

CHAPTER 4

PUBLIC FINANCE

1. Constitutionally, Delhi is a Union Territory with Legislature. However special provisions made in the Constitution (Article 259 AA) and the National Capital Territory Act 1991 have given Delhi a special status distinct from the States and other Union Territories. The Legislative Assembly of Delhi has been given the same powers in financial matters, as have been enshrined in the Constitution for State except Public Order, Police and Land which rest with the Government of India. Unlike the States, the Annual Financial Statement or the Budget of Delhi requires prior approval of not only the Lt. Governor but also the President of India before it can be presented to the State Legislature for consideration and passing.
2. Presently, the Government of Delhi does not have any powers to borrow from the open market. It can borrow from the Central Government only. It cannot stand guarantee to a loan raised by any of its Public Sector Undertakings or Local Bodies working under its domain. It does not have any separate Public Account. It also does not have any separate account with the Reserve Bank of India (RBI), and its cash balance forms a part of the account of the Government of India with the RBI.
3. Delhi being a Union Territory is not being covered under the recommendations of the Central Finance Commission. As such, presently the financial dispensations provided to the States as per the recommendations of the 12th Finance Commission are not available to Delhi. Presently, Delhi only gets discretionary grants in-lieu of share in Central Taxes and that too is stagnant at Rs.325 crore since 2001-02.
4. VAT is the major source of Delhi's Own Tax revenue contribution from which was about 75% in 2008-09. The other major sources of Tax revenue of Delhi Government are State Excise, Stamp & Registration Fees, Taxes on Vehicles etc.
5. Own Tax collection of Delhi Govt. was adversely affected in 2008-09 due to global economic slowdown. Delhi's own Tax collection was tentatively of about Rs. 12180.70 crore in 2008-09 which registered a growth of about 3.38% as compared to the growth of about 16.02% during the previous year.
6. While there was a lower growth in own Tax revenue, on the other hand, the revision of pay based on the recommendations of the 6th Pay Commission has resulted in additional

liabilities for the Govt. However, Delhi Govt. had maintained its substantial Revenue Surplus status in 2008-09 by having a surplus of about Rs. 4454.08 crore in 2008-09.

7. The Fiscal Deficit of Delhi Govt. was tentatively Rs. 2939.49 crore during 2008-09 against the Fiscal Deficit of Rs. 2040.88 crore in 2007-08. Since, the flow of small savings loan to Delhi sharply reduced from Rs. 4002.14 crore in 2006-07 to Rs. 746.02 crore in 2007-08 and then to Rs. 428.74 crore in 2008-09, the Delhi Govt's surplus balance (which is mainly on account of previous year's small savings loan) dropped down drastically from Rs.10826.46 crore in 2006-07 to Rs. 8556.49 crore in 2007-08 and then to Rs. 5659.71 crore in 2008-09 (tentative).
8. The DTC and DJB are running on heavy losses. Their non-Plan deficits increased further due to pay revision based on the recommendations of the 6th Pay Commission. As a result, the Delhi Govt. has to increase the non-plan cash loan to DTC from Rs. 324.25 crore in 2007-08 to Rs. 550 crore in 2008-09 to meet their non-plan deficit. Similarly, the Govt. provided cash loan of Rs. 350 crore to DJB to meet their non-plan deficit in 2008-09 against non-plan loan of Rs. 200 crore provided to them in 2007-08. Thus, the heavy working losses of DTC and DJB are a matter of concern of the Delhi Govt.
9. Presently, no non-plan assistance is being provided by the Govt. to meet the deficit in the Power sector after the restructuring of the erstwhile DVB except subsidies of Rs. 74.24 crore in 2007-08 and Rs. 378.74 crore in 2008-09 provided to the consumers of electricity through the Distribution Companies (DISCOMs).
10. Delhi Govt. has followed various austerity measures issued from time to time to contain its non-plan revenue expenditure.
11. Delhi Govt's. Plan expenditure including centrally sponsored schemes (C.S.S) increased from Rs. 8785.04 crore in 2007-08 to Rs. 9610.24 crore in 2008-09 (tentative). Further, the availability of resources for Annual Plan of Delhi remained in excess of Plan Outlay/ Expenditure during 2007-08 and 2008-09. As such, Delhi Govt. has no constraints of resources for funding its Plan schemes/projects.
12. Devolution of fund to the local bodies in Delhi (viz. MCD and NDMC) for the period 2001-02 to 2005-06 based on the recommendations of the 2nd Delhi Finance Commission (DFC). The same pattern of devolution had been extended for the next two years (i.e. 2006-07 and 2007-08) which are the first two years of the reference period of the 3rd DFC. The Delhi Government has taken decision on the recommendations of the 3rd DFC which is being implemented from 2008-09 and will continue up to 2010-11.

Some of the important features of finances of Delhi Govt. has been discussed in the following paragraphs:

1. REVENUE RECEIPTS

The statement below indicates the overall position of revenue of Delhi Govt.

Statement 4.1

REVENUE RECEIPT

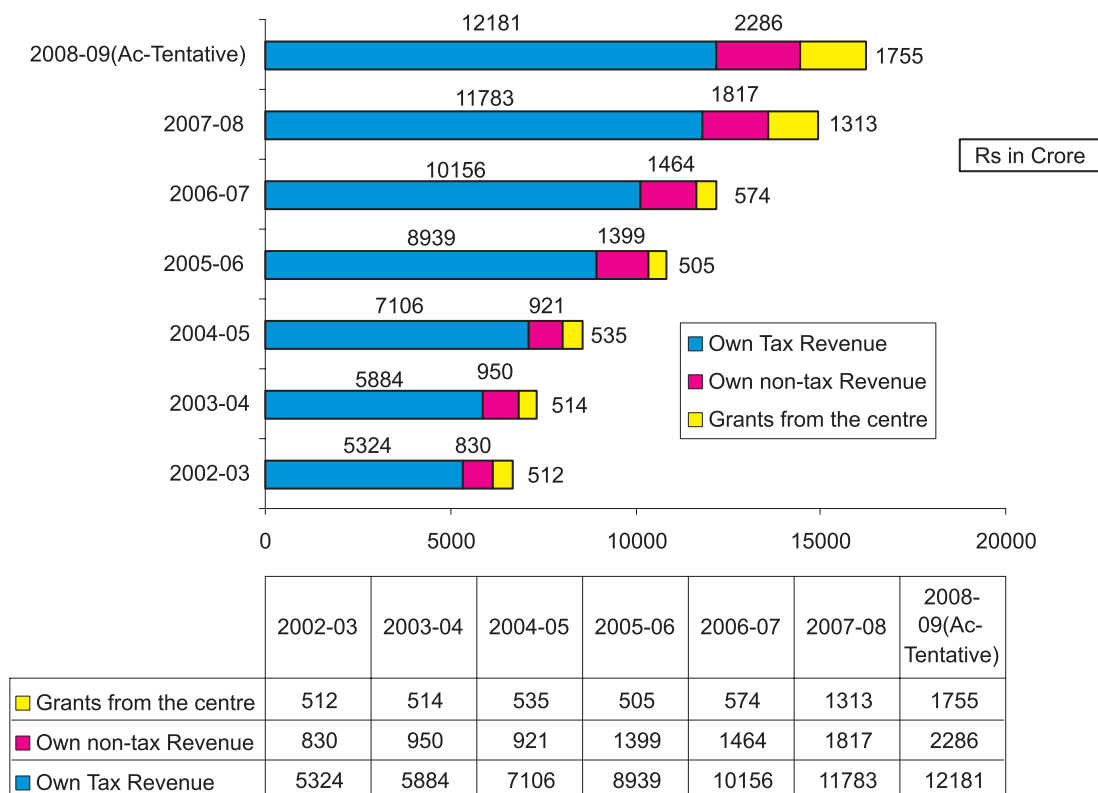
(Rs. in Crore)

SN	Item	2002-03	2006-07	Average Annual Growth [2002-07]	2007-08	2008-09 Actual (Tentatives)
1	Own Tax Revenue	5324.19 (8.73)	10155.80 (13.61)	18.65%	11782.80 (16.02)	12180.69 (3.38)
(i)	VAT	3884.36 (4.62)	7365.80 (13.31)	18.08%	8310.49 (12.83)	9152.09 (10.31%)
(ii)	State Excise	725.68 (19.67)	1133.18 (10.58)	13.41%	1301.25 (14.83)	1420.91 (9.20)
(iii)	Motor Vehicle Tax	160.40 (-3.81)	362.84 (21.46)	24.18%	420.20 (15.81)	419.12 (-0.26)
(iv)	Stamps & Registration Fee	436.80 (54.26)	917.97 (10.91)	23.71%	1318.40 (43.62)	788.00 (-40.23)
(v)	Other Taxes & Duties on Commodities & Services	116.95 (-8.34)	376.01 (30.82)	33.96%	432.46 (15.01)	400.57 (-7.37)
2	Own Non-Tax Revenue	829.56 (-5.31)	1463.58 (4.62)	16.44%	1816.70 (24.13)	2286.46 (25.86)
3	Grants from the Centre	512.19 (6.51)	574.22 (13.64)	2.14%	1312.89 (128.64)	1755.27 (33.70)
4	Total Revenue Receipts (1+2+3)	6665.94 (6.59)	12193.60 (12.45)	17.31%	14912.39 (22.30)	16222.42 (8.78)

Source: 1. Figures for 2002-03 to 2007-08 from Finance Accounts of Delhi Government.
2. Figure in bracket represents growth over previous year.

