

CHAPTER 4

PUBLIC FINANCE

1. The Government of Delhi has a special functional and fiscal arrangement. The expenditure responsibility for Public Order, Police and Land in Delhi are Central subject, while the rest of the State functions are devolved to the Delhi Government. The Government of Delhi enjoys the same tax jurisdiction as the States. As a Union Territory, Delhi Government can borrow only from the Centre.
2. There has been no major change in the fiscal power of Delhi Government in the intervening period of the Economic Survey 2001-02 and the present one. A lot of changes in the fiscal position of Delhi were contemplated during the said period. The Government of India amended the Government of National Capital Territory of Delhi Act, 1991 in September, 2001 to enlarge the fiscal jurisdictions of Delhi Government. This amendment provides for (i) separation of Public Account of Delhi, (ii) allowing Delhi Government to borrow upon the security of its Consolidated Fund subject to prescribed limit and such condition as the Government of India may impose, (iii) separation of cash balance of Delhi from that of the Government of India and (iv) authorizing Government of Delhi to stand guarantee for raising loan by its Local Bodies/Undertakings within such limits, if any, as may from time to time be fixed by the Government of India.
3. However, such amendment remained ineffective because the appointed date for coming into force the same is yet to be notified by the Government of India who wants some modalities to be completed by the Delhi Government before the issue of such notification. As such, now Delhi Government has no access to Market Borrowing, Negotiated Loan, Provided Fund of Government Employees etc. for funding its Annual Plan as are available to the States.
4. Due to bridled tax jurisdiction and authority, the Delhi Government cannot plan its resources even after the Legislature has approved the tax proposals. Except the fresh taxes, amendment to any law either passed by the Parliament in relation to Delhi or extended to Delhi from other States by the Ministry of Home Affairs, Government of

India are not effective without the approval of the Central Government. These are the serious limitations which have resources implications.

5. Delhi Government was of the view that it should be covered under the terms of reference of the 12th Finance Commission so that various devolution of funds from the Centre (viz. grants for augmenting resources of Local Bodies, meeting Calamity Relief, tackling the special problems like improvement of slums, augmentation of Water Supply and Sewerage system etc.) as available to the States based on the Finance Commission's recommendations, are also made available to Delhi. This, however, did not happen. Delhi Government now gets only grants in-lieu of share in Central Taxes and that too without any growth since 2001-02 while the States are getting enhanced share in Central Taxes as per the recommendations of the 11th Finance Commission. In case of Delhi, the allocation of grants in-lieu of share in Central Taxes had, rather, been reduced from Rs.330 crore in 2000-01 to Rs.325 crore in 2001-02. Thereafter, such allocation has been kept stagnant at Rs.325 crore for each of the subsequent years including the present year (2004-05) as reflected in the interim budget of the Government of India for 2004-05.
6. Implementation of Value Aided Tax (VAT) was another aspect which was likely to bring in significant changes on the revenue front of Delhi Government. Sales Tax is the major part of tax revenue of the Government. It was apprehended that once VAT is implemented, there would be some shortfall in revenue in the initial two years and thereafter, the revenue will have a substantial jump. However, the same has not yet been implemented. The sales tax collection has also been adversely affected due to Government of India's decision to exempt sales tax on Aviation Turbine Fuel (ATF) sold to foreign aircrafts with effect from 23.11.2002.
7. The tax revenue collection in other sectors due to the Government's policy decision regarding revision/exemption of taxes etc. had mixed effects during 2002-03 and 2003-04. Stamp Duty collection was affected during 2003-04 due to the Government's decision to reduce the Stamp Duty rate from 13% to 8% for general and 6% for females. The Delhi Government's liberalized excise policy for improving the distribution network of liquor, widening the tax network, etc. in 2002-03 resulted in positive impact on the excise revenue of the Government. With the upward revision of Luxury Tax on hotels from 10% to 12.5% in 2003-04, the revenue on this account is likely to increase. On the other hand, the Government's decision to reduce the rate of Entertainment Tax on cinema

halls in 2003-04 from 60% to 30% to protect the cinema industry, has resulted in loss of revenue to the Government. In case of Motor Vehicle Tax, the revenue collection has shown fluctuating trend.

8. There is no significant change in the realization of Non-Tax Revenue of the Government. Interest dues from DTC and DJB which form a major part of Non-Tax Revenue of Delhi Government are not received in cash in view of the intrinsic sick financial performance of these sick organisations. Their interest dues are recovered by the Government by converting the interest into further Non-Plan Loan by way of book adjustment. The interest dues from MCD is recovered at source from out of their global tax share from the Delhi Government as recommended by 1st Delhi Finance Commission (DFC). The Non-Tax Revenue by way of service charges from various Governments departments, however, remained nominal where significant scope for mobilizing resources is there.
9. The Delhi Government's financial position, however, remained comfortable in the sense it continued to have substantial revenue surplus after meeting its non-plan revenue expenditure. The Delhi Government is lucky to have abundant scope to raise small savings loan, unlike other States. However, growing expenditure requirement on the plan side and rapid increase in Non-Plan Expenditure mainly due to providing Non-Plan support to the Public Utilities to cover their non-plan deficits, have resulted in its public debt and debt – servicing liability growing at a much faster pace compared to other States. This is a matter of concern of Delhi Government
10. However, in order to remedy the situation certain fiscal measures and steps have been initiated by the Government. The Government has already unbundled Delhi Vidyut Board (DVB) and its Distribution Business has been privatized with effect from 30th June, 2002 (mid-night) (**Ref. BOX 4.1**).

BOX 4.1

- The Delhi Vidyut Board (DBV) was a State Electricity Board set up in 1997 under the Electricity (Supply) Act, 1948, succeeding the Delhi Electricity Supply Undertaking (DESU), which had existed since 1957 as a wing of the Municipal Corporation of Delhi. It was an integrated utility with generation, transmission and distribution functions serving all of Delhi except the NDMC and MES (Cantonment) areas, to which it supplied power in bulk.
- The creation of DVB, replacing DESU, in 1997 proved to be merely a change in the legal status of the organization and was not followed by any real change in its structure, functioning and work culture. Its reputation continued to deteriorate and its poor commercial performance made it a drain on the public exchequer.
- Against the above background, one of the first major steps taken by the Government of the NCT of Delhi was to bring out a Strategy Paper on Power Sector Reforms in February, 1999. There followed a unique, innovative yet fast track reform process that ultimately resulted in the unbundling of DVB and privatization of its distribution with effect from 30th June, 2002 (mid-night).
- As a result of restructuring of DVB, now its six successor entities are in operation in Delhi viz. a Holding Company, a Generation Company (GENCO), a Transmission Company (TRANSCO) and three Distribution Companies (DISCOMs). While the first three Companies are Government owned, two DISCOMs are being managed by BSES and one DISCOM by TATA Powers. It is likely to take sometime to make the projected improvements by these private companies for which they have targets.

11. The Delhi Government's focus is now towards restructuring of Delhi Transportation Corporation (DTC) and Delhi Jal Board (DJB). The consultant's report on restructuring of DTC is under consideration with the Government. In case of DJB, the consultants are already on the job for submitting the final report on restructuring of DJB.
12. Delhi Government is continued to have substantial opening balance during last 8 – 9 years. Such opening balance is mainly due to receipt of excess small savings loan over its requirements, less utilization of plan fund against the approved outlay, etc. In the existing financial arrangement, Delhi is not having a separate cash balance with the RBI. Its cash balance is merged with the Government of India. As such, Delhi Government is losing interest on its treasury holdings with the RBI. There is, therefore, need for improving the utilisation of plan fund and also restricting raising of small savings loan to the extent required for funding the plan.
13. In the last two years, Delhi Government has, however, retired substantial amount of costly outstanding debt with the cheaper small savings loan received in excess of its requirements during the years. This has helped in reducing the interest liability of the Government which reflects an important step towards prudent financial management of the Government.
14. In March, 2004, Delhi Government has taken a decision for devolution of funds to its Local Bodies for the period 2001-06 based on the recommendations of the Second Delhi Finance Commission (**Ref. BOX 4.2**). The MCD and NDMC will now get 10.5% of own Tax Revenue of Delhi Government instead of 9.5% as applicable to them based on the recommendation of the First Delhi Finance Commission.

BOX 4.2

SECOND DELHI FINANCE COMMISSION

In terms of the provisions of section 3 of the Delhi Finance Commission Act, 1994, the Lt. Governor, on the recommendations of the Council of Ministers, constituted the Second Delhi Finance Commission (DFC) on 9th January, 2001. The Commission submitted its final report on 30th April, 2002 covering the five year period 2001-06.

Scheme of Devolution

The package of devolution of funds to MCD and NDMC as recommended by the Commission consisted of the following elements:

- (i) The basic annual transfer by way of global tax-assignment to MCD and NDMC together be continued at 5.5 percent of the own tax revenues of Delhi Govt.
- (ii) The non-plan grants-in-aid for education be raised from 60 to 70 percent of the eligible expenditure for MCD and from 60 to 66 percent for NDMC.
- (iii) 5 percent of the grant-in-aid provided to MCD for education should be earmarked for maintenance of school buildings.
- (iv) The grants-in-aid towards reimbursement of expenditure on resettlement colonies and mid-day-meals be provided as per the original terms and conditions as drawn by the Govt. prior to the implementation of the recommendations of First Delhi Finance Commission.
- (v) The non-plan grants-in-aid for education, resettlement colonies and mid-day-meals as worked out on the basis of the criteria outlined at points (ii) and (iv) above for the municipalities shall be subject to a cap of 5 percent (against the existing 4 percent) of the Govt.'s own tax revenue.
- (vi) As part of better fiscal management, payment to MCD and NDMC of
 - (a) an incentive amount equivalent to 2 percent of the collections from new taxes in the year following the year of their levy and
 - (b) payment of another incentive amount equivalent to 33 percent of the excess tax collections over 102% of the estimates of existing taxes assumed by the Second DFC during each of the five years 2001-06.

