



**State Finances Audit Report
of the
Comptroller and Auditor General of India
for the year ended 31 March 2018**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Government of Gujarat
Report No. 2 of the year 2019**

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of the
Comptroller and Auditor General of India**

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**GOVERNMENT OF GUJARAT
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Contents

		Page
Preface		v
Executive Summary		vii
Chapter I		
FINANCES OF THE STATE GOVERNMENT		
	Socio-economic indicators	1
1.1	Introduction	2
1.2	Resources of the State	8
1.3	Revenue Receipts	9
1.4	Capital Receipts	19
1.5	Public Account Receipts	20
1.6	Application of Resources	20
1.7	Quality of Expenditure	27
1.8	Financial Analysis of Government Expenditure and Investments	30
1.9	Assets and Liabilities	37
1.10	Debt Management	41
1.11	Fiscal Imbalances	43
1.12	Follow up	45
1.13	Conclusion and Recommendations	45
Chapter II		
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL		
2.1	Introduction	47
2.2	Summary of Appropriation Accounts	48
2.3	Financial Accountability and Budget Management	48
2.4	Review of Budget Control Mechanism	55
2.5	Advances from Contingency Fund	62
2.6	Misclassification of 'grants-in-aid' as capital expenditure	62
2.7	Conclusion and Recommendations	63
Chapter III		
FINANCIAL REPORTING		
3.1	Delay in furnishing Utilisation Certificates	65

Contents

		Page
3.2	Failure to submit account for amounts drawn on abstract contingent bills	68
3.3	Bodies/Authorities substantially financed by the Government	69
3.4	Delay in submission of Accounts/placement of Separate Audit Reports of Autonomous Bodies	70
3.5	Personal Deposit / Personal Ledger Accounts	71
3.6	Misappropriation, losses and defalcation	73
3.7	Operation of omnibus Minor Head 800	74
3.8	Comments on Accounts	76
3.9	Conclusion and Recommendations	78
APPENDICES		
Appendix 1.1 Part A	General Data	81
Appendix 1.1 Part B	Structure and Form of Government Accounts	82
Appendix 1.1 Part C	Layout of Finance Accounts	82
Appendix 1.2 Part A	Methodology adopted for the assessment of Fiscal Position	83
Appendix 1.2 Part B	Fiscal Responsibility Act	84
Appendix 1.3 Part-I	Abstract of Receipts and Disbursements for the year 2017-18	85
Appendix 1.3 Part -II	Summarised financial position of the Government of Gujarat as on 31 March 2018	88
Appendix 1.4	Actuals <i>vis-à-vis</i> Budget Estimates and Revised Estimates 2017-18	89
Appendix 1.5	Time series data on the State Government finances	95
Appendix 1.6	Comparison of main components of Tax Revenue during 2013-14 to 2017-18	98
Appendix 1.7	Incorrect booking of revenue receipts and revenue expenditure	99
APPENDICES		
Appendix 2.1	Excess expenditure over appropriations in previous years requiring regularisation	100
Appendix 2.2	Cases where persistent excess of more than ₹ 10 crore was noticed consistently during 2015-18	101
Appendix 2.3	Statement of various grants/appropriations where savings were more than ₹ 100 crore each or more than 50 <i>per cent</i> of the total provision	103
Appendix 2.4	Cases where persistent savings were noticed during 2015-18	107

Contents

		Page
Appendix 2.5	Cases where supplementary provision (₹ five crore or more in each case) proved unnecessary	114
Appendix 2.6	Excess/saving (more than ₹ five crore) resulting from unnecessary/insufficient re-appropriation of funds	115
Appendix 2.7	Substantial surrenders of more than 50 per cent of total provision or ₹ one crore or more.	117
Appendix 2.8	Amount surrendered (₹ two crore or more) in excess of actual savings	119
Appendix 2.9	Grants in which savings were more than ₹ five crore of which, more than 10 <i>per cent</i> was not surrendered	121
Appendix 3.1	Pending Utilisation certificates in respect of grants paid up to 2016-17	122
Appendix 3.2	Statement showing names of bodies and authorities, the accounts of which had not been received for audit	123
Appendix 3.3	Statement showing pendency of accounts and delay in placement of separate audit reports in the State Legislature	127
Appendix 3.4	Department-wise/age-wise break-up of pending cases of misappropriation, defalcation <i>etc.</i>	134
Appendix 3.5	Department-wise/category-wise details of cases of loss to Government due to theft, misappropriation/loss of Government material	135
Appendix 4.1	Glossary	136

Contents

Preface

1. This Report has been prepared for submission to the Governor of Gujarat under Article 151 of the Constitution.
2. Chapters I and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts respectively of the State Government for the year ended 31 March 2018. Information has also been obtained from the Government of Gujarat wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various rules, procedures and directives relating to financial reporting during the current year.
4. The Reports containing the findings of performance audit and audit of transactions in various Departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

Background

In response to the 12th Finance Commission's (FC) recommendations, the Government of Gujarat enacted the Gujarat Fiscal Responsibility Act, 2005 which incorporated the objectives of prudence in fiscal management, fiscal stability by progressive elimination of revenue deficit, sustainable debt management and greater transparency in the fiscal operations of the Government.

To maintain a stable and sustainable fiscal environment consistent with equitable growth, the 13th FC recommended a fiscal consolidation roadmap for the States by amending their Fiscal Responsibility Legislations. The Gujarat State Legislature in March 2011 amended its Fiscal Responsibility Act in line with the recommendations of the 13th FC.

Recognising that the fiscal environment should be conducive to equitable growth, the 14th FC recommended that the States should target improving the quality of fiscal management encompassing receipts and expenditures while adhering to the roadmap outlined by 14th FC.

The Report

Based on the audited accounts of the Government of Gujarat for the year ending March 2018, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2018. It provides an insight into trends of different components of the Government's receipts, expenditure and borrowing pattern, besides giving a brief account of fiscal imbalances.

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

Chapter III is an inventory of the Government's compliance with various reporting requirements and financial rules.

The Report also has additional data collated from several other sources in support of the findings.

Achievements of the State Government: A Brief Summary

The per capita income of Gujarat at ₹ 2,06,447 during 2017-18 was higher than the all India average of ₹ 1,29,800. The State achieved all the targets of major fiscal variables set under the Gujarat Fiscal Responsibility Act, 2005. The State has been revenue surplus since 2011-12. The ratios of fiscal deficit as well as public debt to Gross State Domestic Product (GSDP) at 1.62 *per cent* and 16.10 *per cent* respectively were significantly better than that achieved by the Government of India (3.53 *per cent* and 39.07 *per cent* respectively). The State Government spent 98 *per cent* of the total public debt receipts on capital expenditure, indicating better utilisation of borrowed funds for capital formation in creating productive assets. Investment held in 'Cash Balance Investment Account' by the State Government came down from ₹ 12,750 crore at the end of 2016-17 to ₹ 5,198 crore at the end of 2017-18, indicating better utilisation of cash balances.

The outstanding guarantees of the State at ₹ 4,834 crore during 2017-18 was much lower than the ceiling of ₹ 20,000 crore prescribed under the Gujarat State Guarantees Act, 1963. The quantum of outstanding utilisation certificates in terms of numbers and money value has shown a decreasing trend from 2015-16 (6,115 and ₹ 3,686.07 crore) to 2017-18 (2,465 and ₹ 1,996.80 crore). The tax and non-tax revenue receipts of the State showed an increasing trend during the last five years. All the four State-owned power distribution companies (DISCOMS) achieved financial turnaround in 2005-06 and no financial assistance is being provided by State Government under *Ujwal DISCOM Assurance Yojana* (UDAY) Scheme.

The State also took initiatives for better fiscal management by setting up of the Consolidated Sinking Fund to provide a cushion for repaying market loans of states and the Guarantee Redemption Fund to provide a cushion for servicing any contingent liabilities. As on 31 March 2018, balances in both the funds exceeded the minimum requirement prescribed for administration of these funds.

The State Government, however, needs to improve its Tax-GSDP ratio (5.42 *per cent*) which was lower than the GoI ratio of 7.42 *per cent* during 2017-18.

Contents of the Report

Chapter I

Finances of the State Government

Fiscal position

The State achieved the target of elimination of revenue deficit in 2011-12 and reported a revenue surplus of ₹ 3,215 crore in that year. The revenue surplus continued thereafter in successive years and stood at ₹ 5,232 crore in 2017-18,

which was lower than the projections made in the Medium Term Fiscal Policy Statement (MTFPS) and 14th FC targets for 2017-18.

At the end of 2017-18, the fiscal deficit as percentage to GSDP stood at 1.62 *per cent*, which was within the limit of three *per cent* recommended by 14th FC and that of the Government's own projections of 1.82 *per cent* in MTFPS.

The State Government maintained the percentage of public debt to GSDP at 16.10 during 2017-18, against the target of 16.83 *per cent* set in MTFPS. In the fiscal consolidation roadmap, the 14th FC had recommended the percentage of outstanding liabilities¹ to GSDP at 25.83 for 2017-18, against which, the actual outstanding liabilities stood at 19.42 *per cent*.

The fiscal deficit increased from ₹ 18,422 crore in 2013-14 to ₹ 21,366 crore in 2017-18. Significant increase in fiscal deficit during the current year (29.65 *per cent*) was mainly on account of increase in capital expenditure (₹ 3,958 crore) and a decrease of revenue surplus (₹ 715 crore) compared to the previous year.

Indian Government Accounting Standard (IGAS)-2 prescribes that Grants-in-aid should be booked under revenue expenditure. However, during 2017-18, the State Government incorrectly budgeted and booked expenditure of ₹ 119.38 crore relating to grants-in-aid under the capital section instead of the revenue section. This resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus to that extent.

(Paragraph 1.1.2)

Trends in deficits

An increase of ₹ 4,886 crore in the fiscal deficit together with an increase of ₹ 1,157 crore in interest payment in 2017-18 over the previous year turned the primary surplus of ₹ 1,317 crore in 2016-17 to a primary deficit of ₹ 2,412 crore in 2017-18.

(Paragraph 1.11.1)

Cash Balance Investment Account

The investment held in 'Cash Balance Investment Account' by the State Government stood at ₹ 12,750 crore, at the end of 2016-17 and came down to ₹ 5,198 crore at the end of 2017-18, indicating better utilisation of cash balances.

(Paragraph 1.8.5.2)

¹ Total Outstanding Liabilities include Public Debt and Public Account Liabilities. Public Debt includes only Internal Debt and Loans from Government of India. Public Account Liability includes liabilities under small saving funds, GPF, Reserve funds *etc.*

State's own resources

The tax revenue of the State in 2017-18 stood lower by a significant margin of ₹ 41,170 crore *vis-à-vis* the 14th FC projections of ₹ 1,12,719 crore. Also, the tax revenue in 2017-18 was lower than the budget estimates and revised estimates. The State received Goods and Services Tax compensation of ₹ 3,687 crore till March 2018 to compensate for decrease in revenue on implementation of Goods and Services Tax Act, 2017. Actual non-tax revenue (₹ 15,074 crore) was higher than the 14th FC projections but lower than the budget estimates and revised estimates.

(Paragraphs 1.3.3 and 1.3.5.1)

Revenue expenditure

The share of revenue expenditure in total expenditure increased from 76.38 *per cent* in 2013-14 to 81.42 *per cent* in 2017-18. Whereas, the share of capital expenditure in total expenditure decreased from 23.01 *per cent* in 2013-14 to 18.15 *per cent* in 2017-18.

Revenue expenditure continuously increased from ₹ 75,259 crore in 2013-14 to ₹ 1,18,060 crore in 2017-18, with an increase of ₹ 14,165 crore during 2017-18 over the previous year. The growth rate of revenue expenditure fluctuated widely from a low of 8.04 *per cent* in 2013-14 to a high of 15.14 *per cent* in 2014-15. Revenue expenditure as a *per cent* of GSDP decreased over the last four years (2014-18) and stood lowest at 8.94 *per cent* during 2017-18.

(Paragraph 1.6.2)

Efficiency of expenditure

Development expenditure of the State comprises revenue and capital expenditure including loans and advances on socio-economic services. The development expenditure increased from ₹ 70,525 crore in 2013-14 to ₹ 1,02,203 crore in 2017-18. As a percentage of the total expenditure, the development expenditure of the State decreased slightly from 70.88 *per cent* in 2016-17 to 70.48 *per cent* in 2017-18.

(Paragraph 1.7.2)

Investment and returns

As of 31 March 2018, the State Government invested ₹ 86,113.96 crore in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. The average return on investments in these companies/corporations/institutions was 0.21 *per cent* during 2013-18 while the Government paid an average interest of 7.67 *per cent* on its borrowings during the same period.

(Paragraph 1.8.3)

The investment in 73 working State Public Sector Undertakings increased from ₹ 1,10,319.66 crore in 2013-14 to ₹ 1,56,615.95 crore in 2017-18. The return on investments ranged between 4.90 *per cent* and 6.82 *per cent* during

2013-18. Similarly, the total equity of the State Public Sector Undertakings increased from ₹ 69,689.57 crore in 2013-14 to ₹ 99,784.53 crore in 2017-18. The return on equity ranged between 0.27 per cent and 2.56 per cent during 2013-16 while it was nil during 2016-18 due to net losses.

(Paragraph 1.8.3.1)

Transactions under reserve funds

There were 15 Reserve funds earmarked for specific purposes during 2017-18 of which, five funds were inoperative with a balance of ₹ 2.11 crore. The total accumulated balance in these funds as on 31 March 2018 was ₹ 14,931.88 crore of which, ₹ 11,686.04 crore was invested.

(Paragraph 1.9.3)

Debt sustainability

The total outstanding liabilities of the State increased from ₹ 1,83,057 crore in 2013-14 to ₹ 2,56,366 crore in 2017-18. The outstanding liabilities at the end of 2017-18 comprised of internal debt (₹ 2,06,643 crore), loans and advances from the Central Government (₹ 5,947 crore) and other liabilities (₹ 43,776 crore). The percentage of total outstanding liabilities to GSDP has continuously reduced from 23 per cent (2013-14) to 19 per cent (2017-18). The net availability of borrowed funds for current operations after debt redemption (principal and interest payments) was negative, as debt redemption was more than debt receipts.

(Paragraph 1.10.1)

Chapter II

Financial Management and Budgetary Control

Against total provision of ₹ 1,82,971 crore during 2017-18, an expenditure of ₹ 1,61,063 crore was incurred. This resulted in net savings of ₹ 21,908 crore (savings of ₹ 22,242 crore offset by an excess of ₹ 334 crore). The major Departments incurring excess expenditure during last five years were Agriculture and Co-operation; Education; Forests & Environment; Health and Family Welfare; Narmada, Water Resources, Water Supply and Kalpsar; Panchayat, Rural Housing and Rural Development; and Roads and Buildings.

(Paragraphs 2.2 and 2.3.1)

Substantial surrenders (more than 50 per cent of the total provision or ₹ one crore or more) were made in respect of 714 Sub-Heads under 96 grants with a total provision of ₹ 76,471.68 crore of which, ₹ 21,617.53 crore (28.27 per cent) was surrendered. This included 100 per cent surrender in 210 Sub-Heads involving ₹ 8,509.63 crore. The major Departments were Finance; Agriculture and Co-operation; Revenue; Narmada, Water Resources, Water Supply and Kalpsar; and Social Justice and Empowerment.

(Paragraph 2.3.7.1)

At the close of 2017-18, there were three grants/appropriations under which savings exceeded 10 *per cent* of the total provisions but the same had not been surrendered by the concerned Departments. The total savings involved in these cases was ₹ 346 crore. Of ₹ 346 crore, ₹ 345 crore pertained to Education Department, which was not surrendered.

(Paragraph 2.3.7.3)

Chapter III

Financial Reporting

As on March 2018, 2,465 utilisation certificates aggregating ₹ 1,996.80 crore in respect of grants disbursed up to 2016-17 remained outstanding, indicating lack of proper monitoring by the Departments in utilisation of grants given for specific purposes. Of ₹ 1,996.80 crore, 46 *per cent* (₹ 922.51 crore) pertained to the Agriculture and Co-operation Department while 14 *per cent* (₹ 271.73 crore) pertained to the Urban Development and Urban Housing Department. However, the number of outstanding utilisation certificates as well as their money value has shown a decreasing trend over the period 2015-18.

As on March 2018, there was pendency in submission of 4,476 detailed contingent bills amounting to ₹ 514.54 crore drawn on abstract contingent bills by various Departmental authorities.

Pendency of utilisation certificates and detailed contingent bills for long periods was fraught with the risk of fraud and misappropriation.

(Paragraphs 3.1 and 3.2)

There were delays in submission/non-submission of accounts by autonomous bodies/authorities. Of 209 bodies/authorities audited under Section 14 of CAG's (DPC) Act, 1971, accounts of 34 bodies/authorities were in arrears for more than five years. Only seven of the 62 autonomous bodies audited under Section 19 (2), 19 (3) and 20 (1) of CAG's (DPC) Act, 1971 had submitted their accounts within the prescribed time frame.

(Paragraphs 3.3.2 and 3.4)

There were 482 personal deposit accounts in operation in district treasuries with a closing balance of ₹ 447.41 crore as of 31 March 2018. The Education Department held the highest number of personal deposit accounts (171), followed by Agriculture and Co-operation Department (69) and General Administration Department (54). There were also 280 personal ledger accounts pertaining to Panchayats at the district and the *taluka* level with a closing balance of ₹ 12,785.81 crore as of 31 March 2018.

(Paragraph 3.5)

The State Government reported 157 cases of misappropriation, losses, defalcation, *etc.* involving Government money of ₹ 14.40 crore (up to March 2018) on which final action was pending.

(Paragraph 3.6)

During 2017-18, expenditure aggregating ₹ 11,017.30 crore constituting 6.94 *per cent* of the total expenditure of the State was classified under Minor Head '800-Other Expenditure'. The major defaulting Departments were Revenue; Panchayats Rural Housing and Rural Development; Industries and Mines; Roads and Building; Education; and Women and Child Development. Similarly, revenue receipts aggregating ₹ 2,336.52 crore constituting 1.90 *per cent* of total receipts of the State were classified under omnibus Minor Head '800 – Other Receipts'. The major defaulting Departments were Agriculture and Co-operation; Industries and Mines; Narmada, Water Resources, Water Supply and Kalpsar; and Finance. Budgeting of large amounts under the omnibus Minor Head 800-Other Expenditure/Receipts affects transparency in financial reporting, as it fails to indicate disaggregated information on different activities of the Government separately in the accounts.

(Paragraph 3.7)

CHAPTER I

Socio-economic indicators of the State

Gujarat is situated on the west coast of India, bound by the Arabian Sea in the west and the States of Rajasthan in the north, Madhya Pradesh in the east and Maharashtra in the south. The State also shares an international border with Pakistan on the northwestern fringe. It has a coastline of about 1,600 kilometres, which is one third of India's mainland coastline. It is the seventh largest State in terms of geographical area (1,96,024 sq. km.) and the ninth largest by population. The State's population increased from 5.71 crore in 2008 to 6.39 crore in 2017 recording a decadal growth of 12 *per cent*. The percentage of population below poverty¹ line was 16.6 *per cent* in 2011-12 as compared to the all-India average of 21.9 *per cent*. The Gross State Domestic Product (GSDP) in 2017-18 at current prices was ₹ 13,20,167 crore. The *per capita* GSDP of the State at ₹ 2,06,447 during 2017-18 was higher than the all India average of ₹ 1,29,800 during the same period. The State's literacy rate was 78 *per cent* (as per 2011 census). The Social and Economic indicators of the State are given in **Appendix 1.1 Part A**.

Gross State Domestic Product (GSDP) is the market value of all officially recognised final goods and services produced within the State in a given period of time. The trends in the annual growth of the State's GSDP as compared to India's Gross Domestic Product (GDP) at current prices² are indicated below.

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

	2013-14	2014-15	2015-16	2016-17	2017-18
India's GDP ³ (₹ in crore)	1,12,33,522	1,24,67,959	1,37,64,037	1,52,53,714	1,67,73,145
Growth rate of GDP (percentage)	12.97	10.99	10.40	10.82	9.96
State's GSDP ⁴ (₹ in crore)	8,07,623	9,21,773	10,25,188(P)	11,58,151(Q)	13,20,167(A)
Growth rate of GSDP (percentage)	11.47	14.13	11.22	12.97	13.99

Estimates: (P) = Provisional, (Q) = Quick and (A) = Advance

¹ Economic Survey 2017-18 (January 2018), Vol. II page A 160-161

² Base year 2011-12

³ Ministry of Statistics and Programme Implementation, Central Statistical Office

⁴ Directorate of Economics and Statistics, Gandhinagar - Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2018-19)

1.1 Introduction

This chapter provides a broad perspective on the finances of the Government of Gujarat during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year and the overall trends during the preceding five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.1 Part B and Part C**. The methodology adopted for the assessment of the fiscal position of the State is given in **Appendix 1.2**.

1.1.1 Summary of fiscal transactions in 2017-18

The summary of the State Government's fiscal transactions during the current year (2017-18) *vis-à-vis* the previous year is presented in **Table 1.2** while **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position of the State during the current year.

Table 1.2: Summary of Fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2016-17	2017-18		2016-17	2017-18		
					State Fund Expenditure	Central Assistance including CSS/CS	Total
Section-A: Revenue							
Revenue receipts	1,09,841.81	1,23,291.27	Revenue expenditure	1,03,894.83	1,03,043.68	15,015.98	1,18,059.66
Tax revenue	64,442.71	71,549.41	General services	35,804.35	40,932.63	468.93	41,401.56
Non-tax revenue	13,345.66	15,073.97	Social services	44,926.02	38,934.11	10,104.89	49,039.00
Share of Union taxes/duties	18,835.39	20,782.29	Economic services	22,748.51	22,702.88	4,442.16	27,145.04
Grants from Government of India	13,218.05	15,885.60	Grants-in-aid and Contributions	415.95	474.06	0.00	474.06
Section-B: Capital							
Misc. Capital receipts	240.05	0.00	Capital Outlay	22,355.39	20,305.34	6,007.85	26,313.19
Recoveries of Loans and Advances	165.77	346.22	Loans and Advances disbursed	477.56	631.07	-	631.07
Public Debt receipts*	27,668.31	26,952.74	Repayment of Public Debt*	9,073.17	-	-	13,700.23
Contingency Fund	3.75	0.00	Contingency Fund	0.00	-	-	0.00
Net Public ⁵ Account	2,570.71	1,394.21	Net Public Account	0.00	-	-	0.00
Opening Cash Balance	18,559.48	23,248.93	Closing Cash Balance	23,248.93	-	-	16,529.22
Total	1,59,049.88	1,75,233.37		1,59,049.88			1,75,233.37

Source: Finance Accounts of the State Government for the years 2016-17 and 2017-18

*Excluding net transactions under ways and means advances and overdrafts

The following are the significant changes during 2017-18 over the previous year:

- Revenue receipts grew by ₹ 13,449 crore (12.24 per cent) over the previous year. All the components of revenue receipts showed an increasing trend during 2017-18. The grants from Government of India (GoI) increased by ₹ 2,667.55 crore (20.18 per cent), non-tax revenue by ₹ 1,728.31 crore

⁵ Net Public Account represents total public account receipts less disbursement. During 2017-18, public account receipts were ₹ 89,132.67 crore and disbursement were ₹ 87,738.46 crore, leaving a Net Public Account balance of ₹ 1,394.21 crore.

(12.95 *per cent*), State's share of Union taxes by ₹ 1,946.90 crore (10.34 *per cent*) while State's tax revenue increased by ₹ 7,106.70 crore (11.03 *per cent*).

- Revenue expenditure increased by ₹ 14,164.83 crore (13.63 *per cent*) over the previous year mainly due to increase in expenditure on General Services by ₹ 5,597.23 crore (15.63 *per cent*), Social Services by ₹ 4,112.98 crore (9.16 *per cent*) and Economic Services by ₹ 4,396.53 crore (19.33 *per cent*). The grants-in-aid released by the State Government increased by ₹ 58.11 crore (13.97 *per cent*) over the previous year.
- Capital outlay increased by ₹ 3,957.80 crore (17.70 *per cent*) over the previous year and the disbursement of loans and advances also increased by ₹ 153.51 crore (32.14 *per cent*).
- The Public Debt receipts decreased by ₹ 715.57 crore whereas, Public Debt repayments increased by ₹ 4,627.06 crore.
- The net Public Account receipts decreased by ₹ 1,176.50 crore.

The status of other fiscal indicators *i.e.* revenue surplus, fiscal deficit and primary deficit are discussed in paragraph 1.1.3 and 1.11 of this Report.

1.1.2 Review of fiscal situation

In pursuance of recommendations of the Twelfth Finance Commission (12th FC) for the period 2005-10, the State Government enacted the Gujarat Fiscal Responsibility Act, 2005 with a view to ensuring prudence in fiscal management and to maintain fiscal stability in the State. As per Section 3 of the Act, the State Government is required to lay before the Legislature in every financial year the Medium Term Fiscal Policy Statement (MTFPS) along with the budget. The MTFPS and the Fiscal Policy Strategy Statement set forth the fiscal objectives, strategic priorities of the State Government and a three-year rolling target for fiscal management. The targets for fiscal consolidation *viz.* revenue deficit, fiscal deficit, total public debt and outstanding guarantees have been set forth in Section 5 of the Act.

To maintain a stable and sustainable fiscal environment consistent with equitable growth, the Thirteenth Finance Commission (13th FC) for the period 2010-15 had recommended a fiscal consolidation roadmap for the States by amending (2011) their fiscal responsibility legislations. This required the States to reduce the revenue deficit to zero from 2011-12 onwards, reduce the fiscal deficit to three *per cent* of the estimated GSDP of the year beginning 2011-12 and maintain it thereafter, and to cap the total outstanding debt of the State Government from the level of 28.8 *per cent* in 2011-12 to 27.1 *per cent* at the end of 2014-15 of the estimated GSDP of the respective financial year.

The Fourteenth Finance Commission (14th FC) for the period 2015-20 also recommended (December 2014) a revised fiscal roadmap to consolidate the finances of the State Government from the financial year 2015-16 onwards. The targets for major fiscal variables set out by the 14th FC and the projections made by the State Government in the MTFPS for the year 2017-18 compared to actual achievements are depicted in **Table 1.3**.

Table 1.3: Major fiscal variables- targets and achievements for 2017-18

Fiscal variables	14 th FC targets for the State	Targets proposed in MTFPS	Actual achievement
Revenue Deficit ⁶ (-)/ Surplus (+) (₹ in crore)	(+19,156	(+6,066	(+5,231.61
Fiscal Deficit ⁷ /GSDP(in <i>per cent</i>)	3.00	1.82	1.62
Ratio of total outstanding liabilities to GSDP (in <i>per cent</i>)	25.83	-	19.42
Ratio of Public debt to GSDP (in <i>per cent</i>)	27.10	16.83	16.10
Outstanding Government Guarantees (₹ in crore)	-	Below 16,000	4,834.24

Source: 14th FC Report, Budget Estimates and Finance Accounts for the year 2017-18

The State achieved zero revenue deficit target in 2011-12 and reported a revenue surplus of ₹ 3,215 crore in that year and the revenue surplus continued thereafter. The revenue surplus stood at ₹ 5,232 crore in 2017-18 which was significantly lower than the projections made in 14th FC and MTFPS.

Indian Government Accounting Standards (IGAS)-2 prescribes that grants-in-aid should be booked under revenue expenditure. However, in 2017-18, the State Government incorrectly budgeted and booked expenditure of ₹ 119.38 crore⁸ relating to grants-in-aid under the capital section instead of the revenue section. This resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus to that extent.

At the end of 2017-18, the fiscal deficit as a percentage of GSDP stood at 1.62 *per cent*, which was within the limit of three *per cent* recommended by the 14th FC and also within the limit of the Government's own projection of 1.82 *per cent* in MTFPS. The State Government maintained the percentage of public debt to GSDP at 16.10 during 2017-18 against the target of 16.83 *per cent* set out in MTFPS. The fiscal deficit to GDP ratio of the GoI was 3.53 *per cent* and public debt to GDP ratio was 39.07 *per cent* during 2017-18, indicating that the Government of Gujarat had acceptable and sustainable levels of public debt.

In the fiscal consolidation roadmap, the 14th FC had recommended the percentage of outstanding liabilities⁹ to GSDP at 25.83 for 2017-18, against which, the percentage of actual outstanding liabilities to GSDP stood at 19.42 during 2017-18.

Against the non-debt capital receipts of ₹ 346.22 crore on account of recoveries of loans and advances and revenue surplus of ₹ 5,232 crore during 2017-18, the State expended ₹ 40,644 crore in 2017-18 for capital outlay, disbursement of loans and repayment of public debt, which necessitated borrowings to meet capital expenditure.

⁶ Revenue Deficit = Revenue expenditure – Revenue receipts

⁷ Fiscal Deficit=Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Miscellaneous capital receipts

⁸ Details of expenditure booked are shown in Table 2.10 under paragraph 2.6, Chapter - II

⁹ Total Outstanding Liabilities include Public Debt and Public Account Liabilities. Public Debt includes only Internal Debt and Loans from Government of India. Public Account Liability includes liabilities under small saving funds, GPF, Reserve funds *etc.*

1.1.3 Budget estimates, revised estimates and actuals

The budget papers presented by the State Government provide projections or estimations of receipts and expenditure for a particular fiscal year. The importance of accuracy in the estimation of receipts and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the budget estimates (BE) are indicative of non-attainment/non-optimisation of the desired fiscal objectives due to various reasons, some within the control of the Government and some beyond its control. The State Government presented its revised estimates (RE) of financial year 2017-18 along with BE of 2018-19 on 20 February 2018.

Taking a cue from the Centre, the Gujarat Government has decided to do away with the distinction between plan and non-plan expenditure in its budget from the financial year 2017-18 onwards and named it as State Fund Expenditure. The Government believes that the merger will enable it to provide an appropriate budgetary framework having focus on revenue and capital expenditure.

A comparison of actuals with BE and RE for the year 2017-18 is given in **Table 1.4** below and a detailed comparison is shown in **Appendix 1.4**.

Table 1.4: Budget estimates, revised estimates and actuals for the year 2017-18

(₹ in crore)

Fiscal Parameters	Budget estimates	Revised estimates	Actuals	Difference between BE and actuals	Difference between RE and actuals
Tax Revenue	76,553.43	77,967.35	71,549.41	(-)5,004.02	(-)6,417.94
Non-tax Revenue	18,399.61	16,995.28	15,073.97	(-)3,325.64	(-)1,921.31
State's share of Union taxes and duties	20,897.06	20,782.34	20,782.29	(-)114.77	(-)0.05
Grants-in-aid from GoI	15,671.13	15,805.54	15,885.60	214.47	80.06
Revenue receipts	1,31,521.23	1,31,550.51	1,23,291.27	(-)8,229.96	(-)8,259.24
Revenue expenditure	1,25,455.63	1,25,573.92	1,18,059.66	(-)7,395.97	(-)7,514.26
Interest payments	19,337.77	19,060.17	18,954.04	(-)383.73	(-)106.13
Capital expenditure	28,926.95	27,647.53	26,313.19	(-)2,613.76	(-)1,334.34
Revenue surplus (+)	6,065.70	5,976.59	5,231.61	(-)834.09	(-)744.98
Net loans and advances	364.00	402.00	284.85	(-)79.15	(-)117.15
Miscellaneous capital receipts	10.00	125.00	0.00	(-)10.00	(-)125.00
Fiscal deficit (-)	23,215.00	21,948.00	21,366.43	(-)1,848.57	(-)581.57
Primary deficit (-) ¹⁰	3,877.83	2,887.83	2,412.39	(-)1,465.44	(-)475.44

Source: Finance Accounts and budget publications of the State Government for the year 2017-18

¹⁰ Primary deficit = Fiscal deficit – interest payments

Analysis of the important parameters is discussed in the succeeding paragraphs.

1.1.3.1 Revenue receipts

Revenue receipts were lower by ₹ 8,230 crore (6.26 per cent) and ₹ 8,259 crore (6.28 per cent) over BE and RE respectively. The shortfall *vis-à-vis* BE was on account of less collection of (i) revenue from Value Added Tax and State Goods and Services Tax (SGST) (₹ 2,713 crore), (ii) land revenue (₹ 1,761 crore), (iii) interest receipts (₹ 950 crore), (iv) revenue from education, arts, sports and culture (₹ 351 crore), and (v) receipts from major irrigation projects (₹ 319 crore). In respect of non-ferrous, mining and metallurgical industries, actuals were lower than BE and RE (₹ 957 crore).

1.1.3.2 Revenue expenditure

Revenue expenditure was less than BE and RE by ₹ 7,396 crore (5.90 per cent) and ₹ 7,514 crore (5.98 per cent) respectively. The shortfall *vis-à-vis* BE was mainly due to less expenditure on miscellaneous general services (₹ 5,990 crore); housing (₹ 1,522 crore); urban development (₹ 1,135 crore); and nutrition (₹ 1,007 crore). The RE was higher than the actual revenue expenditure in all three services *viz.* general, social and economic services.

The Finance Department attributed (March 2019) the variations to items like dearness allowance related policy decisions, decretal payments and lesser receipt for the Centrally Sponsored Schemes from GoI. Moreover, the amount of market borrowing, decretal interest payments, net average balance of general provident fund, changes in rate of LIBOR¹¹ and foreign exchange rates also affects the amount of actual interest payment in any financial year and therefore to figure out exact prediction about these factors is a complex task.

1.1.3.3 Capital expenditure

In 2017-18, Capital expenditure was lower by ₹ 2,614 crore (9.04 per cent) and ₹ 1,334 crore (4.83 per cent) than BE and RE respectively. Capital expenditure was less than the projections made in BE mainly due to less expenditure on education, arts, sports and culture (₹ 847 crore); other social services (₹ 341 crore); major irrigation (₹ 272 crore); and welfare of scheduled castes, scheduled tribes, other backward classes and minorities (₹ 274 crore).

1.1.3.4 Deficits/surpluses

Against the projected revenue surplus of ₹ 6,066 crore and ₹ 5,977 crore in BE and RE respectively, the State had an actual revenue surplus of ₹ 5,232 crore (0.40 per cent of GSDP). Against the projected primary deficit of ₹ 3,878 crore and ₹ 2,888 crore in BE and RE respectively, the State had a primary deficit of ₹ 2,412 crore (0.18 per cent of GSDP). In 2017-18, the fiscal deficit stood at ₹ 21,366 crore (1.62 per cent of GSDP) which was lower than that estimated in BE and RE by ₹ 1,849 crore and ₹ 582 crore respectively.

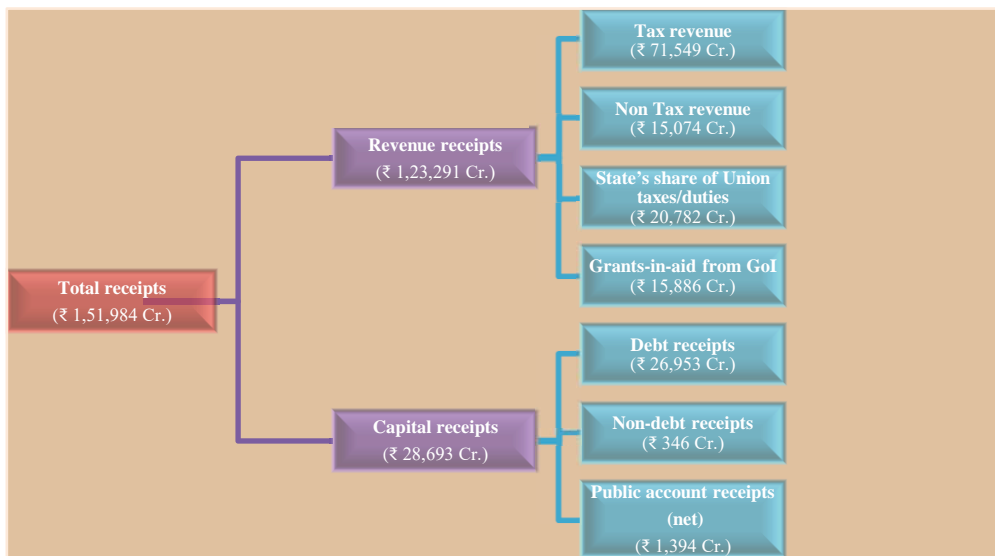
¹¹ The London Interbank Offered Rate is the average interest rate at which leading banks borrow funds from other banks in the London market. LIBOR is the most widely used global benchmark or reference rate for short term interest rates.

1.2 Resources of the State

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State’s share of Union taxes and duties and grants-in-aid from the 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 as well as net receipts from the public account.

Table 1.2 presents the receipts and disbursements of the State during the current year as recorded in its annual finance accounts. **Chart 1.1** depicts the components and sub-components of resources during the year 2017-18.

Chart 1.1: Components and sub-components of resources in 2017-18



Tax revenue	Non-tax revenue	State's share of Union taxes	Debt receipts	Grants-in -aid
<ul style="list-style-type: none"> Value Added Tax (₹ 29,639 cr.) State Goods & Services Tax (₹ 21,251 cr.) Stamp and registration (₹ 7,255 cr.) Electricity and duties (₹ 6,484 cr.) Others (₹ 6,920 cr.) 	<ul style="list-style-type: none"> Non-ferrous mining and metallurgical Industries (₹ 8,989 cr.) Interest receipts (₹ 1,081 cr.) Others (₹ 5,004 cr.) 	<ul style="list-style-type: none"> Income tax (₹ 5,371 cr.) Corporation Tax (₹ 6,361 cr.) Central Goods & Services Tax (292 cr.) Integrated Goods & Services Tax apportioned (2,097 cr.) Service tax (2,373 cr.) Others (₹ 4,288 cr.) 	<ul style="list-style-type: none"> Market loans (₹ 24,000 cr.) Others (₹ 2,953 cr.) 	<ul style="list-style-type: none"> Goods & Services Tax Compensation (₹ 3,687 cr.) Others (₹ 12,199 cr.)

Chart 1.2 depicts the trends of various components of the State’s receipts during 2013-14 to 2017-18.

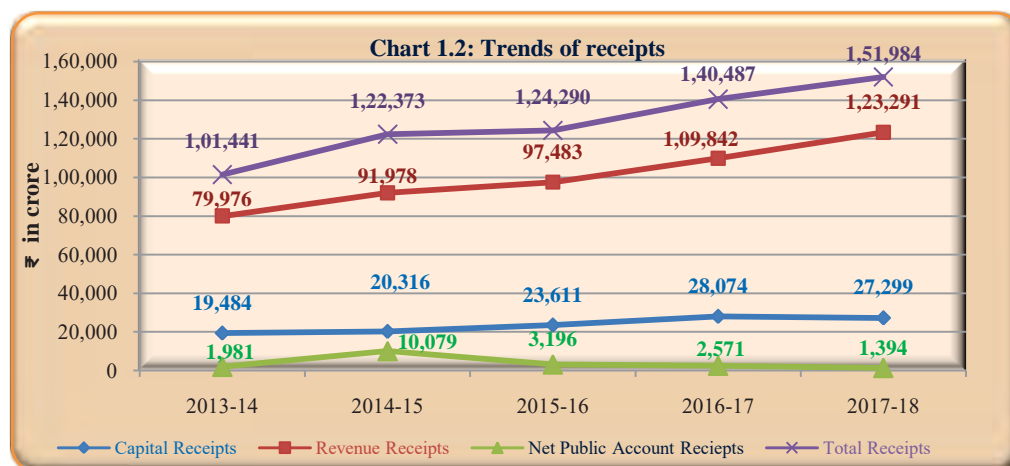
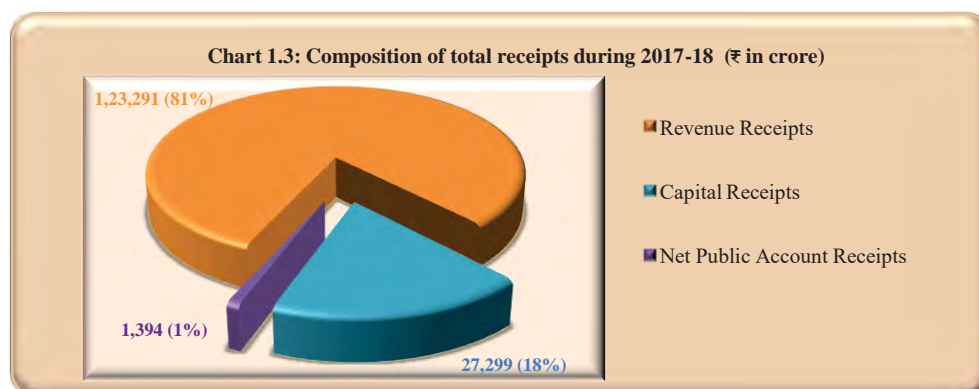


Chart 1.3 depicts the composition of resources of the State in total receipts during the current year 2017-18.

