

## CHAPTER 4

# PUBLIC FINANCE

## PUBLIC FINANCE

1. Delhi is a Union Territory with Legislature. The Legislative Assembly of Delhi is empowered to legislate for all subjects in the State List of the Constitution except Land, Police and Law & Order. The expenditure liability on these three subjects are with the Central Government. The Delhi Government enjoys the same tax jurisdiction as the States have. Delhi's fiscal status has not undergone any significant change in the intervening period of the Economic Survey - 2003-04 and the present one.
2. The Government of India has amended the Government of National Capital Territory of Delhi Act, 1991 in September, 2001 to enlarge the fiscal jurisdictions of Delhi Government by allowing it to borrow from market, enabling it to stand guarantee for raising loans by its local bodies or Public Utilities, separating its Public Account from the Government of India etc. These amended provisions have come into force w.e.f. 10.05.2006. However, these provisions will be made effective only after the Public Account of Delhi is separated from the Govt. of India for which the modalities are being finalized.
3. Despite requests from Delhi Government, Delhi was not covered under the Terms of Reference of the 12th Finance Commission (TFC). As a result, Delhi is not getting the benefits out of dispensations made by TFC to the States. Presently, Delhi only gets discretionary grants in-lieu of share in Central Taxes and that too is stagnant at Rs.325 crore for last five years.
4. Prior to 2005-06, Central Assistance to Delhi was being made available by the Government of India in the form of 30% grant and 70% loan based on the allocation made by the Planning Commission. However, consequent upon the recommendations of the 12th Finance Commission, only the grant component of Central Assistance is being released by the Government of India and the loan component of the Central Assistance is to be contracted by Delhi Government from the open market like other States.
5. Delhi Government has implemented Value Added Tax (VAT) with effect from 1st April, 2005. Initially, there was an apprehension of loss of revenue and trade diversion with the implementation of VAT. However, the progress of revenue collection under VAT has witnessed a much encouraging picture. Advelorum Tax on motor vehicle has been made effective from April, 2004. This has resulted in increase in revenue in this sector. Delhi's Own Tax Revenue registered a growth of 20.77% in 2004-05 and the tentative growth in Tax Revenue during 2005-06 is 25.80%. Delhi Government's buoyant

Tax Revenue during 2004-05 and 2005-06 is a testimony of better administration of tax by the Government.

6. There is no significant change in the realization of Non-Tax Revenue by the Government. Interest dues form a major part Non-Tax Revenue of the Government. The interest dues from DTC and DJB are not received in cash but recovered by converting the interest into non-plan loan to these organizations. In case of MCD, the interest dues are deducted at source against their global tax share from Delhi Government based on the recommendations of 2nd Delhi Finance Commission. The interest dues from other organizations like Delhi Transco Ltd.(DTL), Indraprastha Gas Company Ltd. (IPGCL), Delhi Power Company Ltd. (DPCL) etc. which are nominal are received in cash.
7. Delhi Government has followed various austerity measures issued from time to time to contain its non-plan revenue expenditure.
8. Delhi Government's revenue surplus has consistently increased from Rs.1291 crore in 2001-02 to Rs.2735 crore in 2004-05. The latest estimate of revenue surplus for 2005-06 (LE) is Rs. 4328 crore. This places Delhi in a unique position as compared to other States. Delhi Government's fiscal deficit has reduced from Rs.2439 crore in 2003-04 to Rs.1483 crore in 2004-05. There was no fiscal deficit in 2005-06, rather, there was a surplus of Rs. 245 crore during the year mainly because of better achievement of tax etc. All these are evidences of prudent financial management of the Government.
9. Availability of resources for Annual Plan remained in excess of the plan expenditure/outlay since the year 2004-05. Such surplus was Rs. 634 crore in 2002-03 which increased to Rs. 1411 crore in 2004-05 and the same stands at Rs. 7326 crore for 2005-06. One of the main reasons for surplus of resources during the last three-four years was the release of excess loan from the National Small Savings Fund (NSSF) by Government of India over the requirement of Delhi Government. The excess NSSF loan has not only increased the outstanding debt of the Government but resulted in undue interest liability for the Government. The Delhi Government, therefore, requested the Govt. of India for not to release NSSF loan over its requirement during 2005-06 and the Govt. of India was also requested to allow the Delhi Government to pre-pay the excess small savings loan which had been received by it over the budgetary target for 2005-06. However, neither Delhi Government was allowed to pre-pay the small savings loan, nor the release of this loan was stopped during the year and a NSSF loan of Rs. 5896 crore was released during 2005-06 against the budgetary target of Rs.2245 crore for the year. This entire NSSF loan of Rs. 5896 crore remained unutilized during the year because Delhi Govt.'s requirement of loan for 2005-06 was met out of the carried forward unutilized NSSF loan of 2004-05.

10. In regard, to the said request, the Govt. of India's response was that a Committee under the Chairmanship of Union Finance Minister was looking into the problem of debt liability of the States and until a decision is taken in the matter, the existing system of release of loan from NSSF would continue. However, a decision in the matter has not yet been received from the Government of India.
11. Presently, though Delhi has a separate Consolidated Fund, but its cash balance is not being maintained separately by the Reserve Bank of India (RBI) and is merged with the Government of India. Accordingly, the Delhi Government is losing interest on account of its large amount of treasury holdings with the RBI. The benefit of interest on account of such surplus fund is going to the Government of India. Delhi Government's separate cash balance will be maintained by the RBI once its Public Account is separated from the Government of India.
12. The Public Utilities like DTC and DJB are running in loss and the Delhi Government is providing non-plan assistance to meet their working deficits. However, increased water tariff in case of DJB has been made effective w.e.f. 1st April, 2005 and as a result, the DJB's requirement of non-plan assistance from the Delhi Government has reduced. The Delhi Government has successfully implemented the power sector reforms with effect from first year of Tenth Five Year Plan and is completed in 2005-06. The outcome of the restructuring is encouraging.
13. In case of DTC, the non-plan assistance for meeting their working losses has increased. Some of the main reasons for running in losses by DTC are (i) non-revision of rate of their bus fare/genral passes, (ii) free/concessional passes issued by DTC to some sections of the citizen in Delhi like students etc. as per the Government's decision, (iii) surplus staff in DTC, (iv) low load factor, (v) inadequate vehicle utilization and vehicle productivity etc. The Government has already provided subsidy of Rs. 133 crore to DTC in 2005-06 towards meeting their losses on account of free/concessional passes. The Government is yet to take decision regarding revision of bus fare/passes. The Government had engaged TATA Consultancy Services (TCS) for suggesting restructuring of DTC. The consultant's report in the matter has been examined by a Committee of Secretaries and the matter is under consideration with the Government.
14. Devolution of fund to the local bodies in Delhi (viz. MCD and NDMC) for the period 2001-02 to 2005-06 has been made based on the recommendations of the 2nd Delhi Finance Commission (DFC). Devolution to the Local Bodies consists of assigned taxes and non-plan grants for specific schemes like Education, Nutrition, Maintenance of Re-settlement Colonies etc. The Delhi Government has already set up 3rd Delhi Finance Commission for providing recommendations for the next period of five years i.e. 2006-2011. The Terms of Reference of the Commission is at Box 4.1. The work of the Commission is under progress and its report likely to be available shortly.

#### BOX 4.1

1. The Commission shall review the financial position of the Municipalities and make recommendations as to-
  - a) the principles which should govern-
    - i. the distribution between the Government of National Capital Territory of Delhi and the Municipalities, of the net proceeds of the taxes, duties, tolls and fees leviable by the Government of National Capital Territory of Delhi which may be divided between them;
    - ii. the determination of the taxes, duties, tolls and fees which may be assigned to or appropriated to the Municipalities.
    - iii. the grants-in-aid to the Municipalities from the Consolidated Fund of the National Capital Territory of Delhi; and
  - (b) the measures needed to improve the financial position of the Municipalities.
2. In making its recommendations, the Commission shall have regard, among other considerations, to -
  - a. the overall resources position of the Government of National Capital Territory of Delhi;
  - b. the scope for economy in the Municipal administration;
  - c. the scope for improvements in resource mobilization by the Municipalities.
  - d. tax effort made by the Municipalities;
  - e. adequate maintenance and upkeep of capital assets and maintenance of assets created under the Plan schemes completed till the end of March, 2006 (the norms, if any, on the basis of which specified amounts are allowed for maintenance of different categories of capital assets and the manner in which such maintenance expenditure could be monitored may be indicated);
  - f. the requirements of the Municipal bodies for modernization of administration, for example, computerization of records, and upgrading the standards of services (the manner in which expenditure could be monitored may be indicated).
3. The Commission may review the functions assigned to Municipalities keeping in view the availability of resources, especially with regard to the discretionary functions.
4. The Commission may make an assessment of the debt position of Municipalities as on 31st March, 2006 and suggest such corrective measures as are deemed necessary, keeping in view the financial requirements of the Government of National Capital Territory of Delhi.
5. The Commission may make recommendations on the financial devolution to the Delhi Cantonment Board out of the Consolidated Fund of the National Capital Territory of Delhi, as a special case.

15. Important features of finances of Delhi Government have been discussed in the following paragraphs:

## 1. REVENUE RECEIPTS

The statement below indicates the overall position of revenue receipts of the Delhi Government.