Additional Resource Mobilisation

According to the Commission, there is ample scope for MCD and NDMC to augment their resources through improved collections from the existing tax/non-tax sources, imposing fresh taxes and raising the existing rates of various fees, as also by bringing in more services under the fee structure. In this connection, the Commission made the following recommendations, both for MCD and NDMC:-

- i. Switch over to the Unit Area Method (UAM) for property tax assessment to make the same more scientific, objective, simple and transparent and to reduce the scope for corruption and litigation.
- ii. Imposition of new taxes,
 - (a) on professions, trades, calling and employment, and
 - (b) on increase in urban land values as a result of execution of any development or improvement work.

Debt Relief

As regards debt relief, the Commission recommended three-year moratorium on loans sanctioned by the Govt. to the Municipal Corporation of Delhi during 2001-06 with the reduced rates of interest.

Government's Decision

The Govt. accepted all the major recommendations of the Commission, except that the moratorium was confined to the loans sanctioned during 2003-06.

15. Further, Delhi Government has to bear the liability on account of outstanding power and fuel dues of DVB towards the Central Public Sector Undertakings (CPSUs) as per the Government of India's scheme of One Time Settlement of SEBs dues to CPSUs (Ref. BOX 4.3). The Delhi Government/Delhi Power Company Limited (DTL) has already paid Rs.704.71 crore in 2003-04 to the CPSUs towards interest payment up to 31.3.2004 according to the above said scheme.

BOX 4.3

The Ministry of Power, Government of India constituted an Expert Committee to recommend measures for settlement of outstanding dues of State Electricity Boards (SEBs) under the Chairmanship of Sh. M.S. Ahluwalia. The Committee submitted its recommendations to the Ministry of Power, which were, by and large, accepted by the Government of India. On the basis of these recommendations, the Ministry of Power, Government of India had issued a scheme for settlement of outstanding dues of CPSUs.

In pursuance of the above scheme, the Government of Delhi signed a Bi-partite Agreement with the Ministry of Power, Government of India on 17.2.2004 to securitise the outstanding power and fuel dues of Rs.3316.28 crore of the erstwhile DVB to the CPSUs into long term advances. The amount of Rs.3316.28 crore consists of principal amount plus 40% of surcharge up to 30.9.2001 which has been converted into long term advances and the same would have to be repaid by the Delhi Government/Delhi Power Company Ltd. over a period of fifteen years in twenty equal six monthly instalments commencing from 1.10.2006 i.e. after a moratorium of five years. The long-term advances will carry an interest @ 8.5% with effect from 30.9.2001 and first such instalment was due on 31.3.2002.

Accordingly, the Delhi Government/Delhi Power Company Ltd. (DPCL) have already paid interest of Rs.704.7095 crore up to 31.3.2004 to the CPSUs during 2003-04. Further, according to the scheme, Delhi Government has also received an incentive of Rs.364.79 crore during 2003-04. The current year's interest liability is Rs.281.88 crore.

16. The important features of finances of Delhi Government during 2002-03 and 2003-04 have been discussed in the following paragraphs.

17. REVENUE RECEIPTS

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

Statement 4.1

REVENUE RECEIPT

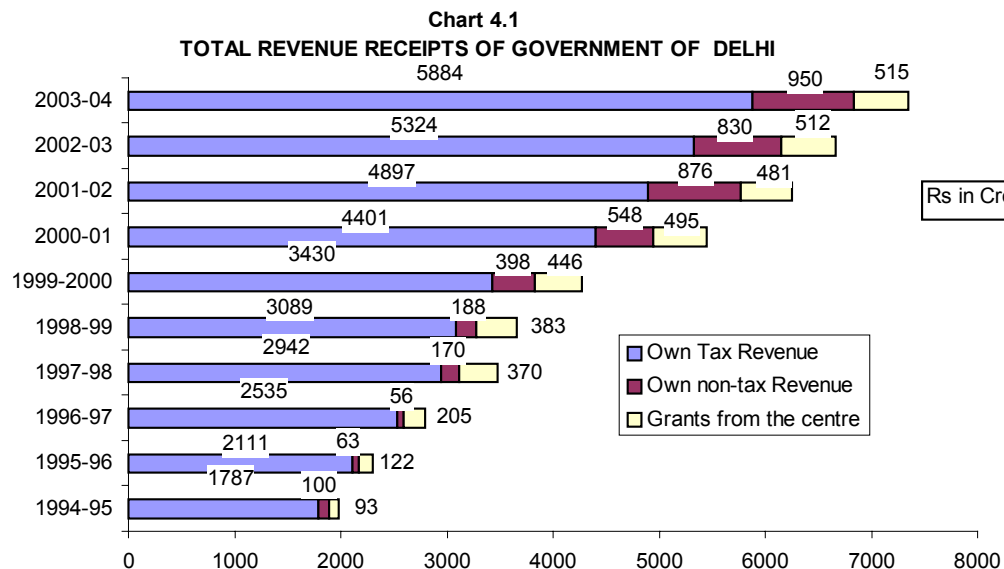
(Rs. in crore)

SN	Item	1994-95	Annual Average Growth 1994-95 to 98-99	1998-99	Annual Average Growth 1998-99 to 2002-03	2002.-03 Actual (Tentative)	Annual Average Growth 1994-2003	2003-04 Latest Estimate
1.	Own Tax Revenue	1787.47 (25.49)	15.32%	3088.78 (5.00)	15.54%	5324.19 (8.73)	14.54%	5884.17 (10.52)
(i)	Sales Tax (including Entry Tax)	1271.26 (26.79)	13.88%	2119.28 (4.06)	18.17%	3884.36 (4.62)	15.19%	4435.68 (14.19)
(ii)	State Excise	308.47 (8.77)	16.13%	526.11 (2.16)	7.37%	725.68 (19.67)	10.03%	710.12 (-2.14)
(iii)	Motor Vehicle Tax	66.49 (41.95)	18.15%	125.39 (19.29)	5.43%	160.40 (-3.81)	13.75%	175.24 (9.25)
(iv)	Stamps & Registration Fee	111.92 (68.40)	5.31%	151.01 (28.65)	28.67%	436.80 (54.26)	16.87%	435.23 (-0.36)
(v)	Other Taxes	29.12 (18.36)	65.87%	166.98 (-0.33)	(-9.18%)	116.95 (-8.34)	19.03%	127.90 (9.36)
2.	Own Non-Tax Revenue	99.63 (105.00)	25.32%	187.96 (10.89)	45.63%	829.56 (-5.24)	43.80%	950.33 (14.56)
3.	Grants from the Centre	93.36	48.16%	383.38 (3.72)	6.76%	512.19 (6.51)	23.91%	514.98 (0.54)
4.	Total Revenue Receipts (1+2+3)	1980.46 (15.96)	17.87%	3660.12 (5.15)	17.11%	6665.94 (6.59)	16.96%	7349.48 (10.25)

Source: 1994-2002 from Finance Accounts, Actual(Tentative) for 2002-03, Latest Estimate for 2003-04 from Principal Accounts Office, Govt. of Delhi.

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

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.1980.45 crore in 1994-95 to Rs.6665.94 crore in 2002-03 registering an average annual growth of 16.96% during 1994-2002. The average annual growth was slightly higher at 17.87% during the first half (1994-99) of the said period as compared to 17.11% in the second half (1998-2003) of the said period. The revenue receipts are at Rs.7349.48 crore in 2003-04 as per latest estimate. This indicates a step up of 10.25% over the previous year (Ref. Table 4.1).