Delhi Government's revenue receipts comprise of own Tax and Non-Tax Revenue and grants from the Centre (Chart 4.1). The revenue receipt of Delhi Govt. was Rs. 14912.39 crore in 2007-08 with a growth of 22.30% as compared to the average annual growth of 17.31% during the of 10th Plan (2002-07). The revenue receipt was abait Rs. 16222.42 crore in 2008-09 with a growth of 8.78%. Main reason for lower revenue growth is the global economic slow down.

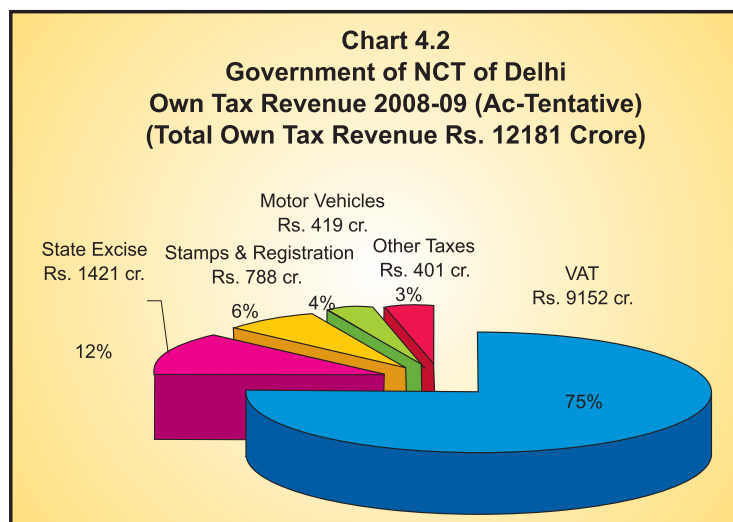
Chart 4.1
GOVERNMENT OF NCT OF DELHI TOTAL REVENUE RECEIPTS



2. OWN TAX REVENUE

Own tax revenue of Delhi Govt. consists of Sales Tax/ VAT, State Excise, Motor Vehicles Tax, Stamps and Registration Fees etc. (Chart 4.2). Delhi's Own Tax Revenue was Rs. 11782.80 crore in 2007-08 which was about 79% of total Revenue receipts of Delhi Govt. during the year. Delhi's own Tax Revenue registered a growth of 16.02% in 2007-08 as compared to the average annual growth of 18.65% during the period of 10th Plan. The tentative figure in respect Own Tax collection during 2008-09 was Rs. 12180.70 crore, with a growth of 3.38% as compared to the growth of 16.02% during the previous year. This lower growth is attributed mainly to sharp reduction in collection of Stamps and Registration Fees from Rs. 1318.40 crore in 2007-08 to Rs. 788 crore in 2008-09 showing a negative growth of 40.23%. Similarly, Motor Vehicles Tax and other Taxes & Duties on Commodities & Services had also registered negative growth of 0.26% and 7.37% respectively during 2008-09. The revenue collection under VAT was approximately Rs. 9152.09 crore in 2008-09. This is the main source of own Tax Revenue of Delhi having contribution of more than 75% in 2008-09 and registered a growth of 10.13%

against the growth of 12.83% in the previous year. The tentative collection of state excise during 2008-09 was Rs. 1420.91 crore with annual growth of 9.20% as compared to the growth of 14.83% in the previous year. Chart 4.2 indicates the tentative own Tax collection of Delhi Govt. during 2008-09.



3. TAX BUOYANCY

The position regarding Tax Buoyancy (i.e. the growth in tax revenue as compared to the growth in GSDP) is indicated in the statement below.

Statement 4.2

TAX BUOYANCY : DELHI

S1 No.	Item	2002-07	2007-08
	<u>Own Tax</u>		
1	VAT	1.12	0.86
2	State Excise	0.89	1.00
3	Tax on Motor Vehicle	1.53	1.06
4	Stamps & Registration Fee	1.66	2.93
5	Other Taxes & Duties	2.19	1.01
6	Total Own Taxes	1.21	1.08

The Buoyancy of Delhi Govt's own Tax Revenue was 1.21 during the period of 10th Plan (2002-07) which decreased to 1.08 in 2007-08. Delhi's Tax Buoyancy is likely to reduce further in 2008-09.

4. TAX EFFORT

Though Delhi is one among the higher per capita income states in the country, its position was 8th among the non-special category States in terms of own Tax/GSDP ratio (8.11 %) during 2006-07. Among non-special category States, the States lagging behind Delhi in terms of Tax/GSDP ratio are Maharashtra (7.87%), Chattisgarh (7.85%), Rajasthan (7.82%), U.P (7.37%), Punjab (7.31%), Gujarat (7.25%), Orissa (6.65%), Jharkhand (4.99%), W.B (4.29%) and Bihar (4.08%):[Ref. Table No.4.6 (A)].

Statement 4.3

OWN TAX REVENUE AS % OF GSDP/GDP of DELHI, VIZ-A-VIZ ALL STATES & GOVT. OF INDIA

Year	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1	2	3	4	5	6	7
Delhi	7.46	7.40	7.72	8.45	8.11	8.19
All States	6.27	6.27	6.62	5.90	6.10	6.20
Govt. of India	6.40	6.80	7.20	7.60	9.29	10.17

Source: Reserve Bank of India Bulletin (Finances of State Governments)

5. OWN NON-TAX REVENUE

Delhi Government's own Non-Tax Revenue comprises of service charges from general, economic and social services, interest receipts, dividends and profits, etc. The major portion of Delhi Government's Own Non-Tax Revenue is interest receipts from Local Bodies and Public Utilities (viz. DTC, DJB etc.). The interest dues from DTC and DJB are not received in cash because of their weak financial condition. The interest dues from these Organizations are recovered by converting the same into non-plan loan by way of book adjustment. The following statement indicates the Own Non-Tax revenue of Delhi Government.

Statement 4.4

Statement showing Own Non-Tax Revenue

(Rs. in crore)

S.N.	Item	2002-03	2006-07	Average Annual Growth [2002-07]	2007-08	2008-09 Actual (Tentative)
1	Interest Receipts	741.41	1284.98	15.80	1634.78	2101.41
	Growth over previous year	-6.13	2.45		27.22	28.54
	Of which, interest receipt from:					
i	DTC	389.87	602.42	13.42	767.82	1007.80
ii	DJB	269.30	474.34	15.58	586.62	609.40
2	Dividends and profits	7.19	22.17	50.82	31.15	29.92
	Growth over previous year	0.28	-42.60		40.51	-3.94
3	Service Charges etc.	80.96	156.43	18.04	150.77	155.13
	Growth over previous year	2.39	47.34		-3.62	2.89
	Total Non Tax Revenue (1+2+3)	829.56	1463.58	14.44	1816.70	2286.46
	Growth over previous year	-5.31	4.62		24.13	25.86

Delhi Govt's Own Non-Tax Revenue receipt was Rs.1816.70 crore in 2007-08, of which, a major chunk of Rs.1634.78 crore (89.99%) was from recovery of interest dues from its Local Bodies, Public Utilities etc. During 2007-08, Delhi Government's own Non-Tax Revenue registered a growth of 24.13% as compared to the average annual growth of 14.44% during the period of 10th Plan. The higher growth in Non-Tax revenue during 2007-08 is mainly due to higher recovery of interest dues from DTC, DJB etc. The Non-Tax revenue was tentatively Rs. 2286.46 crore in 2008-09 with a growth of 25.86% over the previous year.

6. CENTRAL GRANTS

Grant-in-aid from the Centre is available to Delhi Government under Plan viz Central Assistance for State Plan and Centrally Sponsored Schemes (CSS) and also under Non-Plan viz discretionary grant in lieu of Share in Central Taxes, Non-Plan grants for specific purposes like compensating the losses on account of phasing out of Central Sales Tax (CST)/ implementation of VAT, etc. The grants in lieu of Share in Central Taxes has remained stagnant at Rs.325 crore from 2001-02 onwards. The grants-in-aid from the Centre was Rs.1312.89 crore in 2007-08 against Rs. 574.22 crore received in the previous year. The grant from the Centre registered a steep growth of 128.64% in 2007-08 mainly because of receipt of Additional Central Assistance (ACA) of Rs. 350 crore for Common Wealth Games-2010, and Rs. 157.74 crore for the scheme of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Non-Plan grant of Rs. 183.70 crore as compensation on account of phasing out of Central Sales Tax (CST). No such grants were received during the previous year. The Delhi Govt. received grant-in-aid of Rs. 1755.27 crore in 2008-09 (tentative) with a growth of 33.70%. The higher growth was mainly due to receipt of compensatory grants of Rs. 362.81 crore for implementation of VAT and Rs. 154.76 crore on account of phasing out of Central Sales Tax (CST). Further, an Additional Central Assistance of Rs. 115.52 crore (as grant) was also received during 2008-09 for financing purchase of buses for urban transport as part of Second Stimulus Package of Govt of India to expedite the recovery of the economy from the current slowdown.

7. REVENUE EXPENDITURE

The Delhi Govt's. revenue expenditure mainly consists of salary/office expenses, grant-in-aid to institution/local bodies both under Plan and Non-Plan, interest payment to Govt. of India, devolution of funds to Local Bodies under Non-Plan etc.

