



# GOVERNMENT OF PUNJAB ACCOUNTS AT A GLANCE 2011-12



**PRINCIPAL ACCOUNTANT GENERAL  
(Accounts and Entitlement)**

**PUNJAB, CHANDIGARH**



**GOVERNMENT OF PUNJAB**

**ACCOUNTS AT A GLANCE  
2011-12**

**PRINCIPAL ACCOUNTANT GENERAL  
(Accounts and Entitlement)**

**PUNJAB, CHANDIGARH**



## **Our Vision, Mission and Core Values**

**The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.**

**We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognised for independent, credible, balanced and timely reporting on public finance and governance.**

**Our mission enunciates our current role and describes what we are doing today.**

**Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders, the Legislature, the Executive and the Public, that public funds are being used efficiently and for the intended purposes.**

**Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance.**

- **Independence**
- **Objectivity**
- **Integrity**
- **Reliability**
- **Professional Excellence**
- **Transparency**
- **Positive Approach**



## PREFACE


I am happy to present the Fourteenth issue of our annual publication, the 'Accounts at a Glance' of the Government of Punjab. The purpose of this publication is to present a reader friendly summary of the voluminous information available in the Finance Accounts and Appropriation Accounts prepared by my office in accordance with Article 149 of the Constitution of India read with Section 11 of Comptroller and Auditor General's (D.P.C.) Act, 1971.

The annual accounts of the State consist of (a) Finance Accounts and (b) Appropriation Accounts. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

'Accounts at a Glance' provides a broad overview of Governmental activities, as reflected in Finance Accounts and Appropriation Accounts. The information is presented through brief explanations, statements, graphs and time series analysis for providing accounting information to the stakeholders-the Legislature, the Executives and the Public. A reading of Finance Accounts, Appropriation Accounts of Government of Punjab, and Report of the Comptroller and Auditor General on State Finances for the year 2011-12 together with Accounts at a Glance will help the stakeholders to appreciate the various aspects of State Finances in a more effective manner.

We look forward to readers' feedback that would help us in improving the publication.

Chandigarh  
Date: 13 August 2013

  
Namita Sekhon  
Principal Accountant General (A&E)  
Punjab



## Table of Contents

Chapter 1	Overview	Page
1.1	Introduction	1
1.2	Structure of Government Accounts	1-2
1.3	Finance Accounts and Appropriation Accounts	3-4
1.4	Sources and Application of Funds	4-6
1.5	Highlights of Accounts	6
1.6	Deficit and Surplus	7-8
Chapter 2	Receipts	
2.1	Introduction	9
2.2	Revenue Receipts	9-10
2.3	Trend of Revenue Receipts	10-11
2.4	Performance of State's Own Tax Revenue Collection	12
2.5	Efficiency of Tax Collection	12
2.6	Trend in State's Share of Union Taxes	12
2.7	Grants-in-aid	13
2.8	Public Debt	13-14
Chapter 3	Expenditure	
3.1	Introduction	15
3.2	Revenue Expenditure	15-16
3.3	Capital Expenditure	16-17
Chapter 4	Plan and Non-Plan Expenditure	
4.1	Distribution of Plan and Non-Plan Expenditure	18
4.2	Plan Expenditure	18-19
4.3	Non-Plan Expenditure	19
4.4	Committed Expenditure	19-20
Chapter 5	Appropriation Accounts	
5.1	Summary of Appropriation Accounts	21
5.2	Trend of Saving/Excess	21
5.3	Significant Savings	21-22
Chapter 6	Assets and Liabilities	
6.1	Assets	23
6.2	Debt and Liabilities	23-24
6.3	Guarantees	24
Chapter 7	General	
7.1	The Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003	25
7.2	Loans and Advances given by the State Government	25
7.3	Status of Personal Deposits	25
7.4	Abstract Contingent Bills	26
7.5	Utilization Certificates	26
7.6	Status of Reserve Funds	26
7.7	Grants-in-aid forming part of Capital Expenditure	26
7.8	Parking of Funds outside the Consolidated Fund	26
7.9	Submission of Accounts by treasuries and divisions	27
7.10	Adverse Balances	27
7.11	Financial Assistance to Local Bodies and Others	27
7.12	Cash Balances and Investments of Cash Balances	27
7.13	Reconciliation of Receipts and Expenditure	27





OVERVIEW

1.1 Introduction

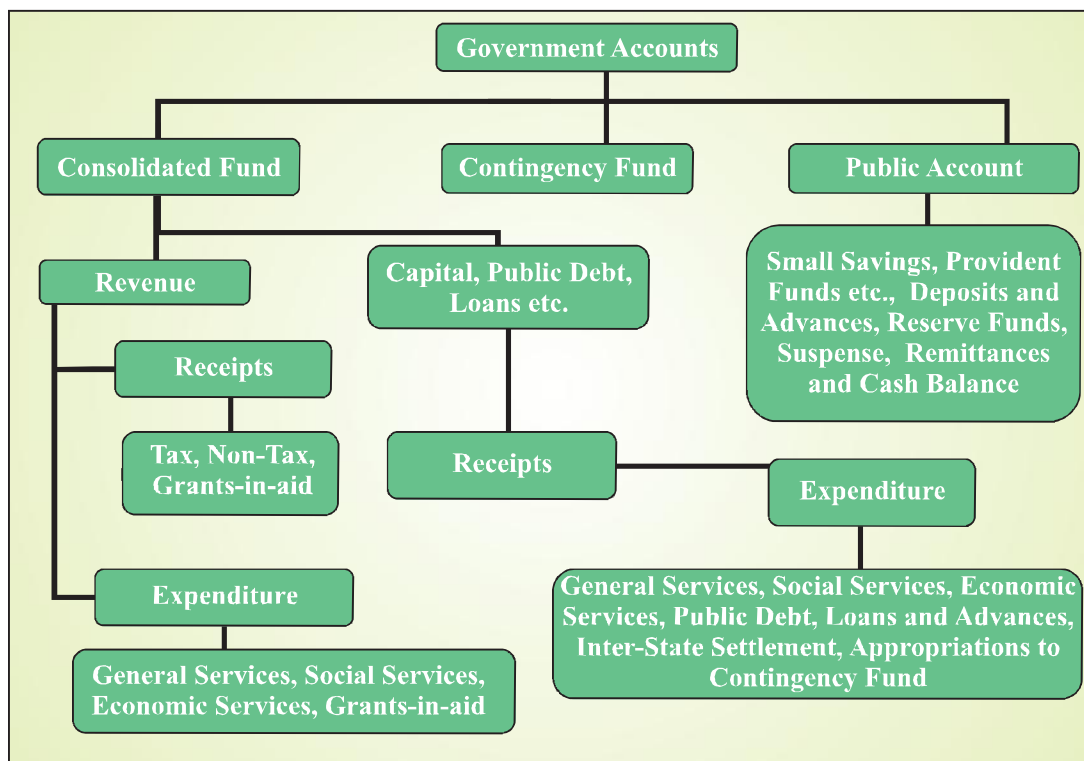
The office of the Accountant General (A&E), Punjab compiles the monthly accounts of the State Government from the accounts submitted by the District Treasuries, Public Works Divisions, Forest Divisions and other accounting circles etc. to the Accountant General (Accounts and Entitlement). Besides, the Finance Accounts and the Appropriation Accounts are prepared annually by the Accountant General in accordance with Article 149 of the Constitution of India. read with Section 11 of Comptroller and Auditor General's(D.P.C.) Act, 1971.

1.2 Structure of Government Accounts

1.2.1 Government Accounts are kept in three parts:

Part I CONSOLIDATED FUND	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances
Part II CONTINGENCY FUND	Intended to meet unforeseen expenditure not provided for in the Budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
Part III PUBLIC ACCOUNT	Comprises of Debt, Deposits, Advances Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivable of the Government. Remittances and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.