### Statement 4.1

### REVENUE RECEIPT

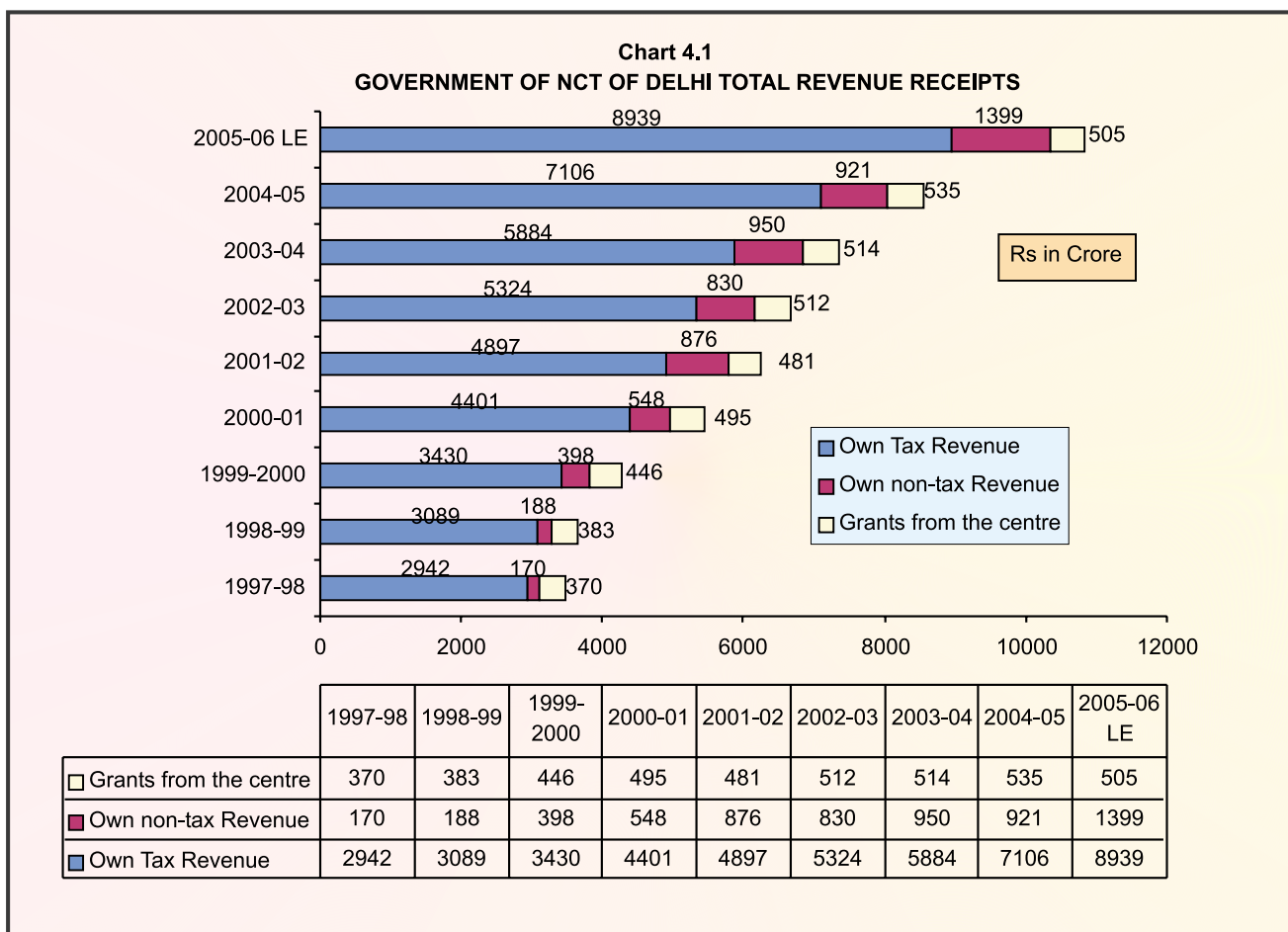
(Rs. in Crore)

SN	Item	1997-98	Annual Average Growth 1997-98 to 2001-02	2001-02	2002-03	Annual Average Growth 2002-03 to 2005-06 LE	2005-06 LE	Annual Average Growth 1997-98 to 2005-06 LE
<b>1</b>	<b>Own Tax Revenue</b>	<b>2941.58 (16.04)</b>	<b>14.72%</b>	<b>4896.75 (11.27)</b>	<b>5324.19 (8.73)</b>	<b>19.04%</b>	<b>8939.28 (25.80)</b>	<b>14.67%</b>
(i)	VAT	2036.53 (11.68)	18.18%	3712.83 (9.56)	3884.36 (4.62)	18.58%	6500.67 (24.99)	15.69%
(ii)	State Excise	515.01 (15.33)	3.92%	606.41 (8.33)	725.68 (19.67)	12.84%	1024.80 (21.47)	8.48%
(iii)	Motor Vehicle Tax	105.11 (34.55)	11.07%	166.76 (17.16)	160.40 (-3.81)	21.87%	298.74 (52.43)	10.17%
(iv)	Stamps & Registration Fee	117.38 (2.40)	22.14%	283.16 (47.72)	436.80 (54.26)	26.44%	827.65 (23.84)	27.87%
(v)	Other Taxes	167.54 (132.66)	-8.34%	127.59 (5.89)	116.95 (8.34)	36.76%	287.42 (45.71)	3.62%
<b>2</b>	<b>Own Non-Tax Revenue</b>	<b>169.52 (204.13)</b>	<b>54.58%</b>	<b>876.06 (59.76)</b>	<b>829.56 (-5.30)</b>	<b>16.61%</b>	<b>1398.96 (51.83)</b>	<b>29.19%</b>
<b>3</b>	<b>Grants from the Centre</b>	<b>369.62 (79.97)</b>	<b>8.13%</b>	<b>480.9 (-2.85)</b>	<b>512.19 (6.51)</b>	<b>0.00%</b>	<b>505.29 (5.57)</b>	<b>4.37%</b>
<b>4</b>	<b>Total Revenue Receipts (1+2+3)</b>	<b>3480.72 (24.49)</b>	<b>16.99%</b>	<b>6253.71 (14.87)</b>	<b>6665.94 (6.59)</b>	<b>17.50%</b>	<b>10843.53 (26.64)</b>	<b>14.99%</b>

Note:- Figures in brackets indicate percentage growth over previous year. (Refer Table 4.1 for further details).

Source: 1997-2005 from Finance Accounts of Delhi Government and Latest Estimate (LE) for 2005-06 from Principal Accounts Office, Delhi Government.

Delhi Government's revenue receipts comprise its own revenue receipts (tax and non-tax) and grants from the Centre (Chart 4.1). The revenue receipts have increased from Rs.3480.72 crore in 1997-98 to Rs.10843.53 crore in 2005-06 registering an average annual growth of 14.99% during 1997-2006. The average annual growth was 16.99% during the 9th Plan Period (1997-2002) as compared to the growth of 17.50% in the first four years of the 10th Plan. There is slight improvement in the growth of revenue during first four years of 10th plan (Ref. Table 4.1).

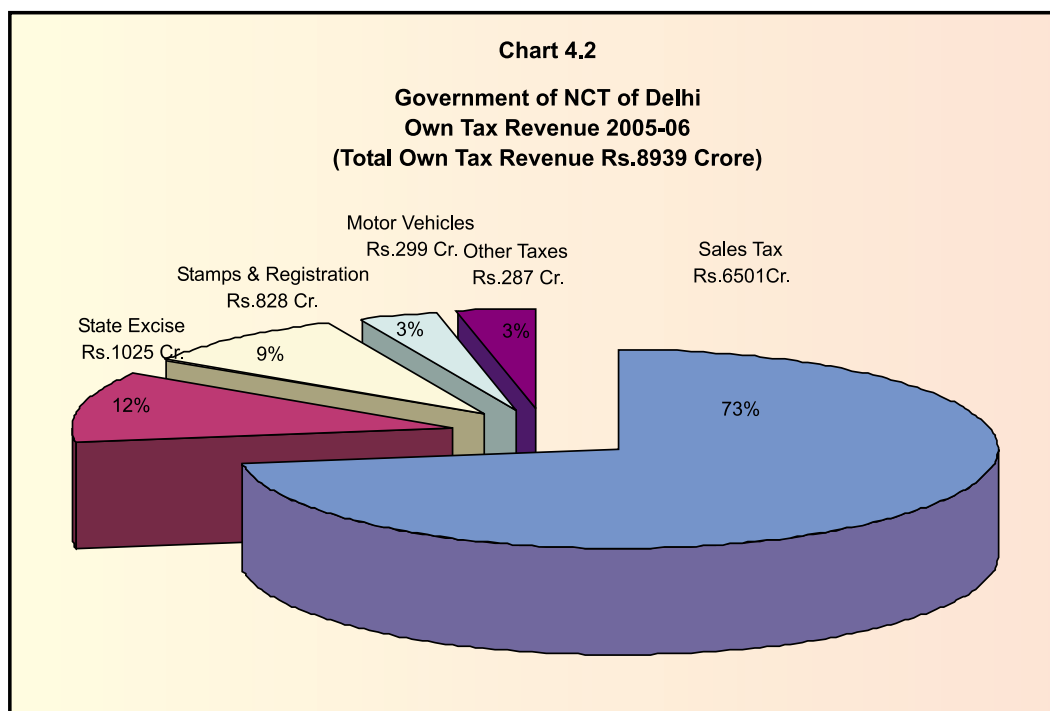


## 2. OWN TAX REVENUE

Delhi's own tax revenue consists of Sales Tax/ VAT, State Excise Duties, Motor Vehicles Tax, Stamp and Registration Fee etc. (Chart 4.2). Own tax revenue constituted around 82% of the total revenue receipts in 2005-06. Own tax revenue has increased from Rs.2941.58 crore in 1997-98 to Rs.8939.28 in 2005-06 with an average annual growth of 14.67%. The own Tax Revenue has increased at an average annual growth of 19.04% in first four years of Tenth plan as compared to the growth of 14.72% in the 9th plan period. The average annual growth in own Tax revenue was much higher during the first four years of 10th plan.

