

2.3 Review of selected grants

A review of budgetary procedure and control over receipts and expenditure in two Grants (02–Animal Husbandry and Fisheries and 23–Rural Development and Panchayats) covering five offices/departments revealed the following:-

Receipts

2.3.1 Three offices/departments sent the budget estimates for the year 2008-09, due on 1 November 2007, to the Finance Department after a delay ranging between 27 and 99 days.

2.3.2 Para 1.16 of the Manual of Instructions of the Finance Department requires the department to carry out a sound forecast of receipts. A detailed scrutiny of the budget estimates and actual receipts in respect of four departments i.e. Animal Husbandry, Dairy Development, Fisheries (Grant No.- 2) and Rural Development and Panchayats (Grant No.-23) revealed that the estimates were not framed correctly during the years 2004-09 as detailed in *Appendix 2.9*. The increase/decrease in actual receipts as compared to the budget estimates ranged from 0.12 per cent to 245 per cent and 0.38 per cent to 95.59 per cent respectively. This showed weak and ineffective control in the preparation of budget estimates.

2.3.3 A detailed scrutiny of the four departments mentioned above revealed that:

➤ In three departments (Animal Husbandry, Dairy Development and Fisheries) the shortfall of Rs 0.45 crore in receipts during 2008-09 was due to less miscellaneous receipts/registration of dealers/open public auction as per details given in the *Appendix 2.10*.

➤ In Rural Development and Panchayats department, the increase of Rs 9.88 crore was due to interest received on account of grant received for Sarva Shiksha Abhiyan, unpaid salary of Elementary Trained Teachers (who left the services) and other miscellaneous receipts as per details given in the **Table 2.9**.

Table 2.9: Increase in receipts over Budget Estimates

(Rupees in Lakh)

Sr. No	Grant No. and Head of Account	Receipts as per budget estimates	Actual receipts	Increase(+)	Percentage	Contributing reasons as stated by the Department
1.	Grant No.23 – Rural Development and Panchayats 0515 – Rural Development and Panchayats	5025.34	6013.26	(+987.92)	(+19.66)	Due to interest received on grant of Rs 4795.69 lakh received on account of Sarva Shiksha Abhiyan, unpaid salary of Elementary Trained Teachers (who left the services) by Block Development and Panchayats Officers and other miscellaneous receipts

Executive Summary

Background

In May 2003, Government of Punjab enacted the Punjab Fiscal Responsibility and Budget Management Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudential debt management. Subsequently, in January 2006, the Government of Punjab enacted the Punjab FRBM (Amendment) Act, 2005 and fixed the timeframe for achieving the fiscal targets set in May 2003. The Government enacted the Punjab Fiscal Responsibility and Budget Management Rule, in December 2006.

The Comptroller and Auditor General's civil Audit Reports have been commenting upon the Government's finances for five years since the Fiscal Responsibility and Budget Management legislation and five reports have already been published. Since these comments formed part of the civil Audit Report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well intentioned but all inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring the State finances to center stage once again, a stand-alone report on the State Government finances is considered an appropriate audit response. Accordingly, from the report year 2009 onwards, C&AG has decided to bring out a separate volume titled "Report on State Finances".

The report

Based on the audited accounts of the Government of Punjab for the year ended March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Punjab Government's fiscal position as on 31 March 2009. It provides an insight into the trends in receipts and expenditure, committed expenditure, borrowing pattern, fiscal imbalances etc. besides a brief account of central funds transferred directly to the State implementing agencies through off-budget route.

Chapter 2 is based on the audit of Appropriation Accounts and it gives the grant wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is an inventory of the Punjab Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collected from several sources in support of the findings.

Audit findings and recommendations

Inadequate mobilization of revenue receipts: The revenue receipts during 2008-09 showed a growth rate of only 7.67 *per cent* over the previous year. The share of the States own tax revenue was 54 *per cent* of the total revenue receipts. The non-tax revenue accounted for 28 *per cent*. Thus, the States own sources of receipts in 2008-09 accounted for 82 *per cent* of the total revenue receipts showing decline of seven *per cent* from 89 *per cent* in 2004-05. Concerted efforts to increase the own tax revenue wherever feasible could improve the State's finances.

Funds transferred directly to the State implementing agencies: The Central Government has been transferring a sizeable quantum of funds directly to the State implementing agencies¹ for implementation of various schemes/programmes in social and economic sectors recognized as critical. During 2008-09, the Government of India directly transferred Rs 708.20 crore to the State implementing agencies. As these funds are not routed through the budget of State Government, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are underestimated. Unless there is proper documentation and timely reporting of expenditure by the implementing agencies, it will be difficult to monitor the end use of these direct transfers. Therefore, Government need to ensure proper documentation and reporting of expenditure by the implementing agencies.

High share of revenue expenditure in total expenditure: The revenue expenditure continued to constitute the dominant share of 89 *per cent* of which 71 *per cent* was consumed by committed expenditure in 2008-09 leaving only a small portion for current operations. Action needs to be taken to compress the unproductive non-plan revenue expenditure.