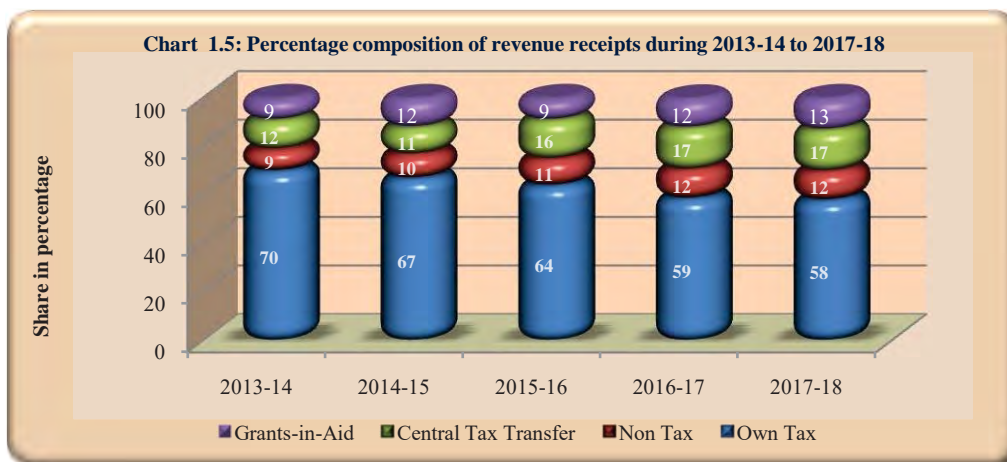
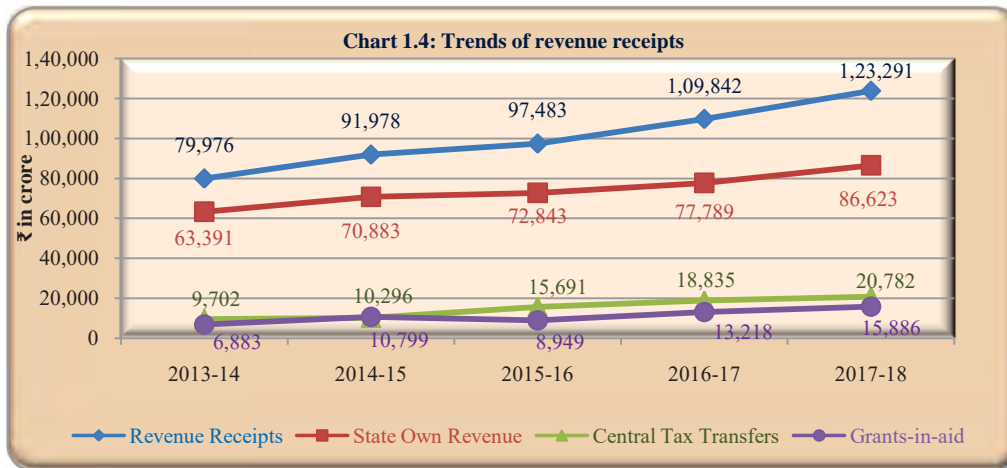


The total receipts of the State Government show a steady increase from ₹ 1,01,441 crore in 2013-14 to ₹ 1,51,984 crore in 2017-18. The total receipts increased by ₹ 11,497 crore in 2017-18 over the previous year. The increase was mainly due to increased growth in revenue despite a decrease in capital receipts and net public account receipts.

The revenue receipts remained the highest contributor (over three-fourth) of the total receipts over the five-year period. The share of net public account receipts to total receipts remained lowest in 2017-18. The components of revenue receipts, capital receipts and public account receipts are discussed in paragraph 1.3 to 1.5.

1.3 Revenue Receipts

The revenue receipts of the Government are detailed in Statement-14 of the Finance Accounts. Revenue receipts consist of the State’s own tax and non-tax revenues, central tax transfers and grants-in-aid from GoI. The trends and percentage composition of revenue receipts over the period 2013-14 to 2017-18 are presented in **Charts 1.4 and 1.5** and also given in **Appendix 1.5**.



Revenue receipts grew by ₹ 13,449 crore (12.24 per cent) over the previous year. The State’s tax revenue increased by ₹ 7,106.70 crore (11.03 per cent) and the non-tax revenue increased by ₹ 1,728.31 crore (12.95 per cent). The State’s share of Union taxes increased by ₹ 1,946.90 crore (10.34 per cent) while the grants from GoI increased by ₹ 2,667.55 crore (20.18 per cent).

Chart 1.5 shows that 70 per cent of revenue came from the State’s own resources during 2017-18 and the balance was from GoI in the form of the State’s share of taxes and grants-in-aid. The share of own tax revenue decreased steadily from 70 per cent in 2013-14 to 58 per cent in 2017-18 whereas, the share of central tax transfers increased continuously from 2014-15 to 2016-17 and remained the same during 2017-18.

1.3.1 Trends of revenue receipts relative to GSDP

The trends of revenue receipts relative to GSDP are presented in **Table 1.5** below.

Table 1.5: Trends of revenue receipts relative to GSDP

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue receipts (RR) (₹ in crore)	79,976	91,978	97,483	1,09,842	1,23,291
Rate of growth of RR (<i>per cent</i>)	6.31	15.01	5.99	12.68	12.24
Rate of growth of State's own revenue (<i>per cent</i>)	5.80	11.82	2.77	6.79	11.36
<i>Percentage of RR to GSDP</i>	9.90	9.98	9.51	9.48	9.34

Source: Finance Accounts of the State Government for the year 2013-14 to 2017-18

GSDP at current prices increased from ₹ 11,58,151 crore in 2016-17 to ₹ 13,20,167 crore in 2017-18, representing growth of 13.99 *per cent*. The growth rate of revenue receipts fluctuated during 2013-14 to 2017-18, ranging between a high of 15.01 *per cent* in 2014-15 and a low of 5.99 *per cent* in 2015-16. The revenue receipts grew by 12.24 *per cent* in 2017-18 over the previous year. The percentage of revenue receipts to GSDP had been continuously on a decline from 2014-15 onwards, meaning that revenue receipts grew at a slower rate than GSDP.

1.3.2 Trends in buoyancy ratios

Buoyancy ratio¹² indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The value more than one indicates high degree of responsiveness of the fiscal variable to the base variable. As GSDP grows, the ability of the Government to mobilise revenue should also increase. The trends of buoyancy of revenue with respect to change in GDP of State are presented in **Table 1.6** below.

Table 1.6: Trends in buoyancy ratios

Buoyancy Ratios	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue buoyancy with respect to GSDP ¹³	0.55	1.06	0.53	0.98	0.87 ¹⁴
State's own tax buoyancy with respect to GSDP	0.51	0.84	0.25	0.52	0.81
Revenue buoyancy with respect to State's own taxes	1.09	1.27	2.16	1.87	1.08

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

It is evident from **Table 1.6** that the buoyancy of revenue receipts to GSDP was less than one during 2013-14 to 2017-18, except in 2014-15, indicating that revenue receipts grew at a slower rate than GSDP. Likewise, the State's own tax buoyancy to GSDP stood at 0.81 in 2017-18. In view of the robust economic growth (more than 11 *per cent*) in the last five years, the State Government needs to harness its potential to improve its own tax collection.

¹² Buoyancy ratio is the rate of growth of a parameter with respect to rate of growth of another parameter

¹³ Figures differ from last year's Report due to change in GSDP figures

¹⁴ Revenue buoyancy with respect to GSDP = rate of growth of revenue receipts ÷ rate of growth of GSDP = 12.24 % ÷ 13.99 % = 0.87

1.3.3 State's own resources

As the State's share in Central taxes and grants-in-aid from GoI are determined on the basis of recommendations of the Central Finance Commission, collection of central tax receipts, central assistance for plan schemes *etc.*, the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The gross collection in respect of major taxes and duties as well as the components of non-tax receipts, expenditure incurred on their collection and percentage of such expenditure to the gross collection during 2013-14 to 2017-18 along with the respective all-India average are presented in **Appendix 1.6**.

The State's actual tax and non-tax receipts for the year 2017-18 *vis-à-vis* assessments made by 14th FC and MTFPS (February 2017) are presented in **Table 1.7** below.

Table 1.7: Projections and actuals of tax and non-tax revenue for 2017-18

(₹ in crore)

	14 th FC projections	MTFPS / Budget estimates	Revised estimates	Actuals
Tax revenue	1,12,719	76,553	77,967	71,549
Non-tax revenue	14,398	18,400	16,995	15,074

Source: Finance Accounts of the State Government for the year 2017-18 and Budget publication No. 30 of the State

The actual tax revenue of the State in 2017-18 stood significantly lower than the projections made in the 14th FC, MTFPS/budget estimates and revised estimates. The actual tax revenue was lower than budget estimates mainly due to less collection of land revenue (₹ 1,761 crore), taxes on sales, trade *etc.* (₹ 1,505 crore) and SGST (₹ 3,749 crore). Actual non-tax revenue was higher than the 14th FC projections but lower than the MTFPS/ budget estimates and revised estimates.

1.3.3.1 Tax revenue

The main components of the State's tax revenue during 2013-14 to 2017-18 are given in **Table 1.8**.

Table 1.8: Main components of State's tax revenue

(₹ in crore)

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage change over previous year
Sales tax/VAT	40,976.06	44,145.26	44,091.05	46,313.78	29,638.88	(-)36.00
Entertainment Tax and Luxury Tax	202.59	185.06	195.63	223.57	85.41	(-)60.97
SGST ¹⁵	-	-	-	-	21,250.85	-
Sub-total	41,178.65	44,330.32	44,286.68	46,537.35	50,975.14	9.54

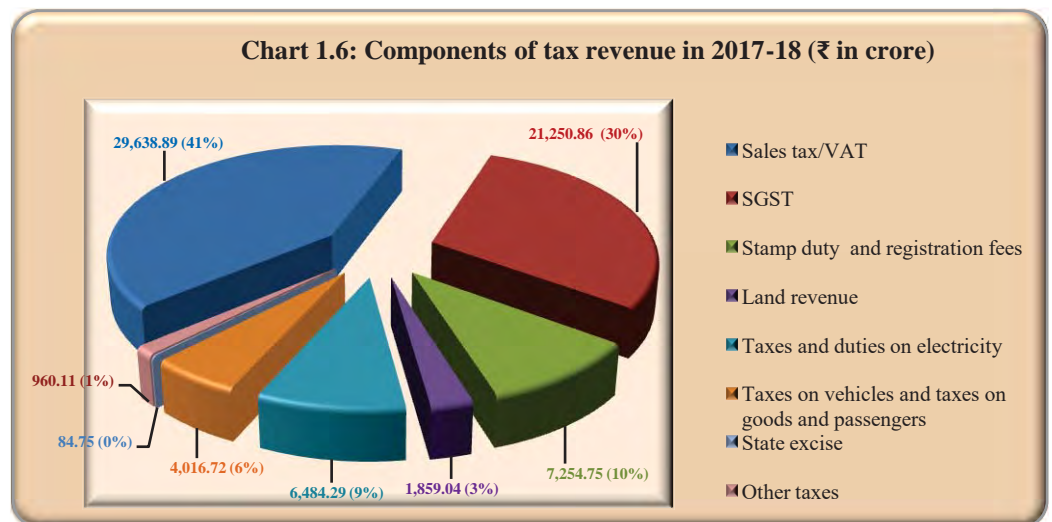
¹⁵ GST was implemented in the State from 01 July 2017; SGST (RE) projected in 2017-18 was ₹ 25,000 crore against which, ₹ 21,250.86 crore was collected.

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage change over previous year
State excise	109.82	140.27	123.32	151.53	84.75	(-)44.07
Stamp duty and registration fees	4,749.35	5,503.34	5,549.42	5,782.93	7,254.75	25.45
Land revenue	1,727.41	1,892.65	2,528.50	1,998.52	1,859.04	(-)6.98
Taxes and duties on electricity	4,692.77	5,877.65	5,999.66	5,833.10	6,484.29	11.16
Taxes on vehicles and taxes on goods and passengers	3,116.37	2,905.44	3,273.17	3,279.35	4,016.72	22.49
Other taxes	798.00	690.14	888.66	859.93	874.72	1.72
Total	56,372.37	61,339.81	62,649.41	64,442.71	71,549.41	11.03

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The State's tax revenue increased in 2017-18 by ₹ 7,106.70 crore (11.03 per cent) compared to the previous year. In 2017-18, the tax revenue increased mainly due to increase of ₹ 4,575.95 crore on sales tax/VAT collection and SGST; ₹ 1,471.82 crore on receipt of stamp duty and registration fees; ₹ 737.37 crore under taxes on vehicles and taxes on goods and passengers and ₹ 651.19 crore on taxes and duties on electricity. However, receipts under land revenue decreased during the current year compared to the previous year primarily on account of fewer¹⁶ receipts under the Minor Head 'Receipts on account of Survey and Settlement Operations'. State excise decreased by ₹ 66.78 crore due to less receipts under medicinal and toilet preparations containing alcohol, opium etc as these were subsumed in Goods and Services Tax (GST).

The components of tax revenue for the year 2017-18 are presented in **Chart 1.6**.



Figures in parenthesis indicate percentage share in total tax revenue

The Tax-GSDP ratio in Gujarat registered a decreasing trend during the last five years from 6.98 per cent in 2013-14 to 5.42 per cent in 2017-18. The ratio of

¹⁶ Receipts under this Minor Head decreased from ₹ 357.14 crore in 2016-17 to ₹ 65.90 crore in 2017-18.

own tax revenue to GSDP at 5.42 per cent was lower than the GoI ratio of 7.42 per cent during 2017-18.

1.3.3.2 Non-tax revenue

The main components of the State’s non-tax revenue during 2013-14 to 2017-18 are given in **Table 1.9**.

Table 1.9: Main components of State’s non-tax revenue

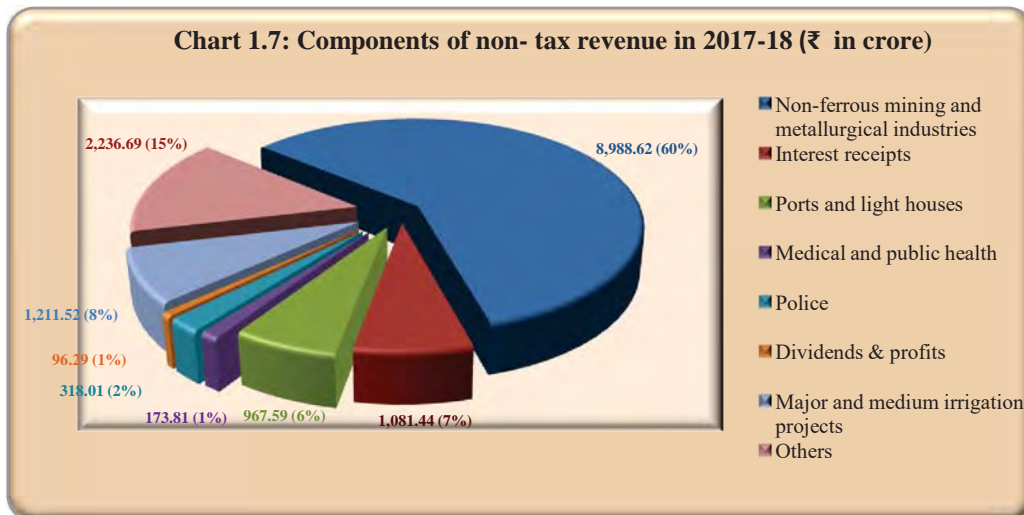
(₹ in crore)

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18	Percentage increase over previous year
Interest receipts	1,267.18	1,011.47	843.00	2,580.10	1,081.44	(-)58.09
Non-ferrous mining and metallurgical industries	1,578.34	4,285.85	3,350.19	3,746.50	8,988.62	139.92
Major and medium irrigation projects	897.51	1,034.91	1,028.42	1,086.10	1,211.52	11.55
Ports and light houses	636.84	742.08	922.24	933.49	967.59	3.65
Medical and public health	111.88	243.57	171.51	981.98	173.81	(-)82.30
Police	177.81	214.20	219.82	248.88	318.01	27.78
Dividends & profits	277.44	89.54	96.06	110.10	96.29	(-)12.54
Others	2,071.31	1,920.99	3,562.27	3,658.51	2,236.69	(-)38.86
Total	7,018.31	9,542.61	10,193.51	13,345.66	15,073.97	12.95

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

During 2013-14 to 2017-18, the non-tax revenue showed a continuous increasing trend from ₹ 7,018.31 crore in 2013-14 to ₹ 15,073.97 crore in 2017-18.

The components of non-tax revenue for the year 2017-18 are presented in **Chart 1.7** below.



Figures in parenthesis indicate percentage share in total non-tax revenue

The non-tax revenue of the State during 2017-18 increased by ₹ 1,728.31 crore (12.95 per cent) over the previous year, due to growth in revenue from non-ferrous mining and metallurgical industries (₹ 5,242.12 crore), Major and

medium irrigation projects (₹ 125.42 crore), ports and light houses (₹ 34.10 crore) and police (₹ 69.13 crore). The increase of ₹ 5,242.12 crore in non-ferrous mining and metallurgical industries was mainly due to increase in mineral concession fees, rent and royalties.

Interest receipts decreased by ₹ 1,498.66 crore (58.09 *per cent*) over the previous year due to less receipts under Minor Head 800 'Other Receipts'. Medical and public health receipts decreased by ₹ 808.17 crore over the previous year due to less receipts under Sub Major Head 80, Minor Head 800 'Other Receipts'.

The Finance Department (March 2019) accepted the facts.

1.3.3.3 Unspent balances of previous years incorrectly credited as Revenue Receipts

As per Paragraph 103 of the Gujarat Budget Manual, 1983, spending Departments should surrender unspent grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. These unspent balances should be credited to the concerned revenue expenditure Major Heads as reduction in expenditure. The Finance Department vide circular of October 2016 directed all Public Sector Enterprises to park funds with Gujarat State Financial Services Ltd. (GSFS)¹⁷ which are not required either immediately or within 10 days of the receipt of funds.

During test-check of revenue receipts *challans* of four Departments¹⁸, Audit observed that unspent balances of revenue expenditure of previous years (2014-15 to 2016-17) amounting ₹ 160.81 crore had been initially parked with GSFS and subsequently, the unspent balances were deposited as revenue receipts into the Government Account in 2017-18. This affected the correct depiction of revenue receipts of the current year (2017-18) to that extent (**Appendix 1.7**).

The Finance Department did not furnish reply to the audit observation.

1.3.4 Central tax transfers

The 14th FC had recommended the States' share of Central taxes¹⁹ to be increased to 42 *per cent* from 32 *per cent* as recommended by the 13th FC. Gujarat's share in the net proceeds of Central tax and Service tax was fixed at 3.084 *per cent* and 3.172 *per cent* respectively by the 14th FC for the award period 2015-20. The Central tax transfers stood at ₹ 20,782 crore in 2017-18, registering a growth of 10.34 *per cent* over the previous year. Of the total Central tax transfers, the direct tax transfers increased by 14.68 *per cent* and the indirect tax transfers, which included the Central Goods and Services Tax (CGST) and the Integrated Goods and Services Tax (IGST) components

¹⁷ GSFS is a wholly owned subsidiary of Government of Gujarat in which the Government has 100 *per cent* holding and is registered with Reserve Bank of India as a Non-Banking Finance Company.

¹⁸ Agriculture and Co-operation, Industries and Mines, Home and Science and Technology

¹⁹ The CGST was introduced after the 14th FC recommendations and therefore, indicate no specific rates.

received under the GST regime from 01 July 2017, rose by 5.16 *per cent* over the previous year.

The Finance Department (March 2019) accepted the facts.

1.3.5 Grants-in-aid from Government of India

The components of grants-in-aid received from GoI during 2013-14 to 2017-18 are given in **Table 1.10**.

Table 1.10: Main components of grants-in-aid received from GoI

(₹ in crore)

Particulars ²⁰	2013-14	2014-15	2015-16	2016-17	2017-18
Non Plan Grants	2,079.21	2,668.94	2,179.280	3,192.93	0.00
Grants for State/Union Territory Plan Schemes	2,604.46	7,341.11	6,064.11	8,505.95	0.00
Grants for Central Plan Schemes	58.21	104.78	104.28	53.41	0.00
Grants for Centrally Sponsored plan schemes	2,141.25	684.18	601.55	1,465.76	0.00
Centrally Sponsored Schemes	0.00	0.00	0.00	0.00	8,942.08
Finance Commission grants	0.00	0.00	0.00	0.00	3,166.85
Other grants	0.00	0.00	0.00	0.00	3,776.67 ²¹
Total	6,883.13	10,799.01	8,949.22	13,218.05	15,885.60
Percentage increase over previous year	6.78	56.89	(-)17.13	47.70	20.18
Total grants as percentage of revenue receipts	8.61	11.74	9.18	12.03	12.88

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The grants-in-aid from GoI increased continuously from ₹ 6,883.13 crore in 2013-14 to ₹ 15,885.60 crore in 2017-18 except for a decrease in 2015-16. The plan and non-plan classification in annual accounts was abolished from financial year 2017-18 and the grants-in-aid from GoI were given in the form of Centrally Sponsored Schemes, Finance Commission grants and other grants. The grants-in-aid from GoI in 2017-18 increased by ₹ 2,667.55 crore (20.18 *per cent*) over the previous year. The increase was mainly due to grants released under GST compensation of ₹ 3,687 crore, the details of which are given in the succeeding paragraph.

The Finance Department (March 2019) accepted the facts.

1.3.5.1 Provisional apportionment of IGST and its adjustment against GST compensation

Gujarat implemented GST with effect from 01 July 2017. GST is levied on *intra-State* supply of goods or services (except alcohol for human consumption

²⁰ The Controller General of Accounts has revised classification of grants-in-aid with effect from 01 April 2017

²¹ Being the compensation for loss of revenue (₹ 3,687 crore)

and five specified petroleum products²²) and its components are shared by the Centre (CGST) and the State (SGST). Further, IGST is levied and collected by the Central Government on *inter-State* supply of goods and services. The IGST so collected is apportioned between the Centre and the concerned State where the goods and services are consumed.

The GoI enacted the Goods and Services Tax (Compensation to States) Act, 2017 to compensate the States, should the share of a State falls short of the revenue earned in the pre-GST regime. The compensation was to be given by considering the base figure of revenue of a State for the year 2015-16, escalated by 14 *per cent per annum* for the next five years commencing from 01 July 2017. For the State of Gujarat, the audited base year (2015-16) revenue to be subsumed²³ by the GST regime was fixed by GoI at ₹ 28,856.39 crore. Thus, the protected revenue for Gujarat worked out to ₹ 28,126.32 crore²⁴ for the period 01 July 2017 to 31 March 2018.

Against the protected revenue of ₹ 28,126.32 crore, the State Government earned a revenue of ₹ 22,589.32 crore during 01 July 2017 to 31 March 2018 and therefore, entitled to a compensation of ₹ 5,537 crore. The revenue earned was inclusive of ₹ 1,263 crore representing advance apportionment of unsettled IGST on *ad hoc* basis in terms of Section 11(3) of GST Settlement of Funds Rules, 2017, which was subject to adjustment in 10 installments in next financial year *i.e.* 2018-19 against the amount finally apportioned.

The State Government received ₹ 3,687 crore as compensation till March 2018, leaving a deficit of ₹ 1,850 crore. Of the deficit of ₹ 1,850 crore, the State Government received ₹ 590 crore from GoI in May 2018 (2018-19) and the remaining ₹ 1,260 crore was not received as it was adjusted (February 2018) against advance apportionment of unsettled IGST (₹ 1,263 crore).

1.3.6 Funds transferred by the Central Government to implementing agencies in the State

The Central Government had been transferring a sizeable quantum of funds directly to the State implementing agencies²⁵ for implementation of various Schemes/programmes in the social and economic sector. As these funds were not routed through the State budget/State treasury system, the annual finance accounts did not capture these fund flows and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

With effect from 01 April 2014, GoI decided to release all assistance for Centrally Sponsored Schemes/Additional Central Assistance directly to the State Governments and not to the implementing agencies. In Gujarat, however,

²² Petroleum products: crude, high speed diesel, petrol, aviation turbine fuel and natural gas

²³ Taxes that have subsumed under GST *i.e.* Value Added Tax, Central Sales Tax, Entertainment Tax, Luxury Tax, Entry tax, Cesses & Surcharges, Duties on Excise on medicinal and toilet preparations excluding VAT and CST on alcohol for human consumption and five specified petroleum products

²⁴ Base year revenue of ₹ 28,856.39 crore escalated at compound rate of 14% annually for two years (2016-17 and 2017-18) worked out to ₹ 37,501.764 crore for 2017-18. Therefore, the *pro-rata* protected revenue for nine months (01 July 2017 to 31 March 2018) was ₹ 28,126.32 crore.

²⁵ See Glossary; Appendix 4.1

Central funds were transferred directly to the State implementing agencies during 2017-18. The Schemes involving major transfers of Central funds directly to implementing agencies were: Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 602.88 crore), National Dairy Plan (₹ 389.98 crore), Member of Parliament Local Area Development Scheme (₹ 162.50 crore), *Pradhan Mantri Matru Vandana Yojana* (₹ 93.19 crore), e-Courts Phase II (₹ 29.07 crore) and National Programme for Dairy Development (₹ 10.91 crore).

The Finance Department accepted (March 2019) the audit observation and stated that various Ministries of GoI have not issued guidelines with regard to disbursement of Central grants through Consolidated Fund of the States.

1.3.7 Grants awarded by the 14th Finance Commission

The 14th FC had recommended devolution of funds only in respect of three types of grants-in-aid to States *viz.* local Government, disaster management and post-devolution revenue deficit. During 2017-18, the State received two types of grants from GoI *i.e.* grants for local Government and disaster management amounting to ₹ 3,249.60 crore, against ₹ 3,534.22 crore of the awarded amount. Being a revenue surplus State, the State Government was not eligible for post-devolution revenue deficit grants. The details of amounts awarded and received during 2017-18 are shown in **Table 1.11**.

Table 1.11: Details of amounts awarded and received during 2017-18

(₹ in crore)			
Sr. No.	Transfers	Amount awarded	Amount received
1.	Local Government grants		
	General Basic grants to Panchayati Raj Institutions	1,491.47	1,491.47
	General Performance grants to Panchayati Raj Institutions	191.61	191.61
	General Basic grants to Urban Local Bodies	983.77	983.77
	General Performance grants to Urban Local Bodies	284.37	0.00
2	State Disaster Relief Fund	583.00	582.75
	Total	3,534.22	3,249.60

Source: Finance Department of Government of Gujarat

Non-disbursement of Performance Grant (PG) to Urban Local Bodies (ULBs) during 2017-18 was due to non-fulfilment of criteria prescribed by the Ministry of Housing and Urban Affairs, GoI regarding service delivery benchmarks, increase in own revenue sources and completed audited annual accounts. However, post 2017-18, there was a discernible improvement in the situation. As of August 2018, 116 of 170 ULBs had become eligible for PG as they had met the above criteria, leaving 54 ULBs who were yet to meet the prescribed criteria and therefore, not eligible for PG.

The Finance Department (March 2019) accepted the facts.

1.4 Capital Receipts

Trends in growth and composition of capital receipts of the State are given in the **Table 1.12**.

Table 1.12: Trends in growth and composition of capital receipts

Sources of State's receipts	2013-14	2014-15	2015-16	2016-17	2017-18
Capital receipts (CR)	19,484	20,316	23,611	28,074	27,299
Public debt receipts	19,343	19,454	23,486	27,668	26,953
Non-debt capital receipts	141	862	125	406	346
Consisting of					
a) Miscellaneous capital receipts	0	241	0	240	0
b) Recovery of loans and advances	141	621	125	166	346
Rate of growth of CR (<i>per cent</i>)	(-)0.30	4.27	16.22	18.90	(-)2.76
Rate of growth of GSDP(<i>per cent</i>)	11.47	14.13	11.22	12.97	13.99
Rate of growth of public debt receipts(<i>per cent</i>)	(-)0.79	0.57	20.73	17.81	(-)2.58
Rate of growth of non-debt capital receipts(<i>per cent</i>)	200.00	511.35	(-)85.50	224.80	(-)14.78

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The Capital Receipts of the State increased from ₹ 19,484 crore in 2013-14 to ₹ 27,299 crore in 2017-18. The share of public debt receipts to Capital Receipts stood at 98.73 *per cent* in 2017-18. During 2017-18, Capital Receipts decreased by 2.76 *per cent* over the previous year mainly due to decrease of 2.58 *per cent* in public debt receipts. The trends in the public debt receipts during the last five years are shown in **Table 1.13**.

Table 1.13: Trends in public debt receipts

Components	2013-14	2014-15	2015-16	2016-17	2017-18
Market borrowings	15,493	14,920	16,260	24,720	24,000
National Small Saving Fund (NSSF) ²⁶	1,912	2,774	4,269	0	0
Loans from other financial institutions	1,777	1,437	2,704	2,757	2,863
Total internal debt	19,182	19,131	23,233	27,477	26,863
Loans and advances from GoI	161	323	253	191	90
Total public debt receipts	19,343	19,454	23,486	27,668	26,953

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The internal debt receipts increased continuously during 2014-17 but decreased marginally in 2017-18, with an overall increase of 40.04 *per cent* during 2013-18. Loans and advances from GoI decreased continuously during 2014-18.

²⁶ The 14th FC recommended that State Governments be excluded from the investment operations of the NSSF. The NSSF loans come at an extra cost to the State Governments as compared to the market loans, which were available at considerably lower rates. The Union Cabinet accepted this recommendation in January 2017 with retrospective effect from 01 April 2016.

The Finance Department stated (March 2019) that the public debt receipts is a part of capital receipt and is of unpredictable nature. The loans and advances from GoI being part of public debt receipts, decreased during 2017-18 compared to 2016-17, on account of less Externally Aided Projects.

1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution of India 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. These balances (net of receipts and disbursements) in respect of various heads in Public Account are given in **Table 1.14**.

Table: 1.14: Public account receipts (Net)

(₹ in crore)

Resources under various heads	2013-14	2014-15	2015-16	2016-17	2017-18
Public account receipts (Net)					
a) Small savings, provident fund <i>etc.</i>	507	502	478	533	340
b) Reserve fund	84	5,568	(-295)	1,416	(-748)
c) Deposits and advances	2,242	3,107	2,476	2,270	1,096
d) Suspense and miscellaneous	(-1,033)	843	256	(-1,579)	498
e) Remittances	181	59	281	(-69)	208
Total	1,981	10,079	3,196	2,571	1,394

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

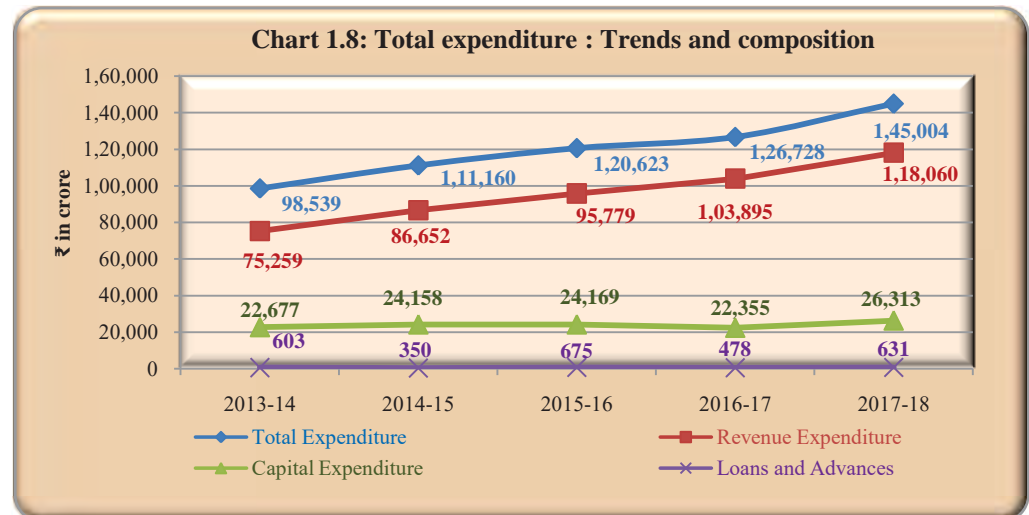
During 2014-18, the net public account receipts decreased continuously after an abrupt increase in 2014-15 over 2013-14. The net public account receipts available for use to the State Government during 2017-18 stood at ₹ 1,394 crore.

1.6 Application of Resources

Since major expenditure responsibilities are entrusted to the State Government, allocation of expenditure at the State Government level assumes significance. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of the social sector.

1.6.1 Total expenditure

Chart 1.8 presents the trends in total expenditure over a period of five years (2013-14 to 2017-18), and its composition both in terms of 'economic classification' and 'expenditure by activities' are depicted in **Table 1.15** and **Table 1.16** respectively.



The total expenditure during 2017-18 increased by 14.42 per cent over the previous year, mainly due to an increase of 13.63 per cent in revenue expenditure. The share of revenue expenditure to total expenditure in 2017-18 stood at 81.42 per cent. State funded revenue expenditure²⁷ accounted for 87.28 per cent of the total revenue expenditure (Table 1.2 refers).

Table 1.15: Trends in total expenditure in terms of economic classification

Components of total expenditure	(Share in per cent)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue expenditure	76.38	77.95	79.40	81.98	81.42
Capital expenditure	23.01	21.73	20.04	17.64	18.15
Loans and advances	0.61	0.32	0.56	0.38	0.43

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

During 2013-17, the share of revenue expenditure to total expenditure increased continuously, with a minor decrease in 2017-18. However, the share of capital expenditure to total expenditure decreased continuously during 2013-17, except for a marginal increase in 2017-18.

Table 1.16: Trends in total expenditure in terms of expenditure by activities

	(Share in per cent)				
	2013-14	2014-15	2015-16	2016-17	2017-18
General services	28.05	27.79	27.93	28.74	29.15
Social services	39.61	39.49	40.24	40.35	38.51
Economic services	31.40	31.92	30.81	30.20	31.57
Loans and advances	0.61	0.32	0.56	0.38	0.44
Grants-in-aid	0.33	0.48	0.46	0.33	0.33

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The movement of the relative share of general, social and economic services exhibited stability during 2013-18, with marginal inter-year variations. The share of social services decreased by 1.10 per cent over the five-year period while the share of general services increased by 1.10 per cent.

²⁷ Excludes expenditure met from Central Assistance

1.6.2 Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services. The overall revenue expenditure, its rate of growth and ratio to GSDP are indicated in **Table 1.17**.

Table 1.17: Trends of revenue expenditure

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue expenditure (RE) (₹ in crore)	75,259	86,652	95,779	1,03,895	1,18,060
Rate of growth of RE (<i>per cent</i>)	8.04	15.14	10.53	8.47	13.63
RE/ GSDP ratio (<i>per cent</i>)	9.32	9.40	9.34	8.97	8.94

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

Revenue expenditure increased continuously from ₹ 75,259 crore in 2013-14 to ₹ 1,18,060 crore in 2017-18 and grew by ₹ 14,165 crore during 2017-18 over the previous year. The increase in revenue expenditure in 2017-18 was mainly due to more expenditure on pension and other retirement benefits (₹ 2,675 crore), General Education (₹ 2,607 crore), Crop Husbandry (₹ 2,080 crore), Interest Payments (₹ 1,157 crore), Power (₹ 735 crore) and Labour, Employment and Skill Development (₹ 682 crore) as compared to previous year, offset by decrease in expenditure on Housing (₹ 389 crore), Urban Development (₹ 200 crore) and Rural Development (₹ 223 crore).

The growth rate of revenue expenditure fluctuated widely from a low of 8.04 *per cent* in 2013-14 to a high of 15.14 *per cent* in 2014-15. In 2017-18, it increased by 13.63 *per cent* over the previous year. Revenue expenditure as a *per cent* of GSDP decreased over the period 2014-18 and stood lowest during 2017-18.

1.6.3 Capital expenditure

Capital expenditure continuously increased from ₹ 22,677 crore in 2013-14 to ₹ 26,313 crore in 2017-18, except for a decrease in 2016-17 (₹ 22,355 crore).

The increase in capital expenditure during 2017-18 over the previous year was mainly on Roads and Bridges (₹ 935.15 crore), Water Supply and Sanitation (₹ 656.51 crore), Major Irrigation (₹ 486.76 crore), Medium Irrigation (₹ 777.31 crore), Minor Irrigation (₹ 388.70 crore) and Urban Development (₹ 189.57 crore).

The percentage share of capital expenditure to total expenditure increased from 17.64 *per cent* in 2016-17 to 18.15 *per cent* in 2017-18. However, during the five year period 2013-18, capital expenditure increased by only 16.03 *per cent*, while the total expenditure increased by 47.15 *per cent* during the same period. During 2017-18, capital expenditure accounted for 98 *per cent* of the total public debt receipts (₹ 26,953 crore).

The ratio of capital expenditure to GSDP of the state has been consistently declining over the four year period 2013-14 to 2016-17 (2013-14: 2.80 *per cent*,

2014-15: 2.62 per cent, 2015-16: 2.35 per cent, 2016-17: 1.93 per cent) and went up marginally in 2017-18 (1.99 per cent).

1.6.4 Committed expenditure

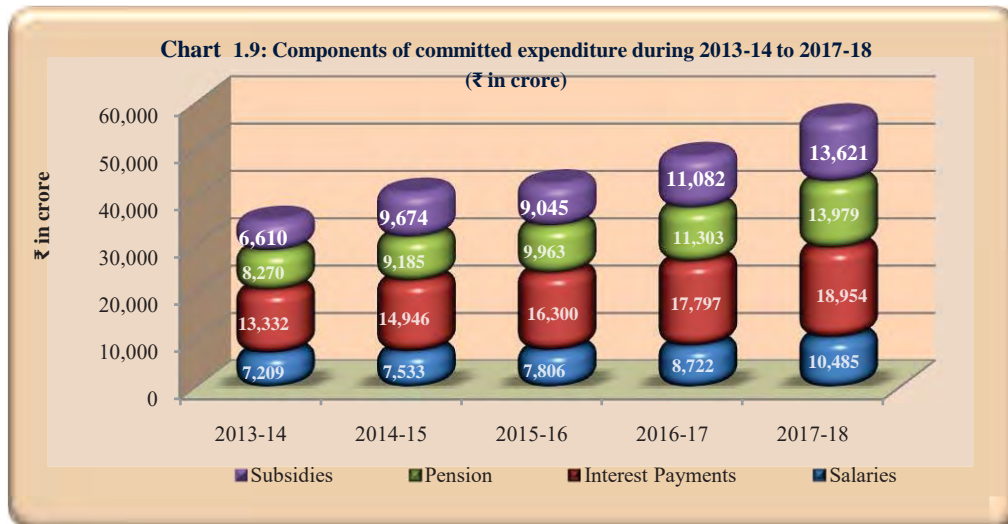
The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.18** and **Chart 1.9** present the trends in the expenditure on these components during 2013-14 to 2017-18.

