

EXECUTIVE SUMMARY

Based on the audited accounts of the Government of Uttar Pradesh for the year ending March 2015, this report provides an analytical review of the Annual Accounts of the State Government. The financial performance of the State has been assessed which is based on the Fiscal Responsibility and Budget Management Act, 2004 and its Second Amendment Act, 2011, Budget Documents, Report of the Thirteenth Finance Commission and other financial data obtained from various Government Departments and Organisations. The Report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of fiscal position of the Government of Uttar Pradesh as on 31 March 2015. It provides an insight into trends in overall finances of the State, Actual Expenditure *vis-à-vis* Budget Estimates, Committed Expenditure etc.

Chapter 2 is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations, preparation of Budget Estimates and the manner in which the allocated resources were managed by the service delivery Departments.

Chapter 3 is an inventory of compliance by the Government of Uttar Pradesh with various reporting requirements and financial rules.

Audit Findings

Chapter 1: Finances of the State Government

Revenue Receipts

- **Revenue Receipts** grew up by 15 *per cent* over 2013-14. The increase was mainly contributed by Grants from GoI (₹ 10,286 crore; 46 *per cent*), Tax Revenue (₹ 7,590 crore; 11 *per cent*), and Share of the State in Union Taxes and Duties (₹ 3,846 crore; six *per cent*). Revenue Receipts of ₹ 1,93,422 crore was lower (₹ 32,997 crore) than the Budget Estimates of ₹ 2,26,419 crore.

(Paragraph 1.1.1)

Revenue Expenditure

- **Revenue Expenditure** increased by eight *per cent* over 2013-14. However, it (₹ 1,71,027 crore) was lower (₹ 26,398 crore) than the Budget Estimates (₹ 1,97,425 crore). **Within revenue expenditure**, non-plan expenditure increased by ₹ 11,275 crore (nine *per cent*) and plan expenditure by ₹ 1,605 crore (five *per cent*) over 2013-14. Non-plan Revenue Expenditure (₹ 1,37,765 crore) was far ahead (56 *per cent*) of normative assessment made by the Thirteenth Finance Commission (₹ 88,219 crore).

(Paragraph 1.1.1)

Fiscal Situation

- Government had Revenue Surplus which was mainly due to 15 *per cent* increase in Revenue Receipts whereas Revenue Expenditure increased by eight *per cent* over 2013-14. Further, the Fiscal Deficit exceeded (0.33 *per cent*) the target of not more than three *per cent* of GSDP, as set by the Thirteenth Finance Commission and FRBM Act, to 3.33 *per cent*.

(Paragraph 1.1.2)

Capital Expenditure

- Capital expenditure increased by ₹ 20,434 crore (62 *per cent*) over 2013-14. The increases were mainly under Roads and Bridges, Power Projects, Major Irrigations, Rural Development under Economic Services. It was lower than the Budget Estimates.

(Paragraph 1.1.1)

Debt Sustainability

- Debt-GSDP ratio (31.53 *per cent*) at the end of 2014-15 was on lower side especially in view of the target of FRBM (Second Amendment) Act, 2011 containing it to 41.90 *per cent* by the end of 2014-15.

(Paragraph 1.1.2)

Contingent Liabilities

- The maximum amount guaranteed increased significantly (55 *per cent*) from the ₹ 50,459 crore in 2012-13 to ₹ 78,023 crore in 2014-15. The outstanding amount of guarantees (including interest) also increased significantly (63 *per cent*) from ₹ 43,337 crore in 2012-13 to ₹ 70,740 crore in 2014-15.

(Paragraph 1.9.4)

Fiscal Imbalances

- The fiscal deficit declined from ₹ 17,248 crore in 2010-11 to ₹ 15,433 crore in 2011-12, but again showed increasing trend and rose upto ₹ 32,513 crore in 2014-15 mainly due to considerable increase under capital expenditure (62 *per cent*) relative to 2013-14. At the end of the financial year 2014-15, there was a primary deficit of ₹ 13,648 crore. This was due to increase in the fiscal deficit by ₹ 8,833 crore as compared to the year 2013-14.

(Paragraph 1.11.1)

Financial Health of the State

- The fiscal deficit during 2014-15 stood at 3.33 *per cent* of GSDP which exceeded the FRBM Act target of three *per cent* by 0.33 *per cent* for the first time in last five years. The annual rate of increase in fiscal deficit also increased to 37 *per cent* in 2014-15, compared to only eight *per cent* in 2010-11, indicating increased fiscal imbalance.

(Paragraph 1.11.4)

Chapter 2: Financial Management and Budgetary Control

Large savings due to inaccurate budgeting

- Overall savings of ₹ 52,043.50 crore were the results of savings of ₹ 55,351.80 crore offset by excess of ₹ 3,308.30 crore.

(Paragraph 2.2)

Persistent Savings

- The cases of persistent savings occurred (₹ 100 crore and above) during the preceding five years. The savings increased from ₹ 6,459.69 crore in 2013-14 to ₹ 12,314.12 crore in 2014-15 under Revenue Voted section.

(Paragraph 2.3.2)

Excess over provisions requiring regularisation

- Excess expenditure of ₹ 20,352.17 crore for 2005-14 require regularisation under Article 205 of the Constitution of India.

(Paragraph 2.3.4)

Unnecessary/inadequate supplementary provisions and excessive, unnecessary re-appropriation of funds

- There were instances of unnecessary/inadequate supplementary provisions and excessive, unnecessary re-appropriations of funds. The cases of non-surrender of anticipated savings were also noticed. Rush of expenditure at the end of the financial year is another chronic feature noticed in the overall financial management.

(Paragraphs 2.3.6, 2.3.7, 2.3.10 & 2.3.12)

Chapter 3: Financial Reporting

Utilisation Certificates and Outstanding AC Bills

- As on 31 March 2015, Utilisation Certificates in respect of substantial amounts (₹ 1,27,743.38 crore) were not obtained from the grantees and 5,985 AC bills amounting to ₹ 236.62 crore were outstanding for want of DC bills.

(Paragraphs 3.1 & 3.2)

Cases of theft, losses, misappropriations and defalcations

- There were 139 cases of theft, losses, misappropriations and defalcations involving an overall amount of ₹ 884.60 lakh at the end of 2014-15.

(Paragraph 3.4)