Lower priority to capital expenditure: Though the capital expenditure had an increasing trend during 2004-09, yet relative to the Gross State Domestic Product (GSDP), it remained at 1.80 *per cent* during 2008-09, far below the target of three *per cent* to be achieved by the Government of Punjab. Moreover, in 2005-06, Punjab's per capita expenditure of Rs 586 on capital expenditure was lower than the national per capita expenditure of Rs 692. Similarly, in 2008-09 too Punjab's per capita expenditure of Rs 1,062 on capital expenditure was lower than the national average of Rs 1,254. The ratio of capital expenditure to the aggregate expenditure in Punjab was 7.68 *per cent* in 2005-06 and 10.40 *per cent* in 2008-09, which were lower than the national average of 14.13 and 16.87 *per cent* respectively. Thus, the Government of Punjab was giving low fiscal priority to capital expenditure. The state needs to consider enhancing the priority to capital expenditure, as the proportion of capital expenditure to aggregate expenditure is very low in Punjab as compared to the national average.

¹ Please see glossary (Appendix 4.1).

Low return on investment: As of March 2009, the Government had invested Rs 3,841 crore in the statutory corporations, Government companies etc. The return on these investments was negligible (0.02 *per cent*). On the other hand, the cost of borrowed funds was higher (8.32 *per cent*) which resulted in straining of the financial position of the Government of Punjab. It would be advisable for the State Government to ensure better value for investments, otherwise high cost borrowed funds will continue to be invested in projects with low financial returns.

Low backup of liabilities by assets: The ratio of assets to liabilities remained at an average of 44 *per cent* during 2004-09 implying that only 44 *per cent* of the liabilities were backed up by assets. Greater emphasis on capital asset creation could help in improving this position.

Higher ratio of fiscal liabilities with reference to GSDP: The fiscal liabilities stood at 39 *per cent* of the GSDP during 2008-09 against the norm of 28 *per cent* to be achieved by 2009-10 as per the FRBM Act, 2003. Borrowed funds should be used as far as possible only to fund the capital expenditure and the revenue expenditure should be met from revenue receipts.

Increase in outstanding guarantees: The guarantees outstanding as of March 2009 were 134 *per cent* of the revenue receipts of 2007-08, against the norm of 80 *per cent* prescribed in the FRBM Act, 2003. Reduction of the contingent liabilities needs to be given due priority by the State Government.

Low Debt sustainability: Debt sustainability deteriorated as the non-debt receipts of the Government of Punjab were not sufficient to meet the incremental debt, net availability of borrowed funds for deploying on items other than debt redemption decreased and the burden of interest payments was 24 *per cent* of the revenue receipts, which was far higher than the target of 15 *per cent* fixed by the Twelfth Finance Commission to be achieved by 2009-10. Government need to restrict the borrowings and increase its own tax/non-tax resources so as to avoid deterioration of debt sustainability.

Increasing deficits: The revenue deficit of the Government of Punjab was far higher than the target to wipe out the revenue deficit by 2008-09. The fiscal deficit, which represents the total borrowing of the Government and its total revenue gap, increased during 2007-09 and stood at 4.21 *per cent* of the GSDP as against the targets of three *per cent* envisaged in the FRBM Act. The Punjab Government can achieve the targets set out in the FRBM Act provided an effort is made to increase the tax mobilisation, make efforts to collect the revenue arrears and prune the unproductive expenditure.

Financial management and budgetary control: Audit of appropriation accounts for the year ended 31 March 2009 revealed that there was an overall net saving of Rs 4,158.57 crore (12 *per cent*) during the year. In 19 grants, there were overall savings by 48 *per cent* of the provision. Expenditure of Rs 810 crore was incurred without provision of funds. Excess expenditure of Rs 5,109.94 crore relating to the period 2004-05 to 2007-08 awaited regularization by the State Legislature, besides expenditure of Rs 506.13 crore incurred during 2008-09 in excess of the provision also required

regularization. During the year, the re-appropriations effected by the departments either proved unnecessary (Rs 489.90 crore) or insufficient (Rs 163.06 crore). In 17 heads, expenditure of Rs 2,584.91 crore (56 per cent) was incurred in the last quarter of the year indicating rush of expenditure.

Budgetary control needs to be strengthened in all the Government departments, particularly in the departments, where savings/excesses persisted. Issuance of re-appropriation/surrender orders and rush of expenditure at the end of the year should be avoided.

Financial Reporting: Utilisation certificates in respect of grants paid for Rs 111.85 crore upto March 2008 were outstanding as on 31 March 2009. There were significant delays in submission of accounts of the Autonomous bodies as well as in submission of their Separate Audit Reports in the Legislature. Punjab Roadways had not prepared its proforma accounts since 2000-01. The Government reported 79 cases of misappropriations, theft, losses etc. involving Rs 21.85 lakh between 2005-09 and all these cases were outstanding for want of final action by the Government. Government need to take action for expediting issue of the utilization certificates and submission of the pending accounts by the Autonomous bodies and Punjab Roadways. Departmental enquiries in cases of mis-appropriation and theft should be expedited and the control system strengthened to prevent such cases.

Total					
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					(+)987.92
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Expenditure

2.3.4 The four offices/departments sent the budget estimates for the year 2008-09, due on 1 November 2007, to the FD after a delay ranging between 20 and 98 days.

2.3.5 In 13 cases {Animal Husbandry (7) and Rural Development and Panchayats (6)}, there were persistent savings exceeding Rs 20 lakh or 20 per cent or more of the provision during the years 2004-09 as per details given in *Appendix 2.11*. In five of the above cases, the entire provision of Rs 337.10 crore in the last five years remained unutilized as per details given in *Appendix 2.12*.

