



**Report of the
Comptroller and Auditor General of India
on
State Finances
for the year ended 31 March 2015**



Government of Gujarat

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GOVERNMENT OF GUJARAT

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Preface

1. This Report has been prepared for submission to the Governor of Gujarat under Article 151 of the Constitution.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts respectively, of the State Government for the year ended 31 March 2015. Information has also been obtained from the Government of Gujarat wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various rules, procedures and directives relating to financial reporting during the current year.
4. The Reports containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

Background

In response to the Twelfth Finance Commission's recommendations, the Gujarat Government enacted the Gujarat Fiscal Responsibility Act, 2005 (GFRA) which incorporated the objectives of prudence in fiscal management, fiscal stability by progressive elimination of revenue deficit, sustainable debt management and greater transparency in the fiscal operations of the Government.

To maintain a stable and sustainable fiscal environment consistent with equitable growth, the Thirteenth Finance Commission (ThFC) recommended a fiscal consolidation roadmap for the State by amending their Fiscal Responsibility Legislations. The State Legislature in March 2011 amended the Fiscal Responsibility Act in line with the recommendations. This required the State to reduce the revenue deficit to zero by 2011-12, the fiscal deficit to not more than three *per cent* of the estimated Gross State Domestic Product (GSDP) for the year beginning 2011-12, to cap the total public debt of the State Government to 27.1 *per cent* of the estimated GSDP by end of 2014-15 and to cap the outstanding guarantees within the limit (₹ 20,000 crore) prescribed in the Gujarat State Guarantees Act, 1963.

The Report

Based on the audited accounts of the Government of Gujarat for the year ending March 2015, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2015. It provides an insight into trends of different components of the Government's receipts, expenditure and borrowing pattern, besides giving a brief account of fiscal imbalances.

Chapter II is based on the Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery Departments.

Chapter III is an inventory of the Government's compliance with various reporting requirements and financial rules. The Report also has additional data collated from several other sources in support of the findings.

Audit findings and recommendations

Fiscal position

The State had a revenue deficit in 2010-11 which turned into a revenue surplus during the period of 2011-12 to 2014-15. In 2014-15, the State had a revenue surplus of ₹ 5,326 crore, an increase of ₹ 609 crore over the previous year. The increase in the revenue surplus during the current year was mainly on account of an increase of ₹ 12,002 crore (15.01 *per cent*) in revenue receipts against an increase of ₹ 11,393 crore (15.14 *per cent*) in revenue expenditure over the previous year. The fiscal deficit increased from ₹ 15,074 crore in 2010-11 to ₹ 18,422 crore in 2013-14 and stood at ₹ 18,320 crore in 2014-15. The marginal decrease in fiscal deficit during current year was mainly on account of larger cushion of revenue surplus than in the previous year. A decrease of ₹ 102 crore in fiscal deficit together with an increase of ₹ 1,614 crore in interest payment resulted in decrease in primary deficit from ₹ 5,090 crore in 2013-14 to ₹ 3,374 crore in 2014-15.

The expenditure on Grants-in-aid and subsidies should be booked under revenue expenditure in the accounts. However, during 2014-15, the Government of Gujarat wrongly budgeted and booked expenditure of ₹ 871.43 crore on account of Grants-in-aid and expenditure of ₹ 55 crore on account of subsidy under the capital section instead of revenue section. This has resulted in understatement of revenue expenditure and overstatement of revenue surplus to the tune of ₹ 926.43 crore.

During the period 2010-11 to 2014-15, the non-debt receipts did not cover the primary expenditure¹ resulting in primary deficit in each year. In 2014-15, primary revenue expenditure and capital expenditure increased over the previous year without commensurate increase in non-debt receipts and decrease in disbursement of loans and advances, there was decrease in primary deficit from ₹ 5,090 crore to ₹ 3,374 crore.

The investment held in 'Cash Balance Investment Account' by the State Government stood at ₹ 11,923 crore and ₹ 12,402 crore at the end of 2013-14 and 2014-15 respectively. The persistence of large cash Surplus is result of higher debt which increases the accompanying debt service burden along with lower return on investments. The high level of investment held in 'Cash Balance Investment Account' at the end of these financial years indicates that there is need for better cash management. The State Government should adopt the policy of need based borrowing and maintain minimum surplus cash balance.

State's own resources

The tax revenue of the State in 2014-15 stood lower than the ThFC projection by ₹ 4,682 crore. Also, it could not achieve the target of budget estimates and

¹Primary Expenditure is total expenditure except interest payments of the concerned year.

Medium Term Fiscal Policy Statement (MTFPS) projection and stood lower by ₹ 1,728 crore and ₹ 727 crore respectively. Actual non-tax revenue was slightly higher than MTFPS projections and budget estimates. The non tax revenue showed a significant improvement over the ThFC projections.

Revenue expenditure

The share of revenue expenditure in total expenditure declined from 84.70 *per cent* in 2010-11 to 77.95 *per cent* in 2014-15 mainly on account of high growth rate attained by capital expenditure during this period except 2013-14.

Revenue expenditure continuously increased from ₹ 57,440 crore in 2010-11 to ₹ 86,652 crore in 2014-15. However, the growth rate fluctuated widely from 18.10 *per cent* in 2010-11 to 4.01 *per cent* in 2011-12 to 15.14 *per cent* in 2014-15.

Quality of expenditure

Development expenditure of the State comprises revenue and capital expenditure including loans and advances on socio-economic services. The development expenditure increased from ₹ 47,482 crore in 2010-11 to ₹ 79,684 crore in 2014-15. As a percentage of the total expenditure, the total development expenditure of the State increased from 70.02 *per cent* in 2010-11 to 71.68 *per cent* in 2014-15.

Investment and returns

As of 31 March 2015, Government had invested ₹ 62,929 crore in Statutory Corporations, Government Companies, Rural Banks, Joint Stock Companies, Co-operative Institutions and Local Bodies. The average return on the investments was 0.28 *per cent* in the last five years while the Government paid an average 7.65 *per cent* as interest on its borrowings during 2010-11 to 2014-15. Forty six PSUs earned a net profit of ₹ 3,364 crore in financial year 2013-14. However, the State Government received only ₹ 90 crore as dividend from PSUs in financial year 2014-15.

Funds and other Liabilities

There were 16 Reserve Funds earmarked for specific purposes, out of which six funds were inoperative. The total accumulated balance as on 31 March 2015 in these funds was ₹ 14,558.41 crore (₹ 14,555.54 crore in operational funds and ₹ 2.87 crore in non-operational funds). However, the investment out of these funds was only ₹ 9,033.72 crore.

Debt sustainability

The positive resource gap for two consecutive years turned into negative in 2012-13 and 2013-14. However, in the year 2014-15 it was again positive. It happened mainly on account of 12.92 *per cent* increase in primary expenditure against 15.88 *per cent* increase in non-debt receipts during current year.

The net funds available from borrowed fund after providing for the interest and repayment declined from ₹ 6,912 crore in 2010-11 to ₹ 4,310 crore in 2014-15.

Financial management and budgetary control

Against total provision of ₹ 1,33,465.61 crore during 2014-15, an expenditure of ₹ 1,17,670.05 crore was incurred. This resulted in a total savings of ₹ 21,614.05 crore which was a result of the savings of ₹ 21,758.50 crore being offset by the excess expenditure of ₹ 144.45 crore under various grants.

As of now the excess expenditure of ₹ 9,544.69 crore (₹ 144.45 crore plus ₹ 9,400.24 crore) relating to the period 2003-04 to 2014-15 requires regularisation under Article 205 of the Constitution of India.

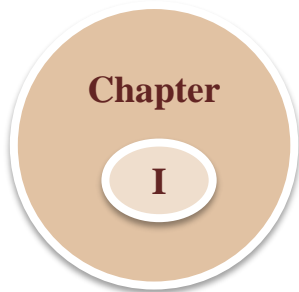
In two grants/appropriations in which savings of ₹ 646.52 crore occurred, the amounts had not been surrendered by the concerned departments.

Under 98 grants, out of the total provision of ₹ 54,840.40 crore in respect of 915 sub-heads, ₹ 19,078.70 crore (34.79 per cent) were surrendered.

Financial reporting

Non-submission of utilisation certificates of ₹ 8,160.78 crore indicates lack of proper monitoring by the departments in utilisation of grants given for specific purposes. There has been non-submission/delay in submission of accounts of autonomous bodies/authorities. There is pendency in submission of detailed contingent bills against large amounts drawn on abstract contingent bills amounting to ₹ 582.52 crore by the departmental authorities. The 147 outstanding cases of misappropriations, losses etc., and non recovery of amounts indicate lack of adequate efforts by the departments to make good the losses and fix responsibility. Further, accounting of various important items of expenditure relating to various sectors, revenue receipts etc. under omnibus Minor Head – 800 resulted in non classification of diverse activities of the Government under available minor heads.

MAIN REPORT



Finances of the State Government

Profile of Gujarat

Gujarat is situated on the west coast of India, bound by the Arabian Sea in the west and the states of Rajasthan in the north, Madhya Pradesh in the east and Maharashtra in the south. The State also shares an international border with Pakistan on the north western fringe. It has a coastline of about 1,600 kilometres, which is one third of India’s mainland coastline. It is the seventh largest State in terms of geographical area (1,96,024 sq.km) and the ninth largest by population. As indicated in **Appendix 1.1** the State’s population increased from 5.07 crore in 2001 to 6.04 crore in 2011 recording a decadal growth of 19.13 *per cent*. The percentage of population below the poverty line was 27.4 *per cent* as compared to the all-India average of 29.5 *per cent*. The State’s Gross State Domestic Product (GSDP) in 2014-15 at current prices was ₹ 8,58,189¹ crore. The State’s literacy rate increased from 69.14 *per cent* (as per 2001 census) to 78 *per cent* (as per 2011 census). General data relating to the State is given in **Appendix 1.1**.

Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State’s economy as it indicates the standard of living of the State’s population. The trends in the annual growth of the State’s GSDP as compared to India’s GDP at current prices are indicated below:

Table 1.1: Trends- Annual growth of State’s GSDP as compared to India’s GDP

	2010-11	2011-12	2012-13	2013-14	2014-15
India’s GDP (₹ in crore) (Base year 2004-05)	72,48,860	83,91,691	93,88,876	1,04,72,807	NA
Growth rate of GDP (percentage)	18.66	15.77	11.88	11.54	NA
State’s GSDP (₹ in crore)	5,21,519	5,98,786	6,58,540(P)	7,65,638(Q)	8,58,189(A)
Growth rate of GSDP (percentage)	20.93	14.82	9.98	16.26	12.09

Estimates: (P) = Provisional, (Q) = Quick and (A) = Advance
 (Source: Ministry of Statistics and Programme Implementation, Central Statistical Organisation, Directorate of Economics and Statistics, Gandhinagar)

1.1 Introduction

This chapter provides a broad perspective on the finances of the Government of Gujarat during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall

¹ Advance estimates by Directorate of Economics and Statistics, Gandhinagar

trends during the last five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.1 Part B and Part C**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.2**.

1.1.1 Summary of Fiscal Transactions in 2014-15

Table 1.2 presents the summary of the State Government's fiscal transactions during the current year (2014-15) *vis-à-vis* the previous year while **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.2: Summary of Fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2013-14	2014-15		2013-14	2014-15		
					Non- Plan	Plan	Total
Section-A: Revenue							
Revenue receipts	79,975.74	91,977.78	Revenue expenditure	75,258.54	60,065.41	26,586.30	86,651.71
Tax revenue	56,372.37	61,339.81	General services	26,820.37	28,761.35	1,241.97	30,003.32
Non-tax revenue	7,018.31	9,542.61	Social services	32,381.78	19,884.80	16,829.35	36,714.15
Share of Union taxes/ duties	9,701.93	10,296.35	Economic services	15,730.72	10,883.70	8,514.98	19,398.68
Grants from Government of India	6,883.13	10,799.01	Grants-in-aid and Contributions	325.67	535.56	0.00	535.56
Section-B: Capital							
Misc. Capital receipts	0.00	241.00	Capital Outlay	22,677.37	84.00	24,073.76	24,157.76
Recoveries of Loans and Advances	140.69	621.38	Loans and Advances disbursed	603.22	48.72	301.18	349.90
Public Debt receipts*	19,343.04	19,453.94	Repayment of Public Debt*	6,203.91	-	-	5,509.20
Contingency Fund	0.00	0.11	Contingency Fund	0.11	-	-	14.16
Public Account receipts	52,019.52	62,387.52	Public Account disbursements	50,039.25	-	-	52,309.01
Opening Cash Balance	18,689.89	15,386.48	Closing Cash Balance	15,386.48	-	-	21,076.47
Total	1,70,168.88	1,90,068.21		1,70,168.88			1,90,068.21

(Source: Finance Accounts of the respective years)

*Excluding net transactions under ways and means advances and overdrafts.

The following are the significant changes during 2014-15 over the previous year:

- Revenue receipts grew by ₹ 12,002 crore (15.01 *per cent*) over the previous year. The increase was mainly due to increase in grants from the

Government of India (GoI) by ₹ 3,916 crore (56.89 *per cent*) and increase in the non-tax revenue by ₹ 2,524 crore (35.97 *per cent*). The State's own tax revenue increased by ₹ 4,967 crore (8.81 *per cent*), while the State's share of Union taxes/ duties increased by ₹ 594 crore (6.13 *per cent*).

- Revenue expenditure increased by ₹ 11,393 crore (15.14 *per cent*) over the previous year mainly due to increase in expenditure on General Services by ₹ 3,183 crore (11.87 *per cent*), on Social Services by ₹ 4,332 crore (13.38 *per cent*), and on Economic Services by 3,668 crore (23.32 *per cent*).
- Capital outlay increased by ₹ 1,480 crore (6.53 *per cent*) over the previous year whereas the disbursement of loans and advances decreased by ₹ 253 crore (41.99 *per cent*).
- Public debt receipts increased by ₹ 111 crore while repayment of public debt decreased by ₹ 695 crore. The net availability of public debt receipt of ₹ 13,945 crore during 2014-15 was 6.13 *per cent* more than that of previous year of ₹ 13,139 crore.

1.1.2 Review of fiscal situation

As per the Gujarat Fiscal Responsibility Act, 2005 (GFRA 2005) enacted in line with the recommendations of the Twelfth Finance Commission (TwFC), the State Government had agreed for elimination of revenue deficit by the end of 2007-08 and reduction of fiscal deficit to not more than three *per cent* of the GSDP by 31 March 2009. Similarly, the target of the ratio of Public Debt to GSDP was 30 *per cent* by March 2008. Total outstanding guarantees were to be capped within the limit provided in the Gujarat State Guarantee Act, 1963. Though the State had achieved the above targets by 2006-07, the fiscal deficit targets for 2009-10 and 2010-11 were relaxed by one *per cent* and 0.5 *per cent* of GSDP respectively by GoI.

To maintain a stable and sustainable fiscal environment consistent with equitable growth, the Thirteenth Finance Commission (ThFC) has recommended a fiscal consolidation roadmap for the State by amending their Fiscal Responsibility Legislations. This requires the State to reduce the revenue deficit to zero from 2011-12 onwards, reduce the fiscal deficit to three *per cent* of the estimated GSDP of the year beginning 2011-12 and maintain it thereafter and to cap the total outstanding debt of the State Government from the level of 28.8 *per cent* in 2011-12 to 27.1 *per cent* at the end of 2014-15 of the estimated GSDP for the respective financial year. The State Legislature in March 2011 amended the Fiscal Responsibility Act after the recommendations of the ThFC.

Major fiscal variables provided in the budget based on recommendations of the ThFC and the projections made in the Medium Term Fiscal Policy Statement (MTFPS) - 2014 are depicted in **Table 1.3**.

Table 1.3: Major Fiscal variables

Fiscal variables	2014-15		Achievement
	ThFC targets for the State	Targets proposed in the Budget and Projections made in MTFPS	
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	0	(+)6,837	5,326
Fiscal Deficit/GSDP (in per cent)	3	2.45	2.13
Ratio of total outstanding debt of the Government to GSDP (in per cent)	27.10	-	23.57

The State achieved the target of reduction of revenue deficit to zero in 2011-12 as the State achieved a revenue surplus of ₹ 3,215 crore in that year. The revenue surplus stood at ₹ 5,326 crore in 2014-15 against the projection in MTFPS of ₹ 6,837 crore. At the end of 2014-15, the fiscal deficit as percentage to GSDP was 2.13 per cent, which was well within the limit of three per cent. In the Fiscal Consolidation Roadmap, ThFC fixed the target of 27.1 per cent for the ‘Total Outstanding Debt’² as percentage of GSDP at the end of 2014-15. However, the State Government fixed the target for ‘Total Public Debt’ instead of ‘Total Outstanding Debt’ as percentage of GSDP in Budget and in MTFPS. This was not in consonance with the recommendations of ThFC. Total Public Debt constitutes 81 per cent of Total Outstanding Debt in 2014-15. However, the State’s total outstanding debt as percentage of GSDP was 23.57 per cent in 2014-15 which was within the target of 27.1 per cent fixed by the ThFC.

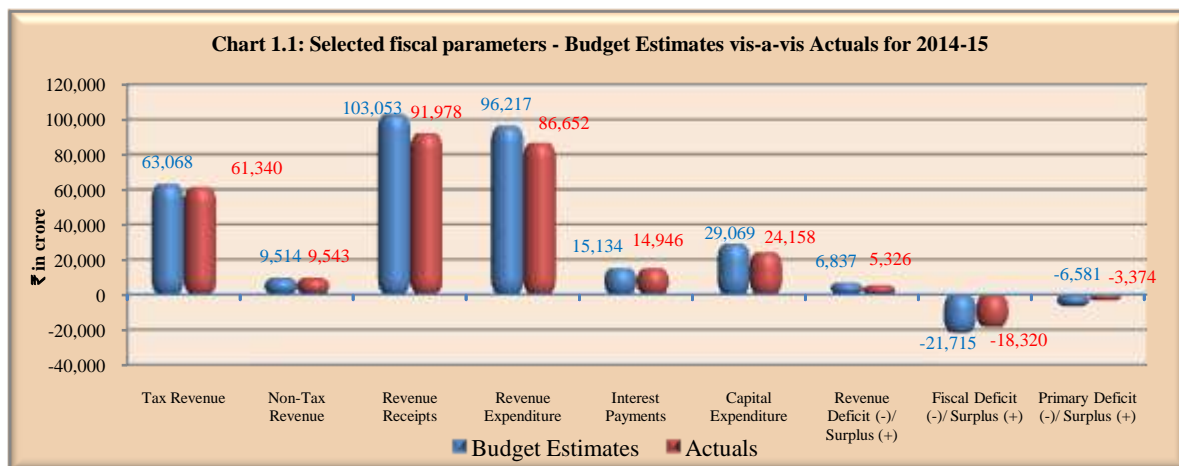
Expenditure on Grants-in-aid and subsidies should be booked under revenue expenditure in accounts. However, during 2014-15, the Government of Gujarat wrongly budgeted and booked expenditure of ₹ 871.43 crore relating to Grants-in-aid and expenditure of ₹ 55 crore on account of subsidy under the capital section instead of revenue section. This has resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus to the tune of ₹ 926.43 crore.

1.1.3 Budget Estimates and Actuals

Budget estimates presented by the State Government provide a description of the projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the budget estimates are indicative of the fact that due care has not been taken during their estimation. Further, it also indicates non-attainment and non-optimisation of the desired fiscal objectives due to a variety of causes, some within the control of the Government and some beyond the control of the Government.

² Total Outstanding Debt includes Public Debt and Public Account Liabilities. Public Debt includes only Internal Debt and Loans from Government of India. Public Account Liability includes liabilities under small saving funds, GPF, Reserve funds etc.

Chart 1.1 Presents the budget estimates and actuals of some important fiscal parameters.



During 2014-15, compared to the budget estimates, the tax revenue were lower by ₹ 1,728 crore (2.74 per cent) while non-tax revenue were marginally higher by ₹ 29 crore. Further, the revenue receipts decreased over the budget estimates by ₹ 11,075 crore (10.75 per cent) mainly on account of lower realization of tax revenue against the budget estimates. Against an estimated revenue surplus of ₹ 6,837 crore, the financial year ended with a revenue surplus of ₹ 5,326 crore.

The revenue expenditure was lower than the budget estimates by ₹ 9,565 crore (9.94 per cent). The actual capital expenditure, though increased over the previous year, stood lower than the budget estimate by ₹ 4,911 crore (16.89 per cent), indicating asset creation was not given as much priority as initially intended in the budget estimates. The non achievement of estimated revenue surplus was mainly on account of lower realisation of revenue receipts than estimated in the budget. Due to lower revenue and capital expenditure than budgeted, the actual fiscal deficit stood lower than the budget estimates and consequently resulted in lower primary deficit than the budget estimates.

The following tax proposals were made in the budget for the year 2014-15 with a net concession of ₹ 117 crore.

- The budget proposals included reduction of the tax credit of one per cent from two per cent on purchase of goods made within the state and used in inter-state Sales.
- In case of dealers engaged only in civil work contracts, a scheme was proposed for payment of lump sum tax retrospectively at rate of 0.6 per cent with remission of interest and penalty.
- The Budget proposed to delete the entry relating to exemption of LPG for domestic use in the State. Stamp duty on development agreement for transfer of development rights in the land was proposed to increase from one per cent to 3.5 per cent.

- If partners bring immovable property in partnership firm as capital, Stamp duty at the rate of 3.5 per cent was proposed to be levied.
- The passenger tax on sale of ticket by Gujarat State Road Transport Corporation was proposed to be reduced from 17.5 per cent to 7.5 per cent.
- The motor vehicle tax on certain vehicles was proposed for upward revision.
- It was also proposed that entertainment tax on cable TV has to be collected by local bodies.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and Grants-in-aid from the Government of India. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestment, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI as well as accruals from the Public Account. **Table 1.2** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts. **Chart 1.2** depicts the components and sub-components of resources during the year 2014-15.

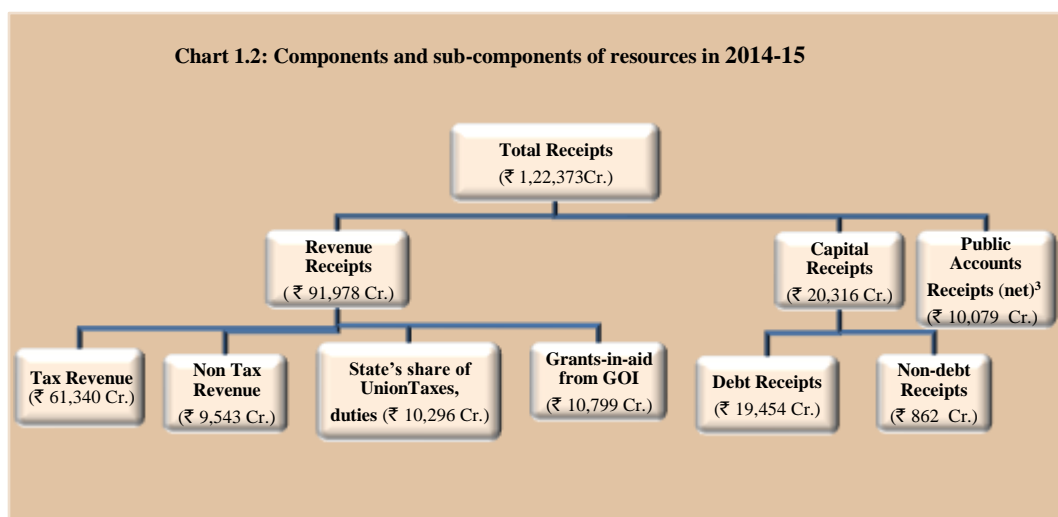
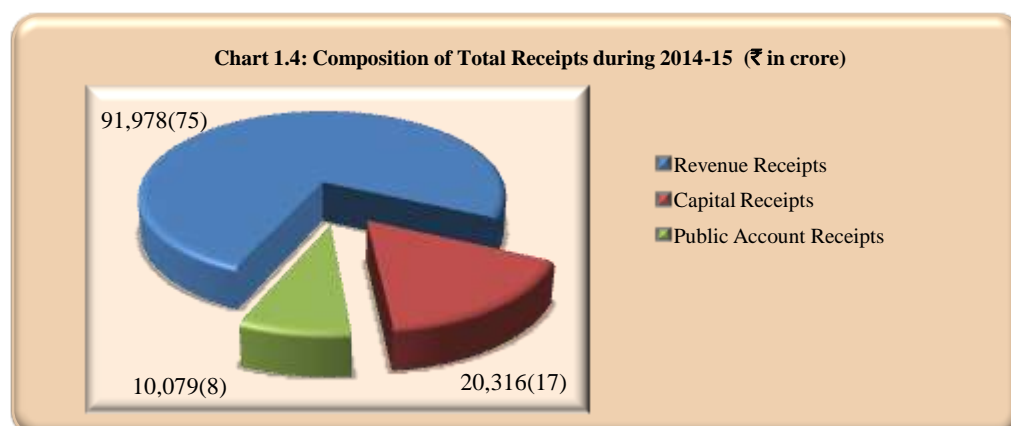
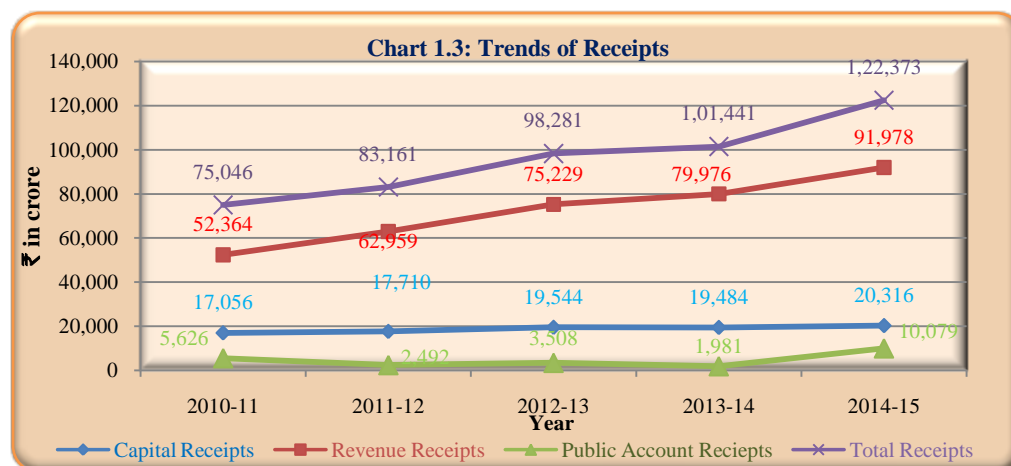


Chart 1.3 depicts the trends of various components of the State's receipts during 2010-11 to 2014-15 and **Chart 1.4** depicts the composition of resources of the State during the current year 2014-15.

³ Public Account Receipts (Gross) is ₹ 62,388 crore

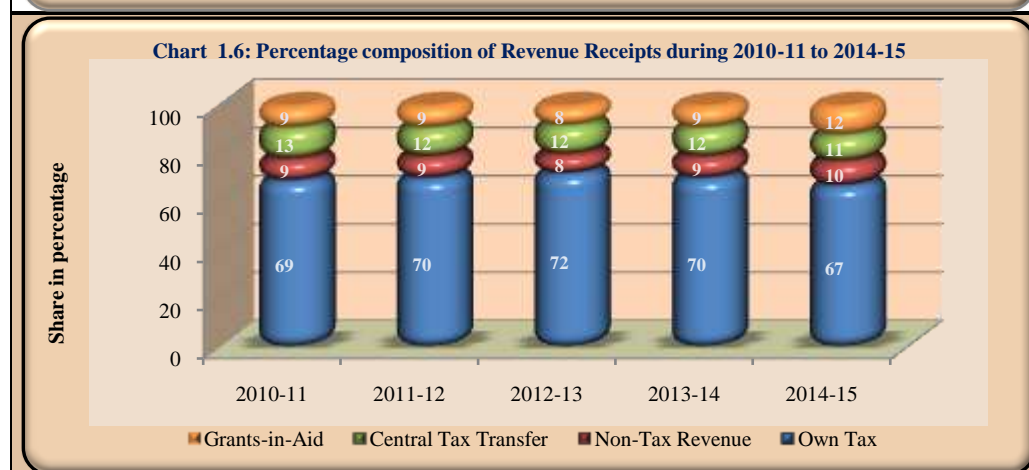
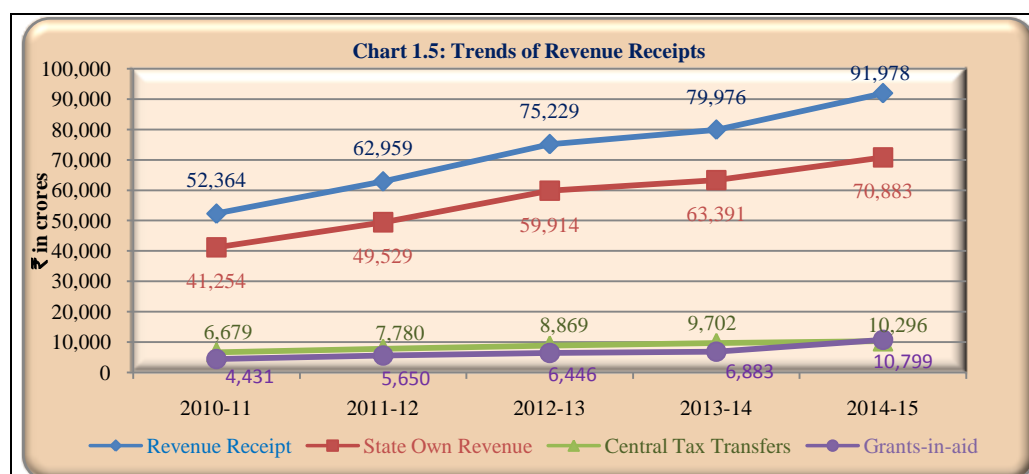


Figures in parenthesis indicate percentage share

The total resources of the State Government show a progressive increase steadily from ₹ 75,046 crore in 2010-11 to ₹ 1,22,373 crore in 2014-15. The increase in total resources during the period of 2010-11 to 2014-15 was 63.06 per cent. The relative share of Revenue receipts which stood at 70 per cent of the total resources in 2010-11 increased to 75 per cent in 2014-15, while that of Capital receipts and Public Account receipts to total resources, declined from 22.73 per cent and 7.50 per cent in 2010-11 to 16.60 per cent and 8.23 per cent in 2014-15 respectively.

1.3 Revenue Receipts

Statement-14 of the Finance Accounts details the revenue receipts of the Government. Revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and Grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2010-11 to 2014-15 are presented in the **Charts 1.5 and 1.6** and also depicted in **Appendix 1.4**.



The revenue receipts during the year 2014-15 grew by 15.01 per cent over the previous year due to 35.97 per cent increase in non-tax revenue, 8.81 per cent increase in State's own tax revenue, 56.89 per cent increase in grants-in-aid and 6.13 per cent increase in central tax transfer.

Chart 1.6 depicts that 77 per cent of revenue came from State's own resources during 2014-15 and the balance was from GOI in the form of State's share of taxes and Grants-in-aid. The share of own tax revenue increased from 69 per cent in 2010-11 to 72 per cent in 2012-13 and then decreased in subsequent years.

Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. As the GSDP grows, the ability of the State's own tax revenue should increase. The trends of revenue receipts relative to GSDP are presented in **Table 1.4** below:

Table 1.4: Trends of Revenue Receipts relative to GSDP

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Receipts (RR) (₹ in crore)	52,364	62,959	75,229	79,976	91,978
Rate of growth of RR (per cent)	25.66	20.23	19.49	6.31	15.01
R R/GSDP (per cent)	10.04	10.51	11.42	10.44	10.72

	2010-11	2011-12	2012-13	2013-14	2014-15
Buoyancy Ratios					
Revenue Buoyancy w.r.t. GSDP ⁴	1.23	1.37	1.95	0.39	1.24
State's Own Tax Buoyancy w.r.t. GSDP	1.72	1.47	2.18	0.28	0.73
Revenue Buoyancy with reference to State's own taxes	0.71	0.93	0.89	1.39	1.70

Source: Finance Accounts of the respective years

The GSDP at current prices increased from ₹ 7,65,638 crore in 2013-14 to ₹ 8,58,189 crore in 2014-15 representing an increase of 12.09 *per cent*. The growth rate of revenue receipts continuously declined from a high of 25.66 *per cent* in 2010-11 to 6.31 *per cent* during the year 2013-14. During 2014-15, revenue receipts grew at 15.01 *per cent* mainly on account of higher Grants-in-aid by the Central Government. It is evident from **Table 1.4** that the buoyancy of revenue receipts is more than one from the period 2010-11 to 2014-15 except during 2013-14, indicating that revenue receipts grew at higher rate than the growth of GSDP. The sharp decline in revenue buoyancy in 2013-14 was mainly on account of exceptionally low growth rate of revenue receipts. Further, State's own tax revenue was more responsive to GSDP compared to revenue receipts of the state from 2010-11 to 2012-2013 but the situation reversed for 2013-14 and 2014-15.

1.3.1 State's Own Resources

As the State's share in Central taxes and grants-in-aid from GoI are determined on the basis of recommendations of the Central Finance Commission, collection of Central tax receipts, Central assistance for Plan schemes etc., the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The gross collection in respect of major taxes and duties as well as the components of non-tax receipts, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years from 2010-11 to 2014-15 along with the respective all-India average are presented in **Appendix 1.5**.

