

Delhi Fiscal Study

Om Prakash Mathur
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National Institute of Public Finance & Policy
New Delhi

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The authors are grateful to everyone.

Abbreviations

ARV	:	Annual Rental Value
BEST	:	Bombay Electricity Supply and Transport
CSTC	:	Calcutta State Transport Corporation
DCB	:	Delhi Cantonment Board
DESU	:	Delhi Electricity Supply Undertaking
DIFC	:	Delhi Industrial Finance Corporation
DTC	:	Delhi Transport Corporation
DVB	:	Delhi Vidyut Board
DWSSB	:	Delhi Water Supply and Sewage Board
HIS	:	High Income States (Goa, Gujarat, Haryana, Maharashtra and Punjab)
kWh	:	Kilo Watt Hour
MCD	:	Municipal Corporation of Delhi
MES	:	Military Engineering Service
MGD	:	Million Gallons Per-day
NCT	:	National Capital Territory
NDMC :		New Delhi Municipal Committee/Council
PO	:	Private Operators
PTC	:	Pallavan Transport Corporation
RV	:	Rateable Value
SRC	:	States' Reorganisation Commission
UT	:	Union Territory

Preface

The Delhi Fiscal Study is a part of the series of fiscal studies of states that the National Institute of Public Finance and Policy (NIPFP) has prepared under a local consultancy assignment with the World Bank. The purpose of the study is to review the fiscal performance of the finances of the Government of National Capital Territory of Delhi (NCT), assess its fiscal stance, and suggest options for sectoral and fiscal reforms to improve and strengthen its finances. The study has accordingly focused on two sets of questions: what, if any, are the major fiscal issues facing the Government of NCT? What reform measures would best address those issues?

The fiscal study of Delhi differs from studies of other states in two respects: First, Delhi is a union territory with a legislature which places its functional and fiscal jurisdiction on a special footing *vis-a-vis* other states. This fact combined with Delhi's overwhelmingly urban character puts the finances of Delhi, and consequently the problems that it faces, somewhat apart from the other states of the Indian union.

Second, the finances of Delhi are inextricably interwoven with those of its public utilities and local bodies. Accordingly, this study has made a special analysis of the finances of the Delhi Transport Corporation (DTC), Delhi Vidyut Board (DVB), and the Delhi Water Board, (DWB), and two of the three local bodies, namely, the Delhi Municipal Corporation (DMC) and the New Delhi Municipal Committee (NDMC), and attempted to assess their impact on the finances of the Government of Delhi.

The study is based on the finance accounts of the Government of Delhi for 1994-95, 1995-96 and 1996-97, and likewise the budgets and finance accounts of public utilities and local bodies. The long run trends have been derived from the budgets of the Ministry of Home Affairs (Government of India) and related documents of the Planning Commission. Use has also been made of the *Delhi Statistical Handbook* as also of a memorandum specially prepared by the Planning Department of the Government of Delhi for the Delhi Finance Commission. The study, however, stands severely handicapped on account of the non-availability of first, the report of the Delhi Finance Commission that had been set up in pursuance of the provisions of the *Constitution (seventy-fourth) Amendment Act, 1992*, and second, the economic-cum-functional classification of accounts of the government. The latter has particularly constrained the analysis in so far as it relates to ascertaining the volume of expenditure on wages and salaries and interest payments, and the rate at which it has multiplied over the years.

NIPFP would like to place on record its gratitude to Ms. Sumati Mehta, Secretary (External Finance) and her colleagues particularly in the Planning and Finance Department of the Government of National Capital Territory of Delhi, for their assistance in conducting this study. NIPFP is equally thankful to Shahroukh Fardoust, William McCarten, Clive Harris, Kim Cuenco, Fahrehin Yagchi, John Williamson, and Farah Zahir for their very insightful comments on an earlier draft of this study.

At NIPFP, Professor Om Prakash Mathur undertook the responsibility of conducting the study. He was assisted by a research team consisting of T.S. Rangamannar, Deepa Raghwan, Ishita Sengupta, Sandeep Thakur, and Anil Yadav. Rita Wadhwa assisted in editing and production of the publication. Word processing of the report was done by Usha Mathur. Sushma Malhotra transformed it into the present format. We thank all of them. The responsibility of the report and its conclusions and findings rests with them. The members of the Governing Body of NIPFP do not hold any responsibility for the study.

New Delhi
April, 2000

Ashok K. Lahiri
Director

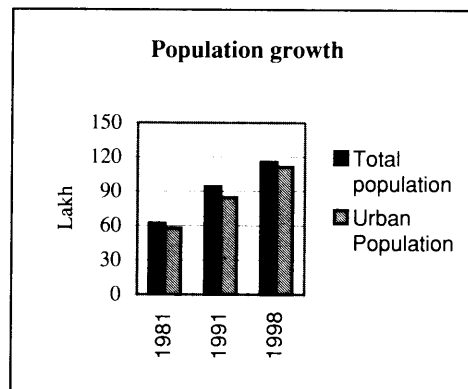
A FACT FILE

The National Capital Territory of Delhi (NCT)

Statistical profile NCT of Delhi

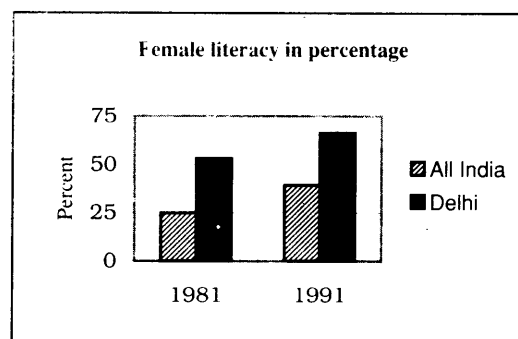
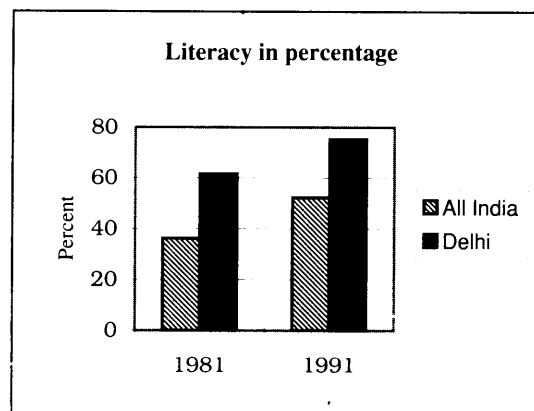
Demographic Features

Population (lakh)		
1998		115.69
1991		94.21
1981		62.20
Area (sq. km)		
		1,483
Population density (sq.km)		
1998		7,801
1991		6,353
1981		4,194
Urban population (lakh)		
1998	111.49	96.4%
1991	84.72	89.9%
1981	57.68	92.7%
Female population/1000 male		
1991		862
1981		860



Social and Environmental Characteristics

Literacy (%)		
		India
1991	75.29	52.21
1981	61.54	36.23
Female literacy (%)		
1991	66.99	39.29
1981	53.07	24.82
Birth rate/1000		
1994		24.4
Death rate/1000		
1994		7.0
Infant mortality rate/1000		
1994		38.0
1993		74.0
% of population below poverty line		
1993-94		14.69
1987-88		12.41
% households without access to (1991)		
Potable water supply		3.76
Sanitation		33.36
Electricity		18.62



Economy

% of workers in (1991)	
Primary sector	1.27
Secondary sector	32.51
Tertiary sector	66.23

% sectoral composition of GSDP in (1994-95 at current prices)	
Primary sector	2.76
Secondary sector	27.47
Tertiary sector	69.77

Per capita GSDP (Rs.)	
1996-97 (estimated)	23,374
1995-96	21,175
1994-95	18,660
1991-92	14,955

Economic Infrastructure

Road/(km.)	
1995-96	25,948
1991-92	22,489

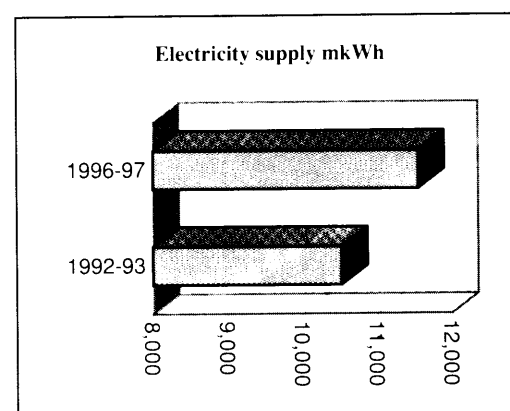
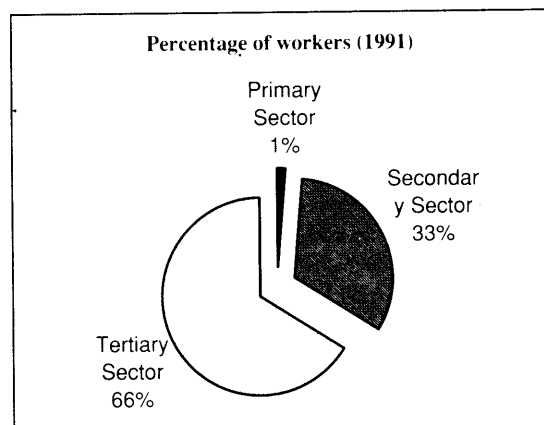
Roads in kms per sq. km of area	
1995-96	17.49
1991-92	15.16

Electricity supply (mkWh)	
1996-97	11,544
1992-93	10,517

Per capita electricity (kWh)	
1995-96	799
1991-92	656

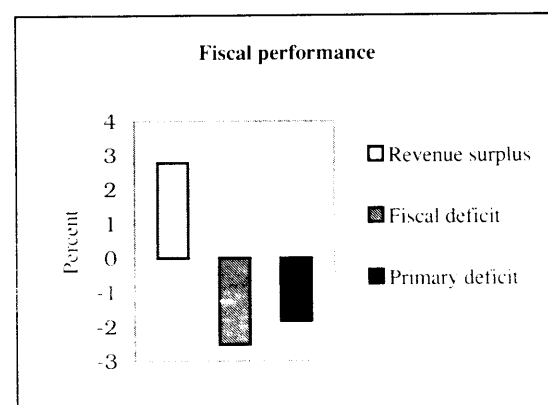
A Fiscal Profile

Revenue income as % of GSDP (1996-97)	
Tax income	9.21
Non-tax income	0.20
Grants	0.75
Revenue expenditure as % of GSDP(1996-97)	
Developmental	5.19
Non-developmental	1.72
Compensations to local bodies	0.47
Capital expenditure as % of GSDP(1996-97)	5.39



As a % of GSDP (1996-97)

Revenue surplus	2.78
Fiscal deficit	2.52
Primary deficit	1.83



Abstract

With a specially carved-out functional and fiscal arrangement with the central government under which the Government of National Capital Territory of Delhi (NCT) has fewer expenditure responsibilities, but essentially the same fiscal jurisdiction as is available to states under the Constitution, a pronounced urban character, a per capita income which is 78–90 percent higher than the all-India average, and a diversified economic and industrial base, Delhi occupies a unique place in the fiscal, demographic, and economic set-up of the Indian union. Yet, a careful analysis of the finances of the Government of Delhi shows little, if any, buoyancy in its fiscal performance. The own revenue to GSDP ratio of 9.41 percent for Delhi is significantly lower than the own revenue to non-agricultural GSDP ratios of most states. The recovery rate of expenditure in respect of services that are outside the pure merit goods category is a bare 0.55 percent, raising questions about the government's capacity to effectively deal with the issue of implicit subsidies.

The finances of the Government of Delhi are further strained on account of the dismal performance of the Delhi Transport Corporation (DTC), the Delhi Vidyut Board (DVB), and the Delhi Water Board (DWB) whose combined losses in 1996–97, amounted to 3.8 percent of Delhi's GSDP and nearly 37 percent of Delhi's total revenue receipts. Their inability to fix correct prices and plug inefficiencies has meant using up a substantial portion of Delhi's budgetary resources, often at the cost of investments in the much-needed sectors of roads, urban development, and environment. Failure to undertake comprehensive reforms of the property tax system and design a structure of rates of other taxes and fees that would cover at least the administration costs has kept the finances of the Municipal Corporation of Delhi (MCD) at low levels.

Shoring up the untapped revenue potential, reduction of implicit subsidies by better pricing of activities that can be charged according to use, expenditure restructuring in favour of the under-funded sectors, major overhauling of public utilities and of the financial structure of MCD constitute the reform agenda for Delhi.

Executive Summary

INTRODUCTION

Delhi is a union territory with a legislature. Created under the provisions of the *Constitution (sixty-ninth) Amendment Act, 1991* and the *Government of National Capital Territory of Delhi Act, 1991*, Delhi is uniquely positioned in the demographic, economic, and fiscal set-up of the country. Delhi is overwhelmingly urban with strong trends towards further strengthening of its urban base. Its per capita income of Rs. 21,175 in 1995–96 was 78–90 percent higher than the all-India average and about 35–45 percent higher than the average for the five high income states. Delhi is endowed with a vibrant small scale manufacturing and a buoyant trade and distribution sector, which contributes most of its gross small domestic product (GSDP). The share of agriculture and other primary sector activities in Delhi's GSDP is only 2.8 percent.

At the same time, the incidence of poverty as measured by the calorie intake criterion is widespread in Delhi, and has, in fact, risen from 12.41 percent in 1987–88 to 14.69 percent in 1993–94. Non-food poverty as indicated by approximately 30 percent of households living in slum and squatter settlements and large proportion of households who have no access to water supply, basic sanitation, and electricity, together with pollution levels which are among the highest in the country are a matter of serious concern, particularly in the context of Delhi's high density and pattern of settlements. These also underlie the relatively high birth and death rates, high infant mortality rates, and an illiteracy level of 26 percent.

Delhi has a special functional and fiscal arrangement with the central government which imparts to it certain fiscal advantages. Under the arrangement, the central government continues to shoulder expenditure responsibilities in respect of public order, police, and land. With Delhi enjoying essentially the same tax jurisdiction as is available to states under the constitutional division of tax powers and a grant in lieu of a share in central taxes, Delhi has been able to maintain a surplus on revenue account. Owing to Delhi being a union territory, it is permitted to borrow only from the central government. Although perceived as a fiscal disadvantage, this arrangement has helped the Government of Delhi to keep its debt burdens within sustainable limits. The finances of Delhi are thus vitally influenced by its unique position in the Indian union.

Besides the Government, the three major public utilities, namely, the Delhi Transport Corporation (DTC), the Delhi Vidyut Board (DVB), and the Delhi Water Board (DWB), and the two local bodies of the Municipal Corporation of Delhi (MCD) and the New Delhi Municipal Committee (NDMC) play vital roles in the governance of this territory. The importance of public utilities and local bodies in Delhi's socio-economic development can be gauged by the fact that in 1996–97 their combined recurring expenditure formed 9.8 percent of GSDP which was a shade higher than the revenue expenditure of the Government of NCT. Although there are seventeen corporations that are concerned with a large array of subjects, their overall impact on Delhi and Delhi's finances is marginal.

THE FINANCES OF THE NATIONAL CAPITAL TERRITORY

For the reason that Delhi's expenditure responsibilities exclude public order, police, and land, the total budgetary expenditure of Delhi is of a lower order compared with other states. In 1996–97, it formed 12.8 percent of Delhi's GSDP or Rs. 2,984 on a per capita basis.

Delhi's fiscal performance is characterised by—

- ❑ A moderate and moderately rising component of capital expenditure as distinct from trends in other states which have uniformly observed a fall in capital expenditure, often at the cost of rising revenue expenditure.
- ❑ A surplus of 2.78 percent of GSDP on revenue account in 1996–97, explained essentially by a relatively higher revenue base in relation to expenditure responsibilities.
- ❑ A fiscal deficit of 2.52 percent of GSDP in 1996–97, generally attributable to the fact that Delhi's borrowing powers are regulated by the central government.
- ❑ A significantly lower own revenue to GSDP ratio for Delhi as compared to own revenue to non-agricultural GSDP ratios for other states, suggesting that Delhi has not capitalised on the vast economic opportunities for purposes of revenue raising.
- ❑ A virtual non-existence of the non-tax component of revenues, raising questions about the government's capacity to forge better cost-price linkages for the numerous services that it provides.
- ❑ Persistence of a large underexploited sales tax sector, notwithstanding a series of measures that have been taken by the government to simplify and rationalise the system of taxing the sales transactions.
- ❑ Falling buoyancies of such sources of revenues as state excise, stamp duties and taxes on motor vehicles, pointing out to substantial weakness in their administration and enforcement.
- ❑ Insufficient investment in roads, urban development, and environment sectors, and absence of policies and strategies towards (a) the role of roads in economic development; and (b) slums. In the development of the existing policy framework, environment does not enjoy the order of priority that it deserves.

THE FINANCES OF PUBLIC UTILITIES

The finances of the Delhi Transport Corporation (DTC), the Delhi Vidyut Board (DVB), and the Delhi Water Board are in a dismal state. In 1996–97, their combined losses amounted to Rs. 2,708 crore or 9.8 percent of GSDP.

Infrequent revision of bus fares, a large segment of population that receives subsidies in the form of concessional tickets, overstaffing, and accumulated interest liabilities underlie the losses of DTC. The DVB which purchases 60–70 percent of electricity from outside, suffers from large transmission and distributional losses, the Board's inability to adjust the tariff with the cost of electricity production and

distribution, and poor management. The problems of the DWB are identical to that of the DVB: leakages and distributional losses, lagging water charges in relation to costs, and lack of investment in improving the internal network of water distribution.

THE FINANCES OF LOCAL BODIES

The Municipal Corporation of Delhi (MCD) and the New Delhi Municipal Committee (NDMC) together with the Delhi Cantonment Board are responsible for providing essential services to Delhi. The tax base of MCD is typically local, consisting of property taxes, a duty on transfer of property, tax on consumption, sale and supply of electricity, a tax on advertisement, and a tax on non-motorised vehicles. Property tax system which accounts for 63 percent of MCD's total revenues is clogged on account of its continued linkage with the *Rent Control Act*, obsolete exemption and rebate policy, and an absence of a mechanism to undertake periodic revaluation of properties, with the result that the yield from property taxes is a fraction of its potential. The rate structure of other taxes and fees is unrelated to the cost incurred on their administration and enforcement.

THE FISCAL CHALLENGE: THE NEXT FIVE YEARS

Unlike many states where the reform agenda aims to correct fiscal imbalances, Delhi's reform agenda is designed to shore up additional revenues for meeting the investment requirements of underfunded sectors, major overhauling of public utilities, and restructuring of the local finance system. Given the urban and economic base and Delhi's position as a trade and distribution node, it possesses the potential of setting a pace and direction for other states to follow. The suggested reform agenda for Delhi consists of the following:

- ❑ Acceleration in the reform of sales tax system. Sales tax is the most important source of revenue for the Government of NCT. Beginning with rationalisation of the rate structure of sales tax, a series of steps to widen the network and simplification of registration system have been taken by the government to augment receipts from sales tax. In principle, the government have also accepted to introduce the value added tax (VAT) in Delhi. There is an urgent need to speed up the process of reform of this tax including the changeover to a system of VAT.
- ❑ Other tax sources of revenues, in particular, stamp duty and motor vehicle taxes are grossly underused and underexploited. The existing practice of a one-time motor vehicle tax and that too at an abysmally low level needs to be jettisoned in favour of first, a tax rate which is commensurate with market rates, and second, the frequency at which it is to be levied.
- ❑ Tax financing of activities which can be better financed by charges is strongly advocated for reducing subsidies and improving resource allocation. This task should be taken up in phases.
- ❑ Doubling of capital and revenue budgeted expenditure for roads and urban development, and dedicated allocation of 0.5 percent of GSDP for environment. This will significantly improve the long run productivity and competitiveness of this territory, and enhance the quality of life of citizens in Delhi. Simultaneously, steps need to be taken to formulate policies for these sectors.

- ❑ The reform agenda for DVB including privatisation and periodic tariff adjustment has long been under consideration. Success of the agenda, however, is dependent on reduction of distributional losses to technical levels. The same prescription would apply to DWB. The DTC has to be downsized to prescribed norms of 8 persons per bus, and provide for adjusting the bus fares by factoring in the cost of inputs, and allowing the private operators to function under appropriate regulations.
- ❑ While the report of the *Delhi Finance Commission* – a body set up under *Article 243 Y* of the Constitution, is under consideration, there is an urgent need to change the system of property taxation in a way that it is able to capture the appreciation in property values, and revise the rates of other taxes to cover at least the administrative cost.

Three sets of estimates have been developed to ascertain the impact of the reform agenda on the finances of the Government of NCT. The no-change option would reduce the surplus on revenue account to 2.11 percent in the terminal year of the projected period; a second no-change option would increase the fiscal deficit to 2.86 percent of GSDP from the present level of 2.52 percent. Acceptance of the reform agenda would mean that the government will need to mobilise additional revenues at the rate of 16.19 percent annually over the five year period, in order to double the expenditure on roads and urban development, assign 0.5 percent of GSDP to environment, and keep the revenue surplus and fiscal deficit at 1996–97 levels. It assumes that expenditure on wages and salaries will be contained at 1996–97 level.

Non-fiscal reform agenda includes a substantial review of slum policy and statutory provision in the *MCD Act* for the preparation of an annual report on environment in Delhi.

The Government of Delhi should immediately resume the preparation of economic and functional classification of finance accounts, with a view to understand the long run behaviour of expenditure on wages and salaries and interest payments. Non-availability of this data has hampered making any recommendation on this important component of expenditure.

1. Macroeconomic context

POLITICO-ADMINISTRATIVE STRUCTURE

As a union territory (UT) with a legislature, the National Capital Territory (NCT) of Delhi has a unique position in the country's politico-administrative structure, particularly in respect of the division of functions and responsibilities between the union government and the NCT and the financial arrangements between them. In the division of functions, the NCT is endowed, in accordance with the provisions of the *Constitution (sixty-ninth) Amendment Act, 1991*, and the *Government of National Capital Territory of Delhi Act, 1991*, with all functions enumerated in the state list or in the concurrent list, excepting public order (1), police (2), and land (18), and entries (64), (65), and (66) of the state list in so far as these relate to entries (1), (2) and (18).¹ These subjects continue to vest in the union government. The financial arrangement between the union government and NCT is complex in that while all taxation powers ordinarily available to states under the *seventh schedule* of the Constitution of India stand delegated to the NCT, other financial disbursements to NCT are determined outside of the established centre-state fiscal arrangements. Thus, the union government, instead of sharing with NCT such central taxes as non-corporate income taxes and union excise duties, provides a grant-in-aid in lieu thereof; similarly, assistance for plan purposes to NCT is determined annually but outside of the *Gadgil formula*. The NCT has powers to borrow from the union government but is not permitted access to market borrowing or institutional finance to supplement its resources, nor is it empowered to give guarantees on the security of its consolidated fund.² Guarantees for the purposes of administration of NCT under the existing arrangement are given by the Government of India under *Article 292* of the constitution. In sum, the fiscal and financial sphere of NCT is different in important ways from that of the other states of the union.

A number of institutional changes that have a direct bearing on the finances of NCT have taken place since the constitution on December 1, 1993 of Delhi as the National Capital Territory with an elected legislature. The Delhi Transport Corporation (DTC) which was under the direct control of the union government was transferred to the Government of NCT on August 5, 1996, and is now the responsibility of the NCT Government. The Delhi Electric Supply Undertaking (DESU) which formed a part of the Municipal Corporation of Delhi (MCD) was replaced vide a notification of February 24, 1997 by a board, called the Delhi Vidyut Board (DVB), and given jurisdiction over the whole of the capital territory excluding the areas under the jurisdiction of the New Delhi Municipal Council (NDMC) and Delhi Cantonment Board (DCB). Similarly, the Government of NCT delinked vide notification of April 6, 1998, the Delhi Water Supply and Sewage Disposal Undertaking (DWSSDU) from the MCD, and created in its place, a water board, called the Delhi Water Board (DWB). The DWB's jurisdiction is identical to that of the DVB. The New Delhi Municipal Council—earlier called the New Delhi Municipal Committee and regulated by the provisions of the *Punjab Municipal Act, 1911*—is now governed by the *New Delhi Municipal Council Act, 1994*, and enjoys a greater measure of commonality

1 The figures in parenthesis relate to the subjects enumerated in List II of the state list of *Article 246* of the Constitution of India.

2 The Government of the National Capital Territory of Delhi now maintains a consolidated fund of its own. It also maintains a contingency fund. There is, however, no public account of the Government of NCT. The transactions of the government pertaining to public account are included in the public account of the union government. The Government of Delhi is not permitted to hold cash balances at the end of the fiscal year.

with MCD in matters relating to functions, taxation, audit, and accounting procedures. The process of institutional changes is continuing as several other agencies currently under the control of the union government are expected to be brought within the fold of the NCT. The NCT of Delhi may itself undergo structural changes and acquire full statehood with major implications for the finances of Delhi.

DEMOGRAPHIC, ECONOMIC AND SOCIAL PARAMETERS

Delhi's unique position is not confined to only the politico-administrative and institutional structure; it extends as much to its demographic, economic and social composition which, as this study will indicate, has a crucial impact on the finances of the Government of NCT. Delhi is an overwhelmingly urban territory, resembling in its characteristics and structure of demand, a *city state* and a *mega city*.³ In 1991, 89.9 percent of its total population of 94.2 lakh was urban, with trends towards further consolidation of its urban base. It is also a territory with a rapidly growing population; during the census decade of 1981–91, Delhi's population increased by 51.46 percent compared to 23.9 percent for the country and by 36.2 percent for the country's total urban population. Estimates indicate that approximately 3 lakh persons are added every year to Delhi's population, placing an enormous burden on its infrastructure and civic services, and also on the already distorted land and housing market. Delhi is additionally confronted with a large *floating, day time* population which further strains the availability of infrastructure and basic services. The key point to note is that Delhi's population is projected to continue to rise at an annual rate of about 3.8 percent over the period 1998–2005, and to reach a massive total of 166 lakh by the year 2005.⁴ It is the one single fact that will significantly impact the future fiscal policy of the Government of NCT.

Table 1: NCT: Growth of Population

Year	Total	Percent change	Population (in lakh)	
			Urban	Percent change
1971	40.66	–	36.47	–
1981	62.20	52.98	57.68	58.16
1991	94.21	51.46	84.72	46.88
1998	128.56	36.46	114.49	35.14
2005	166.08	29.18	132.54	15.77

The economic structure of Delhi is weighted in favour of services and small-scale manufacturing. In 1991, services comprising trade and commerce, transport and communications, public administration, and other services including the financial sectors, such as, banking accounted for 66.23 percent of the

³ In terms of its population, Delhi is the fifteenth largest city in the world (United Nations 1997. World Urbanization Prospects. The 1996 Revision. Draft. New York). Delhi's 1998 population is estimated at 128.56 lakh (Registrar General, India. 1996. Population Projections for India and States: 1996–2016. New Delhi).

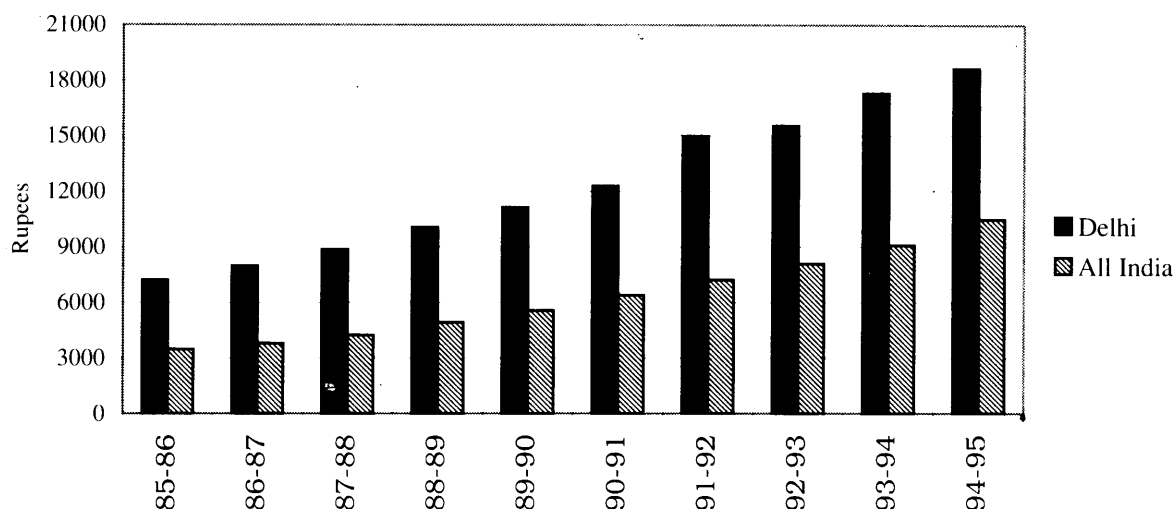
⁴ Registrar General, India. 1996. Population Projections for India and States 1996–2016. New Delhi.

main work force. Over 32 percent of the work force was engaged in highly diversified small-scale manufacturing composed of metal and engineering, textile and textile products, transport equipment, leather goods and chemicals. Employment in agriculture and allied primary sector activities is infinitesimal (1.27 percent).⁵

Delhi enjoys the highest per capita income in the country. At current prices, Delhi's per capita income, estimated at Rs. 18,660 in 1994–95 and Rs. 21,175 in 1995–96 is 78–90 percent higher than the all-India average and about 35–45 percent higher than the average for the five high income states.⁶ Delhi's share in the country's gross domestic product (GDP) is about 2.12 percent, making Delhi 1.78 times more productive compared to the country as a whole. Over a ten-year period, starting from a high base by national standards, Delhi's gross state domestic product (GSDP) has increased at rates that are higher than those for the country as a whole as also the five fast growing states. Between 1985–86 and 1994–95, Delhi's GSDP, at 1980–81 prices, grew at an annual average rate of 7.3 percent which was 1.7 percentage points higher than the national average of 5.6 percent and 0.7 percentage point higher than the average for the five fast growing states. However, GSDP growth rate has fluctuated over the 1985–86 to 1994–95 period, signalling the sensitivity of the territory to exogenous factors and forces.

A distinguishing feature of Delhi's GSDP lies in its structure. In the year 1994–95, 69.8 percent of GSDP (at current prices) accrued from the services sector and 27.5 percent from industry and other secondary sector activities. Agriculture contributes only 2.8 percent of GSDP. Services and industry sectors have displayed consistently high growth rates.

Graph 1: Trends in Per Capita GSDP (at current prices)

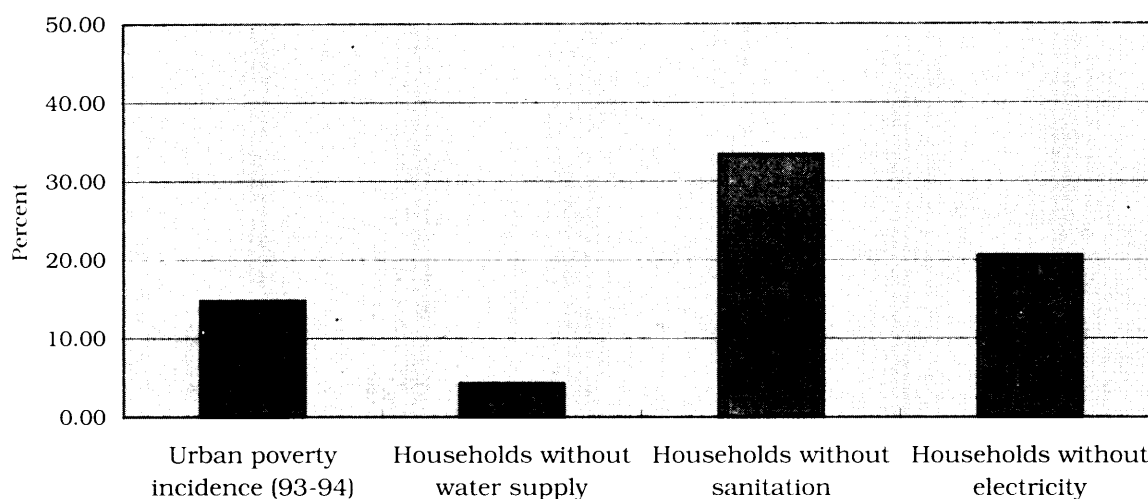


5 The shares of the primary sector, secondary sector and tertiary sector in the all-India urban work force are 23.3%, 28.5% and 41.5% respectively (Census of India: 1991).

6 The five high income states are Punjab, Haryana, Goa, Maharashtra, and Gujarat. The gap between Delhi's per capita GDP and that of other states is beginning to narrow down. In the mid-1980s, Delhi's GSDP was more than twice that of all-India per capita GDP.

Notwithstanding the unique position which Delhi enjoys as being an overwhelmingly urban territory, characterised by a diversified and expanding economic base and high GSDP, poverty and deprivation continue to be a matter of serious concern. Between 1987–88 and 1993–94, the incidence of poverty as measured by the calorie intake criterion rose from 12.4 percent to 14.7 percent.⁷ Worse still, non-food poverty, as manifest in such indicators as the number and proportion of households living in slums and squatter settlements and those without access to water supply and sanitation, has risen steeply. An estimated 500,000–600,000 households live in slums and sub-human conditions. According to the 1991 census, 34 percent of households in Delhi had no access to basic sanitation, 3.8 percent had no regular source of potable water supply, and a little over 20 percent households had no electricity. Given the fact that over 75 percent of Delhi's population is *literate*, other social indicators such as the birth and death rates and infant mortality rates are high. Air, water and waste-related pollution levels in Delhi are among the highest in the country.⁸

Graph 2: Poverty and Deprivation Levels in Delhi (1991)



Delhi thus presents a complex situation of having on the one hand, a highly diversified, growing and vibrant sector, continually in need of quality infrastructure and services, and on the other hand, a large subsistence sector seeking basic services and minimum quality of life.