2.3.6 A detailed scrutiny of the five departments i.e. Animal Husbandry, Dairy Development, Fisheries (Grant No.- 2), Rural Development and Panchayats and Joint Development Commissioner (Integrated Rural Development Programmes) (Grant No.- 23) revealed that:

➤ In 40 cases, there were savings of Rs 684.01 crore due to non-release of funds by the FD/GOI and late receipt of Administrative Approval/ imposition of model code of conduct in the State due to general elections, vacant posts etc. as per details given in *Appendix 2.13*.

➤ In 19 cases, there were savings of Rs 78.93 crore due to non-passing of bills by the treasury. as per details given in *Appendix 2.14*.

➤ In two cases, an expenditure of Rs 5.56 crore was incurred even when there were no budget provisions in the original/supplementary estimates as per details given in **Table 2.10**.

Table 2.10: Details of expenditure incurred without budget provision

(Rupees in lakh)

Sr. No.	Grant/Head of Account/Name of the Scheme	Expenditure	Contributing reasons as stated by the Department
	Grant No. 23 - Rural Development and Panchayats		
	Revenue Non-Plan		
1.	2515 – Other Rural Development Programmes 102 – Community Development 01 – Celebration of Pravasi Bhartiya Divas and Panjabi Pravasi Divas etc.	20.00	The provision was made in the revised budget estimate for the year 2008-09 but the expenditure figures were not reconciled with the Accountant General (A&E) Punjab.
	Capital Plan State		
2.	4515 - Capital Outlay on Other Rural Development Programmes 800 - Other Expenditure 04 - National Rural Employment Guarantee Scheme.	535.61	Sanction of the Government/ Finance Department received but no provision was made in the budget/revised estimates due to oversight.
	Total	555.61	

2.3.7 As per para 12.11 of the Punjab Budget Manual, the departments were to maintain Liability Register to keep watch over the un-discharged liabilities. It was, however, noticed that the register was not maintained by the Drawing and Disbursing Officers of the four departments (Dairy Development, Fisheries, Rural Development and Panchayats and Joint Development Commissioner (IRDP)) and the Animal Husbandry department did not maintain the register properly.

Appendix-2.9
(Refers to Paragraph 2.3.2, Page 45)

Statement showing variation in actual receipts and estimated receipts

(Rupees in lakh)

Sr. No.	Year	2004-05			2005-06			2006-07			2007-08	
		B.E	AR	V (Per cent)	B.E	AR	V (Per cent)	B.E	AR	V (Per cent)	B.E	AR
	Grant No./Major Head of Account											
	Grant No.-2 –Animal Husbandry and Fisheries											
1.	0403 – Animal Husbandry	343.20	343.60	(+)0.40 (0.12)	395.00	667.49	(+)272.49 (68.98)	734.00	832.77	(+)98.77 (13.46)	559.00	473.10
2.	0404 – Dairy Development	10.00	14.60	(+)4.60 (46)	45.00	51.81	(+)6.81 (15.13)	57.00	11.59	(-)45.41 (79.67)	15.00	8.64
3.	0405 – Fisheries	119.00	118.10	(-)0.90 (0.76)	130.00	113.66	(-)16.34 (12.57)	139.00	121.45	(-)17.55 (12.63)	141.00	95.35
	Grant No.-23-Rural Development and Panchayats											
4.	0515 – Rural Development and Panchayats	450.00	1552.72	(+)1102.72 (245)	1710.00	75.35	(-)1634.65 (95.59)	1880.50	161.76	(-)1718.74 (91.40)	180.00	107.77

Note: B.E :Budget Estimate, AR : Actual Receipt, V : Variation, (+) : Increase and (-) :Shortfall

Appendix-2.10
(Refers to Paragraph 2.3.3, Page 45)

Statement showing shortfall in receipts

(Rupees in lakh)						
S. No	Grant No. and Revenue Head	Budget Estimates	Actual Receipts	Short fall (-)	Percentage	Contributing reasons as stated by the Department
	Grant No 2 - Animal Husbandry and Fisheries					
1.	0403 – Animal Husbandry	603.00	600.73	(-)2.27	(-)0.38	Due to less miscellaneous receipts
2.	0404 – Dairy Development	15.00	9.37	(-)5.63	(-)37.53	Due to less registration of dealers under the Punjab Registration of Compounded Cattle Feed Concentrate and Mineral Mixture Order - 1988
3.	0405 – Fisheries	145.00	107.93	(-)37.07	(-)25.57	Due to open public auction of Fishing Rights
	Total			(-)44.97		

Say Rs 0.45 Crore

Appendix-2.11
(Refers to Paragraph 2.3.5, Page 46)

Statement showing persistent savings in the reviewed grants/appropriation

(Rupees in lakh)

