

**Report of the
Comptroller and Auditor General of India
on
State Finances**

for the year 2014-15

Government of Punjab

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PREFACE

This Report has been prepared for submission to the Governor of Punjab under Article 151 of the Constitution.

Chapters I and II of the Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2015. Information has been obtained from the Government of Punjab wherever necessary.

Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

The Report containing the findings of performance audit and audit of transactions in various departments, Report containing observations on audit of Statutory Corporations, Boards and Government Companies and the Report on Revenue Sector are presented separately.

Executive Summary

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Punjab is brought out to assess the financial performance of the State during the year 2014-15 *vis-à-vis* the Budget Estimates and the targets set under the Fiscal Responsibility and Budget Management Act, 2003 (as amended) and analysis of the dominant trends and structural profile of Government's receipts and disbursements.

Based on the audited accounts of the Government of Punjab for the year ended 31 March 2015 and additional data collated from several sources such as the Economic Survey brought out by the State Government and Census, this report provides an analytical review of the Annual Accounts of the State Government in three Chapters.

Chapter-I is based on the Finance Accounts and makes an assessment of Punjab Government's fiscal position as on 31 March 2015. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern, etc.

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

Chapter-III details Government's compliance with various reporting requirements and financial rules and submission of accounts.

Audit findings

Chapter I : Finances of the State Government

During the year 2014-15, the revenue expenditure of the Government of Punjab was ₹ 46,614 crore while the revenue receipts were ₹ 39,023 crore. The revenue receipts grew at an annual average rate of 8.27 *per cent* during 2010-11 to 2014-15 whereas revenue expenditure grew at an annual average rate of 8.34 *per cent*. The revenue expenditure continued to constitute a dominant portion (93 to 95 *per cent*) of the total expenditure during this period.

During the current year the capital expenditure increased by ₹ 917 crore (41.66 *per cent*) over the previous year. The capital expenditure during the current year (₹ 3,118 crore) was only 33.30 *per cent* of the projections made in the Fiscal Consolidation Roadmap (₹ 9,362 crore).

Thirty four projects, which were scheduled to be completed between 2008-09 and 2014-15, were incomplete. An amount of ₹ 654.32 crore was blocked in these incomplete projects.

The return on investment made by the Government in Statutory corporations, Government companies, Cooperative banks and Societies was between 0.01 and 0.05 *per cent* during 2010-11 to 2014-15, while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.73 and 8.35 *per cent* during the same period.

The ratio of financial assets to liabilities came down to 34.21 *per cent* in 2014-15 from 35.13 *per cent* in 2013-14.

Though the debt-GSDP ratio at 32.12 *per cent* was within the target fixed (38.7 *per cent*) under Fiscal Responsibility and Budget Management Act, yet the borrowed funds were mostly used for redemption of past debts. As much as 23 *per cent* of the revenue receipts were used to meet the burden of interest payments during current year.

During 2010-11 to 2014-15 total public debt (including other liabilities) increased from ₹ 74,784 crore in 2010-11 to ₹ 1,12,366 crore in 2014-15.

Major portion of borrowings was utilised for repayment of earlier borrowings (47 to 70 *per cent*) and revenue expenditure (20 to 39 *per cent*). Only 8 to 19 *per cent* of the borrowings were utilized for capital expenditure during 2010-15. If this practice continues, Punjab would not be able to generate additional revenue to service its debt and it would have no option but to raise new borrowings every year to repay the borrowings of earlier years.

During the current year, the revenue deficit rose to the level of ₹ 7,591 crore from a deficit of ₹ 5,289 crore in 2010-11. The State Government did not contain the revenue deficit within limit of zero *per cent* prescribed in the FRBM (Amendment) Act, 2011 and FCR.

Chapter II: Financial Management and Budgetary Control

The State Government's budgetary process has not been sound during the year and there were persistent savings¹. Excess expenditure of ₹ 2,057.34 crore incurred during 2011-14 required regularization. An expenditure of ₹ 352.69 crore was incurred without making any budget provision. In six cases, re-appropriation orders proved unnecessary because expenditure did not come even up to the level of budget provisions and in other seven cases reduction of provision also proved injudicious as there was excess expenditure under these cases. In many cases, anticipated savings of ₹ 5,846.86 crore were not surrendered leaving no scope for utilizing these funds for other developmental purposes.

Chapter III: Financial Reporting

There were delays in furnishing utilization certificates against the grants released by various Government Departments. Non-submission/ delayed submission of annual accounts and Separate Audit Reports by four

¹ Savings means shortage in utilization of funds.

autonomous bodies set up by the State Government were also noticed. There were 168 instances of theft, loss and misappropriation involving an amount of ₹ 1.58 crore. As many as 1133 AC bills for ₹ 2,629.22 crore were awaiting adjustment as on 31 March 2015. Classification of large amounts booked under the Minor Heads '800-Other receipts/expenditure' did not give a complete picture in the financial reporting. As many as 176 Personal Deposit Accounts involving a sum of ₹ 262.46 crore were not closed as on 31 March 2015, resulting in blockade of funds.

Chapter I

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter provides an overview of the finances of the State Government during the financial year 2014-15 by benchmarking against past trends of major fiscal aggregates. *Appendix 1.1* contains profile of Punjab and *Appendix 1.2* contains the structure of the Government Accounts and layout of the Finance Accounts of the State Government on which this Report is based.

1.1.1 Profile of the State

Punjab is an agrarian State. The State is located in the north-western corner of India. It spreads over a geographical area of 50,362 sq kms and ranks 19th among states in terms of area. It has been organized into 22 districts. The districts have further been divided into 82 sub divisions, 146 blocks and 12581 villages.

As per 2011 census, the State's population increased from 2.44 crore in 2001 to 2.77 crore in 2011 recording a decadal growth of 13.52 *per cent*. The population of the State accounts for 2.29 *per cent* of the country's population and ranks 15th among States in terms of population. The population density of the State increased from 484 persons per sq km in 2001 to 551 persons per sq km in 2011 which is higher than the population density of 382 persons per sq km at national level.

The Gross State Domestic Product (GSDP) of a State measures the value of goods and services produced within the State. As per estimates prepared by the Economic and Statistical Organisation, Punjab the GSDP at current market prices, was ₹ 3,49,826 crore for the year 2014-15. At current prices, per capita income of the State was ₹ 84,512 (Provisional), ₹ 92,350 (Quick) and ₹ 99,578 (Advance) for the years 2012-13, 2013-14 and 2014-15 respectively.

1.1.2 Salient features of financial management of the State Government

All receipts of the State Government are required to be accounted for in the Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India. Expenditure therefrom is authorised by the State Legislature through Appropriation Act. Money so authorised by the Appropriation Act is spent as per provisions contained in the Punjab Financial Rules and the Departmental Financial Rules and instructions issued by the Finance Department from time to time. The Punjab Financial Rules contain the financial regulations of general nature issued by the Finance Department for the guidance of various offices and departments. The Departmental Financial Rules are the Rules relating to the Public Works and Forest Departments. The accounts of the State Government are kept in three parts viz. (i) Consolidated fund (ii) Contingency fund and (iii) Public account. The annual accounts of the State Government consist of the Finance Accounts and

the Appropriation Accounts. The Finance Accounts of the Government of Punjab are laid out in twenty two statements.

In May 2003, the Government of Punjab enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudential debt management. Subsequently, in March 2011, the State Government amended the FRBM Act on the recommendations of Thirteenth Finance Commission (TFC) and enacted FRBM (Amendment) Act, 2011. The salient features of the FRBM Act, 2003 are given in *Appendix 1.3*.

1.1.3 Gross State Domestic Product

The Gross State Domestic Product (GSDP) of a State measures the value of goods and services produced within the State. The trends in the annual growth of India's GDP at current prices and Punjab's GSDP at current prices are indicated in **Table 1.1**.

Table 1.1: Trends in Gross State Domestic Product

Year	2010-11	2011-12	2012-13	2013-14	2014-15
India's GDP (₹ in crore)	7248860	8391691	9388876	10472807	NA
Growth rate of GDP (per cent)	18.66	15.77	11.88	11.54	NA
State's GSDP (₹ in crore)	226204	256374	285119	317556	349826
Growth rate of GSDP (per cent)	14.53	13.34	11.21	11.38	10.16

Source: Official website of Ministry of Statistics and Programme Implementation, Government of India (www.mospi.nic.in) as on 31st July 2015.

NA stands for Not Available

1.1.4 Summary of fiscal transactions in 2014-15

Table 1.2 presents the summary of the Government of Punjab's fiscal transactions during the year 2014-15 vis-à-vis those of 2013-14. *Appendix 1.4-Part A* provides the abstract of receipts and disbursements for the year 2014-15 as well as the summarized financial position of the Government of Punjab as on 31 March 2015.

Table 1.2: Summary of the fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2013-14	2014-15		2013-14	2014-15		
Section A: Revenue							
				Total	Non-Plan	Plan	Total
Revenue receipts	35103.54	39022.85	Revenue expenditure	41640.67	41700.48	4913.01	46613.49
Tax revenue	24079.20	25570.20	General services	20192.19	22929.55	113.54	23043.09
Non-tax revenue	3191.49	2879.73	Social services	11319.09	9989.25	3739.80	13729.05
Share of Union taxes/duties	4431.47	4702.97	Economic services	9599.73	8177.65	1059.67	9237.32
Grants from Government of India	3401.38	5869.95	Grants-in-aid and Contributions	529.66	604.03	0.00	604.03
Section B: Capital							
Misc. Capital Receipts	0.51	0.52	Capital Outlay	2200.61	179.08	2939.36	3118.44
Recoveries of Loans and Advances	112.30	137.14	Disbursement of Loans and Advances	165.13	270.27	0.00	270.27
Public Debt receipts*	11107.51	11362.81	Public Debt repayments*	3649.97	3213.98	0.00	3213.98
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00	0.00	0.00
Public Account receipts#	36261.15	42451.18	Public Account disbursements#	33994.60	40526.50	0.00	40526.50
Opening Cash Balance	(-)303.61	630.42	Closing Cash Balance	630.42	(-)137.76	0.00	(-)137.76
TOTAL	82281.40	93604.92	TOTAL	82281.40	85752.55	7852.37	93604.92

Source: Finance Accounts of the respective years

* Excluding net transactions under ways and means advances.

Public Account receipts/disbursements have been shown in the table as gross figures and at other places in the Report, net of disbursement. Further, these exclude transactions of investment of cash balances and departmental cash chests. The net effect of these transactions is included in the opening and closing cash balances in the row next below.

1.1.5 Significant changes over the previous year

The following are the major changes in fiscal transactions during 2014-15 over the previous year:

- Revenue receipts increased by ₹ 3,919 crore (11.16 per cent) which is net effect of increase in grants from GoI (₹ 2,469 crore: 72.58 per cent), tax revenue (₹ 1,491 crore: 6.19 per cent), share of Union taxes and duties (₹ 272 crore: 6.13 per cent) and decrease in non-tax revenue (₹ 312 crore: 9.77 per cent).
- Revenue expenditure increased by ₹ 4,973 crore (11.94 per cent), whereas Capital expenditure increased by ₹ 918 crore (41.71 per cent).
- Public debt receipts increased by ₹ 255 crore (2.30 per cent) and public debt repayments decreased by ₹ 436 crore (11.94 per cent).
- Public account receipts increased by ₹ 6,190 crore (17.07 per cent) and public account disbursements increased by ₹ 6,532 crore (19.21 per cent).

- Net closing cash balances decreased by ₹ 768 crore (121.85 per cent).

1.1.6 Review of the fiscal situation

The State Government prepared a Fiscal Consolidation Roadmap (FCR) for the State for the period 2010-11 to 2014-15 (*Appendix 1.5*) as per recommendation of the TFC. Targets vis-à-vis achievements in respect of major fiscal aggregates are as under:

Table 1.3: Targets vis-à-vis achievements in respect of major fiscal aggregates

Fiscal Variables	2014-15						
	Targets Proposed in the			Actual	Percentage Variation of Actual over targets of		
	FRBM Act	Budget	Fiscal Consolidation Roadmap		FRBM Act	Budget	Fiscal Consolidation Roadmap
Ratio of Revenue Deficit to GSDP (per cent)	0.00	(-1.22)	0.00	(-2.17)	(-2.17)	(-0.95)	(-2.17)
Ratio of Fiscal Deficit to GSDP (per cent)	(-3.00)	(-2.97)	(-3.00)	(-3.10)	(-0.10)	(-0.13)	(-0.10)
Ratio of total outstanding debt to GSDP (per cent)	(+38.7)	(+30.95)	(+38.7)	(+32.12)	(-6.58)	(+1.17)	(-6.58)

Source: FRBM Act 2011, Budget at a glance (2014-15) and Finance Accounts (2014-15).

The Government could not contain the revenue deficit and fiscal deficit at the levels projected in the FRBM Act, budget and FCR. Though the Debt-GSDP ratio was within the target fixed under the FRBM Act and FCR yet the level projected in the budget estimates for the same could not be achieved.

1.1.7 Budget estimates and actual

The budget presented by the State Government provide description of projections or estimates of revenue and expenditure for a particular fiscal year. The budget estimates vis-à-vis actuals in respect of various fiscal parameters for the year 2014-15 are given in *Appendix 1.6*. However, the budget estimates vis-à-vis actual in respect of important fiscal parameters are given in **Table 1.4:-**

Table 1.4: Important fiscal parameters: Budget Estimates vis-à-vis Actuals

	Tax Revenue	Non-tax Revenue	Revenue Receipts	Revenue Expenditure	Interest Payments	Capital Expenditure	Revenue Deficit	Fiscal Deficit	Primary Deficit
BE 2014-15	28480	2783	44894	49146	8380	6066	(-4252)	(-10373)	(-1993)
Actuals 2014-15	25570	2880	39023	46614	8960	3118	(-7591)	(-10841)	(-1881)

Source: Finance Accounts and Budget at a Glance 2014-15

The revenue deficit and fiscal deficit were higher by ₹ 3,339 crore (78.53 per cent) and ₹ 468 crore (4.51 per cent) respectively than the budget estimates whereas the primary deficit remained lower than budget estimates by ₹ 112 crore (5.62 per cent). Total revenue receipts remained lower than budget estimates by ₹ 5,871 crore (13.08 per cent), tax revenue by ₹ 2,910 crore (10.22 per cent) whereas non-tax revenue was higher than budget estimates by ₹ 97 crore (3.49 per cent). The capital expenditure incurred during 2014-15 was just 51.40 per cent of budget estimates which indicates that asset creation was not given as much priority as intended in the budget estimates.

1.1.8 Major policy initiatives in the budget

Major policy announcements made in the budget speech 2014-15 and status of their implementation is given in the **Table 1.5**.

Table 1.5: Status of implementation of major policy announcements during 2014-15

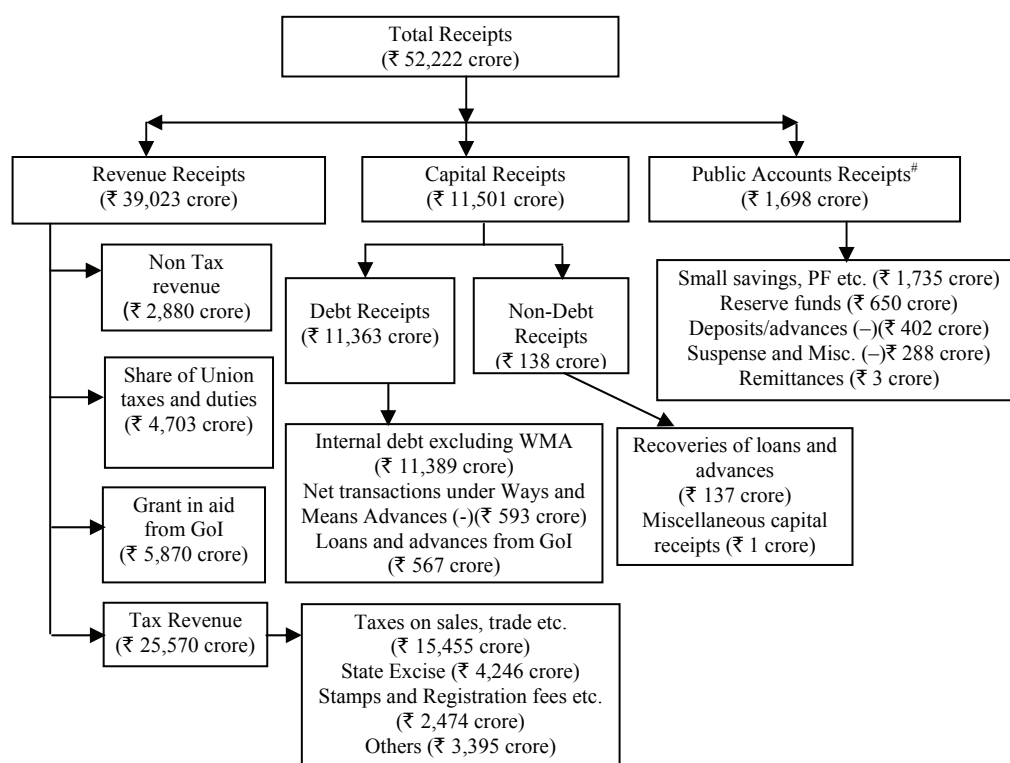
Announcement	Status of implementation (March 2015)															
An amount of ₹ 100 crore was provided in budget for National Rural Drinking Water Supply Programme (NRDWSP)	Out of ₹ 58.53 crore released by GoI under NRDWSP, the State Government released only ₹ 39.99 crore.															
An amount of ₹ 100 crore was provided in the budget for setting up of AIIMS like institute in the State.	During the year 2014-15, a provision of ₹ 100 crore was made in the Budget, but no expenditure was incurred.															
An amount of ₹ 62.50 crore was announced for empowerment of girl child under Bebe Nanaki Ladli Beti Kalyan Scheme, Mai Bhago Vidya Scheme, (free bicycles to girl students) and Scholarship to Poor Girls for Admission in Professional Courses.	A provision of ₹ 45.02 crore was made in the budget for the year 2014-15. Position of budget allotment and expenditure is as under: <table border="1"> <thead> <tr> <th>Scheme</th> <th>Allotment</th> <th>Expenditure</th> </tr> </thead> <tbody> <tr> <td>Mai Bhago Vidya Scheme</td> <td>₹ 0.01 crore</td> <td>Nil</td> </tr> <tr> <td>Bebe Nanaki Ladli Beti Kalyan Scheme</td> <td>₹ 45 crore</td> <td>₹ 30.23 crore</td> </tr> <tr> <td>Scholarship to poor girls for admission in Professional Courses</td> <td>₹ 0.01 crore (whole provision was withdrawn later on)</td> <td>--</td> </tr> <tr> <td>Total</td> <td>₹ 45.02 crore</td> <td>₹ 30.23 crore</td> </tr> </tbody> </table>	Scheme	Allotment	Expenditure	Mai Bhago Vidya Scheme	₹ 0.01 crore	Nil	Bebe Nanaki Ladli Beti Kalyan Scheme	₹ 45 crore	₹ 30.23 crore	Scholarship to poor girls for admission in Professional Courses	₹ 0.01 crore (whole provision was withdrawn later on)	--	Total	₹ 45.02 crore	₹ 30.23 crore
Scheme	Allotment	Expenditure														
Mai Bhago Vidya Scheme	₹ 0.01 crore	Nil														
Bebe Nanaki Ladli Beti Kalyan Scheme	₹ 45 crore	₹ 30.23 crore														
Scholarship to poor girls for admission in Professional Courses	₹ 0.01 crore (whole provision was withdrawn later on)	--														
Total	₹ 45.02 crore	₹ 30.23 crore														
₹ 34 crore for Rajiv Gandhi (SABLA) scheme to provide nutrition to the adolescent girls and promote awareness about health, hygiene, family and child care.	During the year 2014-15, a provision of ₹ 26.60 crore was made in the budget and an expenditure of ₹ 21.56 crore incurred thereagainst.															

Source: Annual Financial Statement (2015-16) prepared by the State Government and detailed Appropriation Accounts.

1.2 Resources of the State

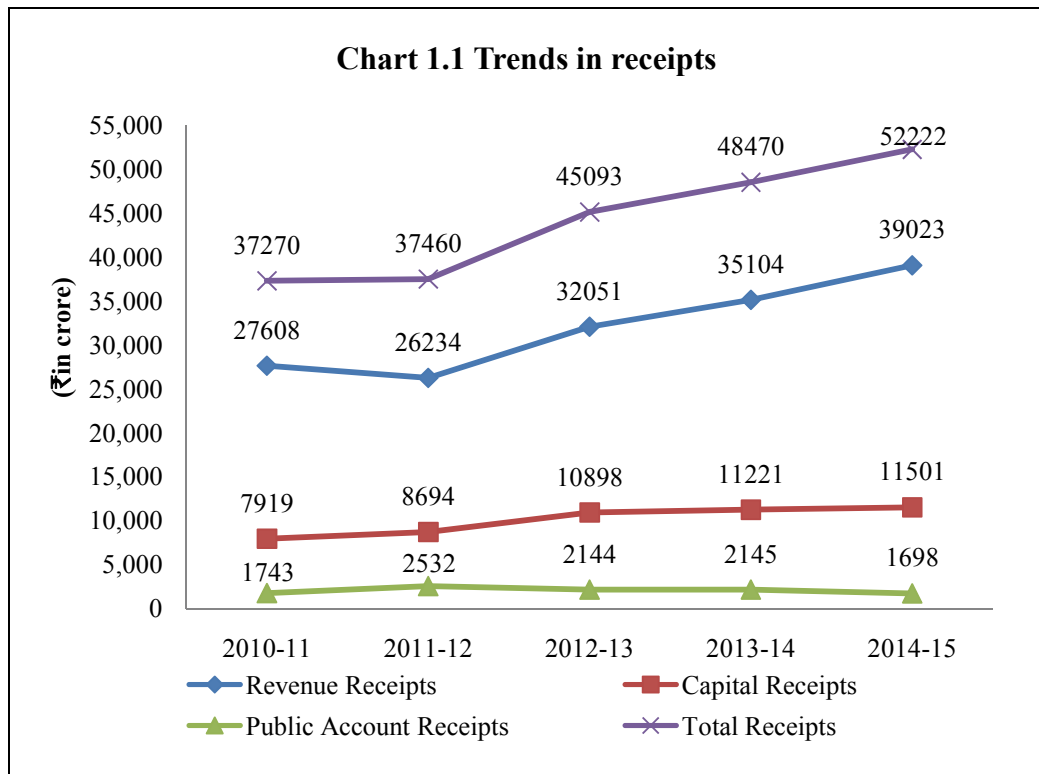
1.2.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Government of India (GoI). 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. Besides, there are receipts and disbursements in respect of certain transactions such as small savings, provident fund, 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 receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts are indicated in **Table 1.2**. **Chart 1.1** depicts the trends in various components of the receipts of the State during 2010-11 to 2014-15. **Chart 1.2** depicts the composition of receipts of the State during current year. The position of total receipts of the State is depicted in the flow-chart:



Source: Finance accounts

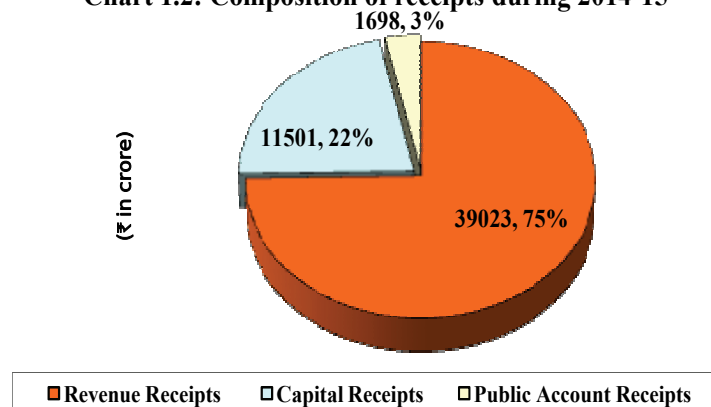
These figures are net of disbursements out of Public Account.



During the period 2010-11 to 2014-15 revenue receipts and capital receipts increased from ₹ 27,608 crore and ₹ 7,919 crore to ₹ 39,023 crore and ₹ 11,501 crore respectively whereas net public account receipts decreased from ₹ 1,743 crore to ₹ 1,698 crore with the overall result that total receipts increased from ₹ 37,270 crore to ₹ 52,222 crore.

The composition of resources of the State during the current year is given in **Chart 1.2**.

Chart 1.2: Composition of receipts during 2014-15



During the year 2014-15 contribution of revenue, capital and public account receipts towards total receipts was 75 per cent, 22 per cent and 3 per cent respectively.

1.2.2 Non-deposit of revenue receipts into the Consolidated Fund of the State

Article 266 (1) of the Constitution of India provides that all revenues received by the State Government, all loans raised by the Government by the issue of treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans shall form one Consolidated Fund to be entitled “the Consolidated Fund of the State”.

Audit noticed following irregularities in non-depositing of revenue receipts into the Consolidated Fund of the State:

(i) Establishment of Fund outside Government Accounts

The Government of Punjab established Punjab Education Development Fund as mentioned in **Appendix 1.7** through enactment of Act. The revenue receipts collected under this Act by the concerned authority were credited to this Fund. During 2014-15, revenue receipts amounting to ₹ 219.10 crore were credited to this Fund and an expenditure of ₹ 172.76 crore was incurred from the accumulated receipts of the Fund which is in violation of the constitutional provisions.