1.2.2 Pictorial Representation of Structure of Government Accounts



1.2.3 Flow Chart of Compilation of Accounts



### 1.3 Finance Accounts and Appropriation Accounts

#### 1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. The Finance Accounts have been prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the Certificate of the Comptroller and Auditor General of India, summary statements of overall receipts and disbursements and “Notes to accounts” containing summary of significant accounting policies, quality of accounts and other items; Volume II contains other summarised statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

The Receipts and disbursements of the Government of Punjab as depicted in the Finance Accounts 2011-12 are given below:

(₹ In crore)

<b>Receipts (34,820)</b>	Revenue (26,234)	Tax Revenue	<b>22,395</b>
		Non -Tax Revenue	<b>1,398</b>
		Grants-in-aid	<b>2,441</b>
	Capital (8,586)	Recovery of Loans and Advances	<b>95</b>
		Borrowings and other Liabilities*	<b>8,491</b>
<b>Disbursements (34,820)</b>	Revenue	<b>33,045</b>	
	Capital	<b>1,598</b>	
	Loans and Advances	<b>177</b>	

\* Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance

The Union Government transfers substantial funds directly to State Implementing Agencies/Non- Government Organisations for implementation of various schemes and programmes. This year, the Government of India directly released ₹917 crore as compared to last year's release of ₹962 crore. Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government.

#### 1.3.2 Appropriation Accounts

Appropriation Accounts bring out the expenditure of the State Government incurred from Consolidated Fund against amounts voted and charged on the Consolidated Fund of the State by the State Legislature and supplement the Finance Accounts. These comprise accounts of 16 charged Appropriations and 29 voted Grants.

The Appropriation Accounts of the Government of Punjab for the year 2011-12 present the accounts of sums expended in the year ended 31<sup>st</sup> March 2012, compared with the sums specified in the Schedules appended to the Appropriation Acts passed under Article 204 and 205 of the Constitution of India.

## *Accounts at a Glance*

---

Appropriation Act, 2011-12 had projected for a gross expenditure of ₹ 52,444 crore, including the Supplementary Grants totalling ₹ 3,849 crore, voted by State Legislature during the year. No amount was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2011-12 show disbursements aggregating ₹ 44,542 crore against the aggregate budget provision of ₹ 52,444 crore, resulting in savings of ₹ 7,902 crore (15 percent) against Grants and Appropriations. However, ₹ 5,019 crore (64 percent) were under the Grants controlled by Local Government, Housing and Urban Development (₹ 1,570 crore), Education Department (₹ 1,271 crore), Rural Development and Panchayats Department (₹ 1,167 crore) and Irrigation and Power Department (₹ 1,011 crore).

Recoveries in reduction of expenditure amounted to ₹ 775 crore whereas no provision was made in the budget estimates.

The Appropriation Accounts show that in the year 2011-12, there was actual expenditure of ₹ 44,542 crore, comprising ₹ 33,673 crore Revenue Expenditure, ₹ 1,745 crore Capital Expenditure, ₹ 8,947 crore Repayment of Debt, ₹ 177 crore Loans and Advances by the State Government. There were savings/excesses under Revenue, Capital, Public Debt and Loans and Advances with reference to total grants allocated by the State Legislature.

₹ 565 crore were transferred from the Consolidated Fund to Personal Deposit Accounts under the Public Account, which are maintained by designated administrator for specific purposes. Normally, un-spent balances under Personal Deposit Accounts are to be transferred back to the Government at the end of the financial year. However, details of such transfers, if any, and outstanding balances in individuals personal deposit accounts are available only with the treasuries, since they are responsible for maintaining such records.

### **1.4 Sources and Application of Funds**

#### **1.4.1 Ways and Means Advances**

The Reserve Bank of India extends the facility of Ways and Means Advances to enable State Governments to maintain their liquidity. Overdraft facilities are provided when there is a shortfall in the agreed minimum cash balance which is ₹ 1.56 crore. At the end of previous year, ₹ 353 crore was outstanding as Ways and Means Advances. During 2011-12, the Government of Punjab obtained ₹ 4,834 crore as Ways and Means Advances on eighty four occasions. ₹ 5,080 crore were repaid during the year leaving a balance of ₹ 107 crore. ₹ 9 crore were paid as interest on these advances.

At the end of previous year, ₹ 15 crore was outstanding as shortfall / overdraft. Government has availed shortfall of ₹ 8 crore on seven occasions and overdraft of ₹ 1,169 crore on fourteen occasions. ₹ 1,192 crore were repaid during the year leaving Nil balance. ₹ 1 crore was paid as interest on these shortfalls/overdrafts. However, this has to be viewed against the fact that there was saving of ₹ 7,902 crore in 29 grants out of total 30 grants represents fifteen percent shortfall in expenditure against estimates.

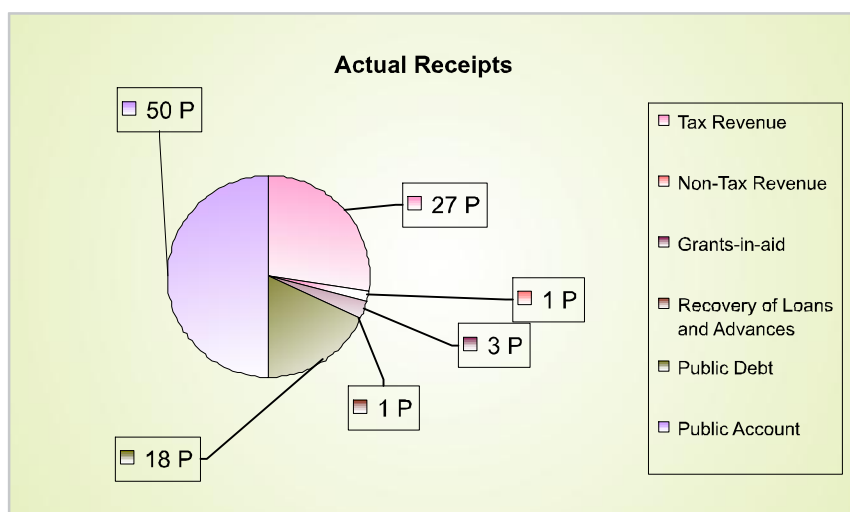
#### **1.4.2 Fund flow statement**

The State had a Revenue Deficit of ₹ 6,811 crore and a Fiscal Deficit of ₹ 8,491 crore representing 2.74 percent and 3.42 percent of the Gross State Domestic Product (GSDP) respectively. The Fiscal Deficit constituted 24 percent of total expenditure. This deficit was met from Public Debt (₹ 5,924 crore), increase in Public Account (₹ 2,531 crore), and net of opening and closing cash balance (₹ 36 crore). Around 92 percent of the revenue receipts (₹ 26,234 crore) of the State Government was spent on committed expenditure like salaries (₹ 12,274 crore), interest payments (₹ 6,280 crore) and pensionary charges (₹ 5,657 crore).

***Advance figure of GSDP: ₹ 2,48,301 crore.***

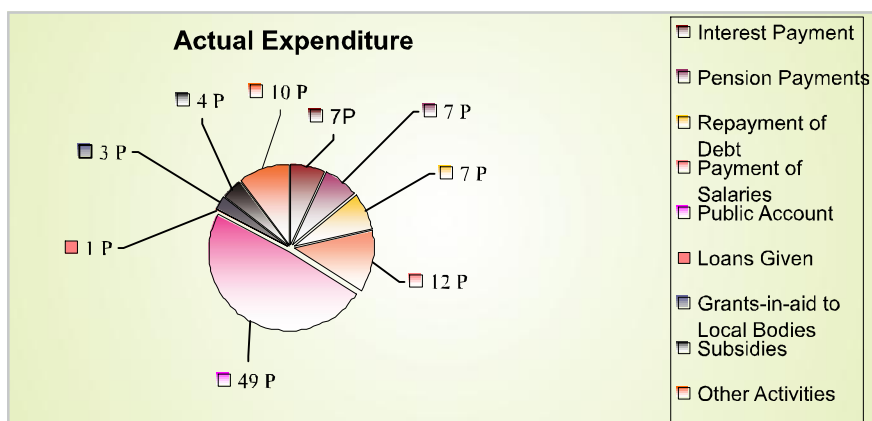
<b>Source and Application of Funds</b>		(₹ In crore)
	<b>PARTICULARS</b>	<b>AMOUNT</b>
<b>SOURCE</b>	Opening Cash Balance as on 1.4.2011	-694
	Revenue Receipts	26,234
	Recovery of Loans and Advances	95
	Public Debt	14,871
	Small Savings, Provident Funds etc.	3,106
	Reserve Funds	475
	Deposits Received	4,243
	Civil Advance Repaid	39
	Suspense Account	31,903
	Remittances	1,376
	Contingency Fund	..
	<b>Total</b>	<b>81,648</b>
<b>APPLICATION</b>	Revenue Expenditure	33,045
	Capital Expenditure	1,598
	Loans Given	177
	Repayment of Public Debt	8,947
	Small Savings, Provident Funds etc.	1,466
	Reserve Funds	161
	Deposits Spent	3,807
	Civil Advance Given	39
	Suspense Account	31,773
	Remittances	1,365
	Closing Cash Balance as on 31.3.2012	-730
	<b>Total</b>	<b>81,648</b>

