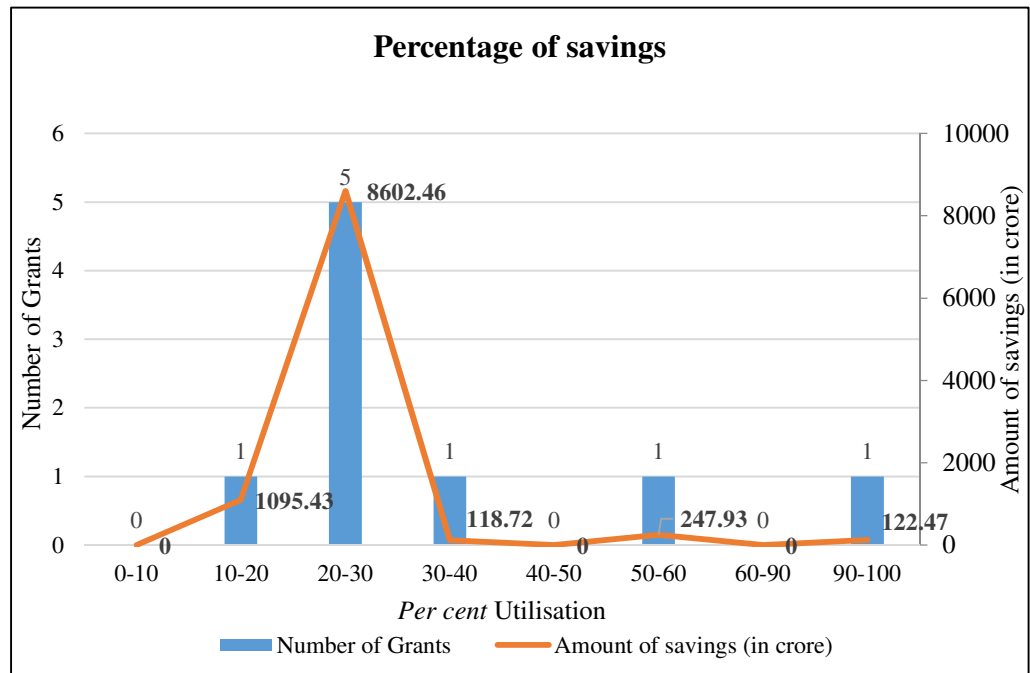
(₹ in crore)								
Sl. No.	Grant No. and Name	Original grant/Appropriation	Supplementary grant/Re-appropriation	Total grant/Appropriation	Actual expenditure	Savings	Surrender	Savings excluding surrender
<b>Revenue-Voted</b>								
1	2-General Administration	612.43	374.64	987.07	735.74	251.33	167.98	83.35
2	3-Administration of Justice	1,300.78	91.50	1,392.28	1,086.27	306.01	129.73	176.28
3	4-Finance	362.30	1.79	364.09	245.37	118.72	66.79	51.93
4	6-Education	13,491.65	0.87	13,492.52	10,626.98	2,865.54	2,293.88	571.66
5	8-Social Welfare	6,548.55	740.80	7,289.35	6,612.91	676.44	326.89	349.55
6	9-Industries	452.30	0.11	452.41	204.48	247.93	236.16	11.77
7	10-Development	3,105.42	132.77	3,238.19	2,627.60	610.59	66.98	543.61
8	11- Urban Development and Public Works Department	8,187.35	1,219.91	9,407.26	8,759.35	647.91	418.12	229.79
9	13-Pension	125.00	0.00	125.00	2.53	122.47	122.25	0.22
<b>Total</b>		<b>34,185.78</b>	<b>2,562.39</b>	<b>36,748.17</b>	<b>30,901.23</b>	<b>5,846.94</b>	<b>3,828.78</b>	<b>2,018.16</b>
<b>Capital-Voted</b>								
10	6-Education	362.78	19.30	382.08	118.05	264.03	167.94	96.09
11	8-Social Welfare	716.03	47.04	763.07	344.08	418.99	338.88	80.11
12	10-Development	716.63	0.03	716.66	443.00	273.66	205.83	67.83
13	11- Urban Development and Public Works Department	7,491.46	351.37	7,842.83	4,459.44	3,383.39	2,704.66	678.73
<b>Total</b>		<b>9,286.90</b>	<b>417.74</b>	<b>9,704.64</b>	<b>5,364.57</b>	<b>4,340.07</b>	<b>3,417.31</b>	<b>922.76</b>
<b>Grand Total</b>		<b>43,472.68</b>	<b>2,980.13</b>	<b>46,452.81</b>	<b>36,265.80</b>	<b>10,187.01</b>	<b>7,246.09</b>	<b>2940.92</b>

There were nine<sup>1</sup> instances of significant savings of more than ₹ 100 crore and above out of original budget provision and yet supplementary provisions were obtained.

The distribution of the number of grants/appropriations grouped by the percentage of savings (Chart 3.3) shows that in five grants savings were 20 to 30 per cent amounting to ₹ 8,602.46 crore. However, in one grant (Grant no. 13-Pension) there was saving of ₹ 122.47 crore (97.98 per cent).

<sup>1</sup> Revenue – voted section of Grant number 3, 4, 9, 10 and 13 and Capital – voted sections of Grant number 6, 8, 10 and 11

**Chart 3.3: Number of Grants/Appropriations grouped by the percentage of savings along with total savings in each group**



Audit noted that in 11 grants there were total savings of ₹ 10,414.90 crore, out of which an amount of ₹ 7,402.22 crore (more than ₹ 10 crore) was surrendered as detailed in **Table 3.6**:

Table 3.6: Details of surrender of funds in excess of ₹ 10 crore at the end of March

(₹ in crore)							
Sl. No.	Grant No. and Name	Original grant/Appropriation	Supplementary grant/Re-appropriation	Total grant/Appropriation	Actual expenditure	Savings	Surrender
<b>Revenue-Voted</b>							
1	1-Legislative Assembly	56.92	0.00	56.92	28.82	28.10	26.52
2	2-General Administration	612.43	374.64	987.07	735.74	251.33	167.98
3	3-Administration of Justice	1,300.78	91.50	1,392.28	1,086.27	306.01	129.73
4	4-Finance	362.30	1.79	364.09	245.37	118.72	66.79
5	5-Home	755.32	20.31	775.63	710.79	64.84	28.03
6	6-Education	13,491.65	0.87	13,492.52	10,626.98	2,865.54	2,293.88
7	8-Social Welfare	6,548.55	740.80	7,289.35	6,612.91	676.44	326.89
8	9-Industries	452.30	0.11	452.41	204.48	247.93	236.16
9	10-Development	3,105.42	132.77	3,238.19	2,627.60	610.59	66.98
10	11- Urban Development and Public Works Department	8,187.35	1,219.91	9,407.26	8,759.35	647.91	418.12
11	13-Pension	125.00	0.00	125.00	2.53	122.47	122.25
<b>Total</b>		<b>34,998.02</b>	<b>2,582.70</b>	<b>37,580.72</b>	<b>31,640.84</b>	<b>5,939.88</b>	<b>3,883.33</b>
<b>Capital-Voted</b>							
12	4-Finance	8.00	94.78	102.78	2.98	99.80	91.28
13	5-Home	43.50	0.30	43.80	8.65	35.15	10.30
14	6-Education	362.78	19.30	382.08	118.05	264.03	167.94
15	8-Social Welfare	716.03	47.04	763.07	344.08	418.99	338.88
16	10-Development	716.63	0.03	716.66	443.00	273.66	205.83
17	11- Urban Development and Public Works Department	7,491.46	351.37	7,842.83	4,459.44	3,383.39	2,704.66
<b>Total</b>		<b>9,338.40</b>	<b>512.82</b>	<b>9,851.22</b>	<b>5,376.20</b>	<b>4,475.02</b>	<b>3,518.89</b>
<b>Grand Total</b>		<b>44,336.42</b>	<b>3,095.52</b>	<b>47,431.94</b>	<b>37,017.04</b>	<b>10,414.90</b>	<b>7,402.22</b>

The grants where less than 50 per cent of the budget was utilised are shown in Table 3.7.

Table 3.7: Original Grants/Appropriations (more than ₹ 200 crore) in which budget utilisation was less than 50 per cent

(in per cent)									
Sl. No.	Grant No and Name	2015-16	2016-17	2017-18	2018-19	2019-20	Number of years	Budget 2019-20	Total Budget for 5 years
1.	2-General Administration Department	25.50	54.70	67.51	38.85	74.74	2	1,002.84	3,109.92
2.	4-Finance	59.02	70.81	39.81	24.00	53.19	2	467.01	3,918.47
3.	9-Industries	84.59	63.09	54.18	35.69	45.01	2	454.76	1,864.27

During the last five years i.e. 2015-16 to 2019-20, there were three grants (2-General Administration Department, 4-Finance and 9-Industries) wherein two years' budget utilisation was less than 50 per cent.

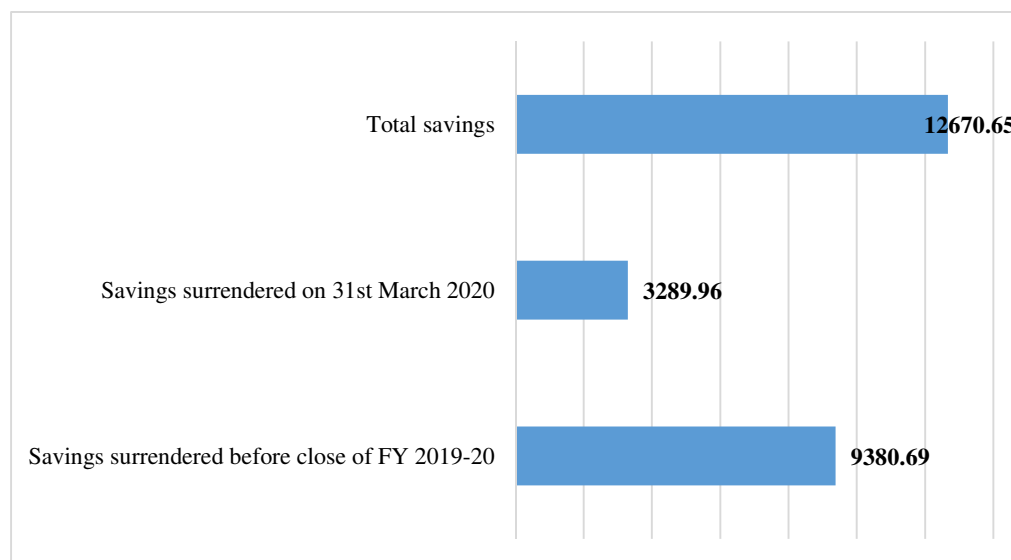


During scrutiny of the Appropriation Accounts it was observed that there was a total saving of ₹ 12,670.65 crore (19.74 per cent of total budget of ₹ 64,180.68 crore) and an amount of ₹ 9,380.69 crore (74.03 per cent) was surrendered. 25.97 per cent of total saving lapsed due to not surrendering the savings on time and ₹ 3,289.96 crore was surrendered on 31 March.

Savings and surrenders before close of the financial year 2019-20 is given in **Chart 3.4:**

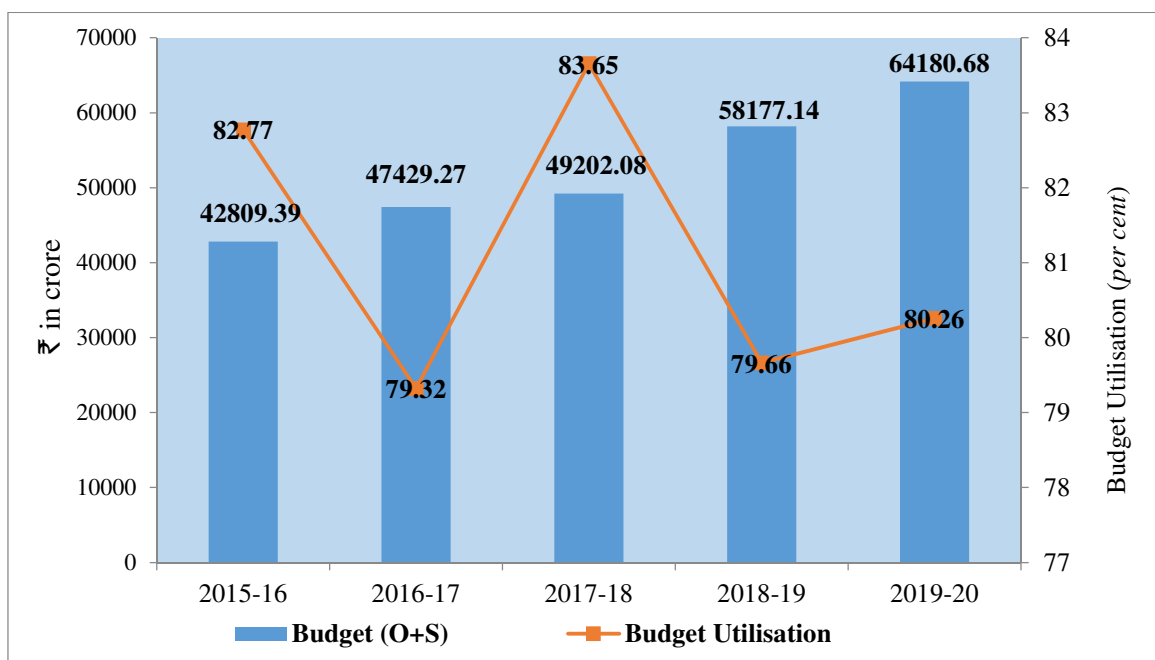
**Chart 3.4: Savings and Surrenders before close of financial year 2019-20**

(₹ in crore)



The overall budget utilisation during 2015-16 to 2019-20 is given in **Chart 3.5.**

**Chart 3.5: Budget utilisation during 2015-16 to 2019-20**



### 3.4 Comments on transparency of budgetary and accounting process

#### 3.4.1 Lump-sum budgetary provisions

The financial rules/budget manuals prohibit lump-sum provision in estimates except in cases where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in principle for being taken up in the financial year. Detailed explanations justifying provision proposed are required to be given in the budget note accompanying the lump-sum estimates.

It was observed that GNCTD made total lump-sum budgetary provision of ₹ 422.46 crore under three grants against which expenditure of ₹ 317.82 crore was made. Lump-sum provisions without identifying the exact object of expenditure vitiates transparency. The percentage of lump-sum provision against the total provision was between 0.08 per cent to 4.20 per cent as detailed in **Table 3.8**: Further, as per sub rule 6 of Rule 3 of Delegation of Financial Power Rules, 1978 no lump-sum provision shall ordinarily be made in the budget except for works costing less than ₹ 10 lakh. Audit noted that in all the cases where lump-sum provision was made, the amount had exceeded the prescribed limit of ₹ 10 lakh.