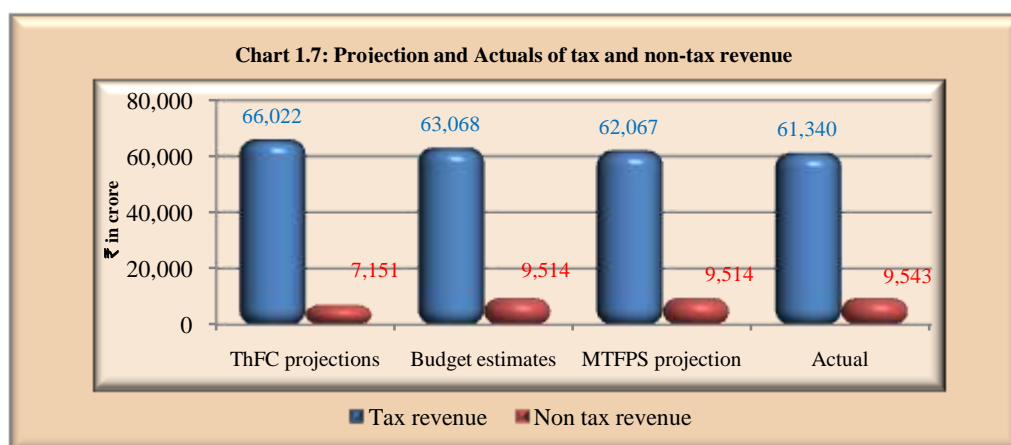
The State's actual tax and non-tax receipts for the year 2014-15 *vis-à-vis* assessment made by ThFC and MTFPS (February 2014) are presented in **Chart 1.7** and **Table 1.5** below:

Table 1.5: Projections and Actuals of tax and non-tax revenues

	(₹ in crore)			
	ThFC projections	Budget estimates	MTFPS projection	Actual
Tax revenue	66,022	63,068	62,067	61,340
Non tax revenue	7,151	9,514	9,514	9,543

Source: Finance Accounts of Gujarat State 2014-15 and Budget Publication No. 30 of GoG.

⁴ Figures differ from last year's report due to change in GSDP figures of 2010-11 to 2014-15



The tax revenue of the State in 2014-15 stood lower than the ThFC projection by ₹ 4,682 crore. Also, it could not achieve the target of budget estimates and MTFPS projection and stood lower by ₹ 1,728 crore and ₹ 727 crore respectively. Actual non-tax revenue was slightly higher than MTFPS projections and budget estimates. The non-tax revenue showed a significant improvement over the ThFC projections.

1.3.1.1 Tax revenue

The main components of tax revenue raised in the State during 2010-11 to 2014-15 are given in **Table 1.6**.

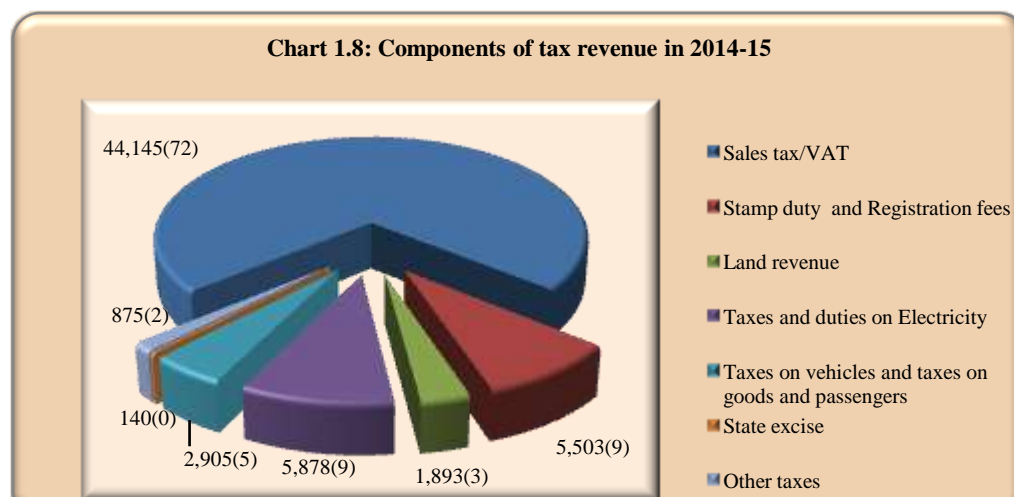
Table 1.6: Main components of State's tax revenue

(₹ in crore)

Revenue Head	2010-11	2011-12	2012-13	2013-14	2014-15	Percentage increase over previous year
Sales tax/VAT	24,893.45	31,202.31	39,464.67	40,976.06	44,145.26	7.73
Stamp duty and Registration fees	3,666.24	4,670.27	4,426.93	4,749.35	5,503.34	15.88
Land revenue	1,788.78	1,477.18	2,207.85	1,727.41	1,892.65	9.57
Taxes and duties on Electricity	3,262.64	3,654.56	4,406.60	4,692.77	5,877.65	25.25
Taxes on vehicles and taxes on goods and passengers	2,010.07	2,459.37	2,486.84	3,116.37	2,905.44	(-)6.77
State excise	62.97	72.11	84.91	109.82	140.27	27.73
Other taxes	654.48	716.49	818.89	1,000.59	875.20	(-)12.53
Total	36,338.63	44,252.29	53,896.69	56,372.37	61,339.81	8.81

Source: Finance Accounts of the respective years

The components of tax revenue for the year 2014-15 are presented in **Chart 1.8**.



Figures in parenthesis indicate percentage share

The State's own tax revenue increased only by 8.81 *per cent* during 2014-15 over the previous year. Except taxes on vehicles and taxes on goods and passengers, all the components of own tax revenue grew during 2014-15. Receipts under VAT, the most important contributor to the state's own resources grew at 7.73 *per cent* in 2014-15 mainly due to more receipt of tax on crude oil, motor spirit and lubricants. There was an improvement in growth rate of VAT receipts as the growth rate was only 3.83 *per cent* in 2013-14.

The Finance Department (FD) attributed (December 2015) lower growth rate of VAT receipts to decrease in price of petrol/diesel, decrease in rate of tax credit deduction in interstate transactions and non-receipt of instalment of ₹ 694 crore from Essar Oil Limited in the financial year 2014-15.

Taxes and duties on electricity showed a significant increase of ₹ 1,185 crore during the year and was 25.25 *per cent* more than previous year. Land Revenue increased by ₹ 165 crore registering 9.57 *per cent* increase during 2014-15 from the previous year. The ThFC projected the tax-GSDP ratio in 2014-15 at 8.58 *per cent* for Gujarat. However it actually stood at only 7.15 *per cent*. Thus, to achieve the target as projected by the ThFC, the state government needs to take necessary steps to augment the tax revenue especially by better tax compliance.

1.3.1.2 Non-tax Revenue

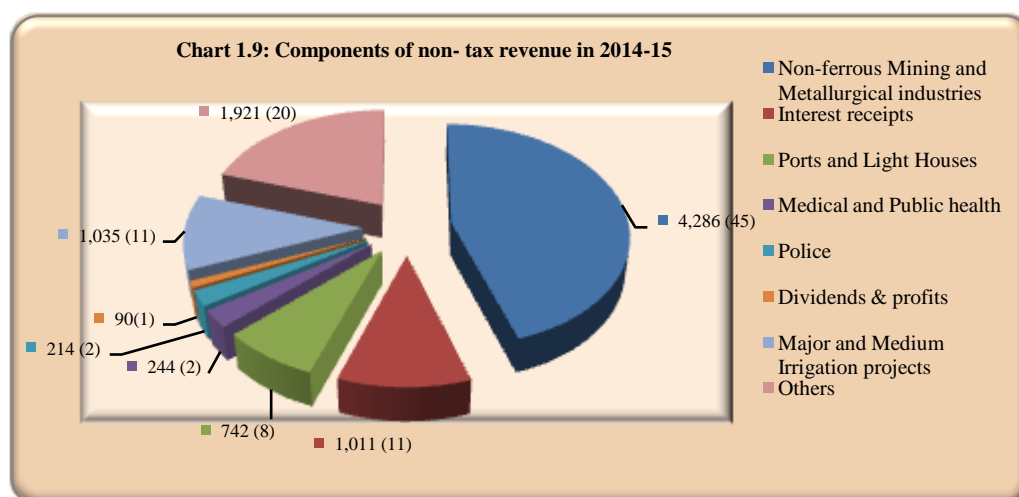
The main components of non- tax revenue raised in the State during 2010-11 to 2014-15 are given in **Table 1.7**.

Table 1.7: Main components of State's non-tax revenue

Revenue Head	(₹ in crore)					Percentage increase over previous year
	2010-11	2011-12	2012-13	2013-14	2014-15	
Interest receipts	403.89	631.89	1,325.84	1,267.18	1,011.47	-20.18
Non-ferrous Mining and Metallurgical industries	2,019.31	1,819.64	1,847.16	1,578.34	4,285.85	171.54
Major and Medium Irrigation projects	618.14	684.15	714.13	897.51	1,034.91	15.31
Ports and Light Houses	361.23	453.51	577.68	636.84	742.08	16.53
Medical and Public health	118.11	90.76	126.34	111.88	243.57	117.70
Police	149.08	138.97	163.84	177.81	214.20	20.47
Dividends & profits	114.43	128.93	54.31	277.44	89.54	-67.73
Others	1,130.83	1,328.67	1,207.69	2,071.31	1,920.99	-7.26
Total	4,915.02	5,276.52	6,016.99	7,018.31	9,542.61	35.97

Source: Finance Accounts of the respective years

The components of non-tax revenue for the year 2014-15 are presented in **Chart 1.9** below.



Figures in parenthesis indicate percentage share

The non-tax revenue of the State during 2014-15 increased by ₹ 2,524 crore (35.97 per cent) over the previous year mainly on account of high growth in Non-ferrous Mining and Metallurgical Industries receipts. The interest receipts declined sharply by 20 per cent over the previous year mainly due to decrease in interest realised on investment of cash balances to ₹ 637 crore in 2014-15 from ₹ 804 crore in 2013-14. Due to growth of 172 per cent in 2014-15 over the previous year, the share of receipts from Non-ferrous mining and Metallurgical Industries in non-tax revenue significantly improved from 22 per cent in 2013-14 to 45 per cent in 2014-15.

The dividends and profits decreased by 68 per cent during 2014-15 over the previous year. The Government received dividends mainly from Gujarat Mineral Development Corporation Ltd. (₹ 71 crore), Gujarat State Seeds

Corporation Ltd. (₹ 3.69 crore) and Tourism Corporation of Gujarat Limited (₹ two crore). The receipts from major and medium irrigation projects during the period continuously increased from ₹ 618 crore in 2010-11 to ₹ 1,035 crore in 2014-15.

As pointed out earlier in the **Chart 1.6**, the share of non-tax revenue in revenue receipt ranged between eight to ten *per cent* during five years period from 2010-11 to 2014-15 indicating that non tax resources did not contribute a significant role in financing the state expenditure.

1.3.2 Central Tax transfers

The ThFC had recommended the States' share of Central taxes to be increased to 32 *per cent* from 30.50 *per cent* as recommended by TwFC. It awarded 3.041 *per cent* of shareable taxes excluding service tax and 3.089 *per cent* of shareable service tax to Gujarat in its award period (2010-11 to 2014-15). The central tax transfer stood at ₹ 10,296 crore in 2014-15 registering growth of only 6.12 *per cent* over the previous year (₹ 9,702 crore). Among all the Constituents of revenue receipts, the growth of Central tax transfers was the least.

1.3.3 Grants-in-aid from Government of India

The components of grants in aid received from the Government of India (GoI) during 2010-11 to 2014-15 are given in **Table 1.8**.

Table 1.8: Main components of Grants-in-aid from GoI

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	1,063.60	1,467.13	1,230.30	2,079.21	2,668.94
Grants for State Plan Schemes	2,029.25	2,227.79	3,466.74	2,604.46	7,341.11
Grants for Central Plan Schemes	94.46	70.71	83.41	58.21	104.78
Grants for Centrally Sponsored Schemes	1,243.24	1,884.23	1,665.35	2,141.25	684.18
Total	4,430.55	5,649.86	6,445.80	6,883.13	10,799.01
Percentage of increase over previous year	23.43	27.52	14.09	6.78	56.89
Total grants as a percentage of Revenue Receipts	8.46	8.97	8.57	8.61	11.74

Source: Finance Accounts of the respective years

The Grants-in-aid from GoI increased from ₹ 4,431 crore in 2010-11 to ₹ 10,799 crore in 2014-15 (143.71 *per cent*) mainly on account of increase in grant for State Plan Schemes (261.80 *per cent*) and non-plan grants (150.93 *per cent*). The high growth in receipts for State Plan Schemes in 2014-15 was due to changed classification of plan assistance to State Plan and its routing through Consolidated Fund of the State.

1.3.4 Funds transferred by the Central Government to State Implementing Agencies

The Central Government had been transferring a sizeable quantum of funds directly to the State Implementing Agencies⁵ for the implementation of various schemes/programmes in the social and economic sector. As these funds were not routed through the State Budget/State Treasury System, the Annual Finance Accounts did not capture these fund flows and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them were not representing the whole picture.

The Government of India had decided that the plan assistance under all Centrally Sponsored Schemes (CSS) and block grants would be classified as Central Assistance to State Plan. It was also decided to transfer the central assistance through the Consolidated Fund of the state in a phased manner from 2014-15 onwards.

1.3.5 Optimisation of the ThFC grants

The recommendations of ThFC for the award period 2010-15 include release of grants-in-aid to the State Governments. Consequently, Gujarat State had to receive various grants in conformity with the recommendations of the ThFC.

The category wise amounts allocated as per the ThFC award and the amounts received there against are given in **Table 1.9** below:

Table 1.9: Details of amounts awarded and received for the years 2010-15

(₹ in crore)

Sl. No.	Transfers	Amount awarded	Amount received	Difference
1.	Local Bodies	3,757.50	2,723.04	1,034.46
	Grants to PRIs	1,525.44	1,545.82	(-)20.38
	General performance grants to PRI	807.65	173.17	634.48
	Grants to ULBs	851.16	862.52	(-)11.36
	General performance grants to ULBs	450.65	56.06	394.59
	Scheduled Area Grant	72.10	72.00	0.10
	Scheduled Area Performance Grant	50.50	13.47	37.03
2	Disaster Relief including capacity building	2,110.90	2,110.90	0.00
3	Improving outcome grants	494.45	317.57	176.88
4	Environment related grants	1,053.29	876.29	177.00
5	Elementary education	483.00	483.00	0.00
6	Maintenance of Roads and bridges	1,261.00	915.00	346.00
7	State specific grants	1,300.00	1,060.66	239.34
	Total	10,460.14	8,486.46	1,973.68

Source: Finance Department of Government of Gujarat

It is evident from **Table 1.9** that State was entitled to receive ₹ 10,460.14 crore from the GoI, however it received only ₹ 8,486.46 crore in

⁵ See glossary

the ThFC's award period. Thus the Government received 19 *per cent* less grants-in-aid from awarded amount.

The details of amounts awarded and received for the year 2014-15 are given below in **Table 1.10**

Table 1.10: Details of amounts awarded and received for the award period 2014-2015
(₹ in crore)

Sl. No.	Transfers	Amount awarded	Amount received	Difference
1.	Local Bodies	1,110.34	744.68	365.66
	Grants to PRIs	413.04	390.06	22.98
	General performance grants to PRI	281.13	115.74	165.39
	Grants to ULBs	230.46	217.64	12.82
	General performance grants to ULBs	156.87	0.00	156.87
	Scheduled Area Grant	14.42	14.40	0.02
	Scheduled Area Performance Grant	14.42	6.84	7.58
2	Disaster Relief including capacity Building	463.75	463.75	0.00
3	Improving outcome grants	110.79	70.07	40.72
4	Environment related grants	814.85	755.85	59.00
5	Elementary education	115.00	115.00	0.00
6	Roads and bridges	346.00	0.00	346.00
7	State specific grants	325.00	116.55	208.45
	Total	3,285.73	2,265.90	1,019.83

Source: Finance Department of Government of Gujarat

As per the ThFC award, during 2014-15 the State was entitled to receive ₹ 3,285.73 crore as grants-in-aid from GoI against which it had received ₹ 2,265.90 crore only (68.96 *per cent* of the award). On being pointed out (in case of general performance grants to ULBs) that there was a difference of ₹ 156.87 crore in amounts awarded and received, the Urban Development and Urban Housing Department intimated (July 2015) that due to non fulfillment of three conditionalities out of nine conditionalities, the grant was not released from Government of India. In case of other grants, replies have not been received from the concerned departments (October 2015).

State specific needs

The State was entitled to receive ₹ 325 crore as grant from GoI during 2014-15 under the category of state specific needs. The amounts allocated and the amounts received during the period 2010-15 are given in **Table 1.11**. The details of amount allocated and amount received for the year 2014-15 are given below in **Table 1.12**.

Table 1.11: Details of amounts awarded and received for the award period 2010-15
(₹ in crore)

Sl. No.	Specific need	Amount awarded	Amount received	Difference
1	Ingress of Salinity	150.00	116.98	33.02
2	Coastal Erosion	150.00	135.00	15.00
3	Ground Water Recharge	200.00	177.28	22.72
4	Police Training	215.00	193.50	21.50
5	Tribal Area Development	200.00	150.00	50.00
6	Public Health	237.00	177.75	59.25
7	Construction of Border Roads	100.00	62.15	37.85
8	Gir Lion Project	48.00	48.00	0.00
	Total	1,300.00	1,060.66	239.34

Source: Finance Department of Government of Gujarat

The State was entitled to receive state specific grant of ₹ 1,300 crore from 2011-12 to 2014-15. Out of ₹ 1,300 crore, the Government received only ₹ 1,061 crore leaving a balance of ₹ 239 crore.

Table 1.12: Details of amounts awarded and received for the year 2014-15
(₹ in crore)

Sl. No.	Specific need	Amount awarded	Amount received	Difference
1	Ingress of Salinity	37.50	0.00	37.50
2	Coastal Erosion	37.50	60.15	(-)22.65
3	Ground Water Recharge	50.00	0.00	50.00
4	Police Training	53.75	32.25	21.50
5	Tribal Area Development	50.00	0.00	50.00
6	Public Health	59.25	0.00	59.25
7	Construction of Border Roads	25.00	12.15	12.85
8	Gir Lion Project	12.00	12.00	0.00
	Total	325.00	116.55	208.45

Source: Finance Department of Government of Gujarat

Out of eight projects/schemes, in two schemes pertaining to Narmada, Water Resources, Water Supply and Kalpsar (NWRWSK) department and one scheme pertaining to Health and Family Welfare Department and Tribal Development Department, the State Government did not receive ₹ 196.75 crore in 2014-15. For Police Training and construction of Border Roads, the Government did not receive amount of ₹ 21.50 crore and ₹ 12.85 crore respectively in 2014-15. On being pointed out, NWRWSK Department accepted (June 2015) that grant of ₹ 33.02 crore and ₹ 22.72 crore was yet to be released for the year 2014-15 in case of ingress of salinity and ground water recharge respectively. In case of other grants replies have not been received from the concerned departments (October 2015).

1.4 Capital Receipts

Trends in growth and composition of receipts of the State are given in the **Table 1.13**.

Table 1.13: Details of Capital Receipts

Sources of State's Receipts	2010-11	2011-12	2012-13	2013-14	2014-15
Capital Receipts (CR)	17,056	17,710	19,544	19,484	20,316
Miscellaneous Capital Receipts	91	10	0	0	241
Recovery of Loans and Advances	283	165	47	141	621
Public Debt Receipts	16,681	17,535	19,497	19,343	19,454
Rate of growth of debt capital receipts	17.10	5.11	11.19	(-)0.79	0.57
Rate of growth of non-debt capital receipts	30.31	-53.21	-73.14	200	340
Rate of growth of GSDP	20.93	14.82	9.98	16.26	12.09
Rate of growth of CR (<i>per cent</i>)	17.34	3.83	10.36	(-)0.30	4.27

Source: Finance Accounts of the respective years

The capital receipts of the State increased from ₹ 17,056 crore in 2010-11 to ₹ 20,316 crore in 2014-15. The public debt receipts stood at almost 95.76 *per cent* of capital receipts. During 2014-15 the growth rate of capital receipt was 4.27 *per cent* mainly due to realisation of miscellaneous capital receipts of ₹ 241 crore and 340 *per cent* increase in recovery of loans and advances over the previous year. The trends in the Public Debt Receipts are given in **Table 1.14**.

Table 1.14: Public Debt Receipts

	2010-11	2011-12	2012-13	2013-14	2014-15
Market Borrowings	11,500	16,500	15,546	15,493	14,920
NSSF (National Small Saving Fund)	4,136	67	1,659	1,912	2,774
Loans from Other Financial Institutions	886	780	1,700	1,777	1,437
Total Internal Debt	16,522	17,347	18,905	19,182	19,131
Loans and Advances from GoI	159	188	592	161	323
Total Public Debt Receipts	16,681	17,535	19,497	19,343	19,454

Source: Finance Accounts of the respective years

During 2014-15, the internal debt receipt decreased by ₹ 51 crore mainly on account of decrease in market borrowings. The NSSF loans increased by ₹ 862 crore in 2014-15 over the previous year. The total receipt of debt from internal sources increased continuously from 2010-11 to 2013-14 and then decreased marginally in 2014-15.

The total public debt receipts also increased by 17 *per cent* from 2010-11 to 2014-15. In 2014-15 the loan and advances from GOI increased by 101 *per cent* over 2013-14 on account of more receipts of Block loans.

1.5 Public Accounts Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature. Here the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. The resources under various heads of Public Account Receipts are given in **Table 1.15**.

Table: 1.15: Public Accounts Receipts (Net)

(₹ in crore)

Resources under various heads	2010-11	2011-12	2012-13	2013-14	2014-15
Public Account Receipts					
a. Small Savings, Provident Fund etc.	705	558	589	507	502
b. Reserve Fund	998	680	488	84	5,568
c. Deposits and Advances	2,533	1,358	1,844	2,242	3,107
d. Suspense and Miscellaneous	1,312	(-)57	656	(-)1,033	843
e. Remittances	78	(-)47	(-)69	181	59
Total	5,626	2,492	3,508	1,981	10,079

Source: Finance Accounts of the respective years

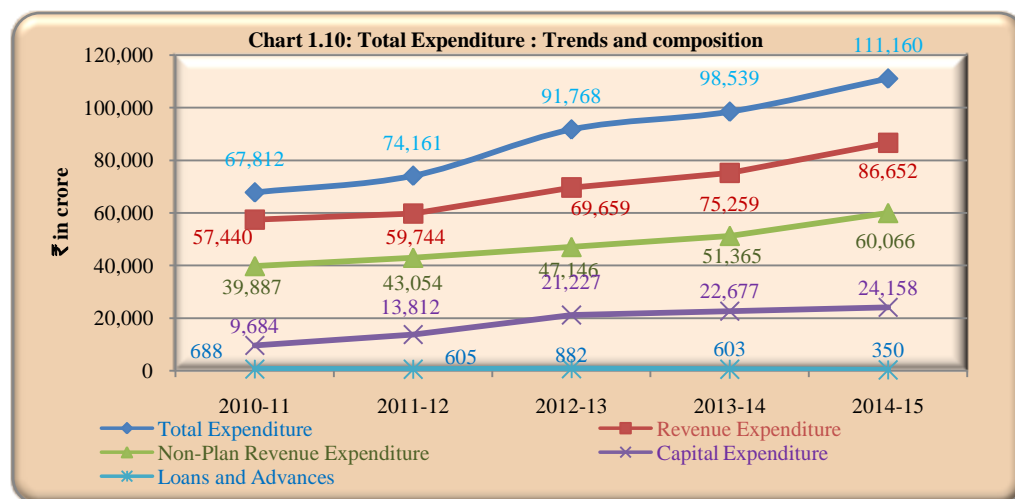
The net Public Account Receipts decreased from ₹ 5,626 crore in 2010-11 to ₹ 1,981 crore in 2013-14 with a deviation of ₹ 3,508 crore in 2012-13. During 2014-15, except Small saving, Provident Fund etc. and Remittance, the receipts from other constituents increased significantly over the previous year. In Reserve Fund, the increase was mainly on account of Sinking Fund and Guarantee Redemption Fund. In Deposits and Advances, the increase was on account of Deposits of Local Fund. In Suspense and Miscellaneous, the increase was on account of Treasury cheques. The net availability of funds under Small Savings, Provident Fund, Reserve Fund and Deposits and Advances are being consistently used in financing of fiscal deficit.

1.6 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards the State's working as a welfare state.

1.6.1 Growth and Composition of Expenditure

Chart 1.10 presents the trends in total expenditure over a period of five years (2010-11 to 2014-15) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Tables 1.16** and **1.17** respectively.



The total expenditure during 2014-15 increased by 12.81 per cent over the previous year due to 15.14 per cent increase in revenue expenditure and 6.53 per cent in capital expenditure. The revenue expenditure stood at 78 per cent of the total expenditure. The non plan component was 69 per cent of revenue expenditure.

During 2014-15, the plan revenue expenditure grew at 11.27 per cent while the non plan revenue expenditure grew at 16.94 per cent.

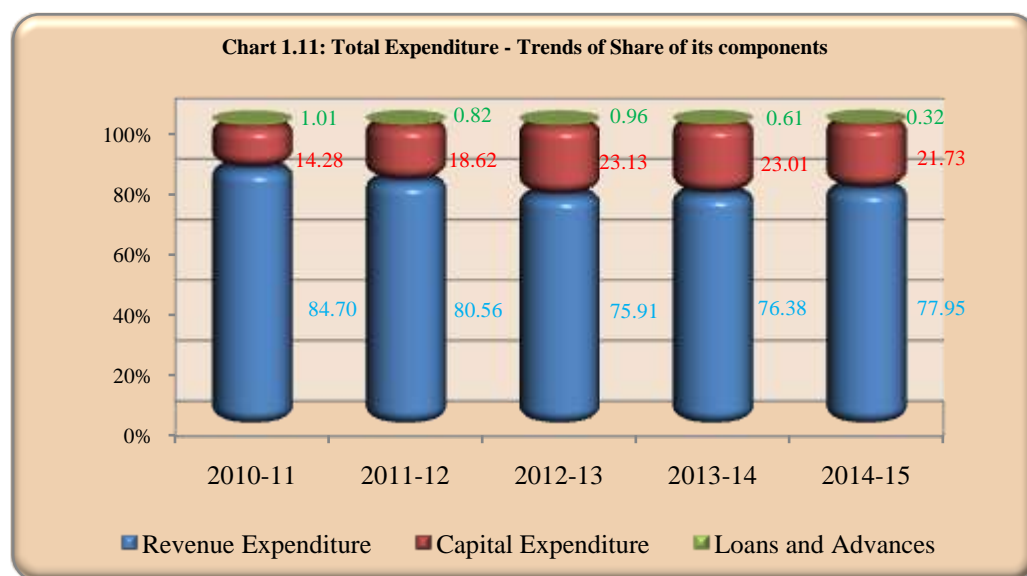
Table 1.16: Total Expenditure- Trends of Share of its components

(Figures in per cent)

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Expenditure	84.70	80.56	75.91	76.38	77.95
Capital Expenditure	14.28	18.62	23.13	23.01	21.73
Loans and Advances	1.01	0.82	0.96	0.61	0.32

Source: Finance Accounts of the respective years

Chart 1.11 presents composition of total expenditure over a period of five years (2010-11 to 2014-15).



The share of revenue expenditure in total expenditure declined from 84.70 per cent in 2010-11 to 77.95 per cent in 2014-15 mainly on account of high growth rate attained by capital expenditure during this period except 2013-14.

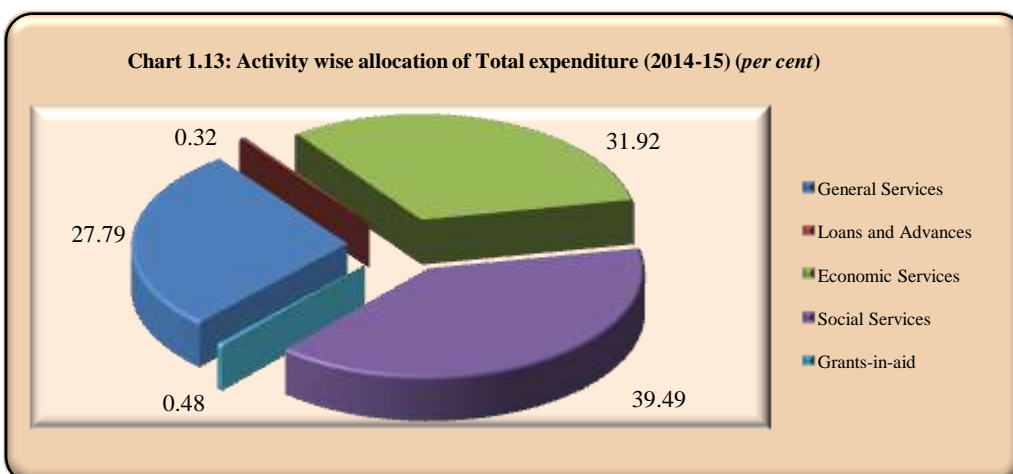
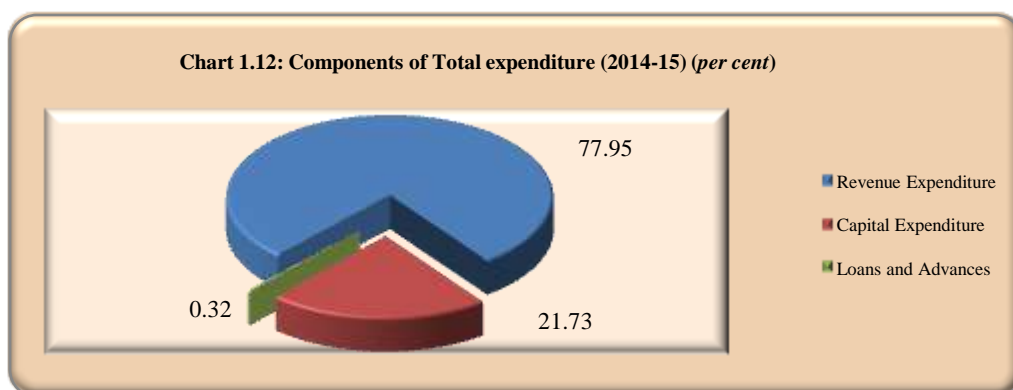
Table: 1.17: Total Expenditure- Trends by activities (Share in per cent)

	2010-11	2011-12	2012-13	2013-14	2014-15
General Services	29.62	29.72	27.07	28.05	27.79
Social Services	38.91	37.56	38.81	39.61	39.49
Economic Services	30.19	31.64	32.98	31.40	31.92
Loans and Advances	1.01	0.82	0.96	0.61	0.32
Grants-in-aid	0.27	0.26	0.18	0.33	0.48

Source: Finance Accounts of the respective years

The movement of relative share of these components exhibited relative stability during the period from 2010-11 to 2014-15 with marginal inter year variations. The share of both General and Social services declined marginally while the share of Economic Services increased slightly in 2014-15. The share of loans and advances indicated similar trend from 2011-12 to 2012-13 and declined sharply in later years.

Chart 1.12 and **Chart 1.13** present components to total expenditure (in per cent) and activity wise allocation of total expenditure (in per cent) for the year 2014-15.



1.6.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services. The overall revenue expenditure, its rate of growth and ratio of revenue expenditure to GSDP are indicated in **Table 1.18**.

Table 1.18: Trends of Revenue Expenditure relative to GSDP

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Receipts (RR) (₹ in crore)	52,364	62,959	75,229	79,976	91,978
Rate of growth of RR (<i>per cent</i>)	25.66	20.23	19.49	6.31	15.01
Revenue Expenditure (RE) (₹ in crore)	57,440	59,744	69,659	75,259	86,652
Rate of growth of RE (<i>per cent</i>)	18.10	4.01	16.59	8.04	15.14
RE/ GSDP Ratio (<i>per cent</i>)	11.01	9.98	10.58	9.83	10.10

Source: Finance Accounts of the respective years

Revenue expenditure continuously increased from ₹ 57,440 crore in 2010-11 to ₹ 86,652 crore in 2014-15. However, the growth rate fluctuated widely from 18.10 *per cent* in 2010-11 to 4.01 *per cent* in 2011-12 to 15.14 *per cent* in 2014-15. The revenue expenditure grew at higher rate than of revenue receipts in 2013-14 and 2014-15. Revenue expenditure as a *per cent* of GSDP decreased from a high of 11.01 *per cent* in 2010-11 to lowest at 9.83 *per cent* in 2013-14 and increased to 10.10 *per cent* in 2014-15.

The increase in revenue expenditure during 2014-15 was mainly due to more expenditure on General Education (₹ 1,848 crore), Interest Payments (₹ 1,614 crore), Power (₹ 1,575 crore) and Urban Development (₹ 1,398 crore). Revenue expenditure during 2014-15 decreased for Housing (₹ 836 crore), Crop Husbandry (₹ 393 crore), other Rural Development programmes (₹ 214 crore) and Soil and Water Conservation (₹ 83 crore).

1.6.3 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.19** and **Chart 1.14** present the trends in the expenditure on these components during 2010-2015.