Sr. No.	Grant/Head of the Accounts/Name of the Scheme	Total Grant/Amount of Savings (Percentage)				
		2004-05	2005-06	2006-07	2007-08	2008-09
	Grant No. 2 – Animal Husbandry and Fisheries					
	Revenue Plan CSS					
1.	2403 – Animal Husbandry 101 – Veterinary Services and Animal Health 15- Animal Disease Management Regulatory Medicines Establishment of Regional Referral Disease Diagnostic	<u>27.50</u> 21.18 (77.01)	<u>93.00</u> 58.74 (63.16)	<u>70.00</u> 58.01 (82.87)	<u>70.00</u> 48.20 (68.86)	<u>70.00</u> 69.70 (99.57)
2.	18- Foot and Mouth Disease Control Programme	<u>400.00</u> 330.79 (82.70)	<u>400.00</u> 175.62 (43.91)	<u>450.00</u> 289.48 (64.33)	<u>450.00</u> 427.67 (95.04)	<u>200.00</u> 168.48 (84.24)
3.	106 - Other Live Stock Development 22 - Conservation of Threatened Breeds of Small Ruminan Pigs, Pack, Animals and Equines	<u>90.-00</u> 90.00 (100)	<u>90.00</u> 90.00 (100)	<u>90.00</u> 70.30 (78.11)	<u>85.50</u> 85.50 (100)	<u>80.00</u> 80.00 (100)
4.	113 – Administrative Investigation and Statistics 03-Live Stock Census	<u>164.00</u> 164.00 (100)	<u>235.00</u> 101.10 (43.02)	<u>247.00</u> 135.39 (54.81)	<u>253.00</u> 24.36 (9.63)	<u>400.00</u> 218.86 (54.72)
5.	789 – Special Component Plan for Scheduled Castes 18-Establishment of Backyard Poultry Units	<u>12.70</u> 12.70 (100)	<u>12.70</u> 12.70 (100)	<u>12.70</u> 12.70 (100)	<u>12.70</u> 12.70 (100)	<u>12.70</u> 12.70 (100)
	Revenue Plan State					
6.	2403 – Animal Husbandry 113 – Administrative Investigation and Statistics 06-Integrated Sample Survey Cost Production of Milk and Egg	<u>30.80</u> 30.80 (100)	<u>39.80</u> 39.80 (100)	<u>1.00</u> 1.00 (100)	<u>45.00</u> 29.39 (65.31)	<u>1.98</u> 1.98 (100)
	Capital Plan CSS					
7.	4403 – Capital Outlay on Animal Husbandry 101 – Veterinary Services and Animal Health 04 – National Project on Rinderpest Eradication Programme in Punjab	<u>20.00</u> 20.00 (100)	<u>15.00</u> 3.00 (20)	<u>15.00</u> 15.00 (100)	<u>15.00</u> 15.00 (100)	<u>15.00</u> 12.75 (85)
	Grant No. 23 - Rural Development and Panchayats.					
	Revenue Non-Plan State					
8.	2515 – Other Rural Development Programmes 001 – Direction and Administration 01 – Administration	<u>4237.00</u> 321.26 (7.58)	<u>4505.47</u> 266.28 (5.91)	<u>6099.93</u> 634.51 (10.40)	<u>7117.25</u> 1058.48 (14.87)	<u>7698.98</u> 1024.63 (13.31)

	Revenue Plan CSS					
9.	2515 – Other Rural Development Programmes 800 – Other Expenditure 12 – Extension of Training Centres	<u>18.00</u> 18.00 (100)	<u>18.00</u> 18.00 (100)	<u>18.00</u> 18.00 (100)	<u>18.00</u> 18.00 (100)	<u>18.00</u> 18.00 (100)
10.	14 – Integrated Waste Land Development Project	<u>660.00</u> 660.00 (100)	<u>660.00</u> 660.00 (100)	<u>475.31</u> 475.31 (100)	<u>440.00</u> 440.00 (100)	<u>440.00</u> 440.00 (100)
	Revenue Plan State					
11.	2515 – Other Rural Development Programmes 800 – Other Expenditure 05 – Taining of Panches and Sarpanches in the State	<u>169.24</u> 169.24 (100)	<u>227.79</u> 192.41 (84.47)	<u>75.00</u> 75.00 (100)	<u>30.00</u> 30.00 (100)	<u>30.00</u> 30.00 (100)
	Capital Plan CSS					
12.	4515 – Capital Outlay on Other Rural Development Programmes 103 -Rural Development 04 – Indira Awas Yojna	<u>1320.00</u> 1320.00 (100)	<u>1320.00</u> 1320.00 (100)	<u>2500.00</u> 2500.00 (100)	<u>3900.00</u> 3900.00 (100)	<u>3900.00</u> 3900.00 (100)
13.	06 – Sampuran Gramin Rozgar Yojna	<u>2850.00</u> 2850.00 (100)	<u>5100.00</u> 5100.00 (100)	<u>4891.53</u> 4891.53 (100)	<u>4950.00</u> 4950.00 (100)	<u>150.00</u> 150.00 (100)

Appendix-2.12
(Refers to Paragraph 2.3.5, Page 46)

Statement showing the cases where entire provision remained unutilized

(Rupees in lakh)

Sr. No	Sr. No. of Appendix 2.13	Total Grant/Savings					Total
		2004-05	2005-06	2006-07	2007-08	2008-09	
1.	5	12.70	12.70	12.70	12.70	12.70	63.50
2.	9	18.00	18.00	18.00	18.00	18.00	90.00
3.	10	660.00	660.00	475.31	440.00	440.00	2675.31
4.	12	1320.00	1320.00	2500.00	3900.00	3900.00	12940.00
5.	13	2850.00	5100.00	4891.53	4950.00	150.00	17941.53
	Total	4860.70	7110.70	7897.54	9320.70	4520.70	33710.34

Say Rs 337.10 Crore

Appendix-2.13
(Refers to Paragraph 2.3.6, Page 46)

**Statement showing savings due to non-release of funds by Finance
Department/Government of India/late receipt of administrative approval/imposition
of model code of conduct in the State due to general election/due to vacant posts etc.**