	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Grants from the centre	93	122	205	370	383	446	495	481	512	515
Own non-tax Revenue	100	63	56	170	188	398	548	876	830	950
Own Tax Revenue	1787	2111	2535	2942	3089	3430	4401	4897	5324	5884

18. OWN TAX REVENUE

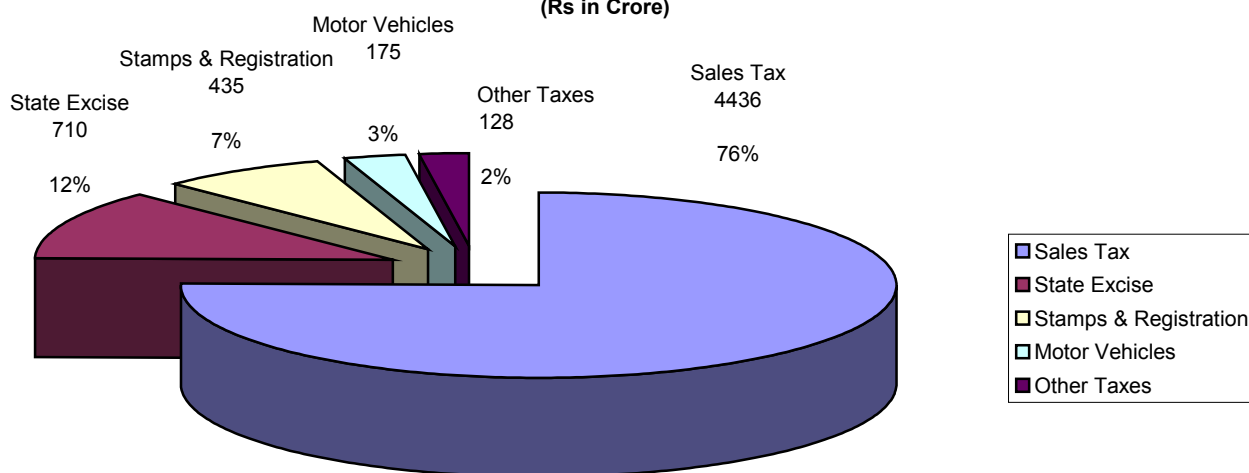
Delhi's own tax revenue consists of Sales Tax, State Excise Duties, Motor Vehicles Tax, Stamp and Registration Fee etc. (Chart 4.2). Own tax revenue constitutes more than 80%

of the total revenue receipts in 2003-04. Own tax revenue has increased from Rs.1787.47 crore in 1994-95 to Rs.5324.19 crore in 2002-03 with an average annual growth of 14.54% during 1994-2003. The growth was almost the same during the first and second half of the said period. As per latest estimate, the own tax revenue is at Rs.5884.17 crore in 2003-04, a growth of 10.52% over the previous year.

Sales Tax (including Entry Tax) is the major source of Delhi's own tax revenue. It represents 75% of the own tax revenue during 2003-04. Sales Tax collection grew from Rs.1271.26 crore in 1994-05 to Rs.3884.36 crore in 2002-03 at an average annual growth of 15.19% during 1994-2003. The growth rate during the second half (1998-2003) of the said period was much higher at 18.17% as compared to 13.88% in 1994-99. One of the main reason for such increased growth was the implementation of uniform tax rate in 2000-01 when Sales Tax collection showed a quantum jump of 44.28% over the previous year. Sales Tax collection is at Rs.4435.68 crore in 2003-04, as per latest estimate. This indicates a growth of 14.19% over the previous year. During 2003-04, the collection has been adversely affected due to exemption of Sales Tax on Aviation Turbine Fuel (ATF) sold to foreign aircrafts as per the Government of India's notification effected from 23.11.2002. The losses on this account is estimated at about Rs.130 crore a year.

State Excise is the second largest source of tax revenue for Delhi Government. Excise collections increased from Rs.308.47 crore in 1994-95 to Rs.725.68 crore in 2002-03 with an average annual growth of 10.03% during 1994-2003. The growth rate in the first half of the said period was much higher at 16.13% as compared to 7.37% in the second half. As per latest estimate, State Excise collection is at Rs.710.12 crore in 2003-04 showing a negative growth of 2.14% over the previous year. The less collection in 2003-04 is attributed mainly due to increase in wholesale price of country liquor without proportionate increase in retail price, payment of additional Sales Tax on State Excise, duty free impart of foreign liquor etc.

Chart 4.2
Government of NCT of Delhi
Own Tax Revenue 2003-04
(Rs in Crore)



19. TAX BUOYANCY

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

TAX BUOYANCY : DELHI

S.No	Item	Tax Buoyancy (1994-99)	Tax Buoyancy (1998- 2003)	Tax Buoyancy (1994- 2003)
	<u>Own Tax</u>			
1.	Sales Tax	0.81	1.51	1.03
2.	State Excise	0.94	0.61	0.68
3.	Tax on Motor Vehicle	1.05	0.45	0.93
4.	Stamps & Registration Fee	0.31	2.39	1.14
5.	Other Taxes & Duties	3.82	-0.76	1.29
6.	Total Taxes	0.89	1.29	0.98

The buoyancy of own taxes of Delhi Government was 0.98% during 1994-2003. However, tax buoyancy was much higher at 1.29 during 1998-2003 as compared to 0.89 in 1994-99. This is a testimony to the fact that the tax effort of the Government mounted during the latter half of the said period.

20. TAX EFFORT

Though Delhi has one of the highest per capita income in the country, its position was 9th among the non-special category States excluding Jharkhand in terms of own tax/GSDP ratio (7.32%) during 2001-02. Lagging behind were Punjab (6.81%), Chhattisgarh (6.59%), Rajasthan (6.32%), Madhya Pradesh (5.78%), Orissa (5.70%), Uttar Pradesh (5.52%), Bihar (4.79%) and West Bengal (4.17%) in order of percentage of own tax/GSDP ratio. (Ref. Table 4.6 & 4.6 A).

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

Year	1994-95	1997-98	1998-99	1999-2000	2000-01	2001-02
Delhi	6.92	7.13	6.50	6.48	7.04	7.32
All States	5.50	5.34	5.11	5.30	5.61	5.61
Govt. of India	6.50	6.30	6.00	6.60	6.50	5.80

Source :- (i) Reserve Bank of India Bulletin (Finances of State Governments) from 1997-98 to 2003-04.

(ii) Economic Survey of Government of India, 1998-99 to 2002-03.

21. OWN NON TAX REVENUE

Delhi Government's own non-tax revenue consists of receipts by way of service charges from general, economic and social services, interest, dividends & profits, etc. The major portion of Delhi's non-tax revenue is interest recovery from local bodies and public utilities, like DTC, DJB and erstwhile DVB/ its successor entities. The interests from the public utilities like DTC, DJB, etc. are not received in cash because of their weak financial condition. The interests from these organizations are/were being recovered by converting their interest dues into further non-plan loan by way of a book adjustment. The following statement indicates the Own Non-Tax revenue of Delhi Government.

Statement 4.3 A

Statement showing Own Non-Tax Revenue

S.N.	Item	1994-95	1997-98	1998-99	1999-2000	2000-01	2001-02	(Rs in Crore)	
								2002-03 Actual (Tentative)	2003-04 Latest Estimates
1	Interest receipts	20.06	132.83	139.01	300.77	477.28	789.82	741.41	868.83
	Of which from								
i	DTC							389.87	445.00
ii	DJB						191.99	269.30	320.00
iii	DVB/ Successor Power Utilities		115.33	137.63	165.30	398.90	444.56		9.56
2	Dividends and profits	2.85	4.44	4.82	4.41	8.70	7.17	7.19	6.03
3	Service Charges etc.	76.72	32.25	44.13	92.67	62.37	79.07	80.96	75.47
	Total	99.63	169.52	187.96	397.85	548.35	876.06	829.56	950.33

Source: Actuals for 1994-2002 from Finance Accounts, Actual (Tentative) for 2002-03, Latest Estimate for 2003-04 from Principal Accounts Office.

Delhi Government's own non-tax revenue increased from Rs.99.63 crore in 1994-95 to Rs.829.56 crore in 2002-03, an average annual growth of 43.80% during 1994-2003 (Ref. Table 4.1). The growth was much higher at 45.63% during 1998-2003 as compared to 25.32% during 1994-99 mainly due to the fact that interest from DVB increased from Rs.165.30 crore in 1999-2000 to Rs.444.56 crore in 2001-02 and also due to starting of recovery of interest from DJB of Rs.191.99 crore in 2001-02 which increased to Rs.269.30 crore in 2002-03. Recovery of interest of Rs.389.87 crore from DTC also started in 2002-03. Although recovery of interest from DVB ceased to exist from 2002-03 due to its unbundling, but the recovery of interest from DTC and DJB kept the flow of growth of the Non-Tax revenue. The latest estimate of Non-Tax revenue collection during 2003-04 is Rs.950.33 crore, a growth of 14.56% over the previous year.

22. CENTRAL GRANTS

Revenue from the Centre is available to Delhi Government in the form of grants for State Plan (i.e. 30% of Central Plan Assistance), grants for Centrally Sponsored Schemes and grants in lieu of share in Central Taxes. Grants from the Centre have increased from Rs.93.36 crore in 1994-95 to Rs.512.19 crore in 2002-03. The annual average growth during 1994-99 was much higher at 48.16% (Ref. Table 4.1) mainly due to the reason that the total grant from the Centre increased substantially from Rs.205.38 crore in 1996-97 to Rs.369.62 crore in 1997-98 because of starting of release of share in Central taxes (Rs 240 crore) to Delhi Govt. from the year 1997-98. The annual average growth, however, remained much lower at 6.76% during 1998-2003 because the release of share in Central Taxes got reduced from Rs.330 crore in 2000-01 to Rs.325 crore in 2001-02 and thereafter the same was kept stagnant at Rs.325 crore from 2001-02 onwards.

23. REVENUE EXPENDITURE

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

Statement 4.4

REVENUE EXPENDITURE

(Rs. in Crore)

SN	Item	1994-95	Annual Average Growth 1994-95 to 1998-99	1998-99	Annual Average Growth 1998-99 to 2002-03	2002-03 Actual (Tentative)	Annual Average Growth 1994 to 2003	2003-04 Latest Estimates
	Total Revenue Expenditure (1+2)	1430.91	17.16	2840.12	13.96	4598.20	16.57	5087.02
1.	Plan	391.29	16.66	795.05	17.92	1218.20	16.91	1321.95
2.	Non-Plan	1039.62	17.37	2045.07	12.02	3380.00	16.23	3765.07
	Of which							
(i)	Interest Payment	-	66.21	432.34	27.89	1114.78	39.49	1367.27
(ii)	Devolution to Local Bodies	172.51	2.77	194.49	18.47	526.24	16.65	529.97

The major part of revenue expenditure is under non-plan. Delhi's non-plan revenue expenditure was 73.50% of its Revenue expenditure in 2002-03 as compared to the all States' estimated figure of 83.47% during the same year (Ref. Table 4.3 & 4.3A).