Table 1.19: Components of Committed Expenditure

Components of Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	
					BE	Actuals
Salaries, of which	5,555	6,216	6,707	7,209	8,364	7,533
	(10.61)	(9.87)	(8.92)	(9.01)	@	(8.19)
Non-Plan Head	4,563	4,900	5,174	5,497		5,702
Plan Head*	992	1,316	1,533	1,712		1,831
Interest Payments	9,627	10,934	12,161	13,332	15,134	14,946
	(18.38)	(17.37)	(16.17)	(16.67)		(16.25)
Expenditure on Pensions	5,779	6,145	7,198	8,270	7,885	9,185
	(11.04)	(9.76)	(9.57)	(10.34)		(9.99)

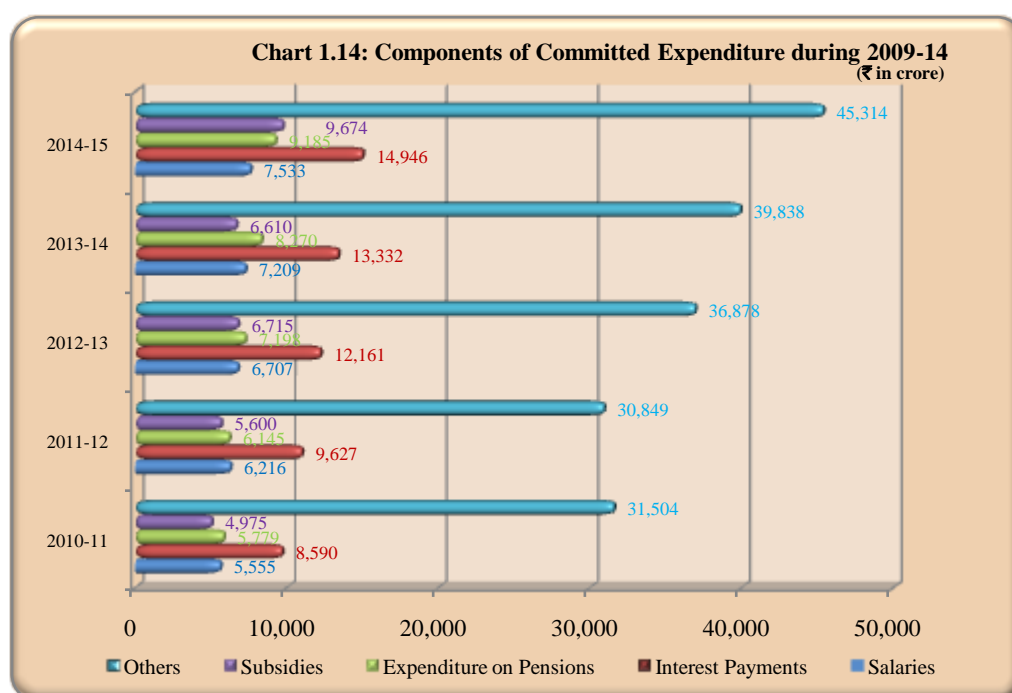
Components of Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	
					BE	Actuals
Subsidies	4,975 (9.50)	5,600 (8.89)	6,715 (8.93)	6,610 (8.26)	4,895	9,674 (10.52)
Total expenditure on Salaries, Interest Payments, Pensions and Subsidies	25,936 (49.53)	28,895 (45.89)	32,781 (43.57)	35,421 (44.29)	36,278	41,338 (44.94)
Other components	31,504 (60.16)	30,849 (49.00)	36,878 (49.02)	39,838 (49.81)	59,939	45,314 (49.27)
Total Revenue Expenditure	57,440	59,744	69,659	75,259	96,217	86,652
Total Revenue Receipts	52,364	62,959	75,229	79,976	1,03,053	91,978

*Plan head includes Salaries and Wages under Centrally Sponsored Schemes.

@ The bifurcation in Non-Plan and Plan is not available for BE.

Figures in parenthesis indicate percentage of Revenue Receipts.

Source: Finance Accounts of the respective years



1.6.3.1 Expenditure on Salaries

In 2014-15, the expenditure on salaries increased by 4.49 per cent over the previous year. As a percentage of the revenue receipts, the expenditure on salaries decreased from 9.01 per cent in 2013-14 to 8.19 per cent in 2014-15.

1.6.3.2 Interest Payments

Interest payments increased steadily from ₹ 9,627 crore in 2010-11 to ₹ 14,946 crore in 2014-15. Interest payments, however, increased by 12.11 per cent over the previous year. The increase was mainly due to 22 per cent more payment of interest on market loans than that in the previous year. The share of interest payment on market borrowings and special securities issued to NSSF was 51 per cent and 31 per cent respectively. However, interest payments as a percentage of revenue receipts declined from 18.38 per cent to 16.25 per cent from 2010-11 to 2014-15 respectively.

1.6.3.3 Pension Payments

The actual expenditure on pension was 16 *per cent* higher than the budget estimates of the Government and it stood at 10 *per cent* of total revenue receipts of the State during the year. The estimated yearly pension liabilities were prepared on the basis of trend growth rates instead of actuarial basis. The expenditure on Pension during current year increased by ₹ 915 crore (11.06 *per cent*) over the previous year, mainly on account of increase in payment of superannuation and retirement allowances along with family pensions.

In its disclosure in compliance of Gujarat Fiscal Responsibility Act, 2005, the Government estimated the pension payment as percentage of Revenue Receipts to be 9.01 *per cent*, however, it stood higher at 9.99 *per cent*.

1.6.3.4 Migration to New Pension Scheme

The State Government has introduced the New Defined Contribution Pension Scheme (NPS) with effect from 1 April 2005. The State Government signed (January 2009) agreements with the NPS trust for the fund management of the Scheme and adopted (May 2009) the central architecture designed for this scheme. The Government contributed ₹ 249.66 crore as matching contribution in 2014-15 as compared to ₹ 206.45 crore in 2013-14. The funds kept in Public Account which were to be transferred to the Trustee stood at ₹ 12.81 crore at the end of the financial year 2014-15.

1.6.3.5 Expenditure on Subsidies

The expenditure on subsidies increased by 94 *per cent* from ₹ 4,975 crore in 2010-11 to ₹ 9,674 crore in 2014-15. The expenditure on subsidies increased significantly during the current year by 46.35 *per cent* over the previous year and was much higher when compared to the Budget estimates for 2014-15. The subsidy in the Power Sector increased to ₹ 5,347 crore in the current year when compared to ₹ 3,611 crore in the previous year, registering a steep rise of 48.08 *per cent*. The subsidy for the Power Sector against total subsidy was 53.27 *per cent* in the current year. For Agriculture and Allied Activities, the subsidy increased from ₹ 619 crore in 2013-14 to ₹ 945 crore in 2014-15. The food and related subsidy increased by 78 *per cent* from ₹ 193 crore in 2013-14 to ₹ 343 crore 2014-15. Subsidy to GSRTC on account of uneconomic routes, student concessions etc. increased from ₹ 599 crore in 2013-14 to ₹ 714 crore in 2014-15.

1.6.4 Financial Assistance by the State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.20**.

Table 1.20: Financial Assistance to Local Bodies etc.

	(₹ in crore)				
Financial Assistance to Institutions	2010-11	2011-12	2012-13	2013-14	2014-15
Panchayati Raj Institutions (PRIs)	7,039.32	13,087.87	14,464.38	17,295.00	17,503.96
Urban Local Bodies	10,258.27	3,619.49	3,100.74	2,914.06	8,289.19
Public Sector Undertakings	----	119.69	4.05	27.55	59.60
Autonomous Bodies	8,574.68	1,626.18	644.45	650.77	2,912.78
Others	----	9,489.01	12,910.99	15,273.20	11,198.62
Total	25,872.27	27,942.24	31,124.61	36,160.58	39,964.15
Assistance as percentage of Revenue Expenditure	45.04	46.77	44.68	48.05	46.12

Source: Finance Accounts of the respective years

Financial assistance to local bodies and other institutions continuously increased from ₹ 25,872 crore in 2010-11 to ₹ 39,964 crore in 2014-15 which included payment of grants-in-aid to Municipal Corporations/Municipalities on account of abolition of octroi in November 2006. As a percentage of the revenue expenditure, it ranged between 45.04 per cent to 48.05 per cent.

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz. adequacy of the expenditure, efficiency of expenditure use and its effectiveness.

1.7.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels require the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.21** analyses the fiscal priority of the State with regard to development expenditure, social expenditure and capital expenditure during 2014-15.

Table 1.21: Fiscal priority of the State in 2011-12 and 2014-15

Fiscal Priority by the State	AE /GSDP	DE [#] /AE	SSE /AE	ESE /AE	CE /AE	Education /AE	Health /AE
*General Category State's Average (Ratio) 2011-12	15.98	65.39	36.63	28.76	13.23	17.10	4.68
Gujarat's Average(Ratio) 2011-12	12.39	69.92	37.58	32.34	18.62	16.87	4.49
**General Category State's Average (Ratio) 2014-15	16.49	69.12	36.50	32.61	14.01	16.23	5.04
Gujarat's Average (Ratio) 2014-15	12.95	71.68	39.53	31.93	21.73	15.97	5.73

* General Category States exclude Puducherry

** General Category States exclude Goa and Puducherry

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Sector Expenditure, ESE: Economic Sector Expenditure, CE: Capital Expenditure

Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed

Table 1.21 indicates the following:

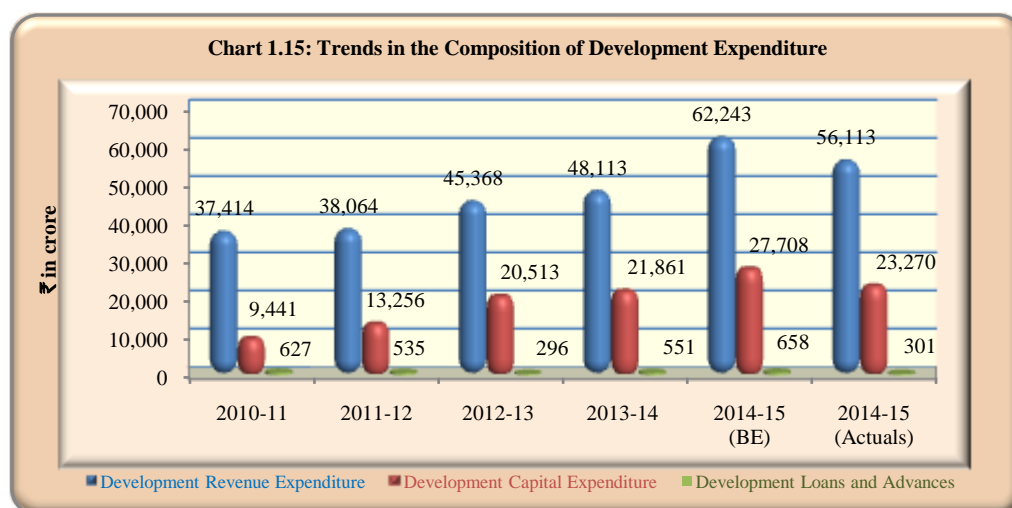
- 1) Gujarat spent a smaller proportion of its GSDP on aggregate expenditure in 2011-12 as well as in 2014-15 as compared to the General Category States. This meant that the State was spending less as a proportion of its GSDP as compared to General Category States (GCS).
- 2) Development expenditure as a proportion of aggregate expenditure in Gujarat is higher than the General Category States' average during 2011-12 as well as in the current year. Developmental expenditure consists of both economic service expenditure and social sector expenditure. The expenditure on social sector as a proportion of aggregate expenditure in the State was higher than that of the General Category States. The expenditure on economic sector as a proportion of aggregate expenditure in the State was higher in 2011-12 but lower in 2014-15 than that of General Category States.
- 3) The ratio of Capital expenditure to aggregate expenditure indicates that the State Government adequately prioritised the capital expenditure in 2011-12 as well as in the current year.
- 4) Gujarat has been spending less proportion of its aggregate expenditure on education sector as compared to other General Category States. Gujarat has also spent less proportion of its aggregate expenditure on health sector in 2011-12 but has given adequate priority to health sector in 2014-15 as compared to other General Category States.

1.7.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁶. Apart from improving the allocation towards development expenditure⁷, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure on operation and maintenance of the existing social and economic services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure. **Chart 1.15** presents the trends in development expenditure relative to the aggregate expenditure *vis-à-vis* budget estimates during the current year i.e. 2014-15. **Table 1.22** provides the details of capital expenditure and the components of revenue expenditure under selected social and economic services.

⁶ See glossary

⁷ The aggregate expenditure data segregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into social services, economic services and general services. Broadly, the expenditure on social and economic services constitutes development expenditure, while expenditure on general services is treated as non-development expenditure.



Development expenditure of the State comprises revenue and capital expenditure including loans and advances on socio-economic services. The development expenditure increased from ₹ 47,482 crore in 2010-11 to ₹ 79,684 crore in 2014-15. As a percentage of the total expenditure, the total development expenditure of the State increased from 70.02 per cent in 2010-11 to 71.68 per cent in 2014-15. The capital expenditure component increased from ₹ 9,441 crore in 2010-11 to ₹ 23,270 crore in 2014-15. In the five year period from 2010-11 to 2014-15 the revenue expenditure on Socio-Economic services grew by 49.98 per cent while capital expenditure grew at higher rate of 146.48 per cent. The percentage of development capital expenditure to the aggregate expenditure during the current year was 20.93 per cent whereas the revenue expenditure component was 50.48 per cent. The percentage of Development Loans and Advances to aggregate expenditure decreased from 0.92 per cent in 2010-11 to 0.27 per cent in 2014-15.

Table 1.22: Efficiency of Expenditure under selected Social and Economic Services
(figures in per cent)

Social/Economic Infrastructure	2013-14		2014-15	
	Share of Capital Expenditure to Total Expenditure	In Revenue Expenditure, the share of Salaries	Share of Capital Expenditure to Total Expenditure	In Revenue Expenditure, the share of Salaries
Social Services (SS) (absolute figures- ₹ in crore)	6,650	-	7,186	-
Education	7.53	4.45	7.48	3.95
Health and Family Welfare	32.01	33.54	30.93	27.51
Water Supply, Sanitation, Housing and Urban Development	26.62	0.61	25.47	0.52
Total (SS)	17.03	7.36	16.37	6.79
Economic Services (ES) (absolute figures- ₹ in crore)	15,211	-	16,084	-
Agriculture & Allied Activities	17.76	13.12	15.98	12.71

Social/Economic Infrastructure	2013-14		2014-15	
	Share of Capital Expenditure to Total Expenditure	In Revenue Expenditure, the share of Salaries	Share of Capital Expenditure to Total Expenditure	In Revenue Expenditure, the share of Salaries
Irrigation and Flood Control	87.36	30.35	88.06	26.36
Power & Energy	33.64	0.52	27.42	0.74
Transport	47.32	1.11	39.62	0.83
Total (ES)	49.15	6.70	45.33	5.36
Total (SS+ES)	31.24	7.15	29.31	6.30

Source: Finance Accounts of the respective years

Expenditure on Social Services

Capital expenditure on the Social Services increased by 8.06 *per cent* in absolute terms from ₹ 6,650 crore in 2013-14 to ₹ 7,186 crore in 2014-15. The share of Capital expenditure to the total expenditure under Social Services decreased significantly from 17.03 *per cent* to 16.37 *per cent*.

In education, the capital expenditure decreased mainly due to less expenditure on Engineering Colleges and Institutes. In Health and Family Welfare, the capital expenditure decreased mainly due to less expenditure on primary and community Health centres. In Water Supply, Sanitation, Housing and Urban Development, the capital expenditure decreased on account of less expenditure on urban water supply than that of the previous year.

The share of salaries in revenue expenditure under Social Services decreased from 7.36 *per cent* in 2013-14 to 6.79 *per cent* in 2014-15.

Expenditure on Economic Services

Capital expenditure on Economic Services increased from ₹ 15,211 crore in 2013-14 to ₹ 16,084 crore in 2014-15, registering a growth of 5.73 *per cent*. The share of capital expenditure to total expenditure under Economic Services decreased from 49.15 *per cent* in 2013-14 to 45.33 *per cent* in 2014-15. In Agriculture and Allied activities, the capital expenditure during current year decreased mainly due to decrease in expenditure on Soil and Water Conservation. Capital expenditure on Irrigation and Flood Control increased mainly due to more expenditure on medium and minor irrigation projects. In power and energy, capital expenditure decreased mainly due to less investment in Gujarat Urja Vikas Nigam Limited and Gujarat Power Corporation Limited.

The share of salaries in revenue expenditure under Economic Services decreased from 6.70 *per cent* to 5.36 *per cent*, mainly on account of decrease in the share of salaries under Irrigation and Flood Control (30.35 *per cent* to 26.36 *per cent*) and under Agricultural and Allied activities (13.12 *per cent* to 12.71 *per cent*).

1.8 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government needs to initiate measures to earn adequate returns on its investments, recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies and take requisite steps to infuse transparency in financial operations. This section presents a broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* the previous year.

1.8.1 Financial Results of Irrigation Projects

At the end of March 2015, ₹ 2,407.98 crore was spent on 33 Major and Medium Irrigation Projects which were treated as completed. The revenue realized from these irrigation projects during the year was ₹ 617.12 crore, against which the maintenance expenditure was ₹ 141.14 crore, indicating a revenue surplus of ₹ 475.98 crore. When compared with the investment on these projects, the return was 19.77 *per cent*.

1.8.2 Incomplete projects

At the end of March 2015, there were 77 incomplete capital works involving ₹ 1,304.64 crore. The Department-wise details of incomplete works (each costing ₹ 10 crore or more) are given in **Table 1.23**.

Table 1.23: Department-wise Profile of Incomplete Works

(₹ in crore)

Department	Number of incomplete works	Initial Budgeted Cost	Cumulative actual expenditure as on 31 March 2015
Road and Buildings	68	2,133.75	1,143.05
Narmada, Water Resources, Water Supply and Kalpsar	9	430.50	161.59
Total	77	2,564.25	1,304.64

Source: Finance Accounts of the year 2014-15

It can be seen from the **Table 1.23** that Road and Buildings Department could incur expenditure to the extent of 53.57 *per cent* on the 68 incomplete projects when compared to the initial budgeted cost. In Narmada Water Resources, Water Supply and Kalpsar Department nine projects remained incomplete incurring expenditure to the extent of 35.11 *per cent* only of the initial budgeted cost. During 2014-15, the expenditure of ₹ 1,119.01 crore was incurred on these incomplete works.

1.8.3 Investment and returns

As of 31 March 2015, Government had invested ₹ 62,929 crore in Statutory Corporations, Government Companies, Rural Banks, Joint Stock Companies,

Co-operative Institutions and Local Bodies (**Table 1.24**). The average return on the investments was 0.28 *per cent* in the last five years while the Government paid an average 7.65 *per cent* as interest on its borrowings during 2010-11 to 2014-15. Forty six PSUs earned a net profit of ₹ 3,364 crore in financial year 2013-14. However, the State Government received only ₹ 89.54 crore as dividend from PSUs in financial year 2014-15. In view of negligible return from PSUs, the State Government may consider formulation of a suitable dividend policy.

Continued use of borrowed funds to fund investments which do not have sufficient returns will lead to an unsustainable financial position. The Government may ensure proper justification for investment in high cost funds.

Table 1.24: Return on Investment

Investment/Return/Cost of Borrowings	2010-11	2011-12	2012-13	2013-14	2014-15
Investment at the end of the year ⁸ (₹ in crore)	34,496	39,179	47,171	55,058	62,929
Return (₹ in crore)	114.43	128.93	54.31	277.44	89.54
Return (<i>per cent</i>)	0.33	0.33	0.12	0.50	0.14
Average rate of interest on Government borrowings (<i>per cent</i>)	7.56	7.63	7.66	7.62	7.76
Difference between average interest rate on Government borrowings and rate of return (<i>per cent</i>)	7.23	7.30	7.54	7.12	7.62

Source: Finance Accounts of the respective years

During the period of last five years, 2010-11 to 2014-15, the State Government's Investments had increased by ₹ 28,433 crore. During 2014-15, Government invested ₹ 389 crore in Statutory Corporations, ₹ 7,396 crore in Government Companies and ₹ 86 crore in Co-operative institutions etc. Out of ₹ 7,871 crore invested during 2014-15, 52 *per cent* (₹ 4,113 crore) was invested this year in the Sardar Sarovar Narmada Nigam Limited, a State-owned Company, which is executing the multi-purpose Narmada Project.

The FD stated (December 2015) that the motto behind the investment by the Government in Statutory Corporations and Government Companies was to increase employment opportunities for the citizens of the state thereby achieving an overall development of the state.

While acknowledging that investment by the Government is required for attaining socio-economic welfare, Audit intends to flag the aspect of poor returns from profit making PSUs.

Investment in PPP projects

Public Private Partnership (PPP) is formed by the government agencies and bodies usually to promote and develop infrastructure facilities.

⁸ Includes all investments to Government companies, Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives Institutions and Local Bodies

The status of Public Private Partnership (PPP) projects in infrastructure sector at various stages is presented in **Table 1.25**

Table 1.25: Status of Public Private Partnership (PPP) projects in infrastructure sector

		(As on 31 March, 2015)				(₹ in crore)	
Sl. No.	Sector /Project Name	Projects completed		Projects under Implementation		Projects in Pipeline	
		No.	Estimated Cost	No.	Estimated Cost	No.	Estimated Cost
1	Road Sector	23	2,896	15	4,559	10	3,575
2	Urban Infrastructure	98	2,149	13	690	31	982
3	Water Sector	00	00	00	00	06	5,853
4	Power Sector	04	7,600	00	00	11	22,245
5	Ports	34	26,015	25	9,336	28	10,119
6	Logistic Parks	00	00	00	00	03	2,200
7	Aviation	00	00	00	00	06	2,500
8	IT & ITES Biotech	06	235	01	80	01	100
9	Railways	01	395	02	1,262	00	00
	Total	166	39,290	56	15,927	96	47,574

Source: Gujarat Industries Development Board

Table 1.25 shows that out of 318 PPP projects of ₹ 1,02,791 crore in infrastructure sector in Gujarat, 166 projects of ₹ 39,290 crore were completed at the end of 2014-15. The maximum number of completed projects and investment was in Ports sector.

1.8.4 Loans and Advances by State Government

In addition to investments in Co-operative institutions, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.26** presents the position of loans and advances and interest receipts *vis-à-vis* interest payments during the last three years.

Table 1.26: Average Interest received on Loans and Advances given by the State Government
(₹ in crore)

Quantum of Loans and Advances /Interest Receipts/ Cost of Borrowings	2012-13	2013-14	2014-15
Opening Balance	5,750	6,585	7,048
Amount advanced during the year	882	603	350
Amount repaid during the year	47	141	621
Closing Balance	6,585	7,048	6,777
<i>Of which</i> Outstanding balance for which terms and conditions have been settled	6,585 ⁹	6,536	6,517
Net addition	835	463	(-)271
Interest Receipts	26	100	142

⁹ This does not include loans of ₹ 35 lakh given to Gujarat Industrial Investment Corporation Limited and ₹ 10 lakh to Gujarat Small Industries Corporation Limited

Quantum of Loans and Advances /Interest Receipts/ Cost of Borrowings	2012-13	2013-14	2014-15
Interest receipts as percentage of outstanding Loans and Advances	0.39	1.42	2.10
Interest payments as percentage of outstanding fiscal liabilities of the State Government.	7.30	7.28	7.39
Difference between interest receipts and interest payments (per cent)	(-)6.91	(-)5.86	(-)5.29

Source: Finance Accounts of the respective years

The total amount of outstanding loans and advances increased from ₹ 6,585 crore in 2012-13 to ₹ 6,777 crore in 2014-15. The loans advanced during the year decreased by ₹ 253 crore over the previous year. Out of the loans advanced and disbursed during the year, ₹ 41 crore was under Social Services, ₹ 260 crore under Economic Services and ₹ 49 crore as personal advances to Government and local self-government employees. The loans advanced under Social Services were used for the welfare of Scheduled Caste, Scheduled Tribes and other Backward Classes. Major portion of the loan advanced for Economic Services went to road transport (77 per cent) and engineering industries (23 per cent).

1.8.5 Cash Balances and Investment of Cash Balances

Details of cash balances and investments made by the State Government during the year are shown in **Table 1.27**.

Table 1.27: Cash Balances and Investment of Cash Balances

(₹ in crore)

Cash Balances and Investment of Cash balances	Opening balance on 1/4/2014	Closing balance on 31/3/2015
(a) General Cash Balance -		
Cash in Treasuries	0.00 ¹⁰	0.00
Deposits with Reserve Bank ¹¹	(-)1,735.22	(-)389.00
Remittances in transit - Local	4.19	4.19
Investments held in Cash Balance investment account	11,923.20	12,401.93
Total (a)	10,192.17	12,017.12
(b) Other Cash Balances and Investments		
Cash with departmental officers viz Public Works Department Officers, Forest Department Officers, District Collectors	25.02	25.02
Permanent advances for contingent expenditure with departmental officers	0.27	0.27
Investment of earmarked funds	5,169.02	9,034.06
Total (b)	5,194.31	9,059.35
Grand total (a)+ (b)	15,386.48	21,076.47

Source: Finance Accounts of the respective years

¹⁰ ₹ 48,000

¹¹ The balance under the head 'Deposits with Reserve Bank' is arrived at after taking into account the Inter-Government monetary settlements pertaining to transactions of the Financial Year 2014-15 advised to the RBI till 15 April 2015

Due to large surplus cash balance, during 2014-15, the State Government did not avail of any Ways and Means Advance from the RBI for maintenance of its minimum cash balance.

Outstanding balances under the head ‘Cheques and Bills’

The Major Head ‘8670 – Cheques and Bills’ is an intermediary account head for initial record of transactions which are to be cleared eventually. The outstanding balance under the Major Head ‘8670 –Cheques and Bills’ represents the amount of unencashed cheques. Cheques amounting to ₹ 2,756 crore remained unencashed as on 31 March, 2015.

Fresh borrowings by State with large cash balance

The ThFC has also suggested that there should be a directed effort by States with large balances towards utilising their existing cash balances before resorting to fresh borrowings. Further, it has suggested to consider utilising their surplus cash balances for lumpsum repayment of market borrowings raised for debt swap during the period 2002-05, which was likely to become due during the next few years. The Reserve Bank of India also reiterated the fact and advised the States to manage their cash balance more efficiently. The investment held in ‘Cash Balance Investment Account’ by the State Government stood at ₹ 11,923 crore and ₹ 12,402 crore at the end of 2013-14 and 2014-15 respectively.

The persistence of large cash Surplus is result of higher debt which increases the accompanying debt service burden along with lower return on investments. The high level of investment held in ‘Cash Balance Investment Account’ at the end of these financial years indicates that there is need for better cash management. The State Government should adopt the policy of need based borrowing and maintain minimum surplus cash balance.

1.9 Assets and Liabilities

1.9.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of the fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such liabilities and the assets as on 31 March 2015 compared with the corresponding position on 31 March 2014. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

As per the Statement under the Gujarat Fiscal Responsibility Act, 2005 the State Government liabilities comprise the following components –

- (i) Special Securities issued to the National Small Savings Fund
- (ii) Loans and Advances from Central Government
- (iii) Market Loans
- (iv) Loans from Financial Institutions/Banks
- (v) Ways and Means Advances/Overdraft from RBI
- (vi) Small Savings, Provident Fund of Government Employees etc.
- (vii) Pension Liabilities
- (viii) Reserve Fund/Deposits & Provident Fund of other employees
- (ix) Other Liabilities.

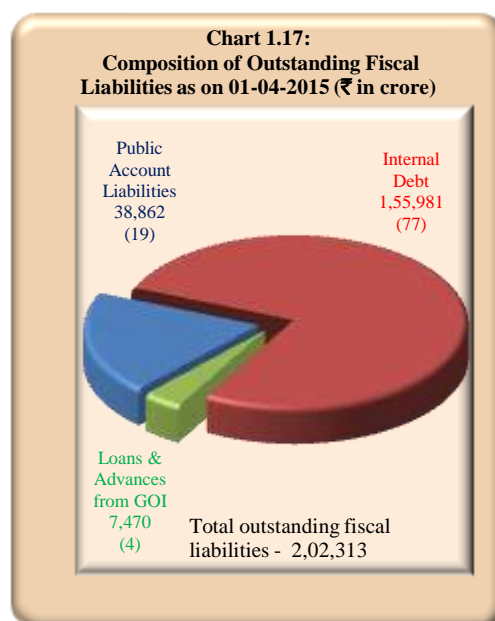
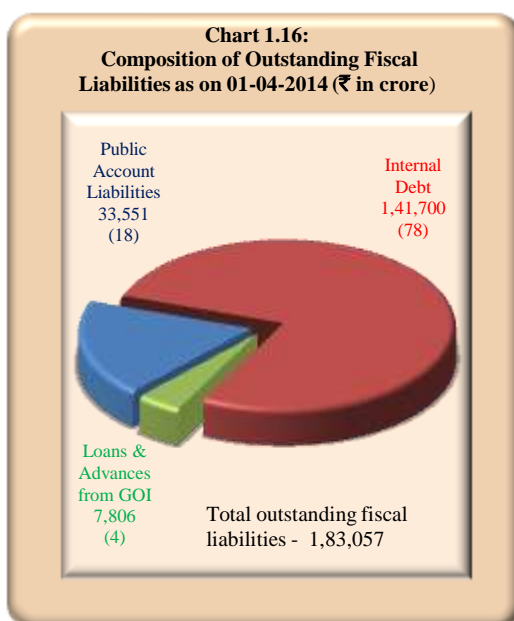
1.9.2 Fiscal Liabilities

The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is as presented in the **Charts 1.16** and **1.17** below:

Table: 1.28:- Fiscal Liabilities – Basic Parameters

	2010-11	2011-12	2012-13	2013-14	2014-15
Fiscal Liabilities (₹ in crore)	1,35,656	1,50,785	1,66,667	1,83,057	2,02,313
Rate of Growth (<i>Per cent</i>)	13.88	11.15	10.53	9.83	10.52
Ratio of Fiscal Liability to					
GSDP (<i>Per cent</i>)	26.01	25.18	25.31	23.91	23.57
Revenue Receipts (<i>Per cent</i>)	259	239	222	229	220
Own Resources (<i>Per cent</i>)	329	304	278	289	285
Buoyancy of Fiscal Liabilities to					
GSDP (Ratio)	0.66	0.75	1.05	0.60	0.87
Revenue Receipts (Ratio)	0.54	0.55	0.54	1.56	0.70
Own Resources (Ratio)	0.49	0.56	0.50	1.69	0.89

Source: Finance Accounts of the respective years



Figures in parenthesis indicate percentage share

The outstanding fiscal liabilities have shown a steady increase over the years from ₹ 1,35,656 crore at the end of 2010-11 to ₹ 2,02,313 crore as at the end

of 2014-15. The fiscal liabilities in the period from 2010-11 to 2014-15, increased by 49 per cent at annual average rate of 11.18 per cent. In 2014-15 the fiscal liabilities grew at 10.52 per cent against 9.83 per cent in 2013-14. The fiscal liabilities comprised internal debt of ₹ 1,55,981 crore (77 per cent), public account of ₹ 38,862 crore (19 per cent) and loans and advances from GoI of ₹ 7,470 crore (4 per cent) as at the end of 2014-15. The internal debt comprised mainly of market loans (₹ 1,00,593 crore) and special securities issued to National Small Savings Fund (₹ 48,314 crore). The fiscal liabilities at the end of 2010-11 represented 259 per cent of the revenue receipts during the year 2010-11, which reduced to 220 per cent at the end of 2014-15. The outstanding debt to GSDP ratio at 23.57 per cent in the current year was in line with the projected ratio of 27.10 per cent in the fiscal consolidation roadmap of ThFC.

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.4**.

1.9.3 Transactions under Reserve fund

There were 16 Reserve Funds earmarked for specific purposes, out of which six funds were inoperative. The total accumulated balance as on 31 March 2015 in these funds was ₹ 14,558.41 crore (₹ 14,555.54 crore in operational funds and ₹ 2.87 crore in non-operational funds). However, the investment out of these funds was only ₹ 9,033.72 crore.

1.9.4 Contingent liabilities

Status of Guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of defaults by borrowers for whom the guarantees have been extended. As per Statement 9 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years is given in **Table 1.29**.

Table 1.29: Guarantees given by the Government of Gujarat

(₹ in crore)

Guarantees	2010-11	2011-12	2012-13	2013-14	2014-15
Ceiling limit on Government guarantees under Gujarat State Guarantees Act 1963	20,000	20,000	20,000	20,000	20,000
Maximum amount guaranteed	10,382	10,387	10,525	11,175	11,235
Outstanding amount of guarantees	8,661	7,449	6,195	6,549	5,984
Percentage of outstanding amount of guarantees to total revenue receipts	16.54	11.83	8.23	8.19	6.51

Source: Finance Accounts of the respective years

The Gujarat Fiscal Responsibility Act, 2005 prescribed to capping of outstanding guarantees within the limit (₹ 20,000 crore) as prescribed in the Gujarat State Guarantees Act, 1963. During the year, the State Government extended guarantees of ₹ 80 crore to Cooperative Societies. Out of total outstanding guarantees of ₹ 5,984 crore, 32 per cent (₹ 1,931 crore) were

towards Sardar Sarovar Narmada Nigam Limited and nearly 18 *per cent* (₹ 1,073 crore) were towards Gujarat Urja Vikas Nigam Limited. The outstanding guarantees (₹ 5,984 crore) accounted for 6.51 *per cent* of the revenue receipts (₹ 91,978 crore) of the State Government and were well within the ceiling limit prescribed under the Fiscal Responsibility Act.

The Gujarat State Guarantees Redemption Fund set up in February 2006 to take care of any contingent liabilities arising out of State Government Guarantees, had a balance of ₹ 2,569 crore at the end of 2014-15. During the year the Government did not contribute any amount towards the Guarantee Redemption Fund. During the year, the Government received ₹ 21 crore as guarantee fees against ₹ 27 crore received in the previous year.

1.10 Debt Management

Debt Sustainability

Debt sustainability implies State's ability to service the debt. Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability¹² of the State. The analysis of various debt sustainability indicators of the State for the period of five years beginning from 2010-11 is given by **Table 1.30**.