Sales Tax (including Entry Tax) / VAT is the major source of Delhi's own tax revenue. VAT has been implemented in Delhi with effect from 1.4.2005. Collection of VAT represented 73% of the own tax revenue during 2005-06. The Collection of Sales Tax / VAT grew from Rs.2036.53 crore in 1997-98 to Rs.6500.67 crore in 2005-06 at an average annual growth of 15.69%. The average annual growth during the 9th Plan period was 18.18% as compared to the growth of 18.58% during the first four years (2002-2006) of the 10th Plan. The growth rate in collection of Sales Tax / VAT was slightly higher during the first four years of 10th plan. It is also important to note that collection of VAT of Rs. 6500.67 crore during first year of its implementation has registered a growth of about 25% as compared to the Sales Tax collection in the previous year.

State Excise is the second largest source of tax revenue for Delhi Government. Excise collections increased from Rs.515.01 crore in 1997-98 to Rs.1024.80 crore in 2005-06 with an average annual growth of 8.48%. The average annual growth in State Excise was 12.84% in the first four years of 10th plan as compared to the growth of 3.92% in the 9th plan period. Thus, there has been a three fold growth in state excise collection during the first four years of 10th plan.



### 3. TAX BUOYANCY

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

### Statement 4.2

#### TAX BUOYANCY : DELHI

Sl No.	Item	(1997-98 to 2004-05)	(1997-98 to 2001-02)	(2002-03 to 2004-05)
	<b>Own Tax</b>	<b>1.19</b>	<b>1.08</b>	<b>1.27</b>
1	Sales Tax/VAT	1.32	1.33	1.29
2	State Excise	0.62	0.29	0.64
3	Tax on Motor Vehicle	0.66	0.81	0.86
4	Stamps & Registration Fee	2.38	1.62	1.94

The buoyancy of own taxes of Delhi Government was 1.19 during 1997-2005. The tax buoyancy was at 1.08 during the 9th Plan period which increased to 1.27 in the first four years of 10th Plan. Delhi Government's buoyant tax revenue is a testimony of its better administration of Tax.

#### 4. TAX EFFORT

Though Delhi has one of the highest per capita income in the country, its position was 8th among the non-special category States in terms of own tax/GSDP ratio (7.31%) during 2003-04. Among non-special category States, the States lagging behind Delhi in terms of Tax/SDP ratio are Rajasthan (6.94%), Madhya Pradesh (6.72%), Chattishgarh (6.71%), Gujrat(6.68%), UP (6.25%), Orissa (6.13%), Bihar (5.96%), Jharkhand (5.55%) and West Bengal (4.62%). (Ref. Table 4.6 ).

The following statement indicates the tax revenue as percentage of GSDP in case of Delhi vis-à-vis the tax revenue as percentage of GDP of all States and the Government of India.

### Statement 4.3

#### OWN TAX REVENUE AS % OF GSDP FOR DELHI VIS-À-VIS

#### OWN TAX REVENUE AS % OF GDP FOR ALL STATES & GOVT. OF INDIA

Year	1994-95	1997-98	2001-02	2002-03	2003-04	2004-05 (RE)	2005-06 (BE)
1	2	3	4	5	6	7	8
Delhi	6.92	7.13	7.20	7.39	7.31	7.83	NA
All States	5.50	5.34	5.61	5.76	5.80	6.00	6.20
Govt. of India	6.50	6.30	5.90	6.50	6.80	7.20	7.70

Source:(i) Reserve Bank of India Bulletin (Finances of State Governments) from 1997-98 to 2005-06.  
(ii) Economic Survey of Government of India, 1998-99 to 2005-06



## 5. OWN NON TAX REVENUE

Delhi Government's own Non-Tax Revenue comprises service charges from general, economic and social services, interest receipts, dividends and profits, etc. The major portion of Delhi's non-tax revenue is interest receipts from local bodies and public utilities (viz. DTC, DJB, Power Utilities etc.). The interests from DTC and DJB are not received in cash because of their weak financial condition. The interests from these organizations are recovered by converting their interest dues into non-plan loan by way of a 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	1997-98	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (LE)
1	Interest receipts Of which:	132.83	300.77	477.28	789.82	741.41	868.83	821.96	1254.17
i	DTC					389.87	445.00	341.85	656.54
ii	DJB				191.99	269.30	320.00	377.75	438.86
2	Dividends and profits	4.44	4.41	8.70	7.17	7.19	6.03	3.75	38.62
3	Service Charges etc.	32.25	92.67	62.37	79.07	80.96	75.47	95.68	106.17
	Total	169.52	397.85	548.35	876.06	829.56	950.33	921.39	1398.96

Source: Actual for 1997-2005 from Finance Accounts, Govt. of NCT of Delhi and Revised Estimates for 2005-06 from Principal Accounts Office, Delhi Government.

Delhi Government's own Non-Tax Revenue increased from Rs.169.52 crore in 1997-98 to Rs.1398.96 crore in 2005-06 with an average annual growth of 29.19% (Ref. Table 4.1). The average annual growth during the 9th Plan period (1997-2002) was much higher at 54.58% as compared to the growth of 16.61% during the first four years of 10th Plan. Such higher increase was mainly because of the fact that the interest receipt from erstwhile DVB had increased more than double from Rs.165.30 crore in 1999-2000 to Rs.398.90 crore in 2000-01 and also the interest recovery of Rs.191.99 crore from DJB started from 2001-02. Although recovery of interest from DVB ceased to exist from 2002-03 due to its unbundling but another recovery of interest of Rs.389.87 crore from DTC started from the same year. The recovery of interest from DTC and DJB, therefore, kept the flow of growth of the Non-Tax revenue.

## 6. CENTRAL GRANTS

Revenue from the Centre is available to Delhi Government in the form of grants for State Plan, grants for Centrally Sponsored Schemes and grants in lieu of share in Central Taxes. Release of grants from the Centre has increased from Rs.369.62 crore in 1997-98 to Rs.505.29 crore in 2005-06 with an average annual growth of 4.37%. The growth in release of grants during the 9th Plan period was 8.13% while the growth during first four years of 10th Plan was almost Nil (Ref. Table 4.1). This is mainly because of the fact that the release of grants in-lieu of share in Central Taxes has remained stagnant at Rs.325 crore from 2001-02 onwards.

## 7. REVENUE EXPENDITURE

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

### Statement 4.5

### REVENUE EXPENDITURE

(Rs. in Crore)

SN	Item	1997-98	Annual Average Growth 1997-98 to 2001-02	2001-02	2002-03	Annual Average Growth 2002-03 to 2005-06 LE	2005-06 LE	Annual Average Growth 1997-98 to 2005-06 LE
	<b>Total Revenue Expenditure (1+2)</b>	<b>2322.00</b>	<b>19.52</b>	<b>4963.18</b>	<b>4598.20</b>	<b>12.54</b>	<b>6515.39</b>	<b>12.82</b>
<b>1</b>	<b>Plan</b>	<b>636.33</b>	<b>27.65</b>	<b>1955.01</b>	<b>1218.20</b>	<b>10.07</b>	<b>1648.44</b>	<b>11.49</b>
<b>2</b>	<b>Non-Plan</b>	<b>1685.67</b>	<b>15.57</b>	<b>3008.17</b>	<b>3380.00</b>	<b>13.40</b>	<b>4866.95</b>	<b>13.29</b>
	Of which:							
(i)	Interest Payment	314.08	30.81	934.16	1114.78	14.51	1672.82	23.97
(ii)	Devolution to Local Bodies	205.22	25.85	446.93	526.24	17.77	775.08	17.64

The major part of revenue expenditure is under non-plan. Delhi's non-plan revenue expenditure was 74.70% of its Revenue expenditure in 2005-06 as compared to the all States' estimated figure of 82.38% during the same year (Ref. Table 4.3 & 4.5).

Revenue expenditure of Delhi Government has increased from Rs.2322 crore in 1997-98 to Rs.6515.39 crore in 2005-06 with an average annual growth of 12.82%. The average annual growth was higher at 19.52% in the 9th plan period as compared to the average annual growth of 12.54% during the first four years of 10th Plan. The average annual growth of revenue expenditure

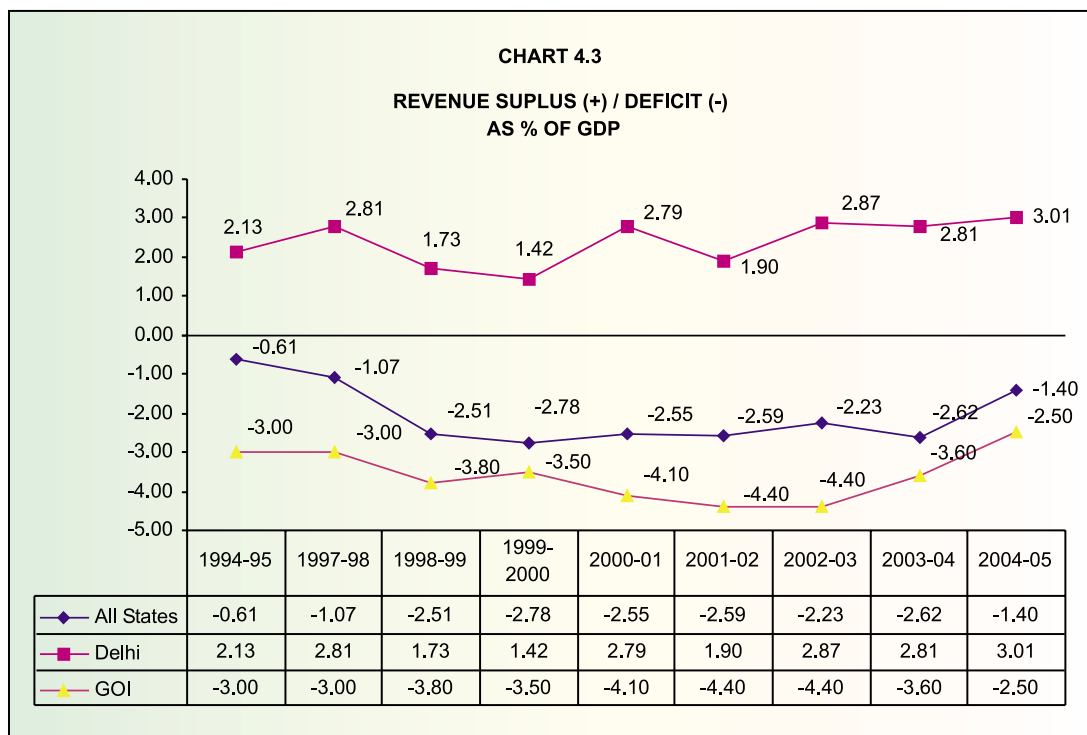
was about 2.65 times higher than the average annual inflation of 4.84% (as per Wholesale Price Index) during 1997-2006. (Ref. Table 4.3 & 4.4).