Revenue expenditure of Delhi Government has increased from Rs.1430.91 crore in 1994-95 to Rs.4598.20 crore in 2002-03 with an average annual growth of 16.57% in 1994-2003. The average annual growth was less at 13.96% in the second half of the said period as compared to 17.16% in the first half (1994-99). The average annual growth of revenue expenditure was about 3 times higher than the average annual inflation of 4.55%

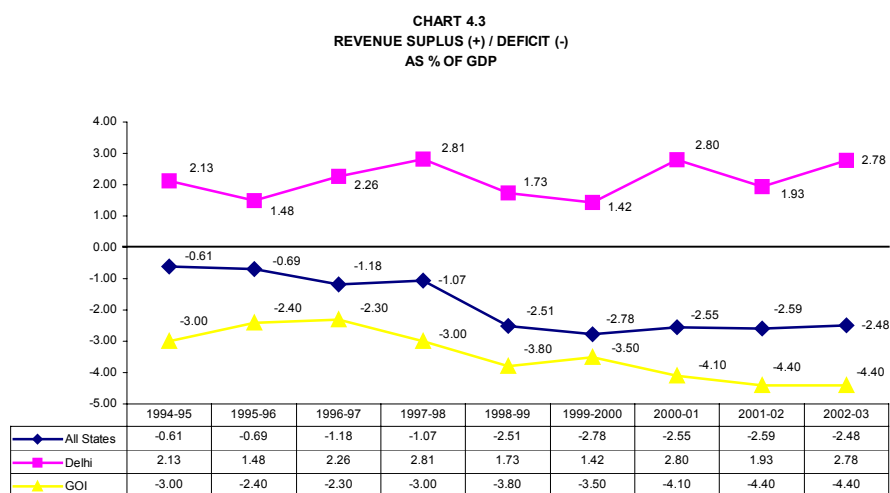
(as per Wholesale Price Index) during 1998-2003. Revenue expenditure is expected at Rs.5087.02 crore in 2003-04 with a growth of 10.63% over the previous year. (Ref. Table 4.3 & 4.4).

Plan revenue expenditure has increased from Rs.391.29 crore in 1994-95 to Rs.1218.20 crore in 2002-03 with an average annual growth of 16.91% in 1994-2003. The annual growth was higher at 17.92% during 1998-2003 as compared to 16.66% in 1994-99. The plan revenue expenditure is expected at Rs.1321.95 crore in 2003-04 with a growth of 8.52% over the previous year.

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.1039.62 crore in 1994-95 to Rs.3380.00 crore in 2002-03 with an average annual growth of 16.23% in 1994-2003. During the second half of the said period, the annual average growth was lower at 12.02% as compared to 17.37% in the first half (1994-99). The non-plan revenue expenditure is expected at Rs.3765.07 crore in 2003-04, a step up of 11.39% over the previous year.

24. 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 4.5 (Ref. Table 4.8 for further details).



Statement 4.5

BALANCE ON REVENUE ACCOUNT FROM 1994-95 TO 2003-04, DELHI

(Rs. in Crore)

Item	1994-95	1998-99	1999-2000	2000-01	2001-02	2002-03 Actual (Tentative)	2003-04 Latest Estimates
1. Revenue Receipts	1980.45	3660.12	4274.33	5443.99	6253.71	6665.94	7349.48
2. Revenue Expenditure	1430.91	2840.12	3523.00	3696.50	4963.18	4598.20	5087.02
Revenue Surplus(1-2)	549.55	820.00	751.33	1747.49	1290.53	2067.74	2262.46
Revenue Surplus as % of GSDP (Delhi)	2.13	1.73	1.42	2.80	1.93	2.78	
Revenue deficit as % of GDP (All States)	-0.61	-2.51	-2.78	-2.55	-2.59	-2.48	-1.75
Revenue Deficit as % of GDP (Government of India)	-3.00	-3.80	-3.50	-4.10	-4.40	-4.40	-3.60

Source: (i) Reference Table 4.8
(ii) Budget at a glance, Govt. of India, for 2004-05.

Delhi had a revenue surplus of Rs.549.55 crore (2.13% of GSDP) in 1994-95 which has increased to Rs.2067.74 crore (2.78% of GSDP) in 2002-03. Delhi's expected surplus on the revenue account is at Rs.2262.46 crore in 2003-04. The revenue surplus of Delhi

Government has financed about 44.27% of net capital expenditure (i.e. capital expenditure less repayment/pre-payment of loan) during 2002-03. Thus, only the balance 55.73% of net capital expenditure had to be funded through net loans from the Centre (i.e. gross loans less loan repayment/pre-payment).

25. CAPITAL RECEIPTS

Delhi Government's capital receipts consists of loans from the Centre including small savings loan, block loan (i.e.70% of Central Plan Assistance), and recovery of loans and advances from local bodies/public utilities/Government servants. The following statement indicates the position of capital receipts of Delhi Government.

Statement 4.6

CAPITAL RECEIPTS

(Rs. in Crore)

SN	Item	1994-95	Annual Average Growth 1994-95 to 1998-99	1998-99	Annual Average Growth 1998-99 to 2002-03	2002-03 Actual (Tentative)	Annual Average Growth 1994 to 2003	2003-04 (Latest Estimate)
	Total Capital Receipt	547.99	16.01	1030.47	35.79	3868.36	24.47	4919.36
	Of which							
(i)	Block Loan	167.30	6.72	220.89	13.08	384.73	8.94	255.46
(ii)	Small Saving Loan	343.03	18.21	754.66	39.90	3276.84	27.18	4408.07
(iii)	Recovery of Loan & Advances	37.66	27.45	54.92	38.42	206.63	35.91	255.73
(iv)	CSS Loan					0.16		0.10

Capital receipts of Delhi Government increased from Rs.547.99 crore in 1994-95 to Rs.3868.36 crore in 2002-03 with an average annual growth of 24.47% during 1994-2003. The average annual growth in capital receipt was more than double (35.79%) in the second half of the said period as compared to the growth of 16.01% in the first half (1994-99). The main reason for the steep increase is the receipt of a large volume of small savings loan during 1998-2003. (Ref. Table 4.2)

Delhi Government's small savings loan have increased from Rs.343.03 crore (1.33% of GSDP) in 1994-95 to Rs.3276.84 crore (4.40% of GSDP) in 2002-03 with an average annual growth of 27.18% in 1994-2003. The average annual growth of small savings loan was 39.90% in 1998-2003 which was more than double the growth of 18.21% during 1994-99. The Government contracted for more small savings loan during 2001-02 and 2002-03 in order to retire earlier year's costly small savings loan by pre-payment. The Government pre-paid Rs.162.34 crore in 2000-01, Rs.120 crore in 2001-02 and Rs.822.01 crore in 2002-03. However, since the amount of Rs.162.34 crore was pre-paid at the end of 2000-01, the same was credited in Government of India's account in the next year (2001-02). As a result, the actual prepayment during 2000-01 became nil and the total pre-payment during 2001-02 became Rs.258.80 crore (i.e. Rs.138.80 crore from previous year's payment of Rs.162.34 crore plus Rs.120 crore pre-paid in 2001-02 itself). The remaining Rs.23.54 crore out of Rs.162.34 crore paid in 2000-01 were counted by the Government of India towards interest payment.

With the prepayment of loan, the Delhi Govt.'s interest liability has reduced which reflects a positive feature of prudent financial management of the Government. Delhi Govt. received small savings loan of Rs.4408.07 crore in 2003-04 and out of which it made pre-payment of Rs.2100 crore to retire some costly small savings loan. As such, Delhi Govt. utilised net small savings loan of Rs.2308.07 crore during the year to fund the Annual Plan.

Delhi's block loan (i.e. 70% of Central Plan Assistance) has increased from Rs.167.30 crore in 1994-95 to Rs.384.73 crore in 2002-03 with an average annual growth of 8.94% in 1994-2003. The average annual growth in block loan was 13.08% in 1998-2003 as compared to the growth of 6.72% in 1994-99. As per latest estimate, Delhi Govt. received a block loan of Rs.255.46 crore during 2003-04.

Delhi Government's recovery of loans and advances was Rs.37.66 crore in 1994-95 which increased to Rs.206.63 crore in 2002-03. Such recovery was, however, much higher at Rs.457.85 crore in 2001-02 mainly because the same included loan recovery from MCD for the previous year. Delhi Government's recovery of loans and advances is at Rs.255.73 crore in 2003-04 as per latest estimate.

While Delhi Government's borrowings have been increasing rapidly, its recovery of loan is not significant since repayment of principal by DTC and DJB to Delhi Government is virtually nil. There is an urgent need to improve finances of these entities so as to protect the financial health of the Government.