1.2.3 Funds transferred to State implementing agencies outside the State budget

The GoI had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes/programmes in the social and economic sectors. Till 31 March 2014, it transferred substantial funds to these agencies/organisations. Thereafter GoI decided to route these funds through State Budget from 2014-15 onwards. However, Finance Accounts showed that an amount of ₹ 2,517.92 crore was released directly to these agencies/organisations during the year 2014-15 as detailed below:

Table 1.6: Funds transferred directly to the State implementing agencies
(₹ in crore)

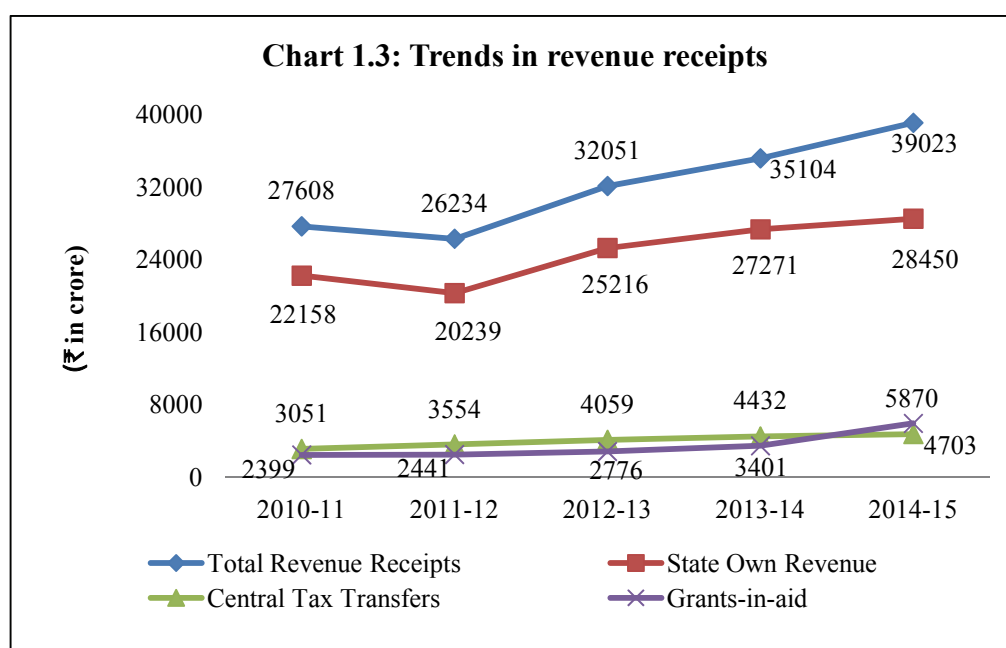
Sr. No.	Government of India Scheme	Implementing Agency	Government of India releases		
			2014-15	2013-14	2012-13
1	NHAI Investment	1. Competent Authority for Land Acquisition/SDM, Sunam, Sangrur, Moonak, Patran, Amritsar, Kotkapura, Jaitu, Bathinda, Ferozepur, Zira, Faridkot, Tarn Taran and Patti. 2. Executive Engineer–Central Works Division, Punjab, PWD, B&R Sangrur at Patiala, Ferozepur, Amritsar, Bathinda etc. 3. ERA INFRA Engineering Limited	2093.63
2	Support to Indian Institute of Technology (IIT)	Indian Institute of Technology, Ropar	113.84	49.99	..
3	MPs Local Area Development Scheme (MPLADS)	Deputy Commissioners	73.50	104.50	94.50
4	Autonomous R and D Institutions	1. Center of Innovative and Applied Bio-processing, Mohali 2. National Agri-Food Biotechnology Institute, Mohali	50.15	27.10	20.62
5	Scheme for Quality Assurance, Codex Standards Research and Development and other Promotional Activities	1. Central Institute of Post Harvest Engineering and Technology, ICAR 2. Guru Angad Dev Veterinary and Animal Sciences University	15.68	9.36	8.37

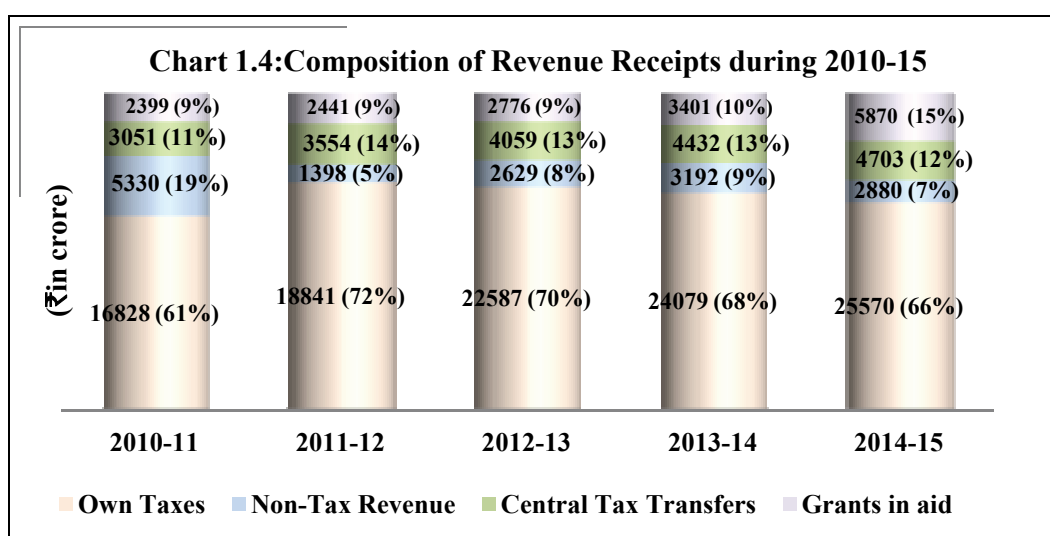
Sr. No.	Government of India Scheme	Implementing Agency	Government of India releases		
			2014-15	2013-14	2012-13
		3. Punjab Biotechnology Incubator			
6	Support to National Institute of Technology (NITs) including Ghani Khan Institute	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar	15.00	29.00	75.00
7	Zonal Culture Centre	1. North Zone Cultural Centre, Patiala 2. Non-Government Organisations 3. Individuals (Sh. Rajinder Singh and Ms. Sunita Dhir)	14.83
8	Off Grid DRPS	1. Kudos Chemie Limited 2. Punjab Energy Development Agency 3. M/s Patiala Distillers Manufacturers Limited 4. Sarita Industries Limited 5. Nector Life Sciences Limited 6. DRK Foods Private Limited	13.70	7.35	2.18
9	Research, Design and Development in Renewable Energy	1. Sardar Swaran Singh National Institute of Renewable Energy 2. Punjab Agriculture University	12.41	0.67	0.08
10	Renewable Energy for Rural Applications for all Villages	Punjab Energy Development Agency	12.38	13.58	7.96
11	Assistance to Training Institutions	Central Tool Room, Ludhiana	10.20	14.83	6.45
12	Other Schemes having a release below ₹ 10.00 crore in each case (Base Year: 2014-15)	Miscellaneous Agencies	92.60	1494.92	1670.88
		Total	2517.92	1751.30	1886.04

Source: Finance Accounts

1.3 Revenue receipts

Statement 14 of the Finance Accounts detail the revenue receipts of the Government. The revenue receipts consist of the State's own tax and non-tax revenues, share of Union taxes/duties and grants-in-aid from GoI. The trends and composition of revenue receipts over the period 2010-15 are presented in *Appendix 1.8* and also depicted in **Charts 1.3** and **1.4** respectively.





The revenue receipts increased by ₹ 3,919 crore (11.16 per cent) in 2014-15 over the previous year which was due to increase in grants from GoI (₹ 2,469 crore: 72.58 per cent), tax revenue (₹ 1,491 crore: 6.19 per cent) and share of Union taxes and duties (₹ 272 crore: 6.11 per cent) as compared to previous year. The revenue receipts during the current year (₹ 39,023 crore) were less by ₹ 6,393 crore (14.08 per cent) as compared to projections in the FCR (₹ 45,416 crore) for the year 2014-15 (*Appendix 1.5*).

The trends in revenue receipts relative to GSDP are presented in **Table 1.7**.

Table 1.7: Trends in Revenue receipts

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Receipts (RR) (₹ in crore)	27608	26234	32051	35104	39023
Rate of growth of RR (per cent)	24.61	(-)4.98	22.17	9.53	11.16
RR/GSDP (per cent)	12.21	10.23	11.24	11.05	11.15
Buoyancy Ratios					
Revenue buoyancy w.r.t GSDP	1.69	(-)0.37	1.98	0.84	1.10
State's own tax buoyancy w.r.t GSDP	2.74	0.90	1.77	0.54	0.61
Revenue buoyancy w.r.t. State's own taxes	0.62	(-)0.42	1.12	1.44	1.80

Source: Finance Accounts

The revenue receipts increased from ₹ 27,608 crore in 2010-11 to ₹ 39,023 crore in 2014-15 at an annual average growth rate of 8.27 per cent. The ratio of revenue receipts to GSDP decreased from 12.21 in 2010-11 to 10.23 per cent in 2011-12 and increased to 11.15 per cent in 2014-15. The revenue buoyancy with reference to GSDP came down from 1.69 in 2010-11 to (-) 0.37 in 2011-12, went up to 1.98 in 2012-13 and again came down to 1.10 in 2014-15. The State's own tax buoyancy with reference to GSDP came down from 2.74 in 2010-11 to 0.61 in 2014-15.

1.3.1 State's own resources

As the State's share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of resources was assessed in terms of its own resources comprising of own-tax and non-tax sources.

The State's actual tax and non-tax receipts for the year 2014-15 vis-à-vis assessment made by TFC and Fiscal Consolidation Roadmap (FCR) are given in **Table 1.8**.

Table 1.8: Tax and non-tax receipts vis-à-vis projections

	TFC projections	Budget Estimates	FCR Projections	Actual	Percentage variation of actual over		
					TFC projections	Budget estimates	FCR projections
Own Tax revenue	28490	28480	29665	25570	(-)10.25	(-)10.22	(-)13.80
Non-tax revenue	4847	2783	3610	2880	(-)40.58	3.49	(-)20.22

Source: Report of TFC, Budget at a Glance 2014-15, Annual Financial Statement 2014-15 and Finance Accounts

In respect of own-tax revenue, State Government could not achieve the targets fixed in TFC projections, budget estimates and FCR of the State. In respect of non-tax revenue, State Government was able to achieve the targets fixed in budget estimates only.

1.3.1.1 Tax revenue

The collection in respect of major taxes and duties are given in **Table 1.9**:

Table 1.9: Components of State's own tax revenue

Revenue Receipt	₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Taxes on Sales, Trade etc.	10017 (32)	11172 (12)	13218 (18)	14847 (12)	15455 (4)
State Excise	2373 (13)	2755 (16)	3332 (21)	3765 (13)	4246 (13)
Taxes on Vehicles	654 (18)	850 (30)	995 (17)	1146 (15)	1394 (22)
Stamp Duty and Registration fees	2318 (49)	3079 (33)	2920 (-5)	2500 (-14)	2474 (-1)
Land Revenue	19 (27)	25 (32)	37 (48)	42 (14)	47 (12)
Taxes and Duties on Electricity	1423 (518)	928 (-35)	2035 (119)	1710 (-16)	1875 (10)
Other taxes and duties on commodities and services	24 (140)	32 (33)	50 (56)	69 (38)	79 (14)
Total Own Tax Revenue	16828 (40)	18841 (12)	22587 (20)	24079 (7)	25570 (6)

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

The State's own-tax revenue was lower than the assessment made by TFC and projections made in the FCR by ₹ 2,920 crore (10.25 per cent) and ₹ 4,095 crore (13.80 per cent) respectively.

1.3.1.2 Non-tax revenue

In the current year, the share of non-tax revenue in total revenue receipts came down to 7.38 per cent from 9.09 per cent in the previous year. The non-tax revenue decreased by 9.77 per cent during the current year over the previous year. The composition and growth in State's non-tax revenue is given in Table 1.10.

Table 1.10: Components of State's non-tax revenue

Revenue Head	2010-11	2011-12	2012-13	2013-14	2014-15
Interest Receipts	169.37 (3)	170.16 (0)	170.47 (0)	174.68 (2)	193.88 (11)
Dividends and Profits	0.62 (-32)	1.73 (179)	0.33 (-81)	1.46 (342)	1.48 (1)
Misc General Services	4277.23 (-11)	323.71 (-92)	1420.73 (339)	1640.32 (15)	1473.47* (-10)
Road Transport	150.39 (21)	183.35 (22)	222.51 (21)	199.68 (10)	161.67 (-19)
Other non-tax receipts	732.56 (24)	719.50 (-2)	815.17 (13)	1175.35 (44)	1049.23 (-11)
Total Non-Tax revenue	5330.17 (-6)	1398.45 (-74)	2629.21 (88)	3191.49 (21)	2879.73* (-10)

Source: Finance Accounts

Figures in parenthesis show rate of growth over previous year

* During the year 2014-15, ₹ 704.93 crore, which do not represent receipts on account of Miscellaneous General Services, were deposited by different agencies, in the head of account 0075-Misc General Services, 800-Other receipts. Thus, the receipts on account of Misc General Services as shown in the table, are inflated by ₹ 704.93 crore.

1.3.1.3 Grants-in-aid

(i) The position of Grants-in-aid received during the period 2010-11 to 2014-15 are presented in Table 1.11.

Table 1.11: Grants-in-aid from Government of India

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Non-plan Grants	720.81	874.11	894.91	1064.11	2003.87
Total non-plan grants	720.81	874.11	894.91	1064.11	2003.87
Plan Grants of which					
Grants for State Plan Schemes	954.65	694.06	684.19	1058.26	3597.61
Grants for Central Plan Schemes	64.40	5.68	60.63	7.67	80.06
Grants for Centrally Sponsored plan Schemes	659.39	866.79	1135.84	1271.34	188.41
Total plan grants	1678.44	1566.53	1880.66	2337.27	3866.08
Total grants	2399.25	2440.64	2775.57	3401.38	5869.95

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Percentage increase in grants over previous year	3.40	1.73	13.72	22.55	72.58
Revenue Receipts	27608.47	26234.41	32051.15	35103.54	39022.85
Percentage increase in revenue receipts over previous year	24.61	-4.98	22.17	9.52	11.16
Percentage of total grants to revenue receipts	8.69	9.30	8.66	9.69	15.04

Source: Finance Accounts

Table 1.11 shows that grants-in-aid from GoI increased at an annual average rate of 28.93 *per cent* during the period 2010-11 to 2014-15. It increased by 72.58 *per cent* in 2014-15 over the previous year. During this period contribution of grants-in-aid towards revenue receipts ranged between 8.66 and 15.04 *per cent*.

(ii) Non-availing of Central assistance under BRGF Programme

The GoI launched (February 2006) Backward Regions Grant Fund (BRGF) Programme to redress regional imbalances in development and to provide financial resources for supplementing and converging existing developmental inflow into the identified districts. Hoshiarpur was the only district identified under the programme in the State of Punjab. One of the mandatory conditions for release of development grant under BRGF was the consolidation of the district plans prepared by local bodies and their approval by the District Planning Committee (DPC)¹.

Our examination of records (March 2015) of Additional Deputy Commissioner (Development), Hoshiarpur showed that Deputy Commissioner-cum Secretary DPC, Hoshiarpur (DC) submitted Annual Action Plan (AAP) for 2013-14 for ₹ 20.60 crore² to Ministry of Panchayati Raj, GoI on 24 June 2013 (against the stipulated date of 25 June 2013) without the approval of DPC on the ground that the earlier DPC had been dissolved due to new elections of Zila Parishads. But GoI did not accede to the request of DC (June 2013-March 2014) and the funds against the allocation (₹ 20.60 crore) of 2013-14 were not released (August 2015).

The Department stated (June 2015) that AAP for the year 2013-14 could not be approved as the post of Chairman, DPC, Hoshiarpur was vacant from 31 December 2012 to 3 October 2013. The reply of the Department was not convincing as the DPC, Hoshiarpur was functional till 21 July 2013, much later than 25 June 2013, which was the last date for submitting the AAP to the GoI. But, the laxity of the State Government in making an appointment of Chairman caused the State Government to lose ₹ 20.60 crore of central

¹ Constituted under Article 243 ZD of the Constitution from amongst the elected members of the panchayats at district level, municipalities in the district and members nominated by the State Government. The term of the members was co-terminus with the term of the Panchayat or the Municipality.

² Comprising of works relating to health, sanitation, maintenance of community system, roads, bridges, public amenities, agriculture, women and child development, cultural activities, drinking water, etc.

assistance under BRGF programme during 2013-14, at a time when the State has been facing an acute financial stress.

1.3.1.4 Central tax transfer

The actual release of share in Union taxes and duties to Punjab during 2010-11 to 2014-15 vis-à-vis projections made by the commission is tabulated in **Table 1.12:**

Table 1.12: State's share in Union taxes and duties: Actual devolution vis-à-vis 13th Finance Commission projections

(₹ in crore)				
Year	13 th Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2010-11	1.389 per cent of net proceeds of all shareable taxes excluding service tax and 1.411 per cent of net proceeds of sharable service tax	3207	3051	(-) 156
2011-12		3665	3554	(-) 111
2012-13		4398	4059	(-) 339
2013-14		5278	4432	(-) 846
2014-15		6333	4703	(-) 1630

Source: Fiscal consolidation roadmap of the State, Finance Accounts and Report of TFC

The share of Union taxes received during 2014-15 was lower than the projections made in FCR by ₹ 1,630 crore.

1.3.1.5 Cost of collection

The figures of major own revenue receipts, expenditure incurred on collection of these own taxes and percentage of such expenditure to own tax revenue receipts vis-à-vis All India Average percentage are given in **Appendix 1.9**. During the period 2010-11 to 2013-14, the percentage of expenditure on collection to collection in respect of various components of state's own tax revenue is lower than the All India averages except in taxes on Sales, trades etc. for the years 2010-11 to 2012-13.

1.4 Capital receipts

The capital receipts are non-debt capital receipts such as proceeds from disinvestment of equity in Government companies/corporations; recoveries of loans and advances; and debt capital receipts credited under public debt section of the Consolidated Fund. The public debt receipts fall broadly under two categories-(a) loans/advances from the Union Government; and (b) borrowings from banks, financial institutions through negotiated loans or open market borrowings through issue of State Development Loans. The share of non-debt capital receipts and loans/advances from the Union Government was negligible and capital receipts were mainly borrowing from banks, financial institutions and open market, as detailed in **Table 1.13**.

Table 1.13: Trends in growth and composition of capital receipts*(₹ in crore)*

Sources of State's Receipts	2010-11	2011-12	2012-13	2013-14	2014-15
Capital Receipts	11532.26	14965.61	22340.80	24253.30	31361.21
Miscellaneous Capital Receipts	0.44	0.24	0.21	0.51	0.52
Recovery of Loans and Advances	597.45	94.50	174.09	112.30	137.15
Public Debt Receipts	10934.37	14870.88	22166.50	24140.49	31223.54
<i>Internal Debt</i>	<i>10741.44</i>	<i>14721.38</i>	<i>21944.56</i>	<i>23762.52</i>	<i>30656.92</i>
<i>Growth rate</i>	<i>7.02</i>	<i>37.05</i>	<i>49.07</i>	<i>8.28</i>	<i>29.01</i>
<i>Loans and advances from GoI</i>	<i>192.93</i>	<i>149.50</i>	<i>221.94</i>	<i>377.97</i>	<i>566.62</i>
<i>Growth rate</i>	<i>170.21</i>	<i>(-)22.51</i>	<i>48.45</i>	<i>70.30</i>	<i>49.91</i>
Rate of growth of debt Capital Receipts	8.18	36.00	49.06	8.90	29.34
Rate of growth of non-Debt capital receipts	(-)53.16	(-)84.15	83.98	(-)35.28	22.04
Rate of growth of GSDP	14.53	13.34	11.21	11.38	10.16
Rate of growth of Capital Receipts (per cent)	1.30	29.77	49.28	8.56	29.31

Source: Finance Accounts and for GSDP—Official website of Ministry of Statistics and Programme Implementation, Government of India (www.mospi.nic.in) as on 31st July 2015.

1.5 Public Account receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident fund, 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, as given in **Table 1.14**:

Table 1.14: Detail of net Public Account receipts*(₹ in crore)*

Source of State Receipts	Public Account Receipts		Disbursement from Public Account		Excess of receipts over disbursements	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Small Savings, Provident Fund, etc.	3340.96	3683.39	1376.93	1948.02	1964.03	1735.37
Reserve Funds	576.80	668.51	237.53	18.97	339.27	649.54
Deposits and advances	3860.12	4448.72	3668.57	4850.69	191.55	(-)401.97
Suspense and Miscellaneous	37940.13	38098.33	38180.99	38386.81	(-)240.86	(-)288.48
Remittances	(-)38.86	90.50	70.59	87.28	(-)109.45	3.22
Total*	45679.15	46989.45	43534.61	45291.77	2144.54	1697.68

Source: Finance Accounts of respective years

* Includes transactions of investment of cash balances and departmental cash chest.

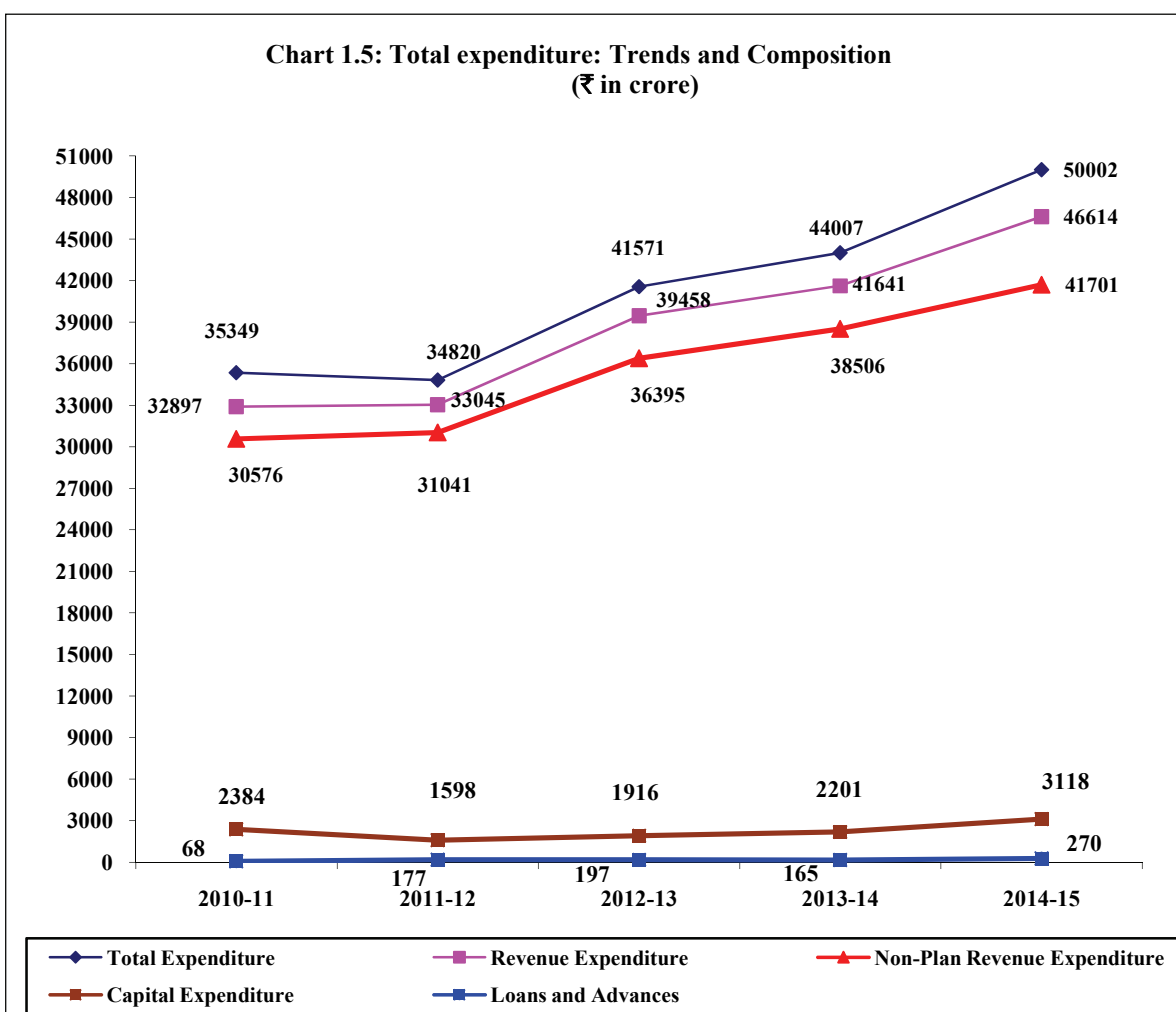
1.6 Application of resources

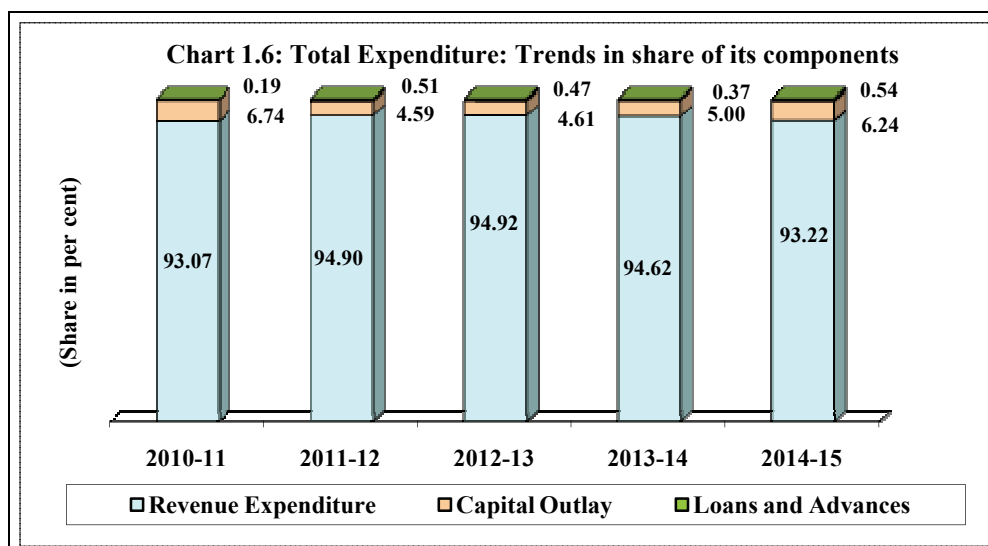
The Government raises resources to perform their sovereign functions, to maintain the existing level of delivery in social and economic services, to extend the network of these services through capital expenditure and

investments; and to discharge their debt service obligations. 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 the 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 development of social sector.

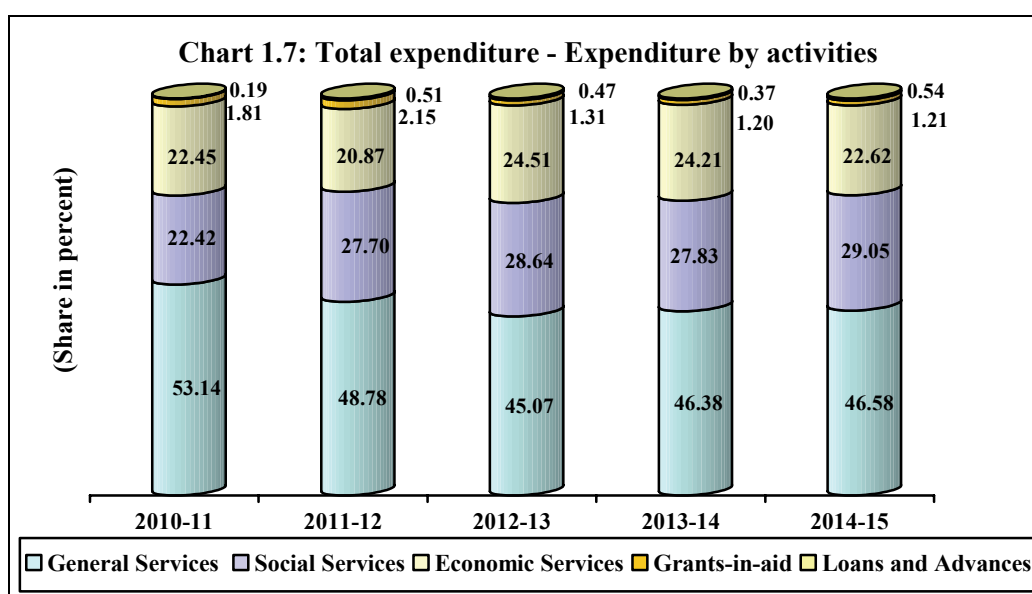
1.6.1 Growth and composition of expenditure

Chart 1.5 presents the trends of total expenditure over the period of the last five years (2010-15). Its composition in terms of 'economic classification' and 'expenditure by activities' is depicted in Chart 1.6 and 1.7 respectively.





The total expenditure of the State increased by 41.45 per cent from ₹ 35,349 crore in 2010-11 to ₹ 50,002 crore in 2014-15. It increased by ₹ 5,995 crore (13.62 per cent) over the previous year. The revenue expenditure increased by ₹ 4,973 crore (11.94 per cent), the capital expenditure increased by ₹ 917 crore (41.66 per cent) and disbursement of loans and advances increased by ₹ 105 crore (63.64 per cent) during the current year over the previous year. The revenue expenditure continued to constitute a dominant proportion (93 to 95 per cent) of the total expenditure during the years 2010-15 (**Chart 1.6 and Appendix 1.8**). During this period, it grew at an annual average growth rate of 8.34 per cent. The plan revenue expenditure contributed only six to 11 per cent of the total revenue expenditure, whereas the non-plan revenue expenditure was 89 to 94 per cent during the period 2010-15 (**Appendix 1.8**).



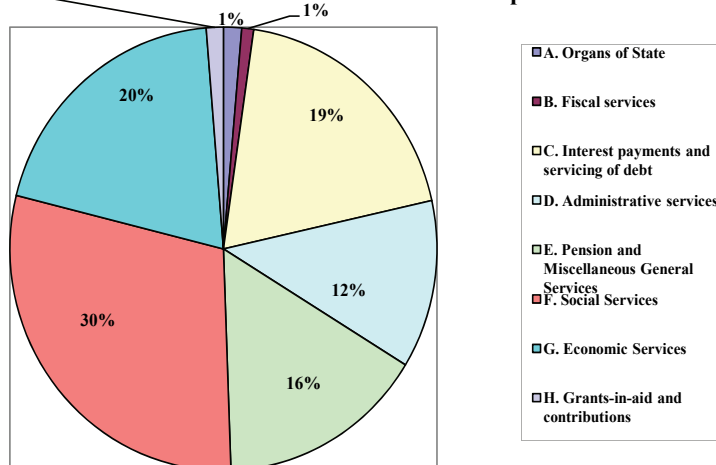
The movement of relative share of various components of expenditure (**Chart 1.7**) indicates that the share of General Services in total expenditure decreased from 53.14 per cent in 2010-11 to 46.58 per cent in 2014-15, Social services increased from 22.42 per cent to 29.05 per cent and Economic

Services increased from 22.45 *per cent* to 22.62 *per cent* during the same period. The development expenditure i.e. 'expenditure on social and economic services' together remained between 45 and 53 *per cent* during the period 2010-15.

The revenue expenditure increased by ₹ 4,973 crore (11.94 *per cent*) from ₹ 41,641 crore in 2013-14 to ₹ 46,614 crore in 2014-15. The overall increase is the result of prominent increase under the heads 'Crop Husbandry' (₹ 2,285.59 crore: 501.23 *per cent*), 'Interest payments' (₹ 1,140.27 crore: 14.58 *per cent*), 'General Education' (₹ 1,047.22 crore: 16.92 *per cent*), 'Pensions and other retirement benefits' (₹ 971.96 crore: 15.48 *per cent*), 'Medical and Public Health' (₹ 457.69 crore: 26.73 *per cent*), 'Police' (₹ 384.99 crore: 9.99 *per cent*) 'Housing' (₹ 289.80 crore: 163.84 *per cent*), 'Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities' (₹ 215.90 crore: 31.98 *per cent*), 'Urban Development' (₹ 212.74 crore; 260.32 *per cent*), 'Other Rural Development Programmes' (₹ 141.61 crore: 20.29 *per cent*) and 'Nutrition' (₹ 127.85 crore: 319.90 *per cent*) partly offset by decrease mainly under 'Power' (₹ 2,310.14 crore: 47.98 *per cent*), 'Roads and Bridges' (₹ 208.21 crore: 56.50 *per cent*) and 'Civil Supplies' (₹ 199.45 crore: 43.63 *per cent*).