The revenue expenditure under Plan has increased from Rs.636.33 crore in 1997-98 to Rs.1648.44 crore in 2005-06 with an average annual growth of 11.49%. The average annual growth was lower at 10.07% during the first four years of 10th Plan as compared to the average annual growth of 27.65% during the 9th Plan period.

Non-Plan revenue expenditure mainly consists of salary & office expenses, interest payment, devolution to local bodies etc. Non-Plan Revenue expenditure has increased from Rs.1685.67 crore in 1997-98 to Rs.4866.95 crore in 2005-06 with an average annual growth of 13.29% in 1997-2006. The annual average growth was 15.57% during the 9th Plan period as compared to average annual growth of 13.40% in the first four years of 10th Plan. The growth in non-plan revenue expenditure has, therefore, reduced by about 2% during the first four years of 10th Plan.

## 8. REVENUE SURPLUS

While all States taken together have a deficit on the revenue account, Delhi Occupies a pride of place in the country by recording a consistent revenue surplus as shown in chart 4.3 and statement 4.6 (Ref. Table 4.8 for further details).



#### Statement 4.6

### BALANCE ON REVENUE ACCOUNT, DELHI

(Rs. in Crore)

Item	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (LE)
1. Revenue Receipts	3480.72	3660.12	4274.33	5443.99	6253.71	6665.94	7348.53	8562.63	10843.53
2. Revenue Receipts	2322.00	2840.12	3523.00	3696.50	4963.18	4598.20	5087.09	5827.48	6515.39
Revenue Surplus(1-2)	1158.72	820.00	751.33	1747.49	1290.53	2067.74	2261.44	2735.15	4328.14
Revenue Surplus as % of GSDP (Delhi)	2.81	1.73	1.42	2.79	1.90	2.87	2.81	3.01	
Revenue deficit as % of GDP (All States)	-1.18	-2.51	-2.78	-2.55	-2.59	-2.23	-2.20	-1.40	-0.70
Revenue Deficit as % of GDP Government of India)	-3.00	-3.80	-3.50	-4.10	-4.40	-4.40	-3.60	-2.50	-2.70

Source: (i) Reference Table 4.4 & 4.8

(ii) Budget at a glance, Govt. of India 2006-07.

Delhi had a revenue surplus of Rs.1158.72 crore (2.81% of GSDP) in 1997-98 which has increased to Rs.2735.15 crore (3.01% of GSDP) in 2004-05. Delhi's revenue surplus is Rs.4328.14 crore in 2005-06(LE). The revenue surplus of Delhi Government has financed about 93.55% of capital expenditure of Rs.4626.35 crore of the Govt. during 2005-06. Thus, the balance capital expenditure of Rs.298.21 crore was to be funded from out other sources like opening balance of Rs.1450.56 crore available during the year. Since the available opening balance was more than sufficient to meet the balance capital expenditure, the entire NSSF loan of Rs.5896.45 crore received during 2005-06 remained unutilized.

## 9. CAPITAL RECEIPTS

Delhi Government's capital receipts consist of loan from National Small Savings Fund (NSSF), Block loan received upto 2004-05 and 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 4.7

### CAPITAL RECEIPTS

SN	Item	1997-98	Annual Average Growth 1997-98 to 2001-02	2001-02	2002-03	Annual Average Growth 2002-03 to 2005-06 LE	2005-06 LE	Annual Average Growth 1997-98 to 2005-06 LE
	<b>Total Capital Receipt</b>	<b>1030.18</b>	<b>26.80</b>	<b>2496.42</b>	<b>3868.36</b>	<b>14.37</b>	<b>6216.13</b>	<b>27.42</b>
	of which							
(i)	Block Loan	207.71	6.65	264.61	384.73		0.00	
(ii)	Small Saving Loan	668.32	30.25	1773.96	3276.84	17.30	5896.45	32.63
(iii)	Recovery of Loan & Advances	154.15	34.56	457.85	206.63	22.56	319.68	18.68
(iv)	CSS Loan	0.00		0.00	0.16		0.00	

Capital receipts of Delhi Government increased from Rs.1030.18 crore in 1997-98 to Rs.6216.13 crore in 2005-06 with an average annual growth of 27.42%. Here it is mentioned that small savings loan/loan from NSSF is the major component of Capital receipt of Delhi Govt. Delhi Govt.'s receipt of small savings loan increased from Rs.668.32 crore in 1997-98 to Rs.5896.45 crore in 2005-06 with an average annual growth of 32.63%. The availability of this loan to Delhi Govt. is much in excess of its requirement. In view of excess receipt of this loan, the Delhi Govt. pre-paid Rs.162.34 crore in 2000-01, Rs.96.46 crore in 2001-02, Rs.822.01 crore in 2002-03 and Rs.1530.88 crore in 2003-04 to the Govt. of India to retire previous year's high cost small savings loan according to the Debt Swap Scheme of the Govt. of India. Earlier to that Delhi Govt. also prepaid Rs.268.32 crore in 1998-99 to reduce the debt burden. (Ref. Table 4.2 & Statement 4.9)

However, during 2004-05, the Govt. of India did not allow the Delhi Govt. for prepayment of any more NSSF loan as it had already prepaid the loan to the extent allowed under the Debt Swap Scheme. In view of this, the Delhi Government requested the Govt. of India to restrict the release of loan from NSSF at Rs.3732.38 crore in 2004-05 (which was already received up to November, 2004). Alternatively, the Delhi Govt. pre-paid the outstanding Block loan to the extent of Rs.2200 crore during 2004-05 to reduce its debt burden.

During 2005-06, the release of loan from NSSF to Delhi Govt. exceed budgetary target of Rs.2245.17 crore in first four months of the year. Accordingly, the Government of India was again requested for not to release any more loan from NSSF during 2005-06 and it was also requested that whatever excess loan from NSSF has been received over the budgetary target for the year, the same should be allowed for prepayment by Delhi Govt. However, none of the above requests were acceded to

by the Govt. of India and the release of this loan continued and reached to Rs.5896.45 crore by the end of the financial year. Such excess release of NSSF loan has resulted in increase in outstanding debt and undue interest liability for the Delhi Govt.

Since similar problem of excess NSSF loan is being faced by some other States, a Committee under the Chairmanship of Union Finance Minister has been set up by the Govt. of India to look into this matter. However, the Govt. of India's decision in the matter based on the recommendations of the said Committee, is yet to be received.

During 2005-06, the Delhi Govt. has prepaid the balance outstanding Block loan of Rs.165.42 crore. Accordingly, now there is no outstanding Block loan against Delhi Govt.

Delhi Govt.'s recovery of loan and advances from its Local Bodies/undertakings is not significant. The recovery of loan from DTC/DJB is practically nil. In case of MCD, the recovery of loan is being made at source against their basic tax share from the Govt. based on the recommendations of the 2nd Delhi Finance Commission.

## 10. CAPITAL DISBURSEMENT

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

### Statement 4.8

#### CAPITAL DISBURSEMENT

(Rs. in Crore)

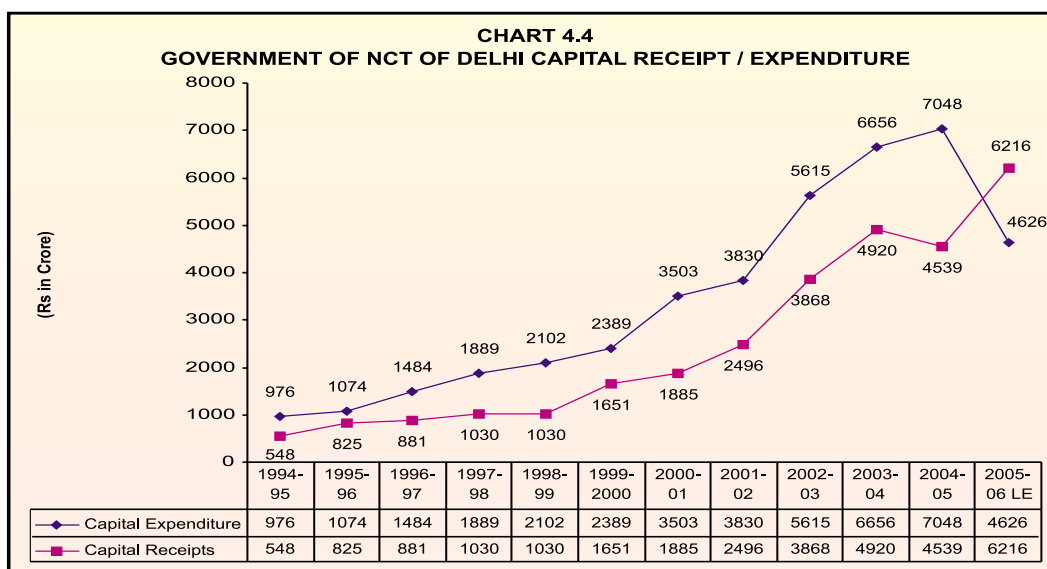
SN	Item	1997-98	Annual Average Growth 1997-98 to 2001-02	2001-02	2002-03	Annual Average Growth 2002-03 to 2005-06 LE	2005-06 LE	Annual Average Growth 1997-98 to 2005-06 LE
	<b>Total Capital Disbursement</b>	<b>1888.79</b>	<b>21.22</b>	<b>3829.88</b>	<b>5615.3</b>	<b>-5.10</b>	<b>4626.35</b>	<b>17.61</b>
<b>(1)</b>	<b>Plan</b>	<b>1351.86</b>	<b>14.50</b>	<b>2029.86</b>	<b>3194.45</b>	<b>-6.58</b>	<b>2652.12</b>	<b>12.91</b>
	Of which,							
(i)	Capital Outlay	703.13		729.45	779.76		1439.64	
(ii)	Loans & Advances	645.73		1296.39	2407.08		1212.48	
<b>(2)</b>	<b>Non-Plan</b>	<b>536.93</b>	<b>33.42</b>	<b>1800.02</b>	<b>2420.85</b>	<b>-4.01</b>	<b>1974.23</b>	<b>24.22</b>
	Of which,							
(i)	Capital Outlay	-41.01		-17.35	126.7		62.79	
(ii)	Repayment of Loan	0.00		324.93	944.5		223.66	
(iii)	Loans & Advances	577.94		1492.44	1349.65		1687.78	