26. CAPITAL EXPENDITURE

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

Statement 4.7

CAPITAL EXPENDITURE

(Rs. in Crore)

SN	Item	1994-95	Annual Average Growth 1994-95 to 1998-99	1998-99	Annual Average Growth 1998-99 to 2002-03	2002-03 Actual (Tentative)	Annual Average Growth 1994 to 2003	2003-04 (Latest Estimate)
	Total Capital Expenditure	976.11	23.35	2102.49	27.59	5615.30	23.71	7202.26
(1)	Plan	775.89	16.51	1253.97	25.26	3194.45	17.59	3250.84
	Of which,							
(i)	Capital Outlay	201.47	31.93	487.10	12.24	787.37	16.50	896.12
(ii)	Loans & Advances	574.42	8.53	766.87	32.23	2407.08	18.23	2354.72
(2)	Non-Plan	200.22	41.10	848.52	30.75	2420.85	37.90	3951.42
	Of which,							
(i)	Capital Outlay	11.09		-146.26		188.36		-41.60
(ii)	Repayment of Loan	-		268.32		944.50		2246.31
(iii)	Loans & Advances	189.13	43.64	726.45	15.69	1287.99	31.81	1746.71

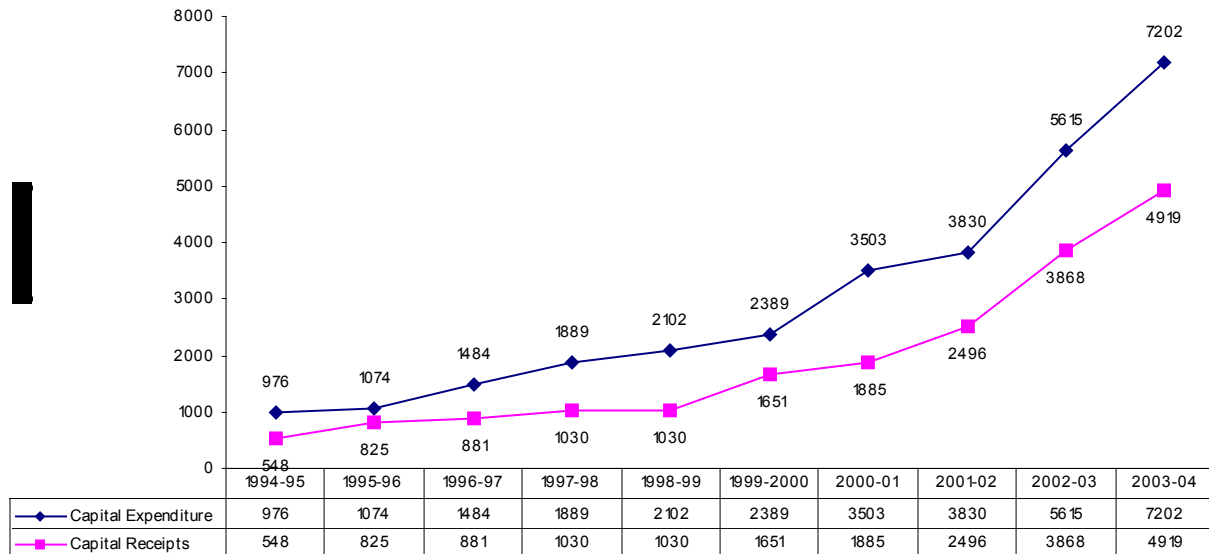
Capital disbursement of Delhi Government have increased from Rs.976.11 crore (3.78% of GSDP) in 1994-95 to Rs.5615.30 crore (7.54% of GSDP) in 2002-03 with an average annual growth of 23.71% in 1994-2003. The average annual growth was higher at 27.59% in 1998-2003 as compared to 23.35% in 1994-99. The Capital disbursement is expected at Rs.7202.26 crore in 2003-04. The Plan component of capital expenditure of Delhi Government was 56.89% in 2002-03 as compared to all States' estimated figure of 53.33% in the year. Plan capital expenditure has increased from Rs.775.89 crore in 1994-95 to Rs.3194.45 crore in 2002-03 with an average annual growth 17.59% in 1994-2003.

During the second half of the above said period, plan capital expenditure registered an average annual growth of 25.26% as compared to a growth of 16.51% in the first half. Plan capital expenditure is expected at Rs.3250.84 crore in 2003-04 with a growth of 1.77% over the previous year. (Ref. Table 4.3 & 4.4 for further details).

Non-Plan capital expenditure mainly consists of non-plan capital outlay, repayment of loans to the Centre and non-plan loans and advances to public utilities (viz. erstwhile DVB, DTC, DJB, local bodies) towards meeting their non-plan requirements. Non-plan capital expenditure has increased from Rs.200.22 crore in 1994-95 to Rs.2420.85 crore in 2002-03 with an average annual growth of 37.90% in 1994-2003. The average annual growth in non-plan capital expenditure was higher at 41.10% in 1994-99 as compared to 30.75 % during 1998-2003. The non-plan capital expenditure is expected at Rs.3951.42 crore in 2003-04. (Ref. Table 4.3 & 4.4 for further details).

The repayment of loan shows fluctuating position during 1998-03, because the same includes pre-mature payment of loans of Rs.268.32 crore in 1998-99, Rs.258.80 crore in 2001-02 and Rs.822.01 crore in 2002-03, in addition to normal repayment.

CHART 4.4
GOVERNMENT OF NCT OF DELHI CAPITAL RECEIPT / EXPENDITURE



27. PUBLIC DEBT

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

Statement 4.8 PUBLIC DEBT

(Rs in Crore)

<u>Year</u>	<u>Outstanding debt at the beginning of the year</u>	<u>Loan received during the year</u>	<u>Loan repaid/pre-paid during the year</u>	<u>Outstanding at the end of the year</u>	<u>Interest Payment</u>
1993-94	0.00	117.00 *	0.00	117.00	0.00
1994-95	117.00	510.33	0.00	627.33	0.00
	(0.45)	(1.97)		(2.43)	
1995-96	627.33	796.38	70.00	1353.71	94.00
	(2.21)	(2.81)	(0.25)	(4.77)	(0.33)
1996-97	1353.71	851.20	0.00	2204.91	189.89
	(4.00)	(2.52)		(6.52)	(0.56)
1997-98	2204.91	876.03	0.00	3080.94	314.08
	(5.35)	(2.12)		(7.47)	(0.76)
1998-99	3080.94	975.55	268.32	3788.17	432.34
	(6.49)	(2.05)	(0.57)	(7.98)	(0.91)
1999-2000	3788.17	1399.54	4.70	5183.01	530.74
	(7.16)	(2.64)	(0.01)	(9.80)	(1.00)
2000-01	5183.01	1764.08	25.17	6921.92	716.76
	(8.29)	(2.82)	(0.04)	(11.07)	(1.15)
2001-02	6921.92	2038.57	324.93	8635.56	934.16
	(10.35)	(3.05)	(0.49)	(12.91)	(1.40)
2002-03	8635.56	3661.73	944.50	11352.79	1114.78
Actual (Tentative)					
	(11.60)	(4.92)	(1.27)	(15.24)	(1.50)
2003-04	11352.79	4663.63	2246.31	13770.11	1367.27
Latest Estimate					

Source :- Actuals from 1994-95 to 2001-02 from Finance Accounts, Actual (Tentative) for 2002-03 and Latest Estimate for 2003-04 from Principal Accounts office.

* Consisted of Block Loan of Rs 47 Crore and Ways & Means Advances of Rs 70 Crore.

Note : Figures in bracket indicate percentage to GSDP.

The outstanding debt of Delhi Government was Rs.11352.79 crore (15.24% of GSDP) as on 31st March, 2003. Delhi Government's outstanding debt is at Rs.13770.11 crore as on 31st March, 2004 as per latest estimate. The position of outstanding small saving loan, Block loan and other loans as on 31.03.2004 out of the loan received each year from 1993-94 onwards is shown in Table 4.13, 4.14 & 4.15.

28. INTEREST PAYMENT

With the increase in outstanding debt, Delhi Government's interest liability has been increasing rapidly. Delhi Government's interest liability grew from Rs.94.00 crore in 1995-96 to Rs.1114.78 crore in 2002-03. Its interest liability is at Rs.1367.27 crore in 2003-04 as per latest estimate. (Ref. Statement 4.8). 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. The following statement indicates the interest payment as percentage of own tax revenue of Delhi Govt.

Statement 4.9

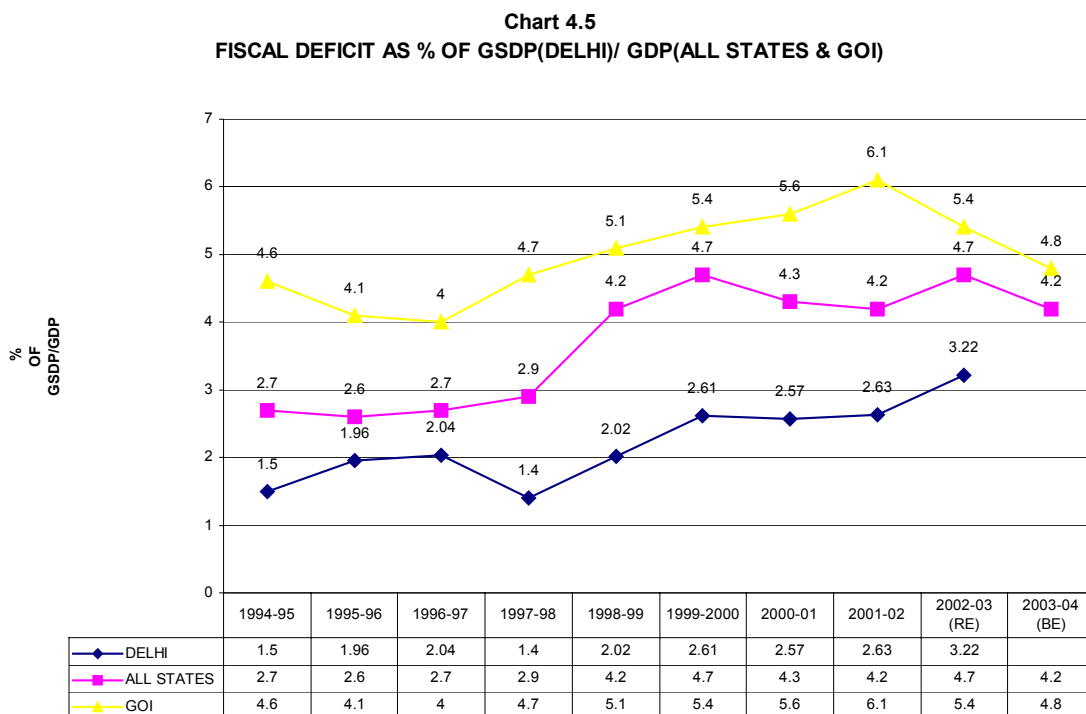
INTEREST PAYMENT TO THE CENTRE AS PERCENTAGE OF OWN TAX REVENUE

	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03 Actual (Tentative)	2003-04 Latest Estimate
Delhi	7.49	10.68	14.00	15.47	16.29	18.60	20.94	23.24