7 Government of India. Press Note of March 11, 1997. Report of the Expert Group on the Number and Percentage of Population below Poverty Line.

8 It is estimated that about 3000 metric tonnes (mt) of air pollutants are emitted everyday in Delhi. According to a WHO report published in 1994, Delhi is the fourth most polluted city in the world. The amount of pollutants the transport sector pumps into Delhi is more than the sum of the vehicular pollutants emitted in Mumbai, Bangalore and Calcutta. Water quality has also deteriorated considerably due to discharge of sewage and industrial effluents. Upstream of Wazirabad, the dissolved oxygen (DO) level is 7.5 mg/l and bio-chemical oxygen demand (BOD) level is 2.3 mg/l, whereas, downstream at Okhla, the DO level declines to 1.3 mg/l with the BOD at 16 mg/l. The prescribed ambient water quality in terms of DO is 5 mg/l or above, and 3 mg/l or below in terms of BOD. See Government of India. White Paper on Pollution in Delhi with an Action Plan. 1997. (mimeo).

2. The finances of the National Capital Territory

THE FISCAL JURISDICTION

The finances of the Government of NCT of Delhi comprise on the revenue receipts side, such taxation heads as, taxes on property and capital transactions, state excise, sales tax, taxes on vehicles, taxes on passengers and goods and other taxes (entertainment, luxury and betting taxes); numerous non-tax revenue heads including interest receipts and dividends and profits; and grant-in-aid contributions from the centre.¹

The revenue expenditure component consists of expenditure on general services, i.e., organs of state, fiscal services like collection cost of taxes, interest payments and other administrative services; expenditure on social services comprising, *inter alia*, education, health and family welfare, water supply, sanitation, housing, urban development, labour, employment, and social security; expenditure on economic services, and grant-in-aid and contributions, including assignment of tax revenues to local bodies and others. Interest payment in the case of Delhi is shown as a head of expenditure only from 1995–96. Expenditure on pensions is in the process of being incorporated in the budget of the Government of NCT.²

Added to the revenue receipts and expenditure are transactions of a capital nature. On the capital receipts side, the heads include loans received from the Government of India and recoveries of loans and advances, while capital expenditure is composed of loan repayments, loans and advances made by the Government of NCT, besides expenditure on general services, social services, and economic services.

AN OVERVIEW OF NCT'S FINANCES

Unlike most states and UTs which are currently faced with declining levels of budgetary expenditures, a cutback on capital investments, rising and often unsustainable debt burdens and contingent liabilities, and high revenue deficits, Delhi fiscal problems are rooted in sub-optimal exploitation of the vast tax potential that Delhi possesses, an extremely narrow non-tax revenue base, high implicit subsidies, and insufficient investment flows into such sectors as roads, urban development, and environment. These problems, in fact, overshadow what, *prima facie* may seem to be the positive aspects of Delhi's finances, such as, moderate levels of capital expenditure and revenue account surpluses. A comprehensive analysis providing important insights into the finances of NCT (table 2) is summarised below.

1 Grant-in-aid from the central government on the revenue receipts side are in lieu of an assumed share in central taxes.

2 For the earlier years, pension payments are shown in the accounts of the Ministry of Home Affairs, Government of India.

Table 2: Basic Data on NCT's Finances

Key Finances statistics	Years				
	1985-86	1993-94	1994-95	1995-96	1996-97
Revenue receipts (Rs. crore)	515.62	1484.61	1980.46	2296.51	2795.98
Tax revenues	491.85	1424.36	1787.47	2111.05	2534.86
Non-tax revenues	23.77	60.25	99.63	63.14	55.74
Grants	—	—	93.36	122.32	205.37
Revenue expenditure (Rs. crore)	399.96	1268.47	1430.91	1877.16	2031.80
Developmental	264.23	816.71	949.58	1185.39	1428.68
Non-developmental of which:	96.50	356.94	385.68	577.18	474.34
Interest payments	—	—	—	94.00	189.88
Compensations to local bodies	39.23	94.82	95.65	114.59	128.77
Capital receipts (Rs. crore)	8.19	133.64	547.99	825.38	880.57
Loans from the Centre	—	132.53	510.33	796.38	851.20
Recoveries of loans	8.19	1.11	37.66	29.00	29.37
Capital expenditure (Rs. crore)	307.31	782.92	976.11	1074.29	1483.52
Developmental	0.68	11.37	194.01	415.70	391.40
Non-developmental	0.02	0.31	18.55	28.94	25.56
Loans and advances by the government	214.70	590.61	763.55	735.55	1066.54
Others	91.91	180.63	—	-175.90	0.22
GSDP (current prices, Rs. crore)	5412.44	18033.42	20250.26	23941.00	27532.15
Revenue expenditure balance (Rs. crore)					
Revenue surplus	-115.66	-216.14	-549.55	-419.35	-764.17
Fiscal deficit	+183.46	+565.67	+388.9	+625.94	+693.67
Primary deficit	+183.46	+565.67	+388.9	+531.94	+503.79
As % of GSDP					
Revenue surplus	-2.14	-1.20	-2.71	-1.75	-2.78
Fiscal deficit	+3.39	+3.14	+1.92	+2.61	+2.52
Primary deficit	+3.39	+3.14	+1.92	+2.22	+1.83

Levels of budgetary expenditure

In 1996-97, the size of the NCT's budget was placed at Rs. 3,515 crore, or 12.77 percent of GSDP.³ The budget size has shown an annual average increase of 14.8 percent over the ten-year period, 1985-86 to 1995-96. The budgetary expenditure as a percentage of GSDP was high in the mid-1980s, declined in the early 1990s, and has since recovered to reach the current level of 12.8 percent. The relatively low level of budgetary expenditure in the case of Delhi is explained by the exclusion of expenditure on public order, police and land which is absorbed into the union budget.⁴ Further, the budgetary level is still to reflect the full impact of the recommendations of the *Fifth Central Pay Commission*, pensions and other retirement benefits, as also the impact of the institutional changes that have occurred in Delhi since it acquired a legislature in 1993.

3 On a per capita basis, it works out to Rs. 2,984.

4 In most other states, budgetary expenditure as a percentage of GSDP varies between 20-25 percent (see Reserve Bank of India, 1998. *Finances of State Governments: 1997-98*). Mumbai.

Capital expenditure formed in 1996–97, 42.2 percent of the total budgetary expenditure and 5.39 percent of GSDP. Over the period 1994–95 to 1996–97, capital expenditure has risen substantially in Delhi—from Rs. 976.1 crore in 1994–95 by 10.1 percent to Rs. 1,074.3 crore in 1995–96 and by as much as 38 percent to Rs. 1,483.5 crore in 1996–97. While this position is in sharp contrast to other states which have uniformly seen a fall in the levels of capital expenditure, reaching out in several states, to absurdly low levels of less than 15 percent of total budgeted expenditure,⁵ note should be made of the fact that 71–78 percent of capital expenditure is accounted for by loans and advances to local bodies and public utility corporations. NCT's own capital investments for development purposes are relatively small, forming in 1996–97, 1.5 percent of the GSDP.

The growth performance of revenue expenditure appears to be generally satisfactory. In 1996–97, the total revenue expenditure was placed at Rs. 2,031.8 crore, forming 7.38 percent of Delhi's GSDP. During the last three years, it increased at an average annual rate of 19.2 percent as compared to a rate of 14.63 percent observed during the period 1985–86 to 1993–94. Revenue and capital expenditures in the case of NCT have risen in tandem with each other; regressions show that over the years 1985–86 to 1996–97, an increase of Rs. 100 in capital expenditure led to an increase of Rs. 136 in revenue expenditure.

Table 3: NCT: Capital and Revenue Expenditure from 1994–95 to 1996–97

Year	Capital Expenditure			Revenue Expenditure			Total Expenditure		
	Rs. crore	Percent change	Percent of GSDP	Rs. crore	Percent change	Percent of GSDP	Rs. crore	Percent change	Percent of GSDP
1994–95	976.1	24.7	4.8	1430.9	12.8	7.1	2407.0	17.3	11.9
1995–96	1074.3	10.1	4.5	1877.2	31.2	7.8	2951.5	22.6	12.3
1996–97	1483.5	38.1	5.4	2031.9	8.2	7.4	3515.4	19.1	12.8

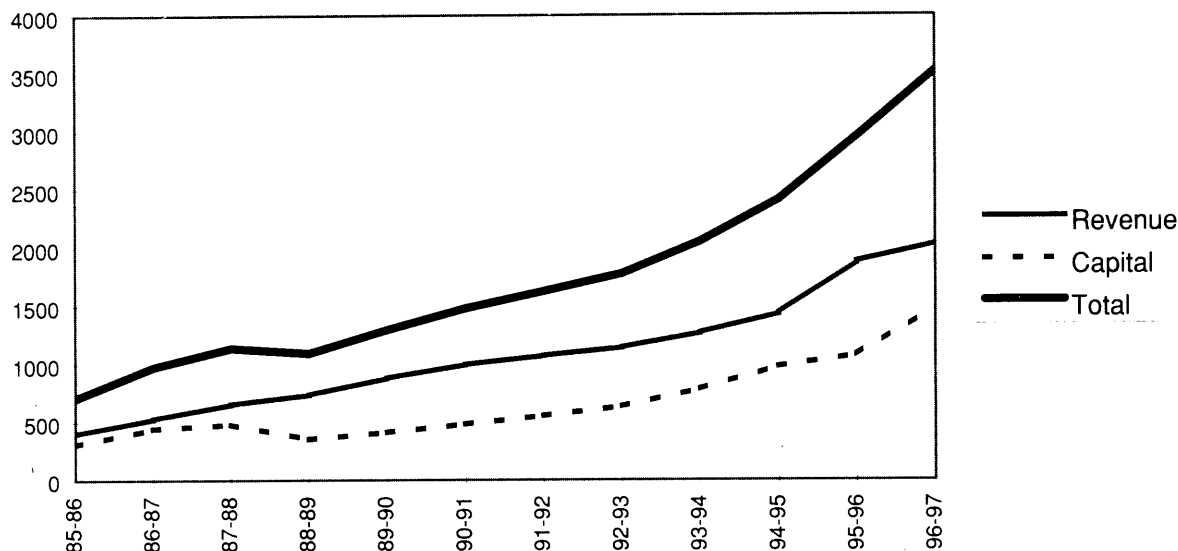
An important feature of Delhi's finances is that nearly three-quarters of the budgetary expenditure is financed by its own revenue resources.⁶ Own revenues as a percentage of GSDP range between 8.17 percent in 1991–92 and 9.55 percent in 1986–87. In recent years, own revenues as a percentage of GSDP have risen, reaching 9.32 percent in 1994–95, 9.08 percent in 1995–96 and 9.41 percent in 1996–97. When seen in the specific context of Delhi which has the highest per capita income in the country, a high turnover in trade and business, and which offers an extensive network of services, this level of revenue effort cannot be considered satisfactory. In fact, Delhi fares far worse when its own revenue to GSDP ratio is compared with the ratio of own revenues to non-agricultural GSDP in the states

5 Figures of capital expenditure to total budgeted expenditure for some of the states are: Bihar 10.2 percent; Haryana 12.6 percent; Madhya Pradesh 13.7 percent; and Tamil Nadu 12.9 percent. See, Reserve Bank of India 1998. *Finances of State Governments: 1997–98*. Mumbai.

6 In other states, this percentage is anywhere between 40–60 percent. See Reserve Bank of India, *Finances of State Governments: 1997–98*. Mumbai.

where it ranges between 20–30 percent.⁷

Graph 3: Growth of Revenue and Capital Expenditure (Rs. crore)



Tax revenues account for over 95 percent of the total own revenues. The non-tax component of own resources is insignificant, and has shown no sensitivity to the changes that have taken place in the administrative structure and fiscal and development policies of the territory. Indeed, the share of non-tax revenue sources in total revenues has shrunk to 2.9 percent in 1995–96 and 2.2 percent in 1996–97, raising queries about the seriousness and capacity of the government to be able to use instruments such as user charges for consolidation and augmentation of its revenue base, and for better allocation of resources.

Surpluses and deficits

The central feature of NCT's finances is that the NCT has been able to maintain a surplus on revenue account over the entire ten-year period covered by this study. In 1996–97, it was 2.78 percent of the GSDP. Note should be made of the pressure on revenue accounts in the latter part of the 1980s and in 1990–91 and 1991–92, but the last three years have experienced a large scale boost to internal resource generation, which is manifest in increasing surpluses on revenue account. On the other hand, fiscal deficits were high from mid-1980s to 1993–94 but dropped to 1.92 percent of GSDP in 1994–95 and 2.61 percent in 1995–96.

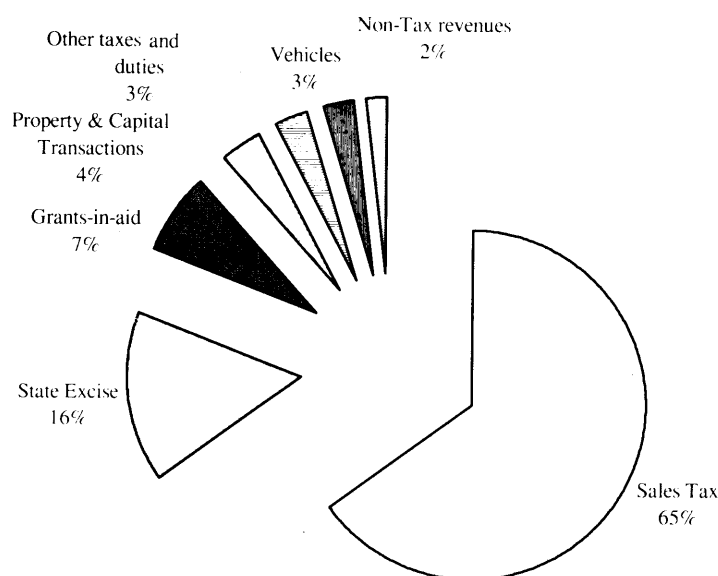
⁷ The ratio of own revenues to non-agricultural GSDP is 28.6 percent in Haryana, 23 percent in Karnataka, 22.1 percent in Kerala, 23.1 percent in Punjab, and 25.3 percent in Rajasthan. In other states too, it is higher than in Delhi.

Table 4: NCT: Surpluses and Deficits

Year	As a % of GSDP		
	Revenue surplus	Fiscal deficit	Primary deficit
1985–86	-2.14	+3.39	+3.39
1990–91	-0.26	+3.53	+3.53
1993–94	-1.20	+3.14	+3.14
1994–95	-2.71	+1.92	+1.92
1995–96	-1.75	+2.61	+2.22
1996–97	-2.78	+2.52	+1.83

Revenue base

Sales tax is the principal source of tax revenue accounting for 64–67 percent of the total tax revenue receipts. In terms of importance, sales tax is followed by state excises which generate 15–19 percent of the revenue and stamp duties and registration fees (4.5% to 5.5%). No perceptible change in the share of such taxes as motor vehicles and entertainment tax is noted in the case of Delhi. The contribution of motor vehicles tax and taxes on entertainment, luxury and betting continues to be low (5.4%).

Graph 4 : Structure of Revenue Income in percentage (1996–97)

Apart from being the main revenue source, sales tax has exhibited an improvement in buoyancy in recent years. It had a buoyancy coefficient of 0.93 during the 1985–86 to 1993–94 period; during

1994–95 to 1996–97, buoyancy coefficient in respect of sales tax rose to 1.16, while that of state excise declined from 0.86 to 0.83. Surprisingly, buoyancy in respect of taxes on capital and property transactions fell sharply, notwithstanding the boom that Delhi has experienced in its land and property market. Similarly, fall in the buoyancy of motor vehicles taxes in the face of a phenomenal increase in the number of motor vehicles indicates major weaknesses in tax administration and enforcement procedures. Given the overwhelmingly urban character of Delhi, low and falling buoyancy coefficients are striking and speak of the absence of a strategy to make fuller use of such taxes as stamp duty, registration fees and motor vehicles, and other local taxes to which a reference will be made later.

The non-tax component consists of receipts—in fact, charges from the sale of general, economic and social services, and interest receipts and dividend and profits, most of which hardly yield any revenue. The total revenue collection from economic services was placed at Rs. 10.80 crore in 1996–97, having risen from Rs. 5.6 crore in 1995–96; on the other hand, revenue yields from social sector heads declined from Rs. 8.24 crore in 1995–96 to Rs. 6.44 crore in 1996–97. Dividend on the government's investments in cooperative institutions and corporations which is another important non-tax component, is also abysmally low and did not contribute to the government's resources in any measure.⁸ The entire non-tax component in NCT's revenue structure is a clear testimony of the indifference to its potential, and lies at the very root of the existence of large scale subsidies, many of which have questionable justification.

Grants made to NCT in lieu of its share in central taxes are small but are now beginning to assume importance. In 1996–97, grants formed 9.3 percent of the total revenue resources, having risen from about 4.2 percent in 1994–95.

Pattern of expenditure

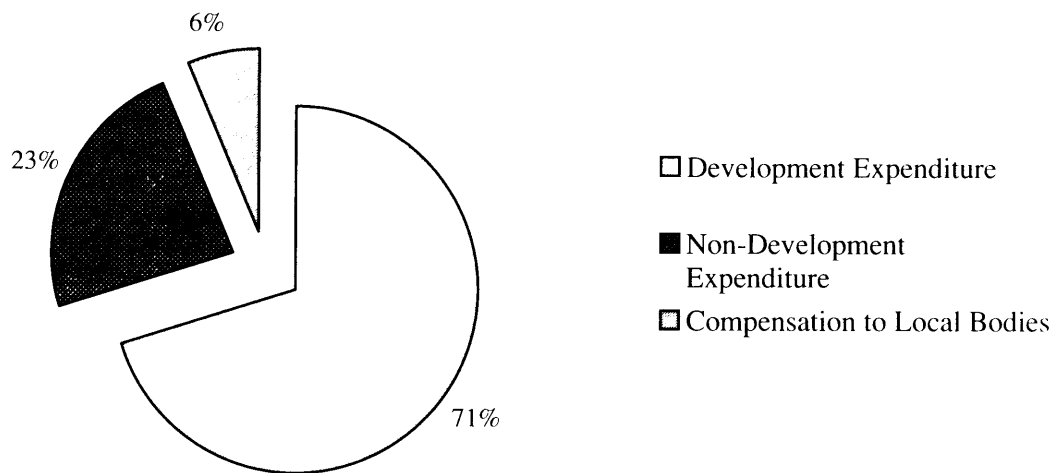
Revenue expenditure of the Government of NCT is divided into three main heads: developmental, non-developmental, and compensations and assignments to local bodies. Expenditure on developmental heads accounts for 70 percent of the total expenditure; compensation to local bodies accounts for approximately 6 percent, and the balance of 23–24 percent is non-developmental. These proportions have changed within a narrow band of 3–4 percentage points over the period 1985–86 to 1995–96. As a percentage of GSDP, considerable fluctuations are noted. Developmental expenditure as a percentage of GSDP was over 6 percent in the latter part of 1980s and 1990–91, but it dropped to less than 5 percent and stayed at that level until 1995–96. In 1996–97, developmental expenditure increased to 5.19 percent of the GSDP. Non-developmental expenditure in Delhi also faced fluctuations, largely in tandem with expenditure on development sectors. However, the central point is that the non-developmental expenditure has not encountered any acute pressure to rise.⁹

⁸ The total investment of the government in the cooperative institutions and corporations as on March 1997 was placed at Rs. 182.1 crore; dividend on the same was Rs. 6.94 crore. The rate of dividend in 1995–96 was 0.73.

⁹ An estimation of the non-discretionary component of expenditure has not been possible in this study on account of the non-availability of economic and functional classification of the NCT budget. The last year for which this classification was made is 1992–93. In 1992–93, the share of wages and salaries in revenue expenditure 53.2 percent. There were no interest payments in that year. Neither were there any liabilities on account of pension payments.

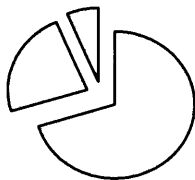
Provision of economic services and, consequently, direct investment in these are not amongst the priority heads of expenditure of the Government of NCT. Power and transport, for instance, are managed by the DVB and DTC, respectively. The share of economic services in the revenue account budgets is, therefore, low at 9.8 percent. On the other hand, social services are a priority budget head, accounting for over 60 percent of the total revenue expenditure and about 50 percent of the total capital expenditure. Several of the social services like education, health, urban development, and at least one economic service, namely, roads, represent the development priorities of the NCT, absorbing a greater part of its expenditure.

Graph 5 : Structure of Revenue Expenditure in percentage (1996-97)



Graph 5a: Share of Development Expenditure in Total Expenditure in percentage (1996-97)

Development Expenditure



Education comprising general education, technical education, sports, and art and culture, constitutes the single largest head of expenditure in the NCT budget. In 1996–97, it constituted 28 percent of the expenditure and 2.1 percent of GSDP. However, over 75 percent of this expenditure is

incurred on technical education and art and culture, leaving a relatively small proportion for primary education. Even allowing for the fact that primary education is the responsibility of local bodies (MCD and NDMC), there would seem to be a case for accelerating investment in primary education. An illiteracy rate of 24.71 percent for the NCT is indefensible.

Graph 5b: Structure of Development Expenditure in percent (1996-97)

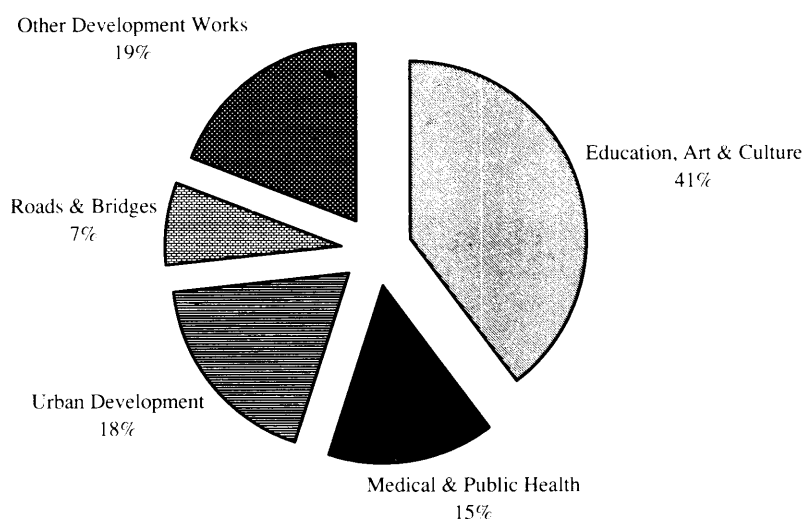


Table 5: NCT: Expenditure on Education

Year	Revenue expenditure (Rs. crore)	As % of total revenue expenditure	As % of GSDP	Annual growth rates %	Capital expenditure (Rs. Crore)	As % of the total capital expenditure	As % of GSDP
1985-86	128.54	32.14	2.37	—	—	—	—
1986-87	159.08	29.99	2.55	23.76	—	—	—
1987-88	189.74	28.90	2.63	19.27	—	—	—
1988-89	219.52	29.77	2.57	15.7	—	—	—
1989-90	254.66	28.89	2.59	16.01	—	—	—
1990-91	293.99	29.56	2.60	15.44	—	—	—
1991-92	311.25	29.04	2.16	5.87	—	—	—
1992-93	347.17	30.44	2.23	11.54	—	—	—
1993-94	387.83	30.57	2.15	11.71	—	—	—
1994-95	421.84	29.48	2.08	8.77	32.28	3.31	0.16
1995-96	492.34	26.23	2.06	16.71	45.88	4.27	0.19
1996-97(A)	568.91	28.00	2.07	15.55	69.50	4.68	0.25

Note: denotes not available.

Given the urban character of Delhi, and the fact that it is endowed with a large private health sector, its health indicators represented by birth rate (24.4/1000 as compared to 23.1/1000 for all-India

Given the urban character of Delhi, and the fact that it is endowed with a large private health sector, its health indicators represented by birth rate (24.4/1000 as compared to 23.1/1000 for all-India urban), death rate (7.0/1000 as compared to 6.7/1000 for all-India urban) and an infant mortality rate of 38/1000 are clearly unsatisfactory. In 1996–97, the total budgeted revenue expenditure on health services was placed at Rs. 216.56 crore; capital expenditure on this sector was placed at Rs. 30.67 crore. While expenditure on these services would appear to be meeting the Planning Commission norms, the unsatisfactory health indicators suggest that health expenditures are poorly targeted, particularly on those groups which are vulnerable and which have incidence of high birth and death rate, and high infant mortality rates.

Table 6: NCT: Expenditure on Health

Years	Revenue expenditure (Rs. crore)	As % of total revenue expenditure	As % of GSDP	Annual growth rates %	Capital expenditure (Rs. crore)	As % of total capital expenditure	As % of GSDP
1985–86	32.69	8.17	0.6	53.53	–	–	–
1986–87	50.19	9.46	0.8	32.99	–	–	–
1987–88	66.75	10.17	0.93	25.56	–	–	–
1988–89	83.81	11.37	0.98	47.89	–	–	–
1989–90	123.95	14.06	1.26	11.84	–	–	–
1990–91	138.62	13.94	1.22	–22.58	–	–	–
1991–92	107.32	10.01	0.75	14.18	–	–	–
1992–93	122.54	10.75	0.79	12.63	–	–	–
1993–94	138.02	10.88	0.77	14.01	–	–	–
1994–95	157.35	11.00	0.78	23.2	17.83	1.83	0.09
1995–96	193.85	10.33	0.81	23.81	31.12	2.90	0.13
1996–97	216.55	10.66	0.79	11.71	30.67	2.07	0.11

Note: denotes not available.

The last few years have seen a phenomenal increase in the number of motorized vehicles in Delhi. The total number of vehicles as on 31 December, 1996 was 27.93 lakh, having risen at 6–8 percent annually over 1992–96 period. In comparison, road network comprising roads of the three local bodies, national highways and other roads is 25,948 kms in length. There has been, at best, a marginal increment to the road infrastructure which is explained by low levels of revenue and capital expenditure on roads. As a proportion of total expenditure, revenue expenditure on roads has been around 5.2–5.8 percent. Capital expenditure on roads which was low at 4.88 percent in 1995–96 further declined to 4.33 percent in 1996–97. Moreover, the erratic growth behaviour of revenue expenditure indicates an absence of a coherent policy on road development for the NCT.

By virtue of its character, urban development is an important sector in Delhi. It consists of expenditure on a mix of programmes aimed at physical and environmental improvement of slums, squatter settlements, construction of flats for *katra* dwellers in the walled city area, preparation of perspective development plans for sub-standard areas, establishment of “squattling zones”, land acquisition, urban basic services programmes, and a host of related programmes. The key component of

the urban development sector, however, is the improvement of slum and squatter settlements. Over the 1985–86 to 1996–97 period, revenue expenditure on this sector has increased manifold—from Rs. 7.29 crore in 1985–86 to Rs. 264.02 crore in 1996–97, or from 1.82 percent in 1985–96 to 13 percent of total revenue expenditure in 1996–97. As a proportion of GSDP too, revenue expenditure has risen close to 1 percent from a low of 0.13 percent in 1985–86. On the other hand, the growth behaviour of capital expenditure on this sector has been extremely erratic. Despite the steep rise in revenue expenditure, the fact that the living conditions in the slum and other similar settlements continue to be poor, shows the inadequacy of expenditure and lack of a slum policy that would, on the one hand, improve the living conditions, and on the other hand, prevent further proliferation of slums. The present policy which is highly fragmented both in terms of programmes and institutional set-up needs to be comprehensively examined. The institutional set-up as the records show consists of the slum and *jhuggi-jhonpri* department which is responsible for the scheme of Environmental Improvement of Urban Slums (EIUS), structural repairs in *katras*, construction of night shelters for pavement dwellers, and resettlement of squatter families, land and building department of Delhi Administration, MCD, Delhi Slum Improvement Board, and such agencies as the Railway Board for slums located on its land.

Table 7: NCT: Expenditure on Roads

Years	Revenue expenditure (Rs. Crore)	As % of Total revenue expenditure	As % of GSDP	Annual growth rates %	Capital expenditure (Rs. crore)	As % of total capital expenditure	As % of GSDP
1985–86	36.53	9.13	0.67	–	–	–	–
1986–87	56.79	10.70	0.91	55.46	–	–	–
1987–88	62.42	9.51	0.87	9.91	–	–	–
1988–89	58.17	7.89	0.68	–6.81	–	–	–
1989–90	62.75	7.12	0.64	7.87	–	–	–
1990–91	73.62	7.40	0.65	17.32	–	–	–
1991–92	86.84	8.10	0.6	17.96	–	–	–
1992–93	77.16	6.77	0.5	–11.15	–	–	–
1993–94	86.59	6.83	0.48	12.22	–	–	–
1994–95	78.35	5.48	0.39	–9.52	58.56	6.00	0.29
1995–96	109.78	5.85	0.46	40.11	52.40	4.88	0.22
1996–97	105.10	5.17	0.38	–4.68	64.17	4.33	0.23

Note: denotes not available.

Debt profile

Mounting debt at sub-national levels is an important contemporary issue in the country. Many state governments are at a high fiscal risk for having accumulated large amount of debts and contingent liabilities. The Government of NCT, as pointed out earlier, is empowered to borrow only from the union government and has no access to market borrowings or institutional finance. The total outstanding loan of the Government of NCT at the close of fiscal year 1996–97 was placed at Rs. 2204.9 crore, or 8 percent of Delhi's GSDP. As a proportion of GSDP, loan from the union government was 2.52 percent in

1994–95, 3.33 percent in 1995–96, and 3.10 percent in 1996–97. Interest burdens have thus far been a small component of expenditure, but are poised to rise with increasing outstanding debt liabilities. The low interest liability is attributable partly to the non-separation of the debt of NCT from the Home Ministry's total budget bill.

Table 8: NCT: Expenditure on Urban Development

Year	Revenue expenditure (Rs. crore)	As % of total revenue expenditure	As % of GSDP	Capital expenditure (Rs. crore)	As % of total capital expenditure	As % of GSDP
1985–86	7.29	1.82	0.13	0.66	0.21	0.01
1986–87	14.55	2.74	0.23	94.65	21.27	1.52
1987–88	46.43	7.07	0.64	126.30	26.16	1.75
1988–89	54.33	7.36	0.64	-7.34	-2.06	-0.09
1989–90	71.75	8.14	0.73	0.39	0.09	-
1990–91	82.34	8.27	0.73	3.51	0.72	0.03
1991–92	87.44	8.16	0.61	5.68	1.02	0.05
1992–93	92.62	8.12	0.60	23.82	3.75	0.16
1993–94	88.71	6.99	0.49	3.01	0.38	0.01
1994–95	147.96	10.34	0.73	27.67	2.83	0.14
1995–96	208.04	11.08	0.87	25.95	2.41	0.10
1996–97	264.02	12.99	0.96	-27.44	-1.85	-0.10

Table 9: NCT: Debt Profile

Year	Debts (Rs. crore)							
	Non-plan	Loans for UT schemes	Total	As a % of GSDP	Outstanding loans	As a % of GSDP	Interest payments	As a % of GSDP
1994–95	343.03	167.30	510.33	2.52	627.33	3.10	-	-
1995–96	607.38	189.00	796.38	3.33	1353.71	5.65	94.00	0.39
1996–97	666.61	184.59	851.20	3.10	2204.91	8.00	189.89	0.69

Subsidies

Subsidies have in recent years become an important issue not only at the central but also at the level of states. The estimates of budget subsidy, both explicit and implicit, presented here follows the methodology employed by Srivastava and Sen in their recent NIPFP study on government subsidies.¹⁰

10 D.K. Srivastava *et al.*, 1997. *Government Subsidies in India*. New Delhi: National Institute of Public Finance and Policy.

Explicit subsidies in the case of Delhi relate to only a few minor heads, such as interest subsidy to small scale industries, fertiliser subsidy to small and marginal farmers, free supply of books and uniforms in elementary schools, promotion of non-conventional energy and the like, are of relatively minor significance. On the other hand, implicit subsidies are extremely large and relate to both merit and non-merit goods and services. For the year 1995–96, total subsidies on merit and non-merit goods after accounting for surplus sectors amounted to Rs. 2,248.42 crore or 9.39 percent of GSDP. Of this, merit goods subsidies on elementary education, public health, sewerage and sanitation, social welfare, welfare of scheduled castes and tribes, nutrition, flood control and drainage, and roads and bridges accounted for 20.6 percent of the total subsidy. Outside of the clearly defined merit goods sector, there were large scale subsidies in such sectors as technical education (more than four times than those available to primary education), medical services, water supply and sanitation, urban development, and power and transport sectors. The overall recovery rate was 0.14 percent. The recovery rate in the case of non-merit goods¹¹ was estimated at only 0.55 percent. On a per capita basis, subsidy is phenomenally large, being Rs. 1961. Delhi thus, has the distinction of having, compared to other states in the country, the lowest rate of recovery and highest per capita subsidy. The existence of subsidies on this scale is perhaps the most disconcerting feature of Delhi's finances and, if permitted to continue, will seriously jeopardise the future sustainability of government investment and development programmes.