Capital disbursement of Delhi Government has increased from Rs.1888.79 crore (4.58% of GSDP) in 1997-98 to Rs.7047.94 crore (7.77% of GSDP) in 2004-05. The capital disbursement has, however, reduced to Rs. 4626.35 crore in 2005-06. Such reduction in capital outlay is mainly due to reduction in prepayment of loan from Rs. 2200 crore in 2004-05 to Rs. 165.42 crore in 2005-06, reduction in Govt.'s liability for release of loan support under the plan scheme of Power Sector Reform from Rs. 480 crore in 2004-05 to Rs. 138 crore in 2005-06 etc. About 57.33% of capital expenditure in Delhi was for Plan in 2005-06 as compared to all States estimated figure of 11.43% for the year. The capital expenditure for Plan increased from Rs.1351.86 crore in 1997-98 to Rs.2876.36 crore in 2004-05. This expenditure has reduced to Rs. 2652.12 crore in 2005-06 mainly due to reduction in loan support to Power Sector Reform scheme mentioned above. (Ref. Table 4.3 & 4.4 for further details)

Non-Plan capital expenditure mainly consists of (i) repayment of loans to the Centre, (ii) non-plan loans and advances to public utilities (viz. DTC, DJB, Delhi Power Company Ltd. etc.) and Local Bodies (viz. MCD etc.) towards meeting their non-plan requirements and (iii) Non-plan capital outlay of the Govt. Non-Plan capital expenditure has increased from Rs.536.93 crore in 1997-98 to Rs.4171.58 crore in 2004-05. The Non-Plan capital expenditure has reduced substantially to Rs. 1974.23 crore in 2005-06 mainly due to reduction in prepayment of loan as already mentioned above. (Ref. Table 4.3 & 4.4 for further details).

Delhi Govt.'s normal loan repayment started with an initial amount of Rs. 4.70 crore in 1999-2000 which increased to Rs.169.33 crore in 2003-04. Thereafter, the normal repayment decreased from Rs.101.65 crore in 2004-05 to Rs.58.25 crore in 2005-06. The reason for reduction in normal repayment is that the Delhi Govt. made pre-payment of loan of Rs.268.32 crore in 1998-99, Rs.162.34 crore in 2000-01, Rs.96.46 crore in 2001-02, Rs.822.01 crore in 2002-03, Rs.1530.88 crore in 2003-04, Rs.2200 crore in 2004-05 and Rs.165.42 crore in 2005-06 to reduce the debt burden/retire the previous year's costly loan with cheaper loan received subsequently. This resulted in rescheduling the repayment of loan by the Government. Moreover, the loan from National Small Savings Fund (NSSF) allows moratorium for repayment of five years. Delhi Govt. repaid Rs.617.72 crore and pre-paid Rs.5245.43 crore upto March, 2006.

Delhi Govt.'s Non-Plan loan and advances to Public Utilities/Local Bodies increased from Rs.577.94 crore in 1997-98 to Rs.1492.44 crore in 2001-02 and thereafter, the same slightly reduced to Rs. 1349.65 crore in 2002-03 mainly due to reduction in Govt.'s liability towards meeting the operating deficit of DVB as a result of its unbundling with effect from 1st July, 2002. Thereafter, the non-plan loan and advances again increased from Rs. 1747.46 crore in 2003-04 to Rs. 1806.31 crore in 2004-05 mainly due to increase in non-plan assistance to DTC and DJB towards meeting their working deficits. This liability reduced to Rs.1687.78 crore in 2005-06 due to reduction in non-plan assistance to DJB because of their tariff hike effected from 1st April, 2005.



## 11. PUBLIC DEBT

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

### Statement 4.9

### PUBLIC DEBT

(Rs in Crore)

Year	Outstanding debt at the beginning of the year	Loan received during the year			Loan repaid/Pre-paid during the year			Outstanding at the end of the year	Interest Payment
		Block Loan	Small Saving Loan	Total Loan	Loan Repaid	Loan Pre-paid	Total		
1993-94	0.00	47.00	70.00*	117.00*	0.00	0.00	0.00	117.00*	0.00
1994-95	117.00*	167.30	343.03	510.33	0.00	0.00	0.00	627.33	0.00
1995-96	627.33	189.00	607.38	796.38	70.00**	0.00	70.00**	1353.71	94.00
1996-97	1353.71	184.59	666.61	851.20	0.00	0.00	0.00	2204.91	189.89
1997-98	2204.91	207.71	668.32	876.03	0.00	0.00	0.00	3080.94	314.08
1998-99	3080.94	220.89	754.66	975.55	0.00	268.32	268.32	3788.17	432.34
1999-2000	3788.17	234.69	1164.81	1399.50	4.70	0.00	4.70	5182.97	530.74
2000-2001	5182.97	259.00	1505.08	1764.08	25.17	162.34	187.51	6759.54	716.76
2001-2002	6759.54	264.61	1773.96	2038.57	66.13	96.46	162.59	8635.52	934.16
2002-2003	8635.52	361.71	3276.84	3638.55	122.49	822.01	944.50	11329.57	1114.78
2003-04	11329.57	256.41	4408.07	4664.48	169.33	1530.88	1700.21	14293.84	1367.27
2004-05	14293.84	278.97	3732.38	4011.35	101.65	2200.00	2301.65	16003.54	1568.56
2005-06 (Ac)	16003.54	0.00	5896.45	5896.45	58.25	165.42	223.67	21676.32	1672.82

\*Includes Ways and Means Advance of Rs. 70 crore received from Govt of India in 1993-94 to start with Consolidated Fund of Govt of NCT of Delhi.

\*\*The Ways and Means Advance of Rs. 70 crore repaid to the Govt of India in 1995-96.



Delhi Govt.'s outstanding debt stands at Rs.21676.32 crore as on 31st March, 2006. Such outstanding debt is on account of loan from NSSF only, because, the Delhi Govt. has cleared the entire outstanding Block Loan by pre-paying Rs.2200 crore in 2004-05 and balance Rs.165.42 crore in 2005-06.

## 12. INTEREST PAYMENT

With the increase in outstanding debt, Delhi Government's interest liability has increased rapidly. Delhi Government's interest liability has increased from Rs.94.00 crore in 1995-96 to Rs. 1568.56 crore in 2004-05 (Ref. Statement 4.3 & 4.4). 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 was 10.68% in 1997-98 and the same has gone up to 22.07% in 2004-05. Delhi Govt.'s interest payment during 2005-06 was Rs.1672.82 crore. The following statement indicates the interest payment as percentage of own tax revenue of Delhi Govt.

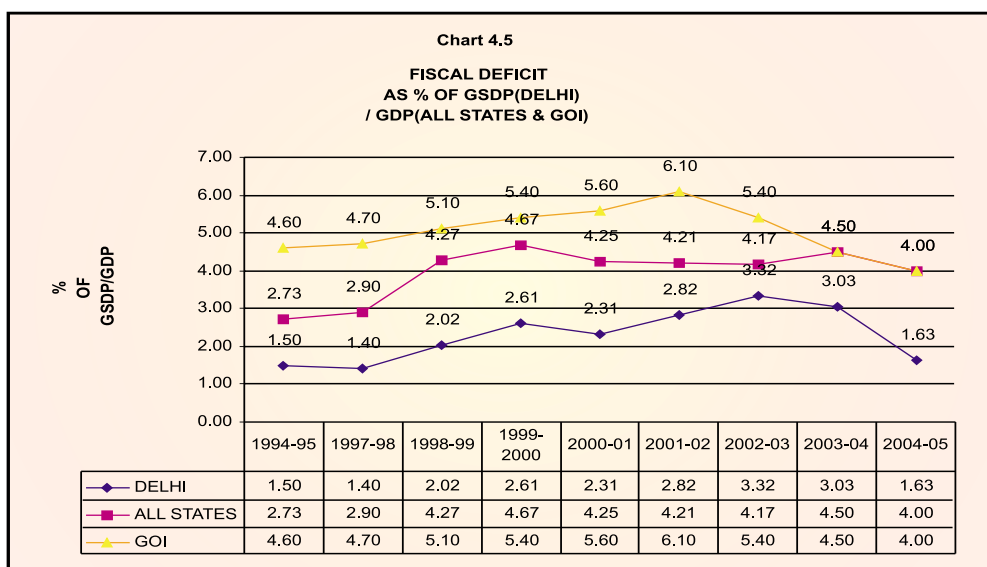
### Statement 4.10

#### INTEREST PAYMENT TO THE CENTRE AS PERCENTAGE OF OWN TAX REVENUE

	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06(LE)
Delhi	10.68	14.00	15.47	16.29	19.08	20.94	23.24	22.07	18.71