The revenue expenditure was higher by ₹ 1,709 crore (3.80 *per cent*) than the projections in FCR (₹ 44,905 crore) for the year 2014-15. The sector-wise distribution of revenue expenditure is shown in **Chart 1.8**.

1% **Chart 1.8: Sectoral distribution of revenue expenditure**



During the current year the Capital Expenditure increased by ₹ 917 crore (41.66 *per cent*) over the previous year. The increase was mainly under capital outlay on Roads and Bridges (₹ 545.17 crore: 143.27 *per cent*), capital outlay on Other General Economic Services (₹ 157.47 crore: 209.07 *per cent*), capital outlay on Flood Control Projects (₹ 135.05 crore: 140.86 *per cent*) capital outlay on Water Supply and Sanitation (₹ 91.75 crore: 44.93 *per cent*), capital outlay on Medium Irrigation (₹ 86.31 crore: 163.62 *per cent*) and capital outlay on Urban Development (₹ 86.13 crore: 50.54 *per cent*) partly offset by decrease mainly under capital outlay on Education Sports, Art and

Culture (₹ 203.00 crore: 56.91 per cent) and capital outlay on Housing (₹ 92.27 crore: 87.66 per cent).

The capital expenditure during the current year (₹ 3,118 crore) was only 33.30 per cent of the projections made in the FCR (₹ 9,362 crore).

1.6.2 Committed expenditure

The committed expenditure of the Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.15** presents the trends in expenditure on these components during 2010-11 to 2014-15.

Table 1.15: Trends in components of committed expenditure

Sr. No	Components of committed expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	
						BE	Actuals
1	Salaries and Wages[§], of which	9750 (35)	12403 (47)	14120 (44)	14852 (42)	20366 (45)	16304 (42)
	<i>Under Non-Plan Head</i>	9525	12081	13727	14496	17664	15615
	<i>Under Plan Head*</i>	225	322	393	356	2702	689
2	Interest Payments	5515 (20)	6280 (24)	6831 (21)	7820 (22)	8380 (19)	8960 (23)
3	Pensions	5309 (19)	5657 (22)	5966 (19)	6277 (18)	6886 (15)	7249 (19)
4	Subsidies	3480 (13)	3215 (12)	5132 (16)	4904 (14)	5199 (12)	4772 (12)
	Total Committed Expenditure	24054	27555	32049	33853	40831	37285
	Total Revenue expenditure[#]	32897	33045	39458	41641	49146	46614
	Revenue Receipts	27608	26234	32051	35104	44894	39023

Source: Finance Accounts

Figures in the parenthesis indicate percentage to Revenue Receipts

[§] Salaries (2014-15): ₹16003.80 crore + Wages (2014-15): ₹299.56 crore

* Plan Head includes centrally sponsored schemes

[#] includes expenditure other than committed expenditure.

1.6.2.1 Salaries

Table 1.16 presents the targets of various components of committed expenditure vis-à-vis actuals during 2014-15.

Table 1.16: Committed expenditure vis-à-vis targets during 2014-15

Item	TFC	FCR for State	2013-14	2014-15	
				BE	Actuals
Salaries	10809	14730	14580	20076	16004
Interest payments	7717	8130	7820	8380	8960
Pensions	5356	6418	6277	6886	7249
Subsidies	--	--	4904	5199	4772
<i>of which Power subsidy</i>	--	5020	4815	2505	4642

Source: Report of TFC, Annual Financial Statement 2014-15 and Finance Accounts

Table 1.16 shows that the expenditure on salaries in 2014-15 exceeded the projections of TFC and FCR by ₹ 5,195 crore (48.06 per cent) and ₹ 1,274 crore (8.65 per cent) respectively.

1.6.2.2 Interest payments

Table 1.15 shows that the interest consumed 23 per cent of revenue receipts as against 22 per cent during the previous year. **Table 1.16** shows the interest payments exceeded the projections of TFC, FCR and budget estimates by ₹ 1,243 crore (16.11 per cent), ₹ 830 crore (10.21 per cent) and ₹ 580 crore (6.92 per cent) respectively.

1.6.2.3 Subsidies

Table 1.16 shows that the subsidies during the current year came down by ₹ 132 crore (2.69 per cent) over the previous year. The actual expenditure on subsidies (₹ 4,772 crore) was less than the projection made in the BE (₹ 5,199 crore). The expenditure on Power subsidy (₹ 4,642 crore) was 92.47 per cent against the norm of FCR (₹ 5,020 crore).

The subsidies present a partial picture as these are exclusive of the implicit subsidies. Implicit subsidies arise when the Government provides social and economic goods/services at a price lesser than the cost of goods and services incurred by the Government. It can be indirect or in kind or take the shape of concessions. Some implicit subsidies extended during 2014-15 are detailed in the **Table 1.17**.

Table 1.17: Details of implicit subsidies during the year 2014-15

(₹ in crore)		
Sr. No.	Scheme	Amount
1	Free books to scheduled caste students (Ist to Xth Class)	51.66
2.	Reimbursement to Transport department in respect of facility to physically handicap and blind in Government/ PRTC buses	7.59
3	Reimbursement to Transport department in lieu of free concessional travel facility to women above the age of 60 years in Government/PRTC buses	0.23
4	Shagun to Scheduled Castes girls/widows/divorcees and daughters of widows at the time of their marriage	26.95
5	Shagun to Backward classes and Christian girls/widows/divorcees and daughters of widows	7.47
	Total	93.90

Source: Detailed Appropriation Accounts for the year 2014-15

1.6.2.4 Pension payments

Table 1.16 shows that the pension payments recorded a growth of ₹ 972 crore (15.49 per cent) during the current year over the previous year. Pension payments exceeded the projections of TFC and FCR by ₹ 1,893 crore (35.34 per cent) and ₹ 831 crore (12.95 per cent) respectively.

1.6.3 Financial assistance to the local bodies/other institutions

The assistance provided by way of grants and loans to the local bodies and other institutions during the current year and the previous years is presented in **Table 1.18**.

Table 1.18: Financial assistance to local bodies, etc.*(₹ in crore)*

Institutions	2010-11	2011-12	2012-13	2013-14	2014-15	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	683.84	905.58	921.18	564.95	561.63	689.66
Municipal Corporations and Municipalities	155.05	71.90	43.13	109.10	107.00	0.00
Zila Parishads and Other Panchayati Raj Institutions	87.02	131.48	132.39	99.27	93.69	93.36
Development Agencies	3.59	0.43	127.67	754.92	942.24	1107.74
Hospitals and Other Charitable Institutions	63.27	90.14	105.06	98.15	122.90	266.91
TOTAL	992.77	1199.53	1329.43	1626.39	1827.46	2157.67
Assistance as percentage of RE	3.62	3.63	3.37	3.91	3.72	4.63

Source: Calculated on the basis of Finance Accounts and demand for grants 2014-15

The financial assistance to the local bodies and other institutions increased by ₹ 531.28 crore (32.67 per cent) during 2014-15 over the previous year. This increase was mainly due to increase in assistance to the Development agencies (₹ 352.82 crore: 46.74 per cent); Hospitals and other charitable institutions (₹ 168.76 crore: 171.94 per cent) and Educational Institutions (₹ 124.71 crore: 22.07 per cent) off-set by decrease in assistance to Municipal Corporations and Municipalities (₹ 109.10 crore: 100 per cent).

The overall quantum of financial assistance to the local bodies and other institutions remained between 3.37 and 4.63 per cent of the revenue expenditure during 2010-15.

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 adequacy and efficiency of the expenditure.

1.7.1 Adequacy of public expenditure

Adequacy of public expenditure means whether there are enough provisions for providing public services. The responsibilities to incur expenditure on social sector and economic infrastructure are largely assigned to the State Governments. For enhancing the levels of human development, the States are required to step up their expenditure on key social services like education, health etc. The fiscal priority (ratio of expenditure on a particular category to

the aggregate expenditure) to a particular sector is considered low if it is below the respective national average. The fiscal priority of the State Government with regard to development expenditure, expenditure on social sector and capital expenditure etc. is shown in **Table 1.19**.

Table 1.19: Fiscal priority of the State in 2011-12 and 2014-15

(In per cent)

Fiscal Priority by the State	AE/ GSDP	DE [#] / AE	SSE/ AE	ESE/ AE	CE/ AE	Education/ AE	Health/ AE
General Category States Average* (Ratio) 2011-12	15.98	65.39	36.63	28.76	13.23	17.10	4.68
Punjab (Ratio) 2011-12	13.58 (84.98)	48.94 (74.84)	27.70 (75.62)	21.24 (73.85)	4.59 (34.69)	15.61 (91.29)	4.59 (98.08)
General Category States Average* (Ratio) 2014-15	16.49 [§]	69.12	36.50	32.61	14.01	16.23	5.04
Punjab (Ratio) 2014-15	14.29 (86.66)	52.04 (75.29)	29.05 (79.59)	22.99 (70.50)	6.24 (44.54)	15.25 (93.96)	4.73 (93.85)

Source: Figures calculated on the basis of the Finance Accounts of the respective States

* Based on 18 General Category States viz 1) Andhra Pradesh including Telangana, 2) Bihar, 3) Chhattisgarh, 4) Goa, 5) Gujarat, 6) Haryana, 7) Jharkhand, 8) Karnataka, 9) Kerala, 10) Madhya Pradesh, 11) Maharashtra, 12) Odisha, 13) Punjab, 14) Rajasthan, 15) Tamil Nadu except Puducherry, 16) Uttar Pradesh, 17) West Bengal and 18) Delhi.

§ Based on 17 States except 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 1.19 shows that:

- The Public expenditure, as indicated by the ratio of aggregate expenditure to GSDP, was lower in 2011-12 in the State as compared to the General Category States and the trend continues in the year 2014-15. However, the ratio of public expenditure incurred by Punjab to that incurred by General Category States has gone up from 84.98 *per cent* in 2011-12 to 86.66 *per cent* in 2014-15.
- Development expenditure refers to the expenditure on economic and social sector. Increased priority to Development expenditure will result in better human and physical asset formation which will further increase the growth prospects of the State. In the case of Punjab, lower priority was given to the Development expenditure, as lower proportion of the aggregate expenditure as compared to General Category States was spent under this head. Punjab spent 48.94 *per cent* in 2011-12 and 52.04 *per cent* in 2014-15 respectively of aggregate expenditure on development whereas General Category States average expenditure on development ranged between 65.39 *per cent* and 69.12 *per cent* during this period. However, the ratio of development expenditure incurred by Punjab to the average expenditure incurred by General Category States has gone up from 74.84 *per cent* in 2011-12 to 75.29 *per cent* in 2014-15.
- Similarly, lower priority had been given to the expenditure in Social Sector as lower proportion of aggregate expenditure was spent on this sector as compared to the General Category States in the country.

However, the ratio of social sector expenditure incurred by Punjab to the average expenditure incurred by General Category States has gone up from 75.62 *per cent* in 2011-12 to 79.95 *per cent* in 2014-15.

- Capital expenditure increases the asset creation which will generate opportunities for higher growth. In Punjab, the ratio of capital expenditure to the aggregate expenditure was also lower as compared to the General Category States. However, the ratio of Capital expenditure incurred by Punjab to the average capital expenditure incurred by General Category States has gone up from 34.69 *per cent* in 2011-12 to 44.54 *per cent* in 2014-15.
- In the case of education, the ratio of expenditure incurred by the Government of Punjab to average expenditure incurred by General Category States has gone up from 91.29 *per cent* in 2011-12 to 93.96 *per cent* in 2014-15 whereas in the case of health, it came down to 93.85 *per cent* in 2014-15 from 98.08 *per cent* in 2011-12.

1.7.2 Efficiency 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 adequacy of the expenditure (i.e. adequate provisions for providing public services) and 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 goods. Apart from improving the allocation towards development expenditure, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.20** presents the expenditure incurred in various sectors during the year 2014-15, **Table 1.21** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years.

Table 1.20: Expenditure incurred in various sectors

(₹ in crore)

Sector	Total Expenditure	Amount of Committed expenditure	Per cent spent on committed expenditure	Amount of Capital expenditure	Per cent spent on Capital expenditure
General Services	23379.14	22125.85	94.64	252.27	1.08
Social Services	14523.67	8262.29	56.89	794.62	5.47
Economic Services	11495.35	6927.62	60.26	2071.55	18.02

Source: Calculated on the basis of Finance Accounts

Table 1.20 shows that the capital expenditure incurred in various sectors during the year 2014-15 ranged between one to 18 *per cent*.

Table 1.21: Development expenditure

(₹ in crore)

Components of Development expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	
					BE	Actual
Total Development expenditure (a to c)	15890 (44.95)	17042 (48.94)	22241 (53.50)	23017 (52.30)	32147 (57.84)	26019 (52.04)
a. Development Revenue expenditure	13660 (38.64)	15511 (44.54)	20342 (48.93)	20919 (47.54)	26443 (47.58)	22967 (45.93)
b. Development Capital expenditure	2199 (6.22)	1402 (4.03)	1754 (4.22)	1982 (4.50)	5704 (10.26)	2866 (5.73)
c. Development Loans and Advances	31 (0.09)	129 (0.37)	145 (0.35)	116 (0.26)	0 (0.00)	186 (0.37)

(Figures in parenthesis indicate percentage to aggregate expenditure)

Source: Calculated on the basis of Finance Accounts and Annual Financial Statement 2014-15

Table 1.21 shows that the total development expenditure increased by ₹ 10,129 crore (63.74 per cent) during 2010-11 to 2014-15 and by ₹ 3,002 crore (13.04 per cent) during the current year over the previous year.

The development revenue expenditure increased from ₹ 13,660 crore in 2010-11 to ₹ 22,967 crore in 2014-15. The development revenue expenditure increased by ₹ 2,048 crore (9.79 per cent) during the current year over the previous year, whereas it was less by ₹ 3,476 crore (13.15 per cent) when compared with the BE of the State for the year 2014-15.

The development capital expenditure increased from ₹ 2,199 crore in 2010-11 to ₹ 2,866 crore in 2014-15 though it is only 5.73 per cent of aggregate expenditure in the current year as against 6.22 per cent in 2010-11. It implies that the State Government was giving less priority to capital expenditure for development.

Table 1.22: Expenditure on selected Social and Economic Services vis-à-vis respective total expenditure

(In per cent)

Social/Economic Infrastructure	2013-14		2014-15	
	Ratio of CE to TE	In RE, the share of S&W	Ratio of CE to TE	In RE, the share of S&W
Social Services (SS)				
General Education	5.13	75.74	0.81	75.21
Health & Family Welfare	4.20	81.83	0.00	72.81
Water Supply, Sanitation, Housing and Urban Development	46.02	63.55	34.42	35.71
Total (SS)	7.59	63.66	5.47	59.80
Economic Services (ES)				
Agriculture and Allied Activities	5.49	51.78	2.22	20.62
Irrigation & Flood Control	21.18	67.59	34.88	69.82
Power and Energy	0.00	0.02	0.00	0.03
Transport	36.00	31.76	66.63	42.67
Total (ES)	9.77	22.63	18.02	23.59
Total (SS+ES)	8.61	44.83	11.02	45.23

CE: Capital Expenditure; TE: Total Expenditure; RE: Revenue Expenditure; S&W: Salary and Wages.

Source: Calculated on the basis of Finance Accounts

Table 1.22 shows that in 2014-15, the ratio of the capital expenditure (CE) to the total expenditure (TE) on the Social Services (SS) decreased by 2.12 and that of the capital expenditure to the total expenditure on Economic Services (ES) increased by 8.25 *per cent*.

The share of salaries and wages components in revenue expenditure on SS decreased from 63.66 to 59.80 *per cent* and in case of ES it increased from 22.63 to 23.59 *per cent* during the current year over the previous year.

The combined ratio of CE to TE on SS and ES increased by 2.41 during 2014-15 over the previous year, while the share of salaries and wages in revenue expenditure on SS and ES increased from 44.83 to 45.23 *per cent*.

1.7.3 End use of various cess imposed by the Government of Punjab

The Government of Punjab imposed various cesses for meeting expenditure for specific purposes. End use of major cesses imposed by the Government of Punjab, was checked to see as to whether the amount collected on account of these cesses was utilised for meeting expenditure on specific purposes only or other expenditure was also met from the amount of cess. The findings are as under:

(i) Cultural Cess

The Government of Punjab imposed (April 2013) a cultural cess at the rate of one per cent on construction cost of roads, bridges, flyovers, road over bridges/road under bridges etc. under the Punjab Ancient, Historical Monuments, Archaeological sites and Cultural Heritage Maintenance Board Act, 2013. The proceeds of the cess were to be credited by the agencies concerned directly into the Consolidated Fund of the State (CFS). The cess so collected was to be released by the State Government under the Plan Scheme to the Board established under the Act for meeting expenditure on:

- (i) Preservation and conservation of the protected/unprotected monuments in the State;
- (ii) construction of the buildings of State/National importance and repayment of loans raised for construction/creation of the buildings of State/National importance;
- (iii) operation and maintenance and upkeep of the buildings under sub section (ii) above; and
- (iv) any other building.

During the year 2013-14 and 2014-15, an amount of ₹ 81.74 crore was deposited by various agencies on account of cultural cess in the head of account 0202-Education, Sports, Art and Culture 04-Art and Culture 800-Other receipts 02-Cultural heritage maintenance and development fund. Out of this, the Director, Cultural Affairs, Archaeology and Museums, Punjab who is a member secretary of the Board drew ₹ 16.08 crore. The balance amount is parked in the Government account. Further, out of ₹ 16.08 crore drawn by the Director, ₹ 3.76 lakh were stated to have been spent towards expenditure on salary of a Superintendent and Accountant appointed for attending to the

various projects of the Board and miscellaneous expenditure which was against the provisions of the Act.

(ii) Social Infrastructure Cess

The Government of Punjab, by insertion of a new section (3-D) in the Indian Stamp Act, 1899 (as applicable to Punjab) imposed (February 2013) the social infrastructure cess at the rate of one *per cent* on all those instruments mentioned in entry 23 of Schedule I-A of the Act which are chargeable with duty under section 3 and additional duty under sections 3-B and 3-C. The cess so collected was to be utilised for providing and improving infrastructure in social sector. As per information provided by the Department of Revenue and Rehabilitation, ₹ 234.31 crore and ₹ 410.53 crore were collected during the year 2013-14 and 2014-15 respectively on account of this cess and deposited in major head of Account “0030-Stamps and Registration”. As regards expenditure out of cess collection, the Finance Department intimated (August 2015) that the matter was being investigated and the information on expenditure would be provided after the investigation was complete. However, no information was provided (October 2015) by the Finance Department. Thus, Audit could not ascertain as to whether the cess collection was utilized for specific purpose or not.

(iii) Building and Other Construction Workers Welfare Cess

The Building and Other Construction Workers Welfare Act and the Building and Other Construction Workers Welfare Cess Act provide that in order to provide basic amenities and welfare facilities to workers engaged in construction activities, State Government shall collect a cess on the cost of construction incurred by an employer at the rates notified by the Central Government and deposit it with the Board constituted for carrying out the welfare schemes for construction workers. The Government of Punjab instructed (November 2008) all the heads of the Departments/Boards/Autonomous Bodies/Local Authorities to collect cess at the rate of one *per cent* of cost of construction, as notified by the Central Government vide notification dated 26 September 1996, and deposit it with the Punjab Buildings and Other Construction Workers Welfare Board.

The cess so collected was required to be spent for the social security schemes and welfare measures adopted by the Board for the benefit of building and other construction workers in the State. Detail of cess collected by the Board and expenditure incurred there from are given in the **Table 1.23:**

Table 1.23: Detail of cess collected*(₹ in crore)*

Year	Actual receipts				Actual expenditure		
	Cess collected	Beneficiaries contribution	Interest earned	Total receipts	Administrative expenditure	Expenditure on schemes	Total expenditure
2009-10	37.68*	0.130	0.69	38.500	1.28	--	1.28
2010-11	92.69	0.004	2.98	95.670	1.06	0.14	1.20
2011-12	112.95	0.023	4.92	117.890	1.47	1.15	2.62
2012-13	122.03	0.870	25.92	148.820	1.34	1.23	2.57
2013-14	120.52	1.600	43.48	165.600	2.60	79.18	81.78
2014-15	145.38	1.900	47.50	194.780	3.43	61.73	65.16
Total	631.25	4.527	125.49	761.267	11.18	143.43	154.61

Source: Departmental figures

* Cess of 2009-10 includes ₹0.93 crore cess collected during 2008-09

Table 1.23 showed that the whole of the amount collected on account of cess was not spent every year with the result that an unspent amount of ₹ 606.66 crore was lying with the board as on 31 March 2015.

1.7.4. Non-release of funds by treasury

It is incumbent upon the Government that budgeted funds are released to concerned departments. However, information collected from Director, Treasury and Accounts, Punjab showed that during the year 2014-15 the treasury did not release funds in respect of bills for ₹ 3,956.95 crore (Plan: ₹ 2,404.04 crore and Non-plan: ₹ 1,552.91 crore).

1.8 Analysis of Government expenditure and investments

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

1.8.1 Financial results of irrigation works

The financial results of nine³ major irrigation projects involving a capital expenditure of ₹ 504.21 crore at the end of March 2015 showed that revenue realised from these projects during 2014-15 (₹ 62.40 crore) was only 12.38 per cent of the capital expenditure on these projects. This return was not sufficient to cover even the total working expenses and maintenance charges (₹ 375.71 crore) and interest chargers (₹ 25.09 crore) during the year

³ (i) Upper Bari Doab Canal; (ii) Sirhind canal; (iii) Sutlej valley project (Eastern canal); (iv) Shah Nahar Canal Project; (v) Madhopur Beas Link Project; (vi) Harike Project; (vii) Installation of 96 tubewells in Shahkot block of Jalandhar district; (viii) Installation of 150 tubewells along main branch to augment Irrigation supplies from Upper Bari Doab Canal tracts and (ix) Installation of 108 tubewells in Mahilpur block of Hoshiarpur district.

2014-15. After meeting the direct working expenditure and interest charges of ₹ 400.80 crore, these projects suffered a net loss of ₹ 338.41 crore.

1.8.2 Incomplete projects

The department-wise information pertaining to the incomplete projects (scheduled to be completed between 2008-09 and 2014-15) as on 31 March 2015 is given in the **Table 1.24**.

Table 1.24: Department-wise profile of incomplete projects

(₹ in crore)

Department	Number of Incomplete Projects	Initial Budgeted Cost	Revised Cost of Projects	Expenditure	Cost Overrun
Buildings and Roads	7	173.64	NA	92.70	NA
	3	4.17	NA	NA	NA
	1	18.10	20.00	18.03	1.90
Irrigation	17	2644.99	NA	511.57	NA
	1	58.15	74.14	26.57	15.99
Water Supply and Sanitation	4	8.53	NA	4.74	NA
	1	0.94	1.07	0.71	0.13
TOTAL	34	2908.52		654.32	18.02

Source: Finance Accounts

NA stands for Not Available

Out of total 34 incomplete projects, 11 projects were in Public Works (B&R) Department, 18 projects were in Irrigation Department and 5 projects were in Water Supply and Sanitation Department.

1.8.3 Investment and return

(i) The investment and return on investment is given in **Table 1.25**:

Table 1.25: 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 (₹ in crore)	3831.96	3831.73	3832.65	3862.16	3977.48
Return (₹ in crore)	0.62	1.73	0.33	1.46	1.48
Return (<i>per cent</i>)	0.02	0.05	0.01	0.04	0.04
Average rate of interest on Government Borrowing (<i>per cent</i>)	7.73	7.96	7.79	8.04	8.35
Difference between interest rate and return (<i>per cent</i>)	7.71	7.91	7.78	8.00	8.31

Source: Finance Accounts

During 2014-15, the return on investment from Co-operative Banks and Societies (₹ 0.03 crore); and Statutory Corporations, Joint Stock Companies and Government Companies (₹ 1.45 crore) was ₹ 1.48 crore (0.04 *per cent*). The return was only between 0.01 and 0.05 *per cent* during 2010-15 while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.73 and 8.35 *per cent* during the same period.

(ii) The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2015 is given in Table 1.26.

Table 1.26: Equity, loans, guarantees outstanding as per Finance Accounts vis-à-vis records of PSUs

Particulars	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	3609.48	7801.54	4192.06
Loans	1580.78	359.33	1221.45
Guarantees	49058.42	49058.42	--

Source: Finance Accounts and records of PSUs

Audit observed that the differences occurred in respect of 15 PSUs and some of the differences were pending reconciliation since 1985-86. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

1.8.4 Loans and advances by the Government of Punjab

In addition to the investments in Co-operative Societies, Corporations and Companies, the Government of Punjab has also been providing loans and advances to many institutions/organizations. Table 1.27 presents the position of outstanding loans and advances as on 31 March 2015 and interest receipts vis-à-vis interest payments by the State Government on its borrowings during last five years.

Table 1.27: Position of outstanding loans and advances and interest received/paid (₹ in crore)

Quantum of loans/ interest receipts/ cost of borrowings	2010-11	2011-12	2012-13	2013-14	2014-15
Opening Balance of loans outstanding	2853	2324	2406	2429	2482
Amount advanced during the year	68	177	197	165	270
Amount recovered during the year	597	95	174	112	137
Closing Balance of the loans outstanding	2324	2406	2429	2482	2615
Interest received	51	40	44	48	55
Interest received as <i>per cent</i> to the outstanding Loans and Advances	2.19	1.66	1.83	1.93	2.10
Interest paid as <i>per cent</i> to the outstanding fiscal liabilities of the Government	7.03	7.96	7.79	8.04	8.35
Difference between the rate of, interest paid and interest received (<i>per cent</i>)	(-).5.54	(-).6.30	(-).5.96	(-) 6.11	(-).6.25

Source: Finance Accounts

During 2014-15, ₹ 270 crore were advanced as loans against ₹ 165 crore during previous year. Further, recovery of loans amounting to ₹ 137 crore was

made as against ₹ 112 crore during previous year. The total outstanding loan increased from ₹ 2,482 crore in 2013-14 to ₹ 2,615 crore in the year 2014-15. The interest receipts of ₹ 55 crore during the current year increased by ₹ 7 crore (14.58 *per cent*) over the previous year. While the interest payment during 2014-15 was 8.35 *per cent* of its outstanding fiscal liabilities, the interest received was only 2.10 *per cent* of the outstanding loans and advances.

Some points of interest in respect of loans and advances given by the Government are as under:

(i) Out of loan of ₹ 90.04 crore shown in the Finance Accounts as recoverable from Pepsu Road Transport Corporation (PRTC) as on 31 March 2015 under the account head 7055 (190), an amount of ₹ 66.29 crore along with interest of ₹ 76.69 crore was converted into equity share capital in June 2012 by the State Government. But the adjustment to the effect could not be made in the Finance Accounts for want of requisite sanction from the Government.

(ii) The Government of Punjab in the Department of Agriculture in anticipation of release of funds by GoI for scheme "second push in Agriculture" released (December 2002) ₹ 27 crore out of Rural Development Fund to the Punjab Agro Industries Corporation Limited for execution of said scheme. The amount was to be treated as loan taken from the Punjab Rural Development Fund by the State Government but no entry to this effect was made in the Finance Accounts.

(iii) The loan amounting to ₹ 87.50 crore shown in the Finance Accounts as recoverable from Punjab Mandi Board as on 31 March 2015 under the account head 6401 (800) was converted to grant-in-aid by the State Government in March 2011. But the adjustment to the effect could not be made in the Finance Accounts even after four years for want of requisite sanction from the Finance Department.

(iv) The State Government provided loan of ₹ 5.50 crore during the year 1996-97 and 1998-99 to the Punjab Agro Industries Corporation Limited. The principal amount of loan of ₹ 5.50 crore was repaid to the State Government in 2015-16 (April 2015) but interest of ₹ 18.33 crore recoverable up to 31 March 2015 on principal amount of loan which had been accounted for by the Company in its books as payable to the State Government had not been paid by the Company. This resulted into non-recovery of interest and understatement of revenue receipt by ₹ 18.33 crore and overstatement of revenue deficit to that extent.

(v) Further, test check of records of loans and advances given by the State Government showed that terms and conditions in respect of the following loans had not been finalized (July 2015):

Sr.No.	Name of company to which loan was given	Amount of loan
1.	Punjab Water Resources Management and Development Corporation Limited	₹ 233.23 crore (given during the period 1983-84 to 1998-99)
2.	Punjab State Federation of Co-operative Sugar Mills Limited	₹ 332.19 crore (2011-12: ₹ 46.00 crore; 2012-13: ₹ 99.70 crore) and 2014-15: ₹ 186.49 crore)
3.	M/s Punjab Agro Juices Limited	₹ 30 crore (given during the year 2012-13)

Source: Departmental records

1.8.5 Cash balances and investment of cash balances

Table 1.28 depicts the cash balances and investments made by the Government of Punjab out of the cash balances during the year 2014-15. Total investment out of cash balances during 2014-15 were ₹ 350.35 crore. On these investments, the Government earned interest of ₹ 2.03 crore during the current year. The cash balances at the close of the current year decreased from ₹ 630.42 crore of the previous year to ₹ (-)137.76 crore mainly due to increase in *minus* balance of Deposits with Reserve Bank of India from minus ₹ 69.18 crore to minus ₹ 1,064.36 crore.