The statement below indicates the overall position of Revenue Expenditure of Delhi Government.

Statement 4.5

REVENUE EXPENDITURE

(Rs. in Crore)

SN.	Item	2002-03	2006-07	Average Annual Growth [2002-07]	2007-08	2008-09 Actual (Tentative)
	Total Revenue Expenditure (1+2)	4598.20	7755.48	13.80	9770.52	11768.35
	Growth over previous year	-7.35	19.03		25.98	20.45
1	Plan	1218.20	2020.66	13.12	3329.01	3939.36
	Growth over previous year	-37.69	22.58		64.75	18.33
2	Non-Plan	3380.00	5734.82	14.04	6441.51	7828.99
	Growth over previous year	12.36	17.83		12.32	21.54
	Of which:					
(i)	Interest Payment	1114.78	2210.23	17.01	2504.34	2511.87
	Growth over previous year	19.34	32.13		13.31	0.30
(ii)	Devolution to Local Bodies	526.24	1034.73	18.92	1270.26	1058.18
	Growth over previous year	17.75	33.48		22.76	-16.70

Source: **Figures for 2002-03 to 2007-08 from Finance Accounts of Delhi Government.**

Revenue expenditure of Delhi Government was Rs. 9770.52 crore in 2007-08, with a growth of 25.98%. Delhi Govt's. tentative revenue expenditure during 2008-09 was Rs. 11768.35 crore with a growth of 20.45%. Out of the total Revenue expenditure of Rs. 11768.35 crore, an amount of Rs. 3939.36 crore (33.47%) was under plan and remaining Rs. 7828.99 crore (66.53%) was under non-plan. The proportionate non-plan revenue expenditure of all States during 2008-09 (BE) was estimated at 76.50%. The growth in Revenue expenditure of 25.98% during 2007-08 and 20.45% during 2008-09 were higher than that of the average annual growth of 13.80% during the period of 10th plan mainly because of higher growth in plan expenditure during 2007-08 and increase in

non-plan revenue expenditure during 2008-09 due to revision of pay based on the recommendations of the 6th Pay Commission.

8. INTEREST PAYMENT

Delhi Government's outstanding debt stood at Rs.25381.86 crore as on 31st March, 2009. Delhi Govt. paid interest of Rs.2511.87 crore during 2008-09. One of the important parameters to assess the impact of public debt on State finances is the ratio of interest payment to own Tax Revenue which is 20.62% in 2008-09. The following statement indicates the interest payment as percentage of own tax revenue of Delhi Govt.

Statement 4.6

INTEREST PAYMENT TO THE CENTRE AS PERCENTAGE OF OWN TAX REVENUE

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 Actual (Tentative)
Delhi	20.94	23.24	22.07	18.71	21.76	21.25	20.62

9. DEVOLUTION TO LOCAL BODIES

Devolution of funds to local bodies in Delhi (i.e. MCD and NDMC) is being made as per Govt's. decision based on the recommendations of the Delhi Finance Commission (DFC). The pattern of devolution as accepted by the Govt. based on the recommendations of the second DFC covering the period 2001-06 were extended for the periods 2006-07 and 2007-08 i.e. the first two years of the reference period of the 3rd DFC. Subsequently the Govt. took the decision regarding devolution of fund to Local Bodies in Delhi based on the recommendation of the 3rd DFC which has been implemented from 2008-09 and will remain in force till 2010-11 i.e. three years instead of five years (2006-11) of the reference period of the 3rd DFC.

The following statement indicates the devolution of funds to the local bodies during the period 2001-02 to 2008-09.

Statement 4.7
Devolution to Local Bodies

(Rs. in Crore)

S.N.	Item	PERIOD OF	PERIOD OF	PEIROD OF 3RD DFC		
		1ST DFC (1996- 2001)		2ND DFC	BASED ON THE RECOMMENDATIONS OF 2ND DFC	
		1996-2001	(2001- 2006)	2006-07	2007-08	2008-09 Actual (Tentative)
1	2	3	4	5	6	7
1	Grant in Aid	698.18	1478.92	500.48	602.94	622.74
	MCD	644.53	1380.34	469.41	565.70	584.28
	NDMC	48.83	91.50	29.22	35.20	36.35
	DCB	4.82	7.08	1.85	2.04	2.11
2	Compensation & Assignments	927.76	1650.89	534.25	667.32	455.95
	MCD	872.01	1576.83	511.12	640.06	432.42
	NDMC	44.60	51.13	17.27	20.82	14.85
	DCB	11.15	22.93	5.86	6.44	8.68
3	Total (1+2)	1625.95	3129.81	1034.73	1270.26	1054.41
	Growth over previous year			33.48	22.76	-16.99
	MCD	1516.54	2957.17	980.53	1205.76	1016.70
	Growth over previous year			33.53	22.97	-15.68
	NDMC	93.43	142.63	46.49	56.02	51.20
	Growth over previous year			37.02	20.50	-8.60
	DCB	15.97	30.01	7.71	8.48	10.79
	Growth over previous year			10.62	9.99	27.24

Source: Finance (Budget) Deptt. of Govt. of Delhi.

10. REVENUE SURPLUS

Delhi has the pride of becoming a consistently revenue surplus State in the Country as shown in statement 4.8 and Chart 4.3 (Ref. Table 4.4 for further details).

Statement 4.8

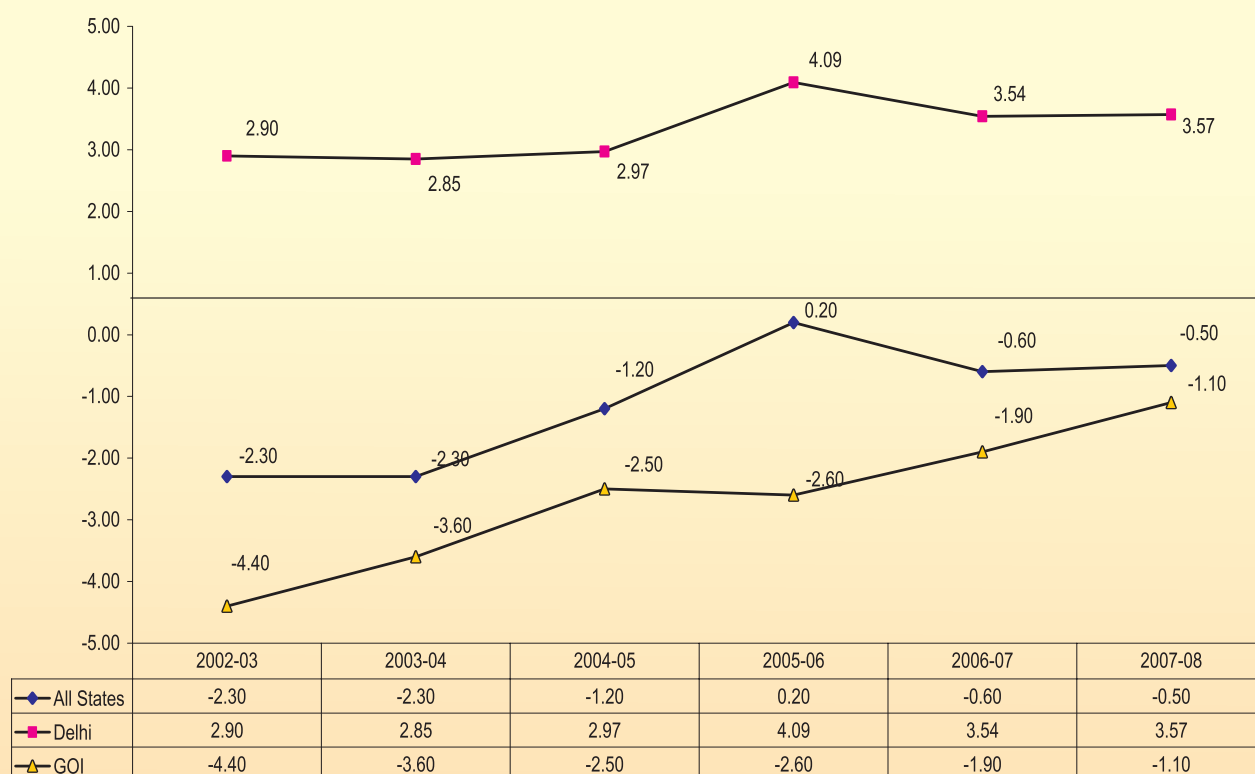
BALANCE ON REVENUE ACCOUNT, DELHI

(Rs. in Crore)