In sum, the NCT's finances are a mixed bag of a few positive features combined with those that suggest major weaknesses. Table 10 summarises these features. The summary does not take into account the pressures on NCT's finances that may further arise on account of the poor and deteriorating financial performance of major public utilities and local bodies. The fiscal challenge for the Government of NCT would lie in better utilising the large tax and non-tax potential, and effectively addressing other weaknesses and pressures.

11 Non-merit goods are those goods where in principle, cost recovery is possible through user charges.

Table 10: A Fiscal Summary

Years	As a Percent of GSDP										Annual Growth Rate Between 1985-86 and 1996-97				
	Revenue surplus	Fiscal deficit	Primary deficit	Own tax revenue	Non-tax revenue (excluding grants)	Revenue expenditure	Non-development expenditure	Capital expenditure	Own revenues	Revenue expenditure	Non-development expenditure	Capital expenditure	Revenue expenditure	Non-development expenditure	Capital expenditure
1985-86	-2.14	3.39	3.39	9.09	0.44	7.39	1.78	43.4	-	-	-	-	-	-	-
1986-87	-1.04	5.95	5.95	9.14	0.41	8.51	2.10	45.6	15.45	32.64	35.70	44.8	35.70	44.8	44.8
1987-88	-0.29	6.14	6.14	9.08	0.33	9.10	2.32	42.4	13.76	23.74	27.64	8.5	27.64	8.5	8.5
1988-89	-0.89	2.92	2.92	9.28	0.24	8.63	2.15	32.6	20.14	12.32	9.68	-26.1	9.68	-26.1	-26.1
1989-90	-0.11	3.87	3.87	8.73	0.34	8.95	2.31	31.9	9.74	19.57	24.11	15.9	24.11	15.9	15.9
1990-91	-0.26	3.53	3.53	8.76	0.30	8.79	2.16	32.7	14.77	12.83	7.36	17.2	12.83	7.36	17.2
1991-92	-0.72	2.88	2.88	7.91	0.26	7.45	1.91	34.1	14.64	7.76	12.47	14.5	12.47	14.5	14.5
1992-93	-1.95	1.85	1.85	8.70	0.59	7.34	2.02	35.7	22.93	6.40	14.50	14.4	14.50	14.4	14.4
1993-94	-1.20	3.14	3.14	7.90	0.33	7.03	1.98	38.2	2.81	11.23	13.47	23.4	13.47	23.4	23.4
1994-95	-2.71	1.92	1.92	8.83	0.49	7.07	1.90	40.6	33.40	12.81	8.05	24.7	12.81	8.05	24.7
1995-96	-1.75	2.61	2.22	8.82	0.26	7.84	2.41	36.4	15.96	31.19	49.65	10.1	31.19	49.65	10.1
1996-97	-2.78	2.52	1.83	9.21	0.20	7.38	1.72	42.2	21.75	8.24	-17.82	38.1	8.24	-17.82	38.1

3. The Finances of Public Utilities

INTRODUCTION

This section analyses the finances of three major public utilities of the Government of NCT of Delhi, namely, the DTC, the DVB, and the DWB. These three agencies are responsible for providing basic infrastructural services, i.e., bus transport, electricity, and water in Delhi. While the DVB and DWB enjoy a near monopoly in respect of the supply of electricity and water, the services of DTC are supplemented by other modes of private transport.

Adequate provision of bus transport, electricity and water to the citizens of Delhi has historically been a subject of widespread debate and examination. The organisational set-up of agencies responsible for their provision has been frequently altered with a view to improving their performance and efficiency. For example, the MCD ran the transport services in Delhi from 1957 to 1970 by virtue of a provision in the *Delhi Municipal Corporation (DMC) Act, 1957*. This arrangement was, however, jettisoned in 1971 in favour of a new statutory corporation of the central government, created under the *Road Transport Corporation Act, 1950*. As a public sector corporation, DTC was required to function on commercial lines and be financially self-sufficient. Its financial position, however, continued to be grossly unsatisfactory. It had no equity capital and was financed wholly through interest-bearing repayable loans for funding the development schemes and ways and means assistance for meeting the annual revenue deficits. However, as pointed out by the *Balakrishnan Committee*,¹ far from being permitted to function as a corporation aimed at achieving financial viability, direct, often day-to-day control was maintained over this body by the Ministry of Surface Transport (Government of India). The present status of DTC is that it has been transferred to the Government of NCT with effect from August 5, 1996, after writing off its loan liabilities and the interest accrued thereon.

The DVB which replaced the DESU has passed through a similar phase of organisational restructuring. Prior to the inclusion of electricity as an obligatory function under the *Delhi Municipal Corporation Act, 1957*, generation and distribution of electricity in Delhi was the responsibility of the Delhi Central Electric Power Authority Ltd. (DCEPA), and subsequently of the Delhi State Electricity Board. DESU was set up under section 42 of the *Delhi Municipal Corporation Act, 1957*, with the object of developing and maintaining an efficient, coordinated and economical system of electric supply to the union territory. However, within a short period it accumulated massive losses. Taking note of the fact that Delhi generated only about 20–25 percent of the total demand for electricity and the balance had to be purchased from outside for which the DESU was not considered an appropriate body, DESU has, with effect from 24 February 1997, been replaced by an autonomous board, called the Delhi Vidyut Board (DVB), and is now governed by the provisions of the *Electricity (Supply) Act 1948 (54 of 1948)* and the *Delhi Vidyut Board Rules, 1997*.

The DWB is a recent entity having been constituted on April 6, 1998 under the *Delhi Water Board Act, 1998*. It has replaced the DWSSDU which had been constituted under the *Delhi Municipal Corporation Act, 1957*, and was obliged under the *Act* to provide wholesome water to citizens within the jurisdiction of MCD as also supply water in bulk to NDMC and DCB and receive their sewage for

1 MHA (Ministry of Home Affairs) 1989. Committee on the Reorganisation of the Delhi set-up. New Delhi: MHA, Government of India.

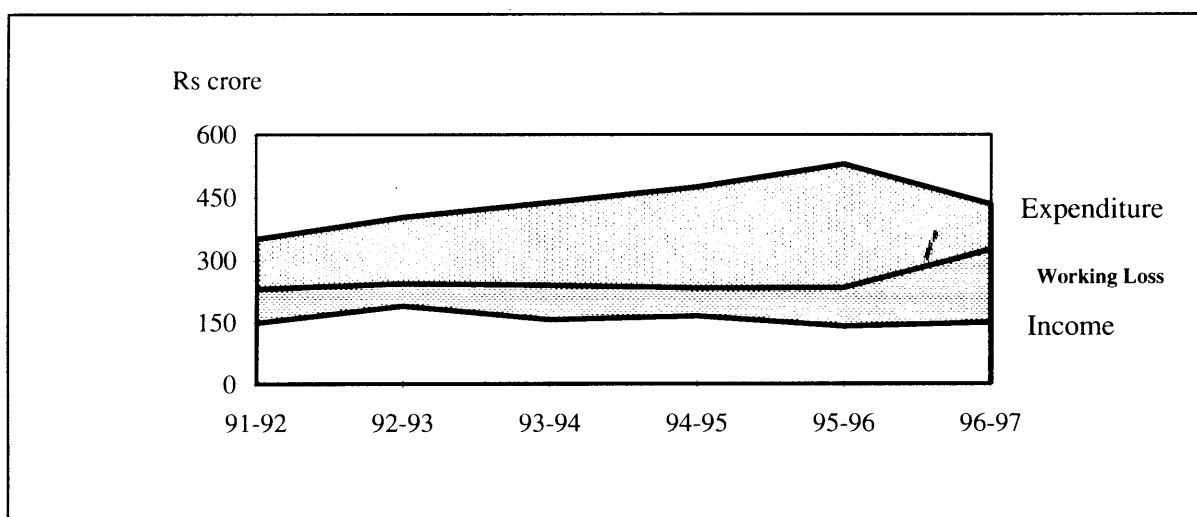
appropriate treatment and disposal. Like the DTC and DVB, the revenue income of DWSSDU has been unable to keep pace with its expenditure, and the DWSSDU has been incurring substantial deficits. It is in the context of this general background that their finances are analysed below.

THE DELHI TRANSPORT CORPORATION (DTC)

The DTC runs two sets of services—a city service and an intercity service. In addition, it also manages a bus service under a private operators' (PO) scheme. In 1996–97, while it had a fleet of 2,682 buses, on an average, 1,648 buses were operated daily. The DTC's fleet as also the average number of buses on the roads has sharply dropped from a peak of 4,399 bus fleet and 3,860 buses on the road at the close of the financial year 1989–90. The fleet utilisation, which was high in the mid-1980s and early 1990s, has declined to a low of 53.7 percent in 1995–96. It improved to 61.8 percent in 1996–97. Similarly, the operational efficiency has also declined substantially over the period 1989–90 to 1996–97.

The DTC derives its income from the sale of tickets and periodic sale of scrap material; the main expenditure heads include wages and salaries, fuel costs, operation and maintenance of buses, payment to private operators, depreciation and interest payments. In 1996–97, the total traffic earnings and other miscellaneous income amounted to Rs. 149.9 crore. Against this, the total working expenditure was Rs. 326.5 crore, posting a working loss of Rs. 176.6 crore. In 1996–97, traffic and other earnings were able to cover only 46 percent of the operating expenditure and only 34.6 percent of the total expenditure. Total losses declined in 1996–97 compared with the losses in the earlier years on account of the writing off of loans and interest thereon, by the central government.² On a per kilometre basis, the total income of DTC in 1996–97 was 930 paise, while working expenditure (excluding depreciation and interest) was 2027 paise per kilometre. Thus, for every kilometre of service, DTC incurred a loss of 1097 paise. The working loss on a per kilometre basis has risen substantially since 1993–94, as may be seen in graph 6.

Graph 6: DTC: Income–Expenditure Balance (Rs. crore)



² The total loans and interest written off amounted to Rs. 2123.21 crore. These included a capital loan component of Rs. 415.08 crore; ways and means loan of Rs. 565.76 crore, and interest of Rs. 1142.37 crore.

A disquieting feature of DTC's finances lies in the overall burden caused by depreciation and interest on government loans. Notwithstanding writing off loans and interest liabilities upon transfer of DTC to the Government of NCT, losses on this account were 37.8 percent of the total losses in 1996–97. It is important to note that the 1996–97 commercial losses of DTC constituted 0.64 of Delhi GSDP, and 17.1 percent of the total income of the Government of NCT.

Viewed in another way, the accounts of DTC show that—

- i The index of DTC's income with 1985–86 as the base rose to 177 in 1996–97. Significantly, the income index of DTC remained virtually stationary between 1987–88 and 1990–91, moved upwards in 1991–92 and 1992–93, and has dwindled since then. In comparison, the index of working expenditure rose to 201.1 in 1996–97, with 1985–86 as 100. During the mid-1980s, it remained stable at the base level, registered a moderate increase in the early 1990s, and accelerated thereafter.
- ii Of the two main constituents of working expenditure, the index of labour cost which forms anywhere between 60–68 percent of the total working expenditure, rose to 225.8 during the 1985–86 to 1996–97 period. Excluding the *Fifth Central Pay Commission* factor would reduce the index to 211.3. The material cost index constituting 23.29 percent of the total working expenditure rose at a slower pace, notwithstanding a much sharper increase in the price of fuel, tyres and tubes.³
- iii Working losses per kilometre are far greater in the case of city service compared to those registered either with the inter-state service or under the PO scheme. In March 1998, losses per kilometre amounted to 800.7 paise for the city service, 324.9 paise for the inter-state service, and 335.6 paise under the PO scheme.

Table 11: DTC: Revenue Account Income–Expenditure Balance

Year	Revenue Account (Rs. crore)			
	Income	Expenditure	Working loss	Total loss
1	2	3	4	5(3-2)
1991–92	148.6	351.3	82.7	202.7
1992–93	189.8	403.3	54.9	213.5
1993–94	156.9	438.6	83.6	281.7
1994–95	165.9	475.2	68.3	309.3
1995–96	140.7	529.6	94.2	388.9
1996–97	149.9	433.6	176.6	283.7

- iv The DTC has a total staff complement of 30,460 persons, or 11.07 persons per bus. While the number of staff has declined from a peak of 42,183 in 1985–86, it is significantly higher than the

³ The price of diesel, petrol and other lubricants rose from Rs. 3395 per 1000 ltrs in 1985–86 to Rs. 7958 in 1996–97. Similarly, the price of tyres (index), rose by 159 percentage points during the same period. See for details, Delhi Transport Corporation 1998. *Operational Statistics*, New Delhi.

prescribed norm of 8 persons per bus. Needless to say, maintaining a complement of staff at the prescribed level would reduce the labour costs by nearly 28 percent. Adherence to these norms would have reduced the working losses of DTC by at least 35.37 percent in 1996–97.⁴

Table 12: DTC: Index of Financial Results

Year	Income	Index		
		Working expenditure		
		Material	Labour	Total
1985–86	100.0	100.0	100.0	100.0
1990–91	146.5	137.5	158.5	127.7
1991–92	175.6	154.8	176.1	142.5
1992–93	224.3	154.0	189.6	150.8
1993–94	185.4	148.3	189.3	148.2
1994–95	196.0	139.1	186.4	144.3
1995–96	166.2	118.8	198.0	144.7
1996–97	177.1	147.1	225.8*(211.3)	201.1*

* Including the impact of the recommendations of the *Fifth Central Pay Commission*. Figures in parentheses are exclusive of the impact of the recommendations of the *Fifth Central Pay Commission*.

- v Like most metropolitan transport systems, the DTC also provides concessional travel facility to students, residents of resettlement colonies, and senior citizens. There are also general all-route passes, passes to police and press, free passes to the disabled, freedom fighters, sportsmen, national award winners, and war widows and their dependents. The total amount involved in such concessions in 1996–97 was estimated at Rs. 26.8 crore or 16 percent of DTC's total revenue income.
- vi Compared to the metropolitan transport undertakings of Calcutta (CSTC), Mumbai (BEST) and Chennai (PTC), the performance of DTC in general is poor in respect of such indicators as (a) the percentage of overaged buses, (b) fleet utilisation, (c) staff per bus, (d) staff cost, and (e) cost per kilometre. Comparative statistics are seen in table 13.

Excessive staff, a very high proportion of semi-variable cost, and infrequent revision of bus tariff underlie the poor financial performance of DTC. In order to meet its recurrent expenditure, the DTC has had to often divert capital loans, which has adversely affected its plans to improve the quality of its buses. Breaking out of the current financial mess would require a multi-pronged strategy.

4 The DTC introduced a Voluntary Retirement Scheme several years ago, which, in fact, resulted in the retirement of nearly 6,000 employees. However, in view of the difficulties that arose with the operation of private buses, there has been a slow-down in the implementation of this scheme. The DTC now plans to expand its operations once again.

Table 13: Performance of Metropolitan Transport Undertakings: A Comparison (1996-97)

Indicators	DTC	CSTC	BEST	PTC
Percent of overaged buses	31.4	N.A.	15.1	12.2
Fleet utilisation	61.8	73.0	94.4	89.2
Staff per bus	11.4	9.0	11.7	7.8
Revenue per kilometre (paise)	1058	738	2095	1044
Cost per kilometre (paise)	2103	1837	2285	1295
Staff cost per kilometre (paise)	1116	1057	1192	636

THE DELHI VIDYUT BOARD (DVB)/DELHI ELECTRIC SUPPLY UNDERTAKING (DESU)

The DVB, until recently DESU, is responsible for the provision of electricity to areas falling within the jurisdiction of MCD and supplying electricity in bulk to NDMC and DCB who, in turn, distribute it in their own areas. In 1996-97, the total electricity which was available for Delhi was 11554.1 mkWh of which about 23 percent was *locally generated* and the balance was purchased from *outside*, mainly from the central grid. There has been, at best, a tardy growth — annual average of 2.5 percent, in the total electricity that is available for Delhi. Neither has there been any noticeable increase in local power generation, nor has Delhi been able to negotiate a larger supply from the central grid, with the result that the DVB is unable to meet the rapidly increasing demand for power. Consequently, Delhi has been a victim of power breakdowns and load-shedding. Load-shedding, for instance, occurred on 338 days in 1997-98, representing a rather high point in an upward trend over the last several years. Other measures of technical performance have shown a similar pattern (see annex tables).

Table 14: DVB/DESU: Supply of Electricity

Year	Electricity (mkWh)		Sales as a % of total	
	Generation	Purchases	Total	
1992-93	2432.5	8084.9	10517.4	76.0
1993-94	2281.1	8644.8	10926.0	68.6
1994-95	2280.0	9693.2	11973.3	57.1
1995-96	2343.5	10039.1	12382.7	58.9
1996-97	2670.8	8883.4	11544.1	68.5
1997-98	2578.5	11833.5	14412.0	57.0*

* Provisional

The NCT has, on a per capita basis, the highest consumption of electricity in the country. In 1994-95, per capita consumption for Delhi was estimated at 746 kWh compared with 319 kWh for all-India, and 599 kWh for Gujarat and 499 kWh for Maharashtra. Further, the pattern of electricity consumption in Delhi is in contrast with other states. While in the other states, a significant percentage

of consumption is accounted for by agriculture — with a national average of 29 percent, in urban Delhi, the agricultural sector consumes only 0.9 percent of the total electricity sold. On the other hand, households consume 45.8 percent of the total electricity sold; industry consumes one-fourth and the balance is consumed by the residual sectors. The oft-repeated argument that electricity boards in the country suffer losses in supplying subsidised power to the agriculture sector is, therefore, not applicable to DVB.

The revenue receipts of DVB/DESU consist of income from the sale of electricity, rental of metres, commission on collection of taxes on behalf of MCD, and other miscellaneous recoveries. Revenue expenditure of DVB/DESU comprises expenditure on general administration, expenditure on generation, operation, maintenance and distribution of power, and power purchased from outside. Other expenditure of DVB/DESU includes expenditure on debt and interest payments, and provision for renewal and replacement of machinery equipment and the like.

In 1996–97, the total revenue receipts of DVB/DESU amounted Rs. 1678.2 crore. Against this, the total revenue expenditure amounted to Rs. 2200.7 crore. Operating losses of DESU were estimated for this year at Rs. 248.7 crore and total losses at Rs. 522.5 crore, forming respectively 0.9 percent and 1.89 percent of Delhi's GSDP. DESU has had a long history of losses which has remained unchanged, notwithstanding the changes made in its organisational and managerial set-up. The growth in revenue receipts of the organisation has almost invariably fallen behind the rate of growth of revenue expenditure, resulting in DESU's continual dismal performance.

Table 15: DVB/DESU: Revenue Account Income–Expenditure Balance

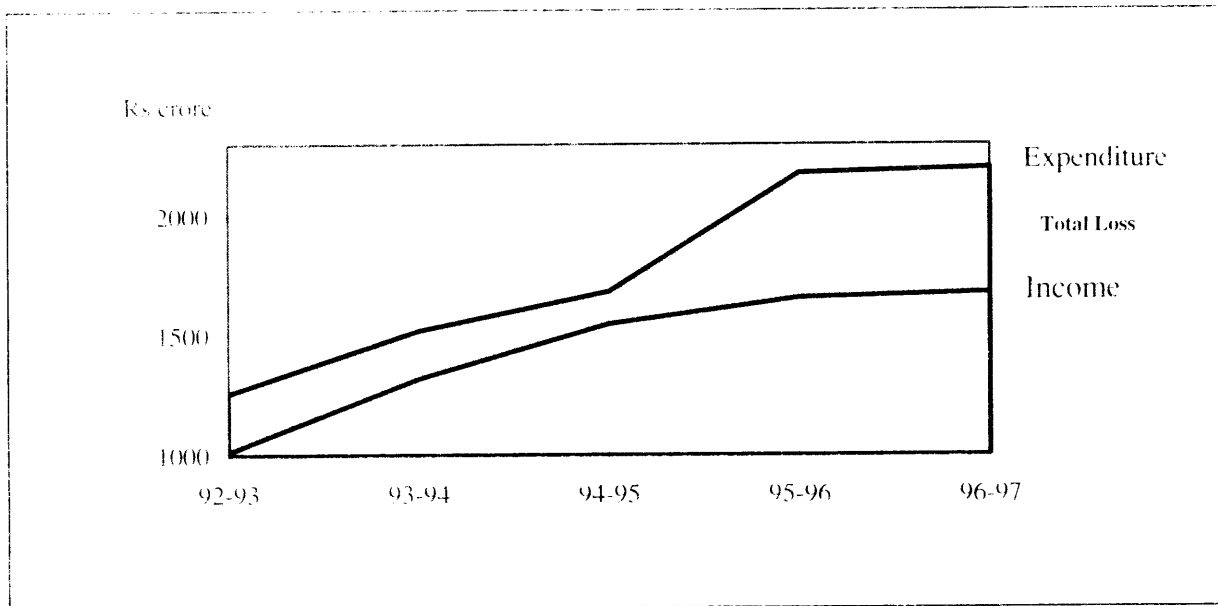
	Income	Operating expenditure	Expenditure	Loss/profit operating	Total
1	2	3	4	5 (3–2)	6
1992–93	1014.4	1125.73	1258.16	–111.33	–243.76
1993–94	1319.98	1355.51	1520.65	–35.53	–200.67
1994–95	1548.93	1485.2	1683.45	63.73	–134.52
1995–96	1656.77	1947.46	2179.2	–290.69	–522.43
1996–97	1678.19	1926.92	2200.71	–248.73	–522.52

What explains the losses? Is it the tardiness in revenue generation, or the inability to control expenditure? Several observations emerge out of a detailed examination of DESU's accounts—

- i* **Mounting transmission and distributional losses and other forms of leakages.** According to the published sources, the total losses or the difference between the total available electricity and the total electricity sold, were a massive 24 percent in 1992–93; 31.5 percent in 1996–97; and 43 percent in 1997–98. These losses reflect in part the fact that approximately 30 percent of Delhi's population live in unauthorised colonies where it has so far not been possible to provide regular connections. DVB's losses are also attributable to inadequate metering of connections, although this phenomenon is not as extensive as it is in other states. DVB estimates that its technical losses

are in the range of 15–20 percent.⁵ Evidently, reduction in these losses will increase the income of DVB/DESU by anywhere between 15–20 percent.

Graph 7: DVB/DESU: Income-Expenditure Balance (Rs. crore)



- ii **Lag in tariff adjustment.** DVB/DESU, like other electricity boards, pursues a policy of price discrimination in the fixation of power tariff. In 1995–96, the average tariff (tariff earnings divided by the units sold) was 226.9 paise per kWh; the tariff differences between agriculture, household (or domestic), and industry was in the ratio of 1:1.77 (agriculture and domestic), and 1:4.77 (agriculture and industry). The ratio between domestic and industry was 1:2.69. Average cost of production and distribution of energy in 1995–96 was placed at 301 paise, which explains the continuing losses of DESU. Further working of the data shows that there is a loss of nearly Rs. 315 crore on supplying energy for domestic purposes; and a loss of Rs. 418 crore for other non-industrial purposes. Industry, however, neutralises part of the losses by generating a surplus of Rs. 213 crore.

Tariff in Delhi compared to the all-India averages is lower for domestic and industrial users. For agriculture, it is higher but on account of the fact that agriculture consumes only 0.9 percent of the total power, the higher tariff rate is not able to make any impact on the revenues of DESU.

⁵ DVB's losses are similar to those incurred by many of the state electricity boards on this account. The Government of NCT argues that Delhi has special problems which has made the working of DVB/DESU particularly difficult. These problems include unplanned and haphazard growth of the city, large number of industrial units (135,000) in non-conforming areas, and unauthorised colonies and *jhuggi-jhonpuri bastees*. These problems exert serious constraints on the development of a proper electricity network, leading to high transmission and distribution losses.

Table 16: DVB/DESU: Average Tariff (1995–96)

Consumer category	Average tariff by consumer category as % of the overall average	
	NCT of Delhi	All-India
Domestic	50.6	65.2
Agriculture	28.6	17.4
Industry	136.3	155.2
Overall average	100.0	100.0

- iii ***Absence of leverage with the DVB/DESU to impact the cost structure of energy in Delhi.*** Power purchased from outside accounts for a little over 60 percent of the total expenditure by DVB/DESU in the production and distribution of energy in Delhi. Another 17 percent of expenditure is incurred on establishment, depreciation and interest charges which have shown tendency to rise at a faster rate compared with the other cost components. Both these facts leave little manoeuvrability with the DVB/DESU to be able to alter the cost structure of electricity and thereby reduce losses.
- iv ***Inability of DVB/DESU to collect its dues from municipal and other government bodies.*** DVB/DESU recovers approximately 88 percent of the total revenues that are billed to consumers. However, a number of municipal and government bodies owe substantial amounts to the DVB. According to the DVB, the Delhi Water Board/DWSSDU currently owes Rs. 108 crore to DVB. Total receivables from local bodies are estimated at Rs. 161 crore.
- v DVB's accumulated losses and dues to NTPC and Coal India Ltd., are approximately Rs. 5,000 crore which are three times its current annual revenue receipts. The recent policy pronouncement that these dues may be adjusted against plan allocations could seriously affect the overall budget size and also the plan outlays of the Government of NCT.

THE DELHI WATER BOARD/DELHI WATER SUPPLY AND SEWAGE DISPOSAL UNDERTAKING

The DWB/DWSSDU is responsible for providing wholesome water to the population based in the MCD area. Under section 259 of the *Act*, it is also bound to supply water in bulk to NDMC and DCB, and to receive in bulk their sewage. Over the past several years, there has been a phenomenal growth in the demand for water supply and sewage disposal facilities. In 1985–86, the supply of water was estimated to be 350 million gallons per day (mgd). The water requirements at the end of the Seventh Five Year Plan were estimated at about 590 mgd while the supply was only 417 mgd. In 1996–97, the demand supply gap was placed at about 220–225 mgd. The sources of water for Delhi are limited and consist mainly of supply from the river Yamuna that passes through several states, use of which is subject to inter-state agreements. The DWSSDU has made efforts to augment water supply by tapping underground water resources but a substantial gap exists between demand and supply. Essentially the same position persists for sewage which is far greater in quantity than the sewage treatment capacity. The disposal of untreated sewage constitutes one of the major pollution hazards in Delhi.

The DWSSDU derives its income from water tax and charges, scavenging tax, bulk sale of water to NDMC and DCB, and payment received from NDMC for sewage treatment and disposal. Its expenditure consists of expenditure on the cost of raw water, debt charges, general administration, repairs and maintenance, and other staff-related expenses.

The accounts of DWSSDU are maintained in two parts: one relates to bulk supply of water to NDMC and DCB which is maintained on commercial lines, while the second relates to the internal distribution of water to the MCD area whose accounts are maintained on a cash basis. The former accounts reveal that the DWSSDU's income in 1994–95 was Rs. 9.06 crore and the actual cost to DWSSDU for producing and supplying water to these two bodies was Rs. 9.16 crore. In 1996–97, the income of DWSSDU and the cost to DWSSDU for supplying water had risen to Rs. 11.88 crore and Rs. 12.00 crore respectively. DWSSDU thus incurs a loss on water transactions with NDMC and DCB. However, compared to the total water transactions, these losses are minor and are of little significance.

Table 17: Loss to DWB/DWSSDU on Account of Bulk Sale of Water to NDMC and DCB

Year	NDMC				DCB			
	Water sold (million ltrs)	Income (Rs. crore)	Cost (Rs. crore)	Profit/loss (Rs. lakh)	Water sold (million ltrs)	Income (Rs. crore)	Cost (Rs. crore)	Profit/Loss (Rs. lakh)
1994–95	51,111	7.41	7.49	-8.26	11,353	1.65	1.66	-1.83
1995–96	54,225	7.94	8.03	-8.57	12,601	1.85	1.87	-1.98
1996–97	57,951	9.82	9.91	-9.46	12,165	2.06	2.08	-1.99

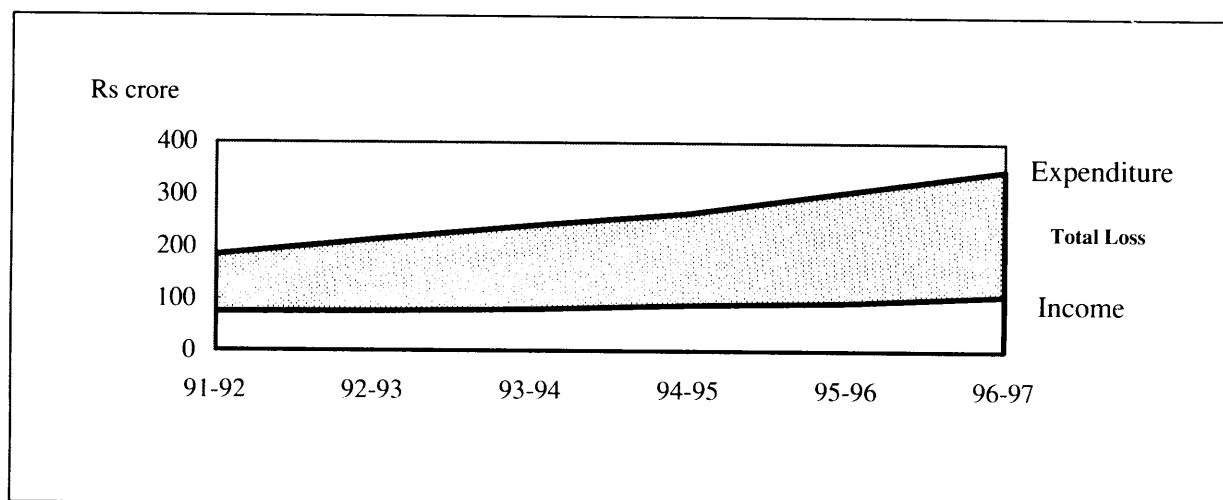
The overall finances of DWB/DWSSDU are in an extremely poor state. Income of the organisation has, over the period 1991–92 to 1996–97, risen by about 44 percent; in comparison, its expenditure including debt charges, has increased by 88 percent. The total losses of DWSSDU which were about Rs. 109 crore in 1991–92, had risen to over Rs. 239 crore in 1996–97. The unpaid loans in the year 1996–97, the last year for which actuals are available, were estimated to be Rs. 194 crore. The most disconcerting feature of DWSSDU's accounts is that the accumulated deficit has reached a staggering amount of Rs. 1507.1 crore, or 5.5 percent of Delhi's GSDP. Accumulated losses have increased by 160 percent over this period, indicating that no action was taken during this period to address the issue of losses by either designing policies to augment the income or controlling the expenditure.

The main expenditure head for the DWSSDU is the cost of water. In 1994–95, the cost of water was 67 percent of the total expenditure. Other key expenditure heads included expenditure on administration (20.2%), debt charges (14.8%), and collection of water charges (3.4%). The share of expenditure on administration and debt charges has consistently increased over the past five years.

As in the case of the DVB/DESU, the DWB faces the problem of unaccounted-for water. Estimates of the unaccounted-for water are not available but there is said to be extremely high. In addition to the loss of income due to unaccounted-for water, DWB's income is equally affected by relatively low water rates. The result is that the income of DWB has fallen behind expenditure, resulting in mounting deficits. In order to meet the recurrent expenditure, DWB has resorted to using the typical routes, such as that of seeking ways and means loans, deferment of interest payments, and making use of capital loans.

Table 18: DWB/DWSSDU: Revenue Account Income-Expenditure Balance

Year	Revenue account (Rs. crore)				
	Income	Expenditure	Loan account not paid	Total losses	Accumulated deficit
1991-92	75.03	184.97	87.88	109.9	579.55
1992-93	76.81	231.41	105.89	137.5	717.07
1993-94	80.62	241.31	124.45	160.7	877.77
1994-95	89.05	265.83	144.63	176.8	1054.56
1995-96	94.45	307.28	173.82	212.8	1267.40
1996-97	107.86	347.76	194.50	239.9	1507.10

Graph 8: DWB/DWSSDU: Income-Expenditure Balance (Rs. crore)**Table 19:** DWB/DWSSDU: Expenditure on Establishment and Interest Charges (Cash Account)

Year	As percentage of Total Expenditure on Revenue Account	
	Establishment	Interest charges
1991-92	18.9	13.5
1992-93	18.2	14.2
1993-94	18.3	14.0
1994-95	20.2	14.8
1995-96	20.9	15.8
1996-97	21.9	15.4

The losses of DWB/DWSSDU relate to both water supply and sewage disposal. Sewage disposal services are collective in nature, and are, therefore, charged indirectly by levying a 5 percent tax on the rateable value of the property. This scale of levy is far too low in relation to the total cost involved in the collection, treatment and disposal of sewage. Moreover, because it is linked to the rateable value, it carries the inadequacies of the rateable value as being the measure of property values. Income from sewage disposal is only a fraction of the total cost incurred on this activity. During the period 1994–95 to 1996–97, this income has been in the range of 8–9 percent of the total cost. It is important that anywhere between 40–60 percent of the losses of DWB/DWSSDU are on account of this service.