(Rupees in lakh)

Sr. No.	Grant No./Head of Account/ Name of the Scheme	Final Savings	Contributing reasons as stated by the Department
	Grant No. 2 - Animal Husbandry and Fisheries		
	Revenue Plan CSS		
1.	2403 – Animal Husbandry 101 – Veterinary Services and Animal Health 02 – Scheme for National Project on Rinderpest Eradication Programme in Punjab	29.40	Due to non release of funds by the Finance Department
2.	15 – Animal Disease Management Regulatory Medicines Establishment of Regional Referral Disease Diagnos	69.70	Due to non release of funds by the Finance Department
3.	18 – Foot and Mouth Disease Control Programme	168.48	Due to non release of funds by the Finance Department
4.	103 – Poultry Development 03 – Assistance to State Poultry Farms – Strengthening of Government Poultry Farms	2.50	Due to imposition of code of conduct in the state
5.	106 – Other Live Stock Development 22 – Conservation of Threatened Breeds of Small Ruminan Pigs, Pack, Animal and Equines	80.00	Due to non release of funds by the Finance Department
6.	26 – Construction of Animal Shelter (Gaushala)	100.00	Due to non release of funds by the Finance Department
7.	113 – Administrative Investigation and Statistics 03 – Live Stock Census	218.86	Due to imposition of code of conduct in the state
8.	789 – Special Component Plan for Scheduled Castes 17 – Scheme of Female Buffalo Calf Rearing	9.26	Due to imposition of code of conduct in the state
9.	18 – Establishment of Backyard Poultry Units	12.70	Due to imposition of code of conduct in the state
	Revenue Plan Share		
10.	2403 – Animal Husbandry 101 – Veterinary Services and Animal Health. 23. – Scheme for Birth Control and Immunization of Stray Dogs.	50.00	Due to non release of funds by the Finance Department
11.	113 – Administrative Investigation and Statistics 06 – Integrated Sample Survey and Cost of Production of Milk and Egg.	1.98	Due to late receipt of Administrative approval
	Revenue Plan State		
12.	2403 – Animal Husbandry 101 – Veterinary Services and Animal Health 30 – Setting up of New Polyclinics and Strengthening of Veterinary Institutions in the State under RDIF X	298.61	Late receipt of Administrative approval

13.	105 – Piggery Development 04 – Scheme for Development of Piggery Sector in the State.	52.61	Due to ban on disbursement of subsidy during code of conduct
14.	113 – Administrative Investigation and Statistics 06 – Integrated Sample Survey and Cost of Production of Milk and Egg.	1.98	Due to late receipt of Administrative approval

	Revenue Non Plan State		
15.	2404 – Dairy Development 001 – Direction and Administration 01 – Direction and Administration	29.44	Due to voluntary retirement/death of officers/officials
	Revenue Plan Share		
16.	2404 – Dairy Development 109 – Extension and Training 04 – Strengthening of Infrastructure for Quality and Clean Milk Production	261.15	Due to non release of funds by the Government of India
	Revenue Plan State		
17.	2404 – Dairy Development 109 – Extension and Training 04 – Strengthening of Infrastructure for Quality and Clean Milk Production	39.07	Due to non sanction of funds by the Finance Department
	Revenue Plan – CSS		
18.	2405 – Fisheries 101 – Inland Fisheries 17 – Strengthening of Database and Information Networking and Fisheries Sector	10.00	Non release of funds by the Government of India
	Revenue Plan Share		
19.	2405 – Fisheries 101 – Inland Fisheries 10 – Assistance to Fish Farmers Development Agencies in the State	466.66	Due to non acceptance of cheque by the State Bank of India, Sector-7, Chandigarh
20.	109 – Extension and Training 07 – Scheme for Fisheries Extension and Training	16.00	Funds not allocated in the revised estimate by the Planning Department
	Revenue Plan State		
21.	2405 – Fisheries 101 – Inland Fisheries 10 – Assistance to Fish Farmers Development Agencies in the State	200.00	Funds not released by the Finance Department
22.	13 – Development of Fisheries in Saline/Brakish Waters	13.00	Funds not cleared by the Finance Department
23.	16 – Scheme for Setting up of Hightech Laboratories in Mobile Units in the State	20.00	Funds not cleared by the Finance Department
24.	109 – Extension 07 – Scheme for Fisheries Extension and Training	4.00	Funds not allocated in the revised estimate by the Planning Department
	Capital Plan CSS		
25.	4403 – Capital Outlay on Animal Husbandry 101 – Veterinary Services and Animal Health 02 - Animal Disease Management Regulatory Medicines – Establishment of Regional Referral Disease Diagnos.	30.00	Funds not released by the Finance Department.
	Grant No. 23 - Rural Development and Panchayats		
	Revenue Non-Plan State		
26.	2202 – General Education		Due to dying cadre, post