**Table 3.8: Details of lump sum provisions made during the year 2019-20**

(₹ in crore)

Sl. No	Grant No and Name	Head of Account	Lump sum provision	Expenditure from lump sum provision
1.	3-Administration of Justice	2014.00.102.92.00.42 (Charged)	3.26	3.04
2.		2014.00.105.97.00.42	1.50	0.00
3.	10-Development	5425.00.208.84.00.42	0.60	0.10
4.	11-Urban Development and Public Works Department	4055.00.212.90.00.42	4.00	3.13
5.		4059.60.051.80.90.42	100.00	35.38
6.		4070.00.800.89.00.42	168.00	154.57
7.		4202.01.800.97.00.42	20.00	15.94
8.		4202.02.105.85.00.42	0.50	0.30
9.		4202.02.105.87.00.42	0.50	0.35
10.		4202.02.105.88.00.42	2.00	1.27
11.		4202.03.800.89.00.42	40.00	32.91
12.		4202.04.101.99.00.42	1.90	1.31
13.		4202.04.104.96.00.42	1.50	0.69
14.		4210.03.102.98.00.42	2.70	2.03
15.		4235.02.101.87.00.42	1.00	0.51
16.		4235.02.104.94.00.42	8.00	4.67
17.		4235.02.800.90.00.42	10.00	4.79
18.	5054.04.800.99.00.42	57.00	56.83	
19.		<b>Total Grant no 11</b>	<b>417.10</b>	<b>314.68</b>
<b>Grand Total</b>			<b>422.46</b>	<b>317.82</b>

Source: Principal Accounts Office, GNCTD

### 3.5 Comments on effectiveness of budgetary and accounting process

#### 3.5.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised.

Scrutiny of Appropriation Accounts for the year 2019-20 revealed that the departments could utilise ₹ 51,510.03 crore against the total provision of ₹ 64,180.68 crore and savings of ₹ 3,289.96 crore (25.97 per cent) were surrendered in March out of total saving of ₹ 12,670.65 crore. The details are given in Table 3.9.

**Table 3.9: Summarised position of actual expenditure vis-à-vis original/ supplementary provisions**

(₹ in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary Grant/ appropriation	Total	Actual expenditure	Net of Saving(-)	Surrender during March	
							Amount	Percentage
<b>Voted</b>	I. Revenue	41,267.39	2,582.92	43,850.31	36,872.80	(-)6,977.51	2,235.78	32.04
	II. Capital	9,646.68	539.82	10,186.50	5,493.81	(-)4,692.69	1,017.75	21.69
	III. Loans and Advances	2,240.41	1,028.52	3,268.93	3,266.30	(-)2.63	0 <sup>2</sup>	0
<b>Total voted</b>		<b>53,154.48</b>	<b>4,151.26</b>	<b>57,305.74</b>	<b>45,632.91</b>	<b>(-)11,672.83</b>	<b>3,253.53</b>	<b>27.87</b>
<b>Charged</b>	I. Revenue	3,513.92	26.98	3,540.90	3,063.65	(-)477.25	35.86	7.51
	II. Capital	0.50	2.44	2.94	2.37	(-)0.57	0.57	100.00
	Public Debt	3,331.10	0.00	3,331.10	2,811.10	(-)520.00	0	0
	III. Loans and Advances	0	0	0	0	0	0	0
<b>Total charged</b>		<b>6,845.52</b>	<b>29.42</b>	<b>6,874.94</b>	<b>5,877.12</b>	<b>(-)997.82</b>	<b>36.43</b>	<b>3.65</b>
<b>Appropriation to Contingency Fund (if any)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>60,000.00</b>	<b>4,180.68</b>	<b>64,180.68</b>	<b>51,510.03</b>	<b>(-)12,670.65</b>	<b>3,289.96</b>	<b>25.97</b>

Source: Appropriation Accounts.

The original budget of ₹ 60,000 crore prepared by GNCTD for the year 2019-20 was revised to ₹ 64,180.68 crore against which actual expenditure was ₹ 51,510.03 crore. Details of original budget, revised budget estimates and actual expenditure for the period 2015-16 to 2019-20 are given in Table 3.10.

<sup>2</sup> Surrenders of loan and advances included in capital section.

**Table 3.10: Original budget, revised estimate and actual expenditure during 2015-2020**

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Original Budget</b>	41,128.99	46,600.00	48,000.00	53,000.01	60,000.00
<b>Supplementary Budget</b>	1,680.40	829.27	1,202.08	5,177.13	4,180.68
<b>Revised Estimate</b>	42,809.39	47,429.27	49,202.08	58,177.14	64,180.68
<b>Actual Expenditure</b>	35,434.86	37,620.77	41,159.42	46,344.56	51,510.03
<b>Saving /excess</b>	7,374.53	9,808.50	8,042.66	11,832.58	12,670.65
<b>Percentage of Saving</b>	17.23	20.68	16.35	20.34	19.74
<b>Percentage of supplementary to the original provision</b>	4.09	1.78	2.50	9.77	6.97

Source: Budget at glance and Appropriation Accounts of the respective years.

### 3.5.2 Major policy pronouncement in the budget and their actual funding for ensuring implementation

Several policy initiatives taken up by the Government are partially or not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget etc. This deprives the beneficiaries of intended benefits. Savings in such schemes deprives other Departments of the funds which they could have utilised.

It was observed that in 39 sub-heads under seven Grants (₹ one crore or above in each case), the entire provision of ₹ 196.76 crore remained unutilised by the departments or was remitted back to Government before the closure of the financial year 2019-20 (**Appendix-3.1**).

Savings of the entire provision was indicative of the fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Schemes which did not take off due to non-utilisation of the entire provision were – Chief Minister Advocate Welfare Scheme (₹ 25.00 crore), DNA Test Lab- Nirbhaya Fund (CSS) (₹ 3.30 crore), Pre-Matric scholarship scheme for minority students (CSS) (₹ 6.50 crore), Swacch Bharat Mission (CSS) (₹ 24.00 crore), and Regional Rapid Transit System (RRTS) Corridor (₹ 47.00 crore).

Further, it was observed that in 44 sub-heads of seven grants (₹ one crore or above in each case), provision of ₹ 2,744.61 crore was made in the original budget (**Appendix 3.2**) but the amount was withdrawn in the revised outlay for the financial year 2019-20.

### 3.5.3 Financial powers being flouted in relation to re-appropriation

Audit noted that re-appropriation orders were not issued in the prescribed format. Scrutiny of re-appropriation/surrender/supplementary grant orders revealed the following deficiencies:

- i) The reasons given in the orders were not specific and were generic in nature i.e. due to non-submission of bills, less receipt of claims/bills, due to less procurement, non-finalisation of LTC bills, non-filling of post etc.
- ii) In five cases it was observed that the funds were re-appropriated from supplementary grant which was voted for a definite purpose. As a result the objective of supplementary grant was defeated (**Appendix 3.3**).

### 3.5.4 Rush of expenditure

i) Rule 62(3) of GFR, 2017 provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. As per the guidelines of the Finance Ministry GoI dated 24<sup>th</sup> January 2020, expenditure in the last quarter of the financial year should be restricted to 25 *per cent* of the budget and 10 *per cent* in the last month i.e. March.

It was noticed that out of the total expenditure of ₹ 51,186.26<sup>3</sup> crore during 2019-20, expenditure of ₹ 16,207.83 crore (31.66 *per cent*) was incurred in the last quarter whereas ₹ 2,355.21 crore (14.53 *per cent*) of the last quarter was incurred during the month of March, 2020 in 30 sub-heads under five grants ranging between 50 *per cent* and 100 *per cent* of the total expenditure.

Rush of expenditure during the last quarter, especially during the month of March, indicates non-adherence to financial rules.

#### ii) Sub-heads where entire expenditure was incurred in March 2020

Audit noted that in eight sub-heads under two grants the entire expenditure of ₹ 428.53 crore was incurred in March 2020 as detailed in **Table 3.11**:

**Table 3.11: Entire expenditure incurred in the month of March**

Sl. No.	Grant No. and name	Head of Account (up to Sub-Head)	Expenditure during March (₹ in crore)	Expenditure during March (in per cent)
1	8 - Social Welfare	222501277450050	67.68	100
2		222501789780050	30.00	100
3		305500190930033	44.52	100
4		305500190940033	70.17	100
5		305500190990033	90.68	100
6		545201102920053	25.48	100
7	11 - Urban Development and Public Works	221502191790033	50.00	100
8		680100190940055	50.00	100
<b>Total</b>			<b>428.53</b>	

Source: Principal Accounts Office, GNCTD

<sup>3</sup> Excluding recoveries of ₹ 323.77 crore

**iii) Grants with more than 50 per cent of expenditure in March alone**

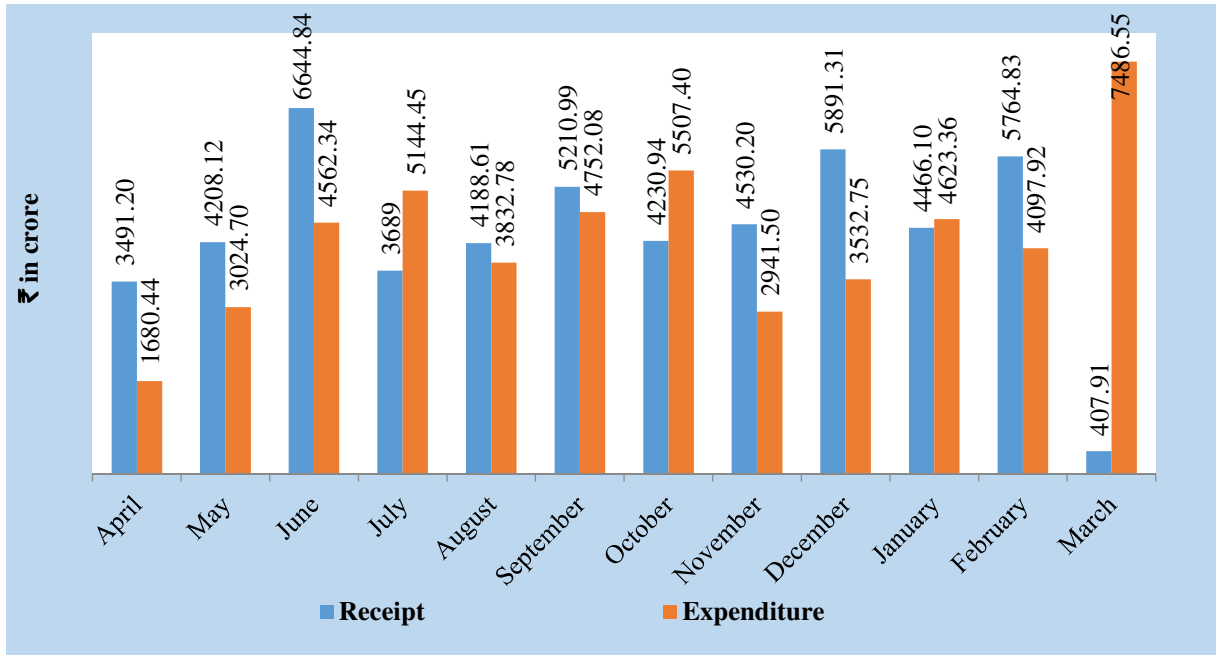
Audit noted that in 22 sub-heads under five grants, an expenditure of ₹ 1,926.68 crore ranging between 50 to 99.78 per cent of the total expenditure was incurred in March 2020 as depicted in **Table 3.12:**

**Table 3.12: Grants with more than 50 per cent of expenditure in March alone**

Sl. No.	Grant No.	Description	Total expenditure					Total expenditure in March 2020	
			(Head of Account)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	Amount
1	Grant No. 6	220400103780005	0.00	0.00	0.03	13.91	13.94	13.91	99.78
2	Grant No. 8	223502789960050	1.84	3.48	2.26	69.42	77.00	66.92	86.91
3	Grant No. 11	407000800890042	7.24	5.00	5.06	137.27	154.57	133.58	86.42
4	Grant No. 11	221780191229831	0.00	9.43	0.00	28.30	37.73	28.30	75.01
5	Grant No. 6	220300112510036	0.00	3.75	0.00	11.25	15.00	11.25	75.00
6	Grant No. 11	221780191229631	0.00	20.55	0.00	61.66	82.21	61.66	75.00
7	Grant No. 11	221780191229735	0.00	7.20	0.00	21.60	28.80	21.60	75.00
8	Grant No. 11	621760800980055	0.00	0.00	3.75	11.25	15.00	11.25	75.00
9	Grant No. 11	221780191229731	0.00	14.80	0.00	44.40	59.20	44.40	75.00
10	Grant No. 11	221780191229635	0.00	5.29	0.00	15.86	21.15	15.86	74.99
11	Grant No. 6	220202109870021	0.16	1.36	1.66	14.09	17.27	12.73	73.71
12	Grant No. 8	705500190960055	0.00	300.00	0.00	823.60	1,123.60	823.60	73.30
13	Grant No. 11	505404101770053	0.00	3.39	1.21	30.03	34.63	24.29	70.14
14	Grant No. 8	505500050920053	2.41	2.31	3.12	14.84	22.68	14.76	65.08
15	Grant No. 10	36040010298983	9.76	34.47	12.58	106.46	163.27	103.77	63.56
16	Grant No. 8	223502789990050	22.08	37.86	0.00	99.75	159.69	99.75	62.46
17	Grant No. 10	224502101979850	0.10	0.20	12.61	20.14	33.05	20.13	60.91
18	Grant No. 10	205200090480036	0.00	9.25	0.00	13.25	22.50	13.25	58.89
19	Grant No. 6	220202113980031	0.00	0.00	0.00	56.42	56.42	29.42	52.14
20	Grant No. 2	222001001990026	16.89	20.33	20.06	142.72	200.00	103.76	51.88
21	Grant No. 11	421001110650053	2.85	10.60	6.05	24.20	43.70	22.49	51.46
22	Grant No. 11	761500200750055	0.00	0.00	0.00	500.00	500.00	250.00	50.00
<b>Total</b>			<b>63.33</b>	<b>489.27</b>	<b>68.39</b>	<b>2,260.42</b>	<b>2,881.41</b>	<b>1,926.68</b>	

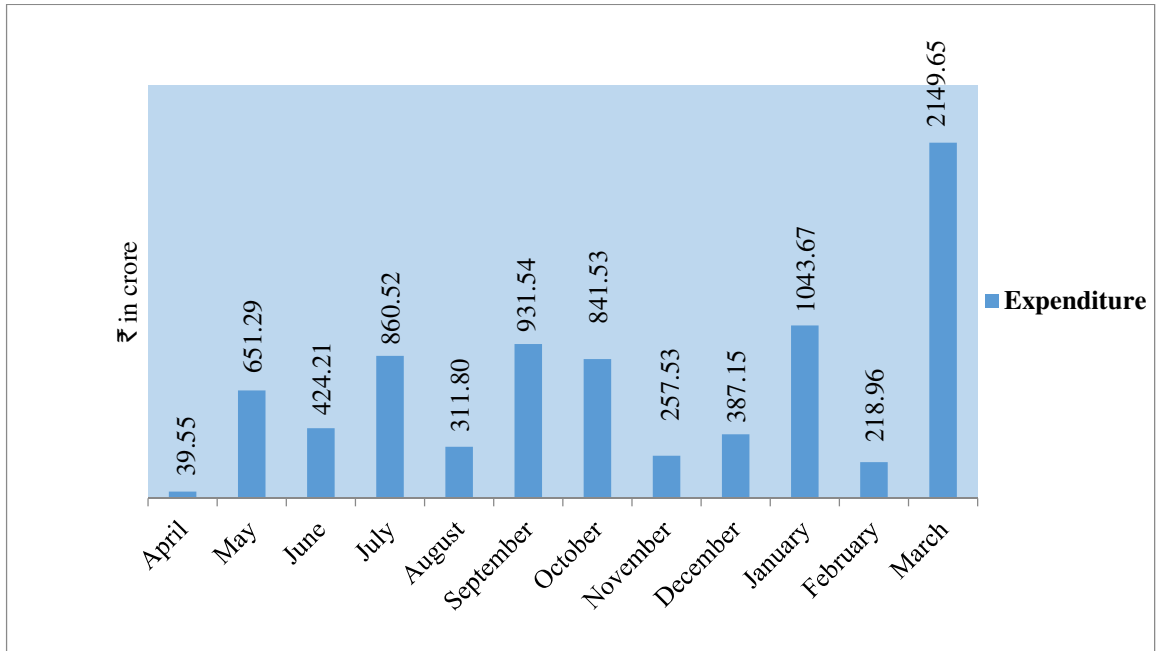
Source: Principal Accounts Office, GNCTD

**Chart 3.6: Monthly receipts and expenditure during the FY 2019-20**



It may be observed from the above table/graph that month-wise receipts of GNCTD ranged between 0.77 *per cent* to 12.60 *per cent* of the total receipt of ₹ 52,724.05 crore while month-wise expenditure of GNCTD ranged between 3.28 *per cent* to 14.63 *per cent* of the total expenditure of ₹ 51,186.26 during the year 2019-20.