CONCLUSION

That the finances of Delhi's three most important public utilities are in a dismal state is evident from the above analyses. Taken together, the total losses of DTC, DVB/DESU, and DWB/DWSSDU amounted to Rs. 1,045 crore in 1996–97, or 3.8 percent of Delhi's GSDP and nearly 37 percent of NCT's total revenue income. Their accumulated losses are massive—approximately Rs. 5000 crore in the case of DVB and Rs. 1507 crore of DWB/DSEEDU.⁶ In reality, these losses are in the nature of perpetual loans, and merely carried over in the accounts from one year to the next. No other aspect of the finances of the Government of NCT is as disconcerting as the fact of the losses of DTC, DVB/DESU, and DWB/DWSSDU, collectively attributable to off-system leakages, thefts, relatively lower tariff, their infrequent adjustment to costs, and at least in the case of DTC, oversized organisation. Moreover, these organisations appear to be in a vicious trap: because they incur losses on revenue account, they are unable to meet their interest obligations; and because they are not able to meet their interest obligations, the government adjusts these obligations towards capital loans which in turn, affects their plans to augment the services. Breaking out of this trap constitutes one of the most important fiscal challenges for the Government of NCT.

Two observations are necessary to be taken note of in designing any reform agenda for these organisations. One, is the dependence of Delhi on external sources for its electricity and water requirements. As stated earlier, this dependence is extremely high. It is unlikely that Delhi will be able to reduce to any appreciable extent, its dependence on external sources. This factor has a crucial bearing on the cost structure of DVB and DWB and needs to be explicitly recognised in any agenda for improving their financial performance. It also impinges on the inter-state arrangement and agreements, calling attention to the role of non-fiscal initiatives in improving their financial performance. A second observation concerns the losses on account of illegal connections, thefts and leakages. Tackling losses on this account constitutes the single most important agenda for this utility. Indeed, it will be crucial for ensuring the success of other reform measures such as privatisation, adjustment of tariff and the like. These are discussed in section V of this study.

⁶ DTC's losses were absorbed by the central government upon its transfer to the Government of NCT.

4. The finances of local bodies

INTRODUCTION

The discharge of municipal functions in Delhi is the responsibility of three agencies, viz. the Municipal Corporation of Delhi (MCD); the New Delhi Municipal Council (NDMC); and the Delhi Cantonment Board (DCB). The MCD covers an area of about 1400 sq. kms. out of a total area of 1485 sq. kms., comprising the NCT of Delhi. The balance of the area is shared between the NDMC (42.73 sq. km.) and DCB (43 sq. kms).

The MCD was constituted as a body corporate under the *Delhi Municipal Corporation Act, 1957*, amalgamating the eleven municipal bodies which were then responsible for the provision of basic services to areas which today constitute the MCD. The MCD is composed of 100 councillors chosen by direct election on the basis of adult suffrage and six aldermen who are chosen by the councillors. Following the *Constitution (seventy-fourth) Amendment Act, 1992*, *Delhi Municipal Corporation Act, 1957*, was modified in a way that it incorporated the mandatory provisions of the constitutional amendment. The non-mandatory provisions such as the functions listed in *schedule 12* of the *Constitution (seventy-fourth) Amendment Act* have not been fully incorporated in the modified *Act*.¹

The NDMC was constituted in 1927 under the *Punjab Municipal Act, 1911*.² *Section 11* of the *Punjab Municipal Act* provided that the Committee should consist of not less than five members, who could be appointed by the government either by name or office or they could be members elected from among the inhabitants in accordance with the rules made under the *Act* or partly of one and partly of the other as the state government may, by notification, direct. The New Delhi Municipal Committee was redesignated in July 1994, as the New Delhi Municipal Council by an *Act* of Parliament with a view to bring a greater measure of commonality in the procedures adopted by the MCD and the NDMC in matters relating to taxation, revenue, budgeting, contracts, and accounts and audit.

THE MUNICIPAL CORPORATION OF DELHI (MCD)

The *Delhi Municipal Corporation Act, 1957*, lays down in chapter III, the obligatory and discretionary functions of the Corporation. Important obligatory functions of the Corporation include construction, maintenance and cleansing of drains and drainage works; scavenging, removal and disposal of filth, rubbish and other obnoxious or polluted material; the establishment and maintenance of dispensaries and maternity and child welfare centres; construction, maintenance, alteration and improvements of public streets, bridges, culverts and causeways; establishment, maintenance of and aid to schools for primary education (subject to such grants as may be determined from time to time), and the lighting, watering, and cleansing of public streets and other public places. For the performance of these

1 The important omissions in the modified *Act* relate to such functions as urban planning, regulation of landuse, urban poverty alleviation, water supply and the like.

2 On the shifting of the capital from Calcutta to Delhi in 1912, a committee known as *the Imperial Delhi Committee* was constituted in March 1913 for the construction and management of the proposed new capital. In 1916, it was notified as the *Raisina Municipal Committee*, which was redesignated as the *New Delhi Municipal Committee* in 1927.

(and other) functions, the *Act* empowers the MCD to levy taxes on property; a tax on advertisements other than the advertisements published in newspapers; a duty on the transfer of property, and a tax on buildings payable along with the application for sanction of the building plan. The Corporation is authorised to levy an education cess, a tax on professions, trade, callings and employment, a betterment tax, and tolls. The *Act* also empowers the MCD to borrow in accordance with the conditions laid down therein. An important provision in the *Act* is that the budget is to be prepared in a way that "the estimated cash balance at the close of the year shall not be below the sum of Rs one lakh or such higher sum as the Corporation may determine."

In 1996–97, the MCD using its own tax and non-tax powers, raised Rs. 452.1 crore, which formed about 67 percent of its total revenue income. The other constituents of MCD's revenue income were (i) the share of MCD in the taxes leviable by the Government of NCT, (ii) grants from the government, and (iii) miscellaneous receipts. The shared taxes provided an income of Rs. 114.1 crore, constituting 17 percent of MCD's total revenue income. The share of government grants in the revenue income was 8.1 percent. Over the years, MCD's own tax and non-tax sources as a percentage of total revenue receipts has risen from about 61 percent in 1992–93 to 67 percent in 1996–97; consequently its dependence on government's transfers has declined from about 30 percent in 1992–93 to 25–26 percent in 1996–97. This percentage is inclusive of transfers on account of shared taxes. In per capita terms, MCD's income over the period 1993–94 to 1996–97 has risen at about 10 percent annually which when adjusted to inflation, would mean an increase of about 2 percent.

Table 20: MCD: Structure of Revenue Income

	1992–93	1993–94	1994–95	1995–96	1996–97
Internal Revenue	202.7(61.1)	277.5(64.1)	330.5(65.8)	384.5(66.2)	452.1(67.7)
Tax	192.7	267.9(61.9)	313.9(62.5)	370.7(63.8)	442.3(66.2)
Non-tax	10.0	9.6(2.2)	16.6(3.3)	13.8(2.4)	9.8(1.5)
Share of Assigned Taxes	64.8(19.5)	84.5(19.6)	86.1(17.2)	101.7(17.5)	114.1(17.1)
Grants	37.5(11.3)	47.0(10.8)	49.5 (9.6)	54.0(9.3)	54.0(8.1)
Others	26.7(8.0)	24.2(5.6)	36.0 (7.2)	41.0(7.0)	47.9(7.2)
Total	331.8(100.0%)	433.1(100.0%)	502.1(100.0%)	581.2(100.0%)	668.1(100.0%)

Note : Figures in parentheses are percentages to the total.

Property tax is the single most important source of income for MCD, as also the key instrument for financing municipal services. In 1995–96, the total income from property taxes was Rs. 267.1 crore, or 63 percent of MCD's total internal resources and 46 percent of its total revenue income. Income from property taxes has, in recent years, risen at moderate rates mainly in response to the measures that have been taken to simplify the tax structure and its administration. At the same time, the rate of growth of property tax income is barely representative of the phenomenal increase in property values and the expansion of Delhi's property market. The property tax system uses the annual rental value (ARV) as the basis of assessment which is hamstrung on account of firstly, the application of the *Rent Control Act*, and secondly, infrequent revaluation of properties. Moreover, Delhi's property tax system is beset with an extremely narrow base; only about 30 percent of the total number of properties are said to be assessed

for taxation. It also has an obsolete exemption and rebate policy. It is estimated that MCD is able to tap only about 15–20 percent of the potential of property taxes in Delhi.

BOX

The basis of property tax in Delhi is the rateable value (RV) of a property which is arrived at by taking the annual rental value (ARV) of a property at which it might be reasonably expected to let from year to year, minus a sum equal to 15 percent of the annual rent for cost of repairs and maintenance. The rateable value of land is taken to be 5 percent of the anticipated capital value of such land.

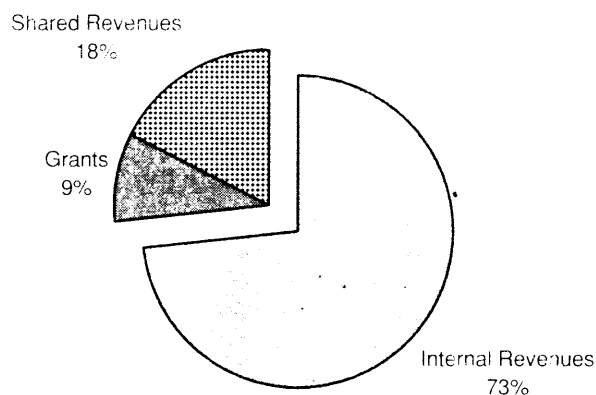
The method of determining the rateable value is complex in that there are two parallel methods used for its determination. Cost method is applied to all owner-occupied properties and rented properties with rents of less than Rs. 3,500 per month and which were constructed before December 1, 1988. A RV method is applied to properties which have a RV of more than Rs. 3,500 per month and rental properties constructed after 1 December 1988. The rateable value under cost method is worked out as 10 percent of the cost of construction and cost of land at the time of construction, minus 15 percent allowance for maintenance and repairs. The rateable value under rental method is computed at 85 percent of the market rent.

Besides the taxes on property, there are three other important sources of tax revenue for MCD; in order of importance, these are a duty on transfer of property (10.1%), a tax on consumption, sale or supply of electricity (5.6%), and a tax on advertisement (2.0%). There are other taxes too on the statute, e.g., a tax on non-motorised vehicles and animals, a theatre tax, and a milch and dog tax. However, the yield from these taxes is low, partly because of the low level of tax rates which bear no link with the cost incurred on their enforcement,³ and partly because of the growing obsolescence and irrelevance of such taxes.

As in the case of the accounts of the Government of NCT, the MCD also derives income from a large number of non-tax revenue heads. These include rents, fees, and fines comprising processing fees, education fees, fees from hospitals, fees from vehicle licences, rent of land and buildings, car parking fees, rents of markets, and slaughter houses fees, and the like. The total income from such heads in 1995–96 was Rs. 13.75 crore which is not only low in absolute terms, but which does not cover even a fraction of the cost incurred on administering these services. Administration and enforcement cost of the different provisions of the *DMC Act, 1957*, is several times higher than the fee or the charge laid out in the schedule.

3 The rate structure of such taxes as taxes on animals or on advertisements is highly cumbersome, e.g. different rates for horses with a height of over 12 hands, and those which have a height of under 12 hands, different rates for pig, dog, camel, cow and buffalo. Similarly, advertisement taxes vary between Rs. 10 and Rs. 30, depending on the space and whether the space is illuminated or not. Rates are uniformly low.

Graph 9: MCD: Structure of Revenue Income (1995-96)



The MCD derives about 17–18 percent of revenue receipts from its share in such state-level taxes as motor vehicles tax, entertainment tax, and terminal tax. However, these taxes as indicated in an earlier section, have displayed a buoyancy ratio of less than 1, and, therefore, the MCD has not particularly benefited from this sharing arrangement. The MCD also receives a grant from the Government of NCT, which is specific for education, maintenance of resettlement colonies, nutrition programmes, and programmes for malaria eradication. It is significant that grant for education has, at best, increased marginally between 1992–93 and 1995–96—from Rs. 37.5 crore to Rs. 54.0 crore, or about 6–7 percent annually, which is far below the overall annual increase in the incomes of NCT.

The total expenditure of MCD in 1995–96 was placed at Rs. 582.0 crore, posting a minor deficit on revenue account. In 1994–95, MCD posted a small surplus. Primary education is the most important head of expenditure, accounting for 22 percent of the MCD's total expenditure which is followed by expenditure on conservancy and street cleaning (21%), and roads (13.3%). MCD has, however, maintained a small surplus on revenue account.

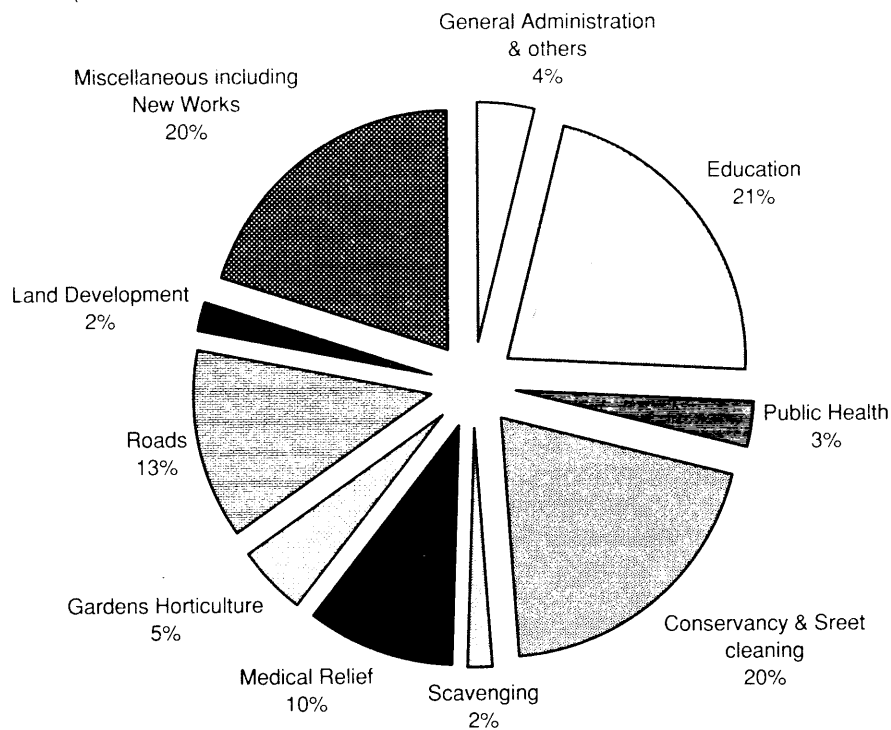
According to recent estimates, the total-outstanding debt of MCD at the end of the fiscal year 1995–96 was placed at Rs. 388.35 crore and the outstanding debt to tax revenue ratio was 104.7:1. Several debts, it must be highlighted, were contracted in early 1950s when MCD was not even constituted in its present form, but those debts are still continuing.⁴ Other debts contracted after the formation of MCD are also continuing with no redemption having been made during 1995–96.

Note should be made of the fact that revenue account surplus/deficit is not in itself a relevant indicator of the fiscal health of municipalities in India. By statute, municipalities in India are expected to

⁴ Loans were taken for the construction of sweepers quarters, public latrines, acquisition of evacuee properties, low income group housing schemes, building works and road programmes, street lighting, construction of drainage, pavements and electrification scheme, purchase of refuse trucks, wheel barrows, and the like.

maintain either a surplus or balance their budgets although a large number of them deviate from this requirement and resort to ways and means advances for balancing their budgets. For this reason, other indicators are used for determining their fiscal health. These include the tax base, exemption policies, capacity to be able to charge for services on the basis of use or consumption, collection efficiency, the degree of dependence on the higher level of governments for meeting their revenue expenditure, and debt burdens.⁵

Graph 10: MCD: Composition of Revenue Expenditure (1995-96)



On these counts, MCD has not displayed any enterprise. For instance, tax on properties is assessed on ARV, which is either not revised or revised in such a way that it is not able to reflect the appreciation in property values. With only about 30 percent of the total properties assessed for taxation, the tax base continues to be extremely narrow and tax assessments low. A factor that compounds MCD's problem in augmenting its revenue base is the level of inefficiencies in revenue collection. According to an estimate made by the Comptroller and Auditor General of India, in 1995-96, the annual property tax revenue collection should have been close to Rs. 2200 crore against which only about Rs. 267 crore were collected. Estimates indicate that the net recoverable demand in respect of property taxes upto the end of

⁵ The municipal corporations are permitted to borrow under certain conditions. Their borrowing powers are also regulated in that they can not raise a loan without the previous sanction of the government; similarly, the amount of loan, the rate of interest, and the terms including the date of flotation, the time and method of repayment are subject to the approval of the government.

fiscal year 1995-96 was Rs. 2405 crore. The non-tax component of revenue is fragile, suggesting MCD's reluctance to enforce a discipline on the use and consumption of services it offers. MCD has not made any use of sunrise taxes such as advertisement taxes, parking fees, and a duty on the transfer of property which have direct linkage with the growth of economy, for improving its functional position. Similarly, the revenue-sharing arrangement with the Government of Delhi is far from being predictable and one which does not permit any advance planning by the MCD.

NEW DELHI MUNICIPAL COUNCIL (NDMC)

The NDMC came into being in accordance with the provisions of the *New Delhi Municipal Council Act, 1994*. The Council consists of a chairperson, who is an officer appointed by the central government in consultation with the Chief Minister of Delhi, three members of the legislative assembly of Delhi representing constituencies which comprise wholly or partly the New Delhi area, five members from amongst the officers of the central government or the Government of NCT or their undertakings to be nominated by the central government and two members to be nominated by the central government in consultation with the Chief Minister of Delhi to represent special interest groups. A Member of Parliament representing wholly or partly the New Delhi area is to be a special invitee to the meetings of the council but without a right to vote.

The functions of NDMC are divided into obligatory and discretionary functions. These functions are now comparable with those of the MCD. Likewise, the taxation and borrowing powers of the NDMC have been brought at par with those enjoyed by the MCD.

Table 21: NDMC: Structure of Income

Income head	Income (Rs. lakh)							
	1992-93	%	1993-94	%	1994-95	%	1995-96(R.E.)	%
Taxes, duties and other sources	2045.7	9.0	2882.7	10.6	3256.5	10.0	3954.8	11.2
Interest	643.8	2.8	1037.3	3.8	680.2	2.1	900.0	2.5
Administrative department	12.4	0.0	78.8	0.3	33.2	0.1	5.7	0.0
Social and development services	150.3	0.7	149.1	0.5	150.0	0.5	214.0	0.6
Electricity supply	15073.7	66.2	17257.2	63.4	23226.3	71.2	23895.2	67.4
Water supply	1133.7	5.0	1371.8	5.0	1194.6	3.7	1206.0	3.4
Other municipal works	3716.2	16.3	4447.9	16.3	4062.4	12.5	5268.6	4.9
Total	22775.8	100.0	27224.8	100.0	32603.2	100.0	35444.3	100.0

The NDMC derives its income from four main sources, which in order of importance, are charges from the sale of electricity, income from municipal works, property taxes and charges from the sale of water. In 1995-96, the total income of NDMC was estimated at Rs. 354.4 crore. Of this, only about 11 percent is derived from taxes and duties. NDMC is perhaps the only municipality in the country which derives most of its income from non-tax sources, principally the sale of electricity (67%), about 15

percent from municipal works, and about 3 percent from the sale of water.

The revenue expenditure of NDMC in 1995–96 expenditure was placed at Rs. 339.9 crore, of which the main expenditure was on purchase of electricity from the DVB/DESU (47.5%). NDMC spends about 18 percent on the provision of social and economic development services, about 9 percent on maintenance of its complexes which yield a substantial income, and approximately 3.6 percent on purchase of water from MCD including its distribution within its jurisdiction.

NDMC's fiscal scenario distinguishes itself in respect of at least two main spheres: (i) extensive use of non-tax sources of revenues; and (ii) its capacity to be able to post surpluses on revenue account. What is particularly noteworthy is that NDMC is able to price such goods as electricity and water in a manner that it is able to not only cover costs but also earn a small profit. An important feature of NDMC's fiscal situation is that its per capita income is among the highest in the country, despite the fact that its tax base is far from extensive.

Table 22: NDMC: Structure of Expenditure

Expenditure heads	Expenditure (Rs. lakh)					R.F.		
	1992–93	1993–94	1994–95	1995–96				
Taxes, duties & other principal revenue	40.41	0.2	40.10	0.1	44.72	0.1	58.80	0.2
Interest	725.03	3.1	798.49	2.9	855.69	2.6	817.99	2.4
Administrative deptt.	1541.13	6.7	2901.43	10.6	3323.67	10.2	4073.82	12.2
Social & development deptt.	3573.46	15.5	4132.25	15.1	4874.43	14.9	5893.29	17.7
Electricity supply	11095.89	48.2	12489.09	45.8	14321.86	43.8	16072.93	48.1
Water supply	1192.63	5.2	1286.19	4.7	1497.17	4.6	1213.35	3.6
Roads	339.32	1.5	375.74	1.4	430.72	1.3	446.35	1.3
Other miscellaneous works	3527.42	15.3	4269.53	15.6	4042.43	12.4	3119.18	9.3
Loans & advance	923.44	4.0	865.42	3.2	839.43	2.6	857.81	2.6
Miscellaneous	64.96	0.3	132.33	0.5	2457.50	7.5	835.74	2.5
Total	23236.9	100.0	27290.57	100.0	32687.62	100.0	33389.26	100.0

The MCD and NDMC, and to a minor extent, the DCB collectively depend to a significant extent on the Government of NCT for meeting its revenue and capital expenditure. In 1995-96, the total transfers to these three bodies which included DESU as well, amounted to Rs. 423.43 crore on non-Plan account and Rs. 872.52 crore on Plan account. Together, these accounted for 43.9 percent of the NCT's total budget, making it evident that NCT's fiscal sustainability is crucially dependent on the financial performance of local bodies.

5. The fiscal challenge: the next five years

INTRODUCTION

The fiscal challenge of the Government of NCT of Delhi as shown by the foregoing analysis, is vastly different from that faced by other states. Unlike other states which are heavily burdened with deficits on revenue account, capital expenditure compression, and high and rising debts,¹ Delhi has been able to maintain a surplus on revenue account, moderate levels of capital expenditure, and low debt levels. Its fiscal problems are, however, to be found in other spheres of which the sub-optimal use of sales taxes, low and falling buoyancies of particularly those taxes which are intrinsically urban in nature, such as, stamp duties and motor vehicle taxes, abysmally low use of non-tax sources of revenues, and large and rising implicit subsidies are particularly noteworthy. In addition, NCT's fiscal balance continues to be severely threatened by accumulation of loans by its major public utilities, namely, the DTC, DVB and DWB, their massive operating losses, and an obsolete and unresponsive local tax system.

It is in this specific context that the fiscal reform options and packages for Delhi are developed in this section. This section is divided into two parts. The first part dwells on the implications of a *no-change* or a *status-quo* option for the fiscal position of the Government of NCT. The implications are elaborated for a period of five years, using 1996–97 as the base year. The purpose of this option is to assess the impact of continuing with the existing fiscal policies and trends on the finances of NCT.

The second part outlines what is considered for the Government of NCT, an appropriate and achievable package of fiscal reforms. Emphasis is placed in the package on what can be done on the one hand, to tap the NCT's large and expanding fiscal opportunities and on the other hand, eliminate the fiscal and related weaknesses. It gives a broad outline of actions that are considered necessary for improving the finances of public utilities, although these would entail further probing and investigation. Part 2 also attempts to quantify, wherever possible, the impact of the package on key fiscal variables with the use of a simulation exercise.

A postscript is added on the recent developments on the politico-administrative set-up of Delhi. *Prima-facie*, these developments which include according to Delhi a full statehood, or even such actions as transfer of Delhi Milk Supply (DMS) and the Delhi Development Authority (DDA) to the Government of NCT, will impact its finances and necessitate reworking of many of the estimates provided in this section of the study. A full statehood for Delhi will alter the fiscal relationship between the union government and the Government of NCT. Similarly, the Delhi Finance Commission which was set up in pursuance of *Article 243 Y* of the *Constitution (seventy-fourth) Amendment Act, 1992*, has made elaborate recommendations on the fiscal relationships and arrangements between the Government of NCT of Delhi and its local bodies. The recommendations of the Commission may also affect the government's fiscal balance.²

1 This is not to suggest that there are no commonalities between the fiscal problems of states and the Government of NCT of Delhi. One such common problems is the under-performance of public sector undertakings (PSUs). In Delhi, dividend from PSUs ranged between 3.2 to 5.1 percent during 1994–95 and 1996–97.

2 The report of the Delhi Finance Commission is thus far a confidential document, and is unavailable for this study.

THE NO-CHANGE OPTION FISCAL SCENARIO

The *no-change* option is designed to project as to what might happen to the fiscal balance of Delhi in case no change is affected in the fiscal and related parameters. Note should be made here of the fact that the *no-change* option in the case of Delhi is somewhat complicated by the fact that the finance accounts of Delhi on a discrete basis are available for only three years, i.e., 1994–95, 1995–96, and 1996–97, which are inadequate to reflect the long run behaviour of the government's income and expenditure. For this reason, two sets of projections under the *no-change* option are provided here. The assumptions under the two sets of projections follow.

No-change option: assumptions under projection 'A'

- i GSDP in nominal terms is assumed to increase at 16.15 percent annually, which is the observed long run growth rate of GSDP in Delhi. This assumption runs through all projections under different options.
- ii Tax and non-tax revenue receipts are assumed to increase at the observed long run growth rates of 15.53 percent and 13.43 percent respectively. Use of long run trends is justified on the ground that there has been no change in the tax and non-tax domain of the Government of NCT of Delhi after it acquired the present status.
- iii Grants made in lieu of shared taxes are projected by using a simple three-year average (1994–95 to 1996–97) of grant to GSDP ratio. Capital receipts are also projected on this basis.³
- iv Revenue expenditure is assumed to increase at 19.16 percent annually, this being the growth rate observed over the period 1994–95 to 1995–96. A short-run growth rate is preferred as it includes the financial impact of many of the institutional changes that have taken place in the administrative set-up of Delhi.
- v For capital expenditure, a long run growth rate is assumed to be more realistic and is used for purposes of projections.
- vi Interest liabilities are still to fully reflect the cost of central government loans. For this set of projections, its ratio to GSDP rather than the rate of growth has been used.

The results of the projections made on the basis of the above-stated parameters and assumptions are shown in table 23. The results show that the Government of NCT would have a surplus on revenue account; however, as a percentage of GSDP, it will be a lower order of surplus. NCT's fiscal deficit would rise to 2.75 percent of GSDP in the first year and escalate to 3.27 percent in the fifth year of projections.

³ For grants, there are no long term trends. Grants during the pre-1993 period were a part of the union government's budget.

Table 23: The No-change Fiscal Option (1)

	Assump- tions	1996-97	First year	Second Year	Third year	Fourth Year	Fifth Year
Revenue receipts (Rs. crore)		2795.98	3179.48	3673.09	4243.36	4902.22	5663.42
Tax revenue	15.53*	2534.86	2928.52	3383.32	3908.75	4515.78	5217.08
Own-non tax revenue	13.43*	55.74	63.23	71.72	81.35	92.27	104.67
Grants	0.59@	205.37	187.73	218.05	253.26	294.16	341.67
Capital receipts (Rs. crore)	3.14@	880.57	1004.94	1167.24	1355.75	1574.70	1829.02
Recoveries of loans	0.13@	25.66	41.16	47.81	55.53	64.50	74.92
Revenue expenditure (Rs. crore)	19.16#	2031.80	2421.09	2884.97	3437.74	4096.41	4881.28
Interest liabilities	0.55@	189.88	176.37	204.85	237.93	276.36	320.99
Capital expenditure	13.23*	1483.52	1679.79	1902.03	2153.66	2438.59	2761.22
GSDP at current prices	16.15\$	27532.15	31978.59	37143.13	43141.75	50109.14	58201.77
Revenue surplus		-764.17	-758.39	-788.11	-805.63	-805.82	-782.15
Fiscal deficit		693.67	880.24	1066.10	1292.50	1568.28	1904.16
Primary deficit		503.79	703.88	861.25	1054.57	1291.92	1583.17
As % of GSDP							
Revenue surplus		-2.78	-2.37	-2.12	-1.87	-1.61	-1.34
Fiscal deficit		2.52	2.75	2.87	3.00	3.13	3.27
Primary deficit		1.83	2.20	2.32	2.44	2.58	2.72

Note: * Indicates the annual growth rate for the period of 1985-86 to 1996-97.

Indicates the annual growth rate for the period of 1994-95 to 1996-97.

\$ Indicates the annual growth rate for the period of 1985-86 to 1995-96.

@ Indicates a simple three year average of the ratio of capital receipts to GSDP and also of grants to GSDP. In the case of interest liabilities, a two year average is used.

No-change option: assumptions under projection 'B'

Assumptions made for projection 'A' hold excepting for the following three heads: (i) wages and salaries, (ii) pension payments, and (iii) interest payments. In respect of wages and salaries, as indicated earlier, an assumption is to be made in view of the non-availability of the economic and functional classification beyond 1992-93. In 1992-93, wages and salaries inclusive of expenditure on police formed 40.9 percent of Delhi's total revenue expenditure.⁴ Adjusting it for expenditure on police would place the expenditure on wages and salaries in 1996-97 at Rs 561.54 crore, or 29.9 percent of the total expenditure. Further adjustment of this expenditure on account of the *Fifth Central Pay Commission*, places it at Rs 645.77 crore. Using it as the base figure, wages and salaries component has been projected to increase at an annual rate of 15 percent. An additional 15 percent of wages and salaries component is assumed to represent pension payments from year one of the projections.

4 This estimate is drawn from an internal memorandum of the Planning Department titled as The Memorandum of the Government of NCT of Delhi to Delhi Finance Commission, 1997.

Current interest burdens are placed at 9.3 percent of the total revenue expenditure and 0.69 percent of the GSDP. In 1996–97, outstanding loan liabilities amounted to Rs. 2290.4 crore. Interest burden is assumed at 13 percent of the outstanding liabilities and assumed to rise at the rate of 19.15 percent annually. The results of this option are presented in table 24. Under this option the government will have a lower level of surplus on revenue account. Persistence of such a surplus is attributed to the fact that the full burden of debt, and losses of public utilities and local bodies are assumed to be at the 1996–97 level.

Table 24: The No-change Fiscal Option (2)

Assumptions	1996-97	First year	Second year	Third year	Fourth year	Fifth year
Revenue receipts	2795.98	3179.48	3673.09	4243.36	4902.22	5663.42
Tax revenue	15.53* 2534.86	2928.52	3383.32	3908.75	4515.78	5217.08
Own-non tax revenue	13.43* 55.74	63.23	71.72	81.35	92.27	104.67
Grants	0.59@ 205.37	187.73	218.05	253.26	294.16	341.67
Capital receipts	3.14@	880.57	1004.94	1167.24	1355.75	1574.70
Recoveries of loans	0.13@ 25.66	41.16	47.81	55.53	64.50	74.92
Revenue expenditure	2116.03	2670.35	3112.17	3651.81	4288.46	5039.59
Revenue expenditure other than wages and salaries	19.16# 1470.26	1751.96	2087.64	2487.63	2964.26	3532.21
Wages and salaries	15aa 645.77	742.64	854.03	982.14	1129.46	1298.87
Pensions	Estimated 175.75	175.75	170.50	182.05	194.75	208.51
Interest liabilities	19.16# 189.88	297.76	354.81	422.79	503.79	600.32
Capital expenditure	13.23*	1483.52	1679.79	1902.03	2153.66	2438.59
GSDP at current prices	16.15\$	27532.15	31978.59	37143.13	43141.75	50109.14
Revenue surplus	-764.17	-509.13	-560.92	-591.55	-613.76	-623.83
Fiscal deficit	693.67	1129.50	1293.30	1506.58	1760.34	2062.48
Primary Deficit	503.79	831.74	938.49	1083.79	1256.54	1462.16
As % of GSDP						
Revenue surplus	-2.78	-1.59	-1.51	-1.37	-1.22	-1.07
Fiscal deficit	2.52	3.53	3.48	3.49	3.51	3.54
Primary deficit	1.83	2.60	2.53	2.51	2.51	2.51

Note: * Indicates the annual average growth rate for the period of 1985–86 to 1996–97.

Indicates the annual average growth rate for the period of 1994–95 to 1996–97.

\$ Indicates the annual average growth rate for the period of 1985–86 to 1995–96.

@ Indicates a simple three year average of the ratio of capital receipts and grants to GSDP. In the case of interest liabilities, an average of two years is used.

aa Indicates an annual average growth rate of 15%.

A PACKAGE OF FISCAL REFORMS

What should be done to strengthen and consolidate the finances of the Government of NCT? What fiscal initiatives would help to secure NCT's finances on a sound footing? A package of fiscal reform should consist of five principal components:

- Augmentation and consolidation of Delhi's tax base by accelerating reforms in such taxes as sales tax, and undertaking reform in other tax areas;
- Better and wider use of the non-tax component of revenue resources aimed at (i) additional revenue generation, (ii) reduction of subsidies, and (iii) better resource allocation;

- Reprioritising of expenditure in order to provide larger funds for under-funded sectors;
- Wholesale reform of the financial and organisational structure of public utilities; and
- Restructuring of the local finance system aimed at making the MCD creditworthy, accountable and sensitive to such problems as environmental deterioration.