	04 – Adult Education 200 – Other Adult Education Programme 01 – Assistance to Panchayat Samities for Social Education by Development Department	65.11	remained vacant
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	Revenue Non-Plan State		
27.	2415 – Agricultural Research and Education 001 – Crop Husbandry 277 – Education 01 – Home Economic Wing of Gram Sewak Training Centre at Nabha	12.85	Due to non receipt of bills from employees
	Revenue Plan Share		
28.	2501 – Special Programmes for Rural Development 01 – Integrated Rural Development Programme 001 – Direction and Administration 03 – Strengthening/Administration of DRDA's in the State.	1486.27	Due to non release of Rs 712.26 lakh by the Government of India and late receipt of balance amount by the Government of India
	Revenue Plan State		
29.	2501 – Special Programmes for Rural Development 01 – Integrated Rural Development Programme 001 – Direction and Administration 03 – Strengthening/Administration of DRDA's in the State	276.03	Due to vacant posts of DRDA
	Revenue plan CSS		
30.	2515 – Other Rural Development Programme 800 – Other Expenditure 12 – Extension of Training Centres	18.00	Non receipt of Approval of the Finance Department
31.	14 – Integrated Waste Land Development Project	440.00	Due to imposition of model code of conduct in the State
32.	20 – Swaranjayanti Gram Swarojgar Yojna.	1200.00	Due to imposition of model code of conduct in the State
33.	28 – Sampuran Gramin Rojgar Yojna	150.00	Due to imposition of model code of conduct in the State
	Revenue Plan Share		
34.	2515 – Other Rural Development Programme 800 – Other Expenditure 29 – National Rural Employment Guarantee Scheme.	27000.00	Due to imposition of model code of conduct in the State.
	Revenue Plan State		
35.	2515 – Other Rural Development Programmes 800 – Other Expenditure 29 – National Rural Employment Guarantee Scheme	3000.00	Due to imposition of model code of conduct in the State
	Revenue Non-Plan State		
36.	3604 – Compensation and Assignments to Local Bodies and Panchayati Raj Institutions 200 – Other Miscellaneous Compensation and Assignments 09 – Grant for Service Provider Doctor in Rural Dispensaries.	442.49	Non receipt of demand for purchase of medicines from the Punjab Health System Corporation
37.	18 – Grant on the Recommendation of Third State Financial Commission to Panchayati Raj Institutions	27707.00	Funds not provided by the State Government
38.	19 – Grant-In-Aid for Service Provides to Veterinary Doctors Veterinary Pharmacists in	457.74	Due to non purchase of medicines by the Zila

	Rural Vet Hospitals and Dispensaries		Parishad
	Capital Plan CSS		
39.	4515 – Capital Outlay on Other Rural Development Programmes 103 – Rural Development 04 – Indira Awas Yojna	3900.00	Due to imposition of model code of conduct in the State

	Capital State Plan		
40.	4515 – Capital Outlay on Other Rural Development Programme 103 – Rural Development 13 – Grant for Strengthening of Infrastructure and Institutional Works	60.53	Due to imposition of model code of conduct in the State
	Total	68401.42	

Say Rs 684.01 Crore

Appendix-2.14
(Refers to Paragraph 2.3.6, Page 46)

Statement showing saving due to non-passing of bills by the treasuries

(Rupees in lakh)

Sr. No.	Grant No./Head of Account/Name of Scheme	Final Saving	Contributing reasons as stated by the Department
	Grant No. 2 – Animal Husbandry and Fisheries		
	Revenue Non-Plan State		
1.	2403 – Animal Husbandry 001 – Direction and Administration 01 – Direction and Administration	785.64	Due to non clearance of bills by the Treasury and the employees who left the job without any notice.
	Revenue Plan Share		
2.	2403 – Animal Husbandry 101 – Veterinary Services and Animal Health 13 – Assistance to States for Control of Animal Diseases – Creation of Disease Free Zone	13.66	Non-clearance of bills by the treasury
	Revenue Plan State		
3.	2403 – Animal Health 101 – Veterinary Services and Animal Health 26 – Animal Husbandry Extension and Training Programme	0.73	Non-clearance of bills by the treasury
	Revenue Non-Plan State		
4.	2405 – Fisheries 001 – Direction and Administration 001 – Direction and Administration	51.96	Non clearance of bill by the treasury
	Revenue Plan State		
5.	2405 – Fisheries 101 – Inland Fisheries 12 – Development of Fisheries in Lakes/Reservoirs	5.00	Non clearance of bill by the treasury
6.	14 – Value Addition Fish for Better Return to Fish Farmers	3.00	Non clearance of bill by the treasury
7.	15 – Strengthening of Government Fish Seed Farm for Increasing Fish Seed	15.00	Non clearance of bill by the treasury
	Capital Plan CSS		
8.	4403 – Capital Outlay on Animal Husbandry 101 – Veterinary Services and Animal Health 04 – National Project on Rinderpest Eradication Programme in Punjab	12.75	Non-clearance of bills by the treasury
	Capital Plan State		
9.	4403 – Capital Outlay on Animal Husbandry 101 – Veterinary Services and Animal Health 03 – Assistance to States for Control of Animal Diseases – Creation of Disease Free Zone	10.00	Non-clearance of bills by the treasury
10.	12 – Setting up of New Polyclinics and Strengthening of Veterinary Institutions in the State under RIDF X	94.33	Non-clearance of bills by the treasury
	Grant No. 23 – Rural Development and Panchayats		
	Revenue Non-Plan State		

11.	2515 – Other Development Programmes 001 – Direction and Administration 01- Administration	1024.63	Non-clearance of bills by the treasury
	Revenue Plan Share		
12.	2515 – Other Development Programmes 800 – Other Expenditure 05 – Training to Panches and Sarpanches in the State	30.00	Non-clearance of bills by the treasury