Table 1.30: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Outstanding Debt (₹ in crore)	1,35,656	1,50,785	1,66,667	1,83,057	2,02,313
Debt / GSDP ratio (in <i>per cent</i>)	26.01	25.18	25.31	23.91	23.57
Debt / RR ratio (in <i>per cent</i>)	259	239	222	229	220
Burden of Interest Payments (IP/RR Ratio)	0.18	0.17	0.16	0.17	0.16
Sufficiency of Non-debt Receipts (Resource Gap)	80	4,047	(-)5,465	(-)1,930	102
Net Availability of Borrowed Funds	6,912	3,921	3,722	3,058	4,310

Source: Finance Accounts of the respective years

Table 1.30 reveals that though outstanding debt increased from ₹ 1,35,656 crore in 2010-11 to ₹ 2,02,313 crore in 2014-15, the Debt/GSDP ratio depicted the declining trend during this period except 2012-13. The outstanding debt at the end of 2010-11 represented 259 *per cent* of the revenue receipts during the year 2010-11, which reduced to 220 *per cent* at the end of 2014-15.

The persistent negative resource gap is indicative of the non-sustainability of debt while positive resource gap strengthens the capacity of the State to sustain the debt. The positive resource gap for two consecutive years turned into negative in 2012-13 and 2013-14. However, in the year 2014-15 it was again positive. It happened mainly on account of 12.92 *per cent* increase in primary expenditure against 15.88 *per cent* increase in non-debt receipts during current year. The net funds available from borrowed fund after

¹² See Glossary

providing for the interest and repayment declined from ₹ 6,912 crore in 2010-11 to ₹ 4,310 crore in 2014-15. However, the same showed an increase over the year by ₹ 1,252 crore.

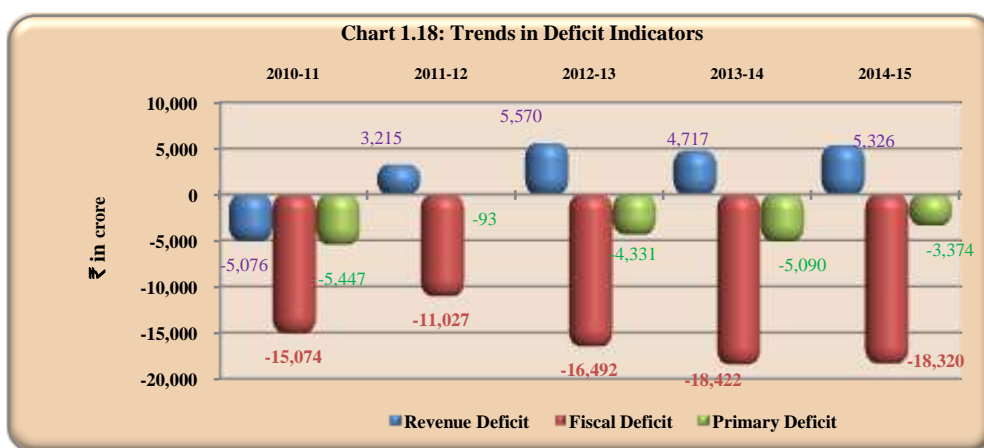
As per TwFC recommendations, the ratio of interest payments to revenue receipts should decline by 2009-10 to 15 *per cent*. The percentage gross interest payments on the total liabilities to the revenue receipts of the State for the period 2010-11 to 2014-15 ranged between 16 *per cent* and 18 *per cent* but still could not reach 15 *per cent* as targeted.

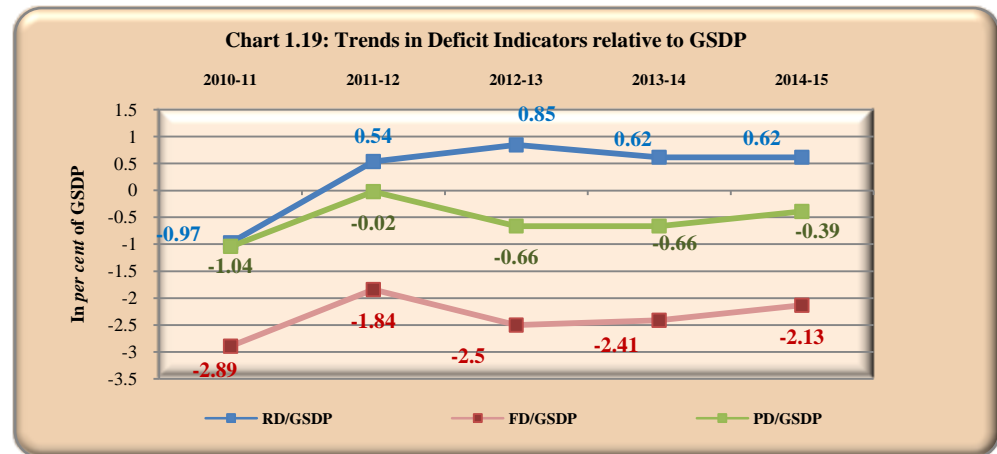
1.11 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficits are financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* the targets set under the FRBM Act/Rules for the financial year 2014-15.

1.11.1 Trends in Deficits

Charts 1.18 and 1.19 present the trends in deficit indicators over the period 2010-11 to 2014-15.





The revenue deficit of ₹ 5,076 crore in 2010-11 turned into revenue surplus of ₹ 3,215 crore in 2011-12 and continued the trend thereafter with the revenue surplus of ₹ 5,326 crore in 2014-15. The increase in the revenue surplus during the current year was mainly on account of an increase of ₹ 12,002 crore (15.01 per cent) in revenue receipts against an increase of ₹ 11,393 crore (15.14 per cent) in revenue expenditure over the previous year.

The fiscal deficit increased from ₹ 15,074 crore in 2010-11 to ₹ 18,422 crore in 2013-14 and stood at ₹ 18,320 crore in 2014-15. The marginal decrease in fiscal deficit during current year was mainly on account of larger cushion of revenue surplus than in the previous year. A decrease of ₹ 102 crore in fiscal deficit together with an increase of ₹ 1,614 crore in interest payment resulted in decrease in primary deficit from ₹ 5,090 crore in 2013-14 to ₹ 3,374 crore in 2014-15. The fiscal deficit (2.13 per cent) still remained within the targeted level of three per cent of GSDP as set under the Gujarat Fiscal Responsibility Act.

1.11.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.31**.

Table 1.31: Components of Fiscal Deficit and its Financing Pattern

Particulars		2010-11	2011-12	2012-13	2013-14	2014-15
		(₹ in crore)				
Decomposition of Fiscal Deficit		15,074	11,027	16,492	18,422	18,320
1	Revenue Deficit (-)/(+) Surplus	(-)5,076	(+)3,215	(+)5,570	(+)4,717	(+)5,326
2	Net Capital Expenditure	9,593	13,802	21,227	22,677	23,917
3	Net Loans and Advances	405	440	835	462	(-)271
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	10,725	15,083	12,846	13,047	13,246
2	Loans from GOI	(-)464	(-)932	(-)150	(-)495	(-)337
3	Special Securities issued to NSSF	2,628	(-)1,864	(-)561	(-)353	475
4	Loans from Financial Institutions	(-)25	(-)28	826	940	561

Particulars		2010-11	2011-12	2012-13	2013-14	2014-15
5	Small Savings, PF etc	705	558	589	507	502
6	Deposits and Advances	2,533	1,358	1844	2,242	3,107
7	Suspense and Miscellaneous	1,311	(-)56	656	(-)1,033	843
8	Remittances	78	(-)47	(-)69	181	59
9	Reserve Fund	998	680	488	84	5,568
10	Contingency Fund	47	(-)80	81	0	(-)14
Total		18,536	14,672	16,550	15,119	24,010
Increase/Decrease(-) in Cash Balance		(+)3,462	(+)3,645	(+)58	(-)3,303	(+)5,690

*All these figures are net of disbursements/outflows during the year
Source: Finance Accounts of the respective years

Table 1.31 reveals that during the last five years, market borrowings and net accretions in Small Savings, PF etc, Deposits and Advances along with Reserve Fund are main sources used by the State Government to finance the fiscal deficit. In 2014-15, the fiscal deficit of ₹ 18,320 crore was mainly met from net market borrowings of ₹ 13,246 crore. In view of availability of resources under Public Accounts of the State, this along with market borrowings resulted into large increase in Cash balance, after financing its deficit. In such situation, the Government could have curtailed the market borrowings to avoid interest burden for the coming years.

1.11.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratios of revenue deficit to fiscal deficit indicate the extent to which borrowed funds were used for current consumption. Further, persistently high ratios of revenue deficit to fiscal deficit also indicate that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (**Table 1.32**) would indicate the extent to which the deficit had been on account of increase in capital expenditure, which may have been desirable to improve the productive capacity of the State's economy.

Table 1.32: Primary deficit/Surplus – Bifurcation of factors

(₹ in crore)							
Year	Non-debt Receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure ¹³	Primary Revenue Deficit(-) /surplus (+)	Primary Deficit (-) /Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2010-11	52,738	47,813	9,684	688	58,185	(+)4,925	(-)5,447
2011-12	63,134	48,810	13,812	605	63,227	(+)14,324	(-)93
2012-13	75,276	57,498	21,227	882	79,607	(+)17,778	(-)4,331
2013-14	80,117	61,927	22,677	603	85,207	(+)18,190	(-)5,090
2014-15	92,840	71,706	24,158	350	96,214	(+)21,134	(-)3,374

Source: Finance Accounts of the respective years

¹³ Primary Expenditure is total expenditure except interest payments of the concerned year

During the period 2010-11 to 2014-15, primary expenditure increased by 65 per cent from ₹ 58,185 crore to ₹ 96,214 crore against the increase of non-debt receipt from ₹ 52,738 crore to ₹ 92,840 crore (76 per cent). During the period 2010-11 to 2014-15, the non-debt receipts did not cover the primary expenditure resulting in primary deficit in each year. In 2014-15, primary revenue expenditure and capital expenditure increased over the previous year. However, due to commensurate increase in non-debt receipts and decrease in disbursement of loan and advances, there was decrease in primary deficit from ₹ 5,090 crore to ₹ 3,374 crore.

1.12 Conclusion and Recommendations

The State achieved the target of reduction of revenue deficit to zero in 2011-12 as the State reached a revenue surplus of ₹ 3,215 crore in that year. The revenue surplus stood only at ₹ 5,326 crore in 2014-15 against the projection in MTFPS of ₹ 6,837 crore. At the end of 2014-15, the fiscal deficit as percentage to GSDP was 2.13, which was well within the limit of three per cent. The State's total outstanding debt as percentage of GSDP was 23.57 per cent in 2014-15 which was also within the target of 27.1 per cent fixed by the ThFC. The share of social services expenditure as a percentage of total expenditure increased from 38.91 to 39.49 during last five years.

The revenue receipts of the State increased steadily from ₹ 52,364 crore in 2010-11 to ₹ 91,978 crore in 2014-15. The growth in revenue receipts during the year 2014-15 was 15.01 per cent on account of 56.89 per cent growth of grants-in-aid in 2014-15. The State's own tax buoyancy from 2009-10 to 2012-13 ranged between 1.47 and 2.18 indicating that own taxes grew at higher rate than the growth of GSDP. However, the situation reversed in 2013-14 and 2014-15. The tax revenue of the State in 2014-15 could not achieve the target of budget estimates and MTFPS projection and was lower by ₹ 1,728 crore and ₹ 727 crore respectively.

As per the ThFC award, the State was entitled to receive ₹ 3,285.73 crore as grants-in-aid from GoI during 2014-15 against which it received ₹ 2,265.90 crore as the State did not comply with laid down conditions.

The State Government may explore mobilizing additional resources through tax and non-tax sources by ensuring better tax compliance and rationalising the user charges/fees respectively. The State Government may ensure compliance of conditions stipulated for Finance Commission's grants so that State will not suffer any financial losses on this account.

While revenue expenditure of the State increased by 50.86 per cent from ₹ 57,440 crore in 2010-11 to ₹ 86,652 crore in 2014-15, its share in total expenditure declined from 84.70 per cent to 77.95 per cent during the same period indicating improvement in expenditure on Capital outlay. However, the Non Plan Revenue Expenditure (NPRE) has also shown consistent increase over the period from ₹ 39,887 crore in 2010-11 to ₹ 60,066 crore in 2014-15 and stood at 69.32 per cent of revenue expenditure. The expenditure on salaries, interest payments, pensions and subsidies increased from ₹ 25,936 crore in 2010-11 to ₹ 41,338 in 2014-15.

Whereas major chunk of the non plan revenue expenditure is on salaries, pension and interest payments which is largely uncontrollable, the State Government may explore suitable measures for containing the other components of non plan revenue expenditure so that revenue surplus could be maintained for allowing scope for assets creation and sustainable development of the State.

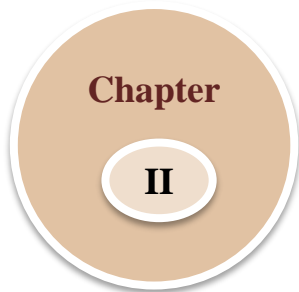
During 2014-15, Government invested ₹ 389 crore in Statutory Corporations, ₹ 7,396 crore in Government Companies and ₹ 86 crore in Co-operative institutions, etc. Though during the last five years, the State Government invested ₹ 28,433 crore, the average return by way of dividend on the investments in Government companies and Statutory Corporation etc. was 0.28 per cent. On the other hand, the Government paid 7.65 per cent interest on an average on its borrowings during 2010-11 to 2014-15. Further, 46 PSUs earned a net profit of ₹ 3,364 crore in financial year 2013-14 and paid dividend of ₹ 90 crore only to the State Government during 2014-15.

The State Government may consider formulation of a dividend policy regarding payment of reasonable return from the profit earning PSUs on paid up share capital contributed by the State Government.

The investment held in 'Cash Balance Investment Account' by the State Government stood at ₹ 11,923 crore and ₹ 12,402 crore at the end of 2013-14 and 2014-15 respectively. Keeping the huge amount in the Cash Balance Investment Account at lower rate of interest while borrowing at higher rate has financial implications. The high level of investment held in 'Cash Balance Investment Account' at the end of these financial years indicates that there is need for better cash management.

The outstanding fiscal liabilities have shown a steady increase over the years, from ₹ 1,35,656 crore at the end of 2010-11 to ₹ 2,02,313 crore at the end of 2014-15, though it remained within the target of 27.1 per cent fixed by the ThFC. For financing its deficit, the State Government heavily relied on Market borrowing despite availability of resources under Public Accounts of the State and Cash Balance Investments. The growing volume of interest bearing liabilities has resulted in increasing liability for servicing the debt.

The State Government may consider need-based borrowings and utilising the existing cash balances before resorting to fresh borrowing.



Financial Management and Budgetary Control

2.1 Introduction

2.1.1 Appropriation Accounts are the accounts of expenditure of the Government for each financial year, compared with the amounts of the grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act. These accounts depict distinctly the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act. Appropriation Accounts thus facilitate understanding of utilisation of funds and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

2.1.2 Audit of Appropriation Accounts by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.1.3 As per the Gujarat Budget Manual, it is the responsibility of the Finance Department to prepare the annual statement of estimated receipts and expenditure and the supplementary estimates of expenditure for presentation to the Legislature. For the purpose of such preparation, the Finance Department shall obtain from the administrative department concerned the material on which to base the estimates. The heads of the departments, on the basis of material furnished by their subordinate officers, prepare the estimates for which they are concerned and forward to the appropriate administrative department of the Secretariat on prescribed dates. The Finance Department consolidates the estimates approved by Government. The exercise requires utmost foresight both in estimating revenue and anticipating expenditure. The estimation should be as close and accurate as possible. The provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year, including arrears of the previous year and should not merely be confined to the liabilities pertaining to the year.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2014-15 against 108 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary provisions

(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual Expenditure	Saving (-)/ Excess (+)	Amount of surrender	Amount surrendered on 31st March	Per cent of savings surrendered by 31st March
Voted	I Revenue	82,495.90	4,320.11	86,816.01	71,970.64	(-)14,845.37	13,744.45	1,446.51	92.58
	II Capital	29,403.55	1,048.82	30,452.37	24,578.38	(-)5,873.99	4,751.12	152.88	80.88
	III Loans and Advances	721.88	21.28	743.16	349.9	(-)393.26	274.41	0.16	69.78
Total Voted		1,12,621.33	5,390.21	1,18,011.54	96,898.92	(-)21,112.62	18,769.98	1,599.55	88.90
Charged	IV Revenue	15,282.42	413.27	15,695.69	15,205.1	(-)490.59	471.54	0.05	96.12
	V Capital	49.88	15.01	64.89	56.82	(-)8.07	6.8	0	84.26
	VI Public Debt- Repayment	5,511.98	0	5,511.98	5,509.21	(-)2.77	2.77	0	100.00
Total Charged		20,844.28	428.28	21,272.56	20,771.13	(-)501.43	481.12	0.05	95.95
Grand Total		1,33,465.61	5,818.49	1,39,284.10	1,17,670.05	(-) 21,614.05	19,251.10	1,599.60	89.07

Source: Appropriation Accounts and Appropriation Act of the State Government

Overall savings of ₹ 21,614.05 crore were the result of savings of ₹ 21,758.50 crore in 88 grants and 18 appropriations under the Revenue Section and 52 grants and seven appropriations under the Capital Section offset by excess of ₹ 144.45 crore in three grants and three appropriations under the Revenue Section and one grant under the Capital Section.

It can be seen from the above table that against the original estimate of ₹ 1,33,465.61 crore, the actual expenditure incurred was of ₹ 1,17,670.05 crore. This indicates that original estimates need to be assessed more realistically.

2.3 Financial Accountability and Budget Management

2.3.1 Expenditure without Provision

Article 266 (3) of the Constitution of India prohibits withdrawal of money from the Consolidated Fund of the State unless relevant Appropriation Acts under Articles 204 and 205 of the Constitution of India are passed by the Legislature. As per Paragraph 125(5) of the Gujarat Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 356.82 crore was incurred during 2014-15 in 15 cases under seven grants without any provision in the original estimates/supplementary demand as detailed in **Appendix 2.1**.

2.3.1.1 Excess expenditure over provisions during 2014-15 requiring regularisation

Table 2.2 contains the summary of total excess over provision of funds in respect of seven grants/appropriations amounting to ₹ 144.45 crore during 2014-15 requiring regularisation under Article 205 of the Constitution.

Table 2.2: Excess over provisions requiring regularisation during 2014-15

(₹ in crore)

Sl. No	Number and Title of Grants		Total grant	Expenditure	Excess
1	19	Other expenditure pertaining to Finance Department -Revenue Charged	0.00	0.01 ¹	0.01 ¹
2	26	Forest – Capital Voted	340.29	425.12	84.84
3	43	Police - Revenue Charged	0.13	0.13	0.00 ²
4	73	Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department – Revenue Voted	715.50	735.80	20.30
5	81	Compensation and Assignments – Revenue Charged	1.26	1.73	0.47
6	85	Residential Building- Revenue voted	180.28	219.05	38.77
7	88	Other Expenditure pertaining to Roads and Buildings Department-Revenue Voted	17.87	17.94	0.07
Total			1,255.33	1,399.78	144.45

Source : Appropriation Accounts of the State Government

Reasons for excess incurred in the grant/appropriation were not intimated in any of the above cases by the Departments.

2.3.1.2 Excess expenditure relating to previous years not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However excess expenditure amounting to ₹ 9,400.24 crore for the years 2003-04 to 2013-14 was yet to be regularised, as detailed in **Appendix 2.2**.

The FD stated (December 2015) that the report of the Public Accounts Committee for regularisation of excess expenditure from the year 2003-04 to 2006-07 is tabled in March 2015 and action is being undertaken for regularisation in the ensuing budget session.

2.3.2 Persistent Excesses

On test check of grant files, Audit further observed that there was excess expenditure over provision of more than ₹ 10 crore consistently for the last three years in respect of nine schemes under six different grants (**Appendix 2.3**) indicating that budgetary estimates were not reviewed properly as the provisions being insufficient. Some cases of excess expenditure under various schemes/purposes are discussed below:

- Against a provision of ₹ 4,503.25 crore towards Superannuation and retirement allowances, Gratuities and Family Pension to primary

¹ ₹ 60,000

² ₹ 33,000

panchayat teachers during the Period 2012-15, ₹ 6,715.20 crore were expended by the Education Department resulting in excess of ₹ 2,211.95 crore. No reasons were attributed for the persistent excess.

- A sum of ₹ 560.08 crore was spent during 2012-15 against the provision of ₹ 342.50 crore for Pravashi Path by the Roads and Buildings Department. The excess was attributed mainly to completion of works carried out under Pravashi Path Yojna before target date and good progress of spill over works.

2.3.3 Rush of expenditure

According to paragraph 109 of the Gujarat Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 18 Major Heads listed in **Table 2.3** expenditure exceeded ₹ 10 crore and more than 50 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.3: Cases of Rush of Expenditure towards the end of the financial year 2014-15
(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of 2015		Expenditure during March 2015	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2204	5,350.40	3,073.17	57.44	2,197.08	41.06
2	2236	3,605.98	1,953.00	54.16	1,006.49	27.91
3	2245	2,031.72	1,338.21	65.87	599.66	29.51
4	2401	2,419.53	1,219.20	50.39	759.02	31.37
5	2405	1,438.26	766.77	53.31	464.95	32.33
6	2425	706.78	668.10	94.53	344.31	48.72
7	2801	1,165.37	663.86	56.97	289.94	24.88
8	2853	831.95	581.95	69.95	581.95	69.95
9	3054	665.22	506.47	76.14	490.27	73.70
10	3456	538.84	459.41	85.26	413.39	76.72
11	3604	464.65	408.32	87.88	258.94	55.73
12	4217	386.62	386.62	100.00	386.62	100.00
13	4515	363.36	220.11	60.58	186.44	51.31
14	4801	375.89	196.41	52.25	143.79	38.25
15	4856	232.65	157.44	67.67	141.21	60.70
16	5055	252.53	136.21	53.94	51.32	20.32
17	5452	201.53	104.40	51.80	69.8	34.64
18	7055	200.00	100.66	50.33	67.09	33.55
Total		21,231.28	12,940.31	60.95	8,452.27	39.81

Source: Information compiled by Accountant General (A&E), Gujarat, Rajkot

A test check of vouchers from monthly accounts of five³ Public Works Divisions revealed that ₹ 112.13 crore were booked under five Major Heads⁴ in respect of advance payments of ₹ two crore and above made through Form 28 hand receipts during the month of March 2015 for Deposit Works. The details are in **Appendix 2.4**. The payments through hand receipts were made for construction of new building, maintenance & repair, advance payment of electricity bills, lift irrigation scheme and purchase of asphalt. This shows that the Divisions were incurring huge expenditure through hand receipts at the end of the financial year.

2.3.4 Appropriation vis-à-vis Allocative Priorities

Audit of the Appropriation Accounts revealed that in 65 cases, savings exceeded ₹ 100 crore in each case or by more than 50 *per cent* of the total provision (**Appendix 2.5**). Summarised position of savings is indicated in **Table 2.4**.

Table 2.4: Summarised position of Savings

Sl. No.	Range of Saving	Number of Cases	Total Grant (₹ in crore)	Saving (₹ in crore)	Percentage
1	Up to ₹ 10 crore	25	33.74	24.69	73.13
2	More than ₹ 10 crore and up to ₹ 25 crore	1	17.72	12.19	68.76
3	More than ₹ 25 crore and up to ₹ 100 crore	4	961.89	302.41	31.14
4	Above ₹ 100 crore	35	1,08,049.37	20,164.42	18.66
Total		65	1,09,062.72	20,503.71	18.80

Source: Appropriation Accounts of the State Government

The departments that had major savings were Agriculture Department, Finance Department, Education Department and Panchayats, Rural Housing and Rural Development Department. Reasons furnished by the departments for the major savings, as reported in the Appropriation Accounts are given below:

Agriculture and Co-operation Department

- Grant No. 2 (Agriculture) - Savings of ₹ 266.56 crore under major head ‘2401-AGR 11- Risk Management in Agriculture Sector (Plan)’ was due to less sanction of crop insurance claims.
- Grant No. 2 (Agriculture) - Savings of ₹ 80.27 crore under major head ‘2401-HRT 9- Integrated Development of Vegetable Crop (Plan)’ was due to less release of grant by GoI.

³ Gujarat High Court (R&B) Division. Ahmedabad, Drainage Division, Gandhinagar, Capital Project Division No.3, Gandhinagar, National Highway Division, Ahmedabad, R&B Division, Ahmedabad

⁴ 2014, 2702, 3054, 4702, 5054

Education Department

- Grant No. 9 (Education) - Savings of ₹ 637.10 crore under major head '2202- EDN-68 Sarva Shiksha Abhiyan (Plan)' was due to less release of grant by GoI.
- Grant No. 9 (Education)- Savings of ₹ 175.03 crore under major head '2236- MDM-1 Mid-Day Meal Scheme for children in Public Primary Schools' was due to non filling up of vacant posts, less demand from the districts on account of less beneficiaries and late start of MDM Scheme in Model Schools.
- Grant No. 9 (Education)- Savings of ₹ 150.69 crore under major head '4202- EDN-2 Construction of class rooms (plan)' was due to restriction by Finance Department on payment of bills more than ₹ 10 crore.
- Grant No. 9 (Education) - Savings of ₹ 1,131.38 crore under major head '4202- EDN-102 Kasturba Gandhi Balika Vidyalaya Scheme' was due to non release of funds by GoI.

Finance Department

- Grant No. 19 (Other Expenditure pertaining to Finance Department)- Savings of entire budget provision of ₹ 700 crore under major head '2048 - Appropriation for reduction or avoidance of Debt' was due to decision of Government not to transfer any amount to Sinking Fund.
- Grant No. 19 (Other Expenditure pertaining to Finance Department)- Savings of entire budget provision of ₹ 3,500 crore under major head '2075 - Miscellaneous General Services' was due to the decision of the Government to make provision for payment of dearness allowance for the respective departments under their various subheads.

Audit observed that large savings was mainly due to provision made by Finance Department for payment for payment of DA in respect of other Departments. As per the paragraph 38 of the Gujarat Budget Manual, such provisions are required to be made by the respective Departments in their budget estimates.

Panchayats, Rural Housing and Rural Development Department

- Grant No. 70 (Community Development)- Savings of ₹ 197.17 crore under major head '2515- CDP 7 - Payment of Central Assistance for Strengthening of Panchayati Raj Institutions on the recommendation of 13th Finance Commission' was due to non receipt of grant from GoI.
- Grant No. 70 (Community Development)- Savings of ₹ 130.07 crore under major head '2515- CDP 19- Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (Plan)' was due to decrease of grant by the Government of India under the programme and therefore, less matching share of the state was required.

2.3.5 Excess of provisions leading to persistent savings

In eight cases during the last five years, there were persistent savings of more than ₹ 50 crore in each case. The details are given in **Table 2.5** below:

Table 2.5: List of grants indicating persistent savings during 2010-11 to 2014-15

(₹ in crore)

Sl. No.	No. and name of the grant	Amount of savings				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue- Voted						
1	19 –Other Expenditure pertaining to Finance Department	951.78	2,224.81	3,535.42	4,027.49	4,222.63
2	39 –Medical and Public Health	50.49	81.34	94.53	198.97	350.02
3	43 –Police	76.47	72.72	263.90	286.51	143.58
4	60 –Administration of Justice	315.77	160.50	175.16	315.72	136.68
5	71 –Rural Housing and Rural Development	142.25	116.08	191.81	460.29	1,102.04
6	79 –Relief on account of Natural Calamities	89.29	351.90	361.27	160.80	546.52
7	95 –Scheduled Castes Sub-Plan	88.72	50.72	143.72	286.06	481.91
Capital- Voted						
1	84 –Non-Residential Buildings	295.22	501.70	294.39	677.53	706.08

Source : Appropriation Accounts of the State Government

Persistent savings during the last five years indicate a need to review the formulation of budget estimates and provisions in these grants. On test check of grant files, Audit further observed that there were savings of more than ₹ 25 crore consistently for the last three years in respect of 21 schemes under 13 grants (**Appendix 2.6**) indicating that either the provisions were excessive or the executives were not successful in implementing the legislative aspirations. Some cases of the savings under different schemes/purposes are briefly discussed below:

- Under the provision for ‘MDM-1 scheme for children in Public primary schools’ under Education Department, against provision of ₹ 2,131.74 crore in the years 2012-13 to 2014-15, only ₹ 1,779.58 crore could be spent. The Department attributed the reasons for savings to fewer beneficiaries under Mid-Day Meal scheme in public primary schools.
- Under the provision for ‘Loan to Gujarat Energy Transmission Corporation Limited for Gujarat Solar Power Transmission project’ under Energy and Petrochemicals Department, against provision of ₹ 375 crore in the years 2012-13 to 2014-15, only ₹ one crore could be spent. The Department attributed the reasons for savings to receipt of less sanction from GOI for Gujarat Solar Power Transmission Project during 2012-13 and has not attributed any reasons for savings during 2013-14 and 2014-15.
- Under the provision for ‘Directorate of medical education and research 13th finance commission NABH/NABL’ under Health and Family

Welfare Department, against provision of ₹ 985.85 crore in the years 2012-13 to 2014-15, only ₹ 826.06 crore could be spent. The Department attributed the reasons for savings to vacant posts during 2012-13 and to compulsory cut imposed by the FD in the revised estimates during 2013-14 and 2014-15.

- Under the provision for ‘Central Road Fund’ under Roads and Buildings Department, against provision of ₹ 299.89 crore in the years 2012-13 to 2014-15, only ₹ 143.56 crore could be spent. The Department attributed the reasons for savings to non-finalisation of the tender process in time during 2013-14 and 2014-15.

2.3.6 Supplementary provision

A supplementary provision is an addition to the total original authorised provision and is obtained in the same manner in which the original provision is obtained.

Unnecessary supplementary provision

Supplementary provisions (₹ five crore or more in each case) aggregating to ₹ 495.35 crore were made and obtained in 14 cases during the year on the basis of eight months actual expenditure which proved unnecessary. The expenditure incurred did not come up even to the levels of the original provision as detailed in **Appendix 2.7**. Some cases are briefly discussed below:

- Under Agriculture Department, supplementary provision of ₹ 15.65 crore under Grant No-2–Agriculture (Revenue Voted) was made. However, at the end of the year, the expenditure fell short of the original provision of ₹ 2,785.99 crore by ₹ 954.94 crore.
- Under Revenue Department, supplementary provision of ₹ 7.25 crore under Grant No-79 – Relief on account of natural calamities (Revenue Voted) was made. However, at the end of the year, there were savings of ₹ 539.27 crore from the original provision of ₹ 1,246.06 crore.

It can be observed from the above cases that the estimation of requirement of funds by the Departments needs to be strengthened and the basis for supplementary provisions needs to be reviewed.

2.3.7 Insufficient /unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation of funds proved injudicious in many cases in view of final excesses and savings over the grants. Instances of re-appropriation in each case proving excessive or insufficient by more than ₹ five crore are detailed in **Appendix 2.8**.

2.3.8 Surrender of unspent provisions

As per Paragraph 103 of the Gujarat Budget Manual, spending Departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Sums surrendered by Administrative Departments after 15th of March are not to be accepted, except in the case of Supplementary grants obtained after 15th March.

2.3.8.1 Substantial surrenders

Substantial surrenders (more than 50 *per cent* of the total provision or more than ₹ one crore) were made in respect of 915 sub-heads under 98 grants mainly on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 54,840.40 crore in these sub-heads, ₹ 19,078.70 crore (34.79 *per cent*) was surrendered, which included *cent per cent* surrender in 231 cases (₹ 5,431.57 crore). The details of top 19 cases, having *cent per cent* surrenders, are given in **Appendix 2.9**.

2.3.8.2 Surrender in excess of actual saving

In 22 cases, the amounts surrendered (₹ two crore or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these Departments. As against savings of ₹ 2,227.64 crore, the amount surrendered was ₹ 2,459.01 crore, resulting in excess surrender of ₹ 231.38 crore. Details are given in **Appendix 2.10**. Some cases are briefly discussed below:

- In Grant No 9 (Revenue – Voted), ₹ 1,193.81 crore was surrendered. However, savings of ₹ 1,061.65 crore only were effected resulting in excess surrender of ₹ 132.17 crore.
- In Grant No 60 (Revenue-Voted), ₹ 187.49 crore was surrendered. However, savings of ₹ 136.68 crore only were effected resulting in excess surrender of ₹ 50.81 crore.
- In Grant No 66 (Revenue-Voted), ₹ 175.78 crore were surrendered. However, savings of ₹ 141.87 crore only were effected resulting in excess surrender of ₹ 33.91 crore.

2.3.8.3 Savings not surrendered/ partly surrendered

At the close of the year 2014-15, there were two grants/appropriations under which savings exceeded 10 *per cent* of the total provision but the same had not been surrendered by the concerned Departments. The total amount involved in these cases was ₹ 646.52 crore as shown in **Table 2.6**.

Table 2.6: Grants/Appropriations in which savings occurred but were not surrendered (more than 10 per cent of total provision)

(₹ in crore)					
Sl. No.	Grant No.	Name of Grant/Appropriation	Total provision	Saving	Percentage
1	74	Transport - Capital Voted	556.62	100.00	17.97
2	79	Relief on Account of Natural Calamities – Revenue Voted	1,253.31	546.52	43.61
TOTAL			1,809.93	646.52	35.72

Source: Appropriation Accounts of the State Government

In 24 grants/appropriations there were savings of more than ₹ five crore and more than 10 per cent of the savings were not surrendered. In these grants/appropriations total savings of ₹ 4,809.58 crore were noticed, however, only ₹ 2,205.44 crore were surrendered leaving ₹ 2,604.14 crore un-surrendered as shown in **Appendix 2.11**.

2.4 Review of Budget Control Mechanism

The Gujarat Budget Manual (the manual) provides that the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities include preparing the estimates timely and accurately and also to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

With a view to ascertain how far the authorities were adhering to these instructions, Audit test checked records of the administrative department/controlling officers relating to Grant No. 9 (Education) and Grant No. 74 (Transport). The observations thereof are as follows:

2.4.1 Submission of Budget estimates

As per the Gujarat Budget Manual⁵ no expenditure can be incurred by the Government from the Consolidated Fund unless the State Legislature approves the amount to be spent under different demands for grants during the year beginning from 1st April to 31st March. This approval takes the form of a grant.