1.4.3 Where the Rupee came from



## Accounts at a Glance

### 1.4.4 Where the Rupee went



### 1.5 Highlights of Accounts

(₹ in crore)

Sr. No	Components	B.E. 2011-12	Actual 2011-12	Percentage of actual to B.E.	Percentage of actual to GSDP(e)
1.	Tax Revenue (a)	24,073	22,395	93	9
2.	Non-Tax Revenue	3,626	1,398	39	1
3.	Grants-in-aid and Contributions	4,328	2,441	56	1
4.	<b>Revenue Receipts (1+2+3)</b>	<b>32,027</b>	<b>26,234</b>	<b>82</b>	<b>11</b>
5.	Recovery of Loans and Advances	80	95	119	..
6.	Other Receipts	..	..	..	..
7.	Borrowings and other Liabilities (b)	8,801	8,491	96	3
8.	<b>Capital Receipts (5+6+7)</b>	<b>8,881</b>	<b>8,587</b>	<b>97</b>	<b>3</b>
9.	<b>Total Receipts (4+8)</b>	<b>40,908</b>	<b>34,821</b>	<b>85</b>	<b>14</b>
10.	<b>Non-Plan Expenditure (c)</b>	<b>32,266</b>	<b>31,454</b>	<b>97</b>	<b>13</b>
11.	NPE on Revenue Account	31,929	31,040	97	13
12.	NPE on Interest Payments out of 11	6,530	6,280	96	3
13.	NPE on Capital Account	337	414	123	..
14.	<b>Plan Expenditure (c)</b>	<b>8,642</b>	<b>3,366</b>	<b>39</b>	<b>1</b>
15.	PE on Revenue Account	3,477	2,005	58	1
16.	PE on Capital Account	5,165	1,361	26	1
17.	<b>Total Expenditure (10+14)</b>	<b>40,908</b>	<b>34,820</b>	<b>85</b>	<b>14</b>
18.	<b>Revenue Expenditure (11+15)</b>	<b>35,406</b>	<b>33,045</b>	<b>93</b>	<b>13</b>
19.	<b>Capital Expenditure (13+16) (d)</b>	<b>5,502</b>	<b>1,775</b>	<b>32</b>	<b>1</b>
20.	<b>Revenue Deficit (4-18)</b>	<b>-3,379</b>	<b>-6,811</b>	<b>202</b>	<b>-3</b>
21.	<b>Fiscal Deficit (4+5+6-17)</b>	<b>-8,801</b>	<b>-8,491</b>	<b>96</b>	<b>-3</b>

(a) Includes State's share of Union Taxes of ₹3,554 crore.

(b) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund+ Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

(c) Includes ₹176 crore under Non-Plan and ₹1 crore under Plan which pertains to Loans and Advances.

(d) Expenditure on Capital Account includes Capital Expenditure (₹1,598 crore) and Loans and Advances disbursed (₹177 crore).

(e) Advance figure of GSDP ₹ 248,301 crore.

**1.6 Deficit and Surplus**

<b>Deficit</b>	<b>Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.</b>
<b>Revenue Deficit /Surplus</b>	<b>Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.</b>
<b>Fiscal Deficit/Surplus</b>	<b>Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the borrowings should be invested in capital projects.</b>

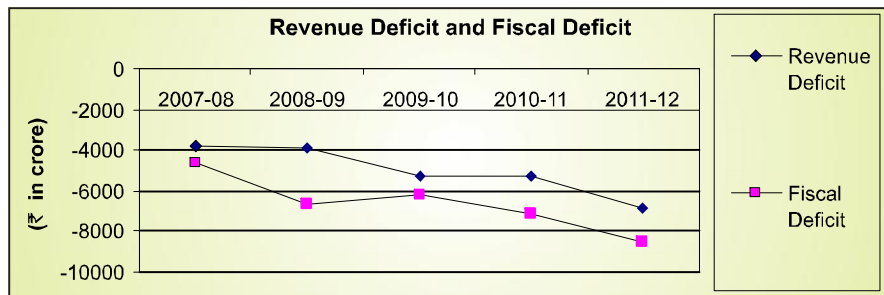
**1.6.1** Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Thirteenth Finance Commission has recommended that the State achieve revenue balance by 2014-15 and reduce Gross Fiscal Deficit to 3 percent of GSDP by 2014-15. It has recommended a revised road map for fiscal consolidation. Accordingly, Revenue and Fiscal Deficit paths are as under:

Year	Percentage of Revenue Deficit to GSDP	Percentage of Fiscal Deficit to GSDP
2011-12	1.80	3.50
2012-13	1.20	3.50
2013-14	0.60	3.00
2014-15	0.00	3.00

**1.6.2** Trend of Revenue Deficit/ Surplus and Fiscal Deficit during the last five years is as under:

(₹ in crore)

Year	GSDP	Revenue Deficit	Percentage to GSDP	Fiscal Deficit	Percentage to GSDP
2007-08	1,52,245	-3,823	-2.50	4,604	-3.01
2008-09	1,74,039	-3,856	-2.20	-6,690	-3.82
2009-10	1,98,393	-5,251	-2.63	-6,170	-3.09
2010-11	2,24,975	-5,289	-2.31	-7,143	-3.12
2011-12	2,48,301	-6,811	-2.47	-8,491	-3.42



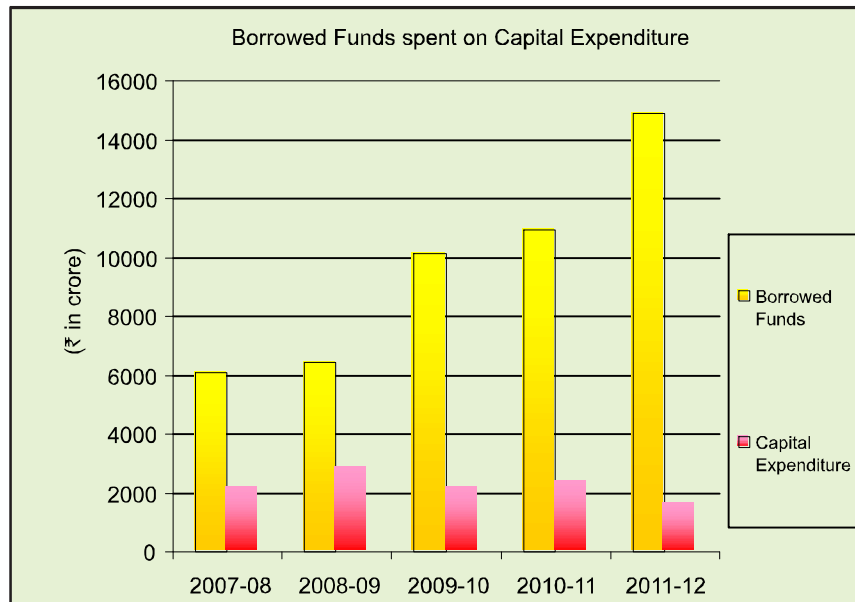


## Accounts at a Glance

### 1.6.3 Proportion of borrowed funds spent on Capital Expenditure

(₹ in crore)

Year	Borrowed Funds	Capital Expenditure
2007-08	6,051	2,192
2008-09	6,432	2,858
2009-10	10,108	2,166
2010-11	10,934	2,384
2011-12	14,871	1,598



It is desirable to fully utilise borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 11 percent of the borrowings of the current year (₹ 14,871 crore) on capital expenditure (₹ 1,598 crore). It would therefore appear that 89 percent of the public debt (₹ 13,273 crore) was utilised : (i) to repay the principal and interest on public debt of previous years and (ii) to meet periodic shortfalls of revenue against expenditure in the current year.