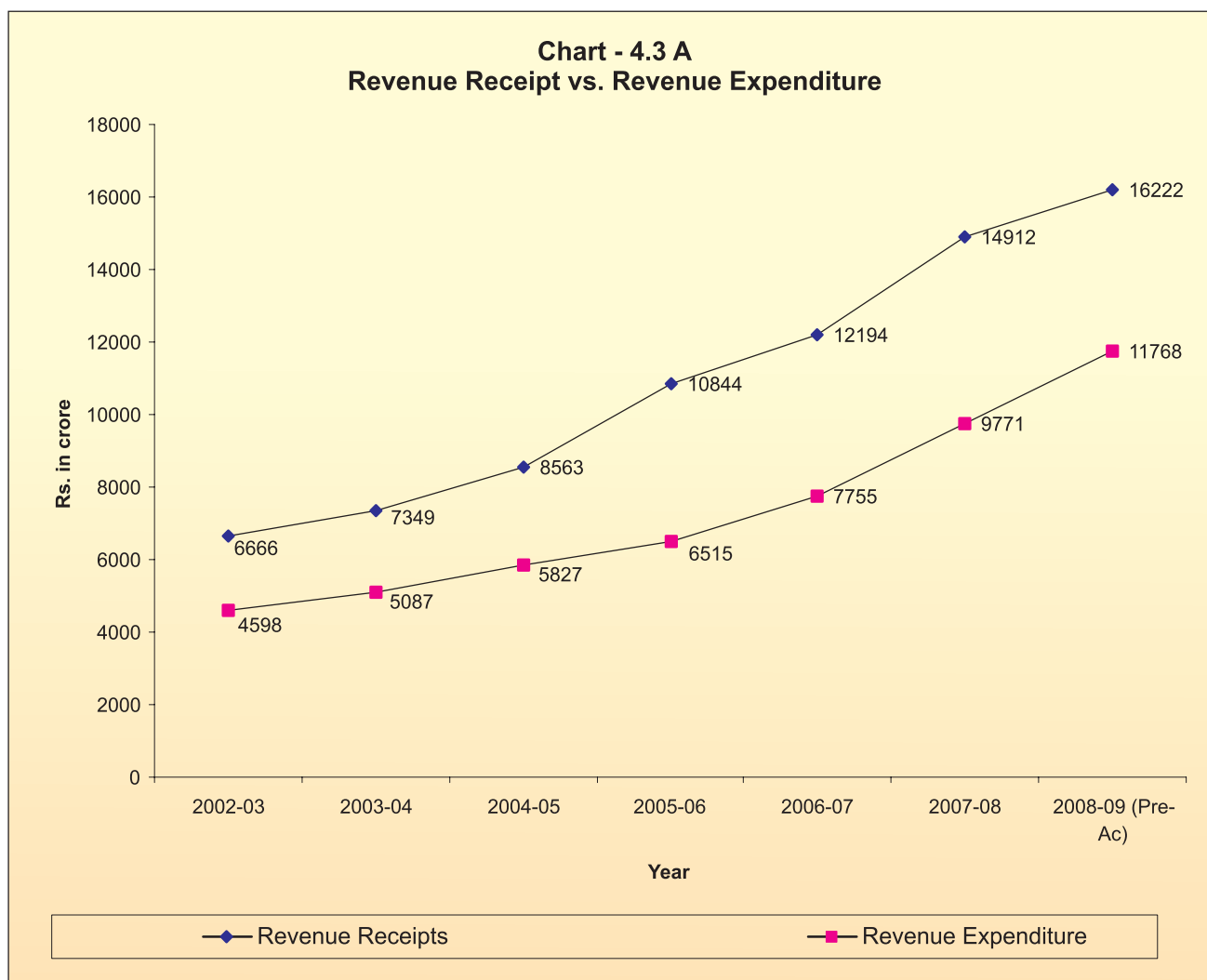
Item	2002-03	2006-07	Average Annual Growth [2002-07]	2007-08	2008-09 Actual (Tentative)
1. Revenue Receipts	6665.94	12193.61	17.31	14912.38	16222.43
Growth over previous year	-38.53			22.30	8.78
2. Revenue Expenditure	4598.20	7755.45	13.80	9770.52	11768.35
Growth over previous year				25.98	20.45
Revenue Surplus(1-2)	2067.74	4438.13	24.32	5141.86	4454.08
Growth over previous year	60.22			15.86	-13.38
Revenue Surplus as % of GSDP (Delhi)	2.90	3.54		3.57	
Revenue Deficit as % of GDP (All States)	2.30	-0.15		-0.30	
Revenue Deficit as % of GDP (Government of India)	4.40	-1.09		1.10	

Source: (i) Reference Table 4.4 & 4.8
(ii) Budget at a glance, Govt. of India 2009-10

CHART 4.3
REVENUE SUPLUS (+) / DEFICIT (-) AS % OF GDP



Delhi Government had a revenue surplus of Rs.5141.86 crore (3.77% of GSDP) in 2007-08 while all States taken together had estimated revenue deficit of 0.30% of GDP and the Govt. of India having estimated revenue deficit of 1.10% of GDP during the year. During 2008-09, the Delhi Government's revenue surplus was tentatively at Rs.3681.23 crore which is less than that of the previous year mainly because of shortfall in own Tax revenue and increase in Non-Plan revenue expenditure due to pay revision based on the recommendations of the 6th Pay Commission. The following chart indicates the position of the Revenue Receipt and Revenue Expenditure of Delhi Government during 2002-03 to 2008-09(tentative).



11. CAPITAL RECEIPTS

Delhi Government's capital receipts consist of loan from National Small Savings Fund (NSSF), Block loan (i.e. 70% loan component of Central Assistance for State Plan available upto 2004-05 and discontinued thereafter based on the recommendations of the 12th Finance Commission), recovery of loans and advances from Local Bodies/ Public Utilities/Government servants etc. The following statement indicates the position of capital receipts of Delhi Government.

Statement 4.9

CAPITAL RECEIPTS

(Rs. in Crore)

SN	Item	2002-03	2006-07	Average Annual Growth [2002-07]	2007-08	2008-09 Actual (Tentative)
	Total Capital Receipt	3868.36	4230.78	4.22	977.28	1227.74
	Growth over previous year	54.96	-31.94		-76.90	25.63
	Of which					
(i)	Block Loan	384.73	0.00		0.00	0.00
(ii)	Small Saving Loan	3276.84	4002.14	7.15	746.02	428.74
(iii)	Recovery of Loan & Advances	206.63	228.64	4.95	231.26	799.00
(iv)	CSS Loan	0.16	0.00	0.00	0.00	0.00

Small Savings loan remained as a major component of capital receipts of Delhi Government till 2006-07 when it received small savings loan of Rs.4002.14 crore which was 94.60% of the total capital receipt of Rs. 4230.78 crore during the year. However, flow of small savings loan to Delhi Govt. sharply reduced to Rs.746.02 crore in 2007-08 and then to Rs.428.74 crore in 2008-09.

Delhi Govt's recovery of loan and advances from its Public Utilities like DTC and DJB is practically nil and in case of MCD, the recovery of loan is being made at source against their basic tax share from the Delhi Government based on the recommendations of the Delhi Finance Commission.

The capital receipt of Delhi Government got reduced from Rs.4230.78 crore in 2006-07 to Rs.977.28 crore in 2007-08 and then increased to about Rs.1227.74 crore in 2008-09 mainly because of greater recovery of loans.

12. CAPITAL DISBURSEMENT

The following statement indicates the position of capital disbursement of Delhi Government.

Statement 4.10

CAPITAL DISBURSEMENT

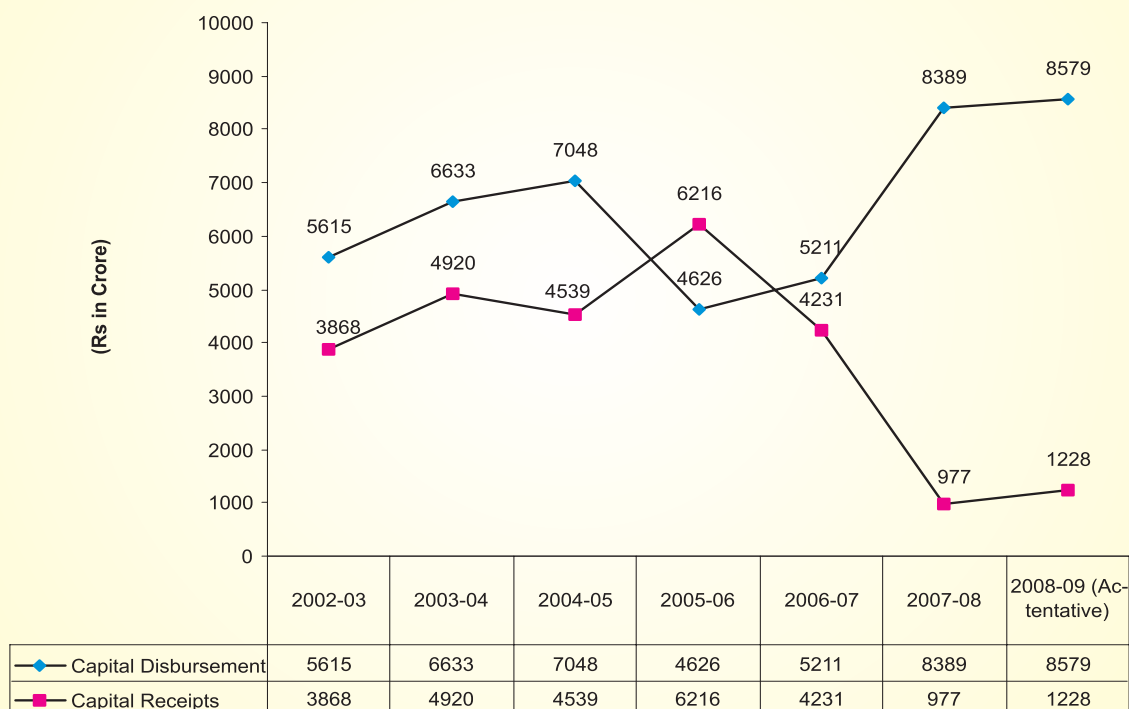
(Rs. in Crore)