Table 1.18: Components of committed expenditure

(₹ in crore)					
Components of committed expenditure	2013-14	2014-15	2015-16	2016-17	2017-18
Salaries	7,209 (9.01)	7,533 (8.19)	7,806 (8.01)	8,722 (7.94)	10,485 (8.50)
Interest payments	13,332 (16.67)	14,946 (16.25)	16,300 (16.72)	17,797 (16.21)	18,954 (15.37)
Pension	8,270 (10.34)	9,185 (9.99)	9,963 (10.22)	11,303 (10.29)	13,979 (11.34)
Subsidies	6,610 (8.26)	9,674 (10.52)	9,045 (9.27)	11,082 (10.09)	13,621 (11.05)
Total committed expenditure	35,421 (44.29)	41,338 (44.94)	43,114 (44.23)	48,904 (44.52)	57,039 (46.26)
Total revenue expenditure	75,259	86,652	95,779	1,03,895	1,18,060
Committed expenditure as per cent of revenue expenditure	47.07	47.71	45.01	47.07	48.31

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18
 Figures in parenthesis indicate percentage to revenue receipts

The share of committed expenditure to revenue receipts increased from ₹ 35,421 crore (44.29 per cent) in 2013-14 to ₹ 57,039 crore (46.26 per cent) in 2017-18. As a percentage of revenue expenditure, committed expenditure increased from 47.07 per cent in 2013-14 to 48.31 per cent in 2017-18. The component wise break-up of committed expenditure is given below.



1.6.4.1 Salaries

In 2017-18, expenditure on salaries increased by 20.21 per cent over 2016-17, as compared to an increase of 11.73 per cent in 2016-17 over 2015-16. As a percentage of the revenue receipts, expenditure on salaries increased from 7.94 per cent in 2016-17 to 8.50 per cent in 2017-18. Expenditure on salaries (₹ 10,485 crore) in 2017-18 remained higher by ₹ 1,174 crore against the projections made in budget estimates (₹ 9,311 crore).

1.6.4.2 Interest payments

Interest payments increased steadily from ₹ 13,332 crore in 2013-14 to ₹ 18,954 crore in 2017-18. In percentage terms, it increased by 6.50 per cent in 2017-18 over the previous year. The increase was mainly due to increased interest liability (13.33 per cent) on market loans. During 2017-18, interest payment on market loans stood at 61.02 per cent of the total interest payments while interest on special securities issued to National Small Savings Fund accounted for 23.62 per cent of the total interest payments. During 2013-14 to 2017-18, ₹ 81,329 crore had been spent on interest payments, indicating that 16.18 per cent of the total revenue receipts of last five years had been utilised on debt servicing.

1.6.4.3 Pension payments

There were 4.38 lakh pensioners²⁸ in Gujarat State as of 31 March 2018. Expenditure on pension in 2017-18 (₹ 13,979 crore) increased by 23.68 per cent over the previous year (₹ 11,303 crore) mainly on account of payment of superannuation and retirement benefits along with family pensions, gratuities and commuted value of pension. Expenditure on pension in 2017-18 accounted for 11.34 per cent of the total revenue receipts of the State.

²⁸ As per Fiscal Policy Strategy Statement under Gujarat Fiscal Responsibility Act, 2005 for 2017-18 (February 2017). These are pensioners of Gujarat Government and aided institutions and do not include Social Security Pension.

In its disclosure in compliance of Gujarat Fiscal Responsibility Act, 2005, the State Government estimated the pension payments as a percentage of revenue receipts at 9.83 *per cent*. However, it stood higher at 11.34 *per cent* in 2017-18.

1.6.4.4 Expenditure on subsidies

Expenditure on subsidies increased by 22.92 *per cent* from ₹ 11,082 crore in 2016-17 to ₹ 13,621 crore in 2017-18. The major beneficiaries of subsidy during 2017-18 were Energy and Petrochemicals Department, Industries and Mines Department and Agriculture and Co-operation Department. Energy and Petrochemicals Department received a subsidy of ₹ 5,775.71 crore (43 *per cent*) of which, major portion was ₹ 2,745 crore on account of fuel price and power purchase adjustment charges, ₹ 1,206.75 crore for compensation in agriculture tariff, ₹ 1,100 crore for horse power based tariff to agriculturists. Of ₹ 1,715.97 crore received as subsidy (13 *per cent*) by Agriculture and Co-operation Department, ₹ 868.26 crore was given as financial assistance to farmers for subvention of interest. Similarly, in Industries and Mines Department, of the total subsidy of ₹ 2,614.02 crore (19 *per cent*), ₹ 945.91 crore was given for development of textile industry. The Gujarat State Road Transport Corporation was also given a subsidy of ₹ 475 crore to compensate for operations in uneconomic routes, student concessions *etc.*

1.6.5 Financial assistance by the State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and other institutions during the current year relative to previous years is presented in **Table 1.19**.

Table 1.19: Financial assistance to local bodies and other institutions

(₹ in crore)					
Financial assistance to institutions	2013-14	2014-15	2015-16	2016-17	2017-18
Panchayati Raj Institutions (PRIs)	17,295.00	17,503.96	22,085.57	16,123.76	19,686.35
Urban Local Bodies	2,914.06	8,289.19	8,479.84	7,336.19	7,790.57
Public Sector Undertakings	27.55	59.60	54.93	76.98	74.32
Autonomous Bodies	650.77	2,912.78	3,090.62	4,720.06	5,307.75
Others	15,273.20	11,198.62	10,337.45	19,798.39	21,948.19
Total	36,160.58	39,964.15	44,048.41	48,055.38	54,807.18
Assistance as percentage of revenue expenditure	48.05	46.12	45.99	46.25	46.42

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

Financial assistance to local bodies and other institutions continuously increased from ₹ 36,160.58 crore in 2013-14 to ₹ 54,807.18 crore in 2017-18. As a percentage of the revenue expenditure, it decreased from 48.05 *per cent* in 2013-14 to 46.42 *per cent* in 2017-18.

1.6.5.1 Building and Other Construction Workers' Welfare Board

The Building and Other Construction Workers' Welfare Cess Act, 1996 and the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 cover every establishment which employs, or had employed on any day of the preceding 12 months, 10 or more building workers in any building or other construction work. The Acts, *inter alia*, provide for constitution of Welfare Boards with the aim of improving the working conditions of workers and to provide financial aid to them, and to augment the resources of the Welfare Boards through the levy and collection of cess on the cost of construction. Accordingly, the State Government formed (December 2004) the Gujarat Building and Other Construction Workers' Board (Board), and, in terms of the Cess Act, levies cess at one *per cent* on cost of construction. As per provisions contained in Rule 5 of the Building and Other Construction Workers' Welfare Cess Rules, 1998, the amount collected as cess shall be transferred to the Board within 30 days of collection.

Audit observed that the Board did not finalise (November 2018) its accounts since 2006-07. While the details of amount of cess collected by the various departments could not be ascertained, the details of cess collected by the State Government during the period 2006-07 to 2017-18 and transferred to the Board are given in **Table 1.20** below.

Table 1.20: Status of cess collected and transferred to the Board

(₹ in crore)

Year	Cess collected by State Government	Cess transferred to the Board
2005-06	Nil	Nil
2006-07	17.68	Nil
2007-08	24.59	2.98
2008-09	44.87	1.70
2009-10	77.98	3.07
2010-11	104.99	3.50
2011-12	115.54	3.16
2012-13	155.04	6.26
2013-14	210.82	10.57
2014-15	249.51	293.43
2015-16	323.31	346.52
2016-17	287.65	191.85
2017-18	375.98	748.93
Total	1,987.94	1,611.97

Source: Information provided by the Gujarat Building and Other Construction Workers' Board

As could be seen, the State Government failed to transfer ₹ 375.97 crore to the Board as of March 2018, in violation of Rule 5 of the Building and Other Construction Workers' Welfare Cess Rules, 1998. This led to overstatement of revenue surplus and understatement of fiscal deficit to that extent in 2017-18. However, the State Government transferred ₹ 157 crore of ₹ 375.97 crore to the Board by January 2019.

The Finance Department did not furnish reply to this audit observation.

1.7 Quality of Expenditure

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

1.7.1 Adequacy of public expenditure

Expenditure responsibilities relating to social sector and economic infrastructure are assigned to the State Governments as these are largely State subjects. Enhancing human development levels require the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority is attached to a particular sector, if the ratio of expenditure under a category to total expenditure is below the respective national average. **Table 1.21** shows the fiscal priority of the State with regard to total expenditure, development expenditure, social sector expenditure, economic services expenditure and capital expenditure *vis-à-vis* General Category States²⁹ (GCS) during 2013-14 and 2017-18.

Table 1.21: Fiscal priority of the State during 2013-14 and 2017-18

Fiscal Priority	Total Expenditure/ GSDP	Development Expenditure / Total Expenditure	Social Sector Expenditure / Total Expenditure	Economic Sector Expenditure / Total Expenditure	Capital Expenditure / Total Expenditure	Education/ Total Expenditure	Health/ Total Expenditure
General Category States' Average (Ratio) 2013-14	14.7	66.5	37.6	28.9	13.6	17.2	4.5
Gujarat (Ratio) 2013-14	12.2	71.6	39.6	31.9	23.0	15.9	5.2
General Category States' Average (Ratio) 2017-18	16.10	67.9	36.7	29.6	14.4	15.5	4.9
Gujarat (Ratio) 2017-18	11.0	70.8	39.0	31.8	18.2	15.4	5.9

Source: Finance Accounts of the State Government for the years 2013-14 and 2017-18

Table 1.21 reveals the following:

- The ratio of total expenditure to GSDP in Gujarat for 2013-14 and 2017-18 was lower as compared to the GCS average.
- Development expenditure³⁰ as a proportion of total expenditure in Gujarat was higher than the GCS average in 2013-14 and in 2017-18. Development expenditure consists of both economic services expenditure and social sector expenditure. The expenditure on both sectors as a proportion of total

²⁹ See Glossary; Appendix 4.1

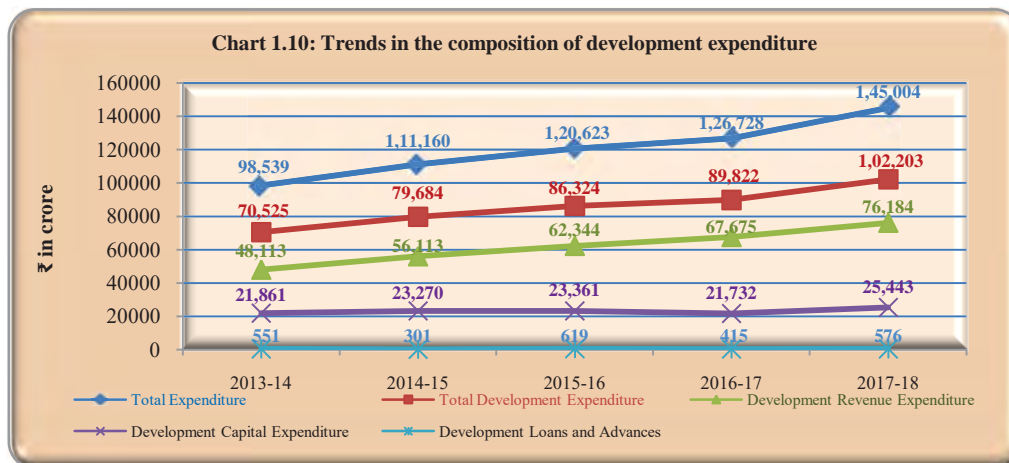
³⁰ Development expenditure includes development revenue expenditure, development capital expenditure and loans and advances disbursed.

expenditure in the State was higher than the GCS average in 2013-14 and in 2017-18.

- The State has a higher ratio of capital expenditure to total expenditure in 2013-14 and 2017-18 as compared to GCS average. However, capital expenditure as a percentage of total expenditure in the State declined from 23 per cent in 2013-14 to 18.2 per cent in 2017-18.
- Gujarat’s spending on education sector as a proportion of its total expenditure was less in 2013-14 and 2017-18 as compared to GCS average. Whereas, the State has given adequate priority to health sector in 2013-14 and in 2017-18 as compared to GCS average.

1.7.2 Efficiency of expenditure

In view of 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 goods³¹. Apart from improving allocation towards development expenditure³², the efficiency of expenditure is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure on operation and maintenance of the existing social and economic services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure. **Chart 1.10** presents the trends in development expenditure relative to the total expenditure during the period 2013-18. **Table 1.22** and **Table 1.23** provide the details of capital expenditure and the components of revenue expenditure under selected social and economic services.



Development expenditure of the State comprises revenue and capital expenditure including loans and advances on socio-economic services. The development expenditure increased from ₹ 70,525 crore in 2013-14 to

³¹ See Glossary; Appendix 4.1

³² The total expenditure data is segregated into development and non-development expenditure. All expenditure relating to revenue account, capital outlay and loans and advances is categorised into social services, economic services and general services. Broadly, the expenditure on social and economic services constitutes development expenditure, while expenditure on general services is treated as non-development expenditure.

₹ 1,02,203 crore in 2017-18. As a percentage of the total expenditure, the development expenditure of the State decreased from 70.88 *per cent* in 2016-17 to 70.48 *per cent* in 2017-18. During 2013-18, the development revenue expenditure grew by 58.34 *per cent* while the development capital expenditure grew by 16.39 *per cent*. The development expenditure in the State in 2017-18 was largely revenue oriented.

1.7.2.1 Expenditure on social services

Capital expenditure on social services increased by ₹ 598 crore over previous year and stood at ₹ 6,813 crore in 2017-18. The share of salaries in revenue expenditure under social services increased by ₹ 384 crore over previous year and stood at ₹ 2,989 crore in 2017-18. While the ratio of capital expenditure to total expenditure in the sector remained almost the same during 2016-17 and 2017-18, the share of salaries in the revenue expenditure increased from 5.80 *per cent* to 6.10 *per cent* over the same period. The details are indicated in **Table 1.22**.

Table: 1.22: Efficiency of expenditure under selected social services

Sector and sub-sector	(in per cent)									
	Share of capital expenditure to total expenditure in the sub-sector					Share of salaries in revenue expenditure in the sub-sector				
	2013-14	2014-15	2015-16	2016-17	2017-18	2013-14	2014-15	2015-16	2016-17	2017-18
Social services (absolute figures of capital expenditure in ₹ crore)	6,650	7,186	6,417	6,215	6,813	2,383	2,493	2,580	2,605	2,989
Education, Sports, Art and Culture	7.53	7.48	6.65	5.91	3.56	4.45	3.95	3.76	3.84	3.94
Health and Family Welfare	32.01	30.93	26.61	18.93	18.44	33.54	27.51	24.58	21.50	22.11
Water Supply, Sanitation, Housing And Urban Development	26.62	25.47	19.58	21.46	27.12	0.61	0.52	0.45	0.39	0.39
Others	12.42	11.23	7.39	3.64	3.64	8.37	8.22	6.72	6.12	5.66
Total (SS)	17.03	16.37	13.18	12.10	12.14	7.36	6.79	6.13	5.80	6.10

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

1.7.2.2 Expenditure on economic services

Capital expenditure on economic services increased by 20.06 *per cent* from ₹ 15,517 crore in 2016-17 to ₹ 18,630 crore in 2017-18. Under the sub-sector Irrigation and Flood Control, the capital expenditure during the current year increased by ₹ 1,656 crore over the previous year, mainly due to rise in expenditure on Medium Irrigation (₹ 777 crore), Major Irrigation (₹ 487 crore) and Minor Irrigation (₹ 389 crore). Under the sub-sector Transport, the capital expenditure increased by ₹ 1,025 crore during the year, mainly due to rise in expenditure on construction of roads and bridges (₹ 935 crore). The share of salaries in revenue expenditure under economic services decreased from 4.46 *per cent* in 2016-17 to 4.07 *per cent* in 2017-18. The details are indicated in **Table 1.23**.

Table: 1.23: Efficiency of expenditure under selected economic services

(in per cent)

Sector and sub-sectors	Share of capital expenditure to total expenditure in the sub-sector					Share of salaries in revenue expenditure in the sub-sector				
	2013-14	2014-15	2015-16	2016-17	2017-18	2013-14	2014-15	2015-16	2016-17	2017-18
Economic services (absolute figures- ₹ in crore)	15,211	16,084	16,944	15,517	18,630	1,054	1,040	1,030	1,013	1,106
Agriculture and Allied Activities	17.76	15.98	17.98	13.81	9.56	13.12	12.71	12.11	10.28	7.57
Irrigation and Flood Control	87.36	88.06	89.24	85.63	89.30	30.35	26.36	27.55	21.84	24.22
Energy	33.64	27.42	41.62	34.29	33.15	0.52	0.74	0.92	0.59	0.59
Transport	47.32	39.62	38.62	38.91	44.76	1.11	0.83	0.86	0.76	0.73
Others	39.29	37.68	22.05	19.42	19.05	5.42	3.90	2.54	2.33	2.36
Total (ES)	49.15	45.33	45.02	40.34	40.42	6.70	5.36	5.09	4.46	4.07

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The Finance Department (March 2019) accepted the facts.

1.8 Financial Analysis of Government Expenditure and Investments

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

1.8.1 Financial results of irrigation projects

At the end of March 2018, ₹ 3,967.04 crore was spent on 30 major and medium irrigation projects³³. The revenue realised from these completed irrigation projects during the year was ₹ 645.19 crore, against which, the maintenance expenditure was ₹ 117.60 crore, leaving a revenue surplus of ₹ 527.60 crore. When compared with the investments made on these projects, the return was 13.30 per cent.

1.8.2 Incomplete projects

At the end of March 2018, 96 capital works were incomplete involving an expenditure of ₹ 4,278.41 crore. Department-wise details of incomplete projects (each valuing ₹ 10 crore or more) are given in **Table 1.24**.

³³ This excludes expenditure incurred on irrigation projects by Sardar Sarovar Narmada Nigam Limited

Table 1.24: Department-wise profile of incomplete projects

(₹ in crore)

Department	Number of incomplete projects	Initial budgeted cost	Cumulative actual expenditure as on 31 March 2018
Roads and Buildings	84	3,038.20	1,923.27
Narmada, Water Resources, Water Supply and Kalpsar	12	2,239.41	2,355.14
Total	96	5,277.61	4,278.41

Source: Finance Accounts of the State Government for the year 2017-18

It may be seen that the Roads and Buildings Department incurred an expenditure to the extent of 63.30 per cent on the 84 incomplete projects while the Narmada, Water Resources, Water Supply and Kalpsar Department incurred an expenditure to the extent of 105.17 per cent on 12 incomplete projects (as compared to initial budgeted costs).

In view of involvement of large financial costs, the State Government needs to redirect its efforts and resources to complete these projects so that intended benefits flow to users without further delay.

1.8.3 Investment and returns

Statement No. 19 of the annual finance accounts of the State Government contains the details of investments made by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. As of 31 March 2018, the State Government invested ₹ 86,113.96 crore in these companies/corporations/institutions (Table 1.25).

Table 1.25: Return on investments

Investment/Return/Cost of Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Investment at the end of the year (₹ in crore)	55,058	62,929	70,730	77,833	86,114
Return (₹ in crore)	277.44	89.54	96.06	110.10	96.30
Return (per cent)	0.50	0.14	0.14	0.14	0.11
Average rate of interest on Government borrowings (per cent)	7.62	7.76	7.69	7.67	7.59
Difference between average interest rate on Government borrowings and rate of return (per cent)	7.12	7.62	7.55	7.53	7.48

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The table shows that during 2013-18, the State Government's investments increased by ₹ 31,056 crore. During 2017-18, the State Government made an additional investment of ₹ 8,281 crore over the previous year which largely included ₹ 7,561 crore in Government companies, ₹ 593.29 crore in statutory corporations and ₹ 1.47 crore in co-operative institutions. Of ₹ 7,561 crore invested in Government companies, ₹ 4,721 crore (62 per cent) was invested in Sardar Sarovar Narmada Nigam Limited (SSNNL).

The table also shows that the average return on investments in these companies/corporations/institutions was 0.21 *per cent* during 2013-18 while the Government paid an average interest of 7.67 *per cent* on its borrowings during the same period.

The Finance Department stated (March 2019) that the objective behind investments by the Government in Statutory Corporations and Government Companies is to achieve an overall development of the State. Therefore, sometimes, the funds borrowed by the Government at higher rates are also invested.

1.8.3.1 Status of working State Public Sector Undertakings

As per the latest finalised accounts (up to September 2018), of 73 working State Public Sector Undertakings (SPSUs), 50 SPSUs earned a profit of ₹ 5,113.94 crore and 19 SPSUs incurred a loss of ₹ 3,813.93 crore. The remaining four³⁴ SPSUs reported neither profits nor losses.

The State Government received ₹ 97.89 crore as dividend from six of 50 profit-making SPSUs in the financial year 2017-18. In view of negligible returns (1.91 *per cent*) from SPSUs, the State Government may consider formulation of suitable dividend policy for SPSUs.

The major profit-making SPSUs (out of 50) were:

- Gujarat State Petronet Limited (₹ 1,010.81 crore);
- Gujarat Energy Transmission Corporation Limited (₹ 668.81 crore);
- Gujarat State Electricity Corporation Limited (₹ 596.07 crore);
- Gujarat Mineral Development Corporation Limited (₹ 556.93 crore); and
- Gujarat Gas Limited (₹ 462.84 crore).

The major loss-making SPSUs (out of 19) were:

- Gujarat State Petroleum Corporation Limited (₹ 1,564.64 crore);
- *Sardar Sarovar Narmada Nigam* Limited (₹ 1,075.80 crore);
- Bhavnagar Energy Company Limited (₹ 617.31 crore);
- Gujarat State Road Transport Corporation (₹ 264.81 crore); and
- Gujarat Water Infrastructure Limited (₹ 137.53 crore).

The Finance Department stated (March 2019) that standing instructions were issued in October 1994 by which all the profit-making PSUs were required to pay dividend to the Government regularly.

However, the Finance Department did not furnish the reasons for non-payment of dividend by the remaining 44 profit-making PSUs despite issue of instructions in October 1994.

³⁴ Two SPSUs (Gandhinagar Railway and Urban Development Corporation Limited; and Gujarat Rail Infrastructure Development Corporation Limited) did not finalise their first accounts. One SPSU (Gujarat Women Economic Development Corporation Limited) adjusted the excess of expenditure over income against capital reserve non-plan grants while the other (Gujarat State Police Housing Corporation Limited) transferred the excess of expenditure over income to works completed.

1.8.3.2 Erosion of capital in State Public Sector Undertakings due to losses

As per the latest finalised accounts (up to September 2018), investments³⁵ and accumulated losses of 73 working SPSUs was ₹ 1,56,615.95 crore and ₹ 9,949.78 crore respectively. As on 31 March 2018, the aggregate networth³⁶ of the working SPSUs was positive. Further analysis revealed that erosion in networth occurred in nine out of 73 working SPSUs. The accumulated losses of these nine SPSUs were ₹ 22,431.63 crore as against their paid-up capital and free reserves of ₹ 10,202.40 crore³⁷.

The investment in 73 working SPSUs increased from ₹ 1,10,319.66 crore in 2013-14 to ₹ 1,56,615.95 crore in 2017-18. The return on investments ranged between 4.90 per cent and 6.82 per cent during 2013-18. Similarly, the total equity of the SPSUs increased from ₹ 69,689.57 crore in 2013-14 to ₹ 99,784.53 crore in 2017-18. The return on equity ranged between 0.27 per cent and 2.56 per cent during 2013-16 while it was nil during 2016-18 due to net losses.

1.8.3.3 Investment in joint stock companies and partnerships

The Finance Accounts (Statement No. 19) revealed investment of the State Government to the extent of ₹ 32.56 crore in shares of 28 Other Joint Stock Companies (JSC) and partnerships. The investment in seven of 28 JSC dated prior to the formation of the State of Gujarat (1960). Three of 28 JSC were under liquidation; one had already been dissolved while shares of one were yet to be transferred to the State Government. No dividend was received by the State Government from these 28 JSC during 2017-18.

Audit enquired (October 2017) from the State Government about the existence of these JSC along with the reasons for non-payment of dividend and steps taken to write-off the investments of the Government in JSC under liquidation. The Finance Department stated (January 2018) that the concerned Administrative Departments have been requested to provide the required information. However, no progress had been reported by the Finance Department (January 2019).

1.8.3.4 Investment in Public Private Partnership projects

Public Private Partnerships (PPPs) are formed by the Government agencies and bodies usually to promote and develop infrastructure facilities.

The status of PPP projects in infrastructure sector at various stages (as on 31 March 2018) is presented in **Table 1.26**.

³⁵ Investment comprises paid up capital plus long term borrowings plus free reserves.

³⁶ Networth comprises the sum total of paid-up share capital and free reserves and surplus less accumulated losses and deferred revenue expenditure.

³⁷ Paid up capital of ₹ 2,774.36 crore + Free Reserves of ₹ 7,428.04 crore

Table 1.26: Status of PPP projects in infrastructure sector

(₹ in crore)

Sr. No.	Sector	Projects completed		Projects under implementation	
		No.	Total investment	No.	Expenditure incurred
1.	Roads	18	2,081.80	11	6,137.09
2.	Urban infrastructure	110	2,150.47	28	1,197.65
3.	Water	0	0	2	2,700.00
4.	Power	4	7,600.00	0	0.00
5.	Ports	62	56,896.63	41	22,674.95
6.	Logistic parks	0	0	0	0.00
7.	Aviation	0	0	0	0.00
8.	IT, ITES and Biotech	5	230.00	1	80.00
9.	Railways	1	395.00	2	1,262.25
10.	Agriculture	2	23.18	0	0.00
11.	Health	1	5.12	0	0.00
12.	Road Transport	3	621.41	7	641.36
	Total	206	70,003.61	92	34,693.30

Source: Information provided by Gujarat Infrastructure Development Board

Table 1.26 shows that of 298 PPP projects valuing ₹ 1,04,697 crore in the infrastructure sector in Gujarat, 206 projects valuing ₹ 70,004 crore had been completed at the end of 2017-18. The major investment was in ports sector where 62 projects have been completed and a further 41 projects were under implementation. The maximum number of completed projects was in the urban infrastructure sector.

1.8.4 Loans and advances by State Government

In addition to investments in co-operative institutions, corporations and companies, the State Government had also been granting loans and advances to these institutions/organisations for implementing various Schemes. **Table 1.27** presents the position of loans and advances and interest receipts *vis-à-vis* interest payments during last three years.

Table 1.27: Average interest received on loans and advances given by State Government

(₹ in crore)

Quantum of loans and advances given /Interest receipts/ Cost of borrowings	2015-16	2016-17	2017-18
Opening balance of loans and advances given	6,777	7,327	7,638
Loans advanced during the year	675	477	631
Loans repaid during the year	125	166	346
Closing Balance of loans and advances given	7,327	7,638	7,923
Loans for which terms and conditions have been settled	6,811	7,459	7,744
Net addition during the year	550	311	285
Interest receipts during the year	172	117	88
Interest receipts as percentage of outstanding loans and advances	2.35	1.53	1.13
Interest payments as percentage of outstanding fiscal liabilities of the State Government	7.37	7.32	7.39
Difference between interest receipts and interest payments (per cent)	(-)5.02	(-)5.79	(-)6.26

Source: Finance Accounts of the State Government for the years 2015-16 to 2017-18

The total amount of outstanding loans and advances increased from ₹ 7,327 crore in 2016-17 to ₹ 7,923 crore in 2017-18. Loans advanced during the year increased by ₹ 154 crore over the previous year. This included a loan of ₹ 25 lakh given to Gujarat Dairy Development Corporation, a non-working SPSU during 2017-18. Of the total loans advanced during the year (₹ 631 crore), ₹ 265 crore was under social services, ₹ 311 crore was under economic services and ₹ 55 crore was advanced for Miscellaneous purposes. The loans advanced under social services were used for urban development and welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities. Major portion of the loans advanced under economic services went to power sector (₹ 107 crore) and transport sector (₹ 195 crore).

1.8.4.1 Finalisation and adherence to terms and conditions of loans

As per Rule 71 of the Gujarat Financial Rules, 1971, an authority competent to sanction a loan shall, while sanctioning a loan, specify terms and conditions of loan including the terms and conditions of repayment of loan and rate of interest in the sanction order. The above provisions were reiterated *vide* Finance Department circular dated 08 July 2010 by laying down the procedure for finalisation of terms and conditions of the loans granted by State Government to other bodies/authorities. The circular further required the Administrative Departments to maintain a register of loans so sanctioned, in accordance with Rule 78 of Gujarat Financial Rules, 1971. The circular also envisaged monitoring of repayment of loans and interest recovery by the concerned Administrative Departments. The Administrative Departments were also required to send a return in the prescribed format to the Finance Department regarding the status of outstanding loans at the end of each financial year.

Mention was made in paragraph 1.8.4.1 of the Report of the Comptroller and Auditor General of India on State Finances for the year ended 31 March 2017 (Report No. 2 of the year 2018) regarding non-maintenance of register of loans by Industries and Mines Department and non-submission of returns to Finance Department (for loans disbursed by it in previous years). Subsequent follow-up by Audit revealed no improvement in the situation.

The Finance Department stated (March 2019) that all the administrative departments have been instructed (July 2010/March 2018) to monitor and maintain the records of loans advanced.

However, persistent audit observations indicate that the instructions of Finance Department were not being followed by the administrative departments.

1.8.5 Cash balances and investment of cash balances

Details of cash balances and investments made by the State Government during 2017-18 are shown in **Table 1.28**.

Table 1.28: Cash balances and investment of cash balances

Cash balances and investment of cash balances	(₹ in crore)	
	Opening balance on 01/04/2017	Closing balance on 31/03/2018
(a) General cash balance		
Cash in Treasuries	0.00	0.00
Deposits with Reserve Bank ³⁸	(-)471.82	(-)359.53
Remittances in Transit – Local	4.19	4.19
Investments held in Cash balance investment account	12,749.99	5,198.09
Total (a)	12,282.36	4,842.75
(b) Other Cash balances and investments		
Cash with Departmental Officers <i>viz.</i> Public Works, Forest, District Collectors <i>etc.</i>	(-)0.28	(-)0.21
Permanent advances for contingent expenditure with Departmental Officers	0.27	0.29
Investment of earmarked funds	10,966.58	11,686.39
Total (b)	10,966.57	11,686.47
Grand total (a)+ (b)	23,248.93	16,529.22

Source: Finance Accounts of the State Government for the years 2016-17 and 2017-18

Due to adequate surplus cash balance during 2017-18, the State Government did not avail of any Ways and Means Advance from the RBI for maintenance of its minimum cash balance.

1.8.5.1 Outstanding balances under the head ‘Cheques and Bills’

The Major Head ‘8670 – Cheques and Bills’ is an intermediary account head for initial record of transactions which are to be cleared eventually. The outstanding balances under this Major Head represent the amount of uncashed cheques, which was ₹ 2,575.23 crore as on 31 March 2018.

1.8.5.2 Reduction in Investment held in Cash Balance Investment Account

The 13th FC had suggested that States should utilise their surplus cash balances before resorting to fresh borrowings. The RBI also reiterated the fact and advised the States to manage their cash balances more efficiently. The investment held in ‘Cash Balance Investment Account’ by the State Government stood at ₹ 12,750 crore at the end of 2016-17 which came down to ₹ 5,198 crore at the end of 2017-18, indicating better utilisation of cash balances.

³⁸ The balance under the head ‘Deposits with Reserve Bank’ is arrived at after taking into account the Inter-Government monetary settlements pertaining to transactions of the Financial Year 2017-18 advised to the RBI till 10 April 2018.

1.9 Assets and Liabilities

1.9.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of the fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such liabilities and the assets as on 31 March 2018 compared with the corresponding position on 31 March 2017. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GoI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of capital outlay and loans and advances given by the State Government and cash balances.

As per the disclosure form B-2(A) under the Gujarat Fiscal Responsibility Act, 2005, the State Government liabilities comprise the following components:

- (i) Special securities issued to the National Small Savings Fund
- (ii) Loans and advances from Central Government
- (iii) Market loans
- (iv) Loans from financial institutions/banks
- (v) Ways and means advances/overdraft from RBI
- (vi) Small savings, provident fund of Government employees *etc.*
- (vii) Pension liabilities
- (viii) Reserve fund/deposits and provident fund of other employees
- (ix) Other liabilities

1.9.2 Fiscal liabilities

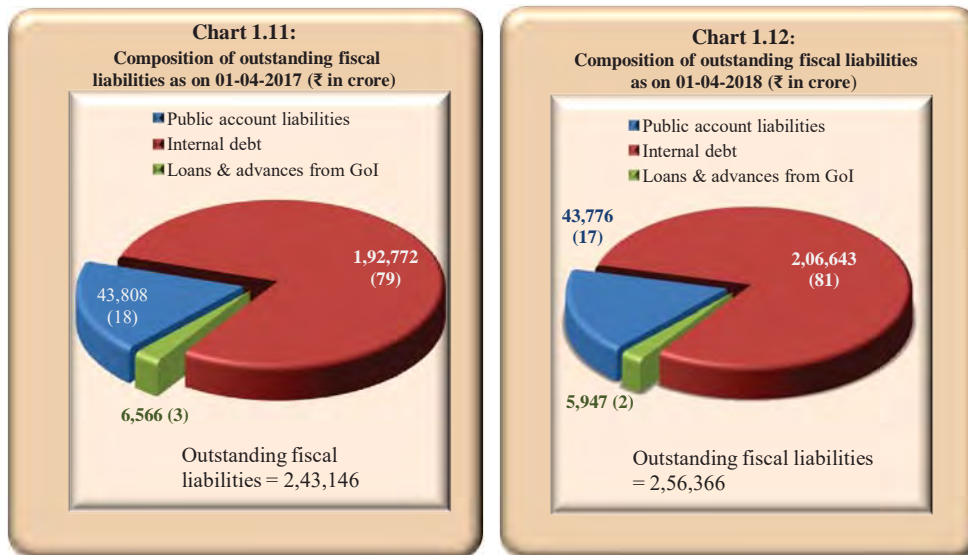
The outstanding fiscal liabilities of the State increased from ₹ 1,83,057 crore in 2013-14 to ₹ 2,56,366 crore at the end of 2017-18 at an average annual rate of 9.01 *per cent*. In 2017-18, the fiscal liabilities grew at 5.44 *per cent* over the previous year. The trends in fiscal liabilities relative to GSDP, revenue receipts and own resources are shown in **Table 1.29**.

Table: 1.29: - Fiscal liabilities – Basic parameters

	2013-14	2014-15	2015-16	2016-17	2017-18
Fiscal liabilities (₹ in crore)	1,83,057	2,02,313	2,21,090	2,43,146	2,56,366
Rate of growth (<i>per cent</i>)	9.83	10.52	9.28	9.98	5.44
Ratio of Fiscal liability to					
GSDP (<i>per cent</i>)	22.67	21.95	21.57	20.99	19.42
Revenue receipts (<i>per cent</i>)	229	220	227	221	208
Own resources (<i>per cent</i>)	289	285	304	313	296
Buoyancy of Fiscal liability to³⁹					
GSDP (ratio)	0.85	0.75	0.83	0.77	0.39
Revenue receipts (ratio)	1.56	0.70	1.55	0.79	0.44
Own resources (ratio)	1.69	0.89	3.35	1.47	0.48

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is as presented in the **Charts 1.11** and **1.12** below.



Figures in parenthesis indicate percentage share

Chart 1.12 shows that the outstanding fiscal liabilities of the State Government at the end of financial year 2017-18 comprised internal debt of ₹ 2,06,643 crore (81 *per cent*), public account of ₹ 43,776 crore (17 *per cent*) and loans and advances from GoI of ₹ 5,947 crore (two *per cent*). The internal debt largely comprised of market loans (₹ 1,51,887 crore) and special securities issued to NSSF (₹ 42,919 crore). The fiscal liabilities at the end of 2017-18 stood at 208 *per cent* of the revenue receipts. The ratio of outstanding fiscal liabilities to GSDP at 19.42 *per cent* in the current year was in line with the ratio of 25.83 *per cent* as projected in the fiscal consolidation roadmap of 14th FC.

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.5**.

³⁹ It is ratio of growth rate of fiscal liability to growth rate of a given parameter.

1.9.3 Transactions under reserve funds

There were 15 Reserve funds earmarked for specific purposes during 2017-18 of which, five funds were inoperative⁴⁰ with a balance of ₹ 2.11 crore. The total accumulated balance in these funds as on 31 March 2018 was ₹ 14,931.88 crore of which, ₹ 11,686.04 crore was invested.

1.9.3.1 Creation of consolidated sinking fund

The 12th FC recommended creation of a Consolidated Sinking Fund (CSF) by the State Governments for amortisation of outstanding liabilities. The RBI, which is responsible for administering the fund, stipulated a minimum annual contribution of 0.5 *per cent* of the outstanding liabilities (at the end of the previous financial year) by the State Governments to the fund. Further, as per recommendations of the RBI, the State Governments were required to maintain a minimum balance of three *per cent* of their outstanding liabilities at the close of each financial year in the fund.

The balance as on 31 March 2018 in CSF was ₹ 11,609.81 crore against the minimum required level of ₹ 7,690.98 crore⁴¹. Since the State Government had maintained more than the minimum balance required in the fund, no amount was contributed during the year. The State Government credited an accrued interest of ₹ 693.56 crore to the fund during 2017-18.

1.9.3.2 State disaster response fund

As per recommendations of 13th FC, the State Government had been operating the 'State Disaster Response Fund' with effect from 2011-12. In terms of GoI guidelines (September 2010), the Central and State Governments were required to contribute to the fund in the ratio of 75:25.

As on 01 April 2017, the fund had an opening balance of ₹ 3,493.41 crore. During 2017-18, the State Government transferred ₹ 666.66 crore (₹ 500 crore Central share and ₹ 167 crore State share) to the fund. Of the total available balance of ₹ 4,160.07 crore, an expenditure of ₹ 1,804.95 crore⁴² incurred on natural calamities during the year was set off against the fund balance, leaving ₹ 2,355.12 crore in the fund at end of March 2018. In terms of the GoI guidelines, balances lying in the fund were required to be invested⁴³, which was not done. The interest to be credited to the fund on the balances of earlier years had also not been estimated by the State Government.

⁴⁰ Four funds (₹ 2.10 crore) since 1999-2000 and one fund (₹ 0.01 crore) since 2014-15

⁴¹ 3% of ₹ 2,56,366 crore (outstanding liabilities as on 31 March 2018)

⁴² Major Head 2245-05 (Relief on account of natural calamities-SDRF)

⁴³ The accretions to the SDRF are to be invested through RBI in Central Government dated Securities, Auctioned Treasury Bills and Interest earning deposits and certificates of deposits with Scheduled Commercial Banks.

1.9.3.3 Migration to new pension Scheme

The State Government introduced the ‘Defined Contribution Pension Scheme (National Pension System)’ with effect from 01 April 2005. As per the guidelines of the Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowance every month which is matched by the State Government and the entire amount is transferred to the designated fund manager through National Securities Depository Limited (NSDL)/Trustee Bank. The State Government signed (January 2009) agreements with the NPS trust for fund management of the Scheme and adopted (May 2009) the Central framework for implementation of the Scheme.

The employees’ contribution and State share is credited to Public Account⁴⁴ and then transferred to NSDL. The opening balance in the Deposit Account as on 01 April 2017 was ₹ 20.57 crore. During the year, receipts were ₹ 1,220.53 crore and transfers to NSDL was ₹ 1,208.76 crore, leaving a balance of ₹ 32.34 crore which was yet to be transferred to NSDL. During 2017-18, the State Government paid an interest of ₹ 3.23 crore to the fund manager for late/delayed transfer of funds.

1.9.4 Ujwal DISCOM Assurance Yojana

The *Ujwal DISCOM Assurance Yojana* (UDAY) was launched by the GoI in November 2015 for operational and financial turnaround of State-owned power distribution companies (DISCOMs). The UDAY envisaged signing of an agreement between State Governments, DISCOMs and GoI for stipulating the respective responsibilities of the parties for achieving operational and financial milestones as described in the Scheme, after which, the State Governments were to take over 75 *per cent* of outstanding debts of DISCOMs as on 30 September 2015 over two years *i.e.* 50 *per cent* in 2016-17 and 25 *per cent* in 2017-18.