As per the schedule fixed by the Finance Department of the State Government, the Administrative Department should submit their budget estimates to the Finance Department by 15 October every year while the Controlling Officers (COs) should submit the same to the Administrative Departments by 30th September.

Audit observed that the time schedule was not adhered to either by the COs or by the Administrative Departments. The delays in submission of the budget estimates for the year 2014-15 are shown in **Table 2.7**.

⁵ Chapter XI, Paragraph 93 of Gujarat Budget Manual

Table 2.7 Delay in submission of budget estimates

Sl. No.	Name of Controlling Officer	Date on which budget estimates were sent to Administrative Department by Controlling officers		Date on which budget estimates were sent to Finance Department by Administrative Department		No. of days delay in submission by				
		Plan expenditure	Non plan expenditure	Plan expenditure	Non plan expenditure	Controlling Officer		Administrative Department		
						Plan expenditure	Non plan expenditure	Plan expenditure	Non plan expenditure	
Education										
1	9 Heads of Departments ⁶	11.12.2013 to 22.01.2014	16.12.2013 to 23.01.2014	14.12.2013 to 24.01.2014	18.12.2013 to 24.01.2014	72 to 114	77 to 115	60 to 101	64 to 101	
Transport										
2	2 Heads of Departments ⁷	13.11.2013 to 12.12.2013	22.11.2013	05.12.2013 to 25.01.2014	27.01.2014	44 to 73	53	51 to 102	104	

Source: Education Department and Transport Department of the Government of Gujarat

No reasons were furnished by the departments for delay in submission of budget estimates.

2.4.2 Review of Grant-9 Education

Education department looks after education including primary education, continuous education, literacy education, secondary education, higher education, technical education and pharmacy education.

There are two secretaries as heads of Education Department, in which one is Principal Secretary (Education) and another is Secretary (Primary Education).

The details of budget and expenditure of Education Department for revenue voted and capital voted for the period 2012-15 are as under:

Table 2.8: Budget and Expenditure

Year	Voted/Charged	Budget Provision			Expenditure	Saving/(-) Excess(+) (Percentage)
		Original	Supplementary	Total		
Revenue						
2012-13	Voted	12,856.32	1,075.92	13,932.24	14,081.34	149.09(1.07)
2013-14	Voted	14,891.38	1,086.84	15,978.21	16,762.72	784.50(4.91)
2014-15	Voted	18,440.89	1,607.58	20,048.47	18,986.82	(-),1,061.65(-5.30)
Capital						
2012-13	Voted	658.78	0	658.78	482.07	(-)176.70(-26.82)
2013-14	Voted	811.83	34.18	846.01	712.79	(-)133.22(-15.75)
2014-15	Voted	2,430.77	0.00	2,430.77	847.55	(-)1,583.22(-65.13)

Source: Appropriation Accounts of Government of Gujarat

⁶ Commissioner, Higher Education; Commissioner of School; Commissioner, Technical Education; State Project Director, SSA; Director, Primary Education; Director, Literacy and Continuing Education; Director, NCC; Mid Day Meals; GCERT

⁷ Commissioner of Transport and Gujarat State Road Transport Corporation

The excess expenditure under Revenue Voted Section has increased marginally from 1.07 *per cent* in 2012-13 to 4.91 *per cent* in 2013-14. During the year 2014-15, the same turned into saving of 5.30 *per cent*.

In case of capital voted the unutilised provision was 26.82 *per cent* during 2012-13 which after slightly decreasing to 15.75 *per cent* during 2013-14, increased drastically to 65.13 *per cent* during 2014-15.

During 2014-15, the threefold increase in capital outlay was mainly on account of routing of central share of funds from various centrally sponsored schemes through the state budget.

As evident, 65 *per cent* of the increased capital allocation remained unutilised. Thus, the executive was not able to achieve the intended outcomes as per legislative aspirations.

The budgetary procedures followed and the expenditure controls exercised during the years 2012-15 by the Department in respect of the grant of Education were reviewed. The observations therein are as under:

Non-receipt of central assistance due to delay in sending proposals

The Infrastructure Development of Private aided/ unaided Minority Institutes (IDMI) scheme was launched with an objective of strengthening infrastructure in minority institutions in order to expand facilities of formal education to children of minority communities.

For the year 2014-15, the provision under IDMI scheme was ₹ five crore against which no grant was received. Audit observed that the proposal for assistance under IDMI for the year 2014-15 was sent to GoI on 04 May 2015 i.e. in the next financial year.

Thus the state could not avail any central assistance under the scheme during 2014-15 as the applications were not sent to GoI in time.

Non-following the provisions of Gujarat Budget Manual

The duties of the Controlling officers as prescribed in Gujarat Budget Manual⁸ warrant that the grant placed at his disposal is expended only on the objects for which it has been provided keeping in view the rules of financial propriety.

Audit scrutiny of balance sheet of SSA for the year 2012-13 revealed that the following amounts were included in liabilities:

Table 2.9 Amounts payable to other programmes from SSA (₹ in crore)

Sl. No.	Name of the Programme	Amount
1	KGBV Programme	5.07
2	Integrated Child Development Scheme-School Return	60.00
3	Compound/Model School Toilet Blocks	25.00
4	Teachers Quarters	25.00
5	Additional classrooms- Non-tribal	33.00
Total		148.07

⁸ Para 99 of Gujarat Budget Manual, Volume - I

The Department informed that these liabilities were created due to delayed release of grant from GoI and were settled during the year 2013-14 on release of grant from GoI.

The reply is not acceptable as the Gujarat Budget Manual provides that the grant placed at the disposal of the Controlling Officer is expended only on the objects for which it has been provided keeping in view the rules of financial propriety. Further, as per MHRD Guidelines, there is no provision to avail loan from other programmes.

2.4.3 Review of Grant-74 Transport (Ports and Transport Department)

The Transport Department of Government of Gujarat is entrusted with the responsibility of providing an efficient public transportation system, control of vehicular pollution, registration of vehicles in Gujarat, issuance of driving licences, issuance of various permits and collection of road and motor vehicle taxes. The department is also entrusted with policy making, co-ordination, implementation, monitoring and regulatory functions of all the transport related aspects of Gujarat.

The Principal Secretary (PS) Port and Transport Department is the head of the department. The Commissioner of Transport, Gujarat Transport Services and Gujarat State Road Transport Corporation are the subsidiary offices working under transport department. The Commissioner of Transport (COT) is the head of the Transport Department.

The expenditure of transport department under revenue voted and capital voted heads for the period 2012-15 was as follows:

Table 2.10: Details of expenditure (₹ in crore)

Year	Voted/ Charged	Budget Provision			Expenditure	Excess(+)/ Saving(-) (per cent)
		Original	Supplementary	Total		
Revenue						
2012-13	Voted	628.83	99.18	728.01	686.56	(-)41.45 (-5.69)
2013-14	Voted	704.37	50.75	755.12	696.57	(-)58.55 (-7.75)
2014-15	Voted	916.11	0.00	916.11	842.89	(-)73.22 (-7.99)
Capital						
2012-13	Voted	555.00	0.00	555.00	555.00	0.00 (0.00)
2013-14	Voted	457.00	300.00	757.00	757.00	0.00 (0.00)
2014-15	Voted	556.62	0.00	556.62	456.62	(-)100.00 (-17.97)

Source: Appropriation Accounts of Government of Gujarat

It was observed that in respect of revenue expenditure for the year 2012-13, approximately 5.69 per cent of the grant remained unutilised which in the years 2013-14 and 2014-15 further increased to 7.75 per cent and 7.99 per cent respectively. For the year 2013-14, even though the expenditure was less than the original grant, supplementary grant was sought.

The excess provision for grants indicates that expenditure was not monitored or reviewed by controlling officers and not taken into consideration while making budget estimates for the next year which resulted in substantial savings.

Delay in release of funds

A grant of ₹ 600 crore for the year 2014-15 was received by GSRTC (March 2014) out of which ₹ 570 crore was to be utilised for payment of outstanding passenger tax and the remaining ₹ 30 crore was granted for capital expenditure on purchase of buses, construction of bus stations, etc.

It was noticed that out of ₹ 30 crore, GSRTC could expend ₹ 7.48 crore only till 31.03.2014 and the remaining ₹ 22.52 crore was parked in Gujarat State Financial Services Limited (GSFS).

On this being pointed out in Audit, the GSRTC replied that the grant was released on 29 March 2014 and the same could not be expended in the same financial year due to lengthy tender process and other compulsory formalities.

Thus, due to delayed release of grant by the department i.e. only towards the end of the last month of the financial year, the grant could not be expended within the prescribed time.

Non execution of contract before parking of funds

Transport Department had parked ₹ 12.65 crore in Gujarat Info Petro Limited (GIPL) in the years 2009-10 and 2010-11 for various purposes out of which an amount of ₹ 3.65 crore was for driving test track and information kiosks.

It was noticed that no agreement was entered into by the COT with the GIPL at the time of parking of funds. As per details furnished by GIPL to the COT (September 2014), the entire grant has exhausted and an additional amount of ₹ 0.69 crore is required to be paid by COT. The additional amount was due to consultancy charges of ₹ 1.79 crore levied by GIPL on COT.

The additional demand has not been recognised by COT which maintained that out of ₹ 3.65 crore, payment of ₹ 2.55 crore had been made to vendors and the balance of ₹ 1.10 crore remained to be deposited in Government account by GIPL (July 2015).

Audit observed that in the absence of any agreement regarding conditions of parking of funds, the GIPL levied consultancy charges which led to an additional claim of ₹ 1.79 crore being levied against the department.

Similarly, ₹ 6.68 crore were parked in Gujarat Informatics Limited (GIL) during 2010-11 by the COT for IT Plan. No agreement was entered into by the COT, while an amount of ₹ 4.29 crore was utilised upto 2014-15 by the GIL for IT Plan and an amount of ₹ 2.39 crore is still outstanding with the GIL.

Lapse of provision due to non-framing of policy

In order to give incentive to the people who give information regarding tax evaders and thereby improve tax collection, the Government of Gujarat accorded administrative approval for a secret fund (April 2011). An amount of

₹ 0.50 crore was provided every year for the secret fund during the period 2011-12 to 2014-15.

Audit observed that no amount has been expended from the secret fund over the period. When the reasons for non-utilisation of the funds were called for in audit, the office of the COT replied that the funds could not be utilised as the policy with respect to the expenditure from secret fund could not be formulated.

Thus, failure to formulate detailed terms and conditions resulted in lapse of the provision over a period of four years.

2.5 Advances from Contingency Fund

The Contingency Fund of the State had been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267(2) and 283(2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is ₹ 200 crore. During the year 2014-15, ₹ 13.75 crore under Grant No. 5 in Agriculture and Co-operation Department (Major Head-4425) and ₹ 0.41 crore under Grant No. 71 in Panchayat, Rural Housing and Rural Development Department (Major Head-2049) were spent out of the Contingency Fund which was not recouped during the year.

2.6 Misclassification treating ‘Grants-in-aid’ and ‘Subsidies’ as Capital Expenditure

Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of Grants-in-aid prescribes that the Grants-in-aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of the purpose for which the funds were disbursed. Only in cases specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, can these be debited to a capital head of account in the Financial Statements of the Government. Further, Rule 30(1) of Government Accounting Rule, 1990 states that the expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character. Also the assumptions underlying the Fiscal Indicators for the Gujarat Fiscal Responsibility Rules, 2006 stipulate inclusion of “Major Subsidies” as expenditure on revenue account.

During the year 2014-15, amounts of ₹ 871.43 crore and ₹ 55 crore were disbursed as Grants-in-aid and subsidy respectively under the following capital major heads of expenditure against approved budgetary provision in violation of IGAS-2 as detailed in **Table 2.11**.

Table 2.11: Misclassification of grants-in-aid and subsidy under capital Major Heads

(₹ in crore)

Sl. No.	Classification-Major Head	Grants-in-aid	Subsidy
1	4055- Capital Outlay on Police	153.46	--
2	4059- Capital Outlay on Public Works	1.25	--
3	4202- Capital Outlay on Education, Sports, Art and Culture	217.43	--
4	4210- Capital Outlay on Medical and Public Health	151.71	--
5	4216- Capital Outlay on Housing	199.63	--
6	4225- Capital Outlay on Welfare of Scheduled Caste, Scheduled Tribes, Other Backward Classes and Minorities	1.76	--
7	4236- Capital Outlay on Nutrition	46.62	--
8	4402- Capital Outlay on Soil and Water Conservation	1.50	--
9	4408- Capital Outlay on Food Storage and Warehousing	5.67	--
10	4425- Capital Outlay on Co-operation	0.00	1.38
11	4435- Capital Outlay on other Agriculture Programmes	0.56	22.09
12	4701- Capital Outlay on Medium Irrigation	4.59	--
13	4851- Capital Outlay on Village and Small industries	0.60	4.03
14	4852- Capital Outlay on Iron and Steel industries	--	27.50
15	5452- Capital Outlay on Tourism	85.00	--
16	6225- Loan for Welfare of Scheduled Caste, Scheduled Tribes, Other Backward Classes and Minorities	1.65	--
	Total	871.43	55.00

Source: Finance Accounts of the State Government

Booking of expenditure of ₹ 926.43 crore in respect of ‘Grants-in-aid’ and ‘Subsidies’ in Capital Section resulted in understatement of revenue expenditure and also consequential overstatement of the revenue surplus to that extent.

Also in 2013-14, amounts of ₹ 1,462.75 crore and ₹ 170.75 crore were disbursed as Grants-in-aid and subsidy respectively under various capital major heads of expenditure. This was reported in the Report of the Comptroller and Auditor General of India on State Finances for the year ended 31 March 2014.

The FD while accepting the fact stated (December 2015) that all the administrative departments of GoG have been instructed to follow IGAS-2 while preparing Budget Estimates for expenditure incurred on grants-in-aid projects and schemes and to avoid misclassification while issuing the grant at the sub-head level to the controlling officer /DDOs.

2.7 Conclusion and Recommendations

During 2014-15, expenditure of ₹ 1,17,670.05 crore was incurred against total grants and appropriations of ₹ 1,39,284.10 crore resulting in overall savings of ₹ 21,614.05 crore. The overall savings of ₹ 21,614.05 crore was the result of savings of ₹ 21,758.50 crore, offset by excess of ₹ 144.45 crore.

This excess requires regularisation under Article 205 of the Constitution of India.

In eight cases, there were persistent saving of more than ₹ 50 crore in each case during the last five years in respect of grants pertaining mainly to Finance Department, Medical and Public Health Department, Legal Department etc indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations.

There was also excess expenditure over provision of more than ₹ 10 crore consistently for last three years in respect of nine schemes under six different grants pertaining to Education Department, Energy and Petro-chemicals Department, Finance Department etc.

The Controlling/ Disbursing Officers may keep a close and constant watch over the progress of expenditure against the sanctioned allotment in order to avoid saving/ excess especially in departments where persistent saving/ excess were noticed. They may also specifically strengthen monthly expenditure control and monitoring mechanism.

During the year 2014-15, amounts of ₹ 871.43 crore and ₹ 55 crore were disbursed as Grants-in-aid and subsidy respectively under various capital major heads of expenditure in violation of Indian Government Accounting Standard (IGAS)-2 and assumptions underlying the Fiscal Indicators stipulated in the Gujarat Fiscal Responsibility Rules, 2006. This has resulted in understatement of revenue expenditure and also consequential overstatement of the revenue surplus to that extent. Also in 2013-14, amounts of ₹ 1,462.75 crore and ₹ 170.75 crore were disbursed as Grants-in-aid and subsidy respectively under various capital major heads of expenditure, and this was reported in the Report of the Comptroller and Auditor General of India on State Finances for the year ended 31 March 2014.

The Government may ensure compliance to IGAS in budget formulation so that the said expenditure is accounted for as revenue expenditure in the Government Accounts.

A sound financial reporting with relevant, reliable and timely information contributes to efficient and effective governance by the State Government and is important for the Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. It also forms the basis of sound internal controls. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives during the year 2014-15.

3.1 Delay in furnishing Utilisation Certificates

The Gujarat Financial Rules 1971¹ read with General Financial Rules 2005² provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be submitted within twelve months of the closure of the financial year by the institution or organisation concerned to the Head of Department concerned and after verification, these should be forwarded to the Accountant General. However, 10,335 UCs aggregating to ₹ 8,160.78 crore due in respect of grants paid during the period 2001-02 to 2014-15 were outstanding as on 31 March 2015. The department-wise break-up of outstanding UCs is given in **Appendix 3.1** and the age-wise position of delays in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

Sl. No.	Range of Delay in Number of Years	Utilisation Certificates Outstanding	
		Number	Amount
1	Upto one year*	2,942	4,630.62
2	1-3	1,463	2,170.33
3	3-5	737	420.02
4	5-7	407	472.67
5	7-9	468	140.90
6	9 and above	4,318	326.24
	Total	10,335	8,160.78

Source: Information compiled by Accountant General (A&E), Gujarat

* For the Grants paid during 2014-15, the Utilisation Certificates will become due only during 2015-16.

Almost 22 *per cent* of the outstanding UCs of ₹ 1,783.77 crore pertained to the Social Justice and Empowerment Department while 21 *per cent* of

¹ Rule 154 and 155 of the Gujarat Financial Rules, 1971

² Rule 212 of General Financial Rules 2005

outstanding UC of ₹ 1,723.70 crore pertained to Urban Development and Urban Housing department. The Narmada, Water Resources, Water Supply and Kalpsar Department accounted for almost 13 *per cent* outstanding UCs of ₹ 1,036.83 crore.

The FD stated (December 2015) that all concerned administrative departments have been intimated to take required action for submission of pending UCs.

3.1.1 Review of utilisation certificates in selected departments

As per the Gujarat Financial Rules, 1971³ (GFR) administrative departments may sanction grants-in-aid (GIA) to an institution or body, subject to the condition that the sanction is in accordance with the Rules or principles prescribed in these Rules or prescribed with the previous consent of the Finance Department (FD). As per Note (ii) below Rule 155 of the GFR “Utilisation Certificate of grant-in-Aid should be furnished in every case of grant paid for specific purpose even if no conditions are specifically attached to the grant.”

With a view to ascertain how far the authorities were adhering to these Rules relating to GIA and submission of UCs, Audit test checked the records of the Social Justice and Empowerment Department (SJ & ED) and three controlling officers viz. Directorate of Scheduled Castes, Directorate of Social Defence and Directorate of Developing Castes for the period 2012-13 to 2014-15.

Audit observed that the department transferred the GIA funds to three directorates under its charge and the details of disbursement and utilisation certificates are being maintained by the directorates. Further, it was also observed that conditions to be followed by the directorates and GIA institutions for monitoring and utilisation of the funds were not being issued by the department at the time of release of funds to the directorates.

The system in place for release of funds and follow-up action taken by the three directorates are as under:

Directorate, Scheduled Castes

The office of the Director, Scheduled Castes released GIA to District level offices during the years 2012-13 to 2014-15 for further disbursement to hostels and ashram schools etc. However, the UCs in respect of the said grants were not obtained in the Directorate. The details of outstanding UCs in respect of the above are as under:

³ Rule 153 of Gujarat Financial Rules 1971

Table 3.2 Details of outstanding utilisation certificates:

(₹ in crore)

Year	GIA released	Outstanding Utilisation Certificate		Percentage of outstanding UCs
		Number	Amount	
2012-13	41.16	446	41.16	100
2013-14	40.14	413	40.14	100
2014-15	49.81	482	49.81	100
Total	131.11	1,341	131.11	

Source: Information provided by the Director, Scheduled castes, Govt. of Gujarat

When UCs were called for in audit, the office of the Director, Scheduled Castes issued a circular (July 2015) to the district level offices for submission of UCs for the years 2012-13, 2013-14 and 2014-15. Further it was also observed that the grants were being released to District level offices by online transfers on the basis of their requirement and no separate instructions were being issued.

Directorate, Social Defence

The office of the Director, Social Defence released total GIA of ₹ 94.70 crore during 2012-13 and 2013-14 to institutions⁴ for various purposes. However, the UCs received were not in respect of the entire amount. The details of UCs furnished by the institutes to the Director, Social Defence are as follows:

Table 3.3 Details of UCs furnished by the institutes

(₹ in crore)

Year	GIA released	Outstanding Utilisation Certificate		Percentage of outstanding UCs
		Number	Amount	
2012-13	45.36	773	31.52	69.49
2013-14	49.34	667	34.23	69.36
Total	94.70	1,440	65.75	69.43

Source: Information provided by the Director, Social Defence, Govt. of Gujarat

In response to the audit query relating to the reasons for pendency of the UCs, the Directorate informed that a circular will be issued calling for the outstanding Utilisation certificates from the concerned institutions.

Directorate, Developing Castes

The office of the Director, Developing Castes released GIA to district offices which in turn released the grants of ₹ 84.30 crore, ₹ 86.60 crore and ₹ 92.10 crore during the years 2012-13, 2013-14 and 2014-15 respectively to Ashram schools and Chhatralayas for food and maintenance.

⁴ Institutions for differently abled, crèches, orphanages etc.

The Directorate intimated that no UCs are outstanding in respect of the above grants (July 2015). Audit test checked the UCs received by District Social Welfare officer (Developing Caste) at Porbandar and Amreli districts for the years 2012-13 and 2013-14. It was noticed that UCs to the tune of 33 and 39 *per cent* for the years 2012-13 and 2013-14 were outstanding in Porbandar district while in respect of Amreli district 63 and 53 *per cent* UCs for the years 2012-13 and 2013-14 respectively, were outstanding as shown in **Table 3.4**

Table 3.4 Details of Utilisation certificates furnished by the institutes

(₹ in lakh)					
District	Year	GIA released	Amount for which UC received	Amount of Outstanding UC	Percentage outstanding (%)
Porbandar	2012-13	55.08	36.66	18.42	33.44
	2013-14	50.04	30.73	19.31	38.59
Amreli	2012-13	99.61	36.50	63.11	63.36
	2013-14	105.73	49.22	56.51	53.45

Source: Information provided by the Director, Developing Castes, Govt of Gujarat

The reply of the department is awaited.

3.2 Non-receipt of information pertaining to bodies/authorities substantially financed by the Government

Under Section 14 of the C&AG's (Duties, Powers and Conditions of Service) (DPC) Act 1971, where anybody or authority is substantially financed by grants or loans from the Consolidated Fund of India or of any state, the Comptroller & Auditor General of India shall, subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority and to report on the receipts and expenditure audited by him.

Under section 15 of the C&AG's DPC Act, 1971 where any grant or loan is given for any specific purpose from the Consolidated Fund of India or of any State to any authority or body, the C&AG shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which grants or loans were given.

In order to identify institutions which attract Audit under Sections 14 and 15 of the C&AG's DPC Act, the Government/Heads of Department (HoDs) are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. The Regulations on Audit and Accounts 2007 provide that the Governments and HoDs which sanction grants and/or loans to bodies or authorities shall furnish to the Audit Office by the end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the purpose for which the assistance was sanctioned and (b) the total expenditure of the body or authority.

Despite taking up the issue with various Departments, none of the 26 Departments has furnished the details of GIA given to various bodies and authorities to Audit during 2014-15. In the absence of requisite details no new bodies/authorities could be identified for Audit. In the absence of complete information on the financial assistance given, reasonable assurance to that extent could not be provided to the Legislature/Government about the manner in which the grants sanctioned/paid by them had been utilised. This dilutes the legislative control over the government expenditure systems.

The FD stated (December 2015) that it has instructed all concerned administrative departments to take required action for submission of information.

3.3 Non-submission/delay in submission of accounts by Autonomous Bodies/Authorities

There are 206 autonomous bodies/ authorities covered by Section 14 of the C&AG's (DPC) Act, 1971. These are audited with regard to their transactions, operational activities and accounts, review of systems/procedures, internal controls, etc.

A total of 245 accounts (including accounts of earlier years) relating to 58 bodies/authorities were audited during the year 2014-15. However, 516 annual accounts of 126 autonomous bodies/ authorities due up to 2014-15 were not received as on 31 July 2015 by the Principal Accountant General (Economic and Revenue Sector Audit) and the Accountant General (General and Social Sector Audit).

The details of such accounts are given in **Appendix 3.2** and their age wise pendency is presented in **Table 3.5**.

Table 3.5: Age-wise arrears of Annual Accounts due from Government Bodies

Sl. No.	Pendency in number of years	No. of the Bodies/Authorities
1	Less than one year	10
2	1-3	74
3	3-5	08
4	5-10	31
5	Above 10	03
Total		126

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

It can be seen from the above table that in respect of 34 autonomous bodies/authorities, accounts were in arrears for more than five years. Of these, the accounts were in arrears in respect of Gujarat University, Ahmedabad since 1999-2000, Akshar Purushottam Arogya Mandir (Muni Seva Ashram), Vaghodia, Goraj-Vadodara and Institute of Kidney Diseases & Research Centre (IKDRC), Ahmedabad since 2004-05 and K J Mehta TB Hospital, Songadh, Amargadh, Bhavnagar; Sheth Vadilal Sarabhai General Hospital and

Sheth Chinai Maternity Hospital, Ahmedabad; Self Employed Women’s Association (SEWA), Ahmedabad and Electronic Quality Development Centre, Ahmedabad since 2005-06. In the absence of annual accounts, the accounting/utilisation of the grants and loans disbursed to these bodies/authorities could not be verified by Audit.

The FD stated (December 2015) that it has instructed all concerned administrative departments (November 2015) to take required action for timely submission of pending annual accounts of bodies/authorities receiving financial assistance from the government.

3.4 Submission of Accounts/Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in the fields of development, housing, etc. These autonomous bodies attract audit under Section 19(2), 19(3) and 20(1) of the C&AG’s (DPC) Act, 1971. These are audited with regard to their transactions, operational activities and accounts, review of systems and procedures, internal management and financial controls, etc. The separate audit report (SAR) in relation to each autonomous body is submitted to the Government. The accounts of 42 such autonomous bodies in the State are audited by the C&AG of India. However, only one⁵ body has rendered accounts in time. For the remaining 41 bodies, the periods of delay are given in **Appendix 3.3**.

The details of delay in submission of accounts of autonomous bodies to Audit and the delay in placement of SARs in the Legislature in respect of these autonomous bodies after audit are provided in **Table 3.6**.

Table 3.6: Delays in Submission of Accounts and tabling of Separate Audit Reports

Delays in submission of Accounts to Audit (in Years)	Number of Autonomous Bodies	Delays in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies
Up to 1 year	10	Up to 1 year	10
1 – 2 years	5	1 – 2 years	3
More than 2 years	26	More than 2 years	3
Total	41	Total	16

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

The FD stated (December 2015) that it has instructed all concerned administrative departments to take required action for timely submission of pending annual accounts of bodies/authorities receiving financial assistance from the government.

⁵ Khambhalia Urban/Area Development Authority

3.5 Failure to account for amount drawn on AC Bills

As per Rule 211 of Gujarat Treasury Rules, 2000, the drawing officers are required to furnish the detailed Contingent Bills in respect of all Abstract Contingent Bills within three months from the date of drawal of Abstract Contingent Bills to the Accountant General (A&E).

However, 8,183 AC bills amounting to ₹ 582.52 crore were drawn up to March 2015 for which Detailed Contingency (DC) bills were not furnished (March 2015). Year-wise details of outstanding DC bills are given in **Table 3.7**.

Table 3.7: Pendency in submission of Detailed Contingent Bills

(₹ in crore)		
Year	Outstanding DC bills	Amount of DC bills
Upto March 2013	3,179	220.37
2013-14	526	63.90
2014-15	4,478	298.25
Total	8,183	582.52

Source: Information compiled by Accountant General (A&E), Gujarat

As evident from the Table 3.8, DC bills amounting to ₹ 284.27 crore (49 per cent of total amount) were pending for more than two years.

The FD in its reply (December 2015) stated that it has instructed all administrative departments to clear the pending Abstract bills.

A rigorous monitoring mechanism should be put in place in the Departments to ensure adjustment of the advances drawn in Abstract Contingent bills, as required under the extant Rules.

3.6 Personal Deposit Accounts

A Personal Deposit/Ledger Account (PD/PL Account) is a device intended to facilitate the administrator thereof to credit receipts into and effect withdrawals directly from the treasury account for a specific purpose. The administrators thereof shall only be Government officers acting in their official or any other capacity. Every Personal deposit account so authorised to be opened will form part of the Government Account and be located in the Public Account portion thereof.

There were 492 PD/PL Accounts in District Treasuries in operation as on 31 March 2015 having an amount of ₹ 361.76 crore. During 2014-15, ₹ 1,502.64 crore was credited to PD Accounts from Consolidated Fund of the State and expenditure of ₹ 1,424.60 crore was incurred therefrom. Out of 33 treasuries in the state, 21 treasuries informed the Accountant General that all PD Accounts were reconciled by the Administrators with the treasuries. Reconciliation in the remaining 12 treasuries was done partially.

Audit test checked (June-July 2015) the operation of the Personal Ledger Account of the Director General and Inspector General of Police (DG & IGP) Gujarat, Gandhinagar for a period of three years from 2012-13 to 2014-15 in order to examine the compliance with the relevant rules.

In 1996 amendment was made to Section 200 of Motor Vehicle Act, 1988 for levy of fines and penalty in case of breaking traffic rules. Honourable Gujarat High Court directed in September 1997 to use 50 *per cent* of the amount for traffic management. The Government of Gujarat vide Resolution dated 1st July 2000 of the Home Department, prescribed that a specified percentage of the income received during the year from the state urban areas through penalties under section 200 (1) of the Motor Vehicle Act would be deposited in a Budget head in the name of Gujarat State Marg Suraksha Nidhi i.e. Gujarat Road Safety Fund (GSMSN). This amount would be utilised for traffic management purposes. For smooth function of the activities under GSMSN, it was decided to open a PL Account in the name of the DG & IGP, Gandhinagar, which was made operative with effect from March 2004. The DG & IGP was to collect various proposals for traffic management from different implementing authorities and take approval of Traffic Management Committee for expenditure from the PLA. Further in July 2006, GoG decided vide Home Department resolution that 100 *per cent* of fines collected would form a part of GSMSN.

It was observed from budget estimates and actual appropriation accounts that 100 *per cent* of the fines collected were not transferred to PLA.

Table 3.8: Year-wise provision for PLA

Year	Revenue from fines (₹ in crore)		Provision for PLA (₹ in crore)	
	BE	Actual	BE (as % of Revenue)	Actual
2012-13	45.00	52.82	20.50 (45.56)	17.88
2013-14	62.22	48.40	20.00 (32.14)	20.00
2014-15	56.40	75.71	25.00 (44.33)	25.00

Source: Budget Estimates and Appropriation Accounts

From the above table it can be observed that though the GoG had decided to utilise 100 *per cent* of traffic fines collected for GSMSN, the budget provision was not in consonance with the resolution. The budgetary provision was 30 to 46 *per cent* of the budgetary receipts projected.

The main objectives of the Audit of the operation of the PLA were to ascertain:

- Whether all the conditions were complied by the Administrator while operating the PD/PLA.
- Whether the surplus funds were credited to current/saving/term deposit accounts. Unspent balances in the PLA were credited to concerned budget head at the close of financial year.
- Whether reconciliation of balances of PLA was carried out by the DDO and the Treasury.

- Whether there were instances of diversion of funds deposited in the PLA from one scheme to another.
- Whether the accounts were maintained by the DDO as per rules.

The major Audit findings in this regard are discussed below:

3.6.1 Irregular accounting and operation of the PL Account

As per the Government Resolution dated 01.07.2000, a PL Account would be opened in the name of the DG & IGP, Gandhinagar for depositing the funds of GSMSN to be utilised for traffic management. The DG & IGP had to take prior approval of Traffic Management Committee before expenditure from the PLA. However, Audit observed that the DG & IGP, Gandhinagar permitted (March 2009) all Police Commissioners and Superintendents of Police to open savings bank accounts at the district level with the condition that the funds received by them under GSMSN should be expended within two months. No prior sanction for opening of saving bank accounts was obtained either from the Home Department or the Finance Department.

On this being pointed out by audit, the office of DG & IGP, Gandhinagar stated that in order to enable better traffic management at district/city level and for avoiding delays in proper utilisation of funds namely payment of honorarium and supplies, the Police Commissioners and Superintendents of Police were authorised to open savings bank account in bank. The office of DG & IGP informed that the sanction of Finance Department or Home Department was not obtained for this purpose.

Audit further observed that in these savings bank accounts, 50- 60 *per cent* of the funds allotted to the districts under GSMSN remained unutilised each year during the period 2012-13 to 2014-15. The details of utilisation of funds at the district level for above period are as under:

Table 3.9: Accumulation of balances at the District level

(₹ in crore)						
Year	Opening Balance as per Bank Account	Amount released from P.L.A. to Districts	Total available Fund/ Balance	Expenditure incurred by the Districts	Closing balance on 31st March at Districts Bank Account	Percentage of unutilised funds
2012-13	4.72	17.39	22.11	8.85	13.26	59.97
2013-14	13.26	16.79	30.05	13.80	16.25	54.08
2014-15	16.25	17.23	33.48	16.79	16.69	49.85
	Total	51.41		39.44		

Source: Information furnished by the DG & IGP, Gujarat

Audit of records of the GSMSN fund of the Superintendent of Police, Gandhinagar revealed that no day book, cash book or other records of the routine daily transactions were maintained. On this being pointed out, the office of the Superintendent of Police, Gandhinagar replied that due to heavy

work load the records could not be maintained and the same will be maintained henceforth.

Further, in the audited accounts of GSMSN fund of Superintendent of Police, Gandhinagar for the year 2013-14, an amount of ₹ nine lakh was not included which resulted in understating the closing balance to the same amount. On this being pointed out, the office of Superintendent of Police, Gandhinagar replied that the same has happened inadvertently and action would be taken for rectification.