	Revenue Plan State		
13.	2515 – Other Development Programmes 800 – Other Expenditure 05 – Training to Panches and Sarpanches in the State	10.00	Non-clearance of the bills by the treasury
	Revenue Non-Plan State		
14.	3604 – Compensation and Assignments to Local Bodies and Panchayati Raj Institutions 200 – Other Miscellaneous Compensation and Assignments 05 – Grants to Zila Parishads for Loss on Account of Abolition of Profession Tax.	16.51	Due to non passing of bills by the treasury
15.	07 – Compensation to the Districts Boards for Loss of Income from Ferries under the Northern Indian Ferrie.	2.70	Due to non passing of bills by the treasury
16.	10 – Grant for Service Providers to E.T.T. Teachers on Regular Services to their Pay Scales in Rural Areas	435.39	Due to non passing of bills by the treasury
	Capital Plan State		
17.	4515 – Capital Outlay on Other Rural Development Programmes 103 – Rural Development 14 – Grant Recommended by the 12 th Finance Commission to Panchayati Raj Institutions	4923.70	Due to non passing of bill by the treasury
18.	789 – Special Component Plan for Scheduled Castes 02 – Environment Improvement of SC Basties/Villages with Stress on Sanitation (ACA)	358.00	Due to non clearance of bills by the treasury
19.	800 – Other Expenditure 06 – Incomplete Sewerage System in Villages	100.00	Due to non clearance of bills by the treasury
	Total	7893.00	

Say Rs 78.93 Crore

(Page 34)1.9.5 Targets and achievements of key fiscal indicators

The Twelfth Finance Commission recommended norms/ceiling for some fiscal aggregates and also made normative projection for others. Under the FRBM Act, the Government framed fiscal indicator and targets to be achieved. The Government developed its own fiscal correction path (FCP) indicating milestones of outcome indicators with target dates of implementation. The **Table 1.23** gives a comparative statement of actual achievements against the targets set under TFC, FCP and budget estimates, in respect of some of the fiscal indicators.

Table 1.23: Comparative position of targets and achievements

(Rupees in crore)

Sr. No	Fiscal indicators	2008-09			
		FCP	TFC	BE	Actuals
1	Tax revenue	12500	12372	11247	11150
	Non-tax revenue	1765*	2318	5391	5784
2	Non-Plan revenue expenditure	17016	16198	#	23147
	Salaries & wages	7006	-	7323	6835
	Interest payment	4582	4602	4818	4902
	Expenditure on Pension	1953	2033	2112	2830
	Subsidies	1674	-	3077	2806
3	Capital expenditure	4000	-	3483	2858
4	Revenue deficit/ surplus	+1.97	-	-1000	-3856
	Fiscal deficit	-3920	-	-4365	-6690

* = Figure is net of lotteries;

= Separate figures for NPRE not mentioned in the BE.

It may be noted from the above that except in the case of non-tax revenue and salaries and wages, the targets have not been achieved in respect of all other fiscal parameters.

(page-30) comprising of market loans (Rs 5,061 crore), securities issued to National Small Savings Fund (Rs 190 crore), Ways and Means Advances from RBI (Rs 454 crore) and NABARD (Rs 450 crore). Against these receipts, Government of Punjab discharged the past debt obligations (principal + interest) amounting to Rs 5,807 crore resulting in net fund availability of Rs 348 crore under the internal debt account. The Government of Punjab repaid GOI loans including interests amounting to Rs 428 crore against the receipts of Rs 278 crore leaving deficit of Rs 150 crore. The Government of Punjab discharged other obligations such as small savings, provident fund, deposits etc. for Rs 5,758 crore along with interest against the corresponding receipts of Rs 6,531 crore leaving fund availability of Rs 773 crore.

(vii page) The State Government had drawn its Fiscal Correction Path (FCP) to improve the fiscal health of the State by eliminating the revenue deficit by 2008-09. But keeping in view the slow down in economy, the Government of India has since relaxed the revenue deficit to be eliminated by 2009-10. The State has planned to reduce the

fiscal deficit to three per cent of the GSDP and raise the Capital expenditure to about three per cent of the GSDP by 2008-09. The Government of India has now allowed the States to reduce the fiscal deficit to 3.5 per cent of the GSDP by 2009-10.

(10 page)- The steep increase in revenue buoyancy with reference to State's own taxes (68.45) in 2006-07 was due to the fact that the growth rate of State's own taxes was only 0.31 *per cent* whereas the growth rate of revenue receipts was 21.22 *per cent*. The reason/factor contributing to the growth rate of revenue receipts during the year 2006-07 was inclusion of a credit entry of Rs 3,772 crore (principal amount) due to one time waiver of special term loan granted by GOI.

Excutive summary

In May 2003, the Government of Punjab responded to the Twelfth Finance Commission's recommendation by legislating its "Fiscal Responsibilities and Budget Management Act (FRBM)" (amended from time to time and the last amendment was in January 2008). It sets out a reform agenda through fiscal correction path in the medium term with the long-term goal of securing growth stability for its economy. While the benefits contained in the FRBM legislation have been realized by the State Government to the extent of implementation of VAT, introduction of New Pension Scheme, improving tax revenue and capital expenditure, etc. will go a long way in building up the much needed 'fiscal space' for improving the quality of public expenditure and to promote fiscal stability.

Page 1.3 Sales tax, State Excise and Stamps and Registration Fee together accounted for around 89 *per cent* of the total tax revenue during 2008-09. The growth rate of these taxes and that of taxes on vehicles during the period 2004-09 is depicted in the following chart.