Augmentation and consolidation of the tax base

The tax jurisdiction of Delhi, as pointed out earlier, consists of, in order of revenue importance, sales tax, state excise, stamp and registration fees, motor vehicle taxes, and other minor taxes. The government has already initiated a series of reforms in sales tax and more recently, in stamp duties. The potential areas of reform are as under:

Sales tax

In 1996–97, sales tax collections amounted to Rs 1,814 crore and the target for 1998–99 is fixed at Rs. 2,500 crore. In recent years, the government has introduced a series of reform measures as a result of which the total number of assesseees registered under the *Delhi Sales Tax Act* have risen from 122,914 in 1992–93 to 140,787 in 1997–98, and those under the *Central Sales Tax Act* from 112,681 to 137,242. It has also introduced a new liberalised self-assessment scheme covering all dealers having a gross turnover of upto Rs. 30 lakh. Several measures have been undertaken to rationalise the tax system, including reduction in tax rates particularly on those commodities that subserve Delhi's economy and its pivotal position as a major centre of distributive trade. For a number of commodity groups, taxation has been shifted from the last point to the first point. Of the fifteen commodities selected for rationalisation of sales tax rates with the northern states, parity has been achieved in the case of ten commodities. It has also accepted in principle, to implement the value added tax (VAT) simultaneously with other states falling in the northern zone.

Table 25: Parity in Sales Tax Rates Between Delhi and Other Northern States

Item	Proposed uniform rate (floor rate)	Sales tax rates in			
		Delhi	Haryana	U.P.	Rajasthan
Air conditioners, refrigerators, washing machines, microwave ovens and other such high value gadgets etc.	12%	12%	12	12	16
Diesel	10%	10%	10	16	16
Tyres and tubes	10%	10%	10	8/10	12
Computers and computer software**	4%	4%	2	4	4
IMFL	20%	12%*	–	12	36
Country liquor	12%	12%	20	20	E+
Watches and clocks and spare parts and accessories thereof	12%	12%	12	12	12
Cement	10%	10%	–	8/10/12	12
Marble/granite/tile	12%	12%	10	6/12	16
Component parts and spare parts of motor-vehicles	4%	5%			

- Note:**
- * In case of IMFL, Sales Tax rate has been increased from 12% to 20% by an amendment in the *Delhi Sales Tax Act, 1975*, and the same will be notified after getting the Presidential assent.
 - ** There is no sales tax on computer software in Delhi.
 - + Included in additional excise duty.

Stamp duty and registration fees

These duties yielded a modest amount of Rs. 114.6 crore in 1996–97. While there was a quantum jump in the revenue receipts from stamp duties between 1993–94 and 1994–95, the last three years have seen a stagnation in the yields. What is more, the buoyancy of this tax, which was 1.04 during the 1985–86 to 1993–94 period, declined to 0.10 in the post-1993 period. Given the boom in Delhi's real estate market at least until 1996, the weakness of this tax and the manner in which it is levied gives rise to serious concerns. Moreover, apart from property-related papers and instruments that are subjected to stamp duty, other papers are of virtually no revenue significance. There are 65 different kinds of papers, that are subjected to stamp duty in Delhi, many of which carry stamp duty in terms of 'paise'. Major reforms have been suggested in the structure and procedure of stamp duties by the State Finance Ministers as well as by a committee constituted by the Government by NCT, the introduction of which should help the government to rationalise and simplify the system of this levy, and generate far greater volumes of revenues than at present.

Motor vehicle tax

The revenue significance of motor vehicle taxes in Delhi is low, and has seen little vibrancy and buoyancy over the past three years. Its buoyancy was noted to have dropped from a high of 1.13 during the 1985–86 to 1993–94 period to 0.52 in the post-1993 period. The system of a life-time charge levied over one-and-a-half decade ago can hardly be justified in the light of the larger direct and indirect burdens of older vehicles on the upkeep of roads and environment. Also, the life-time charge continues to be arbitrarily low. A reform of this tax should comprise first, an upward revision of the charge, and second, the frequency at which it is collected. An upward revision should bear clear correspondence with the operation and maintenance cost of the road system in Delhi.

Better and wider use of the non-tax component of revenue sources

The non-tax component as indicated earlier, displays a complete lack of concern of the role of pricing and user-charges in both revenue generation and resource allocation. The result of this lack of attention is that Delhi is now distinguished as a city with high level of subsidies. The rate of cost recovery on goods that are clearly outside the merit goods category was noted to be only 0.55 percent in 1995–96. Even allowing for the fact that many of the non-merit goods of the government are tax-financed, such a low recovery rate is incompatible with a fiscally-solvent system of governance. Improvement in the recovery rate on such expenditure heads as technical education, medical services, and water supply is indispensable for mobilising resources and reducing subsidies.

Reprioritising of expenditure

The order of expenditure priorities in the case of Delhi is strikingly different from that of other states. Nearly 70 percent of the revenue expenditure and 26 percent of capital expenditure are directed to developmental activities; the non-development expenditure accounts for 24 percent and 1.7 percent of the revenue and capital expenditure, respectively. The balance is given to local bodies by way of compensation for meeting their revenue and capital expenditures. While the flexibility to significantly alter the pattern of expenditure stands pre-empted in the case of Delhi, there exists a strong case for enhancing the level of expenditure on three sectors, namely, roads, urban development, and environment. The projections are made under the assumption that the revenue and capital expenditure on these sectors as a percentage of the GSDP, at 1996–97 prices will double over the projection period of the study.

Involvement of the private sector in physical upgradation of squatter settlements with the grant of floor space index (FSI) concessions needs to be explored along the lines being experimented within other cities. Indeed, alongwith a doubling of the expenditure on urban development sector, there is need to review the slum policy, which if allowed to continue, will not only alter the demographic profile of Delhi, but result in serious deterioration in the quality of life of Delhi. In developing a slum policy, it is necessary to take note of the court orders which do not permit tenurial rights to slum dwellers. An important ingredient of expenditure prioritisation will be the freezing of expenditure on wages and salaries at the 1996–97 level with due allowance for the *Fifth Central Pay Commission* award.

Reform of public utilities

Perhaps no other reform agenda for Delhi is as compelling and as complex as the reform of its public utilities, namely DTC, DVB and DWB. Their mounting losses and inefficiencies are legion. Also, the reform of these bodies is now a subject of continual debate and discussion. Particularly, for the power sector, many states have embarked upon the following measures:

- fixing of tariffs at appropriate levels;⁵
- phasing out heavy cross-subsidies and limiting of life-line rates;
- utilities to be operated on commercial lines in a manner that there is no government interference;
- privatisation of power distribution under joint venture arrangements; and
- appointment of an independent regulator with a proper degree of authority and autonomy. It is essential for maximising the potential benefits of privatisation.

In line with these reforms, the DVB has now formulated a far-reaching reform programme under which—

- A state regulatory commission is to be established for the power sector with full authority over tariff fixation and issuance of licenses for private operators. The promulgation of the *Electricity Regulatory Commissions Ordinance, 1998* has provided a framework for the establishment of state-level regulatory commissions.⁶
- Its distribution is to be divided into four separate entities and privatised through a joint venture route with strategic partners having 51 percent of the shares.

While the DVB is working on this reform agenda which are steps in the right direction and which need to be expeditiously put into practice, several basic principles that are fundamental to any improvement in DVB's financial viability must be explicitly recognised.

(i) ***Reduction in losses and leakages to technical levels, amounting to no more than 20 percent of the total supply.*** No organisational or other reform measure can restore DVB's financial credibility and

5 The Tamil Nadu Government is said to have offered a tariff escalation of 8 percent per annum to the build, operate, transfer (BOT) operator for the Tiruppur Water Supply Project, arrived at after factoring in the operations and maintenance cost, administrative cost, and a minimum rate of return to the project.

6 The Government of India have already promulgated the *Electricity Regulatory Commissions Ordinance, 1998*, providing for the establishment of a Central Electricity Regulatory Commission and State Electricity Regulatory Commissions, rationalisation of electricity tariff, transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, and matters connected therewith.

viability without simultaneous action to plug the leakages, losses, and thefts. Even privatisation of power distribution can be put to severe test if leakages and illegal thefts and connections are protected, either directly or implicitly.

(ii) **Tariff adjustment.** Tariff adjustment in Delhi is linked to the purchase price of power from outside and the local cost of distribution. Purchase price of power is thus integral to any tariff system, irrespective of whether it is determined by a public agency or a private organisation.

(iii) **Loan conditionalities.** A proper use of loans, usually extended for meeting the capital requirements, is highly suspect. Furthermore, loan conditionalities are either not specified or not enforced. The result is that the DVB has accumulated loans in excess of Rs. 5,000 crore which are simply carried on from one year to the next. It is thus necessary that future loan agreements are drawn up in a way that these are linked to tariff adjustments. Writing off existing loans from the books, thus reducing interest payment burdens along with other measures, will be a useful step to place debt service on a sound footing.

The same prescription would seem to apply to the DWB. Reduction of thefts and unaccounted-for water, tariff adjustment, and writing off accumulated loans are central to the revival of the DWB. Its capital needs should be met on non-recourse basis, and be linked to cost recovery and escrow accounts. For the DTC, a basic requisite, in addition to the prescription set for DVB, will be to downsize it to normative levels and re-evaluate participation of the private sector in the provision of this service.

Restructuring of local bodies (MCD)

Recent years, particularly since the passage of the *Constitution (seventy-fourth) Amendment Act 1992*, have witnessed a widespread discussion on the strengthening of local bodies. The *Amendment Act 1992*, has indicated a list of illustrative functions (*12th schedule*) considered appropriate for urban local bodies and made it obligatory upon states to constitute finance commissions to determine—

- the distribution between the NCT of Delhi and the Corporation of the net proceeds of taxes, duties, tolls and fees leviable by the NCT of Delhi,
- the determination of the taxes, duties, tolls and fees which may be assigned to or appropriated by the Corporation; and
- the grants-in-aid to the Corporation from the consolidated fund of the NCT of Delhi.

Set up under *Article 243(y)* of the *Constitution (seventy-fourth) Act 1992*, and the amended *Delhi Municipal Corporation Act, 1994*, the Delhi Finance Commission (DFC) has made extensive recommendations on the above. The report of the DFC is still to be laid before the legislature of the Government of NCT and is not yet in public domain.

In this study, therefore, only a tentative framework of reform is proposed for the MCD. This framework comprises following actions:

- widening of the property tax base, which is extremely narrow. It will call for a review of the existing exemption and rebates policy;

- ❑ re-examination of using the ARV for purposes of property taxation, from the standpoint of delinking properties from the provisions of the *Rent Control Act* and of capturing the appreciation in property values;
- ❑ improving revenue collection efficiencies to 80 percent of the tax and other revenues demanded;
- ❑ upward revision of rates of taxes on such taxes, such as, tax on animals and non-motorised vehicles to levels which cover at least the administration and enforcement cost;
- ❑ better and effective use of such taxes as on tax on advertisement, parking fees, and charges for building permits and the like which are directly linked to market expansion and buoyancy;
- ❑ changing the existing system of revenue sharing with the government to one that would permit the MCD to better plan its expenditure responsibilities. In several states, global sharing of revenues has replaced the sharing of individual state-level taxes.

Central to the reform agenda is the ability of MCD to deliver services on the basis of the strength of its own streams of revenues and expenditure. Several municipal corporations in India have taken the initiative of getting themselves credit-rated in order to borrow from the market for financing municipal infrastructure. Others, taking note of the deteriorating environmental conditions, have made it obligatory to “place before the Corporation a report on the status of environment within the city in respect of the last preceding official year.”⁷ These constitute the more obvious and urgent agendas for the MCD, both to improve its own functioning and instill a sense of accountability in its operations.

For purposes of projecting the fiscal variables of the NCT over a period of five years, a simulation exercise has been developed with the following important ingredients:

- ❑ fiscal deficit and primary deficit as a percentage of GSDP to be maintained at the 1996–97 level;
- ❑ revenue expenditure and capital expenditure on three crucial but underfunded sectors, namely, roads, urban development and environment as a percentage of GSDP to double from the first year of reform and to stay at that level over the remaining four years of the projected period. In view of the fact that there is no discrete information on expenditure on environment, it is assumed that both revenue and capital expenditure on this sector will be 0.5 percent of GSDP from the first year. Table 24 shows it as a part of *others*.
- ❑ expenditure on other heads assumed to follow the *no-change* (2) scenario; and
- ❑ taking the above as representing the level of expenditure, the simulation exercise is designed to estimate the rate of growth in revenue receipts from tax and non-tax sources. Tax revenue receipts are further disaggregated into sales tax, stamp duty, and motor vehicle taxes.

⁷ Article 67A of the *Bombay Municipal Corporation Act*.

Table 26: The Reform Option

	Assumptions	1996-97	First year	Second year	Third year	Fourth year	Fifth year
Revenue receipts		2795.97	4086.42	4713.22	5462.47	6336.73	7357.34
Others (adjusted in additional resource mobilisation)			906.95	1040.13	1219.10	1434.50	1693.92
Tax revenue	15.53*	2534.86	2928.52	3383.32	3908.75	4515.78	5217.08
Additional resource mobilization under reform agenda							
Sales tax			797.73	914.88	1072.29	1261.75	1489.93
Stamps and registration			50.38	57.78	67.72	79.69	94.10
Taxes on vehicles			34.33	39.38	46.15	54.31	64.13
Non-tax revenue			24.50	28.10	32.93	38.75	45.76
Own-non-tax revenue	13.43*	55.74	63.23	71.72	81.35	92.27	104.67
Grants	0.59@	205.37	187.73	218.05	253.26	294.16	341.67
Capital receipts		880.57	1004.94	1167.24	1355.75	1574.70	1829.02
Recoveries of loans	0.13@	25.66	41.16	47.81	55.53	64.50	74.92
Other capital receipts	3.14@	854.91	963.78	1119.43	1300.22	1510.20	1754.10
Revenue expenditure		2031.80	3128.64	3653.45	4291.22	5043.89	5932.21
Revenue expenditure other than wages and salaries		1470.26	2050.36	2443.21	2911.33	3469.14	4133.82
Urban development and Roads and bridges	2.31cc	369.12	738.24	858.01	996.57	1157.52	1344.46
Other revenue expenditure	19.16#	1101.14	1312.12	1563.52	1863.09	2220.06	2645.42
Environment	0.5 bb		159.89	185.72	215.71	250.55	291.01
Wages and salaries	15 aa	561.54	742.64	854.03	982.14	1129.46	1298.87
Pensions	estimated		175.75	170.50	182.05	194.75	208.51
Capital expenditure		1483.52	1804.81	2043.59	2313.95	2620.09	2966.73
Urban development and roads & bridges	0.48 dd	25.70	154.12	178.29	207.08	240.52	279.37
Other capital expenditure	13.23*	1457.82	1650.69	1869.08	2116.35	2396.35	2713.39
GSDP at current prices	16.15 \$	27532.15	31978.59	37143.13	43141.75	50109.14	58201.77
Revenue surplus		-764.17	-957.79	-1059.77	-1171.25	-1292.84	-1425.13
Fiscal deficit		693.67	805.86	936.01	1087.17	1262.75	1466.68
Primary deficit		503.79	508.10	581.20	664.38	758.96	866.36
As % of GSDP							
Revenue surplus		-2.78	-3.00	-2.85	-2.71	-2.58	-2.45
Fiscal deficit		2.52	2.52	2.52	2.52	2.52	2.52
Primary deficit		1.83	1.59	1.56	1.54	1.51	1.49

Note: * Indicates the annual average growth rate for the period of 1985-86 to 1996-97

Indicates the annual average growth rate for the period of 1994-95 to 1996-97

@ Indicates a simple average of GSDP for three years i.e. 1994-95 to 1996-97, except in the case of interest liabilities where an average of two years is used.

\$ Indicates the annual average growth rate for the period of 1985-86 to 1995-96.

aa Indicates an annual growth rate of 15%

bb Represents expenditure on environment, assumed to be 0.5 percent of GSDP for all the years.

cc Represents expenditure on urban development and roads, which is assumed to be twice the 1996-97 ratio of expenditure on these two sectors to GSDP.

dd Arrived at by using the ratio of capital expenditure to GSDP for 1996-97 in the case of roads and for 1995-96 in the case of urban development, and doubling it for the reform period.

The results of the simulation exercise are given in table 26 show that revenues of the Government of NCT will need to increase by 16.19 percent annually, over and above the present rates, during the reform period in order to meet the additional expenditure on underfunded sectors, and keep the revenue account surpluses and fiscal and primary deficits at the 1996-97 level. The steps involved in the simulation exercise are given in the attachment to this section.

There are at least three non-fiscal initiatives which are integral to the proposed reform agenda.

- (i) to prepare a policy and strategy paper on slums;
- (ii) to recommended to the MCD to submit for public scrutiny an annual report on environment in Delhi by making necessary amendments to the *MCD Act*; and
- (iii) to resume the preparation of economic and functional classification of accounts of the Government of Delhi.

A POSTSCRIPT

Over the past two years, a number of changes have taken place in the politico-administrative set-up of Delhi. In addition, provoked by the fact that the financial arrangements between the union government and UTs provided no incentive to UTs to raise resources, these arrangements have been reviewed by a committee of experts on funding of plans of UTs.⁸ The DFC has submitted its report to the government on the nature of fiscal relations it should have with local bodies. A bill to accord full statehood to Delhi is to be introduced in the Parliament shortly. These changes are far-reaching in significance and will alter the fiscal position considerably. This study has, however, not examined the possible implications of such changes.

⁸ Known as the *Arjun Sengupta Committee*, it has suggested in its report that the accounts of receipts and expenditure of the UTs should be segregated from the centre. Further, the Ministry of Finance should identify the sums attributable to the UTs and their share on the basis of the norms adopted by the *Tenth Finance Commission* for the states and provide the same to the Government of NCT as a special plan grant.

Simulation exercise

Additional resources are required to meet the increased expenditure on underfunded sectors, namely, urban development, roads and bridges and environment with the constraint that fiscal deficit as a percentage of GSDP would remain at the 1996-97 level during the reform period.

$$D_t = (-.0252 * GSDP_t) \quad \text{i.e. } -2.52\% \text{ of GSDP of } t^{\text{th}} \text{ year } (t = 1, 2, \dots 5)$$

Where D_t is fiscal deficit in the t^{th} year

$$X_t = (A_t + B_t + D_t) - (E_t + F_t)$$

Where

X_t is additional resource mobilisation under reform agenda in the t^{th} year

$GSDP_t$ is Gross State Domestic Product in the t^{th} year

Further -

$$GSDP_t = 1.1615 * GSDP_{(t-1)}$$

A_t is revenue receipts in the t^{th} year

Further -

$$A_0 = T_0 + N_0 + G_0$$

$$A_t = 1.1553 * T_{(t-1)} + 1.1343 * N_{(t-1)} + R_4 * GSDP_t$$

$$R_4 = (G_{(96-97)} + G_{(95-96)} + G_{(94-95)}) / (GSDP_{(96-97)} + GSDP_{(95-96)} + GSDP_{(94-95)})$$

where T_0 is tax revenue of the base year i.e. 96-97

N_0 is non-tax revenue of the base year i.e. 96-97

G_0 is receipts from grants-in-aid of the base year i.e. 96-97

T_t is tax revenue in the t^{th} year

N_t is non-tax revenue in the t^{th} year

G_t is receipts from grants-in-aid in the t^{th} year

B_t is recovery of loans in the t^{th} year

Further -

$$B_t = R_3 * GSDP_t$$

$$R_3 = (B_{(96-97)} + B_{(95-96)} + B_{(94-95)}) / (GSDP_{(96-97)} + GSDP_{(95-96)} + GSDP_{(94-95)})$$

E_t is capital expenditure in the t^{th} year

Further -

$$E_0 = U_0 + O_0$$

$$E_t = R_2 * GSDP_t + 1.1323 * O_{(t-1)}$$

$$R_2 = (r_0 + u_{(94-95)}) * 2 / GSDP_0$$

where U_0 is capital expenditure on urban development and roads & bridges of the base year i.e. 96–97
 O_0 is other capital expenditure of the base year i.e. 96–97
 r_0 is capital expenditure on roads & bridges of the base year i.e. 96–97
 $u_{(95-96)}$ is capital expenditure on urban development in the year 95–96

F_t is revenue expenditure in the t^{th} year

Further -

$$F_0 = W_0 + U_0 + O_0$$

$$F_t = 1.15 * W_{(t-1)} + 1.1916 * O_{(t-1)} + R_1 * \text{GSDP}_t + P_t + 0.005 * \text{GSDP}_t$$

$$R_1 = U_0 * 2 / \text{GSDP}_0$$

where W_0 is revenue expenditure on wages and salaries of the base year i.e. 96–97
 U_0 is revenue expenditure on urban development and roads & bridges of the base year i.e. 96–97
 O_0 is other revenue expenditure of the base year i.e. 96–97

P_t is estimated pensions

W_t is revenue expenditure on wages and salaries in the t^{th} year

U_t is revenue expenditure on urban development & roads in the t^{th} year

O_t is other revenue expenditure in the t^{th} year

$$X_t = G_t + H_t + I_t + J_t \quad (t = 1, 2, \dots, 5)$$

It is proposed that this additional resource mobilisation is through increased receipts from the following -

sales tax

stamps & registration

tax on vehicles

non-tax revenue

$$G_t = X_t * G_0 / X_0$$

$$H_t = X_t * H_0 / X_0$$

$$I_t = X_t * I_0 / X_0$$

$$J_t = X_t * J_0 / X_0$$

$$X_0 = (G_0 + H_0 + I_0 + J_0)$$

Where

G_t is additional revenue from sales tax in the t^{th} year

H_t is additional revenue from stamps and registration in the t^{th} year

I_t is additional revenue from tax on vehicles in the t^{th} year

J_t is additional non-tax revenue in the t^{th} year

G_0 is receipts from sales tax in the base year i.e. 96–97

H_0 is receipts from stamps and registration in the base year i.e. 96–97

I_0 is receipts from tax on vehicles in the base year i.e. 96–97

J_0 is non-tax revenue in the base year i.e. 96–97

**GOVERNMENT OF
NATIONAL CAPITAL TERRITORY OF DELHI**

NCT 1. Receipts, Expenditure and Fiscal Deficit

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	(Rs. crore)			
Revenue receipts	512.62	595.29	677.19	813.57	892.80	1024.66	1174.70	1444.10	1484.61	1980.46	2296.51	2795.98																	
Tax revenue	491.85	569.67	653.28	792.90	859.76	990.99	1137.00	1351.68	1424.36	1787.47	2111.05	2534.86																	
Own-non-tax revenue	23.77	25.62	23.91	20.67	33.04	33.67	37.70	92.42	60.25	99.63	63.14	55.74																	
Grants	-	-	-	-	-	-	-	-	-	-	-	-																	
Capital receipts	8.19	8.93	18.81	30.94	21.12	54.28	36.96	43.43	133.64	547.99	825.38	880.57																	
Loans from the centre	-	-	-	-	-	-	-	-	-	-	-	-																	
Recoveries of loans	8.19	8.93	18.81	30.94	21.12	54.28	36.96	43.43	1.11	37.66	29.00	25.66																	
Loan to government servants	-	-	-	-	-	-	-	-	-	-	-	-																	
Revenue expenditure	399.96	530.52	656.45	737.32	881.58	994.70	1071.86	1140.43	1268.47	1430.91	1877.16	2031.80																	
Developmental expenditure	264.23	355.98	436.03	499.55	598.70	687.26	702.40	752.14	816.71	949.58	1185.39	1428.68																	
Non-developmental expenditure	96.50	130.95	167.15	183.33	227.53	244.27	274.73	314.56	356.94	385.68	577.18	474.34																	
Compensation to local bodies	39.23	43.59	53.27	54.44	55.30	63.17	94.73	73.73	94.82	95.65	114.59	128.77																	
Capital expenditure	307.31	444.88	482.75	356.56	413.39	484.31	554.62	634.53	782.92	976.11	1074.29	1483.52																	
Developmental expenditure	0.68	94.71	126.40	-6.77	-0.88	-4.71	-4.24	11.46	11.37	194.01	415.70	391.40																	
Non-developmental expenditure	0.02	0.34	0.07	0.07	0.06	0.02	0.25	0.24	0.31	18.55	28.94	25.56																	
Repayment of loans to the centre	-	-	-	-	-	-	-	-	-	-	-	-																	
Loans and advances by the government	214.70	262.00	272.72	274.16	308.13	358.34	409.25	448.29	590.61	763.55	735.55	-																	
Others	91.91	87.83	83.56	89.10	106.08	130.66	149.36	174.54	180.63	0.00	-175.90	0.02																	
Revenue deficit(-)/surplus(+)	115.66	64.77	20.74	76.25	11.27	29.96	102.84	303.67	216.14	549.55	419.35	764.17																	
Fiscal deficit	-183.46	-371.18	-443.20	-249.37	-381.00	-400.07	-414.82	-287.43	-565.67	-388.90	-625.94	-693.67																	
Primary deficit	-183.46	-371.18	-443.20	-249.37	-381.00	-400.07	-414.82	-287.43	-565.67	-388.90	-531.94	-503.79																	
GSDP at current prices	5412.44	6235.04	7214.02	8545.34	9851.28	11318.69	14379.17	15539.33	18033.42	20250.26	23941.00	27532.15																	

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

Note: Delhi does not get any share from central taxes. The entry above, therefore, refers to the own-tax revenue.

- denotes 0

NCT 2. Annual and Average Growth Rates of Receipts, Expenditure and Fiscal Deficit

	1978	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue receipts	16.13	13.76	20.14	9.74	14.77	14.64	22.93	2.81	33.40	15.96	21.75	14.73	18.82	16.19																															
Tax revenue	15.82	14.68	21.37	8.43	15.26	14.73	18.88	5.38	25.49	18.10	20.08	14.60	19.09	15.53																															
Own-non-tax revenue	7.78	-6.67	-13.55	59.85	1.91	11.97	145.15	-34.81	65.36	-36.63	-11.72	16.12	-25.20	13.43																															
Grants	-	-	-	-	-	-	-	-	-	31.02	67.90	-	-	-																															
Capital receipts	9.04	110.64	64.49	-31.74	157.01	-31.91	17.51	207.71	310.05	50.62	6.69	34.60	26.76	54.76																															
Loans from the centre	-	-	-	-	-	-	-	-	-	-	-	-	-	-																															
Recoveries of loans	9.04	110.64	64.49	-31.74	157.01	-31.91	17.51	-97.44	3292.79	-23.00	-11.52	-2.20	-17.46	4.71																															
Loan to government servants	-	-	-	-	-	-	-	-	-	-	-	-	-	-																															
Revenue expenditure	32.64	23.74	12.32	19.57	12.83	7.76	6.40	11.23	12.81	31.19	8.24	14.63	19.16	14.32																															
Developmental expenditure	34.72	22.49	14.57	19.85	14.79	2.20	7.08	8.58	16.27	24.83	20.52	14.32	22.66	14.21																															
Non-developmental expenditure	35.70	27.64	9.68	24.11	7.36	12.47	14.50	13.47	8.05	49.65	-17.82	16.46	10.90	15.47																															
Compensation to local bodies	11.11	22.21	2.20	1.58	14.23	49.96	-22.17	28.60	0.88	19.80	12.37	11.27	16.03	11.03																															
Capital expenditure	44.77	8.51	-26.14	15.94	17.16	14.52	14.41	23.39	24.68	10.06	38.09	9.40	23.28	13.23																															
Developmental expenditure	-	33.46	-	-	-	-	-	-0.79	-	114.27	-5.85	-	42.04	-																															
Non-developmental expenditure	-	-79.41	-	-14.29	-66.67	-	-4.00	29.17	-	56.01	-11.68	20.55	17.38	82.38																															
Repayment of loans to the centre	-	-	-	-	-	-	-	-	-	-	-	-	-	-																															
Loans and advances by the government	22.03	4.09	0.53	12.39	16.30	14.21	9.54	31.75	29.28	-3.67	45.00	11.89	18.19	14.70																															
Others	-4.44	-4.86	6.63	19.06	23.17	14.31	16.86	3.49	-	-	-	-	-	-																															
Revenue deficit(-)/surplus(+)	-44.00	-67.98	267.65	-85.22	165.84	243.26	195.28	-28.82	154.26	-23.69	82.23	16.97	17.92	30.82																															
Fiscal deficit	102.32	19.40	-43.73	52.79	5.01	3.69	-30.71	96.80	-31.25	60.95	10.82	7.03	33.55	7.88																															
Primary deficit	102.32	19.40	-43.73	52.79	5.01	3.69	-30.71	96.80	-31.25	36.78	-5.29	7.03	13.82	6.02																															
GSDP at current prices	15.20	15.70	18.45	15.28	14.90	27.04	8.07	16.05	12.29	18.23	15.00	16.60	16.60	16.05																															

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

Note: Delhi does not get any share from central taxes. The entry above, therefore, refers to the own-tax revenue.

- denotes 0

NCT 3. Receipts Expenditure and Fiscal Deficit as a Percentage of Gross State Domestic Product

Revenue receipts	9.47	9.55	9.39	9.52	9.06	9.05	8.17	9.29	8.23	9.78	9.59	10.16
Tax revenue	9.09	9.14	9.06	9.28	8.73	8.76	7.91	8.70	7.90	8.83	8.82	9.21
Own-non-tax revenue	0.44	0.41	0.33	0.24	0.34	0.30	0.26	0.59	0.33	0.49	0.26	0.20
Grants	-	-	-	-	-	-	-	-	-	0.46	0.51	0.75
Capital receipts	0.15	0.14	0.26	0.36	0.21	0.48	0.26	0.28	0.74	2.71	3.45	3.20
Loans from the centre	-	-	-	-	-	-	-	-	0.73	2.52	3.33	3.09
Recoveries of loans	0.15	0.14	0.26	0.36	0.21	0.48	0.26	0.28	0.01	0.19	0.12	0.09
Loan to government servants	-	-	-	-	-	-	-	-	-	-	-	-
Revenue expenditure	7.39	8.51	9.10	8.63	8.95	8.79	7.45	7.34	7.03	7.07	7.84	7.38
Developmental expenditure	4.88	5.71	6.04	5.85	6.08	6.07	4.88	4.84	4.53	4.69	4.95	5.19
Non-developmental expenditure	1.78	2.10	2.32	2.15	2.31	2.16	1.91	2.02	1.98	1.90	2.41	1.72
Compensation to local bodies	0.72	0.70	0.74	0.64	0.56	0.56	0.66	0.47	0.53	0.47	0.48	0.47
Capital expenditure	5.68	7.14	6.69	4.17	4.20	4.28	3.86	4.08	4.34	4.82	4.49	5.39
Developmental expenditure	0.01	1.52	1.75	-0.08	-0.01	-0.04	-0.03	0.07	0.06	0.96	1.74	1.42
Non-developmental expenditure	-	0.01	-	-	-	-	-	-	-	0.09	0.12	0.09
Repayment of loans to the centre	3.97	4.20	3.78	3.21	3.13	3.17	2.85	2.88	3.28	3.77	3.07	3.87
Loans and advances by the government	1.70	1.41	1.16	1.04	1.08	1.15	1.04	1.12	1.00	-	-0.73	-
Others	2.14	1.04	0.29	0.89	0.11	0.26	0.72	1.95	1.20	2.71	1.75	2.78
Revenue deficit(-)/surplus(+)	-3.39	-5.95	-6.14	-2.92	-3.87	-3.53	-2.88	-1.85	-3.14	-1.92	-2.61	-2.52
Fiscal deficit	-3.39	-5.95	-6.14	-2.92	-3.87	-3.53	-2.88	-1.85	-3.14	-1.92	-2.22	-1.83
Primary deficit	-	-	-	-	-	-	-	-	-	-	-	-

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

Note: Delhi does not get any share from central taxes. The entry above, therefore, refers to the own-tax revenue.