Thus the system evolved for proper utilisation of funds under GSMSN has inherent flaws like approval of home department/finance department, maintenance of basic records of expenditure and reconciliation by subordinates (September 2015).

3.6.2 Non utilisation of funds at State level

As per the Home Department Government Resolution dated 01.05.2012 and 12.06.2013 in respect of the financial years 2012-13 and 2013-14 respectively, 30 per cent of the total released grant was to be utilised by the DG & IGP at state level only for traffic management and traffic awareness.

The expenditure under GSMSN at the state level for the years 2012-13 and 2013-14 was as under

Table 3.10: Expenditure under GSMSN at State Level

(₹ in crore)					
Year	Total grant released	30 per cent grant (required to be spent at state level)	Amount utilised at state level	Percentage of utilisation at State level	
2012-13	17.87	5.36	0.29	1.62	
2013-14	20.00	6.00	0.13	0.65	
Total	37.87	11.36	0.42		

Source: Information furnished by the DG & IGP, Gujarat

Thus, the office of DG & IGP utilised only an amount of ₹ 0.42 crore (1.11 per cent of released amount) at the state level against an amount of ₹ 11.36 crore (30 per cent of total ₹ 37.87 crore) required to be utilised during the period 2012-13 to 2013-14.

On this being pointed out, office of the DG & IGP replied that looking into the requirement of traffic management at the city and district levels and as per recommendations of the traffic management committee, funds were utilised.

The reply is not acceptable as the condition of utilising 30 per cent of GSMSN funds at state level for purchase of modern equipments for traffic management and traffic awareness was required to be followed.

3.6.3 Diversion of PLA fund

As prescribed by the Government Resolutions (May 2012), GSMSN fund was required to be utilised only for Traffic Management purposes. Audit noticed that DG & IGP, Gandhinagar had released (November 2012) ₹ one Crore to Commissioner of Police, Ahmedabad with instructions to utilise the amount by 31st March 2013 for the installation of CCTV cameras at 41 police stations under the jurisdiction of Commissioner of Police, Ahmedabad.

As installation of CCTV cameras in the Police Stations was the utilisation of the amount for the purpose other than traffic management, the same resulted in diversion of funds.

On this being pointed out, the Additional Commissioner of Police, Ahmedabad confirmed the fact and stated that a proposal has been sent (May 2014) to DG & IGP, Gandhinagar to release the grant for installation of the CCTV cameras from regular grant so that the grant of GSMSN fund can be returned. The sanction to the proposal was yet to be received (June 2015).

3.6.4 Non removal of difference in balance as per cash book and Treasury

Rule 398 of Gujarat Treasury Rules stipulates that the Administrator of the PL Accounts should carry out the reconciliation of their balances for the preceding financial year with the Treasury Office concerned by 30th June of the following financial year. Scrutiny of the records of the office of DG & IGP, Gandhinagar revealed that the differences in the closing balance of PLA as per cash book and that as per treasury for the years 2012-13, 2013-14 and 2014-15 were not rectified. As a result there was a difference between the balances at the PLA and treasury of ₹ 38.50 lakh, ₹ five lakh and ₹ five lakh as on 31st March 2013, 31st March 2014 and 31st March 2015, respectively (May 2015).

On this being pointed out, it was informed by the office of DG & IGP that the difference was due to a cheque of ₹ five lakh issued in February 2013 which was not encashed and that the said difference will be reconciled.

The reply is not acceptable as the provisions of time barred cheque were not followed and differences in closing balance as per cash book and treasury was allowed to continue without timely reconciliation.

3.6.5 Non closing of PLA at the end of the financial year

The District Treasury officer, Gandhinagar had permitted (March 2004) the DG & IGP, Gandhinagar to open PLA with the condition that the account holder had to give certificate of the balance at the end of the financial year and the balance in the account should be credited to respective service head by minus debit.

During scrutiny of records it was revealed that the DG & IGP, Gandhinagar had not transferred the credit balance to the respective service head at the end

of the financial year. As a result there was huge unutilised credit balance lying at the end of the financial year as shown below:

Table 3.11: Closing balance under GSMSN (As per cash book)

Year	(₹ in crore)		
	2012-13	2013-14	2014-15
Closing balance as per cash book of DG&IGP, Gandhinagar	14.58	16.85	25.01
Closing balance at district level in saving bank accounts	13.26	16.25	16.69
Total	27.84	33.10	41.70

Source: Information furnished by the DG & IGP, Gujarat

The DG & IGP stated that as the PLA grant was received in the month of March, the balance grant was utilised in the next financial year.

The reply is not acceptable as the conditions stipulated for operating the PLA has not been followed. Further the balances in PLA and subsidiary accounts were found to be increasing.

3.7 Misappropriations, losses, defalcations, etc.

The State Government reported 147 cases of misappropriation, defalcation, etc, involving government money of ₹ 9.11 crore (up to March 2015) on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.4** and nature of these cases is given in **Appendix 3.5**. The age-profile of the pending cases and the number of cases pending in each category i.e. theft and misappropriation/loss as emerged from these appendices is summarised in **Table 3.12**.

Table 3.12: Age-Profile of Misappropriations, losses, defalcations, etc.

Age-Profile of the Pending Cases		
Range in Years	Number of Cases	Amount Involved
Up to 5	21	0.99
5 – 10	17	1.04
10 – 15	16	4.78
15 – 20	21	1.69
20 – 25	19	0.28
25 and above	53	0.33
Total	147	9.11

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

Reasons for which these cases are outstanding are given in **Table 3.13**.

Table 3.13: Reasons for pendency of Misappropriations, losses, defalcations cases

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (₹ in crore)
i)	Awaiting departmental and criminal investigation	30	3.17
ii)	Departmental action initiated but not finalised	43	0.54
iii)	Criminal proceedings finalised but execution of certificate for the recovery of the amount pending	5	0.04
iv)	Awaiting orders for recovery or write off	25	0.13
v)	Pending in the courts of law	42	5.18
vi)	Others	2	0.05
Total		147	9.11

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

Out of the total 147 cases involving ₹ 9.11 crore outstanding, 30 cases involving ₹ 3.17 crore were awaiting departmental action/criminal investigation which need to be speeded up. Narmada, Water Resources, Water Supply and Kalpsar Department had 20 cases and Land Revenue Department had 17 cases which are pending for more than 25 years and need to be resolved at the earliest.

3.8 Operation of omnibus Minor Head 800

The omnibus Minor Head 800 accommodates the expenditure which could not be classified under the available programme minor heads.

During 2014-15, expenditure aggregating ₹ 14,702.53 crore, constituting 12.60 *per cent* of the total expenditure was classified under Minor Head 800-Other Expenditure against 73 Major Heads under Revenue and Capital Major Heads. Entire expenditure on Capital outlay on Other General Economic Services (Major Head 5475), Capital outlay on miscellaneous general service (Major Head 4075), Capital outlay on iron and steel industries (Major Head 4852), Capital outlay on nutrition (Major Head 4236), Ports and Light Houses (Major Head 3051) and Capital Outlay on Crop Husbandry (Major Head 4401) were classified under omnibus Minor Head – 800. Also, 63.35 *per cent* expenditure of Power (Major Head 2801) was classified under Minor Head 800.

Similarly, revenue receipts aggregating ₹ 9,109.61 crore constituting 9.88 *per cent* of total receipts were classified under omnibus Minor Head ‘800-Other Receipts’ under 57 Major Heads under Revenue and Capital Sections. Entire receipts of Other Special Areas Programmes (Major Head 0575), Food Storages and Warehousing (Major Head 0408), Family Welfare (Major Head 0211), 63.98 *per cent* receipt of Grant-in-aid from Central Government (Major Head 1601) and 62.42 *per cent* of revenue receipt under Education, Sports, Art and Culture (Major Head 0202) were classified under omnibus Minor Head – 800.

The FD while accepting the fact replied (December 2015) that the matter has been brought to the notice of all the administrative departments of GoG.

Budgeting of large amounts under the omnibus Minor Head 800 – Other Expenditure/Receipts affects the transparency in financial reporting, as it fails to indicate disaggregated information on different activities of the Government separately in the accounts.

3.9 Comments on Accounts

3.9.1 Transparency in accounts

To bring out greater transparency and to enable informed decision making in Government Accounts, the TwFC had recommended inclusion of certain statements/appendices in the Finance Accounts which would give details of subsidies given, both explicit and implicit, expenditure on salaries by various departments/units, detailed information on pensioners and expenditure on government pensions, data on committed liabilities in the future, statement on debt and other liabilities as well as repayment schedule, accretion to or erosion in financial assets held by the Government including those arising out of changes in the manner of spending by the Government, implications of major policy decisions taken by the Government during the year or new schemes proposed in the budget for future cash flows and statement on maintenance expenditure with segregation of salary and non-salary portions.

Presently, in the Finance Accounts of the State, the appendix on subsidy does not provide information regarding implicit subsidies. Regarding details of salary, the data captured in accounts is related to State sector only. Details of salary in case of aided institutions are included under the grants released to them. Accounting reforms are required to be undertaken to bring the data available into the Finance Accounts to make it more transparent.

3.9.2 Important factors affecting accuracy of accounts

The accounts of the Government are kept on cash basis. Certain transactions that arise in Government Account, the receipts and payments of which cannot at once be taken to a final head of receipt or expenditure owing to lack of information as to the nature or for any other reasons, are to be booked temporarily under the ‘Suspense Head’. On the receipt of relevant details/information, these heads of accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government’s receipts and expenditure accurately. Debt, Deposit and Remittances heads account for such transactions where the Government, as a custodian of public money, receives and holds such money in trust.

The accuracy of the Finance Accounts 2014-15 of the state has been adversely affected by large number of transactions under suspense heads awaiting final classification. A general review of the transactions showed the following:

- **Outstanding balances under major suspense accounts**

The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by Accountant General (Accounts and Entitlement), are indicated in **Table 3.14**.

Table 3.14: Suspense Head (8658 – Suspense Accounts)

(₹ in crore)

Name of Minor Head	2012-13		2013-14		2014-15	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts office Suspense	111.78	2.18	117.27	0.87	119.18	(-)5.94
	Net Dr. 109.60		Net Dr. 116.40		Net Dr. 125.12	
102- Suspense Accounts (Civil)	109.61	50.52	109.49	50.35	121.45	50.38
	Net Dr. 59.09		Net Dr. 59.14		Net Dr. 71.07	
110- Reserve Bank suspense Central Accounts Office	148.40	(-)95.82	152.85	(-)91.44	152.11	(-)91.44
	Net Dr. 244.22		Net Dr. 244.29		Net Dr. 243.55	

Source: Finance Accounts

The Finance Accounts reflect the net balances under these heads. The outstanding balances are worked out by aggregating the outstanding debit and credit separately. The implications of the balances under these heads are discussed in the succeeding paragraphs.

Pay and Accounts Office (PAO) Suspense

This minor head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of PAOs and the Accountant General. Transactions under this minor head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer, against whom the minor head “PAO Suspense” has been operated. Credit under the head is cleared by ‘minus credit’ when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under ‘PAO Suspense’ is cleared by ‘minus debit’ on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under this head would mean that payments have been made by the Accountant General on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the Accountant General on behalf of a PAO, which are yet to be repaid/adjusted. The net debit balance under this head has increased continuously during 2012-13 to 2014-15. On clearance/settlement of this, the cash balance of the State Government will increase.

Suspense Account (Civil)

This transitory minor head is operated for accounting of the transactions, which for want of certain information/documents viz., vouchers, challans, etc., cannot be taken to the final head of expenditure or receipt. This minor head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents etc., the minor head is cleared by minus debit or minus credit by per contra debit or credit to the concerned major/sub-major/minor heads of accounts.

Outstanding debit balance under this head would mean payments were made which could not be debited to final expenditure head for want of details like vouchers etc. Outstanding credit balance would mean amounts were received which could not be credited to the final receipt head for want of details. The net debit balance under this head has increased continuously during 2012-13 to 2014-15 indicating that necessary details for classification of final expenditure head were not available. Steps need to be taken for obtaining the requisite details.

3.10 Conclusion and Recommendations

The GSMSN was to be operated through PLA for traffic management and thereby enhancing road safety. During audit check, it was found that there were instances of opening subsidiary accounts without proper approval, diversion of funds, non-reconciliation of balances and huge unutilised balances. Thus, the operation of PLA under GSMSN was not fully in accordance with the instructions in these regard.

The concerned department may evolve a mechanism to ensure adherence with provisions of PD/PL accounts, regular checks for speedy implementation of scheme/programme as well as stated objectives.

Non-submission of utilisation certificates of ₹ 8,160.78 crore indicated lack of adequate monitoring by the Departments in utilisation of grants given for specific purposes. We noticed instances of non-submission/ incomplete submission of utilisation certificates in our detailed scrutiny of Social Justice and Empowerment Department.

The sanctioning authority/ concerned department may evolve a mechanism to gather UCs promptly, verify their genuineness, including by way of sample inspection, and look into the delays in submission to identify the bottlenecks and address them for sound internal control and financial reporting.

There has been non-submission/ delay in submission of accounts of autonomous bodies/authorities. In respect of 36 autonomous bodies/ authorities auditable under section 14 of C&AG's (DPC) Act, 1971, accounts were in arrears for more than five years. Only one out of 42 autonomous bodies auditable under section 19(2), 19(3) and 20(1) submitted its accounts in time.

The Controlling Departments may identify the reasons for delay in finalisation of pending accounts of autonomous bodies/ authorities for suitable remedial measures so that backlog of arrears in accounts is cleared in a time bound manner.



(Y. N. THAKARE)

**Principal Accountant General
(Economic & Revenue Sector Audit) Gujarat**

**Ahmedabad
The 10 February 2016**

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

**New Delhi
The 11 February 2016**

APPENDICES

APPENDIX 1.1
PART-A State Profile
(Reference: Paragraphs- Profile of Gujarat and 1.1; Page 1)

A. General Data						
Particulars					Figures	
Area					1,96,024 sq. km.	
Population						
a.	As per 2001 Census				5.07 crore	
b.	As per 2011 Census				6.04 crore	
a.	Density of population (as per 2001 census) (All India Density = 325 persons per sq. km)				258 persons per sq. km.	
b.	Density of population (as per 2011 census) (All India Density = 382 persons per sq. km)				308 persons per sq. km.	
* Population Below Poverty Line (BPL) (All India Average = 29.5 per cent)					27.4 per cent	
a	Literacy rate (as per 2001 census) (All India Average = 64.8 per cent)				69.14 per cent	
b	Literacy rate (as per 2011 census) (All India Average = 73.00 per cent)				78.03 per cent	
Life Expectancy at birth** (All India Average = 67.5 years)					68.2 years	
Infant Mortality Rate*** (per 1000 live births) (All India Average = 40 per 1000 live births)					36	
Gini –Coefficient****						
a.	Rural (All India = 0.29)				0.25	
b.	Urban (All India = 0.38)				0.33	
Gross State Domestic Product (GSDP) 2014-2015 at current prices					₹ 8,58,189 crore (A)	
Per capita GSDP CAGR (2005-06 to 2014-15)					Gujarat	13.40 per cent
					General Category States	
GSDP CAGR (2005-06 to 2014-15)					Gujarat	14.96 per cent
					General Category States*****	
Population Growth***** Rate (2005-06 to 2014-15)					Gujarat	13.06 per cent
					General Category States	
B. Financial Data						
		CAGR		Growth during 2014-15 over 2013-14		
		2005-06 to 2013-14				
		GCS[@]	Gujarat	GCS[@]	Gujarat	
Sr. No.	Particulars	(in per cent)				
a.	Revenue Receipts	15.76	15.61	16.10	15.01	
b.	Own Tax Revenue	15.32	17.33	10.51	8.81	
c.	Non Tax Revenue	13.53	9.67	10.07	35.97	
d.	Total Expenditure	15.23	14.60	19.32	12.81	
e.	Capital Expenditure	14.61	15.91	21.87	6.53	
f.	Revenue Expenditure on Education	17.10	16.87	14.55	13.35	
g.	Revenue Expenditure on Health	16.20	16.15	28.73	27.25	
h.	Salary and Wages	15.23	14.49	11.75	4.49	
i.	Pension	18.70	18.68	12.43	11.06	

* Report of the Expert Group (Rangarajan) to review the methodology for measurement of poverty, Planning Commission (June 2014),

** Economic Survey 2014-15, Table 9.1, Page A 129 *** Infant Mortality Rate (SRS Bulletin September 2014)

****Gini-Coefficient (Planning Commission data for 2009-10) ***** CSO

***** Population Projections for India and States 2001-2026 - National Commission on Population.

@ Based on 18 General Category States-Financial data is based on Finance Accounts of the State Government.

Part B: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

PART C: Layout of Finance Accounts

Statement	Layout
Statement No.1	Statement of Financial Position: Cumulative figures of Assets and Liabilities of the Government as they stand at the end of the year.
Statement No.2	Statement of Receipts and Disbursements: Contains the summarized Statement showing all receipts and disbursements of the Government during the year in all the three parts in which Government Accounts are kept.
Statement No.3	Statement of Receipts (Consolidated Fund): Contains revenue and capital receipts and receipts from borrowings of the Government consisting of loans from GOI, Market loans etc.
Statement No.4	Statement of Expenditure (Consolidated Fund) - By function and nature: Gives expenditure by function and summarized expenditure by nature of activity.
Statement No. 5	Statement of Progressive Capital Expenditure.
Statement No.6	Statement of Borrowings and other Liabilities: Contains borrowings of the Government comprising Market Loans raised by it and loans and advances received from GOI along with other liabilities which are the balances under various sectors in the Public Account.
Statement No.7	Statement of Loans and Advances given by the Government.
Statement No.8	Statements of Investments of the Government.
Statement No.9	Statement of Guarantees given by the Government: Guarantees given by the State Government for repayment of loans etc. raised by Statutory Corporations, Government Companies, Local Bodies etc.
Statement No.10	Statement of Grants-in-aid given by the Government.
Statement No.11	Statement of Voted and Charged Expenditure.
Statement No.12	Statement on Sources and Application of funds for expenditure other than revenue account.
Statement No.13	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account.
Statement No.14	Detailed Statement of Revenue and Capital Receipts by Minor heads.
Statement No.15	Detailed Statement of Revenue Expenditure by Minor heads.
Statement No.16	Detailed Statement of Capital Expenditure by Minor heads and Sub heads.
Statement No.17	Detailed Statement of Borrowings and Other Liabilities.
Statement No.18	Detailed Statement of Loans and Advances given by the State Government.
Statement No.19	Detailed Statement of Investment of the Government.
Statement No. 20	Detailed Statement of Guarantees given by the Government.
Statement No. 21	Detailed Statement on Contingency Fund and Other Public Account Transactions.
Statement No. 22	Detailed Statement on Investments of Earmarked Funds.

APPENDIX 1.2
(Reference: Paragraph 1.1; Page 1)

Part A: Methodology adopted for the assessment of Fiscal Position

The norms/ceilings prescribed by the TwFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that the GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by the GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than the GSDP.

The trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2010-11	2011-12	2012-13	2013-14	2014-15
Gross State Domestic Product at current prices (₹ in crore)	5,21,519	5,98,786	6,58,540(P)	7,65,638(Q)	8,58,189(A)
Growth rate of GSDP (<i>per cent</i>)	20.93	14.82	9.98	16.26	12.09

Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2013-14)

P= Provisional Estimates, Q= Quick Estimates, A= Advanced Estimates

Definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter /GSDP Growth Rate
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X) / Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP Growth Rate – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance}) \text{ of Loans and Advances}] / 2 * 100$
Revenue Deficit	Revenue Expenditure – Revenue Receipts
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under Major Head 2048 – Appropriation for reduction or avoidance of debt
Primary Revenue Balance (Deficit or Surplus)	Excess of Revenue Receipts over Revenue Expenditures other than interest
Primary Revenue Expenditure	Total Revenue Expenditure minus Interest Payments

PART B: Fiscal Responsibility Act

The Gujarat Fiscal Responsibility Act, 2005

The State Government enacted the Gujarat Fiscal Responsibility Act, 2005 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. The State Government had enacted the amendments to give effect to various milestones of the fiscal consolidation roadmap as recommended by the Thirteenth Finance Commission (ThFC). To give effect to the fiscal management principles as laid down in the Act and/or the rules framed thereunder, the Government prescribed the following fiscal management targets:

- a) Eliminate the revenue deficit by 31st March 2012 and maintain it at that level or generate revenue surplus thereafter.
- b) Reduce fiscal deficit to not more than three *per cent* of GSDP beginning 1st April 2011.
- c) Cap the total public debt of the State Government from the level of 28.8 *per cent* in FY 2011-12 to 27.1 *per cent* at the end of FY 2014-15 of the estimated GSDP of respective year.
- d) Cap outstanding guarantees within the limit provided in the Gujarat State Guarantees Act, 1963.

As prescribed in the Act, the State Government was required to lay the following statements of Fiscal policy along with the budget before the Legislature:

- a) The Medium Term Fiscal Policy Statement (MTFPS)
- b) The Fiscal Policy Strategy Statement

Keeping in view the fiscal targets laid down in the Fiscal Responsibility Act and/or the rules made thereunder and the anticipated annual rate of reduction of fiscal deficit of the States worked out by the Government of India for the ThFC award period following its recommendation, the State Government has developed its own Fiscal Correction Path indicating the milestones of outcome indicators with target dates of implementation during the period from 2011-12 to 2014-15 as given below.

Fiscal indicators of Medium Term Fiscal Policy Statement

(₹ in crore)

Sr. No.	Item	Previous year		Current Year		Ensuing Year	Targets for next two years*	
		2011-12 (Actual)	2012-13 (Actual)	2013-14 (BE)	2013-14 (RE)	2014-15 (BE)	2015-16	2016-17
1	2	3	4	5	6	7	8	9
1	Revenue Deficit (-)/ Surplus (+) (₹ in crore)	(+)3,215	(+)5,570	(+)4,602	(+)9,418	(+)6,837	(+)8,000	(+)9,000
2	Fiscal Deficit(-) /Surplus(+) (₹ in crore)	(-)11,027	(-)16,492	(-)20,496	(-)16,275	(-)21,715	(-)25,368	(-)29,046
3	Public Debt	1,23,406	1,36,367	1,58,770	1,50,153	1,69,538	1,84,538	2,00,538
4	GSDP	594563	670016	798406	773990	886219	1014720	11,61,854
5	Fiscal Deficit as percentage of GSDP	1.85	2.46	2.57	2.10	2.45	2.50	2.50
6	Public Debt as percentage of GSDP	20.76	20.35	19.89	19.40	19.13	18.19	17.26
7	Government guarantee outstanding (₹ in crore)	7,620	6,388	16,000*	6,973	16,000*	16,000*	16,000*

Source: Budget Publication No. 30 (2014-15)

Outstanding Guarantees as on 31/01/2013

*The projections are subject to recommendations of the Thirteenth Finance Commission

†New guarantees will be given subject to vacation of guarantees and will be kept below ₹ 16,000 crore.

APPENDIX 1.3
(Reference: Paragraphs 1.1.1 and 1.9.1; Pages 2 and 32)

(₹ in crore)

Part I: Abstract of Receipts and Disbursements for the year 2014-15											
Section-A: Revenue											
Receipts				Disbursements							
2013-14			2014-15	2013-14			Non-Plan	Plan	Total	2014-15	
79,975.74	I	Revenue Receipts	91,977.78	75,258.54	I	Revenue Expenditure	60,065.41	26,586.30	86,651.71	86,651.71	
56,372.37		Tax Revenue	61,339.81	26,820.37		General Services	28,761.35	1,241.97	30,003.32		
				32,381.78		Social Services	19,884.80	16,829.35	36,714.15		
7,018.31		Non-Tax Revenue	9,542.61	14,486.96		Education, Sports, Art and Culture	13,969.30	2,451.80	16,421.10		
				3,455.79		Health and Family Welfare	1,495.33	2,902.48	4,397.73		
9,701.93		State's share of Union Taxes	10,296.35	8,107.01		Water Supply, Sanitation, Housing and Urban Development	3,109.09	5,614.02	8,723.11		
				138.87		Information and Broadcasting	26.66	93.19	119.85		
2,079.21		Non-Plan grants	2,668.94	2,090.27		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	215.90	2,144.05	2,359.95		
2,604.46		Grants for State Plan Schemes	7,341.11	493.91		Labour and Labour Welfare	269.47	616.03	885.50		
				3,551.27		Social Welfare and Nutrition	747.93	3,000.78	3,748.71		
2,199.46		Grants for Central and Centrally sponsored Plan Schemes	788.96	57.70		Others	51.12	7.08	58.20		
				15,730.72		Economic Services	10,883.70	8,514.98	19,398.68		
				3,957.90		Agriculture and Allied Activities	1,246.37	2,822.41	4,068.78		
				1,701.20		Rural Development	859.77	1,179.69	2,039.46		
				63.94		Special Areas Programmes	54.92	15.97	70.89		
				981.35		Irrigation and Flood Control	593.77	443.38	1,037.15		
				3,798.27		Energy	5,126.65	252.17	5,378.82		
				864.71		Industry and Minerals	243.22	1,260.62	1,503.84		
				3,756.21		Transport	2,387.65	2,103.10	4,490.76		
				171.64		Science, Technology and Environment	1.36	162.28	163.64		
				435.50		General Economic Services	369.98	275.36	645.34		
				325.67		Grants-in-aid and Contributions	535.56	0.00	535.56		
-	II	Revenue Deficit carried over to Section B	-	4,717.20	II	Revenue Surplus carried over to Section B				5,326.07	
79,975.74		Total	91,977.78	79,975.74		Total				91,977.78	

Receipts				Disbursements								
2013-14				2014-15	2013-14				Non-plan	Plan	Total	2014-15
Section B : Others												
18,689.89	III	Opening Cash balance including Permanent Advances and Cash Balance Investment		15,386.48	0.00	III	Opening Overdraft from Reserve Bank of India	0.00	0.00	0.00	0.00	0.00
0.00	IV	Miscellaneous Capital receipts		241.00	22,677.37	IV	Capital Outlay	84.00	24,073.76	24,157.76	24,157.76	
					816.50		General Services	63.00	825.02	888.02		
					6,650.11		Social Services	15.25	7,170.45	7,185.70		
					1,180.30		Education, Sports, Art and Culture	0.00	1,328.30	1,328.30		
					1,627.70		Health and Family Welfare	0.00	1,969.17	1,969.17		
					2,941.39		Water Supply, Sanitation, Housing and Urban Development	15.25	2,965.81	2,981.06		
					1.97		Information and Broadcasting	0.00	4.05	4.05		
					240.77		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.00	366.17	366.17		
					208.58		Social Welfare and Nutrition	0.00	105.12	105.12		
					449.40		Others	0.00	431.83	431.83		
					15,210.76		Economic Services	5.75	16,078.29	16,084.04		
					854.73		Agriculture and Allied Activities	0.00	773.57	773.57		
					990.85		Rural Development	0.00	1,165.37	1,165.37		
					26.98		Special Areas Programmes	0.00	34.65	34.65		
					6,784.44		Irrigation and Flood Control	0.00	7,646.93	7,646.93		
					1,925.84		Energy	0.00	2,031.72	2,031.72		
					795.34		Industry and Minerals	0.31	887.66	887.97		
					3,374.51		Transport	5.43	3,072.66	3,078.10		
					8.08		Science, Technology and Environment	0.00	1.00	1.00		
							Communication	0.00	0.00	0.00		
					449.99		General Economic Services	0.00	464.73	464.73		
140.69	V	Recoveries of Loans and Advances		621.38	603.22	V	Loans and Advances disbursed	48.72	301.18	349.90	349.90	
		From Power Projects	344.28				For Power Projects	-	0.36	0.36		
		From Government Servants	40.44				To Government Servants	7.08	-	7.08		
		From Others	236.66				To Others	41.64	300.82	342.46		
4,717.20	VI	Revenue Surplus brought down		5,326.07		VI	Revenue Deficit brought down	0.00	0.00	0.00	0.00	
19,343.04	VII	Public debt receipts		19,453.94	6,203.91	VII	Repayment of Public debt	-	-	5,509.20	5,509.20	
19,182.01		Internal debt other than Ways and Means Advances and overdrafts	19,130.55		5,547.63		Internal debt other than Ways and Means Advances and Overdrafts			4,849.01		

Receipts				Disbursements						
2013-14				2014-15	2013-14				Total	2014-15
						Non-plan	Plan			
0.00		Net transactions under Ways and Means Advances	-		-				0.00	
161.03		Loans and Advances from Central Government	323.39		656.28				660.19	
-	VIII	Appropriation to Contingency Fund		-	0.00	VIII	Appropriation to Contingency Fund		0.00	0.00
0.00	IX	Amount transferred to Contingency Fund		0.11	0.11	IX	Expenditure from Contingency Fund		14.16	14.16
52,019.52	X	Public Account receipts		62,387.52	50,039.25	X	Public Account disbursements		52,309.01	52,309.01
2,053.73		Small Savings and Provident Funds	2,195.36		1,547.01		Small Savings and Provident Funds		1,694.02	
733.81		Reserve Funds	5,747.93		650.24		Reserve Funds		179.89	
(-)846.48		Suspense and Miscellaneous	1,066.93		186.25		Suspense and Miscellaneous		224.17	
15,568.31		Remittance	17,364.42		15,387.64		Remittances		17,305.15	
34,510.15		Deposits and Advances	36,012.88		32,268.11		Deposits and Advances		32,905.78	
0.00	XI	Closing Overdraft from Reserve Bank of India		0.00	15,386.48	XI	Cash Balance at end		21,076.47	21,076.47
					4.19		Cash in Treasuries and Local Remittances		4.19	
					(-)1,735.22		Deposits with Reserve Bank		(-)389.00	
					5,194.31		Departmental Cash Balance and investment including permanent Advances		9,059.35	
					11,923.20		Cash Balance Investment		12,401.93	
94,910.34		Total	1,03,416.50		94,910.34		Total		1,03,416.50	

(₹ in crore)

Part II: Summarised financial position of the Government of Gujarat as on 31 March 2015			
As on 31.03.2014	Liabilities		As on 31.03.2015
1,41,699.57	Internal Debt -		1,55,981.11
87,346.45	Market Loans bearing interest	1,00,591.97	
0.60	Market Loans not bearing interest	0.60	
-	Loans from Life Insurance Corporation of India	-	
54,354.52	Loans from Other Institutions	55,388.54	
-	Ways and Means Advances	-	
-	Overdrafts from Reserve Bank of India	-	
7,806.59	Loans and Advances from Central Government -		7,469.79
2.52	Pre 1984-85 Loans	2.53	
46.80	Non-Plan Loans	43.24	
7,757.09	Loans for State Plan Schemes	7,423.84	
-	Loans for Central Plan Schemes	-	
0.18	Loans for Centrally Sponsored Plan Schemes	0.18	
199.89	Contingency Fund		185.84
8,548.28	Small Savings, Provident Funds, etc.		9,049.62
21,181.11	Deposits		24,288.22
8,990.38	Reserve Funds		14,558.41
506.27	Suspense and Miscellaneous Balances		1,349.03
489.10	Remittance Balances		548.38
1,89,421.19	Total		2,13,430.40
	Assets		
1,40,062.89	Gross Capital Outlay on Fixed Assets -		1,64,220.67
55,058.43	Investments in shares of Companies, Corporations, etc.	62,929.27	
85,004.46	Other Capital Outlay	10,129.14	
7,048.16	Loans and Advances -		6,776.67
863.39	Loans for Power Projects	519.46	
5,913.48	Other Development Loans	6,012.18	
271.29	Loans to Government servants and Miscellaneous loans	245.03	
5,168.68	Reserve Fund Investments		9,033.72
0.77	Advances		0.77
0	Suspense and Miscellaneous Balances		-
10,217.46	Cash -		12,042.41
4.19	Cash in Treasuries and Local Remittances	4.19	
(-)1,735.22	Deposits with Reserve Bank	(-)389.00	
25.29	Departmental Cash Balance including Permanent Advances	25.29	
11,923.20	Cash Balance Investments	12,401.93	
26,923.23	Deficit on Government Account -		21,356.16
(-)4,717.20	Less	5,326.07	
	(i) Revenue Surplus /Add Revenue deficit of the current year		
-	(ii) Miscellaneous Deficit	241.00	
0.18	(iii) Other adjustment	-	
31,640.25	Accumulated deficit at the beginning of the year	26,923.23	
1,89,421.19	Total		2,13,430.40

APPENDIX 1.4
Time series data on the State Government finances
(Reference: Paragraph 1.3 and 1.9.2; Page 7 and 33)