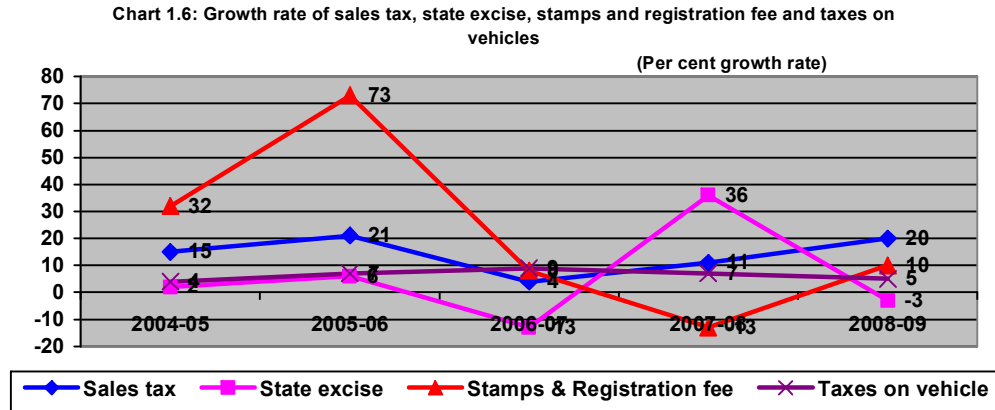


Chart 1.6 shows that the growth rate of stamps and registration fee ranged between (-) 13 to 73 *per cent*, sales taxes between four to 21 *per cent* and State excise between (-) 13 to 36 *per cent* whereas taxes on vehicles remained between four to nine *per cent* during 2004-05 to 2008-09.

1.3.1 Cost of collection of receipts

The expenditure incurred on collection of major taxes and percentage of such expenditure to gross collection during the years 2006-07 to 2008-09 vis-a-vis the respective all India average for the year 2007-08 are given in **Table 1.4**.

Table 1.4: Expenditure on collection of major taxes

Sr. No.	Revenue head	Year	Collection (Rupees in crore)	Expenditure on collection (Rupees in crore)	Percentage of expenditure to gross collection	All India average percentage of expenditure to collection for the year 2007-08
1	Taxes on sales, trade etc/VAT	2006-07	4829.02	41.78	0.87	0.83
		2007-08	5342.49	45.81	0.86	
		2008-09	6435.63	48.53	0.75	
2	Taxes on vehicles	2006-07	468.05	7.33	1.57	2.58
		2007-08	499.45	7.66	1.53	
		2008-09	524.09	9.20	1.76	
3	Stamp duty and registration fees	2006-07	1803.93	30.21	1.67	2.09
		2007-08	1567.84	18.22	1.16	
		2008-09	1730.29	23.69	1.37	
4	State excise	2006-07	1367.79	12.26	0.90	3.27
		2007-08	1861.52	13.27	0.71	
		2008-09	1809.95	14.57	0.80	

During 2008-09, the percentage of cost of collection to total collection of the respective taxes in the State was lower than the average cost at All India level.

Appendix-2.3
(Refers to Paragraph 2.2.3; Page 41)

Statement of grants/appropriations where expenditure in each case exceeded more than Rs 10 crore or more than 20 per cent of the provision

(Rupees in crore)

Sr. No.	Grant No	Name of the grant/appropriation	Total Grant/ appropriation	Expenditure	Excess expenditure (Percentage)
(1)	(2)	(3)	(4)	(5)	(6)
1	3	Co-operation (Capital-Voted)	10.55	24.41	13.86(131.37)
2	8	Finance (Revenue-Voted)	6241.22	6400.22	159.00(2.55)
3	8	Finance (Revenue-Charged)	4856.10	4901.68	45.58(0.94)
4	21	Public Works (Revenue-Voted)	772.49	1056.13	283.64(36.72)
		Total	11880.36	12382.44	502.08(4.23)

Appendix 2.6
(Refers to Paragraph 2.2.8; Page 44)

Statement showing insufficient re-appropriation of funds

(Rupees in crore)

Sr. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)
1	2	Animal Husbandry and Fisheries	2403-Animal Husbandry, Veterinary services and Animal Health, Setting up of new and strengthening of existing Veterinary Polyclinics (Plan)	0.19	+2.79
2	5	Education	2202-General Education, University and Higher Education, Government Colleges and Institutes, Government Arts Colleges	8.36	+152.91
3	17	Local Government, Housing and Urban Development	4217-Capital Outlay on Urban Development, Other Urban Development Schemes, Other Expenditure, Municipal Development Fund (Plan)	41.30	+4.00
4	21	Public Works	5054-Capital Outlay on Roads and Bridges, State Highways, Other Expenditure, Central Road Fund (Plan)	2.49	+3.36
				Total	163.06

Para 1.10(conclusion)2-**Share of State's own tax revenue in total receipts:** The revenue receipts during 2008-09 showed a growth rate of 7.67 *per cent* over the previous year. The share of the States own tax revenue was 54 *per cent* of the total revenue receipts. The share of non-tax revenue in the revenue receipts during the current year decreased to 28 *per cent* from 39 *per cent* in 2004-05. Thus, the State's own sources of revenue accounted for 82 *per cent* of the total revenue receipts in 2008-09, showing decline of seven *per cent* from 89 *per cent* in 2004-05. Concerted efforts to increase own tax revenue where feasible could improve the state's finances considerably.