**Chart 3.7: Month wise expenditure of Grant No. 08 Social Welfare with very high percentage of expenditure in March 2020**



Audit observed that the Social Welfare department (Grant No. 08) incurred 26 *per cent* of total expenditure in the last month of the financial year 2019-20.

The rush of expenditure at the fag end of the financial year reflects poor budgeting and financial control.

### 3.5.5 Outcome of Grant no. 7 – ‘Medical and Public Health’

A review of budgetary procedure and control over expenditure in respect of grant no. 7 - ‘Medical and Public Health’ for the period 2017-18 to 2019-20 was conducted to ascertain compliances with budgeting processes, monitoring of funds and control mechanism within the grant. The grant was assigned to ‘Health and Family Welfare Department’ which includes ‘Department of Food Safety’, ‘Drug Control Department’ etc. During the review the following issues were noticed.

- (i) The overall position of budget provision, expenditure incurred and savings under the grant for the last three years is given in **Table 3.13**:

**Table: 3.13: Budget and Expenditure**

(₹ in crore)

Year	Provision		Expenditure incurred		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
2017-18	5,033.05	1.68	4,383.98	0.93	649.07	0.75
2018-19	6,048.16	16.25	5,228.23	12.43	819.93	3.82
2019-20	6,571.83	14.08	5,341.36	4.42	1,230.47	9.66

- (ii) There were persistent savings of ₹ one crore or more in 21 cases/sub-heads under the grant during the period 2017-18 to 2019-20 which indicates unrealistic budgeting and deficient financial management. The savings were due to non-filling of vacant posts, less claims/bills, less advertisements, non-finalisation of LTC bills and contingency bills, less procurement, non-finalisation of tenders; non submission of bills by vendors etc.
- (iii) Re-appropriation in 39 cases proved unnecessary as the departments were not able to utilise fully their original grant. As a result, there was cumulative non-utilisation of a sum of ₹ 62.89 crore in these cases during 2017-18 to 2019-20 against cumulative re-appropriation of ₹ 32.30 crore during the said period.
- (iv) Scrutiny of section-wise Appropriation Accounts of the grant revealed persistent savings of 11 to 17 *per cent* in revenue voted section and 24 to 80 *per cent* in revenue charged section while savings in capital voted section were 35 to 64 *per cent* of the total grant indicating unrealistic budgeting and deficient financial provision.
- (v) In 48, 51 and 41 sub-heads the entire provision remained unutilised during the years 2017-18, 2018-19 and 2019-20 respectively, due to non-implementation/partial implementation of schemes, administrative reasons, procurement proposals not finalised, approval of competent authority not received etc. Saving of the entire provisions was indicative



of the fact that estimates were prepared without adequately assessing the actual requirement and improper scrutiny of relevant projects/schemes.

- (vi) Rule 62(3) of GFR, 2017 provides that rush of expenditure, particularly in the closing months of the financial year, is regarded as a breach of financial propriety and should be avoided. Contrary to this, expenditure was incurred in 6, 4 and 13 sub-heads by the departments in the last quarter of the financial years 2017-18, 2018-19 and 2019-20 and ranged between 50.47 per cent to 100 per cent, 53.34 per cent to 95.28 per cent and 50 per cent to 100 per cent respectively of the total expenditure.

### **3.6 Recommendations**

1. Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources;
2. An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of the budget to ensure that savings are curtailed, large savings within the grant/appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe.



**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 by the State Government. 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 stewardship responsibilities, including strategic planning and decision-making. The compliance of GNCTD with various financial rules, procedures and directives has been discussed in this chapter.

### Issues related to completeness of accounts

#### 4.1 Delay in transferring receipts into Government account due to which funds remained outside Consolidated Fund of the NCT of Delhi

As per rule 6 (1) of the Receipt and Payment Rules 1983, all moneys received by or tendered to Government officers on account of revenues or receipts or dues of the Government shall, without undue delay, be paid in full into the accredited bank for inclusion in Government Account. Further, as RBI circular dated 21 March 2007, the settlement of all transactions with RBI shall be completed by T+3 days (where T is the day when money is available to bank branch).

Test check of the records of the Transport Department, GNCTD revealed that cash collected by Enforcement Staff, Accounts Branch and Motor License Officer (HQ) was deposited in the accredited current bank account of the Transport Department. The money collected was transferred into Government account<sup>1</sup>.

Test check of transactions of various periods for the financial year 2019-20 revealed that these receipts were not deposited timely in the government account. Audit noted that an amount of ₹ 1,005.65 crore was deposited with delays ranging between 4 and 61 days, which resulted in loss of interest of ₹ 4.81 crore<sup>2</sup>. Also, for the said duration, the amount remained outside the Consolidated Fund of the State. Principal Accounts Office (Pr.AO), GNCTD stated (23 March 2021) that they have referred the matter to Transport Department for comments. The reply from Transport Department/Pr.AO was awaited (May 2021).

<sup>1</sup> Major Head of 0041 and two Minor heads 101 (fees) and 102 (tax).

<sup>2</sup> Interest has been calculated @8.5 per cent per annum for FY 2019-20 which is charged by Central Government in respect of Central loans given to States and Union Territories.

## 4.2 Funds transferred directly to State implementing agencies

The Union Government transfers substantial funds directly to State Implementing Agencies/Non-Governmental Organisations for implementation of various schemes and programmes. Since these funds are not routed through the NCT of Delhi's Budget, these are not reflected in the accounts of GNCTD.

On the basis of information received from three agencies<sup>3</sup> it was found that funds of ₹ 37.46 crore<sup>4</sup> were directly transferred by GoI to these three agencies during 2019-20. However, the Finance Accounts of GNCTD do not contain any information relating to funds transferred directly to State implementing agencies. Further, GNCTD has not set up any mechanism to keep a watch on the funds transferred by GoI directly to State implementing agencies. In absence of this, the actual utilisation of funds by the implementing agencies could not be verified in Audit. Pr.AO and Finance Department confirmed (September 2020) and (November 2020) respectively that no such information was available/maintained by them.

## Issues related to transparency

### 4.3 Delay in submission of Utilisation Certificates

Rule 238 of GFR, 2017 stipulates that for grants released during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the Department from the grantees within 12 months of the closure of the financial year.

Non-submission of the UCs means that the authorities 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 non-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. The age-wise pendency in submission of UCs is detailed in **Table 4.1** and **Chart 4.1**.

**Table 4.1: Age-wise arrears in submission of Utilisation Certificates**

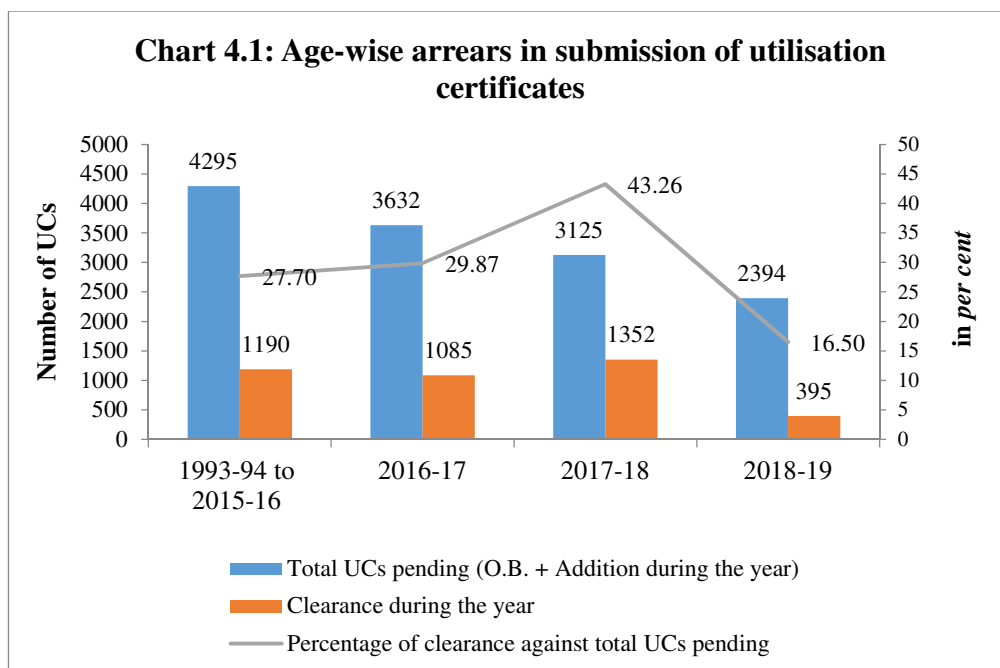
(₹ in crore)

Year	Opening balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1993-94 to 2015-16	3821	18,908.72	474	5,990.65	1190	17,629.68	3105	7,269.69
2016-17	3105	7,269.69	527	1,214.93	1085	2,686.74	2547	5,797.88
2017-18	2547	5,797.88	578	7,436.69	1352	8,065.57	1773	5,169.00
2018-19	1773	5,169.00	621	7,186.99	395	5,499.02	1999	6,856.97

Source: Principal Accounts Office, GNCTD

<sup>3</sup> Indira Gandhi Delhi Technical University for Women, Maulana Azad Medical College and South Delhi Municipal Corporation

<sup>4</sup> IGDTU- 1.11 crore, MAMC-0.02 crore, SDMC- 36.33 crore.



It is evident from the above that 1190 (27.70 per cent), 1085 (29.87 per cent), 1352 (43.26 per cent) and 395 (16.50 per cent) outstanding UCs were cleared respectively against 4295, 3632, 3125 and 2394 numbers of total UCs pending during the period under consideration. Year-wise break up of outstanding UCs is detailed in **Table 4.2**.

**Table 4.2: Year-wise break up of outstanding Utilisation Certificates**

(₹ in crore)

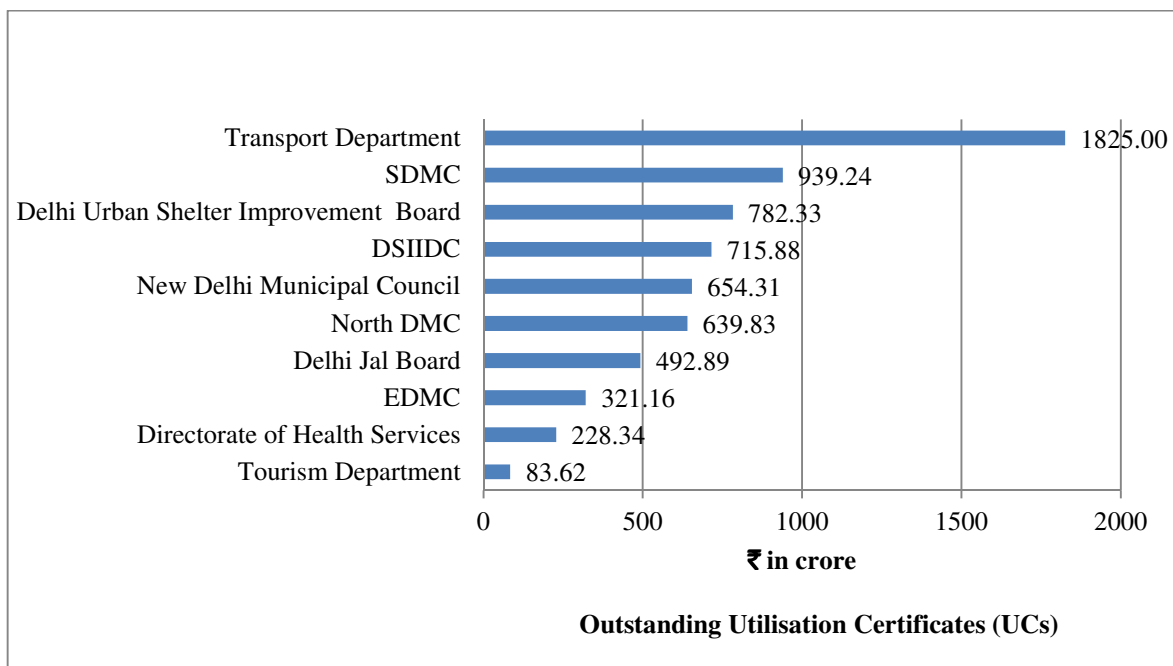
Year	Utilisation Certificates due		Utilisation Certificates received		Utilisation Certificates outstanding	
	No.	Amount	No	Amount	No	Amount
1993 to 2010-11	1281	947.95	155	813.43	1126	134.52
2011-12	40	546.79	15	361.06	25	185.73
2012-13	172	980.59	27	592.97	145	387.62
2013-14	67	539.37	19	531.83	48	7.54
2014-15	194	306.30	96	296.50	98	9.80
2015-16	308	3,926.04	244	3,605.89	64	320.15
2016-17	314	4,762.85	187	3,324.81	127	1,438.04
2017-18	339	6,212.81	210	5,859.66	129	353.15
2018-19	621	7,186.99	384	3,166.57	237	4,020.42
<b>Total</b>	<b>3336</b>	<b>25,409.69</b>	<b>1337</b>	<b>18,552.72</b>	<b>1999</b>	<b>6,856.97</b>

Source: Principal Account Office, GNCTD

It can be seen that 1126 UCs (56.33 per cent) amounting to ₹ 134.52 crore were outstanding prior to the year 2011-12 whereas 873 UCs (43.67 per cent) amounting to ₹ 6,722.45 crore were outstanding for more than eight years.

The details of outstanding UCs in respect of 10 major Departments for grants paid upto 2018-19 are given in **Chart 4.2**.

**Chart 4.2: Outstanding UCs in respect of 10 major Departments for the grant paid upto 2018-19:**



Source: Principal Accounts Office, GNCTD

Transport Department (DTC), South Delhi Municipal Corporation (SDMC) and Delhi Urban Shelter Improvement Board (DUSIB) accounted for ₹ 1,825.00 crore (26.62 per cent), ₹ 939.24 crore (13.70 per cent) and ₹ 782.33 crore (11.41 per cent) of the arrears respectively. This indicates lack of internal control of the administrative departments and tendency on the part of GNCTD to disburse fresh grants without ascertaining proper utilisation of earlier grants. Pendency of UCs was fraught with the risk of misappropriation of funds and fraud.

Further, in the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the intended purpose for which these were sanctioned.

#### 4.3.1 Recording of Grantee Institution as ‘Others’

As Grants-in-aid constitute a significant portion of the total expenditure of the State, it is essential that the Government records the details and nature of the grantee institutions to which the funds were provided in the interest of transparency of accounts.

Audit scrutiny revealed that ₹ 1,886.03 crore (17.57 per cent) out of ₹ 10,733.73 crore of Grants-in-aid released during the year 2019-20 were shown as disbursed to grantee institutions categorised as ‘Others’ which was 17.57 per cent of total Grants-in-aid. During 2019-20 GIA disbursed to grantee institutions as ‘Others’ increased by ₹ 654.69 crore (53.16 per cent) as compared to the previous year.