**RECEIPTS****2.1 Introduction**

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2011-12 were ₹34,820 crore.

**2.2 Revenue Receipts**

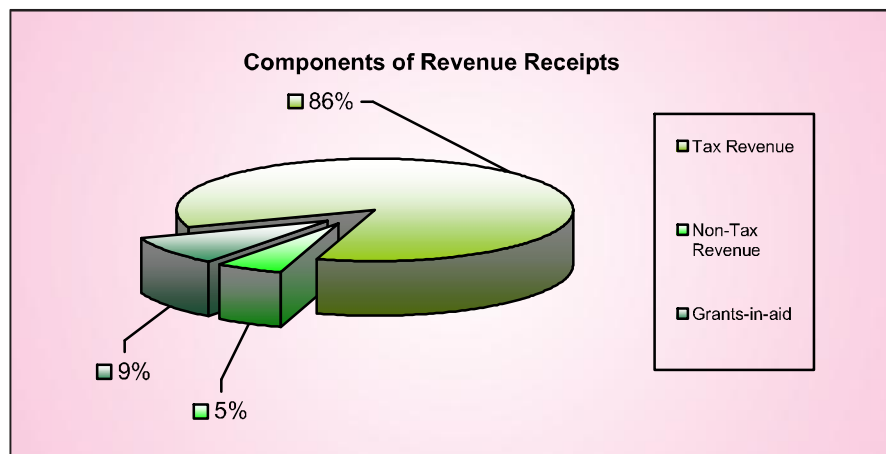
<b>Tax Revenue</b>	<b>Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.</b>
<b>Non-Tax Revenue</b>	<b>Includes interest receipts, dividends, profits etc.</b>
<b>Grants-in-aid</b>	<b>Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material and Equipment' received from foreign Governments and channelised through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.</b>

**Components of Revenue Receipts (2011-12)**

(₹ in crore)

<b>Components</b>	<b>Actual</b>
<b>A. Tax Revenue</b>	<b>22,395</b>
Taxes on Income and Expenditure	2,110
Taxes on Property and Capital Transactions	3,109
Taxes on Commodities and Services	17,176
<b>B. Non-Tax Revenue</b>	<b>1,398</b>
Interest Receipts, Dividends and Profits	172
General Services	495
Social Services	331
Economic Services	400
<b>C. Grants-in-aid and Contributions</b>	<b>2,441</b>
<b>Total</b>	<b>26,234</b>

## Accounts at a Glance



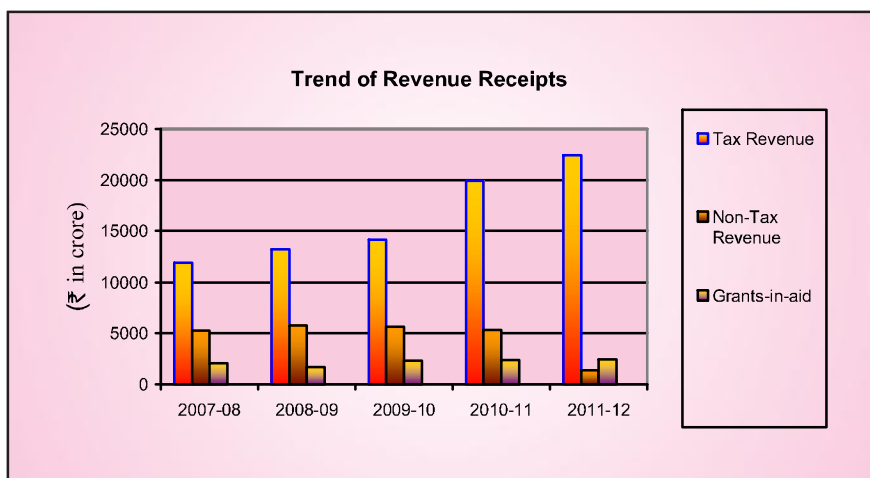
### 2.3 Trend of Revenue Receipts

(₹ in crore)

Component	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Tax Revenue</b>	11,874 (8)	13,234 (8)	14,184 (7)	19,879 (9)	22,395 (9)
<b>Non-Tax Revenue</b>	5,254 (3)	5,784 (3)	5,653 (3)	5,330 (2)	1,398 (1)
<b>Grants-in-aid</b>	2,110 (1)	1,695 (1)	2,320 (1)	2,399 (1)	2,441 (1)
<b>Total</b>	19,238 (12)	20,713 (12)	22,157 (11)	27,608 (12)	26,234 (11)
<b>GSDP</b>	1,52,245	1,74,039	1,98,393	2,24,975	2,48,301

Note: Figure in bracket represents percentage to GSDP

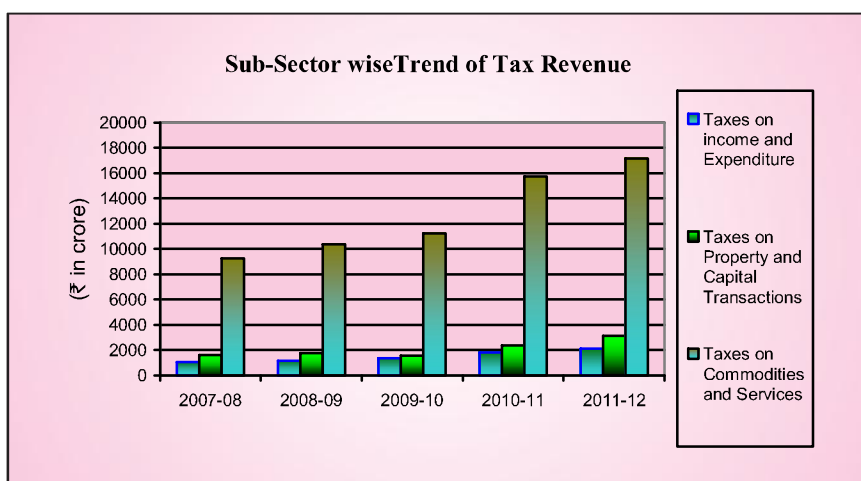
The ratio of Revenue Receipts to GSDP decreased from 12 percent (2007-08) to 11 percent (2011-12) whereas Revenue Receipts increased by 36 percent during the same span.



2.3.1 Sub-Sector-wise Tax Revenue

(₹ in crore)

Sub-Sector	2007-08	2008-09	2009-10	2010-11	2011-12
Taxes on Income and Expenditure	1,047	1,113	1,374	1,823	2,110
Taxes on Property and Capital Transactions	1,586	1,746	1,569	2,340	3,109
Taxes on Commodities and Services	9,241	10,375	11,241	15,716	17,176
<b>Total Tax Revenue</b>	<b>11,874</b>	<b>13,234</b>	<b>14,184</b>	<b>19,879</b>	<b>22,395</b>



## Accounts at a Glance

### 2.4 Performance of State's own Tax Revenue collection

(₹ in crore)

Year	GSDP	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
				Amount	Percentage to GSDP
2007-08	1,52,245	11,874	1,975	9,899	6
2008-09	1,74,039	13,234	2,084	11,150	6
2009-10	1,98,393	14,184	2,144	12,040	6
2010-11	2,24,975	19,879	3,051	16,828	7
2011-12	2,48,301	22,395	3,554	18,841	8

### 2.5 Efficiency of Tax Collection

#### A. Taxes on Property and Capital Transactions

(₹ in crore)

Component	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Collection	1,586	1,746	1,568	2,340	3,109
Expenditure on Collection	110	122	137	167	210
Efficiency in percent of Tax Collection	7	7	9	7	7

#### B. Taxes on Commodities and Services

(₹ in crore)