29. 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.388.90 crore (1.50% of GSDP) in 1994-95 to Rs.2396.43 crore (3.22% of GSDP) in 2002-03. The fiscal deficit is at Rs.2437.76 crore in 2003-04 as per latest

estimate (Ref. Table 4.4). 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).

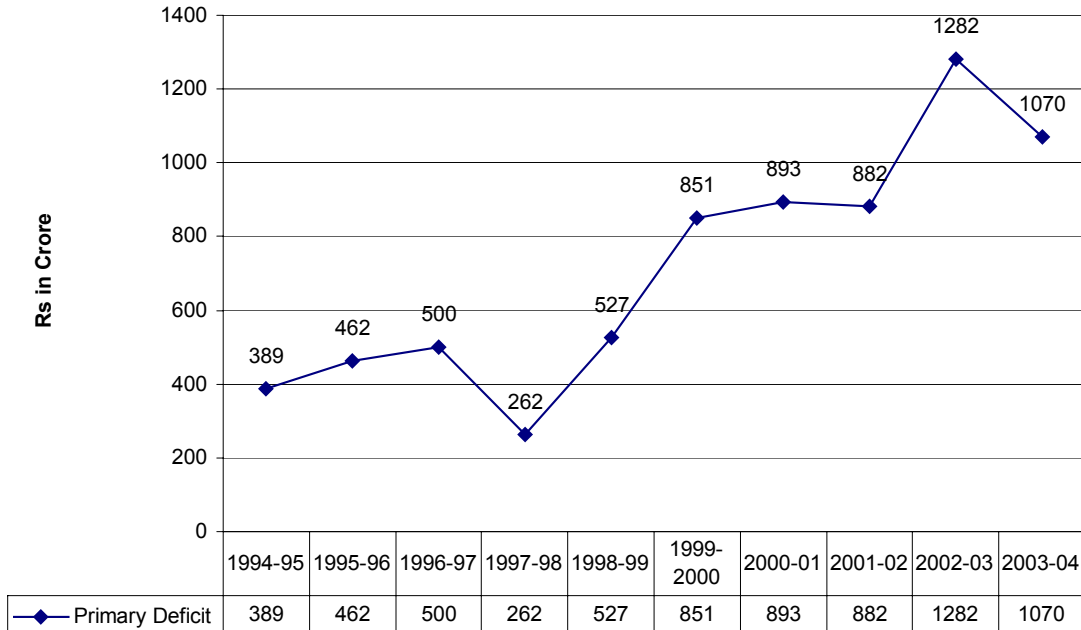


Source: (i) Govt. of India, Budget at a glance, 2004-05.
(ii) Ref. Table No. 4.8

30. PRIMARY DEFICIT

The primary deficit (i.e. the fiscal deficit net of interest payments) is a measure of net borrowing requirements to fund total current consumption and investment expenditure of the Government. It indicates the sustainability of current fiscal policies. Delhi's primary deficit increased from Rs.388.90 crore (1.50% of GSDP) in 1994-95 to Rs.1281.65 crore (1.72% of GSDP) in 2002-03. The primary deficit is at Rs.1070.49 crore in 2003-04 as per latest estimate (Table 4.4. & Chart 4.6).

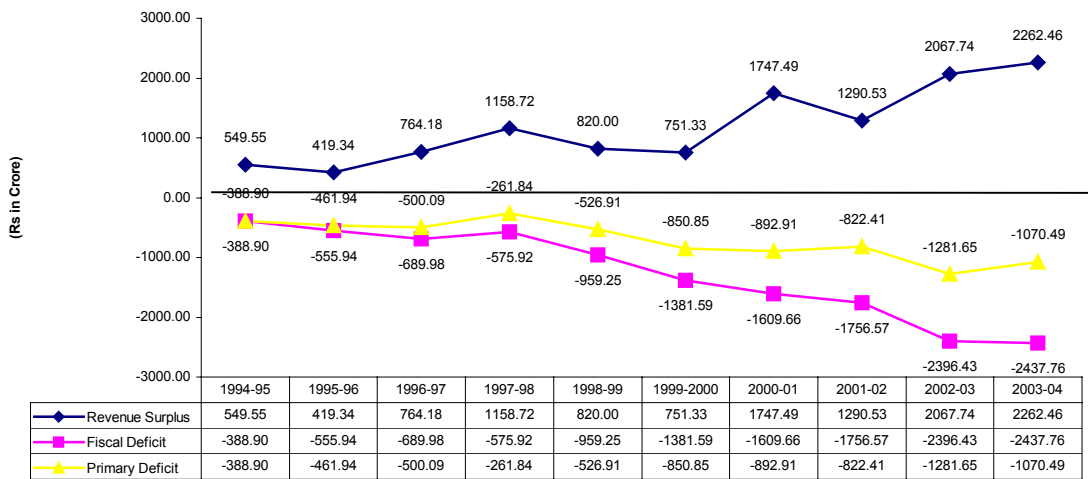
Chart 4.6
GOVT. OF NCT OF DELHI PRIMARY DEFICIT



31. SURPLUS/DEFICIT TRENDS

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

CHART 4.7
GOVERNMENT OF NCT OF DELHI
SURPLUS & DEFICIT TRENDS



32. CONTRIBUTION OF PUBLIC UTILITIES

The financial performance of Public Utilities in Delhi viz. erstwhile DVB, DTC and DJB 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 support. Unfortunately, DTC and DJB are perennial cash losers.

(i) FINANCIAL PERFORMANCE OF ERSTWHILE DVB

The erstwhile DVB has been unbundled into one Generation Company (GENCO), one Transmission Company (TRANSCO), one Holding Company and three Distribution Companies (DISCOMs) which are the successors entities of DVB. The Transfer Scheme on restructuring of DVB was operationalised and the management was handed over to the successor entities (including the three Distribution Companies under private management) with effect from 30th June, 2002 (mid-night). The financial performance of erstwhile DVB up to June, 2002 is indicated below.

Statement 4.10

FINANCIAL PERFORMANCE OF DVB

(Rs in Crore)

SN	Items	1997-98	1998-99	1999-2000	2000-01	2001-02 (RE)	2002-03 (Upto 30.06.2002)
1	Operating deficit (-) / Surplus (+)	-281.99	-502.22	-307.49	-487.32	-274.86	N.A.
2	Internal Resource surplus(+) / deficit (-)	-495.68	-708.76	-609.63	-858.36	-721.13	N.A.
3	Non Plan loan provided by Delhi Government Of which,	390.33	453.56	657.89	794.99	925.04	90.48
i	By way of diversion of Central Plan Assistance	265.93	265.93	292.59	292.59	315.00	90.48
ii	Special Non-Plan loan.	9.07	50.00	200.00	103.50	60.98	-
iii	Conversion of interest into Non-Plan loan.	115.33	137.63	165.30	398.90	444.56	-
iv	Non-Plan Grant.	-	-	-	-	104.50	-

Source: Delhi Vidyt Board document dated 19.12.2001.

- Note: 1. Operating deficit means shortfall in operating revenue over revenue expenditure (including fuel, power purchase, R & M expenses and establishment/Administrative expenses).
2. Internal resources deficit means shortfall in operating revenue plus consumer's contribution over total expenditure (excluding depreciation and repayment of loan).

Prior to unbundling of DVB, the Government of India had been diverting Delhi's normal Central Plan Assistance (CPA) directly to Badarpur Thermal Power Station (BTPS) against the dues payable by DVB. Such diversion of CPA was being shown as non-plan loan to DVB by the Delhi Government. In addition, Delhi Government was providing non-plan loans to meet their non-plan requirements. Further, their interest dues to Delhi Government were being recovered by converting the interest into further non-plan loan. During 2001-02, Delhi Government provided non-plan support of Rs.925.04 crore to DVB, of which Rs.315.00 crore was by way of diversion of CPA, Rs.60.98 crore as special non-plan loan, Rs.104.50 crore as non-plan grant and remaining Rs.444.56 crore as non-plan loan to recover interest to the same extent. Delhi Government provided no non-plan support to DVB during 2002-03 except the diversion of CPA of Rs.90.48 crore.