#### 4.4 Abstract Contingent 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 consists of abstract expenditure along with sub-vouchers for the amount drawn through AC bills. Drawing and Disbursing Officers are required to present Detailed Countersigned Contingent (DCC) bills duly countersigned by the Controlling Officers in all these cases within the prescribed period.

Rule 118 of the Receipt and Payment Rules stipulates that a certificate shall be attached to every AC bill to the effect that the DCC 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 Abstract Contingent bill be cashed without the certificate.

Year-wise progress in submission of DCC bills against the AC bills is detailed in **Table 4.3** and **Chart 4.3**.

**Table 4.3: Year wise progress in submission of DCC bills against AC bills**

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2016-17	2,402	598.20	7,977	530.98	6,408	697.60	3,971	431.58
2017-18	3,971	431.58	1,404	179.32	1,180	208.47	4,195	402.43
2018-19	4,195	402.43	1,244	280.55	776	118.54	4,663	564.44
2019-20	4,663	564.44	1,407	356.53	845	146.50	5,225	774.47

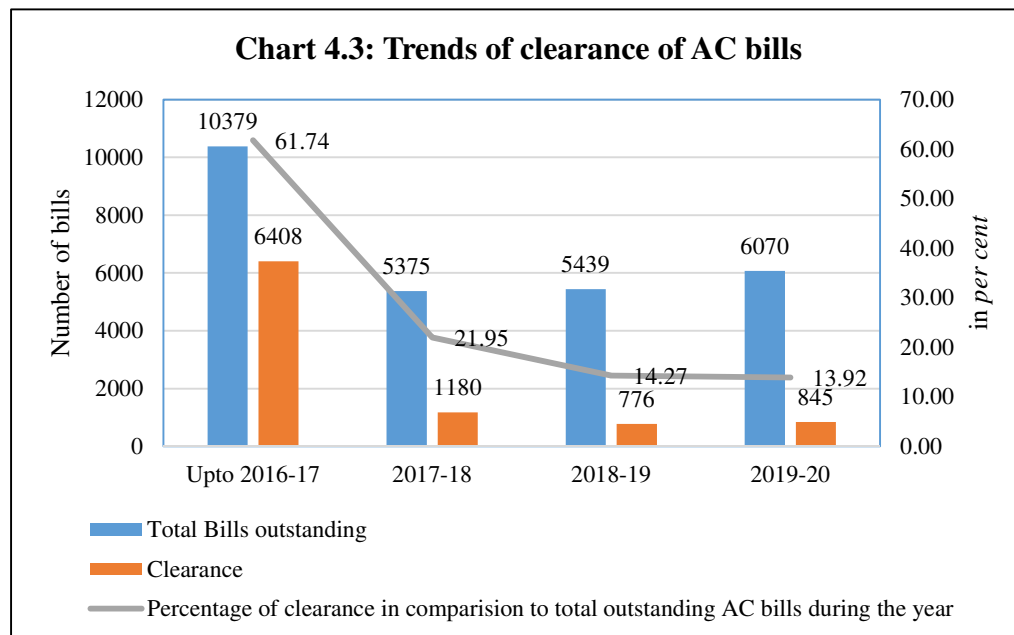
Source: Principal Accounts Office, GNCTD

Forty-nine Government Departments did not submit 730 DC bills amounting to ₹ 266.27 crore before closing of the accounts for the financial year 2019-20 and, therefore, there is no assurance that the expenditure of ₹ 266.27 crore has actually been incurred during the financial year for the purpose for which it was authorised by the legislature. Moreover, from the table it can also be seen that a total of 5225 AC bills involving ₹ 774.47 crore were outstanding as of March 2020.

Against AC bills of ₹ 356.53 crore during 2019-20 an amount of ₹ 39.35 crore (11.04 per cent) pertained to March 2020.

Advances drawn and not accounted for increased the possibility of wastage/ misappropriation/malfeasance, etc. This, therefore, needs to be monitored closely.

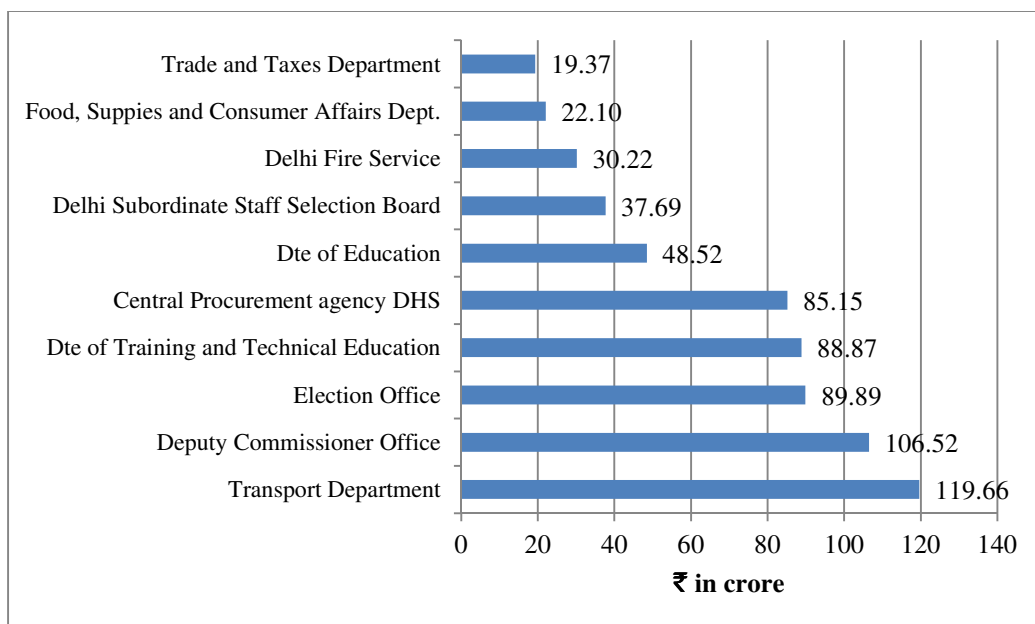
The trend of clearance of AC bills is given in **Chart 4.3**.



It can be seen from the above chart that clearance of outstanding AC bills during the period 2017-2020 showed a declining trend from 21.95 per cent in 2017-18 to 13.92 per cent in 2019-20.

The details of pending DCC bills in respect of major departments are given in **Chart 4.4**.

**Chart 4.4: Pending DCC bills in respect of major Departments**



Source: Finance Accounts of GNCTD for the year 2019-20

### AC Bills drawn for creation of capital assets

As per Section III, Rule 96 of the Receipt and Payment 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 plant'.

Audit noted that AC bills were drawn for creation of capital assets as given in the **Table 4.4**:

**Table 4.4: AC bills drawn for creation of capital assets**

Year	Total No. of AC bills	No. of AC bills drawn for creation of capital assets	Amount of AC bills drawn for creation of capital assets (₹ in crore)
2017-18	1404	3	37.97
2018-19	1244	23	40.21
2019-20	1407	22	149.85
<b>Total</b>	<b>4055</b>	<b>48</b>	<b>228.03</b>

Source: Principal Accounts Office, GNCTD

Test check of records of the Transport Department revealed the following:

**(a) Drawal of Abstract Contingent (AC) bills for Capital Expenditure:**

Audit noted that 14 out of 17 pending AC bills amounting to ₹ 106.75 crore out of a total of ₹ 119.66 crore for FY 2019-20 were incurred under the detailed head of account 505500050920053 (Capital Outlay on Road Transport) as advances to various agencies like DTIDC, DSIIDC, BSES etc.

It was observed that the pending amount of ₹ 106.75 crore in respect of 14 AC bills related to expenditure on works of capital nature like construction of DTC depots, Electric Bus charging depot and associated infrastructure, administrative blocks etc. As per the rules, the nature of works undertaken do not fall under the definition of contingent charges. Incurring expenditure of capital nature through AC bills and booking under Major-Head 5055 (Capital Outlay on Road Transport) was in violation of the rule.

Further, it was also found that eight AC bills amounting to ₹ 7.41 crore were drawn on 30 March 2020, which suggests that the purpose was to exhaust budgetary grants before the closure of the financial year.

**(b) Non-submission of sub-vouchers in respect of Detailed Contingent (DC) bills:**

As per Rule 119 (2) (form and preparation of detailed bill relating to countersigned contingencies) of Receipt and Payment Rules 1983, the detailed bill shall be signed by the Head of the Office and submitted to the Controlling Officer, (or if there be no controlling officer to the Accounts Officer, direct) with all sub-vouchers above ₹ 50 his signature to the certificate endorsed on the bill taking the place of the smaller ones.

Test check of three DC bills amounting to ₹ 38.81 lakh, out of 23 DC bills of ₹ 94.03 lakh, settled during the year 2019-20 revealed that sub-vouchers were not attached in the absence of which the authenticity of the expenditure actually incurred could not be ascertained/verified. Pr.AO, GNCTD stated (23 March 2021) that they have referred the matter to Transport Department for comments. The reply from Transport Department/Pr.AO was awaited (May 2021).

**4.5 Personal Deposit Accounts**

Rule 191 of the Receipt and Payment Rules, 1983 read with 191(3) stipulates that Personal Deposit Accounts (PDAs) are generally authorised to be opened under 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 favour 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 realised and credited to a Fund or Account under the provisions of an Act to be utilised towards expenditure thereunder 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.

The details of PDAs in GNCTD as on 31 March 2020 are given in **Table 4.5:**

**Table 4.5: Details of PDAs as on 31 March 2020**

PDAs as on 01.04.2019		PDAs opened during the year 2019-20		PDAs closed during the year 2019-20		Closing balance	
Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
12	72.84	nil	nil	nil	nil	12	54.65

Source: Principal Accounts Office, GNCTD

The Principal Accounts Office, GNCTD, is operating 12 PDAs with the prior approval of the CGA, Ministry of Finance, Government of India. The purpose of opening these PDAs was to deposit receipts of compensation received from the land requisitioning authorities (DDA etc.), for payment to land owners for land acquisitions through land acquisitions collectors, security charges, fees of election petitions, civil deposits, criminal deposits and rent of litigants as per order of court etc. and no outgo from Consolidated Fund is involved.

As on 31 March 2020, there was closing balance of ₹ 54.65 crore in these 12 PDAs which are non-lapsable.

#### **Analysis of PD Accounts**

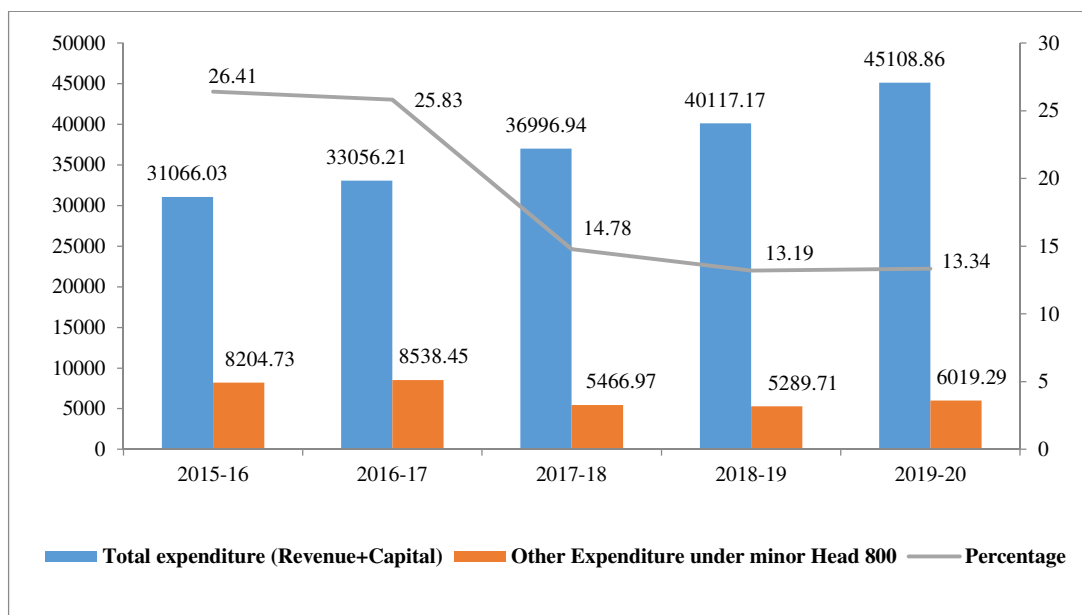
One PD Account opened (1961) in favour of the Housing Commissioner, Delhi Administration was intended for receiving and making payment in connection with schemes for large-scale acquisition, development and disposal of land in Delhi. Audit noted that the opening balance as on April 2019 was ₹ 68.32 crore out of which an amount of ₹ 18.14 crore was disbursed to various Land Acquisition cells (LACs) for award of compensation, leaving a balance of ₹ 50.18 crore as on 31 March 2020.

The Land and Building Department stated that the amount could not be released further to the concerned LACs due to pending clarifications from the concerned LACs, Land Acquisition Branch and from paying agencies i.e. DDA, MCD, DUSIB, PWD etc, despite repeated letters/reminders issued in this regard. It also stated that on receipt of clarification the amount would be released to the concerned LACs.

#### **4.6 Indiscriminate use of Minor Head 800**

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 in the accounts. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure. Routine operation of minor head 800 is to be discouraged, since it renders the accounts opaque. Trends of amounts booked under minor head 800 – Other expenditure is shown in **Chart 4.5:**

**Chart 4.5: Operation of Minor head-Other Expenditure during 2015-2020**



Source: Principal Accounts Office, GNCTD

From the graph it can be seen that there is no significant change in the operation of Minor Head-Other Expenditure as the percentage of expenditure booked under this head over the total expenditure ranged around 14 *per cent* during the period 2017-2020.

During 2019-20, expenditure of ₹ 6,019.29 crore out of total expenditure of ₹ 45,108.86 crore was classified under the minor head of account '800-Other Expenditure' which constituted 13.34 *per cent* of the total expenditure. Significant expenditure booked under minor head 800-Other Expenditure during 2019-20 is given in **Table 4.6**

**Table 4.6: Significant Expenditure booked under Minor Head-'800-Other Expenditure'**

(₹ in crore)

Sl. No.	Major-Head	Expenditure booked under MH-800 Other Expenditure	Total Expenditure under Major Head	Percentage of expenditure in MH-800 as compared to Total Expenditure
1	2040-Sales Tax	19.60	41.38	47.37
2	2041-Taxes on Vehicles	270.07	355.61	75.95
3	2210-Medical and Public Health	1,114.83	5,298.33	21.04
4	2211-Family Welfare	70.00	88.84	78.79
5	2215-Water Supply and Sanitation	470.50	1,415.35	33.24
6	2404-Diary Development	11.67	11.67	100.00
7	2801-Power	2,423.29	2,423.29	100.00
8	3054-Roads and Bridges	569.22	599.10	95.01
9	4070-Capital outlay on other Administrative services	190.66	190.66	100.00
10	4711-Capital Outlay on Flood Control Projects	112.13	116.19	96.51
11	5054-Capital Outlay on Road and Bridges	222.93	771.92	28.88
	<b>Total</b>	<b>5,474.90</b>	<b>11,312.34</b>	<b>48.40</b>

During 2019-20, receipts of ₹ 677.07 crore out of total receipts of ₹ 37,662.76 crore, were classified under the minor head '800-Other Receipts' which constituted 1.80 per cent of the total receipts. Significant receipts booked under minor head 800-Other Receipts during 2019-20 are given in **Table 4.7**:

**Table 4.7: Significant Receipts booked under Minor Head-'800-Other Receipts'**

(₹ in crore)

Sl. No.	Major Head	Booking under MH 800	Total Receipts	Percentage of Receipt
1	0059-Public works	12.17	13.28	91.64
2	0070-Other Administrative Services	285.11	342.67	83.20
3	0210-Medical & Public Health	86.13	112.38	76.64
4	0217-Urban Development	31.63	31.63	100.00
5	0701-Medium Irrigation	13.55	13.55	100.00
6	0801-Power	87.00	87.00	100.00
	<b>Total</b>	<b>515.59</b>	<b>600.51</b>	<b>85.86</b>

This issue was also pointed out in earlier Audit reports on State Finances. However, no corrective action has been taken so far. The Government may carry out a comprehensive review of all items presently appearing under the Minor Head 800 and ensure that all such receipts and expenditure are booked appropriately under the correct head of accounts to enhance transparency in financial reporting. The Finance Department, GNCTD stated (March 2021) that necessary follow-up action is being taken up to review the classification under Minor Head 800 and the outcome will be intimated at the time of next audit.