Table 1.28: Cash balances and investment of cash balances

		(₹ in crore)		
	Overall Cash Position of the Government	As on 31 st March 2014	As on 31 st March 2015	Increase(+)/ Decrease(-)
(A)	General Cash Balances-			
1	Deposits with Reserve Bank of India	(-)69.18	(-)1064.36	(-)995.18
2	Investment held in the Cash balance Investment Account	102.03	350.35	248.32
(i)	GoI Securities ⁴	101.99	101.99	0.00
(ii)	GoI Treasury Bills	0.00	248.32	248.32
(iii)	Punjab State Power Corporation Bonds	0.04	0.04	0.00
	Total (A)	32.85	(-)714.01	(-)746.86
(B)	Other Cash Balances and Investments-			
1	Cash with departmental officers viz; Forest and Public Works	596.67	575.34	(-)21.33
2	Permanent advances for contingent expenditure with departmental officers	0.22	0.23	0.01
3	Investments of earmarked fund	0.68	0.68	0.00
	Total (B)	597.57	576.25	(-)21.32
	Total (A) and (B)	630.42	(-)137.76	(-)768.18
	Interest realised on investment	4.30	2.03	(-)2.27

Source: Finance Accounts

Under an agreement with the Reserve Bank of India, the Government of Punjab has to maintain with the bank a minimum balance of ₹ 1.56 crore on all days. If the balance falls below the agreed minimum balance on any day, the

⁴ An amount of ₹ 101.99 crore is appearing as GoI Securities in the Finance Accounts of the Government of Punjab since 2003. This amount is static since 2003. Despite taking up the matter time and again, response for its adjustment from Finance Department of the Government of Punjab is still awaited (August 2015).

deficiency is made good by taking ways and means advances/overdraft from the Reserve Bank of India.

As per statement 6 of the Finance Accounts, ₹ 546.89 crore were outstanding as ways and means advances at the end of the year 2013-14. During 2014-15, the Government obtained ₹ 10,239.32 crore as ways and means advances from Reserve Bank of India on 84 occasions. Total outstanding amount of ₹ 10,786.21 crore were repaid during the year leaving nil balance. An amount of ₹ 28 crore was paid as interest on these advances.

An amount of ₹ 45.73 crore was outstanding at the end of the year 2013-14 as shortfall/overdraft. During 2014-15, the Government had availed shortfall of ₹ 32.76 crore on 22 occasions and overdraft of ₹ 8,996.03 crore on 76 occasions. During the year, ₹ 9,074.52 crore were repaid leaving nil balance at the end of the year. An amount of ₹ 12.54 crore was paid as interest on these shortfalls/ overdrafts.

Minimum cash balance was maintained for 50 days without taking any advance from the RBI.

1.8.6 Parking of fund outside Government Accounts

In terms of Rule 2.10 of Punjab Financial Rules Vol.-I, no money is withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

An amount of ₹ 575.34 crore as on 31 March 2015 pertaining to Major Head 8671-Departmental Balances was lying with Departmental Officers as idle cash. The amount should have been remitted by the Departmental officers to treasury by 31 March 2015.

1.9 Assets and liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts capture the fiscal liabilities and the assets created out of the expenditure incurred. *Appendix 1.4-Part B* gives an abstract of such liabilities and the assets as on 31 March 2015, compared with the corresponding position as on 31 March 2014. The liabilities 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.

In real terms, during 2014-15, the assets grew by ₹ 2,525.73 crore (7.03 per cent) whereas the liabilities increased by ₹ 10,116.37 crore (9.89 per cent) over the previous year. The ratio of Financial Assets to

Liabilities came down to 34.21 *per cent* in 2014-15 from 35.13 *per cent* in the previous year.

1.9.2 Fiscal liabilities

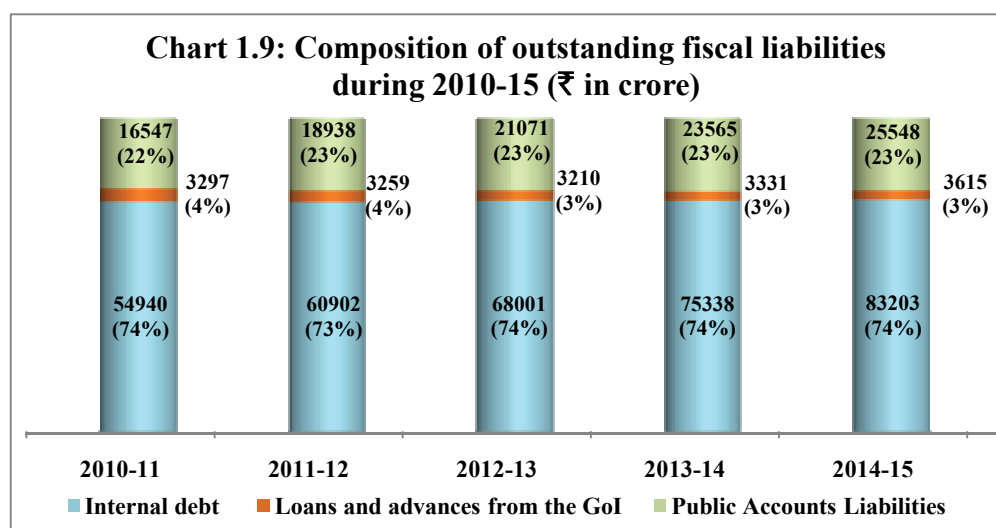
Fiscal liabilities comprise Public Debt and Other Liabilities. The Public Debt consists of market loans, loans from banks/financial institutions; and loans and advances from the GoI. The other liabilities include deposits under small savings scheme, provident funds and other deposits. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may, from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The trends in outstanding fiscal liabilities, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts of the State and State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters during the period 2010-15 are presented in **Table 1.29**.

Table 1.29: Fiscal liabilities – Basic Parameters

	2010-11	2011-12	2012-13	2013-14	2014-15
Fiscal Liabilities (₹ in crore)	74784	83099	92282	102234	112366
Rate of Growth (per cent)	10.03	11.12	11.05	10.78	9.91
Public Debt	58237	64161	71211	78669	86818
<i>Internal debt</i>	54940	60902	68001	75338	83203
<i>Loans and advances from the GoI</i>	3297	3259	3210	3331	3615
Public Accounts Liabilities	16547	18938	21071	23565	25548
Ratio of Fiscal liabilities to					
GSDP (per cent)	33.06	32.41	32.37	32.19	32.12
Revenue receipts (per cent)	270.87	316.76	287.92	291.23	287.95
Own resources (per cent)	337.50	410.59	365.95	374.88	394.96
Buoyancy of Fiscal liabilities to					
GSDP (ratio)	0.69	0.83	0.99	0.95	0.98
Revenue receipts (ratio)	0.41	-2.23	0.50	1.13	0.89
Own resources (ratio)	0.40	-1.28	0.45	1.32	2.29

Source: Calculated on the basis of Finance Accounts and GSDP figures obtained from the official website of Ministry of Statistics and Programme Implementation, Government of India (www.mospi.nic.in) as on 31st July 2015.

The composition of outstanding fiscal liabilities during the year 2010-11 to 2014-15 is as presented in **Chart 1.9**.



The overall fiscal liabilities of the State Government had been on the rise and it increased from ₹ 74,784 crore as on 31 March 2011 to ₹ 1,12,366 crore as on 31 March 2015. At the end of the current year the Consolidated Fund liabilities (₹ 86,818 crore) comprised of internal debt of ₹ 83,203 crore and loans of ₹ 3,615 crore from GoI. The Public Account liabilities during the current year (₹ 25,548 crore) comprised of small savings, provident fund (₹ 18,262 crore) and interest bearing obligations and non-interest bearing obligations like deposits and other earmarked funds (₹ 7,286 crore). The total fiscal liabilities went up at an annual average growth rate of 10.05 per cent during the period 2010-11 to 2014-15.

1.9.3 Management of Reserve Funds

Table 1.30: Position of Reserve Funds

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Reserve Funds Bearing Interest					
1. Closing Balance, of which	2292	2607	3240	3579	4228
Investments	Nil	Nil	Nil	Nil	Nil
2. Funds Utilised for Intended Purposes	188	160	13	238	19
3. Interest Paid on Interest-Bearing Reserve Funds	85	245	276	311	374
Reserve Funds not bearing interest					
Closing Balance, of which	9	9	9	9	9
Investments	0.68	0.68	0.68	0.68	0.68
Cumulative aggregate balance	2301	2616	3249	3588	4237
Inoperative Reserve Funds					
No. of Inoperative Funds	4	4	4	4	4
Amount	9	9	9	9	9

Source: Finance Accounts of respective years

Table 1.30 shows that the cumulative aggregate balance in Reserve Funds as on 31 March 2015 was ₹ 4,237 crore. Out of which ₹ 68 lakh were invested.

As per Finance Accounts, Reserve Funds not bearing interest have been inoperative since 1982-83.

1.9.4 Non-investment of State Disaster Response Funds

The GoI, Ministry of Home Affairs constituted (September 2010) the State Disaster Response Fund (SDRF) at State level for providing immediate relief to the victims of natural calamities and issued guidelines for administration of this fund. As per paragraph 19 of the guidelines, the accretions to the SDRF together with the income earned on the investment of the SDRF is required to be invested in one or more of the instruments viz. (a) Central Government dated Securities; (b) Auctioned Treasury Bills; and (c) Interest earning deposits and certificates of deposits with Scheduled Commercial banks.

As per Finance Accounts, the balance in SDRF account was ₹ 4,113.61 crore as on 31 March 2015. But no investment out of these funds was made.

1.9.5 Status of Guarantees

Government of Punjab gives guarantees for repayments of loans raised by statutory corporations/boards, local bodies, cooperative banks and societies etc. Guarantees, in case of defaults by borrowers for whom the guarantees have been extended, are liabilities contingent on the Consolidated Fund of the State. As per Statement 9 of the Finance Accounts, details of the guarantees given by the Government of Punjab for the last five years is given in **Table 1.31**.

Table 1.31: Guarantees given by the Government of Punjab

Guarantees	2010-11	2011-12	2012-13	2013-14	2014-15
Outstanding amount of guarantees at the end of the year	40333	45714	58102	61411*	66893

Source: Finance Accounts

* Outstanding Guarantees for the year 2013-14 differs due to change in source of information from entities (till previous year) to State Government.

The outstanding amount of ₹ 66,893 crore of guarantees as on 31 March 2015 was in respect of banks and financial institutions (₹ 874.06 crore); cash credit facilities (₹ 33,218.32 crore); and working capital to companies, corporations, co-operative societies and banks (₹ 32,800.96 crore).

In terms of recommendation of the Twelfth Finance Commission, the State Government introduced the 'Guarantee Redemption Fund Scheme' (GRF) in December 2007 (revised on 8 January 2014 with effect from the financial year 2013-14) with the objective to meet its obligations arising out of the Guarantees issued on behalf of the State level bodies. As per the guidelines, the State Government is required to contribute with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of the previous year and thereafter minimum 0.50 *per cent* every year to achieve a minimum level of three *per cent* in next five years. Accordingly, the State Government was required to make a minimum contributions of ₹ 307.06 crore for the year 2014-15 (0.50 *per cent* of outstanding guarantee of ₹ 61,411 crore at the end of the previous year i.e. 2013-14) which was not done. Non-contribution to GRF has resulted into understatement of Revenue Expenditure by

₹ 307.06 crore with consequent impact on Revenue Deficit and Fiscal Deficit of the State Government.

1.9.6 Off-budget borrowings

(i) The term 'off-budget borrowings' refers to incurring liabilities by Government without bringing them into Government accounts. These may also arise when Government does not fully pay moneys it owes to Government companies/corporations. While a reasonable amount of unpaid bills are always there in the system due to time taken in passing the claims, these become a cause of concern when the magnitude is sizeable and non-payment could be attributed to lack of budget provision. A significant item of 'off-budget borrowings' by the Government pertains to non-clearance of bills submitted by Punjab State Civil Supplies Corporation Limited (PUNSUP) in respect of various procurement agencies for differential cost (i.e. difference between purchase cost and issue price to beneficiaries), fixed by the State Government under Atta Dal Scheme. Atta Dal Scheme was introduced by the Government of Punjab in March 2007 to provide Wheat and Dal at the subsidized rates to the poor families of the State every month. As on 31 March 2015, an amount of ₹ 2,025.67 crore⁵ (pertaining to the period August 2007 to March 2015) was payable by the State Government to PUNSUP under the Scheme.

(ii) Mention was made in the Report of the Comptroller and Auditor General of India on State Finances for the year 2013-14 (paragraph 1.9.6(ii)) regarding Government of Punjab permitting Punjab Urban Development Authority (PUDA) to borrow from the banks/financial institutions with responsibility of repaying the loans raised by PUDA. Accordingly, PUDA raised a loan of ₹ 2,000 crore (2012-13: ₹ 1,000 crore and 2013-14: ₹ 1,000 crore) from various banks which was remitted to Government account and booked under Major Head '0075-Miscellaneous General Services' in the accounts of the respective years instead of passing the amount through Major Head '6003-Internal Debt of the State Government. The liability towards repayment of principal and interest on these loans, however, has been taken by the State Government by way of assistance to PUDA.

During the year 2014-15, the State Government incurred an expenditure of ₹ 466.68 crore under the Major Head 2216-Housing, 02-Urban housing, 190-assistance to public sector and other undertakings, 01-assistance to PUDA-50-Other charges.

1.10 Debt management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, pursue its cost and risk objectives, keep the public debt at sustainable levels and to meet any other public debt management goals the government may set through enactment or any other annual budget announcements.

⁵ PUNSUP: ₹ 1,233.55 crore, Punjab State Warehousing Corporation (PSWC): ₹ 229.26 crore, Punjab Agro Foodgrains Corporation Limited (PAFCL): ₹ 230.20 crore and MARKFED: ₹ 332.66 crore.

1.10.1 Debt profile of the State**(i) Growth of debt****Table 1.32: Debt Growth Rate***(₹ in crore)*

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1. Internal Debt	54940	60902	68001	75338	83203
(i) Market Loans (<i>Percentage of market loans to total public debt</i>)	26764 (46)	34504 (54)	43063 (60)	50318 (64)	58003 (67)
(ii) Ways & Means Advances from RBI	368	107	158	593	0
(iii) Loans from Financial Institutions	4662	4069	3061	3047	2895
(iv) Special Securities issued to NSSF	23146	22222	21719	21380	22305
2. Loans from Government of India	3297	3259	3210	3331	3615
Total Public debt	58237	64161	71211	78669	86818
Other liabilities	16547	18938	21071	23565	25548
Total debt	74784	83099	92282	102234	112366

Source: Finance Accounts

During 2010-11 to 2014-15, total public debt increased from ₹ 58,237 crore to ₹ 86,818 crore (49 per cent). The share of market borrowings in total public debt went up from 46 per cent to 67 per cent during this period. Public debt increased by 10.36 per cent over the previous year over the current year.

(ii) Maturity profile of debt**Table 1.33: Maturity profile of repayment of State debt as on 31 March 2015**

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	4098.33	4.72
1 – 3	9384.75	10.81
3 – 5	17567.51	20.23
5 – 7	16627.72	19.15
7 and above	37294.80	42.96
Others⁶	1844.92	2.13
TOTAL	86818.03	100.00

Source: Calculated on the basis of Finance Accounts

Table 1.33, indicates that the State Government has to repay 10.81 per cent (₹ 9,385 crore) of its debt between 1-3 years, 20 per cent (₹ 17,568 crore) between 3-5 years and 19 per cent (₹ 16,628 crore) between 5-7 per cent. It signifies that State has to repay more than 50 per cent of its debt

⁶ Represents ₹ 1,844.60 crore representing loans of back to back basis, recoveries of which are being made by Central Government itself, ₹ 27.57 lakh repayment of which is on the basis of actual recoveries and ₹ 4.35 lakh representing market loans not bearing interest for which maturity profile was not available.

(₹ 43,581 crore) in the next seven years. This is an alarming position and State is heading towards a serious debt repayment position, which is termed as debt trap.

The State needs to formulate a well thought out debt management strategy and step up resource mobilization to ensure debt stability. Unless such efforts are made in this regard, the State would have serious problem of debt servicing which can lead to a situation of debt trap. Further, the Government of Punjab does not have a formal debt management policy to set out the Government's objectives and strategy for public debt management and the borrowing programme to meet the annual financing requirements of the government.

1.10.2 Application of borrowings

The Scheme of Financing (SOF) for the Annual Plan is submitted to the Planning Commission, GoI for approval. The requirement of borrowings (subject to ceiling fixed by GoI) for execution of Annual Plan are reflected in this Statement. Thus, it is incumbent upon the State that projections made in the SOF in respect of quantum of borrowings and purposes for which borrowed funds are to be utilized are adhered to. However, it was noticed that actual quantum of borrowings and utilization of borrowed funds for non-plan and plan expenditure was not as per the projections made in the SOF. **Table 1.34** shows the difference between projections in respect of resources and expenditure of the State and actuals.

Table 1.34: Total resources and expenditure: Projections vis-à-vis Actuals

(₹ in crore)

Particulars	11 th Five Year Plan (2007-12)		2012-13		2013-14		2014-15	
	Projections	Actuals	Projections	Actuals	Projections	Actuals	Projections	Actuals
Resources								
A) State Government's own funds	(-)12286	(-)23262	(-)4539	(-)7127	(-)2654	(-)6862	(-)4787	(-)6924
Balance from current revenue	(-)21152	(-)24070	(-)6243	(-)6225	(-)1969	(-)5739	(-)4813	(-)6543
Additional resource mobilization	8670	0	1580	0	641	0	0	0
Net Non –debt capital receipts	(-)900	1981	(-)300	(-)172	(-)1325	(-)242	(-)251	(-)312
Plan Grants from GoI (FC)	618	0	424	0	419	0	10	0
Adjustment of OB	478	(-)1173	0	(-)730	(-)420	(-)881	267	(-)69
B) Borrowings	29107	32061	9366	9183	9111	9952	10332	10131
C) Other Public Account	809	286	0	12	0	(-)350	0	(-)285
Suspense and Miscellaneous	0	253	0	18	0	(-)241	0	(-)288
Remittances	0	33	0	(-)6	0	(-)109	0	3
D) Grant for State Plan Scheme received from GoI	5858	4175	1945	684	1884	1058	7266	3598
E) Diversion from CP/CSS to State Plan	0	1121	0	504	0	600	0	-227
F) Closing cash balance	0	(-)1925	0	(-)881	0-	(-)69	226	-1064
Total Resources (A+B+C+D+E-F)	23488	16306	6771	4137	8341	4467	12585	7357

Particulars	11 th Five Year Plan (2007-12)		2012-13		2013-14		2014-15	
	Projections	Actuals	Projections	Actuals	Projections	Actuals	Projections	Actuals
Expenditure								
Capital Expenditure (Plan)	13250	9356	4509	1635	4069	1799	12442	2931
Revenue Expenditure (Plan)	8885	6928	3257	2472	4010	2668		4426
Loans and Advances (Plan)	10	22	5	30	260	0	0	0
Total Plan Expenditure	22145	16306	7771	4137	8339	4467	12442	7357
Shortfall in plan expenditure	5839		3634		3872		4828	
Percentage over projections (per cent)	26.37		46.76		46.43		38.80	

Source: Finance Accounts, Scheme of Financing and Annual Financial Statements

Table 1.34 shows that during 2007-15, the estimated resources did not materialize and adverse balances from own resources, which were more than those projected in the SOF were met by curtailing the plan expenditure. This resulted in major savings in key developmental sectors in spite of appropriations having been passed by the legislature, as shown in **Table 1.35**.

Table 1.35: Major savings during 2010-15 in plan expenditure (Revenue and Capital)

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Education, Sports Art and Culture	369.54 (36)	776.74 (54)	658.34 (37)	597.26 (32)	927.79 (42)
Health and Family Welfare	106.34 (38)	208.15 (45)	520.81 (55)	798.88 (65)	367.29 (36)
Welfare of SCs, STS and OBCs	73.49 (28)	283.53 (66)	163.53 (36)	369.41 (61)	--
Social Welfare and Nutrition	68.01 (7)	257.21 (22)	376.30 (29)	587.65 (40)	490.53 (31)
Agriculture and Allied Activities	--	430.00 (79)	264.88 (38)	193.16 (22)	315.95 (30)

Source: Annual Financial Statement and Finance Accounts of the respective years

It was also observed that Punjab Government utilised major portion (47 to 70 per cent) of its current borrowings for repayment of earlier borrowings, 20 to 39 per cent for revenue expenditure and only 8 to 19 per cent of borrowings were utilised for capital expenditure (**Table 1.36**).

Table 1.36: Details of utilization of borrowed funds towards repayment, net capital expenditure and revenue expenditure

Year	Total Borrowings	Repayment of earlier borrowings (Principal) (percentage)	Net capital expenditure (Percentage)	Portion of Revenue expenditure met out of borrowings (Percentage)
				5=2-3-4
1	2	3	4	5=2-3-4
2010-11	12677	5953 (47)	2383 (19)	4341 (34)
2011-12	17403	8947 (51)	1598 (10)	6858 (39)
2012-13	24311	15116 (62)	1916 (8)	7279 (30)
2013-14	26285	16683 (63)	2200 (8)	7402 (28)
2014-15	32922	23075 (70)	3118 (10)	6729 (20)

Source: Finance Accounts

If this practice continues, Punjab would not be able to generate additional revenue to service its debt and it would have no option but to raise new borrowings every year to repay the borrowings of earlier years.

1.10.3 Expenditure management – control over revenue expenditure

In order to bring down debt, the Government needs to curtail its revenue expenditure and utilize the resultant savings for repayment of debt so that its interest payments may come down. The constituents of revenue expenditure of the State over last five years are given in **Table 1.37**.

Table 1.37: Constituents of revenue expenditure

(₹ in crore)						
Sr. No	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Expenditure on salaries, interest payments and pensions (a+b+c)	20413 (62)	24141 (73)	26664 (68)	28677 (69)	32213 (69)
(a)	Salaries	9589 (29)	12204 (37)	13867 (35)	14580 (35)	16004 (34)
(b)	Interest Payments	5515 (17)	6280 (19)	6831 (17)	7820 (19)	8960 (19)
(c)	Pensions	5309 (16)	5657 (17)	5966 (15)	6277 (15)	7249 (16)
2	Subsidies	3480 (11)	3215 (10)	5132 (13)	4904 (12)	4772 (10)
3	Grants in aid	1370 (4)	1413 (4)	3074 (8)	3602 (8)	4586 (10)
4	General Services*	4550 (14)	733 (2)	764 (2)	810 (2)	1013 (2)
5	Social Services*	1766 (5)	1909 (6)	2221 (6)	2306 (6)	2940 (6)
6	Economic Services*	678 (2)	887 (3)	1059 (3)	812 (2)	486 (1)
7	Compensation and assignments to ULBs/PRI	640 (2)	747 (2)	544 (1)	530 (1)	604 (2)
	Total Revenue expenditure	32897	33045	39458	41641	46614

Source: Finance Accounts

* Excluding salaries, interest payments and pensions

Figures in parenthesis represent percentage with total revenue expenditure

Table 1.37 shows that during 2010-15, 62 to 73 per cent of revenue expenditure was on salaries, interest payments and pensions (Sr. No. 1). Expenditure on subsidies and grants-in-aid, which was between 14 per cent and 21 per cent during the period 2010-11 to 2014-15, is neither statutory nor developmental. Thus, the State Government needs to reconsider its priority on subsidy and grants-in-aid to ascertain whether it would be beneficial to discontinue subsidy and grant in aid to reduce current debt requirements and utilize the resultant savings for repayment of debt so that its interest payments come down.

1.10.4 Debt Sustainability in Punjab

Debt sustainability is generally measured in terms of level of debt, primary deficit and interest cost in relation to nominal GDP. A falling Debt/GDP ratio can be considered as leading towards stability. The ratio of interest payments to revenue receipts is also used to measure debt sustainability. In this section, assessment of the sustainability of public debt is made using trends observed in critical variables.

1.10.4.1 Debt-GSDP Ratio

The trend in the Debt-GSDP Ratio is an important indicator which signifies sustainability of the public debt and is presented in **Table 1.38**. In the State, Debt-GSDP ratio is hovering around 32 *per cent* during the last five years. As per RBI (State Finance—A Study of Budgets of 2014-15) consolidated Debt-GDP ratio is estimated at 21.2 *per cent* by the end of March 2015, much below the recommended target (24.3 *per cent*) stipulated by the TFC. Though the Debt-GSDP ratio of Punjab for 2014-15 (32.12 *per cent*) is within the limits specified by TFC (38.7 *per cent*), when compared to the average of 21.2 *per cent* in respect of all States, it is still on the higher side. Thus, the State needs to step up resource mobilisation efforts to ensure debt stability.

Table 1.38: Trends in Debt-GSDP Ratio

Year	Total Debt (₹ crore)	GSDP of Punjab (₹ crore)	TFC Recommendations (Debt/GSDP (<i>per cent</i>))		Debt/GDP (<i>per cent</i>) (All States)	Debt/GSDP (<i>per cent</i>) (Punjab)
			All States	Punjab		
2010-11	74784	226204	26.7	42.5		33.06
2011-12	83099	256374	26.1	41.8	22.6	32.41
2012-13	92282	285119	25.5	41.0	22.1	32.37
2013-14	102234	317556	24.9	39.8	21.5 (RE)	32.19
2014-15	112366	349826	24.3	38.7	21.2 (BE)	32.12

Source: Report of TFC, Finance Accounts and GSDP figures obtained from the official website of Ministry of Statistics and Programme Implementation, Government of India (www.mospi.nic.in) as on 31st July 2015.

1.10.4.2 Interest Payment

The trend in the Interest Payment (IP)–Revenue Receipts (RR) Ratio is another important indicator to measure sustainability of public debt and is presented in **Table 1.39**. In the State, IP-RR Ratio was 19.98 by the end of March 2011, which increased to 22.96 *per cent* by the end of March 2015 which is the highest during the last five years. During 2013-15, the rate of growth of RR is around 11 *per cent*, while that of IP is 14 *per cent*. This is again an indication of debt un-sustainability.

Table 1.39: Trends in Interest Payment –Revenue Receipts Ratio

Year	Revenue Receipts (RR) (₹ in crore)	Growth of RR over previous year (<i>per cent</i>)	Interest Payment (IP) (₹ in crore)	Growth of IP over previous year (<i>per cent</i>)	IP/RR (<i>per cent</i>)
2010-11	27608	24.61	5515	10.06	19.98
2011-12	26234	(-)4.98	6280	13.87	23.94
2012-13	32051	22.17	6831	8.77	21.31
2013-14	35104	9.53	7820	14.48	22.28
2014-15	39023	11.16	8960	14.58	22.96

Source: Finance Accounts

1.10.4.3 Buoyancy of Assets to Liabilities

The ratio of aggregate assets to aggregate fiscal liabilities could also be considered a surrogate measure of quality of application of borrowed funds. **Table 1.40** shows the buoyancy of assets with respect to liabilities.

Table 1.40: Buoyancy of Assets to Liabilities*(₹ in crore and growth in per cent)*

Period	Aggregate Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of Liabilities	Annual Growth of Assets	Buoyancy of Assets to Liabilities
2010-11	74900	29304	39.12	9.97	5.39	0.54
2011-12	83322	30916	37.10	11.24	5.50	0.49
2012-13	92543	32730	35.37	11.07	5.87	0.53
2013-14	102275	35924	35.13	10.52	9.76	0.93
2014-15	112391	38450	34.21	9.89	7.03	0.71

Source: Finance Accounts

The ratio of assets to liabilities in 2014-15 was only 34.21 *per cent* as compared to 39.12 *per cent* in the year 2010-11. This means that over the years, the liabilities are growing faster than assets indicating the rising trend towards un-sustainability of debt.