The Government of Gujarat entered (February 2016) into a tripartite Memorandum of Understanding with four State-owned DISCOMs and GoI, but without the component of financial turnaround and financing of future losses and working capital, as all the four DISCOMs had already achieved financial turnaround in 2005-06. In view of this, no financial assistance had been provided by the State Government to the State DISCOMs during 2017-18 under UDAY Scheme.

1.9.5 Contingent liabilities

1.9.5.1 Status of guarantees

Guarantees are liabilities having encumbrance on the Consolidated Fund of the State in cases of defaults by borrowers for whom guarantees have been extended by the State Government. The maximum amount for which guarantees were given by the State Government and outstanding guarantees for the last five years is given in **Table 1.30**.

⁴⁴ Major Head 8342-117 (Other Deposits- Defined Contribution Pension Scheme for Government Employees)

Table 1.30: Guarantees given by the Government of Gujarat

Guarantees	2013-14	2014-15	2015-16	2016-17	2017-18
Ceiling limit on Government Guarantees under Gujarat State Guarantees Act, 1963	20,000	20,000	20,000	20,000	20,000
Maximum amount guaranteed	11,175	11,235	11,333	11,333	11,796
Outstanding amount of guarantees	6,549	5,984	5,236	4,804	4,834
Percentage of outstanding amount of guarantees to total revenue receipts	8.19	6.51	5.37	4.37	3.92

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

The Gujarat Fiscal Responsibility Act, 2005 prescribed capping of outstanding guarantees within the limit of ₹ 20,000 crore as provided for in the Gujarat State Guarantees Act, 1963. During 2017-18, the State Government extended guarantees amounting ₹ 130.50 crore. Of the total outstanding guarantees of ₹ 4,834 crore, 29 per cent (₹ 1,409 crore) were in respect of *Sardar Sarovar Narmada Nigam Limited* and 13 per cent (₹ 650 crore) were in respect of *Gujarat Water Infrastructure Limited*. The outstanding guarantees (₹ 4,834 crore) accounted for 3.92 per cent of the total revenue receipts of the State Government (₹ 1,23,291 crore) and were well within the limit prescribed under the Gujarat Fiscal Responsibility Act, 2005.

The 12th FC recommended setting up of a Guarantee Redemption Fund to meet the contingent liabilities arising from the guarantees given by the State Government. Consequently, the GRF was set up in February 2006. In terms of the guidelines of the RBI, which administers the fund, the corpus of the fund was to be gradually increased to the desired level of five per cent of outstanding guarantees. Against the minimum requirement of ₹ 241.70 crore, the balance in the fund was ₹ 666.46 crore as on 31 March 2018. During 2017-18, the State Government credited the accrued interest of ₹ 26.24 crore to the fund. The State Government received ₹ 4.58 crore as guarantee fees during 2017-18 from State level bodies, as against ₹ 9.01 crore received in the previous year. During 2017-18, no amount was paid by the State Government on account of invocation of guarantees.

1.10 Debt Management

1.10.1 Debt sustainability

Debt sustainability⁴⁵ implies the State's ability to service debts. Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability of the State. The analysis of various debt sustainability indicators of the State during the last five years from 2013-14 to 2017-18 is given by **Table 1.31**.

⁴⁵ See Glossary; Appendix 4.1

Table 1.31: Debt sustainability: Indicators and trends

(₹ in crore)

Sr. No.	Indicators of debt sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Outstanding debt (₹ in crore)	1,83,057	2,02,313	2,21,090	2,43,146	2,56,366
2.	Rate of Growth of outstanding debt	9.83	10.52	9.28	9.98	5.44
3.	Rate of growth of GSDP	11.47	14.13	11.22	12.97	13.99
4.	Average rate of interest on outstanding debt (<i>per cent</i>)	7.62	7.76	7.69	7.67	7.59
5.	Interest Payments/revenue receipts (<i>per cent</i>)	16.67	16.25	16.72	16.20	15.37
6.	Debt receipts during the year	56,566	63,892	70,239	72,224	81,158
7.	Debt repayments during the year	40,176	44,636	51,462	50,168	67,938
8.	Interest payments during the year	13,332	14,946	16,300	17,797	18,954
9.	Debt Redemption /Debt receipts	0.95	0.93	0.96	0.94	1.07
10.	Net availability of borrowed funds [6-(7+8)]	(+)3,058	(+)4,310	(+)2,477	(+)4,259	(-)5,734

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

Table 1.31 reveals that total outstanding liabilities of the State increased from ₹ 1,83,057 crore in 2013-14 to ₹ 2,56,366 crore in 2017-18. The outstanding liabilities at the end of 2017-18 comprised of internal debt (₹ 2,06,643 crore), loans and advances from the Central Government (₹ 5,947 crore) and other liabilities (₹ 43,776 crore)⁴⁶.

Net availability of borrowed funds is the difference between debt redemption (principal and interest payments) and total debt receipts, indicating the extent to which the debt receipts were used for redemption of old debts. During 2017-18, net availability of borrowed funds was negative, as debt redemption was more than debt receipts.

The ratio of interest payments to revenue receipts is one of the indicators that determine the debt sustainability of the State. As per 12th FC recommendations, the ratio of interest payments to revenue receipts should decline to 15 *per cent* by 2009-10. However, this percentage ranged between 16.20 and 16.72 during the period 2013-17 and stood at 15.37 *per cent* in 2017-18, indicating that for every ₹ 100 earned as revenue, ₹ 15.37 was used for interest payments.

1.10.2 Debt maturity profile

Of the total outstanding liabilities of ₹ 2,56,366 crore as at the close of 2017-18, ₹ 43,776 crore pertained to 'Other Liabilities'. The maturity profile of the remaining public debt (₹ 2,12,590 crore) is shown in **Table 1.32**.

⁴⁶ Other liabilities include small savings, provident funds, reserve funds, and deposits

Table 1.32: Maturity profile of public debt

(₹ in crore)		
Maturity profile (in years)	Amount	Per cent
0 – 1	15,401.01	7.24
1 – 3	34,722.38	16.33
3 – 5	44,533.21	20.95
5 – 7	39,773.78	18.71
7 and above	78,160.09	36.77
Total	2,12,590.47	100.00

Source: Finance Accounts of the State Government for the year 2017-18

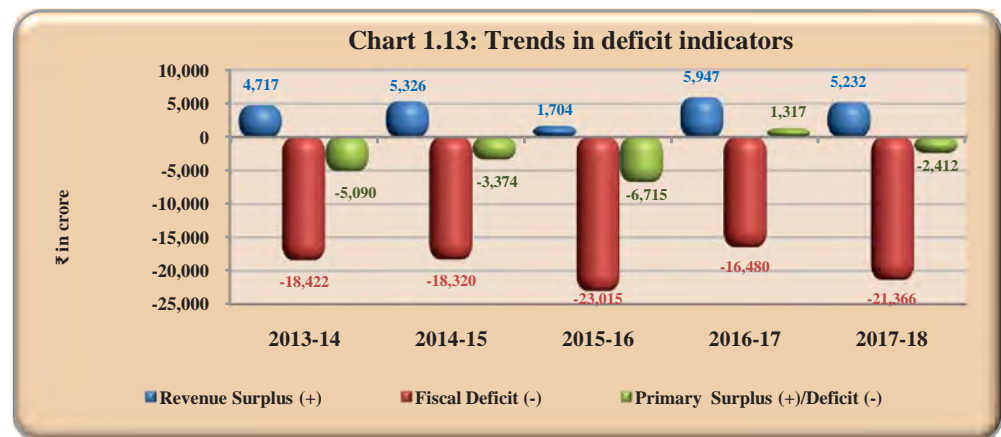
The maturity profile of the public debt indicates that the liability of the State to repay the debts during the periods 2019-21, 2021-23 and 2023-25 would be ₹ 34,722.38 crore, ₹ 44,533.21 crore and ₹ 39,773.78 crore respectively.

1.11 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficits are financed and the resources raised and applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and manner of financing of these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* the targets set under the Gujarat Fiscal Responsibility Act, 2005/Rules, 2006 for the financial year 2017-18.

1.11.1 Trends in deficits

Chart 1.13 shows the trends in deficit indicators over the period 2013-14 to 2017-18.



The revenue surplus of ₹ 1,704 crore in 2015-16 increased to ₹ 5,947 crore in 2016-17 and decreased to ₹ 5,232 crore in 2017-18. The decrease in revenue surplus during the current year was on account of increase of ₹ 14,165 core

(13.63 per cent) in revenue expenditure against an increase of ₹ 13,449 crore (12.24 per cent) in revenue receipts over the previous year.

The fiscal deficit decreased from ₹ 18,422 crore in 2013-14 to ₹ 16,480 crore in 2016-17, except for an increase in 2015-16 (₹ 23,015 crore). During 2017-18, the fiscal deficit (₹ 21,366 crore) increased by ₹ 4,886 crore (29.65 per cent) over the previous year mainly on account of increase in capital expenditure by ₹ 3,958 crore and decrease in revenue surplus by ₹ 715 crore.

An increase of ₹ 4,886 crore in fiscal deficit during 2017-18 offset by an increase of ₹ 1,157 crore in interest payment over the previous year turned the primary surplus of ₹ 1,317 crore in 2016-17 to a primary deficit of ₹ 2,412 crore in 2017-18.

1.11.2 Components of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in **Table 1.33**.

Table 1.33: Components of fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars		2013-14	2014-15	2015-16	2016-17	2017-18
Composition of fiscal deficit*		(-)18,422	(-)18,320	(-)23,015	(-)16,480	(-)21,366
1.	Revenue Deficit(-)/surplus(+)	4,717	5,326	1,704	5,947	5,232
2.	Net Capital Expenditure ⁴⁷	(-)22,677	(-)23,917	(-)24,169	(-)22,115	(-)26,313
3.	Net Loans and advances	(-)462	(-)271	(-)550	(-)312	(-)285
Financing pattern of fiscal deficit*						
1.	Market borrowings	13,047	13,246	14,565	20,944	15,785
2.	Special securities issued to NSSF	(-)353	475	1,501	(-)3,447	(-)3,451
3.	Loans from financial institutions	940	561	1,633	1,594	1,538
4.	Loans from GoI	(-)495	(-)337	(-)408	(-)496	(-)619
5.	Small savings, PF etc.	507	502	478	533	340
6.	Deposits and Advances	2,242	3,107	2,476	2,270	1,096
7.	Suspense and Miscellaneous	(-)1,033	843	256	(-)1,579	497
8.	Remittances	181	59	281	(-)69	208
9.	Reserve Fund	84	5568	(-)294	1,416	(-)748
10.	Contingency Fund	0	(-)14	10	4	0
Total		15,119	24,010	20,498	21,170	14,646
(+)/Increase/(-)decrease in Cash balance		(-)3,303	(+)5,690	(-)2,517	(+)4,690	(-)6,720

*All these figures are net of disbursements/outflows during the year
Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

Table 1.33 revealed that fiscal deficit of ₹ 21,366 crore in 2017-18 was met mainly from net market borrowings (₹ 15,785 crore), loans from financial institutions (₹ 1,538 crore) and deposits and advances (₹ 1,096 crore). However, even after financing the deficit, there still remained a gap of ₹ 6,720 crore,

⁴⁷ Net Capital Expenditure is total capital expenditure minus miscellaneous capital receipts.

which was met from cash balances, thus, decreasing the cash balances to that extent in 2017-18.

1.11.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the composition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds had been used for current consumption. Persistent high ratio of revenue deficit to fiscal deficit indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have adequate assets backup.

The bifurcation of the primary deficit (**Table 1.34**) indicated the extent to which the deficit was on account of increase in capital expenditure, which may be desirable to improve the productive capacity of the State's economy.

Table 1.34: Primary deficit/surplus – Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure ⁴⁸	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2013-14	80,117	61,927	22,677	603	85,207	(+)18,190	(-)5,090
2014-15	92,840	71,706	24,158	350	96,214	(+)21,134	(-)3,374
2015-16	97,608	79,479	24,169	675	1,04,323	(+)18,129	(-)6,715
2016-17	1,10,248	86,098	22,355	478	1,08,931	(+)24,150	(+)1,317
2017-18	1,23,637	99,105	26,313	631	1,26,049	(+)24,531	(-)2,412

Source: Finance Accounts of the State Government for the years 2013-14 to 2017-18

During 2013-18, primary expenditure increased by 47.93 per cent from ₹ 85,207 crore to ₹ 1,26,050 crore against the increase of non-debt receipts from ₹ 80,117 crore to ₹ 1,23,637 crore (54.32 per cent) during the same period. Further, during 2013-14 to 2015-16 and in 2017-18, the non-debt receipts did not fully cover the primary expenditure, resulting in primary deficit in each year.

1.12 Follow up

Reports of the Comptroller and Auditor General of India on State Finances are being prepared from the year 2008-09 onwards and presented to the State Legislature. The Public Accounts Committee was yet to discuss these reports.

1.13 Conclusion and Recommendations

The revenue receipts remained the highest contributor (over three-fourth) of the State's total receipts over the last five years and grew by ₹ 13,449.46 crore

⁴⁸ Primary expenditure is total expenditure less interest payments of the concerned year.

(12.24 *per cent*) in 2017-18 over the previous year. In 2017-18, revenue buoyancy with respect to GSDP stood at 0.87 *per cent*. The tax revenue of the State in 2017-18 stood lower by a significant margin of ₹ 41,170 crore than the 14th FC projections of ₹ 1,12,719 crore. The State received Goods and Services Tax compensation of ₹ 3,687 crore till March 2018. The 14th FC projected a Tax-GSDP ratio of 9.42 *per cent* for 2017-18. However, it actually stood lower at 5.42 *per cent*. During 2017-18, the State received ₹ 15,885.60 crore as grants-in-aid from the Government of India. Unspent balances of previous year's revenue expenditure were incorrectly credited as revenue receipts during 2017-18 by certain departments.

The State Government may explore mobilising additional resources through tax revenues and also ensure better tax compliance.

Revenue expenditure continuously increased from ₹ 75,259 crore in 2013-14 to ₹ 1,18,060 crore in 2017-18. The growth rate of revenue expenditure fluctuated widely from a low of 8.04 *per cent* in 2013-14 to a high of 15.14 *per cent* in 2014-15. In 2017-18, it increased by 13.63 *per cent* over the previous year. Revenue expenditure as a *per cent* of GSDP slightly decreased over the previous year and stood lowest at 8.94 *per cent* during the last five years. The expenditure on salaries, interest payments, pension and subsidies increased continuously from ₹ 35,421 crore in 2013-14 to ₹ 57,039 crore in 2017-18.

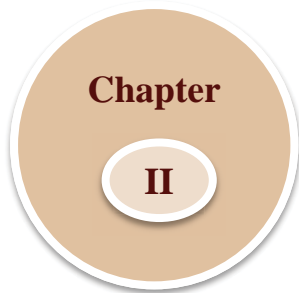
Whereas major portion of revenue expenditure was on salaries, pension and interest payments which is obligatory in nature, the State Government may explore suitable measures for containing other components of revenue expenditure so that revenue surplus could be maintained for allowing scope for assets creation and sustainable development of the State.

During 2017-18, the State Government made an additional investment of ₹ 8,281 crore over the previous year which largely included ₹ 7,561 crore in Government companies, ₹ 593.29 crore in statutory corporations and ₹ 1.47 crore in co-operative institutions. Of ₹ 7,561 crore invested in Government companies, ₹ 4,721 crore (62 *per cent*) was invested in *Sardar Sarovar Narmada Nigam Limited*. The average return on investment in these companies/statutory corporations/institutions during 2013-18 was 0.21 *per cent* while the Government paid an average interest of 7.67 *per cent* on its borrowings during the same period. The State Government received ₹ 97.89 crore as dividend from six of 50 profit-making State Public Sector Undertakings in the financial year 2017-18.

The State Government may consider formulation of a dividend policy for payment of a reasonable returns from profit-making State Public Sector Undertakings on the paid up share capital contributed by the State Government.

The investment held in 'Cash Balance Investment Account' by the State Government decreased from ₹ 12,750 crore at the end of March 2017 to ₹ 5,198 crore by March 2018, indicating better utilisation of cash balances.

CHAPTER II



Financial Management and Budgetary Control

2.1 Introduction

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

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

2.1.3 As per the Gujarat Budget Manual, 1983, it is the responsibility of the Finance Department to prepare the annual statement of estimated receipts and expenditure and the supplementary estimates of expenditure for presentation to the Legislature. For the purpose of such preparation, the Finance Department shall obtain from the Administrative Departments concerned the material on which to base the estimates. The Heads of the Departments, on the basis of material furnished by their subordinate officers, prepare the estimates for which they are responsible and forward to the appropriate Administrative Department of the Secretariat on prescribed dates. The Finance Department consolidates the estimates approved by the Government. The exercise requires utmost foresight both in estimating revenue and in anticipating expenditure. The estimation should be as close and accurate as possible. The provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year, including arrears of the previous year and should not merely be confined to the liabilities pertaining to the year.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2017-18 against 108 grants/appropriations is as given in **Table 2.1**.

Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provisions

(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ excess (+)	Amount of surrender
Voted	I Revenue	1,07,152.66	10,117.02	1,17,269.68	1,01,112.35	(-)16,157.33	16,441.89
	II Capital	28,936.09	389.52	29,325.61	26,366.64	(-)2,958.97	2,543.72
	III Loans and advances	649.58	166.54	816.12	631.07	185.05	194.09
Total Voted		1,36,738.33	10,673.08	1,47,411.41	1,28,110.06	(-)19,301.35	19,179.70
Charged	IV Revenue	19,589.00	65.31	19,654.31	19,177.73	(-)476.58	410.85
	V Capital	52.10	53.69	105.79	75.07	(-)30.72	30.82
	VI Public debt-repayment	15,799.81	0.00	15,799.81	13,700.23	(-)2,099.58	2,099.58
Total Charged		35,440.91	119.00	35,559.91	32,953.03	(-)2,606.88	2,541.25
Grand total		1,72,179.24	10,792.08	1,82,971.32	1,61,063.09	(-)21,908.23	21,720.95

Source: Appropriation Accounts and Appropriation Act of the State Government for the year 2017-18

Net savings of ₹ 21,908.23 crore were the result of savings of ₹ 22,242.23 crore in 91 grants and 18 appropriations under the revenue section and 53 grants and 8 appropriations under the capital section, offset by an excess of ₹ 334 crore in one grant and one appropriation under the revenue section and one grant under the capital section.

It can be seen from **Table 2.1** that against the original estimates of ₹ 1,72,179.24 crore, the actual expenditure incurred was ₹ 1,61,063.09 crore.

The Finance Department stated (March 2019) that Supplementary Grant/Appropriations of ₹ 10,792.08 crore was made on the request of the administrative departments as this could not be met by re-appropriation from savings available within the same grant or appropriation, after preparation of revised estimates.

The reply is not acceptable as it was observed that re-appropriation to the extent of ₹ 4,360.84 crore was done by the administrative departments during the year, indicating that a supplementary provision of only ₹ 6,431.24 crore was sufficient to meet the requirements.

2.3 Financial accountability and budget management

2.3.1 Excess expenditure over appropriation not regularised

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess expenditure over appropriations regularised by the State Legislature. However, excess expenditure (voted) amounting ₹ 4,670.60 crore for the years 2007-08 to 2017-18 was yet to be regularised, as detailed in **Appendix 2.1**. The major defaulting Departments during last five

years were Agriculture & Co-operation; Education; Forests & Environment; Health & Family Welfare; Narmada, Water Resources, Water Supply and Kalpsar; Panchayat, Rural Housing and Rural Development; and Roads and Buildings.

The Finance Department stated (March 2019) that the excess expenditure over provision can be regularised only based on the recommendations of the Public Accounts Committee (PAC) and its acceptance by the State Legislature. The State Government has regularised the excess expenditure up to the year 2006-07 based on the recommendations of the PAC through the Gujarat Appropriation (Excess Expenditure) Act, 2016.

2.3.2 Persistent excesses

On test-check of grant files, Audit observed that there was persistent excess expenditure over provisions by more than ₹ 10 crore during the last three years in respect of seven Schemes under four different grants (**Appendix 2.2**), indicating that budgetary estimates were not reviewed properly as the provisions proved to be consistently insufficient. Some cases of excess expenditure under various Schemes/purposes are discussed below.

- Against a provision of ₹ 6,943.32 crore under Grant No. 9 towards superannuation and retirement allowances to primary panchayat teachers during the period 2015-18, ₹ 8,258.33 crore were expended by the Education Department resulting in excess of ₹ 1,315.01 crore. While no reasons were attributed for the persistent excess during 2015-16 and 2017-18, regarding 2016-17, the Department stated that the excess expenditure was mainly due to (i) revision of pension as per Seventh Pay Commission, and (ii) increase in number of pensioners owing to more retirements.
- A sum of ₹ 2,072.37 crore under Grant No. 49 was spent during 2015-18 against a provision of ₹ 1,647.04 crore for Development of Textile Industry. The excesses of ₹ 70 crore, ₹ 236.46 crore and ₹ 118.87 crore during 2015-16, 2016-17 and 2017-18 respectively were attributed to receipt of more proposals.
- A sum of ₹ 2,448.71 crore was spent under Grant No. 73 during 2015-18 against a provision of ₹ 1,963.20 crore under two Schemes namely, 'Superannuation and retirement allowances to Panchayat Employees' and 'Family Pension to Panchayat Employees'. While the excess expenditure under the first Scheme was attributed to increase in the number of pensioners owing to more retirements, no reasons were attributed by the concerned Department for the excess expenditure under the second Scheme. Similar excesses were also observed under these two Schemes during the previous three years (2012-13 to 2014-15).

2.3.3 Appropriation *vis-à-vis* allocative priorities

Audit of the appropriation accounts revealed that in 60 cases, savings exceeded ₹ 100 crore in each case or by more than 50 *per cent* of the total

provision (**Appendix 2.3**). Summarised position of savings is indicated in **Table 2.2**.

Table 2.2: Summarised position of savings

Sr. No.	Range of savings	Number of cases	Total grant (₹ in crore)	Savings (₹ in crore)	Percentage savings
1.	Up to ₹ 10 crore	25	45.79	30.41	66.39
2.	More than ₹ 10 crore and up to ₹ 25 crore	1	19.57	10.97	56.05
3.	More than ₹ 25 crore and up to ₹ 100 crore	6	560.44	375.51	67.00
4.	Above ₹ 100 crore	28	1,19,937.68	20,501.84	17.09
Total		60	1,20,563.48	20,918.73	17.35

Source: Appropriation Accounts of the State Government for the year 2017-18

The Departments that had major savings were Finance, Roads and Buildings, Tribal Development and Urban Development and Urban Housing. Reasons furnished by the Departments for the major savings, as reported in the appropriation accounts are given below.

Finance Department

- Grant No. 18 (Pension and Other Retirement Benefits): Savings of ₹ 1,403.05 crore under Major Head '2071 – 'Gratuities' and 'Commutated Value of pensions'. The Finance Department stated (March 2019) that since it was difficult to estimate accurately the number of persons retiring on voluntary basis or those expiring whilst in service (being fluctuating in nature), there were substantial savings under this grant.
- Grant No. 19 (Other expenditure pertaining to Finance Department): Saving of ₹ 2,000 crore under Major Head '2048 – Gujarat State Sinking Fund'. The Finance Department stated (March 2019) that savings of ₹ 2,000 crore had occurred as the balance in the Consolidated Sinking Fund was found to be within the limits prescribed by the Reserve Bank of India.

Audit observed that there had been persistent over provisioning and savings in Grant No. 18 and 19 during four of the last five years. In such circumstances, it would have been better if token provisions had been made to avoid savings.

- Grant No. 19 (Other expenditure pertaining to Finance Department): Saving of entire budget provision of ₹ 6,000 crore under Major Head '2075 – Liability on Account of increase in the rate of Dearness Allowance (DA)'. Provisions for payment of increase in the rate of DA was made by the Administrative Departments under relevant Sub-Heads, as a result, the Finance Department had to surrender the entire provision of ₹ 6,000 crore. The Finance Department stated (March 2019) that administrative departments made provision for DA at sanctioned rates only and lump sum provision for additional DA was

made by it. Once the additional DA rates are notified, necessary payment are made from the relevant heads of account of concerned administrative departments by realising the grant and final adjustment is made against this lump sum provision. The Finance Department accepted that this being somewhat in the nature of foreseen transfers between accounts, the very nature of this exercise makes certain deviation from the budgetary estimates inevitable.

Roads and Buildings Department

- Grant No. 84 (Non-Residential Buildings): the reasons for saving of ₹ 126.75 crore and ₹ 130.09 crore under Major Head '4059-Administration of Justice Buildings for Legal Department' and '4250 –EMP – 1 Buildings Plan' respectively were excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanctions, tender process *etc.* Further, on similar grounds, ₹ 367.80 crore under six Capital Heads¹ relating to other Schemes was surrendered.

Tribal Development Department

- Grant No. 96 (Tribal Area Sub-Plan) Revenue Voted: The reasons for major savings of ₹ 444.44 crore under Major Head 2216–HSG-49 *Indira Awas Yojna* were non-release of 1st and 2nd instalment of grants by Government of India (GoI) and therefore, entire budgetary provision made by the State Government on this account had to be surrendered.
- Grant No. 96 (Tribal Area Sub-Plan) Capital Voted: The savings of ₹ 161.57 crore were on account of time consuming procedure involved in land allotment, administrative approvals, technical sanctions, tender process, *etc* on new works of construction.

Urban Development and Urban Housing Department

- Grant No. 101 (Urban Housing): The savings of ₹ 580.69 crore under different housing Schemes for urban areas were due to surrender of provisions relating to Centrally Sponsored Schemes by the State Government (due to non-release of grants by GoI) and non-receipt of new proposals under State Scheme *Mukhya Mantri Gruh Yojana*.
- Grant No. 102 (Urban Development): The savings of ₹ 489.13 crore were due to non-receipt of demand for grants from the Urban Local Bodies/Municipal Corporations and short-allotment of funds by GoI for Upgradation of Standards of Administration recommended by 14th Finance Commission. Further, there were savings of ₹ 432.50 crore under the Scheme Urban Development Mission – Smart Cities due to non-receipt of grants from GoI.

¹ Major Heads 4059, 4202, 4225, 4235, 4401 and 4403

2.3.4 Excess of provisions leading to persistent savings

In 26 cases, there were persistent savings of more than ₹ 50 crore in each case during the last five years. The details are given in **Table 2.3** below.

Table 2.3: List of grants indicating persistent savings during 2013-14 to 2017-18

(₹ in crore)

Sr. No.	No. and name of the grant	Amount of savings				
		2013-14	2014-15	2015-16	2016-17	2017-18
Revenue- Voted						
1.	2 – Agriculture	275.99	970.60	271.57	312.69	177.72
2.	4 – Animal Husbandry	133.08	76.40	118.13	158.70	110.84
3.	18 – Pension and other Retirement Benefits	744.74	560.95	304.47	1,146.63	1,658.66
4.	19 - Other Expenditure Pertaining to Finance Department	4,027.49	4,222.63	3,514.15	5,717.16	8,014.65
5.	39 - Medical and Public Health	198.97	350.02	156.08	260.49	159.53
6.	43 – Police	286.51	143.58	216.22	145.19	150.48
7.	60 - Administration of Justice	315.72	136.68	295.66	302.23	212.40
8.	70 - Community Development	86.52	455.75	159.17	673.13	225.72
9.	71- Rural Housing and Rural Development	460.29	1,102.04	255.68	333.15	499.26
10.	77 - Tax Collection Charges (Revenue Department)	139.99	190.37	102.07	68.66	54.55
11.	78 - District Administration	162.60	90.93	76.27	54.19	57.16
12.	79 - Relief on Account of Natural Calamities	160.80	546.52	195.81	606.58	184.18
13.	86 – Roads and Bridges	107.23	435.19	528.53	116.41	123.97
14.	92 – Social Security and Welfare	53.54	173.10	163.31	202.36	139.84
15.	95 - Scheduled Castes Sub-Plan	286.06	481.91	367.76	466.18	368.48
16.	96 - Tribal Area Sub-Plan	617.92	1,346.99	767.40	562.31	1,227.90
17.	106 – Other Expenditure pertaining to Climate Change Department	216.81	392.08	235.53	539.35	671.06
Revenue- Charged						
18.	20 – Repayment of Debt pertaining to Finance Department and its servicing (Charged)	473.69	453.93	332.76	117.63	437.64
Capital- Voted						
19.	9 – Education	133.22	1,583.22	484.19	233.51	344.94
20.	39 – Medical and Public Health	113.24	94.83	265.53	301.27	64.95
21.	49 – Industries	676.68	521.60	164.00	102.52	55.82
22.	65 – Narmada Development Scheme	1,180.88	1,262.93	966.87	594.27	250.76
23.	84 - Non-Residential Buildings	677.53	706.08	544.60	917.26	655.39
24.	85 - Residential Buildings	125.10	134.30	68.40	51.79	66.03
25.	95 - Scheduled Castes Sub-Plan	108.36	232.46	264.95	334.17	260.44
26.	96 - Tribal Area Sub-Plan	105.50	255.66	501.00	646.48	275.04

Source: Appropriation Accounts of the State Government for the years 2013-14 to 2017-18

Persistent savings during the last five years indicate a need to review the formulation of budget estimates and provisions in these grants. On test-check

of grant files, Audit further observed that there were persistent savings of more than ₹ 25 crore during the last three years (2015-18) in respect of 39 Schemes under 18 grants (**Appendix 2.4**), indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations. Some cases of the savings under different Schemes/purposes are briefly discussed below.

- In Education Department, against the provision of ₹ 1,273.70 crore made during 2015-18 for *Sarva Shiksha Abhiyan*, only ₹ 390.58 crore was spent. The Department attributed the savings to less receipt of grants from GoI.
- In Finance Department, against the provision of ₹ 4,031.13 crore made during 2015-18 for 'Gratuities', only ₹ 2,650.69 crore was spent. The Finance Department stated (March 2019) that since it was difficult to estimate accurately the number of persons retiring on voluntary basis or those expiring whilst in service (being fluctuating in nature), there was substantial savings under this Scheme.

The reply, however, does not state the reason for making budget provision persistently on higher side leading to savings continuously for three years instead of a token provision.

- In Urban Development and Urban Housing Department, against the provision of ₹ 5,687.24 crore made during 2015-18 for Grants-in-aid to Municipal Corporations under *Swarnim Jayanti Mukhya Mantri Shaheeri Vikas Yojana*, only ₹ 4,446.74 crore was spent. The Department attributed the savings to low demand for funds from Urban Local Bodies.

2.3.5 Supplementary provisions

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

2.3.5.1 Unnecessary supplementary provisions

Supplementary provisions (₹ five crore or more in each case) aggregating ₹ 133.81 crore were made and obtained in six cases during 2017-18, which proved unnecessary. The expenditure incurred did not even reach the levels of the original provision as detailed in **Appendix 2.5**. Some cases are briefly discussed below.

- Under Grant No. 71-Rural Housing and Rural Development –Revenue Voted under Panchayats, Rural Housing and Rural Development Department, supplementary provision of ₹ 48.37 crore was made. However, at the end of the year, the expenditure fell short of the original provision of ₹ 1,785.64 crore by ₹ 450.89 crore, resulting in unnecessary supplementary provision.
- Under Grant No. 86-Roads and Buildings Department-Revenue Voted, supplementary provision of ₹ 35.53 crore was made to meet increased expenditure on roads and bridges. However, at the end of the year,

there were savings of ₹ 88.44 crore from the original provision of ₹ 3,265.81 crore. Hence, the supplementary provision remained un-utilised.

2.3.6 Insufficient/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation of funds proved injudicious in many cases in view of final excesses and savings over the grants. Instances of re-appropriation resulting in final excesses or savings of ₹ five crore or more in each case are detailed in **Appendix 2.6**.

2.3.7 Surrender of unspent provisions

As per Paragraph 103 of the Gujarat Budget Manual, 1983, Administrative Departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. Sums surrendered by Administrative Departments after 15 March are not to be accepted, except in the case of supplementary grants obtained after 15 March.

2.3.7.1 Substantial surrenders

Substantial surrenders (more than 50 *per cent* of the total provision or ₹ one crore or more) were made in respect of 714 Sub-Heads under 96 grants, mainly on account of either non-implementation or slow implementation of Schemes/programmes. Of the total provision of ₹ 76,471.68 crore made under these 714 Sub-Heads, ₹ 21,617.53 crore (28.27 *per cent*) was surrendered, which included 100 *per cent* surrender in 210 Sub-Heads involving ₹ 8,509.63 crore. The major Departments were Finance; Agriculture and Co-operation; Revenue; Narmada, Water Resources, Water Supply and Kalpsar; and Social Justice and Empowerment. The details of 10 selected cases are shown in **Appendix 2.7**.

2.3.7.2 Surrender in excess of actual savings

In 23 of 189 grants/appropriations, the amounts surrendered (₹ two crore or more in each case) were in excess of the actual savings, indicating inadequate budgetary control in these Departments. As against savings of ₹ 2,826.26 crore, the amount surrendered was ₹ 3,284.83 crore, resulting in excess surrender of ₹ 455.57 crore. Details are given in **Appendix 2.8**. Some cases are briefly discussed below.

- In Grant No 3: Minor Irrigation, Soil Conservation and Area Development (Capital Voted), ₹ 9.78 crore were surrendered. However, there was an excess expenditure of ₹ three crore under the Scheme for farm ponds for water storage and water harvesting.
- In Grant No.9: Education (Revenue-Voted), ₹ 439.11 crore were surrendered. However, there was a saving of ₹ 48.98 crore, resulting in excess surrender of ₹ 390.13 crore.

- In Grant No. 35: Other Expenditure pertaining to General Administration Department (Capital-Voted), ₹ 31.76 crore were surrendered. However, there was a saving of ₹ 1.72 crore, resulting in excess surrender of ₹ 30.04 crore.

2.3.7.3 Savings not surrendered/partly surrendered

At the close of 2017-18, there were three grants/appropriations under which savings exceeded 10 *per cent* of the total provisions but the same had not been surrendered by the concerned Departments. The total savings involved in these cases was ₹ 345.75 crore as shown in **Table 2.4**.

**Table 2.4: Grants/appropriations in which savings occurred but were not surrendered
(More than 10 *per cent* of total provisions)**

(₹ in crore)					
Sr. No.	Grant No.	Name of grant/appropriation	Total provision	Savings	Percentage savings not surrendered
1.	9	Education - Capital voted	712.84	344.94	48.39
2.	23	Food - Revenue charged	0.04	0.04	100
3.	79	Relief on account of natural calamities - Capital charged	0.77	0.77	100
Total			713.65	345.75	48.45

Source: Appropriation Accounts of the State Government for the year 2017-18

In 12 grants/appropriations, there were savings of more than ₹ five crore of which, more than 10 *per cent* was not surrendered. In these grants/appropriations, total savings of ₹ 1,334.16 crore were noticed. However, only ₹ 961.82 crore was surrendered, leaving ₹ 372.34 crore which was not surrendered as shown in **Appendix 2.9**.

2.4 Review of Budget Control Mechanism

The Gujarat Budget Manual, 1983 provides that the authority administering a grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned grant or appropriation. The duties and responsibilities of the authorities include preparing the estimates in time and accurately and also to ensure that the grant placed at their disposal is spent only on the objects for which it has been provided and to surrender savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test-checked records of the Administrative Department/Controlling Officers relating to Grant No. 49 (Industries) under Industries and Mines Department and Grant No. 71 (Rural Housing and Rural Development) under Panchayats, Rural Housing and Rural Development Department for the period of three years from 2015-16 to 2017-18. The audit findings are discussed in the succeeding paragraphs.

2.4.1 Review of submission of budget estimates

The work pertaining to the budget is spread over the whole financial year. The preparation of the annual budget should adhere to the dates prescribed for the

purpose by the Finance Department. It is, therefore, imperative that all officers concerned should scrupulously observe the dates fixed for various estimates.

Audit observed that the time schedule was not adhered to either by the Controlling Officers or by the Administrative Departments. The delays in submission of the budget estimates by the Controlling Officers to the Administrative Departments and by the Administrative Departments to the Finance Department for the year 2017-18 are shown in the **Table 2.5** and **Table 2.6** respectively.

Table 2.5: Delay in submission of budget estimates by Controlling Officers

Sr. No.	Name of Controlling Officer	Dates on which budget estimates were required to be sent and actually sent by Controlling Officers to Administrative Department				Delay in submission (in days)			
		BE for receipts	BE for current items	Proposal of new items/ works	Revised estimates	BE for receipts	BE for current items	Proposal of new items/ works	Revised estimates
1.	Industries and Mines Department ²	(By 10.10.2016) 28.09.2016 to 12.10.2016 (Actual)	(By 27.10.2016) 01.10.2016 to 03.11.2016 (Actual)	(By 28.10.2016) 30.11.2016 to 03.02.2017 (Actual)	(By 08.12.2016) 03.12.2016 to 13.12.2016 (Actual)	02	07	98	05
2.	Panchyats, Rural Housing and Rural Development Department ³	(By 15.10.2016) 17.10.2016 to 08.12.2016 (Actual)	(By 07.11.2016) 02.12.2016 to 13.02.2017 (Actual)	(By 08.12.2016) 13.02.2017 and 14.02.2017 (Actual)	(By 14.12.2016) 31.12.2016 to 30.01.2017 (Actual)	54	98	68	47

Source: Details furnished by test-checked Departments

Table 2.6: Delay in submission of budget estimates by Administrative Department

Sr. No.	Name of Administrative Department	Dates on which budget estimate were required to be sent and actually sent by Administrative Department to Finance Department				Delay in submission (in days)			
		BE for Receipts	BE for current items	Proposal of New items/ works	Revised Estimates	BE Receipts and Standing Charges	BE for current items	Proposal of New items/ works	Revised Estimates
1.	Industries and Mines Department	(By 15.10.2016) 04.10.2016 to 15.10.2016 (Actual)	(By 07.11.2016) 10.10.2016 to 07.11.2016 (Actual)	(By 08.12.2016) 05.12.2016 to 04.02.2017 (Actual)	(By 14.12.2016) 05.12.2016 to 15.12.2016 (Actual)	Nil	Nil	58	01
2.	Panchayats, Rural Housing and Rural Development Department	(By 15.10.2016) 16.12.2016 (Actual)	(By 07.11.2016) 17.02.2017 (Actual)	(By 08.12.2016) 14.02.2017 (Actual)	(By 14.12.2016) 03.02.2017 (Actual)	62	102	68	51

Source: Details furnished by test-checked Departments

² Seven Controlling Officers/Heads of Department namely, Commissioner, Industries; Commissioner, Cottage Industries; Commissioner, Tourism; Commissioner, Geology and Mining; Secretary, Pavitra Yatradham Vikas Board; Deputy Secretary, Tourism; Director of Printing and Stationery

³ Four Controlling Officers/Heads of Departments namely, Development Commissioner, Gandhinagar; Rural Development Commissioner, Gandhinagar; Director, Rural Development and Panchayati Raj Bhavan, Junagadh and Secretary, Gujarat Panchayat Service Selection Board, Ahmedabad

As may be seen from the Tables above, there was a delay of up to 98 days and 102 days on the part of Controlling Officers and the Administrative Departments respectively in following the time schedule for preparation of budget estimates. It may also be seen that the Panchayats, Rural Housing and Rural Development Department kept identical dates for obtaining estimates from its Controlling Officers and for submission of the same to the Finance Department, which lacked rationale.

2.4.2 Review of Grant No. 49 – Industries

2.4.2.1 Deviation from budgetary provisions

The budgetary allocation and expenditure incurred under revenue and capital heads of Grant No. 49 during 2015-18 is given in **Table 2.7** below.