#### Issues related to Measurement

##### 4.7 Reconciliation of cash balances

GNCTD does not have its own Public Account and hence there is no case of Cash balances of GNCTD. As per the existing arrangements, the balance account of Consolidated Fund of GNCTD is regularly reflected under MH-8450-00-106-Balance Account of Union Territories and its account is rendered monthly to the Office of the CGA, Ministry of Finance, Government of India along with the accounts of other Heads of Account of the Public Account.

#### Issues related to disclosure

##### 4.8 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the

Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). The compliance of the existing accounting Standards by the State Government is detailed in **Table 4.8:**

**Table 4.8: Compliance to Accounting Standards**

Sl. No.	IGAS	Essence of IGAS	Compliance by GNCTD	Deficiency observed by audit
1.	IGAS-1: (Guarantees given by the Government-Disclosures requirements)	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements, along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Complied (Statement no. 5)	The Statement no. 5 was not in the prescribed format.
2.	IGAS-2: (Accounting and Classification of Grants-in-Aid)	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Complied (Appendix to Statement 10 of Finance Accounts)	-
3.	IGAS-3: (Loans and Advances made by Government)	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Complied (Finance Accounts' Statement 4 for Summarised and Statement 16 for Detailed Statement)	-

#### **4.9 Submission of Accounts/Separate Audit Reports of Autonomous Bodies**

The audit of 12 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 12 bodies/authorities due up to 2019-20 had not been received as of September 2020 in the office of the Principal Accountant General (Audit), Delhi. The details of these outstanding accounts are given in **Table 4.9.**



**Table 4.9: Details of Outstanding Accounts as on 30 September 2020**

Sl. No.	Name of Body or Authority	Accounts pending since	No. of accounts in arrears as on 30.09.2020
1	Delhi Urban Shelter Improvement Board (DUSIB)	2010-11	10
2	Delhi Jal Board (DJB)	2015-16	5
3	Delhi Electricity Regulatory Commission (DERC)	2019-20	1
4	Delhi Kalyan Samiti	2019-20	1
5	Delhi Legal Services Authority	2018-19	2
6	Netaji Subhash University of Technology	2018-19	2
7	Ambedkar University	2019-20	1
8	Guru Govind Singh Indraprastha University	2019-20	1
9	Delhi Technological University	2019-20	1
10	Indira Gandhi Delhi Technical University for Women	2018-19	2
11	Indraprastha Institute of Information and Technology Delhi	2019-20	1
12	Delhi Building and Other Construction Workers Welfare Board	2017-18	3

From the above, it is observed that 30 annual accounts up to the year 2019-20 of 12 bodies/authorities were pending as on 30 September 2020.

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 increases the risk of fraud and leakage of public money.

The Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by the bodies/authorities.

#### **4.10 Recommendations**

- (i) The Government may set up a mechanism to ensure that government receipts are deposited in the Government Accounts within the prescribed time.
- (ii) The Government may ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.
- (iii) The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.
- (iv) The Finance Department should conduct a comprehensive review of all items presently appearing under Minor Head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.



**CHAPTER-5**

**STATE PUBLIC SECTOR ENTERPRISES**



## Chapter - 5

### State Public Sector Enterprises

This chapter discusses the financial performance of Government Companies and Statutory Corporations as revealed from their accounts. Impact of significant comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General (CAG) of India for the year 2019-20 (or of earlier years which were finalised during the current year) has also been discussed.

#### 5.1 Definition of Government Companies

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of a Government Company.

#### 5.2 Mandate of Audit

Audit of Government Companies is conducted by the CAG of India under the provisions of Sections 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, the CAG has the right to conduct a supplementary audit. The statutes governing some Statutory Corporations require their accounts to be audited only by the CAG<sup>1</sup>.

#### 5.3 SPSEs and their contribution to the GSDP of the State

State Public Sector Enterprises (SPSEs) consist of State Government Companies and Statutory Corporations. SPSEs are established to carry out activities of a commercial nature keeping in view the welfare of the people and occupy an important place in the State economy. As on 31 March 2020, there were 18 SPSEs in Delhi, including two<sup>2</sup> Statutory Corporations and 16 Government Companies under the audit jurisdiction of the CAG. The names of these SPSEs are given in **Table 5.1**:

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<sup>1</sup> CAG is the sole auditor of Delhi Transport Corporation

<sup>2</sup> Delhi Transport Corporation and Delhi Financial Corporation.

**Table 5.1: List of SPSEs<sup>3</sup>**

Sl. No.	Sector and Name of the State Public Sector Enterprises
<b>Government Companies</b>	
<b>Finance</b>	
1.	Delhi SC /ST /OBC Minorities and Handicapped Financial and Development Corporation Limited (DSCFDC)
<b>Infrastructure</b>	
2.	Shahjahanabad Redevelopment Corporation (SRDC)
3.	Delhi State Industrial & Infrastructure Development Corporation Limited (DSI IDC)
<b>Power</b>	
4.	Indraprastha Power Generation Company Limited (IPGCL)
5.	Pragati Power Corporation Limited (PPCL)
6.	Delhi Transco Limited (DTL)
7.	Delhi Power Company Limited (DPCL)
8.	DSI IDC Energy Limited (DEL- Subsidiary of DSI IDC)
<b>Services</b>	
9.	Delhi Tourism and Transportation Development Corporation Limited (DTTDC)
10.	Delhi Creative Arts Development Limited (DCADL- Subsidiary of DSI IDC)
11.	DSI IDC Liquor Limited (DLL- Subsidiary of DSI IDC)
12.	DSI IDC Maintenance Services Limited (DMSL- Subsidiary of DSI IDC)
13.	Delhi State Civil Supplies Corporation Limited (DSCSC)
14.	Intelligent Communication Systems India Limited (ICSIL- Associate Company of DSI IDC)
15.	Geospatial Delhi Limited (GDL)
<b>Transport</b>	
16.	Delhi Transport and Infrastructure Development Corporation Limited (DTIDC)
<b>Statutory Corporations</b>	
<b>Finance</b>	
17.	Delhi Financial Corporation (DFC)
<b>Transport</b>	
18.	Delhi Transport Corporation (DTC)

The ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. The details of turnover of SPSEs and GSDP of GNCTD for a period of three years ending 31 March 2020 are given in **Table 5.2**.

<sup>3</sup> One company (NDMC Smart City Limited) has since been transferred from the audit jurisdiction of the office of the PAG (Audit), Delhi from 2019-20 accounts.

**Table 5.2: Details of turnover of SPSEs vis-à-vis GSDP of GNCTD**

Particulars	(₹ in crore)		
	2017-18	2018-19	2019-20
Turnover	8,119.06	9,318.69	9,573.56
GSDP of Delhi	6,86,824.00	7,74,870.00	8,56,112.00
Percentage of turnover to GSDP of Delhi	1.18	1.20	1.12

Source: Turnover has been taken as per the latest Financial Statements of SPSEs and GSDP has been taken from Directorate of Economics and Statistics.

It can be seen from the table above that the turnover of these SPSEs has shown an increase of 17.91 *per cent* during the three years from 2017-18 to 2019-20 as per their latest audited accounts. However, the contribution of SPSEs in the GSDP remained marginal.

## 5.4 Investment in SPSEs and Budgetary support

### 5.4.1 Equity holding and Loans in SPSEs

The sector-wise total equity, equity contribution by GNCTD and long-term loans including the loans given by GNCTD as on 31 March 2020 is given in **Table 5.3**.

**Table 5.3: Sector-wise investment in SPSEs as on 31 March 2020**

Name of Sector	Investment <sup>4</sup> (₹ in crore)				
	Equity		Long Term Loans		Total Equity and Long-Term Loans
	Total	State Government	Total	State Government	
<b>Power</b>	7,506.79	7,106.78	3,322.09	1,943.78	<b>10,828.88</b>
<b>Finance</b>	71.68	51.38	99.63	86.48	<b>171.31</b>
<b>Service</b>	25.07	24.04	2.24	2.14	<b>27.31</b>
<b>Infrastructure</b>	21.00	21.00	0.00	0.00	<b>21.00</b>
<b>Transport</b>	1,994.50	1,994.50	11,676.14	11,676.14	<b>13,670.64</b>
<b>Total</b>	<b>9,619.04</b>	<b>9,197.70</b>	<b>15,100.10</b>	<b>13,708.54</b>	<b>24,719.14</b>

Source: Latest Financial Statements of SPSEs

It can be seen from the above table that the thrust of investment in SPSEs was mainly on the Transport and Power sector, which received 55.30 *per cent* and 43.81 *per cent* respectively of the total investment of ₹ 24,719.14 crore.

### 5.4.2 Disinvestment, Restructuring and Privatisation

During the year 2019-20, there was no case of privatisation of SPSEs. GNCTD has not prepared any policy on disinvestment of State Government equity invested in the SPSEs.

## 5.5 Returns from SPSEs

### 5.5.1 Profit earned by SPSEs

In 2019-20, there were 10 profit-earning SPSEs<sup>5</sup>, as compared to eight in

<sup>4</sup> Investment includes equity and long term loans.

<sup>5</sup> DSIIDC, PPCL, IPGCL, DTL, DPCL, ICSIL, DSCSC, DTTDC, GDL, DTIDC. One SPSE (SRDC) is a non-profit making Company registered under Section 8 of the Companies Act, 2013.

2018-19. The profit earned by the profit-making SPSEs increased to ₹1,123.10 crore in 2019-20 from ₹ 894.74 crore in 2018-19.

The details of the top five profit earning SPSEs in 2019-20 is given in **Table 5.4**.

**Table 5.4: Top 5 SPSEs which contributed maximum profit**

Name of SPSE	Net profit earned (₹ in crore)	Percentage of profit to total SPSEs profit
DSIIDC	312.75	27.85
PPCL	264.38	23.54
IPGCL	190.93	17.00
DTL	171.36	15.26
DPCL	126.87	11.29
<b>Total</b>	<b>1,066.29</b>	<b>94.94</b>

Source: Latest Financial Statements of SPSEs

During 2019-20, net profit of ₹1,066.29 crore constituting 94.94 per cent of total profit of the 10 SPSEs was contributed by these five SPSEs.

### 5.5.2 Dividend paid by SPSEs

GNCTD had not formulated any dividend policy under which SPSEs would be required to pay a minimum return on the paid-up share capital contributed by the State Government. None of the 13 SPSEs<sup>6</sup> in which GNCTD had made investment had declared/paid dividend.

## 5.6 Debt Servicing

### 5.6.1 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest.

The details of interest coverage ratio in SPSEs which had interest burden are given in **Table 5.5**.

**Table 5.5: Interest coverage ratio of SPSEs**

Year	Interest liability (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of SPSEs having interest liability from Government and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2017-18	4,452.87	1,853.94	8	6	2
2018-19	5,005.46	1,645.16	6	3	3
2019-20	5,701.94	1,382.53	6	3	3

Source: Latest Financial Statement of SPSEs

<sup>6</sup> DSCFDC, SRDC, DSIIDC, IPGCL, PPCL, DTL, DPCL, DTTDC, DSCSC, GDL, DTIDC, DFC, DTC



It was observed that three SPSEs<sup>7</sup> had interest coverage ratio of more than one during 2019-20. Three<sup>8</sup> SPSEs had interest coverage ratio of less than one during 2019-20. Thus, these SPSEs were not generating sufficient revenues to meet their expenses on interest.

## 5.7 Performance of SPSEs

### 5.7.1 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed<sup>9</sup>. The details of RoCE of 13 SPSEs in which GNCTD had invested during the period from 2017-18 to 2019-20 are given in **Table 5.6**.

**Table 5.6: Return on Capital Employed**

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (in per cent)
2017-18	1,969.95	-1,605.81	-122.68
2018-19	2,036.61	-6,198.10	-32.86
2019-20	2,022.62	-11,192.35	-18.07

Source: Latest Financial Statement of SPSEs.

It was observed that the RoCE was negative in all the years.

### 5.7.2 Return on Equity by SPSEs

Return on Equity (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profits. RoE is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund is calculated by adding paid up capital and free reserves minus net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means liabilities exceed assets.

The details of net income and shareholders' fund relating to 13 SPSEs with GNCTD investment are given in **Table 5.7**.

**Table 5.7: Return on Equity relating to SPSEs where funds were infused by GNCTD**

Year	Net Income (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (Percentage)
2017-18	-2,895.56	-18,616.67	-
2018-19	-3,489.59	-22,120.85	-
2019-20	-4,175.27	-26,292.35	-

<sup>7</sup> DTL, IPGCL, PPCL

<sup>8</sup> DSCFDC, DFC, DTC

<sup>9</sup> Capital Employed = Paid up Share Capital + Free Reserves and Surplus + Long-term Loans – Accumulated Losses – Deferred Revenue Expenditure

As the net income of SPSEs during 2018-19 and 2019-20 was negative, RoE could not be calculated. The net income for all the years from 2017-18 to 2019-20 was negative due to the huge losses incurred by DTC as per its latest finalised account which wiped out the profits earned by other SPSEs. The shareholder's fund was negative mainly on account of accumulated losses of DTC which had increased to ₹ 38,753.47 crore as per its latest finalised accounts.

### **5.7.3 Return on Investment**

Return on investment is the percentage of profit or loss to the total investment. Out of 18 SPSEs of the State, GNCTD infused funds in the form of equity, loans and grants/subsidies in 13 SPSEs only. GNCTD did not infuse any direct funds in remaining five<sup>10</sup> SPSEs.

The Return on Investment from the SPSEs has been calculated on the investment made by GNCTD in the SPSEs in the form of equity and loans. In the case of loans, only interest-free loans are considered as investment since the Government does not receive any interest on such loans and these are therefore of the nature of equity investment by Government except to the extent that the loans are liable to be repaid as per terms and conditions of repayment. Further, the funds made available in the form of the grants/subsidy for other than for management and operational expenses have not been reckoned as investment since they do not qualify to be considered as investment.

### **5.7.4 Rate of Real Return (RORR) on Government Investments**

In view of the significant investment by GNCTD in 13 SPSEs, the return on such investment is essential from the perspective of the State Government, which has been calculated keeping in view the Present Value (PV) of money. The PV of Government investments has been computed to assess the rate of return on the PV of investments of GNCTD in the State SPSEs as compared to historical value of investments. In order to bring the historical cost of investments to its PV at the end of each year upto 31 March 2020, the past investments/year-wise funds infused by GNCTD in the SPSEs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of GNCTD investment has been computed where funds have been infused by GNCTD in the form of equity, interest-free loans and grants and subsidies for operational and management expenses since 2002-03<sup>11</sup> till 31 March 2020.