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Part A- Receipts					
1. Revenue Receipts	52,364	62,959	75,229	79,976	91,978
(i) Tax Revenue	36,339	44,252	53,897	56,373	61,340
Taxes on Agricultural Income	-	---	-	-	
Taxes on Sales, Trade, etc	24,893	31,202	39,465	40,976	44,145
State Excise	63	72	85	110	140
Taxes on Vehicles	2,004	2,251	2,276	2,283	2,695
Stamps and Registration fees	3,666	4,670	4,427	4,749	5,503
Land Revenue	1,789	1,477	2,208	1,727	1,893
Taxes on Goods and Passengers	6	208	211	834	211
Other Taxes	3,918	4,370	5,225	5,694	6,753
(ii) Non Tax Revenue	4,915	5,277	6,017	7,018	9,543
(iii) State's share of Union taxes and duties	6,679	7,780	8,869	9,702	10,296
(iv) Grants in aid from Government of India	4,431	5,650	6,446	6,883	10,799
2. Miscellaneous Capital Receipts	91	10	-	-	241
3. Recoveries of Loans and Advances	283	165	47	141	621
4. Total Revenue and Non debt capital receipts (1+2+3)	52,738	63,134	75,276	80,117	92,840
5. Public Debt Receipts	16,681	17,535	19,497	19,343	19,454
Internal Debt (excluding Ways and Means Advances and Overdrafts)	16,522	17,347	18,905	19,182	19,131
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	159	188	592	161	323
6. Total Receipts in the Consolidated Fund (4+5)	69,419	80,669	94,773	99,460	1,12,294
7. Contingency Fund Receipts	47	1	81	0	0
8. Public Account Receipts (Gross)	72,281	79,653	50,046	52,020	62,388
9. Total Receipts of the State (6+7+8)	1,41,747	1,60,323	1,44,900	1,51,480	1,74,682
Part B- Expenditure/Disbursement					
10. Revenue Expenditure	57,440	59,744	69,659	75,259	86,652
Plan	17,553	16,690	22,513	23,894	26,586
Non Plan	39,887	43,054	47,146	51,365	60,066
General Services (including interest payments)	19,840	21,481	24,128	26,820	30,003
Social Services	23,702	24,546	29,529	32,382	36,714
Economic Services	13,713	13,518	15,839	15,731	19,399
Grants-in-aid and contributions	185	200	163	326	536
11. Capital Expenditure	9,684	13,812	21,227	22,677	24,158
Plan	9,662	13,608	21,151	22,511	24,074
Non Plan	22	204	76	166	84
General Services	243	556	714	816	888
Social Services	2,682	3,306	6,083	6,650	7,186
Economic Services	6,759	9,950	14,430	15,211	16,084
12. Disbursement of Loans and Advances	688	605	882	603	350

	2010-11	2011-12	2012-13	2013-14	2014-15
13. Total Expenditure (10+11+12)	67,812	74,161	91,768	98,539	1,11,160
14. Repayments of Public Debt	3,817	5,275	6,536	6,204	5,509
Internal Debt (excluding Ways and Means Advances and Overdrafts)	3,194	4,156	5,794	5,548	4,849
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	623	1,119	742	656	660
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	71,629	79,436	98,304	1,04,743	1,16,669
17. Contingency Fund disbursements	1	81	-	-	14
18. Public Account disbursements	67,216	77,161	46,538	50,039	52,309
19. Total disbursement by the State (16+17+18)	1,38,846	1,56,678	1,44,842	1,54,782	1,68,992
Part C- Deficits					
20. Revenue Deficit(-) / Revenue Surplus (+) (1-10)	(-)5,076	(+)3,215	(+)5,570	(+)4,717	(+)5,326
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)15,074	(-)11,027	(-)16,492	(-)18,422	(-)18,320
22. Primary Deficit(-)/Primary Surplus(+)(21+23)	(-)5,447	(-)93	(-)4,331	(-)5,090	(-)3,374
Part D- Other data					
23. Interest Payments (included in revenue expenditure)	9,627	10,934	12,161	13,332	14,946
24. Financial Assistance to local bodies etc.	25,872	27,942	31,125	36,161	39,964
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means Advances/Overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP)Φ	5,21,519	5,98,786	6,58,540(P)	7,65,638(Q)	8,58,189(A)
28. Outstanding Fiscal liabilities (year end)	1,35,656	1,50,785	1,66,667	1,83,057	2,02,313
29. Outstanding guarantees (year end)	8,661	7,449	6,195	6,549	5,984
30. Maximum amount guaranteed (during the year)	10,382	10,387	10,525	11,175	11,235
Part E- Fiscal Health Indicators					
I. Resource Mobilization					
Own Tax revenue/GSDP (per cent)	6.97	7.39	8.18	7.36	7.15
Own Non-Tax Revenue/GSDP (per cent)	0.94	0.88	0.91	0.92	1.11
Central Transfers/GSDP (per cent)	2.13	2.24	2.33	2.17	2.46
II. Expenditure Management					
Total Expenditure/GSDP (per cent)	13.00	12.39	13.94	12.87	12.95
Total Expenditure/Revenue Receipts	1.30	1.18	1.22	1.23	1.21
Revenue Expenditure/Total Expenditure	0.85	0.81	0.76	0.76	0.78
Expenditure on Social Services/Total Expenditure	0.39	0.38	0.39	0.40	0.39
Expenditure on Economic Services/Total Expenditure	0.31	0.32	0.33	0.31	0.32
Capital Expenditure/Total Expenditure	0.14	0.19	0.23	0.23	0.22
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.15	0.18	0.22	0.22	0.21
III. Management of Fiscal Imbalances					
Revenue deficit or surplus/GSDP (per cent)	(-)0.97	0.54	0.85	0.62	0.62

	2010-11	2011-12	2012-13	2013-14	2014-15
Fiscal deficit/GSDP (<i>per cent</i>)	2.89	1.84	2.50	2.41	2.13
Primary Deficit or Surplus/GSDP (<i>per cent</i>)	1.04	0.02	0.66	0.66	0.39
Revenue Deficit/Fiscal Deficit	(-)0.34	(+)0.29	(+)0.34	(+)0.26	0.29
Primary Revenue Balance/GSDP (<i>per cent</i>)	0.87	2.36	2.69	2.36	2.36
IV. Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.26	0.25	0.25	0.24	0.24
Fiscal Liabilities/RR (<i>per cent</i>)	259	239	222	229	220
Primary deficit vis-à-vis quantum spread (<i>per cent</i>)	(-)34.20	(-)1.08	(-)57.12	(-)38.68	(-)42.57
Debt Redemption (Principal +Interest) / Total Debt Receipts	0.84	0.94	0.93	0.95	0.93
V. Other Fiscal Health Indicators					
Return on Investment	0.33	0.33	0.12	0.50	0.14
Balance from Current Revenue (₹ in crore)	9,610	16,022	22,867	23,807	23,782
Financial Assets/Liabilities	0.72	0.76	0.82	0.86	0.90

Φ Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2013-14)

P = Provisional Estimates, Q = Quick Estimates, A = Advanced Estimates

APPENDIX 1.5
Comparison of main components of Tax Revenue during
2010-11 to 2014-15
(Reference Paragraph 1.3.1, page 9)

(₹ in crore)

Heads of Revenue	Year	Revenue collected	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of cost of collection
Sales Tax/ Commercial Tax	2010-11	24,893.45	149.37	0.60	0.75
	2011-12	31,202.31	163.28	0.52	0.83
	2012-13	39,464.67	164.13	0.42	N.A.
	2013-14	40,976.06	227.22	0.55	N.A.
	2014-15	44,145.26	212.25	0.48	N.A.
Taxes on vehicles and Taxes on goods and passengers	2010-11	2,010.07	76.17	3.79	3.71
	2011-12	2,459.37	66.02	2.68	2.96
	2012-13	2,486.84	83.44	3.36	N.A.
	2013-14	3,116.37	94.98	3.05	N.A.
	2014-15	2,905.44	124.07	4.27	N.A.
Stamp duty and Registration fees	2010-11	3,666.24	62.73	1.71	1.60
	2011-12	4,670.28	70.68	1.51	1.89
	2012-13	4,426.93	70.13	1.58	N.A.
	2013-14	4,749.35	79.61	1.67	N.A.
	2014-15	5,503.34	81.75	1.49	N.A.
State Excise	2010-11	62.97	10.09	16.02	3.05
	2011-12	72.11	10.73	14.88	2.98
	2012-13	84.91	11.38	13.40	N.A.
	2013-14	109.82	12.44	11.33	N.A.
	2014-15	140.27	13.43	9.57	N.A.

APPENDIX 2.1
Statement of Expenditure without Provision
(Reference: Paragraph 2.3.1; Page 42)

(₹ in crore)

Sl. No.	Grant No.	Major Head and details of the Grant/ Appropriation	Expenditure	Reasons
1	9	2202.80.001 09 EDN-16-L Gujarat State Council of Educational Research and Training.	1.95	No reasons intimated
2	9	2203.00.001 04 TED-15 Strengthening of Administrative set up of Technical Education Department (World Bank Assistance)	0.80	No reasons intimated
3	9	2204.00.102 01 Introduction of National Services Scheme (Plan)	0.11	No reasons intimated
4	9	2236.02.102C 01 MDM-1 Mid-Day Meal Scheme for Children in Public Primary schools.	192.13	No reasons intimated
5	9	2202.02.110P 13 Computer Literacy and Studies in Schools	11.81	No reasons intimated
6	9	2202.80.001.09 EDN-16 L: Gujarat State Council of Educational Research and Training	0.22	No reasons intimated
7	26	4406.01.101 26 Payment of Consultancy charges under Gujarat Forestry Development Project headed by JICA	122.07	No reasons intimated.
8	39	2210.05.101 05 HLT 19, Botanical Survey	0.11	No reasons intimated
9	81	2075.00.800 02 Girasdar and Other Grantees	0.55	No reasons intimated.
10	86	5054.01.337 11 RBD-1 Original works	5.43	No reasons intimated.
11	95	2217.80.191 01 UDP-15 Upgradation of Standard of Administration recommended by Finance Commission	4.63	No reasons intimated.
12	95	2217.80.192 01 UDP-15 Upgradation of Standard of Administration recommended by Finance Commission	6.66	No reasons intimated.
13	95	2203.00.112 02 TED-19 Development of Govt. Engineering Colleges(W.B.A.-TEQIP)	1.28	No reasons intimated.
14	95	2236.02.102 01 MDM-1 Mid day Meal Scheme for Children and Public Primary Schools	8.81	No reasons intimated.
15	102	3475.00.108 01 UDP-14, Suvarna Jayanti Shaheri Rojgar Yojana	0.26	No reasons intimated.
Total			356.82	

Source: Appropriation Accounts and Appropriation Act of the State Government

APPENDIX 2.2
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.1.2; Page 43)

(₹ in crore)

Year	Grant/ Appropriation numbers	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2003-04	4,8,9,12,17,19,22,40,41,42,49,55,59,60,64,66,67, 68,69,73, 78,80,84,86,91,105	401.26	Not regularised
2004-05	2,5,8,12 (Revenue-voted and charged; Capital charged), 17,19,22,36,38,40,43,55,61,63,66,68,73 (Revenue voted and Capital charged), 80,81 (Revenue and Capital charged), 86,88,91,96,100, 104	1,787.26	-do-
2005-06	3,7,8 (Revenue voted and charged), 11,12,17,20,22, 25,37,38,40,42,43, 45,46,52 (Revenue voted and charged), 55,64, 66 (Revenue voted and charged), 69,73, 75,77,78,79,84, 86, (Revenue voted and Capital voted), 88 (Revenue voted and charged), 90, 91,92,96,100,102, (Revenue voted and Capital voted), 103,104	2,159.83	-do-
2006-07	3,5,8,9,12,15,18 (Revenue voted and charged), 21, 23,25,26 (Revenue and Capital voted), 32,37,38, 39,41, (Revenue voted and Capital voted), 43,44,55, 57,61,64,66,68,73,74 (Revenue and Capital voted), 77,78,80,81,84, 86,87,88, 91, 100,104	583.79	-do-
2007-08	3,5,8,9,11,12,13,15,18,21,22,23,25,26,31,32,38,39,40,41,44, 50,51,53,55,57,61,62,64,66,73,74,75,78,80,81,82,84 (Revenue voted and charge), 86,87,88, 95	1,055.38	-do-
2008-09	5,8,9,13,21,22,23,26,38,39,41,43,44,55,58,62,66, 73,79,80, 81, 86 (Revenue and Capital), 87,104,106.	347.05	-do-
2009-10	1, 3, 5, 9, 10, 12, 17, 18, 21, 23, 26, 32, 39, 41, 43, 45, 46, 48, 55, 57, 61, 62, 64, 66, 69, 73, 75, 80, 84, 86, 87, 88, 96, 97, 101, 102 (Revenue Voted); 20, 32, 43, 68, 84 (Revenue Charged);65, 93 (Capital Voted); 86 (Capital Charged).	1,010.86	-do-
2010-11	10, 41, 51, 62, 66, 72, 73, 82, 86, 87, 88, 105 (Revenue Voted); 13 (Capital Voted); 71 (Revenue Charged); 81 (Capital Charged)	120.25	-do-
2011-12	10, 18, 51, 82, 86 (Revenue Voted); 87 (Capital Voted); 26, 96 (Revenue Charged); 20, 81, 96 (Capital Charged)	660.62	-do-
2012-13	9,12,18,73,88 (Revenue Voted); 26 (Capital Voted); 26, 86,88 (Revenue Charged); 81, (Capital Charged)	247.59	-do-
2013-14	9,73,88 (Revenue Voted); 26, 87 (Capital Voted); 26, 68, (Revenue Charged); 66 (Capital Charged)	1,026.35	-do-
Total		9,400.24	

APPENDIX 2.3
Cases where persistent excess were noticed during 2012-15
(Reference: Paragraph 2.3.2; Page 43)

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Excess	Reasons
2071-01-101-01 Superannuation and retirement allowances to primary panchayat teachers					
9	2012-13	655.00	936.67	281.67	No reasons intimated.
9	2013-14	742.50	1,906.90	1,164.40	No reasons intimated.
9	2014-15	1,940.00	2,156.38	216.38	No reasons intimated.
2071-01-104-01 Gratuities to Primary Panchayats Teachers					
9	2012-13	140.00	245.57	105.57	No reasons intimated.
9	2013-14	151.25	347.85	196.60	No reasons intimated.
9	2014-15	280.00	369.44	89.44	No reasons intimated.
2071-01-105 - 01 Family Pension to Primary Panchayats Teachers					
9	2012-13	135.00	149.17	14.17	No reasons intimated.
9	2013-14	159.50	280.92	121.42	No reasons intimated.
9	2014-15	300.00	322.30	22.30	No reasons furnished.
2071-01-105-01 Family Pension					
18	2012-13	500.00	527.96	27.96	Based on actual expenditure.
18	2013-14	520.00	653.58	133.58	Fluctuating nature of expenditure, based on actual finalisation of cases.
18	2014-15	625.00	735.55	110.55	Due to receipt of more family pension than anticipated.
2049-03-104 - 01 Interest on General Provident Fund (Other than class –IV employees)					
20	2012-13	420.00	477.32	57.32	In view of uncertain nature of factors affecting the amount and cases for committed liabilities of Interest on GPF (Other than class IV employees).
20	2013-14	460.00	503.42	43.42	In view of uncertain nature of factors affecting the amount and cases for committed liabilities of Interest on GPF (Other than class IV employees).
20	2014-15	500.00	535.93	35.93	Excess is considered in revised estimates due to actuals of previous years and more balance in the General Provident Fund.
2702-03-102-84 MNR -245 Maintenance and Repairs					
66	2012-13	100.00	118.14	18.14	Electricity bill of pumping stations.
66	2013-14	90.00	123.16	33.16	Due to actual electricity bill and maintenance.
66	2014-15	135.00	153.39	18.39	Electricity bill of pumping stations.
2245-01-104- 02 Subsidy to Panjarapole Gaushalas					
79	2012-13	0.00	10.39	10.39	Due to scarcity.
79	2013-14	0.00	20.39	20.39	For procurement, storage and movement of fodder due to scarcity in

Appendices

Grant No.	Year	Provision	Expenditure	Excess	Reasons
					some of the talukas.
79	2014-15	0.00 ¹	14.51	14.51	Reasons have not been intimated.
3054-04-337C 11 RBD-4 Roads and Bridges					
86	2012-13	55.36	713.85	658.49	No reasons furnished.
86	2013-14	664.21	736.65	72.44	No reasons furnished.
86	2014-15	46.00	684.34	638.34	Tender process could not be completed in time.
5054-03-337 - 17 Pravashi Path					
86	2012-13	116.25	160.52	44.27	Works carried out by Pravashi Path completed before target date.
86	2013-14	116.25	204.34	88.09	Works carried out by Pravashi Path completed before target date.
86	2014-15	110.00	195.22	85.22	Good progress of spill over works.

¹ ₹ 2000

APPENDIX 2.4

Rush of Expenditure through Hand receipts (Reference: Paragraph 2.3.3; Page 44)

(₹ in crore)

Sr.no.	Division which made advance payment through hand receipts	Major head	Description	Paid to whom	Amount
1	Gujarat High Court(R&B) Division, Ahmedabad	2014	Construction of New Building for GSJA	Gujarat State Judicial Academy (GSJA)	5.00
2	Gujarat High Court(R&B) Division, Ahmedabad	2014	Construction of New Building for GSJA	GSJA	2.62
3	Drainage Division, Gandhinagar	2702	Tube well maintenance & repair	M.D. G.W.R. DCLTD Gandhinagar	18.39
4	Drainage Division, Gandhinagar	2702	Tube well maintenance & repair	M.D. G.W.R. DCLTD Gandhinagar	5.00
5	Drainage Division, Gandhinagar	2702	Tube well maintenance & repair	M.D. G.W.R. DCLTD Gandhinagar	4.08
6	Drainage Division, Gandhinagar	2702	Advance payment of electricity bills	UGVCL Radhanpur	2.50
7	Drainage Division, Gandhinagar	2702	Advance payment of electricity bills	UGVCL Kalol	2.34
8	Capital Project Division No.3, Gandhinagar	3054	Kisan path Yojana	GSRRDA	5.60
9	National Highway Division, Ahmedabad	3054	Maintenance of road overbridge at Sola and Khodiyar	Western Railway Ahmedabad	2.73
10	Drainage Division, Gandhinagar	4702	Lift Irrigation Scheme	M.D. G.W.R. DCLTD Gandhinagar	26.69
11	Drainage Division, Gandhinagar	4702	Lift Irrigation Scheme	M.D. G.W.R. DCLTD Gandhinagar	6.25
12	Drainage Division, Gandhinagar	4702	Drip contribution of pressurise irrigation	M.D. G.W.R. DCLTD Gandhinagar	4.16
13	Capital Project Division No.3, Gandhinagar	5054	TASP	GSRRDA	24.77
14	R&B Division, Ahmedabad	5054	Purchase of asphalt	HPCL	2.00
					112.13

APPENDIX 2.5

Statement of various grants/appropriations where savings were more than ₹ 100 crore each or more than 50 per cent of the total provision
(Reference: Paragraph 2.3.4; Page 45)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Saving	Percentage
1.	1	Agriculture and Co-operation Department -Capital Voted	0.73	0.65	89.45
2.	2	Agriculture - Revenue Voted	2,801.65	970.60	34.64
3.	2	Agriculture -Capital Voted	210.09	186.09	88.58
4.	6	Fisheries-Capital Voted	17.71	12.18	68.76
5.	7	Other Expenditure pertaining to Agriculture and Co-operation Department -Capital Voted	0.41	0.32	78.83
6.	9	Education-Capital Voted	2,430.77	1,583.22	65.13
7.	9	Education- Revenue Voted	20,048.47	1,061.65	5.30
8.	13	Energy Projects-Capital Voted	1,564.87	128.51	8.21
9.	18	Pensions and Other Retirement Benefits- Revenue Voted	6,162.92	560.95	9.10
10.	18	Pensions and Other Retirement Benefits- Revenue Charged	0.62	0.62	100.00
11.	19	Other Expenditure pertaining to Finance Department- Revenue Voted	4,286.15	4,222.63	98.52
12.	19	Other Expenditure pertaining to Finance Department-Capital Charged	0.01	0.01	100.00
13.	19	Other Expenditure pertaining to Finance Department-Capital Voted	1.13	1.09	96.43
14.	20	Repayment of debt pertaining of Finance Department and its Servicing- Revenue Charged	14,493.26	453.93	3.13
15.	23	Food-Capital Voted	125.98	118.89	94.37
16.	24	Other Expenditure pertaining to Food Civil Supplies and Consumer Affair Department-Capital Voted	0.01	0.01	100.00
17.	34	Economic Advice and Statistics- Revenue voted	122.32	73.94	60.44
18.	37	Loans and Advances to Government Servants in Gujarat Legislature Secretariat-Capital Voted	0.34	0.34	100.00
19.	39	Medical and Public Health- Revenue Voted	3,490.39	350.02	10.03
20.	40	Family Welfare- Revenue Voted	661.91	106.50	16.09
21.	41	Other Expenditure pertaining to Health and Family Welfare Department-Capital Voted	0.55	0.37	67.49
22.	43	Police- Revenue Voted	3,073.51	143.58	4.67
23.	46	Other Expenditure pertaining to	684.82	120.47	17.59

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Saving	Percentage
		Home Department-Capital Voted			
24.	49	Industries-Capital Voted	613.53	521.60	85.02
25.	51	Tourism -Capital Voted	621.00	156.35	25.18
26.	55	Other Expenditure pertaining to Information, Broadcasting Department-Capital Voted	0.21	0.15	69.05
27.	58	Other Expenditure pertaining to Labour and Employment Department-Capital Voted	0.33	0.28	84.62
28.	60	Administration of Justice- Revenue Voted	709.97	136.68	19.25
29.	61	Other Expenditure Pertaining to Legal Department-Capital Voted	1.77	1.52	86.07
30.	65	Narmada Development Scheme-Capital Voted	5,095.00	1,262.93	24.79
31.	66	Irrigation and Soil Conservation-Capital Voted	3,769.52	279.15	7.41
32.	66	Irrigation and Soil Conservation-Revenue Voted	1,020.16	141.87	13.91
33.	67	Water Supply-Capital Voted	1,785.26	115.98	6.50
34.	68	Other Expenditure pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department - Capital Voted	1.10	0.85	77.15
35.	70	Community Development- Revenue Voted	1,451.72	455.75	31.39
36.	71	Rural Housing and Rural Development- Revenue Voted	2,156.35	1,102.04	51.11
37.	73	Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department - Capital Voted	4.03	2.40	59.53
38.	74	Transport - Capital Voted	556.62	100.00	17.97
39.	77	Tax Collections Charges(Revenue Department)- Revenue Voted	420.00	190.37	45.33
40.	79	Relief On Account of Natural Calamities- Revenue Voted	1,253.31	546.52	43.61
41.	81	Compensations and Assignments-Capital Voted	0.11	0.11	100.00
42.	81	Compensations and Assignments-Capital Charged	0.02	0.01	56.05
43.	82	Other Expenditure pertaining to Revenue Department-Capital Voted	0.26	0.22	82.76
44.	82	Other Expenditure pertaining to Revenue Department- Revenue Voted	3.19	1.88	59.02
45.	84	Non-Residential Buildings-Capital	1,571.17	706.08	44.94

Appendices

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Saving	Percentage
		Voted			
46.	85	Residential Buildings-Capital Voted	253.49	134.30	52.98
47.	85	Residential Buildings- Revenue Charged	0.04	0.04	100.00
48.	86	Roads and Bridges- Revenue Voted	3,378.90	435.19	12.88
49.	87	Gujarat Capital Construction Scheme-Capital Charged	0.08	0.08	100.00
50.	88	Other Expenditure pertaining to Roads and Buildings Department- Capital Voted	6.38	3.51	54.95
51.	92	Social Security and Welfare - Revenue Voted	1,118.09	173.10	15.48
52.	93	Welfare of Scheduled Tribes-Capital Voted	32.94	28.46	86.41
53.	94	Other Expenditure pertaining to Social Justice and Empowerment Department-Capital Voted	0.16	0.11	66.88
54.	95	Special Component Plan For Scheduled Castes- Revenue Voted	2,460.04	481.91	19.59
55.	95	Special Component Plan For Scheduled Castes-Capital Voted	1,094.57	232.46	21.24
56.	96	Tribal Area Sub-Plan- Revenue Voted	5,881.50	1,346.99	22.90
57.	96	Tribal Area Sub-Plan-Capital Voted	3,495.05	255.66	7.31
58.	96	Tribal Area Sub-Plan-Capital Charged	6.00	6.00	100.00
59.	96	Tribal Area Sub-Plan- Revenue Charged	6.00	3.87	64.51
60.	99	Other Expenditure pertaining to Sports, Youth and Cultural Activities Department -Capital Voted	0.12	0.12	100.00
61.	101	Urban Housing - Revenue Voted	801.66	534.89	66.72
62.	102	Urban Development- Revenue Voted	7,304.20	555.47	7.60
63.	102	Urban Development-Capital Voted	250.00	100.00	40.00
64.	104	Other Expenditure pertaining to Urban Development and Urban Housing Department-Capital Voted	0.16	0.16	97.05
65.	106	Other Expenditure pertaining to Women and Child Development Department- Revenue Voted	1,760.09	392.08	22.28
			1,09,062.72	20,503.71	18.80

APPENDIX 2.6
Cases where persistent savings were noticed during 2012-15
(Reference: Paragraph 2.3.5; Page 47)

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Savings	Reasons
2236-02-102C 01 MDM-1 Mid Day Meal Scheme for children in public primary schools.					
9	2012-13	539.00	496.31	42.70	Due to fewer beneficiaries under Mid-Day Meal scheme for children in public primary schools and Bills for payment to FCI were not submitted in time.
9	2013-14	695.11	566.15	128.96	Due to fewer beneficiaries under Mid-Day Meal scheme in public primary schools.
9	2014-15	897.63	717.12	180.51	Due to fewer beneficiaries under Mid-Day Meal scheme in public primary schools, non filling up of vacant posts and less demand from districts.
6801-00-202 11 Loan to Gujarat Energy Transmission Corporation Ltd. For Gujarat Solar Power Transmission in project (Plan).					
13	2012-13	150.00	0.00	150.00	Receipt of less sanction from the GOI for For Gujarat Solar Power Transmission in project.
13	2013-14	105.00	0.64	104.36	Reason has not been intimated.
13	2014-15	120.00	0.36	119.64	Reason has not been intimated.
2071-01-101 01 Superannuation and Retirement allowances					
18	2012-13	3,620.00	3,478.40	141.60	Expenditure under this head is of fluctuating nature & depends upon the Finalization of pension.
18	2013-14	4,200.00	3,030.12	1,169.88	Based on actual expenditure.
18	2014-15	3,500.00	3,403.01	96.99	Expenditure under this head is of fluctuating nature & depends upon the Finalization of pension.
2048-00-101 01 Gujarat State Sinking Fund					
19	2012-13	1,000.00	0.00	1,000.00	Government decided not to transfer any amount to sinking fund.
19	2013-14	1,000.00	0.00	1,000.00	Government decided not to transfer any amount to sinking fund.
19	2014-15	700.00	0.00	700.00	Government decided not to transfer any amount to sinking fund.
2075-00-800 01 Liability on account of increase in rate of D.A					
19	2012-13	2,500.00	0.00	2,500.00	Due to liability of DA payment was transferred to respective departments.
19	2013-14	3,000.00	0.00	3,000.00	Due to liability of DA payment was transferred to respective departments.
19	2014-15	3,500.00	0.00	3,500.00	Due to revised estimate of D.A allowance.
2210-01-001 02 HLT-11 Directorate of medical education and research 13 th finance commission NABH/NABL -Revenue Voted					
39	2012-13	323.32	286.47	36.85	Due to vacant post.
39	2013-14	326.97	270.06	56.91	Due to compulsory cut imposed by the FD in the revised estimate and non filling up of vacant posts.
39	2014-15	335.56	269.53	66.03	Due to compulsory cut imposed by the FD in the revised estimate.

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Grant No.	Year	Provision	Expenditure	Savings	Reasons
2210-01-110 01 HLT-2 Civil Hospital Administration (medical) – Revenue Voted					
39	2012-13	238.19	211.69	26.50	Due to vacant post in Taluka Medical Institutions.
39	2013-14	263.99	220.09	43.90	Due to compulsory cut imposed by the FD in the revised estimate
39	2014-15	284.21	243.45	40.76	Due to compulsory cut imposed by the FD in the revised estimate
2055-00-109 01 MEP-6 District Police Proper					
43	2012-13	1,408.04	1,297.03	111.01	Due to vacant posts and less expenditure for the ad-hoc financial assistance.
43	2013-14	1,484.27	1,341.34	142.93	Due to vacant post and less expenditure on new items.
43	2014-15	1,574.18	1,510.81	63.37	Reasons not furnished.
2515-00-800C 11 CDP-7 Payment of Central Assistance for Strengthening of Panchayati Raj Institutions on the recommendation of 13 th Finance Commission					
70	2012-13	357.68	120.11	237.57	Reasons not intimated.
70	2013-14	442.42	390.96	51.46	Reasons not intimated.
70	2014-15	544.64	347.47	197.17	Non receipt of grant from GoI
2041-00-102 01 Inspection of Motor Vehicle					
74	2012-13	125.02	83.49	41.53	Due to non-completion of various works by agencies payment was not made.
74	2013-14	153.94	95.01	58.43	After approval of revised estimates, the department has surrendered the excess amount to the Finance Department.
74	2014-15	197.78	124.13	73.65	Non-filling of vacant posts, system integration project not started, Non completion of work of check posts and automated driving test track.
2053-00-094 01 Other establishment-LND-24 Sub- Divisional Establishment (including Talatis and Kotwals Circle Inspectors) Prant Officers , Mamlatdars and Circle Officers					
78	2012-13	166.03	132.43	33.60	Due to vacant posts. Some staff were also on deputation to election commission and their salary was debited through election commission head.
78	2013-14	194.33	158.67	35.66	Due to non-completion of recruitment process for vacant posts.
78	2014-15	180.57	144.90	35.67	Non filling of vacant posts, non completion of probation period of employees having fixed pay.
2245-01-102 04 Urban drinking water Supply -Water Drinking water supply arrangements in the scarcity affected areas					
79	2012-13	28.00	0.00	28.00	No demand from districts for water supply arrangements.
79	2013-14	28.00	2.60	25.40	Non occurrence of natural calamity.
79	2014-15	28.00	0.00	28.00	Reasons not furnished
2245-02-111 01 Cash Doles					
79	2012-13	40.00	0.16	39.84	Non- occurrence of heavy rains.
79	2013-14	40.00	5.82	34.18	No demand from collectorates for funds for natural calamities.
79	2014-15	40.00	0.57	39.43	Reasons not furnished

Grant No.	Year	Provision	Expenditure	Savings	Reasons
2245-02-113 03 Assistance for repair/restoration of houses					
79	2012-13	40.00	0.40	39.60	Less demand for restoration of houses.
79	2013-14	40.00	4.19	35.81	Less demand from collectorates.
79	2014-15	40.00	0.78	39.22	Reasons have not been intimated
2245-02-122 02 Repairing and restoration of damaged irrigation and flood control works					
79	2012-13	40.00	0.00	40.00	Non- occurrence of natural calamity.
79	2013-14	40.00	0.00	40.00	Less demand from collectorates.
79	2014-15	40.00	0.00	40.00	Reasons have not been intimated
4225-03-277P 42 CSS-Buildings					
84	2012-13	55.62	18.78	36.84	Excess original provision was made for new works due to time consuming procedure like land allotment, drawing, administrative approval, technical sanction, tender process etc.
84	2013-14	70.13	34.96	35.17	Excess original provision was made for new works due to time consuming procedure like land allotment, drawing, administrative approval, technical sanction, tender process etc.
84	2014-15	216.32	125.61	90.71	No machinery could be purchased.
4250-00-203 42 -Buildings(Plan)					
84	2012-13	141.17	112.12	29.05	Excess original provision was made for new works due to time consuming procedure like land allotment, drawing, administrative approval, technical sanction, tender process etc.
84	2013-14	353.17	235.93	117.23	Excess original provision was made for new works due to time consuming procedure like land allotment, drawing, administrative approval, technical sanction, tender process etc.
84	2014-15	216.32	125.61	90.71	No machinery could be purchased.
3054-80-001 05 Expenditure transferred on pro-rata basis from MH-2059					
86	2012-13	83.77	51.14	32.63	Reasons not furnished.
86	2013-14	104.03	11.09	92.94	Reasons not furnished.
86	2014-15	108.31	7.78	100.53	Reasons not furnished.
5054-03-337 14 World Bank					
86	2012-13	90.00	4.07	85.93	The tender process could not be finalized in the stipulated time.
86	2013-14	108.00	63.07	44.93	The tender process could not be finalized in the stipulated time.
86	2014-15	340.00	223.33	116.67	Tender process could not be completed in stipulated time.
5054-03-337C 15 Central Road Fund					
86	2012-13	104.64	66.93	37.71	Reasons not furnished.
86	2013-14	103.00	36.34	66.66	Tender process could not be completed in the stipulated time
86	2014-15	92.25	40.29	51.96	Tender process could not be completed in the stipulated time

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Grant No.	Year	Provision	Expenditure	Savings	Reasons
2501-06-796C 08 RDD-20 Backward Region Grant Fund (BRGF) (Plan)					
96	2012-13	48.30	17.82	30.48	Reasons have not been intimated.
96	2013-14	72.35	29.33	43.02	Due to non-release of 2 nd instalment for Backward Region Fund by GoI.
96	2014-15	60.61	16.36	44.25	Due to release of less amount of fund by GoI.