1.10.5 Measures taken by Government of Punjab to bring down its debt

Successive Finance Commissions had suggested measures to reduce the debt burden of States. However, it was observed that most of these recommendations had not been implemented by the State Government as summarized below:

- As against the recommendation of the Ninth and Tenth Finance Commissions to use borrowed funds for productive and capital expenditure, only 8 *per cent* to 19 *per cent* of borrowed funds (**Table 1.36**) were utilised for capital expenditure during the period 2010-15. Besides, Punjab had not been able to earn return on its investments which could meet its average rate of interest on market borrowings. Average rate of return on investment ranged between 0.01 and 0.05 whereas average rate of interest on government borrowings ranged between 7.73 and 8.35 as is evident from **Table 1.25**.
- The Eleventh Finance Commission recommended that incremental revenue receipts should be used to meet incremental interest burden and also suggested to use the surplus for the creation of a sinking fund to meet future debt obligations. Though the State Government had constituted (December 2006) a Sinking Fund for amortization of loans raised by it from the open market, it had not made any contribution to it since its inception as the State was unable to generate revenue surplus in any of the years.
- The salary bills of Punjab continued to be more than 35 *per cent* of revenue expenditure net of interest payments and pensions, which was a ceiling recommended by the Twelfth Finance Commission for this expenditure. These were actually between 44 *per cent* to 59 *per cent*.
- The Thirteenth Finance Commission recommended an adjustment path starting with 2010-11 for Punjab to eliminate the revenue deficit and bring down fiscal deficit to 3 *per cent* by 2014-15. The State Government, in order to achieve these targets of revenue deficit and fiscal deficit prepared a FCR for the State for the period 2010-11 to 2014-15. In this Roadmap, the State Government fixed targets for every individual item of expenditure and revenue

(*Appendix 1.10*) at such a level as to meet the targets of revenue deficit and fiscal deficit suggested by the TFC in the adjustment path.

However, during 2010-15, committed expenditure viz. salaries, and pension and other retirement benefits could not be brought down to the level as prescribed in the FCR. In order to compensate higher expenditure on this account capital expenditure was curtailed. Further, revenue receipts could not be brought up to the level as prescribed in FCR with the result that targets fixed for revenue deficit could not be achieved (*Appendix 1.10*).

Though the target for fiscal deficit was achieved except for 2014-15, but it was achieved by compressing the capital expenditure as shown in **Table 1.41**.

Table 1.41: Targets of revenue deficit, fiscal deficit and capital expenditure vis-à-vis actuals

(₹ in crore)

Year	Revenue Deficit (as per cent to GSDP)		Fiscal Deficit (as per cent to GSDP)		Capital expenditure		
	Targets	Actuals	Targets	Actuals	Targets in FCR	Actuals	Shortfall (percentage)
2010-11	-	2.34	3.50	3.16	4029	2384	1645 (41)
2011-12	1.80	2.66	3.50	3.31	5418	1598	3820 (71)
2012-13	1.20	2.60	3.50	3.28	6502	1916	4586 (71)
2013-14	0.60	2.06	3.00	2.77	7802	2201	5601 (72)
2014-15	0.00	2.17	3.00	3.10	9362	3318	6044 (65)

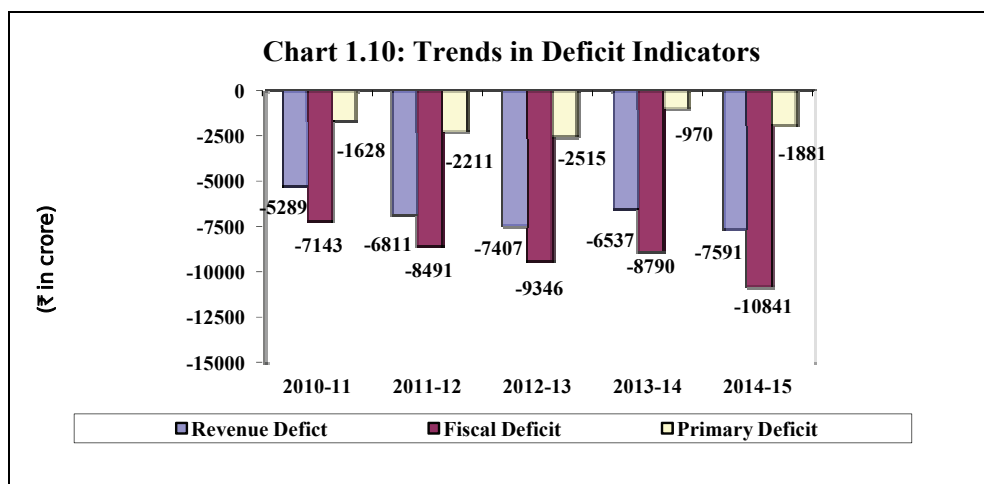
Source: Finance Accounts

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 deficit is financed and the resources 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

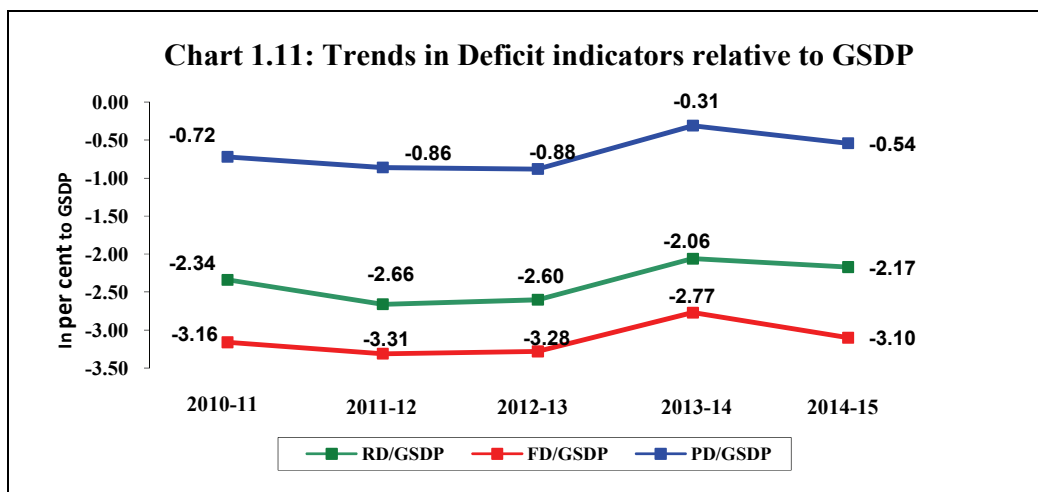
(i) **Charts 1.10** and **1.11** present the trends in deficit indicators over the period 2010-15.



The revenue deficit which indicates the excess of revenue expenditure over the revenue receipts rose to the level of ₹ 7,591 crore (2.17 per cent of GSDP) in the current year from ₹ 5,289 crore (2.34 per cent of GSDP) in the year 2010-11. The State Government did not contain the revenue deficit within the limit of zero per cent prescribed in the FRBM (Amendment) Act, 2011 and FCR.

The fiscal deficit, which represents the total borrowings of the State i.e. its total resource gap, increased from ₹ 7,143 crore (3.16 per cent of GSDP) in 2010-11 to ₹ 10,841 crore in 2014-15 (3.10 per cent of GSDP). The State Government did not contain the fiscal deficit within the limit of three per cent prescribed in the FRBM (Amendment) Act, 2011 and FCR.

The primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipt, was ₹ 1,628 crore (0.72 per cent of GSDP) in 2010-11 and rose to the level of ₹ 1,881 crore (0.54 per cent of GSDP) in the current year.



1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.42**.

Table 1.42: Components of Fiscal deficit and its financing pattern*(₹ in crore)*

Particulars		2010-11	2011-12	2012-13	2013-14	2014-15
Components of Fiscal Deficit (1+2+3)		7143 (3.16)	8491 (3.31)	9346 (3.28)	8790 (2.77)	10841 (3.10)
1	Revenue Deficit	5289 (2.34)	6811 (2.66)	7407 (2.60)	6537 (2.06)	7591 (2.17)
2	Net Capital Expenditure	2383 (1.05)	1598 (0.62)	1916 (0.67)	2200 (0.69)	3117 (0.89)
3	Net Loans and Advances	-529 (-0.23)	82 (0.03)	23 (0.01)	53 (0.02)	133 (0.04)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	4529	7740	8559	7255	7685
2	Loans from GoI	8	-37	-49	121	283
3	Special Securities issued to NSSF	693	-924	-503	-339	925
4	Loans from Financial Institutions	-248	-855	-956	421	-745
5	Small Savings, PF etc.	1174	1640	1565	1964	1735
6	Deposits and Advances	642	436	-66	192	-402
7	Suspense and Miscellaneous	-67	129	17	-241	-288
8	Remittances	-19	11	-6	-110	3
9	Reserve Fund	12	315	632	339	650
10	Increase/Decrease in cash balance with RBI	419	36	152	-812	995
Overall Deficit		7143	8491	9346	8790	10841

Source: Finance Accounts

Figures in brackets indicate percentage to GSDP.

*All these figures are net of disbursements/outflows during the year.

The fiscal deficit of the State was mainly met from market borrowings (₹ 7,685 crore), small savings, provident funds, etc. (₹ 1,735 crore).

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 finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistent high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The ratio of revenue deficit to fiscal deficit decreased from 74.04 per cent in 2010-11 to 70.02 per cent in 2014-15 (**Appendix 1.8**).

The bifurcation of the factors resulting into primary deficit of the Government during the period 2010-15 (**Table 1.43**) reveals that non-debt receipts of the State were not enough to meet the primary expenditure requirements.

Table 1.43: Details of primary deficit during 2010-15

(₹ in crore)

Year	Non-debt receipts	Primary Revenue expenditure	Capital expenditure	Loans and advances disbursed	Primary expenditure	Primary deficit (-)
1	2	3	4	5	6 (3+4+5)	7 (2-6)
2010-11	28206	27382	2384	68	29834	(-)1628
2011-12	26329	26765	1598	177	28540	(-)2211
2012-13	32225	32627	1916	197	34740	(-)2515
2013-14	35217	33821	2201	165	36187	(-)970
2014-15	39161	37654	3118	270	41042	(-)1881

Source: Finance Accounts

1.12 Conclusions

During 2010-11 to 2014-15 the revenue receipts grew at an annual average rate of 8.27 per cent whereas revenue expenditure grew at an annual average rate of 8.34 per cent. The revenue expenditure continued to constitute a dominant portion (93 to 95 per cent) of the total expenditure during this period.

During the current year the capital expenditure increased by ₹ 917 crore (41.66 per cent) over the previous year. The capital expenditure during the current year (₹ 3,118 crore) was only 33.30 per cent of the projections made in the Fiscal Consolidation Roadmap (₹ 9,362 crore).

Thirty four projects, which were scheduled to be completed between 2008-09 and 2014-15, were incomplete. An amount of ₹ 654.32 crore was blocked in these incomplete projects.

The return on investment made by the Government in Statutory corporations, Government companies, Cooperative banks and Societies was between 0.01 and 0.05 per cent during 2010-11 to 2014-15, while the average rate of interest paid by the Government of Punjab on its borrowings was between 7.73 and 8.35 per cent during the same period.

The ratio of financial assets to liabilities came down to 34.21 per cent in 2014-15 from 35.13 per cent in 2013-14.

During 2010-11 to 2014-15 total debt (including other liabilities) increased from ₹ 74,784 crore in 2010-11 to ₹ 1,12,366 crore in 2014-15.

Though the debt-GSDP ratio at 32.12 per cent was within the target fixed (38.7 per cent) under Fiscal Responsibility and Budget Management Act, yet the borrowed funds were mostly used for redemption of past debts. As much as 23 per cent of the revenue receipts were used to meet the burden of interest payments during current year.

Major portion of borrowings was utilised for repayment of earlier borrowings (47 to 70 per cent) and revenue expenditure (20 to 39 per cent). Only 8 to 19 per cent of the borrowings were utilized for capital expenditure during 2010-15. If this practice continues, Punjab would not be able to generate additional revenue to service its debt and it would have no option but to raise new borrowings every year to repay the borrowings of earlier years.

During the current year the revenue deficit rose to the level of ₹ 7,591 crore (2.17 per cent of GSDP) from a deficit of ₹ 5,289 crore (2.34 per cent of GSDP) in 2010-11. The State Government did not contain the revenue deficit within limit of zero per cent prescribed in the FRBM (Amendment) Act, 2011 and FCR.

The fiscal deficit increased from ₹ 7,143 crore (3.16 per cent of GSDP) in 2010-11 to ₹ 10,841 crore in 2014-15 (3.10 per cent of GSDP). The State Government did not contain the fiscal deficit within the limit of three per cent prescribed in the FRBM (Amendment) Act, 2011 and FCR.

The primary deficit was ₹ 1,628 crore (0.72 per cent of GSDP) in 2010-11 and rose to the level of ₹ 1,881 crore (0.54 per cent of GSDP) in the current year.

1.13 Recommendations

The Government may consider:

- (i) *according due priority to capital expenditure, obtaining better value for the investments and utilizing the debt receipts for asset creation;*
- (ii) *forming a committee to assess the reasons for insufficient return on investment from Statutory corporations, Government companies, Cooperative banks and Societies and to suggest the remedial measures; and*
- (iii) *making all out efforts to meet the targets fixed under the Fiscal Responsibility and Budget Management Act to eliminate/bring down its revenue deficit and fiscal deficit.*

Chapter II

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

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

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

2.2 Summary of the Appropriation Accounts

The summarized position of actual expenditure *vis-à-vis* budgetary provisions during 2014-15 for the total 30 grants/appropriations is given in the **Table 2.1**.

Table 2.1: Summarized 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 (+)	Total amount surrendered as on 31 March 2015	Amount surrendered on 31 March 2015	Percentage of savings surrendered on 31 March 2015 (col.8/col.6)
	1	2	3	4	5	6	7	8	9
Voted	I Revenue	40535.67	3863.95	44399.62	37693.99	(-) 6705.63	3313.41	3267.18	48.72
	II Capital	6066.45	272.95	6339.40	3195.50	(-)3143.90	897.75	763.40	24.28
	III Loans and Advances	263.79	63.10	326.89	270.27	(-)56.62	0	0	0
Total Voted		46865.91	4200.00	51065.91	41159.76	(-) 9906.15	4211.16	4030.58	40.69
Charged	IV Revenue	8610.65	454.33	9064.98	9119.20	(+) 54.22	0.03	0.01	0.02
	V Capital	0	0	0	0	0	0	0	0
	VI Public Debt- Repayment	18116.22	3556.82	21673.04	23074.72	(+) 1401.68	0	0	0
Total Charged		26726.87	4011.15	30738.02	32193.92	(+) 1455.90	0.03	0.01	0
Appropriation to Contingency Fund		0	0		0	0	0	0	0
Grand Total		73592.78	8211.15	81803.93	73353.68	(-) 8450.25	4211.19	4030.59	47.70

Source: Appropriation Accounts

Note: The expenditure is net of the recoveries of ₹199.70 crore adjusted as reduction of expenditure under Revenue heads and ₹77.06 crore under Capital heads.

Original budget provision was ₹ 73,592.78 crore. This was augmented by supplementary grant of ₹ 8,211.15 crore bringing budget provision at ₹ 81,803.93 crore. Out of total budget provision, ₹ 73,353.68 crore were utilized during the year 2014-15 resulting in saving of ₹ 8,450.25 crore (10.33 per cent of the total budget provision). As actual expenditure of ₹ 73,353.68 crore remained below the original budget provision by ₹ 239.10 crore, the supplementary provision of ₹ 8,211.15 crore proved unnecessary. The overall saving of ₹ 8,450.25 crore was the net result of saving of ₹ 10,058.33 crore (*Appendix 2.1*) set off by excess of ₹ 1,608.08 crore (*Table 2.4*).

2.3 Financial accountability and budget management

2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of audit of grants and appropriations showed that in 14 cases (nine grants out of the total thirty grants), the savings (excluding surrenders) exceeded the total provision by ₹ 100 crore in each case. In four cases (Sr. No. 10, 11, 12 and 14) the savings exceeded the total provisions by more than 50 per cent. Details are given in *Table 2.2*.

Table 2.2: List of grants having large savings

(₹ in crore)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings/ Percentage	Surrenders	Savings excluding surrender/ percentage
1	2	3	4	5 (3-4)	6	7 (5-6)
1	(Revenue-Voted) 1-Agriculture and Forests	5999.19	3291.33	2707.86 (45.14)	2186.51	521.35 (8.69)
2	5-Education	8174.05	7520.13	653.92 (8.00)	14.24	639.68 (7.83)
3	11-Health and Family Welfare	2846.25	2481.23	365.02 (12.82)	0.00	365.02 (12.82)
4	12-Home Affairs and Justice	5172.87	5025.00	147.87 (2.86)	11.71	136.16 (2.63)
5	17-Local Government, Housing and Urban Development	1083.50	824.63	258.87 (23.89)	0.00	258.87 (23.89)
6	21-Public Works	1498.49	1116.90	381.59 (25.46)	0.00	381.59 (25.46)
7	22-Revenue and Rehabilitation	1397.70	874.62	523.08 (37.42)	203.37	319.71 (22.87)
8	23-Rural Development and Panchayats	1663.13	1401.33	261.80 (15.74)	0.00	261.80 (15.74)
9	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	2719.74	2064.68	655.06 (24.09)	340.97	314.09 (11.54)
10	(Capital-Voted) 5-Education	366.40	59.04	307.36 (83.89)	0.00	307.36 (83.89)

Sr. No.	Number and Name of the grant	Total Budget Provision	Actual expenditure	Savings/ Percentage	Surrenders	Savings excluding surrender/ percentage
1	2	3	4	5 (3-4)	6	7 (5-6)
11	11-Health and Family Welfare	134.82	0.07	134.75 (99.95)	0.00	134.75 (99.95)
12	17-Local Government, Housing and Urban Development	1190.47	269.55	920.92 (77.36)	0.00	920.92 (77.36)
13	21-Public Works	1661.36	1363.94	297.42 (17.90)	0.00	297.42 (17.90)
14	23-Rural Development and Panchayats	274.89	92.24	182.65 (66.44)	0.00	182.65 (66.44)
	Total	34182.86	26384.69	7798.17 (22.81)	2756.80	5041.37 (14.75)

Source: Appropriation Accounts

Such large savings in these grants reflect weak budgetary control.

2.3.2 Persistent savings

In five cases, during the last five years, there were persistent savings of more than ₹ five crore in each case which shows weak financial control. The details are given in Table 2.3.

Table 2.3: List of grants having persistent savings during 2010-15

(₹ in crore)

Sr. No	Number and Name of the grant/ Head of Account/Schemes	Amount of savings (percentage of savings in bracket)				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue-voted						
1	05-Education 2202-General Education 01-Elementary Education 101-Government Primary Schools 01- Government Primary Schools	82.12 (12.09)	183.35 (17.34)	206.70 (17.19)	279.58 (21.15)	274.88 (17.07)
2	12-Home Affairs and Justice 2055-Police 109-District Police 01-District Police (Proper)	24.37 (1.72)	28.36 (1.59)	24.70 (1.08)	55.78 (2.19)	31.73 (1.17)
3	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction and Administration	50.84 (17.09)	58.65 (16.94)	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)
4	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	110.92 (99.99)	131.61 (99.26)	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)
5	22-Revenue and Rehabilitation 2245-Relief on Account of Natural Calamities 02-Flood Cyclones etc. 101-Gratuitious Relief 01- Gratuitious Relief	5.54 (10.45)	5.30 (8.15)	17.76 (88.80)	10.70 (9.73)	39.89 (99.73)

Source: Appropriation Accounts

2.3.3 Excess over provisions requiring regularization

Article 205(1)(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State a demand for such excess.

Audit observed that excess expenditure amounting to ₹ 2,057.34¹ crore for the year 2011-14 had yet not been regularized under the provision of Article 205(1)(b) of the Constitution of India.

The excess expenditure of ₹ 1,608.08 crore in Grant No. 8 (Table 2.4) during the year 2014-15 also require regularization under the above mentioned provisions.

Table 2.4: Excess over provisions requiring regularization during 2014-15
(₹ in crore)

Sr. No.	Number and title of grant		Total Grant/ Appropriation	Expenditure	Excess expenditure
Voted Grants					
1	8	Finance (Revenue)	7049.39	7178.03	128.64
Charged Appropriation					
2	8	Finance (Revenue)	8882.72	8960.48	77.76
3	8	Finance (Capital)	21673.04	23074.72	1401.68
	Total		37605.15	39213.23	1608.08

Source: Appropriation Accounts

2.3.4 Persistent excess expenditure

In six cases (Table 2.5), there was persistent excess expenditure of more than ₹ five crore in each case during the last five years. In four cases (Sr. No. 3, 4, 5 and 6), the expenditure was incurred without any budget provisions during 2010-15.

¹ 2011-12 (₹ 901.36 crore), 2012-13 (₹ 769.60 crore) and 2013-14 (₹ 386.38 crore).

Table 2.5: List of grants having persistent excess expenditure during 2010-15
(₹ in crore)

Sr. No.	Number and Name of the grant/schemes	Amount of excess expenditure				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue-Voted						
08-Finance						
1	2071-Pensions and other Retirement benefits 01-Civil 101-Superannuation and Retirement Allowances 01-Pension and other Retirement Benefits	644.93	570.86	81.58	123.66	407.74
2	2071-Pensions and other Retirement benefits 01-Civil 105-Family Pensions	144.34	100.80	57.82	14.13	23.32
21-Public Works						
3	2059-Public Works 80-General 799-Suspense	219.13	157.79	52.28	36.98	19.65
4	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department	45.73	45.23	52.34	82.72	97.77
5	2215-Water Supply and Sanitation 01-Water Supply 799-Suspense	106.37	73.19	58.78	36.78	26.97
6	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	6.29	91.27	102.94	58.02	19.79

Source: Appropriation Accounts

2.3.5 Expenditure without making provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was, however, observed that an expenditure of ₹ 352.69 crore (*Appendix 2.2*), was incurred in 17 cases (₹ one crore or more in each case) under four grants during the year 2014-15 without making any provision in the original estimates/supplementary demands and without issuing any re-appropriation orders to this effect.

2.3.6 Unnecessary supplementary provisions

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 1,749.33 crore obtained in 18 cases, during the year 2014-15 proved unnecessary as the expenditure did not come up to the level of original provision (**Appendix 2.3**). In one Grant viz. Education (Sr. No. 3) unnecessary supplementary provision exceeded ₹ 500 crore.

2.3.7 Unnecessary/Injudicious 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. During the year 2014-15, 29 re-appropriation orders for ₹ 8,231.17 crore were issued (24 re-appropriation orders for ₹ 8,021.24 crore were issued on 31 March, 2015). Out of these, six re-appropriation orders for ₹ 385.14 crore were rejected by the office of the Pr. Accountant General (A&E), Punjab.

During 2014-15, in six cases out of 13 (**Appendix 2.4**, Sr. No. 1, 4, 8, 9, 10 and 12), augmentation of provision by re-appropriation orders effected by various departments proved unnecessary because expenditure did not come even up to the level of original budget provisions. In the remaining seven cases reduction of provisions also proved injudicious as there was excess expenditure under these cases.

2.3.8 Anticipated savings not surrendered

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the Grants/Appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2014-15, in 16 cases, savings of ₹ 3,448.23 crore (34.28 per cent of overall savings of ₹ 10,058.33 crore) (**Appendix 2.5**) were not surrendered by the concerned departments, which indicated inadequate budgetary control as these funds could not be utilized for other developmental purposes. Similarly, in 17 cases (**Appendix 2.6**), after effecting partial surrender (₹ 3,690.61 crore out of ₹ 6,089.24 crore), savings aggregating to ₹ 2,398.63 crore were not surrendered.

2.3.9 Surrender inspite of excess expenditure

Under Grant No. 08-Finance an amount of ₹ 138.13 crore (Revenue-Voted) had been surrendered even though there was an excess expenditure of ₹ 128.64 crore.

2.3.10 Rush of expenditure

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Audit scrutiny of expenditure incurred by the State Government in the year 2014-15 showed that in five cases (**Table 2.6**),

the expenditure incurred during the 4th quarter of the year ranged between 50.68 and 98.12 *per cent* and the expenditure incurred during the month of March 2015 alone under all these heads of accounts constituted 69.75 *per cent* of the total expenditure.

Table 2.6: Rush of expenditure towards the end of the financial year 2014-15

(₹ in crore)

Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2015	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2047-Other Fiscal Services	5.94	4.48	75.42	4.14	69.70
2	4225-Capital Outlay on Welfare of SC/ST/OBC	54.30	53.28	98.12	42.42	78.12
3	2401-Crop Husbandry	2741.58	2096.28	76.46	1966.47	71.73
4	2245-Relief on account of Natural Calamities	290.23	147.08	50.68	143.34	49.39
5	4250-Capital Outlay on Other Social Services	1.05	1.03	98.10	1.03	98.10
	Total	3093.10	2302.15	74.43	2157.40	69.75

Source: Monthly Accounts compiled by the Pr. A.G. (A&E)

2.4 Outcome of review of selected grants

A review of budgetary procedure and control over expenditure in two test checked grants i.e. Grant No. 15-Irrigation and Power and 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes showed the following:

2.4.1 Unrealistic budget provisions

Audit scrutiny of the records showed that under Grant No. 15-Irrigation and Power and 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes, the departments either made unrealistic budget provisions or did not disburse the amount during 2014-15, as savings of more than ₹ 10 crore in each case aggregating to ₹ 572.07 crore were found in 10 minor heads/schemes (*Appendix 2.7*).

2.4.2 Excess over provisions requiring regularization

The expenditure of ₹ 143.48 crore (under six minor heads/schemes) was incurred without budget provision (*Appendix 2.8*) under Grant No. 15-Irrigation and Power and ₹ 137.28 crore (under three minor head/scheme) were spent in excess of budget provisions, each involving ₹ 10 crore or more under respective minor head/scheme, under Grant No. 25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes during the year 2014-15 which requires regularization under Article 205(1) (b) of the Constitution of India.

2.4.3 Withdrawal of whole budget provision through re-appropriation

Under Grant-15, in 6 minor heads/schemes (Sr. No. 1 to 6) and under Grant 25, in one minor head (Sr. No. 7) the whole budget provision (exceeding ₹ 7 crore) was withdrawn (Table 2.7) through re-appropriation in March 2015 which diluted the process of budget making and control over expenditure.

Table 2.7: Withdrawal of budget provision through re-appropriation
(₹ in crore)

Sr. No.	Minor head/Scheme	Original Provision	Re-appropriation
1	4701- Capital Outlay on Medium Irrigation, 51-Project for Relining of Rajasthan Feeder from Rajasthan Reducing Distance-179000-496000 (Accelerated Irrigation Benefit Programme), 800-Other Expenditure, 08-Works Expenditure (Plan)	95.00	(-) 95.00
2	4701- Capital Outlay on Medium Irrigation, 53-Project for Relining of Sirhind Feeder from Reducing Distance-1197000-447927 (Accelerated Irrigation Benefit Programme), 800-Other Expenditure, 08-Works Expenditure (Plan)	95.00	(-) 95.00
3	4700-Capital Outlay on Major Irrigation, 05-Shahpur Kandi Project (Commercial), 001-Direction and Administration, 08-Works Expenditure (Plan)	85.96	(-) 85.96
4	4711-Capital Outlay on Flood Control Projects, 03-Drainage, 103-Civil Works, 58-Consolidated Project Proposal for Works to be Executed alongwith Indo Pak Border on River Ravi to Check Erosion and to Neutralize Effect of Protection Works Executed by Pakistan Government (Plan)	19.00	(-) 19.00
5	4711-Capital Outlay on Flood Control Projects, 03-Drainage, 103-Civil Works, 57-Construction of Flood Protection Works along Left Side and Right Side of River Beas in District Grudaspur, Hoshiarpur and Kapurthala	9.50	(-) 9.50
6	4711-Capital Outlay on Flood Control Projects, 01-Flood Control, 103-Civil Works, 05-Construction of Flood Protection and Drainage Works, 08-Works Expenditure (CSS)	7.50	(-) 7.50
7	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01-Welfare of Scheduled Castes, 789-Special Component Plan for Scheduled Castes, 03-Capital subsidy under Bank Tie-up Loaning programme to Below Poverty Line Scheduled Castes through Punjab Scheduled Castes Land Development and Finance Corporation (CSS)	8.00	(-) 8.00
	Total	319.96	(-) 319.96

Source: Appropriation Accounts

Withdrawal of entire provision through re-appropriation in March 2015 in respect of items at serial no. 1 to 6 was due to non-implementation of the schemes and serial no. 7 was due to non-release of funds by the Finance Department.

2.4.4 Unnecessary Supplementary grant/Re-appropriation

In four cases (Sr. No. 1 to 4) withdrawal of budget provision through re-appropriation proved injudicious as the actual expenditure in these cases exceeded the reduced budget provision (*Appendix 2.9*).

In five cases (Sr. No. 5 to 9) augmentation of provision through re-appropriation/supplementary provision proved un-necessary as the expenditure did not come even upto the level of original provision (*Appendix 2.9*).