Components	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Collection	9,241	10,375	11,241	15,716	17,176
Expenditure on Collection	69	74	89	142	149
Efficiency in percent of Tax Collection	1	1	1	1	1

### 2.6 Trend in State's Share of Union Taxes

(₹ in crore)

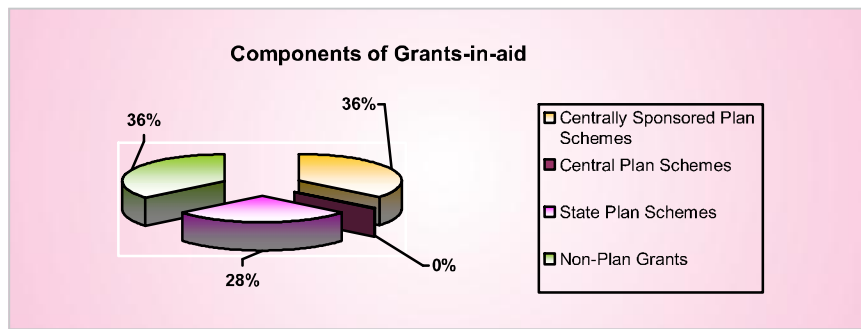
Component	2007-08	2008-09	2009-10	2010-11	2011-12
Corporation Tax	627	684	882	1,193	1,399
Taxes on Income other than Corporation Tax	421	429	492	630	711
Taxes on Wealth	1	1	2	2	5
Customs	373	398	300	534	616
Union Excise Duties	356	347	242	388	399
Service Tax	197	225	226	304	424
<b>Total State's Share of Union Taxes</b>	<b>1,975</b>	<b>2,084</b>	<b>2,144</b>	<b>3,051</b>	<b>3,554</b>
<b>Total Tax Revenue</b>	<b>11,874</b>	<b>13,234</b>	<b>14,184</b>	<b>19,879</b>	<b>22,395</b>
Percentage of Union Taxes to Total Tax Revenue	17	16	15	15	16

2.7 Grants-in-aid

Grants-in-aid represent assistance from the Government of India and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Plan Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during 2011-12 under Grants-in-aid were ₹ 2,441 crore as shown below:

(₹ in crore)

Components	Amount
Centrally Sponsored Plan Schemes	867
Central Plan Schemes	6
State Plan Schemes	694
Non-Plan Grants	874
<b>Total- Grants-in-aid</b>	<b>2,441</b>



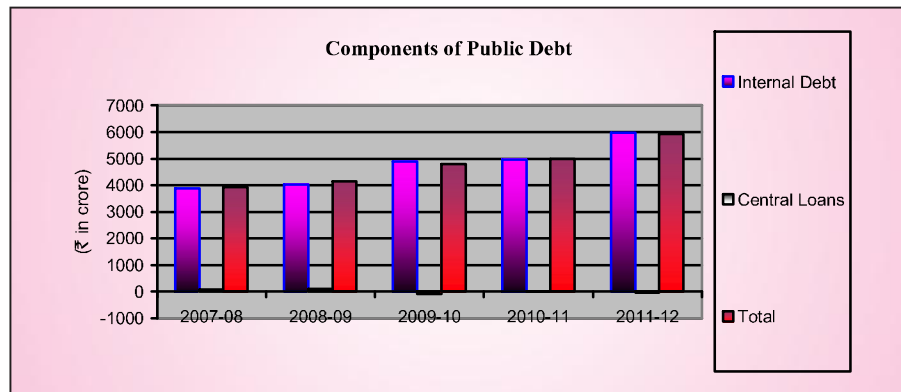
The share of Non-Plan Grants, Centrally Sponsored Plan Schemes increased by 21 and 32 percent respectively from 2010-11 whereas the share of State Plan Schemes and Central Plan Schemes decreased by 27 and 91 percent respectively during this period.

2.8 Public Debt

(₹ in crore)

Year	Internal Debt	Central Loans	Total
2007-08	3,872	71	3,943
2008-09	4,039	105	4,144
2009-10	4,902	-103	4,799
2010-11	4,974	8	4,982
2011-12	5,962	-38	5,924

Note: Negative figure indicates that repayment is in excess of receipts.



### *Accounts at a Glance*

---

In 2011-12, twenty one loans totalling ₹ 8,200 crore at interest rates varying from 8.36 percent to 9.24 percent redeemable in the years 2021 and 2022 were raised at par.

Against the total internal debt of ₹ 14,721 crore of the State Government in 2011-12 and the central loan component of ₹ 149 crore received during this period, capital expenditure was only ₹ 1,598 crore (11 percent), indicating that the rest of the public debt was used for non-development purposes.

## EXPENDITURE

## 3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue Expenditure is used to meet the day-to-day running of the organisation. Capital Expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

<b>General Services</b>	<b>Includes Justice, Police, Jail, PWD, Pension etc.</b>
<b>Social Services</b>	<b>Includes Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc.</b>
<b>Economic Services</b>	<b>Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.</b>

## 3.2 Revenue Expenditure

Revenue Expenditure of ₹ 33,045 crore for 2011-12 fell short of budget estimates by ₹ 2,361 crore due to less disbursement of ₹ 1,472 crore under Plan Expenditure and ₹ 889 crore under Non-Plan Expenditure. The shortfall of expenditure against budget estimates under Revenue section during the past five years is given below:

(₹ in crore)

Component	2007-08	2008-09	2009-10	2010-11	2011-12
Budget Estimates	24,589	25,261	30,306	33,406	35,406
Actual Expenditure	23,061	24,569	27,408	32,897	33,045
Gap	1,528	692	2,898	509	2,361
Percentage of Gap over BE	6	3	10	2	7

## 3.2.1 Sector wise Distribution of Revenue Expenditure (2011-12)

(₹ in crore)

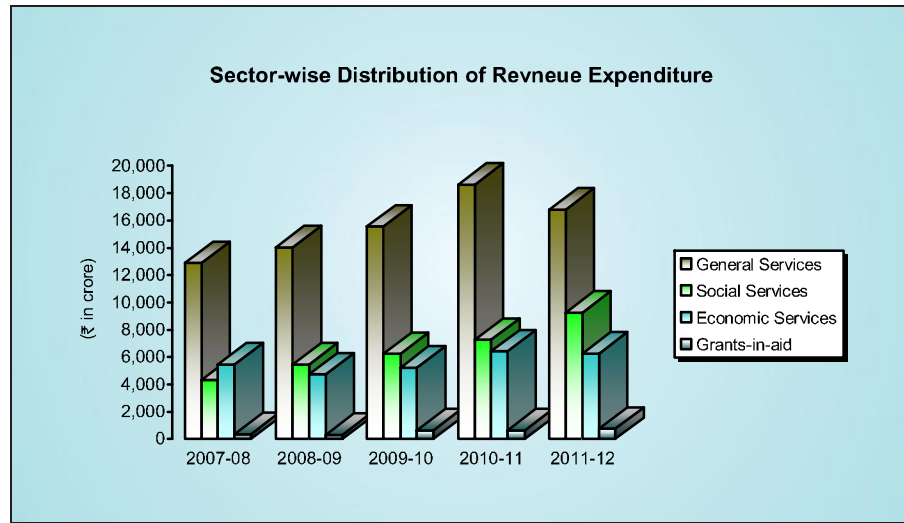
Sr. No.	Component	Amount	Percentage
A.	General Services	16,788	51
A.1	Organs of State	494	2
A.2	Fiscal Services	6,659	20
A.3	Administrative Services	3,923	12
A.4	Pensions and Miscellaneous General Services	5,712	17
B.	Social Services	9,246	28
C.	Economic Services	6,264	19
D.	Grants-in-aid and Contributions	747	2
<b>Total</b>		<b>33,045</b>	

## 3.2.2 Trends of Major components of Revenue Expenditure

(₹ in crore)

Year	General Services	Social Services	Economic Services	Grants-in-aid
2007-08	12,892	4,334	5,479	357
2008-09	14,032	5,483	4,744	310
2009-10	15,525	6,217	5,219	640
2010-11	18,598	7,261	6,399	639
2011-12	16,788	9,246	6,264	747





### 3.3 Capital Expenditure

Capital disbursements for 2011-12 at 1 percent of GSDP were less than Budget Estimates by ₹3,727 crore (less disbursement of ₹ 3,804 crore under Plan Expenditure and excess disbursement of ₹ 77 crore under Non-Plan Expenditure).