APPENDIX 2.7
Cases where supplementary provision (₹ five crore or more in each case)
proved unnecessary
(Reference: Paragraph 2.3.6; Page 48)

(₹ in crore)

Sl. No.	Number and Name of the Grant/Appropriation	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary Provision
1	2-Agriculture -Revenue Voted	2,786.00	1,831.05	954.94	15.65
2	39-Medical and Public Health- Revenue Voted	3,359.73	3,140.37	219.36	130.66
3	44- Jails -Revenue Voted	96.71	89.80	6.91	8.28
4	57- Labour and Employment - Revenue Voted	859.21	769.39	89.82	2.49
5	60-Administration of Justice - Revenue Voted	666.27	573.29	92.98	43.70
6	60- Administration of Justice Revenue Charged	93.07	76.27	16.80	5.69
7	67- Water Supply –Capital Voted	1,763.02	1,669.28	93.74	22.23
8	70- Community Development – Revenue Voted	1,378.54	995.97	382.57	73.18
9	77- Tax Collection Charges (Revenue Department) - Revenue Voted	413.27	229.63	183.64	6.73
10	79- Relief on account of Natural Calamities – Revenue Voted	1,246.06	706.80	539.27	7.25
11	86- Roads and Building – Capital Voted	2,182.24	2,176.01	6.23	75.27
12	87- Gujarat Capital Construction Scheme- Capital Voted	218.95	213.36	5.59	10.65
13	93- Welfare of Scheduled Tribes - Revenue Voted	251.56	234.55	17.01	2.02
14	96- Tribal area sub-plan- Capital Voted	3,403.50	3,239.39	164.11	91.55
Total		18,718.13	15,945.16	2,772.97	495.35

APPENDIX 2.8
**Excess/Saving (more than ₹ five crore) in respect of Unnecessary/
Insufficient Re-appropriation of Funds**
(Reference: Paragraph 2.3.7; Page 48)

(₹ in crore)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation (+/-)	Final excess (+)	Final saving (-)
1	2	AER-1 Grant-in-aid to the Gujarat Agricultural Universities	2415	-2.64	0.00	7.73
2	9	EDN-30 Development and Expansion of Universities	2202	-26.70	0.00	22.08
3	9	Provision of Educational facilities-Maintenance Grant	2202	-37.60	0.00	16.82
4	9	Computer Literacy and Studies in Schools (CLASS)	2202	-9.40	0.00	11.81
5	20	Interest on General Provident Fund (Other than Class-IV employees)	2049	50.00	0.00	14.07
6	66	MNR-251 Contribution to Gujarat Green Revolution Company Limited for Drip Irrigation.	4702	12.90	0.00	84.11
7	66	Minor Irrigation	4702	-29.23	0.00	5.89
8	66	Administration	2700	-20.38	8.26	0.00
9	73	Family Pension to Panchayat Employees	2071	6.38	0.00	8.93
10	76	LND-17 Information Technology	2052	-8.25	0.00	17.49
11	84	Administration of Justice Buildings for Legal Department	4059	-274.30	0.00	31.14
12	84	Administration	2059	-24.23	0.00	7.17
13	84	Buildings	4225	-22.93	22.62	0.00
14	84	Buildings	4225	-11.01	21.59	0.00
15	86	World Bank	5054	-100.00	0.00	16.67
16	92	SCW-34 Indira Gandhi aged assistant and national aged pension Yojna (Vayvandana)	2235	-22.99	0.00	0.09
17	95	END-68 Sarva Shiksha Abhiyan	2202	-0.36	0.00	36.42
18	95	EDN-18 Regulated growth of Non-Government Secondary School	2202	-4.90	0.00	8.05

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation (+/-)	Final excess (+)	Final saving (-)
19	95	MDM-1 Mid day Meal Scheme for Children and Public Primary Schools	2236	0.80	0.00	9.00
20	95	BCK-High Skill Training/Skill Upgradation	2225	0.72	13.00	0.00
21	95	BCK-6 (i) Scheduled Castes Sub-Plan Government of India Scholarship for (Post S.S.C.) Students	2225	22.75	31.87	0.00
22	96	PWR-10 Contribution to GUVNL for Electrification of Wells and Pumps paros in Tribal Areas	4801	2.49	0.00	157.96
23	96	to provide 25 State Share under National Rural Health Mission	2210	-128.49	0.00	27.91
24	96	EMP-1 Craftsman Training Scheme in Government Industrial Training Institutes	4250	-26.10	6.88	0.00
25	96	RBD-2(A) State Highway	5054	75.00	0.00	5.42
26	96	Minor Irrigation	4702	2.88	8.36	0.00
27	96	EDN-21 Building	4202	-101.11	12.59	0.00
		Total			125.17	488.76

APPENDIX 2.9

Substantial surrenders of more than ₹ one crore or more than 50 per cent
(Reference: Paragraph 2.3.8.1; Page 49 - selected top 19 cases)

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Provision	Amount Surrendered	Percentage of surrender	Reasons
1	19	2075.00.800 01 Liability on Account of increase in the rate of Dearness Allowance	3,500.00	3,500.00	100.00	Due to decision of Government to make provision for the payment of dearness allowance from head of respective department.
2	19	204800101 01 Gujarat State Sinking fund	700.00	700.00	100.00	Due to decision of Government not to transfer any amount to Sinking Fund.
3	23	4408.02.800 01 Construction of Godowns	34.34	34.34	100.00	Non finalization of policy for allotment of land for construction of godown on fine by development dept. Due to which godown work could not be started.
4	49	4852.02.800 02 Expenditure for Project work of GICCL	266.44	266.44	100.00	Non commencement of work under the scheme.
5	49	2852.80.800 30 Scheme to meet expenses of Regional Development authority for the development of Dholera special investment region	45.00	45.00	100.00	Non finalization of Dholera Project owing to non-receipt of clearance certificate from Ministry of Environment and forest.
6	49	5475.00.800 01 OIN-18 Scheme for Financial Support to PPP Infrastructure Project. Viability Gap Fund.	10.00	10.00	100.00	Due to non-receipt of proposal.
7	66	2700.04.101C 03 Operation and Maintenance of Major and Medium Irrigation Schemes (Finance Commission)	59.00	59.00	100.00	Cut imposed by FD.
8	66	4702.00.101 03 Construction of Barrage on River Narmada Near village Bhadbhut	52.50	52.50	100.00	Non-commencement of work under the scheme owing to delay in approval.
9	95	221602191P 03 HSG-75 Slum Free City Planning Scheme Under Rajiv Awas Yojana for Municipal Corporations	33.81	33.81	100.00	Rajiv Awas Yojana Mission was curtailed and all new projects were put on hold as New Housing Mission was to be announced.

Sl. No.	Grant No.	Name of the Scheme (Head of Account)	Provision	Amount Surrendered	Percentage of surrender	Reasons
10	95	221602193P 03 HSG-77 Slum Free City Planning Scheme Under Rajiv Awas Yojana for Urban/Area Development Authorities	20.00	20.00	100.00	Rajiv Awas Yojana Mission was curtailed and all new projects were put on hold as New Housing Mission was to be announced.
11	95	221602192P 01 HSG-76 Slum Free City Planning Scheme under Rajiv Awas Yojana for Municipalities (Plan)	17.19	17.19	100.00	Rajiv Awas Yojana Mission was curtailed and all new projects were put on hold as New Housing Mission.
12	95	250106101P 01 REM-01 Aajeevika (Plan)	12.69	12.69	100.00	Guidelines for scheme were not approved.
13	96	2216.02.796P 11 HSG-75 slum Free City Planning Scheme Under Rajiv Awas Yojana for Municipal corporations (Plan)	83.77	83.77	100.00	Discontinuance of scheme under Rajiv Awas Yojana by GOI.
14	96	2217.03.796P 05 UDP-16 Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for infrastructure and Government Poor	50.00	50.00	100.00	Due to discontinuation of scheme by GOI.
15	96	2225.02.796C 45 BCK-323 13 th Finance Commission Grant (Plan)	50.00	50.00	100.00	Non release of fund by GOI under the scheme.
16	96	2216.02.796P 13 HSG-77 slum Free City Planning Scheme Under Rajiv Awas Yojana for Urban/Area Development Authorities (Plan)	49.55	49.55	100.00	Discontinuation of scheme under Rajiv Awas Yojana by GOI.
17	96	2216.02.796P 12 HSG-76 slum Free City Planning Scheme Under Rajiv Awas Yojana for Municipalities (Plan)	42.58	42.58	100.00	Discontinuation of scheme under Rajiv Awas Yojana by GOI.
18	96	2501.06.796P 05 REM-7 Aajeevika	25.39	25.39	100.00	Non utilization of fund released by GOI.
19	101	2216.02.193P 03 HSG-77 Slum Free City Planning Scheme Under Rajiv Awas Yojana for Urban/Area Development Authorities (Plan)	194.37	194.37	100.00	All new projects were put on hold as RAY was curtailed and new housing mission was not announced.

APPENDIX 2.10

Amount surrendered (₹ two crore or more) in excess of actual savings
(Reference: Paragraph 2.3.8.2; Page 49)

(₹ in crore)

Sl. No.	Grant no.	Number and Name of the Grant or Appropriation	Total Grant/ Appropriation	Savings	Amount surrendered	Amount surrendered in excess
1	1	Agriculture and Co-operation Department - Revenue Voted	18.31	6.91	6.92	0.01
2	9	Education - Revenue Voted	20,048.47	1,061.65	1,193.81	132.17
3	15	Finance Department - Revenue Voted	19.92	4.93	4.93	0.01 ¹
4	17	Treasury and Accounts Administration - Revenue Voted	126.99	15.03	15.05	0.02
5	18	Pension and other Retirement Benefits - Revenue Voted	6,162.92	560.95	563.74	2.79
6	21	Food, Civil Supplies and Consumer Affairs Department - Revenue Voted	27.83	4.41	4.45	0.04
7	22	Civil Supplies - Revenue Voted	376.43	3.67	3.79	0.12
8	23	Food - Revenue Voted	97.70	23.20	23.77	0.57
9	42	Home Department - Revenue Voted	19.12	4.83	4.87	0.04
10	44	Jails - Revenue Voted	104.99	15.19	15.24	0.05
11	46	Other Expenditure pertaining to Home Department - Revenue Voted	189.86	2.90	7.11	4.21
12	52	Other Expenditure pertaining to Industries and Mines Department - Revenue Voted	55.06	19.00	19.01	0.01
13	56	Labour and Employment Department - Revenue Voted	11.61	4.55	4.55	0.00 ²
14	57	Labour and Employment - Revenue Voted	861.69	92.30	97.04	4.74
15	57	Labour and Employment - Capital Voted	118.49	41.15	41.20	0.05
16	60	Administration of Justice - Revenue Voted	709.97	136.68	187.49	50.81
17	60	Administration of Justice	98.76	22.49	22.55	0.06

¹ ₹ 68,000

² ₹ 47,000

Sl. No.	Grant no.	Number and Name of the Grant or Appropriation	Total Grant/ Appropriation	Savings	Amount surrendered	Amount surrendered in excess
		- Revenue Charged				
18	61	Other Expenditure pertaining to Legal Department - Revenue Voted	88.85	18.53	18.60	0.07
19	62	Legislative and Parliamentary Affairs Department - Revenue Voted	9.16	3.50	3.50	0.00 ³
20	66	Irrigation and Soil Conservation -Revenue Voted	1,020.16	141.87	175.78	33.91
21	69	Panchayats, Rural Housing and Rural Development Department -Revenue Voted	10.01	2.35	2.56	0.20
22	98	Youth Service and Cultural Activities - Revenue Voted	300.32	41.55	43.05	1.50
		Total	30,476.62	2,227.64	2,459.01	35.61

³ ₹ 45,000

APPENDIX 2.11

Savings of more than ₹ five crore and more than 10 per cent not surrendered
(Reference: Paragraph 2.3.8.3; Page 49)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Savings	Surrender	Savings which remained to be surrendered	Percentage of savings not surrendered
1	4	Animal Husbandry and Dairy Development- Revenue Voted	76.40	66.29	10.11	13.23
2	5	Co-operation - Revenue Voted	6.11	4.36	1.75	28.71
3	13	Energy Projects - Capital Voted	128.51	8.87	119.64	93.10
4	25	Forest and Environment Department- Revenue Voted	5.99	1.19	4.80	80.14
5	26	Forest - Revenue Voted	23.94	13.43	10.51	43.91
6	39	Medical and Public Health- Revenue Voted	350.02	69.70	280.32	80.09
7	39	Medical and Public Health- Capital Voted	94.83	16.84	77.99	82.24
8	43	Police- Revenue Voted	143.58	27.46	116.12	80.87
9	46	Other Expenditure pertaining to Home Department- Capital Voted	120.47	9.55	110.92	92.07
10	65	Narmada Development Scheme- Capital Voted	1,262.93	676.88	586.04	46.40
11	66	Irrigation and Soil Conservation- Capital Voted	279.15	193.07	86.09	30.84
12	74	Transport- Capital Voted	100.00	0.00	100.00	100.00
13	76	Revenue Department- Revenue Voted	29.19	11.15	18.04	61.81
14	77	Tax Collection Charges (Revenue Department)-Revenue Voted	190.37	163.90	26.47	13.91
15	79	Relief on account of Natural Calamities- Revenue Voted	546.52	0.00	546.52	100.00
16	84	Non-Residential Building- Revenue Voted	35.27	21.76	13.52	38.32
17	85	Residential Building- Capital Voted	134.30	114.95	19.35	14.41
18	86	Roads and Bridges- Revenue Voted	435.19	319.61	115.59	26.56
19	86	Roads and Bridges- Capital Voted	81.49	60.48	21.01	25.78
20	87	Gujarat Capital Construction Scheme- Capital Voted	16.24	14.49	1.75	10.78
21	95	Special component Plan for Scheduled Castes- Revenue Voted	481.91	330.34	151.57	31.45
22	96	Tribal Area Sub-Plan- Capital Voted	255.66	75.75	179.91	70.37
23	96	Tribal Area Sub-Plan – Capital Charged	6.00	5.37	0.63	10.43
24	108	Other Expenditure pertaining to Climate Change Department- Revenue Voted	5.50	0.00	5.50	100.00
Total			4,809.58	2,205.44	2,604.14	54.14

Source: Appropriation Accounts of the State Government

APPENDIX 3.1
Utilisation certificates outstanding as on 31 March 2015
(Reference: Paragraph 3.1, Page 59)

(₹ in crore)

Sl. No.	Department	Period of Payment of grant	Total grants paid		Utilisation Certificates			
			Number	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Agriculture & Co-operation	2001-15	2,770	2,729.21	2,525	2,321.75	245	407.46
2	Climate change	2010-15	76	338.37	60	285.84	16	52.53
3	Women & Child development	2002-15	788	398.14	422	32.03	366	366.11
4	Education	2001-15	4,109	1,154.70	3,845	635.50	264	519.20
5	Energy & Petrochemicals	2008-15	37	1,753.83	30	1,725.50	7	28.33
6	Food, Civil Supplies & Consumer affairs	2001-15	86	188.39	56	173.65	30	14.74
7	Finance	2012-15	3	0.33	1	0.04	2	0.29
8	Forest & Environment	2001-15	142	49.93	119	29.63	23	20.30
9	General Administration	2001-15	521	636.01	395	599.07	126	36.94
10	Gujarat Legislature Secretariat	2006-15	13	2.50	6	2.13	7	0.37
11	Health & Family Welfare	2001-15	2,426	1,108.90	2,188	386.99	238	721.91
12	Home	2001-15	157	574.80	130	392.90	27	181.90
13	Industries & Mines	2001-15	2,634	2,080.87	2,429	1,381.88	205	698.99
14	Information Broadcasting & Tourism	2002-11	5	0.63	5	0.63	0	0
15	Labour & Employment	2001-15	241	28.93	154	7.76	87	21.17
16	Legal	2001-15	52	6.45	37	1.22	15	5.23
17	Narmada Water Resources, Water Supply and Kalpsar	2001-15	1,131	5,048.28	1,086	4,011.45	45	1,036.83
18	Ports & Transport	2001-15	742	2,212.12	735	2,079.40	7	132.72
19	Panchayats, Rural Housing and Rural Development	2001-15	2,162	1,300.61	1,912	1,126.78	250	173.83
20	Roads & Buildings	2003-15	15	2.01	13	1.69	2	0.32
21	Revenue	2001-15	137	228.73	83	83.79	54	144.94
22	Social Justice & Empowerment	2001-15	29,492	5,204.21	22,023	3,420.44	7,469	1,783.77
23	Science and Technology	2003-15	114	90.53	105	28.64	9	61.89
24	Sports, Youth & Cultural Activities	2001-15	1,734	38.66	1,031	11.35	703	27.31
25	Urban Development & Urban Housing	2001-15	291	4,084.79	153	2,361.09	138	1,723.70
Total			49,878	29,261.93	39,543	21,101.15	10,335	8,160.78

APPENDIX 3.2
Statement showing names of bodies and authorities,
the accounts of which had not been received for audit
(Refer paragraph 3.3; Page 63)

Sl. No.	Name of the Bodies/Authorities	Year for which accounts had not been received	Number of bodies/ authorities
1	Gujarat University, Ahmedabad	1999-2000 onwards	1
2	Akshar Purushottam Arogya Mandir (Muni Seva Ashram), Vaghodia, Goraj-Vadodara; Institute of Kidney Diseases & Research Centre (IKDRC), Ahmedabad	2004-05 onwards	2
3	K J Mehta TB Hospital, Songadh, Amargadh, Bhavnagar; Sheth Vadilal Sarabhai General Hospital and Sheth Chinai Maternity Hospital, Ahmedabad; Self Employed Women's Association(SEWA), Ahmedabad; Electronic Quality Development Centre, Ahmedabad	2005-06 onwards	4
4	Arya Kanya Shuddha Ayurvedic Mahavidyalaya, Kareli Baug, Vadodara; Gujarat Backward Classes Development Corporation, Gandhinagar; Gujarat Sahitya Academy, Gandhinagar; Gandhi Lincoln Hospital, Deesa, Palanpur; G.K. General Hospital, Bhuj, Kutchh; Gujarat State Lalit Kala Academy, Ahmedabad; J S Ayurved Mahavidyalaya & P T Patel Ayurved Hospital, Nadiad; Forest Development Agency, Godhra; Forest Development Agency, Junagadh; Forest Development Agency, Surendernagar; Forest Development Agency, Narmada; Forest Development Agency S.K. Himmatnagar (North); Forest Development Agency, Valsad (North); Forest Development Agency, Bhavnagar	2006-07 onwards	14
5	B.M. Institute of Mental Health, Ahmedabad; Gujarat Ecology Education & Research (GEER) Foundation, Gandhinagar	2007-08 onwards	2
6	Gujarat Landless Labourers and Halpati Housing Board, Gandhinagar; Narayan Eye Hospital (Arogya Dham Sanchalit) Halol Panchmahal; Ravishankar Maharaja Eye Hospital, Chikhodra, Anand; State Literacy Mission, Gandhinagar; Smt. A.J. Savla Homeopathic Medical College, Mehsana; Forest Development Agency, Jamnagar; Forest Development Agency, Rajkot; Forest Development Agency, Dahod; Forest Development Agency, S.K. Himmatnagar (South); Forest Development Agency, Ahwa Dang (South)	2008-09 onwards	10
7	C U Shah T B Hospital, Dudhrej Road, Surendranagar	2009-10 onwards	1
8	Bhavan's Shri C T Sutaria ITI, Dakor, Kheda; Gujarat State Social Welfare Advisory Board, Ahmedabad; Gujarat Rural Workers Welfare Board, Gandhinagar; Gujarat	2010-11 onwards	7

Sl. No.	Name of the Bodies/Authorities	Year for which accounts had not been received	Number of bodies/ authorities
	Tribal Development Corporation, Gandhinagar; Gurjareshwar Kumarpal Jain Sarvodaya Technical Institute, Vadodara; Gujarat Mineral & Research Development Society; Gujarat Rajya Khadi Gramodyog Board		
9	U.N. Mehta Institute of Cardiology and Research Centre, Ahmedabad	2011-12 onwards	1
10	Sabarmati Ashram Preservation & Memorial Trust, Ahmedabad; Vitthalbhai Patel & Rajratna PT Patel Science College, Anand; Gujarat Horticulture Mission; Gau Seva and Gaucher Development Board; Centre for Entrepreneurship Development; Electrical Research and Development Association; Gujarat Matikam Kalakari & Rural Technology Institute; Forest Development Agency, Rajpipla (West); Forest Development Agency, Vyara; Forest Development Agency, Dang (North); Forest Development Agency, Banaskantha; Forest Development Agency, Gandhinagar; Forest Development Agency, Patan; Forest Development Agency, Kheda; Forest Development Agency, Gir (East); Forest Development Agency, Gir (West); Gujarat State Biodiversity Board; Forest Development Agency, Valsad South; Gandhidham Development Authority, Adipur Kutch; Gujarat Energy Development Agency Gandhinagar; Gujarat Pollution Control Board, Gandhinagar; Unorganised Labour Welfare Board, Gandhinagar; State Health Society, Commissionerate of Health, Medical Services and Medical Education, Gandhinagar	2012-13 onwards	23
11	Sardar Krushinagar Dantiwada Agriculture University, Dantiwada; Gujarat Infrastructure Development Board; Gujarat State Lion Conservation Society, Junagadh, Children University, Gandhinagar; Gujarat Council of Secondary Education, Gandhinagar; Gujarat Knowledge Society, Gandhinagar; Gujarat Medicinal Plants Board, Gandhinagar; Gujarat Press Academy, Gandhinagar; Gujarat School Quality Accreditation Council, Gandhinagar; Gujarat State Council for Blood Transfusion, Ahmedabad; Indian Institute of Teacher Education, Gandhinagar; Jan Shikshan Sansthan, Surat; Medical College Development Committee, Surat; Medical College Development Society, Vadodara; Rogi Kalyan Samiti, Sir T. General Hospital, Bhavnagar; Rogi Kalyan Samiti, D-2 Civil Hospital Asarwa Ahmedabad; Rogi Kalyan Samiti, Civil Hospital Ahmedabad; Rogi Kalyan Samiti, Pt. Deen Dayal Upadhyay College Rajkot; Rogi Kalyan Samiti, Surat;	2013-14 onwards	51

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Sl. No.	Name of the Bodies/Authorities	Year for which accounts had not been received	Number of bodies/ authorities
	<p>Sentinel Surveillance Unit, New Civil Hospital, Majura Gate Surat; Suraksha Setu Society (State Level), Gandhinagar; Gujarat Council of Science City; A.R. College of Pharmacy & G.H. Patel Institute of Pharmacy, Vidhyanagar; Anand Homoeopathic Medical College & Research Institute, Anand; Blind Men's Peoples Association, Ahmedabad; Birla Vishwakarma Mahavidalaya Engg. College, Vidyanagar; Bhailalbhai & Bhikhabhai Institute of Technology, Vidyanagar; Centre for Social Studies, Veer Narmad South Gujarat University Campus, Surat; Chimanlal Nagindas Technical Centre, Ahmedabad; Dharmsinh Desai Institute of Technology, Nadiad; Dr. Dayaram Patel Pharmacy College, Ahmedabad; Gujarat State AIDS Control Society, Ahmedabad; Gujarat Cancer & Research Centre, Civil Hospital Campus, Asarwa, Ahmedabad; Gujarat Vidyapith (higher Education Deptt.), Ahmedabad; Gujarat Homoeopathic Medical College, Savli, Vadodara; Gujarat National Law University, Gandhinagar; Gujarat Council of Elementary Education, SSAM, Gandhinagar; International Centre for Entrepreneurship and Career Development, Ahmedabad; K.V. Patel I.T.I Chansama, Patan; L.M. College of Pharmacy, Ahmedabad; Lions Cancer Detection Centre Trust, Surat; Maniben Pithawala I.T.I Navyug College, Surat; M.N. College of Pharmacy, Anand; Rogi Kalyan Samiti Guru Gobindsinh, Government Hospital, Jamnagar; Revabai General Hospital, Gandhinagar; R.B. Patel Technical Institute, Navsari; Rajesh Mehta Technical School for Blind, C/o Blind People's Association, Ahmedabad; Tolani Foundation Gandhidham Polytechnic, Adipur Kutch; Trimurti hospital, Bavla, Ahmedabad; Gujarat State Biotechnology Mission; Gujarat Urban Development Mission (GUDM), Gandhinagar</p>		
12	<p>Gujarat Ecology Commission, Gandhinagar; Forest Development Agency, Chhota Udepur; Forest Development Agency, Kutch (East); Forest Development Agency, Kutch (West); Gujarat Environment Management Institute; Institute & Seismological Research; iNDEXTb; Junagadh Agriculture University; Navsari Agriculture University; Anand Agriculture University</p>	2014-15 onwards	10

APPENDIX 3.3
Statement showing performance of autonomous bodies
(Reference: Paragraph 3.4; Page 64)

Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature required Date of issue of SAR Date of placement of SAR	Delay in submission of accounts	Period of delay in submission of accounts (as on 30 September 2015)
Under Section 19(2)							
1	Gujarat State Legal Service Authority, Ahmedabad	Not required	2013-14	2013-14	Yes 27-04-2015 Not placed	Yes	3 months
2	District Legal Services Authority, Navsari	Not required	2013-14	2013-14	Yes 27-04-2015 Not placed	Yes	3 months
3	District Legal Services Authority, Valsad	Not required	2011-12	2011-12	Yes 31-10-2012 Not placed	Yes	2 years 3 months
4	District Legal Services Authority, Rajkot	Not required	2011-12	2011-12	Yes 16-09-2014 Not placed	Yes	2 years 3 months
5	District Legal Services Authority, Patan	Not required	2012-13	2012-13	Yes 23-04-2015 Not placed	Yes	1 year 3 months
6.	District Legal Services Authority, Jamnagar	Not required	2012-13	2012-13	Yes 24-06-2015 Not placed	Yes	1 year 3 months
7	District Legal Services Authority, Mehsana	Not required	2011-12	2011-12	Yes 21-05-2015 Not placed	Yes	2 years 3 months
8	District Legal Services Authority, Palanpur	Not required	2011-12	2011-12	Yes 05-05-2015 Not placed	Yes	2 years 3 months
9	Gujarat State Human Rights Commission, Gandhinagar	Not required	2006-07	2006-07	Yes 10-02-2010 Not placed	Yes	7 years 3 months
10	Gujarat Building and other Construction Workers' Welfare Board, Ahmedabad	Not required	2010-11	2010-11	Yes 10-05-2013 Not placed	yes	3 years 3 months
11	Gujarat Electricity Regulatory Commission	Not required	2013-14	2013-14	Yes 25.02.2015 Not placed	Yes	3 months
Under Section 19(3)							
1	Gujarat Rural Housing Board, Gandhinagar	2017-18	2013-14	2013-14	Yes 24-06-2015 Not placed	Yes	3 months
2	Gujarat Housing Board Ahmedabad	2016-17	2011-12	2011-12	Yes 28-05-2014 Not placed	Yes	2 years 3 months
3	Slum Clearance Board, Ahmedabad	2016-17	2009-10	2009-10	Yes 15-09-2014	Yes	4 years 3 months

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Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature <u>required</u> Date of issue of SAR Date of placement of SAR	Delay in submission of accounts	Period of delay in submission of accounts (as on 30 September 2015)
					Not placed		
Under Section 20(1)							
1	Gujarat Maritime Board	2016-17	2013-14	2013-14	Yes 06-02-2015 Not placed	Yes	3 months
2	Gujarat Municipal Finance Board, Gandhinagar	2018-19	2013-14	2013-14	Yes 27-03-2015 Not placed	Yes	3 months
3	Water and Sanitation Management Organisation, Gandhinagar	2015-16	2012-13	2010-11	No 20-11-2012 Not required	Yes	1 year 3 months
4	Ahmedabad Urban Development Authority	2016-17	2013-14	2013-14	No 27-04-2015 Not required	Yes	3 months
5	Vadodara Urban Development Authority	2016-17	2012-13	2011-12	No 14-12-2012 Not required	Yes	1 year 3 months
6	Rajkot Urban Development Authority	2016-17	2013-14	2012-13	No 27-04-2015 Not Required	Yes	3 months
7	Surat Urban Development Authority	2016-17	2011-12	2011-12	No 19-03-2014 Not required	Yes	2 years 3 months
8	Jamnagar Area Development Authority	2016-17	2013-14	2011-12	No 13-11-2014 Not required	Yes	3 months
9	Bhavnagar Area Development Authority	2016-17	2012-13	2012-13	No 12-08-2014 Not required	Yes	1 year 3 months
10	Bhuj Area Development Authority	2016-17	2008-09	2008-09	No 23-08-2010 Not required	Yes	5 years 3 months
11	Rapar Area Development Authority	2016-17	2008-09	2008-09	No 21-05-2010 Not required	Yes	5 years 3 months
12	Gandhinagar Urban Development Authority	2016-17	2010-11	2010-11	No 04-08-2014 Not required	Yes	3 years 3 months
13	Anjar Area Development Authority	2016-17	2008-09	2008-09	No 19-08-2010 Not required	Yes	5 years 3 months
14	Bhachau Area Development Authority	2016-17	2008-09	2008-09	No 17-12-2009 Not required	Yes	5 years 3 months
15	Vadinar Area Development	2016-17	2010-11	2010-11	No 27-02-2015	Yes	3 years 3 months

Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature <u>required</u> Date of issue of SAR Date of placement of SAR	Delay in submission of accounts	Period of delay in submission of accounts (as on 30 September 2015)
	Authority				Not required		
16	Junagadh Area Development Authority ¹	2016-17	2013-14	-	No --- Not required	Yes	3 months
17	Ambaji Area Development Authority	2016-17	2008-09	2008-09	No --- Not required	Yes	6 years 3 months
18	Alang Area Development Authority	2016-17	2008-09	2008-09	No --- Not required	Yes	6 years 3 months
19	Kevadia Area Development Authority	2011-12	2008-09	2008-09	No --- Not required	Yes	6 years 3 months
20	Bharuch / Ankleshwar Urban Area Development Authority.	2016-17	NA	NA	No --- Not required	Yes	Account not received since beginning in 2012-13
21	Morvi / Vankaner Urban Area Development Authority	2016-17	NA	NA	No --- Not required	Yes	Account not received since beginning in 2012-13
22	Anand /Vallabh Vidyanagar / Karamsad Urban Area Development Authority.	2016-17	NA	NA	No --- Not required	Yes	Account not received since beginning in 2012-13
23	Surendranagar / Dudhrej / Wadhavan Urban Area Development Authority.	2016-17	NA	NA	No --- Not required	Yes	Account not received since beginning in 2012-13
24	Himmatnagar Urban Area Development Authority	2016-17	NA	NA	No --- Not required	Yes	Account not received since beginning in

¹ Accounts for the period 2010-11 to 2013-14 have been received in July 2015. No grants were received for prior period

Appendices

Sl. No.	Name of body	Period of entrustment (up to)	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature <u>required</u> Date of issue of SAR Date of placement of SAR	Delay in submission of accounts	Period of delay in submission of accounts (as on 30 September 2015)
							2012-13
25	G.I.F.T. Urban Area Development Authority	2016-17	NA	NA	No --- Not required	Yes	Account not received since beginning in 2012-13
26	Shamlaji Urban Area Development Authority	2016-17	NA	NA	No --- Not required	Yes	Account not received since beginning in 2012-13
27	Khambhalia Urban Area Development Authority	2016-17	2014-15	-	No --- Not required	No	-
28	Gujarat State CAMPA	2010-11	2010-11	-	No --- Not required	Yes ²	More than 4 years

² Revised Accounts have not yet been submitted

APPENDIX 3.4
Department-wise/ duration-wise break-up of pending cases of
misappropriation, defalcation, etc.
(Reference: Paragraph 3.7; Page 70)

Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	Total No. of Cases
1	Ports, Transport & Fisheries	0	0	0	1	0	1	2
2	Agriculture, Co-op. & R.D.D.	0	0	1	3	0	1	5
3	Legal (A.J)	1	1	0	2	0	1	5
5	Education	2	5	1	4	0	0	12
6	Industries, Mines & Power	0	0	2	1	0	0	3
7	Health & Family Welfare	0	1	1	2	0	4	8
8	Home	2	1	3	1	4	0	11
9	Forest & Environment	14	7	1	1	2	1	26
10	Food & Civil Supply	0	0	1	0	0	0	1
12	Revenue	0	1	1	0	2	6	10
14	Tribal Development	0	0	0	1	0	0	1
15	Gujarat Maritime Board	0	1	0	0	0	0	1
16	Narmada Water Resources, Water Supply and Kalpsar	1	0	3	0	6	20	30
17	Roads and Buildings	0	0	1	1	5	2	9
18	Land Revenue	0	0	1	4	0	17	22
19	Science & Technology Department	1	0	0	0	0	0	1
Total		21	17	16	21	19	53	147

APPENDIX 3.5

**Department/ category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material
(Reference: Paragraph 3.7; Page 70)**

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Fire/Accident cases		Total	
	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)	Number of Cases	Amount (₹ in lakh)
Ports, Transport and Fisheries	1	3.21	1	2.56	0	0	2	5.77
Agriculture, Co-operation and Rural Development	0	0	5	32.97	0	0	5	32.97
Legal	1	11.67	4	3.51	0	0	5	15.18
Education	6	3.63	6	59.51	0	0	12	63.14
Industries, Mines and Power	1	0.46	2	77.63	0	0	3	78.09
Health and Family Welfare	2	2.57	6	13.61	0	0	8	16.18
Home	0	0	11	126.19	0	0	11	126.19
Forests and Environment	10	5.49	7	8.69	9	1.64	26	15.82
Food and Civil Supply	0	0	1	0.49	0	0	1	0.49
Revenue	1	5.86	9	8.77	0	0	10	14.63
Tribal Development	0	0	1	147.19	0	0	1	147.19
Gujarat Maritime Board	0	0	1	3.23	0	0	1	3.23
Roads and Buildings	3	1.57	6	351.87	0	0	9	353.44
Narmada, Water Resources and Water Supply	14	7.17	16	15.37	0	0	30	22.54
Land Revenue	0	0	22	3.76	0	0	22	3.76
Science & Technology Department	0	0	1	12.68	0	0	1	12.68
Total	39	41.63	99	868.03	9	1.64	147	911.30

APPENDIX 4.1

Glossary

Terms	Description
Gini-coefficient	It is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closer to one inequality is higher.
State Implementing Agencies	These include any organizations/institutions including non-Governmental organizations which are authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA, State Health Mission for NRHM etc.
Core public goods	Goods which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of those goods, e.g. enforcement of law and order, security and protection of our rights, pollution free air and other environmental goods, road infrastructure etc.
Merit goods	Commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than the ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
Debt sustainability	It is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to the sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings and returns from such borrowings. It means that a rise in fiscal deficit should match the increase in capacity to service the debt.
Debt stabilization	A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate-interest rate) and quantum spread (Debt* rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, the debt-GSDP ratio would eventually be falling.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Net availability of borrowed funds	Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption, indicating the net availability of borrowed funds.

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