The PV of GNCTD's investment in SPSEs was computed on the basis of the following assumptions:

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<sup>10</sup> DEL, DCAD, DMSL and DLL are subsidiary companies of DSIIDC, which contributed towards their capital. Further, in case of ICSIL, capital was contributed by DSIIDC, TCIL and two other companies.

<sup>11</sup> As per figures received from the SPSEs.

- The funds made available in the form of grant/subsidy other than for management and operational expenses have not been reckoned as investment.
- The average rate of interest on Government borrowings for the concerned financial year<sup>12</sup> was adopted as compounded rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and was therefore considered as the minimum expected rate of return on investments made by the Government.

The consolidated position of the PV of GNCTD investment relating to the 13 SPSEs since 2002-03 till 31 March 2020 is indicated in **Table 5.8**.

**Table 5.8: Year-wise details of investment by the GNCTD and Present Value (PV) of government funds from 2002-03 to 2019-20**

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Govt. during the year	Interest free loans given by the State Govt. during the year	Grants and subsidies for operational and management expenses	Total investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings in %)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year
i	ii	iii	iv	v	vi=iii+iv+v	vii=ii+vi	viii	ix={vii*(1+ viii)/100}	x={viii*vii}/100}	xi
2002-03	183.06 <sup>13</sup>	324.41	0.00	0.20	324.61	507.67	11.17	564.38	56.71	-1872.94
2003-04	564.38	0.00	0.00	0.20	0.20	564.58	10.65	624.70	60.13	-534.27
2004-05	624.70	0.00	0.00	0.20	0.20	624.90	10.34	689.52	64.62	-1375.28
2005-06	689.52	0.00	0.00	130.87	130.87	820.39	8.87	893.16	72.77	-1859.78
2006-07	893.16	3.11	0.00	42.07	45.18	938.34	9.35	1026.07	87.73	-864.09
2007-08	1026.07	4471.80	0.00	33.56	4505.36	5531.43	9.84	6075.73	544.29	-1749.46
2008-09	6075.73	715.19	0.00	19.25	734.44	6810.17	9.90	7484.37	674.21	-1672.67
2009-10	7484.37	1128.25	0.00	96.25	1224.50	8708.87	9.52	9537.96	829.08	-1788.68
2010-11	9537.96	464.00	0.00	402.98	866.98	10404.94	9.10	11351.79	946.85	-1557.81
2011-12	11351.79	665.48	40.00	764.59	1470.07	12821.86	9.77	14074.55	1252.70	-1969.18
2012-13	14074.55	498.55	50.00	1310.54	1859.09	15933.64	9.73	17483.98	1550.34	-1775.75
2013-14	17483.98	745.00	1.00	1409.70	2155.70	19639.68	9.21	21448.50	1808.81	-2034.69
2014-15	21448.50	-1.15	7.00	1438.75	1444.60	22893.10	8.59	24859.62	1966.52	-942.51
2015-16	24859.62	0.00	0.00	1416.93	1416.93	26276.55	8.54	28520.56	2244.02	-2049.81
2016-17	28520.56	0.00	0.00	1792.66	1792.66	30313.22	8.65	32935.32	2622.09	-2867.88
2017-18	32935.32	0.00	0.00	2079.72	2079.72	35015.04	8.58	38019.33	3004.29	-2895.56
2018-19	38019.33	0.00	0.00	1894.52	1894.52	39913.85	8.64	43362.40	3448.56	-3489.59
2019-20	43362.40	0.00	0.00	2036.00	2036.00	45398.40	8.14	49093.83	3695.43	-4175.27
<b>Total</b>		<b>9014.64</b>	<b>98.00</b>	<b>14868.99</b>	<b>23981.63</b>					

Source: Information received from SPSEs and Finance Accounts of GNCTD of respective years.

The equity investment of GNCTD in these 13 SPSEs at the end of the year increased to ₹ 9,197.70 crore in 2019-20 from ₹ 507.67 crore in 2002-03. The PV of investments of GNCTD up to 31 March 2020 worked out to ₹ 49,093.83 crore. It can be seen from the table that total earnings of the companies have remained lower than the minimum expected return throughout the period from 2002-03 to 2019-20.

<sup>12</sup> The average rate of interest on government borrowings was adopted from the Reports of the CAG of India on State Finances (GNCTD) for the concerned year.

<sup>13</sup> Closing balance of investment made by GNCTD in 13 SPSEs till the year 2001-02.

## 5.8 SPSEs incurring losses

### 5.8.1 Losses incurred

There were seven<sup>14</sup> SPSEs that incurred losses as per their latest finalised accounts at the end of March 2020. The losses incurred by these loss-incurring SPSEs increased to ₹5,294.16 crore in 2019-20 as per their latest finalised accounts from ₹ 3,859.78 crore in 2017-18 and ₹ 4,386.79 crore 2018-19 as given in **Table 5.9**.

**Table 5.9: Number of SPSEs that incurred losses**

(₹ in crore)				
Year	No of loss making SPSEs	Net loss for the year	Accumulated loss	Net Worth <sup>15</sup>
2017-18	9 <sup>16</sup>	3,859.78	-29,103.14	-26,836.33
2018-19	11 <sup>17</sup>	4,386.79	-32,499.28	-29,436.93
2019-20	7 <sup>18</sup>	5,294.16	-38,741.28	-36,685.71

Out of total loss of ₹ 5,294.16 crore incurred by these seven loss-incurring SPSEs during 2019-20, loss of ₹ 5,280.55 crore (99.74 per cent) was contributed by Delhi Transport Corporation alone.

The losses incurred by DTC were mainly due to non-revision of fares since November 2009, increased AMC costs, and pay revision of DTC employees. Resultantly, DTC has not been in a position to repay either the loans received from GNCTD or the interest thereon. From 2011-12 onwards GNCTD has been releasing grants-in-aid (GIA) to DTC as financial assistance. DTC had received GIA amounting to ₹ 11,766 crore during the period 2011-2020. Prior to 2011, DTC had received interest bearing loans of ₹ 11,676 crore from GNCTD. As of March 2019, accumulated interest amounted to ₹ 26,070 crore. Thus, out of the total accumulated losses of ₹ 38,753 crore (as on March 2019), 67 per cent i.e. ₹ 26,070 crore was due to accumulated interest.

DTC submitted (2016) the following proposal to the Delhi Government for improving its financial position which was still pending (June 2021).

- Conversion of outstanding plan loan of ₹ 511 crore into equity.
- Conversion of outstanding non plan loan of ₹ 11,165 crore into GIA and conversion of accumulated interest of ₹ 16,330.59 crore (as on 31 March 2017) into GIA.
- Revision of fares as there was no revision since 1.11.2009.

<sup>14</sup> SRDC earns no profit/loss in 2019-20 hence, not considered in loss making SPSEs.

<sup>15</sup> Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

<sup>16</sup> 4 Subsidiaries of DSIIDC, SRDC, DTC, DSCSC, NDMC Smart City and DSCFDC.

<sup>17</sup> 4 Subsidiaries of DSIIDC, SRDC, DTC, NDMC Smart City, IPGCL, DFC, DSIIDC and DSCFDC.

<sup>18</sup> 4 Subsidiaries of DSIIDC, DTC, DFC and DSCFDC.

### 5.8.2 Erosion of Capital in SPSEs

As on 31 March 2020, there were three SPSEs with accumulated losses of ₹ 40,483.26 crore in which GNCTD had invested equity and loans. Of these three SPSEs, one SPSE (DTC) incurred loss amounting to ₹ 5,280.55 crore and two<sup>19</sup> SPSEs had not incurred loss, even though they had accumulated loss of ₹ 1,729.79 crore as per their latest finalised accounts.

The net worth of two<sup>20</sup> out of these three SPSEs had been completely eroded by accumulated loss and their net worth was negative. The net worth of these two SPSEs was (-) ₹ 37,124.89 crore against equity investment of ₹ 2,728.90 crore as on 31 March 2020. Out of two SPSEs, whose capital had been eroded (being zero or negative net worth), one<sup>21</sup> SPSE had earned profit of ₹ 126.87 crore during 2019-20. In two out of three SPSEs whose capital had been eroded, Government loans outstanding as on 31 March 2020 amounted to ₹ 12,341.42 crore.

## 5.9 Audit of State Public Sector Enterprises

CAG appoints the statutory auditors of a Government Company under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

### 5.10 Appointment of statutory auditors of State Public Sector Enterprises by CAG

Sections 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

The statutory auditors of the above Companies for the year 2019-20 were appointed by the CAG during 2019.

## 5.11 Submission of accounts by State Public Sector Enterprises

### 5.11.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, an Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting<sup>22</sup> (AGM). As soon as may be after such preparation, the Annual Report must be laid before the Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the

<sup>19</sup> DPCL and DTL

<sup>20</sup> DPCL and DTC

<sup>21</sup> DPCL

<sup>22</sup> In case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case within a period of six months, from the date of closing of the financial year i.e. 30 September

necessary legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited financial statements for the financial year have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were pending as on 31 December 2020, as detailed in the following paragraph.

### 5.11.2 Timeliness in preparation of accounts by SPSEs

As of 31 March 2020, there were 16 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2019-20 were due from 16 Government Companies. However, only 11 Government Companies submitted their accounts for audit by CAG by 31 December 2020<sup>23</sup>. Accounts of five Government Companies were in arrears for various reasons. Details of arrears in submission of accounts of Government Companies are given in **Table 5.10**.

**Table 5.10: Details of arrears in submission of accounts of Government Companies**

Particulars		Government Companies
Total number of Companies under the purview of CAG's audit as on 31.03.2020		16
Less: New Companies from which accounts for 2019-20 were not due		0
Number of companies from which accounts for 2019-20 were due		16
Number of companies which presented the accounts for CAG's audit by 31 December 2020		11
Number of accounts in arrears (5 <sup>24</sup> Government Companies)		11
Break-up of arrears	(i) Under Liquidation	-
	(ii) Defunct	-
	(iii) Others	11
Age-wise analysis of arrears against 'Others' category	One year (2019-20)	4
	Two years (2018-19 and 2019-20)	-
	Three years and more	1 <sup>25</sup>

### 5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of two Statutory Corporations is conducted by the CAG. Of the two statutory corporations, accounts of DFC for the year 2019-20 was presented for

<sup>23</sup> Date of holding AGM of Companies for the financial year 2019-20 was extended upto 31 December 2020 by Government of India, Ministry of Corporate Affairs vide order dated 17 August 2020.

<sup>24</sup> PPCL, DSCSC, ICSIL, DTIDC, DSCFDC.

<sup>25</sup> Seven accounts of DSCFDC were in arrear since 2013-14.



audit before 31 December 2020 while accounts of DTC for the year 2019-20 was in arrear.

## **5.12 CAG's oversight - Audit of accounts and supplementary audit**

### **5.12.1 Financial reporting framework**

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

### **5.12.2 Audit of accounts of Government Companies by Statutory Auditors**

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- issue directions to the statutory auditors under Section 143(5) of the Companies Act, 2013 and
- supplement or comment upon the statutory auditor's report under Section 143(6) of the Companies Act, 2013.

### **5.12.3 Supplementary Audit of accounts of Government Companies**

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under Section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of the Institute of Chartered Accountants of India and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

### 5.13 Result of CAG's oversight role

#### 5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

Nineteen financial statements for the year 2019-20 and previous years were received from 16 Government Companies<sup>26</sup> by 31 December 2020. Thirteen financial statements of SPSEs were reviewed in audit by the CAG and Non-Review Certificate was issued for six SPSEs. The results of the review are detailed below:

#### 5.13.2 Amendment of Financial Statements

During 2019-20, there was no case of any Government Company amending its financial statement before laying the same in the AGM.

#### 5.13.3 Revision of Auditors Report

During 2019-20, there was no case of revision of statutory auditors' report as a result of supplementary audit of the financial statements for the year ended 31 March 2020 conducted by the CAG.

#### 5.13.4 Significant comments of the CAG issued as supplement to the statutory auditors' reports on Government Companies

Subsequent to the audit of the financial statements for the year 2019-20 and previous years by statutory auditors, the CAG conducted supplementary audit of the financial statements of 13 Government Companies. Some of the significant comments issued on financial statements of Government Companies, the financial impact of which was ₹ 10.67 crore on the profitability and ₹ 103.16 crore on assets/liabilities, have been detailed in **Tables 5.11** and **5.12**.

**Table 5.11: Impact of the Comments on the Profitability of Government Companies**

Sl. No.	Name of the Company	Comments
1	PPCL (2018-19)	<ul style="list-style-type: none"> <li>PPCL has neither adhered to its accounting policy 11.1 nor followed Ind AS-10 which resulted in understatement of sale of energy by ₹ 7.30 crore and consequent understatement of profit and other equity by ₹ 5.73 crore and tax expenses by ₹ 1.57 crore.</li> </ul>
2	IPGCL (2018-19)	<ul style="list-style-type: none"> <li>IPGCL has not adhered to its accounting policy 12.1 resulting in overstatement of revenue from operations by ₹ 12.86 crore and consequent understatement of loss for the year by the same amount.</li> </ul>

<sup>26</sup> One account of NDMC Smart City Limited for 2018-19 was received and audited during 2020. This company has since been transferred from the audit jurisdiction office of the PAG (Audit) Delhi.



3	DTIDC (2016-17)	<ul style="list-style-type: none"> <li>DTIDC received loan of ₹ 70 crore from Transport Department for renovation of ISBT Kashmere Gate which was repaid in March 2017. Due to delay in repayment, penal interest of ₹ 5.68 crore was payable but the Company had booked only ₹ 0.85 crore which resulted in overstatement of profit by ₹ 4.83 crore. This comment was repeated in 2017-18 accounts.</li> </ul>
4	DTIDC (2017-18)	<ul style="list-style-type: none"> <li>DTIDC incorrectly included in the finance cost an amount of ₹ 3.23 crore (interest relating to income tax - ₹ 2.75 crore and interest relating to GPF - ₹ 0.48 crore). This has resulted in overstatement of finance cost by ₹ 3.73 crore and understatement of other expenses by ₹ 2.75 crore and employee benefit by ₹ 0.48 crore.</li> </ul>
5	DTIDC (2018-19)	<ul style="list-style-type: none"> <li>Profit has been understated by ₹ 1.48 crore due to non-inclusion of license fee receivable from advertising agencies.</li> </ul>
6	DSI IDC (2019-20)	<ul style="list-style-type: none"> <li>DSI IDC had not booked revenue from transfer/sale of parcel land measuring 6.253 square meter to DMRC in 2013-14 amounting to ₹ 4.64 crore. This has resulted in understatement of revenue from operations and profit and overstatement of other liabilities by ₹ 4.64 crore.</li> </ul>