Table 2.7 Deviations from budgetary provisions

Year	Budgetary provisions			Expenditure	Excess(+)/ Saving (-)	Percentage of unutilised provision
	Original	Supplementary	Total			
(₹ in crore)						
Revenue Voted						
2015-16	1,955.18	0	1,955.18	1,609.84	(-)345.34	17.66
2016-17	2,131.88	0	2,131.88	1,984.12	(-)147.76	6.93
2017-18	2,324.50	492.34	2,816.84	2,811.07	(-)5.77	0.20
Capital Voted						
2015-16	237.47	0	237.47	73.47	(-)164.00	69.06
2016-17	153.77	0	153.77	51.25	(-)102.52	66.67
2017-18	165.36	0	165.36	109.54	(-)55.82	33.76

Source: Appropriation Accounts of the State Government for the years 2015-16 to 2017-18

The Department attributed the savings under Revenue section to non-issuance of Government Resolution for assistance to large industries, non-finalisation of projects related to infrastructure facilities, delinking of Centrally Sponsored Scheme relating to assistance for industrial development, no demand from Gujarat Industrial Development Corporation for incentive to Micro and Small Enterprises, etc whereas, under Capital section the savings were attributed mainly to non-finalisation of projects under Gujarat Industrial Corridor Corporation Limited, less disbursement of loans to Mega Project for implementing state support agreement as well as Gujarat Industrial Investment Corporation Limited for creation of Golden Gujarat Growth Fund during 2015-16 and 2016-17.

During 2017-18, the supplementary provision was necessitated to meet the financial requirements of industries and development of textile industries. The savings under Capital section (₹ 55.82 crore) was mainly due to less disbursement of loans to Mega Project for implementing state support agreement.

2.4.2.2 Non-utilisation and non-surrender of grants

A ‘Scheme for Procurement of Exclusive Handloom and Handicraft products for providing market support to artisans’ as a new item was provisioned in budget 2017-18 with funds of ₹ 10 crore. The funds were released to the procurement agency namely, Gujarat State Handloom and Handicraft Development Corporation (GSHHDC). In 2017-18, procurement of only ₹ 60.23 lakh was done by the GSHHDC and the balance of ₹ 9.38 crore was not surrendered.

On being pointed out in audit, the GSHHDC stated (September 2018) that there was small demand from the emporiums for the exclusive handloom and handicraft products and therefore, entire provision could not be utilised.

The grant release order indicated that the unspent balance was to be surrendered at the end of the financial year. However, GSHHDC deposited the unspent balance of ₹ 9.38 crore with Dena Bank. Parking the unspent grants and not surrendering it by the end of financial year was against the conditions set in the grant release order.

2.4.2.3 Excess not refunded under Golden Gujarat Growth fund

Rule 154 sub clause 5 (ii) of the Gujarat Financial Rules, 1971 provides that any portion of the amount which is not ultimately required for expenditure shall be duly surrendered to the Government.

With a view to promoting infrastructure projects in the State, the Government of Gujarat (GoG) launched the Golden Gujarat Growth (3G) fund during Vibrant Gujarat Summit 2011 as a Scheme under Gujarat Venture Finance Limited (GVFL). GVFL was to closely monitor the investments made from 3G fund. GoG was to contribute its share⁴ in the 3G fund through its PSU namely, Gujarat Industrial Investment Corporation Limited (GIICL), which was to act as an intermediary for providing funds to GVFL. As per Government Resolution of January 2011, the contribution of GoG, being an anchor investor, was not to exceed 20 *per cent* of the total corpus of 3G fund.

Audit observed that during 2010-14, GoG disbursed loans amounting ₹ 80.13 crore to GIICL of which, GVFL had drawn ₹ 60.50 crore during the currency of the 3G fund Scheme. The fund declared its financial closure in December 2014 with a final corpus of ₹ 320 crore, indicating effective commitment of GoG to the extent of only ₹ 64 crore⁵. While GIICL surrendered the excess contribution of ₹ 16.13 crore⁶ made by GoG in May 2018, the remaining ₹ 3.50 crore was not surrendered to GoG as of January 2019.

⁴ GoG contribution was to be in the form of long-term low interest loans to GIICL

⁵ 20% of ₹ 320 crore

⁶ ₹ 80.13 crore – ₹ 64 crore

2.4.2.4 Establishment of Textile University

For skill development in the Textile Sector, the State Government decided (February 2015) to set up a Textile University in Surat and Industries and Mines Department released ₹ 10 crore between August 2015 and March 2016 to iNDEXTb, the nodal agency for construction of University. iNDEXTb parked the funds with Gujarat State Financial Services Limited (GSFS) between September 2015 and March 2016. Of the ₹ 10 crore, iNDEXTb released ₹ 0.30 crore to M-Power between September 2015 and June 2016 for preparation of detailed project report and other administrative purposes. However, construction of Textile University had not commenced till January 2019 and the remaining ₹ 9.70 crore was held in GSFS.

2.4.2.5 Establishment of Urban Haat

An Urban *Haat* at Surat was planned by iNDEXTc (implementing agency) in August 2011 for providing marketing opportunities to the artisan community of the State on a permanent basis. The project was to be financed by both the Central and State Governments.

The Commissioner, Cottage Industries (CCI) released ₹ 8.86 crore to iNDEXTc during 2010-18 against which, an expenditure of only ₹ 2.70 crore (30 per cent) was incurred⁷ and the remaining ₹ 6.16 crore was surrendered during the same period into Government Account⁸.

Further, in the absence of Utilisation Certificates, Ministry of Textile, GoI directed iNDEXTc (May 2016) to refund the Central share of ₹ 52.50 lakh along with 10 per cent interest. However, no action was taken by CCI as of January 2019.

2.4.3 Review of Grant No.71-Rural Housing and Rural Development

2.4.3.1 Deviation from budgetary provisions

The budgetary allocation and expenditure incurred under the revenue heads of Grant No.71 during 2015-18 is given in **Table 2.8** below.

⁷ iNDEXTc could not acquire the land for Urban *Haat* due to encroachment

⁸ Revenue Head 0851 00 800

Table 2.8: Deviation from budgetary provisions

(₹ in crore)

Year	Voted/ Charged	Budgetary provision			Expenditure	Excess (+) /Savings (-)	Percentage of unutilised provision
		Original	Supplementary	Total			
Revenue							
2015-16	Voted	1,872.26	0.00	1,872.26	1,616.58	(-)255.68	13.66
2016-17	Voted	1,644.13	713.84	2,357.97	2,024.82	(-)333.15	14.13
2017-18	Voted	1,785.64	48.37	1,834.01	1,334.75	(-)499.26	27.22
2015-16	Charged	215.50	215.99	431.49	431.46	(-)0.03	0.01
2016-17	Charged	301.04	0.00	301.04	301.03	(-)0.01	0.003
2017-18	Charged	381.01	0.00	381.01	381.00	(-)0.01	0.002

Source: Appropriation Accounts of the State Government for the years 2015-16 to 2017-18

The Panchayats, Rural Housing and Rural Development Department attributed the savings of ₹ 255.68 crore during 2015-16 mainly to (i) vacant posts in District Panchayat Offices, (ii) less releases by GoI in respect of Centrally Sponsored Schemes⁹, and (iii) closure of Backward Region Grants Fund Scheme in April 2015.

In 2016-17, a supplementary provision of ₹ 713.84 crore was made for implementation of *Indira Awas Yojana* and *Swachcha Bharat* Mission. The savings of ₹ 333.15 crore were due to less release of funds by GoI under Rural Sanitation Programme and *Indira Awas Yojana*; receipt of less applications under *Sardar Patel Awas Yojana*; and cuts imposed by the Finance Department under training activities, administrative expenses and information and technology.

During 2017-18, the Department attributed savings of ₹ 499.26 crore to direct release of GoI share to State nodal agency and therefore, provisions made in the State budget on this account had to be surrendered, and less release of funds by GoI under National Rural Employment Guarantee Scheme.

2.4.4 Parking of funds in Gujarat State Financial Services

The Finance Department *vide* circular of October 2016 directed all the Public Sector Enterprises in the State to park funds which were not required within 10 days with GSFS and credit the interest on these deposits to Government account under the Major Head 0049 – Interest Receipts.

Audit observed that two test-checked Departments (Industries and Mines; and Panchayats, Rural Housing and Rural Development) had been releasing funds to its subordinate officers/nodal agencies for implementation of various State and Centrally Sponsored Schemes, who in turn, parked the unutilised funds in GSFS. During 2008-18, Industries and Mines Department parked ₹ 364.82 crore (in six cases) and Panchayats, Rural Housing and Rural Development Department parked ₹ 639.87 crore (in five cases) totaling ₹ 1,004.69 crore with GSFS, which was either not authorized to be parked as

⁹ The State Government released its share proportionate to GoI releases and the remaining budgetary provision was surrendered

per Scheme guidelines or not required by the nodal agencies in view of slow progress of Schemes. The details are summarised in **Table 2.9** below.

Table 2.9: Parking of funds in GSFS

Sr. No.	Scheme name	Nodal agency	Grant amount			Grant receipt year	Balance with GSFS at the end of the year	Remarks of Audit
			GoG share	GoI share	Total			
Industry and Mines Department								
1.	Enhancement of technical competence and manpower	Centre for Entrepreneurship Development	213.29	0	213.29	Between 2008-09 and 2017-18	67.00	The nodal agency surrendered (February 2017) ₹ 151.51 crore (including interest) in Government Account as revenue receipts, instead of treating this as reduction in expenditure under the relevant revenue expenditure head.
2.	Integrated Skill Development Scheme for textile sector	Centre for Entrepreneurship Development	7.33	21.86	29.19	2015-18	8.44	Nodal agency maintained two bank accounts with ICICI Bank and also parked ₹ 8.44 crore in GSFS, which was in violation of Scheme guidelines.
3.	Industrial park and logistic park	GIDC	30.00	0	30.00	2015-16	5.00	As per State Government's directive (March 2017), GIDC diverted ₹ 55.54 crore from the Scheme funds as loan to Alcock Ashdown (Gujarat) Limited ¹⁰ , instead of making such appropriations through proper budget provision.
4.	Trade fare cum facilitation centre	GIDC	34.62	0	34.62	2015-16	4.08	
5.	Assistance to MSEs	GIDC	344.50	0	344.50	2015-16	274.94	Expenditure as on March 2018 was only ₹ 69.56 crore and the remaining ₹ 274.94 crore was parked with GSFS.
6.	ASIDE (SCSP component)	GIDC	0	5.36	5.36	2011-15	5.36	No expenditure incurred till March 2018. The entire GoI share was parked with GSFS.
Panchayats, Rural Housing and Rural Development Department								
7.	e-Gram Vishwagram project	e-Gram Vishwagram Society	148.06	0	148.06	2015-18	218.55	Considering the cumulative balances of parked funds with GSFS (since initiation of Schemes), there was no need to release funds for these two Schemes.
8.	Mission Mangalam and Sakhi Mandali	GLPCL	40.95	0	40.95	2015-18	174.32	
9.	Smart Village Yojana	Smart Village Society	91.00	0	91.00	2016-18	91.00	Entire amount parked with GSFS
10.	Vrindavan Gram Project	Gujarat State Water Shed Management Agency	6.50	0	6.50	2017-18	6.00	₹ six crore was parked with GSFS and the remaining ₹ 0.50 crore was held by implementing agency.
11.	Pradhan Mantri Awaaz Yojana	Commissioner Rural Development	294.30	733.14	1,027.44	2017-18	150.00	Though Scheme guidelines prescribed maintenance of a single bank account, ₹ 150 crore were withdrawn from the authorised bank account (HDFC Bank) and parked with GSFS.
Total							1,004.69	

Source: Details furnished by concerned Departments

¹⁰ A State Government Company engaged in shipbuilding

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been constituted under the Gujarat Contingency Fund Act, 1960 in terms of the provisions of Articles 267 (2) and 283 (2) of the Constitution of India. The fund is in the nature of an imprest and its corpus is ₹ 200 crore.

During the year 2017-18, an amount of ₹ 13.73 crore was spent out of the Contingency Fund for meeting unforeseen expenditure mainly towards payment of decreed amount. The entire amount was recouped during the year.

2.6 Misclassification of 'grants-in-aid' as capital expenditure

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

During 2017-18, ₹ 119.38 crore was disbursed as grants-in-aid under the following Capital Major Heads of expenditure against approved budgetary provision in violation of IGAS-2 as detailed in **Table 2.10**.

Table 2.10: Misclassification of grants-in-aid under Capital Major Heads

(₹ in crore)

Sr. No.	Classification-Major Head	Grants-in-aid
1.	4059- Capital outlay on Public Works	11.00
2.	4210- Capital outlay on Medical and Public Health	14.86
3.	4236- Capital outlay on Nutrition	0.02
4.	4402- Capital outlay on Soil and Water Conservation	81.95
5.	4515- Capital outlay on Other Rural Development Programmes	11.52
6.	4852- Capital outlay on Iron and Steel Industries	0.03
	Total	119.38

Source: Finance Accounts of the State Government for the year 2017-18

The Finance Department may take effective measures to scrutinise the issue of misclassification at the time of finalisation of budget estimates.

The Finance Department stated (March 2019) that administrative departments have been instructed to follow IGAS-2 standard while preparing budget estimates for the expenditure to be incurred on grants-in-aid projects/Schemes.

2.7 Conclusion and Recommendations

During 2017-18, expenditure of ₹ 1,61,063.09 crore was incurred against total grants and appropriations of ₹ 1,82,971.32 crore resulting in overall savings of ₹ 21,908.23 crore. The overall savings of ₹ 21,908.23 crore were the result of savings of ₹ 22,242.23 crore, offset by an excess of ₹ 334 crore. Further, in Grant No. 73, there were persistent excesses since 2012-13 on retirement benefits of Panchayat employees.

The excess of ₹ 4,670.60 crore requires regularisation under Article 205 of the Constitution of India. The State Government needs to maintain a robust database of Panchayat employees who were to superannuate, in order to estimate accurately the retirement benefits.

In 26 cases, there were persistent savings of more than ₹ 50 crore in each case during the last five years in respect of grants pertaining mainly to Finance Department; Panchayats, Rural Housing and Rural Development Department; Legal Department; Roads and Buildings Department *etc.*, indicating that either the provisions were excessive or the executive was not successful in implementing the legislative aspirations.

There was also persistent excess expenditure over provision by more than ₹ 10 crore during the last three years in respect of seven Schemes under four different grants.

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

Indian Government Accounting Standards (IGAS)-2 regarding Accounting and Classification of grants-in-aid prescribes that the grants-in-aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the financial statements of the grantor irrespective of the purpose for which the grants were disbursed. However, during the year 2017-18, ₹ 119.38 crore was disbursed as grants-in-aid under the Capital Major Heads of expenditure in violation of IGAS-2.

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

CHAPTER III

A sound financial reporting system with relevant, reliable and timely information contributes to efficient and effective governance by the State Government and is important for the Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. It also forms the basis of sound internal controls. This Chapter provides an overview of the State Government’s compliance with various financial rules, procedures and directives applicable to financial reporting during the year 2017-18.

3.1 Delay in furnishing utilisation certificates

The Gujarat Financial Rules, 1971¹ read with General Financial Rules² provide that for the grants provided for specific purposes, utilisation certificates (UCs) should be submitted within 12 months of the closure of the financial year by the institution or organisation concerned to the related Head of Department and after verification, these should be forwarded to the office of the PAG (A&E)³, Gujarat. However, 2,465 UCs aggregating ₹ 1,996.80 crore due in respect of grants paid during the period 2001-02 to 2016-17, were outstanding as on 31 March 2018. The age-wise position of pendency of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of UCs

Sr. No.	Range of Delay (in years)	Utilisation certificates pending	
		Number	Amount (₹ in crore)
1.	0-2	543	1,448.03
2.	2-4	113	155.29
3.	4-6	17	4.00
4.	6-8	54	261.70
5.	8 and above	1738	127.78
	Total	2,465	1,996.80

Source: Information compiled by O/o the PAG (A&E)

Of the total outstanding UCs, 46 *per cent* amounting ₹ 922.51 crore pertained to the Agriculture and Co-operation Department while 14 *per cent* (₹ 271.73 crore) pertained to Urban Development and Urban Housing Department. Further, 1,758 UCs aggregating ₹ 12,071.20 crore in respect of grants disbursed during 2017-18 (pending as on August 2018), would be due for submission by 31 March 2019. The Department-wise pendency of UCs of

¹ Rule 154 and 155

² Rule 212 of General Financial Rules, 2005 and Rule 238 (1) of General Financial Rules, 2017

³ Principal Accountant General (Accounts and Entitlement)

grants paid up to 2016-17 is shown in **Appendix 3.1**. It was also observed that number of outstanding utilisation certificates and their money value had shown a decreasing trend from 6,115 in 2015-16 (₹ 3,686.07 crore) to 2,465 in 2017-18 (₹ 1,996.80 crore).

The Finance Department stated (March 2019) that all the concerned administrative departments have been instructed to take requisite action for submission of pending UCs.

The Finance Department needs to ensure strict compliance to the terms and conditions of the grant release orders and monitor the pending UCs, especially on funds parked/unutilised. Moreover, high pendency of UCs was fraught with the risk of misappropriation and fraud.

3.1.1 Review of utilisation certificates

Administrative Departments may sanction grants-in-aid (GIA) to an institution or body, subject to the condition that the sanction is in accordance with the Rules or principles prescribed in the Gujarat Financial Rules, 1971, or prescribed with the previous consent of the Finance Department (FD). As per Note (ii) below Rule 155 of the Gujarat Financial Rules, 1971, "Utilisation certificate of grants-in-aid should be furnished in every case of grant paid for specific purpose even if no conditions are specifically attached to the grant. The competent officer should furnish the UC within 12 months of the closure of the financial year to the Head of the Department concerned". After verification, these should be forwarded to the office of the PAG (A&E), Gujarat.

3.1.1.1 Test-check of utilisation certificates received in PAG (A&E)

A sample⁴ of 75 UCs involving grants aggregating ₹ 165.43 crore received by PAG (A&E) was taken up for review. This sample of 75 UCs pertained to the Departments of Agriculture and Co-operation, Industries and Mines, Social Justice and Empowerment, Urban Housing and Urban Development and Women and Child Welfare.

Delay in submission of utilisation certificates to PAG (A&E)

It was noticed that 50 of 75 UCs (67 per cent) of the sampled cases amounting ₹ 31.44 crore were belatedly submitted to PAG (A&E) in respect of grants paid during the period 2001-02 to 2016-17. The age-wise delay in submission of UCs is summarised in **Table 3.2** below.

⁴ Drawn randomly from 1,530 UCs received in 2017-18 (which included grants drawn in previous years) from five Departments showing high pendency

Table 3.2 Age-wise delay in submission of UCs

Sr. No.	Delay in submission (in years)	Delay in submission of UCs	
		Number	Amount (₹ in crore)
1.	01 to 02 years	13	2.07
2.	02 years to 04 years	01	0.24
3.	04 years to 06 years	08	24.96
4.	06 years to 08 years	03	0.18
5.	08 years and above	25	3.99
	Total	50	31.44

Source: Information compiled by O/o the PAG (A&E)

Of these 50 UCs, 37 UCs (74 per cent) amounting ₹ 3.47 crore pertained to the Social Justice and Empowerment Department.

Non-utilisation of grants

Rule 154 (5) read with note 2 of the Gujarat Financial Rules, 1971 provide that if the sanctioning authority has not prescribed any time frame, the grant will be spent upon the specific object within a reasonable time, which would normally be a period of one year from the date of issue of the sanction of the grant. Any unspent balance lying with the grantee on the expiry of one year from the date of sanction should be surrendered forthwith to Government.

Audit observed in respect of five pending UCs involving grants aggregating ₹ 17.60 crore drawn by three Departments (Agriculture and Co-operation, Social Justice and Empowerment and Women and Child Welfare) between 2001-02 and 2016-17 had remained unutilised for a period of eight months to 15 years. However, the unspent grants were not surrendered to the Government and continued to be held by the Controlling Officers of the concerned Departments or the implementing agencies under them.

UCs submitted in improper format

As per Rule 212(1) of General Financial Rules, 2005 read with Rule 155 of Gujarat Financial Rules, 1971, UCs should be furnished by the grantee institutions/offices through their Departments in Form GFR-19 A. However, 65 of 75 UCs (87 per cent) involving grants aggregating ₹ 156.42 crore were not submitted in the prescribed Form. The UCs either did not detail the checks exercised before their submission or sanction order numbers and dates were not mentioned in the UCs by the grantees. Acceptance of improper UCs indicated that the grantor Departments had not carried out the required checks and they also did not insist on providing necessary documents in support of UCs.

Further, 44 of 75 UCs (59 per cent) aggregating ₹ 4.21 crore submitted by the grantee institutions to PAG (A&E) were either not countersigned by the respective Head of Departments or routed through the concerned Departments. The reliability of UCs submitted could, therefore, not be verified by audit.

Verification of UCs by Audit at Controlling Office level

Test-check of nine of 75 UCs was conducted at field level involving five controlling offices and one Drawing and Disbursing Office. It was observed that one controlling officer *viz.* Commissioner, Rural Development⁵ (grant released ₹ 19.20 crore) and one Drawing and Disbursing Office *viz.* Gujarat Urban Development Mission (grant released ₹ 3.83 crore) did not have details of expenditure incurred for which UCs had already been submitted to PAG (A&E). In the absence of expenditure details, audit could not verify the authenticity of the expenditure incurred.

3.2 Failure to submit account for amounts drawn on abstract contingent bills

As per Rule 211 of the Gujarat Treasury Rules, 2000, the drawing officers are required to furnish the detailed contingent (DC) bills along with supporting vouchers in respect of all abstract contingent (AC) bills within three months from the date of drawal of AC bills to the PAG (A&E).

Audit observed that as of 31 March 2018, the State Government did not furnish details for 4,476 DC bills for an amount of ₹ 514.54 crore. Year-wise break-up of outstanding DC bills are given in **Table 3.3**.

Table 3.3: Pendency in submission of DC bills

Year	Outstanding DC bills	Amount (₹ in crore)
Up to March 2016	2,508	161.08
2016-17	304	64.78
2017-18	1,664	288.68
Total	4,476	514.54

Source: Finance Accounts of Government of Gujarat for the year 2017-18

As evident from the **Table 3.3**, DC bills amounting ₹ 161.08 crore (31 *per cent*) were pending for more than two years. A substantial amount of DC bills were pending from Women and Child Development Department (48 AC bills amounting ₹ 273.91 crore); Home Department (330 AC bills amounting ₹ 83.40 crore) and Education Department (1,688 AC bills amounting ₹ 53.83 crore).

During 2017-18, of the 11,853 AC bills (₹ 902.78 crore) drawn, 1,795 AC bills (₹ 221.46 crore) were drawn during March 2018 while 75 of 1,795 AC bills (₹ 7.42 crore) were drawn on the last day of the financial year. Of the 75 AC bills amounting ₹ 7.42 crore, 25 AC bills amounting ₹ 5.04 crore were drawn by Home Department on the last day of the financial year.

Significant expenditure against AC bills in March indicated that drawal was primarily to exhaust the budgetary provisions and revealed inadequate budgetary control. Non-submission of DC bills within prescribed time breaches financial discipline and entails risk of misappropriation and fraud.

⁵ Social Justice and Empowerment Department released the grants

The Finance Department stated (March 2019) that instruction have been issued (July 2018) to all the administrative departments to clear the pending abstract bills.

3.3 Bodies/Authorities substantially financed by the Government

3.3.1 Non-receipt of information pertaining to Bodies/Authorities substantially financed by the Government

Under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, where any Body or Authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State, the Comptroller and Auditor General of India (CAG) shall, subject to the provisions of any law for the time being in force applicable to the Body or Authority, as the case may be, audit all receipts and expenditure of that Body or Authority and report on the receipts and expenditure audited by him. Under Section 15 of the CAG's (DPC) Act, 1971, where any grant or loan is given for any specific purpose from the Consolidated Fund of India or of any State to any Body or Authority, the CAG shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which grants or loans were given.

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

On taking up the issue with the State Government, only five⁶ of 27 Departments furnished the details of grants-in-aid given to various Bodies and Authorities during 2017-18. Based on this, seven⁷ new Bodies/Authorities under these five Departments were identified for audit. In the absence of information from 22 Departments, Audit could not give assurance to that extent to the Legislature/Government about the manner in which the grants sanctioned/released by them had been utilised.

The Finance Department stated (March 2019) that necessary instructions have been issued to all the concerned administrative departments to furnish the requisite information.

⁶ Education Department; Social Justice and Empowerment Department; Labour and Employment Department; Home Department; Health and Family Welfare Department

⁷ P.D. Malaviya College of Commerce, Rajkot; Diable Welfare Trust of India, Surat; Employment Extension Bureau, Gandhinagar; Gujarat Forensic Science University, Gandhinagar; Gujarat Medical Education and Research Society, Gandhinagar; Shree Pragna Chakshu, Surendernagar; Shri Kathiawar Nirashrit Balashram, Rajkot

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

On the basis of accounts furnished by different Autonomous Bodies (ABs), audit under Section 14 of the CAG's (DPC) Act, 1971 are conducted. There are 209 Autonomous Bodies/ Authorities covered under this Section. These are audited with regard to their transactions, operational activities and accounts, review of systems/procedures, internal controls, *etc.*

A total of 170 accounts (including accounts of earlier years) relating to 69 Bodies/Authorities were audited during the year 2017-18. However, 734 annual accounts of 209 Autonomous Bodies/ Authorities due up to 2017-18 were not received as on 31 July 2018 by the Offices of PAG (E&RSA)⁸ and the PAG (G&SSA)⁹, Gujarat.

The details of such accounts are given in **Appendix 3.2** and their age-wise pendency is shown in **Table 3.4**.

Table 3.4: Age-wise arrears of annual accounts due from Government Bodies

Sr. No.	Pendency in number of years	No. of the Bodies/Authorities
1.	Less than one year	33
2.	1-3	110
3.	3-5	32
4.	5-10	26
5.	Above 10	8
Total		209

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

Table 3.4 above shows that the accounts of 34 Autonomous Bodies/Authorities were in arrears for more than five years. In the absence of annual accounts, the accounting/utilisation of the grants and loans disbursed to these Bodies/Authorities could not be verified by Audit.

The Finance Department stated (March 2019) that instructions have already been issued (November 2015 and July 2017) to all the concerned administrative departments for timely submission of pending accounts by Autonomous Bodies/Authorities.

3.4 Delay in submission of accounts/placement of separate audit reports of Autonomous Bodies

Several Autonomous Bodies have been set up by the State Government in the fields of development, housing, *etc.* These Bodies attract audit under Section 19(2), 19(3) and 20(1) of the CAG's (DPC) Act, 1971. The accounts of 62 such Autonomous Bodies in the State are audited by the CAG. These are audited with regard to their transactions, operational activities and accounts, review of systems and procedures, internal management and financial controls, *etc.* The

⁸ Principal Accountant General (Economic and Revenue Sector Audit)

⁹ Principal Accountant General (General and Social Sector Audit)

separate audit reports (SARs) in respect of each of the 62 Autonomous Bodies are required to be submitted to the Government while 35 of 62 SARs are required to be placed in the Legislature. Only seven of 62 Bodies have rendered the accounts for the year 2017-18. The period of delay in respect of accounts not submitted by the remaining 55 Bodies up to August 2018 ranged from two months to 122 months. The details of pendency of accounts and the periods of delay¹⁰ in respect of such Autonomous Bodies are shown in **Appendix 3.3**.

The details of delay in submission of accounts of Autonomous Bodies to Audit and the delay in placement of SARs in the Legislature in respect of these Autonomous Bodies after audit are shown in **Table 3.5**.

Table 3.5: Delay in submission of accounts and tabling of SARs in Legislature

Period of delay in respect of accounts not submitted to Audit up to August 2018 (in years)	Number of Autonomous Bodies	Delay in placement of last SAR in Legislature (in years)	Number of Autonomous Bodies
Up to 1 year	26	Up to 1 year	5
2 years	17	1 – 2 years	19
More than 2 years	12	More than 2 years	9
Total	55	Total	33

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

One Autonomous Body (Ambaji Area Development Authority) did not submit the accounts since its inception in 2007-08.

The Finance Department stated (March 2019) that instructions have been issued to all the concerned administrative departments for timely submission of pending annual accounts of Bodies/Authorities.

3.5 Personal deposit/Personal ledger accounts

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

There were 482 PD Accounts¹¹ in operation in district treasuries with a closing balance of ₹ 447.41 crore as on 31 March 2018. Four new PD Accounts were opened during the year. The Education Department held the highest number of personal deposit accounts (171), followed by Agriculture and Co-operation Department (69) and General Administration Department (54). During 2017-18, ₹ 1,383.49 crore was credited to PD Accounts from the Consolidated Fund of the State and expenditure of ₹ 1,331.35 crore was incurred there from.

¹⁰ Accounts are to be submitted by Autonomous Bodies within three months of the closure of the financial year (30 June every year)

¹¹ Under the Major Head – 8443-106 – Civil Deposits-Personal Deposits

Further, 29 out of 482 PD Accounts with a total balance of ₹ 2.63 crore were inoperative for a period ranging from one to seven years as of 31 March 2018.

Further, there were 280 Personal Ledger Accounts¹² (PLA) relating to 33 District Development Offices (DDO) at the district level and 247 Taluka Development offices (TDO) at the taluka level under Panchayats, Rural Housing and Rural Development Department. As on 01 April 2017, the PLAs had an opening balance of ₹ 12,930.73 crore. The receipts under these accounts during 2017-18 were ₹ 39,664.31 crore and disbursements were ₹ 39,809.23 crore, leaving a closing balance of ₹ 12,785.81 crore as on 31 March 2018.

With a view to ascertaining how far the administrators of PLAs were adhering to the relevant provisions, audit test-checked PLAs of DDO, Gandhinagar and TDO, Gandhinagar. The audit observations are indicated below.

3.5.1 Non-closure of PLA Pass Book/ Cash Book at the end of financial year

During scrutiny of the PLA Pass Book/Cash Book for the year 2015-18, it was observed that the credit balances were not transferred back to the respective service heads at the end of each financial year as shown in **Table 3.6** below.

Table 3.6 Details of grants received and closing balance at the end of each financial year

(₹ in crore)

Year	Opening balance of PLA	Grants received	Own fund receipt	Total income	Expenditure from grants	Expenditure from own fund	Total expenditure	Closing balance
DDO, Gandhinagar								
2015-16	801.48	465.79	64.37	1,331.64	1,127.44	8.49	1,135.93	195.71
2016-17	195.71	699.84	4.17	899.72	404.75	6.96	411.71	488.01
2017-18	488.01	550.11	8.55	1,046.67	771.42	20.72	792.14	254.53
TDO, Gandhinagar								
2015-16	23.86	158.82	0	182.68	127.67	0	127.67	55.01
2016-17	55.01	102.57	0	157.58	110.09	0	110.09	47.49
2017-18	47.63 ¹³	123.25	0	170.89	121.63	0	121.63	49.26

Source: DDO/TDO, Gandhinagar

It was also observed that expenses booked under some Schemes namely, *Apno Taluko Vibrant Taluko, Swachh Gam, etc.* were in excess of the grants released during 2015-18.

The huge closing balances out of grants received from various Departments reveal that though the expenditure had been shown as booked in the Government Accounts, the legislative aspirations do not appear to have been fulfilled.

¹² Under the Major Head – 8448-109 - Deposits of Local Funds-Panchayat Bodies Funds

¹³ TDO, Gandhinagar replied that difference between closing balance of 2016-17 and opening balance of 2017-18 will be reconciled

3.5.2 Reconciliation of PD/PLA balances between PAG (A&E) and Treasury

During annual review of Treasuries for the period 2017-18, it was observed that there was difference in the balances of 185 PD/PLA after reconciliation between the Office of the PAG (A&E) and concerned Treasuries.

3.6 Misappropriation, losses and defalcation

The State Government reported 157 cases of misappropriation, losses, defalcation, *etc.* involving Government money of ₹ 14.40 crore (up to March 2018) on which final action was pending. The Department-wise break up of pending cases and age analysis of such cases is given in **Appendix 3.4**. The nature of these cases is shown in **Appendix 3.5**. The age profile of pending cases and the number of cases pending under categories of theft and misappropriation/loss as emerged from these appendices is summarised in **Table 3.7**.

Table 3.7: Age profile of misappropriations, losses and defalcations

Range in years	Number of cases	Amount involved (₹ in crore)
Up to 5	44	6.36
5 – 10	13	0.29
10 – 15	15	5.14
15 – 20	10	1.67
20 – 25	15	0.48
25 and above	60	0.46
Total	157	14.40

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA) from data furnished by concerned Departments

Of the 157 cases, the Narmada, Water Resources, Water Supply and *Kalpsar* Department had 24 cases and the Revenue Department had 21 cases which were pending for more than 25 years. First Information Reports were lodged in 68 of 157 cases.

Reasons for pendency of misappropriations, losses and defalcations cases are listed in **Table 3.8**

Table 3.8: Reasons for pendency of misappropriations, losses and defalcations

Reasons for the delay/outstanding pending cases		Number of cases	Amount (₹ in crore)
1.	Awaiting Departmental and criminal investigation	28	0.93
2.	Departmental action initiated but not finalised	20	0.27
3.	Criminal proceedings finalised but execution of certificate for the recovery of the amount pending	3	0.66
4.	Awaiting orders for recovery or write off	33	0.26
5.	Pending in the courts of law	72	12.26
6.	Others	1	0.02
Total		157	14.40

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA), from data furnished by concerned Departments

72 of 157 cases (46 *per cent*) were under legal adjudication and 23 cases (15 *per cent*) were awaiting Departmental action.

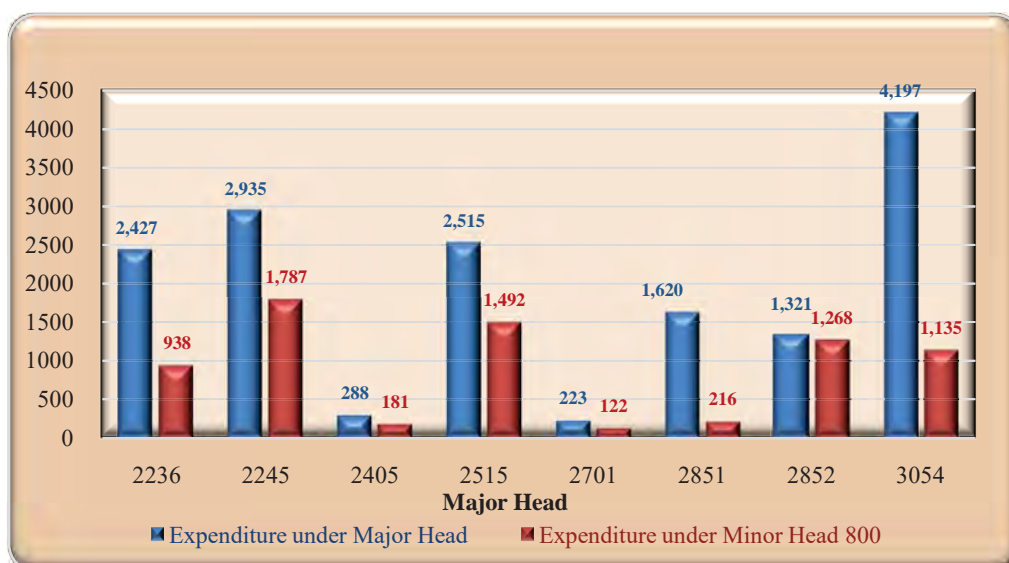
3.7 Operation of omnibus Minor Head 800

The omnibus Minor Head 800 accommodates the receipts and expenditure which could not be classified under the available programme Minor Heads.

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

During 2017-18, expenditure aggregating ₹ 11,017.30 crore constituting 6.94 *per cent* of the total expenditure of the State (₹ 1,58,704.16 crore) was classified under Minor Head '800-Other Expenditure' in 67 Major Heads under revenue and capital sections. The major defaulting Departments were Revenue; Panchayats Rural Housing and Rural Development; Industries and Mines; Roads and Building; Education; and Women and Child Development. In Major Head 2075: Miscellaneous General Services, ₹ 34.75 crore of ₹ 35.81 crore (97 *per cent*) and in Major Head 2852: Industries, ₹ 1,268.23 crore of ₹ 1,320.54 crore (96 *per cent*) were booked under omnibus Minor Head 800. The cases where expenditure of more than ₹ 100 crore was booked under Minor Head-800 under a particular Major Head during 2017-18 have been illustrated in **Chart 3.1**.

Chart 3.1: Major Heads where expenditure of more than ₹ 100 crore was booked under Minor Head 800 during 2017-18 (₹ in crore)



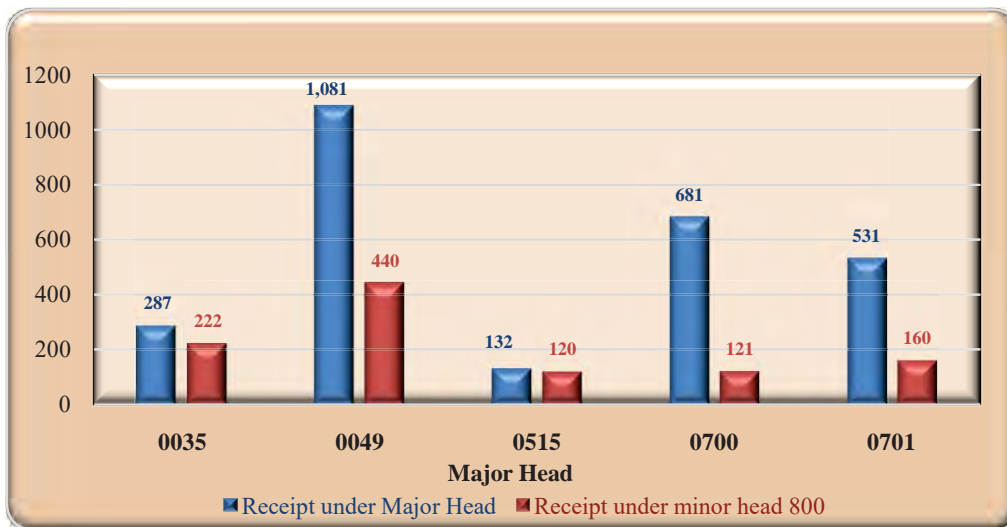
Source: Finance Accounts of Government of Gujarat for the year 2017-18

Further, except Major Heads 2245 and 2405, the concerned Departments had been consistently booking expenditure of more than ₹ 100 crore under Minor Head 800 for the last three years. The Departments were Roads and Building; Industries and Mines; Narmada, Water Resources, Water Supply and Kalpsar; Panchayats Rural Housing and Rural Development; Education; and Women and Child Development.

Similarly, during 2017-18, revenue receipts aggregating ₹ 2,336.52 crore, constituting 1.90 per cent of total revenue receipts of the State (₹ 1,23,291.27 crore) were classified under omnibus Minor Head '800-Other Receipts' in 56 Major Heads under revenue section. The major defaulting Departments were Agriculture and Co-operation; Industries and Mines; Narmada, Water Resources, Water Supply and Kalpsar; and Finance. Cases where 100 per cent booking of receipts was done under Minor Head 800 were Family Welfare (Major Head 0211), Food Storage and Warehousing (Major Head-0408), Non-Conventional Sources of Energy (Major Head-0810), Tourism (Major Head-1452), Other Special Areas Programmes (Major Head-0575), Power (Major Head-0801) Other Scientific Research (Major Head-1425), Civil Supplies (Major Head-1456), Foreign Trade and Export Promotion (Major Head-1453) and Other Fiscal Services (Major Head-0047).

The cases where receipts of more than ₹ 100 crore were booked under Minor Head-800 under a particular Major Head during 2017-18 have been illustrated in **Chart 3.2**.

Chart 3.2: Major Heads where revenue of more than ₹ 100 crore was booked under Minor Head 800 during 2017-18 (₹ in crore)



Source: Finance Accounts of Government of Gujarat for the year 2017-18

Further, in Major Heads 0035 and 0700, the Departments had been consistently booking receipts of more than ₹ 100 crore under Minor Head 800 for the last three years.