- denotes 0

NCT 5. Annual and Average Growth Rates of Revenue Receipts

	15.45	13.76	20.14	9.74	14.77	14.64	22.93	2.81	33.40	15.96	21.75	14.68	18.82	16.16
Total revenue receipts (1+2)														
1. Tax revenue	15.82	14.68	21.37	8.43	15.26	14.73	18.88	5.38	25.49	18.10	20.08	14.60	19.09	15.53
Land revenue	-80.00	-66.67	100.00	50.00	-33.33	650.00	200.00	-46.67	-12.50	-80.95	-69.00	29.31	-75.70	6.88
Stamps and registration	22.61	22.61	32.35	6.48	-7.78	48.97	1.67	36.52	68.40	13.87	-10.06	17.22	1.20	20.55
State excise	14.06	16.00	21.28	-8.99	11.81	32.82	29.25	1.85	8.77	8.85	32.99	14.07	20.32	13.97
Sales tax	16.47	13.89	21.48	13.99	15.34	12.77	19.54	7.73	26.91	21.07	17.91	15.48	19.48	16.53
General sales tax	20.36	14.05	20.39	14.44	16.34	10.70	6.17	23.42	23.13	-	-	14.97	-	-
Central sales tax	9.60	13.61	23.49	13.17	13.53	16.63	21.83	2.44	33.91	-	-	15.27	-	-
Taxes on vehicles	12.68	33.19	45.69	16.70	68.28	-29.19	3.53	20.20	41.95	6.05	10.78	19.11	8.39	17.78
Taxes on goods and passengers	14.49	9.62	4.42	0.35	6.74	4.95	-15.24	-97.04	-	-	173.12	-18.86	-	-
Other taxes on goods and services	10.60	5.66	6.77	7.31	7.40	14.98	16.61	10.59	18.66	20.02	106.01	9.66	57.24	14.44
2. Total non-tax revenue (i+ii)	7.78	-6.67	-13.55	59.85	1.91	11.97	145.15	-34.81	220.32	-3.90	40.79	16.12	16.32	26.55
(i) Own non-tax revenue	7.78	-6.67	-13.55	59.85	1.91	11.97	145.15	-34.81	65.36	-36.63	-11.72	16.12	-25.20	13.43
Interest receipts	-	-	-	-	-	-	-	-	274.95	-64.46	-23.98	-	-48.02	-
Dividends and profits	-	-	-	-	-	-	-	-	-	-73.68	826.67	-	56.16	-
General services	-12.55	14.71	0.51	116.12	7.46	-23.29	80.36	-1.11	110.47	-36.82	-36.92	19.31	-36.87	17.11
Social services	6.44	19.28	-0.56	12.10	3.88	20.13	1.22	12.68	-14.69	14.58	-21.94	9.00	-5.42	5.61
Economic services	13.29	107.26	-28.57	23.40	-2.45	29.15	584.47	-86.99	8.45	40.70	92.86	22.22	64.73	15.11
(ii) Grants from the centre	-	-	-	-	-	-	-	-	-	31.02	67.90	-	48.32	-

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

Note: Delhi does not get any share from central taxes. The entry above, therefore, refers to the own-tax revenue.
- denotes 0

NCT 6. Revenue Receipts as a Percentage of Gross State Domestic Product

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Total revenue receipts (1+2)	9.53	9.55	9.39	9.52	9.06	9.05	8.17	9.29	8.23	9.78	9.59	10.16
1. Tax revenue	9.09	9.14	9.06	9.28	8.73	8.76	7.91	8.70	7.90	8.83	8.82	9.21
Land revenue	-	-	-	-	-	-	-	-	-	-	-	-
Stamps and registration	0.30	0.32	0.34	0.38	0.35	0.28	0.33	0.31	0.37	0.55	0.53	0.42
State excise	1.84	1.82	1.82	1.87	1.47	1.43	1.50	1.79	1.57	1.52	1.40	1.62
Sales tax	6.01	6.08	5.99	6.14	6.07	6.09	5.41	5.98	5.55	6.28	6.43	6.59
General sales tax	3.77	3.94	3.88	3.94	3.91	3.96	3.45	3.39	3.61	3.96	-	-
Central sales tax	2.25	2.14	2.11	2.20	2.16	2.13	1.96	2.20	1.95	2.32	-	-
Taxes on vehicles	0.23	0.22	0.26	0.32	0.32	0.47	0.26	0.25	0.26	0.33	0.29	0.28
Taxes on goods and passengers	0.49	0.49	0.46	0.41	0.35	0.33	0.27	0.21	0.01	-	0.01	0.03
Other taxes on goods and services	0.21	0.20	0.19	0.17	0.16	0.15	0.13	0.14	0.14	0.14	0.15	0.26
2. Total non-tax revenue (i+ii)	0.44	0.41	0.33	0.24	0.34	0.30	0.26	0.59	0.33	0.95	0.77	0.95
(i) Own non-tax revenue	0.44	0.41	0.33	0.24	0.34	0.30	0.26	0.59	0.33	0.49	0.26	0.20
Interest receipts	-	-	-	-	-	-	-	-	0.03	0.10	0.03	0.02
Dividends and profits	-	-	-	-	-	-	-	-	-	0.01	0.01	0.03
General services	0.18	0.14	0.14	0.11	0.21	0.20	0.12	0.20	0.17	0.32	0.17	0.09
Social services	0.08	0.07	0.07	0.06	0.06	0.05	0.05	0.05	0.05	0.04	0.03	0.02
Economic services	0.03	0.03	0.05	0.03	0.03	0.03	0.03	0.18	0.02	0.02	0.02	0.04
(ii) Grants from the centre	-	-	-	-	-	-	-	-	-	0.46	0.51	0.75

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

Note: Delhi does not get any share from central taxes. The entry above, therefore, refers to the own-tax revenue.
- denotes 0

NCT 7. Buoyancies: Tax and Non-tax Receipts

Total revenue	0.89	1.11	1.00
Own tax revenue	0.88	1.13	0.97
Tax on capital and property	1.04	0.09	1.25
Stamps and registration fees	1.04	0.10	1.25
State excise tax	0.86	0.83	0.85
Sales tax	0.93	1.16	1.02
Tax on motor vehicles	1.13	0.52	1.10
Total non-tax revenue	0.96	0.94	1.56
Own non-tax revenue	0.96	-1.92	0.84

Source: (i) Various sources and vetted by the Delhi State Government for the years 1985-86 to 1993-94

(ii) RBI, for the years 1994-95 to 1997-98.

Note: *Buoyancy:* Tax revenue changes through automatic response of the tax yield to changes in Gross State Domestic Product (GSDP) computed by dividing percentage change in tax yield by percentage change in GSDP.

NCT 8. Revenue Expenditure

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Total revenue expenditure (1+2+3)	399.96	530.52	656.45	737.32	881.53	994.70	1071.86	1140.43	1268.47	1430.91	1877.16	2031.80
1. Developmental expenditure	264.23	355.98	436.03	499.55	598.70	687.26	702.40	752.14	816.71	949.58	1185.39	1428.68
a. Social services	211.77	277.71	339.55	405.05	505.19	574.88	576.85	631.81	688.29	822.31	1010.11	1230.33
education, sports, art and culture	128.54	159.08	189.74	219.52	254.66	293.99	311.25	347.17	387.83	421.84	492.34	568.91
medical, public health and family welfare	32.69	50.19	66.75	83.81	123.95	138.62	107.32	122.54	138.02	157.35	193.85	216.55
urban development	7.29	14.55	46.43	54.33	71.75	82.34	87.44	92.62	88.71	147.96	208.04	264.02
b. Economic services	52.46	78.27	96.48	94.50	93.51	112.38	125.55	120.33	128.42	127.27	175.28	198.35
roads and bridges	36.53	56.79	62.42	58.17	62.75	73.62	86.84	77.16	86.59	78.35	109.78	105.10
2. Non-developmental expenditure-General Services	96.50	130.95	167.15	183.33	227.53	244.27	274.73	314.56	356.94	385.68	577.18	474.34
a. Fiscal services	7.03	8.81	9.89	11.87	12.84	13.21	15.64	17.12	15.49	21.02	22.96	25.41
collection of taxes and duties	6.97	9.26	9.84	11.83	12.78	13.21	15.64	17.11	15.49	20.80	20.72	22.69
interest payments	-	-	-	-	-	-	-	-	-	-	94.00	189.88
b. Administrative services	84.65	115.57	148.40	162.28	204.45	220.66	247.16	281.29	317.93	336.17	424.33	221.72
police	66.26	84.70	112.71	127.12	157.16	167.70	189.47	214.45	246.53	260.31	329.21	112.51
pensions*	-	-	-	-	-	-	-	-	-	-	-	-
3. Compensations and assignments to local bodies and panchayati raj institution	39.23	43.59	53.27	54.44	55.30	63.17	94.73	73.73	94.82	95.65	114.59	128.77
(i) Municipal Corporation of Delhi	35.48	39.33	48.67	49.43	50.62	56.78	82.94	62.76	85.47	-	-	-
(ii) New Delhi Municipal Corporation	3.23	3.63	3.90	4.24	3.90	5.37	9.96	7.35	8.20	-	-	-
(iii) Delhi Contonment Board	0.52	0.63	0.70	0.77	0.78	1.02	1.83	0.92	1.15	-	-	-

Sources: (i) Figures for 1985-86 to 1993-94 are from Government of NCT of Delhi, 1997.

(ii) Figures for 1994-95 to 1997-98 are from the RBI, relevant years.

Note: * The expenditure is included in the budgets of Ministry of Home Affairs, separation of accounts has not taken place.

- denotes 0

NCT 9. Annual and Average Growth Rates on Revenue Expenditure

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	(percent)	
Total revenue expenditure	32.64	23.74	12.32	19.56	12.84	7.76	6.40	11.23	12.81	31.19	8.24	14.63	19.16	14.32	14.63	8.24	14.63	19.16	14.32	14.63	8.24	14.63	19.16	14.32	
1. Developmental expenditure	34.72	22.49	14.57	19.85	14.79	2.20	7.08	8.58	16.27	24.83	20.52	14.32	22.66	14.21	14.32	20.52	14.32	22.66	14.21	14.32	20.52	22.66	14.21	14.32	
a. Social services	31.14	22.27	19.29	24.72	13.79	0.34	9.53	8.94	19.47	22.84	21.80	15.39	22.32	15.21	15.39	21.80	15.39	22.32	15.21	15.39	21.80	22.32	15.21	15.39	
education, sports, art and culture	23.76	19.27	15.70	16.01	15.44	5.87	11.54	11.71	8.77	16.71	15.55	14.34	16.13	13.40	14.34	15.55	14.34	16.13	13.40	14.34	15.55	16.13	13.40	14.34	
medical, public health and family welfare	53.53	32.99	25.56	47.89	11.84	-22.58	14.18	12.63	14.01	23.20	11.71	17.92	17.31	15.48	17.92	11.71	17.92	17.31	15.48	17.92	11.71	17.31	15.48	17.92	
urban development	99.59	219.11	17.01	32.06	14.76	6.19	5.92	-4.22	66.79	40.61	26.91	33.26	33.58	29.90	33.26	26.91	33.26	33.58	29.90	33.26	26.91	33.58	29.90	33.26	
b. Economic services	49.20	23.27	-2.05	-1.05	20.18	11.72	-4.16	6.72	-0.90	37.72	13.16	9.73	24.84	9.60	9.73	13.16	9.73	24.84	9.60	9.73	13.16	24.84	9.60	9.73	
roads and bridges	55.46	9.91	-6.81	7.87	17.32	17.96	-11.15	12.22	-9.52	40.11	-4.26	9.18	15.82	7.97	9.18	-4.26	9.18	15.82	7.97	9.18	-4.26	15.82	7.97	9.18	
2. Non-developmental expenditure-general services	35.70	27.64	9.68	24.11	7.36	12.47	14.50	13.47	8.05	49.65	-17.82	16.46	10.90	15.47	16.46	-17.82	16.46	10.90	15.47	16.46	-17.82	10.90	15.47	16.46	
a. Fiscal services	25.32	12.26	20.02	8.17	2.88	18.40	9.46	-9.52	35.70	9.23	10.67	10.84	9.95	11.21	10.84	10.67	10.84	9.95	11.21	10.84	10.67	9.95	11.21	10.84	
collection of taxes and duties	32.86	6.26	20.22	8.03	3.36	18.40	9.40	-9.47	34.28	-0.38	9.51	10.65	4.44	10.23	10.65	9.51	10.65	4.44	10.23	10.65	-0.38	9.51	10.23	10.65	
interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b. Administrative services	36.53	28.41	9.35	25.99	7.93	12.01	13.81	13.03	5.74	26.22	-47.75	16.74	-18.79	12.02	16.74	-47.75	16.74	-18.79	12.02	16.74	-47.75	-18.79	12.02	16.74	
police	27.83	33.07	12.79	23.63	6.71	12.98	13.18	14.96	5.59	26.47	-65.82	16.88	-34.26	10.39	16.88	-65.82	16.88	-34.26	10.39	16.88	-65.82	-34.26	10.39	16.88	
pensions*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Compensations and assignments to local bodies and panchayati raj institution	11.11	22.21	2.20	1.58	14.23	49.96	-22.17	28.60	0.88	19.80	12.37	11.27	16.03	11.03	11.27	12.37	11.27	16.03	11.03	11.27	12.37	16.03	11.03	11.27	
(i) Municipal Corporation of Delhi	10.85	23.75	1.56	2.41	12.17	46.07	-24.33	36.19	-	-	-	10.74	-	-	-	-	-	10.74	-	-	-	-	-	-	
(ii) New Delhi Municipal Corporation	12.38	7.44	8.72	-8.02	37.69	85.47	-26.20	11.56	-	-	-	14.18	-	-	-	-	-	14.18	-	-	-	-	-	-	
(iii) Delhi Contonment Board	21.15	11.11	10.00	1.30	30.77	79.41	-49.73	25.00	-	-	-	11.47	-	-	-	-	-	11.47	-	-	-	-	-	-	

Sources: (i) Figures for 1985-86 to 1993-94 are from Government of NCT of Delhi, 1997.

(ii) Figures for 1994-95 to 1997-98 are from the RBI, relevant years.

Note: * The expenditure is included in the budgets of Ministry of Home Affairs, separation of accounts has not taken place.

- denotes 0

NCT 10. Revenue Expenditure as a percentage of Gross State Domestic Product

	7.39	8.51	9.10	8.63	8.95	8.79	7.45	7.34	7.03	7.07	7.84	7.38
Total revenue expenditure (1+2+3)	7.39	8.51	9.10	8.63	8.95	8.79	7.45	7.34	7.03	7.07	7.84	7.38
1. Developmental expenditure	4.88	5.71	6.04	5.85	6.08	6.07	4.88	4.84	4.53	4.69	4.95	5.19
a. Social services	3.91	4.45	4.71	4.74	5.13	5.08	4.01	4.07	3.82	4.06	4.22	4.47
education, sports, art and culture	2.37	2.55	2.63	2.57	2.59	2.60	2.16	2.23	2.15	2.08	2.06	2.07
medical, public health and family welfare	0.60	0.80	0.93	0.98	1.26	1.22	0.75	0.79	0.77	0.78	0.81	0.79
urban development	0.13	0.23	0.64	0.64	0.73	0.73	0.61	0.60	0.49	0.73	0.87	0.96
Economic services	0.97	1.26	1.34	1.11	0.95	0.99	0.87	0.77	0.71	0.63	0.73	0.72
roads and bridges	0.67	0.91	0.87	0.68	0.64	0.65	0.60	0.50	0.48	0.39	0.46	0.38
2. Non-developmental expenditure-general services	1.78	2.10	2.32	2.15	2.31	2.16	1.91	2.02	1.98	1.90	2.41	1.72
a. Fiscal services	-	-	-	-	-	-	-	-	-	-	0.39	0.09
collection of taxes and duties	-	-	-	-	-	-	-	-	-	-	-	-
interest payments	1.56	1.85	2.06	1.90	2.08	1.95	1.72	1.81	1.76	1.66	1.77	0.08
b. Administrative services	1.22	1.36	1.56	1.49	1.60	1.48	1.32	1.38	1.37	1.29	1.38	0.69
police	-	-	-	-	-	-	-	-	-	-	-	-
pensions*	0.72	0.70	0.74	0.64	0.56	0.56	0.66	0.47	0.53	0.47	0.48	0.81
3. Compensations and assignments to local bodies and panchayat raj institution	-	-	-	-	-	-	-	-	-	-	-	-
(i) Municipal Corporation of Delhi	-	-	-	-	-	-	-	-	-	-	-	-
(ii) New Delhi Municipal Corporation	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Delhi Contonment Board	-	-	-	-	-	-	-	-	-	-	-	-

Sources: (i) Figures for 1985-86 to 1993-94 are from Government of NCT of Delhi, 1997.

(ii) Figures for 1994-95 to 1997-98 are from the RBI, relevant years.

Note: * The expenditure is included in the budgets of Ministry of Home Affairs, separation of accounts has not taken place.

- denotes 0

NCT 11. Collection Costs of Different Taxes as a Percentage of Individual Tax Revenues

Sales tax	0.82	0.93	0.70	0.67
State excise duty	0.36	0.41	0.39	0.45
Stamps and registration	1.87	2.04	1.77	1.57
Taxes on vehicles	9.24	7.09	7.76	7.45
Total	1.09	1.16	0.98	0.89

Sources: (i) Government of NCT of Delhi, 1997.

(ii) Government of NCT of Delhi, relevant years.

Note: Total refers to the total expenditure on tax collection as a percentage of total revenue income.

NCT 12. Capital Expenditure

	(Rs. crore)											
Total capital expenditure (1+2+3)	307.31	444.88	482.75	356.56	413.39	484.31	554.62	634.53	782.92	976.11	1074.29	1483.52
1. Total capital outlay	92.61	182.88	210.03	82.40	105.26	125.97	145.37	186.24	192.31	212.56	268.74	416.97
a. Social services	0.66	94.65	126.30	-7.34	0.39	3.51	-1.55	12.05	-8.32	84.87	111.39	85.85
education, sports, arts and culture	-	-	-	-	-	-	-	-	-	32.28	45.88	69.50
medical, public health and family welfare	-	-	-	-	-	-	-	-	-	17.83	31.12	30.67
urban development	0.66	94.65	126.30	-7.34	0.39	3.51	-1.55	12.05	-8.32	13.47	12.89	-38.47
housing	-	-	-	-	-	-	7.23	11.77	11.33	14.20	13.06	11.03
others	-	-	-	-	-	-	-	-	-	7.09	8.44	13.12
b. General services-non-development expenditure	0.02	0.34	0.07	0.07	0.06	0.02	0.25	0.24	0.31	18.55	28.94	25.56
c. Economic services	0.02	0.06	0.10	0.57	-1.27	-8.22	-2.69	-0.59	19.69	109.14	304.31	305.55
agriculture and allied activities	0.01	-	0.03	-	0.04	-	-	0.02	0.01	2.78	4.03	13.69
rural development	-	-	-	-	-	-	-	-	-	21.84	39.59	56.41
flood control projects	0.28	0.06	0.23	0.57	0.18	0.40	0.04	0.07	0.22	10.90	15.45	14.43
village and small industries	-0.27	-	-0.16	0.00	-1.49	-8.62	-2.73	-0.68	-1.32	1.58	1.46	1.18
roads and bridges	-	-	-	-	-	-	-	-	-	58.56	52.40	64.17
tourism	-	-	-	-	-	-	-	-	-	6.06	6.28	3.53
others	-	-	-	-	-	-	-	-	20.78	7.42	9.20	152.14
2. Repayment of loans to the centre	-	-	-	-	-	-	-	-	-	-	70.00	-
3. Loans and advances by the government.	214.7	262	272.72	274.16	308.13	358.34	409.25	448.29	590.61	763.55	735.55	1066.54

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

Note: - denotes 0

NCT 13. Annual and Average Growth Rates of Capital Expenditure

(percent)

Total capital expenditure	44.77	8.51	-26.14	15.94	17.16	14.52	14.41	23.39	24.68	10.06	38.09	9.40	23.28	13.23
Total capital outlay	97.47	14.85	-60.77	27.74	19.68	15.40	28.11	3.26	10.53	26.43	55.16	4.54	40.06	9.59
Loans and advances by the government	22.03	4.09	0.53	12.39	16.30	14.21	9.54	31.75	29.28	-3.67	45.00	11.89	18.19	14.70

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

NCT 14. Capital Expenditure as a Percentage of Gross State Domestic Product

Total capital expenditure (1+2+3)	5.68	7.14	6.69	4.17	4.20	4.28	3.86	4.08	4.34	4.82	4.49
1.Total capital outlay	1.71	2.93	2.91	0.96	1.07	1.11	1.01	1.20	1.07	1.05	1.12
a. Social services	0.01	1.52	1.75	-0.09	0.00	0.03	-0.01	0.08	-0.05	0.42	0.47
education, sports, arts and culture	-	-	-	-	-	-	-	-	-	0.16	0.19
medical, public health and family welfare	-	-	-	-	-	-	-	-	-	0.09	0.13
urban development	0.01	1.52	1.75	-0.09	-	0.03	-0.01	0.08	-0.05	0.07	0.05
housing	-	-	-	-	-	-	0.05	0.08	0.06	0.07	0.05
others	-	-	-	-	-	-	-	-	-	0.04	0.04
b. General services-non-development expenditure	-	0.01	-	-	-	-	-	-	-	0.09	0.12
c. Economic services	-	-	-	0.01	-0.01	-0.07	-0.02	-	0.11	0.54	1.27
agriculture and allied activities	-	-	-	-	-	-	-	-	-	0.01	0.02
rural development	-	-	-	-	-	-	-	-	-	0.11	0.17
flood control projects	0.01	-	-	0.01	-	-	-	-	-	0.05	0.06
village and small industries	-	-	-	-	-0.02	-0.08	-0.02	-	-0.01	0.01	0.01
roads and bridges	-	-	-	-	-	-	-	-	-	0.29	0.22
tourism	-	-	-	-	-	-	-	-	-	0.03	0.03
others	-	-	-	-	-	-	-	-	0.12	0.04	0.04
2. Repayment of loans to the centre	-	-	-	-	-	-	-	-	-	-	0.29
3. Loans and advances by the government	3.97	4.20	3.78	3.21	3.13	3.17	2.85	2.88	3.28	3.77	3.07

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) Government of NCT, 1998-99.

Note: - denotes 0

NCT 15. Total Disbursements

	Rs.crore)											
Revenue expenditure	399.96	530.52	656.45	737.32	881.53	994.70	1071.86	1140.43	1268.47	1430.91	1877.16	2031.80
Capital expenditure	307.31	444.88	482.75	356.56	413.39	484.31	554.62	634.53	782.92	976.11	1074.29	1483.52
Total expenditure	707.27	975.40	1139.20	1093.88	1294.92	1479.01	1626.48	1774.96	2051.39	2407.02	2951.45	3515.32
GSDP at current prices	5412.44	6235.04	7214.02	8545.34	9851.28	11318.69	14379.17	15539.33	18033.42	20250.26	23941.00	27532.15

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) GSDP, 1996-97.

NCT 16. Total Disbursements as a Percentage of Total Revenue Expenditure

Revenue expenditure	56.55	54.39	57.62	67.40	68.08	67.25	65.90	64.25	61.83	59.45	63.60	57.80
Capital expenditure	43.45	45.61	42.38	32.60	31.92	32.75	34.10	35.75	38.17	40.55	36.40	42.20
Total expenditure	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

NCT 17. Total Disbursements as a Percentage of Gross State Domestic Product

Expenditure	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Revenue expenditure	7.39	8.51	9.10	8.63	8.95	8.79	7.45	7.34	7.03	7.07	7.84	7.38
Capital expenditure	5.68	7.14	6.69	4.17	4.20	4.28	3.86	4.08	4.34	4.82	4.49	5.39
Total expenditure	13.07	15.64	15.79	12.80	13.14	13.07	11.31	11.42	11.38	11.89	12.33	12.77

Sources: (i) Government of NCT of Delhi, 1997.

(ii) RBI, relevant years.

(iii) GSDP, 1996-97.

NCT 18. Economic-cum-Functional Classification of the Budgets: Current Expenditure
(Rs. crore)

General public services		
Salaries and wages	189.88	225.17
Purchase of goods and services	52.00	73.37
Maintenance	22.07	45.31
Less outside sales	15.17	40.70
Net consumption expenditure	248.78	303.15
Interest	-	-
Subsidies	-	-
Current transfers	60.39	62.28
Total current expenditure	309.17	365.43
Defence		
Salaries	1.83	1.03
Purchase of goods and services	1.28	1.50
Maintenance	-	-
Less outside sales	-	-
Net consumption expenditure	3.11	2.53
Interest	-	-
Subsidies	-	-
Current transfers	0.45	0.38
Total current expenditure	3.56	2.91
Education		
Salaries	165.36	249.00
Purchase of goods and services	20.72	22.76
Maintenance	-	-
Less outside sales	1.00	2.54
Net consumption expenditure	185.08	269.22
Interest	-	-
		- contd.....

NCT 18. Economic-cum-Functional Classification of the Budgets: Current Expenditure
(Rs.crore)

Subsidies	-	- contd.....
Current transfers	63.83	64.97
Total current expenditure	248.91	334.57
Health		
Salaries	37.41	42.02
Purchase of goods and services	33.74	38.34
Maintenance	0.00	0.00
Less outside sales	0.00	-4.09
Net consumption expenditure	71.15	84.45
Interest	-	-
Subsidies	0.16	-
Current transfers	14.94	18.33
Total current expenditure	86.25	102.78
Social security and welfare services		
Salaries	1.74	11.14
Purchase of goods and services	10.90	19.27
Maintenance	-	-
Less outside sales	-	-
Net consumption expenditure	12.64	30.41
Interest	-	-
Subsidies	-	-
Current transfers	1.56	2.20
Total current expenditure	14.20	32.61
Housing and community amenities		
Salaries	1.37	9.59
Purchase of goods and services	0.53	1.60
		contd....

NCT 18. Economic-cum-Functional Classification of the Budgets: Current Expenditure

	(Rs.crore)	
Maintenance	14.85	5.78
Less outside sales	-0.15	-13.22
Net consumption expenditure	16.90	30.19
Interest	-	-
Subsidies	-	-
Current transfers	63.65	70.35
Total current expenditure	80.55	100.54
Cultural recreational and religious services		
Salaries	2.04	7.33
Purchase of goods and services	0.46	2.06
Maintenance	-	0.03
Less outside sales	-	-0.97
Net consumption expenditure	2.50	10.39
Interest	-	-
Subsidies	0.14	0.52
Current transfers	1.02	1.57
Total current expenditure	3.66	12.48
Economic services		
Salaries	20.69	32.95
Purchase of goods and services	10.27	17.81
Maintenance	6.42	-
Less outside sales	6.42	-
Net consumption expenditure	30.96	50.76
Interest	-	-
Subsidies	1.47	1.88
Current transfers	74.28	23.25
Total current expenditure	106.71	75.89

contd....

contd....

NCT 18. Economic-cum-Functional Classification of the Budgets: Current Expenditure

	(Rs.crore)	
Other purposes		contd.....
Salaries	0.82	3.90
Purchase of goods and services	3.32	4.55
Maintenance	-	-
Less outside sales	-	-
Net consumption expenditure	4.14	8.45
Interest	-	-
Subsidies	-	-
Current transfers	-	-
Total current expenditure	4.14	8.45
Grand total	857.15	1035.66

Source: Directorate of Economics and Statistics, 1991-92; 1992-93.

Note: - denotes 0

NCT 19. Economic-cum-Functional Classification of the Budgets: Capital Expenditure

(Rs. crore)

Category	1991-92	1992-93
General public services		
Capital outlay	-	-
Building outlay	12.78	39.37
Road outlay	-	-
Other outlay	-	-
Administration and establishment	-	-
Transport outlay	0.82	0.88
Machinery outlay	3.77	5.20
Sale of assets	-	-
Land	-	-
Others	-	-
Change in stocks	7.51	-
Capital transfers	158.08	164.00
Investment in public sector undertakings	-	-
Loans and advances	33.31	53.43
Total capital expenditure	216.27	262.88
Defence		
Capital outlay	-	-
Building outlay	-	-
Road outlay	-	-
Other outlay	-	-
Administration and establishment	-	-
Transport outlay	0.01	-
Machinery outlay	-	-
Sale of assets	-	-
Land	-	-
Others	-	-
Change in stocks	-	-
		contd.....

NCT 19. Economic-cum-Functional Classification of the Budgets: Capital Expenditure
(Rs. crore)

	1991-92	1992-93	- contd.....
Capital transfers	-	-	-
Investment in public sector undertakings	-	-	-
Loans and advances	8.82	10.46	10.46
Total capital expenditure	8.83	10.46	
Education			
Capital outlay	-	-	-
Building outlay	35.54	46.44	46.44
Road outlay	-	-	-
Other outlay	-	-	-
Administration and establishment	-	-	-
Transport outlay	-	-	-
Machinery outlay	1.83	1.65	1.65
Sale of assets	-	-	-
Land	-	-	-
Others	-	-	-
Change in stocks	-	-	-
Capital transfers	-	-	-
Investment in public sector undertakings	-	-	-
Loans and advances	19.48	31.82	31.82
Total capital expenditure	56.85	79.91	79.91
Health			
Capital outlay	-	-	-
Building outlay	-	-	-
Road outlay	-	-	-
Other outlay	1.83	3.10	3.10
Administration and establishment	-	-	-
Transport outlay	-	-	-
			- contd.....

NCT 19. Economic-cum-Functional Classification of the Budgets: Capital Expenditure
(Rs. crore)

Category	1991-92	1992-93
Machinery outlay	15.35	9.94
Sale of assets	-	-
Land	-	16.92
Others	-	-
Change in stocks	-	-
Capital transfers	13.12	-
Investment in public sector undertakings	-	-
Loans and advances	4.17	1.09
Total capital expenditure	152.55	31.05
Social security and welfare services		
Capital outlay	-	-
Building outlay	7.38	3.35
Road outlay	-	-
Other outlay	-	-
Administration and establishment	-	-
Transport outlay	-	-
Machinery outlay	-	0.01
Sale of assets	-	-
Land	-	-
Others	-	-
Change in stocks	-	-
Capital transfers	-	-
Investment in public sector undertakings	0.50	0.50
Loans and advances	1.71	2.59
Total capital expenditure	9.59	11.65
		contd.....

NCT 19. Economic-cum-Functional Classification of the Budgets: Capital Expenditure

Category	1991-92	1992-93	contd.....
Housing and community amenities			
Capital outlay	-	-	-
Building outlay	14.46	8.32	
Road outlay	-	-	
Other outlay	-	-	
Administration and establishment	-	-	
Transport outlay	-	-	
Machinery outlay	-	0.03	
Sale of assets	-	-	
Land	7.90	-	
Others	-	-	
Change in stocks	-	-	
Capital transfers	0.02	-	
Investment in public sector undertakings	6.00	5.50	
Loans and advances	64.23	231.17	
Total capital expenditure	92.61	245.02	
Cultural recreational and religious services			
Capital outlay	-	-	
Building outlay	0.17	0.26	
Road outlay	-	-	
Other outlay	2.27	0.14	
Administration and establishment	-	-	
Transport outlay	-	-	
Machinery outlay	0.81	0.39	
Sale of assets	-	-	
Land	-	-	
Others	-	-	
Change in stocks	-	-	- contd.....

NCT 19. Economic-cum-Functional Classification of the Budgets: Capital Expenditure

Category	(Rs. crore)	
	1991-92	1992-93
Capital transfers	-	- contd.....
Investment in public sector undertakings	0.67	0.60
Loans and advances	0.00	1.16
Total capital expenditure	3.92	2.55
Economic services		
Capital outlay	-	-
Building outlay	6.18	4.35
Road outlay	36.97	33.89
Other outlay	18.59	20.88
Administration and establishment	-	-
Transport outlay	-	-
Machinery outlay	-1.29	1.27
Sale of assets	-	-
Land	-	-
Others	-	-
Change in stocks	-6.53	-
Capital transfers	-	0.04
Investment in public sector undertakings	0.70	-
Loans and advances	226.55	121.78
Total capital expenditure	281.17	182.21
Other purposes		
Capital outlay	-	-
Building outlay	-	-
Road outlay	-	-
Other outlay	-	-
Administration and establishment	-	-
Transport outlay	-	- contd.....

NCT 19. Economic-cum-Functional Classification of the Budgets: Capital Expenditure

Category	1991-92	1992-93
Machinery outlay	-	- contd.....
Sale of assets	-	-
Land	-	-
Others	-	-
Change in stocks	-	-
Capital transfers	-	-
Investment in public sector undertakings	-	-
Loans and advances	-	-
Total capital expenditure	821.79	825.73
Grand total		

Source: Directorate of Economics and Statistics, 1991-92; 1992-93.

Note: - denotes 0

NCT 20. Subsidy for Merit and Non-Merit Goods (1994-95)

	(Rs. crore)					
	355.60	455.68	0.63	355.60	455.05	5-96
1. Merit Goods/Services (Subsidy Sectors)						
a) Social Services	158.44	203.85	0.54	158.44	203.31	0.14
elementary education	94.46	107.43	-	94.46	107.43	0.27
public health	7.47	9.93	-	7.47	9.93	-
sewerage and sanitation	2.11	14.88	-	2.11	14.88	-
information and publicity	1.19	1.71	-	1.18	1.71	-
welfare of scheduled caste, scheduled tribe and other backward classes	7.92	9.97	0.54	7.92	9.43	0.11
labour	2.24	2.58	-	2.24	2.58	0.02
social welfare	29.59	35.16	-	29.59	35.16	-
nutrition	13.46	22.21	-	13.46	22.21	-
b) Economic Services	197.16	251.83	0.09	197.16	251.74	0.04
soil and water conservation	1.00	1.07	-	1.00	1.07	-
environmental forestry and wild life	0.45	1.06	-	0.45	1.06	-
agricultural research and education	0.43	0.91	-	0.43	0.91	-
flood control and drainage	45.33	49.93	-	45.33	49.93	-
roads and bridges	148.81	193.45	0.09	148.81	193.36	0.05
other scientific research	0.01	0.15	-	0.01	0.15	-
ecology and environment	1.13	5.25	-	1.13	5.25	-
2. Non-merit goods/services (subsidy sectors)	884.31	1787.07	7.82	876.49	1777.31	0.88
a) Social Services	819.98	1159.95	5.18	814.80	1154.33	0.63
total education, sports, art and culture	376.62	441.04	3.82	372.80	439.45	1.01
total medical and family welfare	184.14	221.69	0.33	183.82	221.20	0.18
water supply and sanitation	2.08	128.92	0.01	2.07	128.92	0.48
housing	51.18	75.51	1.01	50.18	72.00	1.97
urban development	202.81	288.74	-	202.80	288.74	4.65

contd....