S.N	Item	2002-03	2006-07	Average Annual Growth [2002-07]	2007-08	2008-09 Actual (Tentative)
	Total Capital Disbursement	5615.30	5210.94	-5.00	8389.11	8578.60
(1)	Plan	3194.45	3067.49	-2.81	5456.03	5670.88
	Of which,					
(i)	Capital Outlay	779.76	1931.09	27.50	3761.36	
(ii)	Loans & Advances	2407.08	1136.4	-21.30	1694.67	
(2)	Non-Plan	2420.85	2143.95	-7.58	2933.08	2907.72
	Of which,					
(i)	Capital Outlay	126.70	-148.15		3.09	3.37
(ii)	Repayment of Loan	944.50	133.65	-44.78	975.09	386.03
(iii)	Loans & Advances	1349.65	2157.85	9.46	1954.9	2518.32

A major portion of capital disbursement of Delhi Govt. is under Plan covering mainly capital outlay of Govt. departments and loans & advances to Local Bodies/Public Undertakings. Delhi Govt's capital disbursement was tentatively at Rs.8578.60 crore in 2008-09 with a growth of 2.26%, of which Rs.5670.88 crore (66.10%) was under Plan and Rs.2907.72 crore (33.90%) under Non-Plan. The non-plan capital disbursement mainly covers repayment of loans to Govt. of India, Non-Plan loans to public utilities like DTC, DJB etc to meet their working losses. Delhi Govt's. repayment of loan was Rs. 386.03 crore in 2008-09 against Rs. 975.09 crore repaid during the previous year(2007-08). The repayment in 2007-08 was higher because of pre-payment of loan of Rs. 752.90 crore. Further, the Delhi Govt's. non-plan loan increased from Rs.1954.90 crore in 2007-08 to Rs.2518.32 crore in 2008-09 with a growth of 28.82% mainly because of increase in requirement of funds by the DTC and DJB to meet their liabilities interalia on account of pay revision based on the recommendations of the 6th pay commission.

The following Chart shows the position of Capital Receipts and capital disbursement of Delhi Govt.

CHART 4.4
CAPITAL RECEIPT / DISBURSEMENT
of Govt. of Delhi



13. PUBLIC DEBT

The statement below indicates the outstanding loan of Delhi Government and its debt servicing liability.

(Rs. in Crore)

Year	Out-standing debt at the beginning of the year	Loan received during the year			Loan repaid/Pre-paid during the year			Out-standing at the end of the year	Interest Payment
		Block Loan	Small Saving Loan	Total Loan	Loan repaid	Loan Pre-paid	Total (6+7)		
1	2	3	4	5	6	7	8	9	10
2002-2003	8635.52	361.71	3276.84	3638.55	122.49	798.47	920.96	11353.11	1114.78
2003-04	11353.11	256.41	4408.07	4664.48	169.33	1530.88	1700.21	14317.38	1367.27

(Rs. in Crore)

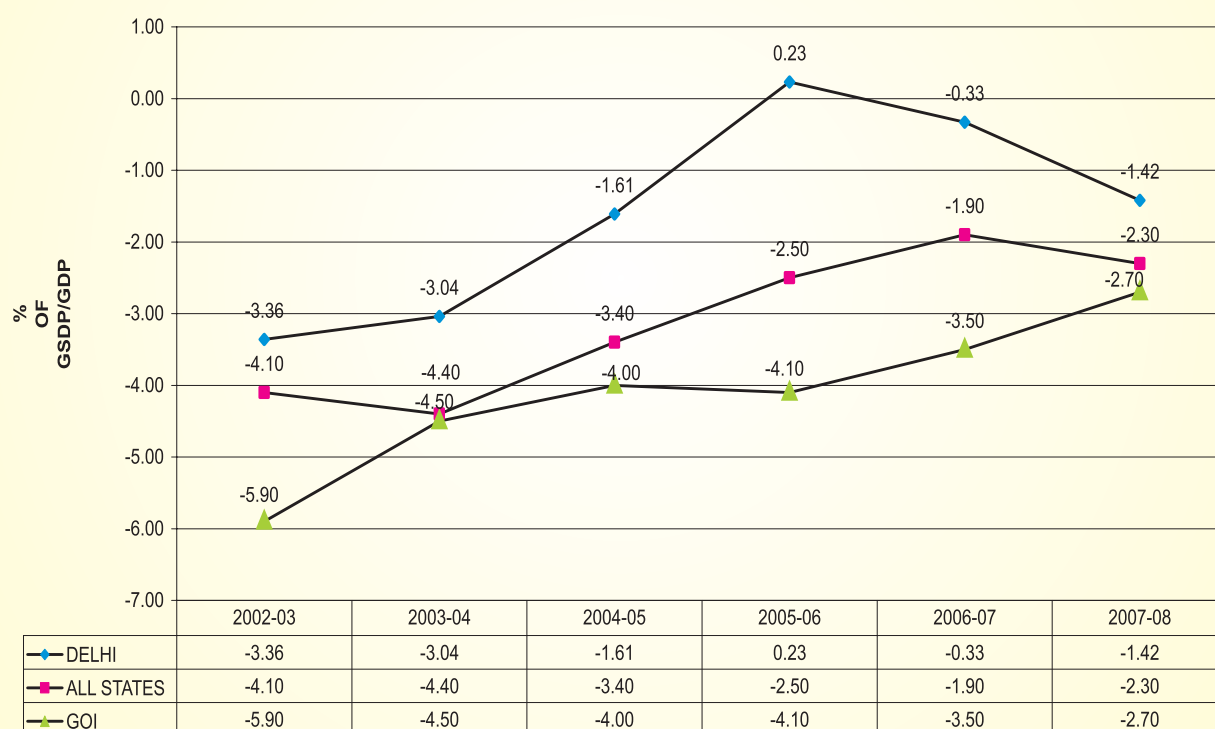
Year	Out-standing debt at the beginning of the year	Loan received during the year			Loan repaid/Pre-paid during the year			Out-standing at the end of the year	Interest Payment
		Block Loan	Small Saving Loan	Total Loan	Loan repaid	Loan Pre-paid	Total (6+7)		
1	2	3	4	5	6	7	8	9	10
2004-05	14317.38	278.97	3732.38	4011.35	101.65	2200.00	2301.65	16027.08	1568.56
2005-06	16027.08	0.00	5896.45	5896.45	58.25	165.42	223.67	21699.86	1672.82
2006-07	21699.86	0.00	4002.14	4002.14	133.75	0.00	133.75	25568.25	2210.24
2007-08	25568.25	0.00	746.02	746.02	222.19	752.90	975.09	25339.18	2504.34
2008-09 Actual (Tentative)	25339.18	0.00	428.74	428.74	386.06	0.00	386.06	25381.86	2512.00

Delhi Govt.'s outstanding debt stood at Rs25339.18 crore (tentative) as on 31st March, 2009. Such outstanding debt is mainly on account of loan from National Small Savings Fund (NSSF) of Govt. of India.

14. FISCAL DEFICIT

The fiscal deficit is a summary statistical measure that indicates the net borrowing requirement of the Government from all sources. Delhi Government had a fiscal deficit of Rs. 2040.88 crore (1.42 % of GSDP) in 2007-08 against all States figure of 2.30% of GDP and the Govt. of India's figure of 2.70% of GDP during the year. The fiscal deficit in 2007-08 was much higher than that of the figure of Rs.410.42 crore in 2006-07 mainly because of sharp increase in plan expenditure from Rs5088.15 crore in 2006-2007 to Rs8785.04 crore in 2007-08 (i.e. a growth of 72.66%). The fiscal deficit of Delhi Govt. was at Rs2939.49 crore in 2008-09 mainly due to short fall in its own Tax revenue due to global economic slowdown, increase in its non-plan liability on account of pay revision based on the recommendations of the 6th pay Commission etc. (Ref. chart 4.5).