## 13. FISCAL DEFICIT

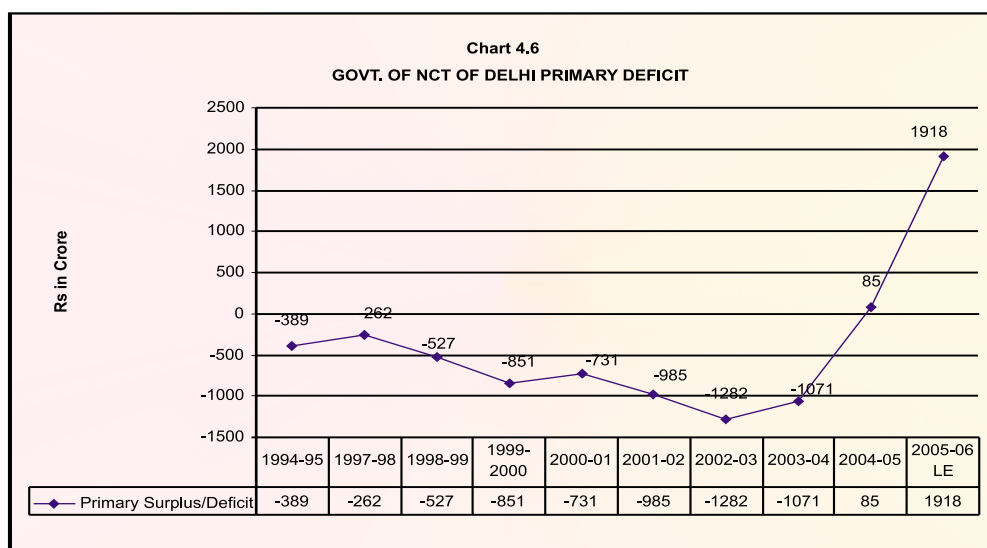
The fiscal deficit is a summary statistical measure that indicates the net borrowing requirement of the Government from all sources. The fiscal deficit of Delhi increased from Rs.575.92 crore (1.40% of GSDP) in 1997-98 to Rs.2438.72 crore (3.03% of GSDP) in 2003-04. However, Delhi Govt.'s Fiscal Deficit has reduced to 1483.18 crore (1.63% of GSDP) in 2004-05 mainly due to better collection of revenue, reduction in loan support under the plan scheme of Power Sector Reform etc. It is important to note that there is no fiscal deficit of the Delhi Government in 2005-06, rather, it has a surplus of Rs. 245.13 crore during the year (Ref. Table No. 4.4). Such reduction in fiscal deficit and finally becoming a surplus of Rs.245.13 crore in 2005-06 indicate prudent fiscal management of the Delhi Govt. A comparative picture of fiscal deficit of Delhi Government vis-à-vis all States and the Government of India is as below (Chart 4.5).



Source: (i) Govt. of India, Budget at a glance 2005-06.  
(ii) Ref. Table No. 4.8

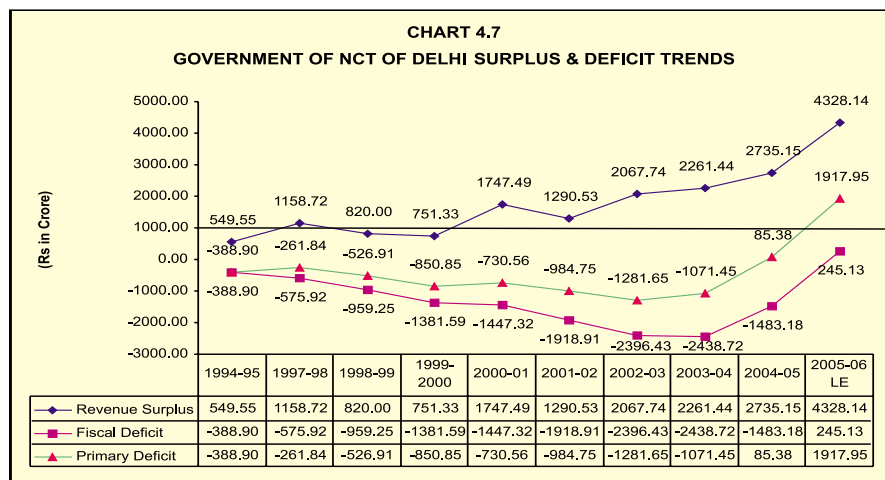
## 14. PRIMARY DEFICIT

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. Delhi Govt.'s primary deficit increased from Rs.261.84 crore (0.63% of GSDP) in 1997-98 to Rs. 1071.45 crore (1.33% of GSDP) in 2003-04. Delhi Govt. had no primary deficit in 2004-05 rather it had surplus of Rs.85.38 crore during the year. Such surplus has further increased to Rs. 1917.95 crore in 2005-06.



## 15. SURPLUS/DEFICIT TRENDS

Chart 4.7 captures the overall fiscal trends of Delhi since 1994-95.



## 16. CONTRIBUTION OF PUBLIC UTILITIES

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

### (i) DELHI TRANSPORT CORPORATION (DTC)

#### Statement 4.11

#### FINANCIAL PERFORMANCE OF DTC

(Rs. in crore)

S. N.	Particulars	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (LE)
1	2	3	4	5	6	7	8	9	10	11
1	Operating deficit	135.01	167.85	149.45	149.19	195.63	200.85	214.94	252.86	237.21
2	Internal Resources Deficit	160.55	191.47	188.82	164.71	197.22	587.35	669.96	623.67	925.81
3	Non Plan loan provided by GNCTD (i+ii)	76.22	151.50	233.88	193.75	185.41	586.87	621.00	565.27	1107.23
	(i) Towards salary payment etc.	76.22	151.50	233.88	193.75	185.41	197.00	176.00	223.42	317.95
	(ii) Conversion of interest into non plan loan.						389.87	445.00	341.85	656.54
	(iii) Subsidy to DTC for free passes									132.74

Source:- DTC

Note : Operating Deficit means the gap between the operating revenue (including passenger tax) and the operating expenditure (i.e. expenditure on staff and material cost) during the year.

2. Internal resources deficit means the gap between the internal receipts (comprising operating revenue and net miscellaneous receipts) and the expenditure (comprising operating expenditure, interest and tax payment but excluding loan repayment and depreciation) during the year.

Since DTC is running in losses, the Delhi Govt. is providing non-plan loan to them from 1996-97 to meet their Salary/PF/Pension dues. From the year 2002-03, the Govt. is also recovering the interest dues from DTC by converting the interest into non-plan loan. As such, non-plan loan to DTC has sharply increased from Rs.185.41 crore in 2001-02 to Rs.586.87 crore (i.e. Rs.197 crore as cash payment towards meeting their salary requirement etc and Rs.389.87 crore for conversion of their interest dues into non-plan loan) in 2002-03. The non-plan loan to DTC has increased to Rs.974.79 crore in 2005-06 mainly due to increase of both the cash payment (Rs.317.95 crore) and conversion of interest into non-plan loan (Rs.656.54 crore). The DTC's interest dues of Rs.656.54 crore was higher in 2005-06 because the same includes the panel interest of the previous years.

The matter of payment of subsidy to DTC on account of free/concessional passes issued by them to some sectors of the citizens in Delhi like students/senior citizen/residents of resettlement colonies etc which was under consideration with the Govt. for quite some time, has since been finalized and a subsidy of Rs.132.74 crore has been released to DTC during 2005-06.

## (ii) DELHI JAL BOARD (DJB)

### Statement 4.12

#### FINANCIAL PERFORMANCE OF DELHI JAL BOARD

(Rs. in Crore)

S. N.	Particulars	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (LE)
1	2	3	4	5	6	7	8	9	10	11
1	Revenue Receipts									
A	Water	95.34	130.84	204.70	202.95	183.51	200.89	220.76	203.53	453.31
B	Drainage	14.70	20.69	11.57	12.56	30.34	29.92	21.11	23.77	25.75
	Total (A+B)	110.04	151.53	216.27	215.51	213.85	230.81	241.87	227.30	479.06
2	Revenue Expenditure									
A	Establishment	94.19	121.28	112.80	151.50	161.57	177.65	203.29	238.00	254.66
B	Electricity (DVB)	91.72	110.65	160.66	140.80	222.41	271.14	224.36	196.00	230.00
C	Raw Water	3.05	2.07	2.48	5.95	5.69	7.38	22.94	13.74	25.00
D	Property Tax	9.26	10.00	7.46	75.69	45.62	75.87	27.23	29.33	10.00
E	Debt Charges	245.00	282.70	322.90	357.15	410.97				
F	Other	25.04	28.93	34.17	37.44	45.18	36.30	37.56	108.19	406.00
	Total 2 (A to F)	468.26	555.63	640.47	411.38	480.47	568.34	515.38	585.26	925.66
3	Non Plan Deficit (1-2)	358.22	404.10	424.20	195.87	266.62	337.53	273.51	357.96	446.60
4	Net Non-Plan Deficit (excluding Debt charges)	113.22	121.40	101.30	132.43	240.45	-337.53	-273.51	-357.96	-446.60
5	Non Plan loan released of which:	20.00			75.00	381.99	610.64	551.00	727.75	562.86
	(i) Non Plan Loan					190.00	341.34	231.00	350.00	124.00
	(ii) conversion of interest into non-plan loan					191.99	269.30	320.00	377.75	438.86

Source: Delhi Jal Board's Revised Estimates & Budget Estimate for the year 2005-06.