NCT 20. Subsidy for Merit and Non-Merit Goods (1994-95)

Services	Total Cost		Total Receipts		Subsidies/ Surplus(-)		Recovery Rate	
	1994-95	1995-96	1994-95	1995-96	1994-95	1995-96	1994-95	1995-96
other social services	3.15	4.04	0.02	0.01	3.13	4.03	0.55	0.21 contd....
b) Economic Services	64.33	627.12	2.64	4.14	61.70	622.98	4.10	0.66
agriculture and allied activities	12.17	13.81	0.82	0.53	11.36	13.28	6.70	3.84
cooperation	1.66	2.06	0.02	0.03	1.63	2.03	1.43	1.65
rural development	6.53	20.70	0.01	0.01	6.52	20.69	0.08	-
irrigation	6.34	7.03	0.83	0.64	5.52	6.40	13.07	9.07
power	12.15	252.04	-	-	12.15	252.04	-	-
industries	0.06	0.87	-	-	0.06	0.87	-	-
transport	18.12	215.22	-	1.82	18.12	213.40	-	0.84
civil supplies	6.38	7.84	0.14	0.19	6.24	7.65	2.26	2.46
other general economic services	0.92	107.55	0.81	0.92	0.11	106.63	88.42	0.86
3. Surplus sectors (merit and non-merit)	0.02	5.68	0.19	20.60	-0.17	-14.92	1007.49	362.97
a) Social Services	0.02	0.53	0.19	1.06	-0.17	-0.53	1007.49	199.69
b) Economic Services	-	5.14	-	19.54	-	-14.40	-	380.16
4. Total subsidies (1+2)	-	2242.75	-	10.39	-	2232.36	-	0.46
5. Subsidies net of surplus (1+2+3)	1239.93	2248.42	8.01	30.99	1231.92	2217.43	0.65	1.38

Source: Government of NCT of Delhi, 1995-96.

Notes : @ Social services include social security and welfare excluding social welfare

Economic services include animal husbandry

- denotes 0

NCT 21. Details of Investments by the State in Government Companies and Cooperative Institutions upto the end of March, 1997

Name of the Concern	Type of Share	Total Amount Invested upto 1996-97	Percentage of Governments Investment	Amount of Dividend
Cooperative Institutions				
Delhi Cooperative Housing Finance Society Limited	Government shares	30.26	--	--
Delhi Cooperative Societies (Industrial Societies)	Government equity	0.37	--	6.94
Labour Cooperative Societies	--	--	--	--
Consumer Cooperative Societies	Government ordinary shares	0.01	--	--
Delhi State Cooperative Bank	Government ordinary shares	0.92	--	--
Joint Farming Cooperative Societies	Government ordinary shares	0.8	--	--
Marketing Cooperative Societies	Government ordinary shares	0.02	--	--
Agricultural Credit Societies	Government ordinary shares	0.08	--	--
	Government ordinary shares	0.14	--	--
Corporations				
Indraprastha Medical Corporation	--	--	--	--
Delhi Financial Corporation	Share capital	23.83	--	--
Delhi State Mineral Development Corporation	Ordinary/special	8.05	26	--
Delhi State Civil Supplies Corporation	Equity	3.18	--	--
Delhi State Industrial Development Corporation	Equity	4.99	100	--
Delhi Tourism and Transport Development Corporation	Equity	21.86	100	--
Delhi State Scheduled Caste Development Corporation	Equity	5.28	99.99	--
Delhi Metro Rail Corporation Limited	Share capital	10.45	--	--
	Share capital/equity capital	71.8	--	--
Total		182.04		

Source: Government of NCT of Delhi, 1996-97.

Note: -- not applicable

DELHI TRANSPORT CORPORATION

DTC 1. Operational Data

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Total fleet as on last day	4375	3840	3502	3480	2770	2682
Average fleet	4375	4184	3706	3517	3206	2665
Average number of buses on the roads	3750	3665	3247	2313	1722	1648
Fleet Utilisation (percent)	85.71	87.6	87.61	65.77	53.71	61.84

Source: DTC, 1998.

DTC 2. Expenditure Classification

	1991-92		1992-93		1993-94		1994-95		1995-96		1996-97	
	Amount (Rs)	per km. (Paise)	Amount (Rs)	per km. (Paise)	Amount (Rs)	per km. (Paise)	Amount (Rs)	per km. (Paise)	Amount (Rs)	per km. (Paise)	Amount (Rs)	per km. (Paise)
Material cost	7574.90	260	7537.89	266	7259.23	284	6805.48	321	5812.60	343	7198.43	447
Labour cost	14173.29	486	15265.16	538	15242.88	596	15009.15	708	15941.48	939	23454.15*	1456
Other contingencies	1257.53	43	1667.61	59	1545.80	60	1600.87	75	1732.96	102	1975.44	123
Payment to private operators	126.55	4	-	-	-	-	-	-	-	-	19.45	646
Total working expenditure	23132.27	793	24470.66	863	24047.91	940	23415.50	1104	23487.04	1384	32647.47	2027

Source: DTC, 1998.

Note: * This includes Rs. 5280 lakh provision for the Fifth Central Pay Commission - denotes 0

DTC 3. Accumulated Losses

	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Net loss	20381.84	24527.58	28184.08	30703.90	39229.15	28576.57
Accumulated losses	84932.94	109460.52	137644.60	168348.50	207577.65	236154.22

Source: DTC, 1998.

(Rs. lakh)

DELHI VIDYUT BOARD

DVB 1. Plant Load Factor of Thermal Power Stations (A Comparison)

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
Delhi	50.70	57.20	54.00	49.00	53.90	51.70
Maharashtra	58.10	61.30	59.70	64.10	61.20	64.90
Gujarat	57.70	56.90	61.60	60.40	60.50	65.30
Tamil Nadu	58.30	55.7	65.20	69.00	68.10	76.10
All-India	53.90	55.30	57.10	61.00	60.00	63.00

Source: Planning Commission, 1997.

DVB 2. Rate of Purchase of Power (A Comparison)

	1992-93	1993-94	1994-95	1995-96	1996-97
Delhi	100.21	115.60	130.64	136.29	147.00
Maharashtra	96.62	107.64	110.50	157.83	170.50
Gujarat	78.65	81.93	84.21	100.84	117.15
Tamil Nadu	72.33	81.97	91.06	100.57	101.66
All India	76.15	88.95	94.46	109.84	115.70

Source: Planning Commission, 1997.

DVB 3. Transmission and Distribution Losses as a Percentage of Availability (A Comparison)

	1992-93	1993-94	1994-95	1995-96	1996-97
Delhi	23.43	30.32	31.65	20.00	20.00
Maharashtra	16.38	15.83	15.93	15.50	15.20
Gujarat	21.13	21.27	20.02	20.00	20.00
Tamil Nadu	17.50	17.25	16.90	17.00	17.00
All India	19.80	19.40	19.50	18.50	18.10

Source: Planning Commission, 1997.

DVB 4. Consumer Category-Wise Sale of Power (A Comparison) (1996-97)

	Delhi	Maharashtra	Gujarat	Tamil Nadu	All India
Domestic	4120.00	4310.00	2237.00	3888.00	49431.00
Commercial	-	1034.00	622.00	1635.00	12925.00
Agriculture	80.00	12825.00	9733.00	6678.00	81802.00
Industry	2246.00	15335.00	9506.00	10108.00	99609.00
Railways	-	901.00	346.00	360.00	5955.00
Outside the State	-	151.00	5.00	153.00	4132.00
Others	2424.00	7390.00	2315.00	1526.00	26784.00
Overall average	8870.00	41944.00	24764.00	24348.00	280637.00

(m/k Wh)

Source: Planning Commission, 1997.

Note: - denotes 0

DVB 5. Lag in Tariff Adjustment (A Comparison)

	1995-96			1996-97			(p/kWh)
	Average tariff charged	Unit cost of power supply	Tariff cost as a percent of unit cost	Average tariff charged	Unit cost of power supply	Tariff cost as a percent of unit cost	
Delhi	184.13	223.00	82.57	188.14	236.70	79.48	
Maharashtra	168.28	189.05	89.01	168.28	197.87	85.05	
Gujarat	137.00	183.50	74.66	142.00	193.70	73.31	
Tamil Nadu	165.15	172.90	95.52	165.15	188.82	87.46	
All India	144.36	173.55	83.18	149.16	186.24	80.09	

Source: Planning Commission, 1997.

DVB 6. Consumer Category-Wise Average Tariff (A Comparison)

	(p/kWh)			
	Delhi	Maharashtra	Gujarat	Tamil Nadu
Domestic	90.10	114.23	109.00	108.59
Commercial	-	270.29	274.00	251.69
Agriculture	50.00	18.20	22.00	-
Industry	238.50	270.59	219.60	245.08
Railways	-	242.96	256.00	248.16
Outside the state	-	195.96	250.00	47.96
Overall average	176.46	166.59	131.78	146.33
				All India
				89.69
				206.46
				19.43
				219.88
				260.83
				112.19
				129.30

Source: Planning Commission, 1997.

Note: - denotes 0

DVB 7. Sector-wise Pattern of Power Consumption as a Percentage of Total Power Sold (A Comparison) (1996-97)

	Delhi	Maharashtra	Gujarat	Tamil Nadu	All India
Domestic	46.40	10.28	9.03	15.70	17.60
Commercial	-	2.47	2.51	6.60	4.60
Agriculture	0.90	30.58	39.30	26.97	29.10
Industry	25.32	36.56	38.39	40.82	35.50
Railways	-	2.15	1.40	1.45	2.10
Outside the state	-	0.36	0.02	0.62	1.50
Others	27.33	17.62	9.35	6.16	9.50
Total	100.00	100.00	100.00	100.00	100.00

Source: Planning Commission, 1997.

Note: - denotes 0

DVB 8. Cost Structure (A Comparison) (1996-97)

	Delhi	Maharashtra	Gujarat	Tamil Nadu	All India
Fuel	14.32	26.69	42.67	51.50	25.26
Power purchase	60.54	26.28	24.47	18.27	30.43
Operation and maintenance	3.84	6.42	3.57	2.52	4.21
Establishment/administration	8.55	12.92	9.96	13.70	12.91
Miscellaneous expenditure	3.26	3.07	-	-	1.61
Depreciation	4.80	11.59	6.57	4.42	8.61
Interest	4.69	13.02	12.76	9.59	16.96
Total	100.00	100.00	100.00	100.00	100.00

(percent)

Source: Planning Commission, 1997.

Note: - denotes 0

DVB 9. Share of Establishment/Administration in Total Cost (A Comparison)

	1992-93	1993-94	1994-95	1995-96	1996-97
Delhi	8.12	7.57	6.91	8.57	8.54
Maharashtra	15.16	14.32	15.56	13.02	12.92
Gujarat	11.91	11.78	10.85	10.03	9.96
Tamil Nadu	17.28	17.58	15.58	13.90	13.70
All India	15.21	14.56	13.80	13.32	12.91

Source: Planning Commission, 1997.

DVB 10. Share of Operations and Maintenance in Total Cost (A Comparison)

	1992-93	1993-94	1994-95	1995-96	1996-97
Delhi	4.18	3.72	3.76	4.26	3.84
Maharashtra	5.76	5.84	6.35	6.25	6.42
Gujarat	3.47	3.61	3.30	3.28	3.56
Tamil Nadu	2.77	2.79	2.85	2.59	2.52
All India	4.68	4.51	4.38	4.33	4.21

Source: Planning Commission, 1997.

DVB 11. Electricity Rates (effective from 1-04-1997)

Applicable to	Fixed charges Rs/KVA/month	Energy Charges kWh/month	P/kWh	Minimum charges/month
Domestic category				
1. Combined lighting fans and power at single delivery point for residential consumers, hostels, recognised/aided educational, co-operative group housing societies (for domestic use)	--	1-100 units 101-200 units 201-400 units above 400	100 200 250 240	Rs. 50/load upto 1 kW Rs. 100 load upto 1-2 kW Rs. 60 Rs 60 load above 2 kW
2. Domestic power on separate delivery points/meters:				
(i) Domestic power (LT)	--	All units	300	-do-
(ii) Domestic power (on 11 KV) (For Central Government Health Scheme Flats only)	--	First 30 percent Next 30 percent Next 30 percent Remaining 10 percent	Constant 100 Constant 200 Constant 250 Constant 300	-do- -do- -do-
Commercial category				
1. For individual consumers in confirming area or with no objection certificate	--	All units (single phase) All units (3-phase) All units	300 400 500	Rs. 200 per kW/month Rs. 250 per kW/month Rs. 200 per kW/month
2. For all others than above including farm houses	--	All units (Rebate 15 Percent on energy charges)	350	
3. Non domestic at 11 KV	--			
Mixed load for heating lighting and power appliances in domestic and non-domestic establishments	Rs. 200/- KVA	All units	450	Rs. 200 per KVA/month
Agricultural pumping supply category				
1. Tubwells and threshers, kutti cutting, horticulture plants, nursery floriculture, etc (load upto 10 kW)	--	All units	50	
2. Farm houses (load upto 25 kW)	--	As per domestic rates		
L.T. Industries category				
1. Small industrial consumers with connected load upto 100 kW including lighting heating and cooling load (loads upto 100 kW)	--	All units	300	Rs. 200 per kW/month
(i) 300 units/kW/month for non-continuous industry	--			-do- contd....

DVB 11. Electricity Rates (effective from 1-04-1997)

Applicable to	Fixed charges Rs/KVA/month	Energy Charges kWh/month	P/kWh	Minimum charges/month
(ii) 400 units/kW/month for continuous industry	--	All units	300	-do-
2. For other industrial activity with valid municipal license	--	All units	400	Rs. 300 per kW/month
H.T. Industries category				
1. Large industrial consumers having connected load above 100 kW including lighting load 3 phase 11 KV	Rs. 150 per KVA/month	All units	300	Rs. 150 per KVA/month
2. Large industrial consumers having connected load above 100 kW including lighting load 3 phase 11 KV at 400 V	Rs. 200	All units per KVA/month	400	Rs. 200 per KVA/month

Source: DVB, 1997.

Note: -- not applicable

Note for Domestic category

For 2 (ii) is subject to increase of not more than 10 percent w.e.f. 1-4-98 for loads upto 20 kw for loads above 20 kw full FAC applicable.

Note for Commercial category

1. For all consumption in excess of the prescribed normative consumption, a surcharge of 30 percent shall be levied on the energy charges for consumption in excessive of normative consumption.
2. Fuel and purchase cost adjustment charge applicable.
3. All dispensaries and hospitals run/aided by Municipal Corporation of Delhi to be billed at domestic rates.

Note for Agriculture pumping supply category

1. Use of lighting load for tubewells is restricted upto 100 watts. Load in excess of 100 watts will be treated as misuse of supply.

Note for L.T. industries category

1. For consumption in excess of prescribed normative consumption a surcharge of 30 percent shall be levied on energy charges on the consumption of the bill in excess of normative consumption.
2. 25 percent discount on energy charges shall be allowed to industrial consumers who shift their operations from day to night shift between 21.00 hours - 05.30 hours.
3. FAC is applicable.

Note for H.T. industries category

1. The tariff is based on the supply being given through a single delivery and metering point. Supply at other points shall be metered and billed separately.
2. For supply at voltage of 33 KV or 66 KV at the discretion of the Boards, the consumer shall be entitled to a rebate of 2.5 percent on 11 KV rates.
3. Where the demand exceeds the committed load, a surcharge of 30 percent shall be levied on the total amount of the bill.
4. In the case of furnaces, the above tariff and stipulations will be applicable with a provision of minimum consumption guarantee comprising demand charges plus consumption charges @ 306 units/KVA/month subject to increase or decrease in fuel and purchase cost of power.

DVB 11. Electricity Rates (effective from 1-04-1997)

Applicable to	Fixed charges Rs/KVA/month	Energy Charges kWh/month	P/kWh	Minimum charges/month
5. Supply at medium voltage may be given at the option of the Board in which case the tariff shall be higher by 10 percent.				
6. Billing demand shall be highest of the (a) maximum demand, (b) 75 percent of the contract demand (c) 60 percent of the connected load.				
7. 25 percent discount on energy consumption rates shall be allowed to industrial consumers who change over their operations from day to night shift and observe working hours between 21.00 hours to 0.5.30 hours.				contd....

DELHI WATER BOARD

DWB 1. Income-Expenditure on Bulk Water Supply Account

	1991-92	1992-93	1993-94	1994-95	1995-96 (Revised estimate)	1996-97 (Budget estimate)
Income						
New Delhi Municipal Corporation	590.91	500.00	727.69	741.13	829.55	992.68
Delhi Cantonment	174.77	32.32	184.73	164.63	210.58	251.98
Distribution (Municipal Corporation of Delhi)	7872.43	-	10317.13	11218.37	11759.87	14055.34
Total	8638.11	532.32	11229.55	-	12800.00	15300.00
Expenditure						
W.I - Administration	88.65	112.46	134.84	131.33	238.70	274.80
W.II- Operation	-	-	-	-	-	-
Executive	124.74	136.54	148.58	151.10	185.95	200.00
Medical	11.83	12.36	21.42	18.35	24.60	26.95
Laboratory	38.53	48.93	50.63	54.98	60.22	79.00
Repairs and maintenance	3714.82	3696.29	4234.44	3943.85	4933.30	5918.35
Contribution to R. R. fund	45.00	45.00	60.00	65.00	65.00	70.00
Superintending charges	12.31	636.00	336.03	47.06	30.00	35.00
Debt charges	3695.99	4671.58	5729.62	6937.54	6607.36	7510.63
Cost of raw water	547.53	335.82	350.57	395.16	500.00	1000.00
Risk insurance fund	0.50	0.50	0.50	0.50	0.50	0.50
<i>Ex-gratia</i>	29.59	32.44	32.23	37.30	77.00	80.00
Staff welfare fund	1.50	1.50	1.00	1.50	1.50	1.50
Cess payable to the Board for Prevention and Control of Water Pollution	-	-	-	-	-	-
Inplant training and study of development	-	-	-	-	-	-
Interest on R.R. fund	56.78	59.61	63.36	68.49	74.00	79.50
Property tax	320.00	200.00	200.00	343.79	152.90	200.00
Sub-total(W-II operation)	8599.12	9876.57	11228.38	12064.62	12712.33	15201.43
W.III - Unforeseen and contingent	-	-	-	-	-	-
Sub Total - W-I, W-II and W-III	8687.77	9989.03	11363.22	12195.95	12951.03	15476.23
Deduct miscellaneous receipts transferred from summary of income	-49.66	-164.26	-133.67	71.82	151.03	176.23
Net revenue expenditure	8638.11	10153.29	11496.89	12124.13	12800.00	15300.00

Source: DWSSDU, relevant years.

Note: - denotes 0

DWB 2. Income-Expenditure on Internal Water Bulk Account

	1991-92	1992-93	1993-94	1994-95	1995-96 (Revised estimate)	1996-97 (Budget estimate)
(Rs. lakh)						
Income						
Water tax on rateable value	-	-	-	-	5.00	-
Water charges	6284.18	6369.25	6559.85	7077.42	7500.00	8010.00
Miscellaneous receipts from development charges	170.82	162.85	176.21	99.82	255.00	360.00
Receipts from remunerative projects	162.77	-	-	-	50.00	50.00
Ways and means assistance from central government	-	-	-	-	-	3904.00
Total	6617.77	6532.1	6736.06	7177.24	7810.00	12324.00
Expenditure						
General	2145.1	2387.19	2964.65	3382.16	4306.71	4890.7
Collection of water charges	345.72	583.20	454.78	557.83	702.85	786.65
Cost of bulk water	7872.43	8952.41	10317.13	11218.37	11759.87	14055.34
Debt charges	1533.42	1865.52	2104.10	2466.25	2344.12	2874.13
Unforeseen, emergency and superintending charges	8.00	20.00	22.00	39.21	25.00	25.00
<i>Ex-gratia</i>	48.46	63.29	69.25	85.67	118.00	120.00
Risk insurance fund	0.25	0.25	-	-	-	-
Staff welfare fund	1.00	1.50	0.60	0.80	1.25	1.00
Resettlement colonies	191.59	208.62	258.53	278.45	296.68	321.05
Total	12145.97	14081.98	16191.04	18028.74	19554.48	23073.87
Less 50 percent of establishment transferred to loan A/c	-781.48	938.79	1183.88	1321.5	1558.49	1714.00
Net expenditure	11364.49	13143.19	15007.16	16707.24	17995.99	21359.87

Source: DWSSDU, relevant years.

Note: - denotes 0

DWB 3. Income-Expenditure on Bulk Sewage Disposal Account

	1991-92	1993-94	1994-95	1995-96 (Revised estimate)	1996-97 (Budget estimate)
Income					
New Delhi Municipal Corporation	255.70	302.55	324.87	349.55	425.63
Delhi Cantonment	75.62	76.81	72.16	88.73	108.04
Internal Drains and Sewers	3438.83	4325.94	4950.05	4991.72	6066.33
Total	3770.15	4705.30	5347.08	5430.00	6600.00
Expenditure					
S.I - Administration	38.69	56.50	57.92	60.00	65.00
S.II- Operation	-	-	-	-	-
Executive	77.78	112.87	144.91	170.40	201.90
Medical	11.94	19.52	19.93	24.00	25.70
Power generation and gas utilisation	33.85	45.73	60.62	79.50	85.40
Repairs maintenance	606.64	1246.45	1305.02	1548.00	1803.05
Contribution to R.R. fund	30.00	35.00	35.00	35.00	40.00
Superintendent charges	12.20	16.50	29.80	19.00	24.00
New works	-	-	-	-	-
Debt charges	2596.15	3112.28	3509.15	3334.39	4191.58
Risk insurance fund	0.50	0.50	0.50	0.50	0.50
Ex-gratia	11.94	9.24	8.65	27.70	25.00
Staff welfare fund	0.50	0.50	0.70	1.00	1.00
Inplant training and study of development	-	-	-	-	-
Interest on R.R. fund	46.23	52.66	56.17	60.00	64.00
Property tax	400.00	86.73	200.00	200.00	200.00
Total S - II Operation	3827.73	4737.98	5370.45	5499.49	6662.13
S.III - Unforeseen and contingent	-	-	-	-	-
Total - S-I, W-II and W-III	3866.42	4794.48	5428.37	5559.49	6727.13
Deduct miscellaneous receipts transferred from summary of income	-96.30	89.18	81.29	129.49	127.13
Net revenue expenditure	3770.12	4705.30	5347.08	5430.00	6600.00

Source: DWSSDU, relevant years.

Note: - denotes 0

DWB 4. Income-Expenditure on Internal Drains and Sewers Account

	1991-92	1992-93	1993-94	1994-95	1995-96 (Revised Estimate)	1996-97 (Budget Estimate)
(Rs. lakh)						
Income						
Scavenging tax	210.00	300.00	-	400.00	400.00	2460.00
Miscellaneous receipts	13.00	11.08	12.98	14.45	20.00	25.00
Ways and means assistance from central government	-	-	-	-	-	-
Development charges	-	5.60	21.22	10.66	490.00	500.00
Total	223.00	316.68	34.20	425.11	910.00	2985.00
Expenditure						
Cleansing of drains and sewers	1588.56	1907.07	1940.35	2070.69	2253.00	2478.75
Pumping station	491.38	517.49	609.56	603.06	709.00	782.70
Up-keep of vehicles	5.56	6.31	7.80	6.24	9.35	10.20
Share cost of bulk sewers	3438.83	3846.07	4325.94	4950.05	4991.72	6066.33
New works	-	-	-	-	-	-
Debt charges	962.97	1321.29	1501.32	1549.95	1569.72	1911.12
Unforeseen, emergency superintending charges	9.00	20.00	22.00	39.21	25.00	30.00
<i>Ex-gratia</i>	46.97	44.89	56.74	64.42	79.00	70.00
Risk insurance fund	0.25	0.25	0.10	0.10	0.10	0.10
Staff welfare fund	1.50	1.50	0.50	1.00	1.00	1.00
Resettlement colonies transferred from DDA	44.17	61.69	64.69	70.68	84.60	92.45
Total	6589.19	7726.56	8529.00	9355.40	9722.49	11442.65
Less 50 percent of establishment transferred to loan A/c	-552.92	679.42	696.48	781.89	915.75	1007.15
Net revenue expenditure	6036.27	7047.14	7832.52	8573.51	8806.74	10435.50

Source: DWSSDU, relevant years.

Note: - denotes 0

DWB 5. Water Charges

Category - I (domestic)	Domestic @ 35 paise per kilolitre upto 20 kilolitres per water connection per month and 70 paise per kilolitre for the additional consumption above 20 kilolitres plus 30 percent.
Category - II (non-domestic)	Non-domestic @ Rs. 3/- per kilolitre upto 50 kilolitre per connection per month and Rs. 5/- for additional consumption beyond 50 kilolitres per month plus 30 percent.
Category - III (non-domestic)	Non-domestic @ Rs. 5/- per kilolitre upto 50 kilolitre per connection per month Rs. 6.50 per kilolitres for additional consumption upto 100 kilolitres and Rs. 8/- per kilolitres beyond 100 kilolitres per month plus 30 percent.

Source: DWSSDU, 1998-99.

MUNICIPAL CORPORATION OF DELHI

MCD 1. Summary of Revenue Income

Head of Account	(Rs. lakh)					
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96 (Revised estimate)	1996-97 (Budget estimate)	1997-98 (Budget estimate)
A. Grants from government						
Education	3753.77	4700.00	4950.00	5400.00	5400.00	5600.00
Malaria eradication	-	2.10	-	1.69	-	-
Total (A)	3753.77	4702.10	4950.00	5401.69	5400.00	5600.00
B. Share of assigned taxes from government						
Terminal tax	2777.53	4704.11	4592.60	-	-	-
Entertainment tax	1464.81	1826.05	2026.98	2320.07	2805.82	2805.82
Tax on motor vehicles	1919.82	1916.74	1985.60	2800.46	3047.13	3047.13
Reimbursement of expenditure on collection of terminal tax	322.47	-	-	-	-	-
Compensation in lieu of abolition of terminal tax	-	-	-	5051.86	5557.00	6113.00
Total (B)	6484.63	8446.90	8605.18	10172.39	11409.95	11965.95
C. Internal revenues						
(a) Municipal taxes and rates						
General tax from urban and rural areas	14600.00	20571.00	23425.37	26714.39	34000.00	42200.00
Fire tax	50.00	4.84	0.81	4.23	-	-
Tax on vehicles and animals	2.40	3.16	3.25	3.95	4.00	4.25
Milch tax and dog tax	2.35	0.82	0.96	8.33	12.35	12.35
Theatre tax	14.00	16.64	10.62	10.93	11.00	11.00
Tax on advertisement	550.00	797.69	1109.06	1171.65	575.00	865.00
Duty on transfer of property	2000.00	2740.00	3808.84	5888.09	6000.00	7800.00
Tax on building applications	25.00	22.62	15.73	19.63	25.00	25.00
Tax on consumption, sale or supply of electricity	2000.00	2628.00	3000.00	3245.00	3600.00	3600.00
Education cess	25.00	6.58	10.58	4.32	-	-
Total (a)	19268.75	26791.35	31385.22	37070.52	44227.35	54517.60
(b) Rents, fees and fines						
Fines for offences against law	36.00	-	44.71	-	82.45	50.00
Fines for offences imposed by municipal magistrates	-	-	-	-	3.00	9.20
Process fees	4.00	3.00	3.30	1.39	3.00	3.00
Education fees	16.00	13.92	12.60	14.73	16.00	16.00
Fines from cattle pounds	35.00	22.88	7.71	12.61	12.50	13.00
Fees from hospitals	13.00	23.52	27.40	28.46	30.00	35.00

MCD 1. Summary of Revenue Income

Head of Account	(Rs. lakh)					
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96	1996-97 (Revised estimate)	1997-98 (Budget estimate)
Fees from vehicles licences	20.00	48.41	40.81	37.11	40.25	40.25
<i>Tchibazari</i> fees	200.00	136.07	212.87	138.59	100.00	100.00
Rent of lands and buildings	65.00	100.77	158.12	114.10	60.00	60.00
Car parking	-	-	-	81.42	95.00	95.00
Fees from <i>chabutras</i> , projections, <i>takhats</i> etc.	11.45	11.50	9.41	7.04	12.30	12.30
Fines for offences concerning buildings	120.00	117.92	147.94	171.43	212.00	212.00
License fee for offensive trades	260.00	159.44	302.18	384.54	139.50	140.00
License fee for articles of food and drink	25.00	14.17	29.96	26.90	30.00	30.00
License for hawkng carts	1.00	-	1.09	-	1.50	1.50
Rents of markets and slaughter fee	134.00	237.17	49.69	71.28	61.00	61.00
Receipts from removal of encroachments	25.50	32.85	31.12	41.16	40.00	40.00
Sale of compost	0.05	0.01	-	-	-	-
Special registration scheme	-	-	-	-	-	-
Non-hazardous factories	27.00	31.36	541.65	203.21	-	-
Shops and other establishments	10.00	3.00	39.42	41.48	40.00	40.00
Total (b)	1003.00	955.99	1659.98	1375.45	978.50	958.25
(c) Others	-	-	-	-	-	-
Interest on investment	7.00	0.10	-	-	0.10	0.10
Development/deficiency charges	550.00	870.63	1612.02	1950.35	2450.00	2500.00
Road restoration charges	-	(-167.91)	(-19.51)	(-21.11)	(-15.00)	-
Recovery of audit and superintendence charges	608.42	400.64	177.98	217.40	600.00	576.60
Reimbursement of cost of administrative charges for schemes	750.00	530.28	1100.00	1000.00	600.00	600.00
Other miscellaneous revenue	702.50	684.49	724.34	949.67	1158.30	1188.30
Commercial ventures	50.00	-	-	-	-	-
Reimbursement of expenditure for the services to NDMC	1.00	-	-	-	-	-
Total (Others)	2668.92	2418.23	3604.83	4096.31	4793.40	4865.00
Total (C)=(a+b+c)	22940.67	30165.57	36650.03	42542.28	49999.25	60340.85
D. Ways and means loan/assistance	-	-	-	-	-	-
Total (A+B+C+D)	33179.07	43314.57	50205.21	58116.36	66809.20	77906.80

Source: MCD, relevant years.

Note: - denotes 0

MCD 2. Summary of Revenue Income-Percentage to the Total

Head of Account	(percent)					
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96 (Revised estimate)	1996-97 (Budget estimate)	1997-98 (Budget estimate)
A. Grants from government						
Education	100.00	99.96	100.00	99.97	100.00	100.00
Malaria eradication	-	0.04	-	0.03	-	-
Total (A)	100.00	100.00	100.00	100.00	100.00	100.00
B. Share of assigned taxes from government						
Terminal tax	42.83	55.69	53.37	-	-	-
Entertainment tax	22.59	21.62	23.56	22.81	24.59	23.45
Tax on motor vehicles	29.61	22.69	23.07	27.53	26.71	25.47
Reimbursement of expenditure on collection of terminal tax	4.97	-	-	-	-	-
Compensation in lieu of abolition of terminal tax	-	-	-	49.66	48.70	51.09
Total (B)	100.00	100.00	100.00	100.00	100.00	100.00
C. Internal revenues						
(a) Municipal taxes and rates						
General tax from urban and rural areas	63.64	68.19	63.92	62.79	68.00	69.94
Fire tax	0.22	0.02	-	0.01	-	-
Tax on vehicles and animals	0.01	0.01	0.01	0.01	0.01	0.01
Milch tax and dog tax	0.01	0.00	0.00	0.02	0.02	0.02
Theatre tax	0.06	0.06	0.03	0.03	0.02	0.02
Tax on advertisement	2.40	2.64	3.03	2.75	1.15	1.43
Duty on transfer of property	8.72	9.08	10.39	13.84	12.00	12.93
Tax on building applications	0.11	0.07	0.04	0.05	0.05	0.04
Tax on consumption, sale or supply of electricity	8.72	8.71	8.19	7.63	7.20	5.97
Education cess	0.11	0.02	0.03	0.01	-	-
Total (a)	83.99	88.81	85.63	87.14	88.46	90.35
(b) Rents, fees and fines						
Fines for offences against law	0.16	-	0.12	-	0.16	0.08
Fines for offences imposed by municipal magistrates	-	-	-	-	0.01	0.02
Process fees	0.02	0.01	0.01	0.00	0.01	0.00
Education fees	0.07	0.05	0.03	0.03	0.03	0.03
Fines from cattle pounds	0.15	0.08	0.02	0.03	0.03	0.02

MCD 2. Summary of Revenue Income-Percentage to the Total

Head of Account	(percent)					
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96 (Revised estimate)	1996-97 (Budget estimate)	1997-98 (Budget estimate)
Fees from hospitals	0.06	0.08	0.07	0.07	0.06	0.06
Fees from vehicles licences	0.09	0.16	0.11	0.09	0.08	0.07
T. <i>Ahazari</i> fees	0.87	0.45	0.58	0.33	0.20	0.17
Rent of lands and buildings	0.28	0.33	0.43	0.27	0.12	0.10
Car parking	-	-	-	0.19	0.19	0.16
Fees from <i>chabutaras</i> , projections, <i>takhats</i> etc.	0.05	0.04	0.03	0.02	0.02	0.02
Fines for offences concerning buildings	0.52	0.39	0.40	0.40	0.42	0.35
License fee for offensive trades	1.13	0.53	0.82	0.90	0.28	0.23
License fee for articles of food and drink	0.11	0.05	0.08	0.06	0.06	0.05
License for hawking carts	0.00	-	0.00	-	0.00	0.00
Rents of markets and slaughter fee	0.58	0.79	0.14	0.17	0.12	0.10
Receipts from removal of encroachments	0.11	0.11	0.08	0.10	0.08	0.07
Sale of compost	-	-	-	-	-	-
Special registration scheme	-	-	-	-	-	-
Non-hazardous factories	0.12	0.10	1.48	0.48	-	-
Shops and other establishments	0.04	0.01	0.11	0.10	0.08	0.07
Total (a)	4.37	3.17	4.53	3.23	1.96	1.59
Others						
Interest on investment	0.03	-	-	-	-	-
Development/deficiency charges	2.40	2.89	4.40	4.58	4.90	4.14
Road restoration charges	-	-	-	-	-	-
Recovery of audit and superintendence charges	2.65	1.33	0.49	0.51	1.20	0.96
Reimbursement of cost of administrative charges for schemes	3.27	1.76	3.00	2.35	1.20	0.99
Other miscellaneous revenue	3.06	2.27	1.98	2.23	2.32	1.97
Commercial ventures	0.22	-	-	-	-	-
Reimbursement of expenditure for the services to NDMC	-	-	-	-	-	-
Total (Others)	11.63	8.02	9.84	9.63	9.59	8.06
Total (C)=(a+b+c)	100.00	100.00	100.00	100.00	100.00	100.00

Source: Computed from table MCD 1.