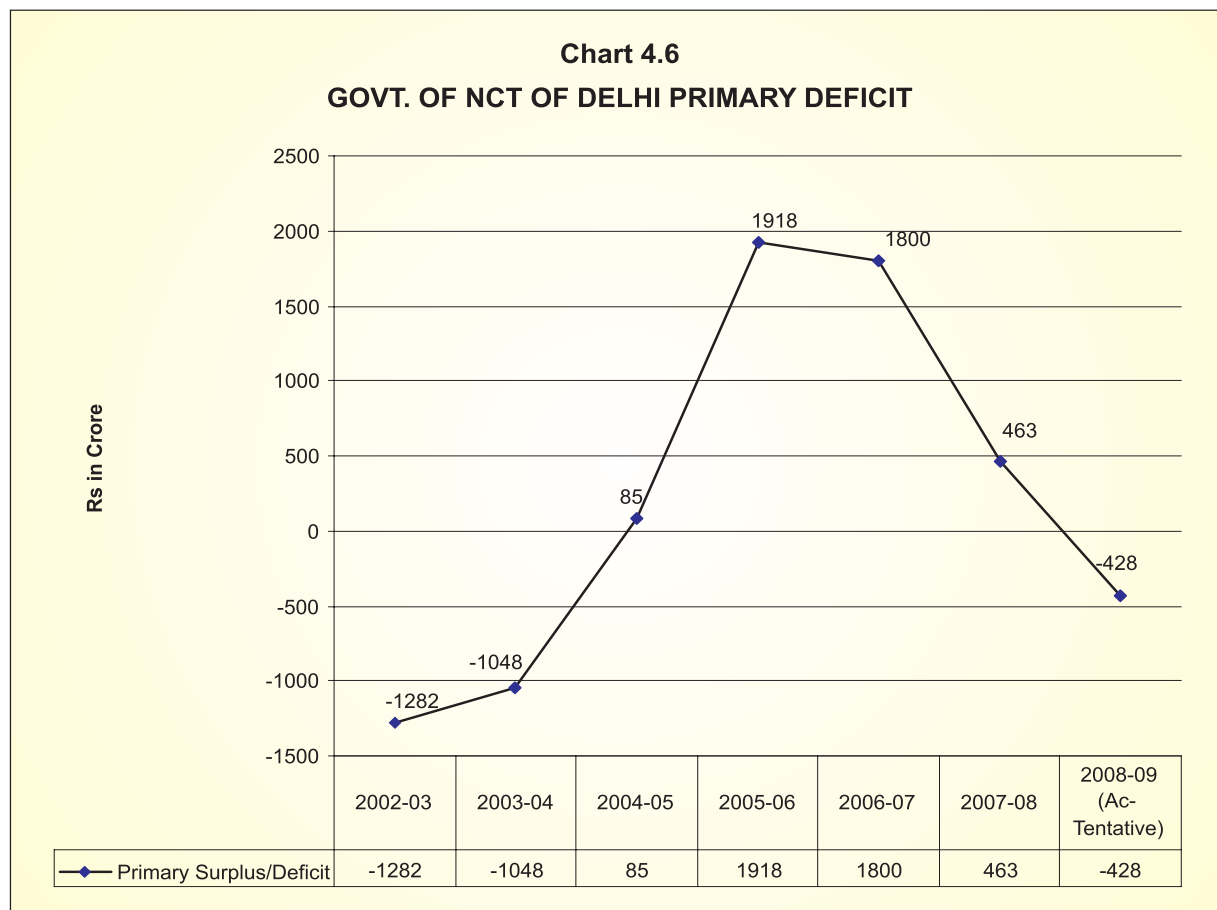
Chart 4.5
FISCAL DEFICIT
AS % OF GSDP (DELHI) / GDP(ALL STATES & GOI)



Source: (i) Govt. of India, Budget at a glance 2009-10
(ii) Ref. Table No. 4.8

15. PRIMARY DEFICIT

The primary deficit (i.e. the fiscal deficit net of interest payments) is a measure of net borrowing requirements of the Government to fund its total current consumption and investment expenditure. It indicates the sustainability of current fiscal policies. The Delhi Govt. had no primary deficit during 2004-05 to 2007-08. Rather, it had a surplus of Rs.463.46 crore in 2007-08. However, during 2008-09 Delhi had a tentative primary deficit of Rs.427.62 crore mainly due to reasons mentioned above.



16. ASSISTANCE TO PUBLIC UTILITIES

The financial performance of Public Utilities in Delhi (viz. DTC, DJB etc.) has an impact on the finances of Delhi Government. Their losses eat into the resources available for the Annual Plan of Delhi Government as the Government is obliged to cover such losses through non-plan assistance. Unfortunately, DTC and DJB are perennial cash losers.

Financial position of DTC and DJB and assistance provided by the Delhi Govt. to them under Plan (in the form of loan/equity) and also under non-plan (as loan/grant/subsidy) to meet their non-plan deficits are mentioned below:

(i) DELHI TRANSPORT CORPORATION (DTC)

Statement 4.12

FINANCIAL PERFORMANCE OF DTC

(Rs. in crore)

Sl. No.	Item	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (RE)
1	2	3	4	5	6	7	8	9
A	Operating Deficit	200.85	214.94	252.86	227.15	283.53	320.73	556.29
B	Working Losses	197.49	224.95	289.70	269.75	289.82	325.39	563.95
C	Assistance provided by Delhi Govt. (I+II)	761.49	631.00	608.76	1112.03	1038.24	1491.37	1876.80
I	Non-Plan Assistance (i+ii):	586.87	621.00	565.27	1107.23	924.24	1114.07	1576.80
(i)	Non-Plan Loan (a+b)	586.87	621.00	565.27	974.49	882.37	1092.07	1557.80
(a)	In Cash	197.00	176.00	223.42	317.95	279.95	324.25	550.00
(b)	Conversion of Interest into Non-Plan Loan	389.87	445.00	341.85	656.54	602.42	767.82	1007.80
(ii)	Subsidy to DTC for Free/Concessional Passes				132.74	41.87	22.00	19.00
II	Plan Assistance (i+ii):	174.62	10.00	43.49	4.80	114.00	377.30	300.00
(i)	Plan Loan	174.62	10.00	43.49	4.80	114.00		
(ii)	Equity						377.30	300.00

Source : DTC

The Delhi Govt. provided Non-Plan assistance of Rs.1114.07 crore to DTC in 2007-08, of which a Non-Plan loan of Rs.324.25 crore was released to them in cash for meeting their salary requirements etc, another Non-Plan loan of Rs.767.82 crore was provided to them, not in cash, but for recovery of their interest dues to Delhi Govt. by way of book adjustment and Rs.22 crore were released to them as subsidy on account of free /concessional passes issued to various category of citizens. Besides above, Plan fund in the form of equity amounting to Rs.377.30 crore was also released to them during 2007-08 mainly for purchase of buses. During 2008-09, the Delhi Govt. provided non-plan Assistance of Rs.1576.80 crore, with a growth of 41.54%, of which Rs.550 crore was cash Non-Plan loan towards

meeting their salary requirements including impact of pay revision based on 6th Pay Commission's recommendations, Rs.1007.80 crore as Non-Plan loan not in cash but for recovery of their interest dues during the year and Rs.19 crore as subsidy on account of free and concessional passes. Further, a Plan fund of Rs.300 crore was provided to them during 2008-09 in the form of equity mainly for purchase of buses.

(ii) DELHI JAL BOARD (DJB)

The following statement indicates the Non-Plan deficit of DJB and assistance under Plan and Non-Plan provided to them by Delhi Government.

Statement 4.13

FINANCIAL POSITION OF DJB & ASSISTANCE UNDER PLAN & NON-PLAN PROVIDED TO THEM BY DELHI GOVT.

(Rs. in Crore)

Sl. No	ITEM	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (RE)
1	2	3	4	5	6	7	8	9
1	Revenue Receipts							
A	Water	200.89	220.76	251.62	436.07	390.38	378.80	389.83
B	Sewerage	29.92	21.11	151.23	155.27	181.22	267.9	295.18
	Total (A+B)	230.81	241.87	402.85	591.34	571.60	646.70	685.01
2	Revenue Expenditure							
A	Establishment	177.65	203.29	301.66	327.89	347.69	361.51	425.77
B	Electricity (DVB)	271.14	224.36	226.97	282.77	355.51	364.00	337.00
C	Raw Water	7.38	22.94	13.71	14.69	17.01	20.50	21.50
D	Property Tax	75.87	27.23	29.33	5.32	13.49	1.67	37.00
E	Debt Charges							
F	Other	36.30	37.56	61.09	82.53	91.77	139.00	141.55
	Total 2 (A to F)	568.34	515.38	632.76	713.20	825.47	886.68	962.82
3	Non Plan Deficit (1-2)	-337.53	-273.51	-229.91	-121.86	-253.87	-239.98	-277.81
4	Net Non-Plan Deficit (excluding Debt charges)	-337.53	-273.51	-229.91	-121.86	-253.87	-239.98	-277.81
5	Non Plan loan released of which:	610.64	551.00	727.75	562.86	774.34	786.62	959.40
	(i) Payment in cash	341.34	231.00	350.00	124.00	300.00	200.00	350.00
	(ii) Conversion of interest into non-plan loan	269.30	320.00	377.75	438.86	474.34	586.62	609.40
6	Plan Fund Released	630.95	616.70	694.75	808.42	831.80	1342.25	1450.30
7	Grand Total (5+6)	1241.59	1167.7	1422.5	1371.28	1606.14	2128.87	2409.70

Source: Delhi Jal Board.

The DJB was provided a non-plan loan of Rs. 786.62 crore in 2007-08, of which an amount of Rs. 200 crore was released to them in cash towards meeting their non-plan deficit and the remaining non-plan loan of Rs. 586.62 crore was provided to them not in cash but for converting of their interest dues to Delhi Govt. into non-plan loan by way of book adjustment. In addition, the DJB was provided a plan fund of Rs.1342.25 crore in 2007-08. During 2008-09, the Delhi Govt. provided a Non-Plan loan of Rs.959.40 crore with growth of 21.96%, of which, Rs.350 crore were released towards meeting their Non-Plan deficit including the impact of pay revision based on the recommendation of the 6th Pay Commission and another non-plan loan of Rs.609.40 crore was provided to them not in cash but for converting their interest dues to Delhi Govt. Further, a plan fund of Rs.1450.30 crore was released to them during 2008-09.