Delhi Government had not provided non-plan assistance to DJB till 1999-2000 to meet their non-plan deficit, except a non-plan loan of Rs.20 crore released during 1997-98 towards meeting their 5th Pay Commission arrears. However, Delhi Government has been releasing non-plan loans to DJB from 2000-01 to meet their non-plan deficit. A non-plan loan of Rs.75 crore was released to them in 2000-01. Interest dues from DJB is also being recovered by Delhi Government by converting their interest dues into non-plan loan from 2001-02 onwards. The non-plan loan to them increased substantially from Rs.381.99 crore (i.e. Rs.190 crore as cash payment towards meeting their non-plan deficit and Rs.191.99 crore towards conversion of interest dues into non plan loan) in 2001-02 to Rs.727.75 crore (i.e. Rs.350 crore as cash payment towards meeting their non-plan deficit and Rs.377.75 crore for conversion of interest) in 2004-05. DJB's water tariff has been increased and implemented from April, 2005. As a result, their requirement of non-plan loan to meet their working losses has reduced to Rs.124.00 crore in 2005-06. In addition, their interest dues of Rs. 438.86 crore to Delhi Govt. in 2005-06 has been converted into non-plan loan during the year. Thus, total non-plan loan to DJB during 2005-06 was Rs.562.86 crore.

### **(iii) DELHI TRANSCO LTD. (DTL)**

Delhi Transco Ltd. (DTL) came into existence after the unbundling of erstwhile DVB in July, 2002. DTL is a State Transmission Utility in the National Capital Territory of Delhi. DTL is responsible for transmission of power at 220 KV and above level, besides up-gradation, operation and maintenance of EHV network and arranging bulk supply of power to the three Distribution Companies (DISCOMs).

As per the transfer scheme of DVB, the Delhi Govt. 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 the Distribution Companies etc. during the transition period. Accordingly, the Delhi Govt. has released loan of Rs.1364 crore in 2002-03, Rs.1470 crore in 2003-04, Rs.480 crore in 2004-05 and Rs.138 crore in 2005-06 to DTL under the plan scheme of Power Sector Reform.

### **(iv) DELHI POWER COMPANY LTD. (DPCL)**

Similarly, the Delhi Power Company Ltd. (DPCL) also came into existence after the unbundling of the erstwhile DVB. This company has been created with the principal objective of holding shares of the successive power utilities of DVB [viz the Generation Company (GENCO), TRANSCO and DISCOMs] and the outstanding liabilities of the erstwhile DVB.

DVB owed power purchase dues of Rs.3376.70 crore to CPSUs (including 40% surcharge) upto 30.09.2001. As per the recommendation of the Ahluwalia Committee regarding one time

settlement of outstanding power purchase dues to CPSUs, the above outstanding liabilities have been securitized into long term advances through a Bi-Partite Agreement signed between the Ministry of Power, Govt. of India and Delhi Govt. According to the agreement, interest payment and repayment of principal have to be made biannually. While interest payment (at the rate of 8.5% per annum) has already been started from 31.03.2002 and the repayment of principal will start from 31.03.2007 and will have to be completed on 30.09.2016. The main sources of income of DPCL are dividend earned from the shares held in DISCOMs, DTL and GENCO, interest and principal on secured loan extended by DPCL to above power utilities, recovery of DVB period arrears of electricity charges from consumers etc.

DPCL has made interest payment of Rs. 1291.59 crore to CPSUs during 2003-04 to 2005-06, for which Delhi Govt. provided net non-plan loan of Rs. 552.63 crore to DPCL. Here it is mentioned that Delhi Govt. actually released non-plan loan of Rs. 504.71 crore to DPCL in 2003-04. However, DPCL refunded loan of Rs. 364.79 crore after the receipt of incentive from the CPSUs as per the above said scheme recommended by the Ahluwalia Committee. Thereafter, Delhi Government provided non-plan loan of Rs.262.71 crore in 2004-05 and Rs.150 crore in 2005-06. Further, as per the bi-partite agreement, repayment of principal of Rs. 3376.70 crore and payment of interest of Rs. 1650.37 crore have to be made to the CPSUs during the period 2006-07 to 2016-17.

## 17. FINANCES OF LOCAL BODIES

For civic administration, the NCT of Delhi is divided in 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:

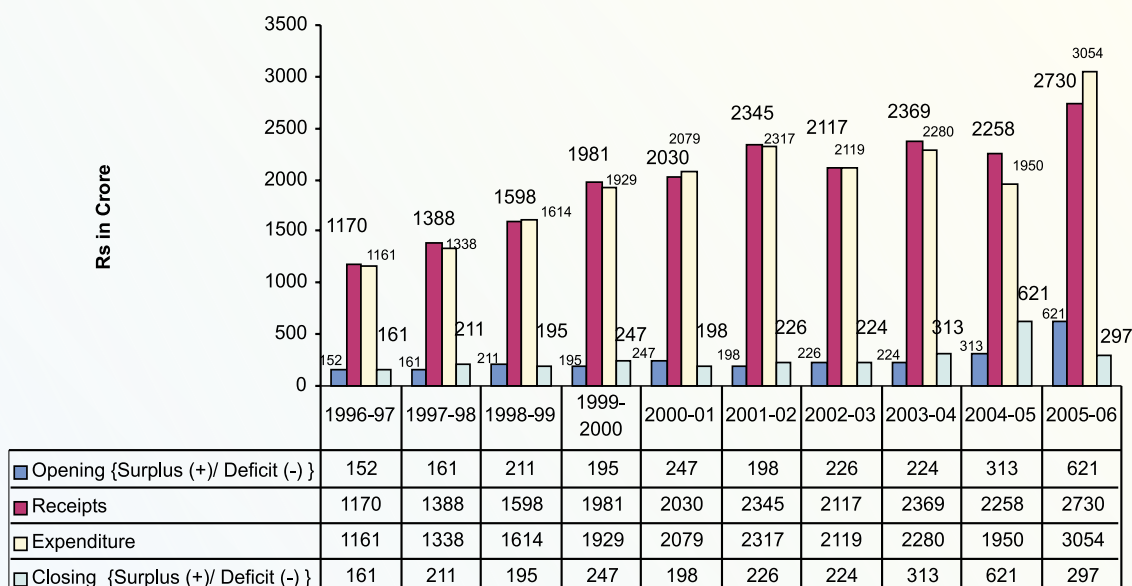
**Statement 4.13**

### AREA AND POPULATION DENSITY OF LOCAL BODIES, 2001

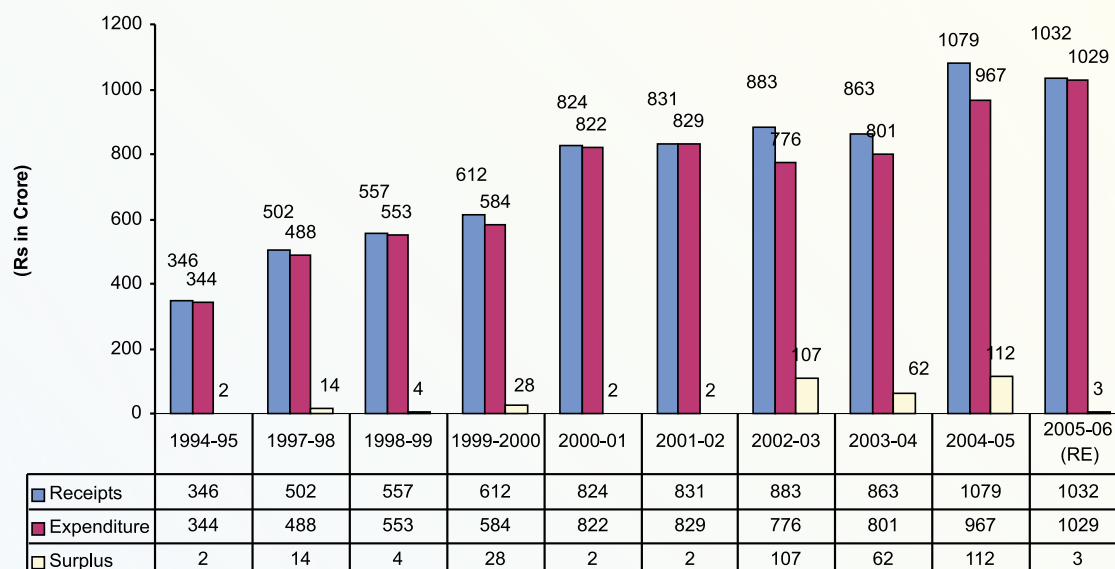
	Area (in Sq. Km.)	Population Density (Persons per Sq. Km.)	
		1991 census	2001 census
MCD	1397.29	6459	9564
NDMC	42.74	7050	6897
DCB	42.97	2197	2896
Delhi	1483	6352	9294

Source:- Delhi Statistical Hand Book, 2004

**Chart 4.8**  
**TOTAL RECEIPT & EXPENDITURE, MCD (EXCLUDING SLUM WING)**



**4.9**  
**TOTAL RECEIPT & EXPENDITURE**  
**NDMC**



Source : NDMC Budget 1996-97 to 2004-05.