It was also observed that expenditure under Minor Head 800 had increased from ₹ 8,608.12 crore in 2016-17 to ₹ 11,017.30 crore in 2017-18 while the revenue receipts under the same Minor Head had decreased during the same period from ₹ 16,471.60 crore to ₹ 2,336.52 crore. This indicates that more efforts are required to be made by the State Government to minimise the expenditure classified under respective Minor Head-800.

The Finance Department while accepting the facts stated (March 2019) that the matter has been brought to the notice of all the administrative departments.

3.8 Comments on Accounts

3.8.1 Important factors affecting accuracy of accounts

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

A general review of the transactions under major suspense accounts showed the following.

3.8.1.1 Outstanding balances under major suspense accounts

The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by PAG (A&E), are indicated in **Table 3.9**.

Table 3.9: Suspense Head (8658 – Suspense Accounts)

Name of Minor Head	(₹ in crore)					
	2015-16		2016-17		2017-18	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts office Suspense	147.20	0.00	166.13	30.00	189.21	03.69
	Net Dr. 147.20		Net Dr. 136.13		Net Dr.185.52	
102- Suspense Accounts (Civil)	67.26	0.05	90.93	0.11	74.34	0.15
	Net Dr. 67.21		Net Dr. 90.82		Net Dr.74.19	
110- Reserve Bank Suspense-Central Accounts Office	243.56	0.00	352.96	110.73	242.23	0.00
	Net Dr. 243.56		Net Dr. 242.23		Net Dr.242.23	

Source: Finance Accounts of Government of Gujarat for the year 2017-18

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

(i) *Pay and Accounts Office Suspense*

This Minor Head is operated for the settlement of inter-Departmental and inter-governmental transactions arising in the books of Pay and Accounts Offices (PAOs) and the PAG (A&E). Transactions under this Minor Head represent either recoveries have been effected or payments have been made by an Accounts Officer on behalf of another Accounts Officer against whom the Minor Head 'PAO Suspense' has been operationalised. Credit under the head is cleared by 'minus credit' when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under 'PAO Suspense' is cleared by 'minus debit' on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under the Minor Head would mean that payments have been made by the PAG (A&E) on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the PAG (A&E) on behalf of a PAO, which are yet to be repaid/adjusted. The net debit balance under this head decreased from 2015-16 to 2016-17 while it increased in 2017-18.

(ii) *Suspense Accounts (Civil)*

This transitory Minor Head is operated for accounting of the transactions, which for want of certain information/documents *viz.* vouchers, challans, *etc.* cannot be taken to the final head of expenditure or receipt. This Minor Head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents *etc.*, the Minor Head is cleared

by minus debit or minus credit by per contra debit or credit to the concerned Major/Sub-major/Minor Heads of accounts.

Outstanding debit balance under this Head would mean payments were made which could not be debited to the final expenditure Head for want of details like vouchers *etc.* Outstanding credit balance would mean amounts were received which could not be credited to the final receipt head for want of details. The net debit balance under this Head is ₹ 74.19 crore, indicating that necessary details for classification of final expenditure Head were not available.

(iii) Reserve Bank Suspense-Central Accounts Office

This Head is operated for recording inter-governmental transactions where monetary settlement between the cash balances of two Governments is done by sending advice to the Central Accounts Section of the Reserve Bank of India (RBI).

This Head is cleared by transferring the amount to the final Head of account on receipt of intimation of the monetary settlement having been carried out by the RBI. The main transaction which gets settled through this Suspense Head are grants/loans received from the Government of India and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI, and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments.

During 2017-18, the debit balance under this Head was ₹ 242.23 crore, which was the same as the previous year, indicating that corresponding clearances were not made.

3.9 Conclusion and Recommendations

Non-submission of utilisation certificates amounting to ₹ 1,996.80 crore indicated lack of adequate monitoring by the Departments in utilisation of grants given for specific purposes. Audit noticed instances of non-submission/incomplete submission of utilisation certificates and non-utilisation of grants.

The sanctioning authority/concerned Department may evolve a mechanism to gather UCs promptly, verify their genuineness, including by way of sample inspection, and look into the delays in submission to identify the bottlenecks and address them for sound internal control and financial reporting. Unspent balances lying with the grantee institutions for long periods need review.

There has been non-submission/delay in submission of accounts of Autonomous Bodies/Authorities. In respect of 34 Autonomous Bodies/Authorities auditable under Section 14 of CAG's (DPC) Act, 1971, accounts were in arrears for more than five years. Only seven of 62

Autonomous Bodies auditable under Section 19(2), 19(3) and 20(1) submitted its accounts in time.

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

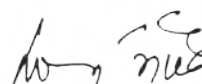


(YASHWANT KUMAR)

**Principal Accountant General
(General & Social Sector Audit), Gujarat**

**Rajkot
The 02 July 2019**

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

**New Delhi
The 03 July 2019**

APPENDICES

APPENDIX 1.1
(Reference: Socio-economic indicators of the State;
Page 1 and Paragraph 1.1 at Page 2)

Part A: General Data					
Particulars				Figures	
Area				1,96,024 sq. km.	
Population					
a.	As per 2001 Census			5.07 crore	
b.	As per 2011 Census			6.04 crore	
a.	Density of population (as per 2001 census) (All India Density = 325 persons per sq. km)			258 persons per sq. km.	
b.	Density of population ¹ (as per 2011 census) (All India Density = 382 persons per sq. km)			308 persons per sq. km.	
Population Below Poverty Line (BPL) ² (All India Average = 21.9 per cent)				16.6 per cent	
a.	Literacy rate (as per 2001 census) (All India Average = 64.8 per cent)			69.14 per cent	
b.	Literacy rate ³ (as per 2011 census) (All India Average = 73.00 per cent)			78.0 per cent	
Life Expectancy at birth ⁴ (2011-15) (All India Average = 68.3 years)				69.1 years	
Infant Mortality Rate ⁵ (2016) (per 1,000 live births) (All India Average = 34 per 1,000 live births)				30	
Human Development Index ⁶ (2007-08) (All India = 0.467)				0.527	
Gross State Domestic Product (GSDP) 2017-18 at current prices				13,20,167 crore	
Per capita GSDP CAGR (2008-09 to 2017-18) (All India = 11.5 per cent)		Gujarat		13.8 per cent	
		General Category States		13.10 per cent	
GSDP CAGR (2008-09 to 2017-18) (All India = 12.9 per cent)		Gujarat		15.3 per cent	
		General Category States		14.5 per cent	
Population Growth Rate ⁷ (2008 to 2017) (All India = 11.9 per cent)		Gujarat		12.0 per cent	
		General Category States		11.6 per cent	
Financial Data					
		CAGR		Growth during 2017-18	
		2008-09 to 2016-17		over 2016-17	
		GCS⁸	Gujarat	GCS⁸	Gujarat
Sr. No.	Particulars	(in per cent)			
a.	Revenue Receipts	15.1	13.9	11.3	12.2
b.	Own Tax Revenue	14.9	13.4	12.2	11.0
c.	Non Tax Revenue	9.5	12.8	5.9	12.9
d.	Total Expenditure	15.8	12.5	4.7	14.1
e.	Capital Expenditure	14.0	10.3	1.0	17.7
f.	Revenue Expenditure on Education	14.5	16.0	6.2	11.9
g.	Revenue Expenditure on Health	16.2	19.9	10.7	7.1
h.	Salary and Wages	13.4	13.4	8.9	20.2
i.	Pension	16.2	18.2	22.9	23.7

¹ Census Info India 2011- Final Population Totals

² Economic Survey 2017-18 (Jan 2018), Vol. II, Page A 160-161

³ Economic Survey 2017-18 (Jan 2018), Vol. II, Page A 155

⁴ Economic Survey 2017-18 (Jan 2018), Vol. II, Page A 151

⁵ Economic Survey 2017-18 (Jan 2018), Vol. II, Page A 151

⁶ Economic Survey 2017-18 (January 2018), Vol. II, Page A 161

⁷ Population Projections for India and States 2001-2026 (revised December 2006) - Report of the Technical Group on Population Projections constituted by the National Commission on Population Table -14 (Projected Total Population By Sex as on 01 October 2001-2026)

⁸ Based on 16 General Category States – Financial data is based on Finance Accounts of the State Government

Part B: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts

(i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

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

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

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

PART C: Layout of Finance Accounts

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

APPENDIX 1.2

(Reference: Paragraph 1.1; Page 2)

Part A: Methodology adopted for the assessment of Fiscal Position

The norms/ceilings prescribed by the 12thFC for selected fiscal variables along with its projections for a set of fiscal aggregates, as updated by the 13thFC and 14thFC, and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the Legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure *etc.* are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

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

Trends in Gross State Domestic Product (GSDP)

	2013-14	2014-15	2015-16	2016-17	2017-18
Gross State Domestic Product at current prices (₹ in crore)	8,07,623	9,21,773	10,25,188(P)	11,58,151(Q)	13,20,167(A)
Growth rate of GSDP (<i>per cent</i>)	11.47	14.13	11.22	12.97	13.99

Source: Directorate of Economics and Statistics, Gandhinagar - Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2018-19)

Estimates: P= Provisional, Q= Quick, A= Advance

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

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

PART B: Fiscal Responsibility Act

The Gujarat Fiscal Responsibility Act, 2005

The State Government enacted the Gujarat Fiscal Responsibility Act, 2005 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. The State Government had enacted the amendments to give effect to various milestones of the fiscal consolidation roadmap as recommended by the 13thFC. To give effect to the fiscal management principles as laid down in the Act and/or the rules framed thereunder, the Government prescribed the following fiscal management targets:

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

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

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

Keeping in view the fiscal targets laid down in the Fiscal Responsibility Act and/or the Rules made thereunder and the anticipated annual rate of reduction of fiscal deficit of the States worked out by the Government of India for the 13th FC award period following its recommendation, the State Government has developed its own Fiscal Correction Path indicating the milestones of outcome indicators with target dates of implementation during the period from 2014-15 to 2017-18 as given below.

Fiscal indicators of Medium Term Fiscal Policy Statements

(₹ in crore)

Sr. No.	Item	Previous year		Current Year		Ensuing Year	Targets for next two years	
		2014-15	2015-16	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)	2018-19	2019-20
1	2	3	4	5	6	7	8	9
1.	Revenue Deficit (-)/ Surplus (+)	5,326	1704	3,236	3,512	6,066	6,500	6,800
2.	Fiscal Deficit (-) / Surplus(+)	(-)18,320	(-)23,015	(-)24,608	(-)20,224	(-)23,215	(-)36,137	(-)40,951
3.	Public Debt	1,63,451	1,80,743	2,02,977	1,96,809	2,14,688	2,39,688	2,69,688
4.	GSDP ⁹	8,95,027	9,94,316	10,94,303	11,25,654	12,75,591	14,45,500	16,38,040
5.	Fiscal Deficit as percentage of GSDP	2.05	2.31	2.25	1.80	1.82	2.50	2.50
6.	Public Debt as percentage of GSDP	18.26	18.18	18.55	17.48	16.83	16.58	16.46
7.	Government guarantees	6,017	5,319	16,000 ¹⁰	5,093 ¹¹	16,000 ¹⁰	16,000 ¹⁰	16,000 ¹⁰

Source: Budget document of the State Government for the year 2017-18

⁹ The GSDP estimates for 2015-16 are based on quick estimates and for 2016-17 (RE) are based on advanced estimates while the growth for 2017-18 to 2019-20 has been estimated at the rate of 13.32 *per cent* and thereafter as per the projections of the 14th FC on advance estimates of GSDP for 2016-17

¹⁰ New guarantees will be given subject to vacation of guarantees and will be kept below ₹ 16,000 crore

¹¹ Outstanding guarantees as on 31st January, 2017

APPENDIX 1.3
(Reference: Paragraphs 1.1.1 and 1.9.1; Pages 2 and 37)

Part – I: Abstract of Receipts and Disbursement for the year 2017-18

Section A: Revenue

(₹ in crore)

Receipts				Disbursement						
	2016-17	2017-18		2016-17	State Fund Expenditure	Central Assistance (including CSS/CS)	Total	2017-18		
I	Revenue Receipts	1,09,841.81	1,23,291.27	I	Revenue Expenditure	1,03,894.83	1,03,043.68	15,015.98	1,18,059.66	1,18,059.66
	Tax Revenue	64,442.71	71,549.41		General Services	35,804.35	40,932.63	468.93	41,401.56	
	Non-Tax Revenue	13,345.66	15,073.97		Social Services	44,926.02	38,934.11	10,104.89	49,039.00	
	State's share of Union Taxes	18,835.39	20,782.29		Education, Sports, Art and Culture	18,559.76	20,355.79	1,172.70	21,528.49	
	Non-Plan grants	3,192.93	0.00		Health and Family Welfare	6,241.83	5,334.61	1,610.77	6,945.38	
	Grants for State Plan schemes	8,505.95	0.00		Water Supply, Sanitation, Housing and Urban Development	11,876.33	7,674.64	3,120.65	10,795.29	
	Grants for Central and Centrally sponsored schemes	1,519.17	0.00		Information and Broadcasting	119.25	138.93	0.00	138.93	
	Centrally sponsored schemes	0.00	8,942.08		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	3,248.82	2,584.43	926.23	3,510.66	
	Finance Commission grants	0.00	3,166.85		Labour and Labour Welfare	842.29	1,143.73	380.29	1,524.02	
	Other transfer/grants to states with legislature	0.00	3,776.67		Social Welfare and Nutrition	3,966.90	1,626.78	2,893.83	4,520.61	
II	Revenue Deficit carried over to Section B			II	Others	70.84	75.20	0.42	75.62	
					Economic Services	22,748.51	22,702.88	4,442.16	27,145.04	
					Agriculture and Allied Activities	5,035.20	6,814.21	987.30	7,801.51	
					Rural Development	3,423.50	1,011.85	2,187.68	3,199.53	
					Special Areas Programmes	74.53	79.39	0.00	79.39	
					Irrigation and Flood Control	1,246.19	1,078.73	8.77	1,087.50	
					Energy	5,083.17	5,820.38	0.00	5,820.38	
					Industry and Minerals	2,234.37	3,082.30	2.50	3,084.80	
					Transport	4,528.21	4,015.86	680.43	4,696.29	
					Science, Technology and Environment	249.28	272.21	72.40	344.61	
					General Economic Services	874.06	527.95	503.08	1,031.03	
					Grants-in-aid and Contributions	415.95	474.06	0.00	474.06	
					Revenue Surplus carried over to Section B	5,946.98			5,231.61	5,231.61
	Total	1,09,841.81	1,23,291.27		Total	1,09,841.81			1,23,291.27	1,23,291.27

Section B: Others

(₹ in crore)

Receipts				Disbursements					
		2016-17	2017-18		2016-17	State Fund Expenditure	Central Assistance (including CSS/CS)	Total	2017-18
III	Opening cash balance including permanent advances and cash balance investments	18,559.48	23,248.93	III	Opening Overdraft from Reserve Bank of India	0.00	0.00	0.00	0.00
IV	Miscellaneous capital receipts	240.05	0.00	IV	Capital Outlay	22,355.39	20,305.34	6,007.85	26,313.19
					General Services	622.89	614.71	255.80	870.51
					Social Services	6,215.00	5,762.02	1,047.75	6,812.77
					Education, Sports, Art and Culture	1,166.54	511.92	281.66	793.58
					Health and Family Welfare	1,457.69	1,533.11	37.05	1,570.16
					Water Supply, Sanitation, Housing and Urban Development	3,275.01	3,539.36	536.26	4,075.62
					Information and Broadcasting	0.00	0.00	0.00	0.00
					Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	158.44	88.53	47.19	135.72
					Social Welfare and Nutrition	(-109.77)	12.29	9.99	22.28
					Others	267.09	79.81	135.60	215.41
					Economic Services	15,517.50	13,925.61	4,704.30	18,629.91
					Agriculture and Allied Activities	806.86	821.82	3.13	824.96
					Rural Development	1,182.54	1,206.40	0.00	1,206.40
					Special Areas Programmes	36.64	21.91	0.00	21.91
					Irrigation and Flood Control	7,423.60	4,632.31	4,447.51	9,079.81
					Energy	2,685.10	2,939.36	0.00	2,939.36
					Industry and Minerals	4.55	109.63	0.00	109.63
					Transport	2,938.11	3,709.82	253.66	3,963.48
					Science, Technology and Environment	0.00	0.00	0.00	0.00
					Communication	0.00	0.00	0.00	0.00
					General Economic Services	440.10	484.36	0.00	484.36
V	Recoveries of loans and advances	165.77	346.22	V	Loans and Advances disbursed	477.56		631.07	631.07
	From power projects	57.20	112.27		For Power Projects	61.79	106.59		
	From Government servants	20.28	15.45		To Government Servants	19.78	13.68		
	From others	88.29	218.50		To Others	395.99	510.80		
VI	Revenue surplus brought down	5,946.98	5,231.61	VI	Revenue Deficit brought down	0.00		0.00	0.00
VII	Public debt receipts	27,668.31	26,952.74	VII	Repayment of Public debt	9,073.17		13,700.23	13,700.23
	Internal debt other than ways and means advances and overdrafts	27,477.24	26,862.91		Internal debt other than Ways and Means Advances and Overdrafts	8,386.27	12,991.00		
	Net transaction under ways and means advances	0.00	0.00		Net transactions under Ways and Means Advances	0.00	0.00		

Receipts				Disbursements						
		2016-17	2017-18			2016-17	State Fund Expenditure	Central Assistance (including CSS/CS)	Total	2017-18
	Loans and Advances from Central Government	191.07	89.83		Repayment of Loans and Advances to Central Government	686.90	709.23			
VIII	Appropriation to Contingency Fund	0.00	0.00	VIII	Appropriation to Contingency Fund	0.00			0.00	0.00
IX	Amount transferred to Contingency Fund	3.75	0.00	IX	Expenditure from Contingency Fund	0.00			0.00	0.00
X	Public Account receipts	58,958.90	89,132.67	X	Public Account disbursements	56,388.19			87,738.46	87,738.46
	Small Savings and Provident Funds	2,279.87	2,340.61		Small Savings and Provident Funds	1,747.33			2,000.29	
	Reserve Funds	1,706.17	1,797.03		Reserve Funds	290.37			2,544.68	
	Suspense and Miscellaneous	-1,367.56	16,045.41		Suspense and Miscellaneous	211.59			15,547.01	
	Remittances	15,770.94	18,881.27		Remittances	15,839.46			18,673.66	
	Deposits and Advances	40,569.48	50,068.35		Deposits and Advances	38,299.44			48,972.82	
XI	Closing overdraft from Reserve Bank of India	0.00	0.00	XI	Cash Balance at end	23,248.93			16,529.22	16,529.22
					Cash in Treasuries and Local Remittances	4.19			4.19	
					Deposits with Reserve Bank	(-471.82)			(-359.53)	
					Departmental Cash Balance and investment including permanent Advances	10,966.57			11,686.47	
					Cash Balance Investment	12,749.99			5,198.09	
	Total	1,11,543.24	1,44,912.17		Total	1,11,543.24			1,44,912.17	

Part II: Summarised financial position of the Government of Gujarat as on 31 March 2018

(₹ in crore)

As on 31.03.2017	Liabilities		As on 31.03.2018
1,92,771.64	Internal Debt -		2,06,643.56
1,36,101.55	Market Loans bearing interest	1,51,886.55	
0.52	Market Loans not bearing interest	0.52	
0.00	Loans from Life Insurance Corporation of India	0.00	
56,669.57	Loans from Other Institutions	54,756.49	
0.00	Ways and Means Advances	0.00	
0.00	Overdrafts from Reserve Bank of India	0.00	
6,566.32	Loans and Advances from Central Government		5,946.92
2.53	Pre 1984-85 Loans, 6004	2.53	
36.15	Non-Plan Loans	32.64	
6,527.46	Loans for State Plan Schemes	5,911.57	
-	Loans for Central Plan Schemes	0	
0.18	Loans for Centrally Sponsored Plan Schemes	0.18	
200.00	Contingency Fund		200.00
10,059.86	Small Savings, Provident Funds, etc.		10,400.18
29,034.48	Deposits		30,130.00
15,679.53	Reserve Funds		14,931.88
25.84	Suspense and Miscellaneous Balances		524.24
760.61	Remittance Balances		968.22
2,55,098.28	Total		2,69,745.00
	Assets		
2,10,745.50	Gross Capital Outlay on Fixed Assets -		2,37,058.70
77,833.26	Investments in shares of Companies, Corporations, etc.	86,113.96	
1,32,912.24	Other Capital Outlay	1,50,944.74	
7,638.20	Loans and Advances -		7,923.06
613.49	Loans for Power Projects	607.81	
6,782.81	Other Development Loans	7,065.72	
241.90	Loans to Government servants and Miscellaneous loans	249.53	
10,966.24	Reserve Fund Investments		11,686.04
0.80	Advances		0.79
0.00	Suspense and Miscellaneous Balances		0.00
12,282.35	Cash -		4,842.83
4.19	Cash in Treasuries and Local Remittances	4.19	
(-471.82)	Deposits with Reserve Bank	(-359.53)	
(-)0.01	Departmental Cash Balance including Permanent Advances	0.08	
12,749.99	Cash Balance Investments	5,198.09	
13,465.19	Deficit on Government Account -		8,233.58
5,946.98	Less (i) Revenue Surplus /Add Revenue deficit of the current year	5,231.61	
240.05	(ii) Miscellaneous Deficit	0.00	
(-)0.10	(iii) Other adjustment	0.00	
19,652.12	Accumulated deficit at the beginning of the year	13,465.19	
2,55,098.28	Total		2,69,745.00

Appendix 1.4
Actuals vis-à-vis Budget Estimates and Revised Estimates 2017-18
(Reference: Paragraphs 1.1.3; Page 6)

(₹ in crore)

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
(1) Revenue receipts (a+b+c+d)	1,31,521	1,31,550	1,23,291	-8,230	-8,259	-6.26	-6.28
(a) Tax revenue	76,553	77,967	71,549	-5,004	-6,418	-6.54	-8.23
State Goods and Services Tax (SGST)	0	25,000	21,251	21,251 ¹²	-3,749	NA	-15.00
Other Taxes on Income and Expenditure	247	255	260	12	5	5.01	1.92
Land revenue	3,620	2,200	1,859	-1,761	-341	-48.64	-15.50
Stamps and registration fees	7,000	7,100	7,255	255	155	3.64	2.18
Taxes on immovable property other than agricultural land	339	334	287	-52	-47	-15.40	-14.05
State excise	173	75	85	-88	10	-51.01	13.00
Taxes on sales, trade etc.	53,603	31,144	29,639	-23,964 ¹³	-1,505	-44.71	-4.83
Taxes on vehicles	4,050	4,250	3,885	-165	-365	-4.06	-8.58
Taxes on goods and passengers	307	102	131	-176	29	-57.24	28.71
Taxes and duties on electricity	6,609	7,100	6,484	-125	-616	-1.89	-8.67
Other taxes and duties on commodities and services	605	408	413	-192	6	-31.66	1.44
(B) Non-tax revenue	18,400	16,995	15,074	-3,326	-1,921	-18.08	-11.30
Other Fiscal Services	0	0	0	0	0	100.00	20.00
Interest receipts	2,031	1,400	1,081	-950	-319	-46.75	-22.75
Dividend and profit	107	99	96	-11	-3	-10.00	-2.73
Public Service Commission	6	10	4	-2	-6	-33.17	-57.90
Police	274	330	318	44	-12	16.06	-3.63
Jails	7	8	8	1	0	12.16	3.66
Stationery and Printing	25	26	30	5	3	18.09	12.59
Public works	204	60	49	-155	-11	-79.20	-19.07
Other administrative services	233	180	151	-82	-29	-35.04	-15.91
Contribution and Recoveries towards Pension and other Retirement Benefits	60	60	54	-6	-6	-10.26	-9.78
Miscellaneous general services	211	39	57	-154	18	-73.00	46.05
Education, sports, art and culture	604	604	253	-351	-351	-58.07	-58.07
Medical and public health	195	195	174	-21	-21	-10.87	-10.87
Family Welfare	52	15	9	-42	-6	-82.03	-38.07
Water supply and sanitation	21	9	1	-20	-8	-94.86	-88.00

¹² GST implemented from 1 July 2017, hence no BE figures¹³ GST implemented from 1 July 2017, hence figures revised later on

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Housing	132	27	24	-108	-3	-81.93	-10.80
Urban development	102	39	41	-61	2	-59.40	6.18
Information and Publicity	1	1	1	0	0	3.68	0.71
Labour and employment	505	505	512	7	7	1.34	1.34
Social Security and Welfare	27	8	7	-20	-2	-75.04	-20.07
Other Social Services	90	123	161	71	38	79.47	31.35
Crop Husbandry	39	39	64	25	25	62.97	64.64
Animal Husbandry	27	79	63	36	-17	132.08	-20.83
Diary Development	3	21	59	56	38	1,948.08	181.24
Fisheries	14	14	11	-3	-3	-20.07	-20.07
Forestry and wildlife	58	46	55	-3	9	-5.62	19.00
Food Storage and Warehousing	4	4	3	-1	-1	-14.50	-14.50
Co-operation	122	118	65	-57	-54	-47.07	-45.34
Other Agriculture Programmes	6	6	46	40	40	642.97	666.50
Land Reforms	0	0	0.00	0	0	0.00	0.00
Other Rural Development Programmes	76	181	132	56	-49	73.23	-27.26
Other Special Areas Programmes	23	7	18	-5	12	-21.38	180.62
Major irrigation	1,000	680	681	-319	1	-31.95	0.07
Medium irrigation	600	483	531	-69	48	-11.50	9.94
Minor irrigation	33	1	6	-27	5	-82.79	468.00
Power	3	0	2	-1	2	-22.62	0.00
Petroleum	0	0	0	0	0	0.00	0.00
Non-Conventional Source of Energy	7	15	22	15	7	216.38	43.90
Village and Small Industries	33	12	9	-25	-4	-74.40	-30.17
Industries	141	141	30	-110	-110	-78.44	-78.44
Non-ferrous mining and metallurgical industries	9,946	9,946	8,989	-957	-957	-9.63	-9.63
Ports and light houses	1,117	1,128	968	-149	-160	-13.38	-14.22
Roads and bridges	220	140	116	-104	-24	-47.21	-17.04
Road Transport	0	0	0	0	0	0	0
Other Scientific Research	0	0	0	0	0	0	0
Tourism	0	27	19	19	-8	-	-

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Foreign Trade and Export Promotion	0	0	0	0	0	0.00	0.00
Civil Supplies	1	5	4	3	-1	234.13	-13.91
Other general economic services	39	163	151	112	-12	287.95	-7.18
Other non-tax revenue	0	0	0	0	0	0.00	0.00
(c) State's share of union taxes and duties	20,897	20,782	20,782	-115	0	-0.55	0.00
(d) Grants-in-aid from GoI	15,671	15,806	15,886	215	80	1.37	0.51
(2) Miscellaneous capital receipts	10	125	0	-10	-125	-100.00	-100.00
(3) Recoveries of loans and advances	286	286	346	60	60	20.98	20.98
(4) Total receipts (1+2+3)	1,31,817	1,31,961	1,23,637	-8,180	-8,324	-6.21	-6.31
(5) Revenue expenditure (a+b+c+d)	1,25,456	1,25,574	1,18,060	-7,396	-7,514	-5.90	-5.98
(a) General services	49,411	42,859	41,402	-8,010	-1,457	-16.21	-3.40
Administration of justice	1,132	1,018	884	-248	-134	-21.91	-13.17
Elections	320	310	307	-13	-3	-4.02	-0.92
Land revenue	189	157	141	-48	-16	-25.35	-10.14
Stamps and registration	121	121	122	1	1	0.83	0.83
State excise	20	19	18	-2	-1	-11.75	-7.11
Taxes on sales, trade etc.	321	302	274	-47	-28	-14.76	-9.40
Interest payments	19,338	19,060	18,954	-384	-106	-1.99	-0.56
Secretariat- general services	500	437	411	-89	-26	-17.72	-5.86
District administration	505	494	450	-56	-45	-10.99	-9.01
Treasury and accounts administration	186	167	156	-30	-11	-15.94	-6.37
Police	3,955	4,578	4,428	473	-150	11.95	-3.29
Jails	116	140	137	21	-3	18.33	-1.96
Public works	448	450	327	-121	-123	-26.96	-27.28
Other administrative services	329	446	445	116	-1	35.19	-0.27
Pension and other retirement benefits	13,477	13,551	13,979	502	428	3.72	3.16
Miscellaneous general services	6,026	37	36	-5,990	-1	-99.41	-3.22
Others	2,428	1,572	333	-2,095	-1,238	0	0.00
(b) Social services	51,257	53,783	49,039	-2,218	-4,744	-4.33	-8.82
General education	18,883	20,887	20,258	1,375	-629	7.28	-3.01
Technical education	905	874	817	-88	-57	-9.74	-6.54
Sports and youth services	379	386	370	-9	-16	-2.27	-4.05
Medical and public health	5,758	5,657	5,575	-182	-81	-3.16	-1.43

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Family welfare	1,316	1,399	1,369	53	-30	4.06	-2.11
Water supply and sanitation	1,023	1,024	967	-56	-57	-5.43	-5.52
Housing	2,925	2,688	1,403	-1,522	-1,285	-52.04	-47.81
Urban development	9,560	9,113	8,425	-1,135	-688	-11.87	-7.55
Welfare of scheduled castes, scheduled tribes, other backward classes and minorities	3,567	3,669	3,511	-56	-158	-1.58	-4.32
Labour, employment and Skill Development	1,223	1,530	1,524	301	-6	24.61	-0.39
Social security and welfare	1,099	1,048	960	-139	-88	-12.61	-8.36
Nutrition	3,434	2,841	2,427	-1,007	-414	-29.33	-14.58
Relief on account of natural calamities	842	2345	1133	291	-1,212	34.59	-51.67
Others	343	322	300	-43	-22	-13.23	-7.59
(c) Economic services	24,423	28,458	27,145	2,722	-1,313	11.14	-4.61
Crop husbandry	3,008	4,553	4,316	1,308	-237	43.47	-5.21
Animal husbandry	583	538	486	-97	-52	-16.56	-9.58
Forestry and wildlife	512	519	508	-4	-11	-0.69	-2.03
Agricultural research and education	685	765	762	77	-3	11.24	-0.39
Co-operation	770	1057	1052	282	-5	36.64	-0.46
Special programmes for rural development	441	516	478	37	-38	8.30	-7.44
Rural employment	418	417	207	-211	-210	-50.58	-50.46
Other rural development programmes	2,493	2,780	2,515	22	-265	0.90	-9.52
Major irrigation	338	303	313	-25	10	-7.29	3.42
Medium irrigation	223	195	228	5	33	2.41	17.11
Minor irrigation	630	580	502	-128	-78	-20.39	-13.53
Power	4,791	5,841	5,795	1004	-46	20.95	-0.79
New and renewable energy	84	54	26	-58	-28	-69.30	-52.24
Industries	1,091	1,348	1,321	230	-27	21.04	-2.04
Non-ferrous mining and metallurgical industries	202	166	144	-58	-22	-28.58	-13.10
Roads and bridges	4,087	4,369	4,171	84	-198	2.04	-4.54
Road transport	303	477	477	174	0	57.49	0.04
Secretariat- economic services	123	118	113	-10	-5	-7.92	-4.02
Census surveys and statistics	30	32	32	2	0	5.47	-1.13
Civil supplies	840	867	772	-68	-95	-8.07	-10.94
Others	2,771	2,963	2,927	156	-36	5.63	-1.21
(d) Grants-in-aid and contributions	364	474	474	110	0	30.22	0.00

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/ Decrease(-)		Increase/ Decrease (-)	
						(in per cent)	
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
(6) Capital expenditure	28,927	27,648	26,313	-2,614	-1,335	-9.04	-4.83
Capital outlay on police	388	387	359	-29	-28	-7.46	-7.22
Capital outlay on public works	714	607	507	-207	-100	-29.03	-16.52
Capital outlay on education, sports, art and culture	1,641	1,277	794	-847	-483	-51.64	-37.86
Capital outlay on medical and public health	1,597	1,562	1,527	-70	-35	-4.41	-2.27
Capital outlay on water supply and sanitation	2,872	3,159	3,159	287	0	10.00	0.01
Capital outlay on housing	678	630	609	-69	-21	-10.24	-3.40
Capital outlay on urban development	248	308	308	60	0	24.06	-0.10
Capital outlay on welfare of scheduled castes, scheduled tribes, other backward classes and minorities	410	162	136	-274	-26	-66.90	-16.22
Capital outlay on nutrition	54	30	14	-40	-16	-74.09	-53.37
Capital outlay on other social services	556	337	215	-341	-122	-61.26	-36.08
Capital outlay on crop husbandry	136	4	4	-132	0	-97.37	-10.50
Capital outlay on forestry and wildlife	672	648	638	-34	-10	-5.11	-1.59
Capital outlay on other rural development programmes	1,212	1,209	1,206	-6	-3	-0.46	-0.22
Capital outlay on other special areas programmes	26	22	22	-4	0	-15.73	-0.41
Capital outlay on major irrigation	5,478	5,459	5,206	-272	-253	-4.97	-4.64
Capital outlay on medium irrigation	2,706	2,787	2,748	42	-39	1.55	-1.40
Capital outlay on minor irrigation	1,066	1,101	1,058	-8	-43	-0.71	-3.87
Capital outlay on flood control projects	147	87	68	-79	-19	-53.86	-22.03
Capital outlay on power projects	3,103	2,940	2,939	-164	-1	-5.27	-0.02
Capital outlay on ports and light houses	293	125	121	-172	-4	-58.63	-3.02
Capital outlay on civil aviation	172	135	134	-38	-1	-22.24	-0.93
Capital outlay on roads and bridges	2,975	3,161	3,135	160	-26	5.37	-0.83
Capital outlay on road transport	634	634	574	-60	-60	-9.49	-9.49
Capital outlay on tourism	494	464	464	-30	0	-6.00	0.08

Fiscal parameters	Budget estimates	Revised estimates	Actuals	Increase/Decrease(-)		Increase/Decrease (-)	
				(in per cent)			
				BE to actual	RE to actual	BE to actual	RE to actual
1	2	3	4	5 (4-2)	6 (4-3)	7	8
Other capital outlays	655	413	368	-287	-43	-43.55	-10.48
(7) Repayment of public debt	15,800	13,701	13,700	-2,100	-1	-13.29	-0.01
(8) Disbursement of loans and advances	650	688	631	-19	-57	-2.92	-8.28
(9) Total expenditure (5+6+8)	1,55,033	1,53,910	1,45,004	-10,029	-8,906	-6.47	-5.79
(10) Revenue surplus (+)/deficits (-) (1-5)	6,066	5,977	5,232	-834	-745	-13.75	-12.46
(11) Fiscal deficits (-) (4-9)	23,215	21,948	21,366	-1,849	-582	-7.96	-2.65
(12) Primary surplus (+)/deficits(-) (11+ interest payment)	3,878	2,888	2,412	-1,466	-476	-37.80	-16.48

Source: Budget publications of State Government for the year 2017-18 (BE) and 2018-19 (RE) and Finance Accounts 2017-18 (Actuals)

APPENDIX 1.5
Time series data on the State Government finances
(Reference: Paragraph 1.3 and 1.9.2; Pages 9 and 38)

	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
PART A-Receipts					
1. Revenue receipts	79,976	91,978	97,483	1,09,842	1,23,291
(i) Tax Revenue	56,373	61,340	62,649	64,443	71,549
State Goods and Service Tax (SGST)	-	-	-	-	21,251
Taxes on agricultural income	-	-	-	-	-
Taxes on sales, trade, etc	40,976	44,145	44,091	46,314	29,639
State excise	110	140	123	152	85
Taxes on vehicles	2,283	2,695	3,008	3,213	3,885
Stamps and registration fees	4,749	5,503	5,549	5,783	7,255
Land revenue	1,727	1,893	2,529	1,999	1,859
Taxes on goods and passengers	834	211	265	66	131
Other taxes	5,694	6,753	7,084	6,916	7,444
(ii) Non tax revenue	7,018	9,543	10,194	13,346	15,074
(iii) State's share of Union taxes and duties	9,702	10,296	15,691	18,835	20,782
(iv) Grants in aid from Government of India	6,883	10,799	8,949	13,218	15,886
2. Miscellaneous capital receipts	-	241	0.00	240	0
3. Recoveries of loans and advances	141	621	125	166	346
4. Total revenue and non-debt capital receipts (1+2+3)	80,117	92,840	97,608	1,10,248	1,23,637
5. Public debt receipts	19,343	19,454	23,486	27,668	26,953
Internal debt (excluding ways and means advances and overdrafts)	19,182	19,131	23,234	27,477	26,863
Net transactions under ways and means advances and overdrafts	-	-	-	-	-
Loans and advances from Government of India	161	323	253	191	90
6. Total receipts in the Consolidated Fund (4+5)	99,460	1,12,294	1,21,094	1,37,916	1,50,590
7. Contingency fund receipts	0	0	14	4	0
8. Public account receipts (Gross)	52,020	62,388	65,132	58,959	89,133
9. Total receipts of the State (6+7+8)	1,51,480	1,74,682	1,86,240	1,96,879	2,39,723
PART B-Expenditure/Disbursement					
10. Revenue Expenditure	75,259	86,652	95,779	1,03,895	1,18,060
Plan	23,894	26,586	32,224	36,709	-
Non plan	51,365	60,066	63,555	67,186	-
State Fund Expenditure	-	-	-	-	1,03,047
Central assistance including CSS/CS	-	-	-	-	15,013
General services (including interest payments)	26,820	30,003	32,876	35,804	41,402
Social services	32,382	36,714	42,120	44,926	49,039

Appendices

	2013-14	2014-15	2015-16	2016-17	2017-18
Economic services	15,731	19,399	20,224	22,749	27,145
Grants-in-aid and contributions	326	536	559	416	474
11. Capital expenditure	22,677	24,158	24,169	22,355	26,313
Plan	22,511	24,074	24,093	22,302	-
Non plan	166	84	76	53	-
State Fund Expenditure	-	-	-	-	20,305
Central assistance including CSS/CS	-	-	-	-	6,008
General services	816	888	808	623	871
Social services	6,650	7,186	6,417	6,215	6,813
Economic services	15,211	16,084	16,944	15,517	18,630
12. Disbursement of loans and advances	603	350	675	478	631
13. Total expenditure (10+11+12)	98,539	1,11,160	1,20,623	1,26,728	1,45,004
14. Repayments of public debt	6,204	5,509	6,194	9,073	13,700
Internal debt (excluding Ways and Means Advances and Overdrafts)	5,548	4,849	5,534	8,386	12,991
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and advances from Government of India	656	660	660	687	709
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	1,04,743	1,16,669	1,26,817	1,35,801	1,58,704
17. Contingency fund disbursements	-	14	4	-	-
18. Public account disbursements	50,039	52,309	61,936	56,388	87,738
19. Total disbursement by the State (16+17+18)	1,54,782	1,68,992	1,88,757	1,92,189	2,46,442
Part C- Deficits					
20. Revenue deficit(-) / revenue surplus (+) (1-10)	(+)4,717	(+)5,326	(+)1,704	(+)5,947	(+)5,232
21. Fiscal deficit (-)/fiscal surplus (+) (4-13)	(-)18,422	(-)18,320	(-)23,015	(-)16,480	(-)21,366
22. Primary deficit(-)/primary surplus(+)(21+23)	(-)5,090	(-)3,374	(-)6,715	(+)1,317	(-)2,412
Part D- Other data					
23. Interest payments (included in revenue expenditure)	13,332	14,946	16,300	17,797	18,954
24. Financial assistance to local bodies etc.	36,161	39,964	44,048	48,055	54,807
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means advances/overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP)^Φ	8,07,623	9,21,773	10,25,188(P)	11,58,151(Q)	13,20,167(A)
28. Outstanding fiscal liabilities (year end)	1,83,057	2,02,313	2,21,090	2,43,146	2,56,366

	2013-14	2014-15	2015-16	2016-17	2017-18
29. Outstanding guarantees (year end)	6,549	5,984	5,236	4,804	4,834
30. Maximum amount guaranteed (during the year)	11,175	11,235	11,333	11,333	11,796
Part E- Fiscal Health Indicators					
Own tax revenue/GSDP (<i>per cent</i>)	6.98	6.65	6.11	5.56	5.42
Own non-tax revenue/GSDP (<i>per cent</i>)	0.87	1.04	0.99	1.15	1.14
Central transfers/GSDP (<i>per cent</i>)	2.05	2.29	2.40	2.77	2.78
II. Expenditure Management					
Total expenditure/GSDP (<i>per cent</i>)	12.20	12.06	11.77	10.94	10.98
Total expenditure/revenue receipts	1.23	1.21	1.24	1.15	1.18
Revenue expenditure/total expenditure	0.76	0.78	0.79	0.82	0.81
Expenditure on social services/total expenditure	0.40	0.39	0.40	0.41	0.39
Expenditure on economic services/total expenditure	0.31	0.32	0.31	0.30	0.32
Capital expenditure/total expenditure	0.23	0.22	0.20	0.18	0.18
Capital expenditure on social and economic services/total expenditure	0.22	0.21	0.19	0.17	0.18
III. Management of fiscal imbalances					
Revenue deficit or surplus/GSDP (<i>per cent</i>)	0.58	0.58	0.17	0.51	0.40
Fiscal deficit/GSDP (<i>per cent</i>)	-2.28	-1.99	-2.24	-1.42	-1.62
Primary deficit (-) or surplus(+)/GSDP (<i>per cent</i>)	-0.63	-0.37	-0.66	0.11	-0.18
Revenue deficit/fiscal deficit	-0.26	-0.29	-0.07	-0.36	-0.24
Primary revenue balance/GSDP (<i>per cent</i>)	2.23	2.20	1.76	2.05	1.83
IV. Management of fiscal liabilities					
Fiscal liabilities/GSDP	0.23	0.22	0.22	0.21	0.19
Fiscal liabilities/RR (<i>per cent</i>)	228.89	219.96	226.80	221.36	207.94
Primary deficit vis-à-vis quantum spread (<i>per cent</i>)	-79.33	-28.90	-94.30	11.23	-15.51
Debt redemption (principal + interest) / total debt receipts	0.95	0.93	0.96	0.94	1.07
V. Other Fiscal Health Indicators					
Return on investment	0.50	0.14	0.14	0.14	0.11
Financial assets/liabilities	0.86	0.90	0.92	0.95	0.97

Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2017-18)

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

APPENDIX 1.6
Comparison of main components of tax revenue during 2013-14 to 2017-18
(Reference Paragraph 1.3.3, Page 12)

(₹ in crore)

Heads of revenue	Year	Revenue collected	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of cost of collection
Sales tax/ commercial tax	2013-14	40,976.06	227.22	0.55	0.88
	2014-15	44,145.26	212.25	0.48	0.91
	2015-16	44,091.05	204.99	0.46	0.66
	2016-17	46,317.78	234.86	0.51	0.69
	2017-18	50,889.73 ¹⁴	273.62	0.54	N.A.
Taxes on vehicles and taxes on goods and passengers	2013-14	3,116.37	94.98	3.05	6.25
	2014-15	2,905.44	124.07	4.27	6.08
	2015-16	3,273.17	138.53	4.23	4.99
	2016-17	3,279.35	134.94	4.11	2.61
	2017-18	4,016.72	138.53	2.92	N.A.
Stamp duty and registration fees	2013-14	4,749.35	79.61	1.67	3.37
	2014-15	5,503.34	81.75	1.49	3.59
	2015-16	5,549.42	84.76	1.53	2.87
	2016-17	5,782.93	111.56	1.93	2.99
	2017-18	7,254.75	122.01	1.68	N.A.
State excise	2013-14	109.82	12.44	11.33	1.81
	2014-15	140.27	13.43	9.57	2.09
	2015-16	123.32	14.49	11.75	3.21
	2016-17	151.53	15.31	10.10	2.01
	2017-18	84.75 ¹⁵	17.65	20.83	N.A.