**Table 5.12: Impact of the Comments on Financial Position of Government Companies**

Sl. No.	Name of the Company	Comments
1	IPGCL (2018-19)	<ul style="list-style-type: none"> <li>IPGCL has not recognised the impact of true-up order issued by DERC for the year 2017-18 in respect of its Gas Turbine Power Station plant resulting in overstatement of revenue from operations, other equity and trade receivables and understatement of loss for the year by ₹ 12.86 crore.</li> </ul>
2	DSI IDC (2019-20)	<ul style="list-style-type: none"> <li>DSI IDC had not made provision for liability of ₹ 1.28 crore which was payable to the concessionaire of Narela industrial area as per award of High Court pronounced in February 2019. Non-provision of liability resulted in understatement of current liability and expenditure as well as overstatement of profit by ₹ 1.28 crore.</li> </ul>
3	DSCFDC (2009-10)	<ul style="list-style-type: none"> <li>DSCFDC received grants-in-aid of ₹ 30.00 lakh from GNCTD for onward transmission to Apparel Training &amp; Design Centre (ATDC) for setting up a training centre at its corporate office at Rohini. DSCFDC disbursed the amount to ATDC in December 2007 and booked the same as advance against expenditure. However, as ATDC had not submitted any bills in support of expenditure incurred, the same was not adjusted resulting in overstatement of grants-in-aid and advance against expenditure by ₹ 30.00 lakh. The comment was also issued in the years 2010-11 and 2011-12.</li> </ul>
4	DSCFDC (2010-11)	<ul style="list-style-type: none"> <li>DSCFDC received grants from the Department for Welfare of SC/ST/OBC/PH/Minorities for providing training programs to the youths belonging to SC/ST/OBC/Minorities. But the Company had not provided any liabilities against the grants received in respect of training programs for which bills amounting to ₹ 13.42 lakh were received. This resulted in overstatement of grants-in-aid and understatement of current liabilities and provisions by ₹ 13.42 lakh.</li> </ul>
5	DSCFDC (2011-12)	<ul style="list-style-type: none"> <li>A sum of ₹ 2.28 crore on account on rent, interest etc. recoverable from Delhi Financial Corporation had been booked under long term loans and advances instead of current assets. This resulted in overstatement of long term loans and understatement of current assets by ₹ 2.28 crore.</li> <li>DSCFDC had not made provision for bad and doubtful debts in respect of dues of ₹ 2.73 crore against those beneficiaries who had either died or their whereabouts were not available. This resulted in overstatement of long</li> </ul>

		term loans and advances and understatement of provision for doubtful debts by ₹ 2.73 crore.
6	DTL (2018-19)	<ul style="list-style-type: none"> <li>• DTL paid ₹ 119.78 crore in advance for the work on 220/66KV/GIS sub-station at Tughalakabad. The same was commissioned on 5th November 2018 but the Company capitalised work valuing ₹ 54.25 crore only in 2018-19 resulting in understatement of plant and machinery and overstatement of advances by ₹ 65.53 crore. Consequently, depreciation was understated by ₹ 1.59 crore and profit was overstated to the same extent.</li> <li>• DTL capitalised ₹ 44.25 crore being interest cost on loan availed from GNCTD and charged depreciation amounting to ₹ 20.64 crore which was inconsistent with Ind AS-23 as no payment of this interest amount had been made up to 31.03.2019. This resulted in overstatement of depreciation by ₹ 20.64 crore, overstatement of Property, Plant and Equipment by ₹ 23.61 crore and understatement of finance cost by ₹ 44.25 crore.</li> <li>• Other financial liabilities include ₹ 44.25 crore being the interest portion of outstanding loan of ₹ 412.38 crore availed from GNCTD in July, 2010, out of which ₹ 239 crore was converted into equity in July 2010 and the remaining amount of loan of ₹ 173.38 crore was re-paid in December 2010. The Company worked out interest of ₹ 44.25 crore payable to GNCTD on this loan in the accounts for the year 2010-11 however, DTL neither paid the outstanding interest of ₹ 44.25 crore till 31.03.2019 nor paid/provided for penal interest liability of ₹ 10.72 crore @ 2.75% p.a. on interest of ₹ 44.25 crore. This resulted in understatement of penal interest liability and finance cost by ₹ 10.72 crore.</li> </ul>
7	DSI IDC (2018-19)	<ul style="list-style-type: none"> <li>• DSI IDC sold plots at Bhorgarh at notified rates of ₹ 15,566 per sqm. whereas the inventory of plots was accounted for at the rate of ₹ 42,164 per sq mtr. As per IND AS-2 inventories are to be measured at lower of cost and net realisable value. Non-valuation of inventory at notified rates had resulted in overstatement of inventory by ₹ 111.68 crore.</li> <li>• Cash and cash equivalent includes term deposits amounting to ₹ 2,410 crore having maturity date of beyond three months from the date of Balance Sheet. This is not consonance with Ind AS-7 and Guidance note on division-II-Ind AS Schedule III to the Companies Act, 2013 which specifies that such deposits be classified as other bank balances. This has resulted in overstatement of cash and cash equivalents and understatement of other bank balances by ₹ 2,410 crore.</li> <li>• Loan includes ₹ 292.51 crore being advance income tax, balance with Central Excise Department, service tax recoverable, sales tax/vat recoverable etc. As per para AG12 of Appendix A of Ind AS-32, liabilities or assets that are not contractual are not financial liabilities or financial assets rather, these are in the nature of other current assets. Thus, the depiction of non-contractual assets as financial assets has resulted in overstatement of current assets-financial assets (loans and advances) and understatement of other current assets by ₹ 292.51 crore.</li> <li>• Trade payables include ₹ 1.80 crore pertaining to various divisions which were lying in the books of accounts for more than five years for which no statutory obligation was pending. These liabilities therefore should be written back. This has resulted in overstatement of current liabilities by ₹ 1.80 crore and understatement of income to the same extent. The comment was also issued in 2019-20.</li> </ul>
8	DT IDC (2018-19)	<ul style="list-style-type: none"> <li>• Trade receivables have been overstated by ₹ 25.63 crore due to non-making of provision for doubtful debts in respect of concessionaire.</li> </ul>

**5.13.5 Statutory Corporations where CAG is the sole/ supplementary auditor**

Some of the significant comments issued by the CAG on the accounts of Statutory Corporations where CAG is the sole/supplementary auditor, the financial impact of which was ₹ 1,297.24 crore on the profitability and ₹ 925.57 crore on assets/liabilities, are detailed below:

**Impact of the Comments on the financial statements of Statutory Corporations**

**Delhi Transport Corporation (2017-18)**

- Provision for gratuity liability as per actuarial valuation as on 31 March 2018 was ₹ 906.98 crore but DTC had booked only ₹ 58.63 crore which resulted in understatement of provision for gratuity to the extent of ₹ 848.35 crore.
- DTC had not provided liability for interest payable to Indraprastha Gas Limited (IGL) of ₹ 16.51 crore which resulted in understatement of current liabilities by ₹ 16.51 crore, prior period adjustment account by ₹ 16.01 crore and operating expenses by ₹ 0.50 crore.
- DTC had not provided liability of ₹ 1.28 crore payable to Delhi Transport Infrastructure Development Corporation Limited on account of bus stand fees which resulted in understatement of current liabilities, operating expenses and net loss by ₹ 1.28 crore.
- DTC had not provided liability for demand of ₹ 7.19 crore raised by Service Tax Department resulting in understatement of net loss, other liabilities and expenditure by ₹ 7.19 crore.
- DTC had not provided liability of ₹ 13.16 crore for difference in revised/amended rates of CNG w.e.f July 2017 which resulted in understatement of current liabilities and operating expenses by ₹ 13.16 crore.
- DTC had shown receivable of ₹ 2.40 crore from Delhi Tourism and Transportation Development Corporation Limited (DTTDC) towards rent/electricity/ water charges for parking of Hop-on Hop-off buses. However, DTTDC citing absence of written agreement agreed to pay only ₹ 0.44 crore. This resulted in overstatement of sundry debtors and other receivables and income by ₹ 1.96 crore.
- DTC had included under sundry debtors and other receivables ₹ 118.68 crore as recoverable from Transport Department as on 31 March 2018 on account of space/area given to Transport Department for operating cluster buses. However, as per records of Estate department of DTC ₹ 124.11 crore was recoverable instead of ₹ 118.68 crore which resulted in understatement of sundry debtors and other receivables and income by ₹ 5.43 crore.

### **Delhi Financial Corporation (2018-19)**

- DFC had not provided liability towards DFC Employee Pension Fund of ₹ 42.55 crore as per actuarial valuation report.

### **Impact of the Comments on the profitability of Statutory Corporations**

#### **Delhi Transport Corporation (2017-18)**

- DTC Employees superannuation pension trust shows a balance of ₹ 16.60 crore in the corpus fund as against the lowest actuarial valuation of pension liability of ₹ 1,203.58 crore, assessed by SBI Life Insurance Company. Thus, there is a shortfall of ₹ 1,186.98 crore which has to be made good by DTC as per regulation of Pension Scheme. Non-provision of ₹ 1,186.98 crore resulted in understatement of employer's contribution towards Employee's Pension scheme as well as net loss by ₹ 1,186.98 crore.
- DTC booked interest earned by it on short term deposit twice which resulted in overstatement of income by ₹ 3.90 crore and understatement of net loss to the same extent.
- DTC in violation of the requirement of Accounting Standard 12 treated grants-in-aid for specific fixed assets as income and capitalised the fixed assets created out of grant as its fixed assets. This had resulted in overstatement of fixed assets gross block and income by ₹ 139.46 crore. Further, depreciation fund was overstated by ₹ 33.10 crore and net loss for the year was understated by ₹ 106.36 crore.

#### **Delhi Financial Corporation (2018-19)**

- DFC booked penal interest of ₹ 3.18 crore on loan from GNCTD of prior period as current year expenditure in violation of AS-5.

### **5.14 Management Letters**

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of Public Sector Enterprises were reported as comments by the CAG under Section 143(5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the Management through 'Management Letter' for taking corrective action. During the year, CAG issued Management Letters to 14 Companies/Corporations. The deficiencies requiring attention of the management were highlighted in these management letters.

### **5.15 Conclusion**

- As on 31 March 2020, there were 18 SPSEs including two Statutory Corporations.

- Out of the total profit of ₹ 1,123.10 crore earned by 10 profit-earning SPSEs on 2019-20, 94.94 *per cent* was contributed by only five<sup>27</sup> SPSEs. Out of total loss of ₹ 5,294.16 crore incurred by seven loss-incurring SPSEs, loss of ₹ 5,280.55 crore was contributed by Delhi Transport Corporation. One SPSE (SRDC) earns no profit/loss.
- SPSEs were not adhering with the prescribed timeline regarding submission of their financial statements as per the Companies Act, 2013. As a result, 11 accounts of five Government Companies and one account of one Statutory Corporation were in arrears as on 31 December 2020.
- During 2019-20, the impact of CAG's comments on the financial statements of the SPSEs amounted to ₹ 1,307.91 crore on profitability and ₹ 1,028.73 crore on the financial position.

### 5.16 Recommendations

The State Government may:

- ensure timely submission of financial statements of SPSEs, as in the absence of finalisation of accounts, government investments in such SPSEs remain outside the oversight of the State Legislature.
- formulate a dividend policy specifying minimum rate of dividend to be contributed by profit earning SPSEs.



New Delhi

(SAMAR KANT THAKUR)

Dated: 20 September 2021 Principal Accountant General (Audit), Delhi

Countersigned



New Delhi

(GIRISH CHANDRA MURMU)

Dated: 21 September 2021 Comptroller and Auditor General of India

<sup>27</sup> DSIIDC, PPCL, IPGCL, DTL and DPCL



# **APPENDICES**





**Appendix 1.1**  
**Time series data on the Government of NCT of Delhi finances**  
**(Referred in para 1.4.1)**

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Part A. Receipts</b>					
1. Revenue Receipts	34,999	34,346	38,667	43,113	47,136
(i) Tax Revenue	30,226	31,140	35,717	36,625	36,566
State Goods and Service Tax (SGST)	-	-	13,621	19,187	19,465
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc.	20,246	21,144	11,149	5,886	5,475
State Excise	4,238	4,251	4,453	5,028	5,068
Taxes on Vehicles	1,607	1,809	2,116	2,055	1,948
Stamps and Registration fees	3,433	3,144	4,117	4,459	4,606
Land Revenue	1	2	2	0	3
Taxes on Goods and Passengers	-	-	-	-	-
Other Taxes	701	790	259	10	1
(ii) Non Tax Revenue	515	381	766	644	1,097
(iii) State's share of Union taxes and duties	-	-	-	-	-
(iv) Grants in aid from Government of India	4,258	2,825	2,184	5,844	9,473
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	83	212	691	1,644	823
4. Total Revenue and Non debt capital receipts (1+2+3)	35,082	34,558	39,358	44,757	47,959
5. Public Debt Receipts	2,241	1,696	1,906	2,880	4,765
Internal Debt (excluding Ways and Means Advances and Overdrafts)	-	-	-	-	-
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	2,241	1,696	1,906	2,880	4,765
6. Total Receipts in Consolidated Fund (4+5)	37,323	36,254	41,264	47,637	52,724
7. Contingency Fund Receipts	10	-	2	95	143
8. Public Account Receipts	-	-	-	-	-
9. Total Receipts of the State (6+7+8)	37,333	36,254	41,266	47,732	52,867
<b>Part B. Expenditure /Disbursement</b>					
10. Revenue Expenditure	26,343	29,302	33,754	36,852	39,637
General Services (including interest payments)	6,427	6,590	7,196	7,605	7,083
Social Services	14,818	16,579	19,602	21,663	22,145
Economic Services	4,139	5,111	5,862	5,219	6,530
Grants-in-aid-and contributions	959	1,021	1,094	2,365	3,879
11. Capital Expenditure	4,723	3,754	3,243	3,266	5,472
General Services	378	350	228	180	389
Social Services	1,699	2,130	1,575	1,755	3,572
Economic Services	2,647	1,274	1,440	1,331	1,511
12. Disbursement of Loans and Advances	2,684	2,553	2,248	2,402	3,266
13. Total Expenditure (10+11+12)	33,750	35,609	39,245	42,520	48,375
14. Repayments of Public Debt	1,435	1,655	1,682	3,636	2,811
Internal Debt (excluding Ways and Means Advances and Overdrafts)	-	-	-	-	-
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	1,435	1,655	1,682	3,636	2,811
15. Appropriation to Contingency Fund	10	-	-	90	0
16. Total disbursement out of Consolidated Fund (13+14+15)	35,195	37,264	40,927	46,246	51,186
17. Contingency Fund disbursements	-	-	2	5	143
18. Public Account disbursements	-	-	-	-	-

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19. Total disbursement by the State (16+17+18)	35,195	37,264	40,929	46,251	51,329
<b>Part C. Deficits</b>					
20. Revenue Deficit(-)/Revenue Surplus (+)(1-10)	(+)8,656	(+)5,044	(+)4,913	(+)6,261	(+)7,499
21. Fiscal Deficit(-)/Fiscal Surplus(+) (4-13)	(+)1,332	(-)1,051	(+)113	(+)2,237	(-)416
22. Primary Deficit(-)/Primary Surplus(+) (21+23)	(+)4,142	(+)1,832	(+)2,984	(+)5,104	(+)2,336
<b>Part D. Other data</b>					
23. Interest Payments (included in revenue expenditure)	2,810	2,883	2,871	2,867	2,752
24. Financial Assistance to local bodies etc.	-	-	-	-	-
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on ways and Means Advances/Overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP) @	5,50,804	6,16,085	6,86,824	7,74,870	8,56,112
28. Outstanding fiscal liabilities	33,304	33,345	33,569	32,812	34,767
29. Outstanding guarantees (year-end) (including interest)	-	-	-	-	-
30. Maximum amount guaranteed (year-end)	-	-	-	-	-
<b>Part E: Fiscal Health Indicators</b>					
<b>I Resource Mobilisation</b>					
Own Tax revenue/GSDP	5.49	5.05	5.20	4.73	4.27
Own Non-Tax revenue/GSDP	0.09	0.06	0.11	0.08	0.13
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	6.13	5.78	5.71	5.49	5.65
Total Expenditure/Revenue Receipts	96.43	103.68	101.49	98.62	102.63
Revenue Expenditure/Total Expenditure	78.05	82.29	86.01	86.67	81.94
Expenditure on Social Services/ Total Expenditure	51.92	54.68	56.49	59.05	53.16
Expenditure on Economic Services/Total Expenditure	23.33	21.25	20.89	17.07	16.62
Capital Expenditure/Total Expenditure	13.99	10.54	8.26	7.68	11.31
Capital Expenditure on Social and Economic Services/ Total Expenditure	12.88	9.56	7.68	7.26	10.51
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	(+)1.57	(+)0.82	(+)0.72	(+)0.81	(+)0.88
Fiscal deficit (surplus)/GSDP	(+)0.24	(-)0.17	(+)0.02	(+)0.29	(-)0.05
Primary Deficit(surplus)/GSDP	(+)0.75	(+)0.30	(+)0.43	(+)0.66	(+)0.27
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	6.05	5.41	4.89	4.23	4.06
Fiscal Liabilities/RR	95.16	97.09	86.82	76.11	73.76
Primary deficit vis-a-vis quantum spread	323.36	388.33	188.26	217.46	628.60
Debt Redemption (Principal+Interest)/Total Debt Receipts	-	-	-	-	-
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	0.07	0.06	0.08	0.07	0.08

@ GSDP figures communicated by the Government adopted.