2.5 Scrutiny of budget documents of the State Government

2.5.1 Allocation of budget under wrong object heads

Standardization of object heads of classification vide Ministry of Finance, Government of India, Office Memorandum bearing no. F1 (47)-E.11 (A)/94 dated 12.12.1994 duly endorsed by Govt. of Punjab, Department of Finance (Finance Budget II branch) vide no. 8/16/94-3FB II/334 dated 12.01.1995, provides that:

- i) Budget provision in respect of revenue expenditure major heads cannot be assigned under object heads meant for capital expenditure and vice-versa.
- ii) Budget provision in respect of object head 42- Lump-sum provision will include the expenditure in respect of schemes/sub-schemes/organisations where the provision does not exceed ₹ 10 lakh. In all other cases break-up by other objects of expenditure must be given.
- iii) Budget provision in respect of object head 50- Other Charges will include payment out of discretionary grants, other discounts, customs duty compensation, awards and prizes etc. and any other expenditure which cannot be classified under any of these specified object heads

Scrutiny of budget documents for the year 2014-15 revealed that:-

- (a) Budget was wrongly provided for revenue expenditure under object heads meant for capital expenditure in 5 instances (*Appendix 2.10 (A)*).
- (b) Budget was wrongly provided for capital expenditure under object heads meant for revenue expenditure in 6 instances (*Appendix 2.10 (B)*).
- (c) Huge amounts (upto ₹ 15000 crore) had been kept under the object head 42- Lump-sum provision in the budget for the year 2014-15, whereas budget provisions did not reflect exact nature of expenditure incurred under these omnibus object heads in contravention of the above instructions. Some cases where instructions were not followed are given in *Appendix 2.11*.
- (d) In 6 instances, huge amounts had been kept under object head 50-Other Charges (*Appendix 2.12*) in the budget for the year 2014-15 whereas

budget provisions did not reflect exact nature of expenditure incurred under this omnibus object head.

2.5.2 *Wrong provision of Grants-in-aid (SOE 31 and 36) under Establishment minor heads*

Releases under object heads 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) are to be made to Bodies or Autonomous Bodies. Provisions against object heads 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) had been made under Establishment sub-heads “001-Direction and Administration” which was irregular. Some instances where budget provision had been made under minor head “001-Direction and Administration” under object head 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) are given in **Appendix 2.13**.

2.5.3 *Opening of Detailed heads without prior approval of Accountant General*

As per para 2.15 of Punjab Budget Manual, Detailed head is a division of a Minor head. Provision shall not be made under a new detailed head without prior approval of Accountant General (A&E). The above codal provision was not followed in 9 cases (**Appendix 2.14**).

2.5.4 *Non-inclusion of expenditure relating to a new service in Schedule of New Expenditure*

Para 5.1 (I)(a) of Punjab Budget Manual lays down that expenditure relating to a new service for which the Legislature has not previously voted provision should be included in the Schedule of New Expenditure. Para 1.8 of the Manual *ibid inter-alia* lays down that the schedule of New Expenditure has to be prepared by the Heads of departments and after scrutiny by the Administrative and Finance Departments, are to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. The above codal provision was not followed in 9 instances (**Appendix 2.15**).

2.5.5 *Non-inclusion of non-recurring grants-in-aid, contribution or donation in Schedule of New Expenditure*

Para 5.1 (I)(d) of Punjab Budget Manual lays down that any non-recurring Grant-in-aid, contribution or donation, even though provision was made for it in the original or supplementary estimates of the current year, will be included in the schedule of new expenditure. Para 1.8 of the Manual *ibid inter-alia* lays down that the schedule of new expenditure has to be prepared by the Heads of departments and after scrutiny by the Administrative and Finance Departments, are to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. The above codal provision was not followed in 7 instances (**Appendix 2.16**).

2.6 Conclusions

During 2014-15, expenditure of ₹ 73,353.68 crore was incurred against total budget provision of ₹ 81,803.93 crore. Net saving of ₹ 8,450.25 crore occurred after the total saving of ₹ 10,058.33 crore was offset by excess expenditure of ₹ 1,608.08 crore. Out of net savings of ₹ 8,450.25 crore, savings of only ₹ 4,211.19 crore (49.84 per cent) were surrendered.

Excess expenditure of ₹ 3,665.42 crore requires regularization under Article 205(1)(b) of the Constitution of India. There was persistent saving in four grants and persistent excess in two grants. Augmentation by re-appropriation orders proved unnecessary in six cases because expenditure did not come even upto the level of original budget provisions and in seven cases reduction of provision also proved injudicious as there was excess expenditure under these cases.

In five cases, the expenditure incurred during the 4th quarter of the year ranged between 50.68 and 98.12 per cent and the expenditure incurred during the month of March 2015 alone under all these heads of accounts constituted 69.75 per cent of the total expenditure.

Provisions against object heads 31 Grants-in-aid and 36 Grants-in-aid General (Salary and non-salary) had been made under Establishment sub-heads “001-Direction and Administration” which was irregular.

2.7 Recommendations

The Government may consider:

- (i) *regularizing the expenditure incurred in excess of the budget provision.*
- (ii) *monitoring of expenditure and anticipated savings so that the unutilized amounts could be utilized timely on other schemes.*
- (iii) *devising suitable mechanism to avoid rush of expenditure in last quarter/month of the financial year.*

Chapter III

CHAPTER III

FINANCIAL REPORTING

Sound internal controls and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives.

3.1 Utilization certificates

3.1.1 Delay in submission of utilization certificates

Rule 8.14 of the Punjab Financial Rules Volume-I stipulates that every order sanctioning a grant should specify its object clearly and time limit within which the grant is to be spent. The departmental officer drawing the grant-in-aid should be primarily responsible for certifying to the Accountant General, where necessary, the fulfillment of the conditions attached to the grant and furnish the certificate (Utilization Certificate) in such form and at such interval as may be agreed between the Principal Accountant General (Accounts and Entitlement) and the Head of the Department concerned.

It was observed that out of 196 Utilization Certificates (UCs) due in respect of grants amounting to ₹ 252.67 crore paid during 2006-07 to 2013-14, 29 UCs (14.80 per cent) amounting to ₹ 24.21 crore were not furnished to the Pr. AG (A&E) as on 31 March 2015. The department-wise break-up of the outstanding UCs is given in *Appendix 3.1*. The age-wise position of pendency in submission of UCs is summarized in **Table 3.1**.

Table 3.1: Age-wise pendency of utilization certificates

(₹ in crore)

Range of delay in number of years	Total grants paid upto 31 March 2014		Utilization certificates pending as on 31 March 2015	
	Number of sanctions	Amount	Number of UCs	Amount
0-1	106	94.94	15	2.00
1-3	89	132.73	13	22.18
Above 3 years	01	25.00	01	0.03 ¹
Total	196	252.67	29	24.21

Source: Information compiled from the data supplied by office of the Pr AG (A&E), Punjab

Out of 29 outstanding UCs, 14 UCs amounting to ₹ 22.21 crore were not received even after more than one year. Of these, one UC involving ₹ 0.03 crore pertaining to the Rural Development & Panchayats Department was outstanding since 2006-07. In the absence of UCs, it could not be

¹ Interim UCs in respect of ₹ 24.97 crore (partial expenditure) have been received from Rural Development and Panchayats. However, final UCs of the full grant was outstanding as on 31 March 2015.

ascertained whether the grants had been spent for the purposes for which they were granted.

During scrutiny of records of Department of Sports and Youth Services, it was noticed that an amount of ₹ 25.44 crore (20 cases) was released in the year 2012-13 but UCs for only ₹ 6.32 crore (nine cases) had been received and UCs for ₹ 19.12 crore (11 cases) were pending. It was further noticed that the department was not maintaining any register or preparing any return to watch the timely receipt of UCs. No reminder was issued to the grantee for submission of UCs in time. Thus, the Department was not exercising any supervision/control for timely submission of UCs. On being pointed out, the Director did not give any reply (August 2015).

3.2 Delay in submission of Accounts/Audit Reports of Autonomous Bodies

It was noticed that 11 accounts from 2004-05 to 2013-14 were pending in respect of two² autonomous bodies. Separate Audit Reports (SARs) in respect of four³ autonomous bodies were also pending for placing before Legislature (*Appendix 3.2*). The delays in submission of accounts by the autonomous bodies to Audit and placement of the SARs in the Legislature are given in **Table 3.2**.

Table 3.2: Detail of pending accounts/delays in submission of accounts and tabling of Separate Audit Reports in the Legislature as on 31 March 2015

Sr. No.	Name of the Autonomous Body	Accounts received with delay	Extent of delay in submission of accounts (in months)	Number of pending accounts	Pendency of placement of SARs in the Legislature
1.	Punjab Legal Services Authority	2011-12 2012-13 2013-14	34 22 10	--	SARs for the period 2006-07 to 2010-11 were pending
2.	Punjab Khadi and Village Industry Board *	--	--	--	SARs for the years 2010-11 and 2011-12 were not presented
3.	Punjab State Human Rights Commission	2013-14	6	--	SARs for the period 2009-10 to 2012-13 were not submitted in the legislature
4.	Punjab Labour Welfare Board	2003-04	120	2004-05 to 2013-14	SAR for the period 2002-03 was not presented.
5.	Pushpa Gujral Science City	2012-13	18	2013-14	Not required to be placed in the legislature

Source: Departmental records

* Audit of Punjab Khadi and Village Industry Board was entrusted for the period 2008-2012.

² (i) Punjab Labour Welfare Board; and (ii) Pushpa Gujral Science City

³ (i) Punjab Legal Services Authority (ii) Punjab Khadi and Village Industry Board (iii) Punjab State Human Rights Commission (iv) Punjab Labour Welfare Board

The Accounts of two autonomous bodies for the years 2004-05 to 2013-14 were awaited as of 31 March 2015. The Punjab Labour Welfare Board had not rendered its accounts since the financial year 2004-05 despite repeated comments in the Report on State Finances of the Comptroller and Auditor General of India (CAG).

3.3 Departmental Commercial Undertakings

The departmental undertakings performing activities of commercial/quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually, showing the working results of operations so that the Government can assess their working. In the absence of timely finalisation of accounts, the results of the investment of the Government remain outside the purview of State Legislature and scrutiny by Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency could not be taken in time. Besides, the delay in all likelihood may also open the system to the risk of fraud and leakage of public money.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit) within a specified time frame. However, the Punjab Roadways (Transport Department) had not prepared its accounts since 2003-04 (as of August 2015), despite repeated comments in the earlier Reports on State Finances of the CAG about the arrears in preparation of accounts.

3.4 Misappropriations, losses, thefts etc.

Rules 2.33 to 2.35 of the Punjab Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/Accountant General.

There were 161 cases of misappropriation, losses, theft, etc. pending as on 1 April 2014 involving an amount of ₹ 1.39 crore. During the year, 13 cases (₹ 0.21 crore) were added and 6 cases (₹ 0.02 crore) were settled leaving 168 cases (₹ 1.58 crore) pending as on 31 March 2015. Department-wise detail of outstanding cases as on 31 March 2015 is given in **Table 3.3** and age-wise profile is given in *Appendix 3.3*.

Table 3.3: Pending cases of misappropriation, loss, theft, etc.

(₹ in lakh)

Name of Department	Cases of theft		Cases of misappropriation/ loss of Government material		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Education	1	0.06	6	12.39	7	12.45
Elections	2	0.21	0	0	2	0.21
Home Affairs and Justice	1	6.00	153	45.88	154	51.88
Health and Family Welfare	2	0.87	1	18.60	3	19.47
Rural Development	0	0	2	73.76	2	73.76
Total	6	7.14	162	150.63	168	157.77

Source: Information as provided by the departments

Out of 168 cases, five cases involving an amount of ₹ 68.24 lakh were sub-judice. The reasons for the delay in finalization of pending cases of thefts, misappropriations, losses, etc. are given in **Table 3.4**.

Table 3.4: Reasons for the delay in finalization of pending cases of misappropriation, loss, theft, etc.

(₹ in lakh)

Reasons	Number of cases	Amount
Awaiting departmental and criminal investigation	10	31.34
Departmental action initiated but not finalised	6	11.62
Criminal proceedings finalized but execution of certified cases for recovery of amount pending	1	1.10
Awaiting orders for recovery or write off	146	45.47
Pending in the courts of law	5	68.24
Total	168	157.77

Source: Information as provided by the departments

3.5 Abstract Contingent bills

3.5.1 As per Punjab Treasury Rules (PTR), amount drawn on Abstract Contingent (AC) bills should be settled by submitting Detailed Contingent (DC) bills to the Principal Accountant General (A&E) for the expenditure incurred along with supporting vouchers within one month. However, out of total 3564 AC bills for ₹ 4,850.69 crore drawn during the period 2012-15 by different departments from various treasuries of the State, 2431 DC bills amounting to ₹ 2,221.47 crore were sent to Pr. AG (A&E), Punjab. As many as 1133 AC bills amounting to ₹ 2,629.22 crore were awaiting adjustment as on 31 March 2015.

3.5.2 During analysis of AC bills in the Department of Social Security and Women and Child Development it was noticed that 256 AC bills as detailed in **Table 3.5** in respect of Major Head "2236-Nutrition" were outstanding in the books of the Pr. A.G. (A&E) for want of DC bills.

Table 3.5: Pending AC bills under Major Head "2236-Nutrition"

Years	No. of Bills	Amount (₹ in crore)
2010-11	2	0.51
2012-13	6	7.17
2013-14	19	11.51
2014-15	229	162.68
Total	256	181.87

Source: Information supplied by office of the Pr AG (A&E), Punjab

(ii) Rule 2.10 (b) (5) of Punjab Financial Rule Volume I provides that no money is withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance and that it is not permissible to draw advances from treasury for the execution of works the completion of which is likely to take a considerable time.

During audit of records, it was noticed that out of ₹ 28.50 crore drawn by the District Project Officers (DPOs) Ferozepur, Fatehgarh Sahib, Roop Nagar and Hoshiarpur during 2014-15, ₹ 20.53 crore were disbursed with a time lag of 9 to 207 days, as detailed in **Table 3.6**. During the intervening period, the money was kept in bank accounts and ₹ 7.97 crore were still in the banks (August 2015). This resulted into withdrawal of money without immediate requirement. The other DPOs did not provide the information.

Table 3.6: Details of withdrawal of money without immediate requirement
(₹ in lakh)

Name of DPO	Date of drawl of amount	Amount	Date of expenditure/date of deposit into treasury	Amount of expenditure	Time lag (Delay in days)
Roop Nagar	12.12.2014	31.50	11.02.2015	31.50	60
	23.02.2015	12.77	30.03.2015	12.77	34
	28.02.2015	27.00	10.03.2015	27.00	9
Ferozepur	15.01.2015	70.72	24.03.2015	70.72	67
	20.02.2015	15.29	--	0	still in bank
	20.02.2015	17.07	31.03.2015	17.07	38
	26.02.2015	1135.88	31.03.2015	526.28	still in bank
Fatehgarh Sahib	27.02.2015	67.50	25.03.2015	67.50	25
	27.02.2015	100.10	31.03.2015	100.10	32
	30.08.2014	204.72	15.09.2014	95.77	still in bank
	31.03.2015	19.43	17.07.2015	Deposited back in treasury	107
31.03.2015	16.10	17.07.2015	107		
Hoshiarpur	04.09.2014	775.26	31.03.2015	775.26	207
	15.12.2014	65.50	31.03.2015	65.50	105
	15.12.2014	28.18	--	0	still in bank
	27.02.2015	263.25	31.03.2015	263.25	31
Total		2850.27		2052.72	

Source: Information collected from the Departments

3.6 Opaqueness in Government Accounts

Minor Heads '800-Other Receipts and Other Expenditure' are intended to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Head-800 is to be discouraged, since it

renders the account opaque. During the year, ₹ 2,878.92 crore under 47 Revenue Major Heads of accounts on the receipt side, constituting about 7.38 per cent of the total Revenue Receipts of ₹ 39,022.85 crore, was recorded under the Minor Head '800-Other Receipts' under the concerned Major Head. Similarly, ₹ 1,110.66 crore under 41 Revenue and Capital Major Heads of accounts on the expenditure side, constituting about 2.23 per cent of the total expenditure (Revenue and Capital) of ₹ 49731.93 crore, was recorded under the Minor Head '800-Other Expenditure', under the concerned Major Heads. Instances where a substantial proportion (50 per cent or more) of the receipt/ expenditure was classified under Minor Heads '800-Other Receipt/ Expenditure' are listed in *Appendix 3.4*.

3.7 Transfer of funds to Personal Deposit accounts

The purpose of Personal Deposit (PD) accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State. The administrators of the PD accounts are required to close such accounts on the last working day of the year and transfer the unspent balances back to the Consolidated Fund. If necessary, PD accounts are reopened in the subsequent year. It was noticed that 176 PD accounts involving a sum of ₹ 262.46 crore were not closed, resulting in blockade of funds (**Table 3.7**).

Table 3.7: Detail of PD accounts which were not closed on 31 March 2015

Item	Number of accounts	Amount (₹ in crore)
Personal Deposit accounts as on 1 April 2014	176	232.31
Personal Deposit accounts opened during 2014-15	0	0
Transfer to Personal Deposit accounts in 2014-15 (Addition)	0	194.25
Personal Deposit accounts closed on 31 March 2015	0	0
Expenditure from Personal Deposit accounts in 2014-15	0	164.10
Balance	176*	262.46

* 174 PD accounts were operative and 2 PD accounts with balance of ₹ 0.42 crore were inoperative for more than five years.

3.8 Follow up action on Audit Report

At the instance of the Public Accounts Committee (PAC), the Finance Department issued (August 1992) instructions to all the Departments to initiate *suo moto* concrete action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases were taken up for examination by PAC or not. The Departments were also required to furnish to PAC detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

As regards the Audit Reports relating to the period 2009-14 which have been laid before the State Legislature, the PAC took up Audit Report on State Finances for the year 2013-14 for discussion. However, no detailed note had been received in the Audit Office (October 2015).

3.9 Conclusions

There were 29 UCs amounting to ₹ 24.21 crore awaited. There was delay in submission of accounts by the autonomous bodies and submission of Separate Audit Reports to the Legislature. There were 168 outstanding cases of theft, loss and misappropriation involving an amount of ₹ 1.58 crore. As many as 1133 AC bills amounting to ₹ 2,629.22 crore were awaiting adjustment as on 31 March 2015. Classification of large amounts booked under the Minor Heads '800-Other receipts/expenditure' did not give a complete picture in the financial reporting.

3.10 Recommendations

The Government may consider:

- (i) *expediting inquiries in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases;*
- (ii) *carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the extant rules; and*
- (iii) *ensuring greater transparency in financial reporting, by avoiding usage of the Minor Head '800-other receipts or other expenditure'.*

The above points were reported (September 2015) to the Government; their reply has not been received (January 2016).



CHANDIGARH
The 9 February 2016

(JAGBANS SINGH)
Pr. Accountant General (Audit), Punjab

Countersigned



NEW DELHI
The 11 February 2016

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Appendices

Appendix 1.1
(Referred to in paragraph 1.1, page 1)
Profile of Punjab

A. General Data			
Sr. No.	Particulars	Figures	
1.	Area	50362 sq km	
2.	Population as per 2011 Census	2.77 crore	
3.	Density of Population (as per 2011 census) (All India Density = 382 ¹ persons per Sq. Km.)	551 persons per Sq. km.	
4.	Population below poverty line ² (All India Average = 29.5 per cent)	11.3 per cent	
5.	Literacy (as per 2011 census) (All India Average = 73.0 ¹ per cent)	75.84 per cent	
6.	Infant mortality ³ (per 1000 live births) (All India Average = 40 per 1000 live births)	26	
7.	Life Expectancy at birth ⁴ (All India Average=67.5 years)	71.1 years	
8.	Gini Coefficient ⁵ (a measure of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa) (All India Average = Rural : 0.29; Urban : 0.38)	Rural : 0.29 Urban : 0.37	
9.	Gross State Domestic Product (GSDP) 2014-15 at current prices	₹ 3,49,826 crore	
10.	Per capita GSDP CAGR (2005-06 to 2014-15)	General Category States Average	13.86
		Punjab	12.58
11.	GSDP CAGR ⁶ (2005-06 to 2014-15)	General Category States Average	15.44
		Punjab	13.88
12.	Population Growth (2005-06 to 2014-15)	General Category States Average	12.75
		Punjab	10.69
13.	Total cropped area	78.70 lakh hectares	
14.	Gross Irrigated area	77.44 lakh hectares	
15.	Percentage of gross cropped area to gross irrigated area	98.40 per cent	
16.	No. of primary schools	14634	

Source: Economic Surveys of India and Punjab 2014-15 and Statistical Abstract of Punjab 2014.

¹ www.censusindia.gov.in (CensusInfo India 2011 Final population Totals)

² Report of the Expert Group (Rangarajan) to Review the Methodology for Measurement of Poverty, Planning Commission (June 2014), page 66.

³ Sample Registration System Bulletin of September 2014 (Registrar General, India.

⁴ Economic survey of 2014-15, Government of India.

⁵ Planning Commission data for 2009-10.

⁶ CSO (http://mospi.nic.in/Mospi_New/site/inner.aspx?status=3&menu_id=82)

B. Financial Data					
Sr. No.	Particulars	Figures (in per cent)			
		2005-06 to 2013-14		2013-14 to 2014-15	
	CAGR ⁷	General Category States*	Punjab	General Category States*	Punjab
a.	Of Revenue Receipts	15.76	9.51	16.10	11.16
b.	Of Own Tax Revenue	15.32	13.11	10.51	6.19
c.	Of Non Tax Revenue	13.53	(-)4.30	10.07	(-)9.77
d.	Of Total Expenditure	15.23	10.53	19.32	13.62
e.	Of Capital Expenditure	14.61	4.76	21.87	41.71
f.	Of Revenue Expenditure on Education	17.10	13.77	14.55	16.33
g.	Of Revenue Expenditure on Health	16.20	13.28	28.73	25.32
h.	Of Salary and Wages	15.23	13.80	11.75	9.77
i.	Of Pension	18.70	18.13	12.43	21.48

Source: Financial data: Finance Accounts of the State Government.

* Based on 18 General Category States viz 1) Andhra Pradesh including Telangana, 2) Bihar, 3) Chhattisgarh, 4) Goa, 5) Gujarat, 6) Haryana, 7) Jharkhand, 8) Karnataka, 9) Kerala, 10) Madhya Pradesh, 11) Maharashtra, 12) Odisha, 13) Punjab, 14) Rajasthan, 15) Tamil Nadu except Puducherry, 16) Uttar Pradesh, 17) West Bengal, 18) Delhi.

⁷ Compounded Annual Growth Rate.

Appendix 1.2
(Referred to in paragraph 1.1, page 1)

Structure of the Government Accounts	
<p>The accounts of the State Government are kept in three parts:</p> <p>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 the State ' established under Article 266(1) of the Constitution of India.</p> <p>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 authorization 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.</p> <p>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 State Legislature.</p>	
Layout of the Finance Accounts	
Statement Number	Subject
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts in Consolidated Fund
4	Statement of Expenditure out of Consolidated Fund by function and nature
5	Statement of Progressive Capital expenditure
6	Statement of Borrowings and other Liabilities
7	Statement of Loans and Advances given by the Government
8	Statement of Investments of the Government
9	Statement of Guarantees given by the Government
10	Statement of Grants-in-aid given by the Government
11	Statement of Voted and Charged Expenditure
12	Statement of Sources and Application of Funds for Expenditure other than on Revenue Account
13	Summary of balances under Consolidated Fund, Contingency Fund and Public Account
14	Detailed Statement of Revenue and Capital Receipts by minor heads
15	Detailed Statement of Revenue Expenditure by minor heads
16	Detailed Statement of Capital Expenditure by minor heads and sub heads
17	Detailed Statement of Borrowings and other Liabilities
18	Detailed Statement of Loans and Advances given by the Government
19	Detailed Statement of Investments of the Government
20	Detailed Statement of Guarantees given by the Government
21	Detailed Statement of Contingency Fund and Public Account transactions
22	Detailed Statement on Investments of Earmarked Balances

Appendix 1.3

(Referred to in paragraph 1.1.2, page 2)

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

The Government of Punjab had enacted the Punjab Fiscal Responsibility and Budget Management Act, 2003 to ensure prudence in fiscal management and to achieve fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of the revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. The Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto.

The Thirteenth Finance Commission (ThFC) in its report has recommended a revised roadmap for Fiscal Consolidation for States to reduce its fiscal deficit to three *per cent* of Gross State Domestic Product (GSDP) by the year 2014-15, maintain it at that level thereafter, reduce revenue deficit to zero or surplus by 2014-15 and bring down its debt at 38.7 *per cent* of GSDP by 2014-15. The State was also asked to amend FRBM Act, 2003 to conform to these targets. The State Government as per recommendations/guidelines of the ThFC has amended the FRBM Act, 2003 in 2011 and also prepared the Fiscal Consolidation Roadmap (**Appendix 1.5**) for the years 2010-11 to 2014-15 incorporating therein year-wise annual targets for revenue deficit, fiscal deficit and debt outstanding. The Act, as amended, *inter-alia*, prescribed the following fiscal targets for the State:

- a) contain fiscal deficit as *per cent* of Gross State Domestic Product (GSDP) at 3.5 *per cent* in the financial years 2010-11, 2011-12, 2012-13, at three *per cent* in financial years 2013-14 and 2014-15 and maintain thereafter.
- b) reduce the revenue deficit as *per cent* of GSDP so as to bring it down to 1.8 *per cent* in the financial year 2011-12, 1.2 *per cent* in the financial year 2012-13, 0.6 *per cent* in the financial year 2013-14 and zero *per cent* or surplus in the financial year 2014-15 and maintain thereafter.
- c) bring down its debt as *per cent* of GSDP to 42.5 *per cent* in the financial year 2010-11, 41.8 *per cent* in the financial year 2011-12, 41.0 *per cent* in the financial year 2012-13, 39.8 *per cent* in the financial year 2013-14 and 38.7 *per cent* in the financial year 2014-15.
- d) cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year. Guarantees on short term debt were to be given only for working capital or food credit in which case this must be fully backed by physical stocks.