As per the Transfer Scheme of DVB, Delhi Government has committed to provide loan support of around Rs.3450 crore (i.e. Rs.1364 crore in 2002-03, Rs.1260 crore in 2003-04, Rs.690 crore in 2004-05 and Rs.138 crore in 2005-06) to Delhi Transco Ltd. (DTL) to meet the gap in bulk purchase of power and realization of electricity from the Distribution Companies etc. Accordingly, Delhi Government has provided loan of Rs.1364 crore in 2002-03 and Rs.1470 crore in 2003-04 to DTL to meet the above gap under the plan scheme of Power Sector Reform. Delhi Government has also provided Rs.504.71 crore towards payment of interest (upto 31.3.2004) on account of the Government of India's scheme of one time settlement of outstanding dues of erstwhile DVB towards CPSUs. In addition, Delhi Government provided grant of Rs.52.02 crore to DTL during 2003-04 towards subsidized electricity charges as per tariff revision in 2003-04.

(ii) **DELHI TRANSPORT CORPORATION (DTC)**

The Financial Performance of DTC is indicated below:

Statement 4.11

FINANCIAL PERFORMANCE OF DTC

(Rs. in crore)

S. N	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03 (Actual Tentative)	2003-04 (RE)
	1	2	3	4	5	6	7	8	9
1	Operating deficit	145.89	135.01	167.85	149.45	149.19	195.63	200.85	186.70
2	Internal Resources Deficit	270.20	160.55	191.47	188.82	164.71	197.22	587.35	651.23
3	Non Plan loan provided by GNCTD, <u>Of which,</u>	65.00	76.22	151.50	233.88	193.75	185.41	586.87	621.00
	(i) Towards salary payment etc.	65.00	76.22	151.50	233.88	193.75	185.41	197.00	176.00
	(ii) Conversion of interest into non plan loan.	-	-	-	-	-	-	389.87	445.00

Source :- Delhi Transport Corporation, Budget, 2003-04.

Note :- 1. Operating Deficit means shortfall of operating revenue (including passenger tax) over operating expenditure (i.e. expenditure on staff and material cost) during the year.

2. Internal resources deficit means shortfall in operating revenue plus net miscellaneous receipts over the total expenditure consisting of operating expenditure, interest and tax payment but excluding loan repayment and depreciation during the year.
3. Non- plan loan of Rs.233.88 crore from Delhi Govt. during 1999-2000 included Rs.66.25 crore towards 5th Pay Commission arrears and Rs.21 crore to liquidate 50% of PF contribution.
4. Similarly, non-plan loan of Rs.193.75 crore provided by Delhi Govt. During 2000-2001 included Rs.21 crore towards liquidating 50% PF liabilities, Rs.9.5 crore towards payment of arrears of private operators under K.M. scheme.

During 2002-03, Delhi Govt. provided non-plan loan of Rs.586.87 crore to DTC which include Rs.197.00 crore towards salary payment etc. and the remaining Rs.389.87 crore towards converting their interest dues of the same amount to Delhi Government by way of book adjustment. The interest dues of Rs.389.87 crore was tentatively worked out against the plan and non-plan loans released by Delhi Government to DTC from 1996-97. Similarly, Delhi Govt. provided non-plan loan of Rs.621.00 crore to DTC during 2003-04, of which Rs.176.00 crore were towards salary payment etc and the remaining Rs.445.00 crore were towards recovery of interest. The interest dues of Rs.445 crore for 2003-04 were worked out on the basis of the terms and condition of loans to DTC finalized subsequently by Delhi Government. This interest dues also includes arrears of interest for previous year's loan.

(iii) **DELHI JAL BOARD (DJB)**

The financial performance of DJB is as below:

Statement 4.12

FINANCIAL PERFORMANCE OF DELHI JAL BOARD

(Rs. in Crore)

S N	ITEMS	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
							Actual (Tentative)	RE
1	2	3	4	5	6	7	8	9
1.	Revenue Receipts							
A	Water	97.33	130.84	204.70	202.95	183.51	203.30	226.66
B	Drainage	14.70	20.69	11.57	12.56	30.34	16.13	36.20
	Total (A+B)	112.03	151.53	216.27	215.51	213.85	219.43	262.86
2.	Revenue Expenditure							
A	Establishment	94.19	121.28	112.80	151.50	161.57	173.18	185.30
B	Electricity (DVB)	91.72	110.65	160.66	140.80	222.41	267.80	258.00
C	Raw Water	3.05	2.07	2.48	5.95	5.69	7.38	31.00
D	Property Tax	9.26	10.00	7.46	75.69	45.62	75.87	76.00
E	Debt Charges	245.00	282.70	322.90	357.15	410.97	499.15	556.55
F	Other (Repair & Maintenance)	25.04	28.93	34.17	37.44	45.18	39.41	56.20
	Total 2 (A to F)	468.26	555.63	640.47	768.53	891.44	1062.79	1163.05
3.	Non Plan Deficit (excluding depreciation) (1-2)	356.23	404.10	424.20	533.02	677.59	843.36	900.19
4.	Net Non-Plan Deficit (excluding Debt charges & Depreciation)	111.23	121.40	101.30	195.87	266.62	344.21	343.64
5.	Non Plan loan released by Delhi Govt. Of which : (i) Non Plan Loan (ii) conversion of interest into non-plan loan	20.00			75.00	381.99	610.64	621.00
						190.00	341.34	301.00
						191.99	269.30	320.00

Source: Delhi Jal Board's Letter dated 4.12.2002 & 4.12.2003.

DJB had been incurring losses but Delhi Government had not provided non-plan support till 1999-2000 to meet their requirements, except a non-plan loan of Rs.20 crore released during 1997-98 towards meeting their 5th Pay Commission arrears. However, Delhi Government started providing non-plan loans to DJB from 2000-01 to meet their non-plan revenue deficit. A non-plan loan of Rs.75 crore was released in 2000-01. Like DTC, interest dues from DJB has been recovered by Delhi Government by converting their interest dues to Delhi Government into further non-plan loan from 2001-02 onwards. Recovery of interest from DJB increased from Rs.191.99 crore in 2001-02 to Rs.320 crore in 2003-04. The non-plan loan towards meeting their non-plan revenue deficit increased substantially to Rs.190 crore in 2001-02 and then to Rs.341.34 crore and thereafter it slightly came down to Rs.301.00 crore in 2003-04 (RE). One of the main reason for such increase in non-plan loan to DJB is that their water tariff has not been revised for last 5 years. Moreover, the non-plan loan of Rs.341.34 crore for 2002-03 includes payment of arrears of electricity charges which was made directly by Delhi Government to erstwhile DVB on behalf of DJB during the year.

33. FINANCES OF LOCAL BODIES

Delhi has three local bodies viz. Municipal Corporation of Delhi (MCD), New Delhi Municipal Council (NDMC) and Delhi Cantonment Board (DCB). The area and population density of the local bodies as per 2001 Census are as follows:

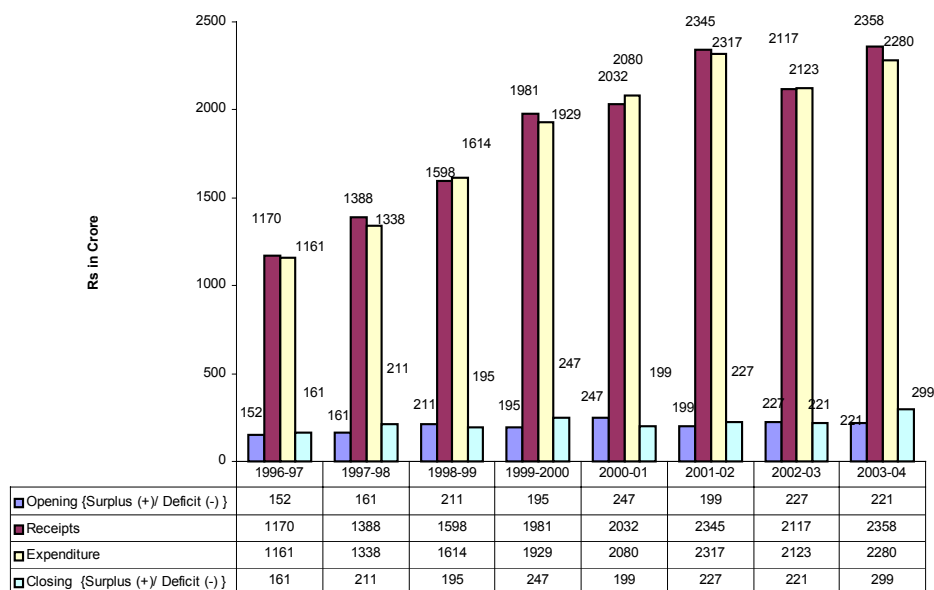
Statement 4.13

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	1483.00	6352	9294

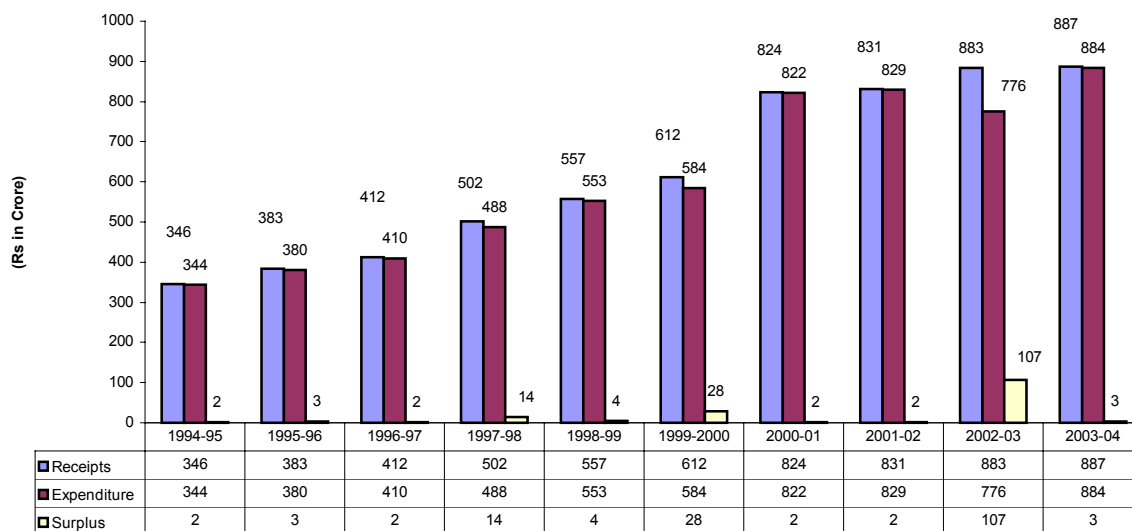
Source:- Delhi Statistical Hand Book, 2002

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



Source : MCD Budget 1996-97 to 2003-04.

4.9
TOTAL RECEIPT & EXPENDITURE
NDCM



Source : NDCM Budget 1996-97 to 2003-04.

34. DEVOLUTION TO LOCAL BODIES

Devolution to local bodies (MCD and NDMC) is now made on the basis of the recommendations of the Second Delhi Finance Commission (DFC). The Devolution 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 4.12 for further details)

Statement 4.14

Devolution of Local Bodies

SN	Item	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
1	2	5	6	7	8	9	10	11	12
1	Grant in Aid	87.84	111.64	123.69	204.90	170.11	186.86	215.64	225.08
	MCD	80.30	100.58	110.89	194.96	157.80	174.31	200.74	205.12
	NDMC	6.87	10.32	11.81	8.77	11.06	11.46	13.65	14.09
	DCB	0.67	0.74	0.99	1.17	1.25	1.09	1.25	5.87
2	Compensation & Assignments	128.78	93.57	70.80	396.05	238.56	260.07	310.60	304.89
	MCD	114.10	79.97	62.34	388.05	227.55	247.94	296.80	295.29
	NDMC	13.11	12.47	6.24	5.24	7.54	8.06	9.50	9.60
	DCB	1.57	1.13	2.22	2.76	3.47	4.07	4.30	
3	Total (1+2)	216.62	205.22	194.49	600.95	408.67	446.93	526.24	529.97
	MCD	194.40	180.55	173.23	583.01	385.35	422.25	497.54	500.41
	NDMC	19.98	22.79	18.05	14.01	18.60	19.52	23.15	23.69
	DCB	2.24	1.87	3.21	3.93	4.72	5.16	5.55	5.87

35. PLAN FINANCING

The present pattern of Plan funding for Delhi is almost similar to that of the States. The resources available for Annual Plan of Delhi are shown in Table 4.7. The available resources were in excess of the actual plan expenditure during the period 1994-95 to 2002-03. Statement 4.15 indicates the achievement of resources for 9th Plan (1997-2002) and the target for 10th Plan (2002-07)

Statement 4.15

ACHIEVEMENT OF RESOURCES DURING 9TH PLAN (1997-2002) & TARGET FOR TENTH PLAN (2002-07)

(Rs in Crore)

S.NO	Items	9th Plan Target (at 1997-2002 prices)	9th Plan Achievement (At 1996-97 prices)	Excess(+) / Shortfall(-) (4-3)	Tenth Plan Target (2002-07) (At 2001-02 Prices)
<i>I</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
1	TAX REVENUE				
1.1	Sales Tax	12521.13	11093.32	-1427.81	24875.41
1.2	Stamps & Regd. Fees	1096.63	758.42	-338.21	2261.28
1.3	Taxes on Motor Vehicle	1020.61	575.30	-445.31	1383.00
1.4	State Excise	2028.25	2292.67	264.42	4033.00
1.5	Other Taxes & Duties on Commodities & Services	681.58	626.13	-55.45	728.99
(i)	Entertainment Tax (including Cable TV Tax)	171.41	180.55	9.14	226.32
(ii)	Betting Tax	15.93	13.82	-2.11	14.89
(iii)	Luxury Tax	494.24	431.73	-62.51	487.78
1.6	Land Revenue	0.57	0.03	-0.54	0.00
	Total – I (Tax Revenue)	17348.20	15345.84	-2002.36	33281.68
2	Non Tax Revenue	823.69	1730.30	906.61	2966.43
3	Total Revenue Receipt(1+2)	18172.46	17076.13	-1096.33	36248.11
4	Net Non Plan Revenue Expr.	10161.00	9902.46	-258.54	17142.68
5	Balance from Current Revenue (BCR) (3-4)	8011.46	7173.67	-837.79	19105.43
6	Net Misc. Capital Receipt (MCR) (i-ii)	9.65	33.88	24.24	-611.96
(ii)	Capital Receipt	175.19	834.78	659.59	499.15
(iii)	Capital Expenditure	165.55	800.90	635.35	1111.11
7	Small Saving Loan	2814.77	4738.08	1923.31	3200.73
8	Contribution of Public Enterprises				
(i)	DTC	-79.94	-685.32	-605.38	-2036.92
(ii)	DVB	-264.61	-2611.53	-2346.92	0.00
(iii)	DJB	0.00	-360.87	-360.87	-844.68
	Total (8)	-344.55	-3657.72	-3313.17	-2881.60
9	Share in Central Taxes, P.F., Market Borrowings and Negotiated Loans.	3056.94	1192.83	-1864.11	1998.24
10	Opening Balance	0.00	332.34	332.34	
11	Delhi's own Resources Total (5 to 10)	13548.27	9813.08	-3735.19	20810.84
12	Central Plan Assistance	993.00	1398.64	405.64	1842.50
13	Addl. Central Assistance for Externally Aided Projects	1000.00	0.00	-1000.00	0.00
14	Other Grant from Centre	0.00	4.96	4.96	346.66
15	Aggregate Resources Total (11 to 14)	15541.28	11216.68	-4324.60	23000.00

The achievement of resources was 72.17 % of the target of Rs.15541.28 crore (at 1996-97) prices. The main reasons for shortfall in resources were less receipts of Tax Revenue (Rs 2002 crore), many fold increase in non-plan support to DTC (from Rs 80 crore to Rs 685 crore) and DVB (from Rs 265 crore to Rs 2612 crore) and additional non-plan support of Rs 342 crore to DJB. Other reasons were shortfall of Rs 1864 crore due to non-availability of resources through Market Borrowing/Negotiated Loan/Provident Fund and non-achievement of Additional Central Assistance of Rs.1000 crore on account of Externally Aided Project as envisaged in funding of 9th Plan.

The statement below indicates the debt and non-debt financing of Annual Plan expenditure of Delhi.

Statement 4.15 A

Debt & Non Debt Financing of Annual Plan Expenditure/Outlay

(Rs. in Crore)

Item	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03 Actual (Tentative)	2003-04 Latest Estimate
1	2	3	4	5	6	7	8
Total Expenditure/ Outlay	1954.27	2013.75	2233.28	3087.11	3930.26	4379.07	4541.64
Debt	876.03	707.23	1399.54	1764.08	1779.77	2839.56	2563.53
Percentage	44.83%	35.12%	62.67%	57.15%	45.28%	64.84%	56.45%
Non Debt	1078.24	1306.52	833.74	1323.03	2150.49	1539.51	1978.11
Percentage	55.17%	64.88%	37.33%	42.85%	54.72%	35.16%	43.55%

It is worth noting that the Delhi Government pre-paid loans of Rs.268.32 crore in 1998-99, Rs.258.80 crore in 2001-02, Rs.822.01 crore in 2002-03 and Rs.2100 crore in

2003-04. Since these amounts were not utilised for plan funding, the same have been netted out of the loan receipts of the respective year for determining the debt component of plan expenditure.

36. CREDIT DEPOSIT RATIO

There were 1501 branches of all Scheduled Commercial Banks in Delhi as on September 30, 2003. Of these, 301 were branches of State Bank of India and its associates, 974 commercial banks, 31 foreign banks and 195 other scheduled commercial banks. In the past two years, there has been an increase of 4.16% in the number of bank branches. The average estimated population covered per branch in Delhi as on 30th September, 2003 was 10315.

The total deposits of all scheduled commercial banks in Delhi amounted to Rs.154692 crore on 30, September, 2003, of which Rs.12189 crore (7.88%) is accounted for by foreign banks. The comparative picture of per capita and credit deposit ratio is indicated below.

Statement 4.16

PER CAPITA CREDIT AND CREDIT DEPOSIT RATIO

	Delhi	All India
Per capital credit (Rs.)	67198	7349
Credit Deposit ratio(%)	67.26	56.67

The total credit by all scheduled commercial banks in Delhi was Rs.104043 crore as on September 30, 2003. The number of reporting offices, deposits, gross bank credits and the credit deposit ratio as on 30th September, 2003 are shown in table 4.11.