Note-Figures have been rounded to the nearest

## Appendix 3.1

Details of the schemes in which provision (₹ one crore and above) was made but no expenditure was incurred

(Referred in para 3.5.2)

(₹ in crore)

Sl. No.	Grant No. and Name	Head/Scheme Name	Approved outlay (original budget)	Revised outlay	Actual expenditure
<b>Revenue-Voted</b>					
1	<b>03- Administration of Justice</b>	2014.00.103.98 Setting up of Special Courts for trial of Criminal Cases related to elected MPs and MLAs to deal with	1.19	1.19	Nil
2		2235.02.200.77 Chief Minister Advocate Welfare Scheme	50.00	25.00	Nil
3	<b>04 - Finance</b>	2043.00.101.96 Reimbursement of amount of DGST	0.00	1.00	Nil
4	<b>05 - Home</b>	2055.00.116.97 Cyber Crime Prevention against Women and Child (CSS)	1.87	2.30	Nil
5		2055.00.116.96 DNA Test Lab - Nirbhaya Fund (CSS) Pg. No. 43/45	0.00	3.30	Nil
6	<b>06 - Education</b>	2203.00.004.92 Entrepreneurship Development Programme for Students (Technical)	5.00	1.00	Nil
7		2203.00.112.44 Setting up of Incubation Centre in University/Colleges	4.00	3.50	Nil
8		2203.00.112.41 Research Grant Scheme	10.00	10.00	Nil
9		2205.00.102.56.96 Scheme for Annual Series of State Level Dance and Singing Talent Hunt	5.00	5.00	Nil
10		2205.00.102.55 Yuva Mahotsav	5.00	2.00	Nil
11		2202.03.102.87 GIA to Ambedkar University for Early Childhood Care Centre	2.00	2.30	Nil
12	<b>08-Social Welfare</b>	2235.02.104.61Institutes for Rehabilitation and Allied Services for persons with disabilities	1.00	1.01	Nil
13		2235.02.102.36 Incentivised Anganwadi Up gradation Scheme	25.00	7.00	Nil
14		2235.02.102.20 procurement of Aadhar Enrolment Kit, Anganwadi Service Scheme Under Umbrella ICDS Scheme (CSS)	2.57	2.56	Nil
15		2235.02.200.89 Bhagidari-new Initiative in social development	0.25	3.65	Nil
16		2225.01.190.97 Financial Assistance to DSCFDC for SC/ST	3.00	3.00	Nil
17		2225.01.277.46 Scholarship to SC Students for Higher Studies in Abroad	5.00	1.00	Nil
18		2225.03.277.75 Jai Bhim Mukhyamantri Pratibha Vikas Yojna for Minorities/OBC/EWS	0.00	4.00	Nil
19		2225.80.789.96 Financial Assistance to DSCFDC for SC/STs(SCSP)	1.00	1.00	Nil
20	<b>10 - Development</b>	2401.00.104.94 Parampargat Krishi Vikas Yojna (CSS)	10.00	5.00	Nil

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21		2403.00.789.99 Veterinary services and control of contagious diseases in hospitals/ dispensaries(SCSP)	1.00	1.00	Nil
22		2225.03.277.77 Pre-Metric scholarship scheme for minority students (CCS)	6.00	6.50	Nil
23		2406.02.110.73 Development of Wildlife Habitats (CSS)	6.00	1.00	Nil
24	<b>11 - Urban Development and Public Works Department</b>	2070.00.800.90 Reimbursement of Fines, Forfeiture to MCD	4.50	2.50	Nil
25		2215.01.101.99 Subsidy to Consumers through NDMC	2.75	2.75	Nil
26		2217.04.191.57 GIA to NDMC for Smart City	50.00	1.00	Nil
27		2217.80.191.04.00 Swatch Bharat Mission (CSS)	95.00	24.00	Nil
28		2217.80.191.04.95 Urban Development Department for capacity Building and A&OE (CSS)	1.50	3.00	Nil
29		2217.80.191.03 Swatch Bharat Mission (State Share)	30.00	10.00	Nil
30		2210.01.110.10.73 Deep Chand Bandhu Hospital	0.00	2.00	Nil
31		2810.02.800.90 Generation Based incentive Scheme for Solar Energy	5.00	1.20	Nil
<b>Capital</b>					
32	<b>04 Finance</b>	4059.01.051.86 Trade and taxes Annexies Building	1.50	1.50	Nil
33	<b>Grant No. 08-Social Welfare</b>	4235.02.104.95 Half Way Home/Long Stay Home	5.00	1.00	Nil
34		6225.80.800.95 Loan to DSFDC for Education Loan to SC/ST/OBC/Minorities and Handicapped	0.00	1.50	Nil
35		5055.00.800.87 RRTS Corridor	0.00	47.00	Nil
36	<b>11 Urban Development and Public Works Department</b>	4059.01.051.76 Excise Department	0.00	2.00	Nil
37		5054.04.800.79 Wifi Delhi	150.00	2.00	Nil
<b>Charged</b>					
38	<b>03- Administration of Justice</b>	2014.00.102.93 Computerisation of High Court	1.00	1.00	Nil
39		2015.00.102.00 Electoral Officers	2.00	1.00	Nil
<b>Total</b>			<b>493.13</b>	<b>196.76</b>	

## Appendix 3.2

Details of schemes in which provision (₹ one crore and above) was made but was withdrawn in revised outlay

(Referred in para 3.5.2)

(₹ in crore)

Sl. No.	Grant No. and Name	Head/Scheme Name	Approved outlay	Revised outlay
<b>Revenue-Voted</b>				
1	<b>06 - Education</b>	2202.01.111.99 Sarva shiksha abhiyan	500.00	Nil
2		2202.01.111.98 Sarva shiksha abhiyan (CSS)	1,500.00	Nil
3		2202.02.109.78 Entrepreneurship Development Programme for Students (School Students)	30.00	Nil
4		2202.80.001.89 Integrated Education for disabled at Secondary Stage IEDSS-(CSS) (Central Share)	12.00	Nil
5		2204.00.104.48 Sports Activities in Assembly Constituencies	15.00	Nil
6		2203.00.112.48 Grant in aid to DTU for Technical Education Quality improvement programme (TEQIP)(CSS)	1.00	Nil
7		2205.00.102.57 Setting up of New Language Academies	25.00	Nil
8	<b>08 - Social Welfare</b>	2235.02.102.19 Procurement of Aadhar Enrolment Kit, Anganwadi Services Scheme Under Umbrella ICDS scheme (State Share)	1.71	Nil
9		3055.00.190.95 State Electric Vehicle Fund	100.00	Nil
10	<b>09 - Industries</b>	3456.00.800.74 State food commission	1.00	Nil
11	<b>10 - Development</b>	2401.00.104.95 Smart Krishi Yojna	2.50	Nil
12		2405.00.101.86 Blue Revolution Integrated Development and Management of Fisheries (State share)	1.80	Nil
13		2030.01.001.99 Secretary Revenue	2.10	Nil
14		2053.00.800.92.94 Grant-in-aid to Delhi e-district implementation society e-District project	1.50	Nil
15		2225.01.800.65 Multi-sectoral development programme for minority concentration districts (CSS)	11.00	Nil
16		2235.02.200.80 Financial Assistance/scholarship and other social security scheme for welfare of minorities	10.00	Nil
17		2245.80.102.92 Disaster Contingence Plan/Disaster Response fund	5.00	Nil
<b>Capital-Voted</b>				
18	<b>04 - Finance</b>	7615.00.200.76 Way and means loan to autonomous of Local Bodies	89.28	Nil
19	<b>06 - Education</b>	4202.02.104.87 Setting up new polytechnics (CSS)	4.00	Nil
20		4250.00.201.86 Up gradation of Government ITIs into Model ITIs (CSS)	2.95	Nil

21		4250.00.201.85 Up gradation of Government ITIs into Model ITIs (State Share)	1.27	Nil
22	<b>08 - Social Welfare</b>	4235.02.104.98 Welfare of Aged, infirm and destitute Old age home	5.00	Nil
23		4235.02.102.98 CCTV in each Anganwadi Centre	20.00	Nil
24		4235.02.103.98 Construction of working women hostel	3.00	Nil
25		5055.00.050.86 Construction of Bus Queue Shelters	50.00	Nil
26	<b>10 - Development</b>	4401.00.104.97 Smart KrishiYojna	5.50	Nil
27		4250.00.101.99 Disaster Contingency Plan/Disaster Response Fund	5.00	Nil
28	<b>11 - Urban Development and Public Works Department</b>	4235.02.101.86 Construction of Hostel for collage going blind students (Boys) at Sewakutir Complex, Kingsway Camp, Phase-II	5.00	Nil
29		4235.02.104.93 Construction of Building at Sewa Complex, Lampur	5.00	Nil
30		5054.04.101.95 Flyover at Majnuka Tilla and Metcalf House on Outer Ring Road	40.00	Nil
31		5054.04.101.93 North South Corridor	2.00	Nil
32		5054.04.101.91 Construction of Half Flyovers	5.00	Nil
33		5054.04.101.84 Construction of Underpass at Khajuri Chowk	20.00	Nil
34		5054.04.101.82 Extension of Flyover from Aashram Flyover to DND Flyover	30.00	Nil
35		5054.04.101.80 Construction of Bridge and its approaches over River Yamuna downstream of existing bridge at wazirabad Delhi	3.00	Nil
36		5054.04.101.79 Construction of Grade Separater/Flyover at Road no. 56 from Anand Vihar ROR Apsara Border ROB Delhi	5.00	Nil
37		5054.04.337.91 New Connectivity along Haryana Canal from Bawana to Inder lok	1.00	Nil
38		5054.04.337.89 Construction of Subway	1.00	Nil
39		5054.04.337.88 Land Scaping of PWD Roads	10.00	Nil
40		5054.04.800.89 CRF Schemes	5.00	Nil
41		5054.04.800.82 Provision of LED screens	10.00	Nil
42		4801.05.800.87 Shifting of HT/LT transmission Electricity Lines	10.00	Nil
43		6801.00.203.91 Loan to Pragati Power Project-III, Bawana	65.00	Nil
44		<b>13 - Pension</b>	2071.01.117.99 Contribution Pension Scheme : Govt Contribution	122.00
<b>Total</b>			<b>2,744.61</b>	

**Appendix 3.3**  
**Re-appropriation from Supplementary Grants**  
**(Referred in para 3.5.3)**

(₹ in crore)

Sl. No.	Head of Accounts	Original grant	Supplementary	re-appropriation	Surrender	Total Provision	Actual expenditure	Saving	Supplementary allotted	Supplementary re-appropriated
1	2	3	4	5	6	7 (3+4-5-6)	8	9 (7-8)	10	11
<b>Revenue (Voted) Grant No. 08 Social Welfare</b>										
1	2236.02.101.73 Poshan Abhiyan (CSS)	12.25	16.50	2.48	3.82	22.45	16.38	6.07	Cash Supplementary of ₹ 6.5 crore and Technical Supplementary of ₹ 10.00 crore is sought to meet expenditure under Directorate of Women and Child Development towards Poshan Abhiyan (CSS): Supplies and Materials	2.48
2	2041.00.800.96 Road Safety cell and Grants-in-aid to NGOs	60.15	142.00	8.90	13.25	180.00	180.00	0	Cash Supplementary of ₹ 142.00 crore is sought to meet expenditure under Transport Department on Road Safety Cell and GIA to NGOs towards: Grant-in-aid-General	8.90
3	3075.60.800.79 Subsidy to DMRC for female commuters	0	150.00	149.99	0	0.01	0	0.01	Cash Supplementary of ₹ 150.00 crore is sought to meet expenditure under Transport Department on Subsidy to Delhi Metro Rail Corporation for female commuters towards: Subsidies	149.99
	<b>Total</b>	<b>72.40</b>	<b>308.50</b>	<b>161.37</b>	<b>17.07</b>	<b>202.46</b>	<b>196.38</b>	<b>6.08</b>		
<b>Capital (Voted) Grant No. 06 Education</b>										
4	4202.01.203.91 Establishment of sports university	1.00	4.00	4.90	0.00	0.10	0	0.10	Technical Supplementary of ₹ 4.00 crore is sought to meet expenditure under Directorate of Higher Education	4.90

									towards Establishment of Sports University: Major Works	
<b>Grant No. 08 Social Welfare</b>										
5	7055.00.190.94 Loan to MRTS for reimbursement of central taxes	50.00	50.00	50.00	0.00	50.00	50.00	0	Cash Supplementary of ₹ 50.00 crore is sought to meet expenditure under Transport Department towards: Loan to MRTS for reimbursement of Central Taxes	5.00
	<b>Total</b>	<b>51.00</b>	<b>54.00</b>	<b>54.90</b>	<b>0.00</b>	<b>50.10</b>	<b>50.00</b>	<b>0.10</b>		
	<b>Grand Total</b>	<b>123.40</b>	<b>362.50</b>	<b>216.27</b>	<b>17.07</b>	<b>252.56</b>	<b>246.38</b>	<b>6.18</b>		



# **GLOSSARY**



## Glossary of terms

1. **'Accounts' or 'actuals' of a year.** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. **'Administrative approval' of a scheme, proposal or work.** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. **'Annual financial statement'** – Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament/State Legislature.
4. **'Appropriation'** - means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **'Consolidated Fund of India/State'** - All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. **'Contingency Fund'** - is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive/Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. **'Controlling Officer (budget)'** - means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. **'Drawing and Disbursing Officer' (DDO)** - means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10. **'Excess Grant'** - Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularization by obtaining excess grant from the Parliament/ State Legislature under Article 115/205 of the Constitution.

11. **'New Service'** - As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.
12. **'New Instrument of Service'** - means relatively large expenditure arising out of important expansion of an existing activity.
13. **'Public Accounts'** - means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
14. **'Reappropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **'Revised Estimate'** - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. **'Supplementary Demands for Grants'** - means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
  - a) **Cash Supplementary** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
  - b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilise the savings of one of the Sections for any other Section.
  - c) **Token Supplementary** allows to utilise the savings within the same section of the grant.
17. **'Major Head'** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
18. **"Sub-Major Head"** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor

Heads are numerous and can conveniently be grouped together under such intermediate Head.

19. ***‘Minor Head’*** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a “programme” undertaken to achieve the objectives of the function represented by the Major Head.
20. ***“Sub-Head”*** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. ***‘Major Work’*** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. ***‘Minor Work’*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***“Modified Grant or Appropriation”*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***“Supplementary or Additional Grant or Appropriation”*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***“Schedule of New Expenditure”*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***“Token demand”*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant





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