Appendix 1.4
(Referred to in paragraph 1.1.4, page 2)
Abstract of receipts and disbursements for the year 2014-15 and summarized financial position of the Government of Punjab as on 31 March 2015
Part A - Abstract of receipts and disbursements for the year 2014-15

(₹ in crore)

Receipts	2013-14	2014-15	Disbursements	2013-14	2014-15		
					Non-Plan	Plan	Total
1	3	3	4	5	6	7	8
Section-A: Revenue							
I-Revenue receipts	35103.54	39022.85	I-Revenue expenditure	41640.67	41700.48	4913.01	46613.49
(i) Tax revenue	24079.20	25570.20	General services	20192.19	22929.55	113.54	23043.09
(ii) Non-tax revenue	3191.49	2879.73	Social Services-	11319.09	9989.25	3739.80	13729.05
(iii) State's share of Union Taxes and Duties	4431.47	4702.97	-Education, Sports, Art and Culture	6422.93	6360.47	1111.45	7471.92
(iv) Non-Plan Grants	1064.11	2003.87	-Health and Family Welfare	1886.51	1709.69	654.48	2364.17
(v) Grants for State Plan Schemes	1058.26	3597.61	Water Supply, Sanitation, Housing and Urban Development	562.98	972.28	105.01	1077.29
(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	1279.01	268.47	-Information and Broadcasting	39.80	21.31	8.69	30.00
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	675.19	91.38	799.73	891.11
			-Labour and Labour Welfare	157.52	161.92	8.27	170.19
			-Social Welfare and Nutrition	1551.69	649.38	1052.17	1701.55
			-Others	22.47	22.82	0.00	22.82
			Economic Services-	9599.73	8177.65	1059.67	9237.32
			-Agriculture and Allied Activities	1422.91	3121.37	655.74	3777.11
			-Rural Development	704.52	617.26	238.10	855.36
			-Irrigation and Flood Control	1341.90	1230.59	0.00	1230.59
			-Energy	4815.78	2505.73	0.00	2505.73
			-Industry and Minerals	57.81	63.03	0.00	63.03
			-Transport	671.73	456.89	27.58	484.47
			-Science, Technology and Environment	6.53	3.48	1.73	5.21
			-General Economic Services	578.55	179.30	136.52	315.82
			Grants-in-aid Contributions	529.66	604.03	0.00	604.03
			Total	41640.67	41700.48	4913.01	46613.49
II. Revenue deficit carried over to Section B	6537.13	7590.64	Revenue Surplus carried over to Section-B	--	--	--	--
Total Section A	41640.67	46613.49		41640.67	41700.48	4913.01	46613.49

Receipts	2013-14	2014-15	Disbursements	2013-14	2014-15		
					Non-Plan	Plan	Total
1	3	3	4	5	6	7	8
Section-B Others							
III-Opening Cash balance including Permanent Advances and Cash Balance Investment	(-303.61	630.42	III Opening Overdraft from Reserve Bank of India	--	--	--	
IV – Misc Capital Receipts	0.51	0.52	IV-Capital Outlay	2200.61	179.08	2939.36	3118.44
			General Services	218.36	21.18	231.09	252.27
			Social Services-	930.33	11.74	782.88	794.62
			-Education, Sports, Art and Culture	356.72	0.00	153.72	153.72
			-Health and Family Welfare	82.67	0.06	0.00	0.06
			Water Supply, Sanitation, Housing and Urban Development	479.90	11.54	553.97	565.51
			-Information and Broadcasting	0.27	0.14	0.50	0.64
			-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	7.42	0.00	54.30	54.30
			-Social Welfare and Nutrition	0.50	0.00	19.34	19.34
			-Others	2.85	0.00	1.05	1.05
			Economic Services-	1051.92	146.16	1925.39	2071.55
			-Agriculture and Allied Activities	88.26	0.00	90.02	90.02
			-Rural Development	129.88	68.15	24.09	92.24
			-Irrigation and Flood Control	360.50	73.13	585.96	659.09
			Transport	383.48	4.83	962.39	967.22
			Science Technology and Environment	0.00	0.00	0.00	0.00
			General Economic Services	89.80	0.05	262.93	262.98
TOTAL	(-303.10	630.94	TOTAL	2200.61	179.08	2939.36	3118.44
V Recoveries of Loans and Advances	112.30	137.14	V-Loans and Advances Disbursed	165.13	270.27	0.00	270.27
-From Power Projects	5.68	70.04	-For Power Projects	10.00	0.00	0.00	0.00
-From Government Servants	70.88	65.42	-To Government Servants	49.52	83.78	0.00	83.78
-From others	35.74	1.68	-To Others	105.61	186.49	0.00	186.49
VI-Revenue surplus brought down	--	--	VI-Revenue Deficit Brought down	6537.13	7590.64	0.00	7590.64

Receipts	2013-14	2014-15	Disbursements	2013-14	2014-15		
					Non-Plan	Plan	Total
1	3	3	4	5	6	7	8
VII- Public debt receipts	11107.51	11362.81	VII-Repayment of Public Debt	3649.97	3213.98	0.00	3213.98
-External Debt	--	--	-External Debt	--	--	--	--
-Internal debt other than ways and means Advances and Overdraft	10294.99	11388.81	-Internal debt other than ways and means Advances and Overdraft	3393.25	2930.90	0.00	2930.90
-Net transactions under Ways and Means Advances	434.56	(-)592.62	-Net transactions under Ways and Means Advances	0.00	0.00	0.00	0.00
-Net transactions under overdraft	0.00	0.00	-Net transactions under overdraft	0.00	0.00	0.00	0.00
-Loans and Advances from Central Government	377.96	566.62	-Repayment of Loans and Advances to Central Government	256.72	283.08	0.00	283.08
VIII-Appropriation to Contingency fund	Nil	Nil	VIII- Appropriation to Contingency fund	Nil	Nil	Nil	Nil
IX-Amount transferred to Contingency fund	Nil	Nil	IX-Expenditure from Contingency fund	Nil	Nil	Nil	Nil
X-Public Account Receipts[#]	36261.15	42451.18	X-Public Account Disbursement[#]	33994.60	40526.50	0.00	40526.50
-Small Savings and Provident funds	3340.96	3683.39	-Small Savings and Provident funds	1376.93	1948.02	0.00	1948.02
-Reserve funds	576.81	668.51	-Reserve funds	237.54	18.97	0.00	18.97
-Deposits and Advances	3860.12	4448.72	-Deposits and Advances	3668.57	4850.69	0.00	4850.69
-Suspense and Miscellaneous	28522.12	33560.06	-Suspense and Miscellaneous	28640.97	33621.55	0.00	33621.55
-Remittances	(-)38.86	90.50	-Remittances	70.59	87.27	0.00	87.27
XI Closing Overdraft from Reserve Bank of India	Nil	Nil	XI Cash Balance at end	630.42	(-)137.76	0.00	(-)137.76
			Cash in Treasuries and Local Remittances	--	--	--	--
			Deposits with Reserve Bank	(-)69.18	(-)1064.36	0.00	(-)1064.36
			Other cash balances and investments	597.57	576.25	0.00	576.25
			Cash Balance Investment	102.03	350.35	0.00	350.35
Total Section-B	47177.86	54582.07		47177.86	51642.71	2939.36	54582.07
Total	88818.53	101195.56	Total	88818.53	93343.19	7852.37	101195.56

[#] These exclude transactions of investment of cash balances and departmental cash chests.

Appendix 1.4 (continued)
(Referred to in paragraph 1.9.1, page 32)
Part - B - Summarized financial position of the Government of Punjab
as on 31 March 2015

(₹ in crore)

Liabilities	As on 31.03.2014	As on 31.03.2015
Internal Debt -	75337.65	83202.94
Market Loans bearing interest	50318.34	58002.94
Market Loans not bearing interest	0.07	0.04
Loans from Life Insurance Corporation of India	0.27	0.09
Loans from other Institutions	24426.35	25199.87
Ways and Means Advances and Overdrafts from Reserve Bank of India	592.62	0.00
Loans and Advances from Central Government-	3331.55	3615.09
Non-Plan Loans	39.16	39.01
Loans for State Plan Schemes	3292.08	3575.77
Pre 1984-85 Loans	0.31	0.31
Contingency Fund	25.00	25.00
Small Savings, Provident Funds, etc.	16526.53	18261.90
Deposits	3451.07	3048.75
Reserve Funds	3587.68	4237.22
Suspense and Miscellaneous Balances	15.05	--
Remittance Balances	--	--
TOTAL	102274.53	112390.90
Assets		
Gross capital outlay on fixed assets -	32803.26	35921.18
Investments in shares of Companies, Corporations, etc.	3862.14	3977.46
Other Capital Outlay	28941.12	31943.72
Loans and Advances -	2482.21	2615.34
Loans for Power Projects	944.18	874.14
Other Development Loans	1531.20	1716.00
Loans to Government servants and Miscellaneous loans	6.83	25.20
Advances	0.77	0.42
Remittance Balances	7.44	4.22
Cash	630.42	(-)137.76
Cash in Treasuries and Local Remittances	-	--
Departmental Cash Balance	596.67	575.34
Permanent cash Imprest	0.22	0.23
Cash Balance Investments	102.03	350.35
Deposits with Reserve Bank	(-)69.18	(-)1064.36
Investments from Earmarked Funds	0.68	0.68
Suspense and Miscellaneous Balances	--	46.43
Deficit on Government Account -	66350.43	73941.07
Add Revenue Deficit of the current year	6537.13	7590.64
Accumulated deficit at the beginning of the year	59813.30	66350.43
Total	102274.53	112390.90

Appendix 1.5

(Referred to in paragraphs 1.1.6 and 1.3, pages 4 and 10)

Fiscal Consolidation Roadmap for the State for the financial years 2010-11 to 2014-15 as per recommendations of the Thirteenth Finance Commission

(*₹ in crore*)

Item	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6
A. Fiscal Consolidation Roadmap for the State recommended by ThFC					
i) Revenue Deficit as percentage of GSDP	--	1.80	1.20	0.60	0.00
ii) Fiscal Deficit as percentage of GSDP	3.50	3.50	3.50	3.00	3.00
iii) Outstanding Debt to GSDP ratio	42.50	41.80	41.00	39.80	38.70
B. Fiscal Consolidation Roadmap for the State	2010-11	2011-12	2012-13	2013-14	2014-15
1. Revenue Receipts	30475	32027	35631	40194	45416
i) Share of Central taxes	3207	3665	4398	5278	6333
ii) State's Own Taxes and Duties	17396	20408	23103	26170	29665
a) Sales Tax/VAT (State Share)	10000	11800	13570	15606	17946
b) State Excise	2640	3250	3510	3790	4094
c) Stamps and Registration	2500	2900	3335	3835	4411
d) Motor Vehicle Tax	700	800	864	933	1008
e) Electricity Duty	1520	1400	1540	1694	1863
f) Land Revenue	17	19	21	23	25
g) Entertainment Tax	19	239	263	289	318
iii) Non Tax Revenue	6568	3126	3277	3439	3610
a) Interest Receipts	412	177	177	177	177
b) Police	71	78	86	94	104
c) Other Administrative Services	72	72	79	87	90
d) Misc. General Services	4923	1657	1681	1699	1718
i) Lotteries	3851	81	89	98	108
ii) Deposits/Contributions	1000	1500	1500	1500	1500
iii) Guarantee Fee	71	75	82	91	100
iv) Others	1	1	10	10	10
e) Education, Sports, Art & Culture	42	45	49	54	60
f) Medical and Public Health	68	72	79	87	96
g) Water Supply and Sanitation	45	50	55	60	67
h) Urban Development	83	94	103	114	125
i) Major and Medium Irrigation	300	300	330	363	399
j) Mining	60	65	71	79	87
k) Punjab Roadways	121	133	146	161	177
l) Civil Supplies	50	55	60	67	73
m) Others	321	328	361	397	437
iv) Grants from Centre	3304	4328	4853	5307	5808
a) Non Plan	634	656	851	942	1046
i) 13th Finance Commission	366	626	818	906	1006
ii) Government of India	268	30	33	36	40

Item	2010-11	2011-12	2012-13	2013-14	2014-15
b) State Plan	1614	1949	2107	2281	2469
i) 13th Finance Commission	42	414	419	424	426
ii) Government of India	1572	1535	1688	1857	2043
c) Centrally Sponsored Schemes	723	1469	1616	1777	1955
d) Central Plan	333	254	279	307	338
v) Additional Resource Mobilisation	0	500	0	0	0
Total Revenue Receipts(i+ii+iii+iv+v)	30475	32027	35631	40194	45416
2. Revenue Expenditure	34180	35406	38882	42171	44905
a) Interest Payments	5499	6530	7130	7630	8130
b) Pension and Retirement benefits	4048	4822	5304	5835	6418
c) Salaries	10309	11067	12174	13391	14730
Arrears of Pay Commission	0	1500	1125	1125	0
d) Power Subsidy	3376	3020	4020	4520	5020
e) Devolution to Local Bodies	1319	1474	1804	2029	2294
f) Civil Supplies	433	481	500	200	200
g) Natural Calamities	228	239	251	263	276
h) Lotteries	3805	48	53	58	64
i) State Plan Expenditure	2082	2623	2885	3174	3491
j) CSS Expenditure	662	854	939	1033	1136
k)Others	2419	2748	2697	2913	3146
I. Revenue Surplus (+)/Deficit (-) {1-2}	(-) 3705	(-) 3379	(-) 3251	(-) 1977	(+) 511
3. Capital Expenditure	4029	5418	6502	7802	9362
i) Non Plan	287	254	305	366	439
ii) State Plan	3178	4160	4992	5990	7188
iii) CSS	565	1004	1205	1446	1735
4. Loans and Advances (net)	546	(-)4.00	(-) 4.00	(-) 4.00	(-) 4.00
i) Advances	68	80	80	80	80
ii) Recoveries	614	84	84	84	84
iii) Other Capital Receipts	0	0	0	0	0
II. Fiscal Deficit (I-3+4)	(-) 7189	(-) 8801	(-) 9757	(-) 9783	(-) 8855
5. Outstanding Debt	69549	77585	87342	97125	105981
6. Other liabilities (Reserve Funds and Deposits)	4623	5404	6362	7362	8362
7. Outstanding Debt (including other liabilities) (5+6)	74172	82989	93704	104487	114343
8. GSDP at current prices	226867	259223	296007	317054	351918
9. Revenue Deficit as percentage of GSDP	(-)1.63	(-)1.30	(-)1.10	(-)0.62	(+)0.15
10. Fiscal Deficit as percentage of GSDP	(-)3.17	(-)3.40	(-)3.30	(-)3.09	(-)2.52
11. Outstanding Debt (including GPF) as percentage of GSDP	30.66	29.93	29.51	30.63	30.12
12. Outstanding Debt (including other liabilities) as percentage of GSDP	32.69	32.01	31.66	32.96	32.49

Appendix 1.6

(Referred to in paragraph 1.1.7, page 4)

Budget estimates vis-à-vis actuals of various fiscal parameters for the year 2014-15
(₹ in crore)

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Revenue Receipts	39023	44894	-5871	-13.08
<i>Of which</i>				
Tax Revenue	25570	28480	-2910	-10.22
<i>Taxes on Sales, Trades etc.</i>	15455	17760	-2305	-12.98
<i>State Excise</i>	4246	4600	-354	-7.70
<i>Taxes on vehicles</i>	1394	1350	44	3.26
<i>Stamps and Registration fees</i>	2474	2760	-286	-10.36
<i>Land Revenue</i>	47	58	-11	-18.97
Non-Tax Revenue	2880	2783	97	3.49
State's share of Union taxes and duties	4703	5400	-697	-12.91
Grants in aid from GOI	5870	8231	-2361	-28.68
Revenue Expenditure	46614	49146	-2532	-5.15
<i>Of which</i>				
<i>2040-Taxes on Sales, Trade etc.</i>	111	129	-18	-13.95
<i>2049-Interest Payments</i>	8960	8380	580	6.92
<i>2055-Police</i>	4238	3969	269	6.78
<i>2070-Other Administrative Services</i>	292	282	10	3.55
<i>2071-Pensions and Other Retirement Benefits</i>	7249	6886	363	5.27
<i>2075-Misc General Services</i>	57	65	-8	-12.31
<i>2202-General Education</i>	7236	7522	-286	-3.80
<i>2210-Medical and Public Health</i>	2170	2352	-182	-7.74
<i>2211-Family welfare</i>	194	210	-16	-7.62
<i>2215-Water Supply and Sanitation</i>	316	472	-156	-33.05
<i>2225-Welfare of SC, ST & OBC</i>	891	785	106	13.50
<i>2230-Labour and Employment</i>	170	194	-24	-12.37
<i>2235-Social Security and Welfare</i>	1259	1556	-297	-19.09
<i>2236-Nutrition</i>	168	270	-102	-37.78
<i>2245-Relief on account of Natural Calamities</i>	275	584	-309	-52.91
<i>2401-Crop Husbandry</i>	2742	5391	-2649	-49.14
<i>2801-Power</i>	2505	800	1705	213.13
<i>3456-Civil Supplies</i>	258	598	-340	-56.86
<i>3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions</i>	604	688	-84	-12.21
<i>Salary and Wages</i>	16303	20366	-4063	-19.95
<i>Subsidies</i>	4772	5199	-427	-8.21

	Actuals	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Capital Expenditure	3118	6066	-2948	-48.60
<i>4055-Capital outlay on Police</i>	<i>90</i>	<i>71</i>	<i>19</i>	<i>26.76</i>
<i>4210- Capital outlay on Medical and Public Health</i>	<i>1</i>	<i>135</i>	<i>-134</i>	<i>-99.26</i>
<i>4215 Capital outlay on Water Supply and Sanitation</i>	<i>296</i>	<i>353</i>	<i>-57</i>	<i>-16.15</i>
<i>4217-Capital outlay on Urban Development</i>	<i>257</i>	<i>1177</i>	<i>-920</i>	<i>-78.16</i>
<i>4225-Capital outlay on Welfare of SCs, STs and OBCs</i>	<i>54</i>	<i>164</i>	<i>-110</i>	<i>-67.07</i>
<i>4515-Capital outlay on other Rural Development Programmes</i>	<i>92</i>	<i>275</i>	<i>-183</i>	<i>-66.55</i>
Disbursement of Loans and Advances	270	264	6	2.27
Revenue Deficit	-7591	-4252	-3339	78.53
Fiscal Deficit	-10841	-10373	-468	4.51
Primary Deficit	-1881	-1993	112	-5.62
Financial Assistance to local bodies etc.	2158	1827	331	18.12
Revenue deficit/GSDP (per cent)	-2.17	-1.22	-0.95	77.86
Fiscal deficit/GSDP (per cent)	-3.10	-2.97	-0.13	4.34
Primary deficit/GSDP (per cent)	-0.54	-0.55	0.01	-2.24
Revenue Deficit/Fiscal Deficit	70.02	40.99	29.03	70.82

Appendix 1.7
(Referred to in paragraph 1.2.2 (i), page 8)
Statement showing details of revenue receipts credited to fund outside the Consolidated Fund of the State and expenditure therefrom

(₹ in crore)

Sr. No.	Name of the Fund/ Account	Name of the administering authority	Name of Act under which the Fund/ Account was established	Nature of Receipts to be credited to the Fund	Receipts during the year	Expenditure out of the accumulated receipts
1.	Punjab Education Development Fund	Punjab Education Development Board (PEDB)	PED Act, 1998	A cess not exceeding ₹ 10 per proof liter on the sale of Punjab Medium Liquor, Indian made Foreign Liquor and Beer in the State.	219.10	172.76
				Total	219.10	172.76

Source: - Information as provided by concerned departments.

Appendix 1.8
(Referred to in paragraphs 1.3, 1.6.1 and 1.11.3, pages 9, 17 and 45)
Time Series data on State Government Finances

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Part A Receipts					
1. Revenue Receipts	27608	26234	32051	35104	39023
(i) Tax Revenue	16828(61)	18841(72)	22587(70)	24079(68)	25570(66)
Taxes on Sales, Trade etc.	10017(60)	11172(59)	13218(59)	14847(62)	15455(60)
State Excise	2373(14)	2755 (15)	3332 (15)	3765(16)	4246(17)
Taxes on vehicles	654(4)	850 (5)	995 (4)	1146(5)	1394(5)
Stamps and Registration fees	2318(14)	3079 (16)	2920 (13)	2500(10)	2474(10)
Land Revenue	19	25	37	42	47
Other Taxes	1447(8)	961 (5)	2085 (9)	1779(7)	1954(8)
(ii) Non-Tax Revenue	5330(19)	1398 (5)	2629 (8)	3192(9)	2880(7)
(iii) State's share of Union taxes and duties	3051(11)	3554 (14)	4059 (13)	4432(13)	4703(12)
(iv) Grants in aid from GOI	2399(9)	2441 (9)	2776 (9)	3401(10)	5870(15)
2. Misc Capital Receipts	1	0	0	1	1
3. Recoveries of Loans and Advances	597	95	174	112	137
4. Total revenue and Non-debt capital receipts (1+2+3)	28206	26329	32225	35217	39161
5. Public Debt Receipts	7321	8599	10724	11108	11363
Internal Debt (excluding Ways & Means Advances and Overdrafts)	6760	8710	10451	10295	11389
Net transactions under Ways and Means advances and Overdrafts	368	(-)261	51	435	(-)593
Loans and Advances from Government of India	193	150	222	378	567
6. Total receipts in the Consolidated Fund(4+5)	35527	34928	42949	46325	50524
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts⁸	1743	2532	2144	2145	1698
9. Total receipts of the State (6+7+8)	37270	37460	45093	48470	52222
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	32897(93)	33045(95)	39458(95)	41641(95)	46614(93)
Plan	2321(7)	2005 (6)	3063 (8)	3135(8)	4913(11)
Non-Plan	30576(93)	31041(94)	36395(92)	38506(92)	41701(89)

⁸ These figures are net of disbursements out of Public Account.

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
General Services including interest payments	18598(57)	16788(51)	18572(47)	20192(49)	23043(49)
Social Services	7261(22)	9247 (28)	11190(28)	11319(27)	13729(29)
Economic Services	6399(19)	6264 (19)	9152 (23)	9600(23)	9238(20)
Grants in aid and Contributions	640(2)	747 (2)	544 (1)	530(1)	604(1)
11. Capital Expenditure	2384(7)	1598 (5)	1916 (5)	2201(5)	3118(6)
Plan	2166(91)	1359 (85)	1737 (91)	2011(91)	2939(94)
Non-Plan	218(9)	239 (15)	179 (9)	190(9)	179(6)
General Services	185(8)	196 (12)	162 (8)	219(10)	252(8)
Social Services	663(28)	398 (25)	716 (37)	930(42)	795(26)
Economic Services	1536(64)	1004 (63)	1038 (54)	1052(48)	2071(66)
12. Disbursement of Loans and Advances	68(0.19)	177 (0.51)	197 (0.47)	165(0.37)	270(0.54)
13. Total of revenue expenditure, capital expenditure and disbursement of loans and advances (10+11+12)	35349	34820	41571	44007	50002
14. Repayments of Public Debt	2340	2675	3674	3650	3214
Internal Debt (excluding Ways and Means Advances and Overdraft)	2155	2488	3403	3393	2931
Net transactions under Ways and Means advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India	185	187	271	257	283
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	37689	37495	45245	47657	53216
17. Contingency Fund disbursements	--	--	--	--	--
18. Public Account disbursements⁹	--	--	--	--	--
19. Total disbursements by the State (16+17+18)	37689	37495	45245	47657	53216
Part C. Deficits					
20. Revenue Deficit (1-10)	(-)5289	(-)6811	(-)7407	(-)6537	(-)7591
21. Fiscal Deficit (4 – 13)	(-)7143	(-)8491	(-)9346	(-)8790	(-)10841
22. Primary Deficit (21-23)	(-)1628	(-)2211	(-)2515	(-)970	(-)1881
Part D. Other data					
23. Interest Payments (included in the revenue expenditure)	5515	6280	6831	7820	8960

⁹ As Public Account receipts shown at Sr. No. 8 of this Appendix are net of disbursements, the Public Account disbursements have been shown as Nil.

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
24. Financial Assistance to local bodies etc.	993	1200	1329	1626	2158
25. Ways and Means Advances/ Overdraft availed (days)	121	178	239	246	315
Ways and Means Advances availed (days)	121	153	99	151	177
Overdraft availed (days)	14	25	140	95	138
26. Interest on Ways and Means Advances/ Overdraft	5	10	20	23	41
27. Gross State Domestic Product (GSDP)	226204	256374	285119	317556	349826
28. Outstanding fiscal liabilities (year end)	74784	83099	92282	102234	112366
29. Outstanding Guarantees (year end)	40332	45714	58102	58802	66893
30. Maximum amount guaranteed (year end)	NA¹⁰	48382	59146	52934	45347
31. Number of incomplete projects	19	19	25	40	34
32. Capital blocked in incomplete projects	358	401	500	588	654
Part E. Fiscal Health Indicators (per cent)					
I Resource Mobilization					
Own Tax revenue/GSDP	7.44	7.35	7.92	7.58	7.31
Own Non-tax revenue/GSDP	2.36	0.55	0.92	1.01	0.82
Central Transfers/GSDP	1.35	1.39	1.42	1.40	1.34
II Expenditure Management					
Total Expenditure/GSDP	15.63	13.58	14.58	13.86	14.29
Total Expenditure/Revenue Receipts	128.04	132.73	129.70	125.36	128.13
Revenue Expenditure/Total Expenditure	93.06	94.90	94.92	94.62	93.22
Expenditure on Social Services/ Total Expenditure	22.42	27.70	28.64	27.83	29.05
Expenditure on Economic Services/ Total Expenditure	22.45	20.87	24.51	24.21	22.62
Capital Expenditure/Total Expenditure	6.74	4.59	4.61	5.00	6.24
Capital Expenditure on Social & Economic Services/ Total Expenditure	6.22	4.03	4.22	4.50	5.73

¹⁰ Information not supplied by the State Government.

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
III Management of fiscal Imbalances					
Revenue deficit/GSDP	(-) 2.34	(-) 2.66	(-)2.60	(-)2.06	(-)2.17
Fiscal deficit/GSDP	(-) 3.16	(-) 3.31	(-)3.28	(-)2.77	(-)3.10
Primary deficit/GSDP	(-) 0.72	(-) 0.86	(-)0.88	(-)0.31	(-)0.54
Revenue Deficit/Fiscal Deficit	74.04	80.22	79.25	74.37	70.02
Primary revenue balance/GSDP	0.36	(-) 0.17	(-)0.14	0.44	0.43
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	33.06	32.41	32.37	32.19	32.12
Fiscal Liabilities/RR	270.88	316.76	287.92	291.23	287.95
Primary deficit vis-à-vis quantum spread	(-) 34.43	(-) 122.70	(-)47.29	(-)27.81	(-)101.68
Debt Redemption (Principal + Interest)/Total Debt Receipts	92.58	91.00	92.08	93.33	97.06
V Other Fiscal Health Indicators					
Return on Investment (<i>per cent</i>)	0.02	0.05	0.01	0.04	0.04
Balance from Current Revenue (₹ in crore)	(-)4650	(-)6373	(-)6224	(-)5739	(-)6544
Financial Assets/Liabilities	39.12	37.04	35.37	35.13	34.21

Appendix 1.9

(Referred to in paragraph 1.3.1.5, page 14)

Details showing collection of tax revenue in respect of major components and expenditure incurred on their collection

Head	Year	Collection	Expenditure on collection	Percentage of expenditure on collection	All India average percentage
		(₹ in crore)			
Tax Revenue					
Taxes on Sales, trades, etc.	2010-11	10016.91	107.25	1.07	0.75
	2011-12	11171.67	99.73	0.89	0.83
	2012-13	13217.93	113.74	0.86	0.73
	2013-14	14846.71	107.43	0.72	0.88
	2014-15	15455.17	111.01	0.72	NA
Taxes on Vehicles	2010-11	653.91	10.92	1.67	3.71
	2011-12	850.06	15.85	1.86	2.96
	2012-13	994.72	24.52	2.47	4.17
	2013-14	1145.70	19.23	1.68	6.25
	2014-15	1393.32	38.15	2.74	NA
State Excise	2010-11	2373.08	20.55	0.87	3.05
	2011-12	2754.60	30.16	1.09	2.98
	2012-13	3331.96	35.72	1.07	2.96
	2013-14	3764.72	34.67	0.92	1.81
	2014-15	4246.11	35.05	0.83	NA
Stamp duty and Registration fees	2010-11	2318.46	25.47	1.10	1.60
	2011-12	3079.13	27.56	0.90	1.89
	2012-13	2920.49	25.01	0.86	3.25
	2013-14	2499.50	17.77	0.71	3.37
	2014-15	2474.15	13.91	0.56	NA

Source: Finance Accounts of relevant years

NA stands for Not Available

Appendix 1.10
(Referred to in paragraph 1.10.5, page 42 & 43)
**Achievement vis-à-vis targets fixed under Fiscal Consolidation Roadmap for
the State for the financial years 2010-11 to 2014-15**

(₹ in crore)

Item	2010-11		2011-12		2012-13		2013-14		2014-15	
	Targets	Actuals	Targets	Actuals	Targets	Actuals	Targets	Actuals	Targets	Actuals
1. Revenue Receipts	30475	27608	32027	26234	35631	32051	40194	35104	45416	39023
i) Share of Central taxes	3207	3051	3665	3554	4398	4059	5278	4432	6333	4703
ii) State's Own Taxes and Duties	17396	16828	20408	18841	23103	22587	26170	24079	29665	25570
iii) Non Tax Revenue	6568	5330	3126	1398	3277	2629	3439	3192	3610	2880
iv) Grants from Centre	3304	2399	4328	2441	4853	2776	5307	3401	5808	5870
v) Additional Resource Mobilisation	0	0	500	0	0	0	0	0	0	0
2. Revenue Expenditure	34180	32897	35406	33045	38882	39458	42171	41641	44905	46614
a) Interest Payments	5499	5515	6530	6280	7130	6831	7630	7820	8130	8960
b) Pension and Retirement benefits	4048	5309	4822	5657	5304	5966	5835	6277	6418	7249
c) Salaries	10309	9589	11067	12204	12174	13867	13391	14580	14730	16004
d) Power Subsidy	3376	3376	3020	3200	4020	5059	4520	4815	5020	3992
I. Revenue Deficit {1-2}	(-)3705	(-)5289	(-)3379	(-)6811	(-)3251	(-)7407	(-)1977	(-)6537	511	(-)7591
3. Capital Expenditure	4029	2384	5418	1598	6502	1916	7802	2201	9362	3118
4. Loans and Advances(net)	546	529	(-)4	(-)82	(-) 4	(-)23	(-) 4	(-)53	(-) 4	(-)133
II. Fiscal Deficit (I-3+4)	(-) 7189	(-)7143	(-) 8801	(-)8491	(-) 9757	(-)9346	(-) 9783	(-)8790	(-) 8855	(-)10841

Source: Annual Financial Statement and Finance Accounts of respective years

Appendix 2.1

(Referred to in paragraph 2.2, page 50)

Statement of grants/appropriations where savings and surrenders occurred

(₹ in crore)

Sr. No.	No. of the grant or appropriation	Savings	Surrendered during 2014-15	Surrendered on 31 March 2015
Voted (Revenue)				
1.	1	2707.86	2186.51	2186.51
2.	2	63.47	23.26	0
3.	3	6.91	2.49	2.49
4.	4	4.87	0	0
5.	5	653.92	14.24	14.24
6.	6	52.85	0	0
7.	7	29.58	22.78	22.78
8.	8	0	138.13	138.13
9.	9	341.04	320.75	320.75
10.	10	38.75	9.95	9.95
11.	11	365.02	0	0
12.	12	147.87	11.71	11.71
13.	13	91.71	0	0
14.	14	16.36	0.40	0.40
15.	15	70.76	7.59	7.59
16.	16	21.95	0.97	0.97
17.	17	258.87	0	0
18.	18	3.53	0	0
19.	19	27.82	0	0
20.	21	381.59	0	0
21.	22	523.08	203.37	203.37
22.	23	261.80	0	0
23.	24	5.09	4.04	4.04
24.	25	655.06	340.97	340.97
25.	26	2.85	0	0
26.	27	56.24	22.97	0
27.	28	2.72	0.53	0.53
28.	29	42.19	2.75	2.75
29.	30	0.51	0	0
Total (Voted- Revenue)		6834.27	3313.41	3267.18
Charged (Revenue)				
30.	1	0.02	0	0
31.	2	0.03	0.02	0
32.	3	0.01	0	0
33.	5	0.53	0	0
34.	6	0.10	0	0
35.	7	0.02	0	0
36.	10	1.24	0	0