(iii) Power Utilities in Delhi

Power Sector in Delhi has undergone a major transformation since 2002. From a single State Electricity Board called Delhi Vidyut Board (DVB), the entire sector was divided into 7 independent companies namely, three Distribution Companies (DISCOMs), one Transmission Company (TRANSCO) (i.e. Delhi Transco Ltd.), two Generation Companies (GENCOs) (i.e. Indraprastha Power Generation Co. Ltd. and Pragati Power Corporation Ltd.) and one Holding Company i.e. Delhi Power Company Ltd. While the DISCOMs are private Companies, the others are all Government owned companies.

(a) Delhi Transco Ltd. (DTL)

As per the transfer scheme of DVB, the Delhi Government had committed to provide loan support of Rs.3452 crore to DTL to bridge the gap between its revenue requirements and bulk supply price which it might receive from Distribution Companies etc during the transition period. Accordingly, the Delhi Government released the above said loan in 2002-03 (Rs.1364 crore), 2003-04 (Rs.1470 crore), 2004-05 (Rs.480 crore) and in 2005-06 (Rs.138 crore) under the Plan scheme of Power Sector reform. However, subsequently the above said loan of Rs.3452 crore to DTL has been converted into Delhi Government's equity in DTL. No Non-Plan assistance has been provided by Delhi Govt. to DTL during 2007-08 and 2008-09. The DTL is running in profit whose net profit after tax was Rs. 51.69 crore in 2007-08 and such profit is expected to increase to Rs. 66.93 crore as per their revised estimate for 2008-09.

(b) Delhi Power Co. Ltd. (DPCL)

The Delhi Power Co. Ltd. (DPCL) has been created with the principal objective of holding shares of the successive power utilities of DVB [viz GENCOs, TRANSCO and DISCOMs] and outstanding liabilities of erstwhile DVB. The DVB owed power purchase dues of Rs.3376.70 crore to CPSUs (including 40% surcharge) upto 30.09.2001. The above said dues have been securitized into long term advances through a Bi-Partite Agreement signed between the Ministry of Power, Govt. of India and Delhi Govt. following the recommendations of Ahluwalia Committee regarding one time settlement of outstanding power purchase dues to CPSUs.

According to the said agreement, the DPCL is discharging the CPSUs dues (i.e. principal and interest) from time to time. The Delhi Govt. released a net non-plan loan of Rs.552.63 crore to DPCL during 2003-04 to 2005-06 to enable them to discharge the CPSUs dues in time. During 2006-07, the DISCOMs had pre-paid their entire secured loan of Rs.1416 crore to DPCL alongwith interest which was provided to them under the transfer scheme. The DPCL has made payment of instalments of CPSUs dues amounting to Rs. 603.16 crore in 2007-08 and Rs 574.46 crore in 2008-09 out of their own resources. They have also repaid the Delhi Govt's entire net non-plan loan of Rs. 552.63 crore along with interest. No provision of funds was made by Delhi Govt. for DPCL during 2007-08 and 2008-09 towards discharging their CPSUs dues during the said period.

(c) Generation Companies (GENCOs)

Out of the two Generation Companies, i.e. Indraprastha Power Generation Company Ltd. (IPGCL) and Pragati Power Corporation Ltd. (PPCL), the latter is running in profit whose net profit after tax was Rs.83.04 crore in 2007-08 and its net profit after tax is expected at Rs.106.29 crore as per their revised estimate for 2008-09. The other Generation Company (i.e. IPGCL) had incurred net losses of Rs.15.94 crore after Tax in 2007-08. However, this company expected to earn net profit of Rs.19.48 crore after Tax in 2008-09 (RE). No assistance under Non-Plan was provided by Delhi Government to meet the deficit of IPGCL during 2007-08.

17. FINANCES OF LOCAL BODIES

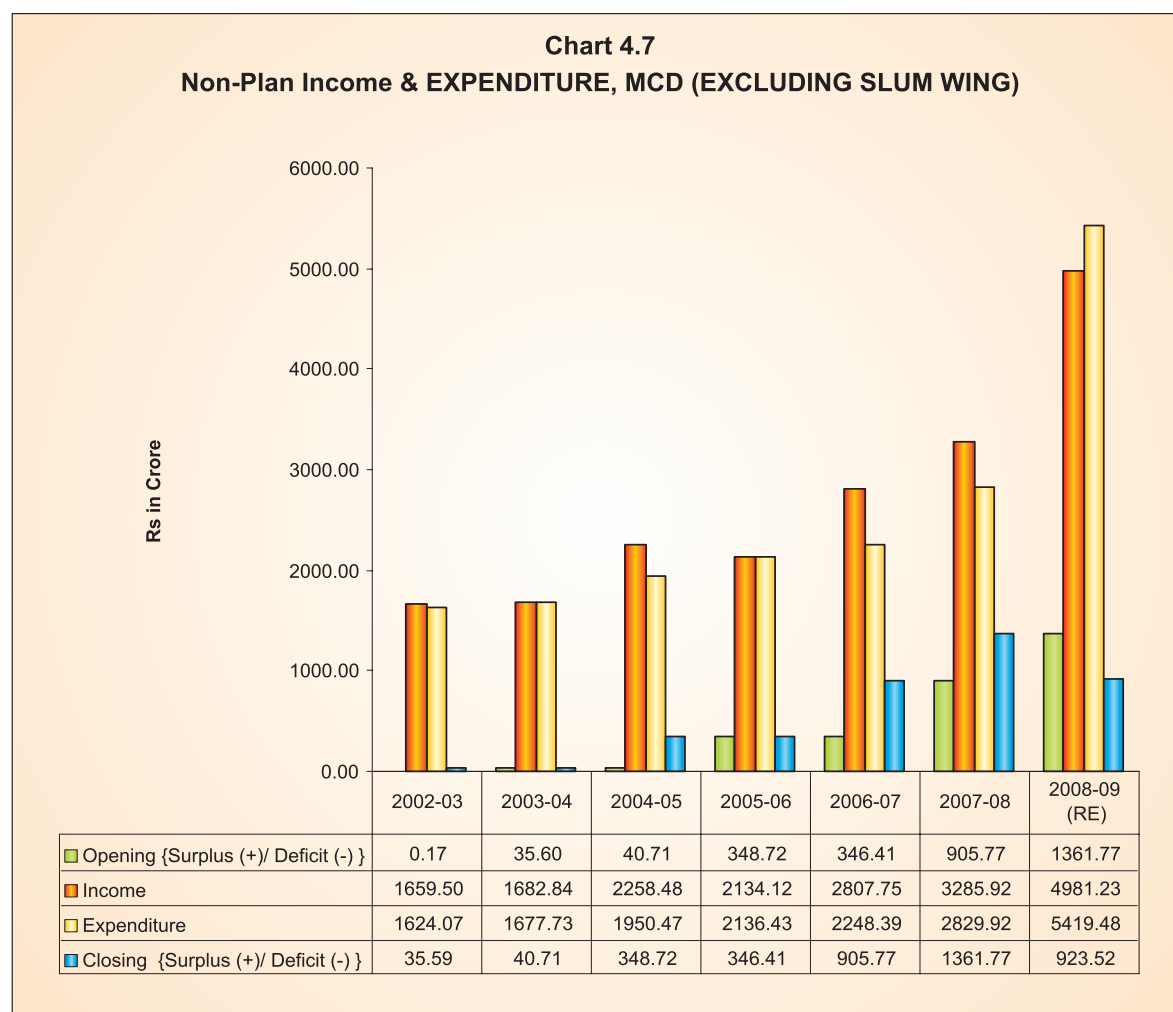
For civic administration, the NCT of Delhi is divided into three areas, working independently each other, namely, the Municipal Corporation of Delhi (MCD), New Delhi Municipal Council (NDMC) and Delhi Cantonment Board (DCB). The area and population density of these three bodies as per 2001 Census are as follows:

Statement 4.14

AREA AND POPULATION DENSITY OF LOCAL BODIES, 2001

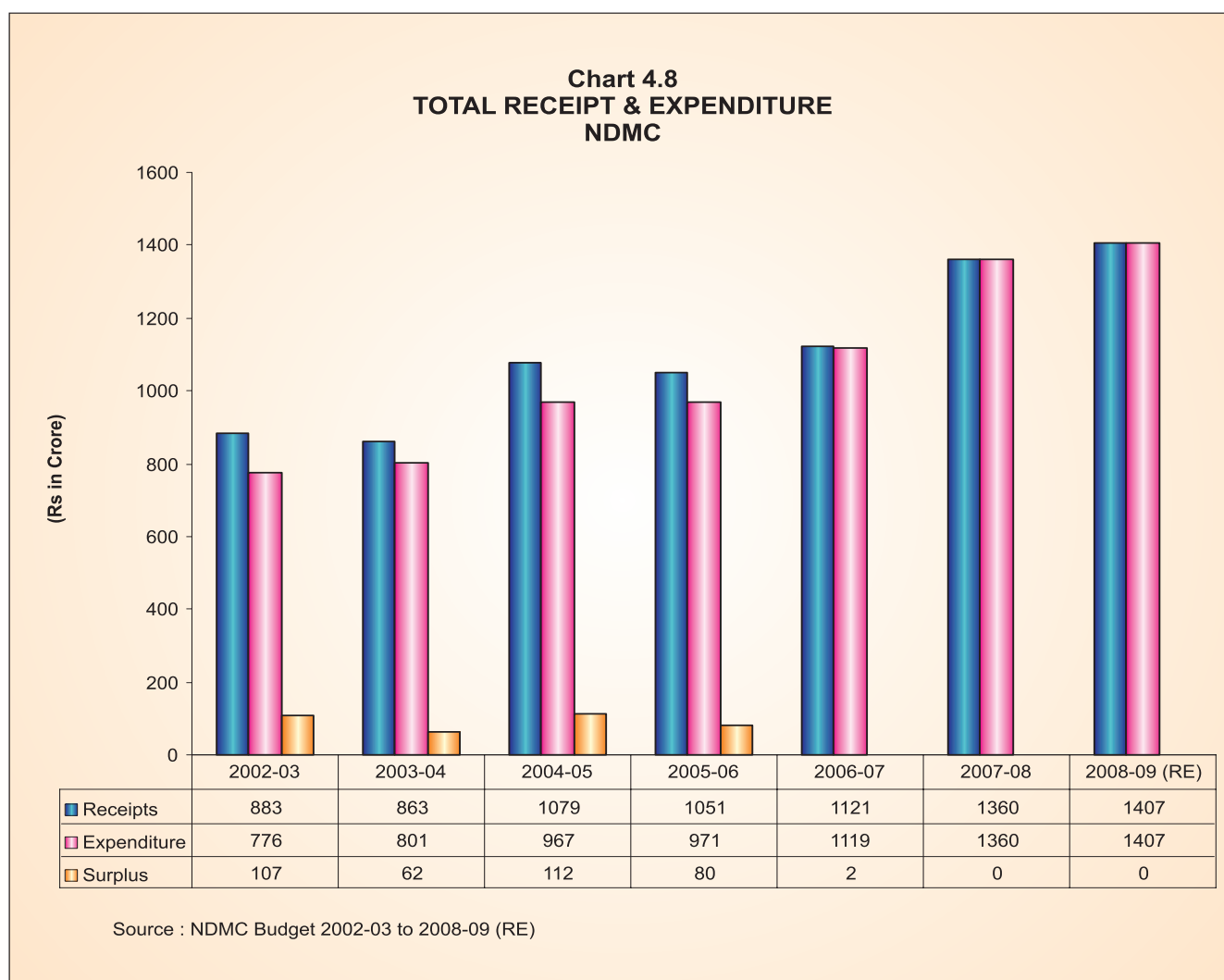
	Area (in Sq. Km.)	Population Density (Persons per Sq. Km.)	
		1991 census	2001 census
MCD	1397.29	6459	9564
NDMC	42.74	7050	6897
DCB	42.97	2197	2896
Delhi	1483	6352	9294

The following chart 4.7 indicates Non-Plan income and expenditure of MCD excluding Slum Wing.



Source: MCD Budget

The chart No. 4.8 indicates the receipts and expenditure of NDMC



18. PLAN FINANCING

The present pattern of financing of Annual Plan of Delhi is almost similar to that of the States. The resources available for Annual Plan of Delhi are shown in Table 4.7. The availability of resources for plan of Delhi exceeded Plan expenditure every year since 2004-05. As such, resources were not a constraint for implementation of Plan in Delhi.

Statement 4.15 indicates the achievements of resources during the period of Tenth Plan (excluding opening balance).

Statement 4.15

ACHIEVEMENT OF RESOURCES DURING TENTH PLAN

(Rs. In Crore)

(Rs. In Crore)					
S.No	Item	10th Plan(Est.) (2002-07) (At 2001-02 Prices)	10th Plan(Ac) (2002-07) (At current Prices)	10th Plan(Ac) (2002-07) (At 2001-02 Prices)	Difference of (Col.5-Col.3)
1	2	3	4	5	6
1	Tax Revenue				
1.1	VAT	24875.41	27387.39	23829.58	-1045.83
1.2	Stamps & Regd. Fees	2261.28	3285.99	2846.77	585.49
1.3	Taxes on Motor Vehicle	1383.00	1193.20	1032.43	-350.57
1.4	State Excise	4033.00	4437.46	3874.63	-158.37
1.5	Other Taxes & Duties on Commodities & Services	728.99	1105.53	948.42	219.43
(i)	Entertainment Tax (incl. Cable TV Tax)	226.32	186.56	164.23	-62.09
(ii)	Betting Tax	14.89	16.69	14.61	-0.28
(iii)	Luxury Tax	487.78	902.27	769.58	281.80
	Own Tax Revenue	33281.68	37409.57	32531.83	-749.85
2	Own Non Tax Revenue	2966.43	5563.83	4846.39	1879.96
3	Share in Central Taxes	1998.24	1625.00	1436.70	-561.54
4	Other Grants GOI		49.06	39.84	39.84
5	Total Revenue Receipt (1+2+3+4)	38246.35	44647.46	38854.76	608.41

(Rs. In Crore)					
S.No	Item	10th Plan(Est.) (2002-07) (At 2001-02 Prices)	10th Plan(Ac) (2002-07) (At current Prices)	10th Plan(Ac) (2002-07) (At 2001-02 Prices)	Difference of (Col.5-Col.3)
1	2	3	4	5	6
6	Net Non Plan Revenue Expdr.	17142.68	22130.27	19316.12	2173.44
7	Balance from Current Revenue (BCR) (5-6)	21103.67	22517.19	19538.64	-1565.03
8	Contribution of Public Enterprises (i+ii+iii)	-2881.60	-7986.51	-7037.56	-4155.96
(i)	DTC	-2036.92	-3630.00	-3169.09	-1132.17
(ii)	Delhi Transco Ltd.(DTL) /Delhi Power Co. Ltd. (DPCL) etc.	0.00	-1059.92	-965.30	-965.30
(iii)	DJB	-844.68	-3296.59	-2903.18	-2058.50
9	Net Misc. Capital Receipt (MCR) (9.1-9.2)	-611.96	-4619.27	-4203.08	-3591.12
9.1	Total Capital Receipt	499.15	1538.64	1355.24	856.09
9.2	Capital Expenditure (Exe.Non-plan loan to DTC/DJB/DPCL etc.,)	1111.11	6157.91	5558.32	4447.21
	(Of which, pre-payment of loan)				
10	Small Saving Loan	3200.74	21315.88	18725.01	15524.27
11	Opening Balance		10847.06	8964.04	8964.04
12	Central Plan Assistance	2189.16	1706.49	1551.04	-638.12
(i)	Normal Assistance	1842.50	1347.05	1220.57	-621.93
(ii)	Addl. Central Assistance for Externally Aided Projects	0.00	0.00	0.00	0.00
(iii)	Addl. Central Assistance for Specific Schemes.	346.66	359.44	330.48	-16.18
13	Achievement Resources for Plan (7+8+9+10+12) (excluding opening balance)	23000.00	32933.78	28574.05	5574.05
14	Plan Expenditure/Size	23000.00	22440.01	19797.11	-3202.89

The resources for 10th plan (2002-07) were estimated at Rs. 23,000 crore at 2001-02 prices. The resources generated during the period of 10th plan (2002-07) were Rs. 32933.78 crore in current prices and Rs. 28574.05 crore in 2001-02 prices. The generation of resources during the period of 10th Plan exceeded the target by Rs. 5574.05 crore (24.24%). The higher achievement of resources is attributed mainly due to higher achievement of Non-Tax revenue by about 63.37%, excess receipt of Small Savings loan which was around 6 times of the target of Rs.3200.74 crore set for the 10th plan. However, the achievements were below the target under own Tax Revenue (97.75%). On the other hand, the Non-Plan Revenue Expenditure exceeded the target by about 12.68%. Similarly the Non-Plan assistance to Public Enterprises increased by about 2.5 times that of the target for 10th plan.

The Statement below indicates the debt and non-debt financing of plan expenditure of Delhi.(Ref table 13 for further details)

Statement 4.16

Debt & Non Debt Financing of Annual Plan of Delhi

(Rs. in crore)

Item	10th Plan (2002-03 to 2006-07) (At Current Prices)	Annual Plan 2007-08	Annual Plan 2008-09 Actual (Tentative)
Total Plan Expenditure	22440.01	8723.86	9547.80
Debt	10822.11	3013.06	3335.45
Percentage(%)	48.23	34.54	34.93
Non Debt	11617.90	5710.80	6212.35
Percentage(%)	51.77	65.46	65.07

20. CREDIT DEPOSIT RATIO

There were 2076 branches of all Scheduled Commercial Banks in Delhi at the end of Sept., 2008. Out 2076 branches, 360 branches were of State Bank of India and its associates, 1247 were Nationalized banks, 40 were foreign banks and 429 were other scheduled commercial banks. In comparison to previous years, there has been an increase of 14.32% in the number of bank branches. The average estimated population covered per branch in Delhi at the end of July, 2008 was 8244.

The total deposits of all scheduled commercial banks in Delhi amounted to Rs.476613 crore at the end of Sept., 2008, of which an amount of Rs.30891 crore (6.48%) was accounted for by foreign banks. The comparative picture of per capita credit and credit deposit ratio is indicated below.

Statement 4.17

PER CAPITA CREDIT AND CREDIT DEPOSIT RATIO

	(As on Sept, 2008)	
	Delhi	All India
Per capital credit (Rs.)	196463.74	22308.13
Credit Deposit ratio (%)	70.49	74.93

The total credit by all scheduled commercial banks in Delhi was Rs.335953 crore at the end of Sept., 2008. The number of reporting offices, deposits, gross bank credits and the credit deposit ratio at the end of Sept., 2008 are shown in table 4.14.