## 18. DEVOLUTION TO LOCAL BODIES

Devolution to local bodies in Delhi (i.e. MCD and NDMC) for the period 1996-2006 has been made on the basis of the recommendations of the First Delhi Finance Commission (DFC) covering the period 1996-2001 and Second DFC covering the period 2001-2006. The Devolution to Local Bodies based on the recommendations of the 2nd DFC consists of two parts - (i) Basic Tax Share (which is 5.5% of Tax Revenue of Delhi Government) and (ii) Non-Plan grants (up to a maximum of 5% of Tax Revenue of Delhi Government for maintenance of Resettlement Colonies, Nutrition and Education). The Devolution to Delhi Cantonment Board is being made as per the arrangement existing prior to the recommendations of the first DFC. The following statement provide details of the devolution of funds to local bodies in Delhi.(Ref. Table 4.11 for further details)

### Statement 4.14

#### DEVOLUTION TO LOCAL BODIES

(Rs. in Crore)

SN	Item	During First Delhi Finance Commission (1996-2001)	2001-02	2002-03	2003-04	2004-05	2005-06 (LE)	During Second Delhi Finance Commission (2002-06)
1	2	3	4	5	6	7	8	9
1	Grant in Aid	698.18	186.86	215.64	220.68	488.33	367.54	1479.05
	MCD	644.53	174.31	200.74	205.12	455.66	344.51	1380.34
	NDMC	48.83	11.46	13.65	14.09	31.05	21.37	91.62
	DCB	4.82	1.09	1.25	1.47	1.62	1.66	7.09
2	Compensation & Assignments	927.76	260.07	310.60	309.30	363.14	407.79	1650.90
	MCD	872.01	247.94	296.80	295.29	347.01	389.79	1576.83
	NDMC	44.60	8.06	9.50	9.61	11.29	12.68	51.14
	DCB	11.15	4.07	4.30	4.40	4.84	5.32	22.93
3	Total (1+2)	1625.95	446.93	526.24	529.98	851.47	775.33	3129.95
	MCD	1516.54	422.25	497.54	500.41	802.67	734.30	2957.17
	NDMC	93.43	19.52	23.15	23.70	42.34	34.05	142.76
	DCB	15.97	5.16	5.55	5.87	6.46	6.98	30.02

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

The work of third Delhi Finance Commission set up by Delhi Govt. is already going on. The recommendations of the Commission will cover the period 2006-11. The commission is likely to submit its report shortly.



## 19. 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, resource was not a constraint for implementation of Plan in Delhi.

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

**Statement 4.15**

### ACHIEVEMENT OF RESOURCES DURING FIRST FOUR YEARS OF TENTH PLAN

(Rs. In Crore)

SN	Item	10th Plan (2002-07) (At 2001-02 Prices)	2002-03 Actuals	2003-04 Actuals	2004-05 Actuals	2005-06 (LE)	A.P. 2002-03 to 2005-06 Achievement
1	2	3	4	5	6	7	8
1	Tax Revenue						
1.1	Sales Tax	24875.41	3884.36	4435.68	5200.88	6500.67	20021.59
1.2	Stamps & Regd. Fees	2261.28	436.80	435.23	668.34	827.65	2368.02
1.3	Taxes on Motor Vehicle	1383.00	160.40	175.24	195.98	298.74	830.36
1.4	State Excise	4033.00	725.68	710.12	843.68	1024.80	3304.28
1.5	Other Taxes & Duties on Commodities & Services	728.99	116.95	127.90	197.25	287.42	729.52
(i)	Entertainment Tax (incl. Cable TV Tax)	226.32	41.94	27.37	35.23	38.15	142.69
(ii)	Betting Tax	14.89	2.91	3.02	2.87	3.37	12.17
(iii)	Luxury Tax	487.78	72.10	97.51	159.15	245.89	574.65
	<b>Own Tax Revenue</b>	<b>33281.68</b>	<b>5324.19</b>	<b>5884.17</b>	<b>7106.13</b>	<b>8939.28</b>	<b>27253.77</b>
2	<b>Own Non Tax Revenue</b>	<b>2966.43</b>	<b>829.56</b>	<b>950.34</b>	<b>921.39</b>	<b>1398.96</b>	<b>4100.25</b>
3	<b>Share in Central Taxes</b>	<b>1998.24</b>	<b>325.00</b>	<b>325.00</b>	<b>325.00</b>	<b>325.00</b>	<b>1300.00</b>
4	<b>Other Grants GOI</b>				<b>6.28</b>	<b>2.03</b>	<b>8.31</b>
5	<b>Total Revenue Receipt (1+2+3+4)</b>	<b>38246.35</b>	<b>6478.75</b>	<b>7159.51</b>	<b>8358.80</b>	<b>10665.27</b>	<b>32662.33</b>
6	<b>Net Non Plan Revenue Expdr.</b>	<b>17142.68</b>	<b>3380.00</b>	<b>3713.14</b>	<b>4435.36</b>	<b>4662.50</b>	<b>16191.00</b>
7	<b>Balance from Current Revenue (BCR) (5-6)</b>	<b>21103.67</b>	<b>3098.75</b>	<b>3446.37</b>	<b>3923.44</b>	<b>6002.77</b>	<b>16471.33</b>

<b>8</b>	<b>Contribution of Public Enterprises (i+ii+iii)</b>	<b>-2881.60</b>	<b>-1287.99</b>	<b>-1798.73</b>	<b>-1555.73</b>	<b>-1891.80</b>	<b>-6534.25</b>
(i)	DTC	-2036.92	-586.87	-621.00	-565.27	-1107.23	-2880.37
(ii)	Delhi Transco Ltd.(DTL) /Delhi Power Co. Ltd. (DPCL) etc.	0.00	-90.48	-556.73	-262.71	-221.71	-1131.63
(iii)	DJB	-844.68	-610.64	-621.00	-727.75	-562.86	-2522.25
9	Net Misc. Capital Receipt (MCR) (9.1-9.2)	-611.96	-926.23	-1379.86	-2087.89	32.80	-4361.18
9.1	Total Capital Receipt	499.15	206.63	255.73	527.96	319.68	1310.00
<b>9.2</b>	<b>Capital Expenditure (Exe. Non-plan loan to DTC/DJB/ DPCL etc.,)</b>	<b>1111.11</b>	<b>1132.86</b>	<b>1635.59</b>	<b>2615.85</b>	<b>286.88</b>	<b>5671.18</b>
	(Of which, pre-payment of loan)		(822.01)	(1530.88)	(2200.00)	(165.41)	(4718.30)
<b>10</b>	<b>Small Saving Loan</b>	<b>3200.74</b>	<b>3276.84</b>	<b>4408.07</b>	<b>3732.38</b>	<b>5896.45</b>	<b>17313.74</b>
10.1	Small Saving Loan used for pre-payment		822.01	1530.88	2200.00	165.41	4718.30
10.2	Net Small Saving Loan utilised for plan	3200.74	1820.87	1703.61	121.15	0.00	3645.63
10.3	Small Saving Loan remain un-utilised		633.96	1173.58	1411.23	5896.45	9115.22
<b>11</b>	<b>Central Plan Assistance</b>	<b>2189.16</b>	<b>549.62</b>	<b>400.95</b>	<b>442.13</b>	<b>134.26</b>	<b>1526.96</b>
(i)	Normal Assistance	1842.50	360.00	367.73	370.05	99.28	1197.06
(ii)	Addl. Central Assistance for Externally Aided Projects	0.00	0.00			0	0.00
(iii)	Addl. Central Assistance for Specific Schemes.	346.66	189.62	33.22	72.08	34.98	329.90
<b>12</b>	<b>Achievement Resources for Plan (7+8+9+10+11) (excluding opening balance)</b>	<b>23000.01</b>	<b>4710.99</b>	<b>5076.80</b>	<b>4454.33</b>	<b>10174.48</b>	<b>24416.60</b>
<b>13</b>	<b>Achievement of Resources at 2001-02 prices</b>		<b>4542.90</b>	<b>4745.56</b>	<b>3927.98</b>	<b>8544.96</b>	<b>21761.40</b>
<b>14</b>	<b>Plan Expenditure/Size</b>	<b>23000.00</b>	<b>4379.08</b>	<b>4537.18</b>	<b>4216.68</b>	<b>4259.61</b>	<b>17392.55</b>

It reveals that against the 10th Plan approved outlay of Rs.23,000 Cr. at 2001-02 prices, the achievement of resources (excluding opening balance) during first four years of 10th Plan was Rs. 24416.60 Cr. at current prices and Rs. 21761.40 Cr. at 2001-02 prices. Thus, the achievement of resources during first four years of 10th Plan was 94.61% of the 10th Plan outlay of Rs. 23,000 Cr.

The Statement below indicates the debt and non-debt financing of plan expenditure of Delhi.

**Statement 4.16**

**DEBT & NON DEBT FINANCING OF ANNUAL PLAN EXPENDITURE/OUTLAY**

Item	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (LE)
1	2	3	4	5	6	7	8	9	10
Total Plan Expenditure	1954.27	2013.75	2233.28	3087.11	3930.26	4379.08	4567.18	4216.68	4259.44
Debt	876.03	707.23	1399.54	1764.08	1779.77	2507.65	2593.98	1573.70	0.00
Percentage(%)	44.83	35.12	62.67	57.14	45.28	57.26	56.80	37.32	0.00
Non Debt	1078.24	1306.52	833.74	1323.03	2150.49	1871.43	1973.20	2642.98	4259.44
Percentage(%)	55.17	64.88	37.33	42.86	54.72	42.74	43.20	62.68	100.00

**20. CREDIT DEPOSIT RATIO**

There were 1640 branches of all Scheduled Commercial Banks in Delhi as on September, 2005. Of these, 301 were branches of State Bank of India and its associates, 1015 commercial banks, 35 foreign banks and 289 other scheduled commercial banks. In the past two years, there has been an increase of 9.26% in the number of bank branches. The average estimated population covered per branch in Delhi as on September, 2005 was 10121.

The total deposits of all scheduled commercial banks in Delhi amounted to Rs.250289 crore on September, 2005, of which 17308 (6.92%) is 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**

	Delhi	All India
Per capital credit (Rs.)	64087	11893
Credit Deposit ratio (%)	62.40	68.08

The total credit by all scheduled commercial banks in Delhi was Rs.156185 crore as on September, 2005. The number of reporting offices, deposits, gross bank credits and the credit deposit ratio as on September, 2005 are shown in table 4.13.