Source: Finance Accounts of respective years

N.A.: Not Available

¹⁴ VAT (₹ 29,638.88 crore) + SGST (₹ 21,250.85 crore)

¹⁵ The revenue collection had decreased during 2017-18 due to State Excise being subsumed in GST (except alcohol for human consumption)

**Appendix 1.7:
Incorrect booking of revenue receipts and revenue expenditure
(Reference Paragraph 1.3.3.3, Page 15)**

Name of Office (Department)	Major Head of Revenue Expenditure	Year in which grant received	Amount booked in Finance Accounts of relevant year	Actual expenditure incurred	Unspent balance parked with GSFS	Year in which unspent balance deposited in Government Account	Major Head of Revenue Receipt where incorrectly deposited	Total Revenue Receipt booked under Major Head for 2017-18	Actual Revenue Receipt under Major Head for 2017-18	
									10=9-6	10=9-6
1	2	3	4	5	6	7	8	9	10=9-6	10=9-6
Gavveva and Gaucher Vikas Board Gandhinagar (Agriculture and Co-operation)	2515	2015-16	100	0.65	99.35	2017-18	0515	131.55	32.20	32.20
DG. And IG of Police Gujarat Gandhinagar (Home)	2055	2014-15	22	0	22.00	2017-18	0055	318.01	296.01	296.01
Gujarat Live Stock Development Board (Agriculture and Co-operation)	2404	2014-15	18.51	7.98	10.53	2017-18	0404	58.77	48.24	48.24
Gujarat Mineral Research & Development Society Gandhinagar (Industries and Mines)	2853				13.97					
Indext C (Industries and Mines)	2851	2016-17	18.15	11.18	6.97	2017-18	0851	8.54	1.57	1.57
Gujarat Agro Industries Corporation Ltd. (Agriculture and Co-operation)	2401	2016-17	23	18.36	5	2017-18	0401	64.2	59.2	59.2
Science and Technology Department	2052	2016-17	5	2	3	2017-18	0070	151.36	148.36	148.36
Total					160.81					

Source: Details collected during audit of receipt challans

APPENDIX 2.1
Excess expenditure over appropriations in previous years requiring
regularisation
(Reference: Paragraph 2.3.1; Page 48)

(₹ in crore)

Year	Grant (Revenue/Capital-voted) numbers		Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2007-08	Revenue	3, 5, 8, 9, 11, 12, 13, 15, 18, 21, 22, 23, 25, 26, 31, 38, 39, 40, 41, 44, 50, 51, 53, 55, 57, 61, 62, 64, 66, 73, 74, 75, 78, 80, 82, 84, 86, 87, 88, 95	1,055.23	Yet to be regularised
2008-09	Revenue	5, 8, 9, 13, 21, 22, 23, 26, 38, 39, 41, 43, 44, 62, 66, 73, 79, 80, 86, 87, 104	347.03	Yet to be regularised
	Capital	55, 58, 86		
2009-10	Revenue	1, 3, 5, 9, 10, 12, 17, 18, 21, 23, 26, 32, 39, 41, 43, 45, 46, 48, 55, 57, 61, 62, 64, 66, 69, 73, 75, 80, 84, 86, 87, 88, 96, 97, 101, 102	1,007.92	Yet to be regularised
	Capital	65, 93		
2010-11	Revenue	10, 41, 51, 62, 66, 72, 73, 82, 86, 87, 88, 105	120.24	Yet to be regularised
	Capital	13		
2011-12	Revenue	10, 18, 51, 82, 86	189.12	Yet to be regularised
	Capital	87		
2012-13	Revenue	9, 12, 18, 73, 88	247.51	Yet to be regularised
	Capital	26		
2013-14	Revenue	9, 73, 88	921.69	Yet to be regularised
	Capital	26, 87		
2014-15	Revenue	73, 85, 88	143.97	Yet to be regularised
	Capital	26		
2015-16	Revenue	73	31.53	Yet to be regularised
2016-17	Revenue	9, 67, 73, 83	275.64	Yet to be regularised
	Capital	10, 41		
2017-18	Revenue	73	330.72	Yet to be regularised
	Capital	3		
Total			4,670.60	

Source: Appropriation Accounts of the State Government for the years 2007-08 to 2017-18

APPENDIX 2.2

**Cases where persistent excess of more than ₹ 10 crore was noticed
consistently during 2015-18
(Reference: Paragraph 2.3.2; Page 49)**

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Excess	Reasons intimated by Department
2071-01-101- 01 Superannuation and Retirement Allowances to Primary Panchayats Teachers					
9	2015-16	2,052.00	2,295.45	243.45	No reasons intimated.
9	2016-17	2,191.32	2,664.71	473.39	Due to revision of pension as per 7th Pay Commission and increase in number of pensioners owing to more retirements.
9	2017-18	2,700.00	3,298.17	598.17	No reasons intimated.
2071-01-105 - 01 Family Pension to Primary Panchayats Teachers					
9	2015-16	275.00	337.91	62.91	No reasons intimated.
9	2016-17	250.00	358.33	108.33	Due to revision of pension as per 7th Pay Commission and increase in number of pensioners owing to more retirements.
9	2017-18	306.18	394.27	88.09	Due to implementation of 7 th pay commission, family pension increased.
2852-80-800-26 IND-9 Development of Textile Industry					
49	2015-16	320.00	390.00	70.00	Received more proposals.
49	2016-17	500.00	736.46	236.46	Due to increase in the number of proposals.
49	2017-18	827.04	945.91	118.87	Received more proposals.
2071-01-101-01 Superannuation and retirement allowances to Panchayat Employees					
73	2015-16	540.00	581.30	41.30	No reasons intimated.
73	2016-17	540.00	648.52	108.52	No reasons intimated.
73	2017-18	550.00	830.22	280.22	No reasons intimated.
2071-01-105-01 Family Pension to Panchayat Employees					
73	2015-16	98.22	109.73	11.51	Due to increase in number of pensioners owing to more retirements.
73	2016-17	109.98	126.22	16.25	Due to increase in number of pensioners owing to more retirements.
73	2017-18	125.00	152.72	27.72	No reasons intimated.
2225-02-796-20 VKY-8 P.M.S. Committed Liabilities					
96	2015-16	46.94	70.60	23.66	Due to increase in numbers of students.
96	2016-17	51.00	115.75	64.75	Due to increase in numbers of students.
96	2017-18	72.00	147.59	75.59	More expenditure is due to more demand from district offices due to increase in the numbers of students.

Appendices

Grant No.	Year	Provision	Expenditure	Excess	Reasons intimated by Department
3054-80-796-02 RBD-10 Special Provision for Roads and Bridges under T.S.P.					
96	2015-16	29.20	56.65	27.45	Due to more State-level planning in this Head.
96	2016-17	32.00	54.63	22.63	Due to more State-level planning in this Head.
96	2017-18	32.00	57.04	25.04	More expenditure is due to more demand from Department.

Source: Appropriation Accounts of the State Government for the years 2015-16 to 2017-18

APPENDIX 2.3
Statement of various grants/appropriations where savings were more than ₹ 100 crore in each case or more than 50 per cent of the total provision
(Reference: Paragraph 2.3.3; Page 50)

(₹ in crore)

Sr. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
1	2	Agriculture - Revenue Voted	4,926.83	177.72	3.61
2	2	Agriculture - Capital Voted	126.00	126.00	100.00
3	4	Animal Husbandry - Revenue Voted	568.26	110.84	19.51
4	6	Fisheries- Capital Voted	268.00	171.78	64.10
5	7	Other Expenditure pertaining to Agriculture and Co-operation Department- Capital Voted	0.26	0.25	96.19
6	9	Education- Capital Voted	712.84	344.94	48.39
7	13	Power Projects- Capital Voted	2,717.24	200.37	7.37
8	14	Other Expenditure pertaining to Energy and Petro-Chemicals Department- Capital Voted	0.16	0.16	100.00
9	15	Finance Department- Revenue Voted	97.60	51.07	52.32
10	18	Pension and Other Retirement Benefits- Revenue Voted	10,311.20	1,658.66	16.09
11	19	Other Expenditure pertaining to Finance Department - Revenue Voted	8,062.22	8,014.65	99.41
12	19	Other Expenditure pertaining to Finance Department - Capital Voted	100.70	80.70	80.14
13	20	Repayment of Debt pertaining to finance department and its servicing- Revenue Charged	18,413.37	437.64	2.38
14	20	Repayment of Debt pertaining to finance department and its servicing- Capital Charged	15,799.80	2,099.57	13.29
15	23	Food- Revenue Charged	0.04	0.04	100.00
16	23	Food- Capital Voted	115.29	88.59	76.84
17	24	Other Expenditure pertaining to Food, Civil Supplies and Consumer Affairs Department - Capital Voted	0.01	0.01	100.00
18	28	Other Expenditure pertaining to Forests and Environment Department- Capital Voted	0.34	0.28	81.02
19	37	Loans and Advances to Govt. Servant in Gujarat Legislature Secretariat- Capital Voted	0.34	0.34	100.00

Appendices

Sr. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
20	39	Medical and Public Health- Revenue Voted	4,841.38	159.53	3.30
21	43	Police- Revenue Voted	4,579.06	150.48	3.29
22	50	Mines and Minerals- Capital Voted	5.10	3.10	60.78
23	55	Other Expenditure pertaining to Information and Broadcasting Department- Revenue Voted	19.57	10.97	56.06
24	55	Other Expenditure pertaining to Information and Broadcasting Department- Capital Voted	0.30	0.30	100.00
25	57	Labour and Employment- Capital Voted	69.85	37.92	54.28
26	58	Other Expenditure pertaining to Labour and Employment Department- Capital Voted	0.22	0.21	97.27
27	60	Administration of Justice- Revenue Voted	959.01	212.40	22.15
28	61	Other Expenditure pertaining to Legal Department- Capital Voted	1.77	1.33	75.01
29	63	Other Expenditure pertaining to Legislative and Parliamentary Affairs Department- Capital Voted	0.09	0.09	100.00
30	65	Narmada Development Scheme- Capital Voted	4,700.00	250.76	5.34
31	66	Irrigation and Soil Conservation- Revenue Voted	1,141.11	149.11	13.07
32	68	Other Expenditure pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department- Capital Voted	0.55	0.40	72.64
33	70	Community Development - Revenue Voted	2,243.62	225.72	10.06
34	71	Rural Housing and Rural Development Department- Revenue Voted	1,834.01	499.26	27.22
35	73	Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department- Capital Voted	3.45	2.71	78.47
36	79	Relief On Account of Natural Calamities- Revenue Voted	3122.41	184.18	5.90
37	79	Relief On Account of Natural Calamities- Capital Voted	121.58	75.81	62.36
38	79	Relief On Account of Natural Calamities- Capital Charged	0.77	0.77	100.00
39	81	Compensation and Assignment- Capital Voted	0.03	0.03	100.00

Sr. No.	Grant No.	Name of the grant/appropriation	Total grant/ appropriation	Savings	Percentage savings
40	81	Compensation and Assignment- Capital Charged	0.02	0.02	100.00
41	82	Other Expenditure pertaining to Revenue Department- Revenue Voted	4.24	2.90	68.40
42	82	Other Expenditure pertaining to Revenue Department- Capital Voted	0.26	0.25	96.15
43	84	Non-Residential Buildings- Capital Voted	1,333.00	655.39	49.17
44	86	Roads and Bridges- Revenue Voted	3,301.34	123.97	3.76
45	90	Other Expenditure pertaining to Science and Technology Department- Capital Voted	4.16	2.33	56.01
46	92	Social Security and Welfare- Revenue Voted	1,489.26	139.84	9.39
47	93	Welfare of Schedule Tribes- Capital Voted	15.04	8.56	56.91
48	94	Other Expenditure pertaining to Social Justice and Empowerment Department- Capital Voted	0.16	0.16	100.00
49	95	Scheduled Castes Sub-plan Revenue Voted	3,602.87	368.48	10.23
50	95	Scheduled Castes Sub-plan- Capital Voted	1,021.27	260.44	25.50
51	96	Tribal Areas Sub-plan- Revenue Voted	7,929.89	1,227.90	15.48
52	96	Tribal Areas Sub-plan- Capital Voted	4,235.93	275.04	6.49
53	96	Tribal Areas Sub-plan- Capital Charged	8.00	5.82	72.78
54	99	Other Expenditure pertaining to Sports, Youth and Cultural Activities Department- Capital Voted	0.11	0.11	100.00
55	101	Urban Housing - Revenue Voted	1,081.23	583.08	53.93
56	102	Urban Development - Revenue Voted	8,619.60	1,023.03	11.87
57	104	Other Expenditure pertaining to Urban Development and Urban Housing Department- Revenue Voted	0.32	0.18	54.86
58	104	Other Expenditure pertaining to Urban Development and Urban Housing Department- Capital Voted	0.06	0.06	100.00

Appendices

Sr. No.	Grant No.	Name of the grant/appropriation	Total grant/appropriation	Savings	Percentage savings
59	106	Other Expenditure pertaining to Women and Child Development Department- Revenue Voted	1,996.93	671.06	33.60
60	106	Other Expenditure pertaining to Women and Child Development Department- Capital Voted	55.42	41.42	74.75
Total			1,20,563.48	20,918.73	17.35

Source: Appropriation Accounts and Appropriation Act of the State Government for the year 2017-18

APPENDIX 2.4
Cases where persistent savings were noticed during 2015-18
(Reference: Paragraph 2.3.4; Page 53)

(₹ in crore)

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
2401-00-001-06 AGR-1 Administration Extension and Infrastructure Facility for Agriculture Development					
2	2015-16	156.35	130.00	26.35	Due to less expenditure on Establishment and <i>Krusha Mahotsava</i> and hiring of vehicles.
2	2016-17	153.45	72.03	81.42	No Reason had been assigned.
2	2017-18	92.73	41.25	51.48	Due to less expenditure on Establishment, <i>Krusha Mahotsava</i> , interest on subsidy for Agriculture investment credit and hiring of vehicles.
2202-02-110-01 EDN-18 Regulated growth of Non-Government Secondary Schools					
9	2015-16	433.78	191.81	241.98	Due to non-recruitment of <i>Pravasi Shikshak</i>
9	2016-17	246.77	197.96	48.81	Due to non-recruitment of teachers in GIA schools.
9	2017-18	267.83	230.51	37.32	Due to delay in tender process for internet facility to schools, service book digitization and less expenditure in financial assistance to non-granted schools.
2202-02-110 05 Provision of Educational facilities-Maintenance					
9	2015-16	2,778.51	2,618.31	160.21	Due to non-recruitment of teachers in GIA secondary schools.
9	2016-17	2,874.26	2,684.86	189.40	Non-implementation of recommendations of 7 th CPC in GIA secondary schools.
9	2017-18	2,900.00	2,861.04	38.96	Due to delay in sanctioning 7 th CPC recommendations for GIA secondary schools.
4202-01-201 06 EDN-113 Sarva Shiksha Abhiyan (including support from 13th Finance Commission) (60-40 Centrally Sponsored Schemes)					
9	2015-16	621.50	174.30	447.21	Due to non-release of the grant by the GoI under the scheme owing to change of funding pattern between Central and State.
9	2016-17	333.18	152.68	180.51	Due to less release of grant by GoI under the scheme.
9	2017-18	319.02	63.60	255.42	No reasons intimated.
2202-03-102 16 EDN-148 Rashtriya Uchcharat Shiksha Abhiyan (60-40 Centrally Sponsored Scheme) (Plan)					
9	2015-16	172.54	47.21	125.33	Approval from Project Approval Board, New Delhi was received but expenditure was not incurred.
9	2016-17	77.50	51.82	25.68	Due to less release of grant by GoI under the scheme
9	2017-18	77.50	35.58	41.92	Due to approval of less amount by Project Approval Board, New Delhi
2071-01-102-01 Commuted Value of pensions					
18	2015-16	600.00	443.10	156.90	The expenditure under this head is of fluctuating nature and it mainly depends upon the finalisation of pension cases and demand for commuted value of pension from pensioners.
18	2016-17	764.78	456.77	308.01	The expenditure under this head is of fluctuating nature. Further, the authorisation of commuted value of pension is done centrally, but actual payment takes place at treasury/ sub-treasury level.
18	2017-18	1,650.00	890.36	759.64	The expenditure under this head is of fluctuating nature. Further, the authorisation of commuted value of pension is done

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
					centrally, but actual payment take place at treasury/sub-treasury level.
2071-01-104 01 Gratuities					
18	2015-16	1,073.13	802.03	271.10	The expenditure under this head is of fluctuating nature and it is mainly dependent upon the finalisation of pension cases.
18	2016-17	1,304.00	837.93	466.07	It was difficult to estimate accurately the number of persons retiring on voluntary basis or those expiring whilst in service (being fluctuating in nature). Moreover, the authorisation of gratuities is done centrally, but actual payment take place at treasury/sub-treasury level.
18	2017-18	1,654.00	1,010.73	643.27	It was difficult to estimate accurately the number of persons retiring on voluntary basis or those expiring whilst in service (being fluctuating in nature). Moreover, the authorisation of gratuities is done centrally, but actual payment take place at treasury/sub-treasury level.
2049-01-101 99 Loans to be raised					
20	2015-16	5,404.41	5,065.41	339.00	Rate of interest on market loan cannot be predicted in advance.
20	2016-17	6,688.46	6,605.85	82.61	Rate of interest on market loan cannot be predicted in advance.
20	2017-18	8,358.30	8,058.77	299.52	Rate of interest on market loan cannot be predicted in advance.
4408-02-800-02 Construction of Godown under Loan from NABARD					
23	2015-16	75.00	32.46	42.54	Due to non-completion of construction of godowns by R&B Department.
23	2016-17	97.00	9.37	87.64	Due to revised budget relating to construction of godowns and non-acceptance of parking of fund by Finance Department.
23	2017-18	106.80	26.70	80.10	Due to non-completion of construction work of godowns.
4210-01-110 42 HLT-72 Hospitals and Dispensaries – 13th Finance Commission-NABH/NABL					
39	2015-16	733.28	636.78	96.50	Cut imposed by the Finance Department in revised estimates.
39	2016-17	413.39	322.71	90.69	Cut imposed by the Finance Department in revised estimates.
39	2017-18	533.38	498.80	34.58	Due to less expenditure.
2210-01-001 02 HLT-11 Directorate of Medical Education and Research Finance Commission - NABH/NABL					
39	2015-16	482.37	421.91	60.47	Due to compulsory cut imposed by the Finance Department in revised estimates.
39	2016-17	710.90	666.91	43.98	No reasons were intimated.
39	2017-18	817.71	716.79	100.92	Due to vacant posts.
2852-80-800-22 IND-3 Development of infrastructure facilities					
49	2015-16	352.00	280.20	71.80	Non-finalization of project.
49	2016-17	351.64	73.91	277.74	Procedure for land acquisition was in very initial stage and no claims received.
49	2017-18	160.01	100.01	60.00	Less requirement of fund.
6858-04-800 01 Loan to Mega Project to Implement - State Support Agreement (Plan)					
49	2015-16	100.00	62.01	37.99	Due to fewer claims under the Scheme.
49	2016-17	80.00	39.49	40.51	Non-requirement of fund.
49	2017-18	50.00	3.82	46.18	Non-requirement of fund.

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
2014-00-102-02 Registrar					
60	2015-16	100.11	70.70	29.41	Non-filling up of vacant posts.
60	2016-17	131.79	84.44	47.35	Non-filling up of vacant posts.
60	2017-18	147.32	114.39	32.93	Non-filling up of vacant posts.
2014-00-105-01 District and Sessions Judges					
60	2015-16	258.12	152.76	105.36	Non-filling up of vacant posts.
60	2016-17	255.35	190.84	64.51	Non-filling up of vacant posts.
60	2017-18	257.60	218.57	39.03	Non-filling up of vacant posts.
2014-00-105-02 Civil Judges					
60	2015-16	341.81	231.47	110.34	Non-filling up of vacant posts.
60	2016-17	393.91	254.56	139.35	Non-filling up of vacant posts.
60	2017-18	388.76	265.07	123.68	Non-filling up of vacant posts.
4700-33-190 01 IRG-1 Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (CSS)					
65	2015-16	1,166.71	791.85	374.86	Due to less release of grants by the GoI.
65	2016-17	1,777.73	1,652.49	125.24	Due to decrease in receipt of grants under CSS.
65	2017-18	4,232.62	3,980.58	252.04	Non-release of grants by GOI.
4701-83-800-43 Canals and Branches					
66	2015-16	82.57	36.42	46.16	Due to unseasonal rain, work could not be carried out timely.
66	2016-17	105.70	39.70	66.00	Due to unseasonal rain, work could not be carried out timely.
66	2017-18	107.79	32.13	75.66	Due to unseasonal rain, work could not be carried out timely.
4711-03-103-01 Drainage works					
66	2015-16	79.61	30.12	49.48	Due to poor monsoon, drainage work was not required to be carried out.
66	2016-17	83.08	28.86	53.54	Due to poor monsoon, drainage work was not required to be carried out.
66	2017-18	90.09	36.14	53.94	Drainage works were not required.
4702-00-101 02 Minor Irrigation (Plan)					
66	2015-16	186.13	129.59	56.54	The contractor had not carried out the work as per approved plan due to which sanction for flood damage work was not given.
66	2016-17	320.40	165.16	155.24	Due to non-receipt of sanction from the department, the contractor did not carry out the work. Deepening work of a big tank was not carried out as it was filled with water.
66	2017-18	280.63	180.49	100.13	The contractor had not carried out the work as per approved plan due to which sanction for flood damage work was not given.
4702-00-101 03 Construction of Barrage on River Narmada near village Bhadbhut (Plan)					
66	2015-16	52.50	0.00	52.50	Due to delay in approval of design and clearance from various authorities and certain site-specific reasons.
66	2016-17	57.00	0.00	57.00	Due to delay in approval of design and clearance from various authorities.
66	2017-18	100.00	27.46	72.54	Due to cut imposed by Finance Department.
2515-00-101 09 CDP-3 Strengthening of the Block Level Agencies					
70	2015-16	168.44	117.94	50.50	Due to decrease in revised unit cost of Taluka Panchayat Buildings.

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
70	2016-17	238.40	13.00	225.40	Delay in tender process due to non-receipt of technical approval by the District Office.
70	2017-18	101.91	76.20	25.71	Due to current work under progress and delay in approval for proposed new work.
2041-00-102 01 Inspection of Motor Vehicles					
74	2015-16	202.25	138.61	63.64	(i) Due to non-filling up of vacant posts at Regional Transport Office at Surat, Vadodara and Bavla; (ii) Non-completion of work of check post upgradation and automated driving test track by agencies, and (iii) Non-completion of weigh bridges installation.
74	2016-17	194.57	134.82	59.75	(i) Non-filling of vacant posts, (ii) System integration project yet to be implemented in various check posts on account of delay in civil work.
74	2017-18	206.40	138.56	67.83	Due to non-filling up of vacant posts.
2245-02-113 03 Assistance for repair / restoration of damaged houses					
79	2015-16	174.00	134.47	39.53	No reasons intimated.
79	2016-17	105.00	1.10	103.90	No reasons intimated.
79	2017-18	105.00	58.59	46.41	Due to heavy rain in Banaskantha, Patan and other districts, repair/restoration of damaged houses could not be taken up.
4059-01-051P 51 Administration of Justice Buildings for Legal Department (PCSS)					
84	2015-16	204.04	73.82	130.22	Due to excessive original provision made for new works and time consuming procedure for land allotment, drawing, administrative approval, technical sanction, tender process <i>etc.</i>
84	2016-17	146.82	52.85	93.97	Due to less receipt of grant from GoI
84	2017-18	320.70	190.48	130.22	Due to less receipt of grant from GoI.
4202-01-202 42 EDN-21 Building					
84	2015-16	87.25	41.34	45.91	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
84	2016-17	84.17	34.27	49.90	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
84	2017-18	55.05	24.22	30.83	Due to time consuming procedure like land allotment, drawing, administrative approvals, technical sanction, tender process <i>etc.</i>
4202-02-105 42 TED-23 Buildings (Plan)					
84	2015-16	117.81	55.31	62.50	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
84	2016-17	130.99	23.53	107.46	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
84	2017-18	122.91	36.30	86.61	Due to time consuming procedure like land allotment, drawing, administrative approvals, technical sanction, tender process <i>etc.</i>

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
3054-80-001 05 Expenditure transferred on pro-rata basis to Major Head "3054"					
86	2015-16	107.71	71.93	35.78	Actual Pro-rata Transfer.
86	2016-17	103.77	56.80	46.96	Actual Pro-rata Transfer.
86	2017-18	112.47	12.04	100.42	Actual Pro-rata Transfer.
3054-80-800 02 13th Finance Commission					
86	2015-16	1,264.86	1,133.80	131.06	Due to less receipt of grant from GoI.
86	2016-17	1,188.65	1,158.73	29.92	Due to retirement and transfer of staff from the department and reduction in provision by Finance Department considering the progress of work.
86	2017-18	1,191.09	1,123.08	68.01	Due to retirement and transfer of work charged and daily wagers establishment and reduction in provision by Finance Department considering the progress of work.
5054-03-337 14 World Bank					
86	2015-16	407.00	247.44	159.56	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
86	2016-17	257.05	75.28	181.77	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
86	2017-18	200.22	156.15	44.07	Due to time consuming procedure like land allotment, drawing, administrative approvals, technical sanction, tender process <i>etc.</i>
5054-03-101-11 RBD 2(b) Original Works					
86	2015-16	152.67	106.11	46.56	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
86	2016-17	168.38	112.42	55.96	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
86	2017-18	196.30	152.17	44.13	Due to time consuming procedure like land allotment, drawing, administrative approvals, technical sanction, tender process <i>etc.</i>
5054-03-337-17 Pravashi Patha					
86	2015-16	150.00	120.15	29.85	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
86	2016-17	200.00	164.98	35.02	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
86	2017-18	200.00	165.27	34.73	Due to time consuming procedure like land allotment, drawing, administrative approvals, technical sanction, tender process <i>etc.</i>

Appendices

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
2225-02-796-10 VKY-11 G.I.A. to Ashram Schools, and Post Basic Ashram Schools run by Voluntary Organisations (including construction of Ashram Schools & Post Basic Schools)					
96	2015-16	213.31	182.55	30.76	Due to less demand from district offices for increased pay and allowances.
96	2016-17	234.23	207.06	27.17	Due to less demand from district offices for increased pay and allowances.
96	2017-18	257.09	228.46	28.63	Due to less demand from district offices and less number of students and vacant posts.
2236-02-796P 02 NTR-2-Introduction of Integrated Child Development Service scheme					
96	2015-16	265.13	237.99	27.14	Due to non-submission of final bills and non-completion of tender process in time
96	2016-17	330.89	223.16	107.73	Due to (i) non-completion of tender process for purchase of Nutricandy, (ii) rate of various components fixed was lower than estimated under the <i>Dudh Sanjivani Yojana</i> and (iii) non-submission of final bill of Premix.
96	2017-18	376.69	320.90	55.79	Due to (i) non-allotment of dispatch advices of Premix, (ii) take home ration of wheat and rice was available at lower rate than budgeted, (iii) non-completion of tender process for purchase of Nutricandy, (iii) In the <i>Dudh Sanjivani Yojna</i> component, payment was made from the balances of 2016-17 available with the districts (iv) non-receipt of bills from the some suppliers
4225-02-796 42 VKY-51 Building					
96	2015-16	96.07	41.24	54.83	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
96	2016-17	86.17	41.21	44.96	Due to less demand by implementing agency.
96	2017-18	122.06	48.64	73.42	Due to less demand.
5054-03-796-01 RBD-2(A) State Highway					
96	2015-16	469.69	366.70	102.99	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, administrative approvals, technical sanction, tender process <i>etc.</i>
96	2016-17	500.59	371.18	129.41	Excessive original provision made for new works and more time taken for completing procedures like land allotment, drawings, Administrative Approval, Technical Sanction, Tender process <i>etc.</i>
96	2017-18	501.06	424.51	76.55	Due to time consuming procedure like land allotment, drawing, Administrative approval, Technical Sanction, Tender Process <i>etc.</i>
2217-03-191-61 UDP-78 Grant-in-aid to Municipal Corporation under Swarnim Jayanti Mukhya Mantri Shaheri Vikas Yojana					
102	2015-16	1,923.08	1,454.58	468.50	Due to less demand from Corporations.
102	2016-17	2,080.91	1,448.91	631.99	Due to less demand from Urban Local Bodies.
102	2017-18	1,683.25	1,543.25	140.00	Due to less demand from Urban Local Bodies.

Grant No.	Year	Provision	Expenditure	Savings	Reasons intimated by Department
2236-02-800P 01 NTR-18 Integrated Child Development Scheme (Plan)					
106	2015-16	526.00	485.12	40.88	Due to vacant posts of CVN, NCV, Urban Program Officer under urban unit of ICDS mission and savings under creche component at district level.
106	2016-17	554.05	401.64	152.41	Due to (i) non-approval of Annual Programme Implementation Plan (APIP) Scheme by GoI, (ii) non-filling up of the vacant posts (iii) not conducting the training as per sanction.
106	2017-18	445.56	376.33	69.24	Provisions for National Nutrition Mission, Permanent Enrolment Center, pre school kits, medicine kits and pay and allowances could not be utilised due to administrative reasons.
2236-02-800P 14 NTR-13 Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)					
106	2015-16	110.16	61.06	49.09	Due to non-submission of the final bills of premix.
106	2016-17	111.54	56.42	55.12	Due to (i) non-receipt of extension of Despatch Advices allotment in time, (ii) take home ration expenditure was less than anticipated, (iii) non-submission of final bill in time.
106	2017-18	118.54	78.26	40.28	Due to (i) non-allotment of Despatch Advices of Premix (ii) Ration was available at lower rate (iii) Non-completion of tender process relating to Nutrition component of the scheme.

Source: Appropriation Accounts and Grant files of the State Government for the years 2015-16 to 2017-18

APPENDIX 2.5

**Cases where supplementary provision (₹ five crore or more in each case)
proved unnecessary**

(Reference: Paragraph 2.3.5.1; Page 53)

(₹ in crore)

Sr. No.	Number and name of the grant/appropriation	Original provision	Actual expenditure	Savings out of original provision	Unnecessary supplementary provision
1.	22-Civil Supplies- Revenue Voted	615.05	561.56	53.49	16.15
2.	26-Forests- Revenue Voted	422.30	420.12	2.18	7.98
3.	71- Rural Housing and Rural Development- Revenue Voted	1,785.64	1,334.75	450.89	48.37
4.	79-Relief On Account of Natural Calamities- Capital Voted	116.25	45.77	70.48	5.33
5.	86-Roads and Bridges- Revenue Voted	3,265.81	3,177.37	88.44	35.53
6.	95-Schedule Castes Sub-Plan-Revenue Voted	3,582.43	3,234.39	348.04	20.45
Total		9,787.48	8,773.96	1,013.52	133.81

Source: Appropriation Accounts of the State Government for the year 2017-18

APPENDIX 2.6
Excess/saving (more than ₹ five crore) resulting from
unnecessary/insufficient re-appropriation of funds
(Reference: Paragraph 2.3.6; Page 54)

(₹ in crore)

Sr. No.	Grant No.	Description	Re-appropriation (+/-)	Final excess	Final saving
Unnecessary re-appropriation					
1.	2	2401-00-119-53 Scheme on Micro Irrigation under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	31.96	-	11.5
2.	9	2202-02-109-01 EDN-19 Government Secondary Schools	6.71	-	13.41
3.	39	4210 01 110 44 Provision for Furniture, Motor Vehicle	18.64	-	29.14
4.	66	2701-80-800-12 Payment to Sardar Sarovar Narmada Nigam Limited towards water charges	63.62	-	34.20
5.	78	2053 00 094 01 Sub-Divisional Establishment (including Talatis and Kotwals, Circles Inspectors) Prant Officer, Mamlatdars and Circle Officers.	15.98	-	10.70
6.	79	2245 02 800 06 Assistance to small farmers/marginal farmers	9.88	-	18.41
7.	79	2245 02 101 04 Clothing and utensils for families whose houses have been washed away	24.00	-	6.98
8.	86	3054-80-001-05 Expenditure transferred on <i>pro-rata</i> basis to Major Head "3054"	0.22	-	100.64
Insufficient re-appropriation					
9.	9	2202-02-110 01 EDN-18 Regulated growth of Non-Government Secondary Schools	-14.74	-	22.57
10.	9	2203-00-112-01 TED-5 Development of Government Engineering Colleges	-5.25	-	9.18
11.	9	2203-00-105-01 TED-3 Development of Government Polytechnics and Girls Polytechnics	-3.80	-	7.74
12.	9	2202-01-106-18 EDN-145 Fee Reimbursement to Private Unaided Schools	-6.72	-	6.44
13.	9	2202-03-103-01 EDN-28 Development of Government Colleges	-9.19	-	6.11
14.	9	2202 03 102 09 EDN-30 Development and Expansion of Universities	-0.02	-	5.00

Appendices

Sr. No.	Grant No.	Description	Re-appropriation (+/-)	Final excess	Final saving
15.	13	2801-80-190-06 Assistance to GUVNL under <i>Sardar Krushi Jyoti Yojana</i>	87.33	-	6.62
16.	13	6801-00-202-11 PWR-63 Loans to Gujarat Energy Transmission Corporation Limited for Gujarat Solar Power Transmission Project	20.56	8.41	-
17.	35	4515 00 102 04 DDDP-5 Community Works of Local Importance (MLA Fund)	-2.98	29.02	-
18.	40	2211 00 103 04 HLT-100 Health Insurance Scheme of BPL (<i>Rashtriya Swasthya Yojana</i>)	-9.25	-	17.90
19.	66	4701-80-001-02 Administration	-38.67	5.14	-
20.	79	2245 02 113 03 Assistance for repair / restoration of damaged houses.	-24.00	-	22.41
21.	79	2245 02 105 03 Assistance to Cattle Head Died	-21.00	-	20.82
22.	79	2245 02 112 01 Transport charges on account of rescue operations	0.02	5.88	-
23.	79	2245 02 122 02 Repairs and Restoration of damaged irrigation and flood control works	20.00	15.09	-
24.	86	3054-04-337-15 <i>Mukhya Mantri Gram Sadak Yajana</i>	-247.76	-	18.59
25.	86	3054-80-800-01 Roads and Bridges	1.60	8.77	-
26.	86	3054-80-799-01 Stock	0.80	10.29	-
27.	86	3054-04-337-11 RBD-4 Roads and Bridges	340.88	19.22	-
28.	95	2202 02 109 02 EDN-19 Government Secondary School	-7.35	-	5.20
29.	95	2225 01 277 05 SCW-5 Govt of India Post Matric Scholarship	51.17	11.55	-
30.	96	4250 00 796 42 EMP-1 Building Craftman Training Scheme in Government IT IS under poverty alleviation programme	-3.04	-	14.87
31.	96	4215 01 796 09 Rural Water Supply Programme	9.07	240.93	-
Total			308.67	354.30	388.43

Source: Appropriation Accounts and Grant files of the State Government for the year 2017-18

APPENDIX 2.7
Substantial surrenders of more than 50 per cent of
total provision or ₹ one crore or more
(Reference: Paragraph 2.3.7.1; Page 54, selected top 10 cases)

(₹ in crore)

Sr. No.	Grant No.	Head of account Name of the Scheme	Provision	Amount surrendered	Percentage surrender	Reasons
1.	2	4401-00-103-01 Construction activity under RIDF scheme	126.00	126	100	Non-finalisation of tender.
2.	13	2810-00-102-01 Assistance to State SPSEs for providing solar based decentralized electrification in non-electrified areas of the State	54.00	54.00	100	Non-finalisation of guidelines of the Scheme.
3.	19	2075-00-001-01 Liability on account of increase in rate of Dearness Allowance	6,000.00	6,000.00	100	Provisions for payment of increase in the rate of DA was made by the Administrative Departments under relevant Sub-Heads, as a result, the Finance Department had to surrender the entire provision of ₹ 6,000 crore.
4.	19	2048-00-101-01 Gujarat State Sinking Fund	2,000.00	2,000.00	100	Consolidated Sinking Fund was found to be within the limits prescribed by the Reserve Bank of India
5.	49	6858-04-800-01 Loan to Mega Project to implement state support scheme	50.00	46.18	92.36	Due to no requirement of fund under the scheme.
6.	66	4702-00-102C-02 National Ground Water Management Improvement program	50.00	50.00	100	Non-receipt of grants from GoI.
7.	79	4250-00-101P-13 National Cyclone Risk Mitigation Project (NCRMP)	76.00	76.00	100	No reasons were given by the Department.
8.	86	3054-04-338P-01 Rural roads	55.00	54.99	99.98	Non-receipt of grants from GoI under Rural Road Fund Scheme.