Note: - denotes 0

MCD 3. Summary of Revenue Income: Annual Growth Rates

Head of Account	(percent)					
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96	1996-97 (Revised estimate)	1997-98 (Budget estimate)
A. Grants from government						
Education	--	25.21	5.32	9.09	-	3.70
Malaria eradication	--	-	-	-	-	-
Total (A)	--	25.26	5.27	9.13	-0.03	3.70
B. Share of assigned taxes from government						
Terminal tax	--	69.36	-2.37	-	-	-
Entertainment tax	--	24.66	11.00	14.46	20.94	-
Tax on motor vehicles	--	-0.16	3.59	41.04	8.81	-
Reimbursement of expenditure on collection of terminal tax	--	-	-	-	-	-
Compensation in lieu of abolition of terminal tax	--	-	-	-	10.00	10.01
Total (B)	--	30.26	1.87	18.21	12.17	4.87
C. Internal revenues						
(a) Municipal taxes and rates						
General tax from urban and rural areas	--	40.90	13.88	14.04	27.27	24.12
Fire tax	--	-90.32	-83.26	422.22	-	-
Tax on vehicles and animals	--	31.67	2.85	21.54	1.27	6.25
Milch tax and dog tax	--	-65.11	17.07	767.71	48.26	0.00
Theatre tax	--	18.86	-36.18	2.92	0.64	0.00
Tax on advertisement	--	45.03	39.03	5.64	-50.92	50.43
Duty on transfer of property	--	37.00	39.01	54.59	1.90	30.00
Tax on building applications	--	-9.52	-30.46	24.79	27.36	0.00
Tax on consumption, sale or supply of electricity	--	31.40	14.16	8.17	10.94	0.00
Education cess	--	-73.68	60.79	-59.17	-	-
Total (a)	--	39.04	17.15	18.11	19.31	23.27
(b) Rents, fees and fines						
Fines for offences against law	--	-	-	-	-	-39.36
Fines for offences imposed by municipal magistrates	--	-	-	-	-	206.67
Process fees	--	-25.00	10.00	-57.88	115.83	0.00
Education fees	--	-13.00	-9.48	16.90	8.62	0.00
Fines from cattle pounds	--	-34.63	-66.30	63.55	-0.87	4.00

MCD 3. Summary of Revenue Income: Annual Growth Rates

Head of Account	1992-93 (Revised estimate)	1993-94	1994-95	1995-96	1996-97 (Revised estimate)	1997-98 (Budget estimate)	(percent)
Fees from hospitals	--	80.92	16.50	3.87	5.41	16.67	16.67
Fees from vehicles licences	--	142.05	-15.70	-9.07	8.46	0.00	0.00
<i>Tehbazari</i> fees	--	-31.97	56.44	-34.89	-27.84	0.00	0.00
Rent of lands and buildings	--	55.03	56.91	-27.84	-47.41	0.00	0.00
Car parking	--	--	--	--	16.68	0.00	0.00
Fees from <i>chabutras</i> , projections, <i>takhats</i> etc.	--	0.44	-18.17	-25.19	74.72	0.00	0.00
Fines for offences concerning buildings	--	-1.73	25.46	15.88	23.67	0.00	0.00
License fee for offensive trades	--	-38.68	89.53	27.26	-63.72	0.36	0.36
License fee for articles of food and drink	--	-43.32	111.43	-10.21	11.52	--	--
License for hawking carts	--	--	--	--	--	--	--
Rents of markets and slaughter fee	--	76.99	-79.05	43.45	-14.42	--	--
Receipts from removal of encroachments	--	28.82	-5.27	32.26	-2.82	--	--
Sale of compost	--	-80.00	--	--	--	--	--
Special registration scheme	--	--	--	--	--	--	--
Non-hazardous factories	--	16.15	1627.20	-62.48	--	--	--
Shops and other establishments	--	-70.00	1214.00	5.23	-3.57	--	--
Total (a)	--	-4.69	73.64	-17.14	-28.86	-2.07	-2.07
Others							
Interest on investment	--	-98.57	--	--	--	--	--
Development/deficiency charges	--	58.30	85.16	20.99	25.62	2.04	2.04
Road restoration charges	--	--	--	--	--	--	--
Recovery of audit and superintendence charges	--	-34.15	-55.58	22.15	175.99	-3.90	-3.90
Reimbursement of cost of administrative charges for schemes	--	-29.30	107.44	-9.09	-40.00	0.00	0.00
Other miscellaneous revenue	--	-2.56	5.82	31.11	21.97	2.59	2.59
Commercial ventures	--	--	--	--	--	--	--
Reimbursement of expenditure for the services to NDMC	--	--	--	--	--	--	--
Total (Others)	--	-9.39	49.07	13.63	17.02	1.49	1.49
Total (C)=(a+b+c)	--	31.49	21.50	16.08	17.53	20.68	20.68
Total (A+B+C+D)	--	30.55	15.91	15.76	14.96	16.61	16.61

Source: Computed from table MCD 1.

Note: -- denotes 0

-- not applicable

MCD 4. Department Wise Revenue Income

Head of Account	(Rs. lakh)					
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96	1996-97 (Revised estimate)	1997-98 (Budget estimate)
General tax, indirect taxation and miscellaneous revenue	26469.75	35766.44	40340.08	47581.71	56446.60	67253.20
Education	3773.77	4715.11	4991.12	5416.42	5420.00	5620.00
Libraries	-	-	-	-	-	-
Public health	172.05	189.57	185.78	248.34	291.05	291.55
Medical relief	53.00	54.53	63.38	62.19	70.00	75.00
Conservancy, street cleansing	90.05	23.80	51.99	43.51	170.00	190.00
Roads and public lighting	220.00	116.58	244.17	154.59	125.25	140.25
Buildings, land acquisition and management	496.45	458.51	532.88	772.40	804.30	804.30
Fire brigade	21.50	43.80	10.31	-	-	-
Licensing, removal of encroachments etc.	348.50	240.83	945.42	697.29	251.00	251.50
Gardens and open spaces	50.00	67.32	78.37	118.28	120.00	120.00
Markets and slaughter houses	184.00	237.17	49.69	71.28	61.00	61.00
Receipt of funds for resettlement colonies (from DDA)	-	-	-	-	-	-
Reimbursement of cost of administrative charges for schemes	750.00	530.28	1100.00	1000.00	600.00	600.00
Extra ordinary receipts	-	-	200.00	-	-	-
Development charges	550.00	870.63	1612.02	1950.35	2450.00	2500.00
Total income	33179.07	43314.57	50405.21	58116.36	66809.20	77906.80
Opening balance on 1st April	3.27	(-)2972.01	(-)1378.49	247.41	159.02	12.92
Grand total	33182.34	40342.56	49026.72	58363.77	66968.22	77919.72

Source: MCD, relevant years.**Note:** - denotes 0

MCD 5. Department Wise Revenue Income-Percentage to the Total

Head of Account	(percent)						
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96	1996-97 (Revised estimate)	1997-98 (Budget estimate)	
General tax, indirect taxation and miscellaneous revenue	79.78	82.57	80.03	81.87	84.49	86.33	
Education	11.37	10.89	9.90	9.32	8.11	7.21	
Libraries	-	-	-	-	-	-	
Public health	0.52	0.44	0.37	0.43	0.44	0.37	
Medical relief	0.16	0.13	0.13	0.11	0.10	0.10	
Conservancy, street cleansing	0.27	0.05	0.10	0.07	0.25	0.24	
Roads and public lighting	0.66	0.27	0.48	0.27	0.19	0.18	
Buildings, land acquisition and management	1.50	1.06	1.06	1.33	1.20	1.03	
Fire brigade	0.06	0.10	0.02	-	-	-	
Licensing, removal of encroachments etc.	1.05	0.56	1.88	1.20	0.38	0.32	
Gardens and open spaces	0.15	0.16	0.16	0.20	0.18	0.15	
Markets and slaughter houses	0.55	0.55	0.10	0.12	0.09	0.08	
Receipt of funds for resettlement colonies (from DDA)	-	-	-	-	-	-	
Reimbursement of cost of administrative charges for schemes	2.26	1.22	2.18	1.72	0.90	0.77	
Extra ordinary receipts	-	-	0.40	-	-	-	
Development charges	1.66	2.01	3.20	3.36	3.67	3.21	
Total income	100.00	100.00	100.00	100.00	100.00	100.00	

Source: Computed from table MCD 4.

Note: - denotes 0

MCD 6. Department Wise Revenue Income: Annual Growth Rates

Head of Account	1992-93					1993-94					1994-95					1995-96					1996-97					1997-98				
	(Revised estimate)					(Revised estimate)					(Revised estimate)					(Revised estimate)					(Budget estimate)					(Budget estimate)				
General tax, indirect taxation and miscellaneous revenue	--	--	--	--	--	35.12	24.94	--	--	--	12.79	5.85	--	--	--	17.95	8.52	--	--	--	18.63	0.07	--	--	--	19.14	3.69	--	--	--
Education	--	--	--	--	--	10.18	2.89	--	--	--	-2.00	16.23	--	--	--	33.67	-1.88	--	--	--	17.20	12.56	--	--	--	0.17	7.14	--	--	--
Libraries	--	--	--	--	--	-73.57	-47.01	--	--	--	118.45	109.44	--	--	--	-16.31	-36.69	--	--	--	290.71	-18.98	--	--	--	11.76	11.98	--	--	--
Public health	--	--	--	--	--	-47.01	-7.64	--	--	--	16.22	-76.46	--	--	--	44.95	--	--	--	--	4.13	--	--	--	--	--	--	--	--	--
Medical relief	--	--	--	--	--	103.72	-30.90	--	--	--	292.57	16.41	--	--	--	-26.25	50.93	--	--	--	-64.00	1.45	--	--	--	0.20	--	--	--	--
Conservancy, street cleansing	--	--	--	--	--	34.64	28.90	--	--	--	-79.05	--	--	--	--	43.45	--	--	--	--	-14.42	--	--	--	--	--	--	--	--	--
Roads and public lighting	--	--	--	--	--	-29.30	--	--	--	--	107.44	--	--	--	--	-9.09	--	--	--	--	-40.00	--	--	--	--	--	--	--	--	--
Buildings, land acquisition and management	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Fire brigade	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Licensing, removal of encroachments etc.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Gardens and open spaces	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Markets and slaughter houses	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Receipt of funds for resettlement colonies (from DDA)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Reimbursement of cost of administrative charges for schemes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Extra ordinary receipts	--	--	--	--	--	58.30	30.55	--	--	--	85.16	16.37	--	--	--	20.99	15.30	--	--	--	25.62	14.96	--	--	--	2.04	16.61	--	--	--
Development charges	--	--	--	--	--	30.55	21.58	--	--	--	16.37	21.53	--	--	--	15.30	19.04	--	--	--	14.96	14.74	--	--	--	16.61	16.35	--	--	--
Total income	--	--	--	--	--	21.58	--	--	--	--	21.53	--	--	--	--	19.04	--	--	--	--	14.74	--	--	--	--	16.35	--	--	--	--
Grand total	--	--	--	--	--	21.58	--	--	--	--	21.53	--	--	--	--	19.04	--	--	--	--	14.74	--	--	--	--	16.35	--	--	--	--

Source: Computed from table MCD 4.

Note: - denotes 0

-- not applicable

MCD 7. Department Wise Revenue Expenditure

Head of Account	(Rs. lakh)					
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
General supervision, collection of revenue etc.	1362.34	1416.72	1397.67	1740.27	2135.54	2207.09
Water supply	-	-	-	-	-	-
Education	8053.56	9157.59	9505.05	10258.43	11152.79	12868.46
Libraries	28.61	25.52	30.06	32.80	33.46	34.00
Public health	985.46	1106.33	1214.92	1350.19	1464.75	1688.57
Medical relief	3799.66	3967.95	4230.84	4768.91	5165.64	5747.37
Conservancy, street cleaning	6162.96	6391.56	7067.76	8863.34	10242.25	11763.83
Scavenging, drains and sewers	784.44	790.14	818.82	688.52	982.30	975.82
Roads and public lighting	3307.45	4468.63	4914.32	5803.79	6498.95	7371.95
Buildings, land acquisition and management	597.38	619.03	685.85	771.59	838.40	1070.30
Fire brigade	408.03	529.87	551.49	628.62	637.29	-
Licensing, removal of encroachments etc.	66.89	70.69	88.95	108.99	118.46	123.42
Garden and open spaces	1453.25	1765.50	1910.62	2227.97	2481.94	2797.39
Markets and slaughter houses	65.48	75.56	82.49	130.44	139.15	163.61
Improvement schemes slum clearance and of JJ Schemes	-	-	-	-	-	-
Miscellaneous including petty new work departmental charges	3251.99	3682.76	3167.95	3921.33	6389.84	10331.21
Reserve for unforeseen charges	0.20	-	0.05	1.78	-	-
Development charges and others	237.41	170.68	56.71	424.08	498.55	1061.73
Total expenditure	30565.11	34238.53	35723.55	41721.05	48779.31	58204.75

Source: MCD, relevant years.

Note: - denotes 0

MCD 8. Department Wise Revenue Expenditure-Percentage to the Total

Head of Account	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	(percent)
General supervision, collection of revenue etc.	4.46	4.14	3.91	4.17	4.38	3.79	
Water supply	26.35	26.75	26.61	24.59	22.86	22.11	22.11
Education	0.09	0.07	0.08	0.08	0.07	0.06	0.06
Libraries	3.22	3.23	3.40	3.24	3.00	2.90	2.90
Public health	12.43	11.59	11.84	11.43	10.59	9.87	9.87
Medical relief	20.16	18.67	19.78	21.24	21.00	20.21	20.21
Conservancy, street cleaning	2.57	2.31	2.29	1.65	2.01	1.68	1.68
Scavenging, drains and sewers	10.82	13.05	13.76	13.91	13.32	12.67	12.67
Roads and public lighting	1.95	1.81	1.92	1.85	1.72	1.84	1.84
Buildings, land acquisition and management	1.33	1.55	1.54	1.51	1.31	-	-
Fire brigade	0.22	0.21	0.25	0.26	0.24	0.21	0.21
Licensing, removal of encroachments etc.	4.75	5.16	5.35	5.34	5.09	4.81	4.81
Garden and open spaces	0.21	0.22	0.23	0.31	0.29	0.28	0.28
Markets and slaughter houses	-	-	-	-	-	-	-
Improvement schemes slum clearance and of JJ schemes	10.64	10.76	8.87	9.40	13.10	17.75	17.75
Miscellaneous including petty new work departmental charges	0.00	-	0.05	1.78	-	-	-
Reserve for unforeseen charges	0.78	0.50	0.16	1.02	1.02	1.82	1.82
Development charges and others	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Total expenditure							

Source: Computed from table MCD 7.

Note: - denotes 0

MCD 9. Department Wise Revenue Expenditure: Annual and Compound Growth Rates

Head of Account	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1990-91 to 1995-96	(percent)
General supervision, collection of revenue etc.	--	3.99	-1.34	24.51	22.71	3.35	10.13	
Water supply	--	--	--	--	--	--	--	
Education	--	13.71	3.79	7.93	8.72	15.38	9.83	
Libraries	--	-10.80	17.79	9.12	2.01	1.61	3.51	
Public health	--	12.27	9.82	11.13	8.48	15.28	11.37	
Medical relief	--	4.43	6.63	12.72	8.32	11.26	8.63	
Conservancy, street cleaning	--	3.71	10.58	25.41	15.56	14.86	13.80	
Scavenging, drains and sewers	--	0.73	3.63	-15.91	42.67	-0.66	4.46	
Roads and public lighting	--	35.11	9.97	18.10	11.98	13.43	17.39	
Buildings, land acquisition and management	--	3.62	10.79	12.50	8.66	27.66	12.37	
Fire brigade	--	29.86	4.08	13.99	1.38	--	11.79*	
Licensing, removal of encroachments etc.	--	5.68	25.83	22.53	8.69	4.19	13.03	
Garden and open spaces	--	21.49	8.22	16.61	11.40	12.71	13.99	
Markets and slaughter houses	--	15.39	9.17	58.13	6.68	17.58	20.10	
Improvement schemes: slum clearance and of JJ schemes	--	--	--	--	--	--	--	
Miscellaneous including petty new work departmental charges	--	13.25	-13.98	23.78	62.95	61.68	26.01	
Reserve for unforeseen charges	--	--	--	--	--	--	--	
Development charges and others	--	-28.11	-66.77	647.80	17.56	112.96	34.93	
Total expenditure	--	12.02	4.34	16.79	16.92	19.32	13.75	

Source: Computed from table MCD 7.

Note: * indicates time span 1990-91 to 1994-95

-- denotes 0

-- not applicable

MCD 10. Summary of Revenue Expenditure

Expenditure	1997-98 (Revised estimate)	1993-94	1994-95	1995-96 (Revised estimate)	1996-97 (Revised estimate)	1997-98 (Budget estimate)
(I) Establishment and related charges						
Administration and supervisory establishment	718.67	853.81	917.15	1037.53	1293.19	1712.33
Secretary's office and revenue collection establishment	1032.65	1036.47	1046.29	1158.55	1407.03	1759.22
Service establishment	25265.71	28787.72	32384.25	37521.35	45448.48	60400.20
Total (I)	27017.03	30678.00	34347.69	39717.43	48148.70	63871.75
(II) Medicine, instruments, stores, lighting, water etc.	4967.21	4960.78	6173.32	3896.10	5398.75	4370.65
Others	-	-	-	4550.98	4788.55	2479.45
Total (II)	4967.21	4960.78	6173.32	8447.08	10187.30	6850.10
(III) Maintenance, repair works and original development works	2819.61	4951.92	5073.91	6281.23	8499.10	7374.30
(IV) Grants-in-aid contribution	523.50	571.52	585.72	630.13	710.55	735.55
(V) Debt charges	1032.57	960.32	1382.84	743.49	419.55	128.50
(VI) Other miscellaneous charges including unallocated lumpsum provision and reserve for unforeseen charges	1.00	1.00	1.00	1.00	6.80	2.50
(VII) Collection charges payable to DESU	120.00	-	-	-	-	-
(VIII) Salary equalisation fund	-	-	2000.00	2500.00	-	-
Total (I to VIII)	36480.92	42123.54	49564.48	58320.36	67972.00	78962.70
Deduct amount recoverable from undertakings, cost of work done in press, workshop etc. chargeable to other departments	642.65	402.49	785.17	115.61	1016.70	1047.25
Grand total	35838.27	41721.05	48779.31	58204.75	66955.30	77915.45

Source: MCD, relevant years.

Note: - denotes 0

MCD 11. Summary of Revenue Expenditure-Percentage to the Total

Expenditure	(RMB '000)					
	1992-93 (Revised estimate)	1993-94	1994-95	1995-96 (Revised estimate)	1996-97	1997-98 (Budget estimate)
(I) Establishment and related charges						
Administration and supervisory establishment	1.97	2.03	1.85	1.78	1.90	2.17
Secretary's office and revenue collection establishment	2.83	2.46	2.11	1.99	2.07	2.23
Service establishment	69.26	68.34	65.34	64.34	66.86	76.49
Total (I)	74.06	72.83	69.30	68.10	70.84	80.89
(II) Medicine, instruments, stores, lighting, water etc.	13.62	11.78	12.46	6.68	7.94	5.54
Others	-	-	-	7.80	7.04	3.14
Total (II)	13.62	11.78	12.46	14.48	14.99	8.68
(III) Maintenance, repair works and original development works	7.73	11.76	10.24	10.77	12.50	9.34
(IV) Grants-in-aid contribution	1.43	1.36	1.18	1.08	1.05	0.93
(V) Debt charges	2.83	2.28	2.79	1.27	0.62	0.16
(VI) Other miscellaneous charges including unallocated lumpsum provision and reserve for unforeseen charges	-	-	-	-	0.01	-
(VII) Collection charges payable to DESU	0.33	-	-	-	-	-
(VIII) Salary equalisation fund	-	-	4.04	4.29	-	-
Total (I to VIII)	100.00	100.00	100.00	100.00	100.00	100.00

Source: Computed from table MCD 10.

Note: - denotes 0

MCD 12. Summary of Revenue Expenditure: Annual Growth Rates

Expenditure	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
	(Revised estimate)				(Revised estimate)	(Budget estimate)
(I) Establishment and related charges						
Administration and supervisory establishment	-	18.80	7.42	13.13	24.64	32.41
Secretary's office and revenue collection establishment	-	0.37	0.95	10.73	21.45	25.03
Service establishment	-	13.94	12.49	15.86	21.13	32.90
Total (I)	-	13.55	11.96	15.63	21.23	32.66
(II) Medicine, instruments, stores, lighting, water etc.	-	-0.13	24.44	-36.89	38.57	-19.04
Others	-	-	-	-	5.22	-48.22
Total (II)	-	-0.13	24.44	36.83	20.60	-32.76
(III) Maintenance, repair works and original development works	-	75.62	2.46	23.79	35.31	-13.23
(IV) Grants-in-aid contribution	-	9.17	2.48	7.58	12.76	3.52
(V) Debt charges	-	-7.00	44.00	-46.23	-43.57	-69.37
(VI) Other miscellaneous charges including unallocated lumpsum provision and reserve for unforeseen charges	-	-	-	-	580.00	-63.24
(VII) Collection charges payable to DESU	-	-	-	-	-	-
(VIII) Salary equalisation fund	-	-	-	25.00	-	-
Total (I to VIII)	-	15.47	17.66	17.67	16.55	16.17
Deduct amount recoverable from undertakings, cost of work done in press, workshop etc. chargeable to other departments	-	-37.37	95.08	-85.28	779.42	3.00
Grand total	-	16.41	16.92	19.32	15.03	16.37

Source: Computed from table MCD 10.**Note:** - denotes 0

NEW DELHI MUNICIPAL COUNCIL

NDMC I. Total Income (Revenue and Capital)

	1992-93		1993-94		1994-95		1995-96 (Revised estimate)		1996-97 (Budget estimate)		(Rs. lakh)
	Total		Total		Total	Revenue	Capital	Total	Revenue	Capital	
Taxes, duties and other principal revenue	2045.68		2882.65		3256.54	3954.84	-	3954.84	4266.77	-	4266.77
Interest	643.77		1037.32		680.15	900.00	-	900.00	900.00	-	900.00
Administrative departments	12.41		78.83		33.20	5.65	-	5.65	19.30	-	19.30
Social and development services	150.31		149.14		150.04	214.00	-	214.00	244.00	-	244.00
Electricity supply	15073.72		17257.21		23226.34	23895.15	-	23895.15	24799.15	-	24799.15
Water supply	1133.71		1371.75		1194.55	1206.00	-	1206.00	1306.00	-	1306.00
Roads	-		-		-	-	-	-	-	-	-
Other municipal works	3716.16		4447.85		4062.39	5268.55	-	5268.55	5776.10	-	5776.10
Loans and advances	1261.38		1184.46		442.43	75.00	854.00	929.00	95.00	713.00	808.00
Miscellaneous	2265.46		2026.83		1505.36	1037.25	1169.75	2207.00	1067.00	958.00	2025.00
Total	26302.60		30436.04		34551.00	36556.44	2023.75	38580.19	38473.32	1671.00	40144.32

Source: NDMC, relevant years.**Note:** - denotes 0

-- denotes not applicable

NDMC 2. Total Income (Revenue and Capital)-Percentage to the Total

	1992-93		1993-94		1994-95		1995-96 (Revised estimate)		1996-97 (Budget estimate)		(percent)
	Total	Total	Total	Total	Revenue	Capital	Revenue	Capital	Revenue	Capital	
Taxes, duties and other principal revenue	7.78	9.47	9.43	10.82	-	-	10.25	-	11.09	-	10.63
Interest	2.45	3.41	1.97	2.46	-	-	2.33	-	2.34	-	2.24
Administrative departments	0.05	0.26	0.10	0.02	-	-	0.01	-	0.05	-	0.05
Social and development services	0.57	0.49	0.43	0.59	-	-	0.55	-	0.63	-	0.61
Electricity supply	57.31	56.70	67.22	65.37	-	-	61.94	-	64.46	-	61.77
Water supply	4.31	4.51	3.46	3.30	-	-	3.13	-	3.39	-	3.25
Roads	-	-	-	-	-	-	-	-	-	-	-
Other municipal works	14.13	14.61	11.76	14.41	-	-	13.66	-	15.01	-	14.39
Loans and advances	4.80	3.89	1.28	0.21	42.20	-	2.41	42.67	0.25	-	2.01
Miscellaneous	8.61	6.66	4.36	2.84	57.80	-	5.72	57.33	2.77	-	5.04
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Computed from table NDMC 1.

Note: - denotes 0

NDMC 3. Total Income: Annual and Compound Growth Rates

	1992-93	1993-94	1994-95	1995-96	1996-97	1992-93 to 1996-97
Taxes, duties and other principal revenue	--	40.91	12.97	21.44	7.89	20.18
Interest	--	61.13	-34.43	32.32	0.00	8.74
Administrative departments	--	535.21	-57.88	-82.98	241.59	11.67
Social and development services	--	-0.78	0.60	42.63	14.02	12.88
Electricity supply	--	14.49	34.59	2.88	3.78	13.25
Water supply	--	21.00	-12.92	0.96	8.29	3.60
Roads	--	-	-	-	-	-
Other municipal works	--	19.69	-8.67	29.69	9.63	11.66
Loans and advances	--	-6.10	-62.65	109.98	-13.02	-10.54
Miscellaneous	--	-10.53	-25.73	46.61	-8.25	-2.77
Total	--	15.71	13.52	11.66	4.05	11.15

Source: Computed from table NDMC 1.

Note: - denotes 0

-- denotes not applicable

NDMC 4. Total Expenditure (Revenue and Capital)

	1992-93			1993-94			1994-95 1995-96 (Revised estimate)			1996-97 (Budget estimate)			
	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Taxes, duties and other principal revenue	40.41			40.10	58.8	-	58.8	61.48	-	61.48			61.48
Interest	725.03			798.49	817.99	-	817.99	839.5	-	839.5			839.5
Administrative departments	1542.18			2902.78	4074.82	7.00	4081.82	2944.64	160.00	3104.64			3104.64
Social and development services	4852.09			5188.16	6311.54	1224.32	7535.86	7148.90	1853.25	9002.15			9002.15
Electricity supply	11860.06			13310.14	16072.93	870.00	16942.93	17541.71	600.00	18141.71			18141.71
Water supply	1294.25			1398.97	1213.35	161.00	1374.35	1335.42	109.50	1444.92			1444.92
Roads	1178.81			1160.73	446.35	1002.45	1448.80	472.35	504.25	976.60			976.60
Other municipal works	3547.98			4349.04	3119.18	1315.45	4434.63	2880.37	2325.75	5206.12			5206.12
Loans and advances	923.44			865.42	857.81	-	857.81	919.91	-	919.91			919.91
Miscellaneous	64.96			132.33	835.74	-	835.74	298.88	-	298.88			298.88
Total	26029.21			30146.16	33808.51	4580.22	38388.73	34443.16	5552.75	39995.91			39995.91
Surplus of receipt over expenditure	(+) 273.39			(+) 289.88	-	-	(+) 191.46	-	-	(+) 148.41			(+) 148.41

Source: NDMC, relevant years.**Note:** - denotes 0

NDCM 5. Total Expenditure (Revenue and Capital)-Percentage to the Total

	1992-93		1993-94		1994-95		1995-96 (Revised estimate)		1996-97 Budget estimate)		Total	(percent)
	Total	Capital	Total	Capital	Total	Capital	Total	Capital	Total	Capital		
Taxes, duties and other principal revenue	0.16	-	0.13	-	0.13	-	0.17	-	0.18	-	0.15	0.15
Interest	2.79	-	2.65	-	2.49	-	2.42	-	2.44	-	2.13	2.10
Administrative departments	5.92	-	9.63	-	9.67	0.15	12.05	0.15	8.55	2.88	10.63	7.76
Social and development services	18.64	-	17.21	-	16.07	26.73	18.67	26.73	20.76	33.38	19.63	22.51
Electricity supply	45.56	-	44.15	-	42.67	18.99	47.54	18.99	50.93	10.81	44.14	45.36
Water supply	4.97	-	4.64	-	4.48	3.52	3.59	3.52	3.88	1.97	3.58	3.61
Roads	4.53	-	3.85	-	2.61	21.89	1.32	21.89	1.37	9.08	3.77	2.44
Other municipal works	13.63	-	14.43	-	12.29	28.72	9.23	28.72	8.36	41.88	11.55	13.02
Loans and advances	3.55	-	2.87	-	2.44	-	2.54	-	2.67	-	2.23	2.30
Miscellaneous	0.25	-	0.44	-	7.15	-	2.47	-	0.87	-	2.18	0.75
Total	100.00	-	100.00	-	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Computed from table NDCM 4.

Note: - denotes 0

NDMC 6. Total Expenditure: Annual and Compound Growth Rates

	1992-93	1993-94	1994-95	1995-96	1996-97	1992-93 to 1996-97	(percent)
Taxes, duties and other principal revenue	--	-0.77	11.52	31.48	-	-	11.06
Interest	--	10.13	7.16	-4.41	-	-	3.73
Administrative departments	--	88.23	14.55	22.55	-99.83	-99.83	19.12
Social and development services	--	6.93	6.44	14.29	-80.60	-80.60	16.71
Electricity supply	--	12.23	10.20	9.58	-94.59	-94.59	11.21
Water supply	--	8.09	9.98	-21.14	-86.73	-86.73	2.79
Roads	--	-1.53	-22.61	-50.31	124.59	124.59	-4.60
Other municipal works	--	22.58	-2.90	-26.14	-57.83	-57.83	10.06
Loans and advances	--	-6.28	-3.00	2.19	-	-	-0.10
Miscellaneous	--	103.71	1757.10	-65.99	-	-	46.46
Total	--	15.82	14.02	-1.64	-86.45	-86.45	11.34

Source: Computed from table NDMC 4.

Note: - denotes 0

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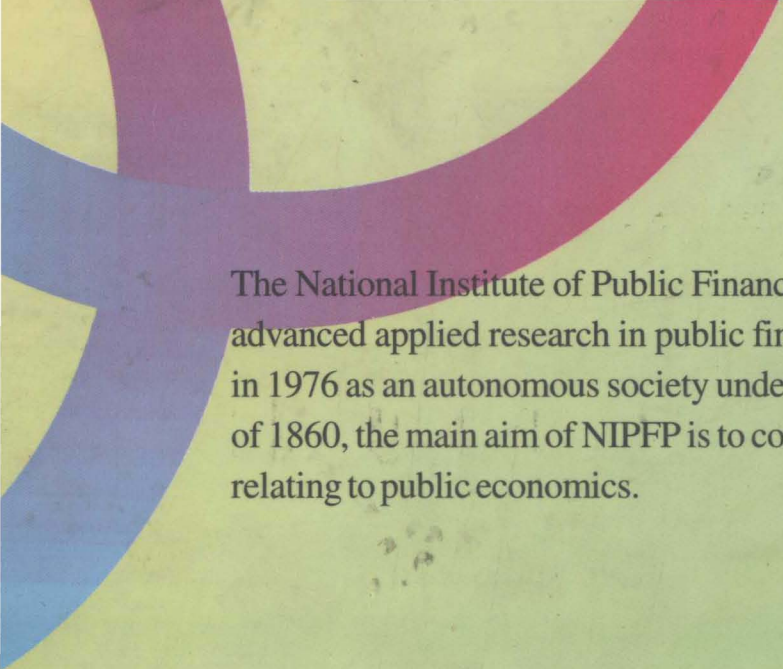
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