#### 3.3.1 Sectoral distribution of Capital Expenditure

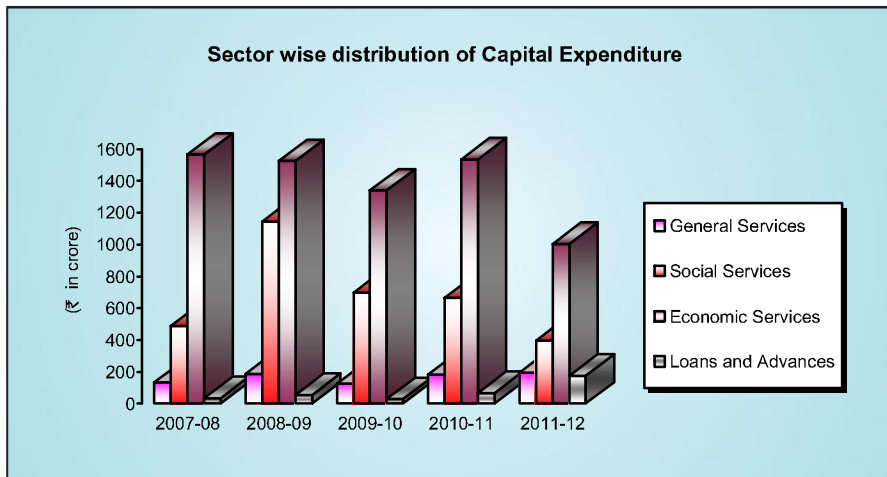
(₹ in crore)

Sr. No	Sector	Amount	Percentage
A.	General Services - Police, Public Works, etc.	196	11
B.	Social Services-Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc.	398	22
C.	Economic Services-Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	1,004	57
F.	Loans and Advances Disbursed	177	10
<b>Total</b>		<b>1,775</b>	<b>100</b>

**3.3.2 Sector wise distribution of Capital Expenditure over the past 5 years**

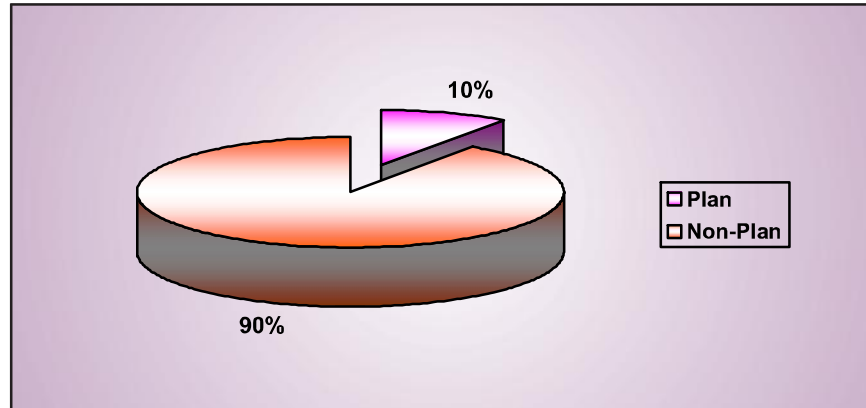
(₹ in crore)

Year	General Services	Social Services	Economic Services	Loans and Advances	Total
2007-08	135	490	1,566	35	2,226
2008-09	187	1,145	1,526	55	2,913
2009-10	126	699	1,341	29	2,195
2010-11	185	663	1,536	68	2,452
2011-12	196	398	1,004	177	1,775



## PLAN AND NON PLAN EXPENDITURE

## 4.1 Distribution of Plan and Non-Plan Expenditure



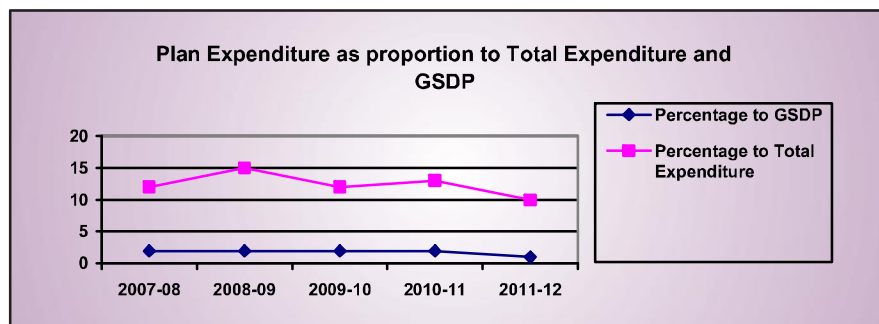
## 4.2 Plan Expenditure

During 2011-12, Plan Expenditure, representing 10 percent of total disbursements, was ₹ 3,366 crore (₹ 2,895 crore under State Plan, ₹ 470 crore under Centrally Sponsored Plan Schemes and ₹ 1 crore under Loans and Advances).

*Plan Expenditure as proportion to GSDP and Total Expenditure*

(₹ in crore)

Year	Plan Expenditure	GSDP	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2007-08	3,086	1,52,245	2	25,287	12
2008-09	4,031	1,74,039	2	27,482	15
2009-10	3,404	1,98,393	2	29,603	11
2010-11	4,498	2,24,975	2	35,349	13
2011-12	3,366	2,48,301	1	34,821	10



#### 4.2.1 Plan Expenditure under Capital Account

(₹ in crore)

Year	Plan -Capital Expenditure	Total -Capital Expenditure	Percentage of Plan -Capital Expenditure to Total Capital Expenditure
2007-08	1,919	2,192	88
2008-09	2,602	2,858	91
2009-10	1,980	2,166	91
2010-11	2,166	2,384	91
2011-12	1,361	1,775	77

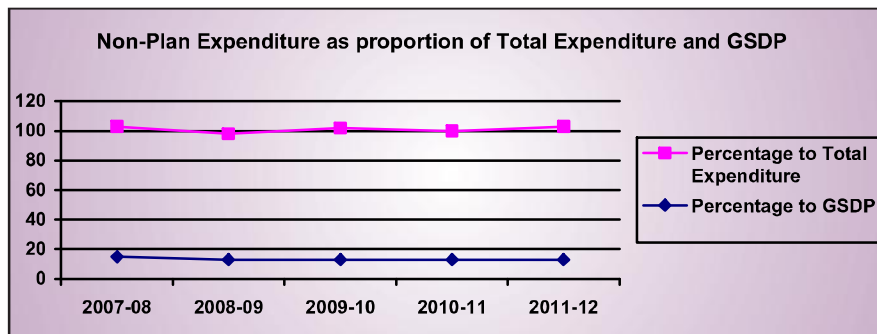
#### 4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2011-12, representing 90 percent of total disbursements, was ₹ 31,454 crore, (₹ 31,040 crore under Revenue and ₹414 crore under Capital)

#### 4.3.1 Non - Plan Expenditure as proportion to GSDP and Total Expenditure

(₹ in crore)

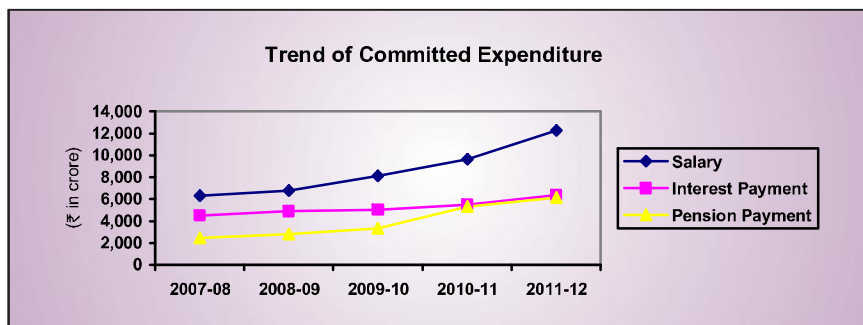
Year	Non -Plan Expenditure	GSDP	Percentage to GSDP	Total Expenditure	Percentage to Total Expenditure
2007-08	22,201	1,52,245	15	25,287	88
2008-09	23,451	1,74,039	13	27,482	85
2009-10	26,199	1,98,393	13	29,603	89
2010-11	30,851	2,24,975	13	35,349	87
2011-12	31,454	2,48,301	13	34,820	90