Appendices

Sr. No.	Grant No.	Head of account Name of the Scheme	Provision	Amount surrendered	Percentage surrender	Reasons
9.	96	2575-01-305-02 Scheme for strengthening hill millets in tribal areas	62.56	61.99	99.08	No reasons were given by the Department.
10.	101	2216-02-193P-04 Assistance to Urban Area Development Authorities under housing for all	123.93	119.89	96.74	Non-receipt of grants from GoI.

Source: Appropriation Accounts and Grant files of the State Government for the year 2017-18

APPENDIX 2.8
Amount surrendered (₹ two crore or more) in excess of actual savings
(Reference: Paragraph 2.3.7.2; Page 54)

(₹ in crore)

Sr. No.	Grant No.	Name of the grant or appropriation	Total grant/ appropriation	Total expenditure	Excess(+)/ Savings(-)	Amount surrendered	Excess amount surrendered
1.	3	Minor Irrigation, Soil Conservation and Area Development - Revenue Voted	155.44	146.49	(-)8.95	9.28	0.33
2.	3	Minor Irrigation, Soil Conservation and Area Development - Capital Voted	92.15	95.15	(+)3.00	9.78	9.78
3.	5	Co-operation-Revenue Voted	1,031.87	1022.21	(-)9.66	9.69	0.03
4.	5	Co-operation-Capital Voted	96.59	51.56	(-)45.03	45.40	0.37
5.	9	Education-Revenue Voted	24,701.39	24,652.41	(-)48.98	439.11	390.13
6.	13	Power Project-Capital Voted	2,717.24	2,516.81	(-)200.37	208.78	8.41
7.	15	Finance Department-Revenue Voted	97.60	46.53	(-)51.07	51.19	0.12
8.	16	Tax Collection Charges (Finance Department)-Revenue Voted	321.37	273.68	(-)47.69	47.92	0.23
9.	18	Pension and Other Retirement Benefit-Revenue Voted	10,311.20	8,652.54	(-)1,658.66	1,658.70	0.04
10.	35	Other Expenditure pertaining to General Administration Department-Capital Voted	1,042.45	1,040.73	(-)1.72	31.76	30.04
11.	42	Home Department-Revenue Voted	17.17	14.43	(-)2.76	2.77	0.01
12.	51	Tourism-Revenue Voted	92.18	75.30	(-)16.88	17.38	0.50
13.	57	Labour and Employment-Revenue Voted	1,380.72	1,376.84	(-)3.88	3.98	0.10
14.	57	Labour and Employment-Capital Voted	69.85	31.93	(-)37.92	40.71	2.79
15.	60	Administration of Justice-Revenue Voted	959.01	746.60	(-)212.40	212.93	0.53
16.	60	Administration of Justice-	168.85	133.77	(-)35.08	35.12	0.04

Appendices

Sr. No.	Grant No.	Name of the grant or appropriation	Total grant/ appropriation	Total expenditure	Excess(+)/ Savings(-)	Amount surrendered	Excess amount surrendered
		Revenue Charged					
17.	65	Narmada Development Scheme- Capital Voted	4,700.00	4,449.24	(-)250.76	252.06	1.30
18.	66	Other Expenditure pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department - Capital Voted	3,487.47	3,423.67	(-)63.80	67.88	4.08
19.	66	Other Expenditure pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department - Capital Charged	90.00	67.78	(-)22.22	23.20	0.98
20.	79	Relief on account of Natural calamities- Capital Voted	121.58	45.77	(-)75.81	76.00	0.19
21.	82	Other Expenditure pertaining to Revenue Department- Revenue Voted	4.24	1.34	(-)2.90	2.92	0.02
22.	89	Science and Technology Department- Revenue Voted	248.53	242.05	(-)6.48	8.01	1.53
23.	98	Youth Services and Cultural Activities- Revenue Voted	386.90	360.66	(-)26.24	30.26	4.02
		Total	52,293.79	49,467.53	2,826.26	3,284.83	455.57

Source: Appropriation Accounts and Grant files of the State Government for the year 2017-18

APPENDIX 2.9
Grants in which savings were more than ₹ five crore of which, more than 10
per cent was not surrendered
(Reference: Paragraph 2.3.7.3; Page 55)

(₹ in crore)

Sr. No.	Grant No.	Name of the grant/appropriation	Savings	Surrendered	Savings not surrendered	Percentage savings not surrendered
1.	20	Repayment of Debt Pertaining to Finance Department- Revenue Voted	437.64	369.84	67.80	15.49
2.	26	Forests- Revenue Voted	10.16	8.89	1.27	12.50
3.	36	State Legislature- Revenue Voted	13.00	10.72	2.28	17.54
4.	39	Medical and Public Health- Revenue Voted	159.53	99.47	60.06	37.65
5.	39	Medical and Public Health Capital Voted	64.95	35.62	29.33	45.16
6.	76	Revenue Department- Revenue Voted	11.15	4.31	6.84	61.35
7.	78	District Administration- Revenue Voted	57.16	40.30	16.86	29.50
8.	79	Relief On Account of Natural Calamities- Revenue Voted	184.18	110.34	73.84	40.09
9.	84	Non-Residential Building- Revenue Voted	6.19	0.22	5.97	96.45
10.	85	Residential Building- Revenue Voted	5.79	0.25	5.54	95.68
11.	86	Roads and Bridges- Revenue Voted	123.97	55.26	68.71	55.42
12.	95	Schedule Castes Sub-Plan Capital Voted	260.44	226.60	33.84	12.99
Total			1,334.16	961.82	372.34	27.91

Source: Appropriation Accounts and Grant files of the State Government for the year 2017-18

APPENDIX 3.1
Pending utilisation certificates in respect of grants paid up to 2016-17
(Reference: Paragraph 3.1; Page 66)

Sr. No.	Department	Period of payment of grant	No. of UCs pending	Amount of UCs pending (₹ in crore)	Percentage Amount of UCs pending
(1)	(2)	(3)	(4)	(5)	(6)
1.	Agriculture & Co-operation	2001-17	138	922.51	46.20
2.	Women and Child Development	2002-17	181	18.52	0.93
3.	Education	2001-17	132	71.27	3.57
4.	Food, Civil Supplies and Consumer Affairs	2001-02	1	0.02	0.00
5.	Finance	2014-15	1	0.23	0.01
6.	Forests and Environment	2002-17	6	1.66	0.08
7.	General Administration	2012-14	4	0.99	0.05
8.	Health and Family Welfare	2001-17	73	18.58	0.93
9.	Home	2001-15	7	1.13	0.06
10.	Industries and Mines	2001-17	130	141.15	7.07
11.	Labour and Employment	2003-15	21	0.41	0.02
12.	Legal	2001-08	10	0.04	0.00
13.	Narmada, Water Resources, Water Supply and Kalpsar	2003-17	3	1.37	0.07
14.	Ports and Transport	2014-17	5	26.56	1.33
15.	Panchayats, Rural Housing and Rural Development	2001-17	168	75.66	3.79
16.	Revenue	2002-15	11	4.83	0.24
17.	Social Justice and Empowerment	2001-17	1,143	192.43	9.64
18.	Sports, Youth and Cultural Activities	2001-17	199	2.28	0.11
19.	Tribal Development	2016-17	175	245.43	12.29
20.	Urban Development and Urban Housing	2001-17	57	271.73	13.61
Total			2,465	1,996.80	100

Source: Information provided by O/o the PAG (A&E), Gujarat

APPENDIX 3.2

**Statement showing names of Bodies and Authorities, the accounts of which had not been received for audit
(Reference: Paragraph 3.3.2; Page 70)**

Sr. No.	Year for which accounts had not been received
2004-05 onwards	
1.	Akshar Purushottam Arogya Mandir, Vadodara
2005-06 onwards	
1.	K J Mehta TB Hospital, Bhavnagar;
2.	Seth Vadilal Sarabhai General Hospital and Sheth Chinai Maternity Hospital, Ahmedabad;
2006-07 onwards	
1.	Arya Kanya Shuddha Ayurvedic Mahavidyalaya, Vadodara;
2.	Gujarat Sahitya Academy, Gandhinagar;
3.	G.K. General Hospital, Kutchh;
4.	Forest Development Agency, S.K. Himmatnagar (North);
5.	Forest Development Agency, Surendernagar
2008-09 onwards	
1.	Narayan Eye Hospital(Arogya Dham Sanchalit) Halol Panchmahal;
2.	State Literacy Mission Authority, Gandhinagar;
3.	Forest Development Agency, Jamnagar;
4.	Forest Development Agency, Rajkot;
5.	Nashbandi Mandal,Gujarat;
6.	Sardar Patel University,Vallabh Vidyanagar Anand;
7.	Sports Authority of Gujarat, Gandhinagar;
8.	Shantilal Shah College of Pharmacy, Bhavnagar;
9.	Sureksha Setu Society, Surendranagar;
10.	Forest Development Agency, S.K. Himmatnagar (South)
2009-10 onwards	
1.	J.S. Ayurved Mahavidalaya & P.T. Patel Ayurved Hospital, Nadiad;
2.	Mandvi Taluka Kshaya Nivaran Sangh, Kutch
2010-11 onwards	
1.	Bhavan's Shri C T Sutaria ITI, Kheda;
2.	Gujarat Rural Workers Welfare Board, Gandhinagar;
3.	Gujarat Tribal Development Corporation, Gandhinagar
2011-12 onwards	
1.	Gujarat State Lalit Kala Academy, Ahmedabad
2012-13 onwards	
1.	Bhavan's Shri Swaminarayan Technical Institute, Kheda;
2.	Chikhali Education Societies Grant in Aid Industrial Training Centre, Navsari;
3.	Forest Development Agency, Vyara;
4.	Forest Development Agency, Gandhinagar;
5.	Forest Development Agency, Patan;
6.	Forest Development Agency, Kheda;
7.	Forest Development Agency, Gir (East);
8.	Forest Development Agency, Gir (West);
9.	Forest Development Agency, Valsad South;
10.	Gujarat Urban Development Mission (GUDM), Gandhinagar
2013-14 onwards	
1.	Gujarat Council of Secondary Education, Gandhinagar;
2.	Gujarat Medicinal Plants Board, Gandhinagar;
3.	Gujarat Landless Laborers & Halpati Housing Board, Gandhinagar;
4.	ITI College (Swaminarayan Sanchalit), Panchmahal;
5.	Rogi Kalyan Samiti, Sir T. General Hospital, Bhavnagar;
6.	Rogi Kalyan Samiti, Civil Hospital Asarwa Ahmedabad;
7.	Rogi Kalyan Samiti, Government Spine Institute, New Civil Hospital Ahmedabad;
8.	Sentinel Surveillance Unit, Surat;
9.	Bhailalbhai & Bhikhabhai Institute of Technology, Vidyanagar;
10.	School of Architecture, CEPT University, Ahmedabad;
11.	School of Planning, CEPT University, Ahmedabad;

Sr. No.	Year for which accounts had not been received
12.	School of Building Science & Technology, CEPT University, Ahmedabad;
13.	School of Interior Design, CEPT University, Ahmedabad;
14.	Dr. Dayaram Patel Pharmacy College, Surat;
15.	Gujarat Technological University;
16.	Rogi Kalyan Samiti, New Civil Hospital, Surat;
17.	Rogi Kalyan Samiti Guru Gobindsinh, Jamnagar;
18.	Rajesh Mehta Technical School for Blind, C/o Blind People's Association, Ahmedabad;
19.	State Health Society, Commissionerate of Health, Medical Services and Medical Education, Gandhinagar;
20.	Sardar Vallabhbai Patel Memorial Society Ahmedabad;
21.	Veraval People's Cooperative Bank Silver Jubilee Industrial Training centre, Veraval;
22.	Gujarat Matikam Kalakari & Rural Technology Institute;
23.	Sureksha Setu Society, Narmada;
24.	Sureksha Setu Society State level, Gandhinagar
2014-15 onwards	
1.	Bhavnagar University;
2.	Forest Development Agency, Chhota Udepur;
3.	Forest Development Agency, Kutch (East);
4.	Forest Development Agency, Kutch (West);
5.	Hemchandracharya North Gujarat University Patan;
6.	Sureksha Setu Society, Vadodara;
7.	Sureksha Setu Society, Kheda;
8.	Gujarat University
2015-16 onwards	
1.	Blind Men's/Peoples Association, Ahmedabad;
2.	Gujarat School Quality Accreditation Council, Gandhinagar;
3.	Gujarat State Non-Resident Gujarati's Foundation, Gandhinagar;
4.	Gujarat State Tribal Development Residential Educational Institutions Society, Gandhinagar;
5.	Gujarat Homoeopathic Medical College, Savli, Vadodara;
6.	Gujarat Institute of Educational Technology Gujarat University Campus, Ahmedabad;
7.	Gujarat Knowledge Society, Directorate of Technical Education, Gandhinagar;
8.	Krantiguru Shyamji Krishna Verma Kutch University, Bhuj-Kutch;
9.	Sardar Smarak Hospital Bardoli, Surat;
10.	Gujarat Pavitra Yatradham Vikas Board;
11.	Forest Development Agency, Godhra;
12.	Forest Development Agency, Surat;
13.	Gujarat State Social Welfare Board, Ahmedabad;
14.	Saurashtra University, University Road, Rajkot;
15.	Smt. B.H. Shah Karjanwala Industrial Training Institute, Surat;
16.	Veer Narmad South Gujarat University, Surat;
17.	Vitthalbhai Patel & Rajratna P.T. Patel Science College, Anand;
18.	Mahatma Gandhi Labour Institute, Ahmedabad;
19.	Medical College Development Society, Vadodara;
20.	Unorganised Labour Welfare Board, Gandhinagar
2016-17 onwards	
1.	Gau Sewa & Gaucher Development Board;
2.	Gujarat Mineral and Research Development Society;
3.	Gujarat Rajya Khadi Gramodyog Board;
4.	Centre for Entrepreneurship Development;
5.	Gujarat Infrastructure Development Board;
6.	Electrical Research and Development Association;
7.	Gujarat Horticulture Mission;
8.	Forest Development Agency, Rajpipla;
9.	Forest Development Agency, Valsad (North);
10.	Forest Development Agency, Dahod;
11.	Forest Development Agency, Ahwa (Dang South);
12.	Gujarat State Biodiversity Board;
13.	Gujarat Environment Management Institute;
14.	A.R. College of Pharmacy & G.H. Patel Institute of Pharmacy, Vallabh Vidyanagar - Anand;
15.	Anand Homoeopathic Medical College & Research Institute, Anand;
16.	Adult Training Centre (Trust) for the Blind, Ahmedabad;
17.	AIDS Control Society (Ahmedabad Municipal Corporation) Ahmedabad;
18.	Andh Apang Kalyan Kendra, Ahmedabad;
19.	Andh Kanya Prakash Gruh, Ahmedabad;
20.	Apang Manav Mandal, Ahmedabad;

Sr. No.	Year for which accounts had not been received
21.	Birla Vishwakarma Mahavidalaya Engg. College, Vallabh Vidyanagar;
22.	Bhagwat Vidyapith Ashok ITI Krishnadham Ahmedabad-380060;
23.	Bala Hanuman Ayurved Mahavidalaya, Masa, Gandhinagar;
24.	B.M. Institute of Mental Health, Ahmedabad;
25.	B.S. Nathwani T.B. Hospital, Keshod, Junagadh;
26.	Cambay General Hospital, Khambhat;
27.	Children's University, Gandhinagar;
28.	Chimanlal Nagindas Technical Centre, Ahmedabad;
29.	C.L. Patel, Technical Institute, Pij, Nadiad;
30.	Dharmsinh Desai Institute of Technology, Nadiad;
31.	Dr. V.H. Dave Homoeopathic Medical College & Hospital, Anand;
32.	Gujarat Cancer & Research Centre, Civil Hospital Campus, Asarwa, Ahmedabad;
33.	Gujarat National Law University, Gandhinagar;
34.	Gujarat Social Infrastructure Development Society (GSIDS), Gandhinagar;
35.	Gujarat State AIDS Control Society, Meghanagar, Ahmedabad;
36.	Gujarat State Council for Blood Transfusion, Ahmedabad;
37.	Gujarat State Watershed Management Agency (GSWMA), Gandhinagar;
38.	Gurjareswar Kumarpal Jain Sarvodaya Tech. Institute, Dabhoi Vadodara;
39.	Gujarat Water Supply & Sewerage Board (GWSSB), Gandhinagar;
40.	Gandhi Lincoln Hospital, Deesa, Palanpur;
41.	Gujarat Council of Elementary Education, Gandhinagar;
42.	International Centre for Entrepreneurship and Career Development, Ahmedabad;
43.	Janak Smarak Hospital, VyaraTapi;
44.	K.V. Patel I.T.I, Chansama, Patan;
45.	Kacheria Mojilal Gordhandas General Hospital, Balasinor;
46.	L.M. College of Pharmacy, Navrangpura, Ahmedabad;
47.	Lions Cancer Detection Centre Trust, Surat;
48.	M.N. College of Pharmacy, Khambhat, Anand;
49.	Raksha Shakti University, Ahmedabad;
50.	Tribal Research & Training Institute Gujarat Vidyapith, Ahmedabad;
51.	B.V. Patel Pharmaceutical Education Research Development (PERD) Centre, Ahmedabad;
52.	Gujarat Backward Classes Development Corporation, Gandhinagar;
53.	Indian Institute of Teachers Education, Gujarat;
54.	Jan Shikshan Sansthan, Surat;
55.	Maniben Pithawala I.T.I Navyug College, Surat;
56.	Medical College Development Committee, Surat;
57.	Maharaja Sayajirao University, Fatehgunj, Vadodara;
58.	Methodist Technical Institute, Vadodara;
59.	O.H. Nazar Ayurved Mahavidalaya and Ayurved Hospital Surat;
60.	P.D. Malviya College of Commerce, Rajkot;
61.	Ravishankar Maharaj Eye Hospital, Gujarat Blind Relief & Health Association, Anand;
62.	R.B. Patel Technical Institute, Navsari;
63.	R.K. Patel Technical Institute, Petlad, Anand;
64.	R.K. Technical I.T.I, Sunav, Nadiad, Kheda;
65.	Revabai General Hospital, Sardhav, Gandhinagar;
66.	Rogi Kalyan Samiti, Pt. Deen Dayal Upadhyay College Rajkot;
67.	S.K. Patel Industrial Training Institute, Kadi;
68.	Sanjivani Hospital At& Post Chaithan, Surat;
69.	Sardar Patel Institute of Economic & Social Research, Ahmedabad;
70.	Sarvajani Hospital & Maternity Home, Gozaria, Mehsana;
71.	Sabarmati Ashram Preservation & Memorial Trust Gandhi Smarak, Ahmedabad;
72.	School for Deaf - Mutes Society, Ahmedabad;
73.	Seth J.B. Upadhyay Deaf - Mute School, Talod, Sabarkantha;
74.	Shivanand Mission, Saurashtra Central Hospital, Virnagar, Rajkot;
75.	Shrimant Fatehsinh Rao Gaekwad General Hospital, Bayad, Sabarkantha;
76.	Shamlaji Hospital, Aravali;
77.	Sharda School for the Mentally Retarded Children, Ahmedabad;
78.	Smt. A.J. Savla Homeopathic Medical College, Mehsana;
79.	Society for Education Welfare & Action (Rural), Jhagadia, Dist: Bharuch;
80.	Tolani Foundation Gandhidham Polytechnic, Adipur, Kutch;
81.	Trimurti Hospital, Bavla, Ahmedabad;
82.	U.N. Mehta Institute of Cardiology and Research, Centre, Civil Hospital Campus, Ahmedabad;
83.	Water and Land Management Institute, (Gujarat Irrigation Management Society), Anand;
84.	Xavier Technical Institute, Vadodara;
85.	Forest Development Agency, Junagadh;

Appendices

Sr. No.	Year for which accounts had not been received
86.	Forest Development Agency, Dang North;
87.	Gujarat Council of Science City;
88.	Institute of Seismological Research;
89.	Gujarat Council of Science & Technology, Gandhinagar;
90.	Gujarat State Biotechnology Mission
2017-18	
1.	Bhagubhai Mafatlal Hospital (Sevashram), Bharuch;
2.	Centre for Social Studies, Veer Narmad South Gujarat University Campus, Surat;
3.	D.S. Patel Technical Institute, Sunav, Anand;
4.	Development support Agency of Gujarat, Tribal Development Department, Gandhinagar;
5.	Dr. Rasiklal Shah Sarvajanic Hospital, Sabarkantha;
6.	Disable Welfare Trust of India;
7.	Employment Extension Bureau;
8.	Gujarat Ayurved University Institute for Post Graduate Teaching & Research, Jamnagar;
9.	Gujarat Forensic Science University, Gandhinagar;
10.	Gujarat State Child Protection Society, Birsa Munda Bhawan, Gandhinagar;
11.	Gujarat press Academy, Gandhinagar;
12.	Gujarat Medical Education and Research Society (GMERS), Gandhinagar;
13.	GIA Industrial Training Centre Morva-Rena (Panchmahal);
14.	Shree Pragna Chakshu, Surendernagar;
15.	Shree Kathiawar Nirashrit Balashram, Rajkot;
16.	Gujarat Ecology Commission, Gandhinagar;
17.	Forest Development Agency, Bhavnagar;
18.	Gujarat Ecology Education & Research (GEER) Foundation, Gandhinagar;
19.	Forest Development Agency, Banaskantha;
20.	Gujarat Pollution Control Board, Gandhinagar;
21.	Gujarat State Lion Conservation Society, Junagadh;
22.	Sardar Vallabhbhai Patel Rashtriya Ekta Trust (SVPRET), Gandhinagar;
23.	Gujarat Energy Development Agency, Gandhinagar;
24.	Gujarat Livestock Development Board;
25.	Industrial Extension Cottage;
26.	Junagadh Agriculture University;
27.	Gujarat Industrial Research and Development Agency;
28.	Industrial Extension Bureau;
29.	Electronic Quality Development Centre, Ahmedabad;
30.	Navsari Agriculture University;
31.	Anand Agriculture University;
32.	Sardar Krushinagar Dantiwada Agriculture University;
33.	Gujarat Information Commission, Bureau of Economics & Statistics, Gandhinagar

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

APPENDIX 3.3
Statement showing pendency of accounts and delay in
placement of SARs in the State Legislature
(Reference: Paragraph 3.4; Page 71)

Sr. No.	Name of Body	Period of entrustment (up to)	Under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/ Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2018 (in months) [#]
Legal Department							
1.	Gujarat State Legal Service Authority, Ahmedabad	Not required	19 (2)	2016-17	2015-16	Yes/ 30-12-2016/ Date awaited	2017-18(2)
2.	District Legal Services Authority, Navsari	Not required	19 (2)	2015-16	2015-16	Yes/ 21/11/2017/ Date awaited	2016-17(14) 2017-18(2)
3.	District Legal Services Authority, Valsad	Not required	19 (2)	2016-17	2016-17	Yes/ 21/11/2017/ Date awaited	2017-18(2)
4.	District Legal Services Authority, Rajkot	Not required	19 (2)	2016-17	2016-17	Yes/ 20-09-2018/ Date awaited	2017-18(2)
5.	District Legal Services Authority, Patan	Not required	19 (2)	2016-17	2016-17	Yes/ 28-05-2018/ Date awaited	2017-18(2)
6.	District Legal Services Authority, Jamnagar	Not required	19 (2)	2014-15	2014-15	Yes/ 24-06-2015/ Date awaited	2015-16 (26) 2016-17(14) 2017-18(2)
7.	District Legal Services Authority, Mehsana	Not required	19 (2)	2016-17	2016-17	Yes/ 04-07-2018/ Date awaited	2017-18(2)
8.	District Legal Services Authority, Palanpur	Not required	19 (2)	2015-16	2015-16	Yes/ 19-04-2018/ Date awaited	2016-17(14) 2017-18(2)
9.	District Legal Services Authority, Bharuch	Not required	19 (2)	2015-16	2015-16	Yes/ 06-12-2016/ Date awaited	2016-17(14) 2017-18(2)
10.	District Legal Services Authority, Junagarh	Not required	19 (2)	2015-16	2015-16	Yes/ 11-01-2017/ Date awaited	2016-17(14) 2017-18(2)

Sr. No.	Name of Body	Period of entrustment (up to)	Under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/ Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2018 (in months) [#]
11.	District Legal Services Authority, Tapi Vyara	Not required	19 (2)	2016-17	2015-16	Yes/ 04/10/2017/ Date awaited	2017-18(2)
12.	District Legal Services Authority, Anand	Not required	19 (2)	2015-16	2015-16	Yes/ 23-05-2018/ Date awaited	2016-17(14) 2017-18(2)
13.	District Legal Services Authority, Kheda Nadiad	Not required	19 (2)	2015-16	2015-16	Yes/ 01-02-2017/ Date awaited	2016-17(14) 2017-18(2)
14.	District Legal Services Authority, Gandhinagar	Not required	19 (2)	2017-18	2016-17	Yes/ 02-01-2018/ Date awaited	No delay
15.	District Legal Services Authority, Athwalines, Surat	Not required	19 (2)	2017-18	2015-16	Yes/ 12-07-2017/ Date awaited	No delay
16.	District Legal Services Authority, Himmatnagar	Not required	19 (2)	2017-18	2016-17	Yes/ 23-05-2018/ Date awaited	No delay
17.	District Legal Services Authority, Dahod	Not required	19 (2)	2016-17	2015-16	Yes/ 13-12-2016/ Date awaited	2017-18(2)
18.	District Legal Services Authority, Amreli	Not required	19 (2)	2017-18	2016-17	Yes/ 22-09-2017/ Date awaited	No delay
19.	District Legal Services Authority, Kutch, Bhuj	Not required	19 (2)	2015-16	2015-16	Yes/ 28-12-2017/ Date awaited	2016-17(14) 2017-18(2)
20.	District Legal Services Authority, Bhavnagar	Not required	19 (2)	2015-16	2015-16	Yes/ 04-06-2018/ Date awaited	2016-17(14) 2017-18(2)
21.	District Legal Services Authority, Vadodara	Not required	19 (2)	2014-15	2014-15	Yes/ 19-06-2017/ Date awaited	2015-16(26) 2016-17(14) 2017-18(2)

Sr. No.	Name of Body	Period of entrustment (up to)	Under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/ Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2018 (in months) [#]
22.	District Legal Services Authority, Godhra	Not required	19 (2)	2015-16	2015-16	Yes/ 08-03-2018/ Date awaited	2016-17(14) 2017-18(2)
23.	District Legal Services Authority, Surendranagar	Not required	19 (2)	2015-16	2015-16	Yes/ 04-10-2017/ Date awaited	2016-17(14) 2017-18(2)
24.	District Legal Services Authority, Ahmedabad Rural	Not required	19 (2)	2015-16	2015-16	Yes/ 20-09-2017/ Date awaited	2016-17(14) 2017-18(2)
25.	District Legal Services Authority, Rajpipla	Not required	19 (2)	2015-16	2015-16	Yes/ 24-11-2017/ Date awaited	2016-17(14) 2017-18(2)
26.	District Legal Services Authority, Porbandar	Not required	19 (2)	2015-16	2015-16	Yes/ 27-04-2018/ Date awaited	2016-17(14) 2017-18(2)
Home Department							
27.	Gujarat State Human Rights Commission, Gandhinagar	Not required	19 (2)	2006-07	2006-07	Yes/ 10-02-2010/ Date awaited	2007-08(122) 2008-09(110) 2009-10(98) 2010-11(86) 2011-12(74) 2012-13(62) 2013-14(50) 2014-15 (38) 2015-16 (26) 2016-17(14) 2017-18(2)
Energy and Petrochemical Department							
28.	Gujarat Electricity Regulatory Commission	Not required	19 (2)	2017-18	2016-17	Yes/ 13-10-2017/ 15-03-2018	No delay
Ports and Transport Department							
29.	Gujarat Maritime Board	2016-17	20 (1)	2016-17	2015-16	Yes/ 07-02-2017/ 21-03-2017	2017-18(2)

Appendices

Sr. No.	Name of Body	Period of entrustment (up to)	Under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/ Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2018 (in months) [#]
Labour and Employment Department							
30.	Gujarat Building and other Construction Workers' Welfare Board, Ahmedabad	Not required	19 (2)	2012-13	2012-13	Yes/ 14-09-2016/ Date awaited	2013-14(50) 2014-15 (38) 2015-16 (26) 2016-17(14) 2017-18(2)
Urban Housing and Urban Development Department							
31.	Gujarat Rural Housing Board, Gandhinagar	2017-18	19 (3)	2017-18	2016-17	Yes/ 29-08-2018/ Date awaited	No delay
32.	Gujarat Housing Board, Ahmedabad	2021-22	19 (3)	2016-17	2015-16	Yes/ 20-05-2018/ Date awaited	2017-18(2)
33.	Gujarat Slum Clearance cell	2021-22	19 (3)	2014-15	2011-12	Yes/ 29-01-2018 Date awaited	2015-16 (26) 2016-17(14) 2017-18(2)
34.	Gujarat Municipal Finance Board, Gandhinagar	2018-19	20 (1)	2017-18	2016-17	Yes/ 18-12-2017/ Date awaited	No delay
35.	Water and Sanitation Management Organisation, Gandhinagar	2020-21	20 (1)	2016-17	2015-16	No/ 28-04-2017/ Not required	2017-18(2)
36.	Ahmedabad Urban Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 04-06-2018/ Not required	2017-18(2)
37.	Vadodara Urban Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 09-05-2018/ Not required	2017-18(2)
38.	Rajkot Urban Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 20-07-2018/ Not Required	2017-18(2)
39.	Surat Urban Development Authority	2021-22	20 (1)	2015-16	2014-15	No/ 08-02-2017/ Not required	2016-17(14) 2017-18(2)
40.	Jamnagar Area Development Authority	2021-22	20 (1)	2016-17	2015-16	No/ 05-12-2017/ Not required	2017-18(2)

Sr. No.	Name of Body	Period of entrustment (up to)	Under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/ Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2018 (in months) [#]
41.	Bhavnagar Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 20-07-2018/ Not required	2017-18(2)
42.	Bhuj Area Development Authority	2021-22	20 (1)	2008-09	2008-09	No/ 23-08-2010/ Not required	2009-10(98) 2010-11(86) 2011-12(74) 2012-13(62) 2013-14(50) 2014-15 (38) 2015-16 (26) 2016-17(14) 2017-18(2)
43.	Rapar Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 13-08-2018/ Not required	2017-18(2)
44.	Gandhinagar Urban Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 26-06-2018/ Not required	2017-18(2)
45.	Anjar Area Development Authority	2021-22	20 (1)	2008-09	2008-09	No/ 19-08-2010/ Not required	2009-10(98) 2010-11(86) 2011-12(74) 2012-13(62) 2013-14(50) 2014-15 (38) 2015-16 (26) 2016-17(14) 2017-18(2)
46.	Bhachau Area Development Authority	2021-22	20 (1)	2016-17	2015-16	No/ 08-02-2017/ Not required	2017-18(2)
47.	Vadinar Area Development Authority	2021-22	20 (1)	2014-15	2014-15	No/ 01-03-2017/ Not required	2015-16 (26) 2016-17(14) 2017-18(2)
48.	Junagadh Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 13-08-2018/ Not required	2017-18(2)
49.	Ambaji Area Development Authority	2021-22	20 (1)	--	--	No/ ---/ Not required	Accounts not received since beginning from 2007-08
50.	Alang Area Development Authority	2021-22	20 (1)	2015-16	2015-16	No/ 22-05-2017/ Not required	2016-17(14) 2017-18(2)

Appendices

Sr. No.	Name of Body	Period of entrustment (up to)	Under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/ Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2018 (in months)#
51.	Bharuch / Ankleshwar Urban Area Development Authority.	2021-22	20 (1)	2015-16	2014-15	No/ 12-04-2017/ Not required	2016-17(14) 2017-18(2)
52.	Morbi / Vankaner Urban Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 11-07-2018/ Not required	2017-18(2)
53.	Anand /Vallabh Vidyanagar / Karamsad Urban Area Development Authority.	2021-22	20 (1)	2016-17	2016-17	No/ 23-05-2018/ Not required	2017-18(2)
54.	Surendranagar / Dudhrej / Wadhavan Urban Area Development Authority.	2021-22	20 (1)	2014-15	2014-15	No/ 10-01-2017/ Not required	2012-13(62) 2015-16 (26) 2016-17(14) 2017-18(2)
55.	Himmatnagar Urban Area Development Authority	2021-22	20 (1)	---	--	No/ ---/ Not required	2012-13(62) 2013-14(50) 2014-15 (38) 2015-16 (26) 2016-17(14) 2017-18(2)
56.	G.I.F.T. Urban Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 10-07-2018/ Not required	2017-18(2)
57.	Shamlaji Urban Area Development Authority	2021-22	20 (1)	2014-15	2014-15	No/ 16/06/2017/ Not required	2012-13(62) 2013-14(50) 2015-16 (26) 2016-17(14) 2017-18(2)
58.	Khambhalia Urban Area Development Authority	2021-22	20 (1)	2016-17	2014-15	No/ 26-11-2015/ Not required	2017-18(2)
59.	Navsari Area Development Authority, Navsari	2021-22	20 (1)	NA**	NA	No/ NA/ NA	2017-18

Sr. No.	Name of Body	Period of entrustment (up to)	Under Section	Year up to which accounts were rendered to Audit	Period up to which SAR is issued to the State Government	Whether placement of SAR in the Legislature required/ Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of accounts not submitted to Audit up to August 2018 (in months) [#]
60.	Bardoli Area Development Authority, Bardoli	2021-22	20 (1)	NA**	NA	No/ NA/ NA	2017-18
61.	Khajod Area Development Authority, Khajod	2021-22	20 (1)	NA**	NA	No/ NA/ NA	2017-18
Forest Department							
62.	Gujarat State CAMPA	2021-22	20 (1)	2015-16	2010-11	Yes/ 14/10/2016/ Not placed	2016-17(14) 2017-18(2)

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

[#] Accounts of the financial year are to be submitted latest by 30 June every year

Sr. No. 54: Although accounts for the year 2013-14 to 2014-15 had been submitted, accounts for the year 2012-13 is due.

Sr. No. 57: Accounts for the year 2014-15 only had been submitted. However, accounts for the year 2012-13 and 2013-14 are still due.

Sr. No. 47: Vadinar Area Development Authority ceases to exist as per notification of Government of Gujarat dated 30 March 2017. However, accounts for the year 2015-16 and 2016-17 are still due.

Sr. No. 59 to 61: These are newly entrusted Authorities from 2017-18 as per Government of Gujarat Resolution No. UDA-102013-1758-V dated 15 December 2017.

APPENDIX 3.4
Department-wise/age-wise break-up of pending cases of
misappropriation, defalcation etc.
(Reference: Paragraph 3.6; Page 73)

Sr. No.	Name of Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years and more	Total No. of cases
1.	Ports and Transport	0	1	0	0	0	1	2
2.	Agriculture and Co-operation	0	0	0	1	1	0	2
3.	Legal	2	1	1	0	2	1	7
4.	Labour Employment	2	0	0	0	0	0	2
5.	Education	4	4	2	2	1	0	13
6.	Industries & Mines	0	0	1	1	1	0	3
7.	Health & Family Welfare	2	0	2	1	1	3	9
8.	Home	4	0	2	2	2	3	13
9.	Food, Civil Supplies and Consumer Affairs	2	0	0	0	0	0	2
10.	Revenue	0	0	1	1	3	21	26
11.	Tribal Development	0	0	0	1	0	0	1
12.	Roads and Buildings	0	0	1	0	2	5	8
13.	Narmada Water Resources, Water Supply and Kalpsar	1	1	2	1	0	24	29
14.	Forests& Environment	24	6	3	0	1	2	36
15.	Science & Technology	1	0	0	0	0	0	1
16.	Panchayat, Rural Housing and Rural Development	2	0	0	0	1	0	3
TOTAL		44	13	15	10	15	60	157

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA), from data furnished by concerned Departments

APPENDIX 3.5
Department-wise/category-wise details of cases of loss to Government due to theft, misappropriation/loss of Government material
(Reference: Paragraph 3.6; Page 73)

Name of Department	Theft cases		Misappropriation/ Loss of Government material		Fire/Accident cases		Total	
	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)
Ports & Transport	0	0	2	5.79	0	0	2	5.79
Agriculture & Co-operation	1	3.21	1	1.41	0	0	2	4.62
Legal	1	11.67	6	11.53	0	0	7	23.2
Labour Employment	2	9.13	0	0	0	0	2	9.13
Education	6	3.78	7	385.75	0	0	13	389.53
Industries & Mines	1	0.46	2	77.62	0	0	3	78.08
Health & Family Welfare	2	2.24	7	18.73	0	0	9	20.97
Home	1	31.8	12	111.28	0	0	13	143.08
Food, Civil Supplies and Consumer Affairs	1	0.1	1	61.65	0	0	2	61.75
Revenue	0	0	26	14.46	0	0	26	14.46
Tribal Development	0	0	1	147.19	0	0	1	147.19
R & B Department	3	1.57	5	348.5	0	0	8	350.07
Narmada Water Resources, WS & K	12	6.45	17	37.81	0	0	29	44.26
Forests and Environment	8	3.57	8	12.9	20	84.41	36	100.88
Science & Technology	0	0	1	12.68	0	0	3	12.68
Panchayat, Rural Housing and Rural Development	0	0	3	33.94	0	0	3	33.94
Total	38	73.98	99	1,281.24	20	84.41	157	1,439.63

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA) from data furnished by concerned Departments

APPENDIX 4.1

Glossary

Terms	Description
General Category States	<p>There are 17 'General Category States' namely, (1) Undivided Andhra Pradesh, (2) Bihar, (3) Chattisgarh, (4) Goa, (5) Gujarat, (6) Haryana, (7) Jharkhand, (8) Karnataka, (9) Kerala, (10) Madhya Pradesh, (11) Maharashtra, (12) Orissa, (13) Punjab, (14) Rajasthan, (15) Tamil Nadu, (16) Uttar Pradesh and (17) West Bengal.</p> <p>Besides, National Development Council had accorded 11 states, out of 28 states, the status of 'Special Category States' to target the fund flow for better balanced growth. These are seven States of North-Eastern region (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura), Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttarakhand.</p>
Implementing Agencies in the State	<p>These include any organisation/institution including Non-Governmental Organisations which are authorised by the State Government to receive funds from the Government of India for implementing specific programmes in the State; for instance, State Implementation Society for Sarva Siksha Abhiyan, State Health Mission for National Rural Health Mission <i>etc.</i> This also includes institutions located in the State where the State Government may not have a direct role or control over it.</p>
Core public goods	<p>Goods which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of those goods, e.g. enforcement of law and order, security and protection of our rights, pollution free air and other environmental goods, road infrastructure <i>etc.</i></p>
Merit goods	<p>Commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than the ability and willingness to pay the Government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised 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 <i>etc.</i></p>
Debt sustainability	<p>It is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to the sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings and returns from such borrowings. It means that a rise in fiscal deficit should match the increase in capacity to service the debt.</p>
Debt stabilization	<p>A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate-interest rate) and quantum spread (Debt* rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, the debt-GSDP ratio would eventually be falling.</p>
Sufficiency of non-debt receipts	<p>Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt</p>

Terms	Description
	sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Net availability of borrowed funds	Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption, indicating the net availability of borrowed funds.



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