37.	11	1.26	0	0
38.	12	15.92	0	0
39.	13	0.04	0	0
40.	18	1.35	0	0
41.	19	0.02	0	0
42.	21	2.02	0	0
43.	22	0.46	0	0
44.	25	0.03	0.01	0.01
45.	26	0.36	0	0
46.	28	0.01	0	0
47.	30	0.12	0	0
Total (Charged – Revenue)		23.54	0.03	0.01
Voted (Capital)				
48.	1	3.92	3.81	3.81
49.	2	27.20	22.09	0
50.	3	50.00	0	0
51.	4	32.01	0	0
52.	5	307.36	0	0
53.	8	6.62	0	0
54.	9	0.56	0.54	0.54
55.	10	54.06	40.00	40.00
56.	11	134.75	0	0
57.	12	64.75	0	0
58.	13	16.08	0	0
59.	14	0.86	0	0
60.	15	663.55	628.20	628.20
61.	16	5.00	0	0
62.	17	920.93	0	0
63.	18	0.54	0	0
64.	19	52.78	0	0
65.	21	297.42	0	0
66.	22	1.00	0	0
67.	23	182.65	0	0
68.	24	2.00	1.02	1.02
69.	25	121.84	34.14	34.14
70.	27	127.40	112.26	0
71.	28	124.88	52.69	52.69
72.	29	2.36	3.00	3.00
Total (Voted – Capital)		3200.52	897.75	763.40
Grand Total		10058.33	4211.19	4030.59

Source: Appropriation Accounts

Appendix 2.2
(Referred to in paragraph 2.3.5, page 53)
Statement showing expenditure incurred without budget provision

Sr. No.	Number and name of grant	Expenditure without provision (₹ in crore)	Head of Account
1.	11-Health and Family Welfare	2.56	2210-01-001-46-Nationl Rural Health Mission (Plan)
2.	15-Irrigation and Power	18.65	2701-05-800-07-Other Expenditure including Interest
3.		17.47	2701-13-800-07-Other Expenditure including Interest
4.		12.73	2701-39-800-07-Other Expenditure including Interest
5.		7.28	2701-40-800-07-Other Expenditure including Interest
6.		4.58	2701-26-800-07-Other Expenditure including Interest
7.		1.04	2701-38-800-07-Other Expenditure including Interest
8.		53.78	4700-02-799-Suspense
9.		3.30	4700-800-08-Other expenditure
10.		7.34	4705-05-800-17-Construction of Field Channels on Matching Grant Basis on Upper Bari Doab Canal System (CSS)
11.		5.20	4711-03-799-Suspense (Plan)
12.	21-Public Works	97.77	2059-80-001-07-Establishment Charge paid to Public Health department for works done by that department
13.		19.65	2059-80-799-Suspense
14.		27.58	3054-80-797-01-Amount transferred to Subvention from Central Road Fund (Plan)
15.		19.79	3054-80-001-01-Establishment Charges transferred on Pro-rata Basis to the Major Head 3054- Road and Bridges
16.		26.97	2215-01-799-Suspense
17.	29-Transport	27.00	3055-190-03-Reimbursement of Committed Expenditure
	Total	352.69	

Source: Appropriation Accounts

Appendix 2.3
(Referred to in paragraph 2.3.6, page 54)

**Statement showing cases where supplementary provision
(₹ one crore or more in each case) proved unnecessary**

(₹ in crore)

Sr. No.	Number and name of grant	Original provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A-Revenue (Voted)					
1	1-Agriculture and Forests	5979.15	3291.33	2687.82	20.03
2	4-Defence Services Welfare	30.90	27.49	3.41	1.45
3	5-Education	7626.14	7520.13	106.01	547.91
4	6-Election	140.74	118.75	21.99	30.86
5	10-General Administration	221.40	191.07	30.33	8.43
6	11-Health and Family Welfare	2654.86	2481.23	173.63	191.39
7	14-Information and Public Relations	30.51	30.02	0.49	15.88
8	16-Labour and Employment	60.75	40.02	20.73	1.21
9	17-Local Government, Housing and Urban Development	840.62	824.63	15.99	242.88
10	19-Planing	70.03	45.56	24.47	3.35
11	22-Revenue and Rehabilitation	1199.12	874.62	324.50	198.58
12	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	2403.68	2064.68	339.00	316.06
13	27-Technical Education and Industrial Training	297.13	280.50	16.63	39.61
14	29-Transport	406.01	388.03	17.98	24.21
Total of Revenue (Voted)		21961.04	18178.06	3782.98	1641.85
B-Capital (Voted)					
15	10-General Administration	73.00	22.53	50.47	3.59
16	15-Irrigation and Power	1368.36	735.71	632.65	30.90
17	19-Planning	272.60	232.74	39.86	12.92
18	21-Public Works	1601.29	1363.95	237.34	60.07
Total of Capital (Voted)		3315.25	2354.93	960.32	107.48
Grand Total		25276.29	20532.99	4743.30	1749.33

Source: Appropriation Accounts

Appendix 2.4
(Referred to in paragraph 2.3.7, page 54)
Statement showing unnecessary re-appropriation of funds

(₹ in crore)

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
	06-Election						
1	2015-102-01-Electoral Officers	32.28	1.86	5.16	39.30	19.01	(-) 20.29
	08-Finance						
2	2071-01-104-01-Gratuities	800.00	0.00	(-) 262.59	537.41	712.92	(+) 175.51
3	7610-800-01-Festival Advance	30.00	0.00	(-) 10.00	20.00	28.08	(+) 8.08
	15-Irrigation and Power						
4	2700-01-001-01-Direction	415.36	1.68	19.38	436.42	375.60	(-) 60.82
5	4705-800-11-Construction of Field Channels on Ktla Canal Branch-Phase-II System (Accelerated Irrigation Benefit Programme (Plan))	180.00	0.00	(-) 133.20	46.80	50.00	(+) 3.20
6	4705-800-08-Works Expenditure (Plan)	45.00	0.00	-17.86	27.14	30.15	(+) 3.01
7	4702-800-13-Installation of 280 Deep Tubewells in Kandi Area (Rural Infrastructure Development Fund XV) (Plan)	60.80	0.00	(-) 26.80	34.00	40.31	(+) 6.31
	22-Revenue and Rehabilitation						
8	2245-02-122-01-Repairs and Restoration of Damaged Irrigation and Flood Control Works	50.00	0.00	50.00	100.00	12.80	(-) 87.20
9	2245-02-106-01-Repairs and Restoration of Damaged Roads and Bridges	20.00	0.00	15.00	35.00	0.23	(-) 34.77
	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes						
10	2225-01-789-65-Post – Matric Scholarship for Scheduled Castes (Plan)	183.08	0.00	36.94	220.02	60.79	(-) 159.23
11	2235-60-102-01-Old Age Pensions (Social Security Fund)- (Plan)	247.50	0.00	(-) 67.50	180.00	200.38	(+) 20.38
12	4225-04-800-01-Multi Sectoral Development Programme for Minorities (Plan)	60.00	0.00	10.86	70.86	11.88	(-) 58.98

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-Appn.	Total	Expenditure	Saving(-)/ Excess(+)
13	4225-01-789-08-Pradhan Mantri Adarsh Gram Yojana	50.00	0.00	(-) 25.00	25.00	35.00	(+) 10.00
	Total	2174.02	3.54	(+) 137.34	1771.95	1577.15	(+) 226.49
				(-) 542.95			(-) 421.29
			Net	(-) 405.61			(-) 194.80

Source: Appropriation Accounts

Appendix 2.5
(Referred to in paragraph 2.3.8, page 54)
Detail of grants in which savings exceeding ₹ 10 crore were not surrendered

(₹ in crore)

Sr. No.	Number and Name of grant/appropriation	Savings
Revenue (Voted)		
1	6-Election	52.85
2	11-Health and Family Welfare	365.02
3	13-Industries	91.71
4	17-Local Government, Housing and Urban Development	258.87
5	19-Planning	27.82
6	21-Public Works	381.59
7	23-Rural Development and Panchayats	261.80
Total		1439.66
Revenue (Charged)		
8	12-Home Affairs and Justice	15.92
Total		15.92
Capital (Voted)		
9	4-Defence Services Welfare	32.01
10	5-Education	307.36
11	11-Health and Family Welfare	134.75
12	12-Home Affairs and Justice	64.75
13	17-Local Government, Housing and Urban Development	920.93
14	19-Planning	52.78
15	21-Public Works	297.42
16	23-Rural Development and Panchayats	182.65
Total		1992.65
Grand total		3448.23

Source: Appropriation Accounts

Appendix 2.6
(Referred to in paragraph 2.3.8, page 54)
Details of grants/appropriations in which there were savings of ₹ 10 crore and above even after partial surrender

(₹ in crore)

Sr. No.	Number and Name of grant/ Appropriation	Savings	Savings surrendered	Savings not surrendered
1	2	3	4	5 (3-4)
Revenue (Voted)				
1	1-Agriculture and Forests	2707.86	2186.51	521.35
2	2-Animal Husbandry and Fisheries	63.47	23.26	40.21
3	5-Education	653.92	14.24	639.68
4	10-General Administration	38.75	9.95	28.80
5	12-Home Affairs and Justice	147.87	11.70	136.17
6	14-Information and Public Relations	16.36	0.00	16.36
7	15-Irrigation and Power	70.76	7.59	63.17
8	16-Labour and Employment	21.95	0.01	21.94
9	22-Revenue and Rehabilitation	523.08	203.37	319.71
10	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	655.06	340.97	314.09
11	27-Technical Education and Industrial Training	56.24	22.97	33.27
12	29-Transport	42.19	2.75	39.44
Capital (Voted)				
13	10-General Administration	54.06	40.00	14.06
14	15-Irrigation and Power	663.55	628.20	35.35
15	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	121.84	34.14	87.70
16	27-Technical Education and Industrial Training	127.40	112.26	15.14
17	28-Tourism and Cultural Affairs	124.88	52.69	72.19
Total		6089.24	3690.61	2398.63

Source: Appropriation Accounts

Appendix 2.7
(Referred to in paragraph 2.4.1, page 55)

Statement showing savings in Grant No. 15-Irrigation and Power and Grant No.-25 Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes

(₹ in crore)

Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Saving (in per cent)
	Grant No.-15 Irrigation and Power				
1	2700-Major Irrigation, 02- Ranjit Sagar Dam (Commerical), 001-Direction and Administration, 01-Direction	284.56	240.88	43.68	15.35
2	2700-Major Irrigation, 01- Sirhind Canal System (Commerical), 001-Direction and Administration, 01-Direction	436.42	375.60	60.82	13.94
3	2701-Medium Irrigation, 80-General, 001-Direction and Administration, 01-Direction	163.95	96.30	67.65	41.26
4	4701-Capital Outlay on Medium Irrigation, 13- Construction of New Distributaries/Minors (Commercial), 800-Other Expenditure 08-Works Expenditure	136.01	110.51	25.50	18.75
	Total	1020.94	823.29	197.65	19.36
	Grant No.- 25 Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes				
5	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01-Welfare of Scheduled Castes, 789-Special Component Plan for Scheduled Castes, 65- Post Matric Scholarship for Scheduled Castes (Plan)	220.02	60.79	159.23	72.37
6	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 02-Welfare of Scheduled Tribes, 277-Education, 01- Promotion of Education among Educationally Backward Classes	45.00	11.28	33.72	74.93

Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Saving (in per cent)
7	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01-Welfare of Scheduled Castes, 277-Education, 10-Free Books to Scheduled Castes Students (1st to 10th Classes)	67.03	51.66	15.37	22.94
8	2235-Social Security and Welfare, 02-Social Welfare, 102-Child Welfare, 09-Integrated Child Development Service Scheme (Plan)	252.96	193.23	59.73	23.61
9	2235-Social Security and Welfare, 02-Social Welfare, 789-Special Component Plan for Scheduled Castes, 22-Integrated Child Development Service Scheme (Plan)	84.39	37.00	47.39	56.16
10	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 04-Welfare of Minorities, 800-Other Expenditure, 01-Multi Sectoral Development Programme for Minorities (Plan)	70.86	11.88	58.98	83.23
	Total	740.26	365.84	374.42	50.58
	Grand Total	1761.20	1189.13	572.07	32.48

Source: Appropriation Accounts

Appendix 2.8
(Referred to in paragraph 2.4.2, page 55)

**Statement showing expenditure without provision in Grant No. 15-
Irrigation and Power and excess expenditure over budget provision in
Grant No.-25 Social and Women's Welfare and Welfare of Scheduled
Castes and Backward Classes**

(₹ in crore)

Sr. No.	Head of account	Total provision	Expenditure	Expenditure without provision/ excess expenditure
Grant No.-15				
1	2700-Major Irrigation, 19-Lining of Channels (Commercial), 800-Other Expenditure, 07-Other Expenditure including interest	0	23.40	23.40
2	2700-Major Irrigation, 03-Sutlej Yamuna Link (Commercial), 800-Other Expenditure, 07-Other Expenditure including interest	0	17.45	17.45
3	2701-Medium Irrigation, 05-Lining of Channels – Phase-II (Commercial), 800-Other Expenditure, 07-Other Expenditure including interest	0	18.65	18.65
4	2701-Medium Irrigation, 13-Construction of New Distributaries Minor (Commercial), 800-Other Expenditure, 07-Other Expenditure including interest	0	17.47	17.47
5	2701-Medium Irrigation, 39-Extension and Improvement of Shah Nahar Canal Remodelling and Lining (Commercial), 800-Other Expenditure, 07-Other Expenditure including interest	0	12.73	12.73
6	4700-Capital Outlay on Major Irrigation, 02-Ranjit Sagar Dam (Commercial), 799-Suspense	0	53.78	53.78
Total		0	143.48	143.48
Grant No.-25				
7	2235-Social Security and Welfare, 60-Other Social Security and Welfare Programmes, 102-Pensions under Social Security Schemes, 01-Old Age Pensions (Social Security Fund) (Plan)	180.00	200.38	20.38
8	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01-Welfare of Scheduled Castes, 789-Special Component Plan for Scheduled Castes, 65- Post Matric Scholarship for Scheduled Castes (CSS)	269.97	376.87	106.90
9	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01-Welfare of Scheduled Castes, 789-Special Component Plan for Scheduled Castes, 08-Pradhan Mantri Adarsh Gram Yojana (Plan)	25.00	35.00	10.00
Total		474.97	612.25	137.28
Grand Total		474.97	755.73	280.76

Source: Appropriation Accounts

Appendix 2.9
(Referred to in paragraph 2.4.4 page 57)
**Statement showing details of unnecessary supplementary/
re-appropriation under Grant No. 15-Irrigation and Power and
Grant No.-25 Social and Women's Welfare and Welfare of Scheduled
Castes and Backward Classes**

(₹ in crore)

Sr. No.	Minor head/ Scheme	Original Provision	Re-appropriation	Supplementary	Total	Expenditure	Savings
	Grant No.15						
1	4705-Capital Outlay on Command Area Development, 800-Other Expenditure, 11-Construction of Field Channels on Kotla Canal Branch-Phase-II System (Accelerated Irrigation Benefit Programme) (Plan)	180.00	-133.20	0	46.80	50.00	+3.20
2	4705-Capital Outlay on Command Area Development, 800-Other Expenditure, 09-Construction of Field Channels on Sirhind Feeder-Phase-II Canal System on Matching Grant Basis, 08-Works Expenditure (Plan)	90.00	-63.95	0	26.05	30.57	+4.52
3	4705-Capital Outlay on Command Area Development, 800-Other Expenditure, 10-Construction of Field Channels on Bathinda Branch Phase-II Canal System on Matching Grant Basis, 08-Works Expenditure (Plan)	45.00	-17.86	0	27.14	30.15	+3.01
4	4702-Capital Outlay on Minor Irrigation, 800-Other Expenditure, 13-Installation of 280 Deep Tubewells in Kandi Area (Rural Infrastructure Development Fund XV) (Plan)	60.80	-26.80	0	34.00	40.31	+6.31
5	4711-Capital Outlay on Flood Control Projects, 03-Drainage, 789-Special Component Plan for Scheduled Castes, 04-Measures to Address the Problem of Water	2.50	+3.18	0	5.68	0	-5.68

Sr. No.	Minor head/ Scheme	Original Provision	Re-appropriation	Supplementary	Total	Expenditure	Savings
	Logging in the State – 13th Finance Commission (Plan)						
6	4700-Capital Outlay on Major Irrigation, 02-Ranjit Sagar Dam (Commercial), 800-Other Expenditure, 08-Works Expenditure (Plan)	15.00	+3.49	0	18.49	7.32	-11.17
	Grant No.25						
7	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 01-Welfare of Scheduled Castes, 789-Special Component Plan for Scheduled Castes, 65-Post Matric Scholarship for Scheduled Castes (Plan)	183.08	+36.94	0	220.02	60.79	-159.23
8	2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 02-Welfare of Scheduled Tribes, 277-Education, 01-Promotion of Education among Educationally Backward Classes	43.00	-10.00	12.00	45.00	11.28	-33.72
9	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities, 04-Welfare of Minorities, 800-Other Expenditure, 01-Multi Sectoral Development Programme for Minorities (Plan)	60.00	+10.86	0	70.86	11.88	-58.98

Source: Appropriation Accounts

Appendix 2.10 (A)*(Referred to in paragraph 2.5.1, page 57)***Instances where sub-heads meant for Capital Expenditure were used for Revenue Expenditure***(₹ in crore)*

Sr no.	Grant no.	Classification	Amount
1.	9	3456-789-01-53 PS(V)	280.00
2.	11	2210-02-101-36-52 PS(V)	0.96
3.	11	2210-06-107-02-52 NS(V)	1.55
4.	25	2225-01-789-45-53 NC(V)	2.50
5.	29	3055-800-01-51 NS(V)	2.50

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NC-Fully Central Non-Plan, V- Voted)

Appendix 2.10 (B)*(Referred to in paragraph 2.5.1, page 57)***Instances where sub-heads meant for Revenue Expenditure were used for Capital Expenditure***(₹ in crore)*

Sr no.	Grant no.	Classification	Amount
1.	12	4055-00-207-08-22 NS(V)	2.44
2.	12	4055-00-207-08-22 NC(V)	3.01
3.	12	4055-00-208-01-22 NS(V)	5.22
4.	12	4055-00-800-10-21 NS(V)	1.10
5.	12	4059-80-800-01-27 NS(V)	5.00
6.	29	5055-001-01-21 NS(V)	2.50

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NC-Fully Central Non-Plan, V- Voted)

Appendix 2.11
(Referred to in paragraph 2.5.1, page 57)

Provision under object head 42- Lumpsum provision

(₹ in crore)

Sr no.	Grant no.	Classification	Amount
1	8	6003-00-101-01-42 NS(C)	1265.40
2	8	6003-00-105-01-42 NS(C)	438.32
3	8	6003-00-106-01-42 NS(C)	63.73
4	8	6003-00-110-01-42 NS(C)	15000.00
5	8	6003-00-111-01-42 NS(C)	1119.58
6	8	6004-02-105-01-42 NS(C)	153.39

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NC-Fully Central Non-Plan, C- Charged)

Appendix 2.12
(Referred to in paragraph 2.5.1, page 57)

Provision under object head 50- Other charges

(₹ in crore)

Sr no.	Grant no.	Classification	Amount
1	25	2225-01-789-60-50 PS(V)	72.00
2	25	2225-02-277-01-50 NS(V)	20.00
3	25	2225-03-190-09-50 PS(V)	18.00
4	21	3054-03-337-02-50 NS(V)	164.86
5	21	3054-03-337-03-50 NS(V)	164.86
6	22	2030-02-102-01-50 NS (V)	18.00

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NC-Fully Central Non-Plan, V- Voted)

Appendix 2.13
(Referred to in paragraph 2.5.2, page 58)

**Provision under minor head “001-Direction and Administration” under
Grants-in-aid (SOE 31 and 36)**

(₹ in crore)

Sr no.	Grant no.	Classification	Amount
1	11	2210-01-001-01-31 NS(V)	22.00
2	11	2210-01-001-44-31 NS(V)	15.00
3	11	2210-01-001-49-31 PS(V)	26.52
4	11	2210-01-001-58-36 PS(V)	17.00
5	1	2401-001-09-36 PS(V)	475.00
6	15	2700-04-001-01-31 NS(V)	87.07

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NC-Fully Central Non-Plan, V- Voted)

Appendix 2.14
(Referred to in paragraph 2.5.3, page 58)

**Opening of detailed heads without prior approval
of Accountant General (A&E)**

(₹ in crore)

Sr no.	Grant no.	Classification	Amount
1	15	4701-06-001-08-53-53 PS(V)	80.56
2	15	4701-44-800-08-52-53 PS(V)	90.00
3	15	4701-47-800-08-52-53 PS(V)	75.00
4	15	4702-800-13-53-53 PS(V)	57.51
5	15	4705-800-11-52-53 PS(V)	80.00
6	15	4705-800-11-51-53 PS(V)	77.78
7	21	4215-01-102-13-54-53 PS(V)	116.00
8	21	4215-01-789-05-54-53 PS(V)	60.00
9	21	5054-03-101-08-54-53 PS(V)	106.88

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NC-Fully Central Non-Plan, V- Voted)

Appendix 2.15
(Referred to in paragraph 2.5.4, page 58)

Non-inclusion of expenditure relating to a new service in Schedule of New Expenditure

(₹ in crore)

Sr no.	Grant no.	Classification	Amount
1	1	2401-001-14-33 NS(V)	4500.00
2	17	4217-60-051-07-53 PS(V)	178.98
3	17	4217-60-789-07-53 PS(V)	144.00
4	21	3054-03-337-03-27 NH(V)	168.00
5	21	3054-03-337-03-50 NS(V)	164.86
6	21	5054-04-337-02-53 PS(V)	285.00
7	21	5054-04-337-04-53 PS(V)	286.90
8	25	2225-01-789-67-34 PS(V)	183.08
9	25	2235-02-102-09-01 PS(V)	195.84

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NH-Share Central Non-Plan, V- Voted)

Appendix 2.16
(Referred to in paragraph 2.5.5, page 58)

**Non-inclusion of non-recurring grants-in-aid, contribution or donation
in Schedule of New Expenditure**

(₹ in crore)

Sr no.	Grant no.	Classification	Amount
1	1	2415-01-120-09-31 PS(V)	80.00
2	1	2401-102-10-50 PS(V)	24.00
3	1	2401-102-10-33 PS(V)	33.38
4	11	2210-01-110-65-99-36 PS(V)	49.08
5	11	2210-01-789-05-99-36 PS(V)	23.10
6	11	2210-06-101-25-07-31 PS(V)	23.84
7	12	2055-00-003-03-36 PS(V)	40.00

Source: Demand for grants

(PS-Plan State, NS- Non-Plan State, NC-Fully Central Non-Plan, V- Voted)

Appendix 3.1
(Referred to in paragraph 3.1.1 page 61)

Outstanding utilisation certificates as on 31 March 2015

(₹ in crore)

Sr. No.	Department	Year of payment of grant	Total grants paid		Utilization Certificates			
			Number of UCs	Amount	Received		Outstanding	
					Number of UCs	Amount	Number of UCs	Amount
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Rural Development and Panchayat	2006-07	1	25.00	0	24.97	1	0.03
2.	Education	2012-13	65	99.73	65	99.73	0	0.00
		2013-14	84	60.34	71	59.44	13	0.90
3.	Small Scale Industries	2012-13	3	6.90	2	4.50	1	2.40
		2013-14	2	1.01	1	0.01	1	1.00
4.	Science & Technology	2013-14	1	0.25	1	0.25	0	0.00
5.	Information & Public Relation	2013-14	2	1.01	1	0.91	1	0.10
6.	Sports & Youth Services	2012-13	20	25.44	9	6.32	11	19.12
		2013-14	5	17.69	5	17.69	0	0.00
7.	Director Local Bodies	2012-13	1	0.66	0	0.00	1	0.66
8.	Home Affairs & Justice	2013-14	6	0.83	6	0.83	0	0.00
9.	Director Industries & Commerce	2013-14	2	2.03	2	2.03	0	0.00
10.	Cultural Affairs	2013-14	3	11.40	3	11.40	0	0.00
11.	Irrigation	2013-14	1	0.38	1	0.38	0	0.00
	TOTAL		196	252.67	167	228.46	29	24.21

Source: Office of the Pr. A.G. (A & E), Punjab

Appendix 3.2

(Referred to in paragraph 3.2, page 62)

Status of the Accounts and the Separate Audit Reports of the autonomous bodies as on 31 March 2015

(₹ in lakh)

Sr. No.	Name of Body	Period of entrustment	Years for which accounts not rendered (Grant released)	Delay in submission of accounts			Period upto which SARs issued and date of issue		Position of placement of SARs in the Legislature
				Delayed Account	Date of Receipt	Delay (in Months)	Year	Date of issue	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1	Punjab Legal Services Authority, Chandigarh	upto 2011-12 to 2013-14	--	2011-12 2012-13 2013-14	04.05.15 04.05.15 04.05.15	34 22 10	2010-11	17.11.11	SARs for the period 2006-07 to 2010-11 not presented in State Legislature
2	Punjab Khadi and Village Industries Board, Chandigarh	2008-2012	--	--	--	--	2009-10 2010-11 2011-12	30.12.13 08.07.14 26.03.15	SARs for the years 2010-11 and 2011-12 were not presented
3	Punjab State Human Rights Commission, Chandigarh.	upto 2013-14	--	2013-14	30.12.14	6	2012-13	26.02.14	SARs for 2009-10 to 2012-13 not presented.
4	Punjab Labour Welfare Board, Chandigarh	Up to 2009-10	2004-05 to 2013-14 (260.00 ¹)	2003-04	23.03.15	120	2002-03	19.02.15	SARs for 2002-03 was not presented.
5	Pushpa Gujral Science City, Kapurthala	Up to 2019-20	2013-14 (75.00)	2012-13	02.01.15	18	2011-12	04.06.14	Not to be placed in State Legislature

Source: Information on the basis of departmental record

Note - Delay in submission of Accounts is to be worked out from 30th June of respective Balance Sheet Year. Reasons for delay were not intimated by the department (August 2015).

¹ 2004-05: ₹ 16.00 lakh; 2005-06: ₹ 16.00 lakh; 2006-07: ₹ 116.00 lakh; 2007-08: ₹ 16.00 lakh; 2008-09: ₹ 16.00 lakh; 2009-10: ₹ 16.00 lakh; 2010-11: ₹ 16.00 lakh; 2011-12: ₹ 16.00 lakh, 2012-13: ₹ 16.00 lakh. and 2013-14: ₹ 16.00 lakh.

Appendix 3.3
(Referred to in paragraph 3.4, page 63)

Statement showing age-wise profile of cases of misappropriation, losses, thefts, etc.

(₹ in lakh)

Age profile of the pending cases			Nature of pending cases		
Range in years	Number of cases	Amount	Nature of cases	Number of cases	Amount
0-5	114	131.67	Theft	1	0.45
			Misappropriation/Loss of material etc.	113	131.22
5-10	47	13.65	Theft	1	0.42
			Misappropriation/Loss of material etc.	46	13.23
20-25	3	0.65	Theft	1	0.06
			Misappropriation/Loss of material etc.	2	0.59
Above 25	4	11.80	Theft	0	--
			Misappropriation/Loss of material etc.	4	11.80
Total	168	157.77	Theft	3	0.93
			Misappropriation/Loss of material etc.	165	156.84

Source: Information as provided by the departments

Appendix 3.4

(Referred to in paragraph 3.6, page 66)

Statement showing expenditure and receipts booked under
Minor Head-‘800-Other Expenditure/Receipts’.

(₹ in crore)

Sr. No.	Major Head of Account	Expenditure/ receipts booked under Minor Head-800- Other Expenditure/ Receipts	Total expenditure/ receipts under Major Head	Percentage	
		EXPENDITURE			
1	2013	Council of Ministers	26.78	31.56	84.85
2	4515	Capital Outlay on Other Rural Development Programme	68.15	92.24	73.88
3	4702	Capital Outlay on Minor Irrigation	65.98	66.63	99.02
4	4705	Capital Outlay on Command Area Development	172.69	172.69	100.00
TOTAL			333.60	363.12	91.87
		RECEIPTS			
1	0029	Land Revenue	45.94	47.30	97.12
2	0055	Police	56.40	77.23	73.02
3	0075	Miscellaneous General Services	1147.41	1473.47	77.87
4	0217	Urban Development	117.24	119.44	98.16
5	0235	Social Security and Welfare	27.22	35.54	76.59
6	0406	Forestry and Wild Life	17.94	19.45	92.24
TOTAL			1412.15	1772.43	79.67

Source: Finance Accounts

Appendix-4.1
Glossary of terms

Sr. No.	Terms	Description
1.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
2.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are 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 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.
3.	Debt sustainability	The Debt sustainability 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 sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.
4.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
5.	Fiscal Liabilities	Fiscal liabilities comprise Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GoI and the liabilities arising from the transactions in the Public Account of the State.
6.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.