#### 4.4 Committed Expenditure\

(₹ in crore)

Year	Salary	Interest	Pension	Total
2007-08	6,316	4,527	2,433	13,276
2008-09	6,745	4,902	2,830	14,477
2009-10	8,131	5,011	3,357	16,499
2010-11	9,635	5,515	5,309	20,459
2011-12	12,274	6,280	5,657	24,211



Committed Expenditure vs Revenue Receipts and Revenue Expenditure

(₹ in crore)

Component	2007-08	2008-09	2009-10	2010-11	2011-12
Committed Expenditure	13,276	14,477	16,499	20,459	24,211
Revenue Receipts	19,238	20,713	22,157	27,608	26,234
Percentage of Committed Expenditure to Revenue Receipts	69	70	74	74	92
Revenue Expenditure	23,061	24,569	27,408	32,897	33,045
Percentage of Committed Expenditure to Revenue Expenditure	58	59	60	62	73

The steep upward trend on committed expenditure leaves the government with lesser flexibility for development sector.

## APPROPRIATION ACCOUNTS

## 5.1 Summary of Appropriation Accounts

(₹ in crore)

Sr. No	Nature of Expenditure	Original Grant	Supplementary Grant	Total	Actual Expenditure	Savings (-) Excess (+)
1	<b>Revenue</b>	28,780	2,655	31,435	27,290	-4,145
	Voted Charged	6,626	14	6,640	6,383	-257
2	<b>Capital</b>					
	Voted Charged	5,419	148	5,567	1,745	-3,822
3	<b>Public Debt</b>					
	Charged	7,686	939	8,625	8,947	+322
4	<b>Loans and Advances</b>					
	Voted	84	93	177	177	--
	<b>कुल</b>	<b>48,595</b>	<b>3,849</b>	<b>52,444</b>	<b>44,542</b>	<b>-7,902</b>

## 5.2 Trend of Saving/Excess

(₹ in crore)

Year	Revenue	Capital	Public Debt	Loans and Advances	Total
2007-08	-2,250	-1,949	+428	..	-3,771
2008-09	-2,072	-1,947	-158	+18	-4,159
2009-10	-3,598	-1,784	-1,054	-14	-6,450
2010-11	-1,753	-1,464	-1,477	+1	-4,693
2011-12	-4,402	-3,822	+322	..	7,902

Note: Saving as (-) and Excess as (+)

## 5.3 Significant Savings

Substantial Savings under grants indicate either non-implementation or slow implementation of certain schemes/programmes.

Some grants with persistent and significant saving are as under:-

(in percentage)

Grant	Nomenclature	2007-08	2008-09	2009-10	2010-11	2011-12
1	Agriculture and Forests	22	24	29	29	42
13	Industries	20	28	85	17	77
15	Irrigation	8	6	8	8	18
28	Tourism and Cultural Affairs	57	20	58	28	54

## *Accounts at a Glance*

During 2011-12, Supplementary Grants totalling ₹ 3,849 crore (11 percent of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below:-

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
1	Agriculture and Forests	Revenue (V)	762	20	758
2	Animal Husbandry and Fisheries	Revenue (V)	395	24	325
5	Education	Capital (V)	500	5	108
9	Food and Supplies	Revenue (V)	484	5	253
11	Health and Family Welfare	Revenue (V)	1,742	113	1,613
12	Home Affairs and Justice	Capital (V)	101	21	68
13	Industries	Capital (V)	71	3	3
15	Irrigation and Power	Capital (V)	1,142	7	359
17	Local Government, Housing and Urban Development	Capital (V)	1,215	91	36
19	Planning	Revenue (V) Capital (V)	109 164	2 5	57 111
22	Revenue and Rehabilitation	Revenue (V)	1,017	215	989
23	Rural Development and Panchayats	Revenue (V) Capital (V)	1,293 536	322 6	799 190
25	Social and Women Welfare and Welfare of Scheduled Castes and Backward Classes	Revenue (V)	1,672	287	1,257

## ASSETS AND LIABILITIES

## 6.1. Assets

The existing form of accounts does not easily depict valuation of Government assets like Land, Building etc., except in the year of acquisition/purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

Total investments stood at ₹ 3,832 crore at the end of 2011-12. However, Dividend received during the year was ₹ 1.73 crore on investment. No fresh investment was made during 2011-12, however, dividend increased by ₹ 1.11 crore as compared to 2010-11.

Cash Balance with Reserve Bank of India stood at ₹-694 crore on 31<sup>st</sup> March 2011 and decreased to ₹ -730 crore at the end of 31<sup>st</sup> March 2012.

## 6.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

Outstanding Public Debt as on 31<sup>st</sup> March 2012 was ₹ 64,161 crore comprising internal debt of ₹ 60,902 crore and loans and advances from Central Government ₹ 3,259 crore. Other liabilities accounted under Public Account were ₹ 19,161 crore.

The State also acts as a banker and trustee in respect of deposits like small savings, provident funds and deposits. There was an overall increase of ₹ 2,391 crore in respect of such liabilities of State Government during 2011-12.

Interest payments on debt and other liabilities totalling ₹ 6,280 crore constituted 19 percent of Revenue Expenditure of ₹ 33,045 crore. Interest payments on Public Debts were ₹ 5,053 crore (interest on Internal Debt ₹ 4,847 crore and interest on Loans and Advances from Central Government ₹ 206 crore). Expenditure on account of interest payments increased by ₹ 765 crore during 2011-12 as compared to 2010-11.

Internal Debt of ₹14,721 crore raised during 2011-12 was mainly used for (i) discharge of debt obligations ₹ 8,760 crore and (ii) payment of interest ₹ 6,280 crore.

Details of the Public Debt and Total Liabilities of the State Government are as under:

(₹ in crore)

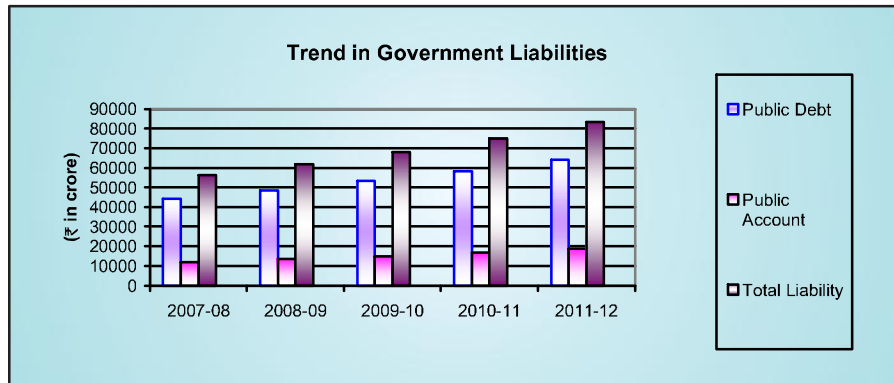
Year	GSDP	Public Debt	Percentage to GSDP	Public Account	Percentage to GSDP	Total Liability*	Percentage to GSDP
2007-08	1,52,245	44,310	29	11,769	8	56,104	37
2008-09	1,74,039	48,453	28	13,486	8	61,964	35
2009-10	1,98,393	53,253	27	14,834	7	68,112	34
2010-11	2,24,975	58,237	25	19,136	7	74,900	33
2011-12	2,48,301	64,161	26	19,136	8	83,322	34

\* includes ₹ 25 crore pertaining to Contingency Fund.

There is a net increase of ₹ 27,218 crore (49 percent) in Net Liabilities during the last five years.



## Accounts at a Glance



### 6.3 Guarantees

Maximum amount guaranteed by the State Government during the year 2011-12 was 48,382 crore for repayment of loans raised by Statutory Corporations/Boards, Government Companies, Local Bodies, Co-operative Banks and Societies where as outstanding amount as on 31<sup>st</sup> March 2012 was 45,714 crore. An amount of 51.39 crore was received as Guarantee Fee by the State Government.

## GENERAL

**7.1 The Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003**

Section 5(2) of the Act states that in particular, and without prejudice to the generality of the foregoing provision, the State Government shall, at the time of presentation of the annual budget, disclose in a statement, in the form as may be prescribed,- (a) the significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of the prescribed fiscal indicators; (b) as far as practicable and consistent with the protection of public interest, the contingent liabilities created by way of guarantees, all claims and commitments made by the State Government, having potential budgetary implications, including revenue demands raised, but not realised and tax arrears, and liability incurred, but not paid. However, annual budget was presented without foregoing disclosures.

In order to formulate Fiscal correction path to meet the targets set by the Thirteenth Finance Commission/ Government of India and to avail the benefit of interest relief of ₹ 7,03 crore and release of State Specific Grants of ₹ 14,50 crore, Government of Punjab amended the FRBM Act, 2003 in March 2011. Performance chart of the Government of Punjab for the year 2011-12 vis-à-vis targets fixed by the Thirteenth Finance Commission is as follows:

Sr. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP*	
			Target	Achievement
1	Revenue Deficit	6,811	1.80	2.74
2	Fiscal Deficit	8,491	3.50	3.42
3	Debt	83,099	41.80	33.47

\* Advance figure of GSDP: ₹ 2,48,301 crore

**7.2 Loans and Advances given by the State Government**

Total amount of outstanding loan as on 31<sup>st</sup> March 2012 stood at ₹ 2,406 crore in comparison to an amount of ₹ 2,324 crore as on 1<sup>st</sup> April 2011 registering an increase of ₹ 82 crore. However, analysis has revealed that repayments in respect of most of the loans are not forthcoming.

Confirmation of balances at the close of the year is required to be done by the departmental authorities maintaining detailed account of loans and advances. The loan-wise figures have been supplied to the departmental authorities for confirmation. Response from the State Government is awaited. The information regarding loans for which terms and conditions are yet to be settled is awaited from the State Government.

**7.3 Status of Personal Deposits**

Ordinarily, the opening of a banking deposit account or of a Personal Ledger Account (PLA) is sanctioned by Government after consultation with the Accountant General. Except where by law or rules having the force of law, Personal Deposit Account are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of special enactments, Personal Deposit Accounts created by debit to the Consolidated Fund should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund; the Personal Deposit Accounts being opened next year again, if necessary, in the usual manner. 42 numbers of Personal Deposit Accounts amounting to ₹ 565 crore were opened during the financial year 2011-12 and 47 numbers of PDAs amounting to ₹ 565 crore were closed on 31<sup>st</sup> March 2012.

#### **7.4 Abstract Contingent Bills**

The Drawing and Disbursing Officer who has drawn an Abstract Contingent (AC) Bill must submit a Detailed Contingent (DC) Bill to his Controlling Officer for counter signature and onward transmission to Accountant General within the prescribed time period. However, 1,661 Abstract Contingent Bills amounting to ₹ 1,288 crore were outstanding as on 31<sup>st</sup> March 2012 due to non-compliance of the codal provisions.

#### **7.5 Utilization Certificates**

Sums released as Grants-in aid to the beneficiaries have to be followed by submission of Utilization Certificates within specified period. 202 Utilization Certificates for ₹ 507 crore as per details given below were awaited as on 31<sup>st</sup> March 2012.

<b>Year</b>	<b>Number of Utilization Certificates awaited</b>	<b>Amount (₹ in crore )</b>
2009-10	13	55
2010-11	16	102
2011-12	173	350
<b>Total</b>	202	507

#### **7.6 Status of Reserve Funds**

Closing balance in the Reserve Funds as on 31st March 2012 was ₹ 2,616 crore. Analysis reveals that Reserve Funds bearing interest are operative, whereas the entire amount of ₹ 9 crore is static since 1982-83 under Reserve Funds not bearing interest. A review was conducted and the facts were brought to the notice of State Government for remedial action.

#### **7.7 Grants-in-aid forming part of Capital Expenditure**

Budgetary allocation of Grants-in-aid under Capital Heads violates the provisions of the Indian Government Accounting Standards-2 notified on 19<sup>th</sup> May 2011 by Government of India, Ministry of Finance (Department of Economic Affairs), New Delhi. Grants-in-aid amounting to ₹ 167 crore was disbursed from the Capital Heads comprising 7 percent of total amount of Grants-in-aid i.e. ₹ 2,326 crore.

#### **7.8 Parking of Funds outside the Consolidated Fund**

**7.8.1** ₹ 69 crore were drawn by the Directorate of Welfare for Scheduled Castes and Backward Classes at the close of the year and were deposited in the Bank Accounts, as such the amount was kept outside the Consolidated Fund of the State.

**7.8.2** To compensate the municipalities due to abolition of octroi in September 2006, the Government decided to provide 10 percent funds to the municipalities out of total VAT collection. The accounting was designed in such a way that 90 percent of VAT collection goes to the treasury whereas the remaining 10 percent goes direct to the dedicated Bank wherefrom this money goes direct to the municipalities. This way, 10 percent of VAT collection is kept outside the Consolidated Fund of the State every year. During 2011-12, an amount of ₹ 1,195 crore, representing 10 percent of VAT collection, went outside the Consolidated Fund of the State.

**7.8.3** An amount of ₹ 449 crore as on 31<sup>st</sup> March 2012 pertaining to Major Head 8671- Departmental Balances was lying with Departmental Officers as idle cash outside the Government Accounts.

**7.9 Submission of Accounts by treasuries and divisions**

252 Treasury Accounts rendered by 21 District Treasuries were received and accounted for during the year. The delay ranging from 1 to 21 days was noticed in rendition of monthly accounts by the treasuries. Irrigation, B&R, Public Health and Forest Divisions rendered 3185 accounts during the year. There was delay ranging from 1 to 17 days in rendition of monthly accounts by the Divisional Authorities.

**7.10 Adverse Balances**

There is a repayment schedule of every loan raised by the State Government. However, an instance may occur wherein, repayment may exceed the amount of Loan taken or receipts follow against non-existent Loans on account of misclassification and non-reconciliation. Closing Balance at the end of the year denotes Adverse Balance. Such Balances are 'Nil' in the books of the office of the Accountant General (A&E).

**7.11 Financial Assistance to Local Bodies and others**

An amount of ₹ 791 crore was given as Grants-in-aid to Panchayati Raj Institution and Urban Local Bodies during 2011-12 constituting 34 percent of the Total Grants-in-aid of ₹ 2,326 crore. Details of Grants-in-aid for the last 3 years are as under:

(₹ in crore)

Year	Panchayati Raj Institutions	Urban Local Bodies	Others	Total Grants-in aid
2009-10	412	89	984	1,485
2010-11	1,162	68	956	2,186
2011-12	684	107	1,535	2,326

**7.12 Cash Balances and Investments of Cash Balances**

(₹ in crore)

Sr. No.	Overall Cash Position of the Government	As on 31 <sup>st</sup> March 2012	As on 31 <sup>st</sup> March 2011	Net Increase(+)/ Decrease(-)
<b>(a)</b>	<b>General Cash Balances -</b>			
1	Deposits with Reserve Bank of India	-730	-694	-36
2	Investments held in the Cash Balance Investment Account	102	102	--
	<b>Total (a)</b>	-628	-592	-36
<b>(b)</b>	<b>Other Cash Balances and Investments-</b>			
	<b>Total</b>	-178	-118	-60

**7.13 Reconciliation of Receipts and Expenditure**

All the Controlling Officers/Chief Controlling Officers (COs/CCOs) are required to reconcile the Receipts and Expenditure of the Government with the figures accounted for by the Accountant General. Reconciliation of figures under Expenditure and Receipt Heads was completed by all the 208 and 160 CCOs in respect of Expenditure and Receipt Heads respectively in the State.



